



## Financial Results for the Fiscal Year Ending July 31, 2022

RAKSUL INC. (TSE PRIME: 4384)

September 14, 2022



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# Part 1: Financial Highlights



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## Summary



## Summary

### FY2022 Full Year and Quarterly Financial Highlights

**[Full Year] Revenue: YoY +33.1%, Gross Profit: YoY +38.3%, EBITDA (non-GAAP) JPY 1.63Bn**

- All financial items exceeded the forecast disclosed on June 10, 2022
- Consolidated accounting introduced from 3Q. Growth accelerated with the contribution of DANBALL ONE. Inc. (“DANBALL ONE”)
- EBITDA (non-GAAP) was +58.6%. Earnings increased while growth continued
- ROE was 12.2%; Steadily improving towards the medium-to-long term target of 20%

**[4Q] Revenue: YoY +48.4%, Gross Profit: YoY +55.2%, EBITDA (non-GAAP) JPY 681MM**

- Both revenue and gross profit bottomed out in May and have been on a recovery trend since
- EBITDA reached record high

### FY2023 Financial Forecast

**Based on the Quality Growth policy, focus on sustained gross profit growth of over 20% and significant increase of EBITDA (non-GAAP)**

- Revenue: JPY 38.2-39.6Bn, +12.4-16.5% YoY  
(+25-30% YoY, excluding Hacobell business segment)
- Gross Profit: JPY 11.6-12.2Bn, +18.3-24.4% YoY  
(+24-31% YoY, excluding Hacobell business segment)
- EBITDA (non-GAAP): JPY 2.45-2.77Bn, +50-70% YoY

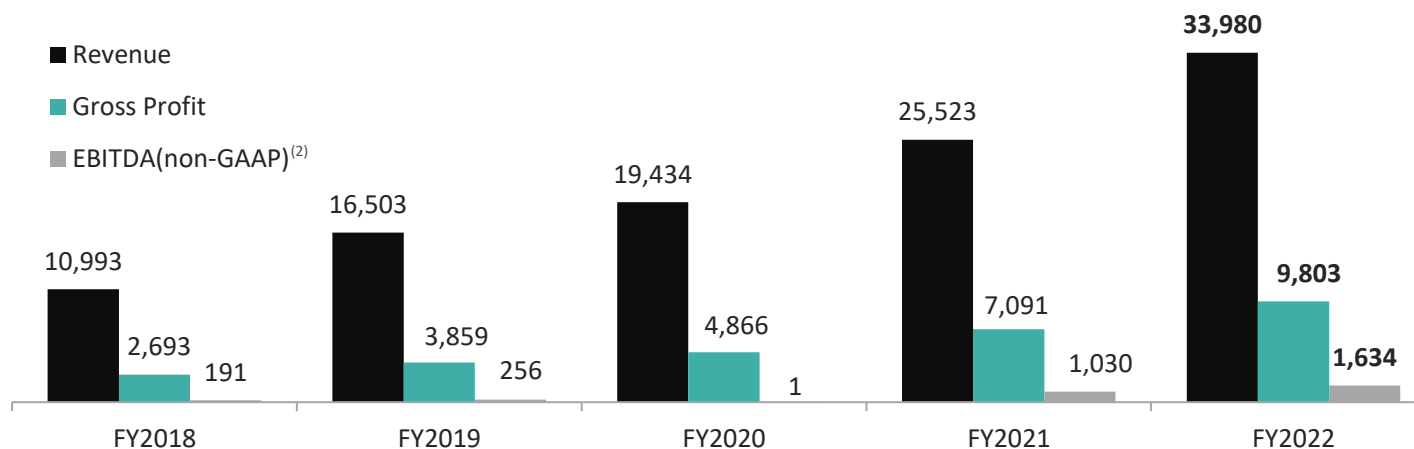
## FY2022 Full Year

### Financial Highlights

- Raksul Business Segment (“Raksul”): DANBALL ONE’s performance has contributed to the overall company performance. Gross margin was at a record high level driven by pricing of organic businesses
- Novasell Business Segment (“Novasell”): Strong growth overall for the year. Impacted by changes in the financing environment for startup clients in the second half, but on a recovery trend by shifting customer mix
- Hacobell Business Segment (“Hacobell”): Steady growth in revenue continues. Formed a joint venture with Seino Holdings Co., Ltd. (“SEINO HD”) and shifted to an equity method affiliate from August 2022

### Companywide <sup>(1)</sup>

(in JPY MM)



### FY2022 Results by Business Segment

(in JPY MM)	Raksul	Novasell	Hacobell	Company wide <sup>(3)</sup>
<b>Revenue</b>	27,325	2,828	3,478	33,980
YoY	+34.9%	+38.5%	+18.5%	+33.1%
<b>Gross Profit</b>	7,918	1,292	464	9,803
YoY	+45.3%	+19.4%	+4.8%	+38.3%
<b>Gross Margin</b>	29.0%	45.7%	13.3%	28.9%
YoY	+2.1pt	-7.3pt	-1.7pt	+1.1pt
<b>EBITDA (non-GAAP)<sup>(2)</sup></b>	3,491	-103	-128	1,634
YoY	+48.2%	-	-	+58.6%

#### Notes

(1) Results prior to FY2021 are calculated under the new revenue recognition standards. As 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 expenses

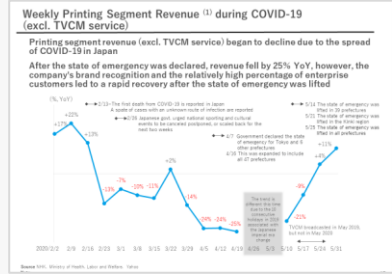
(3) Results for each segment include internal transactions. Also, the difference between the total of each segment and companywide is due to “other business”, corporate expenses, and internal transaction reconciliation. The same applies hereinafter

# Track Record of Management Quickly Adapting to Changes in the External Environment

- The organization's capability and track record of quickly adapting to changes in the external environment

## Businesses

Rapid recovery from the sharp decline in demand due to the first State of Emergency in April 2020



**FY2020**  
COVID-19  
Outbreak

## Financials

Positive operating profit and increase of gross profit set as financial policy

Financial Policy for the Next Fiscal Year

There is no change in our management stance, which places the highest priority on realizing our vision

Regardless of the COVID-19 environment, the basic policy is to achieve positive operating profit in the next fiscal year

More specific forecasts will be disclosed in our 4Q announcement

<b>Increase in Gross Profit</b>	Management focusing on increasing gross profit maximizing added value to customers and suppliers (same as in the past)
<b>Positive Operating Profit (non-GAAP)</b>	Maintain company-wide operating profit (non-GAAP) positive and aim to increase while continuing certain growth reinvestment

## Finance etc.

Acquired funds for growth investment through bank borrowing in September 2019/ CB issuance in November 2019

**RakSul** About the Issuance of Convertible Bonds

A total of ¥10 billion was raised through a round of debt financing in September 2019 and the issuance of convertible bonds (CB) in November 2019

We were able to secure funds for growth investment while minimizing dilution

**Purpose of issuing CB**

- Further strengthen our financial structure and increase the amount of cash available for growth investment by acquiring equity-based funding through a financial scheme that promotes conversion
- Concurrently completed a sale by existing equity investors and a round of new fundraising, by accessing CB investors who are a separate investor group from the pure equity investors
- Minimized dilution
- Use acquired funds to invest into the logistics business as previously disclosed

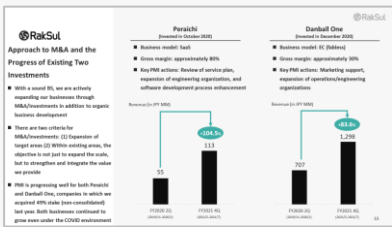
**Cash equivalent and debt**

(Cash balance as of October 2023 + cash from CB in JPY MM)

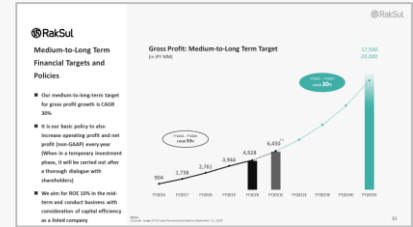
Cash from CB 1	5,000	Net cash	5,433
Cash from CB 2	5,000	Net cash	5,833
Cash and deposits	25,741	Debt	5,536

**FY2021**  
On-and-off  
Declaration of  
State of  
Emergency/ Semi-  
State of  
Emergency

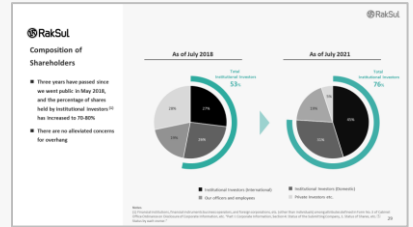
Large investment into businesses with continuous growth even under the COVID-19 environment



Gross Profit CAGR 30%, yearly increase of profits, ROE/ROIC 10% set as medium-to-long term financial policy



All shares held by DIGITAL HOLDINGS, Inc. were sold. Overhang concerns were resolved, and liquidity improved



**FY2022**  
COVID-19  
Environment, Price  
Surge, Changes in  
Financial  
Environment

- DANBALL ONE became a wholly owned subsidiary
- Expand customer base to large enterprises
- Expansion of SaaS business

EBITDA increase and ROE/ROIC 20% set as medium-term financial policy

Bank Borrowing of JPY 3.6Bn

2

**FY2022 (FYE July 2022)  
Full Year Financial Highlights**





## Full Year and Quarterly Financial Highlights

- All financial items exceeded the revised forecast disclosed in June 2022<sup>(3)</sup>
- 4Q revenue +48.4% YoY; Gross Profit +55.2% YoY. Gross profit growth was driven by DANBALL ONE's contribution, organic growth, and improved gross margin
- EBITDA reached record high with significant improvement while maintaining sustained growth

	FY2022 4Q (2022/5-2022/7)			FY2022 Full Year (2021/8-2022/7)				
	(in JPY MM)	Actual	FY2021 4Q Actual (New Revenue Recognition Standards)	YoY	Actual	FY2021 Actual (New Revenue Recognition Standards)	YoY	Actual vs Forecast <sup>(3)</sup>
Revenue		9,556	6,439	+48.4%	33,980	25,523	+33.1%	+1.7%
	Raksul	7,877	5,144	+53.1%	27,325	20,253	+34.9%	-
	Novasell	562	498	+12.9%	2,828	2,041	+38.5%	-
	Hacobell	1,031	723	+42.7%	3,478	2,936	+18.5%	-
Gross Profit		2,799	1,804	+55.2%	9,803	7,091	+38.3%	+2.1%
	Raksul	2,347	1,373	+70.9%	7,918	5,451	+45.3%	-
	Novasell	292	305	-4.3%	1,292	1,082	+19.4%	-
	Hacobell	130	96	+35.8%	464	443	+4.8%	-
Gross Margin		29.3%	28.0%	+1.3pt	28.9%	27.8%	+1.1pt	+0.1pt
Incl.: Stock-based compensation expense		182	263	-30.8%	695	612	+13.6%	-
Incl.: Ad spend		533	501	+6.3%	2,557	1,956	+30.7%	-
EBITDA <sup>(1)</sup> (non-GAAP)		681	15	42.7x	1,634	1,030	+58.6%	+13.5%
Operating Profit <sup>(1)</sup> (non-GAAP)		495	-35	-	1,158	833	+39.1%	+15.9%
ROE <sup>(2)</sup>		-	-	-	12.2%	2.3%	+9.9pt	-

### Notes

(1) EBITDA (non-GAAP) = Operating Profit + Depreciation + Amortization of goodwill + Stock-based compensation expenses

Operating Profit (non-GAAP) = Operating Profit + Stock-based compensation expenses

(2) 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

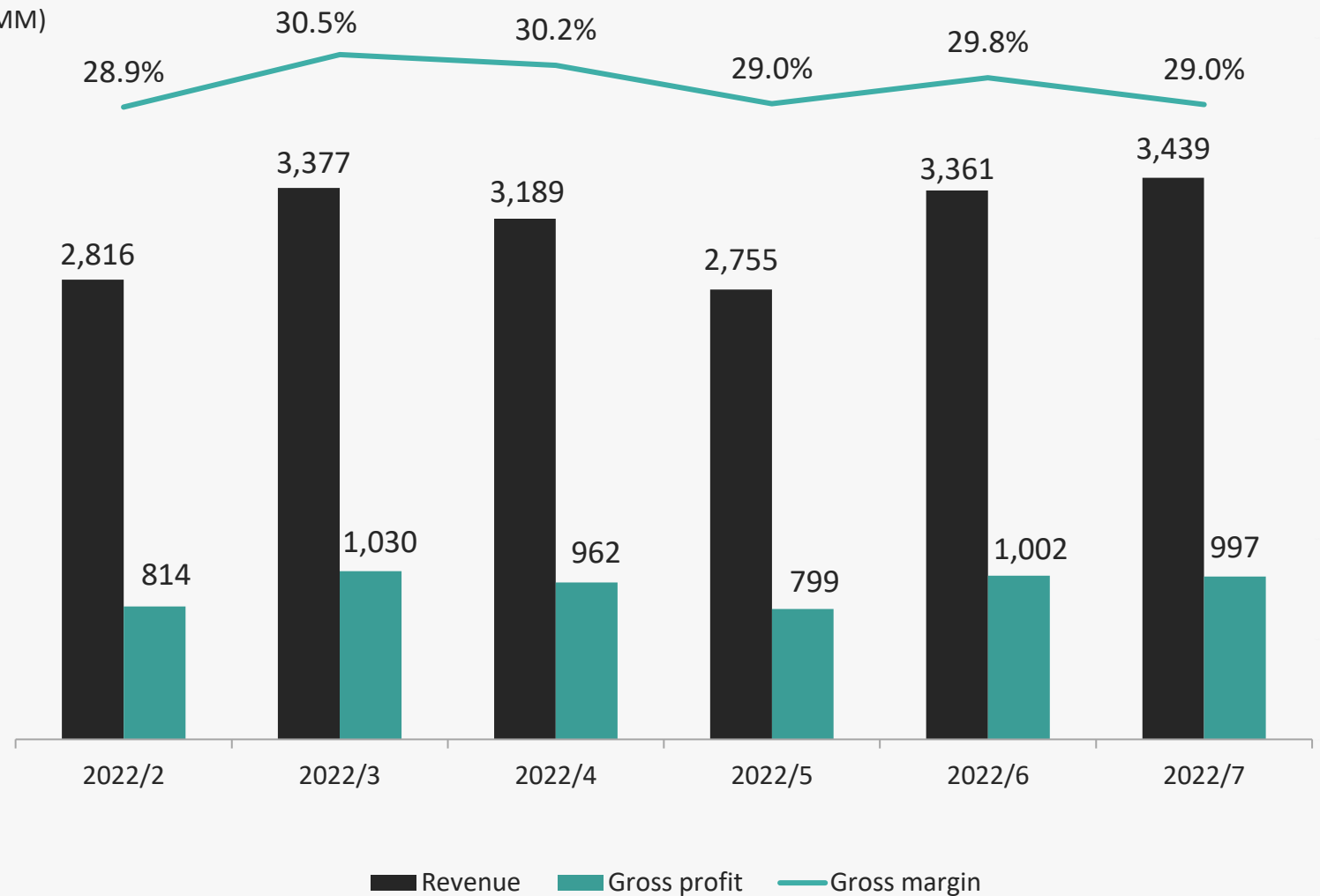
(3) Compared to the lower range of FY2021 revised annual forecast disclosed on June 10, 2022

(Reference)

## Monthly Financials

- Revenue and gross profit both on a recovering trend after bottoming out in May
- For August (which is during the quiet season), revenue landed at around JPY 2.7Bn. Hacobell has been shifted to an equity method affiliate. +53.5% YoY growth if excluding Hacobell business segment

(in JPY MM)

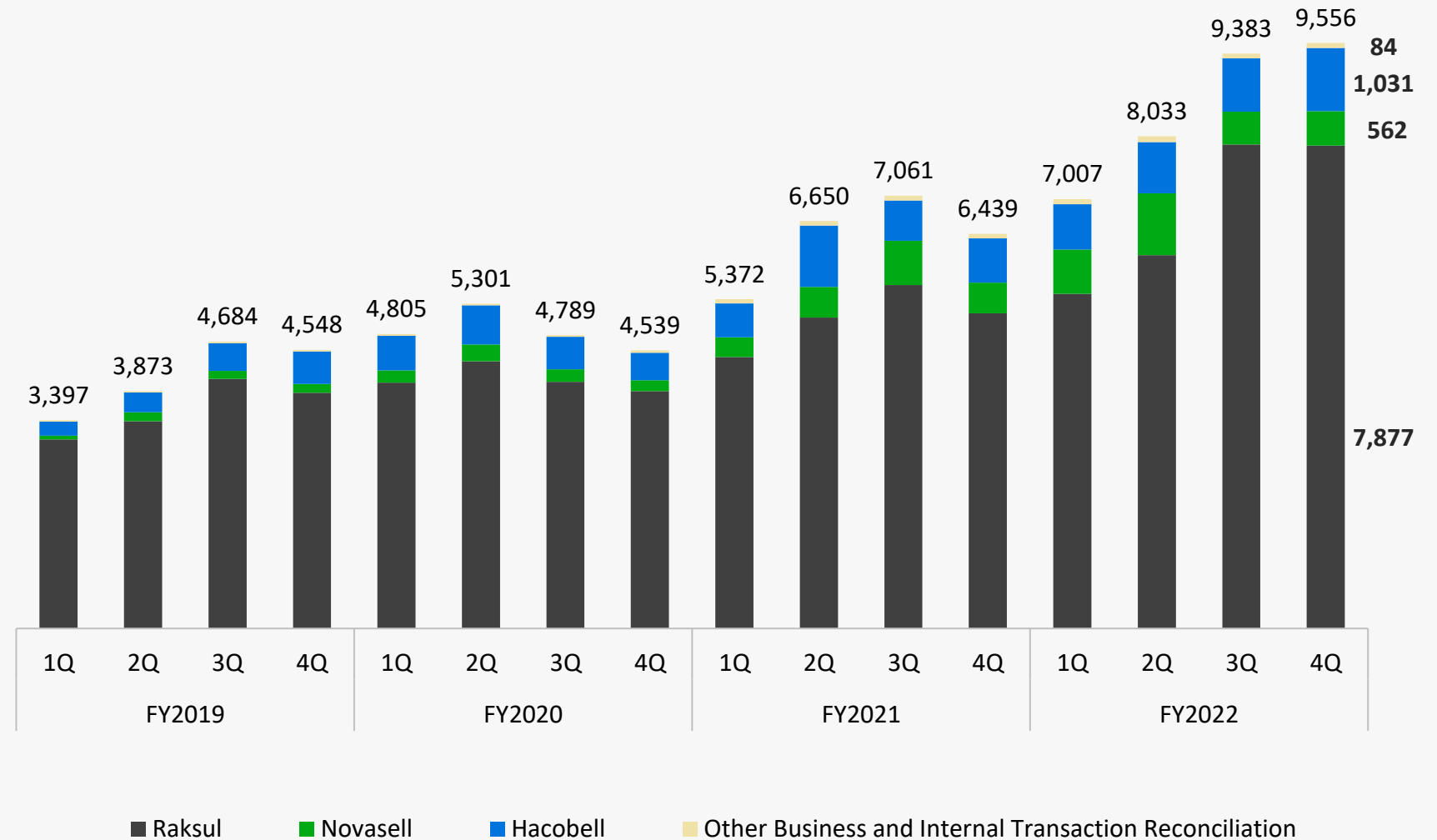


## Revenue by Business

### Segment

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

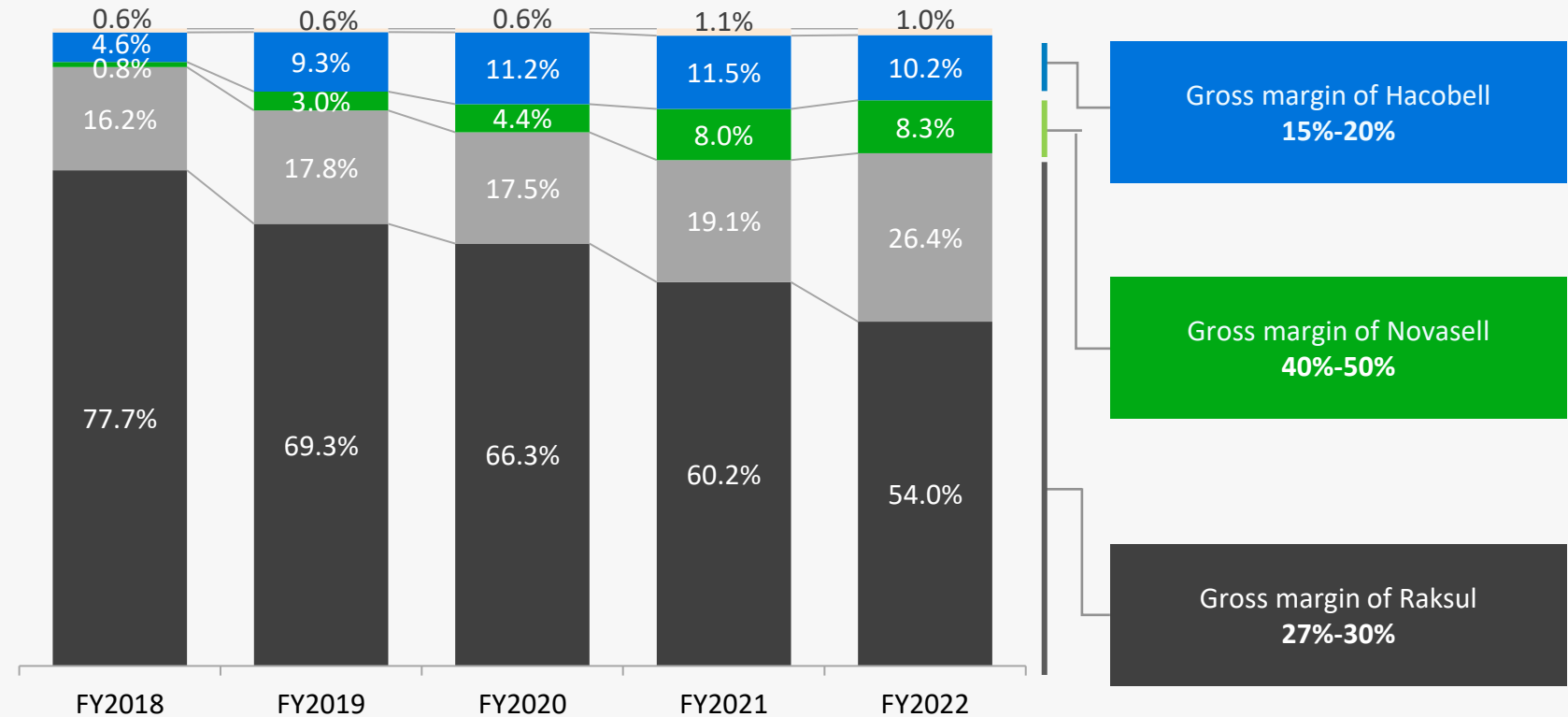
(in JPY MM)





## Revenue Composition by Business Segment

- Our newer platforms have rapidly been expanding while the printing e-commerce continues its growth, creating multiple strong revenue streams



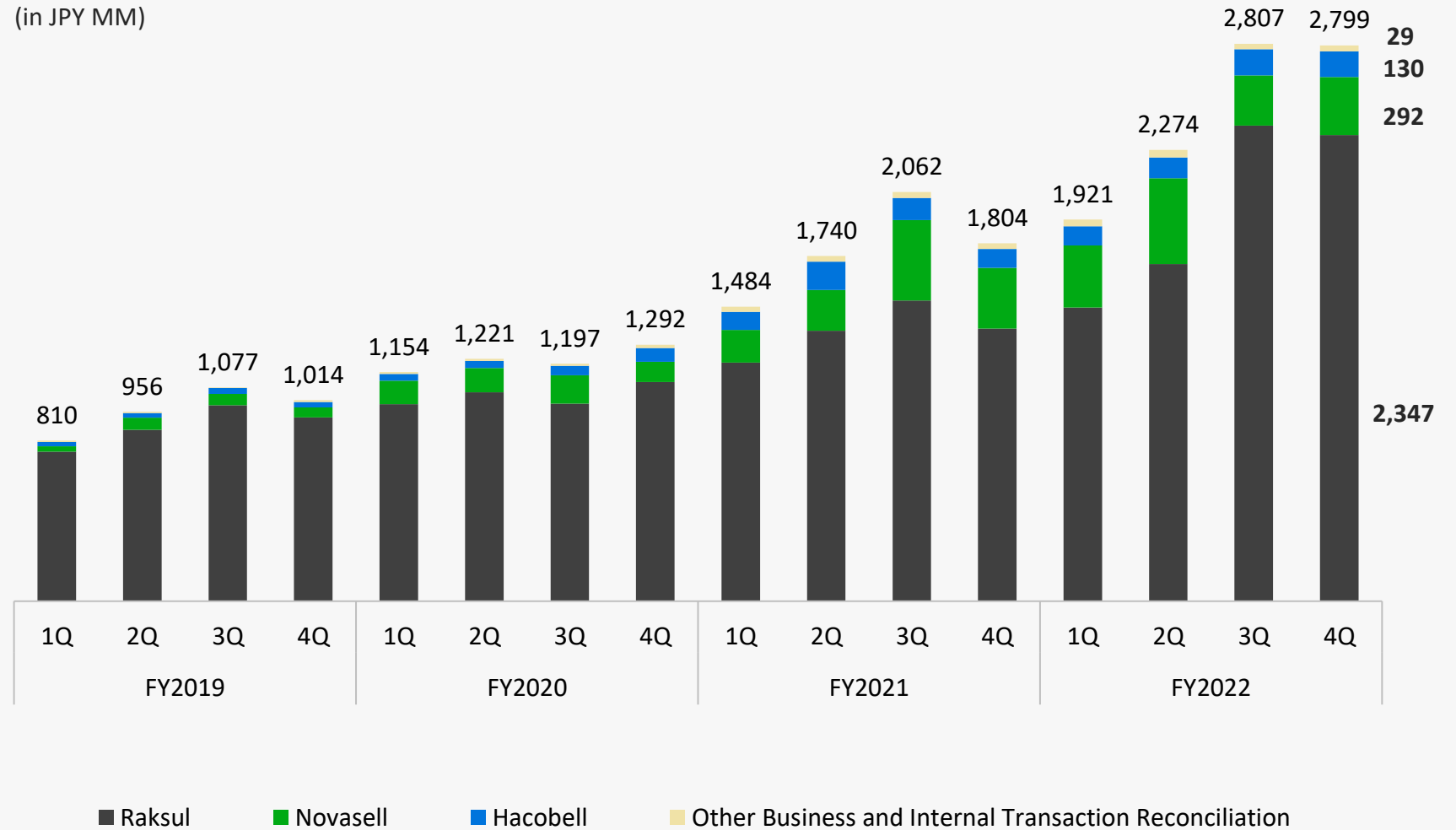
- Other Business and Internal Transaction Reconciliation
- Hacobell
- Novasell
- Raksul: Offline Ads / New Domains (including DANBALL ONE)
- Raksul: Printing E-commerce

