Financial Results for the 2nd Quarter of Fiscal Year Ending July 31, 2021

RAKSUL INC. (TSE First Section：4384)

March 11, 2021

1. Company Overview

2. Financial Highlights

3. Current Business Focus of Hacobell Business Segment

4. Q&A

5. Reference Materials

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Company Overview

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Our Vision and What We Do

- We strongly believe in redesigning the structure and 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



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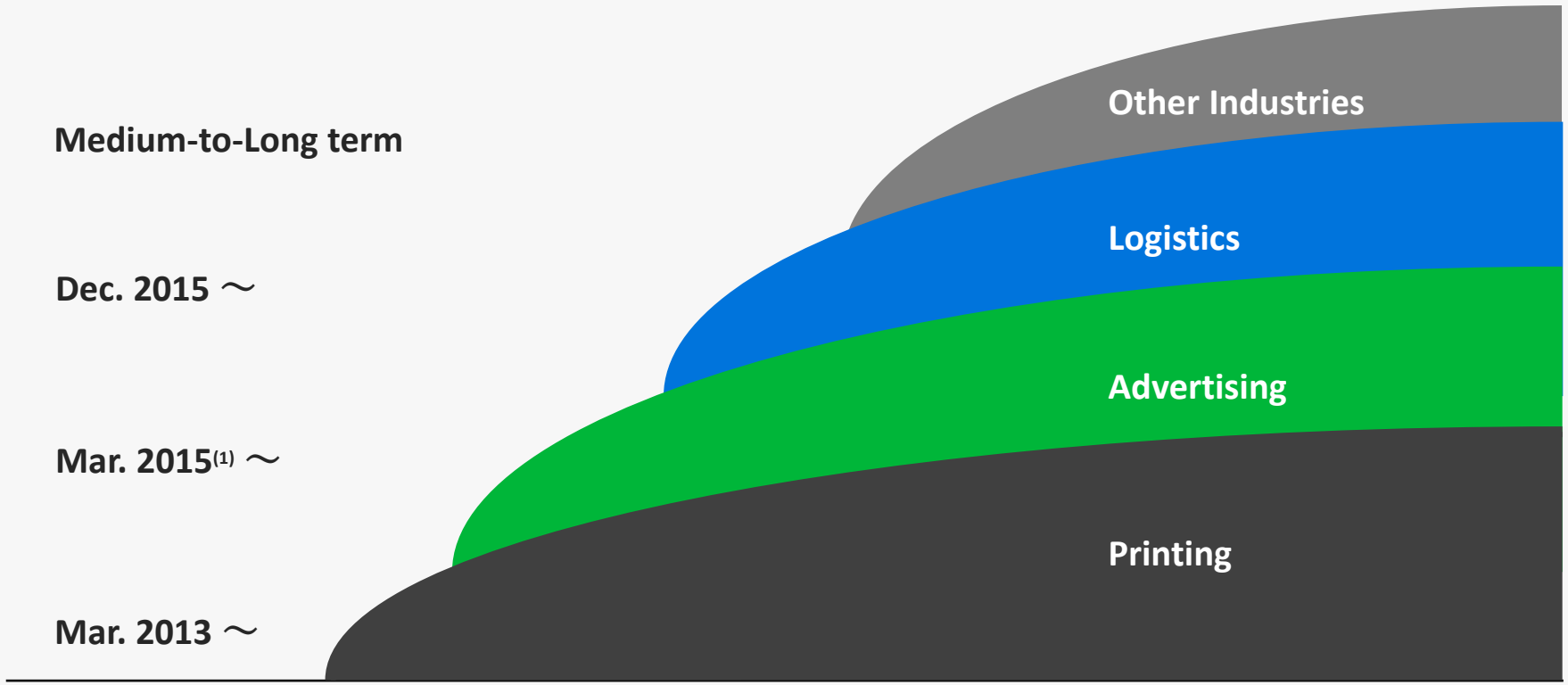
Sustainable Growth Through BtoB Platforms That Disrupt Multiple Industries

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



Note
(1) Expanded to offline advertising services

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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 scale (mainly investment in advertising)

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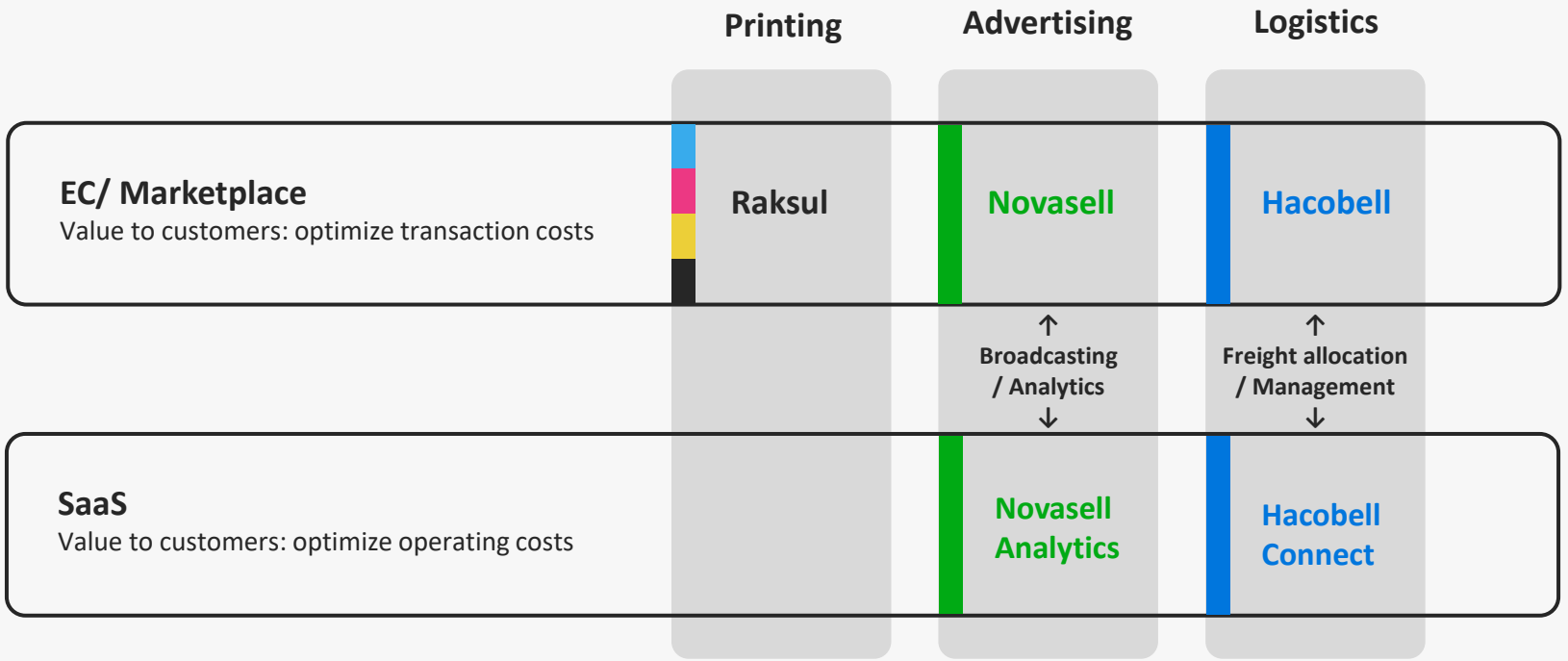
Future Focus of our Business Model

- **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**



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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 functions)

To increase competitiveness by combining forces as a portfolio company

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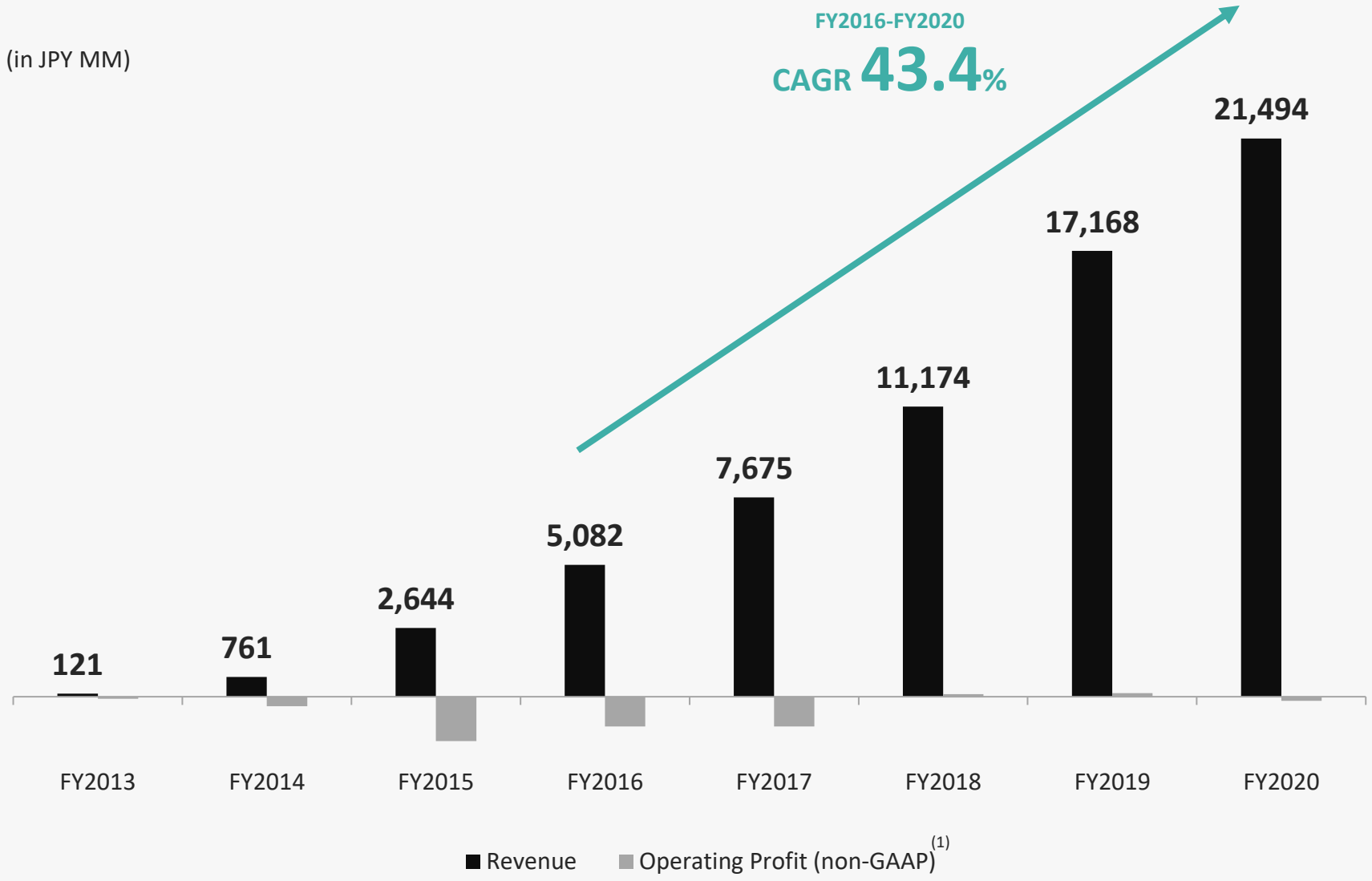
Realizing Continuous Growth

- By disrupting multiple industries, we have been able to realize continuous growth



Note
(1) From FY2020, we disclose non-GAAP profits after adding back stock-based compensation expense (the same applies hereinafter)
Please see slides in reference for more details

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FY2021 Full-Year Forecast and Management Focus

- Companywide, there is no change in our management focus on growth towards 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 companywide 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

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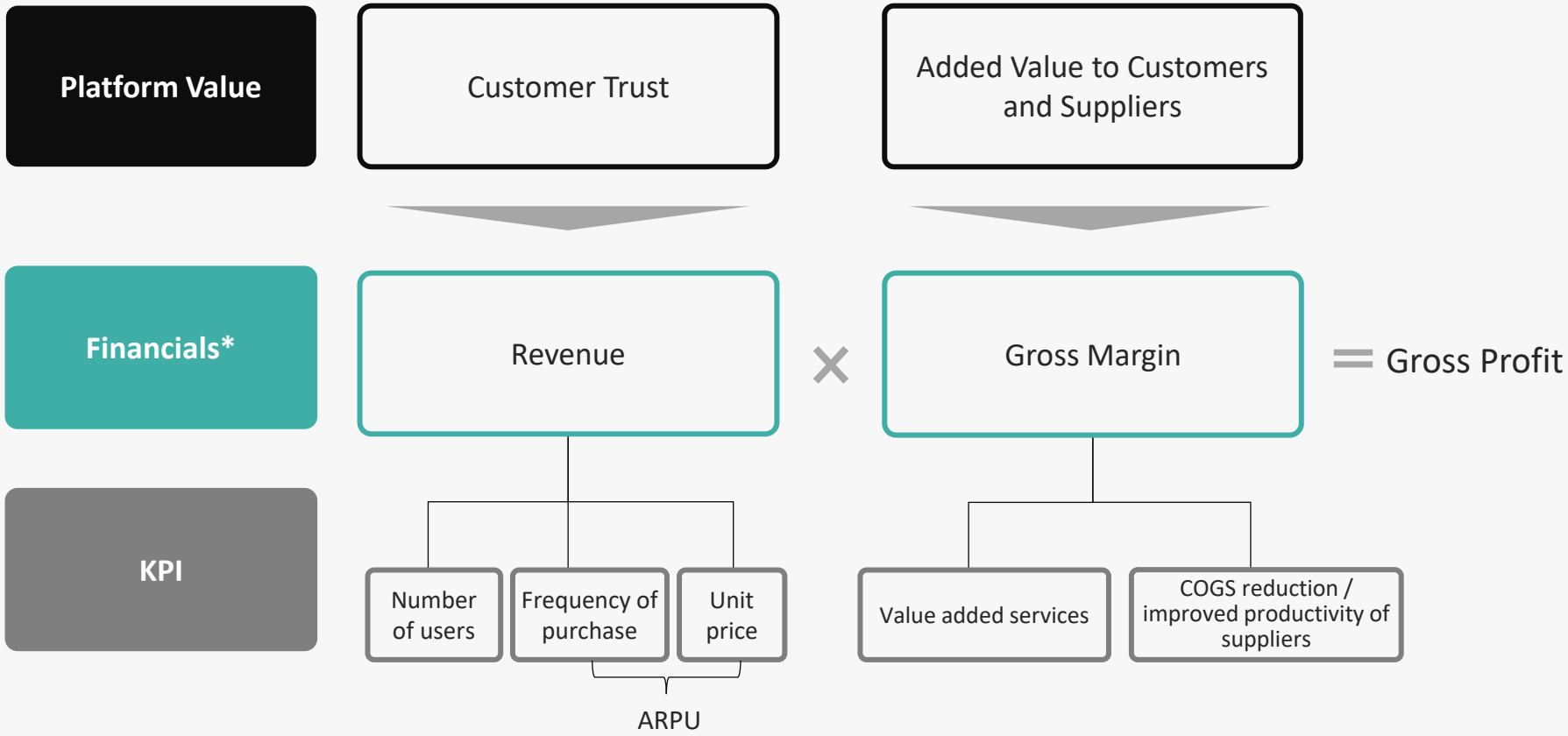
Our Value Creation Formula

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



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

Revenue: revenues earned from all business segments are booked as gross revenue

Gross profit = gross revenue - cost of sales

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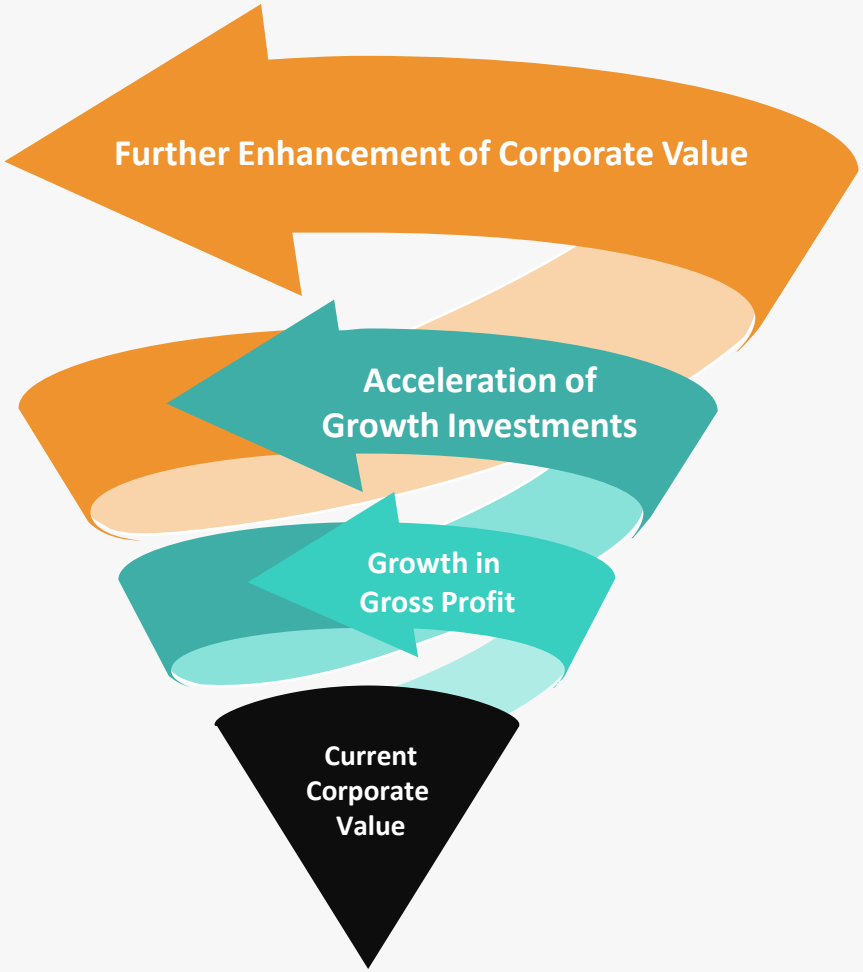
Upward Spiral of Value Creation Through Reinvestment

- By maximizing gross profit, we can continuously generate profit as well as reinvest towards greater platform value



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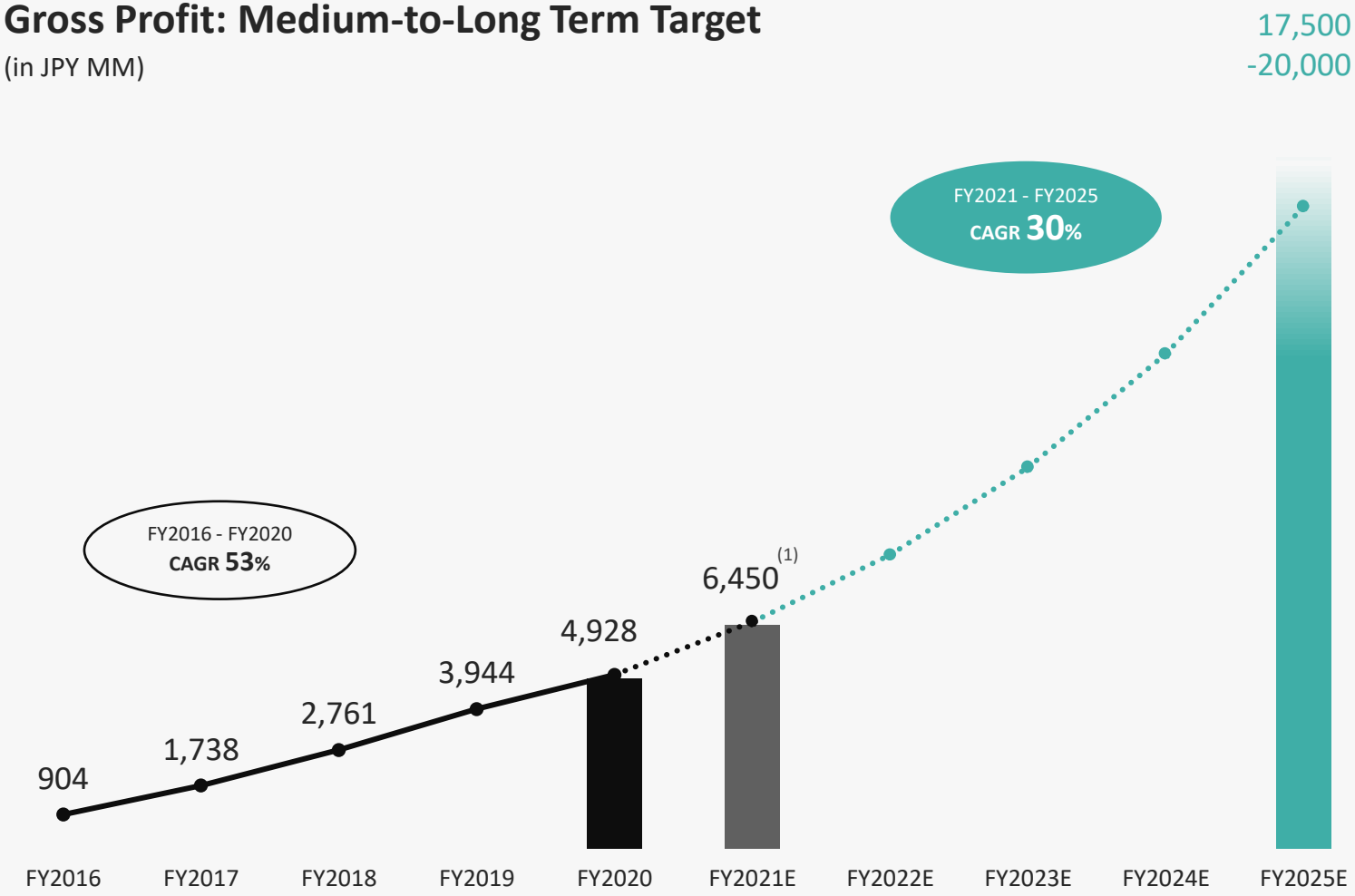
Medium-to-Long Term Financial Targets and Policies

