



## Financial Results for the 3rd Quarter of Fiscal Year Ending July 31, 2023

RAKSUL INC. (TSE PRIME MARKET: 4384)

June 9, 2023



## Quarterly Financial Summary

### Company wide

**Revenue +13.1% YoY, Gross Profit +15.3%, EBITDA<sub>(non-GAAP)</sub><sup>(1)</sup> JPY 859MM**

-----YoY growth excluding Hacobell business segment-----

**Revenue +24.6% YoY Gross Profit +21.0% YoY**

- Continued profitable growth (Quality Growth). Although the contribution from DANBALL ONE, Inc. ("DANBALL ONE"), consolidated from FY2022 3Q, has run its course, we achieved over 20% YoY growth excluding Hacobell. Continued high EBITDA of JPY 859MM
- All items exceeded 3Q guidance disclosed in 2Q. Revised full-year forecasts also on pace to be exceeded, full-year revenue is expected to land at JPY 40.4 - 40.8Bn



Raksul

**Raksul Business Segment ("Raksul"): Revenue +25.7% YoY, Gross Profit +18.9% YoY**

- Demand remains steady as the busy season returns to the pre-COVID level
- For DANBALL ONE, accelerated growth with revenue growth of +26.1% YoY and gross profit growth of +25.5% YoY



Novasell

**Novasell Business Segment ("Novasell"): Revenue +0.8% YoY, Gross Profit +39.3% YoY**

- Gross profit increased in QoQ and YoY on the basis of high gross margin
- Quarterly revenue is expected to grow to exceed JPY 700MM (approx. +25% YoY) in 4Q

#### Notes

(1)EBITDA (non-GAAP) = Operating Profit (J-GAAP) + Depreciation + Amortization of goodwill + Stock-based compensation expenses. Hereinafter referred to as "EBITDA"

- 1. Company Overview**
- 2. Financial Highlights**
- 3. Q&A**
- 4. Reference Materials**



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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

### Accounting Segment



**Printing & offline advertising Platform**  
Launched in March 2013



**Cardboard and packaging materials ordering platform**  
Invested in December 2020  
(Became wholly owned subsidiary in Feb 2022)



**TV commercial-related Platform**  
Launched in April 2020

### Group Companies



**Logistics Platform**

Launched in December 2015  
(% of shares held: 49.9%)



**No-code Website Builder with Payment Functions (SaaS)**

Invested in October 2020  
(39.7%)  
(Consolidation possible in the future)



**Integrated IT Device & SaaS Management Cloud**

Launched in September 2021  
(Consolidation possible in the future)

**Net Square**

**Leading Digital Printing Company**

Invested in September 2021  
(41.4%)



## Direction of Growth

- We will redesign the industrial structure of each indirect cost (indirect materials/services) market through our Integrated Vertical Platforms
- 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

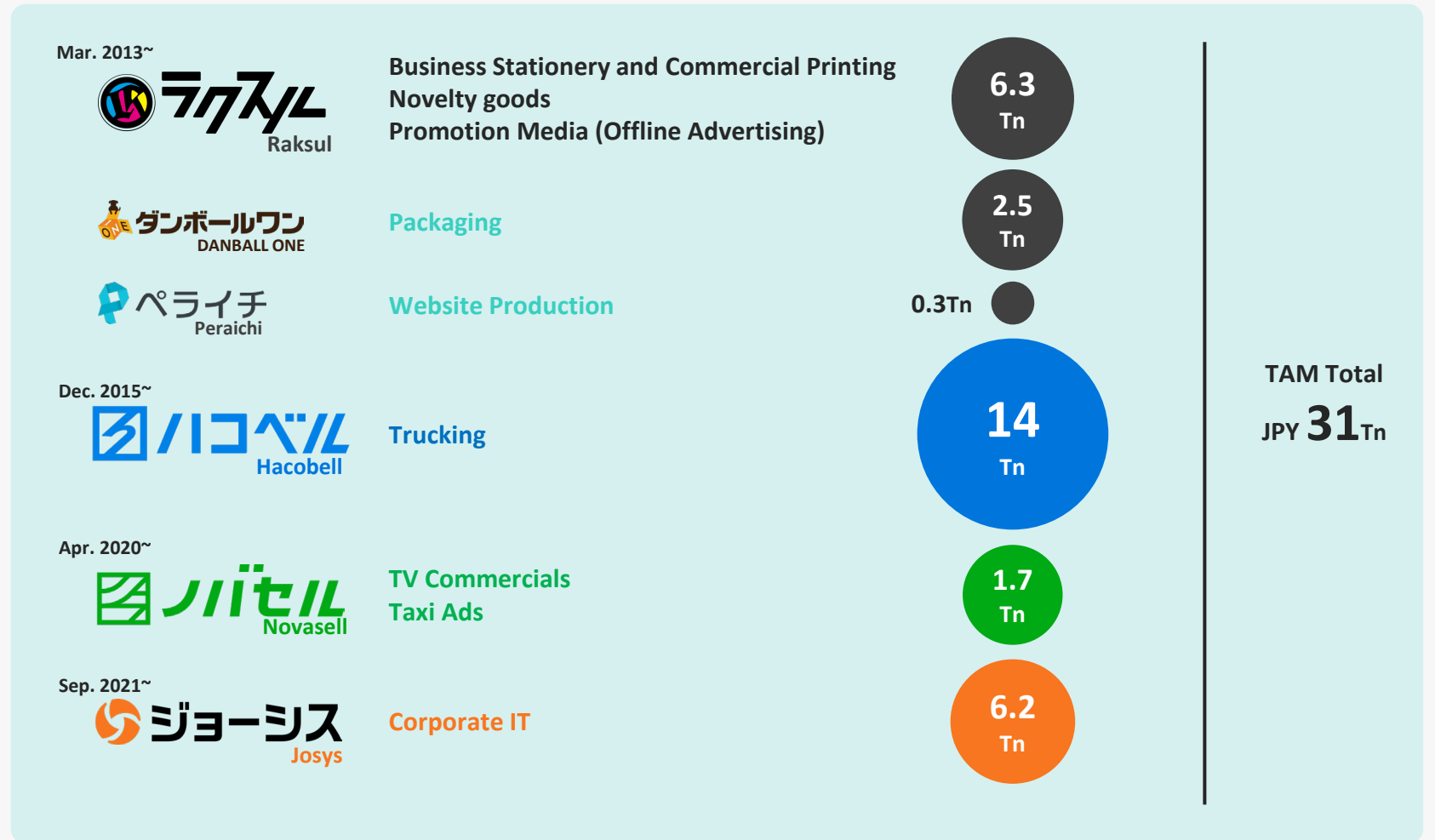
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Indirect Cost

=

Operating Profit

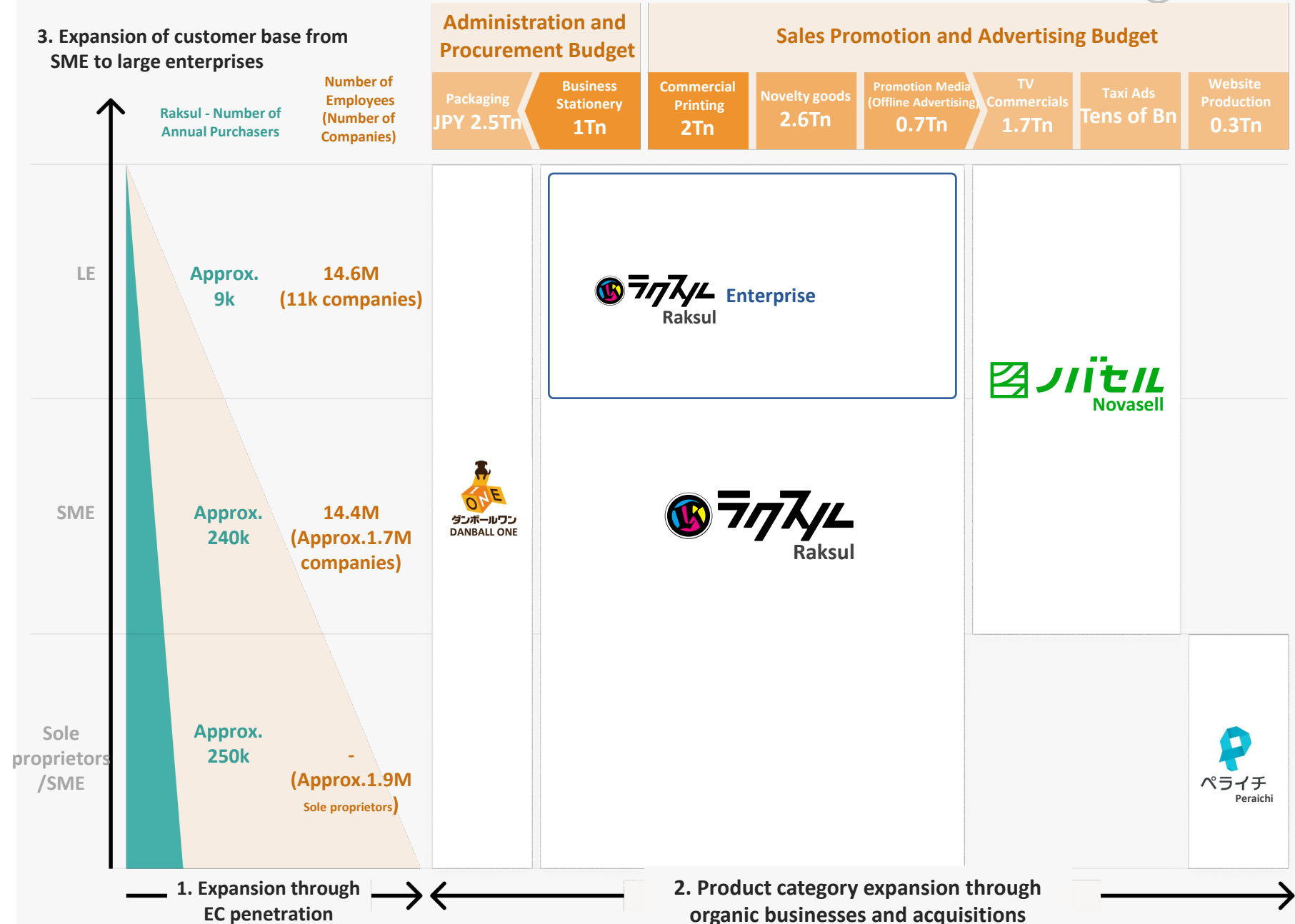
Domestic Indirect Cost Market JPY **140**Tn in Total



# Expansion Leveraging Existing Customer & Business Base

Our growth drivers:

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



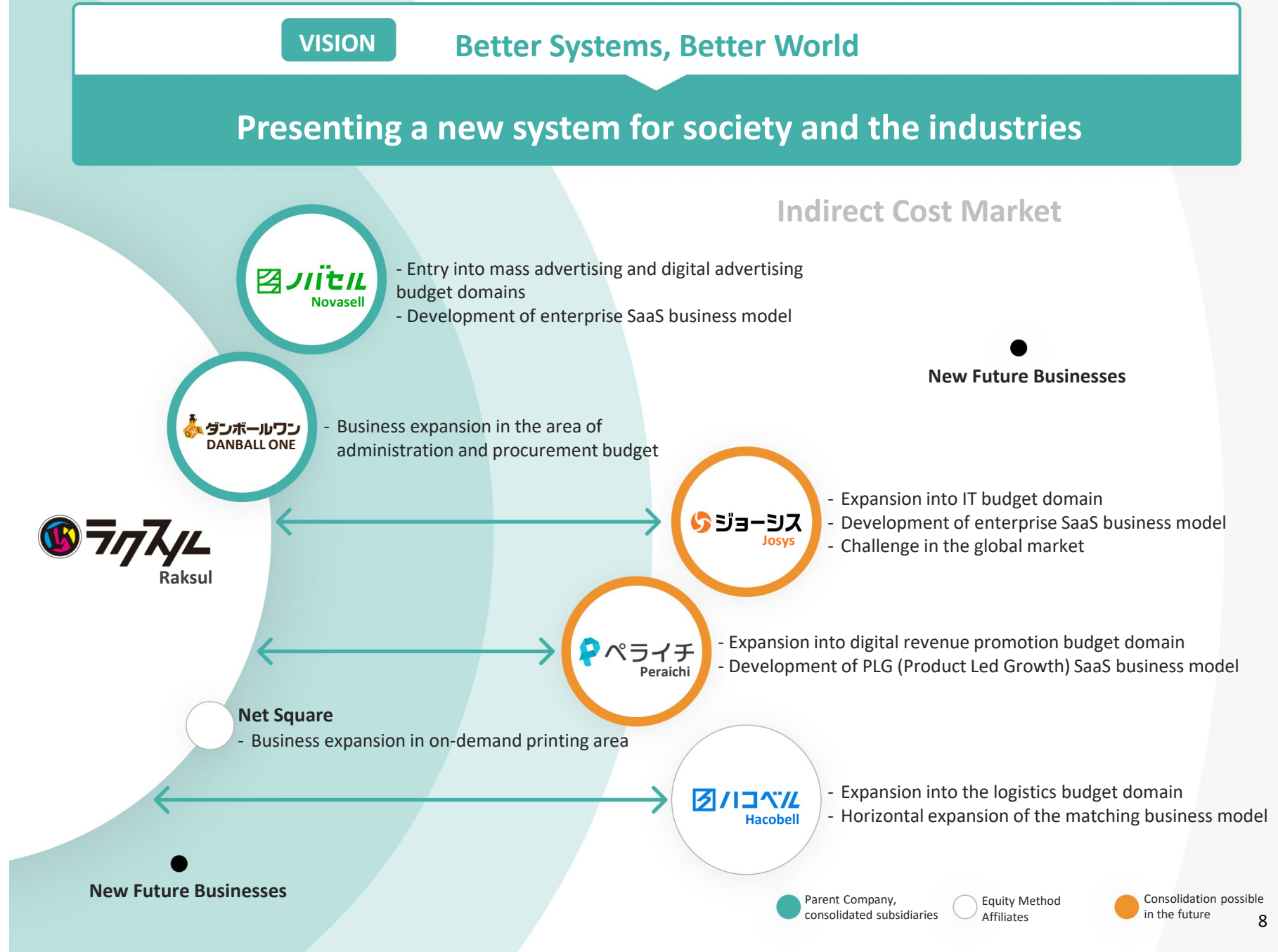
Source: Please see Reference Materials for details



