



Financial Results for the 2nd Quarter of Fiscal Year Ending July 31, 2019

RAKSUL INC.

(TSE Mothers : 4384)

March 12, 2019

AGENDA

1. Company Overview
2. Financial Highlights
3. Growth Opportunities for Hacobell
4. Second Half of FY2018
5. Reference Materials

1. Company Overview

Our Vision & What We Do

Vision

Better Systems, Better World

Our strong belief is on the redesigning of the structure and the value chain of conventional industries with the help of internet

Sharing Platform
Printing & Offline Advertising



Raksul

Launched in March 2013



“Uber of Logistics”



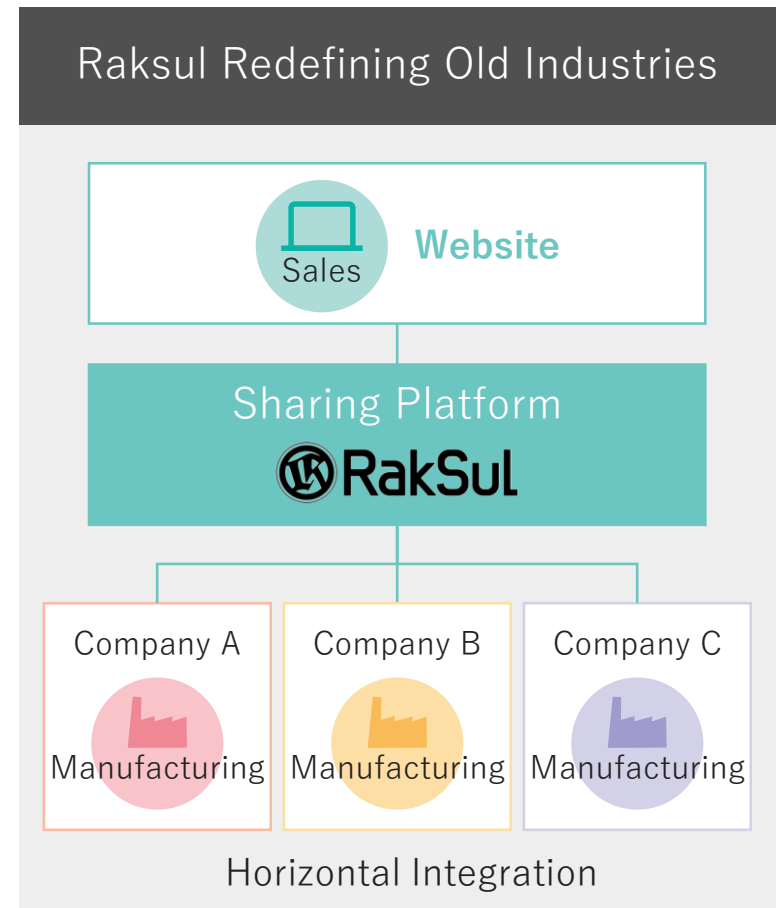
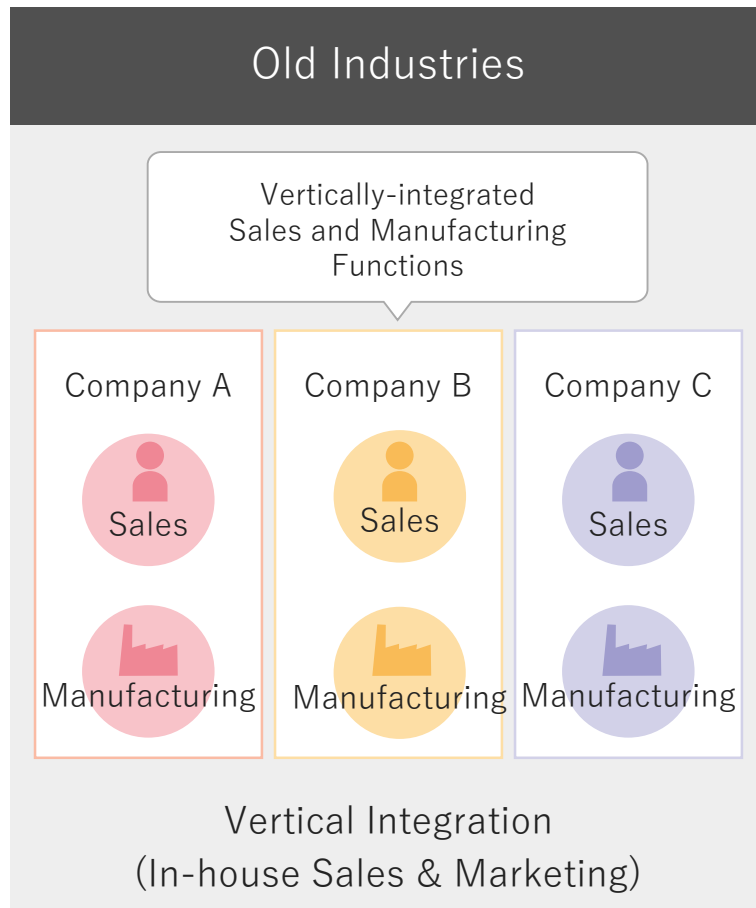
Hacobell

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 digitalization of large conventional BtoB industries

Domestic
Business Stationery
and Commercial
Printing Market



Domestic Offline
Advertising Market



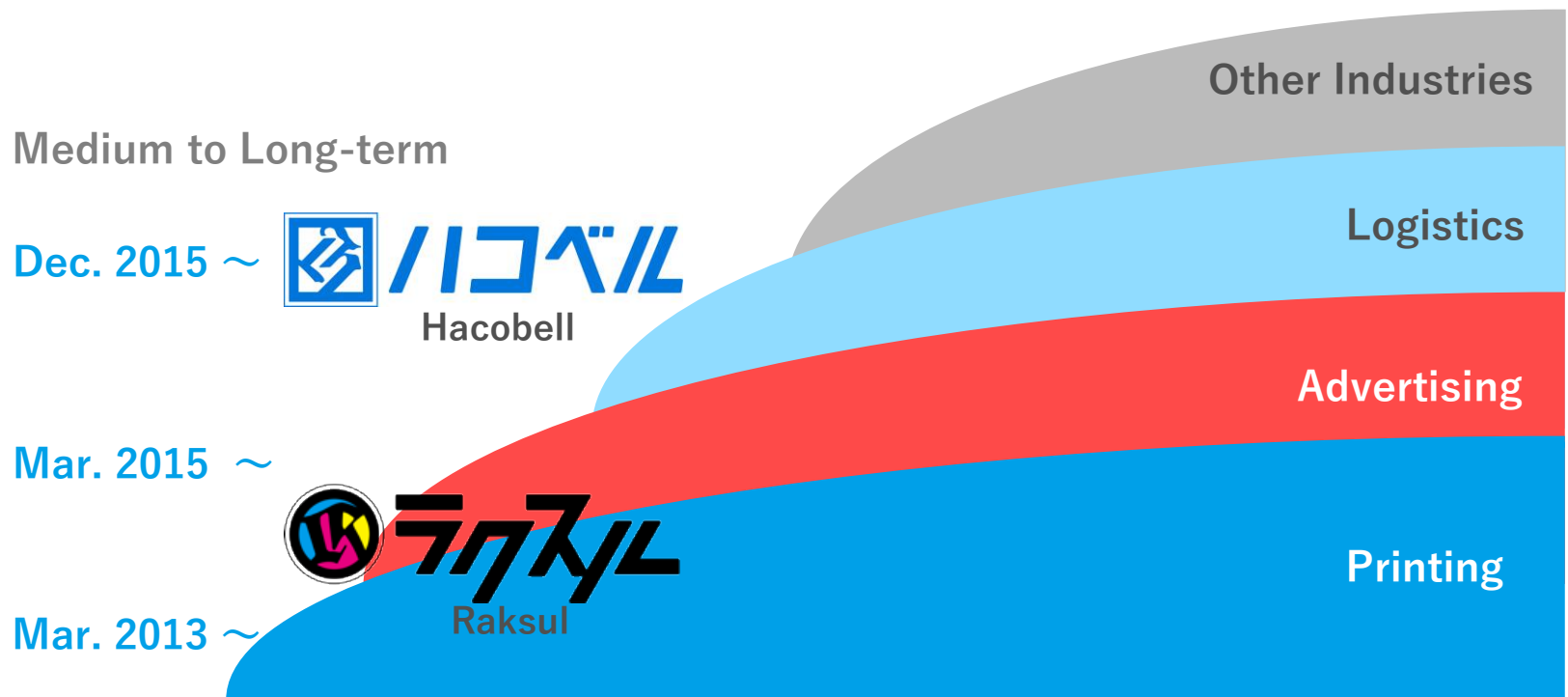
Domestic Trucking Market



Source METI, Dentsu, MLITT (Ministry of Land, Infrastructure, Transport and Tourism)

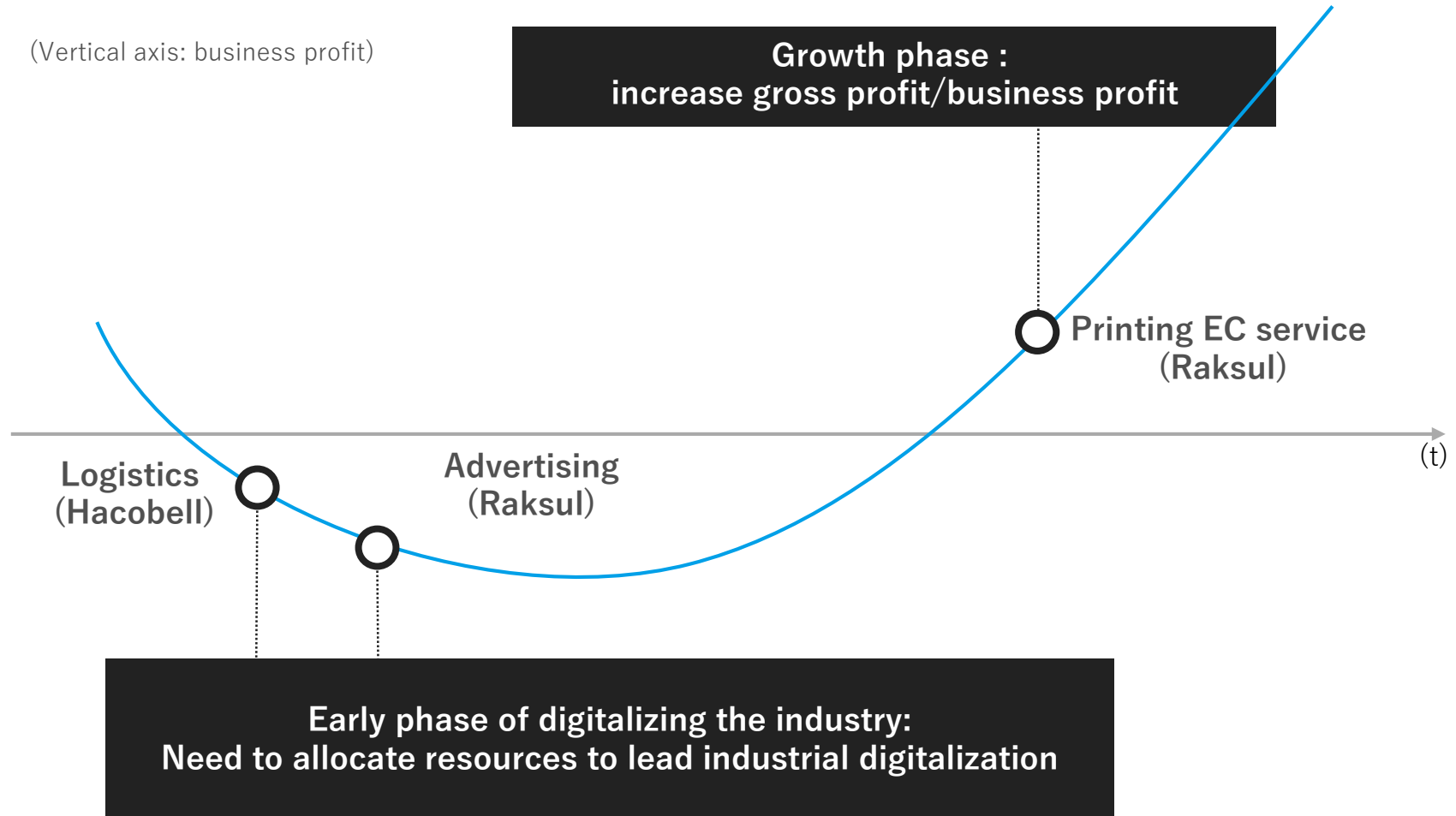
Sustainable Growth Through BtoB Platforms That Disrupt Multiple Industries

