Sustainability Report 2024

RAKUS Co., Ltd.
Sustainability Report

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Editorial Policy

The purpose of this report is to deepen mutual understanding and improve corporate value by engaging in dialogue with shareholders, investors, and other stakeholders regarding the value offered to society by the RAKUS Group, and the Group's business, financial, and ESG information.

Website

https://www.rakus.co.jp/en/

IR Information

https://www.rakus.co.jp/en/irnews/

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Scope of Report

This report covers RAKUS Co., Ltd. and its consolidated subsidiaries within and outside Japan, as well as some other affiliates. The report applies to the period from April 2023 to March 2024.

* It also includes some information outside that period.

Performance Forecasts

Forecasts of performance contained in this report are determined based on information available at the time. Actual results may differ due to a variety of factors.

RAKUS' Objective

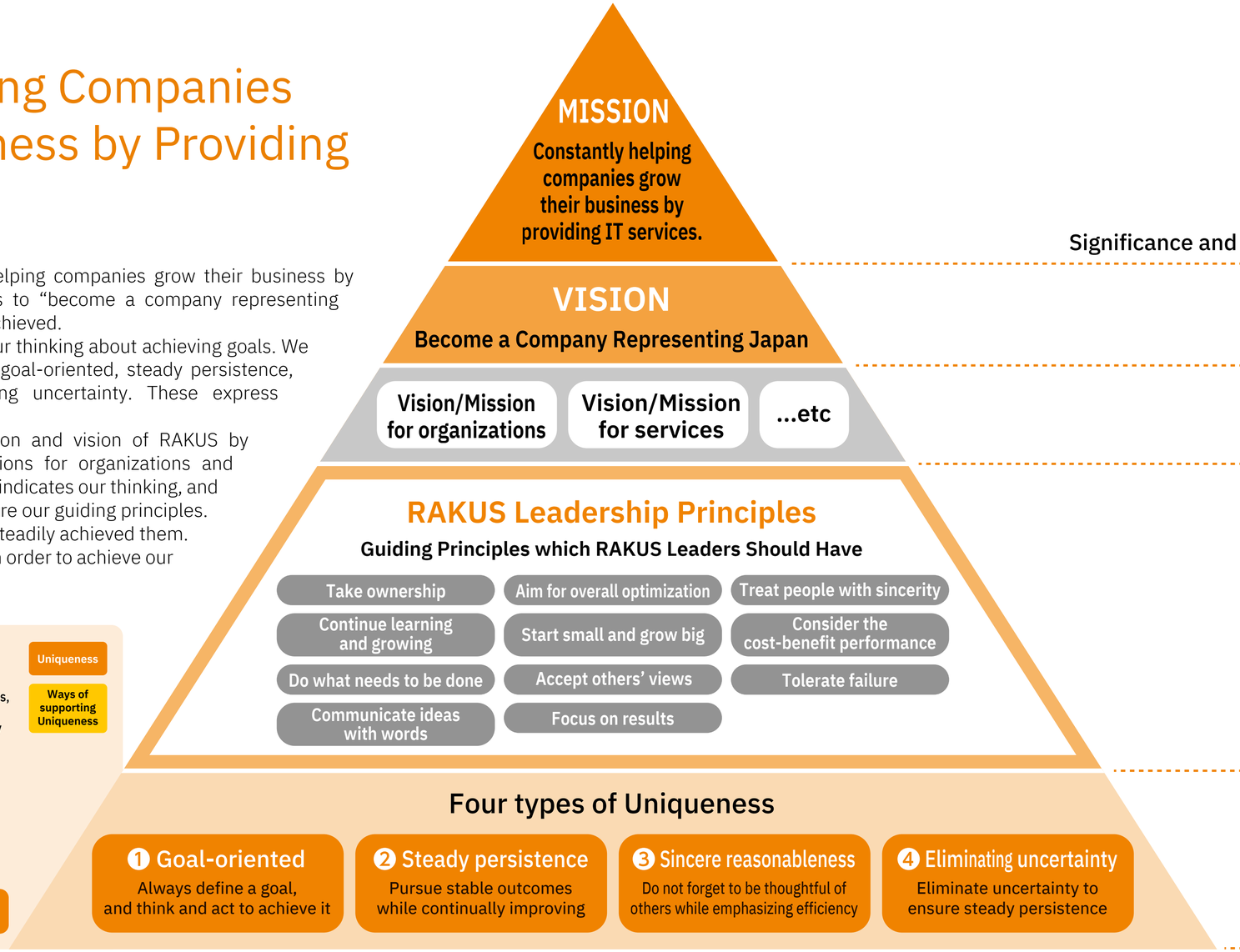
Constantly Helping Companies Grow Their Business by Providing IT Services

Our mission at RAKUS is "Constantly helping companies grow their business by providing IT services" and our vision is to "become a company representing Japan." We regard these as goals to be achieved.

A major defining feature of RAKUS is our thinking about achieving goals. We express that thinking with the phrases: goal-oriented, steady persistence, sincere reasonableness, and eliminating uncertainty. These express RAKUS' Uniqueness.

We aim to achieve the overall mission and vision of RAKUS by establishing separate missions and visions for organizations and services based on our Uniqueness, which indicates our thinking, and the RAKUS Leadership Principles, which are our guiding principles.

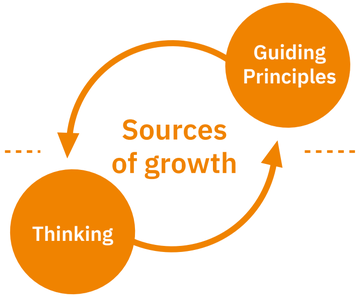
RAKUS has always set high goals, and steadily achieved them. We will continue to pursue our business in order to achieve our mission and vision.



Significance and Value of the Existence of RAKUS

Ways of achieving our mission

Ways of approaching our vision



At a glance

RAKUS Viewed through Data (Year ended March 2024)

Year founded
2000

Number of locations
8 Office locations

Number of Employees
Back-office Departments 146 People

Cloud Business 1,519 People

IT Outsourcing Business 896 People

Ratio of childcare leave taken
Men 59%

Women 100%

Cloud Business
ARR
34.1 billion yen

Subscription Sales Ratio
92.9%

Cumulative Number of Companies Using the Service
83,000 companies or more

Consolidated net sales
38.4 billion yen

IT Outsourcing Business 15%

Cloud Business 85%

Operating profit 5.5 billion yen

Ordinary profit 5.6 billion yen

Profit attributable to owners of parent 4.1 billion yen

Percentage of paid leave taken
90.3%

Paper reduction due to service adoption (Raku Raku Seisan, Raku Raku Meisai)
85 per year million sheets or more

Ratio of outside directors
50%

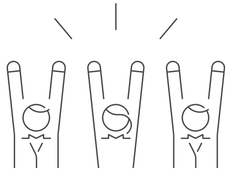
Employee male-female ratio
Men 68.4 : Women 31.6

Ratio of female managers
5.5%

Monthly average overtime hours
13.8 hours

Sponsored by the Great Place to Work® Institute Japan
"Companies that are the Best Workplaces" Top 100 ranking

7 th consecutive year



Message from the President

DX in Japan: The Objective of Goal-Oriented Organizations

Takanori Nakamura
President and Representative Director

Thinking about businesses we stick with in a era of tumultuous change

I founded IT Boost Co., Ltd., the forerunner of RAKUS, in November 2000. At that time, Japan remained a central player on the world stage, still enjoying the afterglow of its status as an economic powerhouse. On the other, a decreasing birthrate, aging society, and declining population were regarded as inevitable, and there was talk that Japan's position in the world would likely recede. Since that time, people have noted that Japan must improve its productivity if it is to maintain its affluence and economic scale. Under such circumstances, we thought hard about what we could do to boost Japan's productivity using the IT that is our forte. This led to the core of our business that continues today: providing continual support for corporate growth through IT services. We have continued to focus on how to do more with fewer people using IT.

As we continue to do business, I feel that population decline is progressing faster than anticipated. Future population declines will be even larger, and thus we recognize that we will have a larger role to play in corporate DX. Labor shortages and hiring problems in particular have become significant issues in Japan in the last few years. Working hours are also steadily getting shorter due to factors such as restrictions limiting overtime work. In light of these points, we foresee an even stronger need for labor-saving and automation to improve productivity.

On the other hand, technology seems to be diffusing more slowly than expected, and adoption of our services is taking more time than we thought. If it reaches the point where elderly people will work longer as a matter of course due to the further advance of societal aging, harmful effects may arise due to the sudden digitalization of interfaces and devices. Therefore, I believe we should avoid the presumption that everything will simply be digitalized across the board. Instead, we should propose the best approach to optimal digitalization suited to each customer's situation.

We start from "What is the goal?"

Our mission at RAKUS is "Constantly helping companies grow their business by providing IT services." The services we offer are software as a service (SaaS) and dispatching of IT engineers. These are not one-off services for our customers, so we always want to provide services that are useful to the customers—services they respond positively to—and continue our relationship with them. This aspiration is reflected in our mission.

As one factor that will impact future society, we are emphasizing the evolution and development of generative AI. We regard generative AI like electric power or the Internet. Over the next few years, it will be disseminated throughout society, and be more actively used. Before long, it will be a given, not even called generative AI, and simply treated as social infrastructure.

The goals we strive for in our business, and our mission and vision, will not change, even as the environment changes in this way. The ideal approach for RAKUS' business, in any environment, is to take a goal as the departure point, and then proceed by selecting the optimal policies and means.

We see this “goal-oriented” stance as one element of RAKUS’ Uniqueness. We begin all of our work by first asking: “What is the goal?” This allows us to see the difference between our target and reality, clarify what we need to do, and determine what is not an issue and what does not need to be done. It is essential to understand the goal, so we can concentrate resources on things we should be doing, and refrain from actions that do not connect with the goal. If we do not do that, poor outcomes are likely to occur such as means becoming ends, setting KPI unconnected with the goal, and sticking with methods that lack cost performance. In goal-oriented thinking, we strive for in-house communication at every opportunity. There are times when I too feel we have made a mistake by starting from a means rather than a goal, and we generally move forward while making corrections whenever things like that happen.

When new technology appears, it is important to take an interest, learn about it, and explore, but we are careful not to let that turn into an objective. Technology is just a means. To connect technology with the goal of solving customer problems, we ask: How can we use it to offer better IT services? And how can we connect it with our own company’s growth? I believe it is vital to interact with technology without losing sight of our goals.

Medium-Term Management Targets and the Future Beyond

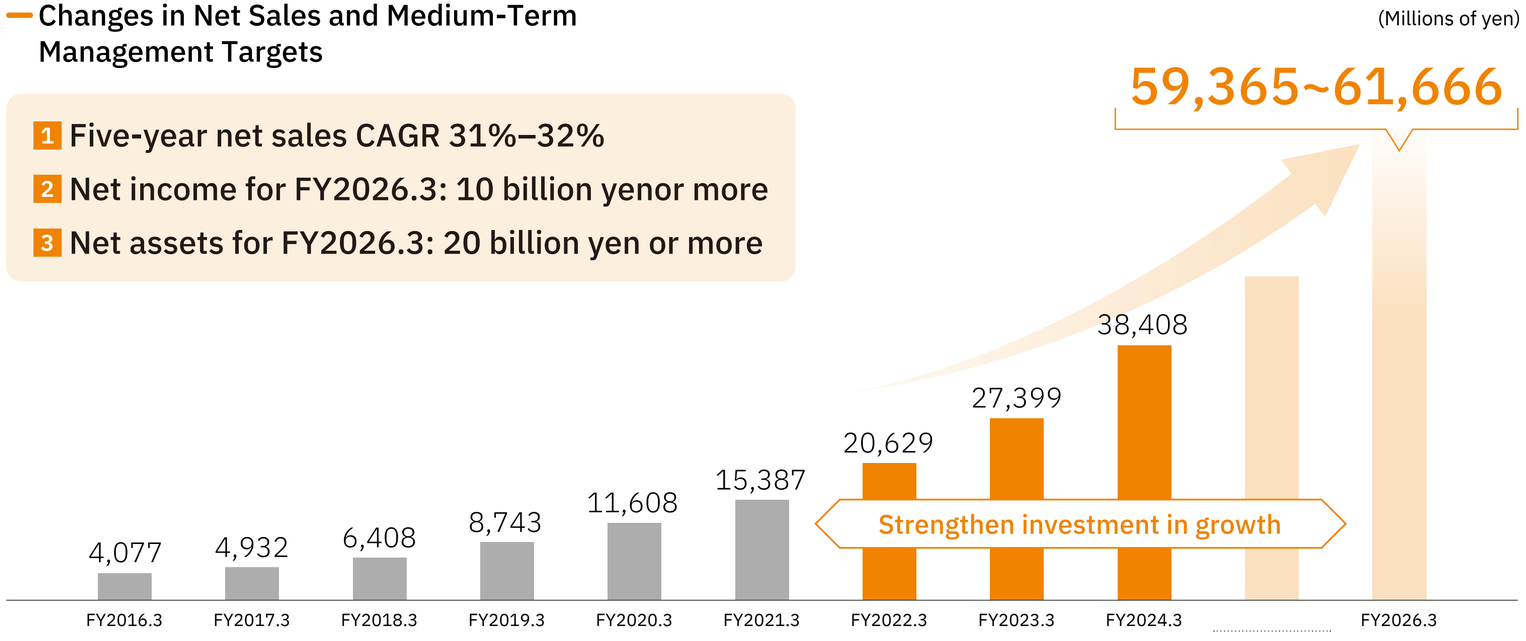
The environment surrounding RAKUS’ business has changed dramatically, even in just the last few years. There have been legal and regulatory changes like the Invoice System that commenced in October 2023, and the end of the safe harbor period for preserving data on electronic transactions due to the Electronic Bookkeeping Law in December 2023. This has led to greater customer needs for adoption, and acted as tailwind, making the year ended March 2024 a dynamic year for our business. In the first half in particular, we received an extremely large number of new orders and new customers doing business with us, and this had a very positive effect. There are prospects of continuing contracts in the future. To build continuing, stable relationships with customers, we have also focused efforts on bolstering the number and skills of employees engaged in customer success work—a role involving detailed, close support and problem solving—and this too has borne fruit in the current situation. On the other hand, the business world’s response to the new legal requirements ended around December, and customer efforts toward DX seem to have slowed down somewhat. An important issue will be the speed we can operate our business at after the tailwind gives out.

