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## Summary of Financial Results for the Year Ended July 31, 2021 (Based on Japanese GAAP)

September 10, 2021

Company name: RAKSUL INC.  
 Listed stock exchange : Tokyo  
 Stock code: 4384 <https://corp.raksul.com/>  
 Representative: Representative Director, President and CEO Yasukane Matsumoto  
 Inquiries: Director, CFO Yo Nagami TEL +81-3-6629-4893  
 Scheduled date of ordinary general meeting of shareholders: October 21, 2021  
 Scheduled date to file securities Report: October 22, 2021  
 Scheduled date of dividend payments: –  
 Supplementary materials: Yes  
 Meeting for institutional investors and analysts: Yes

*(Figures are rounded down to the nearest million yen)*

### 1. Financial Results for the Year Ended July 31, 2021 (August 1, 2020 - July 31, 2021)

#### (1) Operating results (cumulative)

*(Percentages show the change from the same period of previous fiscal year)*

	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended July 31, 2021	30,261	40.8	220	–	130	–	160	–
Year ended July 31, 2020	21,494	25.2	(244)	–	(368)	–	(494)	–

	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 July 31, 2021	5.62	4.98	2.3	0.6	0.7
Year ended July 31, 2020	(17.64)	–	(7.3)	(2.6)	(1.1)

#### (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2021	21,916	7,996	34.1	260.02
As of July 31, 2020	19,379	6,801	34.5	236.73

Reference: Shareholders' equity July 31, 2021: 7,467 million yen July 31, 2020: 6,692 million yen

#### (3) 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 July 31, 2021	1,539	(3,618)	75	13,447
Year ended July 31, 2020	(126)	(283)	9,956	15,451

### 2. Cash dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended July 31, 2020	–	0.00	–	0.00	0.00
Year ended July 31, 2021	–	0.00	–	0.00	0.00
Year ending July 31, 2022 (forecast)	–	0.00	–	0.00	0.00

### 3. Forecast for the Fiscal Year Ending July 31, 2022 (August 1, 2021 - July 31, 2022)

(Percentages show the change from the same period of previous fiscal year)

Full year	Net sales		Operating profit		non-GAAP Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
	39,400	30.2	250	13.4	1,000	20.0

In the fiscal year ending July 2022, there is no change in the management stance of placing the highest priority on growth in order to realize our vision "Better Systems, Better World", and based on our medium-to-long term financial policy, our target growth for RAKSUL INC. (the "Company") is 30% or more in gross profit.

The policies for each business segment are as follows: In the Raksul business segment, the Company sets gross profit and segment profit as the financial focus, and the policy is to continue to increase these profits. In Novasell business segment and Hacobell business segment, while strengthening investment governance and controlling of losses, we will allow for limited losses towards growth and focus on expanding revenue and gross profit.

Based on the policies above, the Company expects revenue of ¥39,400 million or more (up 30% or higher from the previous fiscal year) and gross profit of ¥9,300 million or more (up 30% or higher from the previous fiscal year). Operating profit is expected to be ¥250 million or more, and non-GAAP operating profit (stock-based compensation expenses added back) is expected to be ¥1,000 million or more; the basic policy for operating profit is to increase profit every year while continuing to focus on growth and reinvest a certain amount towards such growth. This financial forecast is based on the assumption that the business impact of the state of emergency declarations due to the spread of COVID-19 will continue to a certain extent.

### 4. Others

(1) 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:	None
Changes in accounting policies due to other reasons:	None
Changes in accounting estimates:	None
Restatement of prior period financial statements:	None

(2) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury stock)			
July 31, 2021	28,729,220 shares	July 31, 2020	28,270,090 shares
2) Number of treasury stock at the end of period			
July 31, 2021	12,180 shares	July 31, 2020	1,171 shares
3) Average number of shares outstanding during the period			
Year ended July 31, 2021	28,491,806 shares	Year ended July 31, 2020	28,014,294 shares

This report of financial results is out of scope from audit procedures conducted by independent auditors.

#### \* Cautionary statement with respect to forward-looking statements

The forecasts above are based on the judgments made in accordance with information currently available. Forecasts therefore include risks and uncertainties. Actual figures may differ from these forecasts due to subsequent changes in the circumstances.

