

Earnings Results of the fiscal year ended March 2024

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

May 14, 2024



Key points

■ Consolidated Results of FY2024.3

- A high level of sales growth was maintained driven by the Cloud business.
- Profit increased significantly due to the expansion of sales while aggressive investments for growth continued.

■ Cloud Business

- In addition to improvements in productivity, the number of clients significantly increased due to the tailwind from the Invoice System and Electronic Bookkeeping Law, resulting in a high growth rate.

■ IT Outsourcing Business

- Sales and operating profit increased due to a recovery in operating rates because of reduction of hiring and strengthening of sales activities.

■ Future forecast

- Aim to improve profitability toward the final year of the Medium-Term Management Targets while maintaining a high level of sales growth.
- Medium-Term Management Targets sales CAGR revised upward to 31-32%.
- Planning to increase dividends for the 13th consecutive period in FY2025.3, in line with the Company's policy of increasing dividends every fiscal year.

Consolidated Results of the fiscal year ended March 2024

Summary of Consolidated Results of FY2024.3

A high level of sales growth was maintained driven by the Cloud business.

Profit increased significantly due to the expansion of sales while aggressive investments for growth continued.

		Year on Year
Net Sales	38,408 million yen	+40.2%
Operating Profit	5,559 million yen	+235.7%
Ordinary Profit	5,610 million yen	+234.5%
EBITDA	6,480 million yen	+186.3%
Profit attributable to owners of parent	4,185 million yen	+228.4%



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

Outline of the Consolidated Results of FY2024.3

(million yen)

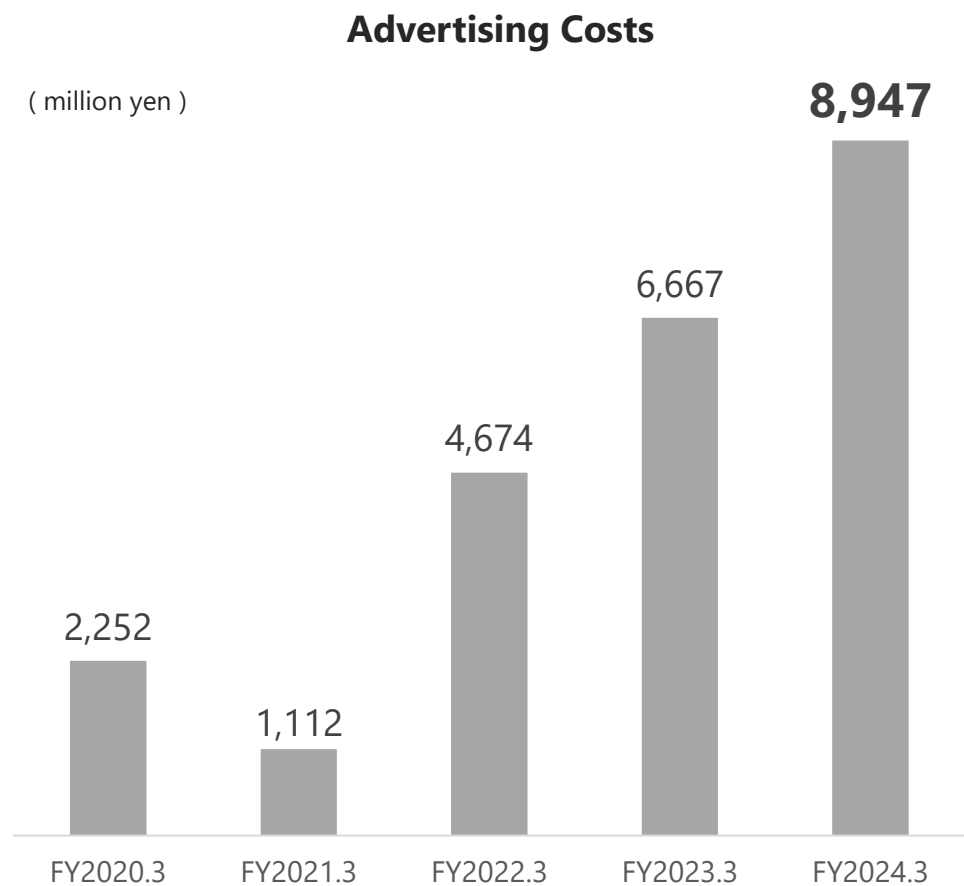
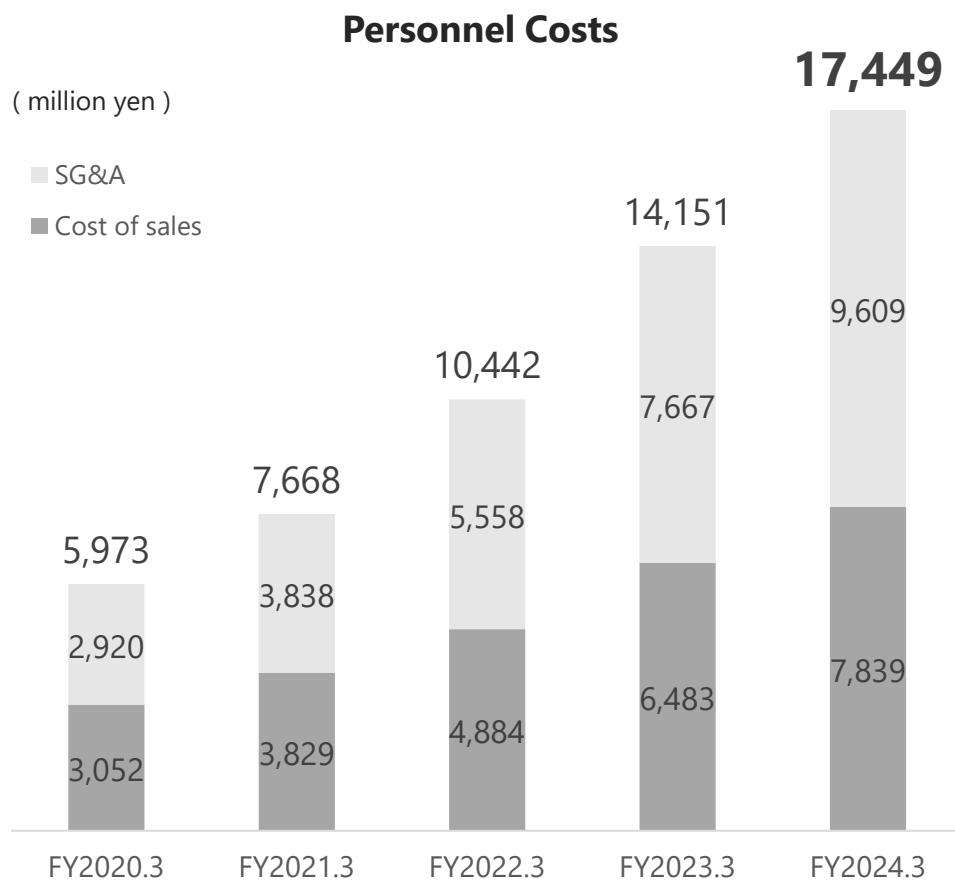
	FY2023.3	FY2024.3 (Guidance)	FY2024.3	YoY		vs Guidance	
Net Sales	27,399	38,295	38,408	+11,009	+40.2%	+113	+0.3%
Cost of sales	8,621	10,861	10,789	+2,167	+25.1%	-71	-0.7%
Gross profit	18,777	27,433	27,619	+8,841	+47.1%	+186	+0.7%
GP margin	68.5%	71.6%	71.9%				
SG&A	17,121	22,043	22,059	+4,938	+28.8%	+16	+0.1%
Operating profit	1,656	5,390	5,559	+3,903	+235.7%	+169	+3.1%
OP margin	6.0%	14.1%	14.5%				
Ordinary profit	1,677	5,424	5,610	+3,933	+234.5%	+186	+3.4%
Ordinary profit margin	6.1%	14.2%	14.6%				
EBITDA	2,263	6,286	6,480	+4,217	+186.3%	+194	+3.1%
EBITDA margin	8.3%	16.4%	16.9%				
Income tax	565	1,421	1,422				
Tax rate	30.7%	26.2%	25.4%				
Profit attributable to owners of parent	1,274	4,001	4,185	+2,911	+228.4%	+184	+4.6%



Personnel Costs and Advertising Costs

Headcount increased due to aggressive recruiting activities.

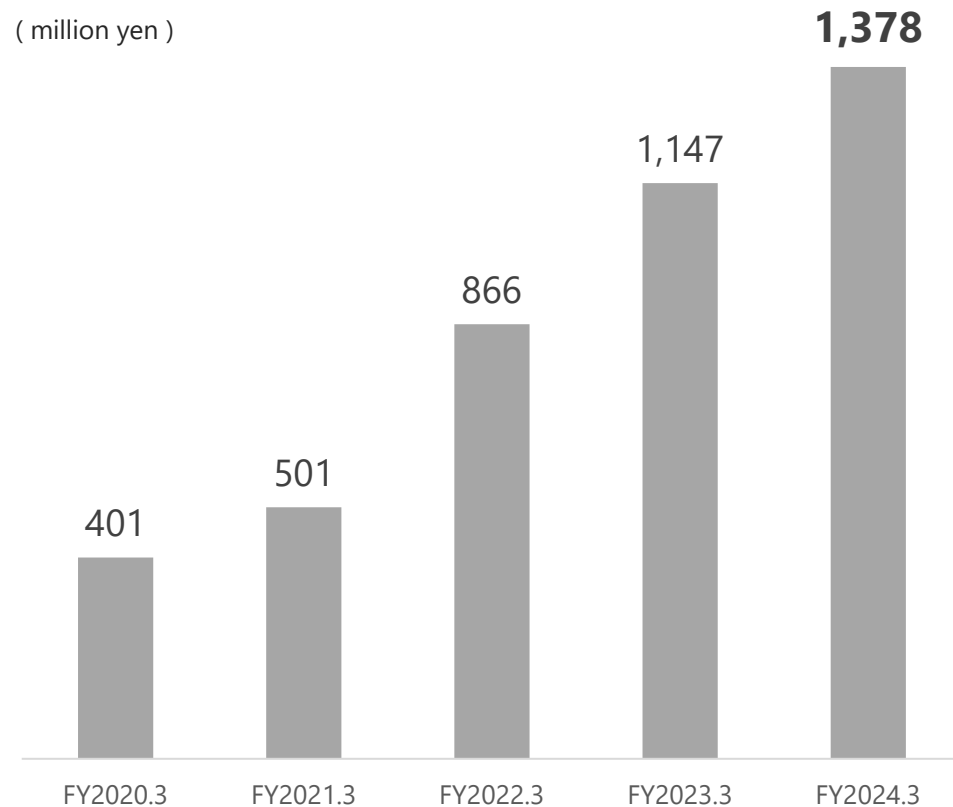
Advertising costs continued to be aggressively invested in, primarily in the core Raku Raku series.



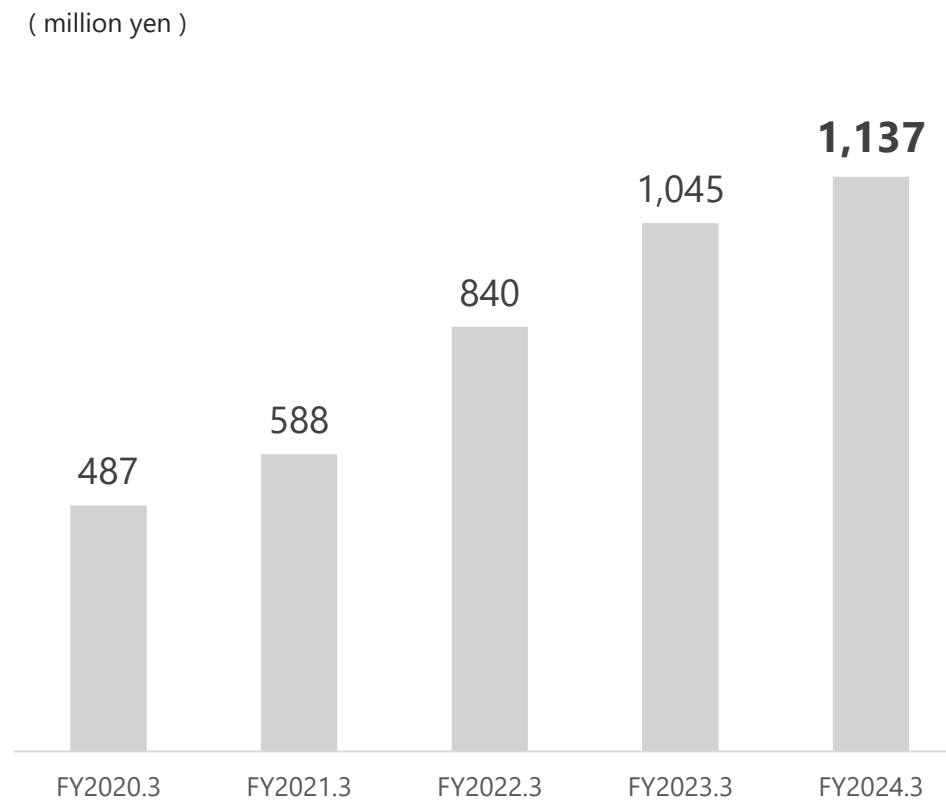
Office Rent and Outsourcing Costs

Office rent increased due to office expansion to accommodate the personnel increase and outsourcing costs increased due to the business expansion.

