

FY 4/2019 (ended April 2019)

4Q Financial Results



June 13, 2019
Raccoon Co., LTD
Code: 3031 TSE1

Disclaimer

All estimates and opinions in this document were based on information available to us at the time, and may include inaccuracies.

Actual decisions and financial results in the future may differ.

Summary of Financial Results for the Fourth Quarter of the Fiscal Year Ended April 2019 (1)



Net Sales: **2,980** million yen YoY: **17.1%** increase

EBITDA: **651** million yen YoY: **25.1%** increase

-
- Sales increased for all services
 - Achieved double-digit growth for the first time in 5 years
 - Achieved double-digit growth with a 10.9% year-on-year increase even when excluding sales for ALEMO
 - Acquired all shares of ALEMO, Inc. and made it a subsidiary in December 2018
 - Launched residential rent guarantee service
 - Incorporated 7-month business results (October 2018~)
 - Recorded brokerage fee* of 26,407 thousand yen and amortization of goodwill of 19,122 thousand yen
 - Made a transition to a holding company structure in 3Q
 - Recorded 21,888 thousand yen of expenses for reorganization as extraordinary losses

*Incurred only during the current period as temporary expenses

Summary of Financial Results for the Fourth Quarter of the Fiscal Year Ended April 2019 (2)



Operating income: 548,725 thousand yen

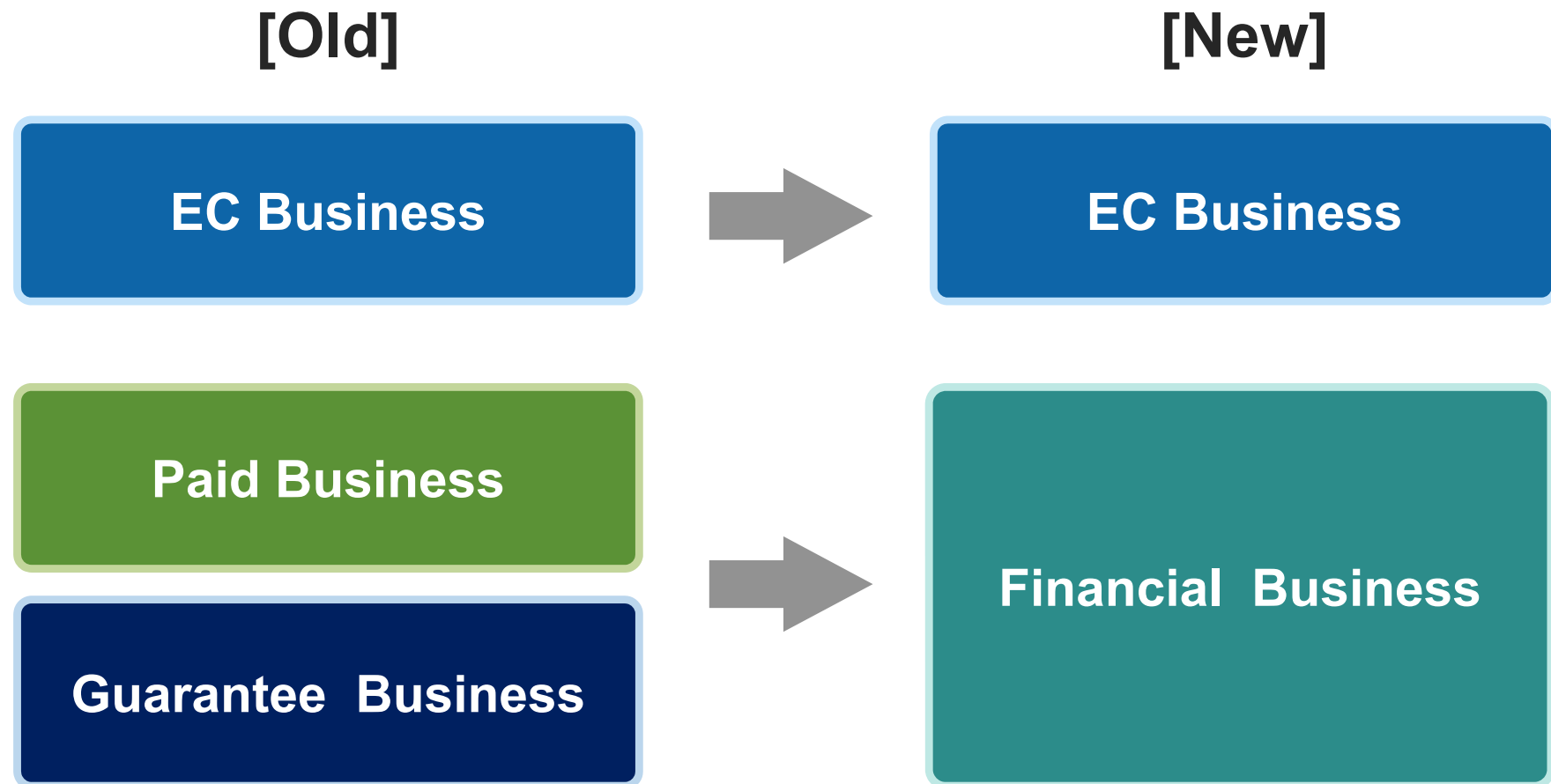
Ordinary income: 545,697 thousand yen

Net income: 379,545 thousand yen

• • • Other • • •

- Acquisition of headquarters building and borrowing of funds associated with the acquisition (purpose of cost reduction)
- Cancelled the liquidation of accounts receivable and alternatively borrowed money from banks (purpose of cost reduction)
- Impact of 10-day Golden Week holiday

Ahead of our transition to a holding company structure, we will make the following changes from FY 4/2019.



(Unit: Million Yen)

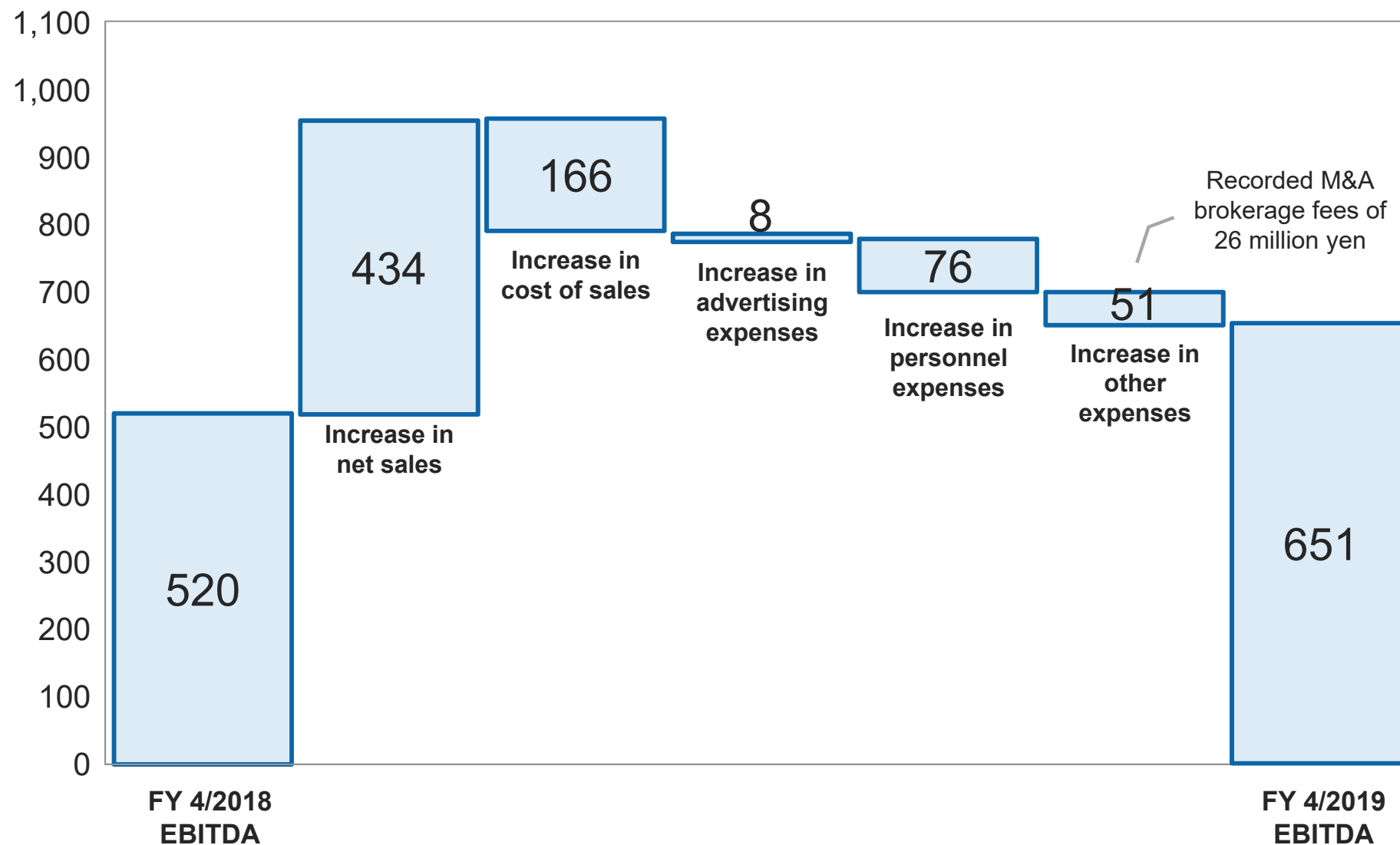
	FY 4/2019	FY 4/2018	YoY	Estimation (Revised on March 6, 2019)	Achievement rate
Net sales	2,980	2,546	+17.1%	2,980	100.0%
Gross profit	2,370	2,105	+12.6%	—	—
Selling, general and administrative expenses	1,821	1,667	+9.2%	—	—
— Advertising and sales promotion expenses	207	198	+4.3%	—	—
EBITDA	651	520	+25.1%	—	—
Operating income	548	437	+25.4%	545	100.7%
Operating margin	18.4%	17.2%	+1.2pt	18.3%	—
Ordinary income	545	431	+26.5%	540	101.1%
Net income attributable to owners of parent	379	282	+34.2%	333	114.0%

