RAKSUL

Financial Results for the 1st Quarter of Fiscal Year Ending July 31, 2022

RAKSUL INC. (TSE First Section: 4384)

December 9, 2021

RAKSUL

Summary

- **Although the 1Q results were partially affected by the State of Emergency (SoE), we have been on a recovery track from mid-1Q; steady progress towards achieving the full-year forecast**
- **Acquired additional shares of DANBALL ONE. Inc. to make it a wholly owned subsidiary**
  - DANBALL ONE has No.1 share of the domestic cardboard EC market. After the consolidation, Raksul business segment will become one of the largest printing and packaging materials EC players in Japan
  - The acquisition is scheduled to be completed on February 1, 2022 and consolidated financial results will be disclosed from FY2022 3Q. Growth momentum in companywide results is expected to increase further
- **In accordance with the new revenue recognition standards, our accounting methods for revenue, gross profit, and advertising expenses has been changed**
  - Changed to revenue recognition on a net basis for broadcasting services in the Novasell business segment: changes in revenue
  - Coupon discounts were changed to sales allowance: changes in revenue, gross profit, and advertising expenses
  - Operating profit remains unchanged
  - Revised full-year forecast disclosed in accordance with the change in accounting standards (excluding results of DANBALL ONE)

1. Company Overview
2. Consolidation of DANBALL ONE. Inc.
3. Revision of the Full Year Forecast in accordance with the New Revenue Recognition Standards
4. Financial Highlights
5. Q&A
6. 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



Logistics Platform

ハコベル

Hacobell
Launched in
December 2015



TV commercial-related Platform

ノバセル

Novasell
Launched in
April 2020



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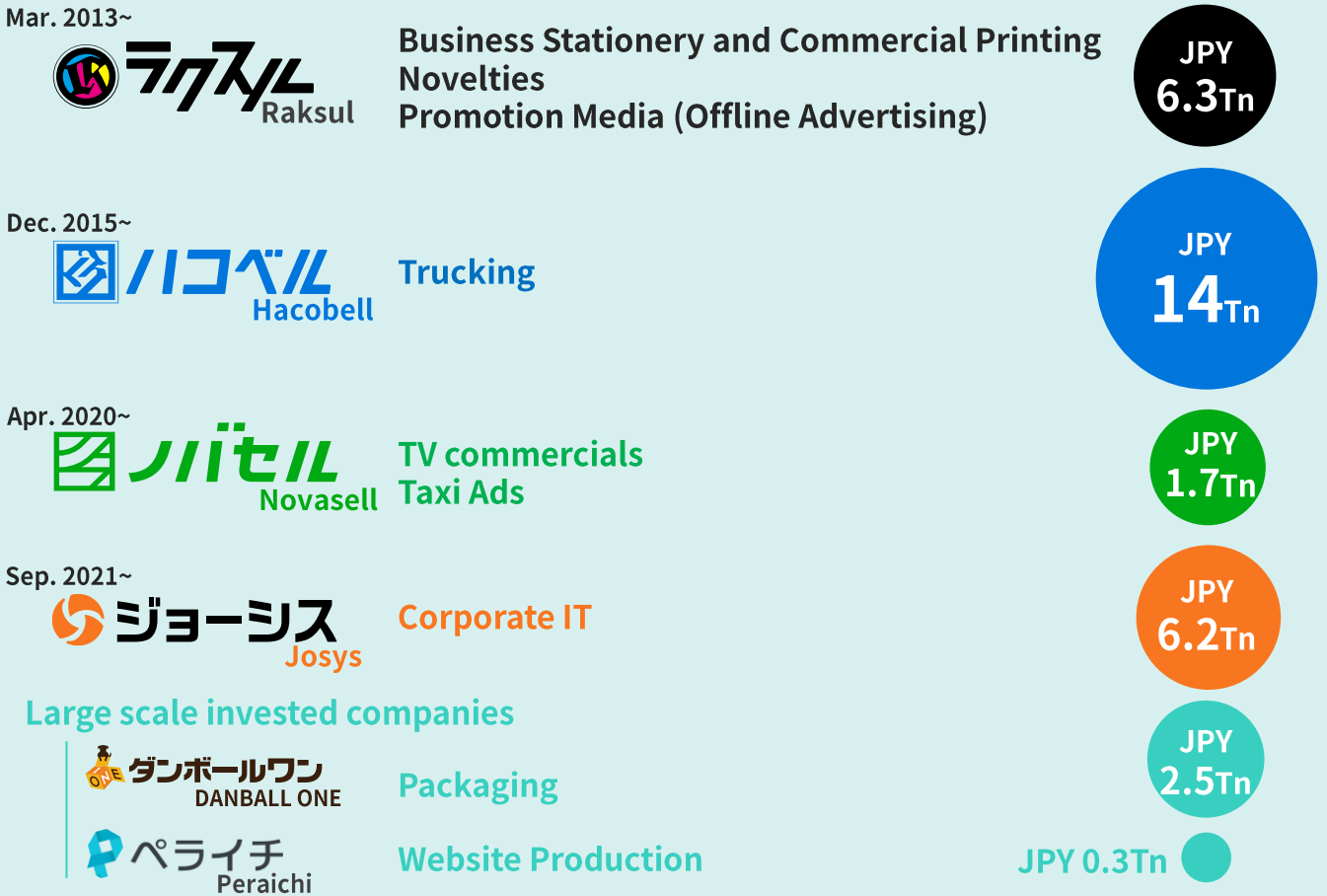
Direction of Growth

- We will redesign the industrial structure of each indirect cost (indirect materials/services) and market through our Integrated Vertical Platform
- The TAM of the peripheral markets is also large, and there is room for expansion (e.g., printing → packaging, logistics → warehousing)
- With a fragmented supply-side structure, our strength is building businesses in markets with room for EC progression

Company P&L: Revenue — Direct Cost — Indirect Cost = Operating Profit

Domestic Indirect Cost Market JPY 140Tn in Total



Source: Please see Reference Materials for details

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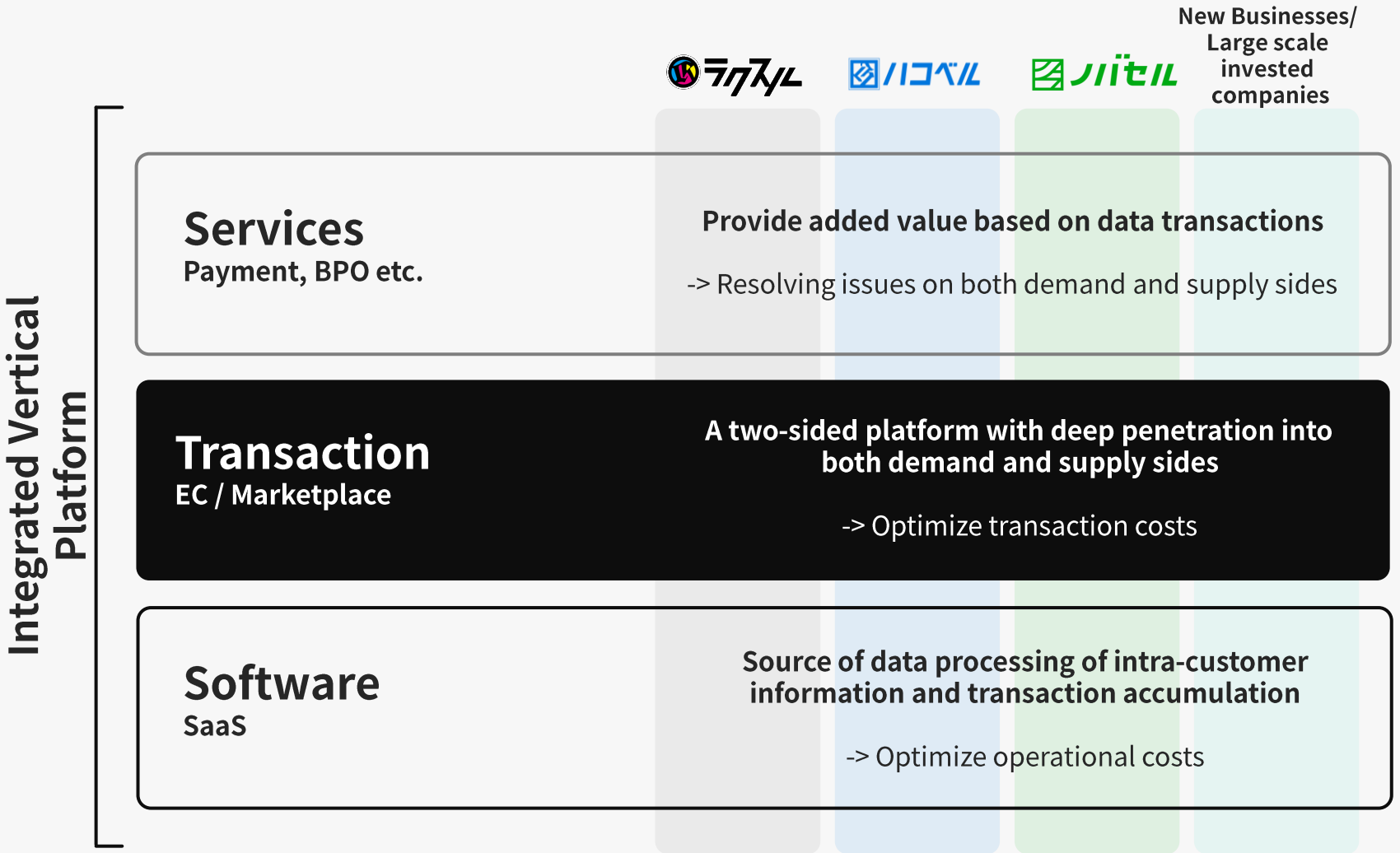
Business Model

- An Integrated Vertical Platform with “Transaction” as the primary focus as well as “Software” and “Services” for each indirect cost market
- Achieve continuous monetization from transactions (current main source of revenue) by penetrating deeply into both supply and demand sides, rather than simply matching supply and demand
- As a result, transform traditional industries into highly productive and profitable industries by improving the efficiency of transaction and operational costs



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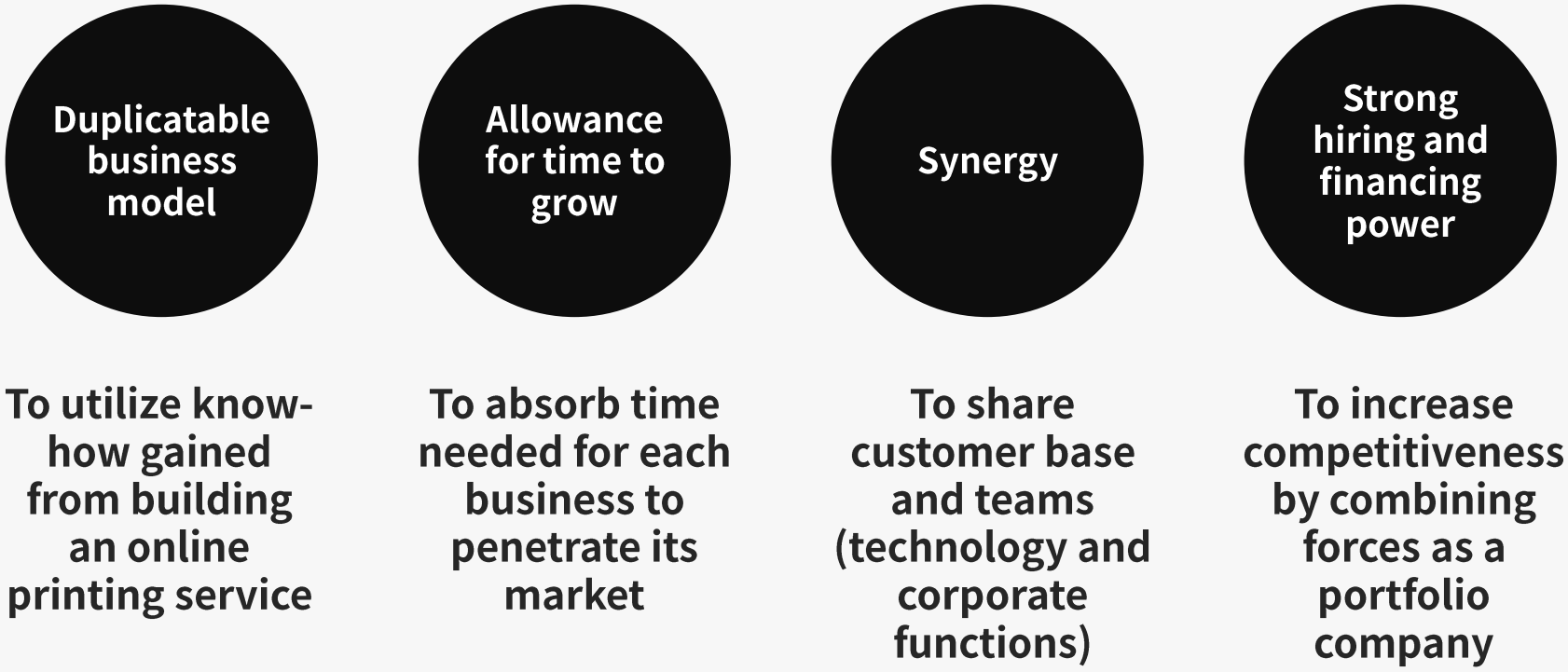
Portfolio Management of Multiple Businesses

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

Why We Build a Business Portfolio



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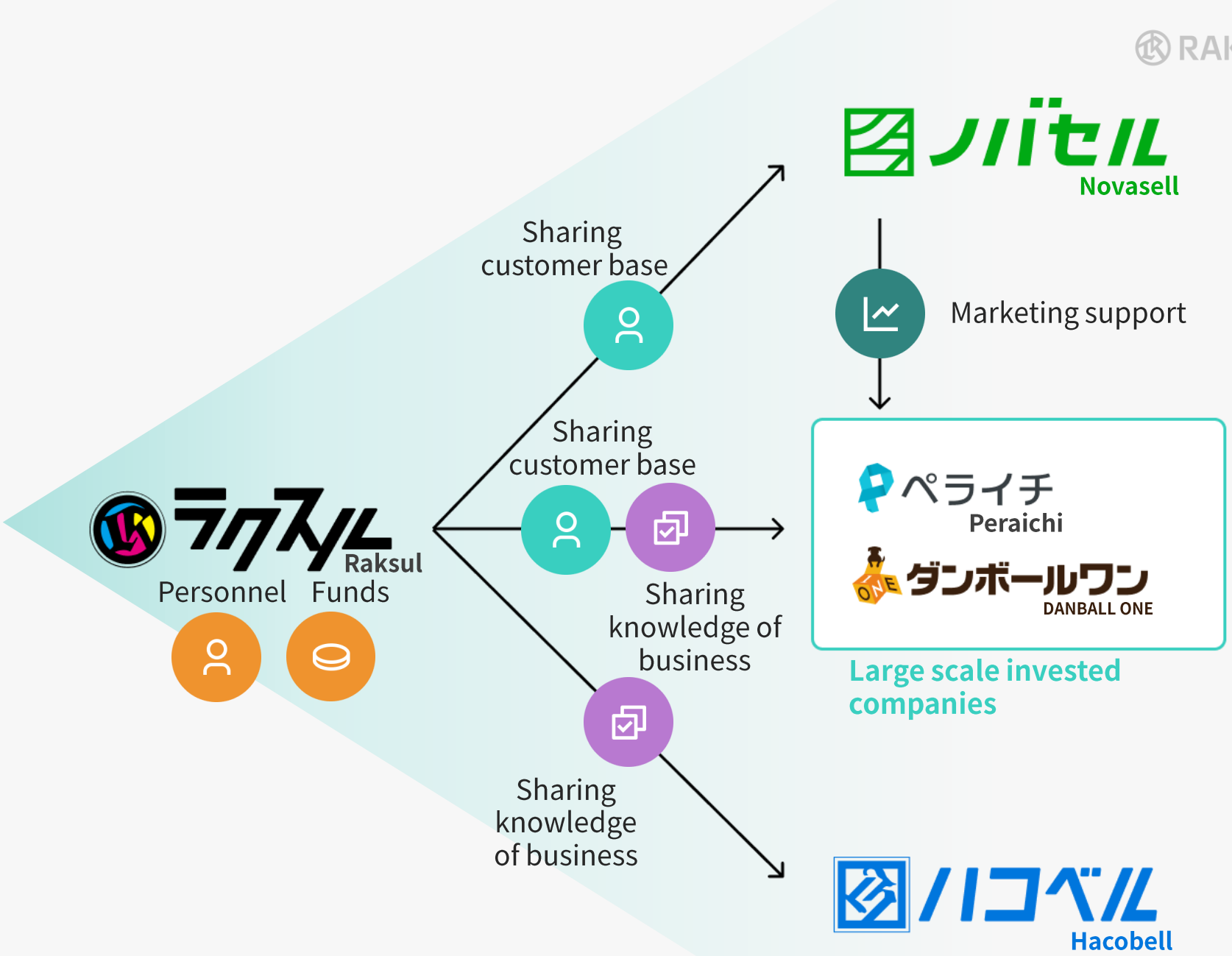
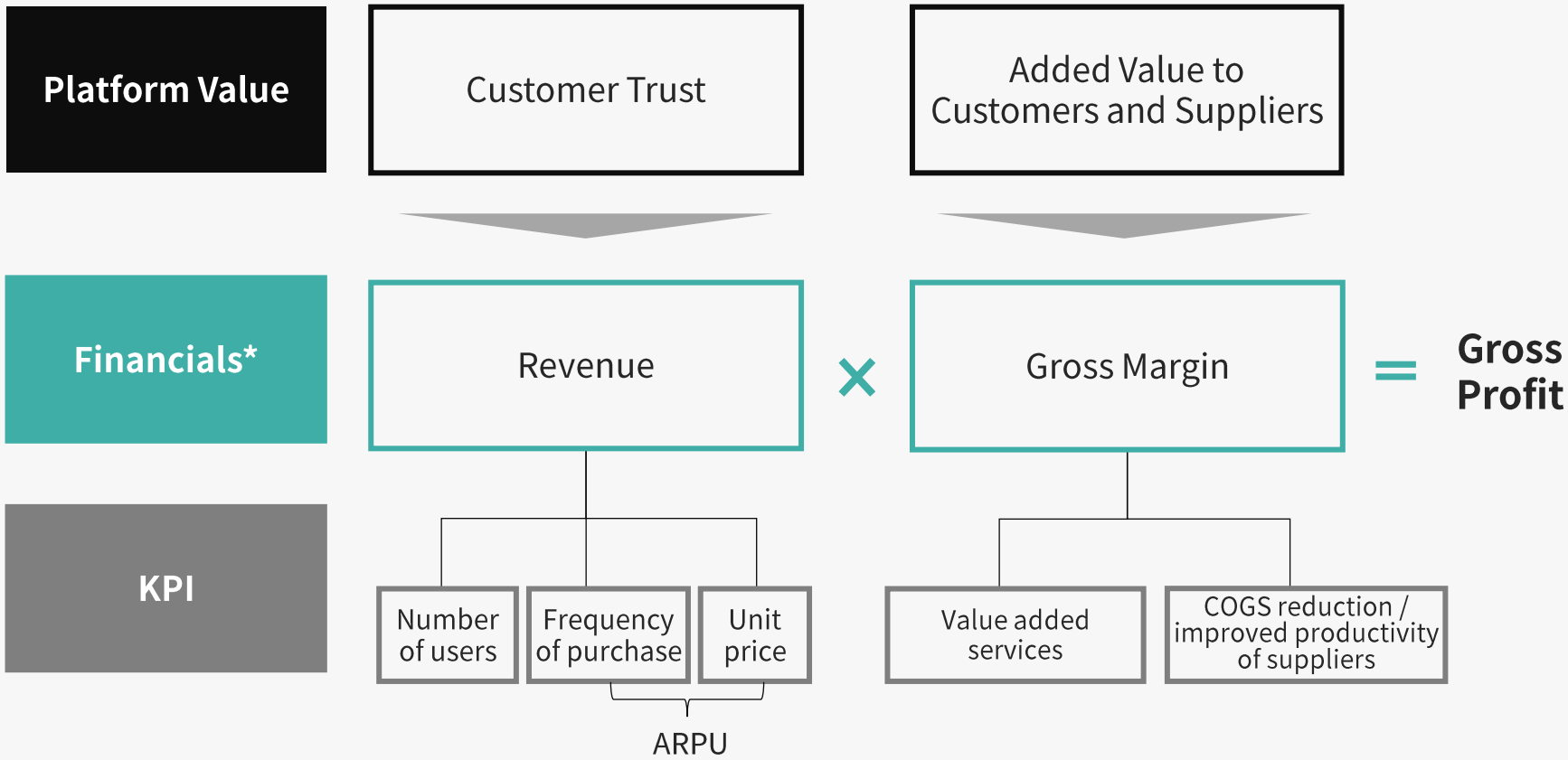
Synergy between Business Segments

- Our system ensures the launch of each business by sharing customer base and know-how, dispatching personnel and providing funds from the Raksul business segment



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 links to enterprise value



***Accounting standards applied to our revenue and gross profit**
(excluding the broadcasting services of Novasell business segment, refer to section 3 for details)
Revenue: revenues earned from customers booked as gross revenue
Gross profit = gross revenue - cost of sales

