December 13, 2024

Company name: RAKSUL INC.
Representative: Yo Nagami
Representative Director, President & Group CEO
(TSE Prime Market Code No. 4384)
Contact: Masaru Sugiyama
Group CFO, SVP of Finance & Sustainability

Notice Regarding Publication of Analyst Report by WARC Inc.

RAKSUL INC. (the "Company") hereby announces that an analyst report on the Company by WARC Inc. has been published.

This report has been prepared based on third-party research and analysis by WARC Inc.. The Company has decided to make this report public as the Company believes it will contribute to shareholders' and investors' understanding of the Company's business operations and future growth potential.

Please note that the analyst forecasts regarding company performance contained in this report are figures independently calculated by WARC Inc. based on the Company's public information and macro environment, and are not figures announced by the Company, nor has the Company influenced their content.

For further details, please refer to the attached analyst report.

WARC

Raksul

December 13 2024

4384 JP / TSE Prime / Industry: Printing - Commercial/Publication

Go Saito (WARC Inc. CFO)
ir@warc.jp

The probability of achieving the medium-term targets has further increased

Implications from 1Q results for7/25

- EBITDA for 1QFY7/25 was JPY 1,531 million, above the company's forecast (JPY 1,050-1,250 million). In addition to growth in gross profit, cost efficiency improvements contributed to improved profitability. Although the margin level is expected to fall in 2Q as head office relocation costs, M&A expenses and new business investment are expected to increase, the medium-term probability of earnings growth is considered to have increased further. Positive impression.
- While new consolidations have had the effect of boosting gross profit, it is important to focus on the fact that efforts to make detailed improvements in each business have increased profitability. These efforts are linked to robust management capabilities. At this stage, we believe that organic growth plus α is necessary to achieve our medium-term targets (sales of JPY 30 billion and EBITDA of JPY 10 billion in FY27/7), and we believe that these initiatives will increase the probability of achieving them.
- The convertible bond-type bonds with stock acquisition rights issued in November 2019 were fully redeemed in November 2024. Compared to when the bonds were issued, the company's financial situation and earnings have improved significantly, and it has enough room for bank borrowings and is expected to accumulate cash flow based on quality growth. Systematic M&A and business investments funded by this cash flow will increase the likelihood of achieving growth in the quadratic curve.

On December 12, 2024, Raksul (“the company”) disclosed 1Q results for the FY7/25. Sales were 14.7 billion yen (+31% YoY), gross profit was 5.0 billion yen (+38% YoY), and EBITDA was 1.5 billion yen (+63% YoY), all of which exceeded the upper end of the company plan. In particular, EBITDA exceeded the upper limit by 22%.

EBITDA exceeded the company's forecast due to: gross profit +12 million yen, contribution of cost synergies ahead of schedule +30 million yen, efficient management of advertising expenses +30 million yen, and cost efficiency improvements, etc. +90 million yen. The large effect of the accumulation of small improvements is expected to lead to improved profitability over the medium term.

However, it should be noted that Q2 margins are expected to decline in QoQ due to expected increases in head office relocation expenses, M&A expenses (two M&As are planned for 2Q and beyond), new business investments, and other factors. In addition to temporary expenses, this is due to investments for the future. The company has already demonstrated its ability to execute systematic M&A, so there is no need to be shortsighted in viewing this as a risk.

The 5 billion yen in convertible bonds with stock acquisition rights have been fully redeemed. Even so, the company still has more than 10 billion yen in cash. In addition, the company will be able to make further systematic M&A and business investments by building up cash flow through continued quality growth and expanding its borrowing capacity by improving its financial condition. The company's M&A strategy is not simply a roll-up strategy, but a combination of vertical and horizontal M&A. Therefore, we believe that the company can expect a quadratic growth curve going forward.

