

FY 4/2018 (ending April 2018)

3Q Financial Results



February 26, 2018

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 Third Quarter of the Fiscal Year Ending April 2018

Net Sales: **1,887** million yen YoY: **8.2%** increase

Operating Income: **334** million yen YoY: **5.3%** increase

- Sales, general, and administrative expenses increased with the increase in the number of personnel for conducting investment in advertising for growing fields, strengthening sales, and enhancing service convenience such as through system development from the previous quarter.

(YoY... personnel expenses 7.4% increase, advertising expenses 13.2% increase)



Ordinary income: 329,830 thousand yen (YoY 5.7% increase)

Net income: 221,021 thousand yen (YoY 21.2% increase)

(Unit: Million Yen)

	FY 4/2018 3Q Results	FY 4/2017 3Q Results	YoY	Estimation	Progress Rate
Net sales	1,887	1,743	8.2%	2,550	74.0%
Gross profit	1,583	1,474	7.3%	—	—
Selling, general and administrative expenses	1,248	1,157	7.9%	—	—
— Advertising and sales promotion expenses	147	129	13.3%	—	—
Operating income	334	317	5.3%	490	86.2%
Operating margin	17.7%	18.2%	-0.5pts	19.2%	—
Ordinary income	329	312	5.7%	485	68.0%
Net income attributable to owners of parent	221	182	21.2%	300	73.7%

Trends in Business Performance (quarterly basis)

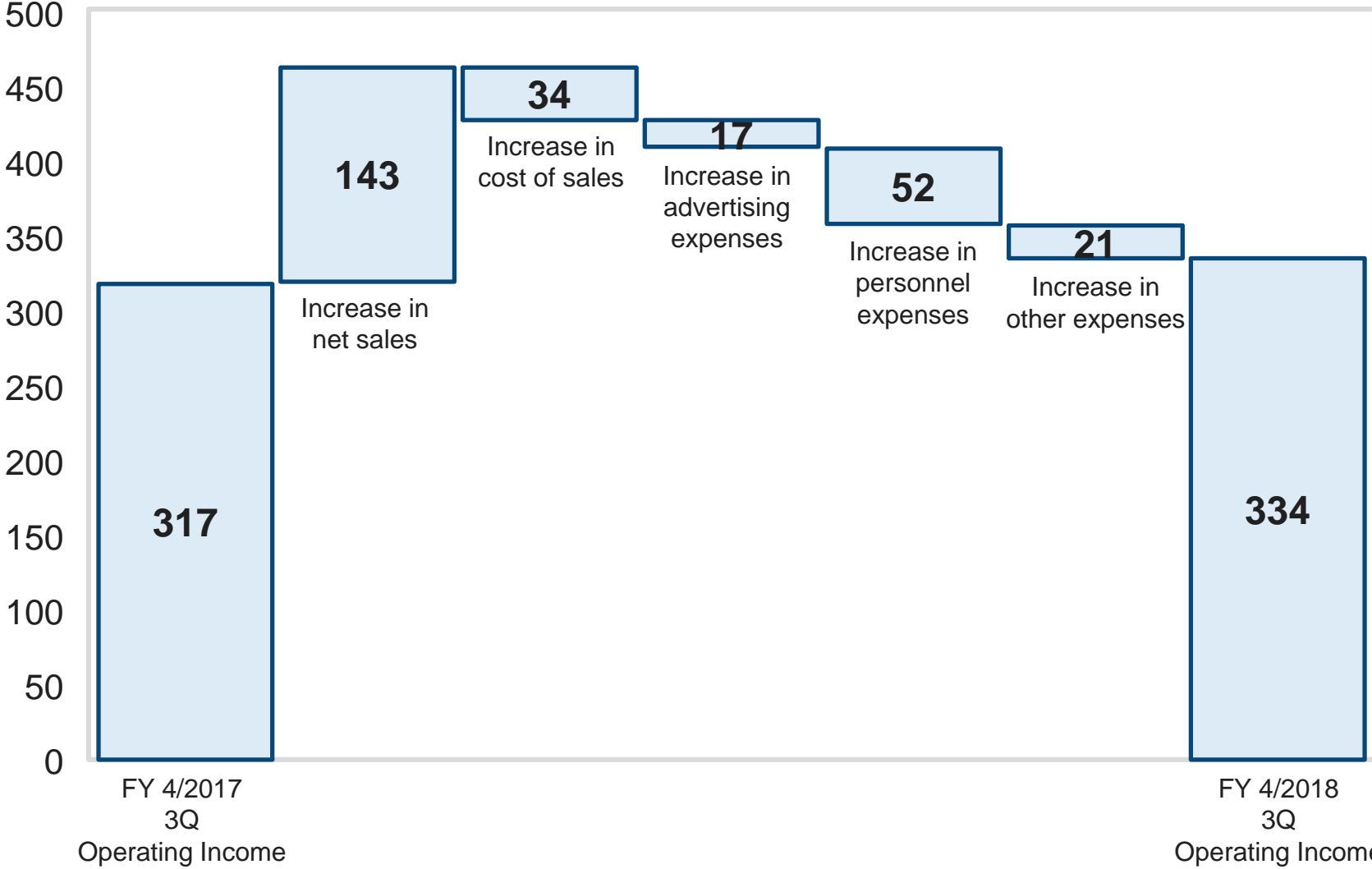
(Unit: Million Yen)

	FY 4/2017		FY 4/2018		
	3Q	4Q	1Q	2Q	3Q
Net sales	598	615	612	627	647
Gross profit	505	509	523	518	540
Selling, general and administrative expenses	387	406	417	412	418
— Advertising and sales promotion expenses	46	48	49	47	50
Operating income	117	103	106	106	122
Operating margin	19.7%	16.8%	17.3%	16.9%	18.9%
Ordinary income	116	102	104	103	121
Net income attributable to owners of parent	78	73	69	70	81

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



(Unit: Million Yen)

