



Financial Results for the 2nd Quarter of Fiscal Year Ending July 31, 2024

RAKSUL INC. (TSE PRIME: 4384)

March 13, 2024

1

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





Company Overview and Evolution of our Growth Drivers

- IR Site
<https://corp.raksul.com/en/ir/>
- Company Overview
https://corp.raksul.com/en/ir/new_investors/
- Integrated Report
<https://corp.raksul.com/en/ir/library/integratedreport/>

Our Vision

Better Systems, Better World

Themes we take on

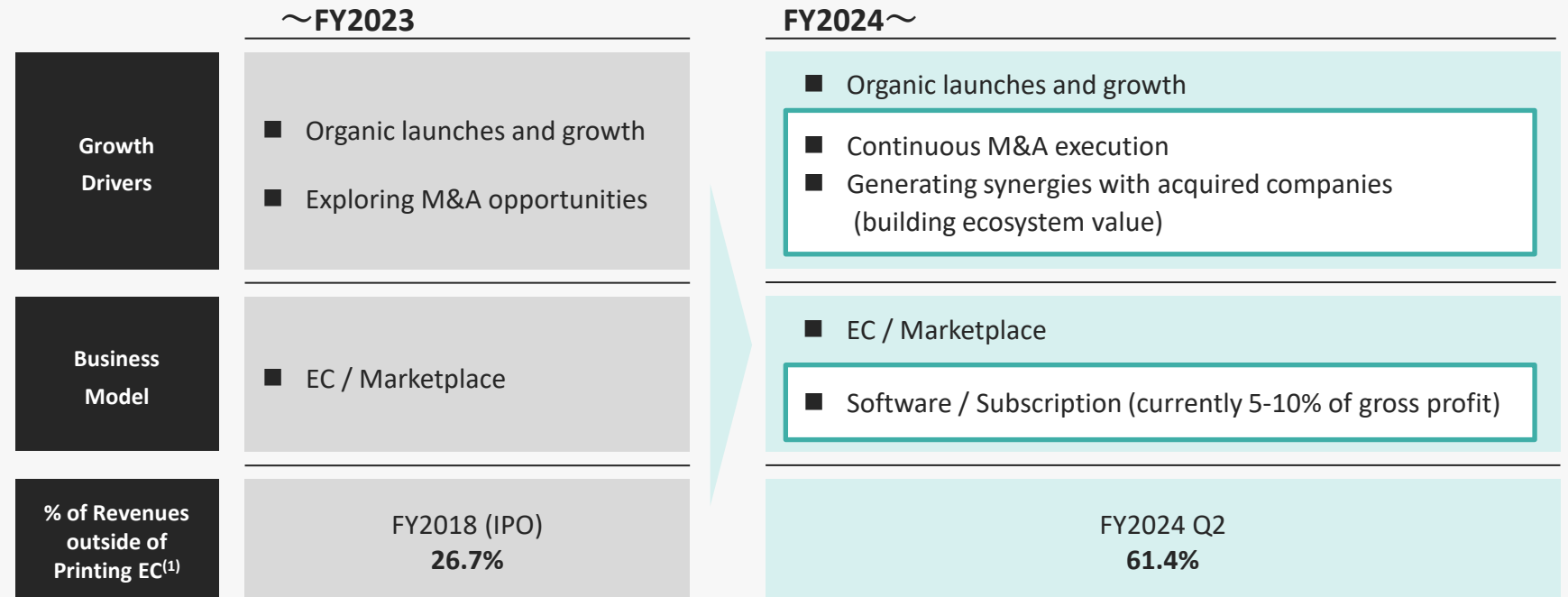
- Driving digital transformation of traditional B2B industries
- Revolutionizing clients' procurement with power of digital

Our Strengths

Large customer base (Approx. 2.5 million registered users), software development capabilities in Japan and Overseas
Talent and expertise to maximize impact in existing industries (business development, SCM, management)

Market Size

JPY 140Tn in Japan's indirect business costs total,
JPY 11Tn in businesses RAKSUL is already involved.
Of which JPY 500Bn currently transacted online



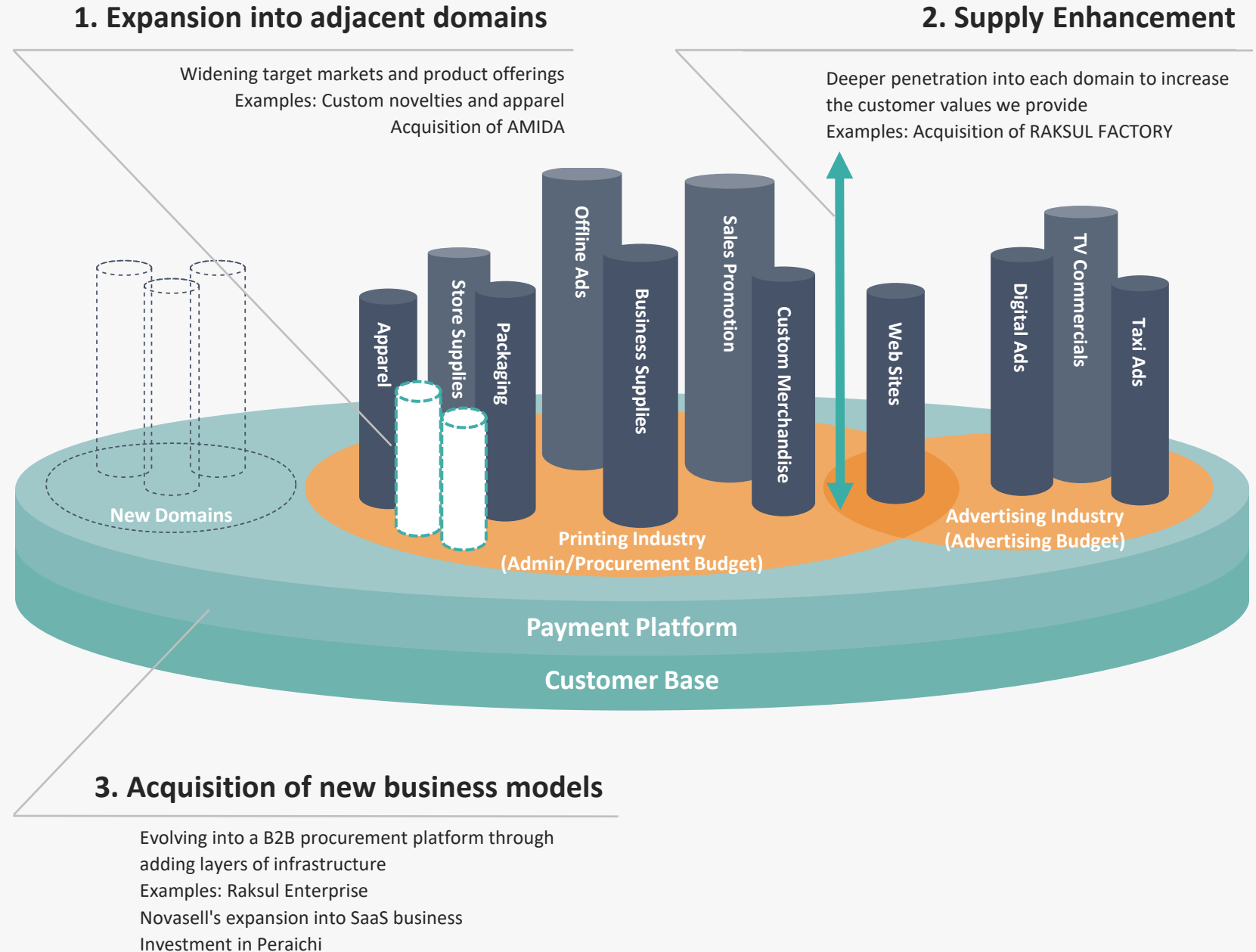
Notes

(1) Printing & Solution domain



Medium-term direction of our expansion

- Expanded from our original online printing business to a wide range of products and evolved into a platform that provides custom products and services needed in offices, stores, e-commerce, and all forms of businesses
- Going forward, RAKSUL will expand organically and through M&A in 3 key directions shown in the diagram on the right






Quarterly Financial Summary

Company Wide

Revenue +25.5% YoY, Gross Profit +40.2%, EBITDA (non-GAAP)⁽¹⁾ JPY 1,238MM, Operating Profit(non-GAAP⁽²⁾) JPY 1,096MM, Net Income(non-GAAP⁽²⁾) JPY 891MM


- EBITDA of JPY 1,238MM (YoY +40.3%), record high continuing from 1Q, driven by contribution from new consolidations on top of organic growth



Raksul

Raksul Business Segment (“Raksul”): Revenue +25.2% YoY, Gross Profit +35.7% YoY

- AMIDA became a consolidated subsidiary in 2Q and started to contribute to the business performance
- Gross margin reached a record high of 30.8%, partly due to AMIDA’s structurally high gross margin



Novasell

Novasell Business Segment (“Novasell”): Revenue +1.4% YoY, Gross Profit +19.0% YoY

- Agency business recovered, and together with solid SaaS business, secured YoY revenue and profit growth
- Given the current order situation, a record high gross profit is expected in 3Q

Corporate Actions

For continuous, accretive M&A and optimal capital efficiency

Revision of FY2024 Financial Forecast (page 7) and Renewing Medium-Term Financial Policy (page 9)

- Revised the full-year forecast upwards based on the current business situation
- Announcing new medium-term guidance, targeting JPY 30Bn in gross profit / JPY 10Bn in EBITDA by FY2027

Share Buyback (page 11)

- Announced a JPY 700MM share buyback, considering the current share price and the state of the balance sheet

Financing Package (page 26)

- Financed JPY 6.7Bn through bank loans and bonds, and secured a maximum of JPY 20Bn in credit lines
- In addition to securing working capital to support mid- to long-term organic growth, the purpose of the financing was to realize domain expansion through continuous M&A, and to achieve optimal capital efficiency

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



Realization of Quality Growth

- Our gross profit is similar in nature to net revenue of general software companies
- Continued gross profit growth and improved EBITDA margin while scaling the business



Gross Profit Growth (Excl. Hacobell)

FY2020	FY2021	FY2022	FY2023	FY2024 2Q Cumulative Total
+24.6%	+42.1%	+40.5%	+31.7%	+34.5%