(Unit: Million Yen)

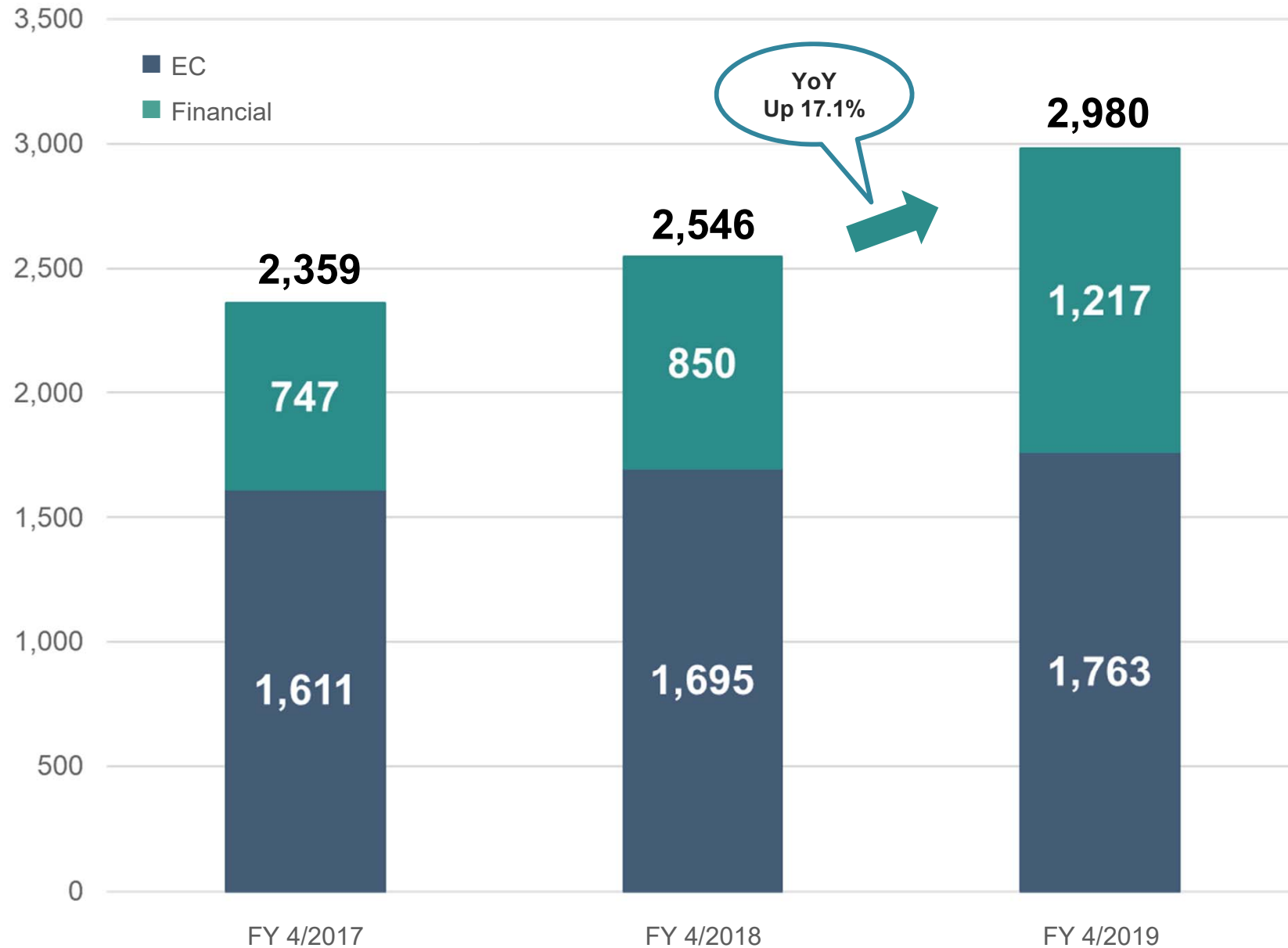
	FY 4/2018	FY 4/2019			
	4Q	1Q	2Q	3Q	4Q
Net sales	659	669	682	810	817
Gross profit	522	548	553	642	625
Selling, general and administrative expenses	418	414	415	519	470
— Advertising and sales promotion expenses	51	44	46	57	58
Operating income	103	133	137	123	154
Operating margin	15.7%	19.9%	20.2%	15.2%	18.9%
Ordinary income	101	133	133	121	156
Net income attributable to owners of parent	61	90	92	55	141

Factors behind Change in EBITDA (year-on-year comparison)

(Unit: Million Yen)

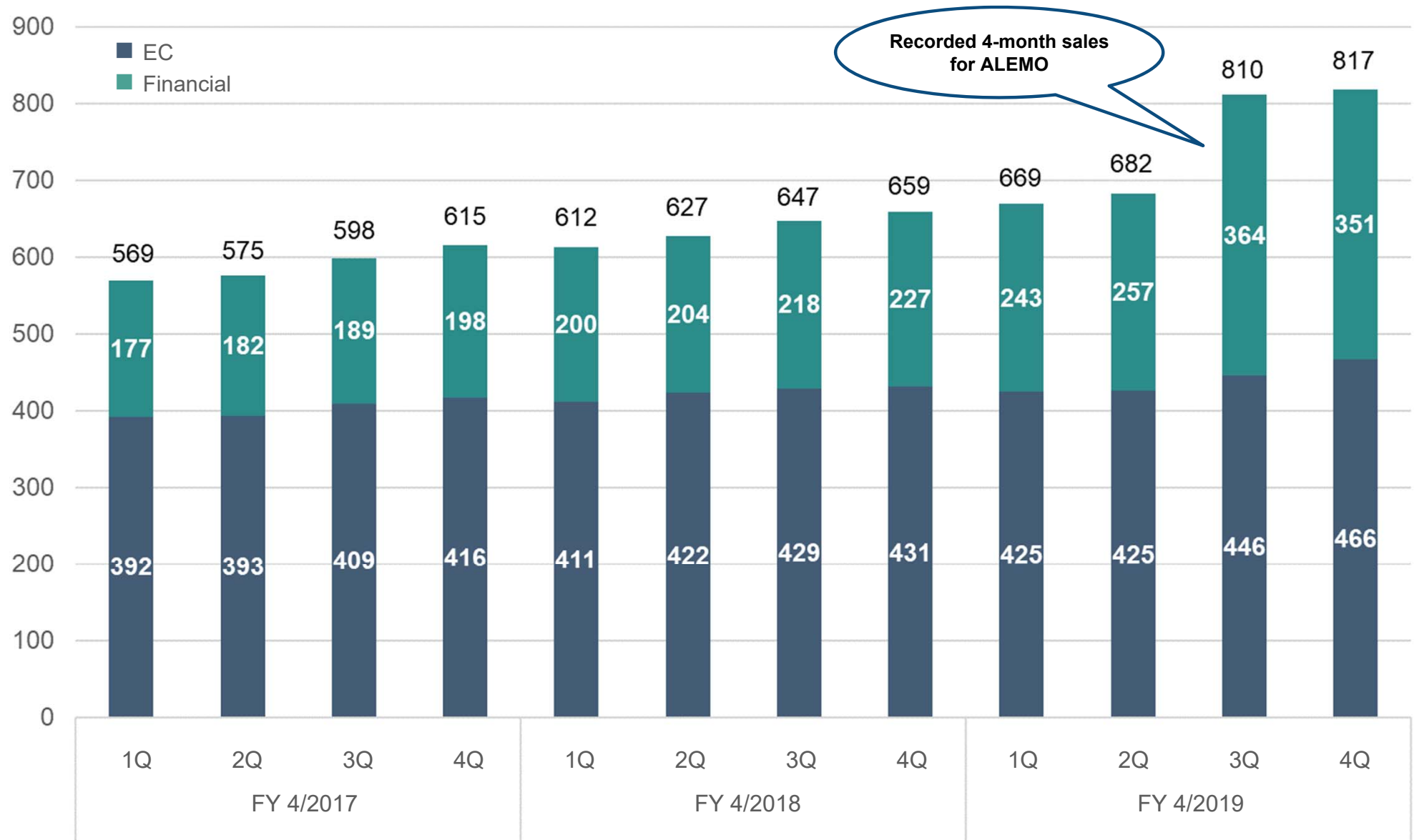


(Unit: Million Yen)



Trends in Consolidated Net Sales by Quarter

(Unit: Million Yen)



Trends in Consolidated Operating Income by Quarter

(Unit: Million Yen)



(Unit: Million Yen)

	FY 4/2019	FY 4/2018	Difference	Compared with the end of the previous quarter
Current Assets	6,493	5,580	912	116.3%
Non-current assets	2,354	475	1,878	494.9%
— Property, plant and equipment	1,485	20	1,464	7180.4%
— Intangible assets	522	210	312	248.1%
— Investments and other assets	346	244	102	141.9%
Current liabilities	4,729	3,885	844	121.7%
Non-current liabilities	1,420	37	1,382	3744.1%
Net assets	2,697	2,133	564	126.4%
Total assets	8,848	6,056	2,791	146.1%