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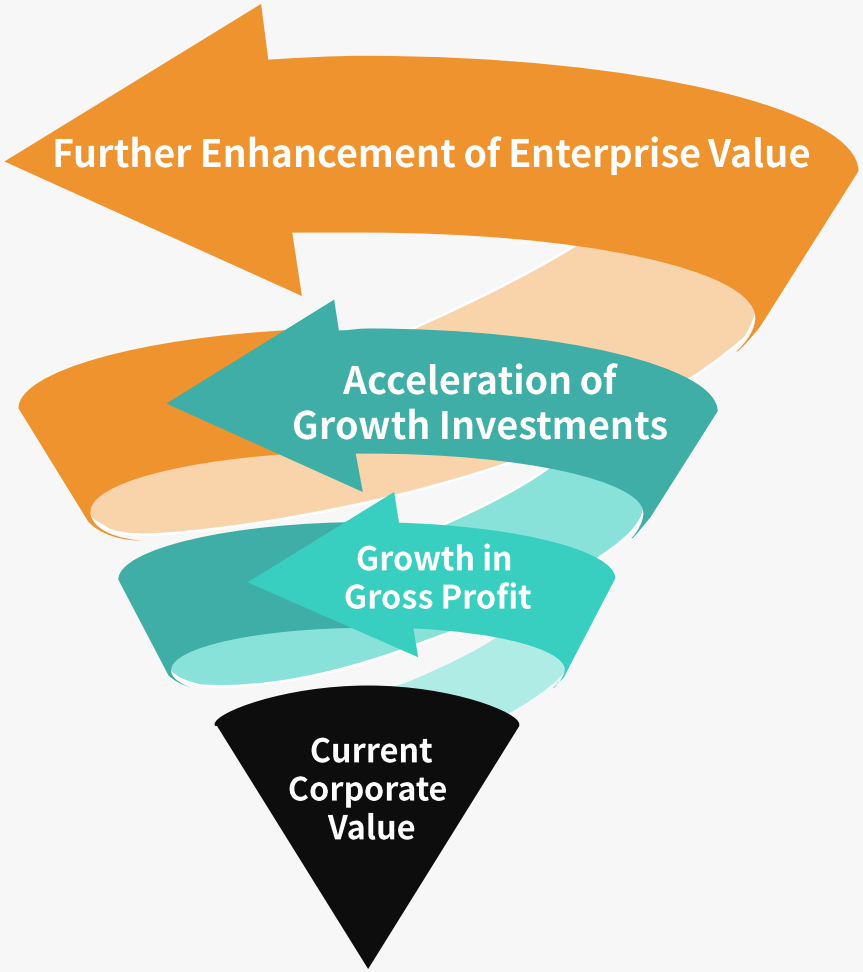
Upward Spiral of Value Creation Through Reinvestment

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

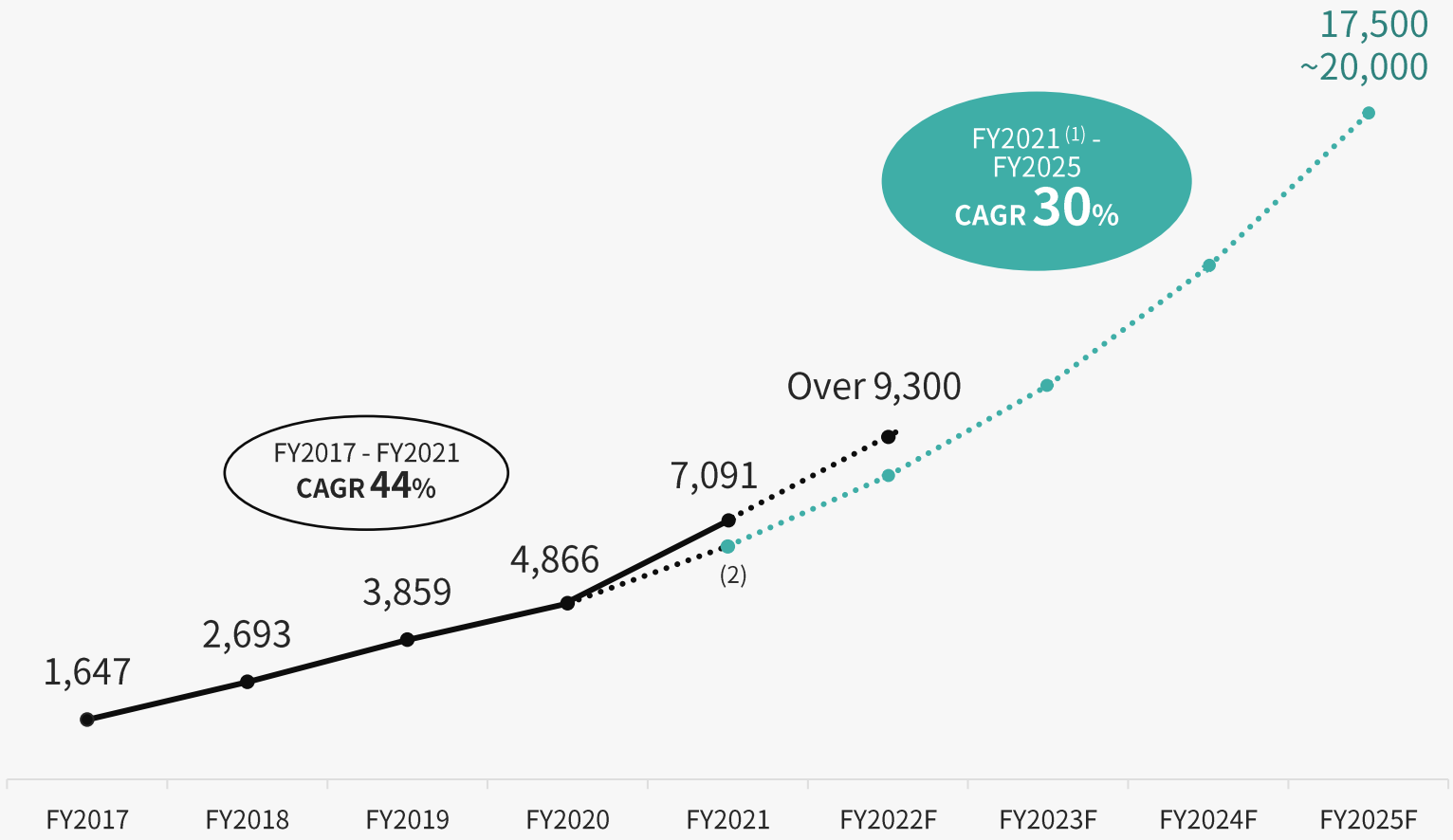


Medium-to-Long Term Financial Targets and Policies

- Our medium-to-long-term target for gross profit growth is CAGR 30% (growing at an excessive pace)
- 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/ROIC 10% in the mid-term with consideration of capital efficiency as a listed company

Gross Profit: Medium-to-Long Term Target (1)

(in JPY MM)



Notes
(1) Figures for FY2017-FY2021 differ from those disclosed in previous fiscal year due to the new revenue recognition standards (refer to section 3 for details)
(2) Lower range of full-year forecast disclosed on September 10, 2020

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Consolidation of DANBALL ONE. Inc.

Investment Highlights

- To expand the scope of business in the Raksul business segment, we will acquire additional shares of DANBALL ONE. Inc. (“DANBALL ONE”), which has the largest share of the expanding cardboard EC market, making it a wholly owned subsidiary
- After the consolidation, the Raksul business segment will become one of the largest printing and packaging materials EC players in Japan
- Since acquiring 49% of DANBALL ONE shares in December 2020, we have taken a hands-on approach in providing comprehensive support, and will execute additional acquisition while minimizing impairment risks
- As a result of this acquisition, we will shift to consolidated accounting from FY2022 3Q (February 1, 2022)
- With the acquisition of DANBALL ONE, a company with a high growth rate even in the COVID environment, Raksul business segment and companywide performance will have strong growth momentum

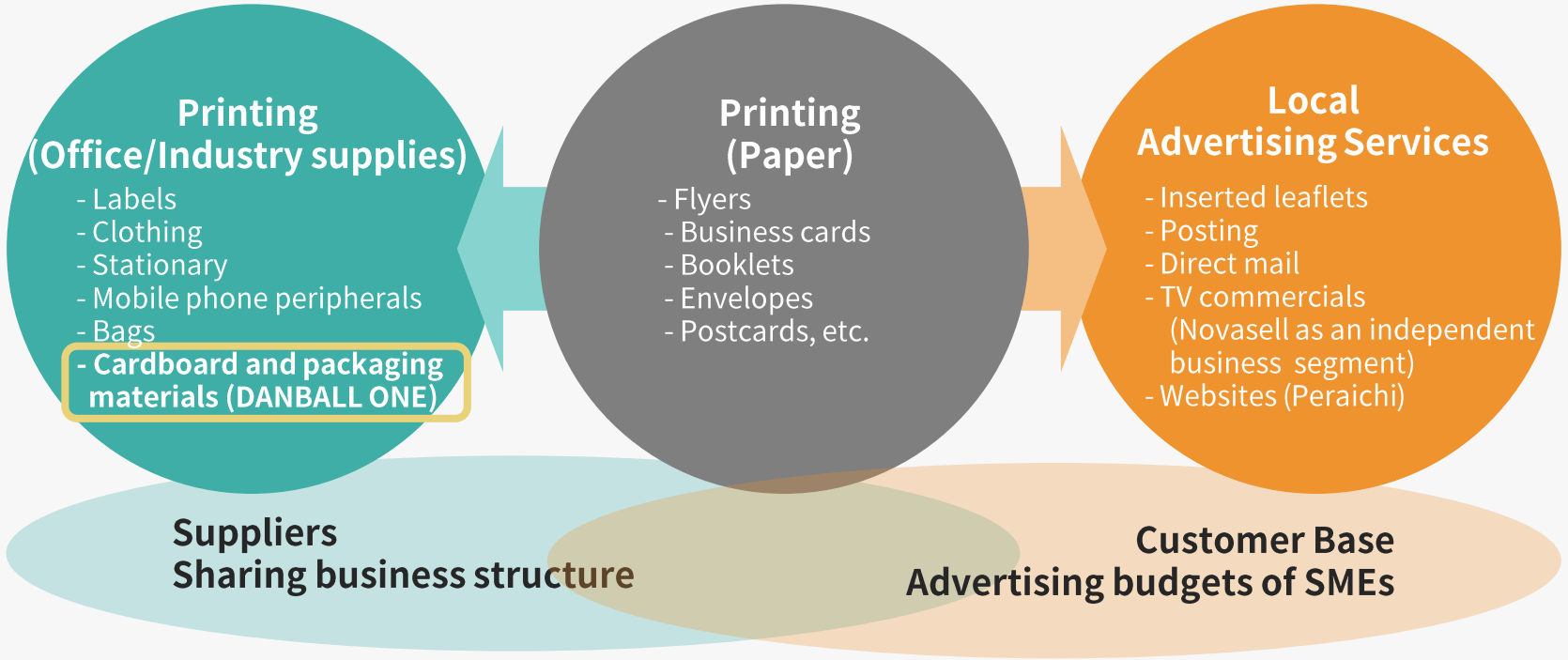
Summary

- DANBALL ONE Inc. became a wholly owned subsidiary of RAKSUL INC. after its large-scale investment in Dec 2020

Summary	Consolidation of DANBALL ONE. Inc.
Acquisition Structure	Purchase of all shares held by the existing shareholder (Representative Director Toshihiro Tsuji)
Share Purchase Amount	Approximately JPY 2Bn + Earn-out of JPY 500MM (Including the share purchase amount of the previously acquired 49% stake, 100% equity value is JPY 4Bn + Earn-out of JPY 500MM)
Financing	Funds on hand (No additional financing planned)
Planned date	February 1, 2022
Future disclosure policy and forecast of companywide performance	• DANBALL ONE's results will be disclosed as part of the Raksul business segment; its individual results will also be disclosed separately • The revision of the financial forecast due to this acquisition will be disclosed in February after the acquisition is completed • Since goodwill will be generated as a result of the acquisition, we will be disclosing EBITDA (non-GAAP) thereafter. While the most important financial indicator is still the gross profit, profit and CF indicators will be shifted from operating profit (non-GAAP) to EBITDA (non-GAAP)

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



Penetration into small-lot printing for office/industrial items by utilizing sharing know-how
Market scale: JPY 3-5Tn
EC penetration ratio: 1%

- Small lot printing on paper such as flyers
- We have achieved the highest growth in this market
Market scale: JPY 3Tn
EC penetration ratio: 3-4%

Improve customer ARPU by cross-selling to existing customers
Market scale: JPY 1-2Tn
(excl. TV commercials)
EC penetration ratio: less than 1%
(excl. websites)

Source: Estimated based on Yano Research Institute, METI, Dentsu "Advertising Expenditures in Japan", financial information of domestic online printing companies

Vision / Overview

- DANBALL ONE operates a platform for packaging materials under the same vision as RAKSUL, “Better Systems, Better World”
- No.1 domestic sales share for 4 consecutive years as an e-commerce site specializing in cardboards and packaging materials

VISION

Better Systems, Better World



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

ダンボールワン
DANBALL ONE

おかげさまで、4年連続
ダンボール・梱包材 業界
No.1

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

Overview

Company name	: DANBALL ONE. Inc.
Business	: Operation of “Danball One,” an online order platform for cardboard and packaging materials
CEO	: Toshihiro Tsuji
HQ	: Kanazawa, Ishikawa, Japan
# of Employees	: 62 (as of October 2021)

Business Model

- An online platform where users can easily purchase cardboard and packaging materials at low cost
- DANBALL ONE possesses the industry's largest network of cardboard manufacturers and packaging material manufacturers. It has also established a system to provide products at low cost and in small lots
- **Similar to Raksul's business characteristics in terms of both attracting customers through marketing and building a supplier network through SCM, we can utilize Raksul's business creation model directly in the PMI process**



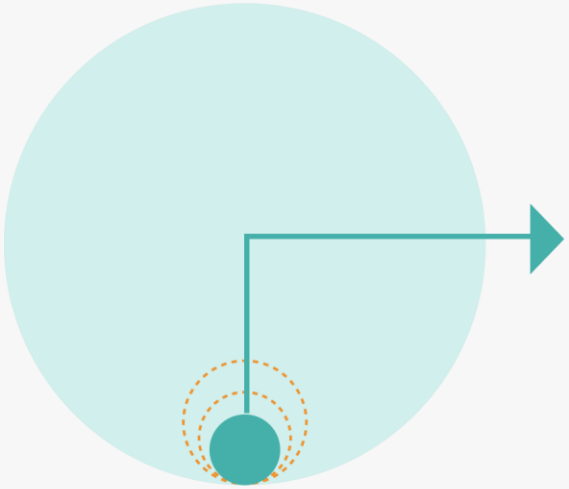
Value to Users : **Low cost, easy to order**

Value to Suppliers : **Improve operational inefficiencies and maximize productivity**

Domestic Cardboard EC Market

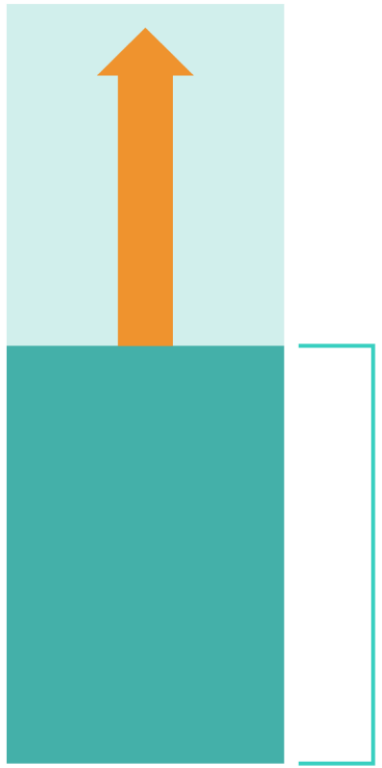
- The market benefits from the growing demand of EC in Japan
- The domestic cardboard EC market is growing at a CAGR of 30%
- DANBALL ONE accounts for approximately over 50% of the domestic cardboard EC market

Domestic Cardboard Market
JPY 1.8Tn (1)



Domestic Cardboard EC Market
JPY 8.5Bn (2)

Domestic Cardboard EC Market Share



ダンボールワン
DANBALL ONE

Over **50**%

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), 2018-2021 CAGR

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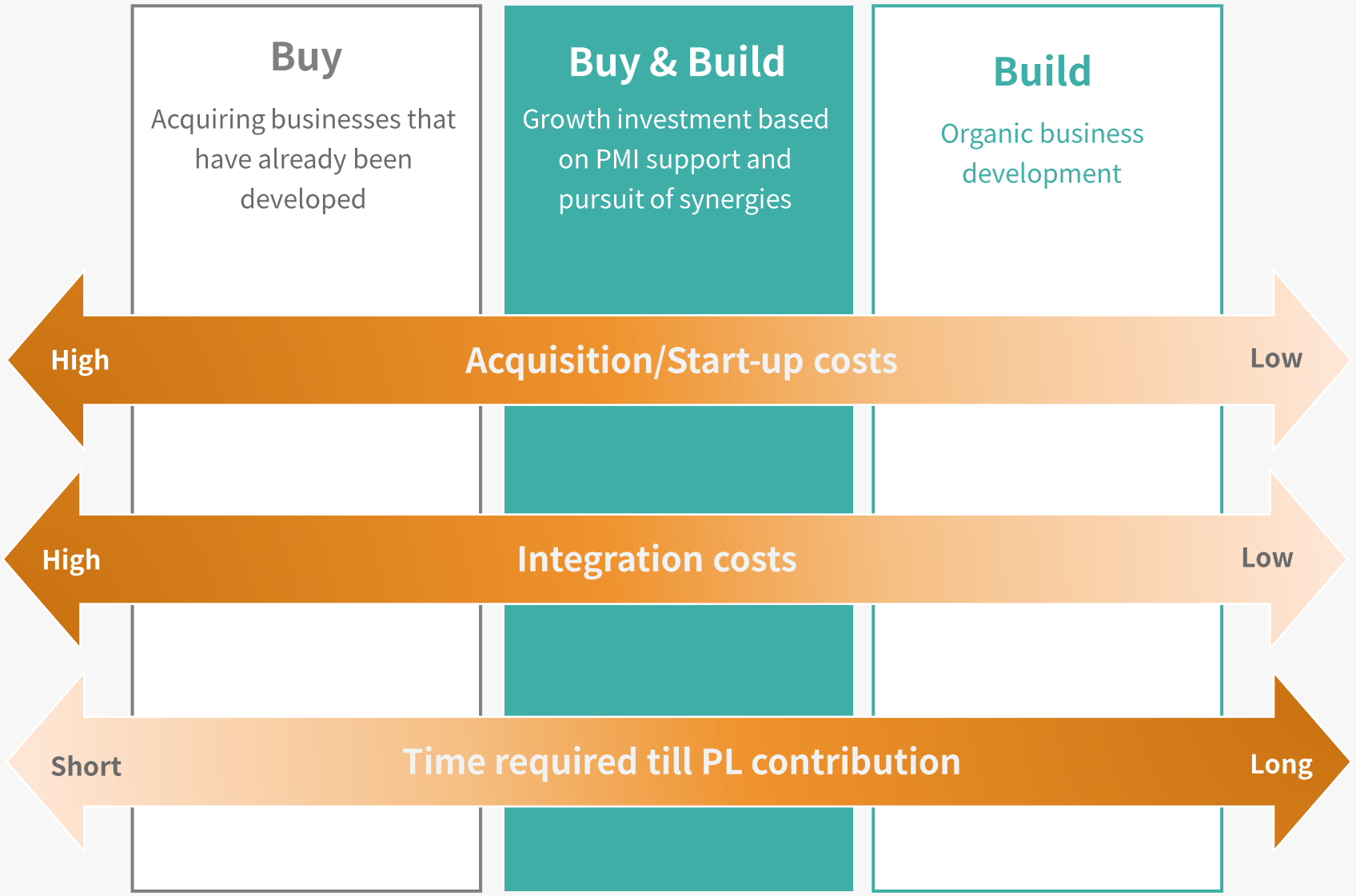
Business Development Driven M&A

- The ability of our organization to create new businesses in-house is rare and continues to be a top priority
- On the other hand, we will continue to develop new businesses through "buy & build" type M&A of growth companies
- The source of our competitive advantage is the creation of value through PMI support and the pursuit of synergies by fully utilizing the business, organizational, and financial assets we have accumulated to date
- The acquisition of DANBALL ONE was a two-step acquisition, realized while fully managing risks



