



Financial Results for the 4th Quarter of Fiscal Year Ending July 31, 2018

RAKSUL INC.

(TSE Mothers : 4384)

September 13, 2018

AGENDA

1. Company Overview
2. FY2017 Financial Highlights
3. FY2018 Forecast
4. Reference Materials

1. Company Overview



Vision

Better Systems, Better World

Our strong belief is redesigning the structure and value chain of conventional industries such as printing and logistics with the help of internet

Sharing Platform
Printing & Offline Advertising



Rakusul

Launched in March 2013



“Uber of Logistics”

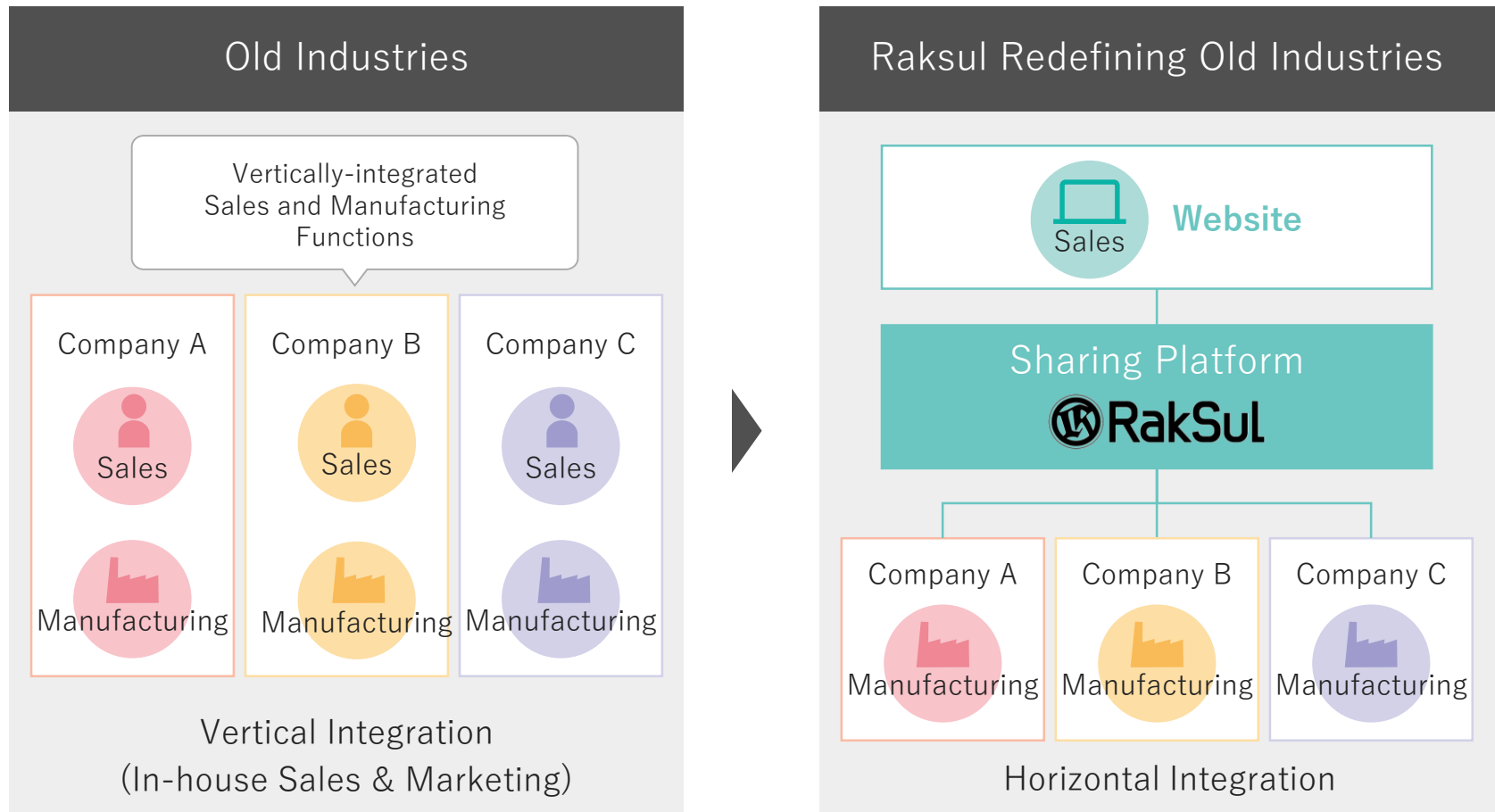


Launched in December 2015



Raksul Redefining Old Industries

Upgrade the vertically integrated industrial structure led by large companies to the horizontally collaborative and platform-based industrial structure



Large Attractive Market Opportunity for BtoB Platform

Drive digitization of large conventional BtoB industries

Domestic
Business Stationery
and Commercial
Printing Market



Domestic Offline
Advertising Market

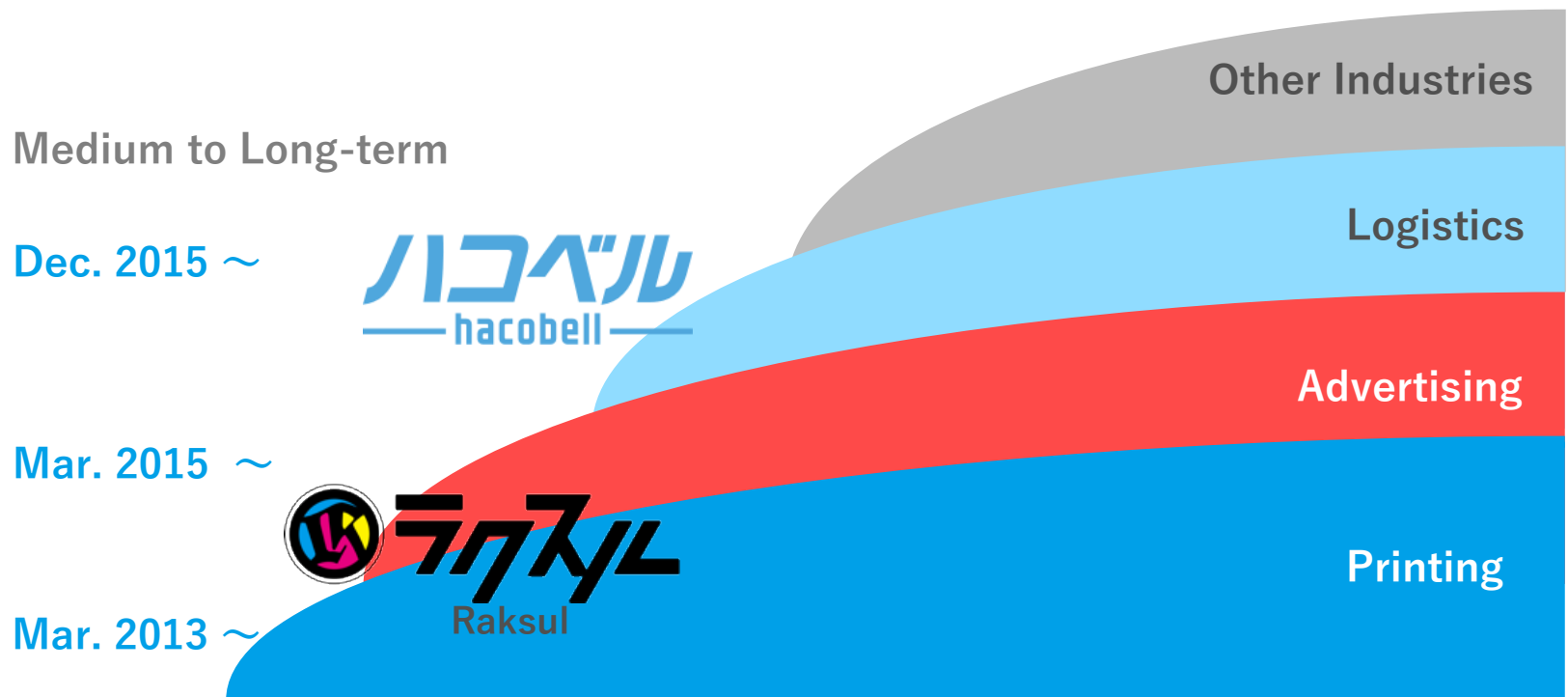


Domestic Trucking Market



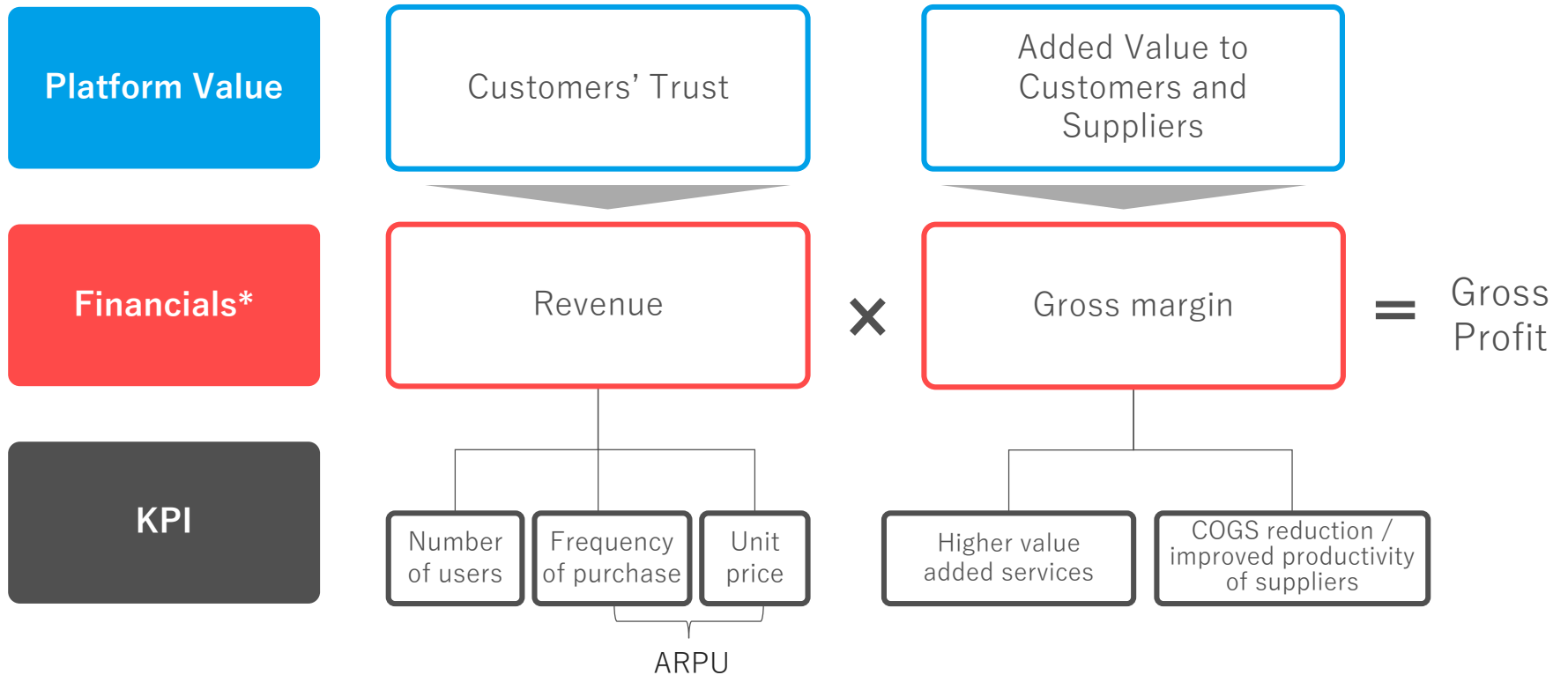
Sustainable Growth Through BtoB Platform That Disrupts Multiple Industries

Expand platform services into other industries in the medium to long term



Raksul Value Creation Formula

Achieve growth in revenue and gross profits through winning customers' trust and maximizing added value to customers and suppliers