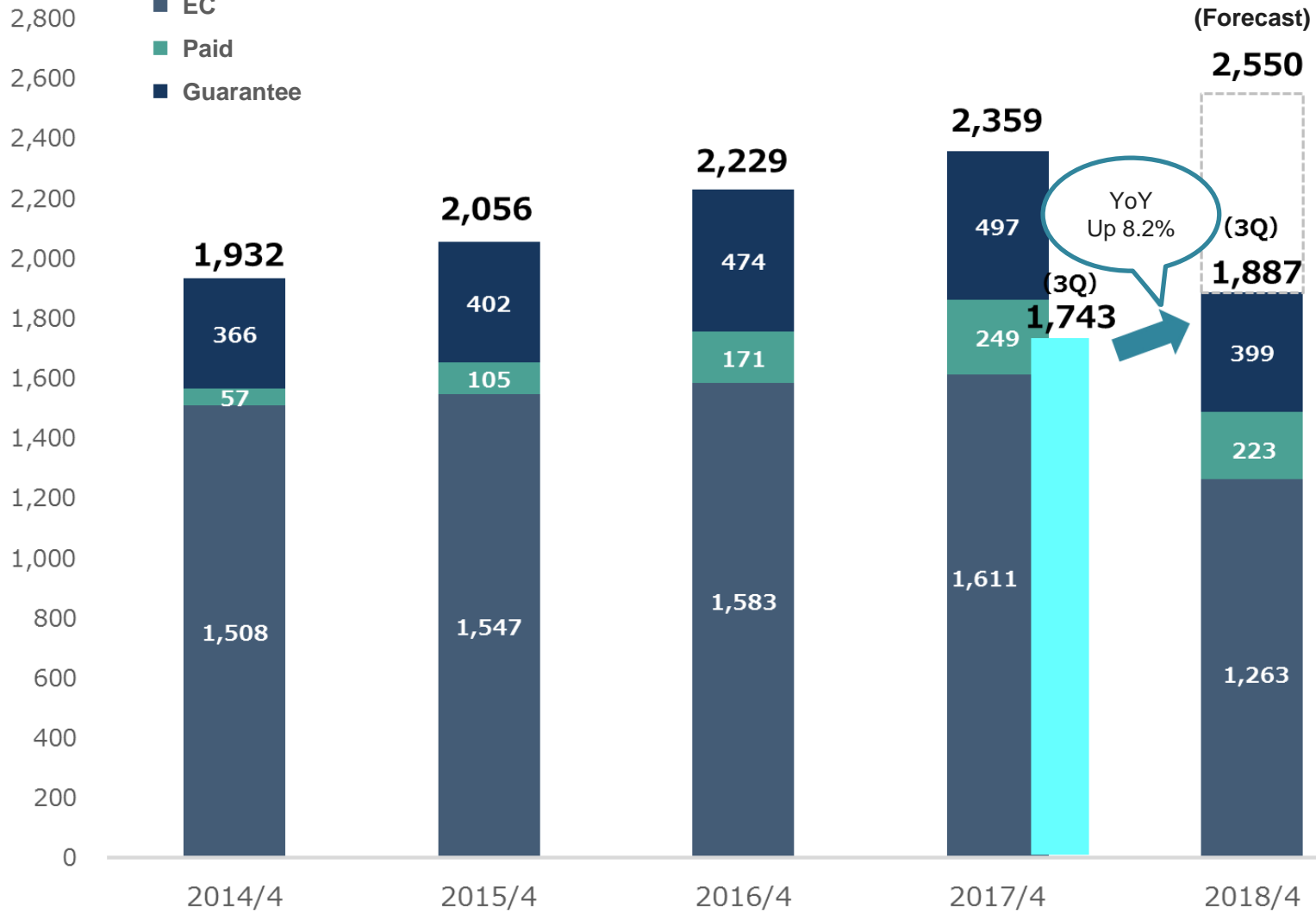


Trends in Consolidated Net Sales



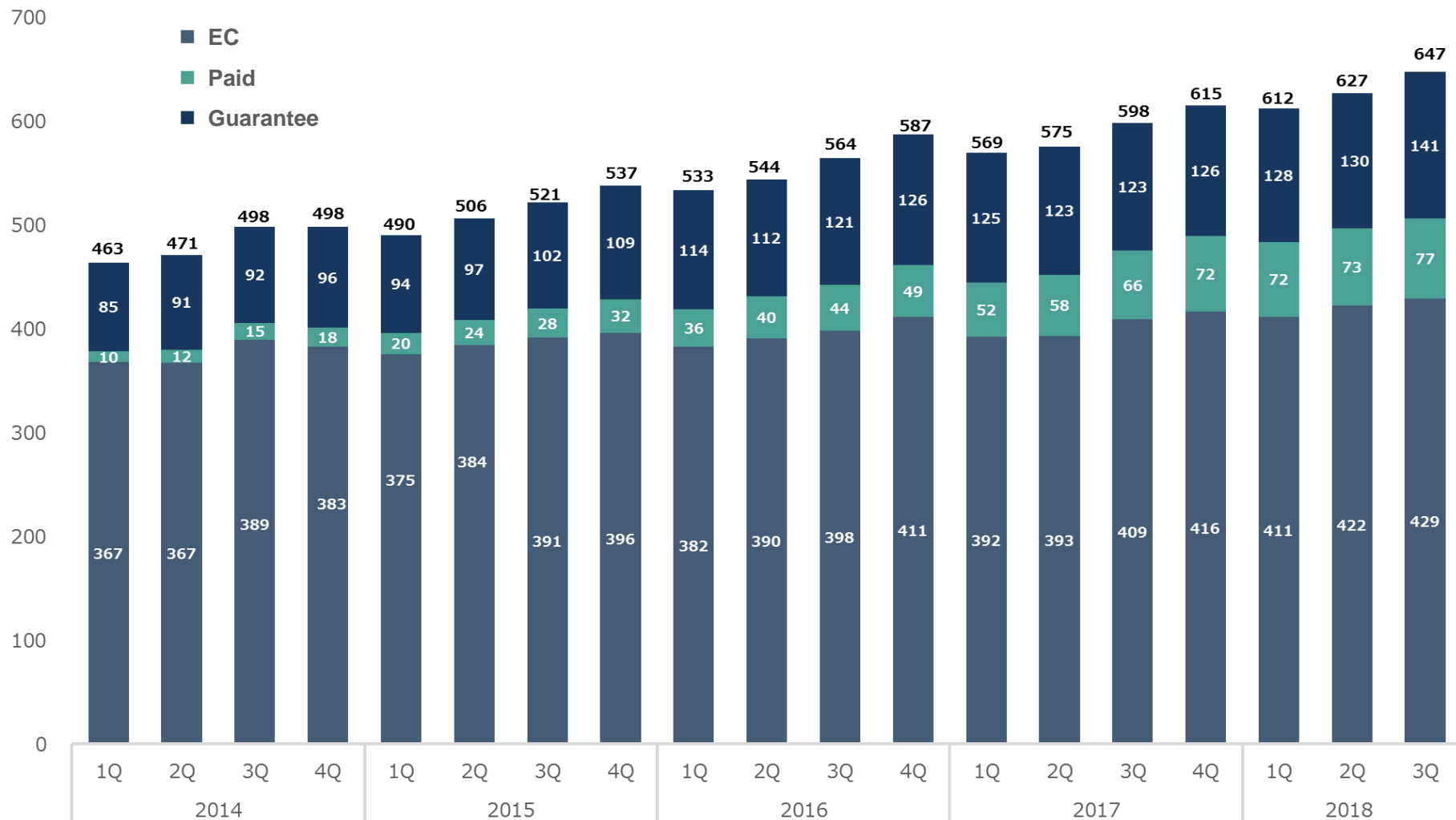
(Unit: Million Yen)

- EC
- Paid
- Guarantee

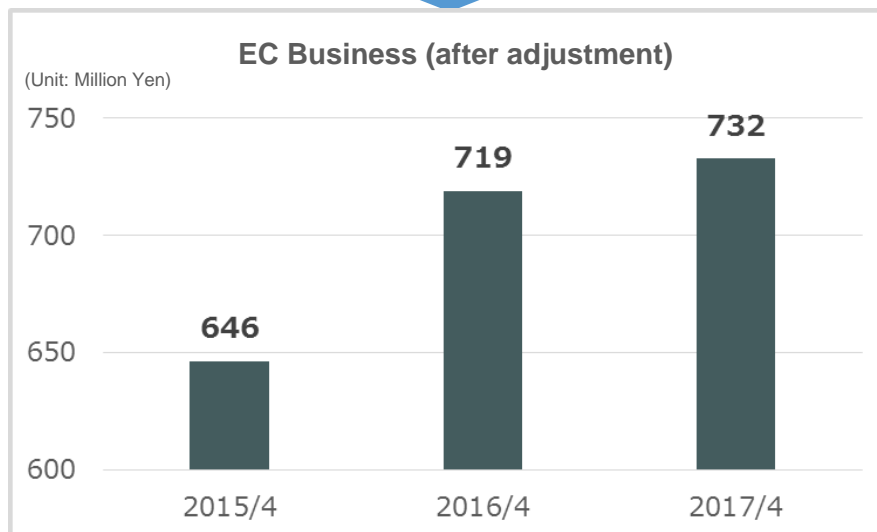
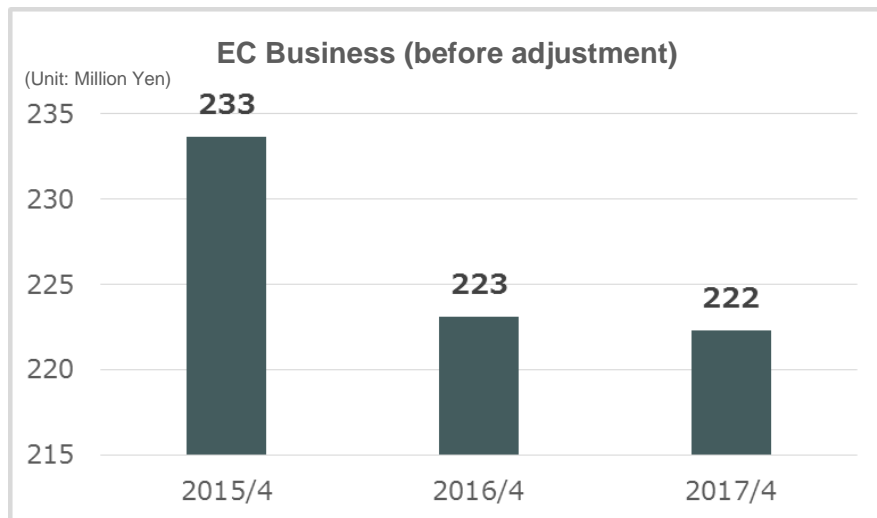


Trends in Consolidated Net Sales by Quarter

(Unit: Million Yen)



(Change in segment profit of EC business due to 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 expenses, rent, tax, etc.)

