Financial Results for the 1st Quarter of Fiscal Year Ending July 31, 2021

RAKSUL INC.（TSE First Section：4384）

December 10, 2020

1. Company Overview

2. Financial Highlights

3. Q&A

4. Reference Materials

1

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

ラクスル

Raksul
Launched in March 2013



TV commercial-related services Platform

ノバセル

Novasell
Launched in April 2020



Logistics Platform

ハコベル

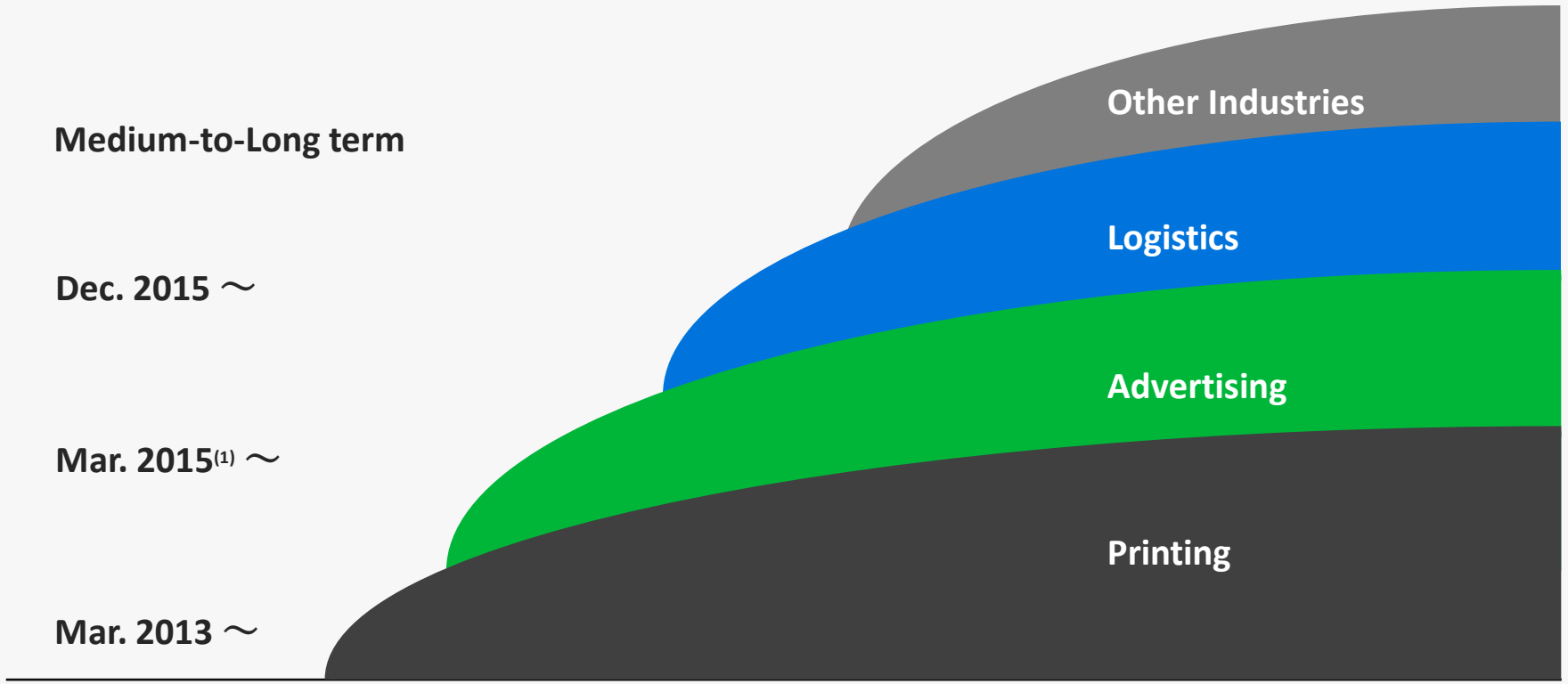
Hacobell
Launched in December 2015



RakSul

Sustainable Growth Through BtoB Platforms That Disrupt Multiple Industries

- In the medium-to-long term, we aim to expand our platforms into other industries



Note
(1) Expanded to offline advertising services

RakSul

Our Advantages

■ Our overall advantages:

(1) Access to large market areas

(2) Continued expansion of our customer and supplier base

(3) Multi-layered business model and improved profitability that have come with scale

Business Environment

- Each business has access to a large market
- Possibility of promoting EC conversion going forward
- Competitiveness of our core business, EC printing, has been improving year after year (we are one of the fastest growing companies in the market)

Business Model

- Unique business model of EC & SaaS
- Diverse and broad customer base
- Potential for expansion into peripheral business domains
- Strong relationships with suppliers

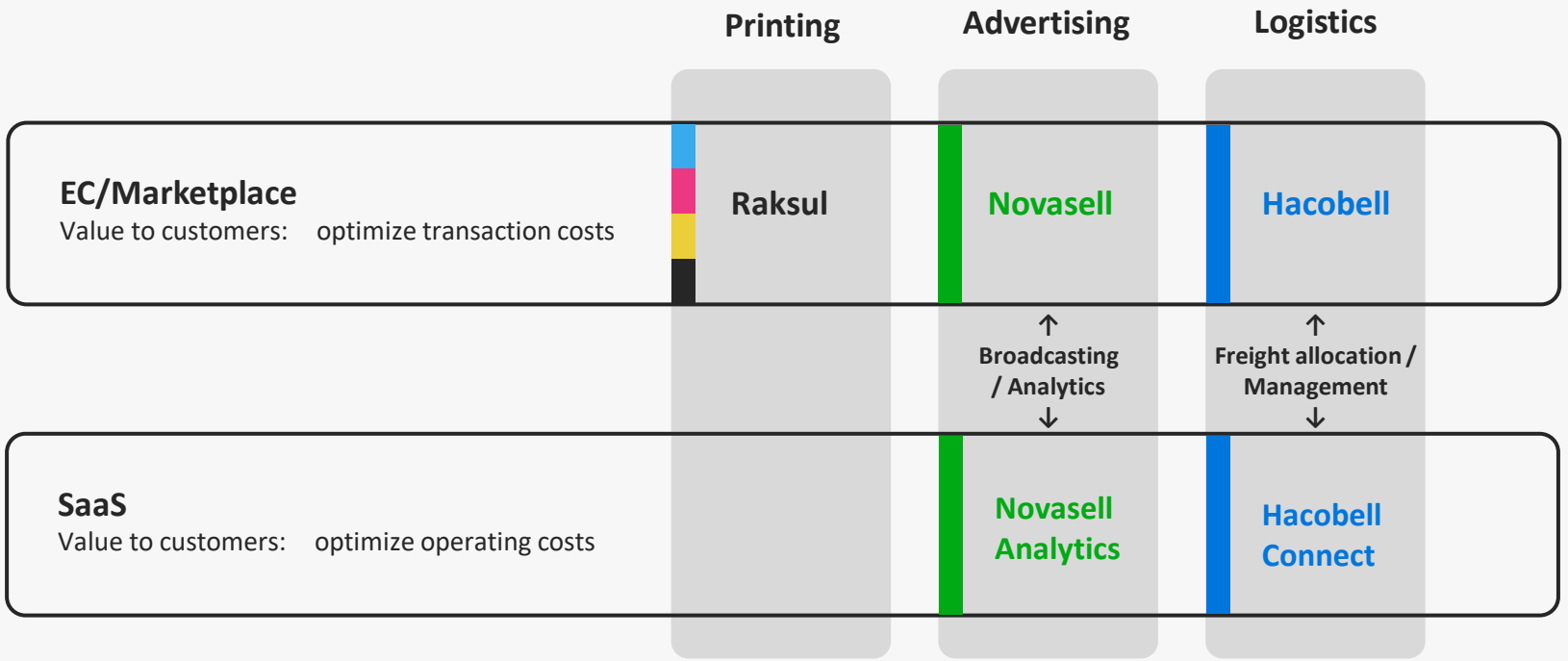
Profit Structure

- Highly recurring transactions
- Gross margins improving year after year
- Economies of scalability (mainly investment in advertising)

RakSul

Future Focus of our Business Model

- **We will endeavor to transform legacy industries via a combination of EC/Marketplace and SaaS, which enables our customers to optimize both transaction costs and operating costs at the same time**



RakSul

Our Thoughts on the Business Mix

- In order to realize our vision “Better Systems, Better World”, we create digital platforms in conventional industries with large TAM (total addressable market)

Our Reasons for Building a Business Portfolio



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

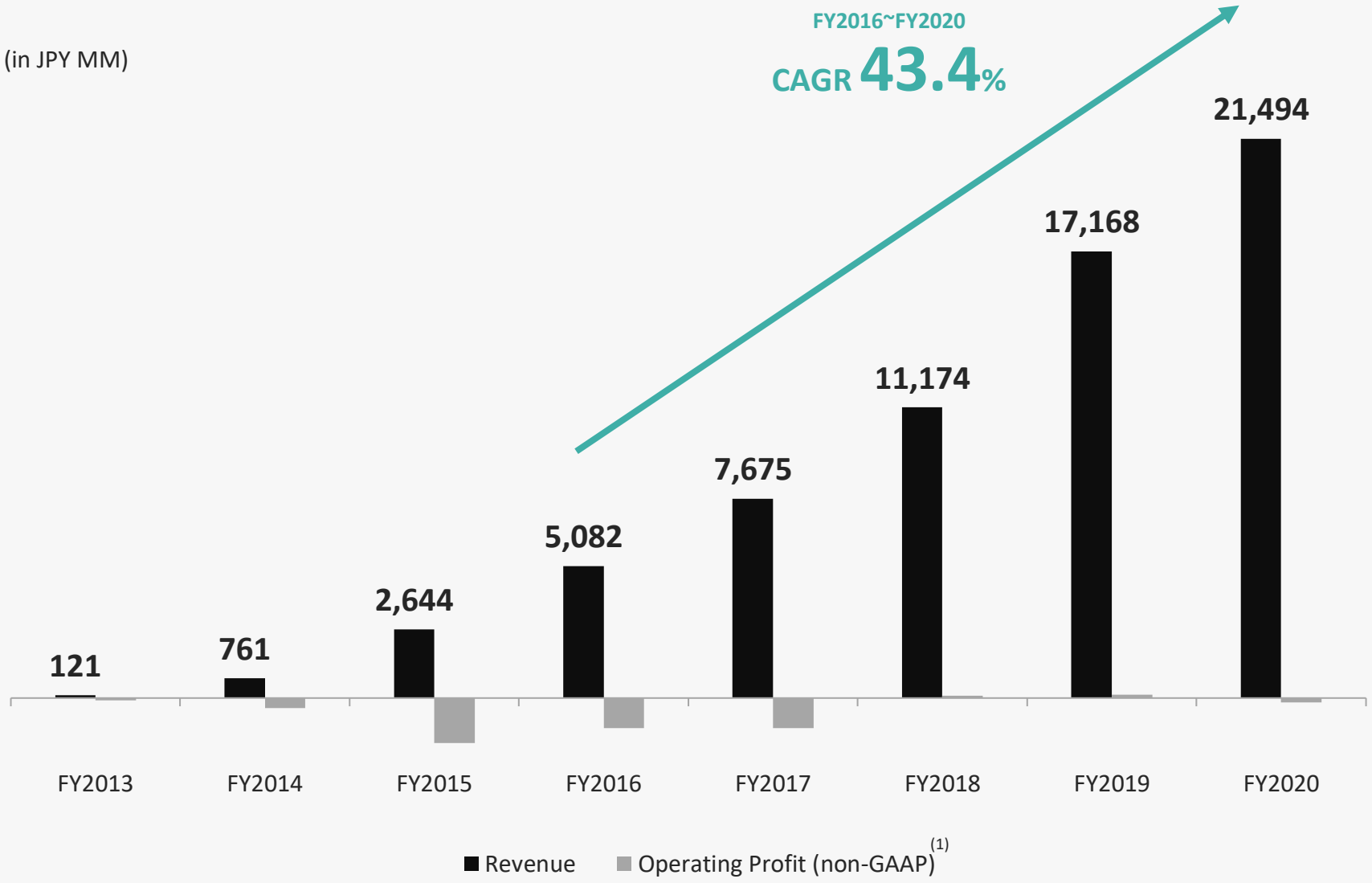
To absorb time needed for each business to penetrate its market

To share customer base and teams (technology and corporate)

To increase competitiveness by combining forces as a portfolio company

Growth Through Reinvestment

- By applying the cashflow created from businesses to growth investment, we have been able to realize continuous growth



Note
(1) From last fiscal year, we disclose non-GAAP profits after adding back stock-based compensation expense (the same applies hereinafter)
Please see slides in appendix for more details

RakSul

FY2021 Full-Year Forecast and Management Focus

- Firmwide, there is no change in our management stance which is focused on growth and realizing our vision
- We will continue to invest for growth, mainly in variable costs, while maintaining the cost structure optimized in the second half of FY2020
- Our firmwide operating profit (non-GAAP) is expected to be positive and growing
- The policies for each business segment are as described to the right

FY2021 Full-Year Forecast (in JPY MM)	Revenue	Gross Profit	Operating Profit (non-GAAP)
	27,000-28,000 YoY+25.6-30.3%	6,450-6,900 YoY+30.9-40.0%	300-500

	Financial Focus	Policies
Raksul (Printing EC and Offline Advertising)	Gross Profit Segment Profit	- Continue to reinvest in the business within the scope of profit while continuing to expand gross profit and segment profit
Novasell (TV commercial-related services)	Revenue Gross Margin	- Focus on revenue and gross profit growth - Losses are limited as the investment will be mainly made with profits generated by the business
Hacobell (Logistics)	Revenue Gross Margin	- Focus on high revenue growth while limiting losses and strengthening investment governance - Gross margin will be improved gradually

2

Financial Highlights

RakSul

Quarterly Financial Highlights

- **Revenue: +10.9% YoY;**
  Gross Profit: +28.1% YoY
- **Operating Profit (non-GAAP): ¥160 million**
  While maintaining positive operating profit, we strengthened growth investment in order to accelerate regrowth

(in JPY MM)	FY2021 1Q (2020/8 – 2020/10)				
	Actual	FY2020 1Q		FY2020 4Q	
		Actual	YoY	Actual	QoQ
Revenue	**5,937**	5,353	+10.9%	4,896	+21.3%
Gross Profit	**1,499**	1,170	+28.1%	1,296	+15.6%
Gross Margin	**25.3%**	21.9%	+3.4pt	26.5%	-1.2pt
Operating Profit (non-GAAP)	**160**	-43	-	237	-32.2%
Incl.: Ad spend	**492**	391	+25.7%	197	+149.5%
Incl.: Logistics segment profit (non-GAAP)	**-26**	-102	-	-51	-
Incl.: Stock-based compensation expense	**94**	-	-	46	+102.6%
Ordinary Profit (non-GAAP)	**156**	-57	-	205	-23.6%
Net Profit (non-GAAP)	**140**	-57	-	185	-24.2%

RakSul

Quarterly Financial Highlights by Business Segment

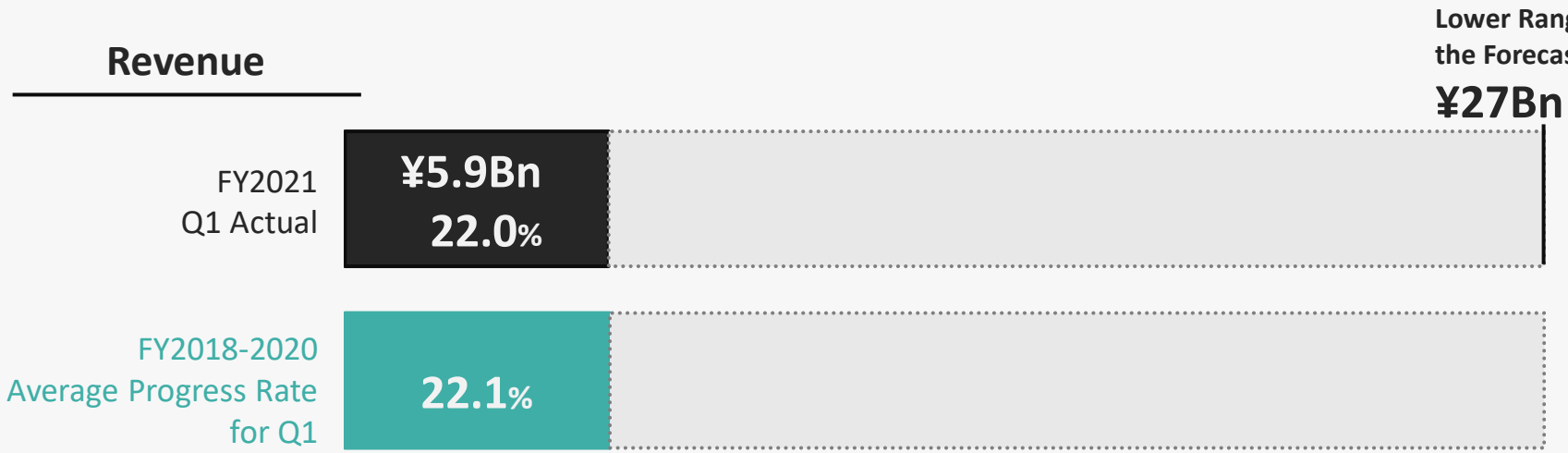
(in JPY MM)	Raksul	Novasell	Hacobell	Firmwide(1)
Revenue YoY	**4,444** +10.3%	**872** +19.1%	**553** -2.0%	**5,937** +10.9%
Gross Profit YoY	**1,216** +20.8%	**165** +39.9%	**91** +162.0%	**1,499** +28.1%
Gross Margin YoY	**27.4%** +2.4pt	**18.9%** +2.8pt	**16.6%** +10.4pt	**25.3%** +3.4pt
Operating Profit Segment Profit (non-GAAP)	**418**	**18**	**-26**	**160**

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

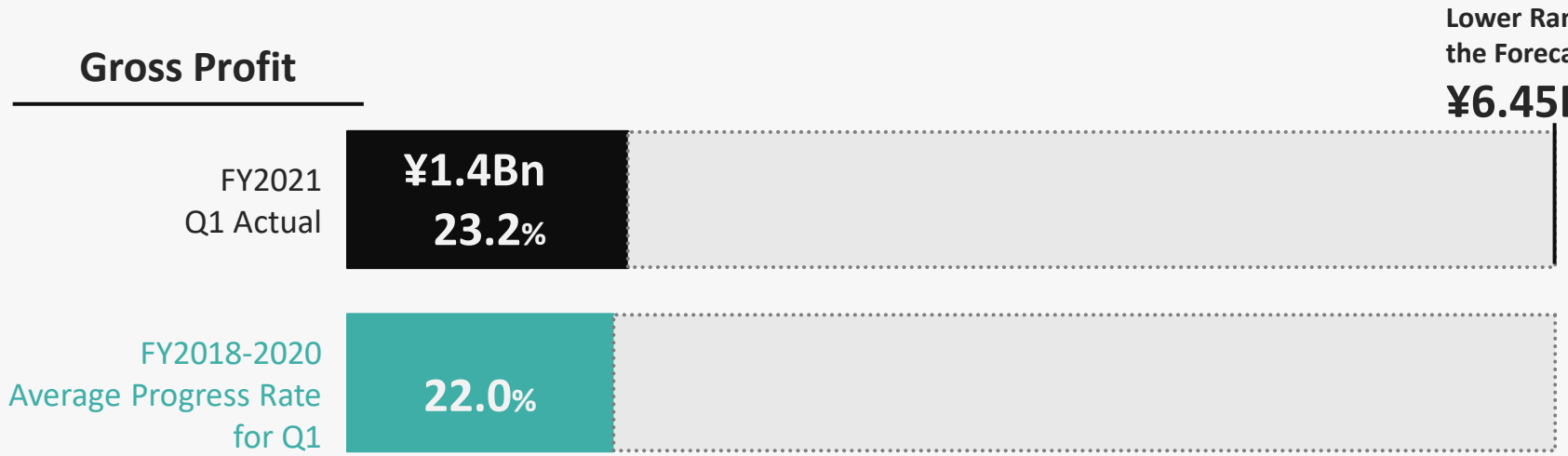
Progress Rate against Full-Year Forecast