- Gross margin of Hacobell 15%-20%
- Gross margin of Novasell 40%-50%
- Gross margin of Raksul 27%-30%

## Gross Profit

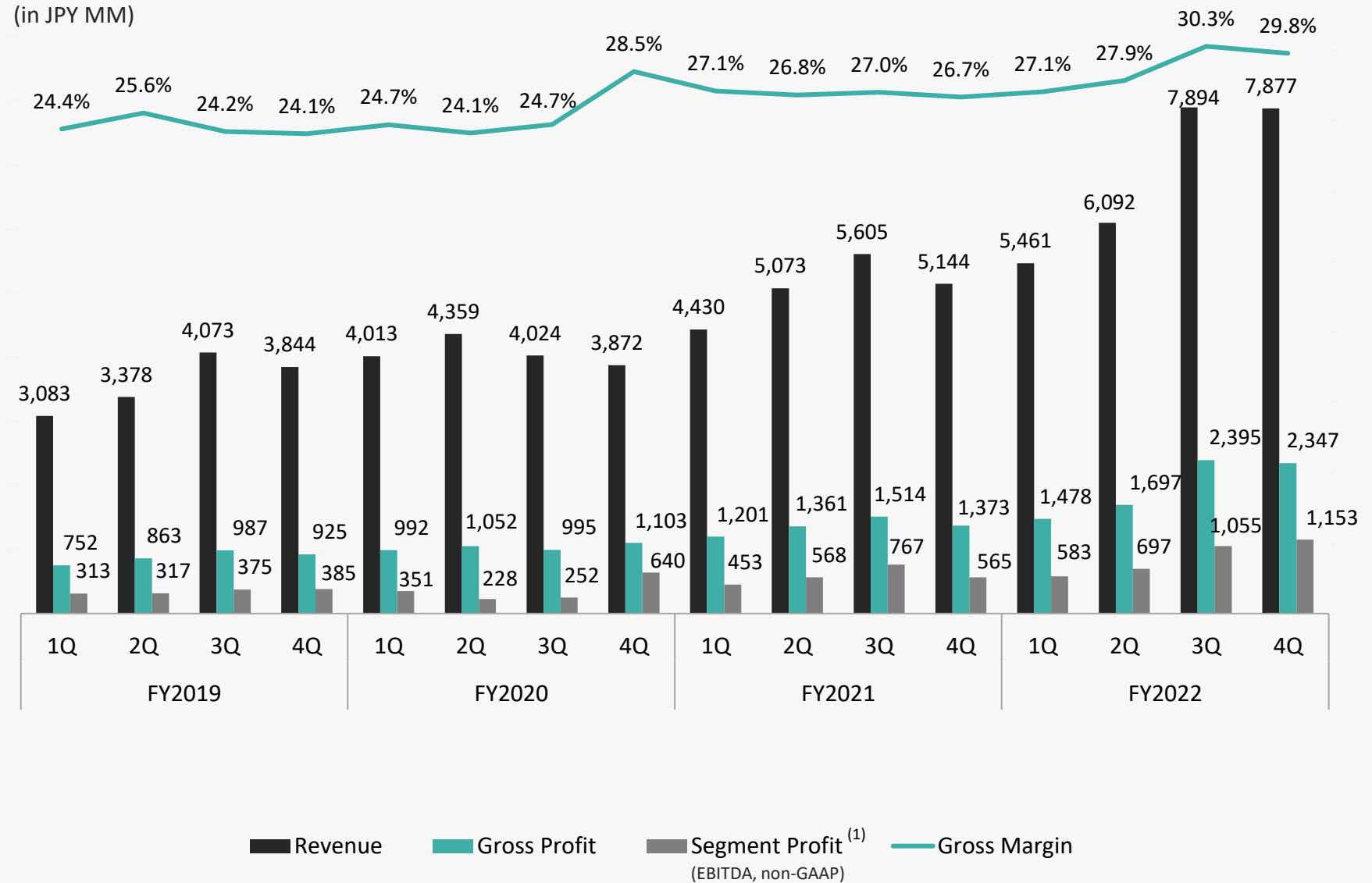
- Gross profit continues to grow driven by revenue growth as well as higher gross margin

(in JPY MM)



## Business Segment Performance

- Strong growth YoY with the recovery of the Japanese economy, as well as steady growth on a QoQ basis
- Excluding the performance of DANBALL ONE which was consolidated from 3Q, revenue growth was +23% YoY and gross margin growth was +36% YoY. Both recovered from 3Q and achieved the highest level in the most recent year
- For DANBALL ONE, 4Q revenue was JPY 1.54Bn, gross profit was JPY 482MM (gross margin of 31.3%), EBITDA was JPY 188MM



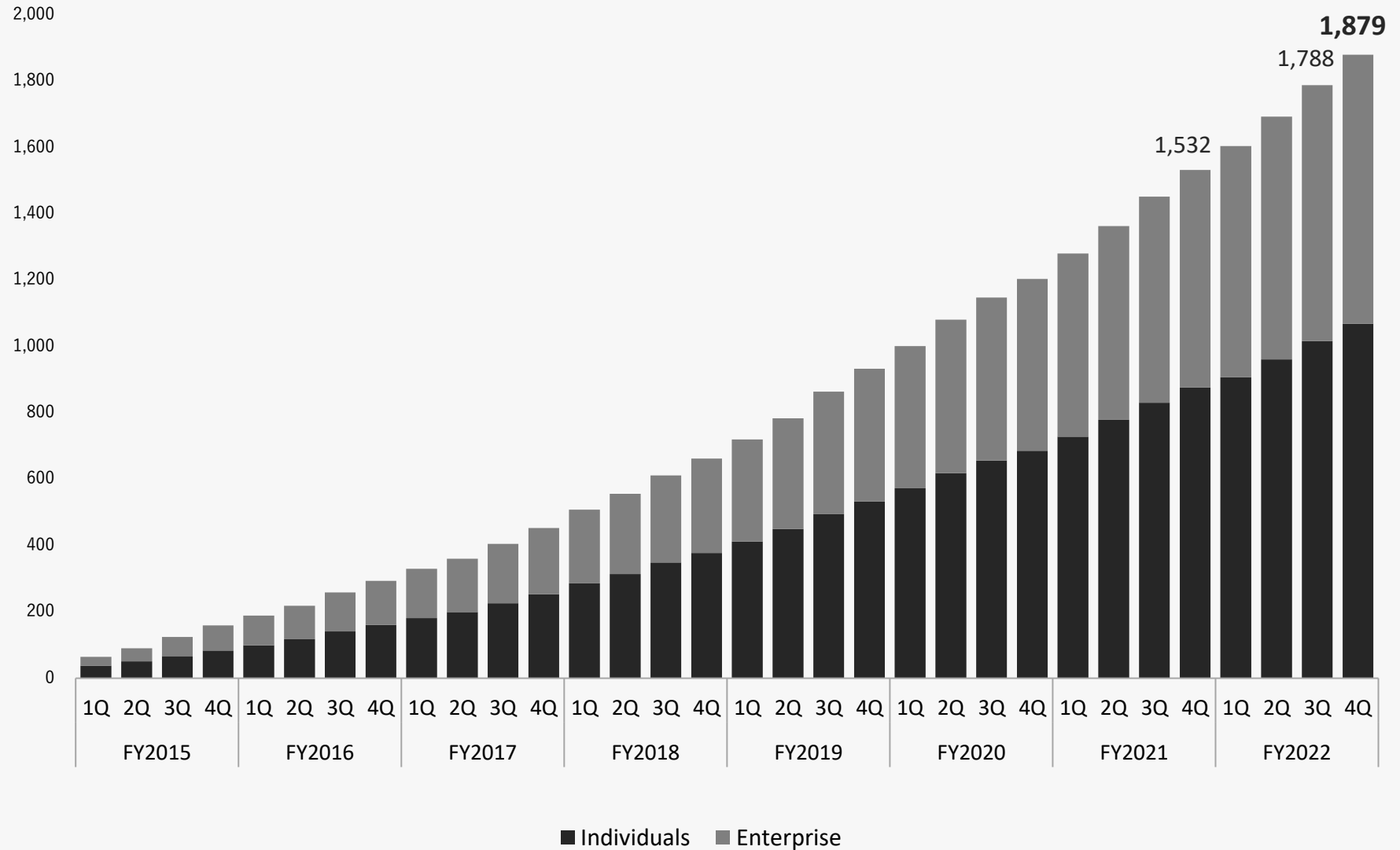
Notes  
 (1) SG&A expenses include internal transactions



## Number of Registered Users on Printing Platform (1)

- Our customer base saw continuously growth
- The number of total users for 4Q was 1,879,442

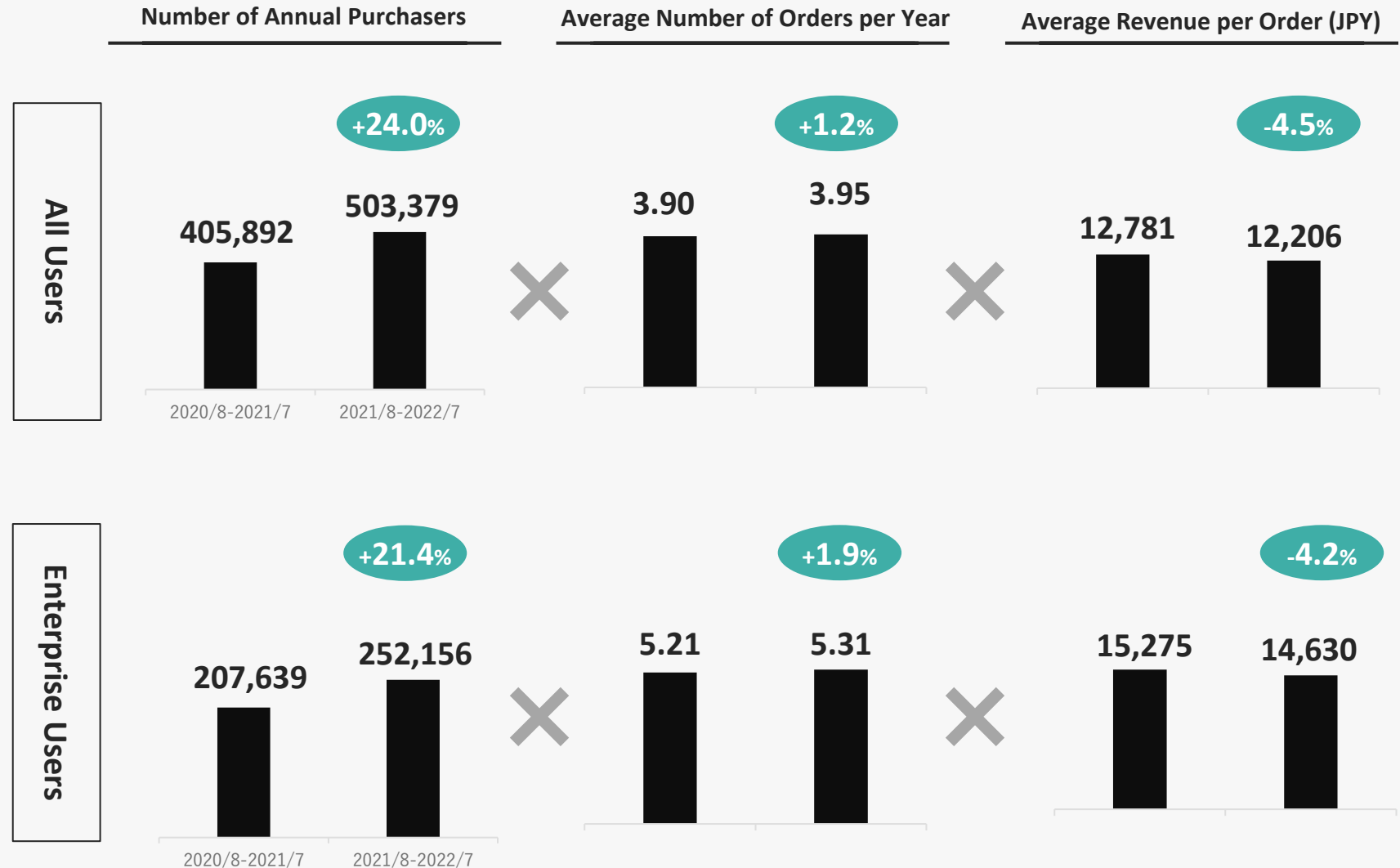
(unit: 1,000 users)



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

## KPI Trend (1)

- Continued growth for annual number of purchasers
- 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 (2021/8-2022/7)<sup>(2)</sup>, the number of annual purchasers is JPY 166k and ARPU (Average Number of Orders per Year x Average Revenue per Order) is around JPY 34k



Note

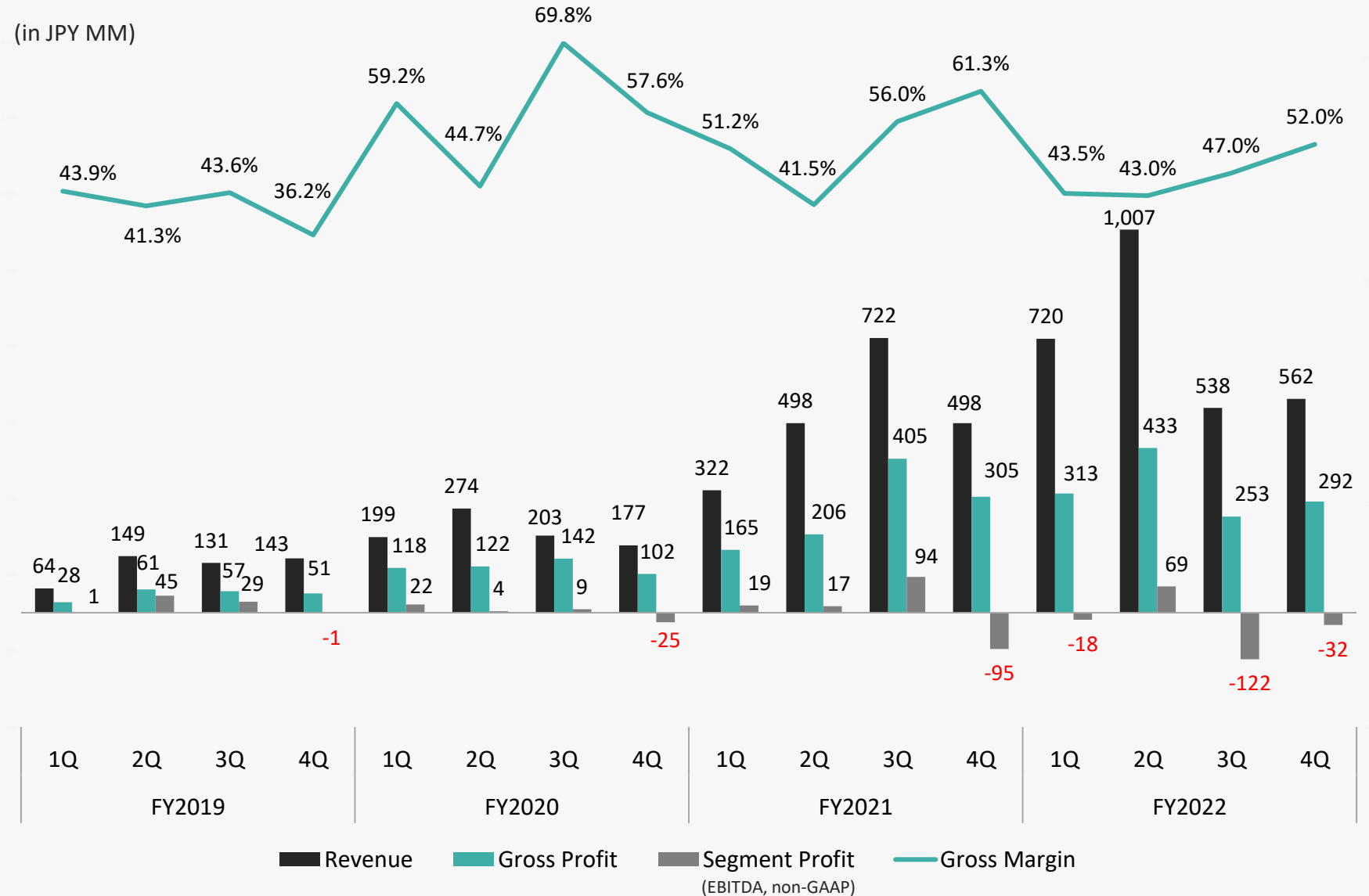
(1) Excluding DANBALL ONE, calculated based on management accounting, and differs from the figures disclosed in last fiscal year due to the new revenue recognition standards

(2) Only transactions through the company's own e-commerce website



## Segment Performance (1)

- Shift in customer base led to a recovery trend after bottoming out in 3Q. The gross profit growth trend is expected to continue in FY2023 1Q
- 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 the medium-to-long term

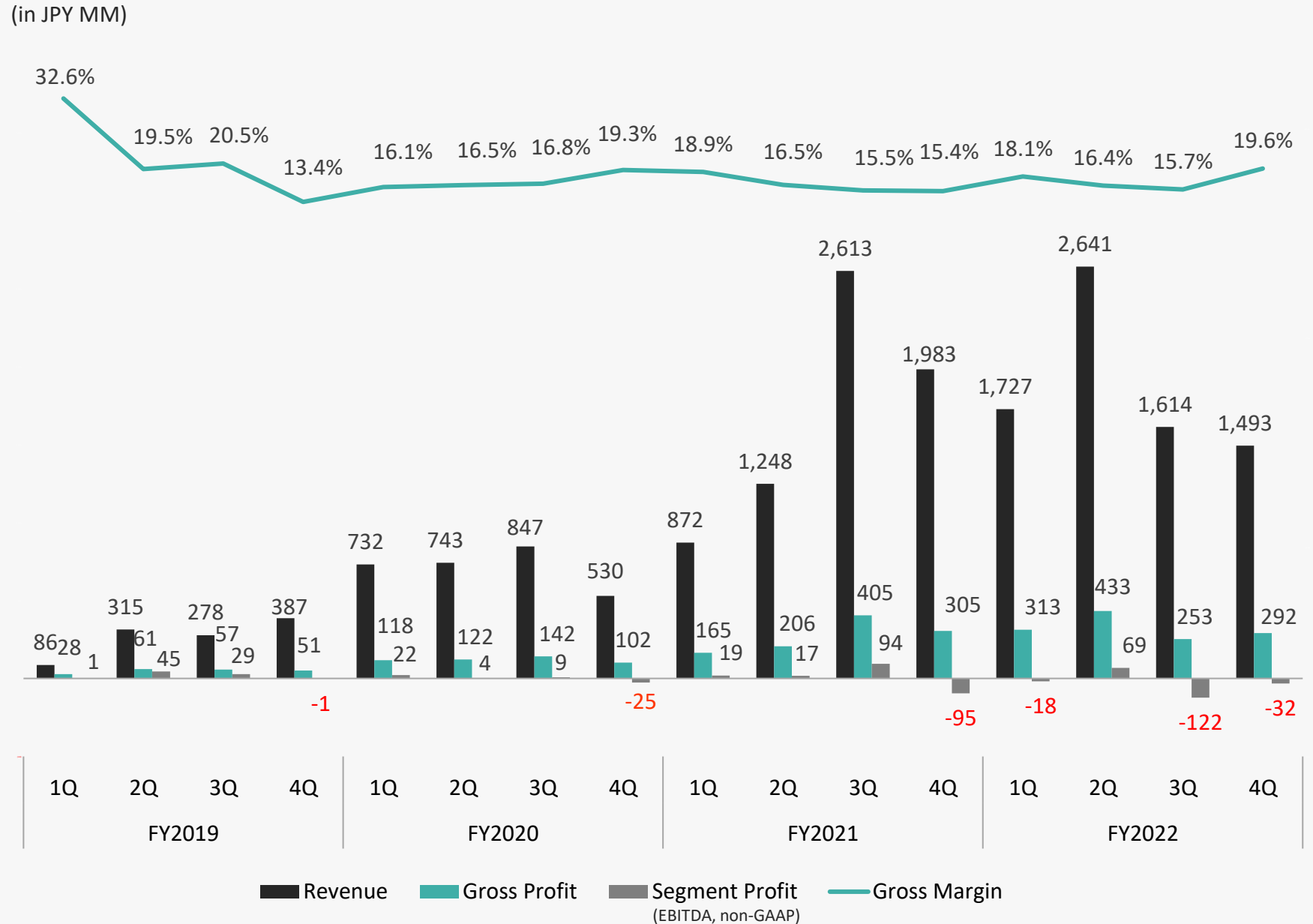


**Notes**

(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



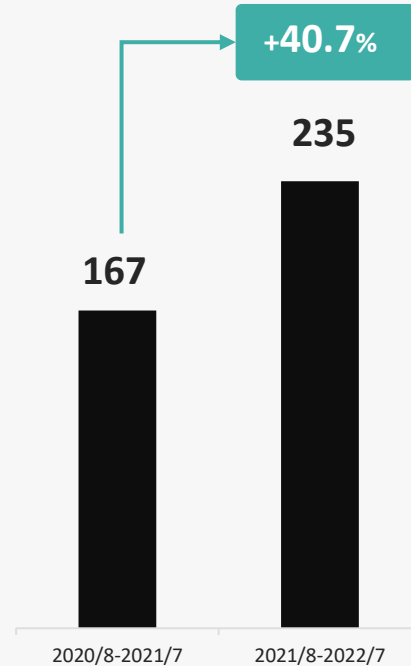
**Notes**

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

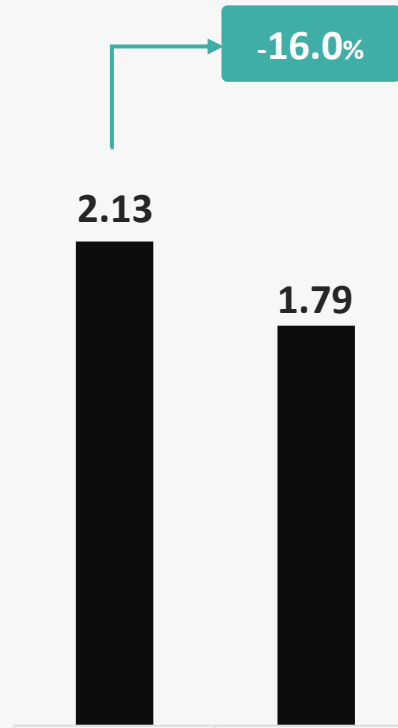
## KPI Trend

- KPI disclosure based on characteristics of programmatic TV commercials
- With the new incoming clients, the proportion of SaaS-only users is currently increasing. As a result, the average number of broadcasting months has been pushed down in the calculation, however, the repeat usage from broadcasting users has been strong

