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RAKSUL

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

June 11, 2024

Company name: RAKSUL INC.
Listed stock exchange : Tokyo
Stock code: 4384 https://corp.raksul.com/
Representative: Representative Director, President, and CEO Yo Nagami
Inquiries: CAO, SVP of Corporate Shinnosuke Nishida
Scheduled date of filing annual securities report: June 14, 2024
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 Nine Months Ended April 30, 2024 (August 1, 2023 - April 30, 2024)

(1) Consolidated Operating Results

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

	Net sales		Gross profit		Operating profit		non-GAAP EBITDA*1	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 30, 2024	37,557	24.7	12,623	38.4	2,189	50.2	3,556	42.5
April 30, 2023	30,120	23.3	9,117	30.2	1,457	872.3	2,495	162.0

Note: Comprehensive income For the Nine months April 30, 2024: 2,114 million yen (49.2%)
For the Nine months April 30, 2023: 1,417 million yen (320.0%)

	Ordinary profit		Net profit attribute to owners of parent		Earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
April 30, 2024	1,869	73.8	2,104	47.7	36.06	34.27
April 30, 2023	1,076	–	1,425	321.8	24.51	23.15

	Return on shareholders'Equity	Ordinary profit to total assets	Operating profit to net sales
Nine months ended	%	%	%
April 30, 2024	15.8	5.0	5.8
April 30, 2023	15.8	3.7	4.8

Reference: Share of loss (profit) of entities accounted for using equity method:
For the Nine months April 30, 2024: (268) million yen
For the Nine months April 30, 2023: (321) million yen

*1 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 share-based payment expenses, depreciation, and amortization of goodwill).
*2 The Company conducted a 2-for-1 stock split of shares of common stock on February 1, 2023, and earnings per share, diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended July 31, 2023.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net Assets per share
As of	Millions of yen	Millions of yen	%	Yen
April 30, 2024	42,639	15,587	33.2	243.45
July 31, 2023	32,665	13,909	38.5	215.89

Reference: Shareholders' equity April 30, 2024: 14,138 million yen July 31, 2023: 12,567 million yen

* The Company conducted a 2-for-1 stock split of shares of common stock on February 1, 2023, and net assets per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended July 31, 2023.

2. Dividends

	Annual Dividends				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended July 31, 2023	–	0.00	–	0.00	0.00
Year ending July 31, 2024	–	0.00	–		
Year ending July 31, 2024 (forecast)				1.70	1.70

Note: Amendments to dividend forecast compared with the most recent disclosure: Yes

* Regarding revisions to the dividends forecast, please refer to the notice of change in dividend policy and revision of decided forecast (first dividend) for the fiscal year ending July 31, 2024 dated June 11, 2024.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2024 (August 1, 2023 - July 31, 2024)

(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	%
July 31, 2024	50,700	23.6	17,000	38.3	2,300	30.3	4,300	36.7

	Ordinary profit		Net profit attribute to owners of parent	
Fiscal year ending	Millions of yen	%	Millions of yen	%
July 31, 2024	1,900	62.5	2,100	58.0

Note: Revisions of most recent financial results forecast: None

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for preparing quarterly financial statements: None

(3) 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

(4) Number of shares outstanding (common shares)

1)Number of shares outstanding at the end of period (including treasury shares)

As of April 30, 2024 58,885,171 shares As of July 31, 2023 58,476,092 shares

2)Number of treasury shares at the end of period

As of April 30, 2024 809,305 shares As of July 31, 2023 264,312 shares

3)Average number of shares outstanding during the period

As of April 30, 2024 58,364,815 shares As of January 31, 2023 58,141,107 shares

*The Company conducted a 2-for-1 stock split of shares of common stock on February 1, 2023, and number of shares outstanding at the end of period, number of treasury shares at the end of period, and average number of shares outstanding during the period are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended July 31, 2023.