## Vision-based Long-term Management Approach

Integration of organizational management capabilities and entrepreneurship

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



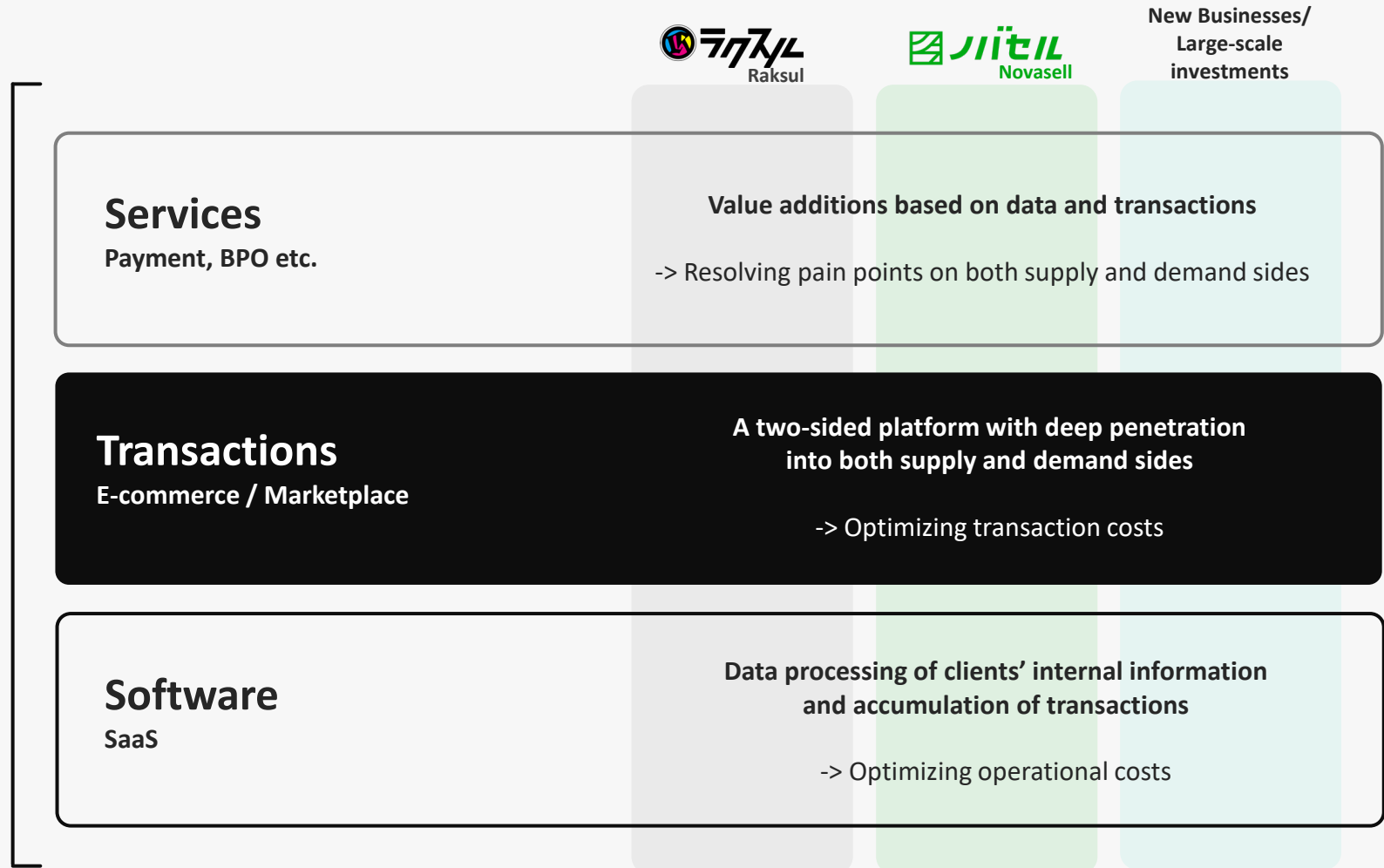




## Business Model

- 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

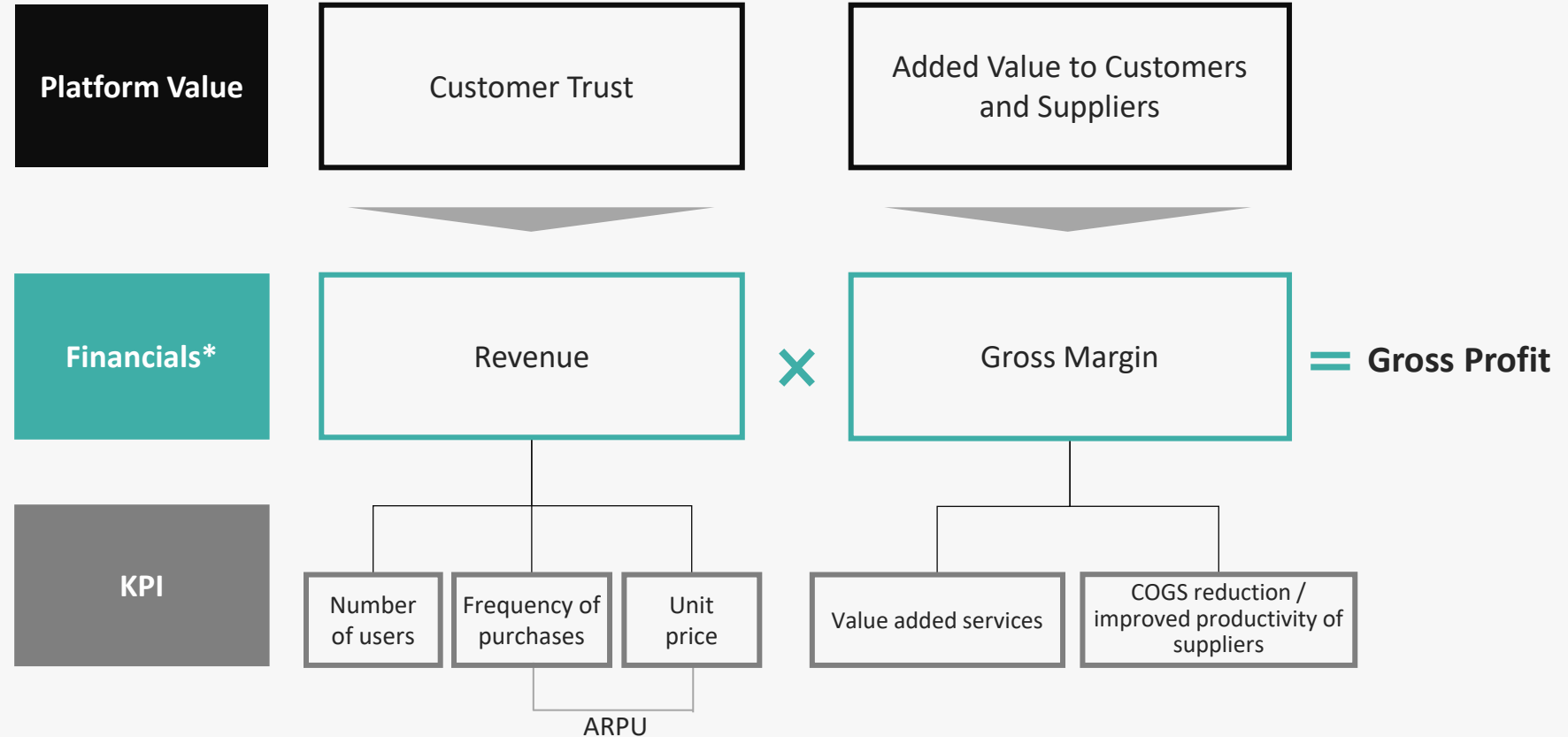
Integrated Vertical Platform



## Our Value Creation

### Formula

- We focus on growing revenue and gross profit by winning the customer trust and maximizing the 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 our corporate value



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

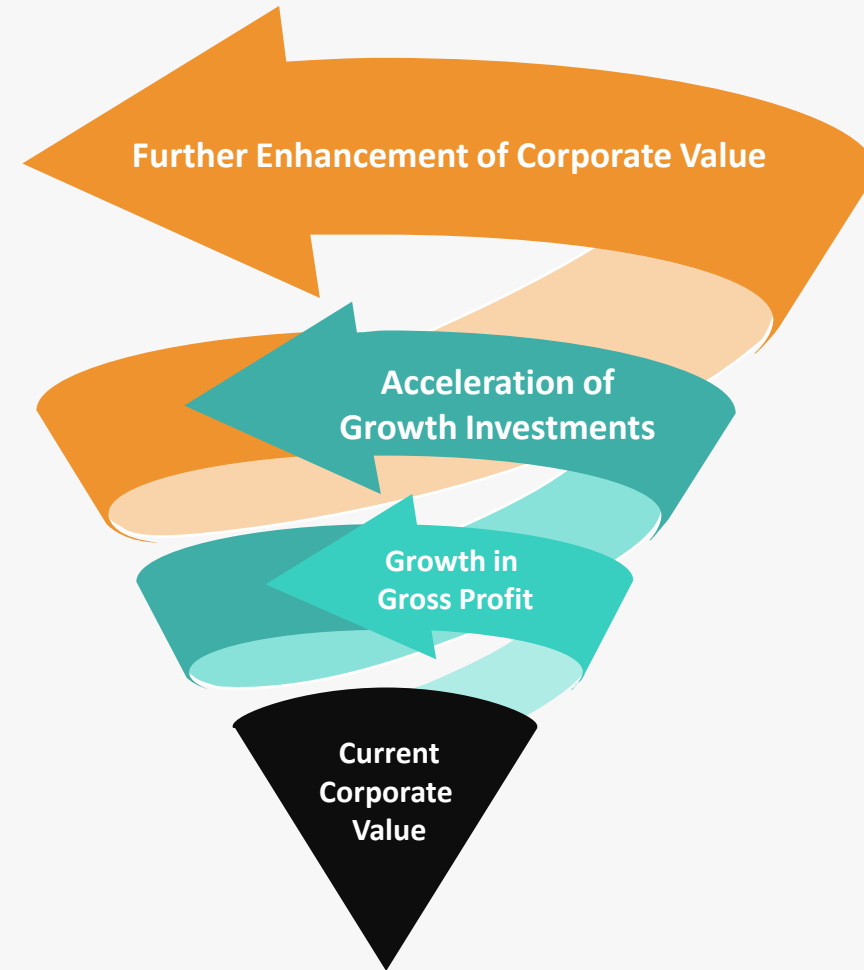
Revenue = gross of payments from customers

Gross profit = gross revenue minus the cost of revenue (payments to suppliers)



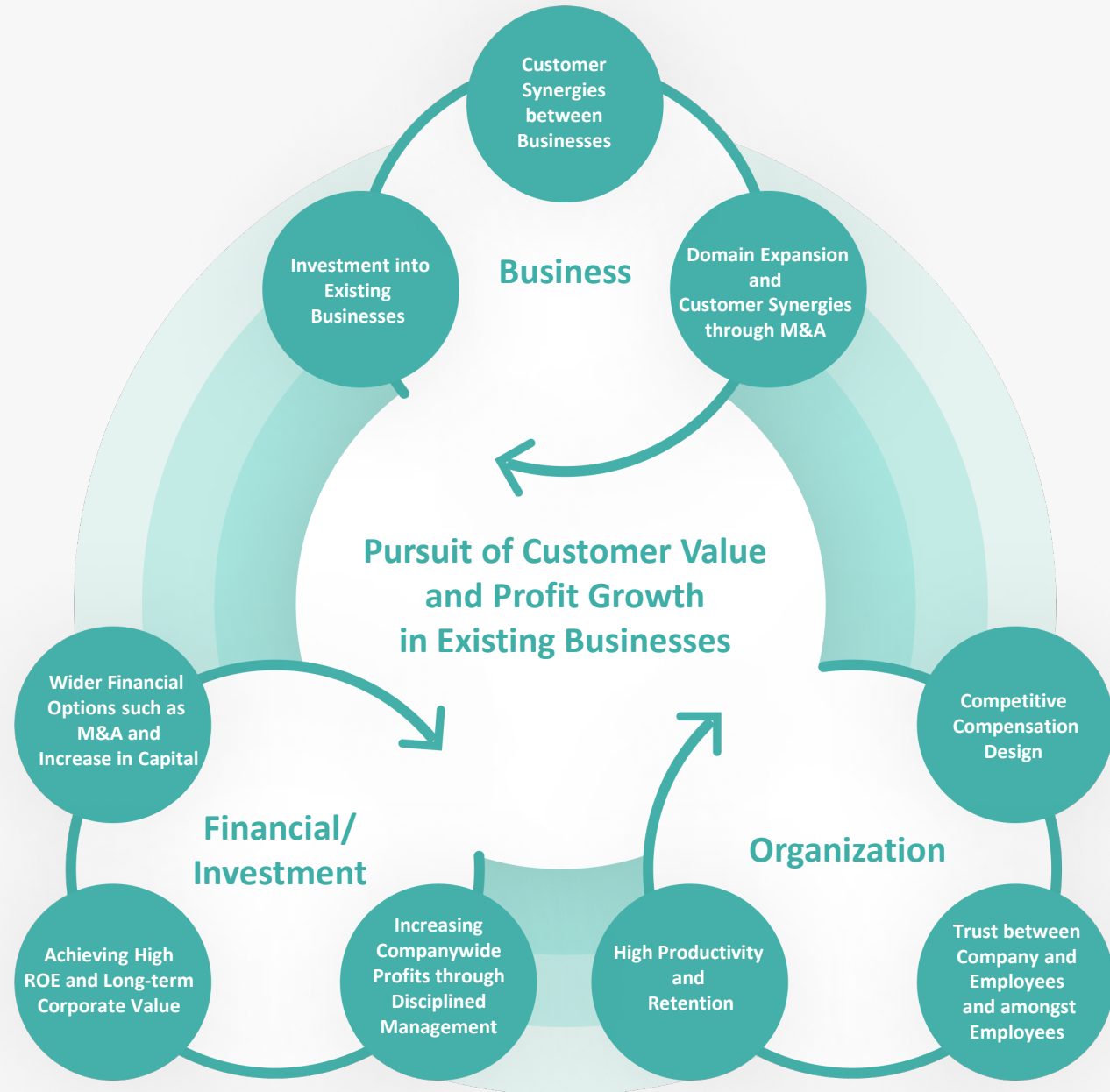
## Upward Spiral of Value Creation through Reinvestment

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



## Focus of FY2023: Quality Growth

- FY2023 is the year to focus on “Quality Growth,” with further focus on profit and cashflow generation while maintaining the medium-term growth momentum
- By placing the highest priority on creating a virtuous cycle in terms of business, finance/investment, and organization, we are dedicated to pursuing customer value and improving the competitiveness of our existing businesses (Raksul and Novasell), and thereby increasing profits





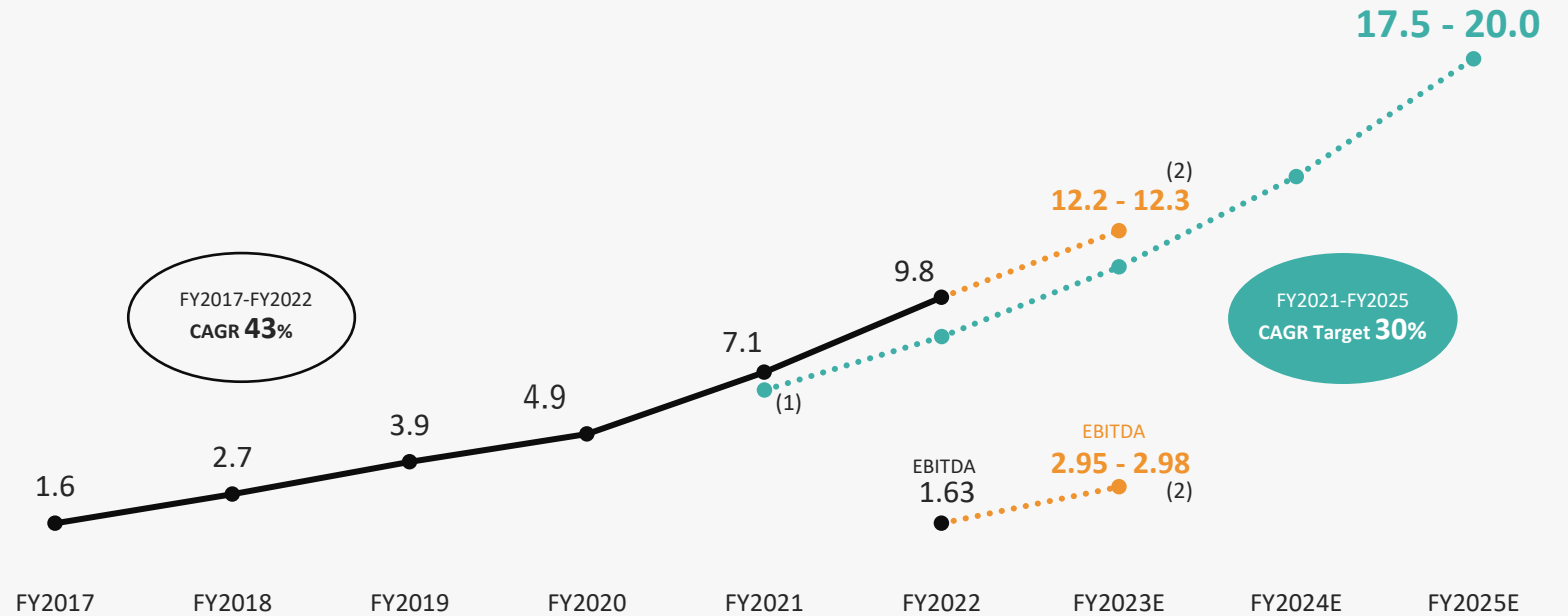
## Medium- Term Financial Policy

- The EBITDA amount will increase when gross profit increases. Drivers of profitability improvement are gross margin improvement and SG&A efficiency
- Our medium-term ROE/ROIC target is over 20%
- There is no change in the gross profit target of JPY 17.5-20.0Bn for FY2025

Correlation between Gross Profit and EBITDA (in JPY Bn)

<b>Gross Profit</b>	<b>15.0</b>	<b>20.0</b>	<b>30.0</b>	<b>ROE/ROIC Over 20%</b>
<b>EBITDA</b>	<b>3.0-4.0</b>	<b>5.0-6.0</b>	<b>7.5-10.0</b>	

Gross Profit: Medium-Term Target (in JPY Bn)



Notes

- (1) Lower range of full-year forecast disclosed on September 10, 2020 (JPY 6.45Bn)
- (2) Figures for expected landings at this time (cf. P19)

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## Financial Highlights



# RAKSUL

## Changes in Accounting for Each Segment

- From FY2023, DANBALL ONE is consolidated for the full-year, and HACOPELL has become an equity-method affiliate (therefore non-consolidated from 1Q)

-----> Introduction of Consolidated Accounting

	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)			

## Quarterly Financial

### Highlights

- 3Q revenue +24.6% YoY, gross profit +21.0% YoY (excluding Hacobell)
- Although DANBALL ONE's contribution run its course, all business are continuing growth
- EBITDA maintained high level while maintaining sustained growth

	FY2023 3Q (2023/2-2023/4)			FY2023 Year to date (2022/8-2023/4)			
	(in JPY MM)	Actual	FY2022 3Q Actual	YoY Growth	Actual	FY2022 Actual	YoY Growth
Revenue		<b>10,610</b>	9,383	+13.1% Excl. Hacobell <b>+24.6%</b>	<b>30,120</b>	24,424	+23.3% Excl. Hacobell <b>+37.1%</b>
	Raksul	9,919	7,894	+25.7%	27,777	19,448	+42.8%
	Novasell	542	538	+0.8%	1,889	2,266	-16.6%
	Hacobell	-	869	-	-	2,446	-
Gross Profit		<b>3,237</b>	2,807	+15.3% Excl. Hacobell <b>+21.0%</b>	<b>9,117</b>	7,003	+30.2% Excl. Hacobell <b>+36.7%</b>
	Raksul	2,847	2,395	+18.9%	7,935	5,570	+42.4%
	Novasell	352	253	+39.3%	1,068	999	+6.9%
	Hacobell	-	131	-	-	333	-
Gross Margin		<b>30.5%</b>	29.9%	+0.6pt	<b>30.3%</b>	28.7%	+1.6pt
Incl.: Stock-based compensation expenses		<b>170</b>	183	-7.2%	<b>493</b>	513	-3.9%
Incl.: Ad spend		<b>912</b>	777	+17.3%	<b>2,368</b>	2,024	+17.0%
Operating Profit (J-GAAP)		<b>506</b>	191	+164.7%	<b>1,457</b>	149	+872.3%
EBITDA		<b>859</b>	560	+53.2%	<b>2,495</b>	952	+162.0%





## Realization of Quality Growth

- Our gross profit is similar in nature to net revenue of general software companies
- Track record of EBITDA margin improvement while continuing the gross profit growth

	FY2020	FY2021	FY2022	FY2023 Cumulative Total
Gross Profit Growth (Excl. Hacobell)	+24.6%	+42.1%	+40.5%	<b>+36.7%</b>
EBITDA Margin vs Gross Profit	0.0%	14.5%	16.7%	<b>27.4%</b>

## Progress Rate against Full-Year Forecast

- For both revenue and gross profit, our progress rate against the lower range of full-year forecast disclosed in March 2023 is higher compared to the past 3 years