*** Accounting standards applied to our revenue and gross profit**

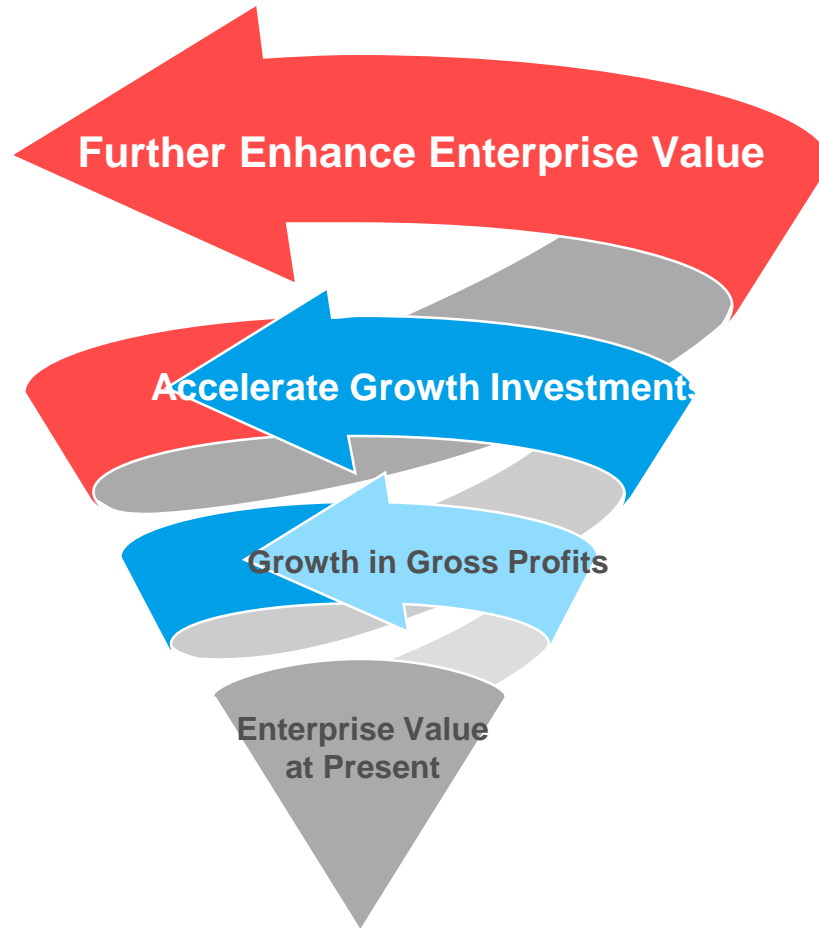
Revenue: revenues earned from Users by both Raksul and Hacobell are booked as gross revenue

Gross profit: gross profit = gross revenue - cost of sales



Our Upward Spiral of Value Creation

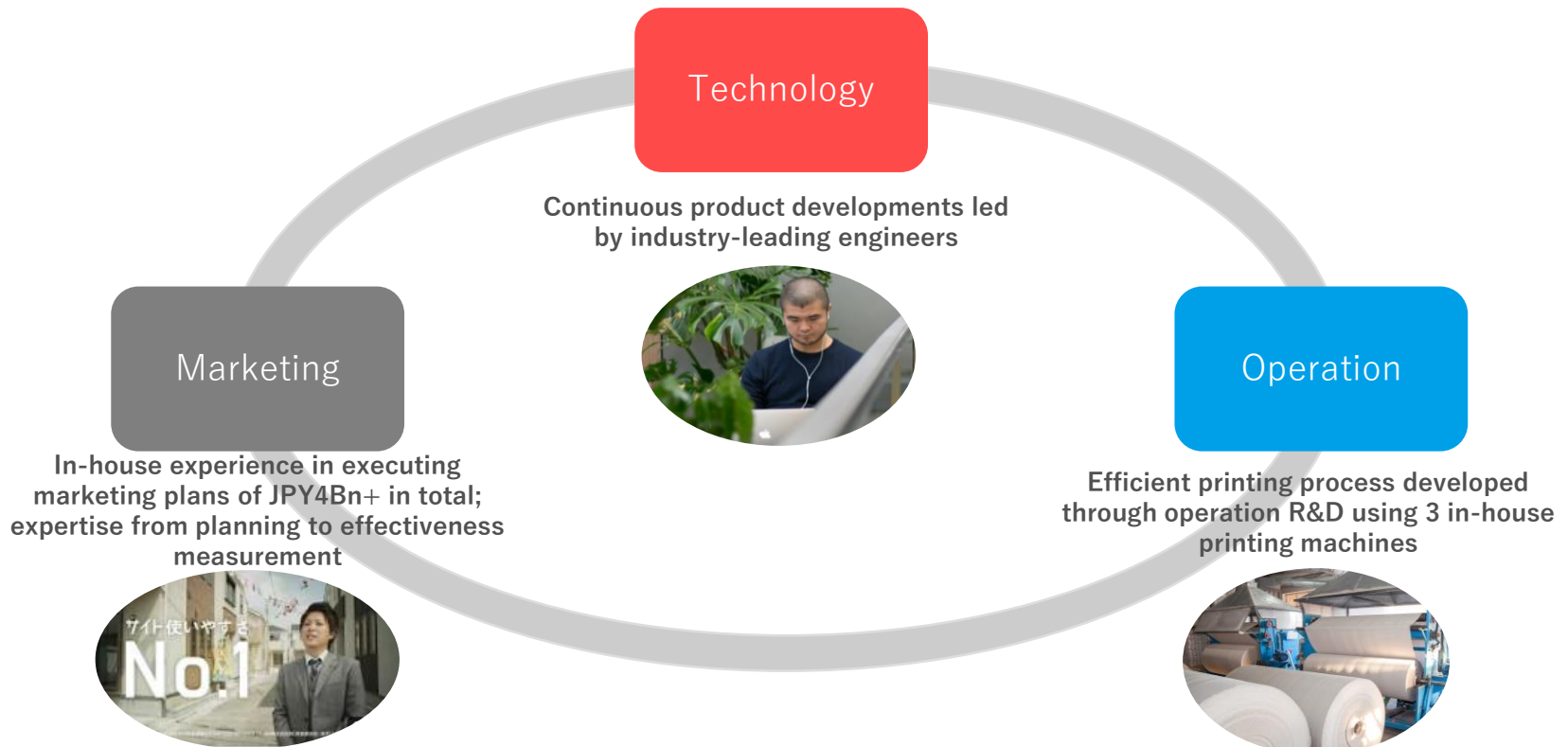
Maximizing gross profits accelerates both growth of operating profit and investments to generate greater platform value in a balanced way



Our Competitive Advantages

Raksul is a technology company with operational know-how and marketing expertise - that is how we clearly differentiate from other pure-internet players and legacy industry incumbents

3 Key Competitive Advantages that differentiate us from pure-internet players and legacy industry incumbents



2. FY2017 Financial Highlights

- Full-year revenue: JPY 11,174 million (**+45.6% YoY**)
Up 6.3% compared to initial forecast
- Full-year printing revenue: JPY 10,594 million (**+41.3% YoY**)
Up 4.4% compared to initial forecast
- Full-year logistics revenue: JPY 509 million (**+202.0% YoY**)
Up 70.9% compared to initial forecast
- Full-year gross profit: JPY 2,761 million (**+58.8% YoY**)
Up 7.4% compared to initial forecast
- Full-year operating profit: JPY 93 million - **Achieved a full-year profitability**
Up 86.1% compared to initial forecast



Automated print-data check system

Improved on-time delivery rate



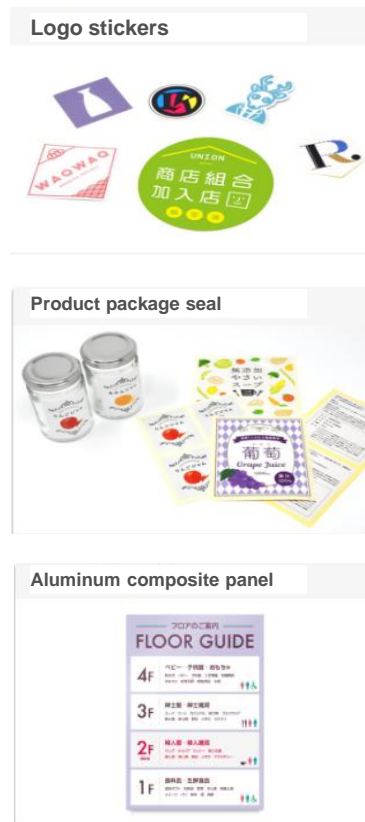
Online design service

Remove key bottleneck from ordering process



Long tail product offerings

Increased frequency of purchase



Launched Service for producing & broadcasting TV Commercials

Producing TV commercial using images from print products
Upsell to existing users



Launched Service for outdoor advertising

End-to-end service from poster printing to display
Upsell to existing users



Expanded coverage

Offering services nationwide



2018年07月23日から

Expanded variety of fleet

Increased price per order



Built sales structure

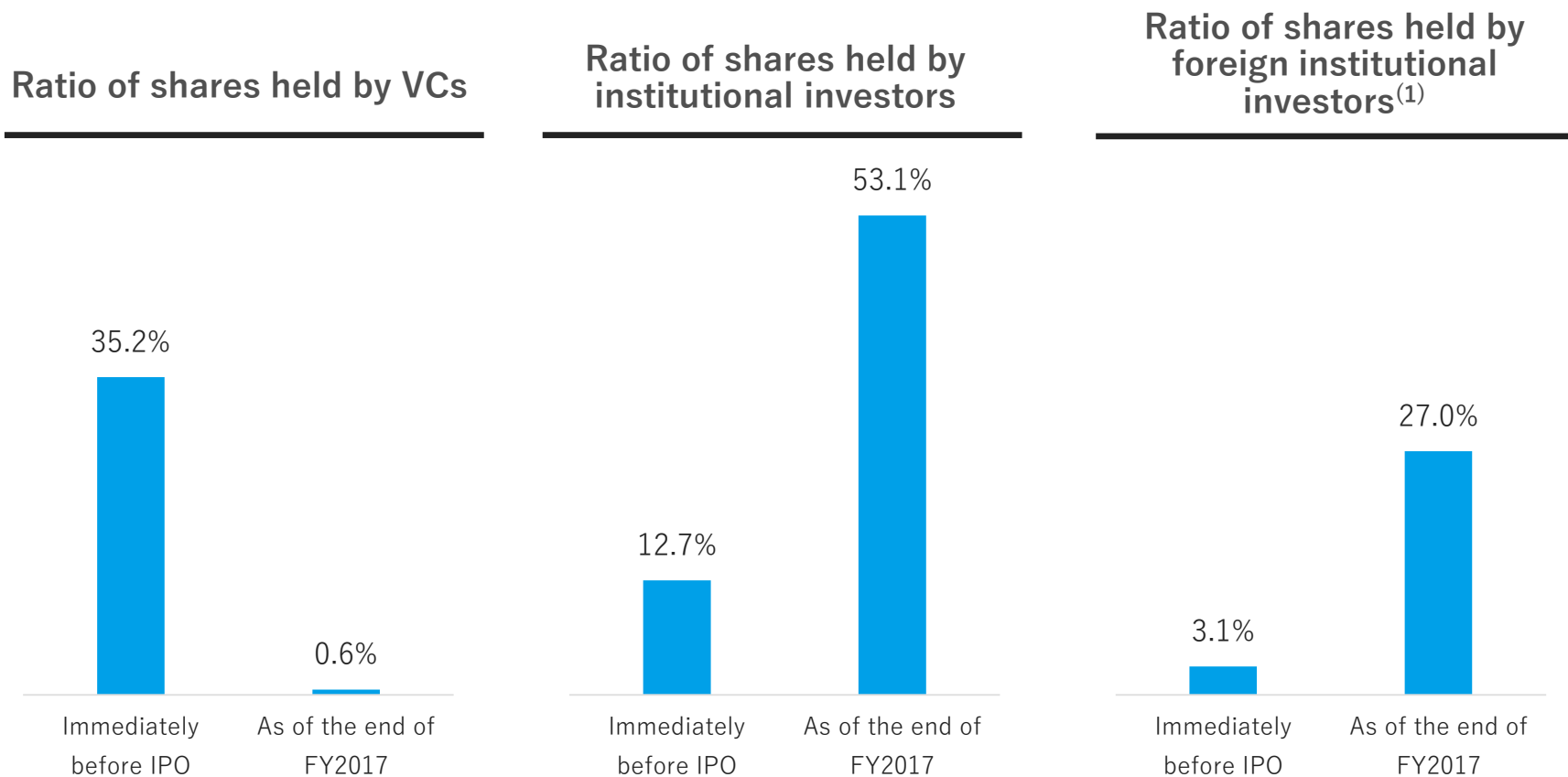
Identified growth model



RakSul FY2017 Financial Highlights

Raised approximately JPY 3.4 billion from IPO in May 2018; cash balance at the end of July is approximately JPY 6.3 billion

Within the two months post IPO, the share ownership by foreign institutional investors increased significantly while the ownership by VCs decreased



Note:

(1) Foreign corporations excluding VCs



RakSul Quarterly and Full-Year Financial Results

Strong performance in all business units: full-year revenue amounted to JPY 11,174 million, up 6.3% compared to our initial forecast (+45.6% YoY)

Full-year gross profit: JPY 2,761 million (up 7.4% compared to our initial forecast, +58.8% YoY)