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



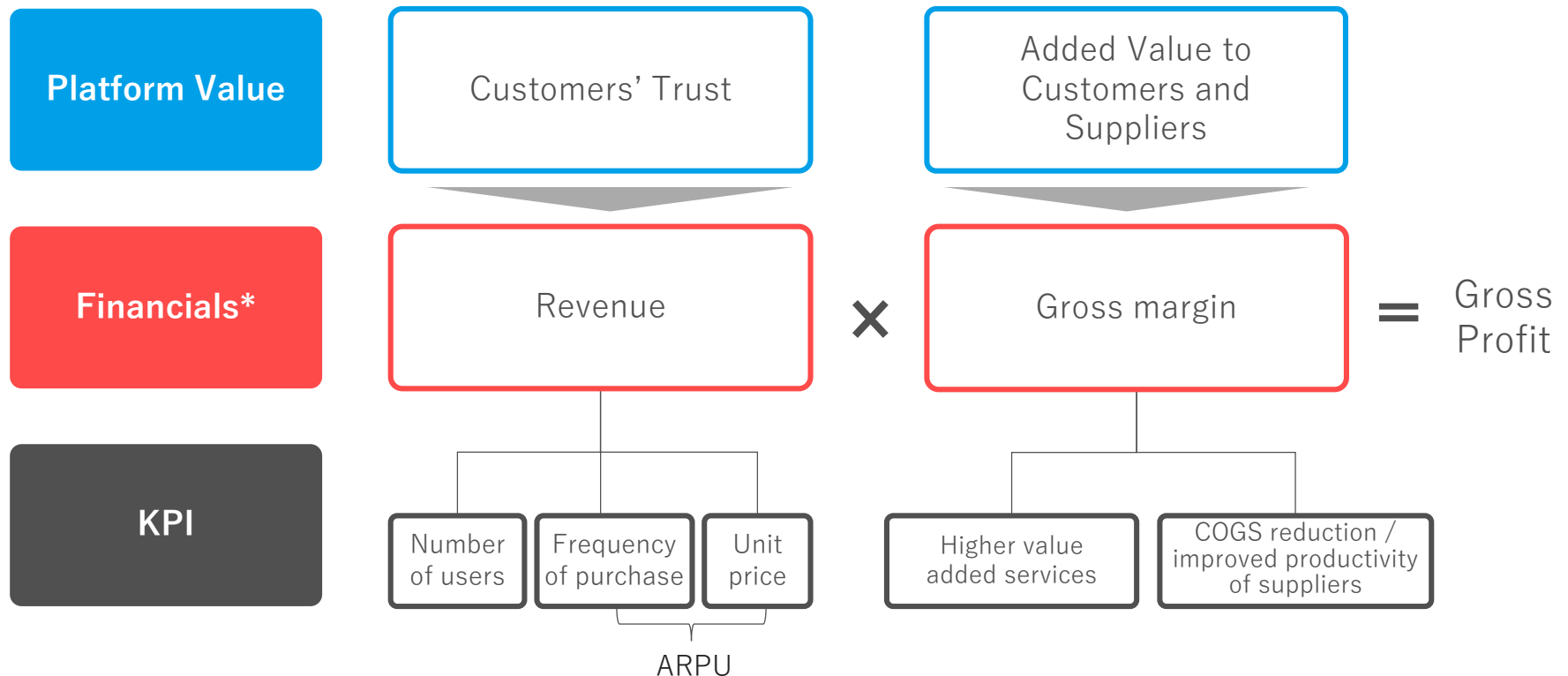
FY2018 Management Focus

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



Raksul Value Creation Formula

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



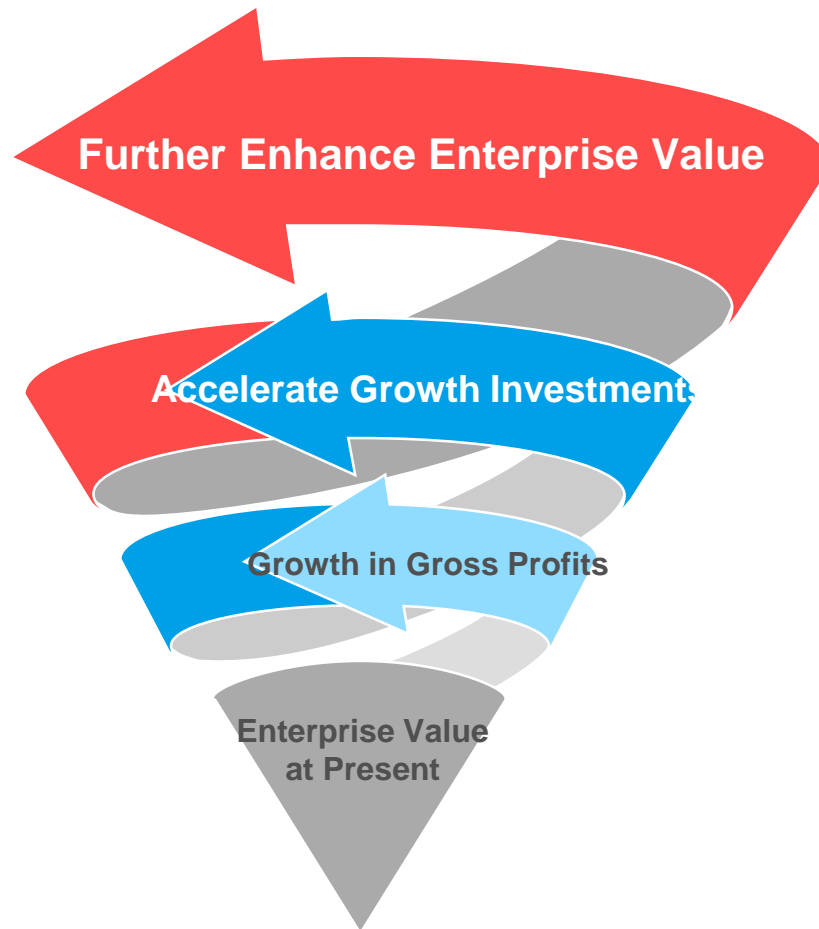
*** Accounting standards applied to our revenue and gross profit**

Revenue: revenues earned from users of both Raksul and Hacobell are booked as gross revenue

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

Our Upward Spiral of Value Creation

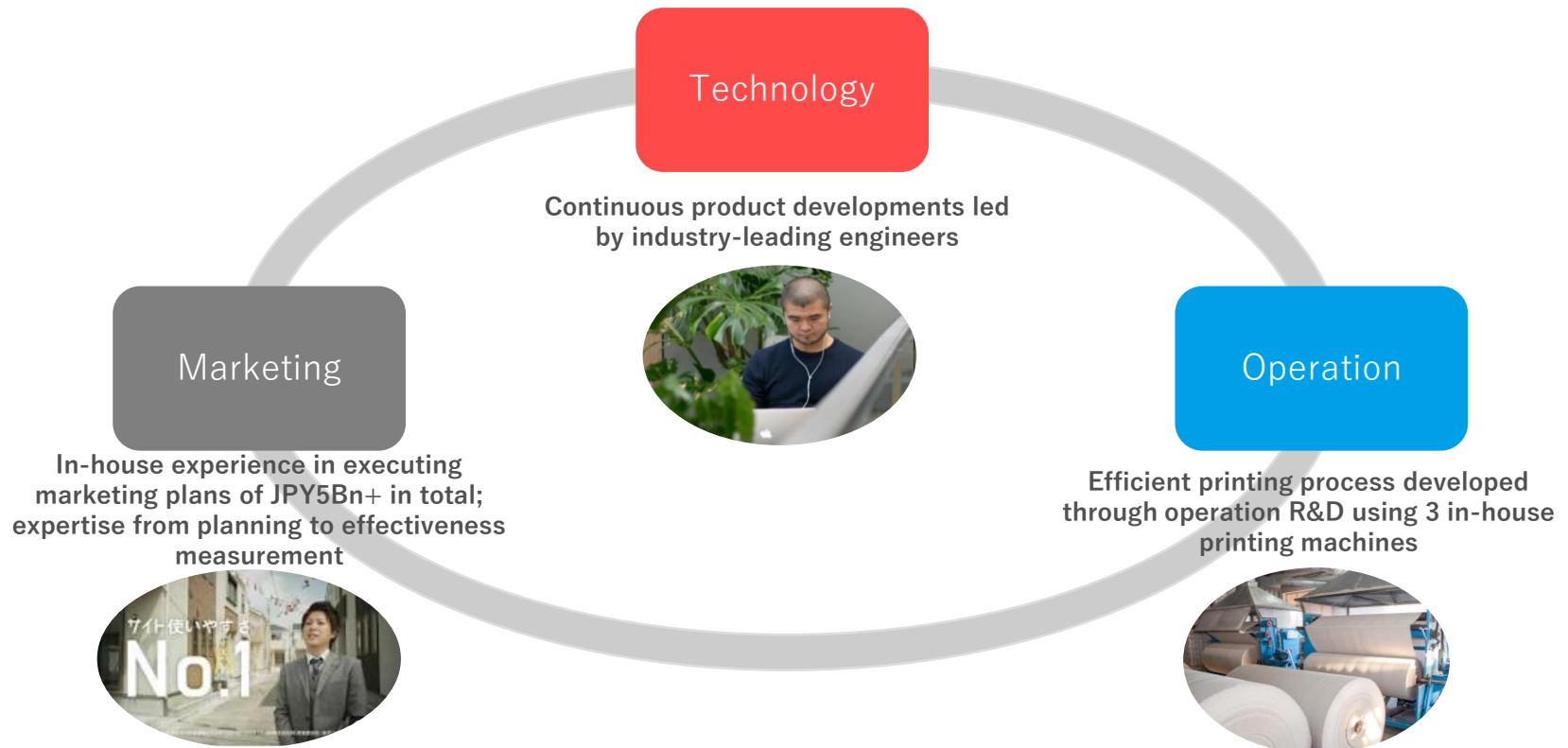
Maximizing gross profits accelerates both growth of operating profit and investments which allows us to generate greater platform value in a balanced way



Our Competitive Advantages

Raksul is a technology company with operational know-how and marketing expertise - that is how we clearly differentiate ourselves 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. Financial Highlights

RakSul FY2018 Quarterly Financial Highlight

Revenue: +61.7% YoY; gross profit: +55.4% YoY

Target to keep revenue growth at more than 40% YoY in 3Q

Continue to spend in ads and invest in logistics segment while keeping a positive quarterly operating profit