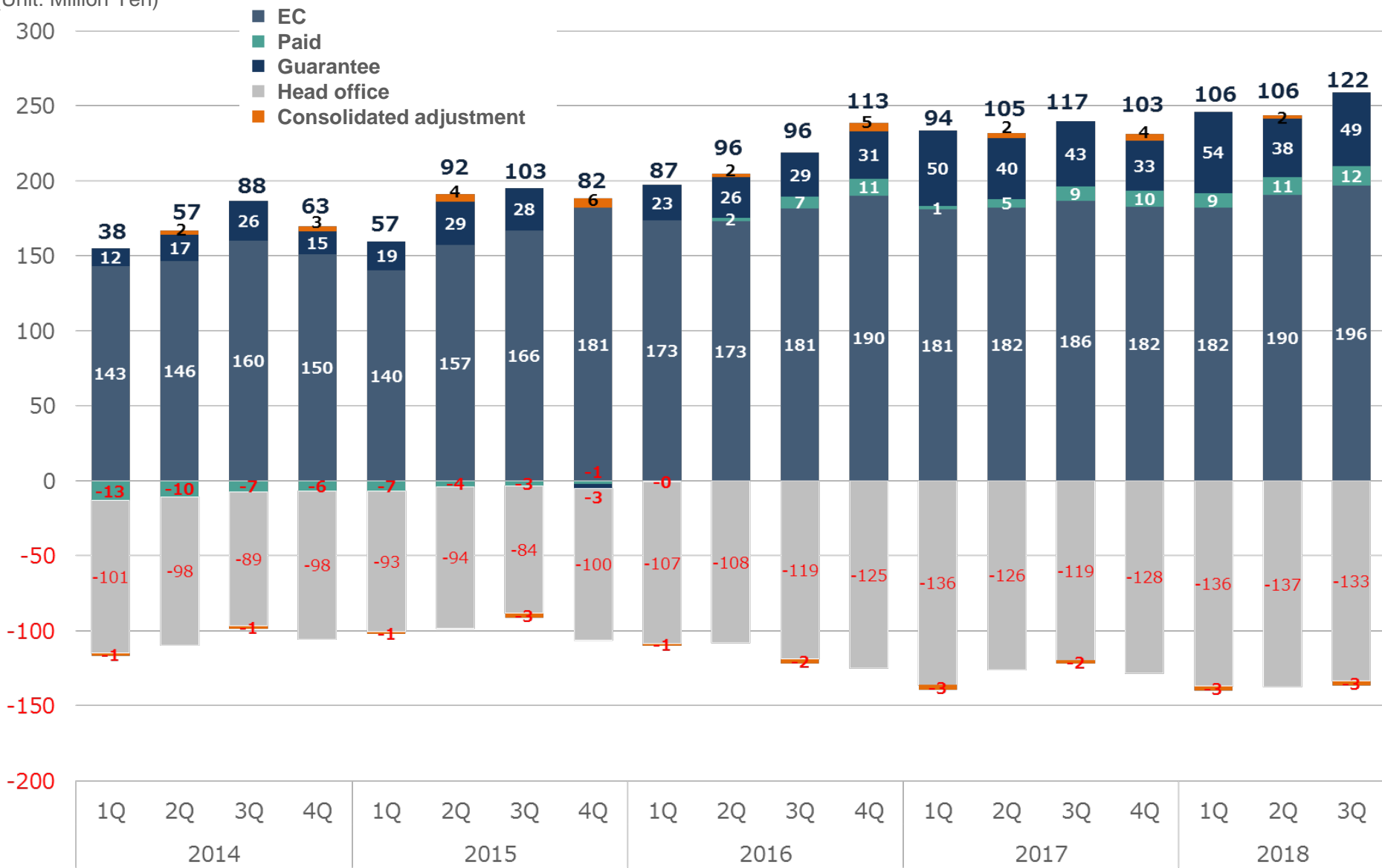
As a result, EC business segment profit is relatively small compared with other businesses (Paid business and Guarantee business). In addition, the increase/decrease in indirect costs had a large impact on the increase/decrease in EC business segment profit, making it difficult to recognize the natural 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 3Q	FY 4/2017	Difference	Compared with the end of the previous quarter
Current Assets	5,004	5,176	-171	96.7%
Non-current assets	405	389	15	104.0%
— Property, plant and equipment	22	26	-3	87.3%
— Intangible assets	211	212	0	99.6%
— Investments and other assets	170	150	19	113.0%
Current liabilities	3,320	3,608	-288	92.0%
Non-current liabilities	29	49	-20	59.5%
Net assets	2,059	1,907	151	108.0%
Total assets	5,409	5,566	-156	97.2%

Summary by Segment

EC Business

FY 4/2018 3Q Summary

Segment Sales: **1,263** million yen YoY: **5.8%** increase

Segment Profit: **569** million yen YoY: **3.5%** increase
(after adjustment of head office expenses)

- Domestic transaction value of SUPER DELIVERY → YOY 3.3% increase
 - Transaction value of retailers and businesses other than retailers continues to show a positive growth
- Overseas transaction value of SUPER DELIVERY → YOY 77.6% increase
 - Introducing inexpensive air transport for North America, EU and Oceania with SD export

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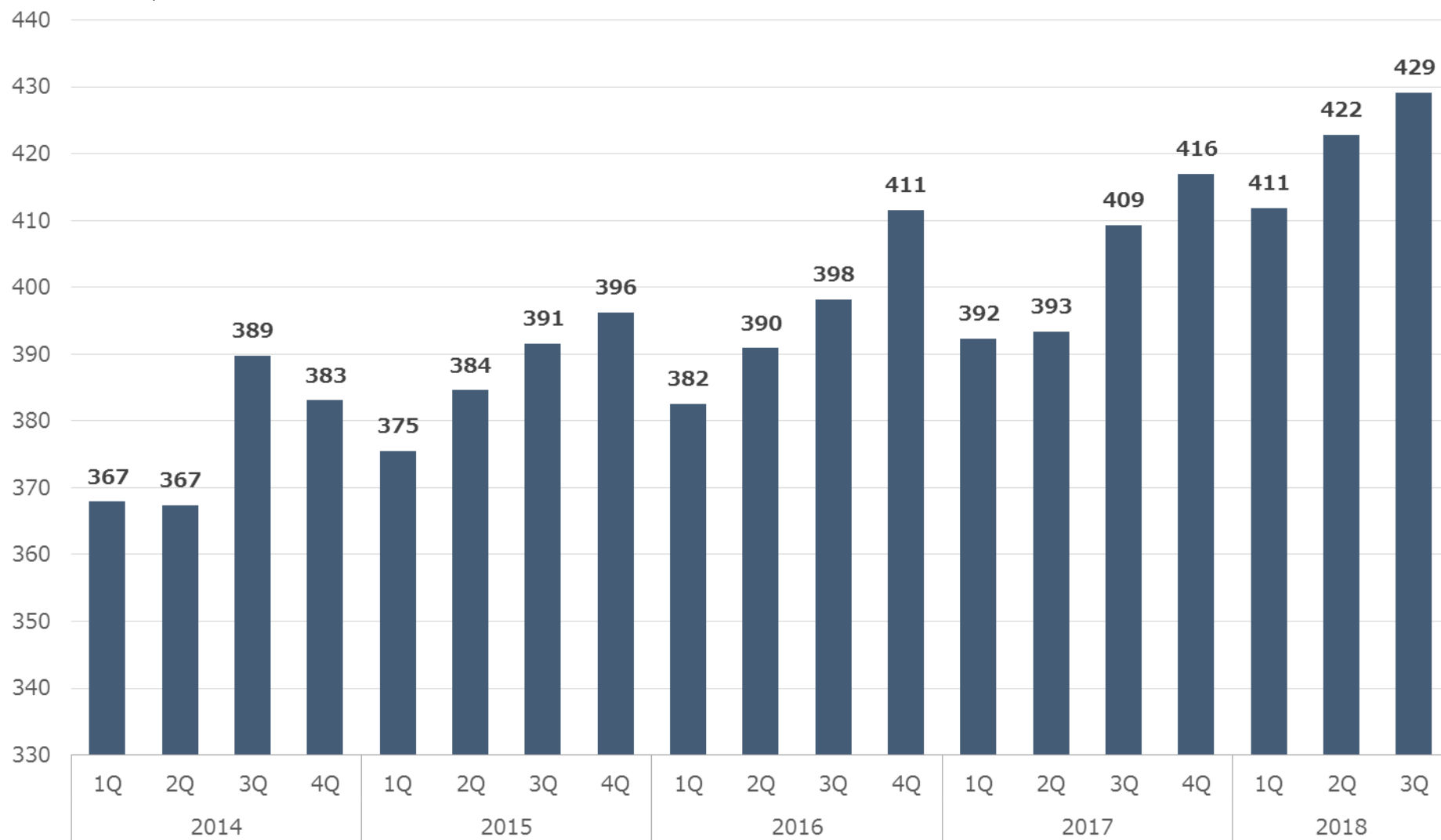
Strengthening advertisement to attract customers in target areas