<Stock Price>

Closing Price	12/12/2024	1,106.000
Moving Average	Last 1M	1,146.591
	Last 3M	1,215.984
	Last 6M	1,139.088
High Price	Last 1Y	1,369.000
Low Price	Last 1Y	838.000
Turnover	12/12/2024	330,700

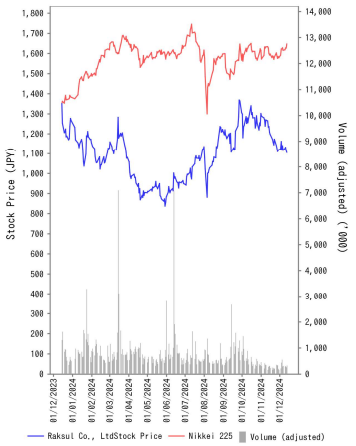
(Source) SPEEDA Unit : JPY

<Valuation>

Market cap	12/12/2024 (Local time)	65,384Million
Enterprise Value	LTM	65,866Million
PER	Latest FY	30.4x
	LTM	30.4x
	Curt. Est.	36.2x
PBR	LTM	4.11x
EV/Sales	Latest FY	1.29x
	LTM	1.29x
	Curt. Est.	1.08x
EV/EBITDA	Latest FY	16.2x
	LTM	16.2x
	Curt. Est.	13.9x
EV/Operating profit	Latest FY	26.1x
	LTM	26.1x
	Curt. Est.	20.6x

(Source) SPEEDA Unit : JPY

<Stock Charts> 14/12/2023 – 12/12/2024



This report is for informational purposes only and is not intended as a solicitation or inducement to engage in investment activities, nor is it intended to provide opinions or judgments regarding investments or the other related matters.
This report was prepared at the request of the subject company, with information provided by the company through interviews, etc. However, the information, interpretation of data, credibility, hypotheses, conclusions, and all other content in this report is based on WARC's analysis, and the accuracy, safety, and validity of the information or opinions contained in this report are not guaranteed.
WARC assumes no responsibility for any costs or damages arising from the use of this report or information obtained from this report.
WARC does or may do business with companies covered in this report. Accordingly, investors should be aware that WARC may have conflicts of interest that could affect the objectivity of this report.
The content of this report is subject to change without notice.
WARC is under no obligation to update this report.
Investment decisions should be made at your own discretion.
All rights to this report are reserved by WARC. All rights reserved.

Copyright © WARC Inc. 2024 All rights reserved.

Financial Results

			Revenue (Y mil)	(Y/y)	EBITDA (Y mil)	(Y/y)	OP (Y mil)	(Y/y)	RP (Y mil)	(Y/y)	NP (Y mil)	(Y/y)	EPS (円)
FY07/20	FY		21,495	25.2%	11	-95.9%	-244	-	-368	-	-494	-	-8.7
FY07/21	FY		30,261	40.8%	1,029	9087.5%	221	-	130	-	160	-	2.8
FY07/22	FY		33,980	12.3%	1,632	58.6%	463	109.9%	-167	-	1,021	538.1%	17.7
FY07/23	FY		41,018	20.7%	3,145	92.7%	1,763	280.8%	1,168	-	1,329	30.2%	22.9
FY07/24	1Q		11,228	20.2%	938	24.6%	541	38.4%	429	68.2%	1,240	24.2%	21.3
	2Q		12,762	25.5%	1,238	40.4%	749	34.0%	640	19.4%	539	63.8%	9.2
	3Q		13,567	27.9%	1,378	60.4%	898	77.5%	800	180.7%	325	231.6%	5.6
	4Q		13,564	24.5%	990	52.5%	334	8.8%	172	87.0%	14	-	0.3
FY07/24	FY		51,121	24.6%	4,547	44.6%	2,523	43.1%	2,041	74.7%	2,118	59.4%	36.3
FY07/25	1Q		14,709	31.0%	1,531	63.2%	972	79.7%	869	102.6%	431	-65.2%	7.4
FY07/25	FY	WARC F	64,266	25.7%	6,321	39.0%	3,793	50.3%	3,314	62.4%	2,320	9.5%	39.9
FY07/25	FY	CP : Lower	61,000	0.0%	5,500	0.0%	3,200	0.0%	2,700	0.0%	1,780	0.0%	30.6
	FY	CP : Upper	63,000	0.0%	6,000	0.0%	3,700	0.0%	3,200	0.0%	2,280	0.0%	39.2
FY07/26	FY	WARC F	74,931	16.6%	7,792	23.3%	5,402	42.4%	4,924	48.6%	3,447	48.6%	59.2
FY07/27	FY	WARC F	85,670	14.3%	8,723	12.0%	6,662	23.3%	6,183	25.6%	4,328	25.6%	74.4

*1 for 2 stock split as of February 1, 2023. EPS is retroactive.

