

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2024 (Based on Japanese GAAP)

February 14, 2025

Company name: rakumo Inc.
 Stock exchange listing: Tokyo
 Stock code: 4060 URL <https://corporate.rakumo.com/>
 Representative: President CEO Daisuke Mitarai
 Inquiries: Director CFO Kenta Ishisone TEL 050(1746)9891
 Scheduled date of ordinary general meeting of shareholders: March 25, 2025
 Scheduled date to file Securities Report: March 26, 2025
 Scheduled date to commence dividend payments: March 26, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors, analysts and general investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Consolidated operating results

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	%
Year ended December 31, 2024	1,443	11.4	436	30.4	383	26.1	375	26.5	253	28.8
Year ended December 31, 2023	1,295	18.1	334	41.5	303	30.9	296	31.6	196	6.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2024	43.76	38.77	16.9	13.2	26.6
Year ended December 31, 2023	34.10	31.24	15.6	13.4	23.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	3,035	1,634	53.6	280.16
As of December 31, 2023	2,670	1,365	50.9	235.28

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2024	463	(70)	(3)	2,233
Year ended December 31, 2023	351	(357)	455	1,837

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Year ended December 31, 2024	—	0.00	—	6.00	6.00	34	13.7	2.3
Year ending December 31, 2025 (Forecast)	—	0.00	—	9.00	9.00		20.2	

3. Forecast of consolidated financial results for the year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

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	1,612	11.7	500	14.7	400	4.4	396	5.4	259	2.5	44.64

4. Notes

- (1) Significant changes in the scope of consolidation during the year ended December 31, 2024: No
- (2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	5,809,600 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 December 31, 2024	119 shares	As of December 31, 2023	111 shares
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Average number of shares during the period

Year ended December 31, 2024	5,781,856 shares	Year ended December 31, 2023	5,760,072 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	1,888,966	2,284,300
Accounts receivable - trade	49,899	51,104
Work in process	329	411
Supplies	202	162
Other	46,419	54,513
Total current assets	1,985,819	2,390,493
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	33,863	33,996
Accumulated depreciation	(16,011)	(19,293)
Facilities attached to buildings, net	17,852	14,702
Tools, furniture and fixtures	31,950	36,360
Accumulated depreciation	(27,484)	(31,065)
Tools, furniture and fixtures, net	4,466	5,295
Total property, plant and equipment	22,319	19,997
Intangible assets		
Goodwill	290,049	253,530
Customer-related intangible assets	201,163	185,070
Software	71,722	62,287
Software in progress	10,331	36,496
Total intangible assets	573,266	537,384
Investments and other assets		
Investment securities	17,677	21,525
Deferred tax assets	31,379	31,425
Other	27,790	26,348
Total investments and other assets	76,847	79,300
Total non-current assets	672,433	636,682
Deferred assets		
Bond issuance costs	6,691	5,147
Issuance cost of subscription rights to shares	5,473	3,127
Total deferred assets	12,164	8,274
Total assets	2,670,417	3,035,451

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	43,902	45,658
Current portion of long-term borrowings	10,000	–
Income taxes payable	65,361	85,554
Contract liabilities	524,138	613,025
Provision for bonuses	4,143	800
Other	85,743	75,393
Total current liabilities	733,289	820,431
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	500,000	500,000
Deferred tax liabilities	59,394	61,908
Asset retirement obligations	11,205	11,300
Other	1,336	7,313
Total non-current liabilities	571,937	580,522
Total liabilities	1,305,227	1,400,953
Net assets		
Shareholders' equity		
Share capital	392,469	396,884
Capital surplus	353,319	357,734
Retained earnings	591,243	844,269
Treasury shares	(169)	(178)
Total shareholders' equity	1,336,863	1,598,710
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54	302
Foreign currency translation adjustment	21,352	28,565
Total accumulated other comprehensive income	21,407	28,867
Share acquisition rights	6,919	6,919
Total net assets	1,365,189	1,634,497
Total liabilities and net assets	2,670,417	3,035,451

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	1,295,450	1,443,455
Cost of sales	463,663	492,247
Gross profit	831,786	951,208
Selling, general and administrative expenses	527,807	567,739
Operating profit	303,978	383,468
Non-operating income		
Interest income	51	945
Other	174	138
Total non-operating income	226	1,084
Non-operating expenses		
Interest expenses	162	109
Loss on investments in investment partnerships	1,553	1,376
Amortization of bond issuance costs	1,029	1,544
Issuance cost of subscription rights to shares	1,563	2,345
Foreign exchange losses	3,038	3,052
Other	6	566
Total non-operating expenses	7,354	8,994
Ordinary profit	296,851	375,558
Extraordinary income		
Settlement income	989	–
Total extraordinary income	989	–
Profit before income taxes	297,840	375,558
Income taxes - current	76,291	120,173
Income taxes - deferred	25,113	2,358
Total income taxes	101,405	122,532
Profit	196,434	253,026
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	196,434	253,026