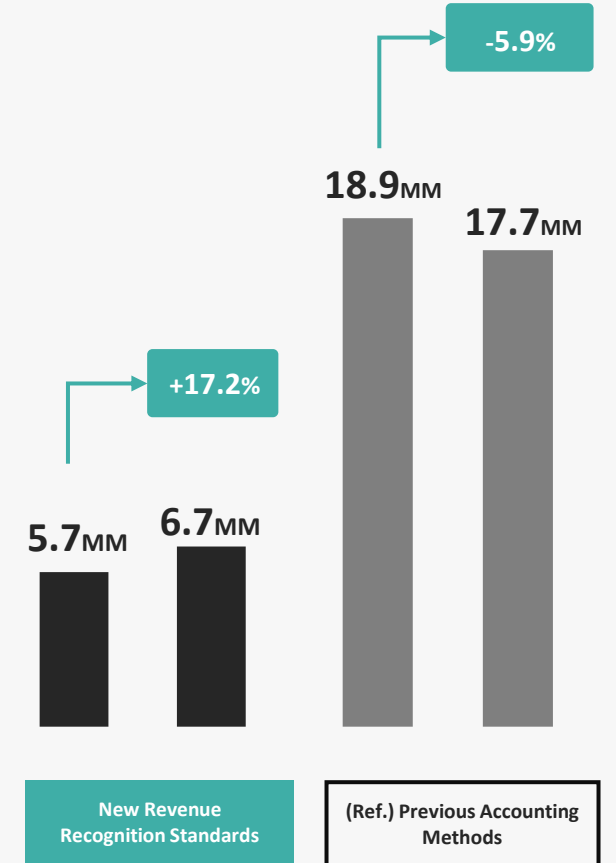
Number of Annual User Companies



Average Broadcasting Months

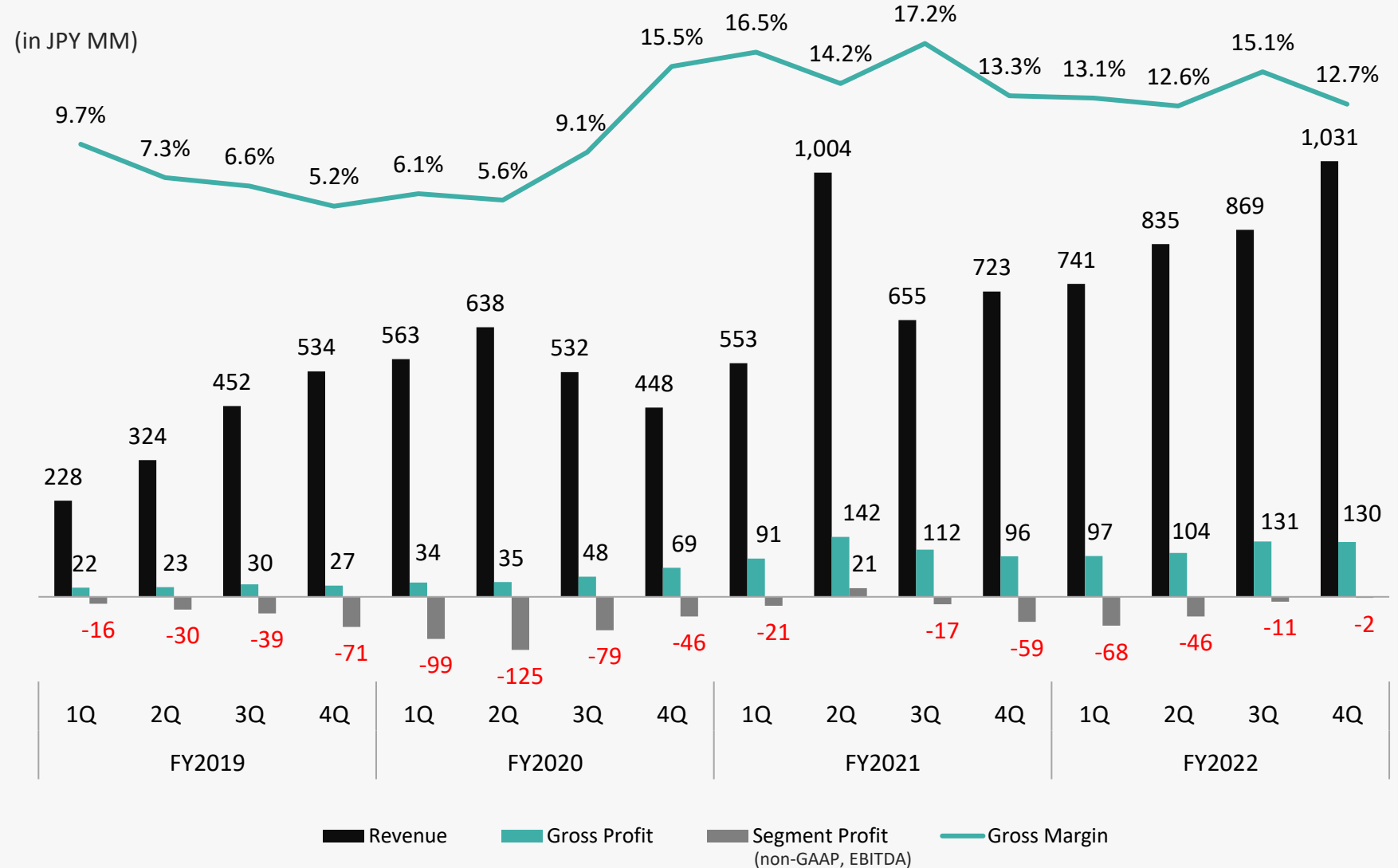


Average Monthly Unit Price (JPY)



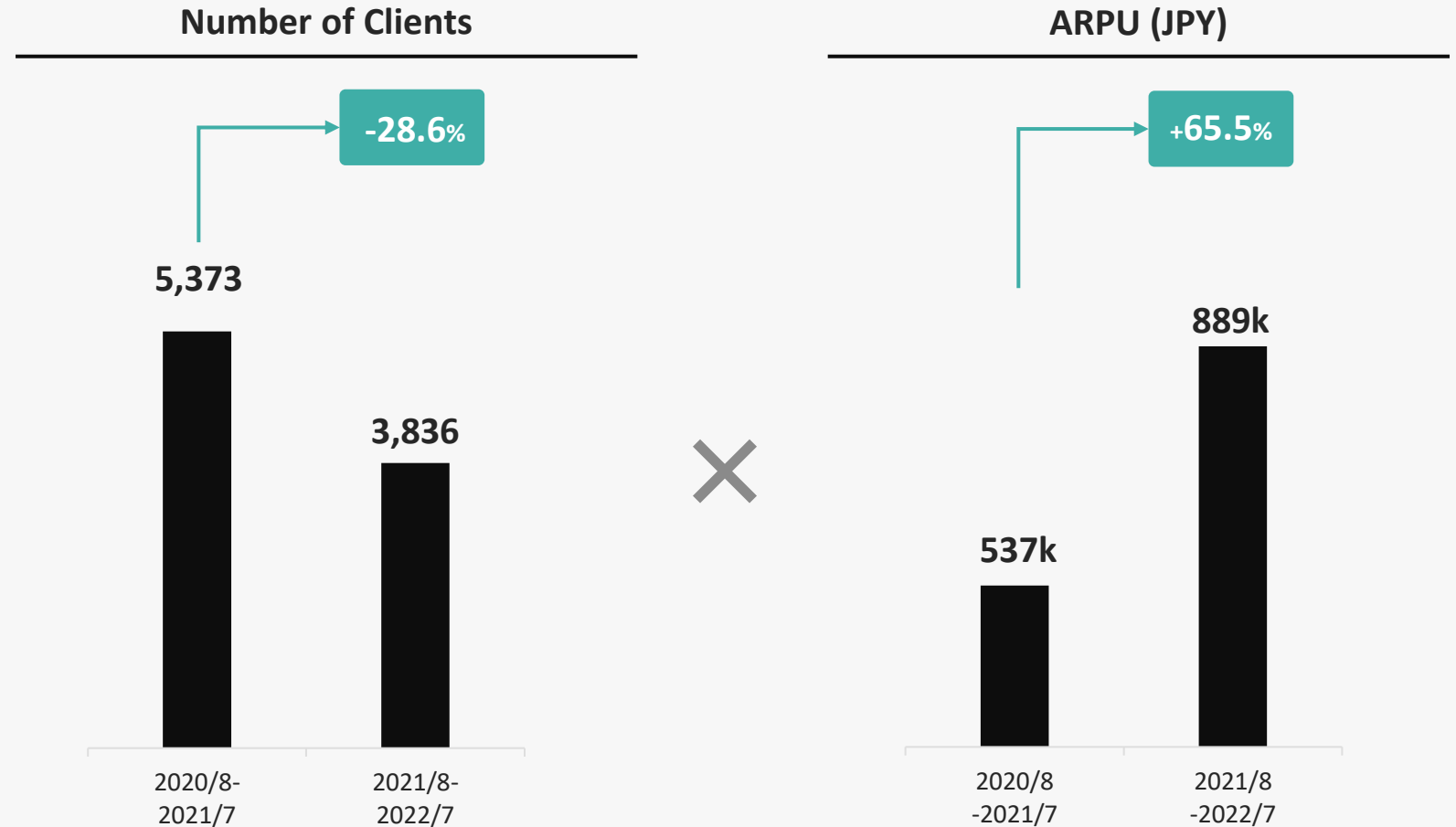
## Business Segment Performance

- Steady growth in revenue continues and segment losses are on a shrinking trend
- As a result of forming a JV with SEINO HD, Hacobell will be accounted for as the equity method affiliate from FY2023 onward
- 24 companies have implemented Hacobell Connect (SaaS), and the average monthly charge per client is roughly JPY 310K, contributing to +1.7pt increase in gross margin



## Number of Clients and Average Revenue per Client (ARPU) <sup>(1)</sup>

- Number of clients has dropped, as we have been focusing on acquiring large enterprises instead of marketing to acquire small-lot clients
- On the other hand, ARPU has been improving continuously with deeper involvement in clients' delivery operations



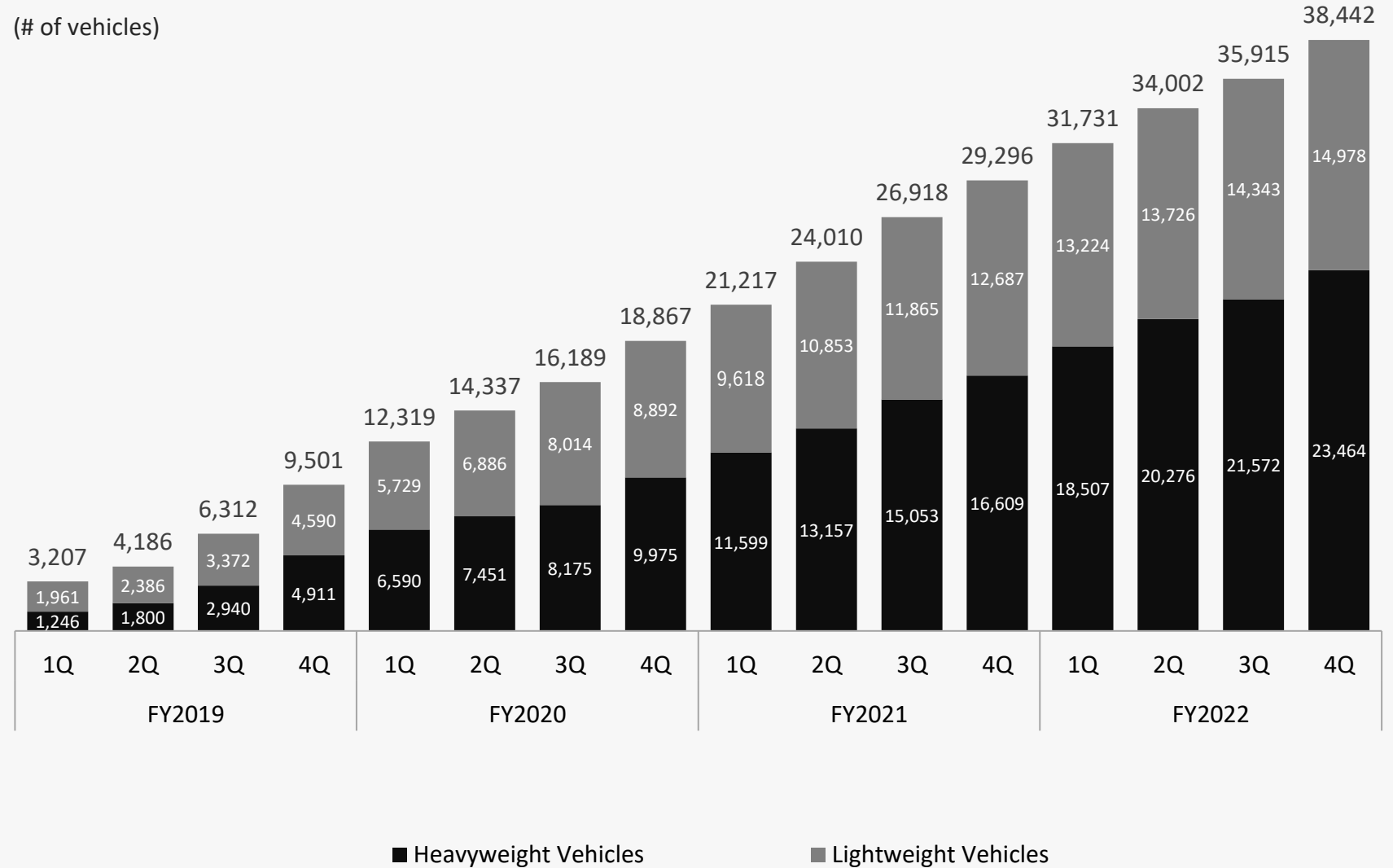
**Note**

(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 a recognition within the industry, particularly for lightweight vehicles, therefore organic inflow will continue at a certain level

(# of vehicles)



Note

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

# RAKSUL

(Reference)

## Key Drivers and Investment Points for KPI Improvement

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



## FY2022 Business

### Highlights

- In addition to measures taken with organic businesses, the acquisition of DANBALL ONE as a wholly owned subsidiary in 3Q of FY2022 has contributed to the expansion of business domains and gross profit

### Expansion of Product Line-up

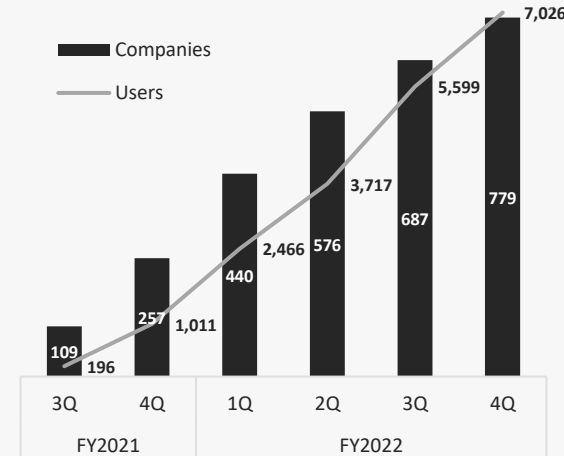
- Product line-up continues to expand mainly with novelty goods
- Newly released online store allows users to order uniforms with their original logos or company names



Increase in Number of Users and Orders

### Service for Large Enterprises

- Raksul Enterprise, a service for medium to large enterprise customers that enables centralized purchase management of print materials, was launched in the second half of 2021
- The frequency of usage for this service is high as the user companies are large in size



Increase in ARPU

### Price Optimization

- Flexible pricing in response to market trends and order optimization to suppliers have resulted in increased gross margin
- Consolidation of DANBALL ONE has also contributed, and the total annual increase was +2.1pt

FY21 **26.9%**  
↓  
FY22 **29.0%**

Increase in Gross Margin





## FY2022 Business

### Highlights

- Shifted customer base to large enterprises that are less susceptible to the current macroeconomic environment
- The cumulative number of companies that have implemented Novasell Analytics (SaaS) is 245 (including free use). The cumulative amount of projects analyzed is over JPY 40Bn

### Increase in Large Enterprise Customer Base

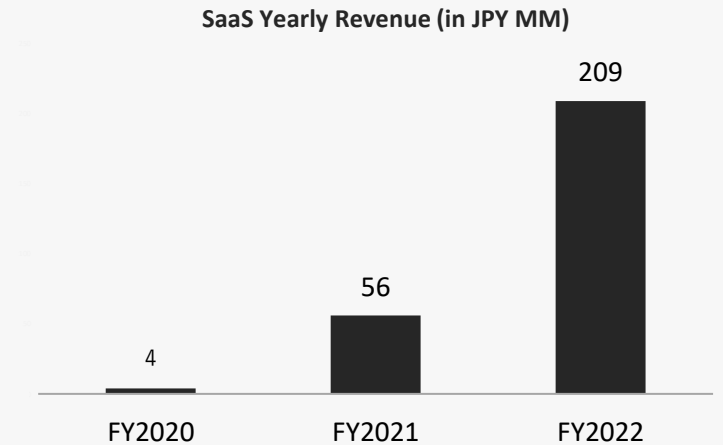
- Shifted customer base from existing Raksul users and startups to large enterprises that are less susceptible to the current macroeconomic environment
- A steady increase in the ratio of listed companies in the gross margin



Increase in Number of Users and ARPU

### Growth in SaaS Business

- Novasell's SaaS Business has been growing rapidly
- We launched a new service called "Novasell Trend" in April 2022, which visualizes the impact of TV commercials of our clients' competitors. Our service platform has become even more responsive to customer needs in the programmatic TV commercial market



Increase in Gross Margin and ARPU

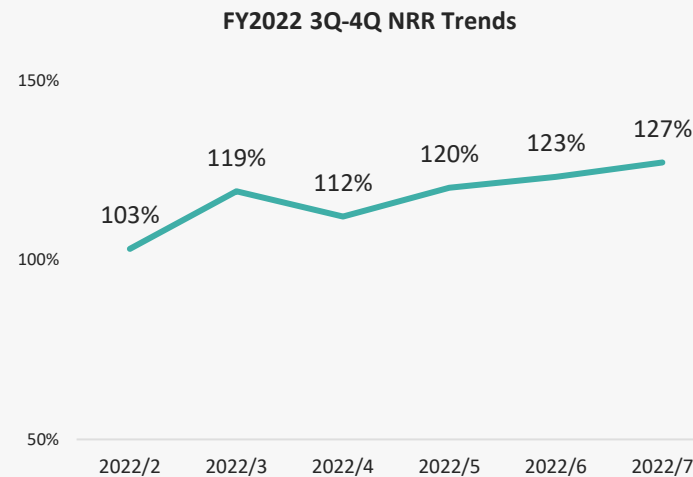
## FY2022 Business

### Highlights

- In addition to continued growth through repeat use by large-scale clients, Hacobell plans to grow through collaboration with SEINO HD in the future

### Increase of Large-scale Clients and Expansion of SoW

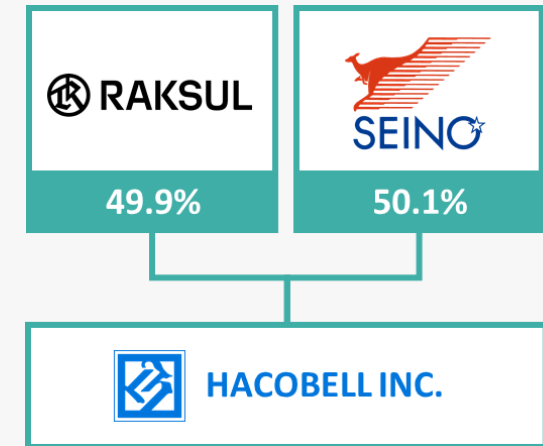
- Business operations with a greater focus on acquiring large customers and promoting their usage
- Average NRR <sup>(1)</sup> of our total customers is 127%



Increase in ARPU

### Partnership with SEINO HD

- Established a JV with SEINO HD, a company with leading market share in B2B domestic logistics, with the aim of becoming an open platform to improve the logistics industry as a whole



Increase in Number of Clients

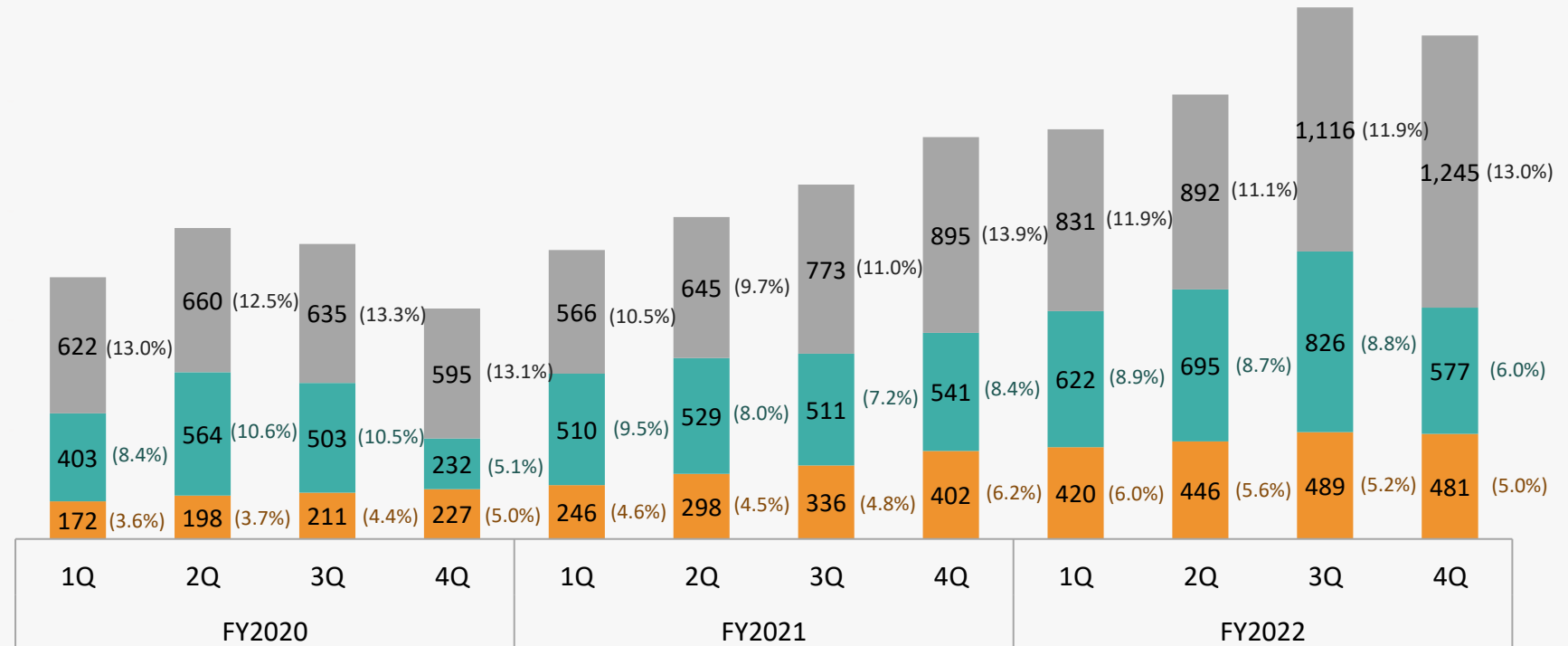
**Note**

(1) NRR = Revenue in the applicable month for users who used the service in the same month of the previous year divided by revenue in the same month of the previous year, calculated on a management accounting basis

## SG&A Spend (1)

- Controlled SG&A expenses by managing advertising expenses
- Other increased expenses are mainly variable costs such as bonus payment reserve and temporary outsourcing expenses

(in JPY MM, % of revenue)



**Tech & Development** {  
 Engineer personnel Expenses  
 IT Infrastructure Expenses

**Sales & Marketing** {  
 Sales Personnel Expenses  
 Ad Spend

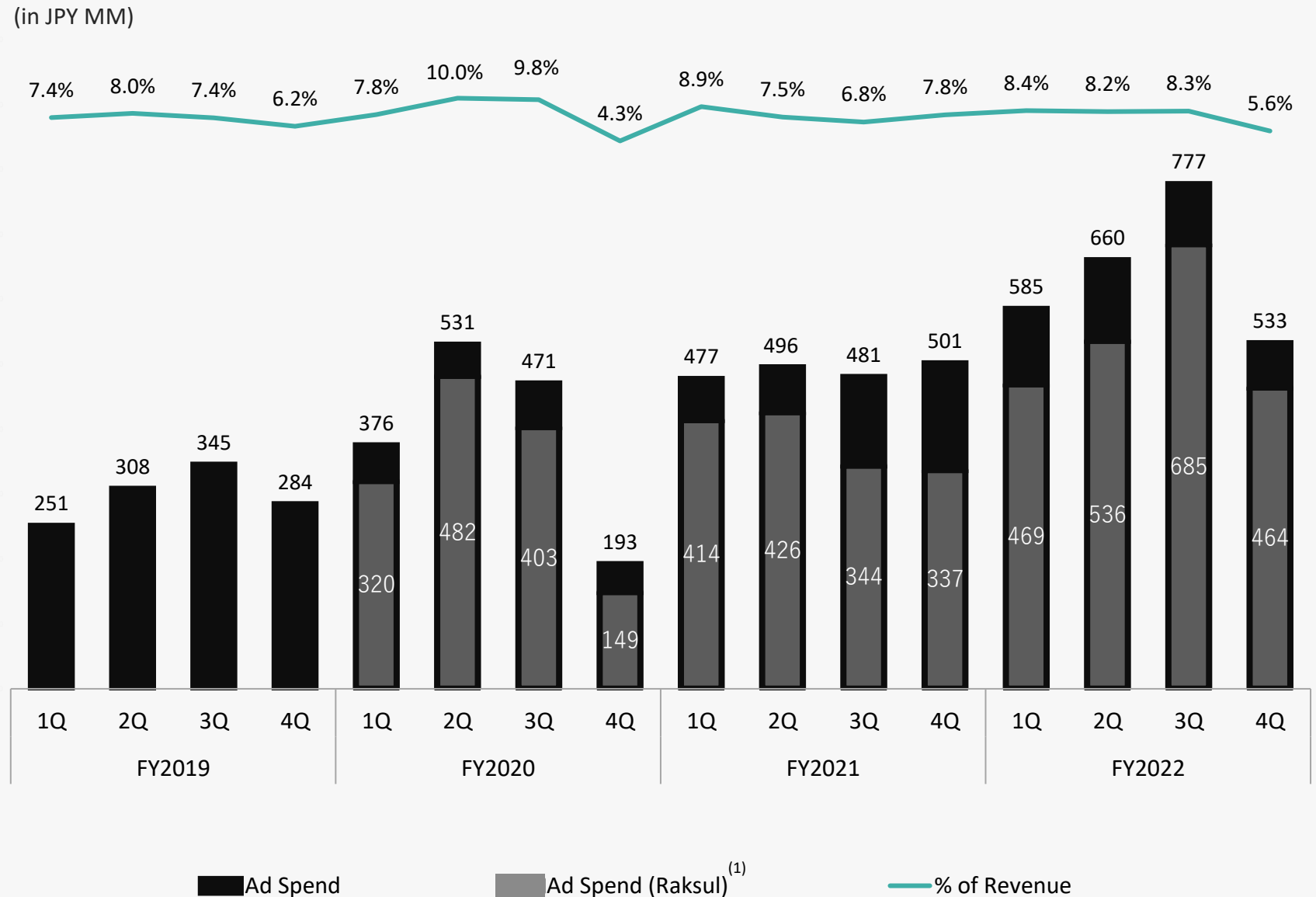
**Others**

**Note**

(1) Stock-based compensation expenses not included

## Ad Spend and Percentage of Ad Spend per Revenue

- We continue to invest in advertising, mainly in TV commercials for Raksul
- Investment was made while assessing efficiency, and full-year ad spend ratio was 7.5%. In the next fiscal year, we plan on decreasing the ratio moderately when compared over the course of a year



