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RAKSUL

Summary of Consolidated Financial Results for the Three Months Ended October 31, 2024 (Based on Japanese GAAP)

December 12, 2024

Company name:	RAKSUL INC.	
Listing	Tokyo Stock Exchange	
Securities code:	4384 URL: https://corp.raksul.com/	
Representative:	Representative Director, President, and Group CEO	Yo Nagami
Inquiries:	Group CFO, SVP of Finance & Sustainability	Masaru Sugiyama
Scheduled date of filing annual securities report:		December 12, 2024
Scheduled date of dividend payments:		–
Supplementary materials:		Yes
Meeting for institutional investors and analysts:		Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended October 31, 2024 (August 1, 2024 - October 31, 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*	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
October 31, 2024	14,709	31.0	5,062	38.3	972	79.7	1,531	63.1
October 31, 2023	11,228	20.2	3,659	28.5	541	38.2	938	24.6

Note: Comprehensive income For the Three months October 31, 2024: 459 million yen (-62.9%)
For the Three months October 31, 2023: 1,239 million yen (25.2%)

	Ordinary profit		Net profit attributable to owners of parent		Earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
October 31, 2024	869	102.3	431	(65.2)	7.42	7.07
October 31, 2023	429	68.1	1,240	24.3	21.27	20.21

	Return on shareholders' Equity	Ordinary profit to total assets	Operating profit to net sales
Three months ended	%	%	%
October 31, 2024	3.0	2.0	6.6
October 31, 2023	9.4	1.4	4.8

Reference: Share of loss (profit) of entities accounted for using equity method:
For the Three months October 31, 2024: (68) million yen
For the Three months October 31, 2023: (94) 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).

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net Assets per share
Three months ended	Millions of yen	Millions of yen	%	Yen
October 31, 2024	43,231	16,120	33.7	250.08
July 31, 2024	43,863	15,678	32.3	243.80

Reference: Shareholders' equity For the Three months October 31, 2024: 14,555 million yen
Fiscal year ended July 31,2024: 14,179 million yen

2. Dividends

	Annual dividends				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
July 31, 2024	—	0.00	—	1.70	1.70
July 31, 2025	—				
Fiscal year ending July 31, 2025 (forecast)		0.00	—	2.30	2.30

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2025 (August 1, 2024 - July 31, 2025)

(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, 2025	61,000 ～63,000	19.3 ～23.2	21,000 ～22,000	22.1 ～28.0	3,200 ～3,700	26.8 ～46.6	5,500 ～6,000	20.9 ～31.9

	Ordinary profit		Net profit attributable to owners of parent	
Fiscal year ending	Millions of yen	%	Millions of yen	%
July 31, 2025	2,700 ～3,200	32.2 ～56.7	1,780 ～2,280	(16.0) ～7.6

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: Yes
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 stock)
As of October 31, 2024 59,015,447 shares As of July 31, 2024 58,972,546 shares

2)Number of treasury stock at the end of period
As of October 31, 2024 810,500 shares As of July 31, 2024 810,350 shares

3)Average number of shares outstanding during the period
As of October 31, 2024 58,204,947 shares As of October 31, 2023 58,334,729 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.

Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

	As of July 31, 2024	As of October 31, 2024
Assets		
Current assets		
Cash and deposits	17,014	15,956
Notes and accounts receivable - trade	5,770	6,029
Merchandise and finished goods	495	506
Raw materials and supplies	309	313
Prepaid expenses	424	532
Other	967	1,092
Allowance for doubtful accounts	(0)	(0)
Total current assets	24,981	24,429
Non-current assets		
Property, plant and equipment		
Buildings and structures	914	1,014
Accumulated depreciation	(310)	(351)
Buildings and structures, net	603	662
Machinery, equipment and vehicles	1,711	2,018
Accumulated depreciation	(1,304)	(1,366)
Machinery, equipment and vehicles, net	407	651
Land	135	135
Construction in progress	136	100
Other	159	173
Accumulated depreciation	(114)	(121)
Other, net	45	52
Total property, plant and equipment	1,328	1,602
Intangible assets		
Goodwill	7,730	7,446
Software	538	571
Software in progress	51	65
Other	3	1
Total intangible assets	8,324	8,085
Investments and other assets		
Investment securities	7,524	7,513
Shares of subsidiaries and associates	454	385
Long-term prepaid expenses	8	4
Deferred tax assets	217	213
Other	1,022	997
Total investments and other assets	9,228	9,114
Total non-current assets	18,881	18,801
Total assets	43,863	43,231

(Millions of yen)

	As of July 31, 2024	As of October 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	3,825	4,016
Accounts payable - other, and accrued expenses	2,127	1,837
Short-term borrowings	2,300	2,300
Current portion of long-term borrowings	1,634	1,400
Current portion of bonds payable	450	450
Current portion of convertible-bond-type bonds with share acquisition rights	5,003	5,000
Income taxes payable	533	485
Accrued consumption taxes	391	288
Contract liabilities	591	596
Asset retirement obligations	122	122
Provision for bonuses	273	167
Other	729	713
Total current liabilities	17,983	17,378
Non-current liabilities		
Long-term borrowings	7,006	6,781
Bonds Payable	2,000	1,775
Asset retirement obligations	110	110
Deferred tax liabilities	1,084	1,065
Total non-current liabilities	10,200	9,732
Total liabilities	28,184	27,110
Net assets		
Shareholders' equity		
Share capital	2,798	2,805
Capital surplus	5,606	5,614
Retained earnings	3,659	3,992
Treasury shares	(1,001)	(1,001)
Total shareholders' equity	11,062	11,411
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,119	3,148
Foreign currency translation adjustment	(1)	(4)
Total accumulated other comprehensive income	3,117	3,144
Share award rights	123	153
Share acquisition rights	1,375	1,410
Non-controlling interests	—	—
Total net assets	15,678	16,120
Total liabilities and net assets	43,863	43,231

