

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2021 (Based on Japanese GAAP)

November 12, 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: November 12, 2021
 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, 2021 (from January 1, 2021 to September 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	%
Nine months ended September 30, 2021	707	17.4	157	71.2	152	110.3	142	111.0
Nine months ended September 30, 2020	602	–	92	–	72	–	67	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2021	25.45		24.18	
Nine months ended September 30, 2020	19.21		17.23	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	1,461	885	60.6
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	31.97

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 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 September 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 September 30, 2021	31 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)

Nine months ended September 30, 2021	5,583,758 shares	Nine months ended September 30, 2020	3,506,352 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	1,037,860	1,224,017
Accounts receivable - trade	33,530	38,907
Work in process	1,043	412
Supplies	167	162
Other	35,107	39,069
Total current assets	1,107,709	1,302,569
Non-current assets		
Property, plant and equipment	23,089	22,399
Intangible assets		
Software	66,518	75,038
Software in progress	8,486	8,128
Total intangible assets	75,004	83,166
Investments and other assets	45,240	53,423
Total non-current assets	143,334	158,990
Total assets	1,251,044	1,461,559
Liabilities		
Current liabilities		
Accounts payable - trade	21,926	29,838
Current portion of long-term borrowings	20,004	19,150
Income taxes payable	15,326	17,155
Unearned revenue	329,117	396,953
Provision for bonuses	3,448	5,629
Other	67,935	46,213
Total current liabilities	457,757	514,939
Non-current liabilities		
Long-term borrowings	64,982	50,000
Asset retirement obligations	10,173	10,335
Other	975	939
Total non-current liabilities	76,130	61,274
Total liabilities	533,888	576,214
Net assets		
Shareholders' equity		
Share capital	369,121	378,263
Capital surplus	329,971	339,113
Retained earnings	21,507	163,595
Treasury shares	—	(56)
Total shareholders' equity	720,600	880,916
Accumulated other comprehensive income		
Foreign currency translation adjustment	(3,444)	4,428
Total accumulated other comprehensive income	(3,444)	4,428
Total net assets	717,155	885,345
Total liabilities and net assets	1,251,044	1,461,559

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, 2020	Nine months ended September 30, 2021
Net sales	602,759	707,625
Cost of sales	252,029	270,164
Gross profit	350,729	437,460
Selling, general and administrative expenses	258,507	279,604
Operating profit	92,221	157,856
Non-operating income		
Interest income	30	29
Miscellaneous income	3	37
Total non-operating income	33	66
Non-operating expenses		
Interest expenses	1,841	1,635
Listing expenses	9,345	–
Share issuance costs	8,023	–
Foreign exchange losses	302	3,338
Other	12	0
Total non-operating expenses	19,525	4,974
Ordinary profit	72,729	152,949
Profit before income taxes	72,729	152,949
Income taxes - current	5,536	18,837
Income taxes - deferred	(162)	(7,976)
Total income taxes	5,373	10,860
Profit	67,356	142,088
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	67,356	142,088

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit	67,356	142,088
Other comprehensive income		
Foreign currency translation adjustment	(1,606)	7,872
Total other comprehensive income	(1,606)	7,872
Comprehensive income	65,749	149,961
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	65,749	149,961
Comprehensive income attributable to non-controlling interests	—	—