The year ended March 2024 was a period corresponding to the middle of our Medium-Term Management Targets (year ended March 2022 to year ended March 2026). The path to achieving our five year goal of sales CAGR 31%–32% and net income of 10 billion yen has come into view to some extent. Going forward, it will be important to determine how we can maintain the good performance we achieved up to the previous year, and how much we should invest in which fields.

In April 2024, we completed an absorption-type merger of RAKUS HR Tech Co., Ltd. We first consolidated that company as a wholly-owned subsidiary in July 2023, and developed a cloud-based attendance management business, but there were superior specifications, such as implementation of functions we planned to introduce in the future in Raku Raku Kintai, a cloud-based attendance

Changes in Net Sales and Medium-Term Management Targets

1. Five-year net sales CAGR 31%–32%
2. Net income for FY2026.3: 10 billion yenor more
3. Net assets for FY2026.3: 20 billion yen or more



management system we were already developing in-house. Therefore, we decided that integrating the two would lead to faster growth of market share in the attendance management field.

Going forward, M&A will be an important theme. To ensure our customers can use more and better services, and further pursue DX in Japan, we will naturally continue steady growth of the services we currently offer, but we will also need to keep an eye out for acquiring new services and deploying them in a speedy fashion. While stacking up these efforts, one by one, I want to proceed with discussions of our next medium-term management targets.

Each employee is a colleague sharing goals

The most important capital for conducting RAKUS' business is human resources. We have worked over the last few years to secure human resources while the business environment has provided a tailwind. We are increasing our employees by 300 to 500 people a year, including the aforementioned customer success workers, and in some of our departments, almost all employees have only been with the company for one or two years.

Gathering of employees at "RAKU! Fest 2024"

This trend of growing the ranks of our personnel, which has been underway since around 2019, has overlapped with the period of more widespread work-from-home due to the COVID-19 pandemic. As a result, there are concerns about weakening of RAKUS culture and lack of uniformity in the thinking of individuals. Even after the pandemic, there has been almost no interaction between employees at different locations, and few opportunities for management (including myself) to really rub elbows with employees, and it has been difficult to get everyone aligned in areas like our goal-oriented stance.

For this reason, we are currently working hard to strengthen our inner branding system, and bolstering in-house dissemination of information. "RAKU! Fest," an event for all employees we have held since before the pandemic, had to be held online for the last few years, but in April 2024 we were able to hold it in real-life for the first time in a long while. Our employees gathered in a venue with 2,000-person capacity. There, we communicated once again the direction of each of our businesses, did presentations, and held our "RAKUS Awards" ceremony for commending employees who have embodied a goal-oriented approach. I hope we can impart RAKUS' Uniqueness and culture to each employee, and improve motivation, by routinely sharing information on the intranet and holding events like this.

Developing employees and arranging optimal work environments are also ways to achieve the goals we are aiming for. We consider approaches while always examining what we can do with limited resources, and determining where to focus those resources. Amid rapidly changing social trends and technological progress, we have put in place a training system over the years to promote employee growth, but there is still more to do, and we will continue expanding this system in the future.

A system for supporting the ease of work of our employees has also been gradually taking shape since our founding, and measures and systems for realizing an environment that is easy to work in are being enhanced. For example, we introduced sick leave in 2022. This provides five days of paid leave per year, separate from annual paid leave, as a system to deal with personal injury or illness of the individual or family members. This system is a response to employees pointing out that, if they use up all their paid leave due to illness, they are in trouble if an emergency arises. We aimed to make this a system that is easy to use, to address the actual situation.

My belief is that it's impossible to create a company or organization that people will always see as good. The direction a company aims for will change according to social trends, and individuals too are always changing in their life stages and values. Therefore, I think it is essential for a company to create a niche that is perceived to be good by a certain person or group, at a certain time, under certain circumstances. RAKUS will clearly convey its aims as an organization, and where those aims will be achieved. We will ensure that people committed to those aims can step into action. If individual employees can thereby see they are colleagues working together toward a shared goal, then the organization too will naturally act to realize that vision.

Ensuring sustainability is a precondition for achieving RAKUS' mission, i.e., continually helping companies grow their business by providing IT services. By stipulating once again, as a materiality, our posture of aiming to solve social challenges through business, we can be sure that the materiality will serve as an impetus in our daily conduct, and as a driver giving rise to operational efficiency and "emotional fulfillment" through business.

Going forward, we will continue to tackle challenges so we can provide more companies with better services they can use.

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Value Creation Trajectory

Achieving Dynamic Business Growth through Strategic Deployment of Services

In order to achieve our mission of “Constantly helping companies grow their business by providing IT services,” the RAKUS Group has offered services to make our customers’ operations easier—with Cloud Business and IT Outsourcing Business as our two mainstays.

FY2001.3 to FY2006.3

Founding phase

Business launched as IT engineering school, operated as dual business with Cloud Business

November 2000: RAKUS was established
April 2001: IT engineering school business started, Cloud Business started
May 2002: IT Outsourcing Business started

FY2007.3 to FY2015.3

Expansion phase

Development and provision of multiple cloud services, based on ideas derived from our own company’s operational issues

April 2011: Subsidiary established in the US
May 2014: Subsidiary established in Vietnam
January 2015: All shares of US subsidiary were sold

FY2016.3 to FY2021.3

Growth phase

Listed on Tokyo Stock Exchange, and growth with Raku Raku Seisan as main service

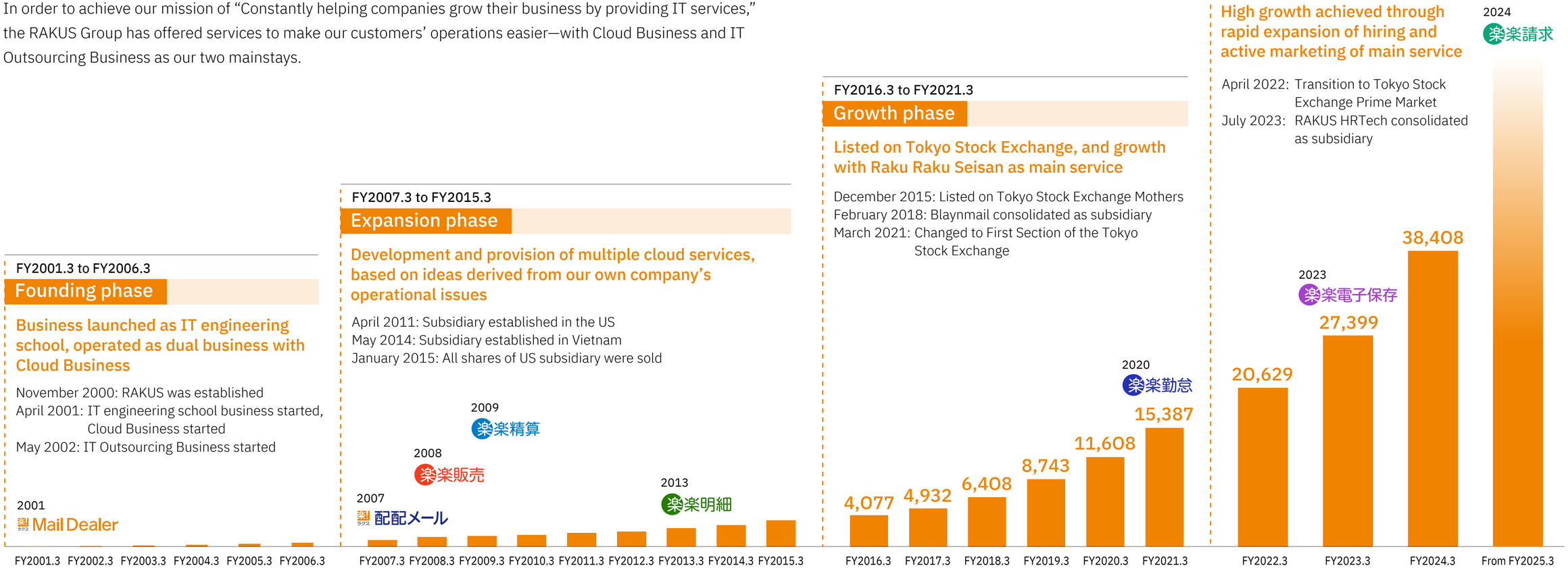
December 2015: Listed on Tokyo Stock Exchange Mothers
February 2018: Blaynmail consolidated as subsidiary
March 2021: Changed to First Section of the Tokyo Stock Exchange

FY2022.3 to

Rapid growth phase

High growth achieved through rapid expansion of hiring and active marketing of main service

April 2022: Transition to Tokyo Stock Exchange Prime Market
July 2023: RAKUS HRTech consolidated as subsidiary



Net sales (Millions of yen)

Materiality

[RAKUS' cherished thought]

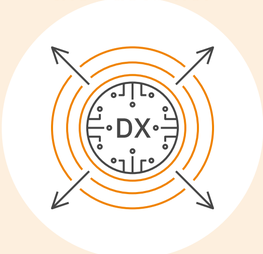
Making Life and Work Easier and More Enjoyable

As the decline of Japan's working population progresses at the fastest pace in the world, it will be essential to take steps to raise the labor productivity of each person so that economic affluence can be maintained. RAKUS' aim is to make life and work more enjoyable for people working at companies, by providing services that make operations more efficient—in other words, easier.

To make this a reality, we have identified key issues to be addressed by RAKUS as four materialities. These are the departure point for all our business activities, and the driving force in carrying out our sustainability activities.

RAKUS Materiarity (important issues)

Providing services suited to the customer



To realize DX and improve labor productivity, we must deeply understand customer operations, and provide services tailored to the issues and literacy of each customer. RAKUS contributes to the solution of operational issues and improvement of efficiency by sincerely working with the customers of each company.

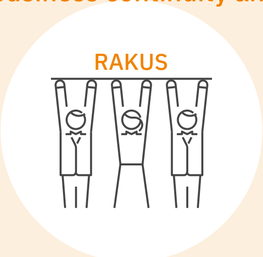
Developing customer-oriented products

We develop a deep understanding of customer operations, incorporate the necessary technology while staying abreast of the latest technology trends, and develop products and features which solve customer challenges. We are also working to bolster security so we can continue to provide stable products to customers.

Creating an environment where employees can continue to work and grow with confidence

We work hard to provide an environment where every employee can exhibit their abilities to the fullest, and can carry out their duties with a feeling of job satisfaction. When each employee continues to grow, labor productivity rises, and the total amount of value that can be delivered to society increases.

Establishing a solid management base to support business continuity and growth



We believe that continuing and growing our business will help realize an affluent society. Therefore, RAKUS is fortifying the management base that supports our business growth by strengthening corporate governance and ensuring full commitment to compliance.

Materiality

Process of Identifying Materiality

RAKUS emphasizes sustainable business operation so that we can address social challenges, and approach realization of a better society through business. We have identified issues important for both society and RAKUS, analyzed risks and opportunities to be addressed by RAKUS, and identified four materialities on that basis. The following page provides details on important management resources of RAKUS and the external environment surrounding RAKUS (risks, opportunities).

Identification process

1 Identifying social challenges

Identify social challenges and RAKUS business issues by referring to international guidelines, etc.

2 Evaluation of issues

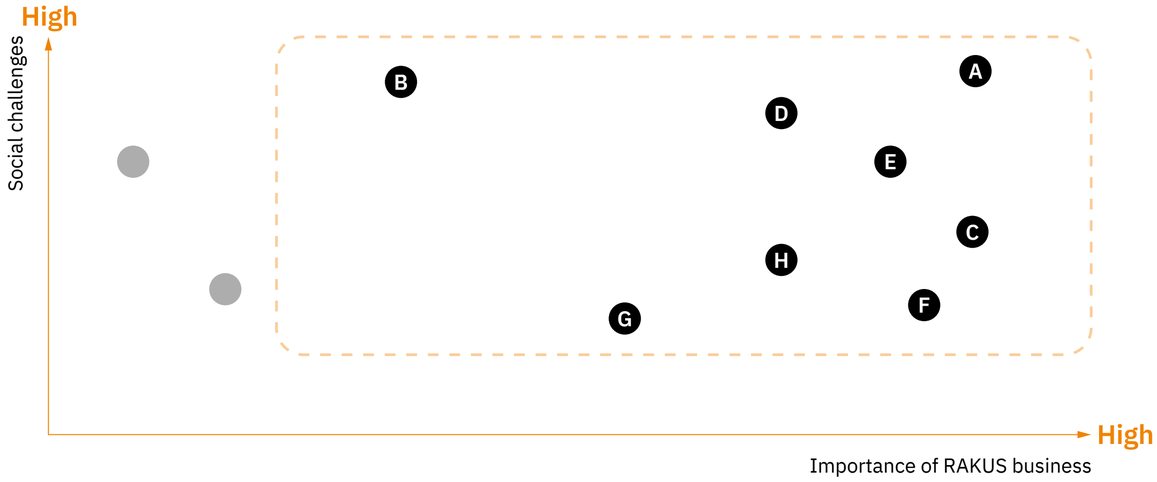
Evaluate from the standpoint of social challenges and importance for RAKUS' business

3 Materiality arrangement

Determine priority of issues through repeated in-company interviews based on importance assessment

4 Approval by Board of Directors

Report to Board of Directors, and obtain approval



We relate social challenges and their importance in RAKUS' business, and then arrange them as materiality

- A Promoting DX suited to the customer
- B Reduction of global environmental impact through DX
- C Strengthening security
- D Stable supply of products to improve labor productivity
- E Arranging work environments where employees can grow with a sense of job satisfaction
- F Human resource diversity and respect
- G Developing the next generation
- H Strengthening compliance and corporate governance

→ **Providing services suited to the customer**

→ **Developing customer-oriented products**

→ **Creating an environment where employees can continue to work and grow with confidence**

→ **Establishing a solid management base to support business continuity and growth**

Materiality

RAKUS' Management Resources and External Environment

The following lays out RAKUS' important management resources and the external environment (risks, opportunities) surrounding RAKUS. These are reflected in materiality.

Diversification of sense of values and work styles

Risk

- Decline in engagement
- Decline in labor productivity

Opportunity

- Secure personnel with diverse backgrounds

Technological evolution and commodification

Risk

- Decline in profit opportunities due to commodification of provided services
- Increased risk from cyber attacks

Opportunity

- Increase in the opportunities to provide various services by leveraging cutting-edge technologies

Important management resources

Technology

Staying on top of the latest technological trends and tirelessly incorporating needed technology leads to sustainable growth. It is important to have the technological capabilities to provide services that are stable, low cost, and secure.

Human Resources

Retaining talented employees and expanding the organization are essential for achieving sustained growth. Many employees are midcareer hires with diverse experiences and specializations, and continuously increasing the number of employees is a source of our capability to grow.