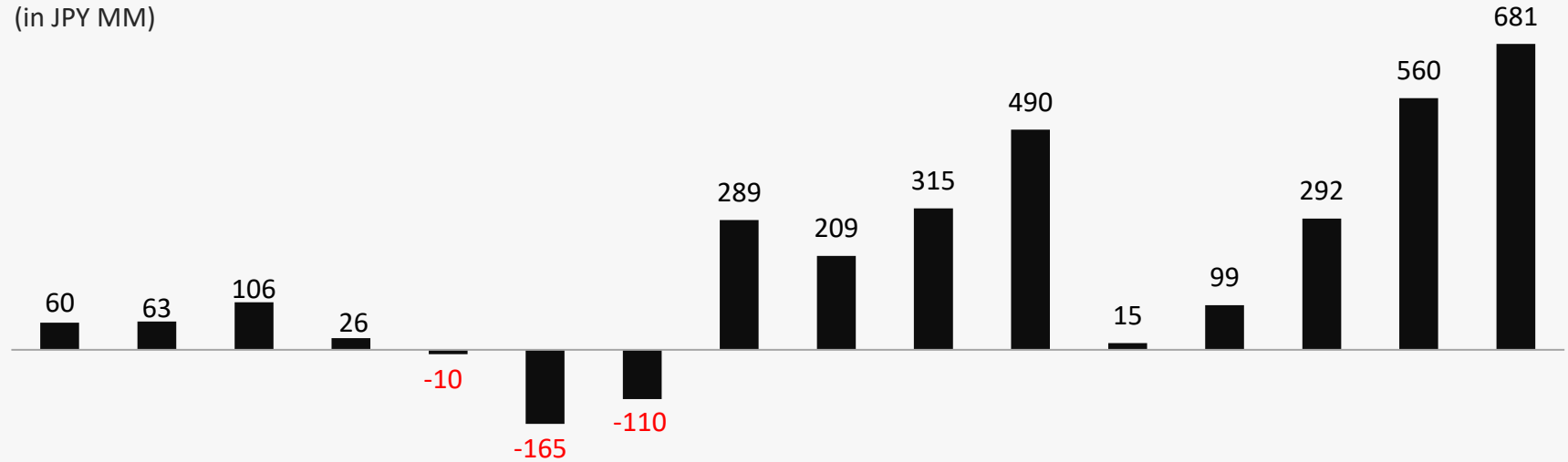
**Notes**

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

## EBITDA (non-GAAP)

- EBITDA reached record high. Expansion of growth and profitability achieved simultaneously
- The only GAAP adjustment item is stock-based compensation expenses; therefore J-GAAP EBITDA equals EBITDA minus stock-based compensation expenses. J-GAAP operating profit is the operating profit minus depreciation and amortization of goodwill

(in JPY MM)



### Depreciation and amortization of goodwill

25	27	28	32	32	34	41	52	48	48	49	51	51	52	185	185
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### Stock compensation expense

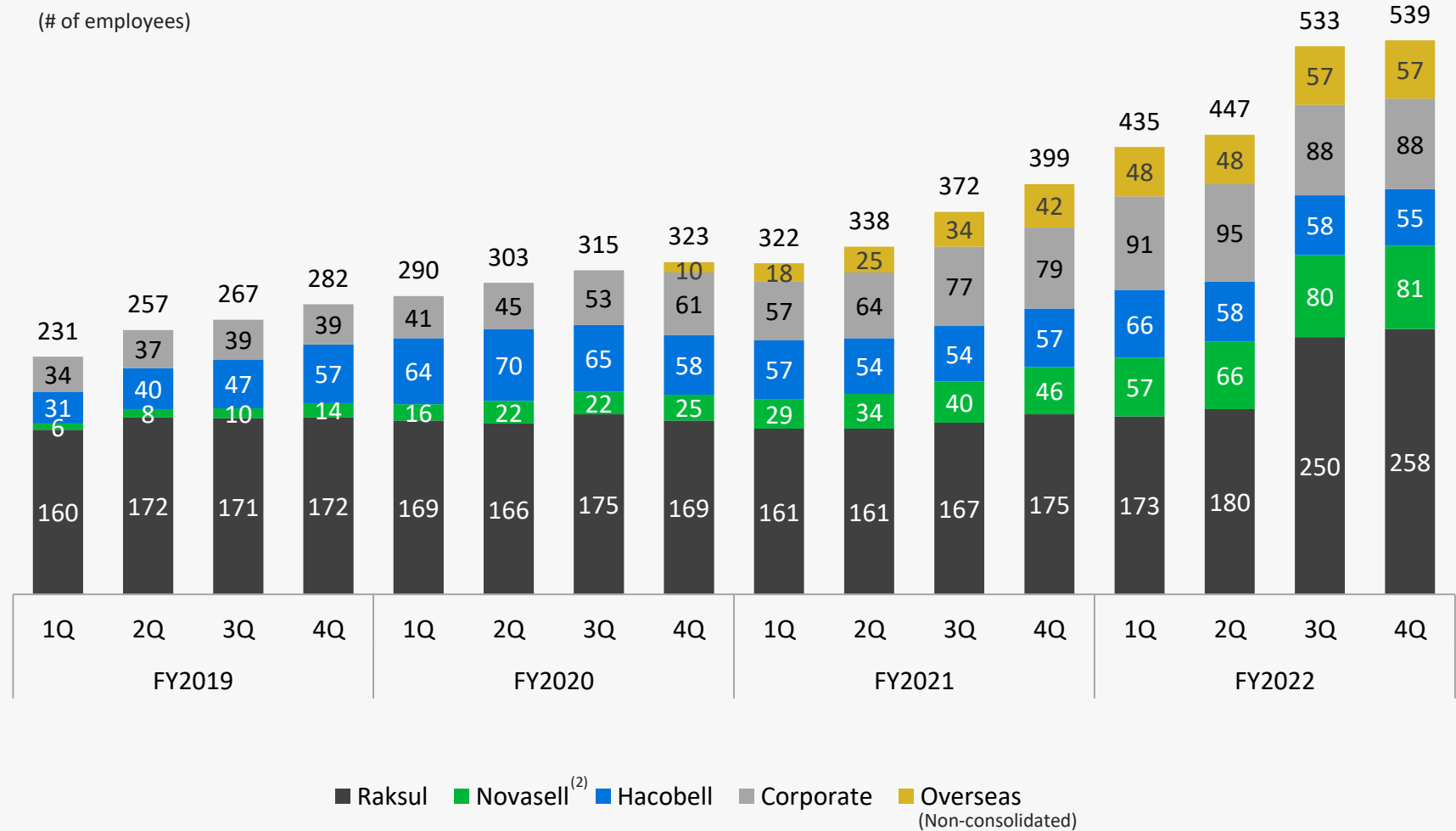
-	-	-	-	-	15	22	46	94	120	133	263	154	175	183	182
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FY2019				FY2020				FY2021				FY2022			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q

## Number of Employees <sup>(1)</sup>

- We have limited hiring under the COVID-19 environment from the second half of FY2020 to the first half of FY2021; recruitment was strengthened in FY2022
- Employees of DANBALL ONE and those seconded to DANBALL ONE (58 in total) are included in Raksul
- From the next fiscal year (FY2023) onward, we plan on a gradual increase, considering balance with profitability. In addition, the number of employees of Hacobell will not be included in this disclosure due to the deconsolidation

(# 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)

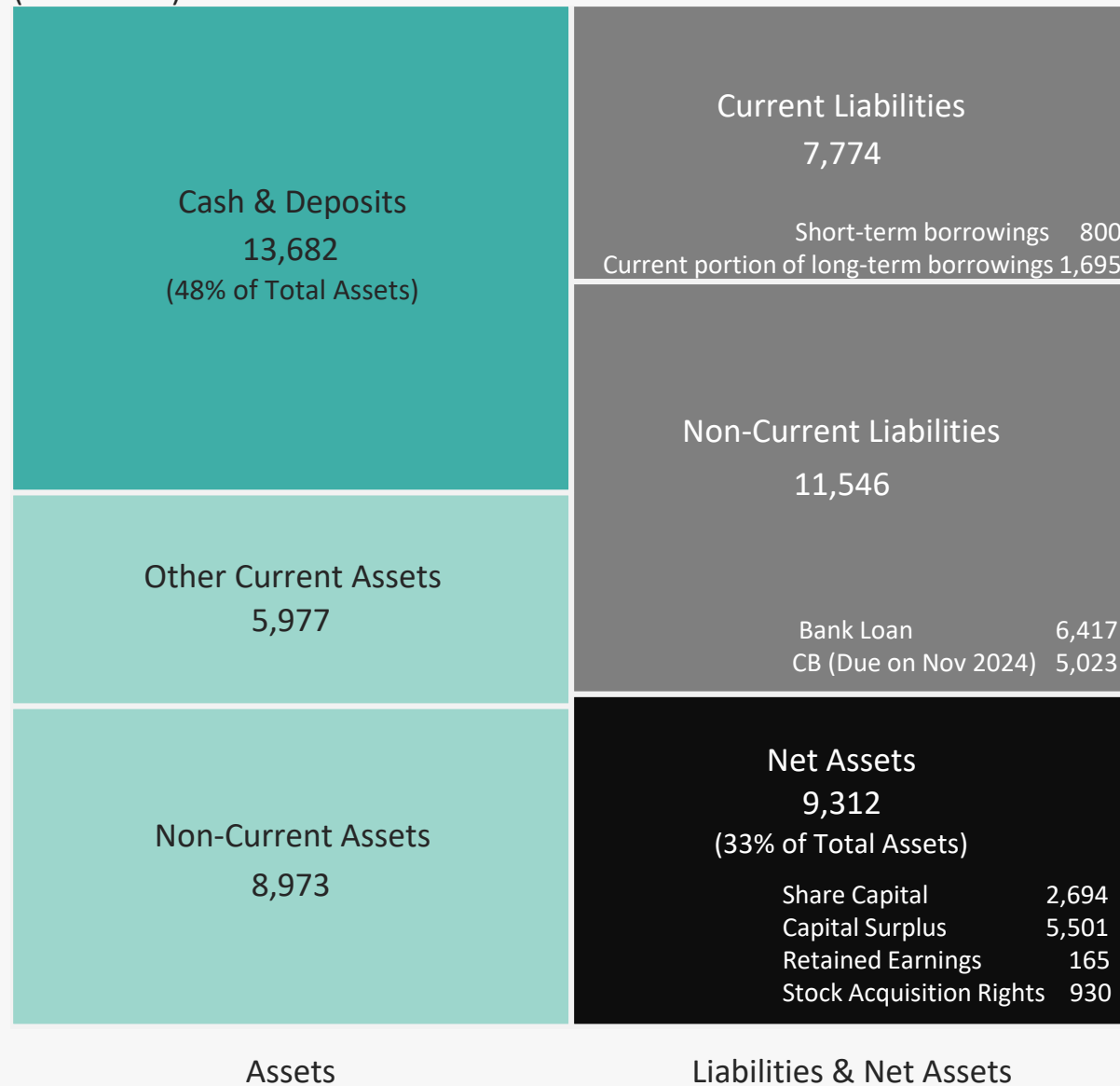


## Quarterly Financial

### Highlights: BS

- Conducted bank borrowing of JPY 3.6Bn in July 2022 (5-7 years term); cash and deposits of over JPY 13.6Bn
- In addition, we expect to accumulate both the operating cash flow and accounting profits in the future
- Accumulated losses have been eliminated as of this fiscal year. Non-consolidated retained earnings as at the end of July 2022 is around JPY 700MM
- Improvement of capital efficiency and shareholder returns will be disclosed in the Part 2 section

(in JPY MM)



3

**FY2023 (FYE July 2023)  
Full Year Financial Forecast**








# RAKSUL

## Changes in Accounting for Each Segment

- In FY2023, DANBALL ONE will be consolidated for the full-year, and Hacobell will become an equity-method affiliate (non-consolidated)

-----> Introduced Consolidated Accounting System

	FY2022				FY2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
 <b>Raksul</b>			DANBALL ONE as a Wholly-Owned Subsidiary (Consolidated)					
 <b>Novasell</b>			Net-basis Revenue Recognition for Broadcasting Services, Based on the New Accounting Standards					
 <b>Hacobell</b>					Equity-Method Affiliate (Non-consolidated)			

## FY2023 Full-Year Forecast and Management Focus

- Excluding the impact of Hacobell's deconsolidation, the YoY growth is expected to be +25-30% for revenue, and +24-31% for gross profit
- Profitability is expected to improve significantly, with EBITDA JPY 2.45-2.77Bn (50-70% growth YoY)
- Revenue growth for 1Q is expected to be +25-30% YoY (40-45% excluding the impact of Hacobell's deconsolidation), gross profit growth +30-40% (45-50% excluding the same), and EBITDA expected to be around JPY 500-600MM

## FY2023 Full-Year Forecast

	Forecast	YoY
Revenue	JPY38.2 - 39.6 <sub>Bn</sub>	+12.4 - 16.5% excl. Hacobell segment +25.2 - 29.8%
Gross Profit	JPY11.6 - 12.2 <sub>Bn</sub>	+18.3 - 24.4% excl. Hacobell segment +24.2 - 30.6%
EBITDA (non-GAAP)	JPY2.45 - 2.77 <sub>Bn</sub>	+50 - 70%

## Focus and Policies



Focus on expanding gross profit and segment profit



Focus on expanding revenue and gross profit

Maintain profitability throughout the year while continuing to reinvest in businesses



## Medium-Term Financial Policy: Quality Growth (Disclosed on June 10, 2022)

- While the medium-term growth momentum continues, we are shifting to the “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 and EBITDA (non-GAAP) (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 and EBITDA (non GAAP) (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

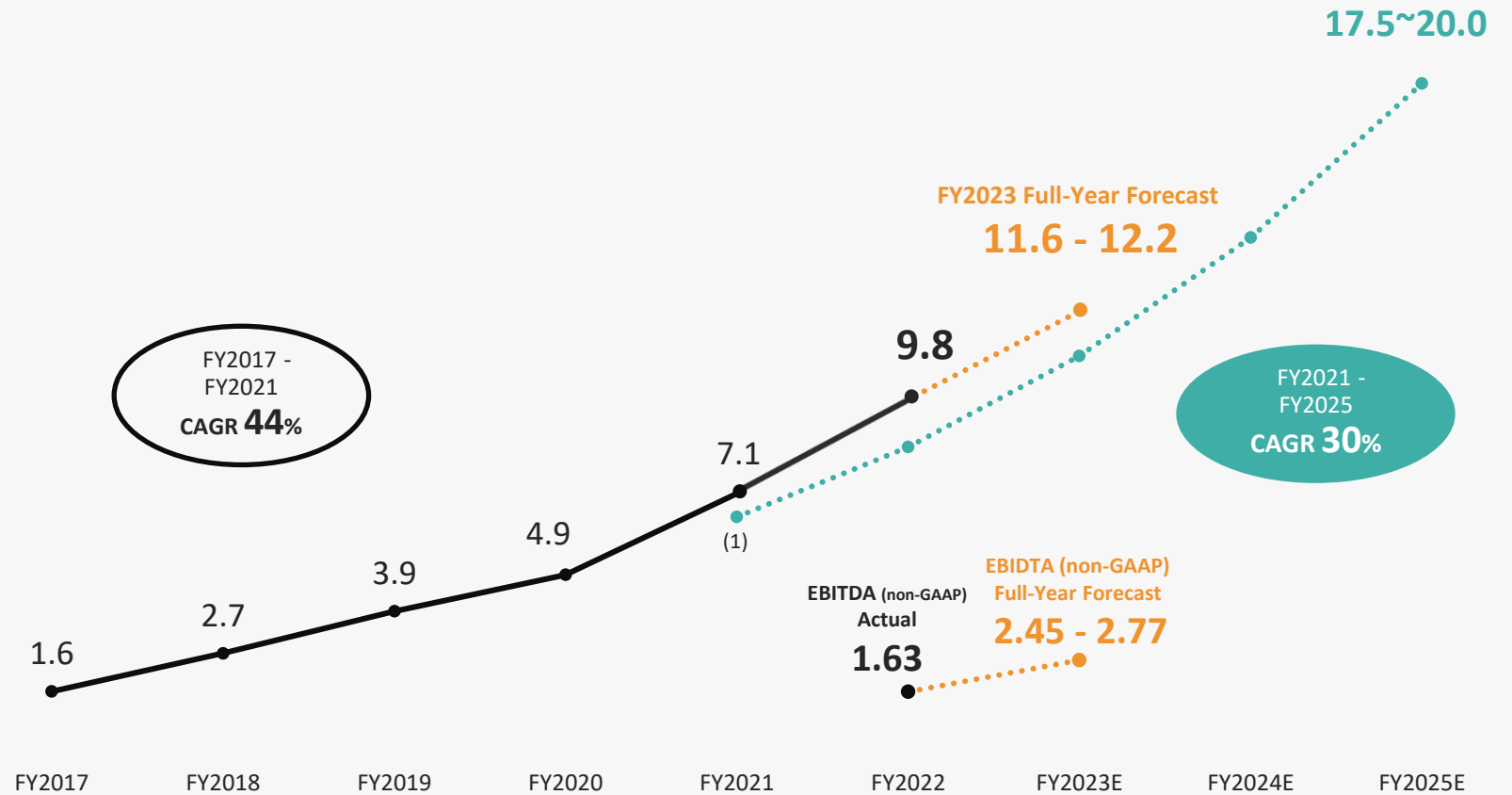


## Gross Profit: Medium-Term Target

- 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)

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Q&A



## Q&A

Question		Answer
<b>Companywide</b>	How will you achieve profit growth for the next fiscal year?	Increase of gross profit and gradual reduction of the advertising expense ratio will be the main drivers. In addition, personnel cost ratio is not expected to increase significantly as we will focus on increasing workforce productivity
<b>Companywide</b>	What is the current status of equity-method affiliates?	<ul style="list-style-type: none"> <li>• 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</li> <li>• Peraichi: Current monthly revenue has increased to around JPY 60MM after the pricing revision of its services</li> <li>• JOSYS: The company raised funds in August and is no longer accounted for by the equity method. We designed a capital structure that allows us reconsolidate the company in the future</li> </ul>
<b>Raksul (Printing)</b>	What is the outlook for rising raw material costs and what measures are you taking?	<ul style="list-style-type: none"> <li>• Prices of paper and other materials continue to rise</li> <li>• We will focus on increasing gross profit, our highest priority, through pricing adjustments and maintain gross margin in the 28-30% range for the segment</li> </ul>
<b>Hacobell (Logistics)</b>	What is the progress on the partnership with SEINO HD?	<ul style="list-style-type: none"> <li>• JV was established in early August</li> <li>• As a starting point, SEINO HD group companies have started to use the system internally</li> </ul>
<b>Hacobell (Logistics)</b>	How will the disclosures change from the next fiscal year onward?	<ul style="list-style-type: none"> <li>• There will be reduced disclosure due to deconsolidation</li> </ul>

## **Part 2: Towards Realizing Quality Growth**



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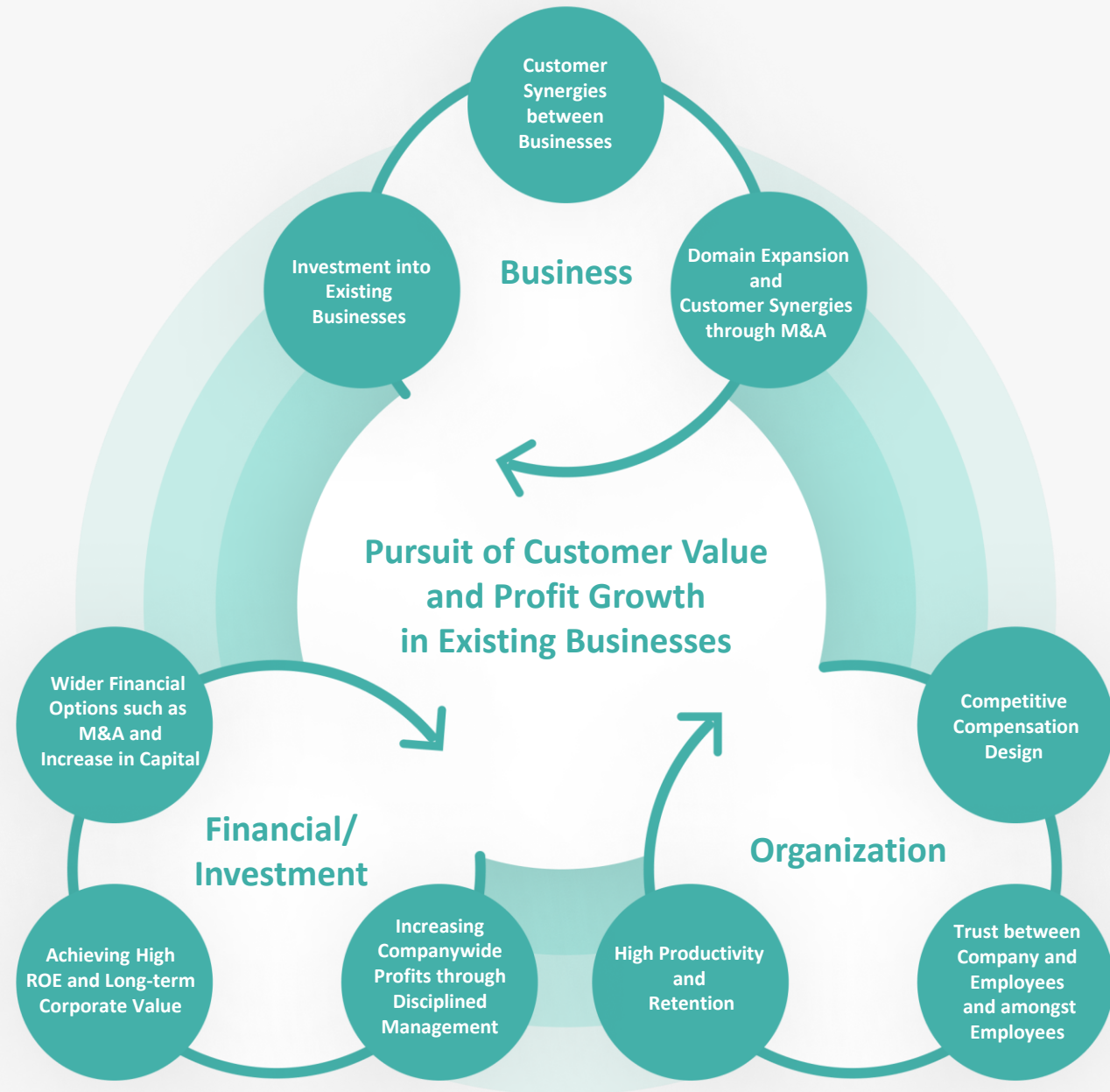
## Summary





## Focus of FY2023: Quality Growth

- FY2023 is the year to focus on “Quality Growth,” which was announced during the Q3 results briefing in June 2022
- By placing highest priority on creating a virtuous cycle in terms of business, finance/investment, and organization, we are dedicated to pursuing customer value and improving competitiveness of existing businesses (Raksul and Novasell), and thereby increasing profits



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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