EBITDA Margin vs Gross Profit

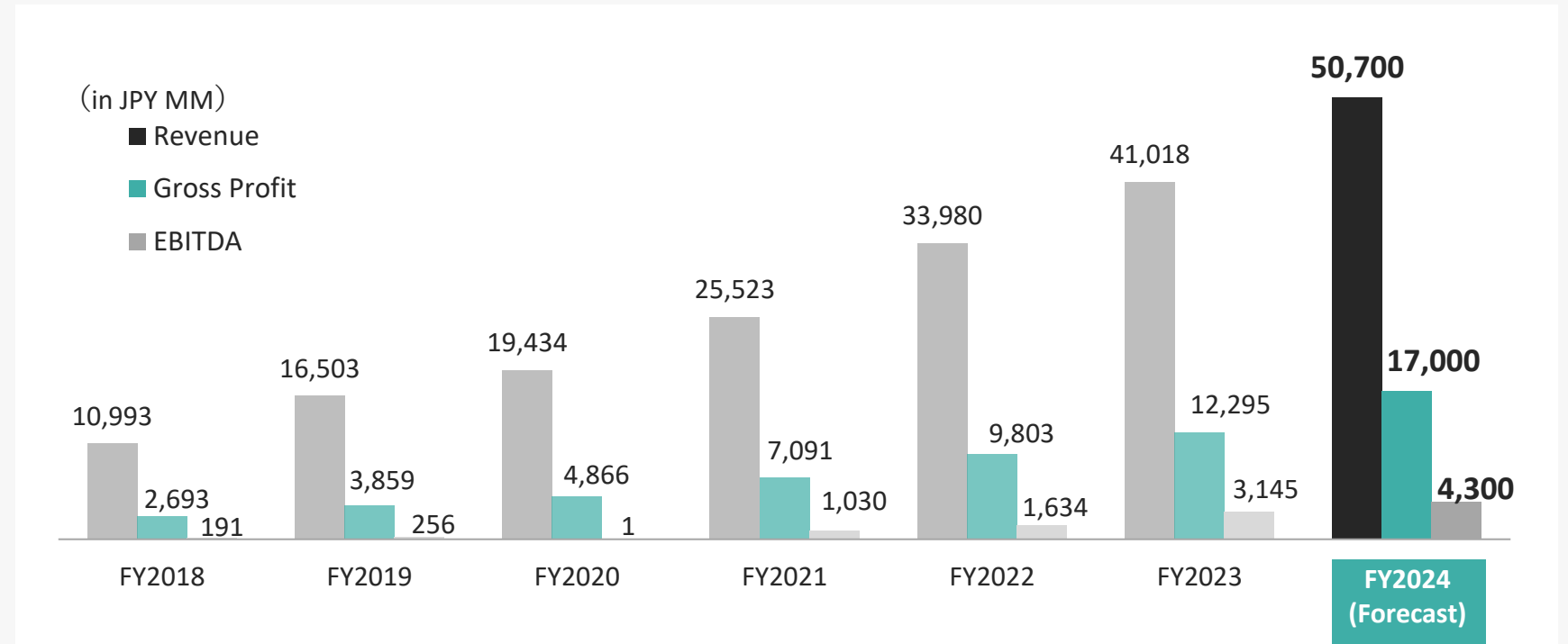
FY2020	FY2021	FY2022	FY2023	FY2024 2Q Cumulative Total
0.0%	14.5%	16.7%	25.6%	27.5%

FY2024

Revision of Consolidated Financial Forecast

- Second upward revision in this fiscal year considering the current business progress and business situations
- Organic growth in each business is also progressing at a pace to meet the initial guidance
- Earnings guidance includes some strategic investment costs in the second half of the year

Company-wide performance since listing⁽¹⁾



Financial Figures / Performance Indicators(Forecast for FY2024)

Revenue (in JPY MM)	50,700	(YoY+23.6%)	Net Income (non-GAAP/in JPY MM)	3,490	(YoY+38.6%)
Gross Profit (in JPY MM)	17,000	(YoY+38.3%)	EPS⁽²⁾ (in JPY)	59.4	(YoY+37.9%)
EBITDA (in JPY MM)	4,300	(YoY+36.7%)			
Operating Profit (non-GAAP/in JPY MM)	3,690	(YoY+26.7%)			

Notes

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

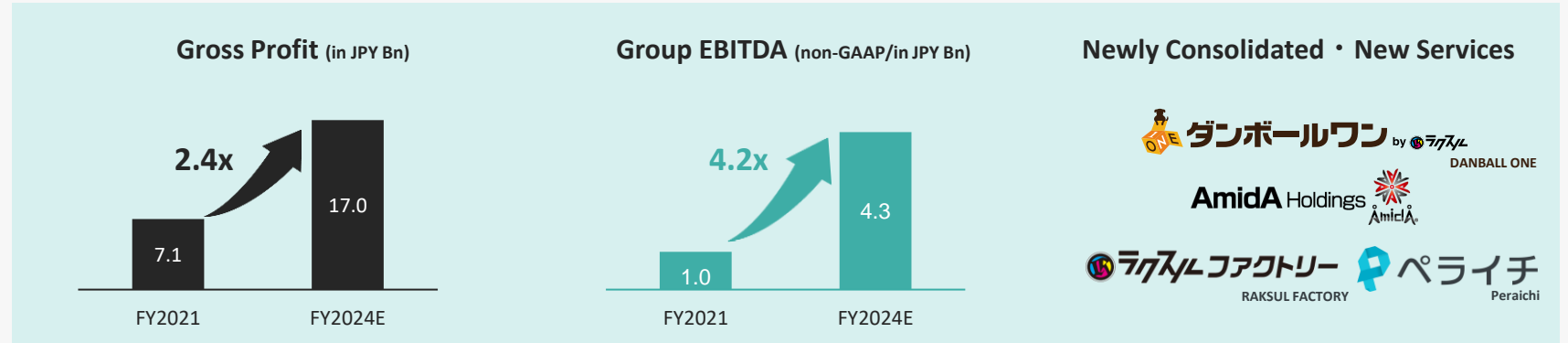
(2) Calculated based on the number of shares outstanding at the time of 2Q (58,756,910 shares) and the end of the previous fiscal year (58,476,092 shares).



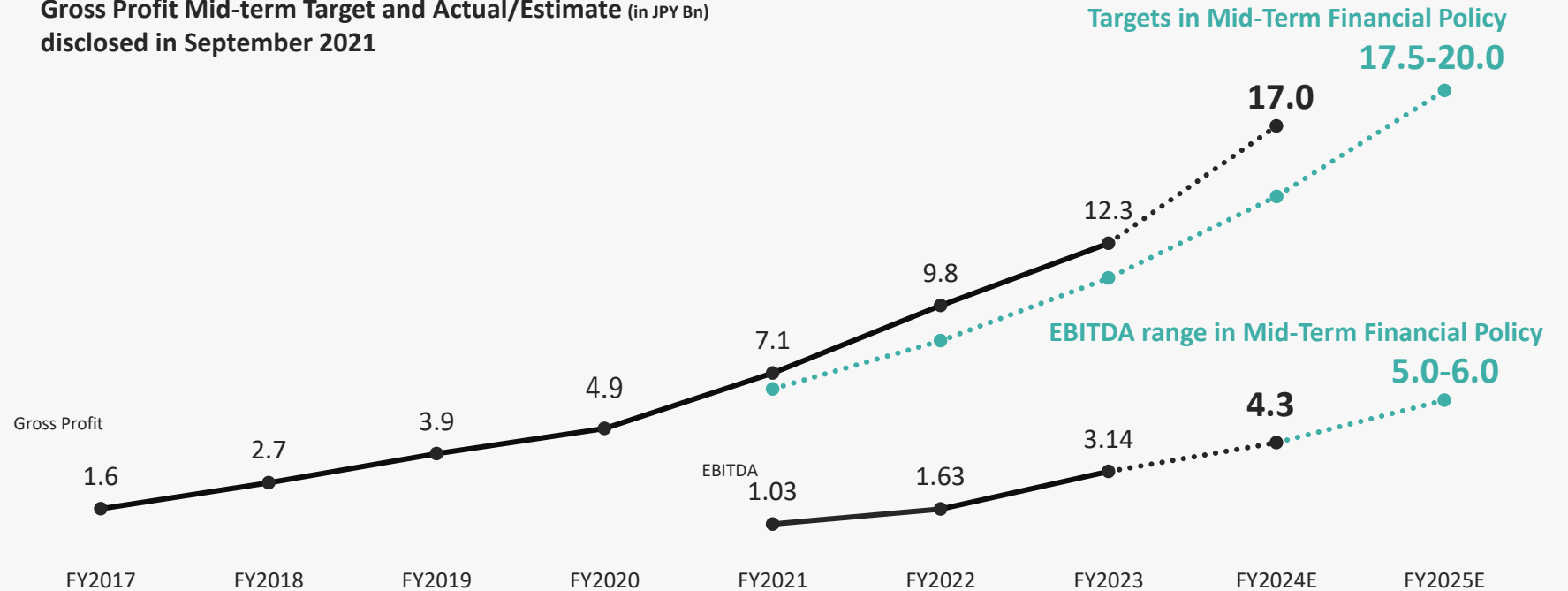
Confidence in reaching our current medium-term target

- Announced in 2021, our current medium-term financial targets of JPY 17.5-20.0Bn in gross profit and JPY 5.0-6.0Bn in EBITDA for FY2025 is within reach