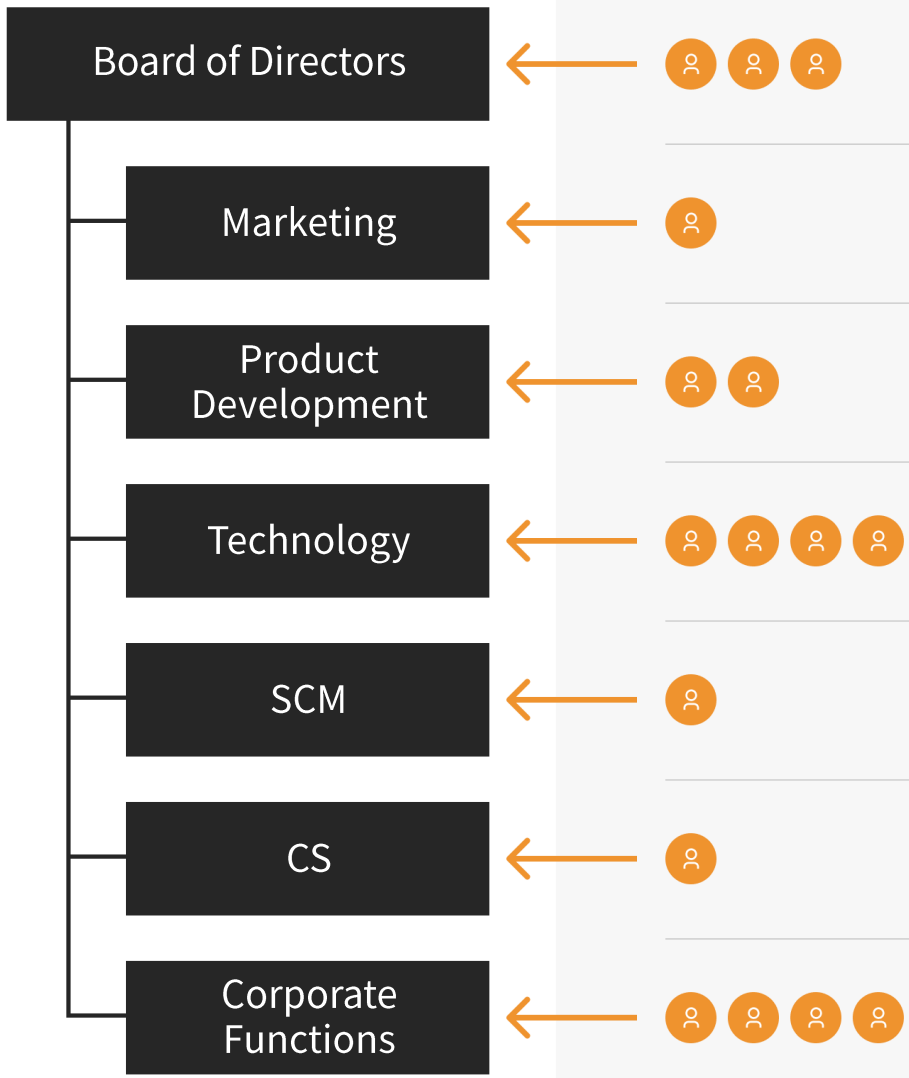
PMI/ Synergies

- Significant expansion of business value through hands-on approach of organizational enhancement, sharing of customer base, and marketing support by Novasell
- Minimizing the risk of impairment by allocating sufficient resources to PMI

	RAKSUL		DANBALL ONE
Organization	• Experienced management team in B2B platform business • One and only global technology team in the industry	Full support in providing management and technology know-how	• A team of industry-savvy professionals
Customer	SMB / EC Companies	Purchase of cardboard materials Purchase of labels / DM	SMB / EC Companies
Marketing	 ノバセル Novasell	Full support of production / planning / broadcasting / analyses	 No.1 domestic cardboard EC site

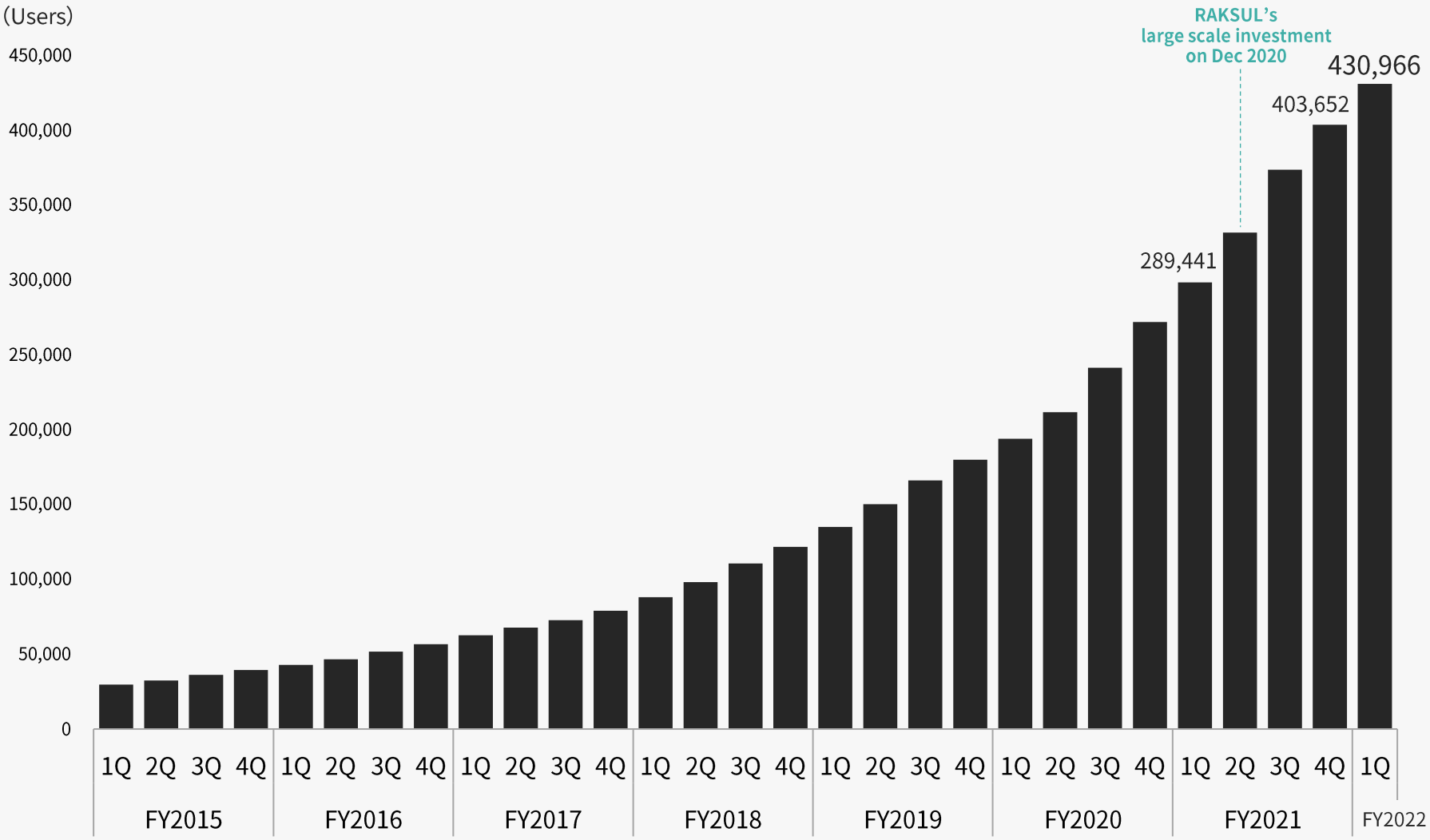
Comprehensive Support in PMI

- Over 10 members from RAKSUL with management and business experience dispatched to DANBALL ONE
- Provides comprehensive support towards creating business and management foundations with a very hands-on approach compared to consulting firms and investment firms (such as private equity and venture capital firms)
- We are also creating opportunities for the next generation of leaders to gain hands-on management experience



DANBALL ONE
Number of Users (1)

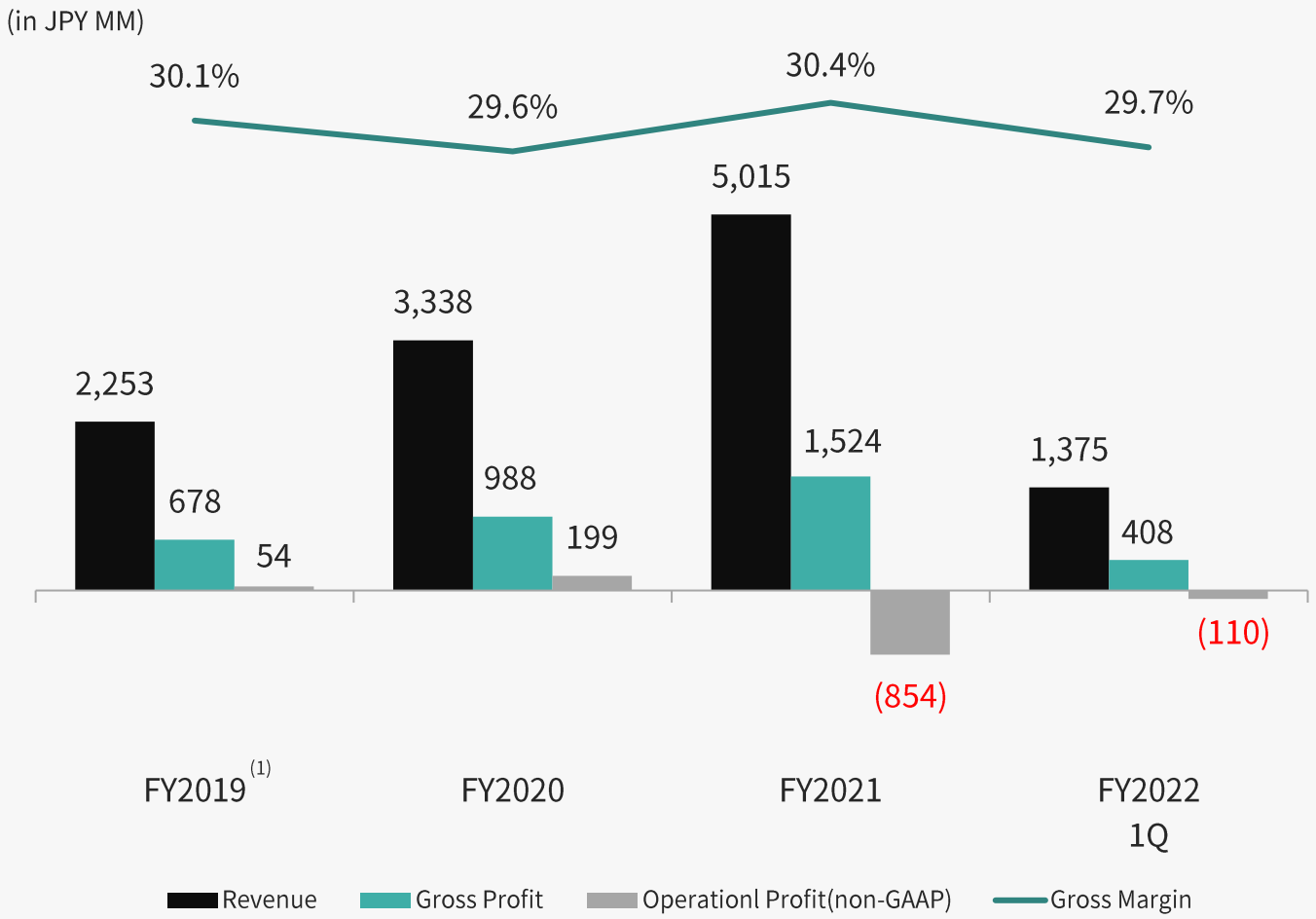
- The number of total users for 1Q was over 400,000
- The pace of customer acquisition is increasing due to the growing demand for EC in COVID environment and the marketing support provided by Novasell after our previous investment



Note
(1) Includes customers who were not registered for figures prior to FY2021

DANBALL ONE Financials (1)

- CAGR of around 50% for both revenue and gross profit for the past three years; expecting YoY growth rate of around 30% this fiscal year
- Gross margin is expected to be around 30%, boosting the gross margin of the Raksul business segment
- Operating loss in FY2021 and FY2022 1Q due to investment in customer acquisition through TV commercials. After becoming a wholly owned subsidiary, we plan to allocate investments based on our management policies



Note
(1) Due to changes in the fiscal year end (the last day of the fiscal year), past three years are calculated using a 12-month accounting period. All figures are pre-audit. As Danball One-Labo Inc. and Danball-One Inc. had a merger and changed its name to DANBALL ONE. Inc. on October 1, 2020, all figures are calculated as post-merger figures

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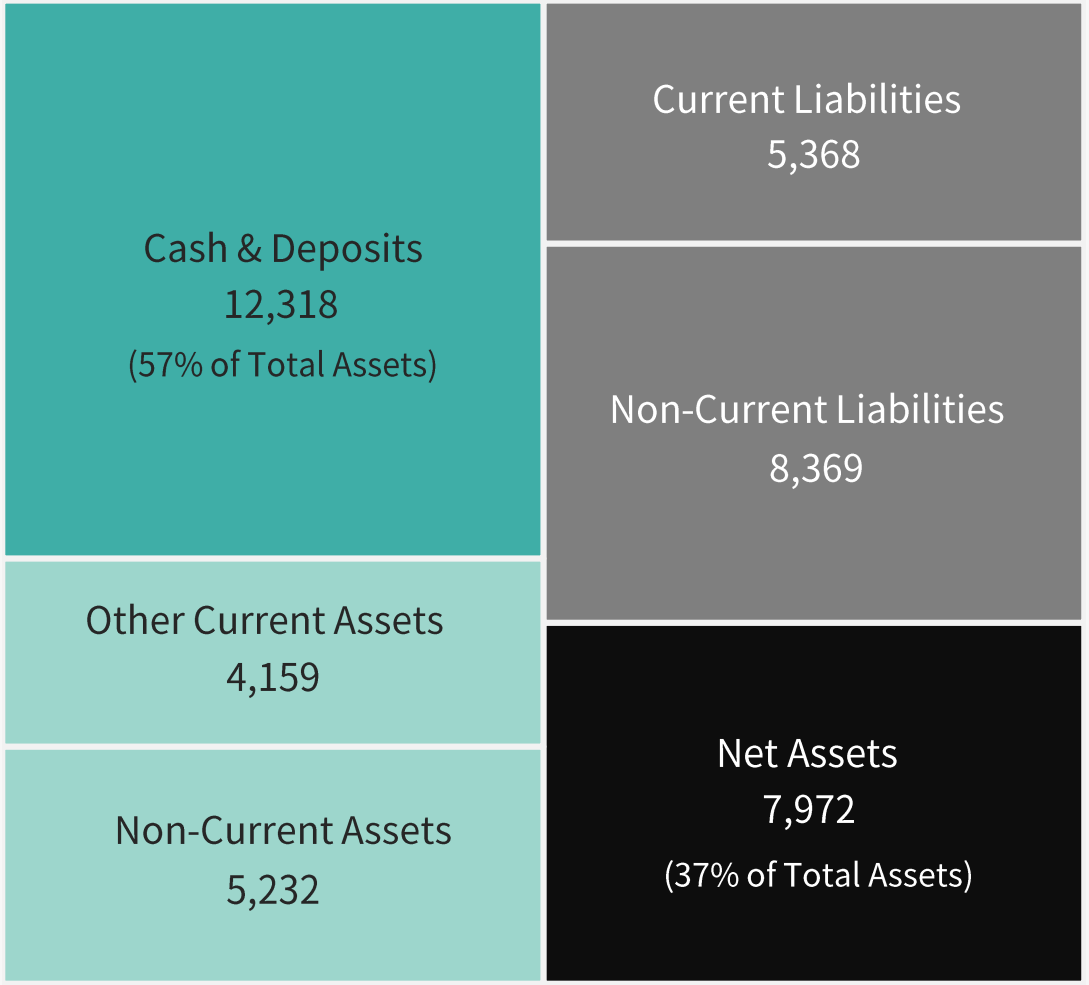
BS Impact due to the Acquisition

- Out of the cash and deposits of JPY 12.3Bn, approximately JPY 2Bn is planned to be invested in this acquisition. After the investment, cash and deposits still amounts to around JPY 10Bn
- Goodwill of approximately JPY 4.9Bn is expected to be recorded in consolidated BS from 3Q. Goodwill is expected to be amortized over 10 years
- Financial health is high as capital will be further increased if CB issued in 2019 (conversion price: JPY 4,074) is converted to equity
- Separately holds approximately JPY 1.4Bn in shares of Peraichi (approximately 49% stake)

RAKSUL BS Summary FY2021 1Q

(in JPY MM)



Bank Loan 3,233
(Final due in 2024-2026)
CB 5,030
(Due on Nov 2024)

Share Capital	2,464
Capital Surplus	5,271
Retained Earnings	-390
Stock Acquisition Rights	626

3

Revision of the Full Year Forecast in accordance with the New Revenue Recognition Standards

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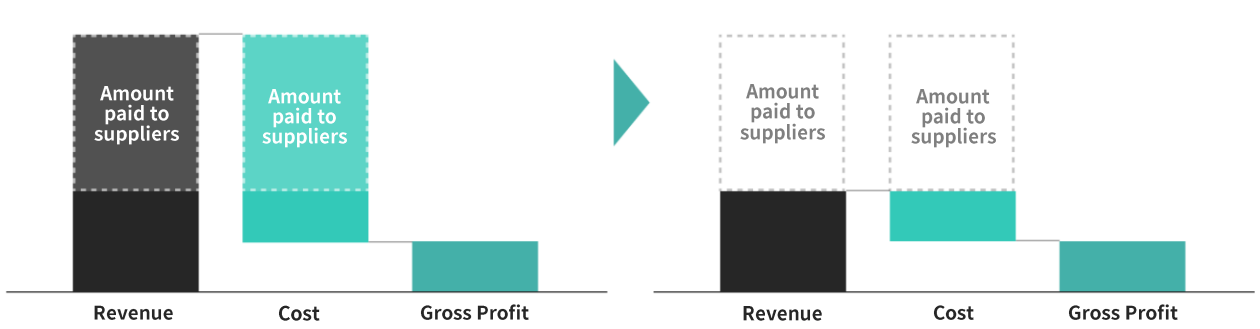
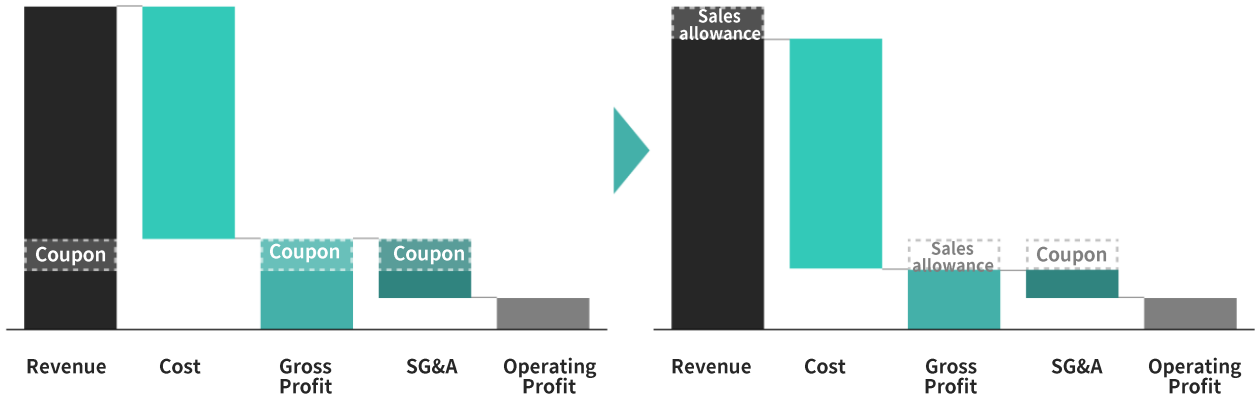
Changes in Accounting Methods due to New Revenue Recognition Standards

- Changed from the previous accounting methods as the new revenue recognition standards become compulsory from this fiscal year
- Changed the accounting method for Novasell's broadcasting services from gross to net revenue
- The amount of discount from coupons in Raksul and Hacobell business segments has been changed from "SG&A expenses" to "sales allowance"

	Previous Accounting Methods	New Revenue Recognition Standards	Impact
Novasell	Revenues earned from customers booked as gross revenue	Broadcasting services: revenues excluding payments to suppliers Production / SaaS services: revenues earned from customers (unchanged)	Revenue Decrease Gross Profit None Operating Profit None
Raksul Hacobell	Coupon discount amount booked as SG&A expenses	Coupon discount amount booked as sales allowance	Revenue Decrease Gross Profit Decrease Operating Profit None



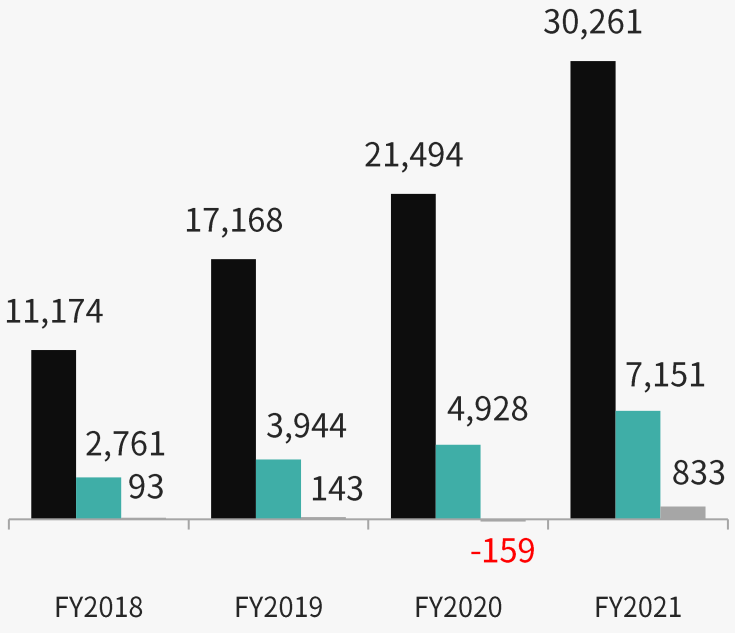


Companywide Full Year Results

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

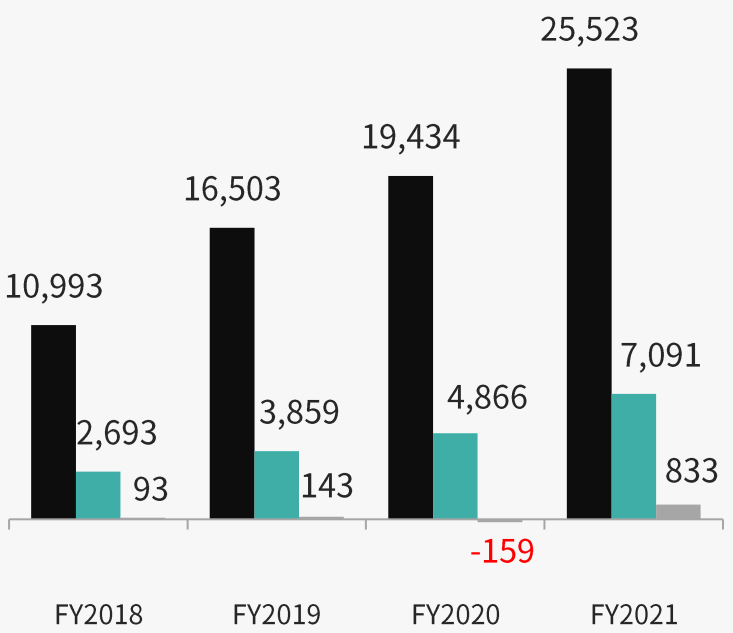
Previous Accounting Methods

(in JPY MM)