- Our medium-to-long-term target for gross profit growth is CAGR 30%
- It is our basic policy to also increase operating profit and net profit (non-GAAP) every year (When in a temporary investment phase, it will be carried out after a thorough dialogue with shareholders)
- We aim for ROE 10% in the mid-term and conduct business with consideration of capital efficiency as a listed company

Gross Profit: Medium-to-Long Term Target

(in JPY MM)



Notes
(1)Lower range of full-year forecast disclosed on September 11, 2020

2

Financial Highlights

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Quarterly Financial Highlights

- **Companywide steady growth even under State of Emergency**
  Revenue: +28.0% YoY
  Gross Profit: +41.2% YoY
- **Operating profit (non-GAAP) reached record-high at ¥266 million**

(in JPY MM)	FY2021 2Q (2020/11 - 2021/1)					FY2021 Year-to-date (2020/8 - 2021/1)		
	Actual	FY2020 2Q		FY2021 1Q		Actual	FY2020 1Q - 2Q	
		Actual	YoY	Actual	QoQ		Actual	YoY
Revenue	**7,417**	5,792	+28.0%	5,937	+24.9%	**13,354**	11,146	+19.8%
Gross Profit	**1,757**	1,245	+41.2%	1,499	+17.2%	**3,257**	2,415	+34.9%
Gross Margin	**23.7%**	21.5%	+2.2pt	25.3%	-1.6pt	**24.4%**	21.7%	+2.7pt
Operating Profit (non-GAAP)	**266**	-200	-	160	+66.0%	**427**	-244	-
Ad spend	**513**	554	-7.4%	492	+4.4%	**1,006**	946	+6.3%
Hacobell segment profit (non-GAAP)	**16**	-129	-	-26	-	**-9**	-231	-
Stock-based compensation expense	**120**	15	+691.2%	94	+28.3%	**215**	15	+1,308%
Ordinary Profit (non-GAAP)	**258**	-270	-	156	+64.9%	**415**	-328	-
Net Profit (non-GAAP)	**204**	-375	-	140	+45.6%	**344**	-432	-

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Quarterly Financial Highlights by Business Segment

(in JPY MM)	Raksul	Novasell	Hacobell	Companywide (1)
Revenue YoY	**5,090** +16.2%	**1,248** +68.0%	**1,004** +57.1%	**7,417** +28.0%
Gross Profit YoY	**1,378** +28.3%	**206** +68.2%	**143** 292.1%	**1,757** +41.2%
Gross Margin YoY	**27.1%** +2.6pt	**16.5%** +0.0pt	**14.2%** +8.5pt	**23.7%** +2.2pt
Operating Profit Segment Profit (non-GAAP)	**533**	**15**	**16**	**266**

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

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Impact of the State of Emergency

- While the Raksul Business Segment was negatively impacted to a certain extent in January, it is already on a recovery trend
- Novasell and Hacobell Business Segments were barely impacted; some parts of them are on a rising trend
- All businesses are expected to enjoy the benefits of the economic recovery going forward

	Impact on the Industry (our understanding)	Impact on Our Business
Raksul	• Demand has declined by 10-20% YoY in the printing industry overall • Impact was limited compared to the last State of Emergency	• Although there was a certain amount of negative impact in early to mid January, the impact was limited compared to the last State of Emergency • There is currently a recovery trend, and the growth is expected to continue by the quarter
Novasell	• While the overall market has been affected to some extent, the volume of ad placements has been returning due to rising ratings • With the rising demand from the customers on effective advertising investment, the programmatic TV commercial market has started to rise	• Since we are leading the expanding programmatic TV commercial market, we are in a position that is relatively unlikely to be negatively affected
Hacobell	• The demand overall in the logistics industry has decreased by 10-20% YoY	• In terms of last mile deliveries, food delivery businesses had steady growth during the New Year holidays • The impact on intra-city deliveries was light since we have high delivery shares of food and beverages which are relatively unlikely to be impacted

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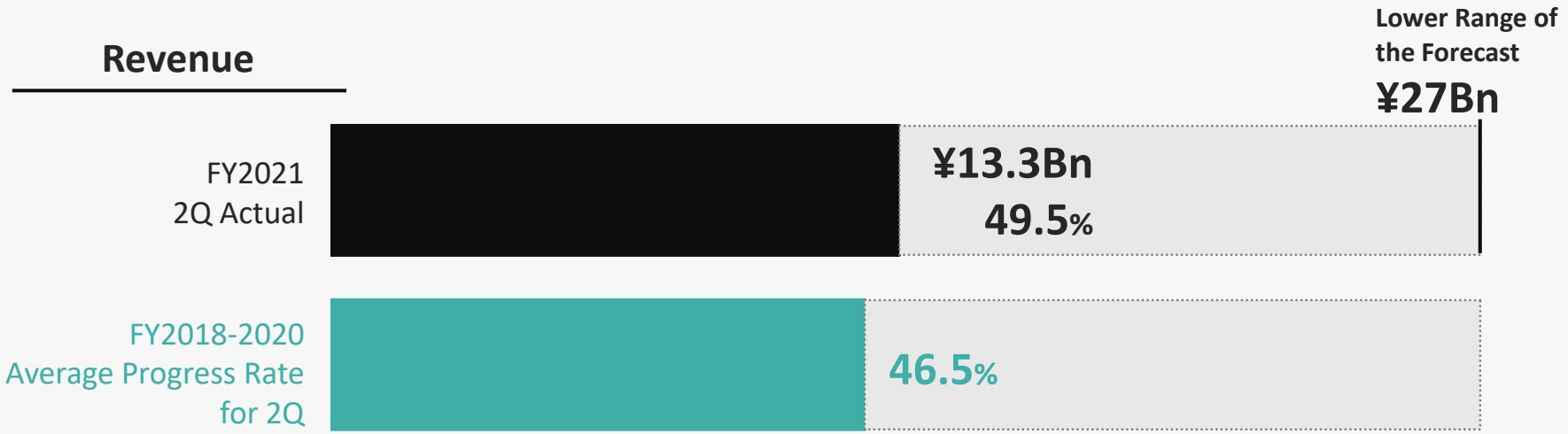
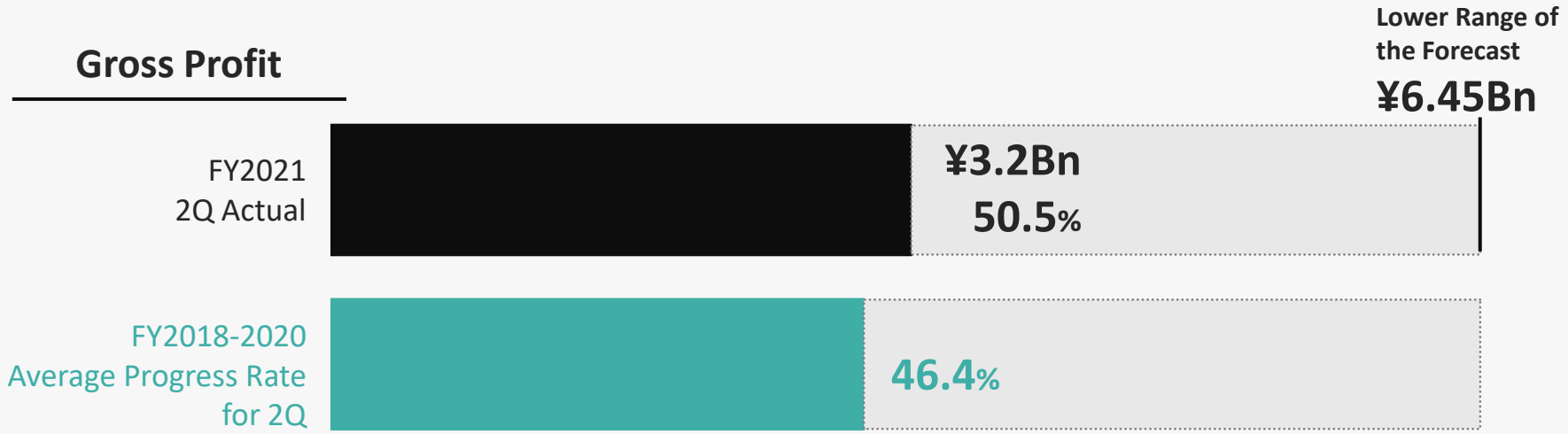
Progress against Full-Year Forecast (1)

- **We have made a higher level of progress(1) against the full-year forecast compared to the past 3 years, for both revenue and gross profit**

Revenue



Gross Profit



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

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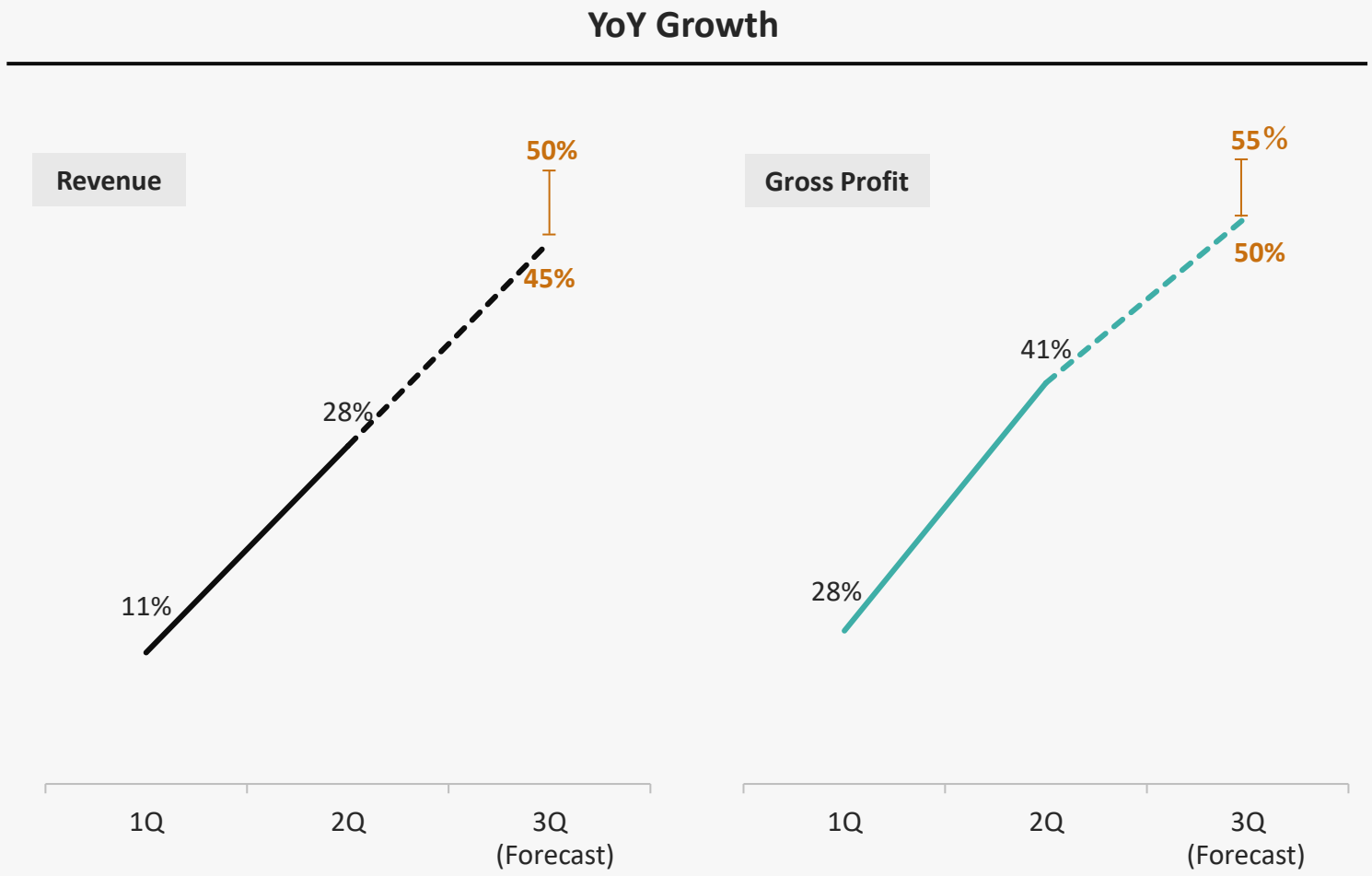
Recovery in Growth

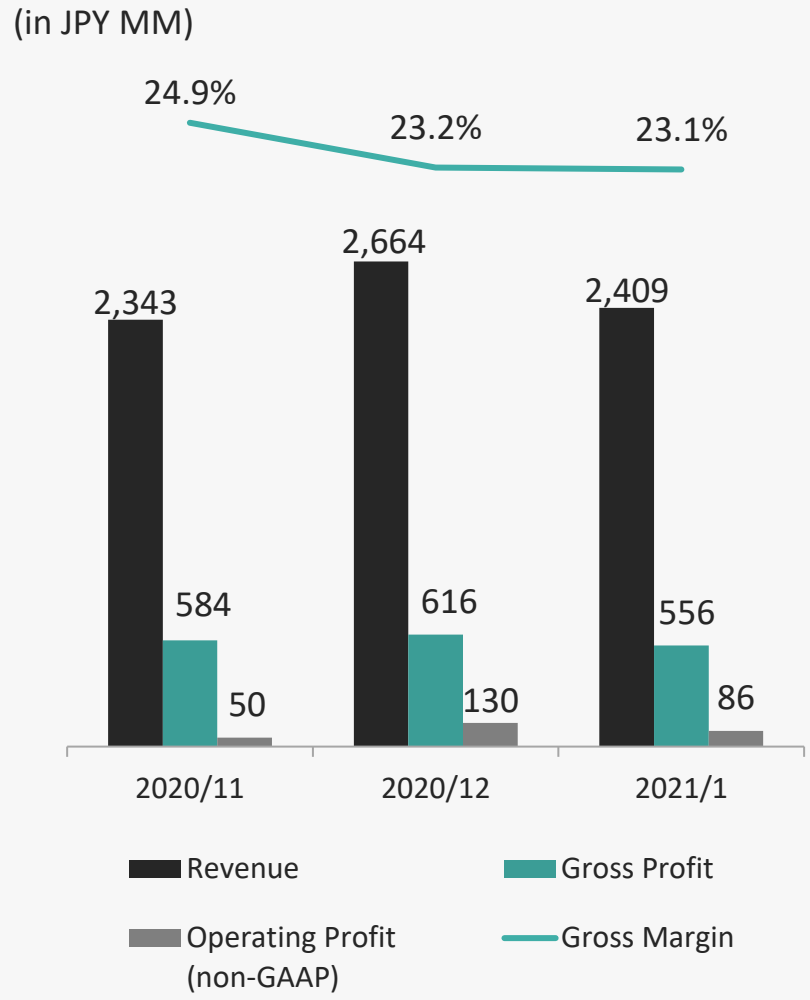
- The growth rate tends to recover every quarter in FY2021 as the COVID-19 situation recovers
- 2Q results exceeded the forecast disclosed on 1Q results; “around +20% growth YoY for revenue and around +30-35% growth YoY for gross profit”
- For 3Q, we expect to be at around +45-50% growth YoY for revenue and around +50-55% growth YoY for gross profit, our most important indicator



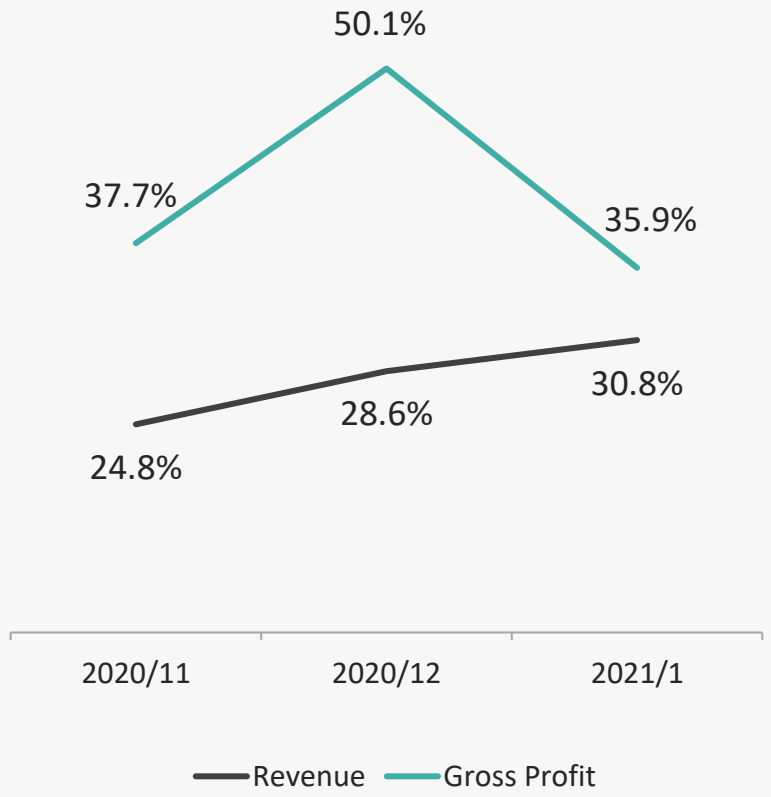
(Reference)
Monthly Financials in 2Q

- Although there was some impact from the State of Emergency, our monthly financials have been on a steady recovery trend (January is the quietest season for all business segments)
- In February, a month with fewer business days, companywide monthly revenue is over ¥2.7 billion (YoY +35%), which shows steady growth

Results



YoY Growth



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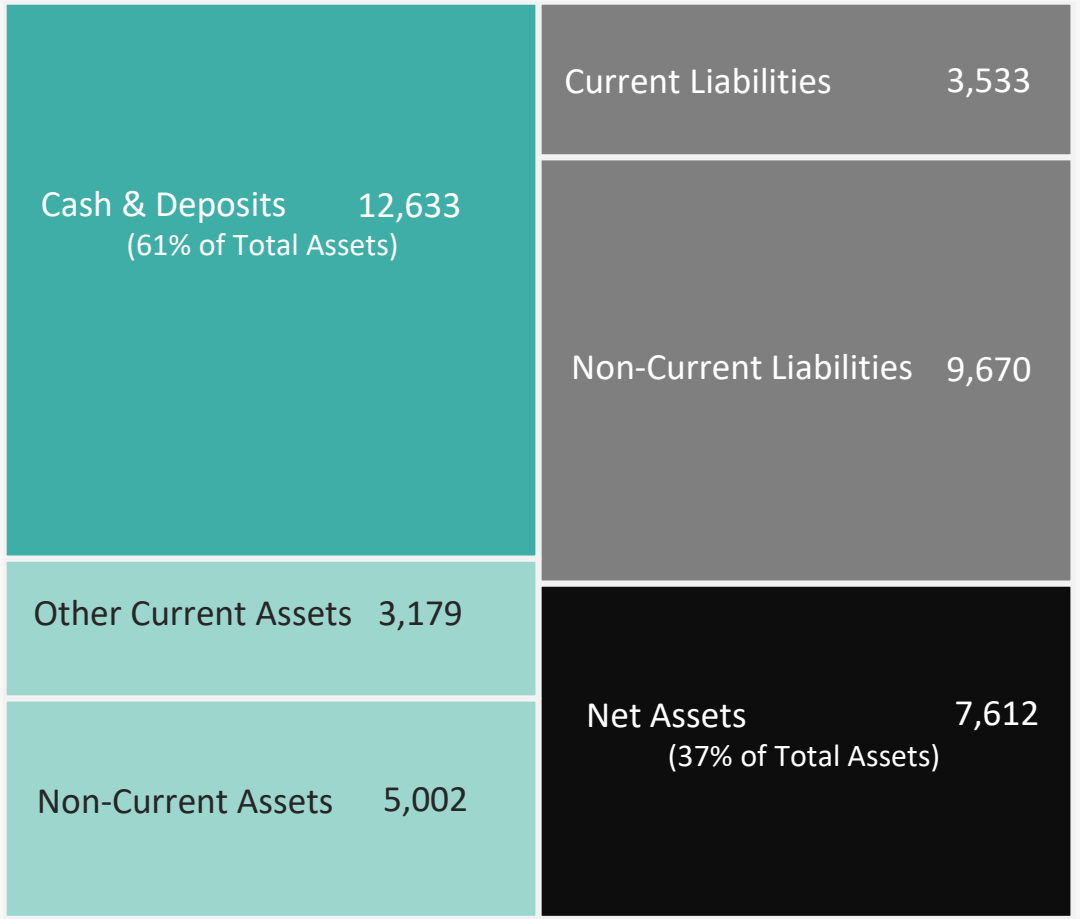
Quarterly Financial Highlights: BS