### Revenue



### Gross Profit





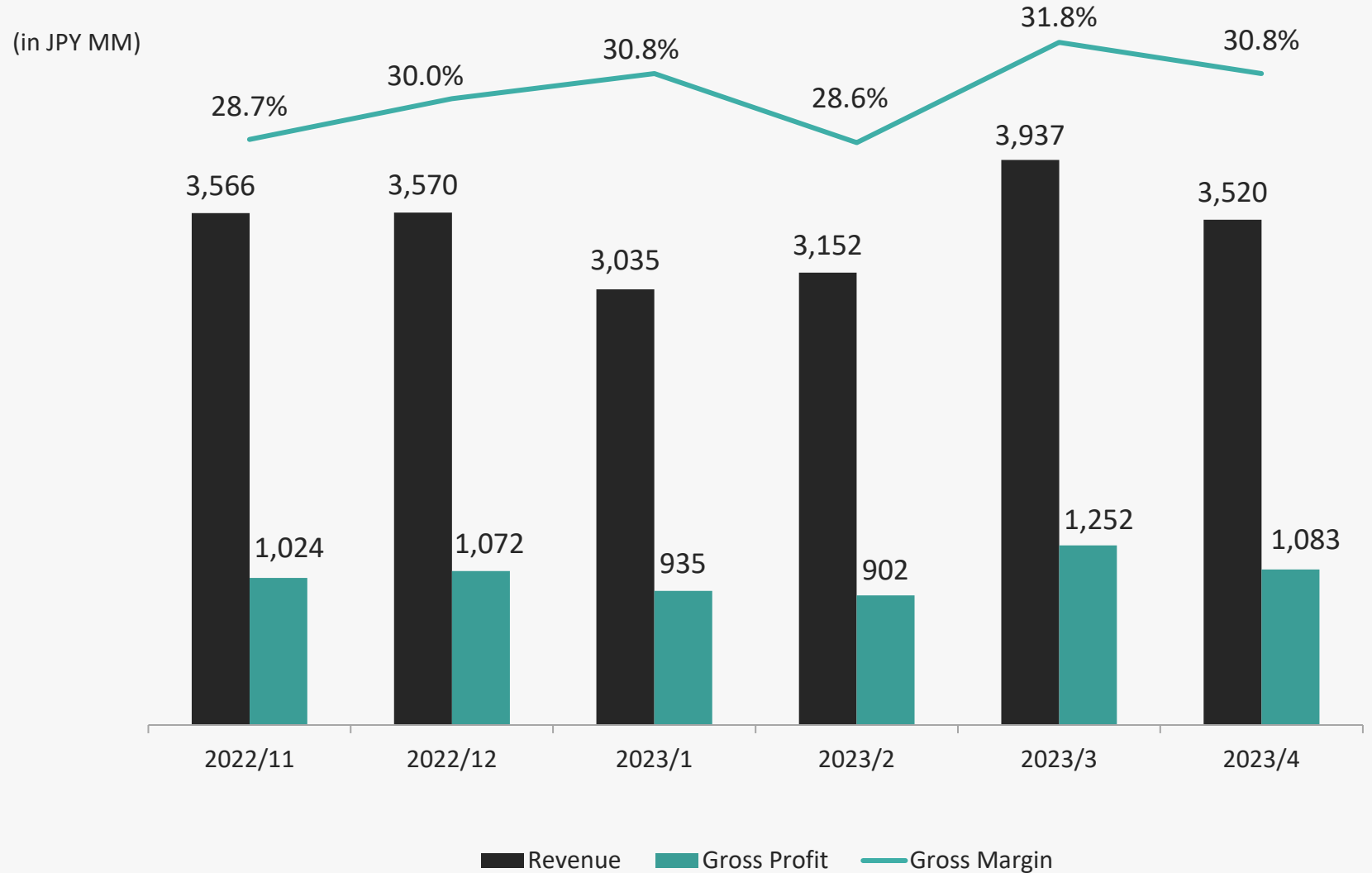
## FY2023 Full-Year Consolidated Financial Forecast

- Current business performance has been solid and is expected to reach or exceed the upper limit of the revised forecast disclosed in March
- 4Q revenue is expected to be around +7-12% YoY, and gross profit around +10-14% YoY. (excluding Hacobell, revenue is expected to be around +20-26% YoY, and gross profit around +15-20% YoY)  
EBITDA is expected to land at around JPY 500MM

(in JPY Bn)	FY2023 Full-year (2022/8-2023/7)			FY2022 Full-year (2021/8-2022/7)	
	Current Forecast	Disclosed in March 2023 Revised Forecast	Disclosed in September 2022 Previously Announced Forecast	Actual	YoY
Revenue	<b>40.4 - 40.8</b>	39.0 - 39.6	38.2 - 39.6	33.9	+18.9% - +20.1% Excl. Hacobell <b>+32.4% - +33.8%</b>
Gross Profit	<b>12.2 - 12.3</b>	11.8 - 12.2	11.6 - 12.2	9.8	+24.4% - +25.5% Excl. Hacobell <b>+30.6% - +31.7%</b>
Gross Margin	<b>30.1% - 30.2%</b>	30.3% - 30.8%	30.4% - 30.8%	28.9%	+1.2pt - +1.3pt
Operating Profit (J-GAAP)	<b>1.50 - 1.70</b>	1.40 - 1.70	1.02 - 1.33	0.46	+224.0% - +267.2%
EBITDA	<b>2.95 - 2.98</b>	2.70 - 2.95	2.45 - 2.77	1.63	+80.5% - +82.3%
EBITDA Margin	<b>7.3%</b>	6.9% - 7.4%	6.4% - 7.0%	4.8%	+2.5pt
Ordinary Profit (J-GAAP)	<b>0.90 - 1.00</b>	0.80 - 1.00	0.40 - 0.70	<b>-0.16</b>	-

**(Reference)**  
**Monthly Financials**

- March is a busy month for all businesses
- Monthly revenue for May landed at around JPY 3.45Bn

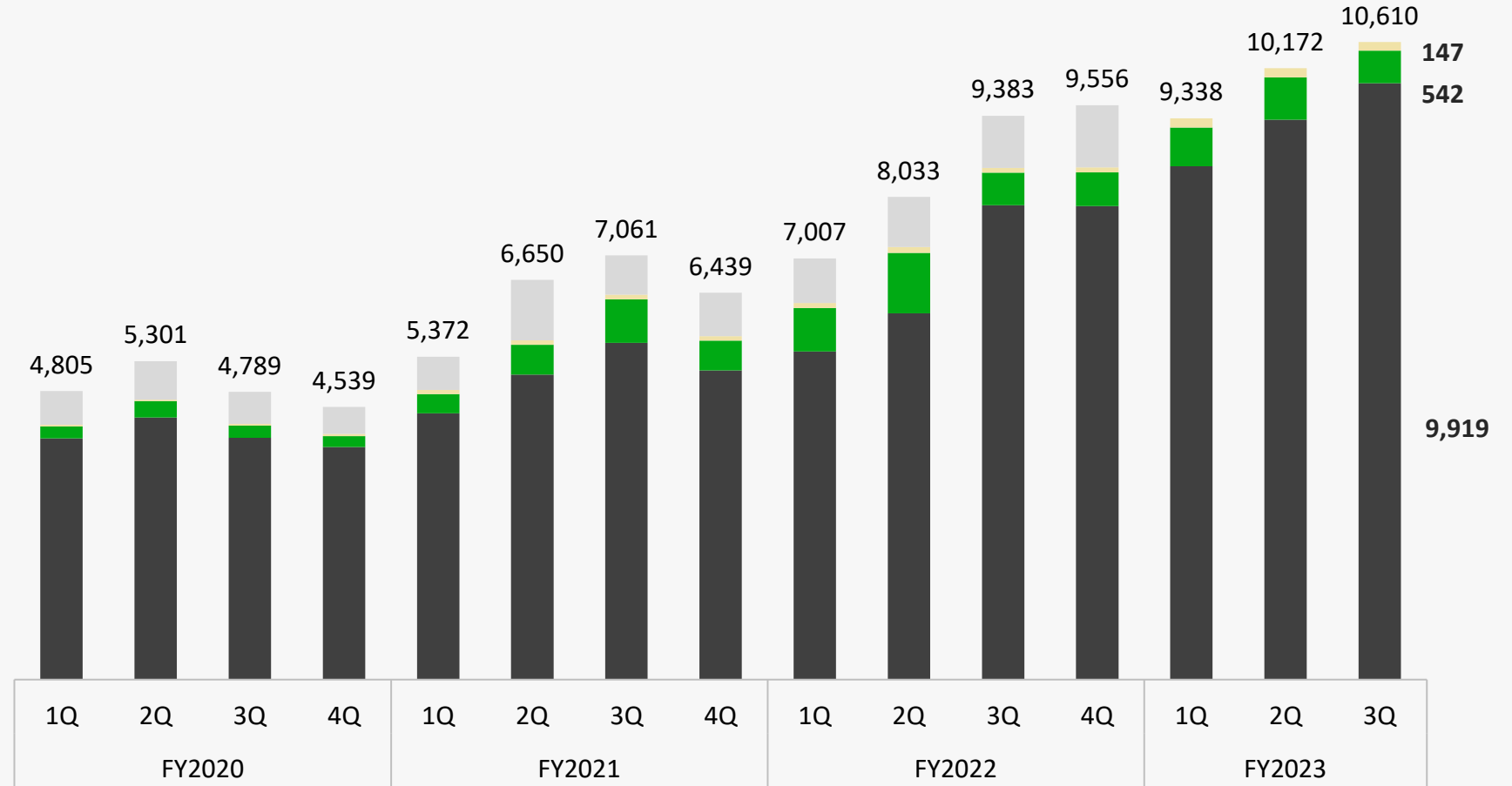


## Revenue by Business

### Segment

- Companywide revenue continues to grow

(in JPY MM)

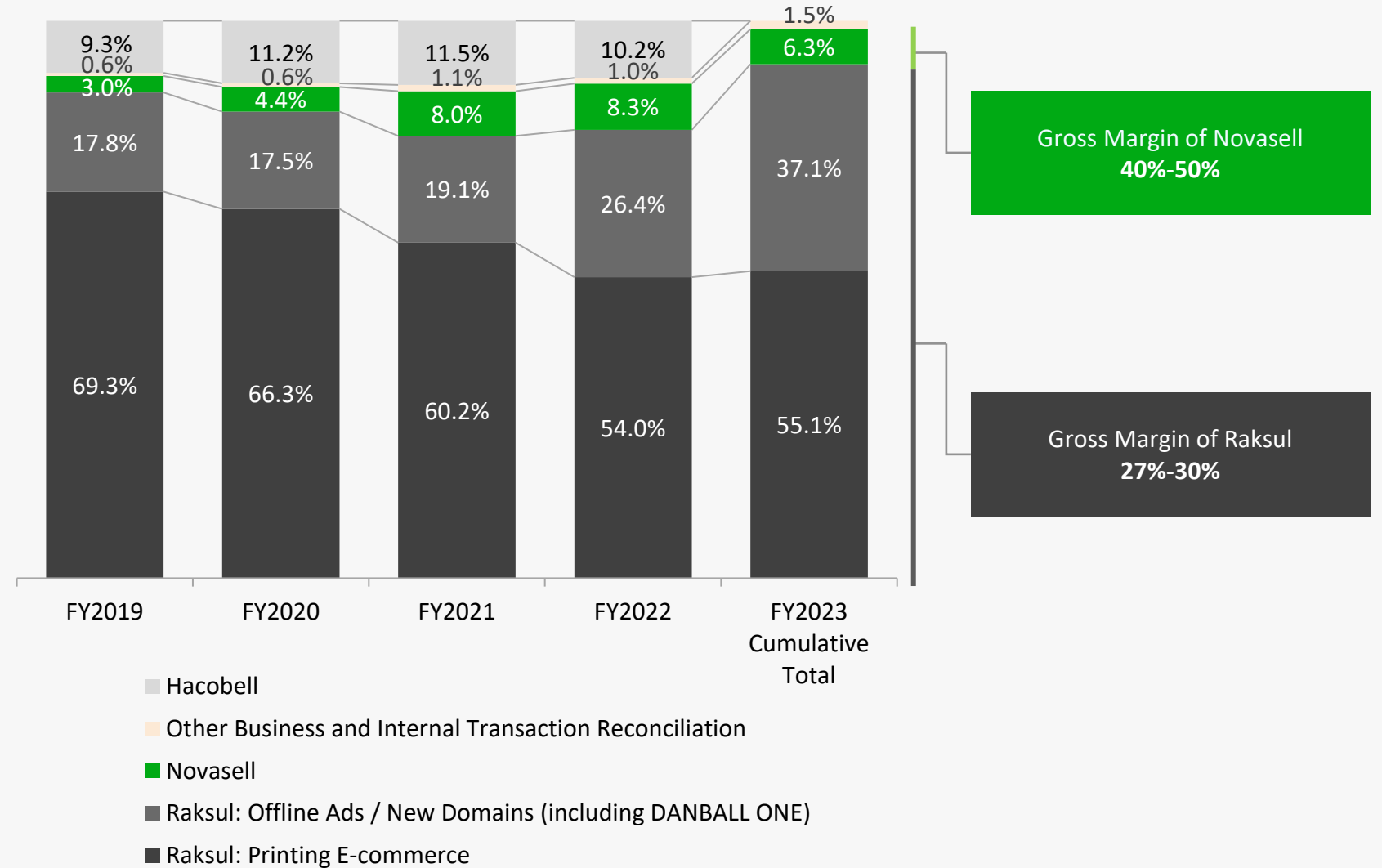


■ Raksul ■ Novasell ■ Other Business and Internal Transaction Reconciliation ■ Hacobell



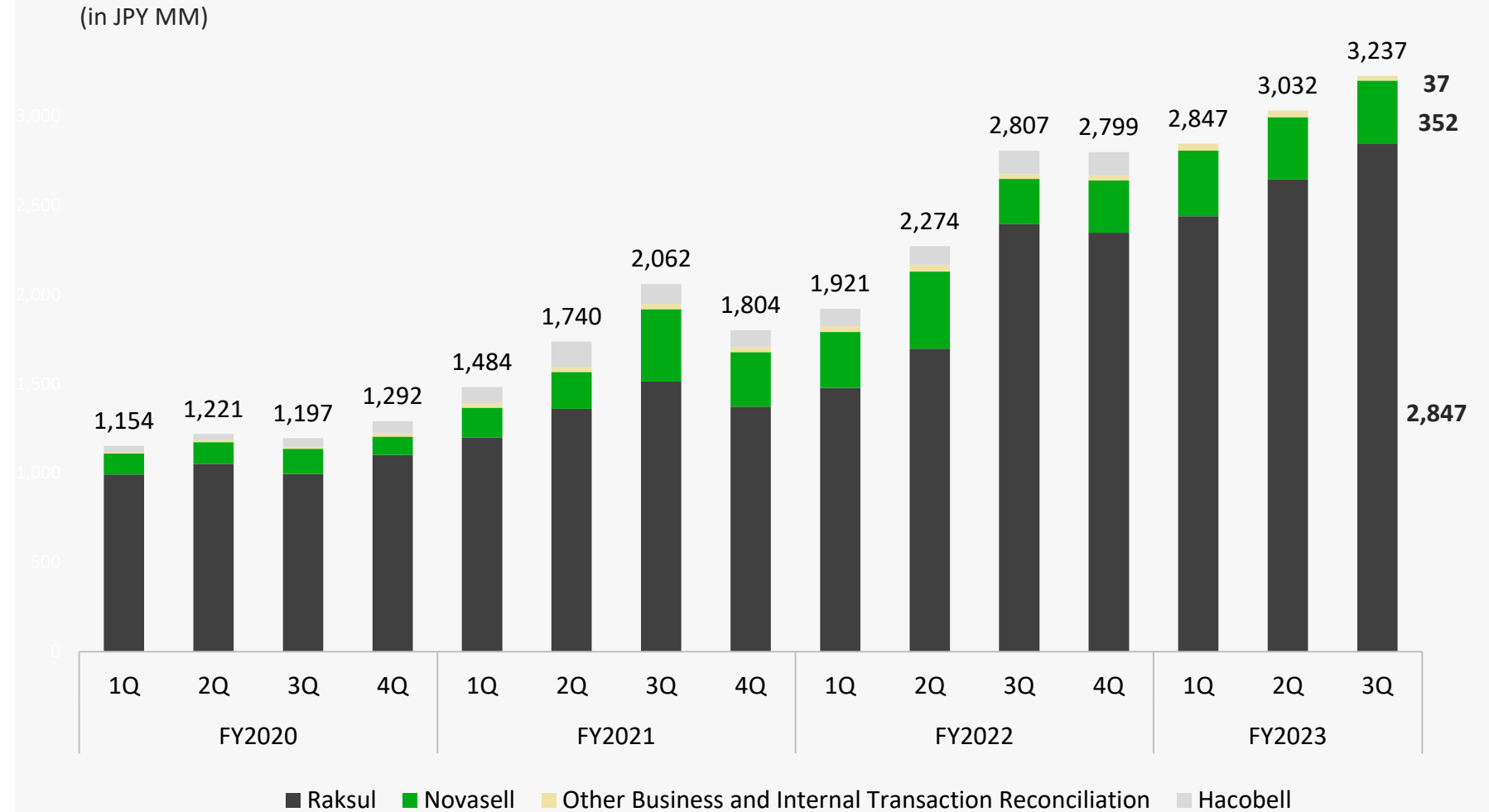
## Revenue Composition by Business Segment

- While the printing e-commerce continues its growth, offline advertising services, new domains, and DANBALL ONE within Raksul business segment have been steadily expanding, creating multiple strong revenue streams



