Earnings Results for H1 of the fiscal year ending March 2025

RAKUS Co., Ltd.
(Securities Code：3923)

November 13, 2024

Key points

Consolidated Results for H1 of FY2025.3

- Sales growth remained strong year-over-year.
- Significant profit increase driven by sales growth and flexible adjustments to advertising costs based on cost-effectiveness.

Cloud Business

- Our main servieces, Raku Raku Seisan and Raku Raku Meisai, are on a recovery track in Q2, bottomed out from the impact of the backlash from the advance demand for the Invoice System (implemented in Oct. 2023) and the Electronic Bookkeeping Law (with the grace period ending in Dec.2023).

IT Outsourcing Business

- Efforts to strengthen sales activities led to improved engineer utilization rates, resulting in increased sales and profit.

Future forecast

- In light of the strong performance currently, the full-year guidance has been revised upward.
- Determined to Increase in dividend forecast based on our dividend policy (¥3.9→¥4.1).

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Consolidated Results for H1 of the fiscal year ending March 2025

Summary of Consolidated Results for H1 of FY2025.3

Sales growth remained strong year-over-year. Significant profit increase driven by substantial sales growth and flexible adjustments to advertising costs based on cost-effectiveness.

		Year on Year
Net Sales	**23,002** million yen	**+30.2%**
Operating Profit	**4,660** million yen	**+171.3%**
Ordinary Profit	**4,660** million yen	**+166.3%**
EBITDA	**5,182** million yen	**+143.8%**
Profit attributable to owners of parent	**3,630** million yen	**+200.4%**

* EBITDA＝pretax net income + extraordinary profits/losses + depreciation + goodwill amortization + interest payment

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Outline of the Consolidated Results for H1 of FY2025.3

(million yen)

	FY2024.3 H1	FY2025.3 H1	YoY		FY2024.3 Q2	FY2025.3 Q2	YoY
Net Sales	**17,662**	**23,002**	**+5,339**	**+30.2%**	**9,373**	**11,783**	**+25.7%**
Cost of sales	5,217	5,988	+770	+14.8%	2,767	3,056	+10.4%
Gross profit	12,444	17,013	+4,568	+36.7%	6,606	8,727	+32.1%
GP margin	70.5%	74.0%			70.5%	74.1%	
SG&A	10,726	12,353	+1,626	+15.2%	5,919	6,393	+8.0%
Operating profit	**1,718**	**4,660**	**+2,942**	**+171.3%**	**686**	**2,333**	**+240.0%**
OP margin	9.7%	20.3%			7.3%	19.8%	
Ordinary profit	**1,749**	**4,660**	**+2,910**	**+166.3%**	**702**	**2,322**	**+230.4%**
Ordinary profit margin	9.9%	20.3%			7.5%	19.7%	
EBITDA	**2,125**	**5,182**	**+3,056**	**+143.8%**	**931**	**2,591**	**+178.2%**
EBITDA margin	12.0%	22.5%			9.9%	22.0%	
Income tax	545	1,029			195	762	
Tax rate	31.1%	22.1%			28.0%	32.8%	
Profit attributable to owners of parent	**1,208**	**3,630**	**+2,421**	**+200.4%**	**503**	**1,559**	**+209.7%**

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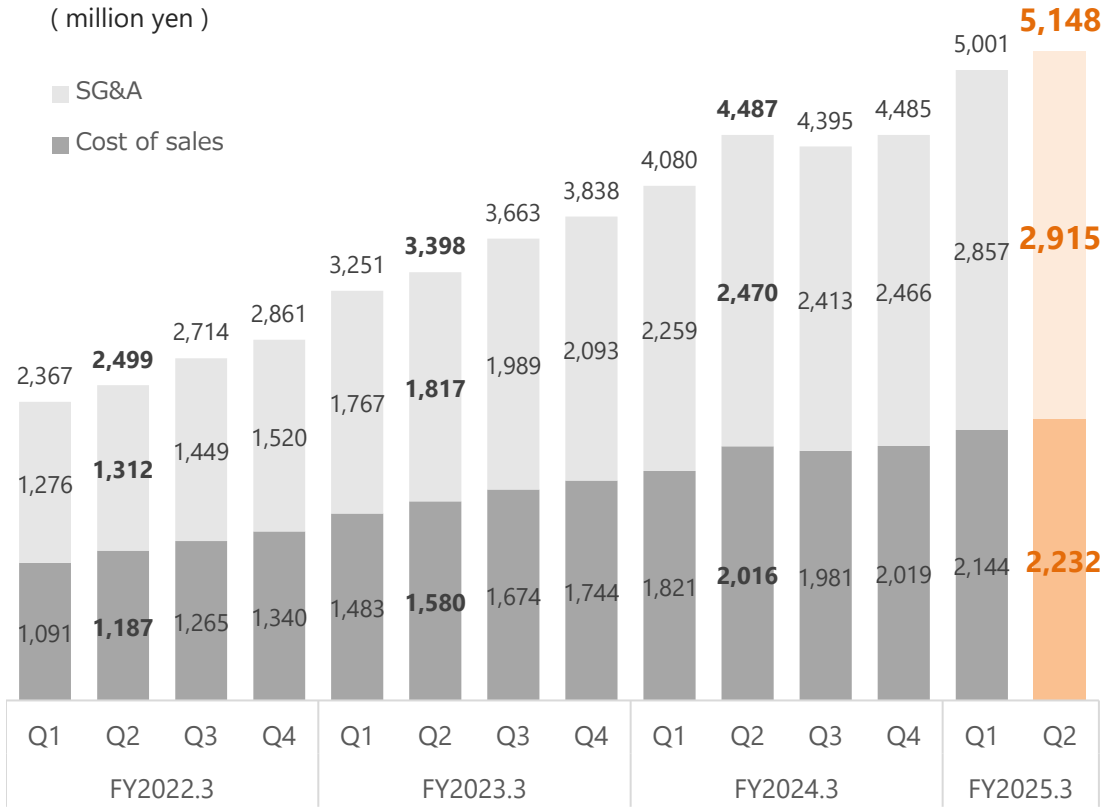
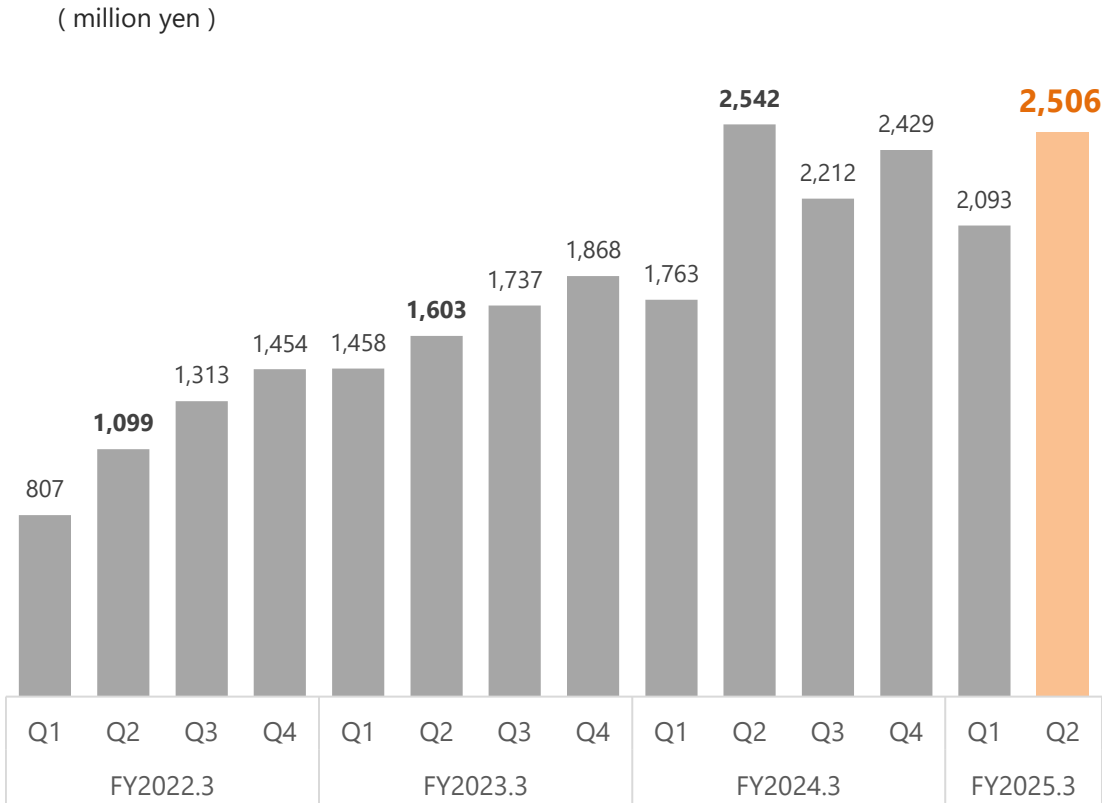
Personnel Costs and Advertising Costs

Personnel costs increased due to ongoing aggressive hiring, in line with the estimates.
Invest in advertising, mainly in TV commercials, while assessing investment effectiveness.

Personnel Costs



Advertising Costs



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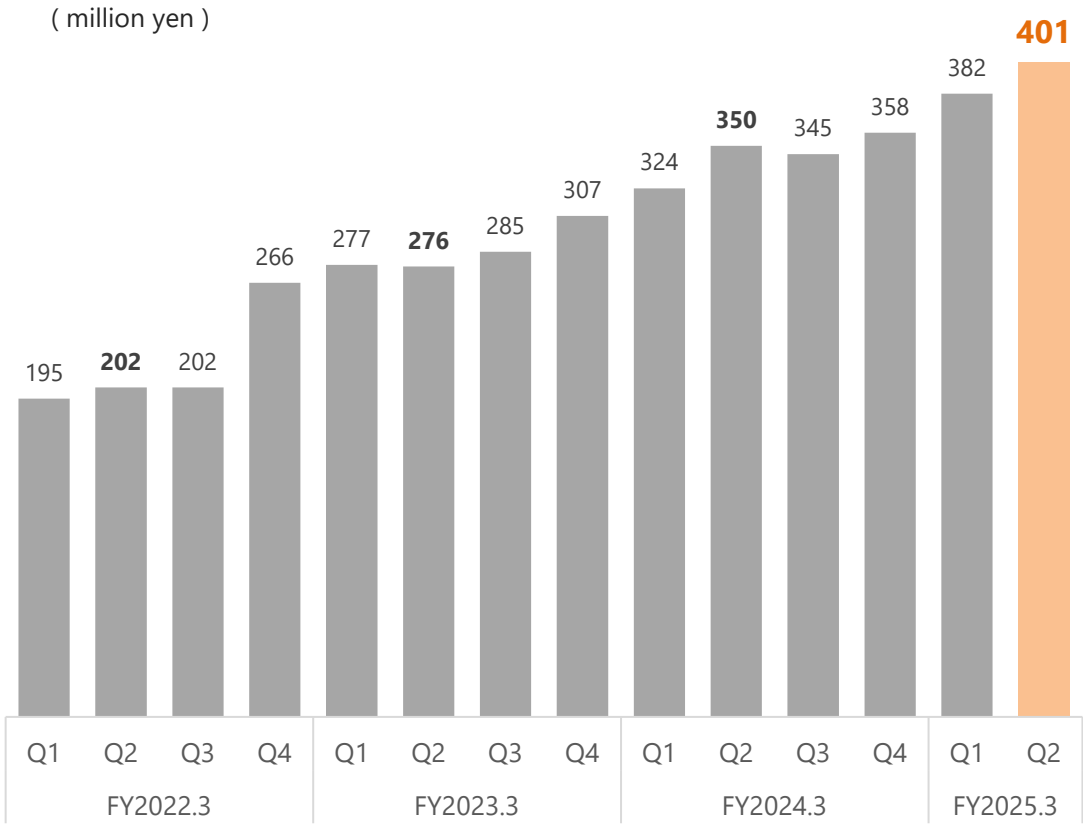
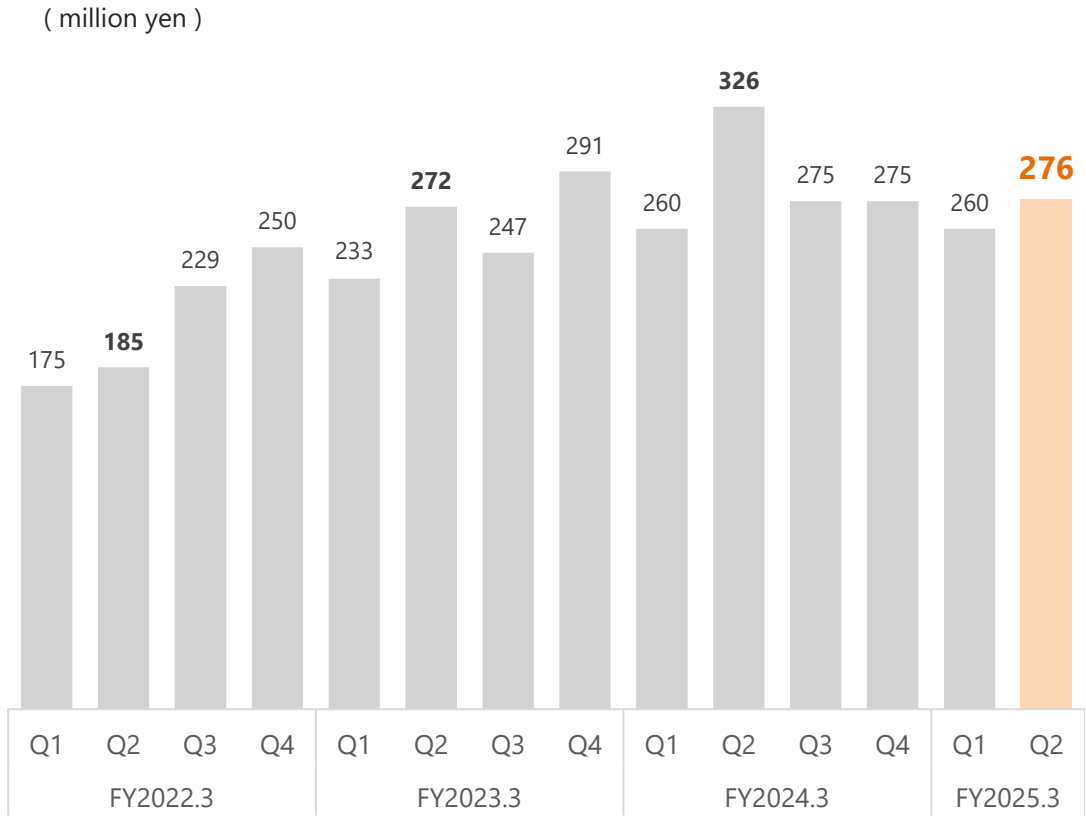
Office Rent and Outsourcing Costs