- **Total of ¥3.4 billion investment made in Peraichi Inc. and Danball One Inc. (we own approximately 49% of both companies)**
- **Our financial health continues to be strong with ¥12.6 billion in cash and strong net asset position**

(in JPY MM)



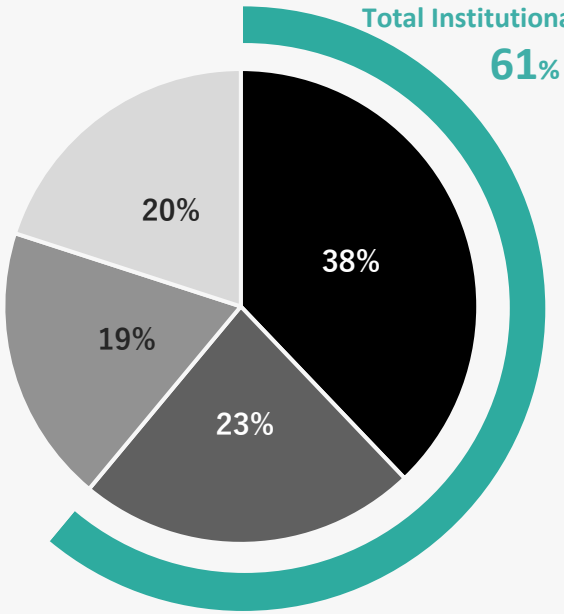
Bank Loan 4,504
(Final due in 2024-2026)
CB 5,038
(Due on Nov 2024)

Share Capital 2,422
Capital Surplus 5,230
Retained Earnings -284
Stock Acquisition Rights 252

Composition of Shareholders

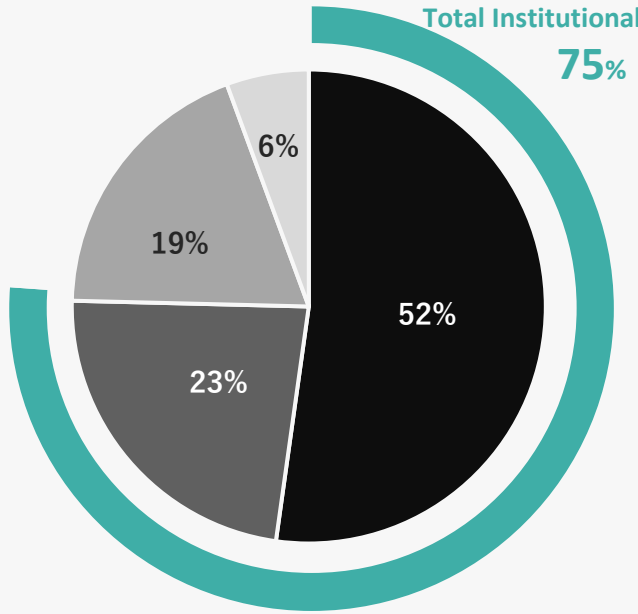
- In February 2021, Digital Holdings offered all shares held by the company (no new shares issued and no dilution.) This alleviated concerns for overhang
- Ratio of stock holding by institutional investors (1) has increased to 70-80%

As of July 2020



After the Offering on February 3, 2021

(Estimate based on the ratio as at the end of January 2021)



■ Institutional Investors (International)
■ Institutional Investors (Domestic)
■ Our officers and employees
■ Private Investors etc.

Notes

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

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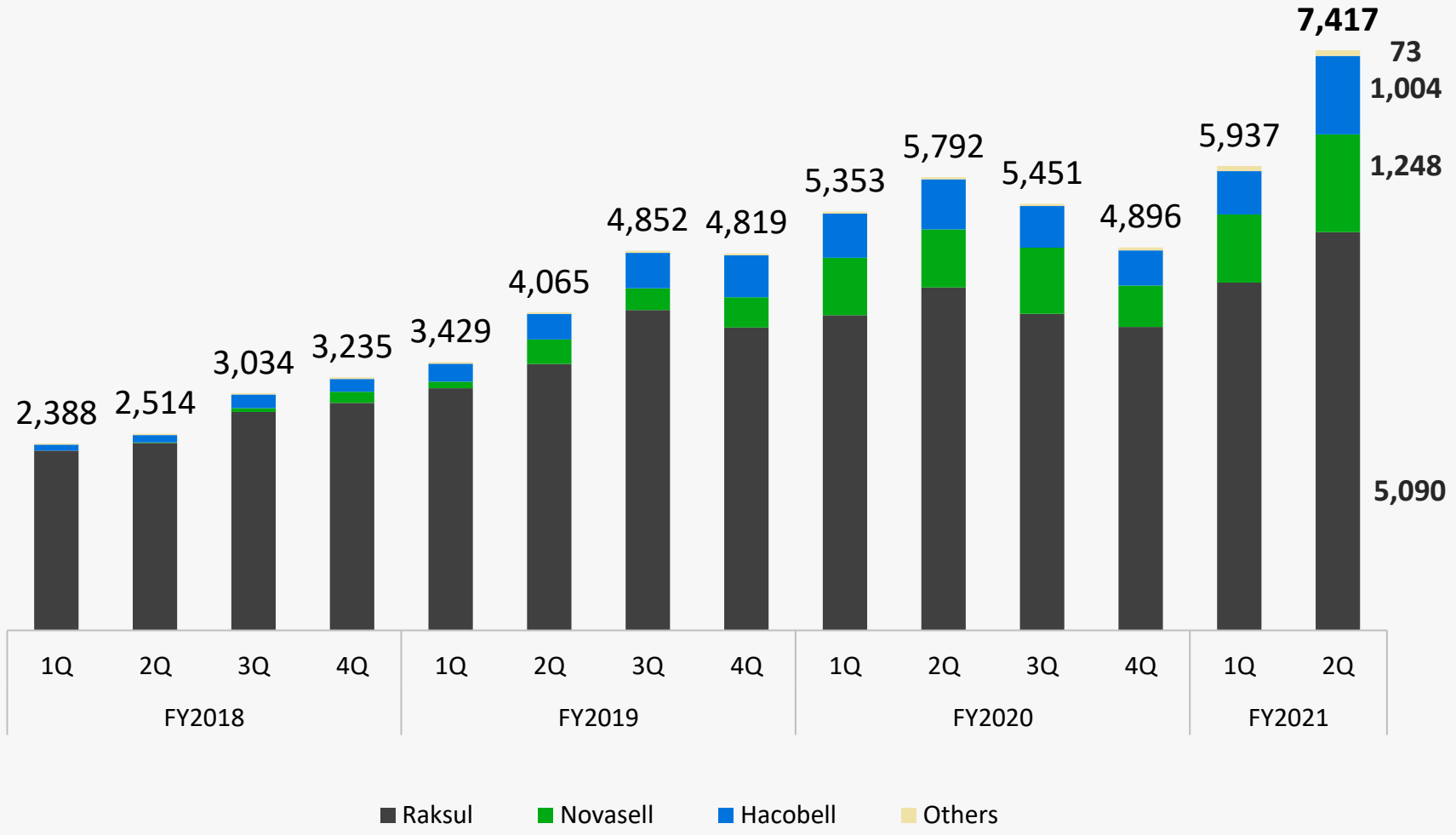
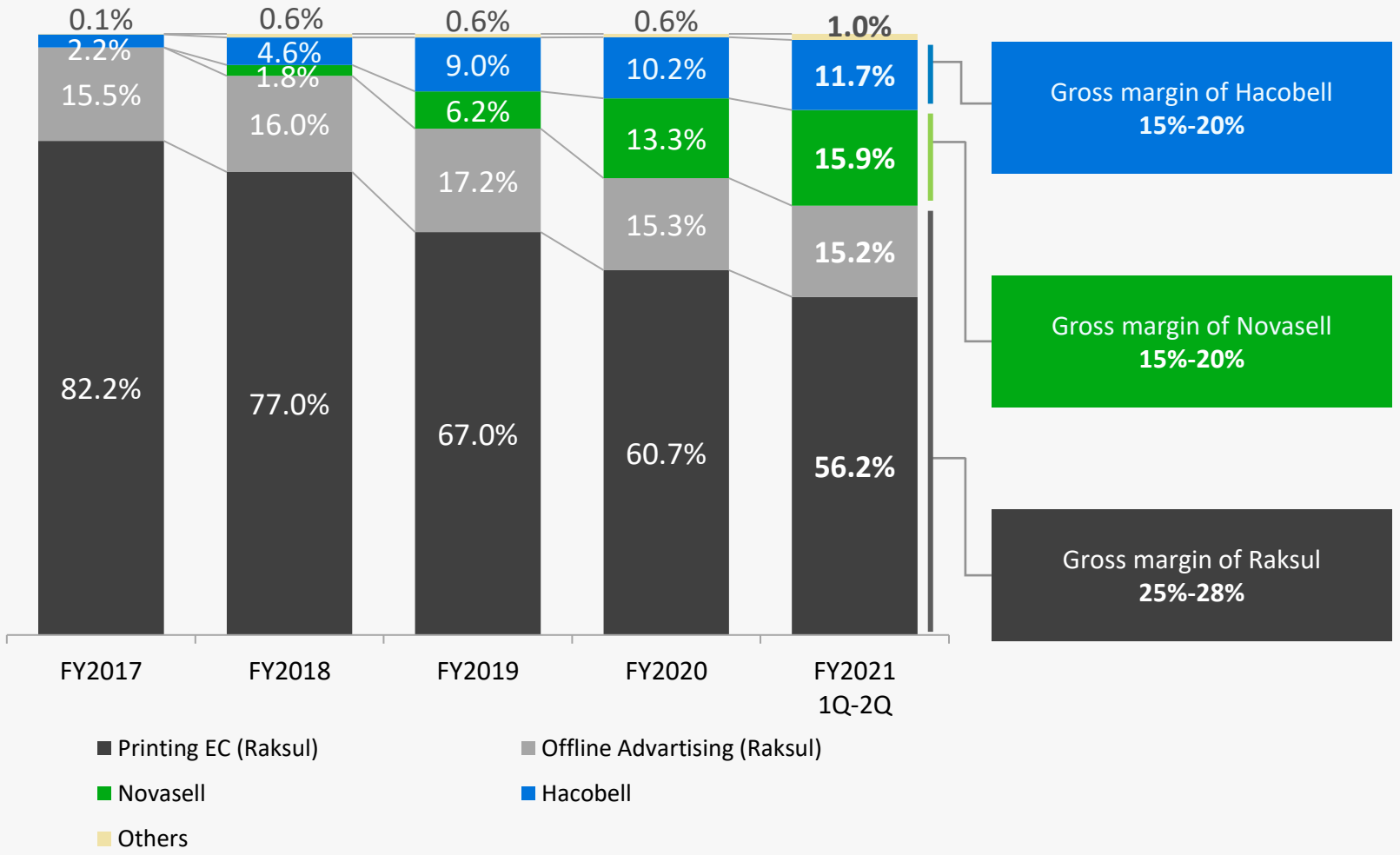
Revenue

- Accelerated growth for all businesses, 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 are rapidly expanding 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%



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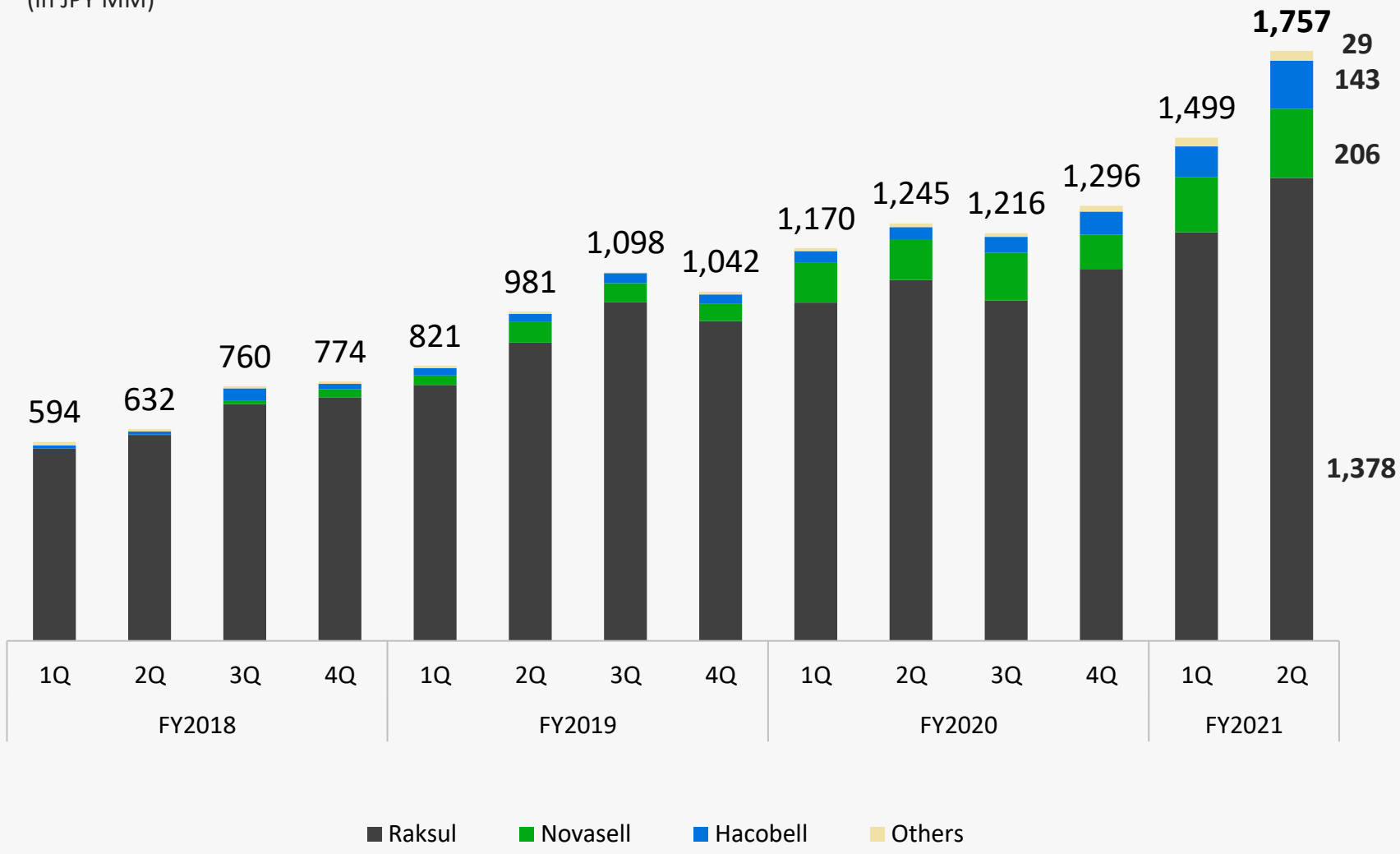
Gross Profit

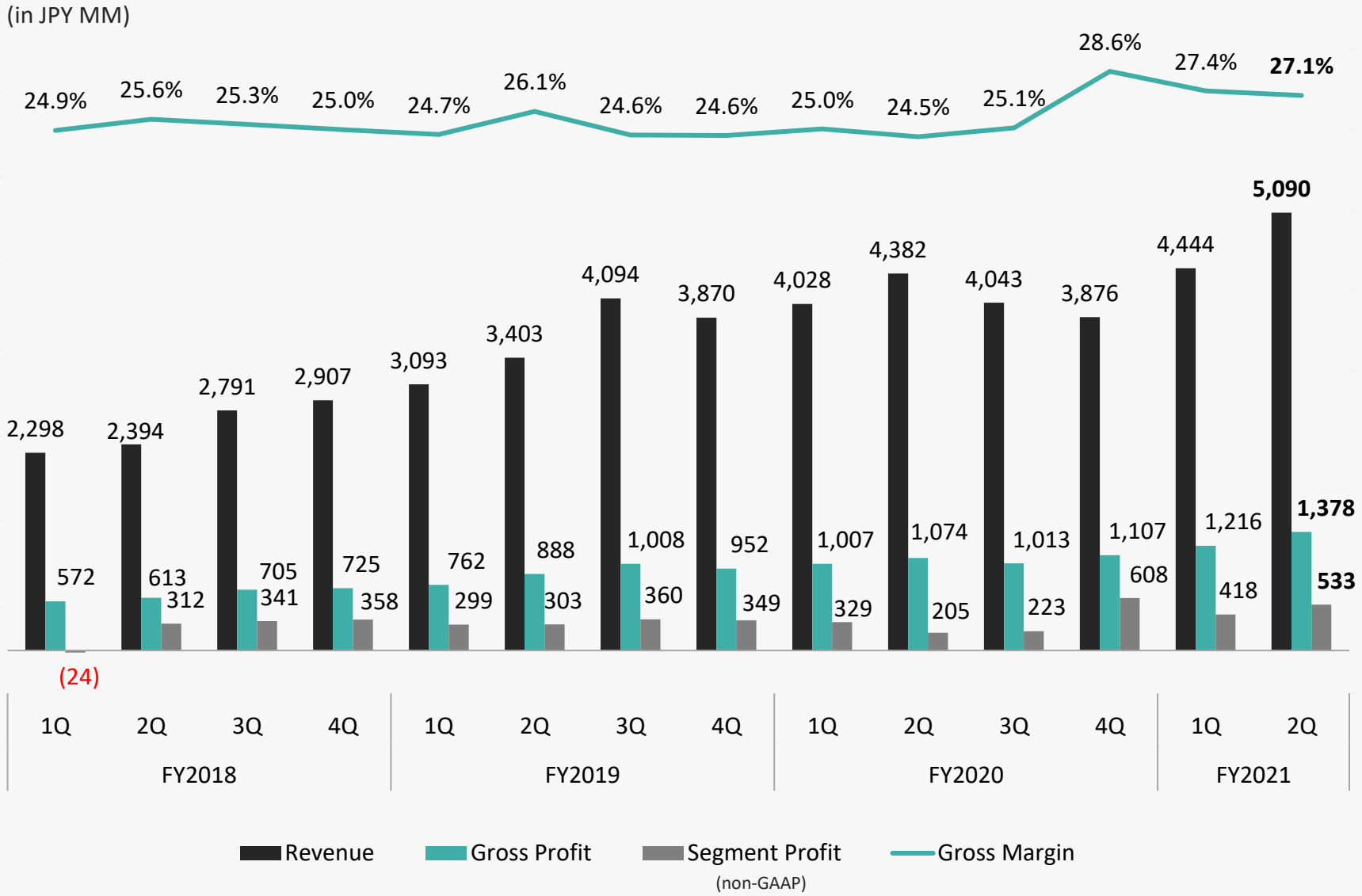
- **With growth in revenue and improvement in gross margin, gross profit grew by 41.2% YoY**

(in JPY MM)



