

FY 4/2020 (ending April 2020)

2Q Financial Results



December 6, 2019
RACCOON HOLDINGS, Inc.
Code: 3031 TSE1

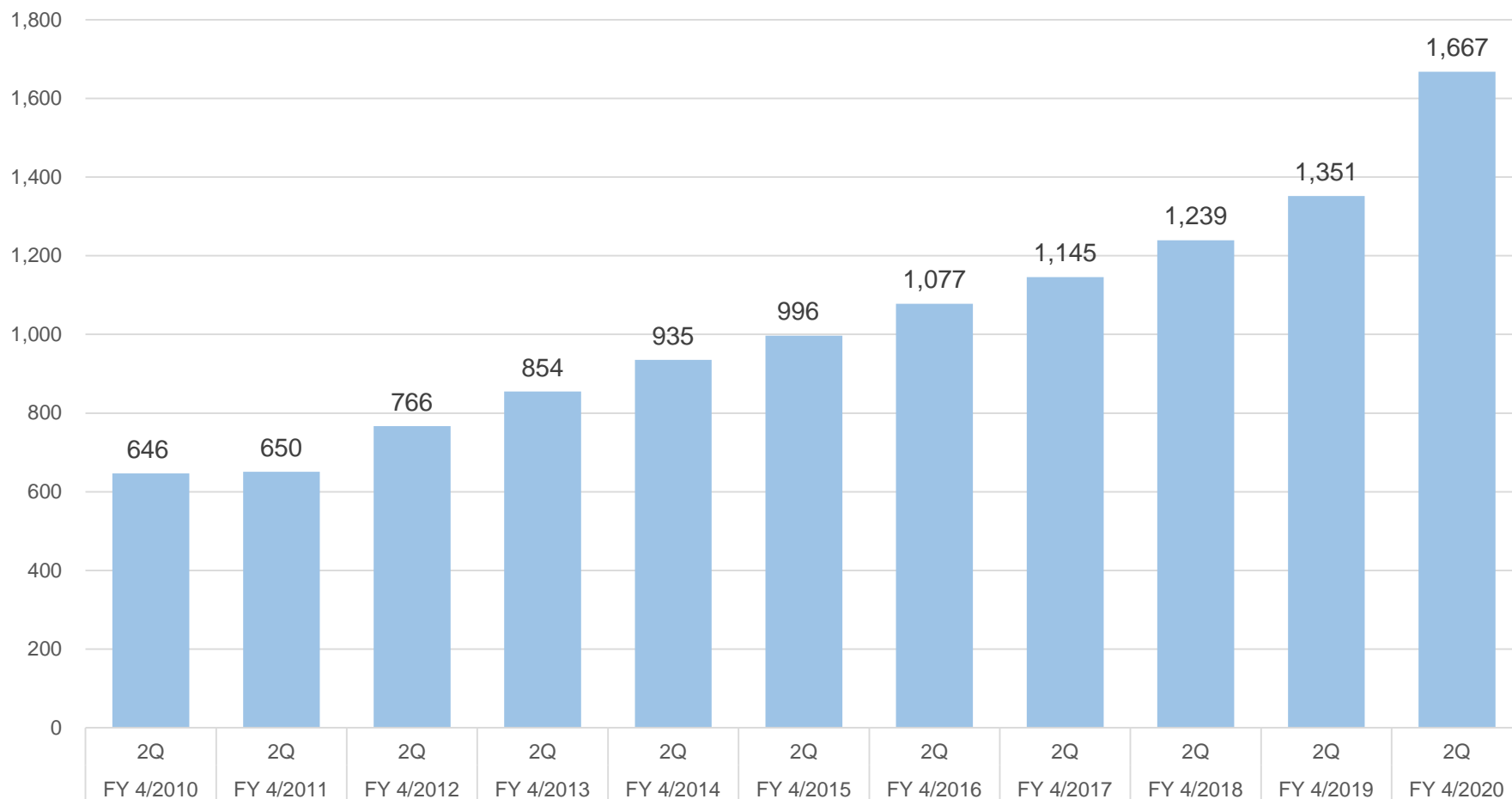
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Actual decisions and financial results in the future may differ.

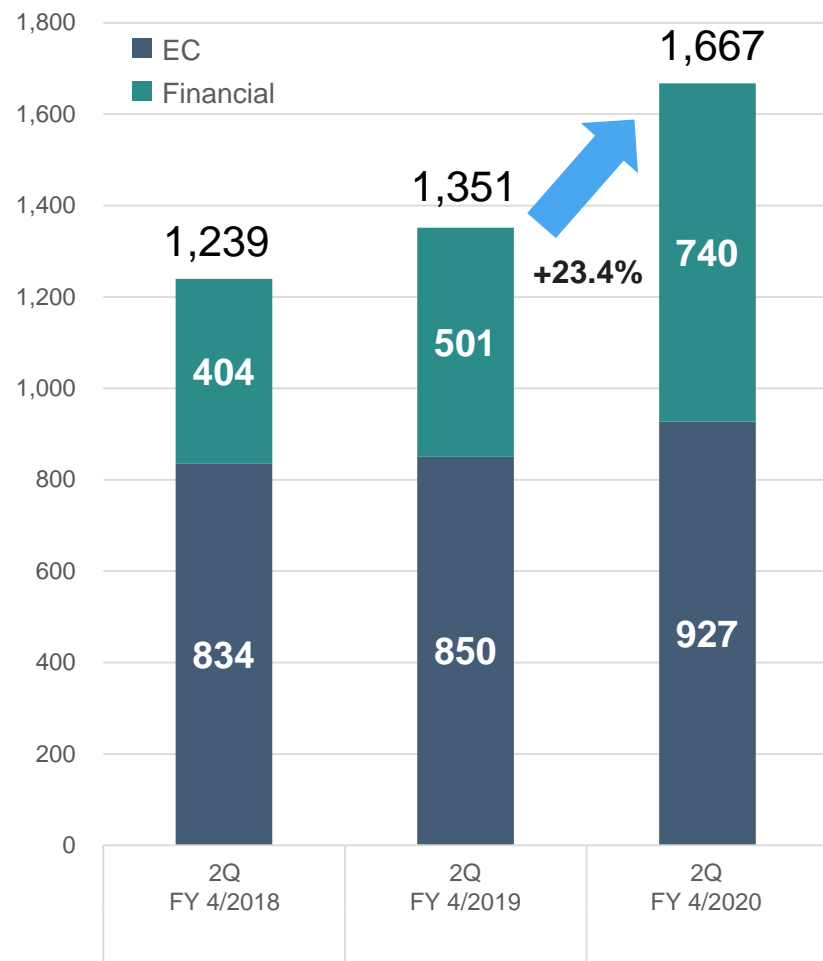
Sales remained strong, resulting in an increase of 23.4% year on year

(Unit: Million Yen)



Growth rate in EC business increased and financial business also remained strong

(Unit: Million Yen)



	YoY	YoY
EC	+9.0%	+76 million yen
Financial	+47.7%	+239 million yen

- Growth rate in EC business increased by 9.0% year on year! Close to achieving double-digit increase
 - Consolidated net sales excluding sales for ALEMO increased by 12.8% year on year
- Consolidated net sales recorded a double-digit increase of 23.4% as a result of steady growth in each business

Trends in Consolidated Net Sales by Quarter

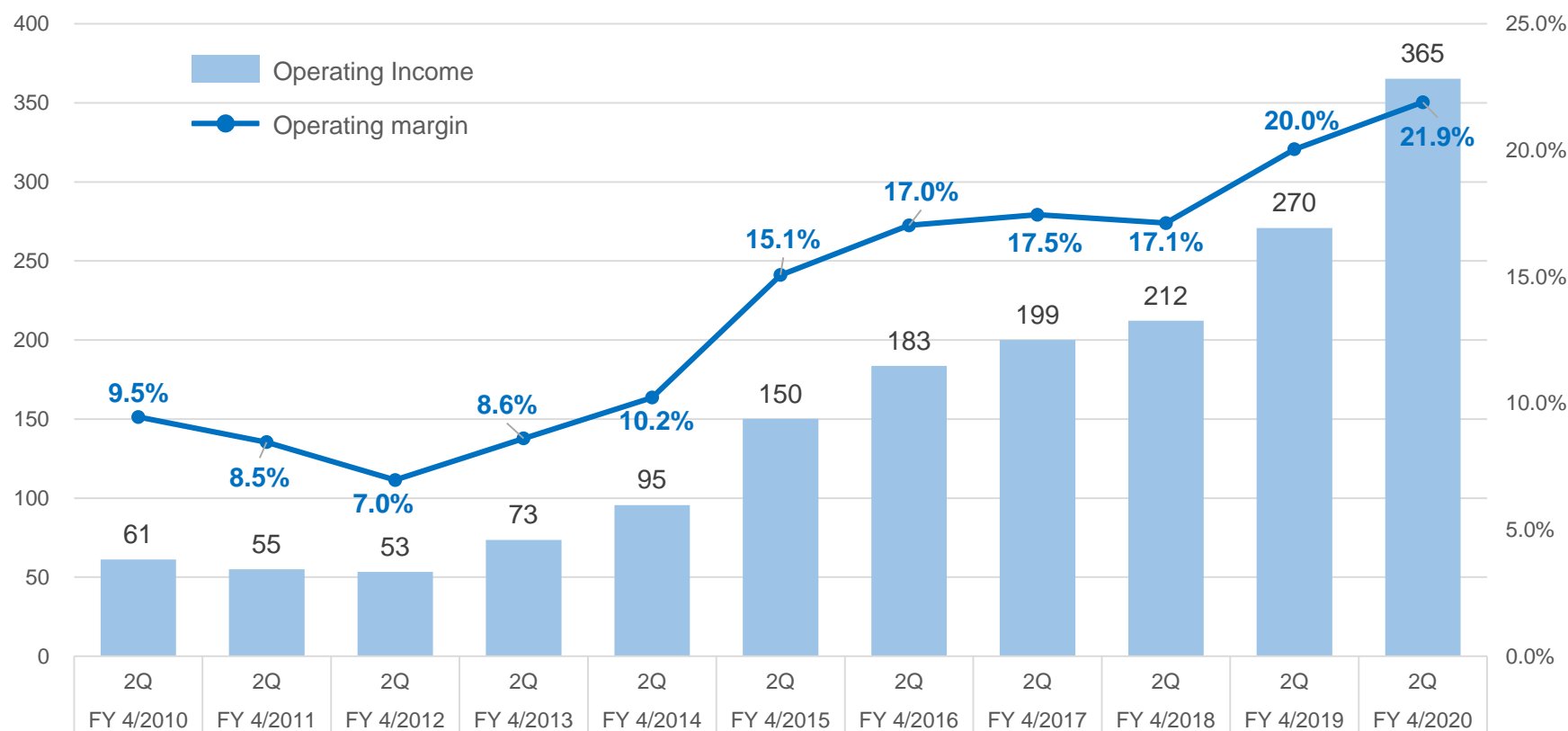
(Unit: Million Yen)



