

# RAKSUL

Value Creation Report

2023

# BETTER SYSTEMS, BETTER WORLD

We aim to change the world  
by reinventing traditional industry structures  
with the power of the Internet.



# Facing the Challenge of Social Transformation Together with Our Stakeholders

Based on our corporate vision, "Better Systems, Better World," we aim to change the world by reinventing traditional industry structures with the power of the Internet.

Toward the realization of this vision, we are dedicated to sincerely addressing our stakeholders and striving towards providing all possible values, and continuing to make changes for new value creation through co-creation with our diverse stakeholders.

RAKSUL will continue to address social issues and contribute to the realization of a sustainable society through its business activities by providing diverse value to stakeholders, while also achieving sustained growth of the company.

Together with our stakeholders, we are committed to the great theme of social transformation toward the realization of a better society and a better world.





## Part 1 Introduction

|                              |    |
|------------------------------|----|
| CEO Message .....            | 06 |
| History .....                | 10 |
| Value Creation Story .....   | 11 |
| Value Creation Process ..... | 12 |

## Part 2 Our Impact

### Business :

#### Rebuilding Conventional Industries with IT

|   |    |
|---|----|
| Business Model .....  | 15 |
| Enhancing Customer Corporate Value<br>through Pursuit of Customer Value ..... | 16 |
| Co-creation of Supply Chain with Suppliers .....                              | 25 |

### Capital :

#### Sustainable Growth and Return of Profits

|                                    |    |
|------------------------------------|----|
| Medium-Term Financial Policy ..... | 31 |
| CFO Message .....                  | 32 |

### Human Capital :

#### Talents that Address Social Value and Make a Difference

|                                |    |
|--------------------------------|----|
| Human Capital Management ..... | 36 |
| CHRO Message .....             | 40 |

## Part 3 ESG

|   |    |
|---|----|
| Materiality/Risks and Opportunities ..... | 43 |
| Environmental Initiatives .....           | 46 |
| Corporate Governance .....                | 49 |
| Executives .....                          | 53 |
| Interview with Outside Director .....     | 57 |

## Part 4 Our Businesses

|                       |    |
|-----------------------|----|
| Raksul .....          | 60 |
| Novasell .....        | 62 |
| Group Companies ..... | 64 |

## Part 5 Facts & Data

|                             |    |
|-----------------------------|----|
| Financial Information ..... | 66 |
| Human Capital Data .....    | 67 |
| Stock Information .....     | 68 |
| Company Information .....   | 69 |

### Editorial Policy

In RAKSUL Value Creation Report 2023, our goal was to communicate in an easy-to-understand manner to provide our shareholders, investors, and a wide range of stakeholders with a versatile understanding of our sustainable growth and corporate value enhancement practices. In creating this report, we used both financial and non-financial information, and referred to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) etc.

For this year, we have structured the report to provide a deeper understanding of our value creation model as we continue to transform ourselves and create new value amidst changes in the external environment. In addition, we have enhanced information on our ESG initiatives, such as human capital and climate change initiatives, which are of high interest to our stakeholders.

### Reporting Period

August 1, 2021 - July 31, 2022  
(Also includes information on activities after this period)

**For more information on financial and sustainability related information, please visit our company website.**

<https://corp.raksul.com/en/ir/>  
<https://corp.raksul.com/en/esg/>

01

# Introduction

# CEO Message

**Towards the next decade of creating multiple industry infrastructures**

## Looking back on 2022

The year 2022 was a milestone year for us, marking it the 10th year since we launched our online printing business, the prototype for our current Raksul.

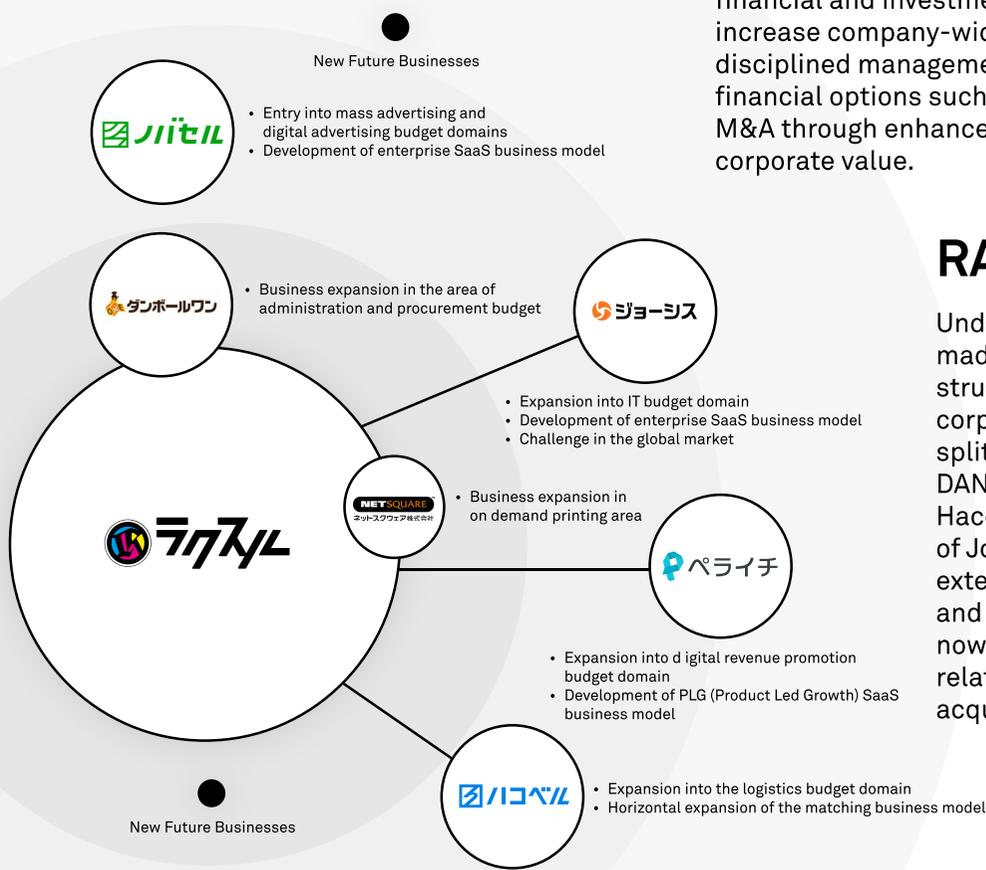
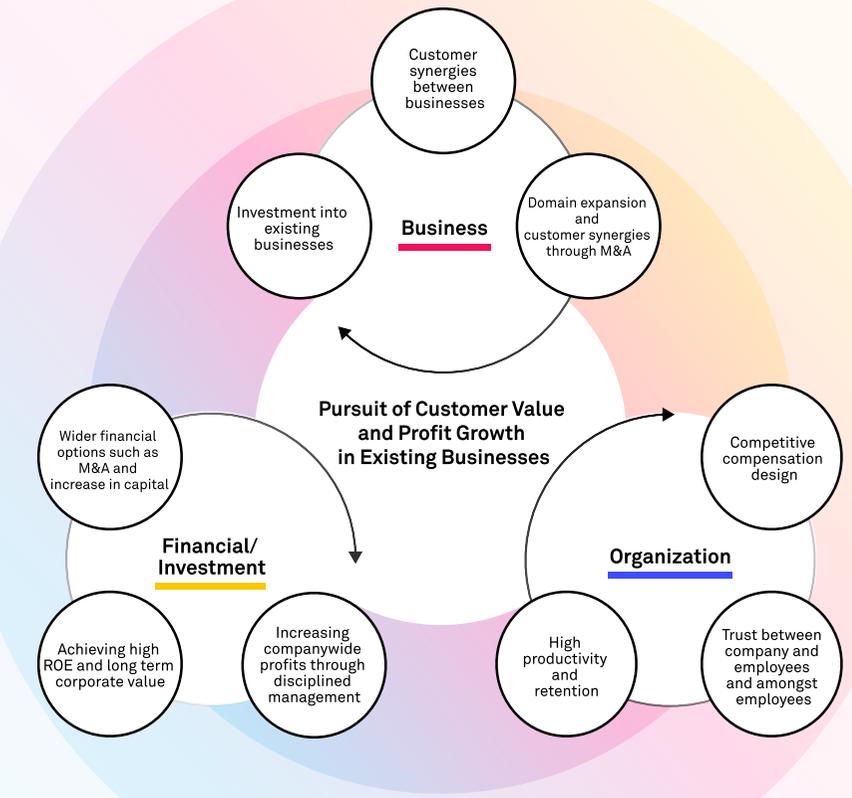
Looking back on the past year, we were able to lay the groundwork for the next decade by creating infrastructure for multiple industries based on our vision, "Better Systems, Better World".



# Quality Growth

In 2022, we announced our “Quality Growth” policy. Up until then, we have continued to reinvest to maximize gross profit, which represents the sum of values added to our customers and suppliers. However, changes in the macro environment have made it necessary for us to be conscious not only of future profits but also of current profits. We quickly recognized the social and economic changes and shifted our focus to Quality Growth. This will allow us to increase profits while pursuing customer value in our existing businesses.

This Quality Growth model, which will be the foundation of our company's future, has three aspects: business, organization, and financial/ investment. On the business side, we create synergies between existing businesses through investments and aim for further growth through domain expansions via organic growth and M&A. On the organizational side, we aim to create a highly productive organization with strong employee retention through competitive compensation schemes and by building trust among employees as well as between the employees and the company through our "Be Trusted" program as described below. On the financial and investment side, our goal is to increase company-wide profits through disciplined management and continue to have financial options such as capital increase and M&A through enhancement of long-term corporate value.



## RAKSUL's unique portfolio management

Under this Quality Growth model, we also made some changes in the capital structures of our businesses in 2022. Our corporate actions included the company split of Novasell, the full acquisition of DANBALL ONE. Inc., the conversion of Hacobell into a joint venture, the conversion of Josys into a subsidiary and raising external funds. We have historically created and grown our businesses organically, but now there has been a shift in the capital relations of our businesses with acquisitions, JV, external financing, etc.

Our intent here is to focus our investments on core businesses to achieve profitable growth while simultaneously building digital platforms in multiple industries over the long term. We were able to create our own unique style of portfolio management that fits RAKSUL and enables "minimized investment trade-offs among businesses," "sufficient investment in all businesses," "creation of new industry infrastructures" and "group-wide synergies/accumulation of capabilities" while sharing RAKSUL's vision of “Better Systems, Better World” group-wide.

# Updates on "RAKSUL Style," our DNA

As we continue to change and evolve in order to realize our vision, the core of this evolution is our members.

Our code of conduct, "RAKSUL Style" breaks down the elements of our vision "Better Systems, Better World," and is a set of values to be demonstrated by all employees. It has become part of our DNA since it was first established in 2015. In addition to "Reality" and "System," which we have adopted continuously for the past 6 years, we have replaced "Cooperation" with two new concepts, "Transparency" and "Team first," starting in 2022.

Up until now, our company has been committed to creating discontinuous values, with the idea that all employees should tackle the businesses with an entrepreneurial mindset. However, we feel that we are now at a changing point as the business is at a phase where it is evolving and becoming more complex due to company growth and organization expansion. To address this change, we introduced a program called "Be trusted," which focuses on team building and transparent management. With these efforts, including the revision of the code of conduct described above, we are not only adapting to the changing times, but are also updating our HR OS (system) that will enable RAKSUL, which has JPY 34 Bn in revenue, to expand to JPY100 Bn in revenue and more, and become a social infrastructure.



## Reality

Due to the nature of our business as a marketplace that combines both sides of supply and demand, collaboration with partners such as printing companies, creative companies, and TV stations is key. We can increase revenue and gross profit by deepening our understanding of our customers and the field, discovering the issues they truly wish to solve, and working with our production/creative partners to solve such issues. Therefore, deep understanding of "Reality" is considered to be the most important value in our company.

## System

When working on a new project, we do not encourage developing software from scratch. We take an approach of first verifying the hypothesis relying on individual expertise, then verifying the demand and improving operations. This is because software development is very costly and involves many team members, and when things go wrong, it could have a major impact on team motivation. On the other hand, after the human-based verification process, we can maintain stable quality and reduce costs by using systems and software in order to achieve customer satisfaction and high profit margins. This sequence of analog verification to digitalization is where our employees excel the most.

## Transparency

We believe that a highly diverse organization creates high value for customers and society, which in turn leads to high corporate value. As our workforce becomes more diverse in terms of positions, nationalities, gender, and age, it is necessary to shift from a high-context communication style where understanding is expected without saying much, to a low-context corporate culture that values explicit communication for decision making and its context. This is because a low-context corporate culture leads to the recruitment of a more diverse talent pool and enables them to develop and demonstrate their capabilities.

## Team First

As the number of people and the capacity as an organization increase significantly, it will become more important to move from a business and organization development style led by a few strong talents to a more team-based value creation. We will have strong expectations for the members in managerial positions to recruit, onboard, train, promote, and retain talents as part of their role. By strengthening these elements, we will develop talents skilled in team management which would further solidify our corporate foundation.



## Addressing our stakeholders and presenting new systems to society and industries

We continue to grow with the support of our customers and partner suppliers. At the same time, our platform has changed the way our customers and suppliers do their businesses.

10 years have passed since the start of Raksul business, and we have become the largest online printing business in Japan with 2 million individual and corporate customers. Some of our suppliers have gone public, while many others have made larger capital investments with us to increase their earnings and pass them on to their employees in the form of compensation. Novasell business has been able to democratize the TV commercial industry to attract new customers that local TV stations have previously had difficulty acquiring.

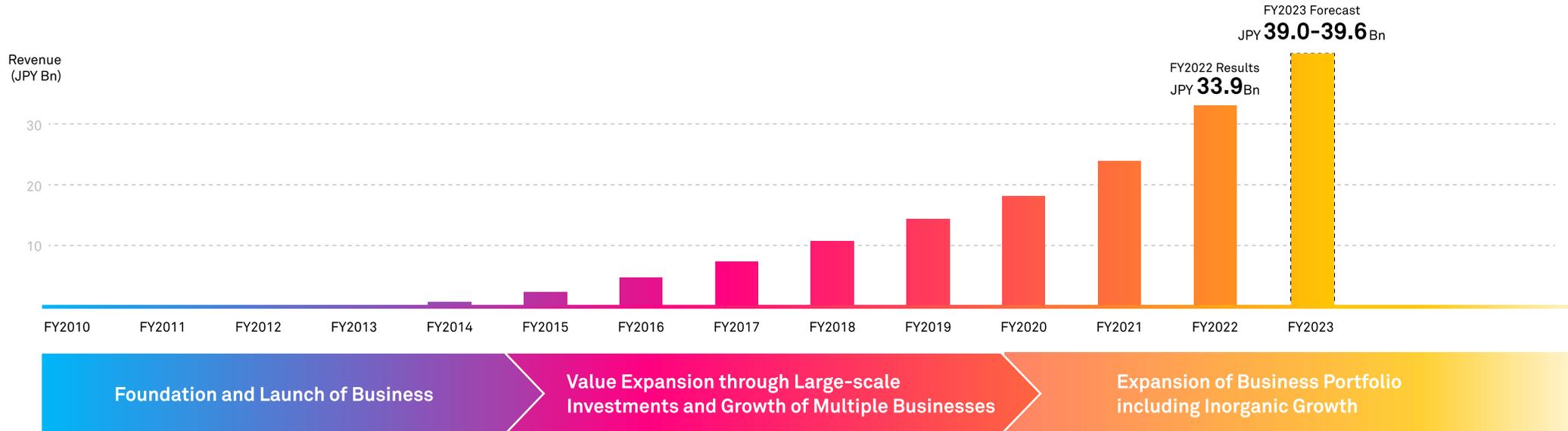
Hacobell business, by establishing a joint venture with Seino Holdings Co., Ltd. this fiscal year, has been able to penetrate more deeply into the transportation industry and gain a high level of trust from our customers based on the Seino brand. The business also successfully leveraged the new system created by the platform.

Our corporate vision is “Better Systems, Better World.” Since its inception, we have consistently operated with the strong philosophy of bringing the Internet to traditional industries and changing industrial structures. Through our businesses over the past decade, we are proud to say that we have made a certain impact on the printing, TV commercial, and transportation industries. In the past few years, we have begun to focus on taking responsibility not only for the business of our customers and suppliers, but also for the environmental impact, labor conditions, and trades in the supply chain. ESG perspectives are essential to the long-term success of a company. We will appoint a dedicated officer in the future to communicate our philosophy and initiatives through our ESG activities.

We will continue to share our directions with our stakeholders and strive to address the significant theme of transforming Japan and the world's industrial structures over the long-term. We ask for your continuous support and guidance in this endeavor.

# History

Since our foundation, we have faced and solved industrial challenges based on our vision of "Better Systems, Better World." We will continue to build a system that can provide value while responding to a changing society.



While many companies were focusing on cost reduction under the recession, our founder and CEO Matsumoto took interest in printing, which had the highest cost reduction rate. Realizing the analog and inefficient structure of the industry, he founded RAKSUL INC. in 2009 to change such structure with the help of the Internet. In 2013, RAKSUL launched a sharing platform that utilizes the non-operating time of printing machines, Raksul.

As the financing environment improved, we raised funds and continued to invest in expanding value-added services to our customers and suppliers. We also began offering platforms in the logistics and TV commercial industries, which, like printing, faced analog and inefficient industry structures. Furthermore, to strengthen our technical capabilities as recruitment of engineers intensified, we established overseas centers in Vietnam and India and quickly transitioned to a global development structure.

In response to changing demands due to COVID-19 and the progress of digitalization, we actively expanded our business domain through M&A/investments in addition to launching businesses in-house. With the growth of Raksul business, we have evolved to a management style that focuses on the pursuit of customer value and profit growth of existing businesses (Quality Growth). In addition, with the growing awareness of ESG and the demand for corporate sustainability, we have strengthened our ESG efforts and disclosures.

|                         |  |
|-------------------------|--|
| September 2009          | Company Established  |
| April and November 2012 | Received investment of JPY 230MM through third-party share issuance  |
| March 2013              | Launched Raksul, a printing sharing platform                         |
| February 2014           | Received investment of JPY 1.55Bn through third-party share issuance |
| June 2014               | Began broadcasting Raksul TV Commercials                             |

|               |  |
|---------------|--|
| February 2015 | Received investment of JPY 4Bn through third-party share issuance    |
| December 2015 | Launched Hacobell, a logistics platform                              |
| August 2016   | Received investment of JPY 2.05Bn through third-party share issuance |
| May 2018      | Listed on TSE Mothers  |
| August 2019   | Changed listing market from TSE Mothers to 1st section               |
| April 2020    | Launched Novasell, a TV commercial related platform                  |
| June 2020     | Established RAKSUL VIETNAM COMPANY LIMITED                           |
| July 2020     | Established RAKSUL INDIA PRIVATE LIMITED                             |

|                         |  |
|-------------------------|--|
| October 2020            | Acquired shares of Peraichi Inc., operation of website creation SaaS, and made it an affiliate company                                 |
| December 2020           | Acquired shares of DANBALL ONE. Inc., an online order platform for cardboard and packaging materials, and made it an affiliate company |
| September 2021          | Launched Josys, a corporate IT platform  |
| September 2021          | Acquired shares of Net Square Co., Ltd., an on-demand printing company, and made it an affiliate company                               |
| February 2022           | Acquired 100% shares of DANBALL ONE. Inc. (wholly owned subsidiary)  |
| October 2022            | Received MSCI ESG Rating of A  |
| November 2022           | Raksul exceeded 2 million registered users, becoming the top player* in the domestic printing EC market                                |
| August 2023 (scheduled) | Acquisition of Raksul business-related assets of Net Square Co., Ltd.  |

\*Tokyo Shoko Research (Major Online Printing Services, as of December 2022)

# Value Creation Story

## Issue

### Structural Challenges in Japan

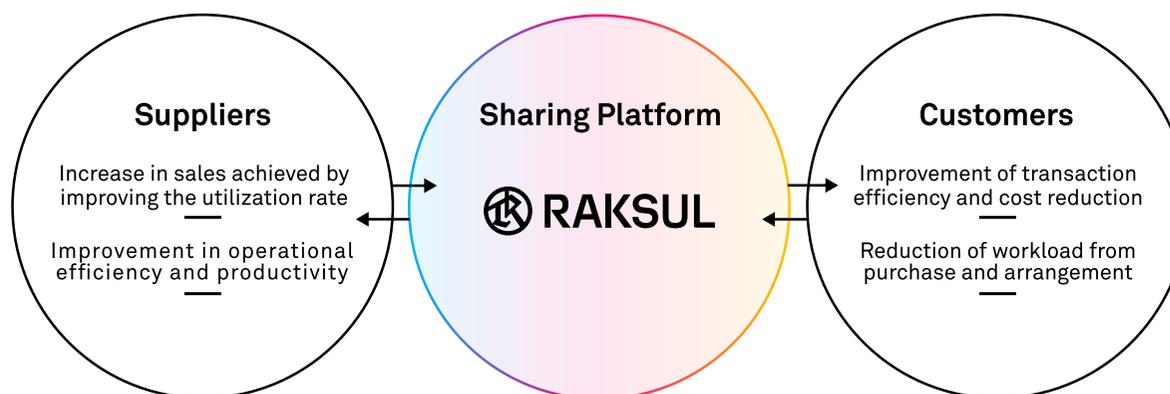
Japan's working-age population declined by 10% over the decade from 2010 to 2020, and is projected to continue declining at the same rate in the future. \*1  
 In addition, Japan's labor productivity is equivalent to around two-thirds of that of the United States, ranking 23rd out of 38 OECD member states and the lowest among the G7 nations, and productivity is low by global standards. \*2

\*1 Ministry of Internal Affairs and Communications, National Census; National Institute of Population and Social Security Research, Population Projections for Japan (April 2017)  
 \*2 OECD

### Structural Challenges in Japanese Industries

Many of the industries that were established in the 20th century feature a structure that vertically join sales and manufacturing. Companies purchase production equipments such as trucks and printing machines and employ a sales team to sell the capacity. This has led to the heavy use of subcontracting services by major enterprises and the establishment of a pyramid-shaped structure with major enterprises at the top and multiple layers of subcontractors under them. As a result, transaction costs have increased due to the running costs of major enterprises and the existence of intermediaries with low added value, and optimization has not been realized on both the supply and demand sides.