(Unit: Million Yen)

	FY 4/2019	FY 4/2018	Difference
Cash flows from operating activities*	-569	374	-943
Cash flows from investment activities	-1,679	-97	-1,581
Cash flows from financing activities	2,416	-113	2,530
Increase/decrease in cash and cash equivalents	168	162	5
Period-end balance of cash and cash equivalents	2,323	2,155	168

*Negative factors of cash flows from operating activities

- Temporary impact due to cancellation of liquidation of accounts receivable:
Deposits decreased by 392,259 thousand yen and payables decreased by 141,000 thousand yen
- Temporary impact due to long Golden Week holiday:
Amount of increase in trade payables was excessively small at 778,424 thousand yen as a result of paying accounts payable-trade, which is usually paid in May, in April

Summary by Segment

EC Business

Segment Sales: **1,763** million yen YoY: **4.0%** increase

Segment Profit: **714** million yen YoY: **10.8%** increase

-
- SEO measures and strengthening of advertisement on SNS led to
 - Increase in acquisition of member retailers with high motivation to purchase products
 - Increase in number of new purchasers and repeat purchasers due to the distribution of coupons
 - Increase in number of purchasers
 - Transaction value of retailers also turned to positive growth in 4Q

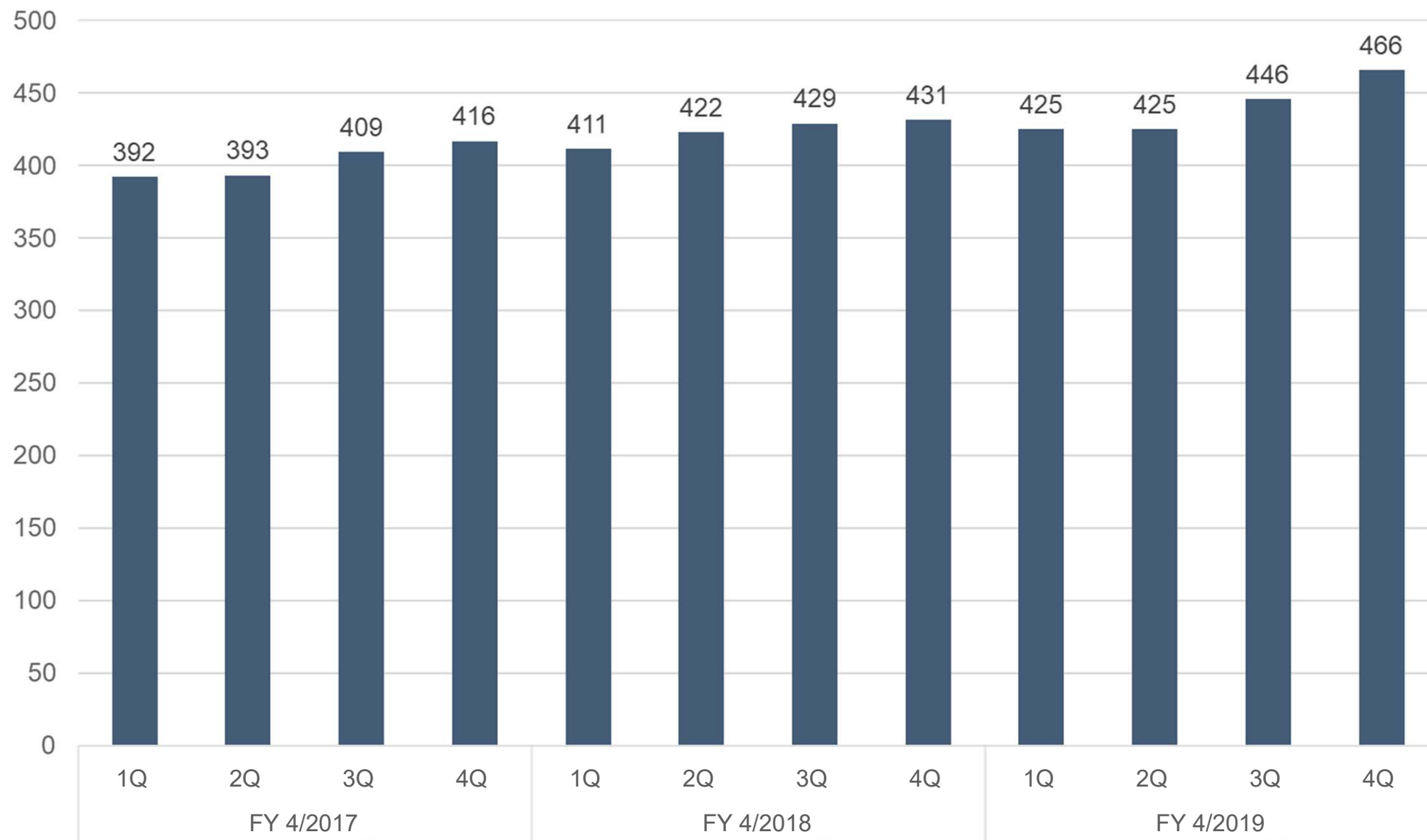
Domestic transaction value → YoY 1.1% increase

Overseas transaction value → YoY 44.4% increase

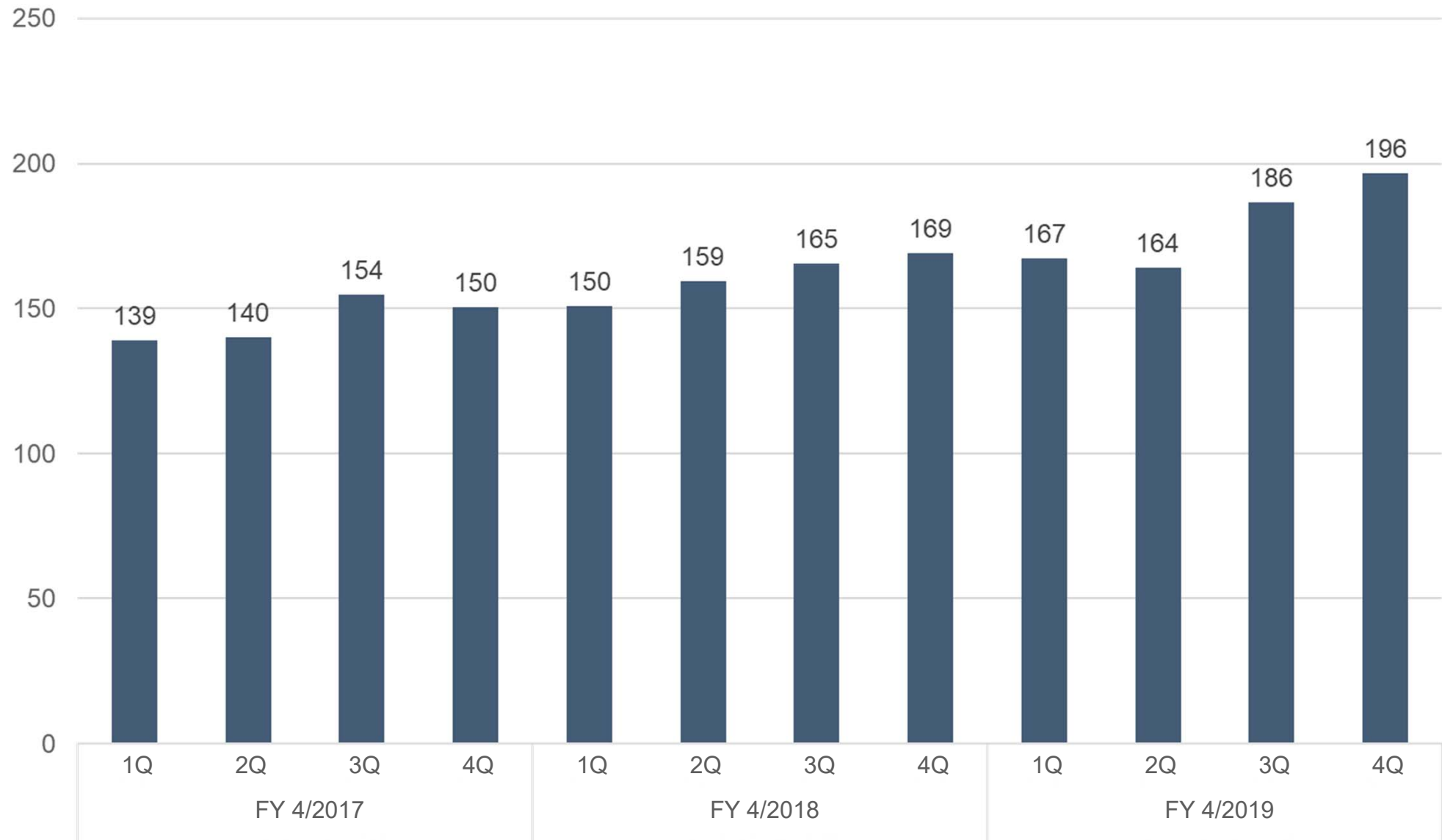


Total transaction value: 11,244,752 thousand yen (YoY 6.2% increase)