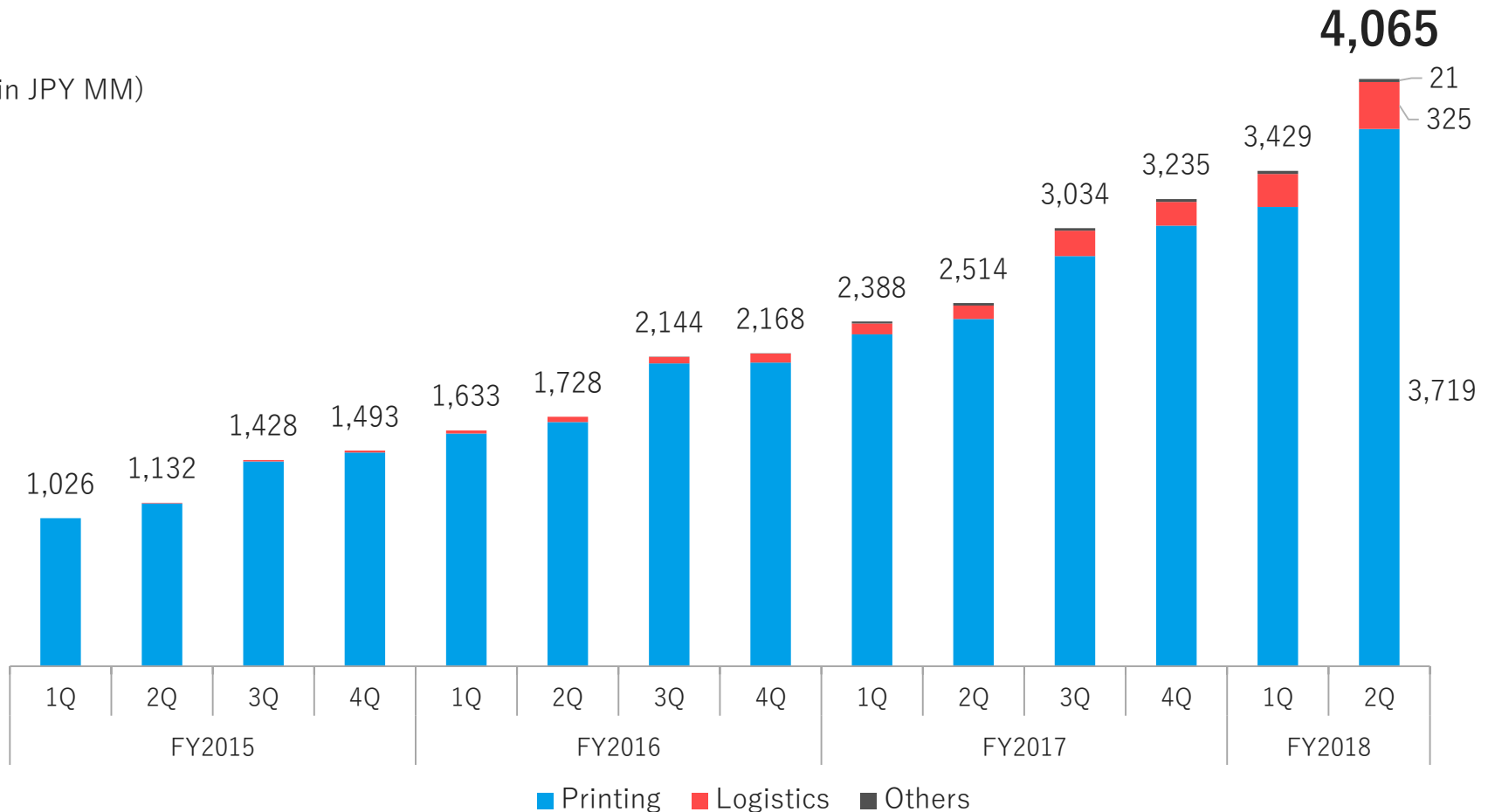
(in JPY MM)	FY2018 2Q (2018/11-2019/1)					Year-to-date (2018/8 - 2019/1)				
	Actual	FY2017 2Q		FY2018 1Q		Actual	FY2017 1Q~2Q		Full year forecast	
		Actual	YoY	Actual	QoQ		Actual	YoY	Full year	Progress
Revenue	4,065	2,514	+61.7%	3,429	+18.5%	7,495	4,903	+52.9%	14,550	51.5%
Gross Profit	981	632	+55.4%	821	+19.6%	1,803	1,226	+47.0%	-	-
Gross Margin	24.2%	25.1%	-0.9pt	23.9%	+0.3pt	24.1%	25.0%	-0.9pt	-	-
Operating Profit	36	103	-64.7%	34	+4.4%	71	-121	-	-	-
Incl.: Ad spend	334	103	+223.2%	261	+27.6%	595	527	+13.0%	-	-
Incl.: Logistics segment profit	-30	-26	-	-16	-	-47	-47	-	-	-
Ordinary Profit	34	99	-65.3%	31	+8.6%	65	-129	-	-	-
Net Profit	20	97	-79.1%	0	+2,840.8%	21	-132	-	-	-
		FY2016 2Q		FY2017 2Q		FY2018 Q				
Number of registered users on printing platform		360,175		555,050		+194,875 Compared to FY2016 2Q	783,755	+228,705 Compared to FY2017 2Q		

RakSul Revenue by Business Segment

Firm wide revenue continues to grow and revenue contribution of Hacobell (logistics) continues to increase

Peak season for printing is 3Q, and for logistics it is 2Q and 3Q

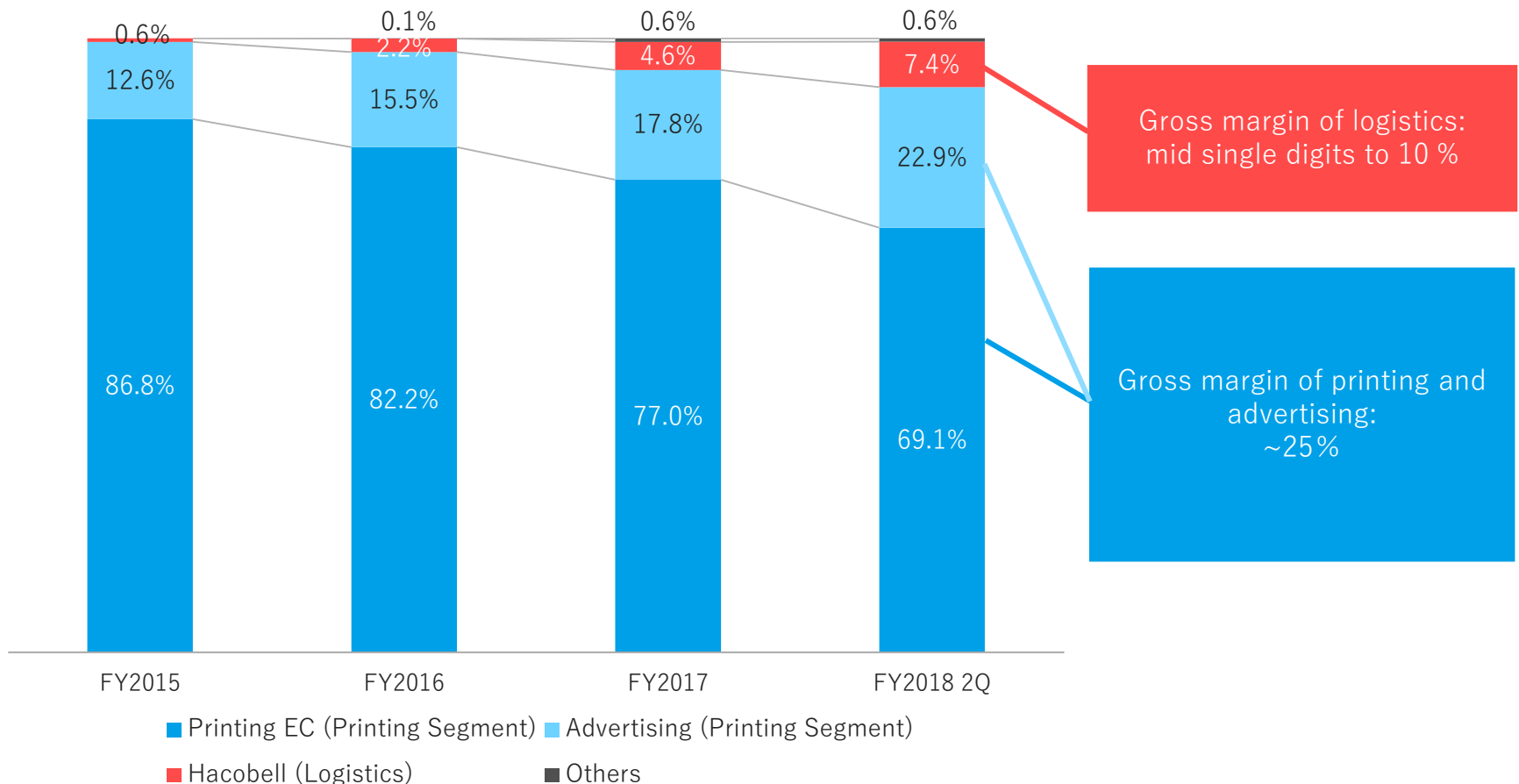
(in JPY MM)



RakSul Revenue Composition by Business Segment

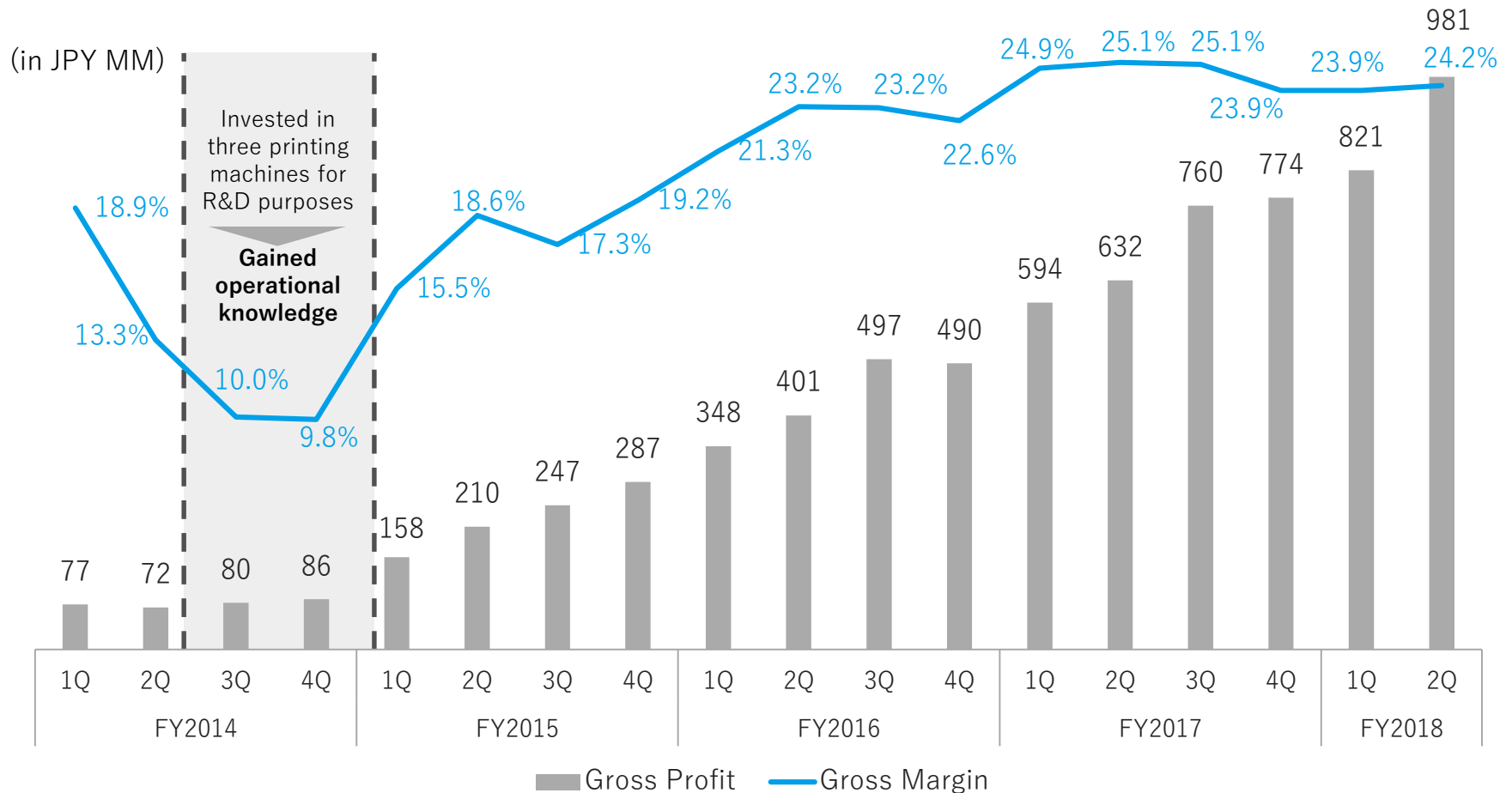
Our newer platforms will rapidly expand while the printing EC service continues its growth, creating multiple strong revenue streams