## Solution



We improve the efficiency of transactions and operations on both supply and demand sides, eliminate structural inefficiency of industries, and work on improving productivity and empowering both customers and suppliers through digital transformation (DX).  
 Based on our vision, "Better Systems, Better World," by reinventing traditional industry structures with the power of the Internet, we aim to realize a better world — this is our value creation story.

# Value Creation Process

We provide diverse value to our stakeholders through investment of management resources and the creation of a unique business model while addressing social issues. By creating social and economic value in an integrated manner, we commit ourselves towards realization of our vision.

## Input

## Business model

## Output / Outcome

### Business (Social and Relationship Capital)

- **Global platform development capabilities**  
Tech headcount: 139 \_\_\_\_\_ 139
- **Stability and scalability of customer base**  
Rakusul number of registered users \_\_\_\_ 2.1 million  
Novasell total number of clients \_\_\_\_\_ 491
- **Supplier engagement**  
Rakusul number of suppliers \_\_\_\_\_ 130  
Danball One number of suppliers \_\_\_\_\_ 130

### Capital (Financial Capital)

- **Strong financial discipline**  
Total assets \_\_\_\_\_ JPY 28.6Bn  
Cash and deposits \_\_\_\_\_ JPY 13.6Bn  
Net assets \_\_\_\_\_ JPY 9.3Bn

### Human Capital

- Number of employees \_\_\_\_\_ 526
- **An environment where employees can develop and demonstrate their capabilities**  
RAKSUL Style \_\_\_\_\_ P36  
Diverse Workstyles \_\_\_\_\_ P39
- **Realizing competitive compensation in the labor market**  
Quality Growth Stock Option 2022 \_\_\_\_\_ P31



### Foundation for Value Creation

Environmental Initiatives  
Corporate Governance

### Rebuilding Conventional Industries with IT

- **Enhancing customer corporate value through pursuit of customer value**  
Customer time saved per order \_\_\_\_\_ 49 hours avg  
Customer cost reduction rate \_\_\_\_\_ 45.0%  
Improved advertising efficiency through visualization of TV commercial effectiveness
- **Co-creation of supply chain with suppliers**  
Supplier productivity improvement rate \_\_\_\_ 14.9%

### Sustainable Growth and Return of Profits

- **Sustained profit growth**  
Gross Profit CAGR \_\_\_\_\_ +38.1%  
EBITDA \_\_\_\_\_ JPY 1.63Bn
- **High capital efficiency**  
ROE \_\_\_\_\_ 12.2%

### Talents that Address Social Value and Make a Difference

- **Diversity & Inclusion, future leadership development**  
Percentage of female employees \_\_\_\_\_ 41.8%  
Percentage of foreign national employees \_\_\_\_ 12.4%  
Continuously producing group company executives
- **Delivering high productivity**  
Gross profit per employee \_\_\_\_\_ JPY 22.9M

Creation of Social Value

Expansion of Economic Value

• Information as of July 31, 2022. "Rakusul number of registered users" is as of January 31, 2023  
 • Customer time saved per order: an estimate of the average annual man-hour reduction per customer, compared before and after use of Rakusul  
 • Customer cost reduction rate: an estimate of the average cost reduction per customer, compared before and after use of Rakusul  
 • Supplier productivity improvement rate: YoY change of the productivity index (Rakusul order value divided by the number of workers engaged in Rakusul business) of top suppliers  
 • Gross profit CAGR: Compound annual growth rate from FY2018-FY2022  
 • EBITDA: Operating profit + Depreciation + Amortization of goodwill + Stock-based compensation expenses

02

# Our Impact

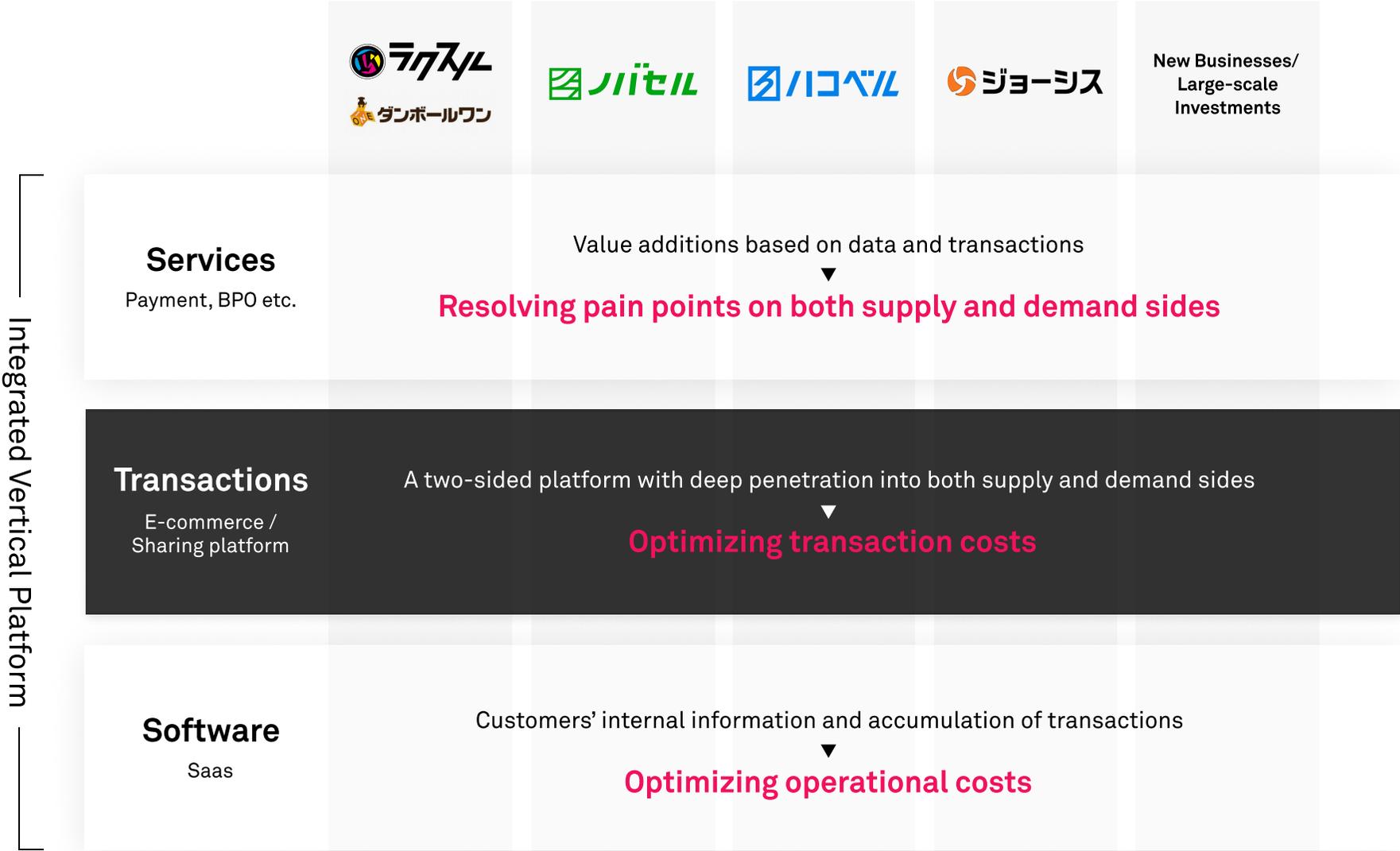
仕組みを変えれば世界

**Business**

# Rebuilding Conventional Industries with IT

# Business Model

We operate an Integrated Vertical Platform that combines the effectiveness of transactions, efficiency of operations through software (SaaS), and value-added services. By penetrating deeply into both supply and demand and resolving pain points on both sides, we aim to transform traditional industries into highly productive and profitable industries through our businesses.



# Enhancing Customer Corporate Value through Pursuit of Customer Value

Services such as printing and TV commercials involved complex operations due to the asymmetric nature of information, inefficient analog management, and communication practices, making them costly and time-consuming for the users.

By bringing technology to these industries, we have created a one-stop, user friendly system that provides services that are of low cost and high quality over the Internet.

Based on our in-depth understanding of the industry, we continue to work daily to further improve customer experience by leveraging our strengths in technology, business, and operations, and to address and solve the complex challenges of our customers that constantly change.

Going forward, we will continue to further develop our existing services and change the way our peripheral industries operate to deliver greater value to even more customers.

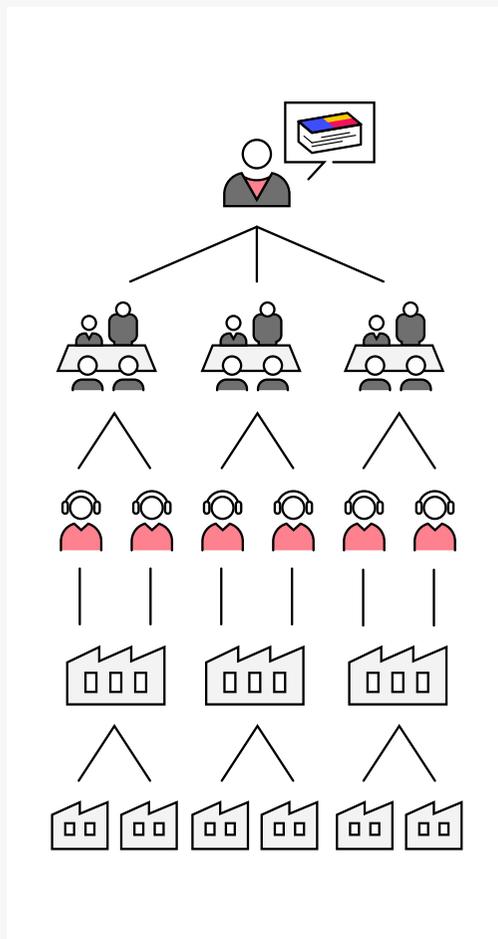


# Solving Customer Challenges through Technology

Raksul's platform has automated not only ordering and sales over the Internet, but also inefficient human operations in the order-to-delivery process. This allows anyone to easily place an order over the Internet and quickly receive low cost, stable quality service, without the need for specialized knowledge or skills.

## Existing printing industry

A complex process dependent and involving of many humans



Completed over the Internet



## EC + Matching Platform Development

### EC website

Transactions are completed on the Internet, with prices and delivery dates available on the spot

### Optimal ordering algorithm

Automatically calculates the best combination of which orders to place and how much to place with which suppliers

## Tools / Business Software Development

### Online designs

Users can design on their own without ordering through a designer

### Automated checking of submitted data

Reduced waiting time from 0.5-1 day to less than 10 minutes

### Posting area designation

Simply select from an online map where you want to distribute flyers to complete the designation



Improvement of transaction efficiency

Cost reduction

Reduction of workload from purchase and arrangement

# Solving Customer Challenges through Technology

Creating software for a process that was done by humans is not a simple task. Our engineering organization is the source of our corporate value, as we gain a deep understanding of our customers and the industries, identify the problems to be solved, and use ever-evolving technology to accomplish them.

|       |       |      |
|-------|-------|------|
| Ruby  | GO    | PHP  |
| rails | VueJS | Rust |
| TS    | RSpec | JEST |

## Technology Stack

Rather than focusing on specific technology areas, we select and design technologies to ensure that our products continue to deliver value over the long term



## Development Centers

69% of the team is based in Japan, and 31% in Vietnam and India. The product team also has a similar multinational composition



## Development Team

Customer issues are shared across all job categories, including CS, DTP, and business side. Development engineers are encouraged to experience and understand the situation onsite to create a unified product vision with the entire team

## Development Process



### Site visits and customer surveys

By going to suppliers' and customers' sites and gathering primary information, we gain better understanding of what the issues are and how the current processes work/do not work



### Establishing a project vision

Based on the sense of different issues identified onsite, technology team and business side will work together to create a project vision of "who, what, and how to solve the problem"



### Agile development

Development sprints are conducted in 1-2 week increments, repeating planning, review, and adjustments

# Service Born in Response to Customer Challenges

Raksul Enterprise is a service born from requests of large companies that want to utilize online printing to reduce costs and improve operational efficiency. While leveraging the "small lots, quick delivery, low cost" value we have cultivated over the years, we have removed the implementation barriers unique to large companies, and have begun offering a customized website with additional functions to solve their problems. This has led to improvement of transaction efficiency and cost reduction, reduction of workload from purchase and arrangement.



Business model of "small lots, quick delivery, low cost" cultivated over the years

## Business Model: Centralized management of print purchases

|   |   |   |
|---|---|---|
|  <p><b>Account Management</b><br/>Organizing accounts by individuals<br/>Track registration status in one place</p>   |  <p><b>Order management</b><br/>Centralized management of orders<br/>Easily share knowledge and track progress</p>                                     |  <p><b>Invoice Payment</b><br/>Flexible payment terms<br/>Dramatically improve the efficiency of internal processing</p>                      |
|  <p><b>Approval Workflow</b><br/>Check print orders at each store/location<br/>Reduce workload and allow control</p> |  <p><b>Design and Template Management</b><br/>Centralize designs and materials for internal use<br/>Simplify production while maintaining control</p> |  <p><b>Dedicated Ordering Website</b><br/>Centralized management of promotional tools and materials<br/>Order in as little as 10 seconds</p> |

### Cost reduction

The ability to manage multiple accounts and invoice payment within the company allows large companies to enjoy Raksul's advantage of "small lots, quick delivery, low cost"

### Reduction of workload from purchase and arrangement

Complicated communication between the production/printing companies, the headquarter, and multiple branches can all be completed on the EC website through approval workflows

### Maintain brand quality

The template-based design management function solves the quality issues caused by the separate production and ordering of printed materials at each branch/location. Enables each location to create designs that match its own characteristics while maintaining quality

### Reduction of printed material waste

Reduction of inventory waste by ordering individually optimized quantities at each location, instead of ordering and stocking the expected number of prints for all locations at once

# HIOKI

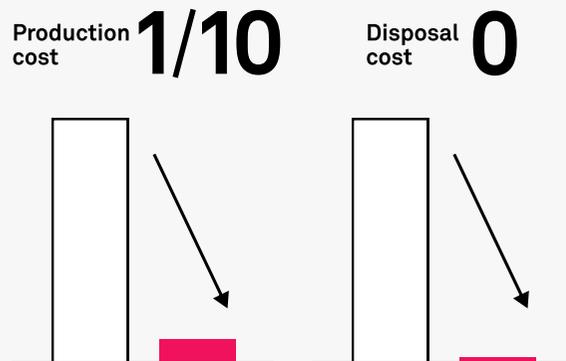
Case study:  
HIOKI E.E. CORPORATION

## Reduction of cost, workload from purchase and arrangement, and printed material waste

At HIOKI E.E. CORPORATION, the work load of managing over 150 different catalogs has been a burden. Their promotion design department was responsible for confirming the required number of copies registered by the sales staff on their internal system, and packing and shipping them twice a week. If there was a shortage of stock, a series of operations such as ordering from the printing company and delivering to the warehouse were each handled by different personnel, complicating the system. It took more than a week for the sales staff to receive the necessary catalogs. In addition, a large number of catalogs were discarded every time there was a revision.

The company decided to use Raksul's "dedicated ordering website system" and changed the flow of orders so that the sales staff can place orders whenever needed for the quantity they require, without the assistance of the promotion design department. Sales staff can check the thumbnails of the latest catalog data registered in advance on the website and enter the required number of copies and delivery date. As a result, the man-hours previously spent by the department, approximately 300 hours a year, have been reduced by one-tenth, as all they need to do now is to update the catalogs. By placing orders on a on-demand basis without carrying inventory, they now spend zero disposal costs, which used to cost them 1 million yen per year, while also reducing CO<sub>2</sub> emissions.

The time saved now allows the department to focus on overseas promotions, which is their original mandate. Sales staff who order the catalogs are also pleased with the shortened delivery time and reduction of workload by being able to send the catalogs directly to the distributors.



# KAWAI

Case study:  
Kawai Musical Instruments Manufacturing Co., Ltd

## Maintain brand quality / Reduction of workload from purchase and arrangement

Kawai Musical Instruments Manufacturing Co., Ltd., which manufactures and sells pianos and operates music schools, has about 70 branches and sales stores nationwide. Since each office produces its own sales promotion materials, design quality management and uncertainty over production costs have been a challenge. We proposed a customized "design management function" to meet the company's needs. By building an "approval workflow," each store can freely create promotional materials based on the design templates created by the headquarter using "online design" and the headquarter can perform the final proofreading of the data. This enabled the company to visualize costs and raise the level of design quality. The company was able to achieve branding through a unified format while leaving room for each region's originality, which was a major benefit to the company. The company greatly valued that the consultation is available for localization at no initial cost, no advanced design skills are required, and it is not dependent on the PC environment of each store. We have also received comments from staff saying that "the procedure from flyer design creation to printing is easy to understand," "the templates made it possible to complete the flyer design without much editing," and "it is convenient to be able to order immediately whenever needed." The convenience of the system has been particularly well received. In addition, since expense claims are sent to the branch offices that manage the stores, the branch offices in charge of the claim processing have commented that "the expense processing has become much easier and more manageable."



# Consultative Customer Support that Brings Customer Feedback to Value

Our system does not end once it is built. By gathering customer feedback on a daily basis to improve and update the platform, we provide an outstanding customer experience that leads to repeat business. We believe that it is an important role of customer support not only to solve customers' questions and concerns, but also to review their requests and opinions, and collaborate with other departments to improve our products. Our customer support is committed to providing value-added services by appropriately guiding customers to products and processes that meet their objectives.

## Customer support team that capture the voice of the customers and address value



**A training system that connects the process of "printing," which requires expertise and has a thousand different objectives, to a smooth customer experience utilizing the Internet**

Frequent updating of manuals and a system to disseminate updates and improvements throughout the organization

Curriculum and on-JT/off-JT training that enables inexperienced staff to quickly gain knowledge in the printing industry

Awareness of the customer's true business objectives and how to contribute to their success



**Collaboration on technology team and business side**

## Functional Improvements

e.g. improved delivery address selection screen, flyer/booklet price list, new year's cards ordering process, new online design features, etc.



## Product Improvements

e.g. plastic cards, addition of transparent sticker specifications, anti-back-splitting processing, look-alike envelope creation service, etc.



## Member's Voice

Many of the complaints that occur are due to gaps in expectations. As online printing is a system that allows anyone to easily place orders, there can be a gap between what customers see on screen and their expectations of the actual product. We work to grasp the essence of the problem by thinking through "what do they want to know?" and "what is the best we can do?" when customers give us feedback or make inquiries.

For example, one of our customers called us to discuss ordering posters. When we talked to them, we realized that their real purpose was to "advertise the cafe," and it could be anything that would meet their purpose.

As such, I recommended panels printed on Styrofoam. As a result, I was very happy to hear them say "I used to think panels and tapestries were something I could not easily afford, but now I see how easy it is to order them from Raksul. I will order various things from Raksul again."

In the future, I would like to go beyond the current boundaries of customer support and make the CS Department more of a customer consulting office. I aim to create such a department where all operators are capable of solving problems together with customers and suggesting Raksul products and ordering methods which customers are truly looking for.

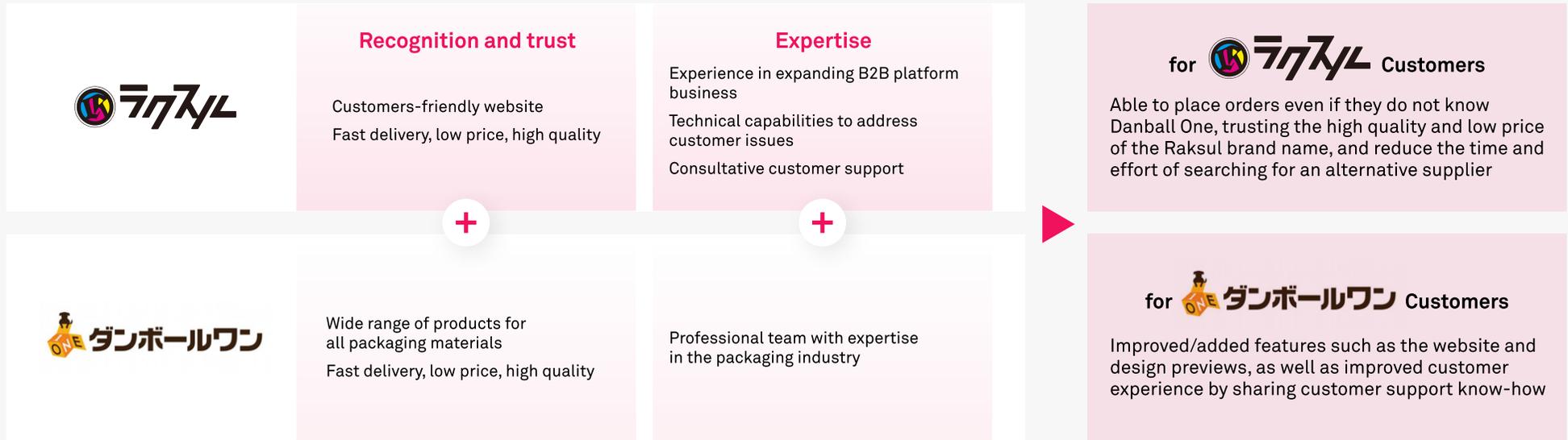


Raksul  
Operation  
Team leader of CS Planning & Printing CS  
Ms. Sayuki Ise

# Expanding Customer Value through M&A Synergies

Our aim of the acquisition of DANBALL ONE. Inc., a cardboard and packaging e-commerce platform, was intended to provide additional value to both Raksul customers and Danball One customers. The high recognition and reputation of the Raksul brand has increased the visibility and credibility of the Danball One service, and has also brought benefits to Raksul customers, such as a reduction in man-hours spent on necessary arrangements on numerous suppliers. In addition, by providing Raksul expertise to Danball One, the customer experience of existing Danball One customers has also improved, resulting in a higher level of satisfaction with the service. We will continue to focus on creating synergies and expanding customer value.