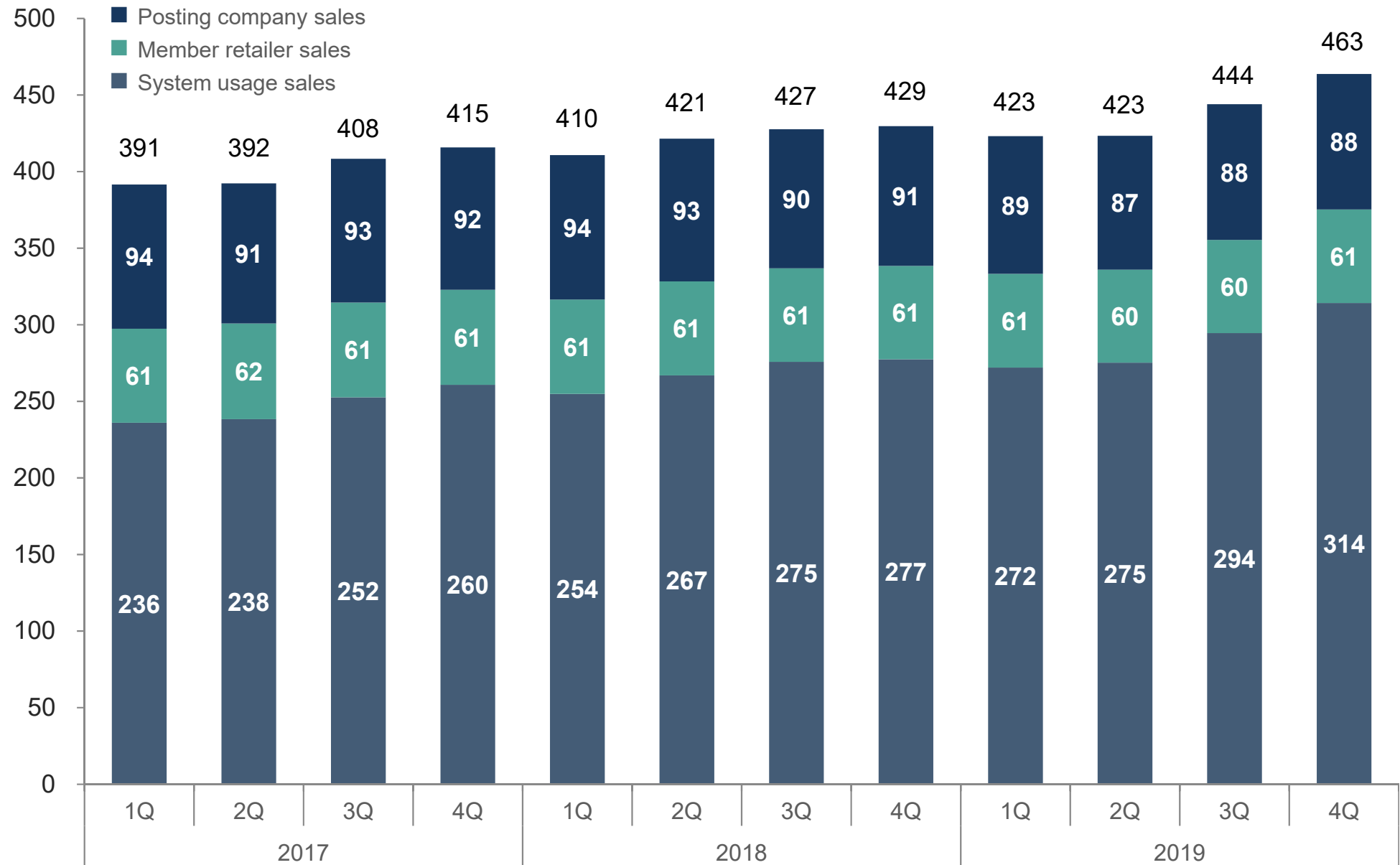
(Unit: Million Yen)



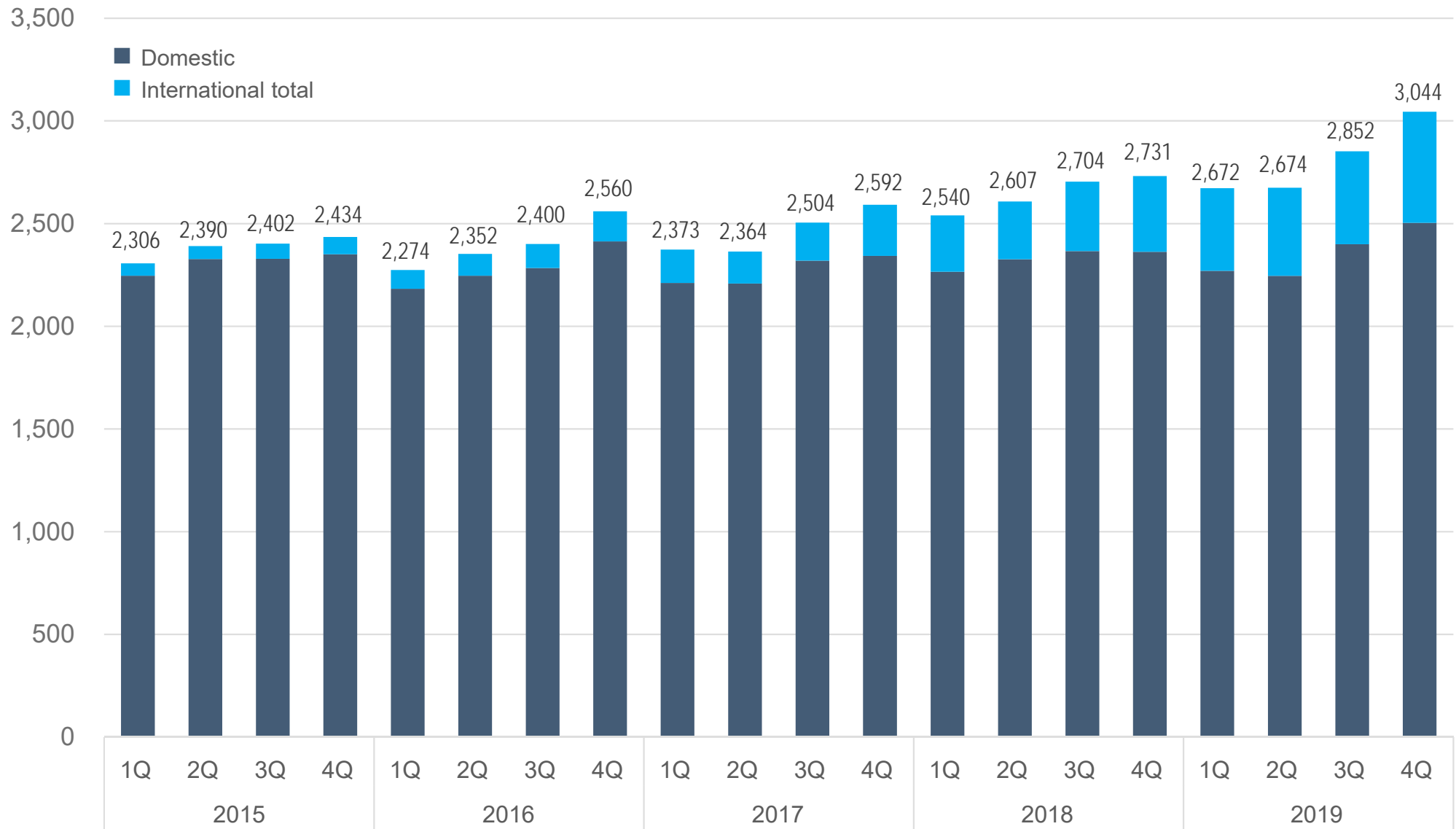
(Unit: Million Yen)

