

FY 4/2018 (ending April 2018)

1Q Financial Results



August 30, 2017
Raccoon Co., LTD
Code: 3031 TSE1

Disclaimer

All estimates and opinions in this document were based on information available to us at the current time, and may include inaccuracies. Actual decisions and financial results in the future may differ.

Summary of Financial Results for the First Quarter of the Fiscal Year Ending April 2018

Net Sales: **612** million yen

YoY: **7.5%** increase

Operating Income: **106** million yen

YoY: **12.3%** increase

- Continued to increase number of personnel to conduct advertisement investment in SD export, Paid and URIHO, strengthen sales and enhance convenience of services such as system development from the previous quarter.



Revenue and income increased year-on-year in all businesses

Ordinary income: 104,429 thousand yen (YoY 11.1% increase)

Net income: 69,150 thousand yen (YoY 19.9 increase)

(Unit: Million Yen)

	FY 4/2018 1Q Results	FY 4/2017 1Q Results	YoY	Estimation	Progress Rate
Net sales	612	569	7.5%	2,550	24.0%
Gross profit	523	485	7.8%	—	—
Selling, general and administrative expenses	417	391	6.7%	—	—
— Advertising and sales promotion costs	49	39	27.8%	—	—
Operating income	106	94	12.3%	490	21.6%
Operating margin	17.3%	16.6%	0.3 pts	19.2%	—
Ordinary income	104	93	11.1%	485	21.5%
Net income attributable to owners of parent	69	57	19.9%	300	23.1%

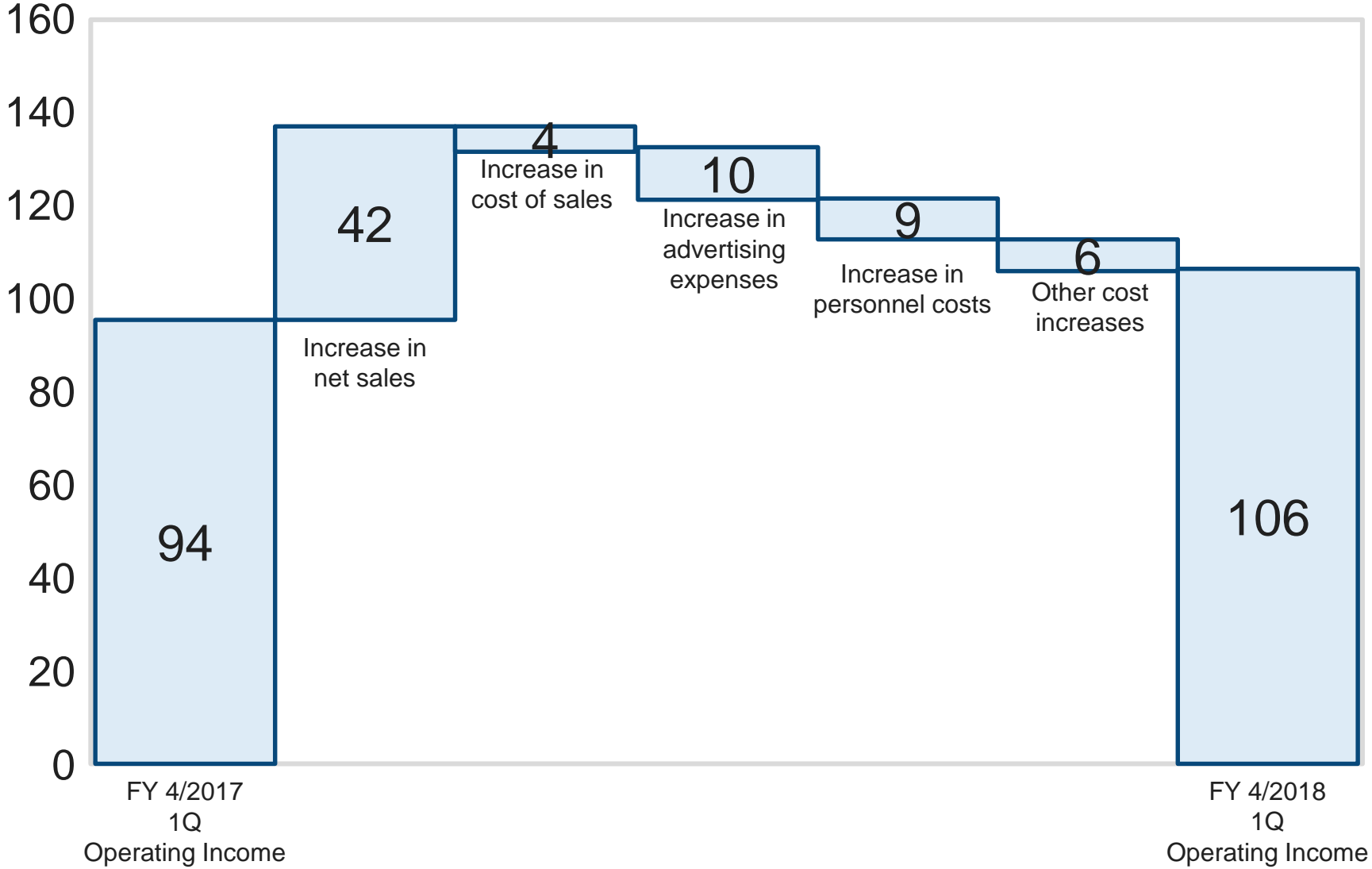
Trends in Business Performance (quarterly basis)

(Unit: Million Yen)

	FY 4/2017				FY 4/2018
	1Q	2Q	3Q	4Q	1Q
Net sales	569	575	598	615	612
Gross profit	485	484	505	509	523
Selling, general and administrative expenses	391	378	387	406	417
— Advertising and sales promotion expenses	39	43	46	48	49
Operating income	94	105	117	103	106
Operating Margin	16.6%	18.3%	19.7%	16.8%	17.3%
Ordinary income	93	101	116	102	104
Net income attributable to owners of parent	57	46	78	73	69

Factors behind Change in Operating Income (year-on-year comparison)

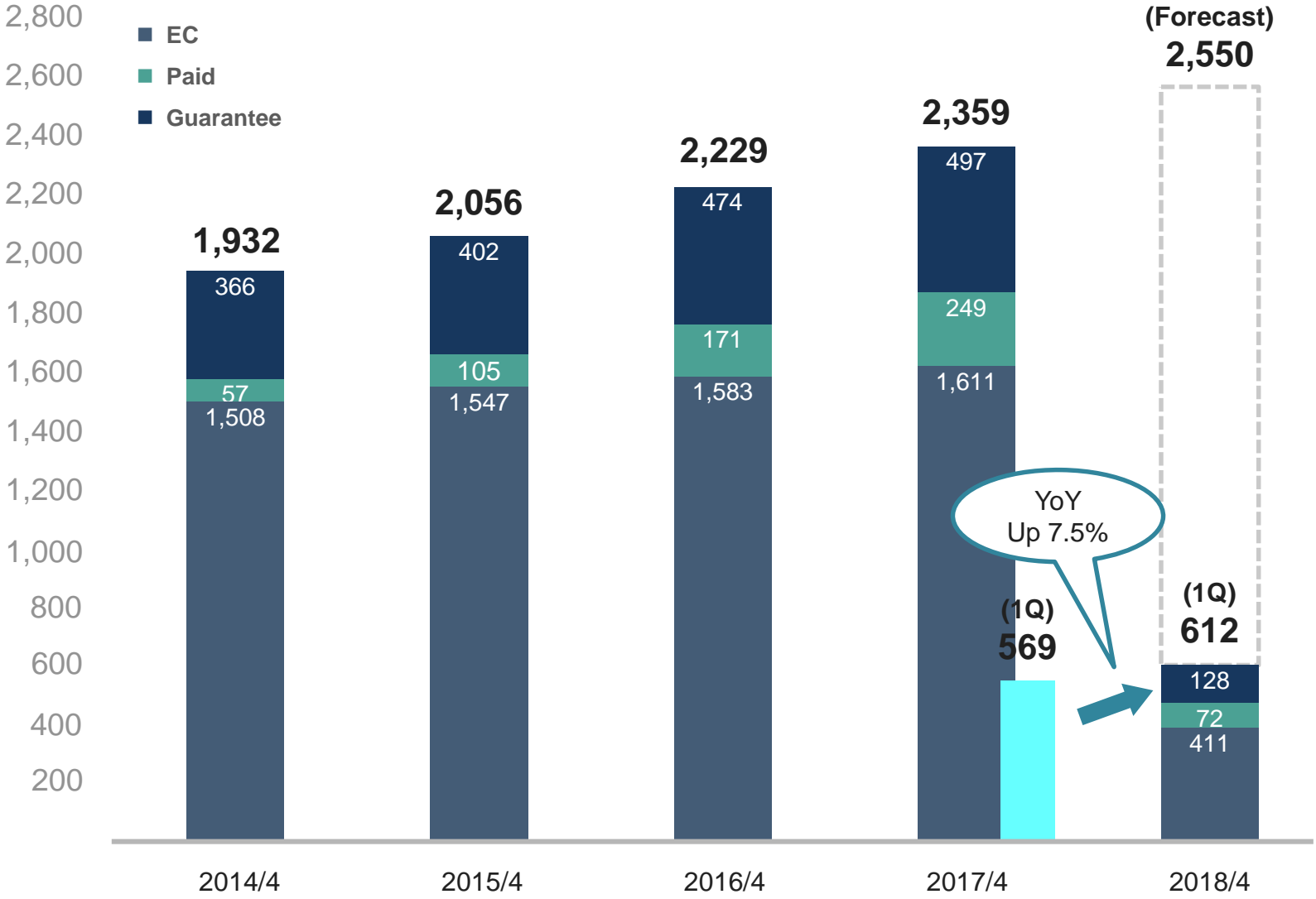
(Unit: Million Yen)