## Provide Raksul's brand and know-how to Danball One



### Case study tila.dolce Inc.

The company used Danball One for their boxed lunch delivery service. They have already been using Raksul for their takeout menus, flyers, business cards, and they also needed cardboard boxes that they could use to pack and deliver the lunches without packing materials. Before learning about Danball One, they were ordering from a vendor via fax. When they learned that Raksul also handles cardboard boxes, they decided to give it a try. Since it is a RAKSUL group company, they felt comfortable with the ordering process, delivery time, and pricing and did not feel the need to request quotations from multiple vendors for comparison. As a result, not only were the prices low, sizes could be adjusted and orders could be easily placed through an online store. In addition, the account ID linkage with Raksul eliminated the hassle of payment information registration, leading to continued usage from the company.



Technology  
Manager of Data Strategy  
Mr. Tomohiro Iso

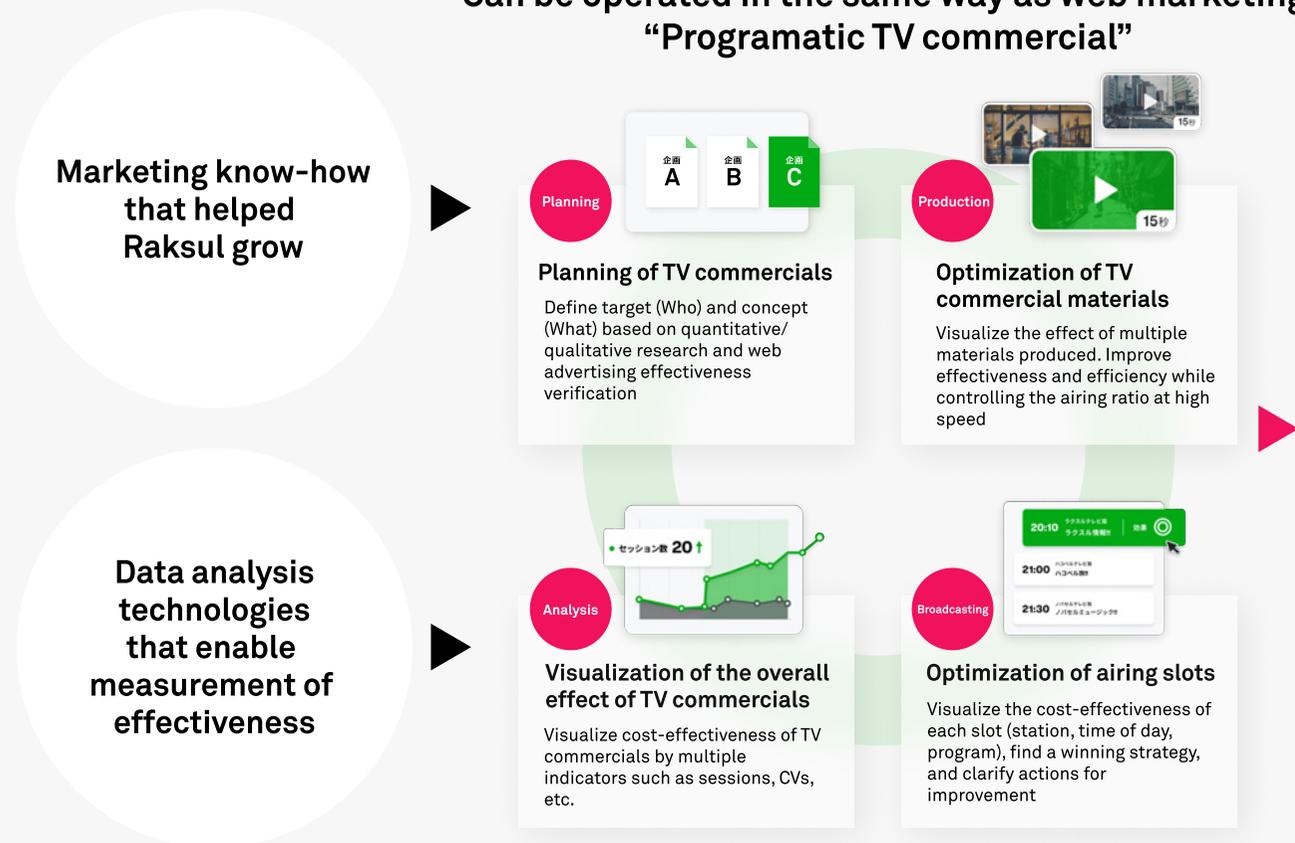
### Member's Voice

Our main task is to leverage business growth with data and to create a system in which the data itself leads to customer value. Currently, we are focusing on customer analysis and recommendation systems that apply data science and machine learning methods to create a system that makes it easy for customers to find what they need for their businesses. In cooperation with Danball One, we are deepening our understanding of our customers by utilizing data to provide appropriate services to each customer while maximizing the use of our customer base.

# Customer Value Offerings of Novasell

Novasell provides services that "democratize marketing" by taking the TV commercial marketing expertise that has helped Raksul grow and applied it to software using technology. Previously, TV commercials had the advantages of tremendous reach and brand image enhancement, but the problem was that the response could not be grasped in real time, and thus could not be utilized efficiently. In response, we have developed software that enables visualization of the effectiveness of TV commercials and released Novasell, a "Programmatic TV commercial" that can be operated in the same way as web marketing. This has enabled the improvement of advertising cost-effectiveness and reduction of internal communication burdens for the companies using the software.

## Can be operated in the same way as web marketing "Programmatic TV commercial"



Marketing know-how that helped Raksul grow

Data analysis technologies that enable measurement of effectiveness

**Improvement of advertising cost-effectiveness**  
Real-time visualization of TV commercial effectiveness improves advertising cost-effectiveness by enabling the selection of optimal broadcast times/stations and effective video production

**Reduce burden of analysis and internal reporting**  
Improved communication efficiency among all parties involved by making the effectiveness of the program visible in figures

**en** イン・ジャパン Case study en Japan Inc.

en Japan hired Novasell for their TV commercial marketing of “Engage,” their new HR Tech business.

As this business is expected to play a key role in the company's future, its marketing targets were high. Therefore, it was essential that the business strategies build a foundation with both digital advertising and with TV commercials, which are essential for gaining mass recognition. However, the costs of TV commercials are very high and there are many uncertain factors. It was challenging for them to explain the cost-effectiveness of the project to the stakeholders, and due to the lack of clear metrics regarding the effectiveness, it was difficult to apply the results and learnings to the next production. Among all the TV commercial options, the company chose Novasell’s programmatic TV commercials, which allows them to steadily keep making improvements through running a PDCA cycle of their production process.

The first step was to work on the message appeals. Based on the targets and objectives of the service, Novasell conducted customer interviews and preliminary research, and developed a hypothesis based on the company's data on job seeker trends. After conducting a concept research, a message appeal was created, and further research was conducted before the commercial production and broadcasting.

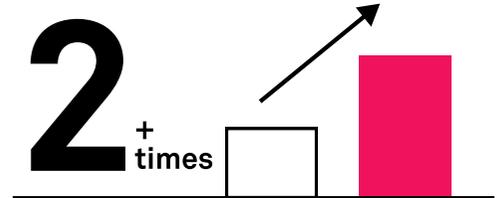
After airing the commercial, Novasell evaluated real-time responses using Novasell Analytics. Based on the results, improvements were discussed and verified at regular weekly meetings. The speed of the PDCA cycle was greatly improved because any doubts could be resolved immediately not only at regular meetings but directly with the creative members via chat tools. The team also appreciated that they felt their creative knowledge was accumulating with each production.

After producing 50 commercials in 6 months while running the PDCA cycle, the recognition rate, branded queries, and membership numbers all clearly increased. Additionally, the ability to discuss results based on data and effectiveness, rather than intuitions and feelings, reduced the company's anxiety in decision making. This is one example of how Novasell's technology and services have enabled effective and transparent usage of TV commercials, which are crucial for gaining mass recognition.

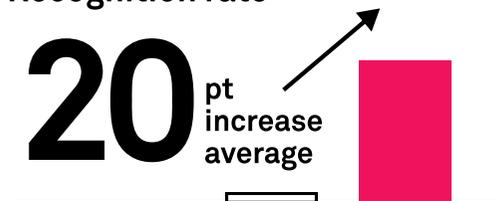


Effects

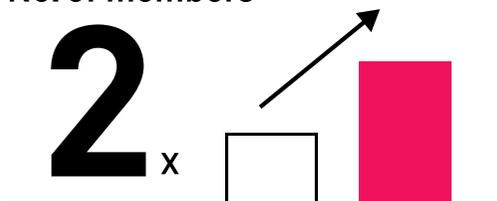
Nominated Search\*1



Recognition rate\*2



No. of members\*3



\*1 DS.INSIGHT

\*2 Cross Marketing Inc.

\*3 en Japan Inc.

"2nd Quarter of FYE Mar/2023 Earnings Review"

# Co-creation of Supply Chain with Suppliers

We have a "horizontal integration" model, whereby our suppliers specialize in production while we specialize in sales through fables operations, maximizing synergies by developing the strengths of both parties. What makes this system possible is our thorough adherence to the "three actuals" principle of "actual place, actual thing, and actual reality". We are deeply involved in the processes of determining of materials, production, and logistics, and value the opportunity to make improvements together with our suppliers. We believe that these activities will lead to better prices, services, and experiences that our customers desire, resulting in business growth (i.e., increased order volume). This in turn leads to profits for our suppliers, creating a virtuous cycle that will keep updating the printing industry.



## Supplier Dialogue

Net Square Co., Ltd.,  
Deputy General Manager, Channel Division  
**Mr. Tsunaki Kanae**



Raksul  
Director of SCM  
**Mr. Naoki Sudo**

## A journey with Net Square Co., Ltd. — Transformation of employee behaviors through change of system

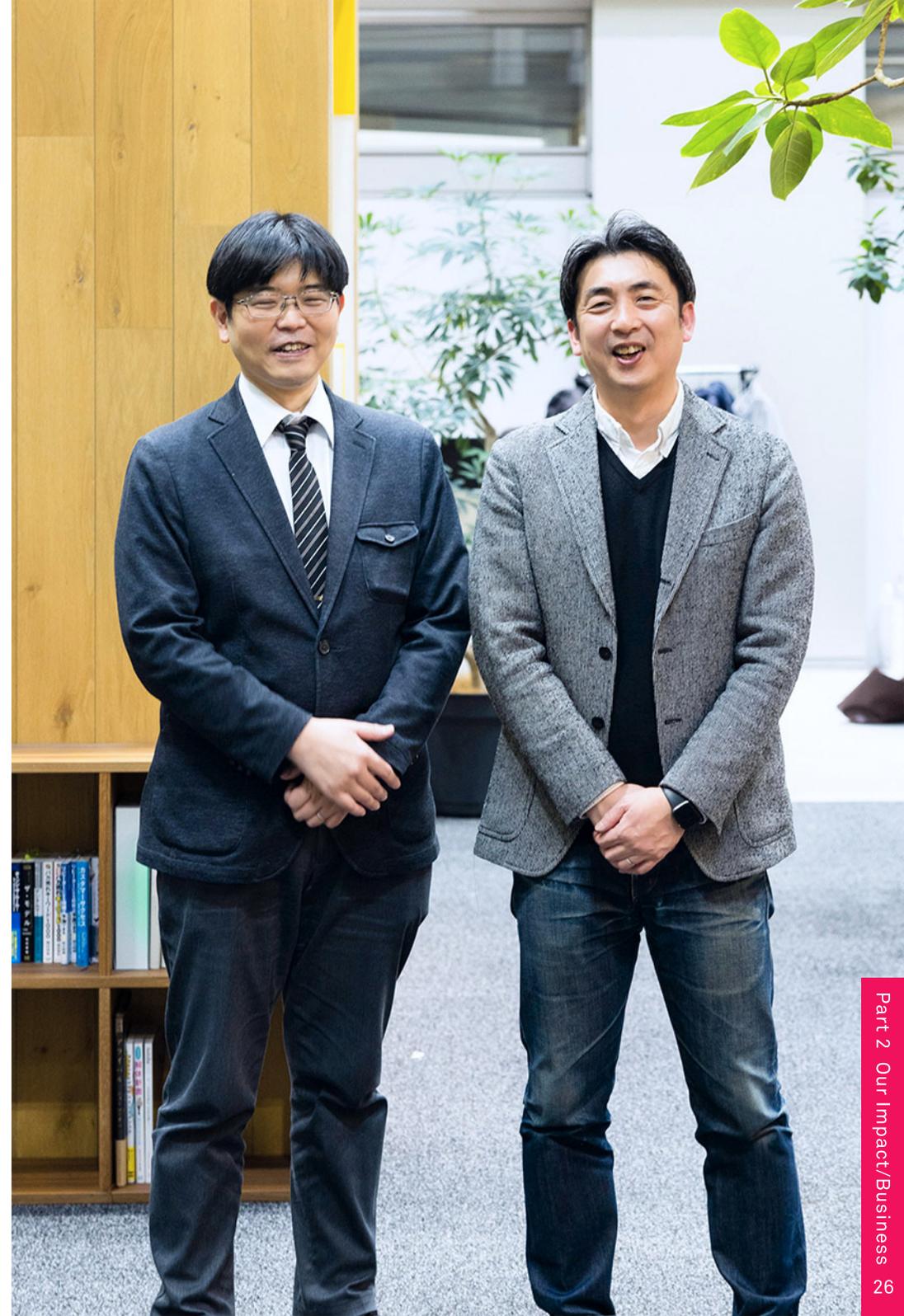
— Progress in both hiring and business improvement by  
setting KPIs and running PDCA cycles

Net Square Co., Ltd. has been our supplier since 2016 and we have continued to grow together throughout our partnership. Looking back on our history together, Mr. Tsunaki Kanae from Net Square Co., Ltd. (Deputy General Manager of Channel Division) and Mr. Naoki Sudo from Raksul Business Division (Director of SCM) discuss the future that both companies should pursue for the betterment of the industry as a whole.

**NET SQUARE**<sup>TM</sup>

ネットスクウェア株式会社

An online printing company specializing in small-lot, quick-delivery and on-demand printing for consumers, founded in 2000 by Mr. Yoshihisa Urakami (Current Net Square Co., Ltd, President and Representative Director), who was one of the founding members of Kinko's Japan Co., Ltd. In 2016, the company entered into a business partnership with RAKSUL and quadrupled its revenue. Formed a capital alliance in 2021, and RAKSUL to acquire the Raksul business-related assets from Net Square in August 2023 to further strengthen its business in the digital printing domain.



— First, please tell us about the partnership between Net Square ("NS") and Raksul . What steps have you taken so far?

**Mr. Tsunaki Kanae ("Kanae"):** We were originally offering our services through a physical store with a workshop and a factory with mass production capacity. In 2012, we closed all our stores and changed our management policy to operate mainly through our factory. Around that time, we started our online new year's cards service which turned out to be a success. We have decided to properly invest in our online printing business, and around the same time, we were approached by Raksul and decided to collaborate. This was in 2016.

— In 2020, Raksul proposed a challenge to Net Square to work together to introduce a new commercial product, sticker printing. The decision to introduce an unfamiliar product for Raksul must have been a big challenge. Looking back on those days, what was the situation like at the company?

**Kanae:** Since this was a completely unfamiliar product, we asked other business partners for their advice. Our president, Mr. Yoshihisa Urakami himself, conducted a series of investigations to determine whether stickers would be a viable business and whether our resources would really be sufficient to handle the business. Once we had confidence that this would work, we were ready to go for it. At first, we kept on making adjustments through small-scale orders, and in January 2020, we opened a dedicated sticker printing center.

— In contrast, what kind of commitment does Raksul have when collaborating with suppliers to introduce new products?

**Mr. Naoki Sudo ("Sudo"):** When collaborating with suppliers, we look at QCD, whether they can guarantee high quality, provide products at low prices, and deliver on time. From a QCD perspective, we had great confidence in NS, but at the same time, we naturally had some concerns since we were dealing with a new product. However, with the advantage of countercharges due to owning largest number of printing machines and Mr. Urakami's ability to install equipments more cheaply than any other company, we were confident with the pricing. Once that part has been taken care of, it was a matter of quality and delivery but since we shared the same vision of creating a new future for on-demand printing with NS, we were determined to make it happen by continuously refining the product.

## As partners on the journey together- Focus on "Reality" by continuous deepening of understanding

— How exactly have both companies demonstrated your strong commitment for co-creation?

**Kanae:** In the sticker printing business, we have been able to significantly refine our production system with the support of Raksul. We were very excited about the new business, but we hit a wall about two months in; we realized that the current equipments would not be able to keep up with the order volume. This was because we received so many unexpected orders and exceeded the volume we had expected for an entire year in a matter of six months. Not only did we invest in additional equipments, we also had Raksul work with us to assess if there were any other problems that needed to be addressed. During this time, Mr. Sudo was visiting the site every week to evaluate and visualize the current situation and to determine which processes needed to be revised and based on what criteria. We found that there was no major problem in the printing process, but there was a problem in the cutting process specific to sticker printing. The speed of the printing process was slowed down by this additional process.

**Sudo:** We introduced a system that matches the order content with the paper, using barcodes and other means, to ensure that the order is printed exactly as ordered and by the correct specifications.



**Kanae:** In fact, now that the paper matching is done during the printing process, we no longer have to separate the paper during the inspection. Productivity has improved tremendously because the inspection process has been reduced. As a result of pursuing quality, we ended up with a major improvement that allowed us to reduce both paper and labor costs. This system is also being applied to the envelope printing process, which is our current new challenge.

**Sudo:** That is a great impact. In the Raksul Business Division, we not only have people from the printing industry, but also many people like myself who come from companies that produce completely different products, including a member who was a plant manager at a major food manufacturer's overseas plant. By bringing together the knowledge of supply chains in various industries and examining them from various angles, we search for solutions that are not bound by industry preconceptions. We believe this is our mission as we try to revolutionize the industry as a platformer. As a prerequisite for this, we place great importance on collaboration with our suppliers. It is not enough to just mechanically divert work to the cheapest place and make revenue. We are committed to the principle of "three actuals"; actual place, actual thing, and actual reality. With this principle, we focus on "Reality," to deepen our understanding of our suppliers' business and propose improvement measures tailored to each supplier.



**Kanae:** In terms of the improvement measures being considered for each supplier, we also received advice on improving the efficiency of inspection and packaging operations. Until then, the way the inspection and packaging were done and the quality varied from person to person. We have set up a camera in the workshop to analyze which processes could be cut to reduce the operation hours. Thanks to this initiative, we are now able to set a target for the number of items inspected per day and have been able to exceed the targets.

## Successful recruitment by setting KPIs- Structural change to enable PDCA cycles

— When the sticker printing system was introduced and manpower became scarce, we heard that you considered improvement measures not only from an operational standpoint, but also from an HR standpoint.

**Kanae:** Yes, during our conversations about productivity improvement, we discussed measures to increase productivity with specific figures, such as how many more machines would be needed, how many more people would be needed, and how much daily production could be increased by them. As a result, we made it our top priority to meet the target numbers. Over the next 4 months we were able to achieve most of the targets we had initially thought were impossible to achieve. We were initially not accustomed to setting KPIs and running the PDCA cycle, but since we started collaborating with Raksul, we became thorough with them, which played a big role. Even for hiring, we established KPIs and had weekly meetings to track the status of the candidates we were hiring.

**Sudo:** NS has changed the structure to be able to execute the PDCA cycle well. We can come up with ideas, but it is the suppliers that actually implement and operate the systems. How do we improve when we fail? - NS has been proactive in taking on challenges.

**Kanae:** Since we started setting goals with numbers and running the PDCA cycle, we began to gain successful experiences. As these experiences built up, confidence grew, and when KPIs were achieved, people in the field began to ask, "What should we do next?" Some departments have been able to cut their work hours by as much as half a day compared to the past. Employees are motivated to create new innovations with the extra time that they now have.

— The improvements in operations have given you more time to take on new challenges. What is your next challenge?

**Kanae:** We are looking to grow more and add new products outside of our existing services. In this context, our challenge now is how we can increase customer value.

**Sudo:** I am very happy to hear the term "customer value" from NS. Not long ago, we were having conversations about how to increase productivity

and now you are facing our customers. I am very grateful that we are looking in the same direction and thinking together about how to create values through continuous co-creation. In fact, we were prepared to raise our prices in response to the rising cost of raw materials due to increased geopolitical risks. However, NS has been working hard not to raise the prices by improving systems and increasing the number of printings to reduce costs. Appreciating their hard work, we would like to continue our efforts in proposing better systems.

