RAKSUL

Financial Results for the 2nd Quarter of Fiscal Year Ending July 31, 2022

RAKSUL INC. (TSE First Section: 4384)

March 11, 2022

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Financial Summary and Forecast

RAKSUL

Quarterly Financial Summary

Company wide	**Companywide: Revenue +20.8% YoY, Gross Profit +30.7% YoY** ■ Continued 30% gross profit growth in organic businesses. Revenue growth is also over 30% YoY based on previous accounting methods ■ Growth will accelerate with the contribution from DANBALL ONE INC. (“DANBALL ONE”) starting in 3Q

Raksul

Raksul Business Segment (“Raksul”):
Revenue +20.1% YoY, Gross Profit +24.6% YoY

- Gross profit growth continues despite limited impact from another wave of COVID-19 (“COVID") since January
- Gross margin increased to 27.9%

Novasell

Novasell Business Segment (“Novasell”):
Revenue +102.3% YoY, Gross Profit +110.0% YoY

- Both revenue and gross profit doubled YoY

Hacobell

Hacobell Business Segment (“Hacobell”):
Revenue -16.8% YoY, Gross Profit -26.6% YoY

- Both revenue and gross profit decreased YoY due to the temporary increase in demand for food delivery in 2Q of last year, but they continue to grow QoQ with segment loss on a shrinking trend
- Gross margin dropped slightly to secure supply during the busy season, but is expected to improve to around 15% in 3Q

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FY2022 Full-Year Consolidated Forecast (Disclosed in February 2022)

- Consolidated Financial Forecast includes the financials of DANBALL ONE, whose acquisition was completed as of February 1, 2022
- We expect to achieve growth far exceeding our initial forecast and our mid-to-long term financial policy of over 30% in gross profit
- While the most important financial indicator remains to be the gross profit, we have shifted our profit/CF indicator from operating profit (non-GAAP) to EBITDA (non-GAAP)(2)

(in JPY, Bn)	FY2022 Full-year (2021/8-2022/7)		FY2021 Full-year (1) (2020/8-2021/7)	
	Disclosed on 2022/2 **Consolidated Forecast** (New Revenue Recognition Standards)	Disclosed on 2021/12 Non-consolidated Forecast (New Revenue Recognition Standards)	Non-consolidated Result (New Revenue Recognition Standards)	YoY Growth
Revenue	35.6 - 36.6	Over 33.2	25.5	+39 - 43%
Gross Profit	**10.2 - 10.6**	**Over 9.3**	**7.09**	**+44 - 49%**
Gross Margin	28.7 - 29.0%	-	27.8%	+0.9 - 1.2pt
EBITDA (non-GAAP)(2)	**1.44 - 1.54**	**-**	**1.03**	**+40 - 49%**
Operating Profit (non-GAAP)(2)	1.0 - 1.1	Over 1.0	0.83	+20 - 32%
Reference index				
EBITDA Margin	4.0 - 4.2%	-	4.0%	+0.0 - 0.2pt
EBITDA (excl. Ad Spend, non-GAAP)	4.3 - 4.4	-	2.98	+44 - 47%
ROE	4.2 - 4.8%(3)	-	2.3%	+1.9 - 2.5pt

Financial Implications

Gross profit
- We continue to achieve more than 40% gross profit growth while maintaining EBITDA Margin
- DANBALL ONE's contribution to financials results will start from 3Q. Gross profit growth of 30.7% YoY in 2Q, with continued growth of organic businesses

Gross Margin

Companywide gross margin is expected to improve to the mid to high 28% range as a result of the change in accounting standards for Novasell and the acquisition of DANBALL ONE as a wholly owned subsidiary

EBITDA (non-GAAP, excl. Ad Spend)

All advertising expenses are variable costs, and cashflow (which is controllable) is steadily increasing. Depending on the economic environment, it is possible to steer the company to generate even more profit

ROE

ROE is expected to land at around 4.5% for the current fiscal year

Notes

(1) Since consolidated accounting was not conducted prior to FY2021, non-consolidated accounting results and growth rates are provided for reference. The same applies hereinafter

(2) EBITDA (non-GAAP)=Operating Profit + Depreciation + Amortization of goodwill + Stock compensation expense
Operating Profit (non-GAAP)= Operating Profit + Stock compensation expense

(3) As the fiscal year ending July 2022 is the first year of consolidation, the figure is calculated by dividing the forecast for Profit (loss) attributable to owners of the parent (JPY 320-370MM) by the assumed amount of equity capital at the end of the fiscal year

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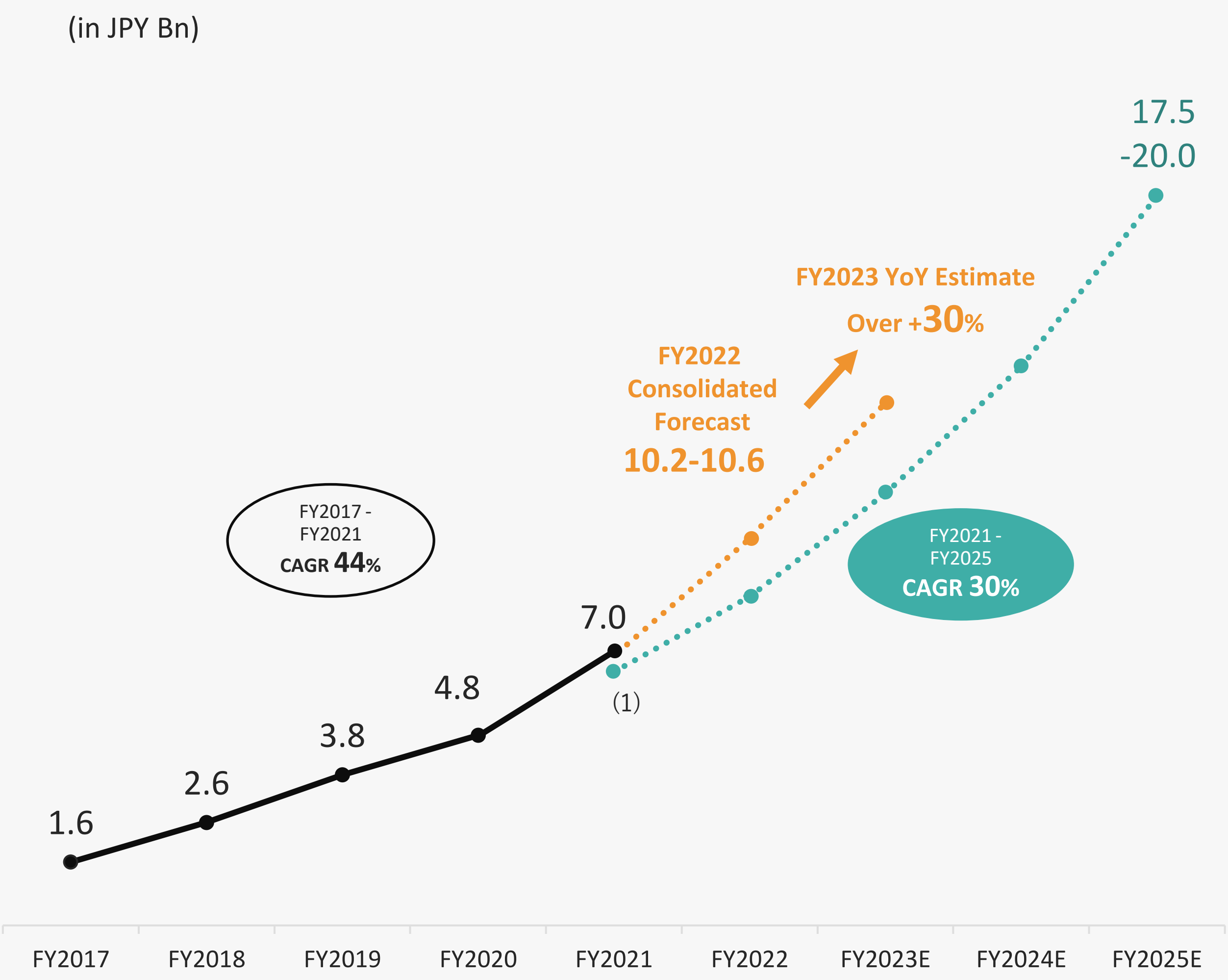
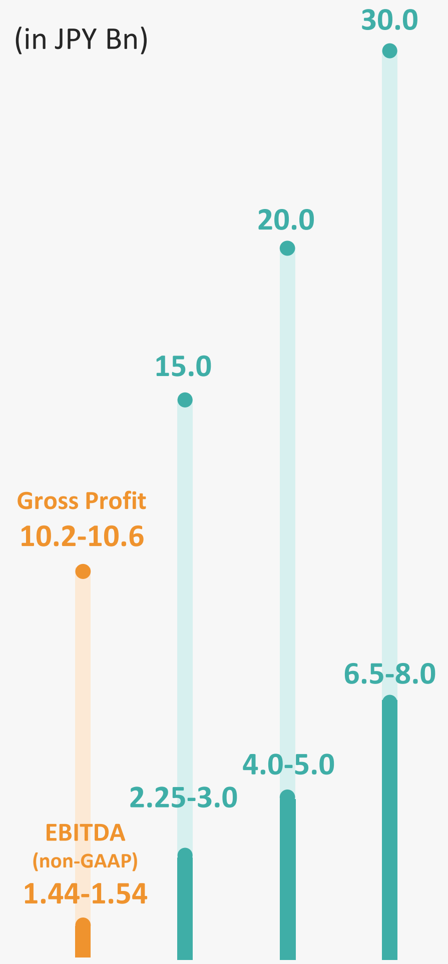
Medium-to-Long Term Financial Targets and Policies

- Our medium-to-long-term target of JPY 17.5-20.0Bn in gross profit for FY2025 is expected to be achieved at an early stage, due to the continued growth of our organic businesses and the acquisition of DANBALL ONE as a wholly owned subsidiary
- More than 30% gross profit growth and increase of EBITDA are expected in FY2023 (next fiscal year)
- It is structured so that gross profit (our most important indicator) growth will be followed by improved profitability of existing businesses due to economies of scale which would lead to increase in EBITDA
- As a listed company, we are conscious of capital efficiency and aim to achieve 10% ROE/ROIC in the medium term

Gross Profit: Medium-to-Long Term Target



Linkage between the size of Gross Profit and EBITDA (non-GAAP)



Notes
(1) Lower range of full-year forecast disclosed on September 10, 2020

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Company Overview

RAKSUL

Our Vision and What We Do

- We strongly believe in redesigning the structure and the value chain of conventional industries with the help of the Internet

Better Systems, Better World

Printing & offline advertising Platform

Raksul

Launched in March 2013

Logistics Platform

Hacobell

Launched in December 2015

TV commercial-related Platform

Novasell

Launched in April 2020

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Direction of Growth

- We will redesign the industrial structure of each indirect cost (indirect materials/services) market through our Integrated Vertical Platform
- The TAM of the peripheral markets is also large, and there is room for expansion (e.g., printing → packaging, logistics → warehousing)
- With a fragmented supply-side structure, our strength is in building businesses in markets with room for Ecommerce progression

Company P&L: Revenue − Direct Cost − Indirect Cost = Operating Profit

Domestic Indirect Cost Market JPY 140Tn in Total

Start	Business	Market	Size
Mar. 2013~	ラクスル Raksul	Business Stationery and Commercial Printing Novelty goods Promotion Media (Offline Advertising)	JPY 6.3Tn
Dec. 2015~	ハコベル Hacobell	Trucking	JPY 14Tn
Apr. 2020~	ノバセル Novasell	TV commercials Taxi Ads	JPY 1.7Tn
Sep. 2021~	ジョーシス Josys	Corporate IT	JPY 6.2Tn

Large scale invested companies

Business	Market	Size
ダンボールワン DANBALL ONE	Packaging	JPY 2.5Tn
ペライチ Peraichi	Website Production	JPY 0.3Tn

TAM Total JPY 31Tn

Source: Please see Reference Materials for details

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Business Model

- An Integrated Vertical Platform with "Transactions" as the primary focus as well as "Software" and "Services" for each indirect cost market
- We achieve continuous monetization through transactions (current main source of revenue) by penetrating deeply into both supply and demand, rather than simply matching them
- As a result, our business transforms traditional industries into highly productive and profitable industries by improving the cost efficiencies of transactions and operations

Integrated Vertical Platform

ラクスル Raksul | ハコベル Hacobell | ノバセル Novasell | New Businesses/ Large-scale investments

Services
Payment, BPO etc.

Value additions based on data and transactions

-> Resolving pain points on both supply and demand sides

Transactions
EC / Marketplace

A two-sided platform with deep penetration into both supply and demand sides

-> Optimizing transaction costs

Software
SaaS

Data processing of clients' internal information and source of transaction accumulation

-> Optimizing operational costs

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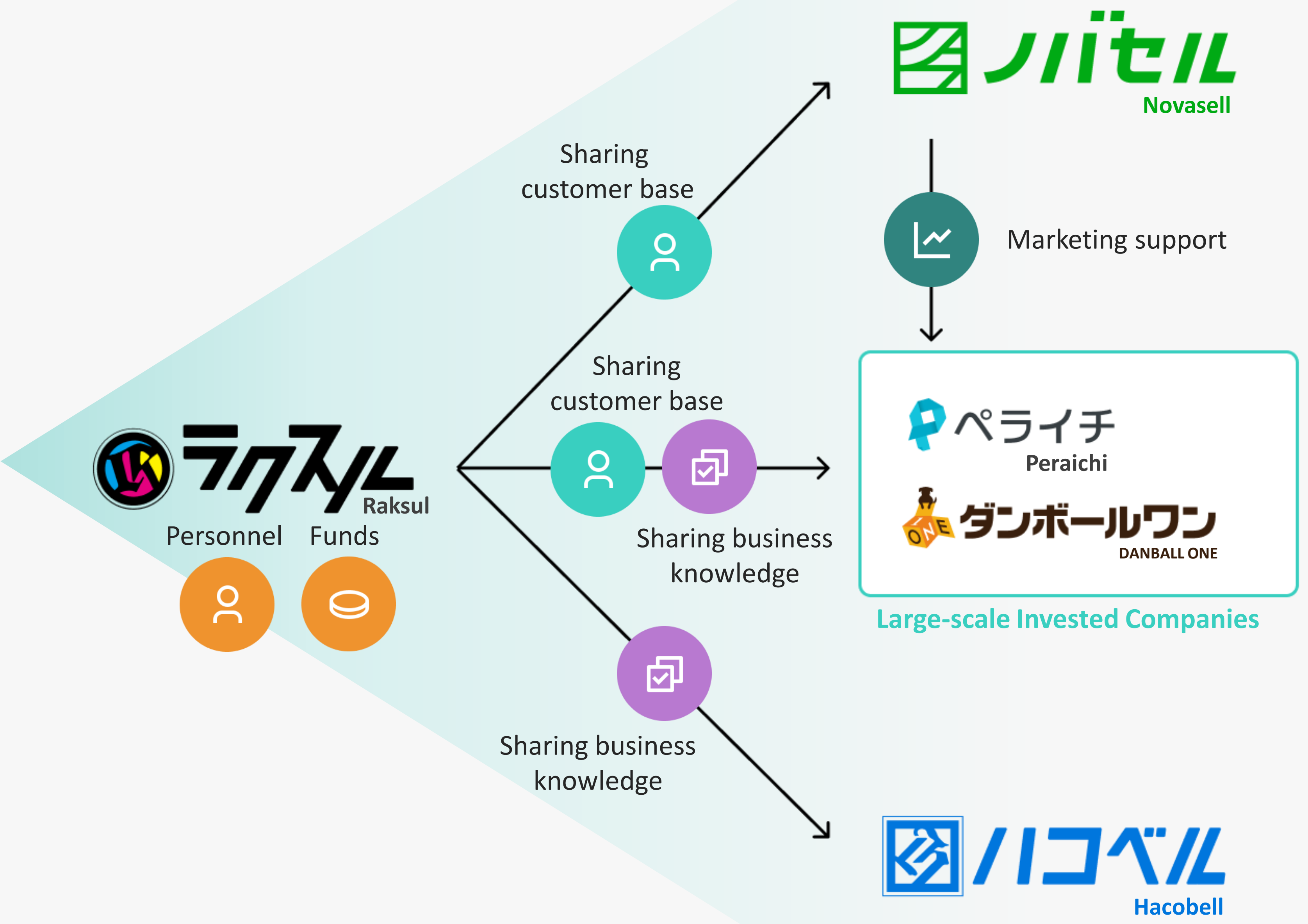
Synergy between Business Segments

- Our system ensures a successful launch of each business by sharing our customer base and know-how, dispatching personnel and providing funds from the Raksul business segment



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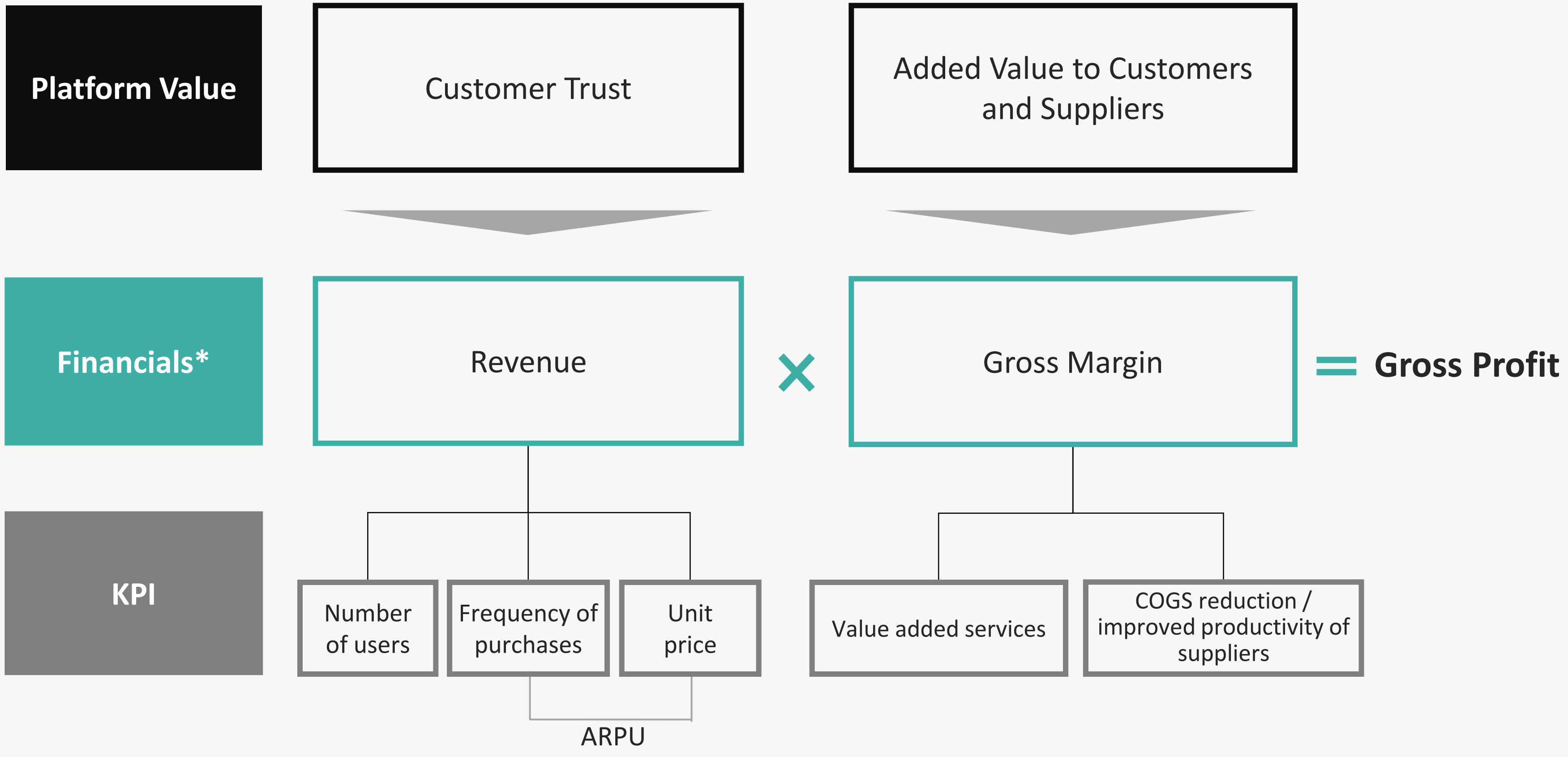
Our Value Creation Formula

