

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 2023

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: November 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Adjusted EBITA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2023	948	18.2	251	52.9	234	44.1	227	46.8	150	43.3
Nine months ended September 30, 2022	802	13.4	164	4.3	162	3.0	155	1.5	104	(26.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	26.10		24.25	
Nine months ended September 30, 2022	18.40		17.86	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	2,609	1,324	50.5
As of December 31, 2022	1,776	1,152	64.9

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, 2022	–	0.00	–	0.00	0.00
Year ending December 31, 2023	–	0.00	–		
Year ending December 31, 2023 (Forecast)				0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	1,246	13.7	291	25.6	285	26.4	197	6.9	34.26

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2023
(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 September 30, 2023	5,766,200 shares	As of December 31, 2022	5,748,900 shares
--------------------------	------------------	-------------------------	------------------

Number of treasury shares at the end of the period

As of September 30, 2023	111 shares	As of December 31, 2022	67 shares
--------------------------	------------	-------------------------	-----------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2023	5,757,108 shares	Nine months ended September 30, 2022	5,698,720 shares
--------------------------------------	------------------	--------------------------------------	------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	1,435,554	1,857,662
Accounts receivable - trade	47,374	49,923
Work in process	380	778
Supplies	155	156
Other	44,602	70,187
Total current assets	1,528,067	1,978,707
Non-current assets		
Property, plant and equipment	20,084	21,966
Intangible assets		
Goodwill	84,794	431,747
Software	52,652	69,136
Software in progress	13,905	8,564
Total intangible assets	151,351	509,449
Investments and other assets	77,100	86,148
Total non-current assets	248,536	617,564
Deferred assets	–	13,137
Total assets	1,776,603	2,609,409
Liabilities		
Current liabilities		
Accounts payable - trade	33,885	41,880
Current portion of long-term borrowings	40,000	–
Income taxes payable	23,920	42,329
Contract liabilities	433,954	604,394
Provision for bonuses	5,916	6,732
Asset retirement obligations	1,847	–
Other	64,391	68,124
Total current liabilities	603,914	763,461
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	500,000
Long-term borrowings	10,000	10,000
Asset retirement obligations	8,740	11,230
Other	1,459	382
Total non-current liabilities	20,199	521,612
Total liabilities	624,114	1,285,073
Net assets		
Shareholders' equity		
Share capital	390,235	391,804
Capital surplus	351,085	352,654
Retained earnings	394,808	545,049
Treasury shares	(112)	(169)
Total shareholders' equity	1,136,016	1,289,339
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	54
Foreign currency translation adjustment	16,473	28,022
Total accumulated other comprehensive income	16,473	28,077
Share acquisition rights	–	6,919
Total net assets	1,152,489	1,324,335
Total liabilities and net assets	1,776,603	2,609,409

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	802,336	948,317
Cost of sales	293,598	335,565
Gross profit	508,738	612,751
Selling, general and administrative expenses	346,080	378,419
Operating profit	162,657	234,332
Non-operating income		
Interest income	31	35
Other	1	46
Total non-operating income	32	82
Non-operating expenses		
Interest expenses	1,443	133
Loss on investments in investment partnerships	715	1,553
Foreign exchange losses	5,290	3,140
Other	0	1,620
Total non-operating expenses	7,450	6,447
Ordinary profit	155,239	227,967
Extraordinary losses		
Settlement payments	3,670	-
Total extraordinary losses	3,670	-
Profit before income taxes	151,569	227,967
Income taxes - current	23,285	55,889
Income taxes - deferred	23,441	21,837
Total income taxes	46,727	77,727
Profit	104,842	150,240
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	104,842	150,240

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	104,842	150,240
Other comprehensive income		
Valuation difference on available-for-sale securities	–	54
Foreign currency translation adjustment	20,096	11,549
Total other comprehensive income	20,096	11,603
Comprehensive income	124,939	161,844
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	124,939	161,844
Comprehensive income attributable to non-controlling interests	–	–