Operating income increased by 7.2 pt. from the previous period, recording a 34.8% year on year increase

Operating margin also increased by 1.9% from the previous period to 21.9%

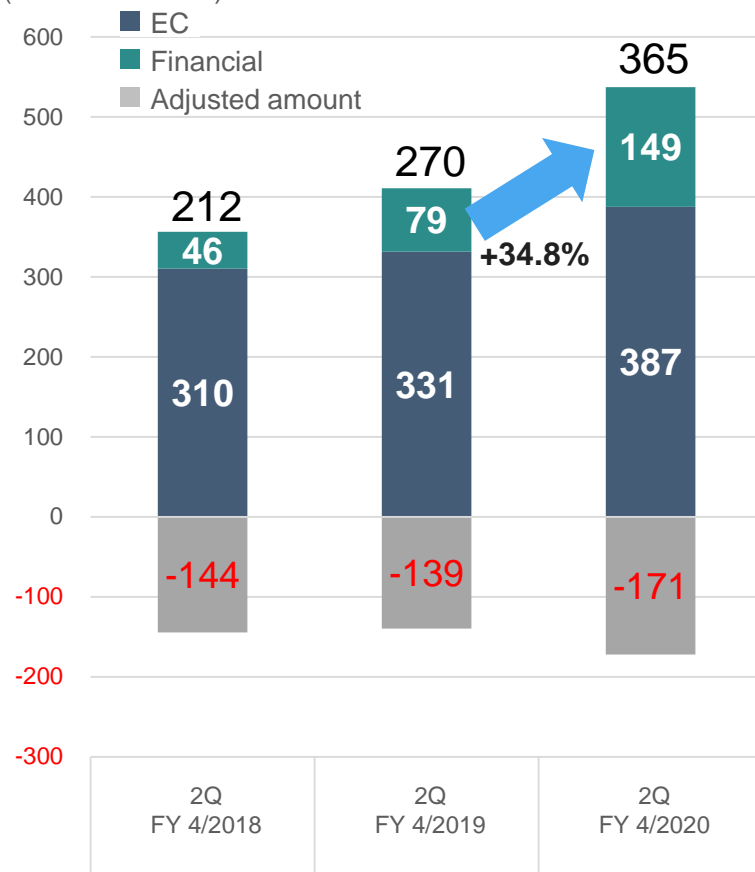
(Unit: Million Yen)



Expenses other than advertising investment were reduced as a whole following 1Q

Operating income increased by 34.8% partially due to the effect of increase in sales and the reduction of cost of sales

(Unit: Million Yen)

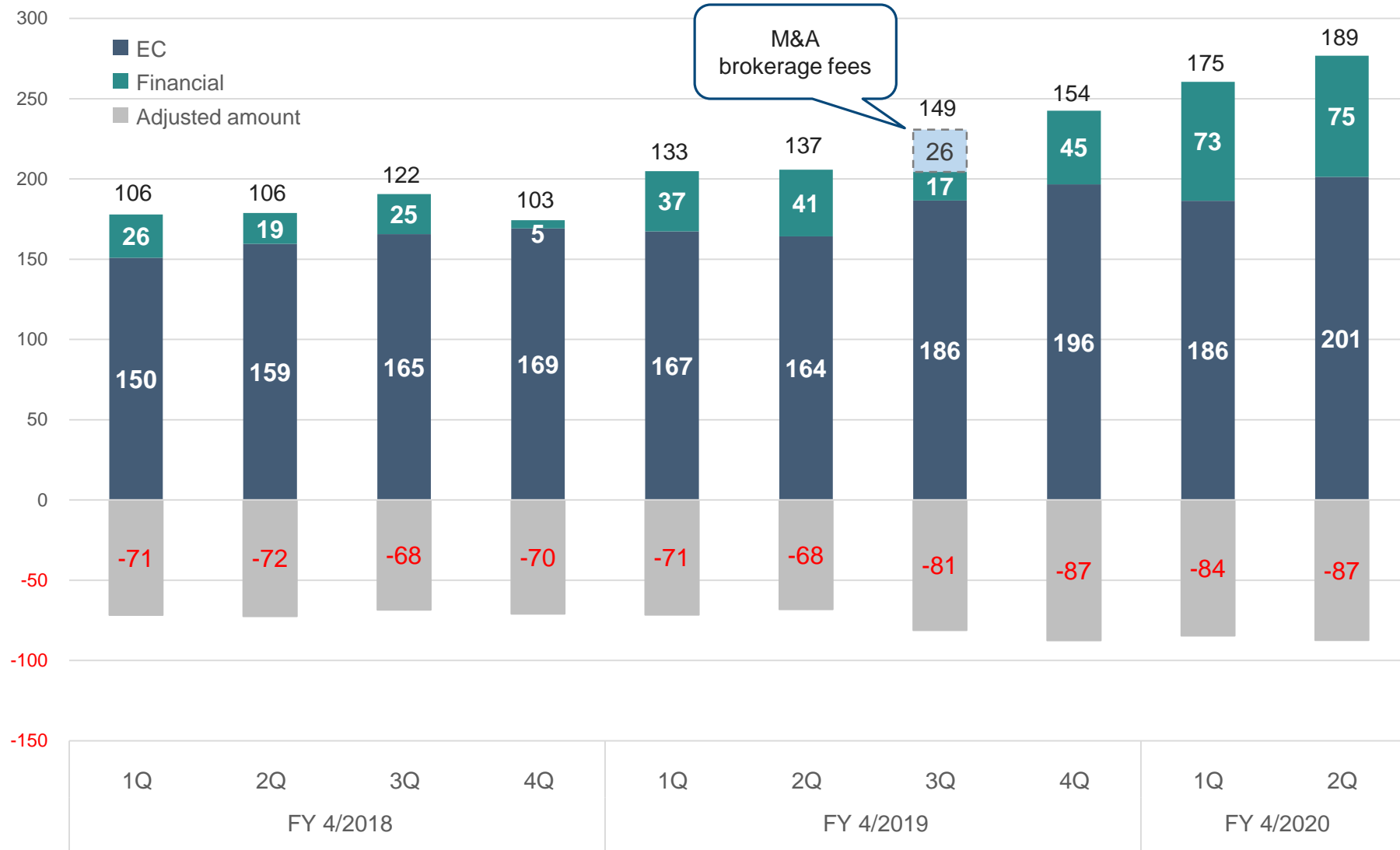


	YoY	YoY
EC	+16.9%	+56 million yen
Financial	+88.9%	+70 million yen

- Advertising expenses increased due to increase in investment in advertising (YoY 31 million yen increase)
- Amortization of goodwill increased due to the impact of the acquisition of shares of ALEMO conducted in the previous period
- Depreciation increased with acquisition of own building. Land rent was reduced significantly.
- Cost of sales was reduced due to decrease in default rate in the financial business

Trends in Consolidated Operating Income by Quarter

(Unit: Million Yen)



(Unit: Million Yen)

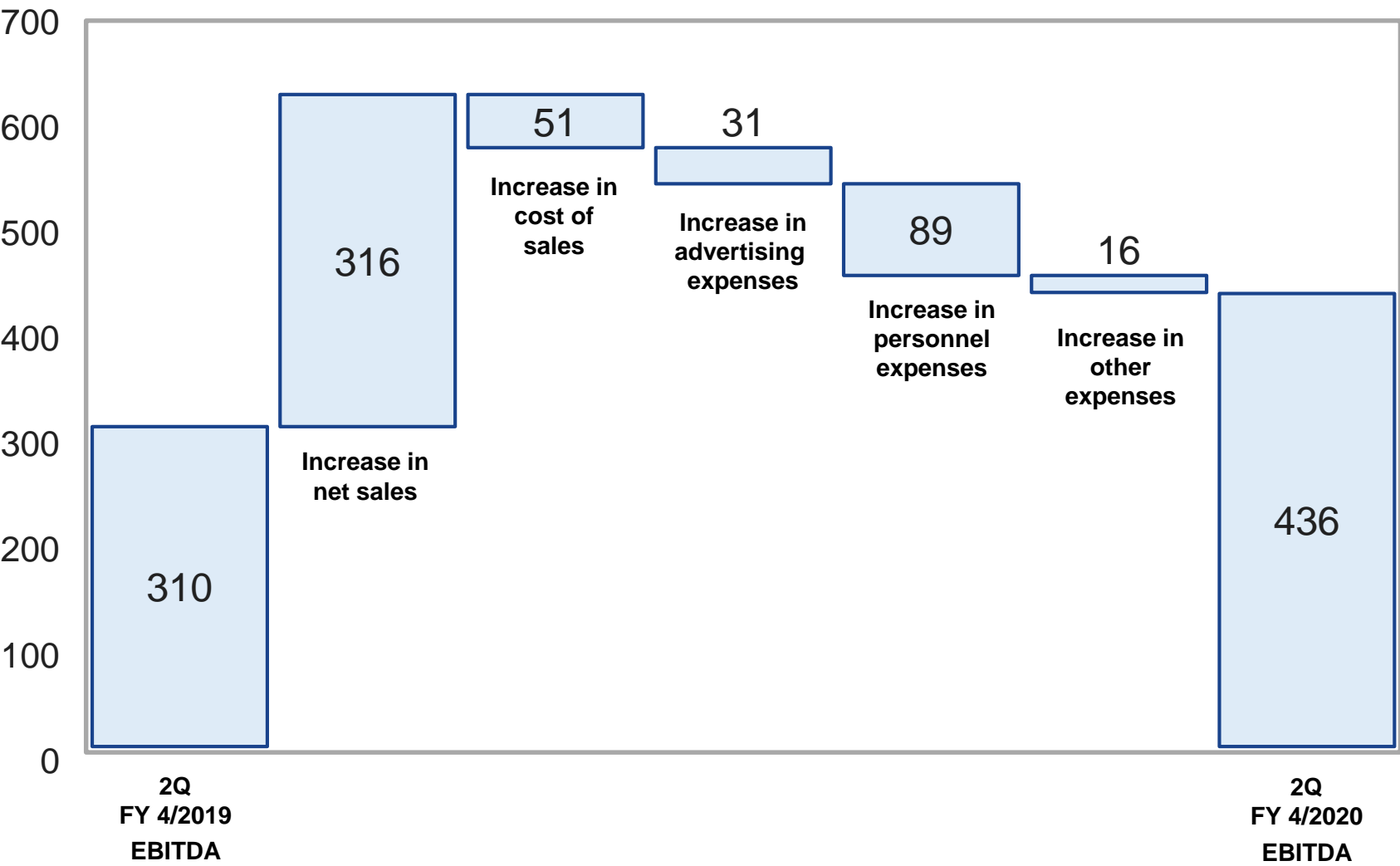
	FY 4/2020 2Q Results	FY 4/2019 2Q Results	YoY	Estimation	Progress Rate
Net sales	1,667	1,351	+23.4%	3,450	48.3%
Gross profit	1,364	1,101	+23.8%	—	—
Selling, general and administrative expenses	998	830	+20.2%	—	—
— Advertising and sales promotion expenses	123	91	+34.7%	—	—
EBITDA	436	310	+40.8%	810	53.9%
Operating income	365	270	+34.8%	670	54.5%
Operating margin	21.9%	20.0%	+1.9pt	19.4%	—
Ordinary income	369	267	+38.4%	670	55.2%
Net income attributable to owners of parent	236	182	+30.1%	425	55.8%

