



Financial Results for the 3rd Quarter of Fiscal Year Ending July 31, 2022

RAKSUL INC. (TSE PRIME: 4384)

June 10, 2022





Quarterly Financial Summary


Company wide	<p>Revenue +32.9% YoY, Gross Profit +36.1% YoY, EBITDA (non-GAAP) JPY 560MM</p> <ul style="list-style-type: none"> Consolidated accounting introduced from 3Q. Growth accelerated with the contribution of DANBALL ONE. Inc. (“DANBALL ONE”) Achieved highest quarterly EBITDA While the medium-term growth momentum continues, we are shifting to a “Quality Growth” phase with further focus on profit and cashflow generation
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Raksul

Raksul Business Segment (“Raksul”): Revenue +40.8% YoY, Gross Profit +58.2% YoY

- Growth accelerated with the inclusion of DANBALL ONE’s results to the segment
- Gross margin reached record high (30.3%), driven by pricing of organic businesses



Novasell

Novasell Business Segment (“Novasell”): Revenue -25.5% YoY, Gross Profit -37.5% YoY

- Both revenue and gross profit decreased YoY as demand from startup companies weakened resulting from changes in the financing environment. Gross profit is expected to bottom out in 3Q, and no impact on the medium-to-long term momentum
- Strong growth in SaaS business (Novasell Analytics) as well as launch of a new SaaS product (Novasell Trend)



Hacobell

Hacobell Business Segment (“Hacobell”): Revenue +32.6% YoY, Gross Profit +16.5% YoY

- Steady growth in revenue continues. Gross margin rose to around 15% and segment losses are on a shrinking trend
- The segment will be transferred to a newly established joint venture (“JV”) with Seino Holdings Co., Ltd., and RAKSUL INC.’s shareholding ratio of the new JV will be 49.9%

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- 1. Company Overview**
 - 2. Company Split of Hacobell Business Segment and Establishment of a Joint Venture with Seino Holdings Co., Ltd.**
 - 3. Financial Highlights**
 - 4. Revision of the Full-Year Consolidated Forecast and Financial Targets and Policies**
 - 5. Q&A**
 - 6. Reference Materials**

1

Company Overview





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



Launched in March 2013



Logistics Platform



Launched in December 2015



TV commercial-related Platform



Launched in April 2020

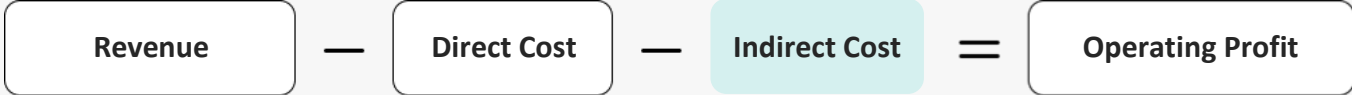




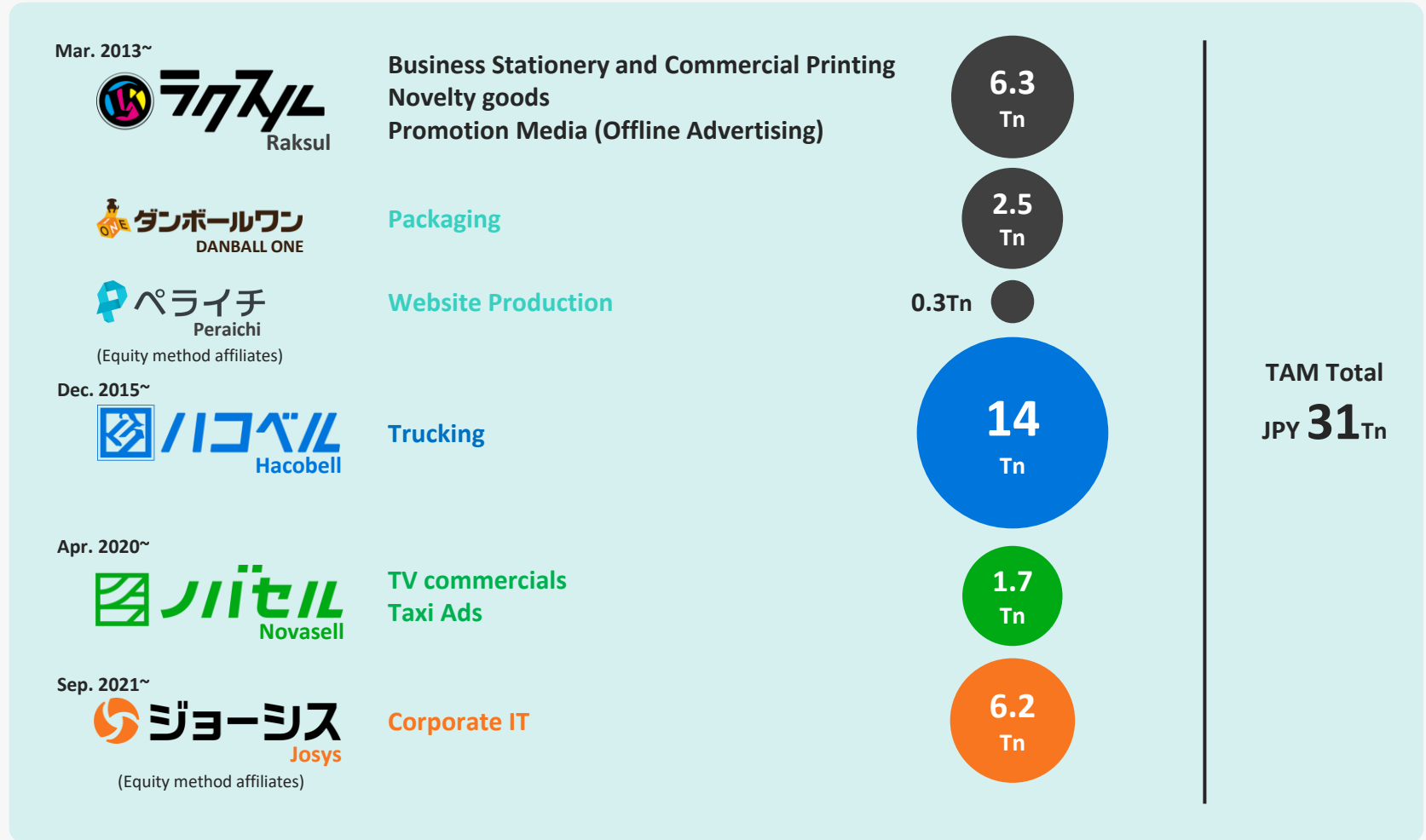
Direction of Growth

- 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

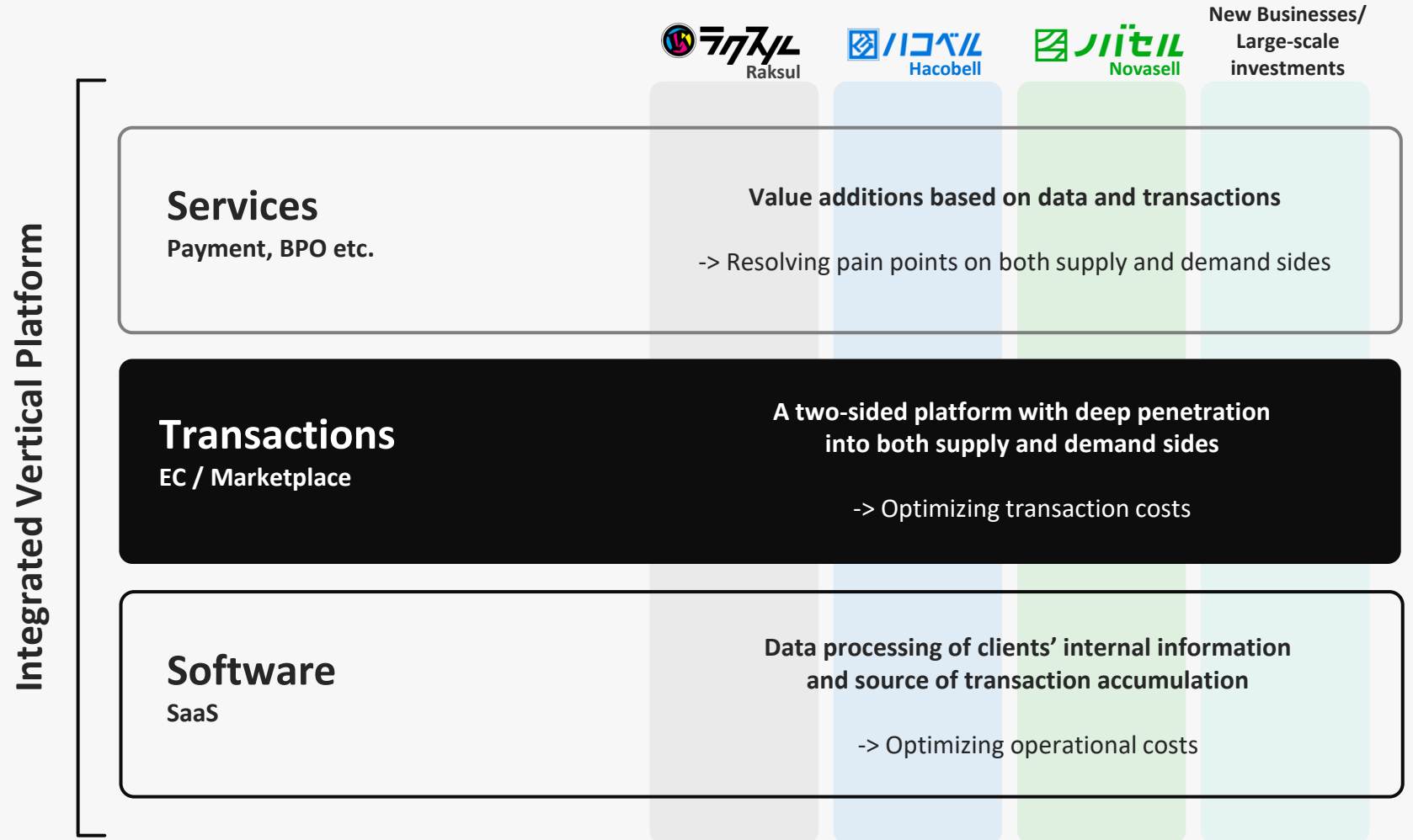


Domestic Indirect Cost Market JPY **140**Tn in Total



Business Model

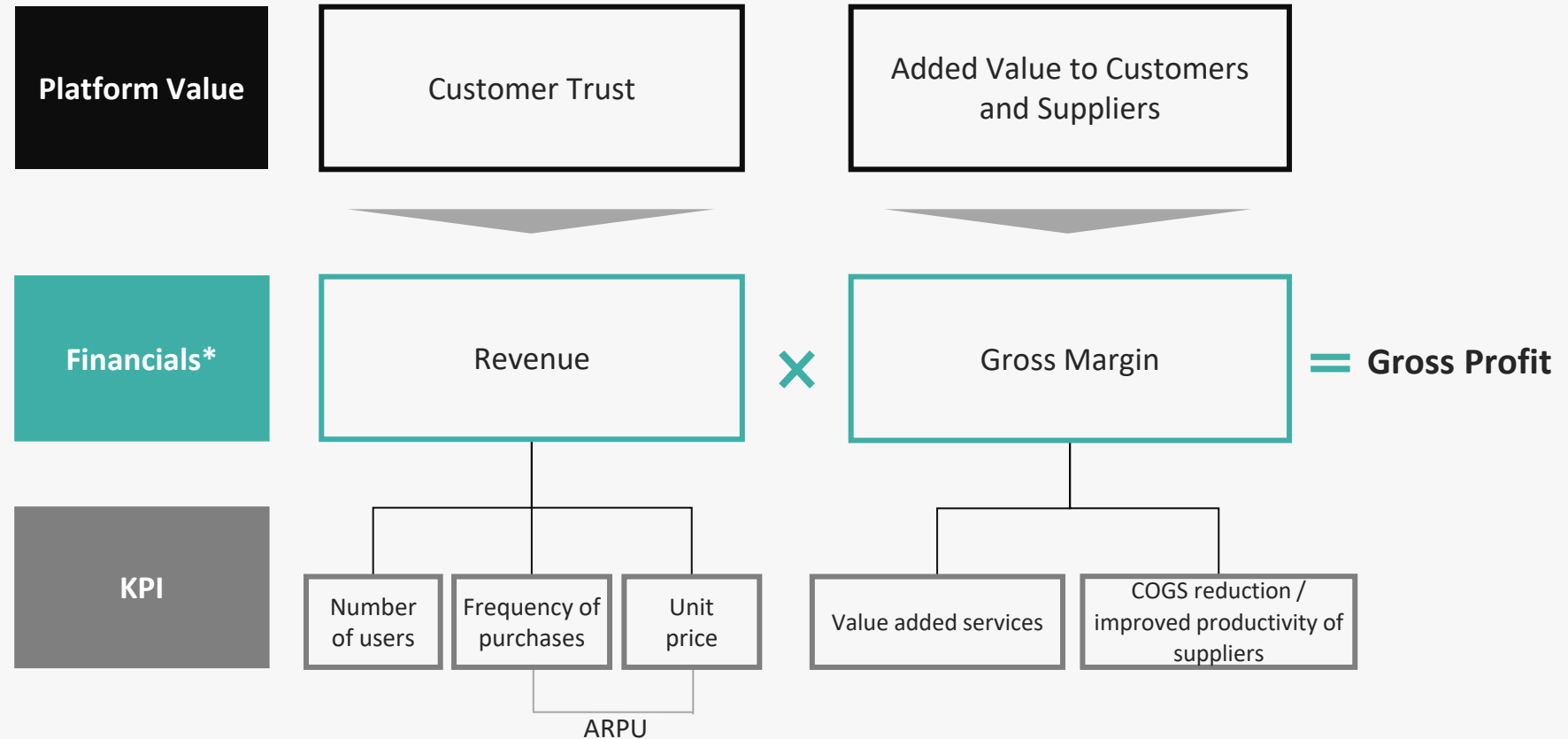
- An Integrated Vertical Platform with “Transactions” as the primary focus as well as “Software” and “Services” for each indirect cost market
- We achieve continuous monetization through transactions (current main source of revenue) by penetrating deeply into both supply and demand, rather than simply 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



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)

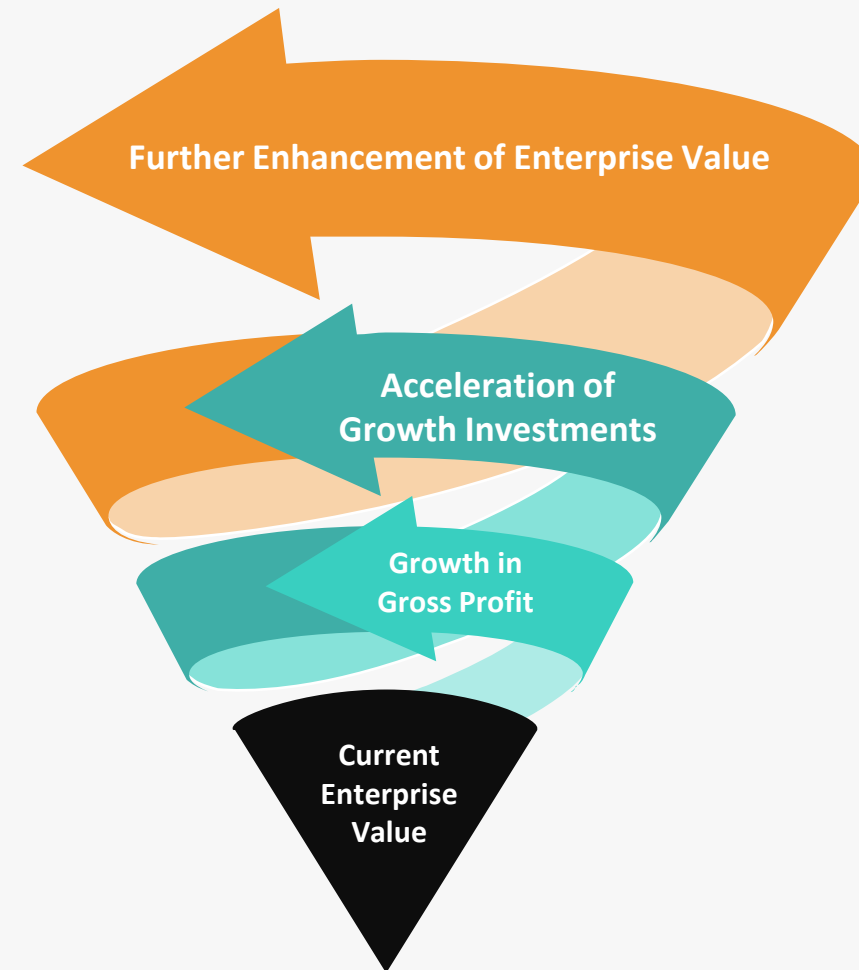
Revenue = gross of payments from customers

Gross profit = gross revenue - cost of sales



Upward Spiral of Value Creation Through Reinvestment

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



2

**Company Split of Hacobell Business Segment and
Establishment of a Joint Venture with Seino
Holdings Co., Ltd.**



Summary

Overview	<ul style="list-style-type: none"> We will transfer the Hacobell business through company split, and establish a JV with Seino Holdings Co., Ltd. (“SEINO HD”), a leading company in the logistics industry Shareholding ratio of the JV will be RAKSUL 49.9%, SEINO HD 50.1%
Scheduled date	<ul style="list-style-type: none"> August 2022
Purpose	<ul style="list-style-type: none"> Implementing a capital policy that enables Hacobell to become an open public platform in solving diverse challenges of the logistics industry Decision was made based on RAKSUL’s vision and mission to transform multiple industries
Impact on companywide financials	<ul style="list-style-type: none"> Hacobell business segment will become an equity-method affiliate from FY2023. Losses in Hacobell business segment will not be included in our operating profit Hacobell contribution to companywide gross profit is around 4-5%, thus the impact is negligible As a result of this transaction, we will incorporate deferred tax assets as adjustments to income taxes (gain) in FY2022 4Q, and record extraordinary income and adjustments to income taxes (loss) in FY2023. Overall impact is on the profitable side

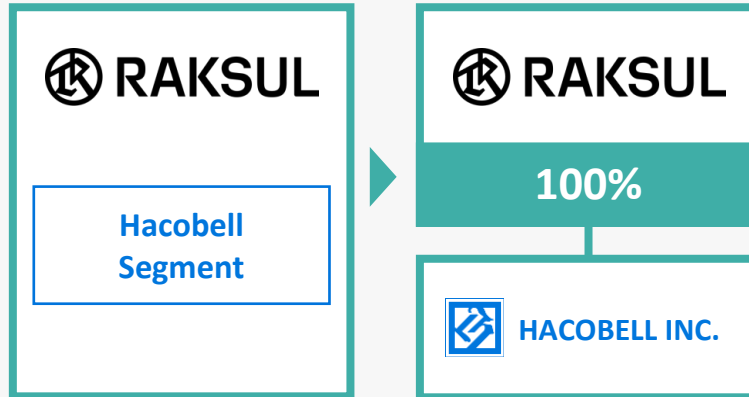


Overview

- We will transfer the Hacobell business through company split and establish a JV with SEINO HD, a leading company in the logistics industry in August 2022

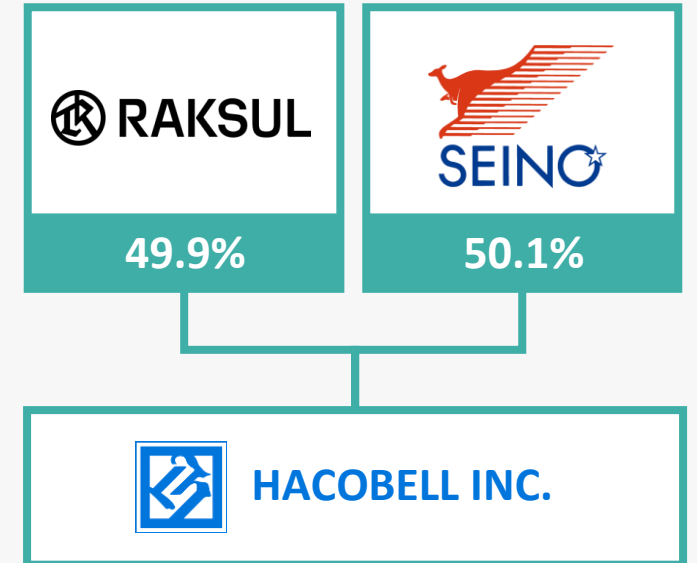
1. Company Split

Transfer Hacobell business through company split as of August 1, 2022 (incorporation type company split)



2. Establishment of JV

By transfer of shares from RAKSUL to SEINO HD, and issuance of new shares through third party allotment to SEINO HD, the JV will be established with RAKSUL holding 49.9% and SEINO HD holding 50.1% of the shares





Purpose of the JV

- By choosing to establish a JV with SEINO HD instead of pursuing growth on a stand-alone basis, Hacobell can achieve significant business growth by leveraging the strengths of both companies
- In the medium-to-long term, Hacobell will aim to become an open public platform in solving diverse challenges of the logistics industry
- Decision was made based on RAKSUL's vision and mission to transform multiple industries

Various challenges in the logistics industry

Decrease in the number of drivers and aging of drivers

Low utilization rate

Promotion of carbon neutrality

Resolving challenges through synergies between the two companies and creating an open platform within the industry in the future



- Matching technology and operational capabilities based on digital knowledge and expertise in vehicle dispatch operations
- Providing superior UI/UX software based on deep understanding of the logistics industry's transportation and delivery operations
- Supplier network



- Nationwide customer base and sales network
 - Number of customers: 120,000
 - Number of partners (origin and destination combined): 800,000
 - No.1 share in BtoB logistics
- Wide range of business in logistics (other than trucking)
 - Logistic warehouse / facilities
 - Warehouse Management System (WMS)
 - Investment in startup companies via CVC (drones, etc.)