- We have made the same level of progress[1] against the full-year forecast as the past 3 years, for both revenue and gross profit
- For 2Q, we expect to be at around +20% growth YoY for revenue and around +30-35% growth for gross profit, which is one of our most important indicators

Revenue



Gross Profit

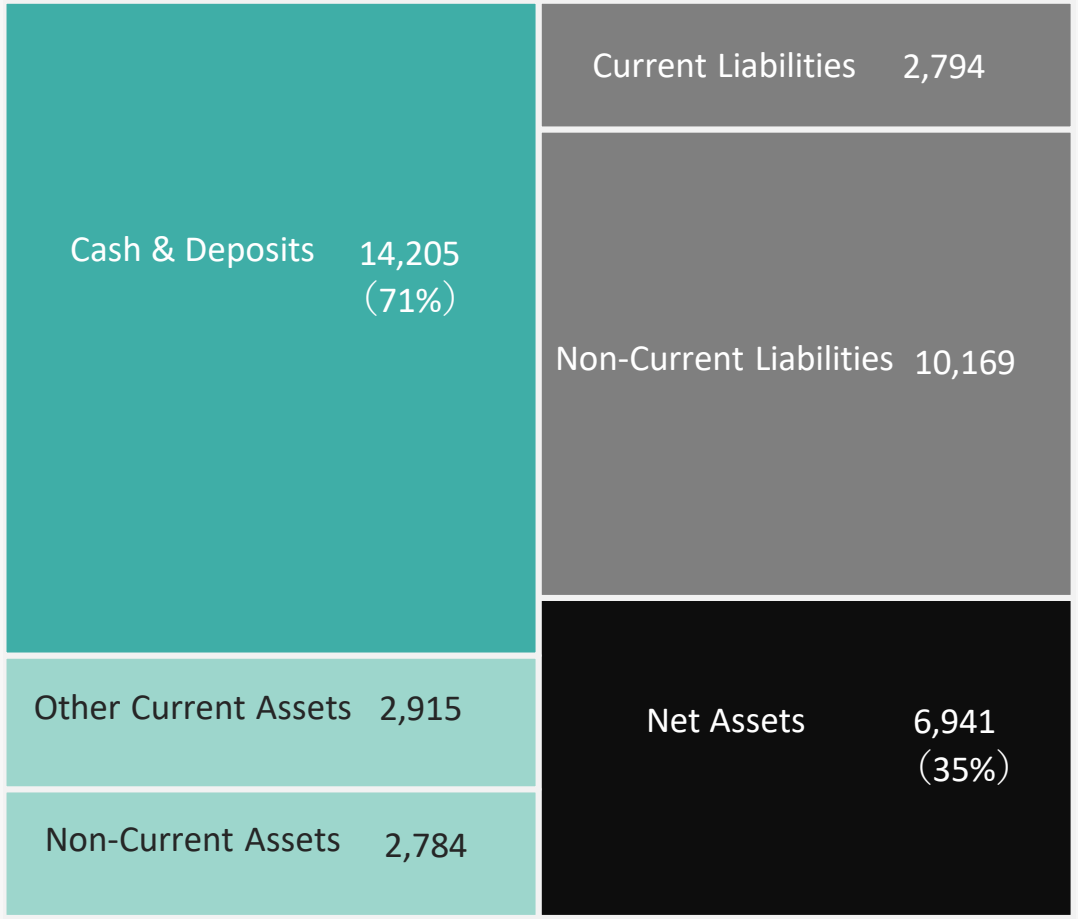


Notes
(1)Progress rate against the lower range of full-year forecast disclosed on September 11, 2020

Quarterly Financial Highlights: BS

- **Our balance sheet is in good shape;**
  - **(1) ¥14.2 billion in cash and deposits**
  - **(2) no goodwill**
  - **(3) high level of net assets**

(in JPY MM)



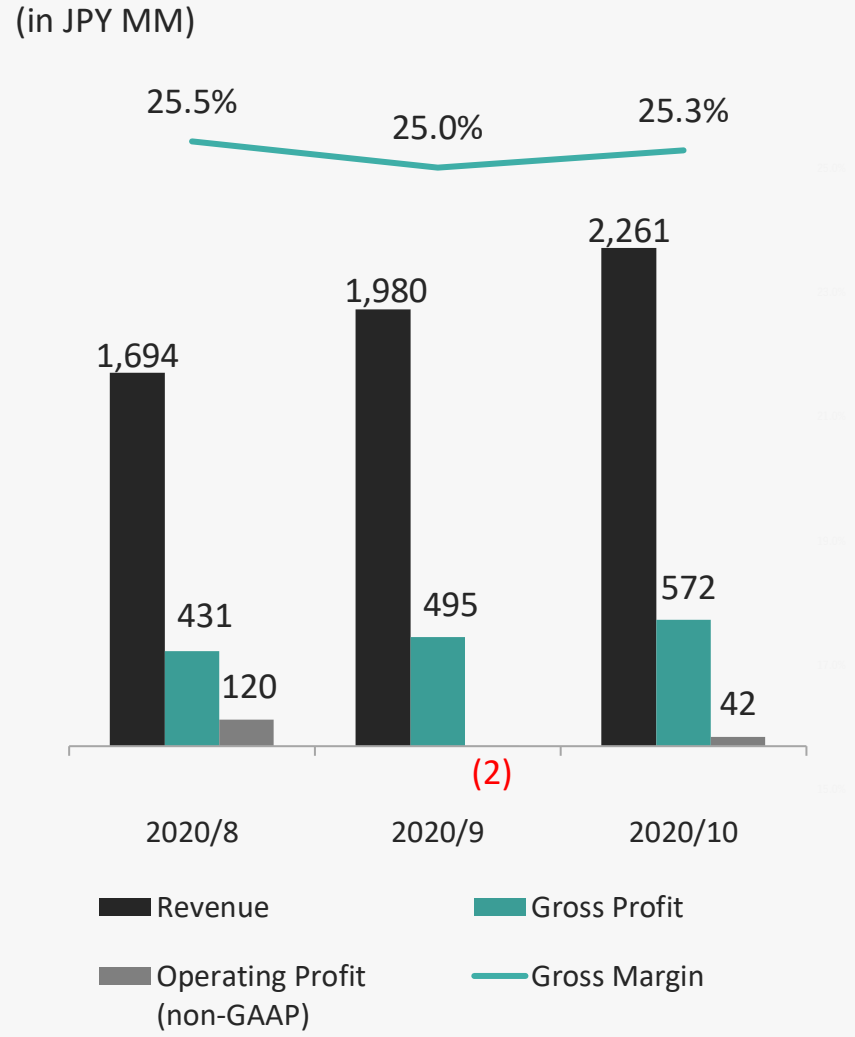
Bank Loan 5,000
Due in 2024-2026
CB 5,040
Due on Nov 2024

Capital Stock 2,163
Capital Surplus 4,970
Earned Surplus -366
Stock Acquisition Rights 181

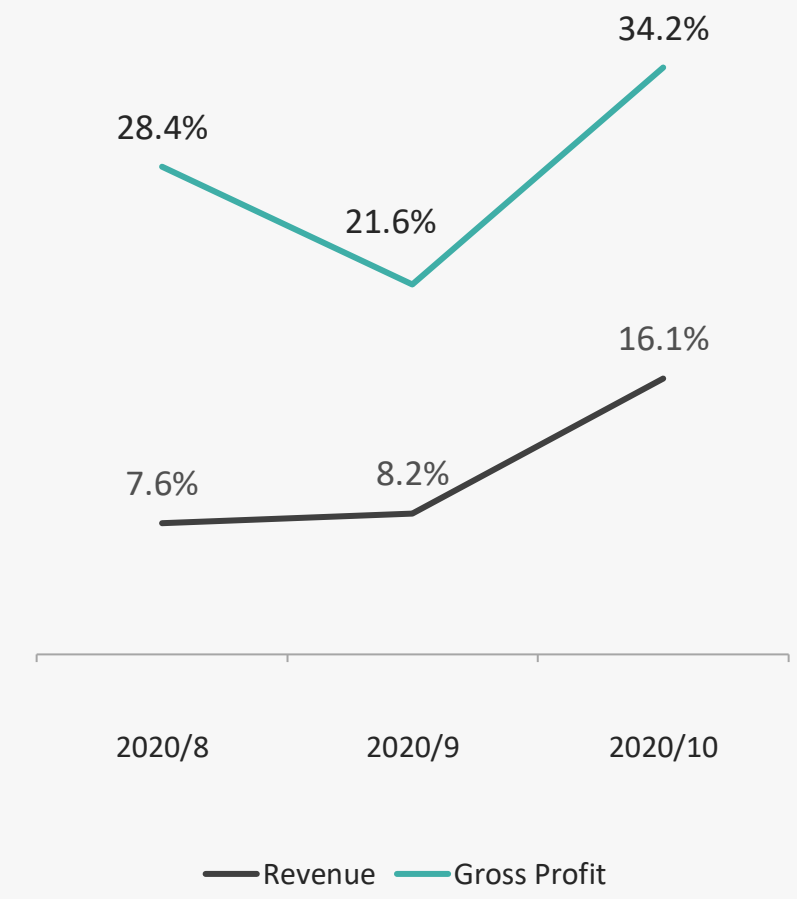
(Reference)
Monthly Financials in 1Q

- **Our YoY growth rate for October recovered to 16.1% for single month revenue, and to 34.2% for single month gross profit**
- **In November our single month, firmwide revenue increased to around ¥2.34 billion**

Results

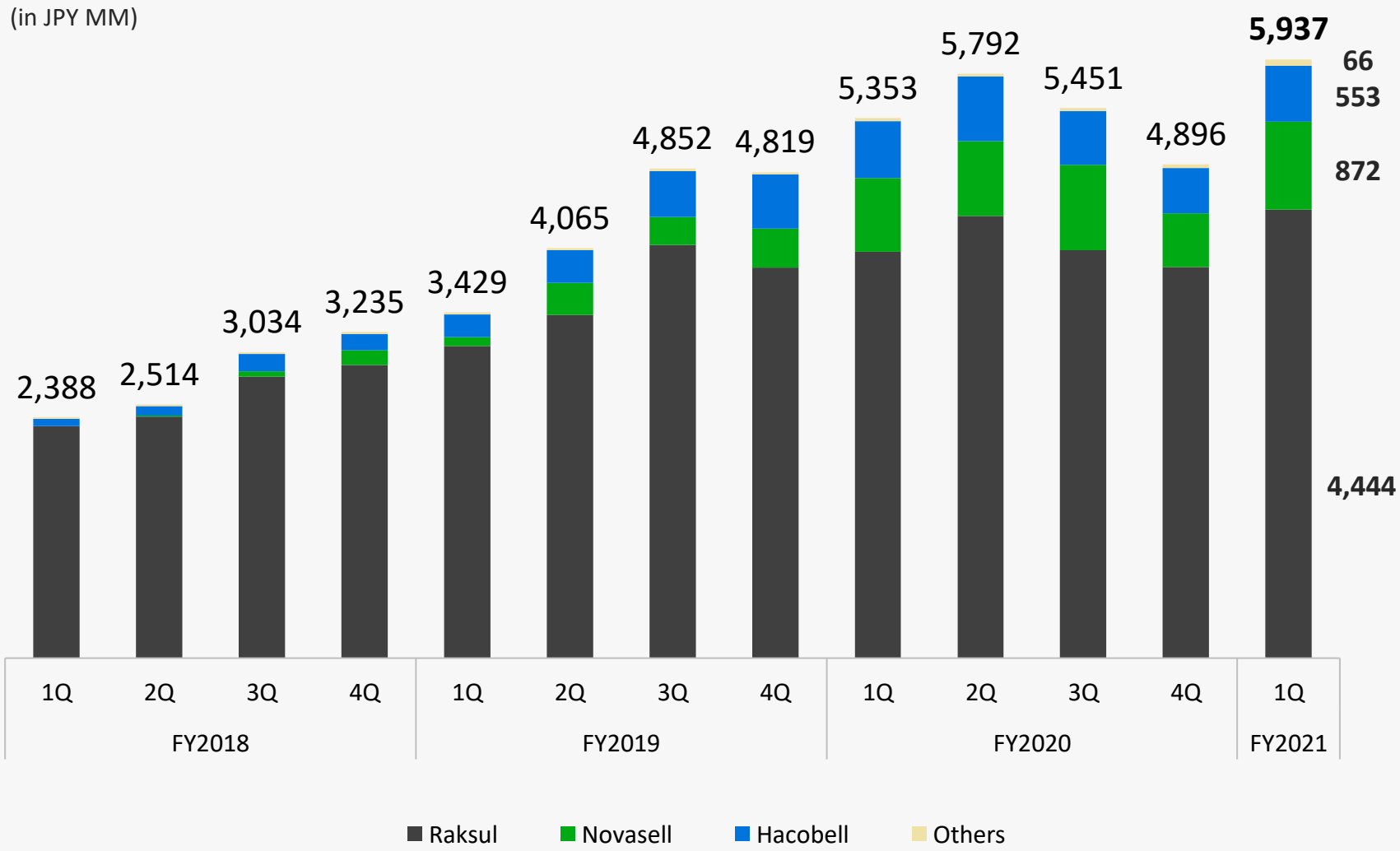


YoY Growth



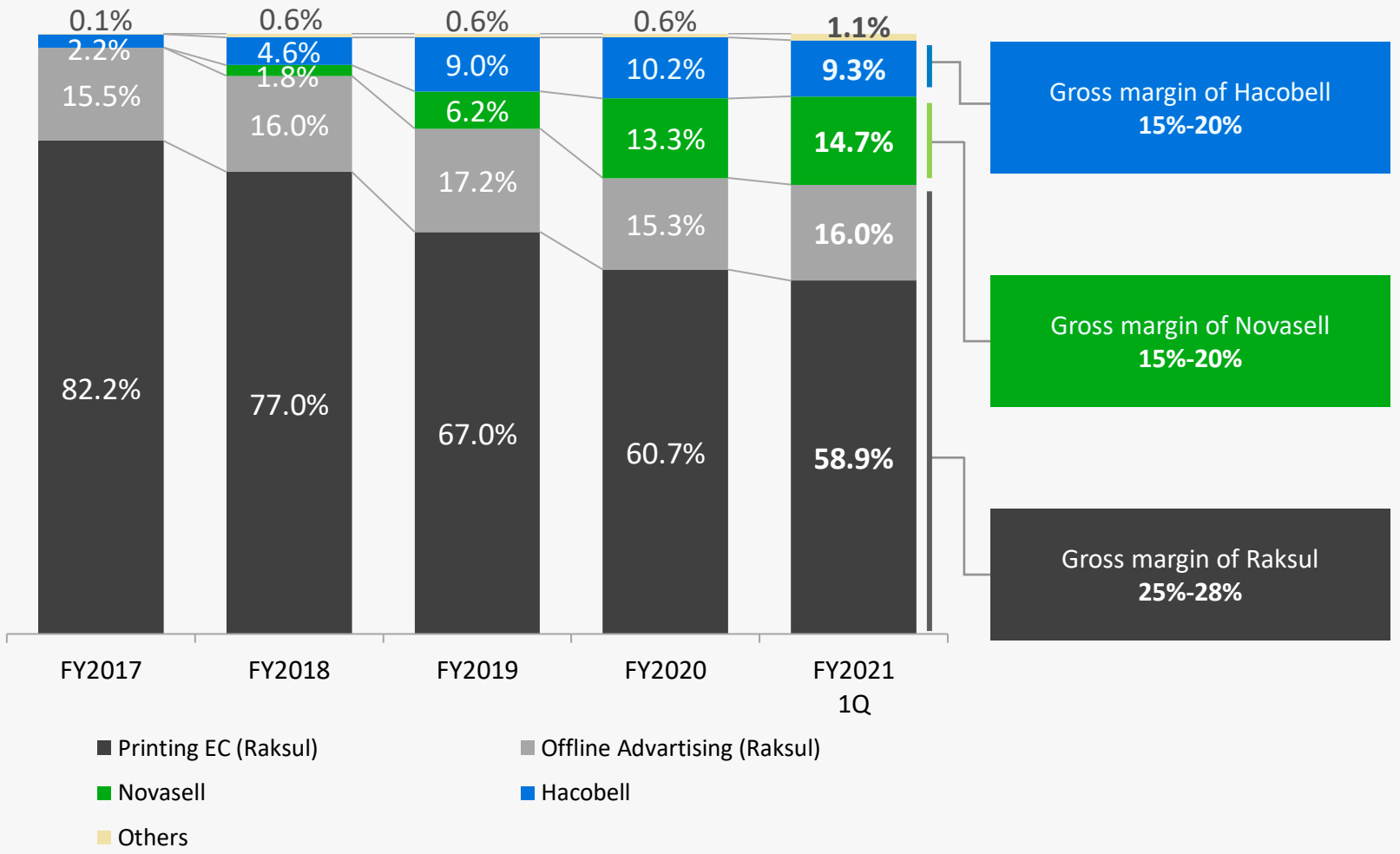
Revenue by Business Segment

- The demand for all businesses recovered, and we have reached a record high for quarterly revenue
- Under normal circumstances, the peak season for the Raksul Business Segment and the Novasell Business Segment is 3Q, and for the Hacobell Business Segment it is 2Q and 3Q