Office rent increased due to office expansion to accommodate the personnel increase.
Outsourcing cost decreased YoY due to advancement of internalization of setup services in Rakuraku Seisan.

Office Rent



Outsourcing Costs



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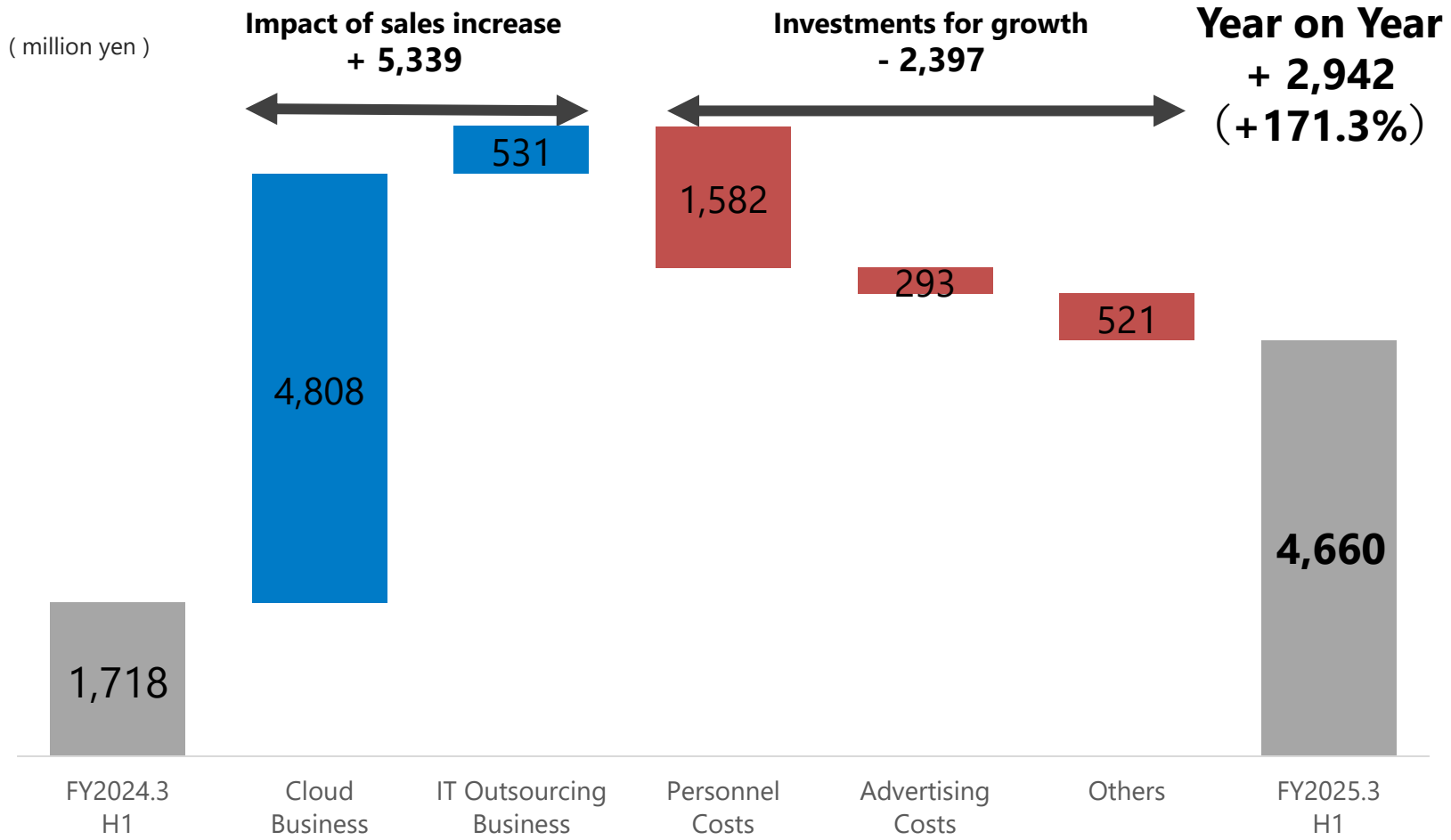
Factors for Changes in Consolidated Operating Profit (Year on Year)

Significant profit growth driven by sales increases in the Cloud Business that exceeded growth investments.



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Consolidated Balance Sheet

(million yen)

	End of March 2024	End of September 2024	Difference
Current assets	13,145	15,118	+1,973
Non-current assets	8,088	9,589	+1,500
Total assets	**21,234**	**24,708**	**+3,474**
Current liabilities	7,372	7,753	+381
Non-current liabilities	513	234	-279
Total liabilities	**7,886**	**7,987**	**+101**
Shareholders' equity	13,365	16,576	+3,210
Accumulated other comprehensive income	-18	144	+163
Total equity	**13,347**	**16,720**	**+3,373**
Total liabilities and equities	**21,234**	**24,708**	**+3,474**
Equity ratio	**62.9%**	**67.7%**	

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Cash Flow Statement

(million yen)

	H1 FY2024.3	H1 FY2025.3	Difference
Cash flow from operating activities	1,385	3,389	+2,004
Cash flow from investing activities	-3,883	-1,348	+2,534
Free cash flow	-2,498	2,040	+4,538
Cash flow from financing activities	956	-803	-1,760
Cash and cash equivalent at the end of the fiscal year	4,460	8,235	+3,774
Depreciation	249 *1	353 *2	+104
Amortization of goodwill	124	166	+42

*1 It includes 36 million yen of amortization of customers' assets acquired through M&A.
*2 It includes 72 million yen of amortization of customers' assets acquired through M&A.

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Cloud Business

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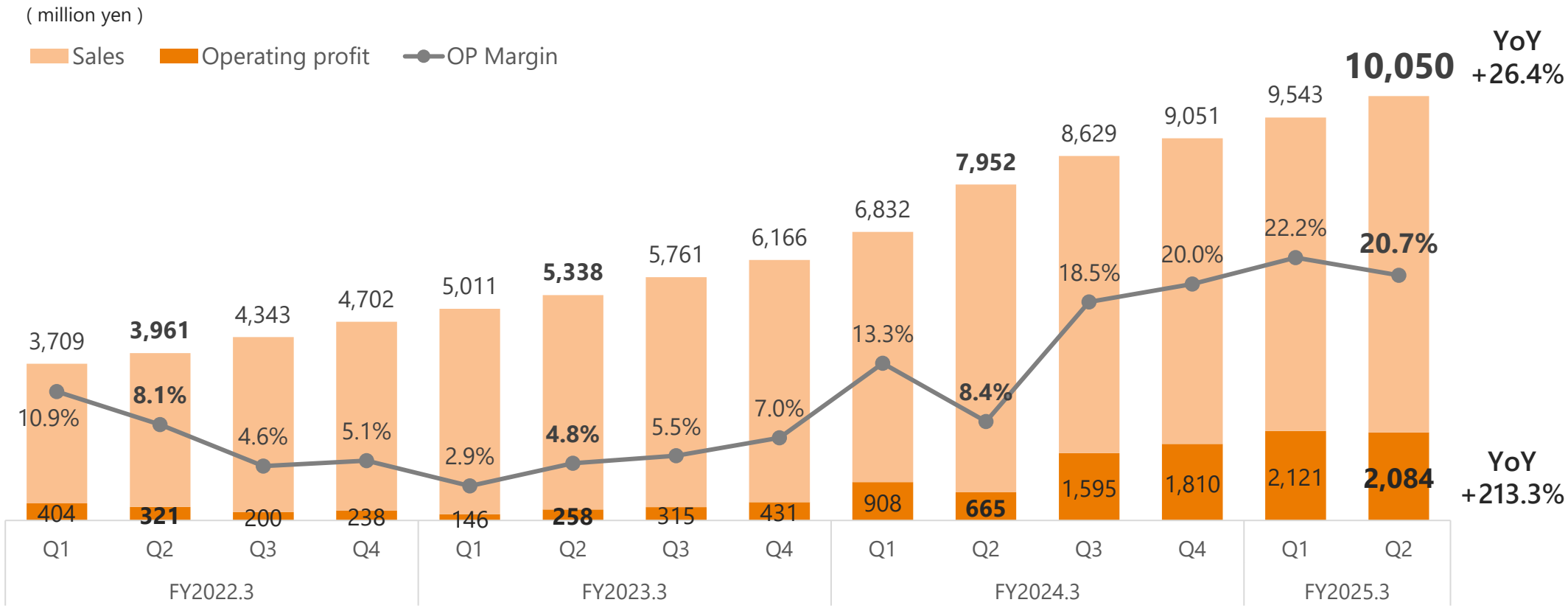
Performance of the Cloud Business

New orders in main services are steadily increased and high growth, sustaining a high level of OPM.



* Indirect expense allocation method revised for FY2024.3 and earlier. Figures restated retroactively.

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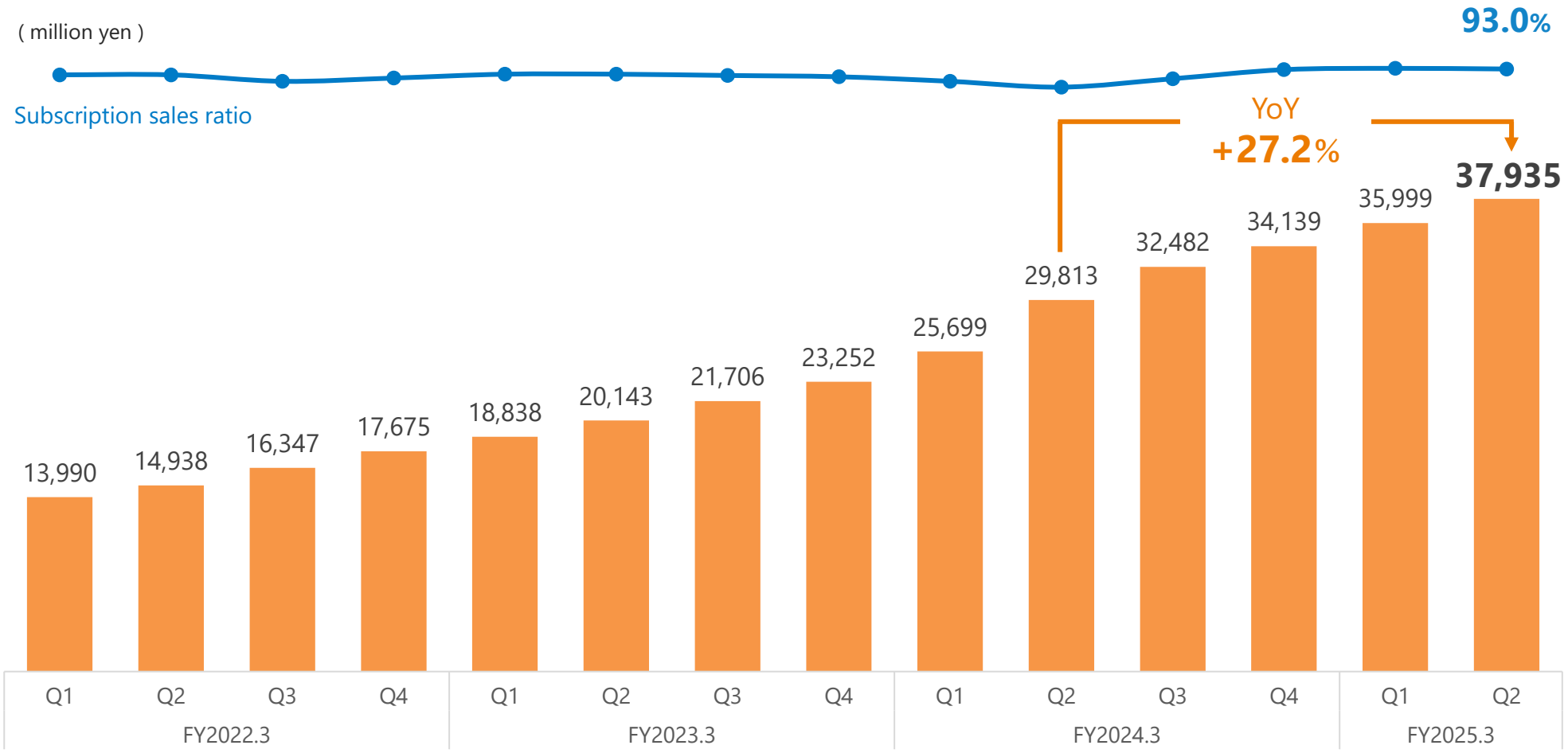
ARR and Subscription Sales Ratio of the Cloud Business

A significant increase in contracted customers last year helped maintain a high ARR growth rate.