Revenue contribution from non-printing services exceeds 30%



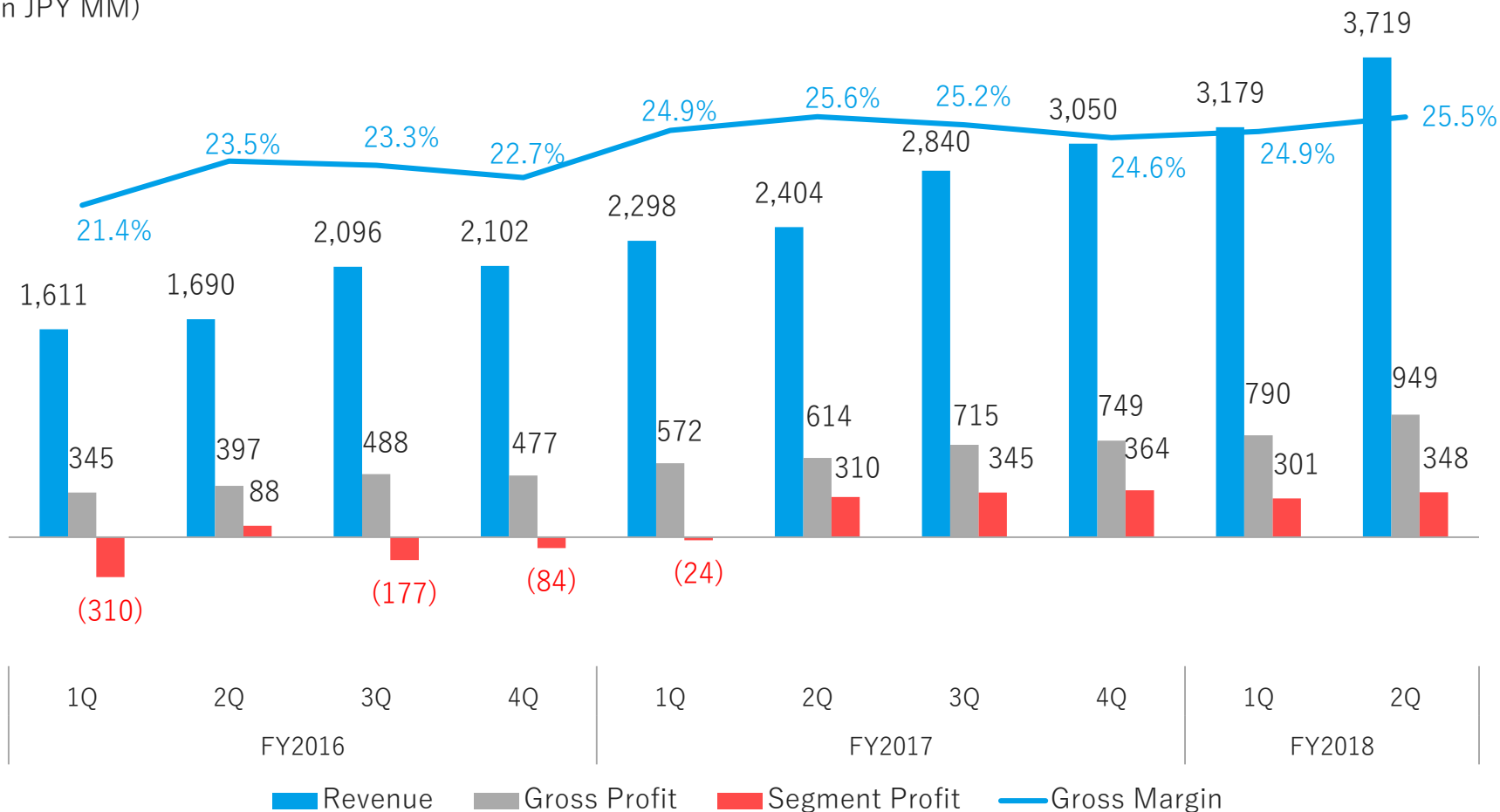
RakSul Gross Profit and Gross Margin

Gross profit, which is the source of our platform value, continues to grow



Revenue and gross profit of the printing segment (printing and advertising) continue to grow⁽¹⁾

(in JPY MM)



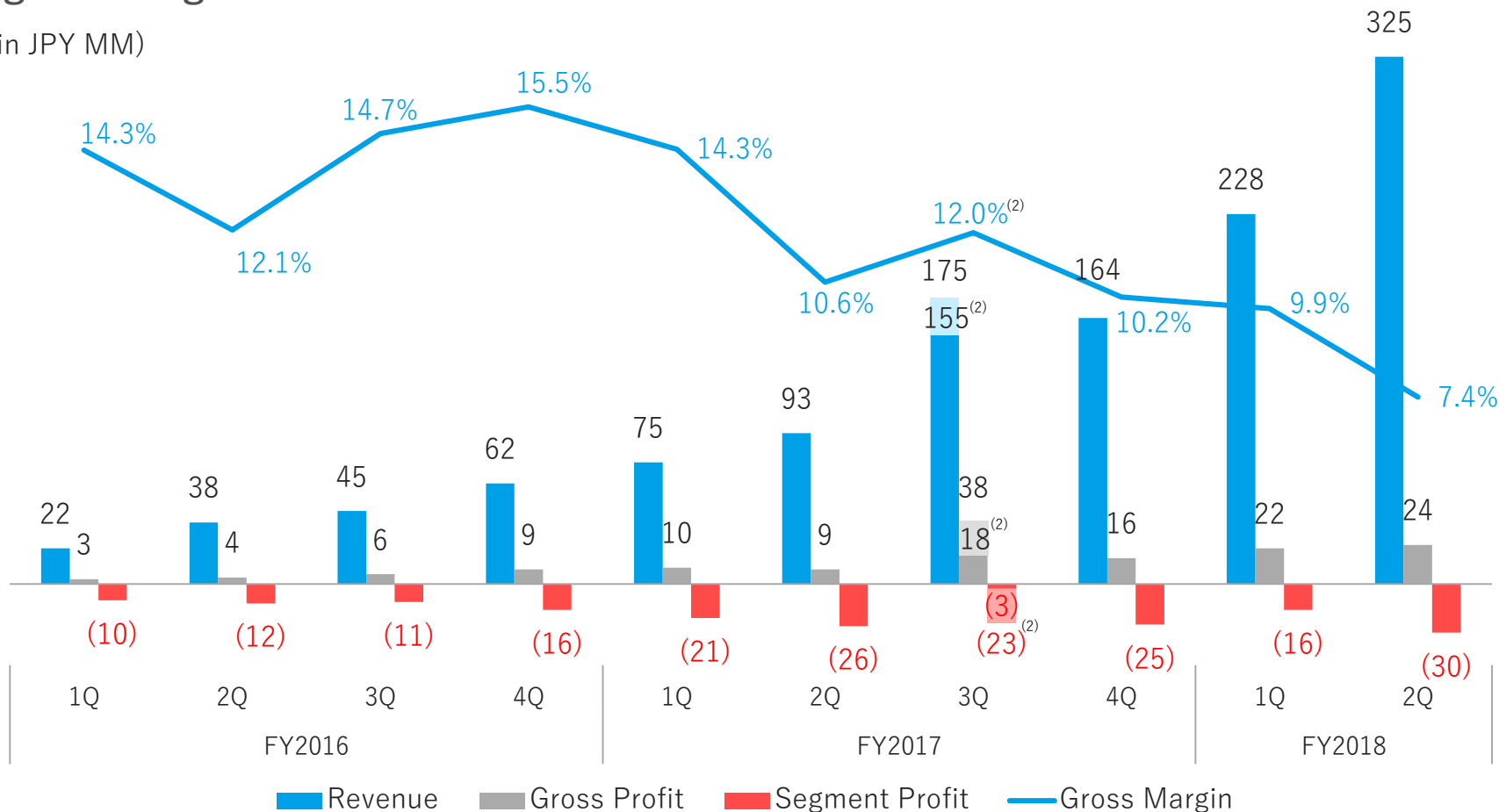
Note

(1) Calculated from a management accounting perspective

Revenue of the logistics segment (Hacobell) grew 248% YoY

Business focus continues to be on revenue growth instead of maximizing short-term gross margin ⁽¹⁾

(in JPY MM)