The number of registered users on Raksul is currently over 2 million. We feel that the service is beginning to become one of the public infrastructures of the society. If our supply stops, there are customers who will be affected. This is why we believe it is essential to sustain and improve our services. However, we do not want to work unethically or engage in undesirable behavior, and we want to grow our business in a sustainable manner. We would like to grow together with NS as we work together on environmental initiatives.



**Capital**

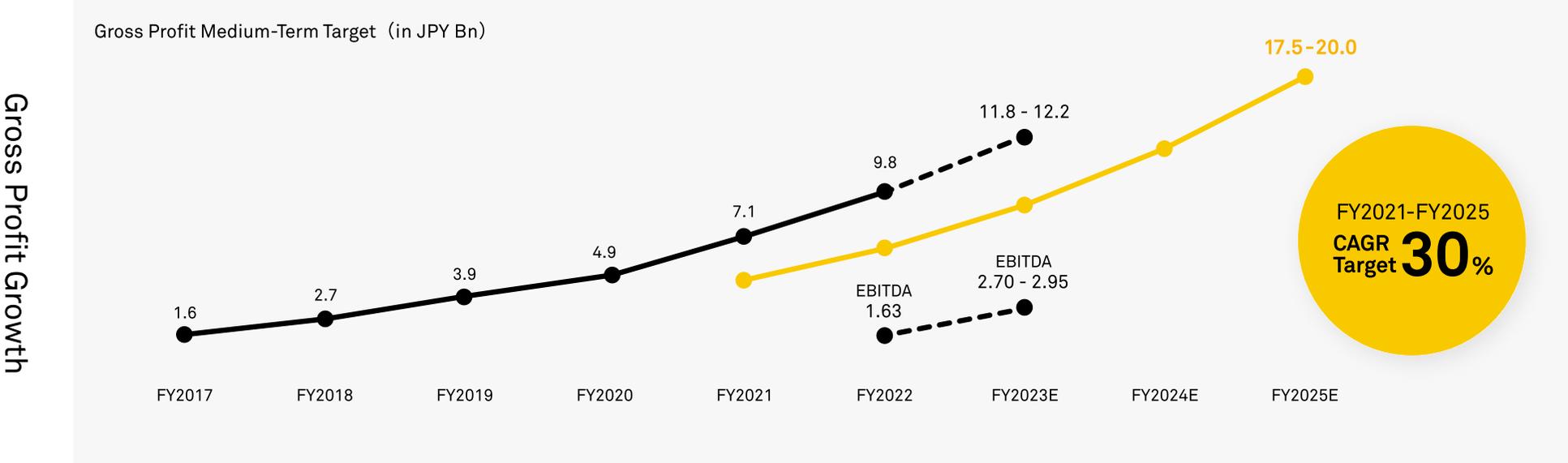
# **Sustainable Growth and Return of Profits**

# Medium-Term Financial Policy

We focus on growing gross profit through winning customer trust and maximizing added value to customers and suppliers at an average annual rate of 30% from FY2021 to FY2025, reaching JPY 17.5-20.0Bn by FY2025. Up to present, we have made steady progress toward achieving this target. We have set EBITDA and medium-to-long-term ROE/ROIC targets in 2022 based on our policy, Quality Growth, which focuses on profitable growth.

The exercise condition for performance-linked stock options is also set with EBITDA, thereby reinforcing the responsibility and employee motivation to achieve these goals.

All members will continue to work together to achieve gross profit growth and profit expansion toward increasing our corporate value.



# CFO Message

**Working with stakeholders to address changes and enhance corporate value**

**Continued Quality Growth towards achieving mid-term financial targets**

For the fiscal year ended July 31, 2022, our revenue was up 33.1% and gross profit was up 38.3% YoY, and EBITDA was JPY 1.63 Bn. We have exceeded the forecast disclosed on June 10, 2022 in all financial categories and landed at a solid 12% for ROE.

For the fiscal year ended July 31, 2023, we expect our revenue to grow +14.8%~+16.5% YoY, gross profit to grow +20.4%~24.4% YoY, and EBITDA to grow+65.2%~+80.5% YoY. (Excluding the impact of the deconsolidation of HACOBELL, we expect our revenue to grow +28.6%~+30.6% YoY, gross profit to grow +26.4%~+30.7% YoY)

In order to achieve our mid-term financial target of JPY 17.5-20.0 Bn in gross profit for the fiscal year ending July 31, 2025, we continue to pursue Quality Growth, a financial policy which expands profit and cashflow.



## Realizing growth and profit expansion through strategic investments

Our company has increased visibility and customer values by continuing to reinvest in the company to maximize gross profit. As a result, our core Raksul business has become No. 1\* in the online printing market in number of registered users, and has moved into a phase that allows for stable growth while generating profits. Under these circumstances, we have been able to aim for sustainable growth while balancing capital efficiency, and setting a target for EBITDA, and raising our ROE/ROIC target from 10% to 20%.

Going forward, the realization of Quality Growth is expected to expand cash flow, as well as accounting profits. While expanding cash flow, we plan on continuing our growth by investing in service development in existing organic businesses with a focus on acquiring engineering talents, and by investing in marketing and sales personnel in new domains.

In addition to investments in organic businesses, we aim to expand into peripheral areas through investments and M&As in the future. For example, DANBALL ONE, which became a wholly owned subsidiary in February 2022, created synergies by expanding the new product lineup at Raksul and improving Danball One's services and recognition. The acquisition of Net Square's business, which is scheduled to be completed in August 2023, is expected to enhance QCD (quality, cost, delivery) value for customers. As of the end of July 2022, in our BS, we have about JPY4.7 Bn of goodwill in DANBALL ONE and Peraichi, but the ratio in our net assets is about 50%. While we continue to actively seek opportunities to increase customer value through synergies with existing businesses, we will expand our business domain through investments and M&A while carefully managing BS with a target of 70% as the upper limit of the good will to net assets ratio.

We believe that we have built a solid financial base by developing flexible financial strategies to keep pace with the evolution of our business. We will continue to strive for revenue and profit growth through strategic investments, while maintaining capital efficiency.

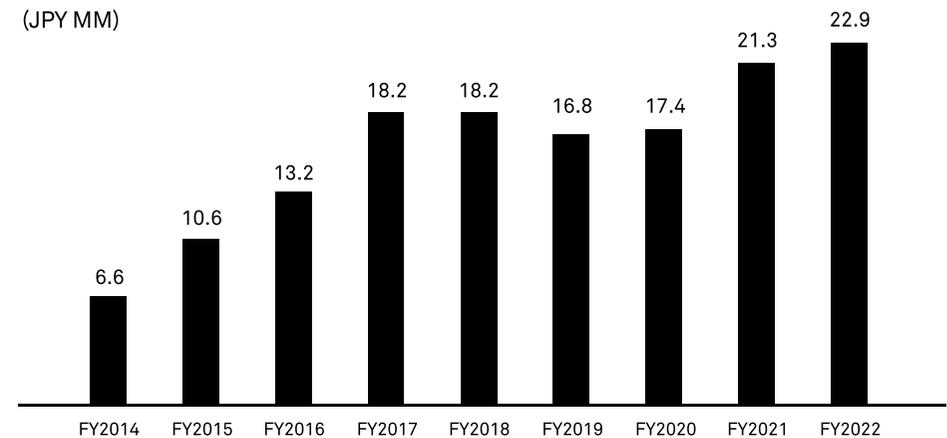
\*Tokyo Shoko Research (Major Online Printing Services, as of December 2022)

## Highly productive organization

As mentioned above, human talent is an investment point. As we continue to expand our organization, we use gross profit per employee as an indicator and promote it while maintaining productivity. Our greatest asset is our existing employees, and we expect to further promote growth by focusing on competitive compensation schemes and investments in training/development to improve capabilities and motivation. We also value diversity among our employees. We aim to build an organization in which diverse backgrounds and ideas can be used to energize the organization. By fostering these organizational cultures as well as competitive compensation, we strive to create innovation and improve productivity.

### Gross profit per employee

(JPY MM)



## ESG Initiatives

Our vision "Better Systems, Better World" is based on the belief that our business activities can contribute to a more sustainable society, as we continue to emphasize our ESG initiatives. In October 2022, MSCI upgraded our ESG rating from BBB to A, with an especially high evaluation in governance. We were also selected as a constituent of the FTSE Blossom Japan Sector Relative Index, an investment index which reflects the performance of Japanese companies that demonstrate strong ESG practices. We are grateful to receive this recognition from an external organization, and we hope to continue our efforts in the future. We also published a scenario analysis based on the disclosure framework recommended by the TCFD. We will continue to actively disclose and analyze information on climate change as we seek to further strengthen our governance and business strategies.



**FTSE Blossom  
Japan Sector  
Relative Index**



## Enhancing corporate value with our stakeholders

We consider our investors as stakeholders and "partners" in increasing the corporate value together. There are three important elements to this concept.

First element is that of "equality." We value a relationship in which we can frankly express our opinions to each other. We believe that management has been successful up to the present as a result of sharing and valuing suggestions obtained from daily dialogues with each other.

Next is "trust." In order to build long-term relationships of trust, we will complete what we commit to, and will transparently disclose the results of our corporate actions, good or bad, along with the background.

The final element is "to buy our stock." Our shareholders choose to hold our stock amongst thousands of other options based on their feeling of wanting to support our company. In addition to realizing our vision, we intend to strengthen our commitment to rewarding our shareholders by providing actual returns. As part of this effort, in the first half of 2023, we conducted a share buyback to improve capital efficiency and a stock split to increase liquidity for the first time.

We will continue to work together with our stakeholders, customers, suppliers, employees, and investors in the same boat to transform social structures and increase our corporate value. We ask for your continuous support.





## Human Capital

# Talents that Address Social Value and Make a Difference

# Human Capital Management

The most important asset for RAKSUL is the people. Our members that support our company evolution/change and create value for society are the main source for realizing our vision. We strive to create an environment which enables employees to continue to develop and demonstrate their capabilities.

New code of conduct

# RAKSUL Style

**Building a strong team and enabling them to maximize their strengths** ———

Based on this objective, the code of conduct to realize our vision was renewed in 2022. The goal is to create a state of mutual trust among all teams.

Background

## Individual Empowerment

As a startup company, we had developed a self-responsible style, where everyone was responsible for their work, facing the customer, and creating discontinuous value. Going forward, the goal is for the company to support the success of all employees and create an environment where everyone can reach their full potential.

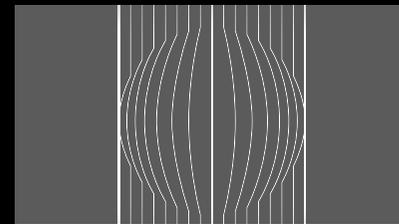
## Organizational Empowerment

We tended to have members with similar values and value discontinuous value creation. Going forward, the goal is to have a diversity of backgrounds and values, and to place more value on continuous value creation and building/strengthening of the organization.

Vision

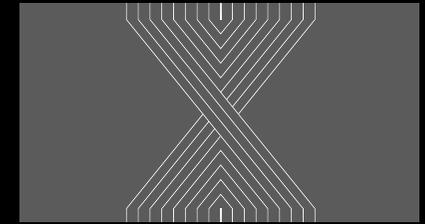
# BETTER SYSTEMS, BETTER WORLD

RAKSUL Style



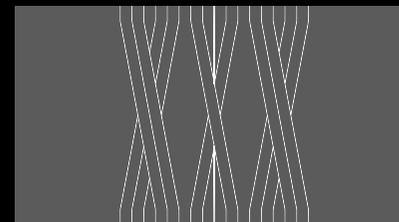
## Reality

Experience and understand the situation on site with one's own eyes, and to set issues based on the information one has obtained from experience and grasp of the situation. Go through a trial-and-error process, which can be called "small experiments," to ensure the uncertain. Prioritize the issues correctly based on the above.



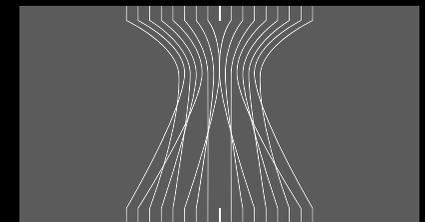
## System

Lead to the solution of problems through advanced technology and systemization. Eliminate inefficiencies and improve productivity. Propose effective approaches with original ideas and ingenuity.



## Transparency

Create an environment where information asymmetry does not exist. Disclose the background and context of decision-making and ensure transparency in information sharing. Clarify each member's mission and area of responsibility and create a team that mutually delegates work.



## Team first

Build a strong team that takes responsibility for recruitment/promotion and maximizes members' output. Ensure team success by onboarding members, providing appropriate feedback, and maintaining motivation.

# Our Goals and Initiatives

As the business environment changes and our business/organization expands following company growth, we are strengthening our efforts to further enhance the value of human capital and increase corporate value by structurally updating our HR OS (system).




**Individual Empowerment**

Self-responsible style where individuals, rather than teams, produce results

High context culture due to still being an early phase business and organization

**Initiatives**

- Redesigning of evaluation framework, goal-setting and calibration processes (focus on organization)
- Management training
- Introduction of onboarding program

Initiatives: Onboarding Program → p38

**KPI**

- Ratio of managers
- Management training participation rate
- Onboarding index etc.

Human Capital Data → p67

**An organization that maximizes the full potential of all employees by building a training and HR structure commensurate with business and organizational expansion**



**Organizational Empowerment**

A culture that emphasizes on creating discontinuous growth

An organization formed by people with similar values

**Initiatives**

- Designing various career paths and skill development plans
- Implementation of "KanaL" - employee benefit package
- DEI\* training

Diverse Workstyles → p39

**KPI**

- Ratio of female managers
- Acquisition rate of childcare leave
- DEI training participation rate etc.

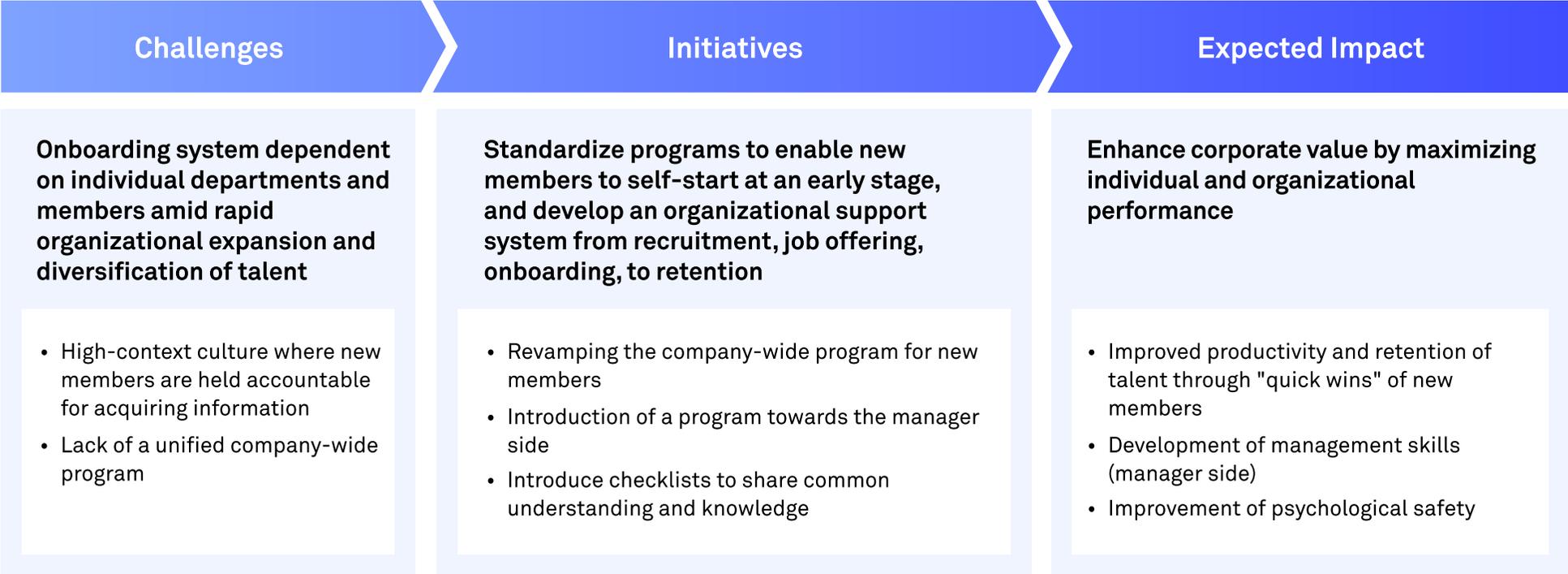
Human Capital Data → p67

**An organization that continues to create diverse value through the creation of an environment in which diverse personnel and roles can play an active role**

\*DEI: "Diversity", "Equity", and "Inclusions"

# Initiatives: Onboarding Program

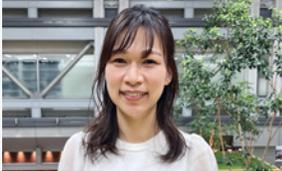
A new onboarding program was introduced in February 2022 to help new members build trusting relationships with other members as part of the company and develop a system to maximize their performance, as well as to improve the management skills of existing members.



## Member's Voice

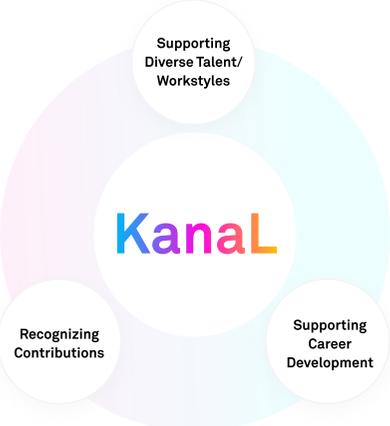
The program started prior to my joining the company, with information provided in response to my requests through text communication and 1-on-1 meetings. By discussing the business environment, future direction, and my role and expectations, I was able to develop a better image of my job and was able to join the company without any expectation gaps. After joining the company, I was able to comprehensively learn about RAKSUL's culture and various policies/systems by following a companywide standardized checklist. Since I had no industry experience, the unique videos provided in the program on topics such as the ins and outs of printing and managing EC KPIs helped me a great deal in acquiring industry knowledge.

I had 1-on-1 meetings with my supervisor and team leader on a daily/weekly basis. Although I was nervous at first, we were able to build a relationship of trust through these three months of dialogue, in which we discussed issues such as balancing childcare and work, as well as my future career vision. I am conscious of unlearning due to my long history at my previous company, and my manager has helped me think of my career design together and encouraged me to take on new challenges. Regular meetings are also held to discuss the direction of the leaders and align the values of our team, which is valuable for newcomers like me. I aim to continue deepening my relationship with the members and practice what I have learned, and hope to contribute to the growth of the business.



Raksul  
Enterprise BU Sales & Marketing  
Ms. Kunika Kurauchi  
Joined in January 2023

# Diverse Workstyles



## "KanaL" - employee benefit package

In order to create a workplace where diverse talents can play an active role in a safe and sustainable manner with fair opportunities, we have released a new benefit package called "KanaL". We will continue to provide support to our employees to realize a workplace environment where they can take on challenges with confidence regardless of life stage changes.

### Offerings:

- "Maternity/Childcare Leave Reinstatement Benefit," which pays substantially the entire salary during maternity/childcare leave upon return to work
- "Company-led Preschool Utilization Program," which allows direct contracting with preschools without going through the local government system.
- Benefits coverage for employees with same-sex partners

## DEI training

As part of DEI promotion, we conducted "Diversity training" and "Unconscious bias training" with the aim of becoming an organization that that continues to create new value while maximizing the diverse characteristics of each member. In "Diversity training," Ms. Yumiko Murakami, an outside director of the company, spoke about the importance of diversity, which she learned from her global experience at Goldman Sachs, the United Nations, and other organizations. We are proactively creating opportunities for our employees to understand why diversity is essential and to promote it in our organization so that it will be an initiative that leads to sustainable company growth.



## Promotion of male childcare leave

FY2022



## Members' Voices



Raksul  
Tech Lead of SCM  
Mr. Yuichi Okada  
Joined in 2014

Acquired 1.5 months of childcare leave

Before our CFO Yo Nagami took childcare leave in 2018, very few men took childcare leave in the company. However, I saw that male childcare leave was beginning to become the norm within the company, and decided that I would take it this time. Before I went on leave, I gradually began the process of documenting my knowledge and delegating more and more tasks to other managers. As a result, there were more situations where my colleagues took ownership. Not only did I feel that the team members helped me a great deal, but the team also grew in the process. I would like to encourage other male employees to actively take childcare leave.



NOVASELL INC.  
Manager of Product  
Mr. Keita Sasako  
Joined in 2020

Acquired 2 months of childcare leave

With the birth of my second child, I realized that it would be difficult to care for my 2 year old daughter while balancing work and raising a newborn. I could not easily rely on our parents due to the COVID situation as well, so I decided to take childcare leave. Prior to birth, I changed my work schedule so that I could start work early in the morning and finish at 5:00 p.m. so I can pick up my older child from preschool. My team members were very helpful in scheduling meetings at times when I could be present. The handover was based on the team's management policy of "eliminating individual employee dependency," and I was able to ask them to take on new tasks without hesitation. I hope that those who are worried about taking childcare leave will not hesitate to do so with the mindset that they are taking part in the great social challenge of raising a child.

