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 sale:	S	Gross profit		Operating p	rofit	non-GAAP EBITDA*	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
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 p	rofit	Net profit attribute to owners of parent		Earnings per share	Diluted earnings per share	
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen	
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

	Total assets	Net assets	Equity ratio	Net Assets per share
As of	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

		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)

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

	Ordinary pro	ofit	Net profit attribute to owners of parent		
Fiscal year ending	Millions of yen	%	Millions of yen	%	
huh. 24, 2022	400		900	(11.9)	
July 31, 2023	~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:

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.

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 49 Non-current assets 212 20 Property, plant and equipment 212 20 Buildings and structures 212 20 Accumulated depreciation △97 20 Buildings and structures, net 115 115 Machinery, equipment and vehicles 775 20 Accumulated depreciation △534 20 Machinery, equipment and vehicles, net 241 241 Other 83 3 Accumulated depreciation △66 466 Other, net 16 16 Total property, plant and equipment 373 3 Intangible assets 88 4708 4 Goodwill 4,708 4 4		As of July 31, 2022	As of October 31, 2022
Cash and deposits 13,682 14 Notes and accounts receivable - trade 4,903 4 Merchandise and finished goods 201 8 Raw materials and supplies 8 8 Prepaid expenses 583 583 Other 281 △0 Allowance for doubtful accounts △0 15 Total current assets 19,660 15 Non-current assets 212 2 Property, plant and equipment 212 2 Buildings and structures 212 2 Accumulated depreciation △97 2 Buildings and structures, net 115 15 Machinery, equipment and vehicles 775 2 Accumulated depreciation △534 2 Machinery, equipment and vehicles, net 241 241 Other 83 3 Accumulated depreciation △66 466 Other, net 16 373 Intangible assets 395 3 Goodwill 4,708 3 Software in progress 88	Assets		
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 49 Non-current assets 212 20 Property, plant and equipment 212 20 Buildings and structures 212 20 Accumulated depreciation △97 √2 Buildings and structures, net 115 115 Machinery, equipment and vehicles 775 √2 Accumulated depreciation △534 √2 Machinery, equipment and vehicles, net 241 √2 Other 83 √3 Accumulated depreciation △66 √4 Other, net 16 √4 Total property, plant and equipment 373 √4 Intangible assets 88 √4 Goodwill 4,708 √4 Software in progr	Current assets		
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 19 Non-current assets 212 Property, plant and equipment 212 Buildings and structures 212 Accumulated depreciation △97 4 Buildings and structures, net 115 Machinery, equipment and vehicles 775 4 Accumulated depreciation △534 4 Other 83 4 Accumulated depreciation △66 6 Other, net 16 373 Intangible assets 395 4 Goodwill 4,708 4 Software 395 5 Software in progress 88 6 Other 15 7 Total intangible assets 5,208 4 Investments and other assets 633	Cash and deposits	13,682	14,453
Raw materials and supplies 8 Prepaid expenses 583 Other 281 Allowance for doubtful accounts △0 Total current assets 19,660 19 Non-current assets 19,660 19 Property, plant and equipment 212 2 Accumulated depreciation △97 △ Buildings and structures, net 115 115 Machinery, equipment and vehicles 775 24 Accumulated depreciation △534 √ Machinery, equipment and vehicles, net 241 241 Other 83 241 Other, net 16 373 Intangible assets 373 1 Goodwill 4,708 √ Software 395 6 Software in progress 88 0 Other 15 5,208 Investments and other assets 1 1,436 Investments and other assets 1,436 2	Notes and accounts receivable - trade	4,903	4,421
Prepaid expenses 583 Other 281 Allowance for doubtful accounts △0 Total current assets 19,660 19 Non-current assets 19,660 19 Property, plant and equipment 20 20 Buildings and structures 212 20 20 Accumulated depreciation △97 √2 20 Machinery, equipment and vehicles 775 20	Merchandise and finished goods	201	196
Other 281 Allowance for doubtful accounts △0 Total current assets 19,660 19 Non-current assets 19,660 19 Non-current assets 2 12 Property, plant and equipment 212 2 Buildings and structures 212 2 Accumulated depreciation △97 2 Buildings and structures, net 115 115 Machinery, equipment and vehicles 775 2 Accumulated depreciation △534 2 Machinery, equipment and vehicles, net 241 2 Other 83 3 Accumulated depreciation △66 3 Other, net 16 373 Intangible assets 4,708 4 Goodwill 4,708 4 Software 395 5 Software in progress 88 6 Other 15 7 Total intangible assets 5,208 4 Investments and o	Raw materials and supplies	8	10
Allowance for doubtful accounts △0 Total current assets 19,660 19 Non-current assets 19,660 19 Non-current assets 200 19 Property, plant and equipment 212 20 Accumulated depreciation △97 <t< td=""><td>Prepaid expenses</td><td>583</td><td>514</td></t<>	Prepaid expenses	583	514