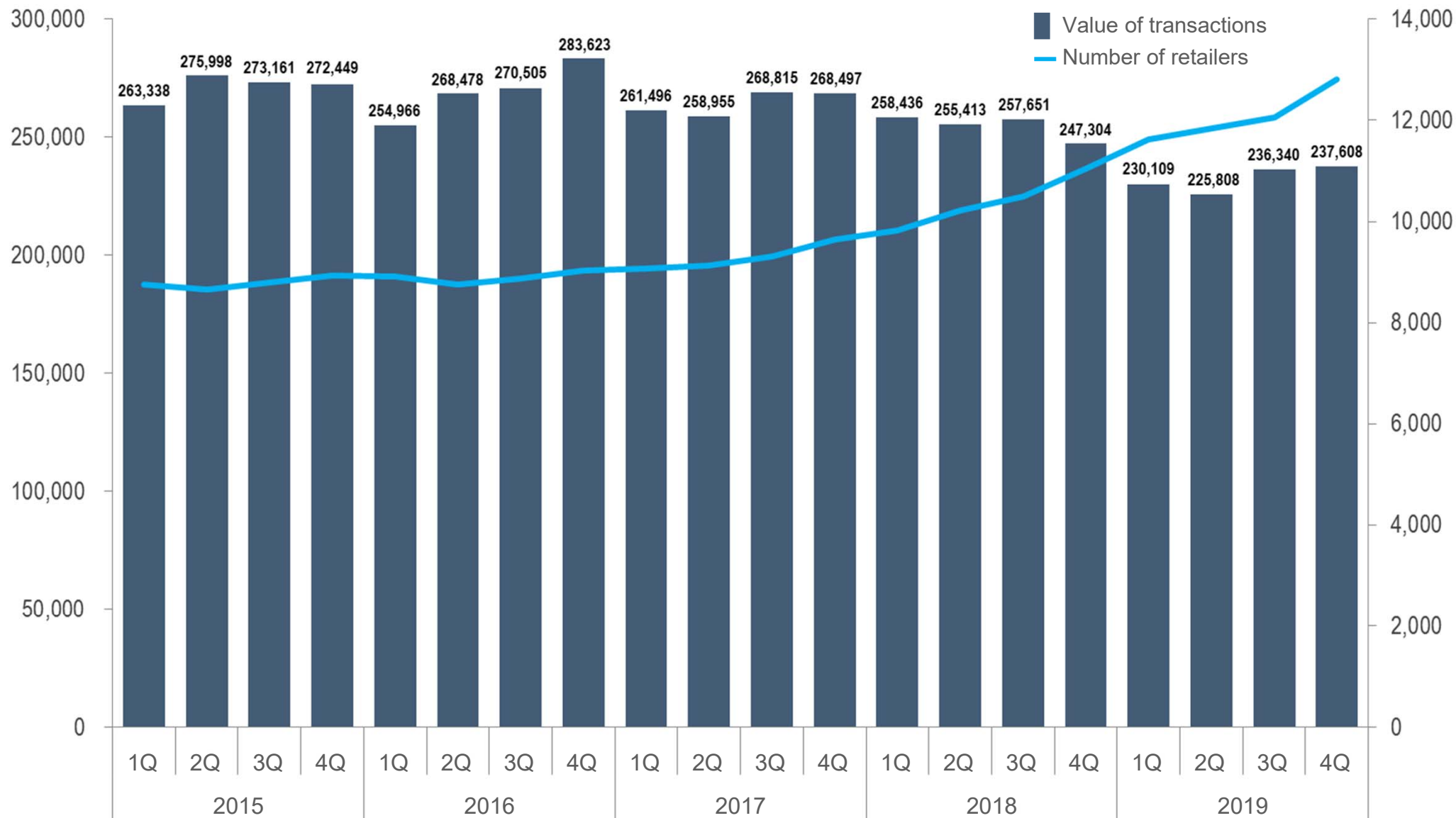


(Unit: Million Yen)



(Unit: Million Yen)



Value of transactions
(Unit: Yen)No. of buying customers
(Unit: Store)

Financial Business

Segment Sales: **1,392** million yen YoY: **35.1%** increase

Segment Profit: **142** million yen YoY: **87.3%** increase

- Sales increase for all existing services



YoY 15.4% increase

Turned positive from a 1.2% decrease compared with the same period two years ago with the effect of the provision of product plan in line with the clients' needs



YoY 135.9% increase

Renewed fee plan in September 2018

Number of new applications increased steadily



YoY 16.1% increase

Own brand launched in June 2018 grew steadily



YoY 31.4% increase (excluding internal sales)

Increase in the number of operating companies
+ increase in transaction value of member companies

External transactions:

16,323,745 thousand yen (YoY 34.3% increase)

- Acquired all shares of ALEMO, Inc. and made it a subsidiary

→ Launched residential rent guarantee service

→ Contributed to increase in income and profit of financial business

→ Impact of expenses:

Recorded brokerage fee of 26,407 thousand yen and amortization of goodwill of 19,122 thousand

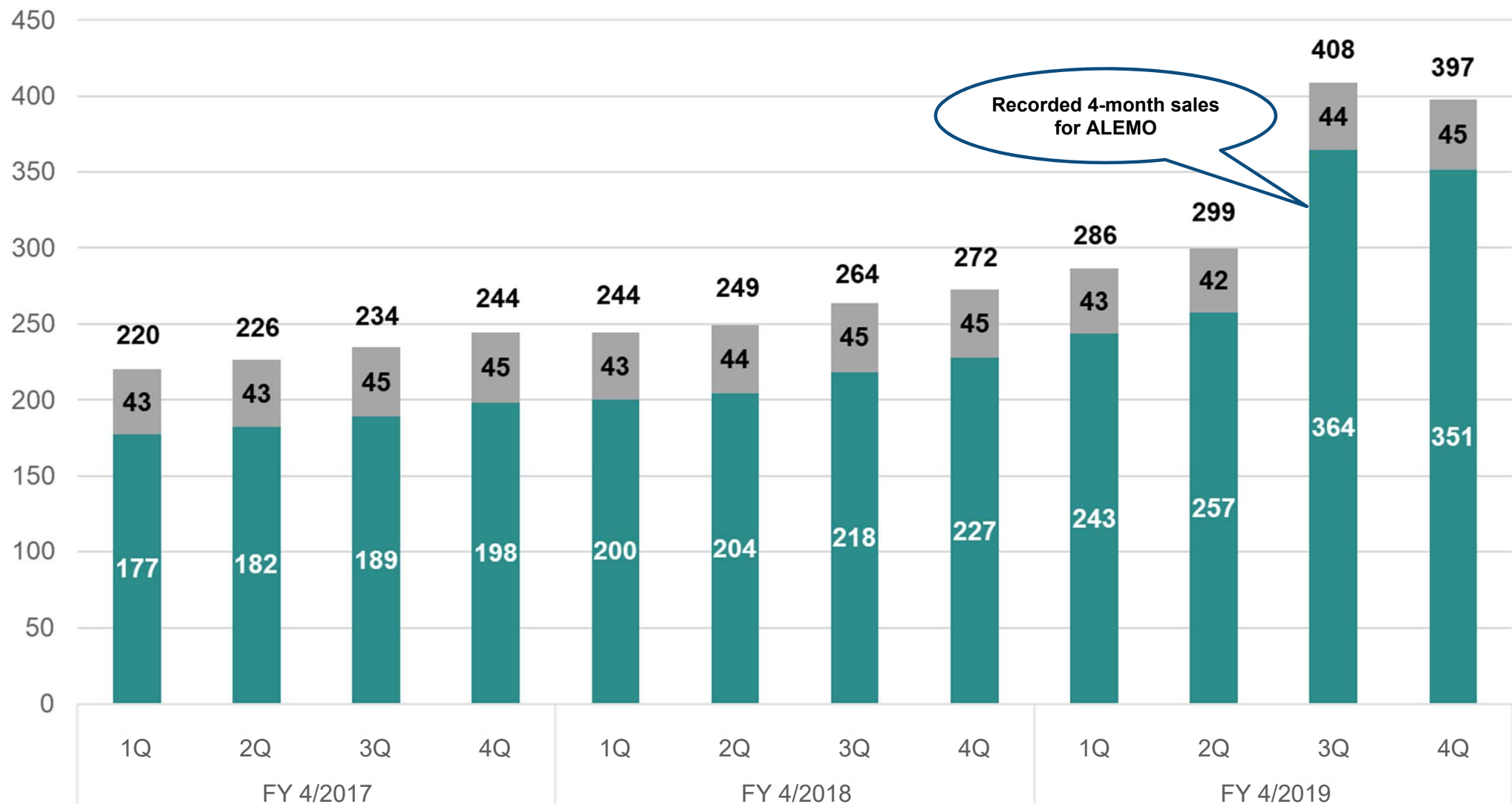
Segment profit excluding brokerage fees:

169,241 thousand yen (YoY: 121.9% increase)

Guarantee balance: 21,492,574 thousand yen (excluding the amount for ALEMO)

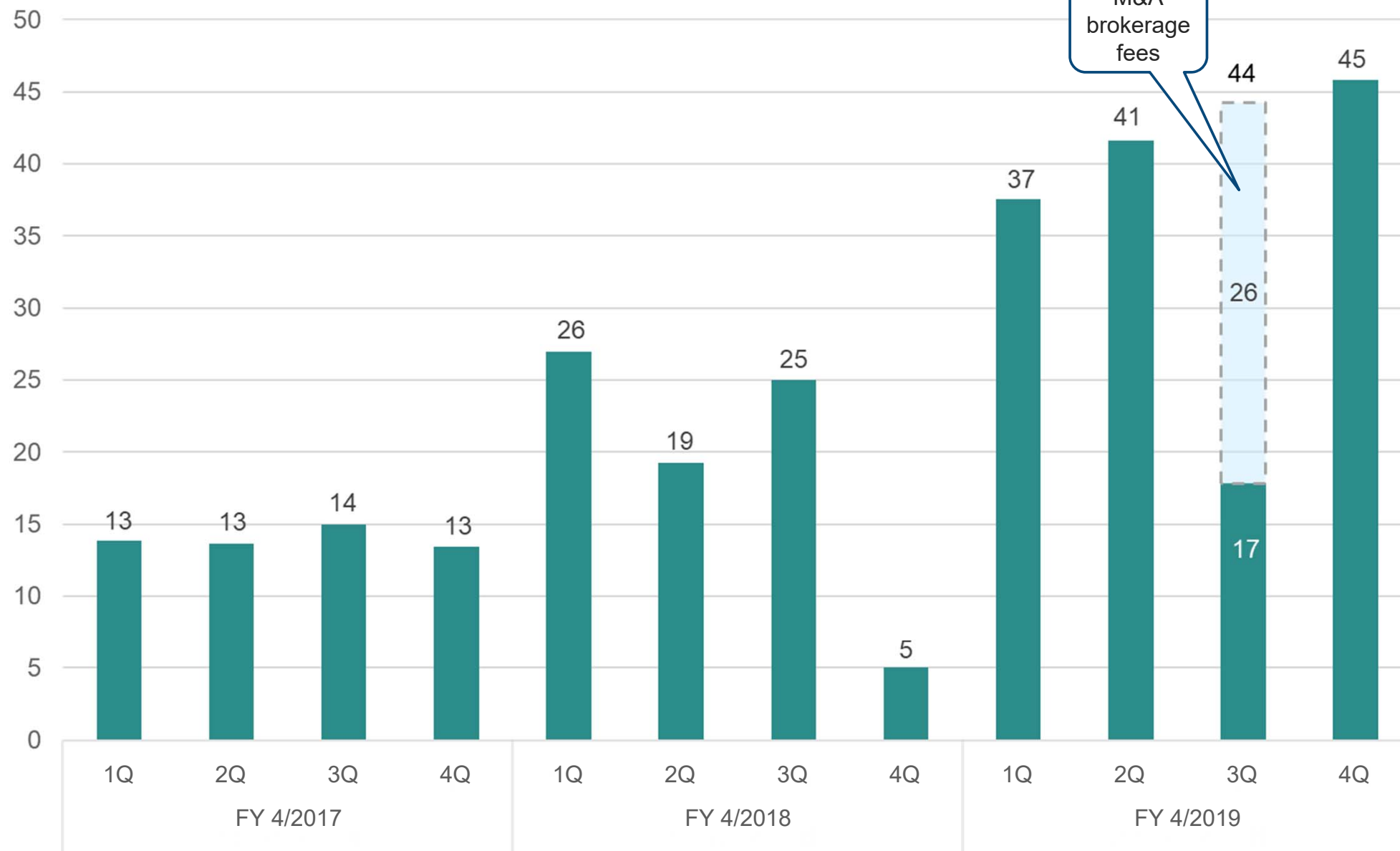
External sales: 1,217,342 thousand yen (YoY 43.1% increase)