Customer base

Addressing customer needs gives services competitive advantage, so expanding the customer base is an important part of our differentiated strategy. We have a large customer base compared to competitors. This enables us to identify detailed customer needs, which leads to the enhanced services.

Partners

System partners and sales agents play a major role in accelerating growth. Our partner base continues to increase as we grow, as do our alliances with large companies that have high name recognition.

Finance

Maintaining and expanding a stable and solid financial base is key for achieving sustainable growth. We have continuously turned a profit since our second fiscal year in business. This has grown our equity capital, enabling us to continue to make large investments.

Progress in the declining birthrate and increasingly aged population

Risk

- Future market contraction
- Competing for personnel who have specializations

Opportunity

- Increased need for improvement in operational efficiency and greater productivity

Increased awareness of challenges for the global environment

Risk

- Listing up companies that are subject to negative screening in the capital markets and as potential customers

Opportunity

- Increased opportunities to be selected due to new evaluation criteria

Value Creation and Impact

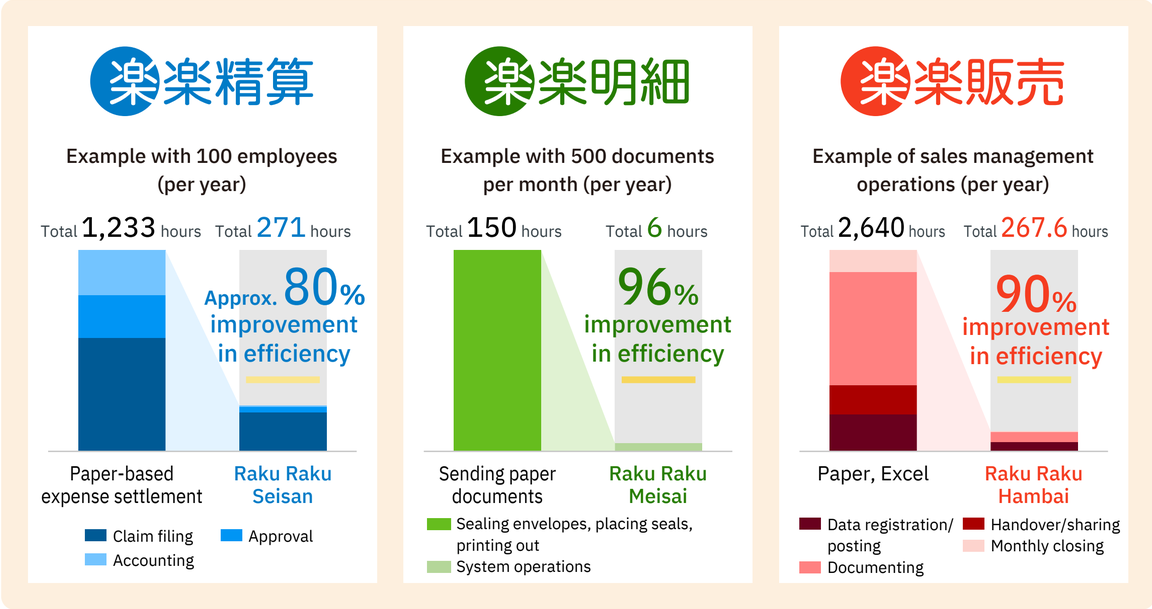
Making the Customer's Work Easier

In processes for conducting business—expense settlement, bill issuance and receipt, sales data management, and management of employee information such as attendance—various tasks and forms of office work must be carried out, and this consumes a lot of time. RAKUS provides services to boost productivity by making these operations more efficient. Going forward, we will continue to develop and deploy various services so more people can pursue work they should be doing—work suited to their original aspirations, more people can address their work in a future-oriented manner and more companies can grow.

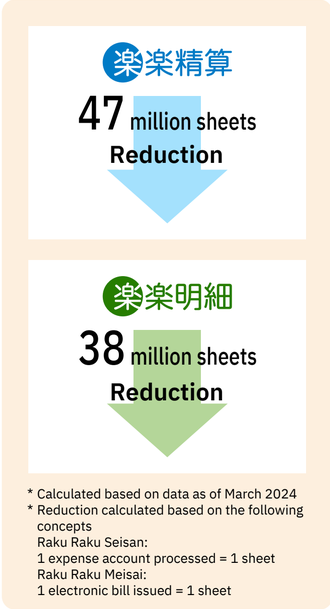
Cloud Business

In the Cloud Business, we support improved productivity by providing services that help improve operational efficiency of corporate customers. We also help reduce customer paper usage by shifting from paper-based operations to cloud services.

Improved efficiency of working hours



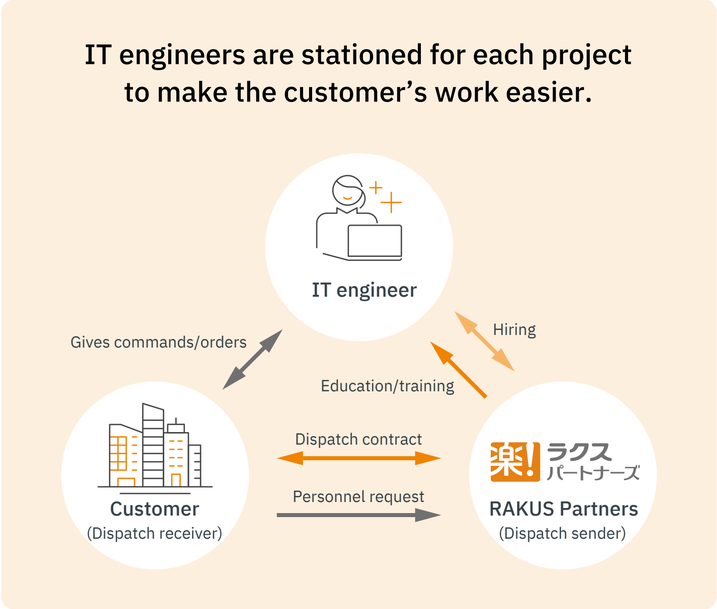
Paper reduction (yearly)



* Calculated based on data as of March 2024
* Reduction calculated based on the following concepts
Raku Raku Seisan:
1 expense account processed = 1 sheet
Raku Raku Meisai:
1 electronic bill issued = 1 sheet

IT Outsourcing Business

In the IT Outsourcing Business, we help to meet the need for IT personnel, who are in increasing demand, by developing IT engineers, and we support digitalization of companies by dispatching IT engineers.



Business Strategy

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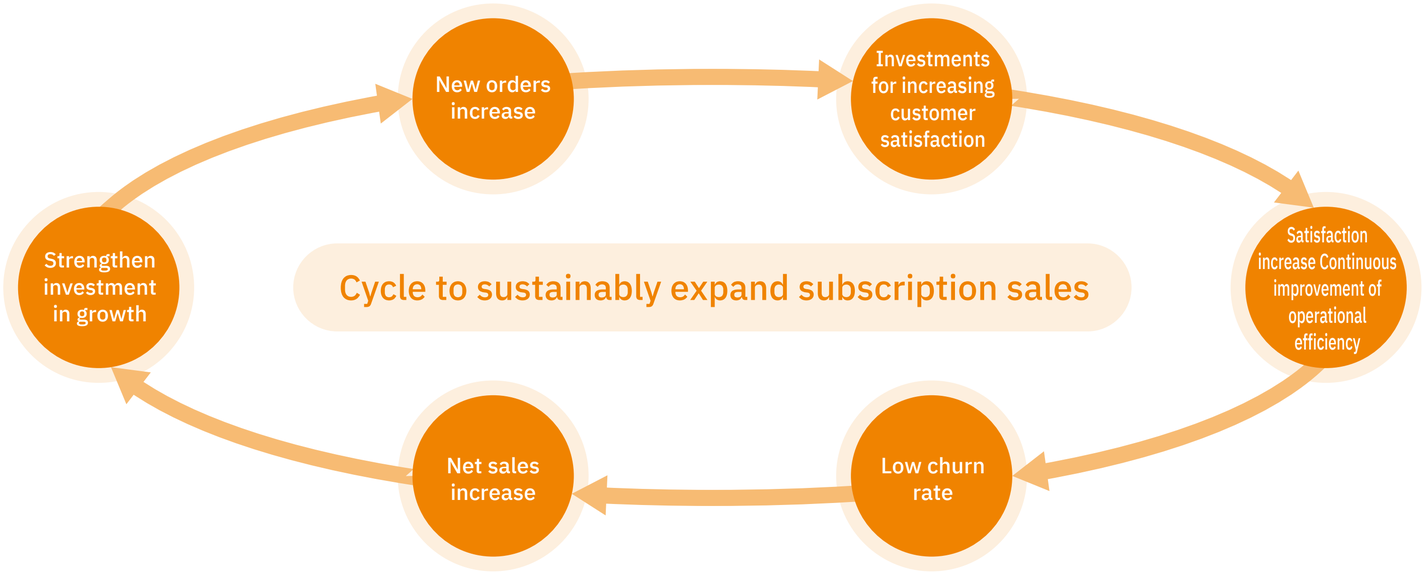
Cloud Business

Business Model and Performance of Cloud Business

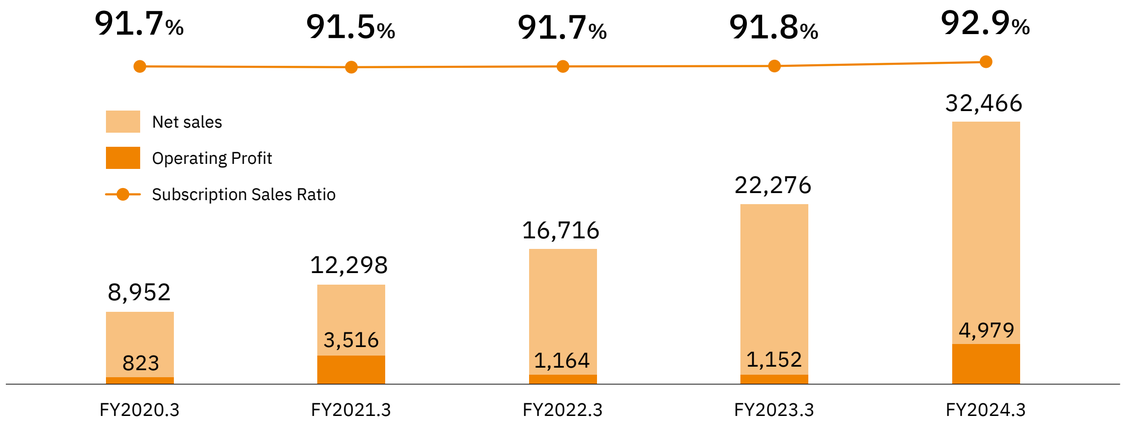
Our Cloud Business offers subscription services to help companies improve operational efficiency through digitalization. The business model enables stable sales growth by accumulating new subscribers.

Maintaining a low churn rate is key in this model, so in order to keep the rate low, we constantly work to improve customer satisfaction, target segments with low business failure rates, and have established a pricing structure that makes it easy to continue using the service.



Changes in Sales, Operating Profit, and Subscription Sales Ratio

(Millions of yen)



* Standards for allocating indirect expenses were reviewed from the year ended March 2024. As a result, figures prior to and including the year ended March 2023 were retroactively adjusted.

Sales by Service

(Millions of yen)

	FY2020.3	FY2021.3	FY2022.3	FY2023.3	FY2024.3
Raku Raku Seisan	3,935	5,559	7,658	10,343	14,446
Raku Raku Meisai	552	1,177	2,260	3,735	6,840
Raku Raku Hambai	869	1,281	1,867	2,626	3,907
Email distribution services	1,573	1,963	2,367	2,672	3,035
Mail Dealer	1,732	1,979	2,178	2,430	2,841
Others	291	336	384	468	1,394
Total of Cloud Business	8,952	12,298	16,716	22,276	32,466

Cloud Business

Growth Strategy of Cloud Business

We offer multiple best-of-breed services that improve efficiency of specific operations, with the aim of taking the top share in each service area in the Cloud Business.

The biggest feature of our growth strategy is that we simultaneously roll out services that are in different growth phases. If a new service achieves its product market fit, we invest in SG&A to help it grow big. During the "high growth phase," the gross profit margin improves as sales increase and the service turns a profit. By investing the operating profit of services that have reached the "maturity phase" in new services, we generate profit and achieve sustainable growth for the business overall.

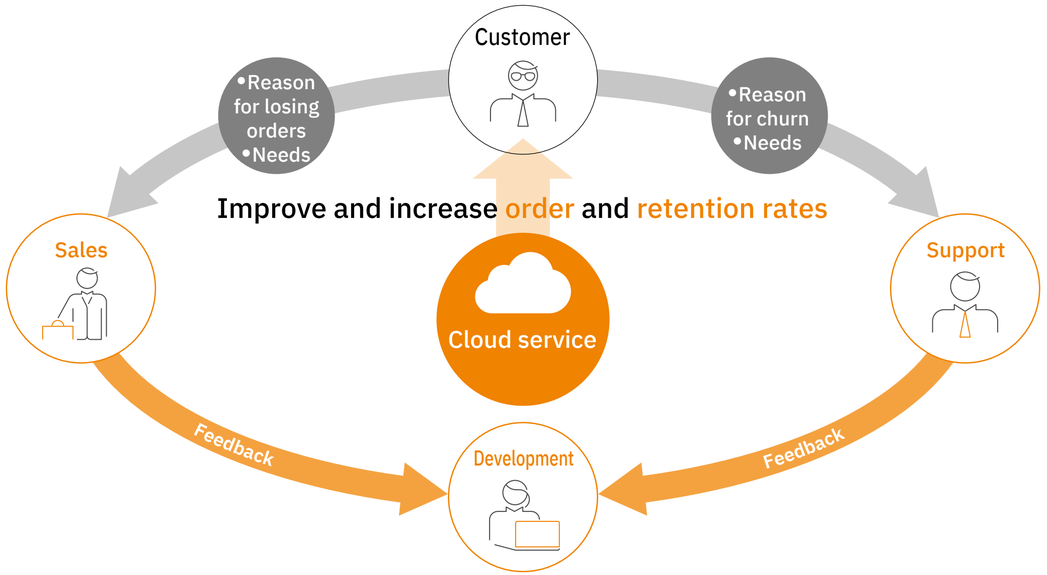
We will leverage the expertise we have gained from launching and growing a large number of cloud services over many years. Thus, we will strive to achieve sustainable business growth and expand our service lineup through M&As and others.