# CHRO Message

**Developing unique leaders who use "We" instead of "I"**

**Strengthen management that can take "calculated risks"**

I was appointed CHRO in January 2023, and in the months since, I have been impressed daily by the genuineness of this organization. The members excel in their individual business skills, and everyone is dedicated to carrying out the vision “Better System, Better World”. As the company continues to grow and evolve as an organization, its straightforward and unwavering attitude of keeping to its core vision has raised my expectations for further growth of the company. Since listing on the First Section of the Tokyo Stock Exchange in August 2019, our position in the labor market is also changing. Now that we have positioned ourselves alongside large companies, we need to increase our competitive advantage in order to continue to expand while securing excellent talent. Therefore, I have been discussing the necessity to update the HR OS (system) in a structured manner with our CEO, Matsumoto. The mission of HR is to pursue development of ideas and increase the potential of our members. It is important to keep updating the HR system to best suit the current situation, without being bound by preconceived ideas. In doing so, we would like to reorganize the personnel system to take "calculated risks" in a more comprehensive manner by combining perceptions with clear data on a case-by-case basis, and by incorporating data as inspiration for thinking from different angles.





This "calculated risk taking" means not only preparing a path on how to proceed to increase the success rate in promoting members' challenges, but also managing what kind of risk taking will reduce failures and what should be learned from the failures. As HR, we will strengthen our efforts to develop leaders who can navigate different situations with confidence.

We have now grown to a group-wide total of 526 employees. We are in a different phase than the "face-to-face HR" phase, where we were able to personally interact with 100 to 200 members. So far, the organization has expanded through a series of discontinuous growths, with the participation and success of the star players who lead the organization. We believe that the star players' guidance, initiative, and leadership played a major role in starting a business that created 1 from 0, and then climbing from there to 10. However, in order to move forward from 10 to 100, we need to increase the number of human talents who can grow as a "team". Therefore, it is essential to develop leaders who can use "we" rather than "I" as the subject, and it will become increasingly important to actively implement initiatives to achieve this goal.

## Trusting each other to enhance performance

As a concrete initiative to strengthen the organization, we have been running a program called "Be trusted" since February 2022. The goal is to "create a state of mutual trust among all teams within the company". This initiative aims to expand the state of trust within the organization, by first trusting colleagues and then being trusted by them as well. We have adopted the "RAKSUL Style" code of conduct as our organizational value. In addition to "Reality" and "System," which are the foundations for business success, "Transparency" and "Team First" are the foundations for organizational success, and we have developed various measures to strengthen the latter two.

We will create an HR system that can respond globally to various issues such as redesigning of evaluation framework, onboarding, training, goal-setting and calibration processes, career paths, alumni, diversity, hybrid work, and strengthening the HR organization. We will continue to accelerate reforms so that such an HR system will encourage members to fully demonstrate their abilities.

The value of an organization is created by all members. That is why we must constantly strive to create a fair and healthy culture and organization. To make that healthy organization stronger, we need excellent leaders who have the will to make it stronger. Rather than mass-producing copies of excellent human talent, we will develop leaders who have different personalities and backgrounds, who will use "We" instead of "I". Together, we will continue to build an organization that will continue to provide value to our shareholders.

03

**ESG**



# Materiality

We have identified our materiality (priority issues) to be addressed in order to meet the expectations and demands of our stakeholders. We review our materiality every 1-2 years, based on changes in social conditions and regular dialogue with our stakeholders. By engaging in these material issues, we will aim to make continuous contribution to society and enhance our corporate value at the same time.

## Our Materiality Process

### 1 Identification of candidate issues

By referring to international guidelines such as SASB (Sustainability Accounting Standards Board), GRI standards, SDGs (UN Sustainable Development Goals), and by listening to the opinions of our stakeholders, we identified social issues that are highly relevant to our business activities and corporate culture.

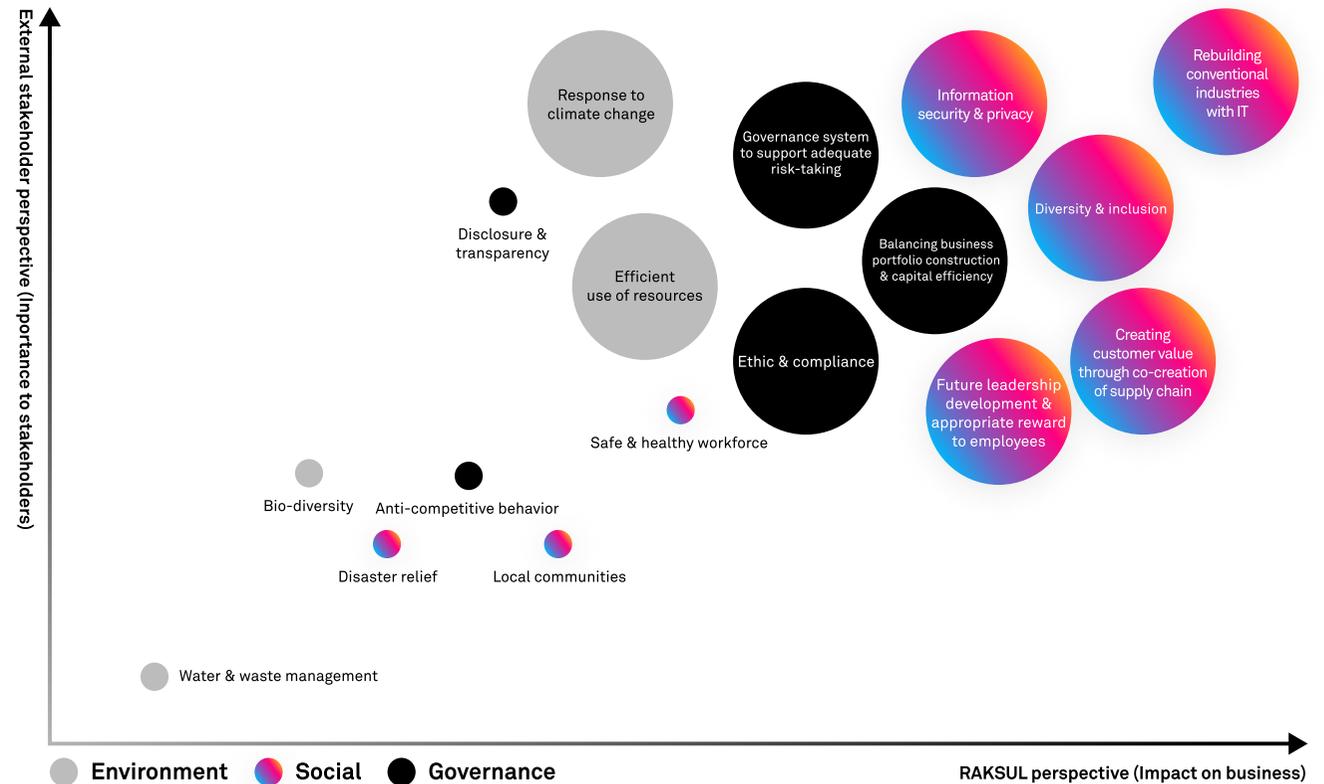
### 2 Identifying and organizing key issues for our company through dialogue with stakeholders

We collected information on expectations of our company through dialogues with shareholders and investors as well as interviews with major suppliers. We also gathered information on the expectations of our employees through results of our regular employee surveys. Through these dialogues, we weighted the social issues we identified. We also referred to evaluations from external ESG rating agencies and took into account issues pointed out in these evaluations.

### 3 Assessment and identification of materiality by the company

Through discussions at the Board of Directors and the Management Meetings, we assessed the relevance of the identified/organized social issues to our management strategies, and after resolution of the Board of Directors, we identified key important issues that need to be prioritized.

## Materiality Map



### Priority Focus and Progress

| Materiality   | Progress   |
|---|--|
| Diversity & Inclusion   | <ul style="list-style-type: none"> <li>Underrepresented group ratio of employees 51.7%</li> <li>Underrepresented group ratio of management positions 22.3%</li> <li>Continuously producing group company executives</li> <li>Incentives towards next generation leadership (Quality Growth Stock Option 2022)</li> </ul> |
| Future leadership development & appropriate reward to employees |  |
| Creating customer value through co-creation of supply chain     | Further enhancement of customer value with product expansion and update of the value chain through the acquisition of Net Square's on-demand printing business   |

\*Underrepresented group: women, LGBT+, foreign nationality, etc.

# Risks and Opportunities

Under our corporate governance system, we have established a Risk Management Committee to share, deliberate, and make improvements across the group in order to appropriately and promptly respond to risks that could have significant impact on management. Chaired by the President and CEO, the committee consists of all executive officers and is held quarterly. In particular, major incidents are reported to the Board of Directors and the SVP meetings to ensure that the system can fulfill its supervisory function.

|                      | Risks   | Countermeasures   | Opportunities  | Materiality   |
|----------------------|---|---|--|---|
| Business Environment | <b>External environment/ market</b> <ul style="list-style-type: none"> <li>Increase of the cost of raising funds and weakening of fund-raising capabilities due to changes in interest rates and stock prices, which can adversely impact the company's earnings and financial situation</li> <li>Increase of raw materials costs due to changes in global economic and political trends</li> </ul> | <ul style="list-style-type: none"> <li>Diversifying financing methods to build a financial base with sufficient funds</li> <li>Focusing on improving the results of the company, which can be controlled</li> <li>Reviewing sales prices to stabilize earnings</li> </ul> <p>CFO Message → p32-p34</p>  | <ul style="list-style-type: none"> <li>Fables management which makes flexible cost control possible and ensures the generation and increase of cash flows</li> </ul>   |  <p>Balancing business portfolio construction &amp; capital efficiency</p>   |
|                      | <b>Competitive trends</b> <ul style="list-style-type: none"> <li>Intensifying competition due to competitors offering similar products and services or using similar techniques, or new players entering the market</li> <li>Lack of competitiveness if a development or service fails to progress as planned</li> </ul>  | <ul style="list-style-type: none"> <li>Continuous differentiation of services by expanding the product lineup in response to a wide range of customer needs, conducting proactive marketing activities and enhancing customer support, expanding the range and improving the quality of services</li> <li>Establishing a business model that is difficult to imitate, building barriers to entry using intellectual property and other means</li> </ul> <p>Enhancing Customer Corporate Value through Pursuit of Customer Value → p16-p24</p> | <ul style="list-style-type: none"> <li>Creating new markets and increasing the number of businesses involved, and as a result, enabling the markets to earn greater recognition with the company contributing to the expansion of the markets</li> <li>Seizing growth opportunities through innovative development, creating competitive products</li> </ul>   |  <p>Rebuilding conventional industries with IT</p>   |
|                      | <b>Dependence on the Raksul business (Printing EC)</b> <ul style="list-style-type: none"> <li>As sales in the Raksul business account for a large percentage of overall sales, the financial condition and results of operations may be affected by a future decrease in sales due to a decline in the number of users or the shrinking of the market</li> </ul>                                    | <ul style="list-style-type: none"> <li>Continuously expanding our platform business to numerous industries</li> </ul> <p>CEO Message → p6-9</p>   | <ul style="list-style-type: none"> <li>Creating new social value by creation of new businesses</li> </ul>  |  <p>Balancing business portfolio construction and capital efficiency</p>   |
|                      | <b>Production system in the sharing economy model</b> <ul style="list-style-type: none"> <li>As the Raksul (printing EC) business operates under a sharing economy production system that networks suppliers, changes in the business conditions of each supplier may make it impossible to continue operations, resulting in instability of supply</li> </ul>                                      | <ul style="list-style-type: none"> <li>Establishing central purchasing system which enables competitive pricing toward suppliers for some raw materials, contributing to the earnings of suppliers to create their investment capacity</li> <li>Strengthen relationships with suppliers through regular communication</li> </ul> <p>Co-creation of Supply Chain with Suppliers → p25-p29</p>  | <ul style="list-style-type: none"> <li>Optimizing margins for suppliers through fables management that enables flexible cost control</li> <li>Stabilizing supply, through "the right production at the right place", a production system where products are produced according to the characteristics and conditions of the suppliers</li> </ul> <p>Co-creation of Supply Chain with Suppliers → p25-p29</p> |  <p>Rebuilding conventional industries using IT</p> <p>Creating customer value through co-creation of supply chain</p> |

|                     | Risks  | Countermeasures   | Opportunities  | Materiality   |
|---------------------|--|---|--|---|
| Business Operations | <b>Recruitment and development of talent</b> <ul style="list-style-type: none"> <li>Loss of growth opportunities due to intensifying competition in the hiring and retention of excellent talent</li> </ul>  | <ul style="list-style-type: none"> <li>Promoting diversity by employing people from diverse backgrounds</li> <li>Establishing development centers overseas and continually working to strengthen development capabilities</li> <li>Designing incentives that keep employees engaged and motivated</li> <li>Creation of opportunities and environments that enable employees to continue to grow and play an active role, including selection and development of future leaders</li> <li>Creating healthy and hygienic working environments for employees</li> </ul> <p>Human Capital Management → p35-p41</p> | <ul style="list-style-type: none"> <li>Strengthening competitiveness by recruiting and training of excellent talents</li> </ul>  |  <p>Diversity &amp; inclusion</p> <p>Future leadership development &amp; appropriate reward to employees</p> <p>Safe &amp; healthy workforce</p> |
|                     | <b>Compliance</b> <ul style="list-style-type: none"> <li>Damage to the company impacting its corporate value, including a decline in trust, restrictions on business activities, and increased costs due to employees' violations of laws or regulations or infringement on intellectual property rights</li> </ul>  | <ul style="list-style-type: none"> <li>Cultivating a corporate culture that ensures compliance based on policies (formulating and implementing annual compliance plans, increasing compliance awareness through training and communication, establishing an internal reporting system etc.)</li> </ul> <p>Business Ethics → p52</p>   | —  |  <p>Governance system to support adequate risk-taking</p> <p>Ethics &amp; compliance</p>   |
|                     | <b>Information security</b> <ul style="list-style-type: none"> <li>Loss of important information assets, damage to these assets or the leakage of information, as well as associated reputational damage, compensation for damages, and loss of public trust</li> </ul>  | <ul style="list-style-type: none"> <li>Establishing information risk management systems (establishing internal rules, achieving PrivacyMark certification and ISMS certification, providing information security training, carrying out thorough audits and inspections, etc.)</li> </ul> <p>Business Ethics → p52</p>  | —  |  <p>Governance system to support adequate risk-taking</p> <p>Information security &amp; privacy</p>  |
|                     | <b>Investments and loans</b> <ul style="list-style-type: none"> <li>Failure to achieve the initially expected results from investments, or impairment losses on intangible assets including goodwill</li> </ul>  | <ul style="list-style-type: none"> <li>Carefully conducting due diligence regarding businesses to be acquired, making decisions after adequate evaluation of risks and recoverability</li> <li>Carefully review of post-acquisition business integration plans, establishment of a regular monitoring system</li> </ul> <p>CFO Message → p32-p34</p>  | <ul style="list-style-type: none"> <li>Building a foundation for growth through acquisition by acquiring new management resources</li> </ul>   |  <p>Balancing business portfolio construction &amp; capital efficiency</p>   |
| Others              | <b>Climate change</b> <ul style="list-style-type: none"> <li>Changes in the business environment, including an increase in costs and a decline in earnings related to the handling of climate change risks</li> <li>Declining reputation among customers and capital markets due to delays in responding to society's expectations and demands for environmental preservation</li> </ul> | <ul style="list-style-type: none"> <li>Pursuing both the efficiency of business activities and the reduction of the greenhouse gas emissions that cause global warming primarily through the efficient use of paper materials</li> <li>Strengthening of dialogue with external experts, investors, etc.</li> </ul> <p>Environmental Initiatives → p46-p48</p>   | <ul style="list-style-type: none"> <li>Providing more products and services that are expected to contribute to addressing climate change, which will result in the increase of market value and earnings</li> </ul> <p>Environmental Initiatives → p46-p48</p> |  <p>Efficient use of resources</p> <p>Response to climate change</p>   |

# Environmental Initiatives

## Addressing Climate Change

Our vision, "Better Systems, Better World," which encompasses our mission to make the society a better place, is the DNA of our company and the very purpose of our business. In order to realize a sustainable society, we recognize climate change as one of the important management issues, and we intend to achieve a balance between reducing environmental impact and increasing our corporate value.

### Our Policies on Climate Change Response

- Our company and employees are committed to reducing greenhouse gas emissions to fulfill our responsibility for the future of the Earth.
- We measure and disclose greenhouse gas emissions and improve energy efficiency. In addition, by supporting the reduction of greenhouse gas emissions from our activities and in the use of our services, we reduce greenhouse gas emissions in our value chain as a whole.



**TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES**

### Response to TCFD Recommendations

In April 2021, we expressed our support for TCFD (Task Force on Climate-related Financial Disclosures) recommendations and joined the TCFD consortium, which is comprised of companies and financial institutions etc. that endorse this initiative. We are working to enhance our disclosure of climate change-related information based on TCFD recommendations.

## 1 Governance

We deliberate social issues, including climate change-related issues, at SVP meetings/board meetings and make decisions on materiality and response policies at board meetings. The status of response to materiality, including "Response to climate change" is reported to the Board of Directors once a year, and is monitored under the direction and advice of the Board of Directors. In September 2022, we have set up a Sustainability Committee. Going forward, the Sustainability Committee will be responsible for action plans and progress management based on materiality, and will report to the Board of Directors on particularly important matters.

## 2 Strategies

We conducted an analysis of the impact of climate change on our business by forecasting changes in the external environment in 2030 using a scenario analysis method based on the framework proposed by TCFD. In FY2021, only the Raksul business was included in the analysis, but from now on the scope of analysis will be expanded to include other businesses, and the results of the analysis of Raksul business will also be reviewed in response to changes in the external environment as well as our own initiatives.

| Scenario       | Overview   |
|----------------|--|
| 1.5°C Scenario | In order to achieve net zero CO <sub>2</sub> emission and limit the global average temperature increase to 1.5°C above pre-industrial levels, policies and regulations in each country will be strengthened more than the 2°C scenario, and environmental and climate change awareness in society will increase significantly compared to the current situation.   |
| 4°C Scenario   | This is a scenario with the assumption that the announced policies will be realized in addition to those already implemented, and policies and regulations are expected to be weaker than the 1.5°C and 2°C scenarios. CO <sub>2</sub> emissions are likely to increase in the foreseeable future, and social awareness of the environment and climate change will remain an extension of the current situation. |

## Risk Assessment and Response Measures (Excerpts of high impact items)

| Category       | Items   | Impact Assessment for 2030     | Impact level*   | Our Response  |
|----------------|---|--------------------------------|---|---|
| 1.5°C Scenario | Risk  | Increase in raw material costs | Medium  | <ul style="list-style-type: none"> <li>We will lower the impact of rising paper resource costs by implementing central purchasing</li> </ul>              |
|                |   |                                | Medium  | <ul style="list-style-type: none"> <li>We will partially switch from conventional printers to digital printers that do not use aluminum plates</li> </ul> |
|                | Decreased demand for products and services due to changing consumer preferences | Medium                         | <ul style="list-style-type: none"> <li>We will capture demand for transitions into digital sales promotion services etc.</li> <li>We will secure new revenue sources by enriching digital content for customer acquisition and expanding from the paper printing market to the local advertising market and peripheral domains of printing.</li> <li>By providing flyers that can measure effectiveness, we will provide high-value services to our customers.</li> </ul> |   |
|                |   |                                |   |   |
| Opportunities  | Changes in customer behavior  | Medium                         | <ul style="list-style-type: none"> <li>We will capture demand and increase revenue by expanding the Eco-Friendly Paper lineup</li> </ul>  |   |
| 4°C Scenario   | Risk  | Increase in raw material costs | Large   | <ul style="list-style-type: none"> <li>We will lower the impact of rising paper resource costs by implementing central purchasing</li> </ul>              |
|                | Opportunities   | Changes in customer behavior   | Small   | <ul style="list-style-type: none"> <li>We will partially switch from conventional printers to digital printers that do not use aluminum plates</li> </ul> |

\*JPY 800MM+: Large JPY 500-700MM: Medium JPY 0-400MM: Small

### 3 Risk Management

The Risk Management Committee recognizes and identifies risks that must be addressed in the course of business activities and discusses high-priority countermeasures. The risks identified as particularly significant, including the impact of climate change, are reported to the Board of Directors. From now on, with the cooperation of related departments within the company, the department in charge of sustainability-related matters will report and make recommendations to the Sustainability Committee on risks and opportunities related to climate change that have been identified and assessed, and promote company-wide measures to address climate change. In addition, key environmental risks and social issues, including climate change issues will be integrated into the company-wide risks by working closely with the Risk Management Committee.