Office Rent

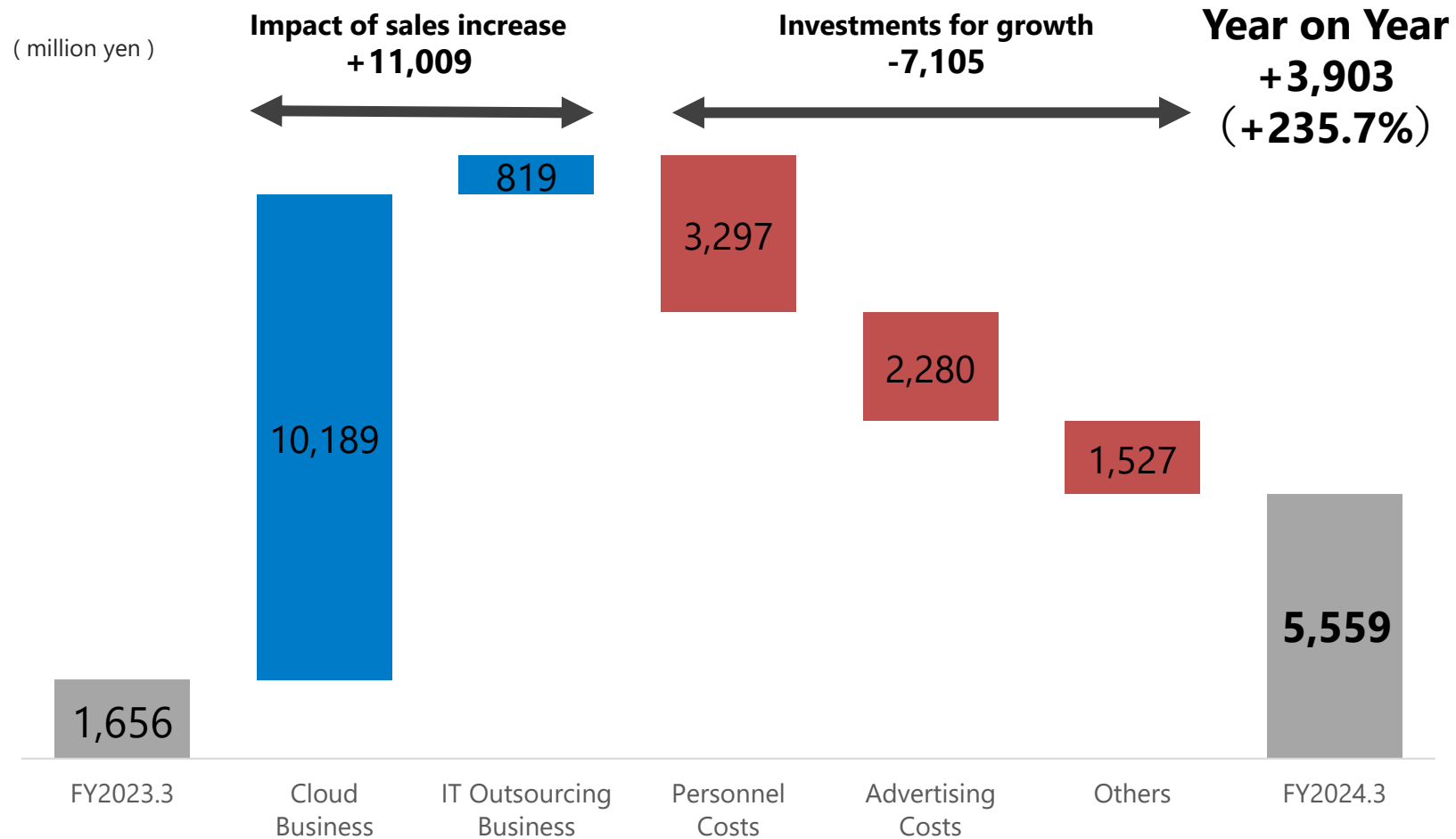


Outsourcing Costs



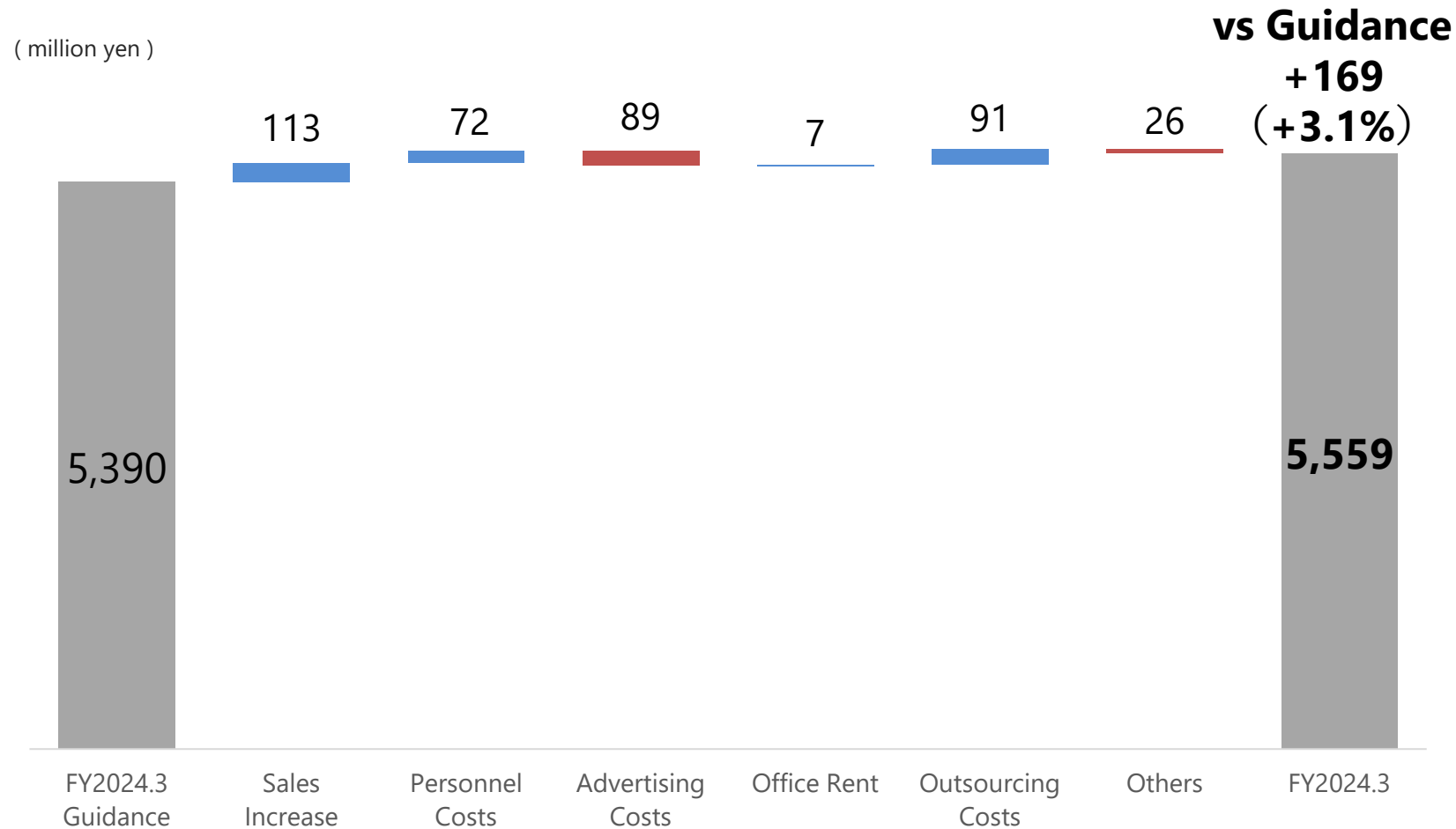
Factors for Changes in Consolidated Operating Profit (Year on Year)

Driven by significant sales growth in Cloud Business, we achieved substantial profit growth while maintaining aggressive growth investments.



Factors for Changes in Consolidated Operating Profit (vs Guidance)

Despite additional advertising investments, profit growth exceeded the guidance due to sales growth and expense reductions.



Consolidated Balance Sheet

(million yen)

	End of March 2023	End of March 2024	Difference
Current assets	10,479	13,145	+2,666
Non-current assets	3,594	8,088	+4,494
Total assets	14,073	21,234	+7,160
Current liabilities	4,347	7,372	+3,025
Non-current liabilities	178	513	+335
Total liabilities	4,525	7,886	+3,361
Shareholders' equity	9,534	13,365	+3,831
Accumulated other comprehensive income	13	-18	-32
Total equity	9,548	13,347	+3,799
Total liabilities and equities	14,073	21,234	+7,160
Equity ratio	67.8%	62.9%	

Cash Flow Statement

(million yen)

	FY2023.3	FY2024.3	Difference
Cash flow from operating activities	2,170	5,288	+3,118
Cash flow from investing activities	-699	-4,860	-4,161
Free cash flow	1,471	428	-1,042
Cash flow from financing activities	-348	579	+927
Cash and cash equivalent at the end of the fiscal year	5,990	7,008	+1,018
Depreciation	422 ^{*1}	577 ^{*2}	+154
Amortization of goodwill	163	290	+126



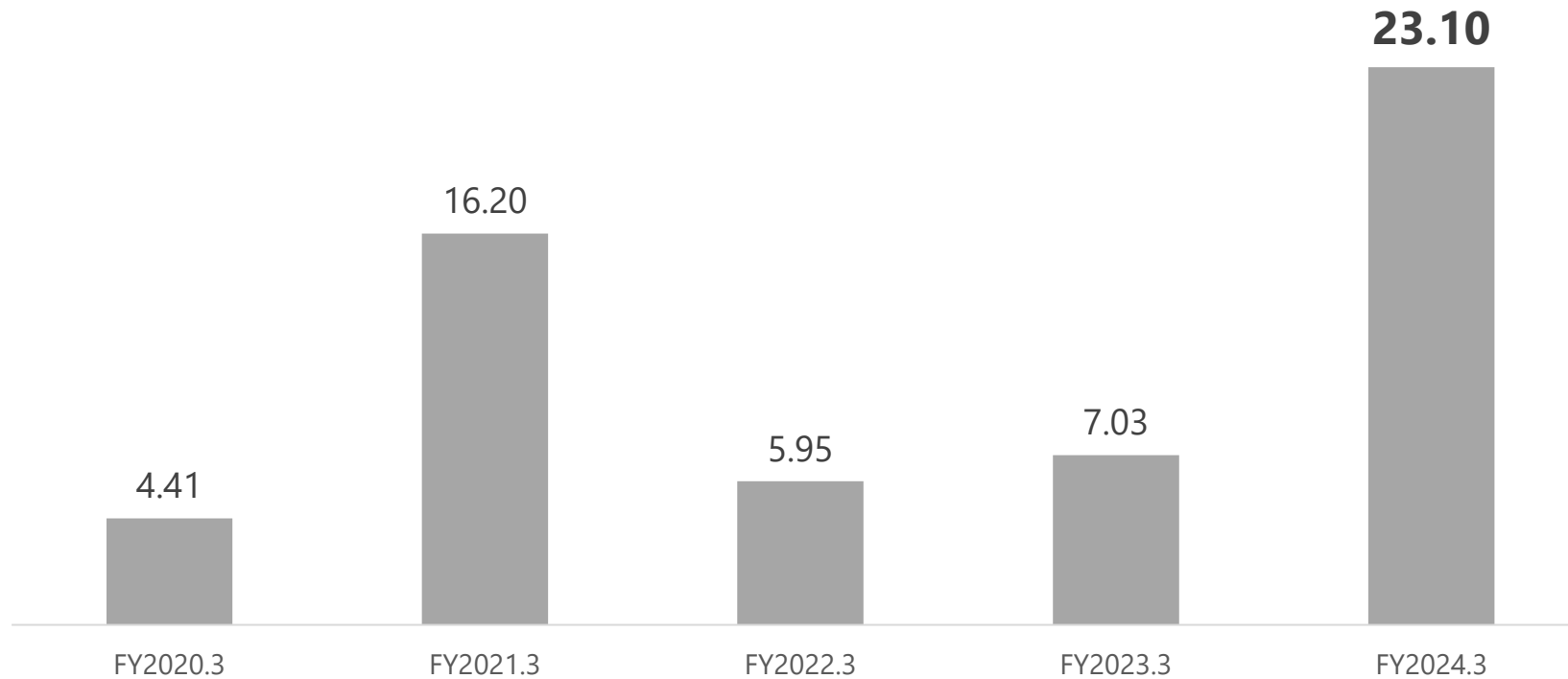
*1 It includes 61 million yen of amortization of customers' assets acquired through M&A.

*2 It includes 108 million yen of amortization of customers' assets acquired through M&A.

【KPI】 EPS

EPS surged significantly driven by profit expansion. We are aiming for sustainable EPS growth going forward.