Note

(1) Calculated from a management accounting perspective

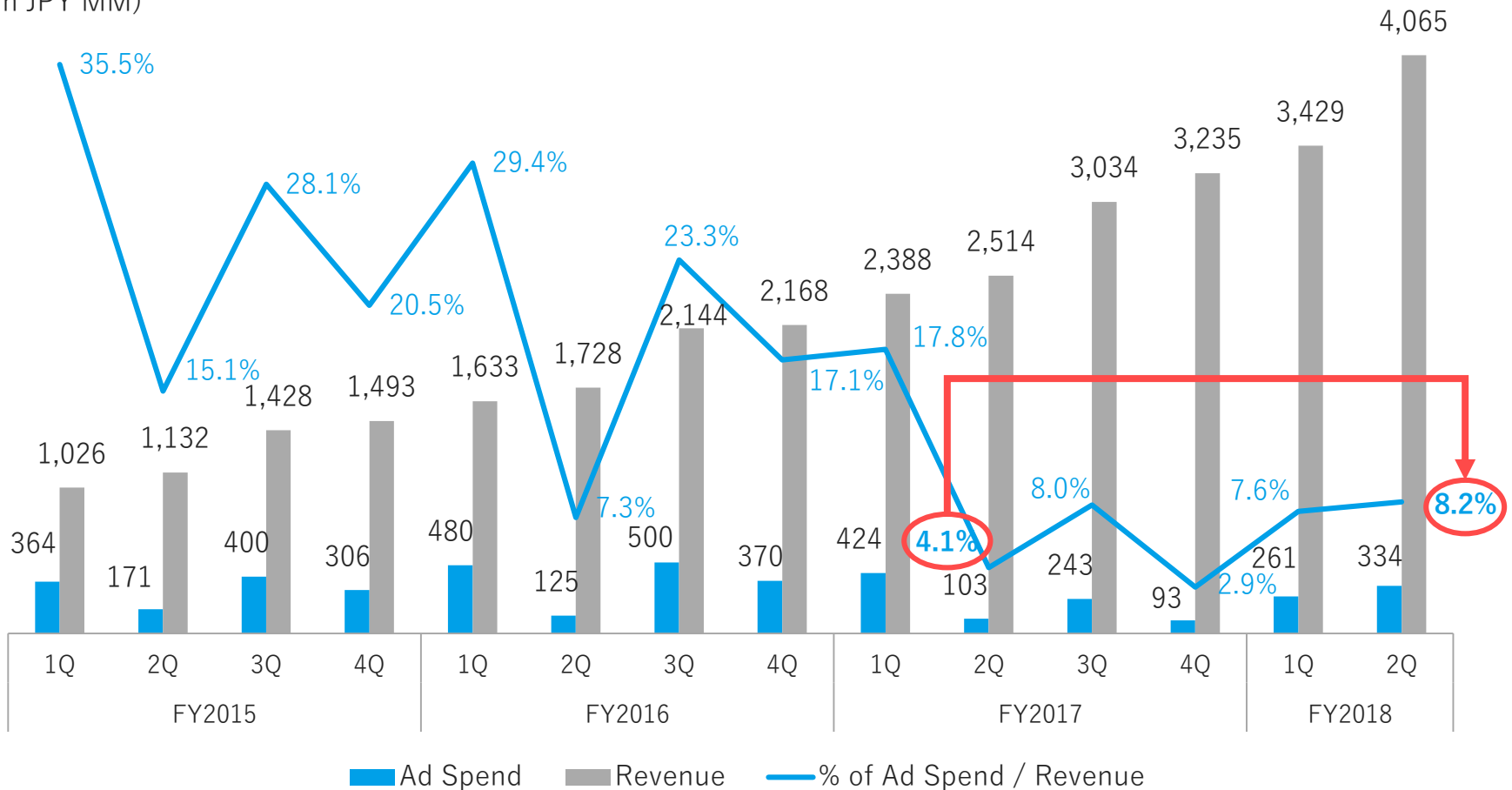
(2) Including revenue from system development for Yamato HD in FY2017; this revenue is excluded from gross profit calculation

RakSul Ad Spend and % of Ad Spend per Revenue

% of ad spend per revenue increased YoY due to more investment in TVCM

Plan to evenly spread ad spend across the year

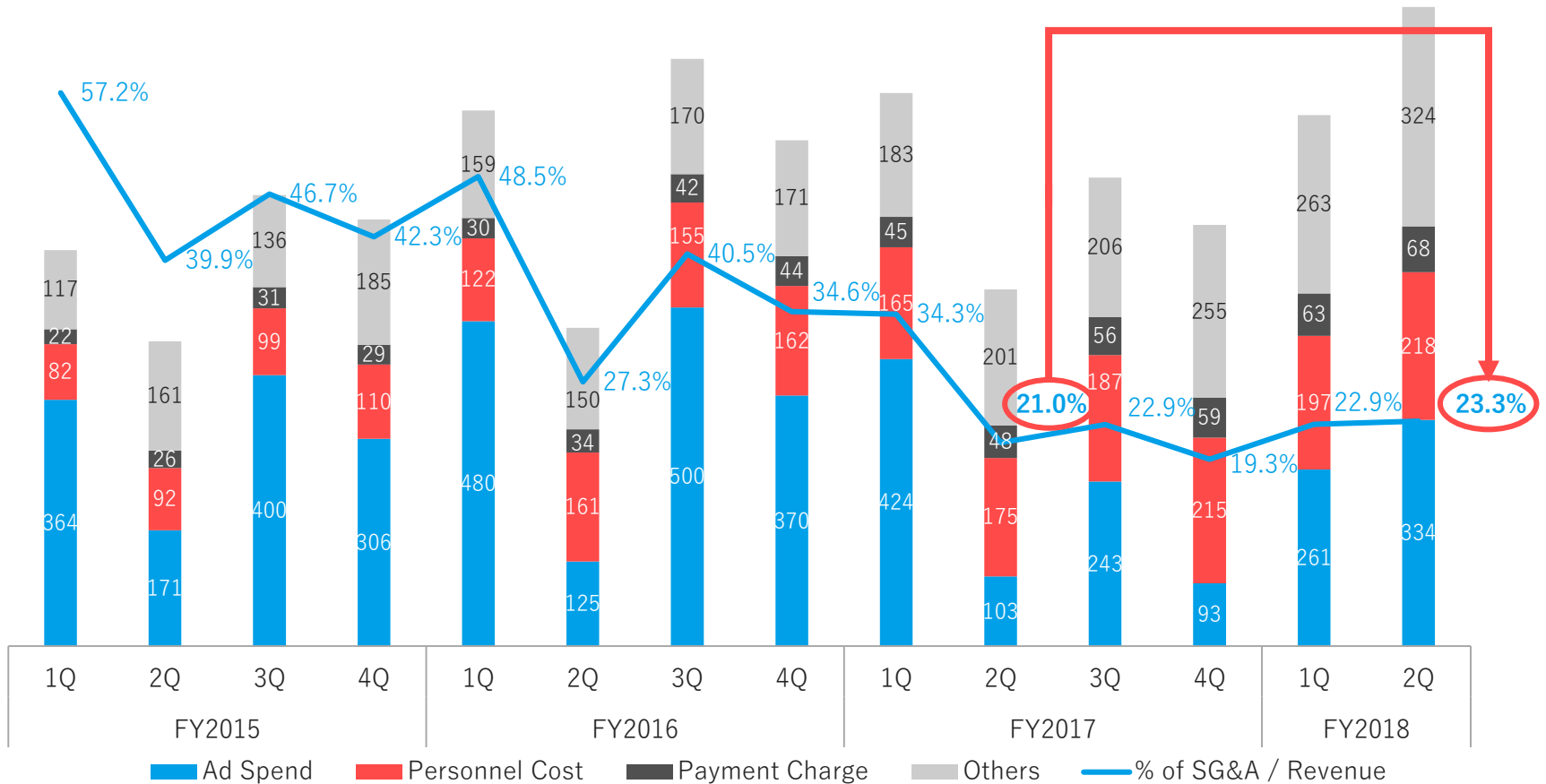
(in JPY MM)



RakSul % of SG&A/Revenue

Excluding ad spend, other SG&A expenses as a percentage of revenue continue to decrease

(in JPY MM)





