

Company name: RAKSUL INC.  
 Representative: Yasukane Matsumoto  
 Representative Director, President and CEO  
 (TSE First Section Code No. 4384)  
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 Director, CFO

### **Announcement of revision of financial forecast**

Based on the adoption of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30) (the "Revenue Recognition Accounting Standards"), RAKSUL INC. (the "Company") has decided to revise the financial forecast for the fiscal year ending July 31, 2022, which was announced on September 10, 2021, as described below.

As per "Notice on the acquisition of additional shares of DANBALL ONE. Inc." disclosed on December 9, 2021, the Company plans to acquire additional outstanding shares of DANBALL ONE. Inc. as of February 1, 2022 making it a wholly owned subsidiary. As a result of this acquisition, we will prepare consolidated financial statements starting from the third quarter of the fiscal year ending July 31, 2022. The effect on the business results due to this change is currently under evaluation. Should it become necessary to revise the financial forecast or should matters arise that need be announced in the future, such information will be promptly disclosed.

#### 1. Revision of full-year forecast for FY2022 (August 1st, 2021 - July 31st, 2022)

|   | Revenue   | Operating Profit (Loss) | non-GAAP Operating Profit (Loss) | Ordinary Profit (Loss) | Net Profit (Loss) | Earnings (Loss) per Share |
|---|-----------|-------------------------|----------------------------------|------------------------|-------------------|---------------------------|
|   | In JPY MM | In JPY MM               | In JPY MM                        | In JPY MM              | In JPY MM         | In JPY                    |
| Previously announced forecast (A)   | 39,400    | 250                     | 1,000                            | -                      | -                 | -                         |
| Revised forecast (B)  | 33,200    | 250                     | 1,000                            | -                      | -                 | -                         |
| Difference (B-A)  | △6,200    | -                       | -                                | -                      | -                 | -                         |
| Difference in percentage (%)  | △15.7     | -                       | -                                | -                      | -                 | -                         |
| (Reference) Results for the previous fiscal year which ended in July 2021 | 25,523    | 220                     | 833                              | 130                    | 160               | 5.62                      |

Notes:

- (1) Non-GAAP profits are calculated by deducting or adjusting non-recurring items and other specific adjustable items from GAAP profits (Japan GAAP) based on certain rules. We disclose non-GAAP figures as we believe they are useful in understanding our fundamental business performance. Specifically, we adjust certain one-off profits and losses that we deem deductible (mainly stock-based compensation expenses).
- (2) There will be mandatory application of the Revenue Recognition Accounting Standards from the beginning of the fiscal year ending July 31, 2022, and the revenue for the previous fiscal year which ended in July 2021 are figures after retroactive application of the aforementioned standards.

## 2. Reasoning for the revision of financial forecast

There were ongoing discussions on the adoption of the Revenue Recognition Accounting Standards, and we have decided to apply these standards from the fiscal year ending July 31, 2022.

In the Novasell business segment, for broadcasting services involving the purchase of advertising media, the Company recognized the amount of compensation received from clients as net sales. However, in accordance with Paragraph 47 of the Revenue Recognition Accounting Standards, the Company has decided to apply the accounting method of recognizing the amount of compensation received from clients less the amount paid to suppliers as net sales.

In addition, in the Raksul business segment and the Hacobell business segment, the amount of discount from the issuance of coupons were previously treated as sales promotion expenses in SG&A expenses, but in accordance with Paragraph 63 of the Revenue Recognition Accounting Standards, the coupon amount will be deducted from the transaction price and recognized as net sales.

There are no changes from previous forecast regarding profits, and we expect the gross profit, which is the source of our enterprise value, to be ¥9,300 million or more (up 30.0% or higher from the previous fiscal year). Operating profit is expected to be ¥250 million or more, and non-GAAP operating profit (stock-based compensation expenses added back) is expected to be ¥1,000 million or more; the basic policy for operating profit is to increase profit every year while continuing to focus on growth and reinvest a certain amount towards such growth.

Note: The forecasts presented are based on the information currently available to the Company. The actual results may differ depending on a range of factors.