Growth highlights from FY2021



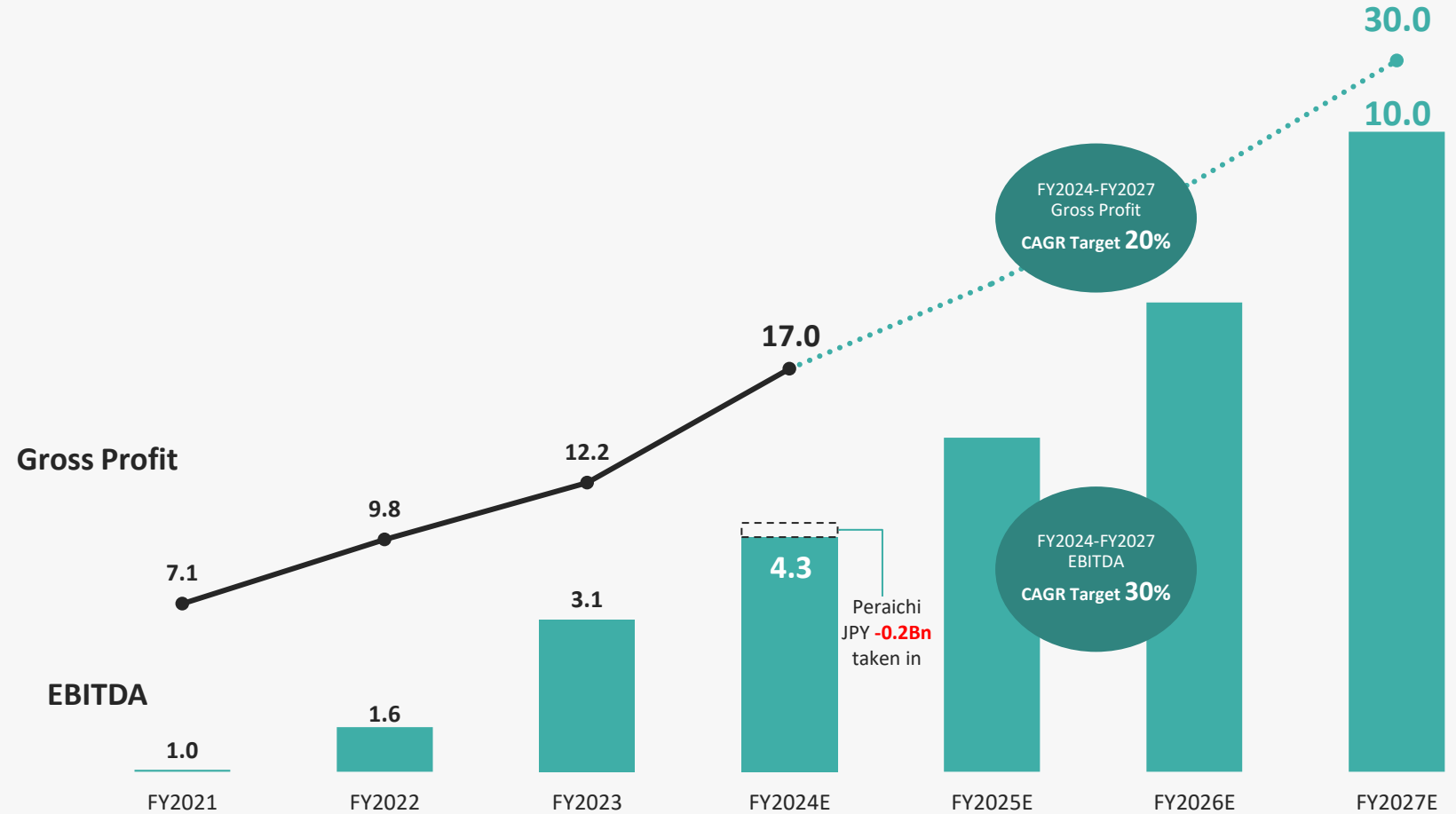
Gross Profit Mid-term Target and Actual/Estimate (in JPY Bn) disclosed in September 2021



New Medium Term Financial Policy

- Medium-term growth targets will be re-established as the previous targets are certain to be met
- Target through FY2027 will be 20% gross profit and 30% EBITDA annual average growth, aiming for gross profit of JPY 30Bn and EBITDA of JPY 10Bn in FY2027
- Drivers to achieve the targets will be the continued organic growth of Raksul/Novasell businesses, continuous M&A, and synergy generation with acquired businesses
- Quality Growth (policy of business expansion with profit/CF) continues

(in JPY Bn)



Buy & Build

Building value after M&A

- In M&A we value and prioritize unlocking synergy through creating new value for customers and rationalizing overlapping functions and will be a priority in searching for future acquisitions
- With DANBALL ONE (consolidated from Jan 2022), we have already achieved strong profit growth through cross selling and cost synergies
- With AMIDA (consolidated from Nov 2023), we are at early phase of post-merger integration with lessons learned from DANBALL ONE PMI



Invested in November 2020, Consolidation from Jan 2022



Consolidation from Nov 2023

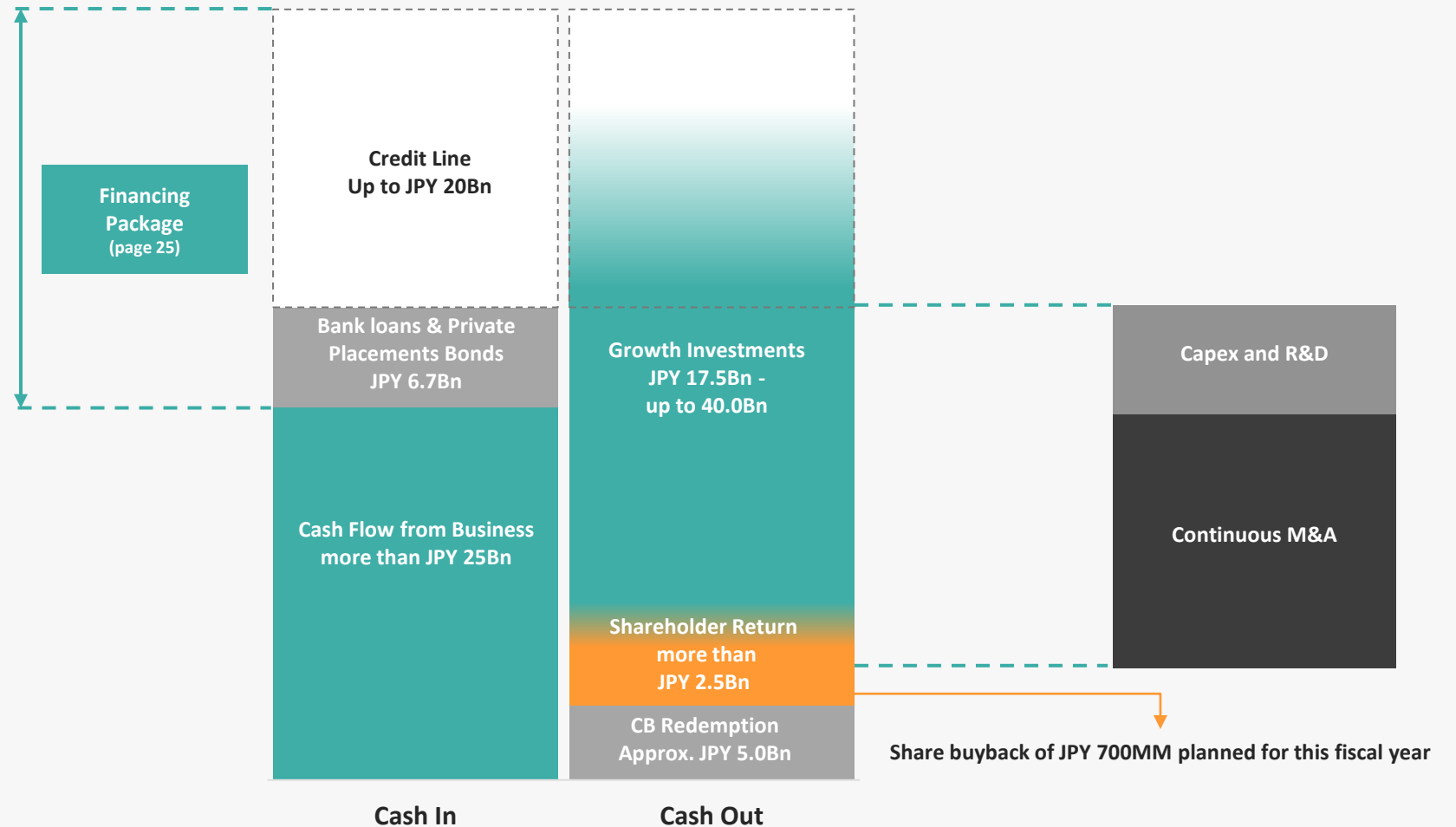
	Planned items at this time	
Revenue Synergy Measures	<ul style="list-style-type: none"> • Promoting cross selling on Raksul and DANBALL ONE customers (Active) • Developing new product lines (Active) 	<ul style="list-style-type: none"> • Promoting cross selling on RAKSUL and AMIDA customers
Cost Synergy Measures	<ul style="list-style-type: none"> • Integrating corporate functions (Completed) • Streamlining marketing (Active) • Sharing payment platform (Planned) • Sharing logistics and procurement (Planned) 	<ul style="list-style-type: none"> • Integrating corporate functions • Streamlining marketing • Sharing payment platform • Sharing procurement
EBITDA Improvement	<p>EBITDA growth between FY2020 to FY2023</p> <p style="font-size: 24pt; font-weight: bold;">Approx. JPY 520MM</p> <p>With sizeable potential for synergy remaining</p>	<p>EBITDA improvement from synergy alone expected in next 3 years</p> <p style="font-size: 24pt; font-weight: bold;">More than JPY 100MM</p>



Medium-term Capital Allocation

- Many attractive investment opportunities exist around RAKSUL. Main use of cash will be investing in our business and M&A to solidify our growth and competitiveness
- As we generate sustainably growing cash flow, we intend to return minimum 10% of the cash generated through our business (minimum JPY 2.5Bn) to shareholders over the next five years, mainly through share buybacks. The actual rate of return and timing will depend on the stock price and the pace of M&A opportunities
- We will buy back shares when we believe the share price level is low relative to the intrinsic value and growth of RAKSUL, effectively limiting the dilutive effect of future stock-based compensation

Capital Allocation Cumulative Total for FY2024/7 - FY2028/7



Maximum repayment if the loans are not renewed is approximately JPY 14Bn over the next five years