Business Segment Performance

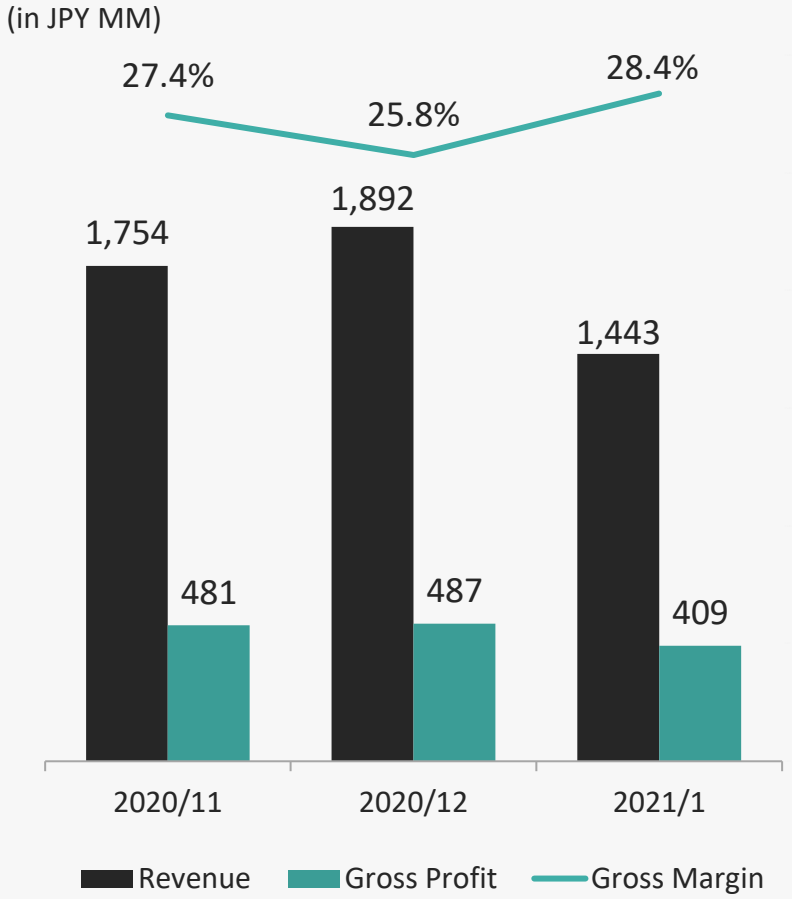
- Both revenue and gross profit continued to grow
- 2Q is usually the busy season for New Year's cards, but since they have a relatively low gross margin, the gross margin tends to decline. Excluding New Year's cards, the gross margin in 2Q was in the mid 27% range



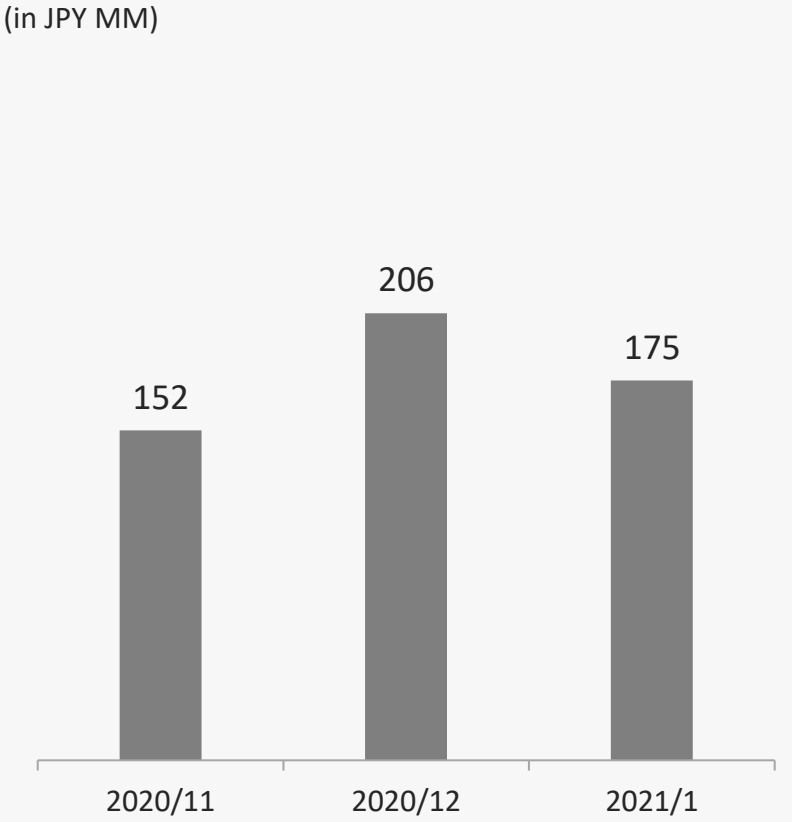
(For Reference) Segment Monthly Financials in 2Q

- **Revenue is low in January as it is the quietest month annually. As for the impact of the State of Emergency, please refer to the next page**

Revenue / Gross Profit / Gross Margin



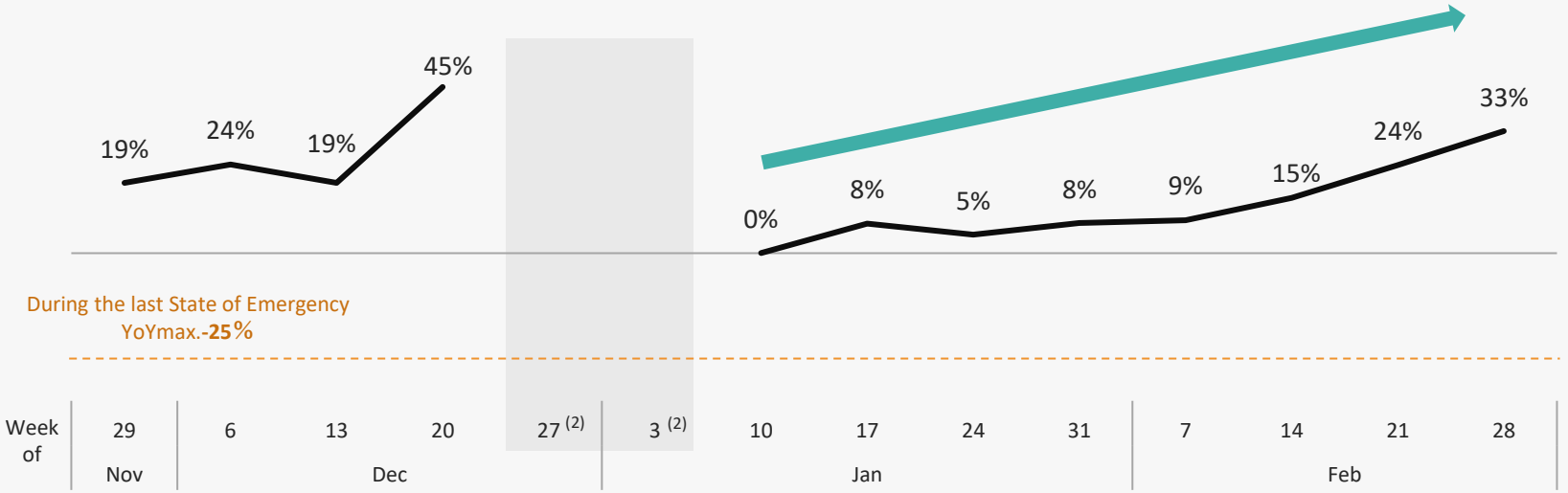
Segment Profit (non-GAAP)



Current Recovery from the State of Emergency

- Impact (degree and duration) remained limited compared to the last state of emergency
- In addition, our ability to adapt to changes has steadily improved, for example, by strengthening products that are in demand even in the COVID-19 environment

Revenue Growth(1)(YoY)



Demand Situation

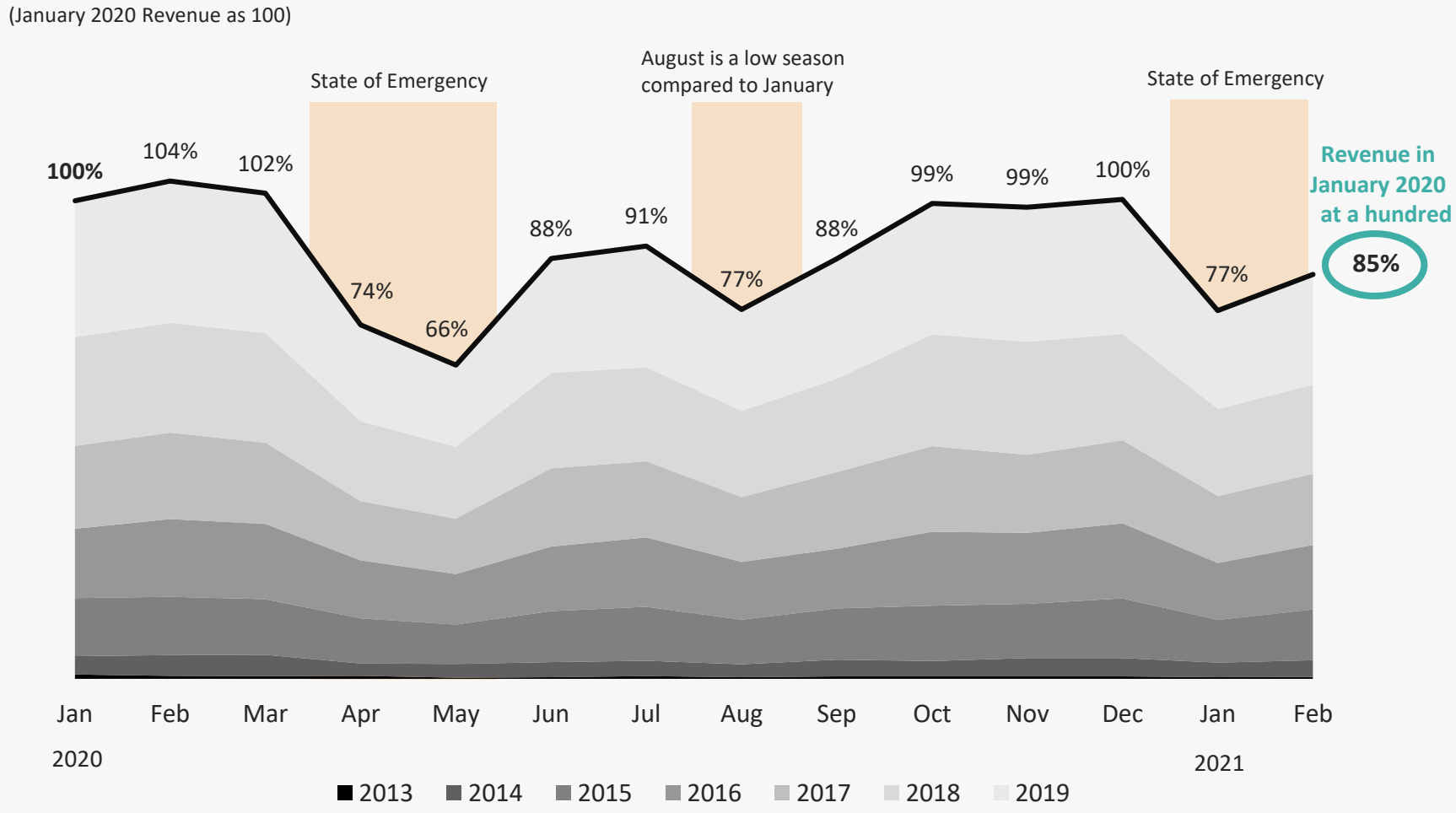
	Accelerated growth	Recovered after decline	Continuously weak
Products	- Novelties - Envelopes, DM (work from home demand) - Posting, etc. (local marketing)	- Flyers, booklets, brochures, business cards, etc. (our core products)	- Panels, banners, etc. (for exhibitions and events)
Industry	- IT & Telecommunication (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) The trend is different this time due to differences in the number of business days (holiday allocation)

Revenue from Repeat Customer Base

- Although there was limited impact from the State of Emergency, the recurring revenue from our users acquired up to 2019 has been steadily growing
- With the added revenue from the users acquired in 2020-2021, the growth rate reaccelerated compared to last year

Recurring Revenue Trend from Users acquired up to 2019(1) (the number does not include new customers acquired in 2020 to 2021)

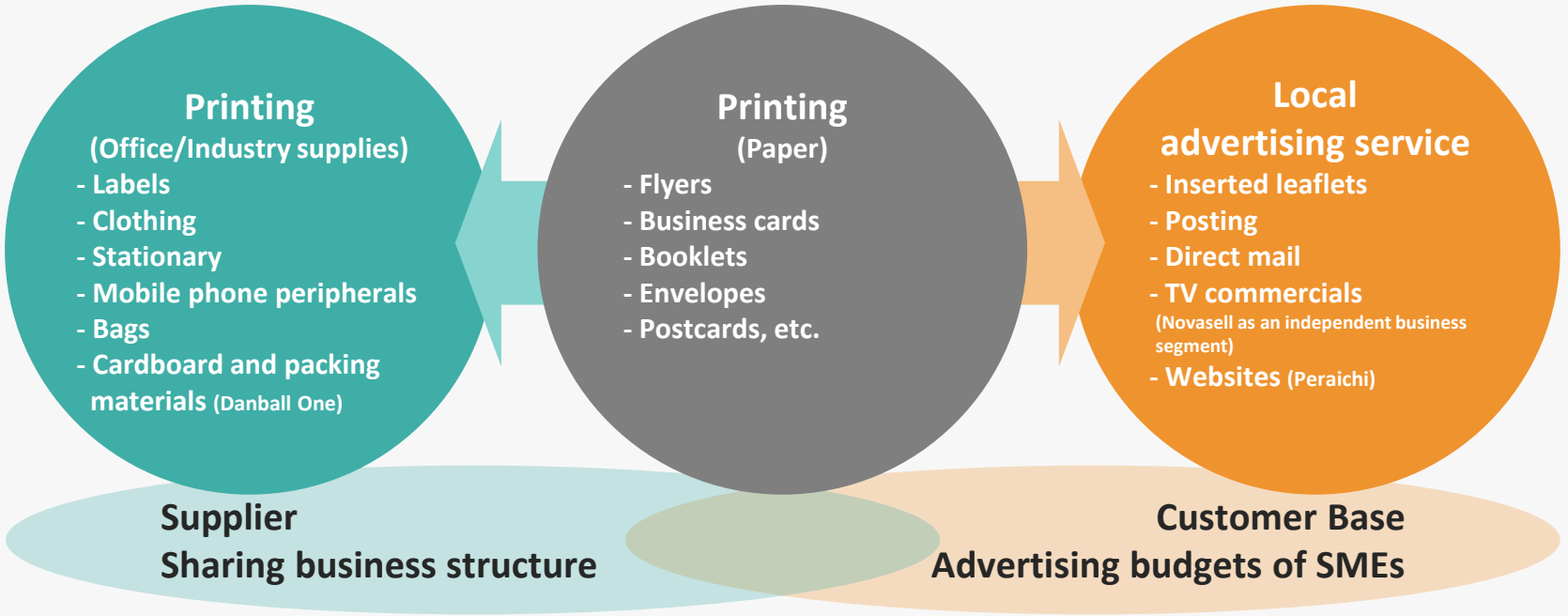


Notes
(1) Calculated based on management accounting

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)

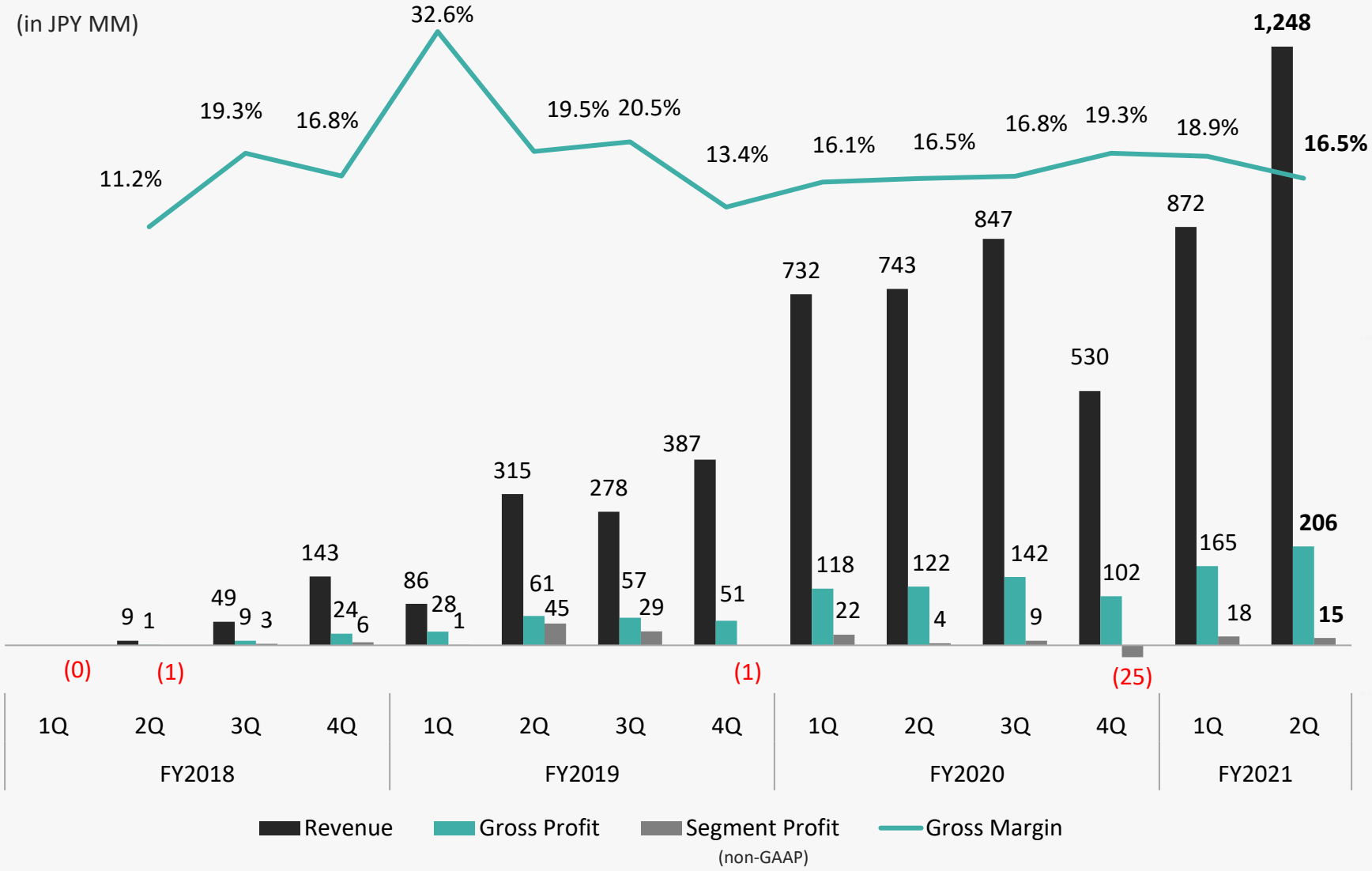
EC penetration ratio: less than 1%

(excl. websites)

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

Business Segment Performance

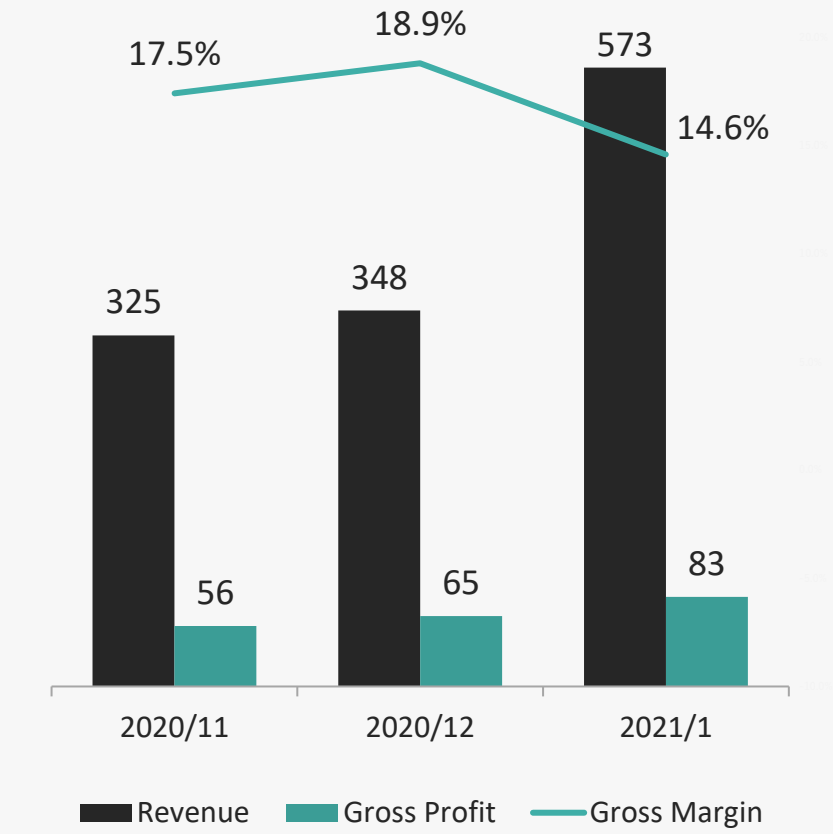
- Revenue grew due to an increase of new customers and larger projects. Gross margin has decreased due to a rising ratio of large-scale projects which have relatively low margin
- Contribution to gross margin by Novasell Analytics (SaaS) increased by +0.4% during 2Q alone. The cumulative number of companies that have implemented the software is 60 (including free use)



