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# Financial Results for the 1st Quarter of Fiscal Year Ending July 31, 2025

RAKSUL INC. (TSE PRIME: 4384)

December 12, 2024

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# Quarterly Financial Summary

| | |
|---|---|
| **Company Wide** | **Revenue +31.0% YoY, Gross Profit +38.3% YoY, EBITDA (non-GAAP)(1) JPY 1,531MM, Operating Profit (non-GAAP(2)) JPY 1,360MM, Net Income (non-GAAP(2)) JPY 819MM**<br>■ Gross profit has grown steadily through organic growth and continuous M&A. Marketing efficiency and cost synergies contributed to EBITDA expanding to record high of JPY 1,531MM (YoY +63%)<br>■ The progress as of 1Q is higher than in the past fiscal years. We are on good track vs. annual guidance. |
| **Procurement Platform Business** | **Revenue +29.8% YoY, Gross Profit +41.0% YoY**<br>■ Segment gross profit margin reached high of 32.3% with productivity improvements and consolidation of vertically integrated businesses<br>■ Cost synergies with newly consolidated businesses achieved ahead of schedule |
| **Marketing Platform Business** | **Revenue +57.9% YoY, Gross Profit +27.6% YoY**<br>■ As new segment from FY25, we reorganized the business into a marketing platform for SMEs and large companies<br>■ SaaS and SME business grew sequentially, and the advertising agency business recovered, resulting in YoY revenue growth and turning profitable |
| **Corporate Actions etc.** | **Progress of M&A**<br>■ We plan to acquire all shares of All Marke Inc., an independent web advertising management company (scheduled to be completed at the end of January 2025)<br>■ Completed one undisclosed M&A in the printing & solutions domain (minimal impact on business performance)<br>**Progress of new businesses**<br>■ In the finance business, RAKSUL BANK INC. was established on November 1, 2024<br>■ Development of the marketing platform is progressing smoothly<br>**Capital Policy**<br>■ Redeemed JPY 5Bn of “Euro Yen Convertible Bonds due 2024” issued in 2019 on November 29, 2024<br>■ Resolved to acquire JPY 700MM worth of treasury stock considering current stock price level |

Notes
(1) EBITDA (non-GAAP) = Operating Profit(J-GAAP) + Depreciation + Amortization of goodwill + Stock-based compensation expenses. Hereinafter referred to as "EBITDA“
(2) Adjustments: amortization goodwill, stock compensation expense

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1. CEO Message
2. Financial Highlights
3. Q&A
4. Reference Materials

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# Summary:
# Investment Highlights

Vision

## BETTER SYSTEMS, BETTER WORLD

Future Direction

## End-to-End Technology Platform for Small Businesses

| Domains | What Assures Continuous Growth | Financial Policy |
|---|---|---|
| Synergy creation with common ID (RAKSUL ID) | Expanding TAM | Quality Growth |
| Main Business Transaction (Vertical platform) | Highly recognized among SMEs | Healthy balance sheet |
| Software | Technology & data infrastructure | Pursuit of capital efficiency |
| Finance | Continuous M&A execution capabilities | |

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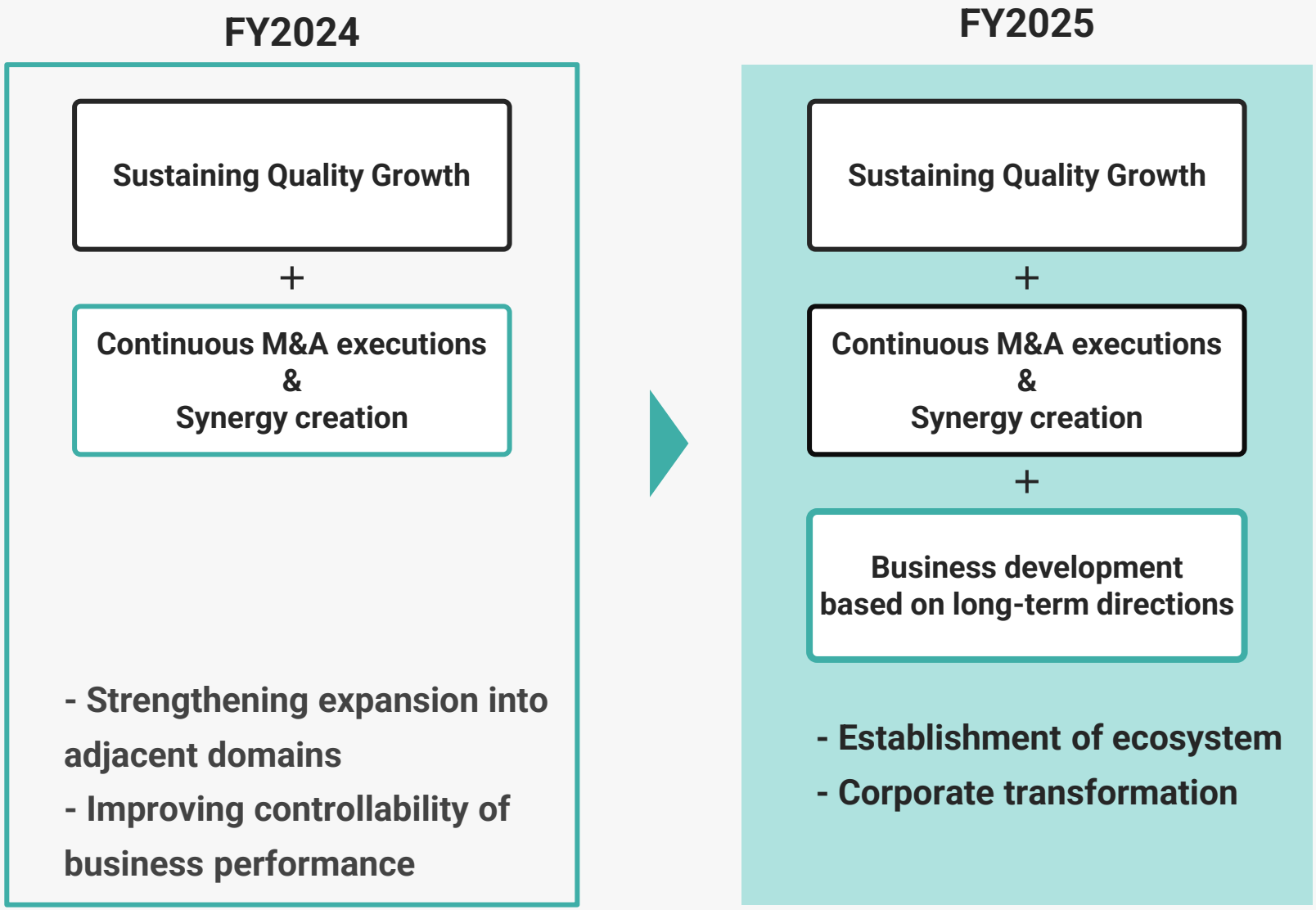
# Positioning of fiscal year ending July 2025

- In addition to organic growth, the policy of executing continuous M&As in adjacent domains was reinforced. As a result, 6 M&As were executed during the year, and there has been good progress with PMI
- Based on the above policy, the realization of the target (gross profit of JPY 30Bn / EBITDA of JPY 10Bn) for the fiscal year ending July 31, 2027 as stated in our mid-term financial policy has become more probable
- At the same time, in order to achieve long-term sustainable growth, we are ready to develop new businesses leveraging our existing assets



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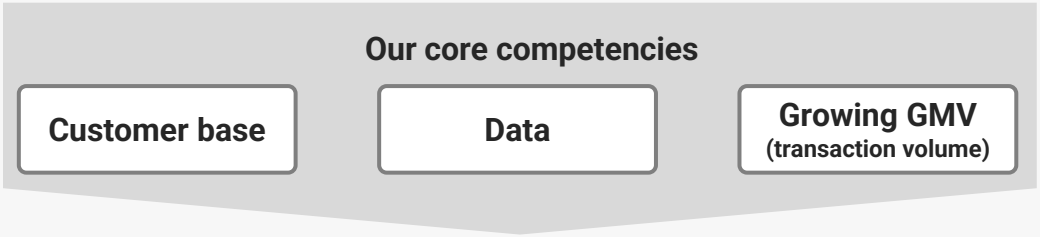
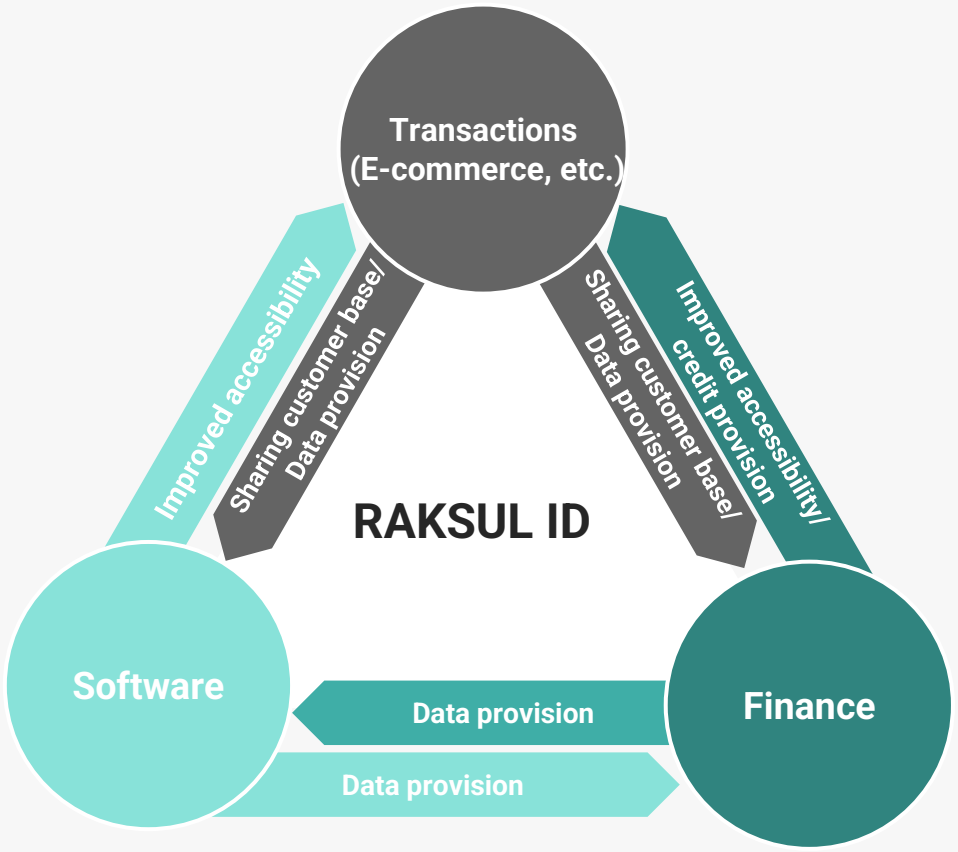
# Long-Term Direction of RAKSUL Group

- Our future direction is to become an end-to-end technology platform that offers end-to-end management solutions to small businesses
- Business domains include transactions, software, and finance
- These businesses are provided around a common ID (RAKSUL ID)
- Transaction business (BtoB EC) is positioned as a “order and supply platform” for various industries/demands, in line with our past messages




## A technology platform offering end-to-end management solutions to small businesses



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# Services Offered in the Medium-to-Long Term

- Based on a shared Raksul ID, we will fulfil the diverse needs of our SME customers. In doing so, we will focus on providing an integrated user experience and creating synergies between businesses
- As we address the business challenges of SMEs, we will continue to expand our business domain and service lineup

| | **Transaction**<br>Diverse contact point with B2B users<br>Maximizing group GMV | | **Software**<br>Lock-in through data acquisition | | **Finance**<br>Share of Wallet expansion, lock-in, enhanced monetization | |
|---|---|---|---|---|---|---|
| **Customer needs / Values provided** | **Get Items**<br>Procuring what is needed at the right price at the right time | | **Manage Workers**<br>Improve efficiency of employee management | **Get Customers**<br>Acquire/manage customers | **Get Paid**<br>Simplify payment process | **Improve Cashflow** |
| **Domain** | Purchasing & procurement | | Labor mgmt & Administration | Marketing & CRM | Accounting | Finance |
| **Accumulated Data** | Purchasing data | | Employee data | Purchasing data | Credit data & Purchasing data | Credit data & Purchasing data |
| **Specific Service Domains** | Custom products (Printing, novelty items, BtoB apparel) | | TBC | Marketing | Financial services for SMEs | |
| | Non-custom products (product sales) | | | Customer touch points (Peraichi (websites, payments, reservations)) | | |
| | | | | CRM | | |

Current business domains

Sequential rollout

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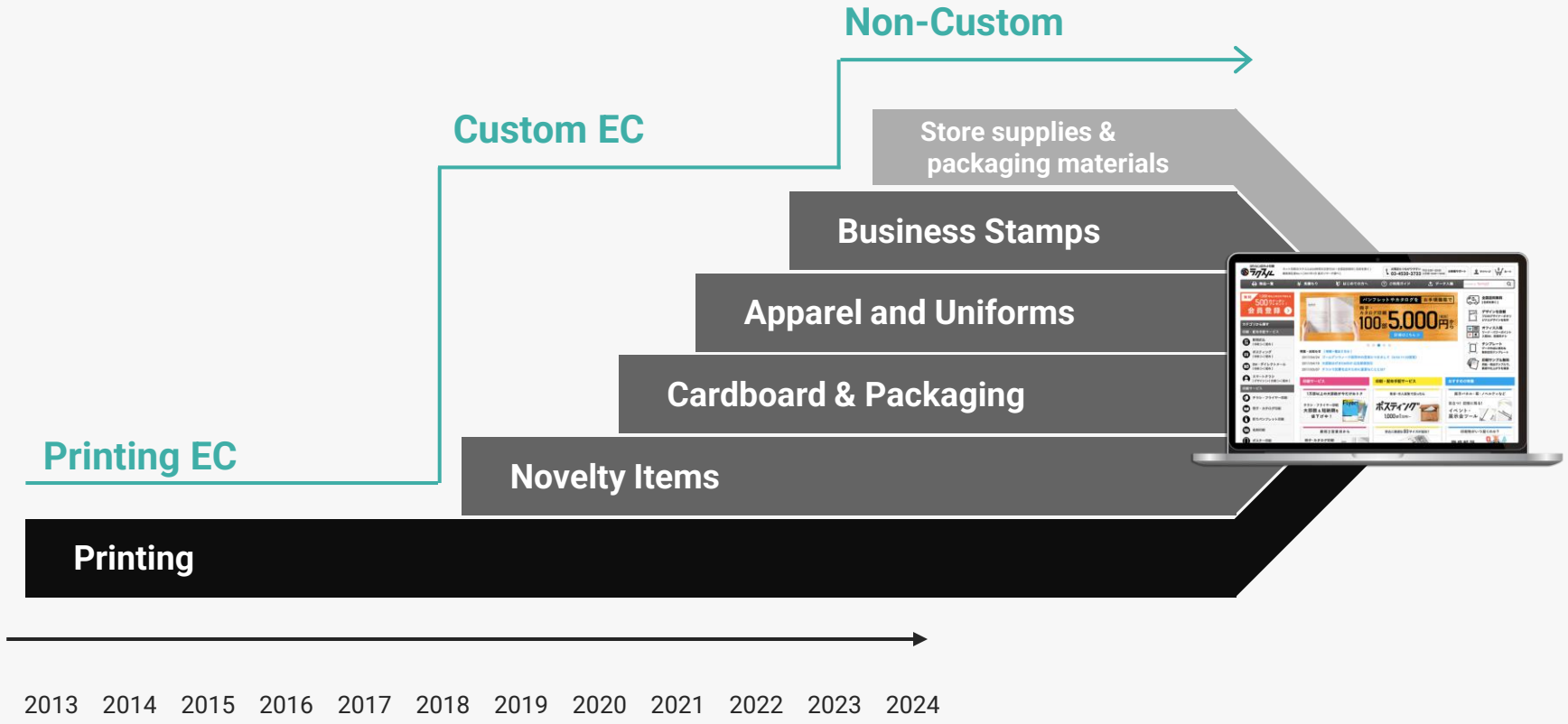
# Transaction Domain: Expansion Beyond Printing

- Raksul started out as a printing EC company, but it has since expanded into custom EC areas other than printing, and has recently expanded into non-custom areas (product sales), continuously expanding its TAM



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# Finance Domain: Providing Financial Services to Small Businesses/Suppliers

- We plan to provide financial services to SMEs/suppliers in partnership with SBI Sumishin Net Bank, Ltd.
- Established RAKSUL BANK INC. as a subsidiary on November 1, 2024
- With GMV of over JPY 60Bn in revenue (payment side) and over JPY 40Bn in cost of sales (payment side) in FY2025 forecast; we will develop the business by taking advantage of the GMV of approx. JPY100Bn total

## Entered into partnership with SBI Sumishin Net Bank, Ltd. and preparing to provide banking services

NEOBANK 住信SBIネット銀行
SBI Sumishin Net Bank, Ltd.