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 E-commerce growth

Company P&L

Revenue

—

Direct Cost

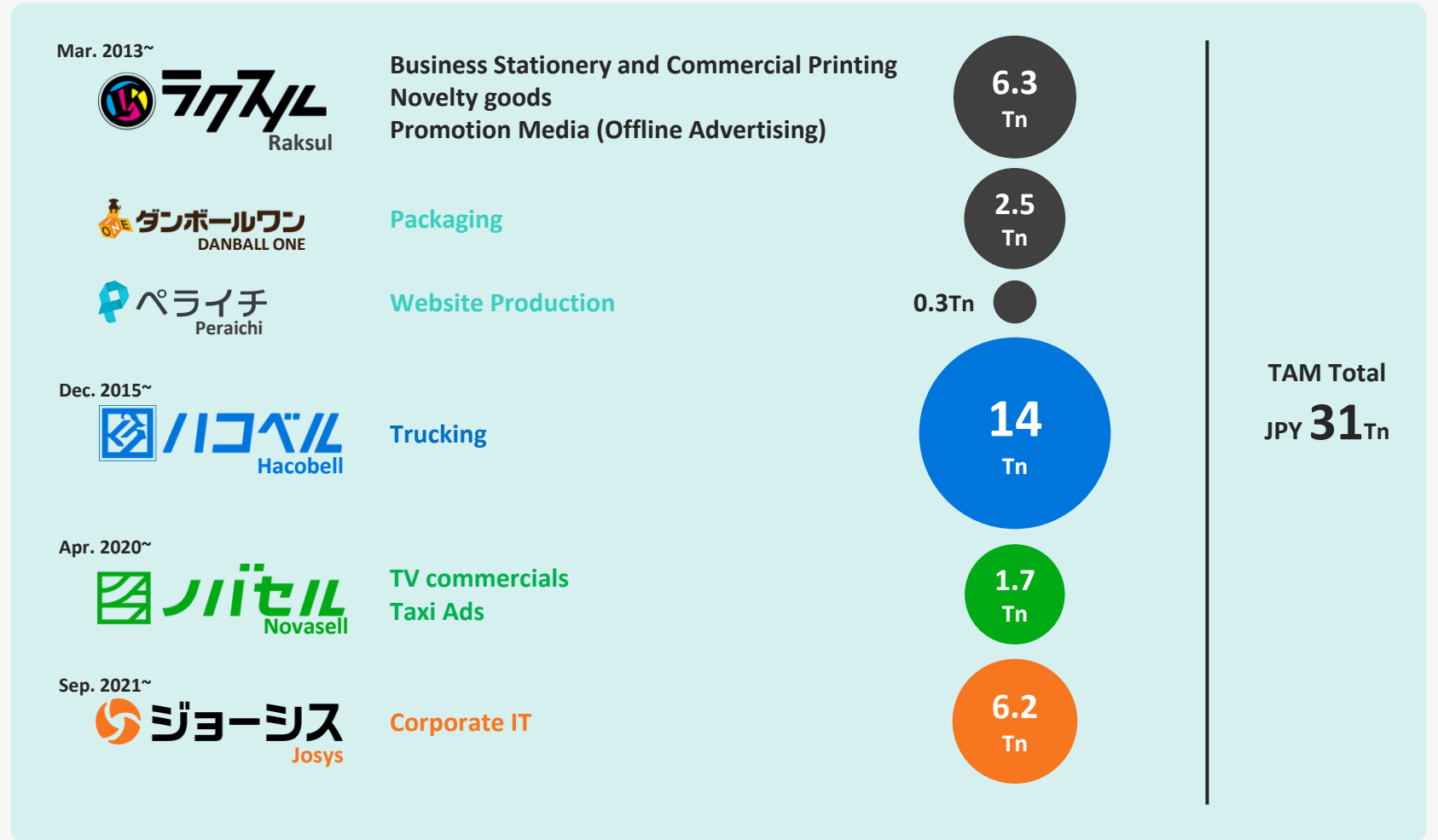
—

Indirect Cost

=

Operating Profit

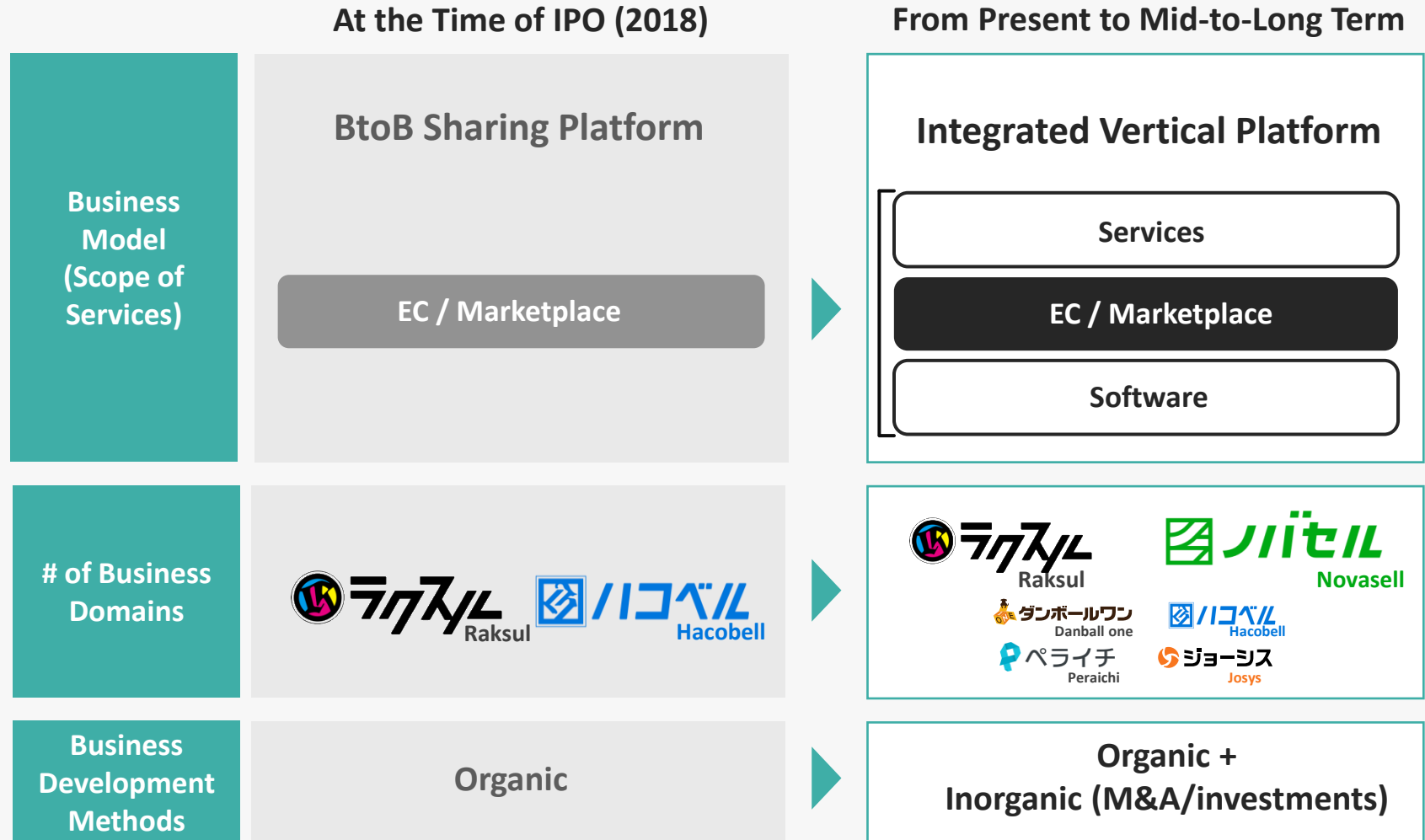
Domestic Indirect Cost Market JPY **140**Tn in Total



# RAKSUL

## Evolving into an “Integrated Vertical Platformer”

- At the time of IPO, we positioned ourselves as a BtoB sharing platformer primarily in the printing market
- Hacobell business segment and Novasell business segment are growing, and we expect further expansion of our business domains in the future
- In addition to organic business development, we will expand TAM through inorganic means (M&A/ investments)
- RAKSUL will evolve into an Integrated Vertical Platformer that redesigns the the structure of multiple indirect cost markets

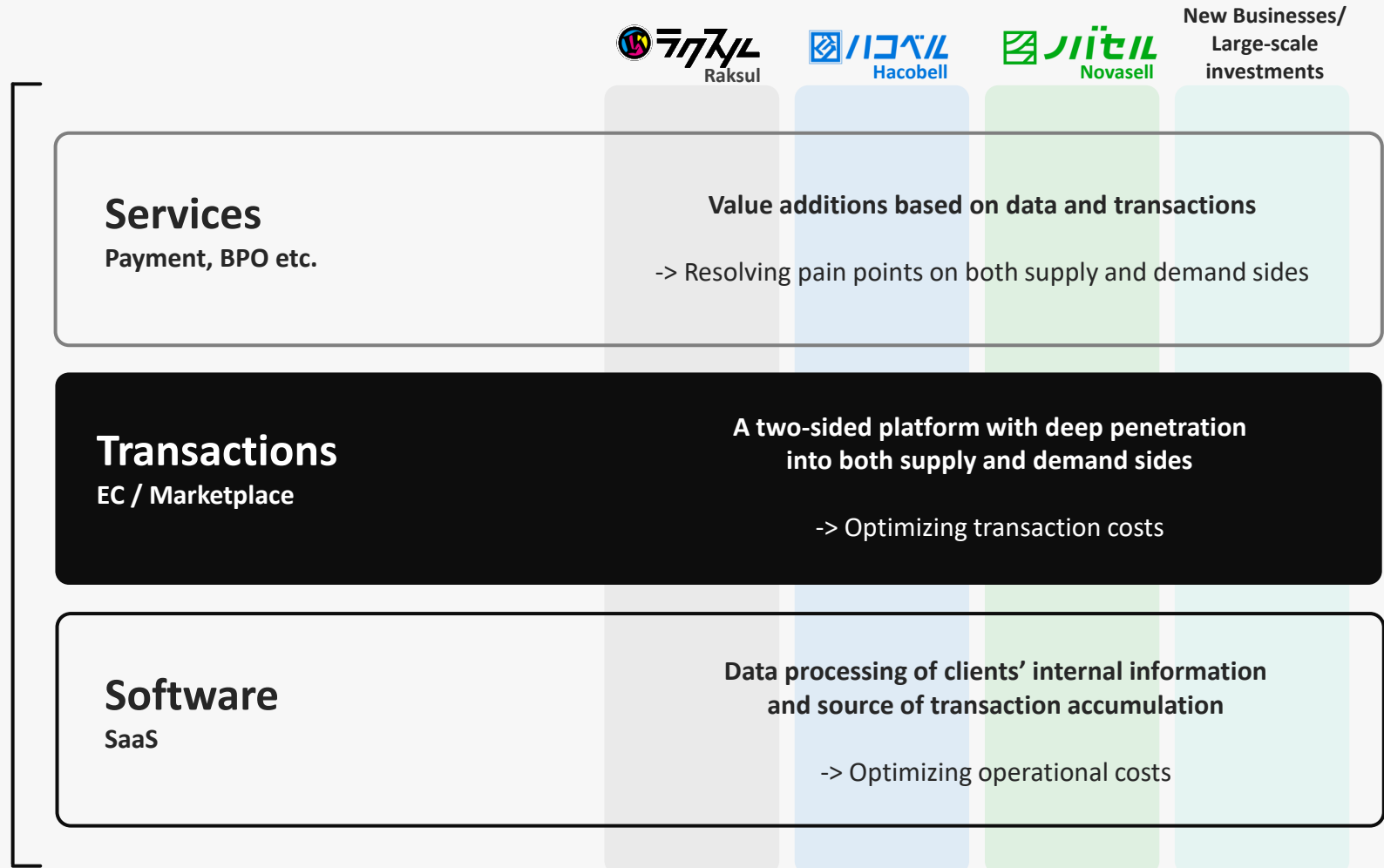


**Competitive advantage in realizing the above:  
 Duplicatable business expansion  
 through continuous accumulation of assets (business/organization/finance)**

## 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

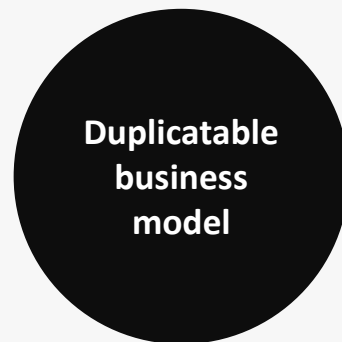




## Portfolio Management of Multiple Businesses

- To further expand TAM, we have established a structure based on portfolio management of multiple businesses

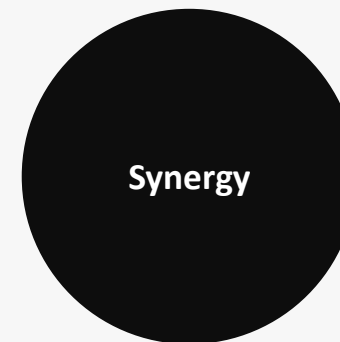
## Why We Build a Business Portfolio



To utilize know-how gained from building an online printing service



To absorb time needed for each business to penetrate its market



To share customer base and teams (technology and corporate functions)

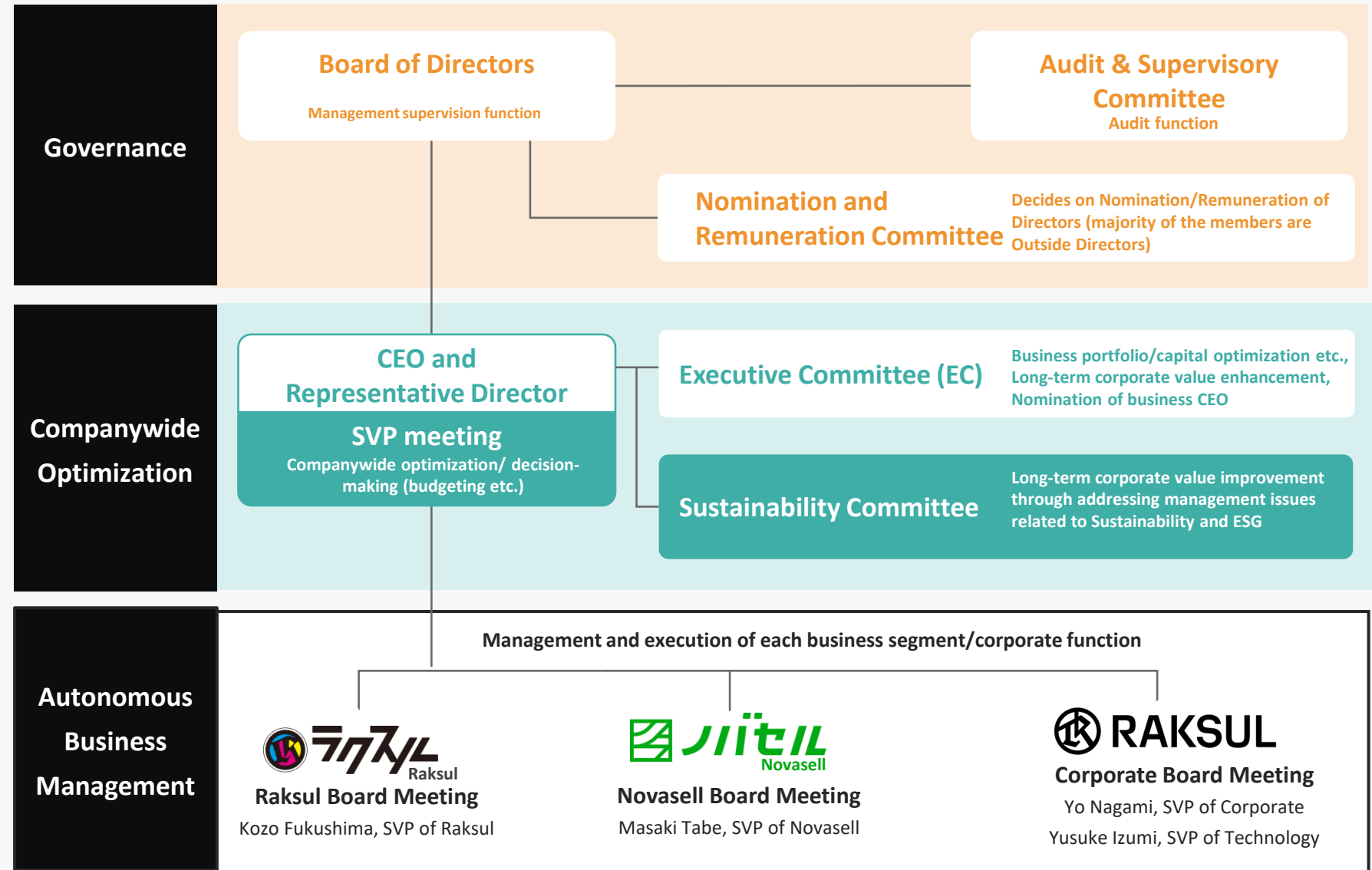


To increase competitiveness by combining forces as a portfolio company



## Governance System to Support Adequate Risk-Taking

- We have built a governance structure that preserves and maximizes corporate value while conducting portfolio management of multiple businesses
- Both companywide optimization and autonomous business management are ensured
- Shifted to an executive structure centered with SVPs from FY2023 to clarify roles and responsibilities in execution. The number of internal directors to be reduced to 2<sup>(1)</sup> to further refine the position of the Board of Directors as part of the governance
- A Sustainability Committee has been newly established to enhance corporate value through pursuit of sustainability



Notes

(1) Of the retiring directors, Kozo Fukushima, Masaki Tabe, and Yusuke Izumi will continue to serve as SVP (Senior Vice President) and be responsible for the execution of the Company's management. Sota Mizushima will continue to manage the business as CPO





# Integrated Report "RAKSUL Value Creation Report 2022"

- "Raksul Value Creation Report 2022" was released on our Company IR website in July 2022
- The report includes both financial and non-financial information; the purpose of the report is to inform our wide range of stakeholders of our sustainable growth and corporate value enhancement
- ESG related information is also included in the report

The collage displays various sections from the RAKSUL Value Creation Report 2022:

- Challenges in Japanese Industries:** A text box discussing industry challenges and RAKSUL's role.
- Why We Build a Business Portfolio:** A diagram showing 'Duplicatable business model', 'Synergy', and 'Strong hiring and financing power'.
- Value Creation Process:** A large central diagram titled 'RAKSUL's Flywheel' showing the flow from 'Business Creation Platform' to 'Capital Creation Platform' and 'Human Capital Creation Platform', all supported by 'Corporate Governance'.
- Business Overview:** A circular diagram showing the relationship between 'Customers', 'Employees', and 'Suppliers'.
- Organic Growth:** A diagram showing the 'Organic Business Portfolio Management' process through 'Exploration Phase', 'Growth phase', and 'Profit-making phase'.
- Raksul Business Strategy:** A diagram showing 'Printing (Office/Industry Supplies)' and 'Printing EC Business (Offline Advertising Business (DM, Flyers))'.
- Other sections:** 'Partners' Voice', 'Capital Creation Platform', and 'Platforms for Other Industries'.

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## **Towards Realizing Quality Growth: Business**





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



## Customer and Supplier Base by Business Segment

- Customer base and supplier/partner base accumulated over the years is a strong entry barrier

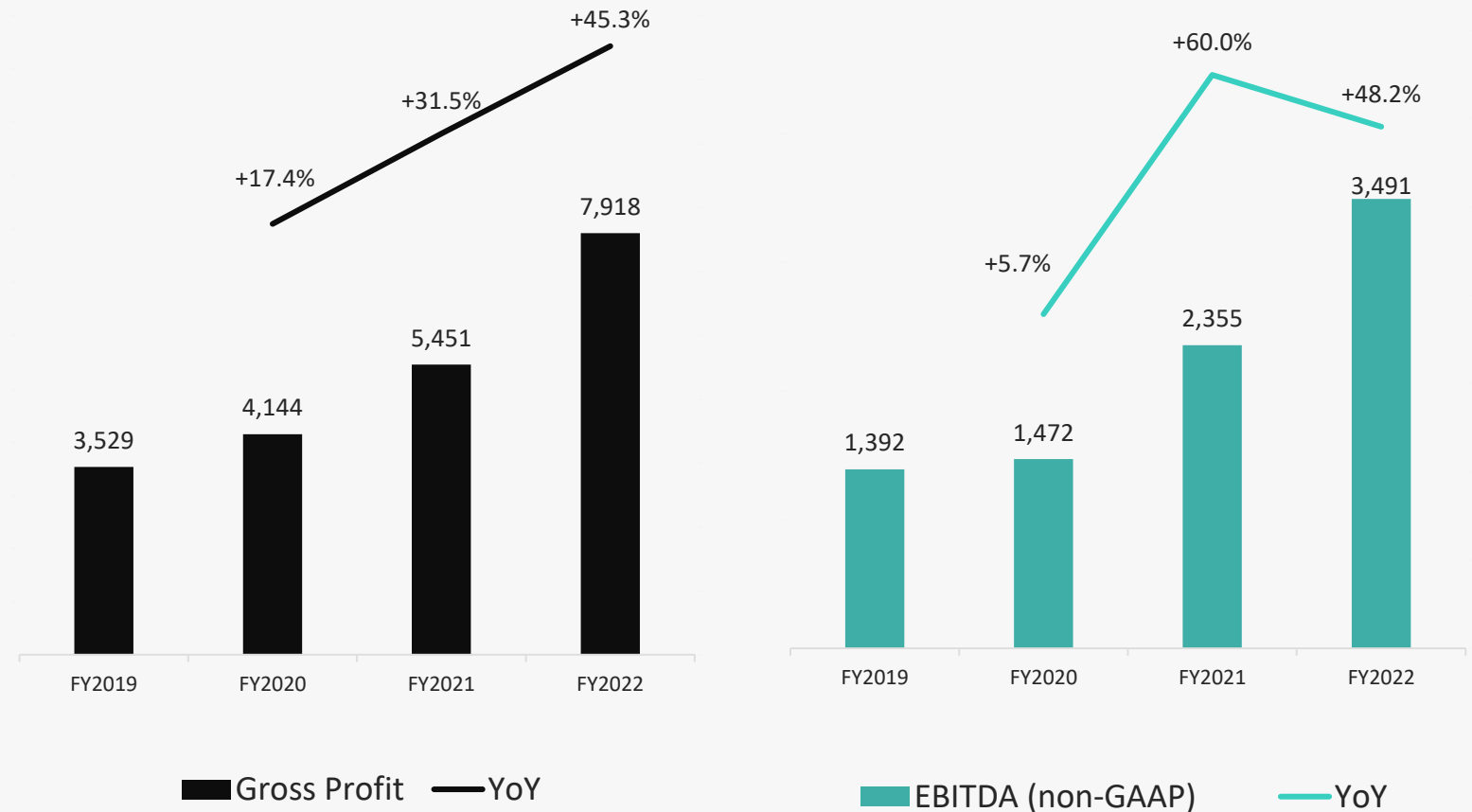
	Customers	Suppliers
 Raksul	# of registered users <b>1.87M Users</b>	# of Suppliers <b>130 Partners</b> (Approximately)
 Novasell	Total # of Customers (Cumulative) <b>491 Companies</b>	National TV Stations Major taxi companies in Tokyo
 Hacobell	# of Registered Users <b>52k Users</b>	# of Registered Vehicles <b>38k Vehicles</b>



## Track record of Profit Growth in Core Business

- CF from core business (Raksul) is steadily increasing, and the business is capable of generating profit
- The printing e-commerce market is oligopolistic, with no new players and no major fluctuations in the competitive environment. We have been expanding presence in this market year by year, by leveraging our advantage as a sharing economy business model, which does not require significant CapEx and our ability to generate CF as a business has been increasing

### Raksul Business Segment Gross Profit / EBITDA (non-GAAP) <sup>(1)</sup>



**Notes**

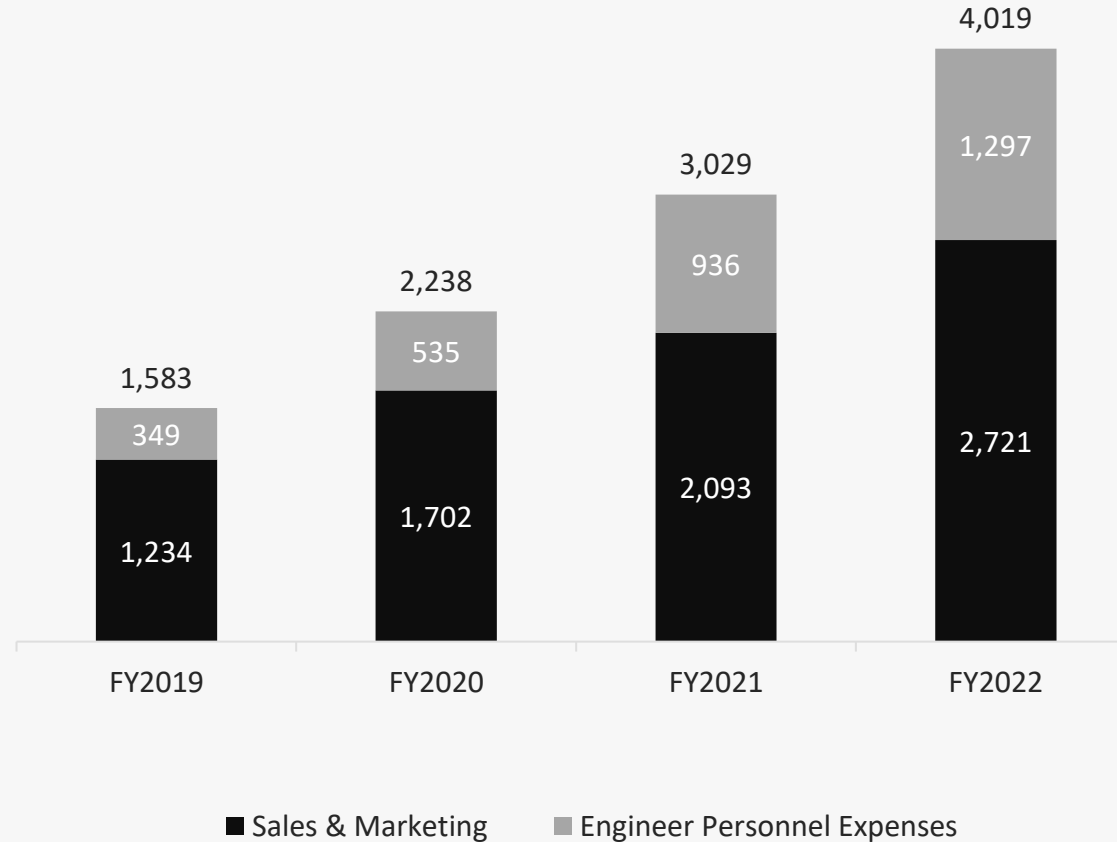
(1) Before allocation of corporate expenses

## Expansion of Growth Investment <sup>(1)</sup>

- Continuous expansion of growth investment to achieve an upward spiral of value creation through reinvestment
- We mainly use growth investments for the organization (recruiting / talent development) and marketing. While continuously creating new businesses, we are improving our organization and marketing efficiency year by year