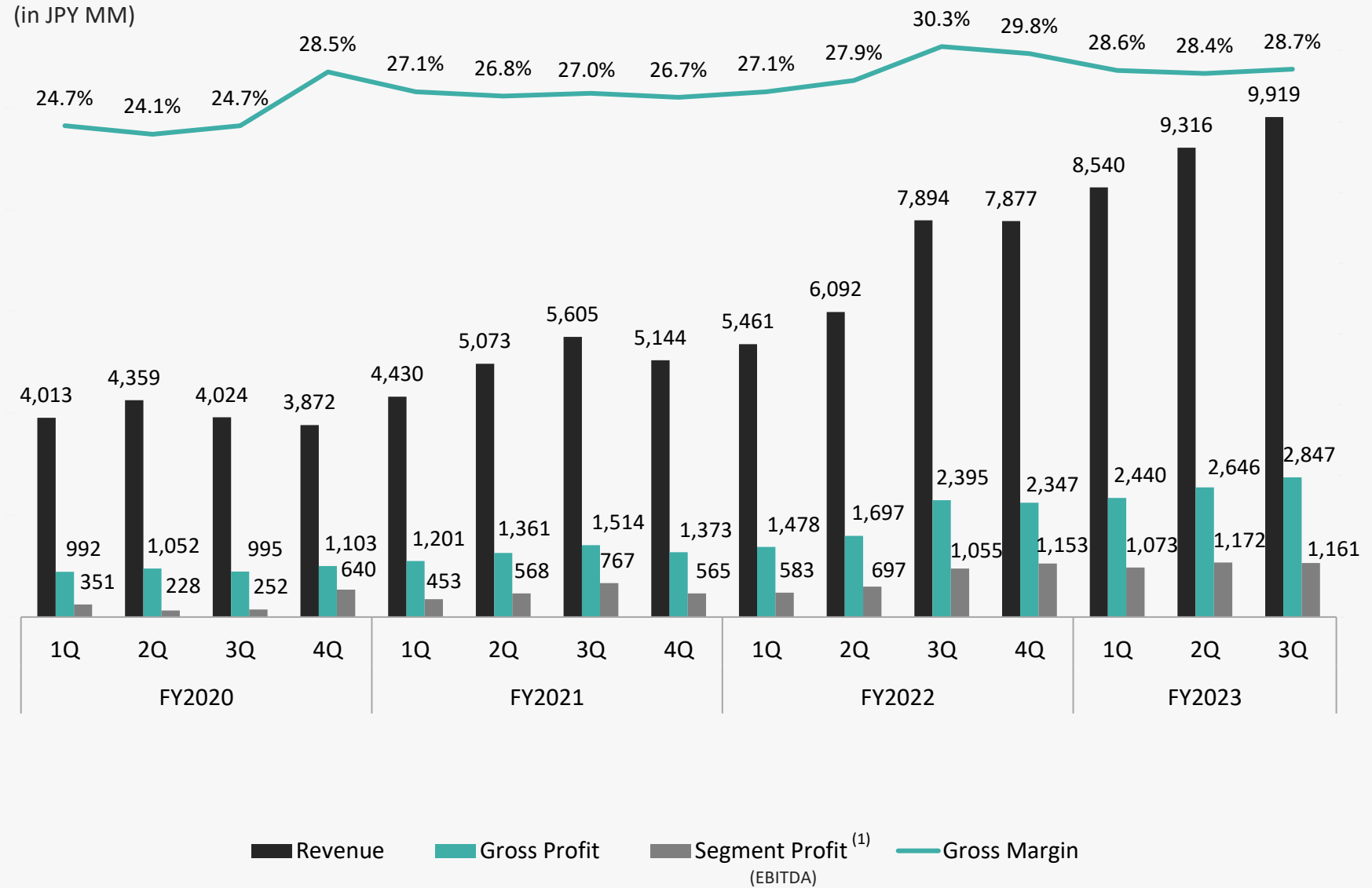
## Gross Profit

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



## Business Segment Performance

- Growth accelerated with the return of the busy season after recovery from COVID-19
- Gross margin remained at 28% despite the impact of rising costs. We continue to operate the business while managing the growth rate and gross margin
- Growing steady in organic businesses excluding DANBALL ONE; revenue growth was +25.5% YoY, and gross profit growth was +17.3% YoY
- DANBALL ONE's 3Q performance was as follows; revenue JPY 1.89Bn (+26.1% YoY), gross profit JPY 578MM (+25.5% YoY), gross margin 30.5%, and EBITDA JPY 182MM



Notes  
 (1) SG&A expenses include internal transactions

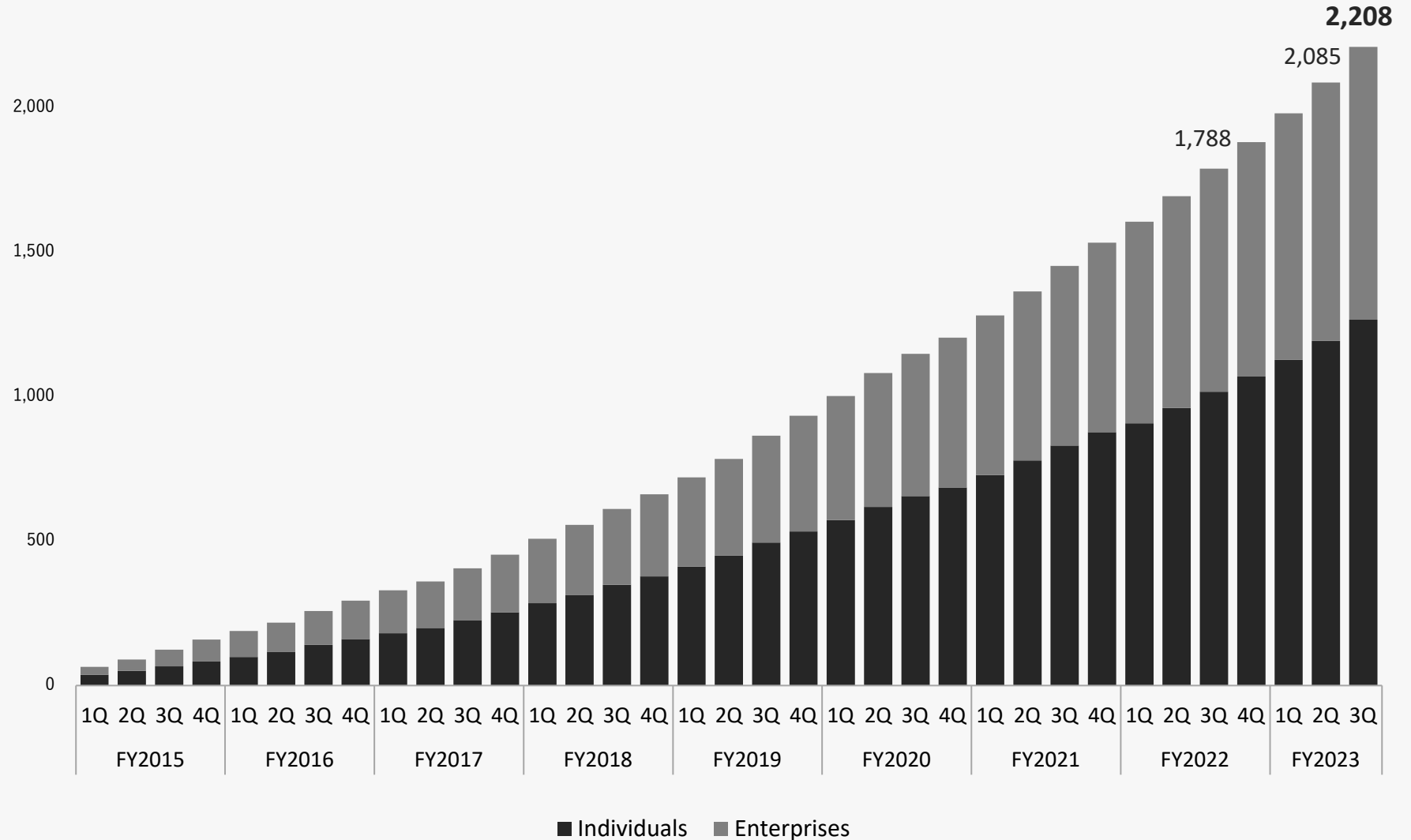




## Number of Registered Users on Printing Platform (1)

- Our customer base continues to grow
- The number of total users for 3Q was 2,208,913

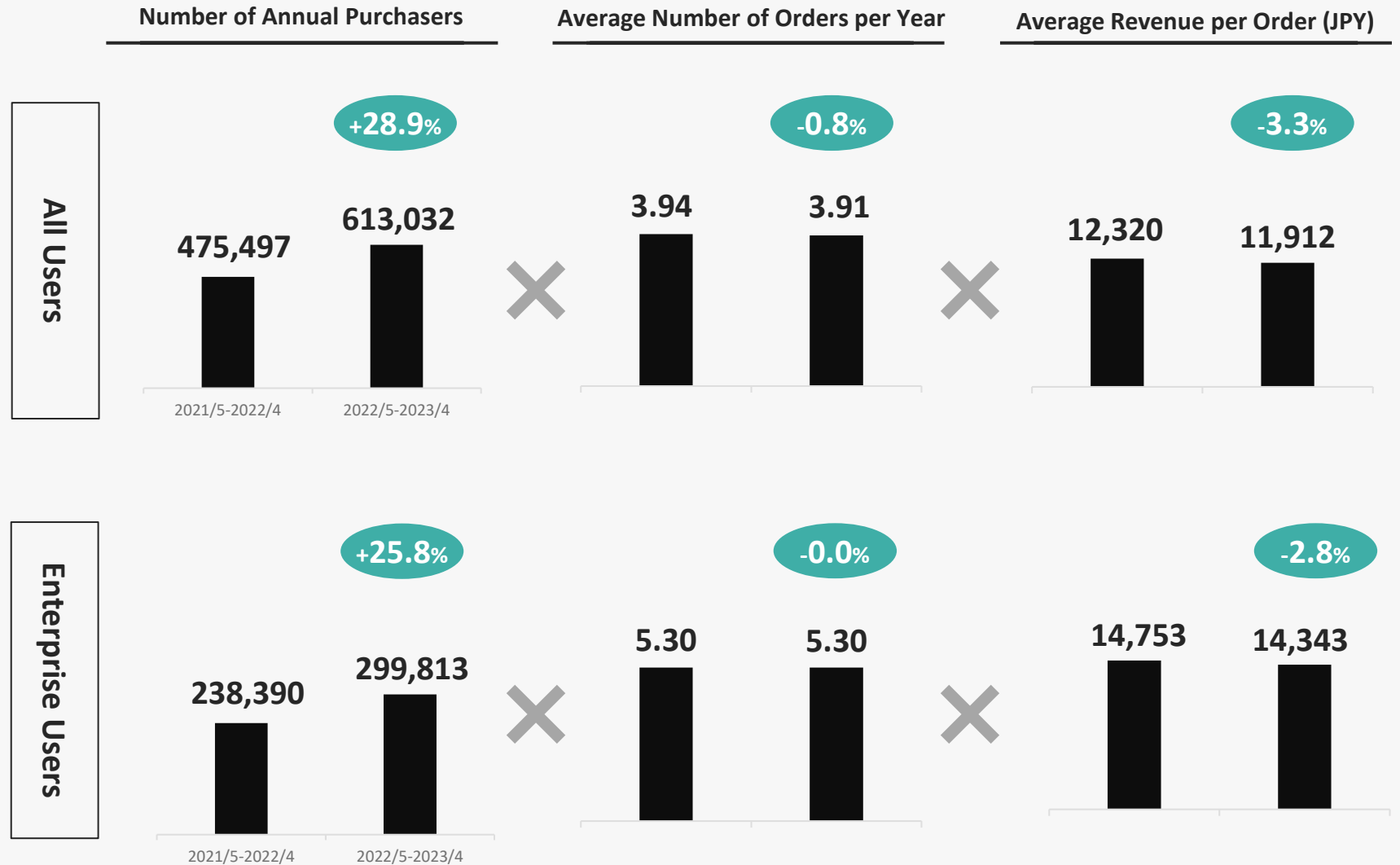
(unit: 1,000 users)



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

## KPI Trend (1)

- Annual number of purchasers continues to grow
- Average number of orders improved in QoQ (flat in YoY for Enterprise users)
- The average revenue per order decreased due to an increased number of users in low-price products such as business cards. Excluding business cards, the average order unit price is around JPY 15,550 (YoY -0.6%). The downward trend is expected to continue as the product lineup expands
- For DANBALL ONE (2022/5-2023/4)<sup>(2)</sup>, the number of annual purchasers is JPY 179k users and ARPU (Average Number of Orders per Year x Average Revenue per Order) is around JPY 38k



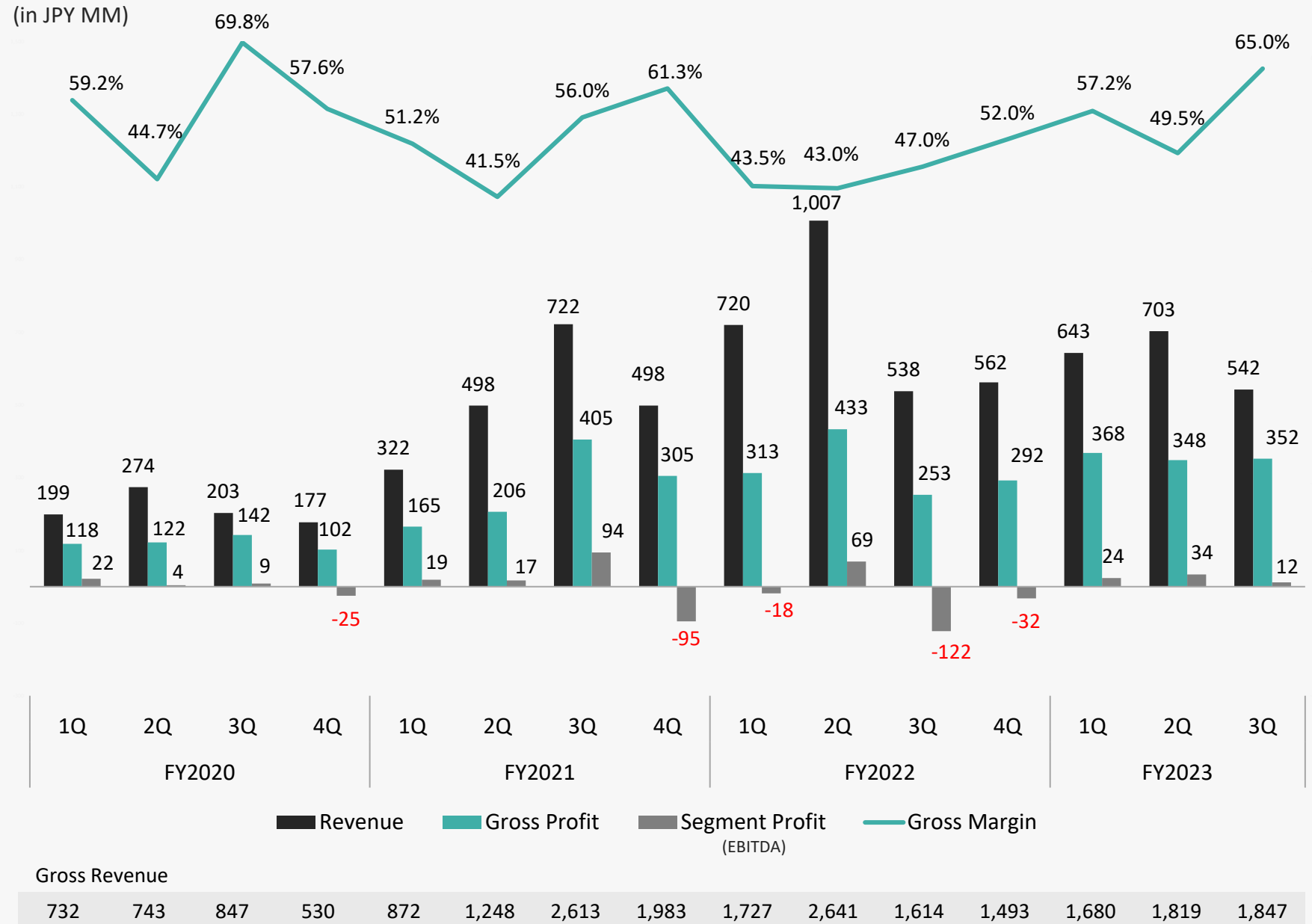
**Note**

(1) Excluding DANBALL ONE, calculated based on management accounting

(2) Transactions through the company's own e-commerce website only

## Segment Performance (1)

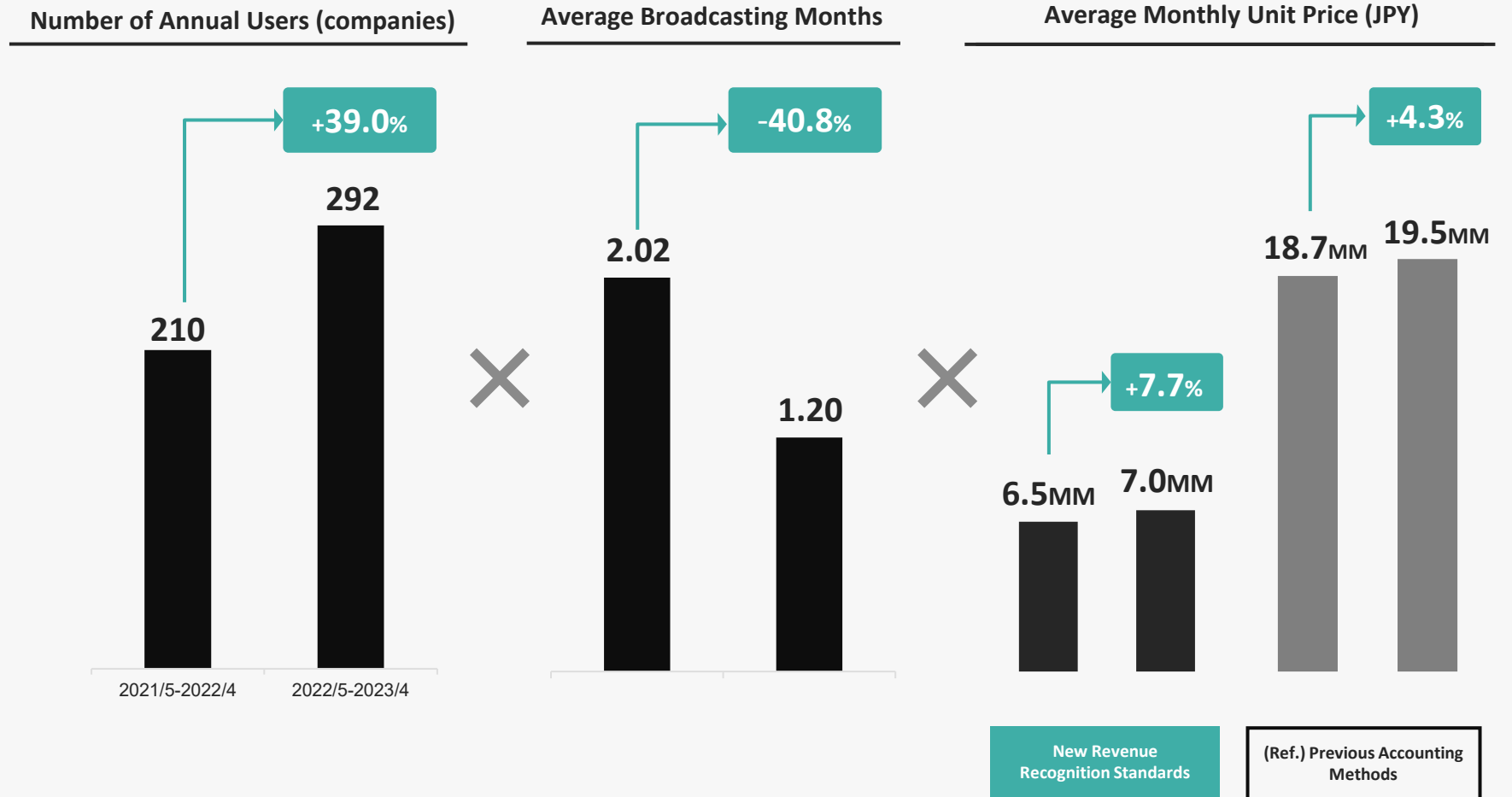
- Although demand for production declined in 3Q, it is expected to recover in 4Q and the quarterly revenue is expected to exceed JPY 700MM
- With the shift of customer base to larger enterprises, described in detail later, there was revenue growth in broadcasting and SaaS services with high gross margins, thus gross margins increased
- SaaS revenue accounted for 14.6% of total revenue
- By applying the new revenue recognition standards, revenue is netted for broadcasting services, and gross revenue is recognized for production and SaaS services