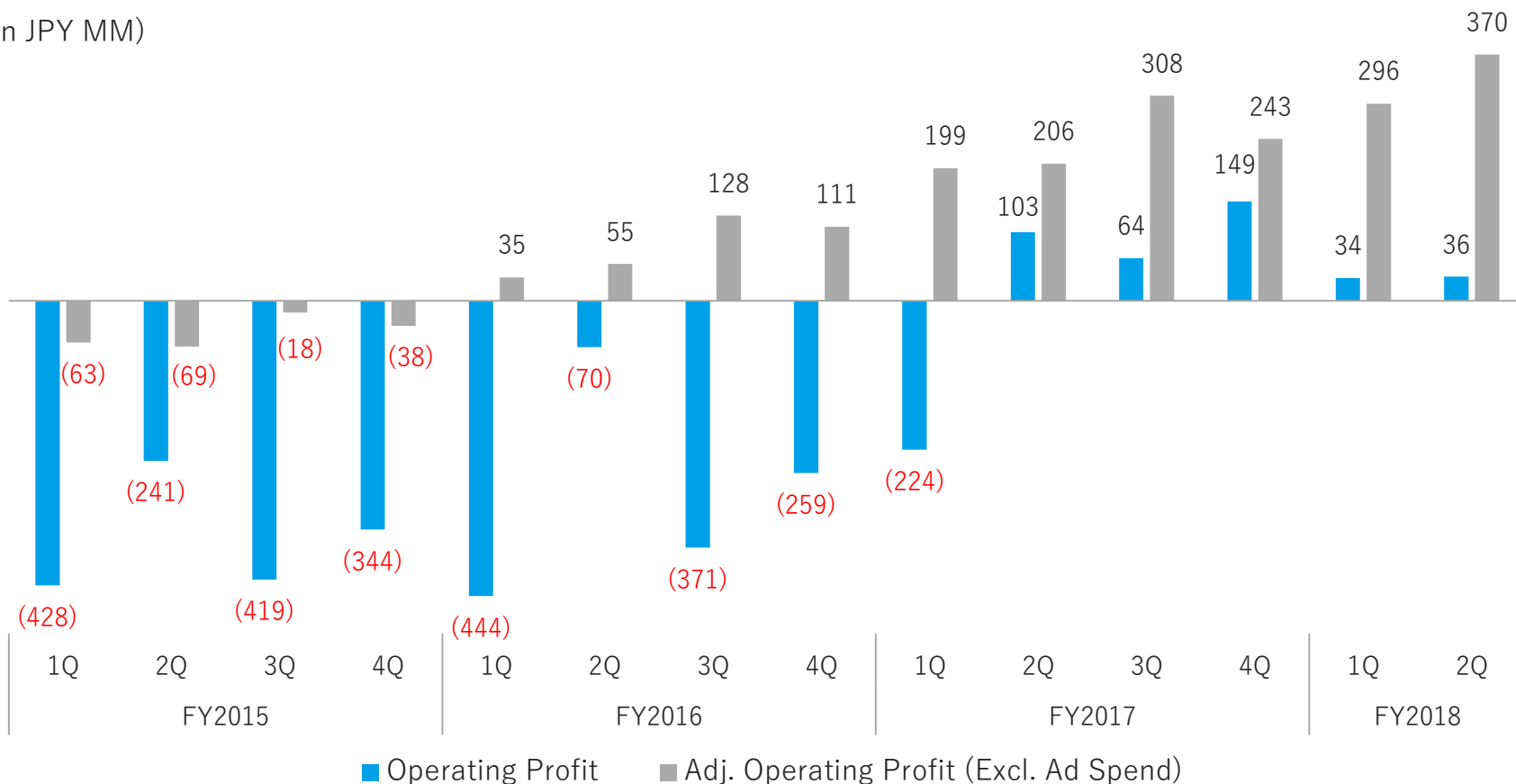
RakSul

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

Positive operating profit for 5 consecutive quarters

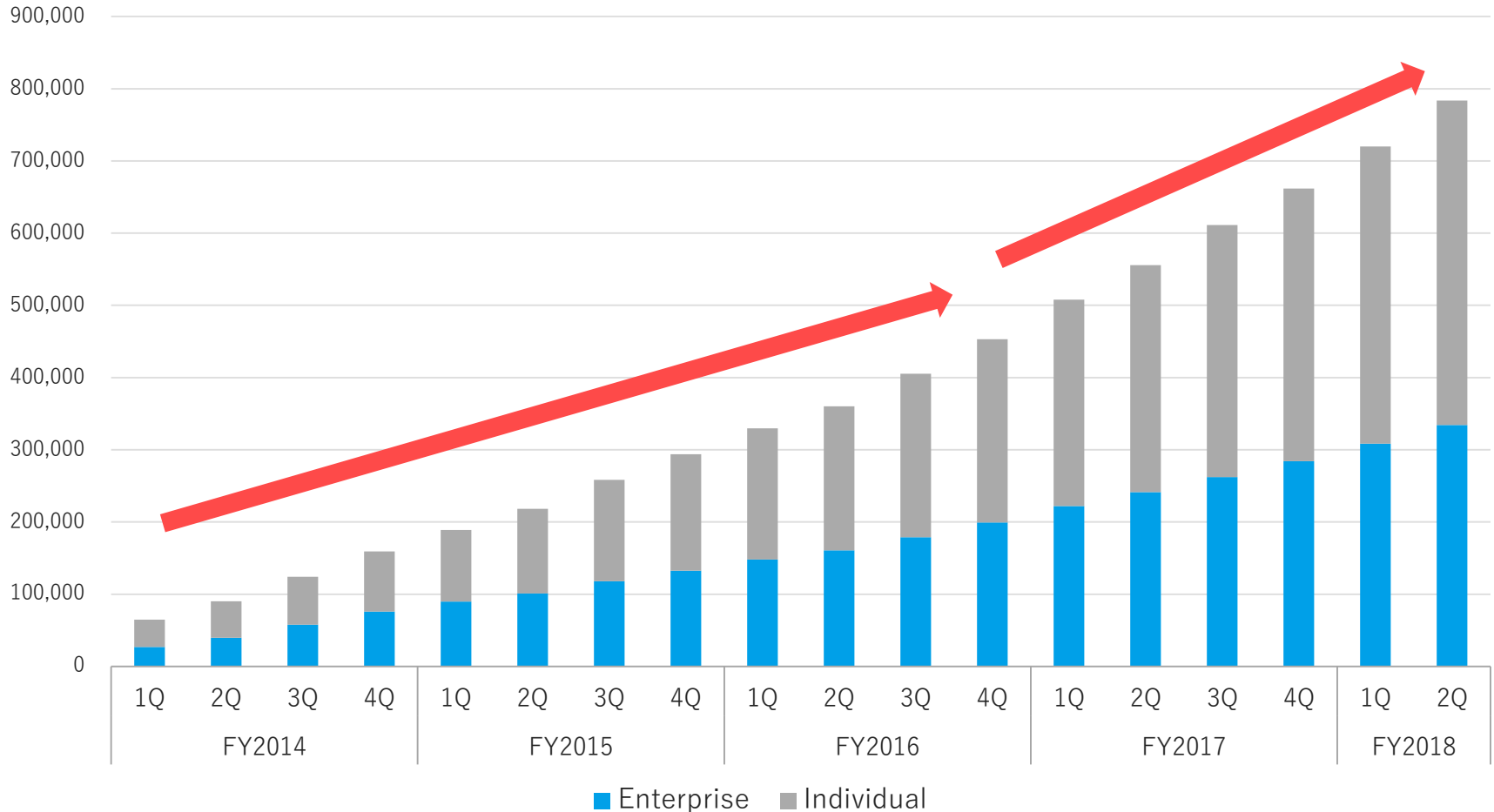
Operating profit excluding ad spend continues to grow

(in JPY MM)



Number of Registered Users on Printing Platform

Speed of user acquisition accelerated due to improvements in the efficiency of ad spend⁽¹⁾

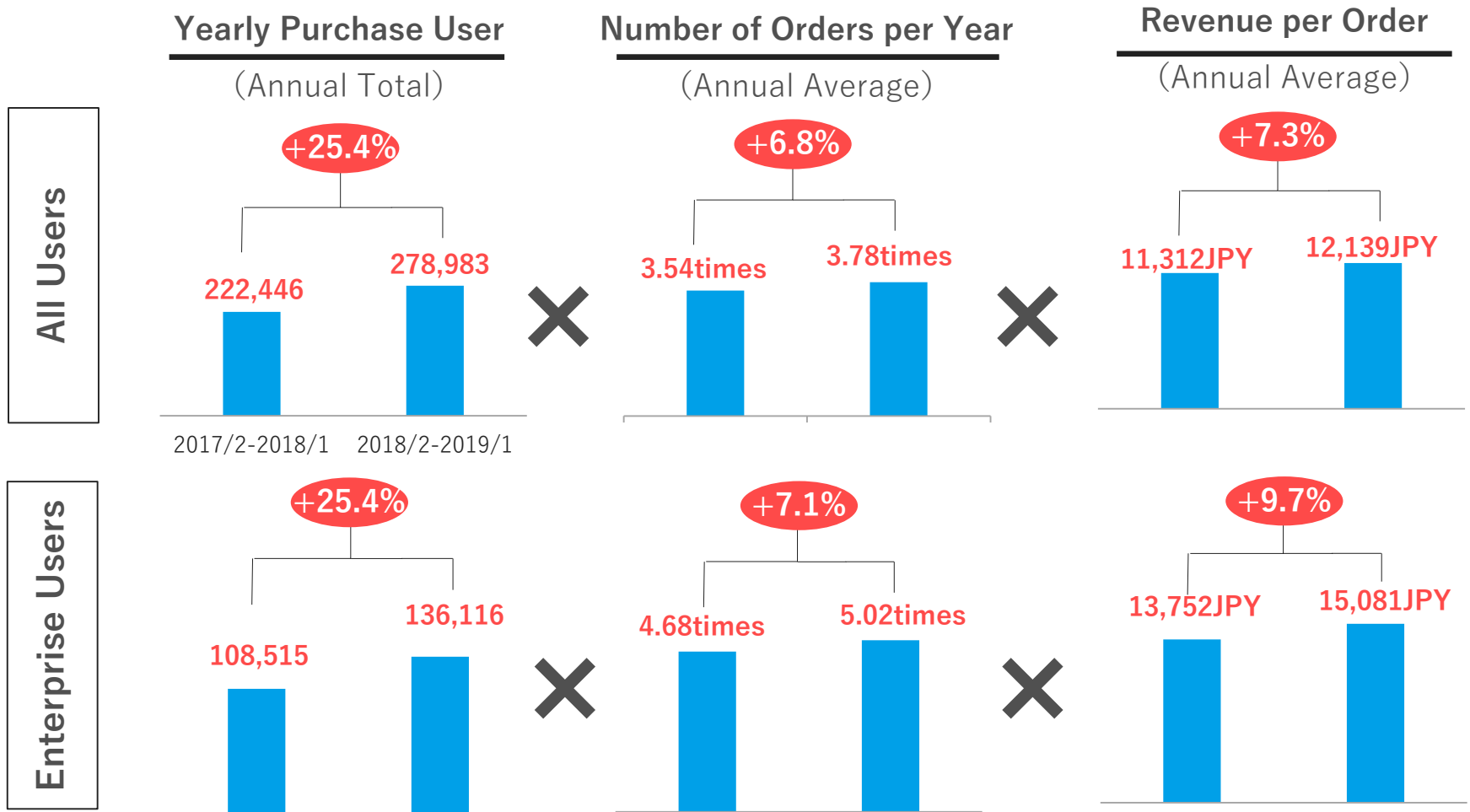


Note

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

KPIs of all users, including the core user group (enterprise users), are improving ⁽¹⁾

Growth of average revenue per order of enterprise users accelerated by the latest offline advertising service – sale of TV commercial spots



Note

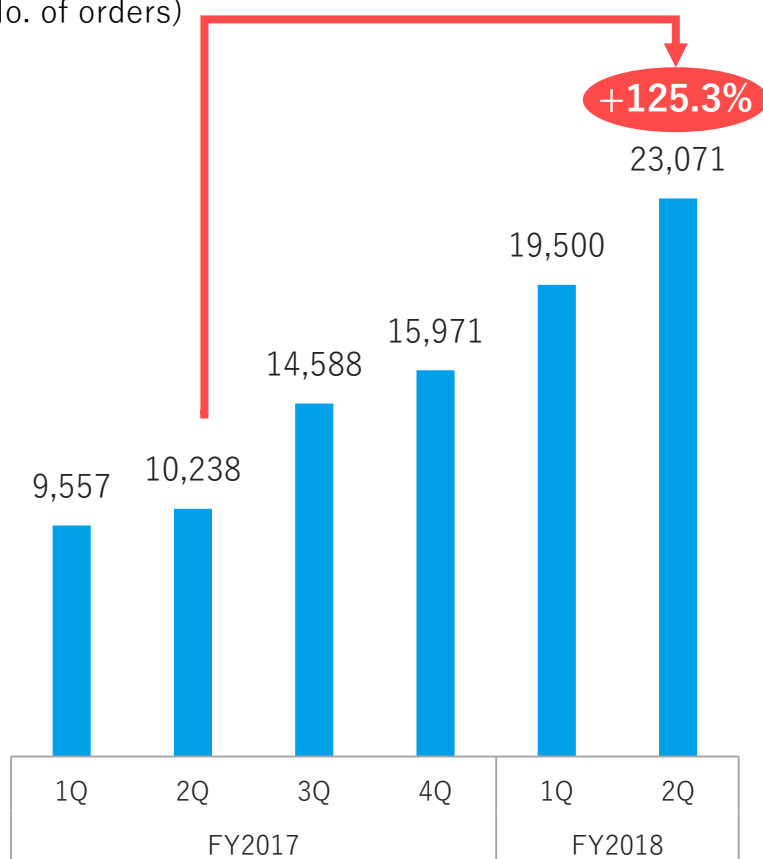
(1) Calculated from a management accounting perspective

Number of Orders and Value per Order

Number of orders as well as the revenue per order increased, driven by a growing sales team and an increasing focus on the heavyweight freight segment

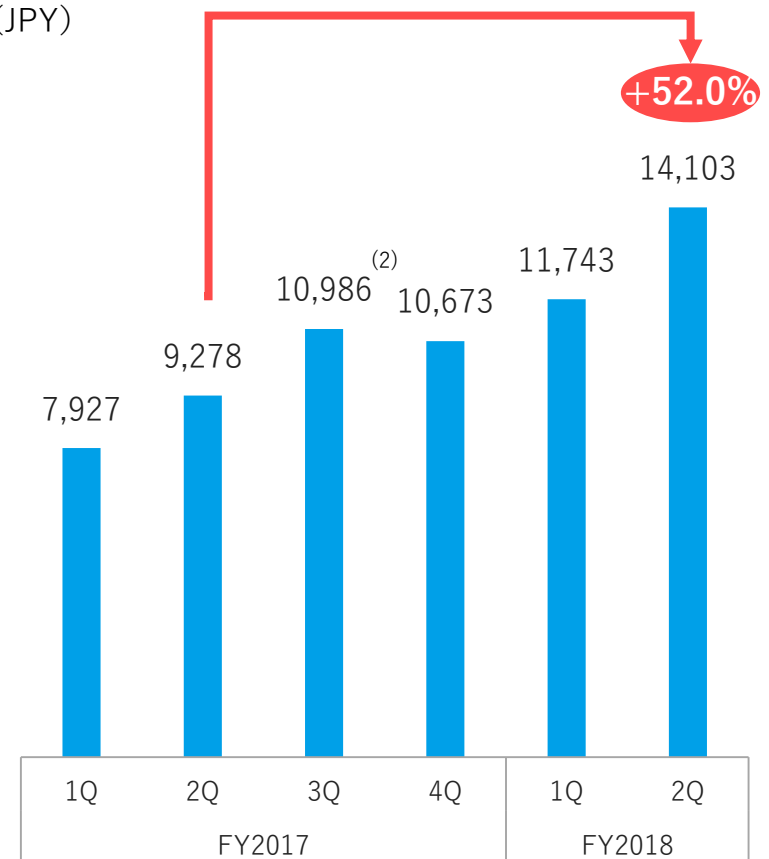
Number of Orders

(No. of orders)



Revenue per Order ⁽¹⁾

(JPY)



Note

(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. Growth Opportunities for Hacobell