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| | |
|---|---|
| **Services offered (planned)** | • Financial services for SMEs and sole proprietors<br>• Integration with Raksul's E-commerce platform<br>• Financial service for suppliers of our existing businesses |
| **Schedule (planned)** | CY2025 |
| **Purpose of the partnership** | To provide low-cost services by utilizing SBI Sumishin Net Bank's infrastructure. Aim to provide customer value and generate revenue as soon as possible |

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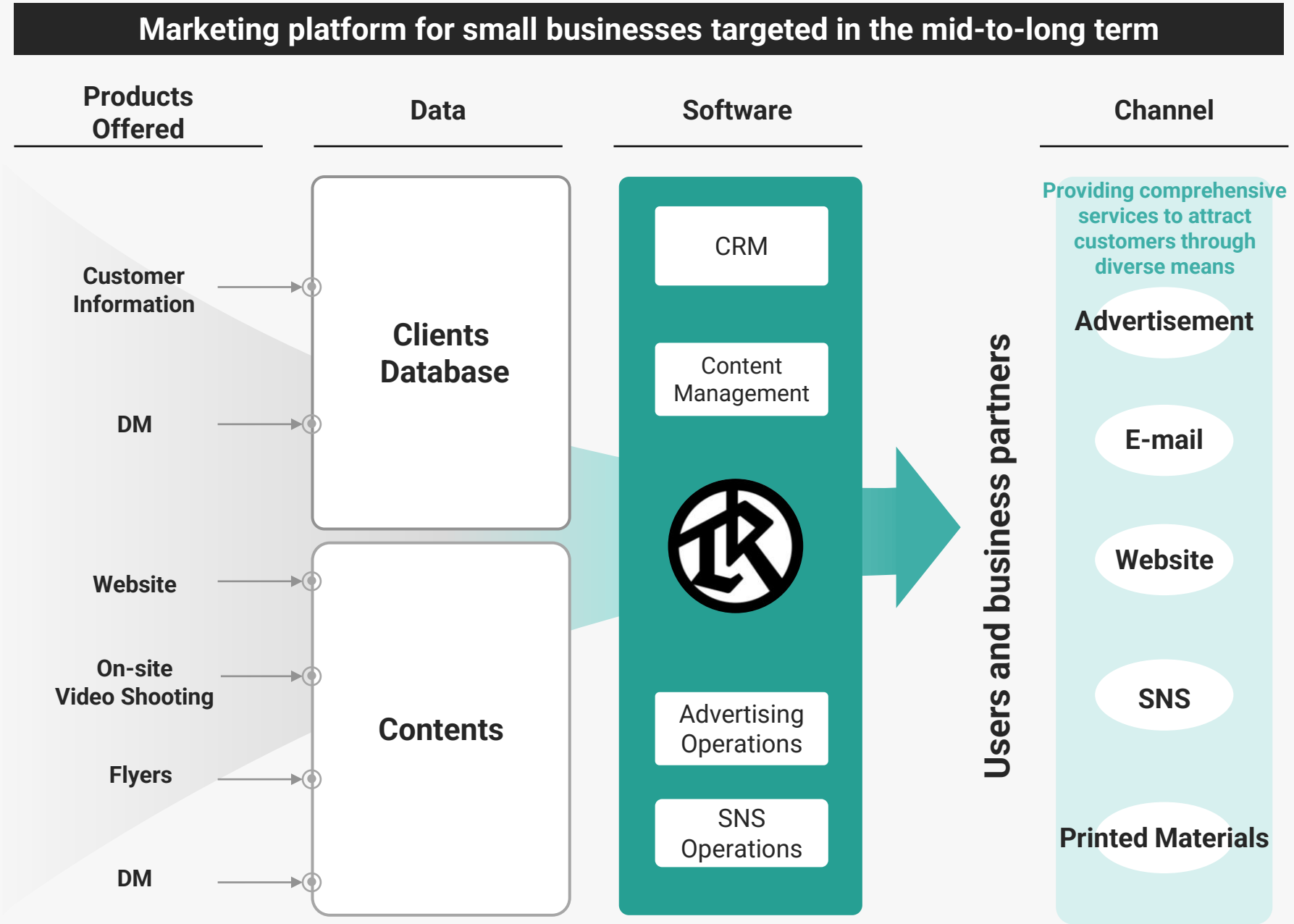
# Software Domain: Marketing Platform for Small Businesses

- Provide a comprehensive software-based customer attraction system through diversified means to SMEs that use printed materials to attract customers
- We plan to provide software that enables integrated management and utilization of customer information (customer database), contents (flyers, DM, etc.), and commercial area data that customers have entrusted us with



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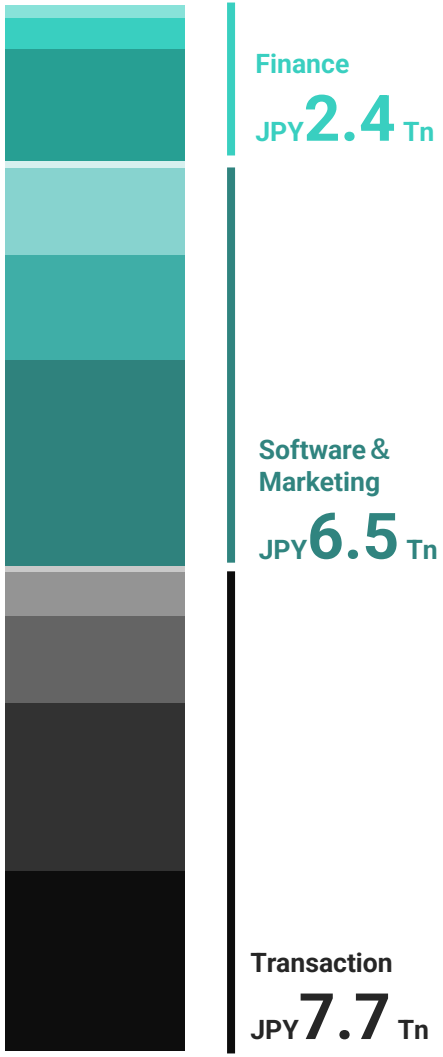
# Our Strength
# (1) TAM Expansion

- Potential market opportunities are significant and EC penetration of each market is progressing
- Based on our positioning as the country's No.1 in print and other customized EC areas, and our ability to create CF, we will continue to expand into new areas and target new markets in the future

## Stable and Large TAM




## Digital Market Expansion

**CAGR (over the past five years)**

**Corporate Credit Cards**
**30%**

**SaaS for domestic enterprises**
**24%**

**Digital Advertising**
**12%**

**Printing E-commerce**
**7%**

**B2B E-commerce**
**5%**

## Increase in Market Share

**Top M/S in Japan, Further M/S Expansion with EC Penetration**

- Printing EC
- Packaging materials EC
- Business stamps EC

**Future development, Increasing M/S**

- Indirect material procurement EC
- Online/offline marketing
- Digital finance for SMEs
- SaaS for domestic enterprises

**Notes**
Please see Reference Materials for source information

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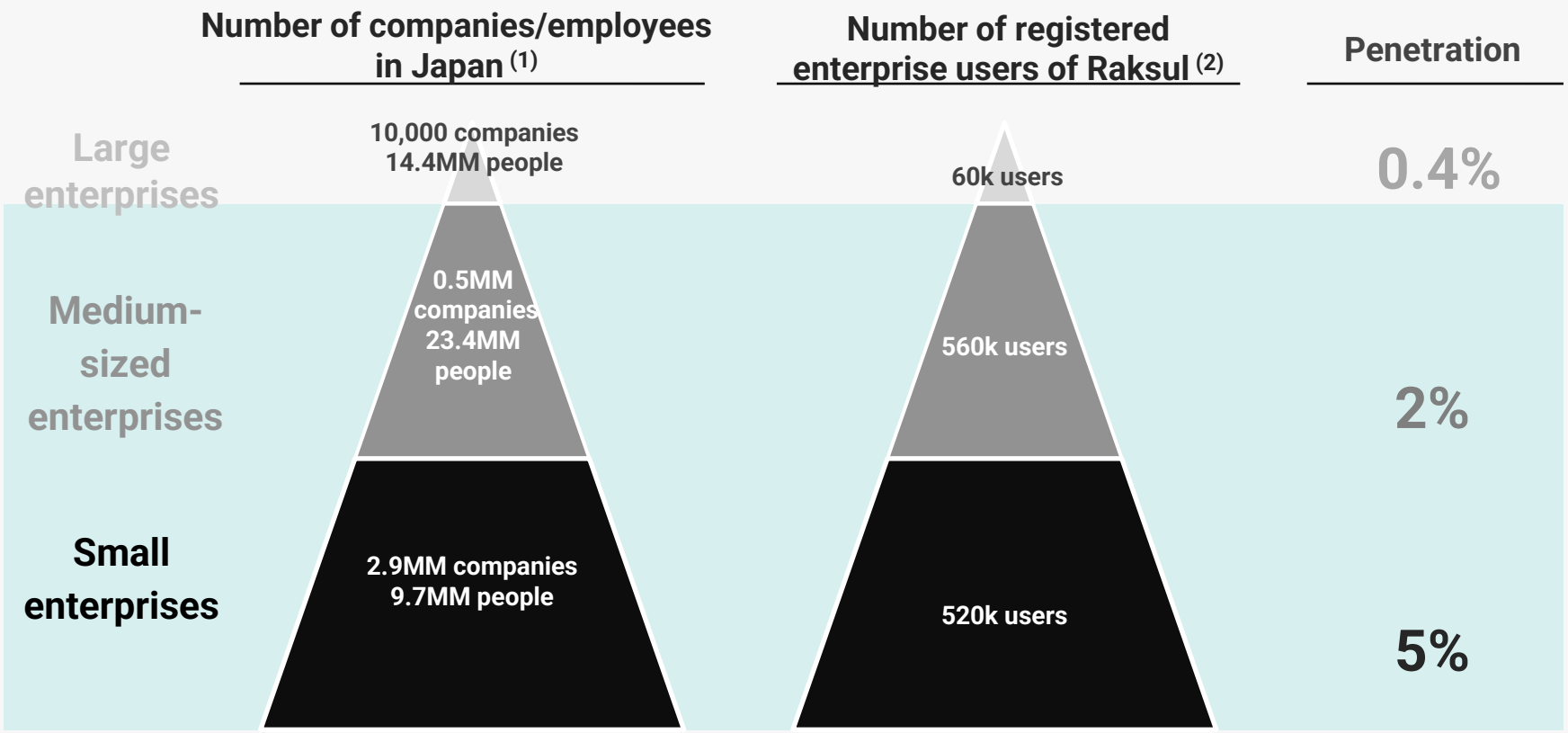
# Our Strength
# (2) SME Customer Base and Recognition

- SMEs account for more than 90% of the total number of companies in Japan, and our strength lies in our customer base of SMEs. Orders from SMEs account for 70% of our revenue
- Our customer base is around 2% of the national total, leaving great room for expansion
- We plan to proceed with the integration of multiple brands and formation of cross-business sales organizations by leveraging our high brand recognition and image as a supporter of SMEs




## This Year's Brand Recognition Survey Results(3)

(% of Customers that Answered "Yes")

Do you know Raksul?

**81%**

Do you see Raksul as supporting SMEs?

**61%**

Would you like to purchase new products from Raksul that you have not purchased before?

**65%**

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# Our Strength
# (3) Technology Infrastructure & Data Utilization that Integrates Multiple Businesses

- We will continue to develop and strengthen the technology infrastructure, thereby integrally expanding the range of services that solve the business challenges of SMEs
- At the same time, we will create synergies more efficiently with group companies joined through M&As

## RAKSUL Technology Platform

(Finance Platform to be developed sequentially)

| | Procurement Platform | Software & Marketing Platform | Finance Platform |
|---|---|---|---|
| User Facing Services | Novelties / Store Supplies<br>Business Supplies / Apparel<br>Business Stamps / Offline Marketing<br>Commercial Printing / Packaging<br>Cardboard / Enterprise Solutions | TV Advertising<br>Digital Marketing<br>Effectiveness Measurement<br>Website Builder<br>CRM | Bank Accounts<br>Payments<br>Bill Management<br>Pay Later |
| Domain Capabilities | **Procurement Capabilities**<br>Recommendation / DTP / Customer Support / Data Checking / Design / Coupon / Supply Chain Management / Inventory Management | **Software & Marketing Domain Capabilities**<br>Marketing Spend Optimization / Media Buying / Creative Dashboard / Consulting & Reporting | **Finance Domain Capabilities**<br>Transaction / Account Management / Embedded Fintech |
| Core Capabilities & Assets | **Core Capabilities**<br>Software Development / User Interface Optimization / Data Analysis / AI / Security / Enterprise Sales / Marketing<br>**Current focus**<br>**Core Assets**<br>**User ID / Payment and Transaction** / Supply Chain | | |

- **Integrating user IDs and payment infrastructure between RAKSUL and our group companies**
- **Expected to increase revenue through cross-selling and reduce transaction costs**

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# Our Strength
# (4) Continuous M&A Execution Capabilities

- Changed policy from FY2024 and executed continuous M&A to supplement organic growth. Strengthened structure by forming a dedicated M&A team
- 6 new companies were consolidated in FY2024. The investment amount was approx. JPY 5.1Bn(1). These EV/EBITDA multiples were all less than 5x of the earnings in the first year of consolidation
- We have already resolved to carry out the M&A for two companies in FY2025. The pipeline for future acquisitions is also steadily building up

| | Before FY2023 | FY2024 | FY2025 |
|---|---|---|---|
| Procurement Platform Business | NETSQUARE **Invested** in Sep 2021 | ダンボールワン DANBALL ONE **Merged** in Aug 2023 | Company in Printing & Solutions domain **Consolidated** in Nov 2024 |
| | ダンボールワン DANBALL ONE **Consolidated** in Feb 2022 | ラクスルファクトリー RAKSUL FACTORY **Consolidated** in Aug 2023 | |
| | | AmidA Holdings **Consolidated** in Oct 2023 | |
| | | A-LINK SERVICES **Consolidated** in Jul 2024 | |
| Marketing Platform Business | ペライチ Peraichi **Invested** in Oct 2020 | ペライチ Peraichi **Consolidated** in Aug 2023 | All Marke To be **Consolidated** in Jan 2025 |
| | | WILDSIDE INC. **Consolidated** in Mar 2024 | |
| | | アントゥー **Consolidated** in Jun 2024 | |

**Notes**
(1) Stock acquisition costs include future earnout consideration, etc./ exclude net cash

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# Platform + Roll-up M&A Model

