

## English Translation

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# Summary of Consolidated Financial Results for the Fiscal Year Ended July 31, 2022 (Based on Japanese GAAP)

September 14, 2022

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  
Scheduled date of annual general meeting of shareholders October 27, 2022  
Scheduled date of filing annual securities report: October 28, 2022  
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. Consolidated Financial Results for the Fiscal Year Ended July 31, 2022 (August 1, 2021 - July 31, 2022)

### (1) Consolidated Operating Results

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

Fiscal year ended	Net sales		Gross profit		Operating profit		non-GAAP EBITDA*	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2022	33,980	–	9,803	–	462	–	1,634	–
July 31, 2021	–	–	–	–	–	–	–	–

Note: Comprehensive income Fiscal year ended July 31, 2022: 1,040 million yen (-%)  
Fiscal year ended July 31, 2021: - million yen (-%)

Fiscal year ended	Ordinary profit		Net profit attributable to owners of parent		Earnings per share		Diluted earnings per share	
	Millions of yen	%	Millions of yen	%	Yen	Yen	Yen	Yen
July 31, 2022	(167)	–	1,021	–	35.39		32.94	
July 31, 2021	–	–	–	–	–		–	

Fiscal year ended	Return on shareholders' Equity		Ordinary profit to total assets		Operating profit to net sales	
	%	%	%	%	%	%
July 31, 2022	12.2		(0.6)		1.4	
July 31, 2021	–		–		–	

Reference: Share of loss (profit) of entities accounted for using equity method:

Fiscal year ended July 31, 2022: (532) million yen

Fiscal year ended July 31, 2021: - million yen

Note: Figures for the fiscal year ended July 31, 2021 and percentage change from the previous fiscal year are not shown since the Company began preparing consolidated financial statements from the fiscal year ended July 31, 2022. In addition, since this is the first year of consolidation, return on shareholders' equity and ordinary profit to total assets for the fiscal year ended July 31, 2022 are calculated based on shareholders' equity and total assets at the end of the fiscal year, respectively.

\*Non-GAAP EBITDA is calculated by deducting or adjusting non-recurring items and other specific adjustable items from GAAP profits (Japan GAAP) based on certain rules. We disclose non-GAAP figures as we believe they are useful in understanding our fundamental business performance. Specifically, we adjust certain one-off profits and losses that we deem deductible (mainly stock-based compensation, depreciation, and goodwill amortization expenses).

### (2) Consolidated Financial Position

Fiscal year ended	Total assets		Net assets		Equity ratio		Net Assets per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	Yen	Yen	
July 31, 2022	28,633		9,312		29.3		288.53	
July 31, 2021	–		–		–		–	

Reference: Shareholders' equity Fiscal year ended July 31, 2022: 8,382 million yen  
Fiscal year ended July 31, 2021: - million yen

### (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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2022	837	(2,808)	2,206	13,682
July 31, 2021	—	—	—	—

### 2. Dividends

	Annual Dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen			
July 31, 2021	—	0.00	—	0.00	0.00	—	—	—
July 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending July 31, 2023 (forecast)	—	0.00	—	0.00	0.00		—	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2023 (August 1, 2022 - July 31, 2023)

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

	Net sales		Gross profit		Operating profit		non-GAAP EBITDA※	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending								
July 31, 2023	38,200	12.4	11,600	18.3	1,020	120.3	2,450	49.9
(excluding Hacobell business segment results)	~39,600	~16.5	~12,200	~24.4	~1,330	~187.3	~2,770	~69.5
		25.2		24.2				
		~29.8		~30.6				

	Ordinary profit		Net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%
Fiscal year ending				
July 31, 2023	400	—	900	(11.9)
	~700		~1,100	~7.6

In order to realize our vision, "Better Systems, Better World," we will shift to a "Quality Growth" phase with further focus on profit and cash flow generation, while maintaining the medium-term growth momentum. Based on the medium-term financial policy announced on March 11, 2021 and June 10, 2022, we are targeting a compound annual growth rate (CAGR) of 30% in gross profit for the period from the fiscal year ended July 2021 to fiscal year ending July 2025, and a medium-to-long term ROE/ROIC target of 20% or more.