Trends Consolidated Net Sales

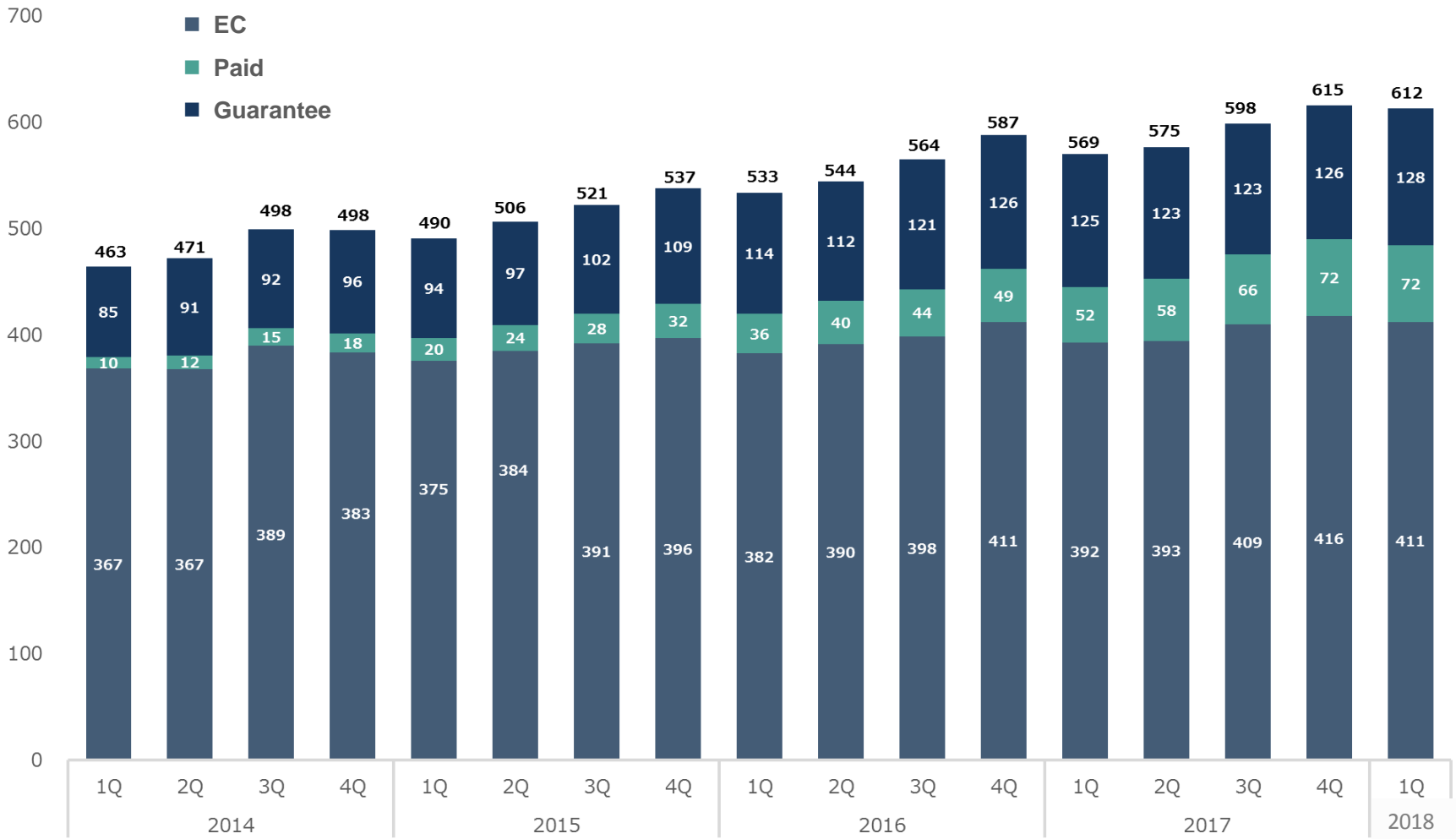


(Unit: Million Yen)



Trends in Consolidated Net Sales by Quarter

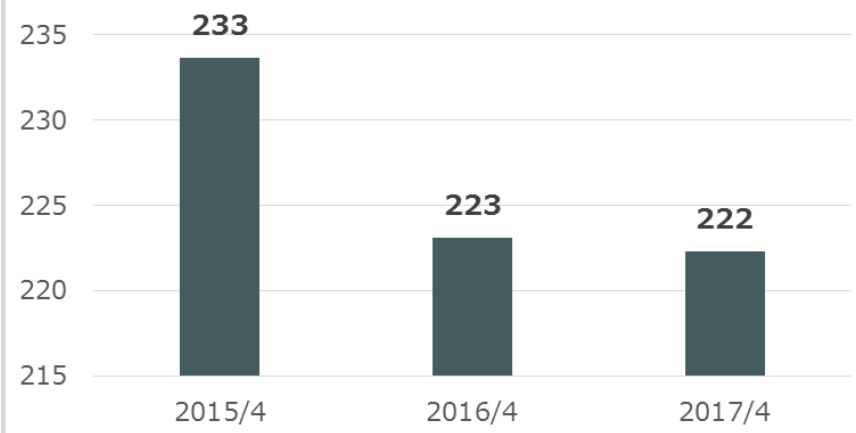
(Unit: Million Yen)



(Change in segment profit of EC business due to adjustment)

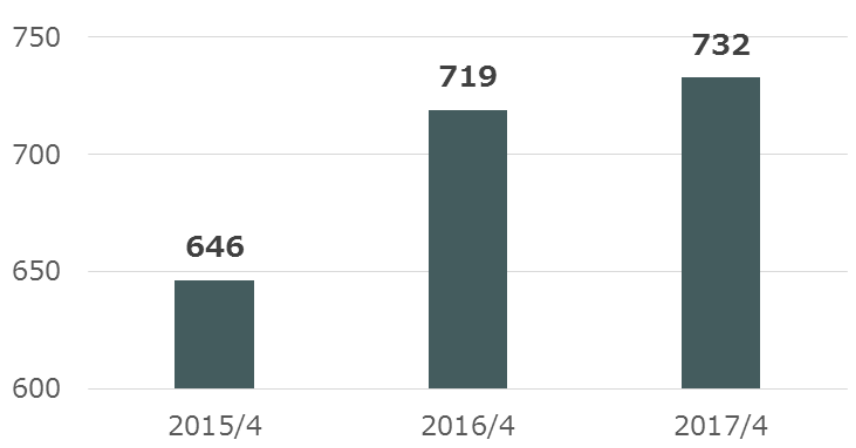
(Unit: Million Yen)

EC Business (before adjustment)



(Unit: Million Yen)

EC Business (after adjustment)



All indirect costs in the segment information disclosed in the summary of financial results and securities report are borne by EC business.

* Indirect costs:

Head office expenses (personnel costs, rent, tax, etc.)

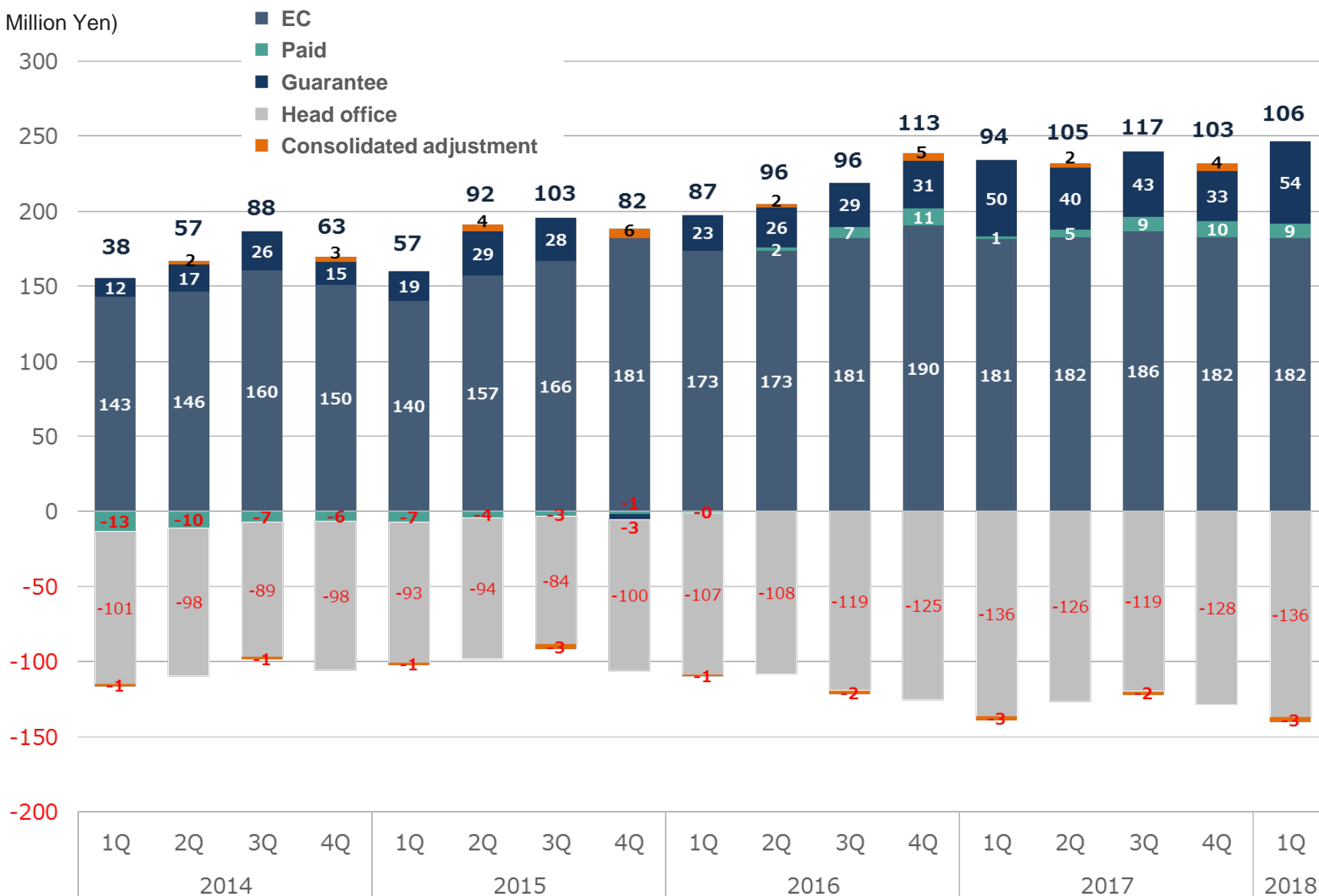
As a result, EC business segment profit is relatively small compared with other businesses (Paid business and Guarantee business). In addition, the increase/decrease in indirect costs had a large impact on the increase/decrease in EC business segment profit, making it difficult to recognize the natural growth of the EC business.