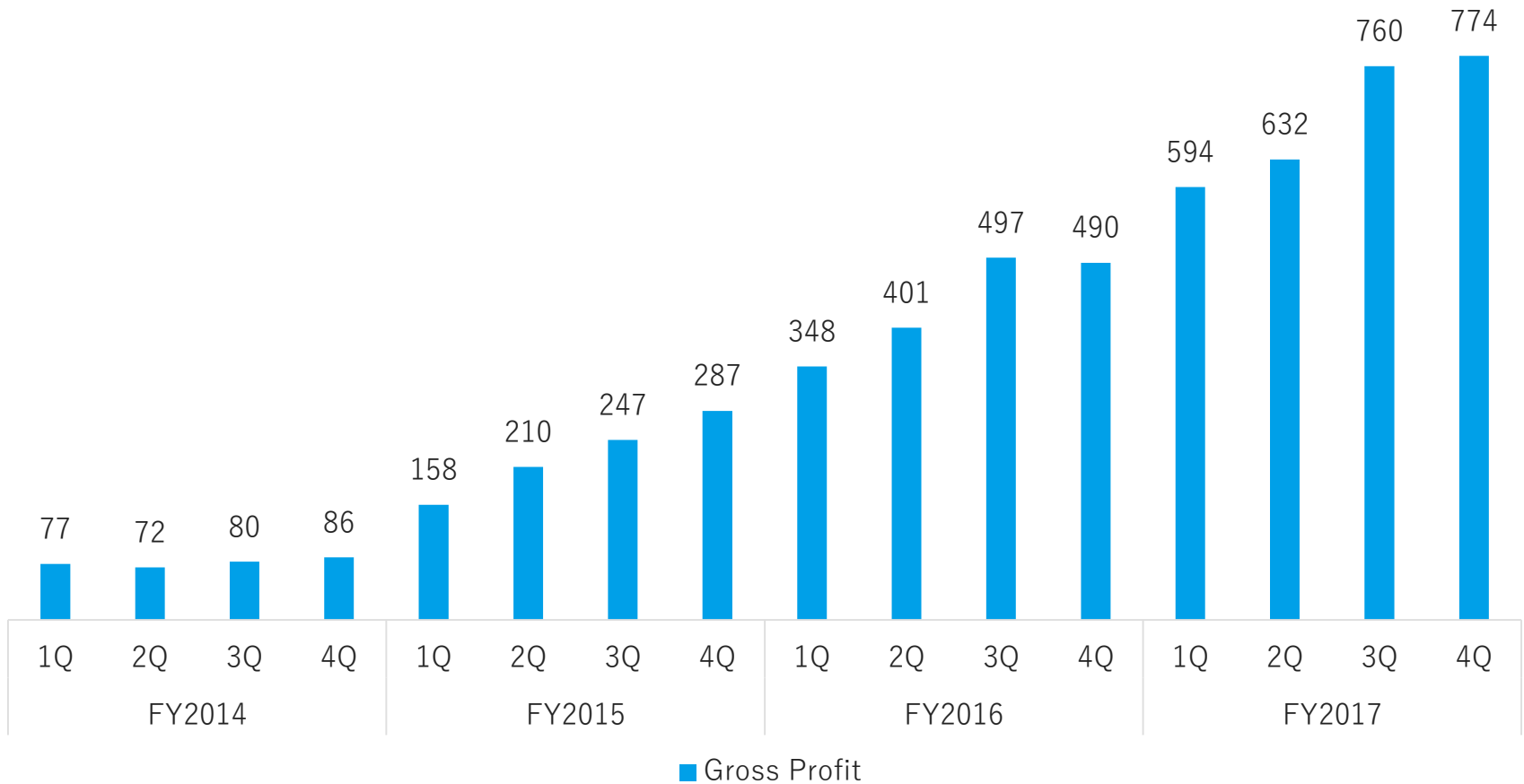
Full-year operating profit: JPY 93 million – operating profit in 4Q amounted to JPY 149 million

(in JPY MM)	FY2017 Full-Year (2017/8 – 2018/7)					FY2017 4Q (2018/5 – 2018/7)				
	Actual	FY2016 Full-Year		Initial Forecast		Actual	FY2016 4Q		FY2017 3Q	
		Actual	YoY	Forecast	Actual vs Forecast		Actual	YoY	Actual	QonQ
Revenue	11,174	7,675	+45.6%	10,515	106.3%	3,235	2,168	+49.2%	3,034	+6.6%
Gross Profit	2,761	1,738	+58.8%	2,571	107.4%	774	490	+57.8%	760	+1.9%
Gross Margin	24.7%	22.7%	+2.0pt	-	-	23.9%	22.6%	+1.3pt	25.1%	-1.1pt
Operating Profit	93	-1,145	-	50	186.1%	149	-259	-	64	+130.8%
Ordinary Profit	43	-1,163	-	9	480.5%	123	-261	-	49	+151.3%
Net Profit	15	-1,175	-	6	257.7%	99	-274	-	47	+107.7%

	FY2015	FY2016	FY2017
Number of registered users on printing platform	293,689	452,940	661,815
		+ 159,251 Compared to FY2015	+ 208,875 Compared to FY2016

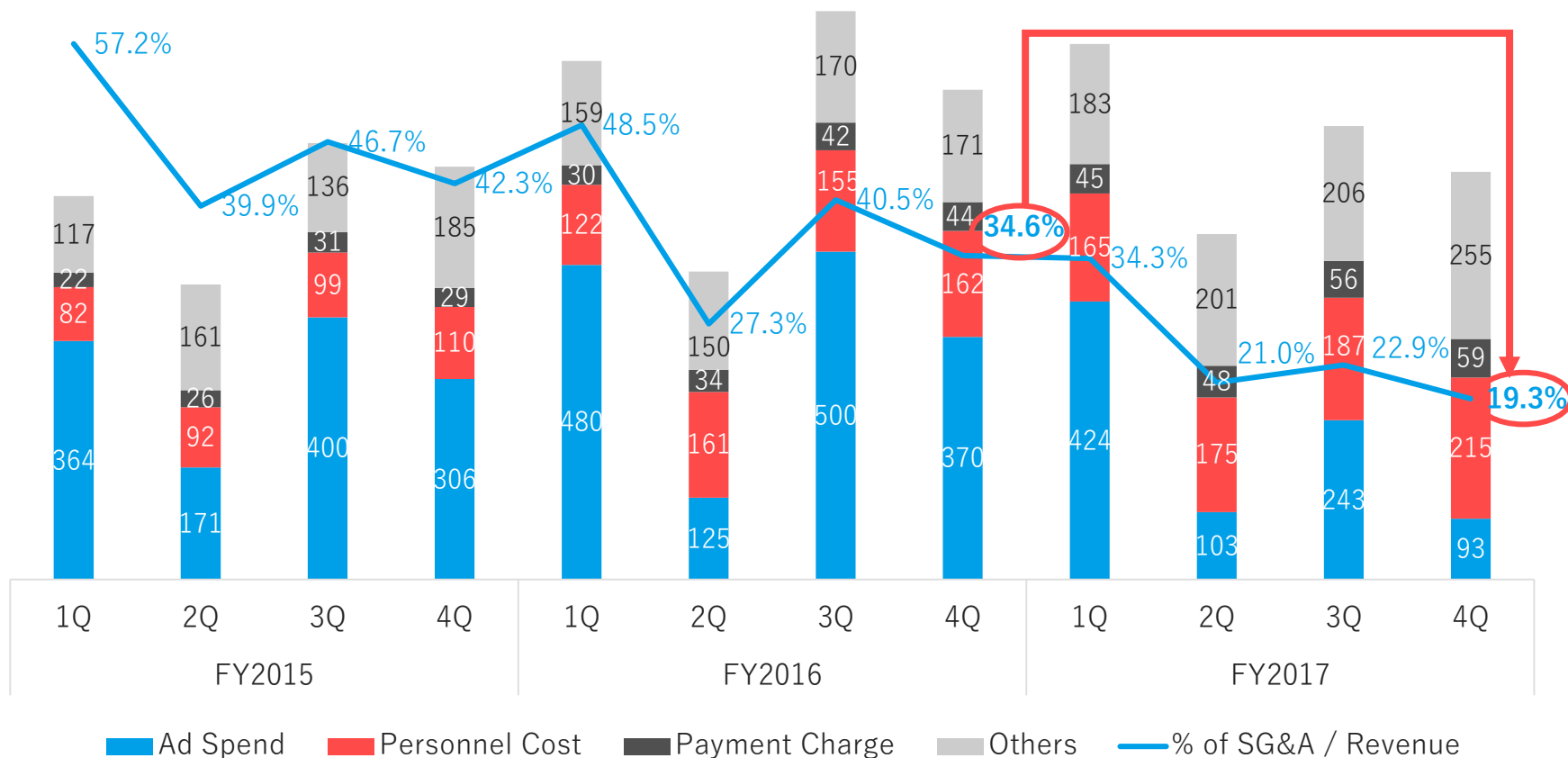
Increase in gross profit - the source of our enterprise value

(in JPY MM)



Decreasing % of SG&A expenses per revenue

(in JPY MM)