Total transaction value: 7,852,520 thousand yen (YoY 8.4% increase)

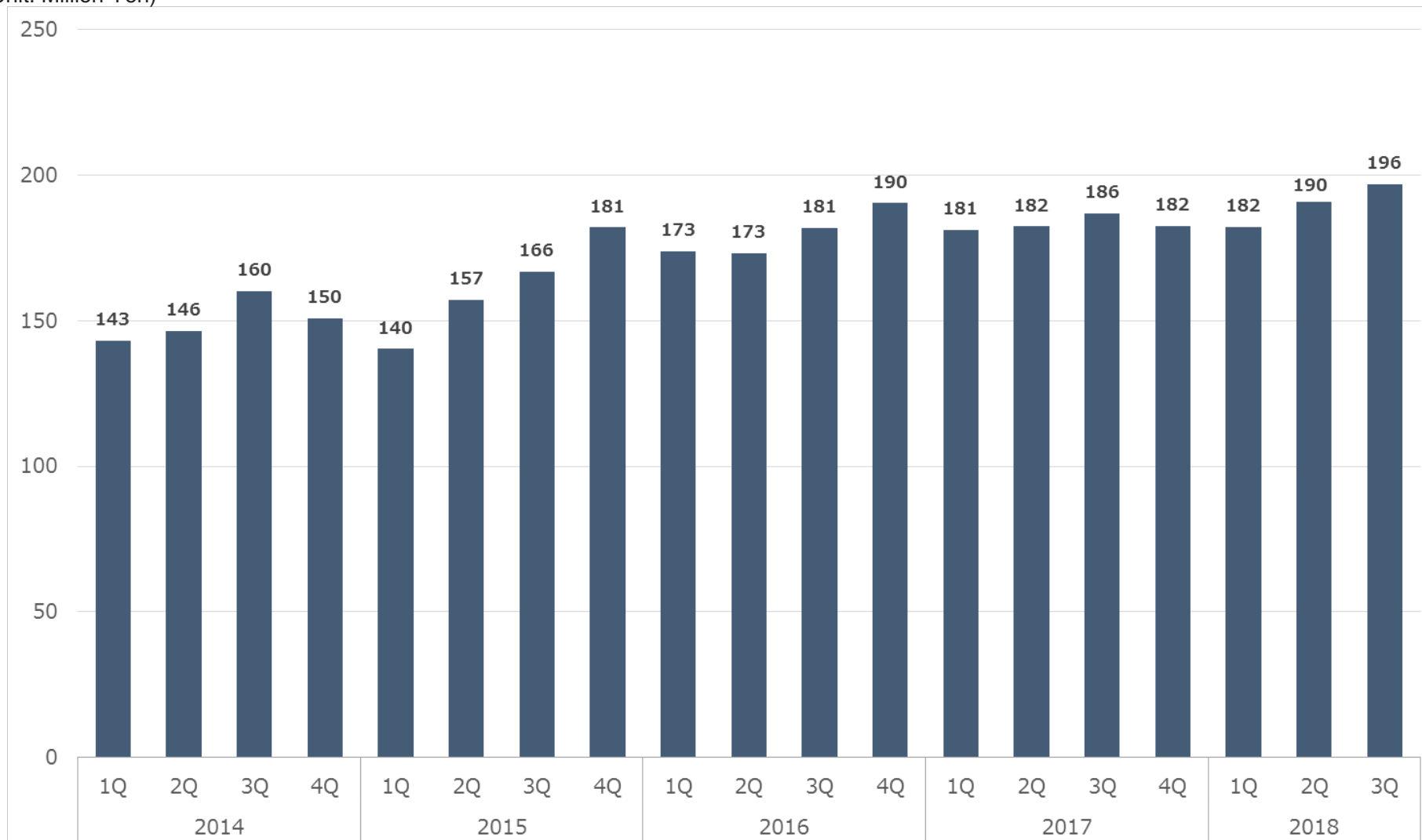
Trends in Sales by Quarter

(Unit: Million Yen)



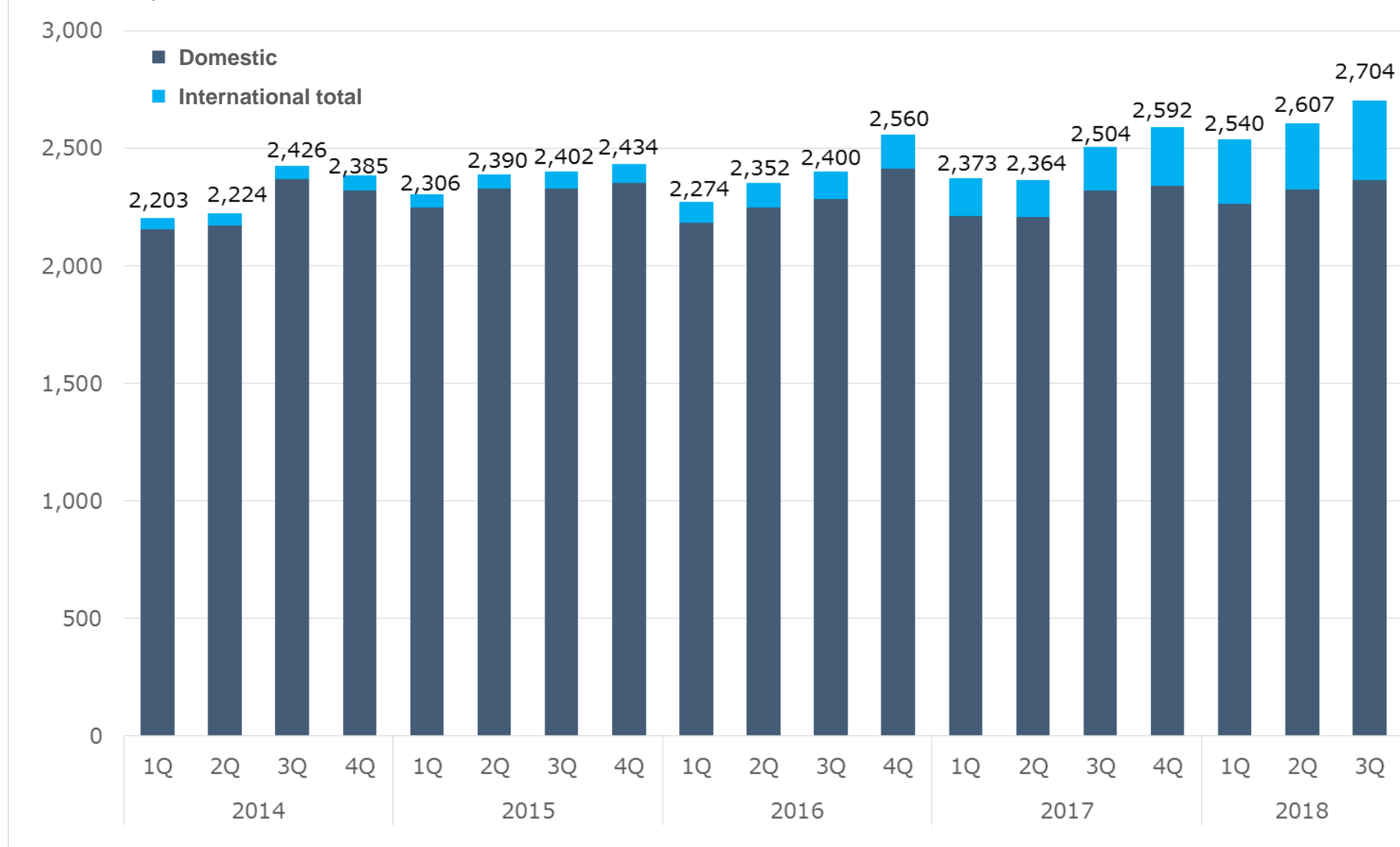
Trends in Segment Profit by Quarter (after adjustment of head office expenses)

(Unit: Million Yen)