Therefore, segment profit after adjustment calculated by deducting the head office expenses from the costs of the EC business described in the segment information in the summary of financial results and securities report will be indicated in the financial results materials.

There are no changes to the amount of segment profit in the Paid business and the Guarantee business impacted by the adjustment.

Trends in Consolidated Operating Income by Quarter (after adjustment of head office expenses)

(Unit: Million Yen)



(Unit: Million Yen)

	FY 4/2018 1Q	FY 4/2017	Difference	Compared with the end of the previous quarter
Current Assets	4,878	5,176	-297	94.2%
Non-current assets	388	389	-0	99.8%
—Property, plant and equipment	24	26	-1	93.4%
—Intangible assets	213	212	1	100.6%
—Investments and other assets	150	150	-0	99.6%
Current liabilities	3,319	3,608	-288	92.0%
Non-current liabilities	40	49	-8	82.2%
Net assets	1,907	1,907	-0	100.0%
Total assets	5,267	5,566	-298	94.6%

Summary by Segment

EC Business

FY 4/2018 1Q Summary

Segment Sales: **411** million yen YoY: **5.0%** increase

Segment Profit: **182** million yen YoY: **0.5%** increase

(after adjustment of head office expenses)

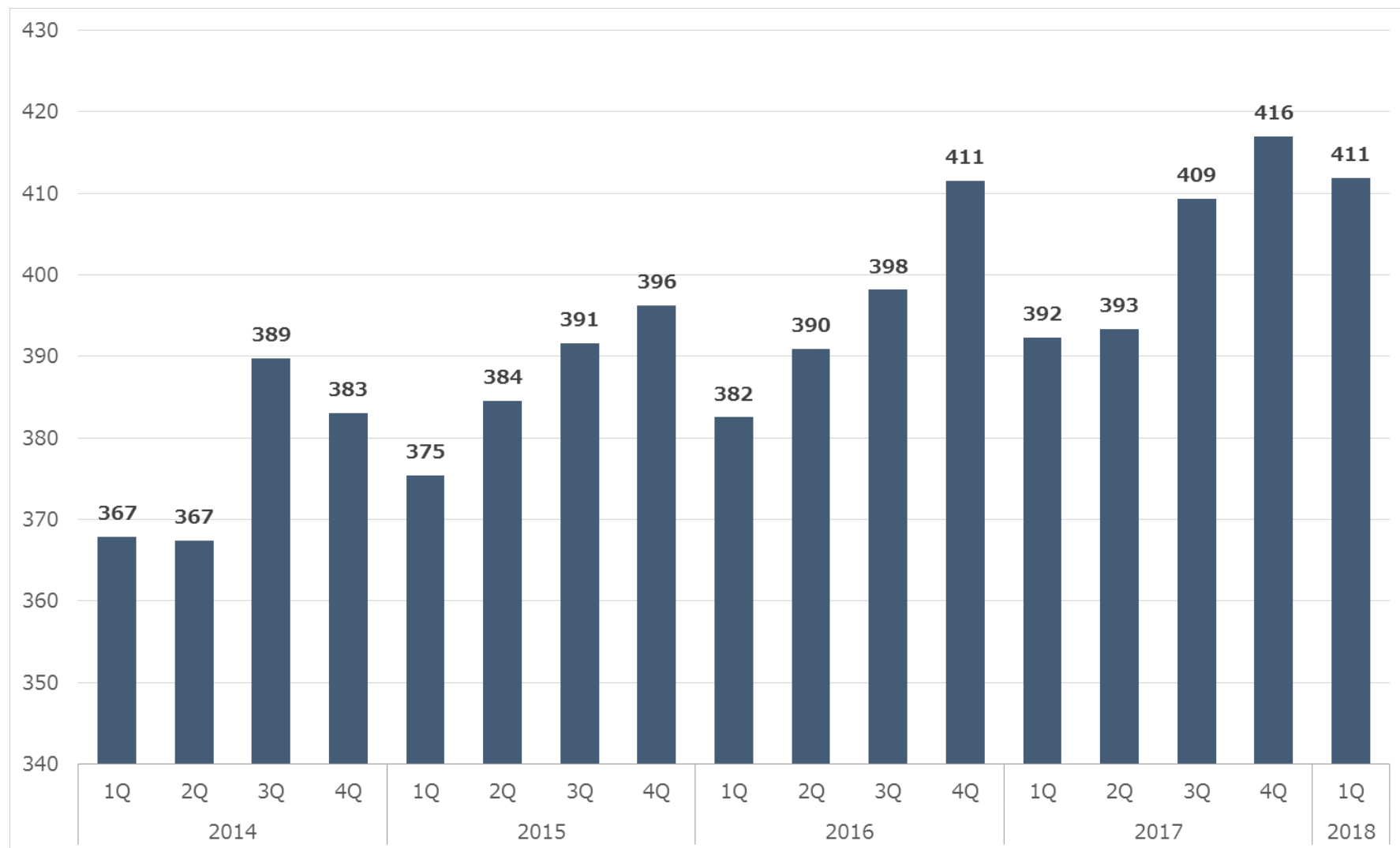
- Domestic transaction value of SUPER DELIVERY → YOY 2.5% increase
 - Focused on the acquisition of businesses other than retailers
 - Contributing to the increase in membership → Increase in transaction value
 - Increase in domestic transaction value
- Overseas transaction value of SUPER DELIVERY → YOY 68.9% increase
 - Strengthening popular overseas products in SD export
 - Increased the handling volume of daily commodities, cosmetics and baby goods



Total transaction value: 2,540,172 thousand yen (YoY 7.0% increase)

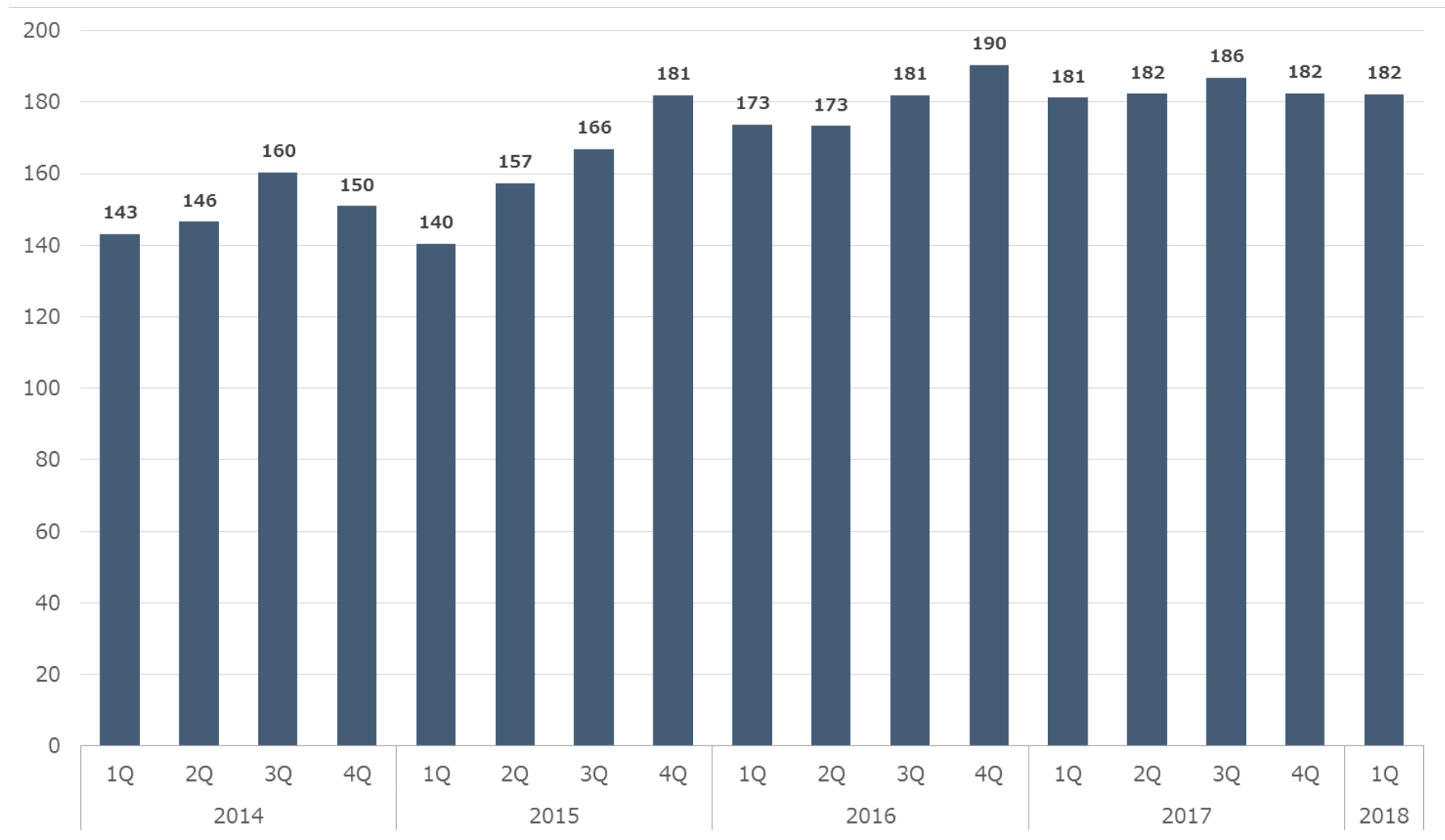
Trends in Sales by Quarter

(Unit: Million Yen)