Trends in Business Performance (Quarterly Basis)

(Unit: Million Yen)

	FY 4/2019			FY 4/2020	
	2Q	3Q	4Q	1Q	2Q
Net sales	682	810	817	818	849
Gross profit	553	642	625	671	692
Selling, general and administrative expenses	415	519	470	495	503
— Advertising and sales promotion expenses	46	57	58	61	61
Operating income	137	123	154	175	189
Operating margin	20.2%	15.2%	18.9%	21.5%	22.3%
Ordinary income	133	121	156	175	194
Net income attributable to owners of parent	92	55	141	111	125

(Unit: Million Yen)



(Unit: Million Yen)

	FY 4/2020 2Q	FY 4/2019	Difference	Compared with the end of the previous quarter
Current Assets	6,548	6,493	55	100.9%
Non-current assets	2,339	2,354	-15	99.3%
— Property, plant and equipment	1,485	1,485	0	100.0%
— Intangible assets	500	522	-21	95.8%
— Investments and other assets	352	346	6	101.8%
Current liabilities	4,750	4,729	20	100.4%
Non-current liabilities	1,292	1,420	-127	91.0%
Net assets	2,844	2,697	146	105.4%
Total assets	8,887	8,848	39	100.4%

(Unit: Million Yen)

	FY 4/2020 2Q	FY 4/2019 2Q	Difference
Cash flows from operating activities	1,238	564	674
Cash flows from investment activities	-50	-37	-12
Cash flows from financing activities	-899	364	-1,263
Increase/decrease in cash and cash equivalents	289	891	-602
Period-end balance of cash and cash equivalents	2,612	3,046	-433

Summary by Segment

EC Business

Segment Sales: **927** million yen YoY: **9.0%** increase

Segment Profit: **387** million yen YoY: **16.9%** increase

-
- Started handling tools such as DIY supplies and carpenter tools (October)
 - Pace of increase in the number of exhibited products increased by attracting more posting companies
 - Growth rate of domestic transaction value increased due to the increase in transaction value for businesses other than retailers and the recovery of transaction value for retailers
 - Due to the tense situation in Hong Kong and the deterioration of Japan-South Korea relations, transaction value for both countries remained small. Transaction value for other countries increased steadily.

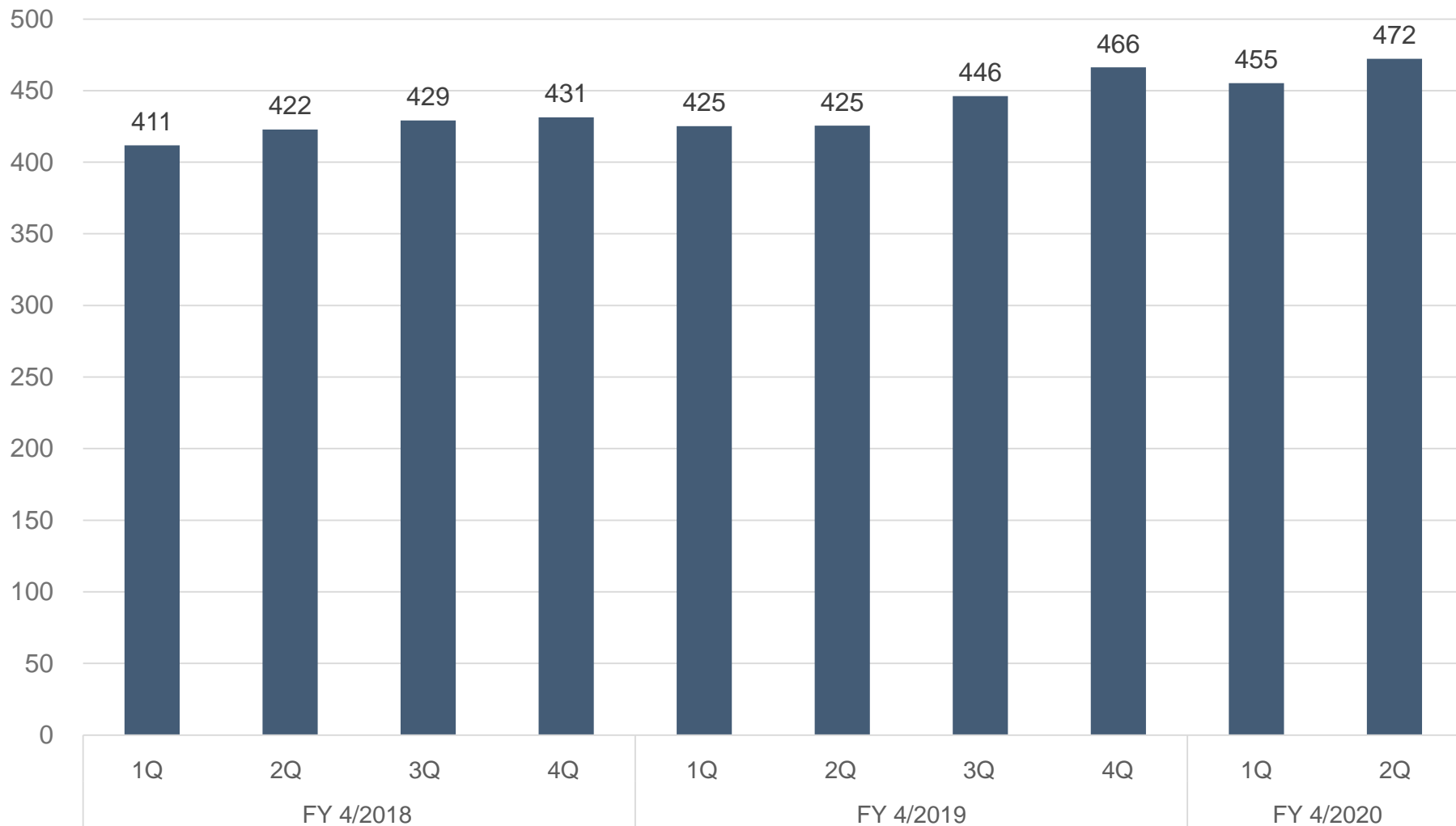
Domestic transaction value → YoY: 7.8% increase

Overseas transaction value → YoY: 22.0% increase

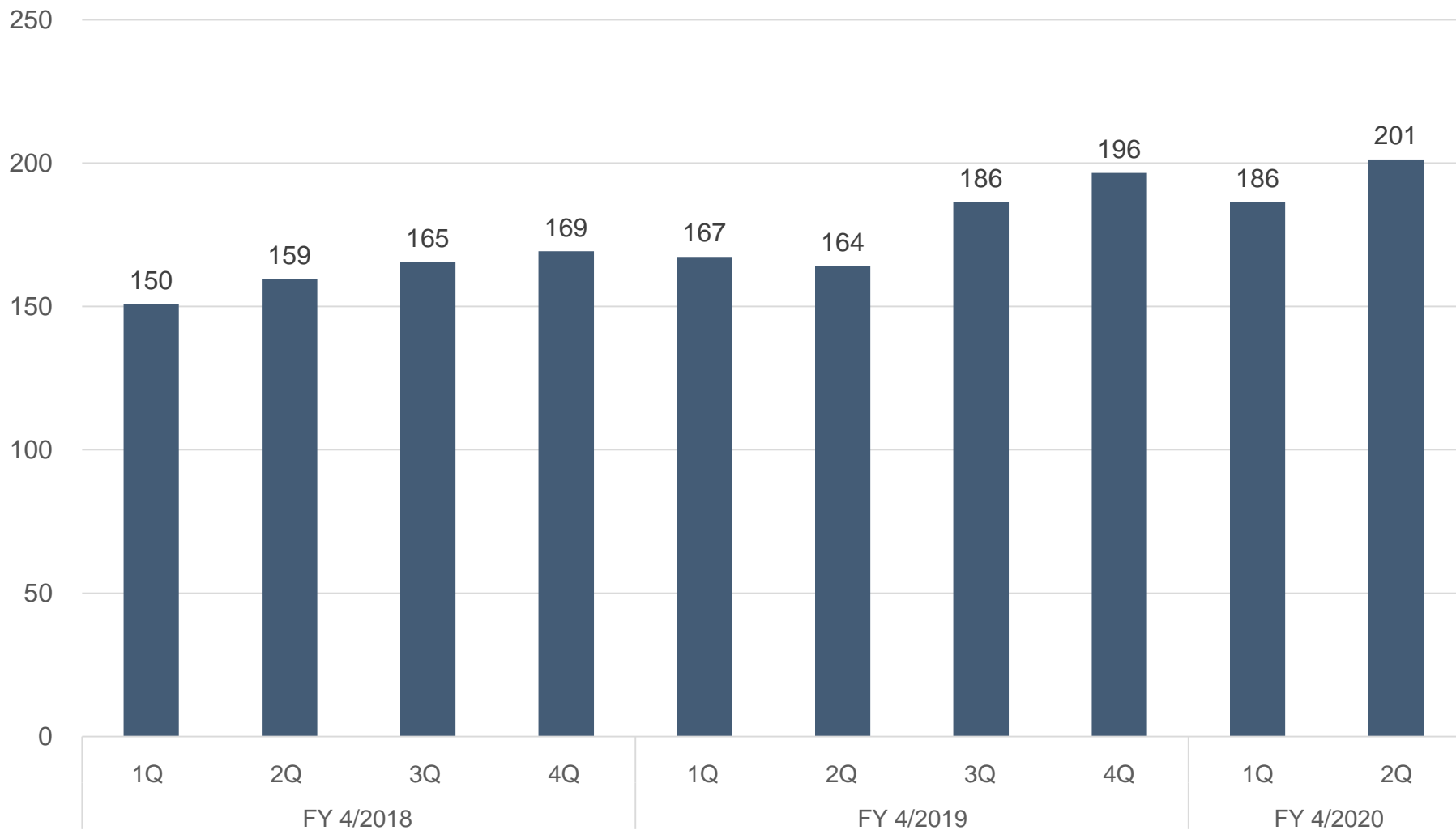


Total transaction value: 5,884,928 thousand yen (YoY: 10.0% increase)