- We focus on growing revenue and gross profit through winning customer trust and maximizing added value to customers and suppliers
- In addition to our existing Ecommerce business (transaction based), our SaaS business is expected to expand. Although the revenue size of SaaS is small, its gross margin is high; we consider gross profit to be the indicator which directly links to enterprise value



***Accounting standards applied to our revenue and gross profit** (excluding the broadcasting services of Novasell)

Revenue = gross of payments from customers
Gross profit = gross revenue - cost of sales

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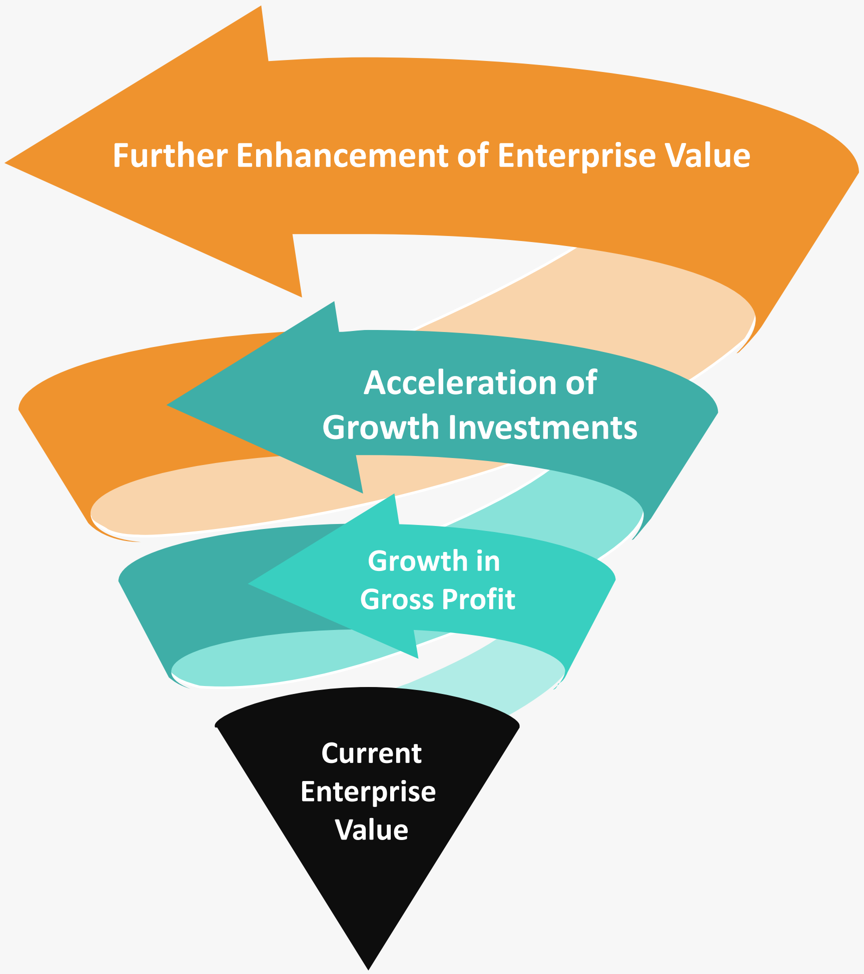
Upward Spiral of Value Creation Through Reinvestment

- By maximizing gross profit, we can continuously generate profit while reinvesting towards greater platform value



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Financial Highlights

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Quarterly Financial Highlights

- Revenue: +20.8% YoY, Gross Profit: +30.7% YoY (Revenue growth is also over 30% YoY based on previous accounting methods)
- Gross margin increased to 28.3% due to improved profitability in Raksul and expansion of broadcasting business (net revenue) in Novasell
- EBITDA (non-GAAP) was JPY 292MM. We continue to invest for growth while maintaining profits

(in JPY MM)	FY2022 2Q (2021/11 – 2022/1) New Revenue Recognition Standards			Ref) FY2022 Q2 (2021/11 – 2022/1) Based on previous accounting methods		
	Actual	FY2021 2Q		Actual	FY2021 2Q	
		Actual	YoY		Actual	YoY
Revenue[1]	**8,033**	6,650	+20.8%	9,682	7,417	+30.5%
Raksul	6,092	5,073	+20.1%	6,107	5,090	+20.0%
Novasell	1,007	498	+102.3%	2,641	1,248	+111.6%
Hacobell	835	1,004	-16.8%	836	1,004	-16.8%
Gross Profit[1]	**2,274**	1,740	+30.7%	2,289	1,757	+30.3%
Raksul	1,697	1,361	+24.6%	1,712	1,378	+24.2%
Novasell	433	206	+110.0%	433	206	+110.0%
Hacobell	104	142	-26.6%	105	143	-26.4%
Gross Margin	**28.3%**	26.2%	+2.1pt	23.6%	23.7%	-0.0pt
Incl.: Stock-based compensation expense	**175**	120	+45.1%	Same as left		
Incl.: Ad spend	**660**	496	+33.0%	676	513	+31.6%
EBITDA (non-GAAP)	**292**	315	-7.4%	Same as left		
Operating Profit (non-GAAP)	**239**	266	-10.2%	Same as left		

Notes
(1)The difference between the total of each segment and companywide is due to "other business" and corporate expenses

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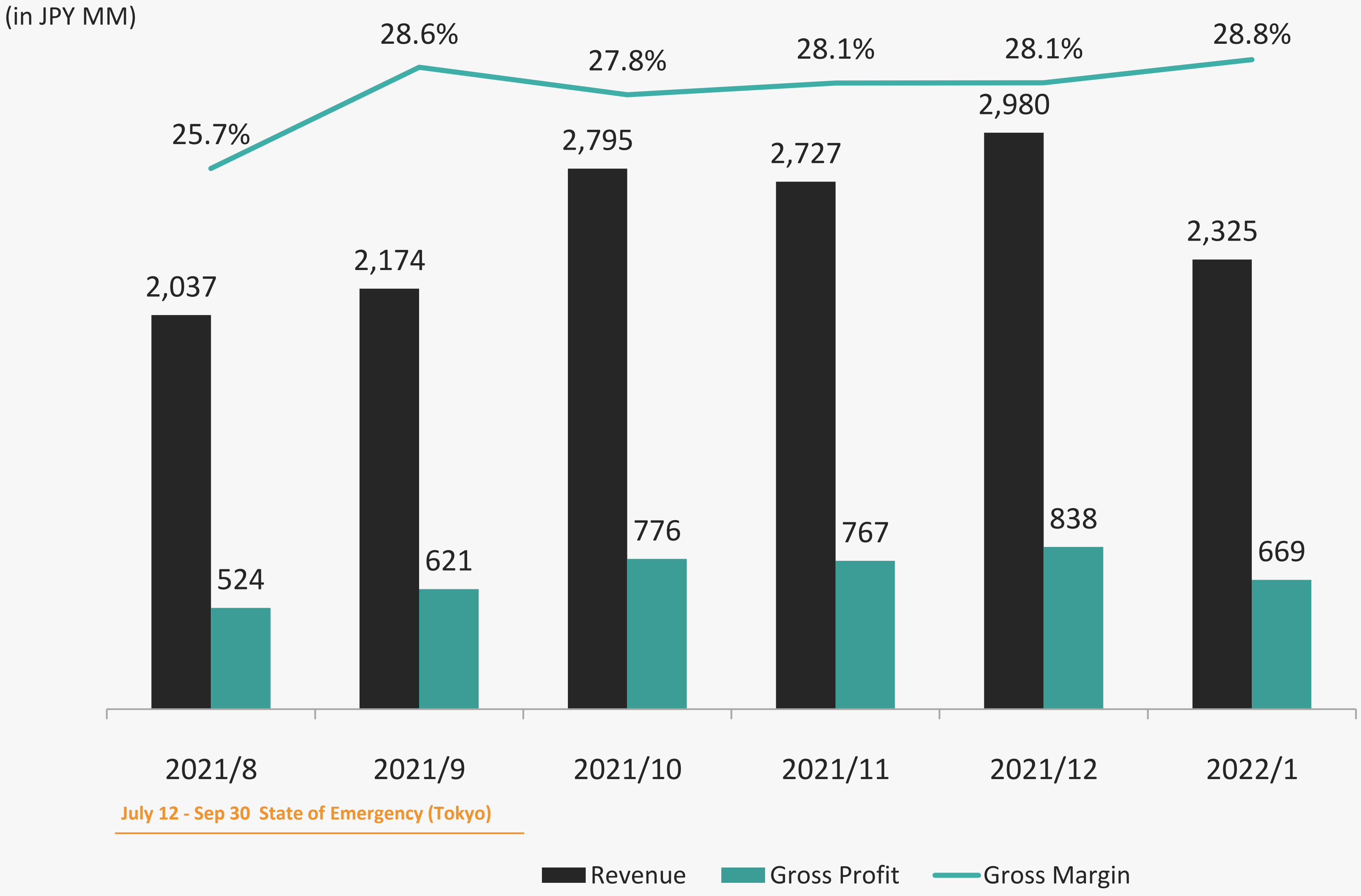
(Reference)
Monthly Financials

- January is normally a quiet month for all business segments
- Solid business performance after the end of the State of Emergency declaration
- Revenue for February landed at around JPY 2.8Bn, and for March are expected to be JPY 3.3-3.5Bn (figures after consolidation of DANBALL ONE)



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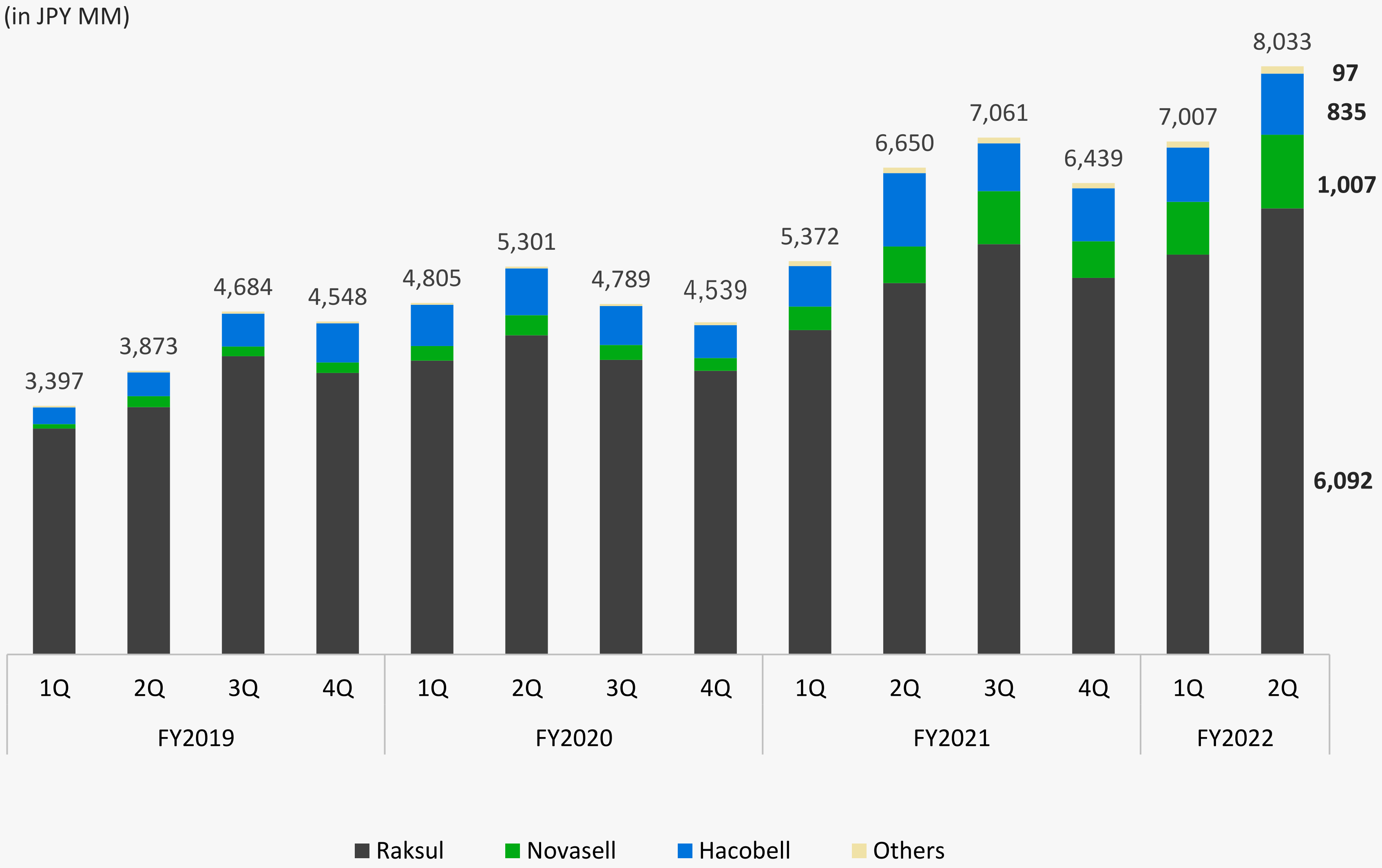
Revenue by Business Segment

- Companywide revenue continues to grow
- Under normal circumstances, the peak season for Raksul and Novasell is 3Q, and for Hacobell it is 2Q and 3Q



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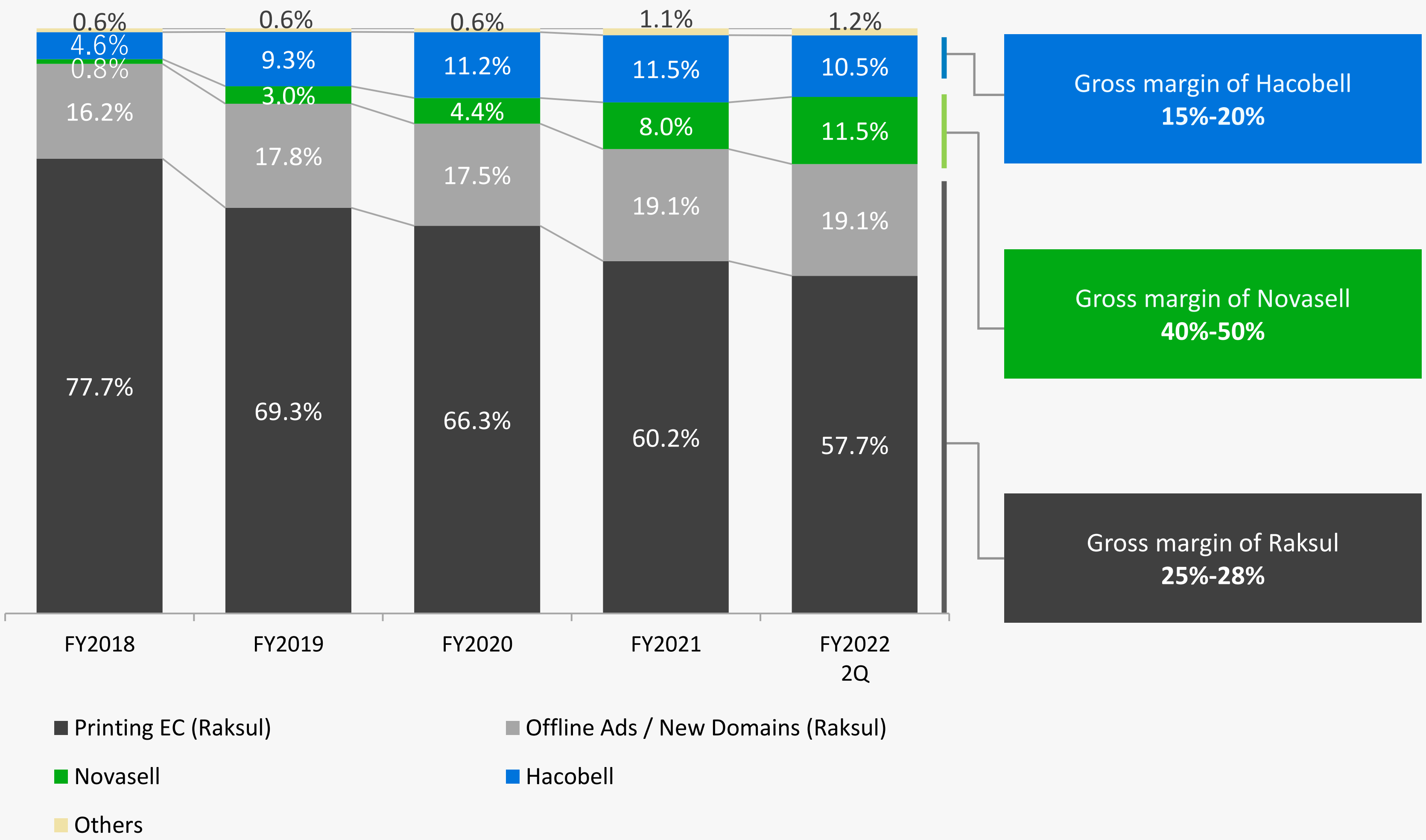
Revenue Composition by Business Segment

- Our newer platforms will rapidly expand while the printing EC service continues its growth, creating multiple strong revenue streams



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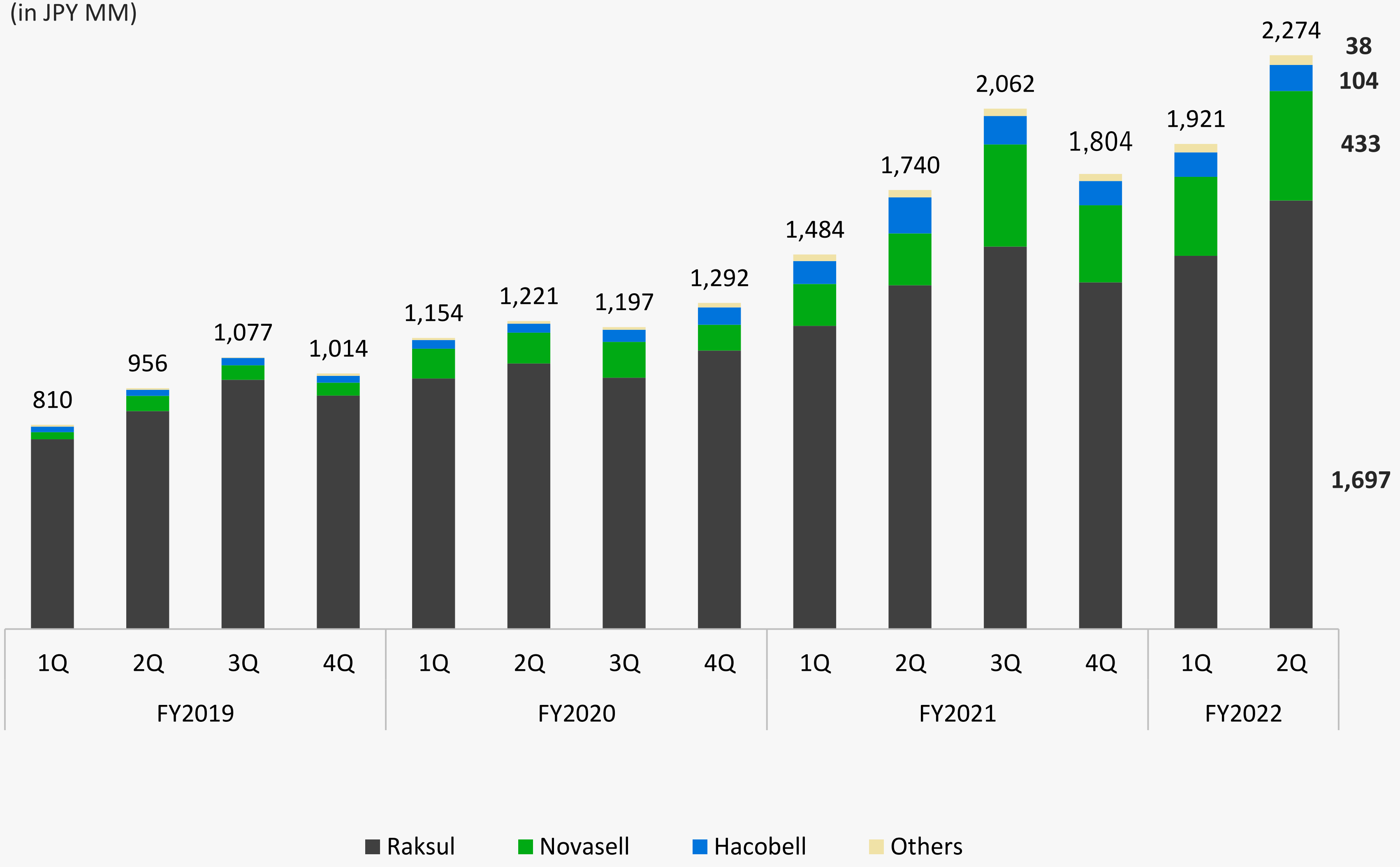
Gross Profit

