

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 13, 2023

Company name: RAKUS Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 3923 URL <https://www.rakus.co.jp>
 Representative: Representative Director and President Takanori Nakamura
 Director and Business Administration
 Inquiries: Takahiro Miyauchi TEL 050(8880)3200
 Headquarters
 Scheduled date to file Quarterly Securities Report: November 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	17,662	38.7	1,718	153.5	1,749	151.0	1,208	185.7
Six months ended September 30, 2022	12,736	34.4	677	(23.7)	697	(22.4)	423	(28.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	6.67		–	
Six months ended September 30, 2022	2.33		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	17,568	10,430	59.4
As of March 31, 2023	14,073	9,548	67.8

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 March 31, 2023	–	0.00	–	1.95	1.95
Year ending March 31, 2024	–	0.00			
Year ending March 31, 2024 (Forecast)			–	2.20	2.20

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	38,295	39.8	5,390	225.4	5,424	223.4	4,001	213.9	22.08

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 September 30, 2023	181,216,000 shares	As of March 31, 2023	181,216,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,657 shares	As of March 31, 2023	1,610 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	181,214,373 shares	Six months ended September 30, 2022	181,214,429 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	5,990	4,460
Accounts receivable - trade	4,086	5,001
Merchandise	—	11
Other	415	545
Allowance for doubtful accounts	(13)	(14)
Total current assets	10,479	10,003
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	255	273
Tools, furniture and fixtures, net	836	1,083
Construction in progress	—	2
Total property, plant and equipment	1,091	1,358
Intangible assets		
Goodwill	464	1,863
Customer-related intangible assets	—	2,139
Software	30	47
Total intangible assets	494	4,050
Investments and other assets		
Long-term loans receivable from subsidiaries and associates	32	30
Guarantee deposits	1,053	1,075
Deferred tax assets	930	1,026
Other	17	33
Allowance for doubtful accounts	(25)	(11)
Total investments and other assets	2,008	2,155
Total non-current assets	3,594	7,564
Total assets	14,073	17,568

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	3	3
Current portion of long-term borrowings	4	754
Accounts payable - other	1,443	2,035
Accrued expenses	1,119	1,257
Income taxes payable	548	515
Accrued consumption taxes	543	495
Contract liabilities	585	788
Provision for bonuses	—	43
Other	98	276
Total current liabilities	4,347	6,171
Non-current liabilities		
Long-term borrowings	32	593
Long-term accrued expenses	92	101
Guarantee deposits received	52	79
Deferred tax liabilities	—	193
Total non-current liabilities	178	967
Total liabilities	4,525	7,138
Net assets		
Shareholders' equity		
Share capital	378	378
Capital surplus	308	308
Retained earnings	8,848	9,703
Treasury shares	(0)	(0)
Total shareholders' equity	9,534	10,389
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(3)	10
Foreign currency translation adjustment	17	30
Total accumulated other comprehensive income	13	40
Total net assets	9,548	10,430
Total liabilities and net assets	14,073	17,568

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	12,736	17,662
Cost of sales	4,060	5,217
Gross profit	8,676	12,444
Selling, general and administrative expenses	7,998	10,726
Operating profit	677	1,718
Non-operating income		
Interest income	0	0
Foreign exchange gains	15	13
Compensation income	0	0
Subsidy income	1	1
Reversal of allowance for doubtful accounts	—	16
Other	2	1
Total non-operating income	19	33
Non-operating expenses		
Interest expenses	0	1
Other	0	0
Total non-operating expenses	0	1
Ordinary profit	697	1,749
Extraordinary income		
Settlement income	5	7
Total extraordinary income	5	7
Extraordinary losses		
Loss on retirement of non-current assets	0	3
Loss on valuation of shares of subsidiaries and associates	25	—
Total extraordinary losses	25	3
Profit before income taxes	676	1,753
Income taxes - current	391	695
Income taxes - deferred	(137)	(150)
Total income taxes	253	545
Profit	423	1,208
Profit attributable to owners of parent	423	1,208

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	423	1,208
Other comprehensive income		
Deferred gains or losses on hedges	9	13
Foreign currency translation adjustment	16	13
Total other comprehensive income	26	26
Comprehensive income	449	1,235
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	449	1,235

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	676	1,753
Depreciation	202	249
Amortization of goodwill	81	124
Increase (decrease) in allowance for doubtful accounts	(0)	(12)
Increase (decrease) in provision for bonuses	–	18
Interest income	(0)	(0)
Interest expenses	0	1
Foreign exchange losses (gains)	(2)	(1)
Settlement income	(5)	(7)
Loss on valuation of shares of subsidiaries and associates	25	–
Loss on retirement of non-current assets	0	3
Decrease (increase) in trade receivables	(294)	(836)
Increase (decrease) in trade payables	0	(0)
Increase (decrease) in accounts payable - other	77	592
Increase (decrease) in accrued expenses	266	132
Increase (decrease) in accrued consumption taxes	124	(49)
Increase (decrease) in guarantee deposits received	–	26
Other, net	(36)	135
Subtotal	1,116	2,130
Interest and dividends received	0	0
Interest paid	(0)	(1)
Proceeds from settlement received	5	7
Income taxes paid	(118)	(751)
Income taxes refund	132	–
Net cash provided by (used in) operating activities	1,136	1,385
Cash flows from investing activities		
Purchase of property, plant and equipment	(286)	(474)
Purchase of intangible assets	(2)	(25)
Payments of guarantee deposits	(139)	(78)
Proceeds from refund of guarantee deposits	53	0
Proceeds from collection of loans receivable	2	2
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(3,306)
Net cash provided by (used in) investing activities	(372)	(3,883)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	1,500
Repayments of long-term borrowings	(2)	(189)
Purchase of treasury shares	(0)	(0)
Dividends paid	(344)	(353)
Net cash provided by (used in) financing activities	(346)	956
Effect of exchange rate change on cash and cash equivalents	16	11
Net increase (decrease) in cash and cash equivalents	433	(1,530)
Cash and cash equivalents at beginning of period	4,861	5,990
Cash and cash equivalents at end of period	5,295	4,460