(Unit: Million Yen)

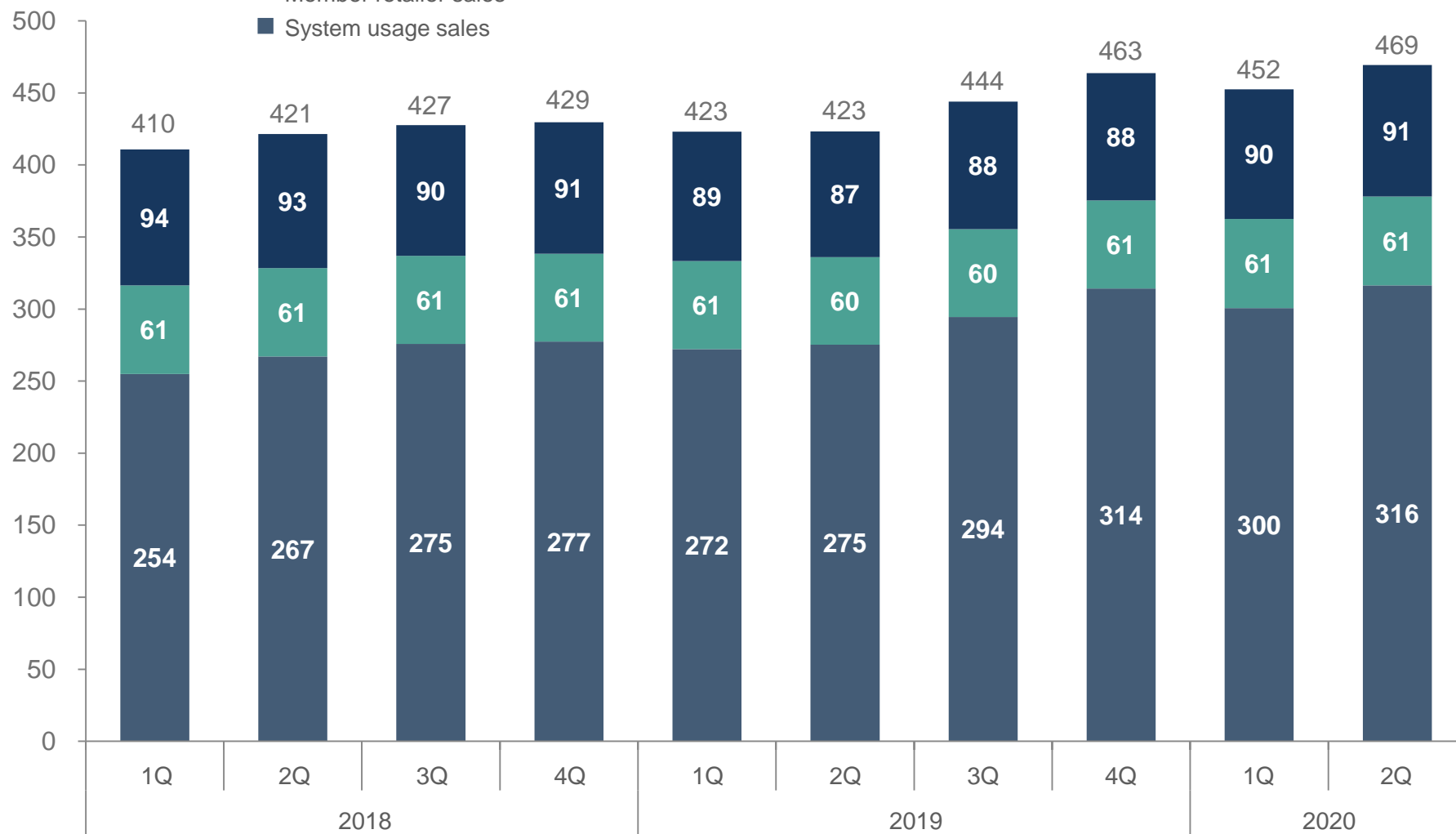


(Unit: Million Yen)

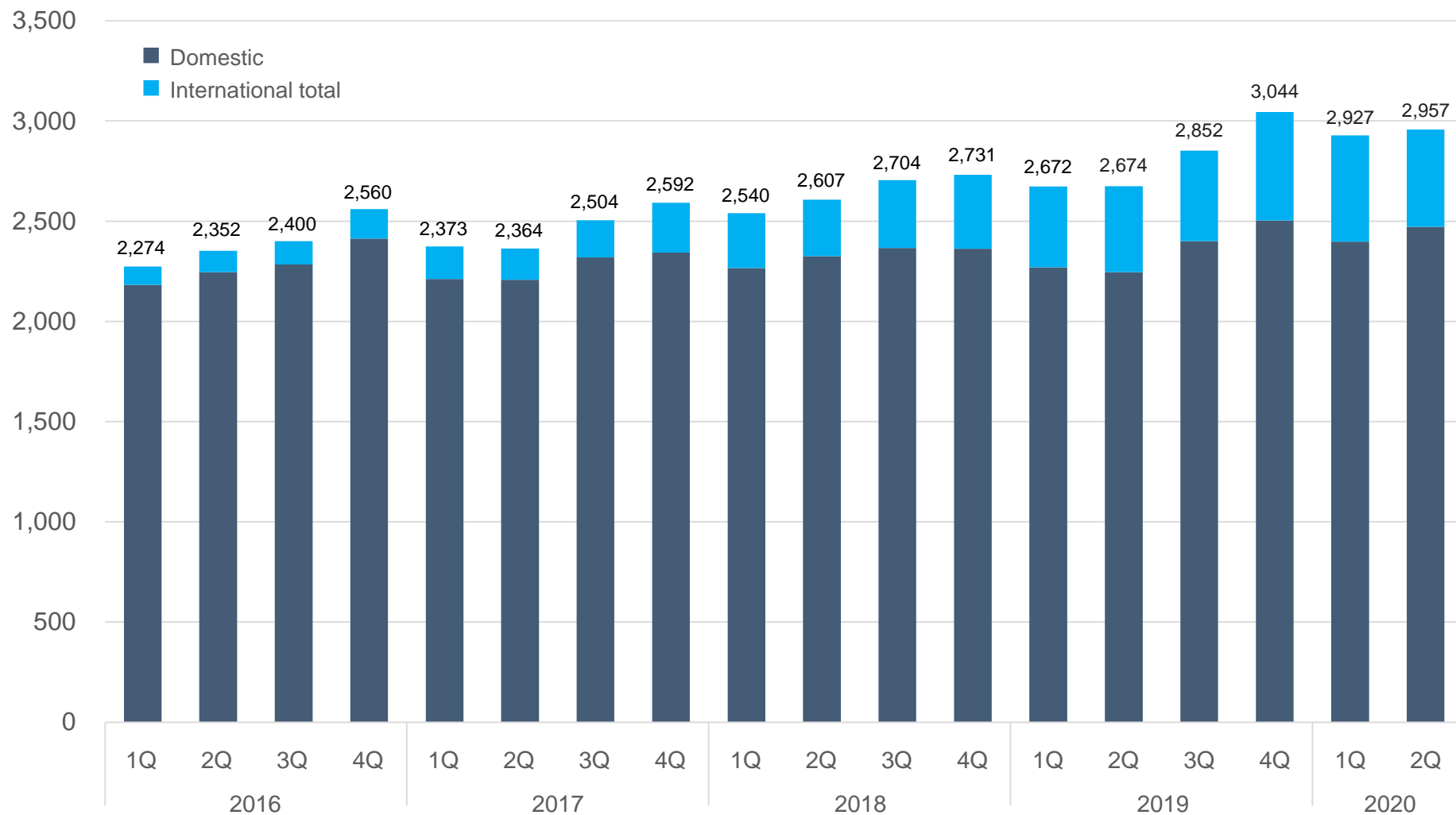


(Unit: Million Yen)

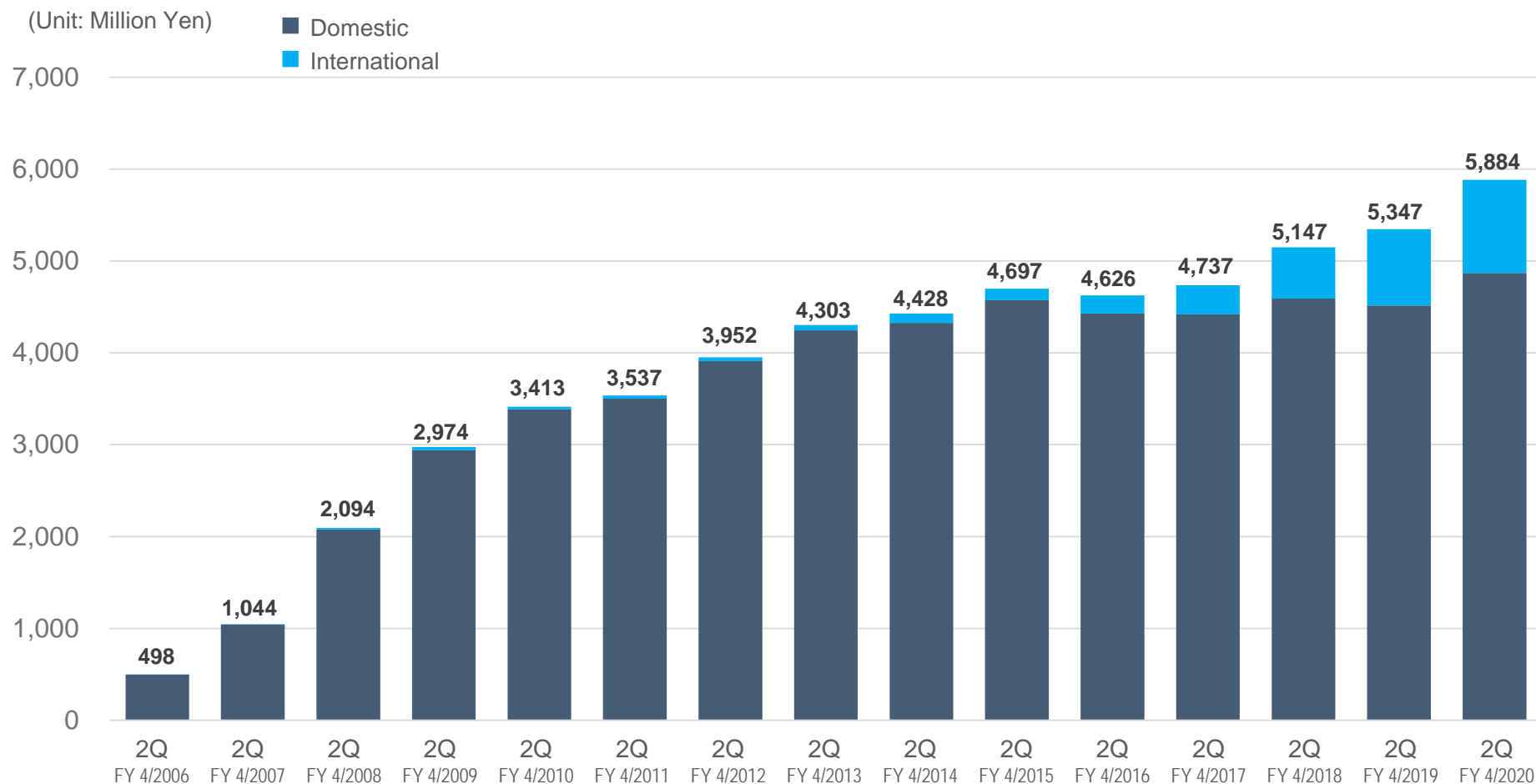
- Posting company sales
- Member retailer sales
- System usage sales