**Quarterly Financial Statements**  
**Balance Sheets**

(Thousands of yen)

	As of July 31, 2020	As of July 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	15,451,377	13,447,522
Notes receivable - trade	22,915	23,297
Electronically recorded monetary claims - operating	12,452	8,085
Accounts receivable - trade	2,157,262	2,922,841
Raw materials and supplies	36,983	5,396
Prepaid expenses	188,673	348,716
Other	154,246	160,856
Allowance for doubtful accounts	(637)	(358)
Total current assets	18,023,273	16,916,358
Non-current assets		
Property, plant and equipment		
Buildings	207,716	208,031
Accumulated depreciation	(62,411)	(79,530)
Buildings, net	145,305	128,500
Machinery and equipment	751,336	751,336
Accumulated depreciation	(372,851)	(447,985)
Machinery and equipment, net	378,484	303,350
Tools, furniture and fixtures	72,003	79,489
Accumulated depreciation	(41,802)	(54,436)
Tools, furniture and fixtures, net	30,200	25,052
Total property, plant and equipment	553,990	456,904
Intangible assets		
Software	297,625	329,547
Software in progress	47,659	40,996
Total intangible assets	345,285	370,543
Investments and other assets		
Investment securities	124,256	203,384
Shares of subsidiaries and associates	31,683	3,447,680
Long-term prepaid expenses	126,665	211,456
Guarantee deposits	174,662	140,139
Long-term deposits	—	12,000
Deferred tax assets	—	157,803
Total investments and other assets	457,267	4,172,464
Total non-current assets	1,356,543	4,999,912
<b>Total assets</b>	<b>19,379,817</b>	<b>21,916,271</b>

(Thousands of yen)

	As of July 31, 2020	As of July 31, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,654,786	2,347,182
Short-term borrowings	40,000	—
Current portion of long-term borrowings	—	1,287,220
Accounts payable - other	500,595	771,949
Income taxes payable	30,902	164,905
Accrued consumption taxes	63,715	258,286
Advances received	70,473	121,497
Other	45,273	117,231
Total current liabilities	2,405,745	5,068,273
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	5,043,333	5,033,333
Long-term borrowings	5,000,000	3,712,780
Asset retirement obligations	104,495	105,280
Deferred tax liabilities	24,714	—
Total non-current liabilities	10,172,543	8,851,393
Total liabilities	12,578,288	13,919,667
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,152,347	2,452,848
Capital surplus		
Legal capital surplus	4,959,686	5,260,187
Total capital surplus	4,959,686	5,260,187
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(409,078)	(249,073)
Total retained earnings	(409,078)	(249,073)
Treasury shares	(249)	(485)
Total shareholders' equity	6,702,705	7,463,476
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(10,542)	3,640
Total valuation and translation adjustments	(10,542)	3,640
Share acquisition rights	109,364	529,487
Total net assets	6,801,528	7,996,604
Total liabilities and net assets	19,379,817	21,916,271

**Statements of Income (cumulative)**

(Thousands of yen)

	Fiscal year ended July 31, 2020	Fiscal year ended July 31, 2021
Net sales	21,494,598	30,261,212
Cost of sales	16,566,457	23,109,405
Gross profit	4,928,140	7,151,807
Selling, general and administrative expenses	5,172,422	6,931,251
Operating profit (loss)	(244,281)	220,555
Non-operating income		
Interest income	6,886	10,169
Dividend income	780	—
Miscellaneous income	5,835	10,011
Total non-operating income	13,502	20,181
Non-operating expenses		
Interest expenses	29,193	32,989
Bond issuance costs	59,414	—
Loss on investments in investment partnerships	3,451	4,226
Listing expenses	9,111	—
Move out fee of office	21,527	—
Loss on extinguishment of stock-based compensation expenses	—	64,469
Miscellaneous losses	14,951	9,009
Total non-operating expenses	137,649	110,694
Ordinary profit (loss)	(368,429)	130,041
Extraordinary losses		
Loss on retirement of non-current assets	20,292	7,960
Loss on valuation of shares of subsidiaries and associates	—	16,741
Total extraordinary losses	20,292	24,702
Profit (loss) before income taxes	(388,722)	105,339
Income taxes - current	6,383	129,458
Income taxes - deferred	99,029	(184,123)
Total income taxes	105,413	(54,665)
Profit (loss)	(494,135)	160,005

## Statements of Changes in Equity

Fiscal year ended July 31,2020

(Thousands of yen)

	Shareholders' equity						Valuation and translation adjustments		Share acquisition rights	Total net assets	
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities			Total valuation and translation adjustments
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings						
Balance at beginning of period	1,958,453	4,765,791	4,765,791	85,057	85,057	(101)	6,809,201	(284)	(284)	854	6,809,770
Changes during period											
Issuance of new shares	193,894	193,894	193,894				387,789				387,789
Profit (loss)				(494,135)	(494,135)		(494,135)				(494,135)
Purchase of treasury shares						(148)	(148)				(148)
Net changes in items other than shareholders' equity								(10,257)	(10,257)	108,510	98,252
Total changes during period	193,894	193,894	193,894	(494,135)	(494,135)	(148)	(106,495)	(10,257)	(10,257)	108,510	(8,242)
Balance at end of period	2,152,347	4,959,686	4,959,686	(409,078)	(409,078)	(249)	6,702,705	(10,542)	(10,542)	109,364	6,801,528

Fiscal year ended July 31,2021

(Thousands of yen)