Trends in SUPER DELIVERY Transaction Value

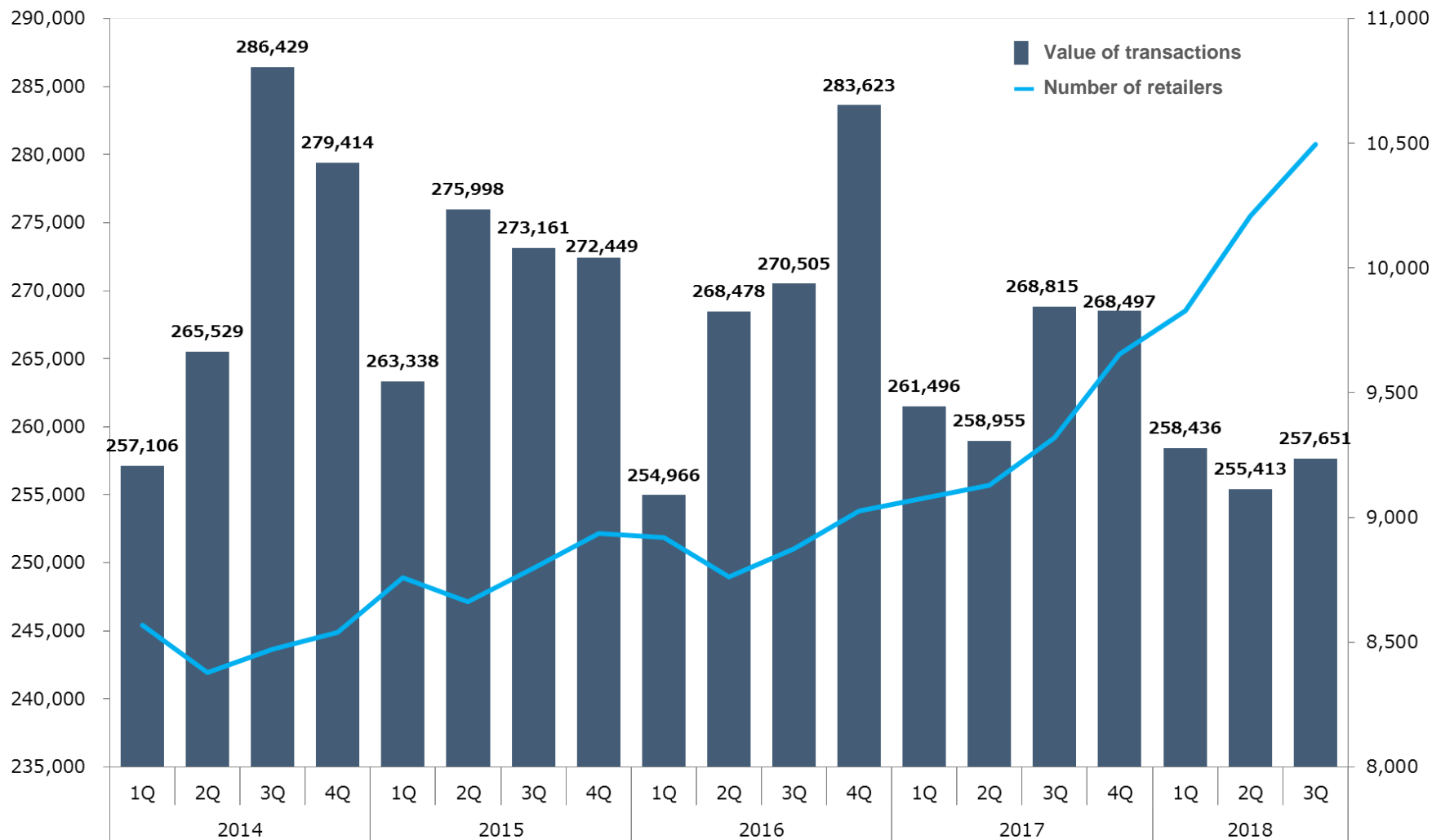
(Unit: Million Yen)



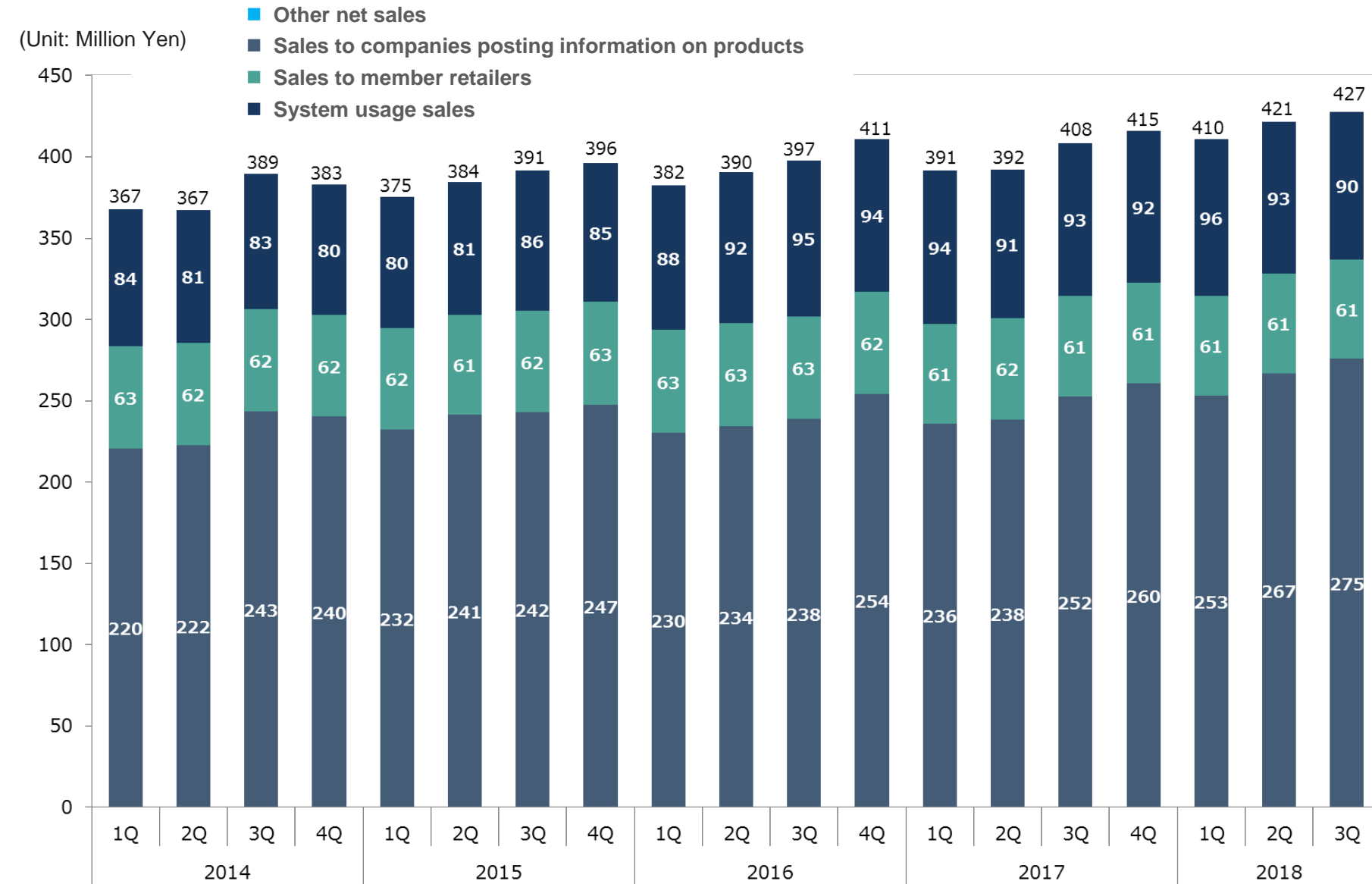
No. of Buying Customers and Value of Transactions

Value of transactions
(Unit: Yen)

No. of buying customers
(Unit: Store)



Trends in Sales of SUPER DELIVERY



Paid Business

Segment Sales:	357 million yen	YoY:	15.7% increase
Segment Profit:	34 million yen	YoY:	101.1% increase

- Continued investments conducted in the previous quarter (advertisement, personnel, system) in this quarter
- Started introducing credit examination using AI in January 2018