(Unit: Million Yen)

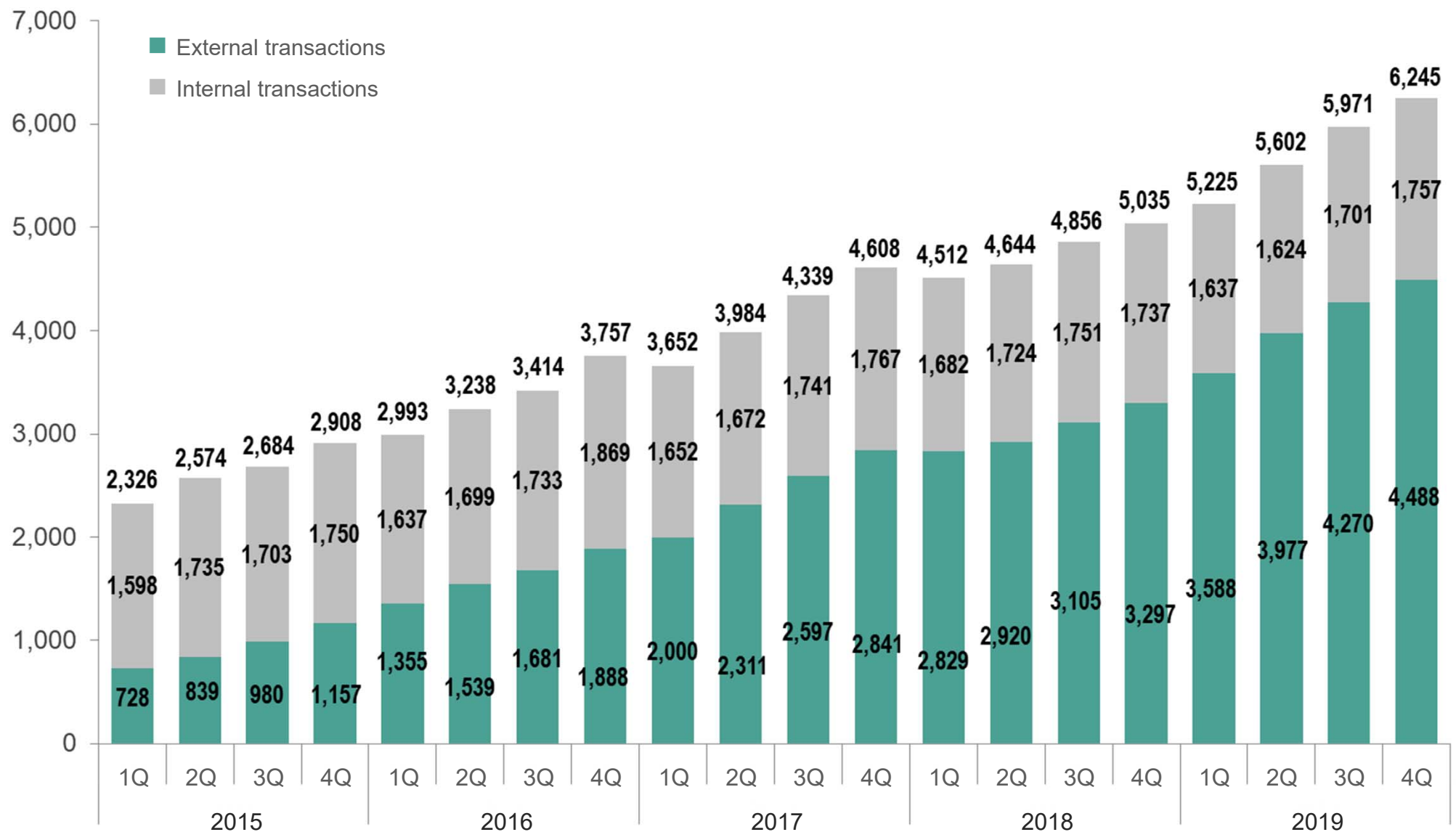


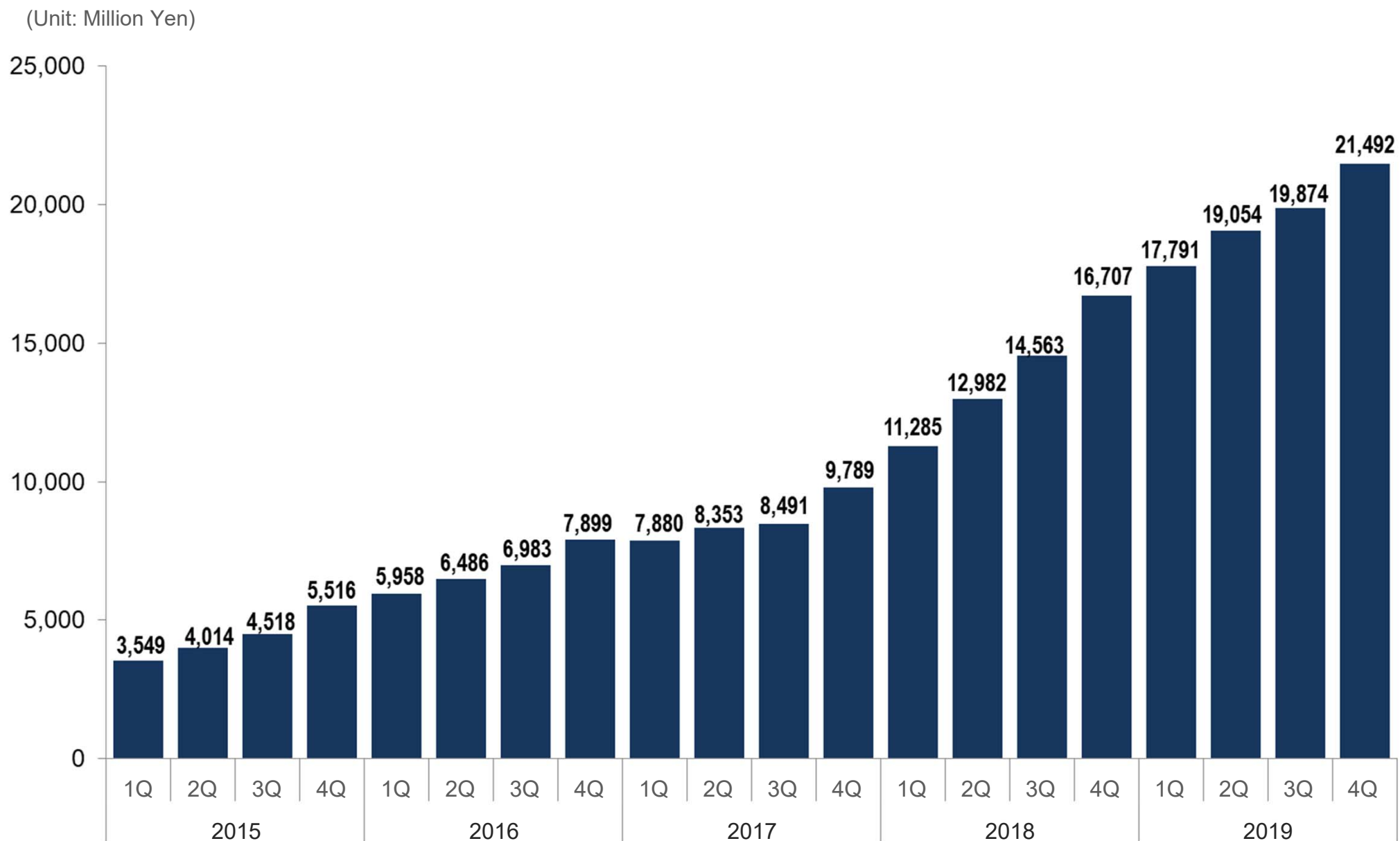
*Internal sales are EC business sales

(Unit: Million Yen)



(Unit: Million Yen)





*Guarantee balance for ALEMO is excluded.

