

FY 4/2019 (ending April 2019)

2Q Financial Results



December 3, 2018

RACCOON HOLDINGS, Inc.

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 Second Quarter of the Fiscal Year Ending April 2019

Net Sales: **1,351** million yen YoY: **9.1%** increase

EBITDA: **310** million yen YoY: **23.0%** increase

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- Both net sales and income remained steady.
 - Gross profit margin decreased 2.6 percentage points (84.1%→81.5%) due to a relative increase in the composition ratio of sales of the Financial business.
 - Selling, general and administrative expenses remained almost unchanged with an increase of 0.1% year on year.
 - Recorded as non-operating expenses 5,615, 000 yen of issuance cost of subscription rights to shares.



Operating income: 270,861 thousand yen (YoY 27.6% increase)

Ordinary income : 267,089 thousand yen (YoY 28.2% increase)

Net income : 182,183 thousand yen (YoY 30.2% increase)

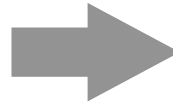
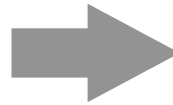
Ahead of our transition to a holding company structure, we will make the following changes from FY 4/2019.

[Old]

EC Business

Paid Business

Guarantee Business



[New]

EC Business

Financial Business

(Unit: Million Yen)

	FY 4/2019 2Q Results	FY 4/2018 2Q Results	YoY	Estimation	Progress Rate
Net sales	1,351	1,239	+9.1%	2,709	49.9%
Gross profit	1,101	1,042	+5.7%	—	—
Selling, general and administrative expenses	830	830	+0.1%	—	—
— Advertising and sales promotion expenses	91	97	-6.0%	—	—
Operating income	270	212	+27.6%	513	52.8%
Operating margin	20.0%	17.1%	+2.9pts	18.9%	—
Ordinary income	267	208	+28.2%	508	52.6%
Net income attributable to owners of parent	182	139	+30.2%	330	55.2%

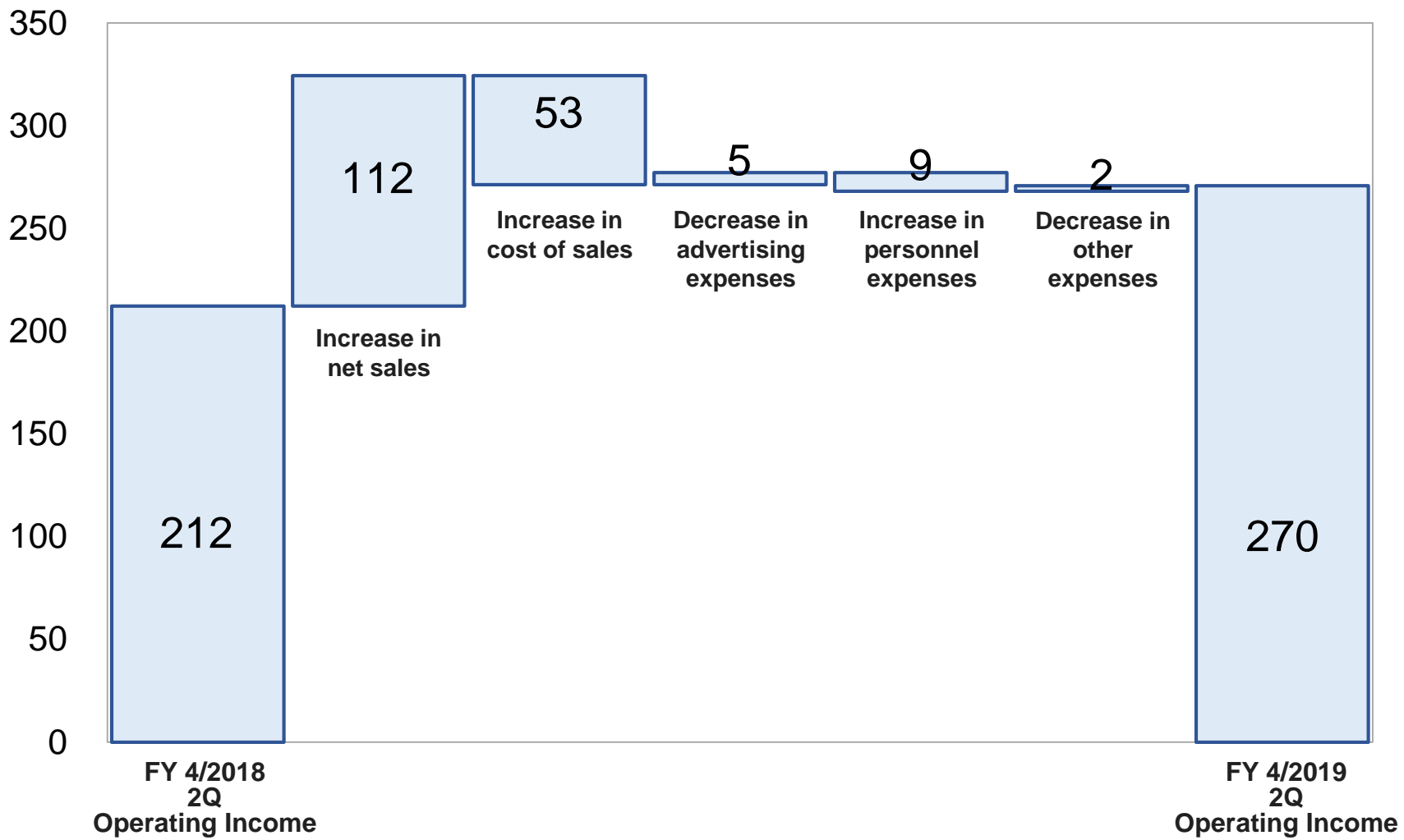
Trends in Business Performance (quarterly basis)