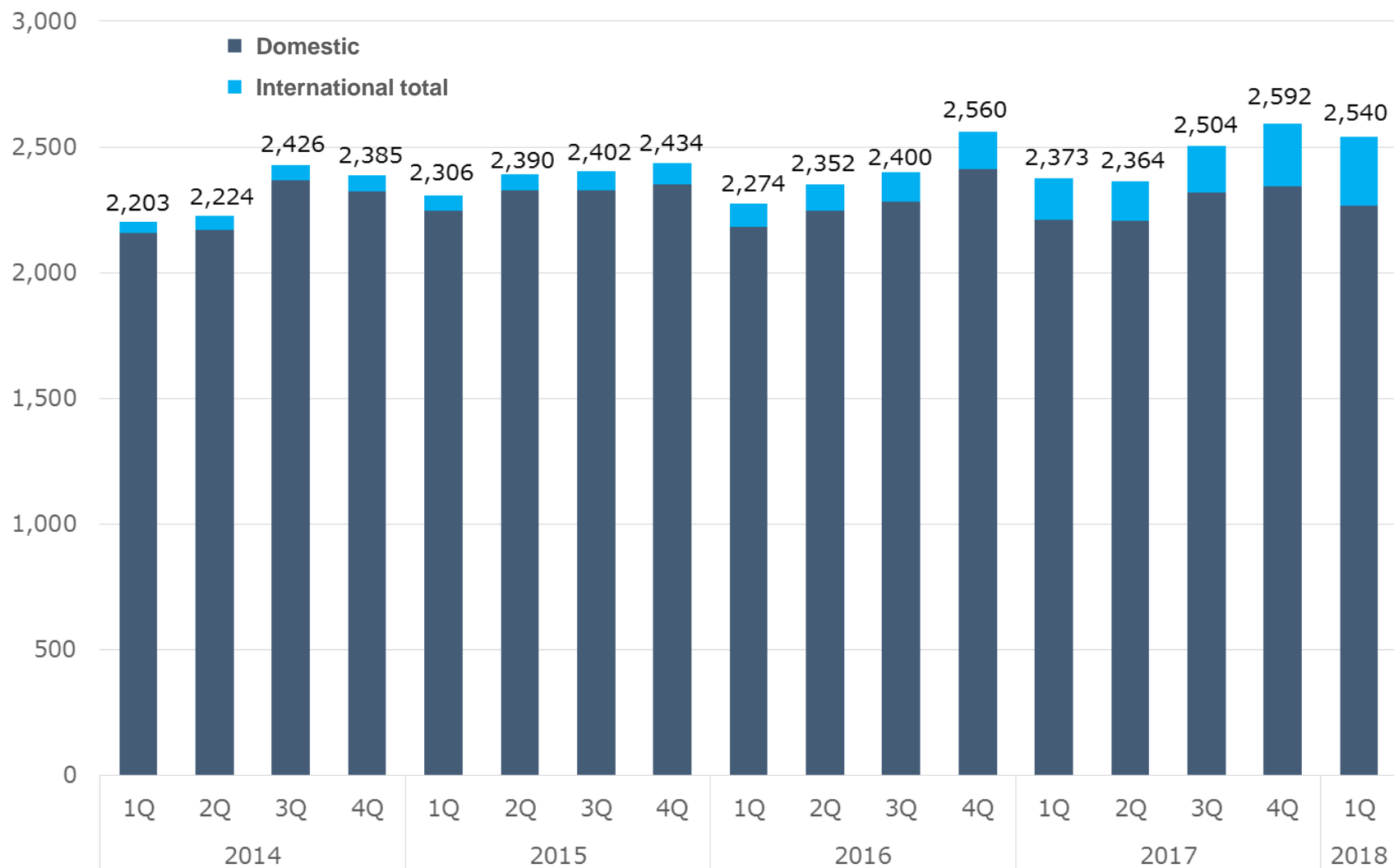
Trends in Segment Profit by Quarter (after adjustment of head office expenses)

(Unit: Million Yen)

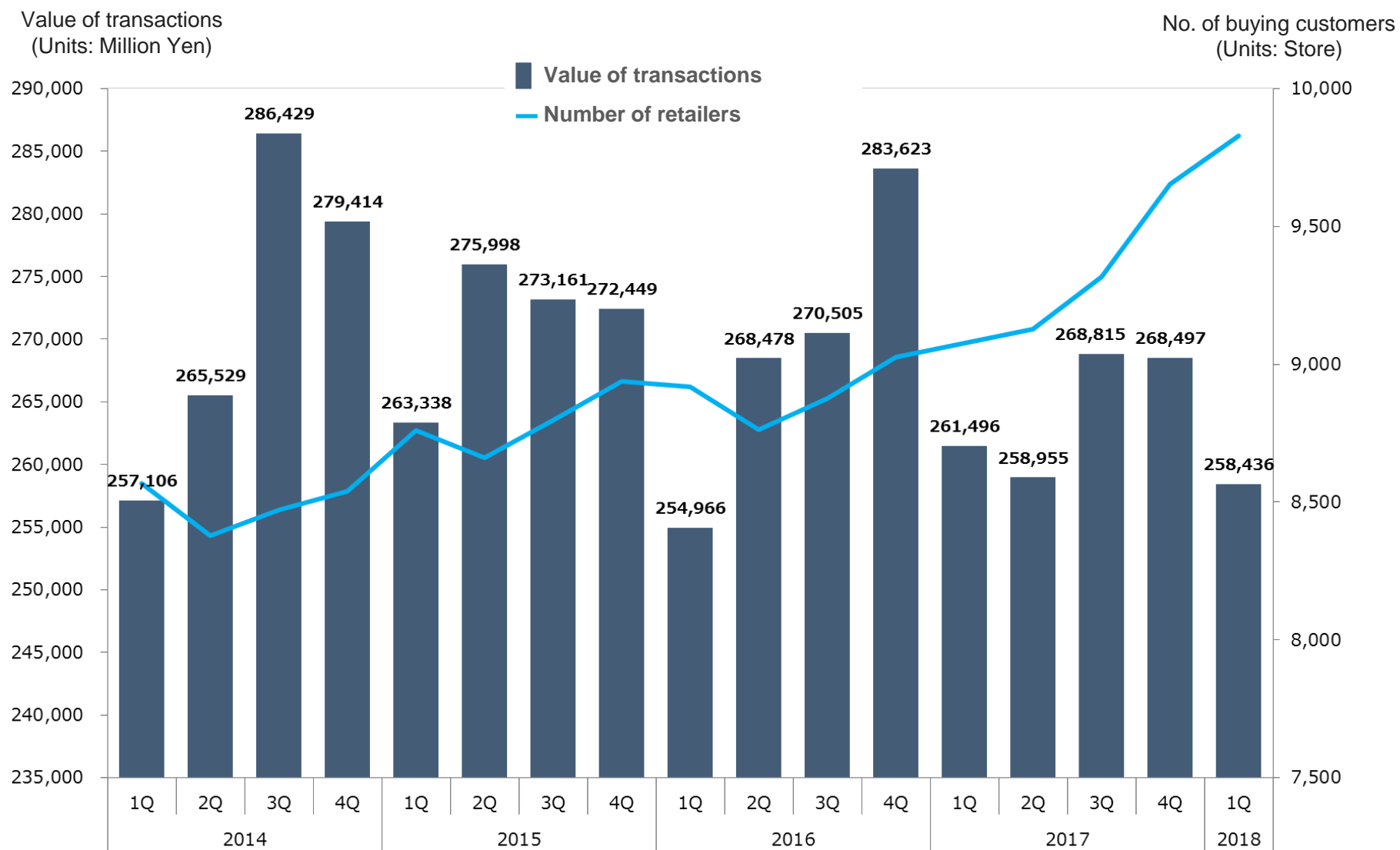


Trends in SUPER DELIVERY Transaction Value

(Unit: Million Yen)