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(For the Three-month Period)

(Millions of yen)

	Three months ended October 31, 2023	Three months ended October 31, 2024
Net sales	11,228	14,709
Cost of sales	7,569	9,647
Gross profit	3,659	5,062
Selling, general and administrative expenses	3,117	4,089
Operating profit	541	972
Non-operating income		
Interest income	3	4
Exchange gain	1	7
Cash-back income	2	1
Other	6	8
Total non-operating income	15	22
Non-operating expenses		
Interest expenses	12	24
Loss on extinguishment share-based compensation expenses	1	0
Share of loss of entities accounted for using equity method	94	68
Other	18	32
Total non-operating expenses	127	126
Ordinary profit	429	869
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	1,183	—
Gain on reversal of share acquisition rights	130	1
Total extraordinary income	1,313	1
Profit before income taxes	1,742	871
Income taxes - current	229	424
Income taxes - deferred	269	14
Total income taxes	498	439
Profit	1,244	431
Profit (loss) attributable to non-controlling interests	3	—
Profit attributable to owners of parent	1,240	431

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

(Millions of yen)

	Three months ended October 31, 2023	Three months ended October 31, 2024
Profit	1,244	431
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	29
Foreign currency translation adjustment	—	(2)
Total other comprehensive income	(4)	27
Comprehensive income	1,239	459
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,236	459
Comprehensive income attributable to non-controlling interests	3	—

Results by Segment

I. Previous consolidated fiscal year (August 1, 2023 – October 31, 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
	Procurement Platform	Marketing Platform	Total				
Printing and solutions	4,837	—	4,837	—	4,837	—	4,837
Business supply and peripherals	3,639	—	3,639	—	3,639	—	3,639
Packaging materials	1,973	—	1,973	—	1,973	—	1,973
Marketing peripherals	—	657	657	—	657	—	657
Others	—	—	—	120	120	—	120
Revenue from contracts with customers	10,450	657	11,107	120	11,228	—	11,228
Other revenue	—	—	—	—	—	—	—
Sales							
Sales to external customers	10,450	657	11,107	120	11,228	—	11,228
Intersegment sales and transfers	1	0	1	3	5	(5)	—
Total	10,451	658	11,109	123	11,233	(5)	11,228
Segment profit (loss)	1,172	(135)	1,036	10	1,047	(506)	541

(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 of -506 million yen includes corporate expenses of -506 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. There is no revenue other than that generated from contracts with customers.

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

(Significant changes in the amount of goodwill)

In Procurement Platform 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 2,256 million yen for the three months ended October 31, 2023.

In Marketing Platform segment, the amount of increase in goodwill due to the inclusion of Peraichi Inc. in the scope of consolidation is 659 million yen for the three months ended October 31, 2023.

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

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II. Current consolidated fiscal year (August 1, 2024 – October 31, 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
	Procurement Platform	Marketing Platform	Total				
Printing and solutions	5,389	—	5,389	—	5,389	—	5,389
Business supply and peripherals	5,997	—	5,997	—	5,997	—	5,997
Packaging materials	2,174	—	2,174	—	2,174	—	2,174
Marketing peripherals	—	1,038	1,038	—	1,038	—	1,038
Others	—	—	—	109	109	—	109
Revenue from contracts with customers	13,561	1,038	14,600	109	14,709	—	14,709
Other revenue	—	—	—	—	—	—	—
Sales							
Sales to external customers	13,561	1,038	14,600	109	14,709	—	14,709
Intersegment sales and transfers	0	0	1	5	6	(6)	—
Total	13,561	1,039	14,601	114	14,716	(6)	14,709
Segment profit (loss)	1,736	19	1,756	(50)	1,705	(733)	972

(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 of -733 million yen includes the amount of corporate expenses of -733 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 six 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 Marketing peripherals: An integrated vertical platform “Novasell” for TV commercials and video advertising, Planning and operation of the website creation SaaS “Peraichi”, and provision of other related marketing solutions.

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

Not applicable.

3. Matters related to changes in reportable segments

We aim to achieve not only organic growth in our existing businesses, but also inorganic growth through M&A and expansion into new areas and products.

With this in mind, from the first quarter of the current consolidated fiscal year, we have changed the name of the reporting segment that was previously called “Raksul” to “Procurement Platform” and the name of the reporting segment that was previously called “Novasell” to “Marketing Platform” in order to clarify the business content of our group, which will continue to expand in a complex

manner, and to provide clear information disclosure to investors.
In addition, on August 1, 2024, we implemented an organizational change, and from the perspective of the management approach, we have changed the Peraichi business, which was previously disclosed as “Other,” to the “Marketing Platform.”
Segment information for the first quarter of the previous fiscal year has been reclassified and is presented in the new categories.