Revenue Composition by Business Segment

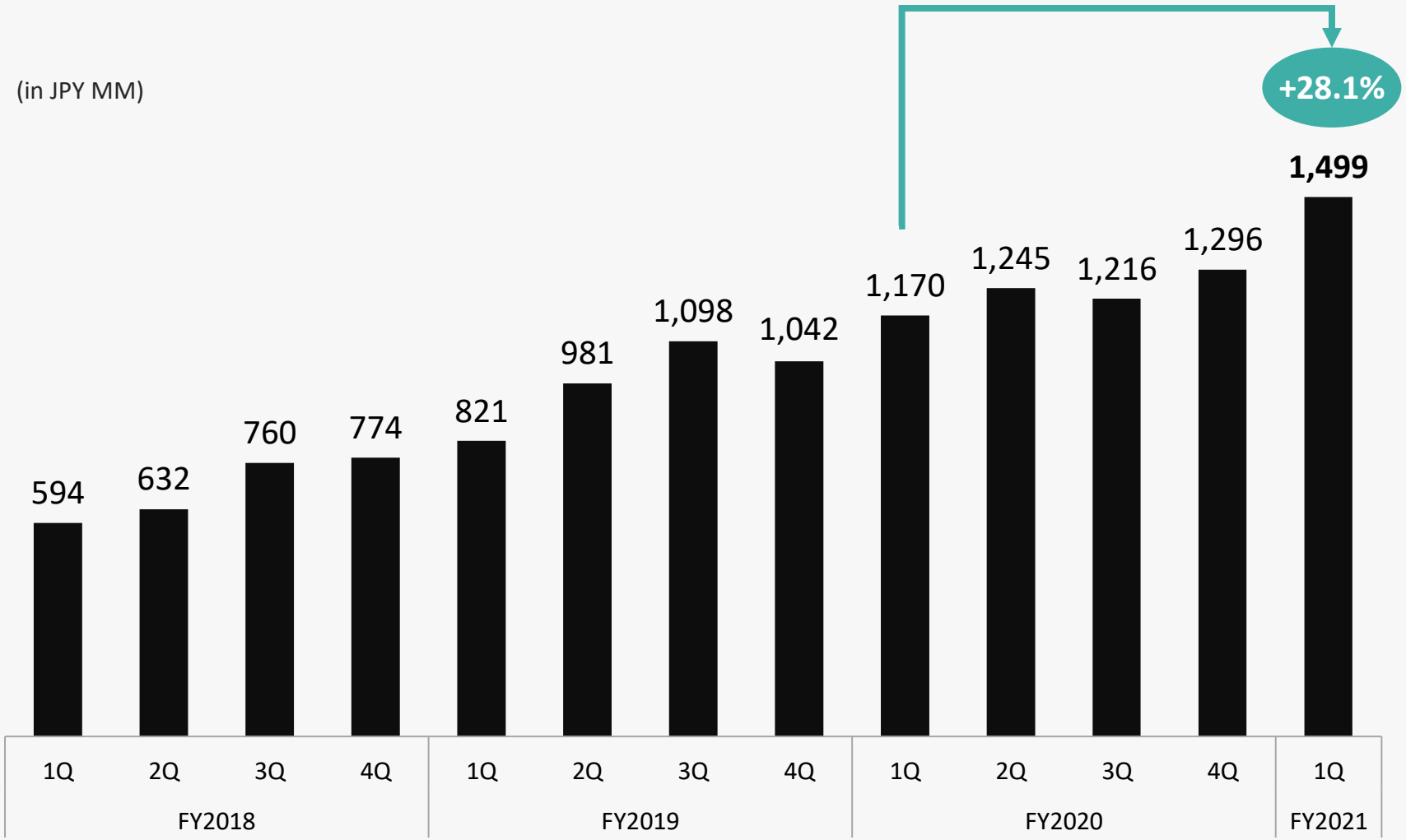
- Our newer platforms will rapidly expand while the printing EC service continues its growth, creating multiple strong revenue streams
- The total revenue contribution from non-printing services is more than 40%



RakSul

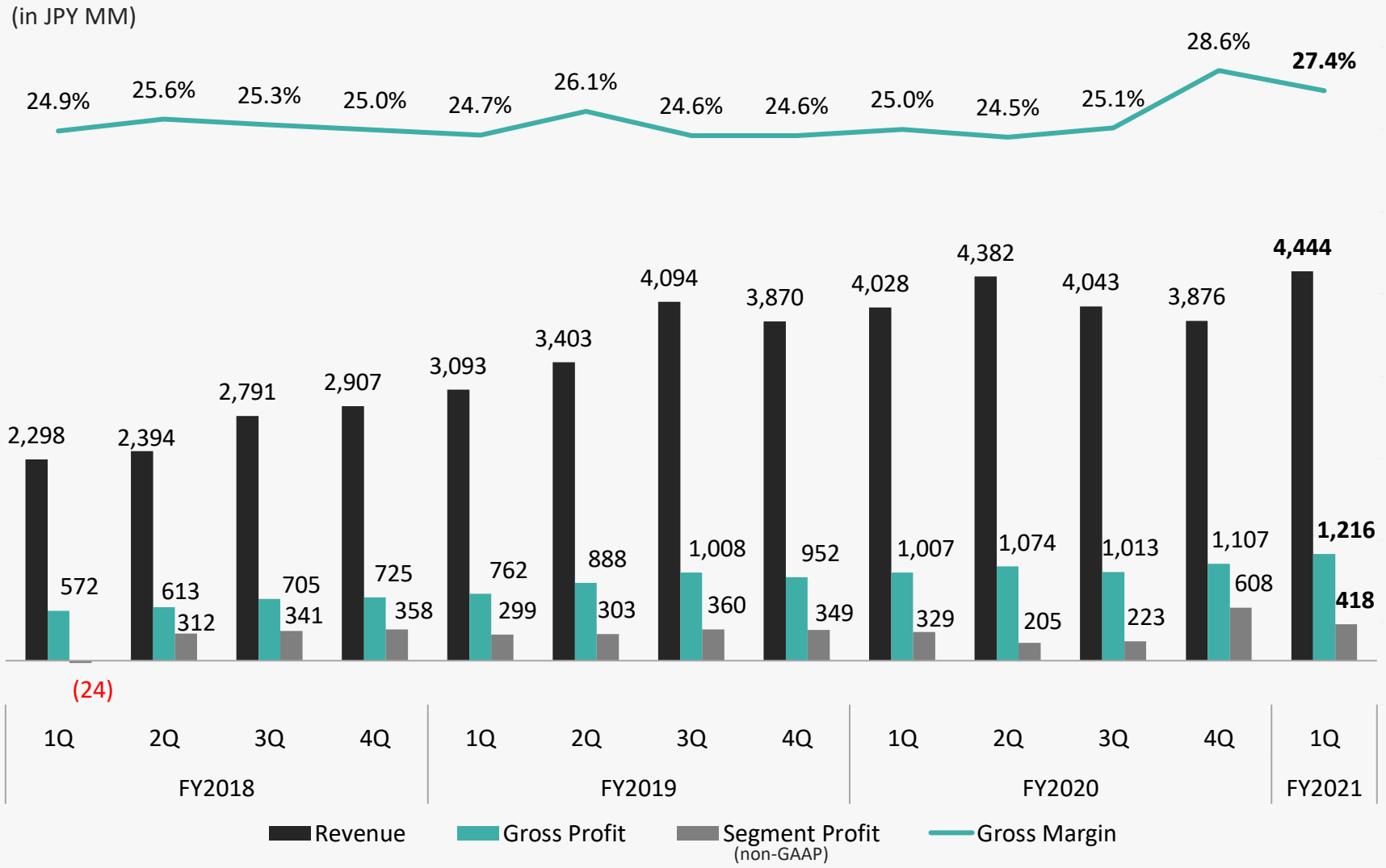
Gross Profit

- We reached record-high gross profit as a result of improvements to the gross margin level made in each business segment in the last quarter, in addition to revenue growth



Business Segment Performance

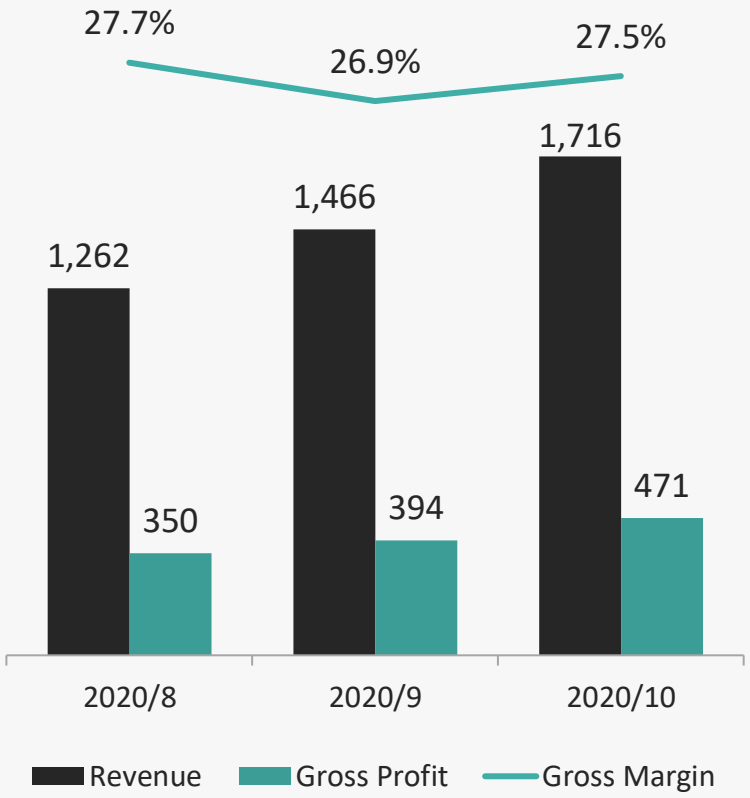
- We maintained improved gross profit (excl. the spike in the last quarter due to a temporary demand)
- We made controlled investment in advertising for the growing demand



(For Reference) Segment Monthly Financials in 1Q

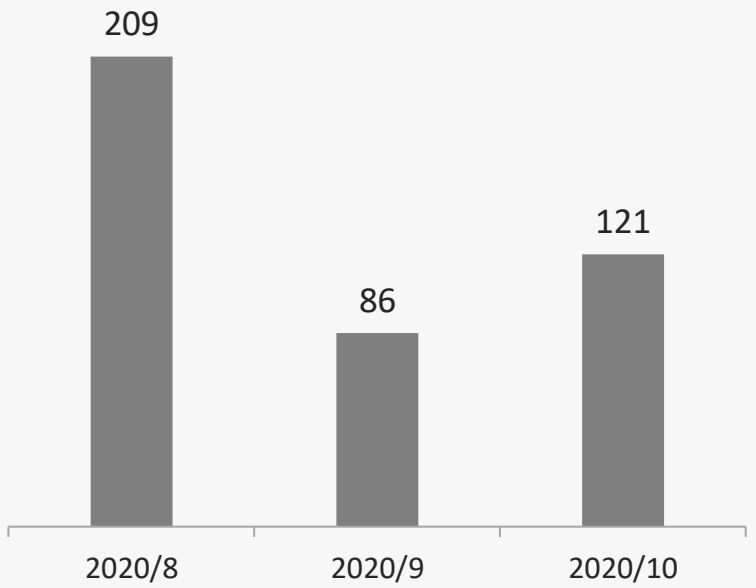
Revenue / Gross Profit / Gross Margin

(in JPY MM)



Segment Profit （non-GAAP）

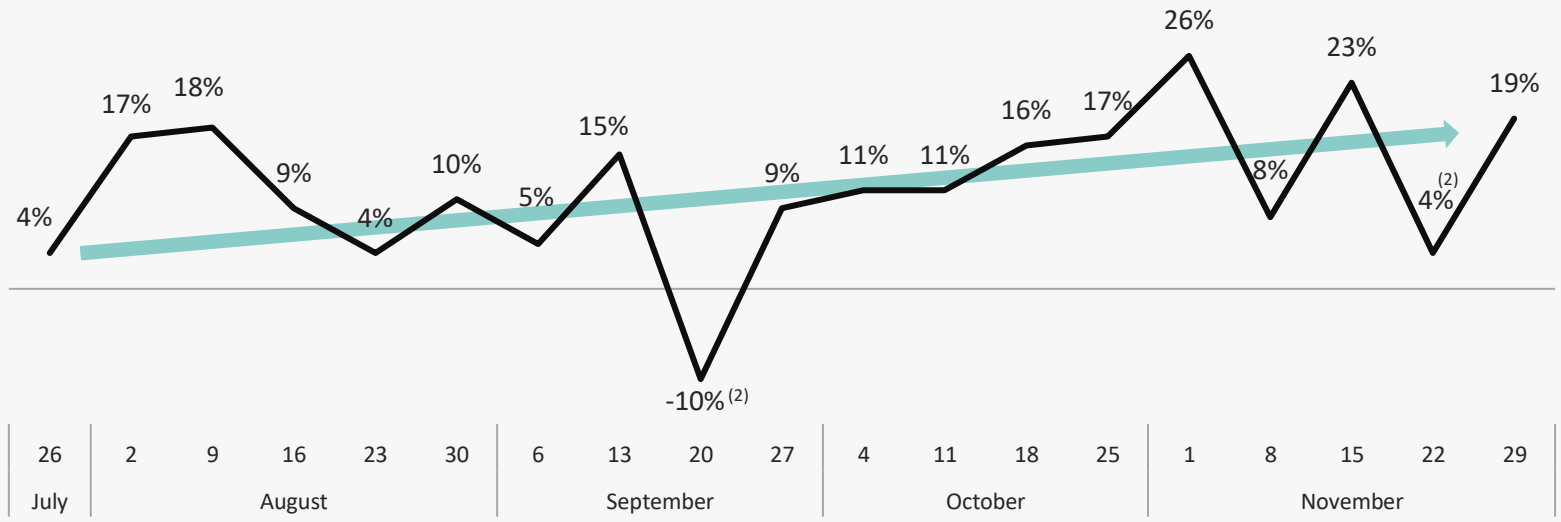
(in JPY MM)



Current Recovery from COVID-19

- The demand is on a continuous recovery track

Revenue Growth(1)(YoY)



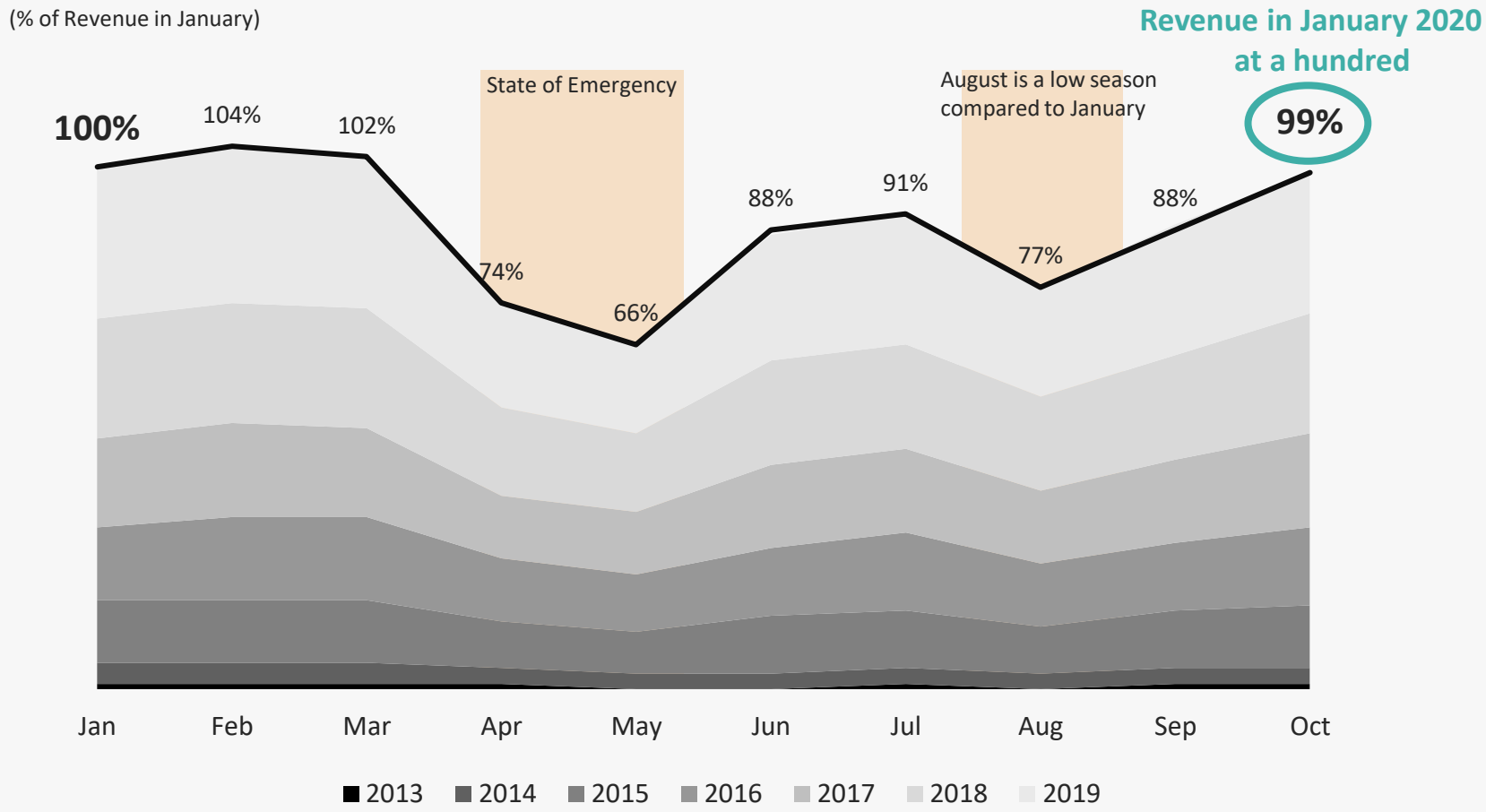
	Accelerated growth	Recovered after decline	Continuously weak
Products	- Novelties - Envelopes, DM (work from home demand) - Posting, etc. (local marketing)	- Flyers, booklets, brochures, business cards, etc. (our core products)	- Panels, banners, etc. (for exhibitions and events)
Customers	- IT & Telecommunication (increased demand for digital services)	- Wide range of industries (except those listed on the right and left)	- Travel & Hotels (demand decline) - Schools (self-restraint on events etc.)