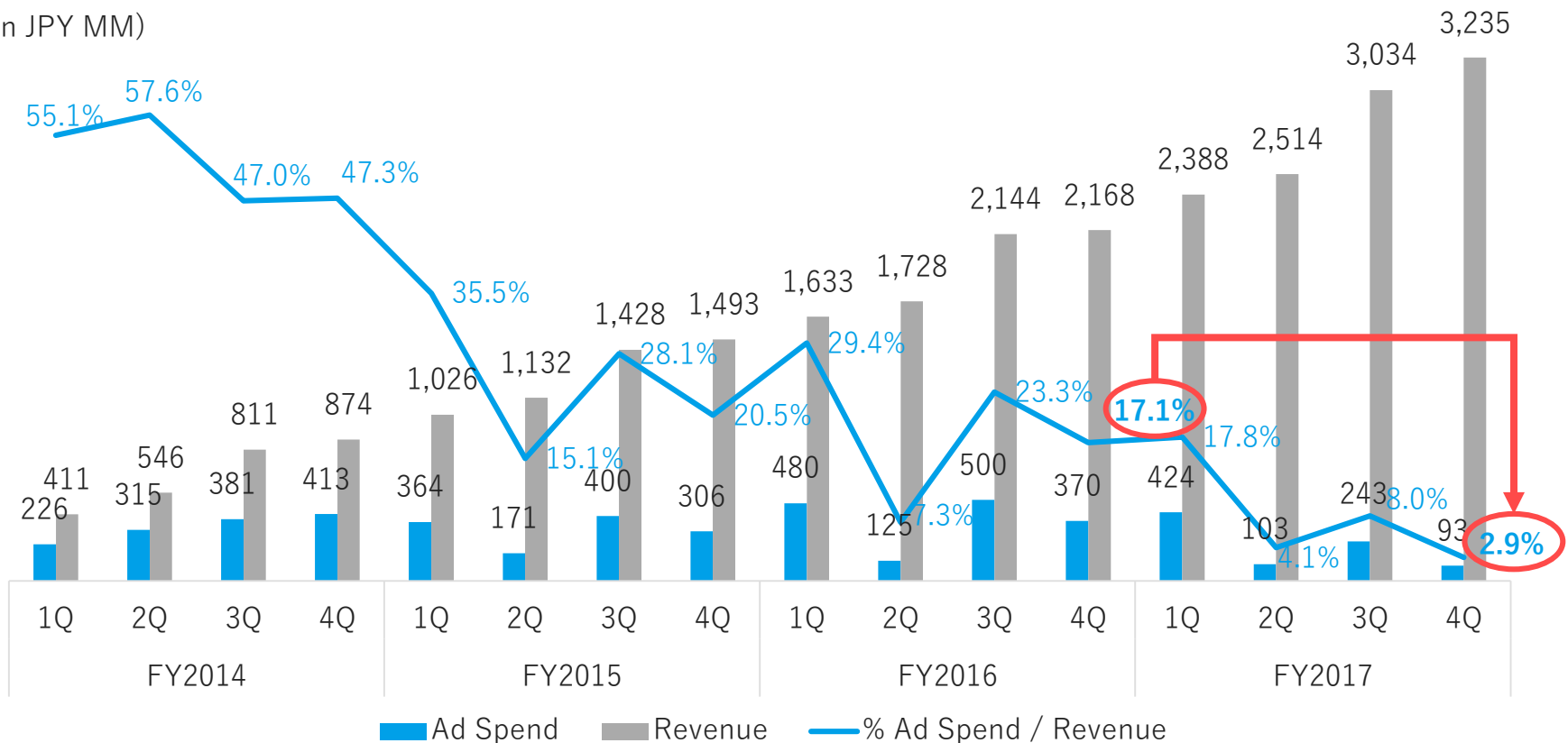


RakSul Advertising Expenses/Ratio of Advertising Expenses

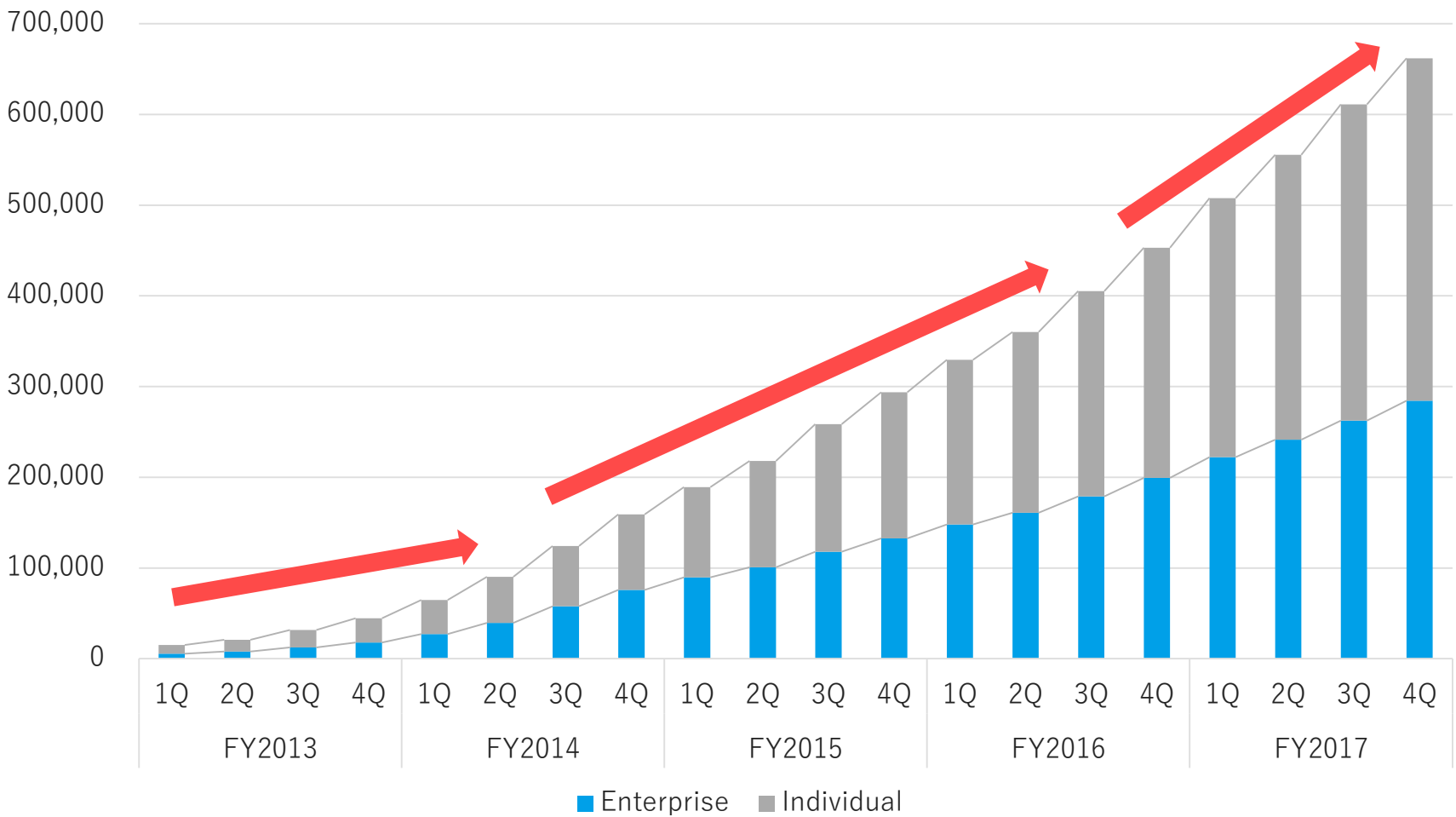
Due to an experimental halt in TV advertisement in 4Q, the advertising expenses and ratio per revenue decreased significantly

We will continue to invest a certain amount in advertising, but the ratio of such expenses per revenue will gradually decline

(in JPY MM)



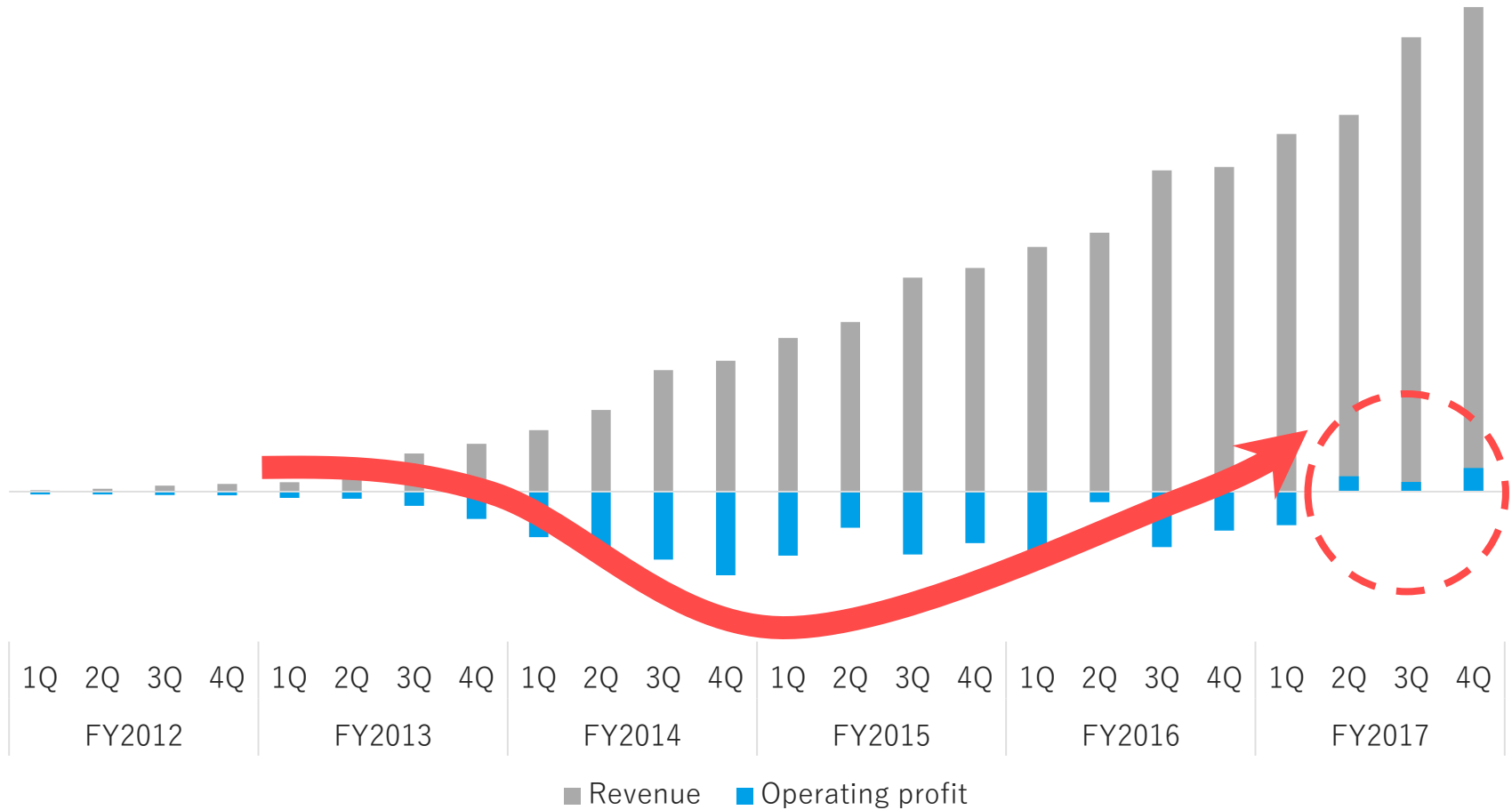
Speed of user acquisition accelerated by improvement in efficiency of advertising spend⁽¹⁾



Note
 (1) This refers to users of the printing platform only; users of "Hacobell" service is not included

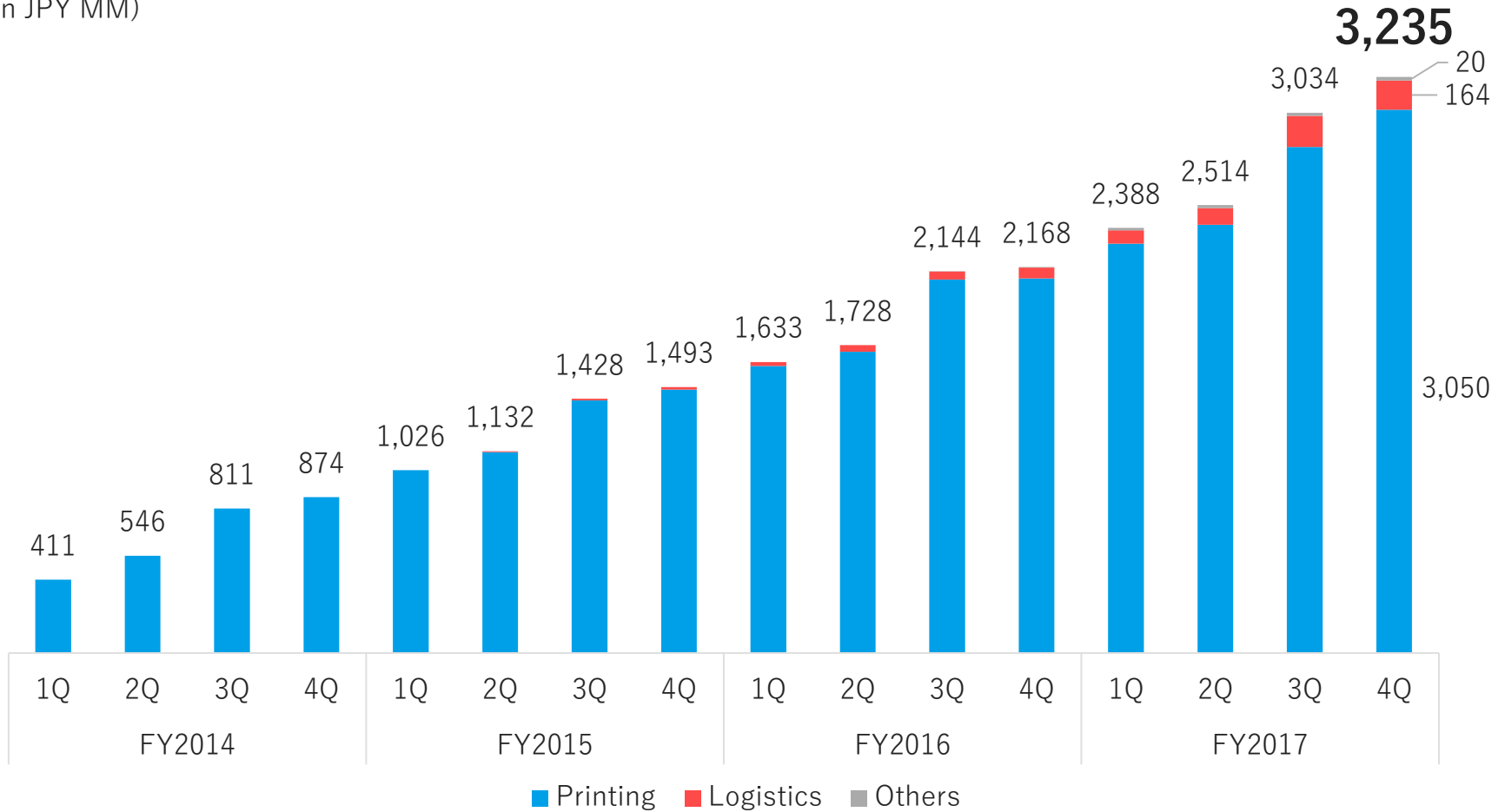
RakSul Entering into a Profitable Phase

Achieved full-year operating profit by continuously increasing revenue and gross profit and decreasing the ratio of advertising expenses
Entering into a profitable phase after cultivating a J-curve of JPY 5 billion in value