Unique features of RAKUS' Cloud Business

1. Offers subscription-based cloud services that contribute to improving operational efficiency
2. Best-of-breed focused
3. Aims for both profitability and high sales growth by managing a portfolio of multiple services
4. Strives for high sustainable sales growth by increasing the number of services

Growth Cycle of Cloud Business

Service Improvement Cycle



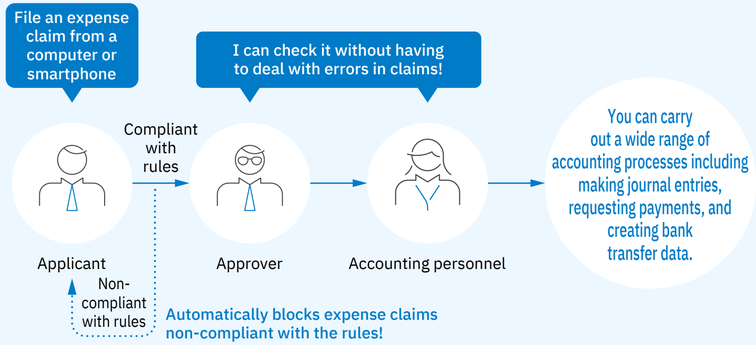
Cloud Business ▶ Main Services

楽楽精算

Raku Raku Seisan

We achieve the flow for claiming, approving and settling expenses on a web browser and reduce the paperwork and number of management hours. Operational efficiency is improved because errors in the claim details and non-compliance with the rules can be prevented by the system.

Dramatically reduces time and costs in settling expenses!

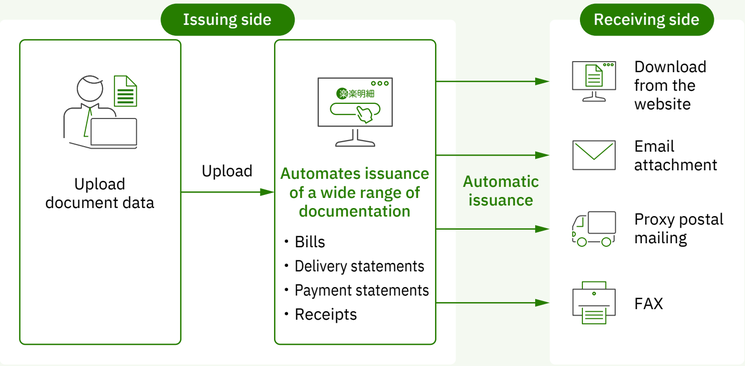


楽楽明細

Raku Raku Meisai

Documentation can be automatically issued according to requirements of the receiving side, just by entering document data such as bills and delivery statements. Data can be automatically issued through the system, eliminating mistakes due to manual work.

Eliminates the time-consuming work of printing, sealing, and sending bills

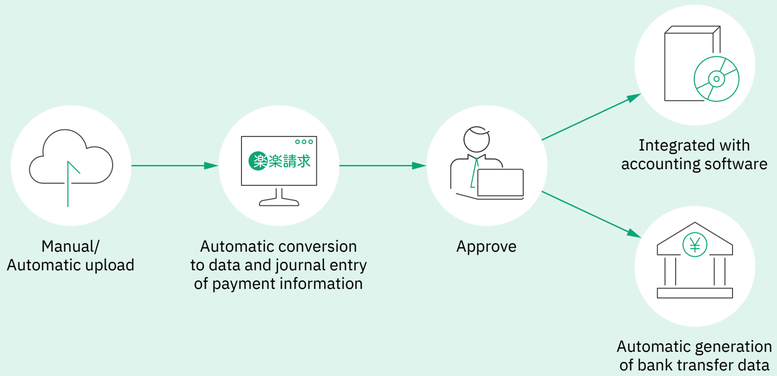


楽楽請求

Raku Raku Seikyu

Bills delivered through various issuing methods can be centrally managed. Hand input of journal entries and payments for each bill can be automated, thereby eliminating the trouble of manual input and worries about errors.

Easy, error-free handling of everything from bill receipt to journal entry and payment

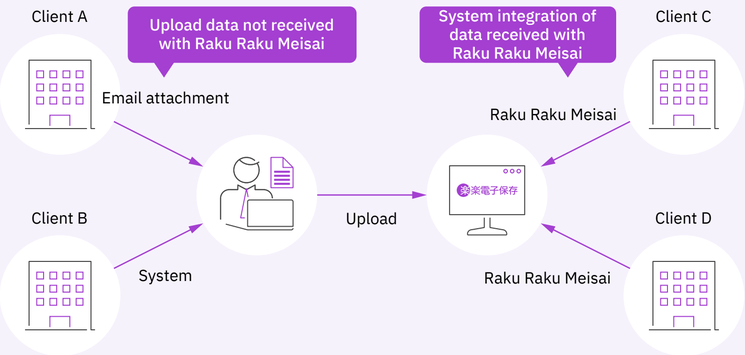


楽楽電子保存

Raku Raku Denshihozon

Enables electronic storage and central management of documents such as received electronic bills. Also supports requirements of the Act Concerning Preservation of Electronic Books (requirements relating to search, revision, deletion, etc.).

Central management of all documentation to support the Electronic Bookkeeping Low!



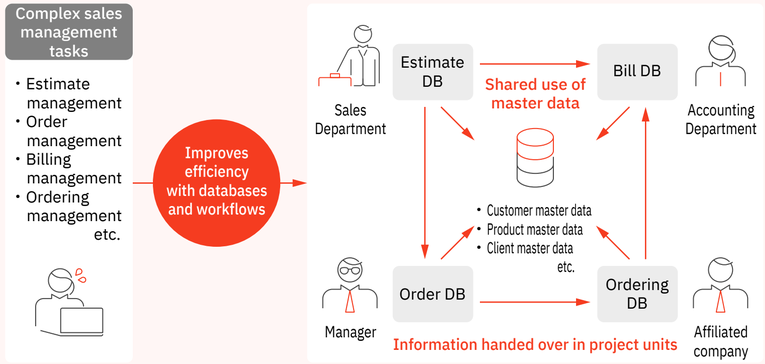
Cloud Business ▶ Main Services

楽楽販売

Raku Raku Hambai

We develop systems that combine the web database and workflows for all sales management operations.
We automate complex amount calculations and monthly data preparation work for sales management, and reduce errors.

Standardization and improved efficiency in sales management and all other management operations

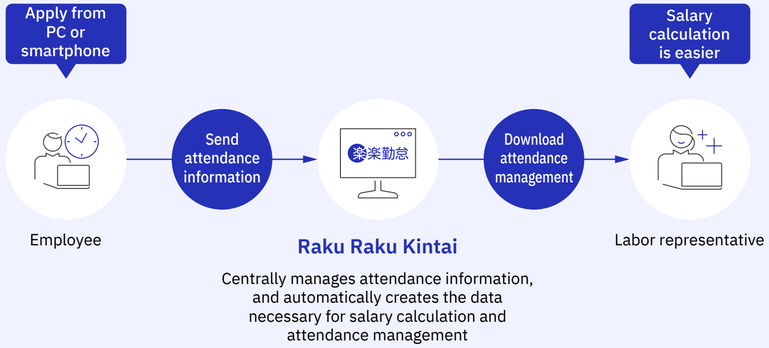


楽楽勤怠

Raku Raku Kintai

Provides central management of attendance information, such as time arriving/leaving, overtime, and taking of leave. Data necessary for salary calculation can be accessed quickly, and time required for tabulation work and checking is reduced.

Makes tedious attendance management easier



Mail Dealer

The inquiry situation is visualized for greater efficiency when multiple people respond to emails. The system prevents human error when responding to emails, such as not responding, duplicate responses, and sending errors.

Improves operational efficiency through central management of emails

Don't know which emails have been responded to and which have not...

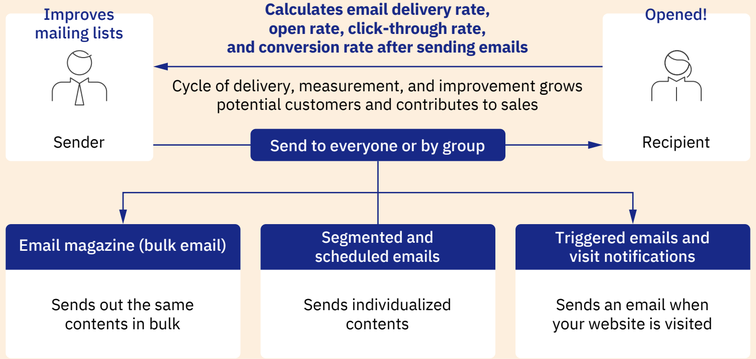
Provides at-a-glance response status of who has responded to which inquiry

配配メール

Hai Hai Mail

We achieve improved efficiency for attracting customers and sales promotions via email with simple operations and functions as well as generous support. Able to continuously improve email marketing by analyzing results and measuring effectiveness.

Tool for improving efficiency of email marketing



IT Outsourcing Business

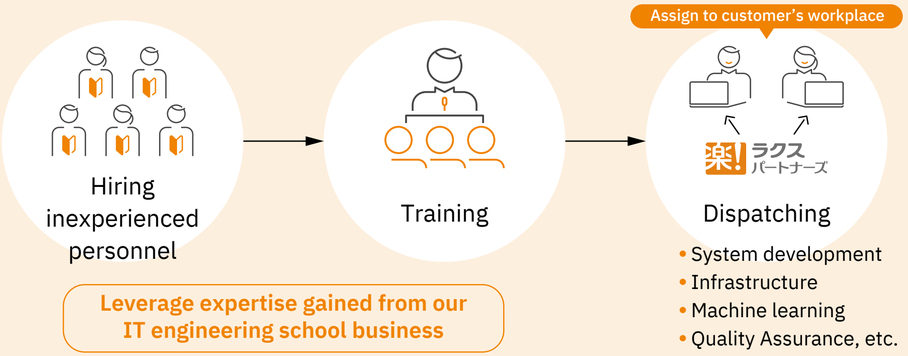
Business Model and Performance of IT Outsourcing Business

In our IT Outsourcing Business (RAKUS Partners), we find and recruit people without engineering experience who show potential to become engineers from applicants wishing to change careers. Leveraging the expertise in nurturing engineers gained from the IT engineering school we operated when founded, we train IT engineers specializing in each field such as system development, infrastructure, machine learning and quality assurance and dispatch them ready-to-work at corporate customers.

In addition, we also conduct career support for IT engineers. By supplying IT engineers in short -supply, we contribute to solving IT issues at companies.

Making it easy for everyone involved in IT

Unlike registration-type personnel dispatching, personnel hired as employees of RAKUS Group are dispatched.

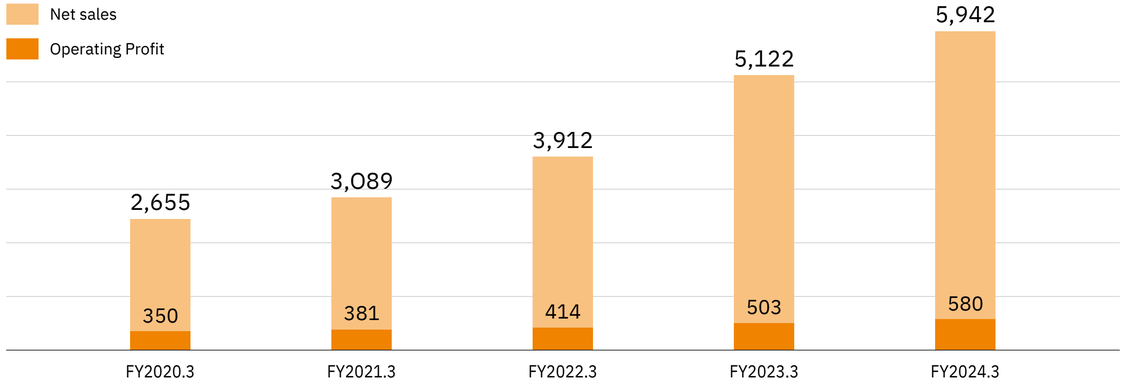


- System development
- Infrastructure
- Machine learning
- Quality Assurance, etc.

Learning Center

Sales and Operating Profit

(Millions of yen)



* Standards for allocating indirect expenses were reviewed from the year ended March 2024. As a result, figures prior to and including the year ended March 2023 were retroactively adjusted.

Features of RAKUS Partners' Engineer Dispatching Service

STRENGTH 1 — Careful hiring of excellent personnel

- Unlike registration-type personnel dispatching, personnel hired as employees of RAKUS Partners are dispatched.

STRENGTH 2 — Nurturing through a total of 480 hours of fully practical training

- We provide three months of specialized training in specialist fields such as system development, infrastructure, machine learning, and quality assurance.
- We introduce fully practical training on the skills required by customers

STRENGTH 3 — Dispatching personnel aligned with the customers' needs

- We select engineers with an understanding of the strengths of each employee
- We promptly dispatch the appropriate personnel even when the customer has a need for more people

Foundations Supporting Our Business

Human Capital 20

Technology 26

Environment 28

Human Rights 28

Human Capital

Human Resource Strategy

At RAKUS, our human resource strategy supports achievement of Medium-Term Management Targets, and we regard this as a key management strategy leading to attainment of our vision and mission.

Connections between management strategy and human resource strategy

Management Philosophy (Mission, Vision)

Mission
Constantly helping companies grow their business by providing IT services.

Vision
Become a Company Representing Japan

Medium-Term Management Targets

Five-year sales CAGR 31%–32%

Net sales	Net income	Net assets
59.3 billion yen or more	10 billion yen or more	20 billion yen or more

Human resource strategy

Making maximal use of human capital to achieve management targets and business targets ← Human Capital Management

Creating an environment where employees can continue to work and grow with confidence

At RAKUS, we have been strengthening investment in growth since the year ended March 2022, the first fiscal year for our Medium-Term Management Targets. Our aim is to "become a company representing Japan." Due to this investment, our business has grown rapidly, and expansion of our personnel has been tremendous. In the last three years, 1,331 new employees have joined our company. The market environment is also going through bewildering changes.
Our human resource strategy emphasizes providing each employee with an "environment where they can work with confidence and continue to grow."

Precisely because there is an environment where they can work with confidence and continue to grow, despite major changes in the surrounding environment, we believe our employees can focus on their regular work, extend their abilities, perform at their peak, and feel job satisfaction.