### 4 Metrics and Targets

We are committed to reducing greenhouse gas emissions in response to climate change. We will measure and disclose our greenhouse gas emissions and promote energy efficiency through designing environmentally responsible sharing platforms. We are currently in discussion regarding CO<sub>2</sub> reduction targets for Scope 1 and 2. In addition to contributing to greenhouse gas emission reduction for the overall value chain, we will continue our preparation on creating metrics for the medium-term target for CO<sub>2</sub> reduction.

| Total CO <sub>2</sub> emission (t-CO <sub>2</sub> ) | FY2021 | FY2022 |
|---|--------|--------|
| Total emissions                                     | 48,649 | 57,072 |
| Scope 1,2   | 124    | 133    |
| Scope 3   | 48,525 | 56,939 |

Information based on TCFD

<https://corp.raksul.com/en/esg/environment/tcfd/>



# Environmental Initiatives in Businesses

## Environmentally friendly commercial products



Our subsidiary, DANBALL ONE, Inc, which operates an e-commerce platform for cardboard and packaging materials, promotes sustainability and SDGs initiatives through environmentally friendly packaging and cushioning materials.

|   |   |   |
|---|---|---|
| <p><b>Eco-Friendly Materials</b></p> <p>Our cushioning envelopes and cushioning products are made of paper without plastic. Our cardboard and packaging products use recycled materials and FSC® certified paper.</p> | <p><b>Eco-Friendly Inks</b></p> <p>Cardboard, packaging, and parcel bags use environmentally friendly inks such as biomass ink and water-based ink.</p> | <p><b>Eco Mark</b></p> <p>All packing materials have a recycling mark printed on them. Domestic corrugated cardboard has a recycling rate of over 95%, making effective use of limited resources and reducing CO<sub>2</sub> emissions.</p> |
|---|---|---|

The company's one-stop planning, development, and production of cardboard made from FSC® certified paper optimizes transaction costs and contributes to the price point for customers. We are also developing environmentally friendly products such as Arrow Eco Cushion, a cushioning material that reuses cutting scraps and used paper from printing companies and contains no harmful chemical substances. We will continue to address environmental issues through the supply of environmentally friendly products and contribute to the realization of a sustainable society.



## Support for calculation of CO<sub>2</sub> emissions



Sustainability is an extremely important theme for our company, as our mission is "Building bridges to the future we want to advance". From the perspective of reducing environmental impact, greenhouse gas (GHG) emissions are not limited to CO<sub>2</sub> and other GHG emissions from the company's own factories and head office. It also includes indirect emissions (Scope 3) throughout the entire supply chain, which is a point that cannot be taken lightly. Among other issues, we were faced with the challenge of understanding the details of CO<sub>2</sub> emissions from the transportation and delivery of LIMEX, which we provide.

To reduce CO<sub>2</sub> emissions generated by domestic transportation, effective steps toward reduction cannot be taken without first having accurate and realistic data. Since we had originally arranged some of our truck deliveries with Hacobell Connect, we started working with Hacobell on CO<sub>2</sub> emissions calculations as a suggestion came from within our company that "It would be great if we could visualize CO<sub>2</sub> emissions within the same system."

For deliveries requested through Hacobell Connect, TBM and our contracted carriers can grasp transportation information without the need for data entry or calculations. The methodology takes into account information such as date and time, route and distance from origin to destination, cargo contents/weight, and vehicle type, and automatically accumulates data without increasing man-hours for either party. Using this transportation data, CO<sub>2</sub> emissions based on Ministry of Land, Infrastructure, Transport and Tourism's calculation guide are displayed on a dashboard so that related departments can monitor the emissions in real time.

The cooperation of the team executing on site is essential to reducing CO<sub>2</sub> and other GHG emissions. The clarification of CO<sub>2</sub> emission trends and project-specific emissions has led to a positive change in the members' awareness, saying "We should be able to promote the visualization of details in areas other than Hacobell-use, too". We will continue to promote efforts to realize our sustainability goal of " TBM Pledge 2030".



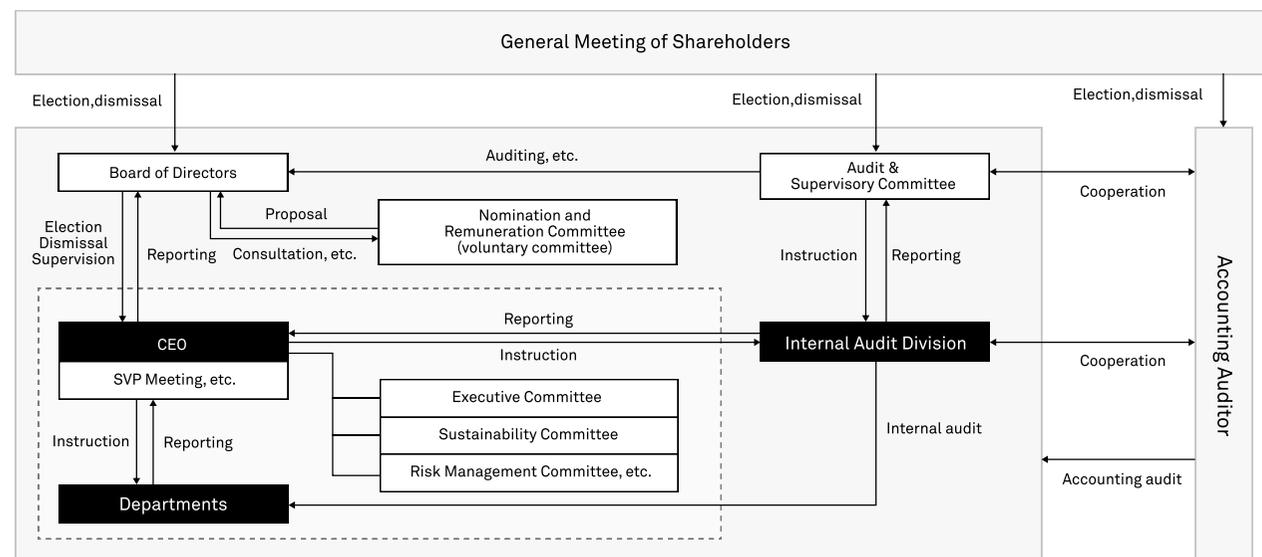
TBM Co., Ltd.  
Head of Sustainability  
**Mr. Tokuro Hatori**

TBM Focuses on the development of environmentally friendly materials and the manufacture and sale of products that promote the recycling of resources. They have developed a new material "LIMEX" made mainly from limestone and " CirculeX " which contains more than 50% recycled materials.

# Corporate Governance

Based on our vision, we strive to strengthen the system within our organization to meet the responsibilities and expectations of stakeholders as a public institution, realize sustainable growth, and enhance our corporate value over the medium to long term.

## Corporate governance system



## Transition of corporate governance system

We have chosen to become a company with an Audit & Supervisory committee to enhance the supervisory functions of the Board of Directors and strengthen corporate governance in October 2019. In October 2022, the composition of the Board of Directors was reviewed and an SVP (Senior Vice President)-led executive structure was established, to clarify the separation of the management oversight function from the business execution function, thereby creating a structure that ensures faster decision-making and management control.



## Status of corporate governance system

(As of January 31, 2023)

|                                       |                                  |                                       |
|---------------------------------------|----------------------------------|---------------------------------------|
| Organizational Structure              | Audit & Supervisory Committee    |                                       |
| Chairperson of the Board of Directors | Yasukane Matsumoto               |                                       |
| Directors                             | Number of Directors              | 8 (Number of Independent Directors 6) |
|                                       | Ratio of Outside Directors       | 75%                                   |
|                                       | Number of meetings held (FY2022) | 15 times                              |
|                                       | Attendance                       | 98%                                   |
| Audit & Supervisory Committee         | Number of members                | 3 (Number of Independent Directors 3) |
|                                       | Ratio of Outside Directors       | 100%                                  |
|                                       | Number of meetings held (FY2022) | 14 times                              |
|                                       | Attendance                       | 100%                                  |
| Nomination and Remuneration Committee | Chairman                         | Kenji Kobayashi (Outside Director)    |
|                                       | Number of members                | 5                                     |
|                                       | Ratio of Outside Directors       | 60%                                   |
|                                       | Number of meetings held (FY2022) | 3 times                               |
|                                       | Attendance                       | 100%                                  |
| Accounting Auditor                    | Ernst & Young ShinNihon LLC.     |                                       |

## Evaluation of board effectiveness

(for the fiscal year ending July 31, 2022)

Our Company's Board of Directors reviews its own overall operations at least once a year. This fiscal year, we conducted a questionnaire (23 questions in total) on the following items for directors (including those who are members of the Audit & Supervisory Committee)

### Survey evaluation category

- Roles and Responsibilities of the Board of Directors
- Size and composition of the Board of Directors
- Deliberations and operations of the Board of Directors
- Design and operation of Board of Directors
- Shareholders relations and dialogue

The scores of the questionnaire were overall high, indicating that Board of Directors were generally effective. Particularly with regard to "Deliberations and operations of the Board of Directors," with responses such as "the content, themes, quality, and scope of agenda items are appropriate," and "constructive and active discussions are taking place," indicating that the effectiveness of the Board of Directors is largely ensured. On the other hand, some respondents indicated that there is room for improvement in terms of the appropriate separation of supervision and execution of duties.

## Director candidate selection and dismissal policy and process

The election and dismissal of directors, is conducted without distinction as to gender, age, nationality, etc. Directors must have a deep understanding and empathy for our management vision and corporate culture, and possess the awareness and integrity of being a public institution of society. We place importance on the fact that they have the time and mental capacity to make a significant contribution to our decision-making and governance, as well as a high level of expertise in their respective fields. The voluntary Nomination and Compensation Committee formulates candidate proposals in light of the above criteria. After discussion and approval by the Board of Directors, the candidates are elected at the General Meeting of Shareholders. In addition, the consent of the Audit Committee shall be obtained prior to submitting a proposal to the Board of Directors with respect to directors who are members of the Audit Committee.

## Total amount of remuneration for officers

(for the fiscal year ended July 31, 2022)

| Executive Classification  | Total amount of remuneration, etc. (JPY MM) | Total amount of remuneration, etc. by type (JPY MM) |                                       |                                 | Number of eligible directors/ auditors |
|---|---|---|---------------------------------------|---------------------------------|--|
|   |   | Basic remuneration                                  | Performance-linked remuneration, etc. | Non-monetary remuneration, etc. |  |
| Directors (Excluding Audit & Supervisory Committee Members) (Outside Directors) | 200<br>(22)                                 | 107<br>(13)   | —<br>(—)                              | 92<br>(9)                       | 10<br>(4)                              |
| Directors (Audit & Supervisory Committee Members) (Outside Directors)           | 28<br>(28)                                  | 25<br>(25)  | —<br>(—)                              | 2<br>(2)                        | 3<br>(3)                               |
| Total (Outside directors/ auditors)   | 228<br>(50)                                 | 133<br>(39)   | —<br>(—)                              | 95<br>(11)                      | 13<br>(7)                              |

## Policy and process for determining executive compensation

The company's compensation consists of a fixed monetary compensation (salary) and restricted stock awards, and the level of compensation is set based on comparisons with other companies in the same industry or of the same size in Japan and overseas, as well as our company's financial situation. Fixed monetary compensation is determined by taking into account their scope of responsibilities, business performance, contribution to building corporate value over the medium to long term, and the need to maintain excellent human resources. Executive directors are evaluated and determined based on the achievement of financial and business index targets in their areas of responsibility and the status of their efforts to address important company-wide issues, with emphasis on decision-making and implementation aspects to realize discontinuous growth toward the realization of the company's vision. Non-executive directors focus on the monitoring aspect to ensure diversified and sound risk-taking from an independent standpoint. Restricted stock, which is non-monetary compensation, is granted for the purpose of establishing an effective incentive for sustainable improvement of corporate value and sharing a sustained sense of profit with shareholders, and is determined by taking into account the stock price level.

Fixed monetary compensation is paid in a fixed monthly amount, and non-monetary compensation in the form of restricted stock is paid in November of each year in a lump sum equal to the compensation for the performance of duties over the subsequent three fiscal years.

From the end of the fiscal year ending July 31, 2021, the Nomination and Compensation Committee formulate a compensation proposal for the following fiscal year, which will be resolved at the meeting of the Board of Directors. Directors who are members of the Audit & Supervisory Committee are determined in consultation with the Audit & Supervisory Committee.

## Remuneration structure for executive directors

(for the fiscal year ending July 31, 2023)

| Executive Classification | Composition of executive directors' remuneration  |  | Total |
|--------------------------|---|--|-------|
|                          | Monetary compensation (Base remuneration)   | Non-monetary remuneration (Restricted stock compensation (RS)) |       |
|                          | 75%   | 25%  | 100%  |
| Executive Directors      | Quantitative evaluation for the current year according to the achievement of gross profit, EBITDA (non-GAAP), net profit, and TSR (Total Shareholder Return) targets, taken into consideration together with qualitative evaluation |  |       |

Other matters relating to corporate governance are set out in the Corporate Governance Code.

Corporate Governance Report

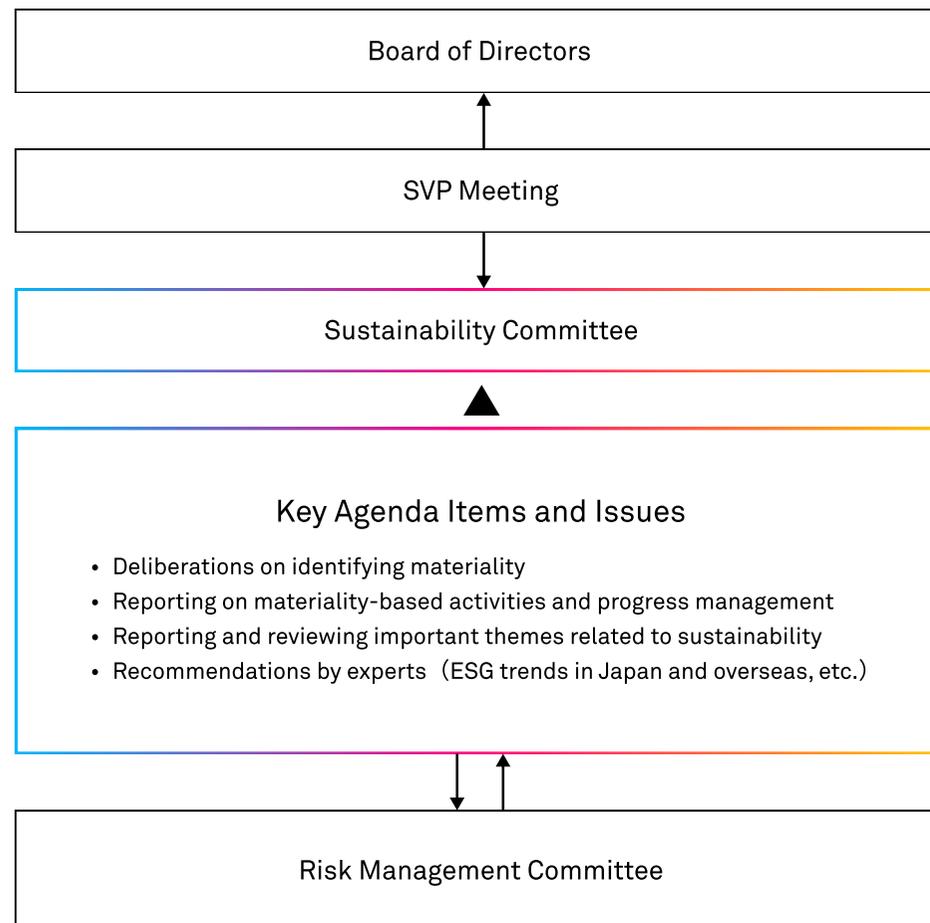
[https://corp.raksul.com/en/wp-content/uploads/sites/4/2022/10/Corporate-Governance-Report\\_EN\\_20221027.pdf](https://corp.raksul.com/en/wp-content/uploads/sites/4/2022/10/Corporate-Governance-Report_EN_20221027.pdf)



## Sustainability Committee

In October 2022, we established a Sustainability Committee with the aim of further strengthening our sustainability and ESG activities and building a more cross-functional and systemic sustainability promotion system.

This committee is chaired by the CFO and consists of outside directors and related parties, and is held quarterly. The Committee formulates policies/plans and promote initiatives to realize sustainability. It reports particularly important matters to the Board of Directors and the SVP meetings. In addition, important social issues will be integrated company wide, in cooperation with the Risk Management Committee to strengthen the management foundation.



## Stakeholder Engagement

We value our daily communication with our stakeholders. We strive to improve our corporate value by reflecting their valuable opinions in our business activities while promoting sustainability.

| Stakeholders               | Main dialogue opportunities/methods  |
|----------------------------|--|
| Customers                  | <p>We will provide valuable products and services by establishing a system to respond to customers' opinions and requests and reflect them in product development and improvement of business activities.</p> <ul style="list-style-type: none"> <li>• Customer Success, corporate support contact via phone and email</li> <li>• Online interviews, regular visits, various exhibitions/seminars</li> <li>• Website, newsletters</li> <li>• Sustainability-related survey questionnaires</li> <li>• Product review meetings to reflect customer feedback (every other week)</li> </ul>  |
| Suppliers                  | <p>By facilitating smooth decision-making and problem-solving through two-way communication with suppliers, we aim to build a sustainable supply chain and enhance mutual corporate value.</p> <ul style="list-style-type: none"> <li>• Regular monthly meetings with suppliers</li> <li>• Regular monthly quality meetings with suppliers</li> <li>• Supplier briefings (once a half year)</li> <li>• ESG interview, top management visits (once a year)</li> </ul>   |
| Employees                  | <p>We aim to nurture employee self-realization and sustainable corporate growth by building a workplace environment in which employees feel fulfilled and are able to demonstrate their diverse abilities. We strive to create a corporate culture that encourages employees to take on the challenge of creating new values.</p> <ul style="list-style-type: none"> <li>• Regular 1-on-1, intranet/internal newsletters</li> <li>• Group morning meetings (weekly), "Vision Day" (once a year)</li> <li>• Employee surveys (once a year), internal reporting system</li> <li>• Skill development through various training programs and seminars</li> <li>• Employee awards, employee stock ownership program</li> </ul> |
| Shareholders and Investors | <p>We will disseminate information to shareholders and investors in a timely and fair manner. Through constructive dialogue, we strive to reflect this information in management and disclose information in a highly transparent manner.</p> <ul style="list-style-type: none"> <li>• General Meeting of Shareholders, Financial Results Briefings</li> <li>• IR meetings</li> <li>• Individual Interviews for ESG Activities</li> <li>• Integrated report, IR website</li> </ul>   |

# Business Ethics

## Compliance and Anti-Corruption

### Compliance promotion structure

We strive to promote compliance in accordance with our compliance regulation, which stipulates the compliance practice system and operations, as well as our compliance policy, which sets out a code of conduct for officers and employees. The Risk Management Committee, which meets quarterly with the participation of internal directors and the executive officers of each business, discusses and makes policy decisions on important matters related to compliance and anti-corruption. The committee reports not only on issues related to actual events, but also on near-miss events, and holds preventive discussions based on changes in social conditions and the business environment, thereby strengthening efforts to address compliance issues that have a significant impact on corporate value and stakeholders.

### Establishment of an internal reporting system

We have established an internal reporting system for the early detection, correction, and resolution of legal violations and irregularities. We have established three points of contact for whistle-blowing: an internal contact point, a contact point for Audit & Supervisory Committee member, and an external contact point (law firm), and have ensured that all employees are aware of these contact points. Through our internal reporting rules, we ensure that our employees will not be mistreated or face deterioration of their work environment as a result of their reporting.

### Establishment of anti-corruption policy

We have established an anti-corruption policy, internal rules on business entertainment and socializing, and a contact point to receive consultations and reports on compliance from suppliers. Particularly in our business model, we recognize that building sound and fair relationships with suppliers is an important issue that will directly lead to the realization of our vision of updating the industry through sustainable business growth. As individual initiatives, we share our business vision and compliance issues through briefings with suppliers and dialogues with management, aiming to build a sustainable supply chain and enhance mutual corporate value.

### Educational and awareness raising activities

In accordance with the annual compliance plan, we conduct training and other employee education programs on legal compliance and anti-corruption. In addition, based on the business environment and service content of each division, we also conduct individual training as needed on specific themes faced in daily operations to acquire the necessary compliance knowledge and raise awareness of compliance in the course of business. Annual plans and training programs are also reviewed and updated as needed to ensure that our efforts combine social trends and effectiveness.

### Internal training themes of FY2022

- **Appropriate information provision and honest communication**  
Display Regulations of Act against Unjustifiable Premiums and Misleading Representations etc., Personal Information Protection Law
- **Ensure sound and transparent transactions**  
Raise awareness of the Subcontract Act and contract forms
- **Business growth through IT business**  
Patents, trademarks and other intellectual property rights, unfair competition prevention law
- **Social Responsibility as a listed company**  
Cutting off relations with antisocial forces and insider trading

## Information Security

### Information security management structure

The Information Security Committee, chaired by CIO (the Chief Information Officer), has been established to study and decide on measures for information security and personal information protection, and to monitor risks.

### Obtaining third-party certification

We undergo ISMS (ISO / IEC27001) certification audits once a year, established a personal information protection system, and have obtained the P Mark.

### Educational and awareness raising activities

We conduct annual security tests for all employees and conduct mock drills in which simulated targeted attack emails are sent to educate employees on cyber-attacks.

# Executives

Board of Directors  
(As of October 31, 2022)



## Internal Directors



**Yasukane Matsumoto**  
Representative Director, President and CEO

### Career Summary

Joined A.T. Kearney in 2008. Established RAKSUL INC. in 2009 and assumed office as Representative Director, President and CEO. Established a sharing economy business model.

### Reason for Appointment

As the founder of the company, he has led the company with excellent foresight and strong leadership. He has also taken the lead in the creation of the Company's business model of offering the B2B sharing platform. Accordingly, the company judges that he is qualified to continue to make decisions regarding important management matters and to supervise business execution, and therefore appointed him as a Director.



**Yo Nagami**  
Director, CFO SVP of Corporate

Joined Mizuho Securities Co., Ltd. in 2004. After working at Carlyle Japan LLC and DeNA Co., Ltd., joined RAKSUL INC. as General Manager of Corporate Planning Department and assumed office as Director, CFO in 2014. Earned an MBA at the Wharton School, University of Pennsylvania, USA.