- By combining a roll-up M&A model on top of our platform that enables organic growth, we have created a business model that supplements both challenges and has a high probability of growth
- We are steadily evolving into a company capable of realizing the above model

| | Platform | + | Roll-up M&A model | = | Our Growth Model |
|---|---|---|---|---|---|
| **Advantages** | • Based on the business/ technology foundation, synergies between businesses and replicability of organic growth is guaranteed | | • Many acquisition opportunities<br>• Large room for profit growth through PMI | | • Given that there is a business/technology foundation, the repeatability of growth and synergies between businesses can be ensured<br>• Many acquisition opportunities in adjacent areas<br>• High probability of increasing profits of the acquired companies during PMI |
| **Challenges** | • Difficult to generate profits in the short term due to upfront investment in business infrastructure<br>• Requires time for business development | | • Unlikely to create organic growth through roll-up M&A alone<br>• Goodwill impairment risk for high M&A valuations | | • A high degree of organizational competence is required to fulfill the prerequisites |
| **Prerequisites** | • Software development capability<br>• Brand<br>• Sales organization | | • Strong balance sheet<br>• Appropriate valuation upon M&A<br>• M&A and PMI structure | | • All prerequisites listed on the left<br>**Our company satisfies all prerequisites** |

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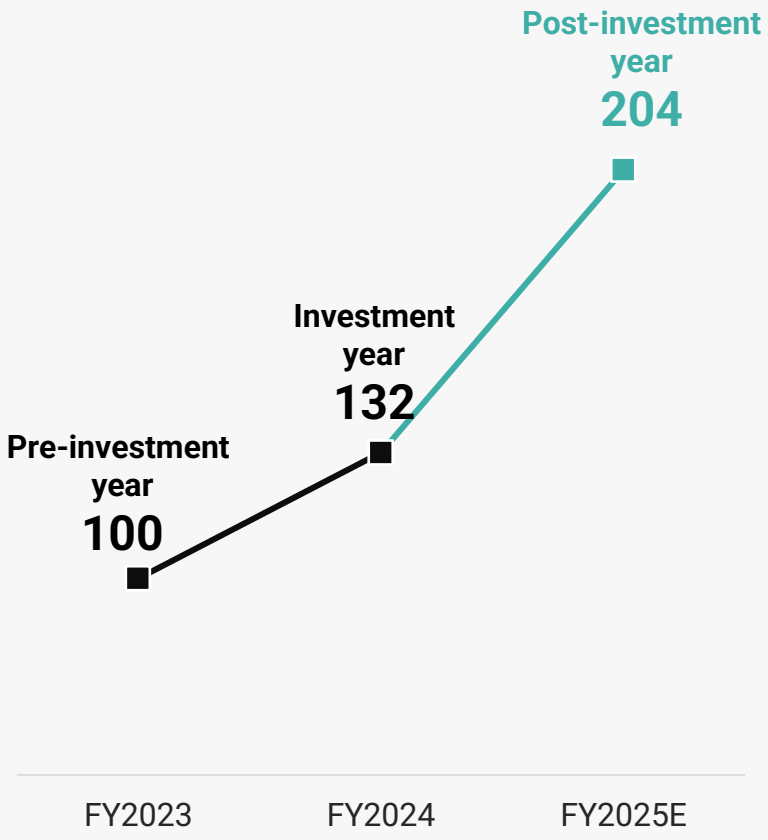
# Growth of Group Companies acquired in FY2024

- Synergies in terms of both revenue and costs have led to an increase in each company's EBITDA even after M&A
- As mentioned on the previous page, this expansion has been made possible by the platform we have built since our founding and the organizational competence of the entire Group, which gives us an advantage that is difficult to imitate
- By maintaining appropriate valuations at the time of M&A, capital efficiency is high while profit growth continues to improve

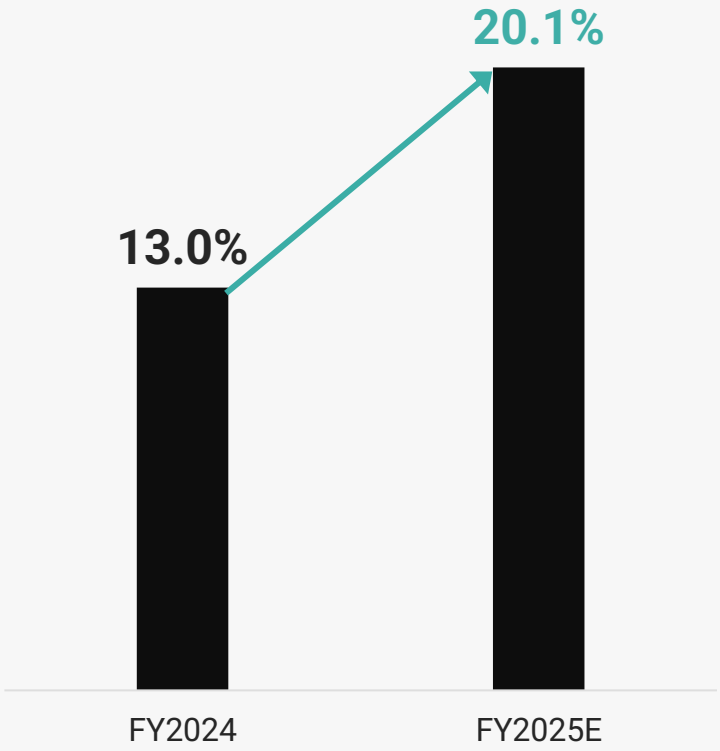
## EBITDA Growth Trend of the Acquired Companies

(Previous year of investment as 100)




## ROIC Trend of the Acquired Companies

EBITDA*(1-30% corporate tax rate)/enterprise value at the time of M&A



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1. CEO Message
2. **Financial Highlights**
3. Q&A
4. Reference Materials

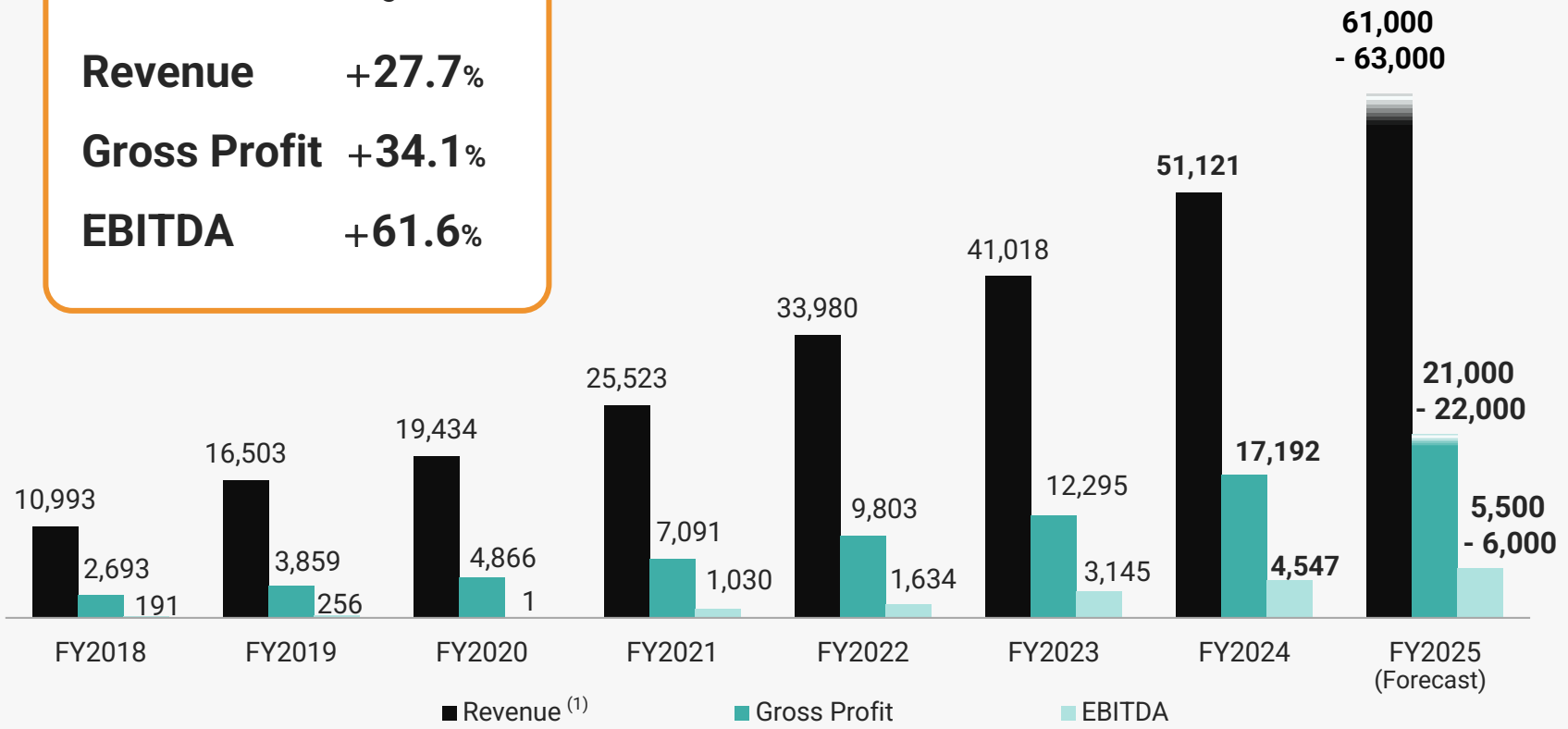
# Track Record of Quality Growth (1)

- Quality Growth (business expansion with profit/CF) continues, and this policy remains unchanged for FY2025

(in JPY MM)

CAGR since our listing in 2018

| | |
|---|---|
| **Revenue** | **+27.7%** |
| **Gross Profit** | **+34.1%** |
| **EBITDA** | **+61.6%** |




**Notes**
(1)Results prior to FY2021 are calculated based on the new revenue recognition standards

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# Track Record of Quality Growth (2)

- Our gross profit is similar in nature to net revenue of general software companies
- The combination of high growth and improved margins leads to an increase in cash flow, which in turn creates the financial capacity for further investment in growth and M&A, creating a virtuous cycle of further growth
- The Net Debt to EBITDA ratio is currently low at 0.3x

| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 1Q Cumulative |
|---|---|---|---|---|---|---|
| **Gross Profit Growth (Excl. Hacobell)** | +24.6% | +42.1% | +40.5% | +31.7% | +39.8% | **+38.3%** |
| **EBITDA Margin vs Gross Profit** | 0.0% | 14.5% | 16.7% | 25.6% | 28.2% | **30.2%** |

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# 1Q Financial Highlights and 2Q Outlook

**1Q Results**

- Steady growth in revenue, gross profit, EBITDA, and other profits. Net profit decreased due to one time gain previous year
- While growing revenue, EBITDA margin on gross profit exceeded 30% for the first time on a consolidated basis

**2Q Outlook**

- We expect revenues in 2Q to grow around 20% YoY in Procurement Platform (including low single digit impact from acquisition), around flat YoY in Marketing Platform.
- We expect 2Q EBITDA to decline slightly QoQ due to one time expenses.

| (in JPY MM) | FY2025 1Q (2024/8 - 2024/10) Actual | FY2024 1Q Actual | YoY |
|---|---|---|---|
| Revenue | **14,709** | 11,228 | +31.0% |
| Procurement PF | **13,561** | 10,451 | +29.8% |
| Marketing PF | **1,039** | 658 | +57.9% |
| Gross Profit | **5,062** | 3,659 | +38.3% |
| Procurement PF | **4,385** | 3,111 | +41.0% |
| Marketing PF | **644** | 504 | +27.6% |
| Gross Margin | **34.4%** | 32.6% | +1.8pt |
| EBITDA | **1,531** | 938 | +63.1% |
| Operating Profit (non-GAAP) | **1,360** | 825 | +64.8% |
| Net Income (non-GAAP) | **819** | 1,526 | -46.3% |
| EPS (non-GAAP) | **14.08** | 26.17 | -46.2% |

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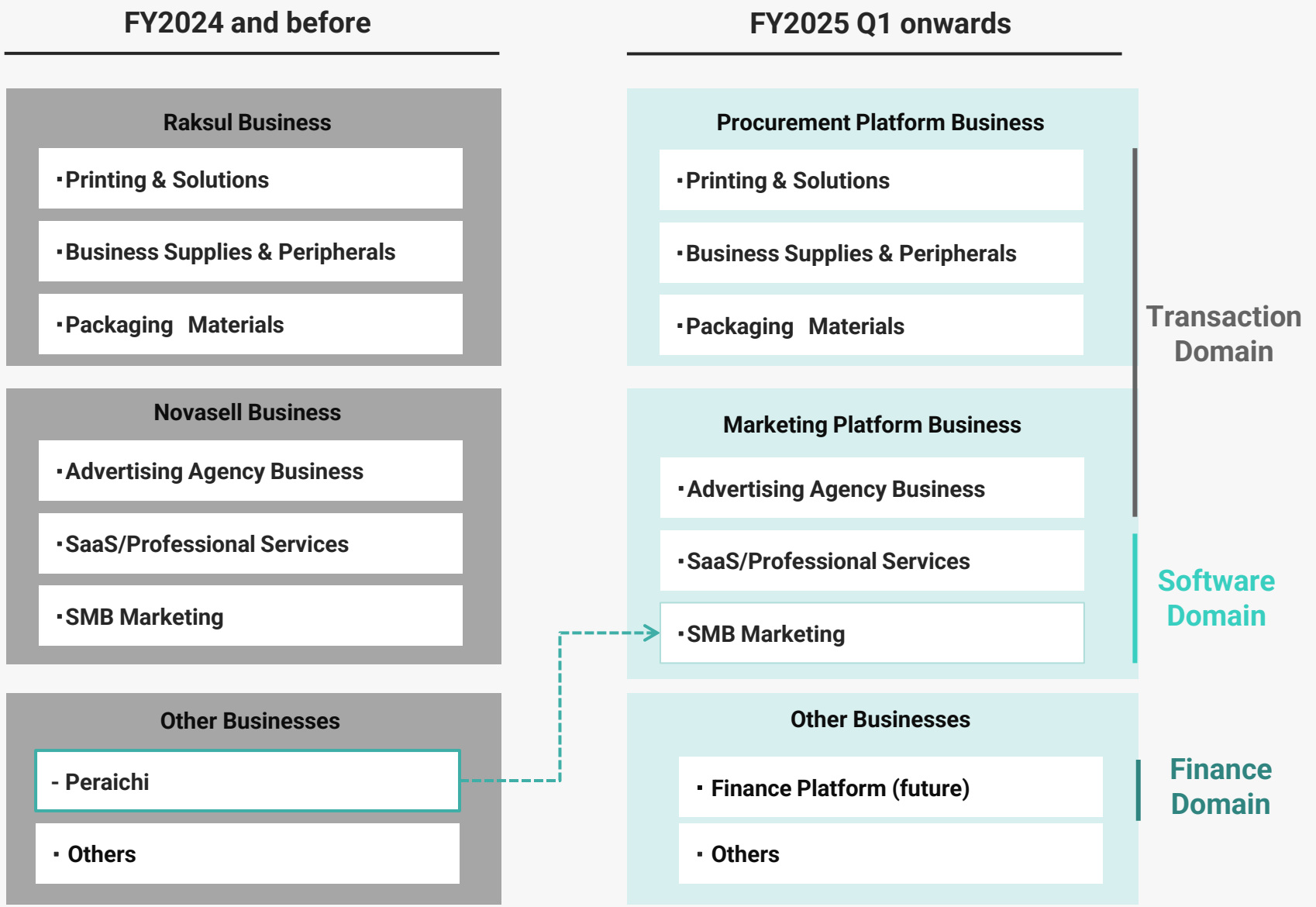
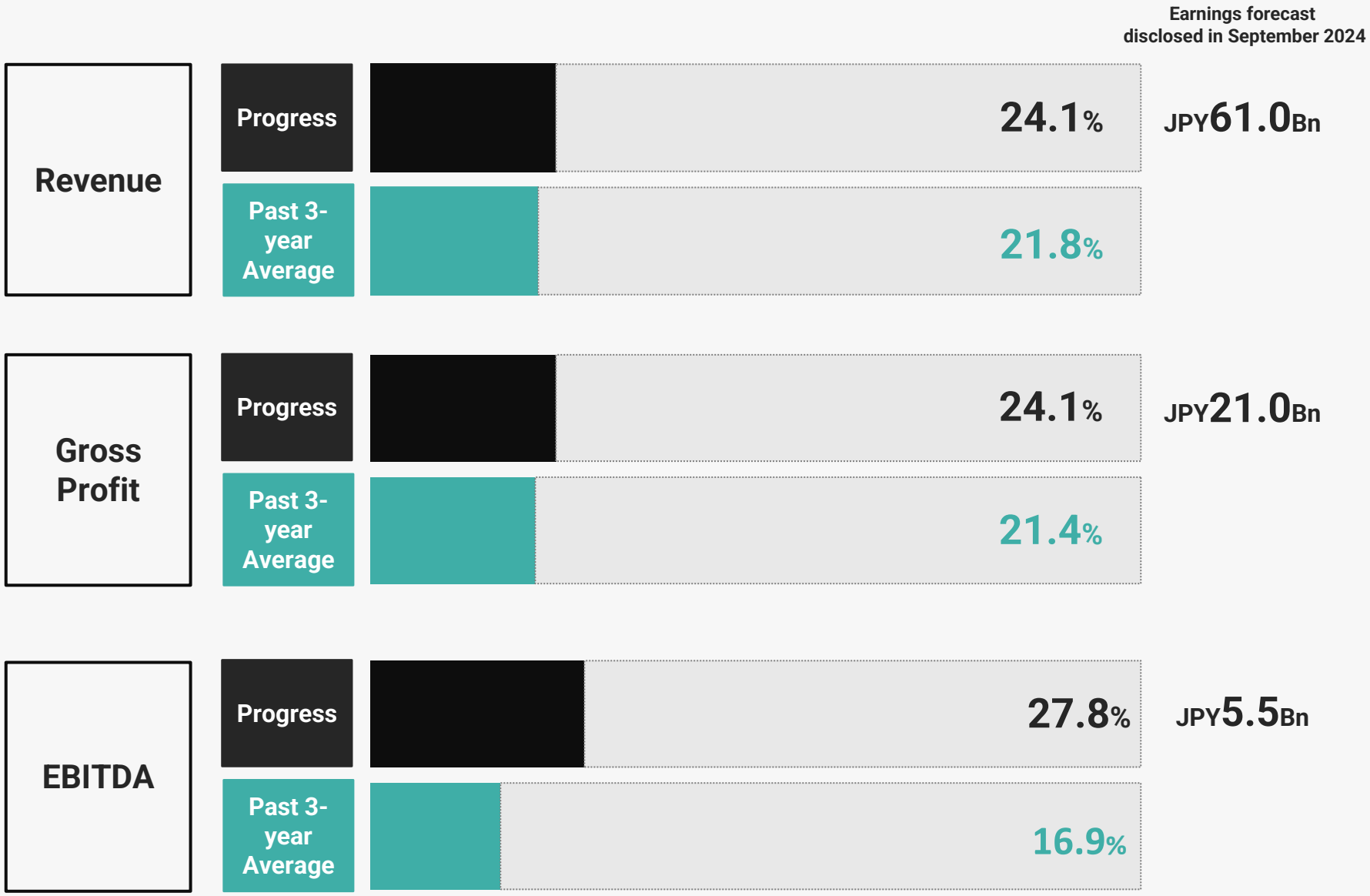
# Changes in Segments