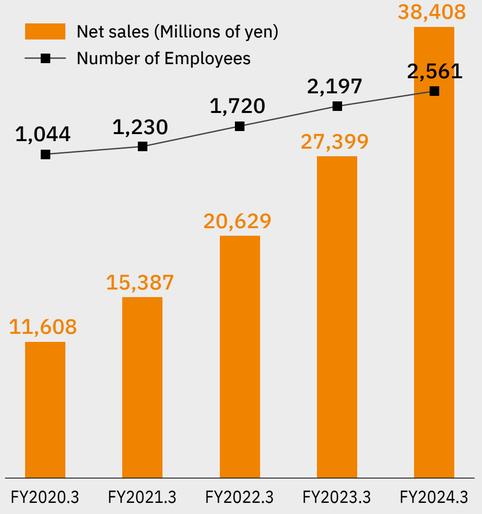
By providing an "environment where employees can work with confidence and continue to grow," we not only improve employee motivation and labor productivity; we can also advance our mission of "Constantly helping companies grow their business by providing IT services" and spark a virtuous cycle that helps us contribute to society. At RAKUS, this idea is the foundation of our efforts in recruitment, training, assignment, evaluation, workplace environment, and organization creation.

Key items for human resource strategy

Objective

An environment where employees can continue to work and grow with confidence

Human resource strategy is a driver of business growth



Human Capital

Six Basic Strategies

At RAKUS, we are working hard to strengthen our human capital through the following six basic strategies.

(1) Hiring human resources to be the next generation
(2) Development for producing continual results
(3) Assignment of human resources to put the right person in the right place
(4) Evaluation for producing continual results
(5) Creating an environment where employees can continue to work with confidence
(6) Organization development to accelerate business

(1) Hiring human resources to be the next generation

In order to grow our organization, RAKUS is bolstering its human resource hiring. From new graduates to managers, we hire diverse personnel for a variety of occupations.

We hired 450 people* in the year ended March 2024, and in the year ending March 2025 too, we plan to hire about the same number as in the previous fiscal year.

For managers, we are strengthening hiring of human resources who can promote business and lead organizations, and for members, we are hiring human resources who can aspire to be in managerial positions over the medium to long term.

We are working to develop a system that enables maximal personal growth and organizational performance by establishing hiring branding, actively hiring diverse human resources regardless of gender, age, or other characteristics, as well as providing opportunities and an environment for employee growth, and promoting self-driven growth of each individual employee.

* RAKUS non-consolidated

(2) Development for producing continual results

At RAKUS, we conduct evaluations along two axes: “competency evaluation” to evaluate behavioral characteristics for consistently exhibiting high performance, and “performance evaluation” to evaluate action aimed at achieving targets with independence.

Training to strengthen competency

We offer education and training programs aimed at strengthening competency—defined as “action for consistently achieving high performance.” This is based on the “goal oriented” and “steady persistence” approach that we adhere to as part of our Uniqueness.

By strengthening competency, we can build up performance that needs to be highly reproducible and consistent. For each class of employees (managers, leaders, members, etc.) competency is stipulated in terms of duties, roles (finance, customer, operational process, growth/development), and expected demonstrated behavior (abilities for thinking, acting, human relations, and driving organizations). We also provide training and other programs for each class to support competency growth of employees.

At business sites, we have training and onboarding programs suited to each occupation in each business department, and we are working to improve practical skills in conjunction with daily on the job training (OJT).

Stipulation of required level of competency for each class

Duties	
Role	Finance
	Customer
	Operational process
	Growth/development
Expected demonstrated behavior	Thinking ability
	Ability to act
	Human relations ability
	Organization drive ability

Training/onboarding program

	Strengthening competency	Understanding duties	By theme		
Leader class	NLP (Next Leader Program) Competency strengthening programs	Training at promotion	Onboarding program	Developing subordinates, guiding junior employees	Training within each business department
Members	Competency strengthening programs for each grade	Training at promotion for each grade			
New graduates	Training of new graduate employees (introductory training)		Training of new graduate employees (technical training)		

Investing human capital in next-generation leaders

For management candidates in the next fiscal year, we have a Next Leader Program (NLP) to educate candidates in stages from before their promotion, so that at the end of their first year after promotion they are at a level where they can fulfill their duties as a manager.

To ensure they master basic skills as managers, the program provides instruction over four months in the knowledge and skills needed for vision formation, tactical planning, goal attainment, and development of human resources.

Improving skills for practical thought and action requires a cycle of learning via education/training followed by practical implementation in the workplace, so during education a mentor (veteran manager) is appointed, and growth of the trainee is supported through mentoring (soundboarding, communicating perspective, giving advice).

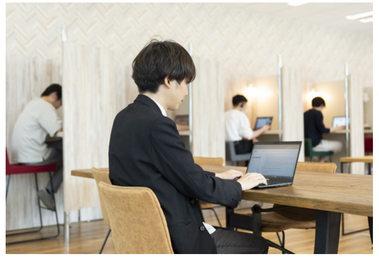
Human Capital

(3) Assignment of human resources to put the right person in the right place

When employees join the company, we determine their aptitude, and assign the appropriate human resources.

We periodically hold career interviews with all employees where superiors and members compare and reconcile their views on the career the member is aiming for in the future, and we implement job rotation taking into account both business growth and the career outlook of the invidual. We have an in-house recruitment system through which departments wanting to utilize human resources seek employees wishing to transfer in-house, and employees apply.

After assignment, we support employee growth and achievement of results through 1-on-1 support, target management interviews, and competency interviews. We also support career building by administering career questionnaires and having each employee state their career aspirations.



Takahiro Miyauchi
Director, Head of Business Administration Headquarters

VOICE Realizing the career visions of employees

RAKUS ranked sixth in the 2024 ranking of “Companies that are the Best Workplaces” (large company category) by the Great Place to Work® Institute Japan. This indicates a high evaluation of factors like work-life balance and ease of work.

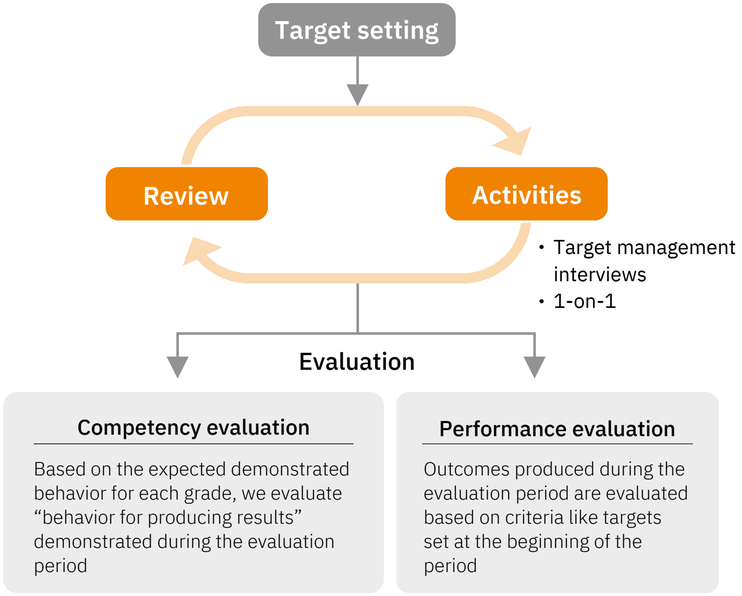
On the other hand, one issue raised was the somewhat low number of employees who responded they “want to continue working for a long time.” While there are many employees who have not been at the company long, we hope to provide opportunities for them to realize their career visions. We will do this by fostering a sense of medium/long-term career paths, while employees experience job satisfaction and growth, and by further bolstering programs tailored to employee careers such as in-house recruitment for career fulfillment, job rotation, and so on.

(4) Evaluation for producing continual results

As indicated above, at RAKUS we evaluate employees along two axes: “competency evaluation” to evaluate behavioral characteristics for consistently exhibiting high performance, and “performance evaluation” to evaluate action aimed at achieving targets with independence.

Using these two axes, we can mitigate large effects on evaluation due to changes in the external environment, etc., while at the same time evaluating processes and behaviors that lead not just to results but to continuous creation of good outcomes. This helps ensure an environment where employees can work with confidence. This is based on the ideas of “steady persistence” and “eliminating uncertainty” that are part of our Uniqueness.

After targets are set, about 90% of all employees participate in monthly “target management interviews,” where superiors and subordinates regularly check progress and issues relating to those targets. In this and other ways, we support the goal achievement and growth of employees through 1-on-1 consultation and other forms of assistance.



Human Capital

(5) Creating an environment where employees can continue to work with confidence

An environment where employees can continue working with confidence is needed if employees are to concentrate on their regular work, exhibit their abilities to the fullest, and carry out their duties with a sense of job satisfaction. RAKUS is committed to providing an environment where employees can continue working with confidence.
We ranked sixth in the 2024 ranking of “Companies that are the Best Workplaces” by the Great Place to Work® Institute Japan, and since the 2018 ranking, we have been selected as a “Best Company” for seven consecutive years. We were also selected in the women’s ranking of “Companies that are the Best Workplaces,” and ranked fourth in the large company category (1,000 employees or more).

Promotion of diverse work styles

Strategic office work

RAKUS has a policy called strategic office work. This is because we believe that absorption of company culture and personal growth can be accelerated through OJT based on close face-to-face communication, and work in an environment where it is easy to ask questions. In terms of results, this is thought to promote higher productivity.

To achieve high growth targets, we welcome many midcareer hires every month. For new employees, thorough education and onboarding are required, and day-to-day work issues must also be resolved at high speed. For that reason, we feel that timely, speedy communication within organizations and teams, while sharing time and place, is crucial. Many of our members have not been at the company for long, and to foster—within our organizations—the corporate DNA that has supported RAKUS’ growth thus far, we believe that face-to-face communication, whether formal or informal, is vital.

Wednesday work-from-home day

On Wednesdays, we have introduced an optional work-from-home system. We employ both office work with lively communication and work from home, where employees can work at their own pace in a quiet environment, to improve productivity through a varied range of work styles.

Monthly shift / Timely shift system

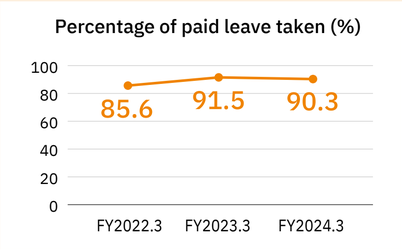
We have a system for staggered working hours that allows employees to select their time to start work in monthly units. The aim is to ensure flexibility in work styles. Starting times can be selected in 30 minute units from 8:00 a.m. to 10:00 a.m., and employees can choose a time to suit their lifestyle.

Sick leave

A system for taking leave for personal injury or illness of the individual or family members residing in the same household. Five days per year separate from annual paid leave.

Promoting taking of paid leave

We set company-wide targets for taking paid leave, and visualize the situation using a plan management table. The percentage of paid leave taken has exceeded 90% since the year ended March 2023.



Child-rearing support

We have multiple programs that allow child-rearing employees to work with confidence.

RAKU Smile System

The Raku Smile System is a selective-type work system for the child-rearing generation. The system offers flexible work styles for the child-rearing generation, and responds to their diverse needs, so employees can select their own work style by combining “work hours” and “evaluation style.”

Babysitter System

This system provides assistance with costs for one eligible child when an employee hires a babysitter. Children covered by the system include infants, toddlers, and elementary school children up to their third year, or up to their sixth year if they require other care for sound development.

Company-led childcare facilities

We have signed corporate contracts with company-led childcare facilities, and we provide support so employees can return to work early.

Provision of family allowance according to number of children

The allowance is provided according to the number of children classified as employee dependents, up to age 18.

Human Capital

(6) Organization development to accelerate business

A system to support employee activities is needed if employees are to concentrate on their regular work, exhibit their abilities to the fullest, and carry out their duties with a sense of satisfaction.
The approach of the organization to which each employee belongs is vital, and we believe that managers are the key element in organization development.
At RAKUS, we are working to improve the management skills of managers to build an organization that accelerates our business.

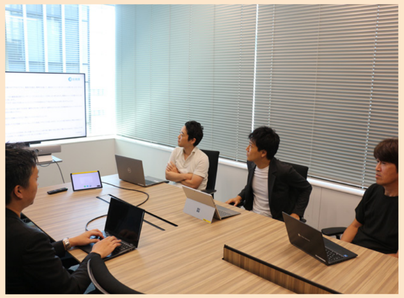
Manager onboarding

- **Manager onboarding support interviews**

We conduct interviews with management members twice in the first half-year after joining the company to enable them to experience RAKUS culture/management and quickly demonstrate their capabilities.

- **Training for newly appointed managers**

All managers are provided with opportunities to learn about the attitude required of a RAKUS manager, points to watch out for, and the human resources system.



Strengthening management capabilities

- **Providing various types of training**

We offer diverse types of training to improve the skills needed by managers. These include: evaluator training for learning the skills needed to properly conduct evaluations and develop human resources; training to improve the ability to drive an organization and develop competency, where trainees master knowledge and skills for motivating members; training to support career building, where trainees learn to think together with members about their careers; and training to strengthen decision-making ability, where trainees master the essentials of decision-making needed by managers.

	Strengthening competency	Understanding duties	By theme
Manager	Training to strengthen decision-making abilities	Training for newly appointed managers	Manager onboarding training
	Organization drive ability/ Training to improve the ability to develop competency		Workshop to promote understanding of RAKUS Leadership Principles
	Training to support for career building		Evaluator training

Monitoring, review

- **Survey of RAKUS Leadership Principles (RLP) practice**

We conduct regular reviews to ascertain if RLP, the RAKUS code of conduct for management and leaders, is adhered to in practice in everyday operations to encourage the fostering of the corporate culture.

- **Management review**

We visualize the state of management by managers and encourage initiatives to build better management and workplace environment.

- **Evaluation satisfaction questionnaire**

We administer a questionnaire to gauge satisfaction of evaluated employees with evaluations by managers.
Striving for appropriate communication between managers and members improves satisfaction, and also helps to prevent turnover.

Organization that accelerates business

Human Capital

Implementation of Engagement Surveys

To provide an environment where employees can continue to work with confidence, we conduct an engagement survey twice a year to gauge the views of employees regarding the company and organization, and identify and mitigate organizational issues and personal problems. Engagement surveys take measurements along two axes: long-term willingness to work and eNPS (whether the employee wants to recommend RAKUS to friends and acquaintances as a good workplace). The response rate to the engagement survey is a high 99%, and we take action on both the company-wide and individual level to address employee views.