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 Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of July 31, 2023	As of April 30, 2024
Assets		
Current assets		
Cash and deposits	14,644	18,584
Notes and accounts receivable - trade	4,718	5,025
Merchandise and finished goods	282	372
Raw materials and supplies	13	328
Prepaid expenses	549	438
Other	380	692
Allowance for doubtful accounts	(0)	(0)
Total current assets	20,589	25,440
Non-current assets		
Property, plant and equipment		
Buildings and structures	223	560
Accumulated depreciation	(113)	(240)
Buildings and structures, net	110	320
Machinery, equipment and vehicles	754	1,611
Accumulated depreciation	(599)	(1,156)
Machinery, equipment and vehicles, net	155	455
Land	–	113
Construction in progress	–	75
Other	95	184
Accumulated depreciation	(66)	(141)
Other, net	29	43
Total property, plant and equipment	294	1,007
Intangible assets		
Goodwill	4,212	6,810
Software	320	527
Software in progress	83	69
Other	8	4
Total intangible assets	4,625	7,412
Investments and other assets		
Investment securities	5,025	7,219
Shares of subsidiaries and associates	1,452	596
Long-term prepaid expenses	56	12
Deferred tax assets	194	224
Other	427	703
Total investments and other assets	7,156	8,755
Deferred assets		
Bond issuance costs	–	22
Deferred assets	–	22
Total non-current assets	12,076	17,198
Total assets	32,665	42,639

(Millions of yen)

	As of July 31, 2023	As of April 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	3,299	3,367
Accounts payable - other, and accrued expenses	1,035	1,504
Short-term borrowings	800	2,350
Current portion of long-term borrowings	1,647	1,542
Current portion of bonds payable	–	450
Current portion of convertible-bond-type bonds with share acquisition rights	–	5,005
Income taxes payable	754	195
Accrued consumption taxes	294	338
Contract liabilities	160	399
Asset retirement obligations	–	114
Provision for bonuses	200	148
Other	100	755
Total current liabilities	8,292	16,173
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	5,013	–
Long-term borrowings	4,451	7,591
Bonds Payable	–	2,000
Asset retirement obligations	105	–
Deferred tax liabilities	892	1,287
Total non-current liabilities	10,463	10,878
Total liabilities	18,756	27,051
Net assets		
Shareholders' equity		
Share capital	2,742	2,780
Capital surplus	5,549	5,590
Retained earnings	1,540	3,645
Treasury shares	(300)	(1,001)
Total shareholders' equity	9,531	11,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,036	3,122
Total accumulated other comprehensive income	3,036	3,122
Share award rights	–	92
Share acquisition rights	1,341	1,356
Non-controlling interests	–	–
Total net assets	13,909	15,587
Total liabilities and net assets	32,665	42,639

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(For the Nine-month Period)

(Millions of yen)

	Nine months ended April 30, 2023	Nine months ended April 30, 2024
Net sales	30,120	37,557
Cost of sales	21,002	24,933
Gross profit	9,117	12,623
Selling, general and administrative expenses	7,660	10,434
Operating profit	1,457	2,189
Non-operating income		
Interest income	7	11
Dividend income	1	1
Cash-back income	6	15
Other	5	16
Total non-operating income	22	44
Non-operating expenses		
Interest expenses	41	42
Loss on extinguishment of share-based payment expenses	29	8
Share of loss of entities accounted for using equity method	321	268
Other	11	44
Total non-operating expenses	404	363
Ordinary profit	1,076	1,869
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	1,588	1,407
Gain on reversal of share acquisition rights	–	132
Gain on change in equity	103	–
Other	7	2
Total extraordinary income	1,699	1,543
Extraordinary losses		
Loss on valuation of investment securities	99	–
Loss on retirement of non-current assets	1	–
Cancellation penalty, etc.	–	137
Other	3	–
Total extraordinary losses	104	137
Profit before income taxes	2,670	3,275
Income taxes - current	839	641
Income taxes - deferred	406	606
Total income taxes	1,245	1,248
Profit	1,425	2,027
Loss attributable to non-controlling interests	–	(76)
Profit attributable to owners of parent	1,425	2,104

Quarterly Consolidated Statements of Comprehensive Income
(For the Nine-month Period)

(Millions of yen)

	Nine months ended April 30, 2023	Nine months ended April 30, 2024
Profit	1,425	2,027
Other comprehensive income		
Valuation difference on available-for-sale securities	(8)	86
Total other comprehensive income	(8)	86
Comprehensive income	1,417	2,114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,417	2,191
Comprehensive income attributable to non-controlling interests	–	(76)

Results by Segment

I. Previous Nine months ended April 30,2023 (August 1, 2022 – April 30, 2023)

1.Information on sales and profit or loss by reportable segment and disaggregation of revenue