New Revenue Recognition Standards

(in JPY MM)



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

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

Revision of the Full Year Forecast

- **DANBALL ONE's results are not included** as the acquisition has not been completed
- Revised figures in accordance with the new revenue recognition standards
- No changes in forecast of over 30% growth in both revenue and gross profit based on medium to long term financial policy

(in JPY MM)	FY2022 Full-year (2020/8-2021/7)		FY2021 Full-year (2019/8-2020/7)	
	Revised Forecast (New Revenue Recognition Standards)	Previously Announced Forecast (Forecast disclosed on September 10, 2021 based on previous accounting methods)	Actual (New Revenue Recognition Standards)	YoY
Revenue	**Over 33,200**	Over 39,400	25,523	Over +30%
Gross Profit	**Over 9,300**	Over 9,300	7,091	Over +30%
Operating Profit (non-GAAP)	**Over 1,000**	Over 1,000	833	Increase

4

Financial Highlights

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Quarterly Financial Highlights

- Revenue: +30.4% YoY, gross Profit: +29.5% YoY; steady progress towards achieving full-year forecast
- Despite the partial impact of external factors such as the SoE in Raksul and Hacobell business segments, they have been on a recovery track from mid-1Q

(in JPY MM)	FY2022 1Q (2021/8 – 2021/10)				Ref) FY2022 Q1 figures based on previous accounting methods		
	Actual (New Revenue Recognition Standards)	FY2021 1Q		Progress rate Against Full-year Forecast(1)	Actual	FY2021 1Q	
		Actual	YoY			Actual	YoY
Revenue	**7,007**	5,372	+30.4%	21.1%	8,027	5,937	+35.2%
Raksul	5,461	4,430	+23.3%	-	5,473	4,444	+23.2%
Novasell	720	322	+123.2%	-	1,727	872	+97.9%
Hacobell	741	553	+34.1%	-	741	553	+34.1%
Gross Profit	**1,921**	1,484	+29.5%	20.7%	1,935	1,499	+29.1%
Raksul	1,478	1,201	+23.0%	-	1,490	1,216	+22.6%
Novasell	313	165	+89.4%	-	313	165	+89.4%
Hacobell	97	91	+6.5%	-	97	91	+6.7%
Gross Margin	**27.4%**	27.6%	-0.2pt	-	24.1%	25.3%	-1.1pt
Incl.: Stock-based compensation expense	**154**	94	+63.8%	-	Same as left		
Incl.: Ad spend	**585**	477	+22.8%	-	599	492	+21.7%
(Operating Profit) non-GAAP	**48**	160	-69.9%	-	Same as left		

Note
(1) Progress rate against the revised full-year forecast disclosed on P29

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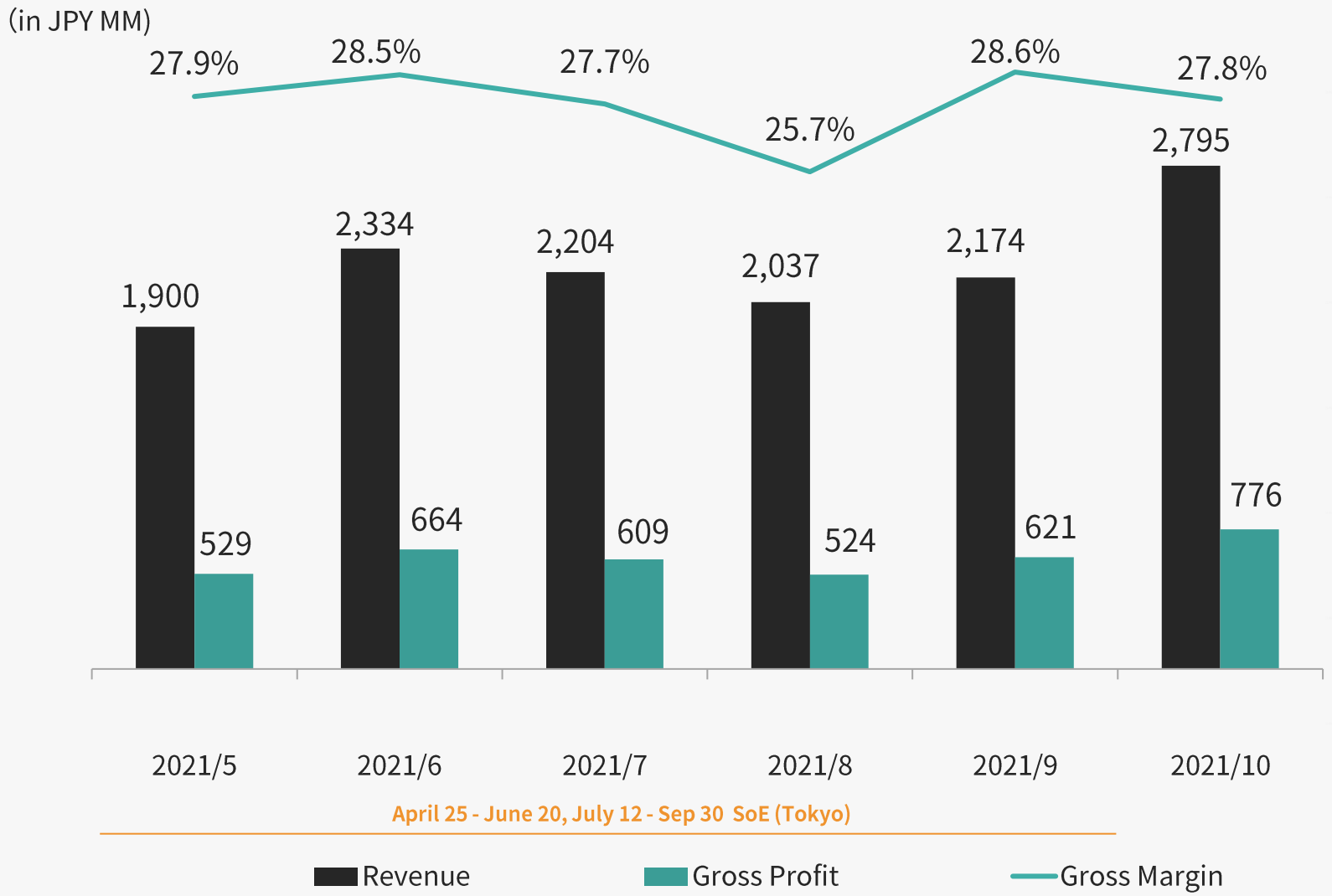
(Reference) Monthly Financials

- August is a quiet month for all business segments
- While August to September were affected by the SoE, there was a recovery trend towards October
- Monthly sales for November also came in at around JPY 2.7Bn range
- The situation on each business segment after the lift of the SoE is described in Reference Materials



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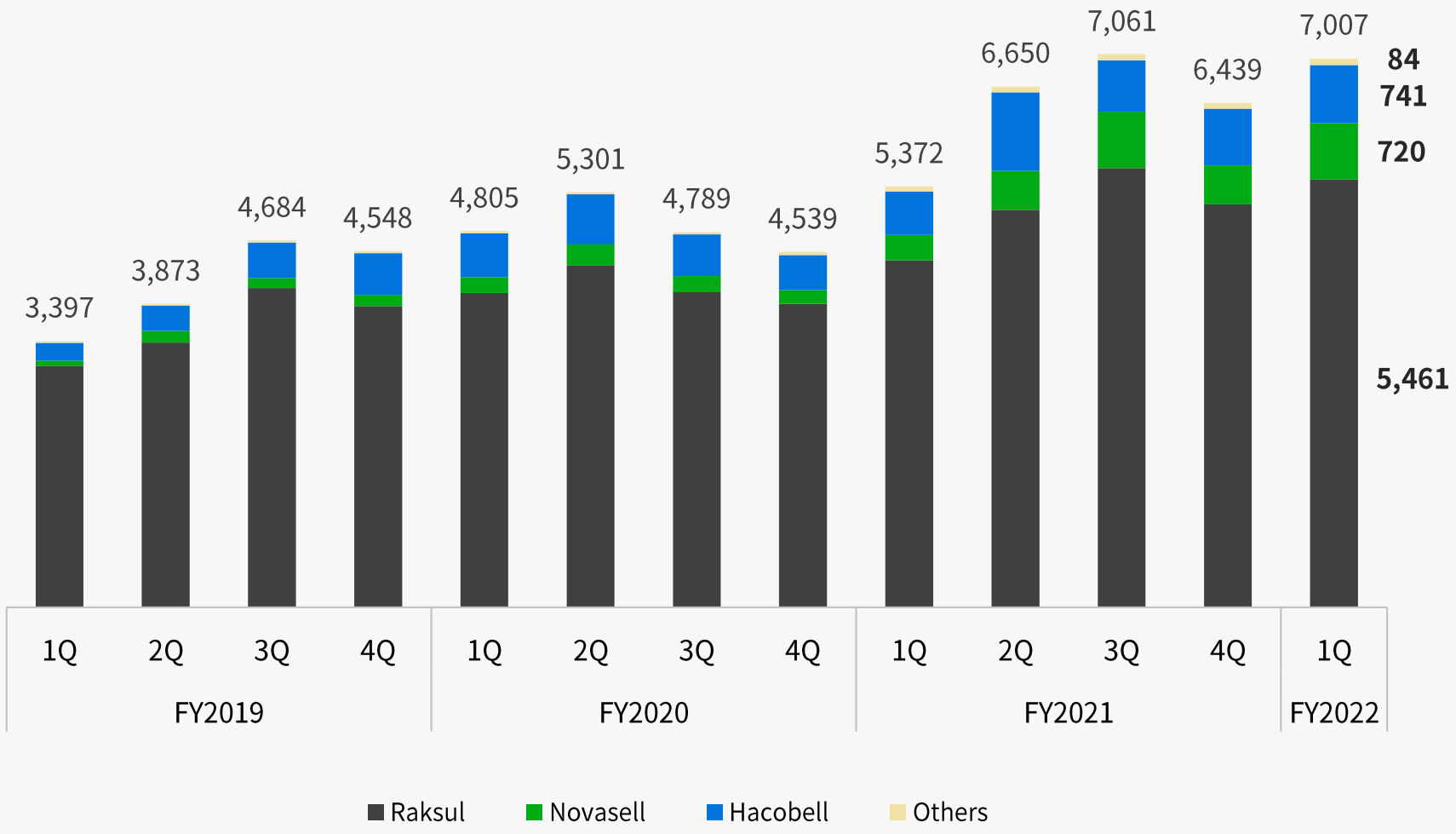
Revenue by Business Segment

- Growth trend continues despite limited negative impact of the SoE
- 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

(in JPY MM)



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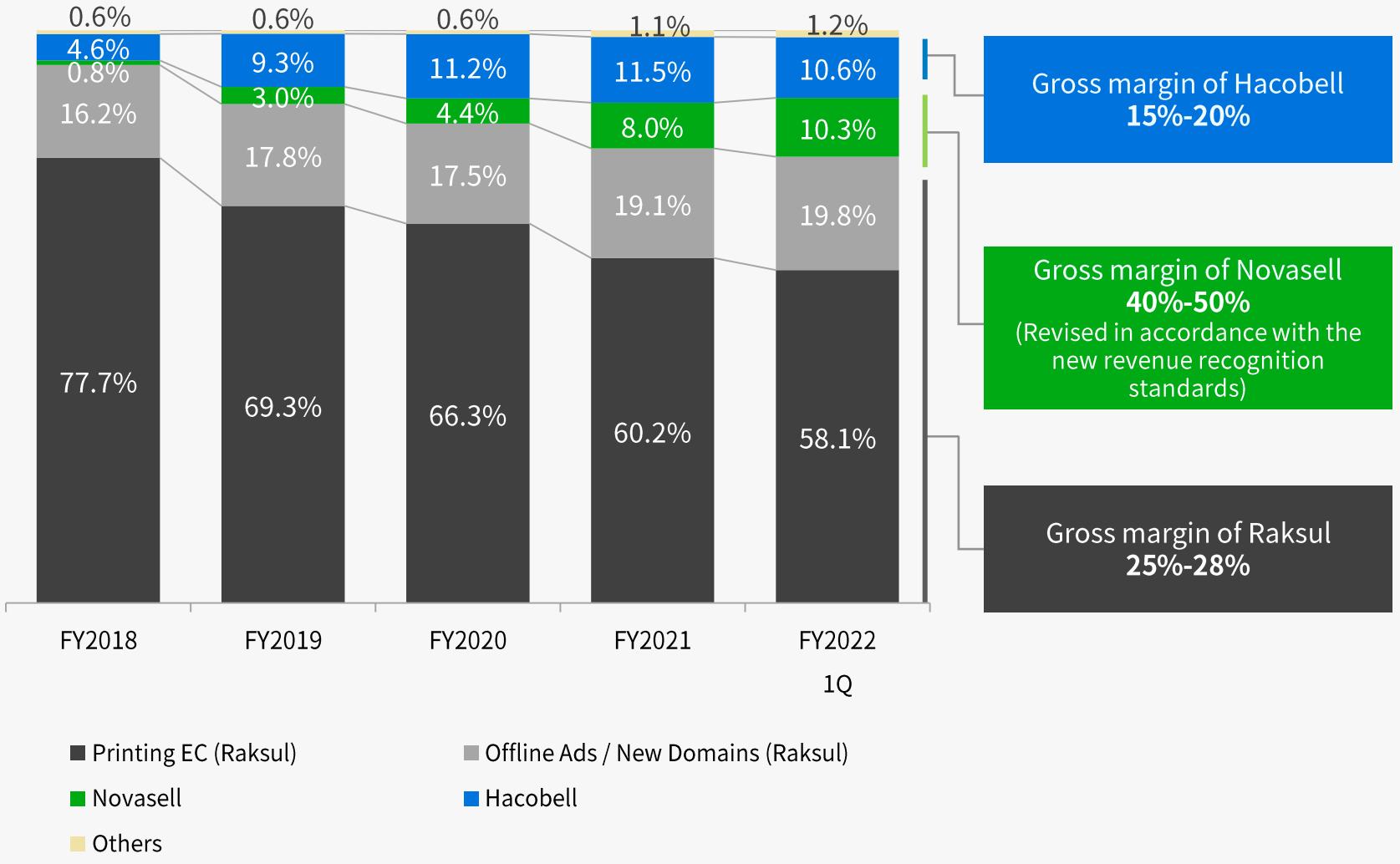
Revenue Composition by Business Segment

- Our newer platforms will rapidly expand while the printing EC service continues its growth, creating multiple strong revenue streams



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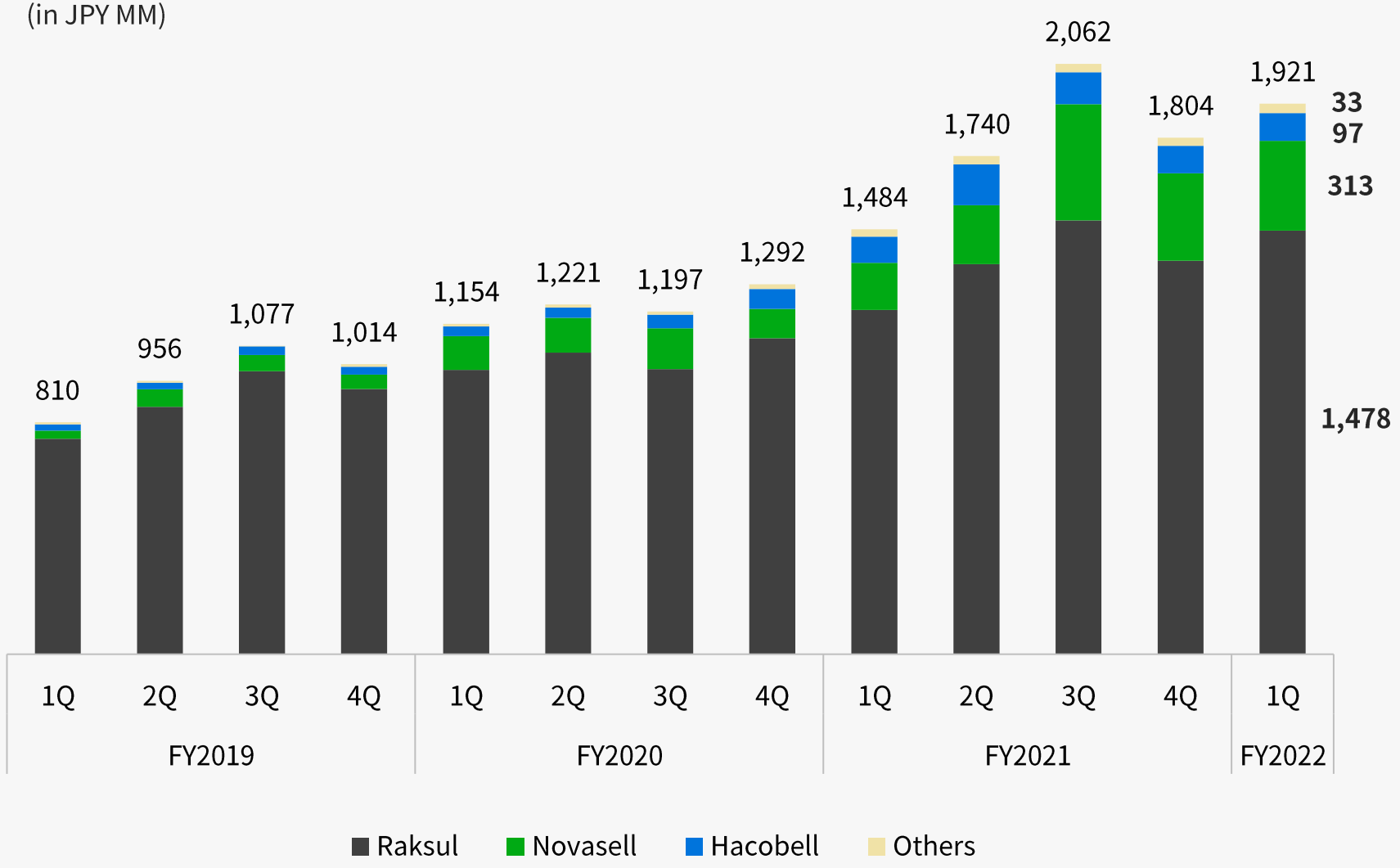
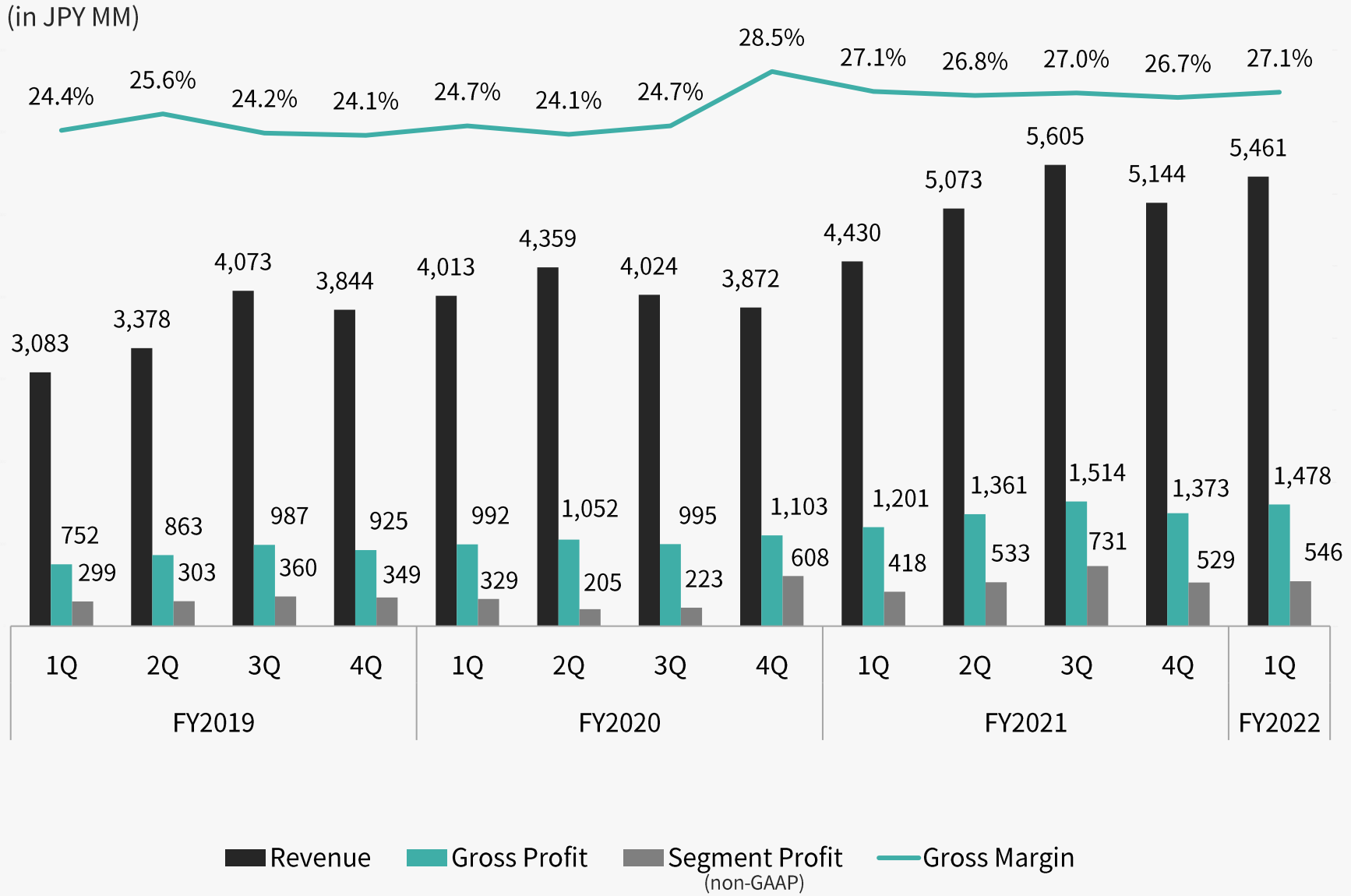
Gross Profit