* ARR (Annual Recurring Revenue) ＝Monthly Recurring Revenue ×12

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Sales of the Cloud Business by Service

Our main product line Rakuraku series, continued to drive overall high growth, while sales scale is expanding.

(million yen)

	FY2024.3 H1	FY2025.3 H1	YoY	FY2024.3 Q2	FY2025.3 Q2	YoY
Raku Raku Seisan	6,713	8,251	+22.9%	3,546	4,196	+18.3%
Raku Raku Meisai	2,956	4,537	+53.5%	1,661	2,358	+41.9%
Raku Raku Hambai (Raku Raku Hambai) (Raku Tel)	1,786 1,595 191	2,484 2,282 202	+39.1% +43.1% +5.8%	941 842 98	1,298 1,194 103	+38.0% +41.9% +5.1%
E-mail distribution services	1,449	1,771	+22.2%	735	911	+23.9%
Mail Dealer	1,399	1,506	+7.7%	702	762	+8.4%
Others	478	1,041	+117.5%	364	522	+43.5%
Total of the Cloud Business	14,784	19,593	+32.5%	7,952	10,050	+26.4%

* Starting from the fiscal year ending March 2025, Raku Raku Hambai's figures are reported together with Raku Tel, a related product. Past figures have been adjusted retroactively to reflect this change.
* The figure for Email distribution services is the sum of Hai Hai Mail, Curumeru and blastmail.

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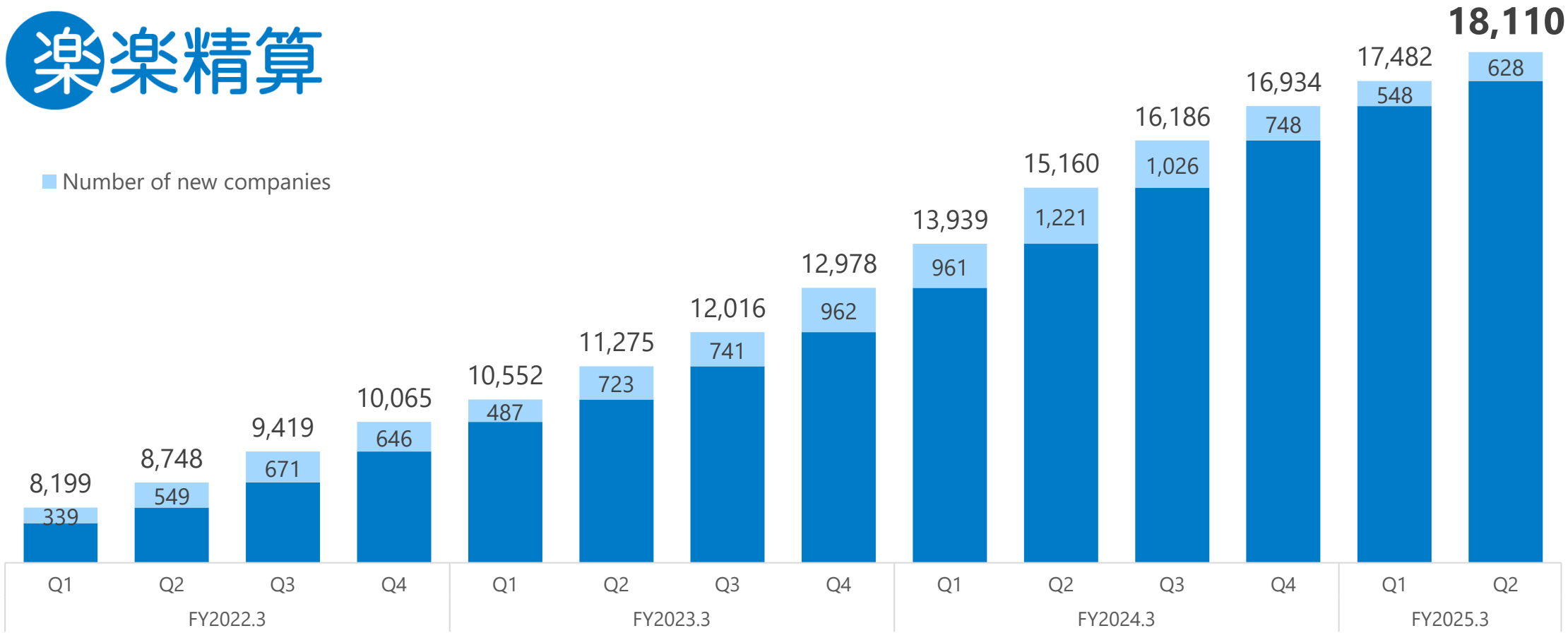
Cumulative Number of Companies Using Raku Raku Seisan

Rakuraku Seisan bottomed out from the impact of backlash from the advance demand for the Invoice System and the Electronic Bookkeeping Law in Q1 and showed a gradual recovery in Q2.



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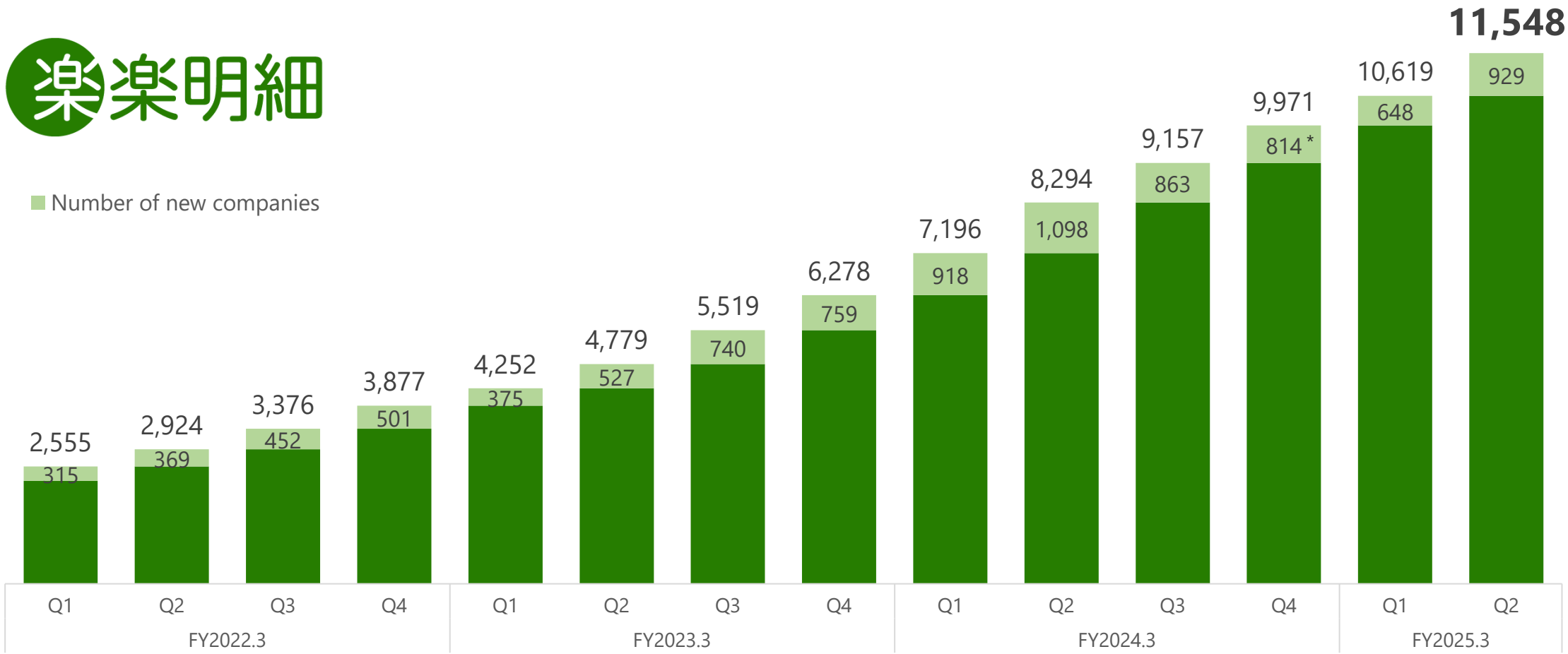
Cumulative Number of Companies Using Raku Raku Meisai

Although the impact of regulatory tailwinds has eased,the demand for invoice-related systems remains strong, and the rate of increase in the number of newly introduced companies is recovering.



*There was an error in the number of new companies introduced in the fourth quarter of the fiscal year ending March 2024 in the previously disclosed materials. This has been corrected in the current document (previously reported: 815 companies)