The policies of each business segment are as follows: In the Raksul business segment, the Company sets gross profit and segment profit as key indicators and has a policy of continuing to expand these profits. In the Novasell business segment, while continuing to reinvest in the business, the Company will maintain profitability throughout the year and focus on expanding revenue and gross profit.

Based on the policies above, for the fiscal year ending July 31, 2023, the Company expects revenue of 38,200 million yen to 39,600 million yen (up 12.4% to 16.5% from the previous fiscal year; up 25.2% to 29.8% from the previous fiscal year excluding Hacobell business segment results), gross profit of 11,600 million yen to 12,200 million yen (up 18.3% to 24.4% from the previous fiscal year; up 24.2% to 30.6% from the previous fiscal year excluding Hacobell business segment results), operating profit of 1,020 million yen to 1,330 million yen (up 120.3% to 187.3% from the previous fiscal year), ordinary profit of 400 million yen to 700 million yen (ordinary loss of 167 million yen in the previous year), and net profit attributable to owners of parent of 900 million yen to 1,100 million yen (-11.9% to 7.6% compared to previous fiscal year). Since the previous fiscal year, the Company has shifted the profit/cashflow indicator from operating profit (non-GAAP) to EBITDA (non-GAAP), and non-GAAP EBITDA, after adding back stock-based compensation expenses, is expected to be 2,450 million yen to 2,770 million yen (up 49.9% to 69.5% from the previous fiscal year).



# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

As of July 31, 2022

Assets	
Current assets	
Cash and deposits	13,682
Notes and accounts receivable - trade	4,903
Merchandise and finished goods	201
Raw materials and supplies	8
Prepaid expenses	583
Other	281
Allowance for doubtful accounts	(0)
Total current assets	19,660
Non-current assets	
Property, plant and equipment	
Buildings and structures	212
Accumulated depreciation	(97)
Buildings and structures, net	115
Machinery, equipment and vehicles	775
Accumulated depreciation	(534)
Machinery, equipment and vehicles, net	241
Other	83
Accumulated depreciation	(66)
Other, net	16
Total property, plant and equipment	373
Intangible assets	
Goodwill	4,708
Software	395
Software in progress	88
Other	15
Total intangible assets	5,208
Investments and other assets	
Investment securities	355
Shares of subsidiaries and associates	1,436
Investments in other securities of subsidiaries and associates	278
Long-term prepaid expenses	202
Deferred tax assets	968
Other	151
Total investments and other assets	3,391
Total non-current assets	8,973
Total assets	28,633

As of July 31, 2022

<b>Liabilities</b>	
Current liabilities	
Accounts payable - trade	3,234
Accounts payable - other, and accrued expenses	1,239
Short-term borrowings	800
Current portion of long-term borrowings	1,695
Income taxes payable	288
Accrued consumption taxes	213
Contract liabilities	91
Provision for bonuses	135
Other	75
Total current liabilities	7,774
Non-current liabilities	
Convertible-bond-type bonds with share acquisition rights	5,023
Long-term borrowings	6,417
Asset retirement obligations	106
Total non-current liabilities	11,546
Total liabilities	19,320
<b>Net assets</b>	
Shareholders' equity	
Share capital	2,694
Capital surplus	5,501
Retained earnings	165
Treasury shares	(0)
Total shareholders' equity	8,360
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	22
Total accumulated other comprehensive income	22
Share acquisition rights	930
Total net assets	9,312
Total liabilities and net assets	28,633

## Consolidated Statements of Income

(Millions of yen)

Fiscal year ended  
July 31, 2022

Net sales	33,980
Cost of sales	24,176
Gross profit	9,803
Selling, general and administrative expenses	9,340
Operating profit	462
Non-operating income	
Interest income	10
Dividend income	1
Other	16
Total non-operating income	28
Non-operating expenses	
Interest expenses	34
Loss on extinguishment share-based compensation expenses	72
Share of loss of entities accounted for using equity method	532
Other	19
Total non-operating expenses	658
Ordinary profit (loss)	(167)
Extraordinary income	
Gain on step acquisitions	744
Gain on reversal of share acquisition rights	0
Total extraordinary income	745
Extraordinary losses	
Loss on retirement of non-current assets	2
Loss on valuation of securities	4
Loss on valuation of shares of subsidiaries	14
Loss on change in equity	18
Settlement payments	39
Total extraordinary losses	80
Profit (loss) before income taxes	497
Income taxes - current	293
Income taxes - deferred	(818)
Total income taxes	(524)
Profit	1,021
Profit attributable to non-controlling interests	—
Profit attributable to owners of parent	1,021