- From FY2025 Q1, we have reorganized our Group segments into 3 businesses: Procurement Platform Business, Marketing Platform Business, and Other Businesses. We will use technology to solve a wide range of management issues for SMEs



# Progress against Revised Full-Year Forecast

- Steady progress against the forecast disclosed in our financial results for FY2024
- The progress rate for EBITDA was particularly high, with 27.8% at the end of 1Q, the highest level ever recorded



# Revenue by Business Segment

- Revenues continue to grow quarter over quarter

## Procurement Platform

### Printing & Solutions
Printed materials on paper used by customers in their business activities, and printing solutions for large companies

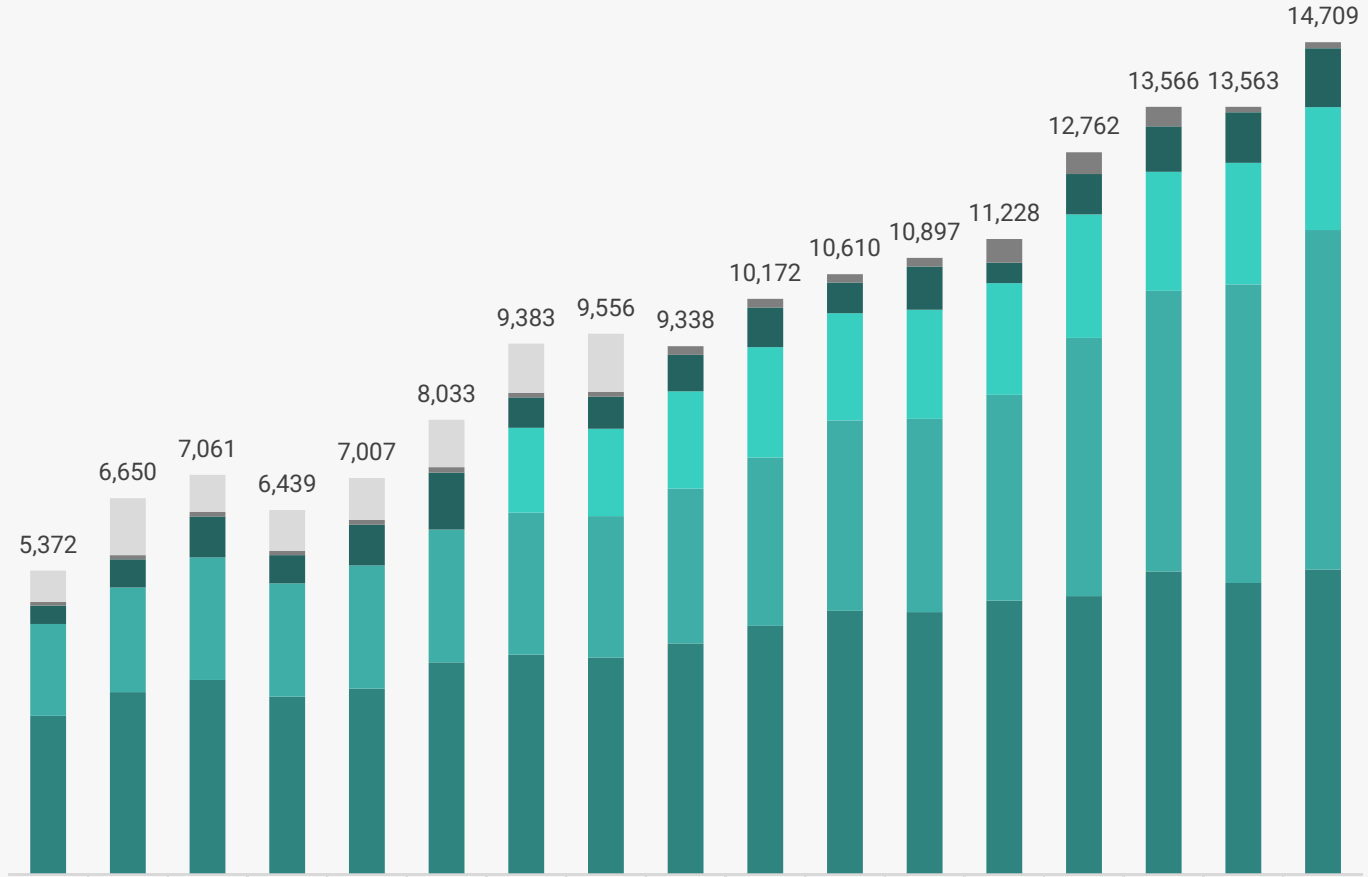
### Business Supplies & Peripherals
Customized items used by customers in offices and stores, as well as other services

### Packaging
Cardboard, paper bags, and other types of packaging

## Marketing Platform

Marketing SaaS, website builder, advertising agency business

(in JPY MM)




| | 1Q FY2021 | 2Q FY2021 | 3Q FY2021 | 4Q FY2021 | 1Q FY2022 | 2Q FY2022 | 3Q FY2022 | 4Q FY2022 | 1Q FY2023 | 2Q FY2023 | 3Q FY2023 | 4Q FY2023 | 1Q FY2024 | 2Q FY2024 | 3Q FY2024 | 4Q FY2024 | 1Q FY2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 5,372 | 6,650 | 7,061 | 6,439 | 7,007 | 8,033 | 9,383 | 9,556 | 9,338 | 10,172 | 10,610 | 10,897 | 11,228 | 12,762 | 13,566 | 13,563 | 14,709 |
| Hacobell | 553 | 1,004 | 655 | 723 | 741 | 835 | 869 | 1,031 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others & Corporate | 66 | 73 | 77 | 73 | 84 | 97 | 80 | 84 | 154 | 151 | 147 | 151 | 416 | 382 | 348 | 96 | 108 |
| Marketing Platform | 322 | 498 | 722 | 498 | 720 | 1,007 | 538 | 562 | 643 | 703 | 542 | 766 | 360 | 713 | 801 | 892 | 1,039 |
| Packaging | 0 | 0 | 0 | 0 | 0 | 0 | 1,501 | 1,543 | 1,723 | 1,951 | 1,893 | 1,924 | 1,973 | 2,182 | 2,104 | 2,150 | 2,174 |
| Business Supplies & Peripherals | 1,626 | 1,849 | 2,167 | 2,000 | 2,174 | 2,345 | 2,506 | 2,501 | 2,732 | 2,972 | 3,364 | 3,418 | 3,639 | 4,562 | 4,958 | 5,272 | 5,997 |
| Printing & Solutions | 2,803 | 3,223 | 3,438 | 3,144 | 3,286 | 3,747 | 3,886 | 3,833 | 4,084 | 4,392 | 4,661 | 4,635 | 4,838 | 4,921 | 5,353 | 5,151 | 5,389 |

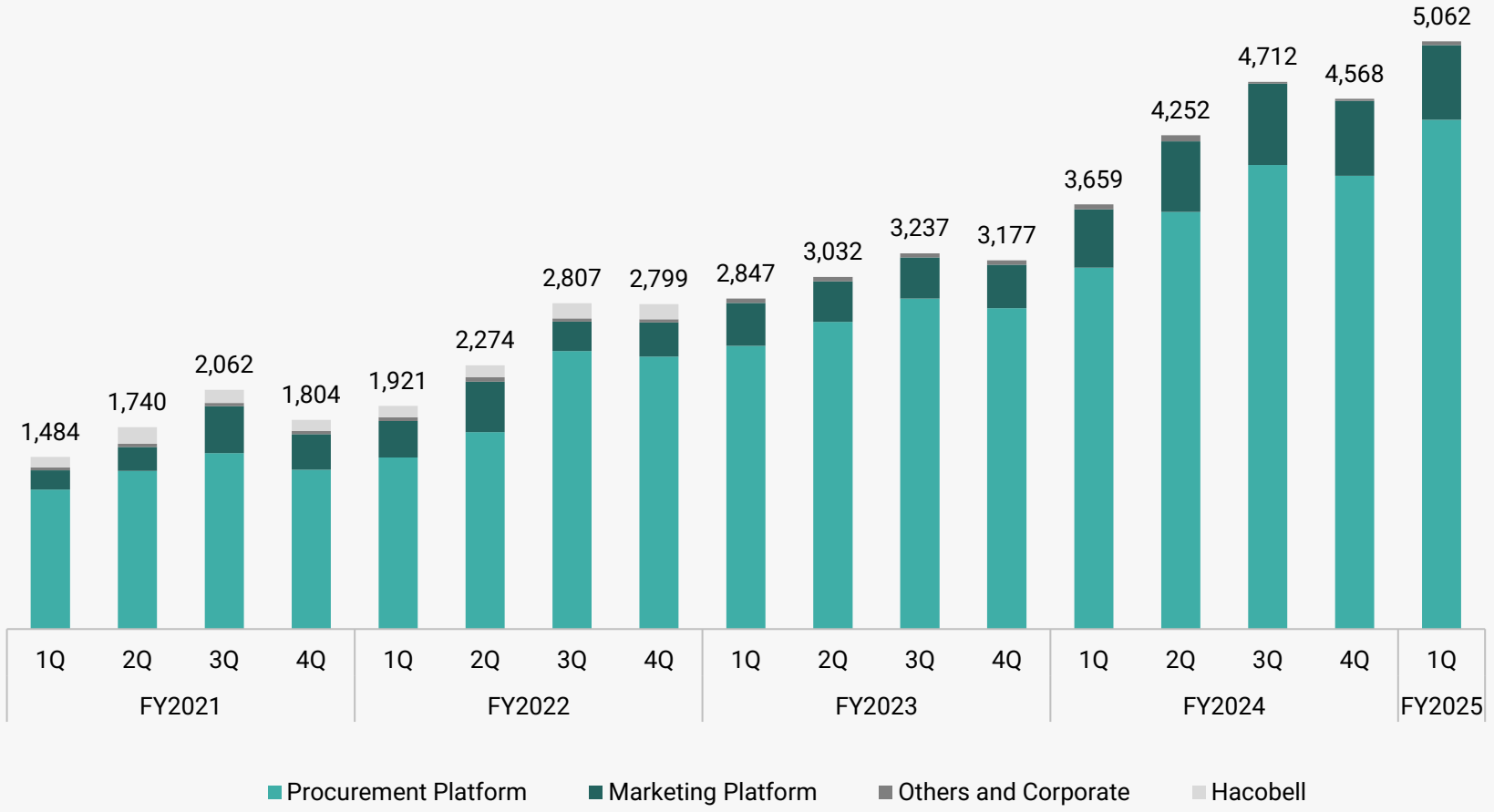
# Gross Profit Trends

- Gross profit continues its growth trend driven by revenue growth and stable gross margin
- Expected range of gross margin over the medium term:

Procurement PF Business: 30 - 33%

Marketing PF Business: 50 - 60%

(in JPY MM)