Notes  
 (1) Internal transactions included in revenue, gross profit, and SG&A

## KPI Trend

- KPIs are disclosed with consideration of the 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 decreased in the calculation, however, repeat usage from broadcasting users has been strong
- Average monthly unit price recovered to positive growth
- Total number of SaaS users for 2022/5-2023/4 was 188 companies (+22.9% YoY)



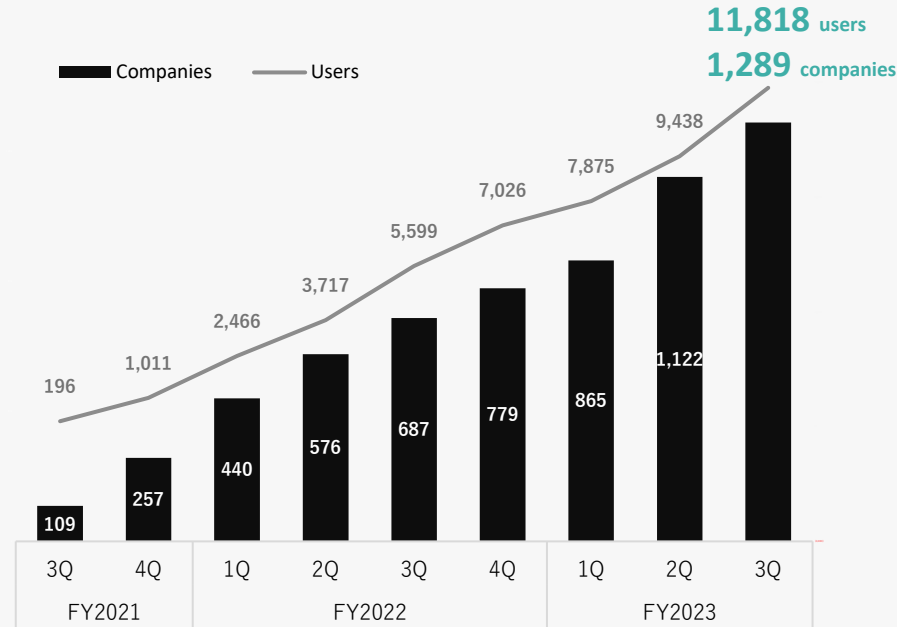


## Expansion of Large Enterprise Segment

- Both Raksul and Novasell is expanding businesses for large enterprises



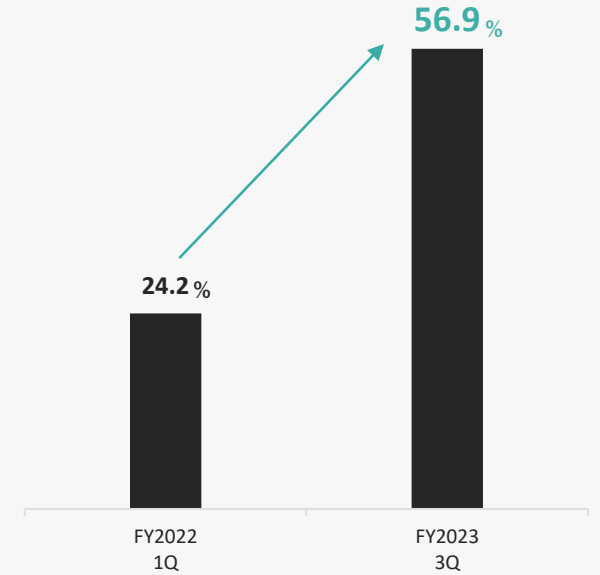
Number of companies and users of Raksul Enterprise



Examples of Large Enterprise Clients (in alphabetical order)



Percentage of Novasell's Gross Profit from Listed Clients





Examples of Large Enterprise Clients (in alphabetical order)





(Reference)  
 Key Drivers and  
 Investment Points for  
 KPI Improvement

	Number of Annual Purchasers	ARPU		Gross Margin
 <b>Raksul</b>	<ul style="list-style-type: none"> <li>• Continuous improvement of marketing measures</li> <li>• Expansion of business domains and product line-up</li> </ul>	<b>Average # of Orders</b> <ul style="list-style-type: none"> <li>• Improvement of customer experience</li> <li>• Continuous expansion of CRM and cross-selling</li> </ul>	<b>Average Unit Price</b> <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 optimization</li> <li>• Cost improvement through joint procurement of materials</li> </ul>
 <b>Novasell</b>	<ul style="list-style-type: none"> <li>• Expansion of marketing channels</li> <li>• Partnerships with external advertising agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation/implementation of marketing strategies working closely with the clients</li> <li>• Improvement in analytics contents for Novasell Analytics</li> <li>• Expansion and enhancement of media</li> </ul>		<ul style="list-style-type: none"> <li>• Expansion of SaaS business</li> <li>• Increase in the number of large enterprise users with large broadcasting budgets</li> </ul>

## Group Companies

### Organic Businesses



Equity method affiliate

- JV with Seino Holdings Co., Ltd. (“SEINO HD”) was established in August 2022. Our shareholding ratio is currently 49.9%
- Quarterly revenue was approximately JPY 1.24Bn. Customers referral support from SEINO HD account for approx. 12% of total revenue and the number is continuously increasing



Consolidation possible in the future

- Business is up and running smoothly, and has procured Series A funding of JPY 4.4Bn
- Preparations are underway to launch the service globally in addition to the Japanese market



Equity method affiliate  
Consolidation possible in the future

- Monthly revenue has grown to approx. JPY 77MM with service price revisions

### Investments

#### Net Square

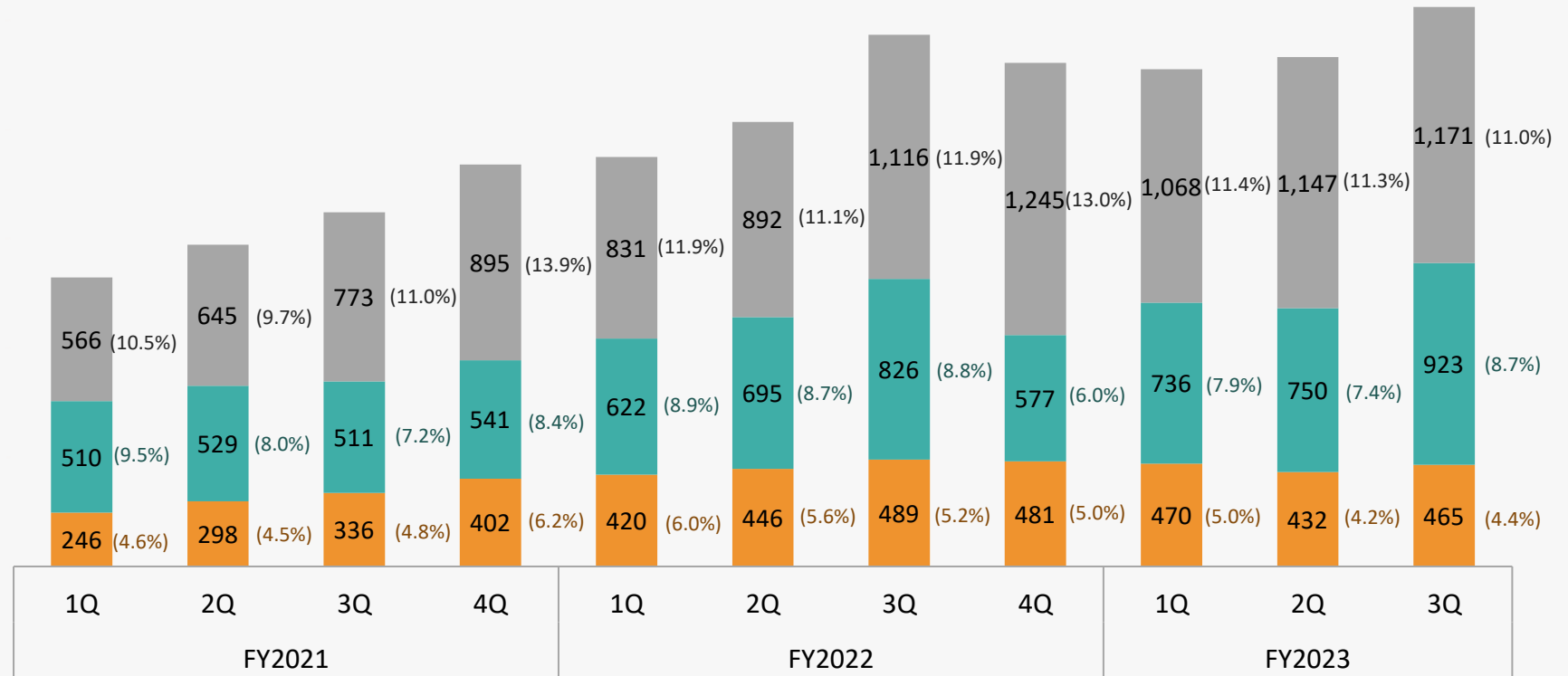
Equity method affiliate

- Promoting efficiency and automation in the digital printing domain through collaboration. Expected to contribute around JPY 100MM to the improvement of Raksul's gross profit in the current fiscal year
- Business assets related to our business will be carved out and become our wholly owned subsidiary at the beginning of next fiscal year

## SG&A Spend (1)

- We continue to invest in growth mainly in advertising and technology development

(in JPY MM, % of revenue)



**Tech & Development** {  
 Engineering Personnel Expenses  
 IT Infrastructure Expenses

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

**Others (2)**

**Note**

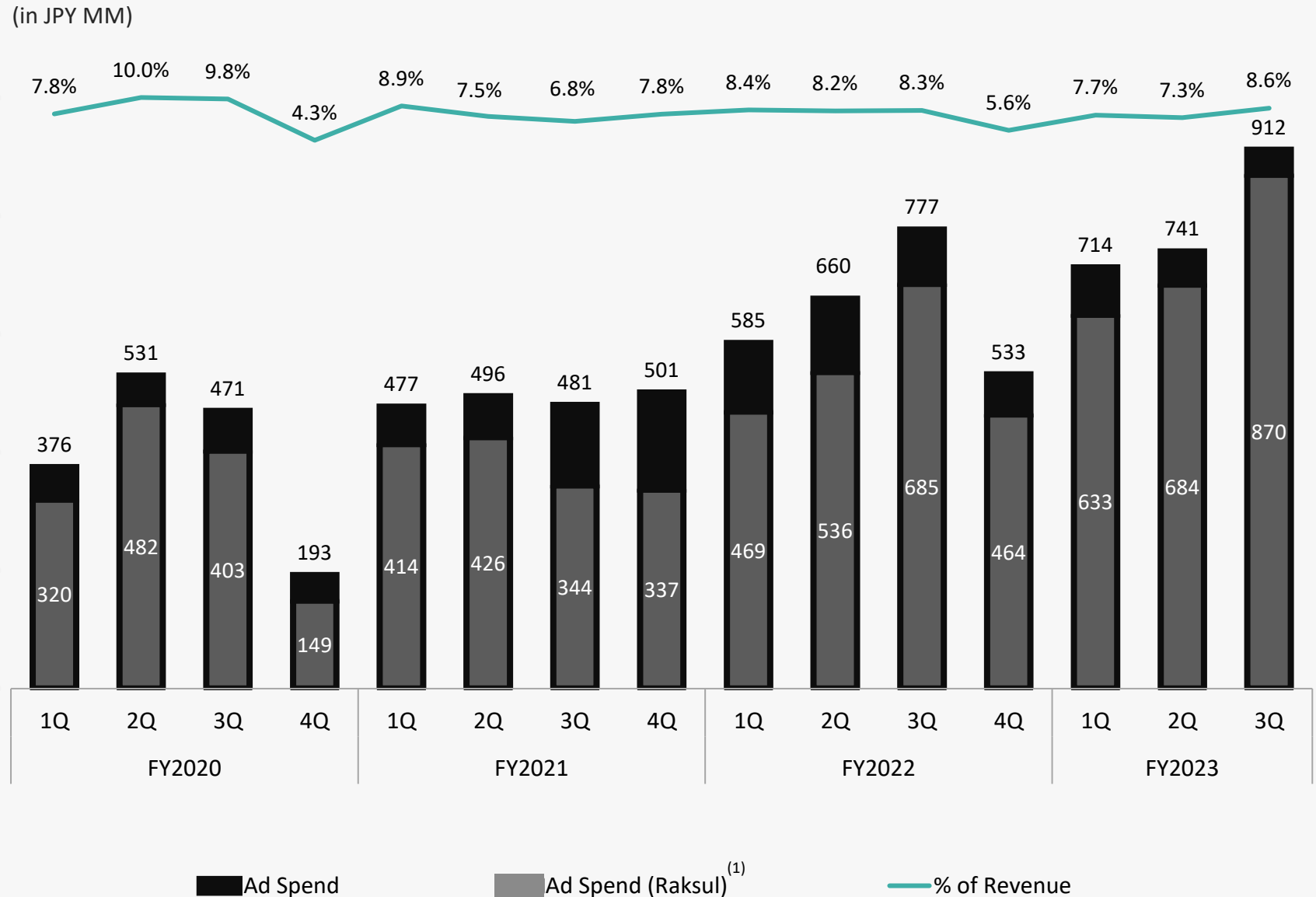
(1) Stock-based compensation expenses not included

(2) Includes amortization of goodwill. See EBITDA slide for amounts



## Ad Spend and Percentage of Ad Spend per Revenue

- We continue to invest in advertising, mainly in TV commercials for the Raksul business segment
- 4Q advertising expense ratio per revenue is expected to be in the high 7% range
- With the efficient customer acquisition in the solid macro environment, the advertising expense ratio is expected to be in the high 7% range for the full year, which is higher than the original plan



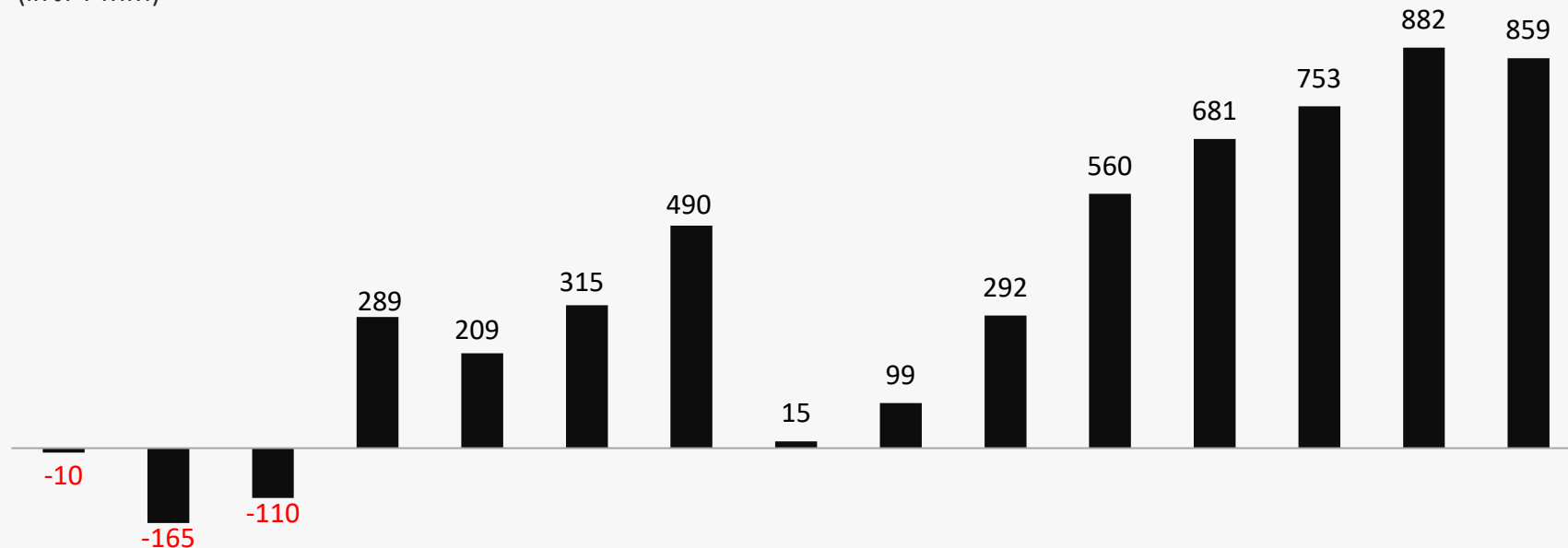
Notes

(1) Ad spend for Raksul business segment only is added for reference purposes

## EBITDA

- With the increased gross profit and improved cost efficiency, EBITDA continues to maintain at a high level
- Although the steady-state earning power for 4Q is around JPY 800-900MM (EBITDA), it is expected to land at around JPY 500MM as we plan for growth investments in the next fiscal year
- The only GAAP adjustment item is stock-based compensation expenses; therefore J-GAAP EBITDA equals non-GAAP EBITDA minus stock-based compensation expenses. J-GAAP operating profit is the J-GAAP EBITDA minus depreciation and amortization of goodwill