Total current assets 19,660 19 Non-current assets Property, plant and equipment 212 Buildings and structures 212 2 Accumulated depreciation △97 2 Buildings and structures, net 115 15 Machinery, equipment and vehicles 775 2 Accumulated depreciation △534 2 Machinery, equipment and vehicles, net 241 2 Other 83 3 Accumulated depreciation △66 3 Other, net 16 373 Intangible assets 4,708 4 Goodwill 4,708 4 Software 395 3 Software in progress 88 3 Other 15 15 Total intangible assets 5,208 4 Investments and other assets 5,208 4 Investment securities 633 5 Shares of subsidiaries and associates 1,436 2	Other	281	388
Non-current assets Property, plant and equipment 212 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 395 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets Investment securities 633 Shares of subsidiaries and associates 1,436	Allowance for doubtful accounts	<u></u>	△0
Property, plant and equipment 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 4,708 Goodwill 4,708 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets Investment securities 633 Shares of subsidiaries and associates 1,436	Total current assets	19,660	19,984
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 4,708 Goodwill 4,708 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets Investment securities 633 Shares of subsidiaries and associates 1,436	Non-current assets		
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 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets Investment securities 633 Shares of subsidiaries and associates 1,436	Property, plant and equipment		
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 4,708 Goodwill 4,708 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets Investment securities 633 Shares of subsidiaries and associates 1,436		212	210
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 395 Goodwill 4,708 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets 633 Investment securities 633 Shares of subsidiaries and associates 1,436	Accumulated depreciation	△97	△100
Accumulated depreciation △534 ∠41 Machinery, equipment and vehicles, net 241 Other 83 Accumulated depreciation △66 Other, net 16 Total property, plant and equipment 373 Intangible assets 4,708 4 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 4 Investments and other assets 633 Investment securities 633 5 Shares of subsidiaries and associates 1,436 2	Buildings and structures, net	115	109
Accumulated depreciation △534 ∠41 Machinery, equipment and vehicles, net 241 Other 83 Accumulated depreciation △66 Other, net 16 Total property, plant and equipment 373 Intangible assets 4,708 4 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 4 Investments and other assets 633 Investment securities 633 5 Shares of subsidiaries and associates 1,436 2	Machinery, equipment and vehicles	775	776
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 4 Software 395 395 Software in progress 88 4 Other 15 15 Total intangible assets 5,208 4 Investments and other assets 633 5 Investment securities 633 5 Shares of subsidiaries and associates 1,436 2		△534	△553
Other 83 Accumulated depreciation △66 Other, net 16 Total property, plant and equipment 373 Intangible assets 395 Goodwill 4,708 4 Software 395 4 Software in progress 88 4 Other 15 4 Total intangible assets 5,208 4 Investments and other assets 633 5 Investment securities 633 633 Shares of subsidiaries and associates 1,436 2	·	241	222
Accumulated depreciation △66 Other, net 16 Total property, plant and equipment 373 Intangible assets Software Goodwill 4,708 4 Software in progress 88 8 Other 15 15 Total intangible assets 5,208 4 Investments and other assets 633 5 Investment securities 633 1,436 2			83
Other, net 16 Total property, plant and equipment 373 Intangible assets 4,708 Goodwill 4,708 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets 633 Investment securities 633 Shares of subsidiaries and associates 1,436	Accumulated depreciation		△68
Total property, plant and equipment 373 Intangible assets 4,708 Goodwill 4,708 Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets 633 Investment securities 633 Shares of subsidiaries and associates 1,436	· · · · · · · · · · · · · · · · · · ·		15
Intangible assets			347
Goodwill 4,708 4 Software 395 395 Software in progress 88 395 Other 15 395 Total intangible assets 5,208 4 Investments and other assets 633 633 Shares of subsidiaries and associates 1,436 2			
Software 395 Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets 633 Investment securities 633 Shares of subsidiaries and associates 1,436	<u> </u>	4 708	4,584
Software in progress 88 Other 15 Total intangible assets 5,208 Investments and other assets Investment securities 633 Shares of subsidiaries and associates 1,436			353
Other 15 Total intangible assets 5,208 Investments and other assets Investment securities 633 Shares of subsidiaries and associates 1,436			30
Total intangible assets 5,208 Investments and other assets Investment securities 633 Shares of subsidiaries and associates 1,436 2			13
Investments and other assets Investment securities 633 Shares of subsidiaries and associates 1,436			4,982
Investment securities 633 Shares of subsidiaries and associates 1,436	_	0,200	1,002
Shares of subsidiaries and associates 1,436		633	653
•			2,233
LONG-JEHR DIEGAIG EXDERSES 707	Long-term prepaid expenses	202	140
Deferred tax assets 968	· · · ·		758
Other 151			172
			3,959
			9,289
			29,273

