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Summary of Financial Results for the Nine Months Ended April 30, 2019 (Based on Japanese GAAP)

June 13, 2019

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 to file Quarterly Securities Report: June 13, 2019
 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. Financial Results for the nine months ended April 30, 2019 (August 1, 2018 - April 30, 2019)

(1) Operating results (cumulative)

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

	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended April 30, 2019	12,348	55.6	149	–	138	–	75	–
Nine months ended April 30, 2018	7,938	–	(56)	–	(80)	–	(84)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended April 30, 2019	2.75	2.60
Nine months ended April 30, 2018	(4.31)	–

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of April 30, 2019	9,291	6,793	73.1
As of July 31, 2018	8,758	6,675	76.2

Reference: Shareholders' equity April 30, 2019: 6,792 million yen July 31, 2018: 6,674 million yen

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended July 31, 2018	–	0.00	–	0.00	0.00
Year ending July 31, 2019	–	0.00	–		
Year ending July 31, 2019 (forecast)			–	0.00	0.00

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

3. Forecast for the Fiscal Year Ending July 31, 2019 (August 1, 2018 - July 31, 2019)

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

	Net sales		Operating profit		Ordinary profit		Net profit		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	16,200	45.0	120	29.0	96	122.0	20	29.4	0.73
	~17,000	~52.1	~160	~72.0	~136	~214.5	~60	~288.1	~2.18

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: None
- 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 April 30, 2019: 27,701,800 shares As of July 31, 2018: 27,548,600 shares

2) Number of treasury stock at the end of period

As of April 30, 2019: 32 shares As of July 31, 2018: — shares

3) Average number of shares outstanding during the period

Nine months ended April 30, 2019: 27,648,895 shares Nine months ended April 30, 2018: 19,528,805 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.

Quarterly Financial Statements

Balance Sheets

(Thousands of yen)

	As of July 31, 2018	As of April 30, 2019
Assets		
Current assets		
Cash and deposits	6,366,217	6,032,342
Notes receivable - trade	2,807	96,731
Electronically recorded monetary claims - operating	—	2,209
Accounts receivable - trade	1,136,914	1,687,363
Supplies	—	4,128
Prepaid expenses	61,556	93,162
Other	30,862	151,527
Allowance for doubtful accounts	(13)	(22)
Total current assets	7,598,345	8,067,441
Non-current assets		
Property, plant and equipment		
Buildings	191,309	193,305
Accumulated depreciation	(28,149)	(40,372)
Buildings, net	163,159	152,933
Machinery and equipment	582,936	581,336
Accumulated depreciation	(163,670)	(206,684)
Machinery and equipment, net	419,265	374,651
Tools, furniture and fixtures	37,375	54,685
Accumulated depreciation	(17,250)	(25,956)
Tools, furniture and fixtures, net	20,124	28,729
Leased assets	170,000	170,000
Accumulated depreciation	(59,500)	(72,249)
Leased assets, net	110,500	97,750
Total property, plant and equipment	713,049	654,064
Intangible assets		
Software	54,188	90,349
Software in progress	—	57,791
Total intangible assets	54,188	148,141
Investments and other assets		
Investment securities	90,000	93,760
Shares of subsidiaries and associates	64,888	19,903
Long-term prepaid expenses	102	—
Guarantee deposits	184,835	242,191
Deferred tax assets	52,933	65,882
Total investments and other assets	392,759	421,737
Total non-current assets	1,159,997	1,223,942
Total assets	8,758,342	9,291,384

	As of July 31, 2018	As of April 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	907,003	1,362,336
Short-term loans payable	220,000	220,000
Current portion of long-term loans payable	194,868	159,164
Lease obligations	36,556	50,816
Accounts payable - other	241,996	318,099
Income taxes payable	50,349	37,976
Accrued consumption taxes	121,277	39,867
Advances received	34,913	127,790
Other	39,803	78,006
Total current liabilities	1,846,768	2,394,056
Non-current liabilities		
Long-term loans payable	91,430	—
Lease obligations	41,402	—
Asset retirement obligations	102,943	103,523
Total non-current liabilities	235,775	103,523
Total liabilities	2,082,544	2,497,579
Net assets		
Shareholders' equity		
Capital stock	1,926,045	1,945,833
Capital surplus		
Legal capital surplus	4,733,383	4,753,172
Total capital surpluses	4,733,383	4,753,172
Retained earnings		
Other retained earnings		
Retained earnings brought forward	15,459	91,437
Total retained earnings	15,459	91,437
Treasury shares	—	(101)
Total shareholders' equity	6,674,887	6,790,342
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	—	2,608
Total valuation and translation adjustments	—	2,608
Share acquisition rights	910	854
Total net assets	6,675,797	6,793,804
Total liabilities and net assets	8,758,342	9,291,384

Statements of Income (cumulative)

(Thousands of yen)

	Nine months ended April 30, 2018	Nine months ended April 30, 2019
Net sales	7,938,376	12,348,748
Cost of sales	5,951,524	9,446,759
Gross profit	1,986,851	2,901,989
Selling, general and administrative expenses	2,043,517	2,752,731
Operating profit (loss)	(56,665)	149,257
Non-operating income		
Interest income	45	68
Dividend income	780	780
Miscellaneous income	1,211	1,513
Total non-operating income	2,036	2,361
Non-operating expenses		
Share issuance cost	15,128	—
Interest expenses	10,464	6,803
Miscellaneous loss	193	6,557
Total non-operating expenses	25,786	13,361
Ordinary profit (loss)	(80,416)	138,257
Extraordinary income		
Gain on sales of non-current assets	—	239
Total extraordinary income	—	239
Extraordinary losses		
Loss on retirement of non-current assets	—	4,566
Loss on valuation of shares of subsidiaries and associates	—	44,985
Total extraordinary losses	—	49,551
Profit (loss) before income taxes	(80,416)	88,946
Income taxes - current	3,757	27,067
Income taxes - deferred	—	(14,100)
Total income taxes	3,757	12,967
Profit (loss)	(84,173)	75,978