(Millions of yen)

	Reportable segments			Other Business*1	Total	Reconciliation *2	Per Consolidated financial statements*3
	Raksul	Novasell	Total				
Printing and solutions	13,135	—	13,135	—	13,135	—	13,135
Business supply and peripherals	9,069	—	9,069	—	9,069	—	9,069
Packaging materials	5,568	—	5,568	—	5,568	—	5,568
Others	—	1,887	1,887	459	2,346	—	2,346
Revenue from contracts with customers	27,773	1,887	29,660	459	30,120	—	30,120
Other revenue	—	—	—	—	—	—	—
Sales							
Sales to external customers	27,773	1,887	29,660	459	30,120	—	30,120
Intersegment sales and transfers	3	2	6	24	30	(30)	—
Total	27,777	1,889	29,667	484	30,151	(30)	30,120
Segment profit (loss)	2,744	38	2,783	131	2,915	(1,457)	1,457

(Note) 1. “Other Business” consists of the following businesses which are not included in the reportable segments, which includes the System construction support business, and other businesses.

2. Reconciliation of segment profit (loss) of -1,457 million yen includes corporate expenses of -1,457 million yen that are not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses not attributable to the reportable segments.

3. Segment profit (loss) is adjusted with operating profit on the quarterly consolidated statement of income.

2.Information on impairment losses on non-current assets or goodwill by reportable segment

Not applicable.

II. Current Nine months ended April 30,2024 (August 1, 2023 – April 30,2024)

1.Information on sales and profit or loss by reportable segment and disaggregation of revenue

(Millions of yen)

	Reportable segments			Other Business*1	Total	Reconciliation *2	Per Consolidated financial statements*3
	Raksul	Novasell	Total				
Printing and solutions	15,105	—	15,105	—	15,105	—	15,105
Business supply and peripherals	13,160	—	13,160	—	13,160	—	13,160
Packaging materials	6,260	—	6,260	—	6,260	—	6,260
Others	—	1,857	1,857	1,173	3,030	—	3,030
Revenue from contracts with customers	34,526	1,857	36,384	1,173	37,557	—	37,557
Other revenue	—	—	—	—	—	—	—
Sales							
Sales to external customers	34,526	1,857	36,384	1,173	37,557	—	37,557
Intersegment sales and transfers	8	17	25	9	34	(34)	—
Total	34,534	1,874	36,409	1,182	37,592	(34)	37,557
Segment profit (loss)	3,965	(4)	3,961	(107)	3,853	(1,664)	2,189

(Note) 1. “Other Business” consists of the following businesses which are not included in the reportable segments, which includes the System construction support business, and other businesses.

2. Reconciliation of segment profit (loss) of -1,664 million yen includes the amount of corporate expenses of -1,664 million yen that are not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses not attributable to the reportable segments.

3. Segment profit (loss) is adjusted with operating profit on the quarterly consolidated statement of income.

4. As a result of making AmidA Holdings Co., Ltd. a consolidated subsidiary, the Company has determined that it is appropriate to disclose information by breaking down revenue by business domain in order to understand the status of revenue in Raksul segment, which is our group’s main business. Therefore, starting from the current six months ended January 31, 2024, we have divided revenue of Raksul segment into the following domains.
The figures for the previous nine months ended January 31,2023, restated to reflect the amended in classification.
- Domain of printing and solutions: Printing on paper for business activities, printing solutions for large enterprises
- Domain of business supply and peripherals: Printed for the goods used in offices and shops
- Domain of packaging materials: Cardboard and paper bags
- Domain of others: Novasell segment of an integrated vertical platform for TV commercials and video advertising, and other business (refer to note 1.)

2.Information on impairment losses on non-current assets or goodwill by reportable segment

(Significant changes in the amount of goodwill)

In Raksul segment, the amount of increase in goodwill due to the inclusion of AmidA Holdings Co., Ltd. and RAKSUL FACTORY INC. in the scope of consolidation is 2,143 million yen for the current nine months ended April 30, 2024.

In Other Business segment, the amount of increase in goodwill due to the inclusion of Peraichi Inc. in the scope of consolidation is 612 million yen for the current nine months ended April 30, 2024.

The amount of goodwill for which the allocation of acquisition costs has not yet been completed is provisionally calculated.