Outlook of Hacobell performance / impact on companywide financials

Outlook of Hacobell performance

- Revenue growth pace will accelerate by receiving customer referral support from SEINO HD. Short-term loss will incur in view of focusing on service development and customer services
- Aim for IPO in the future

Impact on companywide financials

- Hacobell business segment will become an equity-method affiliate from FY2023. Losses in the Hacobell business segment will not be included in our operating profit
- Hacobell contribution to companywide gross profit is around 4-5%, thus the impact is negligible
- As a result of this transaction, we will incorporate deferred tax assets as adjustments to income taxes (gain) in FY2022 4Q, and record extraordinary income and adjustments to income taxes (loss) in FY2023. Overall impact is on the profitable side

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Financial Highlights



Quarterly Financial

Highlights

- Gross profit grew over 35% YoY mainly due to contribution of DANBALL ONE
- EBITDA reached record high, and the pace exceeds JPY 2Bn on an annualized basis

(in JPY MM)	New Revenue Recognition Standards			Ref) Based on previous accounting methods		
	FY2022 3Q Actual (2022/2 – 2022/4)	FY2021 3Q Actual ⁽³⁾ (2021/2-2021/4)	YoY	FY2022 3Q Actual (2022/2 – 2022/4)	FY2021 3Q Actual ⁽³⁾ (2021/2-2021/4)	YoY
Revenue ⁽¹⁾	9,383	7,061	+32.9%	10,483	8,966	+16.9%
Raksul	7,894	5,605	+40.8%	7,918	5,617	+40.9%
Novasell	538	722	-25.5%	1,614	2,613	-38.2%
Hacobell	869	655	+32.6%	869	657	+32.3%
Gross Profit ⁽¹⁾	2,807	2,062	+36.1%	2,832	2,076	+36.4%
Raksul	2,395	1,514	+58.2%	2,419	1,527	+58.4%
Novasell	253	405	-37.5%		Same as left	
Hacobell	131	112	+16.5%	131	114	+15.2%
Gross Margin	29.9%	29.2%	+0.7pt	27.0%	23.2%	+3.9pt
Incl.: Stock-based compensation expense	183	133	+37.5%		Same as left	
Incl.: Ad spend	777	481	+61.7%	802	495	+62.0%
EBITDA ⁽²⁾ (non-GAAP)	560	490	+14.4%		Same as left	
Operating Profit ⁽²⁾ (non-GAAP)	375	440	-14.9%		Same as left	

Notes

(1) Results for each segment include internal transactions. Also, the difference between the total of each segment and companywide is due to "other business", corporate expenses, and internal transaction reconciliation

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

Operating Profit (non-GAAP) = Operating Profit + Stock compensation expense

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

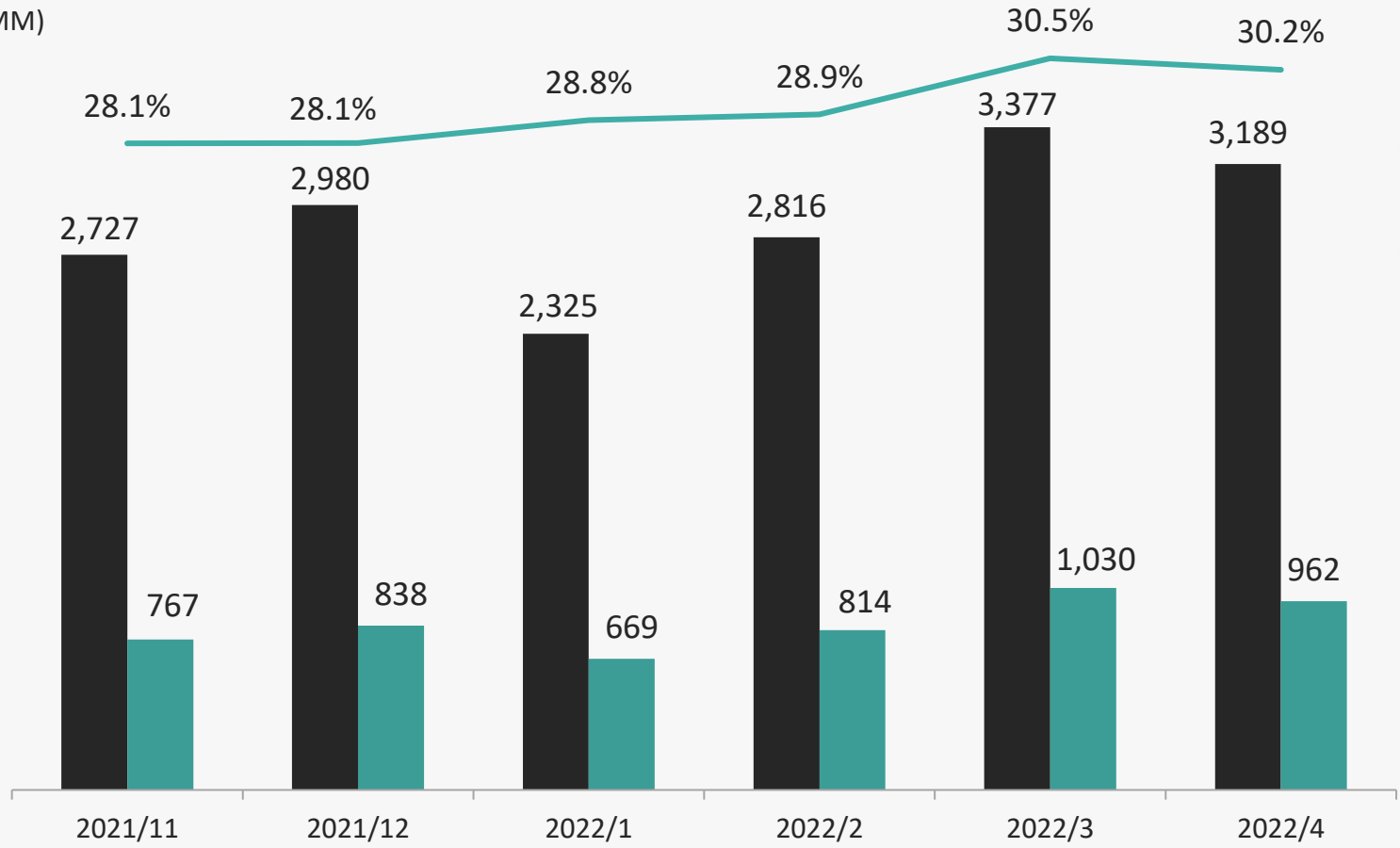


(Reference)

Monthly Financials

- Partially affected by the external environment as semi-state of emergency COVID-19 measures were continuously extended till March
- Revenue for May landed at around JPY 2.75 Bn (+45% YoY)

(in JPY MM)



January 21 to March 21 Semi-state of emergency COVID-19 measures (Tokyo)

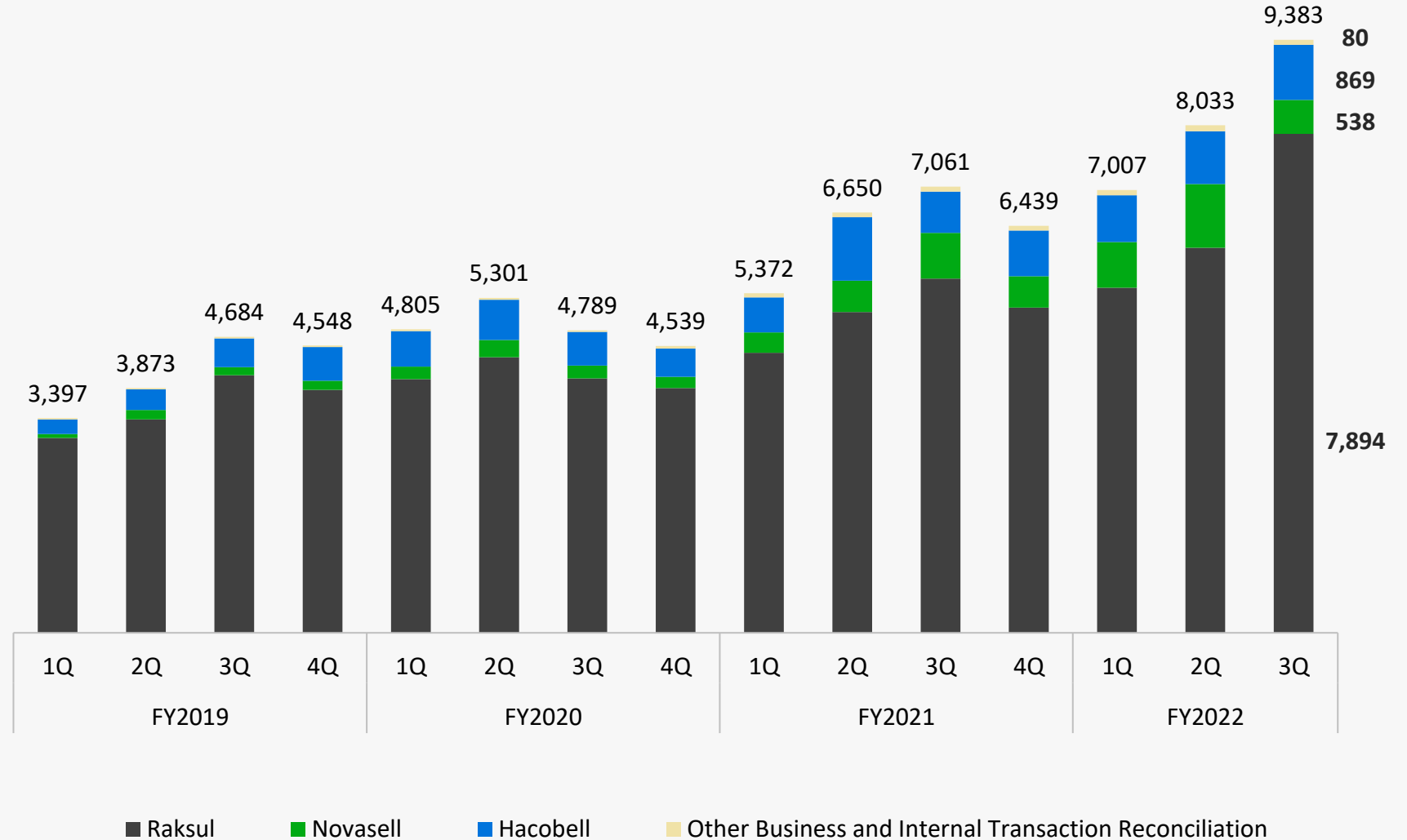
■ Revenue ■ Gross profit — Gross margin

Revenue by Business

Segment

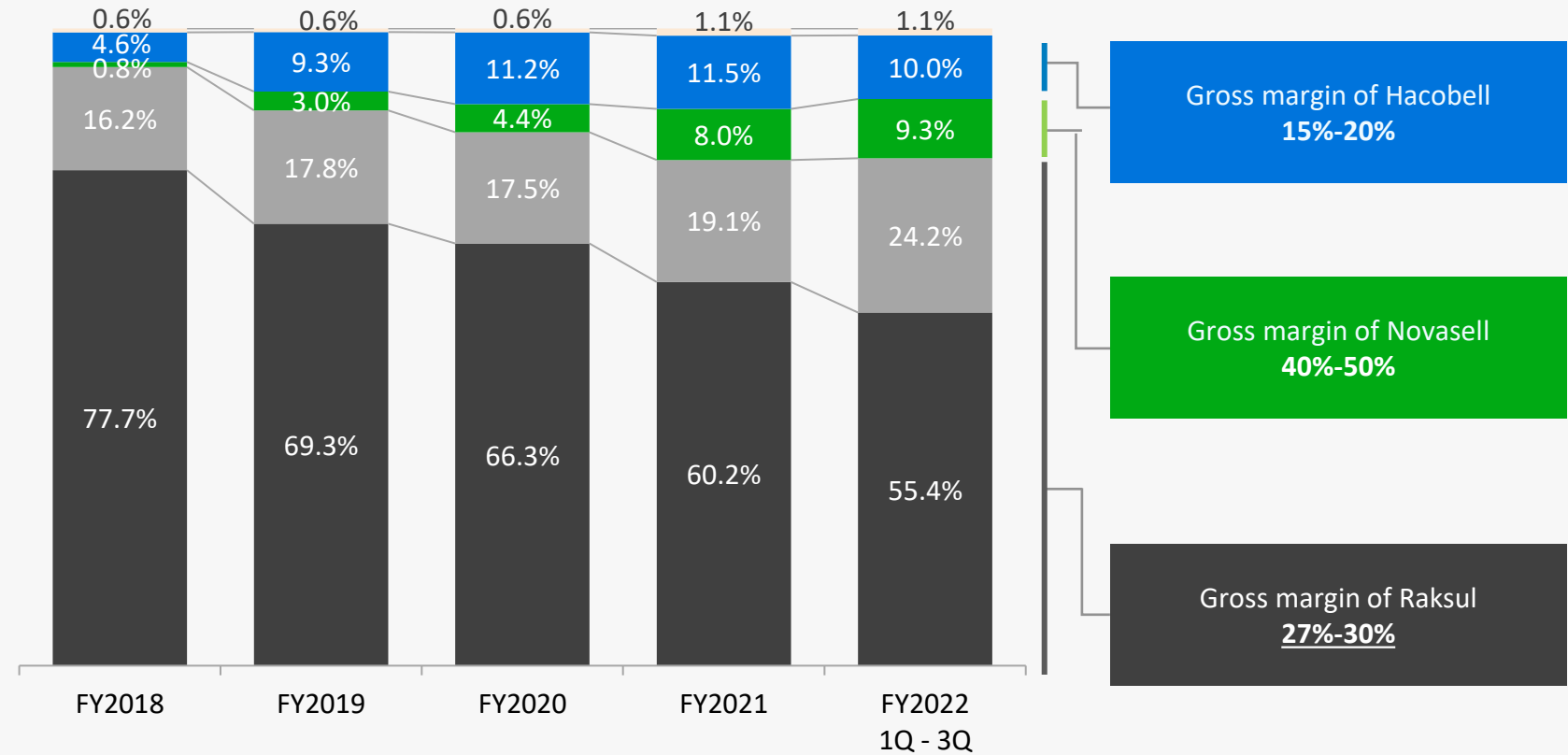
- Companywide revenue continues to grow
- Under normal circumstances, the peak season for Raksul and Novasell is 3Q, and for Hacobell it is 2Q and 3Q

(in JPY MM)



Revenue Composition by Business Segment

- Our newer platforms will rapidly expand while the printing EC service continues its growth, creating multiple strong revenue streams
- We have upwardly revised the gross margin range for Raksul to around 27%-30%, as DANBALL ONE's contribution is now included