(Unit: Million Yen)

	FY 4/2018			FY 4/2019	
	2Q	3Q	4Q	1Q	2Q
Net sales	627	647	659	669	682
Gross profit	518	540	522	548	553
Selling, general and administrative expenses	412	418	418	414	415
— Advertising and sales promotion expenses	47	50	51	44	46
Operating income	106	122	103	133	137
Operating margin	16.9%	18.9%	15.7%	19.9%	20.2%
Ordinary income	103	121	101	133	133
Net income attributable to owners of parent	70	81	61	90	92

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

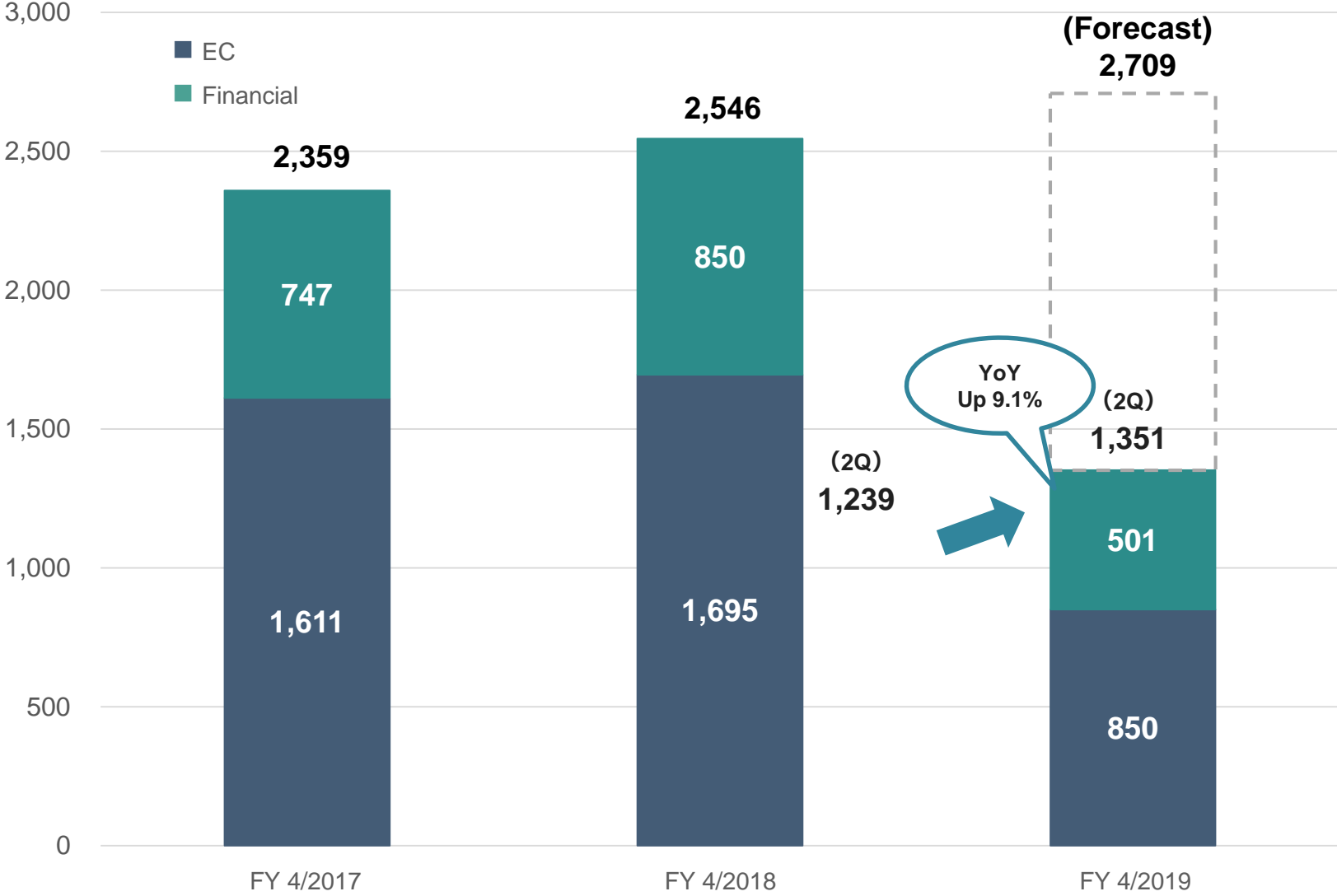
(Unit: Million Yen)