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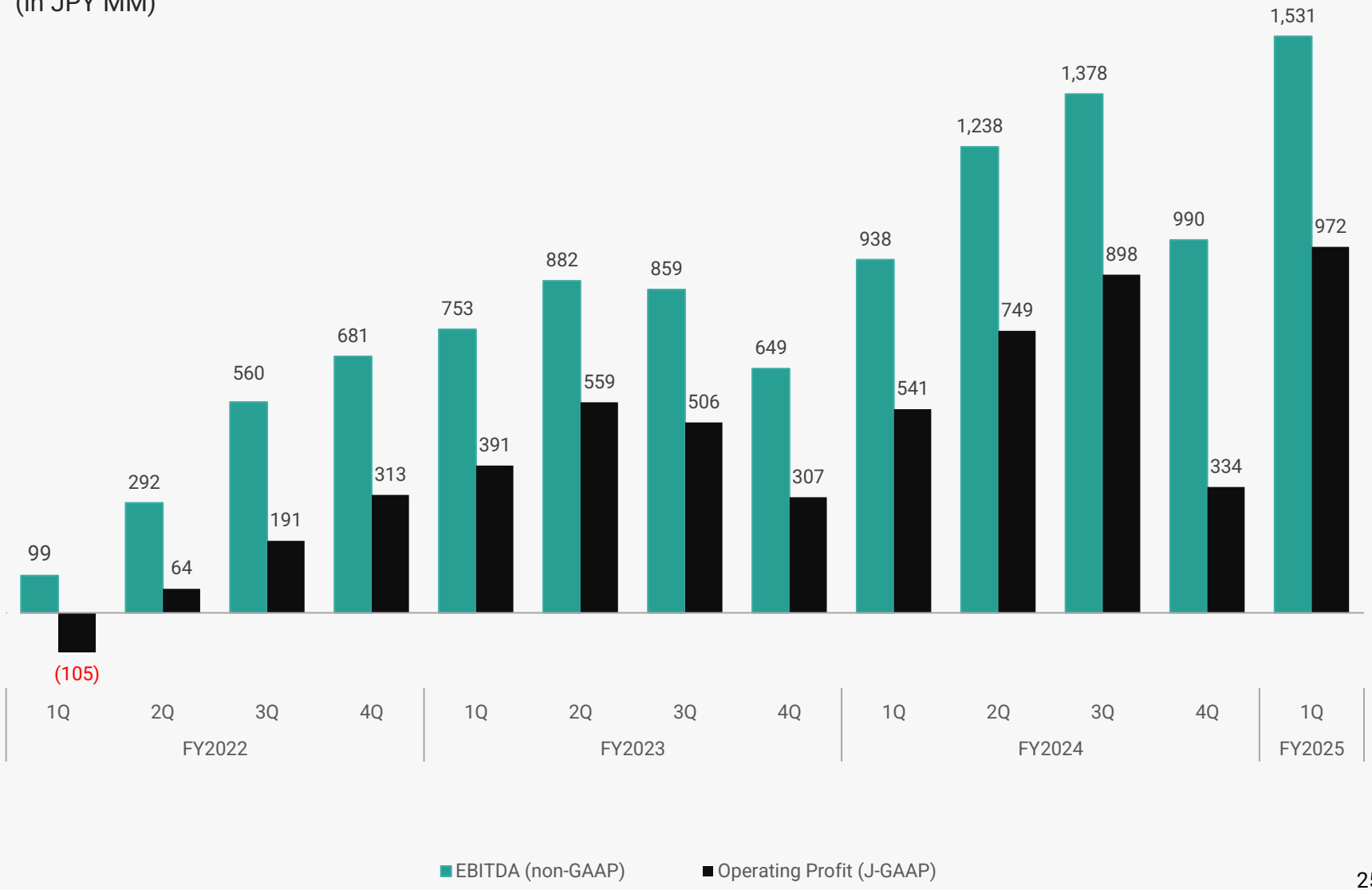
# EBITDA Trends

- EBITDA exceeded JYP 1.5Bn per quarter, landing at a record high profit. J-GAAP operating profit also increased to almost JYP 1Bn
- Non-GAAP and J-GAAP operating profits also showed similar trends, both figures reaching record highs

(in JPY MM)



# Background of the to the change in EBITDA

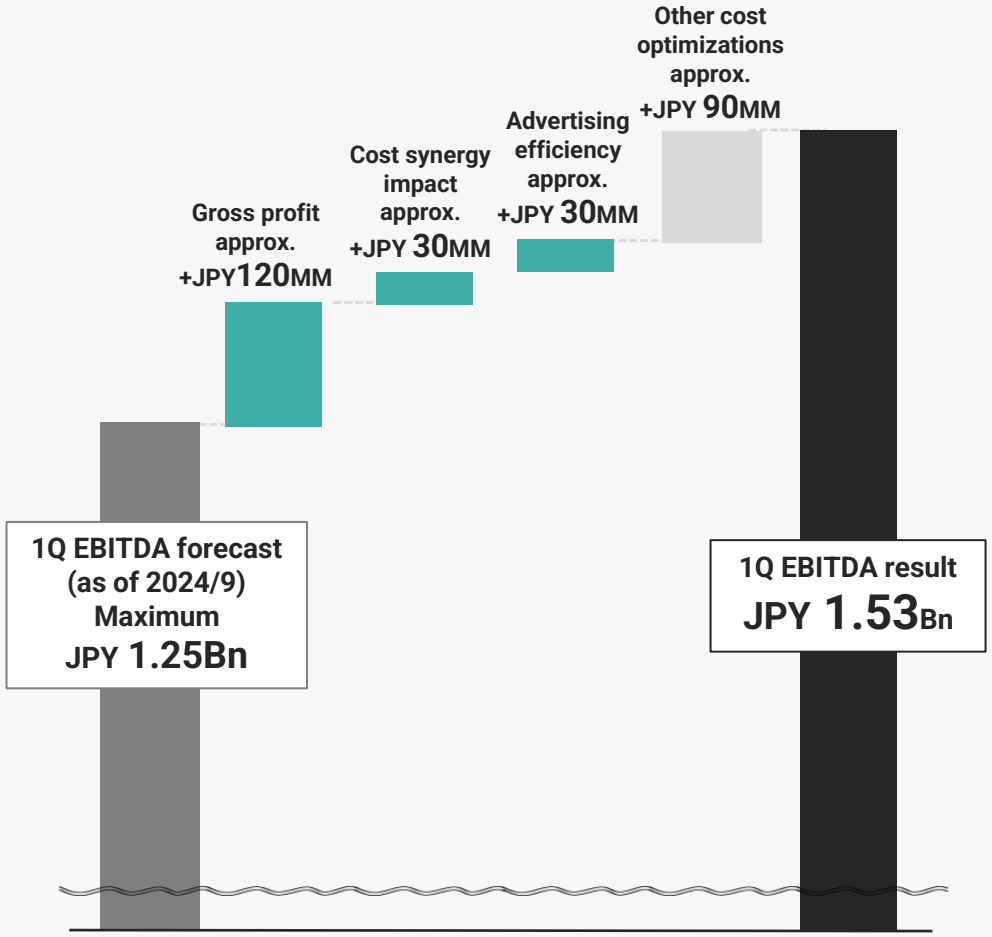
**Breakdown of 1Q EBITDA forecast vs actual**

- 1Q EBITDA was JPY 270 MM yen higher than the upper limit of the forecast announced on September 12, 2024
- Gap is attributable to gross profit exceeding expectations, contribution of cost synergy effects ahead of schedule, and efficient management of advertising expenses

**Full-year forecast**

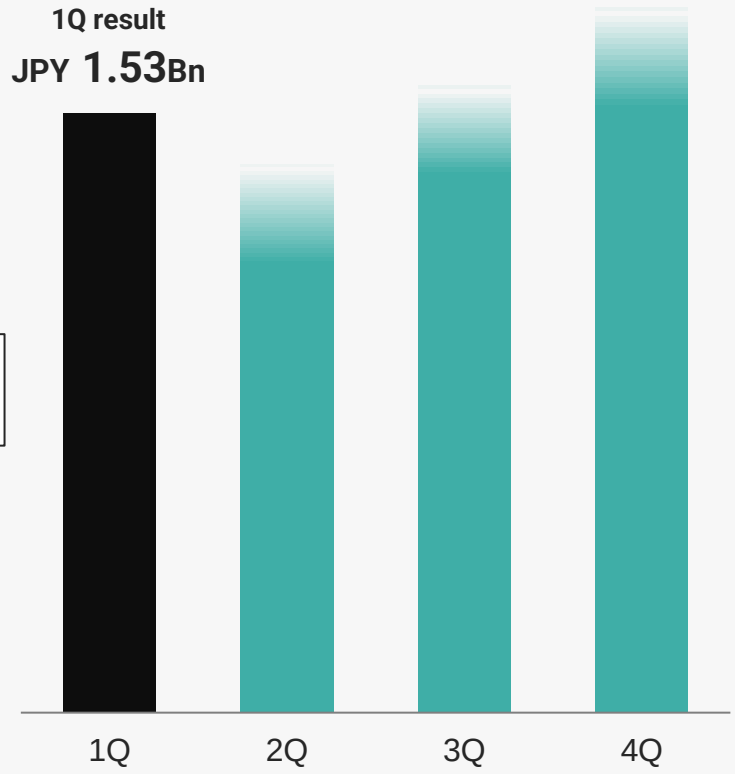
- On good track vs. our full-year plan
- Expecting 2Q EBITDA to drop slightly QoQ due to one-time expenses related to office move and M&A, as well as new business investments kicking in.

## Gaps between 1Q EBITDA Forecasts and Results




## FY2025 EBITDA Trend (plan)

**FY2025 Full-year EBITDA forecast: JPY 5.5-6.0Bn**



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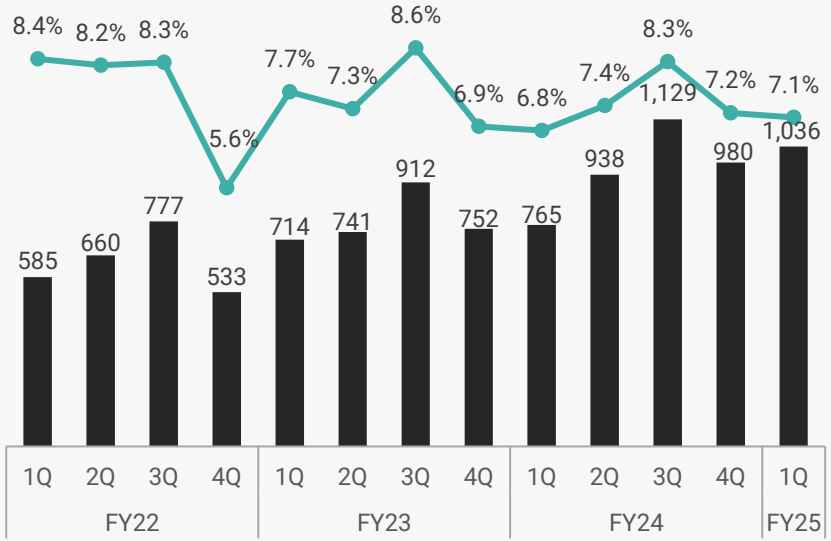
# SG&A Spend (1)

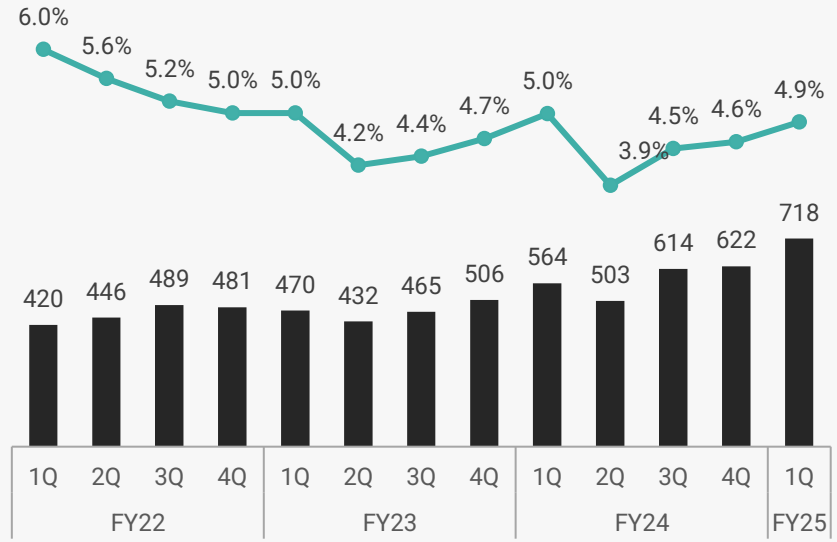
- Continued investments in growth, mainly in advertising and technology development
- Other expenses normalized from 4Q to 1Q as we lap one-time expenses in 4Q

(in JPY MM)

Ratio of Advertising Expenses to Revenue




Ratio of Tech & Development Investments to Revenue




| | FY2022 | | | | FY2023 | | | | FY2024 | | | | FY2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | **1Q** |
| **Total SG&A expenses(1)** | 1,873 | 2,034 | 2,308 | 2,180 | 2,151 | 2,206 | 2,436 | 2,587 | 2,833 | 3,155 | 3,495 | 3,777 | **3,702** |
| **Advertising expenses** | 585 | 660 | 777 | 533 | 714 | 741 | 912 | 752 | 765 | 938 | 1,129 | 980 | **1,036** |
| **Tech & Development** | 420 | 446 | 489 | 481 | 470 | 432 | 465 | 506 | 564 | 503 | 614 | 622 | **718** |
| **Other** | 867 | 927 | 1,041 | 1,165 | 966 | 1,032 | 1,058 | 1,328 | 1,504 | 1,713 | 1,751 | 2,174 | **1,947** |

**Notes**
(1)Stock-based compensation expenses and amortization goodwill not included

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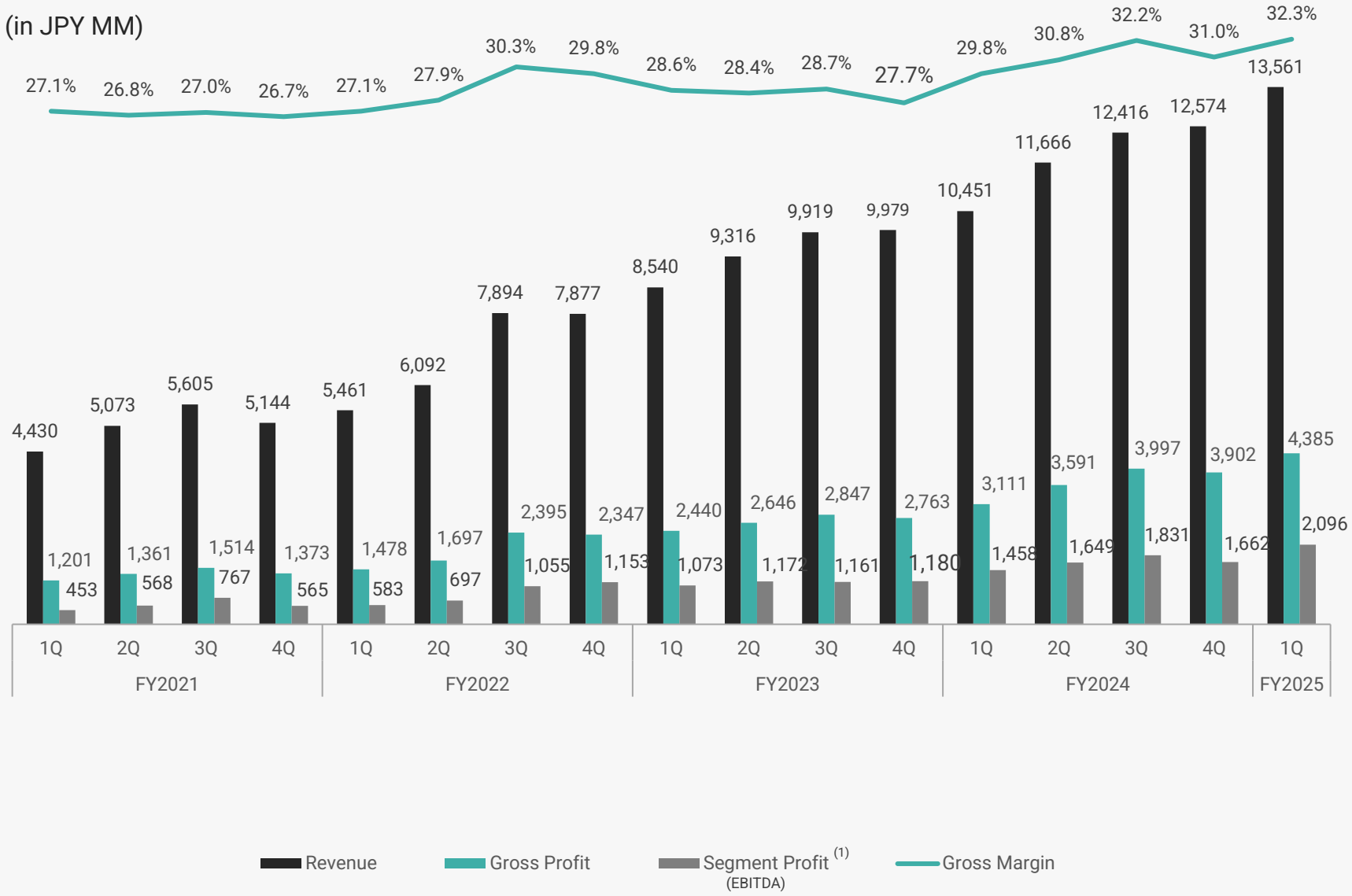
# Procurement Platform Business Performance