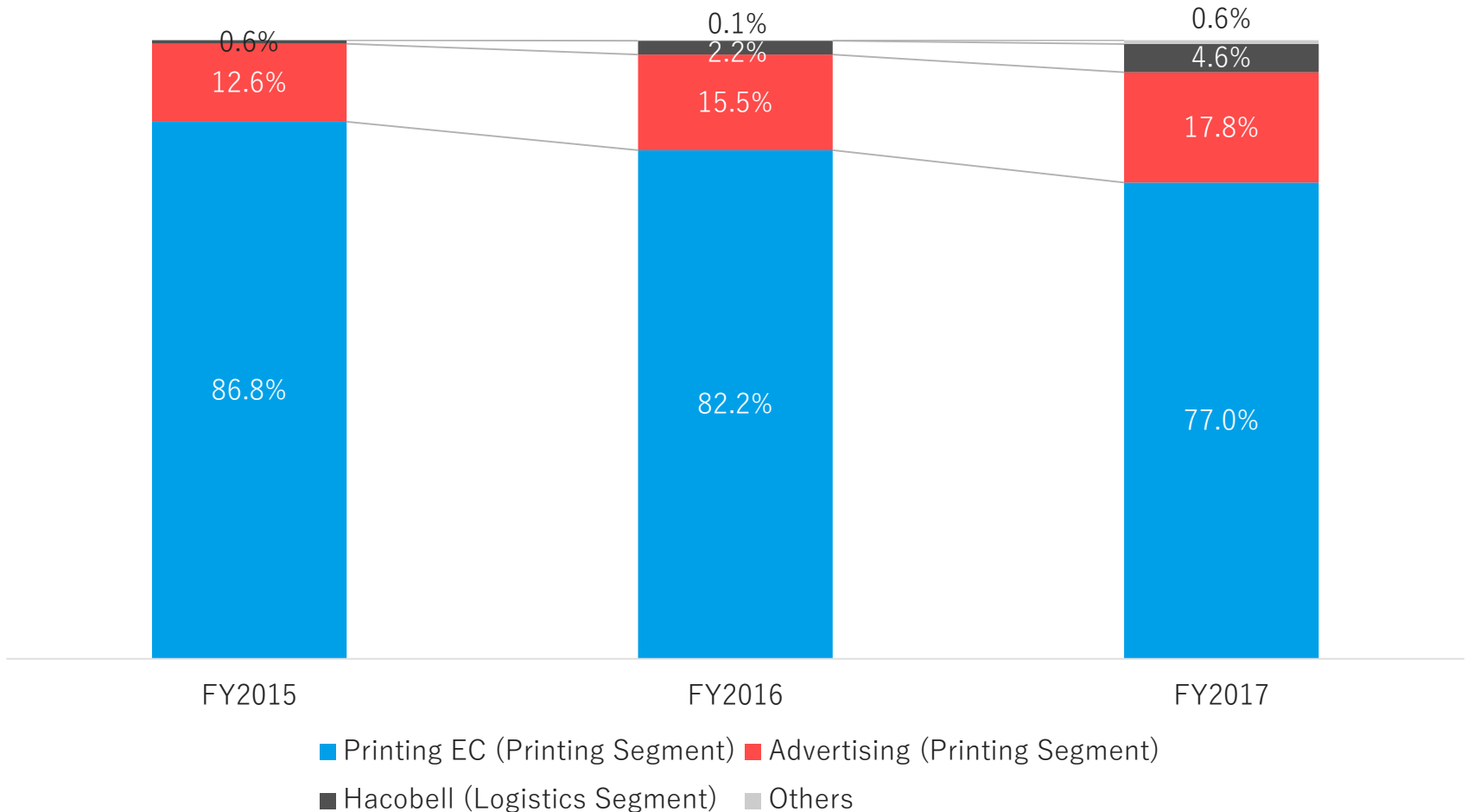
Continuous revenue growth

(in JPY MM)



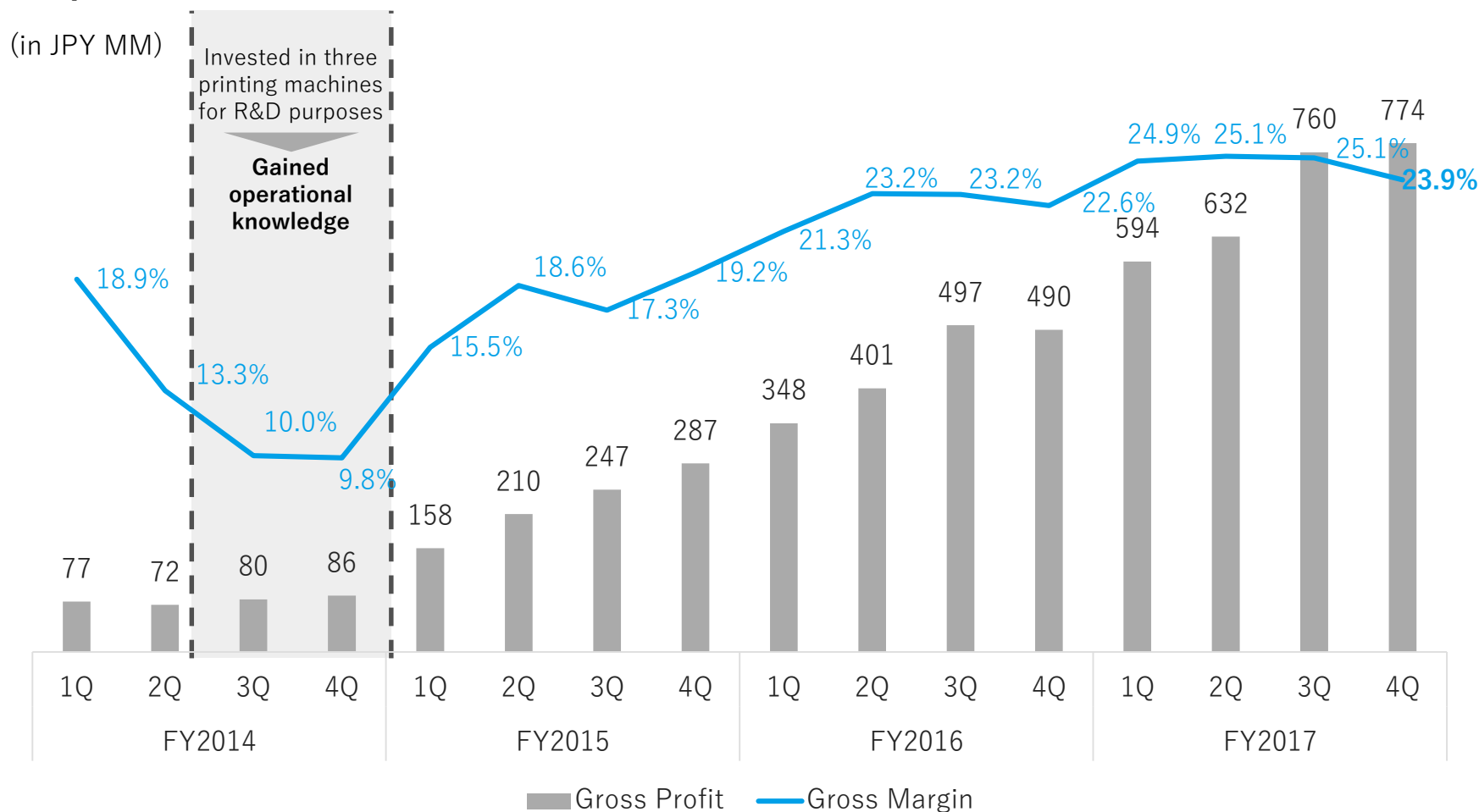
RakSul Revenue Composition by Business Segment

Our newer platforms will rapidly expand while the printing EC service continues its growth, creating multiple strong revenue streams

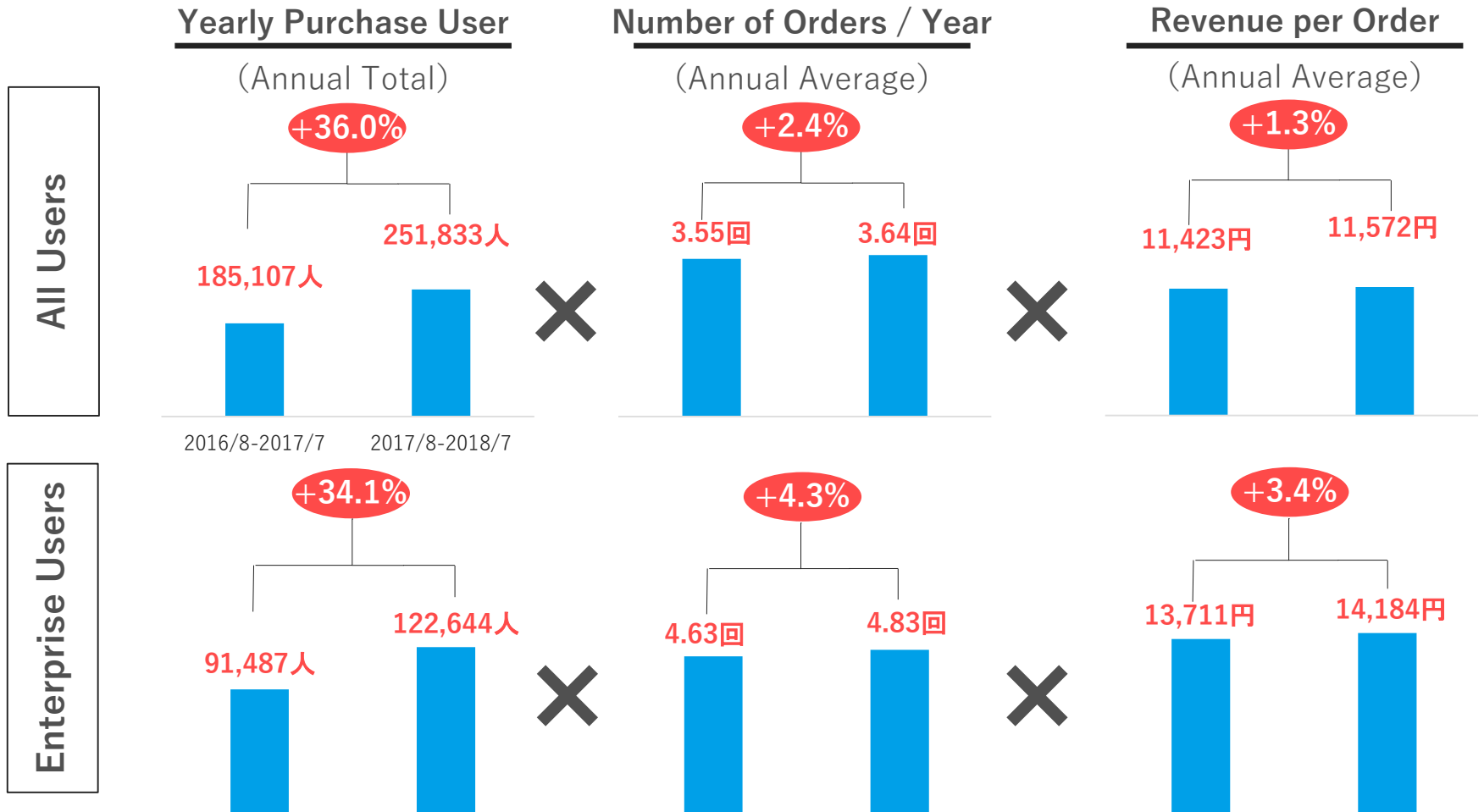


RakSul Gross Profit and Gross Margin

The gross margin worsened due to changes in business mix mainly attributable to Hacobell; however, we expect the mid-term gross margin of each business to improve



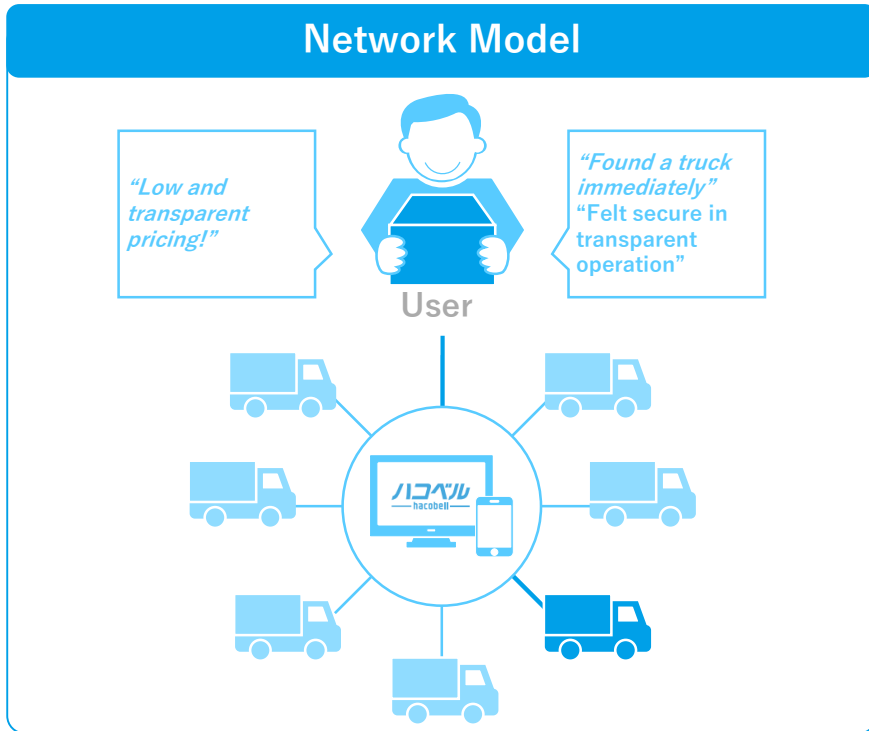
The KPIs of all users, as well as our core user group (enterprise users), are improving ⁽¹⁾



