

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, 2024 (Based on Japanese GAAP)

November 14, 2024

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 Kenta Ishisone TEL 050(1746)9891
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for general investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(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, 2024	1,055	11.3	306	21.6	266	13.9	260	14.4	165	10.3
Nine months ended September 30, 2023	948	18.2	251	52.9	234	44.1	227	46.8	150	43.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2024	28.67		25.23	
Nine months ended September 30, 2023	26.10		24.25	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	2,936	1,535	52.1
As of December 31, 2023	2,670	1,365	50.9

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, 2023	–	0.00	–	0.00	0.00
Year ending December 31, 2024	–	0.00	–		
Year ending December 31, 2024 (Forecast)				6.00	6.00

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Adjusted EBITA		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	%	Millions of yen	%	Yen
Full year	1,436	10.9	406	21.6	353	16.4	347	16.9	242	23.3	41.91

4. Notes

(1) Significant changes in the scope of consolidation during the nine months ended September 30, 2024: 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, 2024	5,783,500 shares	As of December 31, 2023	5,773,200 shares
--------------------------	------------------	-------------------------	------------------

Number of treasury shares at the end of the period

As of September 30, 2024	119 shares	As of December 31, 2023	111 shares
--------------------------	------------	-------------------------	------------

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

Nine months ended September 30, 2024	5,780,006 shares	Nine months ended September 30, 2023	5,757,108 shares
--------------------------------------	------------------	--------------------------------------	------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	1,888,966	2,205,369
Accounts receivable - trade	49,899	37,343
Work in process	329	1,906
Supplies	202	200
Other	46,419	48,876
Total current assets	1,985,819	2,293,696
Non-current assets		
Property, plant and equipment	22,319	21,052
Intangible assets		
Goodwill	290,049	262,660
Customer-related intangible assets	201,163	189,093
Software	71,722	69,227
Software in progress	10,331	23,230
Total intangible assets	573,266	544,211
Investments and other assets	76,847	68,471
Total non-current assets	672,433	633,735
Deferred assets	12,164	9,247
Total assets	2,670,417	2,936,679
Liabilities		
Current liabilities		
Accounts payable - trade	43,902	44,465
Current portion of long-term borrowings	10,000	10,000
Income taxes payable	65,361	39,919
Contract liabilities	524,138	660,885
Provision for bonuses	4,143	4,316
Other	85,743	57,974
Total current liabilities	733,289	817,561
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	500,000	500,000
Asset retirement obligations	11,205	11,250
Other	60,731	71,960
Total non-current liabilities	571,937	583,210
Total liabilities	1,305,227	1,400,772
Net assets		
Shareholders' equity		
Share capital	392,469	394,517
Capital surplus	353,319	355,367
Retained earnings	591,243	756,934
Treasury shares	(169)	(178)
Total shareholders' equity	1,336,863	1,506,642
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54	302
Foreign currency translation adjustment	21,352	22,043
Total accumulated other comprehensive income	21,407	22,345
Share acquisition rights	6,919	6,919
Total net assets	1,365,189	1,535,906
Total liabilities and net assets	2,670,417	2,936,679

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, 2023	Nine months ended September 30, 2024
Net sales	948,317	1,055,243
Cost of sales	335,565	365,158
Gross profit	612,751	690,085
Selling, general and administrative expenses	378,419	423,263
Operating profit	234,332	266,821
Non-operating income		
Interest income	35	228
Other	46	101
Total non-operating income	82	330
Non-operating expenses		
Interest expenses	133	87
Loss on investments in investment partnerships	1,553	1,376
Amortization of bond issuance costs	643	1,158
Issuance cost of subscription rights to shares	977	1,759
Foreign exchange losses	3,140	1,786
Other	0	200
Total non-operating expenses	6,447	6,367
Ordinary profit	227,967	260,783
Profit before income taxes	227,967	260,783
Income taxes - current	55,889	78,341
Income taxes - deferred	21,837	16,751
Total income taxes	77,727	95,093
Profit	150,240	165,690
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	150,240	165,690

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	150,240	165,690
Other comprehensive income		
Valuation difference on available-for-sale securities	54	247
Foreign currency translation adjustment	11,549	690
Total other comprehensive income	11,603	938
Comprehensive income	161,844	166,629
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	161,844	166,629
Comprehensive income attributable to non-controlling interests	—	—