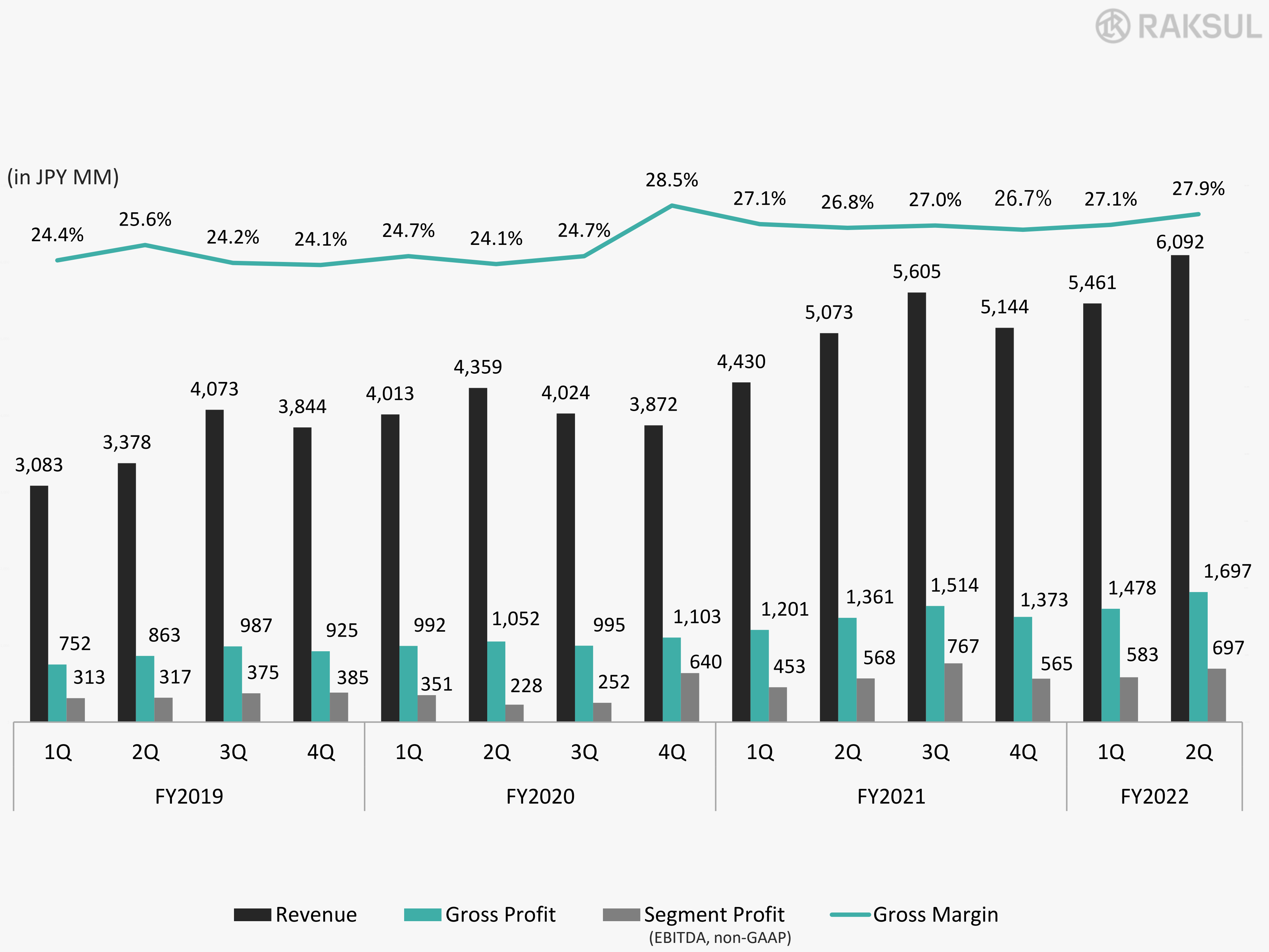
- Gross profit also continues its growth trend driven by higher gross margin



Raksul

Business Segment Performance

- Steady growth despite the new COVID environment, and we have reached record high in both revenue and gross profit
- Gross margin improved to 27.9% due to pricing adjustments, and is expected to increase to 28-29% in 3Q
- For DANBALL ONE, which has been consolidated into Raksul from 3Q, 2Q revenue was JPY 1.59Bn (YoY growth of +25%), gross profit was JPY 0.5Bn (gross margin of 31.3%), and EBITDA was JPY -81MM

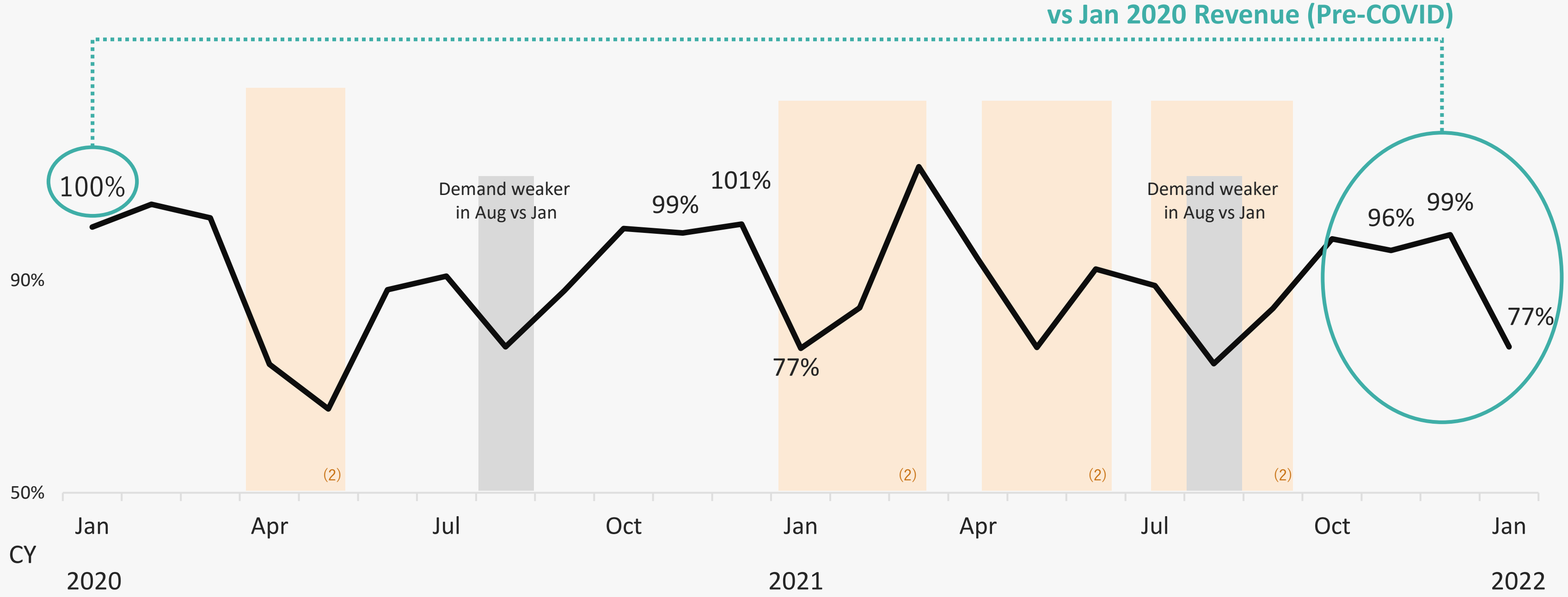


Raksul

Comparison with the Pre-COVID situation

- Recurring revenue from our users acquired up to FY2019 has remained despite there being limited impact from the SoE under the COVID environment
- With the added revenue from the users acquired after FY2020, revenue has expanded

Recurring Revenue Trend from Users acquired up to July 2019 (1)

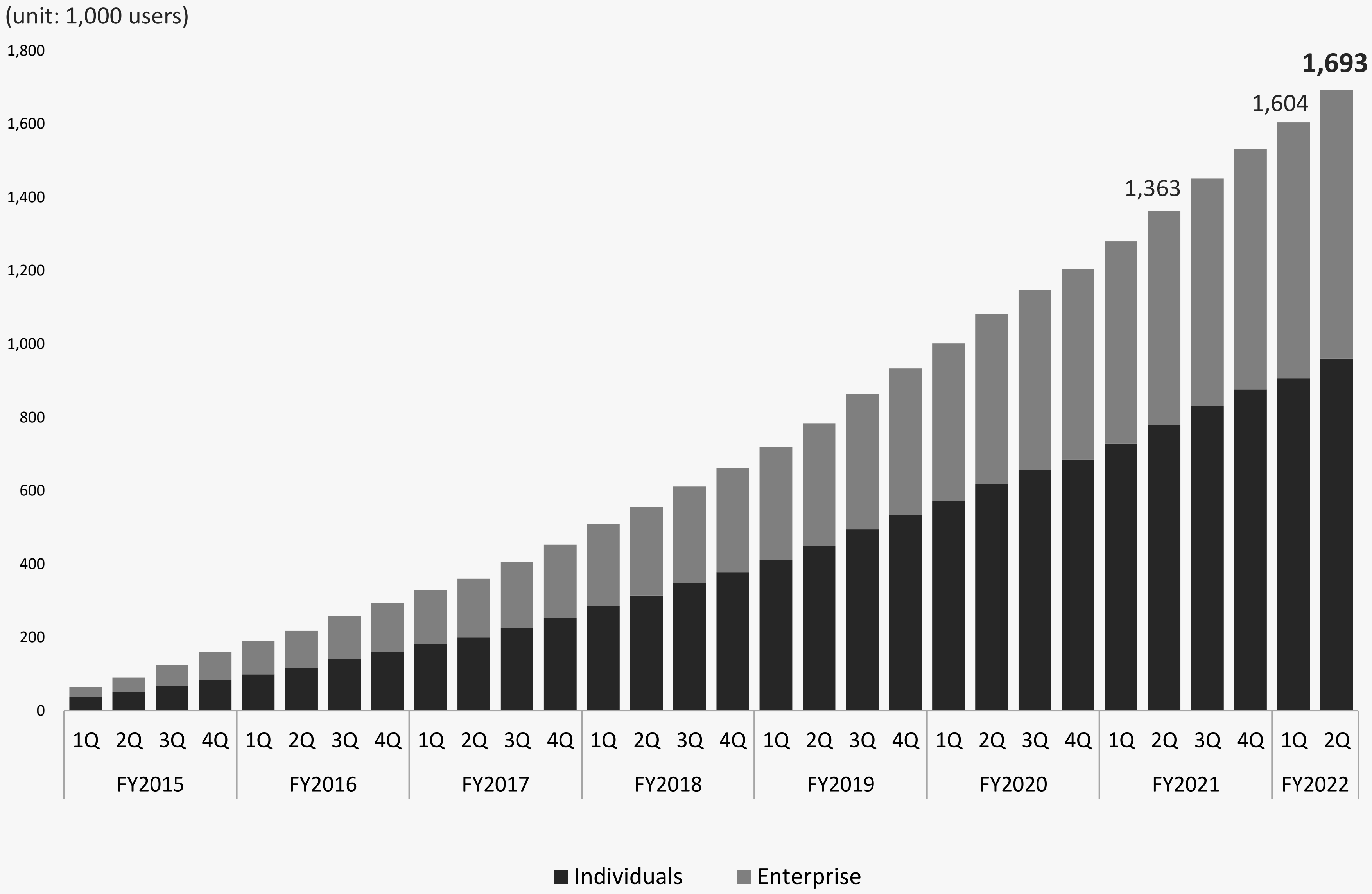


Notes
(1) Calculated based on management accounting, differs from the figures disclosed in last fiscal year due to the new revenue recognition standards
(2) SoE declared in Tokyo

Raksul

Number of Registered Users on Printing Platform [1]

- Our customer base saw continuous growth
- The number of total users for 2Q was 1,693,002

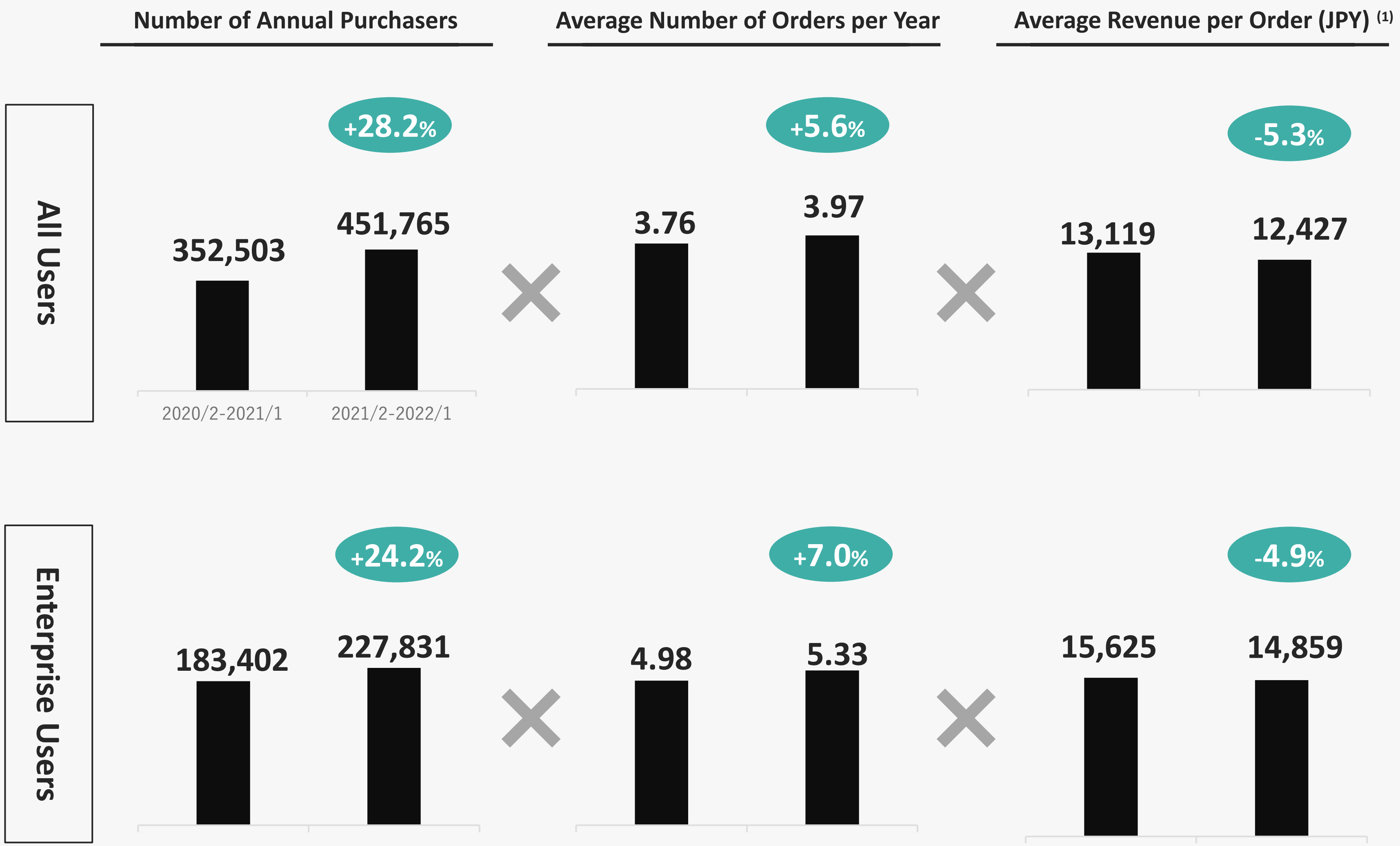


Note
(1) Number of total registered users for raksul.com

Raksul

Sticky User Base

- Improved growth rates for annual number of purchasers and average number of orders per year, despite the impact under the COVID environment
- While the average revenue per order has slightly decreased due to an increase in small-lot orders, the average number of orders (frequency) has increased



Note
(1) Calculated based on management accounting, differs from the figures disclosed in last fiscal year due to the new revenue recognition standards

Novasell

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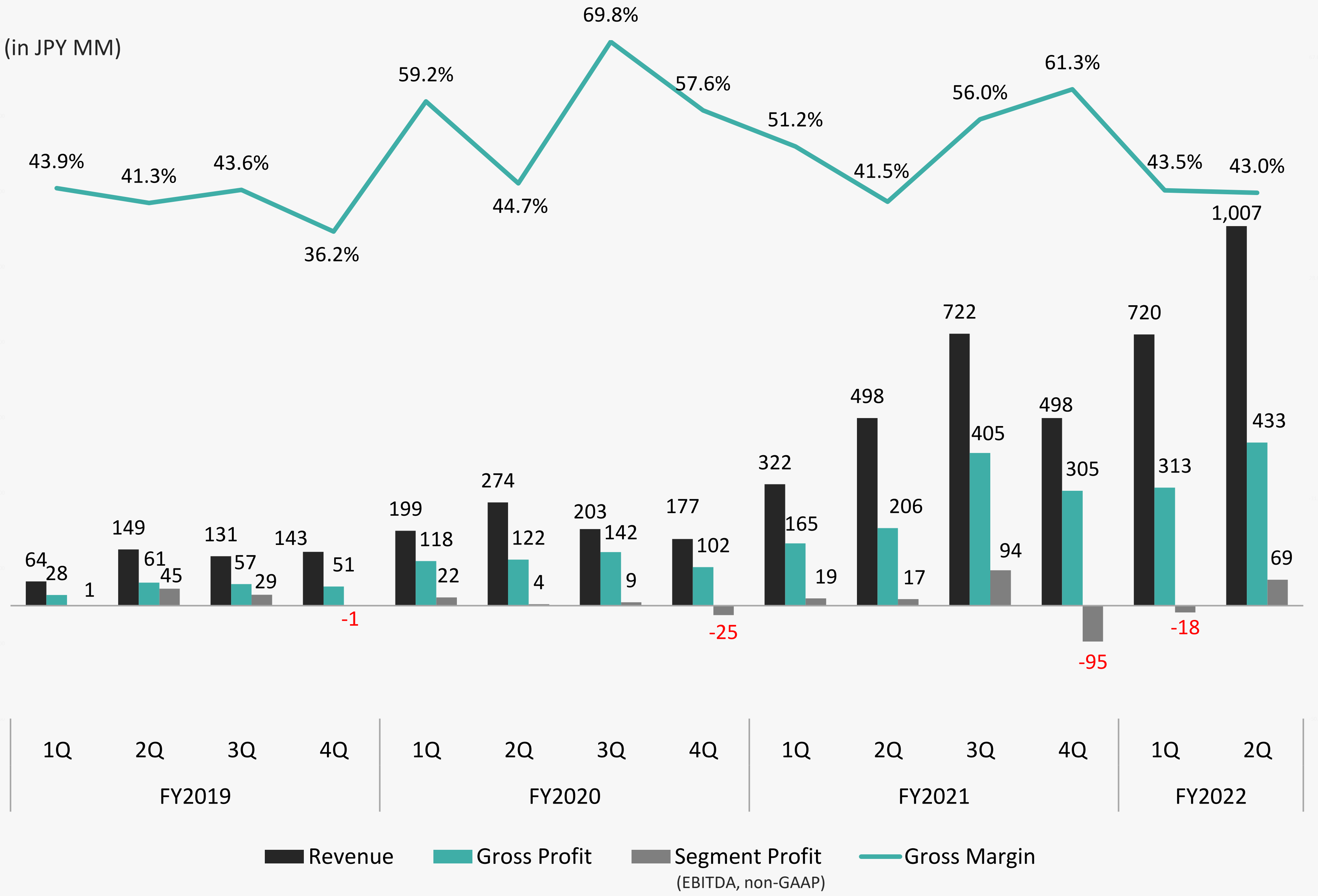
Business Segment Performance