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IT Outsourcing Business

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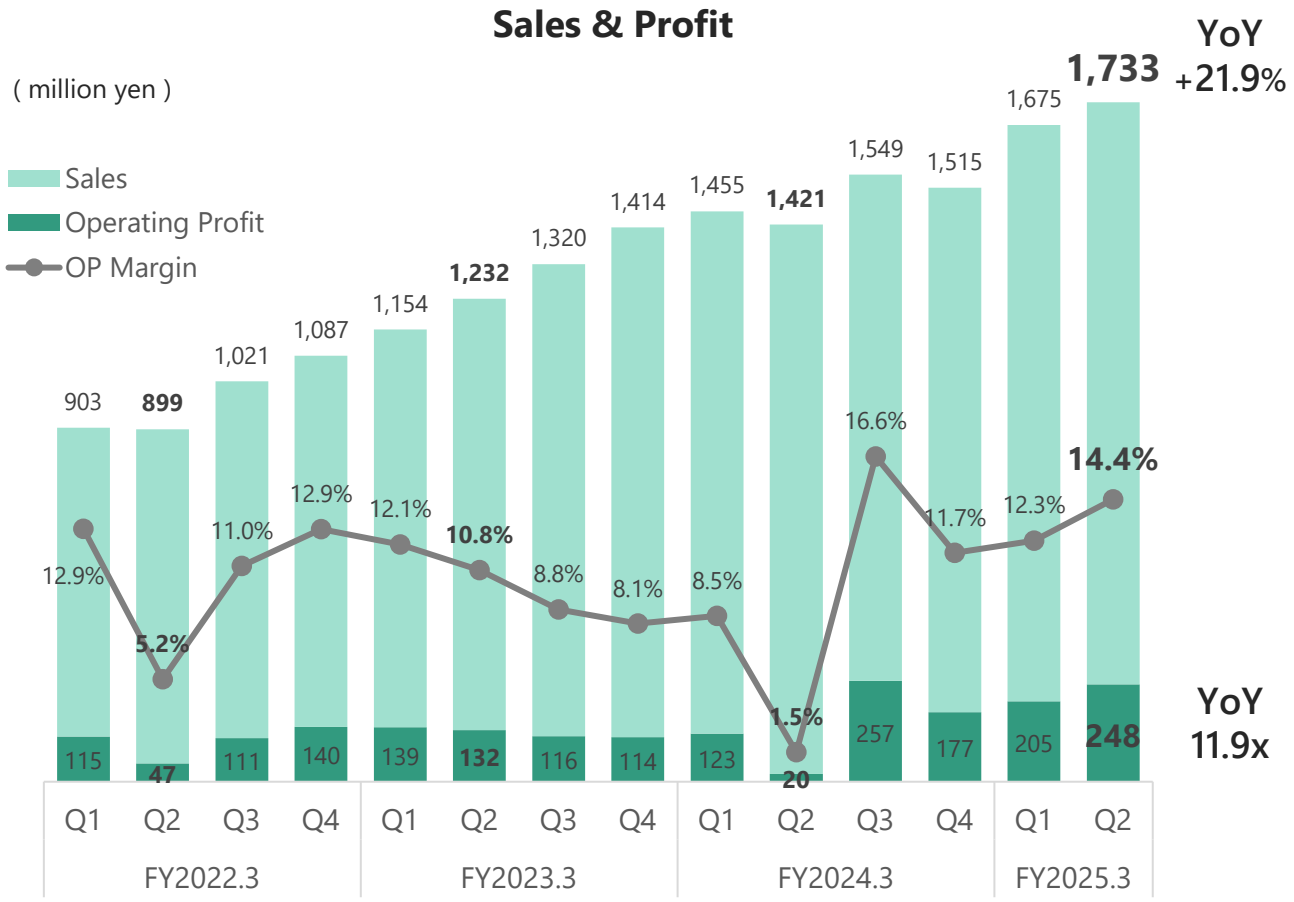
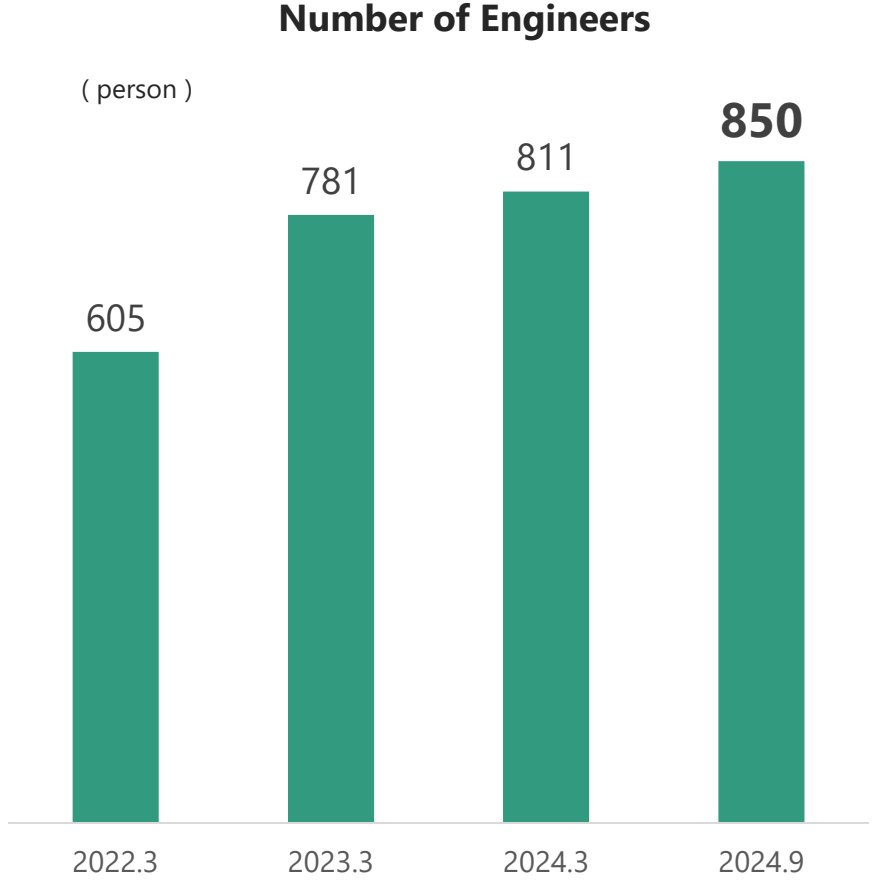
Performance and Number of Engineers of the IT Outsourcing Business

Efforts to strengthen sales activities led to improved engineer utilization rates, resulting in increased revenue and profit.





* Indirect expense allocation method revised for FY2024.3 and earlier. Figures restated retroactively.
* These figures include apprentice engineers.

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Guidance for full year of the fiscal year ending March 2025

Medium-Term Management Targets (FY2022-FY2026)

1 **Five-Year sales CAGR 31%～32%**

2 **Profit for FY2026.3: 10 billion yen or more**

3 **Net assets as of 2026.3: 20 billion yen or more**

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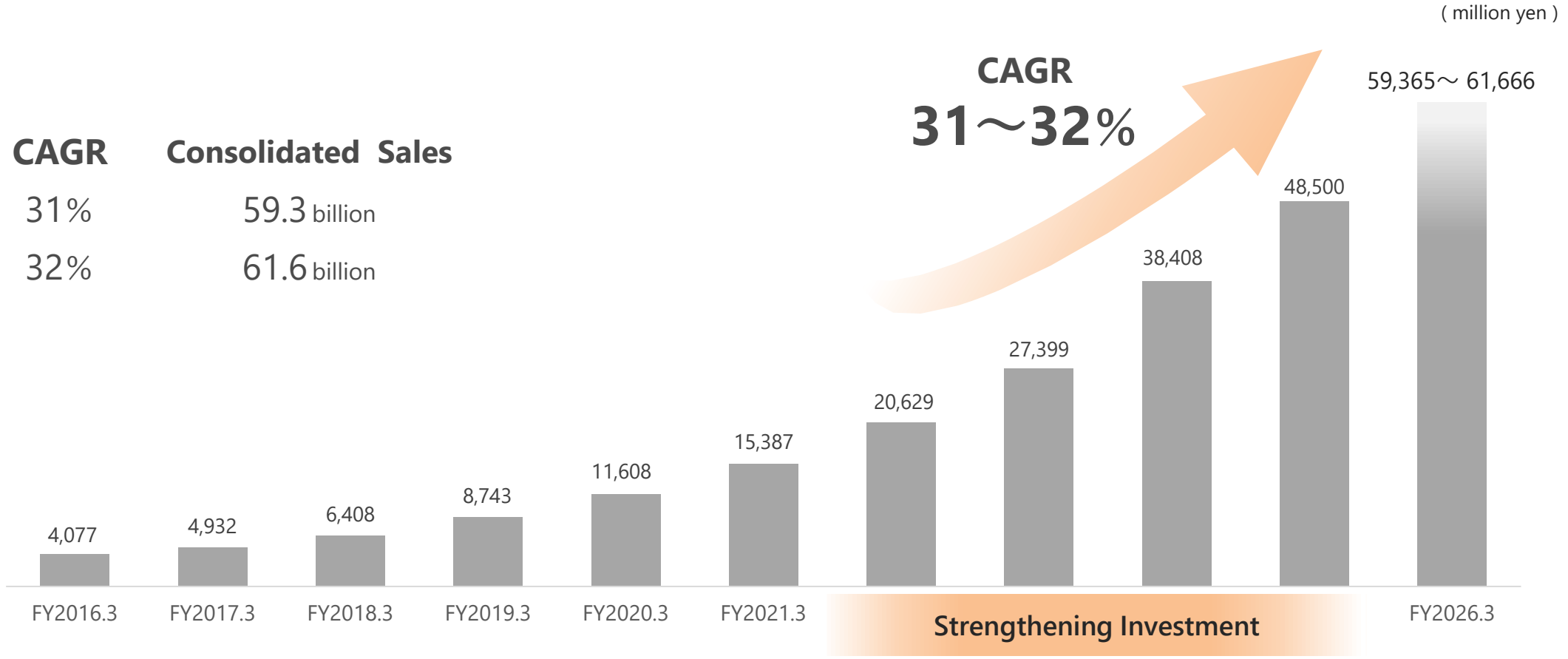
Five-Year Sales and Profit Targets

Aiming for 31-32% sales CAGR, we will continue to make aggressive investments.
We will strive to enhance investment efficiency towards the final year of the Medium-Term Management Targets and achieve net profit of 10 billion yen in FY2026.3 by adjusting expenses.



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Guidance for full year of FY2025.3

While maintaining high sales growth, we aim to improve profitability towards the final year of Medium-Term Management Targets.

(million yen)

	FY2024.3	FY2025.3(Guidance)		YoY		vs Previous Guidance	
		Previous	Revised				
Net Sales	**38,408**	**48,300**	**48,500**	**+10,091**	**+26.3%**	**+200**	**+0.4%**
Cost of sales	10,789	12,918	12,727	+1,937	+18.0%	-191	-1.5%
Gross profit	27,619	35,381	35,773	+8,153	+29.5%	+392	+1.1%
GP margin	71.9%	73.3%	73.8%				
SG&A	22,059	26,381	26,373	+4,313	+19.6%	-8	-0.0%
Operating profit	**5,559**	**9,000**	**9,400**	**+3,840**	**+69.1%**	**+400**	**+4.4%**
OP margin	14.5%	18.6%	19.4%				
Ordinary profit	**5,610**	**9,001**	**9,410**	**+3,799**	**+67.7%**	**+409**	**+4.5%**
Ordinary profit margin	14.6%	18.6%	19.4%				
EBITDA	**6,480**	**10,161**	**10,540**	**+4,059**	**+62.6%**	**+379**	**+3.7%**
EBITDA margin	16.9%	21.0%	21.7%				
Income tax	1,422	2,069	2,079				
Tax rate	25.4%	23.1%	22.1%				
Profit attributable to owners of parent	**4,185**	**6,900**	**7,310**	**+3,124**	**+74.6%**	**+410**	**+5.9%**

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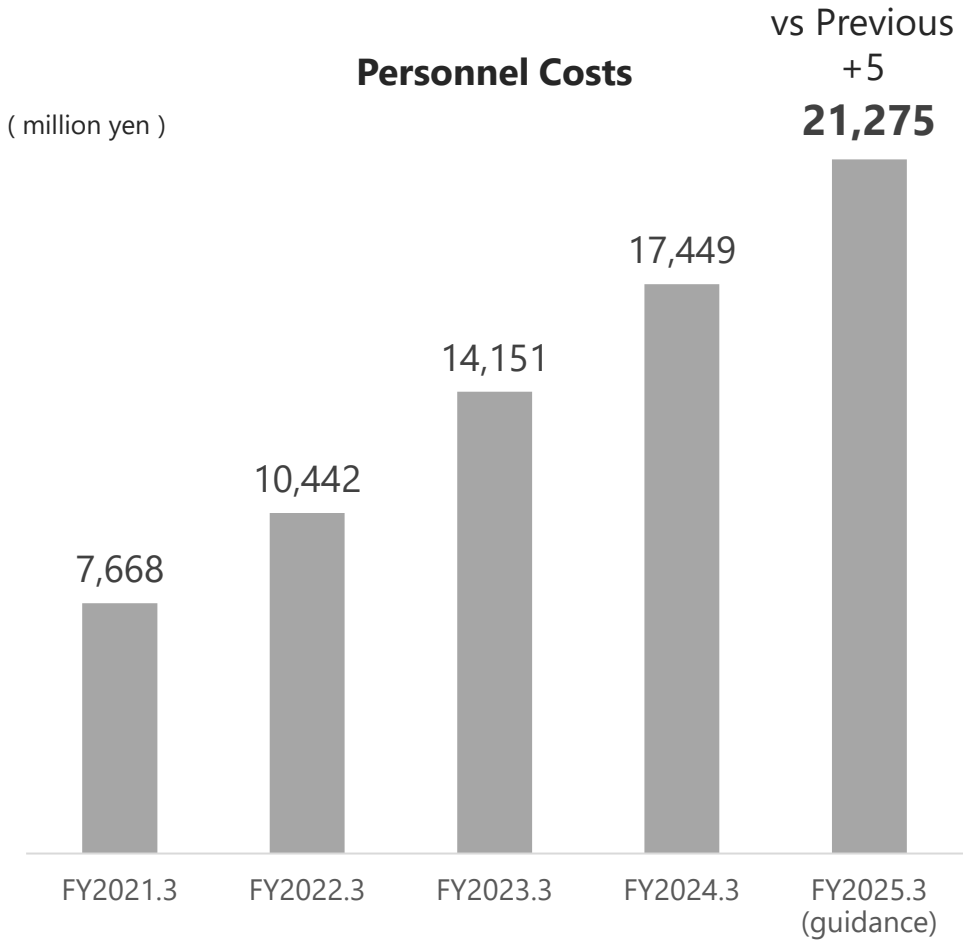
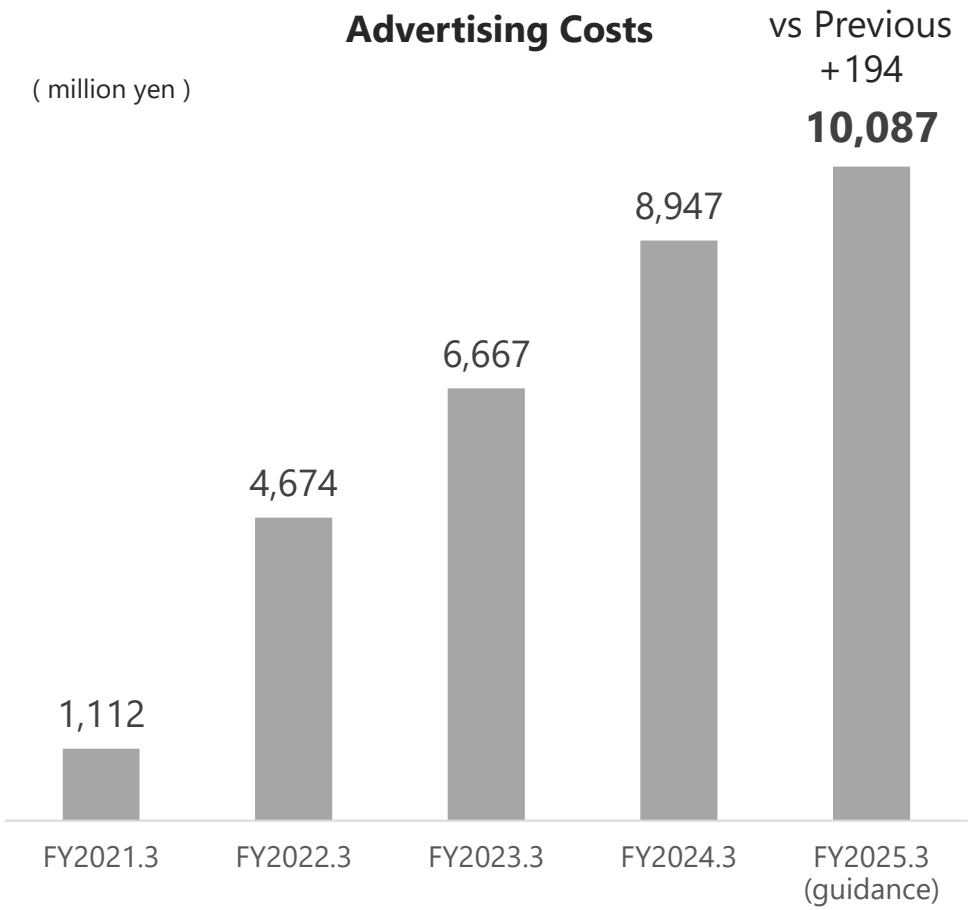
Personnel Costs and Advertising Costs Guidance

We will continue to invest in recruitment and marketing activities, focusing on our main services, while assessing their efficiency.