Liabilities Current liabilities 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 5,023 5,020 Long-term borrowings 6,417 5,913 Asset retirement obligations 106 105 Total non-current liabilities 11,546 11,034 Total liabilities 11,546 11,034 Net assets 11,546 11,034 Share capital 2,694 2,694 Capital surplus 5,501 5,501 Retained earnings 165 1,209 T		As of July 31, 2022	As of October 31, 2022
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 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 Share capital 2,694 2,694 Capital surplus 5,501 5,501 Retained earnings 165 1,209 Total shareholders' equity 8,360 9,404	Liabilities		
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 5,023 5,020 Convertible-bond-type bonds with share acquisition rights 5,023 5,020 Convertible-bond-type bonds with share acquisition rights 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 Share capital 2,694 2,694 Capital surplus 5,501 5,501 Retained earnings 165 1,209 Treasury shares △0 △0	Current liabilities		
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 5,023 5,020 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 non-current liabilities 19,320 18,821 Net assets Share capital 2,694 2,694 Share capital 2,694 2,694 Capital surplus 5,501 5,501 Retained earnings 165 1,209 Treasury shares △0 △0 Total shareholders'	Accounts payable - trade	3,234	3,294
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 7,82 Non-current liabilities 5,023 5,020 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 \$ 19,320 18,821 Net assets \$ 5,501 5,501 Share capital 2,694 2,694 Capital surplus 5,501 5,501 Retained earnings 165 1,209 Treasury shares △ △ Accumulated other comprehensive	Accounts payable - other, and accrued expenses	1,239	907
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 5,023 5,020 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 Share capital 2,694 2,694 Capital surplus 5,501 5,501 Retained earnings 165 1,209 Treasury shares Δ0 Δ0 Accumulated earnings 8,360 9,404 Accumulated other comprehensive income 22 14 Valuation difference on available-for-sale securities 22 14	Short-term borrowings	800	800
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 5,023 5,020 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 19,320 18,821 Net assets 2,694 2,694 Capital surplus 5,501 5,501 Retained earnings 165 1,209 Treasury shares \(\Delta \) \(\Delta \) Accumulated other comprehensive income 8,360 9,404 Valuation difference on available-for-sale securities 22 14 Share acquisition rights 330 1,033 Total ne	Current portion of long-term borrowings	1,695	1,680
Contract liabilities 91 143 Provision for bonuses 135 73 Other 75 34 Total current liabilities 7,774 7,822 Non-current liabilities 5,023 5,020 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 Share capital 2,694 2,694 Capital surplus 5,501 5,501 5,501 Retained earnings 165 1,209 Treasury shares △ △ △ Accumulated other comprehensive income 8,360 9,404 Accumulated other comprehensive income 22 14 Total accumulated other comprehensive income 22 14 Share acquisition rights 930 1,033 Total net assets 9,312	Income taxes payable	288	670
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 5 5 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 22 14 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 <td>Accrued consumption taxes</td> <td>213</td> <td>176</td>	Accrued consumption taxes	213	176
Other 75 34 Total current liabilities 7,774 7,782 Non-current liabilities 5,023 5,020 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 5,501 Retained earnings 165 1,209 Treasury shares △0 △0 Total shareholders' equity 8,360 9,404 Accumulated other comprehensive income 22 14 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	Contract liabilities	91	143