Trends in Consolidated Net Sales



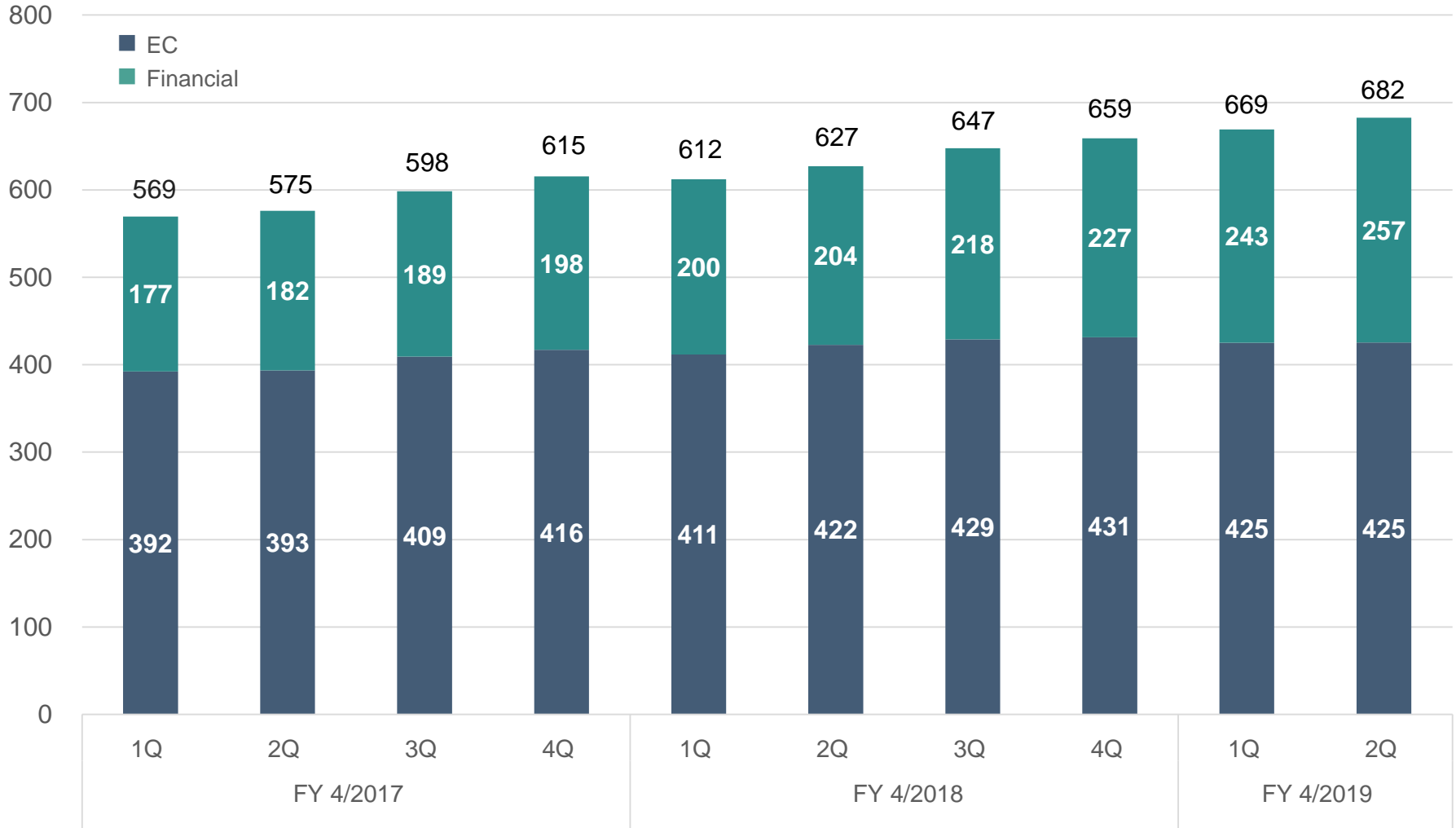
(Unit: Million Yen)



