July 28, 2022

Company name: RAKUS Co., Ltd.
Representative: Takanori Nakamura,
President and Representative Director
(Securities code: 3923, Tokyo PRIME)
Inquiries: Yoshifumi Matsushima,
Director, Strategic Planning Department

Notice Concerning Resolution of Lawsuit for Claims for Compensation for Damages through Settlement

The Company hereby announces that it has reached a resolution on July 28, 2022 to settle a lawsuit filed against TOKIUM Inc. (formerly BearTail Inc., hereinafter "TOKIUM") in the Tokyo District Court on December 18, 2019 for an injunction, etc. against advertisements based on the Unfair Competition Prevention Act.

1. Events leading up to the lawsuit from the filing of the lawsuit to the resolution

The Company offers a cloud-based expense settlement system called "Raku Raku Seisan." This service has various functions that contribute to more efficient accounting operations. A blog site operated by TOKIUM posted a comparative advertisement comparing "Raku Raku Seisan" and the expense adjustment system provided by TOKIUM. However, the comparative advertisement contained untrue statements about the functions and features of "Raku Raku Seisan." The Company determined that the said representations were in violation of the Unfair Competition Prevention Act, and therefore, on December 11, 2018, sent a warning letter to TOKIUM, and requested that it cease or correct the said comparative advertisements.

Since the publication of comparative advertisements that were untrue continued after that, we filed the said lawsuit against TOKIUM in the Tokyo District Court on December 18, 2019, seeking an injunction against advertisements and payment of ¥8 million in damages for acts that harmed the business reputation of the Company under the Unfair Competition Prevention Act.

From the perspective of resolving this lawsuit as soon as possible, the Company has decided to accept the settlement as described at the beginning of this document.

2. Outline of the Settling Parties

(1) Name: TOKIUM Inc.

(2) Address: Ochanomizu Kyoun Building 5F, 2-2 Kanda-Surugadai, Chiyoda-ku, Tokyo 101-0062, Japan

(3) Representative: Kenichi Kurosaki, Representative Director

3. Details of Settlement

Both parties agreed to the following settlement terms: the other party will cease the comparative advertisements

and make the necessary revisions requested by the Company; the other party will not conduct any future illegal comparative advertisements, and will pay a settlement amount of ¥5 million to the Company. Because the settlement agreement contains a confidentiality clause, the details of the settlement will not be disclosed.

4. Future Outlook

The settlement will have a negligible impact on the Company’s business results, and there will be no change to the consolidated business plan for the first half of the fiscal year ending March 31, 2023, which was announced on May 13, 2022.