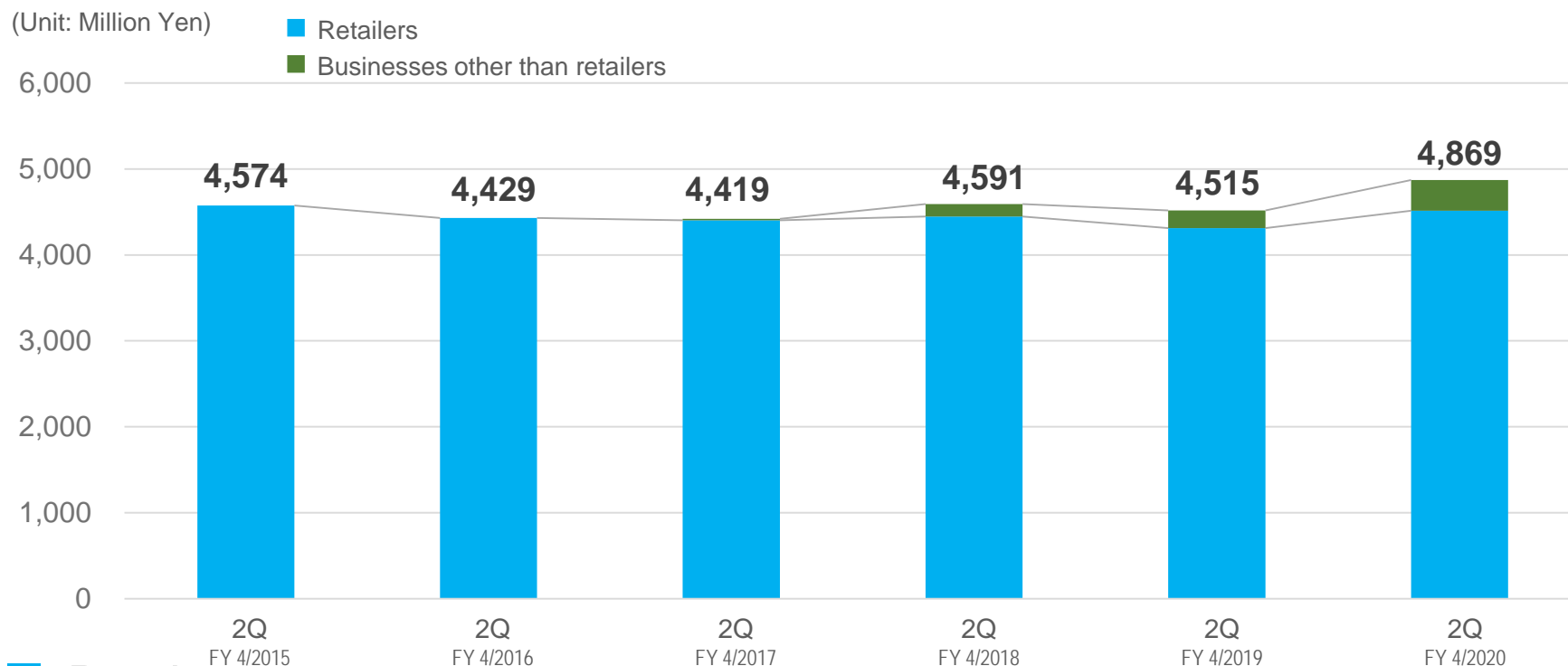
(Unit: Million Yen)



(Reference) Growth Rate of SUPER DELIVERY Recovered!



Both domestic and overseas transaction values are increasing
but the recovery of domestic transaction which accounted
for the majority contributed significantly in the current period



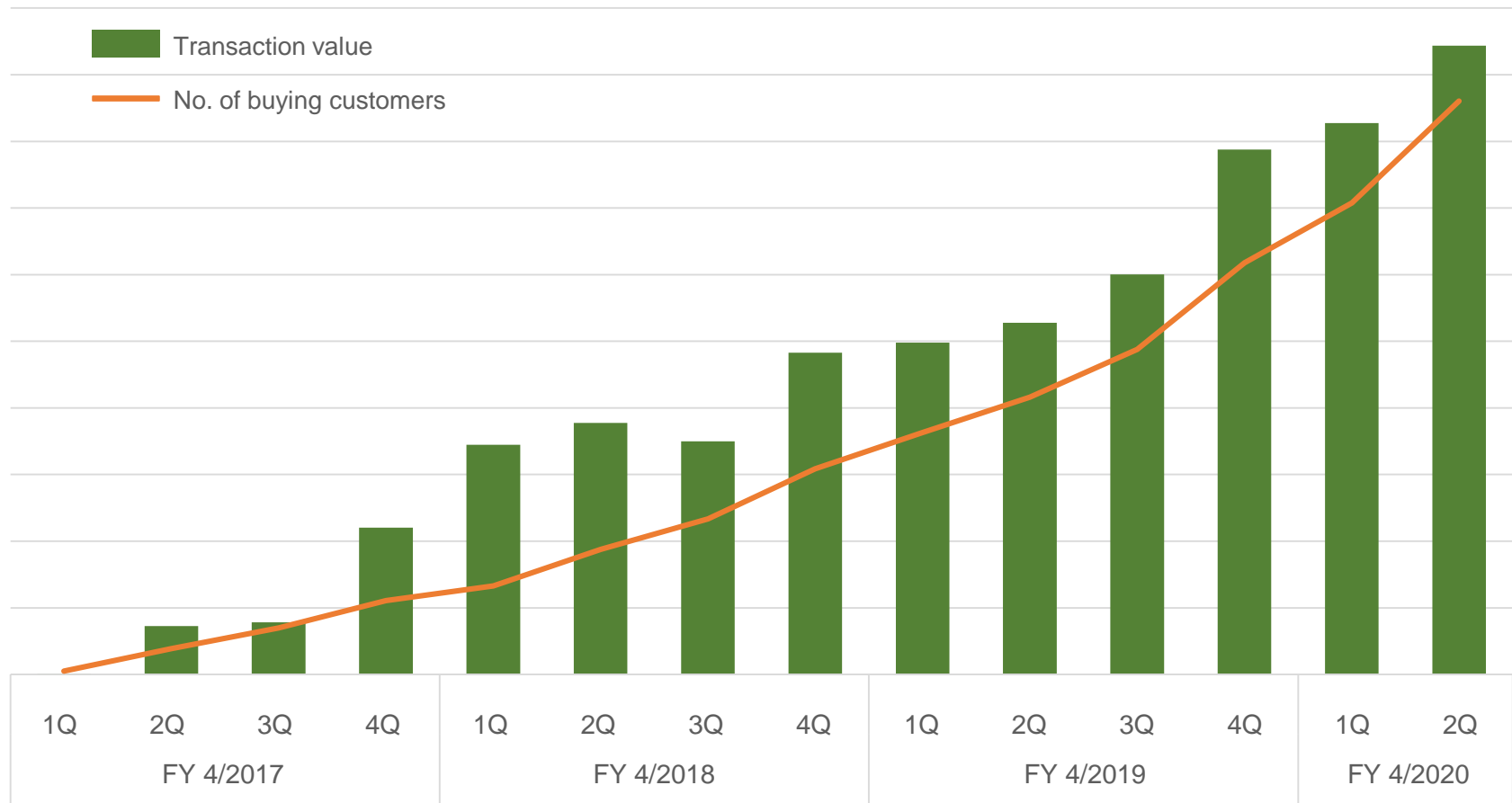
Retailers

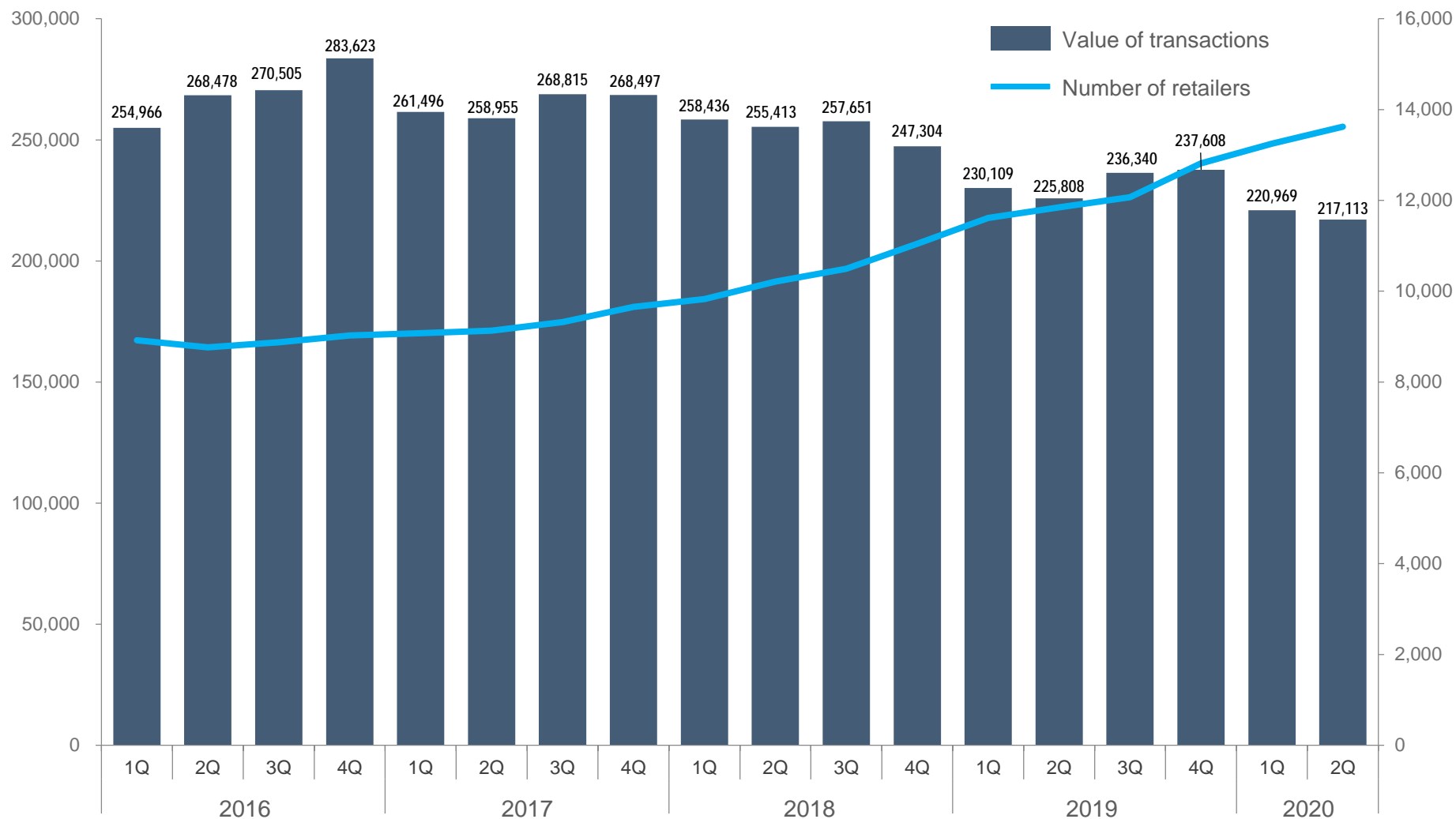
Started supplying products to Amazon Fashion, the fashion category of major EC mall Amazon