(For Reference) Segment Monthly Financials in 2Q

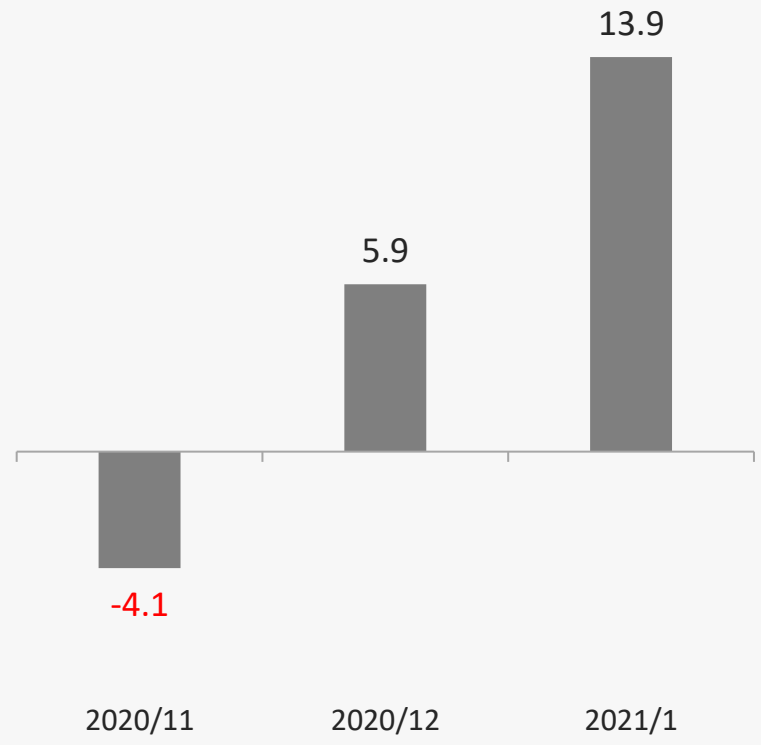
Revenue / Gross Profit / Gross Margin

(in JPY MM)



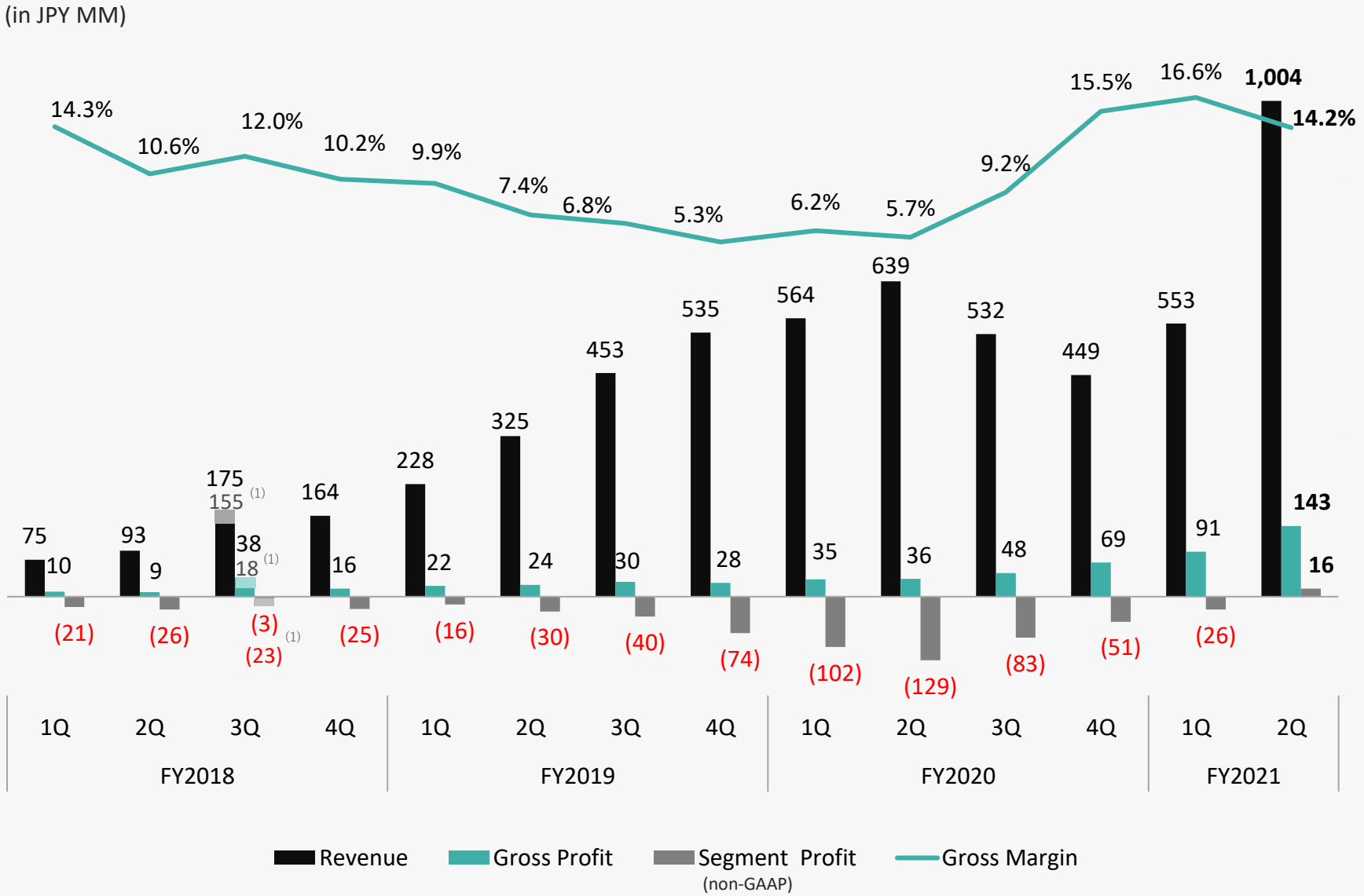
Segment Profit (non-GAAP)

(in JPY MM)



Business Segment Performance

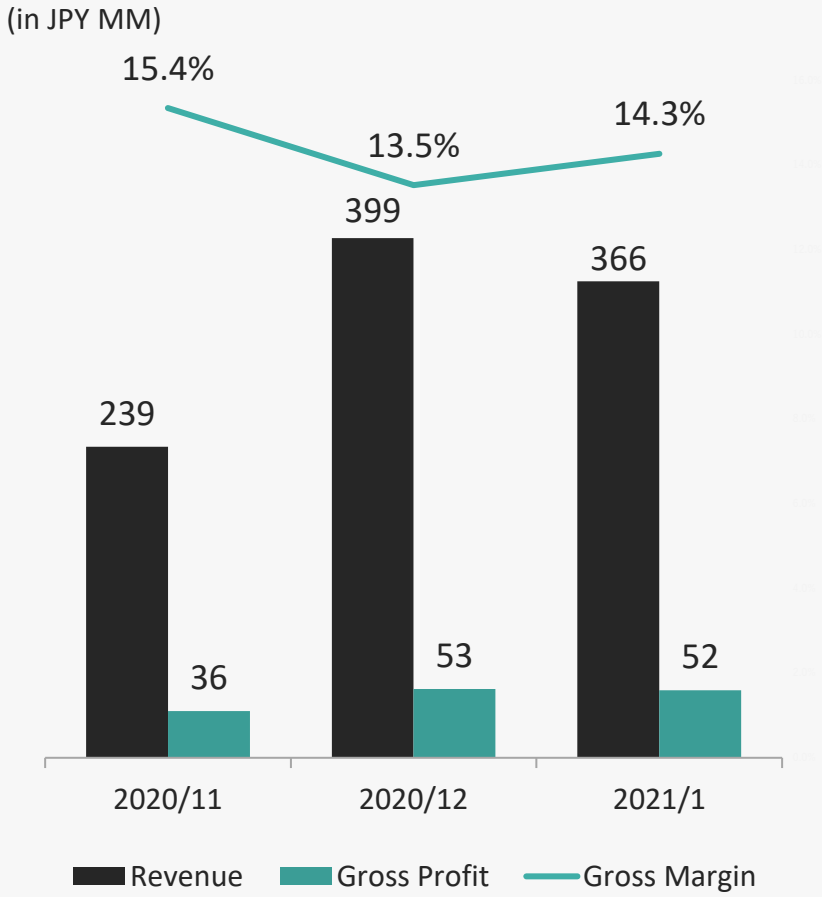
- We have shifted into a re-growth phase for revenue while maintaining the gross margin level
- There was a temporary increase in demand for food deliveries from the end of the year to January (over ¥200 million of the revenue)
- Although gross margin has temporary declined during the peak season, it is expected to go back to around 17% during 3Q
- Please refer to Chapter 3 for current focus



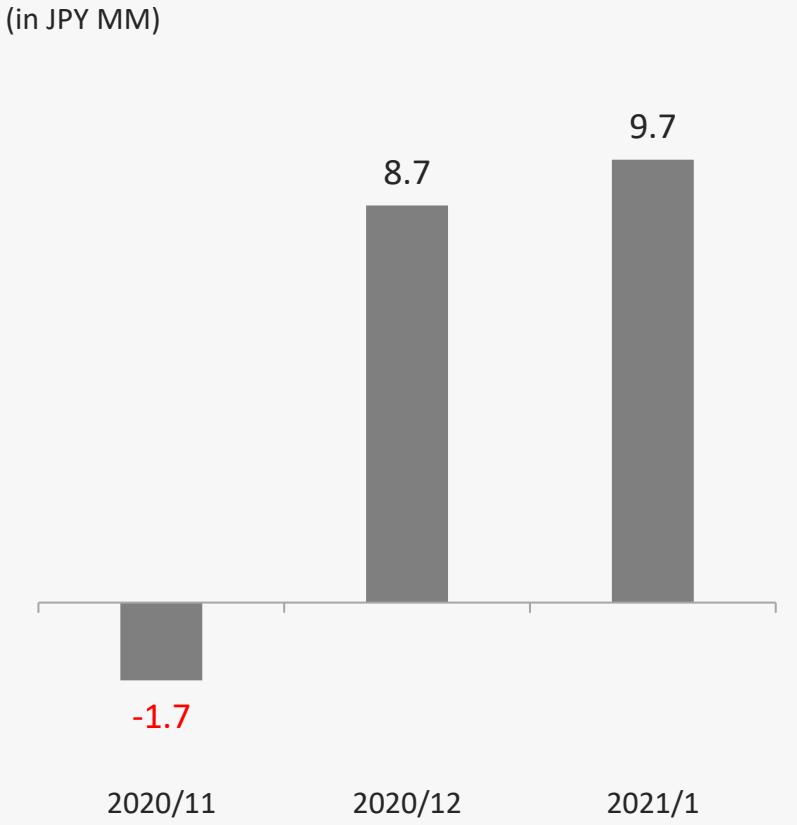
Note
(1) Including revenue from system development for Yamato HD in FY2018; this revenue is excluded from gross margin calculation

(For Reference) Segment Monthly Financials in 2Q

Revenue / Gross Profit / Gross Margin

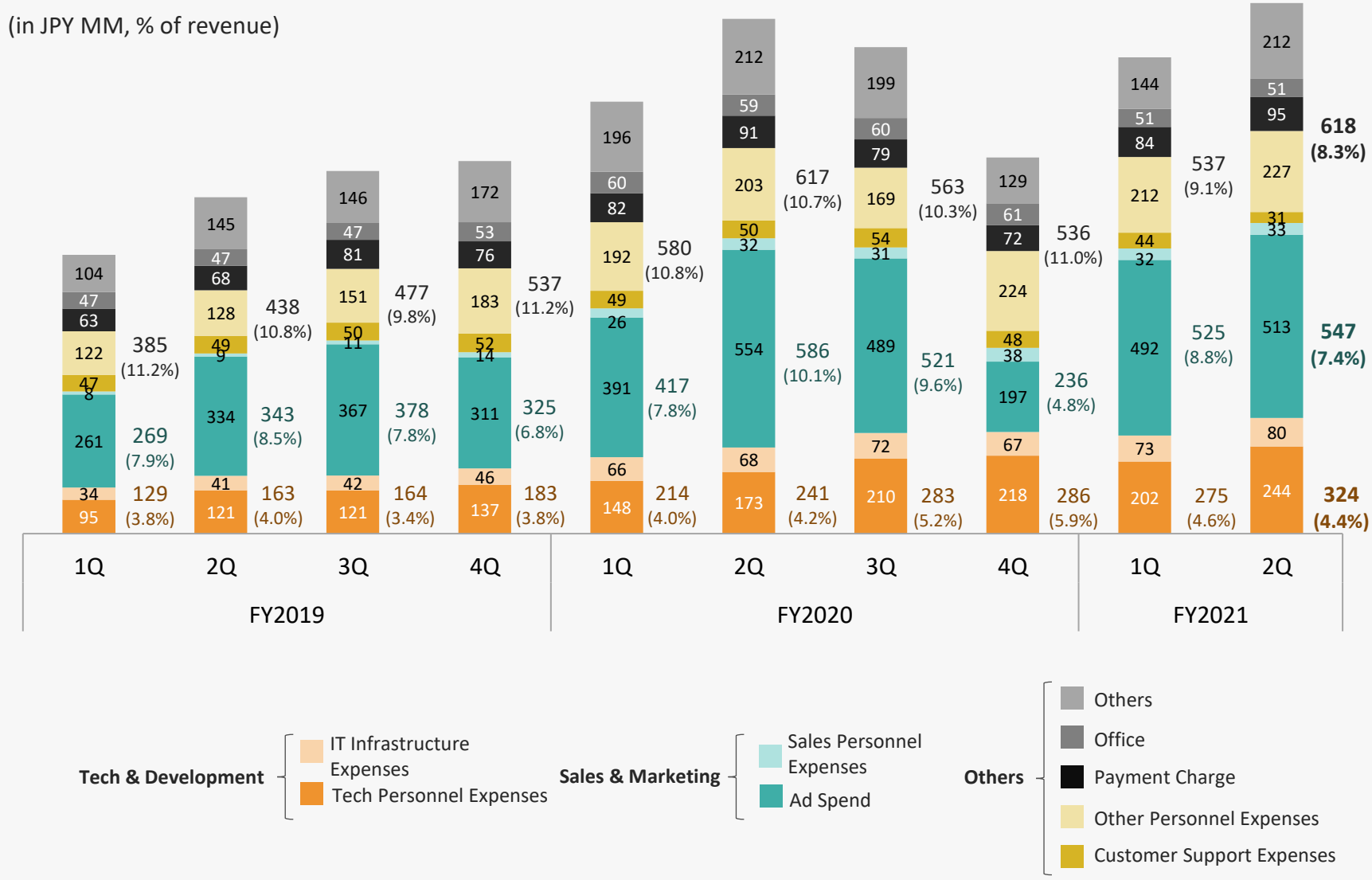


Segment Profit (non-GAAP)



SG&A Spend

- **We continued to invest in growth mainly on advertising and technology development**

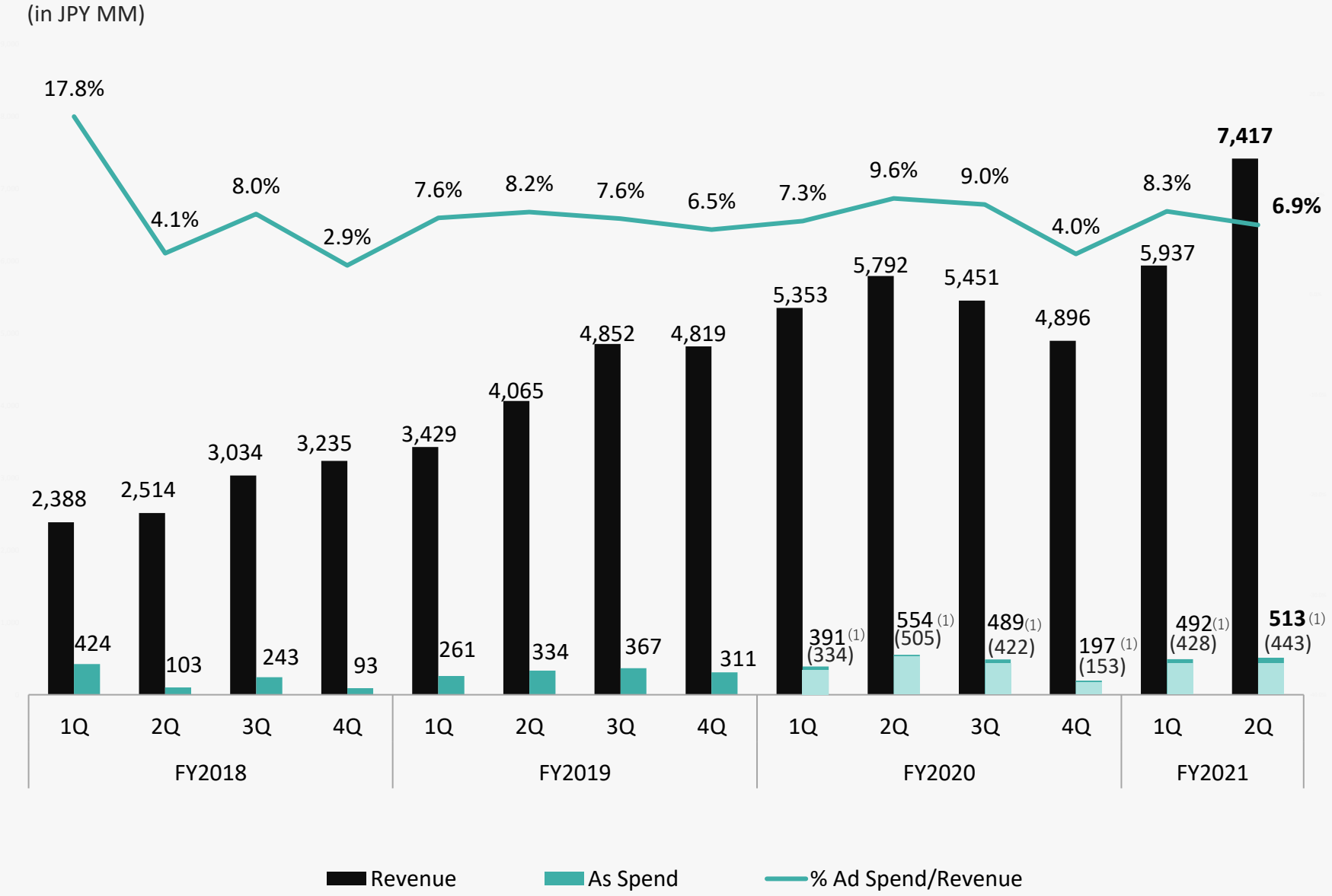


Note
(1) Stock-based compensation expense is not included

RakSul

Ad Spend and Percentage of Ad Spend per Revenue

- We continue to invest in advertising, mainly in TV commercials for the Raksul Business Segment
- The estimated Ad Spend per Revenue for FY2021 overall is around 8%