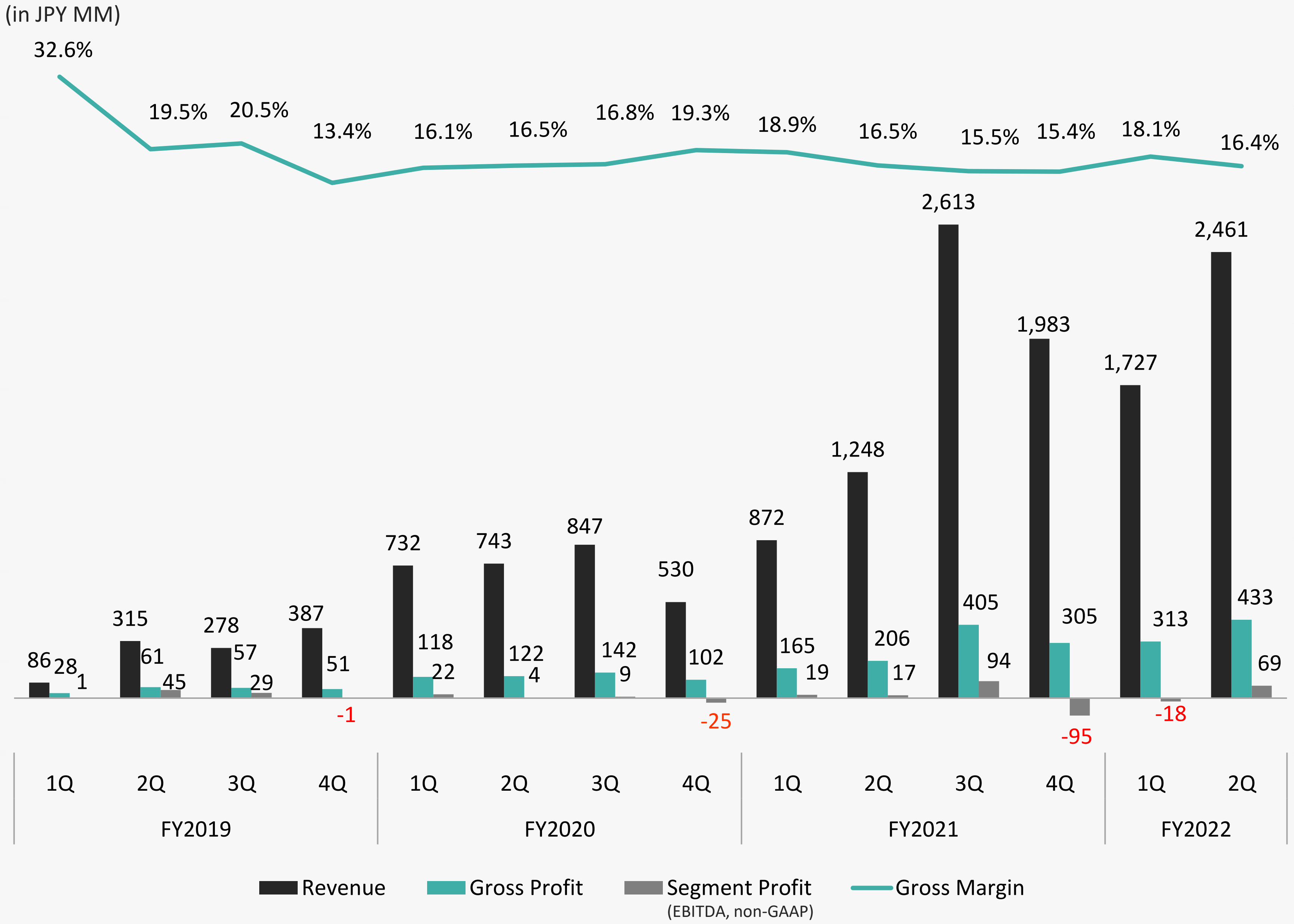
- Continued high growth and we have reached record high in both revenue and gross profit
- We account net revenue for broadcasting services, and gross revenue for production and SaaS services (based on the new revenue recognition standards). Gross margin is expected to be around 40-50% in the medium to long term



Novasell

(Reference) Business Segment Performance based on Previous Accounting Methods

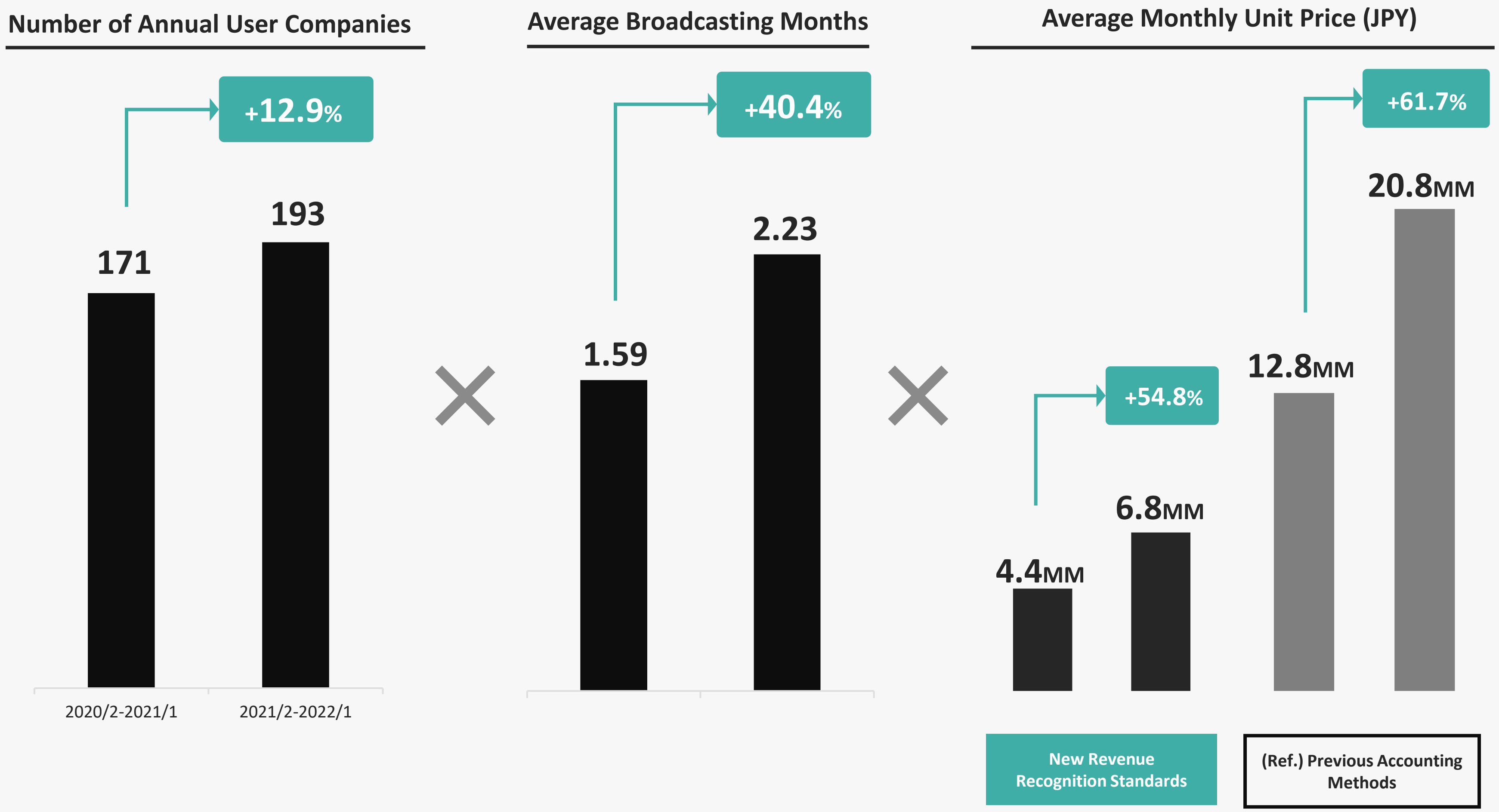
- Amounts recorded under the previous accounting methods are disclosed for reference
- Gross revenue has also reached record high level



Novasell

KPI Trend

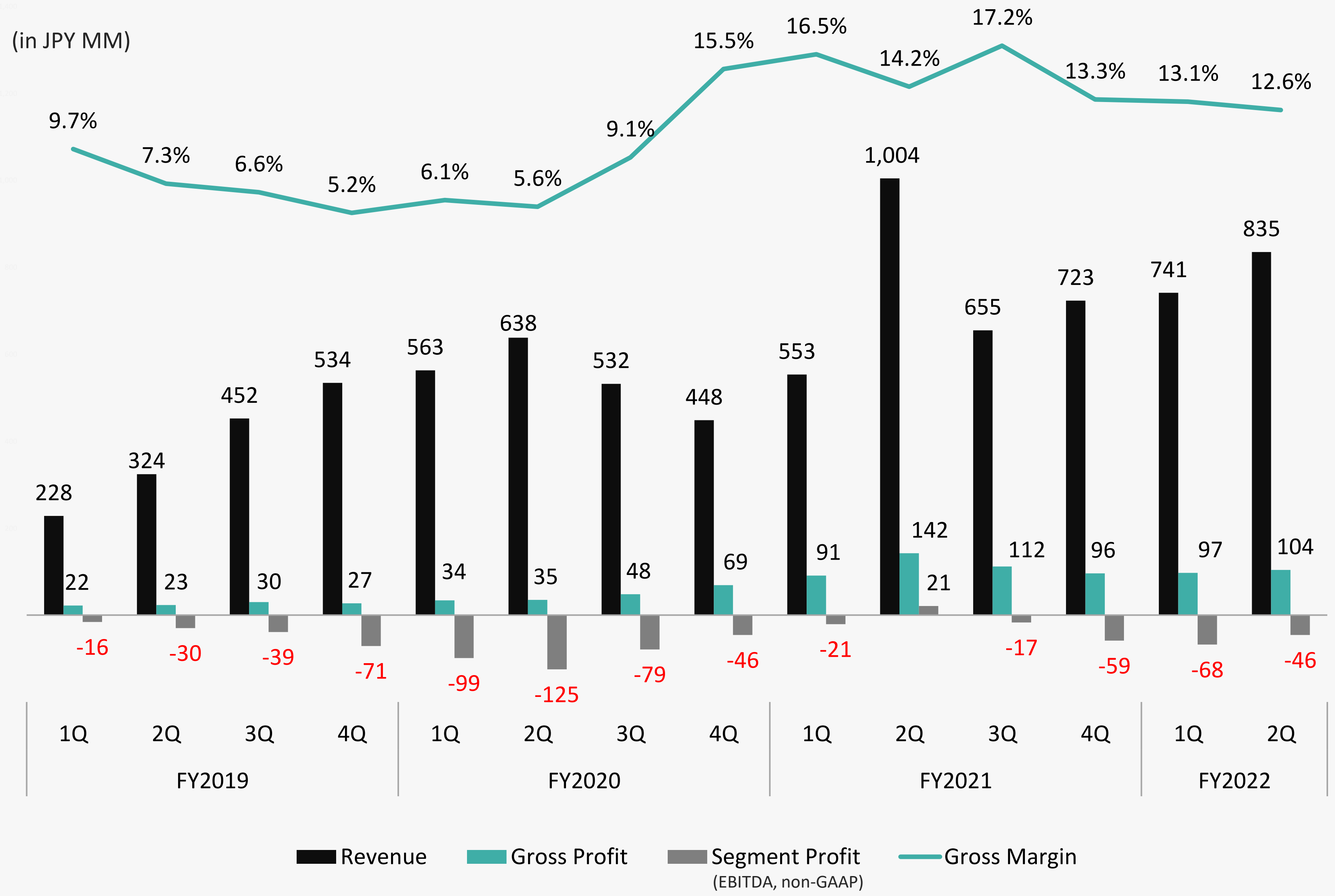
- KPI disclosure based on characteristics of programmatic TV commercials
- In addition to an increase in the number of new users, both broadcasting months and the average monthly unit price are key factors for Novasell
- Cumulative number of companies that have implemented Novasell Analytics (SaaS) is 181 (including free use)



Hacobell

Business Segment Performance

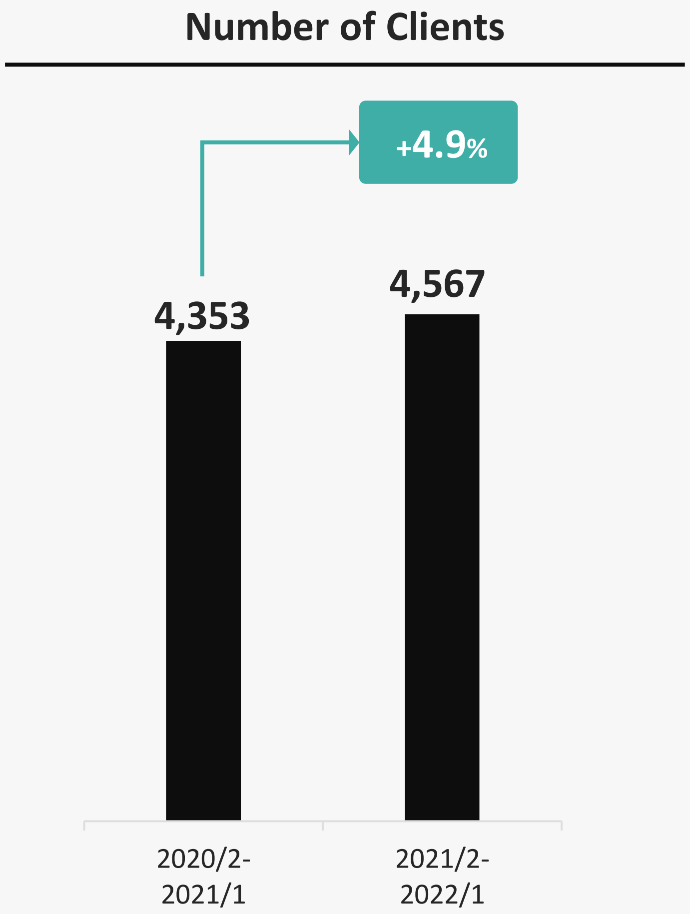
- Revenue continued to increase, despite a decrease compared to 2Q of FY2021 when there was a temporary increase in food delivery demand
- Gross margin declined due to the need to secure supply during the peak season at the end of the year, however, the gross margin is expected to increase to around 15% in 3Q and the deficit is expected to shrink
- 23 companies have implemented Hacobell Connect (SaaS), and the average monthly charge per client is roughly JPY220k, contributing to a 1.3pt increase in gross margin



ハコベル Hacobell

Number of Clients and Average Revenue per Client (ARPU) (1)

- Recovery in both the number of clients and ARPU
- Growth in the number of clients is slower, as we are focusing on acquiring large enterprises instead of marketing to acquire small clients
- We strive to continuously improve the number of clients and the ARPU through sales and marketing, and by deeply penetrating into the clients' delivery operations



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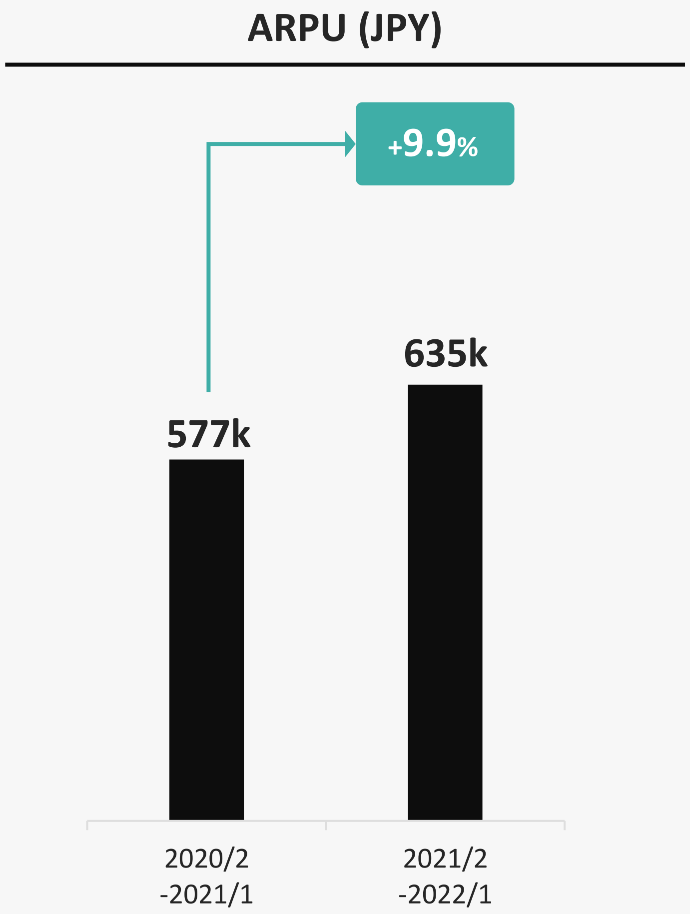
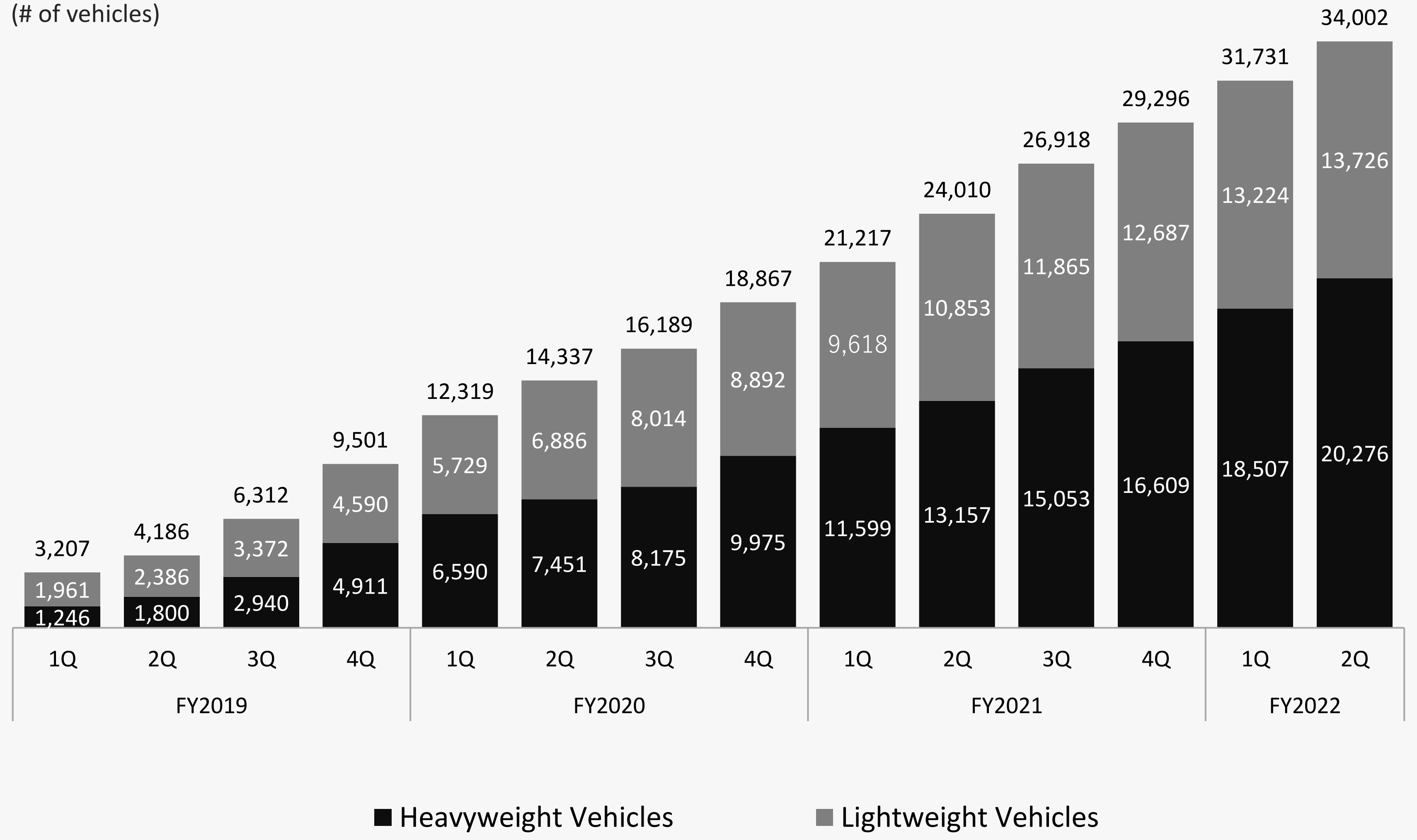


