

## English Translation

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### Summary of Consolidated Financial Results for the Three Months Ended October 31, 2022 (Based on Japanese GAAP)

December 12, 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 filing annual securities report: December 12, 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 Three Months Ended October 31, 2022 (August 1, 2022 - October 31, 2022)

##### (1) Consolidated Operating Results

(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	%
Three months ended								
October 31, 2022	9,338	–	2,847	–	391	–	753	–
October 31, 2021	–	–	–	–	–	–	–	–

Note: Comprehensive income For the Three months October 31, 2022: 990 million yen (-%)

For the Three months October 31, 2021: – million yen (-%)

\*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).

	Ordinary profit		Net profit attribute to owners of parent		Earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
October 31, 2022	255	–	998	–	34.36	32.48
October 31, 2021	–	–	–	–	–	–

	Return on shareholders' Equity	Ordinary profit to total assets	Operating profit to net sales
	%	%	%
Three months ended			
October 31, 2022	11.2	0.9	4.2
October 31, 2021	–	–	–

Note: Figures for the Three Months Ended October 31, 2021 and percentage change from the previous fiscal year are not shown since the Company began preparing consolidated financial statements from the 3Q of fiscal year ending July 31, 2022.

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

For the Three months October 31, 2022: (120) million yen

For the Three months October 31, 2021: – million yen

##### (2) Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
October 31, 2022	29,273	10,452	32.2	324.22
July 31, 2022	28,633	9,312	29.3	288.53

Reference: Shareholders' equity October 31, 2022: 9,418 million yen July 31, 2022: 8,382 million yen

## 2. Dividends

	Annual Dividends				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended July 31, 2022	–	0.00	–	0.00	0.00
Year ending July 31, 2023	–				
Year ending July 31, 2023 (forecast)		–	–	–	–

Note: Amendments to dividend forecast compared with the most recent disclosure: None

### 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)

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

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

Note: Revisions of most recent financial results forecast: None

### 4. Others

(1) Application of special accounting methods for preparing quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes  |
| 2) Changes in accounting policies due to other reasons:   | None |
| 3) Changes in accounting estimates:   | None |
| 4) Restatement of prior period financial statements:  | None |

(3) Number of shares outstanding (common shares)

- |   |                   |                        |                   |
|---|-------------------|------------------------|-------------------|
| 1) Number of shares outstanding at the end of period (including treasury stock) |                   |                        |                   |
| As of October 31, 2022  | 29,081,900 shares | As of July 31, 2022    | 29,080,100 shares |
| 2) Number of treasury stock at the end of period                                |                   |                        |                   |
| As of October 31, 2022  | 30,898 shares     | As of July 31, 2022    | 28,785 shares     |
| 3) Average number of shares outstanding during the period                       |                   |                        |                   |
| As of October 31, 2022  | 29,052,112 shares | As of October 31, 2021 | 28,742,399 shares |

This quarterly report of financial results is out of scope from quarterly review 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.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

	As of July 31, 2022	As of October 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	13,682	14,453
Notes and accounts receivable - trade	4,903	4,421
Merchandise and finished goods	201	196
Raw materials and supplies	8	10
Prepaid expenses	583	514
Other	281	388
Allowance for doubtful accounts	△0	△0
Total current assets	19,660	19,984
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	212	210
Accumulated depreciation	△97	△100
Buildings and structures, net	115	109
Machinery, equipment and vehicles	775	776
Accumulated depreciation	△534	△553
Machinery, equipment and vehicles, net	241	222
Other	83	83
Accumulated depreciation	△66	△68
Other, net	16	15
Total property, plant and equipment	373	347
<b>Intangible assets</b>		
Goodwill	4,708	4,584
Software	395	353
Software in progress	88	30
Other	15	13
Total intangible assets	5,208	4,982
<b>Investments and other assets</b>		
Investment securities	633	653
Shares of subsidiaries and associates	1,436	2,233
Long-term prepaid expenses	202	140
Deferred tax assets	968	758
Other	151	172
Total investments and other assets	3,391	3,959
Total non-current assets	8,973	9,289
<b>Total assets</b>	<b>28,633</b>	<b>29,273</b>

As of July 31, 2022

As of October 31, 2022

Liabilities		
Current liabilities		
Accounts payable - trade	3,234	3,294
Accounts payable - other, and accrued expenses	1,239	907
Short-term borrowings	800	800
Current portion of long-term borrowings	1,695	1,680
Income taxes payable	288	670
Accrued consumption taxes	213	176
Contract liabilities	91	143
Provision for bonuses	135	73
Other	75	34
Total current liabilities	7,774	7,782
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	5,023	5,020
Long-term borrowings	6,417	5,913
Asset retirement obligations	106	105
Total non-current liabilities	11,546	11,039
Total liabilities	19,320	18,821
Net assets		
Shareholders' equity		
Share capital	2,694	2,694
Capital surplus	5,501	5,501
Retained earnings	165	1,209
Treasury shares	△0	△0
Total shareholders' equity	8,360	9,404
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22	14
Total accumulated other comprehensive income	22	14
Share acquisition rights	930	1,033
Total net assets	9,312	10,452
Total liabilities and net assets	28,633	29,273

## Consolidated Statements of Income

(Millions of yen)

	Three months ended October 31, 2022
Net sales	9,338
Cost of sales	6,490
Gross profit	2,847
Selling, general and administrative expenses	2,456
Operating profit	391
Non-operating income	
Interest income	2
Foreign exchange gains	2
Miscellaneous income	2
Total non-operating income	7
Non-operating expenses	
Interest expenses	14
Loss on extinguishment of stock-based compensation expenses	2
Share of loss of entities accounted for using equity method	120
Other	6
Total non-operating expenses	143
Ordinary profit	255
Extraordinary income	
Gain on sale of shares of subsidiaries	1,588
Gain on change in equity	69
Other	7
Total extraordinary income	1,665
Extraordinary losses	
Loss on valuation of investment securities	99
Loss on retirement of non-current assets	0
Other	3
Total extraordinary losses	104
Profit before income taxes	1,816
Income taxes - current	606
Income taxes - deferred	212
Total income taxes	818
Profit	998
Profit attributable to non-controlling interests	—
Profit attributable to owners of parent	998

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended October 31, 2022
Profit	998
Other comprehensive income	
Valuation difference on available-for-sale securities	△7
Total other comprehensive income	△7
Comprehensive income	990
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	990
Comprehensive income attributable to non-controlling interests	—

**Results by Segment**

Three months ended October 31,2022

(Millions of yen)

	Reportable segments			Other	Total	Reconciling items	Per Consolidated financial statements
	Raksul	Novasell	Reportable segments				
Sales							
Revenues from external customers	8,540	642	9,182	155	9,338	—	9,338
Transactions with other segments	0	0	1	84	86	(86)	—
Net sales	8,540	643	9,184	240	9,424	(86)	9,338
Operating profit	875	17	893	121	1,014	(622)	391