(in JPY MM)



### Depreciation and amortization of goodwill

32	34	41	52	48	48	49	51	51	52	185	185	181	181	182
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### Stock compensation expense

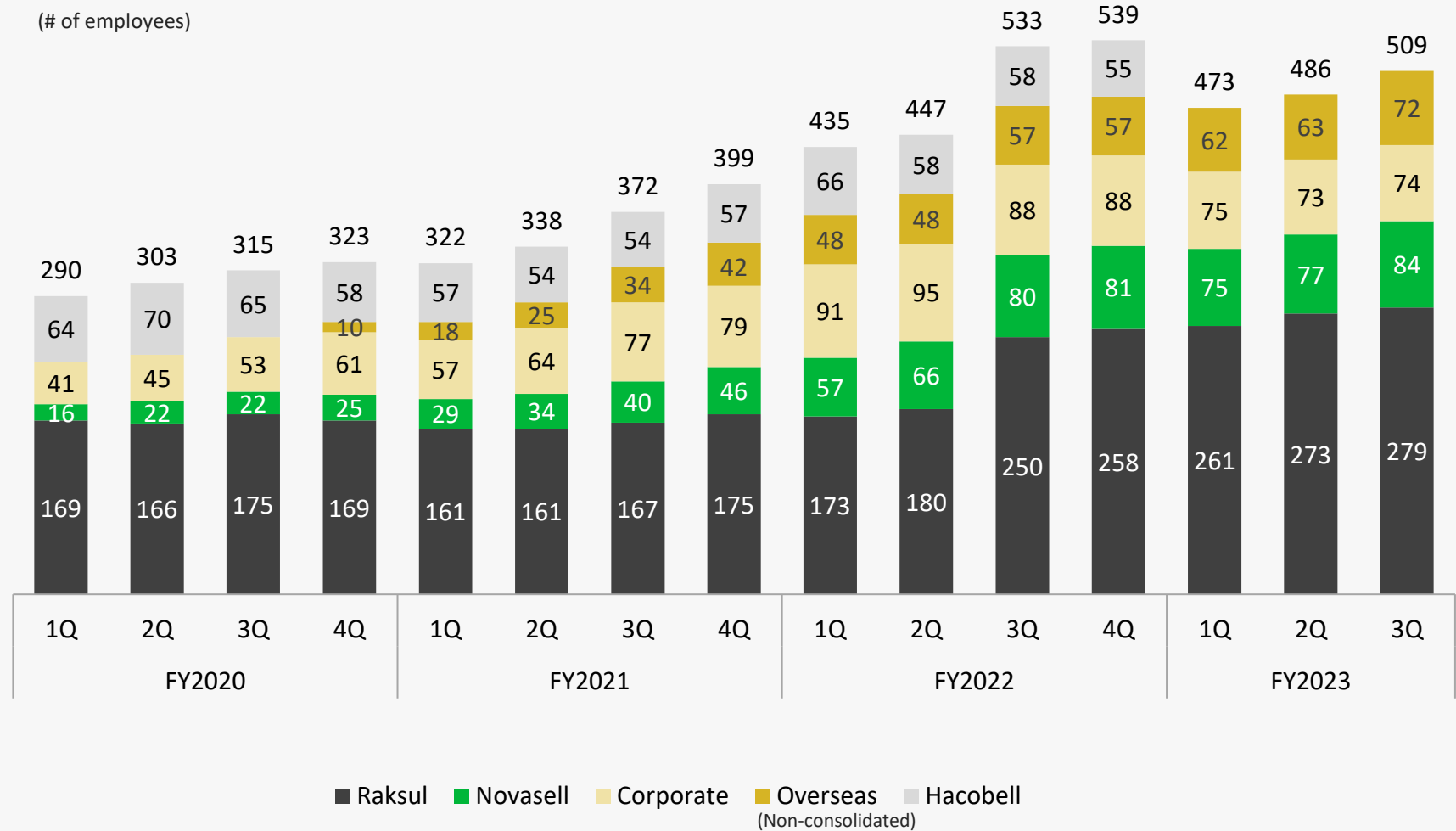
-	15	22	46	94	120	133	263	154	175	183	182	180	141	170
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1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
FY2020				FY2021				FY2022				FY2023		

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

- Trend of increasing headcount in 3Q every year due to new graduate members joining the company
- Productivity (gross profit per employee) of the organization is improving
- Cash compensation levels are being raised in line with the realization of Quality Growth

(# of employees)



Notes  
(1) Headcount based

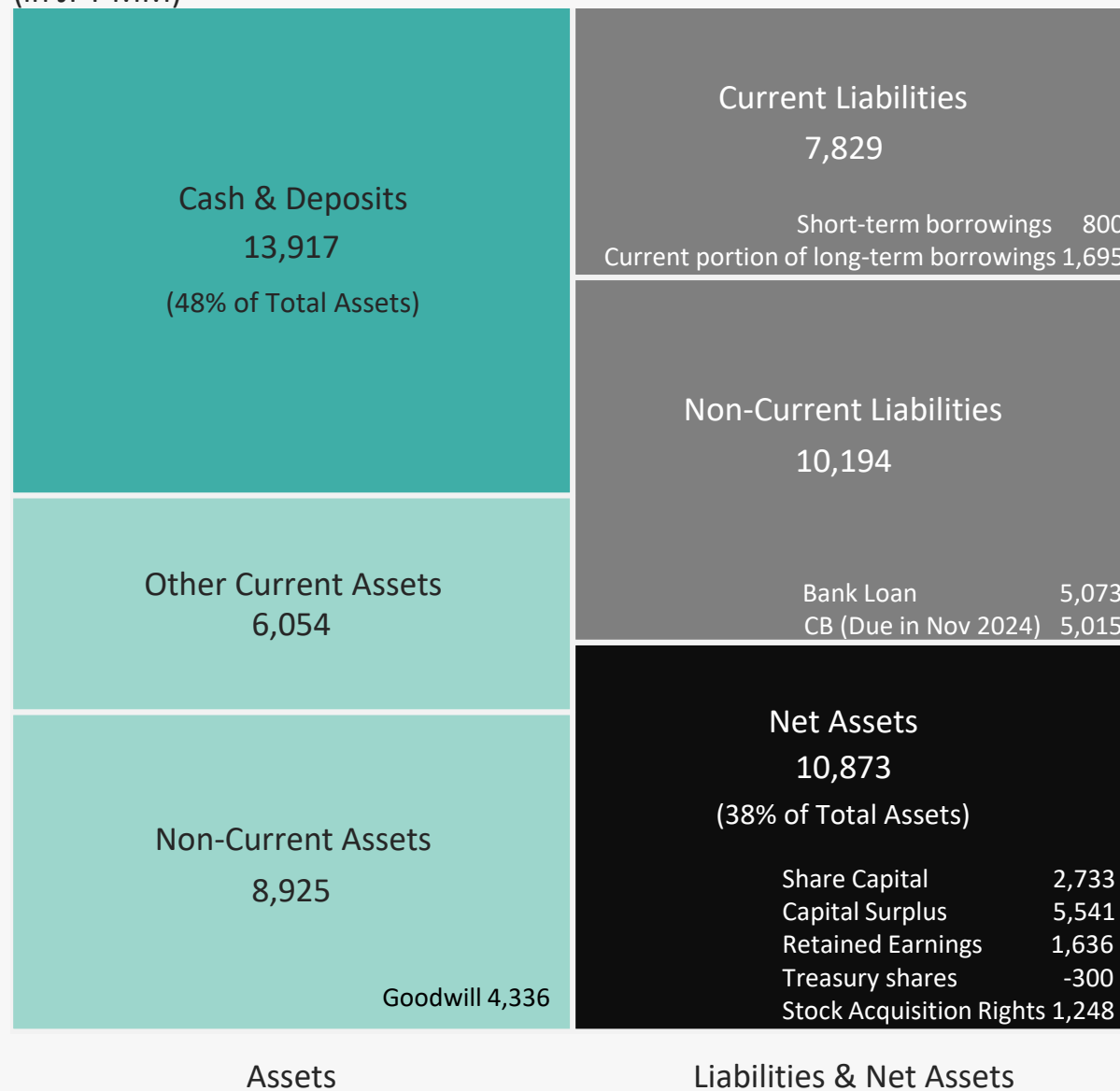


## Quarterly Financial

### Highlights: BS

- Conducted bank borrowing of JPY 3.6Bn in July 2022 (5-7 years term); cash and deposits of around JPY 14.0Bn
- In addition, we expect to accumulate both the operating cash flow and accounting profits in the coming future

(in JPY MM)



3

Q&A



## Q&A

Questions		Answers
<b>Companywide</b>	What is the impact of the external environment, such as inflation, return of inbound tourism, etc.?	<ul style="list-style-type: none"> <li>• Strong demand from customers, especially in Raksul business segment, with the reopening from the COVID-19 environment. The pre-COVID peak season (February to March) has started to come back</li> <li>• Material prices increased in the short term; however, we have absorbed the impact through cost reduction and price adjustments. There is no sign of additional cost increase</li> <li>• No major changes in the external environment surrounding Novasell business segment</li> </ul>
<b>Companywide</b>	What is your forecast for the next fiscal year (ending July 2024)?	<ul style="list-style-type: none"> <li>• Increased revenue and profit expected based on Quality Growth policy. Specific amounts are being formulated</li> </ul>
<b>Companywide</b>	What is the progress of ESG activities?	<ul style="list-style-type: none"> <li>• This year's Integrated Report was disclosed last month. This year's report includes expanded information on stakeholder engagements and outcomes, as well as ESG initiatives (human capital, climate change response, etc.)</li> <li>• MSCI ESG rating maintained at A (score improved)</li> </ul>
<b>Companywide</b>	What is the impact on the company of the Trust SO scheme?	<ul style="list-style-type: none"> <li>• The Trust SO introduced last year have not been granted to anyone at this time and will have no economic impact on the company or its officers and employees</li> <li>• Internal discussions are underway to determine how to handle the current Trust SO framework</li> </ul>
<b>Raksul (Printing)</b>	What is the background of the DANBALL ONE merger?	<ul style="list-style-type: none"> <li>• Management decision aimed at improving corporate value through combined branding and reducing group-wide administrative costs by integrating operations with the organic Raksul business</li> <li>• Cost reduction in the next fiscal year is expected to be around JPY 10MM</li> </ul>

4

## 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 / SVP of Corporate Masaki Tabe, CMO / SVP of Novasell Kozo Fukushima, COO / SVP of Raksul Sota Mizushima, CPO / SVP of Technology Yukiko Shiozaki, CHRO / SVP of HR 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 / SVP of Corporate

- 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 / SVP of Novasell

- 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 / SVP of Raksul

- 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



**Sota Mizushima**  
CPO / SVP of Technology

- Joined RAKSUL in October 2017
- Has been working as CPO and product owner of the Raksul business, launched RAKSUL VIETNAM and the Design Promotion Office to lead product development
- Previously worked at IBM Japan and DeNA
- Graduated from Keio University



**Yukiko Shiozaki**  
CHRO / SVP of HR

- Joined RAKSUL in December 2022
- Extensive knowledge in strategic planning and organizational transformation of HR organizations. Currently oversees the HR domain of the entire company
- Previously held key leadership roles in HR for several US-based companies including GE and IBM
- BA from Tsuda College and an MPS & MA from Cornell 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 Program (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

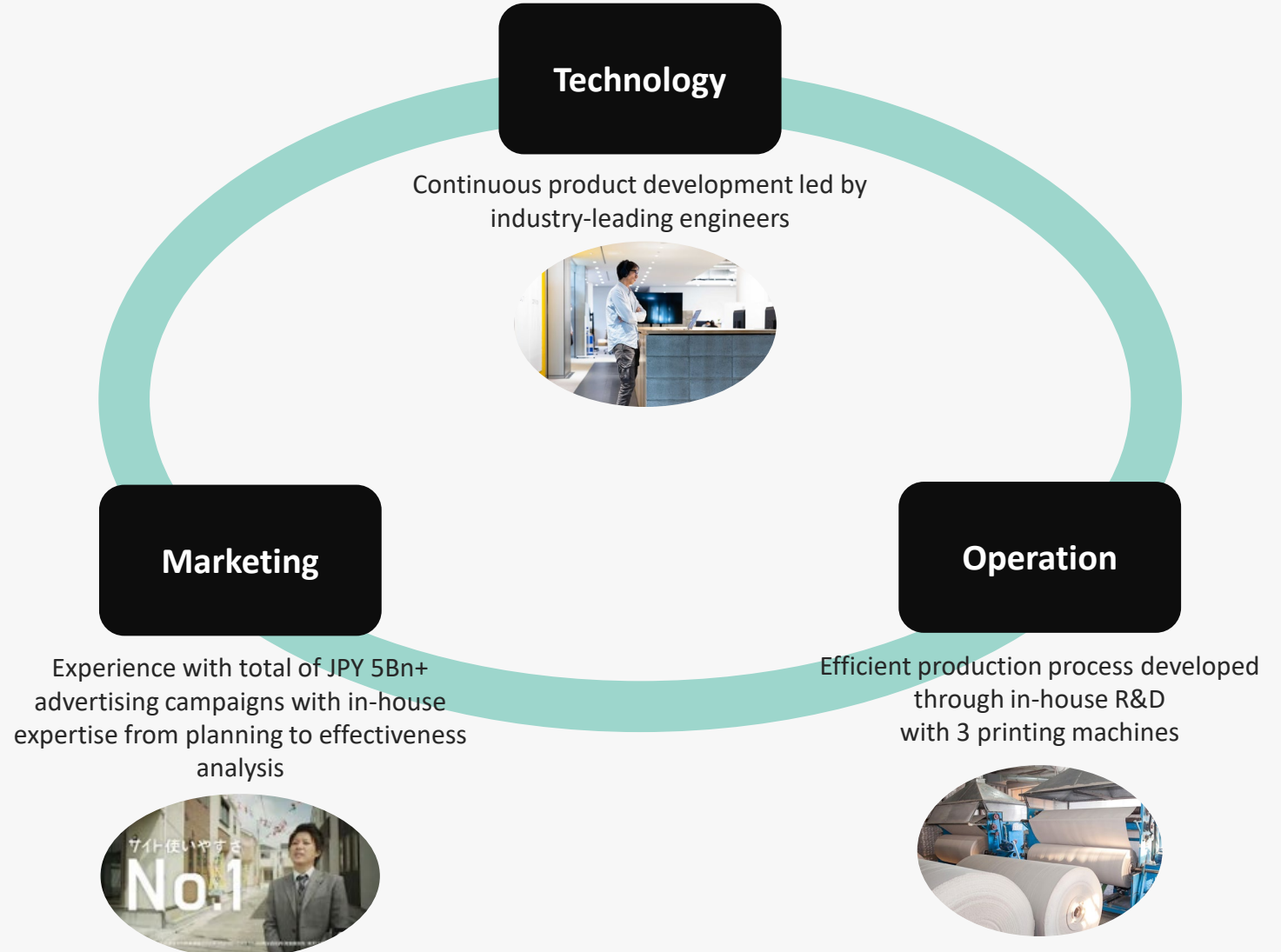
#### Outside Director, Audit & Supervisory Committee member

- 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

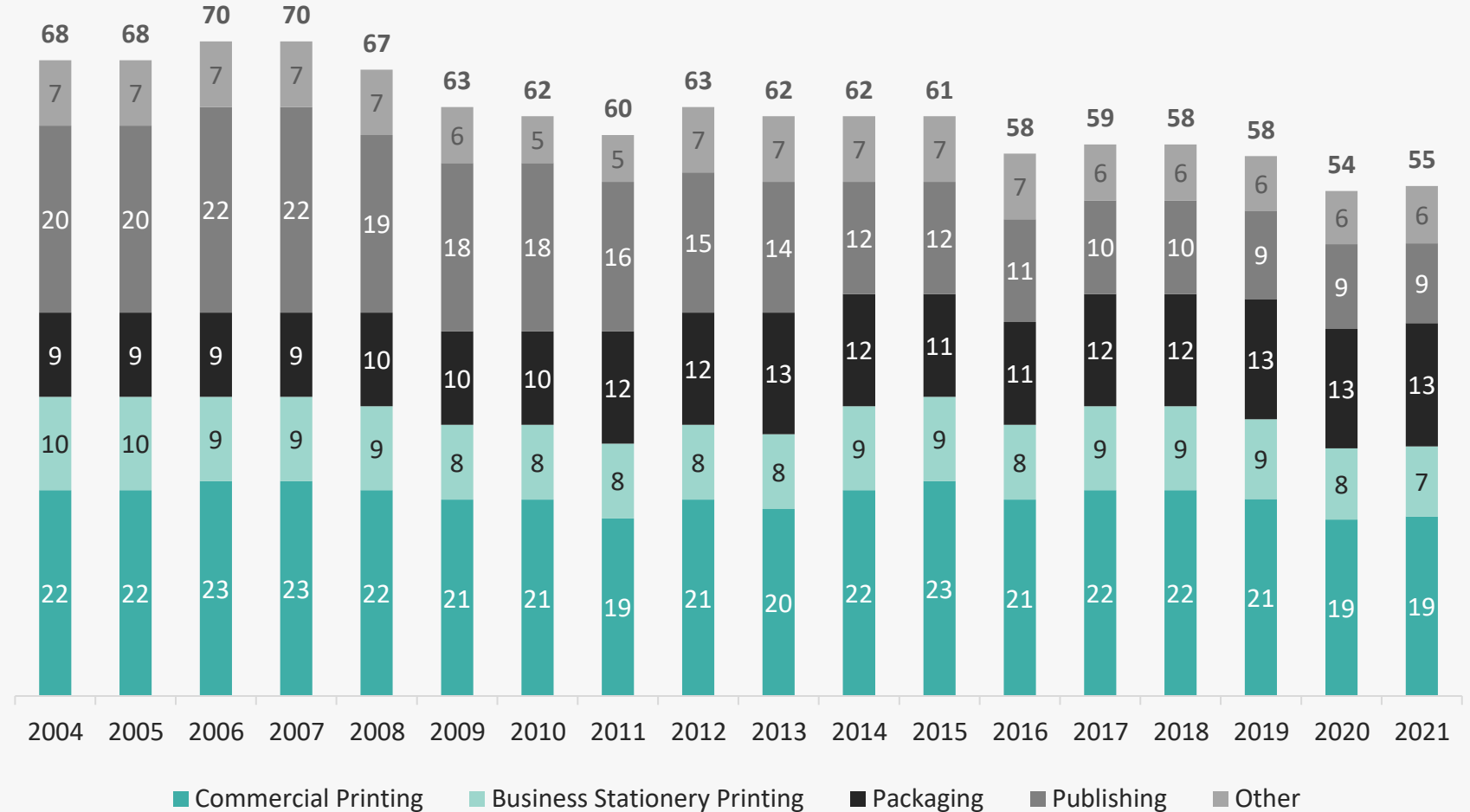
Source

(1) Human Resocia "IT Engineer Report"