Businesses other than retailers

Domestic transactions have been supported since the start of businesses other than retailers in July 2016, and since 4Q of FY4/2019 transactions have grown rapidly.

Transaction value increased steadily by attracting members in various industries through approaches targeting each industry and securing products fulfilling the needs of such members



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

Financial Business

Segment Sales: **829** million yen YoY: **41.5%** increase

Segment Profit: **149** million yen YoY: **88.9%** increase

-
- Expanded target companies for URIHO from ones with annual sales of 500 million yen or less to those with annual sales of 1 billion yen or less
 - Sales increased by 91.7% year on year for rent guarantee service for businesses
Rent guarantee service under own brand grew steadily, absorbing the loss in rent guarantee service under partnership brand which bottomed out in 4Q of FY 4/2019, and the pace of increase continued as a whole.
 - Sales increased year on year in other services



+11.3%



+101.1%



Paid

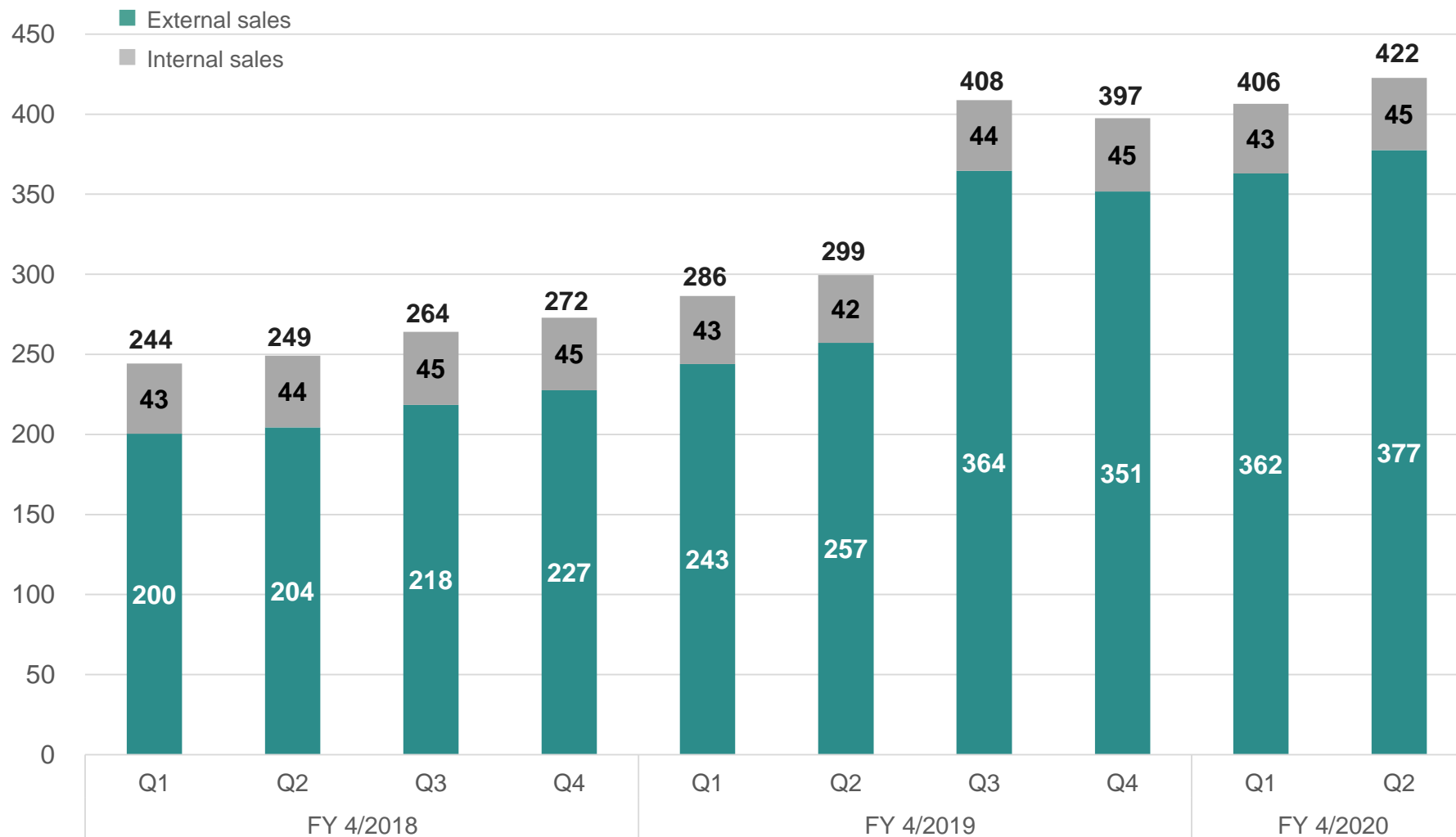
+28.1% (excluding internal sales)



ALEMO QoQ: 2.4% increase

Trends in Sales by Quarter

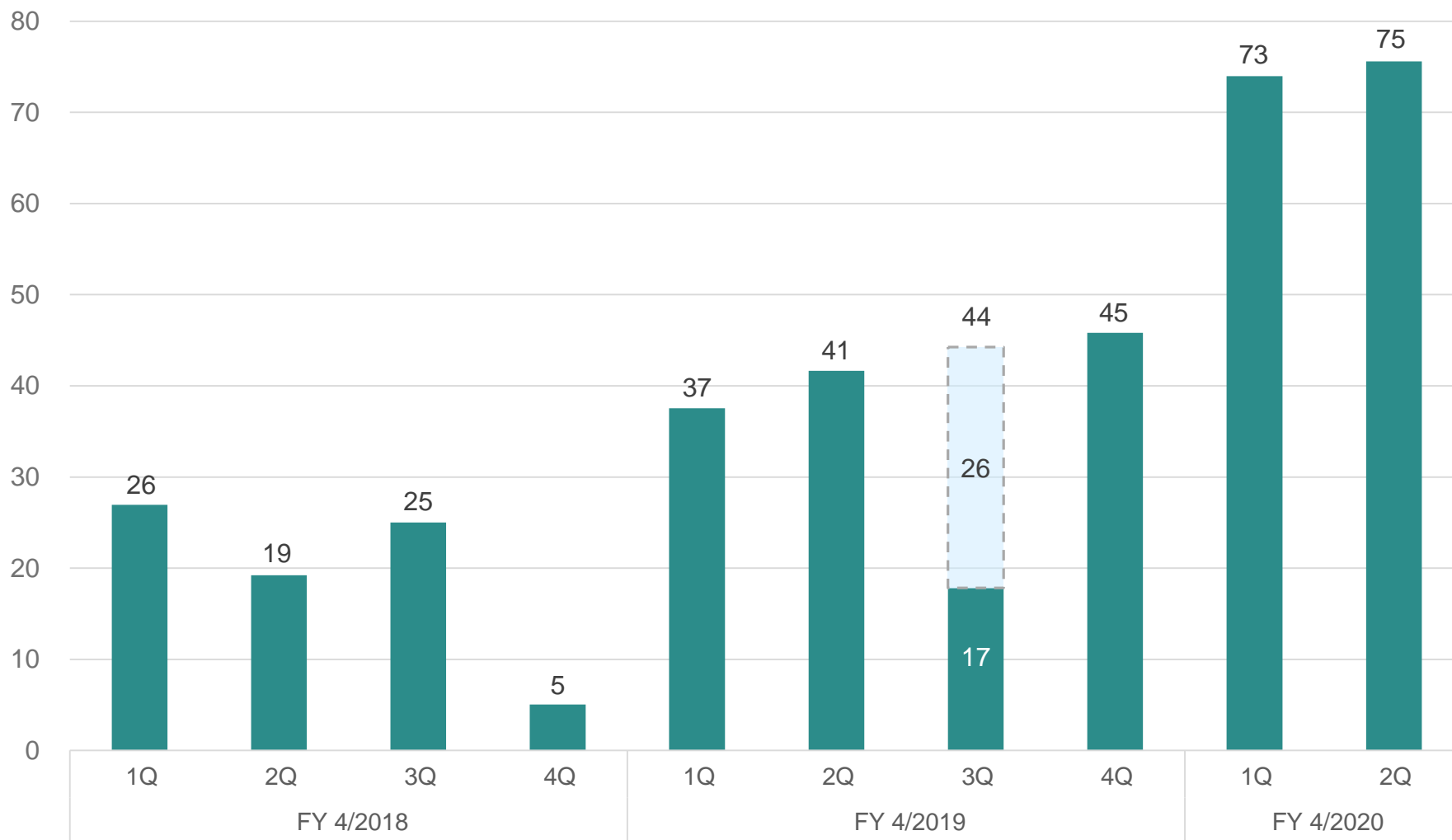
(Unit: Million Yen)



*Internal sales are sales in the EC business.