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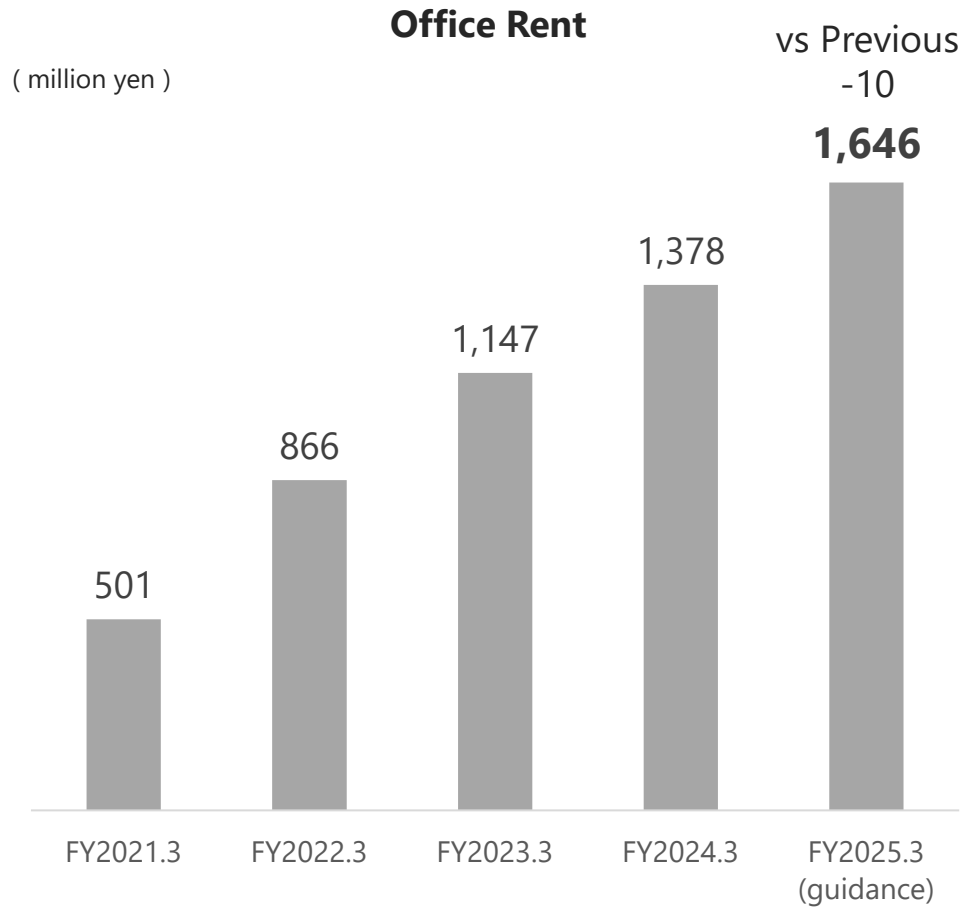
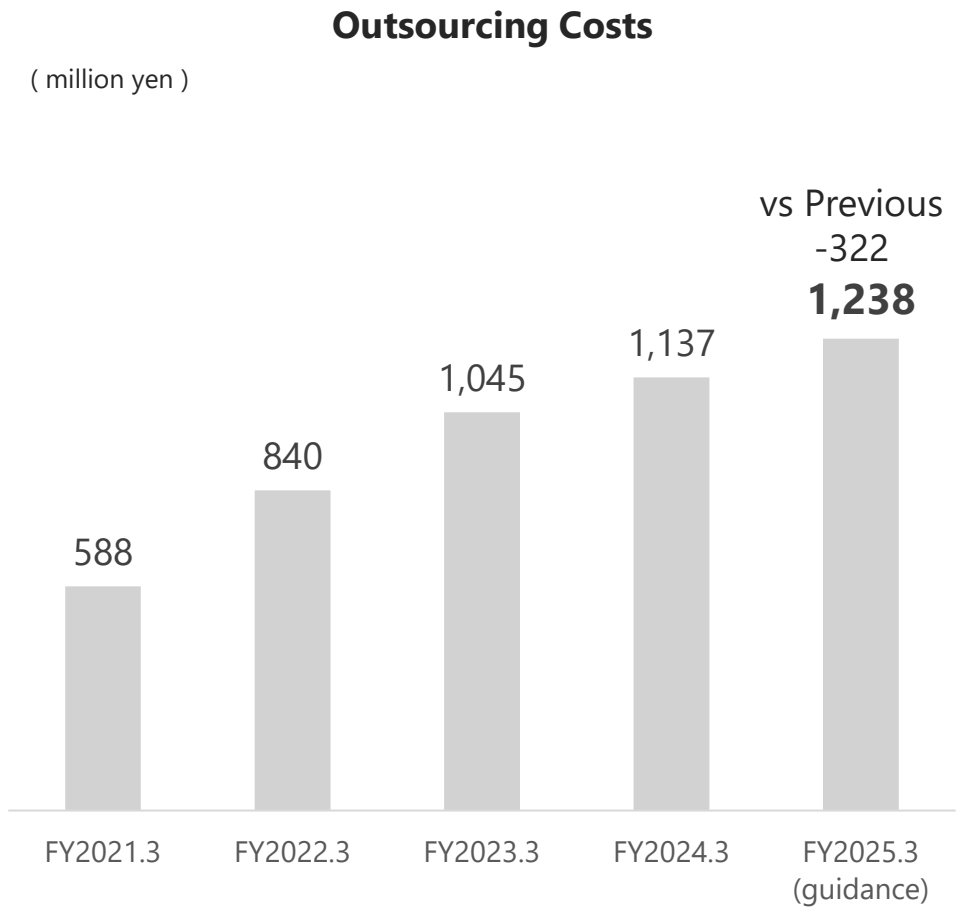
Office Rent and Outsourcing Costs Guidance

Flexible adjustments in investment allocation based on cost-effectiveness.





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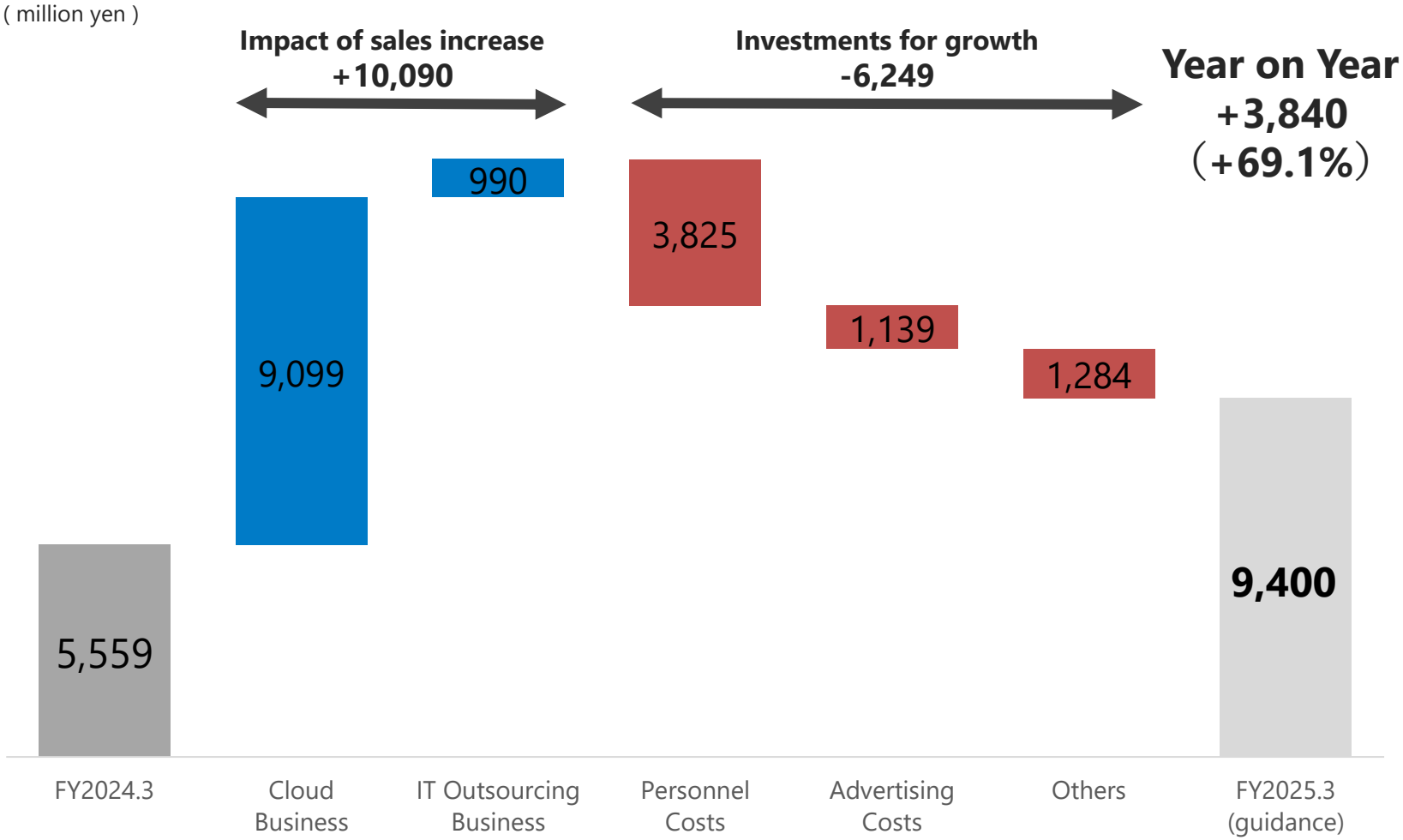
Factors for Changes in Consolidated Operating Profit

While investment for growth continues, the effect of increased sales exceeds it, and a significant increase in profit is planned.