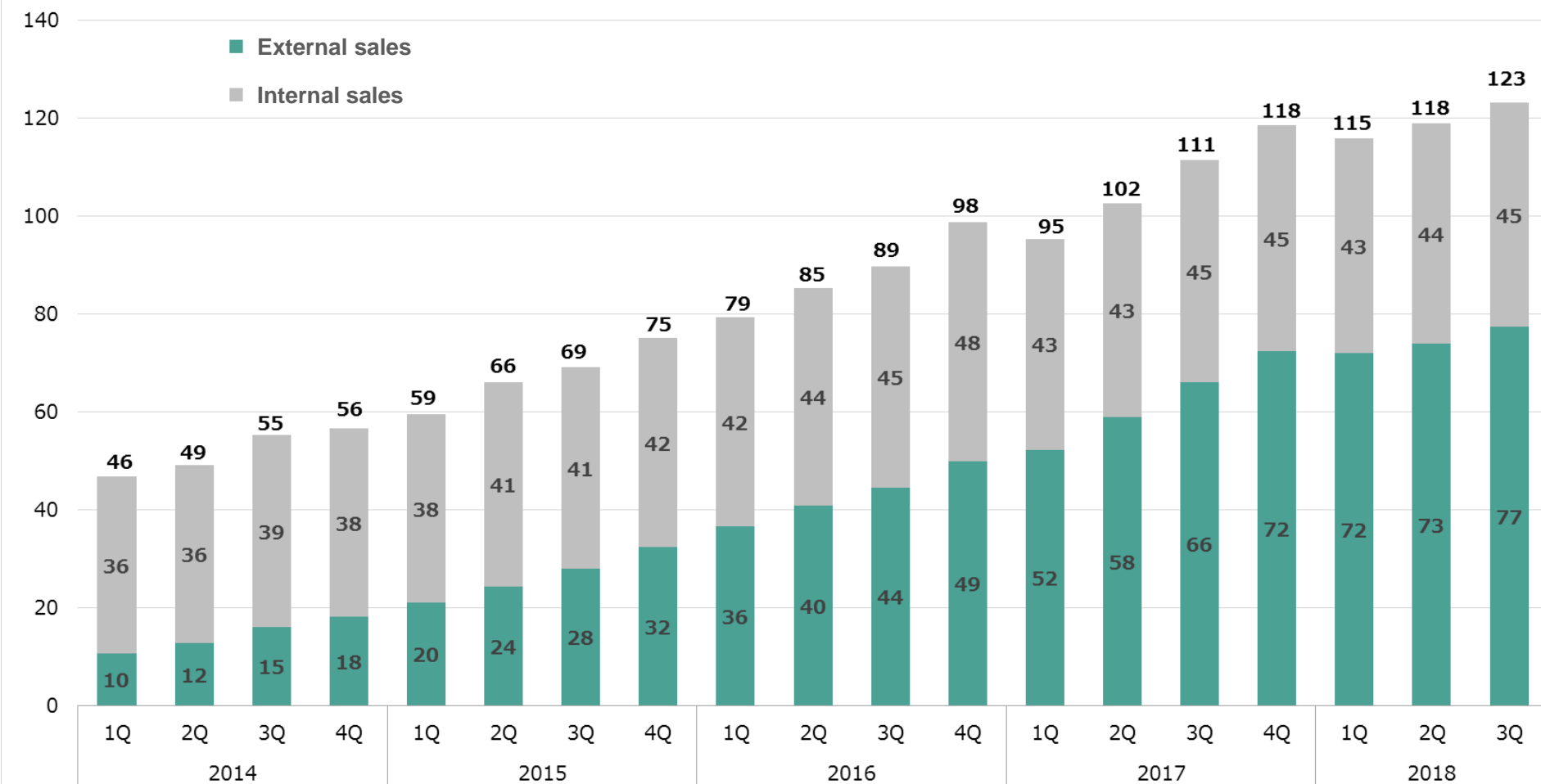
Transaction value: 14,023,057 thousand yen (YoY 17.1% increase)

External transactions: 8,856,028 thousand yen (YoY 28.2% increase)

External sales: 223,312 thousand yen (YoY 26.1% increase)

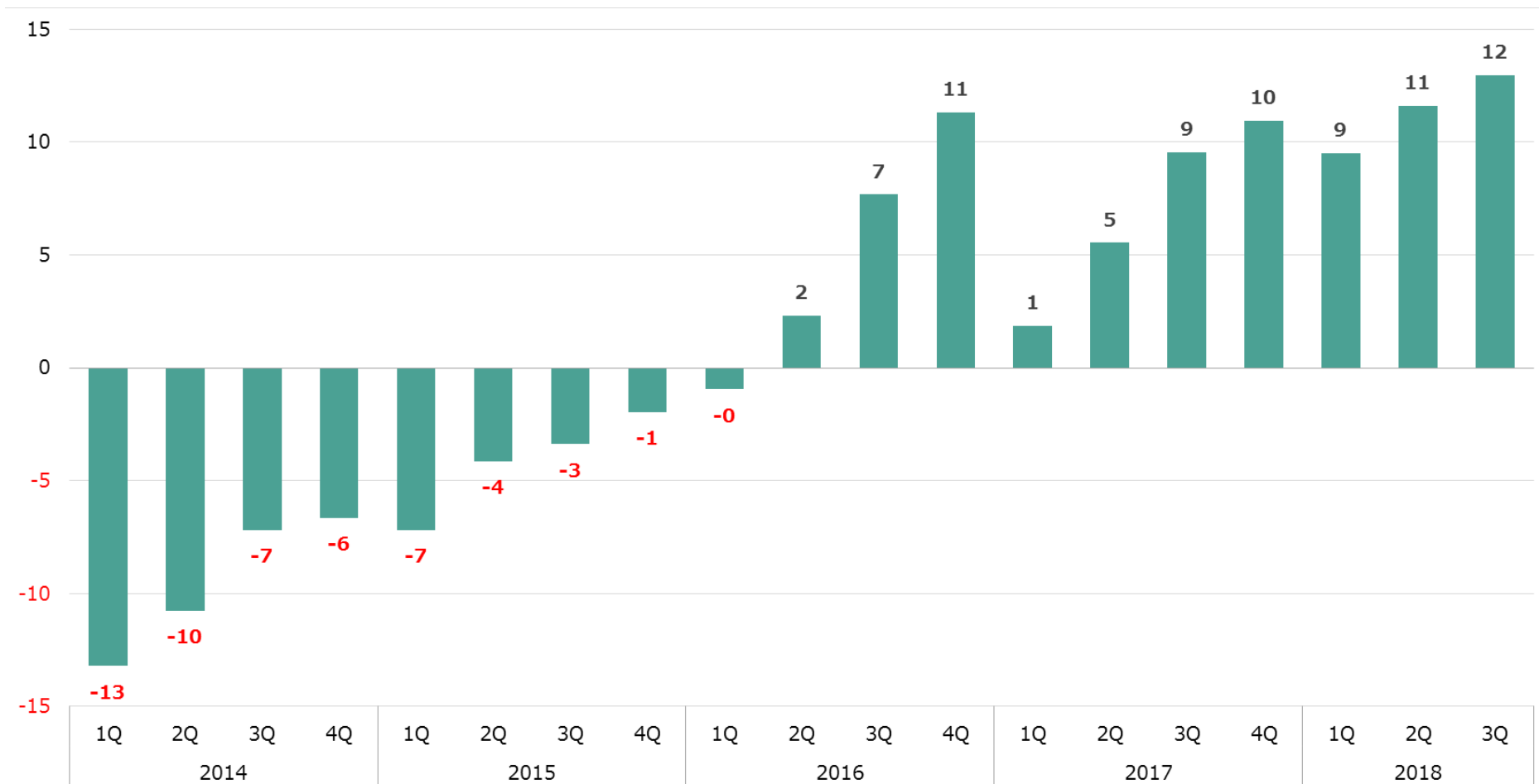
Trends in Sales by Quarter

(Unit: Million Yen)