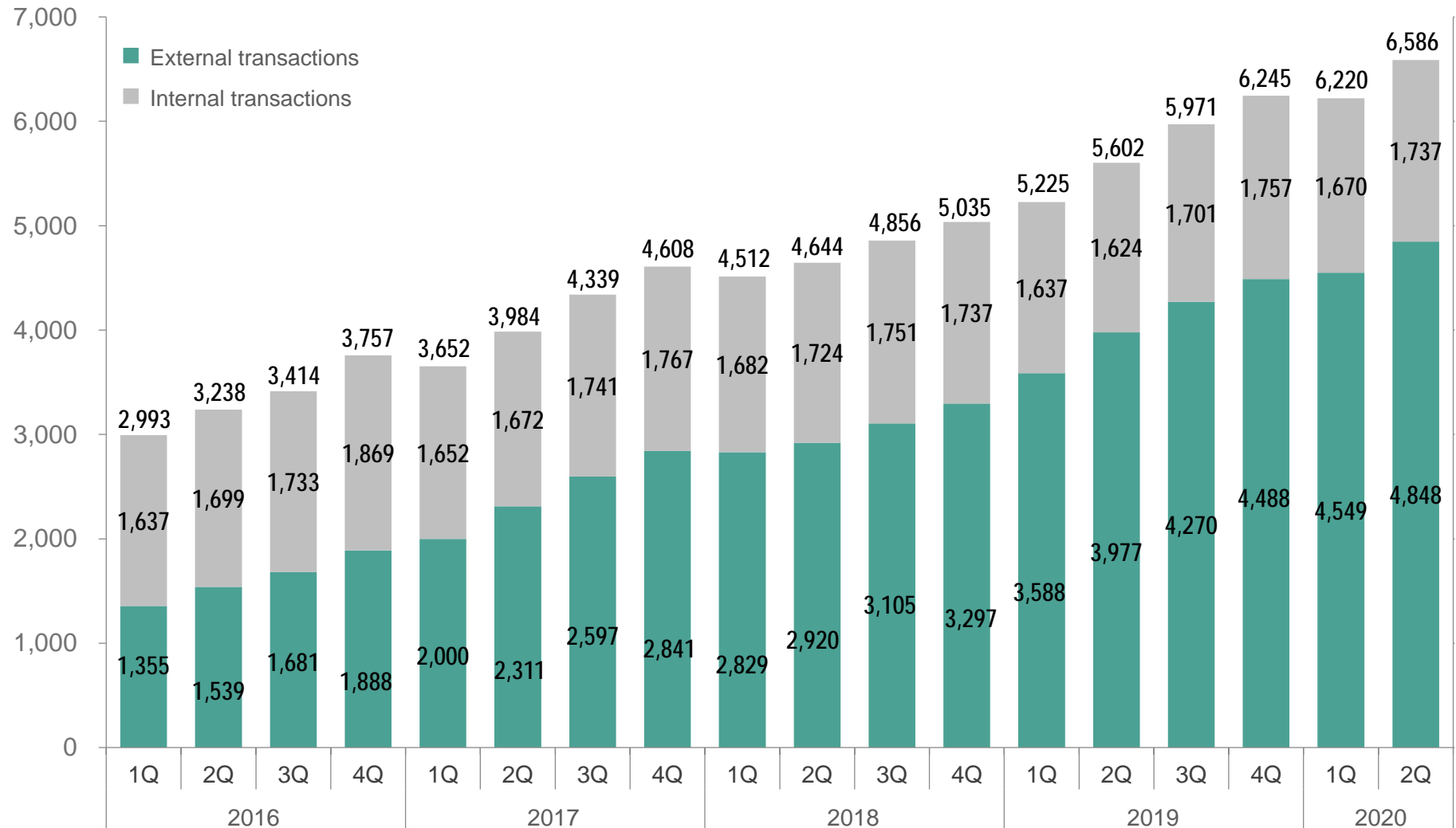
Trends in Segment Profit by Quarter

(Unit: Million Yen)

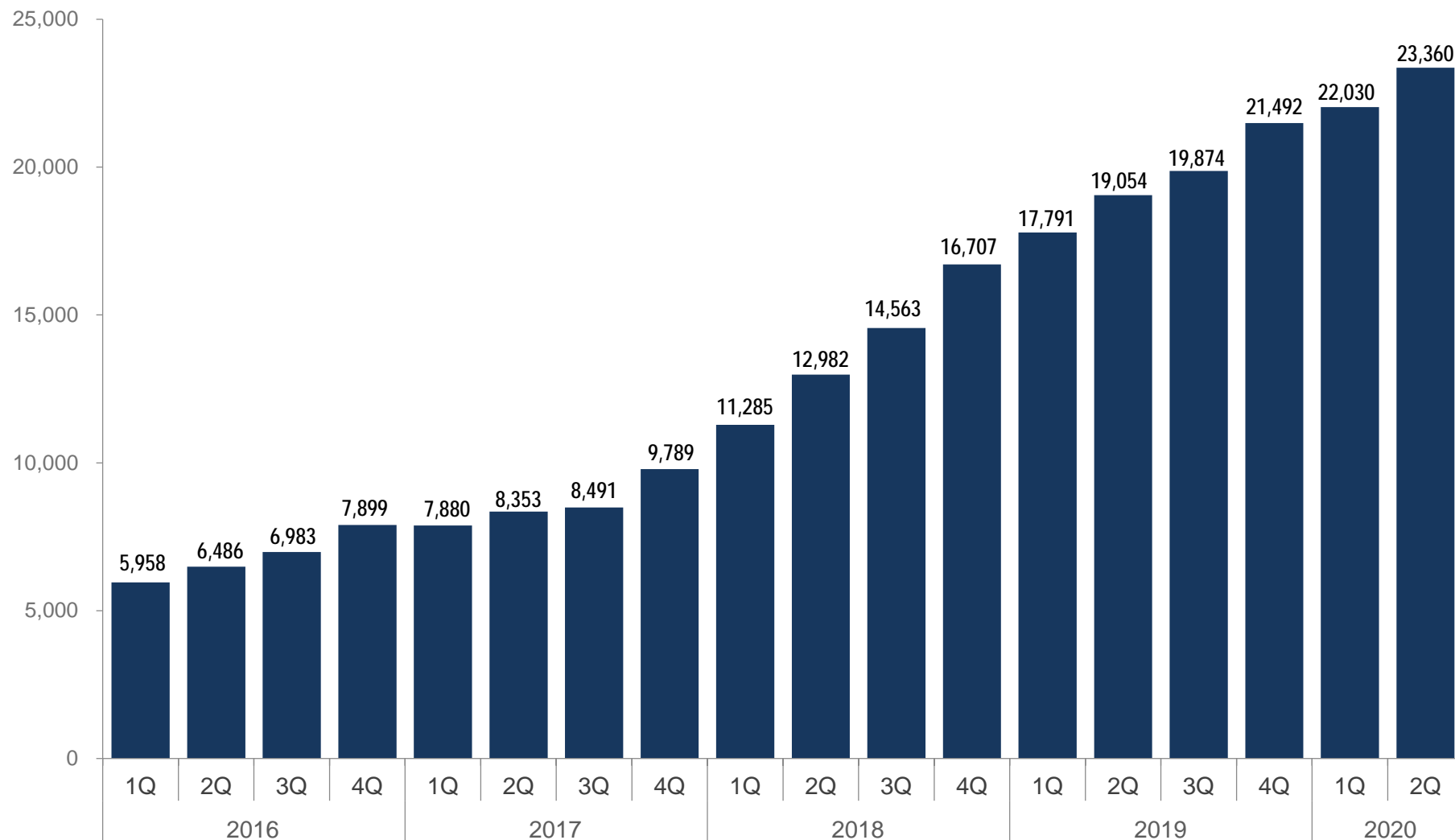


Trends in “Paid” Transaction Value

(Unit: Million Yen)

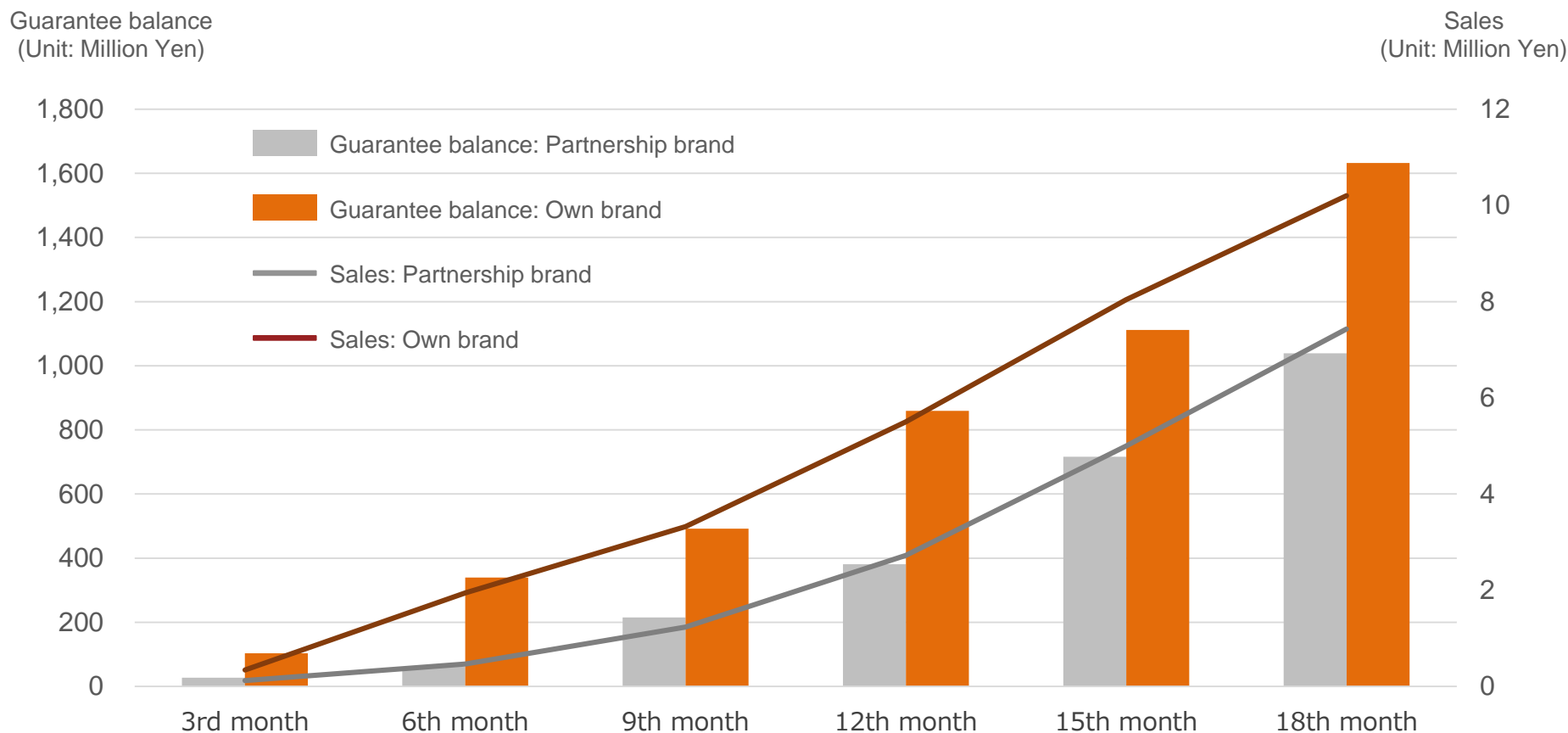


(Unit: Million Yen)



*Guarantee balance for ALEMO is excluded.