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	196,434	253,026
Other comprehensive income		
Valuation difference on available-for-sale securities	54	247
Foreign currency translation adjustment	4,879	7,213
Total other comprehensive income	4,933	7,460
Comprehensive income	201,368	260,486
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	201,368	260,486
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	390,235	351,085	394,808	(112)	1,136,016
Changes during period					
Issuance of new shares	2,234	2,234			4,469
Profit attributable to owners of parent			196,434		196,434
Purchase of treasury shares				(56)	(56)
Net changes in items other than shareholders' equity					
Total changes during period	2,234	2,234	196,434	(56)	200,847
Balance at end of period	392,469	353,319	591,243	(169)	1,336,863

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	–	16,473	16,473	–	1,152,489
Changes during period					
Issuance of new shares					4,469
Profit attributable to owners of parent					196,434
Purchase of treasury shares					(56)
Net changes in items other than shareholders' equity	54	4,879	4,933	6,919	11,853
Total changes during period	54	4,879	4,933	6,919	212,700
Balance at end of period	54	21,352	21,407	6,919	1,365,189

Fiscal year ended December 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	392,469	353,319	591,243	(169)	1,336,863
Changes during period					
Issuance of new shares	4,414	4,414			8,829
Profit attributable to owners of parent			253,026		253,026
Purchase of treasury shares				(8)	(8)
Net changes in items other than shareholders' equity					
Total changes during period	4,414	4,414	253,026	(8)	261,847
Balance at end of period	396,884	357,734	844,269	(178)	1,598,710

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	54	21,352	21,407	6,919	1,365,189
Changes during period					
Issuance of new shares					8,829
Profit attributable to owners of parent					253,026
Purchase of treasury shares					(8)
Net changes in items other than shareholders' equity	247	7,213	7,460	–	7,460
Total changes during period	247	7,213	7,460	–	269,307
Balance at end of period	302	28,565	28,867	6,919	1,634,497

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	297,840	375,558
Depreciation	52,015	67,171
Amortization of goodwill	22,297	36,519
Interest and dividend income	(51)	(945)
Interest expenses	162	109
Decrease (increase) in trade receivables	(1,629)	(808)
Decrease (increase) in inventories	22	(41)
Increase (decrease) in trade payables	9,993	1,746
Amortization of deferred assets	2,593	3,889
Increase (decrease) in provision for bonuses	(1,772)	(3,343)
Loss on retirement of non-current assets	0	360
Loss (gain) on investments in investment partnerships	1,553	1,376
Settlement payments	(989)	–
Increase (decrease) in contract liabilities	29,267	94,862
Decrease (increase) in advance payments to suppliers	4	–
Decrease (increase) in prepaid expenses	(2,737)	(1,186)
Decrease (increase) in consumption taxes refund receivable	1,159	(1,200)
Decrease (increase) in accounts receivable - other	1,172	8
Increase (decrease) in accounts payable - other	(37,659)	(548)
Increase (decrease) in accrued expenses	5,334	(8,273)
Increase (decrease) in accrued consumption taxes	4,485	(295)
Increase (decrease) in income taxes payable - factor based tax	447	640
Increase (decrease) in deposits received	(9,079)	(1,294)
Decrease (increase) in guarantee deposits	934	–
Other loss (gain)	84	52
Subtotal	375,450	564,357
Interest and dividends received	51	243
Interest paid	(260)	(116)
Income taxes paid	(24,498)	(101,060)
Settlement received	989	–
Net cash provided by (used in) operating activities	351,732	463,423
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,219)	(4,035)
Purchase of investment securities	(10,000)	(5,000)
Purchase of intangible assets	(53,119)	(61,385)
Payments for retirement of property, plant and equipment	–	(360)
Payments for asset retirement obligations	(2,000)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(287,533)	–
Net cash provided by (used in) investing activities	(357,872)	(70,781)

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from financing activities		
Repayments of long-term borrowings	(40,000)	(10,000)
Proceeds from issuance of shares	4,469	6,299
Purchase of treasury shares	(56)	–
Decrease (increase) in deposits for purchase of treasury shares	499	–
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	491,512	–
Payments for issuance of subscription rights to shares	(813)	–
Net cash provided by (used in) financing activities	455,610	(3,701)
Effect of exchange rate change on cash and cash equivalents	4,414	6,365
Net increase (decrease) in cash and cash equivalents	453,885	395,306
Cash and cash equivalents at beginning of period	1,384,056	1,837,942
Cash and cash equivalents at end of period	1,837,942	2,233,248