## Historical Trends of Japanese Printing Market

- The overall printing market size decreased due to the shrinking publishing segment, while the segment size of business stationery printing and commercial printing (i.e. Raksul’s target segments) remained roughly flat

(in JPY 100Bn)



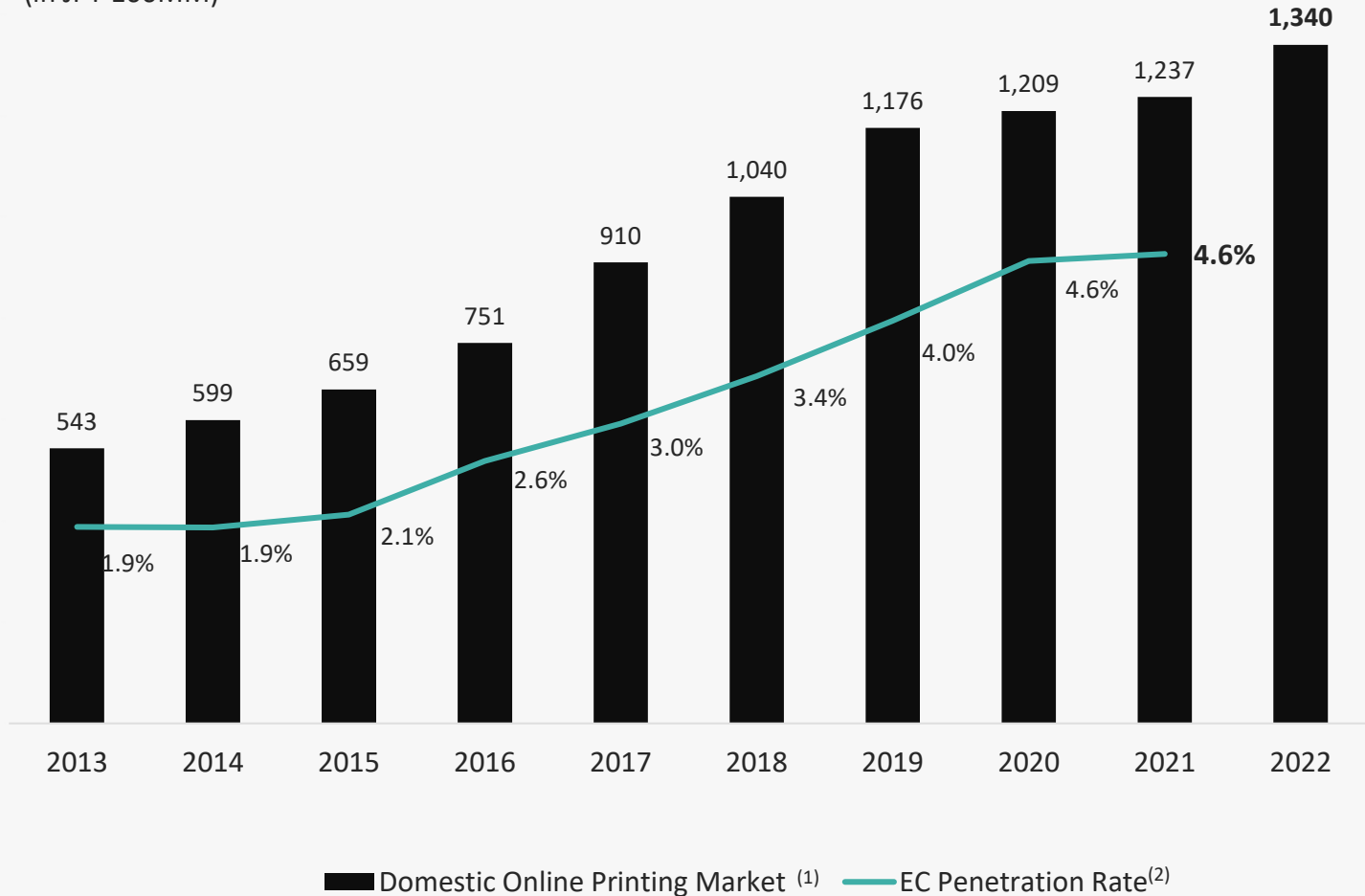
Source: Estimated based on “Summary of the Economic Census of Activities by industry (manufacturing industry, summary version)” and “Current Production Statistics: Paper, Printing, and Plastic” (METI)



## Growth of the Domestic Online Printing Market

- Domestic mail-order printing market is expected to grow to JPY 134Bn in 2022<sup>(1)</sup>, and the EC rate has grown to 4.6%<sup>(2)</sup>

(in JPY 100MM)



**Notes**

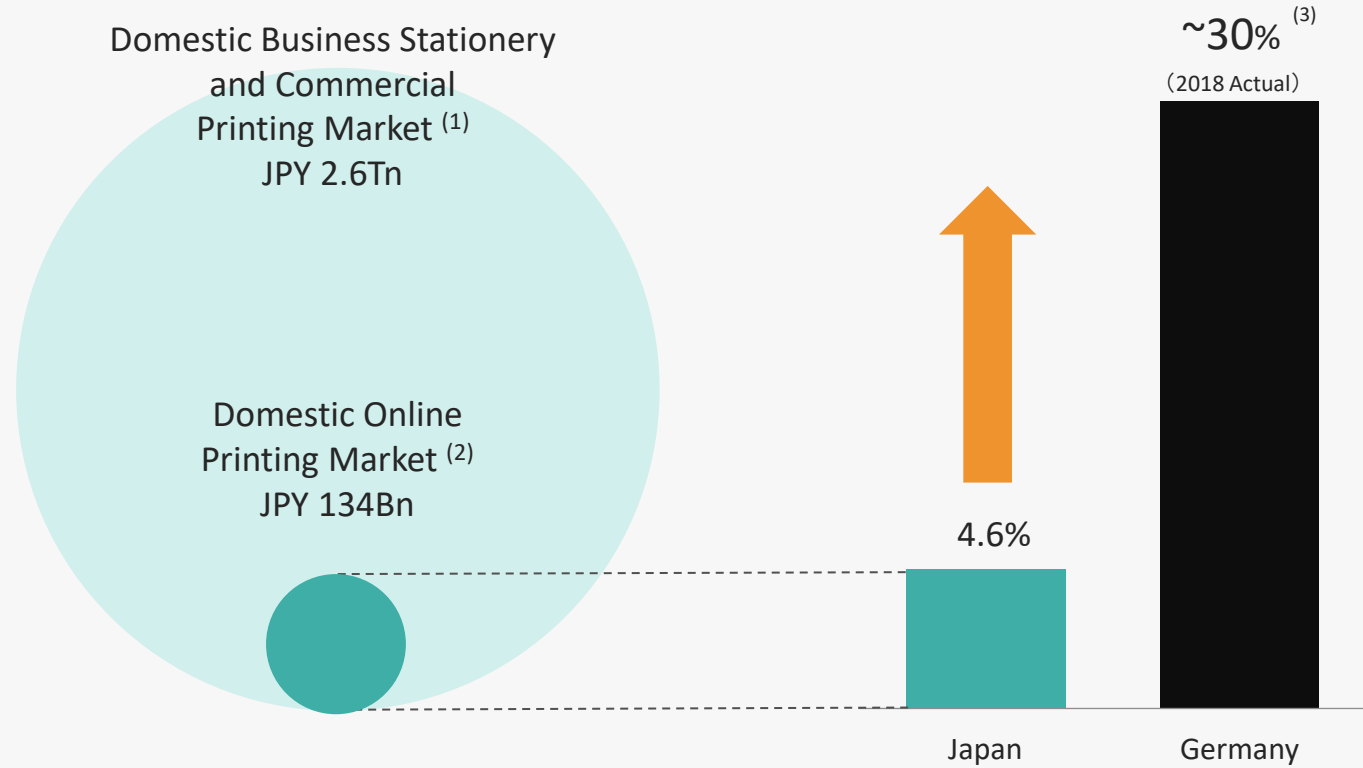
(1) Yano Research Institute "Survey on the Domestic Online Printing Market," February 2023

(2) Calculated by dividing the market size of Yano Research Institute "Survey of the Domestic Online Printing Market" by the market size of Commercial printing and office printing, which we estimated based on "Summary of the Economic Census of Activities by industry (manufacturing industry, summary version)" and "Current Production Statistics: Paper, Printing, and Plastic" (METI)



## 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

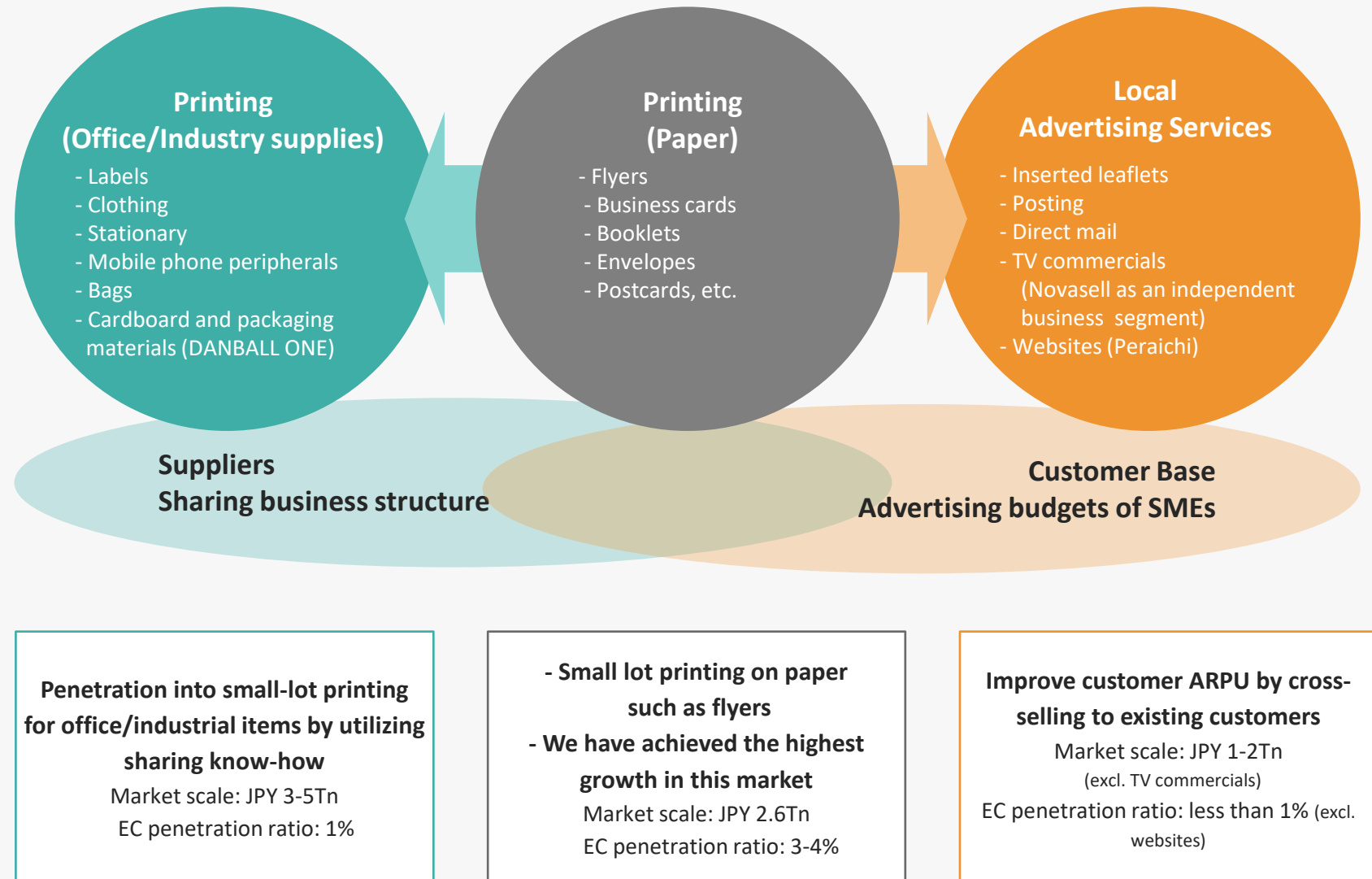
(1) Estimated based on "Summary of the Economic Census of Activities by industry (manufacturing industry, summary version)" and "Current Production Statistics: Paper, Printing, and Plastic" (METI)

(2) Yano Research Institute "Survey on the Domestic Online Printing Market," February 2023

(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 revenue share for 5 consecutive years as an E-commerce website specializing in cardboard boxes and packaging materials

VISION

# Better Systems, Better World

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



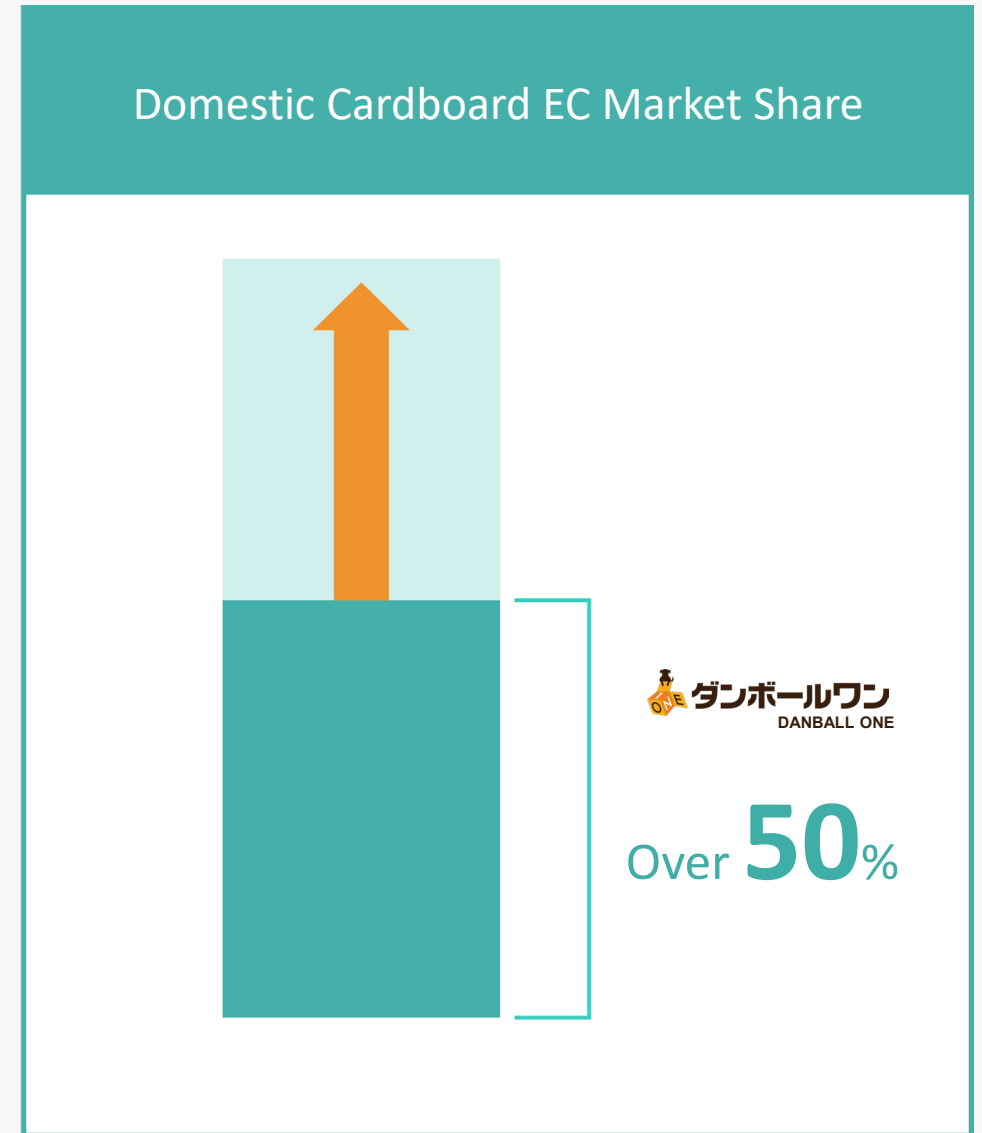
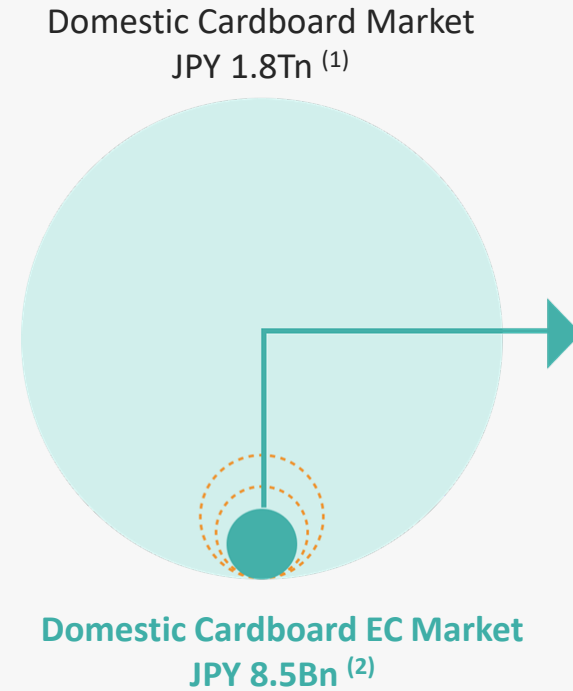
\*EC site specializing in cardboard and packaging materials, Survey by TOKYO SHOKO RESEARCH (as of September 2022)  
 \*Revenue, number of orders, number of users, number of reviews, revenue growth rate