- Gross profit, our most important indicator, also continues its growth trend



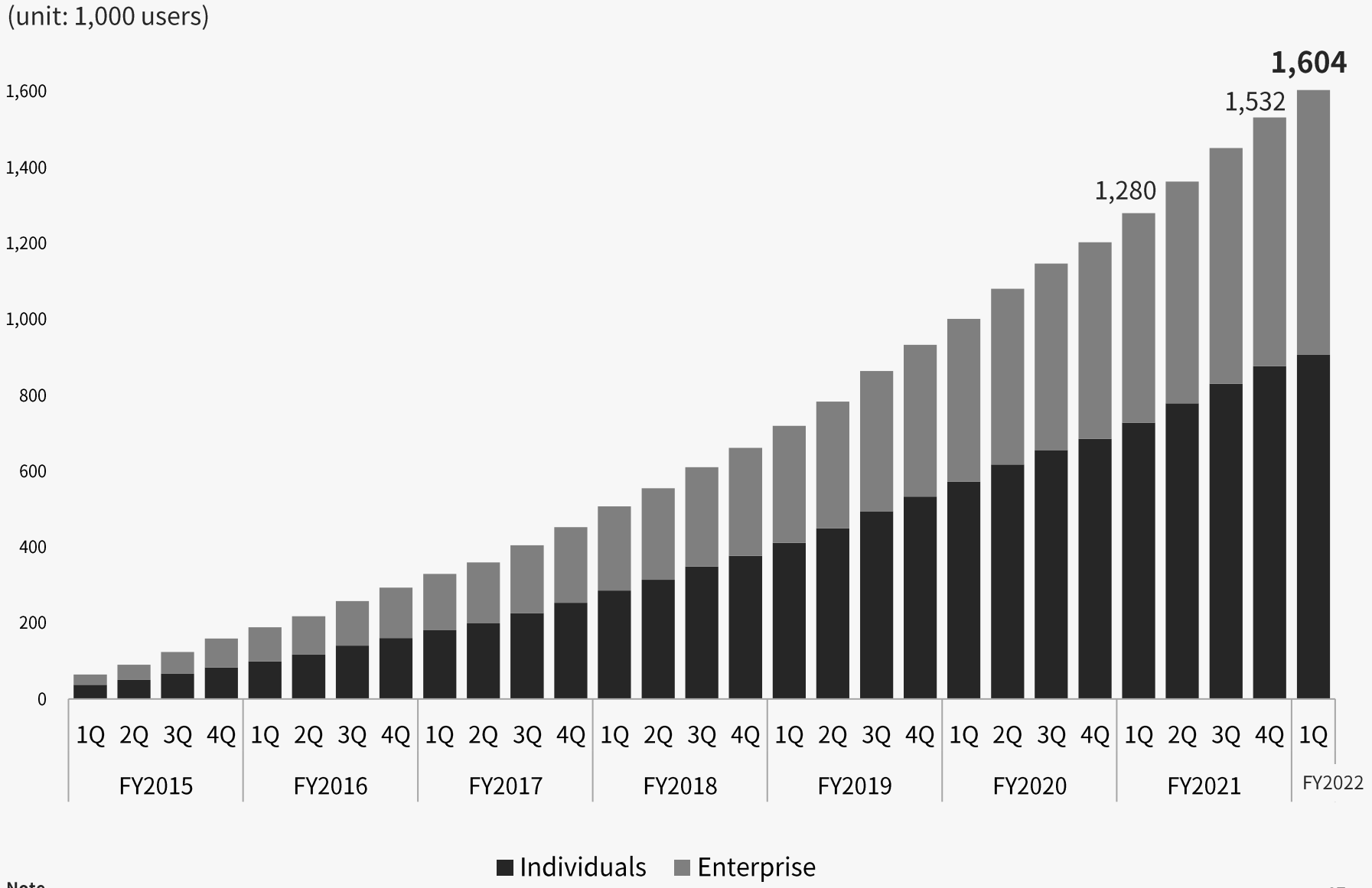
Business Segment Performance

- Steady expansion despite limited impact of the SoE
- Gross margin maintained at around 27%



Number of Registered Users on Printing Platform (1)

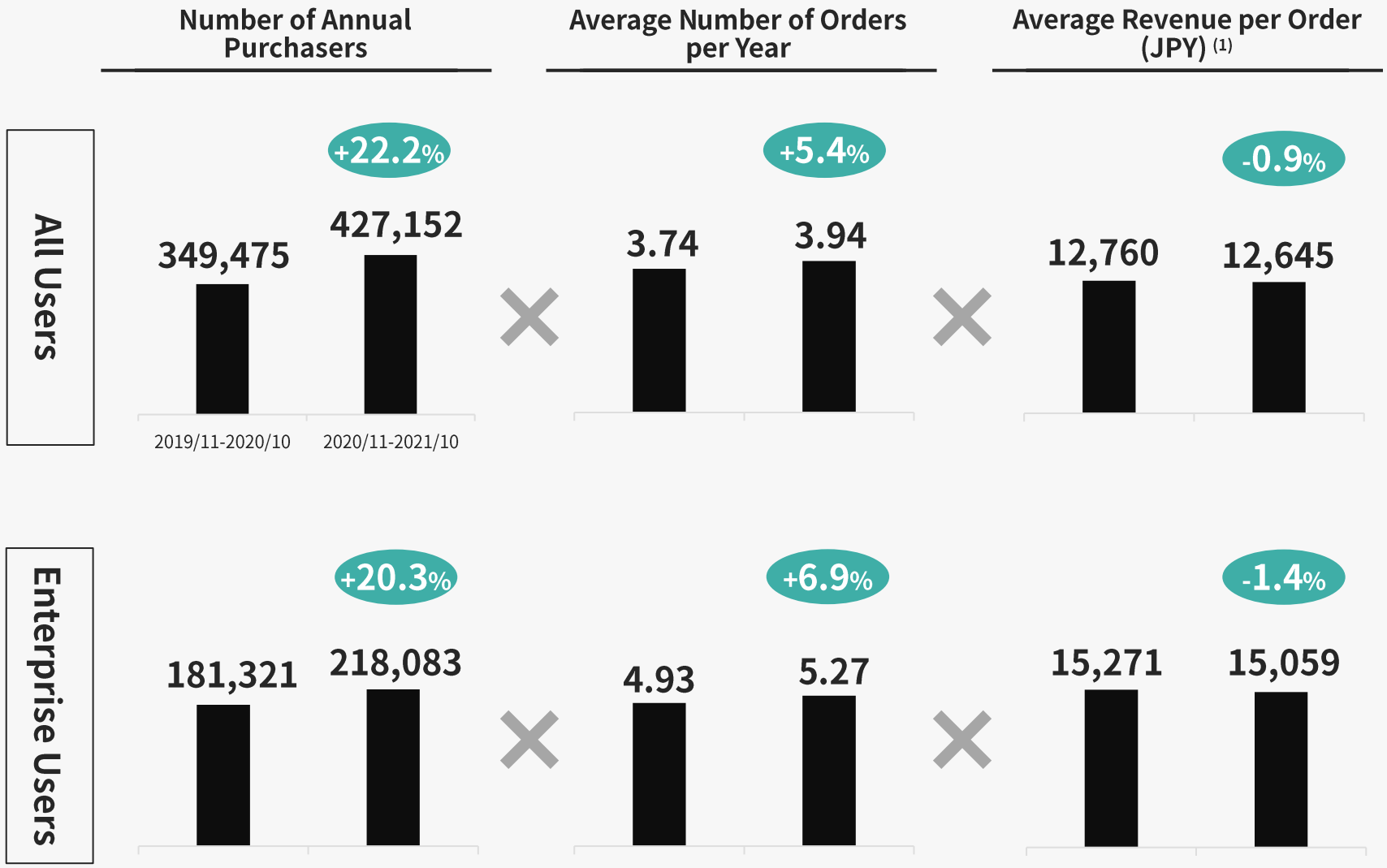
- Our customer base saw continuous growth
- The number of total users for 1Q was 1,604,347



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

Sticky User Base

- From this fiscal year, the figures are of Raksul business segment only
- Improved growth rates for annual number of purchasers and average number of orders per year, despite the impact under the COVID environment
- While the average revenue per order has slightly decreased due to an increase in small-lot orders, the average number of orders (frequency) has increased

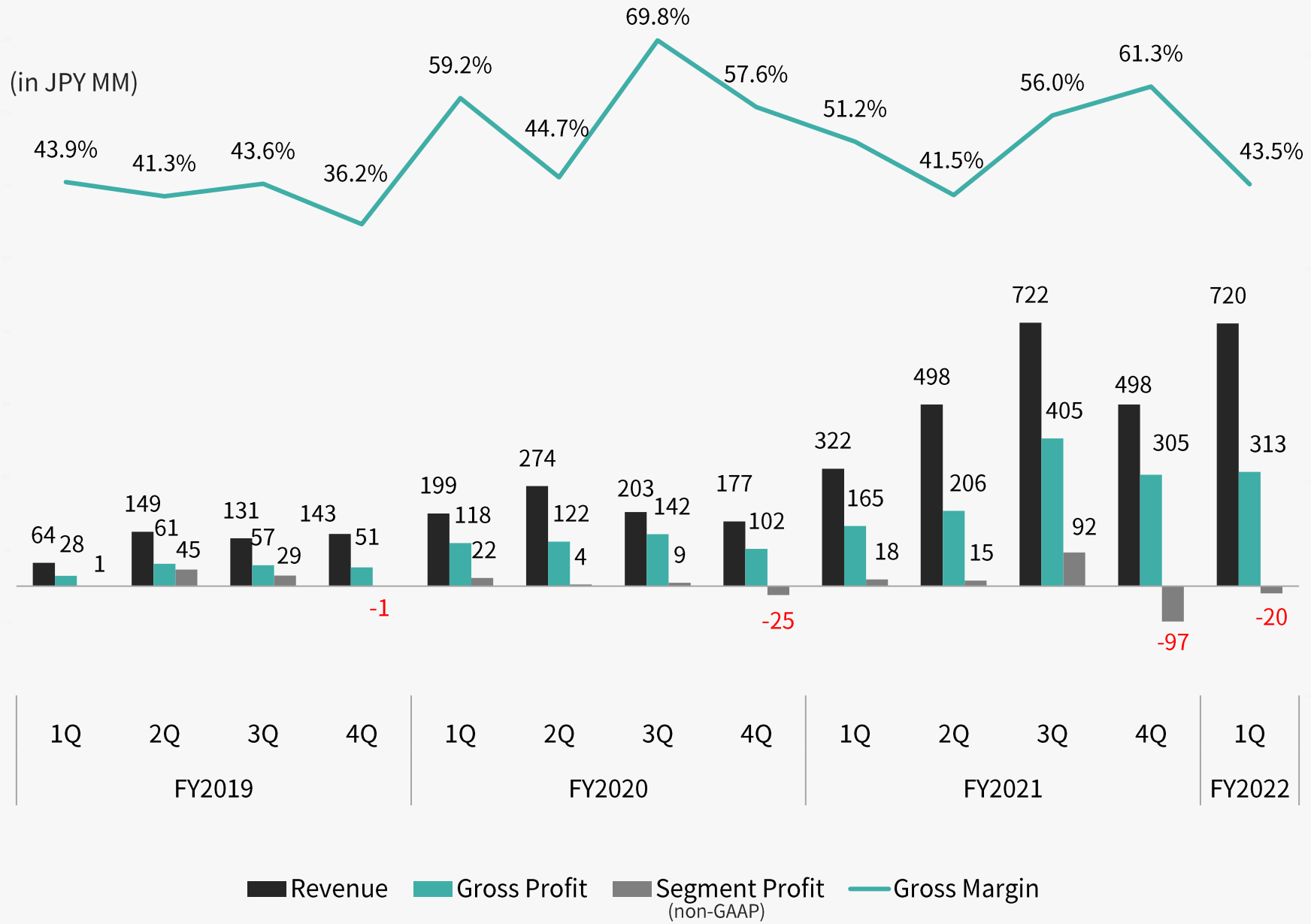


Note
(1) Calculated based on management accounting, differs from the figures disclosed in 1Q of last fiscal year due to the new revenue recognition standards

Novasell

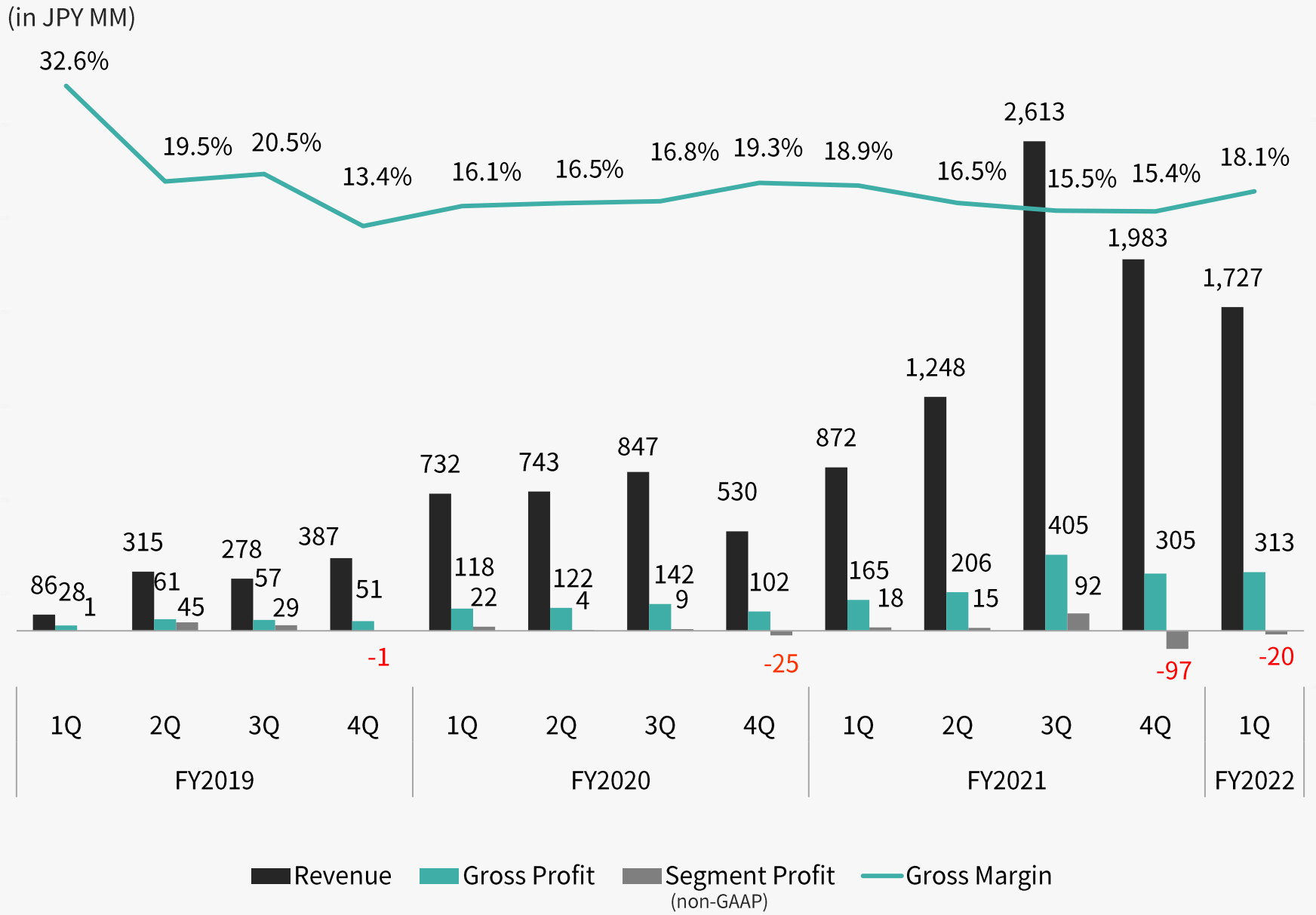
Business Segment Performance

- Despite the impact of the Olympics and the off-season period, the business performed well, with YoY revenue growth of 123.2% and gross profit growth of 89.4%
- Revenue is netted for broadcasting services, and gross revenue is recognized for production and SaaS services (based on the new revenue recognition standards)
- Steady growth expected to continue for Q2 onwards, with gross margin expected to be around 40-50% in the medium to long term



(Reference) Business Segment Performance based on Previous Accounting Methods

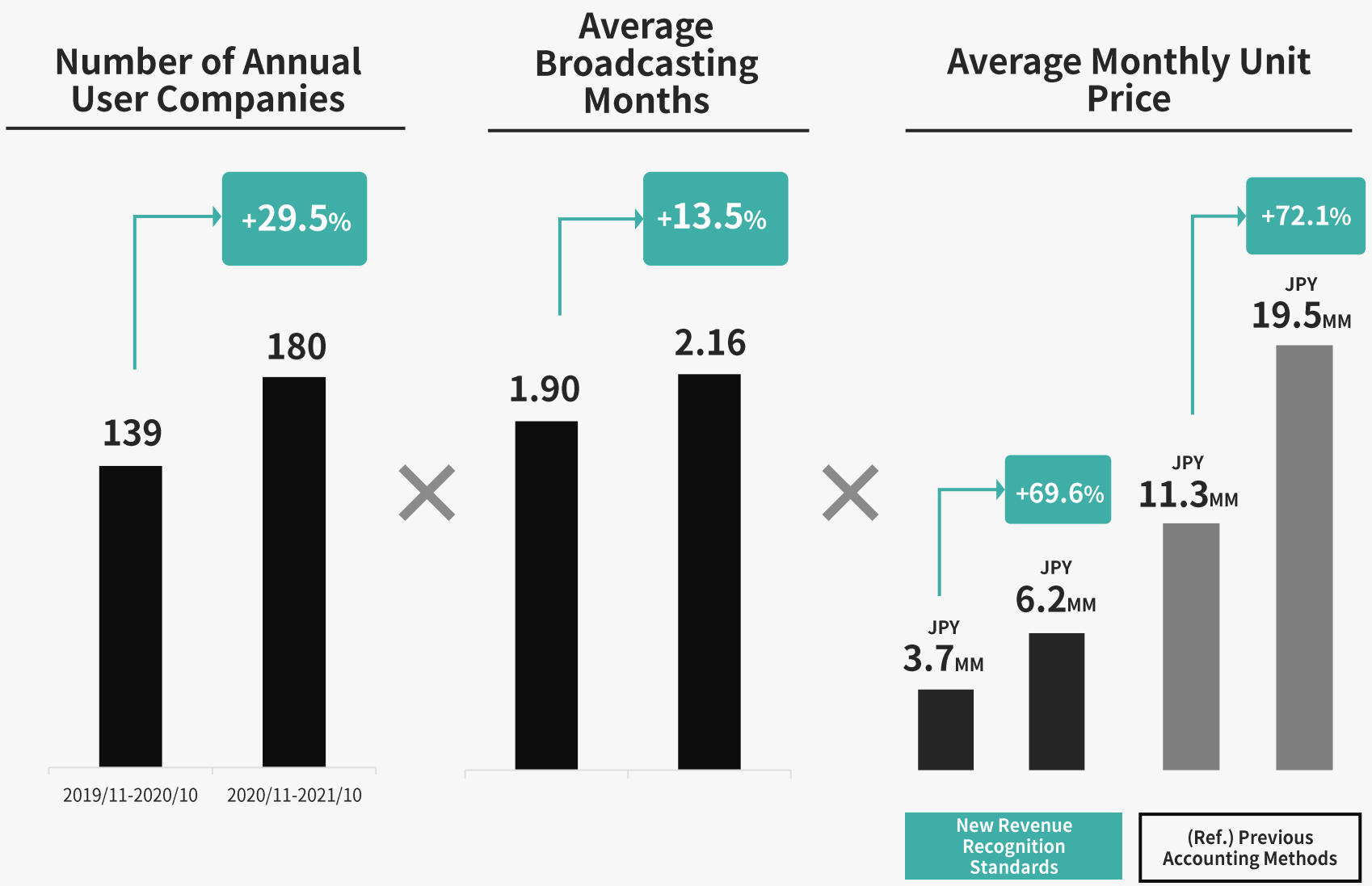
- Amounts recorded under the previous accounting methods are disclosed for reference



