Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 13, 2024

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
Inquiries: Director and Business Administration Headquarters Takahiro Miyauchi TEL 03(6683)3857
Scheduled date to file Semi-annual Securities Report: November 13, 2024
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of 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, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	23,002	30.2	4,660	171.3	4,660	166.3	3,630	200.4
Six months ended September 30, 2023	17,662	38.7	1,718	153.5	1,749	151.0	1,208	185.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	20.04	–
Six months ended September 30, 2023	6.67	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	24,708	16,720	67.7
As of March 31, 2024	21,234	13,347	62.9

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 March 31, 2024	–	0.00	–	2.35	2.35
Year ending March 31, 2025	–	0.00			
Year ending March 31, 2025 (Forecast)			–	4.10	4.10

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	48,500	26.3	9,400	69.1	9,410	67.7	7,310	74.6	40.35

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: Yes

(2) Application of special accounting methods for preparing semi-annual 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, 2024	181,216,000 shares	As of March 31, 2024	181,216,000 shares

Number of treasury shares at the end of the period

As of September 30, 2024	42,144 shares	As of March 31, 2024	1,966 shares

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

Six months ended September 30, 2024	181,182,394 shares	Six months ended September 30, 2023	181,214,373 shares

Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	7,010	8,236
Accounts receivable - trade	5,702	6,285
Other	450	616
Allowance for doubtful accounts	(18)	(19)
Total current assets	13,145	15,118
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	288	281
Tools, furniture and fixtures, net	1,173	1,729
Total property, plant and equipment	1,461	2,010
Intangible assets		
Goodwill	1,696	1,530
Customer-related intangible assets	2,067	1,994
Software	46	124
Total intangible assets	3,810	3,649
Investments and other assets		
Investment securities	429	1,218
Long-term loans receivable from subsidiaries and associates	28	26
Guarantee deposits	1,153	1,214
Deferred tax assets	1,180	1,446
Other	41	55
Allowance for doubtful accounts	(16)	(32)
Total investments and other assets	2,817	3,929
Total non-current assets	8,088	9,589
Total assets	21,234	24,708

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	3	1
Current portion of long-term borrowings	754	566
Accounts payable - other	1,828	2,198
Accrued expenses	1,341	1,602
Income taxes payable	1,221	1,606
Accrued consumption taxes	1,026	663
Contract liabilities	901	978
Provision for bonuses	35	–
Other	260	135
Total current liabilities	7,372	7,753
Non-current liabilities		
Long-term borrowings	216	26
Long-term accrued expenses	91	132
Guarantee deposits received	78	74
Deferred tax liabilities	128	–
Total non-current liabilities	513	234
Total liabilities	7,886	7,987
Net assets		
Shareholders' equity		
Share capital	378	378
Capital surplus	308	314
Retained earnings	12,681	15,885
Treasury shares	(1)	(2)
Total shareholders' equity	13,365	16,576
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(48)	116
Deferred gains or losses on hedges	1	(1)
Foreign currency translation adjustment	29	29
Total accumulated other comprehensive income	(18)	144
Total net assets	13,347	16,720
Total liabilities and net assets	21,234	24,708

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, 2023	Six months ended September 30, 2024
Net sales	17,662	23,002
Cost of sales	5,217	5,988
Gross profit	12,444	17,013
Selling, general and administrative expenses	10,726	12,353
Operating profit	1,718	4,660
Non-operating income		
Interest income	0	1
Foreign exchange gains	13	–
Compensation income	0	0
Subsidy income	1	3
Reversal of allowance for doubtful accounts	16	–
Other	1	1
Total non-operating income	33	5
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	–	4
Other	0	0
Total non-operating expenses	1	6
Ordinary profit	1,749	4,660
Extraordinary income		
Settlement income	7	–
Total extraordinary income	7	–
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Total extraordinary losses	3	0
Profit before income taxes	1,753	4,659
Income taxes - current	695	1,494
Income taxes - deferred	(150)	(465)
Total income taxes	545	1,029
Profit	1,208	3,630
Profit attributable to owners of parent	1,208	3,630

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	1,208	3,630
Other comprehensive income		
Valuation difference on available-for-sale securities	–	165
Deferred gains or losses on hedges	13	(2)
Foreign currency translation adjustment	13	(0)
Total other comprehensive income	26	163
Comprehensive income	1,235	3,793
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,235	3,793

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,753	4,659
Depreciation	249	353
Amortization of goodwill	124	166
Increase (decrease) in allowance for doubtful accounts	(12)	17
Share-based payment expenses	–	1
Increase (decrease) in provision for bonuses	18	(35)
Interest income	(0)	(1)
Interest expenses	1	1
Foreign exchange losses (gains)	(1)	11
Settlement income	(7)	–
Loss on retirement of non-current assets	3	0
Decrease (increase) in trade receivables	(836)	(522)
Increase (decrease) in trade payables	(0)	(1)
Increase (decrease) in accounts payable - other	592	144
Increase (decrease) in accrued expenses	132	304
Increase (decrease) in accrued consumption taxes	(49)	(364)
Increase (decrease) in guarantee deposits received	26	(3)
Other, net	135	(234)
Subtotal	2,130	4,497
Interest and dividends received	0	1
Interest paid	(1)	(1)
Proceeds from settlement received	7	–
Income taxes paid	(751)	(1,107)
Net cash provided by (used in) operating activities	1,385	3,389
Cash flows from investing activities		
Purchase of property, plant and equipment	(474)	(681)
Purchase of intangible assets	(25)	(4)
Purchase of investment securities	–	(550)
Payments of guarantee deposits	(78)	(137)
Proceeds from refund of guarantee deposits	0	22
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	(3,883)	(1,348)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,500	–
Repayments of long-term borrowings	(189)	(377)
Purchase of treasury shares	(0)	(0)
Dividends paid	(353)	(425)
Net cash provided by (used in) financing activities	956	(803)
Effect of exchange rate change on cash and cash equivalents	11	(10)
Net increase (decrease) in cash and cash equivalents	(1,530)	1,226
Cash and cash equivalents at beginning of period	5,990	7,008
Cash and cash equivalents at end of period	4,460	8,235