Note
(1) Excluding Hacobell connect (SaaS), differs from the figures disclosed in last fiscal year due to the new revenue recognition standards

Number of Registered Vehicles [1]

- Number of registered vehicles has increased steadily, which leads to securing our transportation capacity to support business growth
- We have established recognition within the industry particularly for lightweight vehicles, and natural inflow will continue at a certain level



Note
(1) Including companies registered on Hacobell Connect (SaaS)

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(Reference) Key Drivers and Investment Points for KPI Improvement

	Annual Number of Users	ARPU: Average # of Orders	ARPU: Average Unit Price	Gross Margin
Raksul	• Continuous improvement of marketing measures • Expansion of business areas and product line-up	• Improvement of customer experience • Continuous CRM and cross-sell expansion	• Services to promote usage by large enterprises	• Price optimization • Support for suppliers in productivity and cost improvement • Cost improvement through joint procurement of materials
Novasell	• Expansion of marketing channels • Collaboration with external advertising agencies	• Formulate/implement marketing strategies working closely together with the clients • Improvement in analysis contents for Novasell Analytics • Expansion and enhancement of media		• Expansion of SaaS business (with high profit margin)
Hacobell	• Hiring of sales force • Acquisition of flagship clients and marketing based on these clients	• Matching: Strengthening tailored proposals through penetration into clients' operations • Matching: Matching rate improvement • SaaS: Strengthening integration with clients' systems and adding functions based on customer requests		• Improvement of ordering algorithm • Expansion of SaaS business (with high profit margin)

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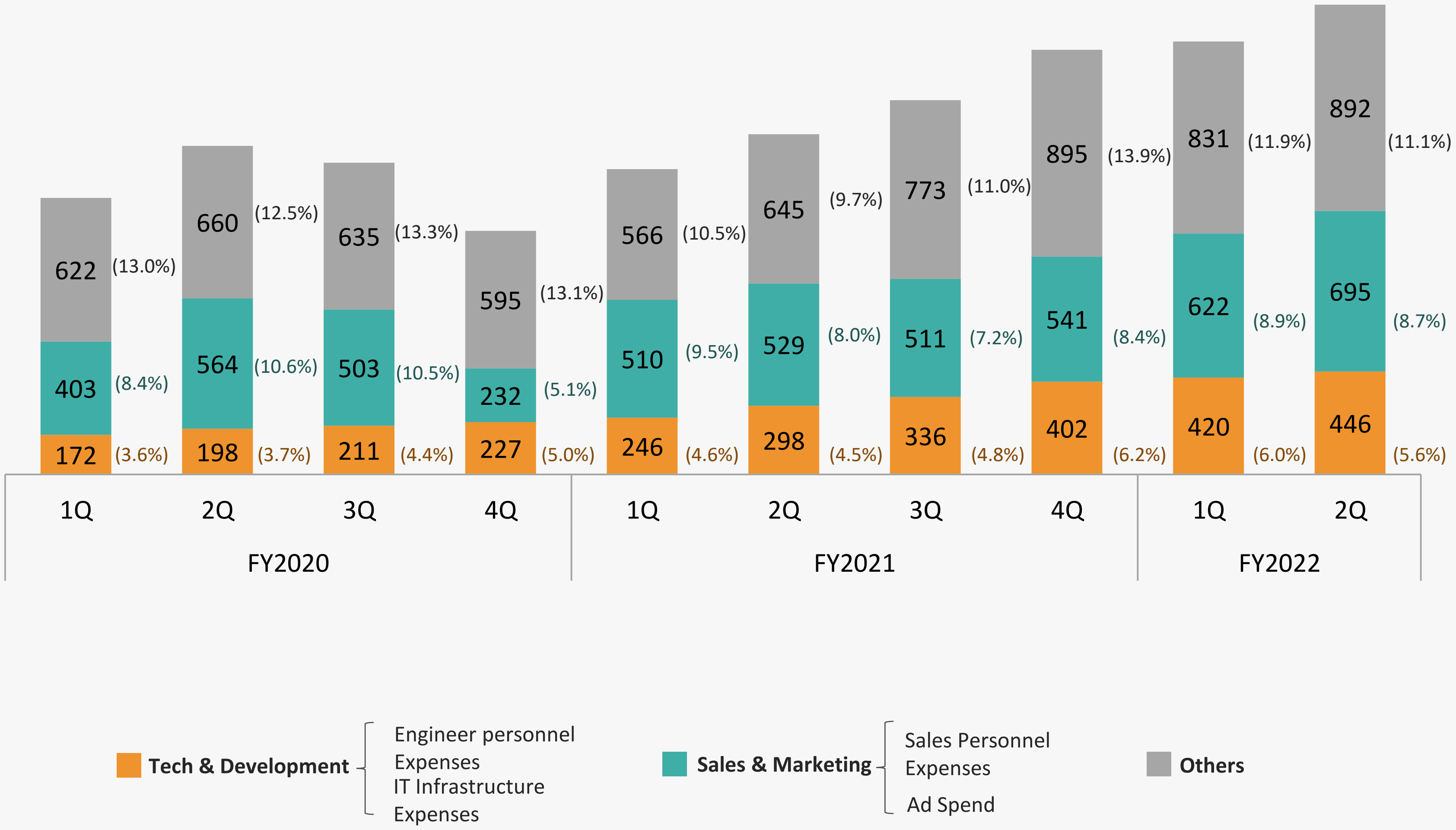
SG&A Spend

- We continued to invest in growth mainly in advertising and technology development
- The increase in other expenses was mainly due to an increase in payment processing charges (linked to revenue) and recruitment and personnel expenses to strengthen the organization

(in JPY MM, % of revenue)



Note
(1) Stock-based compensation expense not included

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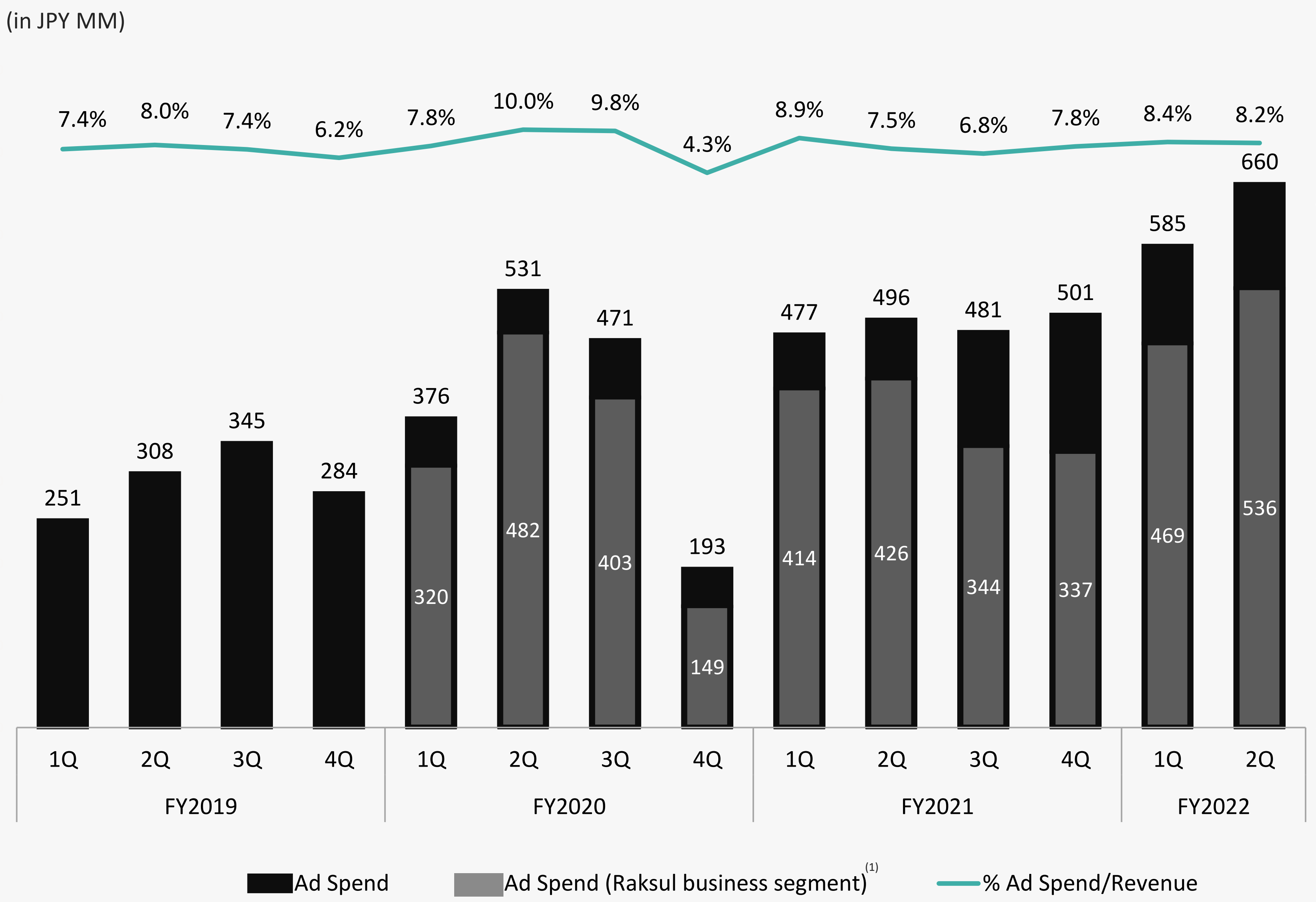
Ad Spend and Percentage of Ad Spend per Revenue

- We continue to invest in advertising, mainly in TV commercials for the Raksul Business Segment
- The estimated ad spend per revenue for FY2022 overall is around 8%



Notes
(1) Ad spend for Raksul business segment added as reference

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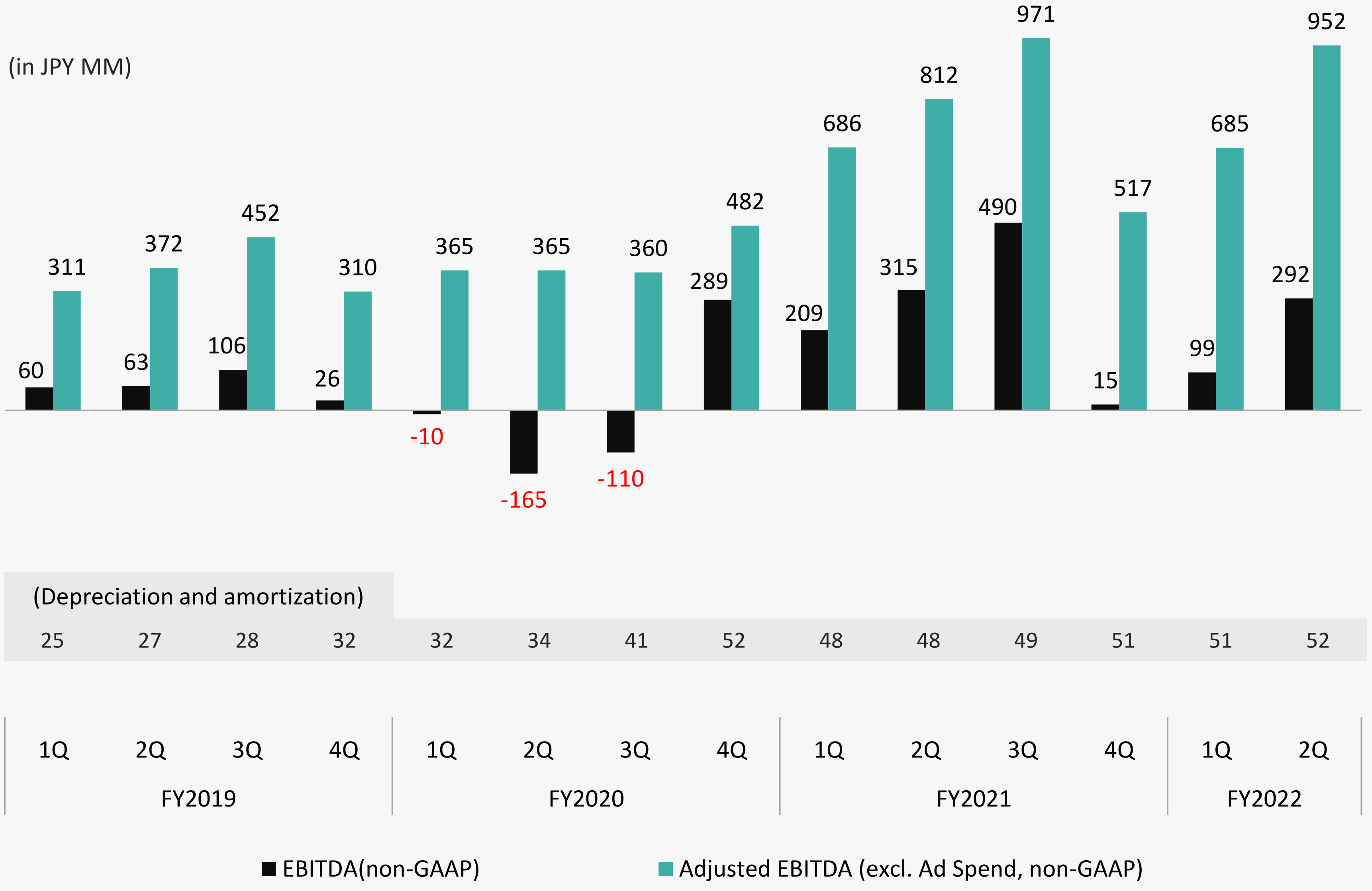
EBITDA and Adjusted EBITDA (excl. Ad Spend)

- We have shifted to EBITDA (non-GAAP) disclosure
- EBITDA (non-GAAP) is expected to further increase in 3-4Q of this fiscal year



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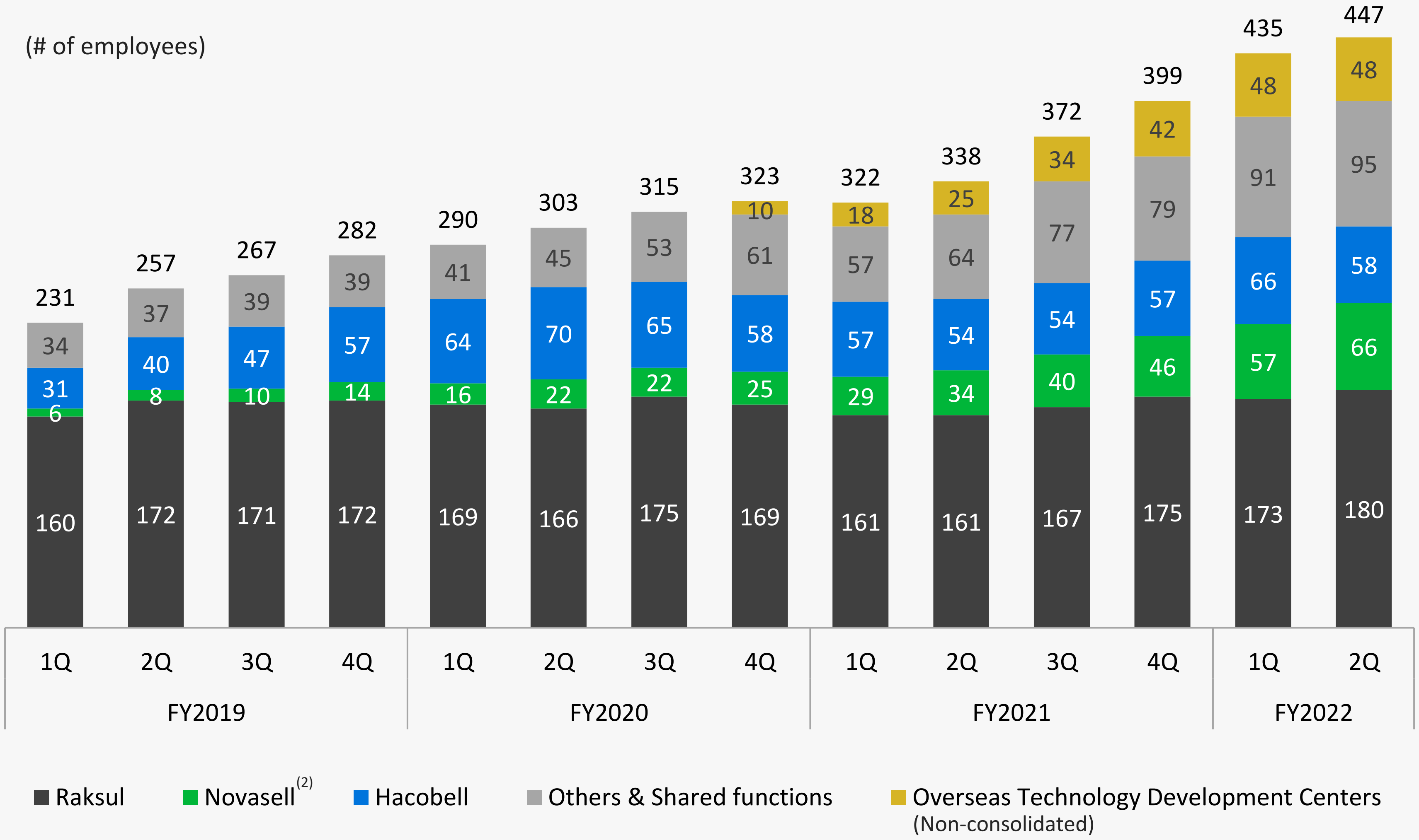
Number of Employees (1)

- We have strengthened hiring which we had restrained under the COVID environment in FY20-21
- We continue to expand technology development centers overseas to strengthen technology development
- The decrease in Hacobell is due to the end of internships and inter-segment transfers
- Approximately 40 employees of DANBALL ONE will be added from 3Q



	FY2019 1Q	FY2019 2Q	FY2019 3Q	FY2019 4Q	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020 4Q	FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 4Q	FY2022 1Q	FY2022 2Q
Raksul	160	172	171	172	169	166	175	169	161	161	167	175	173	180
Novasell(2)	6	8	10	14	16	22	22	25	29	34	40	46	57	66
Hacobell	31	40	47	57	64	70	65	58	57	54	54	57	66	58
Others & Shared functions	34	37	39	39	41	45	53	61	57	64	77	79	91	95
Overseas Technology Development Centers (Non-consolidated)								10	18	25	34	42	48	48
Total	231	257	267	282	290	303	315	323	322	338	372	399	435	447

Notes
(1) Headcount based
(2) Novasell has been operating as an independent business segment since FY2020; prior to FY2019 it was within the Raksul business segment
(The figure for Novasell in FY2019 is the number of employees who were engaged in TV commercial-related services, including employees concurrently working in the printing EC services and the offline advertising services)