(yen)



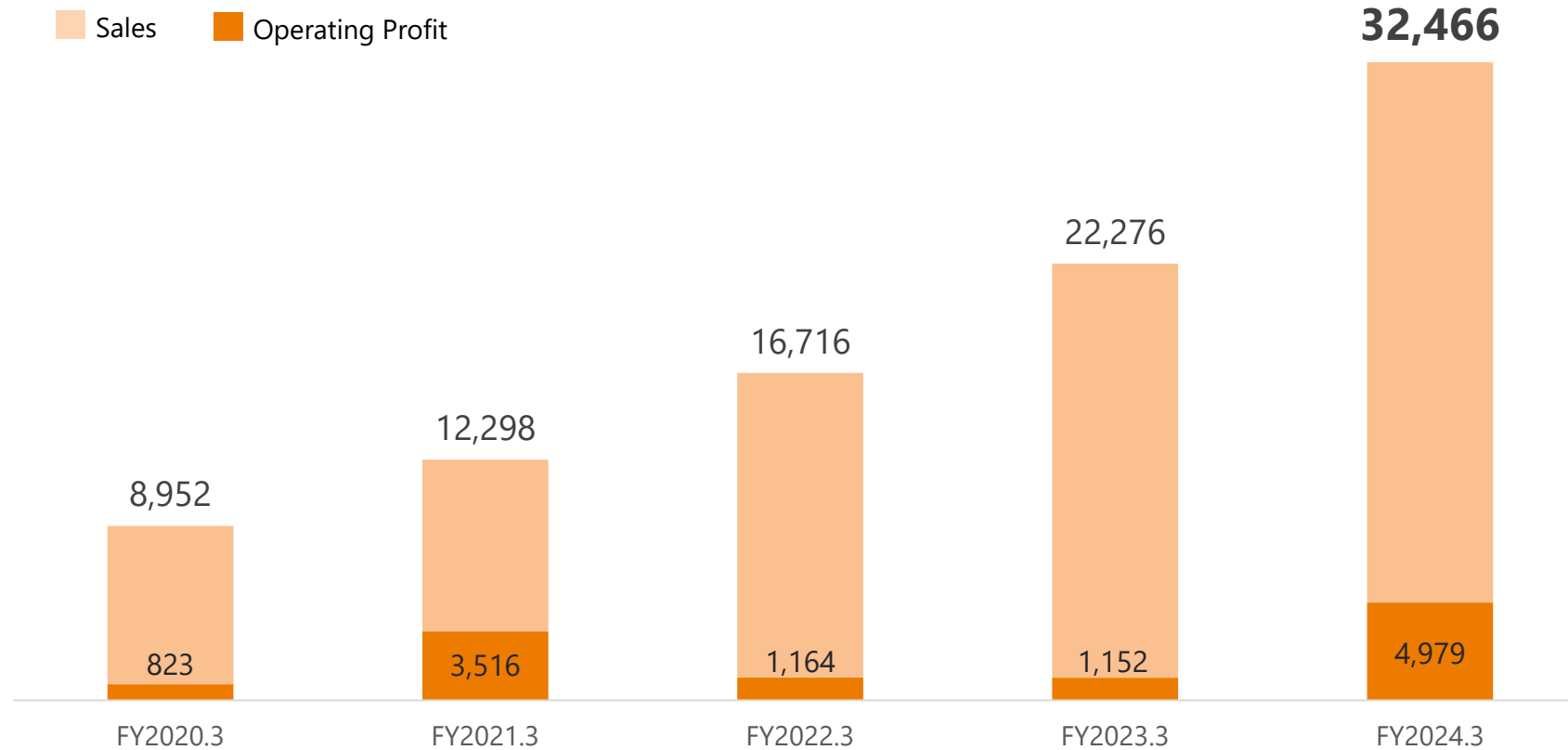
* Figures are after share split adjustment.

Cloud Business

Performance of the Cloud Business

Sales performed strongly driven by strong new order in Raku Raku series. Substantial profit growth driven by the expansion of sales scale, accompanied by an enhanced operating profit margin.

(million yen)

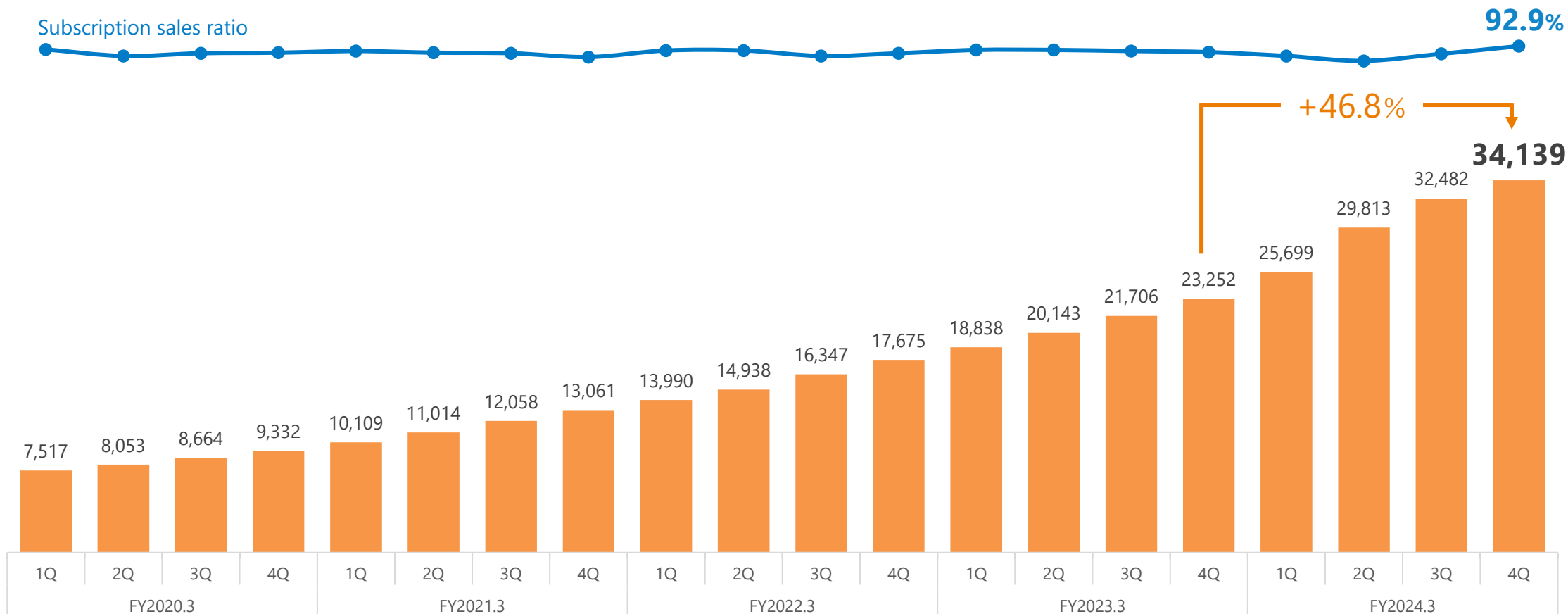


* Indirect expense allocation method revised for FY2024.3 and earlier. Figures restated retroactively.

ARR and Subscription Sales Ratio of the Cloud Business

Driven by a significant increase in contracted clients during FY2024.3, ARR achieved a high growth rate.

(million yen)



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

Sales of the Cloud Business by Service

Raku Raku series drove the company's high growth.

(million yen)

	FY2023.3 Q4	FY2024.3 Q4	YoY
Raku Raku Seisan	2,859	3,934	+37.6%
Raku Raku Meisai	1,120	1,980	+76.7%
Raku Raku Hambai	653	983	+50.5%
E-mail distribution services	701	814	+16.1%
Mail Dealer	626	725	+15.7%
Others	203	612	+200.5%
Total of the Cloud Business	6,166	9,051	+46.8%

	FY2023.3 Full year	FY2024.3 Full year	YoY
	10,343	14,446	+39.7%
	3,735	6,840	+83.1%
	2,298	3,513	+52.8%
	2,672	3,035	+13.6%
	2,430	2,841	+16.9%
	796	1,788	+124.4%
	22,276	32,466	+45.7%



* The figure for Email distribution services is the sum of Hai Hai Mail, Curumeru and blastmail.

Cumulative Number of Companies Using Raku Raku Seisan

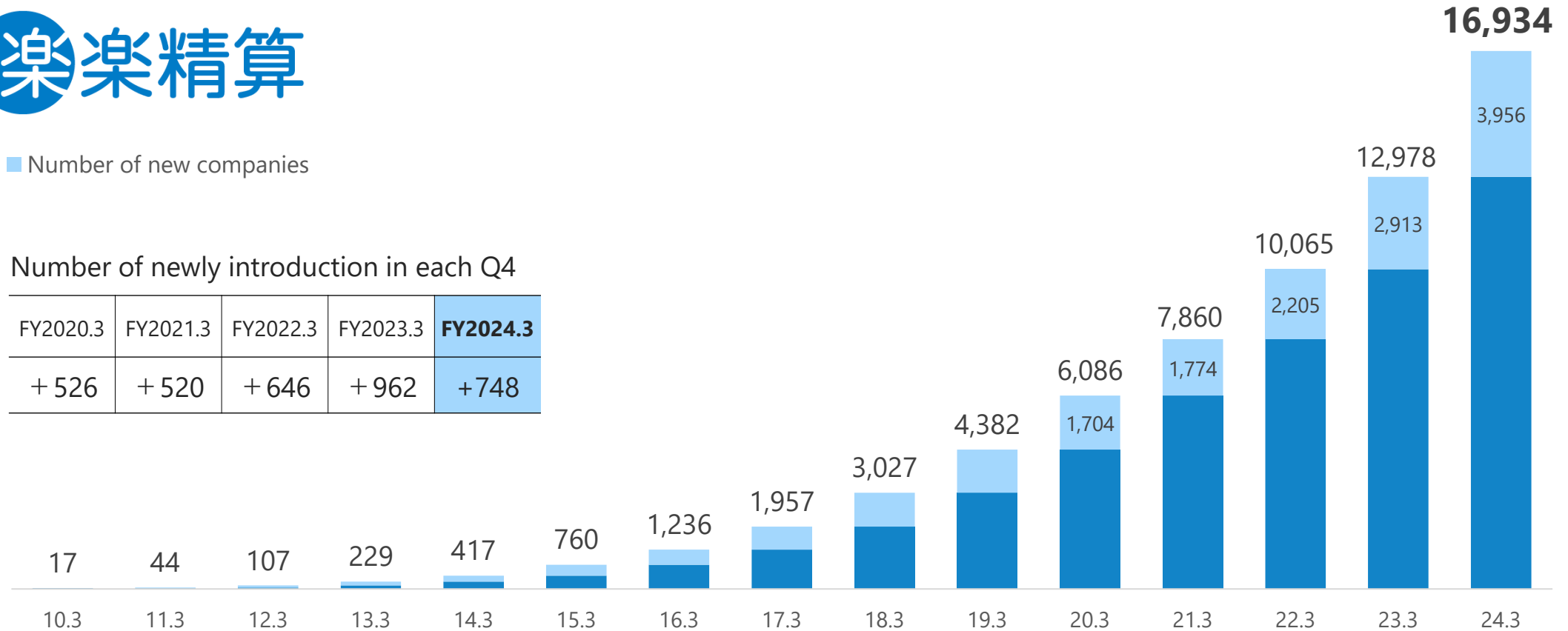
Leveraging favorable market conditions driven by the Invoice System and Electronic Bookkeeping Law, the number of newly introductions experienced substantial growth in the full year. However, favorable market conditions waned in Q4, resulting in a decline compared to the same quarter of the previous fiscal year.