(Source) Company data, WARC

Source: Company data, WARC

Summary of Financial results

<Quartery> (Y mil)

		FY7/24 1Q	2Q	3Q	4Q	FY7/25 1QF	Company plan (lower-upper)		Comments
Net sales		11,228	12,762	13,567	13,564	14,709	14,035 ~	14,596	Continued business expansion with increased profits and cash flow
Gross profit		3,659	4,252	4,712	4,569	5,062	4,757 ~	4,940	Organic growth + new consolidation effects. Progress in cost efficiency.
	% of Sales	32.6%	33.3%	34.7%	33.7%	34.4%	33.9%	33.8%	
SG&A		3,117	3,503	3,814	4,234	4,089			Continued to invest in growth, particularly in advertising and technology development
	% of Sales	27.8%	27.4%	28.1%	31.2%	27.8%			
EBITDA		938	1,238	1,378	990	1,531	1,050 ~	1,250	Early Emergence of Cost Synergies. Cost Efficiency
	% of Sales	8.4%	9.7%	10.2%	7.3%	10.4%	7.5%	8.6%	
Operateing profit		541	749	898	334	972			
	% of Sales	4.8%	5.9%	6.6%	2.5%	6.6%			
Ordinary income		429	640	800	172	869			
	% of Sales	3.8%	5.0%	5.9%	1.3%	5.9%			
Net income		1,240	539	325	14	431			Gain on sales of stocks of subsidiaries and affiliates of 1,183 million yen, etc. was recorded in the previous 1Q.
	% of Sales	11.0%	4.2%	2.4%	0.1%	2.9%			

<Segment sales and profit> (Y mil)

	FY7/24 1Q	2Q	3Q	4Q	FY7/25 1QF	Comments
Net sales	11,228	12,762	13,567	13,564	14,709	
%YoY	20.2%	25.5%	27.9%	24.5%	31.0%	
Procurement Platform Business	10,451	11,666	12,416	12,574	13,561	Growth rate maintained despite unseasonable weather in August and September
%YoY	22.4%	25.2%	25.2%	26.0%	29.8%	
Marketing Platform Business	658	964	1,062	893	1,039	Advertising agency business recovered; SaaS business also strong
%YoY	2.3%	37.1%	95.9%	16.6%	57.9%	
Others and Corporate	118	131	87	96	108	
%YoY	-50.8%	54.1%	-45.3%	-41.1%	-8.5%	
Segment profit	938	1,238	1,378	990	1,531	
%YoY	24.6%	40.4%	60.4%	52.5%	63.2%	
% of Sales	8.4%	9.7%	10.2%	7.3%	10.4%	
Procurement Platform Business	1,458	1,649	1,831	1,662	2,096	Continuous profitability improvement + new consolidation effects.
%YoY	35.9%	40.7%	57.7%	40.8%	43.8%	Cost synergies with newly consolidated businesses also realized ahead of schedule.
% of Sales	14.0%	14.1%	14.7%	13.2%	15.5%	
Marketing Platform Business	-118	0	9	-64	25	Making a profitable turnaround
%YoY	-	-99.7%	-25.0%	-	-	
% of Sales	-	0.0%	0.8%	-	2.4%	
Others and Corporate	-401	-410	-462	-607	-591	

Source : Company data, WARC

This report is for informational purposes only and is not intended as a solicitation or inducement to engage in investment activities, nor is it intended to provide opinions or judgments regarding investments or the other related matters.
This report was prepared at the request of the subject company, with information provided by the company through interviews, etc. However, the information, interpretation of data, credibility, hypotheses, conclusions, and all other content in this report is based on WARC's analysis, and the accuracy, safety, and validity of the information or opinions contained in this report are not guaranteed.
WARC assumes no responsibility for any costs or damages arising from the use of this report or information obtained from this report.
WARC does or may do business with companies covered in this report. Accordingly, investors should be aware that WARC may have conflicts of interest that could affect the objectivity of this report.
The content of this report is subject to change without notice.
WARC is under no obligation to update this report.
Investment decisions should be made at your own discretion.
All rights to this report are reserved by WARC. All rights reserved.