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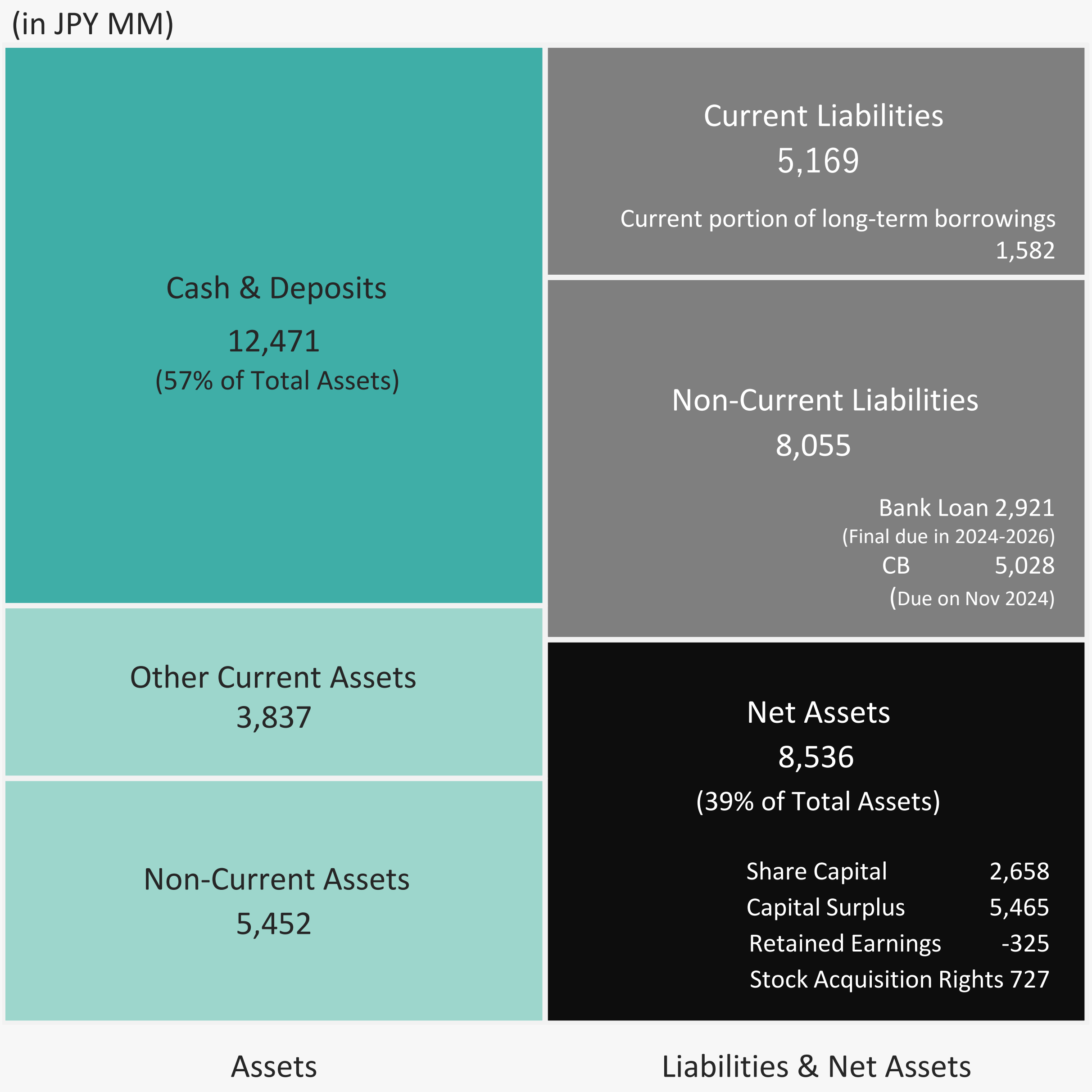
BS Summary

- Approximately JPY 12.5Bn in cash and deposits as of the end of 2Q, maintaining a level of over JPY 10Bn even after the acquisition of shares in DANBALL ONE at the beginning of 3Q
- Our financial health continues to be strong as capital will be further increased if CB issued in 2019 (conversion price: JPY 4,074) is converted to equity



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Q&A

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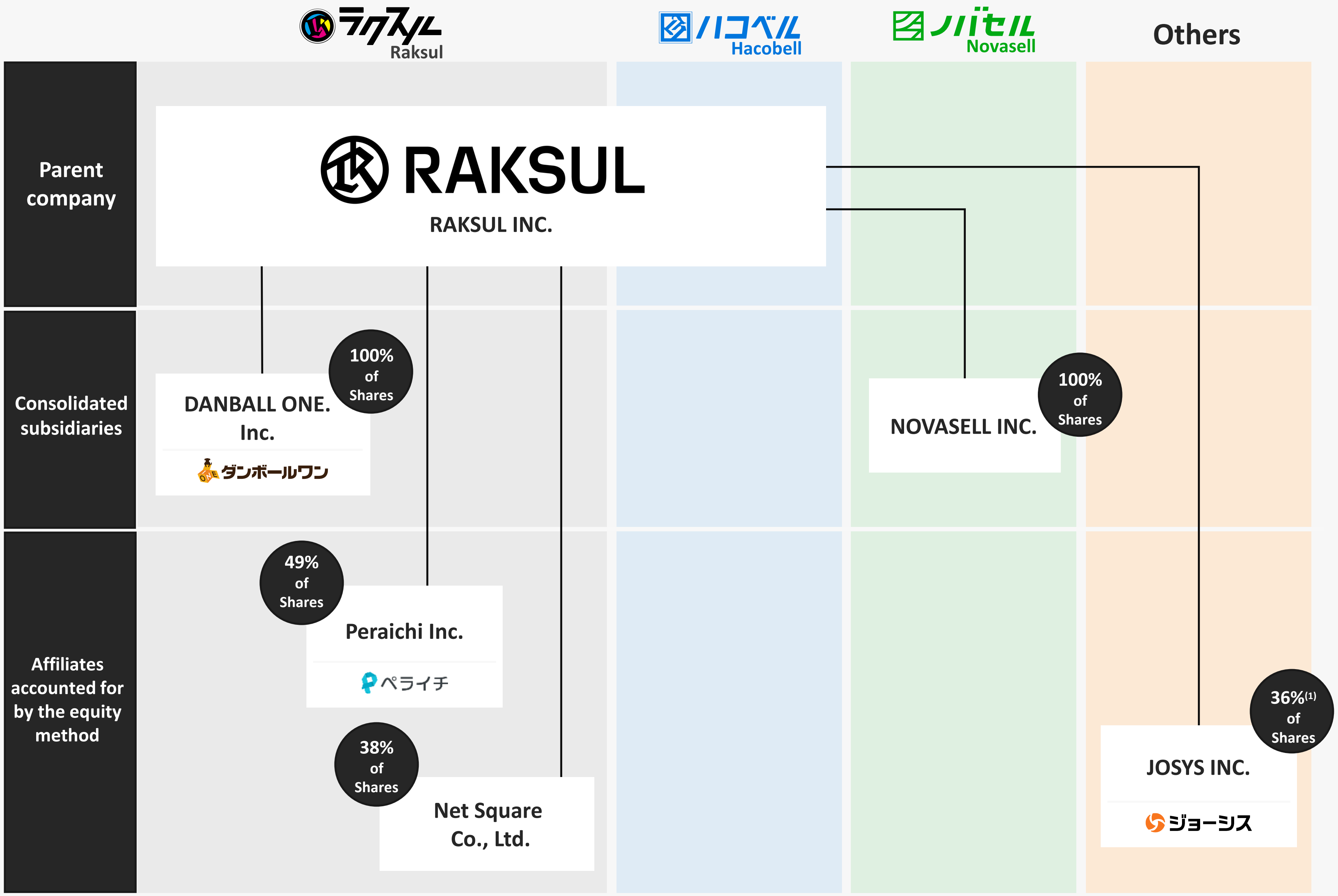
Corporate Structure

- Started consolidated accounting from 3Q. We operate each of our affiliates as follows
  - Consolidated subsidiaries:
    DANBALL ONE, NOVASELL
  - Affiliates accounted for by the equity method:
    Peraichi, Net Square, JOSYS
- For JOSYS, a SaaS business, a third-party allotment of new shares was implemented to meet the expected large demand for funds towards future growth (becoming an equity-method affiliate). Meanwhile, we designed a structure that allows us to purchase more than half the company's shares in the future



Notes
(1) Total with 27.1% of ownership by close associates

RAKSUL

Q&A

	Question	Answer
Business	What is the current status of SaaS services in each business?	• Raksul: Number of companies using "Raksul Enterprise," a printing ordering service for large companies, has expanded to about 600 companies • Novasell: Monthly Revenue of Novasell Analytics increased to around JPY 20MM • Hacobell: Monthly revenue of Hacobell Connect increased to around JPY 6MM • Josys: Although still in the PMF phase, we are receiving numerous inquiries from potential users • Peraichi: Monthly revenue increased to about JPY 45MM
Finance	What are your plans for future financing?	• No additional financing planned in the near term due to sufficient cash on hand • When raising funds, as CF is expected to increase in the future, priority will be 1. borrowing and issuing of bonds, 2. CB issuance
Revenue	Has there been considerable impact under the new COVID environment and the semi-state of emergency measures?	• We have had limited impact as our business portfolio is relatively less susceptible • We will benefit from increase in demand during the reopening of economy
Cost	Has there been cost increase due to inflation and changes in international affairs?	• Prices of paper and other materials have increased • We will focus on increasing gross profit, our highest priority, through pricing adjustments
Macro environment	Are there any changes in management policy as a result of the U.S. interest rate increase?	• We will focus on improving our own performance, which is under our control • We will adapt to changes in the external environment, and intend to generate profits rather than focusing solely on growth

5

Reference Materials

RAKSUL

Company Overview

Name:	RAKSUL INC.
HQ:	Shinagawa-ku, Tokyo, Japan
Foundation:	September 2009
Management Team:	Yasukane Matsumoto, Founder and CEO
	Yo Nagami, CFO
	Masaki Tabe, CMO
	Kozo Fukushima, COO
	Yusuke Izumi, CTO
	Sota Mizushima, CPO
	Yoshihiko Miyauchi, Outside Director
	Kenji Kobayashi, Outside Director
	Yumiko Murakami, Outside Director
	Naomi Mori, Outside Director, Audit & Supervisory Committee Member
	Masahiro Kotosaka, Outside Director, Audit & Supervisory Committee Member
	Junko Utsunomiya, Outside Director, Audit & Supervisory Committee Member

Management Team

Yasukane Matsumoto

Founder and CEO

- Founded Raksul in September 2009
- Introduced the “Sharing Economy” model to the printing industry, in which idle assets are used more effectively
- Ex-consultant from A.T. Kearney
- Graduated from Keio University

Yo Nagami

CFO

- Joined Raksul in April 2014
- Well-versed in financial strategies with a wide range of knowledge obtained through experience in the financial and investment sectors
- Previously worked at Mizuho Securities, Carlyle Japan LLC, and DeNA
- Graduated from Keio University; MBA from The Wharton School of the University of Pennsylvania

Masaki Tabe

CMO

- Joined Raksul in August 2014
- Committed to expanding the scope of our services from marketing perspectives
- Previously worked at Marui Group and TAKE AND GIVE. NEEDS
- Graduated from Chuo University

Kozo Fukushima

COO

- Joined Raksul in July 2015
- Expert in business planning, corporate development, and production control
- Previously worked at Future Architect and ex-Principal of Boston Consulting Group
- Graduated from Keio University

Yusuke Izumi

CTO

- Joined Raksul in December 2015
- Leads the company’s overall technology vision including system engineering, creative and IT security
- Previously worked at Morgan Stanley MUFG Securities and DeNA
- Graduated from New England Conservatory

Sota Mizushima

CPO

- Joined Raksul in October 2017
- Has been working as a CPO and a product owner of our printing business, launched RAKSUL Vietnam and the Design Promotion Office to lead product development
- Graduated from Keio University

RAKSUL

Management Team (Outside Directors)

Yoshihiko Miyauchi

Outside Director

- Joined Raksul as an outside director in October 2019
- Senior Chairman of ORIX Corporation since June 2014
- Long standing career at ORIX Corporation since 1964, previous positions include the Representative Executive Officer, Chairman, and CEO
- Graduated from Kansai Gakuin University; MBA from the University of Washington

Kenji Kobayashi

Outside Director

- Joined Raksul as an outside director in October 2020
- Co-Founder of Signifiant Inc., since July 2017 to present
- Joined DeNA Co., Ltd., where he served as a director and executive officer (2009-2017)
- Joined Corporate Direction, Inc.(2005-2009)
- Graduated from The University of Tokyo; Master of Literature, Graduate School of Humanities and Sociology

Yumiko Murakami

Outside Director

- Joined Raksul as an outside director in October 2021
- Founded MPower Partners Fund L.P. General Partner (2021 to present)
- Managing Director at Credit Suisse Securities (Japan) Limited (2009)
- Managing Director at Goldman Sachs Japan Co., Ltd.(2008)
- Managing Director at Goldman Sachs and Co. (1997)
- Vice President at Goldman Sachs International(1994)
- United Nations Transitional Authority in Cambodia (Phnom Penh)(1998)
- United Nations Secretariat (New York)(1991)
- United Nations Development Programme (Barbados)(1991)
- Graduated from Sophia University
- M.S., Stanford University
- M.A., Harvard University

Naomi Mori

Outside Director,

Audit & Supervisory Committee member

- Joined Raksul as an Outside Corporate Auditor in October 2014
- Joined Makoto Sato Accounting Office (2013)
- Joined Asahi & Co. (currently KPMG AZSA LLC)(1998)
- Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) (1997)
- Graduated from Saitama University

Masahiro Kotosaka

Outside Director,

Audit & Supervisory Committee member

- Joined Raksul as an Outside Corporate Auditor in June 2017
- Associate Professor at Faculty of Policy Management, Keio University (2016 to present)
- Associate Fellow at the Foundation France-Japon de L'École des Hautes Études en Sciences Socials (2015)
- Associate Professor of College of Business Administration, Ritsumeikan University (2013)
- Joined McKinsey & Company, Inc. (2004)
- Graduated from Keio University; MSc. in Management Research with Distinction; D.Phil. in Management Studies from University of Oxford

Junko Utsunomiya

Outside Director,

Audit & Supervisory Committee member

- Joined Raksul as an Outside Corporate Auditor in October 2018
- Established the law firm, Utsunomiya Shimizu & Haruki, and assumed office as Partner (2018 to present)
- Established Utsunomiya Law Office (2011)
- Temporarily transferred to the Tokyo Stock Exchange, Inc. (2007)
- Registered as attorney at law and joined the law firm, Nagashima Ohno & Tsunematsu (2000)
- Graduated from The University of Tokyo; LL.M. from Columbia University

RAKSUL

Customer/Supplier Value Created "After Raksul"

- Focus on creating value towards our customers and suppliers over the long term, rather than simply matching supply and demand

		Before	After
Raksul	Customers	- Unable to reduce costs - Inefficient purchasing	**- Able to place orders at a lower cost - Smoother purchasing experience that increases operational efficiency**
	Suppliers	- Low profitability due to subcontracting, unable to grow	**- New demand created from businesses nationwide - Improve profitability and productivity through our material procurement support and sharing of knowledge**
Hacobell	Customers	- Takes time and effort to find trucks - Unit price increasing	**- Able to arrange trucks hassle-free at low cost by matching directly with shipping companies digitally**
	Suppliers	- Low profitability due to low utilization rate - Inefficient operations using phone and fax - Unable to allocate time for what needs to be done	**- Improve utilization rate by drivers finding delivery orders in their spare time - Digitization of operations reduce operational costs**
Novasell	Customers	- Cost is too high - Unable to see effectiveness - Not knowing how to broadcast	**- Small-lot production at low cost - Visualize/maximize effectiveness - Easy to broadcast**
	Suppliers	- # of companies using TV ads not increasing, and heavy dependence on large-scale projects	**- # of companies using TV ads increase, leading to a stable customer base**

RAKSUL

Organizational Structure that Enables Deep Penetration into the Industries

- Raksul is a technology company with operational know-how and marketing expertise - this is how we clearly differentiate ourselves from other pure-Internet players and legacy industry incumbents

Technology

Continuous product development led by industry-leading engineers

Marketing

Experience with total of JPY 5Bn+ advertising campaigns with in-house expertise from planning to effectiveness analysis

Operation

Efficient production process developed through in-house R&D with 3 printing machines

RAKSUL

Our Technology Development Centers

- In order to strengthen our technology development, we established two new technology development centers in Vietnam and India in 2020

Vietnam

- **Since 2018, we have been conducting operations/service development for Raksul business segment together with local companies responsible for offshore development**
- **By establishing a center, we will strengthen our ability to recruit local development members and refine products and services mainly for the Raksul business segment**

＜Overview＞
RAKSUL VIETNAM COMPANY LIMITED
Location : Ho Chi Minh, Socialist Republic of Vietnam
Establishment date : June 2020

India

- **We have established a development center in Bengaluru, India, the third largest country in the world in terms of the number of IT engineers (1), to strengthen our development capabilities**

＜Overview＞
RAKSUL INDIA PRIVATE LIMITED
Location : Bengaluru, Republic of India
Establishment date : July 2020

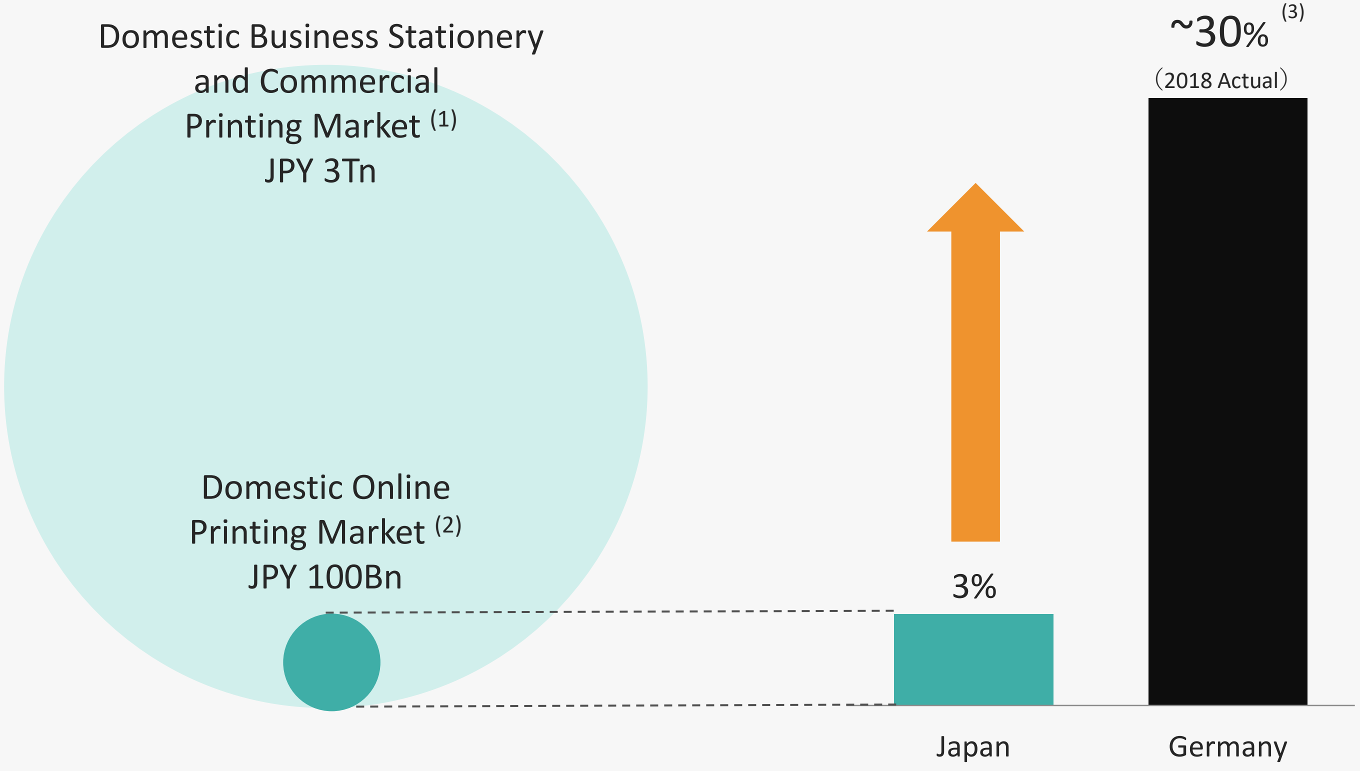
Vietnam Office

Source
(1) Human Resocia “IT Engineer Report”