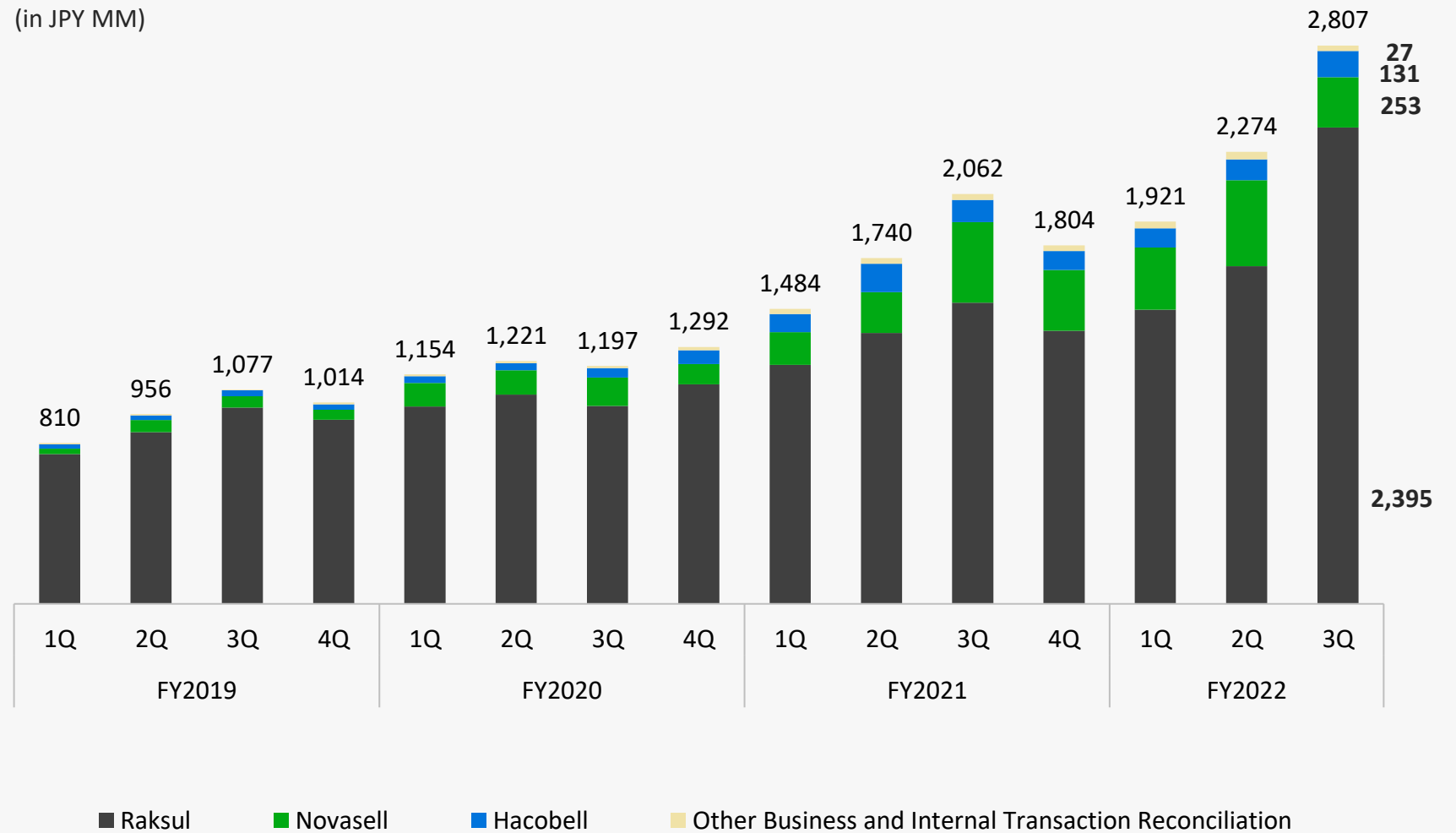


- Raksul: Printing EC
- Offline Ads / New Domains (including DANBALL ONE)
- Novasell
- Hacobell
- Other Business and Internal Transaction Reconciliation

Gross Profit

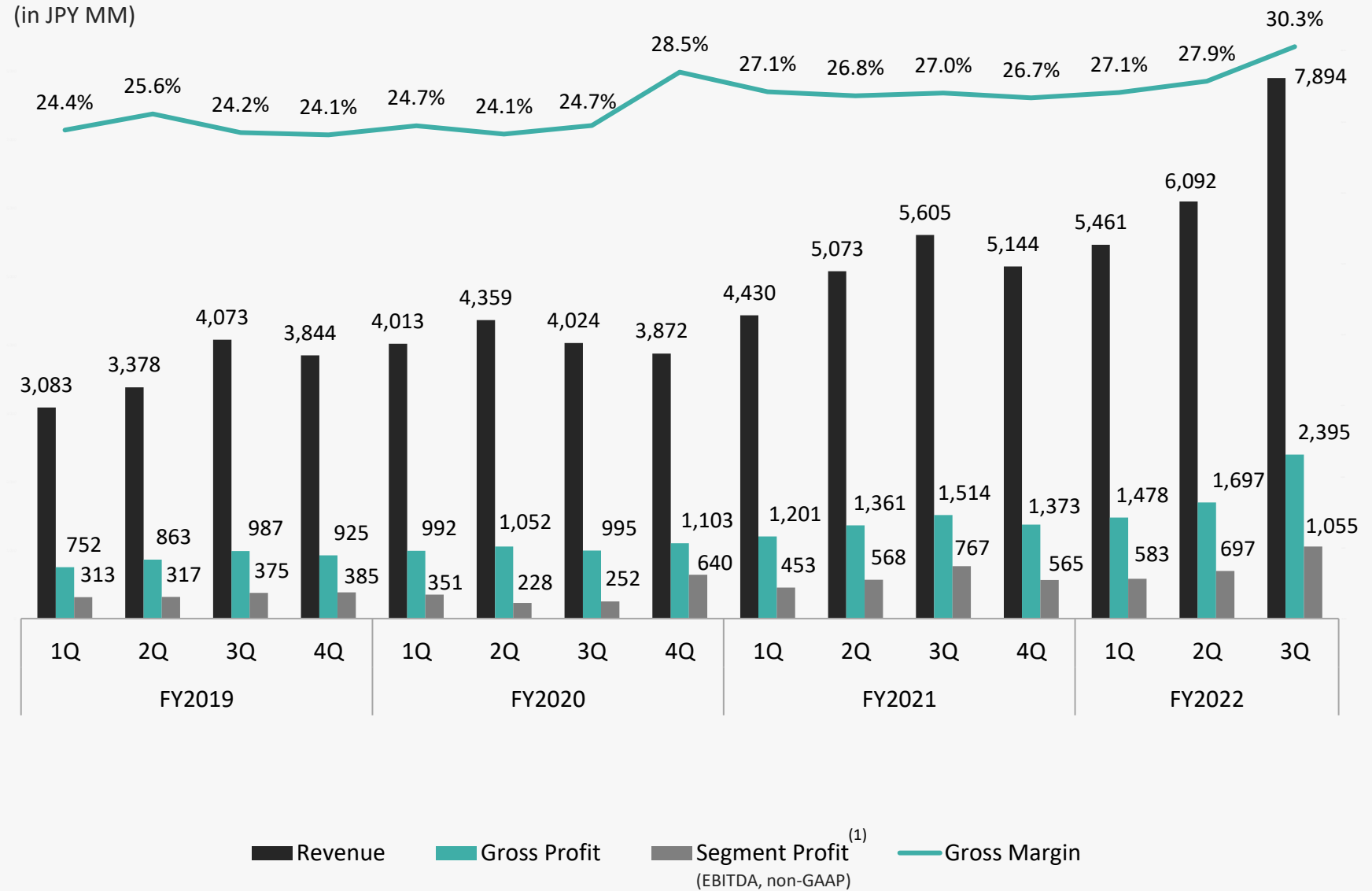
- Gross profit continues to grow driven by revenue growth as well as higher gross margin

(in JPY MM)



Business Segment Performance

- Significant increase in revenue due to contribution of DANBALL ONE
- Gross margin was 30.3%, driven by pricing review and DANBALL ONE's contribution
- For DANBALL ONE, 3Q revenue was JPY 1.5Bn, gross profit was JPY 460MM (gross margin of 30.7%), and EBITDA was JPY 164MM



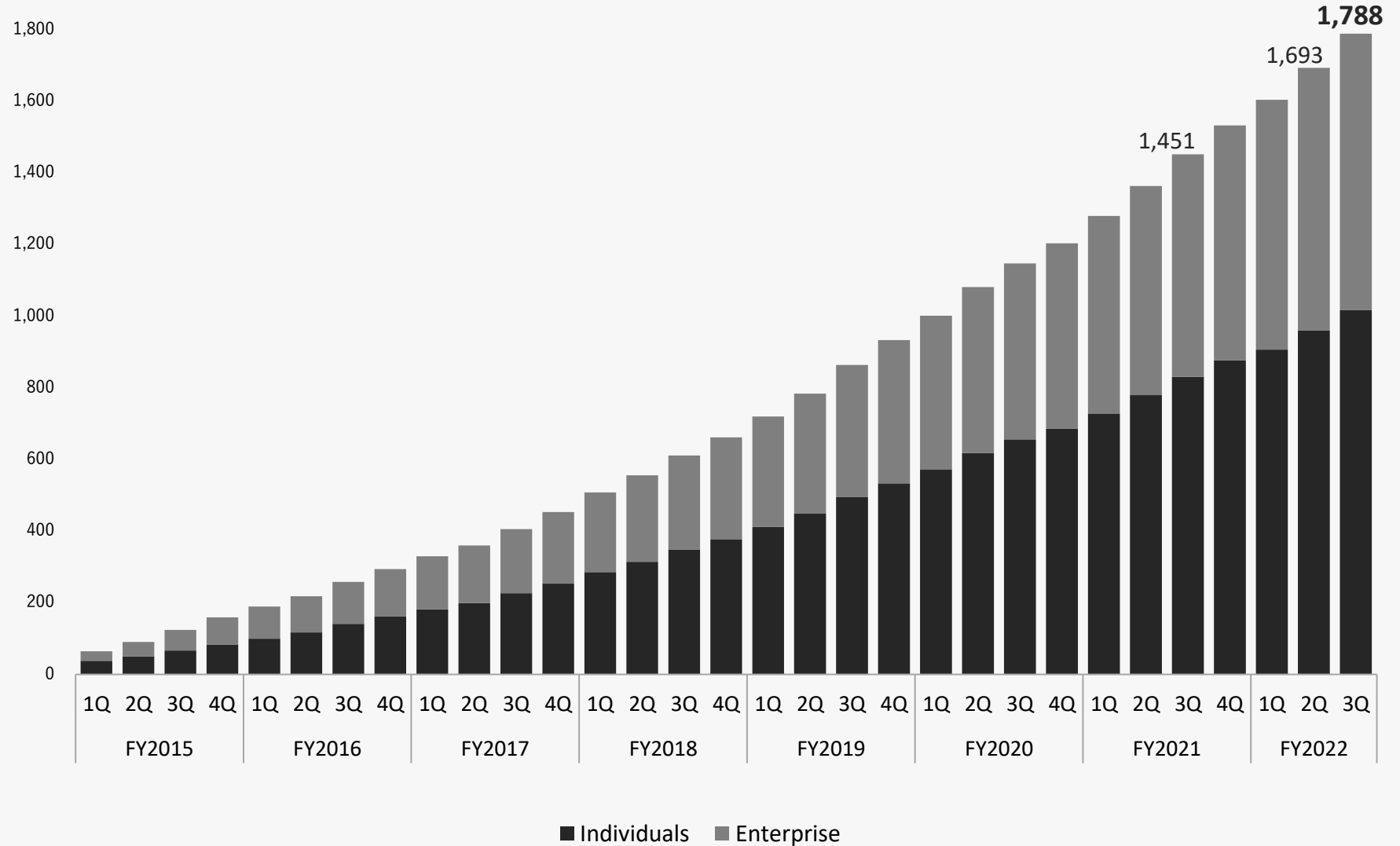
Notes
 (1) SG&A expenses include internal transactions



Number of Registered Users on Printing Platform (1)

- Our customer base saw continuous growth
- The number of total users for 3Q was 1,788,319

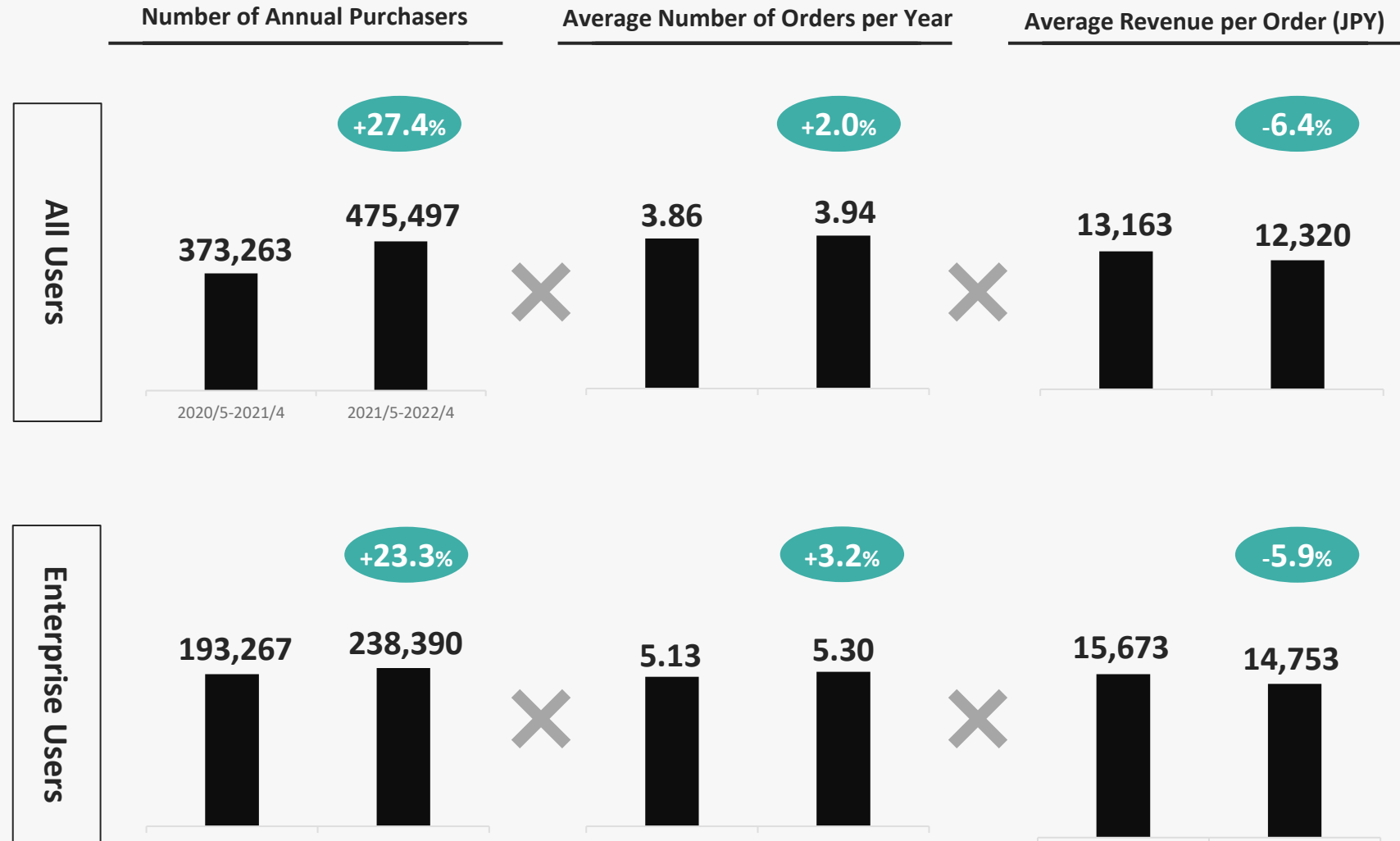
(unit: 1,000 users)



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

KPI Trend⁽¹⁾

- Continued growth for annual number of purchasers and average number of orders per year
- While the average revenue per order has decreased due to an increase in small-lot orders, the average number of orders (frequency) has increased
- For DANBALL ONE (2021/5-2022/4), the number of annual purchasers is 171k, ARPU (Average Number of Orders per Year x Average Revenue per Order) is around JPY 32k



Note

(1) Excluding DANBALL ONE, calculated based on management accounting, and differs from the figures disclosed in last fiscal year due to the new revenue recognition standards

Growth in Raksul Enterprise

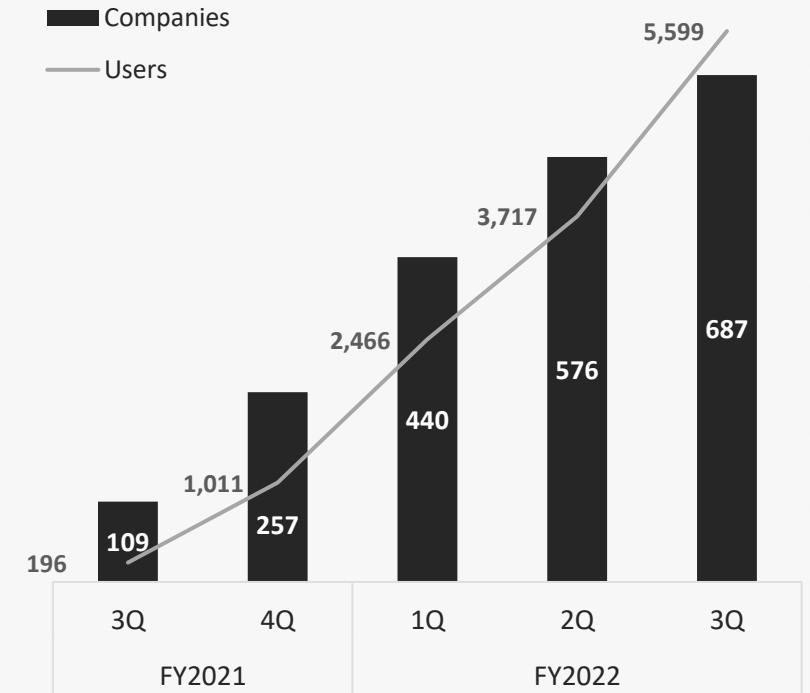
- With the aim of expanding TAM into the large enterprise domain, we have launched a printing order system for medium to large enterprises in the second half of FY2021. The number of companies using the system has been steadily increasing
- The frequency of usage is high due to the larger size of user companies, and gross margin is equal to or higher than that of existing Raksul services

Value Proposition

- Purchase management functionality added to Raksul EC website
- Core value is the capability to centralize and manage printing purchasing



Number of Total Companies / Users ⁽¹⁾

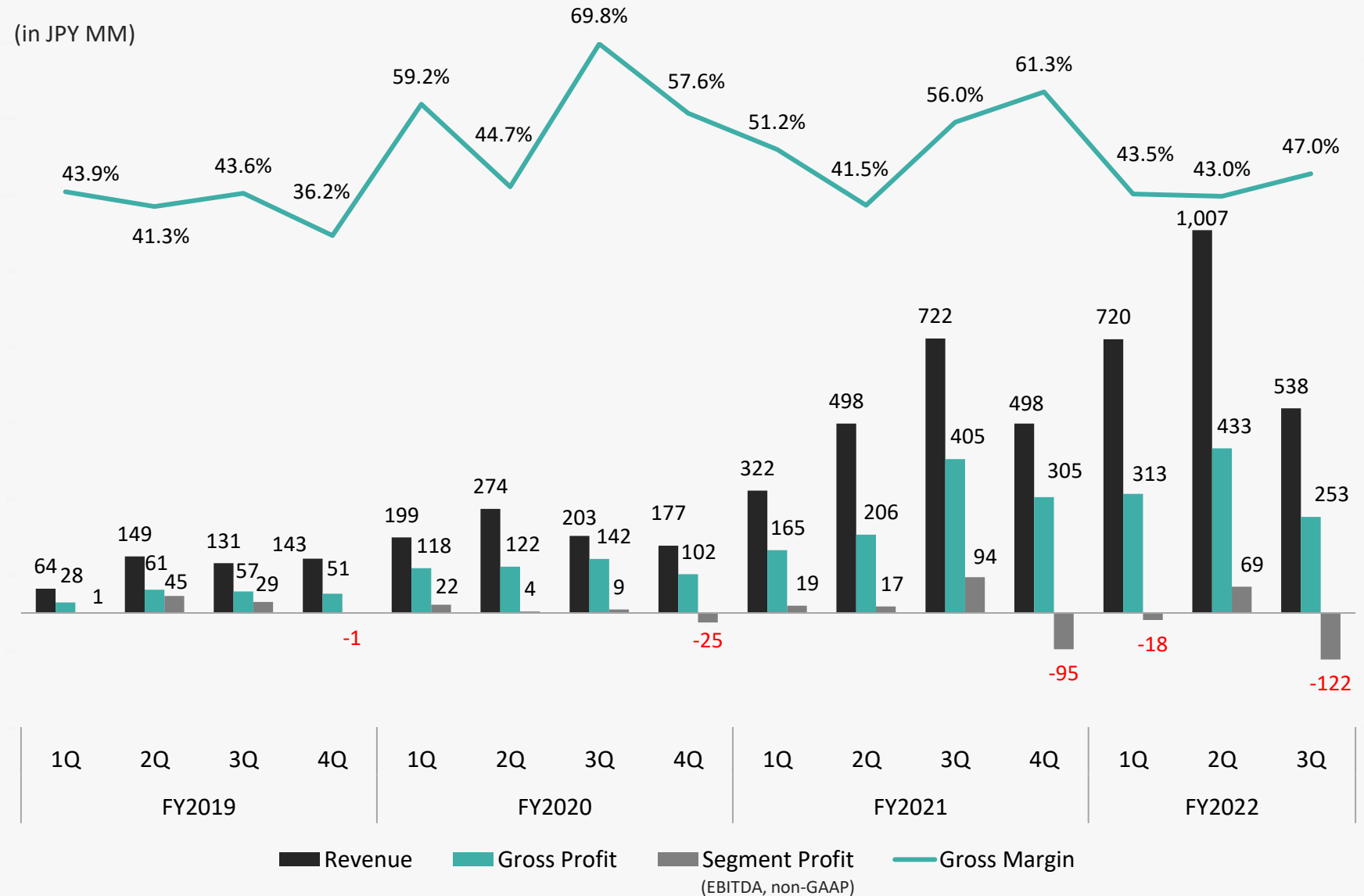


Note

(1) Total number of newly acquired users excluding users who were registered with Raksul before using Raksul Enterprise