Novasell

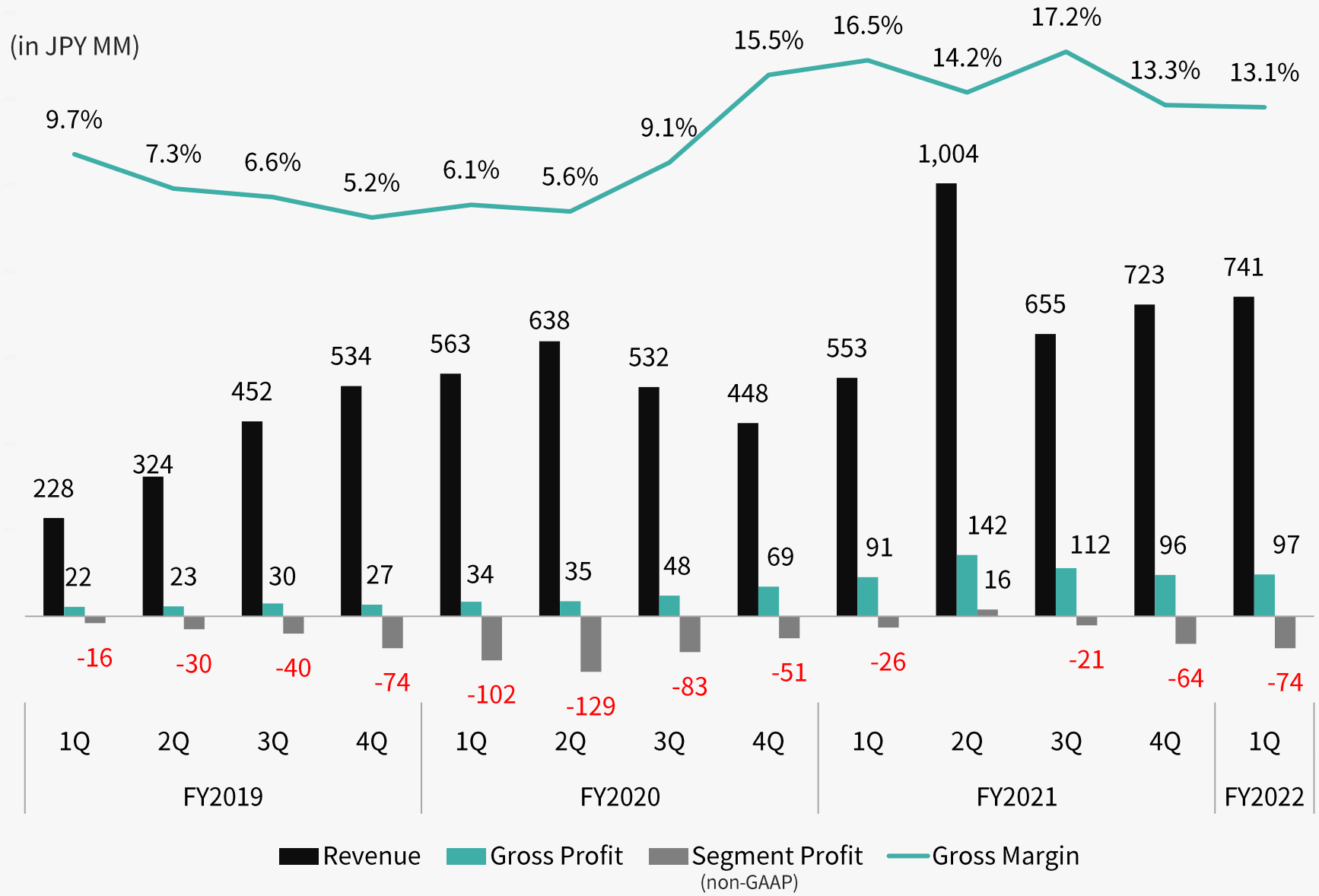
KPI Trend

- KPI disclosure based on characteristics of programmatic TV commercials
- Increase in the number of new users as well as the broadcasting months and average monthly unit price are key for the Novasell Business Segment
- The cumulative number of companies that have implemented Novasell Analytics (SaaS) is 149 (including free use)



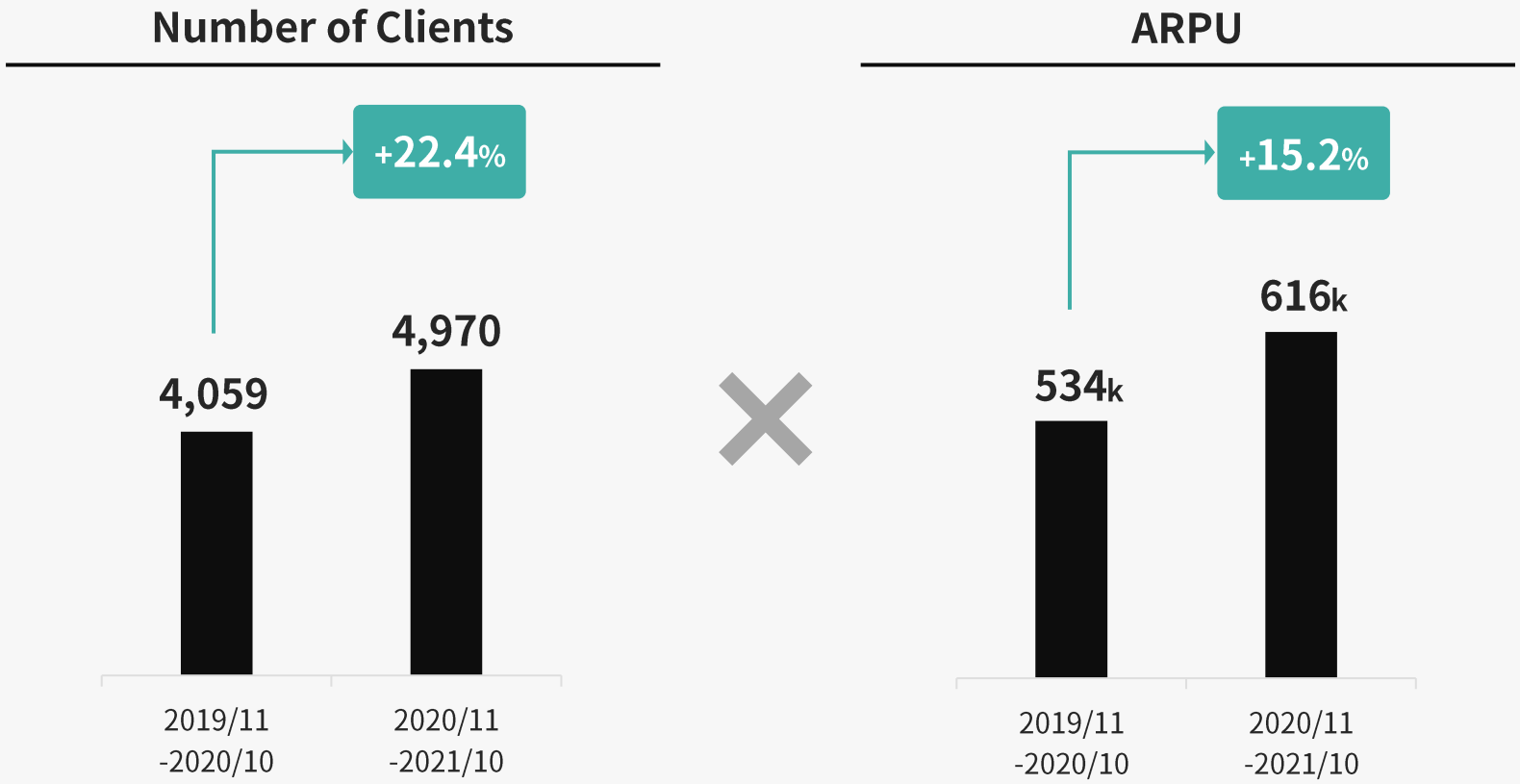
Business Segment Performance

- Although revenue continued to increase, the pace of growth was partially affected by the SoE
- 2Q revenue is expected to be around JPY 800MM, gross margin to improve from FY2022 1Q, and the segment loss is expected to be reduced
- 21 companies have implemented Hacobell Connect (SaaS), and the average monthly charge per client is roughly JPY210k



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

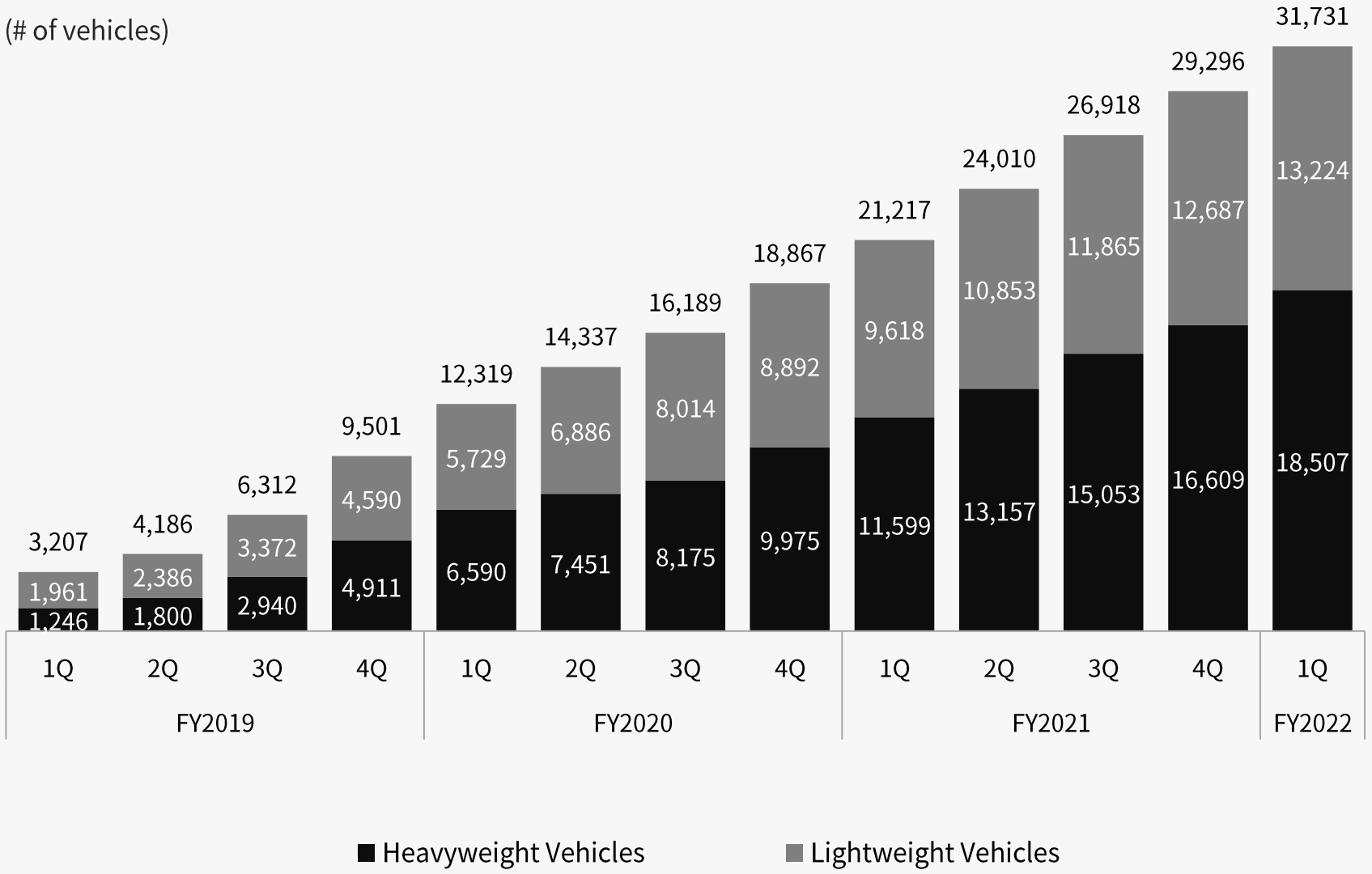
- Recovery in both number of clients and ARPU
- We strive to continuously improve the number of clients and the ARPU through sales and marketing, and by deeply penetrating into the clients' delivery operations



Note
(1) Excluding Hacobell connect (SaaS)

Number of Registered Vehicles (1)

- The number of registered vehicles has increased steadily, which leads to securing our transportation capacity to support business growth
- We have established recognition within the industry particularly for lightweight vehicles, and natural inflow will continue at a certain level



Note
(1) Including companies registered for Hacobell Connect (SaaS)

RAKSUL

(Reference) Key Drivers and Investment Points for KPI Improvement

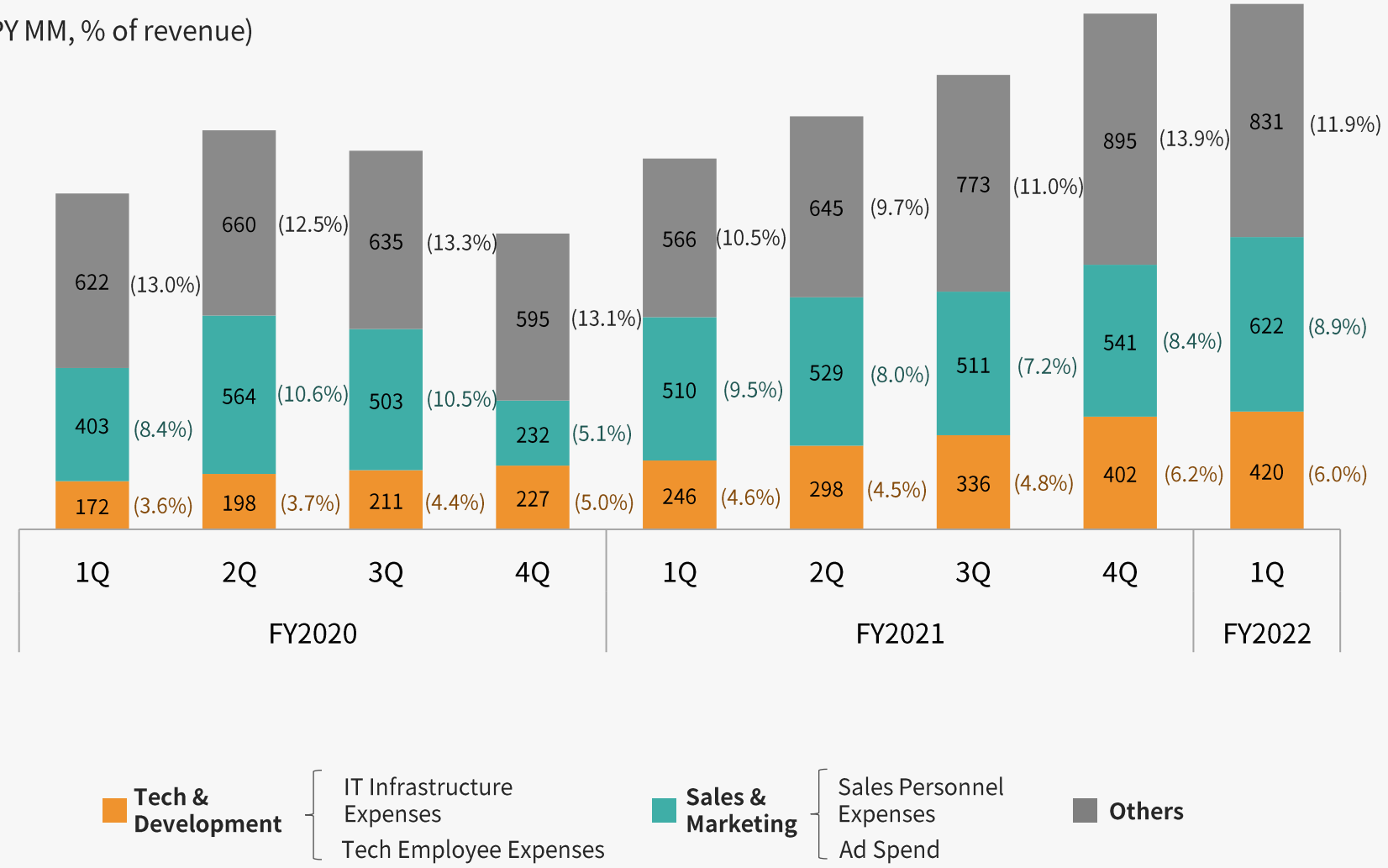
	Number of Annual Users	ARPU		Gross Margin
		Average # of Orders	Average Unit Price	
Raksul	• Continuous improvement of marketing measures • Expansion of business areas and product line-up	• Improvement of customer experience • Continuous CRM and cross-sell expansion	• Provide services to promote usage by large enterprises	• Price optimization • Support towards suppliers in productivity and cost improvement • Cost improvement through joint procurement of materials
Novasell	• Expansion of marketing channels • Collaboration with external advertising agencies	• Formulate/implement marketing strategies working closely together with the clients • Improvement in analysis contents for Novasell Analytics • Expansion and enhancement of media		• Expansion of SaaS business (with high profit margin)
Hacobell	• Hiring of sales force • Acquisition of flagship clients and marketing based on these clients	• Matching: Strengthen penetration into client operations and tailored proposals • Matching: Improve matching rate • SaaS: Strengthen integration with client systems and additional functions based on customer requests		• Improvement of ordering algorithm • Expansion of SaaS business (with high profit margin)

RAKSUL

SG&A Spend

- We continued to invest in growth mainly in advertising and technology development
- With the application of the new revenue recognition standards, ad spends are changed to the amount excluding coupon promotion expenses, and changed to the amount after adjusting capitalization of engineering personnel expenses

(in JPY MM, % of revenue)

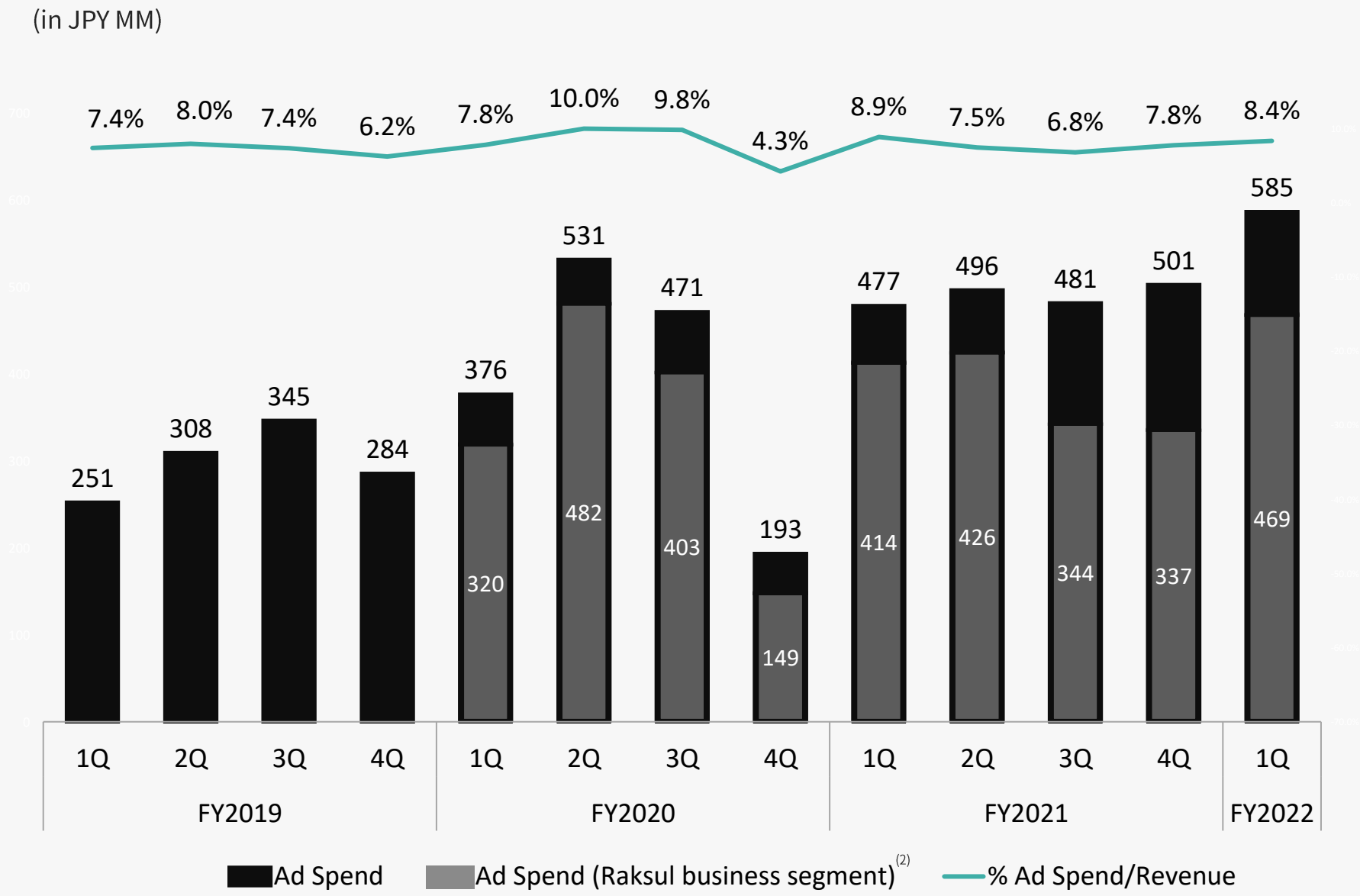


Note
(1) Stock-based compensation expense not included

RAKSUL

Ad Spend and Percentage of Ad Spend per Revenue(1)

- We continue to invest in advertising, mainly in TV commercials for the Raksul Business Segment
- The estimated ad spend per revenue for FY2022 overall is around 7-8%