Raksul

TAM Expansion Driven by Further EC Penetration

- There is still huge potential for e-commerce penetration in the printing industry



Source: Yano Research Institute, METI

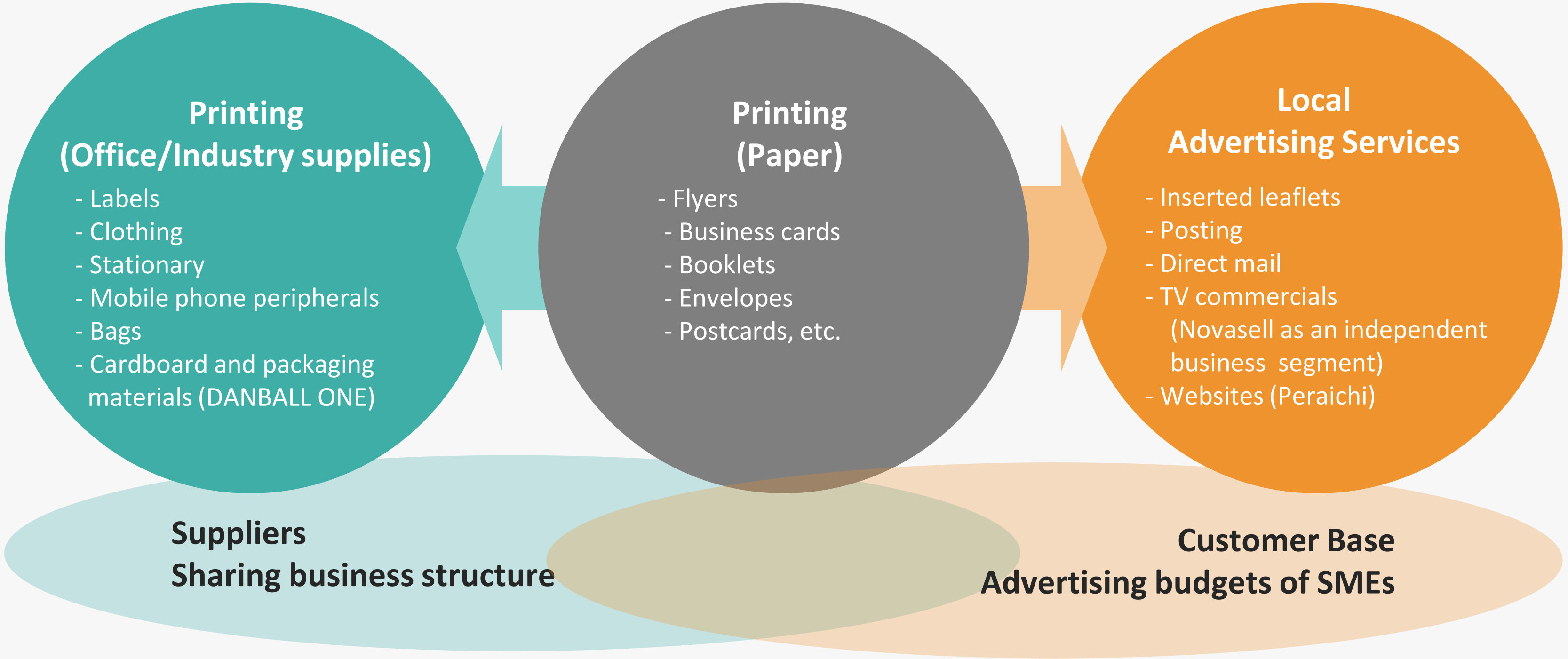
Notes

(1) Calculated based on "Current Production Statistics: Paper, Printing, and Plastic" (METI)
(2) Calculated based on the financial information of domestic online printing companies (2019)
(3) Source: zipcon consulting (2019)

Raksul

Market and Growth Strategy

- By utilizing the customer and supplier base we have acquired through our flyer printing business, we aim to expand TAM and increase revenue per customer through the following expansions:
  1) Increase ARPU of existing customers by expanding offline advertising services
  2) Expand the customer base by launching additional unique product lines
- Making DANBALL ONE a consolidated subsidiary is an important step in expanding into the industrial supplies field related to printing



Penetration into small-lot printing for office/industrial items by utilizing sharing know-how

Market scale: JPY 3-5Tn

EC penetration ratio: 1%

- Small lot printing on paper such as flyers

- We have achieved the highest growth in this market

Market scale: JPY 3Tn

EC penetration ratio: 3-4%

Improve customer ARPU by cross-selling to existing customers

Market scale: JPY 1-2Tn

(excl. TV commercials)

EC penetration ratio: less than 1% (excl. websites)

Source: Estimated based on Yano Research Institute, METI, Dentsu “Advertising Expenditures in Japan”, financial information of domestic online printing companies

Raksul

Vision / Overview

- DANBALL ONE operates a platform for packaging materials under the same vision as RAKSUL, “Better Systems, Better World”
- No.1 domestic sales share for 4 consecutive years as an Ecommerce site specializing in cardboards and packaging materials

VISION

Better Systems, Better World

No.1 domestic sales share for 4 consecutive years as an EC site specializing in cardboards and packaging materials

*EC site specializing in cardboard and packaging materials, Survey by TOKYO SHOKO RESEARCH (as of September 2021)
*Revenue, number of orders, number of users, number of reviews, revenue growth rate

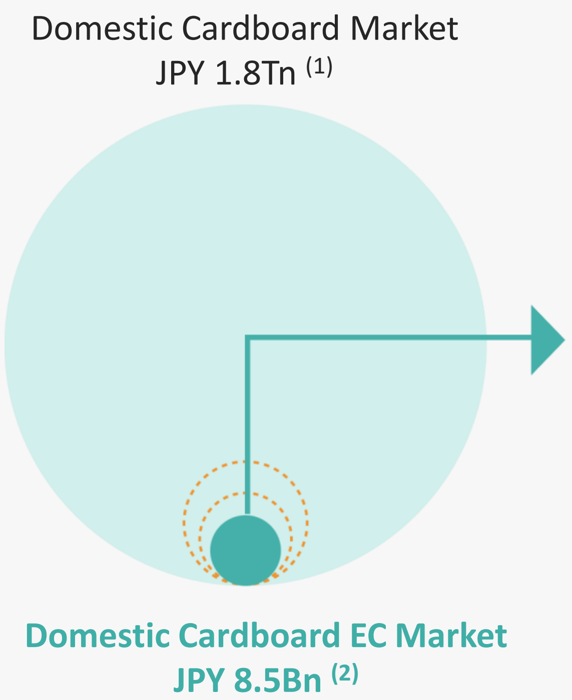
Overview

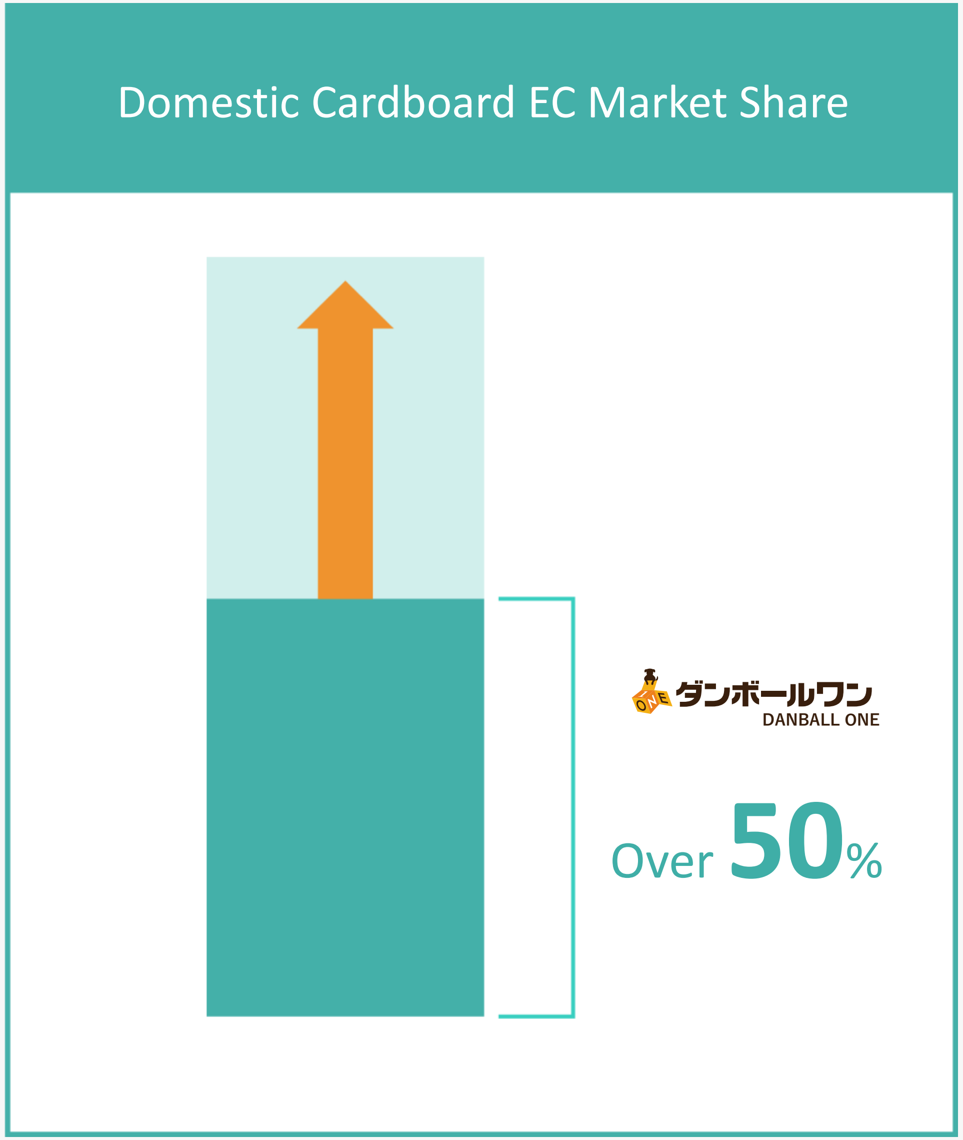
Company name : DANBALL ONE. Inc.
Business : Operation of “Danball One,” an online order platform for cardboard and packaging materials
CEO : Toshihiro Tsuji
HQ : Kanazawa, Ishikawa, Japan

ラクスル Raksul

Domestic Cardboard EC Market

- The market benefits from the growing demand of EC in Japan
- The domestic cardboard EC market is growing at a CAGR of 30％
- DANBALL ONE accounts for approximately over 50% of the domestic cardboard EC market





Source
(1) Shipment volume of Japan packaging industry 2020, Japan Packaging Institute, cardboard products
(2) Estimated based on financial information of domestic cardboard EC companies (2021)

Acquisition of Shares in Peraichi Inc.

- We have acquired shares in Peraichi Inc. as part of business development in sales promotion area by leveraging the customer base of existing Raksul business
- Accounting as equity-method affiliate from 3Q onward

Company name	: Peraichi Inc.
Business	: Operation of Website creation SaaS “Peraichi”
CEO	: Kazuhide Hashida
Financial standing	: Monthly revenue around JPY 45MM; growth accelerating under the COVID environment
Deal Overview	: Share purchase from existing shareholders and subscription of newly issued shares, resulting in shareholding ratio of approximately 49%

Service Overview

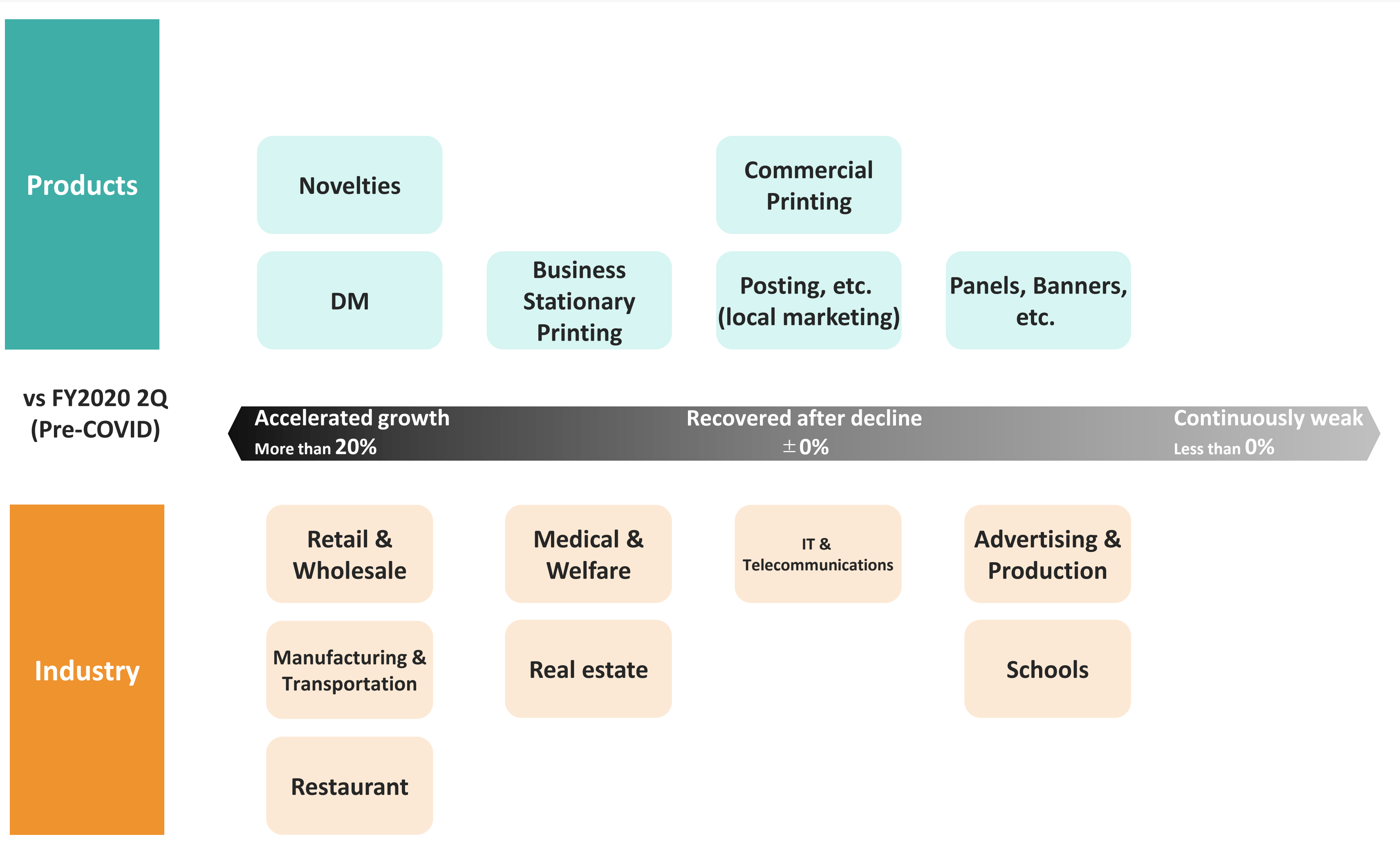
- A SaaS service which enables anyone to easily create a website
- Offer payment function for online shops
- Highly compatible with printing EC (commercial printing) as the service is utilized by SMEs in various industries nationwide for sales promotion and marketing purposes

Raksul

Demand Situation Compared with the Pre-COVID situation

- Our ability to adapt to changes has steadily improved, for example, by strengthening products that are in demand even in the COVID environment

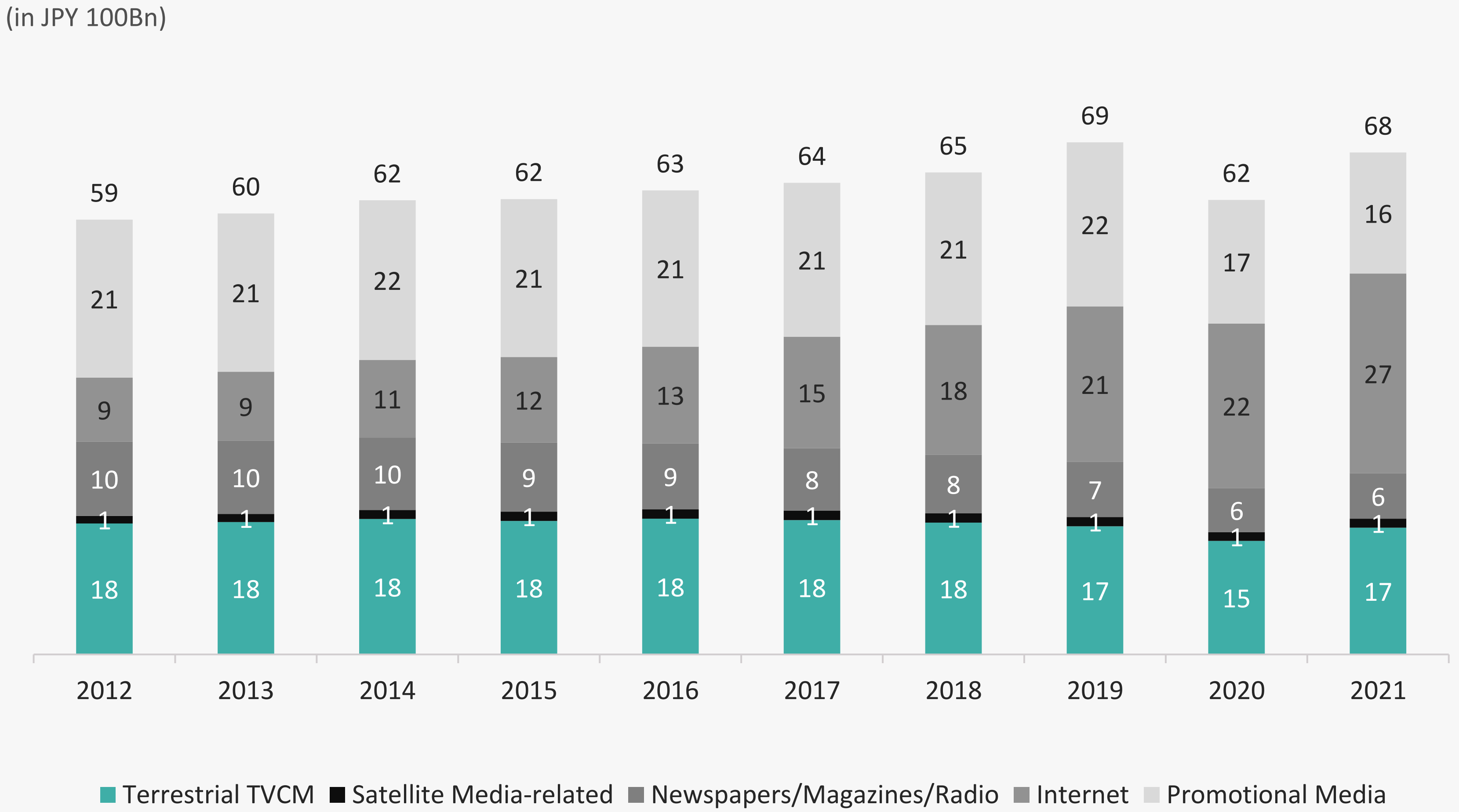
Demand Situation



Novasell

Domestic Advertising Market

- The Terrestrial TV Commercial market recovered in the second half of 2021 and growth of Internet ad spending accelerated



Source: Dentsu "Advertising Expenditures in Japan" (2021)

Hacobell

Service Offerings

- We started with last-mile services, then expanded into intra-city and inter-city services

Hacobell's Target Market

	Last mile	Intra-city	Inter-city
Vehicle type	Light van	Small and Medium truck (2t, 4t)	Large truck (10t)
Unit price	**JPY 5,000 - 10,000**	**JPY 20,000 - 40,000**	**JPY 50,000 - 100,000**
Market size	**JPY 4Tn** (1)	**JPY 10Tn** (1)	
			
Suppliers / Partners	Enterprises and individuals	Enterprises only	Enterprises only

Source: Japan Trucking Association

Note
(1) Estimated based on "Japan trucking industry 2018 - current status and issues" (Japan Trucking Association)