Segment Performance (1)

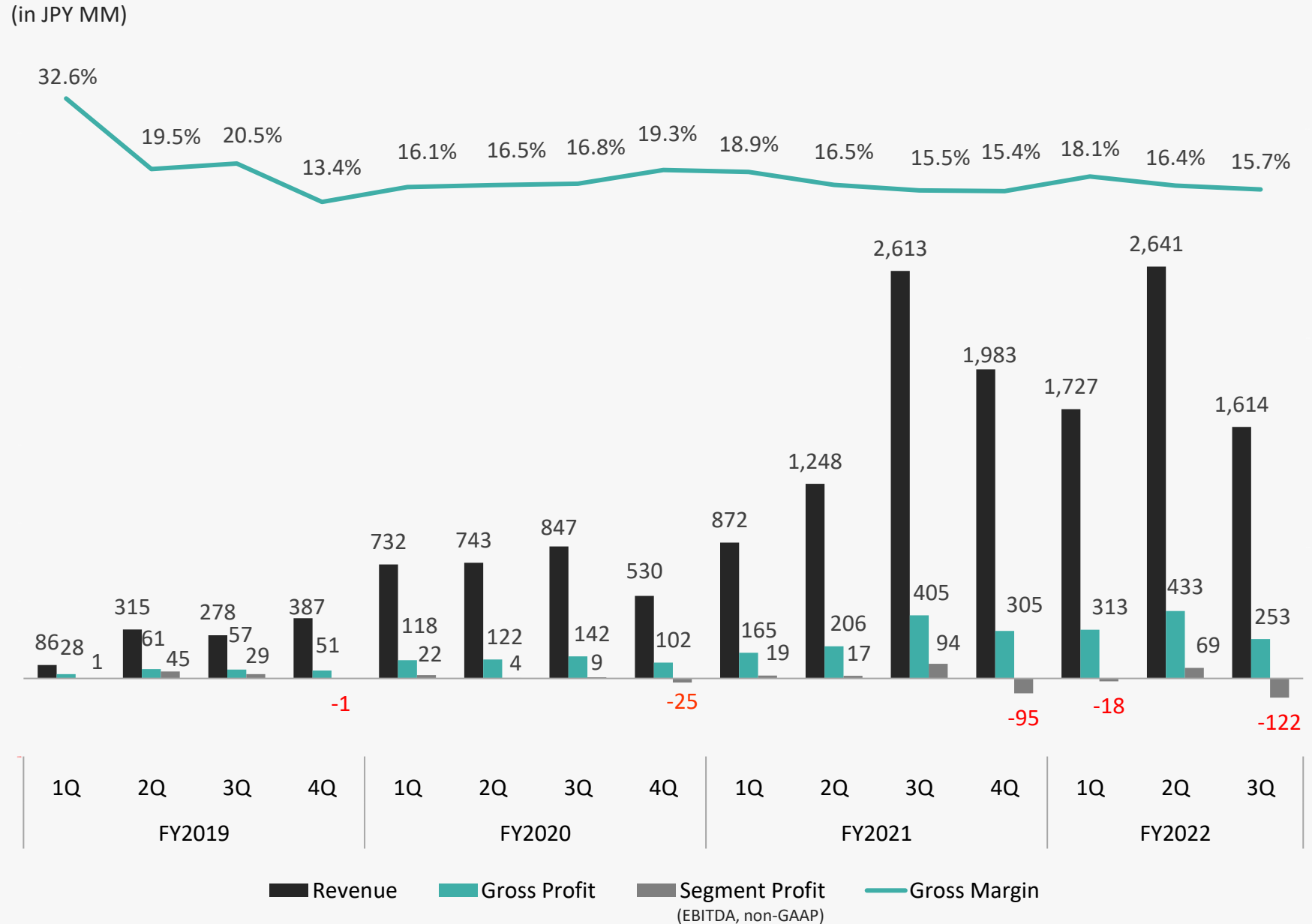
- Demand weakened due to changes in the financing environment of our start-up clients, on the other hand, gross profit remained strong with an increase in gross margin
- Gross profit is expected to bottom out in 3Q and will continue to grow from 4Q onward
- By applying the new revenue recognition standards, revenue is netted for broadcasting services, and gross revenue is recognized for production and SaaS services. The gross margin will continue to be around 40-50% in medium-to-long term



Notes
 (1) Including internal transactions in revenue, gross profit, and SG&A

(Reference)
Business Segment
Performance based on
Previous Accounting
Methods (1)

- Amounts recorded under the previous accounting methods (all based on gross recognition basis) are disclosed for reference
- Maintained high level of quarterly revenue of over JPY 1.5Bn

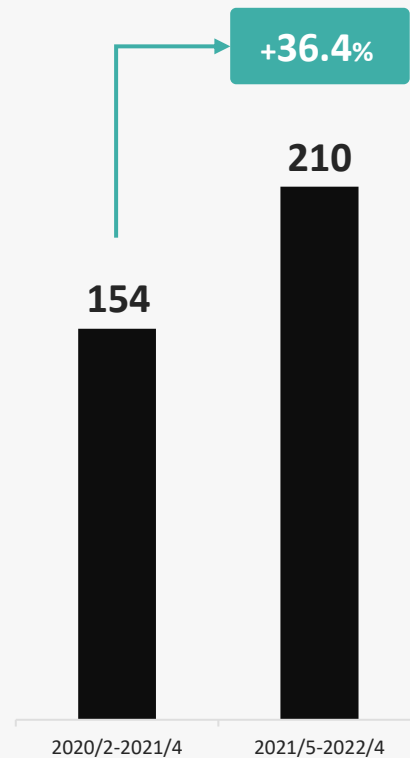


Notes
 (1) Including internal transactions in revenue, gross profit, and SG&A

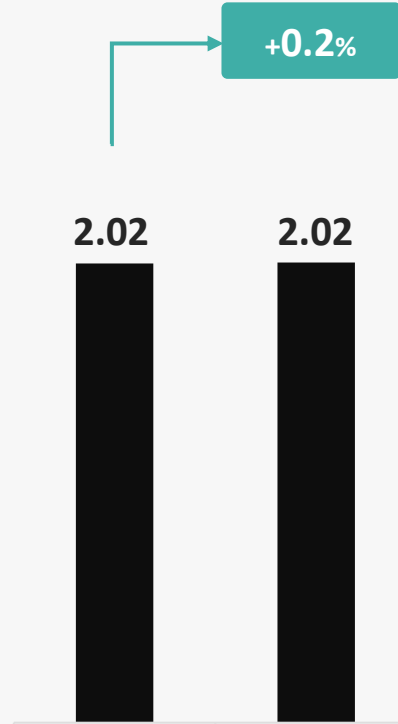
KPI Trend

- 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

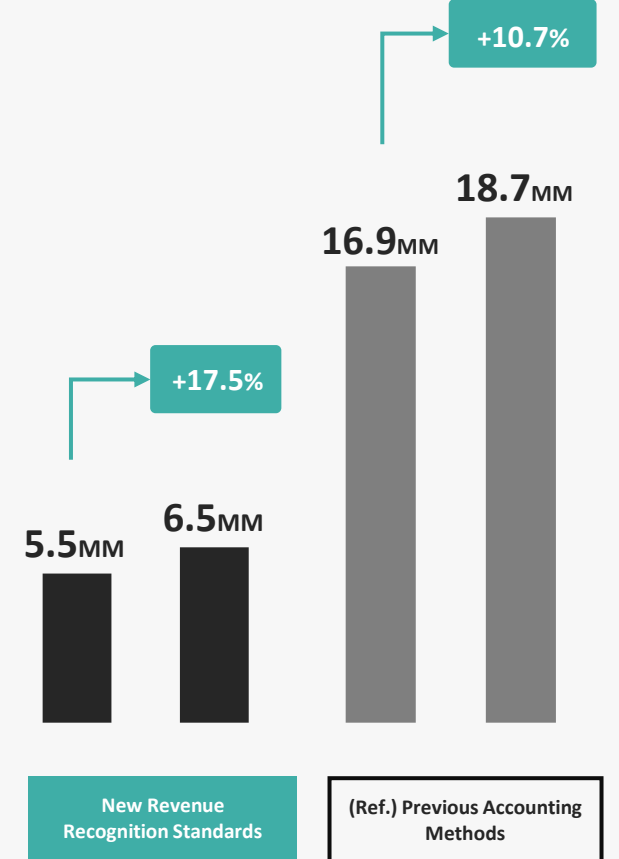
Number of Annual User Companies



Average Broadcasting Months



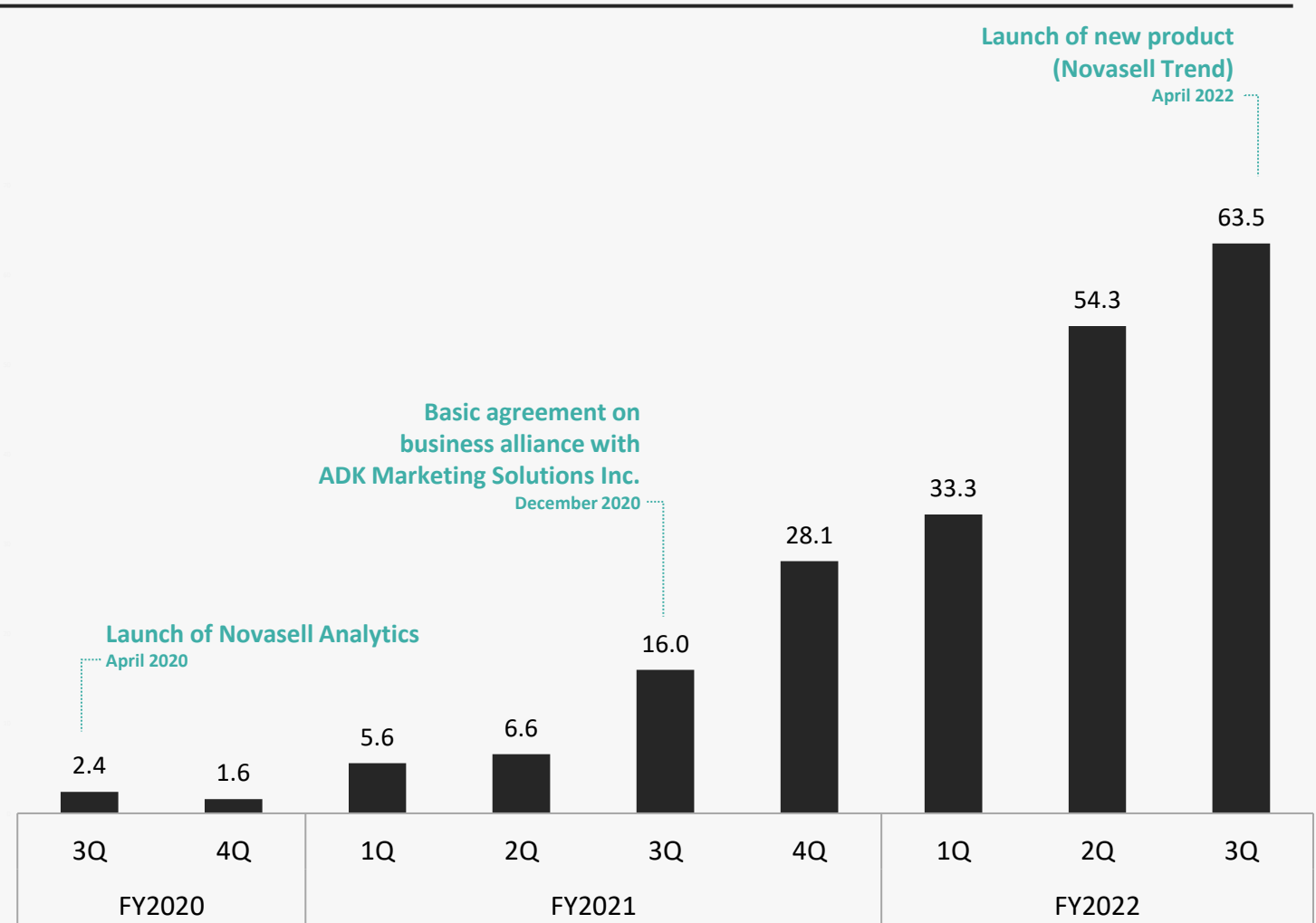
Average Monthly Unit Price (JPY)



Growth in SaaS Business

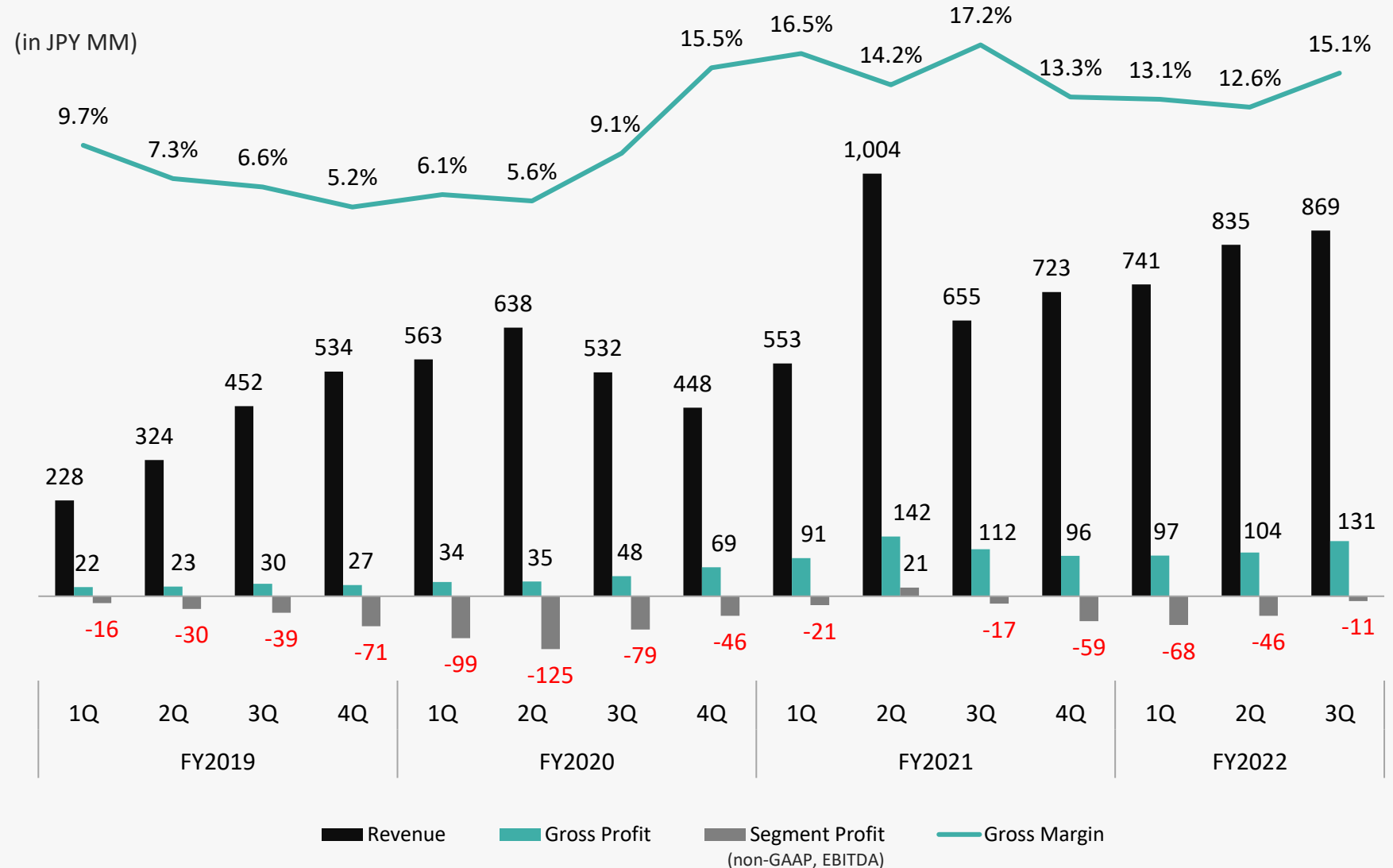
- SaaS Business in Novasell has been expanding rapidly
- Cumulative number of companies that have implemented Novasell Analytics is 210 (including free use), with total analysis amount of more than JPY 30Bn (including transaction amounts for the broadcasting service)
- We have launched a new service “Novasell Trend” which visualizes the impact of the TV commercials of our clients’ competitors from April 2022. Our service platform is now more responsive to customer needs in the programmatic TV commercial market

SaaS Quarterly Revenue (in JPY MM)