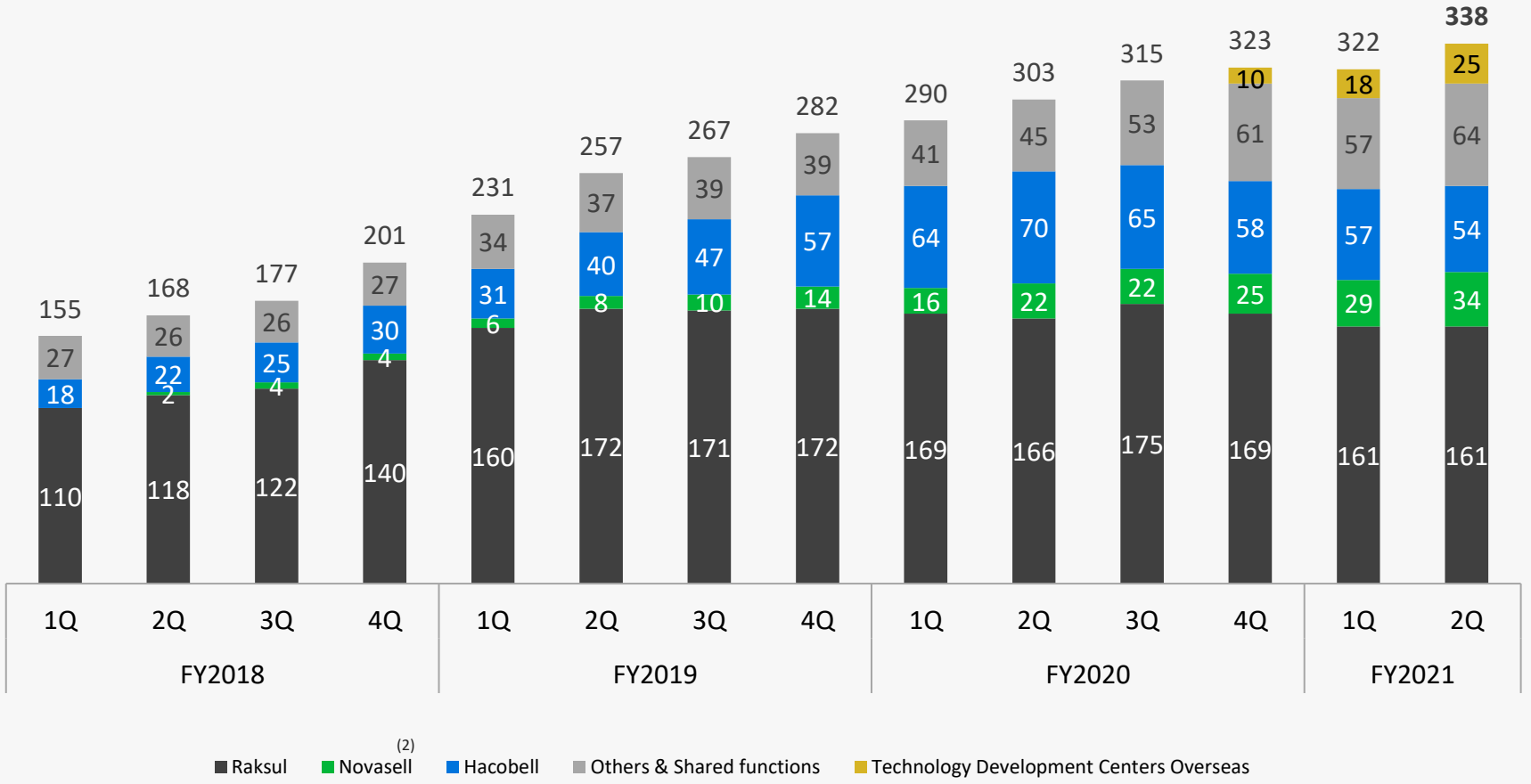


Note
(1) Numbers in parentheses are only for printing EC and offline advertising services

Number of Employees (1)

- We have been continuously strengthening our organization by filling key positions selectively
- We have added the number of employees in our overseas non-consolidated technology development centers (India and Vietnam) for reference

(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

Our New Technology Development Centers

■ **In order to strengthen our technology development, we have 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 Raksul Business Segment**

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

India

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

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

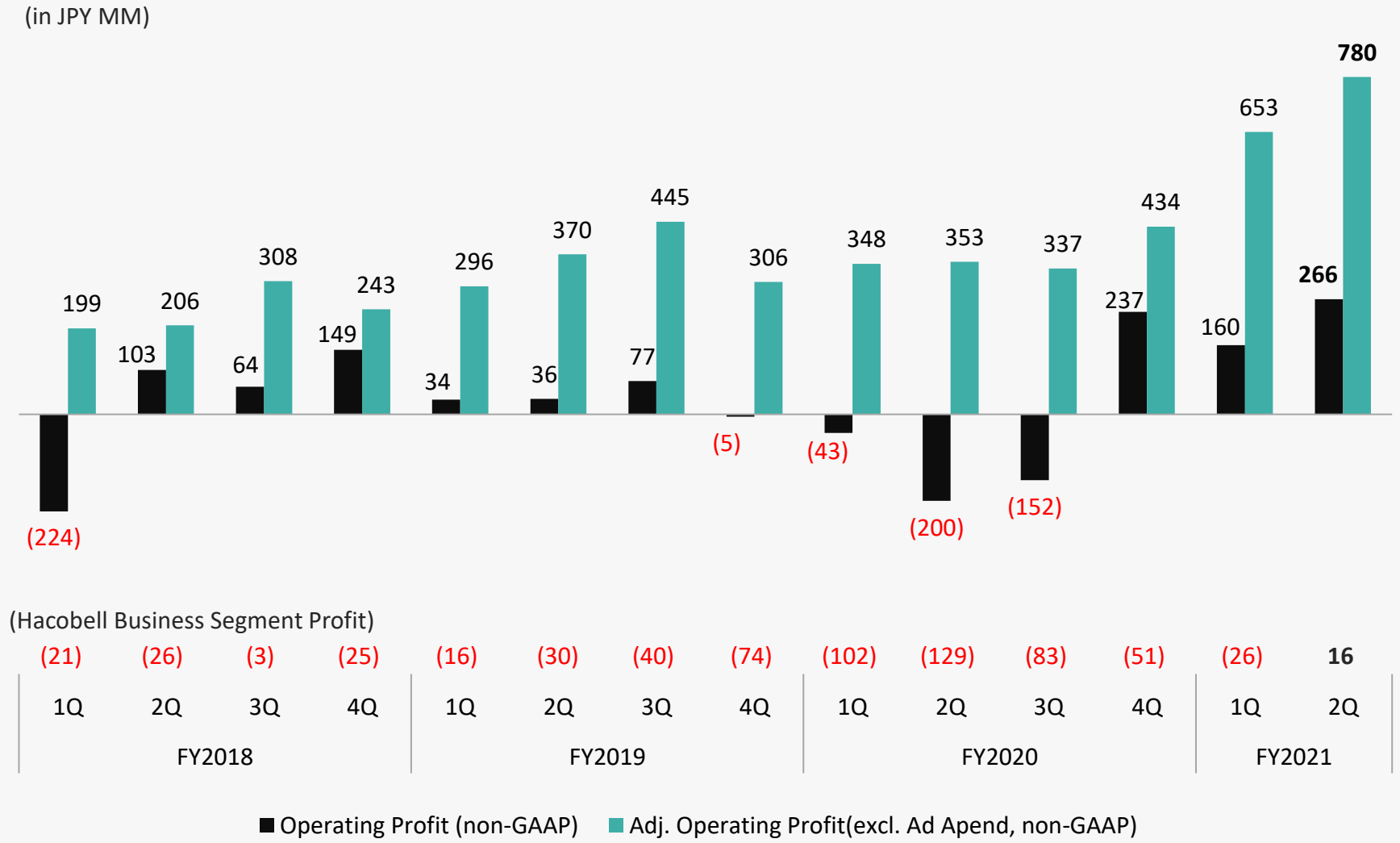


Vietnam Office

Note
(1) Source: Human Resocia “IT Engineer Report”

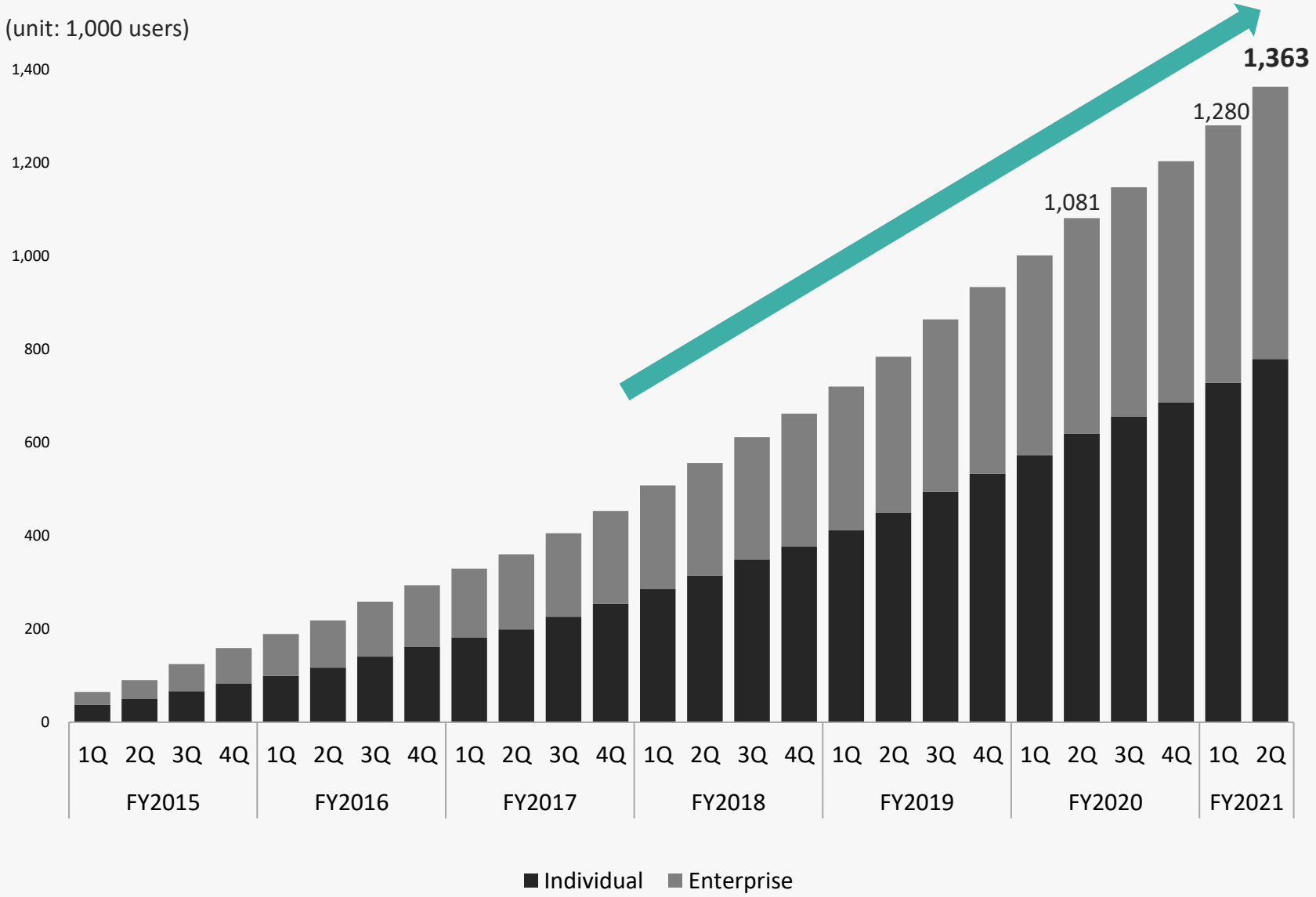
Operating Profit and Adjusted Operating Profit (excl. Ad Spend)

- **We reached record-high operating profit (excl. ad spend)(non-GAAP)**



Number of Registered Users on Printing Platform(1)

- Our customer base saw continuous growth even during COVID-19
- The number of total users for 2Q was 1,363,265

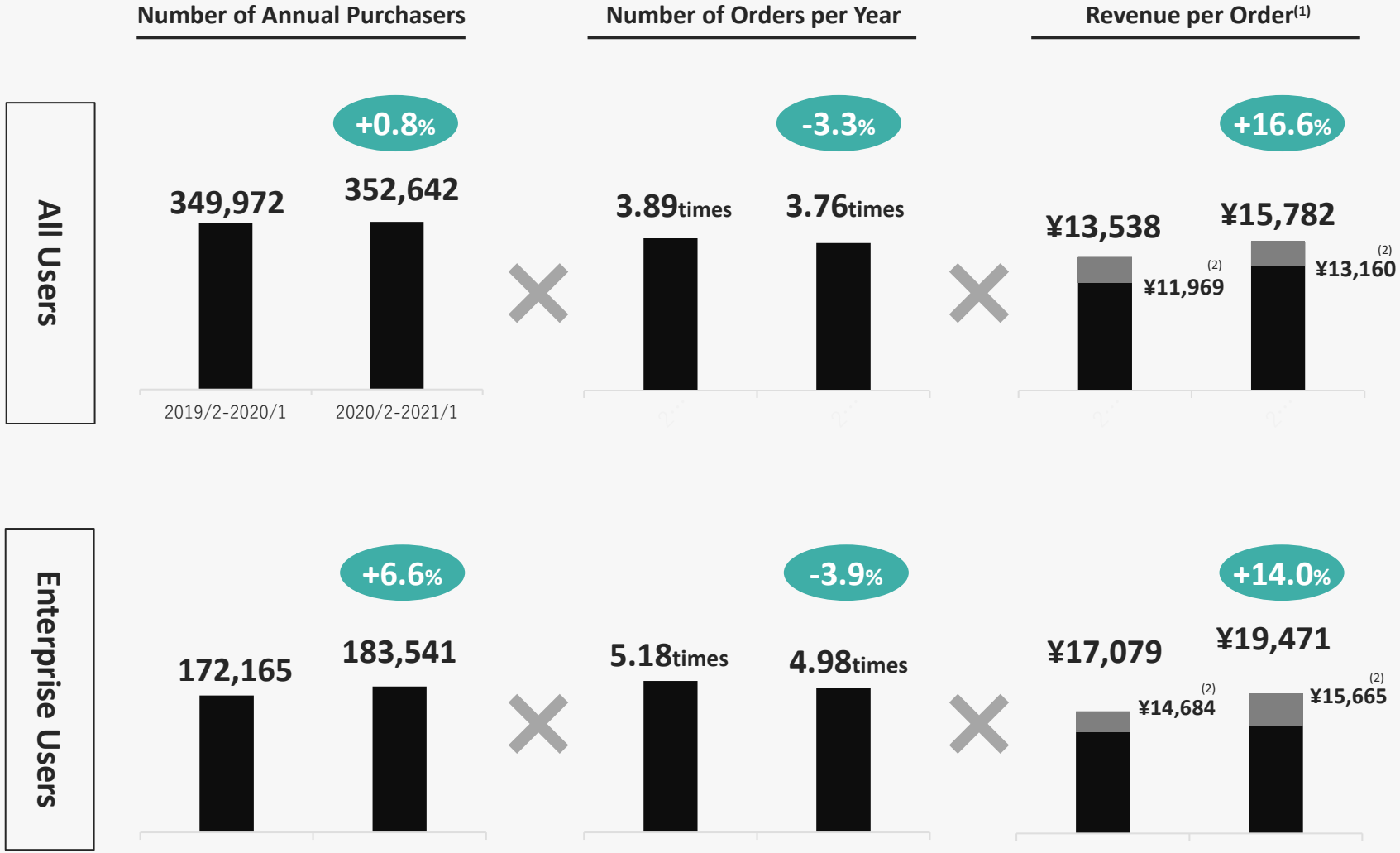


Note
(1) Number of total registered users for Raksul only. It does not include users on Hacobell

Raksul Novasell

Sticky User Base

- There has been a steady increase for all KPIs compared to the previous quarter
- The growth rate of average revenue per order (Raksul Business Segment only) for all users was +9.9% and for enterprise users it was +6.7%



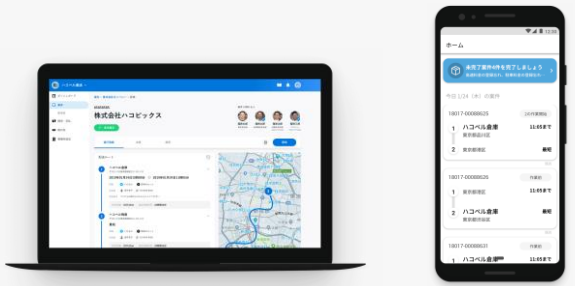
Notes
(1) Calculated based on management accounting, excluding Novasell Analytics (SaaS)
(2) Average Revenue of Order excluding Novasell

3

Current Business Focus of Hacobell Business Segment

Issues in Logistics Industry and the Solutions Hacobell Provides

- **A matching platform to realize smooth transactions by directly connecting clients (shippers) and drivers**
- **Hacobell Connect (SaaS) to reduce operation cost for clients (shippers) and drivers**

Issues in the Industry	**Multiple-Layered Structure of Intermediaries** - Shippers: difficulty finding trucks + price increase - Drivers: low profit and low income due to low utilization rate	**Low Productivity due to analog operations** - Inefficient operations using phone and fax - Unable to allocate time for what “needs to be done”
Hacobell’s Solutions and Business Model	Smooth transactions by digitizing transactions and connecting clients (shippers) and drivers  **Matching Platform →Transaction Fee**	Improve productivity and reduce operational costs by digitizing delivery operations  **Hacobell Connect (SaaS) →Monthly System Usage Fee**

ハコベル Hacobell

Competitive Advantage and Current Business Focus

■ Targeting large clients for both the matching platform and SaaS

	Matching platform	Hacobell Connect (SaaS)
Competitive Advantage	• High matching rate and low-cost delivery capacity realized through continuous improvement of algorithm • Continuous expansion of driver network • Solution-selling tailored to delivery operations of the shippers	• Implementation support process tailored to the shipper's delivery operations • Simultaneous reduction of shippers' delivery costs and delivery operation costs through collaboration with the matching platform
Current Focus	• Increased number of clients led by sales and marketing • Improvement in market share and increase in client spending especially among large clients (shippers)	• Promoting paid plans to large clients (shippers) • Achieving client’s cost reductions

ハコベル Hacobell

Value for Clients of Hacobell Connect (SaaS)

- **Hacobell Connect (SaaS) can now realize optimal allocation to subcontractors in addition to the digitization of delivery operations. This allows for reduction in client (shipper) operation costs and outsourcing costs. 14 companies have implemented the SaaS as of February**
- **Monthly charge per client: roughly ¥100,000**
  - Monthly charge per office: ¥150,000-300,000
  - Start with one office within the client and aim to expand to other offices

Case Study

Nestlé Good food, Good life

- **Utilizes Hacobell Connect in digitizing delivery operations**
- **80% reduction in operation hours**

NTTロジスコ NTT LOGISCO

- **Utilizes Hacobell Connect in digitization of shipping operations and optimization of subcontractors when developing vehicle allocation plan**
- **5% reduction in delivery outsourcing cost and 30% reduction in operation hours**

Major Clients

Food & Beverage

mizkan

NISSIN

Nestlé Good food, Good life

LIFEDRINK COMPANY

Other Manufacturing / 3PL

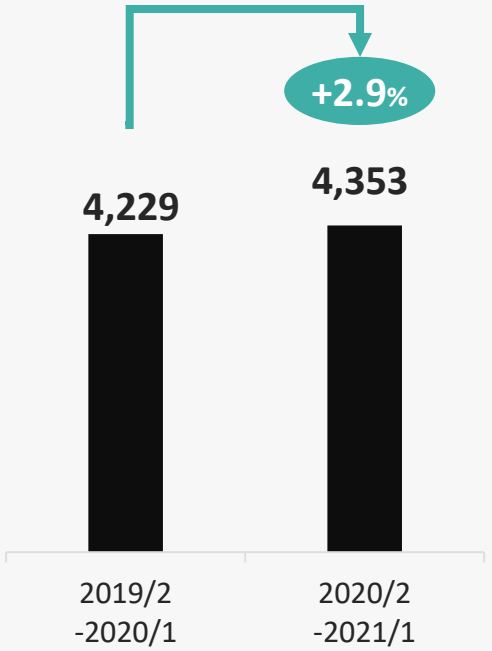
YASKAWA
株式会社 安川ロジステック
YASKAWA LOGISTEC

NTTロジスコ NTT LOGISCO

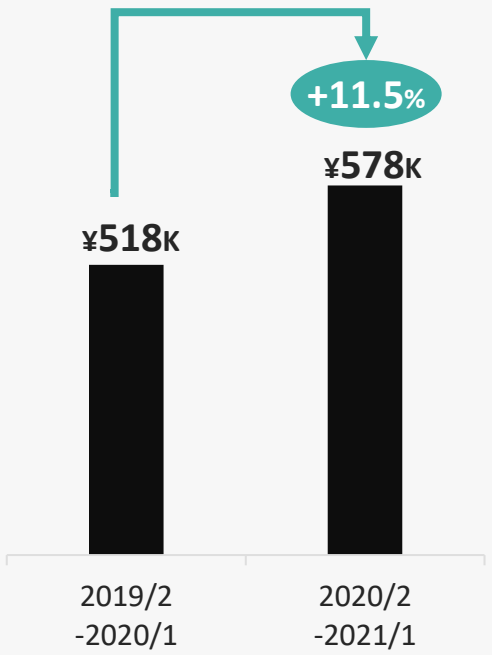
Number of Clients and Average Revenue per Client

- We are now shifting to KPI disclosure(1) of the number of clients and the average revenue per client (number of usage x unit price per use) with the focus of the business
- We strive to continuously improve the number of clients and the average revenue per client respectively through sales and marketing, and by deeply penetrating into delivery operations among clients