As an example of this kind of "PDCA cycle for promoting human resource strategy," it was found, through a factor analysis of an engagement survey conducted in December 2023, that the degree of career fulfillment has a substantial effect on improving engagement, and we are steadily implementing career measures such as career interviews and training for managers to improve interview skills. Going forward, we will continue to examine systems for simultaneously realizing the desired direction for our company and the career fulfillment of employees, such as in-house recruitment and job rotation, and we will leverage these to achieve further improvement of corporate value.

Engagement survey steps

1. Job satisfaction survey
2. Identify issues
3. Determine approach for dealing with issues
4. Implementation of measures
5. Monitoring

Approach to improving engagement from both the micro and macro perspective

Strengthening engagement
[Long-term willingness to work + eNPS]

Items for improvement

Trust in the company	Sense of career fulfillment and growth
Communication with others	Environments that make work easier

Macro perspective
Provision of systems, programs

- Optimization of human resources system and policy
- Manager development
- Measures to promote lively communication

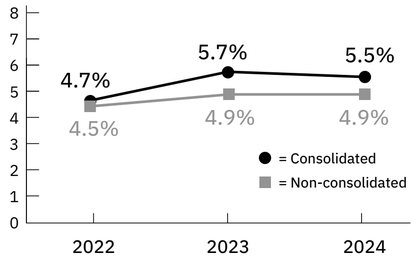
Micro perspective
Individual response

- Interview and individual response by managers or human resources

CHECK!!

Ratio of female managers

The ratio of female managers at RAKUS has been flat for the last three years. Potential ways to improve the ratio of female managers include hiring from the outside market, and development/promotion of human resources internally. We will continue our strong efforts in hiring. Regarding the development/promotion of human resources from inside the company, we have found that female employees tend to have lower aspirations toward management roles than male employees. Going forward, we will examine and promote measures to boost the management aspirations of female employees.



Technology

Development Strategy

The RAKUS development strategy is focused on "customer orientation." Since our initial founding, we have employed the best-of-breed strategy. We develop a deep understanding of our customers operations, ascertain which functions are truly necessary, and then conduct development on that basis. That process is firmly established as RAKUS culture. To commit ourselves to customer orientation and continue to be a company needed by society, it is essential to constantly improve our technical capabilities, and engage in development that is one step ahead of the pack. As the need for IT human resources rises all over the world, RAKUS is working to develop human resources in Japan and overseas, and we are building a global development system.

Development Headquarters indicators

RAKUS' Development Headquarters has its own Mission and Vision. These stipulate ideals for RAKUS engineers, and are indicators for engaging in development work.

MISSION

Creating SaaS that is incredibly easy to use, and leads customers to customer success

VISION

Becoming a team of SaaS development engineers representing Japan

- Recognized by engineers throughout Japan as leaders in SaaS development.
- Work with confidence and pride as the No. 1 group of engineers.

Customer orientation is the foundation of our development strategy

Since the year ended March 2022, when we commenced our current Medium-Term Management Targets, we have further strengthened hiring of human resources, regarding this as a period for strengthening investment in growth. Our development organization is expanding, in line with the rapid growth of our business. As the number of development staff increases, we are making efforts to ensure across-the-board commitment to "customer orientation," an objective emphasized by RAKUS' Development Division. This involves deepening understanding of customer operations in collaboration with other divisions, while building up a system to bolster information sharing.

Ensuring commitment to customer orientation means pursuing the value we provide, and offering products that customers consistently opt for. It also helps achieve our mission of "Constantly helping companies grow their business by providing IT services." This is based on the "goal oriented," "steady persistence," and "sincere reasonableness" approach that we adhere to as part of our Uniqueness.

Utilizing new technology and building an optimal development structure

RAKUS was founded in 2000, and we have provided IT services since then. We have achieved transformation while always staying abreast of new technology, although cloud development was not mainstream at the time of our founding. Neverthless, we still have some legacy systems. We will work on refactoring, while striking a balance with service development, in order to rid ourselves of these legacy systems.

We are also channeling effort into development of new features using LLMs (Large Language Models) and AI. First, we plan to establish a dedicated team for Raku Raku Seisan, which will examine features that can reduce the operation burden of customers, and then release those features as they are completed.

VOICE

Strengthening our global development structure

Masashi Kude
Corporate Officer
Head of Development Headquarters and
Head of Technology Headquarters

Due to increasing demand for IT human resources, it has become increasingly difficult to hire engineers in Japan in recent years. The decreasing birthrate, aging society, and hiring competition are intensifying, so hiring appropriate human resources is an important issue for companies.

To address this issue, RAKUS is working to strengthen its global development structure. By bolstering hiring and expanding our office in Vietnam, and bringing its technical level up to that of Japan by placing greater focus on education, we are aiming to be capable of completing product development at the Vietnam location alone.

We will also proceed with establishment of a third development location, flexibly allocate development resources to new regions, and put in place a structure enabling efficient, effective development. We will strive to provide high-quality software by ensuring customer orientation at all of RAKUS' development locations, and hiring appropriate human resources.

We are also setting up an environment to facilitate development by engineers, including extensive use of generative AI development tools like GitHub Copilot, and we are working to enable speedier delivery of added value to customers by improving DevEX (developer experience) and boosting productivity.

Going forward, we will continue pursuing various initiatives with the aim of ensuring our technical abilities are at the top level of the SaaS industry.

Technology

TOPICS

Insourcing of AI-OCR

Raku Raku Seisan uses optical character recognition/readers (OCR) to read and display characters when a receipt is photographed. This OCR was developed independently by RAKUS, and has been used in Raku Raku Seisan since July 2023. By insourcing OCR, we are expected to reduce costs by approximately 670 million yen over three years.

Adoption of GitHub Copilot

GitHub Copilot was adopted throughout our entire Development Headquarters in June 2023. It is used by many of our engineers, primarily back-end engineers, and a survey has found it has reduced operation by one hour per day per person. Simple, repetitive work is greatly reduced, allowing employees to focus efforts on more creative work.

Information Security

To maintain and improve the information security level of the entire RAKUS Group, we are developing and implementing the necessary rules and management structure in cooperation with business departments and management departments, and developing the optimal security structure for the RAKUS Group.

Maintenance and improvement of information asset management system

In order to maintain and improve our information asset management system, we have built and currently operate an information security management system (ISMS) and a personal information protection management system (PMS). We have acquired and continue to maintain each certification*.

By operating these management systems with a PDCA cycle, we maintain a structure for protecting the confidentiality, integrity, and availability of information, and for properly handling personal information.

* Regarding the registered scope of our ISMS certification, we have acquired certification for design, development, and operation of cloud services (RAKUS Headquarters, RAKUS Light Cloud). PrivacyMark certification has been acquired for RAKUS Headquarters, RAKUS Light Cloud, and RAKUS Partners.

CERTIFIED JQA MANAGEMENT SYSTEM ISO/IEC 27001
ISMS-AC ISMS ISR001
JQA-IM1748
クラウドサービスの設計、開発及び運用
東京本社・第１・第２オフィス、大阪本店

たいせつにします プライバシー
20000843(09)

Monitoring

We carry out security surveys of the SaaS products of the RAKUS Group, such as Raku Raku Seisan and Raku Raku Meisai. Adopting a third-person standpoint, we investigate the development and infrastructure divisions for each product based on interviews, report the results separately to the management team, and issue improvement instructions to workers in the field. In this way, we discover and handle various system risks.

Prevention of information leak incidents and reduction of information leak risks

As one part of improving information security literacy of employees, we carry out targeted attack drills on the RAKUS Group. If, in one of these drills, an employee mistakenly clicks on an attachment file of the training email, or on a URL in the email body, then they must undergo separate e-learning. This provides an opportunity to learn about the dangers of suspicious email.

In the year ended March 2024, we provided e-learning on the theme of email sending errors to all employees, and we are working to reduce risks by raising employee awareness of information security.

Environment

Environment Policy

The RAKUS Group has contributed to reducing environmental impact through the provision of IT services. The RAKUS Group established an environment policy in December 2022, which once again stipulated the approach to preservation of the environment through business activities. We deal appropriately with environmental issues based on this policy.

Environment Policy

The RAKUS Group contributes to solving global environmental issues such as by providing support to achieve paperless operations and promoting digitalization in society through business activities with the provision of IT services.

Details of initiatives

- **Preservation of the environment through the development and provision of services**

We provide support for mitigating the impact of climate change and realizing the construction of a low carbon society through the development and provision of services that contribute to solving customers' issues.

- **Promoting environmental education**

We aim to increase employee awareness of the environment and work on initiatives to conserve resources and energy.

- **Compliance with environmental laws and regulations**

We comply with all types of environmental laws and regulations and take appropriate action.

- **Information disclosure and dialogue**

We contribute to the realization of a sustainable society by disclosing information about our own environment-related initiatives and through dialogue with internal and external stakeholders.

Disclosure of environmental data

The RAKUS Group has a policy to appropriately disclose business activity-related environmental data that we can obtain ourselves. We strive for deeper understanding of our initiatives through constructive dialogue with stakeholders.

		Unit	FY2022.3	FY2023.3	FY2024.3
INPUT					
Electricity (total energy consumption)		GJ	4,213	5,662	6,535
Paper		kg	4,562	5,141	9,049
OUTPUT					
CO_2 emissions	Scope 2	t-CO_2	499	667	767
	Scope 3*	t-CO_2	429	705	872
	Scope 2+3	t-CO_2	928	1,372	1,640
CO_2 emissions per net sales		t-CO_2/ 100 million yen	6.03	5.01	4.27

* Only Categories 6 (Business travel) and 7 (Employee commuting)

Human Rights

Human Rights Policy

The RAKUS Group understands that its business activities could have a direct or indirect impacton human rights and has prescribed the "RAKUS Human Rights Policy" to ensure the respect ofthe human rights of all peoples involved in the business, and strives for initiatives that respecthuman rights. In addition, we adhere to the "United Nations Guiding Principles on Business and Human Rights" and respect international standards relating to human rights including the "International Bill of Human Rights" (International Declaration of Human Rights and International Covenants on Human Rights), and the "International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work."

This "RAKUS Human Rights Policy" applies to all employees and officers of the RAKUS Group. In addition, we also expect all business partners involved with the Company to understand and support this policy.

To ensure consistent respect for human rights in all aspects of our business activities, we engage in constant dialogue with relevant internal and external stakeholders to improve and enhance our initiatives.

Education on human rights

Internally, we periodically provide education and training. In the unlikely event of concerns about our business activities negatively impacting human rights, or potentially contributing to the infringement of human rights, we shall take appropriate remedial action, and work to correct the situation.

Governance

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Directors/Audit & Supervisory Board Members 31

Remuneration for Officers 32

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Organizational Structure and Governance Policy

Corporate Governance

In the RAKUS Group, we are working to strengthen corporate governance to respond to changes in the social and economic environment, and to maintain an organizational structure enabling accurate decision-making.

We believe that decision-making based on efficiency, impartiality, transparency, fairness, and speed will provide reasonable profits to shareholders, business partners, employees, and other stakeholders.

Overview of Corporate Governance System

RAKUS has determined that the optimal governance structure has two sides: auditing and oversight by Outside Directors, and auditing and oversight by the Audit & Supervisory Board Members, and the Audit & Supervisory Board. Therefore, we have opted to be a company with an Audit & Supervisory Board.

The Board of Directors is chaired by President and Representative Director Takanori Nakamura. It holds meetings at least once per month as a rule, where it formulates corporate management policies and plans, confirms the status of executive tasks, deliberates and decides legal matters and important corporate management-related matters, and monitors the performance of each Director's duties.

The Audit & Supervisory Board Members attend important meetings such as the Board of Directors meetings, and monitor decision-making processes and the performance of executive tasks from an independent standpoint.

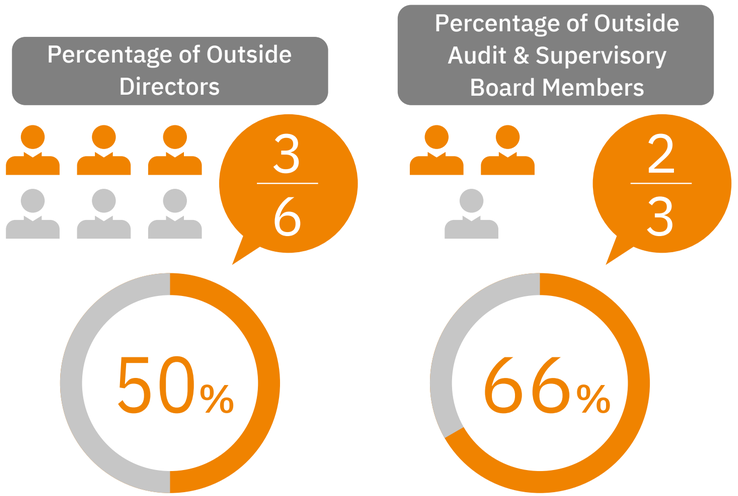
The Internal Audit Division conducts internal audits of our divisions and subsidiaries on matters such as legal compliance and operational efficiency, and offers concrete advice and suggestions on making improvements.

To ensure our corporate governance system is always optimal, we review it as needed in response to the organizational situation, and changes in the social and legal environment.

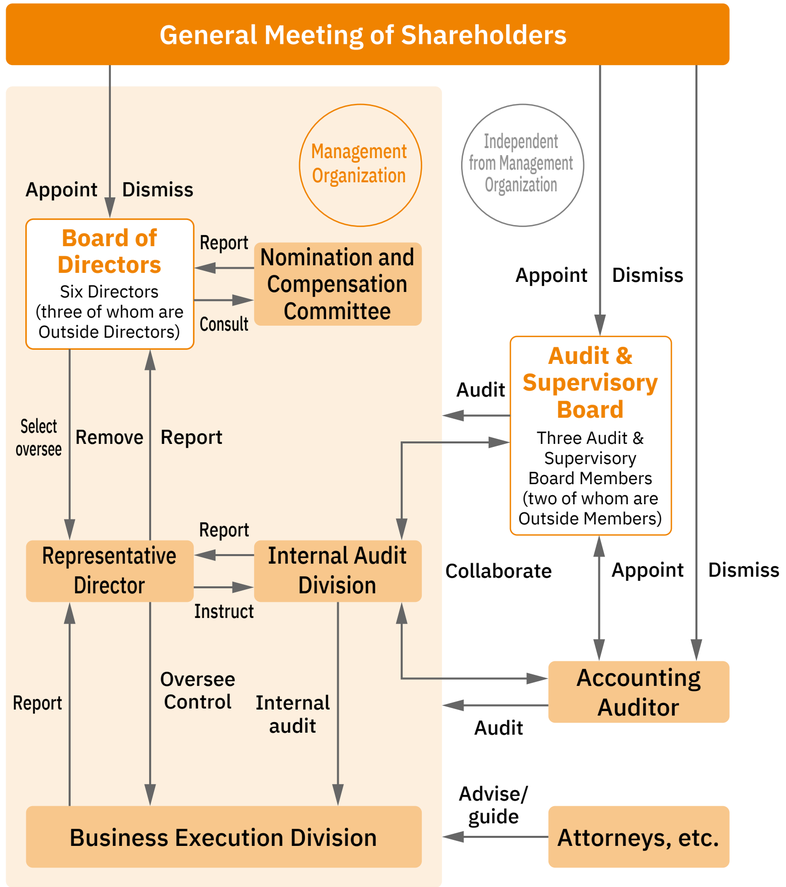
Nomination and Compensation Committee

We have established a Nomination and Compensation Committee for the purpose of strengthening fairness, transparency, and objectivity in procedures relating to nomination and compensation, etc. of Directors and Audit & Supervisory Board Members and further enhancing the corporate governance.