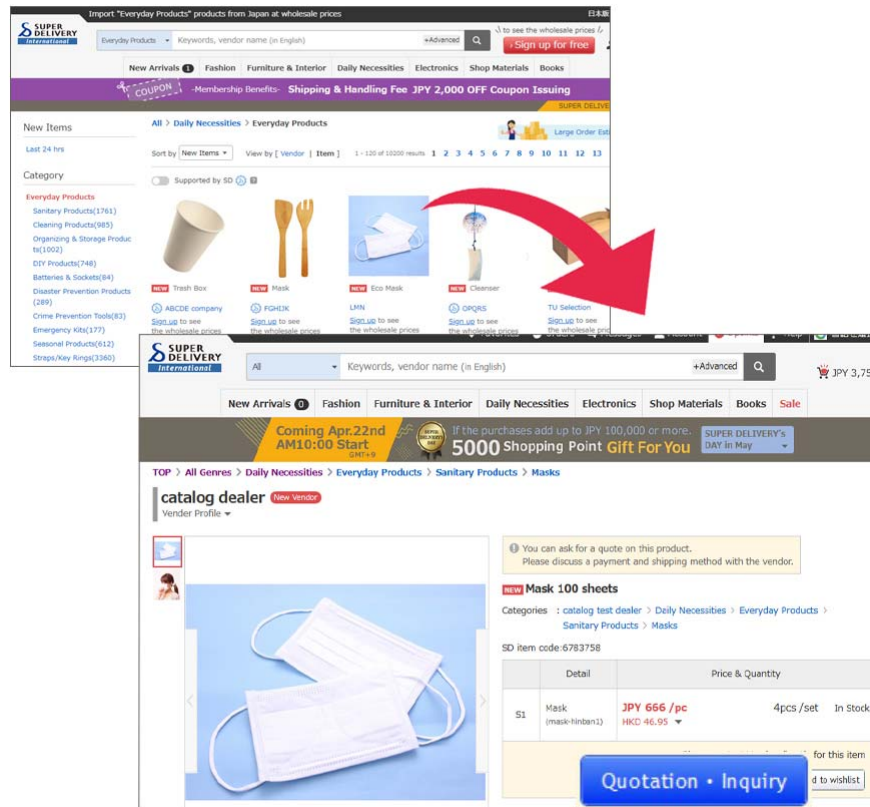
Earnings Forecasts

	FY 4/2020 (Forecast)	FY 4/2019 (Actual)	Comparison with previous period
Net Sales	3,450 million yen	2,980 million yen	+15.8%
EBITDA	810 million yen	651 million yen	+24.3%
Operating Income	670 million yen	548 million yen	+22.1%
Ordinary Income	670 million yen	545 million yen	+22.8%
Net Income	425 million yen	379 million yen	+12.0%
Net income per share	22.89 yen	21.05 yen	—

Fiscal period ending April 2020

EC Business

A plan to exhibit products for free, specialized for matching



	Catalogue plan	Sales plan
	Free Specialized to connect with overseas retailers!	15% of the transaction amount Undertaking everything to export procedures!
Product exhibition	○	○
Message function	○	○
Order management	—	○
Export procedures	—	○
Collection	—	○

Become an infrastructure tool connecting with buyers around the world

Strengthen the acquisition of posting companies to double number of exhibited products

Advertisement

Ad investment to
attract customers for
posting companies

Genre

Expansion of genre
beyond the framework
of apparel and general
goods

Sales

Enhancement of active
sales to cross-border
EC-related companies
by participating in
external exhibitions

Improvement in value of transactions by earning the loyalty of customers

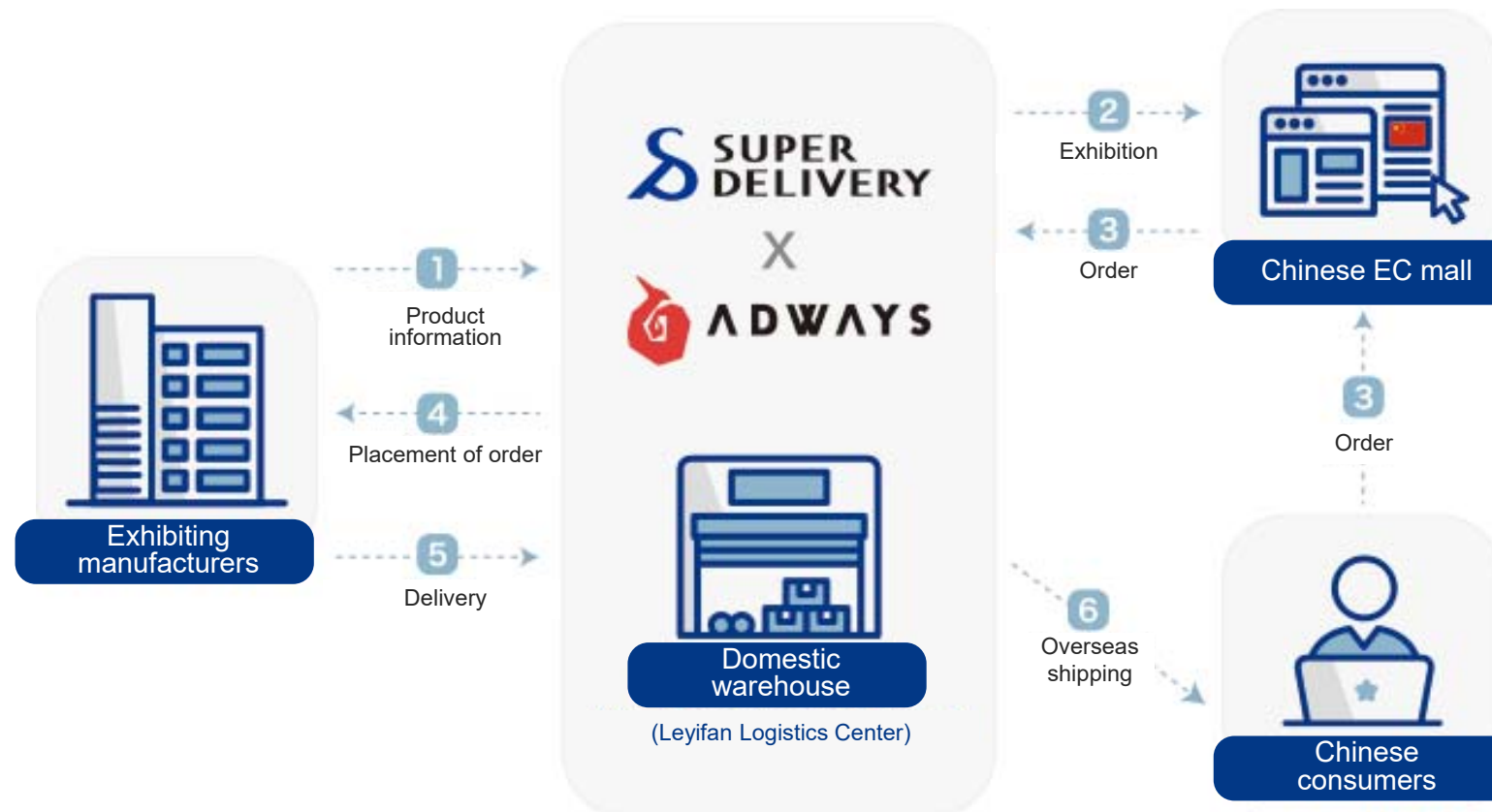
- Value of transactions decreased while the number of buying customers increased due to increase in businesses other than retailers and overseas businesses



Rise in product price or increase in the number of purchases is necessary for the increase in value of transactions



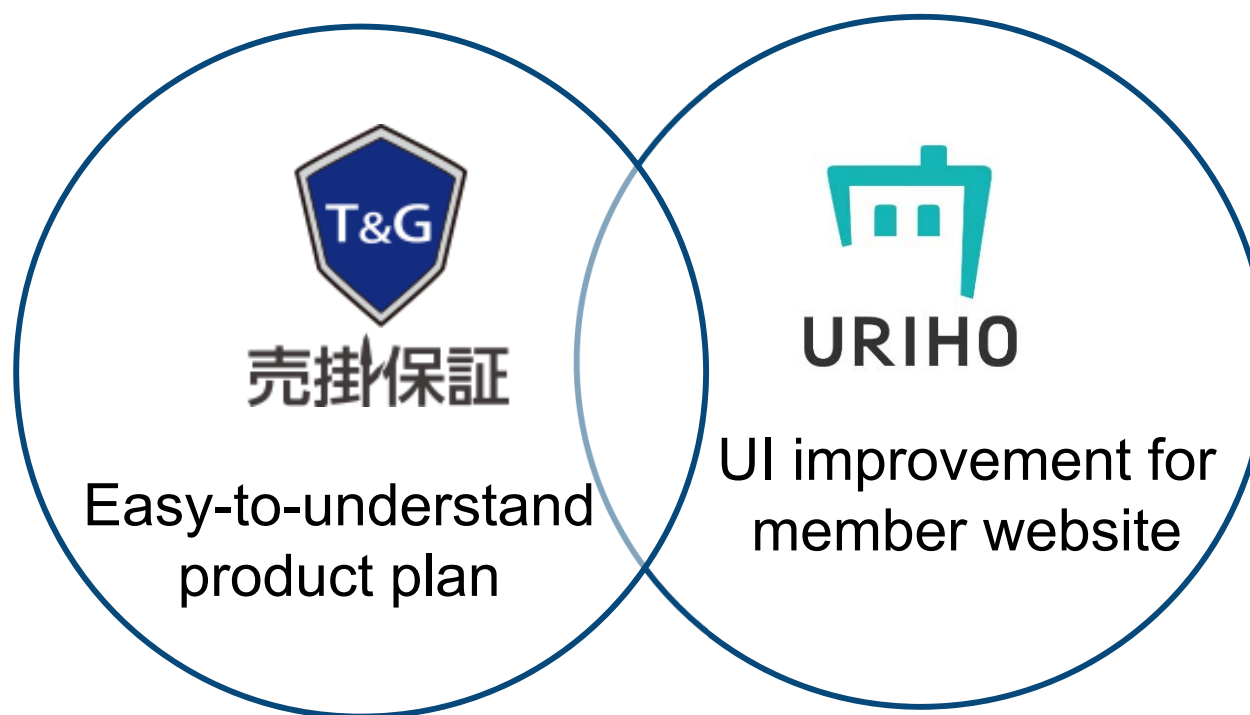
Construct a scheme to sell products at major Chinese EC malls for BtoC