Total current liabilities 7,774 7,782 Non-current liabilities 5,023 5,020 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 Shareclative 2,694 2,694 Share capital 2,694 2,694 2,694 Capital surplus 5,501 5,501 5,501 Retained earnings 165 1,209 Treasury shares △ △ △ △ Total shareholders' equity 8,360 9,404 Accumulated other comprehensive income 22 14 Total accumulated other comprehensive income 22 14 Share acquisition rights 930 1,033 Total net assets 9,312 10,452	Provision for bonuses	135	73
Non-current liabilities 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 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 22 14 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	Other	75	34
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 Share capital 2,694 2,694 Capital surplus 5,501 5,501 5,501 Retained earnings 165 1,209 Treasury shares △0 △0 Total shareholders' equity 8,360 9,404 Accumulated other comprehensive income 22 14 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 current liabilities	7,774	7,782
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 **** **** Share capital 2,694 2,694 Capital surplus 5,501 5,501 Retained earnings 165 1,209 Treasury shares Δ0 Δ0 Total shareholders' equity 8,360 9,404 Accumulated other comprehensive income 22 14 Valuation difference on available-for-sale securities 22 14 Share acquisition rights 930 1,033 Total net assets 9,312 10,452	Non-current liabilities		
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 Δ0 Δ0 Total shareholders' equity 8,360 9,404 Accumulated other comprehensive income 22 14 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	Convertible-bond-type bonds with share acquisition rights	5,023	5,020
Total non-current liabilities 11,546 11,039 Total liabilities 19,320 18,821 Net assets 19,320 18,821 Net assets 8 18,821 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 22 14 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	Long-term borrowings	6,417	5,913
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 22 14 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	Asset retirement obligations	106	105
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 22 14 Total accumulated other comprehensive income 22 14 Share acquisition rights 930 1,033 Total net assets 9,312 10,452	Total non-current liabilities	11,546	11,039
Shareholders' equity 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 22 14 Total accumulated other comprehensive income 22 14 Share acquisition rights 930 1,033 Total net assets 9,312 10,452	Total liabilities	19,320	18,821
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 22 14 Total accumulated other comprehensive income 22 14 Share acquisition rights 930 1,033 Total net assets 9,312 10,452	Net assets		
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 22 14 Total accumulated other comprehensive income 22 14 Share acquisition rights 930 1,033 Total net assets 9,312 10,452	Shareholders' equity		
Retained earnings1651,209Treasury shares $\triangle 0$ $\triangle 0$ Total shareholders' equity8,3609,404Accumulated other comprehensive incomeValuation difference on available-for-sale securities2214Total accumulated other comprehensive income2214Share acquisition rights9301,033Total net assets9,31210,452	Share capital	2,694	2,694
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	Capital surplus	5,501	5,501
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	Retained earnings	165	1,209
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	Treasury shares	riangle0	△0
Valuation difference on available-for-sale securities2214Total accumulated other comprehensive income2214Share acquisition rights9301,033Total net assets9,31210,452	Total shareholders' equity	8,360	9,404
Total accumulated other comprehensive income2214Share acquisition rights9301,033Total net assets9,31210,452	Accumulated other comprehensive income		
Share acquisition rights 930 1,033 Total net assets 9,312 10,452	Valuation difference on available-for-sale securities	22	14
Share acquisition rights 930 1,033 Total net assets 9,312 10,452	Total accumulated other comprehensive income	22	14
Total net assets 9,312 10,452	·	930	1,033
	. •	9.312	
	Total liabilities and net assets		29,273

