

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 13, 2021

Company name: rakumo Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4060 URL <https://corporate.rakumo.com/>  
 Representative: President and CEO Daisuke Mitarai  
 Inquiries: Director CFO Yuya Nishimura TEL 050(1746)9891  
 Scheduled date to file Quarterly Securities Report: August 13, 2021  
 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, 2021 (from January 1, 2021 to June 30, 2021)

(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, 2021	460	19.6	92	104.2	89	111.4	80	94.9
Six months ended June 30, 2020	385	–	45	–	42	–	41	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2021	14.51		13.74	
Six months ended June 30, 2020	15.18		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	1,415	822	58.1
As of December 31, 2020	1,251	717	57.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2020	–	0.00	–	0.00	0.00
Year ending December 31, 2021	–	0.00			
Year ending December 31, 2021 (Forecast)			–	0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	1,013	23.3	212	58.1	210	85.8	179	43.0	32.02

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2021  
 (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
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- 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, 2021	5,620,700 shares	As of December 31, 2020	5,520,400 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	– shares	As of December 31, 2020	– 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, 2021	5,564,983 shares	Six months ended June 30, 2020	2,729,143 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	1,037,860	1,188,282
Accounts receivable - trade	33,530	31,467
Work in process	1,043	125
Supplies	167	167
Other	35,107	42,729
Total current assets	1,107,709	1,262,772
Non-current assets		
Property, plant and equipment	23,089	23,506
Intangible assets		
Software	66,518	75,133
Software in progress	8,486	6,496
Total intangible assets	75,004	81,630
Investments and other assets	45,240	47,691
Total non-current assets	143,334	152,827
Total assets	1,251,044	1,415,600
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	21,926	24,436
Current portion of long-term borrowings	20,004	20,004
Income taxes payable	15,326	14,652
Unearned revenue	329,117	422,133
Provision for bonuses	3,448	6,726
Other	67,935	39,735
Total current liabilities	457,757	527,688
Non-current liabilities		
Long-term borrowings	64,982	54,147
Asset retirement obligations	10,173	10,302
Other	975	948
Total non-current liabilities	76,130	65,398
Total liabilities	533,888	593,087
<b>Net assets</b>		
Shareholders' equity		
Share capital	369,121	378,263
Capital surplus	329,971	339,113
Retained earnings	21,507	102,276
Total shareholders' equity	720,600	819,653
Accumulated other comprehensive income		
Foreign currency translation adjustment	(3,444)	2,860
Total accumulated other comprehensive income	(3,444)	2,860
Total net assets	717,155	822,513
Total liabilities and net assets	1,251,044	1,415,600

**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, 2020	Six months ended June 30, 2021
Net sales	385,248	460,908
Cost of sales	167,848	179,932
Gross profit	217,399	280,976
Selling, general and administrative expenses	171,938	188,160
Operating profit	45,461	92,816
Non-operating income		
Interest income	21	21
Miscellaneous income	3	37
Total non-operating income	25	58
Non-operating expenses		
Interest expenses	1,241	1,101
Foreign exchange losses	21	2,554
Listing expenses	2,000	–
Other	12	0
Total non-operating expenses	3,274	3,655
Ordinary profit	42,212	89,219
Profit before income taxes	42,212	89,219
Income taxes - current	892	10,733
Income taxes - deferred	(112)	(2,282)
Total income taxes	780	8,450
Profit	41,432	80,768
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	41,432	80,768

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	41,432	80,768
Other comprehensive income		
Foreign currency translation adjustment	(379)	6,304
Total other comprehensive income	(379)	6,304
Comprehensive income	41,052	87,073
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	41,052	87,073
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	42,212	89,219
Depreciation	19,603	22,399
Interest and dividend income	(21)	(21)
Interest expenses	1,241	1,101
Decrease (increase) in trade receivables	9,581	3,403
Decrease (increase) in inventories	(381)	966
Increase (decrease) in trade payables	2,735	2,506
Increase (decrease) in provision for bonuses	3,688	3,208
Listing expenses	2,000	–
Increase (decrease) in unearned revenue	66,528	92,990
Decrease (increase) in advance payments - trade	156	(467)
Decrease (increase) in prepaid expenses	(7,699)	(8,368)
Decrease (increase) in consumption taxes refund receivable	–	(964)
Decrease (increase) in accounts receivable - other	2,058	2,144
Increase (decrease) in accounts payable - other	789	(1,664)
Increase (decrease) in accrued expenses	(4,696)	(5,146)
Increase (decrease) in accrued consumption taxes	(2,085)	(19,127)
Increase (decrease) in income taxes payable - factor based tax	–	(3,137)
Increase (decrease) in deposits received	(2,035)	(2,440)
Decrease (increase) in guarantee deposits	(196)	–
Other loss (gain)	38	12
Subtotal	133,517	176,615
Interest and dividends received	21	21
Interest paid	(1,264)	(1,116)
Income taxes paid	(1,118)	(8,120)
Net cash provided by (used in) operating activities	131,156	167,399
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,829)	(2,571)
Purchase of intangible assets	(27,408)	(26,693)
Net cash provided by (used in) investing activities	(29,237)	(29,264)
Cash flows from financing activities		
Repayments of long-term borrowings	(11,280)	(10,835)
Proceeds from issuance of shares	–	18,284
Net cash provided by (used in) financing activities	(11,280)	7,449
Effect of exchange rate change on cash and cash equivalents	(268)	4,803
Net increase (decrease) in cash and cash equivalents	90,369	150,387
Cash and cash equivalents at beginning of period	282,324	987,414
Cash and cash equivalents at end of period	372,694	1,137,801