2

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





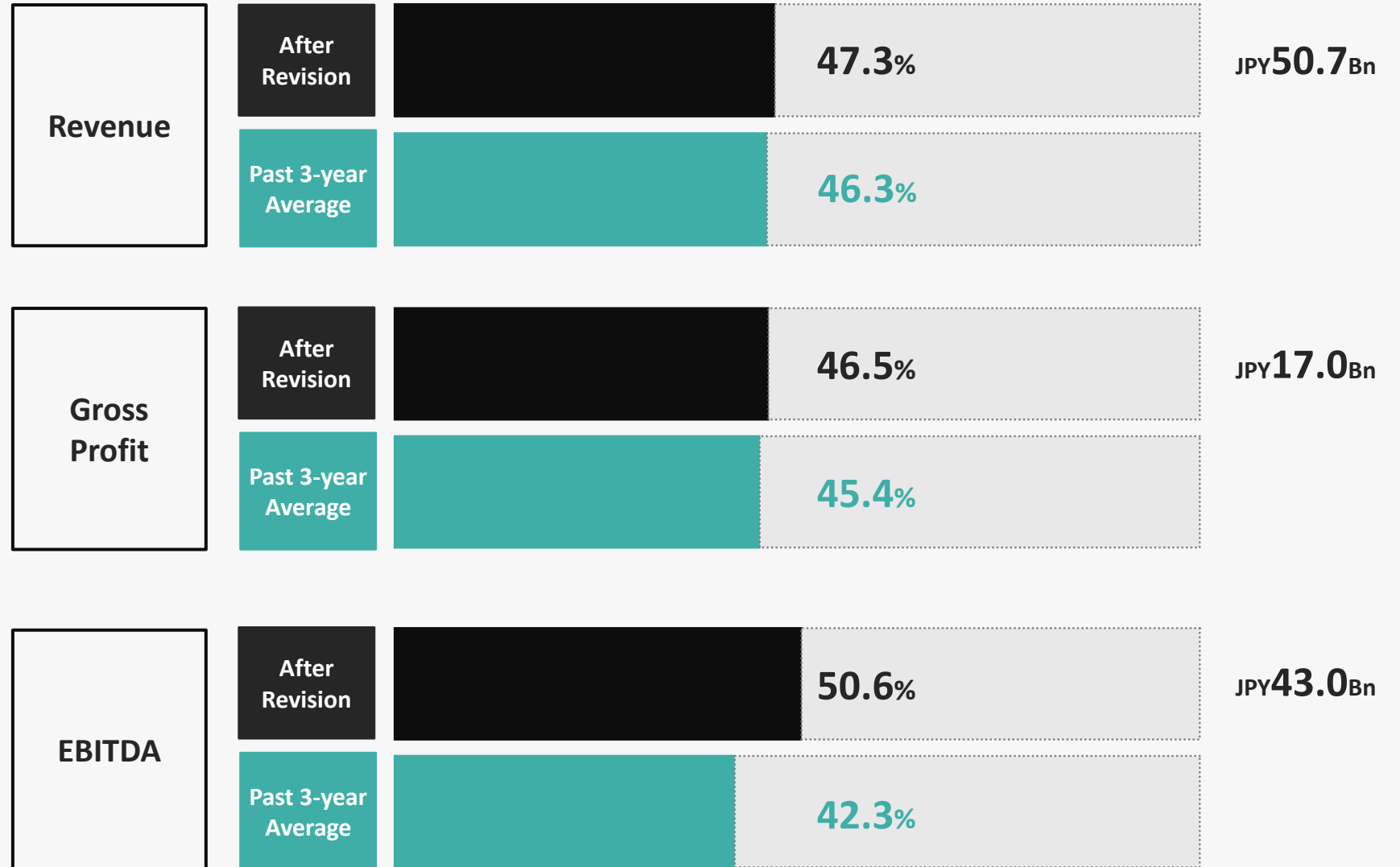
Quarterly Financial Highlights and 3Q Forecast

- Steady growth in revenue, gross profit, EBITDA, and other income categories
- Growth accelerated with the consolidation of AMIDA from 2Q
- Quarterly EBITDA exceeded JPY 1Bn for the first time while maintaining sustainable revenue growth
- Business environment expected to be largely unchanged in 3Q

(in JPY MM)	FY2024 2Q (2023/11 - 2024/1)			FY2024 2Q Cumulative Total (2023/8 - 2024/1)			FY2024 3Q Forecast
	Actual	FY2023 2Q Actual	YoY	Actual	FY2023 2Q Cumulative Total	YoY	Forecast as of Mar 13
Revenue	12,762	10,172	+25.5%	23,990	19,510	+23.0%	+25-28%
Raksul	11,666	9,316	+25.2%	22,118	17,857	+23.9%	
Novasell	713	703	+1.4%	1,073	1,347	-20.3%	
Gross Profit	4,252	3,032	+40.2%	7,911	5,880	+34.5%	+41-44%
Raksul	3,591	2,646	+35.7%	6,702	5,087	+31.8%	
Novasell	414	348	+19.0%	676	716	-5.5%	
Gross Margin	33.3%	29.8%	+3.5pt	33.0%	30.1%	+2.8pt	
EBITDA	1,238	882	+40.3%	2,177	1,636	+33.1%	1,150-1,250
Operating Profit (non-GAAP)	1,096	825	+32.9%	1,921	1,521	+26.3%	
Net Income (non-GAAP)	891	613	+45.4%	2,417	1,918	+26.0%	
EPS (non-GAAP)	JPY 15.1	JPY 10.5	JPY +4.6	JPY 41.1	JPY 32.8	JPY +8.2	

Progress against
Full-Year Forecast

Forecast



Revenue by Business

Segment

- Revenues continue to grow quarter over quarter
- Raksul segment revenue is broken down into the following 3 categories from 2Q

Printing & Solutions

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

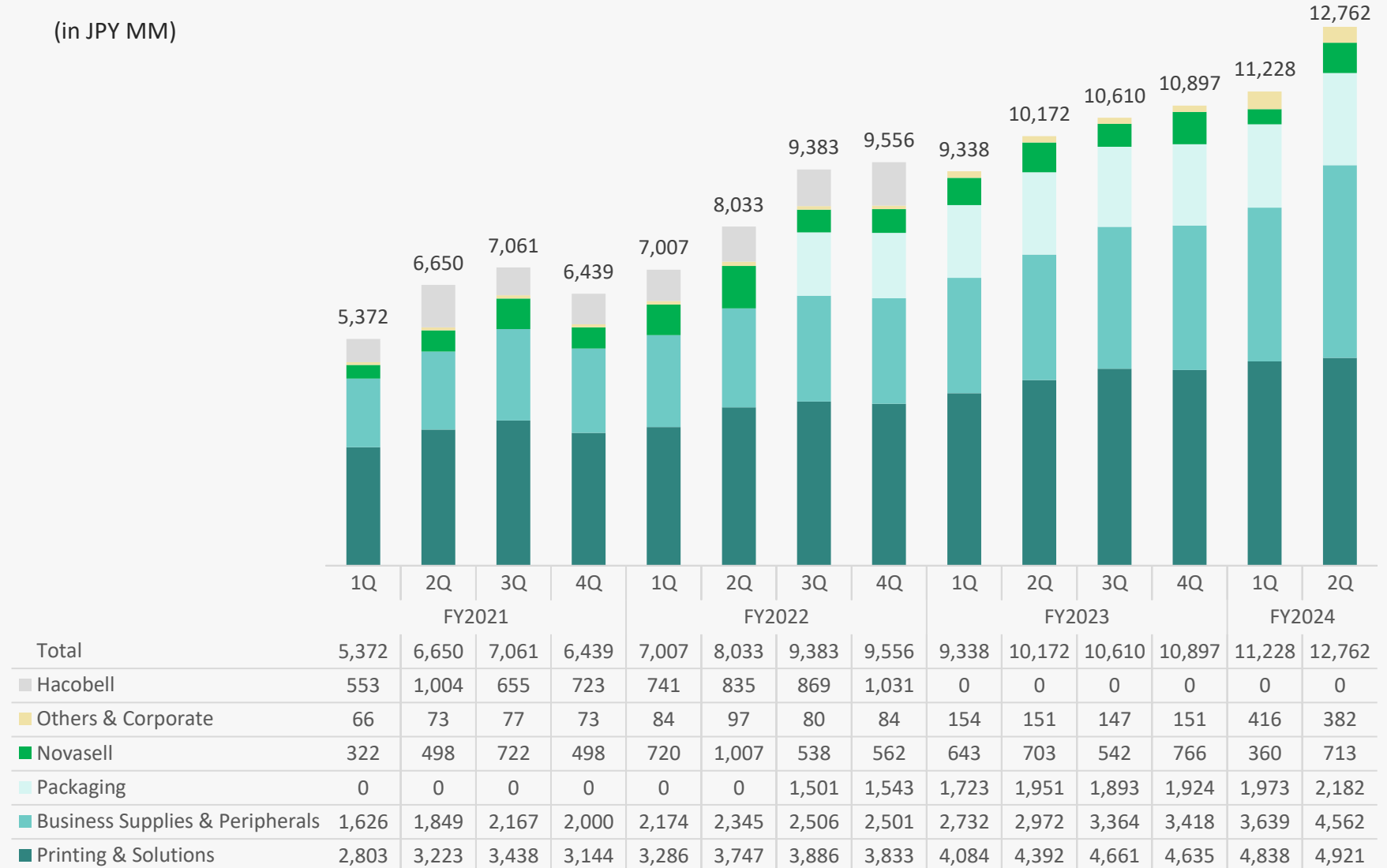
Business Supplies & Peripherals

Customized items used by customers in offices and stores, as well as other services