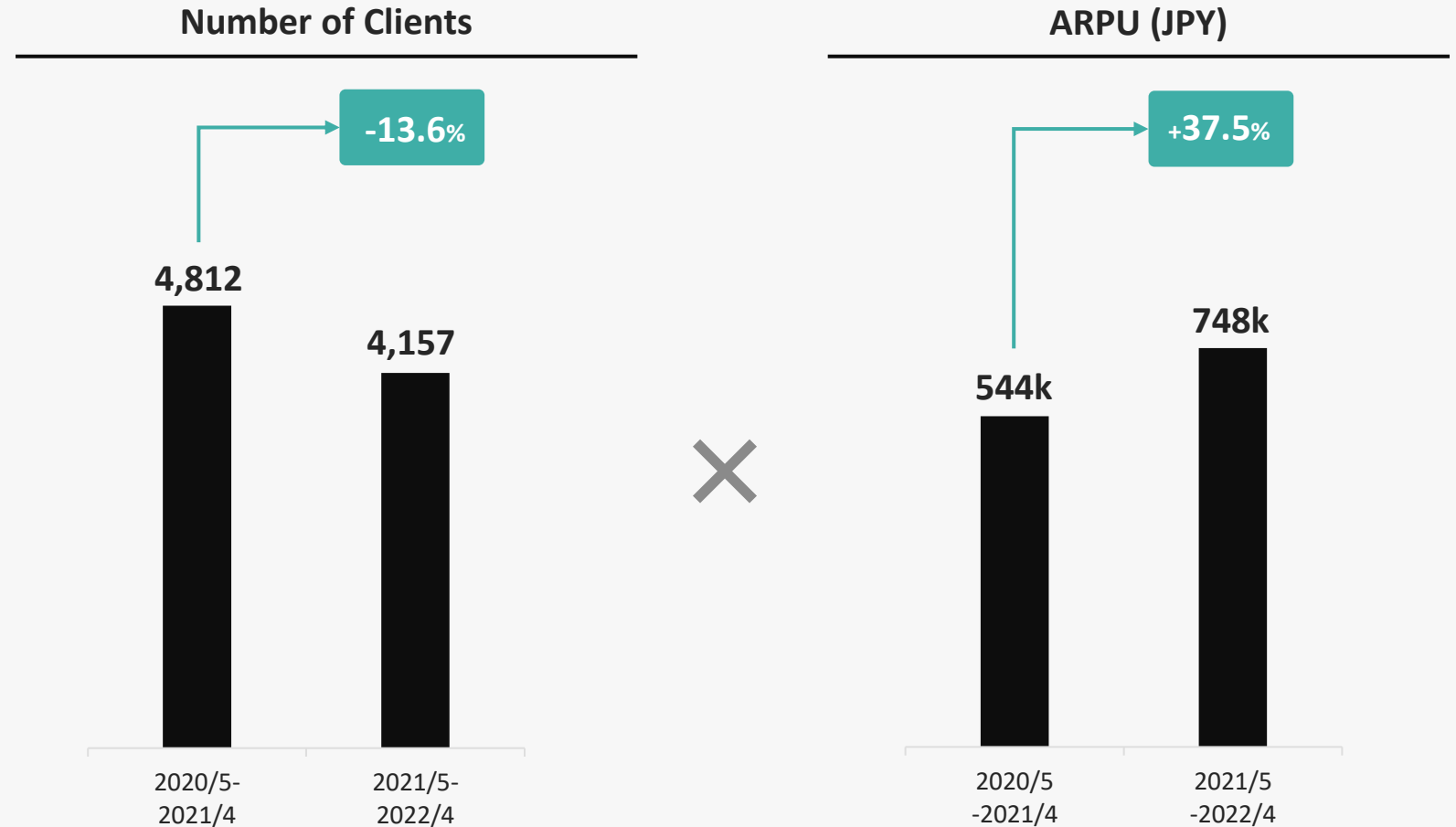
Business Segment Performance

- Steady growth in revenue continues. Gross margin rose to around 15% and segment losses are on a shrinking trend
- 23 companies have implemented Hacobell Connect (SaaS), and the average monthly charge per client is roughly JPY280k, contributing to +1.7pt increase in gross margin



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

- Number of clients dropped, as we are focusing on acquiring large enterprises instead of marketing to acquire small lot clients
- ARPU has been improving continuously by deeply penetrating the clients' delivery operations



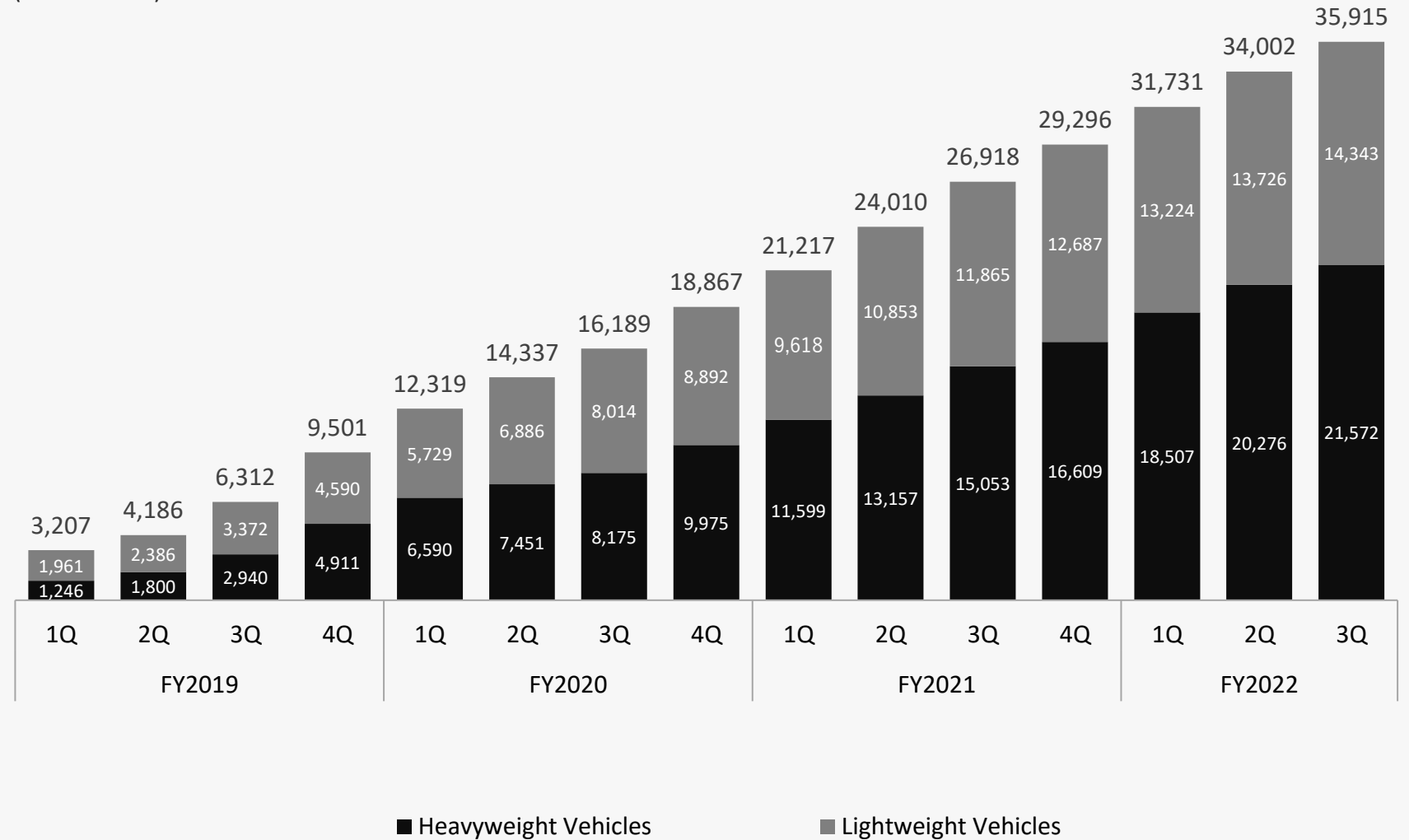
Note

(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

(# of vehicles)






Note

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



(Reference)

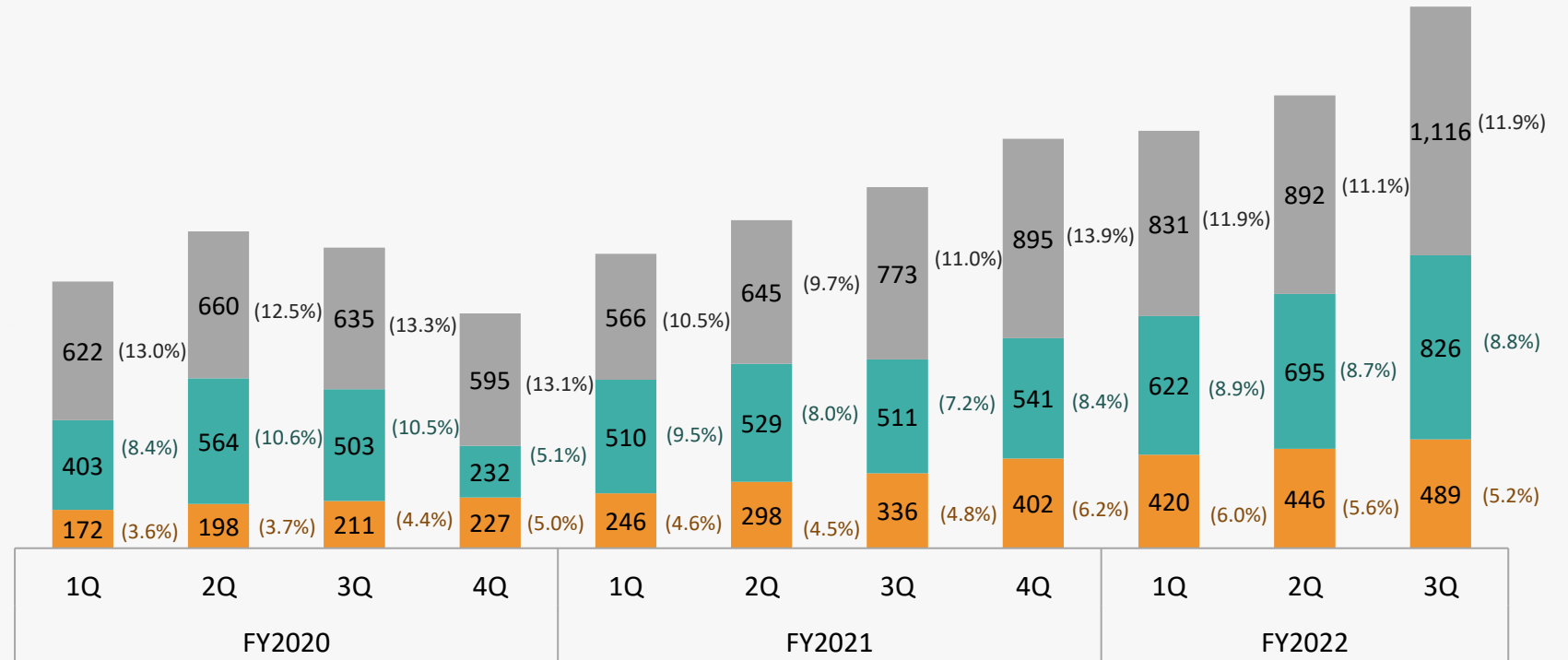
Key Drivers and Investment Points for KPI Improvement

	Annual Number of Users	ARPU		Gross Margin
		Average # of Orders	Average Unit Price	
 Raksul	<ul style="list-style-type: none"> • Continuous improvement of marketing measures • Expansion of business areas and product line-up 	<ul style="list-style-type: none"> • Improvement of customer experience • Continuous CRM and cross-sell expansion 	<ul style="list-style-type: none"> • Services to promote usage by large enterprises 	<ul style="list-style-type: none"> • Price optimization • Support for suppliers in productivity and cost improvement • Cost improvement through joint procurement of materials
 Novasell	<ul style="list-style-type: none"> • Expansion of marketing channels • Collaboration with external advertising agencies 	<ul style="list-style-type: none"> • Formulate/implement marketing strategies working closely together with the clients • Improvement in analysis contents for Novasell Analytics • Expansion and enhancement of media 		<ul style="list-style-type: none"> • Expansion of SaaS business (with high profit margin)
 Hacobell	<ul style="list-style-type: none"> • Hiring of sales force • Acquisition of flagship clients and marketing based on these clients 	<ul style="list-style-type: none"> • 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 		<ul style="list-style-type: none"> • Improvement of ordering algorithm • Expansion of SaaS business (with high profit margin)

SG&A Spend (1)

- We continued to invest in growth mainly in advertising and technology development
- The increase in other expenses was mainly due to goodwill amortization of acquiring DANBALL ONE (JPY 123MM), increase in payment processing charges (linked to revenue), and increase in recruitment and personnel expenses to strengthen the organization

(in JPY MM, % of revenue)



Tech & Development { Engineer personnel Expenses
IT Infrastructure Expenses

Sales & Marketing { Sales Personnel Expenses
Ad Spend

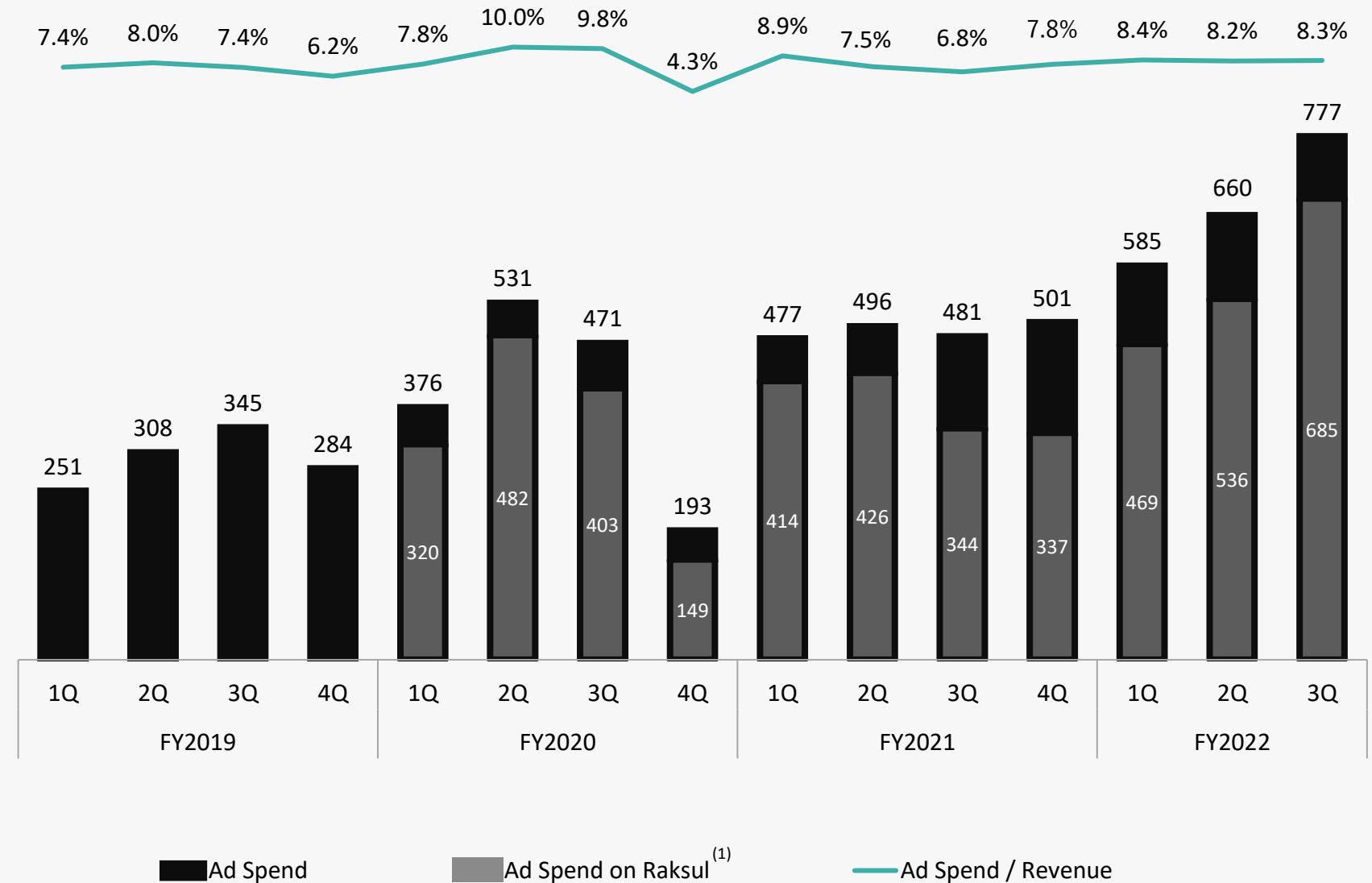
Others

Note
(1) Stock-based compensation expense not included

Ad Spend and Percentage of Ad Spend per Revenue

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

(in JPY MM)



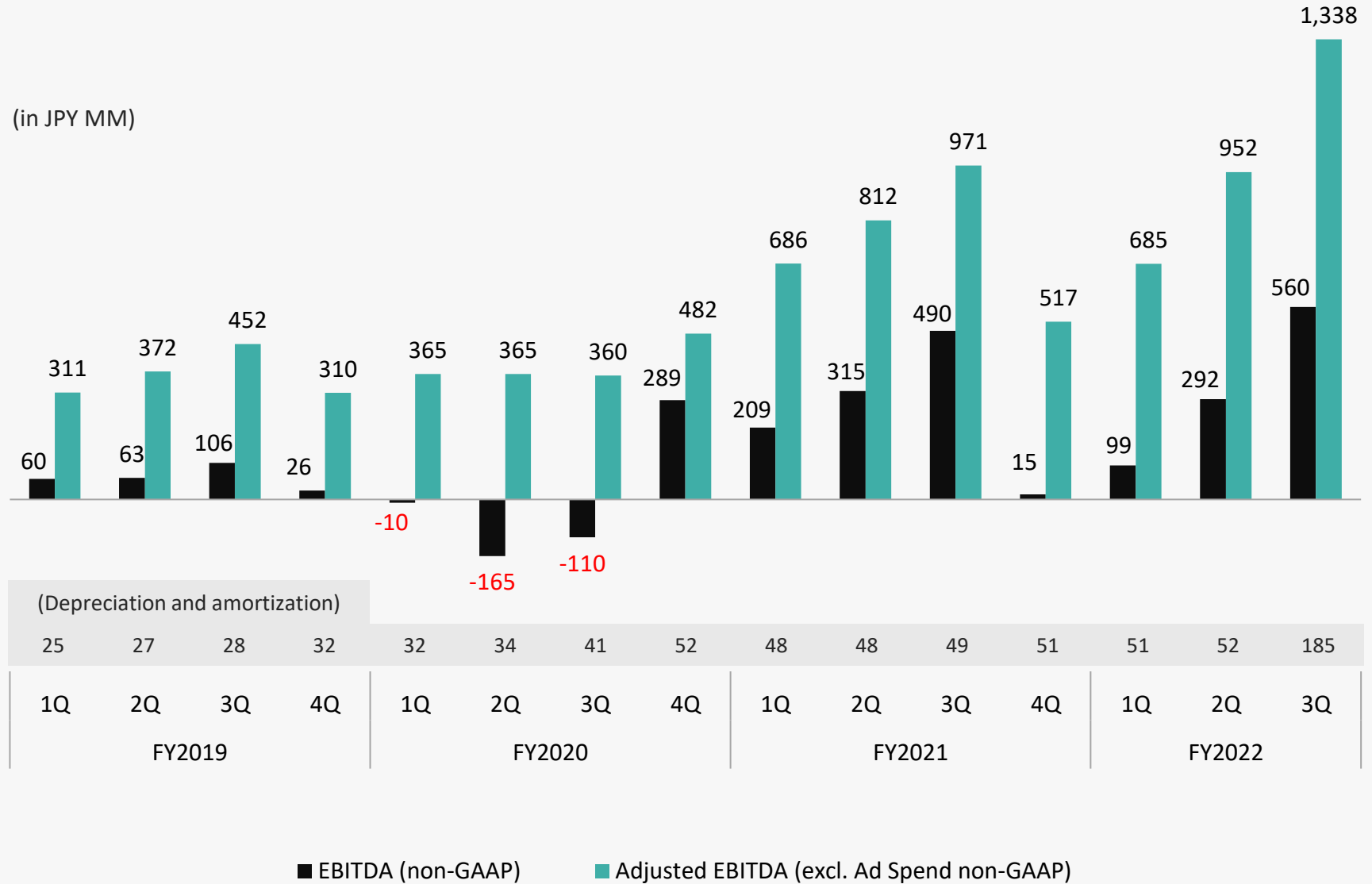
Notes

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

EBITDA and Adjusted EBITDA (excl. Ad Spend)