Copyright © WARC Inc. 2024 All rights reserved.

<Details of SG&A> (Y mil)

	FY7/24 1Q	2Q	3Q	4Q	FY7/25 1QF	Comments
SG&A	3,117	3,503	3,814	4,234	4,089	
% of Sales	27.8%	27.4%	28.1%	31.2%	27.8%	
Tech&Development	564	503	614	622	718	Continued investment in growth, mainly in technological development
% of Sales	5.0%	3.9%	4.5%	4.6%	4.9%	
Advertising	765	938	1,129	980	1,036	Continued to invest in efficiency and continue to spend well
% of Sales	6.8%	7.3%	8.3%	7.2%	7.0%	
Others	1,504	1,713	1,751	2,174	1,947	One-time costs were added in the previous 4Q.
% of Sales	13.4%	13.4%	12.9%	16.0%	13.2%	
Stock based compensation	122	142	110	97	103	
Goodwill amortization	161	204	207	358	284	

Source : Company data, WARC

This report is for informational purposes only and is not intended as a solicitation or inducement to engage in investment activities, nor is it intended to provide opinions or judgments regarding investments or the other related matters.
This report was prepared at the request of the subject company, with information provided by the company through interviews, etc. However, the information, interpretation of data, credibility, hypotheses, conclusions, and all other content in this report is based on WARC's analysis, and the accuracy, safety, and validity of the information or opinions contained in this report are not guaranteed.
WARC assumes no responsibility for any costs or damages arising from the use of this report or information obtained from this report.
WARC does or may do business with companies covered in this report. Accordingly, investors should be aware that WARC may have conflicts of interest that could affect the objectivity of this report.
The content of this report is subject to change without notice.
WARC is under no obligation to update this report.
Investment decisions should be made at your own discretion.
All rights to this report are reserved by WARC. All rights reserved.
Copyright © WARC Inc. 2024 All rights reserved.

Earnings forecast

Profit and loss statement (Y mil)

	FY07/22 Actual	FY07/23 Actual	FY07/24 Actual	FY07/25 Forecast	FY07/26 Forecast	FY07/27 Forecast	
Net sales	33,980	41,018	51,121	64,266	74,931	85,670	Forecast based on organic growth + full-year contribution from new consolidations in FY7/24
%YoY		20.7%	24.6%	25.7%	16.6%	14.3%	
Gross profit	9,803	12,295	17,192	21,650	25,548	29,539	
%YoY		25.4%	39.8%	25.9%	18.0%	15.6%	
% of Sales	28.8%	30.0%	33.6%	33.7%	34.1%	34.5%	
SG&A	9,340	10,529	14,668	17,857	20,145	22,877	Continued upfront investment for long-term growth
%YoY		12.7%	39.3%	21.7%	12.8%	13.6%	
% of Sales	27.5%	25.7%	28.7%	27.8%	26.9%	26.7%	
EBITDA	1,632	3,145	4,547	6,321	7,792	8,723	
%YoY		92.7%	44.6%	39.0%	23.3%	12.0%	
% of Sales	4.8%	7.7%	8.9%	9.8%	10.4%	10.2%	
Operating profit	463	1,763	2,523	3,793	5,402	6,662	
%YoY		280.8%	43.1%	50.3%	42.4%	23.3%	
% of Sales	1.4%	4.3%	4.9%	5.9%	7.2%	7.8%	
Ordinary profit	-167	1,168	2,041	3,314	4,924	6,183	
%YoY		-	74.7%	62.4%	48.6%	25.6%	
% of Sales	-	2.8%	4.0%	5.2%	6.6%	7.2%	
Net income	1,021	1,329	2,118	2,320	3,447	4,328	Extraordinary gains on change in Hacobell's shareholding in FY7/24
%YoY		30.2%	59.4%	9.5%	48.6%	25.6%	
% of Sales	3.0%	3.2%	4.1%	3.6%	4.6%	5.1%	