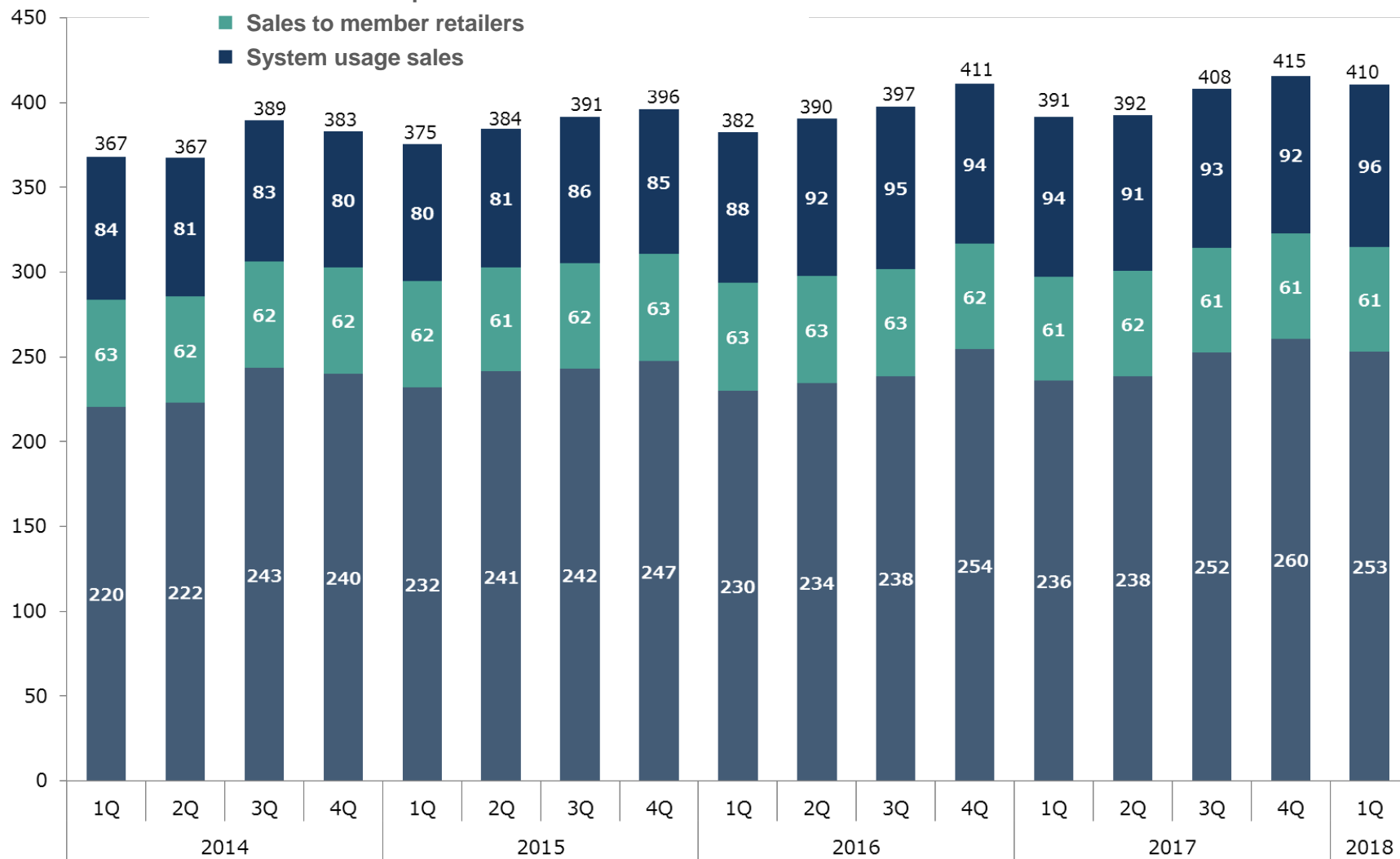
No. of Buying Customers and Value of Transactions



Trends in Sales of SUPER DELIVERY

(Unit: Million Yen)

- Sales to companies posting information on products
- Sales to member retailers
- System usage sales



Paid Business

Segment Sales: **115** million yen YoY: **21.6%** increase

Segment Profit: **9** million yen YoY: **411.1%** increase

- Continued investments conducted in the previous quarter (advertisement, personnel, system) in this quarter
- Conducted proactive promotion activities of “Paid Automatic Fixed Amount Billing” (April 2017—)



Both the number of member companies and active clients steadily increased

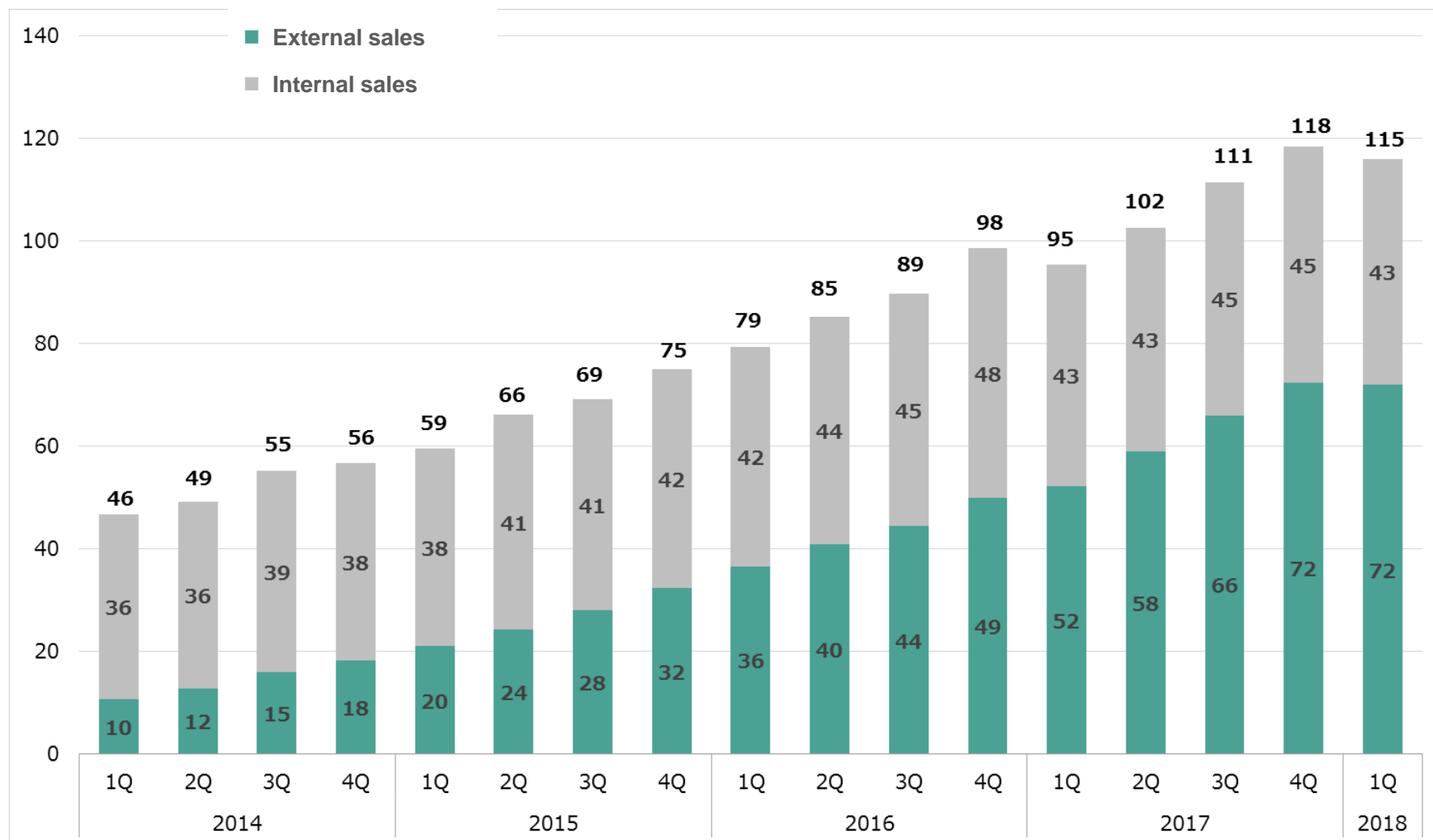
Transaction value: 4,514,403 thousand yen (YoY 23.6% increase)

External transactions: 2,829,913 thousand yen (YoY 41.5% increase)

External sales: 72,014 thousand yen (YoY 38.0% increase)

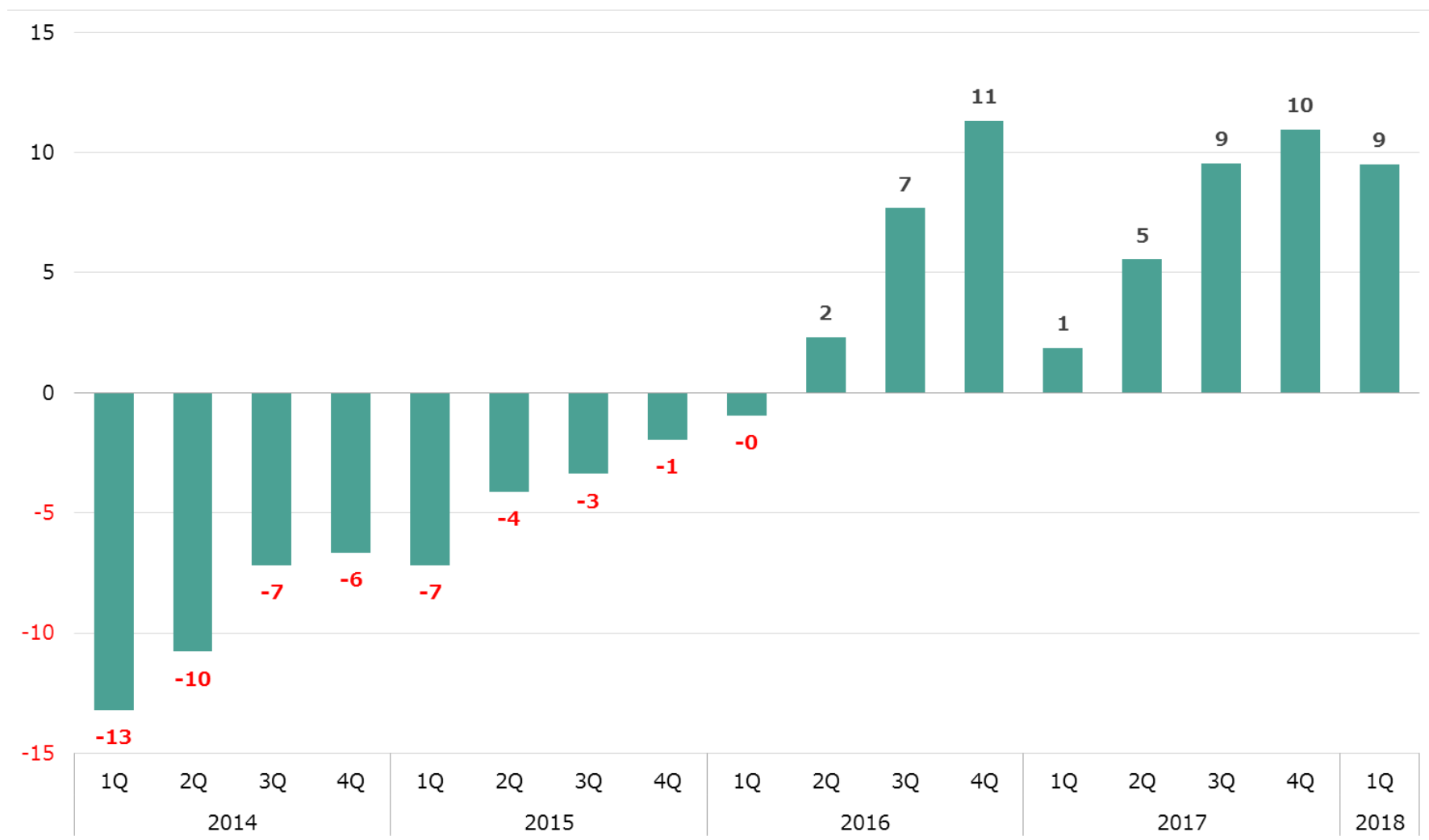
Trends in Sales by Quarter

(Unit: Million Yen)