To increase transaction value by strengthening cross-border EC for China

Financial Business

Provide guarantee to reduce risks and increase sales



**Respond to all customer needs with the linkage of
T&G Accounts Receivable Guarantee and URIHO**

Provide highly convenient rent guarantee service

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FINANCIAL

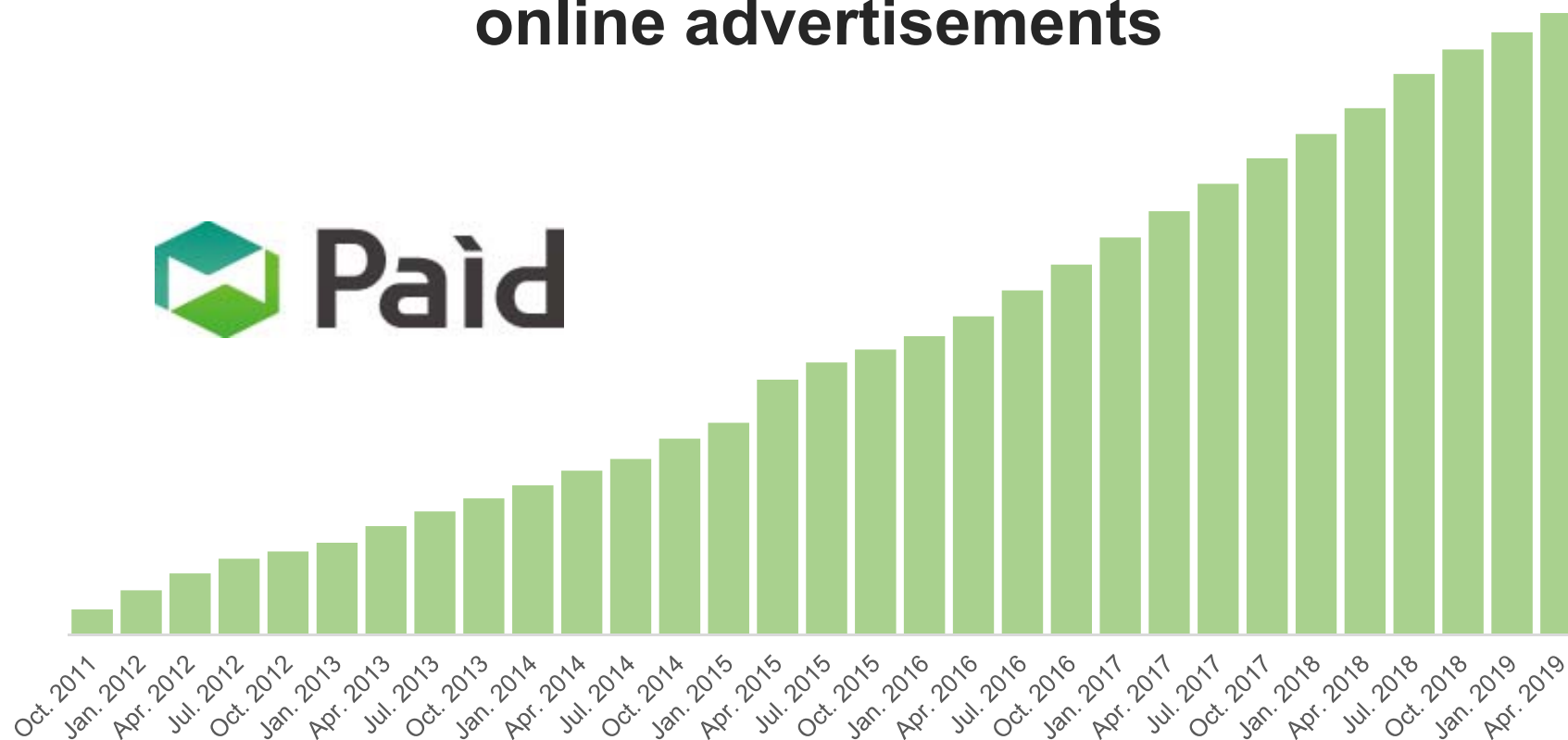
事業用家賃保証

 ALEMO

- Adoption of IT when contacting real estate companies
- Start reviewing product design that can respond to various needs

To create services which real estate companies want to choose

Proactively utilize new media such as online advertisements



**Expand the target of member companies by boosting name recognition
To proceed to a stage at which various companies use Paid**

Reference: Appendix

Trends in Consolidated Net Sales by Quarter

(Unit: Thousand Yen)

	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
EC	392,285	393,391	409,310	416,992	411,858	422,816	429,159	431,392
Financial	177,263	182,555	189,081	198,432	200,454	204,346	218,443	227,608
Total	569,548	575,946	598,391	615,424	612,313	627,162	647,603	659,000

	2019			
	1Q	2Q	3Q	4Q
EC	425,150	425,472	446,243	466,189
Financial	243,873	257,229	364,526	351,713
Total	669,023	682,702	810,769	817,902

Trends in Consolidated Operating Income by Quarter

(Unit: Thousand Yen)

	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
EC	139,203	140,305	154,643	150,387	150,866	159,467	165,583	169,227
Financial	13,878	13,679	14,979	13,470	26,952	19,235	25,016	5,055
Adjustment	-58,634	-48,480	-51,960	-60,661	-71,758	-72,556	-68,443	-70,957
Total	94,448	105,504	117,662	103,197	106,060	106,146	122,156	103,325

	2019			
	1Q	2Q	3Q	4Q
EC	167,308	164,168	186,450	196,600
Financial	37,533	41,638	17,839	45,823
Adjustment	-71,567	-68,219	-81,257	-87,592
Total	133,274	137,587	123,032	154,831

Trends in “SUPER DELIVERY” Sales

(Unit: Thousand Yen)

	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
System usage sales	236,045	238,416	252,671	260,824	254,911	267,006	275,823	277,465
Member retailer sales	61,362	62,442	61,854	61,986	61,538	61,342	61,050	61,002
Posting company sales	94,181	91,496	93,793	92,986	94,273	93,141	90,785	91,183
Total	391,589	392,354	408,319	415,797	410,722	421,490	427,659	429,651
Transaction value	2,373,604	2,364,000	2,504,825	2,592,073	2,540,172	2,607,775	2,704,572	2,731,729

	2019			
	1Q	2Q	3Q	4Q
System usage sales	272,082	275,301	294,524	314,239
Member retailer sales	61,170	60,712	60,888	61,070
Posting company sales	89,903	87,312	88,610	88,415
Total	423,155	423,326	444,023	463,724
Transaction value	2,672,949	2,674,929	2,852,157	3,044,716

EC: No. of Buying Customers That Purchased “SUPER DELIVERY” and Value of Transactions



Value of Transactions (Units: Yen)

	2015				2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
No. of buying customers	8,759	8,662	8,796	8,937	8,919	8,763	8,875	9,027
Value of transactions	263,338	275,998	273,161	272,449	254,966	268,478	270,505	283,623

	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
No. of buying customers	9,077	9,129	9,318	9,654	9,829	10,210	10,497	11,046
Value of transactions	261,496	258,955	268,815	268,497	258,436	255,413	257,651	247,304

	2019			
	1Q	2Q	3Q	4Q
No. of buying customers	11,616	11,846	12,068	12,814
Value of transactions	230,109	225,808	236,340	237,608

(Unit: Thousand Yen)

	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Sales	43,104	43,644	45,291	45,921	43,767	44,865	45,561	45,215
External Sales	177,263	182,555	189,081	198,432	200,454	204,346	218,443	227,608
Total	220,367	226,199	234,372	244,353	244,222	249,212	264,005	272,824

	2019			
	1Q	2Q	3Q	4Q
Internal Sales	42,624	42,288	44,290	45,734
External Sales	243,873	257,229	364,526	351,713
Total	286,497	299,518	408,817	397,447

Trends in “Paid” Transaction Value

(Unit: Thousand Yen)

	2015				2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Transactions	1,598,398	1,735,527	1,703,691	1,750,567	1,637,797	1,699,168	1,733,022	1,869,146
External Transactions	728,416	839,188	980,724	1,157,949	1,355,857	1,539,287	1,681,144	1,888,849
Total	2,326,815	2,574,716	2,684,416	2,908,517	2,993,654	3,238,455	3,414,167	3,757,996

	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Transactions	1,652,225	1,672,828	1,741,922	1,767,514	1,682,372	1,724,556	1,751,225	1,737,694
External Transactions	2,000,291	2,311,575	2,597,637	2,841,259	2,829,913	2,920,373	3,105,237	3,297,511
Total	3,652,516	3,984,403	4,339,560	4,608,774	4,512,285	4,644,930	4,856,462	5,035,205

	2019			
	1Q	2Q	3Q	4Q
Internal Transactions	1,637,880	1,624,883	1,701,840	1,757,236
External Transactions	3,588,014	3,977,456	4,270,115	4,488,159
Total	5,225,894	5,602,340	5,971,955	6,245,395

Trends in Guarantee Balance

(Unit: Thousand Yen)

2015				2016			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
3,549,223	4,014,613	4,518,229	5,516,003	5,958,346	6,486,483	6,983,264	7,899,365

2017				2018			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
7,880,656	8,353,182	8,491,518	9,789,473	11,285,989	12,982,090	14,563,828	16,707,717

2019			
1Q	2Q	3Q	4Q
17,791,515	19,054,837	19,874,875	21,492,574
		39,977,208	41,452,875

← Amount for ALEMO