- Although we saw some effect from slow typhoons and unfavorable weather in August and September, organic revenue growth YoY continued to be in the high teens, from 17.2% in 4Q to 15.9% in 1Q



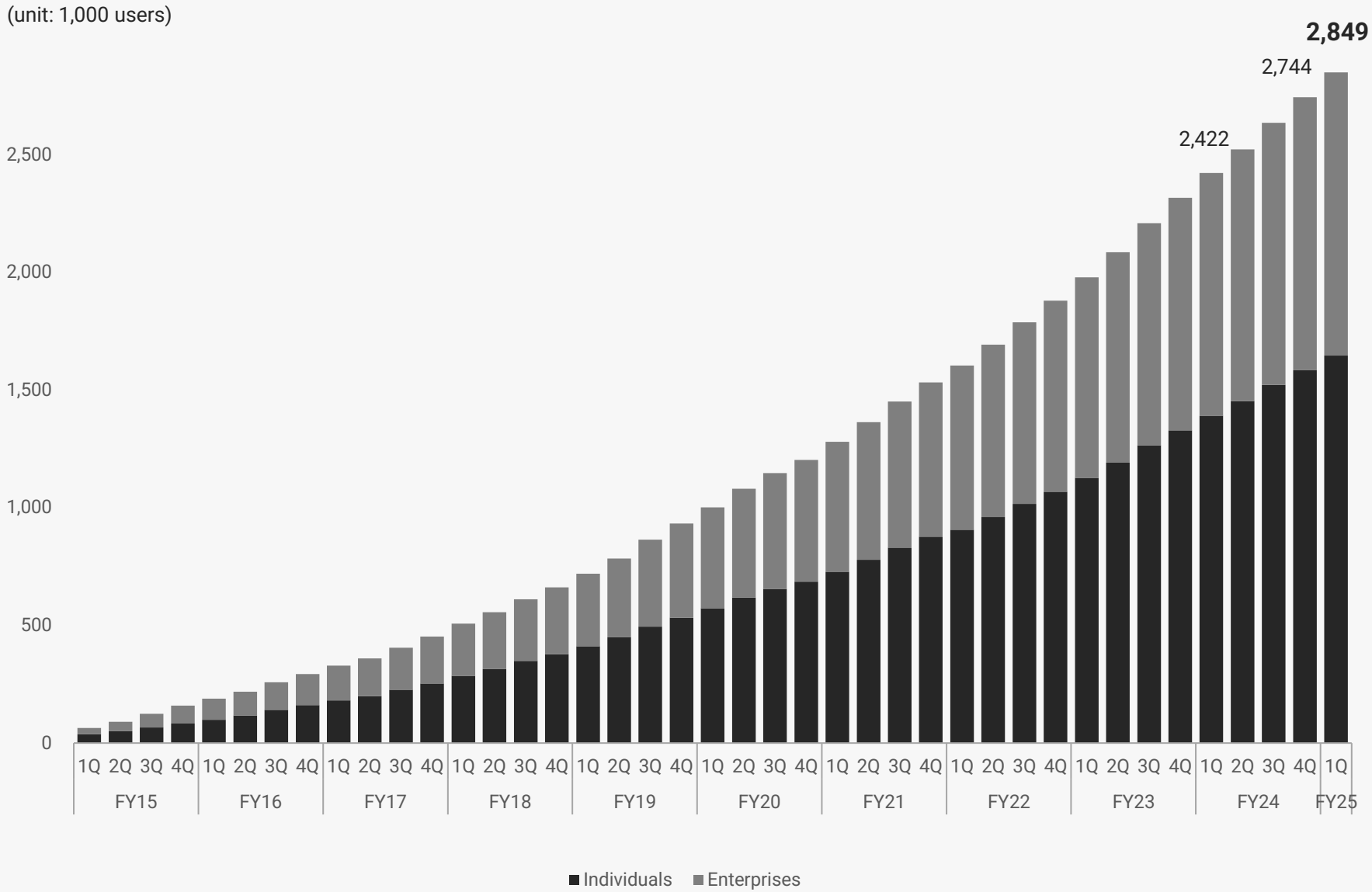

**Services included in this segment**

ラクスル raksul.com
ダンボールワン DANBALL ONE
ハンコヤドットコム hankoya.com
A-LINK SERVICES

**Notes**
(1) SG&A expenses include internal transactions

# Number of Registered Users on raksul.com Platform (1)

- Our customer base continues to grow
- The number of total users for 1Q was 2,849,967




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

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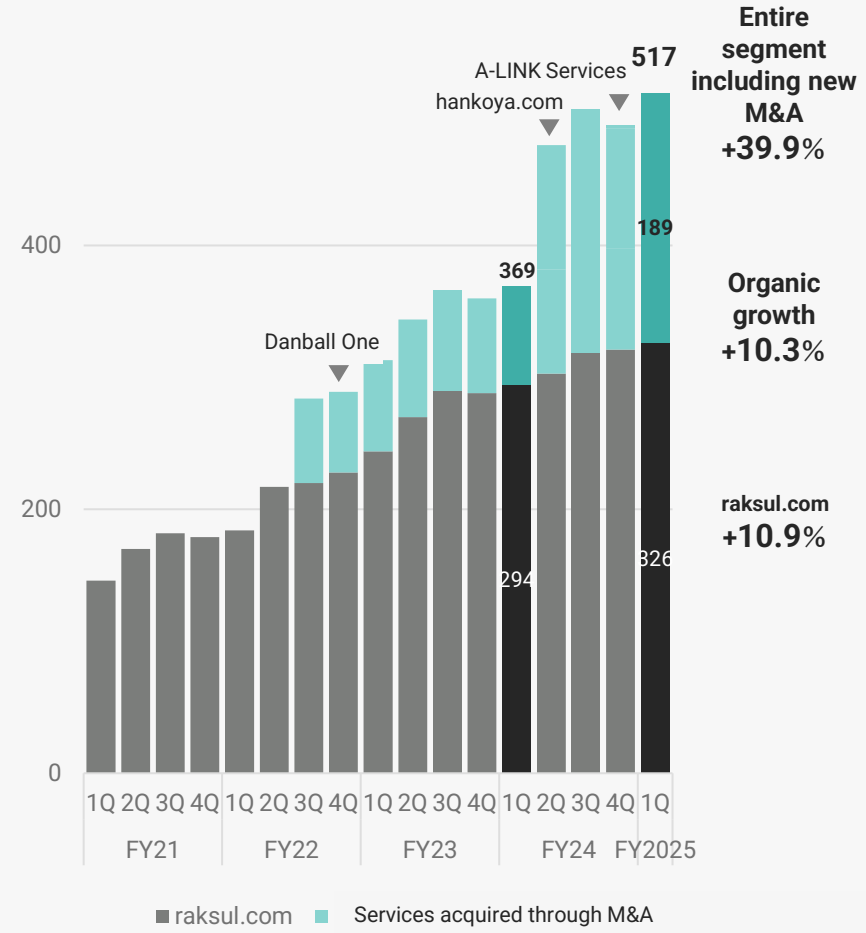
# Procurement PF Business KPI Trends(1)

- Continued growth in customer ARPU due to an increase in purchase frequency and unit price as a result of progress in cross-selling
- User growth on raksul.com is at 10.9%, Organic growth including DANBALL ONE is at 10.3%
- Through continuous acquisitions, the number of purchasing users has been accumulating, mainly businesses and sole proprietors

## Number of Purchasing Users per quarter

(unit: 1,000 users)



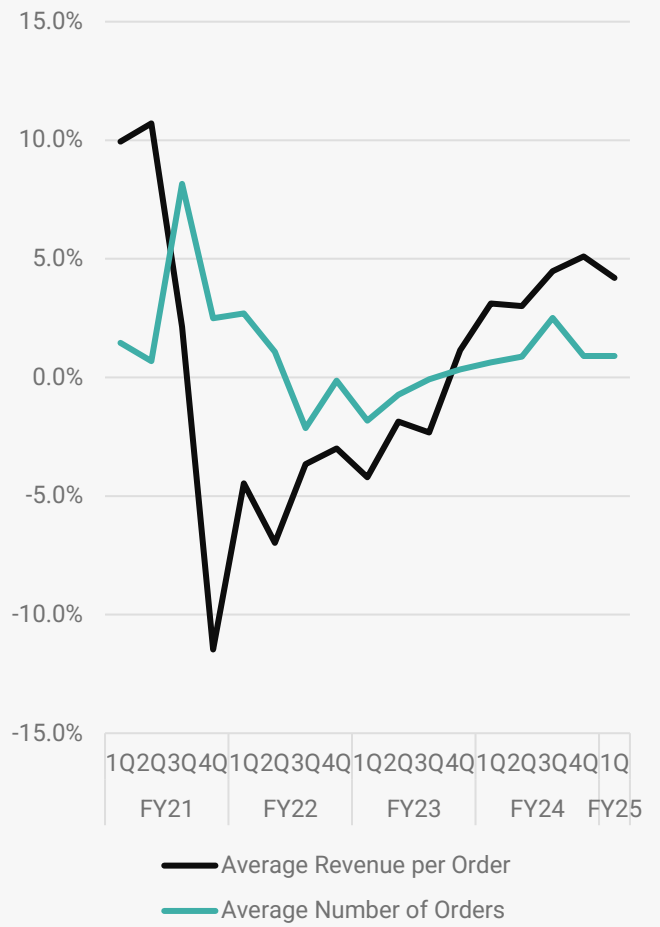

**Entire segment including new M&A**
**+39.9%**

**Organic growth**
**+10.3%**

**raksul.com**
**+10.9%**

## Average Number of Orders per quarter & Average Revenue per Order YoY

**(Organic growth rate of existing services only)**




**Average revenue per order**
**JPY 12,824**
**+4.2%**

**Average number of purchases**
**2.3 times**
**+0.9%**

**Notes**
(1) For each indicator disclosed in December 2024, please refer to the excel sheet on our IR website

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# Marketing Platform Business Performance(1)

- In 1Q, the advertising agency business for large companies recovered significantly from the temporary decline in the previous year
- SaaS business and SMB Marketing business continued revenue growth trend in QoQ

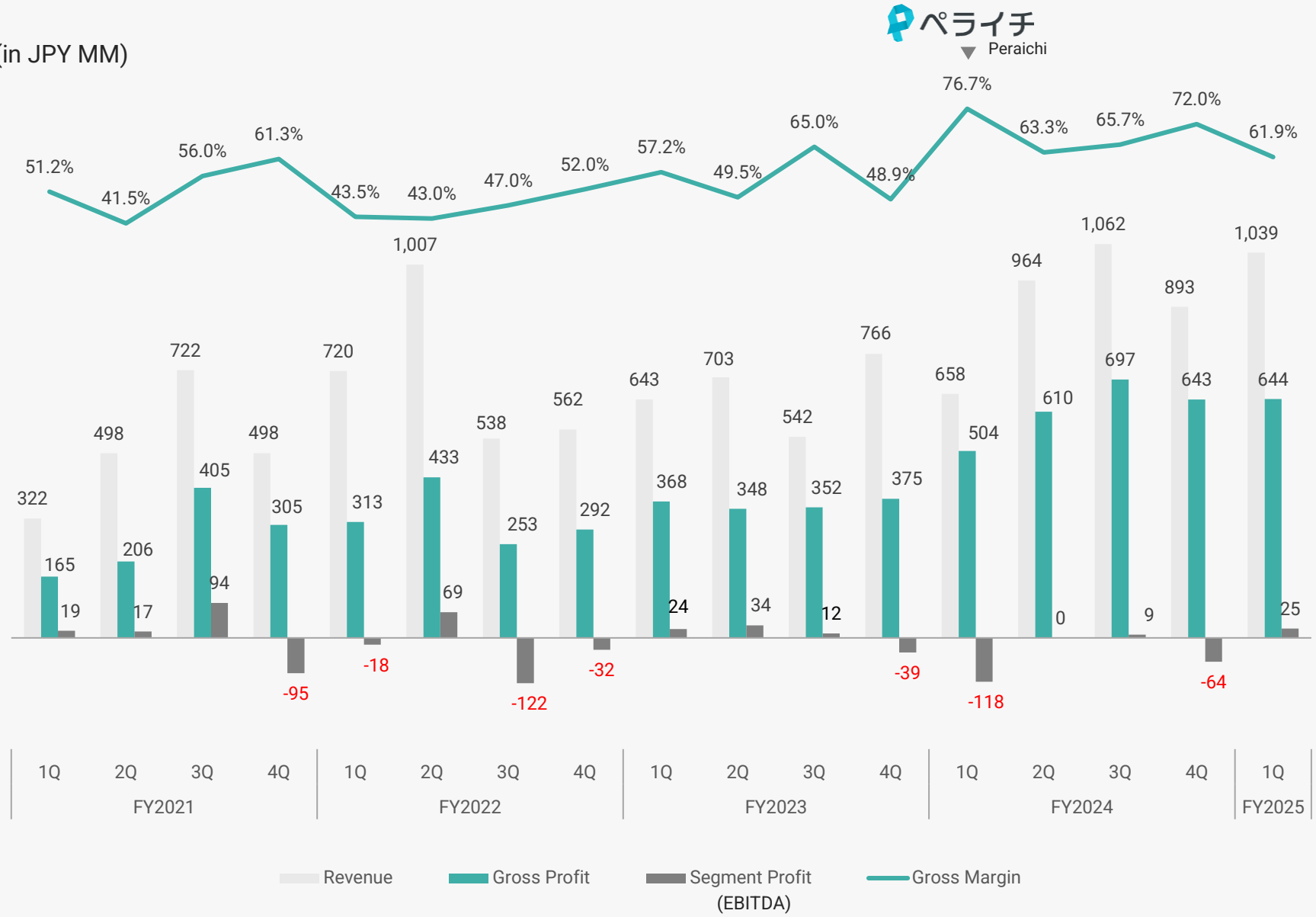
**Services included in this segment**

ノバセル Novasell

ラクスル ペライチ Peraichi

(Raksul, Marketing software-related)

(in JPY MM)