He has extensive knowledge, insight and experience in finance, investment, and corporate financial strategies in general. As the CFO, he has taken charge of the capital policy and overall business administration to drive the company's growth. Accordingly, the company judges that he is qualified to continue to make decisions regarding important management matters and to supervise business execution, and therefore appointed him as a Director.

## Outside Directors



**Yoshihiko Miyauchi**  
Outside Director

Independent

### Career Summary

Joined Nichimen Co., Ltd. (currently Sojitz Corporation) in 1960. Joined Orient Leasing Co., Ltd. (currently ORIX Corporation) in 1964 and successively held positions as Director, Representative Executive Officer, President and Chief Executive Officer, Chairman and Chief Executive Officer. Became a Senior Chairman of ORIX Corporation in 2014. Assumed office as an Outside Director of RAKSUL INC. in 2019. He is also an Outside Director of ACCESS CO., LTD., Calbee, Inc., and Nitori Holdings Co., Ltd.

### Reason for Appointment

He is expected to provide advice on the company's overall management based on his extensive experience and a wide range of knowledge and insight as a corporate manager gained through his career of serving as a representative director of a listed company. Accordingly, the company judges that he is qualified to make decisions regarding important management matters and supervise business execution, and therefore appointed him as an Outside Director.



**Kenji Kobayashi**  
Outside Director

Independent

Joined Corporate Directions, Inc. in 2005. Became an Executive Officer of DeNA Co., Ltd. in 2009 and a Member of the Board of DeNA Co., Ltd. in 2011. Co-Founded Signifiant Inc. and became a Co-Founder in 2017. Assumed office as an Outside Director of RAKSUL INC. in October 2020.

He is expected to provide advice on the company's overall management based on his extensive experience and a wide range of knowledge and insight as corporate manager gained through his career of serving as manager at a listed company. Accordingly, the company judges that he is qualified to make decisions regarding important management matters and supervise business execution, and therefore appointed him as an Outside Director.



**Yumiko Murakami**  
Outside Director

Independent

Engaged in international operations since 1989 at the United Nations Development Programme (Barbados), the United Nations Secretariat (New York), and the United Nations Transitional Authority in Cambodia (Phnom Penh). After that, successively held positions of Vice President of Goldman Sachs International (London), Managing Director of Goldman Sachs and Co. (New York), Managing Director of Goldman Sachs Japan Co., Ltd., Managing Director of Credit Suisse Securities (Japan) Limited. Became the head of OECD (Organization for Economic Co-operation and Development) Tokyo Centre in 2013. Established MPower Partners Fund L.P. and assumed office as Founder and General Partner in 2021. Also became an Outside Director of RAKSUL INC. as well as Daiwa Securities Group Inc. in 2021.

She is expected to provide advice on the company's overall management based on her extensive experience and a wide range of knowledge and insight at international organizations and global companies. Accordingly, the company judges that she is qualified to make decisions regarding important management matters and supervise business execution, and therefore appointed her as an Outside Director.



**Naomi Mori**  
Outside Director,  
Audit & Supervisory  
Committee member

Independent

Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) in 1997. After working at Asahi & Co. (currently KPMG AZSA LLC) and Makoto Sato Accounting Office, became an Outside Corporate Auditor at RAKSUL INC. in 2014 and an Outside Director (Audit & Supervisory Committee Member) in 2019. Established Naomi Mori CPA Office, and assumed office as Chief in 2016. Became an Auditor at DANBALL ONE. Inc. in 2020.

She is a certified public accountant who has expertise in finance and accounting as well as extensive experience in auditing. The company thus expects that she will reinforce the company's governance system by leveraging such expertise and experience to audit and supervise the company's overall management, and therefore appointed her as an Outside Director.

## Outside Directors



**Masahiro Kotosaka**  
Outside Director,  
Audit & Supervisory  
Committee member

Independent

### Career Summary

Joined McKinsey & Company, Inc. in 2004. After working as an Associate Professor of College of Business Administration, Ritsumeikan University, became an Associate Professor at Faculty of Policy Management, Keio University in 2016. Assumed office as an Outside Corporate Auditor at RAKSUL INC. in 2016, and an Outside Director (Audit & Supervisory Committee Member) in 2019. Also became an Outside Director at Appirits Inc. and Euglena Co., Ltd., and an Outside Director, Audit & Supervisory Committee Member at Uzabase, Inc.

### Reason for Appointment

He has extensive experience in corporate management and consulting as well as professional knowledge and insight in business administration. The company thus expects that he will contribute to reinforce the company's governance system by monitoring and providing effective advice on the company's overall management based on such experience, knowledge and insight, and therefore appointed him as an Outside Director.



**Junko Utsunomiya**  
Outside Director,  
Audit & Supervisory  
Committee member

Independent

In 2000, registered as attorney at law and joined law firm Nagashima Ohno & Tsunematsu. Temporarily transferred to Tokyo Stock Exchange, Inc. in 2007. Established Utsunomiya Law Office in 2011, then a law firm, Utsunomiya Shimizu & Haruki in 2018 and assumed office as Partner. Assumed office as an Outside Corporate Auditor at RAKSUL INC. in 2018, and an Outside Director (Audit & Supervisory Committee Member) in 2019. Also became an Independent Statutory Auditor at START TODAY CO., LTD. (currently ZOZO, Inc.), an Outside Director at Heiwa Real Estate Co., Ltd., and an Outside Director, Audit & Supervisory Committee Member at PeptiDream Inc.

She has extensive expertise and broad insight as an attorney-at-law and is an expert in corporate law. The company thus expects that she will reinforce the company's governance system by providing appropriate advice and suggestions regarding overall management, and therefore appointed her as an Outside Director.

## Senior Executive Officers/SVP



**Masaki Tabe**  
Senior Executive  
Officer,  
CMO  
SVP of Novasell  
Representative Director  
and President of  
NOVASELL INC.



**Kozo Fukushima**  
Senior Executive  
Officer,  
COO  
SVP of Raksul



**Sota Mizushima**  
Senior Executive Officer  
CPO  
SVP of Product &  
Technology  
  
\*Appointed on  
January 20, 2023



**Yukiko Shiozaki**  
Senior Executive Officer  
CHRO  
SVP of HR  
  
\*Appointed on  
January 20, 2023

# Skills Matrix of Directors

|   |                    | Business management/<br>Business strategies | Entrepreneurship | Digital platform management | M&A Strategy | Sales and marketing | Finance and Accounting | Legal and Compliance | Risk management | Global management | Sustainability/ ESG |
|---|--------------------|---|------------------|-----------------------------|--------------|---------------------|------------------------|----------------------|-----------------|-------------------|---------------------|
| Internal Directors                                      | Yasukane Matsumoto | ●   | ●                | ●                           | ●            | ●                   |                        |                      |                 |                   |                     |
|   | Yo Nagami          | ●   |                  |                             | ●            |                     | ●                      |                      | ●               |                   | ●                   |
| Outside Director  | Yoshihiko Miyauchi | ●   | ●                |                             | ●            |                     | ●                      |                      | ●               | ●                 | ●                   |
|   | Kenji Kobayashi    | ●   |                  | ●                           | ●            |                     | ●                      |                      |                 |                   | ●                   |
|   | Yumiko Murakami    |   |                  |                             | ●            |                     | ●                      | ●                    |                 | ●                 | ●                   |
| Outside Director (Audit & Supervisory Committee Member) | Naomi Mori         |   |                  |                             |              |                     | ●                      |                      | ●               |                   |                     |
|   | Masahiro Kotosaka  | ●   |                  |                             |              |                     |                        |                      | ●               |                   |                     |
|   | Junko Utsunomiya   |   |                  |                             |              |                     |                        | ●                    | ●               |                   | ●                   |

Interview with Outside Director

# Governance of Raksul - Searching for the “Optimum”

Toward further growth and sustainable  
enhancement of corporate value

What will we continue to address?

Outside Director,  
Audit & Supervisory  
Committee member

**Naomi Mori**



— How has our corporate governance changed since you were appointed as an outside auditor in 2014, and as an outside director (chairman of the Audit & Supervisory Committee) in 2019?

From the time I was appointed as an outside auditor to present, RAKSUL has changed its corporate governance every year. I do not believe that the changes were according to the revisions of the Corporate Governance Code at the time, rather that the changes were the result of their efforts in focusing on building an optimal governance structure, by facing their own growth while taking into consideration of dialogues with their investors into account.

Among changes RAKSUL have made in the last decade, the following five transformations were major turning points for the company.

|                |   |
|----------------|---|
| May 2018       | Listed on Tokyo Stock Exchange Mothers  |
| September 2019 | Listed on the First Section of the Tokyo Stock Exchange   |
| 2020           | October 2019: Transitioned from a company with a Board of Auditors to a company with an Audit & Supervisory Committee |
|                | Introduced RAX10 (Raksul Ameba Transformation 10x)  |
| May 2021       | Balances companywide optimization and autonomous business management  |
| October 2022   | Establishment of voluntary Nominating and Compensation Committee<br>Transition to executive structure led by SVP      |

When RAKSUL listed on the Tokyo Stock Exchange Mothers, the Corporate Governance Code required a listed company to appoint two independent outside directors. However, Raksul already had two independent outside directors before the IPO. This shows the desire to receive supervision and advice, as well as harsh opinions at times from seniors with rich management experiences, and apply them to the company.

RAKSUL's transition to become a company with an Audit & Supervisory Committee was also a decision to implement the right internal control system, as the company changed the listing market to 1st Section of the Tokyo Stock Exchange. This decision was based on discussions on how to actualize a flexible decision-making process suitable for RAKSUL's business operations, while ensuring sound and transparent management, considering the form, size, and personnel of the organization at that time. The subsequent establishment of a voluntary Nominating and Compensation Committee was also a natural progression to bring transparency to director evaluations and compensation decisions to accommodate the increase of employees.

Last year's transition to a SVP-led executive structure was intended to strengthen the structure as a group by spinning out business divisions into subsidiaries and affiliated companies. By delegating the authority for business execution previously held by the Board of Directors to the SVP, they are able to focus on business execution, which leads to accelerating the speed of execution and assuming responsibility for execution. In contrast, the Board of Directors are responsible for overseeing the execution of operations. Since RAKSUL had also established a voluntary Nominating and Compensation Committee earlier, the company recognizes that they are now becoming closer to a company with committees.

— **How do you see your expected role as our outside director (chairman of the Audit & Supervisory Committee)?**

RAKSUL is expected to continue to grow, with the total number of registered users for Raksul exceeding 2 million in November 2022, making them the No. 1 online printing company in Japan. That is why, as an outside director, I believe it is my role to fulfill the company's supervisory function mainly through deliberations and participation in board meetings to ensure that the company does not stray from the path as an organization.

— **How do you assess the effectiveness of the Board of Directors?**

The current Board of Directors has eight directors consisting of two internal directors and six external directors, of which three of them are women. The company has appointed people with a wide range of experience and skills, and everyone shares their experience and expertise at the meetings. Outside directors ask a variety of questions and seem to naturally create an environment in which it is easy to speak up.

The outside directors are also active in discussing "how it should be" and "how we should approach," and the process of organizing and improving the situation internally and reaching a conclusion on how we should think about the situation by the next Board of Directors' meeting is well followed. I believe this sincere attitude of not just making ends meet is something that should be recognized.

— **What are the roles of an Audit & Supervisory Committee and what specific activities does it perform?**

Currently, the Audit & Supervisory Committee consists of three members, each participate in internal meetings and conducts individual hearings according to their roles, and then shares the results and information gathered through audit activities and deliberates in the meetings. One of the most ongoing discussions we have is about the company's approach to compliance and risk management. We discuss what kind of initiatives are being implemented by RAKSUL and the group as a

\*Tokyo Shoko Research (Major Online Printing Services, as of December 2022)

whole, including subsidiaries and affiliates, and how RAKSUL, as a company that oversees these initiatives, should share roles with group companies, and whether there are any gaps or problems with the current situation. In addition, we also conduct hearing regarding our relationships with our suppliers, which are an essential part of our business operations. In the future, we would like to focus on initiatives that allow us to hear directly from suppliers, with their cooperation.

— **What are some of the future challenges in terms of governance?**

RAKSUL's corporate structure has changed dramatically, from a single business to multiple businesses, and from a single company to a group company managing multiple companies. RAKSUL will continue to change both as a stand-alone entity and as a group. We need to build a corporate governance system where RAKSUL is positioned at the center and has a firm grip of the group when the time comes. How do we build our governance as a whole while presenting basic group policies and allowing each company to build its own governance that suits its individual situation? We must enhance our audits as well.

— **What is important to increasing our corporate value?**

In order to increase corporate value, RAKSUL needs to grow continuously. It must continue to be a company that their investors, users, and suppliers anticipate "potential for future growth". To achieve this, it is necessary to make efforts to ensure that the products and services offerings are attractive. In order to refine its products and services, it will be essential to have excellent talent. If RAKSUL can create good partnerships utilizing these talents and show suppliers that they can grow together, more and more companies will be interested in partnering with them. This is how RAKSUL must strive to be an attractive company and to sustain its growth. From an ESG perspective, I believe that RAKSUL have been sufficiently promoting environmental efforts to reduce its CO<sub>2</sub> emissions. Moving forward, the question will be more about how RAKSUL can work together with its suppliers. I believe there is still room for improvement. As for society, the fact that RAKSUL has more women succeeding in the company is also something to be recognized. There are many women who have been successful in the company since its founding. In the early days, there was an impression that women were working especially in customer support and corporate departments, but today there are more women working in a variety of departments and positions. At the

same time, RAKSUL has offices in Vietnam and India, and they have an increasing number of foreign nationals, so I believe RAKSUL need to continue to update its systems as needed in response to changes in its members and social situations to ensure a comfortable working environment for its diverse employees. I hope the company will continue to be valuable to employees and their families.

— **Lastly, can you give a message to the stakeholders?**

RAKSUL's corporate vision is "Better Systems, Better World". It has continued its business activities since founding to enhance corporate value and gain support of all stakeholders by refining its services to make the world a better place, creating an environment where diverse talent can continue to develop and demonstrate their capabilities, and grow together with its suppliers. I believe that RAKSUL will continue to change, but that the company's vision-based management will not change. I will continue to fulfill my duties as an outside director and as a member of the Audit & Supervisory committee member so that RAKSUL can continue to grow and make the world a better place.



04

# Our Businesses

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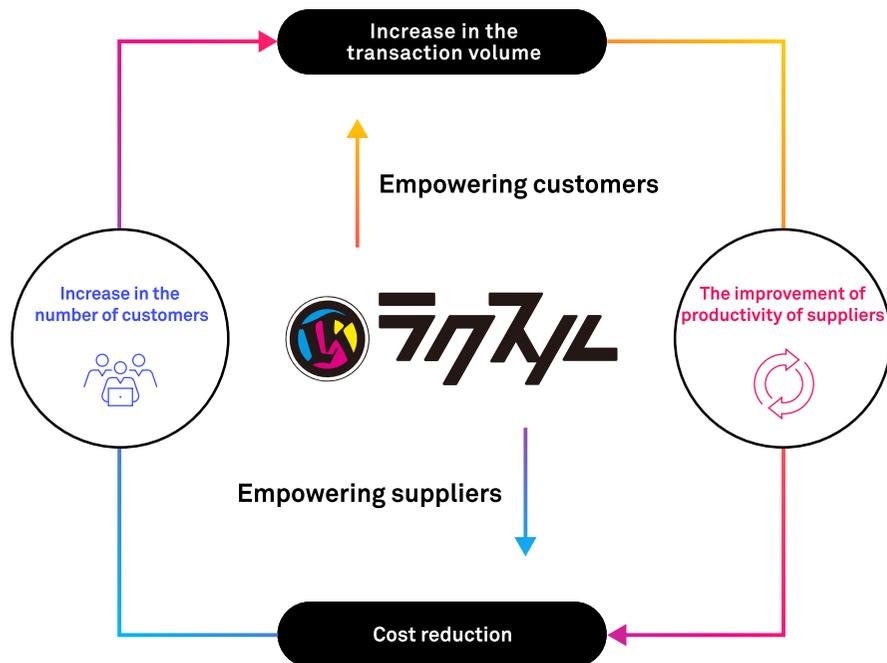
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# Raksul

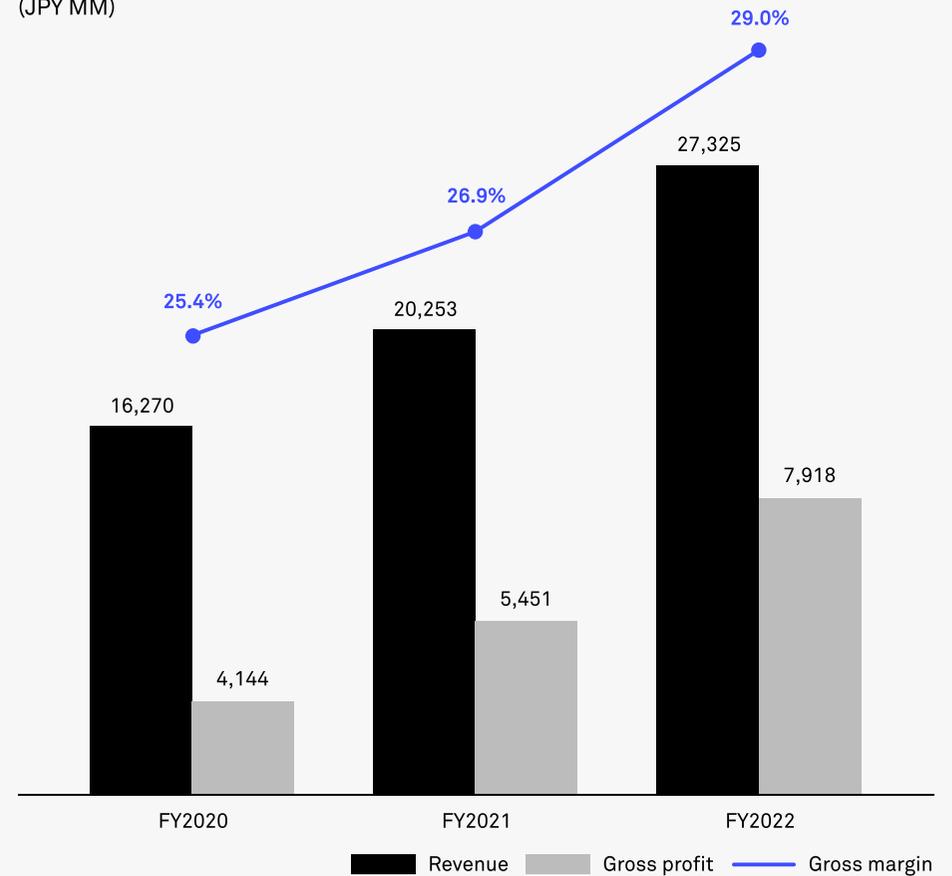
## Business Model

We have created a nationwide network of printing companies and deliver their capacity directly to the customers. In this way, we can minimize transaction costs and provide on-demand services. Increase in the number of customers and the transaction volume leads to the improvement of productivity and cost reduction for suppliers, which in turn increases the number of customers and transaction volume. The business model is a self-sustaining growth model that benefits both the supply and demand sides.



## Performance and KPIs

(JPY MM)

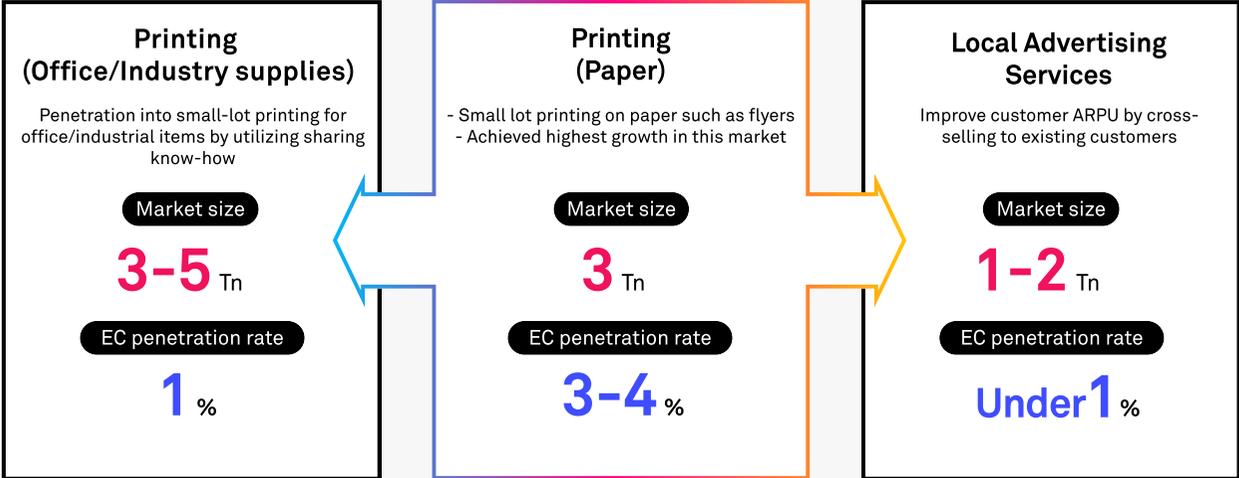


Total registered users **1.2 M** → **2.1 M**

\*As of January 31, 2023

# Challenges and Strategies

Raksul started out targeting office printing and commercial printing for individuals and SME customers, whose requirements were quick delivery, low prices, in small lots. Recently, we have been focusing on "non-paper" printing and solving printing-related issues for larger corporate customers as our growth drivers. We are expanding our TAM (Total Addressable Market) by launching novelty and apparel businesses in-house as well as DANBALL ONE, our consolidated subsidiary, which handles cardboard boxes and packaging materials. We will continue our TAM expansion through M&A in areas where synergies with existing products can be expected and through the launch of in-house businesses. We will also continue to expand our customer base through Raksul Enterprise, which utilizes our accumulated technological capabilities and knowledge to streamline the complex purchasing processes of large companies.