Number of Clients



Average Revenue per Client

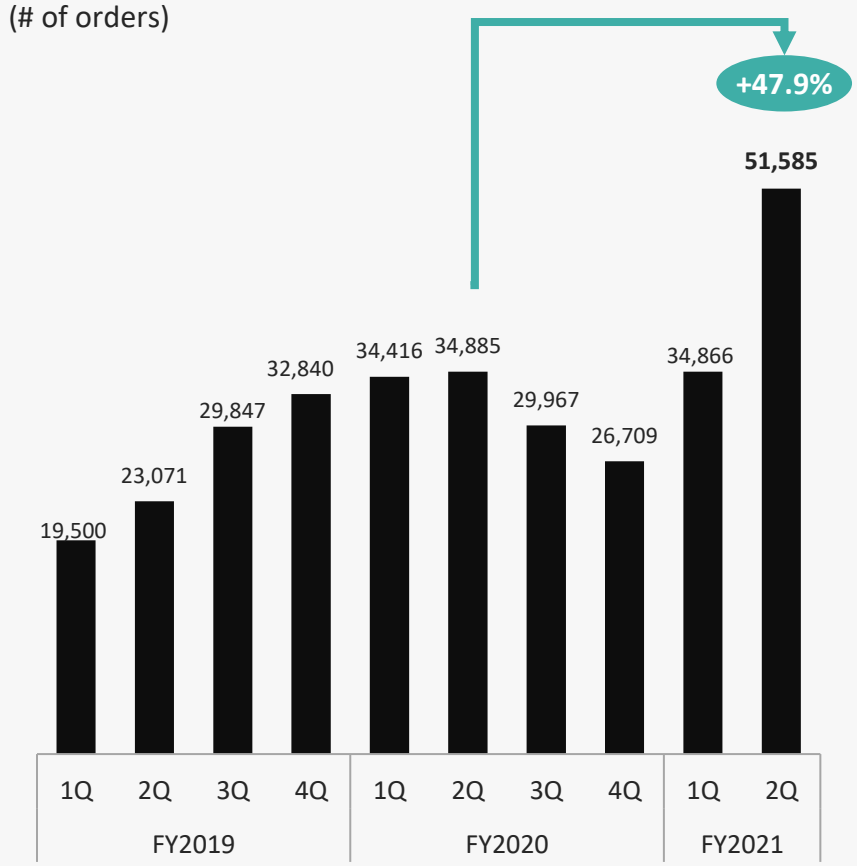


Note
(1) Hacobell connect (SaaS) is not included

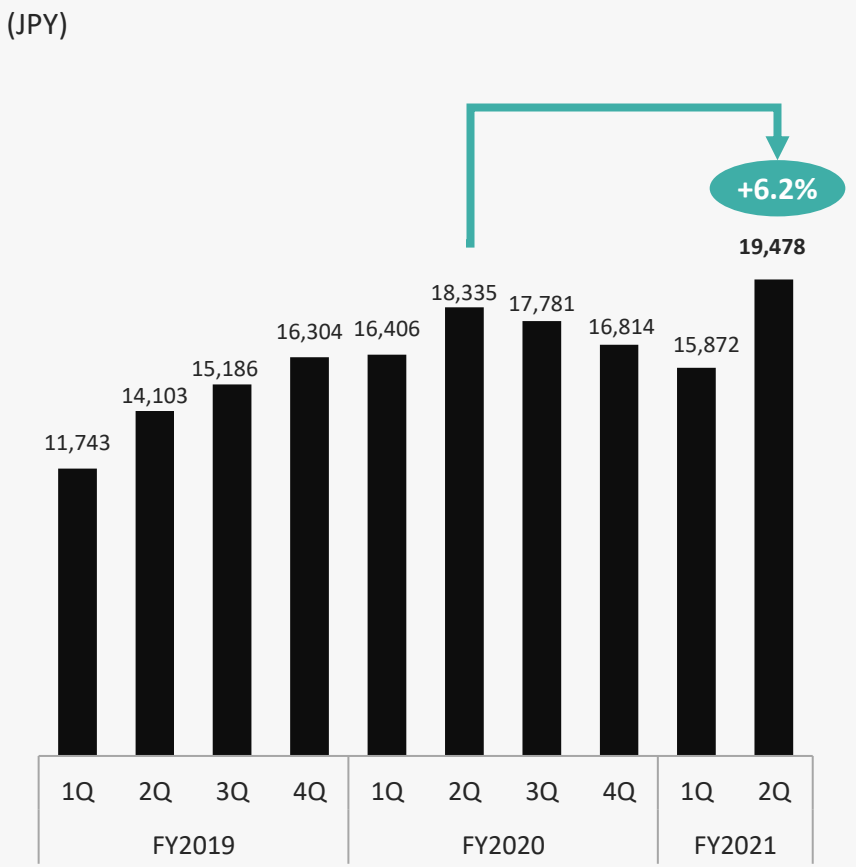
(Reference) Number of Orders and Revenue per Order

- We will continue to disclose this information during this fiscal year
- There has been a rapid recovery with the number of orders
- Average revenue per order has dropped due to the increasing number of last mile transactions

Number of Orders



Revenue per Order(1)

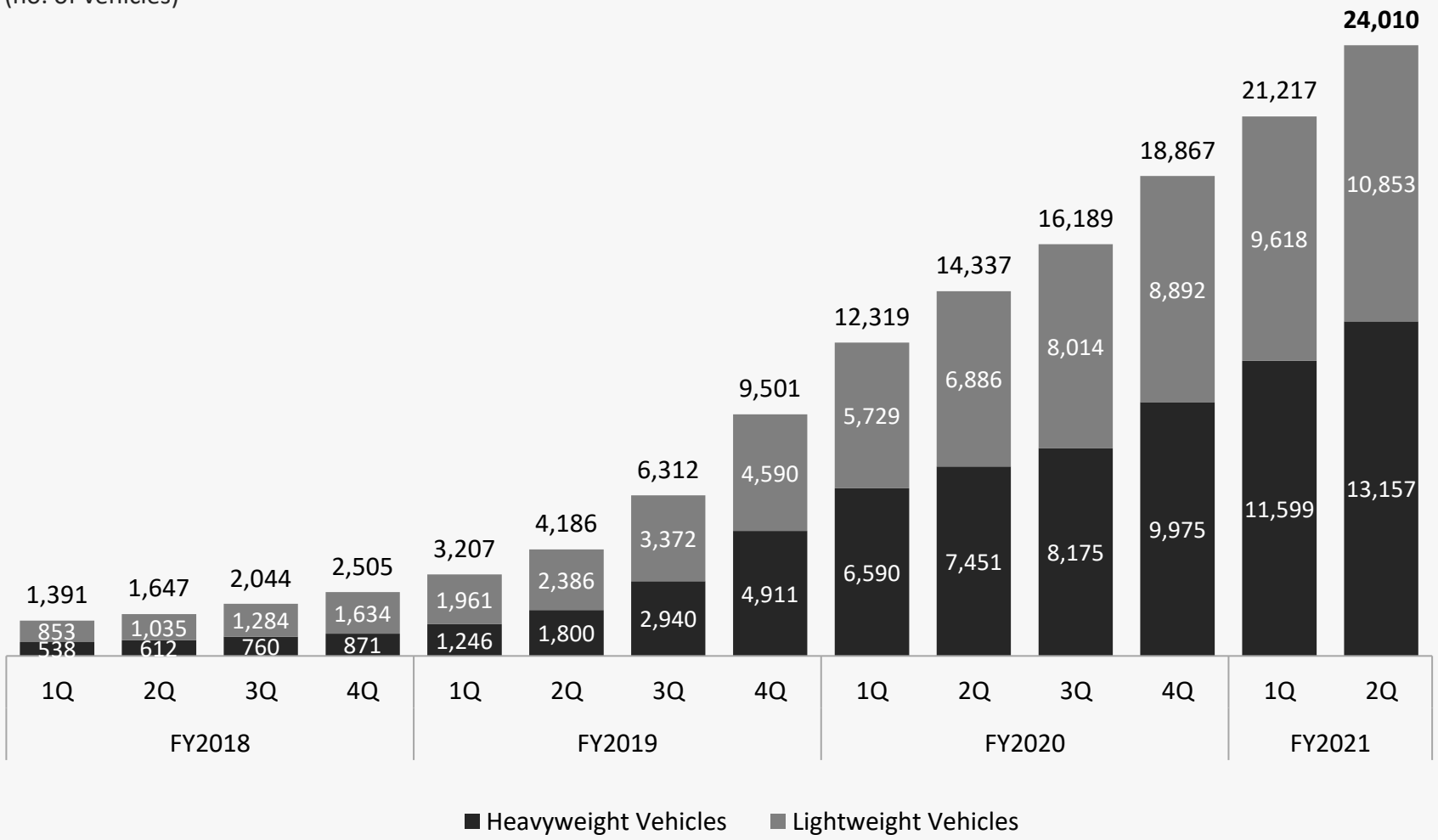


Note
(1) Value based on financial accounting standards and includes internal transactions

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)



4

Q&A

RakSul

Q&A

	Question	Answer
Company wide	What is your forecast for the second half of the year for revenue, gross profit, and operating profit?	For both revenue and gross profit, YoY growth rate is expected to recover. While prioritizing to achieve the forecast of full-year operating profit (non-GAAP), we also assume a quarter in which investments will be strengthened depending on the external environment
Company wide	What is the impact of extending the state of emergency? What is the expected impact if the state of emergency is declared again in the future?	We do not expect any further negative impact on our businesses due to the extension of the state of emergency to Tokyo and the three surrounding prefectures. Even if the state of emergency is declared again in the future, we believe that the impact will be limited
Raksul (Printing EC/ Offline ad)	What is the current status with Peraichi Inc. and Danball One Inc.?	Both companies have had steady growth since investment. There is a strong demand from the customers even under the State of Emergency. Both are clients of Novasell, and Novasell has contributed to their growth
Novasell (TV commercial-related services)	How is the progress with the partnership with ADK?	With the increased presence in the industry through our partnership with ADK, the number of inquiries and orders from large customers have increased. We have also already started providing Novasell Analytics to ADK's clients

5

Reference Materials

RakSul

Company Overview

Name:	RAKSUL INC.
HQ:	Shinagawa-ku, Tokyo, Japan
Foundation:	September 2009
Management Team:	Yasukane Matsumoto, Founder and CEO
	Yo Nagami, CFO
	Masaki Tabe, CMO
	Kozo Fukushima, COO
	Yusuke Izumi, CTO
	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:	315 (as of January 2021)

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

RakSul

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



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



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



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



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



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 2Q
Current Assets	18,023	**15,813**
Cash & Deposits	15,451	**12,633**
Non-Current Assets	1,356	**5,002**
Total Assets	19,379	**20,816**
Current Liabilities (of which, interest-bearing liabilities)	2,405 (40)	**3,533** **(535)**
Non-Current Liabilities (of which, interest-bearing liabilities)	10,172 (10,043)	**9,670** **(9,542)**
Net Assets	6,801	**7,612**
Share Capital	2,152	**2,422**
Capital Surplus	4,959	**5,230**
Total Liabilities & Net Assets	19,379	**20,816**

RakSul

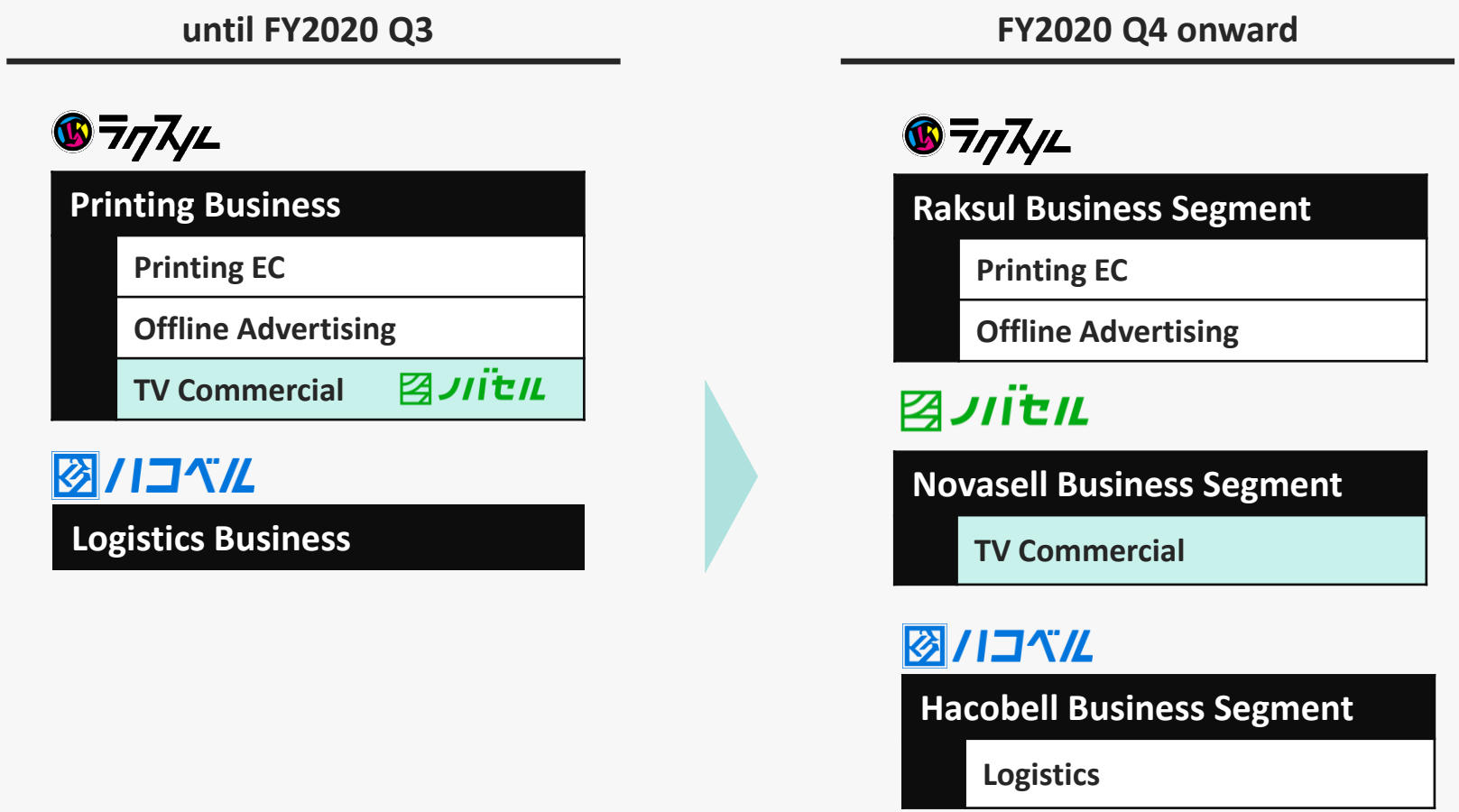
Cash Flow Statement

(in JPY MM)	FY2020 2Q	FY2020 (full-year)	**FY2021 2Q**
Cash flow from operating activities	-487	-126	**635**
Cash flow from investing activities	-149	-283	**-3,509**
Cash flow from financing activities	9,866	9,956	**55**
Net change in cash and cash equivalents	9,229	9,546	**-2,818**
Cash and cash equivalents at end of period	15,134	15,451	**12,633**

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	**2Q**
Revenue	Raksul	3,093	3,403	4,094	3,870	4,028	4,382	4,043	3,876	4,444	**5,090**
	Novasell	86	315	278	387	732	743	847	530	872	**1,248**
	Hacobell	228	325	453	535	564	639	532	449	553	**1,004**
	Others	21	21	26	26	27	27	28	40	66	**73**
Gross Profit	Raksul	762	888	1,008	952	1,007	1,074	1,013	1,107	1,216	**1,378**
	Novasell	28	61	57	51	118	122	142	102	165	**206**
	Hacobell	22	24	30	28	35	36	48	69	91	**143**
	Others	7	7	2	9	9	11	11	17	26	**29**
Segment Profit (non-GAAP)	Raksul	-	-	-	-	329	205	223	608	418	**533**
	Novasell	-	-	-	-	22	4	9	-25	18	**15**
	Hacobell	-	-	-	-	-102	-129	-83	-51	-26	**16**
	Others and corporate expenses	-	-	-	-	-292	-280	-302	-294	-249	**-298**
Segment Profit (financial accounting)	Raksul	299	303	360	350	329	205	207	598	408	**515**
	Novasell	1	45	29	-1	22	4	5	-27	16	**10**
	Hacobell	-16	-30	-40	-74	-102	-129	-85	-52	-27	**11**
	Others and corporate expenses	-249	-281	-271	-279	-292	-296	-303	-327	-330	**-391**
Operating Profit (non-GAAP)	Company wide	34	36	77	-5	-43	-200	-152	237	160	**266**

RakSul

Difference between non-GAAP profit and accounting profit

- **From FY2020, we have been disclosing non-GAAP profits after adding back stock-based compensation expense**

(in JPY MM)	FY2021 2Q (2020/11-2021/1)			FY 2021 1Q-2Q (2020/8-2021/1)		
	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)	**Actual** (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)
Revenue	**7,417**	**-**	**7,417**	**13,354**	**-**	**13,354**
Gross Profit	**1,757**	**-**	**1,757**	**3,257**	**-**	**3,257**
Gross Margin	**23.7%**	**-**	**23.7%**	**24.4%**	**-**	**24.4%**
Operating Profit	**266**	**120**	**146**	**427**	**215**	**212**
Ordinary Profit	**258**	**122**	**136**	**415**	**219**	**195**
Net Profit	**204**	**122**	**82**	**344**	**219**	**124**

RakSul

Stock Incentive Balance

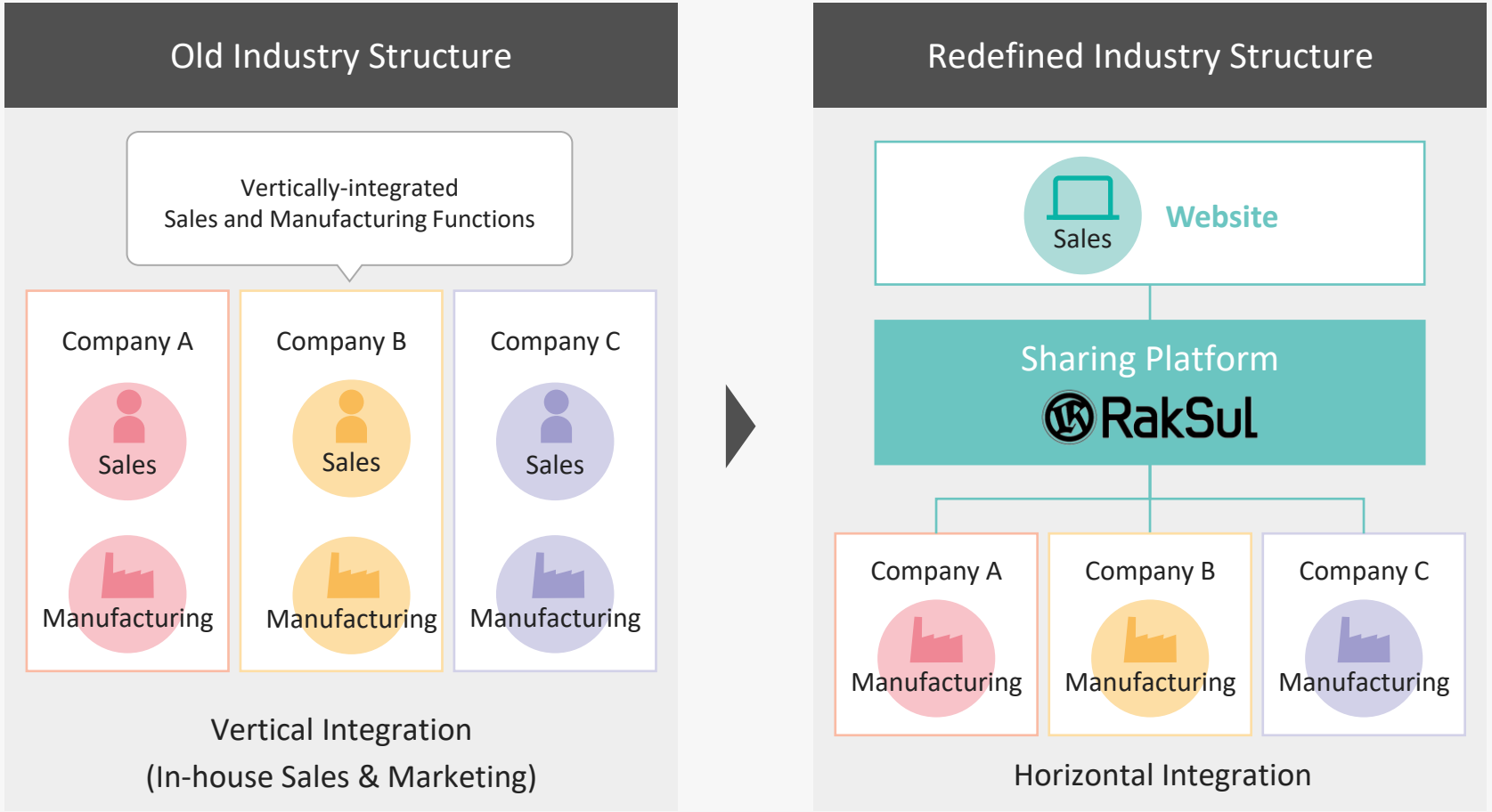
		FY2019	FY2020	FY2021 2Q
Stock options	Beginning balance	1,801,200	1,532,600	**1,824,700**
	Granted	0	700,000	**0**
	Vested	-256,600	-388,300	**-177,000**
	Forfeited/canceled	-12,000	-19,600	**0**
	Ending balance	1,532,600	1,824,700	**1,647,700**
Restricted stock	Beginning balance	0	0	**66,817**
	Granted	0	76,590	**91,930**
	(as % of shares outstanding at year-end)	(-)	0.27%	**0.32%**
	Released	0	-8,673	**-8,447**
	Forfeited/canceled	0	-1,100	**-1,456**
	Ending balance	0	66,817	**148,844**
Total	Beginning balance	1,801,200	1,532,600	**1,891,517**
	Granted	0	776,590	**91,930**
	(as % of shares outstanding at year-end)	(-)	2.75%	**0.32%**
	Vested/released	-256,600	-396,973	**-185,447**
	Forfeited/canceled	-12,000	-20,700	**-1,456**
	Ending balance	**1,532,600**	**1,891,517**	**1,796,544**