- EBITDA (non-GAAP) reached record high, and we have achieved both growth as well as increased profitability

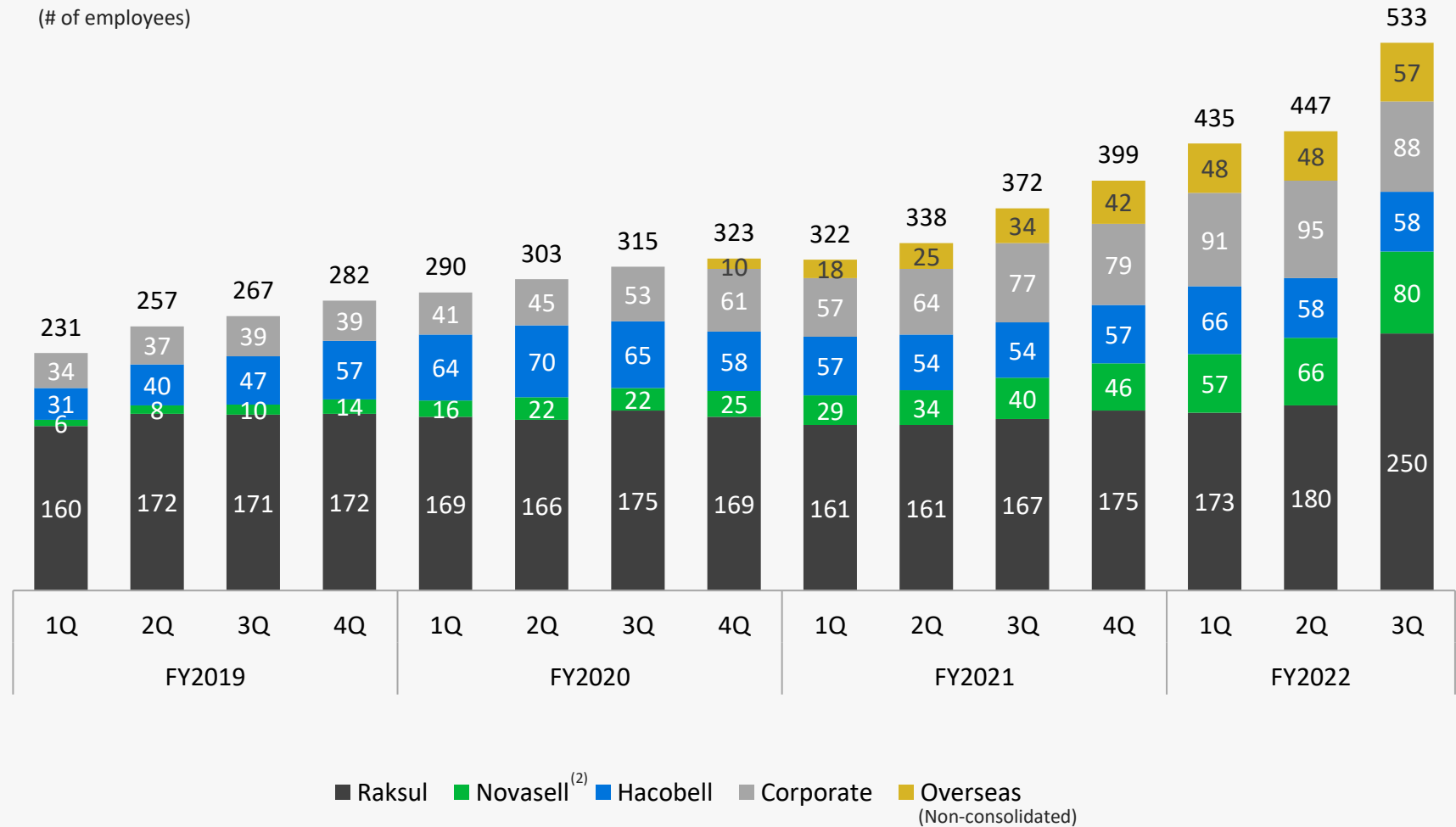
(in JPY MM)



Number of Employees ⁽¹⁾

- From FY2022 3Q, employees of DANBALL ONE and those seconded to DANBALL ONE (56 in total) are included in Raksul
- Number of employees decreased for the Corporate segment as JOSYS (an equity-method affiliate) employees and DANBALL ONE secondees are excluded

(# of employees)



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)

4

Revision of the Full-Year Consolidated Forecast and Financial Targets and Policies

FY2022 Full-Year Consolidated Forecast

- Although both revenue and gross profit has been revised downward by around 6% from the February forecast due to continuously extension of semi-state of emergency COVID-19 measures and other changes in the macro environment, we will continue to achieve strong growth of more than 30%. Profits are expected to be in line with the previous forecast
- As for 4Q, a quiet period for all businesses, revenue growth is expected to be 39-45% YoY, gross profit growth to be 43-54% YoY, and EBITDA (non-GAAP) to be around JPY 490-590MM

(in JPY Bn)	FY2022 Full-year (2021/8-2022/7)			FY2021 Full-year (2020/8-2021/7)	
	Revised Forecast	Disclosed on 2022/2 Previously Announced Forecast	Difference	Non-consolidated Result	YoY
Revenue	33.4 - 33.8	35.6 - 36.6	-7.7% - -6.2%	25.5	+31% - +32%
Gross Profit	9.6 - 9.8	10.2 - 10.6	-7.5% - -5.9%	7.09	+35% - +38%
Gross Margin	28.7% - 29.0%	28.7% - 29.0%	+0.0pt - +0.1pt	27.8%	+1.0pt - +1.2pt
EBITDA (non-GAAP)	1.44 - 1.54	1.44 - 1.54	-	1.03	+40% - +49%
Operating Profit (non-GAAP)	1.0 - 1.1	1.0 - 1.1	-	0.83	+20% - +32%
Reference index					
EBITDA Margin	4.3% - 4.6%	4.0% - 4.2%	+0.3pt - +0.3pt	4.0%	+0.3pt - +0.5pt
EBITDA (excl. Ad Spend, non-GAAP)	Around 4.2	4.3 - 4.4	-4.5% - -2.3%	2.98	+41%
ROE ⁽¹⁾	Around 11%	4.2 - 4.8%	+6.2pt - +6.8pt	2.3%	+8.7pt

Financial Implications

Gross profit

Continuous achievement of more than 35% gross profit growth while maintaining EBITDA Margin

Gross Margin

Companywide gross margin is expected to improve to around 29%, driven by pricing of organic business and the acquisition of DANBALL ONE as a wholly owned subsidiary

EBITDA (non-GAAP)

Operating Profit (non-GAAP)
Profits are expected to be in line with the previous forecast; EBITDA (non-GAAP) growth to exceed gross margin growth

ROE

ROE is expected to land at around 11% for the current fiscal year

Notes

(1) As the fiscal year ending July 2022 is the first year of consolidation, the figures are calculated by dividing the forecast for Profit (loss) attributable to owners of the parent by the assumed amount of equity capital at the end of the fiscal year



Medium-Term Financial Policy: Quality Growth

- While the medium-term growth momentum continues, we are shifting to a “Quality Growth” phase with further focus on profit and cashflow generation
- Specifically, the EBITDA amount will further increase when gross profit increases. Drivers of profitability improvement are gross margin improvement and efficiency in SG&A expenses
- We have raised our medium-term ROE/ROIC target from 10% to over 20%

Previous Medium-Term Financial Policies

ROE/ROIC = 10%

Correlation between gross profit amount and EBITDA (non GAAP) amount (in JPY Bn)	Gross Profit	10.2	15.0	20.0	30.0
	EBITDA (non-GAAP)	1.44	2.25 - 3.0	4.0 - 5.0	6.5 - 8.0

Shift to
“Quality Growth” Phase

Future Medium-Term Financial Policies

ROE/ROIC= Over 20%

Correlation between gross profit amount and EBITDA (non GAAP) amount (in JPY Bn)	Gross Profit	10.0	15.0	20.0	30.0
	EBITDA (non-GAAP)	1.5	3.0 - 4.0	5.0 - 6.0	7.5 - 10.0

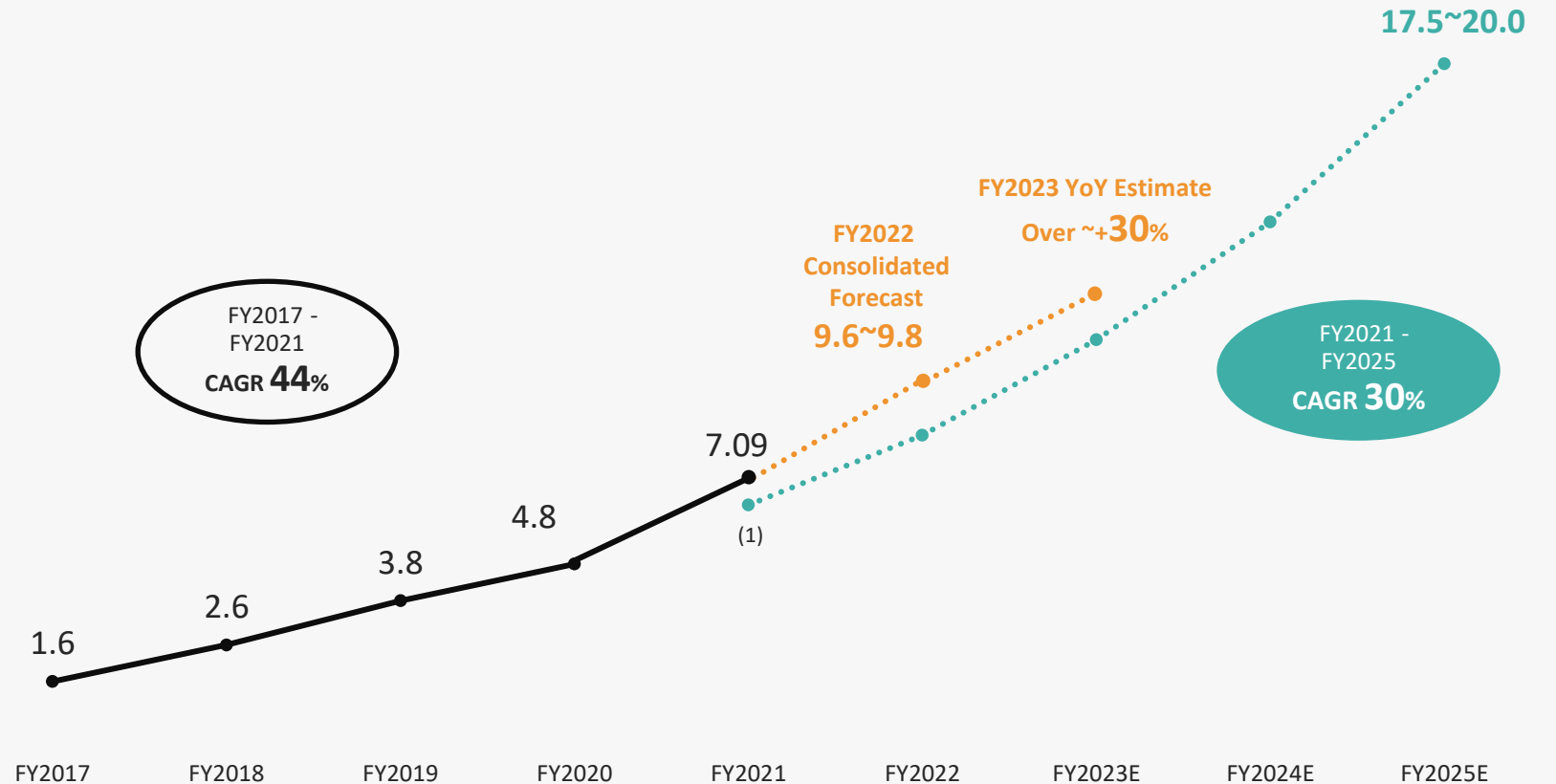


Gross Profit: Medium-Term Target

- While companywide gross profit may fall below 30% growth in the next fiscal year (FY2023) due to Hacobell becoming an equity-method affiliate, profitability will improve significantly
- There is no change in the gross profit target of JPY 17.5-20.0Bn for FY2025

Gross Profit: Medium-Term Target

(in JPY Bn)



Notes

(1) Lower range of full-year forecast disclosed on September 10, 2020 (JPY 6.45Bn)



Consolidated BS Summary

- Maintaining a level of over JPY 10Bn even after the acquisition of shares of DANBALL ONE
- JPY 3.6Bn bank loan (term: 5-7 years) announced today. The purpose is to establish a structure to ensure cash flow in case where CB is redeemed, and to fix the interest rate
- In addition, both operating cash flow and accounting profits are expected to accumulate in the future
- Since accumulated losses will be eliminated this fiscal year, share buybacks will be considered from next fiscal year depending on the stock price level, to improve capital efficiency

(in JPY MM)



Assets

Liabilities & Net Assets

5

Q&A



Q&A

	Question	Answer
Companywide	What is the outlook for the next fiscal year?	<ul style="list-style-type: none"> We expect increase in revenue and profits, with growth rate of EBITDA higher than that of gross profit
Companywide	What is the current status of equity-method affiliates?	<ul style="list-style-type: none"> Net Square: Promoting efficiency and automation in the digital printing area through partnership. Expected to contribute around JPY 100MM to the gross profit of the Raksul business segment in the current fiscal year Peraichi: Current monthly revenue has increased to around JPY 55MM after pricing revision of its services JOSYS: Although still in the PMF phase, the business has received many inquiries from clients and has begun charging for its services
Companywide	Are there any future M&A possibilities/opportunities?	<ul style="list-style-type: none"> We will actively consider investment opportunities at reasonable valuations in peripheral areas of our existing businesses
Companywide	What is the progress on ESG activities?	<ul style="list-style-type: none"> Based on the materiality map formulated last year, we are working on setting indicators and improvement of priority items We are preparing for further enhancement of disclosures, including TCFD compliance We have been selected as a constituent of the FTSE Blossom Japan Sector Relative which reflects the performance of companies that demonstrate relatively strong ESG practices in each sector
Raksul (Printing)	What is the outlook for material cost increases and the countermeasures?	<ul style="list-style-type: none"> Prices of paper and other materials continue to rise We will focus on increasing gross profit, our highest priority, through pricing adjustments

6

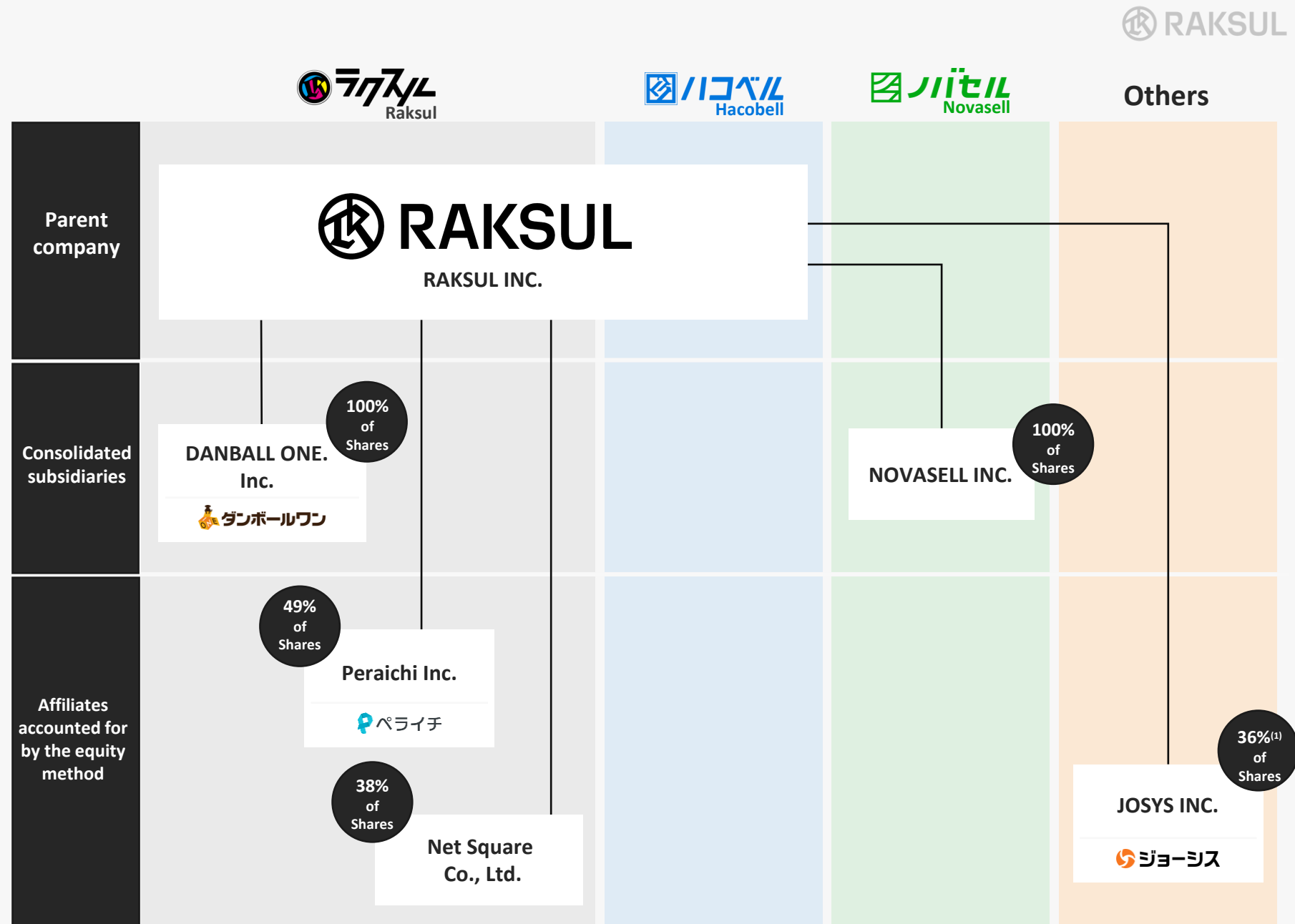
Reference Materials



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

Corporate Structure (As of April 30, 2022)



Notes

(1) Includes 27.1% of ownership by close associates

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



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 Sociales (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