Note:
(1) Calculated from a management accounting perspective



Remove layers of intermediaries from the pyramid value-chain by connecting drivers directly to end users; increase convenience and improve productivity for all



- ✓ **Sharing economy enhance efficiency**
 - On-demand
 - Transparent
- ✓ **Digitalization enhance productivity**
 - Real Time
 - Easy to Manage
 - Higher Quality (driver rating)



Started with last-mile services, expanded into intra-city services

Hacobell Service Offerings

Inter-city

Vehicle type Large truck (10 ton)
Unit price ¥50,000 - ¥100,000



Suppliers / Partners

Enterprises only

Intra-city

Small and Medium truck (2-4 ton)
¥20,000 - ¥40,000



Last mile

Light van
¥5,000 - ¥10,000



Enterprises and individuals



ヤマトホールディングス

In July 2017, commenced business partnership with Yamato Holdings, a leading logistics company in Japan, aiming for transformation in the logistics industry through building open innovation platform

1

Improvement
Yamato HD's
Operation

Leverage Hacobell's technologies for the daily operation of Yamato HD

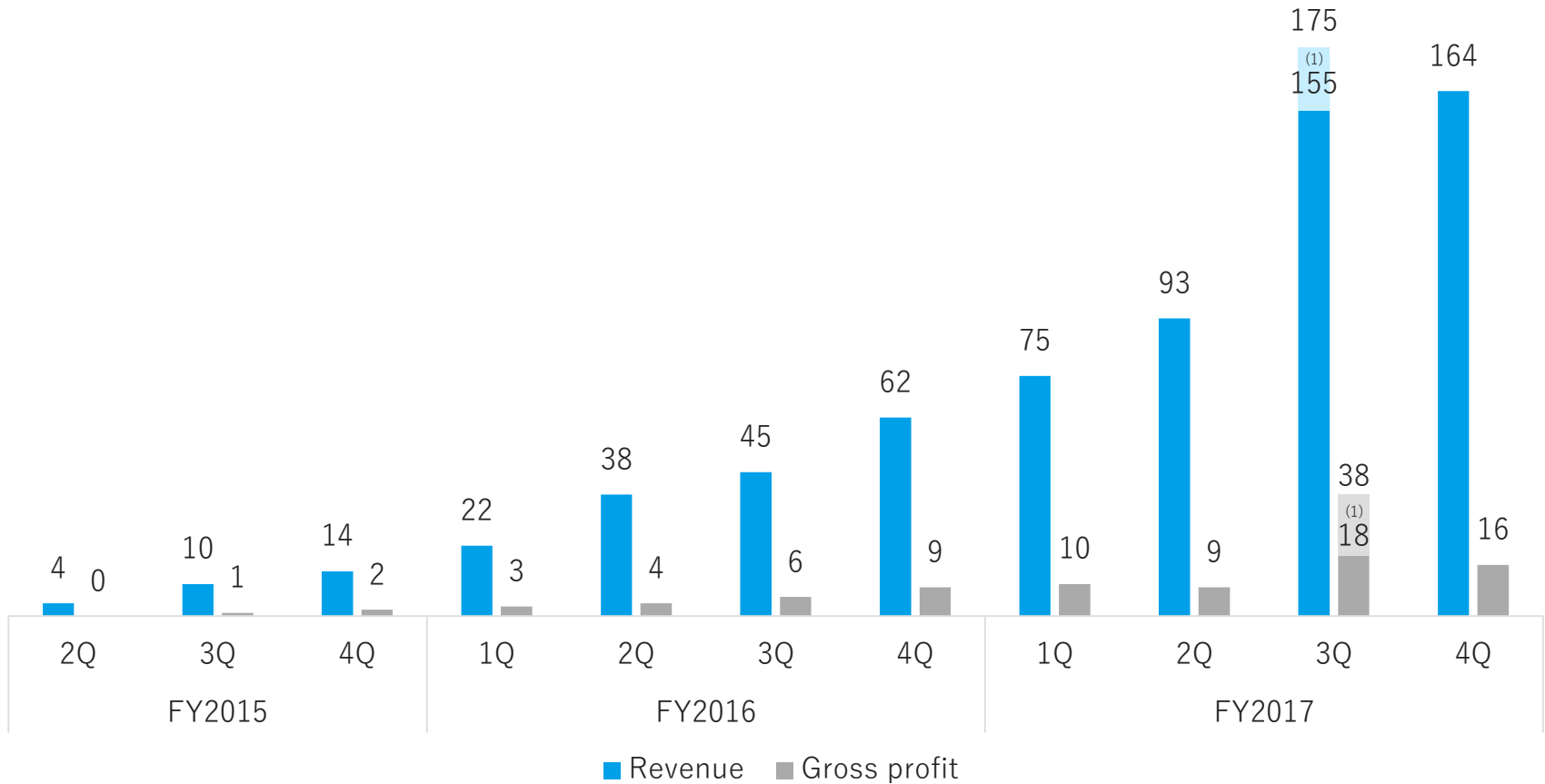
2

Business
Development

Build BtoB logistics platform based on the combination of Yamato HD's operations capabilities and Hacobell's technologies

Achieved QonQ revenue growth even in 4Q (low season) by scaling up our sales team

(in JPY MM)



Note:

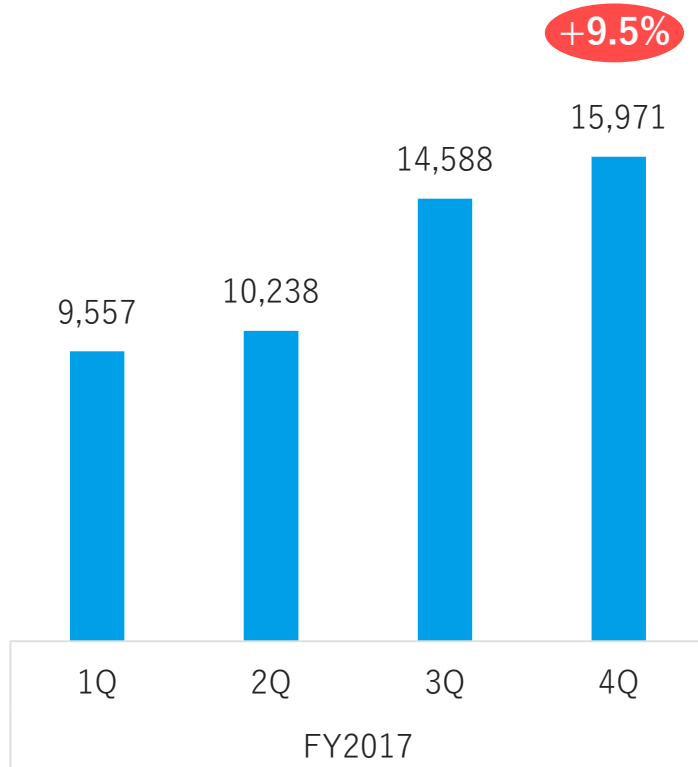
(1) FY2017 3Q figures include revenue from system development for Yamato HD (tentative revenue)

Number of Orders and Value per Order

Total number of orders rose due to increased lightweight cargo transactions, while the proportion of general cargo transaction and revenue per order decreased due to the low season

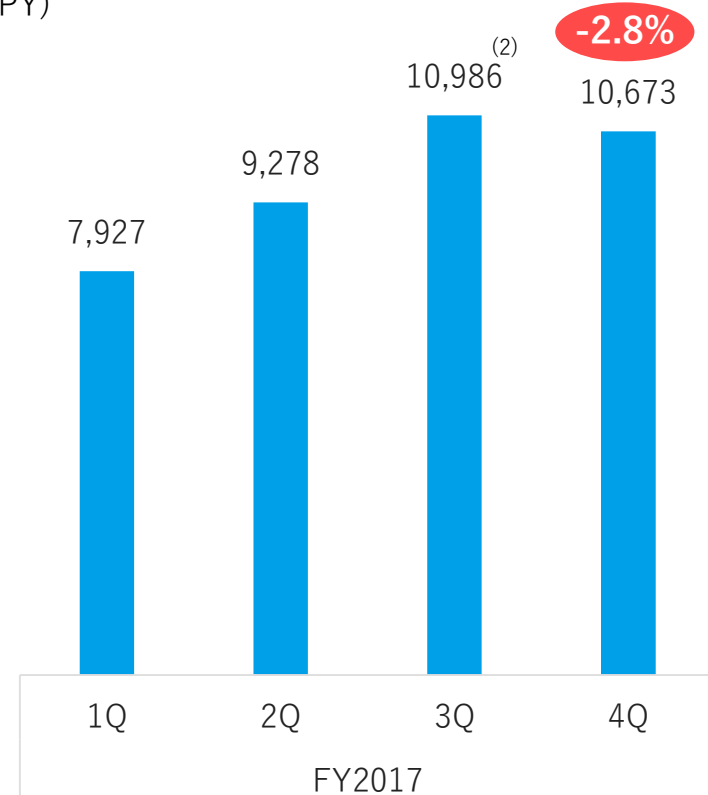
Number of Orders

(No. of orders)



Revenue per Order ⁽¹⁾

(JPY)



Notes:

- (1) Value based on financial accounting standard and includes internal transactions
- (2) FY2017 3Q figures do not include revenue from system development for Yamato HD

