

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2024 (Based on Japanese GAAP)

August 9, 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 file Semi-annual Securities Report: August 9, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of 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, 2024 (from January 1, 2024 to June 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	%
Six months ended June 30, 2024	697	16.8	197	30.4	171	16.1	166	15.7	108	10.9
Six months ended June 30, 2023	597	15.9	151	50.4	147	46.4	143	50.3	97	49.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2024	18.79		16.40	
Six months ended June 30, 2023	17.02		16.39	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2024	2,930		1,487		50.5	
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)			–	0.00	0.00

3. Notes

- (1) Significant changes in the scope of consolidation during the six months ended June 30, 2024: No
- (2) Application of special accounting methods for preparing interim 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, 2024	5,783,500 shares	As of December 31, 2023	5,773,200 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	111 shares	As of December 31, 2023	111 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, 2024	5,778,300 shares	Six months ended June 30, 2023	5,753,624 shares
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Interim consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	1,888,966	2,171,809
Accounts receivable - trade	49,899	40,343
Work in process	329	572
Supplies	202	202
Other	46,419	54,814
Total current assets	1,985,819	2,267,743
Non-current assets		
Property, plant and equipment	22,319	21,499
Intangible assets		
Goodwill	290,049	271,790
Customer-related intangible assets	201,163	193,116
Software	71,722	70,991
Software in progress	10,331	21,784
Total intangible assets	573,266	557,683
Investments and other assets	76,847	73,785
Total non-current assets	672,433	652,968
Deferred assets	12,164	10,219
Total assets	2,670,417	2,930,932
Liabilities		
Current liabilities		
Accounts payable - trade	43,902	44,659
Current portion of long-term borrowings	10,000	10,000
Income taxes payable	65,361	49,427
Contract liabilities	524,138	674,197
Provision for bonuses	4,143	6,073
Other	85,743	73,027
Total current liabilities	733,289	857,384
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	500,000	500,000
Asset retirement obligations	11,205	11,292
Other	60,731	74,530
Total non-current liabilities	571,937	585,822
Total liabilities	1,305,227	1,443,206
Net assets		
Shareholders' equity		
Share capital	392,469	394,517
Capital surplus	353,319	355,367
Retained earnings	591,243	699,817
Treasury shares	(169)	(169)
Total shareholders' equity	1,336,863	1,449,534
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54	(65)
Foreign currency translation adjustment	21,352	31,337
Total accumulated other comprehensive income	21,407	31,271
Share acquisition rights	6,919	6,919
Total net assets	1,365,189	1,487,725
Total liabilities and net assets	2,670,417	2,930,932

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, 2023	Six months ended June 30, 2024
Net sales	597,646	697,888
Cost of sales	213,073	247,038
Gross profit	384,573	450,850
Selling, general and administrative expenses	237,153	279,683
Operating profit	147,419	171,166
Non-operating income		
Interest income	23	33
Other	31	47
Total non-operating income	55	80
Non-operating expenses		
Interest expenses	104	57
Foreign exchange losses	2,351	1,990
Issuance cost of subscription rights to shares	387	1,172
Other	904	1,673
Total non-operating expenses	3,747	4,894
Ordinary profit	143,727	166,353
Profit before income taxes	143,727	166,353
Income taxes - current	37,350	44,499
Income taxes - deferred	8,438	13,279
Total income taxes	45,788	57,778
Profit	97,939	108,574
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	97,939	108,574

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	97,939	108,574
Other comprehensive income		
Valuation difference on available-for-sale securities	(126)	(120)
Foreign currency translation adjustment	10,852	9,985
Total other comprehensive income	10,725	9,864
Comprehensive income	108,664	118,438
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	108,664	118,438
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	143,727	166,353
Depreciation	20,662	33,189
Amortization of goodwill	4,037	18,259
Interest and dividend income	(23)	(33)
Interest expenses	104	57
Decrease (increase) in trade receivables	9,829	10,362
Decrease (increase) in inventories	108	(225)
Increase (decrease) in trade payables	4,906	739
Amortization of deferred assets	643	1,944
Increase (decrease) in provision for bonuses	1,047	1,861
Loss (gain) on investments in investment partnerships	647	701
Increase (decrease) in contract liabilities	140,008	157,868
Decrease (increase) in advance payments to suppliers	4	–
Decrease (increase) in prepaid expenses	(8,312)	(9,126)
Decrease (increase) in consumption taxes refund receivable	(1,077)	(612)
Decrease (increase) in accounts receivable - other	1,879	1,932
Increase (decrease) in accounts payable - other	(2,754)	(3,169)
Increase (decrease) in accrued expenses	(4,353)	(6,923)
Increase (decrease) in accrued consumption taxes	(4,513)	(528)
Increase (decrease) in income taxes payable - factor based tax	(23)	(238)
Increase (decrease) in deposits received	(3,730)	(2,578)
Decrease (increase) in guarantee deposits	909	–
Other loss (gain)	55	28
Subtotal	303,783	369,864
Interest and dividends received	23	33
Interest paid	(202)	(58)
Income taxes paid	(18,705)	(60,108)
Net cash provided by (used in) operating activities	284,899	309,730
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,032)	(2,276)
Purchase of investment securities	(5,000)	(5,000)
Purchase of intangible assets	(25,669)	(32,662)
Payments for asset retirement obligations	(1,946)	–
Net cash provided by (used in) investing activities	(34,648)	(39,939)
Cash flows from financing activities		
Repayments of long-term borrowings	(40,000)	–
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	495,052	–
Proceeds from issuance of shares	2,192	4,096
Proceeds from issuance of share acquisition rights	5,090	–
Net cash provided by (used in) financing activities	462,335	4,096
Effect of exchange rate change on cash and cash equivalents	9,859	8,904
Net increase (decrease) in cash and cash equivalents	722,445	282,792
Cash and cash equivalents at beginning of period	1,384,056	1,837,942
Cash and cash equivalents at end of period	2,106,502	2,120,734