The Nomination and Compensation Committee is composed of three or more officers (Directors and Audit & Supervisory Board Members) appointed by the Board of Directors, with at least half of them being Independent Officers (Outside Directors and Audit & Supervisory Board Members notified to the Tokyo Stock Exchange). A Chairman shall be selected from among committee members who are Independent Outside Directors, by the resolution of the Board of Directors.



Corporate Governance Structure



Directors/Audit & Supervisory Board Members

Officers (As of June 21, 2024)

Directors

Takanori Nakamura
President and Representative Director

- Shares held: 61,435,800

November 2000: Established RAKUS;
President and Representative Director (current position)
[Important concurrent positions]
Chairman, RAKUS Vietnam Co., Ltd.
Director, RAKUS Light Cloud Co., Ltd.
Director, RAKUS Partners Co., Ltd.
Director, RAKUS Mirai Co., Ltd.

Shinichiro Motomatsu
Director

- Shares held: 8,814,300

April 2001: Joined RAKUS
April 2024: Director (current position)

Takahiro Miyauchi
Director
Head of Business Administration Headquarters

- Shares held: 52,700

March 2013: Joined RAKUS
June 2023: Director, Head of Business Administration Headquarters (current position)

Kenji Ogita
Outside Director

- Shares held: 64,000

February 2015: Outside Director, RAKUS (current position)
August 2020: Representative Partner, Antelope LLC (current position)

Yukihiko Kunimoto
Outside Director

- Shares held: -

January 2006: Independents Co., Ltd. (Currently Kips Co., Ltd.); Representative Director (current position)
June 2020: Outside Director, RAKUS (current position)

Reika Saito
Outside Director

- Shares held: -

June 2022: Outside Director, RAKUS (current position)
[Important concurrent positions]
Outside Audit & Supervisory Board Member, Grooves Inc.
Director, Forum on Future Vision
Outside Director, MAYA TECHNOLOGIES, Inc.

Audit & Supervisory Board Members

Toshihiro Nojima
Full-time Audit & Supervisory Board Member

- Shares held: 1,600,000

November 2000: Established RAKUS; Director
June 2011: Audit & Supervisory Board Member (current position)
[Important concurrent positions]
Auditor, RAKUS Vietnam Co., Ltd.
Audit & Supervisory Board Member, RAKUS Partners Co., Ltd.
Audit & Supervisory Board Member, mj Capital Inc.
Audit & Supervisory Board Member, RAKUS Mirai Co., Ltd.

Koji Matsuoka
Outside Audit & Supervisory Board Member

- Shares held: 509,000

November 2000: Audit & Supervisory Board Member, RAKUS (current position)
March 2005: Representative, Matsuoka CPA Office (current position)
[Important concurrent positions]
Outside Director, ROCKWAVE Co., Ltd.
Outside Audit & Supervisory Board Member, Asahi Life Science Co., Ltd.
Outside Audit & Supervisory Board Member, Aisawa Construction Ltd.
Outside Audit & Supervisory Board Member, Adachi Co., Ltd.
Outside Audit & Supervisory Board Member, Dream Factory Inc.
Outside Director and Audit & Supervisory Committee Member, HouseFreedom Co., Ltd.

Natsuro Abe
Outside Audit & Supervisory Board Member

- Shares held: 64,000

April 2009: Representative Director, Y's and partners Co., Ltd. (currently PLATFORM HOLDINGS Co., Ltd.) (current position)
June 2014: Audit & Supervisory Board Member, RAKUS (current position)
April 2024: Director, ANDB Co., Ltd. (current position)
April 2024: Director, RESpa Co., Ltd. (currently SOEL Co., Ltd.) (current position)

Directors/Audit & Supervisory Board Members

Officer Skill Matrix / Attendance at Meetings

The Board of Directors as a whole is comprised of officers with consideration given to the balance of their knowledge and experience in company management, business strategy, risk management, finance and accounting, personnel training and technology, needed to verify and prepare the mid- and long-term management strategy. **(As of June 21, 2024)**

		Corporate Management & Management Strategy	Business Strategy & Marketing	Legal & Risk Management	Finance & Accounting	Human Resources & Human Resource Development	Digital Transformation & Technology	Qualifications	Attendance at each committee meeting		
									Board of Directors	Audit & Supervisory Board	Nomination and Compensation Committee
Director	Takanori Nakamura	●	●	●		●	●		26/26 meetings		4/4 meetings
	Shinichiro Motomatsu	●	●			●	●		26/26 meetings		
	Takahiro Miyauchi	●		●	●	●			20/20 meetings*		4/4 meetings
Outside Director	Kenji Ogita	●	●						26/26 meetings		4/4 meetings
	Yukihiko Kunimoto	●	●						26/26 meetings		
	Reika Saito			●				Attorney at law	26/26 meetings		
Audit & Supervisory Board Member	Toshihiro Nojima			●	●				26/26 meetings	13/13 meetings	
Outside Audit & Supervisory Board Member	Koji Matsuoka	●			●			Certified Public Accountant, Certified Tax Accountant	26/26 meetings	13/13 meetings	
	Natsuro Abe	●	●						26/26 meetings	13/13 meetings	4/4 meetings

* For Takahiro Miyauchi, this indicates the number of times meetings have been held since the Annual General Meeting of Shareholders held on June 23, 2023 when he was appointed.

Remuneration for Officers

Remuneration Decision-making Process for Officers

RAKUS prioritizes aligning the interests of shareholders and investors and those of the top management. The current top management team, not including outside officers, hold a certain number of the Company shares. Thanks to the growth of our businesses, the continuous increase of dividend income and the improvement of corporate value have led to an increase in the value of shares held. This means that the responsibility and results of management are linked to assets held. At the same time, also from the perspective of protecting minority shareholders, we established the “Nomination and Compensation Committee” as an advisory panel to the Board of Directors, and the Company is ensuring greater fairness, transparency, and objectivity in the remuneration decision-making process. In addition, monetary remuneration of officers is set at within the scope of about 3.5 times the average annual wage of employees, which serves to boost motivation to improve corporate value while at the same time maintaining a level that does not produce too wide of a gap with employees.

— Adoption of share-based remuneration system with restrictions on transfer

The share-based remuneration system with restrictions on transfer was adopted to give our company’s directors, excluding outside directors, an incentive to improve our corporate value in a sustained way, and to promote greater alignment of values with shareholders. The intention is for directors to share the profits and risks of stock price fluctuation with all of our shareholders, and thereby raise their awareness of contributing to the improvement of medium- to long-term performance and corporate value, and ensure they work toward sustainable improvement.

Category	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			No. of eligible officers (Persons)
		Fixed Compensation	Performancelinked Compensation	Non-monetary remuneration, etc.	
Director (Excluding Outside Directors)	65	61	—	3	4
Audit & Supervisory Board Member (Excluding Outside Audit & Supervisory Board Members)	4	4	—	—	1
Outside Officers	9	9	—	—	5

The details of the total “non-monetary remuneration, etc.” by type of remuneration, etc. takes account of the provision ofcompany housing within a commutable distance to the office where work is executed, with the amount after deducting a levyfor use of the company housing based on the Company’s designated criteria from the rent for such company housing taken tobe the amount of non-monetary remuneration.

Compliance

Compliance Promotion Structure

The RAKUS Group recognizes that compliance by all employees and officers with laws and rules such as internal regulations, and social norms goes without saying, and that the thorough implementation of appropriate activities based on the high standards of ethics that society expects of us is the foundation of company management. To promote an understanding of the code of ethics and compliance regulations, etc. we regularly conduct education, training and enlightenment activities, and we have developed a system to enable constant self checks by creating a "compliance self-check sheet."

Our Internal Audit Division periodically conducts surveys and evaluations of internal controls for compliance—from the standpoint of effectiveness of design and appropriateness of use—and makes suggestions and proposals to improve operations based on the results.

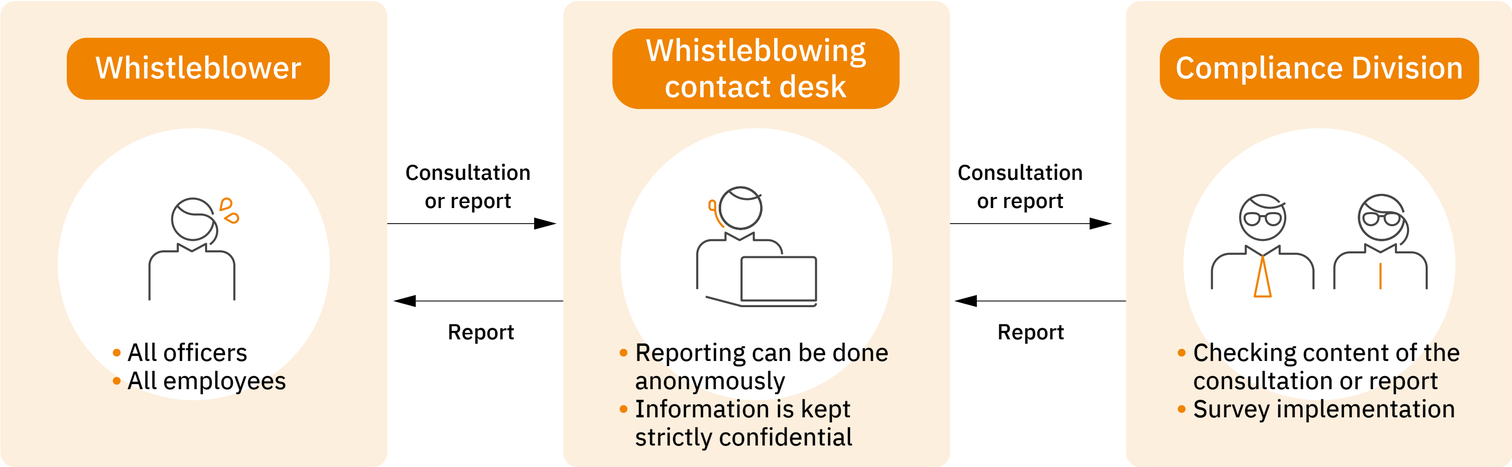
Whistleblowing System

We have established a whistleblowing system to enable consultation and reporting when organizational and individual breaches of laws, regulations or other rules are uncovered. A whistleblowing contact desk, established based on the whistleblowing system, receives consultations or reports of legal or regulatory violations, infringements of human rights including harassment, and any other matters that may be misconduct.

The whistleblowing contact desk can receive reports anonymously, provided there is no legal request. This is to ensure that whistleblowers are not subjected to retaliation. All received information is held in confidence.

While abiding by the obligation of confidentiality, the content of the consultation or report is checked in each case, and if a compliance violation is confirmed, appropriate corrective action is taken such as administering guidance or disciplinary punishment to the person involved.

There were 19 consultations/reports in the year ended March 2024, and corrective action was promptly taken.



Prevention of bribery and misconduct

To prevent the risk of bribery, misconduct, and similar issues, and develop a sustainable business environment, RAKUS has established "Basic Rules on Entertainment," and by ensuring widespread awareness of these rules, we are working to prevent bribery and other misconduct, and ensure fair trade practices. These rules prohibit conduct like dining with or presenting gifts to people such as public servants, or executives or staff who provide services of a highly public nature or which are strongly connected with public interests.

Elimination of dealings with anti-social forces

To eliminate all dealings with anti-social forces, RAKUS has adopted a basic policy of not allowing any relations with such forces. This is achieved by establishing a rule that "employees shall engage in no dealings with anti-social forces or groups" in the "Code of Ethics" that serves as a guideline all our executives and staff must abide by.

We periodically conduct screening of all business partners, new and existing. To deal with the unlikely situation where it is determined after commencing business with a partner that the partner is involved with anti-social forces, we take steps such as including provisions excluding organized crime syndicates in our transaction contracts and the terms of services for our cloud service products.