## Growth Investment <sup>(1)</sup>

(in JPY MM)



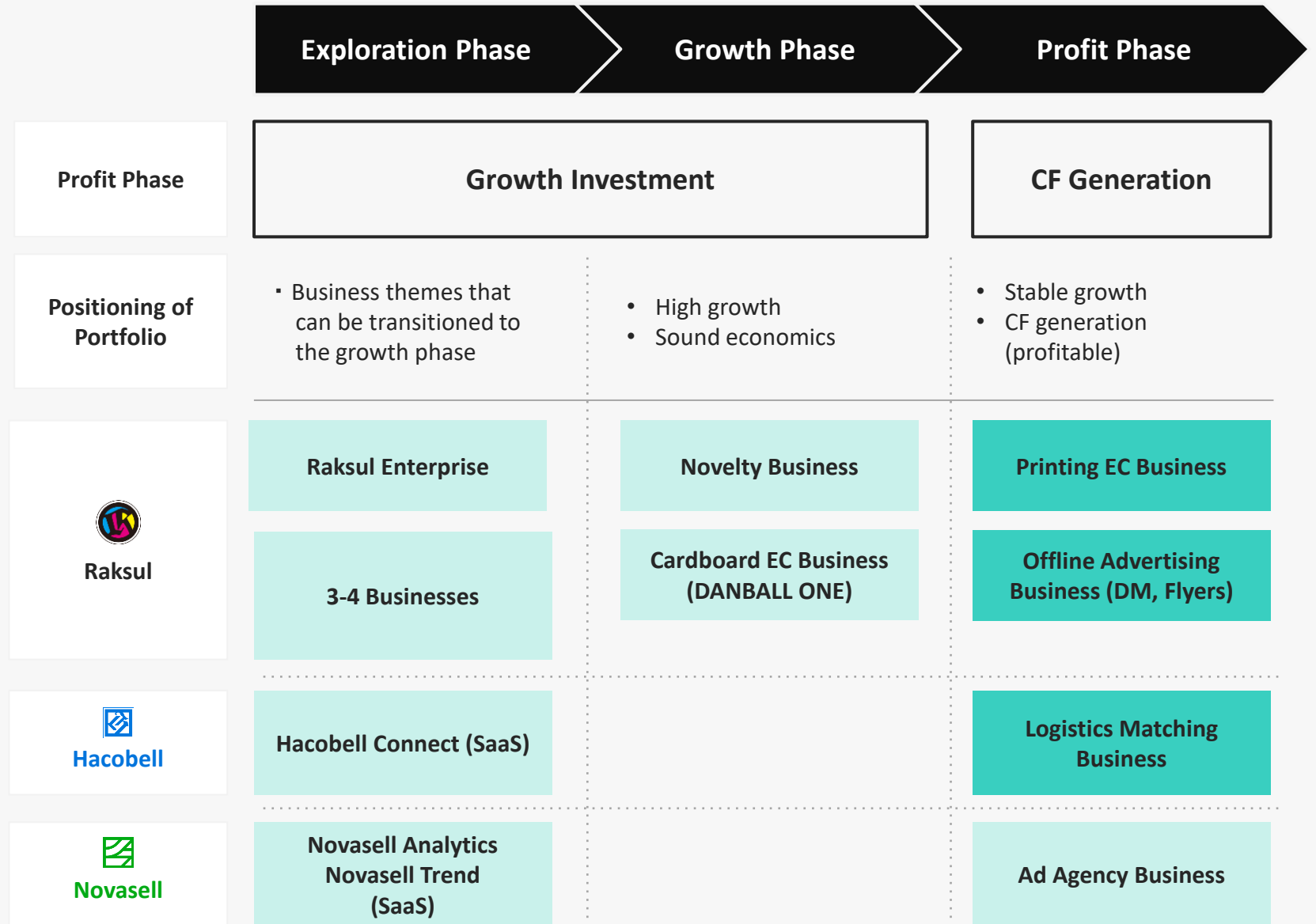
### Notes

(1) Growth investment = Sales & marketing expenses + engineer personnel expenses. Figures differ from those disclosed in the previous year due to the new revenue recognition standards for sales & marketing and the adjustment of capitalized engineer personnel expenses

# RAKSUL

## Business Portfolio Management

- Business portfolio management that clearly identifies points for CF generating and investment
- In the exploration phase, we invest in multiple themes with the aim of fostering growth phase businesses
- In the growth phase, we strengthen investments with the basis of sound economics
- Compared to the time of IPO, cash generation is stronger while there are more businesses in the exploration and growth phases

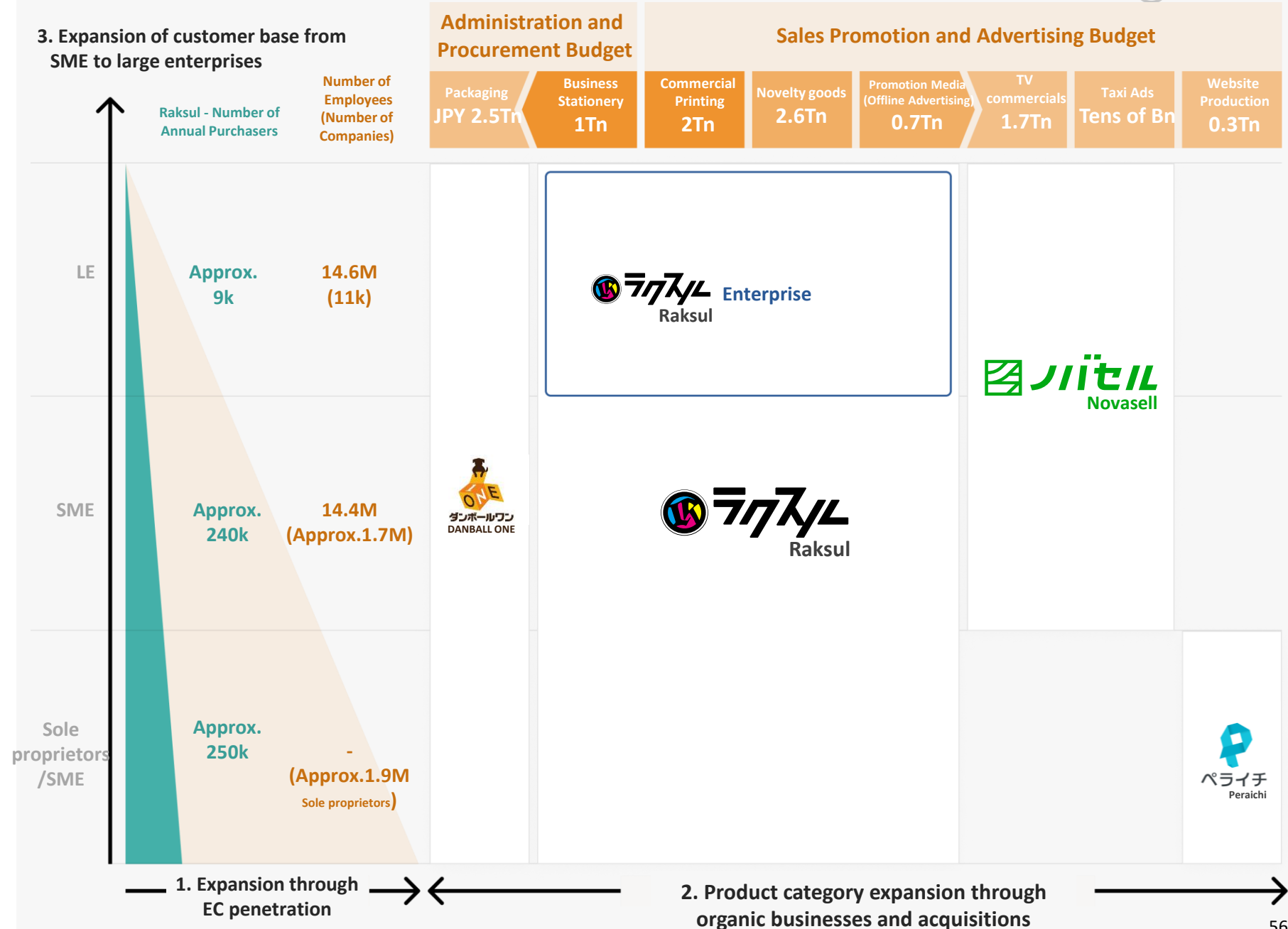


: Main business structure at the time of IPO

# Expansion Leveraging Existing Customer/ Business Base

Our growth drivers:

1. Expansion of target markets through EC penetration
2. Product category expansion through organic businesses and acquisitions
3. Expansion of customer base from sole proprietor/SME customers to large enterprise customers



Source: Please see Reference Materials for details



## Continuing to Take on Bold Challenges

- Based on our vision, our management stance to reinvent the B2B industries with large TAM, especially the indirect cost market, remains the same
- Even if there may be no contribution to our consolidated financial results in the short term, we will continue to create innovations and realize financial contributions in the medium-to-long term



Launched in December 2015

### Logistics Platform



FY2022 Business Segment  
(consolidated)



FY2023 Equity method affiliate

- Established a JV with SEINO HD in August 2022 to become an open platform widely used in the logistics industry



Invested in September 2020  
No-code Website Builder with  
Payment Functions (SaaS)



FY2022 Equity method affiliate



FY2023 Equity method affiliate

- Invested in September 2020 to establish a footing in the digital promotion domain. Currently holds 49%
- Capital structure designed to allow for consolidation in the future



Launched in September 2022  
Integrated IT Device & SaaS  
Management Cloud



FY2022 Equity method affiliate



FY2023 Removed from  
consolidated accounting

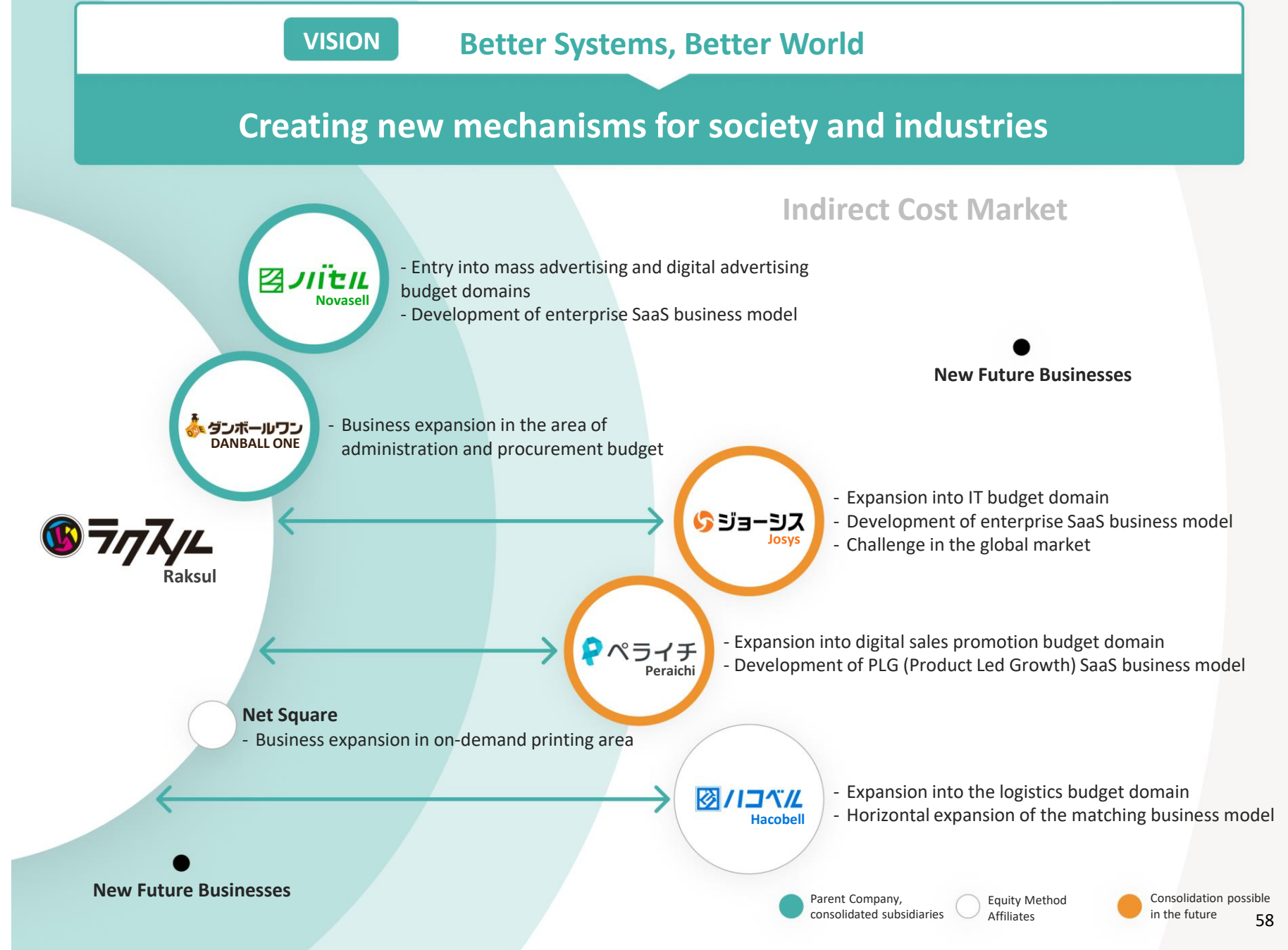
- Raised approx. JPY 4.4Bn in September 2022 and was removed from our consolidated accounting
- Capital structure designed to enable re-consolidation in the future



## Vision-based Long-term Management Approach

Integration of organizational management capabilities and entrepreneurship

- Organizational management capabilities to continuously expand existing business domains
- Entrepreneurship to create new dots (business domains) in new areas, even if they are initially outside of existing business domains
- Management capabilities to connect and integrate the dots over the long term and utilize management assets and capabilities acquired in new domains across the group



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## **Towards Realizing Quality Growth: Organization**





## Current Organizational Status

- Diversity is promoted as the organization continuously expands

### Number of Employees <sup>(1)</sup>

**529** Employees

(Japan: 472 employees)

### Male/Female Ratio <sup>(1)</sup>

Male **58.0%** (Japan: 55.5%)

Female **42.0%** (Japan: 44.5%)

### Average Age <sup>(2)</sup>

**33.7** Years old

(Japan: 34.0 years old)

### Average Years of Service <sup>(2)</sup>

**2.4** Years

(Japan: 2.6 years)

#### Notes

(1) Headcount as of July 2022, including full-time, part-time, and contract employees in RAKSUL, DANBALL ONE, NOVASELL, HACOBELL, overseas development centers (non-consolidated subsidiaries). Temporary workers are excluded from the total from this year as necessary information cannot be obtained

(2) Full-time employees only in RAKSUL, DANBALL ONE, NOVASELL, HACOBELL, overseas development centers (non-consolidated subsidiaries), as of July 2022



## HR Organization Policy

- Same as last year's disclosure, organizational design with the overarching objective of realizing our vision and maximizing long-term corporate value
- To achieve Quality Growth, we emphasize a culture of mutual trust and productivity improvement

<p><b>Our Vision and Raksul Style</b></p>	<ul style="list-style-type: none"> <li>• Organizational design that places the highest priority on our vision “Better Systems, Better World” and the Raksul Style (Code of Conduct)* to realize such vision</li> </ul> <p>*Reality/System/Co-operation</p>
<p><b>Diversity &amp; Inclusion</b></p>	<ul style="list-style-type: none"> <li>• We will take advantage of the fact that the ratio of female employees in the company is already about 42% and the ratio of foreign nationals is about 13%, and provide an environment and opportunities to recruit and retain the best talents from both Japan and overseas</li> <li>• In the coming future, we plan to increase the ratio of female and foreign-national members in management positions</li> </ul>
<p><b>Productivity Improvement</b></p>	<ul style="list-style-type: none"> <li>• To improve productivity (gross profit per employee, gross profit divided by labor cost) year by year is the long-term policy for new hire planning in each business</li> </ul>
<p><b>Strengthening Our Technology Team</b></p>	<ul style="list-style-type: none"> <li>• Investment in technology is essential in redesigning the industry structure, and we will focus on strengthening our teams in Japan and overseas</li> <li>• We have established development centers in India and Vietnam, with plans for expansion</li> </ul>
<p><b>Incentive design linked to long-term equity value</b></p>	<ul style="list-style-type: none"> <li>• In addition to cash remuneration, we have a stock-based compensation system (stock options and restricted stock), which provides compensation for individual performance through long-term increases in equity value</li> </ul>



## Building an Organization that Fosters Trust

- A project is currently under way to foster a culture of mutual trust in all organizations within the company, which can become a challenge in remote work environment



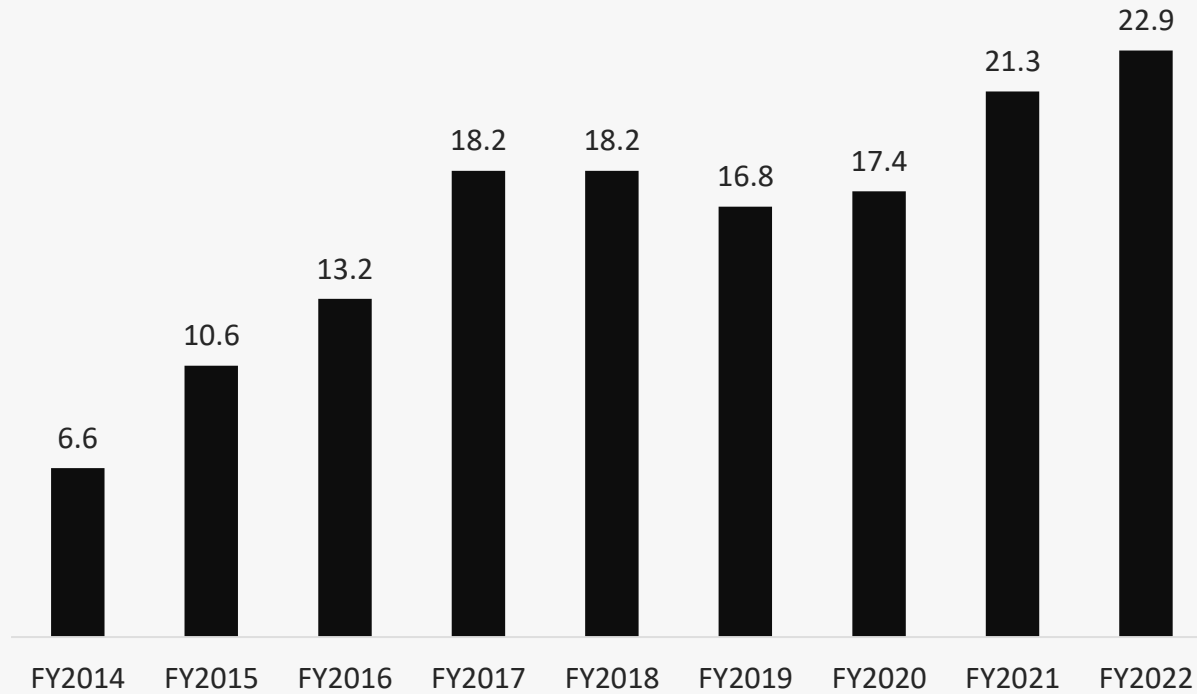
- |                                           |                            |                              |
|-------------------------------------------|----------------------------|------------------------------|
| <b>1</b> Redesigning Evaluation           | <b>2</b> Onboarding        | <b>3</b> Training            |
| <b>4</b> Goal setting/ Evaluation Process | <b>5</b> Career Path       | <b>6</b> Alumni              |
| <b>7</b> Diversity                        | <b>8</b> Hybrid Work Style | <b>9</b> HR Team Enhancement |



## High Productivity and Organization where Every Employee Thrives

- Even as the organization expands, the gross profit per employee continues to increase each year. In the short term, we aim to grow toward JPY 25MM per employee
- In line with improving productivity per employee, we will continue to revise compensation levels to be more competitive and aim to become a company with high productivity and a high labor share

Gross Profit per Employee <sup>(1)</sup> (in JPY MM)



**Notes**

(1) Gross profit for the fiscal year divided by the annual average of the number of employees at the end of each month (total of internal directors, regular employees, and contract employees, including overseas development centers)



## Competitive Compensation: Strengthening Equity Incentives

- Our basic purpose and approach to equity incentives have remained the same since the disclosure of our RS system implementation in FY2019 4Q

<p><b>Purpose</b></p>	<ul style="list-style-type: none"> <li>• To align the incentives and commitment of directors and employees with the maximization of long-term shareholder value</li> <li>• To ensure the competitiveness of our compensation level in order to attract and retain talent which is the foundation of our competitive advantage</li> </ul>
<p><b>Structure</b></p>	<ul style="list-style-type: none"> <li>• Structure: restricted stock (RS) and stock options</li> <li>• Simple design that both investors and recipients can expect</li> </ul>
<p><b>Dilution</b></p>	<ul style="list-style-type: none"> <li>• Expected dilution of max. 10% over 10 years from FY2019 (around 1% per year)</li> <li>• Designed with flexibility for variation in each year</li> <li>• Our percentage of dilutive shares was 7.3% at IPO and 4.4% as of the end of the fiscal year ending July 2022 - lower than other growing companies (see next page for stock incentive balance)</li> </ul>
<p><b>Impact on P&amp;L/CF</b></p>	<ul style="list-style-type: none"> <li>• Stock-based compensation expense for FY2022 was JPY 695MM per year</li> <li>• Stock-based compensation expense for FY2023 will be around JPY 650-700MM per year <sup>(1)</sup></li> <li>• As the impact is neutral in terms of cash flow, we disclose non-GAAP profits, excluding the impact of RS</li> </ul>

**Notes**

(1) Estimated as of September 2022. The amount will be affected by stock price



## Stock Incentive Balance

		FY2020	FY2021	FY2022
Stock Options	Beginning balance	1,532,600	1,824,700	1,455,500
	Granted	700,000	0	0
	Vested	-388,300	-367,200	-291,200
	Forfeited/canceled	-19,600	-2,000	-10,400
	Ending balance	1,824,700	1,455,500	1,153,900
Restricted Stock	Beginning balance	0	66,817	120,479
	Granted	76,590	91,930	59,680
	(as % of shares outstanding at year-end)	0.27%	0.32%	0.21%
	Released	-8,673	-27,302	-37,722
	Forfeited/canceled	-1,100	-10,966	-16,493
Ending balance	66,817	120,479	125,944	
Total	Beginning balance	1,532,600	1,891,517	1,575,979
	Granted	776,590	91,930	59,680
	(as % of shares outstanding at year-end)	2.75%	0.32%	0.21%
	Vested/released	-396,973	-394,502	-328,922
	Forfeited/canceled	-20,700	-12,966	-26,893
Ending balance	1,891,517	1,575,979	1,279,844	
Equity incentive ratio (as a % of shares outstanding at year-end)		6.69%	5.49%	4.40%
Shares outstanding at year-end		28,270,090	28,729,220	29,080,100

### Granted Restricted Stock Information

Amount (JPY MM)	275	485	376
Stock price (JPY)	3,590	5,280	6,830

# 9

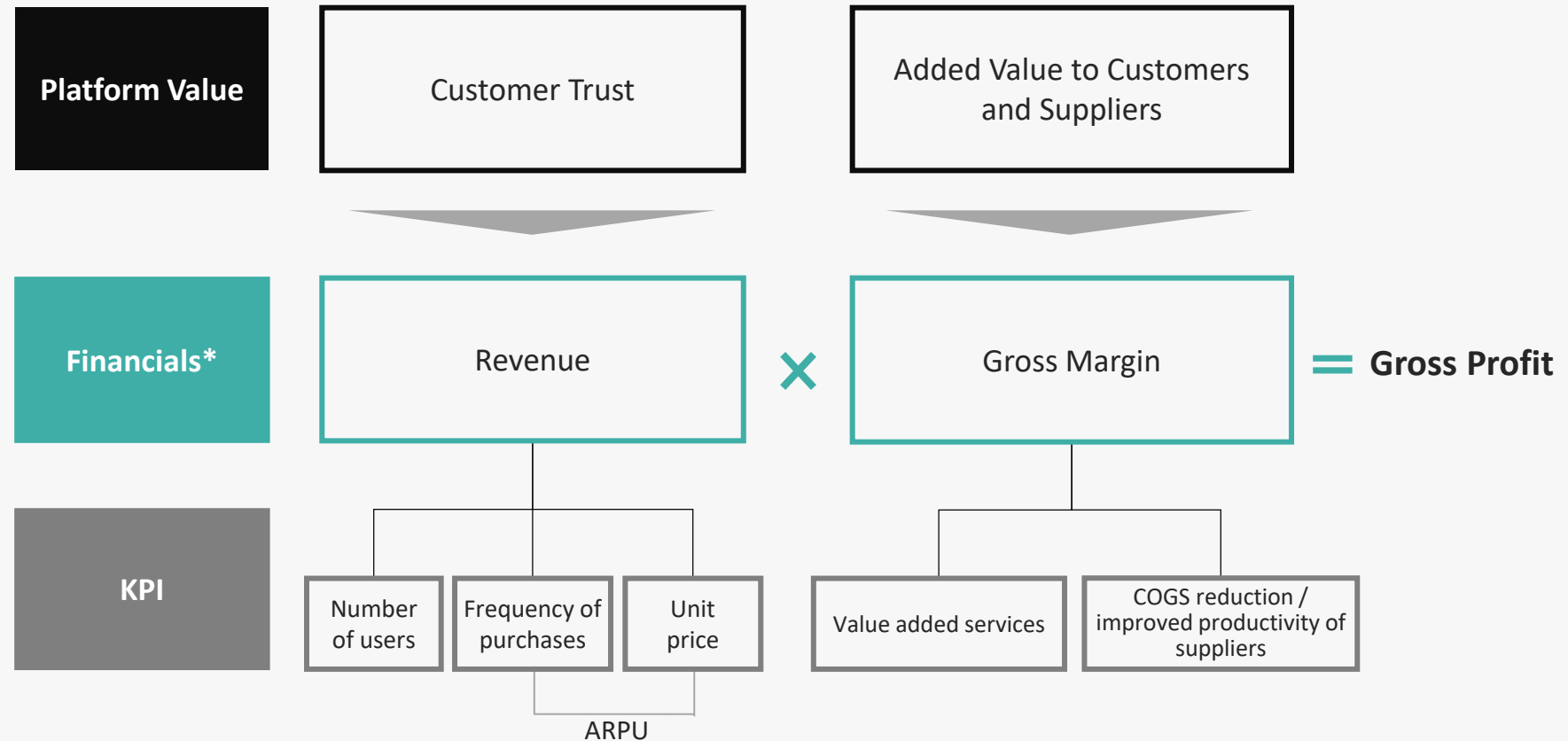
## **Towards Realizing Quality Growth: Finance**