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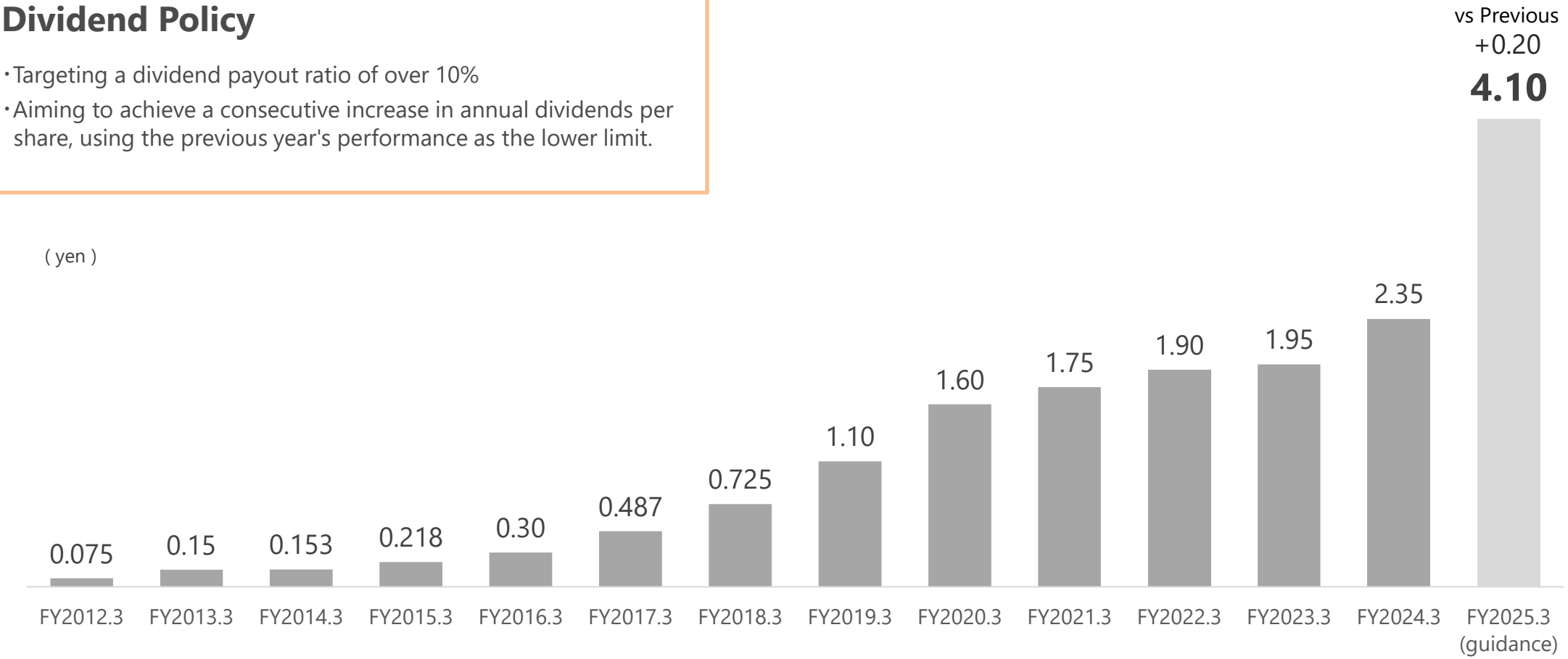
【KPI】Dividend

Based on the dividend policy and considering the performance, the dividend forecast has been revised upward.

Dividend Policy

・Targeting a dividend payout ratio of over 10%
・Aiming to achieve a consecutive increase in annual dividends per share, using the previous year's performance as the lower limit.



* Figures are after share split adjustment.

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Appendix

Release of Cloud-based Invoice Receipt Service “Raku Raku Seikyu”

Spinning off the “Invoice Processing Support Option” from the paid option of “Raku Raku Seisan”to create a standalone service.

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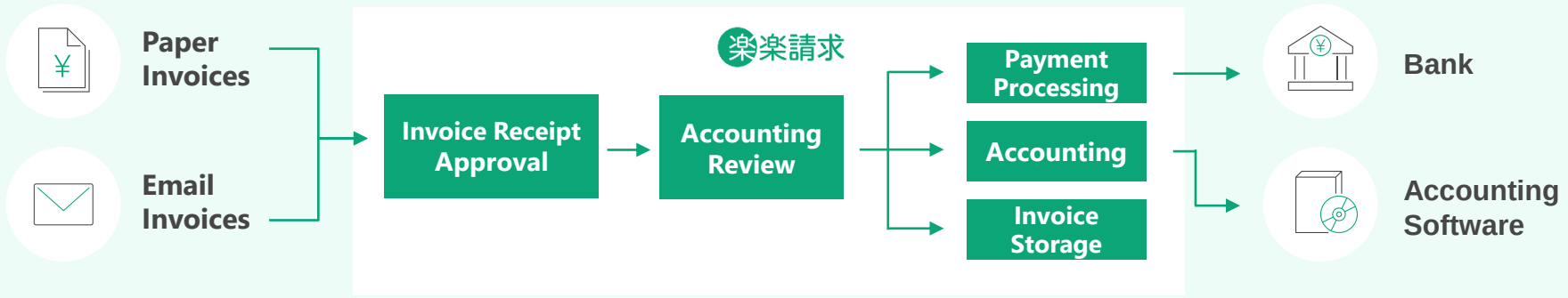
Sales Start Date	July 1, 2024
Service Launch Date	October 1, 2024

Service Overview

Reduces the workload from invoice receipt to processing, contributing to greater efficiency in accounting operations



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RAKUS Sustainability Report 2024

Featuring initiatives related to business strategy, human capital as a business foundation, and development strategy, aligned with the four newly identified materiality.

Sustainability Report 2024

We also provide an overview of our business features and business model, so please have a look



First Selection as a Constituent of the JPX Prime 150 Index

Selected for the JPX Prime 150 Index for the first time, which consists of stocks “representing Japanese companies estimated to create value”



JPX Prime150 Index

Selection from the top 500 companies by market capitalization listed on the Tokyo Stock Exchange Prime Market, based on:

1. Capital profitability (Equity Spread)
2. Market valuation (PBR)

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Sales of the Cloud Business by Service

(million yen)

		FY2020.3	FY2021.3	FY2022.3	FY2023.3	FY2024.3
Raku Raku Seisan	Sales	3,935	5,559	7,658	10,343	14,446
	YoY	+52.6%	+41.3%	+37.7%	+35.1%	+39.7%
Raku Raku Meisai	Sales	552	1,177	2,260	3,735	6,840
	YoY	+68.8%	+113.3%	+92.0%	+65.3%	+83.1%
Raku Raku Hambai	Sales	869	1,281	1,867	2,626	3,907
	(Raku Raku Hambai)	770	1,124	1,624	2,298	3,513
	(Raku Tel)	98	157	242	327	393
	YoY	+45.3%	+47.5%	+45.7%	+40.7%	+48.7%
E-mail distribution services	Sales	1,573	1,963	2,367	2,672	3,035
	YoY	+11.6%	+24.8%	+20.6%	+12.9%	+13.6%
Mail Dealer	Sales	1,732	1,979	2,178	2,430	2,841
	YoY	+12.7%	+14.2%	+10.1%	+11.5%	+16.9%
Others	Sales	291	336	384	468	1,394
	YoY	+6.8%	+15.2%	+14.3%	+22.1%	+197.4%

* Starting from the fiscal year ending March 2025, Raku Raku Hambai's figures are reported together with Raku Tel, a related product. Past figures have been adjusted retroactively to reflect this change.
* The figure for Email distribution services is the sum of Hai Hai Mail, Curumeru and blastmail.

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LTV of the Cloud Business by Service

(yen)

	FY2020.3	FY2021.3	FY2022.3	FY2023.3	FY2024.3
Raku Raku Seisan	14,278,231	15,449,125	17,354,319	20,931,651	17,268,962
Raku Raku Meisai	9,016,996	20,303,924	15,402,526	23,408,991	25,543,657
Raku Raku Hambai	8,120,258	8,759,510	8,833,376	10,463,032	12,032,671
E-mail distribution services	1,229,511	1,521,779	1,887,750	2,318,227	2,370,458
Mail Dealer	3,992,650	4,281,398	4,506,168	4,986,751	6,009,109

* LTV (Life Time Value) = revenue that a customer will generate during their lifetime (ARPU × estimated average usage years × gross profit margin)
* Starting from the fiscal year ending March 2025, Raku Raku Hambai's figures are reported together with Raku Tel, a related product. Past figures have been adjusted retroactively to reflect this change.
* The figure for E-mail distribution services is the sum of Hai Hai Mail and Curumeru.

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Monthly Churn Rate of the Cloud Business by Service

		FY2020.3	FY2021.3	FY2022.3	FY2023.3	FY2024.3
Raku Raku Seisan	Customer churn	0.41%	0.43%	0.42%	0.36%	0.46%
	Revenue churn	0.30%	0.30%	0.26%	0.22%	0.25%
Raku Raku Meisai	Customer churn	0.33%	0.18%	0.27%	0.20%	0.22%
	Revenue churn	0.15%	0.07%	0.11%	0.10%	0.11%
Raku Raku Hambai	Customer churn	0.85%	0.83%	0.84%	0.78%	0.76%
	Revenue churn	0.66%	0.62%	0.70%	0.62%	0.60%
E-mail distribution services	Customer churn	1.62%	1.49%	1.29%	1.18%	1.25%
	Revenue churn	1.47%	1.38%	1.25%	1.18%	1.23%
Mail Dealer	Customer churn	0.97%	0.91%	0.90%	0.85%	0.87%
	Revenue churn	0.73%	0.71%	0.68%	0.73%	1.02%

* Customer churn : Average percentage of contracts lost due to churn over the past 12 months.
  Revenue churn : Average percentage of Monthly Recurring Revenue (MRR) lost due to churn over the past 12 months.
* Starting from the fiscal year ending March 2025, Raku Raku Hambai's figures are reported together with Raku Tel, a related product. Past figures have been adjusted retroactively to reflect this change.
* The figure for E-mail distribution services is Hai Hai Mail alone.

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Monthly Average Unit Price of the Cloud Business by Service

(yen)

	2020.3	2021.3	2022.3	2023.3	2024.3	2024.9
Raku Raku Seisan	71,222	78,655	85,530	88,818	92,731	92,903
Raku Raku Meisai	54,142	64,923	65,092	67,644	72,733	74,767
Raku Raku Hambai	86,164	95,865	103,343	110,141	117,191	132,240
E-mail distribution services	22,053	25,295	28,175	33,511	35,324	39,684
Mail Dealer	46,085	46,819	47,893	50,497	61,304	63,640

* Starting from the fiscal year ending March 2025, Raku Raku Hambai's figures are reported together with Raku Tel, a related product. Past figures have been adjusted retroactively to reflect this change.
* The figure for E-mail distribution services is the sum of Hai Hai Mail and Curumeru.

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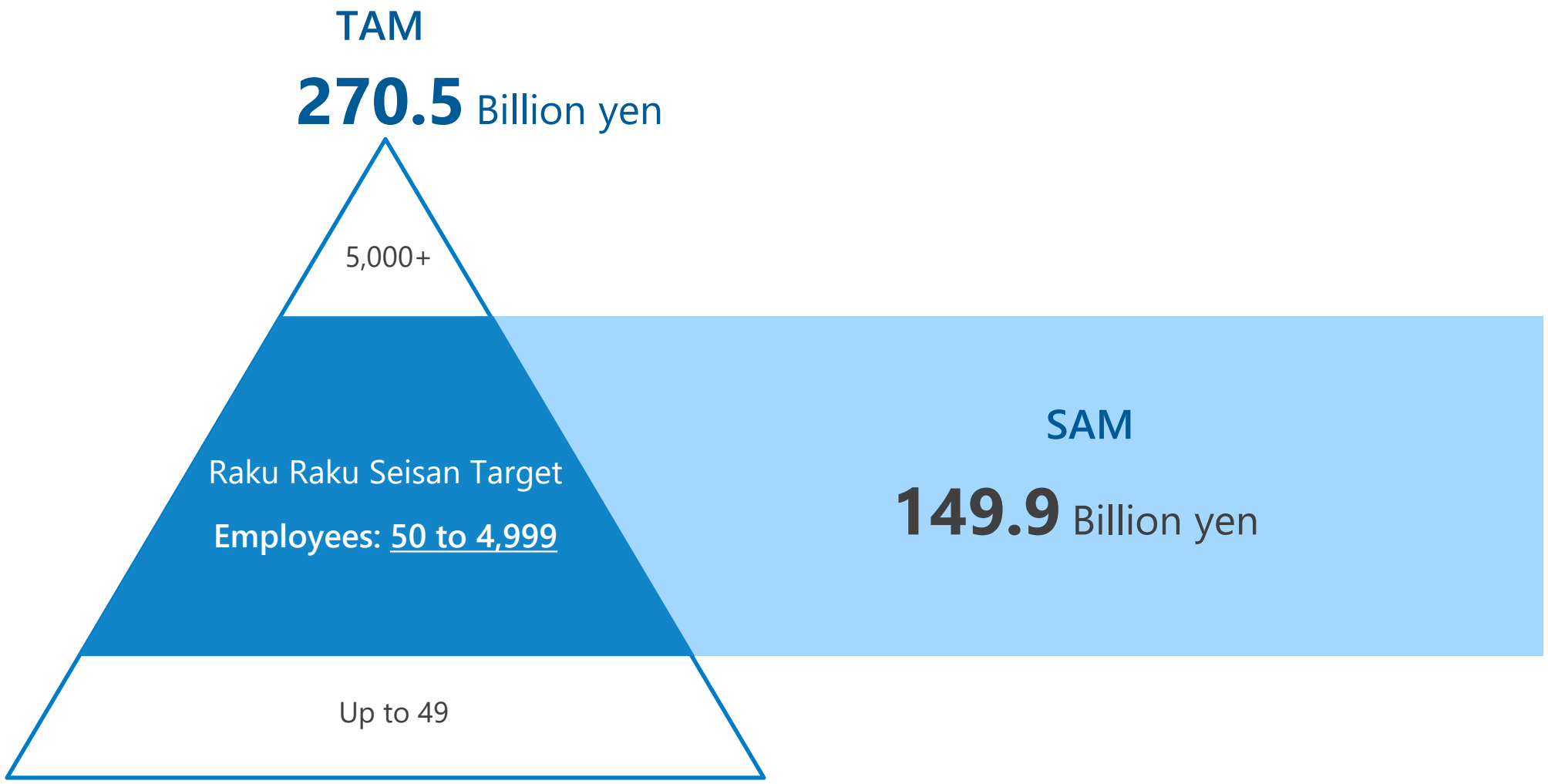
[Raku Raku Seisan] Market Size for Expense Settlement System