■ Number of new companies

Number of newly introduction in each Q4

FY2020.3	FY2021.3	FY2022.3	FY2023.3	FY2024.3
+ 526	+ 520	+ 646	+ 962	+748



Cumulative Number of Companies Using Raku Raku Meisai

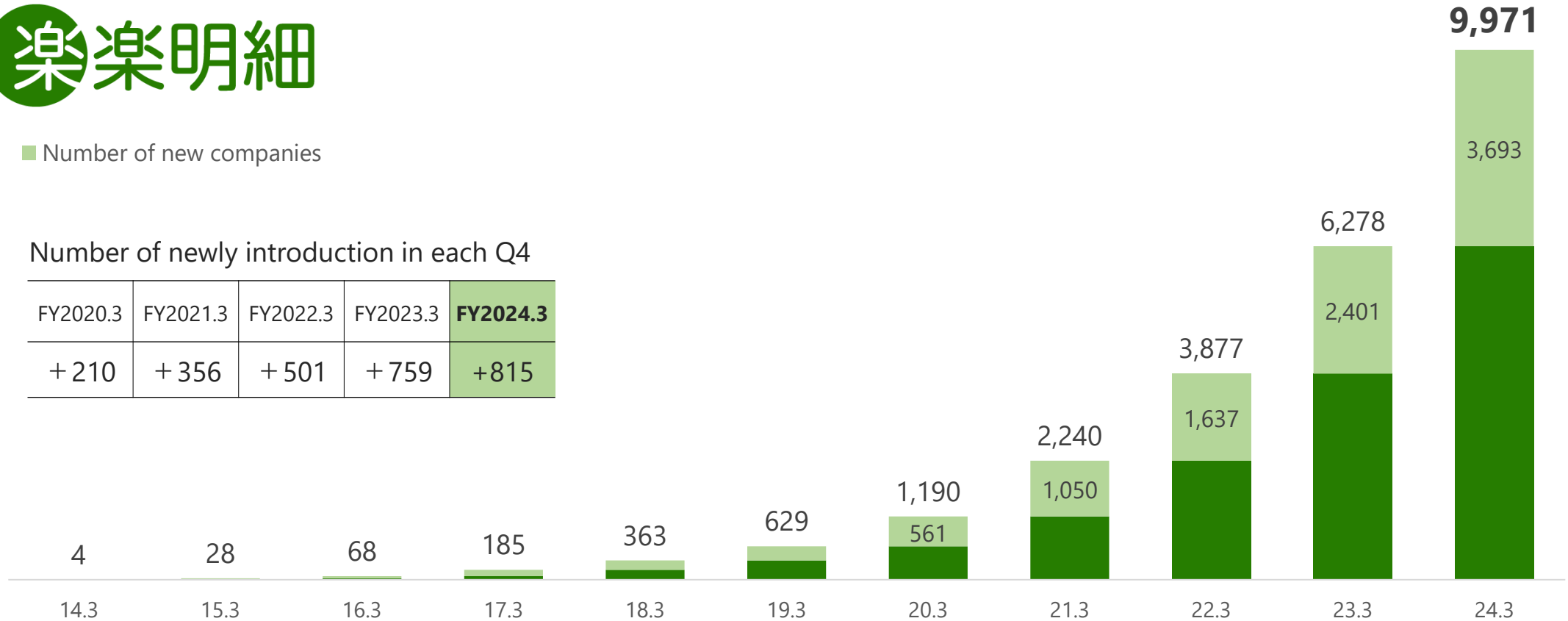
Like Raku Raku Seisan, the number of newly introduction experienced substantial growth in the full year. As favorable market conditions waned, introduction in Q4 show a slight increase compared to the same quarter of the previous fiscal year.



■ Number of new companies

Number of newly introduction in each Q4

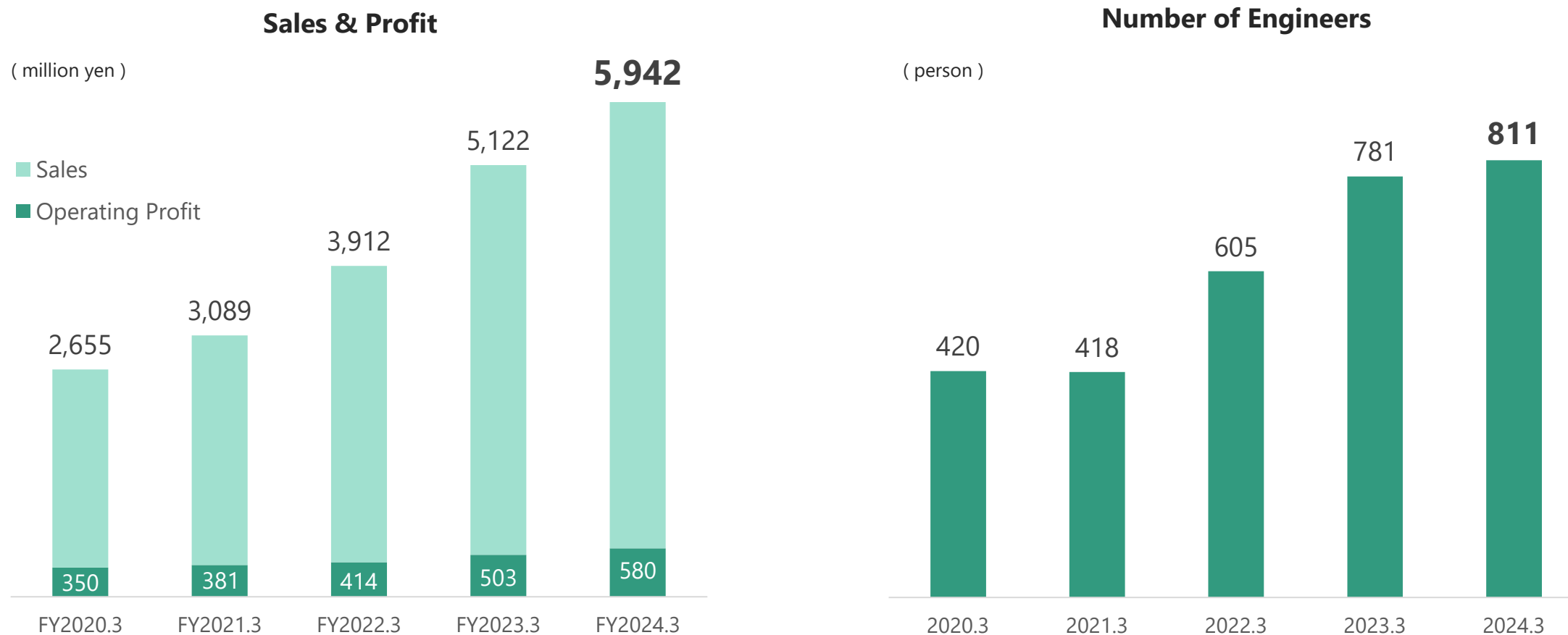
FY2020.3	FY2021.3	FY2022.3	FY2023.3	FY2024.3
+ 210	+ 356	+ 501	+ 759	+815



IT Outsourcing Business

Performance and Number of Engineers of the IT Outsourcing Business

Sales and operating profit increased due to a recovery in operating rates because of reduction of hiring and strengthening of sales activities.



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

* These figures include apprentice engineers.

Guidance for full year of the fiscal year ending March 2025

1

Five-Year sales CAGR 31%~32%

Revised upward from 27%~30%

2

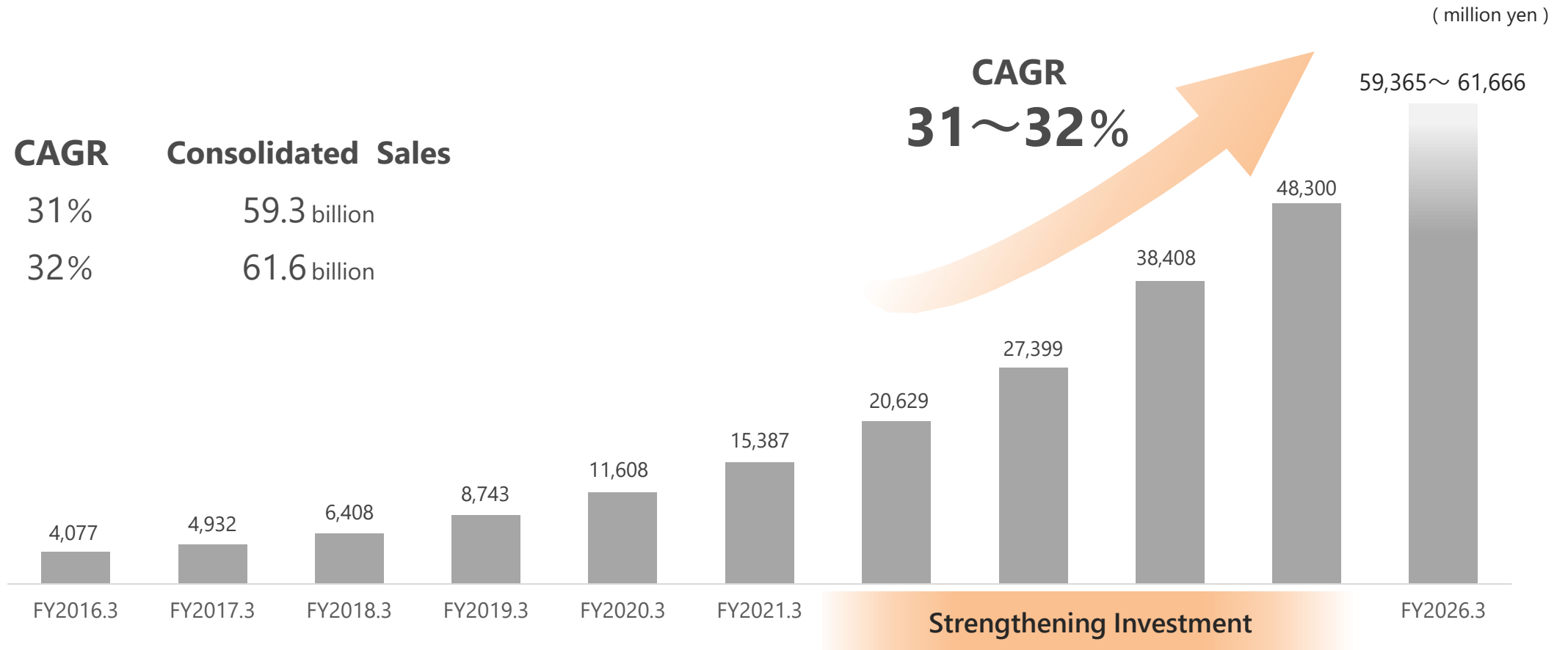
Profit for FY2026.3: 10 billion yen or more

3

Net assets as of 2026.3: 20 billion yen or more

Five-Year Sales and Profit Targets

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



Guidance for full year of FY2025.3

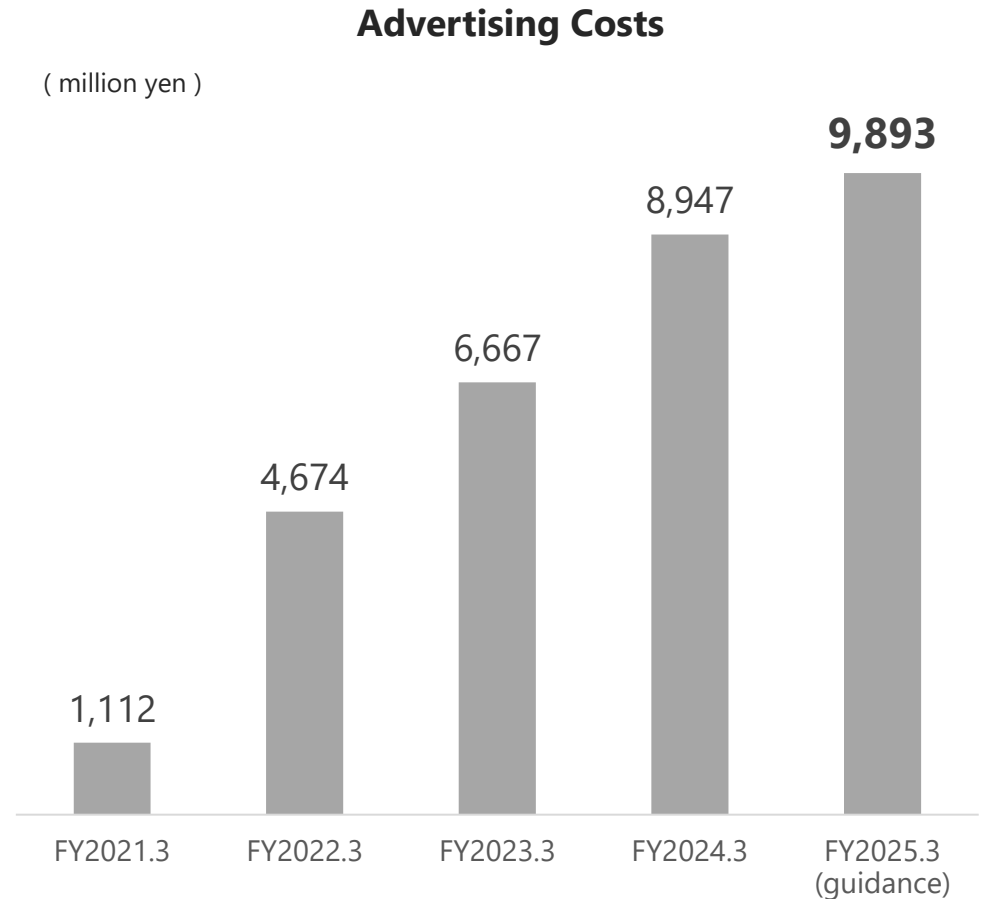
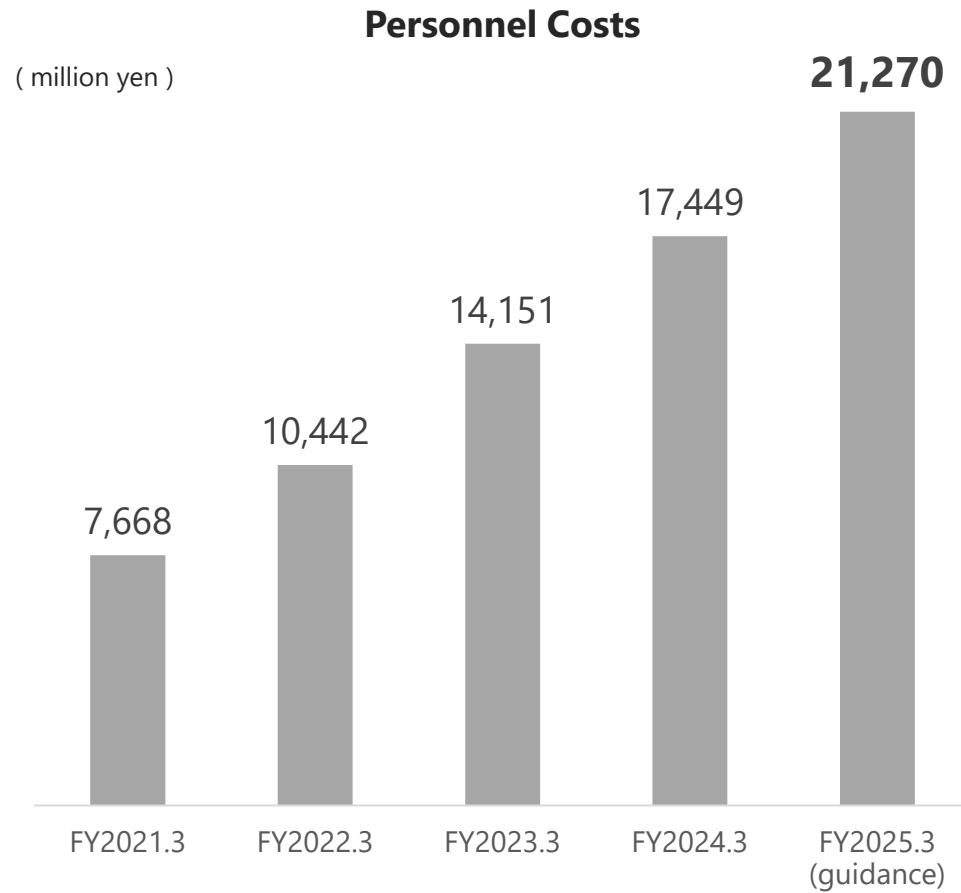
While maintaining high sales growth, we aim to improve profitability towards the final year of Medium-Term Management Targets.