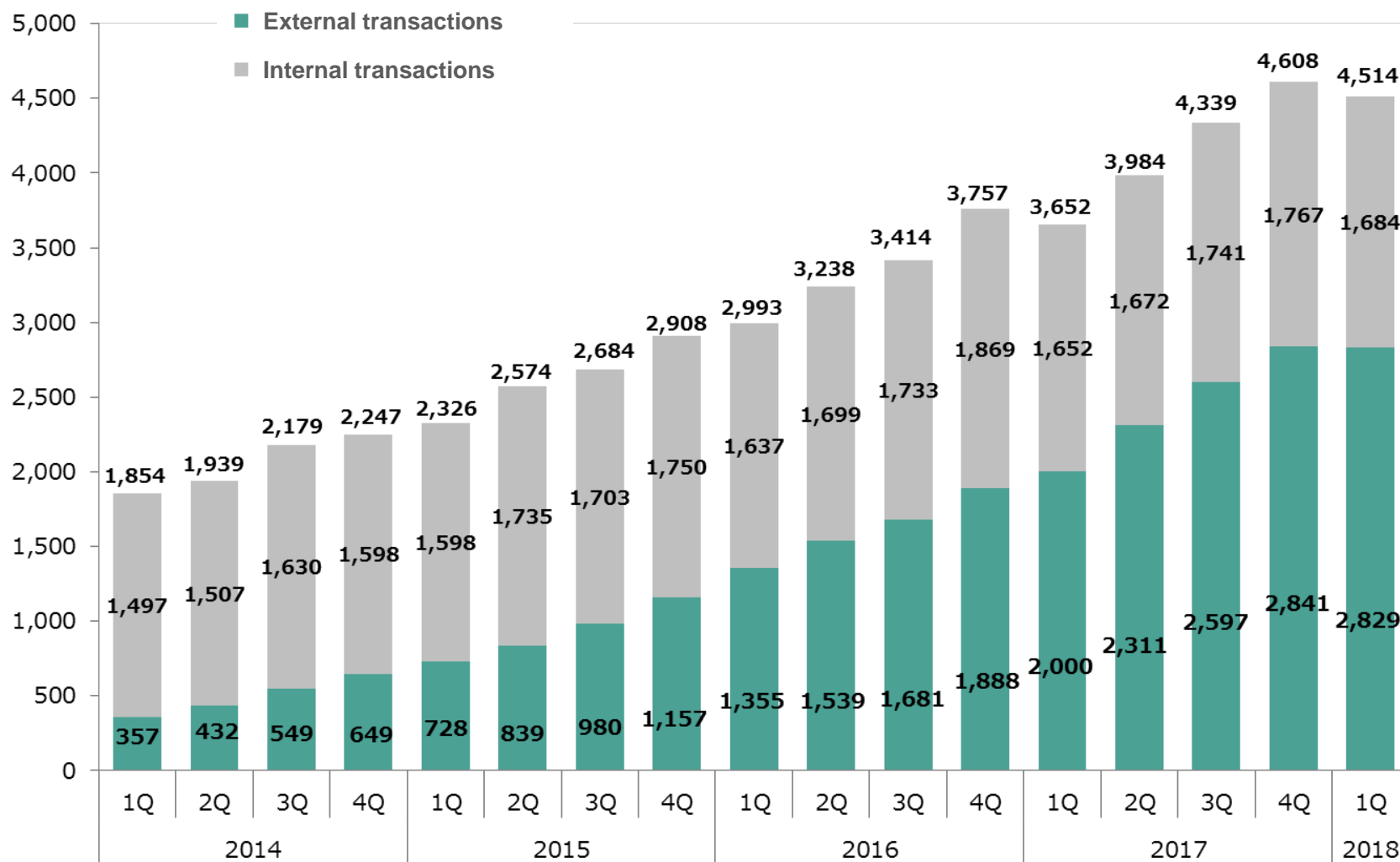
Trends in Segment Profit by Quarter

(Unit: Million Yen)



Trends in “Paid” Transaction Value

(Unit: Million Yen)



Guarantee Business

FY 4/2018 1Q Summary

Segment Sales: **190** million yen YoY: **6.3%** increase

Segment Profit: **54** million yen YoY: **8.0%** increase

- Increased capital to 490,000 thousand yen with an aim to strengthen financial base
- Renewed “T&G Guarantee” service site
- Increased advertising expenses to increase the number of clients of “URIHO”
- Guarantee balance of business rent guarantee service also steadily increased

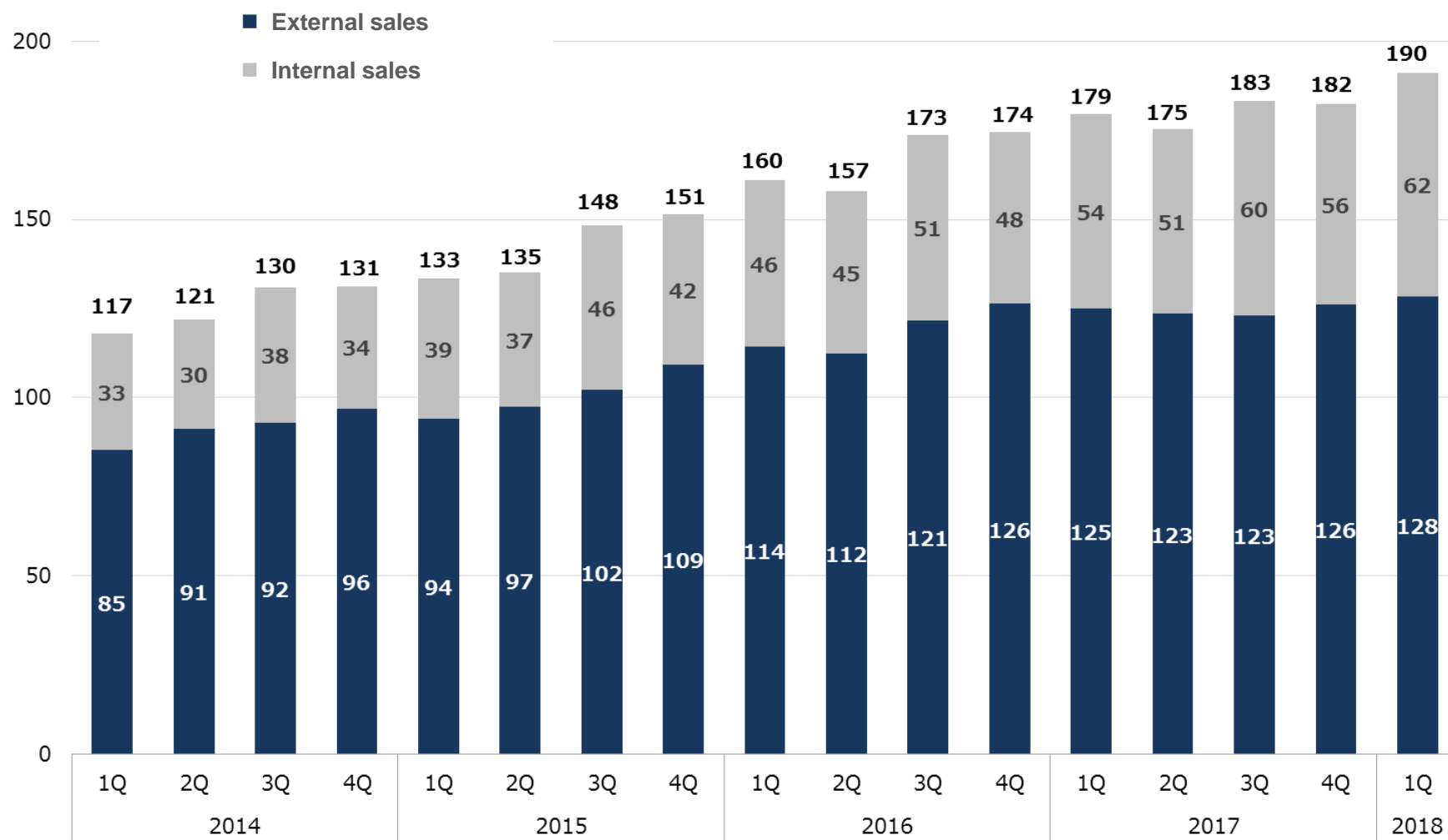


Guarantee balance of all services increased

Guarantee balance: 12,664,206 thousand yen
(11.6% increase from the end of the previous quarter)