Notes
(1) Calculated based on management accounting
(2) Decrease due to differences in the number of business days (holiday allocation)

Revenue from Repeat Customer Base

- **The revenue from users acquired up to last year has already recovered to the same level as pre-COVID; customer and revenue base continue to be stable**

Recurring Revenue Trend from Users acquired up to 2019(1) (the number does not include cohort acquired in 2020)

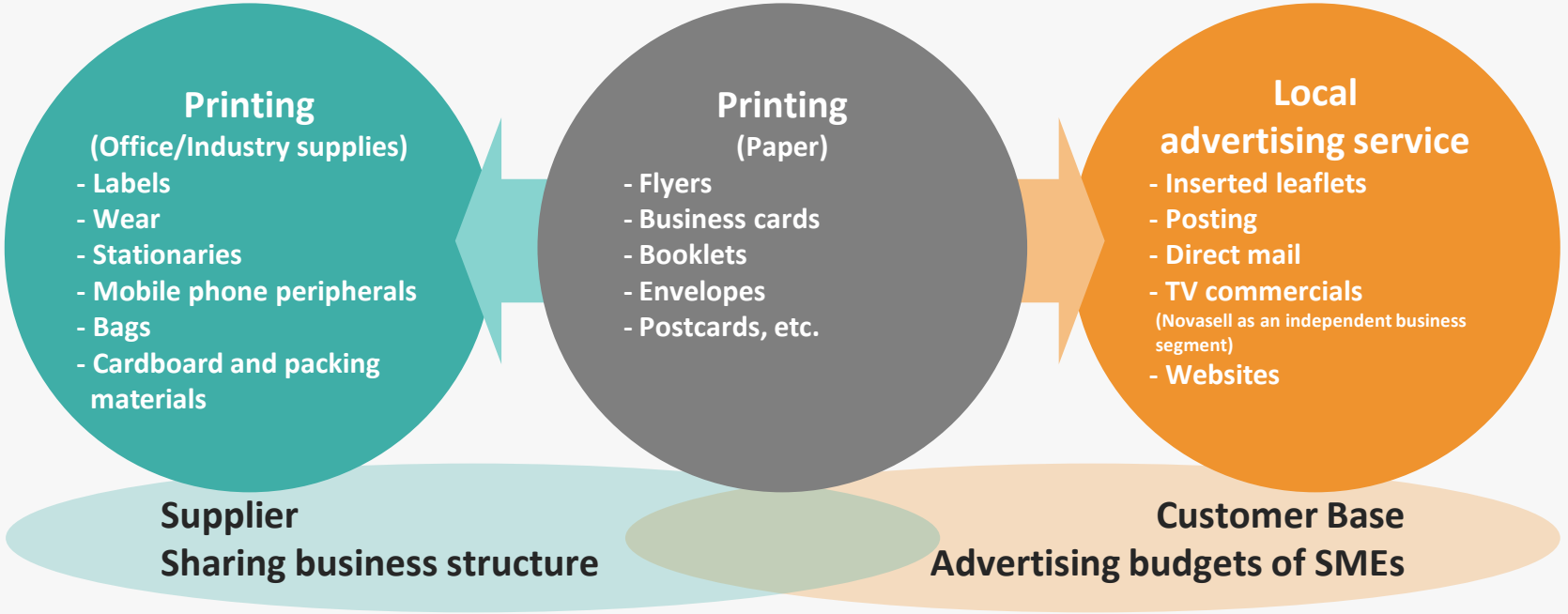


Notes
(1) Calculated based on management accounting

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**



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

Market scale: ¥3-5 trillion

EC penetration ratio: 1%

- Small lot printing on paper such as flyers

- We have achieved the highest growth in this market

Market scale: ¥3 trillion

EC penetration ratio: 3-4%

- Improve customer ARPU by cross-selling to existing customers

Market scale: ¥1-2 trillion

(excl. TV commercials)

EC penetration ratio: less than 1%

(excl. websites)

Source Yano Research Institute, Dentsu "Advertising Expenditures in Japan" (2019), Financial Information for Domestic Online Printing Companies

Acquisition of Shares in DANBALL ONE. Inc.

- We plan to acquire shares in DANBALL ONE. Inc.
  (to be completed in December)
- We expect synergy with our service by utilizing our know-how in sharing, and expanding our customer base with an additional product range

Company name: DANBALL ONE. Inc.

Business: Operation of “Danball One,” an online order platform for cardboard and packing materials

CEO: Toshihiro Tsuji

Financial standing: Monthly Revenue around ¥350MM; increase in EC transactions due to COVID-19 and TV commercial (provided by Novasell) accelerated business growth

Case Overview: Acquisition of roughly 49% shares through purchasing from an existing shareholder

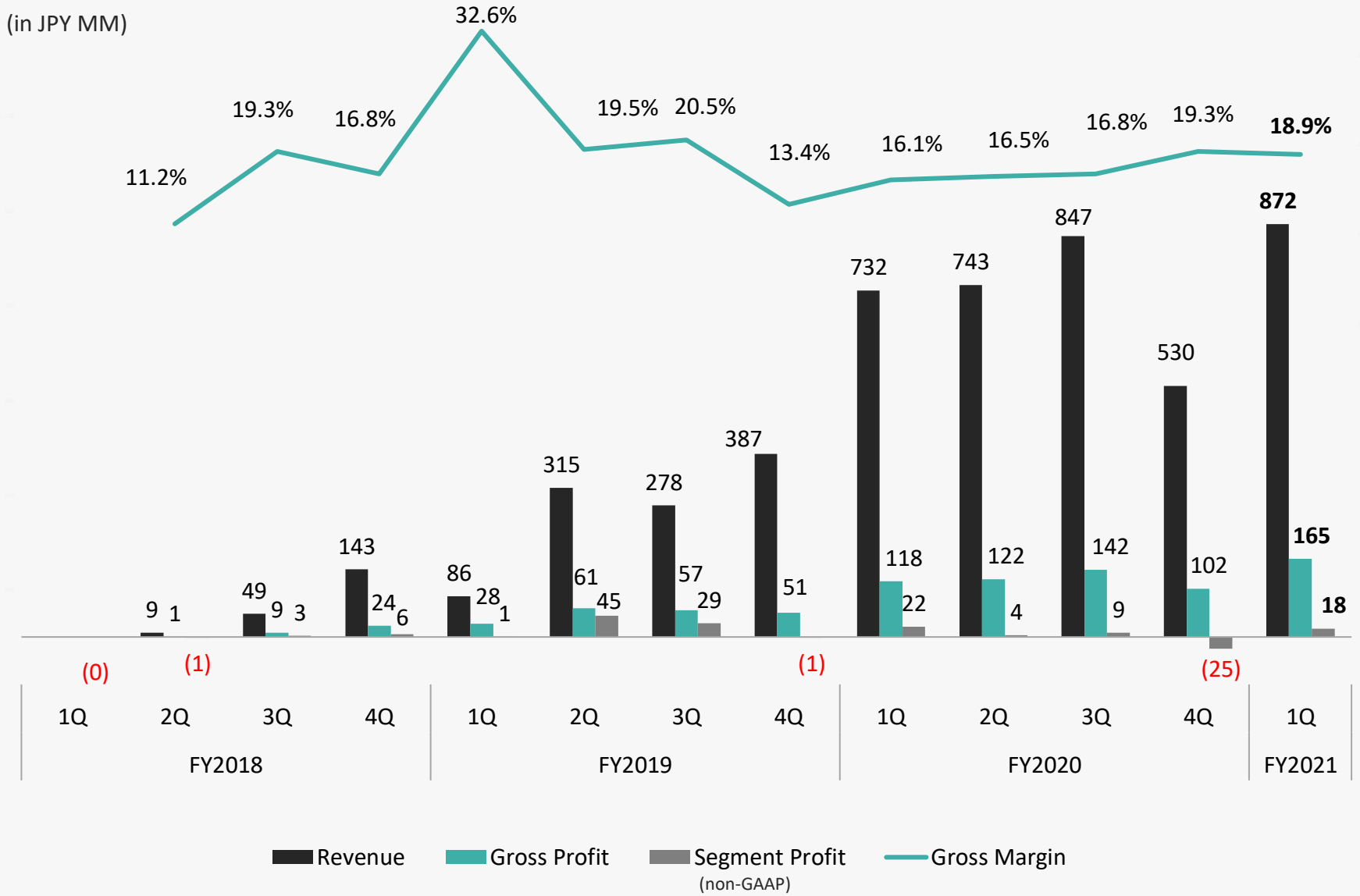


Service Overview

- They have had the number 1 domestic sales share for 3 consecutive years as an e-commerce site for cardboard and packing materials
- They have the largest network in the cardboard and packing materials business
- They built a system to provide services at a lower cost and with smaller lots
- The majority of their customers are sole proprietors and SMEs; expected synergy with Raksul’s printing EC customer base

Business Segment Performance

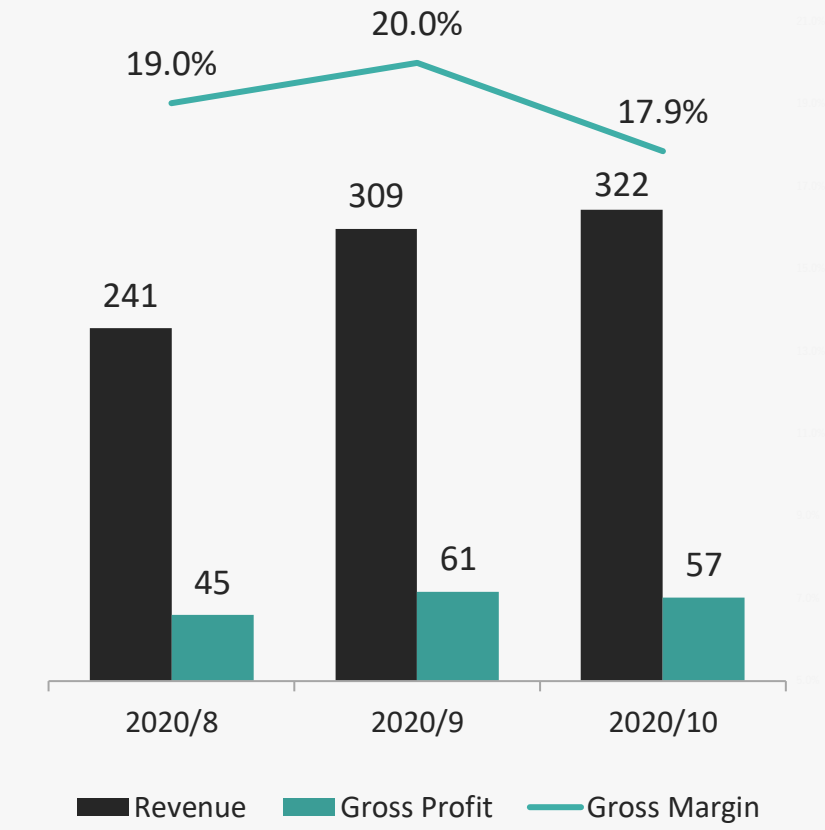
- The demand has recovered as our customers resumed investing in advertising
- The contribution to Gross Margin by Novasell Analytics (SaaS) has gone up to +0.5% during 1Q alone
- The cumulative number of companies that have implemented the software is 45 (including free use)



(For Reference) Segment Monthly Financials in 1Q

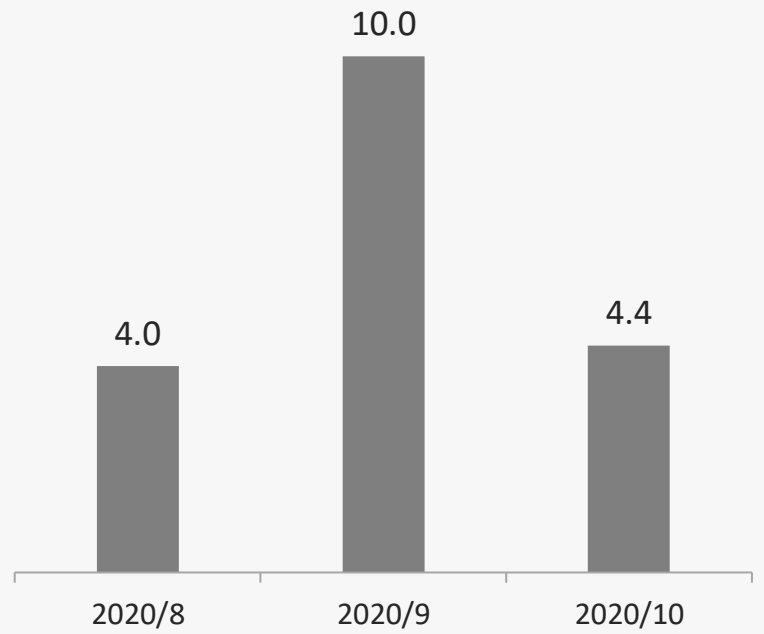
Revenue / Gross Profit / Gross Margin

(in JPY MM)



Segment Profit （non-GAAP）

(in JPY MM)



Partnership with ADK Marketing Solutions Inc.

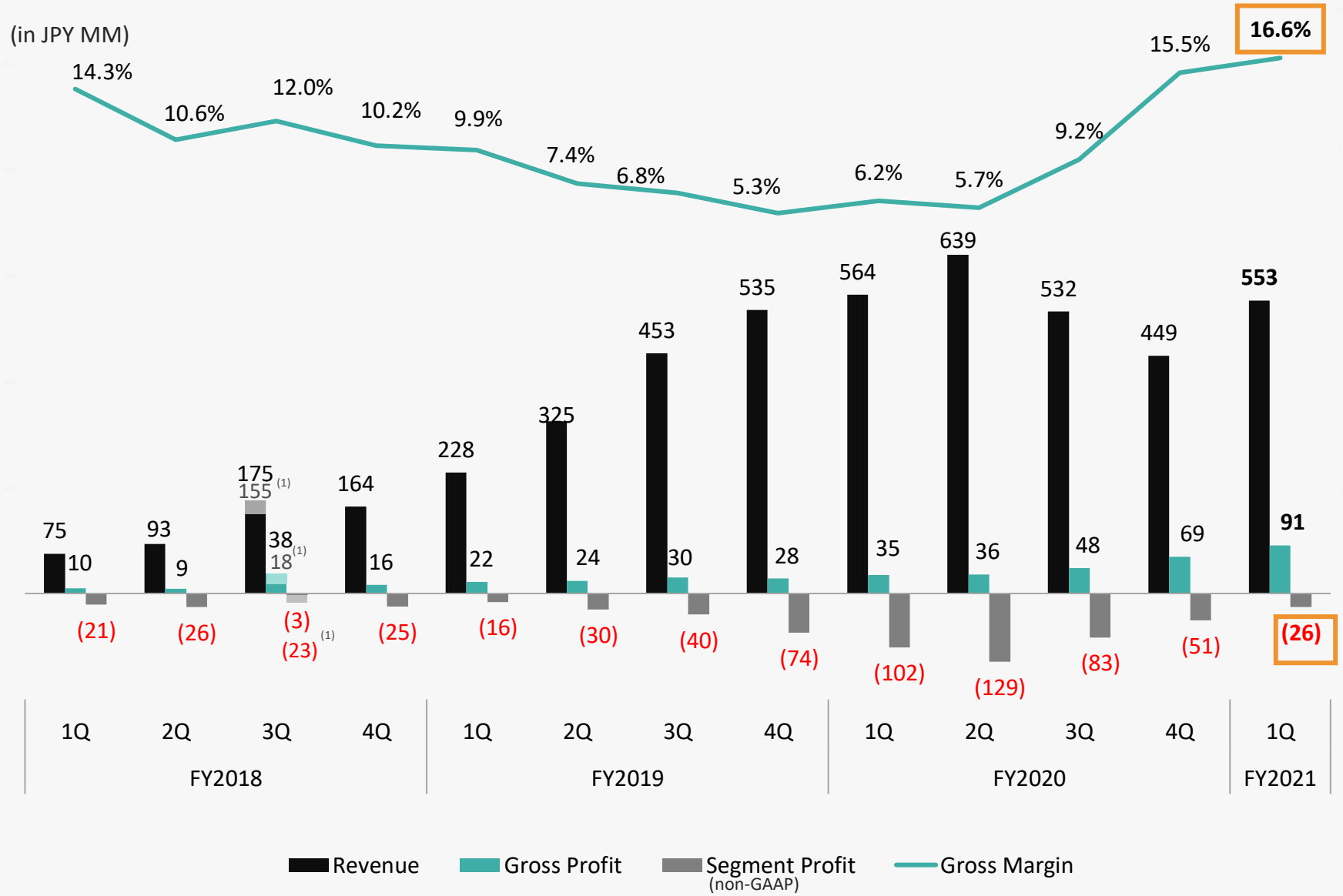
- This partnership is aimed at a market expansion of Programmatic TV Commercials
- Additionally, the business value of Novasell will greatly benefit from the wealth of resources that are provided by a full-service ad agency (programmatic online advertising, media buying function, data infrastructure)

	Novasell	ADK
Service	- TV commercial services which visualize and improve the effectiveness via Novasell Analytics	- TV commercial services utilizing a unique tool that maximizes target viewership and central media buying by implementing optimal planning across on-line and off-line media
Software/Solution Development	- System development capability on Automatic Operation etc. in addition to Novasell Analytics	- Development for clients such as access to DMP(1) owned by ADK Group, and support for building CDP(2)
Experience and Expertise	- Experience and expertise in marketing directly connected to customer management based on advertiser (Raksul)	- Experience and expertise as a full-service ad agency based on various marketing challenges

Notes
(1) "Data Management Platform", a platform for managing various information related data stored on the Internet
(2) "Customer Data Platform", a data platform which collects, accumulates, and integrates data on the attributes and behavior of individual customers

Business Segment Performance

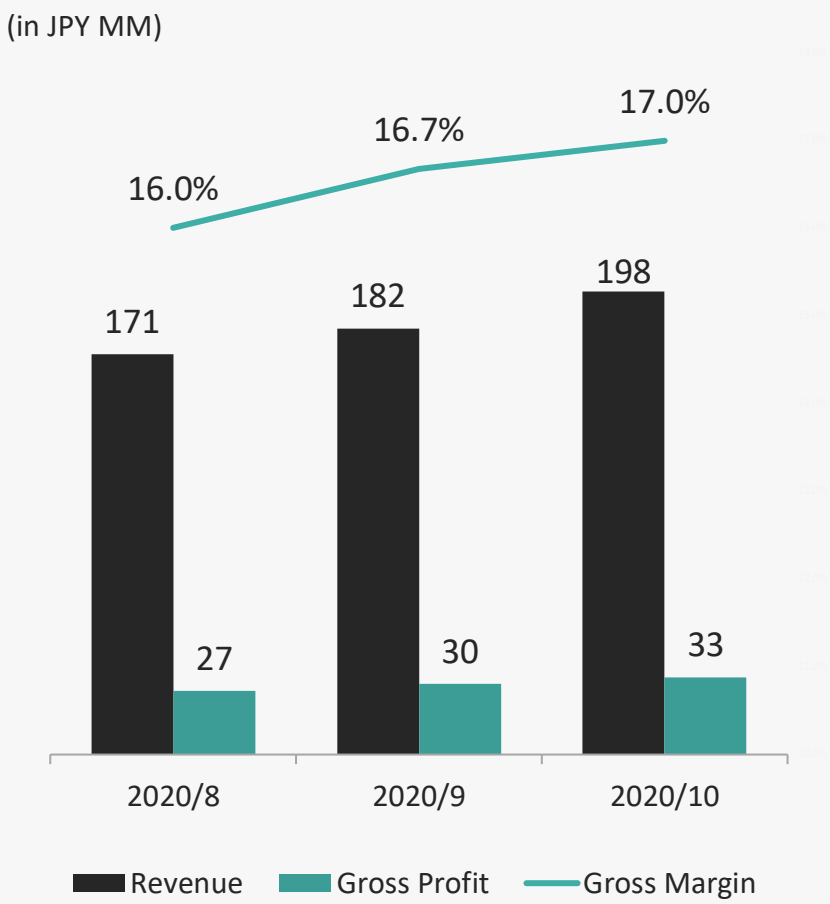
- The downwards trend in revenue due to screening transactions ended last quarter
- After the drop due to COVID-19, the demand is on a recovery trend
- We achieved growth while improving gross profit and segment loss