(million yen)

	FY2024.3	FY2025.3 (Guidance)	YoY	
Net Sales	38,408	48,300	+9,891	+25.8%
Cost of sales	10,789	12,918	+2,128	+19.7%
Gross profit	27,619	35,381	+7,761	+28.1%
GP margin	71.9%	73.3%		
SG&A	22,059	26,381	+4,321	+19.6%
Operating profit	5,559	9,000	+3,440	+61.9%
OP margin	14.5%	18.6%		
Ordinary profit	5,610	9,001	+3,390	+60.4%
Ordinary profit margin	14.6%	18.6%		
EBITDA	6,480	10,161	+3,680	+56.8%
EBITDA margin	16.9%	21.0%		
Income tax	1,422	2,069		
Tax rate	25.4%	23.1%		
Profit attributable to owners of parent	4,185	6,900	+2,714	+64.8%

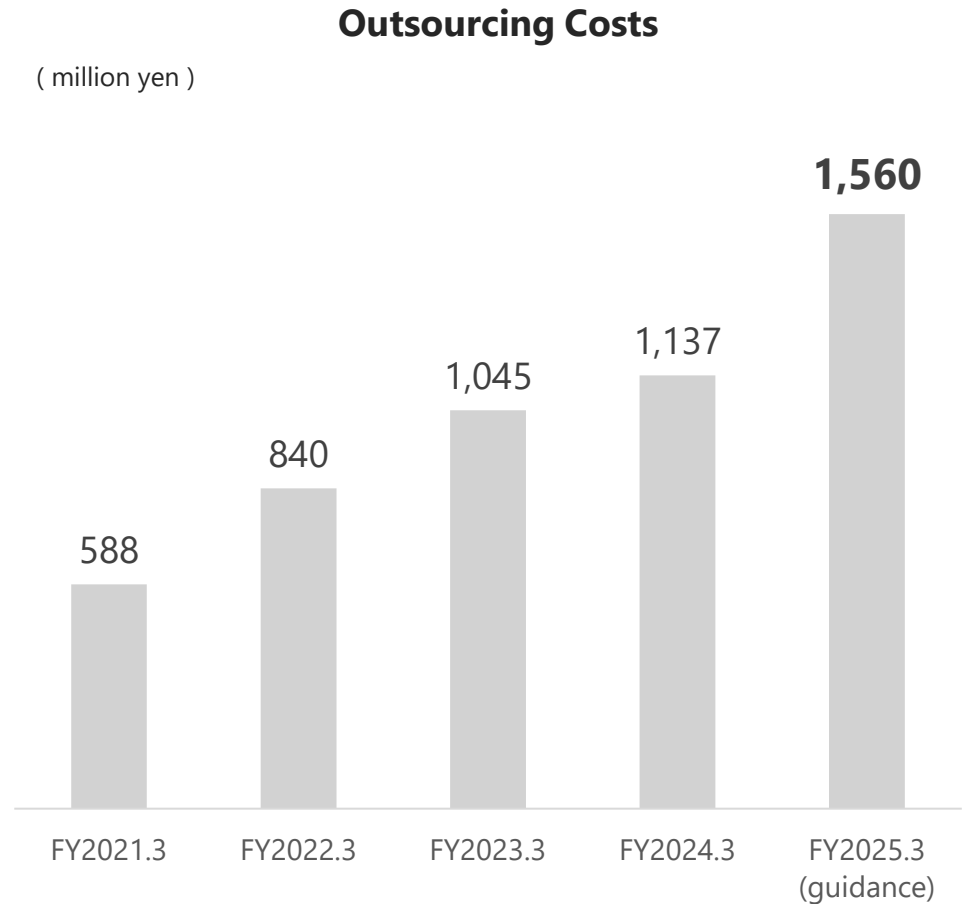
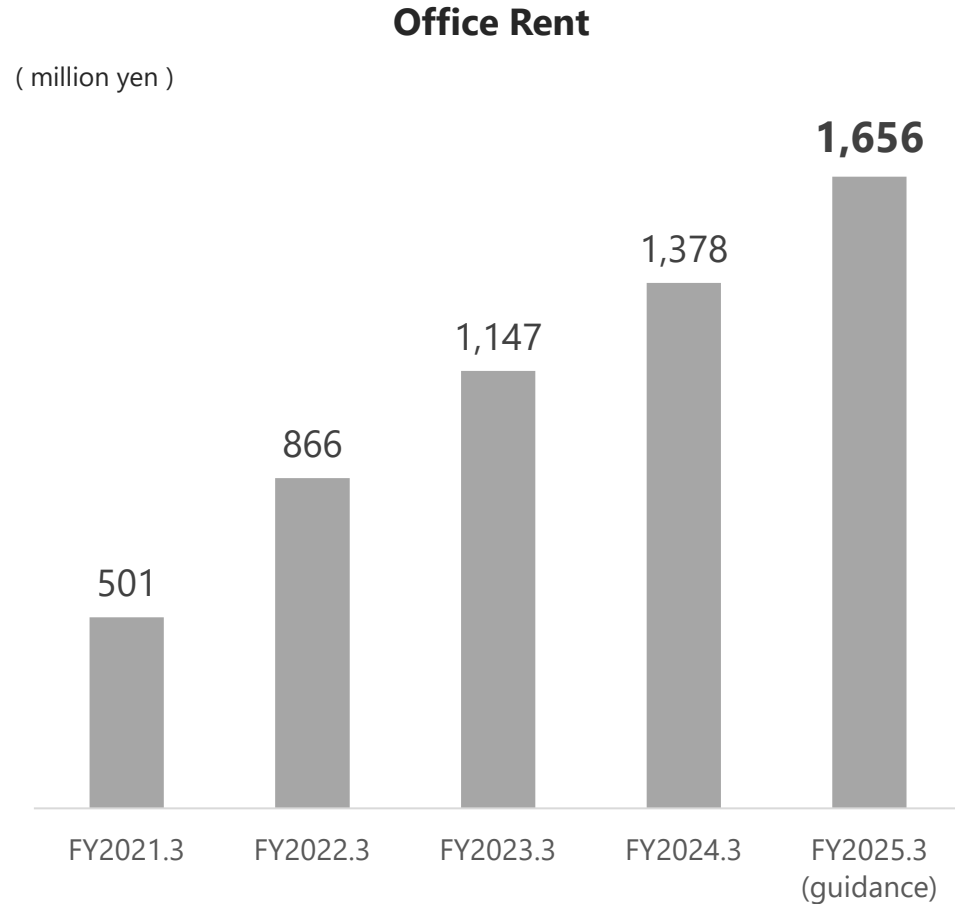
Personnel Costs and Advertising Costs Guidance

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



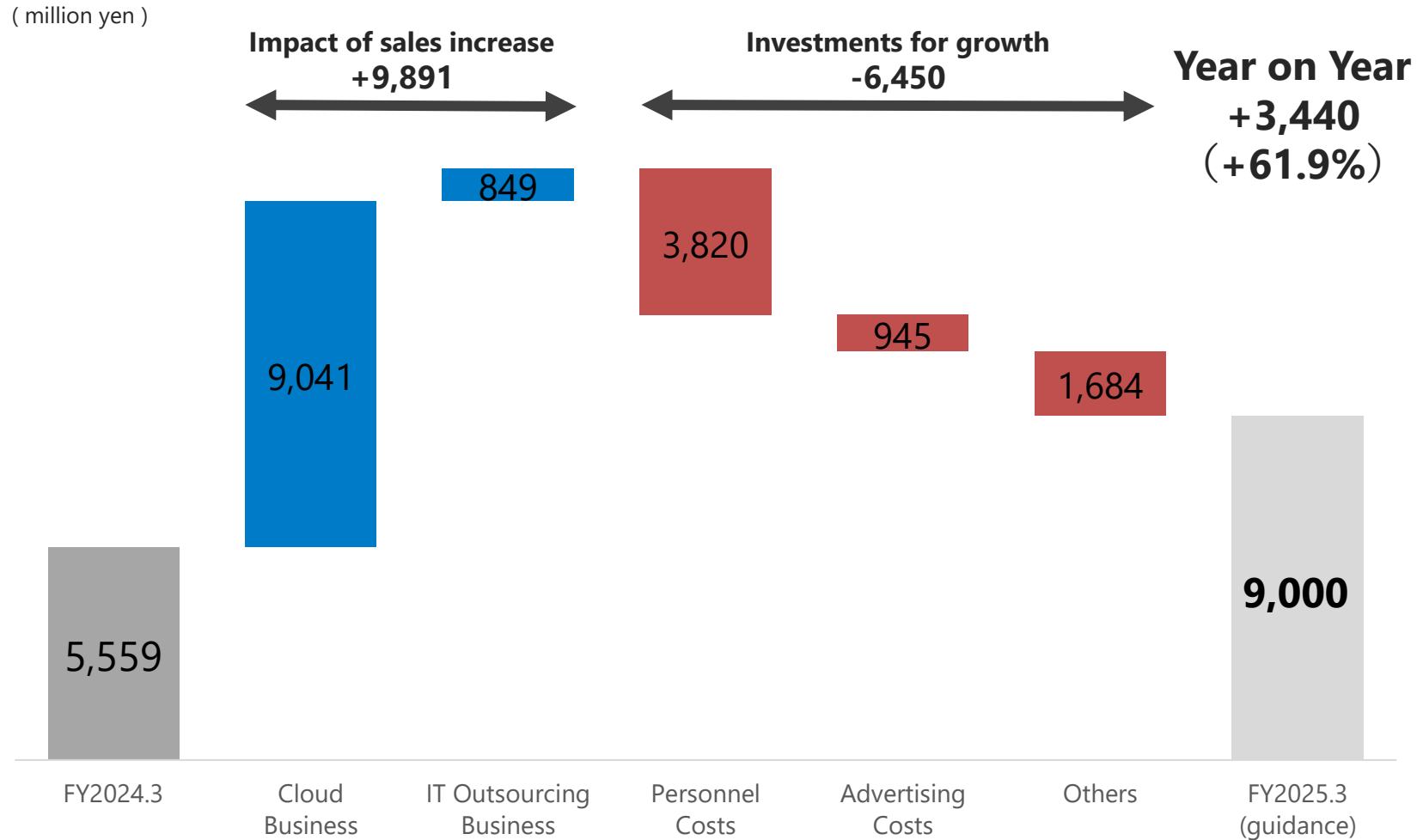
Office Rent and Outsourcing Costs Guidance

Both costs will increase due to the business expansion.