Packaging

Cardboard, paper bags, and other types of packaging

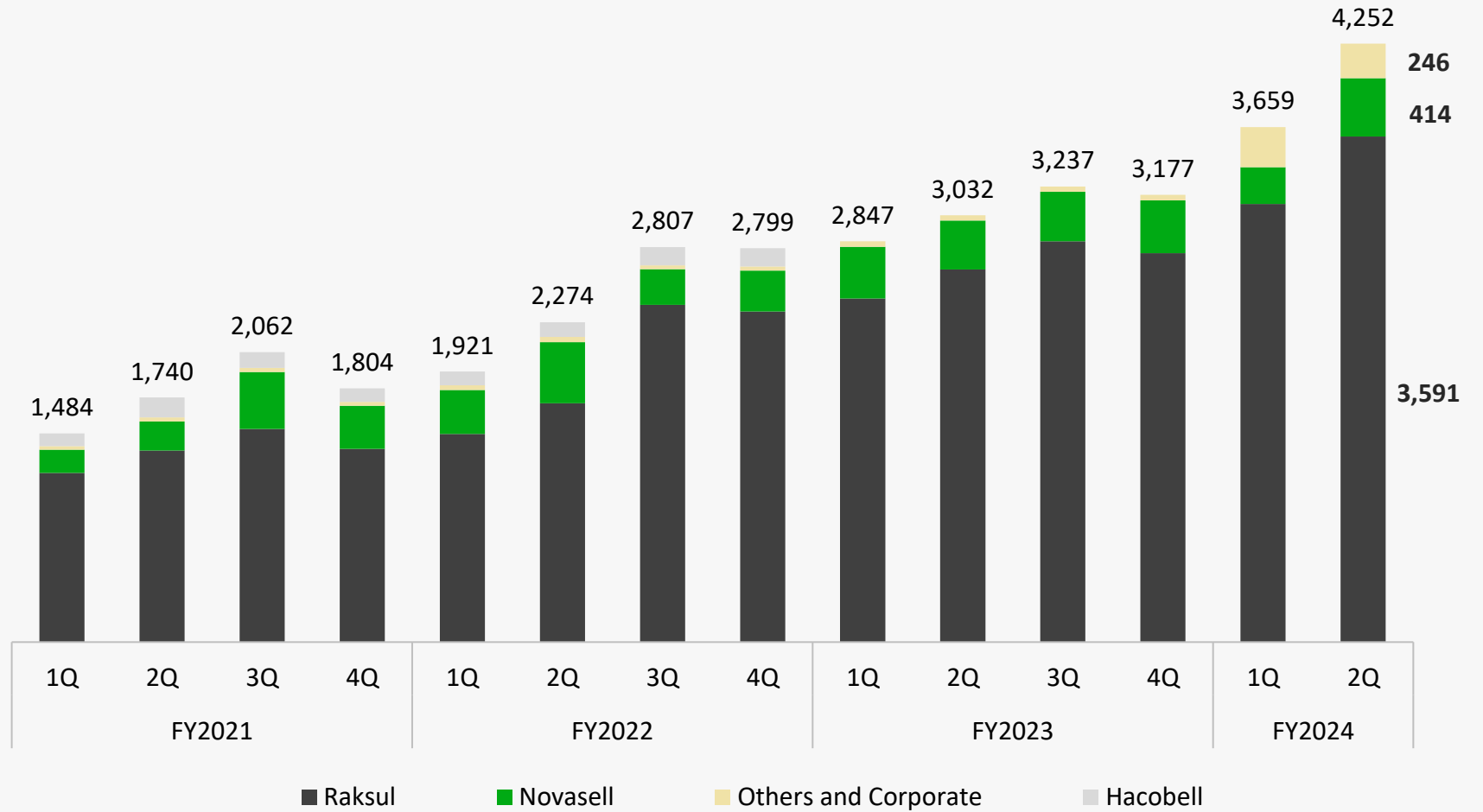
(in JPY MM)



Gross Profit

- Gross profit continues its growth trend driven by revenue growth and stable gross margin
- Expected range of gross margin over the medium term, both revised upwards
 - Raksul Business : 30 - 33%
 - Novasell Business : 50 - 60%

(in JPY MM)

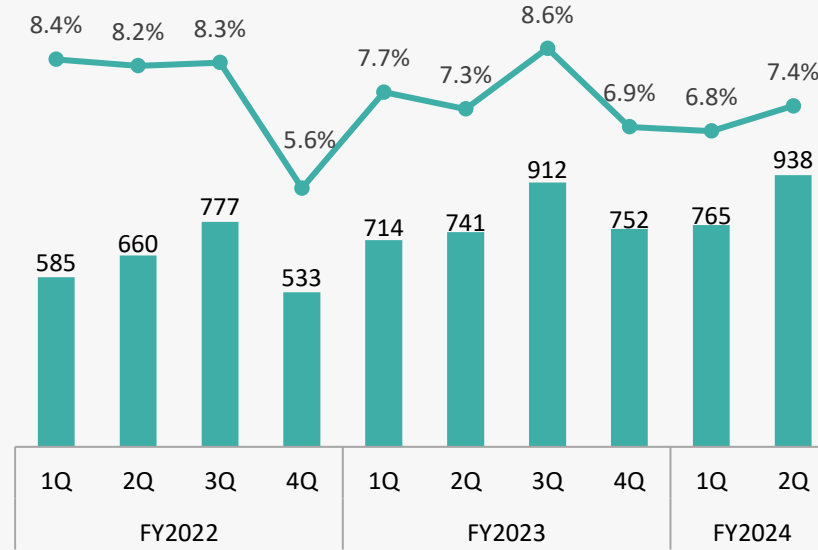


SG&A Spend (1)

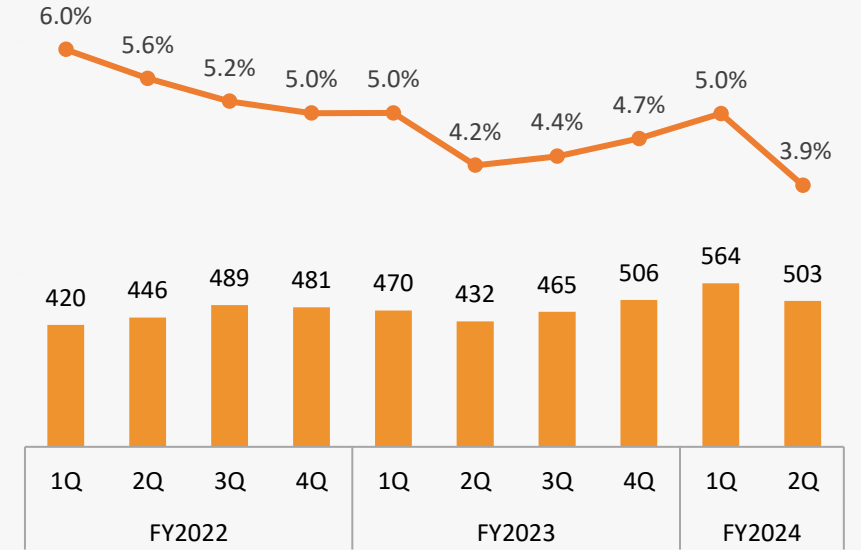
- Continued investment in growth, mainly in advertising and technology development
- In 2Q, the ratio of advertising expenses to revenue and the amount of other SG&A expenses increased due to the consolidation of AMIDA

(in JPY MM)

Ratio of Advertising Expenses to Revenue



Ratio Tech & Development Investments to Revenue



	FY2022				FY2023				FY2024	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
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
Sales & Marketing	622	695	826	577	736	750	923	811	809	976
Tech & Development	420	446	489	481	470	432	465	506	564	503
Depreciation	32	33	42	42	36	36	37	38	44	55
Others	799	858	950	1,078	908	987	1,010	1,230	1,414	1,620

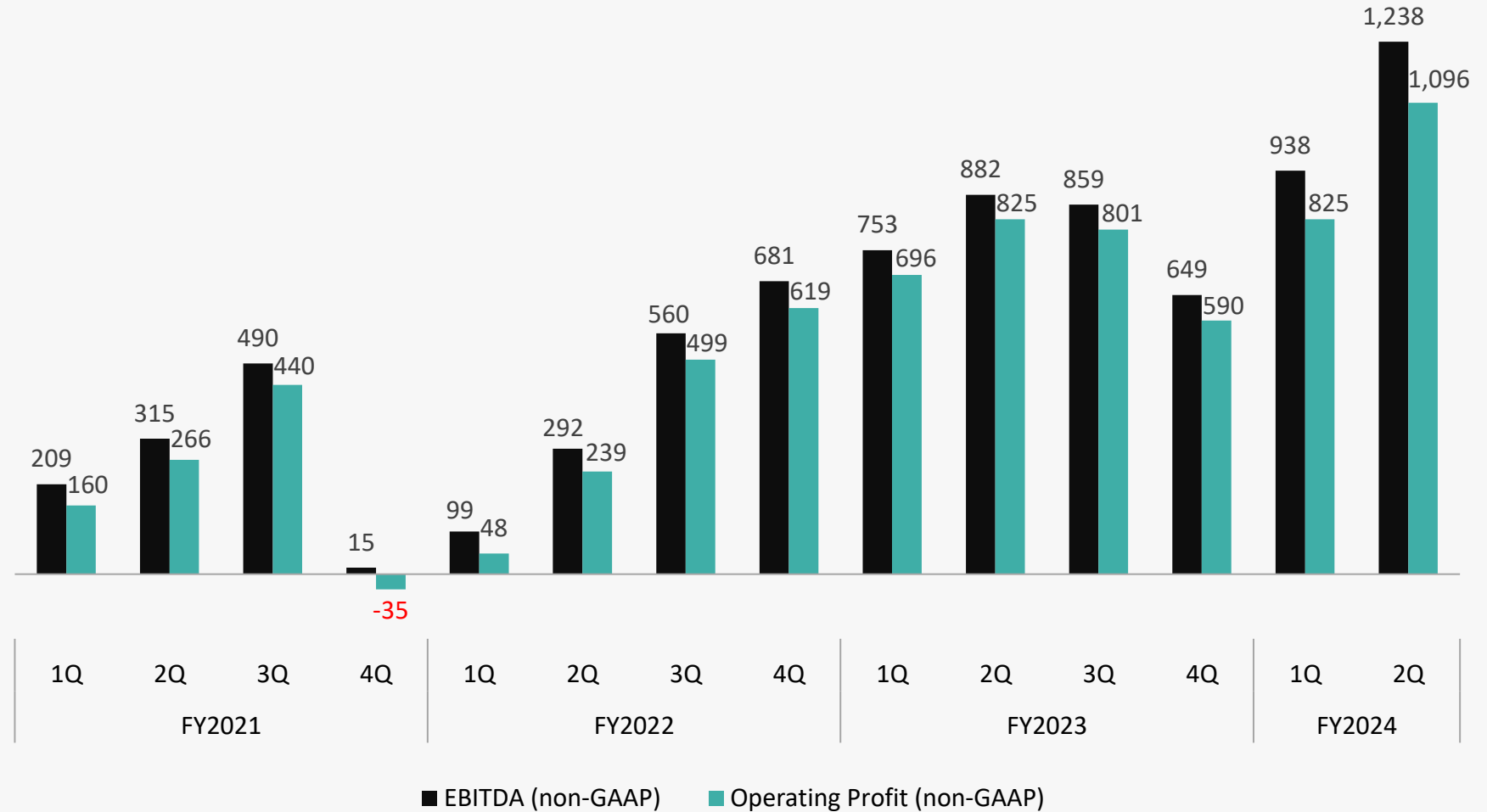
Notes

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

EBITDA and Operating Profit

- Quarterly EBITDA exceeded JPY 1Bn for the first time and landed at a record high following Q1
- Non-GAAP operating profits trending similarly with record profits in Q2
- Non-GAAP adjustments include stock-based compensation expense and amortization of goodwill on operating profit level