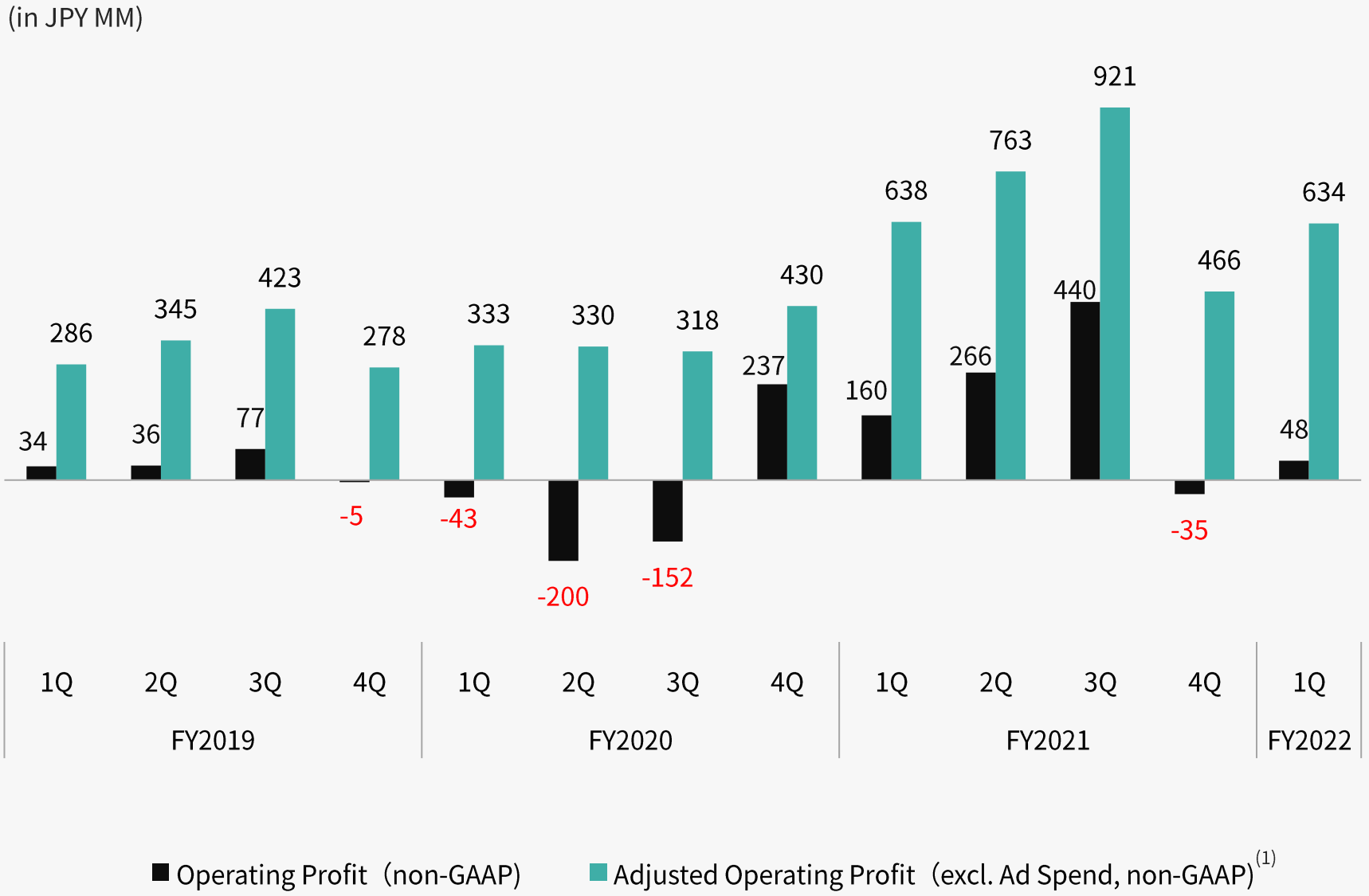


Notes
(1) Based on the new revenue recognition standards, ad spend is changed to the amount excluding coupon promotion expenses
(2) Ad spend for Raksul business segment added as reference

RAKSUL

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

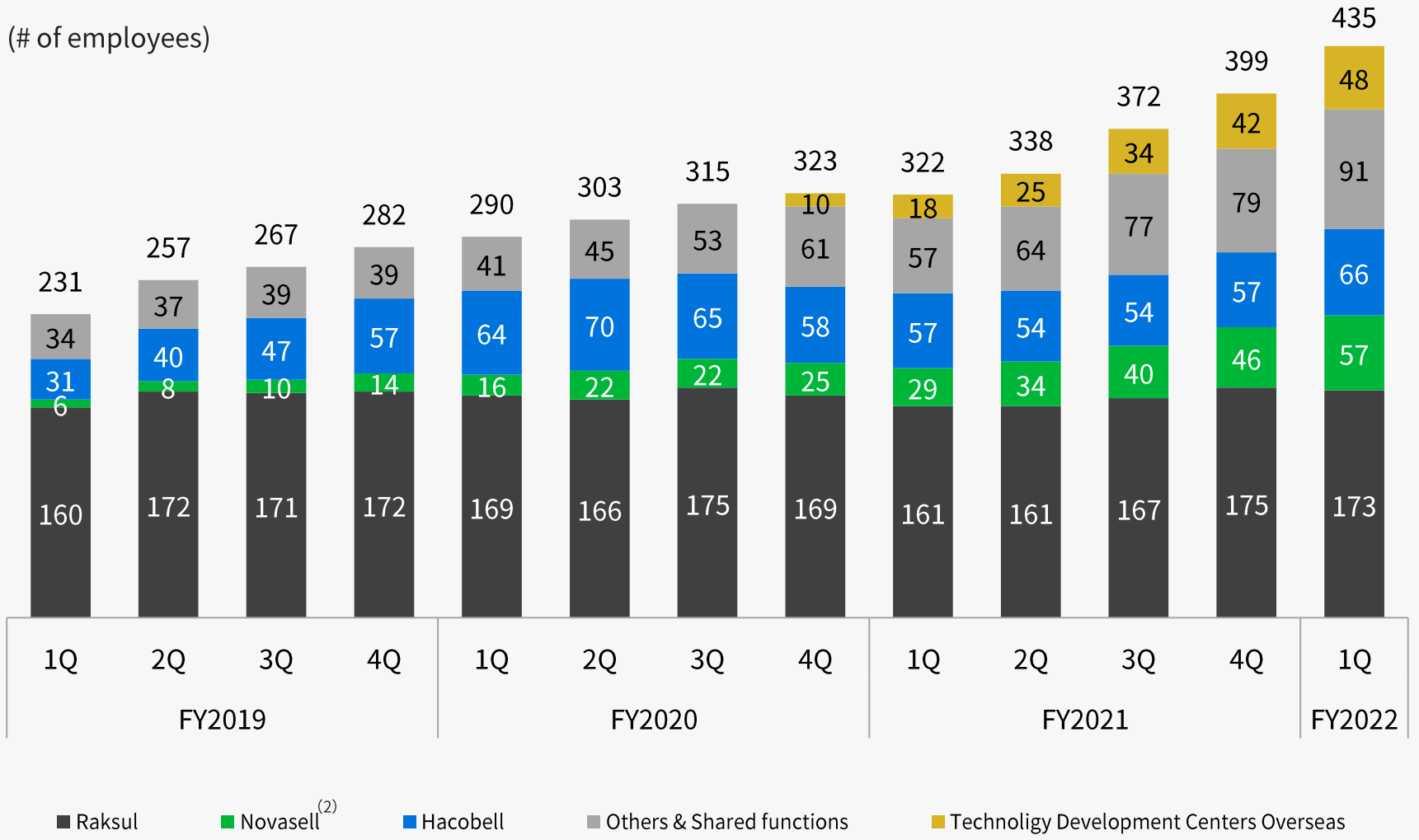
- Profit is expected to be weighted toward the second half of the current fiscal year
- We plan to shift to EBITDA (non-GAAP) communication after completion of the acquisition of DANBALL ONE



Notes
(1) Based on the new revenue recognition standards, ad spend is changed to the amount excluding coupon promotion expenses

Number of Employees (1)

- We have been continuously strengthening our organization by filling key positions selectively
- We have strengthened hiring which we had been restrained under the COVID environment
- The increase in Others & Shared functions is due to the increase in the number of employees seconded to DANBALL ONE as well as increase in new businesses



Notes
(1) Headcount based
(2) Novasell has been operating as an independent business segment since FY2020; prior to FY2019 it was within the Raksul business segment
(The figure for Novasell in FY2019 is the number of employees who were engaged in TV commercial-related services, including employees concurrently working in the printing EC services and the offline advertising services)

5

Q&A

RAKSUL

Q&A

	Questions	Answers
Companywide	Is the 30% growth in gross profit still achievable excluding DANBALL ONE?	- Achievable; the YoY growth rate is expected to be higher in the second half of the fiscal year - Considering Japan's real GDP growth rate for July-September decreased at an annual rate of 3.6%, we have been partially affected by the external environment
Raksul (Printing EC/ Offline ad)	Will the economic recovery have any impact on price increases?	- Prices of paper and other supplies are expected to rise - We plan to monitor the situation and consider measures such as pricing etc.
Novasell (TV commercial-related services)	What is the reason for the change in revenue recognition at this time?	When the new revenue recognition standards was mandatorily applied, we judged that it was appropriate to change the TV commercial business based on its characteristics
Hacobell (Logistics)	What is the pace of recovery in the future; the target/timeline for gross margin recovery and profit turnaround?	We are aiming for recovery in gross margin of around 17% and the non-GAAP segment profit to turn positive during the second half of the fiscal year
Others	How will Peraichi be treated in consolidated accounting?	- Peraichi will be treated as an affiliate accounted for by the equity method - There are no discussions on capital structure at present
Others	What is the current status of the new businesses?	Josys, announced in September, is in the process of assessing the product market fit

6

Reference Materials

- Company Overview
- Impact of the SoE
- Financial Highlights

RAKSUL

Company Overview

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
	Sota Mizushima, CPO
	Yoshihiko Miyauchi, Outside Director
	Kenji Kobayashi, Outside Director
	Yumiko Murakami, Outside Director
	Naomi Mori, Outside Director, Audit & Supervisory Committee Member
	Masahiro Kotosaka, Outside Director, Audit & Supervisory Committee Member
	Junko Utsunomiya, Outside Director, Audit & Supervisory Committee Member

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



Sota Mizushima
CPO

- Joined Raksul in October 2017
- Has been working as a CPO and a product owner of our printing business, launched RAKSUL Vietnam and the Design Promotion Office to lead product development
- Graduated from Keio University

RAKSUL

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



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



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



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 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



Yumiko Murakami
Outside Director

- Joined Raksul as an outside director in October 2021
- Founded MPower Partners Fund L.P. General Partner (2021 to present)
- Managing Director at Credit Suisse Securities (Japan) Limited (2009)
- Managing Director at Goldman Sachs Japan Co., Ltd.(2008)
- Managing Director at Goldman Sachs and Co. (1997)
- Vice President at Goldman Sachs International(1994)
- United Nations Transitional Authority in Cambodia (Phnom Penh)(1998)
- United Nations Secretariat (New York)(1991)
- United Nations Development Programme (Barbados)(1991)
- Graduated from Sophia University
- M.S., Stanford University
- M.A., Harvard University



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

RAKSUL

Customer/Supplier Value Created “After Raksul”

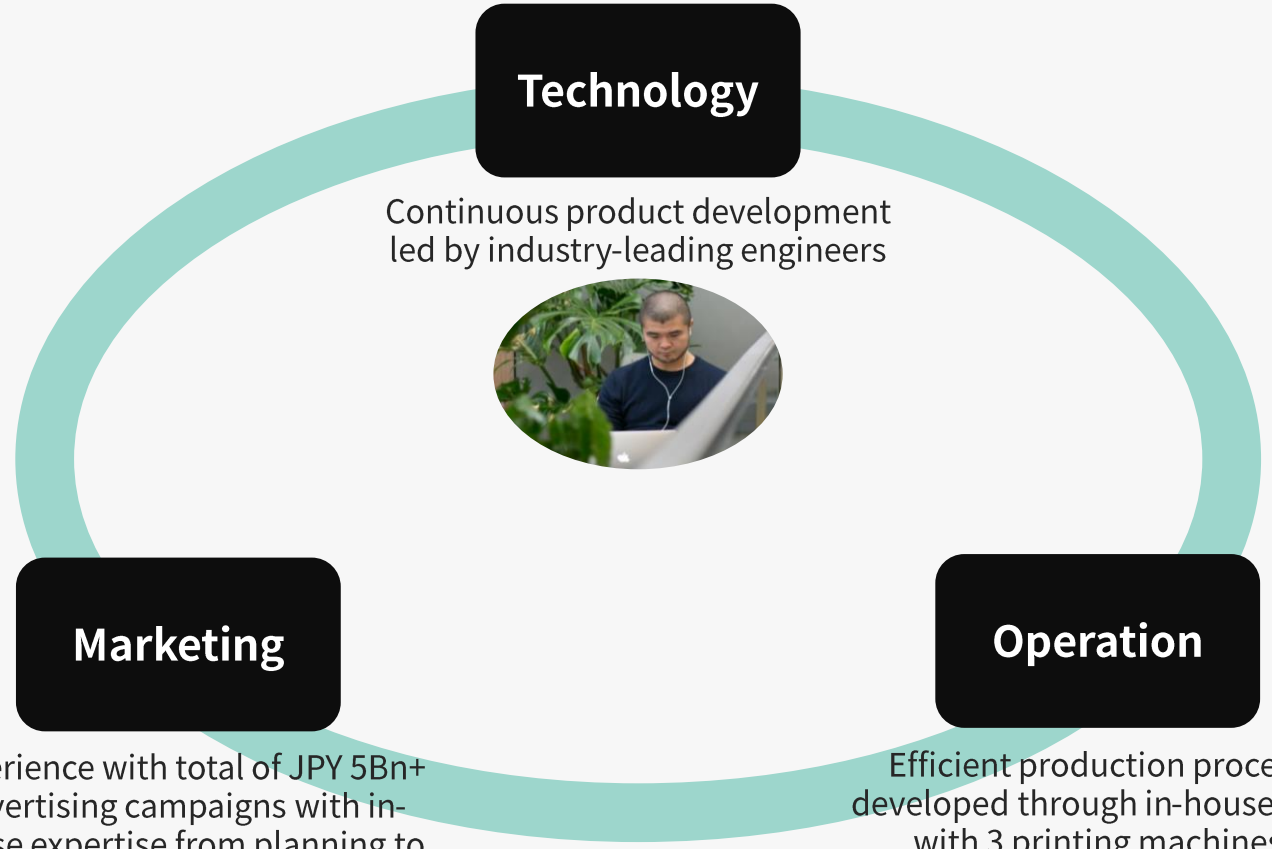
- Focus on creating value towards our customers and suppliers over the long term, rather than simply matching supply and demand

		Before	After
Raksul	Customers	- Unable to reduce costs - Inefficient purchasing	- **Able to place orders at a lower cost** - **Smoother purchasing experience that increases operational efficiency**
	Suppliers	- Low profitability due to subcontracting, unable to grow	- **New demand created from businesses nationwide** - **Improve profitability and productivity through our material procurement support and sharing of knowledge**
Hacobell	Customers	- Takes time and effort to find trucks - Unit price increasing	- **Able to arrange trucks hassle-free at low cost by matching directly with shipping companies digitally**
	Suppliers	- Low profitability due to low utilization rate - Inefficient operations using phone and fax - Unable to allocate time for what needs to be done	- **Improve utilization rate by drivers finding delivery orders in their spare time** - **Digitization of operations reduce operational costs**
Novasell	Customers	- Cost is too high - Unable to see effectiveness - Not knowing how to broadcast	- **Small-lot production at low cost** - **Visualize/maximize effectiveness** - **Easy to broadcast**
	Suppliers	- # of companies using TV ads not increasing, and heavy dependence on large-scale projects	- **# of companies using TV ads increase, leading to a stable customer base**

RAKSUL

Organizational Structure that Enables Deep Penetration into the Industries

- Raksul is a technology company with operational know-how and marketing expertise - this is how we clearly differentiate ourselves from other pure-Internet players and legacy industry incumbents



Our Technology Development Centers

■ In order to strengthen our technology development, we established two new technology development centers in Vietnam and India in 2020

Vietnam

- **Since 2018, we have been conducting operations/service development for Raksul business segment together with local companies responsible for offshore development**
- **By establishing a center, we will strengthen our ability to recruit local development members and refine products and services mainly for the Raksul business segment**

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

India

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

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



Vietnam Office

Source
(1) Human Resocia “IT Engineer Report”

RAKSUL

External Ratings / Strengthening Information Disclosure

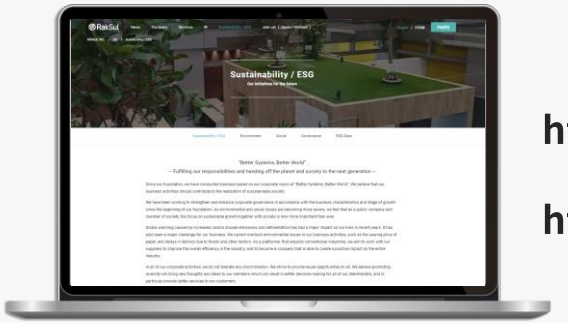
- We have been awarded a "BBB" rating by MSCI ESG Research as of April 2021. We will strive to continuously improve through constructive dialogue with stakeholders
- We launched our new “Sustainability / ESG” website in June 2021. We will strive to provide enhanced information related to ESG and disclose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

MSCI ESG RATINGS

BBB

CCC	B	BB	BBB	A	AA	AAA

As of 2021, Raksul Inc. received an MSCI ESG Rating of BBB.



https://corp.raksul.com/esg/

https://corp.raksul.com/en/esg/

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Acquisition of Shares in Peraichi Inc.

- We have acquired shares in Peraichi Inc. as part of business development in sales promotion area by leveraging the customer base of existing Raksul business

ペライチ

Company name	: Peraichi Inc.
Business	: Operation of Website creation SaaS “Peraichi”
CEO	: Kazuhide Hashida
Financial standing	: Monthly revenue around JPY 42MM; growth accelerating under the COVID environment
Deal Overview	: Share purchase from existing shareholders and subscription of newly issued shares, resulting in shareholding ratio of approximately 49%