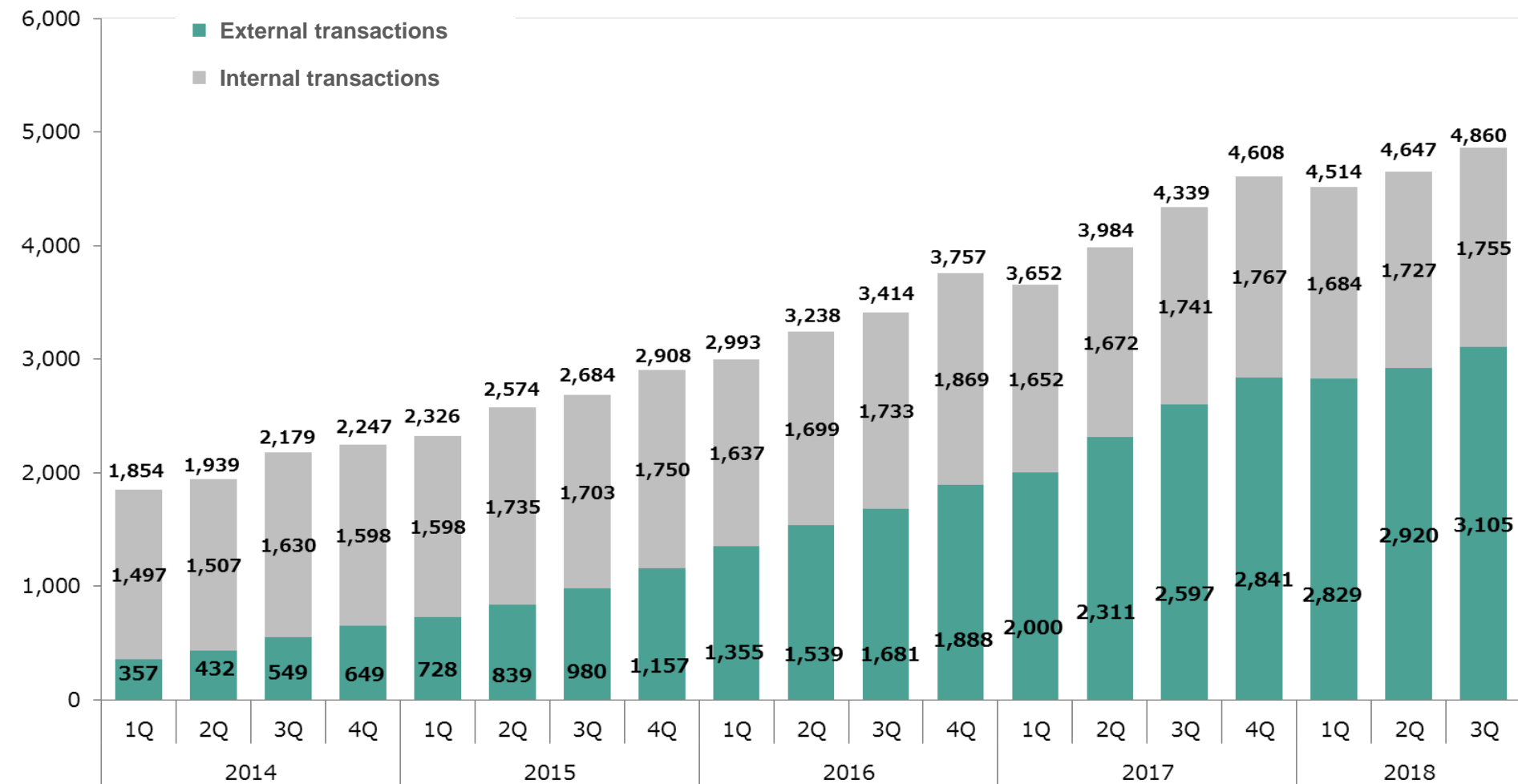
Trends in Segment Profit by Quarter

(Unit: Million Yen)



Trends in “Paid” Transaction Value

(Unit: Million Yen)



Guarantee Business

FY 4/2018 3Q Summary

Segment Sales:	585 million yen	YoY:	8.7% increase
Segment Profit:	142 million yen	YoY:	5.9% increase

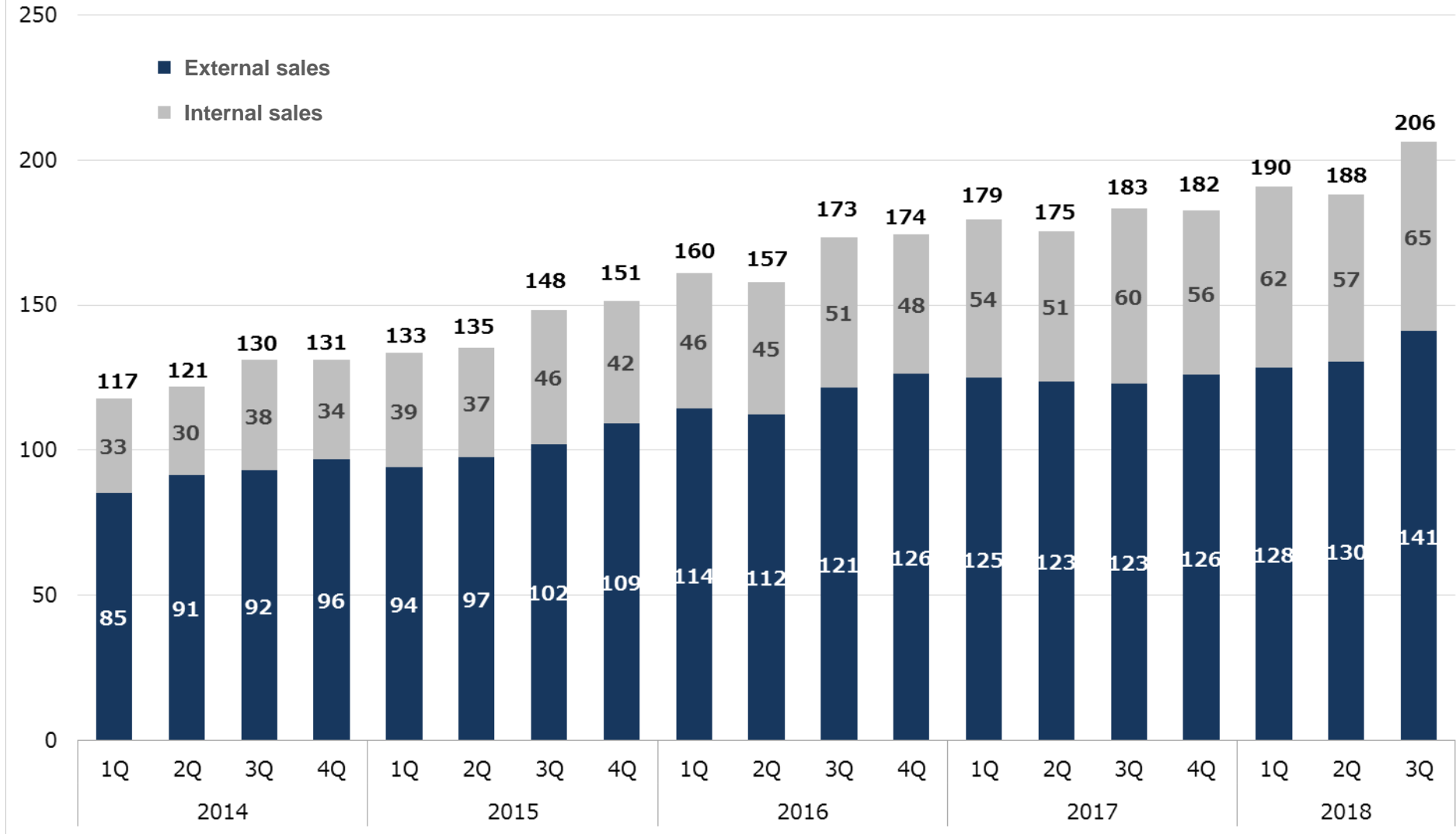
- Increased advertising expenses to increase the number of clients of “URIHO”
- “URIHO” receives Fintech Award in Ruby Biz Grand Prix
- Launched “URIHO Start Plan”, which supports the opening and establishment of businesses, in “URIHO”
- Business collaboration with The Tochigi Bank and The Musashino Bank in the introduction of customers
- Guarantee balance of all services increased steadily



Guarantee balance: 15,986,568 thousand yen
(40.9% increase from the end of the previous quarter)