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended July 31, 2022
Profit	1,021
Other comprehensive income	
Valuation difference on available-for-sale securities	18
Total other comprehensive income	18
Comprehensive income	1,040
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,040
Comprehensive income attributable to non-controlling interests	—

## Consolidated Statements of Changes in Equity

For the fiscal year ended July 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,452	5,260	(249)	(0)	7,463
Changes during period					
Issuance of new shares	241	241	—	—	482
Profit attributable to owners of parent	—	—	1,021	—	1,021
Change of scope of consolidation and equity method	—	—	(607)	—	(607)
Purchase of treasury shares	—	—	—	(0)	(0)
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	241	241	414	(0)	896
Balance at end of period	2,694	5,501	165	(0)	8,360

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	3	3	529	—	7,996
Changes during period					
Issuance of new shares	—	—	—	—	482
Profit attributable to owners of parent	—	—	—	—	1,021
Change of scope of consolidation and equity method	—	—	—	—	(607)
Purchase of treasury shares	—	—	—	—	(0)
Net changes in items other than shareholders' equity	18	18	401	—	419
Total changes during period	18	18	401	—	1,316
Balance at end of period	22	22	930	—	9,312



## Consolidated Statements of Cash Flows

(Millions of yen)

Fiscal year ended  
July 31, 2022

<b>Cash flows from operating activities</b>	
Profit before income taxes	497
Depreciation	227
Amortization of goodwill	247
Share-based payment expenses	695
Loss (gain) on investments in investment partnerships	8
Loss (gain) on valuation of securities	4
Loss (gain) on change in equity	18
Loss on valuation of shares of subsidiaries	14
Interest and dividend income	(11)
Interest expenses	34
Loss (gain) on step acquisitions	(744)
Share of loss (profit) of entities accounted for using equity method	532
Loss on retirement of non-current assets	2
Increase (decrease) in allowance for doubtful accounts	(4)
Increase (decrease) in provision for bonuses	123
Decrease (increase) in trade receivables	(1,294)
Decrease (increase) in inventories	(30)
Increase (decrease) in trade payables	567
Increase (decrease) in accounts payable - other, and accrued expenses	270
Increase (decrease) in accrued consumption taxes	54
Other, net	(160)
<b>Subtotal</b>	<b>1,053</b>
Interest and dividends received	1
Interest paid	(33)
Income taxes paid	(184)
Income taxes refund	0
<b>Net cash provided by (used in) operating activities</b>	<b>837</b>
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(3)
Purchase of intangible assets	(146)
Purchase of investment securities	(418)
Purchase of shares of subsidiaries and associates	(387)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,789)
Short-term loan advances	(68)
Proceeds from collection of short-term loans receivable	4
<b>Net cash provided by (used in) investing activities</b>	<b>(2,808)</b>
<b>Cash flows from financing activities</b>	
Proceeds from short-term borrowings	800
Repayments of short-term borrowings	(600)
Proceeds from long-term borrowings	3,600
Repayments of long-term borrowings	(1,684)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	91
Purchase of treasury shares	(0)
<b>Net cash provided by (used in) financing activities</b>	<b>2,206</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>235</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>13,447</b>
<b>Cash and cash equivalents at end of period</b>	<b>13,682</b>

## Results by Segment

Fiscal year ended July 31,2022

(Millions of yen)

	Reportable segments				Other	Total	Reconciling items	Per Consolidated financial statements
	Raksul	Novasell	Hacobell	Reportable segments				
Sales								
Revenues from external customers	27,325	2,824	3,478	33,628	351	33,980	—	33,980
Transactions with other segments	—	4	—	4	168	172	(172)	—
Net sales	27,325	2,828	3,478	33,633	520	34,153	(172)	33,980
Operating profit (loss)	3,001	(131)	(181)	2,689	283	2,972	(2,509)	462
Other Items								
Depriciation	168	7	24	200	—	200	26	227
Increase in property, plant and equipment and intangible assets	99	20	22	141	1	143	—	143