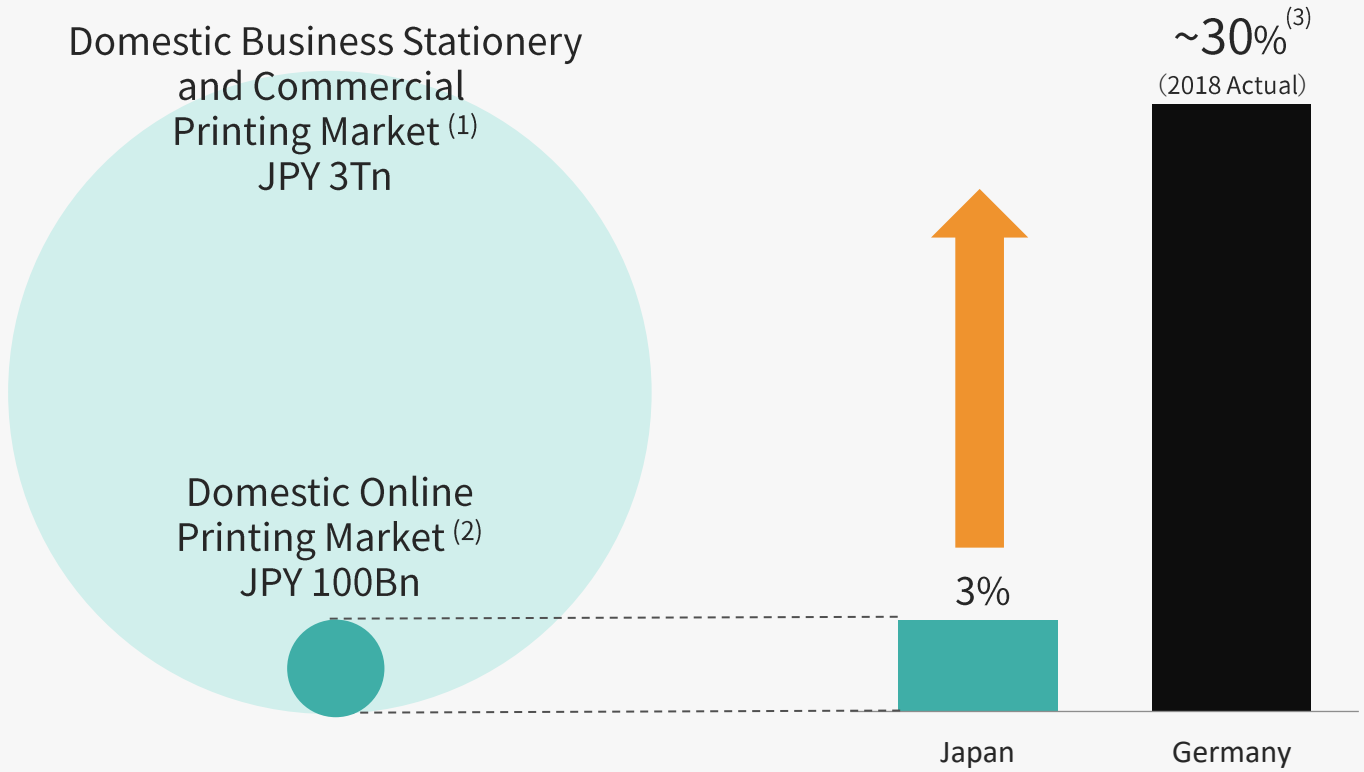


Service Overview

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

TAM Expansion Driven by Further EC Penetration

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

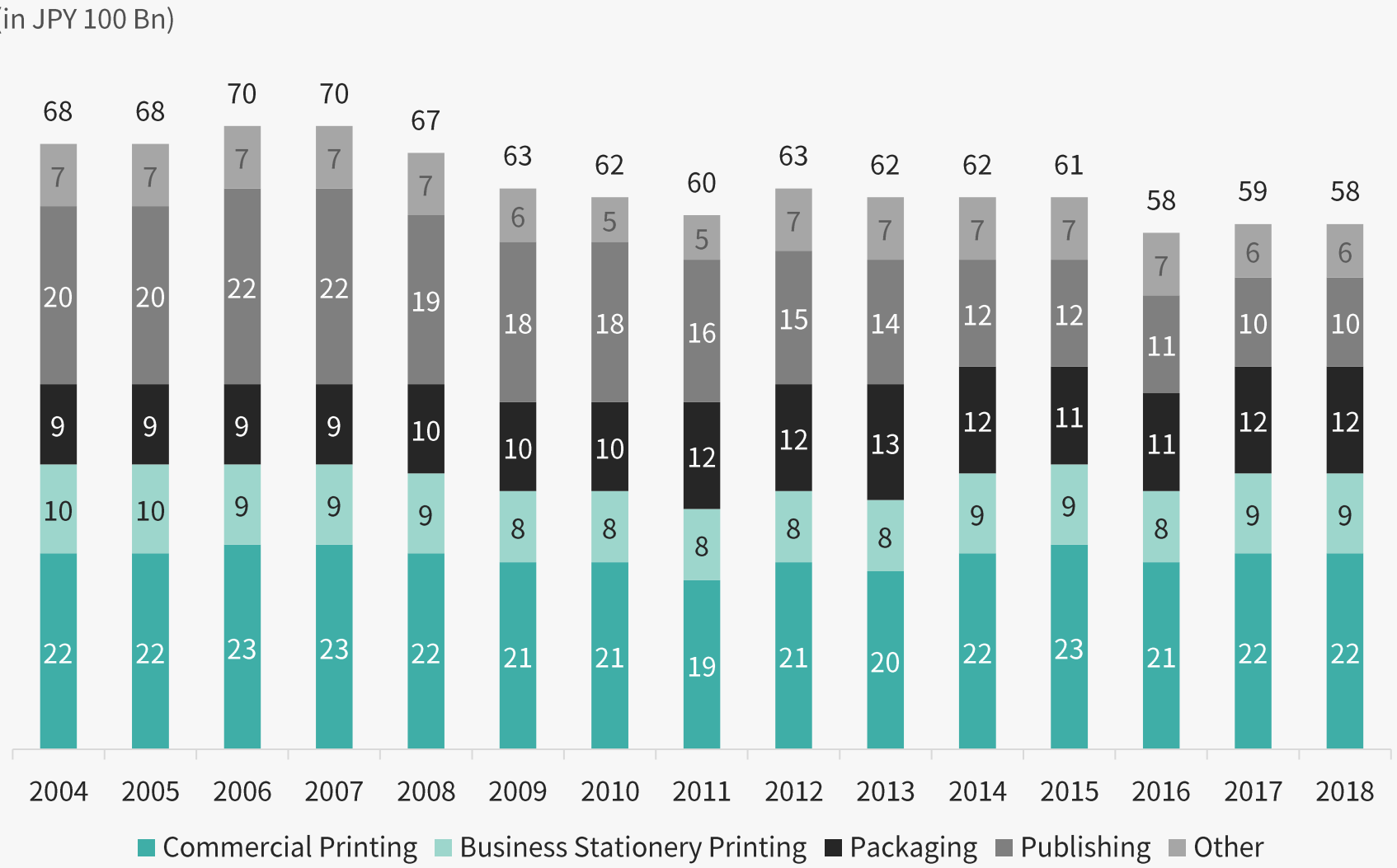


Source: Yano Research Institute, METI

Notes
(1) Calculated based on "Current Production Statistics: Paper, Printing, and Plastic" (METI)
(2) Calculated based on the financial information of domestic online printing companies (2019)
(3) Source: zipcon consulting (2019)

Historical Trends of Japanese Printing Market

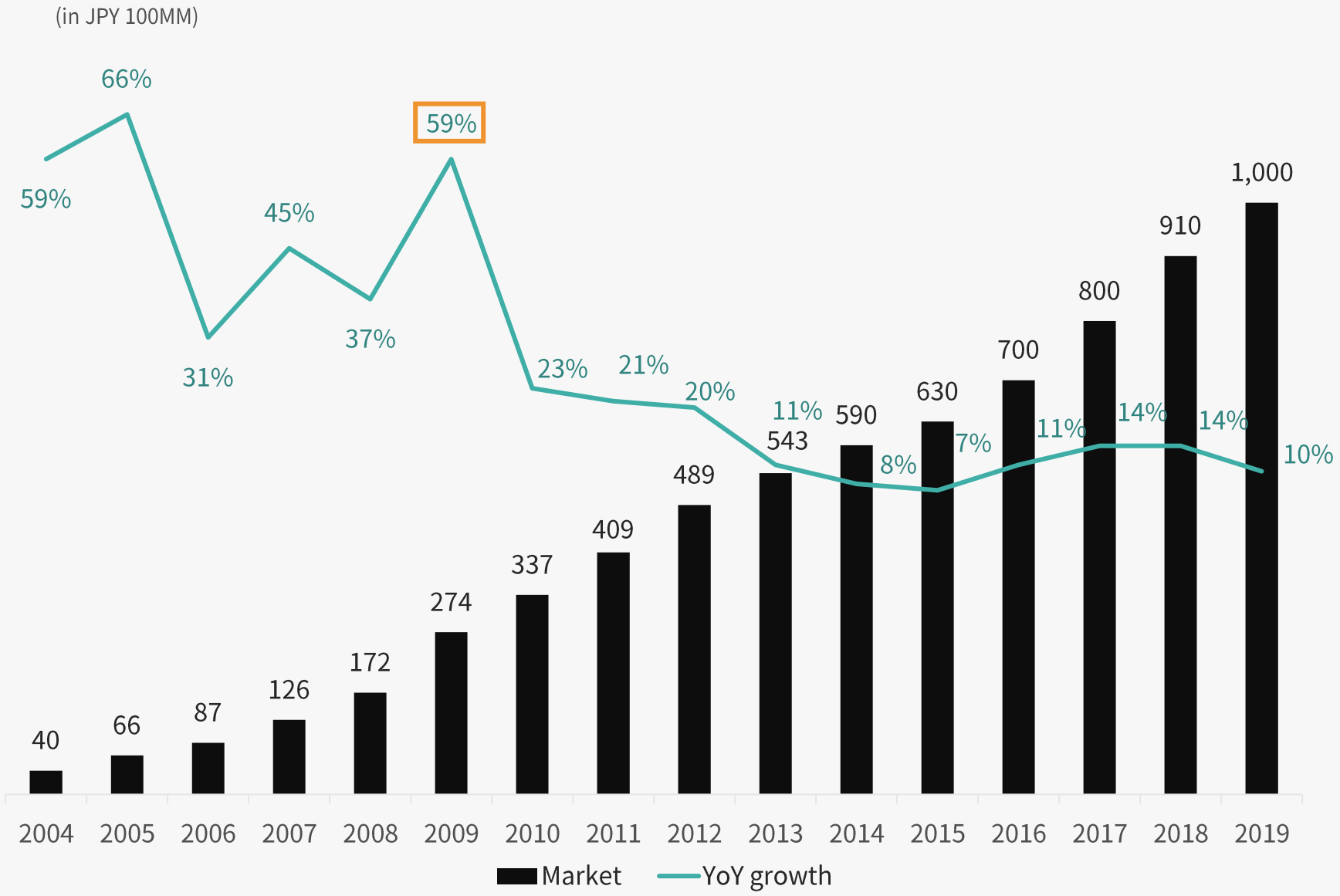
- The overall printing market size decreased due to the shrinking publishing segment, while the segment size of business stationery printing and commercial printing (i.e. Raksul's target segments) remained roughly flat



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

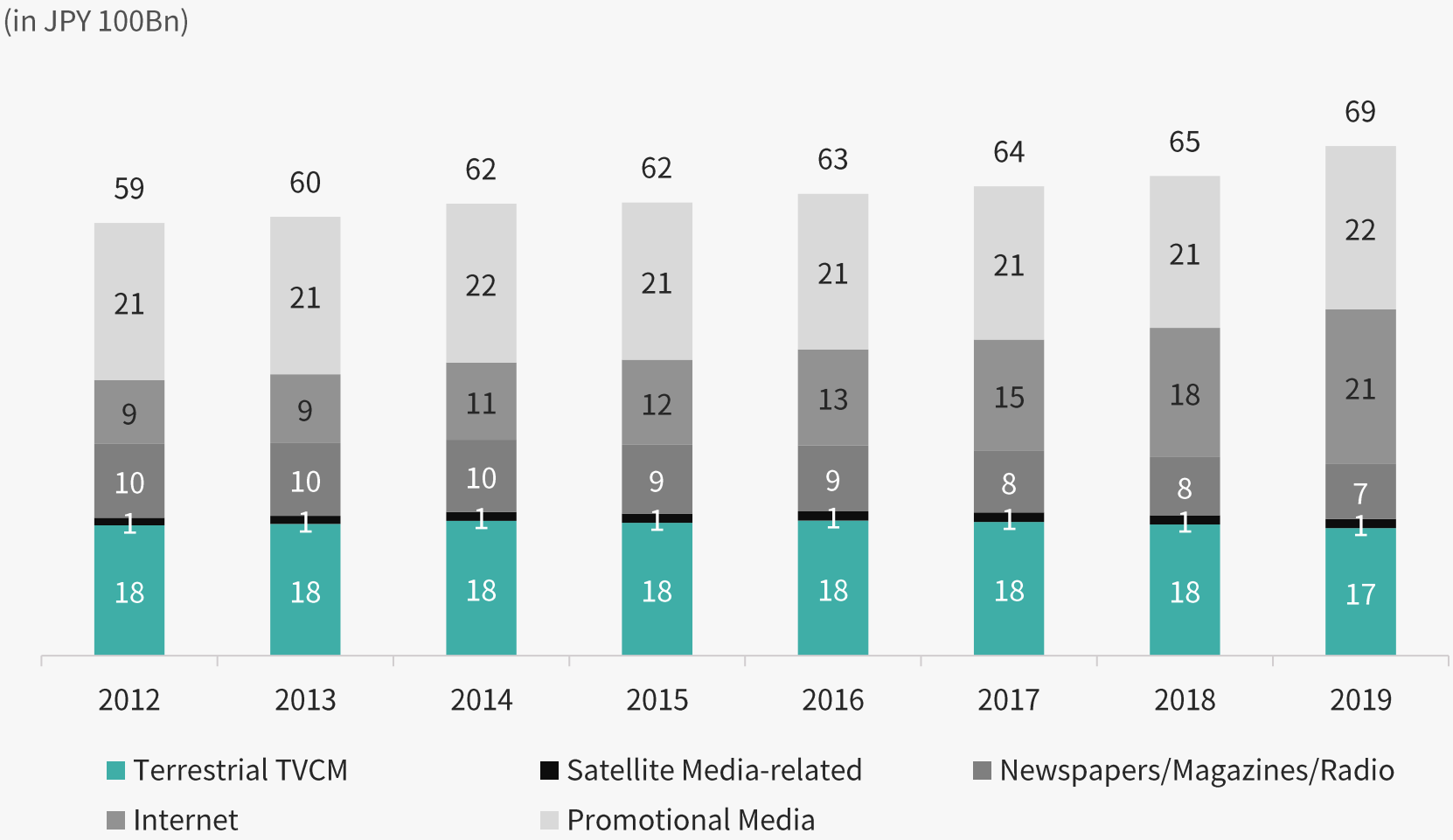
- There was significant growth in the printing EC market during the post-financial crisis recession



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

Hacobell's Target Market

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

Source: Japan Trucking Association

Note
(1) Estimated based on "Japan trucking industry 2018 - current status and issues" (Japan Trucking Association)

Impact of the SoE

RAKSUL

Status of Each Business after the Lift of the SoE

- Enjoying increased demand following the lift of the SoE in October, mainly in the Raksul business segment

Raksul

- Demand is on the rise, especially from enterprise users
- Prices of printing-related materials are expected to increase as impact on costs (our basic stance is to control product pricing)

Novasell

- Inquiries are increasing, especially from reopening-related industries
- No other major changes in the external environment

Hacobell

- Demand for OA equipment-related deliveries is strong due to resumption of office work
- Demand related to electronic components is also strong towards Christmas
- Food and beverage related demand is recovering, but has not yet recovered to pre-COVID levels
- Demand for online supermarkets is weak

Demand Situation

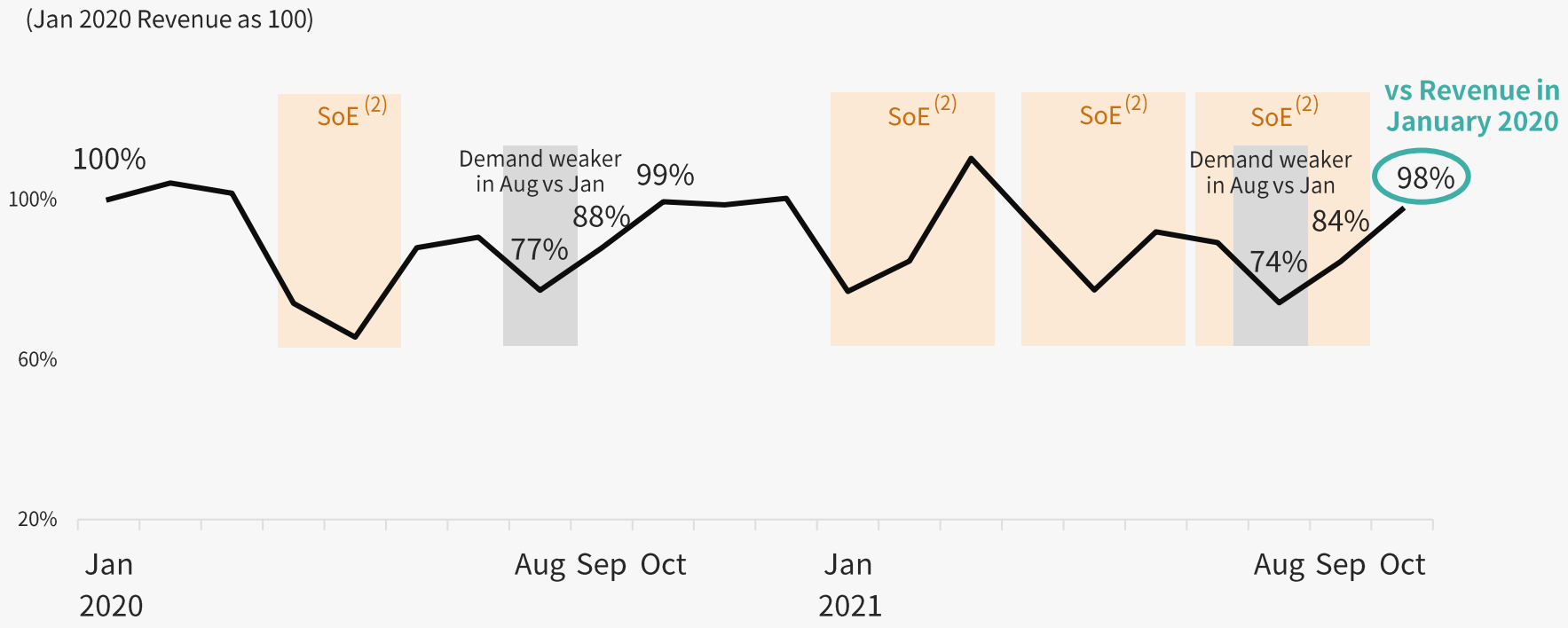
- Our ability to adapt to changes has steadily improved, for example, by strengthening products that are in demand even in the COVID environment

	Accelerated growth	Recovered after decline	Continuously weak
Products	- Novelties - DM - Posting, etc. (local marketing)	- All major products - Envelopes	- Panels, banners, etc. (for exhibitions and events)
Industries	- Retail & Wholesale - Medical and welfare - Real estate - Restaurant	- Wide range of industries (except those listed on the right and left)	- Advertising & Production - Schools (self-restraint on events, online events etc.)

Revenue from Repeat Customer Base

- Although there was limited impact from the SoE, the recurring revenue from our users acquired up to FY2019 has been steadily growing
- With the added revenue from the users acquired in FY2020-FY2021, the growth rate reaccelerated compared to last year

Recurring Revenue Trend from Users acquired up to FY2019 (1)
(the number does not include new customers acquired in FY2020 to FY2021)



Notes
(1) Calculated based on management accounting
(2) SoE declared in Tokyo

Financial Highlights

RAKSUL

Financial Highlights by Business Segment

		FY2020				FY2021				FY2022
	(in JPY MM)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	**1Q**
Revenue	Raksul	4,013	4,359	4,024	3,872	4,430	5,073	5,605	5,144	**5,461**
	Novasell	199	274	203	177	322	498	722	498	**720**
	Hacobell	563	638	532	448	553	1,004	655	723	**741**
	Others	27	27	28	40	66	73	77	73	**84**
Gross Profit	Raksul	992	1,052	995	1,103	1,201	1,361	1,514	1,373	**1,478**
	Novasell	118	122	142	102	165	206	405	305	**313**
	Hacobell	34	35	48	69	91	142	112	96	**97**
	Others	9	11	11	17	26	29	29	28	**33**
Segment Profit (non-GAAP)	Raksul	329	205	223	608	418	533	731	529	**546**
	Novasell	22	4	9	-25	18	15	92	-97	**-20**
	Hacobell	-102	-129	-83	-51	-26	16	-21	-64	**-74**
	Others and corporate expenses	-292	-280	-302	-294	-249	-298	-361	-402	**-403**
Segment Profit (financial accounting)	Raksul	329	205	207	598	408	515	711	505	**534**
	Novasell	22	4	5	-27	16	10	85	-103	**-25**
	Hacobell	-102	-129	-85	-52	-27	11	-28	-70	**-79**
	Others and corporate expenses	-292	-296	-303	-327	-330	-391	-462	-631	**-534**
Operating Profit (non-GAAP)	Company wide	-43	-200	-152	237	160	266	440	-35	**48**

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

		FY2020				FY2021				FY2022
	(in JPY MM)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Revenue	Raksul	4,028	4,382	4,043	3,876	4,444	5,090	5,617	5,158	**5,473**
	Novasell	732	743	847	530	872	1,248	2,613	1,983	**1,727**
	Hacobell	564	639	532	449	553	1,004	657	723	**741**
	Others	27	27	28	40	66	73	77	73	**84**
Gross Profit	Raksul	1,007	1,074	1,013	1,107	1,216	1,378	1,527	1,386	**1,490**
	Novasell	118	122	142	102	165	206	405	305	**313**
	Hacobell	35	36	48	69	91	143	114	96	**97**
	Others	9	11	11	17	26	29	29	28	**33**
Segment Profit (non-GAAP)	Raksul	329	205	223	608	418	533	731	529	**546**
	Novasell	22	4	9	-25	18	15	92	-97	**-20**
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Operating Profit (non-GAAP)	Company wide	-43	-200	-152	237	160	266	440	-35	**48**

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Difference between non-GAAP Profit and Accounting Profit

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

(JPY MM)	FY2022 1Q (2021/8-2021/10)		
	Actual (non-GAAP)	Difference (stock-based compensation expense)	Actual (financial accounting)
Revenue	**7,007**	-	7,007
Gross Profit	**1,921**	-	1,921
Operating Profit	**48**	154	-105
Ordinary Profit	**43**	176	-132
Net Profit	**34**	176	-141

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Balance Sheet

(in JPY MM)	FY2021 4Q	FY2022 1Q
Current Assets	16,916	**16,478**
Cash & Deposits	13,447	**12,318**
Non-Current Assets	4,999	**5,232**
Total Assets	21,916	**21,710**
Current Liabilities (interest-bearing liabilities)	5,068 (-)	**5,368 (-)**
Non-Current Liabilities (interest-bearing liabilities)	8,851 (8,746)	**8,369 (8,263)**
Net Assets	7,996	**7,972**
Share Capital	2,452	**2,464**
Capital Surplus	5,260	**5,271**
Total Liabilities & Net Assets	21,916	**21,710**

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Sources

P6 Direction of Growth

Indirect cost market	Total selling, general and administrative expenses of all stocks listed on the Tokyo Stock Exchange (excluding ETFs, REITs and securities investments)	
Raksul	Business stationery and commercial printing	Calculated based on “Current Production Statistics: Paper, Printing, and Plastic” (METI), production volume basis
	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, 2019)
	Taxi advertising	Not added as value since it is part of the transportation digital signage market
Josys	Total device value in the domestic IT market shipment forecast	“Domestic IT Market Forecast by Industry Sector / Employee Size / Annual Sales Size, 2021-2025: Considering the Impact of COVID-19 as of the End of March 2021” (IDC Japan, May 2021)
	Industry general-purpose SaaS	"2021 Current Status and Future Prospects of Cloud Computing <Market>" (Fuji Chimera Research Institute, March 2021)
DANBALL ONE	Packaging materials	Shipment volume of Japan packaging industry 2020, Japan Packaging Institute, paper and cardboard products
Peraichi	Website production	Estimated based on “Web Integration & Internet Advertising Platform Market Status and Outlook 2017 Edition” (Mick Economic Research Institute) + CMS providers’ revenue



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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.

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