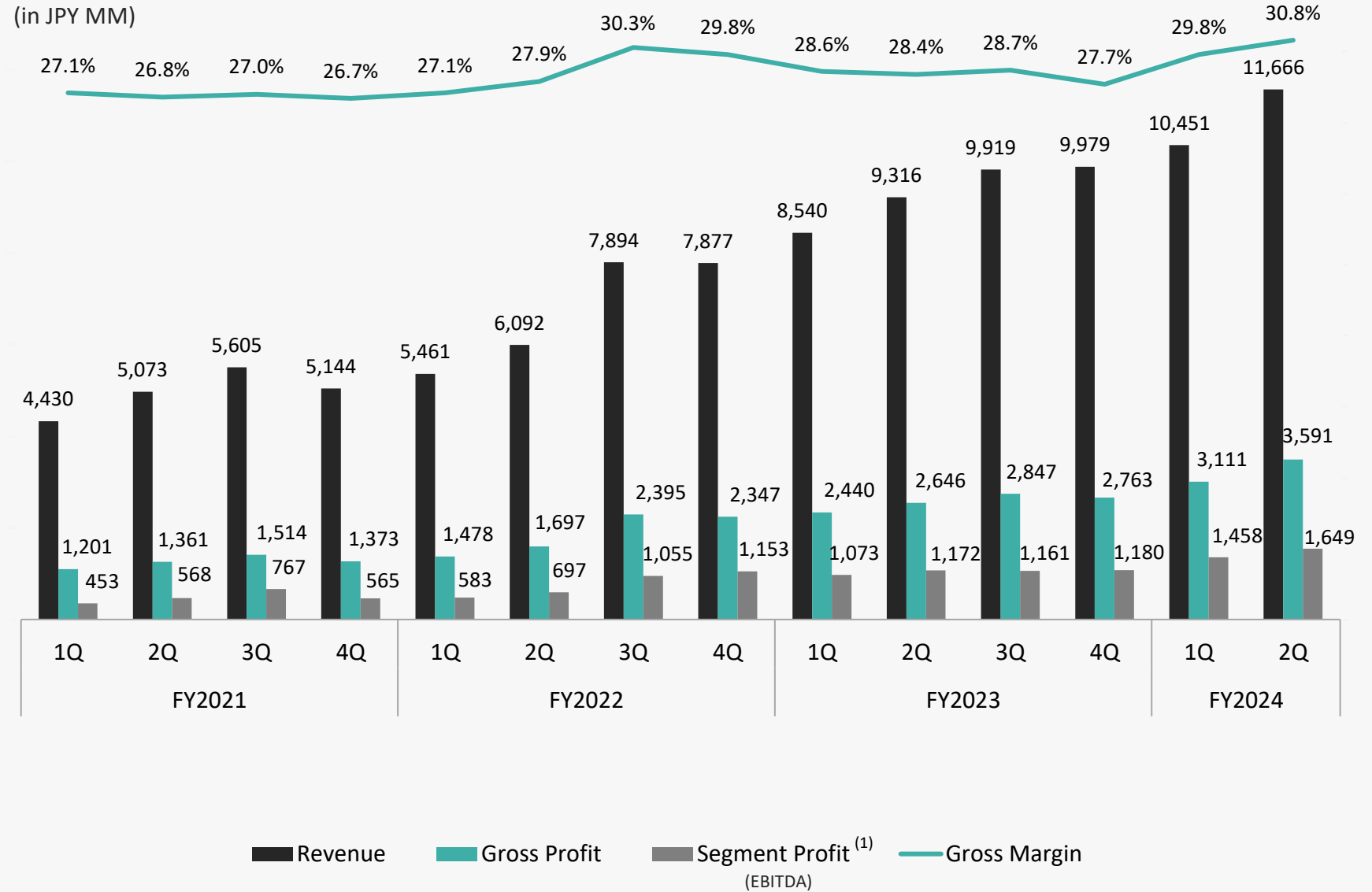
(in JPY MM)





Raksul Business Performance

- Gross margin rose to 30.8% due to contributions from AMIDA
- Gross profit of Raksul business, excluding the new consolidation, grew by 20% YoY

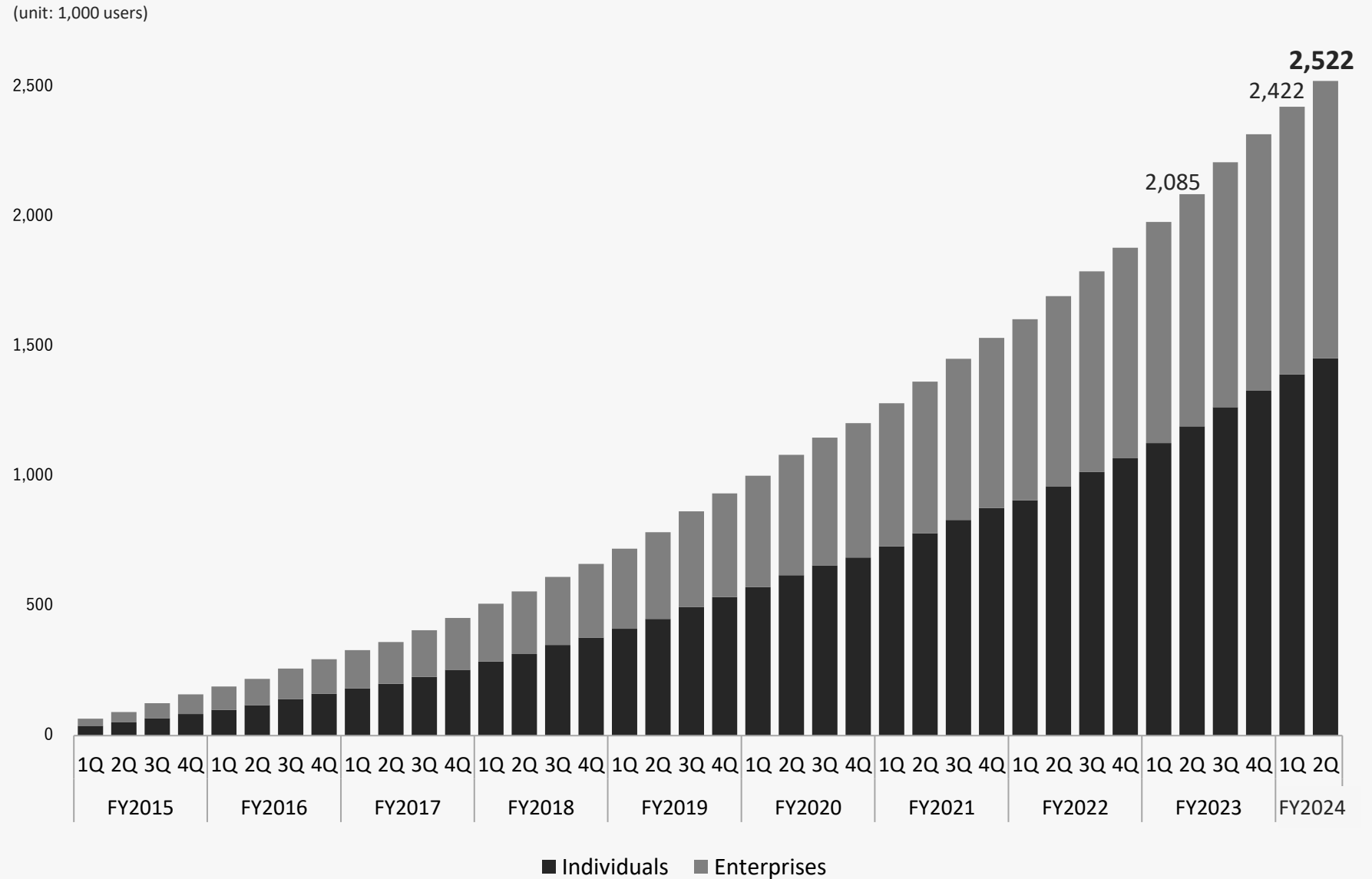


Notes
 (1) SG&A expenses include internal transactions



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

- Our customer base continues to grow
- The number of total users for 2Q was 2,522,497



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



Raksul Business KPI Trends

- Gross profit grew 35.7% YoY; 20% growth excluding AMIDA consolidation
- 1. Customer ARPU has returned to a normal growth pace due to an increase in the number of purchases and unit price
- 2. Growth in the number of purchasers slowed due to controlled marketing investment, particularly in the business card category, as well as the slowdown in the growth of the cardboard etc.
- No meaningful change in growth drivers or competitive environment, and we expect purchaser growth within the previous range

	FY2021				FY2022				FY2023				FY2024	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Raksul Business Gross Profit (in JPY MM)	1,201	1,361	1,514	1,373	1,478	1,697	2,395	2,347	2,440	2,646	2,847	2,763	3,111	3,591
YoY	+21.0%	+29.4%	+52.1%	+24.5%	+23.0%	+24.6%	+58.2%	+70.9%	+65.1%	+55.9%	+18.9%	+17.7%	+27.5%	+35.7%
a. Number of Annual Purchasers YoY	-1.0%	+4.4%	+26.1%	+46.4%	+25.6%	+27.7%	+21.0%	+27.1%	+32.7%	+24.1%	+28.7%	+24.8%	+17.9%	+11.4%
b. Average Number of Orders YoY	+1.5%	+0.7%	+8.2%	+2.5%	+2.7%	+1.1%	-2.1%	-0.1%	-1.8%	-0.7%	-0.1%	+0.3%	+0.6%	+0.9%
c. Average Revenue per Order YoY	+9.9%	+10.7%	+2.1%	-11.5%	-4.5%	-7.0%	-3.7%	-3.0%	-4.2%	-1.9%	-2.3%	+1.1%	+3.1%	+3.0%
d. Gross Margin YoY	+9.7%	+11.2%	+9.2%	-6.3%	-0.2%	+3.8%	+12.0%	+10.3%	+4.7%	+0.6%	-5.4%	-7.1%	+4.2%	+3.7%
+														
e. Contribution of New Consolidations to Gross Profit							30.4%	35.1%	34.4%	34.3%				15.7%