Source : Company data, WARC

Balance sheet (Y mil)

	FY07/22 Actual	FY07/23 Actual	FY07/24 Actual	FY07/25 Forecast	FY07/26 Forecast	FY07/27 Forecast	
Current assets	19,660	20,589	24,990	19,598	24,625	30,396	
Ready liquidity	13,682	14,644	17,014	9,911	13,336	17,494	
Notes and accounts receivable	4,903	4,718	5,770	7,254	8,457	9,670	
Inventories	209	295	804	670	777	883	
Others	866	932	1,402	1,763	2,055	2,350	
Fixed assets	8,973	12,076	18,881	18,838	18,891	19,029	
Tangible fixed assets	373	294	1,328	1,653	2,019	2,421	
Intangible fixed assets	5,208	4,625	8,324	7,958	7,644	7,379	
Investments and other assets	3,391	7,156	9,228	9,228	9,228	9,228	
Total assets	28,633	32,665	43,871	38,436	43,516	49,425	
Current liabilities	7,774	8,292	17,992	12,375	14,047	15,730	
Notes and account payable	3,234	3,299	3,825	4,809	5,607	6,410	
Short term interest bearing debt	2,495	2,447	9,387	2,300	2,300	2,300	5 billion yen of convertible bond-type bonds with stock acquisition rights transferred to short-term and redeemed on maturity date
Advances received	91	160	591	0	0	0	
Other current liabilities	1,954	2,386	4,189	5,266	6,140	7,020	
Non-current liabilities	11,546	10,463	10,171	8,332	8,552	8,774	
Long term interest bearing debt	11,440	9,464	9,006	7,006	7,006	7,006	
Others	106	999	1,165	1,326	1,546	1,768	
Shareholders' equity	8,360	9,531	11,062	13,208	16,396	20,400	
Net assets	9,312	13,909	15,708	17,729	20,917	24,921	
Total liabilities and net assets	28,633	32,665	43,871	38,436	43,516	49,425	

Cash flow statement (Y mil)

	FY07/22 Actual	FY07/23 Actual	FY07/24 Actual	FY07/25 Forecast	FY07/26 Forecast	FY07/27 Forecast	
Operating CF	837	2,902	2,705	-294	4,509	5,426	
Investing CF	-2,808	297	-6,930	-708	-825	-943	
Financing CF	2,206	-2,238	5,671	-5,177	-258	-325	
Effect of exchange rates	0	0	0	0	0	0	
Net cash flow	235	962	1,446	-6,179	3,425	4,158	
Cash & equivalents at end-FY	13,682	14,644	16,090	9,911	13,336	17,494	

Source : Company data, WARC

This report is for informational purposes only and is not intended as a solicitation or inducement to engage in investment activities, nor is it intended to provide opinions or judgments regarding investments or the other related matters.
This report was prepared at the request of the subject company, with information provided by the company through interviews, etc. However, the information, interpretation of data, credibility, hypotheses, conclusions, and all other content in this report is based on WARC's analysis, and the accuracy, safety, and validity of the information or opinions contained in this report are not guaranteed.
WARC assumes no responsibility for any costs or damages arising from the use of this report or information obtained from this report.
WARC does or may do business with companies covered in this report. Accordingly, investors should be aware that WARC may have conflicts of interest that could affect the objectivity of this report.
The content of this report is subject to change without notice.
WARC is under no obligation to update this report.
Investment decisions should be made at your own discretion.
All rights to this report are reserved by WARC. All rights reserved.

Copyright © WARC Inc. 2024 All rights reserved.