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 2 Interest income 2 Foreign exchange gains 2 Miscellaneous income 2 Total non-operating income 7 Non-operating expenses 14 Loss on extinguishment of stock-based compensation expenses 14 Loss on extinguishment of stock-based compensation expenses 12 Share of loss of entities accounted for using equity method 120 Other 6 Total non-operating expenses 143 Ordinary profit 255 Extraordinary income 3 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary income 99 Loss on retirement of non-current assets 0 Other 3<		00.000.01, 2022
Gross profit 2,847 Selling, general and administrative expenses 2,456 Operating profit 391 Non-operating income 2 Interest income 2 Foreign exchange gains 2 Miscellaneous income 7 Non-operating income 7 Non-operating 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 255 Extraordinary income 1,888 Gain on sale of shares of subsidiaries 1,588 Gain on sale of shares of subsidiaries 1,888 Gain on change in equity 69 Other 7 Total extraordinary income 99 Loss on valuation of investment securities 99 Loss on retirement of non-current assets 0 Other 3 Total extraordinary losses <th>Net sales</th> <th>9,338</th>	Net sales	9,338
Selling, general and administrative expenses 2,456 Operating profit 391 Non-operating income 2 Interest income 2 Foreign exchange gains 2 Miscellaneous income 7 Non-operating expenses 1 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 3 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 99 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 - deferred	Cost of sales	6,490
Operating profit 391 Non-operating income 2 Interest income 2 Foreign exchange gains 2 Miscellaneous income 7 Total non-operating income 7 Non-operating 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 69 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 1 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 - deferred 212 Total income taxes 241	Gross profit	2,847
Operating profit 391 Non-operating income 2 Interest income 2 Foreign exchange gains 2 Miscellaneous income 7 Total non-operating income 7 Non-operating 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 69 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 1 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 - deferred 212 Total income taxes 241	Selling, general and administrative expenses	2,456
Interest income 2 Foreign exchange gains 2 Miscellaneous income 2 Total non-operating income 7 Non-operating 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 1,588 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 1 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 attributable to non-controlling i		391
Interest income 2 Foreign exchange gains 2 Miscellaneous income 2 Total non-operating income 7 Non-operating 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 1,588 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 1 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 attributable to non-controlling i	Non-operating income	
Miscellaneous income 2 Total non-operating income 7 Non-operating 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 3 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 9 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 attributable to non-controlling interests -	· · · · · · · · · · · · · · · · · · ·	2
Total non-operating income 7 Non-operating 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 2 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 9 Loss on valuation of investment securities 99 Loss on valuation of investment securities 9 Other 3 Total extraordinary losses 10 Profit before income taxes 10 Income taxes - current 606 Income taxes - deferred 212 Total income taxes 818 Profit 998 Profit attributable to non-controlling interests -	Foreign exchange gains	2
Non-operating 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 -	Miscellaneous income	2
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 -	Total non-operating income	7
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	Non-operating expenses	
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 99 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 -	Interest expenses	14
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 99 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 -	Loss on extinguishment of stock-based compensation expenses	2
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 99 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 -	Share of loss of entities accounted for using equity method	120
Ordinary profit 255 Extraordinary income 1,588 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 99 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 -	Other	6
Extraordinary income 1,588 Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 9 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 -	Total non-operating expenses	143
Gain on sale of shares of subsidiaries 1,588 Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 99 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 -	Ordinary profit	255
Gain on change in equity 69 Other 7 Total extraordinary income 1,665 Extraordinary losses 99 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 -	Extraordinary income	
Other 7 Total extraordinary income 1,665 Extraordinary losses 99 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 -	Gain on sale of shares of subsidiaries	1,588
Total extraordinary income 1,665 Extraordinary losses 99 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 -		69
Extraordinary losses 99 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 -	Other	7
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 -	Total extraordinary income	1,665
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 -	Extraordinary losses	
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 -	Loss on valuation of investment securities	99
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 -	Loss on retirement of non-current assets	0
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 -		3
Income taxes - current606Income taxes - deferred212Total income taxes818Profit998Profit attributable to non-controlling interests-	Total extraordinary losses	104
Income taxes - deferred212Total income taxes818Profit998Profit attributable to non-controlling interests—	Profit before income taxes	1,816
Total income taxes 818 Profit 998 Profit attributable to non-controlling interests -	Income taxes - current	606
Profit 998 Profit attributable to non-controlling interests -	Income taxes - deferred	212
Profit attributable to non-controlling interests	Total income taxes	818
	Profit	998
Profit attributable to owners of parent 998	Profit attributable to non-controlling interests	<u> </u>
	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)

	Rep	ortable segme	ents				Per	
	Raksul	Novasell	Reportable segments	Other	Total	Reconciling items	Consolidated financial statements	
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	