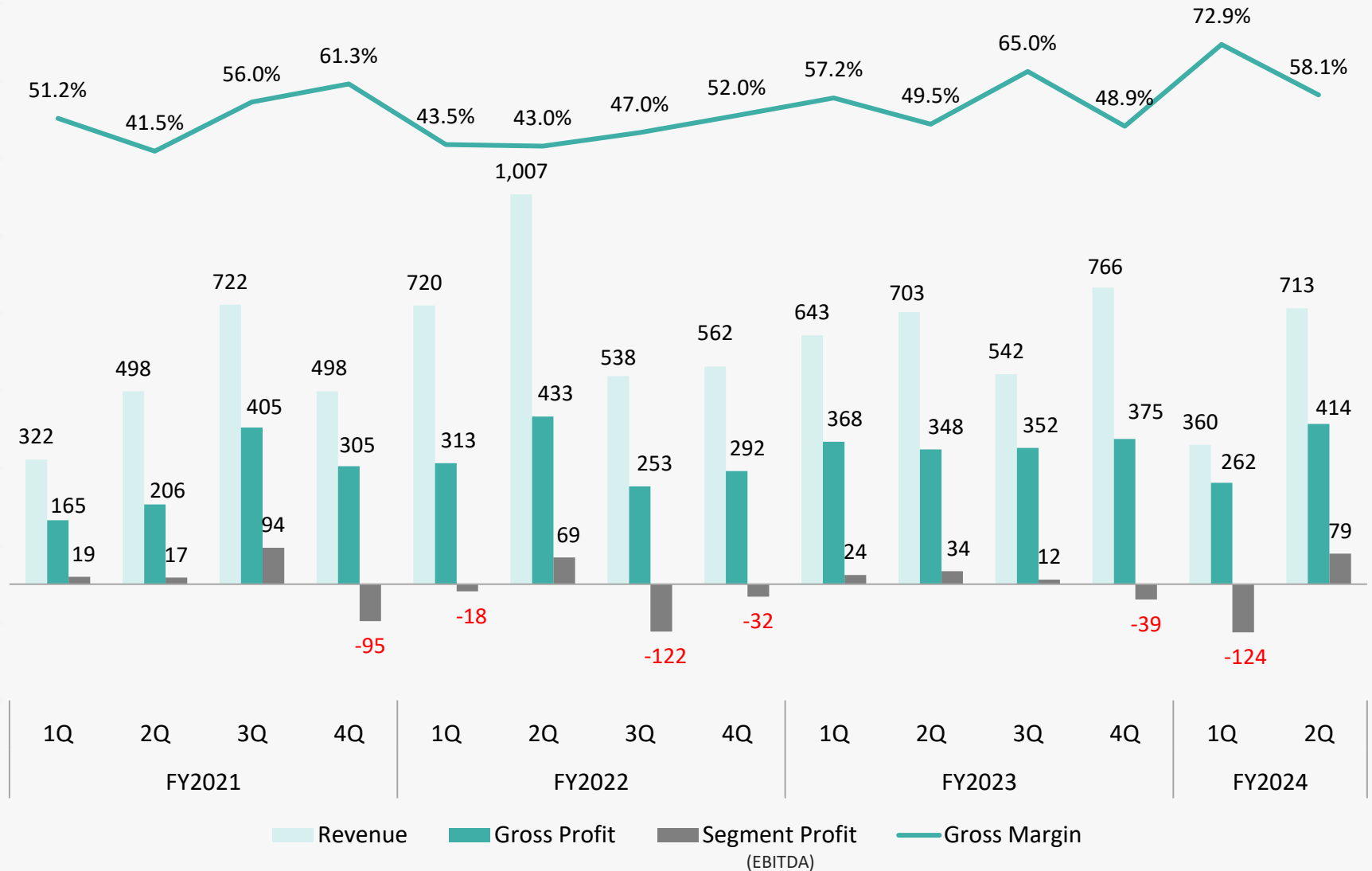




Novasell Business Performance (1)

- Business returns to positive growth in YoY due to recovery in the agency business and a solid SaaS business
- Gross profit is expected to reach a record high in 3Q due to the current order situation, and the segment is expected to be profitable for the full year
- SaaS quarterly revenue increased to JPY 121MM (YoY +55.2%)
- By applying the new revenue recognition standards, revenue is netted for broadcasting services, and gross revenue is recognized for production and SaaS services

(in JPY MM)



Gross Revenue

872	1,248	2,613	1,983	1,727	2,641	1,614	1,493	1,680	1,819	1,847	2,023	1,157	1,997
-----	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

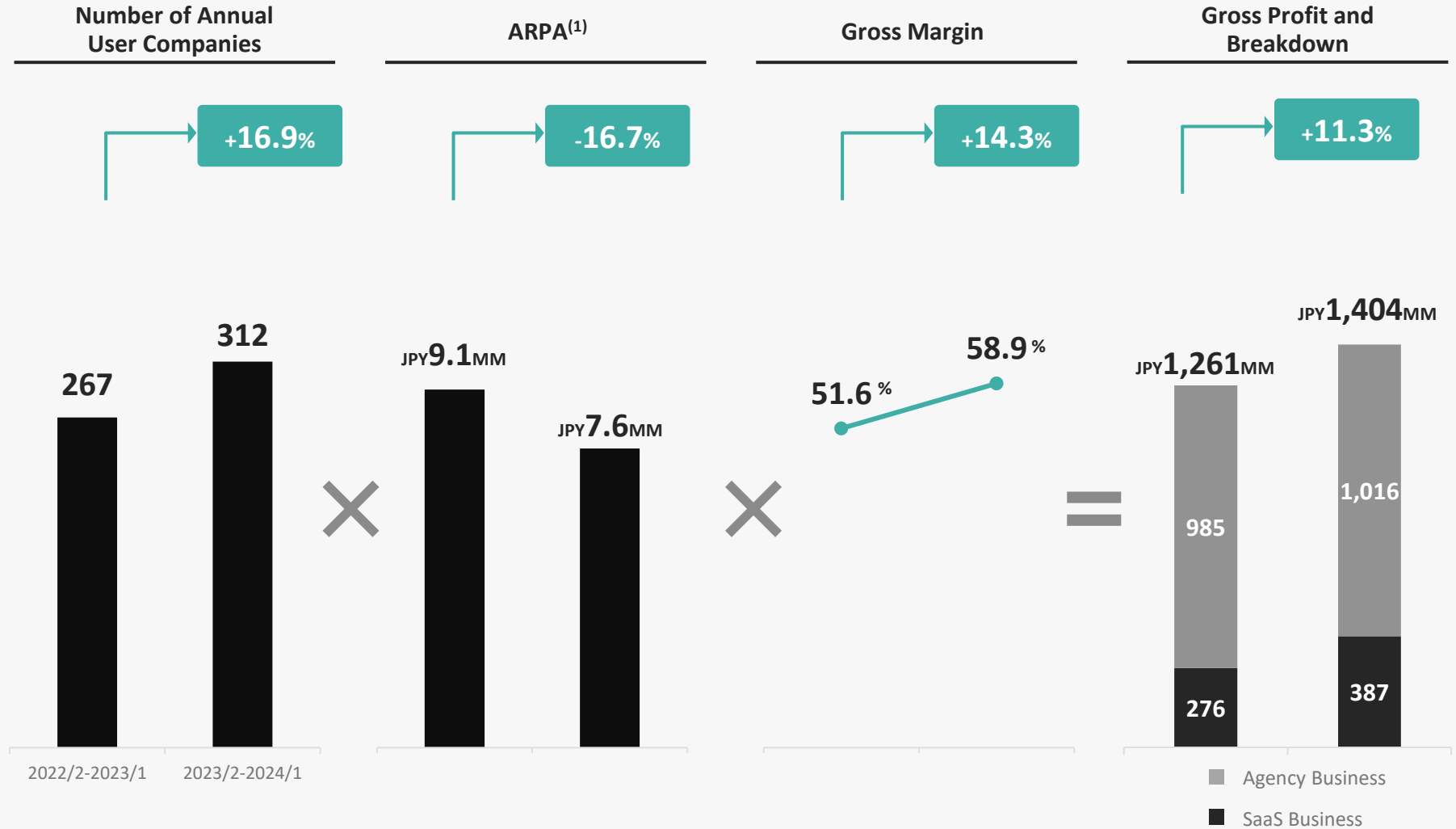
Notes

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

Novasell Business

KPI Trends

- ARPA declined due to strong SaaS business. In the meantime, unit price is rising in SaaS business (+16.8% YoY)
- Total number of SaaS users for 2023/2-2024/1 was 200 companies (+22.7% YoY). More than 95% of them are using paid services, and the number of companies using paid services increased +35.7% YoY