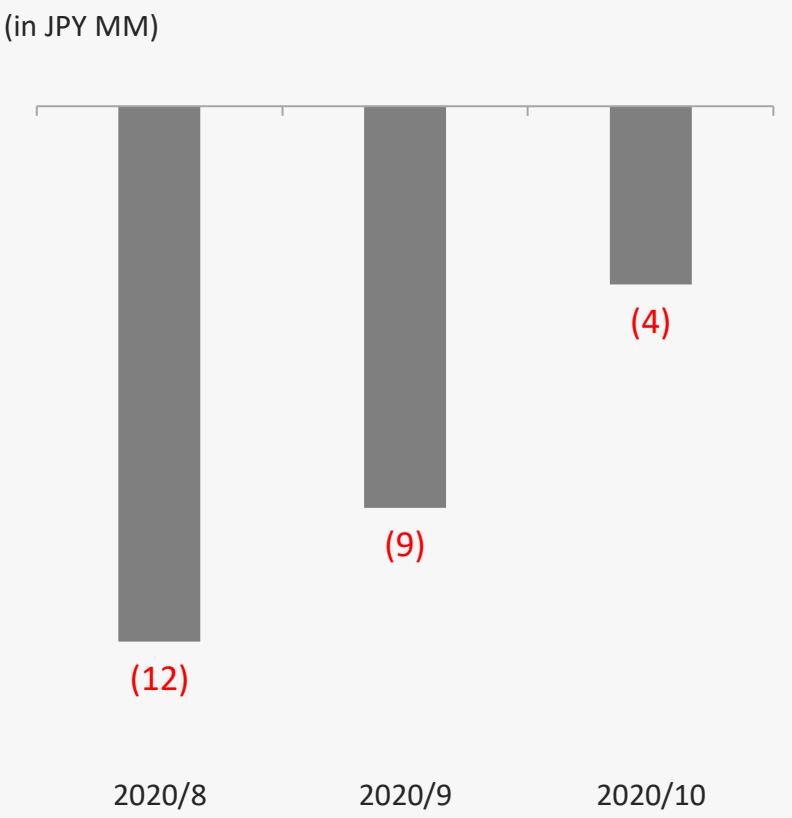
Note
(1) Including revenue from system development for Yamato HD in FY2018; this revenue is excluded from gross profit calculation

(For Reference) Segment Monthly Financials in 1Q

Revenue / Gross Profit / Gross Margin



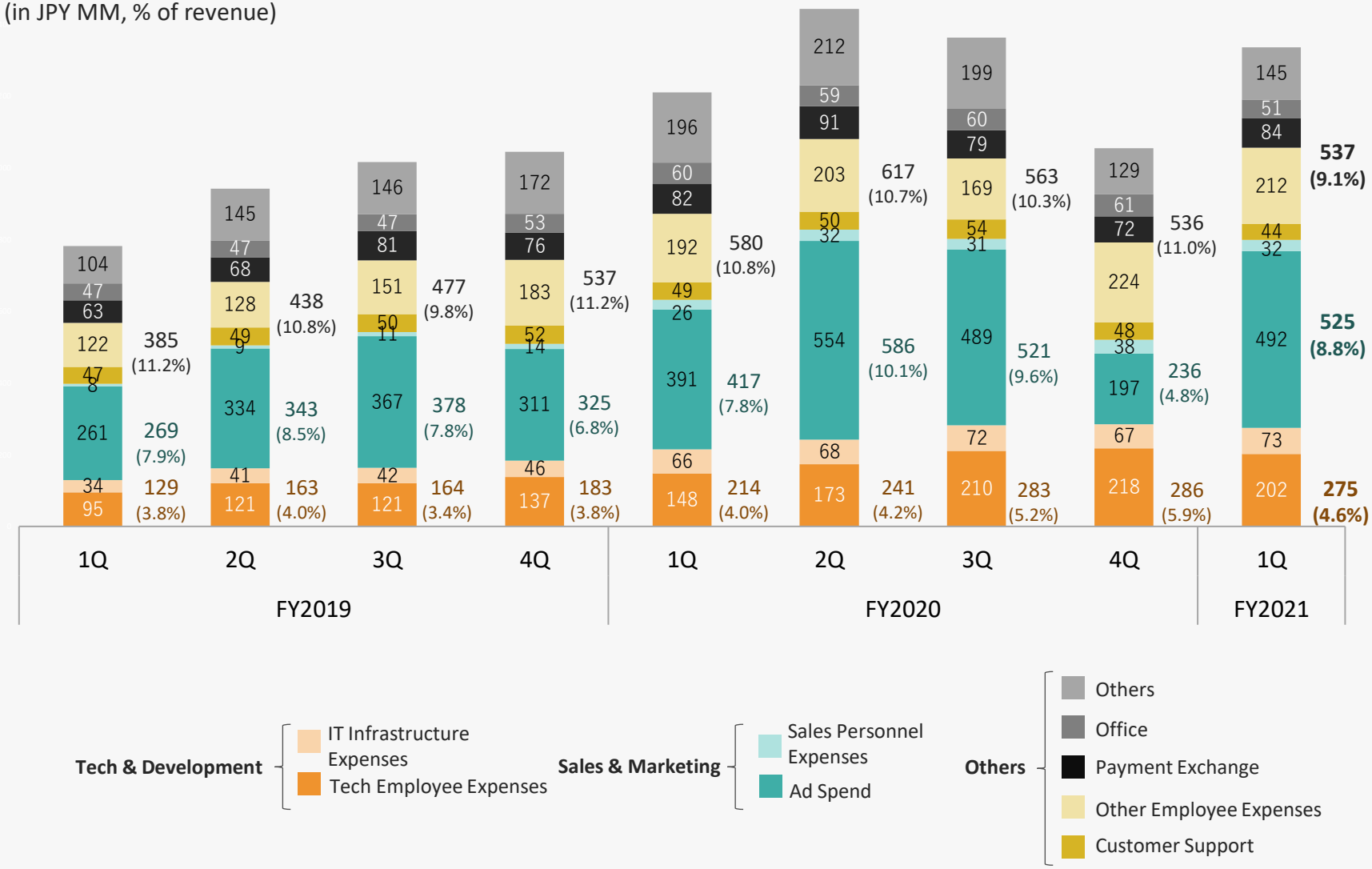
Segment Profit （non-GAAP）



SG&A Spend

- We resumed growth investment, mainly in advertising
- Due to the closure of the satellite office in Gotanda, office rent has been reduced by approximately ¥4 million a month from the beginning of FY2021

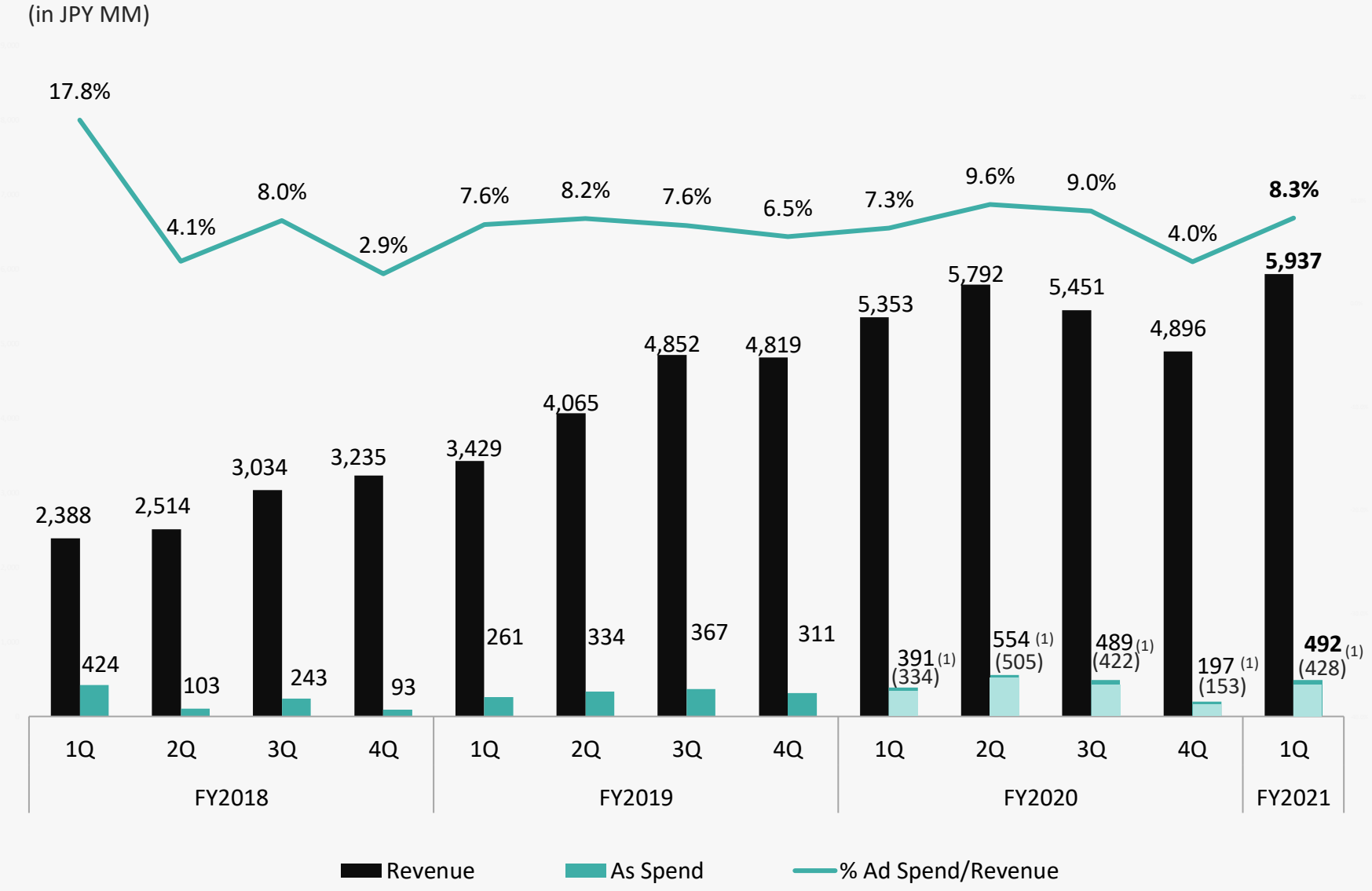
(in JPY MM, % of revenue)



Note
(1) Stock-based compensation expense is not included

Ad Spend and Percentage of Ad Spend per Revenue

- With regrowth in mind, we resumed investing in advertising, mainly TV commercials for the Raksul Business Segment
- The estimated Ad Spend per Revenue for FY2021 overall is around 8%

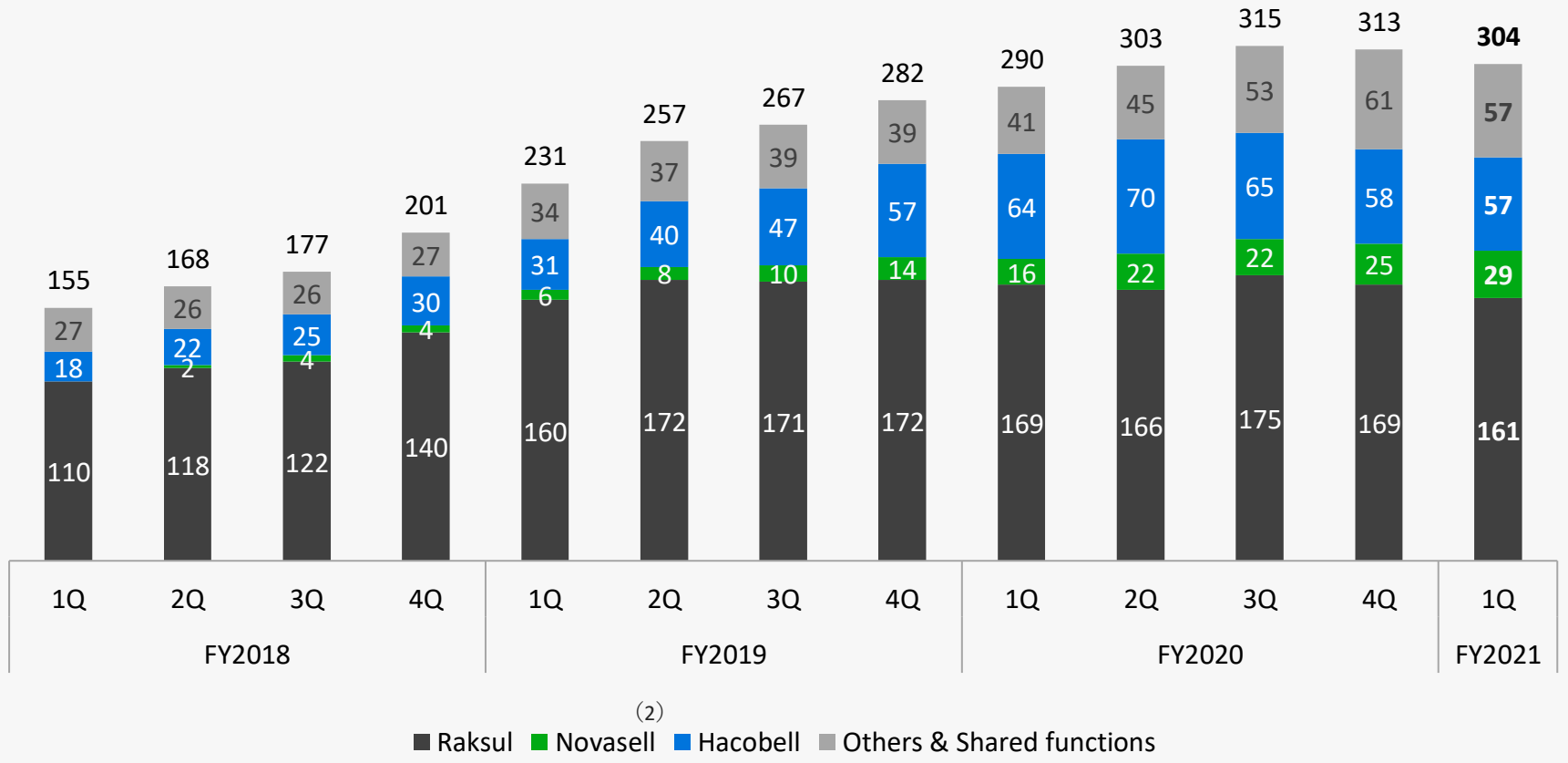


Note
(1) Numbers in parentheses are only for printing EC and offline advertising services

Number of Employees

- **We have been continuously strengthening our organization by filling key positions selectively**

(number of employees)



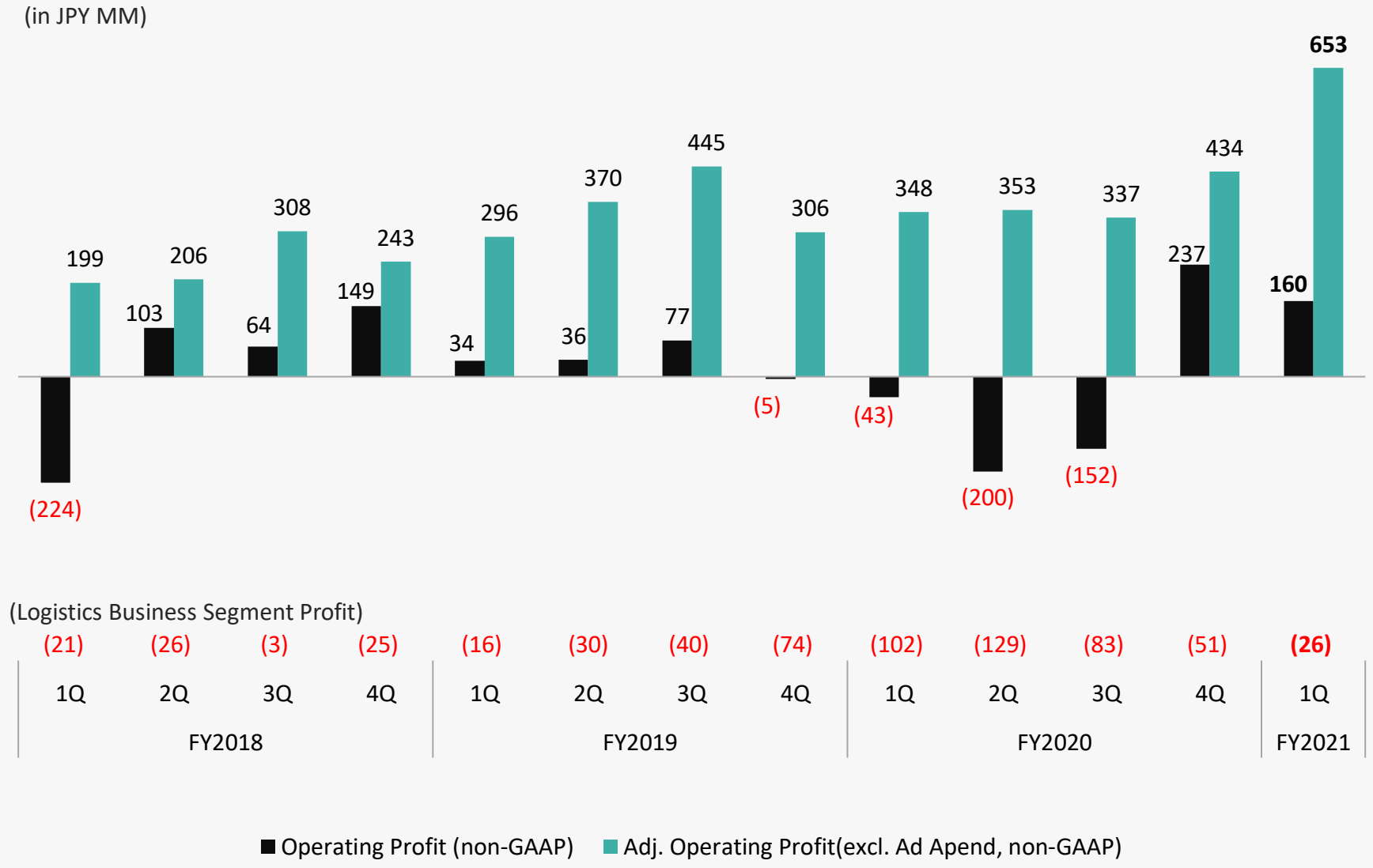
Note

(1) There might be a discrepancy with the headcount numbers disclosed in the Company Profile and other materials, which are calculated based on the conversion of FTE (full-time equivalent) values

(2) Novasell has been operating as an independent business division since FY2020; prior to FY2019 it was operating within the same business division as Raksul
The figures for Novasell in FY2018 and FY2019 are the number of employees who were engaged in TV commercial-related services, including employees concurrently working in the printing EC service and in the offline advertising service

Operating Profit and Adjusted Operating Profit (excl. Ad Spend)