Factors for Changes in Consolidated Operating Profit

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

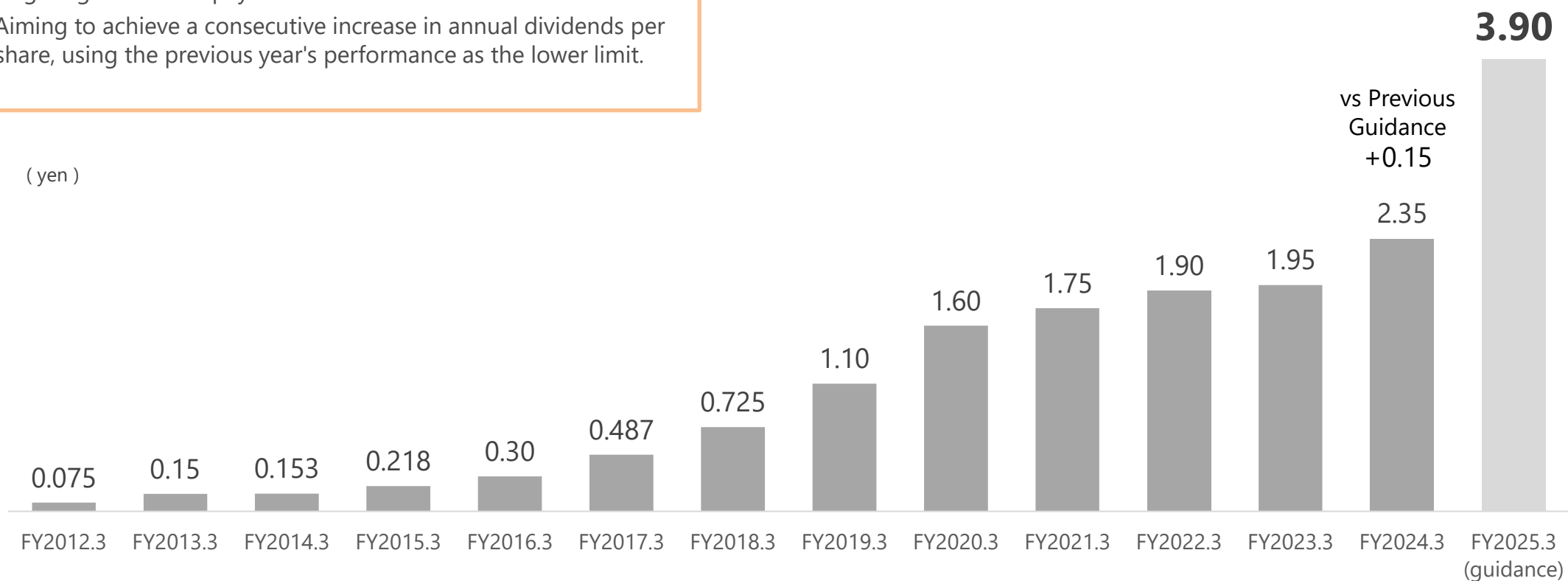


【KPI】 Dividend

We revised dividend for FY2024.3 upward considering our business performance. We plan to increase dividends for the 13th year in a row, in line with the Company's policy of increasing dividends every fiscal year.

Dividend Policy

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



* Figures are after share split adjustment.

Appendix

Sales of the Cloud Business by Service

(million yen)

		FY2020.3	FY2021.3	FY2022.3	FY2023.3	FY2024.3
Raku Raku Seisan	Sales	3,935	5,559	7,658	10,343	14,446
	YoY	+52.6%	+41.3%	+37.7%	+35.1%	+39.7%
Raku Raku Meisai	Sales	552	1,177	2,260	3,735	6,840
	YoY	+68.8%	+113.3%	+92.0%	+65.3%	+83.1%
Raku Raku Hambai	Sales	770	1,124	1,624	2,298	3,513
	YoY	+38.4%	+46.0%	+44.4%	+41.5%	+52.8%
E-mail distribution services	Sales	1,573	1,963	2,367	2,672	3,035
	YoY	+11.6%	+24.8%	+20.6%	+12.9%	+13.6%
Mail Dealer	Sales	1,732	1,979	2,178	2,430	2,841
	YoY	+12.7%	+14.2%	+10.1%	+11.5%	+16.9%
Others	Sales	390	493	626	796	1,788
	YoY	+24.1%	+26.2%	+27.1%	+27.1%	+124.4%
Total of the Cloud Business	Sales	8,952	12,298	16,716	22,276	32,466
	YoY	+33.1%	+37.4%	+35.9%	+33.3%	+45.7%

* The figure for Email distribution services is the sum of Hai Hai Mail, Curumeru and blastmail.

LTV of the Cloud Business by Service

(yen)

	FY2020.3	FY2021.3	FY2022.3	FY2023.3	FY2024.3
Raku Raku Seisan	14,278,231	15,449,125	17,354,319	20,931,651	17,268,962
Raku Raku Meisai	9,016,996	20,303,924	15,402,526	23,408,991	25,543,657
Raku Raku Hambai	7,851,460	8,846,353	9,493,814	10,387,353	12,332,970
E-mail distribution services	1,229,511	1,521,779	1,887,750	2,318,227	2,370,458
Mail Dealer	3,992,650	4,281,398	4,506,168	4,986,751	6,009,109



* LTV (Life Time Value) = revenue that a customer will generate during their lifetime (ARPU × estimated average usage years × gross profit margin)

* The figure for E-mail distribution services is the sum of Hai Hai Mail and Curumeru.

Monthly Churn Rate of the Cloud Business by Service

	FY2020.3	FY2021.3	FY2022.3	FY2023.3	FY2024.3
Raku Raku Seisan	0.41%	0.43%	0.42%	0.36%	0.46%
Raku Raku Meisai	0.33%	0.18%	0.27%	0.20%	0.22%
Raku Raku Hambai	0.85%	0.79%	0.75%	0.76%	0.73%
E-mail distribution services	1.62%	1.46%	1.29%	1.15%	1.23%
Mail Dealer	0.97%	0.91%	0.90%	0.85%	0.87%



* Figures are last 12-month average monthly churn rate based on contract number.
 * The figure for E-mail distribution services is the sum of Hai Hai Mail and Curumeru.

Monthly Average Unit Price of the Cloud Business by Service

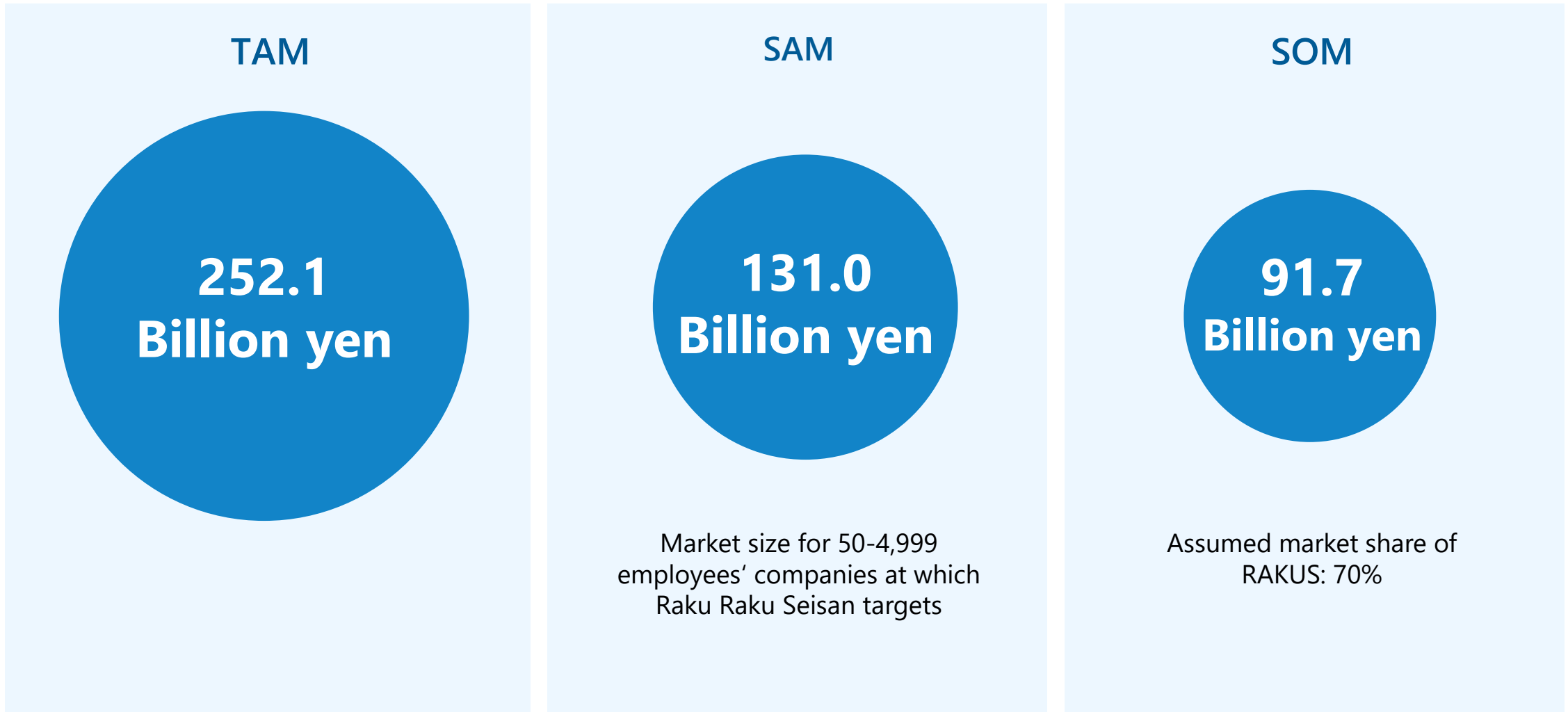
(yen)

	2020.3	2021.3	2022.3	2023.3	2024.3
Raku Raku Seisan	71,222	78,655	85,530	88,818	92,731
Raku Raku Meisai	54,142	64,923	65,092	67,644	72,733
Raku Raku Hambai	85,592	95,762	102,308	108,379	116,293
E-mail distribution services	22,053	25,295	28,175	33,511	35,324
Mail Dealer	46,085	46,819	47,893	50,497	61,304



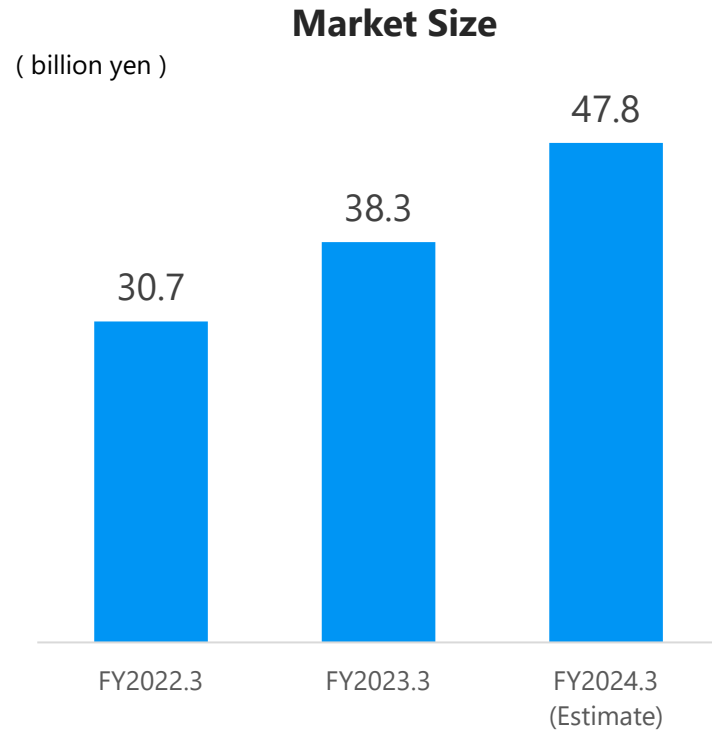
* The figure for E-mail distribution services is the sum of Hai Hai Mail and Curumeru.