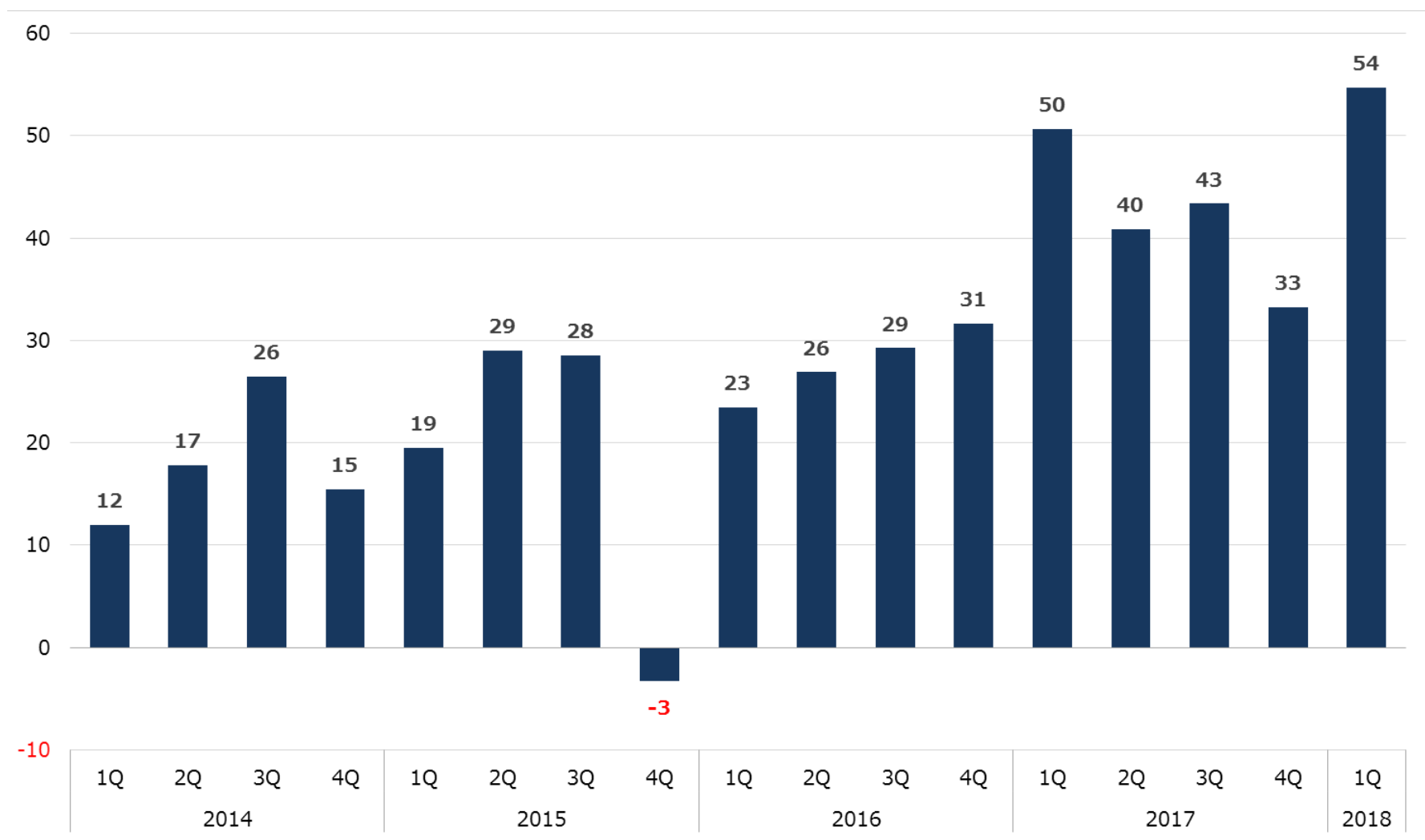
Trends in Sales by Quarter

(Unit: Million Yen)



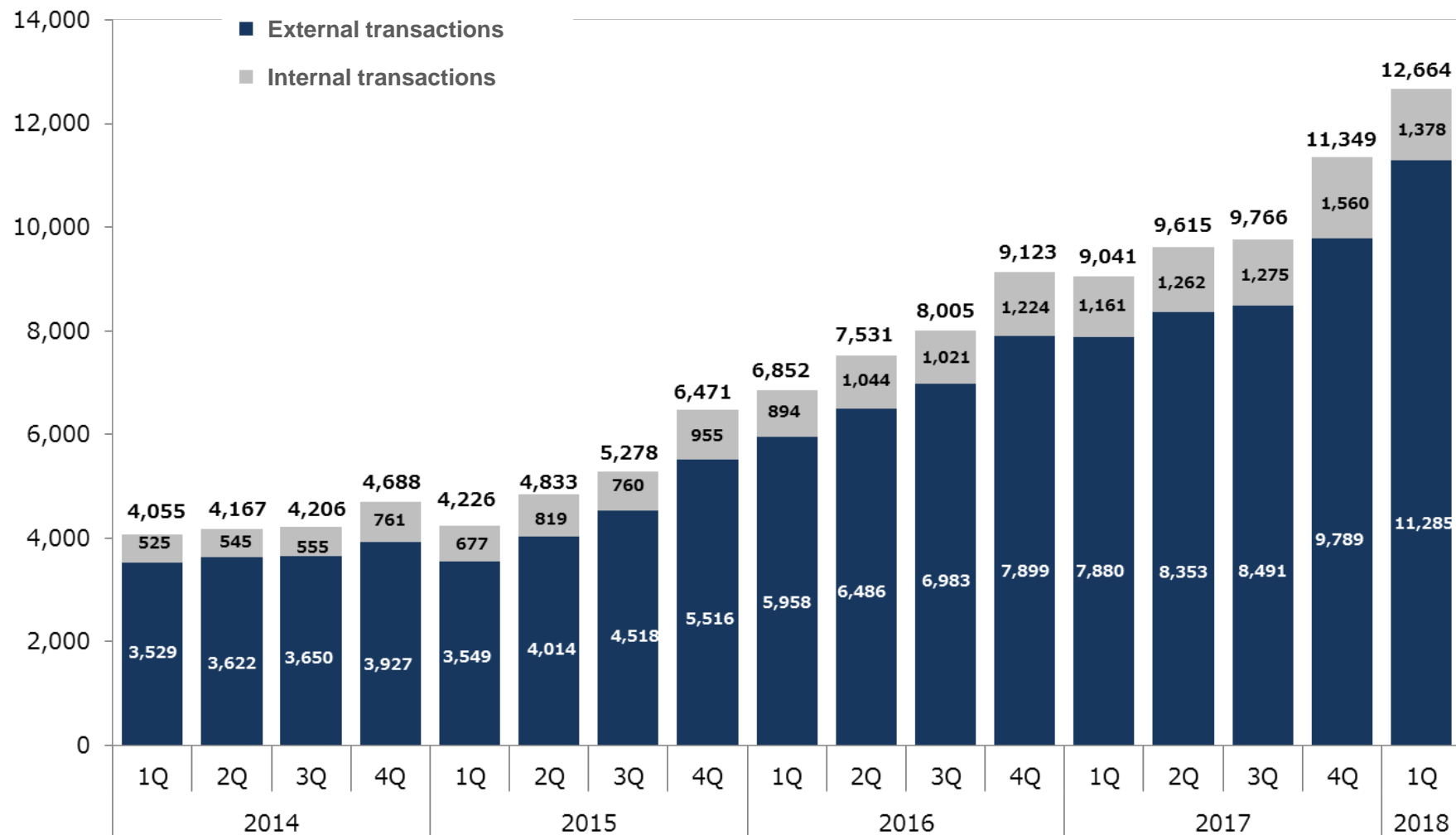
Trends in Segment Profit by Quarter

(Unit: Million Yen)



Trends in Guarantee Balance

(Unit: Million Yen)



Reference: Appendix

Trends in Consolidated Net Sales by Quarter



(Unit: Thousand Yen)

	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
EC	367,884	367,411	389,742	383,074	375,447	384,577	391,616	396,253
Paid	10,688	12,804	15,972	18,125	20,998	24,230	28,009	32,298
Guarantee	85,243	91,273	92,965	96,989	94,003	97,479	102,127	109,225
Total	463,817	471,490	498,681	498,189	490,448	506,287	521,753	537,778

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
EC	382,543	390,892	398,157	411,525	392,285	393,391	409,310	416,992
Paid	36,593	40,883	44,460	49,862	52,197	58,926	66,018	72,419
Guarantee	114,331	112,425	121,701	126,265	125,066	123,628	123,062	126,012
Total	533,468	544,201	564,319	587,653	569,548	575,946	598,391	615,424

	2018
	1Q
EC	411,858
Paid	72,014
Guarantee	128,440
Total	612,313

Trends in Consolidated Operating Income by Quarter (after adjustment of head office expenses)



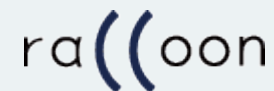
(Unit: Thousand Yen)

	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
EC	143,188	146,506	160,246	150,892	140,259	157,234	166,821	181,970
Paid	-13,215	-10,769	-7,187	-6,659	-7,174	-4,129	-3,376	-1,960
Guarantee	12,014	17,798	26,469	15,443	19,493	29,049	28,540	-3,241
Head Office	-101,806	-98,855	-89,737	-98,944	-93,610	-94,184	-84,954	-100,918
Consolidated adjustment	-1,550	2,348	-1,710	3,172	-1,588	4,866	-3,203	6,283
Total	38,630	57,029	88,080	63,904	57,380	92,835	103,827	82,133