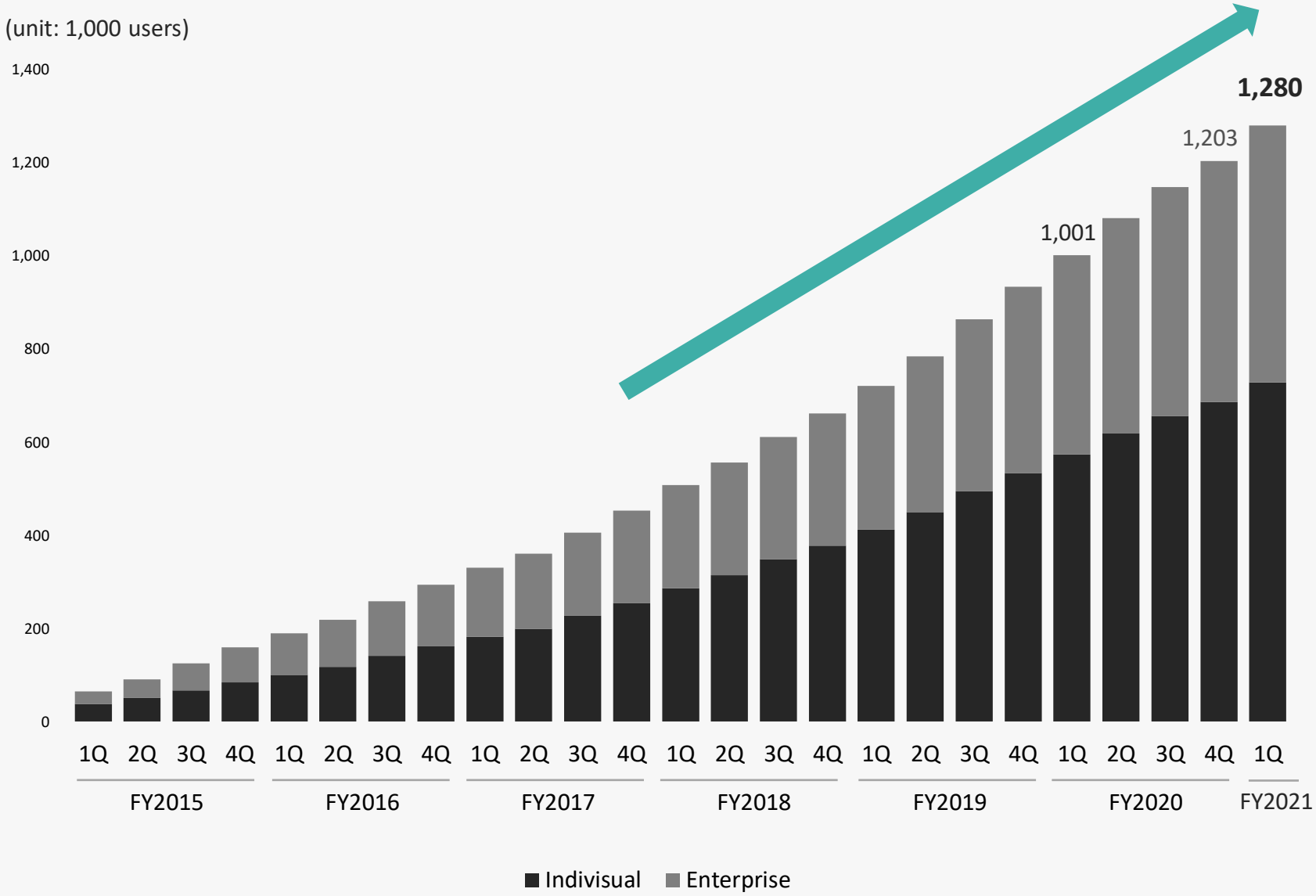
- While maintaining the profit structure from 4Q, we resumed investing for growth, mainly in variable expenses
- We recently recorded record-high operating Profit (excl. ad spend)



Raksul

Number of Registered Users on Printing Platform

- Our customer base saw continuous growth even during COVID-19
- The number of total users for 1Q was 1,280,177

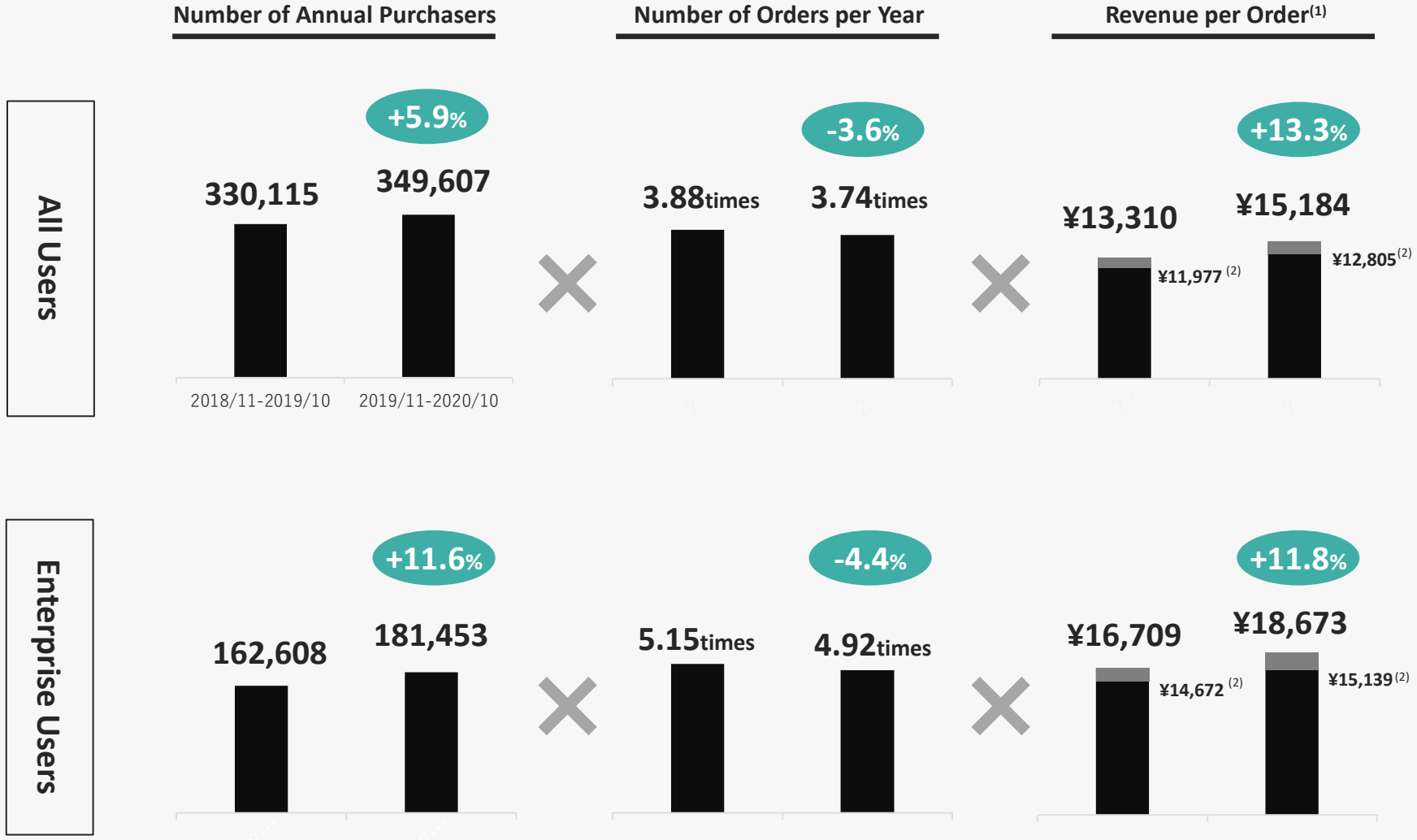


Note
(1) Number of total registered users for Raksul only. It does not include users on Hacobell

Raksul Novasell

Sticky User Base

- There has been a steady increase in the number of annual purchasers compared to the previous quarter
- The growth rate of average revenue per order (Raksul Business Segment only) for all users was +6.9% and for enterprise users it was +3.2%



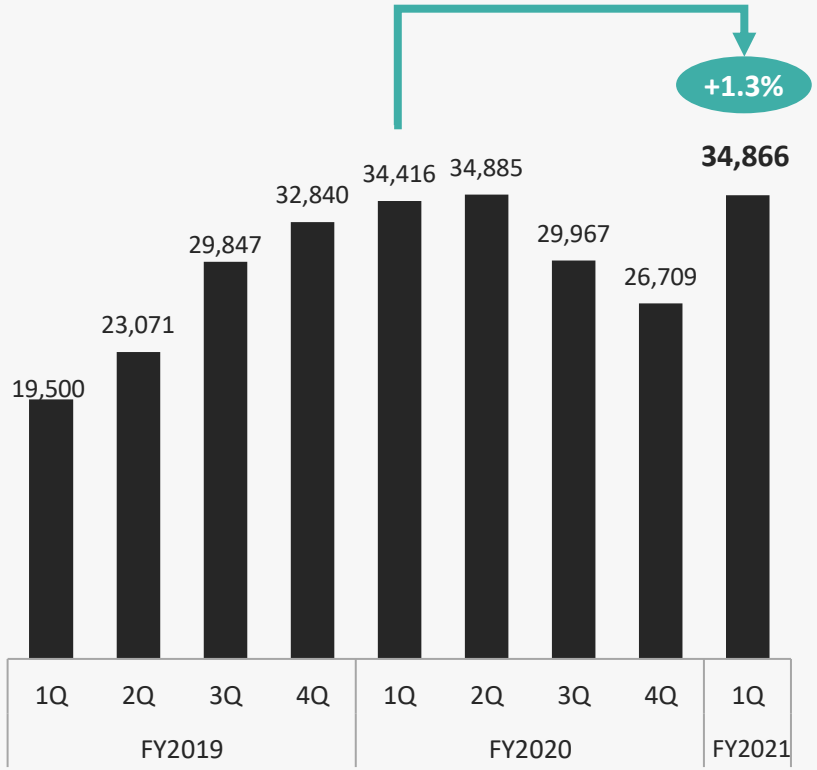
Notes
(1) Calculated based on management accounting, excluding Novasell Analytics (SaaS)
(2) Average Revenue of Order excluding Novasell

Number of Orders and Revenue per Order

- There has been a rapid recovery in the number of orders
- The revenue per order dropped due to the increasing number of last mile transactions

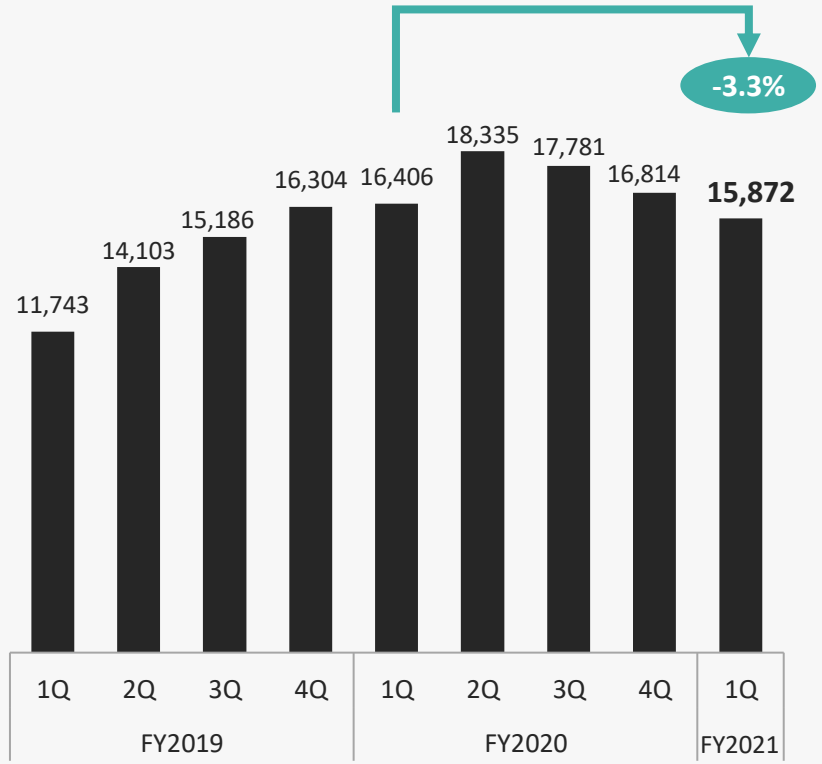
Number of Orders

(# of orders)



Revenue per Order(1)

(JPY)

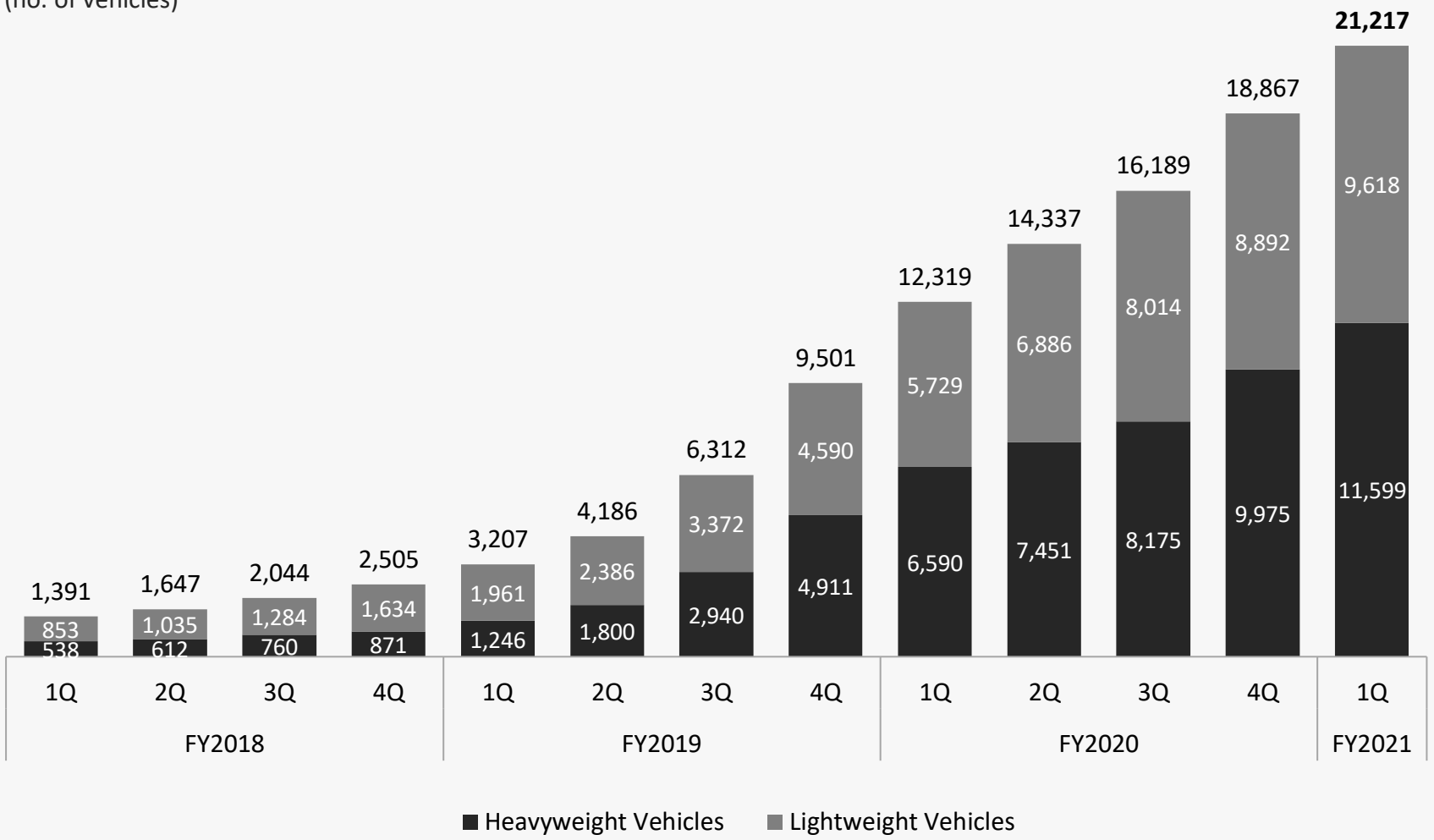


Note
(1) Value based on financial accounting standards and includes internal transactions

Number of Registered Vehicles

- **The number of registered vehicles has increased steadily, which leads to securing our transportation capacity to support business growth**

(no. of vehicles)



3

Q&A

RakSul

Q&A

	Question	Answer
Firmwide	- Has the revenue gone back to being on a growth track? - What is your outlook for 2Q?	- Our revenue has been growing steadily towards reaching our full-year forecast - Our growth rate YoY is expected to accelerate towards the second half of the year
Firmwide	- What is your M&A policy?	- We will be proactively considering opportunities that will create synergy around our existing businesses, while at the same time, conservatively managing the valuation at the time of purchase and the cost of goodwill
Firmwide	- Is the full-year operating profit (non-GAAP) achievable?	- We generated operating profit (non-GAAP) of ¥160 million in 1Q and have made steady progress. We plan to invest at a pace that will allow us to achieve our full-year forecast (300-500 million yen) no matter what the situation is after 2Q
Raksul (Printing EC/ Offline ad)	- Isn't the demand for the overall industry weakening due to COVID? How does it affect Raksul's business?	- The demand in the overall printing industry is experiencing a decline compared to last year. On the other hand, demand for Printing EC (non face-to-face with competitive pricing) has been relatively high and has recovered to the same level as last year (Within the industry, we have had the fastest recovery and regrowth)
Novasell (TV commercial-related services)	- What is the direction of future growth (growth rate, segment loss)? - How many companies have implemented SaaS?	- With the value addition of our one-stop service (planning, production, broadcasting, effectiveness measurement and analysis), we will strive to expand the market of "Programmatic" TV commercials - Approximately 45 companies have implemented our SaaS - this includes both free and paid versions (pricing is still under consideration)
Hacobell (Logistics)	- What is the direction of future growth (growth rate, segment loss)? - How many companies have implemented SaaS?	- In addition to expanding our customer base, we will be promoting our transportation management system (SaaS) and a solution for customers that lowers the transportation cost. Additionally, the increase in revenue per customer will be the driving force for our future growth - Around 10 companies have implemented our SaaS as of November

4

Reference Materials

RakSul

Company Overview

Name:	RAKSUL INC.
HQ:	Shinagawa-ku, Tokyo, Japan
Foundation:	September 2009
Management Team:	Yasukane Matsumoto, Founder and CEO
	Yo Nagami, CFO
	Masaki Tabe, CMO
	Kozo Fukushima, COO
	Yusuke Izumi, CTO
	Genichi Tamatsuka, Outside Director
	Yoshihiko Miyauchi, Outside Director
	Kenji Kobayashi, Outside Director
	Naomi Mori, Outside Director, Audit and Supervisory Committee Member
	Masahiro Kotosaka, Outside Director, Audit and Supervisory Committee Member
	Junko Utsunomiya, Outside Director, Audit and Supervisory Committee Member
# of Employees:	316 (as of October 2020)

RakSul

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

Management Team (Outside Directors)



Genichi Tamatsuka

Outside Director

- Joined Raksul as an outside director in October 2017
- CEO of Digital Hearts since June 2017
- Previously served as the CEO at Lawson (2016-2017) and the COO of Fast Retailing (2002-2005)
- Founder of Revamp (2005)
- Early career at IBM
- Graduated from Keio University



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



Naomi Mori

Outside Director,

Audit and 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 and Supervisory Committee member