The addressable market and our target assumptions are estimates based on the following external statistics and published materials as well as the unit prices of our services. Therefore, there is a possibility that these can be different from the actual market size. Source: 2021 Economic Census for Business Activity

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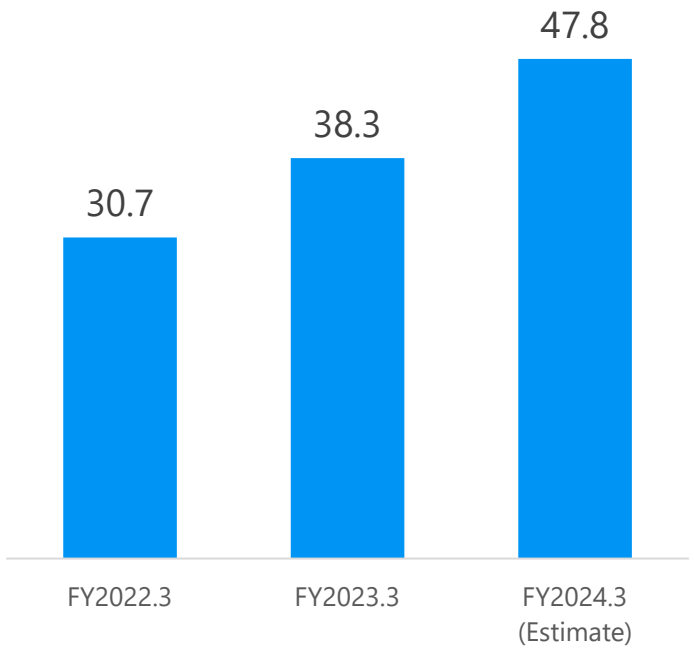
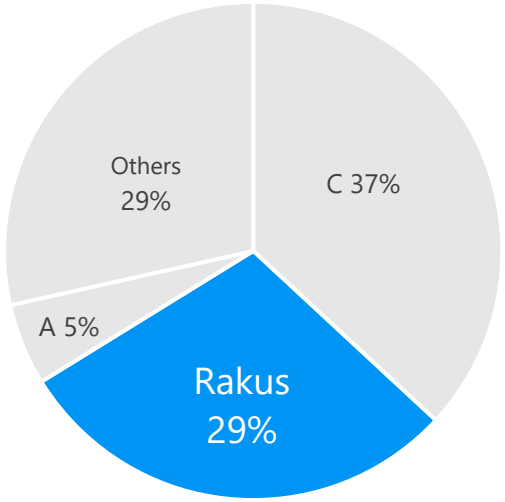
The Market for Cloud-based Expense Settlement Systems

Market Size

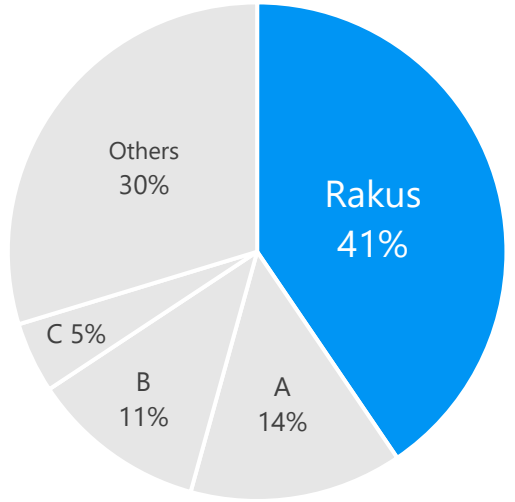
(billion yen)



Market shares based on Sales



Market shares based on Introduced Numbers



Source：Deloitte Tohmatsu MIC Research Institute Co., Ltd. which is written only in Japanese「クラウド型経費精算システム市場の実態と展望」（ミックITリポート2023年9月号：https://mic-r.co.jp/micit/）
* Introduced numbers and Sales are for the estimated FY2024.3

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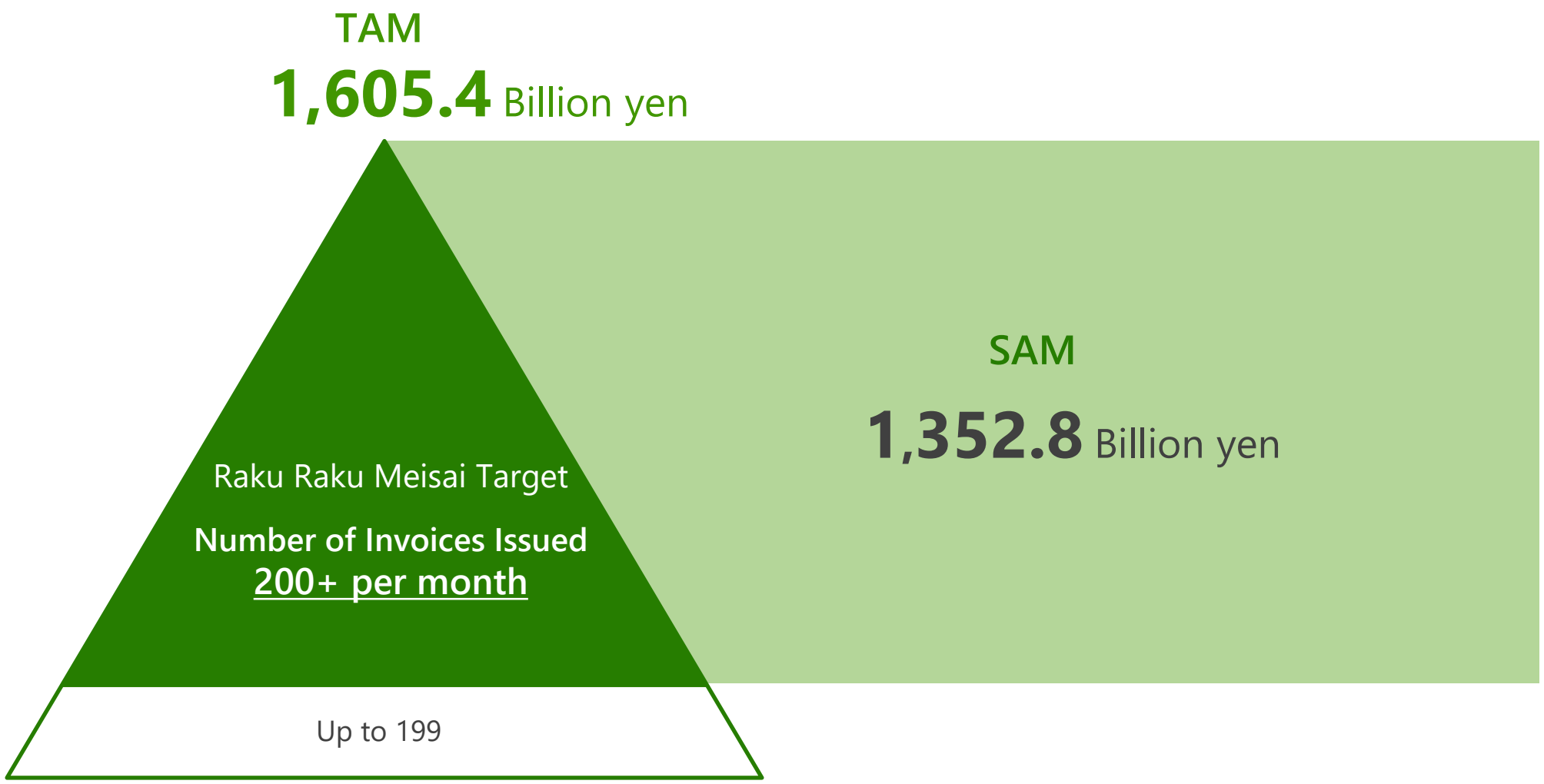
[Raku Raku Meisai] Market Size for Invoice Issuance System



The addressable market and our target assumptions are estimates based on the following external statistics and published materials as well as the unit prices of our services.
Therefore, there is a possibility that these can be different from the actual market size.
Source: 2021 Economic Census for Business Activity and the report of Small and Medium Enterprise Agency which is written only in Japanese (中小企業庁金融EDIにおける商流情報等のあり方検討会議（第３回）配布資料（資料４「「決済事務の事務量等に関する実態調査」最終集計報告書」)

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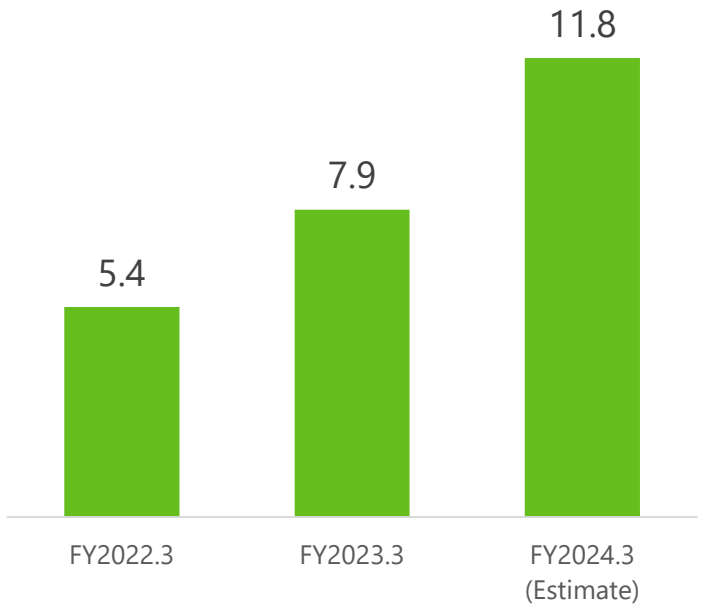
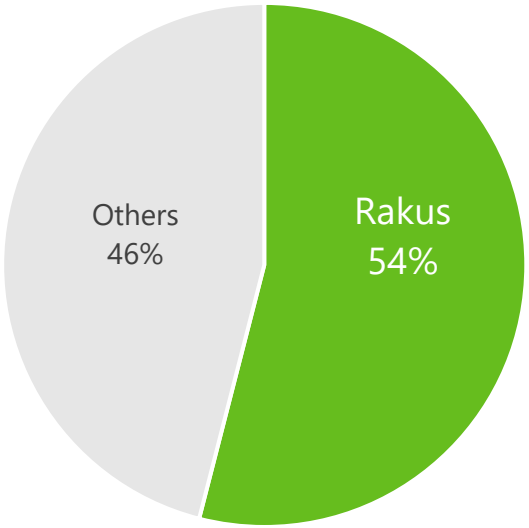
The Market for Cloud-based Invoice Issuance System

Market Size

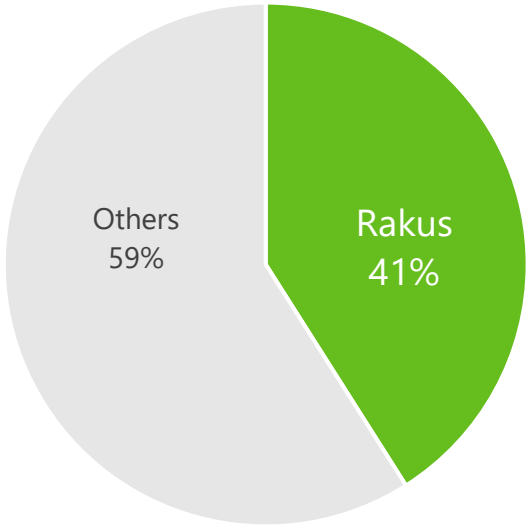
(billion yen)



Market shares based on Sales



Market shares based on Introduced Numbers



Source：Deloitte Tohmatsu MIC Research Institute Co., Ltd. which is written only in Japanese「クラウド帳票発行サービスの市場の実態と展望」（ミックITリポート2023年9月号：https://mic-r.co.jp/micit/）
* Introduced numbers and Sales are for the estimated FY2024.3