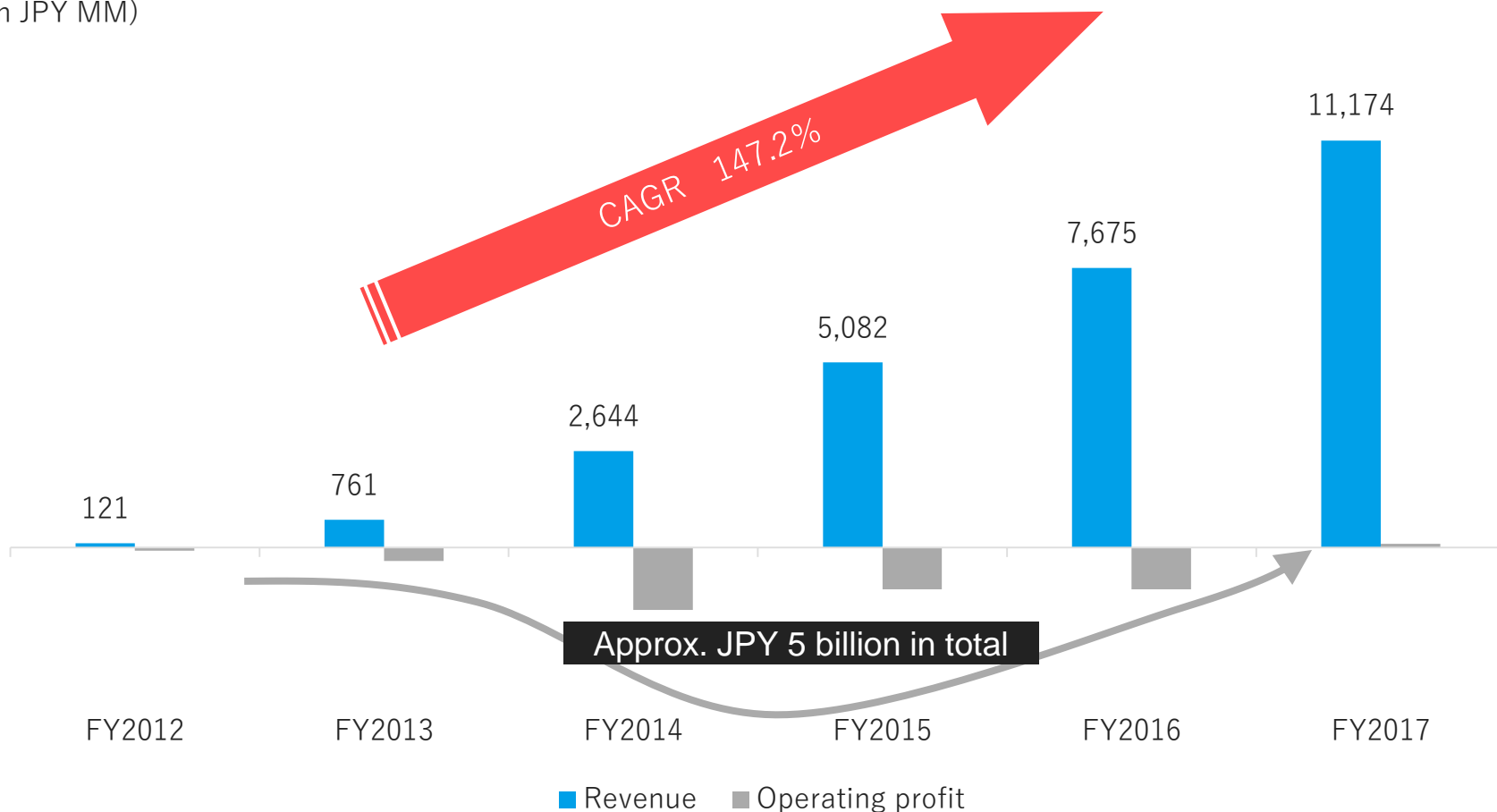
3. FY2018 Forecast



Track Record of Creating J-Curve

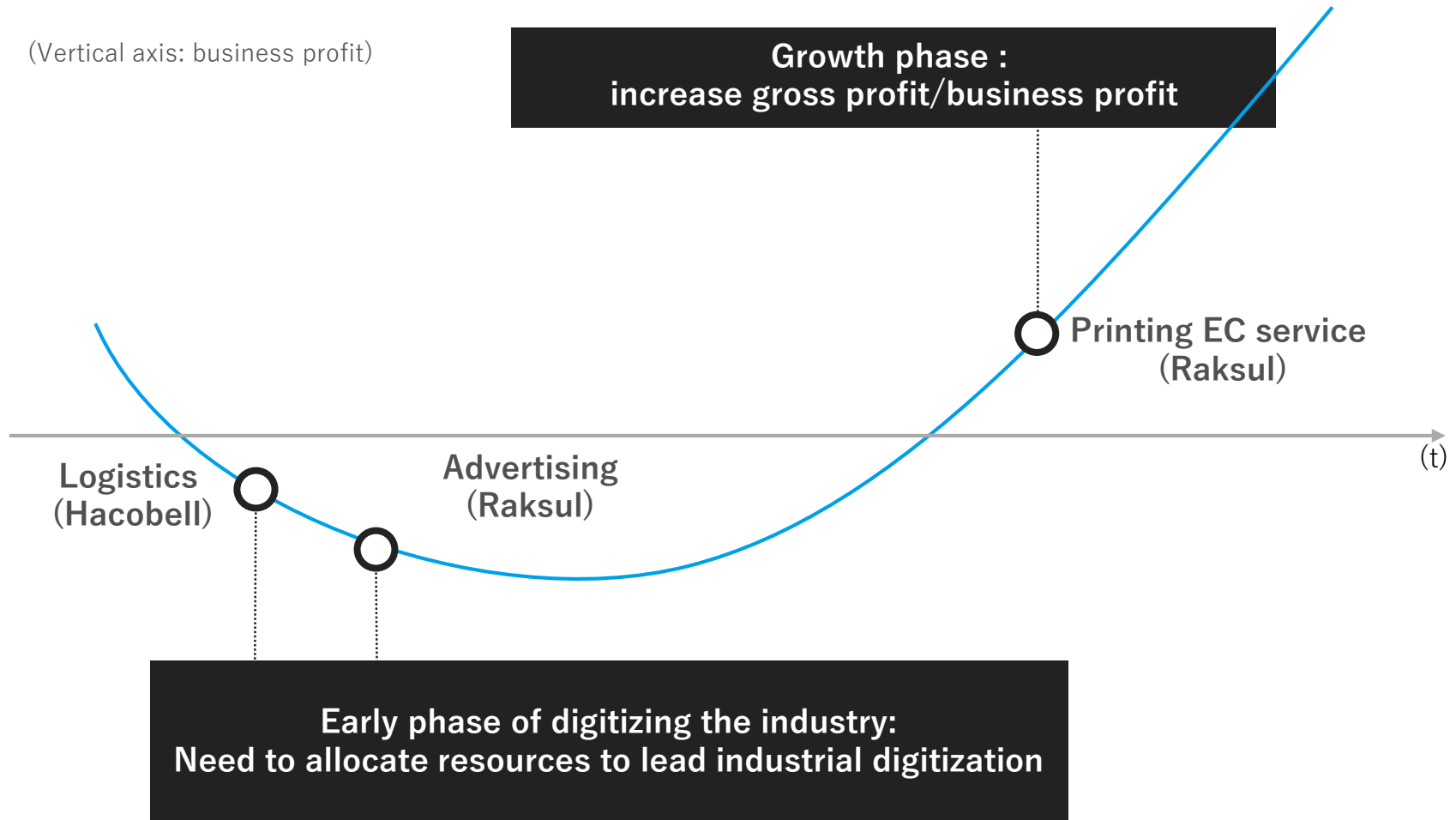
We have built a sizable business and entered into a profitable phase after cultivating a J-curve of approximately JPY 5 billion in total value

(in JPY MM)



FY2018 Management Focus

We will carefully vary the management approaches to our three businesses according to their respective phases on the J-curve



FY2018 Financial Forecast

Revenue/Gross Profit: at least 30% YoY growth

**Operating/Other Profit: positive profit
(amounts are not disclosed)**

Upside and downside scenarios which are not incorporated into our financial forecast
(because probabilities of occurrence are currently low)

Upside

Each business grows much more than anticipated
(Through improvement of customer acquisition efficiency and profitability)

Downside

Recruitment is delayed longer than expected
(Engineers in particular)

Both offline advertising business and logistics business enter into growth phase earlier than anticipated
(Upside in terms of mid- to long-term business value and downside in terms of short-term profit levels)

4. Reference Materials

Company Overview

Name:	RAKSUL INC.
HQ:	Shinagawa-ku, Tokyo, Japan
Foundation:	September 2009
Management	Yasukane Matsumoto, Founder and CEO
Team:	Yo Nagami, CFO Masaki Tabe, CMO / Head of Advertising Business Kozo Fukushima, COO / Head of Printing Business Yusuke Izumi, CTO / Head of Logistics Business Yusuke Asakura, Outside director, ex-CEO of mixi Genichi Tamatsuka, Outside director, ex-CEO of Lawson, Lotteria, ex-COO of Fast Retailing Naomi Mori, Corporate Auditor Hiroyuki Yamada, Corporate Auditor Masahiro Kotosaka, Corporate Auditor
# of Employees:	199 (As of July 2018)

Management Team



Yasukane Matsumoto – Founder and CEO

- Founded Raksul in September 2009
- Introduced “Sharing Economy” model in the printing industry, in which idle assets is used effectively
- Ex-consultant from A.T. Kearney
- Graduated from Keio University



Masaki Tabe – CMO / Head of Advertising Business

- Joined Raksul in August 2014
- Committed to expand the scope of our services from marketing perspectives
- Previously worked at Marui Group and TAKE AND GIVE. NEEDS
- Graduated from Chuo University



Yusuke Izumi – CTO / Head of Logistics Business

- Joined Raksul in December 2015
- Leads the company’s overall technology including system engineering, creative and IT security
- Previously worked at Morgan Stanley MUFG Securities and DeNA
- Graduated from New England Conservatory



Genichi Tamatsuka – Outside Director

- Joined Raksul as outside director in October 2017
- CEO of Digital Hearts since June 2017
- Previously served as CEO at Lawson (2016-2017) and COO of Fast Retailing (2002-2005)
- Founder of Revamp (2005)
- Early career at IBM
- Graduated from Keio University



Yo Nagami - CFO

- Joined Raksul in April 2014
- Well-versed in financial strategies with a wide range of knowledge obtained through experience in the financial and investment sectors
- Previously worked at Mizuho Securities, Carlyle Japan LLC, and DeNA
- Graduated from Keio University; MBA from The Wharton School of The University of Pennsylvania



Kozo Fukushima – COO / Head of Printing Business

- Joined Raksul in July 2015
- Expert in business planning, corporate development, and production control
- Previously worked in Future Architect and ex-Principal of Boston Consulting Group
- Graduated from Keio University



Yusuke Asakura – Outside Director

- Joined Raksul as outside director in May 2015
- Visiting scholar of Stanford University since 2014
- Previously served as President and CEO of mixi, President, CEO of Naked Technology, ex-consultant of McKinsey & Company
- Graduated from The University of Tokyo



RakSul FY2017 Quarterly Financial Highlight

4Q revenue: JPY 3,235 million (+49.2% YoY)

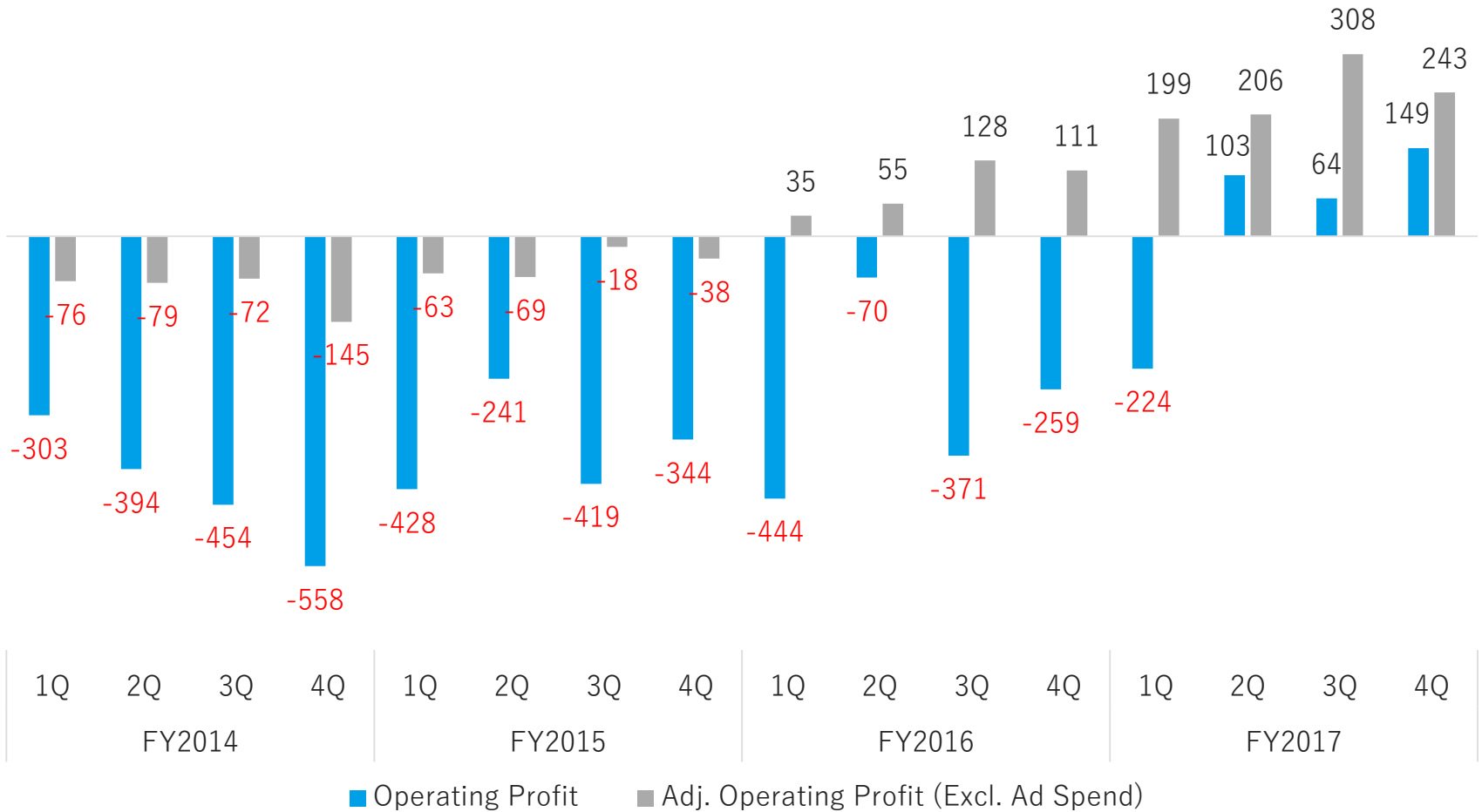
Gross profit: JPY 774 million (+57.8% YoY)

Operating profit: JPY 149 million

(in JPY MM)	FY2016				FY2017					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Revenue	1,633	1,728	2,144	2,168	2,388	2,514	3,034	3,235	+49.2%	+6.6%
Gross Profit	348	401	497	490	594	632	760	774	+57.8%	+1.9%
Gross Margin	21.3%	23.2%	23.2%	22.6%	24.9%	25.1%	25.1%	23.9%	+1.3pt	-1.1pt
Operating Profit	-444	-70	-371	-259	-224	103	64	149	-	+130.8%
Ordinary Profit	-455	-70	-376	-261	-228	99	49	123	-	+151.3%
Net Profit	-454	-70	-376	-274	-229	97	47	99	-	+107.7%