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



Junko Utsunomiya

Outside Director,

Audit and 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 a law firm, Nagashima Ohno & Tsunematsu (2000)
- Graduated from The University of Tokyo; LL.M. from Columbia University

RakSul

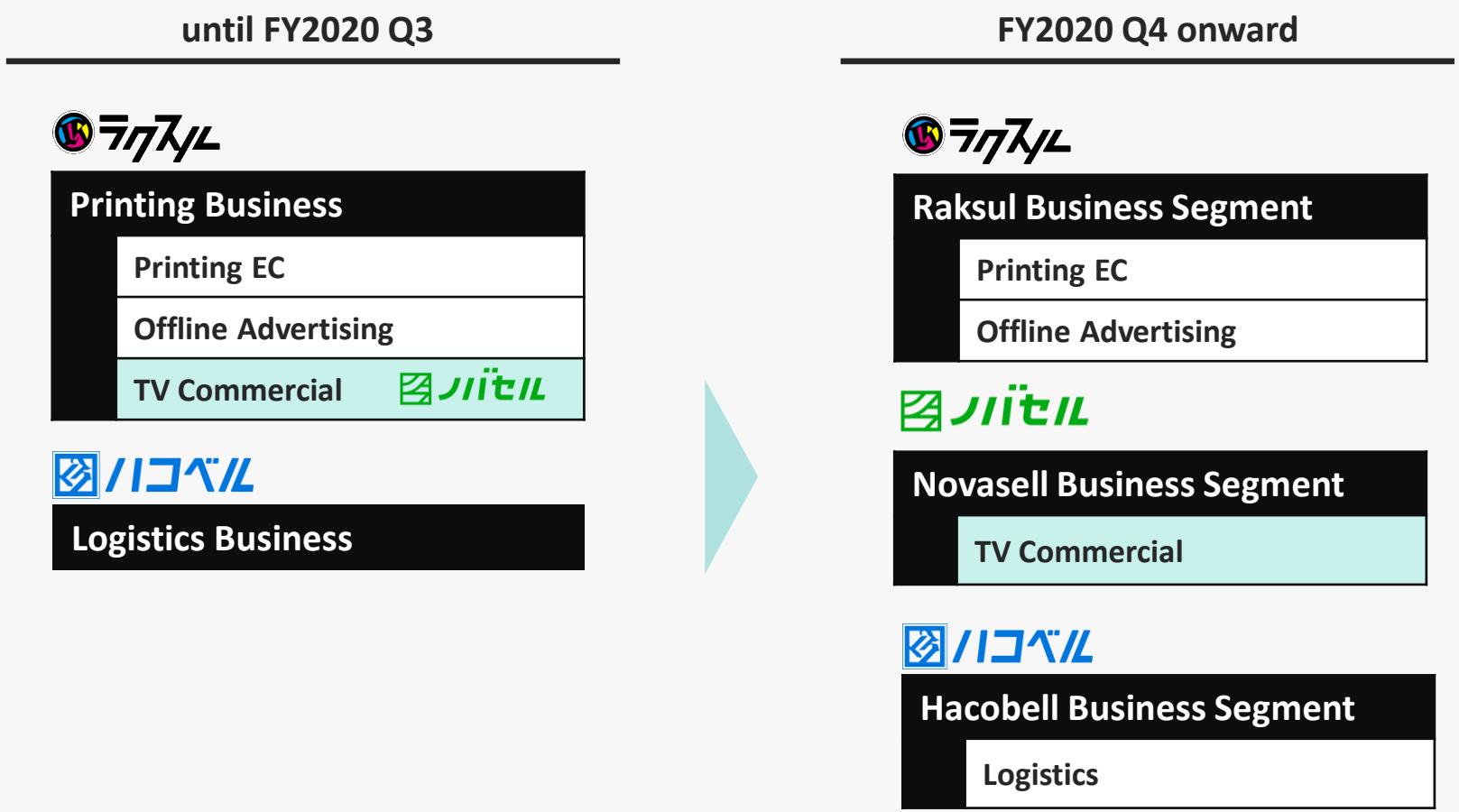
Balance Sheet

(in JPY MM)	FY2020 4Q	FY2021 1Q
Current Assets	18,023	**17,121**
Cash & Deposits	15,451	**14,205**
Non-Current Assets	1,356	**2,784**
Total Assets	19,379	**19,905**
Current Liabilities (of which, interest-bearing liabilities)	2,405 (40)	**2,794** **(40)**
Non-Current Liabilities (of which, interest-bearing liabilities)	10,172 (10,043)	**10,169** **(10,040)**
Net Assets	6,801	**6,941**
Capital Stock	2,152	**2,163**
Capital Surplus	4,959	**4,970**
Total Liabilities & Net Assets	19,379	**19,905**

RakSul

Changes in Accounting Segments

- Although our TV commercial related-service (now named “Novasell”) utilizes the same customer base as our Printing EC, it has a unique value proposition and business model, therefore it has been managed as an independent business since 4Q
- We will now disclose the printing and offline advertising service as the Raksul Business Segment, the TV commercial-related service as the Novasell Business Segment, and our logistics service as the Hacobell Business Segment



RakSul

Financial Highlights by Business Segment

		FY2019 (FY July 2019)				FY2020 (FYE July 2020)				FY2021 (FYE July 2021)
	(in JPY MM)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Revenue	Raksul	3,093	3,403	4,094	3,870	4,028	4,382	4,043	3,876	4,444
	Novasell	86	315	278	387	732	743	847	530	872
	Hacobell	228	325	453	535	564	639	532	449	553
	Others	21	21	26	26	27	27	28	40	66
Gross Profit	Raksul	762	888	1,008	952	1,007	1,074	1,013	1,107	1,216
	Novasell	28	61	57	51	118	122	142	102	165
	Hacobell	22	24	30	28	35	36	48	69	91
	Others	7	7	2	9	9	11	11	17	26
Segment Profit (non-GAAP)	Raksul	-	-	-	-	329	205	223	608	418
	Novasell	-	-	-	-	22	4	9	-25	18
	Hacobell	-	-	-	-	-102	-129	-83	-51	-26
	Others and corporate expenses	-	-	-	-	-292	-280	-302	-294	-249
Segment Profit (financial accounting)	Raksul	299	303	360	350	329	205	207	598	408
	Novasell	1	45	29	-1	22	4	5	-27	16
	Hacobell	-16	-30	-40	-74	-102	-129	-85	-52	-27
	Others and corporate expenses	-249	-281	-271	-279	-292	-296	-303	-327	-330
Operating Profit (non-GAAP)	Firmwide	34	36	77	-5	-43	-200	-152	237	160

RakSul

Difference between non-GAAP profit and accounting profit

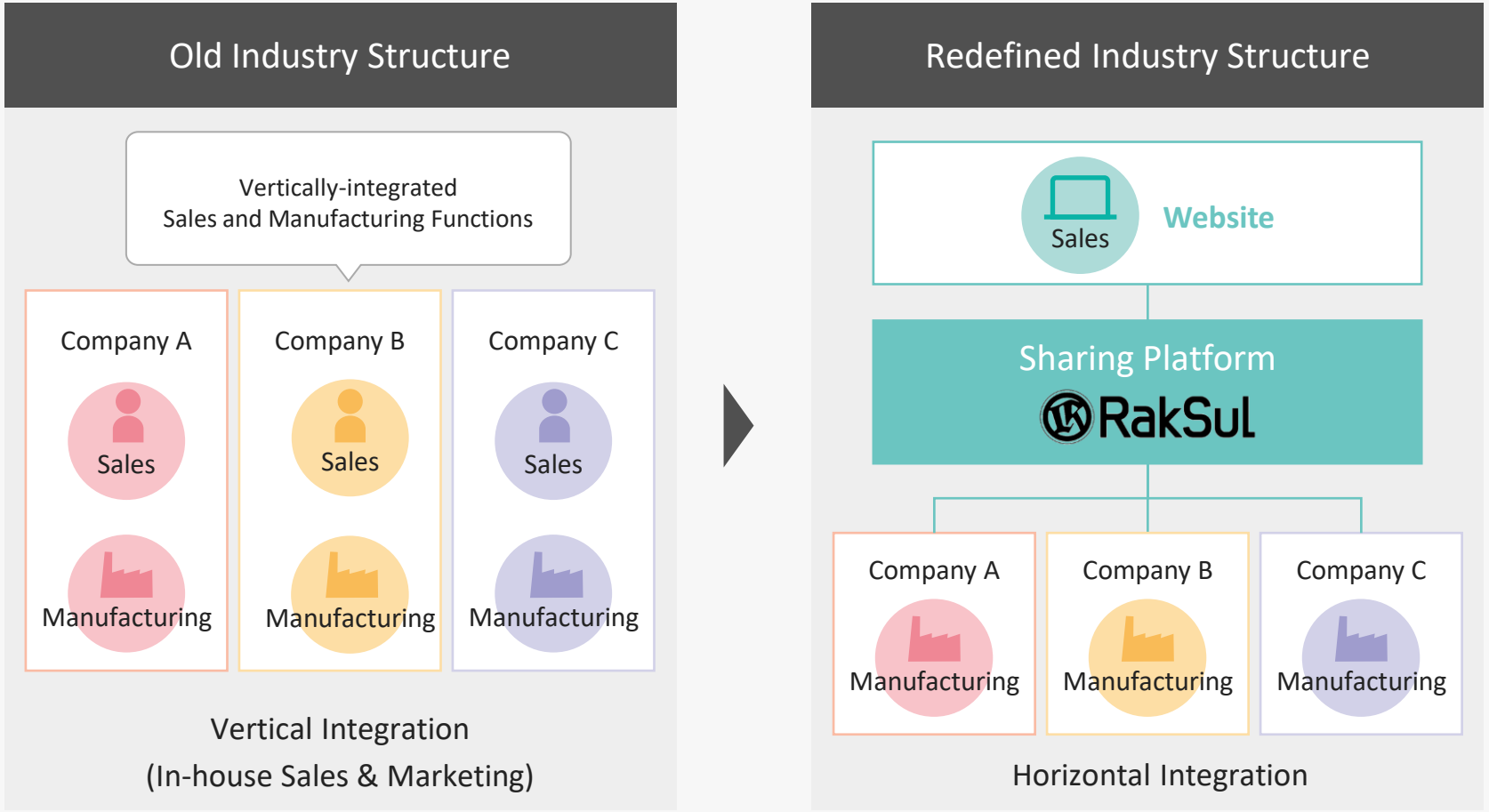
- **From the last fiscal year, we have been disclosing non-GAAP profits after adding back stock-based compensation expense**

(in JPY MM)	FY2021 1Q (2020/8-2020/10)		
	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)
Revenue	**5,937**	**-**	**5,937**
Gross Profit	**1,499**	**-**	**1,499**
Gross Margin	**25.3%**	**-**	**25.3%**
Operating Profit	**160**	**94**	**66**
Ordinary Profit	**156**	**97**	**59**
Net Profit	**140**	**97**	**42**

RakSul

Redefining Old Industries

- **Raksul is committed to upgrading the vertically integrated industrial structure led by large companies to a horizontally collaborative and platform-based industrial structure**



RakSul

Large Attractive Market Opportunity for BtoB Platform

- We continue to drive digitalization of large conventional BtoB industries

Domestic Business Stationery and Commercial Printing Market



ラクスル
Raksul

Domestic Offline Advertising Market



ノバセル
Novasell

Domestic Trucking Market



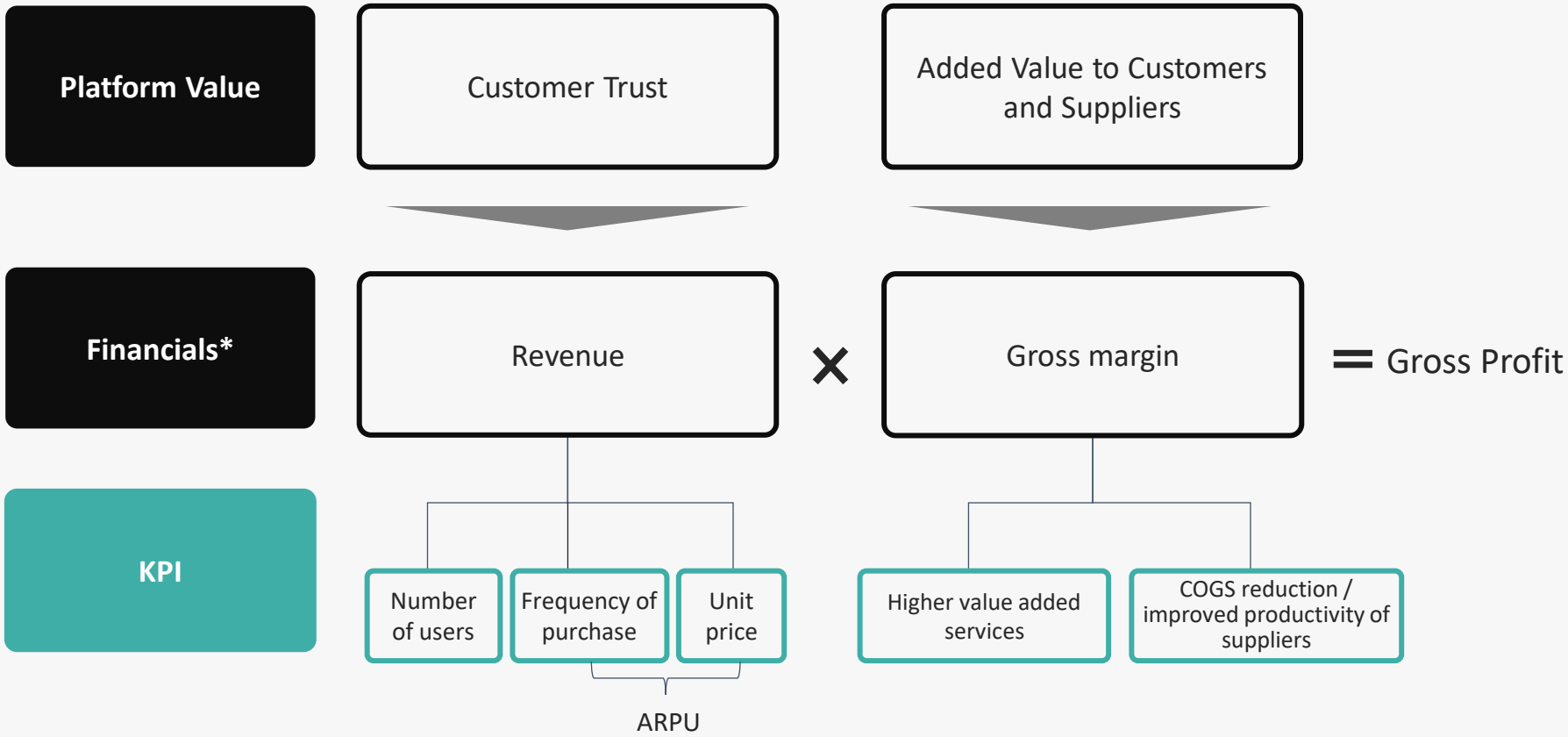
ハコベル
Hacobell

Source METI, Dentsu, MLITT (Ministry of Land, Infrastructure, Transport and Tourism)

RakSul

Our Value Creation Formula

- **We focus on growing revenue and gross profit through winning customer trust and maximizing added value to customers and suppliers**



*** Accounting standards applied to our revenue and gross profit**

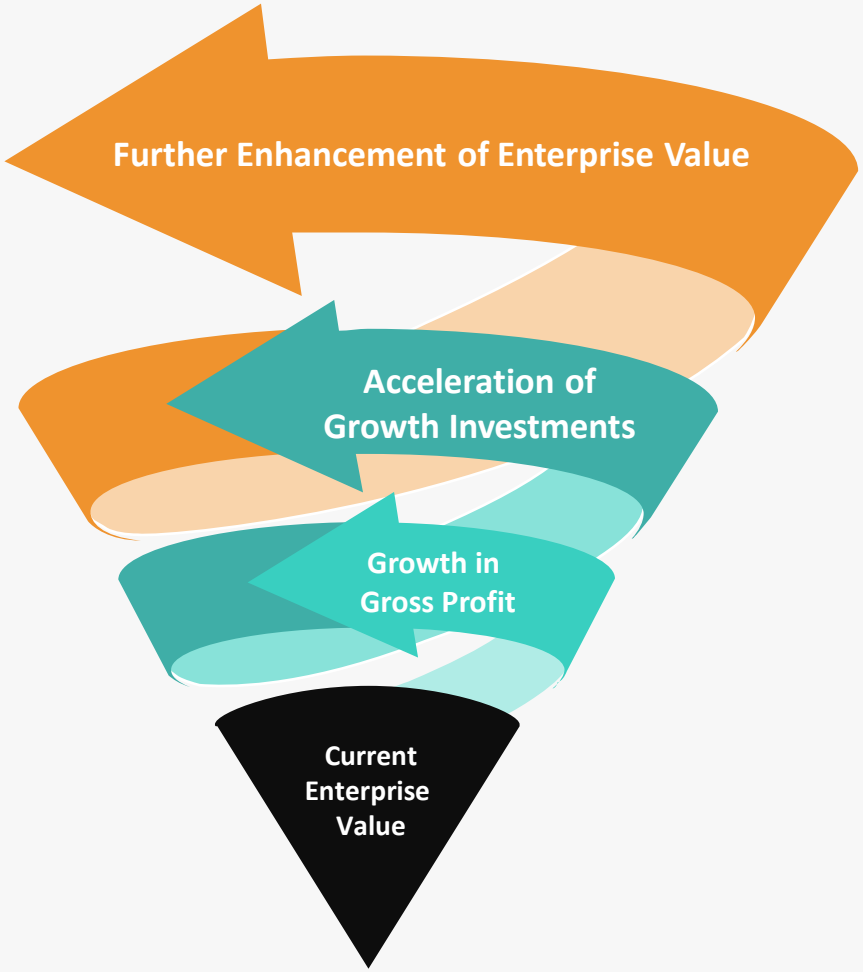
Revenue: revenues earned from users of both Raksul and Hacobell are booked as gross revenue

Gross profit = gross revenue - cost of sales

RakSul

Upward Spiral of Value Creation

- Maximizing gross profit accelerates growth of both operating profit and investments which allows us to generate greater platform value in a balanced way