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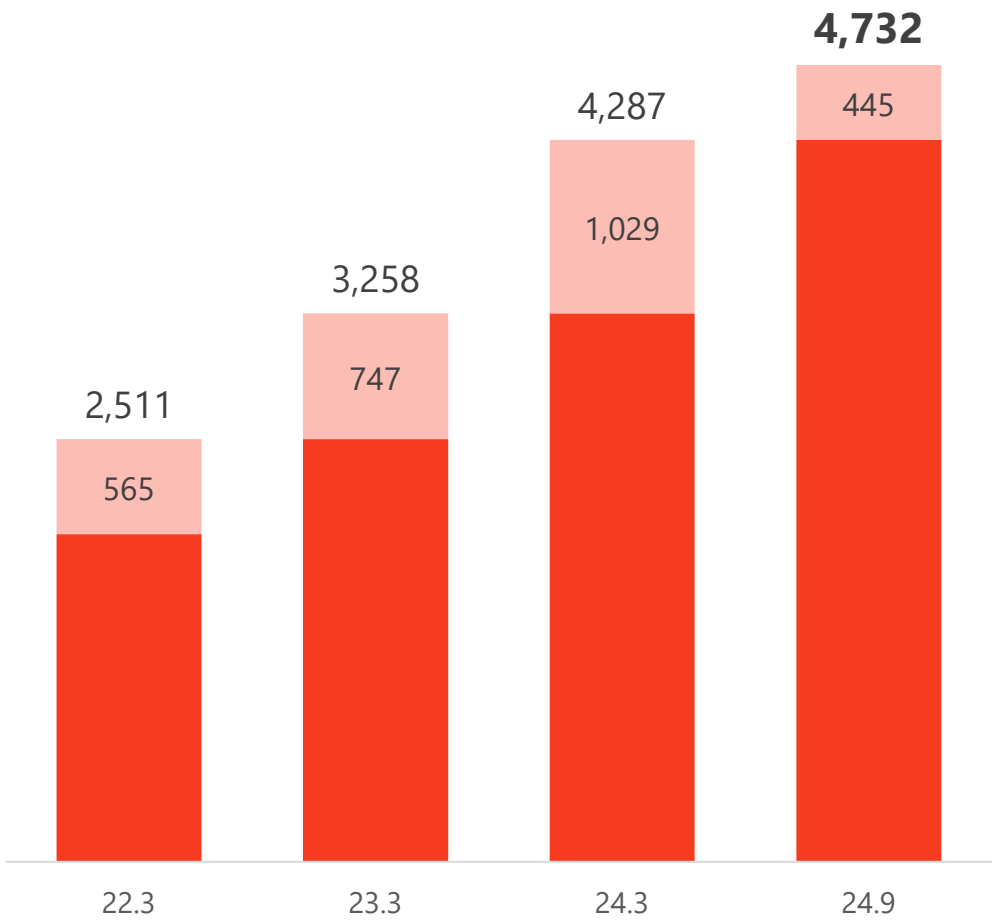
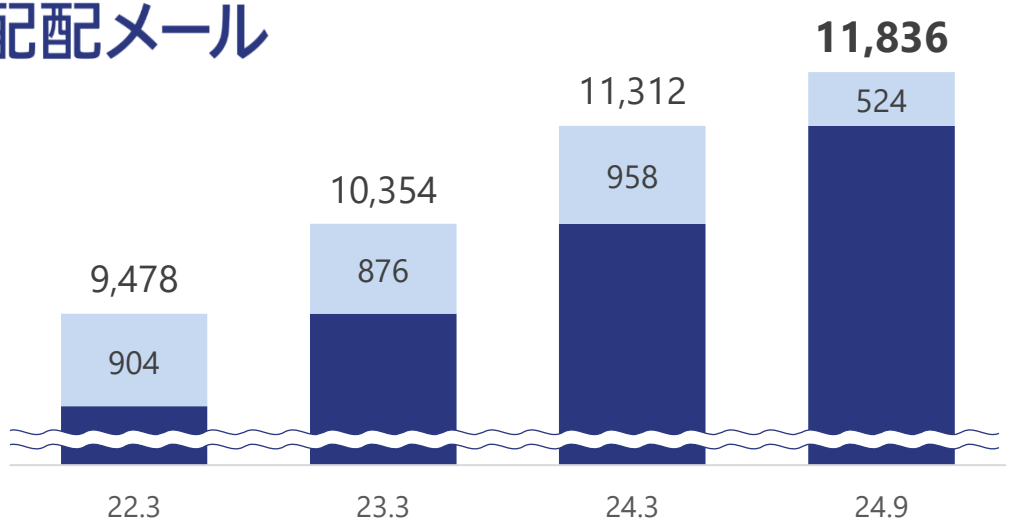
Cumulative Number of Companies Using Raku Raku Hambai, Hai Hai Mail & Mail Dealer

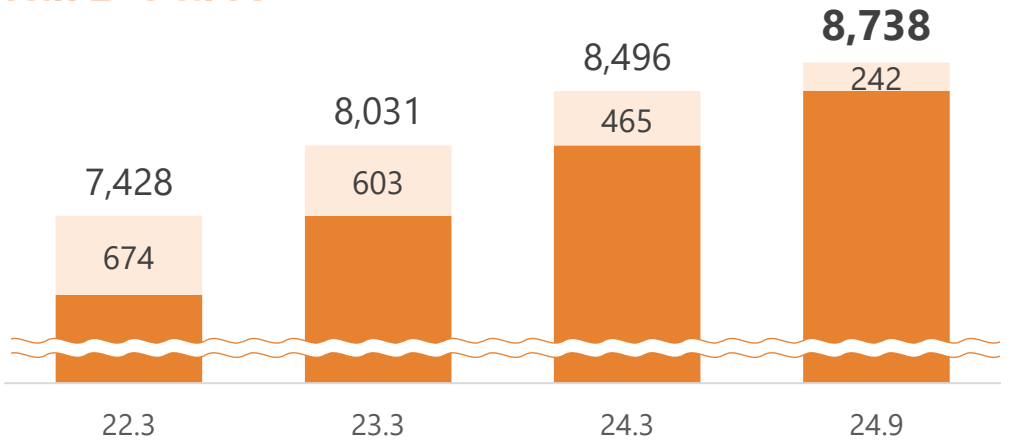
楽楽販売



楽! ラクス 配配メール



楽! ラクス Mail Dealer



楽! ラクス

* Starting from the fiscal year ending March 2025, Raku Raku Hambai's figures are reported together with Raku Tel, a related product. Past figures have been adjusted retroactively to reflect this change.

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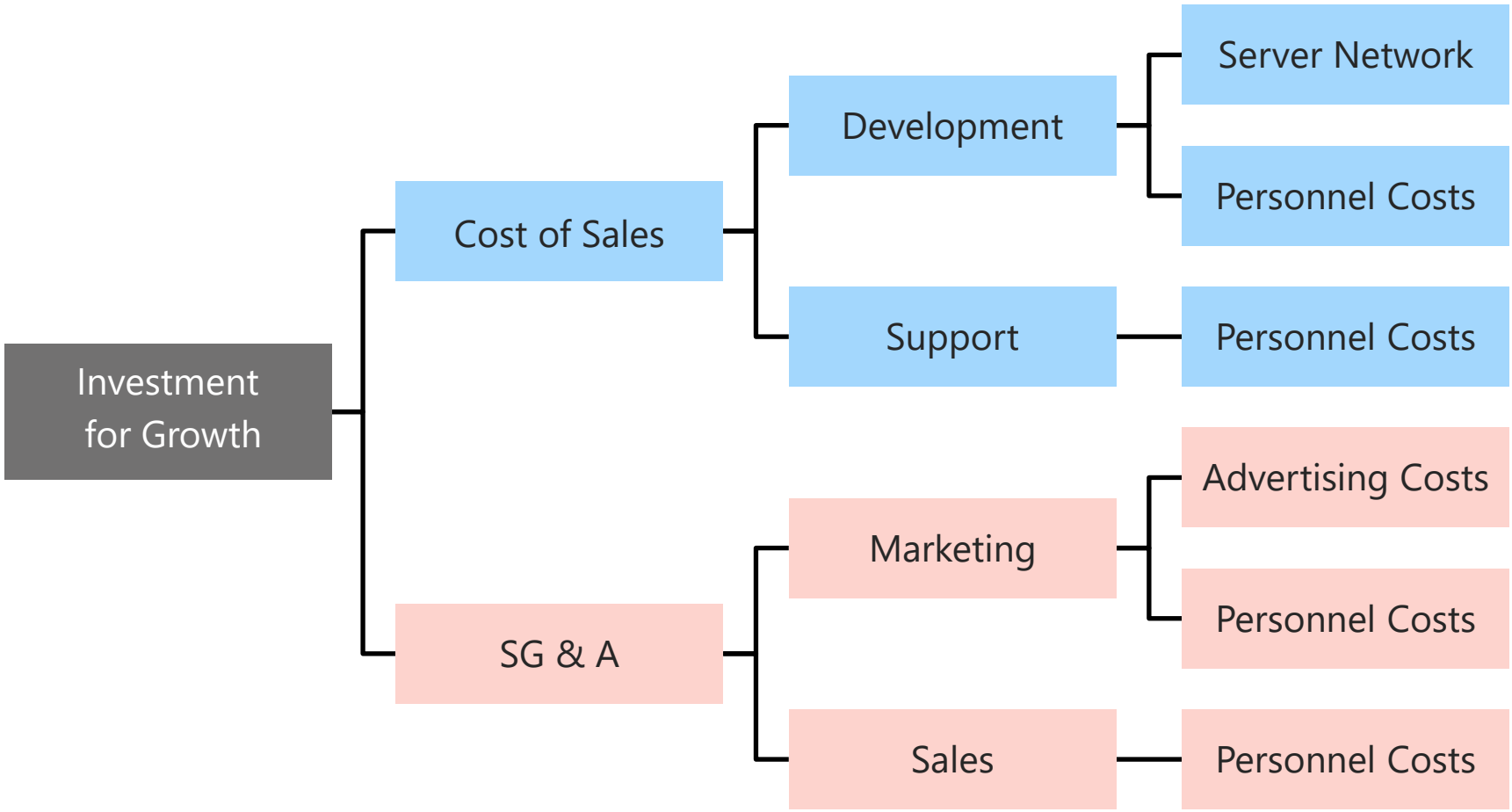
Breakdown of Investment for Growth (Cloud Business)



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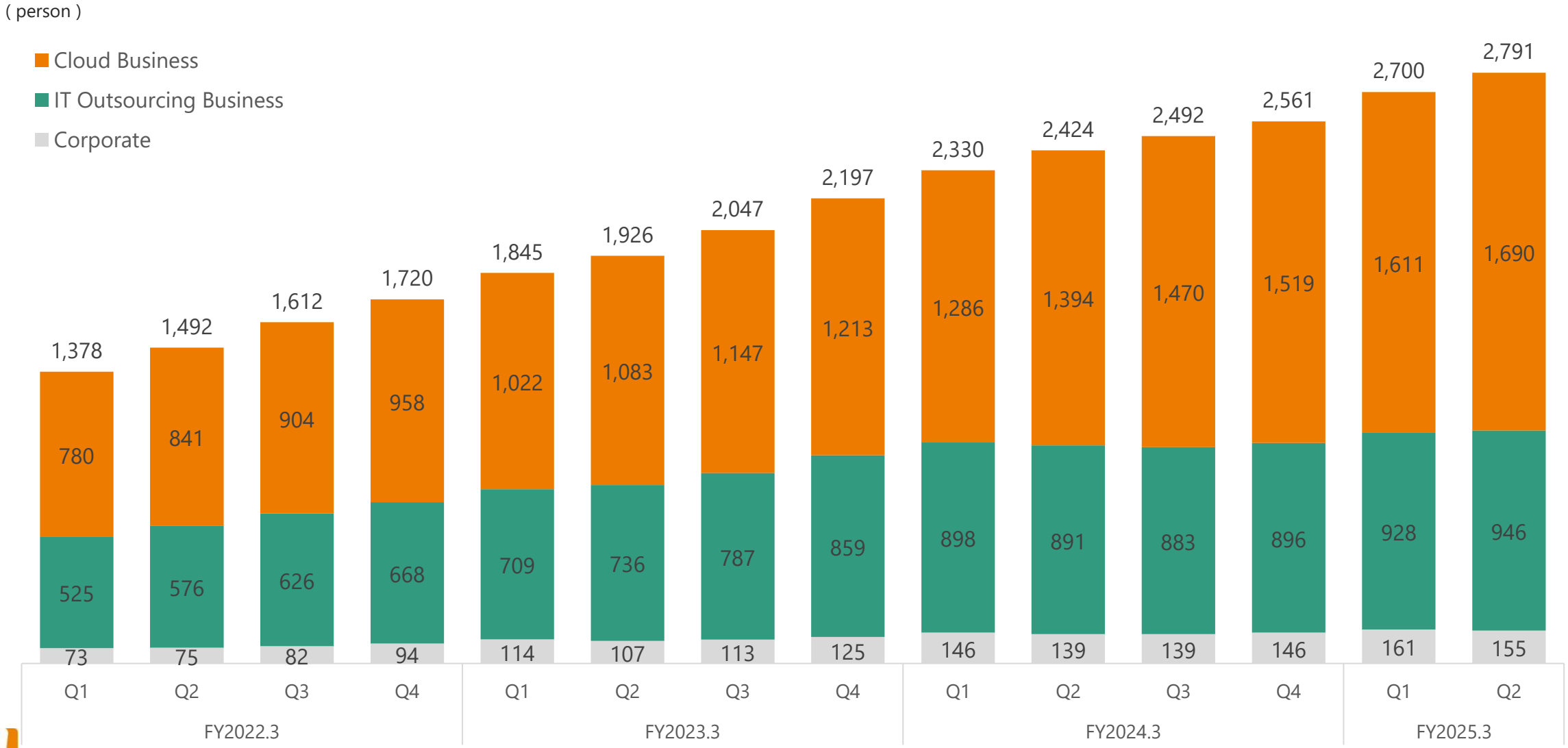
Number of Employees



* The Figures are as of the end of each quarter.

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