[Raku Raku Seisan] Market Size for Expense Settlement System

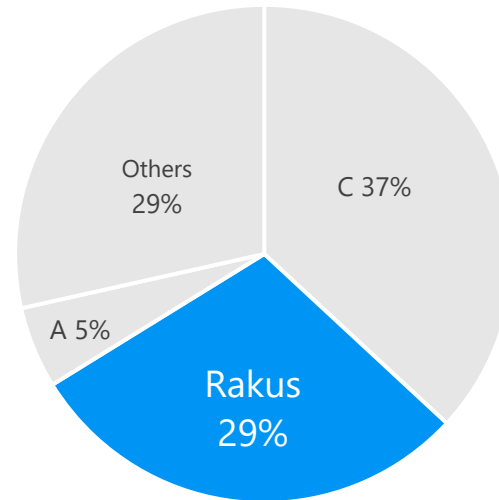


The addressable market and our target assumptions are estimates based on the following external statistics and published materials as well as the unit prices of our services. Therefore, there is a possibility that these can be different from the actual market size. Source: 2016 Economic Census for Business Activity

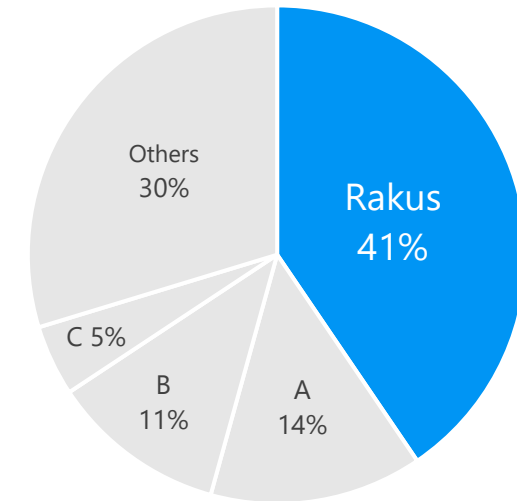
The Market for Cloud-based Expense Settlement Systems



Market shares based on Sales



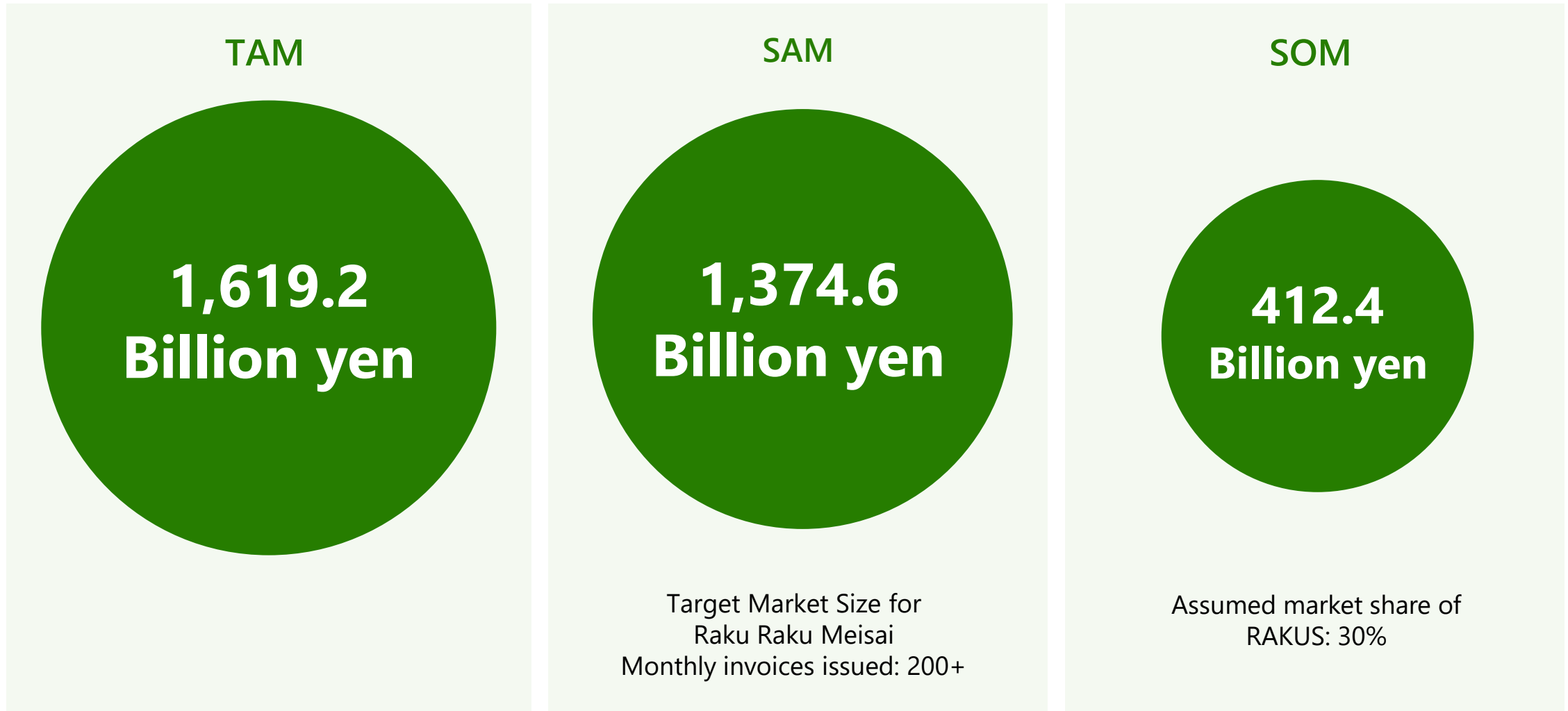
Market shares based on Introduced Numbers



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

* Introduced numbers and Sales are for the estimated FY2024.3

[Raku Raku Meisai] Market Size for Bill Issuance System

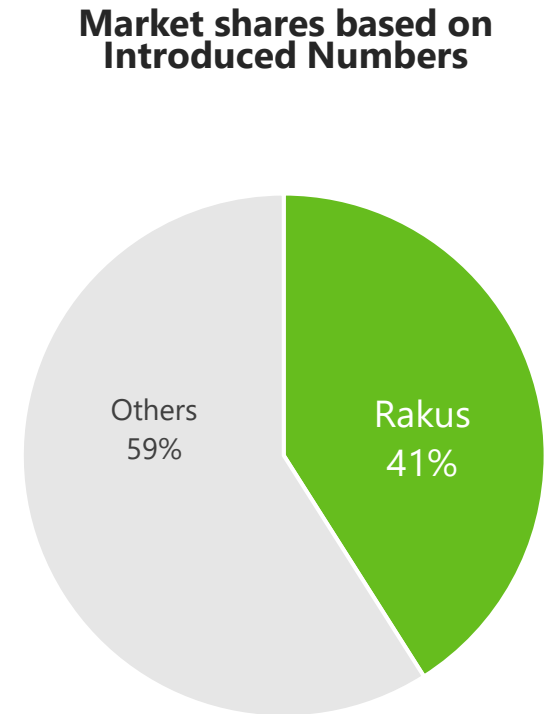
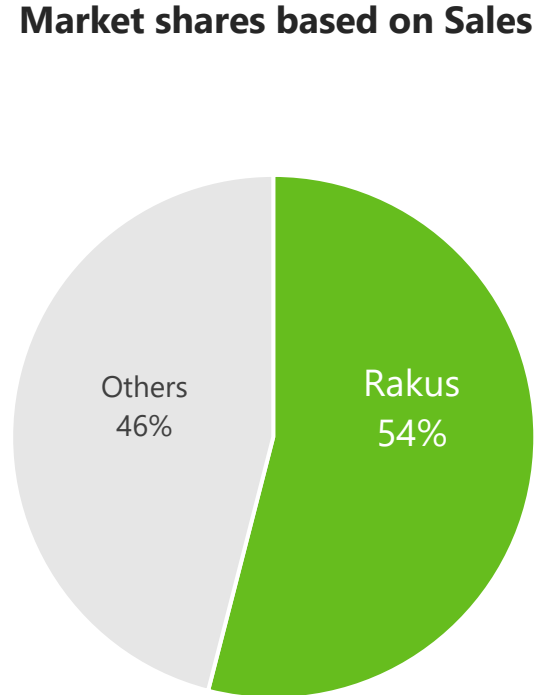
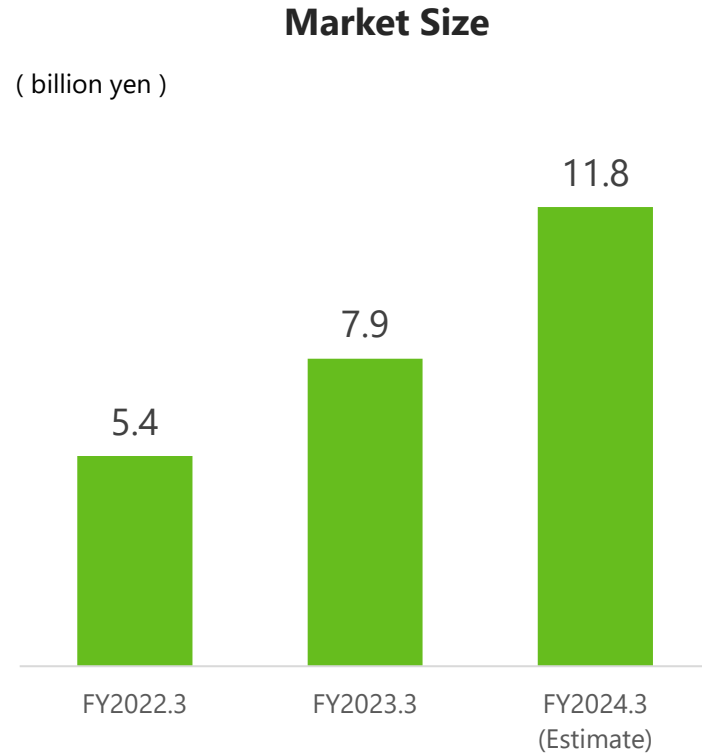


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Source: 2016 Economic Census for Business Activity and the report of Small and Medium Enterprise Agency which is written only in Japanese (中小企業庁金融EDIにおける商流情報等のあり方検討会議 (第3回) 配布資料 (資料4「決済事務の事務量等に関する実態調査」最終集計報告書))

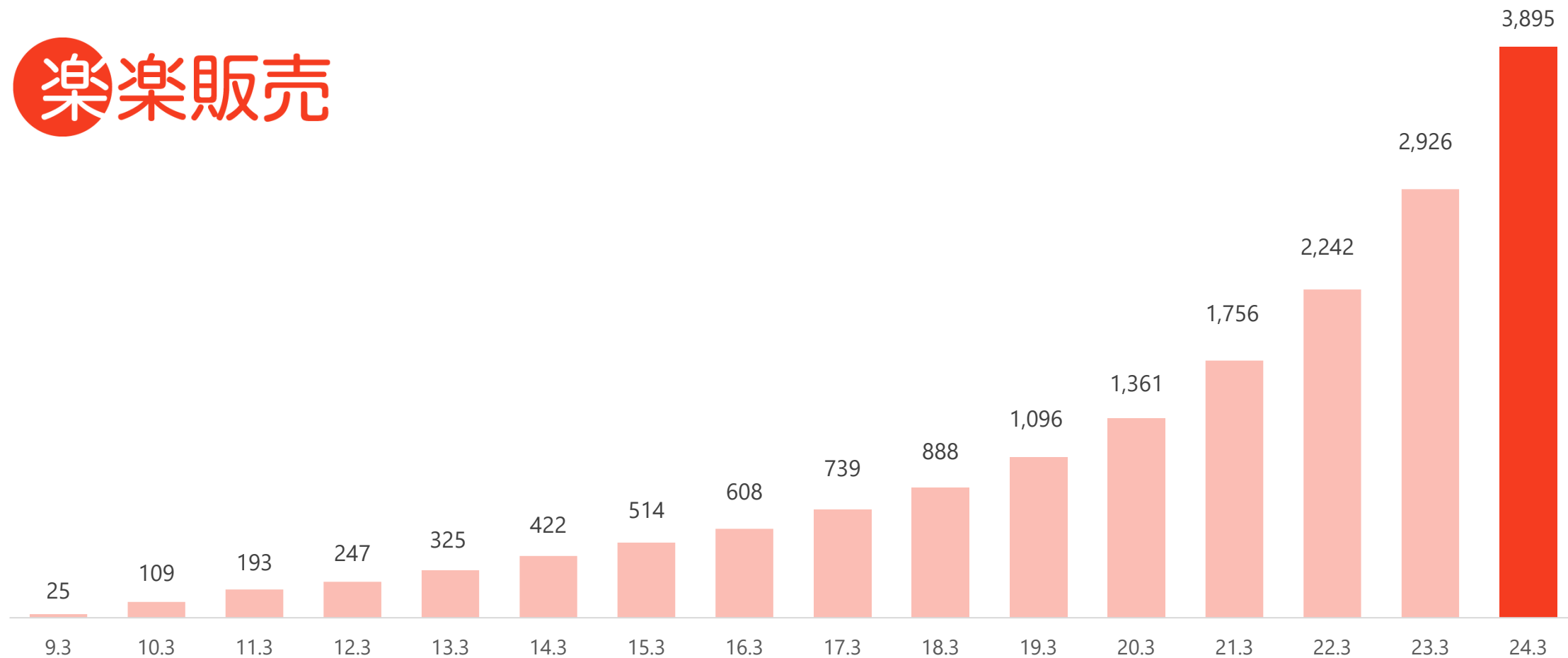
The Market for Cloud-based Bill Issuance System