## 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 E-commerce 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 that directly links to corporate value



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

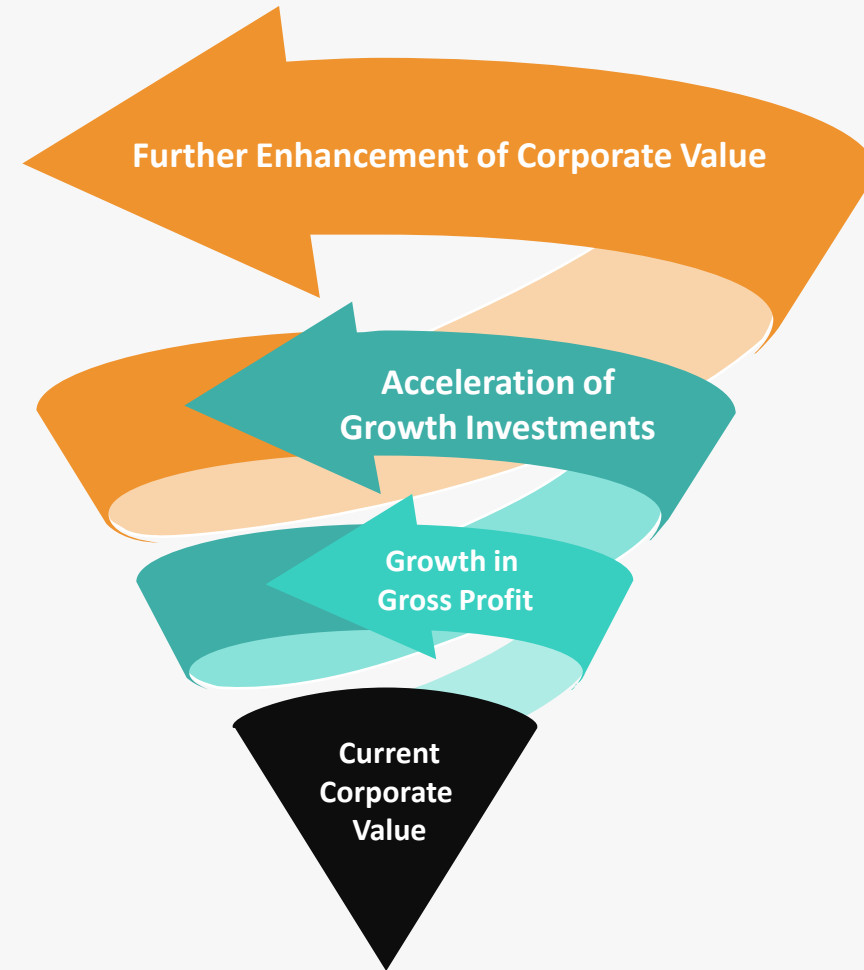
Revenue = gross of payments from customers

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



## BS Policy

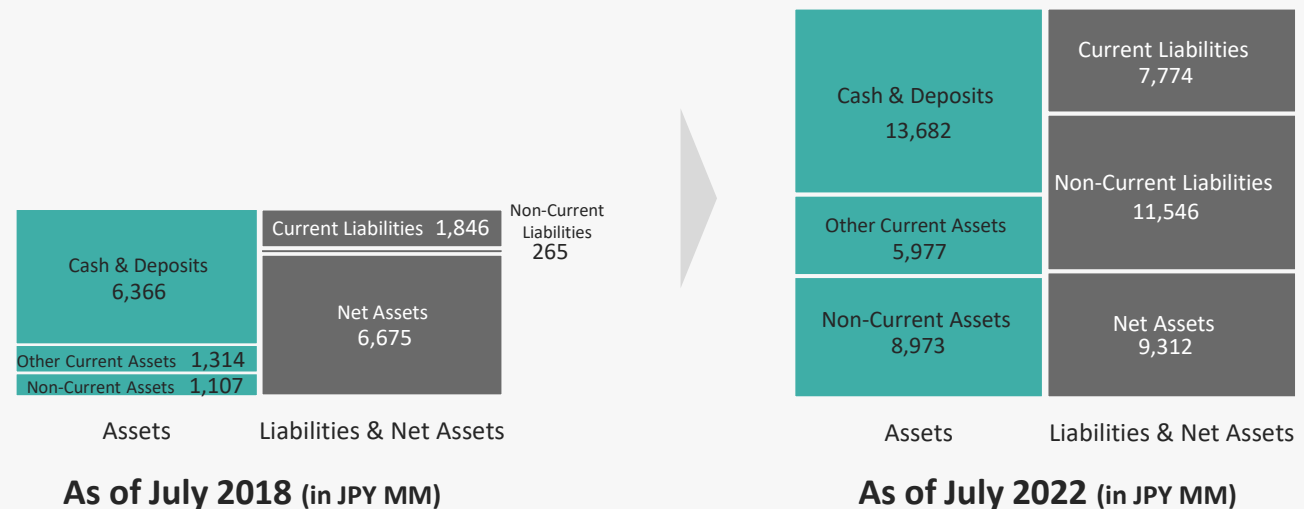
- By focusing on growth while managing BS in a disciplined manner, we will pursue both business portfolio construction and capital efficiency

### Assets

- The maximum amount of goodwill recognized through future M&A activities shall be approximately 70% of net assets

### Liabilities & Net Assets

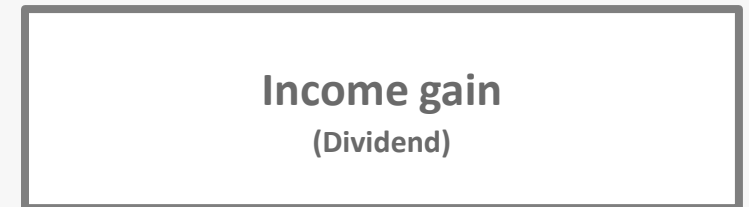
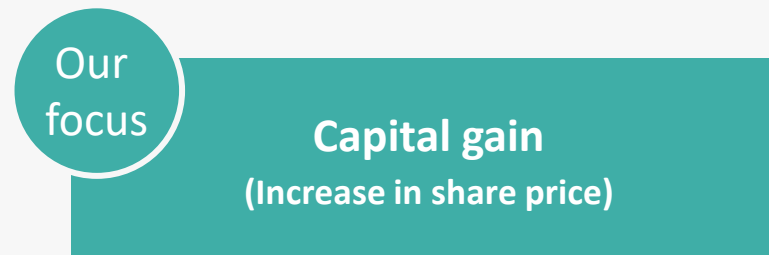
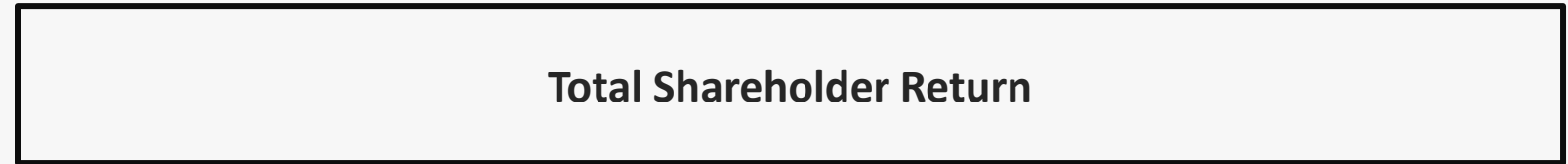
- As CF is expected to increase in the future, priority will be borrowing and issuing bonds/CBs
- Moreover, we will raise equity when bold investments are needed
- We aim to exceed 20% of either ROE or ROIC in 4-5 years





## Approach to Shareholder Return

- Focus on the long-term share price increase in terms of Total Shareholder Return (TSR)
- We aim to achieve long-term share price increase by growing gross profit, EBITDA, and CF and improving capital efficiency
- Depending on stock price levels, share buybacks will be considered in order to improve capital efficiency



- Aim for long-term increase in share price by maximizing gross profit and operating cashflow

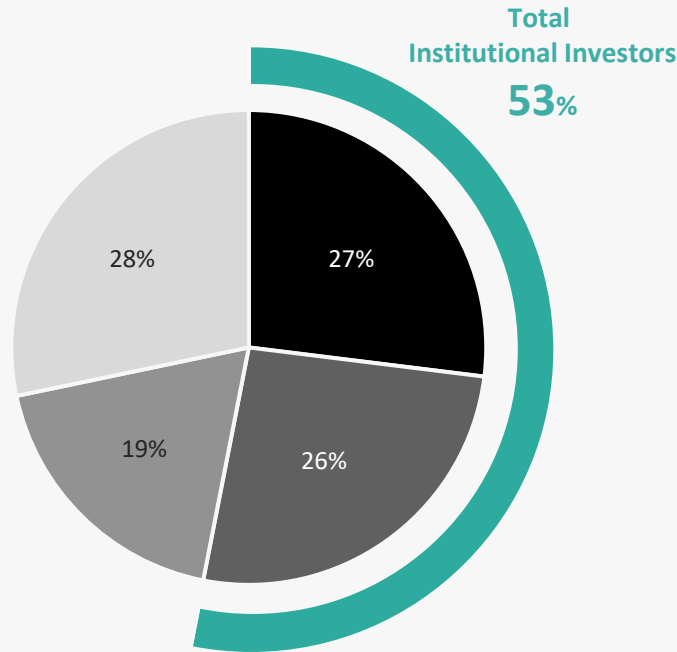
- No plan in the short term
- Will be implemented on a small scale at a time when stable profit and CF growth from existing businesses and accumulation of retained earnings are expected to continue



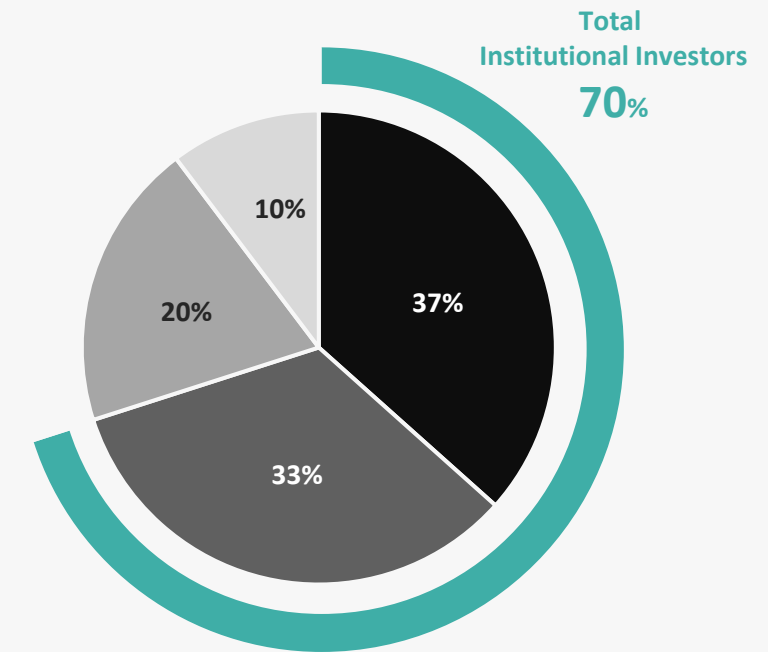
## Composition of Shareholders

- It has been 4 years since IPO in May 2018, and the percentage of shares held by institutional investors <sup>(1)</sup> has increased to around 70%
- There are no shareholders that would be a concern for overhang
- We have approx. 8,200 shareholders, which is an increase of approx. 5,000 in the past year. We aim to meet the expectations of our diverse shareholders

As of July 2018



As of July 2022



■ Institutional Investors (International)  
■ Our officers and employees

■ Institutional Investors (Domestic)  
■ Private Investors etc.

### 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"

# Reference Materials







## Company Overview

<b>Name:</b>	RAKSUL INC.
<b>HQ:</b>	Shinagawa-ku, Tokyo, Japan
<b>Foundation:</b>	September 2009
<b>Management Team:</b>	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



## 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



## 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 <sup>(1)</sup>, to strengthen our development capabilities

<Overview>

RAKSUL INDIA PRIVATE LIMITED

Location : Bengaluru, Republic of India

Establishment date : July 2020



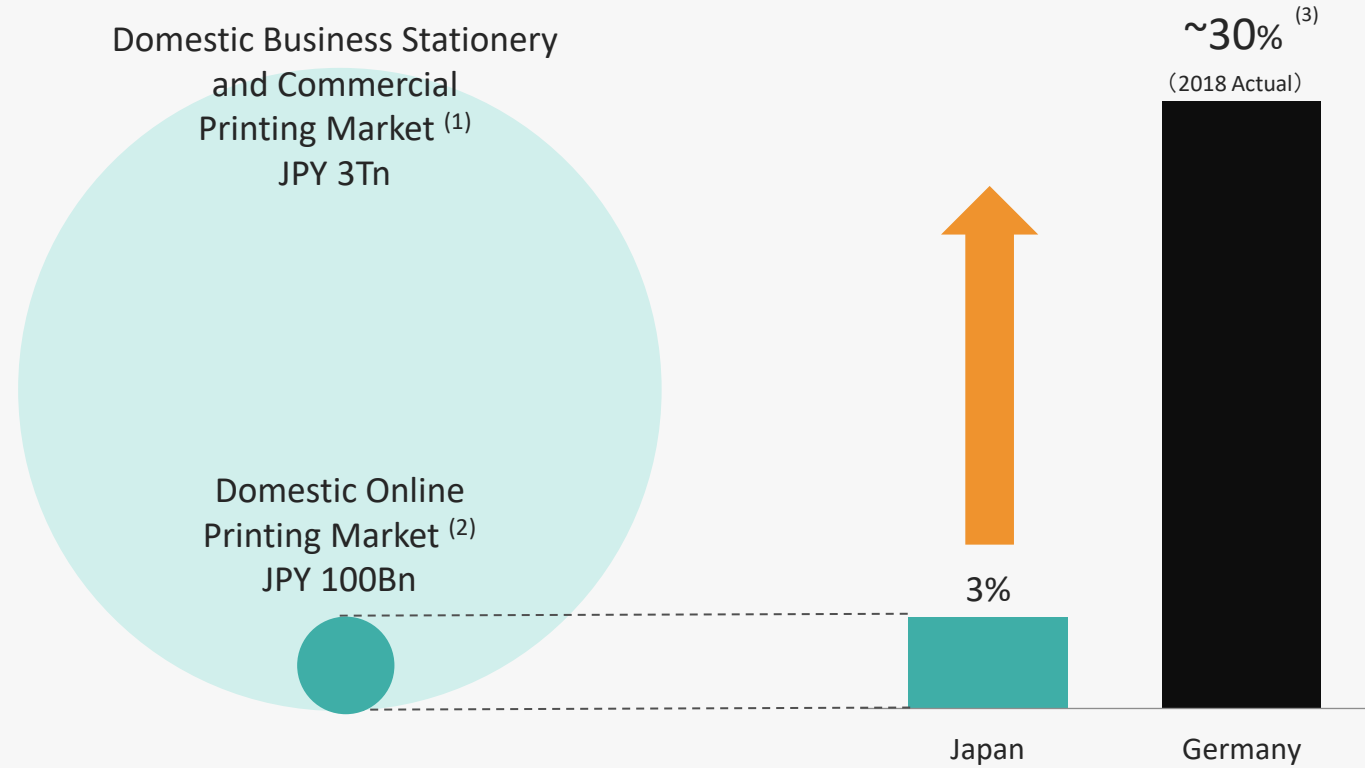
Vietnam Office

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



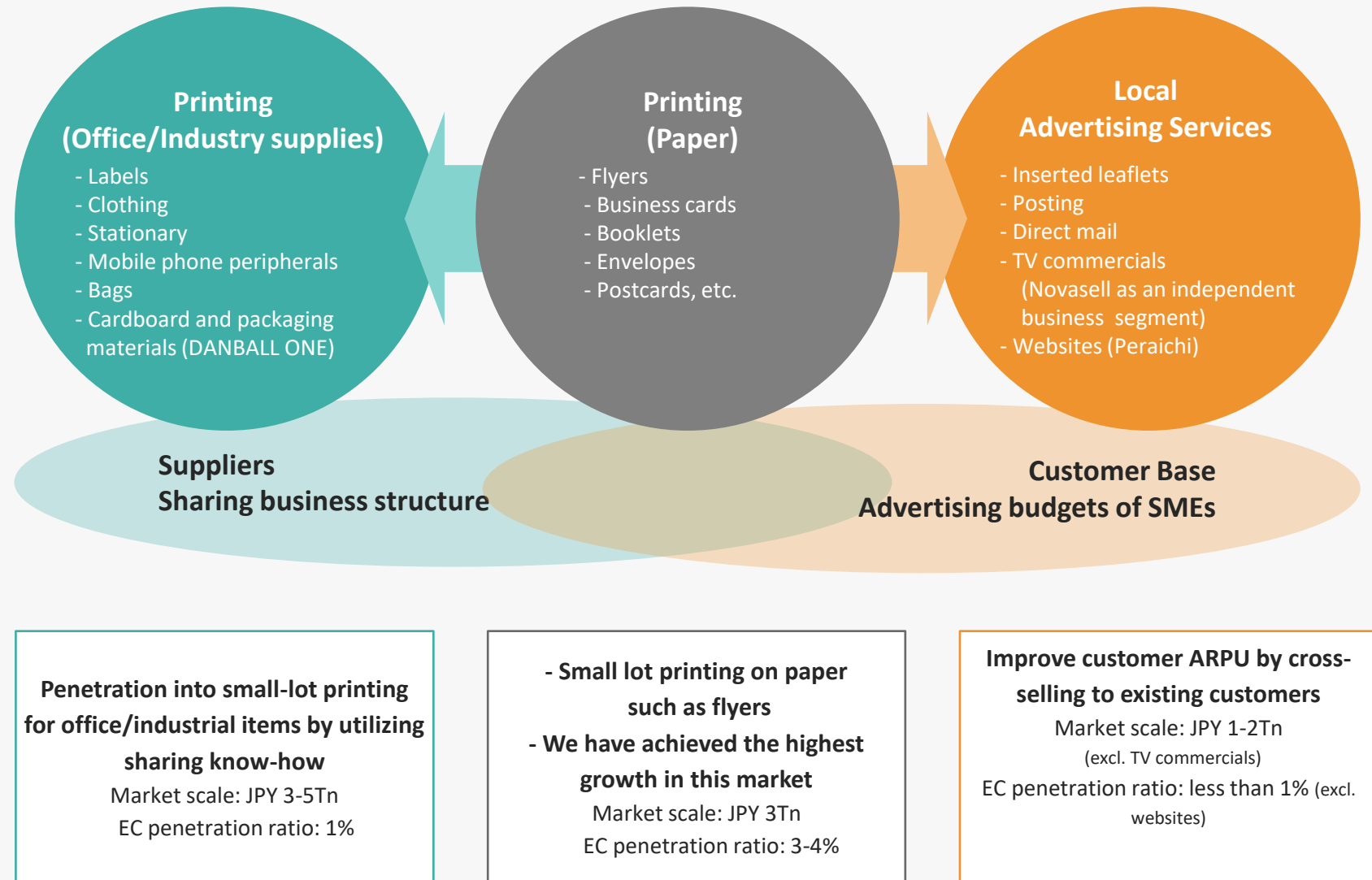
Source: Yano Research Institute, METI

**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 E-commerce website specializing in cardboard boxes 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

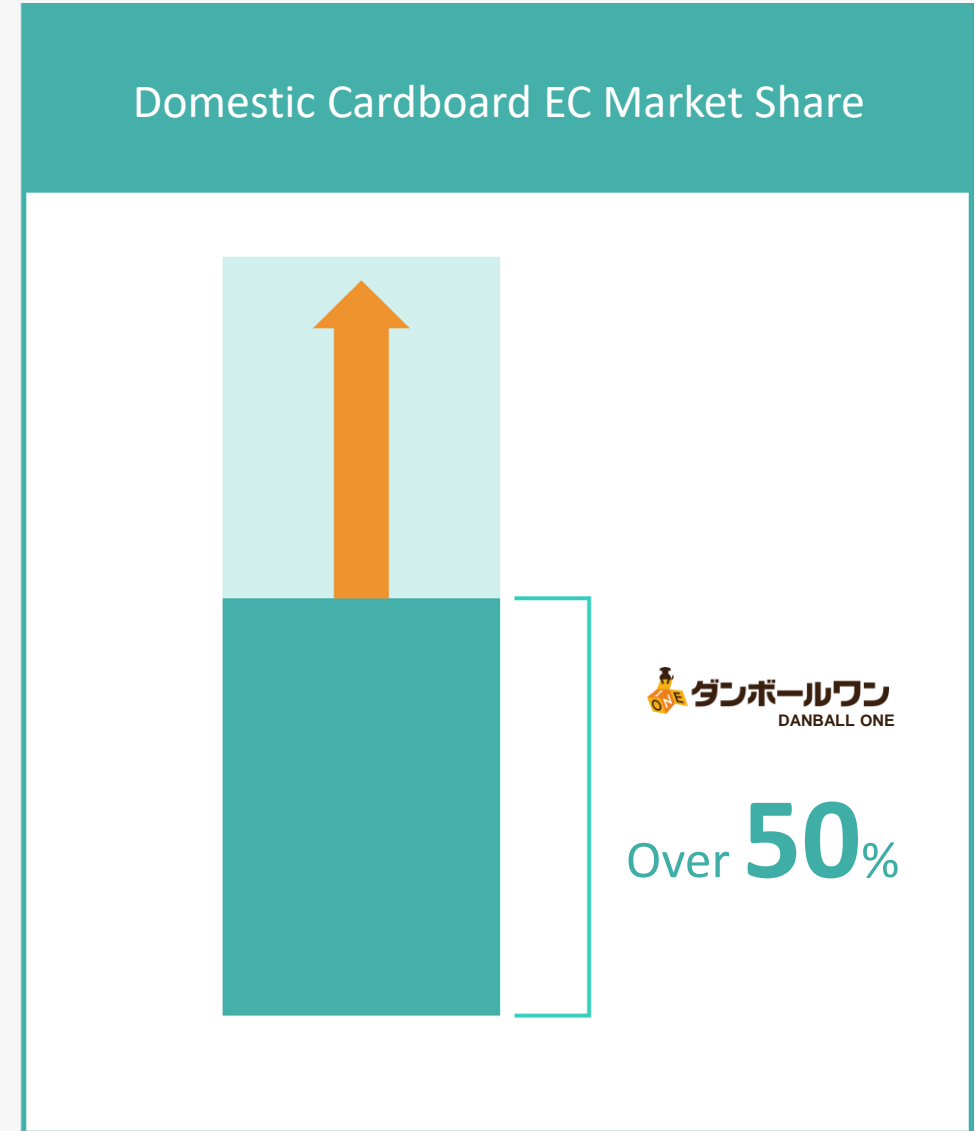
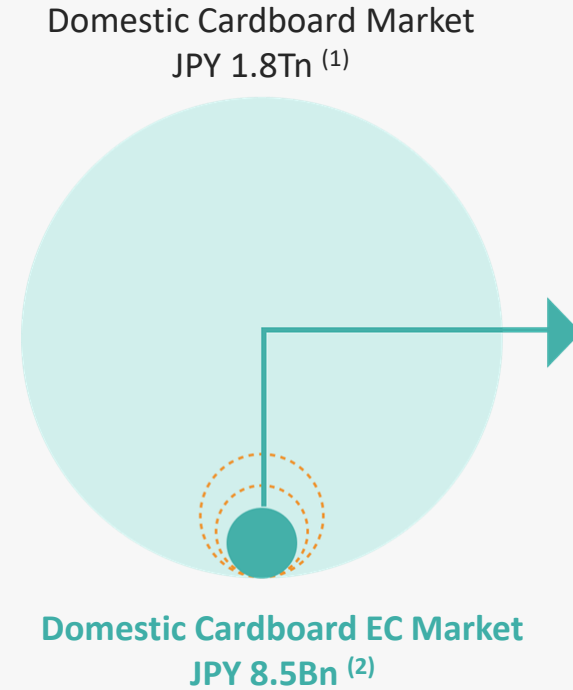
<b>Overview</b>	Company name : DANBALL ONE. Inc.
	Business : Operation of “DANBALL ONE,” an online order platform for cardboard and packaging materials
	CEO : Tatsuru Watanabe
	HQ : Kanazawa, Ishikawa, Japan





## 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 FY2022 3Q onward



Company name : Peraichi Inc.