	Shareholders' equity						Valuation and translation adjustments		Share acquisition rights	Total net assets	
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities			Total valuation and translation adjustments
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings						
Balance at beginning of period	2,152,347	4,959,686	4,959,686	(409,078)	(409,078)	(249)	6,702,705	(10,542)	(10,542)	109,364	6,801,528
Changes during period											
Issuance of new shares	300,500	300,500	300,500				601,001				601,001
Profit (loss)				160,005	160,005		160,005				160,005
Purchase of treasury shares						(236)	(236)				(236)
Net changes in items other than shareholders' equity								14,182	14,182	420,122	434,305
Total changes during period	300,500	300,500	300,500	160,005	160,005	(236)	760,770	14,182	14,182	420,122	1,195,075
Balance at end of period	2,452,848	5,260,187	5,260,187	(249,073)	(249,073)	(485)	7,463,476	3,640	3,640	529,487	7,996,604

## Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended July 31, 2020	Fiscal year ended July 31, 2021
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(388,722)	105,339
Depreciation	170,989	197,467
Share-based payment expenses	84,493	612,675
Loss on valuation of shares of subsidiaries and associates	—	16,741
Loss (gain) on investments in investment partnerships	3,451	4,226
Increase (decrease) in allowance for doubtful accounts	523	(278)
Interest and dividend income	(7,666)	(10,169)
Interest expenses	29,193	32,989
Bond issuance costs	59,414	—
Loss on retirement of non-current assets	20,292	7,960
Decrease (increase) in trade receivables	(282,423)	(761,595)
Increase (decrease) in trade payables	196,293	692,396
Increase (decrease) in accounts payable - other	162,470	275,103
Increase (decrease) in accrued consumption taxes	10,158	194,571
Other, net	(123,225)	230,678
Subtotal	(64,756)	1,598,106
Interest and dividends received	999	169
Interest paid	(27,221)	(28,340)
Income taxes paid	(35,259)	(40,128)
Income taxes refund	—	9,655
Net cash provided by (used in) operating activities	(126,238)	1,539,463
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(26,935)	(12,066)
Purchase of intangible assets	(224,463)	(129,215)
Payments of guarantee deposits	(2,599)	—
Proceeds from refund of guarantee deposits	11,815	1,785
Proceeds from refund of leasehold deposits	—	31,731
Purchase of investment securities	(9,784)	(61,959)
Purchase of shares of subsidiaries and associates	(31,683)	(3,432,738)
Short-term loan advances	(47,500)	(10,300)
Proceeds from collection of short-term loans receivable	47,500	10,300
Payments into long-term deposits	—	(16,000)
Net cash provided by (used in) investing activities	(283,651)	(3,618,463)
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	(140,000)	(40,000)
Proceeds from long-term borrowings	5,000,000	—
Repayments of long-term borrowings	(91,430)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	112,718	115,381
Proceeds from issuance of share acquisition rights	84,700	—
Purchase of treasury shares	(148)	(236)
Proceeds from issuance of bonds with share acquisition rights	4,990,585	—
Net cash provided by (used in) financing activities	9,956,425	75,145
Net increase (decrease) in cash and cash equivalents	9,546,536	(2,003,854)
Cash and cash equivalents at beginning of period	5,904,840	15,451,377
Cash and cash equivalents at end of period	15,451,377	13,447,522

## Results by Segment

Fiscal year ended July 31,2020

(Thousands of yen)

	Reportable segments				Other	Total	Reconciling items	Per financial statements
	Raksul	Novasell	Hacobell	Reportable segments				
Sales								
Revenues from external customers	16,330,308	2,853,831	2,186,047	21,370,187	124,411	21,494,598	—	21,494,598
Transactions with other segments	—	—	—	—	—	—	—	—
Net sales	16,330,308	2,853,831	2,186,047	21,370,187	124,411	21,494,598	—	21,494,598
Operating profit (loss)	1,340,790	4,986	(370,333)	975,443	44,586	1,020,030	(1,264,312)	(244,281)
Other items								
Depreciation	113,986	2,025	15,777	131,789	—	131,789	39,200	170,989
Increase in property, plant and equipment and intangible assets	163,801	16,618	46,424	226,844	—	226,844	28,239	255,083

Fiscal year ended July 31,2021

(Thousands of yen)

	Reportable segments				Other	Total	Reconciling items	Per financial statements
	Raksul	Novasell	Hacobell	Reportable segments				
Sales								
Revenues from external customers	20,311,809	6,719,089	2,939,226	29,970,125	291,086	30,261,212	—	30,261,212
Transactions with other segments	—	—	—	—	—	—	—	—
Net sales	20,311,809	6,719,089	2,939,226	29,970,125	291,086	30,261,212	—	30,261,212
Operating profit (loss)	2,140,674	9,196	(114,228)	2,035,642	104,347	2,139,990	(1,919,435)	220,555
Other items								
Depreciation	143,226	5,707	18,859	167,793	—	167,793	29,674	197,467
Increase in property, plant and equipment and intangible assets	74,900	15,542	34,658	125,101	—	125,101	7,800	132,902