Rent guarantee service for businesses under own brand remained strong with the increase in the number of real estate handled



Continues to increase at a speed exceeding that at the start of provision of rent guarantee service for businesses under partnership brand

FY 4/2019

Second Half of the Fiscal Year

EC Business

Constructed a scheme in which posting companies in “SUPER DELIVERY” can conduct wholesale to Amazon Fashion without any labor



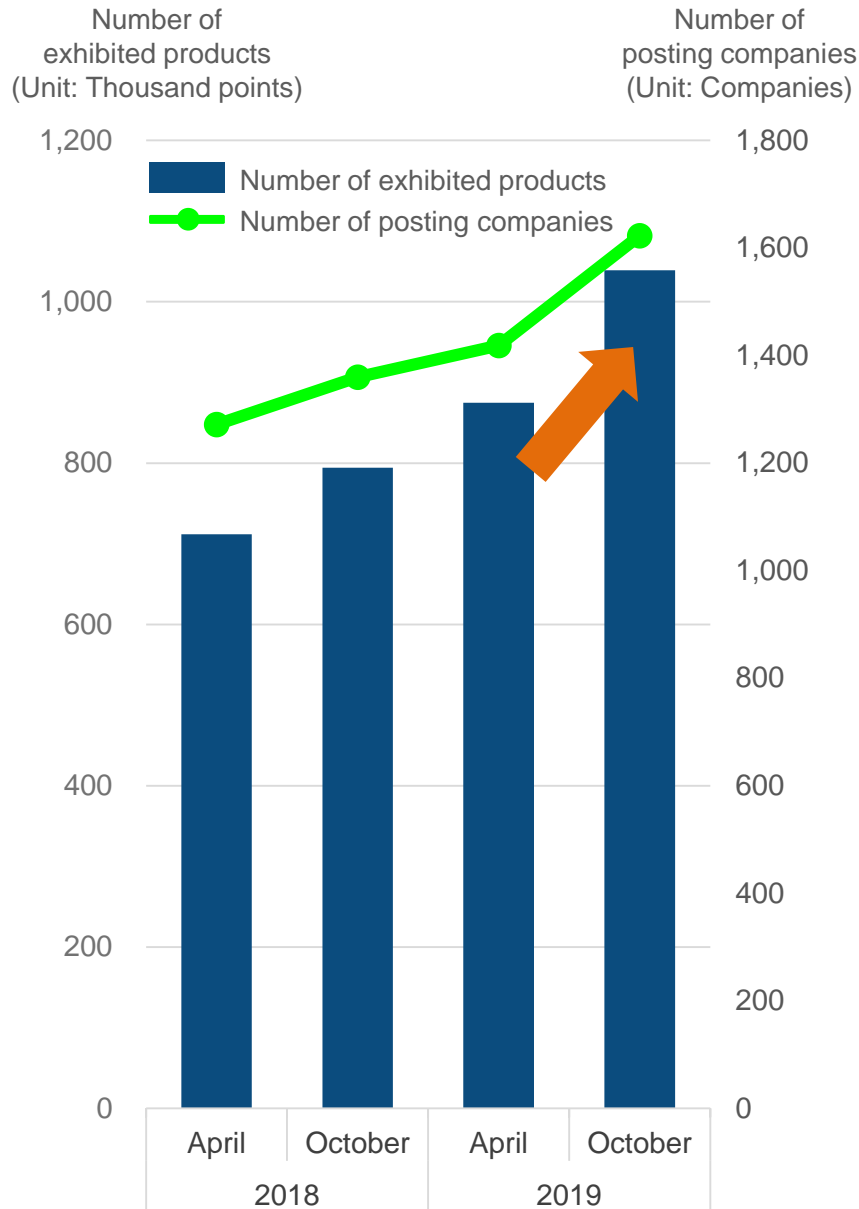
Started supplying products limited to those under the category of bags and wallets from February 2019



Both the number of posting companies and transaction value increased steadily
*** Contributed to the recovery of transaction value for domestic retailers in 2Q**



To start on a full scale



Increase rate of the number of posting companies and number of exhibited products increased!

Transaction value increased



Continued to attract more posting companies in order to acquire products fulfilling all the needs

Aiming to register all products of domestic small and medium-sized manufacturers.

Accelerated growth in overseas transactions
while achieving stable growth in domestic transactions



Aim: Domestic Transactions < Overseas Transactions!

Financial Business



All services are growing steadily.

On the other hand, name recognition of all services is overwhelmingly low.

Letting people know about the services accelerates growth

**Increase
exposure**

**Enhance
name
recognition**

**Increase
customers**

**Increase
sales**



Started placing advertisements in taxis in Tokyo and Kanagawa
(from November 25, 2019)

- “Flower fortune-telling (credit examination)” edition



取引先...
Transaction...



The era of deciding transactions by intuition has ended.

Do it!!

- “Relief of president (accounts receivable guarantee)” edition



What should we do if we do not receive the accounts receivable?

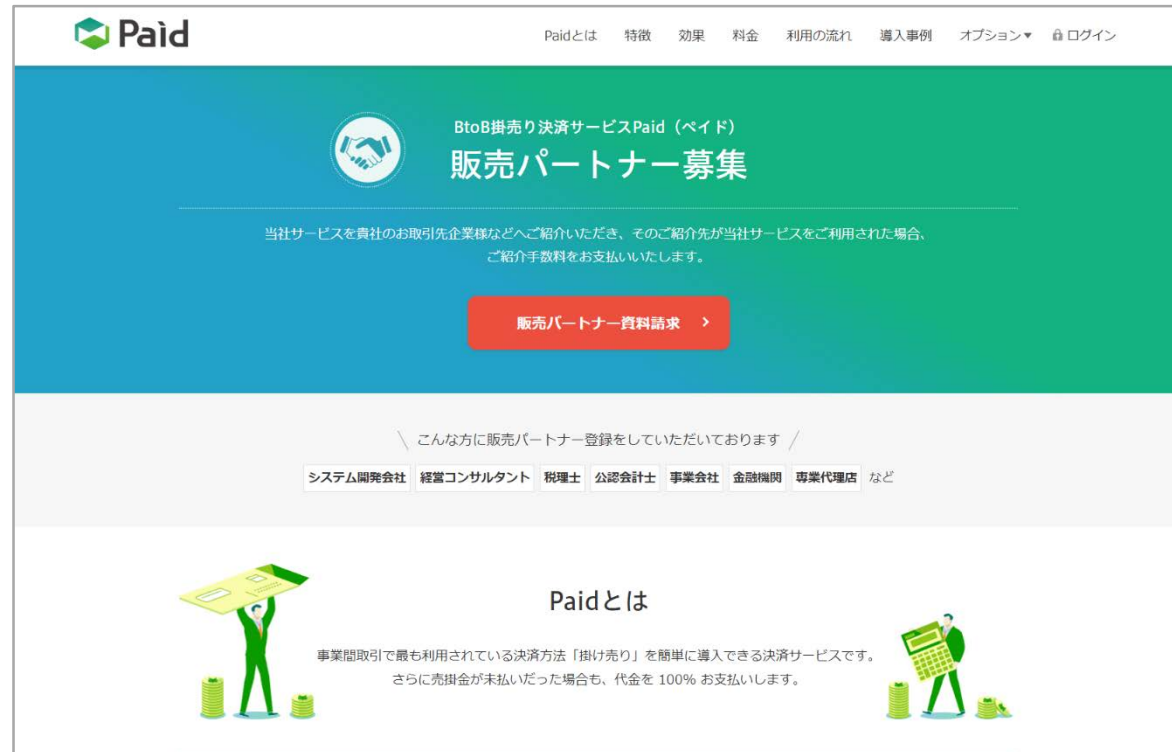


The era of worrying about accounts receivables has ended.

Good!

Strongly conveyed the value of URIHO to managers of SMEs
by placing advertisements with a storyline

Established a dedicated website and solicited corporations and organizations for introduction of Paid



Attracting corporations and organizations to “Paid”
through organizations directly involved with managers of
SMEs (financial institutions, tax accountants, sales consultants, etc.)

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				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
EC	425,150	425,472	446,243	466,189	455,214	472,263
Financial	243,873	257,229	364,526	351,713	362,899	377,467
Total	669,023	682,702	810,769	817,902	818,113	849,730

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				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
EC	167,308	164,168	186,450	196,600	186,422	201,232
Financial	37,533	41,638	17,839	45,823	73,979	75,589
Adjustment	-71,567	-68,219	-81,257	-87,592	-84,626	-87,353
Total	133,274	137,587	123,032	154,831	175,775	189,468

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				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
System usage sales	272,082	275,301	294,524	314,239	300,684	316,377
Member retailer sales	61,170	60,712	60,888	61,070	61,814	61,801
Posting company sales	89,903	87,312	88,610	88,415	90,066	91,213
Total	423,155	423,326	444,023	463,724	452,564	469,392
Transaction value	2,672,949	2,674,929	2,852,157	3,044,716	2,927,620	2,957,307

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				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
No. of buying customers	11,616	11,846	12,068	12,814	13,249	13,621
Value of transactions	230,109	225,808	236,340	237,608	220,969	217,113

(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				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Internal Sales	42,624	42,288	44,290	45,734	43,481	45,239
External Sales	243,873	257,229	364,526	351,713	362,899	377,467
Total	286,497	299,518	408,817	397,447	406,380	422,706

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				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Internal Transactions	1,637,880	1,624,883	1,701,840	1,757,236	1,670,517	1,737,978
External Transactions	3,588,014	3,977,456	4,270,115	4,488,159	4,549,949	4,848,632
Total	5,225,894	5,602,340	5,971,955	6,245,395	6,220,467	6,586,611

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				2020	
1Q	2Q	3Q	4Q	1Q	2Q
17,791,515	19,054,837	19,874,875	21,492,574	22,030,599	23,360,385
	0	39,977,208	41,452,875	43,302,721	44,816,198

← Amount for ALEMO