Maximize industry capacity by minimizing inefficiency and improving productivity

Maximize industry capacity through productivity improvements

Industry
issue

Remove layers of
intermediaries

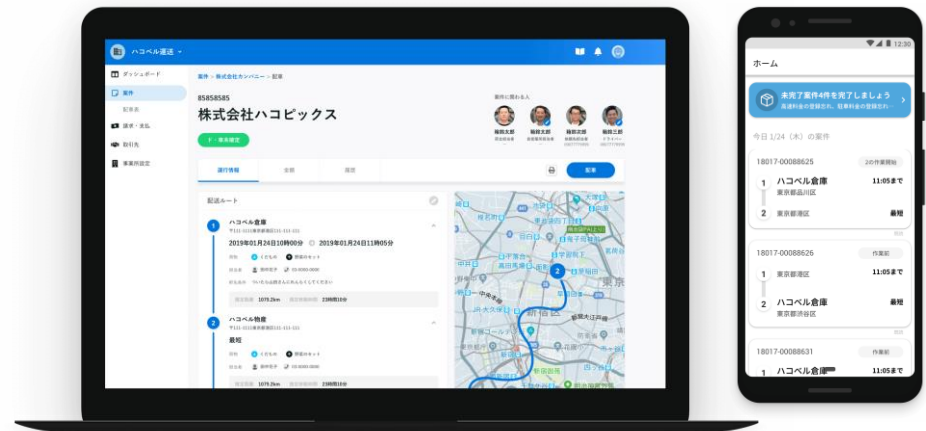
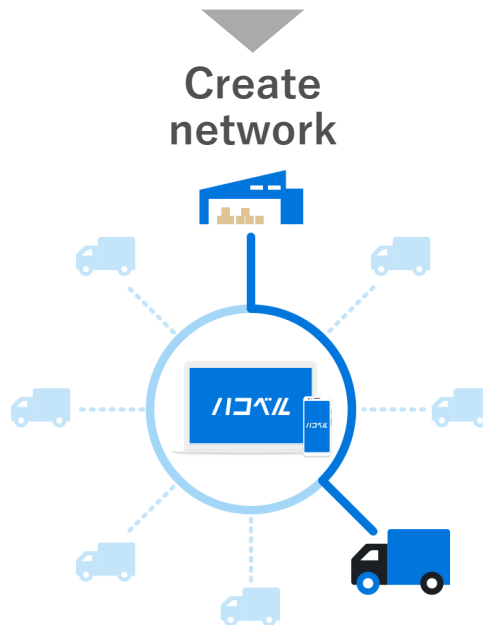
Minimize low productivity caused
by analogue way of operation

Communication: phone or fax
Database: excel or paper

Create
network

Digitalize

Hacobell's
solution



**ハコベル**

Logistics

Hacobell Services and Target Segments

Hacobell Cargo serves the lightweight freight segment and Hacobell Connect serves the heavyweight freight segment

Lightweight Cargo/Last mile

ハコベル カーゴ

Hacobell Cargo



Heavyweight cargo/Intracity

ハコベル コネクト

Hacobell Connect



Vehicle type

Light vans

Small and medium trucks
(1t-5t)

Large trucks (>5t)

Distance

Last mile

Intra-city

Inter-city

Market size

¥4Tn⁽¹⁾¥ 10Tn⁽¹⁾

Operators

Sole proprietor・
Enterprise

Enterprise only

Value
proposition**Matching**Transportation
management system**Matching**

Business model

Transaction fee
(Take rate)**Usage fee**
(Monthly charge)**Transaction fee**
(Take rate)

Source Japan trucking association

Note

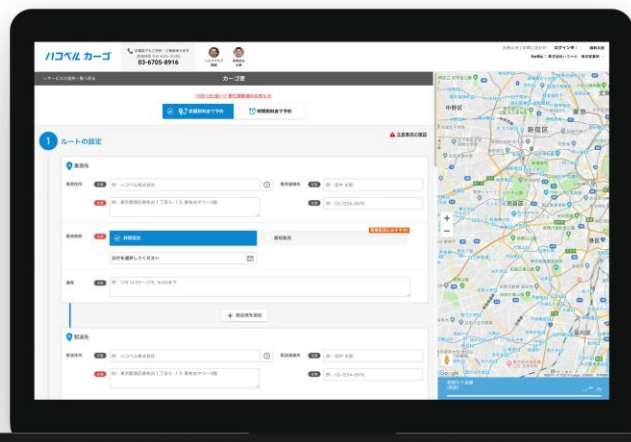
(1) Estimate based on "Japan trucking industry current status and issues 2018" published by Japan trucking association



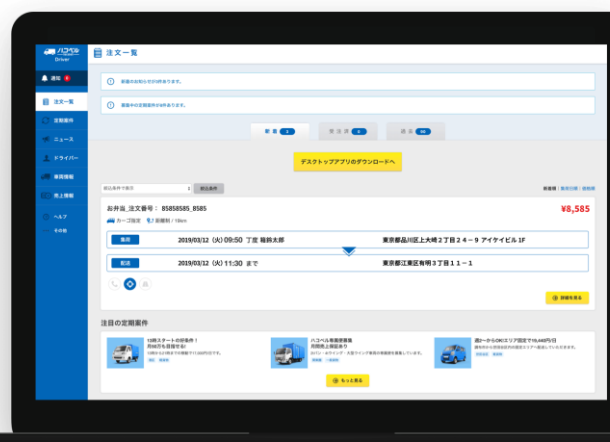


Online marketplace connecting shippers and lightweight freight operators

One-stop platform for ordering, matching, and real-time management of multiple shipments



Shippers order online



Logistics companies confirm and accept each assignment online

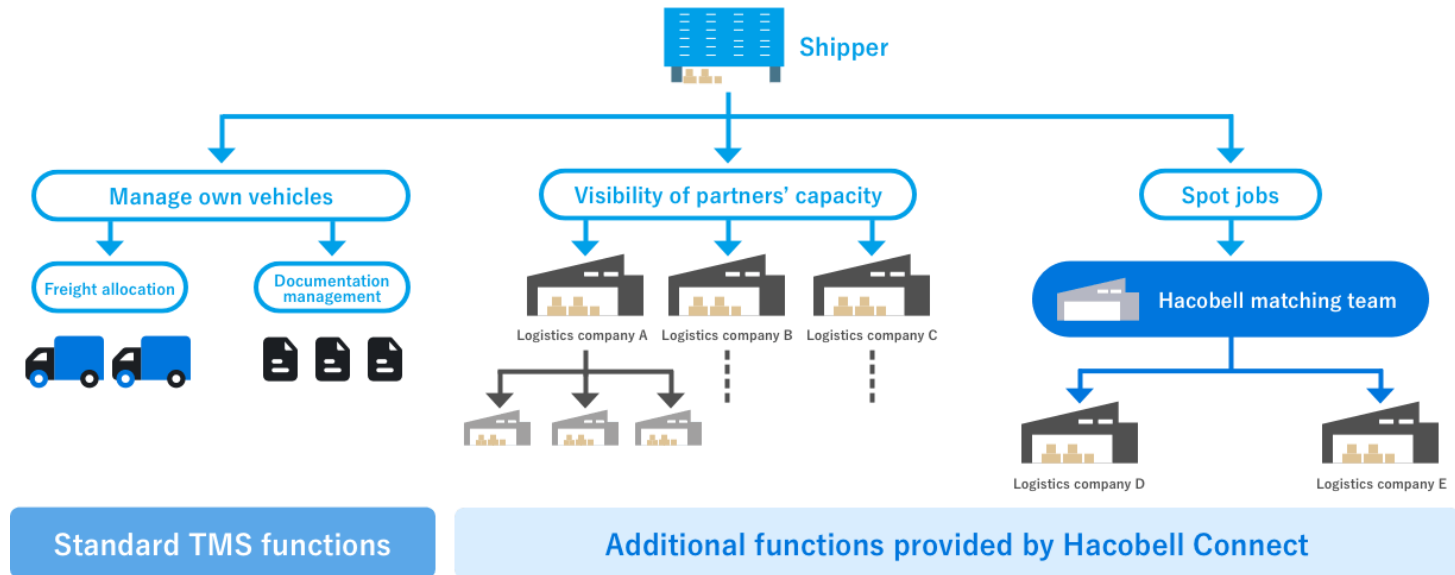


Real-time information is shared



Marketplace connecting shippers and heavyweight freight operators

Provide additional transportation management system to improve productivity of all parties



	TMS function	Matching function
Shippers	Manage capacity of own fleet and capacity of partners	Secure reliable and flexible supply for peak and off-peak seasons
Freight operators	Significantly reduce administrative cost by centralizing order management	Acquire new customers through the system network



Customers include major E-commerce companies, major cargo owners, and major logistics companies

Hacobell Cargo



E-commerce parcel delivery



A major E-commerce company uses Hacobell Cargo for last mile parcel delivery

Hacobell Connect



Major office furniture manufacturer



A subsidiary of a major office furniture manufacturer uses Hacobell Connect to better manage its fleet of trucks and secure additional capacity during its peak season

Major logistics company



A major logistics company uses Hacobell Connect as a cargo owner to better manage its logistics partners and improve its own operational efficiency

4. Second Half of FY2018

Upside and Downside Scenarios for the Second Half of FY2018

- On track to achieve our full year forecast*
- On the other hand, there are upside and downside scenarios which have not been incorporated into our financial forecast

Upside Scenario	Downside Scenario
<ul style="list-style-type: none">• All business segments grow much more than anticipated• Increased printing demand due to the upcoming change of the Japanese era name	<ul style="list-style-type: none">• Increase in cost of raw materials of printing• Decrease in B2B business activities due to a long Golden Week vacation

*Full year forecast (as disclosed on September 13, 2018) :

Revenue and gross profit: at least 30% YoY growth

Operating and other profit: positive profit (amounts are not disclosed)

5. 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 Genichi Tamatsuka, Outside director Naomi Mori, Corporate Auditor Hiroyuki Yamada, Corporate Auditor Masahiro Kotosaka, Corporate Auditor Junko Utsunomiya, Corporate Auditor
# of Employees:	241 (As of January 2019)

Management Team



Yasukane Matsumoto – Founder and CEO

- Founded Raksul in September 2009
- Introduced the “Sharing Economy” model to the printing industry, in which idle assets are used more 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 expanding 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 vision 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 the director in October 2017
- CEO of Digital Hearts since June 2017
- Previously served as the CEO at Lawson (2016-2017) and the 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 the outside director in May 2015
- Visiting scholar of Stanford University since 2014
- Previously served as the President and CEO of mixi, the President and CEO of Naked Technology, ex-consultant of McKinsey & Company
- Graduated from The University of Tokyo

(in JPY MM)	4Q FY2017 ⁽¹⁾	2Q FY2018
Current Assets	7,598	7,589
Cash & Deposits	6,366	5,902
Non-Current Assets	1,159	1,216
Total Assets	8,758	8,806
Current Liabilities (of which, interest-bearing liabilities)	1,846 (451)	1,959 (468)
Non-Current Liabilities (of which, interest-bearing liabilities)	235 (132)	103 (-)
Net Assets	6,675	6,743
Capital Stock	1,926	1,945
Capital Surplus	4,733	4,753
Total Liabilities & Net Assets	8,758	8,806

Note

(1) Due to changes in accounting standards, we offset the balance of assets and liabilities, and therefore the figures do not match numbers disclosed last fiscal year