Data Section

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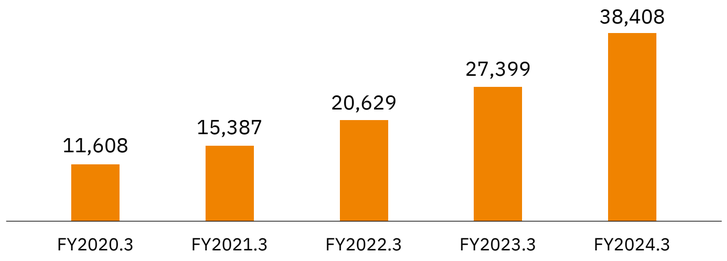
Financial Data

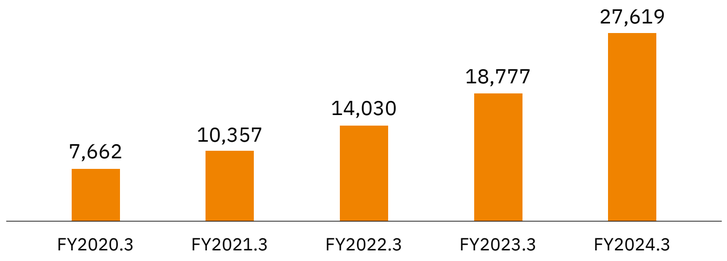
Net sales

(Millions of yen)



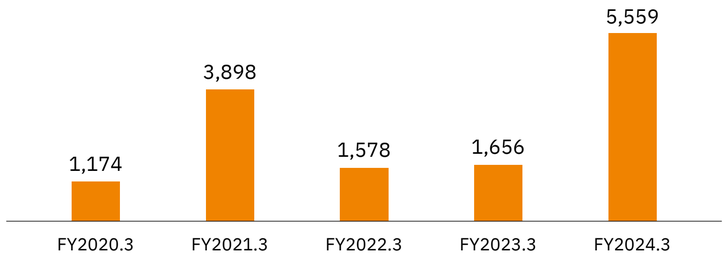
Gross profit

(Millions of yen)



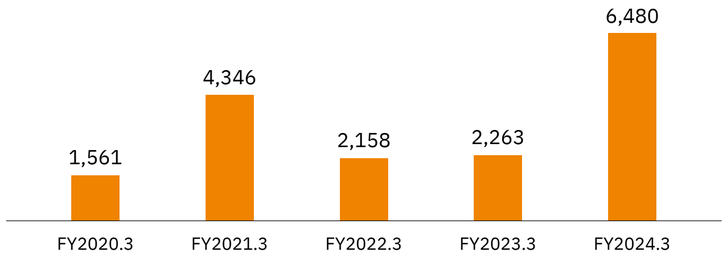
Operating profit

(Millions of yen)



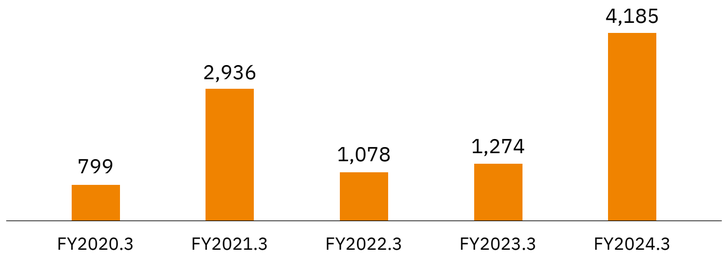
EBITDA

(Millions of yen)



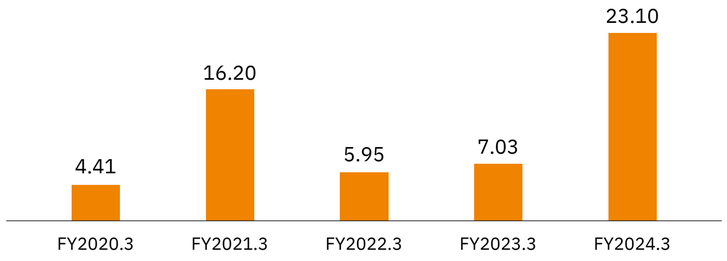
Profit attributable to owners of parent

(Millions of yen)



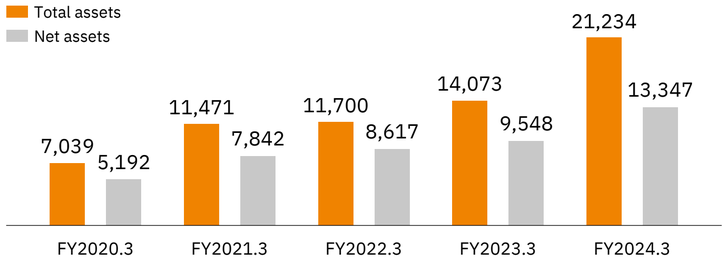
EPS (Earnings per share)

(Yen)



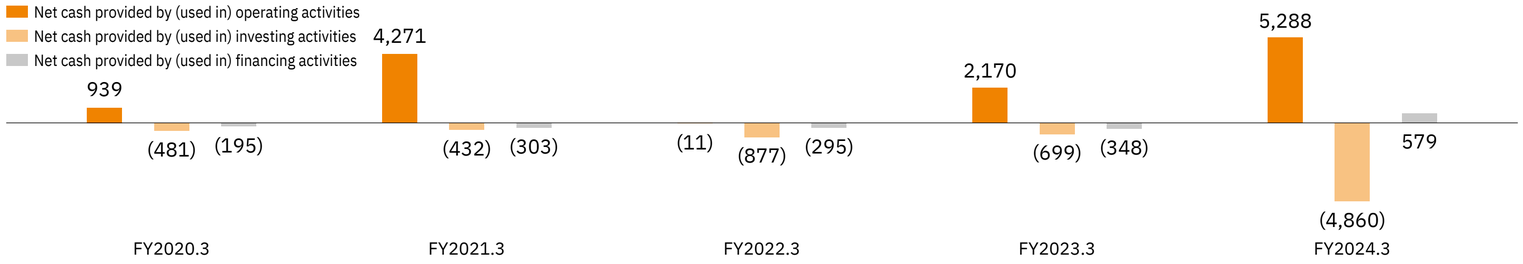
Total assets/Net assets

(Millions of yen)



Cash Flows

(Millions of yen)



Non-financial Data

HR-related data (Consolidated)

	Unit	Category	FY2022.3	FY2023.3	FY2024.3
Number of Employees	People	Overall	1,720	2,197	2,561
		Men	1,224	1,556	1,751
		Women	496	641	810
Ratio of female managers	%		4.7	5.7	5.5
Ratio of employees with disabilities	%		2.12	2.36	2.37
Average number of years of continuous service	Years	Overall	2.7	2.7	3.0
		Men	2.8	2.9	3.2
		Women	2.5	2.4	2.7
Average age	Age	Overall	30.9	30.9	33.7
		Men	31.6	31.5	34.2
		Women	29.3	29.5	32.6
Wage difference between men and women*	%		77.8	82.2	79.7
Turnover rate	%		10.0	13.1	13.4
Percentage of paid leave taken	%		85.6	91.5	90.3
Monthly average overtime working hours	hours		15.2	14.6	13.8
Ratio of childcare leave taken	%	Overall	42.7	56.6	69.2
		Men	30.9	43.7	59.0
		Women	100	100	100
Ratio of persons who return to work after taking childcare leave	%	Overall	100	100	98.1
		Men	100	100	100
		Women	100	100	83.3

* Ratio of female wages to male wages

HR-related data (Non-consolidated)

	Unit	Category	FY2022.3	FY2023.3	FY2024.3
Number of Employees	People	Overall	956	1,253	1,532
		Men	673	874	1,022
		Women	283	379	510
Ratio of female managers	%		4.5	4.9	4.9
Average number of years of continuous service	Years	Overall	2.7	2.7	2.8
		Men	2.8	2.8	2.9
		Women	2.5	2.4	2.4
Average age	Age	Overall	32.3	32.3	32.3
		Men	33.3	33.1	33.3
		Women	30.0	30.3	30.4
Turnover rate	%		9.6	13.0	11.6
Percentage of paid leave taken	%		87.6	93.1	90.0
Monthly average overtime working hours	hours		19.9	19.8	18.2

External assessment

Ranking of Companies that are the Best Workplaces by Great Place to Work® Institute.

"Best Company" Japan (large companies) 2024 (7th consecutive year)

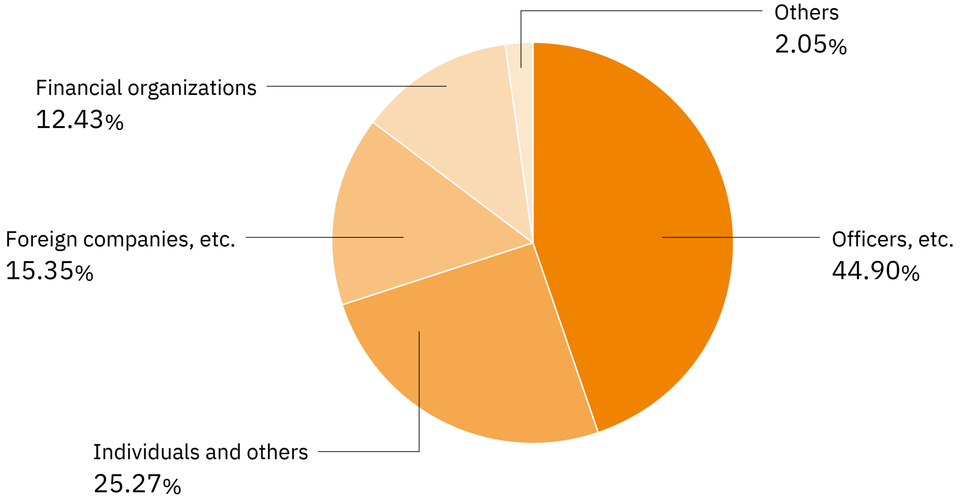
Selected for the first time in 2024 for the "Women's Ranking" category in Japan (large companies)

Selected for the first time in 2024 for the "Young Employees Ranking" category in Japan (large companies)

Capital Structure and Dividends

Capital Structure

(As of March 31, 2024)



Top Ten Major Shareholders

(As of March 31, 2024)

Shareholder Name	No. of Shares Held	Shareholding Ratio
Takanori Nakamura	61,435,800	33.90%
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,864,100	8.20%
Yoshifumi Matsushima	9,340,500	5.15%
Shinichiro Motomatsu	8,814,300	4.86%
Hideyuki Inoue	8,739,400	4.82%
Fumihiko Asano	7,600,000	4.19%
Custody Bank of Japan, Ltd. (Trust Account)	5,679,400	3.13%
Masashi Kude	2,230,200	1.23%
Noritsugu Ogawa	2,170,000	1.20%
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch, Hongkong and Shanghai Banking Corporation Limited)	2,150,088	1.19%

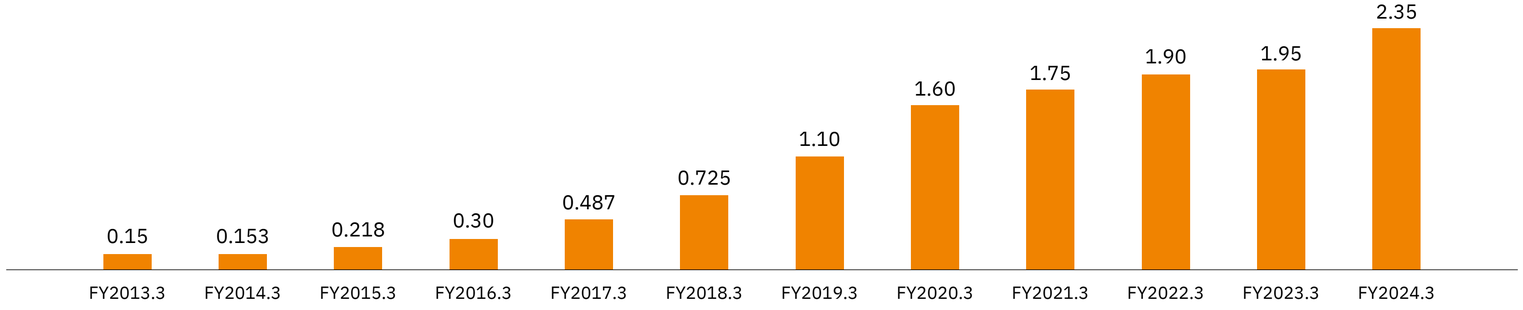
* Shareholding ratio is calculated after deducting treasury shares (1,966 shares).

Dividend

Dividend Policy

RAKUS recognizes that providing returns to shareholders is the most important issue for management and has established a basic policy of paying continuous and stable dividends while maintaining internal reserves required for conducting business and strengthening the management base in order to achieve profitable growth. We will implement dividends of surplus aiming to provide a consolidated dividend payout ratio exceeding 10% based on appropriate distribution of profit according to the expansion of performance. We also set the lower limit of annual dividends per share at the previous year's level in principle to continually increase dividends with consideration for continuity and stability of dividends.

Changes in Dividends (Yen)



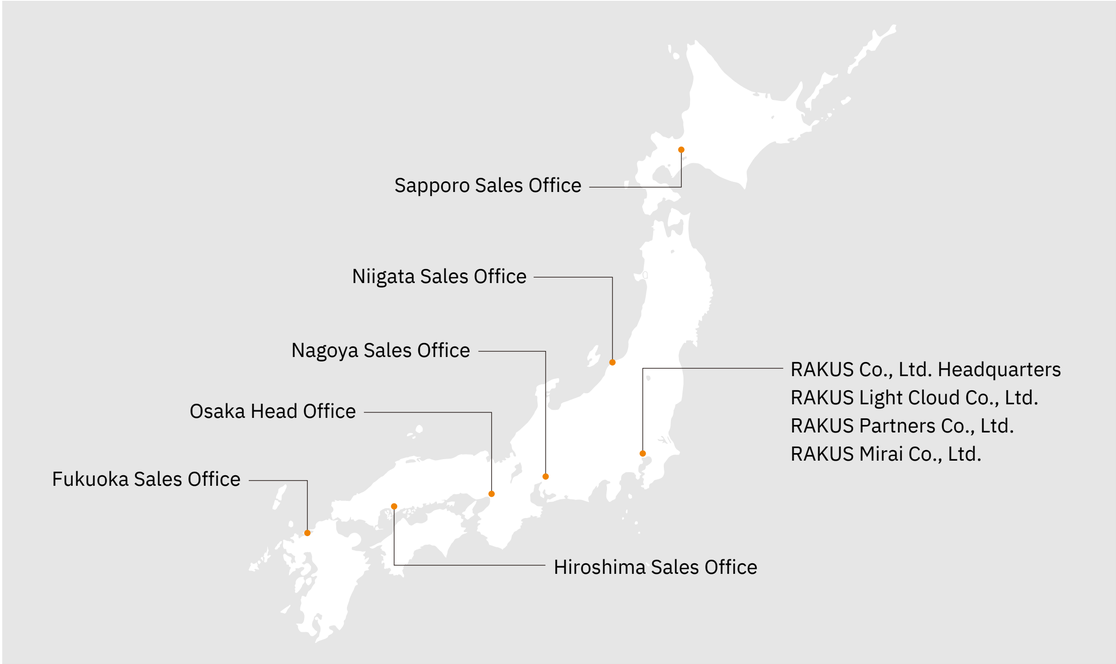
Note: Figures after retroactively adjusting to reflect stock split

Company Outline & Group Structure

Company Name	RAKUS Co., Ltd.
President and Representative Director	Takanori Nakamura
Foundation	November 1, 2000
Capital	378,378,000 yen
Fiscal Year	From April 1 of each year to March 31 of the following year
Number of Employees As of March 31, 2024	Consolidated: 2,561
	Non-consolidated: 1,532
Stock Listing	Tokyo Stock Exchange Prime Market
Securities Code	3923
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Auditing Firm	KPMG AZSA LLC

Group Companies	Business	Shareholding Ratio
RAKUS Light Cloud Co., Ltd.	Cloud-based software service provider	100%
RAKUS Partners Co., Ltd.	IT engineer dispatching	100%
	IT engineer career change support	
RAKUS Mirai Co., Ltd.	Production and sales of food products and operation of restaurants	100%
RAKUS Vietnam Co., Ltd.	Cloud service development	100%

Office Locations



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