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

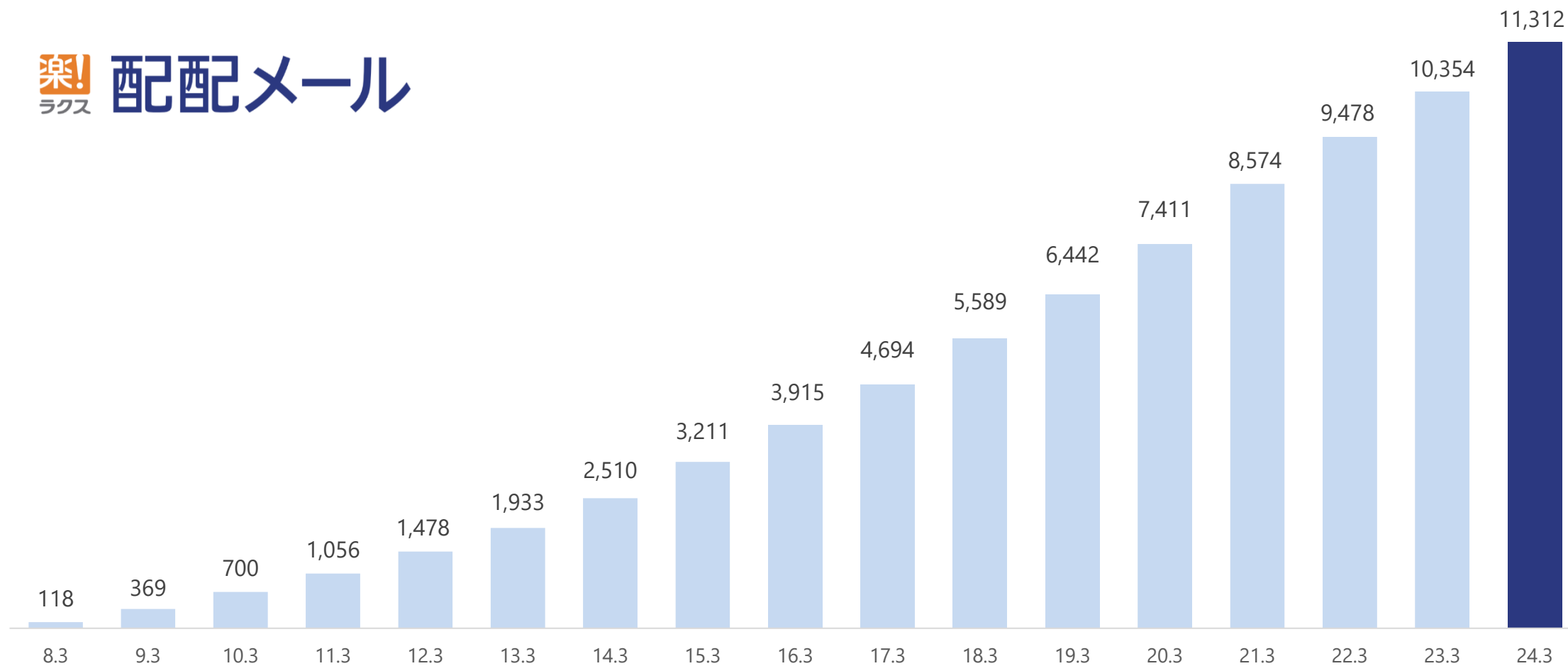
* Introduced numbers and Sales are for the estimated FY2024.3

Cumulative Number of Companies Using Raku Raku Hambai



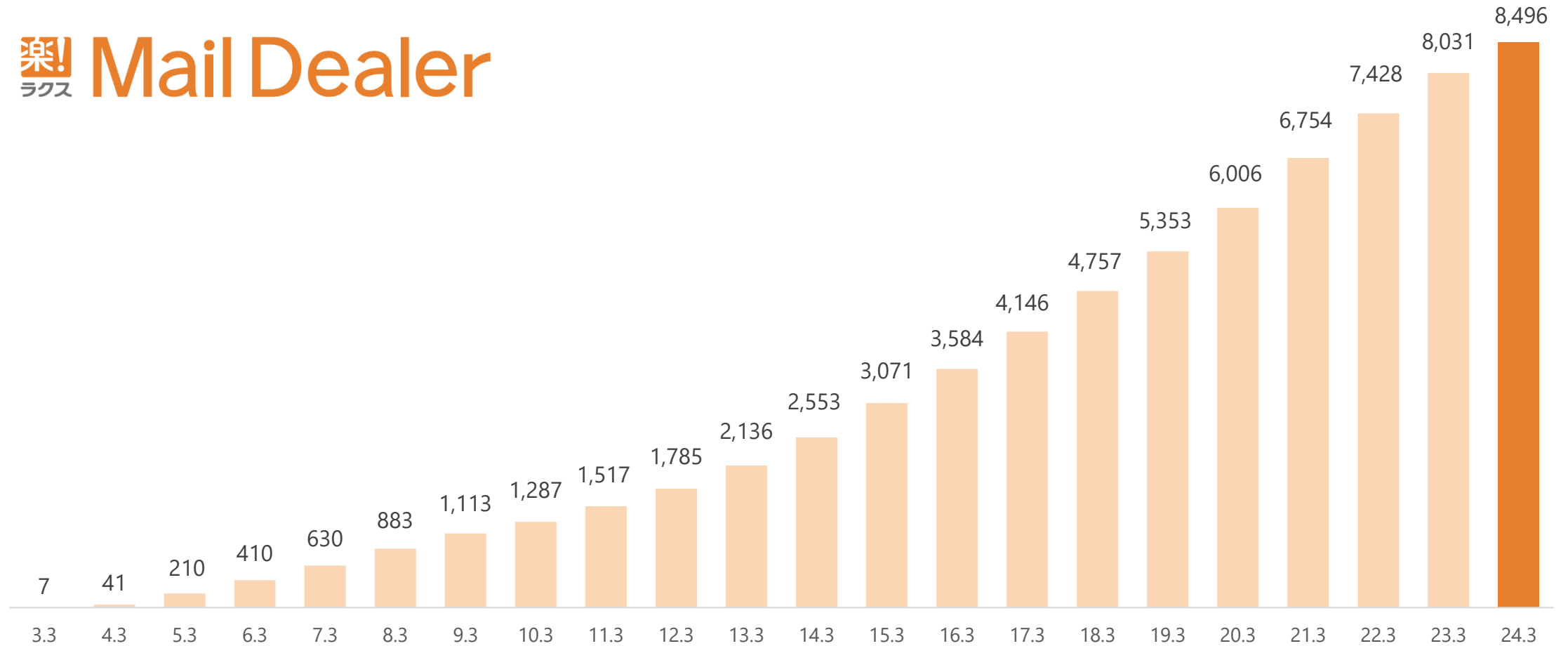
Cumulative Number of Companies Using Hai Hai Mail

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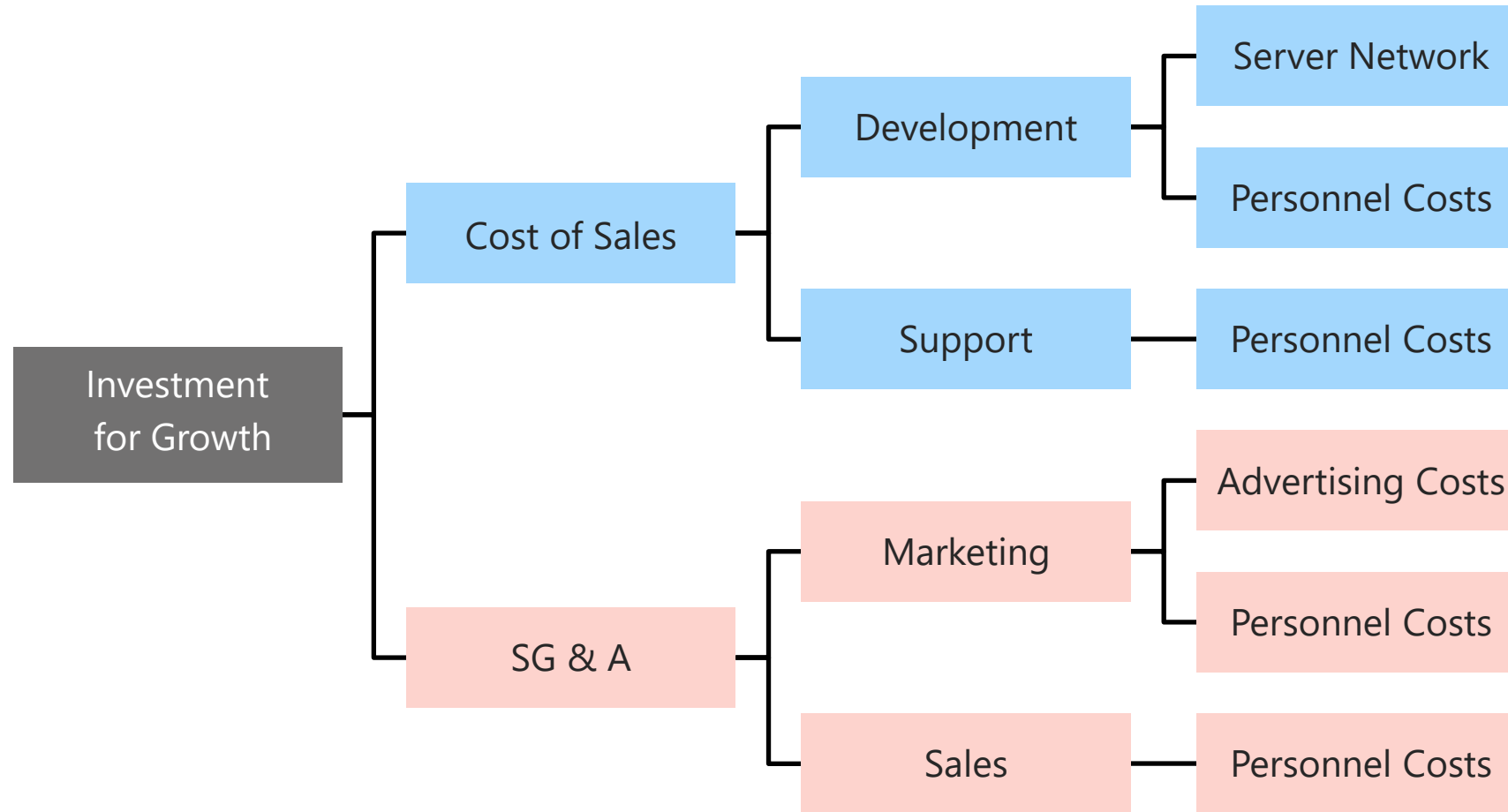


Cumulative Number of Companies Using Mail Dealer

 Mail Dealer

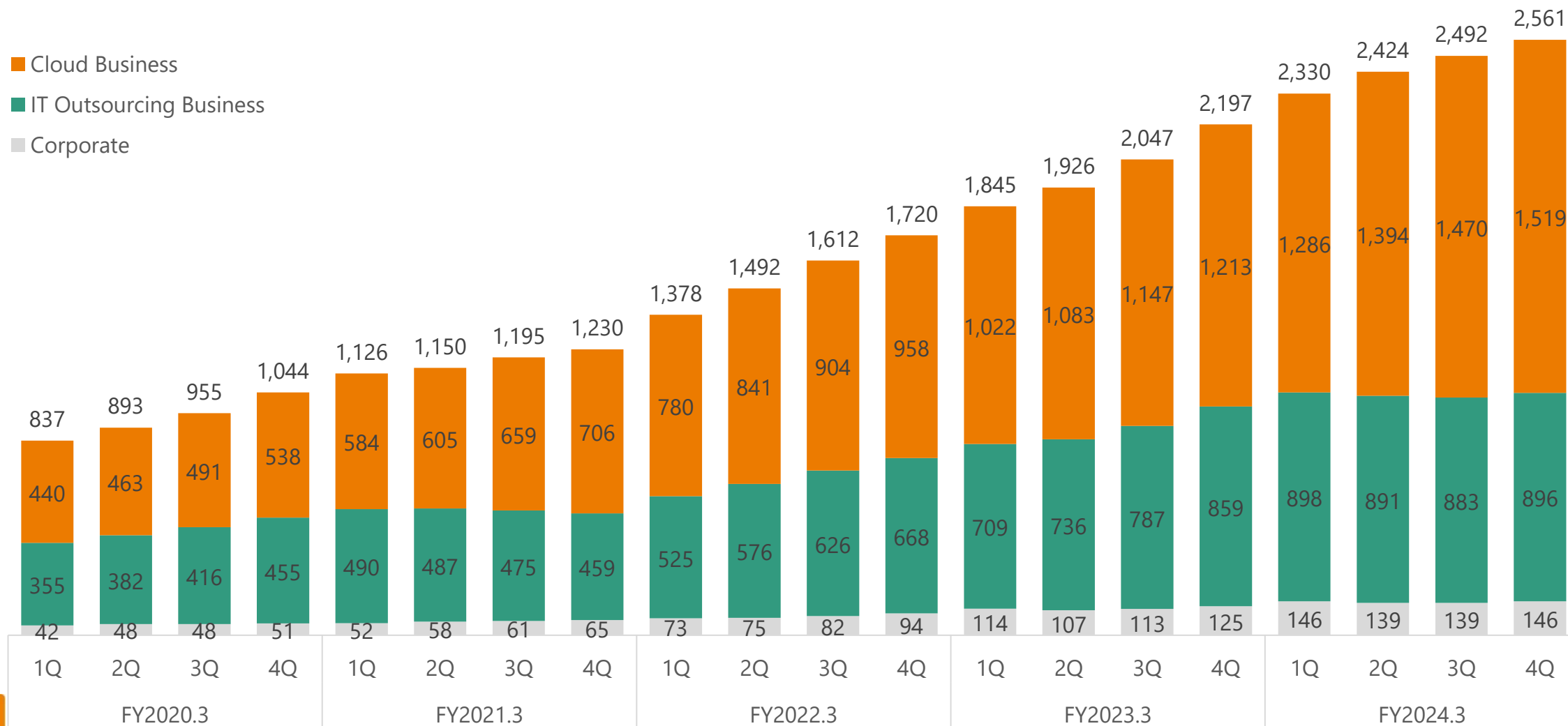


Breakdown of Investment for Growth (Cloud Business)



Number of Employees

(person)



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

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