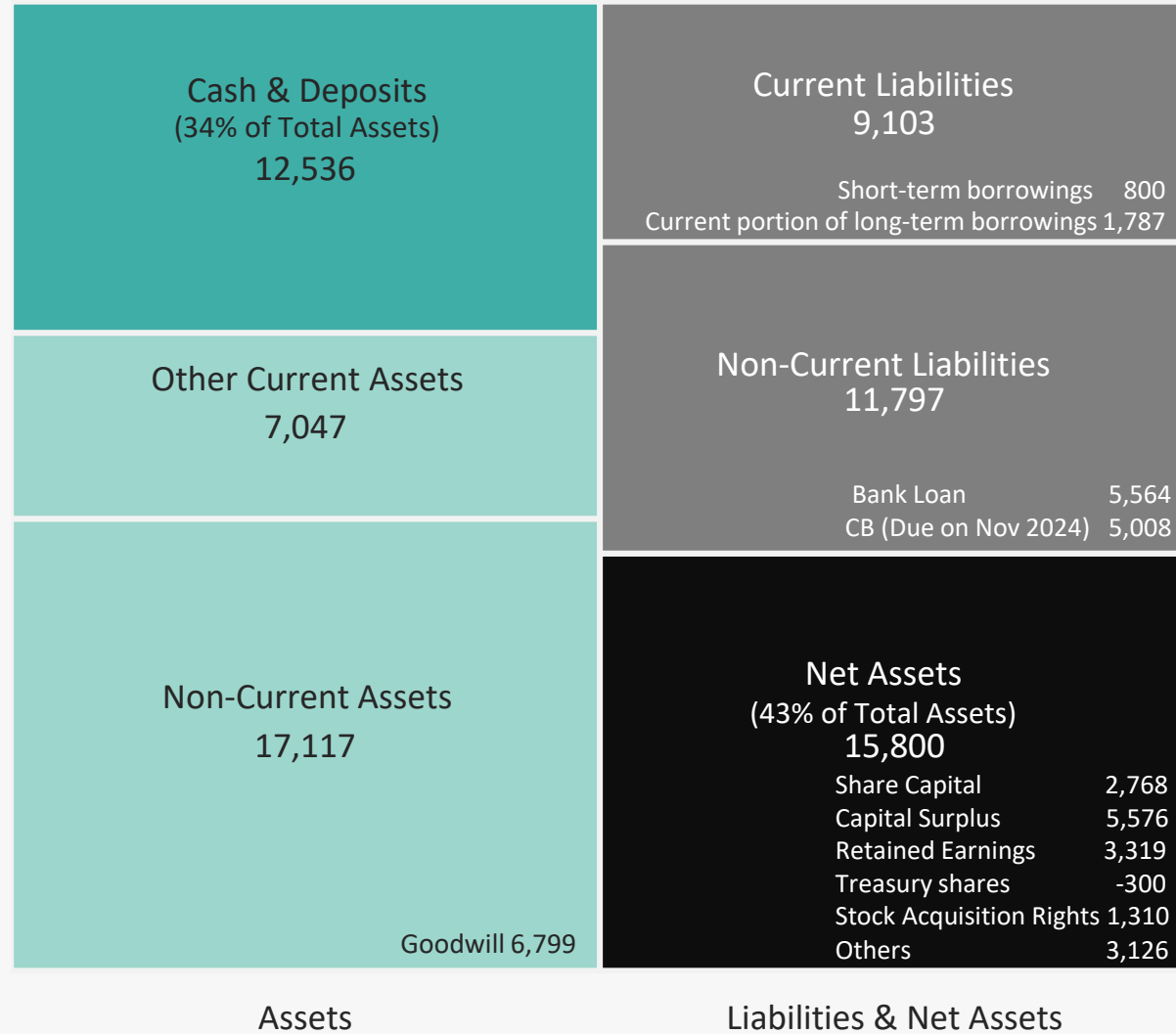
Notes
 (1) ARPA=Average Revenue Per Account



Quarterly Financial Highlights: BS

- With the financing package, the current cash position will be maintained even if the CBs will be redeemed
- We expect to accumulate both the operating cash flow and accounting profits in the future

(in JPY MM)






Financing Package for Medium to Long-Term Growth

- The purposes of the financing are to secure working capital to support mid- to long-term organic growth, to realize domain expansion through continuous M&A, and to achieve optimal capital efficiency
- Optimized financing conditions and interest rate costs to meet the required funding needs through a combination of bank loans, private placement bonds, committed credit lines (commitment lines), and variable/ fixed interest rates

Types	Financial Institutions	Interest Rates	Period	Total amount of Loan and Committed Credit Line
Bank Loans	Sumitomo Mitsui Banking Corporation Resona Bank, Limited. Nippon Life Insurance Company and other	0.41 - 0.85% Per annum Variable and Fixed rates (planned)	5 - 10 years	JPY 4.25Bn (planned)
Private Placement Bonds	2 domestic financial institutions	All-in cost including interest and issuance fees 0.80 - 1.49% Per annum Fixed rates (planned)	4 - 5 years	JPY 2.45Bn (planned)
Committed Credit Lines	Mizuho Bank, Ltd.	Base interest rate + spread	Renewed every year (Renewal requires an evaluation by Mizuho Bank)	JPY 1.0Bn Up to JPY 20Bn with request for increase Credit line increase up to JPY 20Bn can be requested to fund acquisitions in M&A transactions (increase in the credit line requires an evaluation by Mizuho Bank)
Total	-	-	-	JPY 26.7Bn Maximum amount to be raised, including committed credit lines and requests for increase

Group Companies

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Organic Businesses</p>	 <p>Equity method affiliate</p>	<ul style="list-style-type: none"> • Accelerating growth towards an open platform in the logistics industry with a new shareholder, JAPAN POST CAPITAL Co., Ltd., joining in January 2024 • Quarterly revenue is approximately JPY 1.6Bn
	 <p>Consolidation possible in the future</p>	<ul style="list-style-type: none"> • Business is up and running smoothly and has procured Series B funding of JPY 13.5Bn • Started providing services in the US and APAC in addition to Japan
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Investments</p>	 <p>Consolidated</p>	<ul style="list-style-type: none"> • Consolidated from this fiscal year • No change in our shareholding, managed as Other Businesses • Quarterly revenue is approximately JPY 0.25Bn

3

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



Q&A

	Questions	Answers
Companywide	What are the risk scenarios for this year's guidance?	<ul style="list-style-type: none"> • In the event of a worldwide recession, we may be partially affected due to a slump in domestic demand • We have factored in a certain amount of downside in the advertising market and do not expect further deterioration • Our resilience to economic fluctuations is increasing with the additions of defensive categories (e.g., Japanese business stamps) and software businesses to the portfolio
Companywide	What is the correlation between operating profit and net income at the point of achieving JPY 10Bn EBITDA under the new medium-term financial policy?	<ul style="list-style-type: none"> • Non-GAAP operating profit (excluding amortization goodwill and stock-based compensation expense) will be approximately 85% of EBITDA when the EBITDA target for FY27/7 under the new mid-term financial policy is achieved • Non-GAAP net income will be about 55% of EBITDA, subject to non-operating and extraordinary items at the time
Companywide	Where to source M&A from?	<ul style="list-style-type: none"> • Sourcing through financial institutions and M&A brokerages in addition to our own network and supply chain • We will consider a large number of projects with a focus on expansion into peripheral area, and will proceed with projects that have synergies with Raksul business areas, are economically rational, and minimize risk
Raksul	What is the progress of Raksul Enterprise?	<ul style="list-style-type: none"> • Raksul Enterprise, a service for large companies in the Raksul Business, continues to perform well • Number of companies with Raksul Enterprise grew to 1,826 companies and 17,010 users as of FY2024 2Q

4

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



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
Revenue	Raksul	5,461	6,092	7,894	7,877	8,540	9,316	9,919	9,979	10,451	11,666
	Novasell	720	1,007	538	562	643	703	542	766	360	713
	Hacobell	741	835	869	1,031	-	-	-	-	-	-
	Others	84	97	80	84	154	151	147	151	416	382
Gross Profit	Raksul	1,478	1,697	2,395	2,347	2,440	2,646	2,847	2,763	3,111	3,591
	Novasell	313	433	253	292	368	348	352	375	262	414
	Hacobell	97	104	131	130	-	-	-	-	-	-
	Others	33	38	27	29	38	37	37	38	285	246
Segment Profit (non-GAAP)	Raksul	583	697	1,055	1,153	1,073	1,172	1,161	1,180	1,458	1,649
	Novasell	-18	69	-122	-32	24	34	12	-39	-124	79
	Hacobell	-68	-46	-11	-2	-	-	-	-	-	-
	Others and corporate expenses	-396	-429	-360	-437	-345	-324	-315	-491	-394	-490
Segment Profit (financial accounting)	Raksul	534	641	862	962	875	942	926	956	1,172	1,304
	Novasell	-25	63	-129	-39	17	21	-0	-53	-139	66
	Hacobell	-79	-59	-25	-16	-	-	-	-	-	-
	Others and corporate expenses	-534	-580	-516	-592	-501	-404	-419	-595	-492	-620
EBITDA	Company wide	99	292	560	681	753	882	859	649	938	1,238

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)	FY2024 2Q (2023/11-2024/1)		
	Actual (non-GAAP)	Difference (stock-based compensation expense + amortization goodwill)	Actual (J-GAAP)
Revenue	12,762	-	12,762
Gross Profit	4,252	-	4,252
Operating Profit	1,096	346	749
Ordinary Profit	992	352	639
Net Profit	891	352	538

Balance Sheet

(in JPY MM)	FY2023 4Q	FY2024 2Q
Current Assets	20,589	19,584
Cash & Deposits	14,644	12,536
Non-Current Assets	12,076	17,117
Total Assets	32,665	36,702
Current Liabilities (interest-bearing liabilities)	8,292 (2,447)	9,103 (2,587)
Non-Current Liabilities (interest-bearing liabilities)	10,463 (9,465)	11,797 (10,572)
Net Assets	13,909	15,800
Share Capital	2,742	2,768
Capital Surplus	5,549	5,576
Retained Earnings	1,540	3,319
Treasury Shares	-300	-300
Stock Acquisition Rights	1,341	1,310
Others	3,036	3,126
Total Liabilities & Net Assets	32,665	36,702

Cash Flow Statement

(in JPY MM)	FY2023	FY2024 2Q
Cash Flow from Business Activities	2,902	766
Cash Flow from Investment Activities	297	-5,009
Cash Flow from Financial Activities	-2,238	1,210
Net Change in Cash and Cash Equivalents (Including increase/decrease due to new consolidation)	962	-2,108
Cash and Cash Equivalents at the end of period	14,644	12,536



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.

Information contained within this material on other topics besides RAKSUL is quoted from published information and other sources. As such, the accuracy, appropriateness, etc. of such information has not been verified, nor do we guarantee them thereof.

Contact Us

IR Group
E-mail: ir@raksul.com
IR Information: <https://corp.raksul.com/en/>