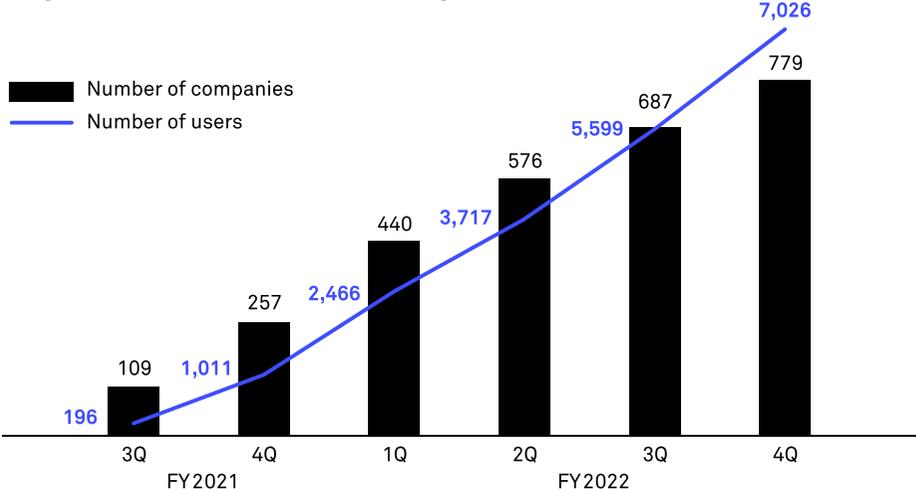


# Initiatives

## Expansion of product lineup



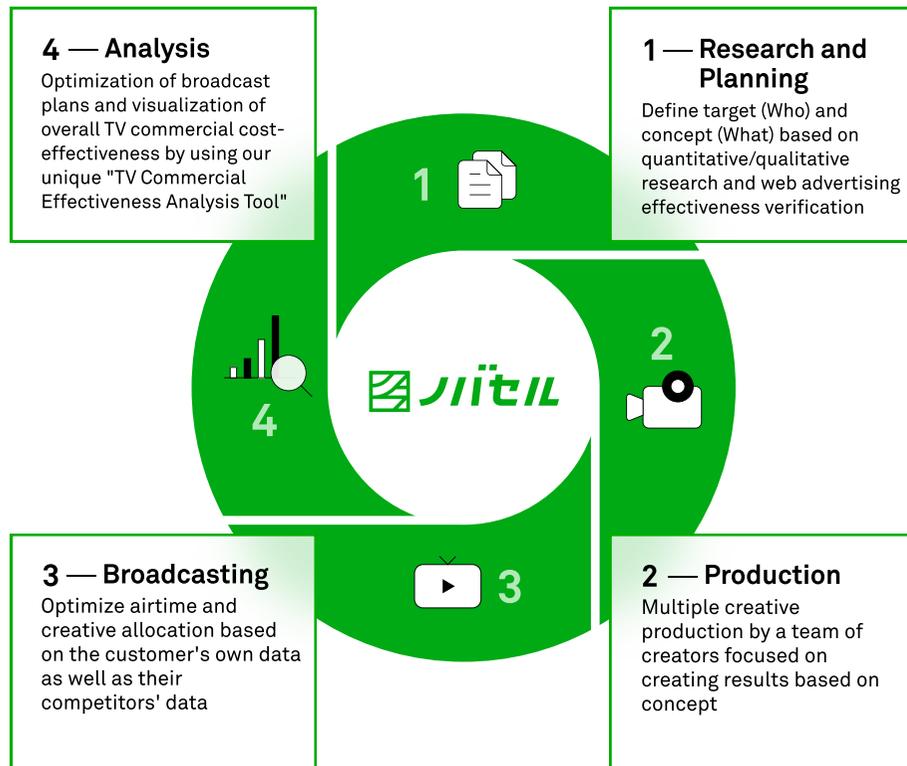
## Expansion of Raksul Enterprise



# Novasell

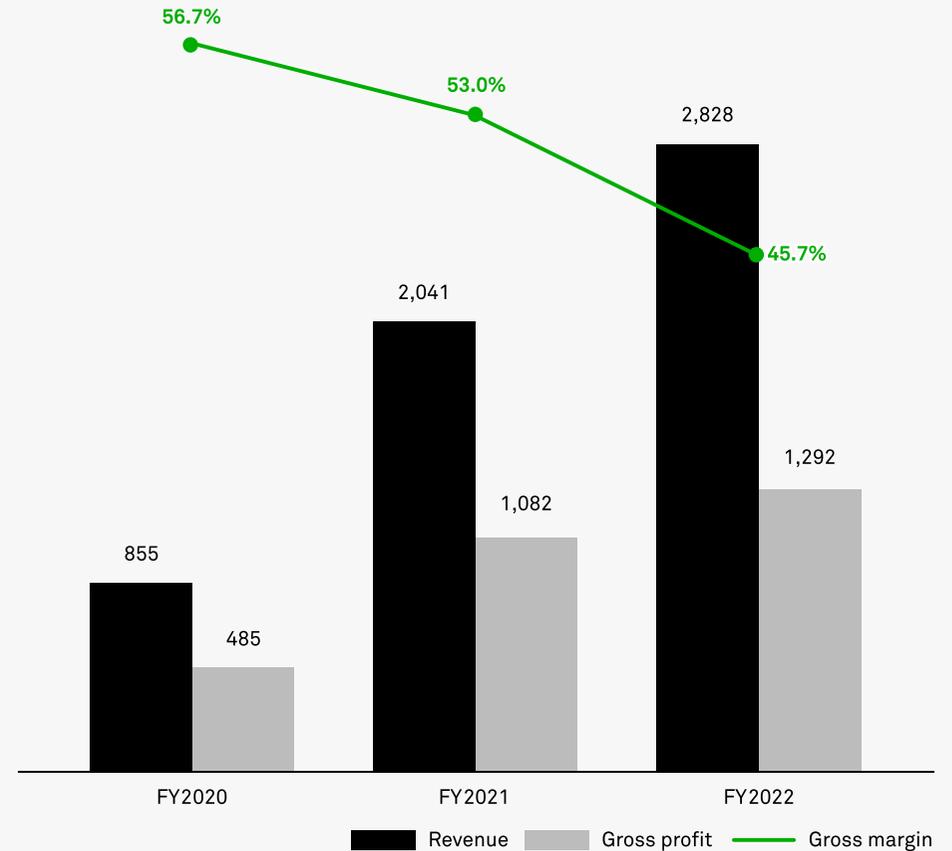
## Business Model

Novasell provides an advertising platform that achieves growth and efficiency at the same time by incorporating expertise gained from in-house marketing of the Raksul business. We support our clients' business growth by using unique tools to visualize real time advertising effectiveness of TV commercials and other media, in which conventionally operations were obscured.



## Performance and KPIs

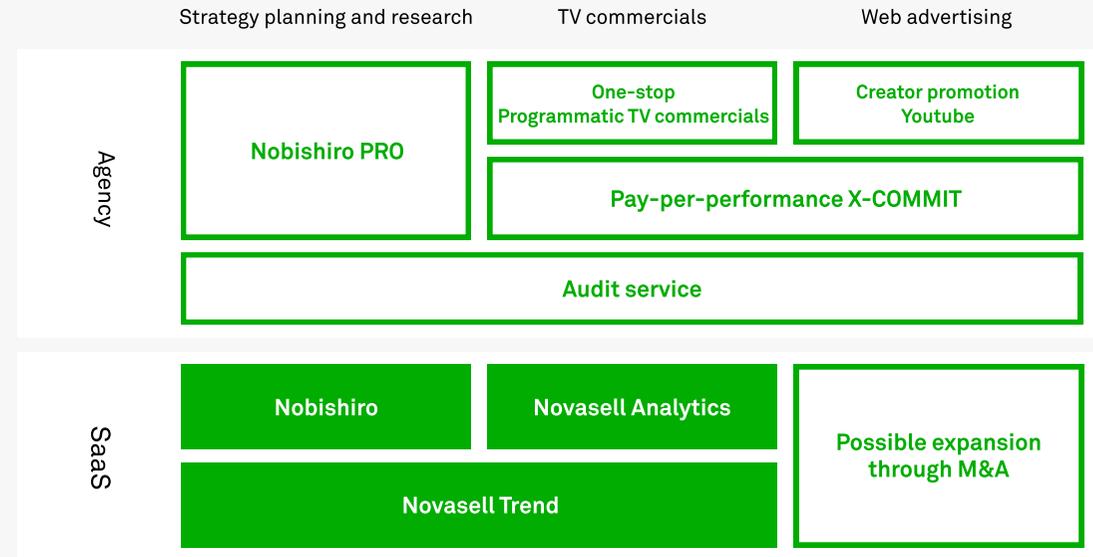
(JPY MM)



SaaS Revenue JPY 4 MM → JPY **209** MM

# Challenges and Strategies

Novasell has been addressing issues in the TV commercial domain through its agency business and SaaS business. However, this is only one area of marketing and the marketing industry still faces various issues, including a lack of strategic talent and expertise, a lack of visibility into the effects of measures that cost large sums of money, and uncertainty about costs. In the future, through Novasell's marketing platform, we will approach a wide range of issues in the marketing industry to realize the "democratization of marketing," that is, the "democratization of advertising effectiveness" where anyone can check the effects of their advertising accurately, and the "democratization of planning" where anyone can fully leverage marketing.

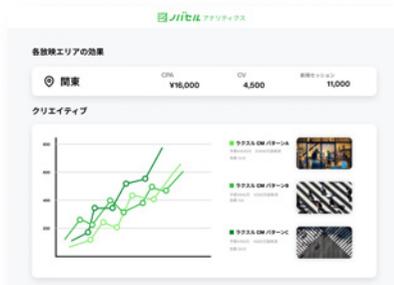


## Initiatives

### SaaS Expansion

#### Novasell Analytics

Enables real-time visualization of broadcast stations, time slots, programs, and creative materials



#### Nobishiro

An ultra-fast quantitative survey service that can collect the opinions of 100 customers and apply them to management decisions. By distributing questionnaires directly to monitors without using a research company, conducting surveys at low cost is made possible



#### Novasell Trend

This allows for immediate visualization of other companies' commercial effects such as what kind of commercials other companies are airing, in what slots, and how effective they are.



# Group Companies

|                    |   |   |
|--------------------|---|---|
| Organic Businesses |  <p>Equity method affiliate</p>                    | <p>The company provide services that support nationwide logistics, from last mile delivery toward individuals and companies to mainline transportation between cities.</p> <p>In order to become an open public platform for solving diverse issues in the logistics industry, Seino Holdings Co., Ltd. and Hacobell formed a JV in August 2022 with the goal of accelerating the DX of Japan's logistics infrastructure by combining Seino Holdings' nationwide network of customers and carriers with Hacobell's technology and digital capabilities.</p> |
|                    |  <p>Consolidation possible in the future</p>       | <p>Developing IT device &amp; SaaS integrated management service that automates analog operations of corporate IT and supports operational cost reduction and security level improvement.</p> <p>Since its launch in September 2021, the company has steadily grown its business and raised 4.4 billion yen in Series A funding in September 2022. Preparations are underway to launch services in Japan and overseas.</p>  |
| Investments        |  <p>Equity method affiliate</p>                   | <p>The company offers SaaS that enables customers to easily create their own website.</p> <p>Joined the group as part of business expansion into the local advertising services of the Raksul business.</p> <p>Customers in a variety of industries throughout Japan use the service for sales promotion and sales purposes, and monthly sales are approximately JPY 70MM.</p>  |
|                    |  <p>ネットスクウェア株式会社<br/>Equity method affiliate</p> | <p>Holds one of the largest number of on-demand printing machines in Japan, developing its business by leveraging its knowledge in the on-demand printing field.</p> <p>Established a system to provide products in small lots at low cost, with quick delivery.</p> <p>Acquisition of Raksul business-related assets, scheduled to be consolidated from August 2023.</p>   |

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**Facts & Data**

# Financial Information

| (JPY MM)                  |  | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|---------------------------|--|--------|--------|--------|--------|--------|
| Profit and Loss Statement | Revenue                                    | 10,993 | 16,503 | 19,434 | 25,523 | 33,980 |
|                           | Gross profit                               | 2,693  | 3,859  | 4,866  | 7,091  | 9,803  |
|                           | Operating profit                           | 93     | 143    | -244   | 220    | 462    |
|                           | EBITDA                                     | 191    | 256    | 1      | 1,030  | 1,634  |
|                           | Ordinary profit                            | 43     | 130    | -368   | 130    | -167   |
|                           | Net profit                                 | 15     | 69     | -494   | 160    | 1,021  |
| Balance Sheet             | Current assets                             | 7,598  | 7,981  | 18,023 | 16,916 | 19,660 |
|                           | Non-current assets                         | 1,159  | 1,264  | 1,356  | 4,999  | 8,973  |
|                           | Total assets                               | 8,758  | 9,246  | 19,379 | 21,916 | 28,633 |
|                           | Current liabilities                        | 1,846  | 2,332  | 2,405  | 5,068  | 7,774  |
|                           | Non-current liabilities                    | 235    | 103    | 10,172 | 8,851  | 11,546 |
|                           | Net assets                                 | 6,675  | 6,809  | 6,801  | 7,996  | 9,312  |
| Cash Flow Statement       | Cash flows from operating activities       | 137    | 11     | -126   | 1,539  | 837    |
|                           | Cash flows from investing activities       | -139   | -266   | -283   | -3,618 | -2,808 |
|                           | Cash flows from financing activities       | 3,342  | -206   | 9,956  | 75     | 2,206  |
|                           | Cash and cash equivalents at end of period | 6,366  | 5,904  | 15,451 | 13,447 | 13,682 |

\*EBITDA: Operating profit + Depreciation + Amortization of goodwill + Stock-based compensation expenses

# Human Capital Data (As of July 31, 2022)

|   | Category                             | (Persons) | (%)   |       |
|---|--------------------------------------|-----------|-------|-------|
| Number of employees   | Overall                              | 526       | --    |       |
|   | Male                                 | 306       | 58.2% |       |
|   | Female                               | 220       | 41.8% |       |
|   | Non-Japanese                         | 65        | 12.4% |       |
| Number of regular employees   | Overall                              | 432       | 82.1% |       |
| Number of non-regular employees<br><small>(Number of contractual employees and part-time workers)</small> | Overall                              | 94        | 17.9% |       |
| Number of temporary employees   | Overall                              | 13        | --    |       |
| Number of managers  | Overall                              | 139       | --    |       |
|   | Male                                 | 122       | 87.8% |       |
|   | Female                               | 17        | 12.2% |       |
| Number of new employees hired<br><small>(Regular employees)</small>                                       | Number of new employees hired        | Overall   | 163   | --    |
|   |                                      | Male      | 100   | 61.3% |
|   |                                      | Female    | 63    | 38.7% |
|   | Number of mid-career employees hired | Overall   | 154   | --    |
|   |                                      | Male      | 93    | 60.4% |
|   |                                      | Female    | 61    | 39.6% |
| Employee age status<br><small>(Regular employees)</small>   | Under 30 years old                   | 172       | 29.4% |       |
|   | 30 - 39 years old                    | 215       | 49.8% |       |
|   | 40 - 49 years old                    | 85        | 19.7% |       |
|   | 50 - 59 years old                    | 3         | 0.7%  |       |
|   | 60 years old or older                | 2         | 0.5%  |       |

|  | Category   | Data              |                |
|--|--|-------------------|----------------|
| Average age  | Overall  | 34.0 years old    |                |
|  | Male   | 34.1 years old    |                |
|  | Female   | 33.1 years old    |                |
| Average years of service   | Overall  | 2.4 years         |                |
|  | Male   | 2.1 years         |                |
|  | Female   | 3.0 years         |                |
| Turnover rate  | Overall  | 12.7%             |                |
| Average annual salary  | Overall  | JPY 7.0M          |                |
|  | Gender pay gap   | 76.8%             |                |
| Employment rate of persons with disabilities   | Overall  | 1.2%              |                |
| Acquisition rate of childcare leave  | Overall  | 88.5%             |                |
|  | Male   | 72.7%             |                |
|  | Female   | 100.0%            |                |
| Annual paid leave utilization rate   | Overall  | 61.0%             |                |
| Remote work system utilization rate  | Overall  | 100.0%            |                |
| Employee survey<br><small>(Ratio of answers with 4 or 5 rating on a 5-point scale)</small>   | Vision sympathy index  | 98.1%             |                |
|  | Engagement index   | 86.9%             |                |
| Onboarding survey<br><small>(Ratio of answers with 4 or 5 rating on a 5-point scale)</small> | Onboarding index<br><small>(Supervisor-subordinate relationship)</small> | 76.7%             |                |
|  | Eligibility  | # of participants | Attendance (%) |
| Information security training  | RAKUSUL INC., overseas development centers                               | 484               | 100.0%         |
| Diversity training   | All employees (optional)   | 295               | 56.1%          |
| Unconscious bias training  | Managerial positions   | 18                | 100.0%         |
| Management training  | Managerial positions (nominated)   | 8                 | 100.0%         |
| Language training  | Managerial positions and applicants                                      | 35                | --             |
| New employee training<br><small>(mid-career and new graduates)</small>                       | New employees  | 171               | 100.0%         |

\* Data covers RAKUSUL INC., DANBALL ONE. Inc., NOVASELL INC., HACOBELL INC., and overseas development centers

\* Data covers RAKUSUL INC. for "Average annual salary," "Employment rate of persons with disabilities," "Acquisition rate of childcare leave," and "Annual paid leave utilization rate"

\* "Gender pay gap" is the ratio of female employee wages to male employee wages for regular employees

- One of the main reasons for the gap is the number of female employees in customer support positions, which vary in terms of remuneration structure

- We will continue to conduct detailed analysis and promote initiatives such as appointing female executives and revising remuneration for positions with many female employees

\* "Turnover rate" is as of April 30, 2023

\* "Unconscious bias training" and "Management training" are planned to be taken from senior managerial positions

\* Historical data is on the company website: [https://corp.rakusul.com/en/esg/esg\\_data/](https://corp.rakusul.com/en/esg/esg_data/)

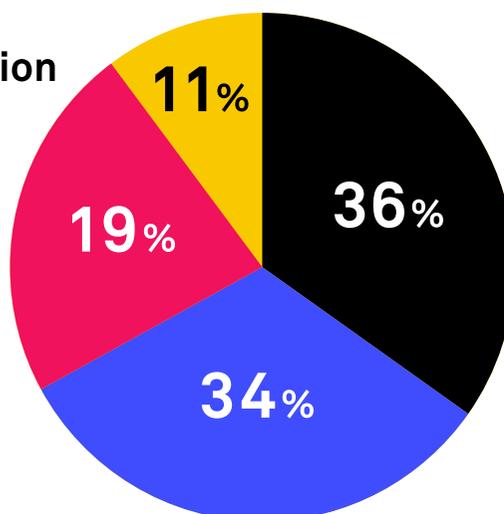
# Stock Information As of January 31, 2023

|                                   |  |
|-----------------------------------|--|
| Listed exchange                   | Tokyo Stock Exchange Prime Market  |
| Securities code                   | 4384   |
| Total number of authorized shares | 96,688,000<br><small>(Total number of authorized shares after stock split on February 1, 2023 are 193,376,000)</small> |
| Total number of issued shares     | 29,188,860<br><small>(Total number of issued shares after stock split on February 1, 2023 are 58,377,720)</small>      |
| Number of shareholders            | 8,055  |
| Share trading unit                | 100  |

## Major Shareholders

| Shareholders   | Number of shares (Shares) | Shareholding ratio (%) |
|--|---------------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)                         | 5,578,100                 | 19.11                  |
| Yasukane Matsumoto   | 4,894,250                 | 16.76                  |
| Custody Bank of Japan, Ltd. (Trust Account)                                  | 2,746,100                 | 9.40                   |
| STATE STREET BANK AND TRUST COMPANY 50530                                    | 940,000                   | 3.22                   |
| NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON TREATY ACCOUNT 15.315 PCT | 920,000                   | 3.15                   |
| THE BANK OF NEW YORK 133652  | 742,600                   | 2.54                   |
| THE BANK OF NEW YORK MELLON 140051   | 646,800                   | 2.21                   |
| THE BANK OF NEW YORK 133612  | 599,400                   | 2.05                   |
| Nippon Life Insurance Company  | 475,000                   | 1.62                   |
| STATE STREET BANK AND TRUST COMPANY 505019                                   | 469,000                   | 1.60                   |

## Shareholder Composition



# Company Information

|                     |  |
|---------------------|--|
| Company name        | RAKSUL INC.  |
| Headquarters        | 1st Floor, IK Building,<br>2-24-9 Kami-osaki, Shinagawa-ku, Tokyo, JAPAN   |
| Group companies     | NOVASELL INC.<br>DANBALL ONE. Inc.<br>HACOBELL INC.<br>Peraichi Inc.<br>Net Square Co., Ltd.<br>JOSYS INC.<br>RAKSUL VIETNAM COMPANY LIMITED<br>RAKSUL INDIA PRIVATE LIMITED |
| Established         | September 2009   |
| Representative      | Yasukane Matsumoto   |
| Paid-in capital     | JPY 2,694MM (as of July 31, 2022)  |
| Number of employees | 526 (as of July 31, 2022)  |

## Disclosure Policy

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.