RakSul

Our Competitive Advantages

- 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

3 Key Competitive Advantages that differentiate us from pure-Internet players and legacy industry incumbents

Technology

Continuous product development led by industry-leading engineers



Marketing

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



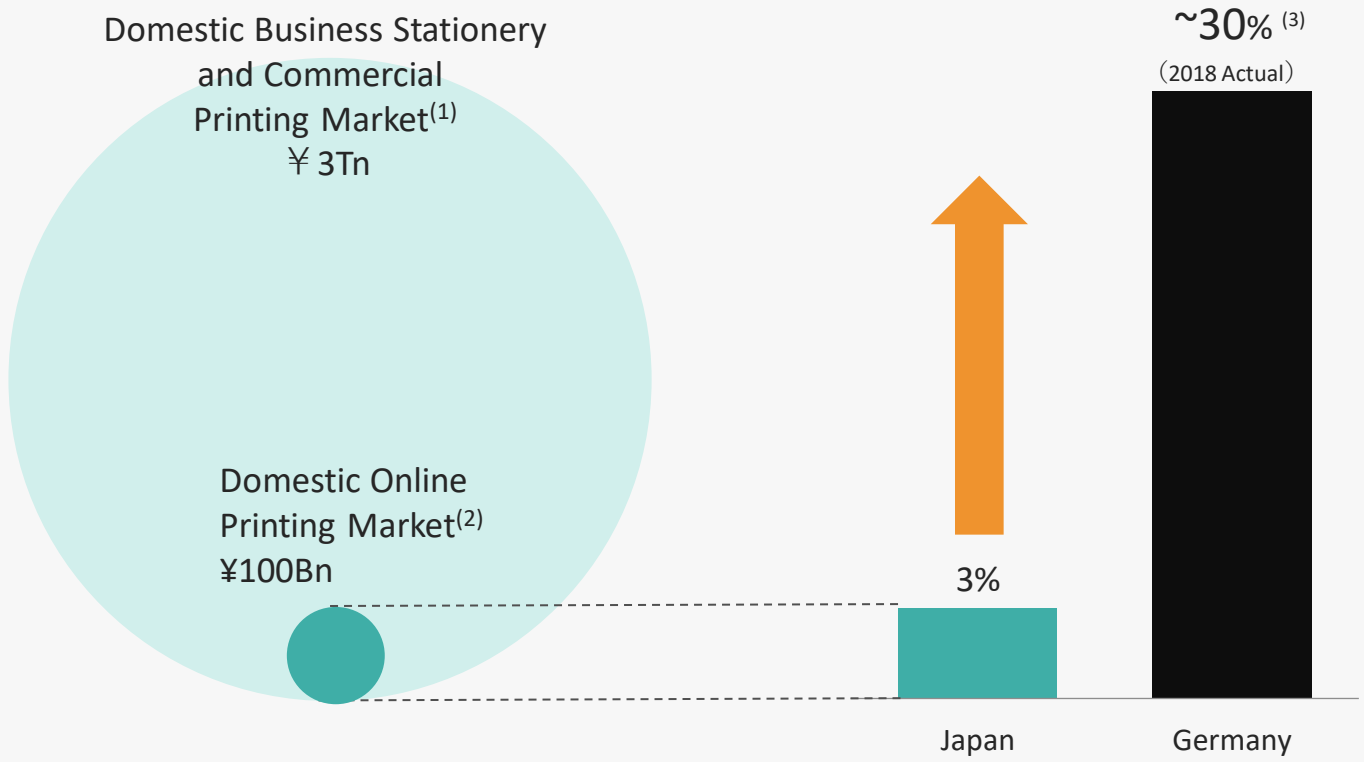
Operation

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



TAM Expansion Driven by Further EC Penetration

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



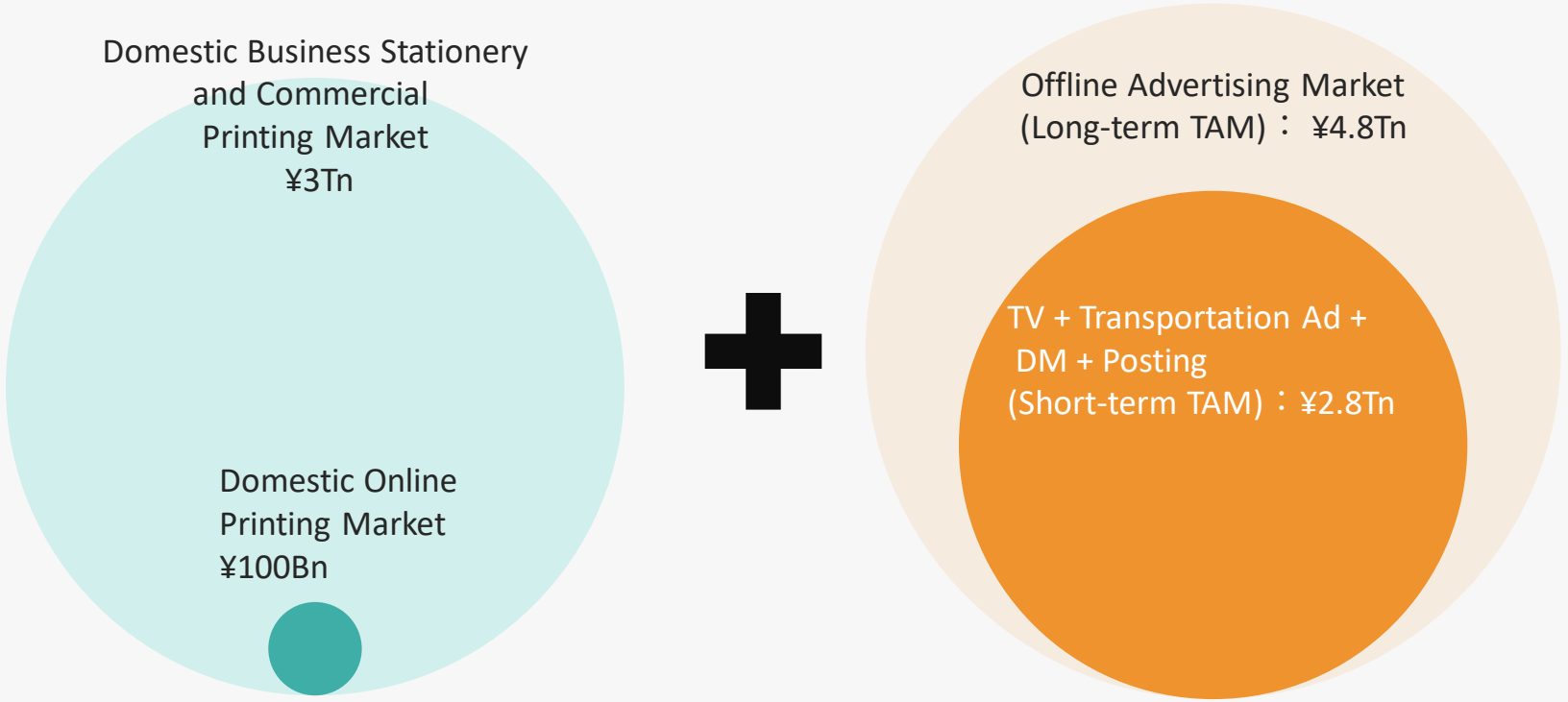
Source Funai Research Institute, METI

Note
(1) Source: METI
(2) Source: Calculated based on the financial information of domestic online printing companies(2019)
(3) Source: zipcon consulting (2019)

Raksul Novasell

One-Stop Service (Advertising Business) Further Extends Our Opportunities

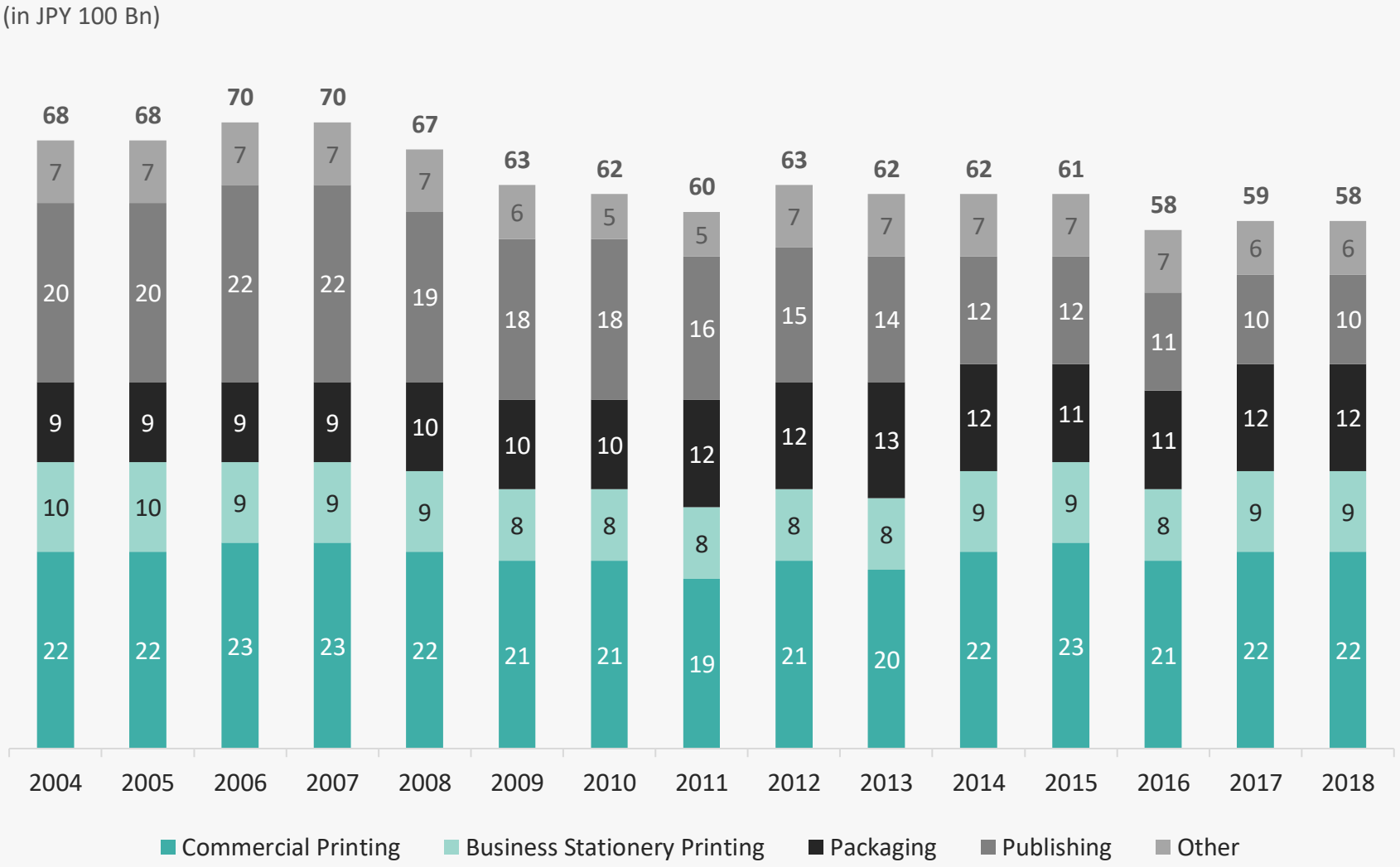
- **Besides printing, we are promoting the EC model in the offline advertising market**



Source Yano Research Institute, METI, Dentsu “Advertising Expenditures in Japan” (2019)

Historical Trends of Japanese Printing Market

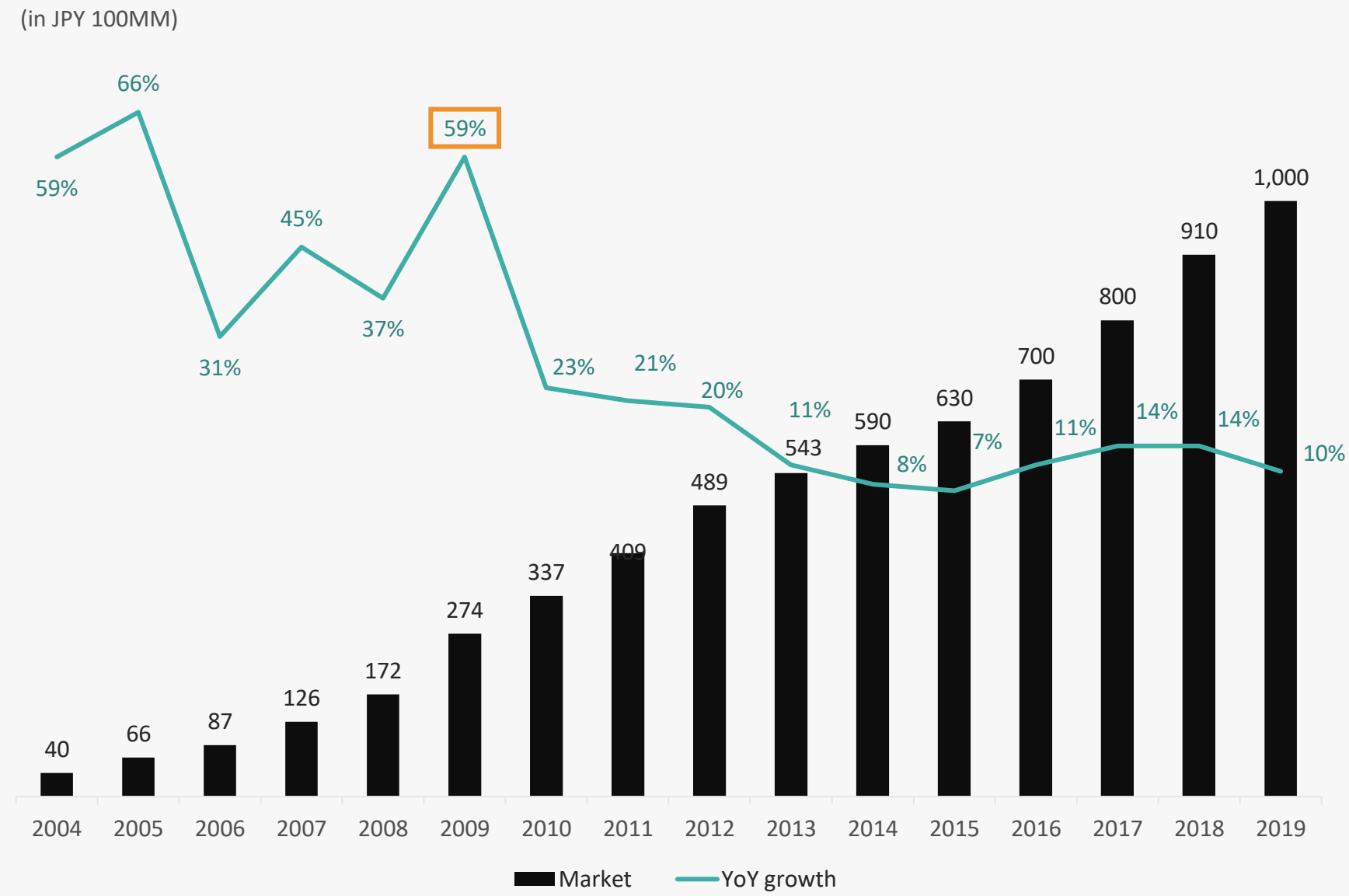
- **The overall printing market size decreased due to the shrinking publishing segment, while the segment size of business stationery printing and commercial printing (i.e. Raksul's target segments) remained roughly flat**



Source Overall printing market: calculated based on "Current Production Statistics: Paper, Printing, and Plastic" (METI) on a basis of production volume

Estimated Market Size and YoY Growth of the Domestic Printing EC Market

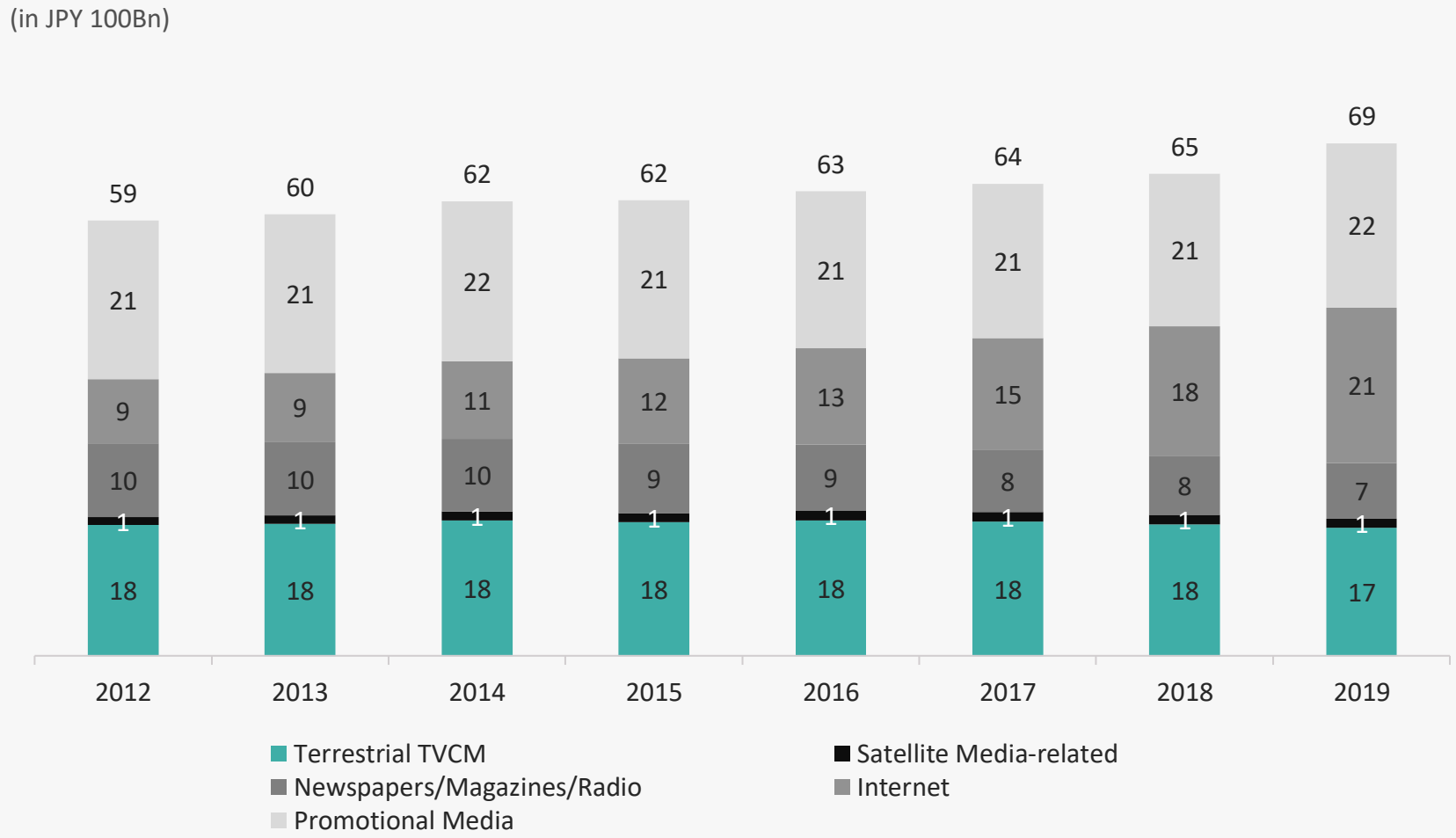
- There was significant growth in the printing EC market during the post-financial crisis recession



Source Yano Research Institute (2004-2014), Calculated based on financial information of domestic online printing companies (2015-2019)

Domestic Advertising Market

- **While the Internet Advertising market grew, the Terrestrial TV Commercial market has remained roughly flat**



Source Dentsu "Advertising Expenditures in Japan" (2019)

ハコベル Hacobell

Service Offerings

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

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

Source: Japan Trucking Association

Note

(1)Estimated based on “Japan trucking industry 2018 – current status and issues” published by Japan Trucking Association



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.

Contact Us

IR Group
E-mail: ir@raksul.com
IR Information: https://corp.raksul.com/en/