Company Profile

Company Information

Company	Raksul Co., Ltd
Ticker	4384
Description	Raksul Inc provides printing services in Japan.
Industry	Printing - Commercial/Publication
Representative	Yasukane Matsumoto (Chairman),Yo Nagami (Chief Executive Officer,President)
Address	2-24-9 Kamiosaki Shinagawa-ku Tokyo Japan
Phone	+81 366329048
Website	https://corp.raksul.com/
Founded	01/09/2009
IPO Date	31/05/2018
Main Stock Exchange	TSE Prime
Capital Stock	2,798 JPY Million (FY2024/07)
Headcount	626 (FY2024/07 Consolidated)

(Source) SPEEDA

Financial Summary

(Unit: JPY Million)		FY2019/07 Non-con Actual	FY2020/07 Non-con Actual	FY2021/07 Non-con Actual	FY2022/07 Con Actual	FY2023/07 Con Actual	FY2024/07 Con Actual	FY2025/07 Con Company Estimates
I/S	Total Revenue	17,169	21,495	30,261	33,980	41,018	51,121	61,000
	EBITDA	275	-73	418	936	2,491	4,072	4,749
	EBITDA Margin	1.6%	-0.3%	1.4%	2.8%	6.1%	8.0%	7.8%
	Operating Profit	144	-244	221	462	1,765	2,523	3,200
	Operating Margin	0.8%	-1.1%	0.7%	1.4%	4.3%	4.9%	5.2%
	Ordinary Profit	130	-368	130	-167	1,168	2,041	2,700
	Ordinary Margin	0.8%	-1.7%	0.4%	-0.5%	2.8%	4.0%	4.4%
	Net Profit Attribute to parent company	70	-494	160	1,021	1,329	2,118	1,780
	Net Margin	0.4%	-2.3%	0.5%	3.0%	3.2%	4.1%	2.9%
BS	Total Assets	9,246	19,380	21,916	28,633	32,665	43,863	-
	Shldr' Eq.	6,810	6,802	7,997	9,312	13,909	15,678	-
	Shldr' Eq. Ratio	73.65%	35.10%	36.49%	32.52%	42.58%	35.74%	-
	Debt(IBD)	313	10,083	10,033	13,935	11,911	18,393	-
	D/E Ratio	0.05x	1.48x	1.25x	1.50x	0.86x	1.17x	-
	ROE	1.04%	-7.26%	2.16%	-	11.45%	14.32%	-
	ROA	0.78%	-3.45%	0.77%	-	4.34%	5.54%	-
C/F	Operating CF	12	-126	1,539	837	2,902	2,705	-
	Investing CF	-266	-284	-3,618	-2,808	297	-6,930	-
	Financing CF	-207	9,956	75	2,206	-2,238	5,671	-

(Source) SPEEDA

This report is for informational purposes only and is not intended as a solicitation or inducement to engage in investment activities, nor is it intended to provide opinions or judgments regarding investments or the other related matters.
This report was prepared at the request of the subject company, with information provided by the company through interviews, etc. However, the information, interpretation of data, credibility, hypotheses, conclusions, and all other content in this report is based on WARC's analysis, and the accuracy, safety, and validity of the information or opinions contained in this report are not guaranteed.
WARC assumes no responsibility for any costs or damages arising from the use of this report or information obtained from this report.
WARC does or may do business with companies covered in this report. Accordingly, investors should be aware that WARC may have conflicts of interest that could affect the objectivity of this report.
The content of this report is subject to change without notice.
WARC is under no obligation to update this report.
Investment decisions should be made at your own discretion.
All rights to this report are reserved by WARC. All rights reserved.

Copyright © WARC Inc. 2024 All rights reserved.

Disclaimer

- This report is for informational purposes only and is not intended as a solicitation or inducement to engage in investment activities, nor is it intended to provide opinions or judgments regarding investments or the other related matters.
- This report was prepared at the request of the subject company, with information provided by the company through interviews, etc. However, the information, interpretation of data, credibility, hypotheses, conclusions, and all other content in this report is based on WARC's analysis, and the accuracy, safety, and validity of the information or opinions contained in this report are not guaranteed.
- WARC assumes no responsibility for any costs or damages arising from the use of this report or information obtained from this report.
- WARC does or may do business with companies covered in this report. Accordingly, investors should be aware that WARC may have conflicts of interest that could affect the objectivity of this report.
- The content of this report is subject to change without notice.
- WARC is under no obligation to update this report.
- Investment decisions should be made at your own discretion.
- All rights to this report are reserved by WARC. All rights reserved.

Copyright © WARC Inc. 2024 All rights reserved.