

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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 Yuya Nishimura TEL 050(1746)9891
 Scheduled date to file Quarterly Securities Report: May 12, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

| | Net sales | | Adjusted EBITDA | | 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 | % |
| Three months ended March 31, 2023 | 294 | 16.6 | 73 | 47.2 | 71 | 43.2 | 69 | 46.7 | 48 | 41.7 |
| Three months ended March 31, 2022 | 252 | 11.2 | 49 | 14.4 | 49 | 14.4 | 47 | 15.4 | 33 | (12.8) |

| | Earnings per share | | Diluted earnings per share | |
|-----------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Three months ended March 31, 2023 | 8.36 | | 8.18 | |
| Three months ended March 31, 2022 | 5.95 | | 5.77 | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of March 31, 2023 | 1,823 | 1,203 | 66.0 |
| As of December 31, 2022 | 1,776 | 1,152 | 64.9 |

2. Cash dividends

| | Annual dividends per share | | | | |
|--|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended December 31, 2022 | – | 0.00 | – | 0.00 | 0.00 |
| Year ending December 31, 2023 | – | | | | |
| Year ending December 31, 2023 (Forecast) | | 0.00 | – | 0.00 | 0.00 |

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

Percentages indicate year-on-year changes

| | Net sales | | 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 | % | Yen |
| Full year | 1,246 | 13.7 | 291 | 25.6 | 285 | 26.4 | 197 | 6.9 | 34.29 |

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly 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 March 31, 2023 | 5,756,100 shares | As of December 31, 2022 | 5,748,900 shares |
|----------------------|------------------|-------------------------|------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|-----------|-------------------------|-----------|
| As of March 31, 2023 | 67 shares | As of December 31, 2022 | 67 shares |
|----------------------|-----------|-------------------------|-----------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-----------------------------------|------------------|-----------------------------------|------------------|
| Three months ended March 31, 2023 | 5,749,966 shares | Three months ended March 31, 2022 | 5,697,273 shares |
|-----------------------------------|------------------|-----------------------------------|------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of December 31, 2022 | As of March 31, 2023 |
|---|-------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,435,554 | 1,482,272 |
| Accounts receivable - trade | 47,374 | 49,880 |
| Work in process | 380 | 527 |
| Supplies | 155 | 163 |
| Other | 44,602 | 41,280 |
| Total current assets | 1,528,067 | 1,574,123 |
| Non-current assets | | |
| Property, plant and equipment | 20,084 | 19,615 |
| Intangible assets | | |
| Goodwill | 84,794 | 82,775 |
| Software | 52,652 | 55,979 |
| Software in progress | 13,905 | 14,800 |
| Total intangible assets | 151,351 | 153,555 |
| Investments and other assets | 77,100 | 76,513 |
| Total non-current assets | 248,536 | 249,683 |
| Total assets | 1,776,603 | 1,823,807 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 33,885 | 37,667 |
| Current portion of long-term borrowings | 40,000 | – |
| Income taxes payable | 23,920 | 17,413 |
| Contract liabilities | 433,954 | 481,172 |
| Provision for bonuses | 5,916 | 3,287 |
| Asset retirement obligations | 1,847 | 893 |
| Other | 64,391 | 59,630 |
| Total current liabilities | 603,914 | 600,063 |
| Non-current liabilities | | |
| Long-term borrowings | 10,000 | 10,000 |
| Asset retirement obligations | 8,740 | 8,746 |
| Other | 1,459 | 1,040 |
| Total non-current liabilities | 20,199 | 19,787 |
| Total liabilities | 624,114 | 619,850 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 390,235 | 390,888 |
| Capital surplus | 351,085 | 351,738 |
| Retained earnings | 394,808 | 442,869 |
| Treasury shares | (112) | (112) |
| Total shareholders' equity | 1,136,016 | 1,185,383 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | – | (126) |
| Foreign currency translation adjustment | 16,473 | 18,699 |
| Total accumulated other comprehensive income | 16,473 | 18,573 |
| Total net assets | 1,152,489 | 1,203,956 |
| Total liabilities and net assets | 1,776,603 | 1,823,807 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

| | Three months ended March 31, 2022 | Three months ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Net sales | 252,477 | 294,328 |
| Cost of sales | 92,739 | 104,007 |
| Gross profit | 159,737 | 190,321 |
| Selling, general and administrative expenses | 110,022 | 119,139 |
| Operating profit | 49,714 | 71,181 |
| Non-operating income | | |
| Interest income | 7 | 8 |
| Other | 0 | 31 |
| Total non-operating income | 7 | 39 |
| Non-operating expenses | | |
| Interest expenses | 489 | 75 |
| Foreign exchange losses | 1,727 | 793 |
| Loss on investments in investment partnerships | – | 647 |
| Other | 0 | 0 |
| Total non-operating expenses | 2,217 | 1,516 |
| Ordinary profit | 47,504 | 69,704 |
| Profit before income taxes | 47,504 | 69,704 |
| Income taxes - current | 5,784 | 14,957 |
| Income taxes - deferred | 7,812 | 6,686 |
| Total income taxes | 13,597 | 21,644 |
| Profit | 33,907 | 48,060 |
| Profit attributable to non-controlling interests | – | – |
| Profit attributable to owners of parent | 33,907 | 48,060 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Three months ended March 31, 2022 | Three months ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Profit | 33,907 | 48,060 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | – | (126) |
| Foreign currency translation adjustment | 5,794 | 2,226 |
| Total other comprehensive income | 5,794 | 2,099 |
| Comprehensive income | 39,701 | 50,160 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 39,701 | 50,160 |
| Comprehensive income attributable to non-controlling interests | – | – |