Overview	Company name : DANBALL ONE. Inc.
	Business : Operation of “DANBALL ONE,” an online order platform for cardboard and packaging materials
	CEO : 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 revenue 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 77MM; growth continuing after the COVID environment



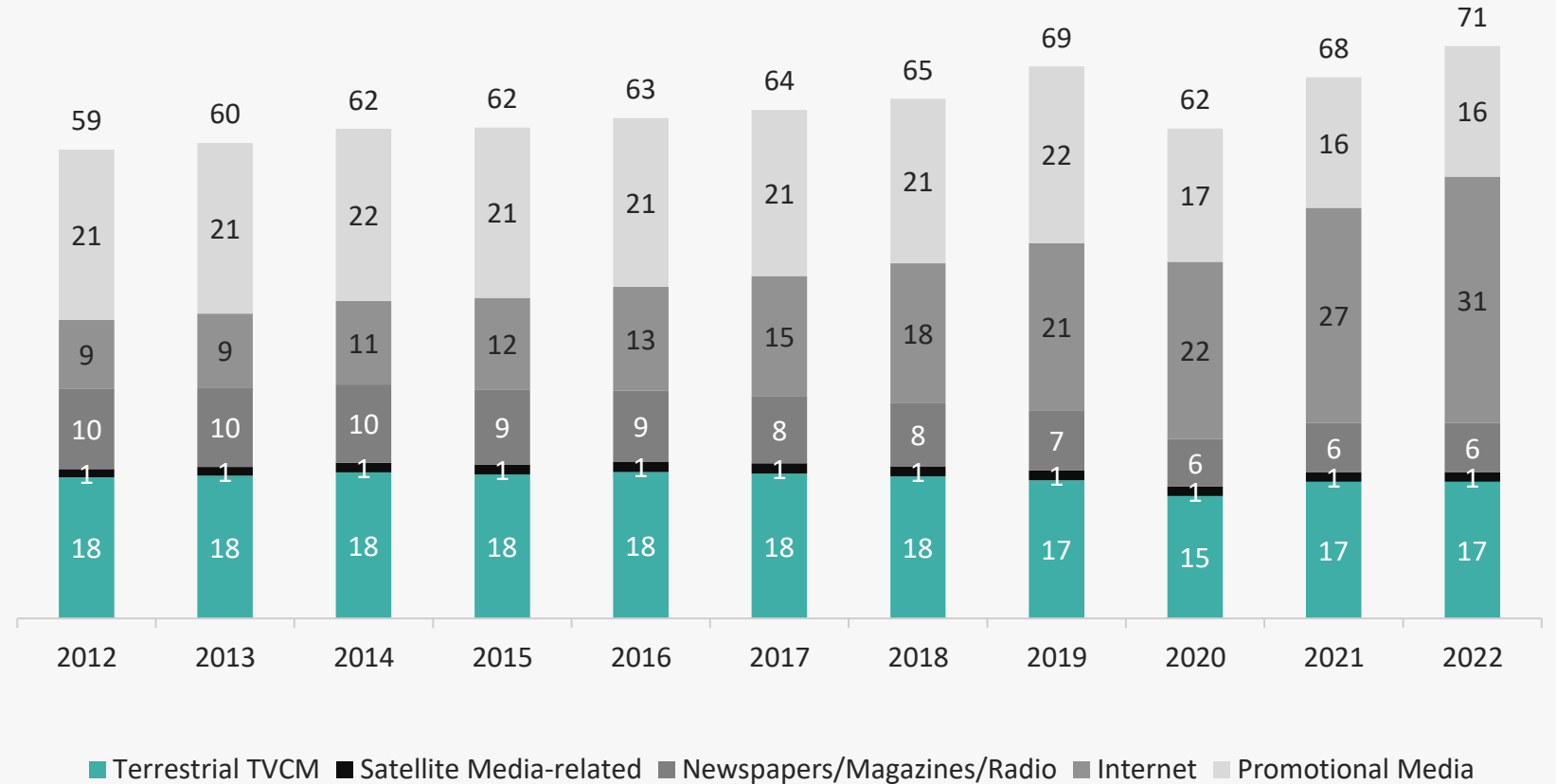
### Service Overview

- 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 revenue promotion and marketing purposes

## 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)





## 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 “revenue allowance”

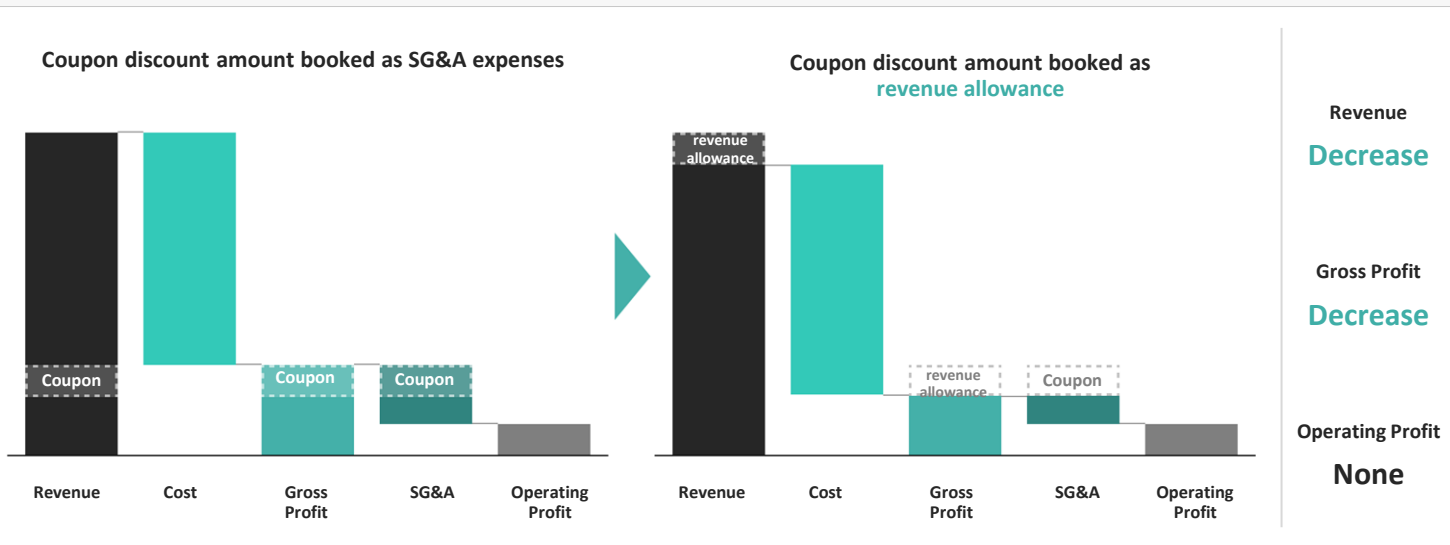
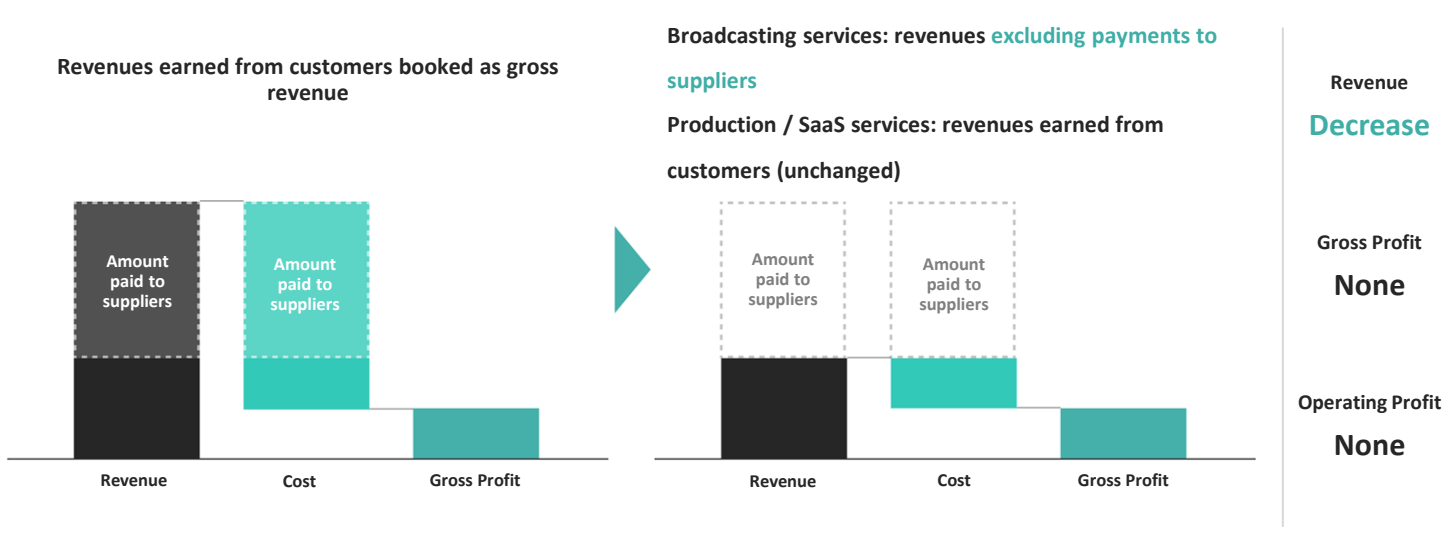
**Novasell**

**Raksul  
Hacobell**

### Previous Accounting Methods

### New Revenue Recognition Standards

### Impact



## Financial Highlights by Business Segment (New Revenue Recognition Standards)

		FY2021				FY2022				FY2023		
(in JPY MM)		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue	Raksul	4,430	5,073	5,605	5,144	5,461	6,092	7,894	7,877	8,540	9,316	<b>9,919</b>
	Novasell	322	498	722	498	720	1,007	538	562	643	703	<b>542</b>
	Hacobell	553	1,004	655	723	741	835	869	1,031	-	-	-
	Others	66	73	77	73	84	97	80	84	154	151	<b>147</b>
Gross Profit	Raksul	1,201	1,361	1,514	1,373	1,478	1,697	2,395	2,347	2,440	2,646	<b>2,847</b>
	Novasell	165	206	405	305	313	433	253	292	368	348	<b>352</b>
	Hacobell	91	142	112	96	97	104	131	130	-	-	-
	Others	26	29	29	28	33	38	27	29	38	37	<b>37</b>
Segment Profit (non-GAAP)	Raksul	453	568	767	565	583	697	1,055	1,153	1,073	1,172	<b>1,161</b>
	Novasell	19	17	94	<b>-95</b>	<b>-18</b>	69	<b>-122</b>	<b>-32</b>	24	34	<b>12</b>
	Hacobell	<b>-21</b>	21	<b>-17</b>	<b>-59</b>	<b>-68</b>	<b>-46</b>	<b>-11</b>	<b>-2</b>	-	-	-
	Others and corporate expenses	<b>-242</b>	<b>-291</b>	<b>-354</b>	<b>-394</b>	<b>-396</b>	<b>-429</b>	<b>-361</b>	<b>-436</b>	<b>-345</b>	<b>-324</b>	<b>-315</b>
Segment Profit (financial accounting)	Raksul	408	515	711	505	534	641	863	962	875	942	<b>926</b>
	Novasell	16	10	85	<b>-103</b>	<b>-25</b>	63	<b>-129</b>	<b>-39</b>	17	21	<b>-0</b>
	Hacobell	<b>-27</b>	11	<b>-28</b>	<b>-70</b>	<b>-79</b>	<b>-59</b>	<b>-25</b>	<b>-16</b>	-	-	-
	Others and corporate expenses	<b>-330</b>	<b>-391</b>	<b>-462</b>	<b>-631</b>	<b>-534</b>	<b>-580</b>	<b>-517</b>	<b>-592</b>	<b>-501</b>	<b>-404</b>	<b>-419</b>
Operating Profit (non-GAAP)	Company wide	209	315	490	15	99	292	560	681	753	882	<b>859</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)	FY2023 3Q (2023/2-2023/4)			FY2023 Cumulative Total (2022/8-2023/4)		
	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)
Revenue	10,610	-	10,610	30,120	-	30,120
Gross Profit	3,237	-	3,237	9,117	-	9,117
Operating Profit	677	170	506	1,951	493	1,457
EBITDA	859	170	688	2,495	493	2,002
Ordinary Profit	463	179	284	1,599	523	1,076
Net Profit	277	179	98	1,948	523	1,425

## Balance Sheet

(in JPY MM)	FY2022 4Q	FY2023 3Q
Current Assets	19,660	19,971
Cash & Deposits	13,682	13,917
Non-Current Assets	8,973	8,925
<b>Total Assets</b>	<b>28,633</b>	<b>28,896</b>
Current Liabilities (interest-bearing liabilities)	7,774 (2,495)	7,829 (2,495)
Non-Current Liabilities (interest-bearing liabilities)	11,546 (11,440)	10,194 (10,088)
<b>Net Assets</b>	<b>9,312</b>	<b>10,873</b>
Share Capital	2,694	2,733
Capital Surplus	5,501	5,541
Retained Earnings	165	1,636
<b>Total Liabilities &amp; Net Assets</b>	<b>28,633</b>	<b>28,896</b>





## 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 ended 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



## Issuance of Stock-Based Compensation and Performance Target

### Linked Stock Options

- Issued a total of 4 stock options linked to stock-based compensation and performance target linked stock options in December 2022
- 1. and 2. are stock-based compensation as an incentive issued annually (1-yen SO instead of RS has been implemented for employees from the current fiscal year)
- 3. and 4. (collectively called Quality Growth Stock Option 2022) are stock-based compensation linked to performance targets and serve as medium-term incentives. Trust SO was introduced in anticipation of granting it not only to current executives and employees but also to executives and employees who will join the company in the future

Name	Format	Number of Shares (Dilution % <sup>(1)</sup> )	Allotees	Conditions of Exercise, etc.
<b>1. Restricted Stock-Based Compensation (RS)</b>	Stock-Based Compensation	11,260 shares (0.04%)	Directors	Restriction on transfers lifted in a lump sum after 3 years
<b>2. Stock Acquisition Rights No.13 (1-yen SO)<sup>(3)</sup></b>	Stock-Based Compensation	42,370 shares (0.15%)	Employees	Exercisable in one sixth increments every 6 months
<b>3. Stock Acquisition Rights No.14 (Paid-in SO)</b>	Performance Target Linked (Quality Growth Stock Option 2022)	192,500 shares (0.66%)	Directors Employees	When EBITDA <sup>(3)</sup> a) Exceeds JPY 2.8Bn in FY2023 or FY2024: 50% exercisable b) Exceeds JPY 4.0Bn in FY2024 or FY2025: 50% exercisable
<b>4. Stock Acquisition Rights No.15 (Trust SO)<sup>(3)</sup></b>	Performance Target Linked (Quality Growth Stock Option 2022)	167,500 shares (0.58%)	Directors Employees New hires	Same as above
Total		413,630 shares (1.42%)		

#### Notes

(1) Based on 29,080,100 shares (29,801 voting rights) of the total number of outstanding shares of the Company as of July 31, 2022

(2) Stock Acquisition Rights described in the "Announcement of Issuance of Stock-based Compensation Stock Options (Stock Acquisition Rights No.13)" disclosed on November 17, 2022

(3) Stock Acquisition Rights described in the "Announcement of Issuance of Stock Acquisition Rights No.15 Using a Third-party Allotment Collectively Called "Quality Growth Stock Option 2022", and Introduction of a Market Value Issued Stock Acquisition Rights Trust" disclosed on November 17, 2022



## Stock Incentive Design based on Quality Growth

- Performance target-linked stock options (collectively called Quality Growth Stock Option 2022) issued in December 2022
- Gross profit, the condition for exercising the Stock Acquisition Rights No.12 issued in July 2020, was substantially achieved. EBITDA has been now set as the condition for the exercise, with the aim of generating profit while continuing the growth
- Potential dilution from these stock options is 1.24%

### Purpose

With the intention of improving our business performance and corporate value over the medium-to-long term, we aim to further enhance the motivation and morale of our directors and employees and further strengthen company cohesiveness

### Condition of Exercise



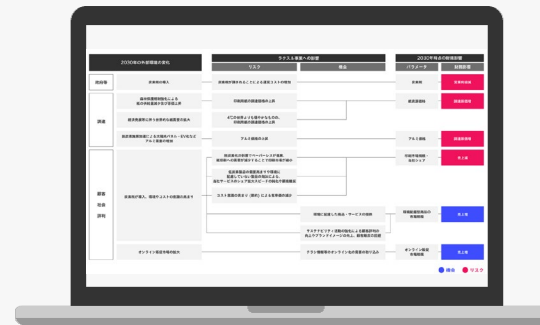


## External Ratings / Strengthening Information Disclosure

- We were awarded an “A” rating by MSCI ESG Research<sup>(1)</sup> in May 2023. The score improved, while the rating maintained at last year’s “A”
- Expanded disclosure of ESG-related initiatives in the integrated report “RAKSUL Value Creation Report 2023” disclosed in May 2023
- We expressed our support for TCFD<sup>(2)</sup> recommendations and joined the TCFD consortium in April 2021. In addition, we conducted and disclosed a scenario analysis using the disclosure framework recommended by the TCFD



As of 2023, RAKSUL INC. received an MSCI ESG Rating of A.



<https://corp.raksul.com/en/esg/environment/tcfd/>

### Notes

- (1) MSCI is a financial services provider headquartered in New York, U.S.A. The company is listed in the New York Stock Exchange and provides a range of tools that support the investment decision making of institutional investors around the world, including large public pension funds, asset management firms, and hedge funds. MSCI website: <https://www.msci.com/>
- (2) TCFD: Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB), an international body consisting of national financial authorities and international standard-setting bodies. This international initiative aims to support companies with climate related disclosure and to stabilize the financial market through a smooth transition to a low-carbon society.

\*THE USE BY RAKSUL INC. OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF RAKSUL INC. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI

## P6, P7

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 revenue 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

## P7

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	



**Better Systems, Better World**



## 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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