Business : Operation of Website creation SaaS “Peraichi”

CEO : Kunihiro Yasui

Financial standing : Monthly revenue around JPY 60MM; 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

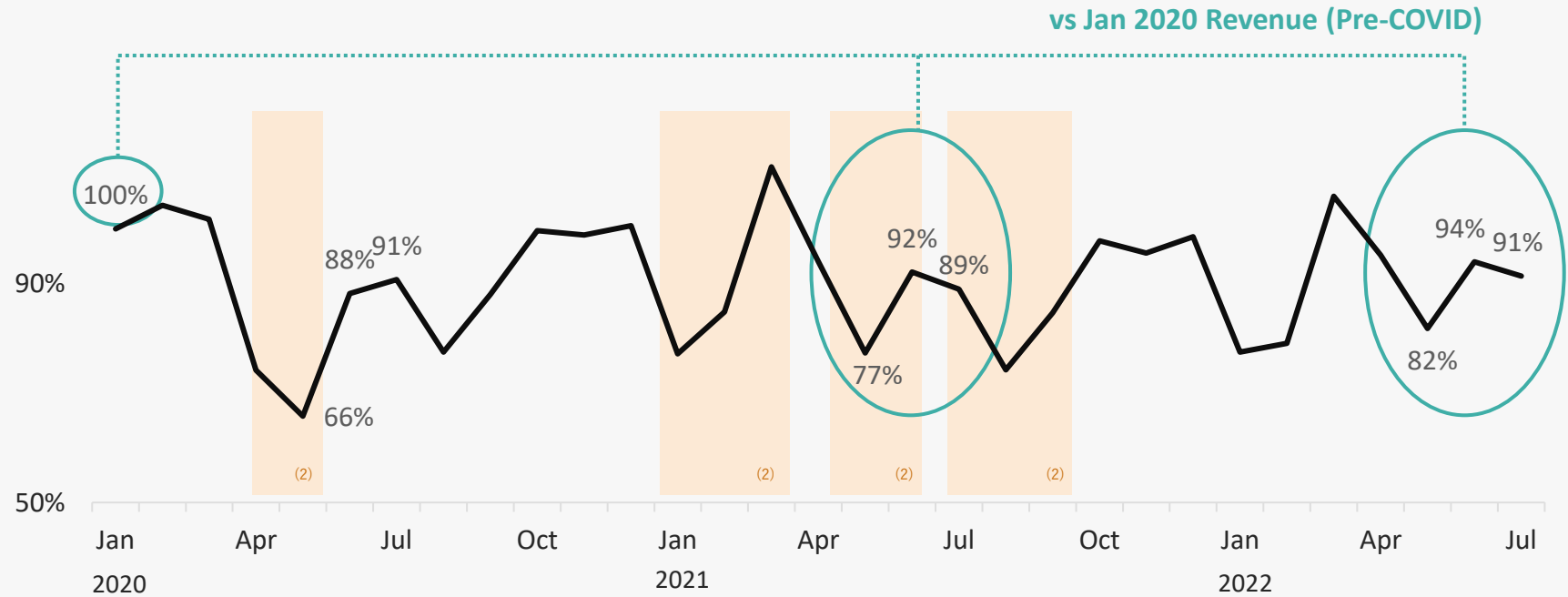
- A SaaS service which enables anyone to easily create a website
- Offer payment function for online shops
- Highly compatible with printing EC (commercial printing) as the service is utilized by SMEs in various industries nationwide for sales promotion and marketing purposes



## Comparison with the Pre-COVID situation

- Recurring revenue from our users acquired up to FY2019 has remained despite the limited impact of the State of Emergency under the COVID-19 environment
- With the added revenue from the users acquired after FY2020, revenue size has expanded

Recurring Revenue Trend from Users acquired up to July 2019 <sup>(1)</sup>



**Notes**

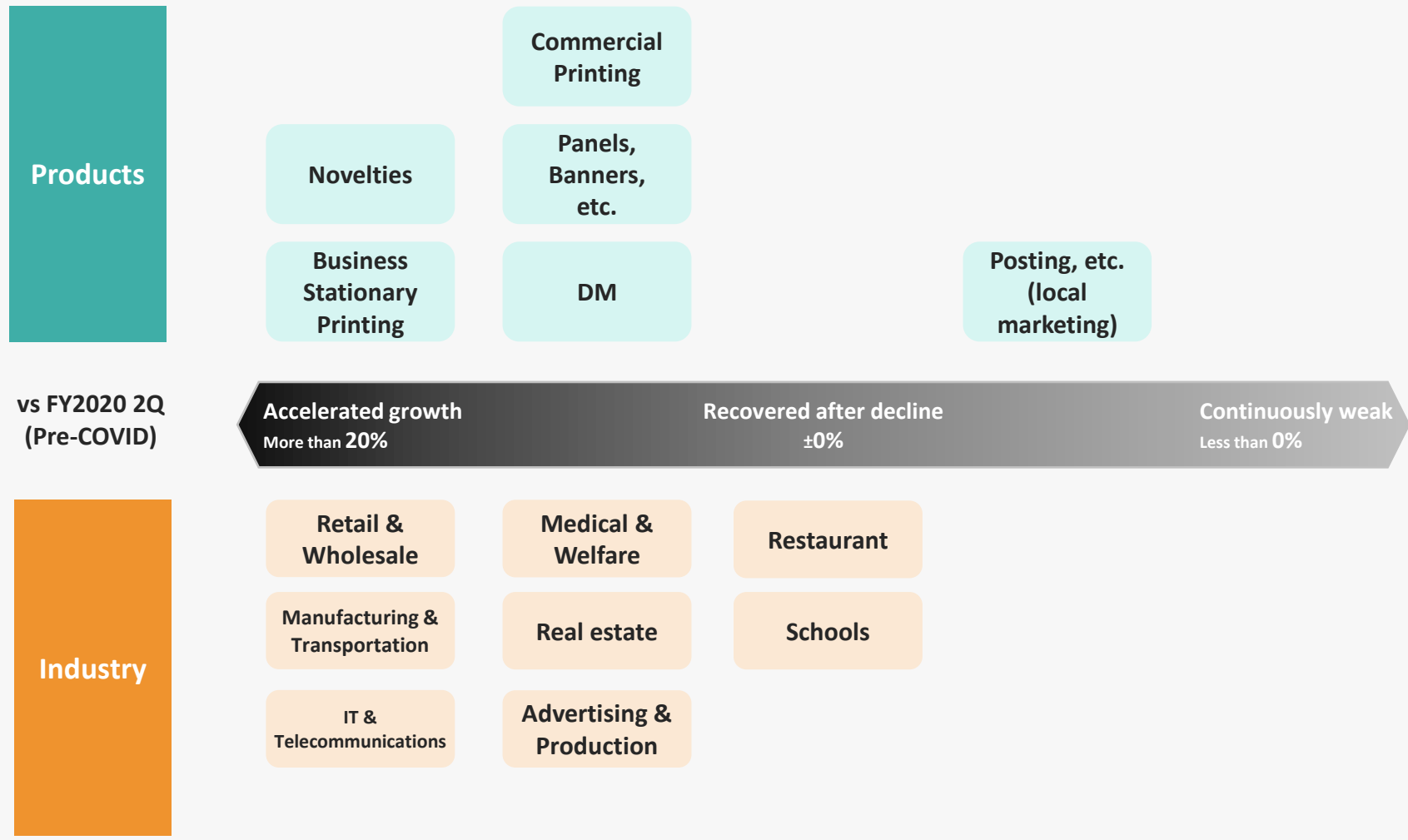
(1) Excluding DANBALL ONE, calculated based on management accounting, and differs from the figures disclosed in last fiscal year due to the new revenue recognition standards  
 (2) State of Emergency declared in Tokyo



## 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 under the COVID-19 environment

### Demand Situation

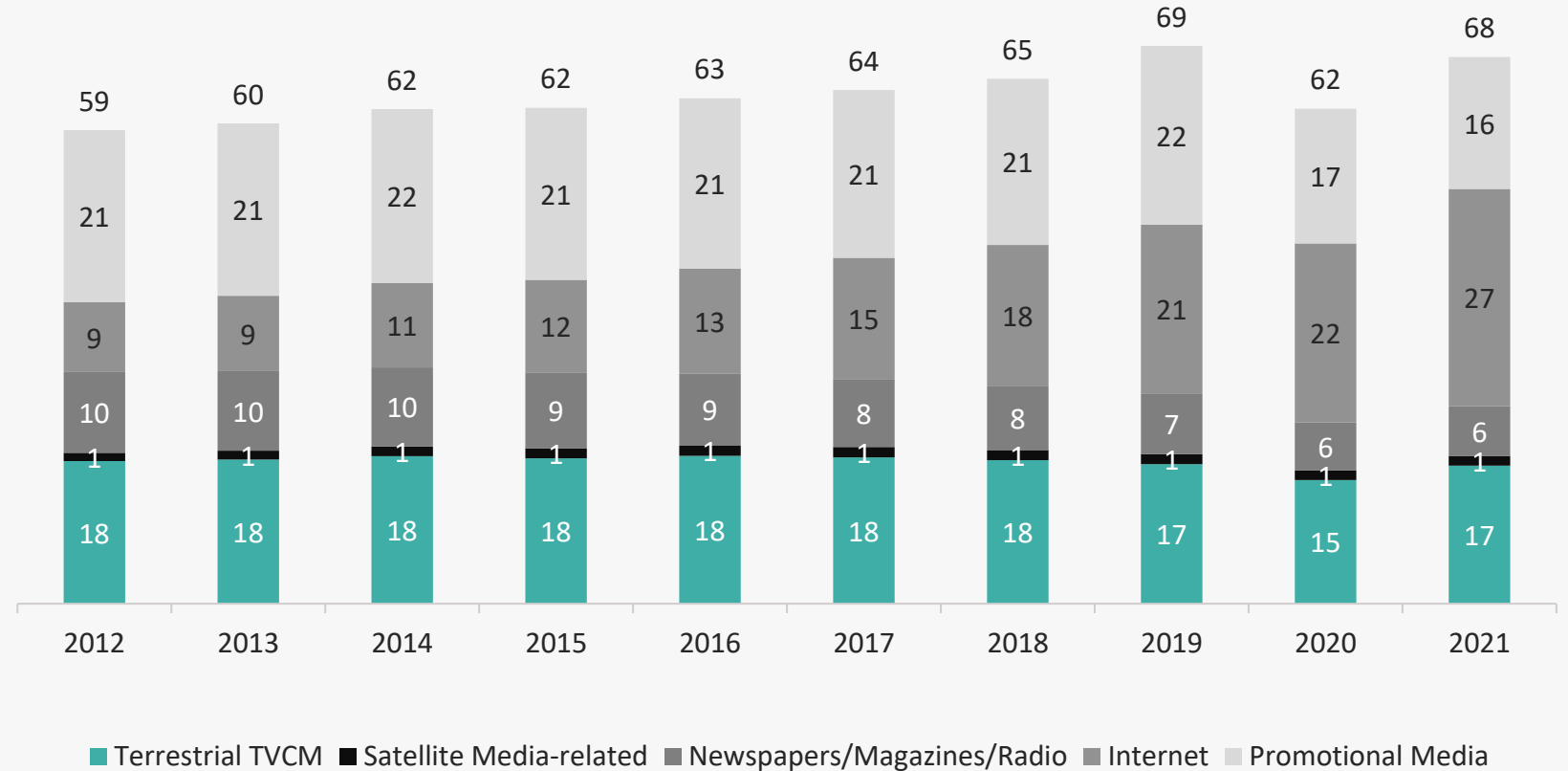


Notes  
(1) Excluding DANBALL ONE

## 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 <sup>(1)</sup>	JPY 10Tn <sup>(1)</sup>	
			
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	<b>BBB</b>	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/>

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# 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”

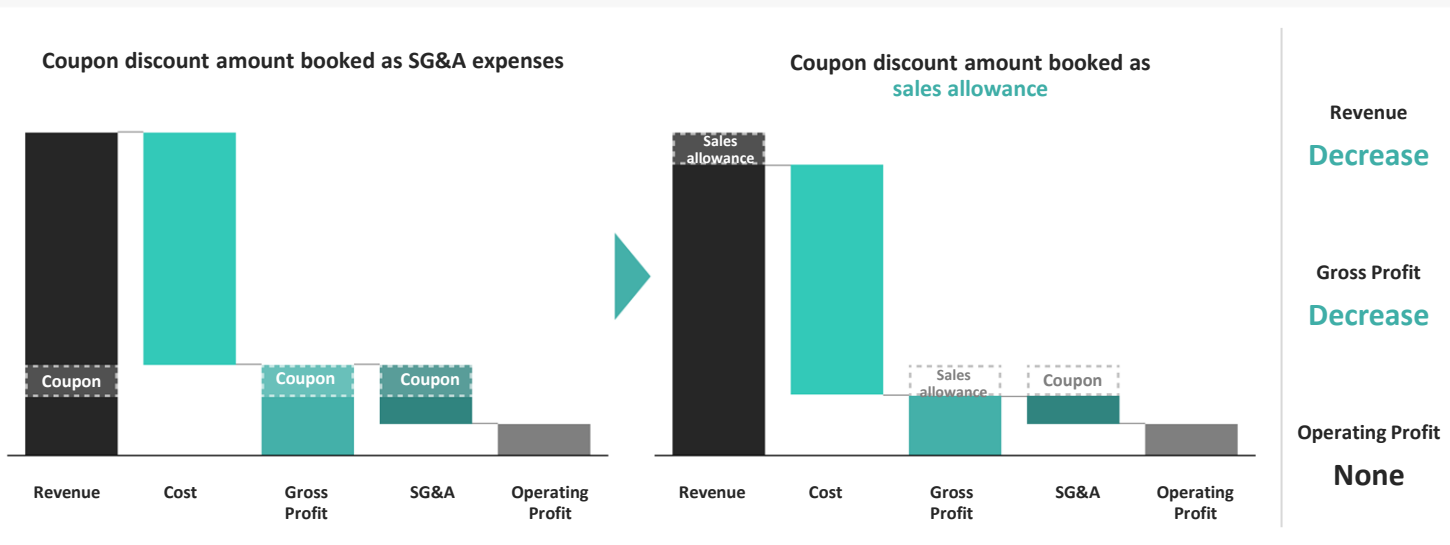
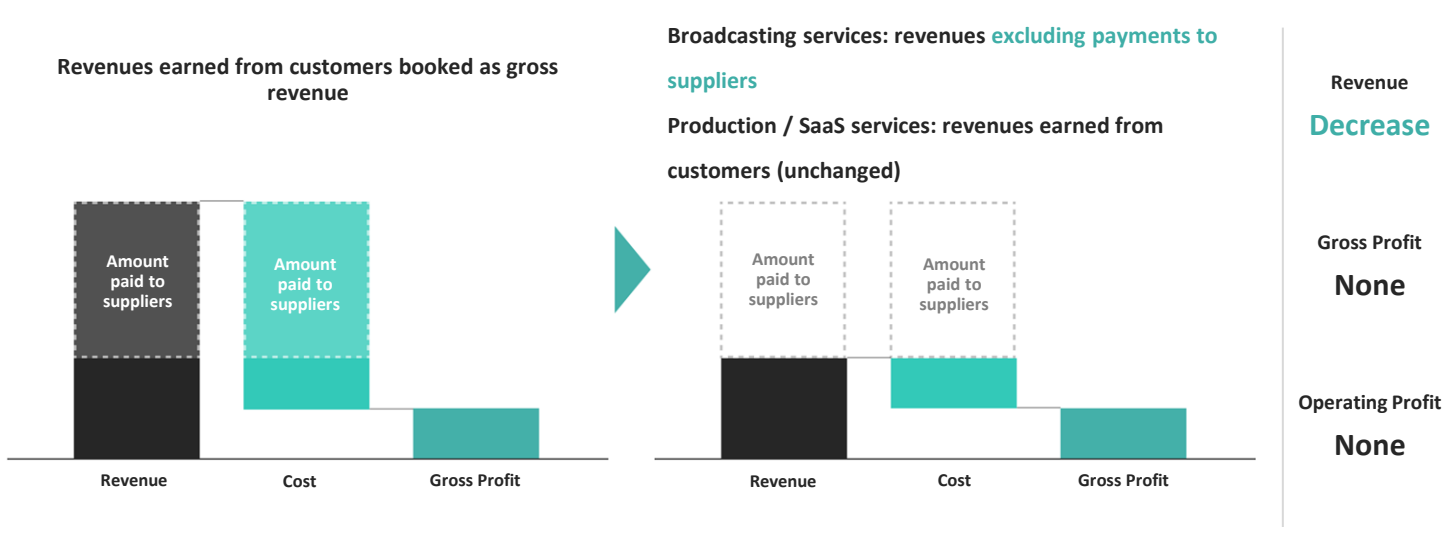
**Novasell**

**Raksul  
Hacobell**

## Previous Accounting Methods

## New Revenue Recognition Standards

## Impact





## Financial Highlights by Business Segment

		FY2020				FY2021				FY2022			
(in JPY MM)		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenue	Raksul	4,013	4,359	4,024	3,872	4,430	5,073	5,605	5,144	5,461	6,092	7,894	<b>7,877</b>
	Novasell	199	274	203	177	322	498	722	498	720	1,007	538	<b>562</b>
	Hacobell	563	638	532	448	553	1,004	655	723	741	835	869	<b>1,031</b>
	Others	27	27	28	40	66	73	77	73	84	97	80	<b>84</b>
Gross Profit	Raksul	992	1,052	995	1,103	1,201	1,361	1,514	1,373	1,478	1,697	2,395	<b>2,347</b>
	Novasell	118	122	142	102	165	206	405	305	313	433	253	<b>292</b>
	Hacobell	34	35	48	69	91	142	112	96	97	104	131	<b>130</b>
	Others	9	11	11	17	26	29	29	28	33	38	27	<b>29</b>
Segment Profit (non-GAAP)	Raksul	351	228	252	640	453	568	767	565	583	697	1,055	<b>1,153</b>
	Novasell	22	4	9	-25	19	17	94	-95	-18	69	-122	<b>-32</b>
	Hacobell	-99	-125	-79	-46	-21	21	-17	-59	-68	-46	-11	<b>-2</b>
	Others and corporate expenses	-285	-272	-294	-279	-242	-291	-354	-394	-396	-429	-361	<b>-436</b>
Segment Profit (financial accounting)	Raksul	329	205	207	598	408	515	711	505	534	641	863	<b>962</b>
	Novasell	22	4	5	-27	16	10	85	-103	-25	63	-129	<b>-39</b>
	Hacobell	-102	-129	-85	-52	-27	11	-28	-70	-79	-59	-25	<b>-16</b>
	Others and corporate expenses	-292	-296	-303	-327	-330	-391	-462	-631	-534	-580	-517	<b>-592</b>
Operating Profit (non-GAAP)	Company wide	-10	-165	-110	289	209	315	490	15	99	292	560	<b>681</b>

(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	4Q
Revenue	Raksul	4,028	4,382	4,043	3,876	4,444	5,090	5,617	5,158	5,473	6,107	7,918	<b>7,895</b>
	Novasell	732	743	847	530	872	1,248	2,613	1,983	1,727	2,641	1,614	<b>1,493</b>
	Hacobell	564	639	532	449	553	1,004	657	723	741	836	869	<b>1,031</b>
	Others	27	27	28	40	66	73	77	73	84	97	80	<b>84</b>
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	<b>2,364</b>
	Novasell	118	122	142	102	165	206	405	305	313	433	253	<b>292</b>
	Hacobell	35	36	48	69	91	143	114	96	97	105	131	<b>130</b>
	Others	9	11	11	17	26	29	29	28	33	38	27	<b>29</b>
Segment Profit (non-GAAP)	Raksul	351	228	252	640	453	568	767	565	583	697	1,055	<b>1,153</b>
	Novasell	22	4	9	-25	19	17	94	-95	-18	69	-122	<b>-32</b>
	Hacobell	-99	-125	-79	-46	-21	21	-17	-59	-68	-46	-11	<b>-2</b>
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Segment Profit (financial accounting)	Raksul	329	205	207	598	408	515	711	505	534	641	863	<b>962</b>
	Novasell	22	4	5	-27	16	10	85	-103	-25	63	-129	<b>-39</b>
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	Others and corporate expenses	-292	-296	-303	-327	-330	-391	-462	-631	-534	-580	-517	<b>-592</b>
Operating Profit (non-GAAP)	Company wide	-10	-165	-110	289	209	315	490	15	99	292	560	<b>681</b>



## Difference between non-GAAP profit and accounting profit

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

(JPY MM)	FY2022 4Q (2022/5-2022/7)			FY2022 (2021/8-2022/7)		
	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)
Revenue	9,556	-	9,556	33,980	-	33,980
Gross Profit	2,799	-	2,799	9,803	-	9,803
Operating Profit	495	182	313	1,158	695	462
Ordinary Profit	372	206	166	600	768	-167
Net Profit	890	206	683	1,790	768	1,021

## Cash Flow Statement

(in JPY MM)	FY2021	FY2022
Cash flow from operating activities	1,539	<b>837</b>
Cash flow from investing activities	<b>-3,618</b>	<b>-2,808</b>
Cash flow from financial activities	75	<b>2,206</b>
Net change in cash and cash equivalents	<b>-2,003</b>	<b>235</b>
Cash and cash equivalents at end of period	13,447	<b>13,682</b>

## Balance Sheet

(in JPY MM)	FY2021 4Q	FY2022 4Q
Current Assets	16,916	19,660
Cash & Deposits	13,447	13,682
Non-Current Assets	4,999	8,973
<b>Total Assets</b>	<b>21,916</b>	<b>28,633</b>
Current Liabilities (interest-bearing liabilities)	5,068 (1,287)	7,774 (2,495)
Non-Current Liabilities (interest-bearing liabilities)	8,851 (8,746)	11,546 (11,440)
<b>Net Assets</b>	<b>7,996</b>	<b>9,312</b>
Share Capital	2,452	2,694
Capital Surplus	5,260	5,501
Retained Earnings	-249	165
<b>Total Liabilities &amp; Net Assets</b>	<b>21,916</b>	<b>28,633</b>

## Sources

### P44, P56

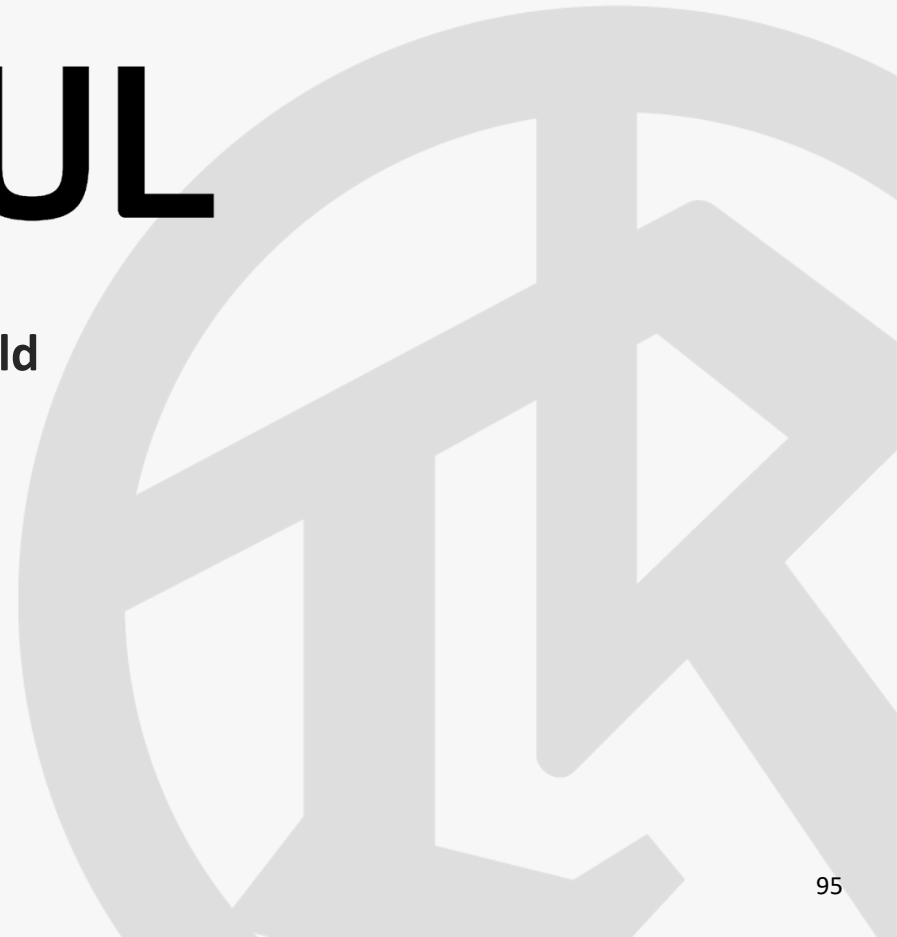
Indirect cost market	Total selling, general and administrative expenses of all stocks listed on the Tokyo Stock Exchange (excluding ETFs, REITs and securities investments)	
	Business stationery and commercial printing	Calculated based on "Current Production Statistics: Paper, Printing, and Plastic" (METI), 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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Number of Employees	Calculation by RAKSUL INC. based on the 2019 White Paper on Small Enterprises and the 2016 Statistical data on SMEs (number of companies per major city and prefectures, number of full-time employees, number of employees (private, non-primary industries))	
Number of Companies	2019 White Paper on Small Enterprises, 2020 White Paper on Small Enterprises	



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## Disclaimer

### Handling of this material

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.

RAKSUL is not obligated to update or revise any content of the forward-looking statements within this material, even in cases such as where new information becomes available or future events take place.

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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