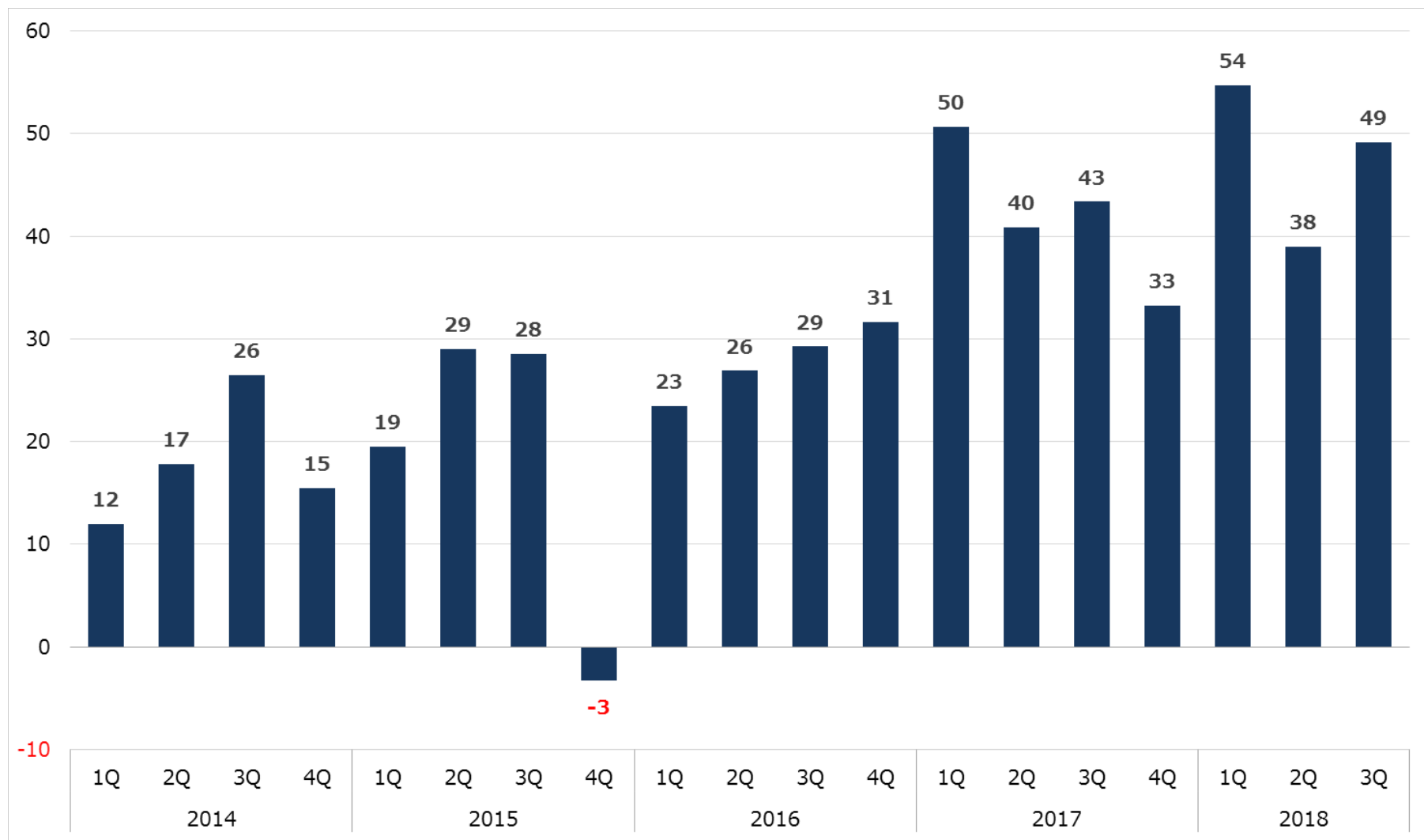
Trends in Sales by Quarter

(Unit: Million Yen)



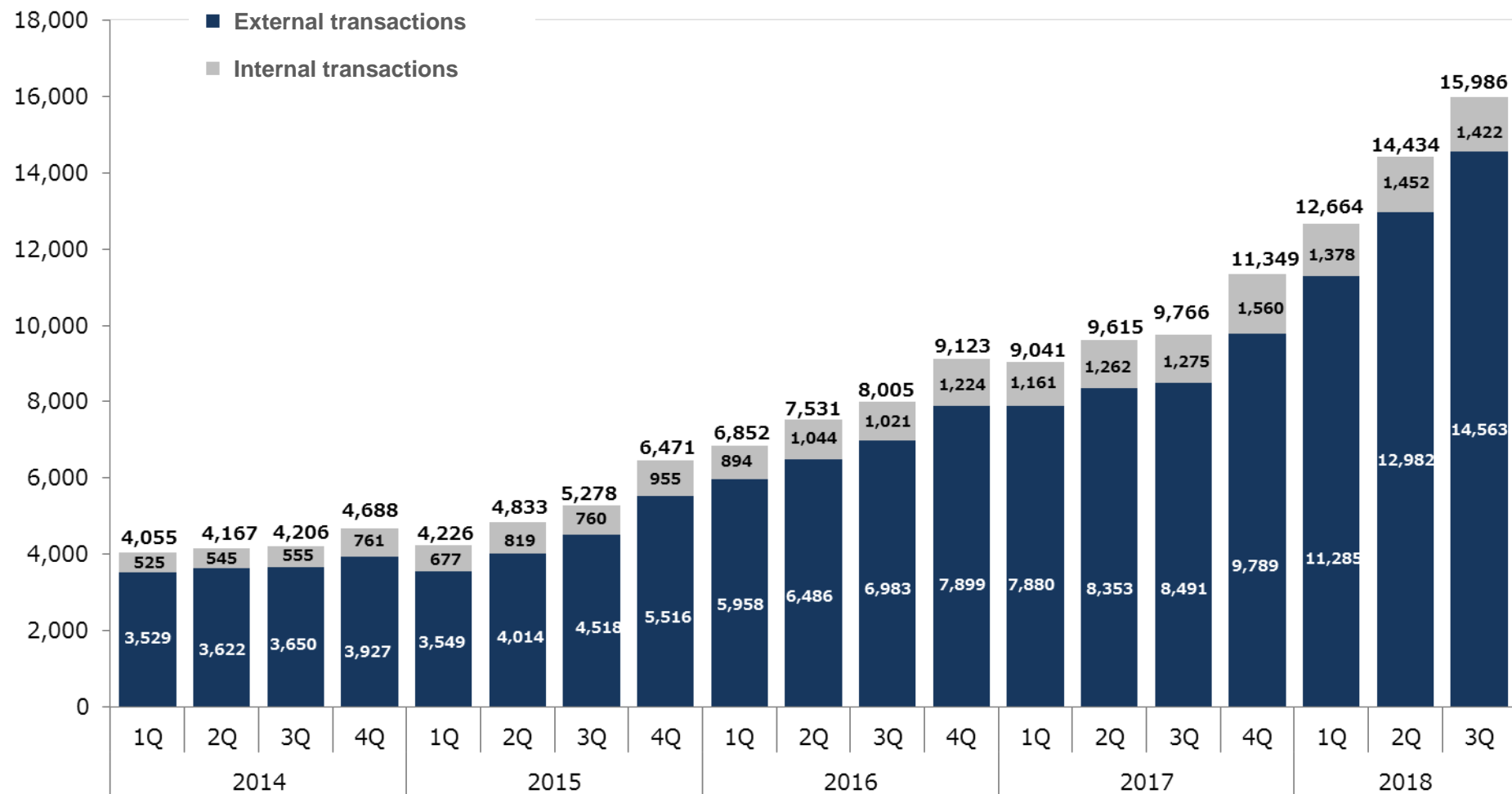
Trends in Segment Profit by Quarter

(Unit: Million Yen)



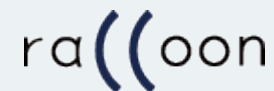
Trends in Guarantee Balance

(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	2Q	3Q
EC	411,858	422,816	429,159
Paid	72,014	73,894	77,402
Guarantee	128,440	130,451	141,040
Total	612,313	627,162	647,603

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	2Q	3Q
EC	182,066	190,667	196,783
Paid	9,494	11,608	12,957
Guarantee	54,716	38,993	49,191
Head Office	-136,932	-137,729	-133,617
Consolidated adjustment	-3,283	2,607	-3,158
Total	106,060	106,146	122,156

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	2Q	3Q
System usage sales	253,118	267,006	275,823
Member retailer sales	61,538	61,342	61,050
Posting company sales	96,065	93,141	90,785
Total	410,722	421,490	427,659
Transaction value	2,540,172	2,607,775	2,704,572

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	2Q	3Q
No. of buying customers	9,829	10,210	10,497
Value of transactions	258,436	255,413	257,651

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	2Q	3Q
Internal Sales	43,831	44,957	45,687
External Sales	72,014	73,894	77,402
Total	115,845	118,852	123,090

Trends in “Paid” Transaction Value



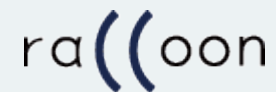
(Units: Thousand Yen)

	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	2Q	3Q
Internal Transactions	1,684,490	1,727,624	1,755,419
External Transactions	2,829,913	2,920,373	3,105,237
Total	4,514,403	4,647,997	4,860,656

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	2Q	3Q
Internal Sales	62,498	57,685	65,160
External Sales	128,440	130,451	141,040
Total	190,939	188,136	206,201

Trends in Guarantee Balance



(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	2Q	3Q
Internal Transactions	1,378,217	1,452,722	1,422,739
External Transactions	11,285,989	12,982,090	14,563,828
Total	12,664,206	14,434,812	15,986,568