

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

August 12, 2022

Company name: rakumo Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4060 URL <https://corporate.rakumo.com/>  
 Representative: President CEO and COO Daisuke Mitarai  
 Inquiries: Director CFO Yuya Nishimura TEL 050(1746)9891  
 Scheduled date to file Quarterly Securities Report: August 12, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2022	515	11.9	100	8.5	95	7.2	65	(18.9)
Six months ended June 30, 2021	460	19.6	92	104.2	89	111.4	80	94.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	11.49		11.16	
Six months ended June 30, 2021	14.51		13.74	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	1,775	1,029	58.0
As of December 31, 2021	1,517	947	62.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2021	–	0.00	–	0.00	0.00
Year ending December 31, 2022	–	0.00			
Year ending December 31, 2022 (Forecast)			–	0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,100	14.2	248	8.8	244	10.5	190	0.9	33.41

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2022  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
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|--|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| Changes in accounting policies due to other reasons:   | No  |
| Changes in accounting estimates:   | No  |
| Restatement of prior period financial statements:  | No  |

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	5,698,800 shares	As of December 31, 2021	5,695,500 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	67 shares	As of December 31, 2021	67 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	5,697,825 shares	Six months ended June 30, 2021	5,564,983 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	1,291,240	1,442,284
Accounts receivable - trade	40,899	45,929
Work in process	62	51
Supplies	155	155
Other	39,108	54,502
Total current assets	1,371,465	1,542,922
Non-current assets		
Property, plant and equipment	22,072	21,393
Intangible assets		
Goodwill	–	88,831
Software	46,175	48,013
Software in progress	8,214	12,257
Total intangible assets	54,390	149,103
Investments and other assets	69,159	62,252
Total non-current assets	145,621	232,748
Total assets	1,517,087	1,775,671
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	26,089	30,799
Current portion of long-term borrowings	14,982	86,405
Income taxes payable	30,195	19,901
Contract liabilities	365,781	520,245
Provision for bonuses	4,022	9,109
Other	59,029	54,555
Total current liabilities	500,100	721,015
Non-current liabilities		
Long-term borrowings	50,000	10,000
Asset retirement obligations	10,392	10,667
Other	8,643	4,168
Total non-current liabilities	69,035	24,836
Total liabilities	569,136	745,852
<b>Net assets</b>		
Shareholders' equity		
Share capital	385,260	385,569
Capital surplus	346,110	346,419
Retained earnings	210,255	275,749
Treasury shares	(112)	(112)
Total shareholders' equity	941,513	1,007,624
Accumulated other comprehensive income		
Foreign currency translation adjustment	6,437	22,194
Total accumulated other comprehensive income	6,437	22,194
Total net assets	947,950	1,029,819
Total liabilities and net assets	1,517,087	1,775,671

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	460,908	515,769
Cost of sales	179,932	189,623
Gross profit	280,976	326,145
Selling, general and administrative expenses	188,160	225,418
Operating profit	92,816	100,727
Non-operating income		
Interest income	21	21
Other	37	0
Total non-operating income	58	21
Non-operating expenses		
Interest expenses	1,101	967
Foreign exchange losses	2,554	4,169
Other	0	0
Total non-operating expenses	3,655	5,137
Ordinary profit	89,219	95,611
Profit before income taxes	89,219	95,611
Income taxes - current	10,733	15,066
Income taxes - deferred	(2,282)	15,051
Total income taxes	8,450	30,117
Profit	80,768	65,493
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	80,768	65,493

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	80,768	65,493
Other comprehensive income		
Foreign currency translation adjustment	6,304	15,757
Total other comprehensive income	6,304	15,757
Comprehensive income	87,073	81,250
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	87,073	81,250
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	89,219	95,611
Depreciation	22,399	17,944
Interest and dividend income	(21)	(21)
Interest expenses	1,101	967
Decrease (increase) in trade receivables	3,403	2,646
Decrease (increase) in inventories	966	13
Increase (decrease) in trade payables	2,506	3,808
Increase (decrease) in provision for bonuses	3,208	4,852
Increase (decrease) in contract liabilities	92,990	129,946
Decrease (increase) in advance payments to suppliers	(467)	532
Decrease (increase) in prepaid expenses	(8,368)	(14,011)
Decrease (increase) in consumption taxes refund receivable	(964)	(888)
Decrease (increase) in accounts receivable - other	2,144	2,116
Increase (decrease) in accounts payable - other	(1,664)	11,056
Increase (decrease) in accrued expenses	(5,146)	(4,769)
Increase (decrease) in accrued consumption taxes	(19,127)	(11,851)
Increase (decrease) in income taxes payable - factor based tax	(3,137)	(856)
Increase (decrease) in deposits received	(2,440)	(2,981)
Decrease (increase) in guarantee deposits	–	490
Other loss (gain)	12	12
Subtotal	176,615	234,618
Interest and dividends received	21	21
Interest paid	(1,116)	(970)
Income taxes paid	(8,120)	(24,647)
Net cash provided by (used in) operating activities	167,399	209,022
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,571)	(763)
Purchase of investment securities	–	(5,000)
Purchase of intangible assets	(26,693)	(21,635)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(34,041)
Net cash provided by (used in) investing activities	(29,264)	(61,439)
Cash flows from financing activities		
Repayments of long-term borrowings	(10,835)	(10,835)
Proceeds from issuance of shares	18,284	618
Net cash provided by (used in) financing activities	7,449	(10,217)
Effect of exchange rate change on cash and cash equivalents	4,803	13,598
Net increase (decrease) in cash and cash equivalents	150,387	150,964
Cash and cash equivalents at beginning of period	987,414	1,239,793
Cash and cash equivalents at end of period	1,137,801	1,390,758