RAKSUL

External Ratings / Strengthening Information Disclosure

- We have been awarded a "BBB" rating by MSCI ESG Research as of April 2021. We will strive to continuously improve through constructive dialogue with stakeholders
- We launched our new "Sustainability / ESG" website in June 2021. We will strive to provide enhanced information related to ESG and disclose such information proactively, in addition to the ESG activities themselves

MSCI
ESG RATINGS

BBB

CCC	B	BB	BBB	A	AA	AAA

As of 2021, Raksul Inc. received an MSCI ESG Rating of BBB.

https://corp.raksul.com/esg/

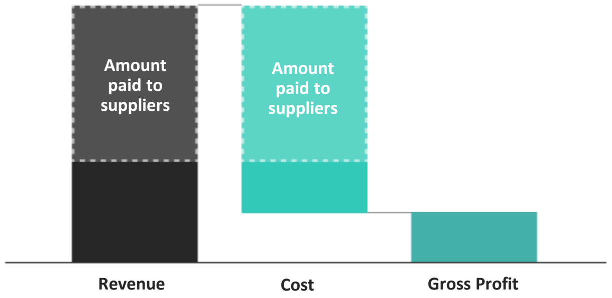
https://corp.raksul.com/en/esg/

Changes in Accounting Methods due to New Revenue Recognition Standards

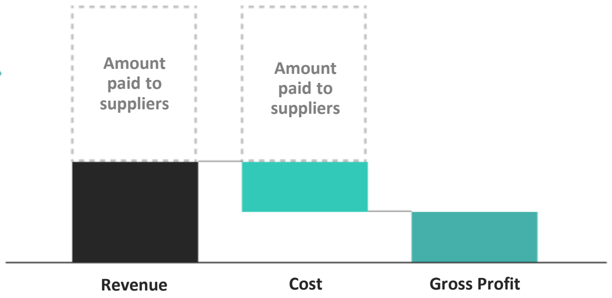
- Changed from the previous accounting methods as the new revenue recognition standards become compulsory from this fiscal year
- Changed the accounting method for Novasell's broadcasting services from gross to net revenue
- The amount of discount from coupons in Raksul and Hacobell business segments has been changed from "SG&A expenses" to "sales allowance"

	Previous Accounting Methods	New Revenue Recognition Standards	Impact
Novasell	Revenues earned from customers booked as gross revenue	Broadcasting services: revenues excluding payments to suppliers Production / SaaS services: revenues earned from customers (unchanged)	Revenue: Decrease Gross Profit: None Operating Profit: None
Raksul Hacobell	Coupon discount amount booked as SG&A expenses	Coupon discount amount booked as sales allowance	Revenue: Decrease Gross Profit: Decrease Operating Profit: None

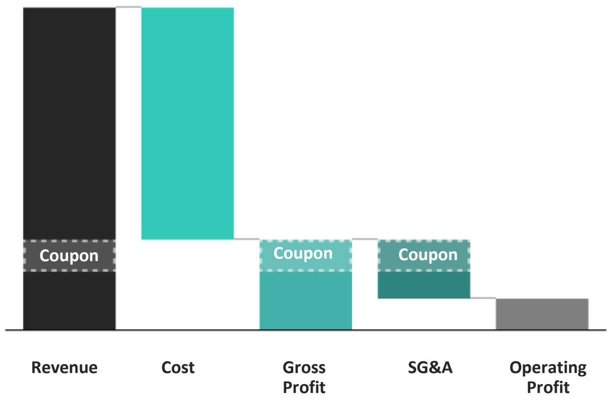
Novasell — Previous Accounting Methods:



Novasell — New Revenue Recognition Standards:



Raksul / Hacobell — Previous Accounting Methods:



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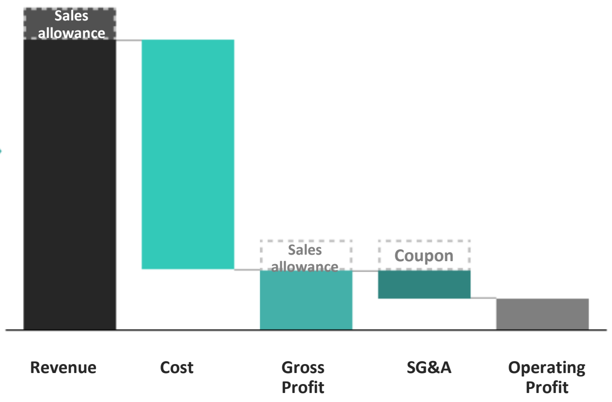


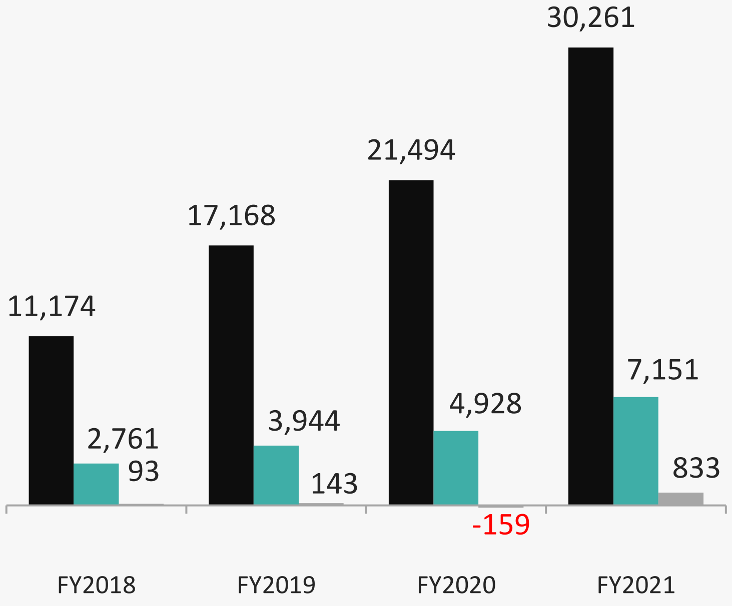
RAKSUL

Companywide Full Year Results

- Due to the changes in accounting standards, revenues and gross profits have changed from the past
- No changes in operating profit

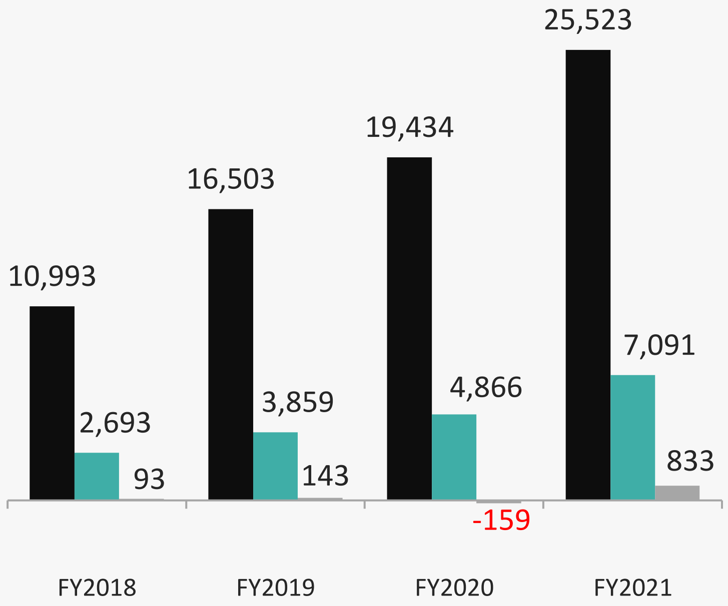
Previous Accounting Methods

(in JPY MM)



New Revenue Recognition Standards

(in JPY MM)



Revenue Gross Profit Operating Profit(non-GAAP)(1)

RAKSUL

Financial Highlights by Business Segment

	(in JPY MM)	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020 4Q	FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 4Q	FY2022 1Q	FY2022 2Q
Revenue	Raksul	4,013	4,359	4,024	3,872	4,430	5,073	5,605	5,144	5,461	**6,092**
	Novasell	199	274	203	177	322	498	722	498	720	**1,007**
	Hacobell	563	638	532	448	553	1,004	655	723	741	**835**
	Others	27	27	28	40	66	73	77	73	84	**97**
Gross Profit	Raksul	992	1,052	995	1,103	1,201	1,361	1,514	1,373	1,478	**1,697**
	Novasell	118	122	142	102	165	206	405	305	313	**433**
	Hacobell	34	35	48	69	91	142	112	96	97	**104**
	Others	9	11	11	17	26	29	29	28	33	**38**
Segment Profit (non-GAAP, EBITDA)	Raksul	351	228	252	640	453	568	767	565	583	**697**
	Novasell	22	4	9	-25	19	17	94	-95	-18	**69**
	Hacobell	-99	-125	-79	-46	-21	21	-17	-59	-68	**-46**
	Others and corporate expenses	-285	-272	-294	-279	-242	-291	-354	-394	-396	**-429**
Segment Profit (financial accounting)	Raksul	329	205	207	598	408	515	711	505	534	**641**
	Novasell	22	4	5	-27	16	10	85	-103	-25	**63**
	Hacobell	-102	-129	-85	-52	-27	11	-28	-70	-79	**-59**
	Others and corporate expenses	-292	-296	-303	-327	-330	-391	-462	-631	-534	**-580**
EBITDA (non-GAAP)	Company wide	-10	-165	-110	289	209	315	490	15	99	**292**

RAKSUL

(Reference) Financial Highlights by Business Segment (Based on Previous Accounting Methods)

	(in JPY MM)	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020 4Q	FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 4Q	FY2022 1Q	FY2022 2Q
Revenue	Raksul	4,028	4,382	4,043	3,876	4,444	5,090	5,617	5,158	5,473	**6,107**
	Novasell	732	743	847	530	872	1,248	2,613	1,983	1,727	**2,641**
	Hacobell	564	639	532	449	553	1,004	657	723	741	**836**
	Others	27	27	28	40	66	73	77	73	84	**97**
Gross Profit	Raksul	1,007	1,074	1,013	1,107	1,216	1,378	1,527	1,386	1,490	**1,712**
	Novasell	118	122	142	102	165	206	405	305	313	**433**
	Hacobell	35	36	48	69	91	143	114	96	97	**105**
	Others	9	11	11	17	26	29	29	28	33	**38**
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EBITDA (non-GAAP)	Company wide	-10	-165	-110	289	209	315	490	15	99	**292**

RAKSUL

Cash Flow Statement

(in JPY MM)	FY2021 1Q - 2Q	FY2021 full-year	**FY2022 1Q - 2Q**
Cash flow from operating activities	635	1,539	**-87**
Cash flow from investing activities	-3,509	-3,618	**-438**
Cash flow from financing activities	55	75	**-449**
Net change in cash and cash equivalents	-2,818	-2,003	**-976**
Cash and cash equivalents at end of period	12,633	13,447	**12,471**

RAKSUL

Balance Sheet

(in JPY MM)	FY2021 4Q	FY2022 2Q
Current Assets	16,916	**16,308**
Cash & Deposits	13,447	**12,471**
Non-Current Assets	4,999	**5,452**
Total Assets	21,916	**21,761**
Current Liabilities (interest-bearing liabilities)	5,068 (1,287)	**5,169** **(1,582)**
Non-Current Liabilities (interest-bearing liabilities)	8,851 (8,746)	**8,055** **(7,949)**
Net Assets	7,996	**8,536**
Share Capital	2,452	**2,658**
Capital Surplus	5,260	**5,465**
Total Liabilities & Net Assets	21,916	**21,761**

RAKSUL

Difference between non-GAAP Profit and Accounting Profit

- From FY2020, we have been disclosing non-GAAP profits after adding back stock-based compensation expense
- The amount in “Difference (stock-based compensation expense)” varies between operating profit and ordinary profit as RS held by resignees is expensed off as non-operating expenses

（百万円）	FY2022 2Q (2021/11-2022/1)			FY 2022 1Q - 2Q (2021/8 - 2022/1)		
	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)	**Actual (non-GAAP)**	Difference (stock-based compensation expense)	Actual (financial accounting)
Revenue	**8,033**	-	8,033	**15,041**	-	15,041
Gross Profit	**2,274**	-	2,274	**4,196**	-	4,196
Operating Profit	**239**	175	64	**288**	329	-41
Ordinary Profit	**235**	198	36	**279**	375	-96
Net Profit	**264**	198	65	**299**	375	-76

RAKSUL

Stock Incentive Balance

- Total stock-based compensation has been increased from the past and is fully utilized for talent acquisition and retention

		FY2020	FY2021	FY2022 2Q
Stock Options	Beginning balance	1,532,600	1,824,700	**1,455,500**
	Granted	700,000	0	**0**
	Vested	-388,300	-367,200	**-110,800**
	Forfeited/canceled	-19,600	-2,000	**-10,200**
	Ending balance	1,824,700	1,455,500	**1,334,500**
Restricted Stock	Beginning balance	0	66,817	**120,479**
	Granted	76,590	91,930	**55,120**
	(as % of shares outstanding at year-end)	0.27%	0.32%	**0.19%**
	Released	-8,673	-27,302	**-16,381**
	Forfeited/canceled	-1,100	-10,966	**-10,124**
	Ending balance	66,817	120,479	**149,094**
Total	Beginning balance	1,532,600	1,891,517	**1,575,979**
	Granted	776,590	91,930	**55,120**
	(as % of shares outstanding at year-end)	2.75%	0.32%	**0.19%**
	Vested/released	-396,973	-394,502	**-127,181**
	Forfeited/canceled	-20,700	-12,966	**-20,324**
	Ending balance	1,891,517	1,575,979	**1,483,594**

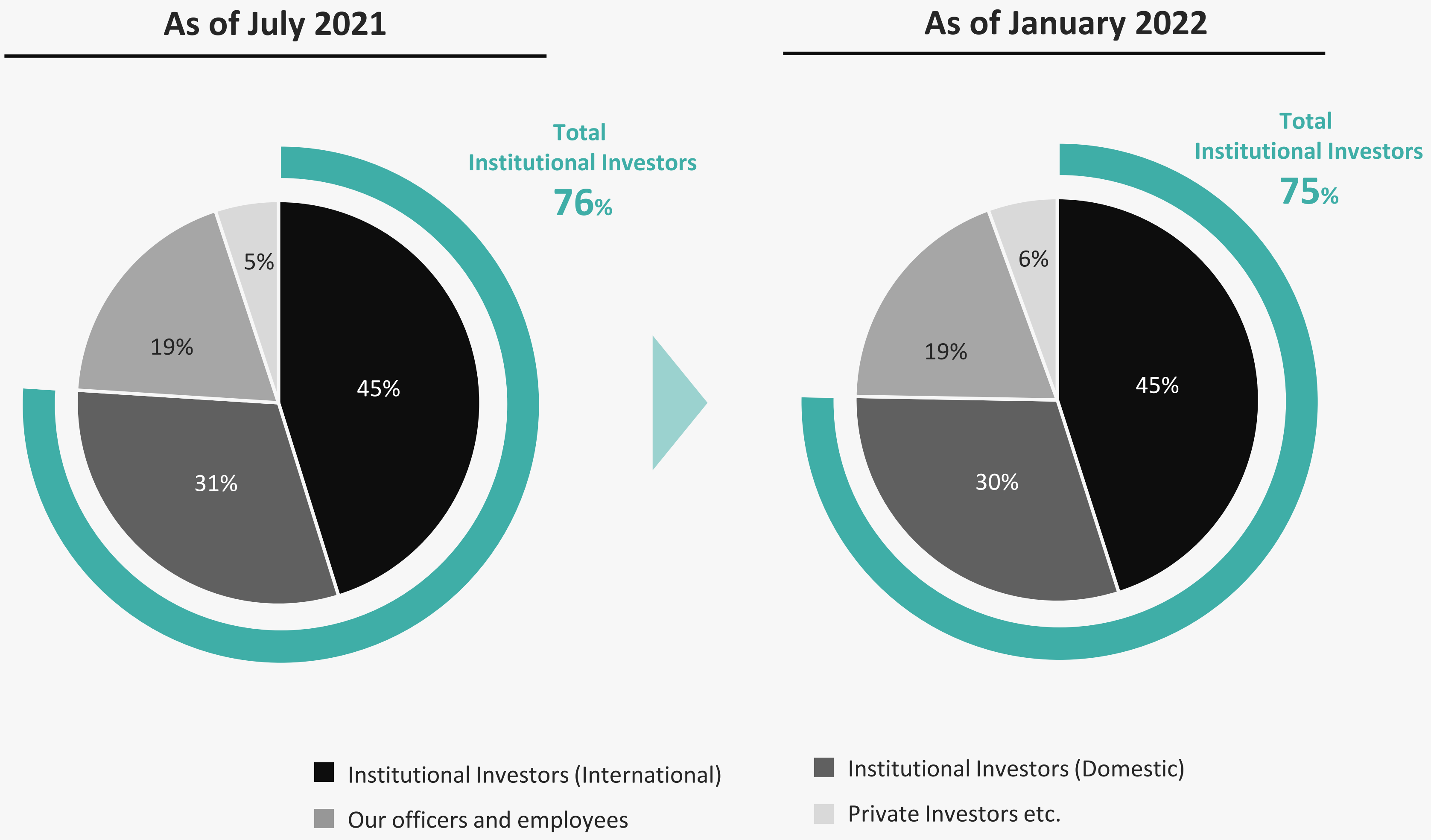
	FY2020	FY2021	FY2022 2Q
Equity incentive ratio (as a % of shares outstanding at year-end)	6.69%	5.49%	**5.13%**
Shares outstanding at year-end	28,270,090	28,729,220	**28,895,140**

Granted Restricted Stock Information

	FY2020	FY2021	FY2022 2Q
Amount (JPY MM)	275	485	**376**
Stock price (JPY)	3,590	5,280	**6,830**

Composition of Shareholders

- The percentage of shares held by institutional investors[1] remains at around 70-80%
- There are no alleviated concerns for overhang



Notes

(1) Financial institutions, financial instruments business operators, and foreign corporations, etc. (other than individuals) among attributes defined in Form No. 3 of Cabinet Office Ordinance on Disclosure of Corporate Information, etc. "Part I: Corporate Information, Section 4: Status of the Submitting Company, 1. Status of Shares, etc. (5) Status by each owner."

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Sources

P9 Direction of Growth

Indirect cost market	Total selling, general and administrative expenses of all stocks listed on the Tokyo Stock Exchange (excluding ETFs, REITs and securities investments)	
Raksul	Business stationery and commercial printing	Calculated based on “Current Production Statistics: Paper, Printing, and Plastic” (METI), production volume basis
	Novelties	Estimate based on "Corporate Gift Market“ (Yano Research Institute Report, 2020)
	Promotional media = Offline advertising	Total of inserts, DM, and free papers from “Advertising Expenditures in Japan” (Dentsu, 2020)
Hacobell	Trucking	Estimated based on “Japan Trucking Industry 2018 - Current Status and Issues” (Japan Trucking Association)
Novasell	TV commercials	"Advertising Expenditures in Japan" (Dentsu, 2021)
	Taxi advertising	Not added as value since it is part of the transportation digital signage market
Josys	Total device value in the domestic IT market shipment forecast	“Domestic IT Market Forecast by Industry Sector / Employee Size / Annual Sales Size, 2021-2025: Considering the Impact of COVID-19 as of the End of March 2021” (IDC Japan, May 2021)
	Industry general-purpose SaaS	"2021 Current Status and Future Prospects of Cloud Computing <Market>" (Fuji Chimera Research Institute, March 2021)
DANBALL ONE	Packaging materials	Shipment volume of Japan packaging industry 2020, Japan Packaging Institute, paper and cardboard products
Peraichi	Website production	Estimated based on “Web Integration & Internet Advertising Platform Market Status and Outlook 2017 Edition” (Mick Economic Research Institute) + CMS providers’ revenue

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This material includes forward-looking statements. These forward-looking statements were created based on the information available at the time they were created. They do not guarantee our future results and involve certain risks and uncertainties. Please note that actual results may differ materially from those discussed in the forward-looking statements due to changes in environments surrounding Raksul or any other factors.

The factors which may affect actual results include but are not limited to: Japanese and global economic conditions, and conditions of markets in which Raksul operates.

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