Equity incentive ratio (as a % of shares outstanding at year-end)	**5.51%**	**6.69%**	**6.30%**
Shares outstanding at year-end	27,805,200	28,270,090	**28,539,020**

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 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



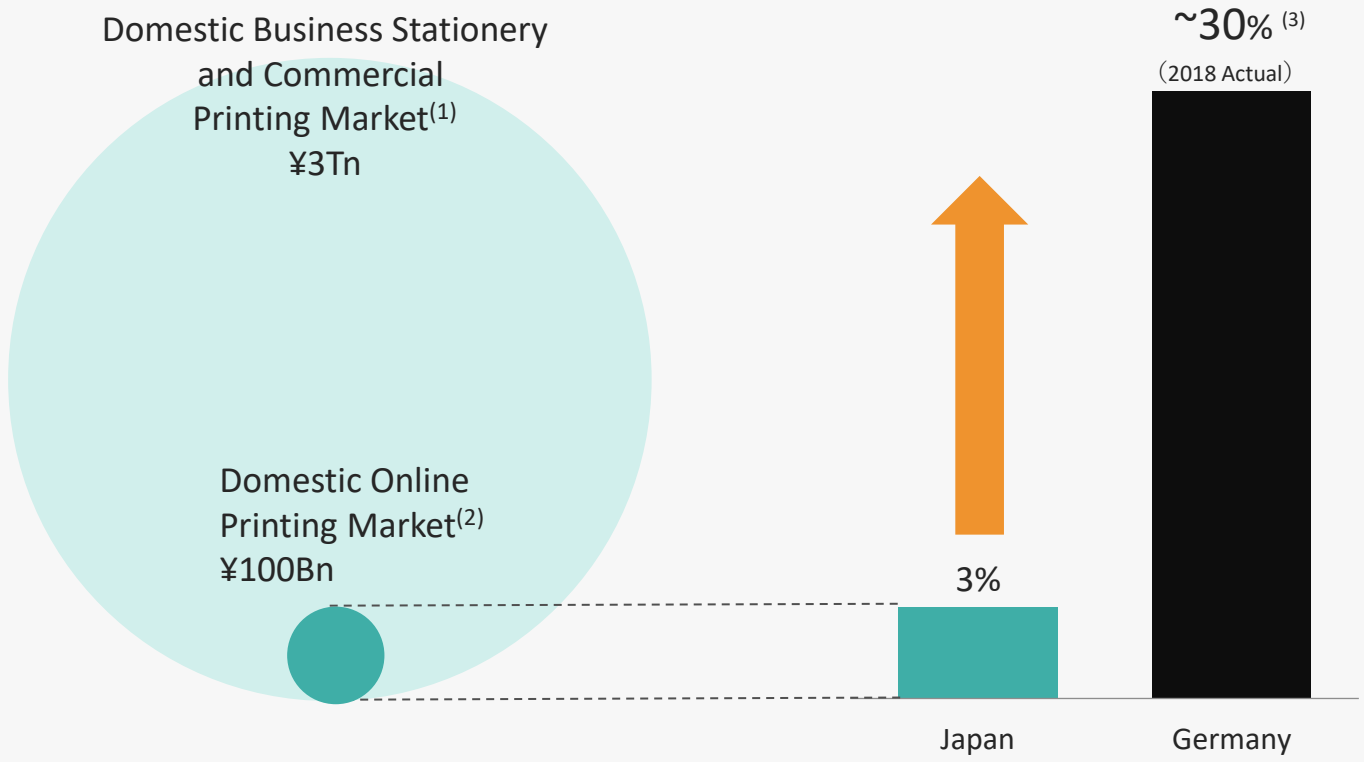
Operation

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 Yano Research Institute, METI

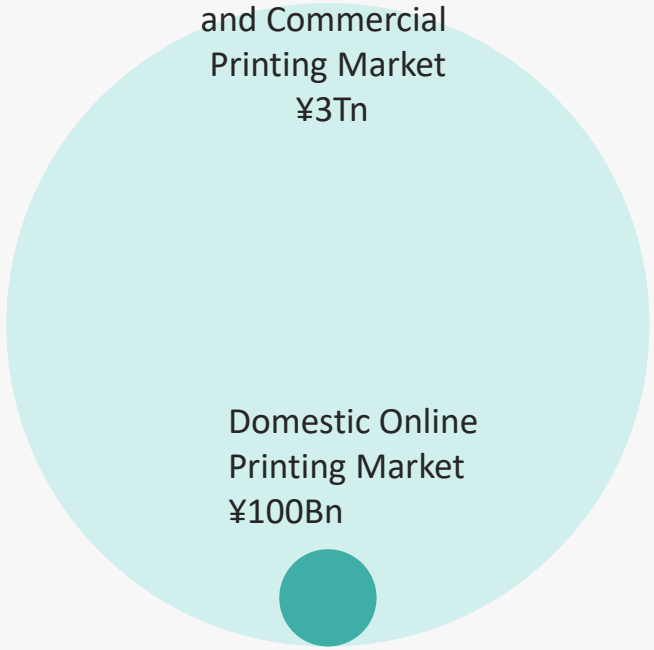
Note
(1) Source: METI
(2) Source: Calculated based on the financial information of domestic online printing companies(2019)
(3) Source: zipcon consulting (2019)

Raksul Novasell

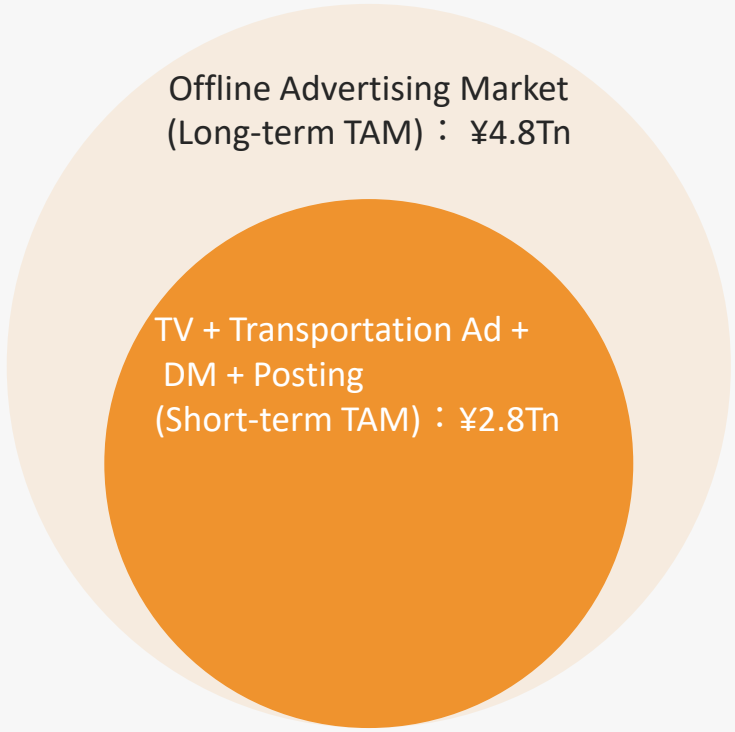
One-Stop Service (Advertising Business) Further Extends Our Opportunities

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

Printing



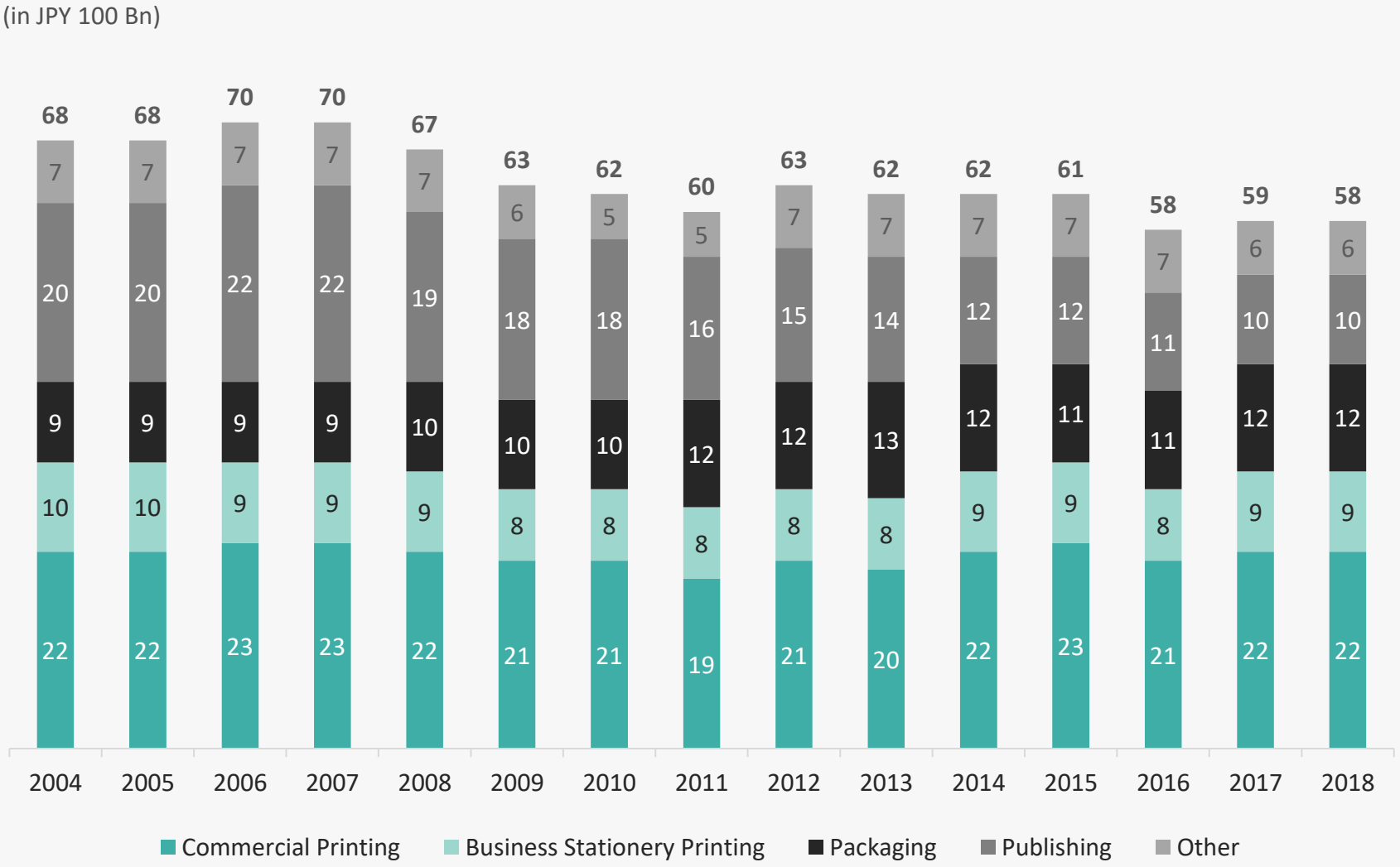
Advertising



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

Historical Trends of Japanese Printing Market

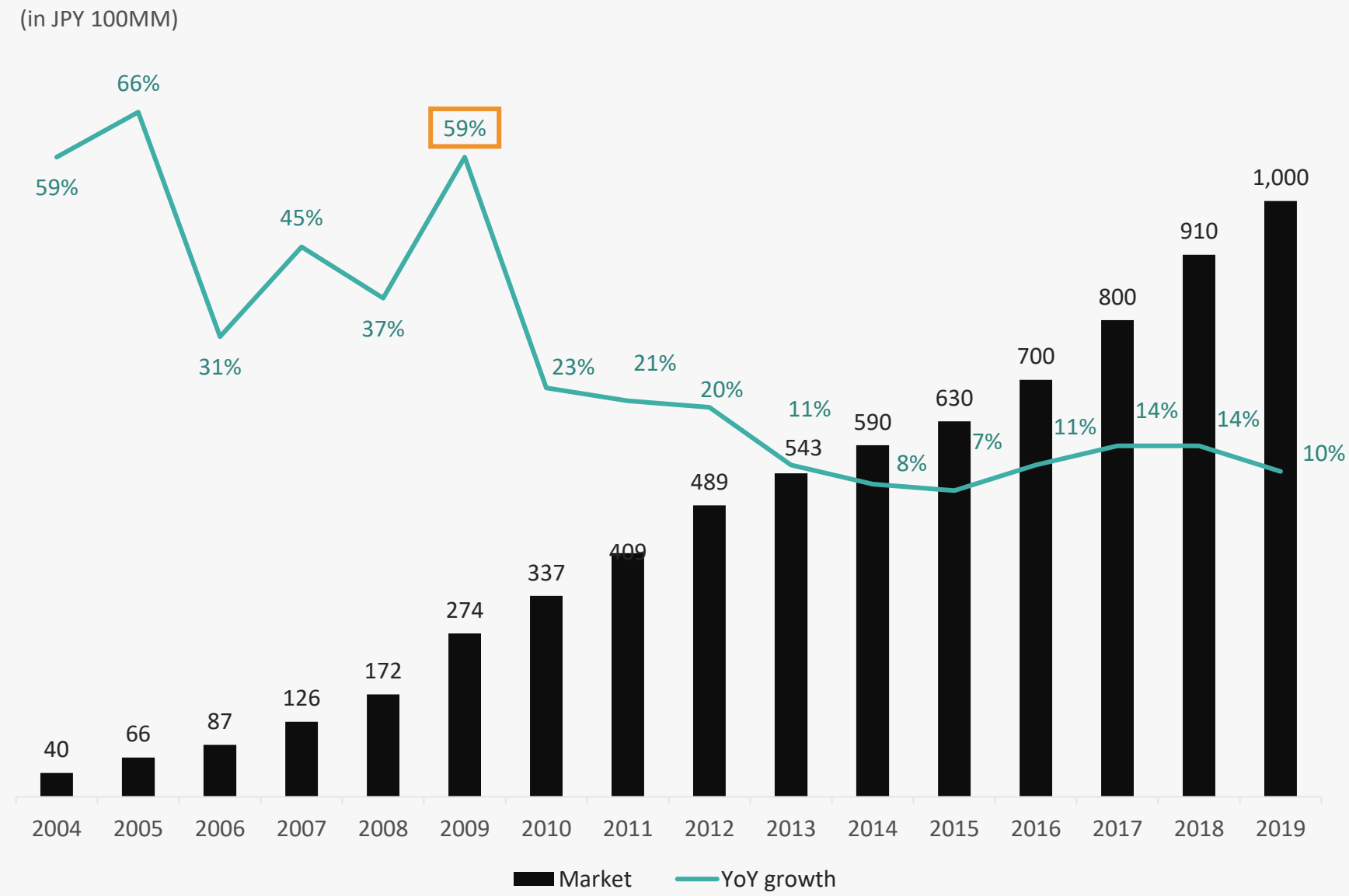
- **The overall printing market size decreased due to the shrinking publishing segment, while the segment size of business stationery printing and commercial printing (i.e. Raksul's target segments) remained roughly flat**



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

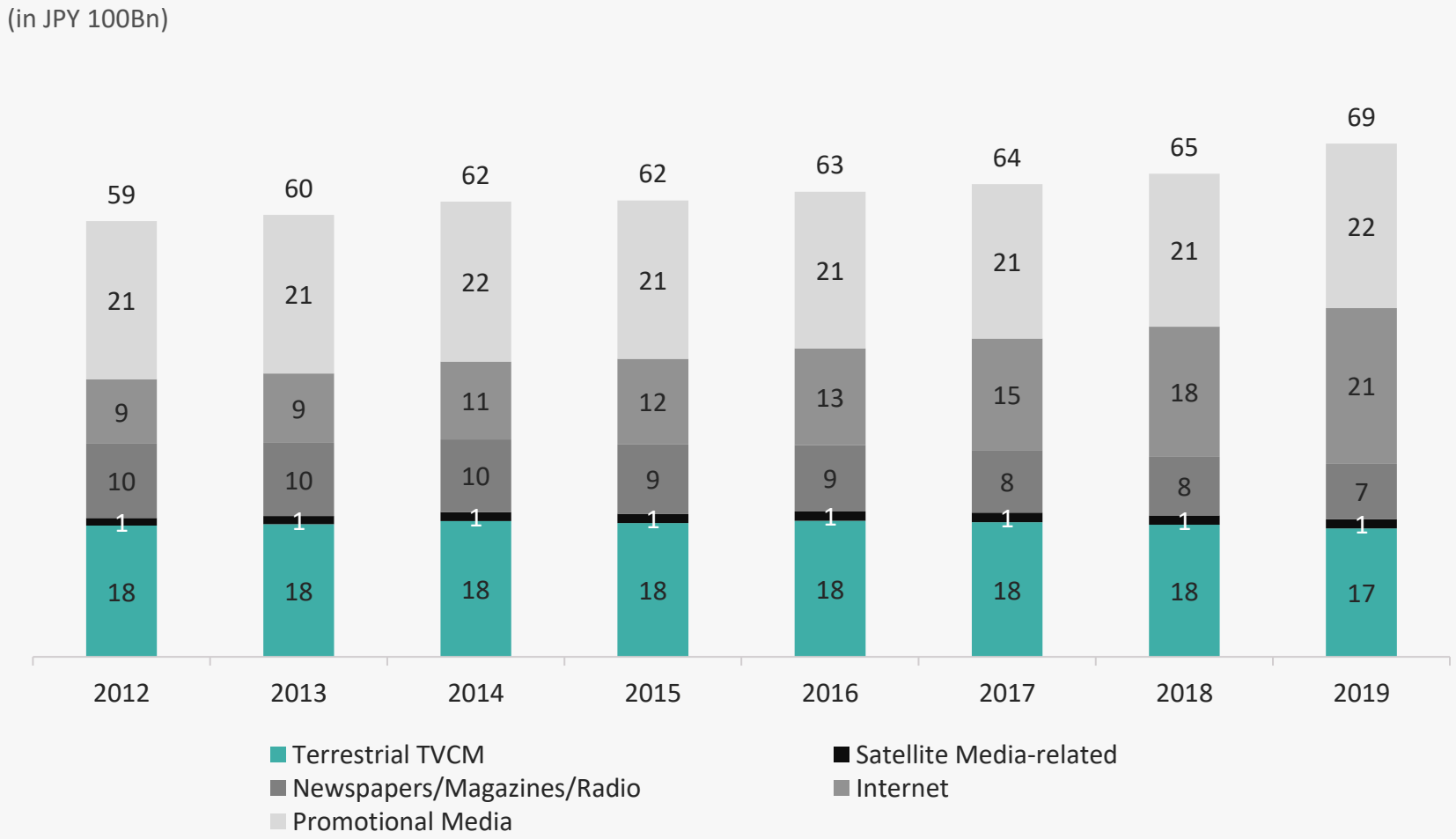
- There was significant growth in the printing EC market during the post-financial crisis recession



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)

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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 (2t - 4t)	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



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Disclaimer

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

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