RakSul Cash Flow Statement

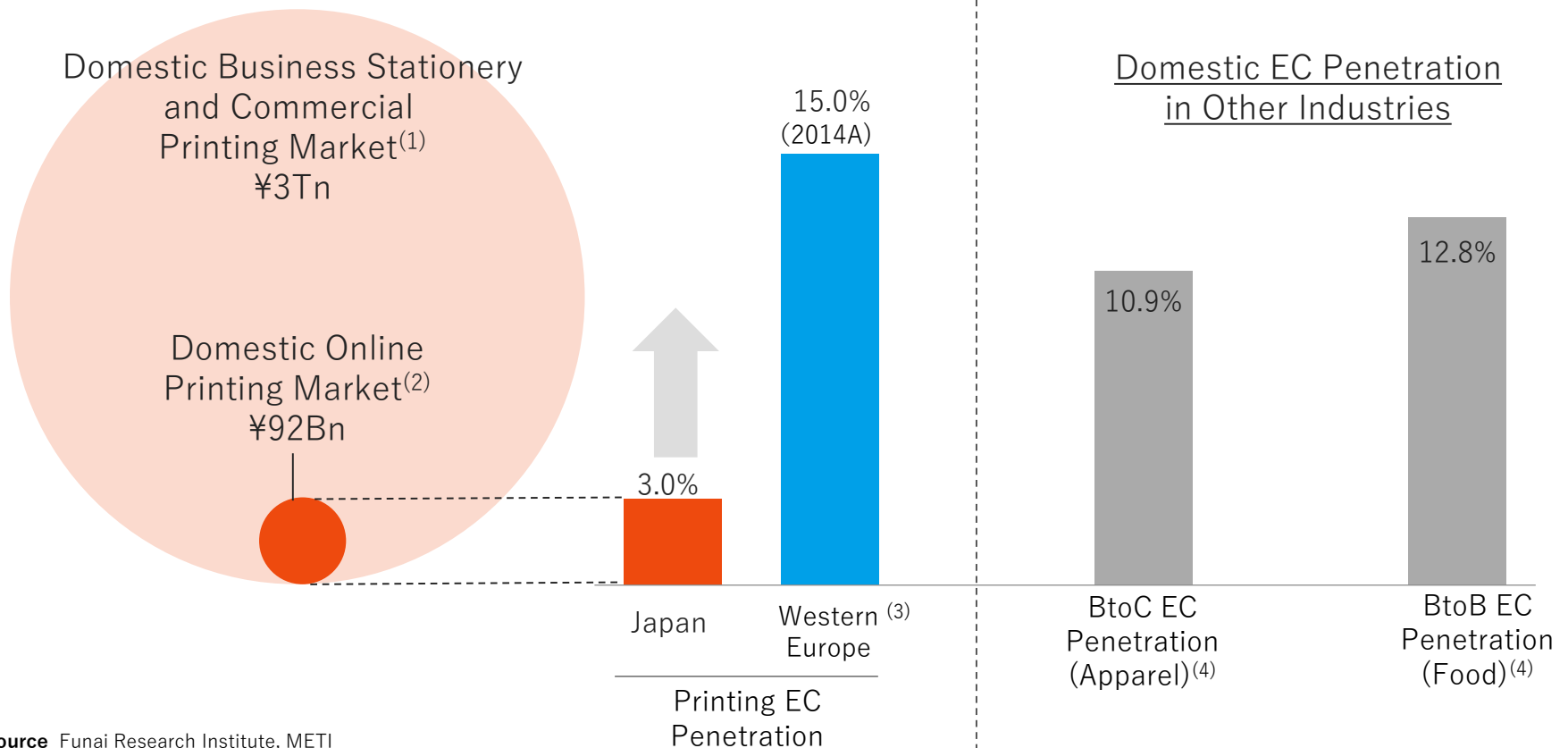
(in JPY MM)	2Q FY2017	4Q FY2017	2Q FY2018
Cash flow from operating activities	-211	137	-257
Cash flow from investing activities	-131	-139	-130
Cash flow from financing activities	61	3,342	-75
Net change in cash and cash equivalents	-280	3,340	-463
Cash and cash equivalents at end of period	2,744	6,366	5,902

RakSul Financial Highlights by Business Segment

(in JPY MM)		FY2016				FY2017				FY2018	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Revenue	Printing	1,611	1,690	2,096	2,102	2,298	2,404	2,840	3,050	3,179	3,719
	Logistics	22	38	45	62	75	93	175	164	228	325
	Others	0	0	2	3	14	17	17	20	21	21
Gross Profit	Printing	345	397	488	477	572	614	715	749	790	949
	Logistics	3	4	6	9	10	9	38	16	22	24
	Others	0	0	2	3	10	7	6	7	7	7
Segment Profit	Printing	-310	88	-177	-84	-24	310	345	364	301	348
	Logistics	-10	-12	-11	-16	-21	-26	-3	-25	-16	-30
	Others	-123	-146	-182	-158	-179	-180	-277	-189	-249	-281
Operating Profit	Firm wide	-444	-70	-371	-259	-224	103	64	149	34	36

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

Note

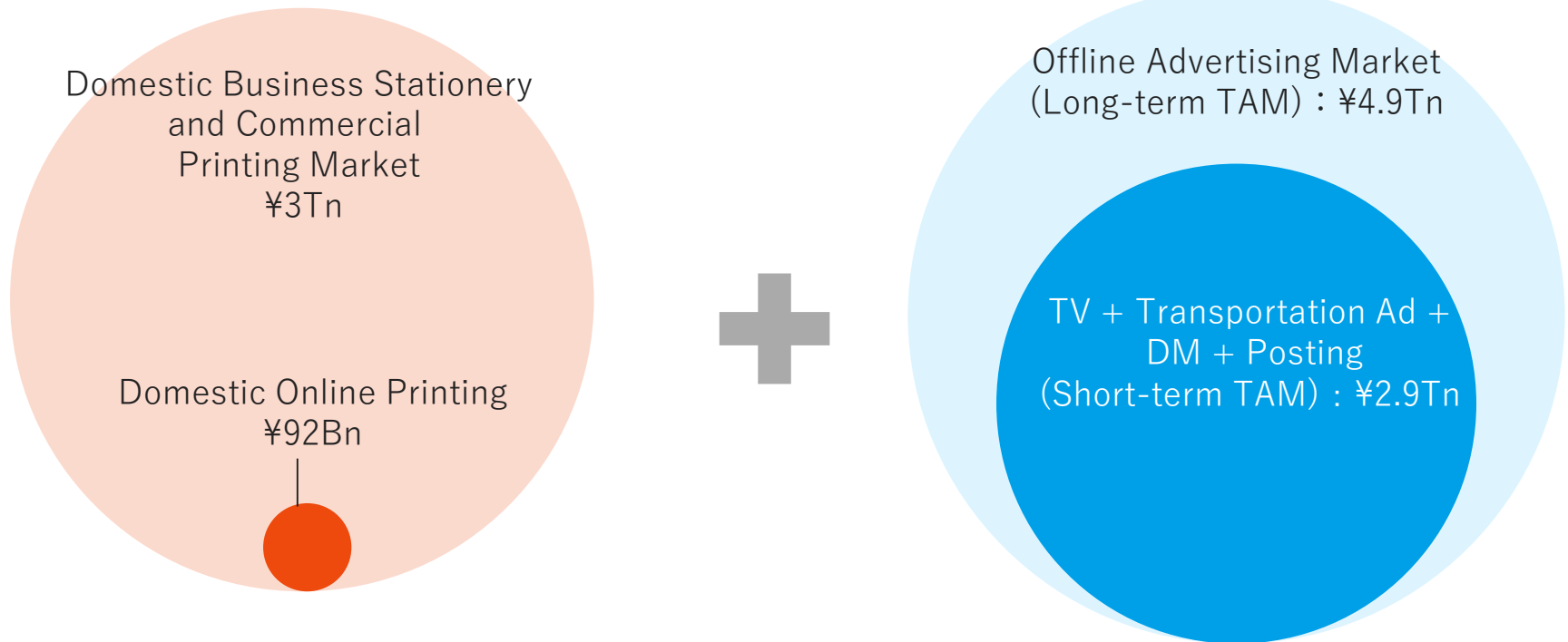
- (1) Source: Yano Research Institute, METI
- (2) Source: Funai Research
- (3) Source: zipcon consulting (2017)
- (4) Source: Ministry of Economy, Trade and Industry (2016)

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

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

Printing

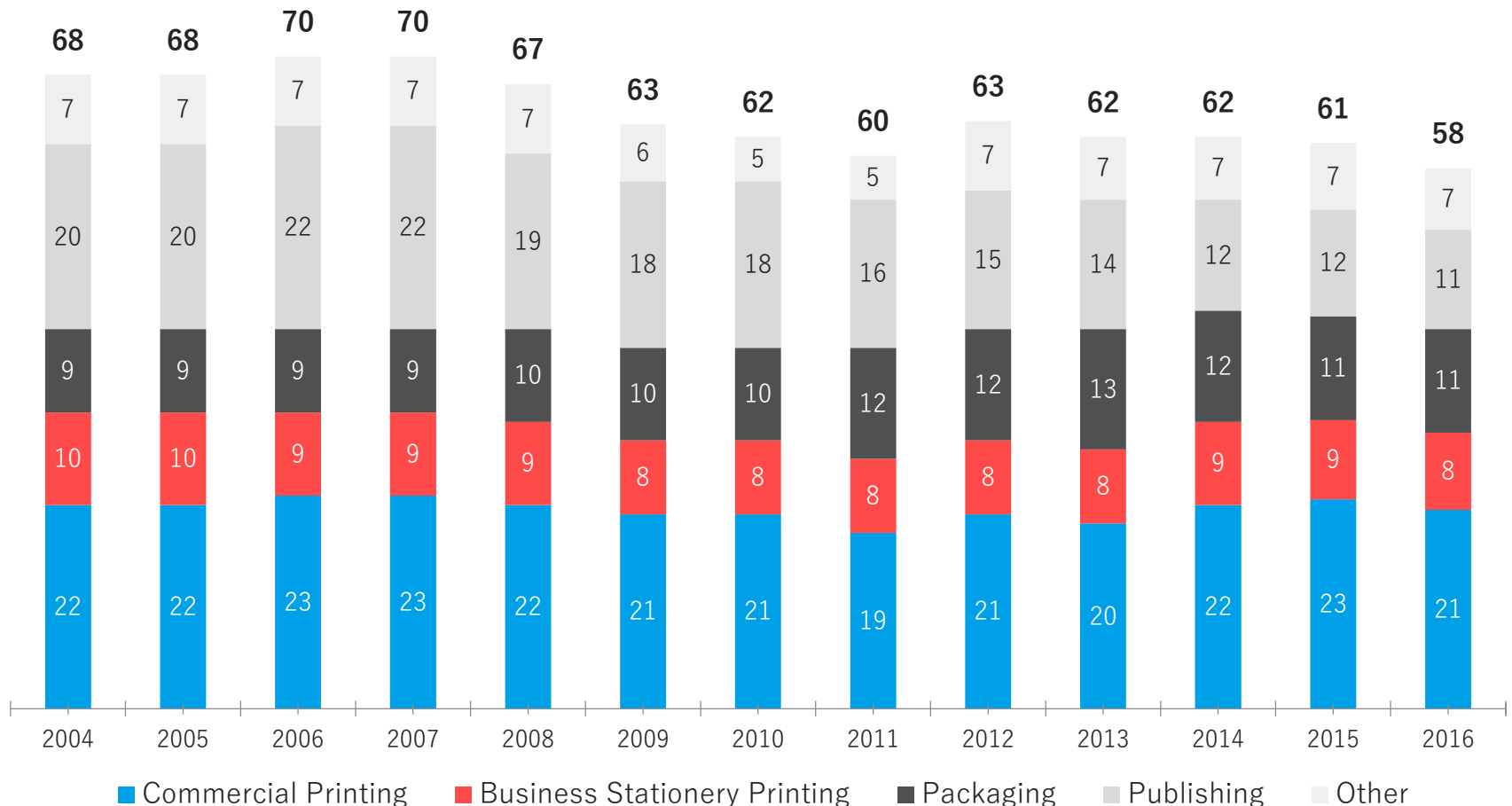
Advertising



Historical Trends 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) remained 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

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 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.

Information 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 are any guarantees provided thereof.

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