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

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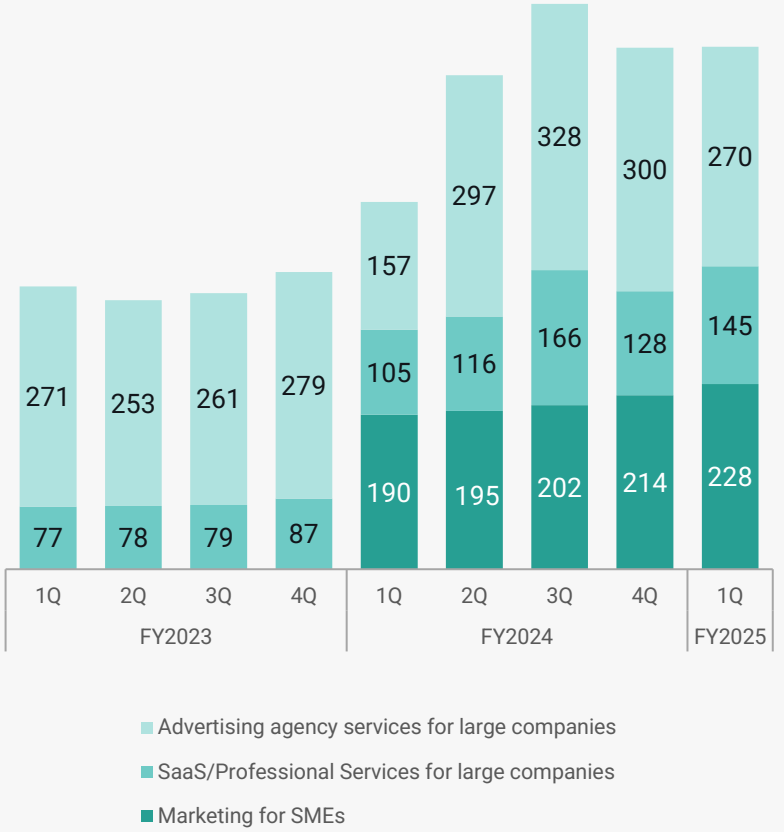
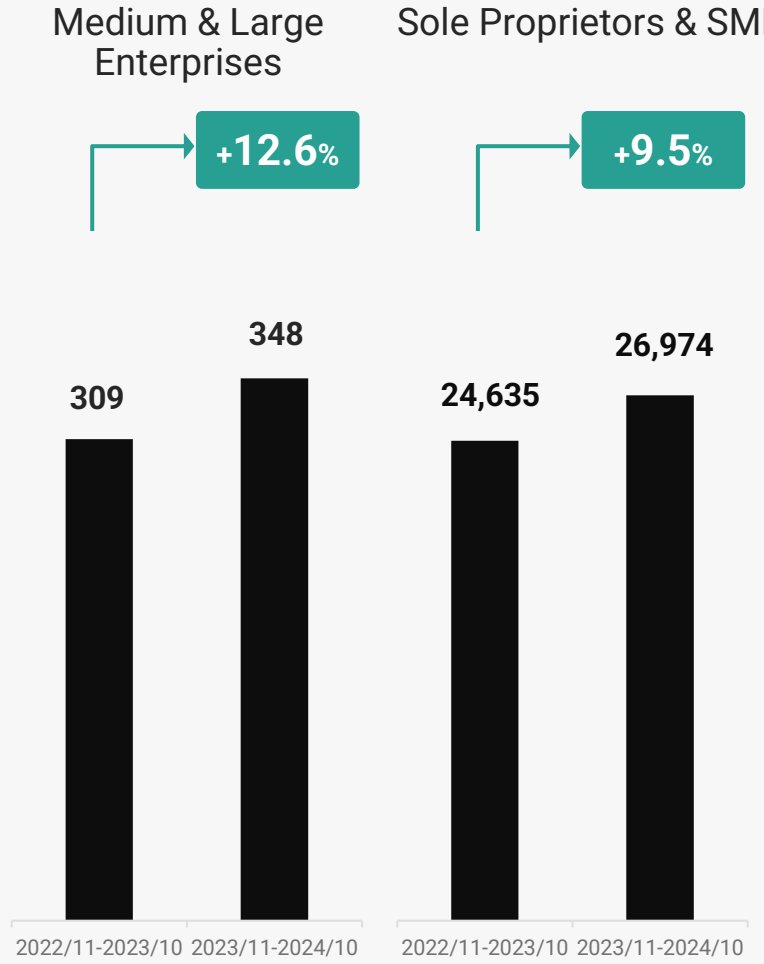
# Marketing PF Business KPI Trends

- Marketing business for SMEs as well as SaaS business for large companies are growing continuously
- The advertising agency business for large companies has a certain degree of volatility, but is gradually expanding in scale

## Gross Profit Trends




## Number of companies using the service




**Notes**
(1) The number of users of Peraichi included in sole proprietors and small and medium-sized enterprises is calculated based on the number of registered users as at the time of financial closing

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# Acquisition of All Marke Inc.

- Resolved to acquire All Marke Inc., an independent web advertising management company, making it a subsidiary in the Marketing Platform business (NOVASELL)

**All Marke Inc.**

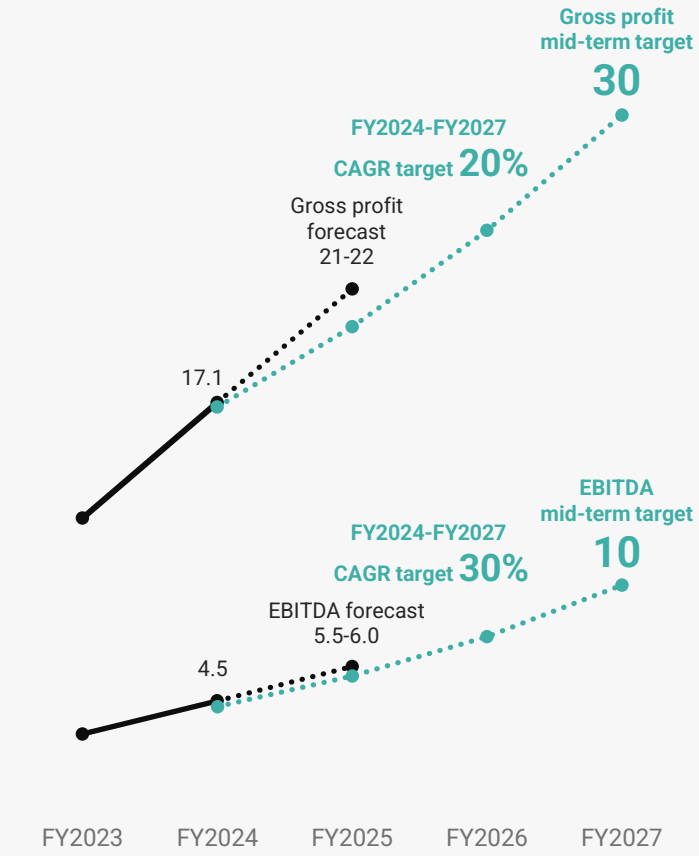
| | |
|---|---|
| **Company Overview** | An independent web advertising management company that provides strategic designing, planning, production and operation maintenance of digital marketing for advertisers in the areas of human resources, education and e-commerce |
| **Purpose** | **Expansion into adjacent areas / Supply enhancement**<br>• By having in-house functions for digital marketing strategic designing, planning, production and operation maintenance, we will propose strategies, including digital marketing, as well as provide actual production, purchasing and operation services for medium to large companies under Novasell's advertising agency business<br>• To allow our new marketing software-related business to be able to propose effective digital marketing measures and operations to Raksul's small and medium-sized customers |
| **Impact on Financial Results** | The impact on consolidated results is expected to be minimal. Transaction-related expenses in the low tens of millions of yen to be recorded in 2Q. Completion scheduled in Jan 2025 |

# Medium Term Financial Policy

- We will continue to pursue Quality Growth (growth with profit/CF), aiming for gross profit of JPY 30Bn and EBITDA of JPY 10Bn in FY2027
- Over the next 5 years, our capital allocation will focus on growth investments, with abundant M&A opportunities in adjacent domains
- With stable and growing cash flow, we will return minimum 10% of the cash generated through our business (minimum JPY 2.5Bn) to shareholders over the next 5 years, mainly through share buybacks
- We have announced a share buyback of JPY 700MM and will continue to provide shareholder returns while monitoring the share price level

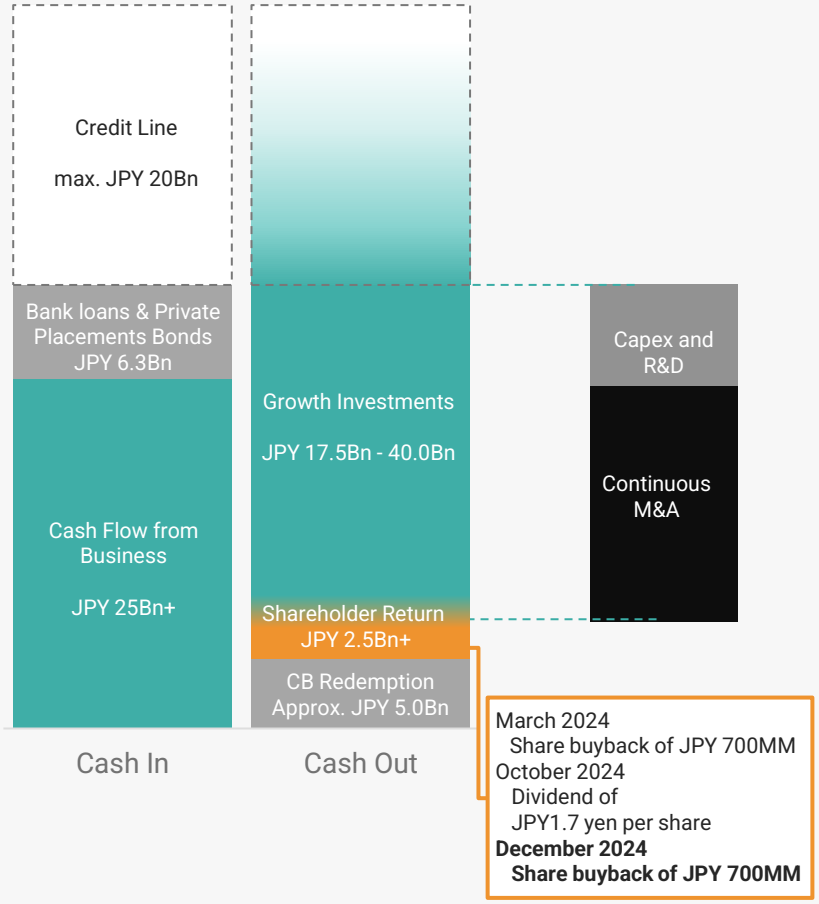
## FY2024 – FY2027 New Medium-Term Financial Policy

(in JPY Bn)




## Capital Allocation

### Cumulative Total for FY2024 - FY2028



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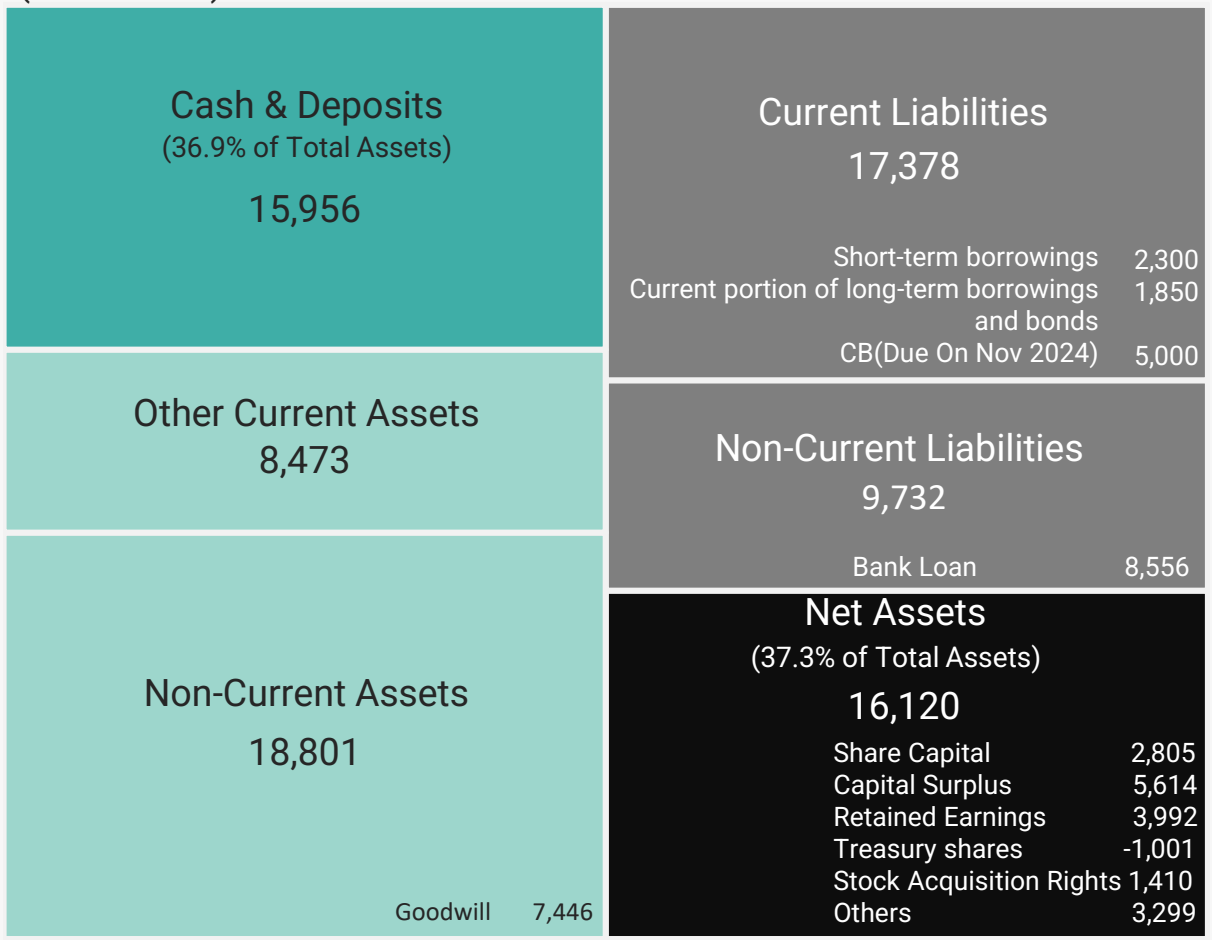
# Balance Sheet and our view on ROIC

- Redeemed JPY 5Bn in CBs on November 29th. Still maintaining more than JPY 10Bn in cash and deposits
- Our ROIC vs. business assets[1] is 20.6% in FY24. Since the EV/EBITDA of the companies we acquire are generally around 5x, we believe business ROIC can be maintained and expanded over the medium term through synergies and accelerated growth
- ROIC vs net assets and interest-bearing debt[2] will be lower due to standby funds for future investments and securities related to new businesses, but we will improve ROIC through business growth, sales of investment securities, and consolidation, aiming for more than 20% in the medium term

(in JPY MM)




**Notes**
(1) (Non-GAAP NOPAT) ÷ (Net working capital + tangible and intangible assets)
(2) (Non-GAAP operating income × (1-effective tax rate)) ÷ (interest-bearing debt + net assets)

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# Stock Incentive Design based on Quality Growth

- In January 2025, we plan to issue performance-linked paid SOs to our employees. The exercise conditions will be the same amount of EBITDA as the medium-term financial policy
- Following the paid SO issued in July 2020, the EBITDA target, which is a condition for exercising the paid SO issued in December 2022, has also been achieved
- Potential dilution from these stock options is 0.47%

## Purpose

**In pursuit of business performance and corporate value growth, we aim to further increase employee motivation and strengthen company cohesiveness**

## Condition of Exercise (Performance Target)

| Issued in July 2020<br>**Stock Acquisition Rights No.12 (Paid-in SO)** | Issued in December 2022<br>**Stock Acquisition Rights No.14 (Paid-in SO)** | Planned for January 2025<br>**Stock Acquisition Rights No.21 (Paid-in SO)** |
|---|---|---|
| **Gross Profit**<br>FY2022 - FY2024<br>**JPY 7.7Bn** | **EBITDA**<br>a) FY2023 or FY2024<br>**JPY 2.8Bn** (50% Exercisable)<br>b) FY2024 or FY2025<br>**JPY 4.0Bn** (50% Exercisable) | **EBITDA**<br>FY2027<br>**JPY 10.0Bn** |
| Achieved<br>FY2022 Result<br>**JPY 9.8Bn** | Achieved<br>FY2024 Result<br>**JPY 4.5Bn** | |