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
EC	173,697	173,267	181,776	190,297	181,203	182,305	186,743	182,487
Paid	-954	2,321	7,676	11,323	1,857	5,542	9,540	10,942
Guarantee	23,441	26,908	29,252	31,645	50,662	40,892	43,378	33,228
Head Office	-107,748	-108,351	-119,000	-125,285	-136,262	-126,106	-119,685	-128,386
Consolidated adjustment	-1,117	2,107	-2,799	5,259	-3,012	2,871	-2,314	4,924
Total	87,318	96,253	96,905	113,239	94,448	105,504	117,662	103,197

	2018
	1Q
EC	182,066
Paid	9,494
Guarantee	54,716
Head Office	-136,932
Consolidated adjustment	-3,283
Total	106,060

Trends in “SUPER DELIVERY” Sales



(Unit: Thousand Yen)

	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
System usage sales	220,657	222,718	243,448	240,197	232,159	241,295	242,833	247,402
Member retailer sales	63,100	62,824	62,805	62,638	62,758	61,667	62,403	63,461
Posting company sales	84,127	81,869	83,488	80,238	80,529	81,602	86,352	85,316
Total	367,884	367,411	389,742	383,074	375,447	384,565	391,589	396,181
Transaction value	2,203,142	2,224,870	2,426,346	2,385,642	2,306,578	2,390,695	2,402,729	2,434,880

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
System usage sales	230,178	234,369	238,694	254,334	236,045	238,416	252,671	260,824
Member retailer sales	63,412	63,338	63,268	62,638	61,362	62,442	61,854	61,986
Posting company sales	88,793	92,958	95,826	94,029	94,181	91,496	93,793	92,986
Total	382,383	390,666	397,789	411,001	391,589	392,354	408,319	415,797
Transaction value	2,274,044	2,352,681	2,400,734	2,560,267	2,373,604	2,364,000	2,504,825	2,592,073

	2018
	1Q
System usage sales	253,118
Member retailer sales	61,538
Posting company sales	96,065
Total	410,722
Transaction value	2,540,172

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



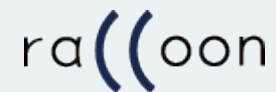
Value of Transactions (Units: Yen)

	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
No. of buying customers	8,569	8,379	8,471	8,538	8,759	8,662	8,796	8,937
Value of transactions	257,106	265,529	286,429	279,414	263,338	275,998	273,161	272,449

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
No. of buying customers	8,919	8,763	8,875	9,027	9,077	9,129	9,318	9,654
Value of transactions	254,966	268,478	270,505	283,623	261,496	258,955	268,815	268,497

	2018
	1Q
No. of buying customers	9,829
Value of transactions	258,436

Trends in “Paid” Sales



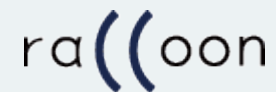
(Units: Thousand Yen)

	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal net sales	36,052	36,335	39,270	38,483	38,481	41,803	41,051	42,704
External net sales	10,688	12,804	15,972	18,125	20,998	24,230	28,009	32,298
Total	46,741	49,140	55,243	56,608	59,480	66,033	69,061	75,003

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Sales	42,696	44,306	45,209	48,759	43,104	43,657	45,339	45,982
External Sales	36,593	40,883	44,460	49,862	52,197	58,926	66,018	72,419
Total	79,289	85,190	89,669	98,621	95,301	102,583	111,358	118,402

	2018
	1Q
Internal Sales	43,831
External Sales	72,014
Total	115,845

Trends in “Paid” Transaction Value



(Units: Thousand Yen)

	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Transactions	1,497,167	1,507,402	1,630,085	1,598,024	1,598,398	1,735,527	1,703,691	1,750,567
External Transactions	357,494	432,289	549,099	649,045	728,416	839,188	980,724	1,157,949
Total	1,854,661	1,939,691	2,179,184	2,247,069	2,326,815	2,574,716	2,684,416	2,908,517

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Transactions	1,637,797	1,699,168	1,733,022	1,869,146	1,652,225	1,672,828	1,741,922	1,767,514
External Transactions	1,355,857	1,539,287	1,681,144	1,888,849	2,000,291	2,311,575	2,597,637	2,841,259
Total	2,993,654	3,238,455	3,414,167	3,757,996	3,652,516	3,984,403	4,339,560	4,608,774

	2018
	1Q
Internal Transactions	1,684,490
External Transactions	2,829,913
Total	4,514,403

Trends in Guarantee Sales



(Units: Thousand Yen)

	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Sales	32,665	30,503	38,028	34,265	39,415	37,732	46,273	42,197
External Sales	85,243	91,273	92,965	96,989	94,003	97,479	102,127	109,225
Total	117,908	121,777	130,994	131,254	133,418	135,212	148,401	151,423

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Sales	46,533	45,516	51,777	48,093	54,511	51,799	60,118	56,416
External Sales	114,331	112,425	121,701	126,265	125,066	123,628	123,062	126,012
Total	160,864	157,941	173,479	174,358	179,577	175,428	183,181	182,428

	2018
	1Q
Internal Sales	62,498
External Sales	128,440
Total	190,939

(Units: Thousand Yen)

	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Transactions	525,822	545,980	555,764	761,363	677,679	819,252	760,544	955,015
External Transactions	3,529,900	3,622,014	3,650,406	3,927,362	3,549,223	4,014,613	4,518,229	5,516,003
Total	4,055,723	4,167,995	4,206,170	4,688,725	4,226,903	4,833,865	5,278,774	6,471,019

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Internal Transactions	894,400	1,044,661	1,021,991	1,224,147	1,161,171	1,262,455	1,275,282	1,560,351
External Transactions	5,958,346	6,486,483	6,983,264	7,899,365	7,880,656	8,353,182	8,491,518	9,789,473
Total	6,852,747	7,531,144	8,005,256	9,123,513	9,041,827	9,615,638	9,766,801	11,349,825

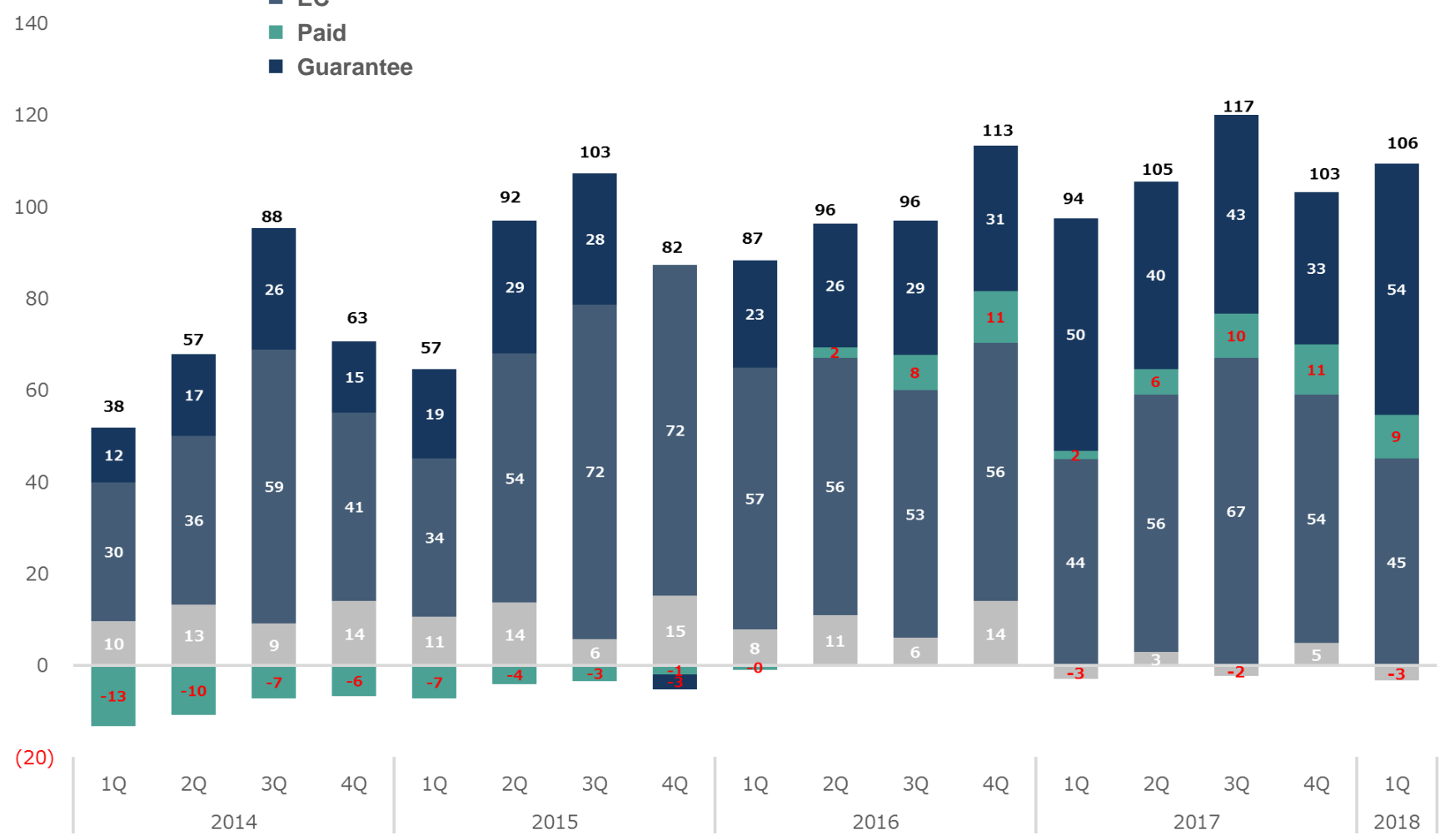
	2018
	1Q
Internal Transactions	1,378,217
External Transactions	11,285,989
Total	12,664,206

Reference: Trends in Consolidated Operating Income by Quarter (after adjustment of head office expenses)



(Unit: Million Yen)

- Consolidated adjustment
- EC
- Paid
- Guarantee



(20)