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	<ul style="list-style-type: none"> - Unable to reduce costs - Inefficient purchasing 	<ul style="list-style-type: none"> - Able to place orders at a lower cost - Smoother purchasing experience that increases operational efficiency
	Suppliers	<ul style="list-style-type: none"> - Low profitability due to subcontracting, unable to grow 	<ul style="list-style-type: none"> - New demand created from businesses nationwide - Improve profitability and productivity through our material procurement support and sharing of knowledge
 Hacobell	Customers	<ul style="list-style-type: none"> - Takes time and effort to find trucks - Unit price increasing 	<ul style="list-style-type: none"> - Able to arrange trucks hassle-free at low cost by matching directly with shipping companies digitally
	Suppliers	<ul style="list-style-type: none"> - Low profitability due to low utilization rate - Inefficient operations using phone and fax - Unable to allocate time for what needs to be done 	<ul style="list-style-type: none"> - Improve utilization rate by drivers finding delivery orders in their spare time - Digitization of operations reduce operational costs
 Novasell	Customers	<ul style="list-style-type: none"> - Cost is too high - Unable to see effectiveness - Not knowing how to broadcast 	<ul style="list-style-type: none"> - Small-lot production at low cost - Visualize/maximize effectiveness - Easy to broadcast
	Suppliers	<ul style="list-style-type: none"> - # of companies using TV ads not increasing, and heavy dependence on large-scale projects 	<ul style="list-style-type: none"> - # of companies using TV ads increase, leading to a stable customer base



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



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



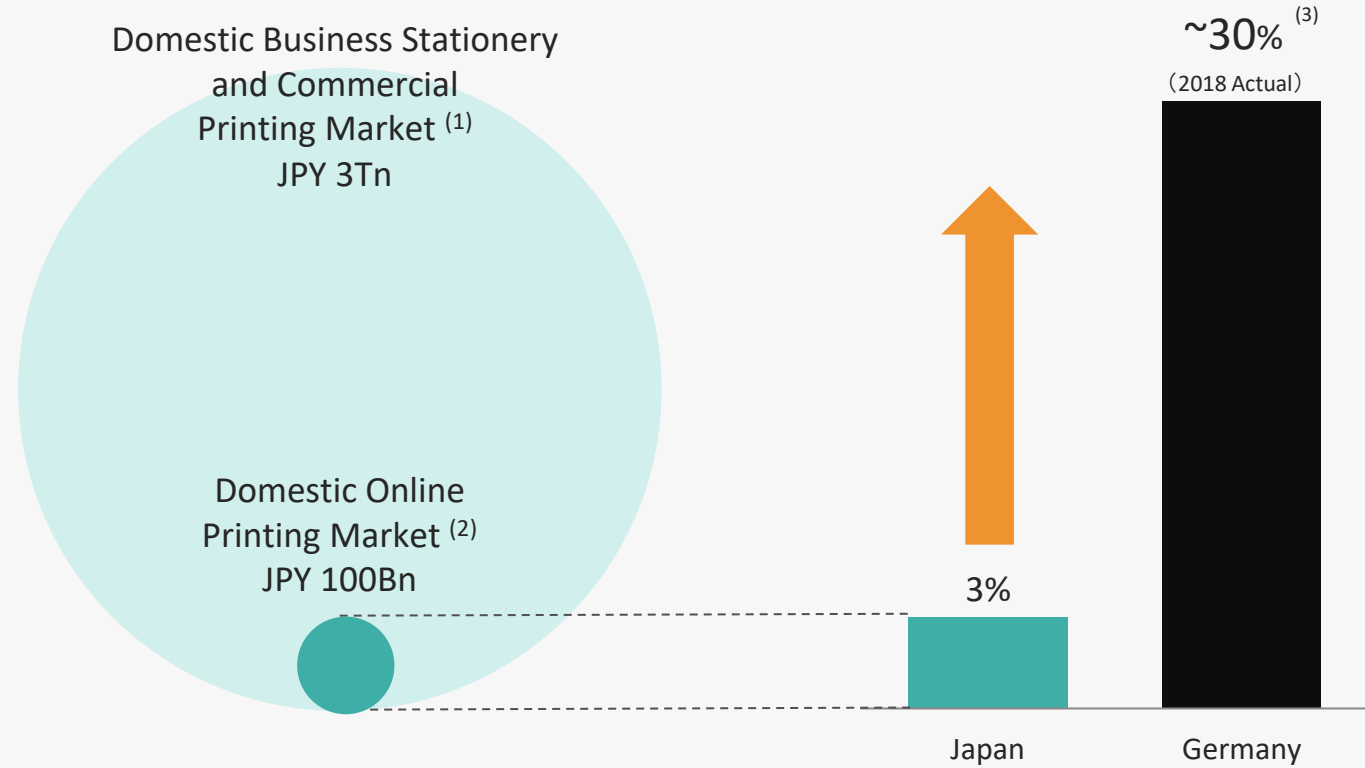
Vietnam Office

Source

(1) Human Resocia "IT Engineer Report"

TAM Expansion Driven by Further EC Penetration

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



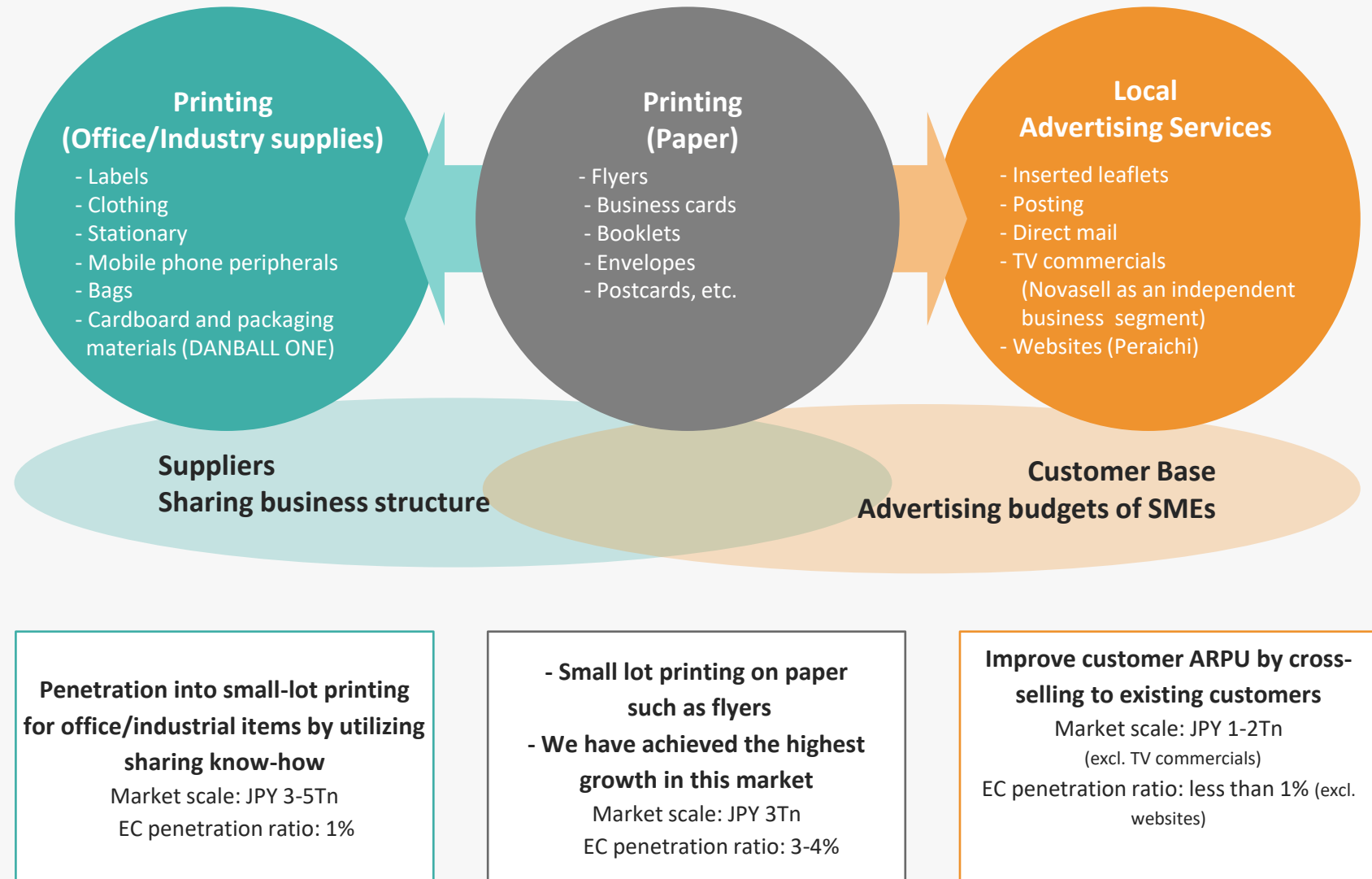
Source: Yano Research Institute, METI

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)

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





Vision / Overview of DANBALL ONE Inc.

- 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



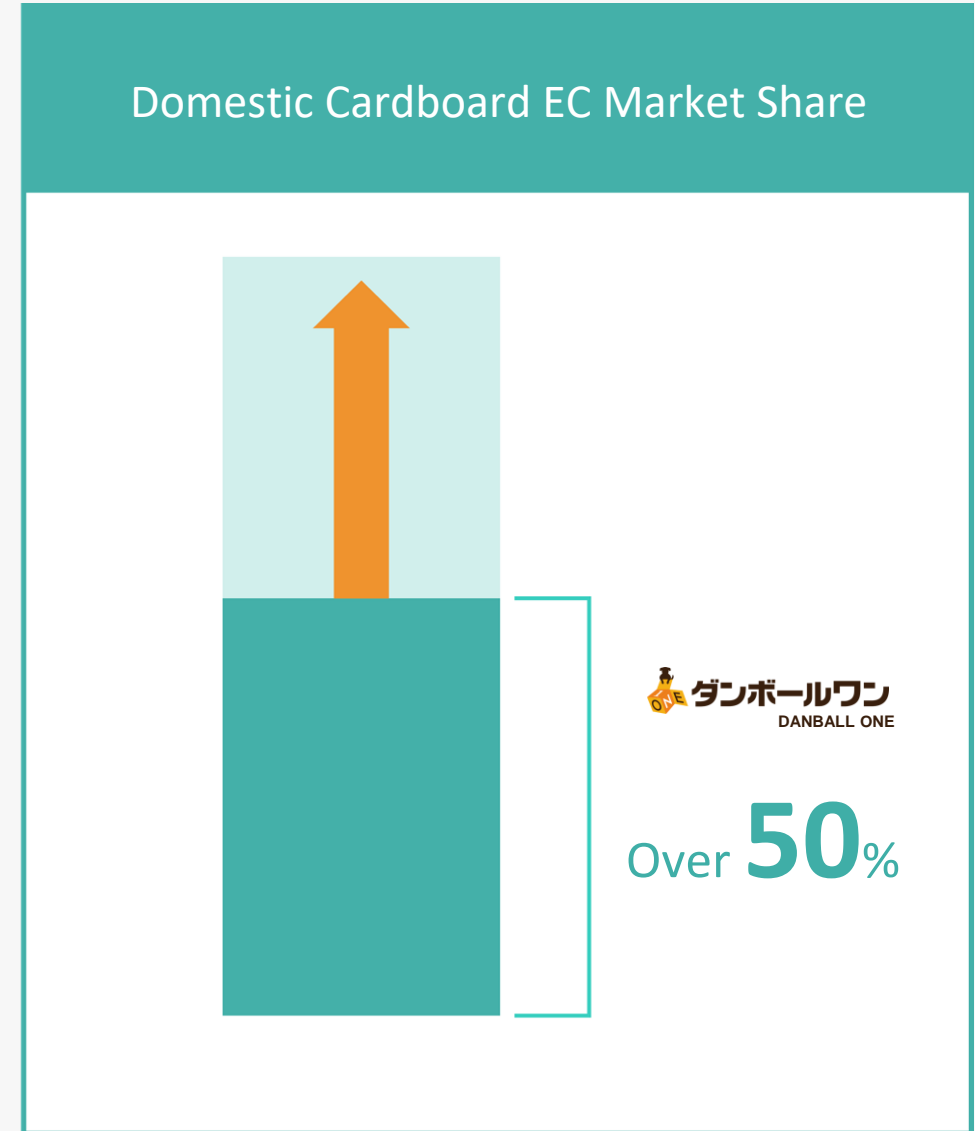
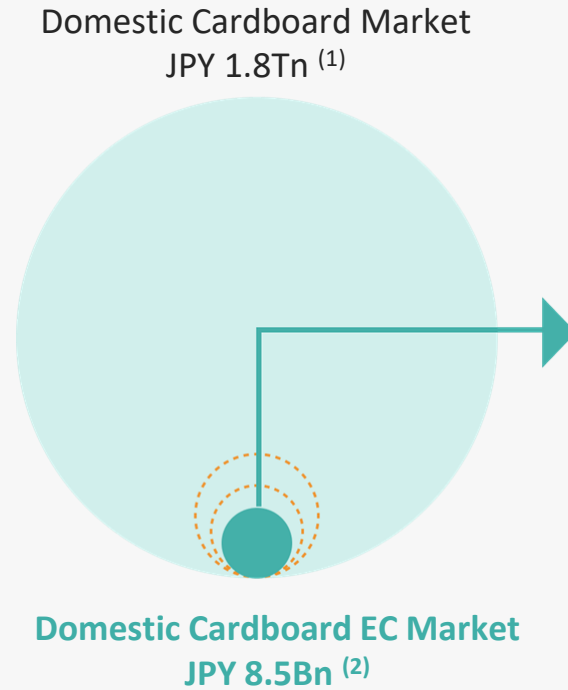
*EC site specializing in cardboard and packaging materials, Survey by TOKYO SHOKO RESEARCH (as of September 2021)
 *Revenue, number of orders, number of users, number of reviews, revenue growth rate

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



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 around 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)



Overview of 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 : Kunihiro Yasui

Financial standing : Monthly revenue around JPY 55MM; 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

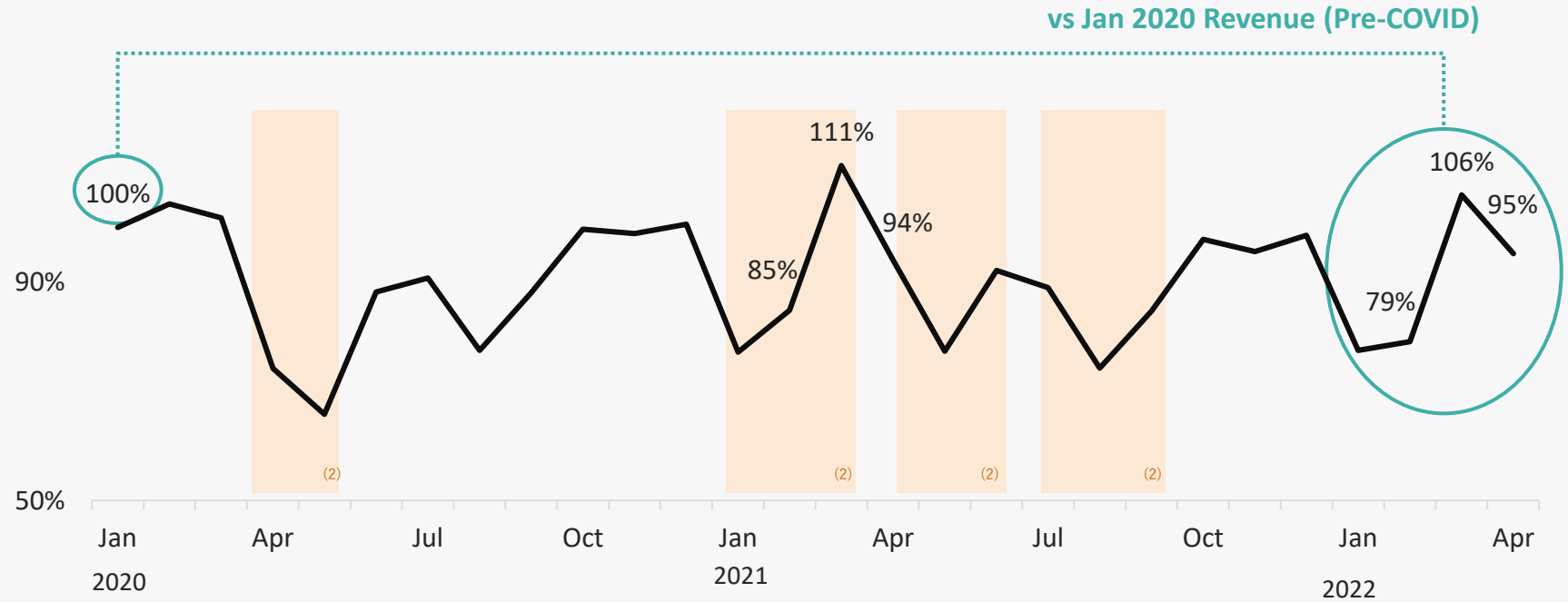
- A SaaS service which enables anyone to easily create a website
- Offer payment function for online shops
- Highly compatible with printing EC (commercial printing) as the service is utilized by SMEs in various industries nationwide for sales promotion and marketing purposes



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

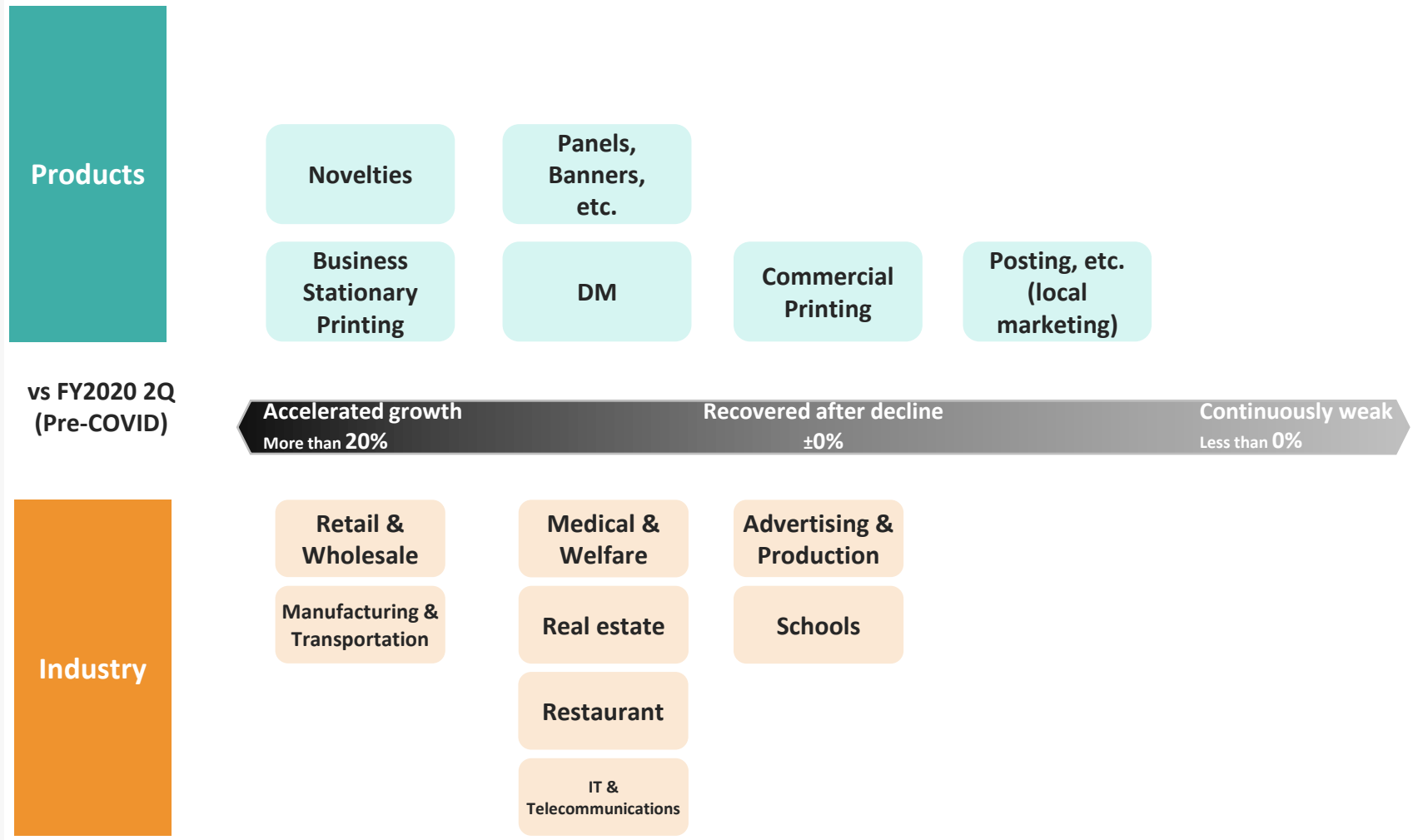
(1) Excluding DANBALL ONE, calculated based on management accounting, and differs from the figures disclosed in last fiscal year due to the new revenue recognition standards
 (2) SoE declared in Tokyo