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# Group Companies

| | | |
|---|---|---|
| Organic Businesses | ハコベル Hacobell<br>Equity method affiliate | • Accelerating growth towards an open platform in the logistics industry with a new shareholder, JAPAN POST CAPITAL Co., Ltd., joining in January 2024<br>• In November 2024, Hacobell took over the business of the truck berth reservation system 'truck book' from Monoful Inc.<br>• Quarterly revenue is approximately JPY 1.64Bn |
| | ジョーシス Josys<br>Consolidation possible in the future | • Business is up and running smoothly and has procured Series B funding of JPY 13.5Bn<br>• Started providing services in the US and APAC in addition to Japan |
| Investments | ペライチ Peraichi<br>Consolidated | • Consolidated from FY2024<br>• No change in our shareholding, managed as part of Marketing PF Business from 1Q<br>• Quarterly revenue is approximately JPY 270MM |

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1. CEO Message
2. Financial Highlights
3. Q&A
4. Reference Materials

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# Q&A

| Questions | Answers |
|---|---|
| JPY 5.0Bn in CB has been redeemed at the end of November. What is the outlook for future fundraising? | • As announced on November 29th, we have redeemed the entire amount of our JPY 5Bn Euro-Yen Convertible Bonds. Since the bond was issued in 2019, our profit levels have increased significantly, and in addition, we are pursuing an acquisition strategy centered on profitable companies through continuous M&A<br>• Due to the above changes, we believe that we will be able to continue funding our growth investments mainly from cash on hand and bank loans |
| What is the progress and pipeline for M&A? | • In FY2024, we consolidated 6 new companies, and in the process of doing so, we have screened over 200 companies for acquisitions. For FY2025, we have more deals under consideration than before, and have resolved 2 M&A deals as of now<br>• We continue to consider M&A deals from various sources, including introductions from our group's business partners, financial institutions, M&A brokers, etc. |
| What is the progress of Raksul Enterprise? | • Raksul Enterprise, our service for large companies, is growing steadily. As of FY2025 1Q , the number of companies using the service has expanded to 3,093 companies and 25,839 users<br>• While Raksul Group's strategy is to “solve management issues of SMEs,” Raksul Enterprise and Novasell already have certain competitive advantage in providing value to large companies, and we will continue to refine our services and expand our advantages |
| What is the revenue trend for the newly incorporated SME-oriented business within the marketing platform business? | • We have added Peraichi to the segment that was previously disclosed as Novasell business, which is now disclosed as Marketing Platform business from 1Q. The SME business within the Marketing Platform business includes Peraichi as well as internally developed SME marketing software business<br>• Peraichi’s revenue for FY2024 was over JPY 1Bn and it continues to grow by over 10% every year. EBITDA was a loss of less than JPY 200MM and the deficit is shrinking |

4

1. CEO Message
2. Financial Highlights
3. Q&A
4. **Reference Materials**

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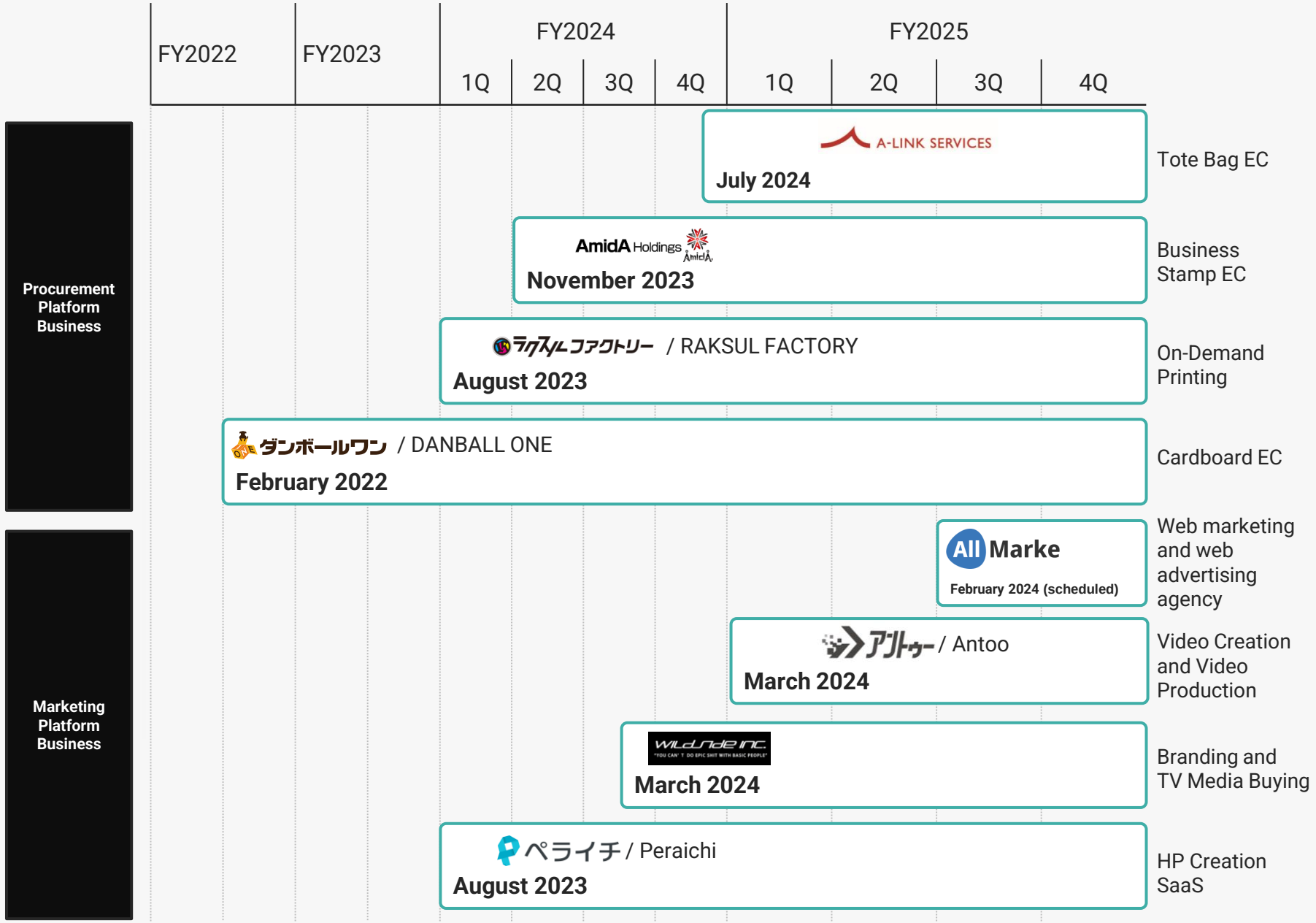
# P&L Contribution Period of Each Consolidated Subsidiary

- Newly consolidated companies and the start of their contribution to P&L are shown on the right



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

| | | FY2022 | | | | FY2023 | | | | FY2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (in JPY MM) | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| Revenue | Procurement Platform Business | 5,461 | 6,092 | 7,894 | 7,877 | 8,540 | 9,316 | 9,919 | 9,979 | 10,451 | 11,666 | 12,416 | 12,574 | **13,561** |
| | Marketing Platform Business | 720 | 1,007 | 538 | 562 | 643 | 703 | 542 | 766 | 658 | 964 | 1062 | 893 | **1,040** |
| | Hacobell | 741 | 835 | 869 | 1,031 | - | - | - | - | - | - | - | - | **-** |
| | Others | 84 | 97 | 80 | 84 | 154 | 151 | 147 | 151 | 118 | 131 | 87 | 96 | **108** |
| Gross Profit | Procurement Platform Business | 1,478 | 1,697 | 2,395 | 2,347 | 2,440 | 2,646 | 2,847 | 2,763 | 3,111 | 3,591 | 3,997 | 3,902 | **4,385** |
| | Marketing Platform Business | 313 | 433 | 253 | 292 | 368 | 348 | 352 | 375 | 504 | 610 | 697 | 643 | **644** |
| | Hacobell | 97 | 104 | 131 | 130 | - | - | - | - | - | - | - | - | **-** |
| | Others | 33 | 38 | 27 | 29 | 38 | 37 | 37 | 38 | 43 | 50 | 16 | 22 | **32** |
| Segment Profit (non-GAAP) | Procurement Platform Business | 583 | 697 | 1,055 | 1,153 | 1,073 | 1,172 | 1,161 | 1,180 | 1,458 | 1,649 | 1,831 | 1,662 | **2,096** |
| | Marketing Platform Business | -18 | 69 | -122 | -32 | 24 | 34 | 12 | -39 | -118 | 0 | 9 | -64 | **25** |
| | Hacobell | -68 | -46 | -11 | -2 | - | - | - | - | - | - | - | - | **-** |
| | Others and corporate expenses | -396 | -429 | -360 | -437 | -345 | -324 | -315 | -491 | -401 | -410 | -462 | -607 | **-591** |
| Segment Profit (financial accounting) | Procurement Platform Business | 534 | 641 | 862 | 962 | 875 | 942 | 926 | 956 | 1,172 | 1,304 | 1,488 | 1,173 | **1,736** |
| | Marketing Platform Business | -25 | 63 | -129 | -39 | 17 | 21 | -0 | -53 | -135 | -14 | -9 | -99 | **19** |
| | Hacobell | -79 | -59 | -25 | -16 | - | - | - | - | - | - | - | - | **-** |
| | Others and corporate expenses | -534 | -580 | -516 | -592 | -501 | -404 | -419 | -595 | -495 | -539 | -580 | -739 | **-783** |
| EBITDA | Company wide | 99 | 292 | 560 | 681 | 753 | 882 | 859 | 649 | 938 | 1,238 | 1,378 | 990 | **1,531** |

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# Difference between non-GAAP Profit and Accounting Profit

- Previously, the only GAAP adjustment item was stock-based compensation expense, however from 2Q, amortization of goodwill was added
- The amount in “Difference (stock-based compensation expense)” varies between operating profit and ordinary profit as RS held by retired/resigned employees are recorded as non-operating expenses

| (in JPY MM) | FY2025 1Q (2024/8-2024/10) | | |
|---|---|---|---|
| | **Actual** (**non-GAAP**) | Difference (stock-based compensation expense + amortization goodwill) | Actual (J-GAAP) |
| Revenue | **14,709** | - | 14,709 |
| Gross Profit | **5,062** | - | 5,062 |
| Operating Profit | **1,360** | 387 | 972 |
| EBITDA | **1,531** | 103 | 1,427 |
| Ordinary Profit | **1,256** | 387 | 869 |
| Net Profit | **819** | 387 | 431 |

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## Balance Sheet

| (in JPY MM) | FY2024 | FY2025 1Q |
|---|---|---|
| Current Assets | 24,981 | **24,429** |
| Cash & Deposits | 17,014 | **15,956** |
| Non-Current Assets | 18,881 | **18,801** |
| Total Assets | 43,863 | **43,231** |
| Current Liabilities (interest-bearing liabilities) | 17,983 (9,387) | **17,378 (9,150)** |
| Non-Current Liabilities (interest-bearing liabilities) | 10,200 (9,006) | **9,732 (8,556)** |
| Net Assets | 15,678 | **16,120** |
| Share Capital | 2,798 | **2,805** |
| Capital Surplus | 5,606 | **5,614** |
| Retained Earnings | 3,659 | **3,992** |
| Treasury Shares | -1,001 | **-1,001** |
| Stock Acquisition Rights | 1,375 | **1,410** |
| Others | 3,241 | **3,299** |
| Total Liabilities & Net Assets | 43,863 | **43,231** |

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# Cash Flow Statement

| (in JPY MM) | FY2024 | FY2025 1Q |
|---|---|---|
| Cash Flow from Business Activities | 2,705 | **696** |
| Cash Flow from Investment Activities | -6,930 | **-976** |
| Cash Flow from Financial Activities | 5,671 | **-775** |
| Net Change in Cash and Cash Equivalents (Including increase/decrease due to new consolidation) | 2,369 | **-1,058** |
| Cash and Cash Equivalents at the end of period | 17,014 | **15,956** |

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# Sources

## P11

| | | | |
|---|---|---|---|
| TAM | Transaction | Business stationery and commercial printing | Calculated based on “Current Production Statistics: Paper, Printing, and Plastic” (METI), production volume basis |
| | | Novelty items | Calculated based on Yano Research Institute’s “Gift Market White Paper (2022)”, “Conducted research on the corporate gift market (2024)”, “Conducted research on the character business (2023)”, and Mitsubishi UFJ Research & Consulting’s “Survey results on the domestic creator economy” |
| | | Promotional media = Offline advertising | Total of inserts, DMs, and free magazines from “Advertising Expenditures in Japan” (Dentsu, 2023) |
| | | Packaging materials | Shipment volume of Japan packaging industry 2023 Japan Packaging Institute, paper and cardboard products |
| | Software & Marketing | TV commercials | "Advertising Expenditures in Japan" (Dentsu, 2023) |
| | | Digital advertising | "Advertising Expenditures in Japan" (Dentsu, 2023) |
| | | Digital signage | “Digital Signage Advertising Market Study 2023” (CARTA HOLDINGS) |
| | | Software | “Software Business New Markets 2023” (Fuji Chimera Research Institute) |
| | Finance | Financial services | Calculations based on Yano Research Institute’s “Actual Conditions and Outlook for the Credit Card Market in 2022”, “Actual Conditions and Future Forecasts for the Domestic Cashless Payment Market in 2024”, Bank of Japan’s ”Payment Trends”, and Small and Medium Enterprise Agency’s “Statistics on Small and Medium Enterprises” |
| Digital Market Expansion | | Corporate cards | “Credit Card Market Facts and Outlook 2022” (Yano Research Institute) |
| | | SaaS for domestic enterprises | “Software Business New Markets 2023” (Fuji Chimera Research Institute) |
| | | Digital advertising | "Advertising Expenditures in Japan" (Dentsu, 2023) |
| | | Printing E-commerce | “Conducted a survey on the domestic print mail-order market (2022)” (Yano Research Institute) |
| | | BtoB E-commerce | “Market Survey on Electronic Commerce 2022” (METI) |

## P12

| | |
|---|---|
| Number of companies/employees in Japan | Source: Small and Medium Enterprise Agency, “Number of enterprises, number of regular employees, and total number of employees by prefecture and metropolitan area (private, non-primary industry, 2021)”<br>Small enterprises: 20 or less employees (5 or less for wholesale, retail, and service industries); Medium-sized enterprises: Rubber product manufacturers with capital of JPY 300MM or less or 900 employees or less; other manufacturers, construction, and transportation companies with capital of JPY 300MM or less or 300 employees or less; hospitality companies with capital of JPY 50MM or less or 200 employees or less; wholesale companies with capital of JPY 100MM or less or 100 employees or less; retailers with capital of JPY 50MM or less or 50 employees or less, other industries vary |
| Number of registered enterprise users of Raksul | Small enterprises: less than 10 employees; Medium enterprises: less than 500 employees |
| Recognition Survey Results | Survey period: June 26, 2024 - July 7, 2024<br>Survey targets: 18-69 year olds, monthly budget of at least JPY100,000 for printed materials, and those who place orders at least once a year (excluding students, housewives/househusbands, part-timers, and unemployed)<br>- ‘I have the authority to order printed materials or select a printing company for my job’ n=543<br>- ‘I do not have the authority to make decisions on ordering printed materials or selecting a printing company, but I am involved in the selection process’ n=526 |

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**BETTER SYSTEMS, BETTER WORLD**

# Disclaimer

**Handling of this material**

**This material includes forward-looking statements. These forward-looking statements were created based on the information available at the time they were created. They do not guarantee our future results and involve certain risks and uncertainties. Please note that actual results may differ materially from those discussed in the forward-looking statements due to changes in environments surrounding RAKSUL or any other factors.**

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

**RAKSUL is not obligated to update or revise any content of the forward-looking statements within this material, even in cases such as where new information becomes available or future events take place.**

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