Operating Profit and Adjusted Operating Profit (excl. Ad Spend)

(in JPY MM)

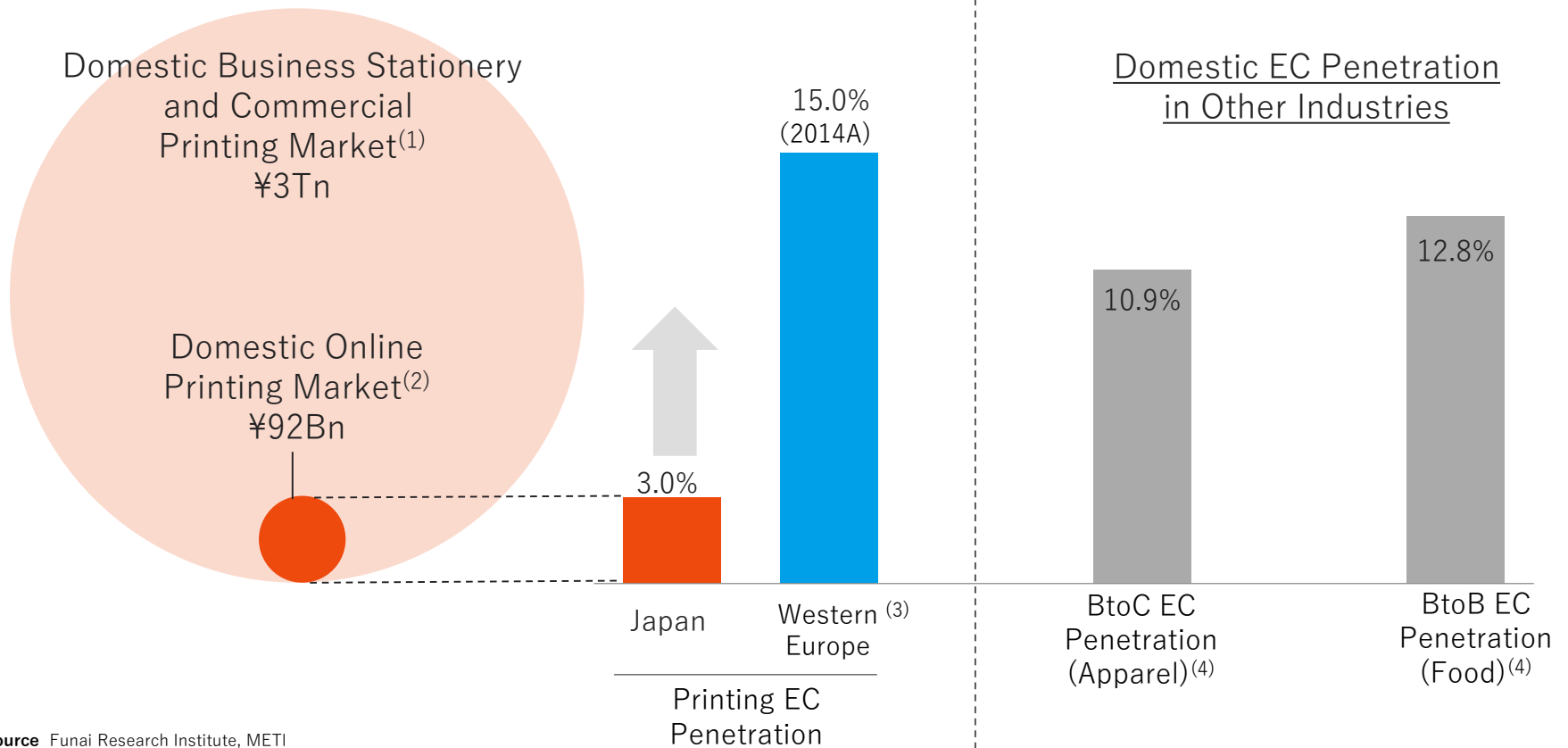


(in JPY MM)	FY2017	FY2016
Current Assets	7,680	3,832
Cash & Deposits	6,366	3,025
Non-Current Assets	1,107	1,037
Total Assets	8,787	4,869
Current Liabilities (of which, interest-bearing liabilities)	1,846 (451)	1,495 (488)
Non-Current Liabilities (of which, interest-bearing liabilities)	265 (127)	364 (364)
Net Assets	6,675	3,009
Capital Stock	1,926	100
Capital Surplus	4,733	4,082
Total Liabilities & Net Assets	8,787	4,869

(in JPY MM)	FY2017	FY2016
Cash Flows From Operating Activities	137	-974
Cash Flows From Investing Activities	-139	-113
Cash Flows From Financing Activities	3,342	2,268
Net Increase (Decrease) In Cash And Cash Equivalents	3,340	1,180
Cash And Cash Equivalents At End Of Year	6,366	3,025

TAM Expansion Driven by Further EC Penetration

There is still huge potential for e-commerce penetration in the printing industry



Source Funai Research Institute, METI

Notes

(1)Source: Yano Research Institute, METI

(2)Source: Funai Research

(3)Source: zipcon consulting (2017)

(4)Source: Ministry of Economy, Trade and Industry (2016)

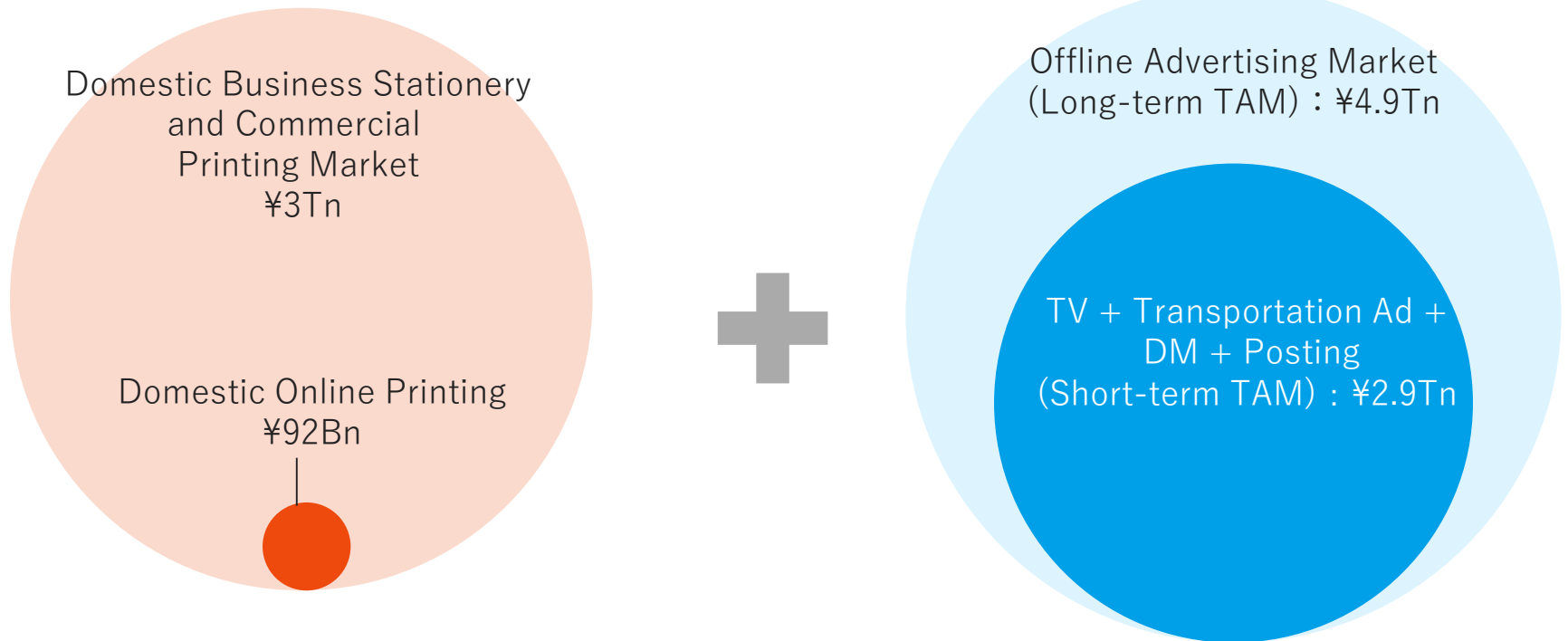


One-Stop Service (Advertising Business) Further Extends Our Opportunities

Besides printing, we are promoting EC model in the offline advertising market

Printing

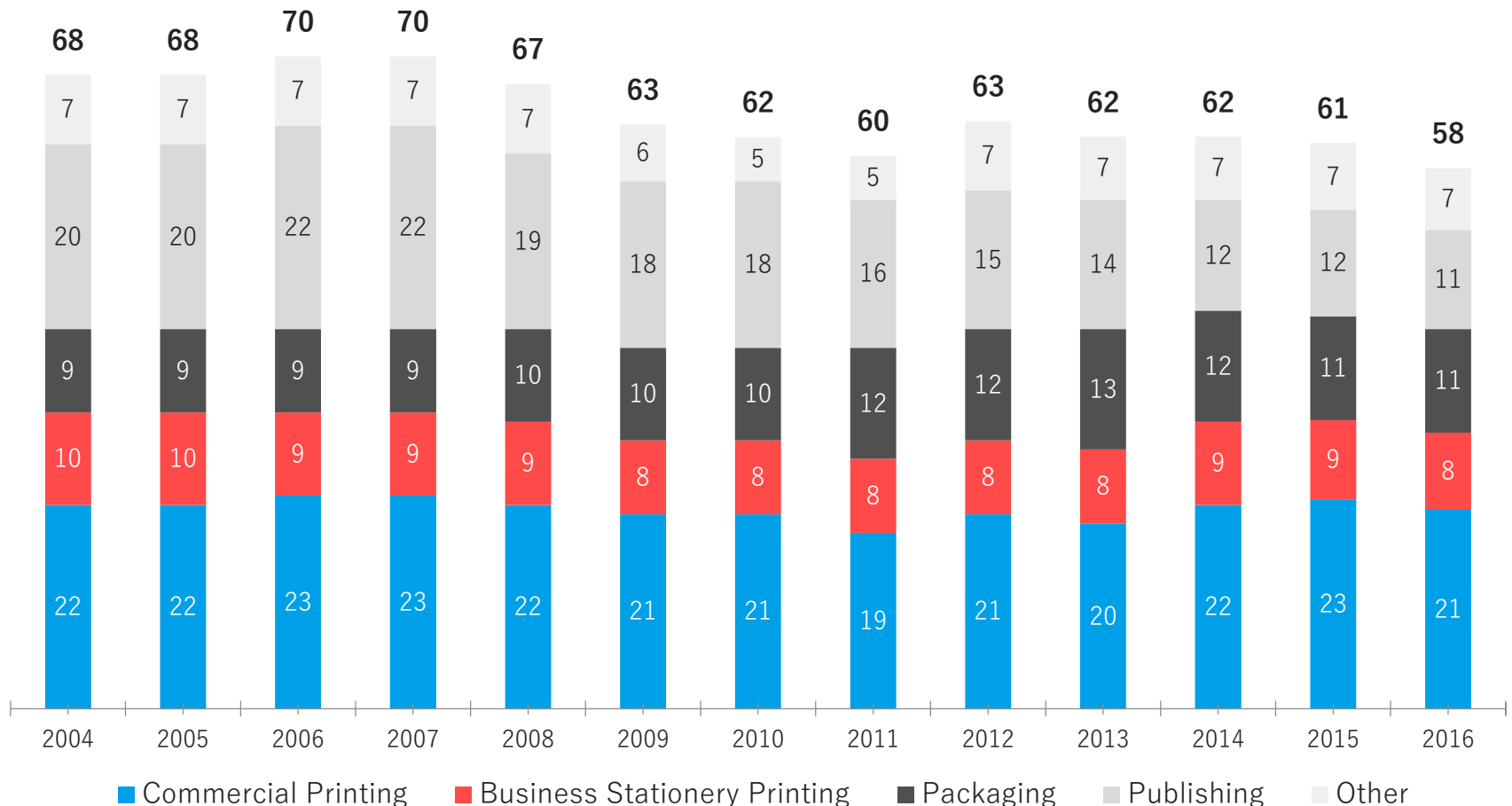
Advertising



Historical Trend of Japanese Printing Market

Overall printing market size decreased due to the shrinking publishing segment, while the segment size of business stationery printing and commercial printing (i.e. Rakul's target segments) remain flat

(Unit: 100 billion yen)



Source Overall market: on a basis of production volume, based on METI "Current Production Statistics Paper, Printing, Plastic Products and Rubber Products Statistics"





Better Systems, Better World

Disclaimer

Handling of this material

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

Raksul is not obligated to update or revise any contents 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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