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

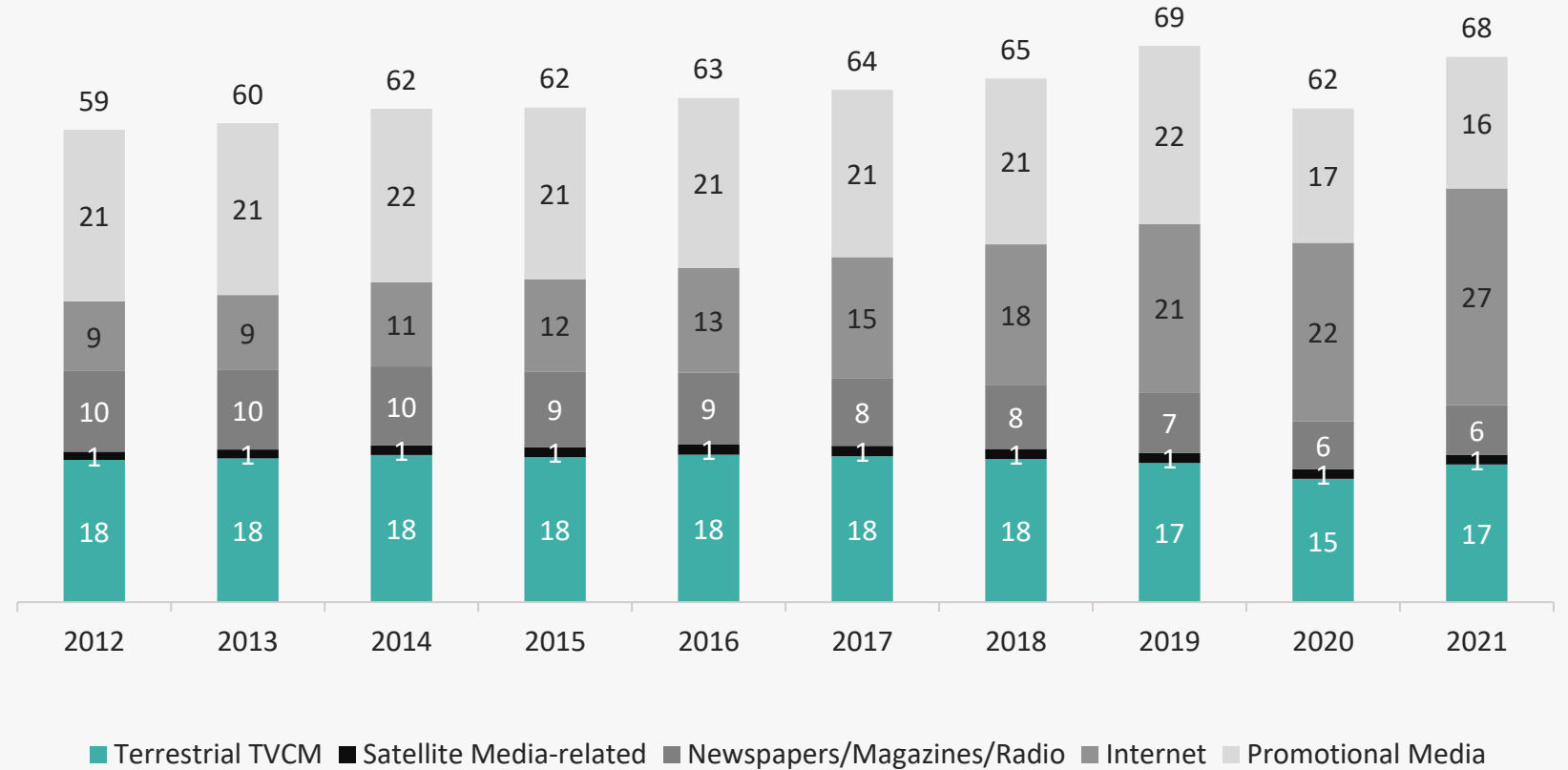


Notes
(1) Excluding DANBALL ONE

Domestic Advertising Market

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

(in JPY 100Bn)






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)



External Ratings / Strengthening Information Disclosure

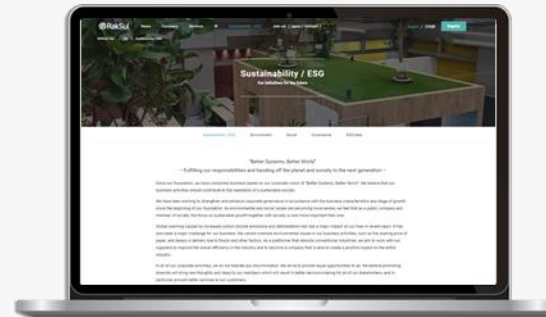
- We have been awarded a "BBB" rating by MSCI ESG Research as of April 2021. We will strive to continuously improve through constructive dialogue with stakeholders
- We launched our new "Sustainability / ESG" website in June 2021. We will strive to provide enhanced information related to ESG and disclose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

MSCI ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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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”

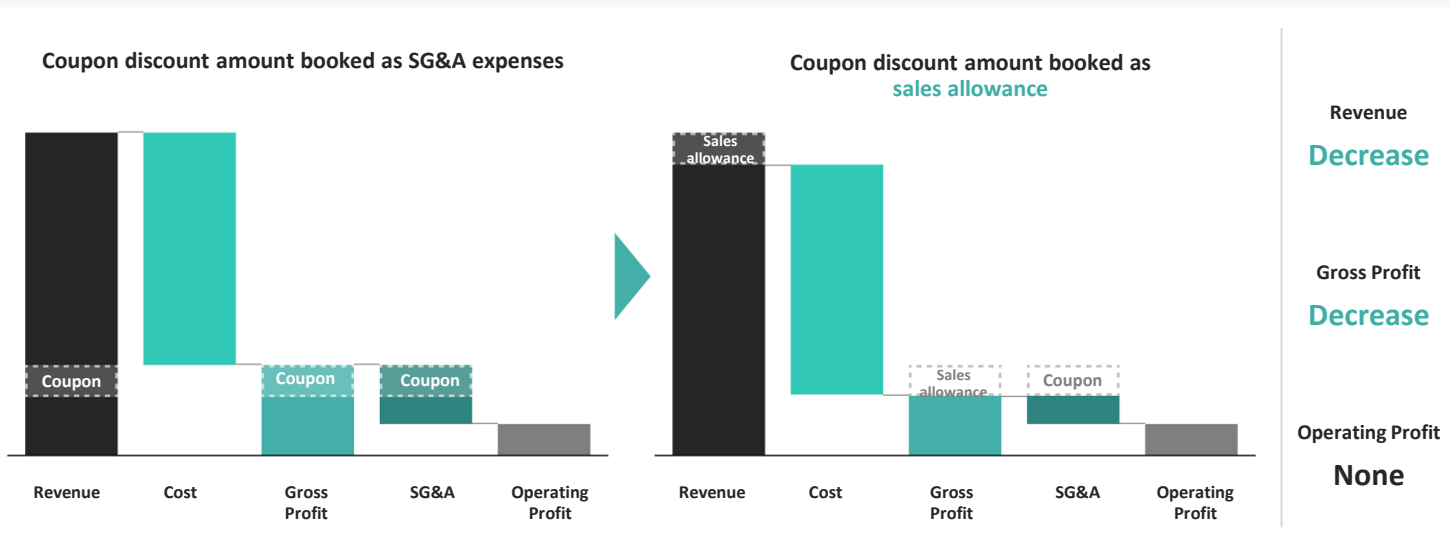
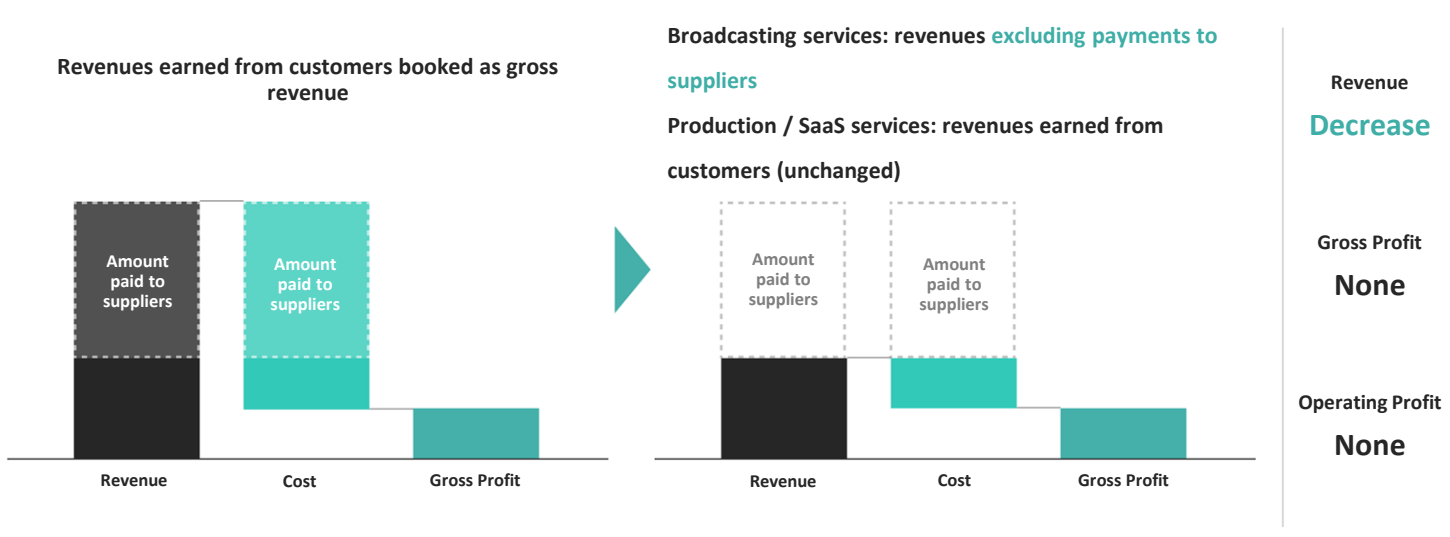
Novasell

**Raksul
Hacobell**

Previous Accounting Methods

New Revenue Recognition Standards

Impact

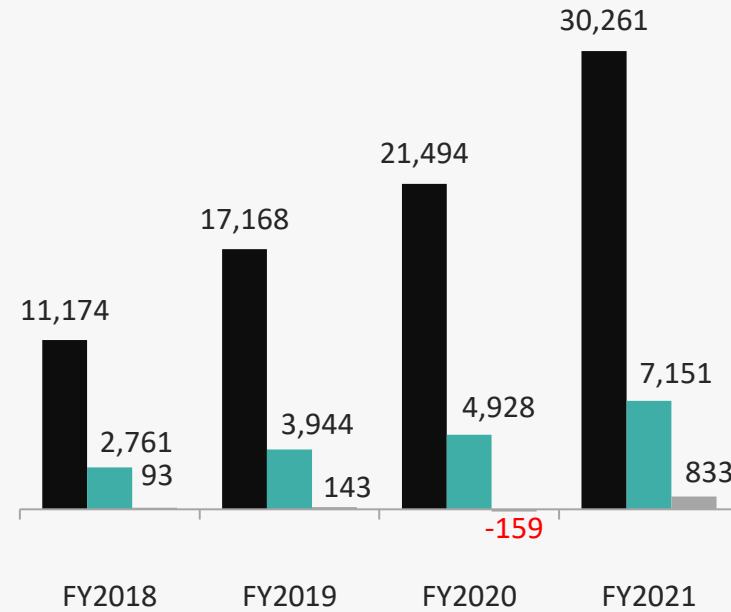


Companywide Full Year Results

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

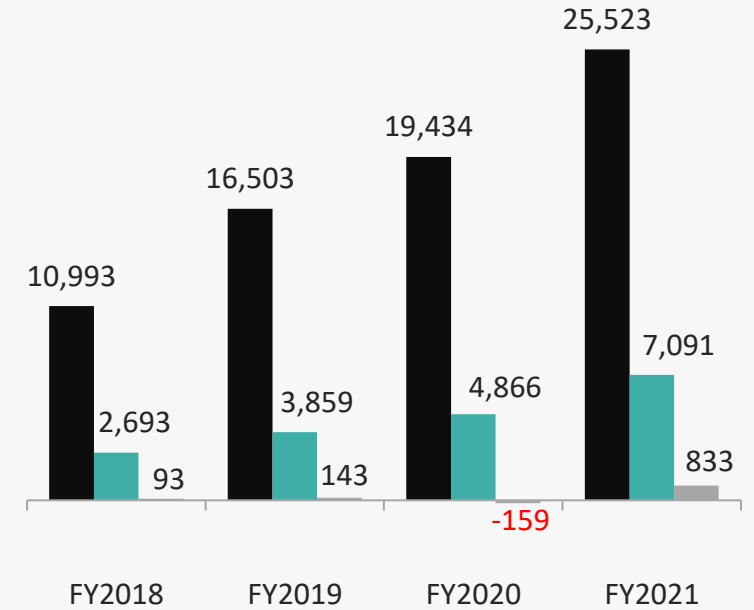
Previous Accounting Methods

(in JPY MM)



New Revenue Recognition Standards

(in JPY MM)



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

Financial Highlights by Business Segment

		FY2020				FY2021				FY2022		
(in JPY MM)		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue	Raksul	4,013	4,359	4,024	3,872	4,430	5,073	5,605	5,144	5,461	6,092	7,894
	Novasell	199	274	203	177	322	498	722	498	720	1,007	538
	Hacobell	563	638	532	448	553	1,004	655	723	741	835	869
	Others	27	27	28	40	66	73	77	73	84	97	80
Gross Profit	Raksul	992	1,052	995	1,103	1,201	1,361	1,514	1,373	1,478	1,697	2,395
	Novasell	118	122	142	102	165	206	405	305	313	433	253
	Hacobell	34	35	48	69	91	142	112	96	97	104	131
	Others	9	11	11	17	26	29	29	28	33	38	27
Segment Profit (non-GAAP, EBITDA)	Raksul	351	228	252	640	453	568	767	565	583	697	1,055
	Novasell	22	4	9	-25	19	17	94	-95	-18	69	-122
	Hacobell	-99	-125	-79	-46	-21	21	-17	-59	-68	-46	-11
	Others, corporate expenses, and internal transaction reconciliation	-285	-272	-294	-279	-242	-291	-354	-394	-396	-429	-361
Segment Profit (financial accounting)	Raksul	329	205	207	598	408	515	711	505	534	641	863
	Novasell	22	4	5	-27	16	10	85	-103	-25	63	-129
	Hacobell	-102	-129	-85	-52	-27	11	-28	-70	-79	-59	-25
	Others, corporate expenses, and internal transaction reconciliation	-292	-296	-303	-327	-330	-391	-462	-631	-534	-580	-517
EBITDA (non-GAAP)	Company wide	-10	-165	-110	289	209	315	490	15	99	292	560

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

		FY2020				FY2021				FY2022		
(in JPY MM)		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue	Raksul	4,028	4,382	4,043	3,876	4,444	5,090	5,617	5,158	5,473	6,107	7,918
	Novasell	732	743	847	530	872	1,248	2,613	1,983	1,727	2,641	1,614
	Hacobell	564	639	532	449	553	1,004	657	723	741	836	869
	Others	27	27	28	40	66	73	77	73	84	97	80
Gross Profit	Raksul	1,007	1,074	1,013	1,107	1,216	1,378	1,527	1,386	1,490	1,712	2,419
	Novasell	118	122	142	102	165	206	405	305	313	433	253
	Hacobell	35	36	48	69	91	143	114	96	97	105	131
	Others	9	11	11	17	26	29	29	28	33	38	27
Segment Profit (non-GAAP, EBITDA)	Raksul	351	228	252	640	453	568	767	565	583	697	1,055
	Novasell	22	4	9	-25	19	17	94	-95	-18	69	-122
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Segment Profit (financial accounting)	Raksul	329	205	207	598	408	515	711	505	534	641	863
	Novasell	22	4	5	-27	16	10	85	-103	-25	63	-129
	Hacobell	-102	-129	-85	-52	-27	11	-28	-70	-79	-59	-25
	Others, corporate expenses, and internal transaction reconciliation	-292	-296	-303	-327	-330	-391	-462	-631	-534	-580	-517
EBITDA (non-GAAP)	Company wide	-10	-165	-110	289	209	315	490	15	99	292	560

Balance Sheet

(in JPY MM)	FY2021 4Q	FY2022 3Q
Current Assets	16,916	15,414
Cash & Deposits	13,447	10,027
Non-Current Assets	4,999	8,550
Total Assets	21,916	23,964
Current Liabilities (interest-bearing liabilities)	5,068 (1,287)	6,943 (2,573)
Non-Current Liabilities (interest-bearing liabilities)	8,851 (8,746)	8,548 (8,442)
Net Assets	7,996	8,472
Share Capital	2,452	2,670
Capital Surplus	5,260	5,477
Total Liabilities & Net Assets	21,916	23,964



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

(in JPY MM)	FY2022 3Q (2022/2-2022/4)			FY 2022 1Q - 3Q (2021/8 - 2022/4)		
	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)
Revenue	9,383	-	9,383	24,424	-	24,424
Gross Profit	2,807	-	2,807	7,003	-	7,003
Operating Profit	375	183	191	663	513	149
Ordinary Profit	-51	186	-237	228	561	-333
Net Profit	600	186	414	899	561	337

Sources

P6 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)	
	Business stationery and commercial printing	Calculated based on "Current Production Statistics: Paper, Printing, and Plastic" (METI), production volume basis
Raksul	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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Disclaimer

Handling of this material

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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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Information contained within this material on other topics besides RAKSUL is quoted from published information and other sources. As such, the accuracy, appropriateness, etc. of such information has not been verified, nor do we guarantee them thereof.

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