



August 12, 2020

To whom it may concern,

Company name: Atrac, Inc.
 Representative: Yoshihide Arai, President and CEO
 Stock Code: 6194 TSE First Section
 Contact: Hidekazu Suzuki, Director CFO

Notice regarding the revision of financial forecast for the fiscal year ending September 30, 2020

Atrac, Inc. (the "Company") hereby announces the revision of its financial forecast for the fiscal year ending September 30, 2020 (October 1, 2019 to September 30, 2020), which was announced on November 12, 2019, as follows.

1. Revision of full-year forecast for FY2020 (October 1, 2019 to September 30, 2020)

	Sales	Operating Profit	Ordinary Profit	Net Income	Earnings per Share
Previous forecast (A)	Million yen 4,200	Million yen 880	Million yen 870	Million yen 543	Yen 40.90
Revised forecast (B)	3,300	670	660	380	28.60
Variance in amount (B-A)	△900	△210	△210	△163	△12.30
Variance in percentage (%)	△21.4	△23.9	△24.1	△30.0	△30.1
(For reference) Results for FY2019	3,229	710	713	502	38.11

2. Reason for the revision

The Company is accelerating the growth of its core service, Green, while at the same time creating and monetizing multiple new businesses to ensure that the Company is a long-term, growing organization. On November 12, 2019, the Company announced its forecast for sales and operating profit of 4,200 million yen and 880 million yen, respectively, with the aim of continuing to achieve growth of more than 30% in the current fiscal year.

In the first quarter of the current fiscal year, sales grew up to 842 million yen (+12.4% YoY) and operating profit increased up to 195 million yen (-13.3% YoY) due to the deflection of the number of people joining companies through Green in the fourth quarter of the fiscal year ending September 30, 2019, and a change in Google's search algorithm, which led to a decline in the investment efficiency of advertising and promotion investments. In the second quarter, despite improvements in advertising investment efficiency, the impact of the COVID-19 showed an upward trend in job seekers' willingness to change jobs, but there was a downward trend in hiring needs among companies. This led

to the sales growth up to 911 million yen (+23.8% YoY) and operating profit growth up to 63 million yen (-73.3% YoY). In the third quarter, as the trend of the second quarter continued, although sales grew up to 875 million yen (+7.9% YoY), operating profit increased up to 310 million yen (+65.8% YoY) due to advertising investments that focused on profitability, which led to the increase of sales and profits despite this uncertain environment. In the new business, wevox, due to the increase of interest towards Engagement as a result of the shift to remote work and the successive introduction of this wevox by major Japanese companies, the progress is expected to be within the scope of our initial assumption.

Given the above circumstances, the unpredictable containment timing of the COVID-19 of the fourth quarter of the current fiscal year and the uncertainty of the economic trend, the Company has judged that a downward revision of the full-year forecast for the fiscal year ending September 30, 2020 is necessary. In terms of investment in advertising, the Company will prioritize to secure profitability while continuing to seek the right timing for aggressive investment considering the expansion of the market share of after the COVID-19. As a result, for the fiscal year ending September 30, 2020, the company forecasts sales of 3,300 million yen (+2.2% YoY), operating profit of 670 million yen (-5.7% YoY), ordinary profit of 660 million yen (-7.5% YoY), and net income of 380 million yen (-24.4% YoY).

As of June 30, 2020, the Company had cash and deposits of 3,888 million yen, and had commitment line agreements of 600 million yen and overdraft limits agreements of 700 million yen with three banks. Even before the outbreak of the COVID-19, the Company builds a strong financial base to prepare for emergencies, and will continue to work to stabilize its financial base in preparation for a further deterioration in the economic environment.

Notes: 1. Forward-looking statements, including the financial forecasts stated in this material, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the financial forecasts due to various factors.

2. This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.