Trends in Consolidated Net Sales by Quarter

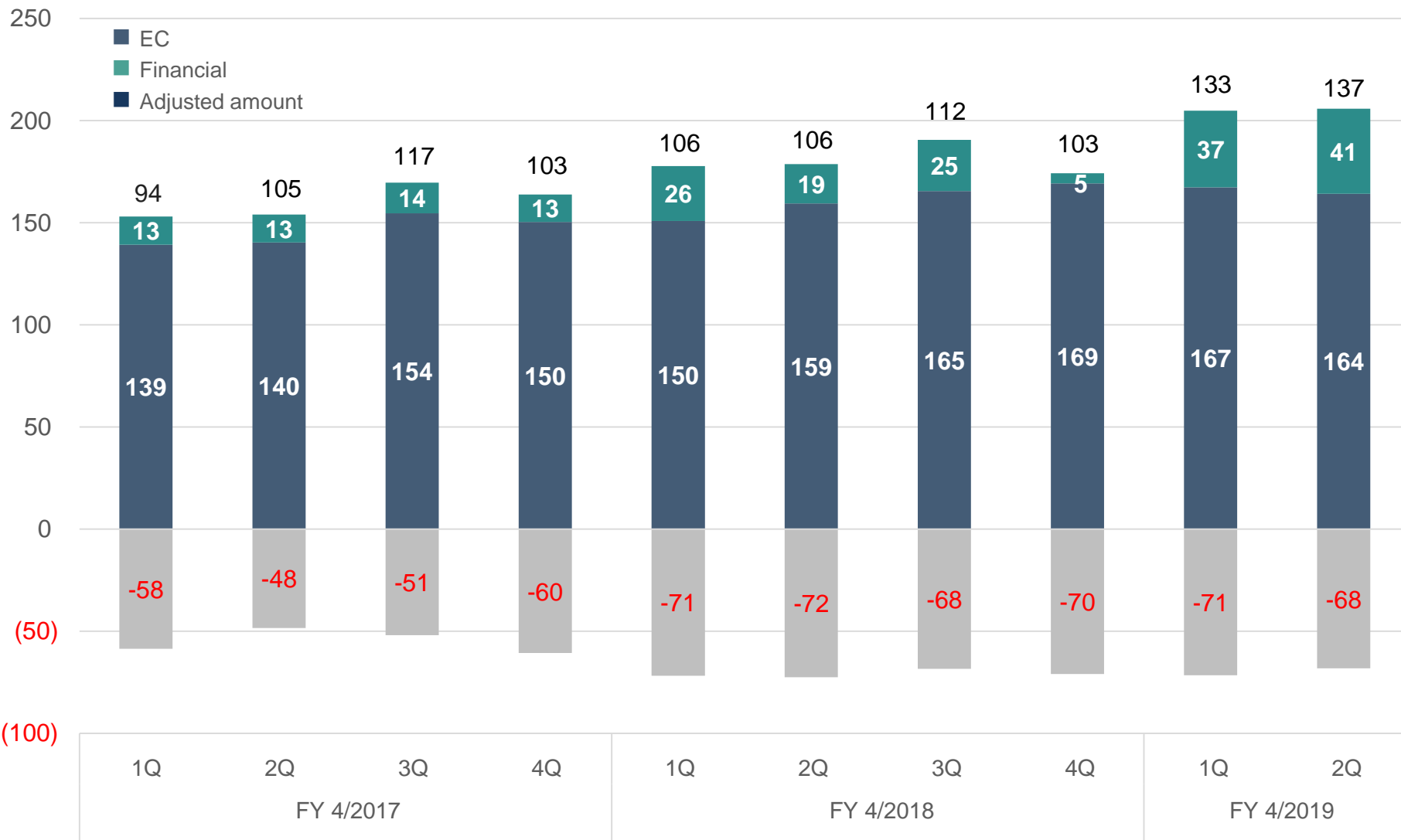


(Unit: Million Yen)



Trends in Consolidated Operating Income by Quarter

(Unit: Million Yen)



(Unit: Million Yen)

	FY 4/2019 2Q	FY 4/2018	Difference	Compared with the end of the previous quarter
Current Assets	6,588	5,580	1,007	118.1%
Non-current assets	473	475	-2	99.5%
— Property, plant and equipment	16	20	-4	78.8%
— Intangible assets	212	210	1	100.8%
— Investments and other assets	244	244	0	100.1%
Current liabilities	4,463	3,885	578	114.9%
Non-current liabilities	348	37	310	918.1%
Net assets	2,249	2,133	115	105.4%
Total assets	7,061	6,056	1,005	116.6%

(Unit: Million Yen)

	FY 4/2019 2Q	FY 4/2018 2Q	Difference
Cash flows from operating activities	564	484	80
Cash flows from investment activities	-37	-61	23
Cash flows from financing activities	364	-97	462
Increase/decrease in cash and cash equivalents	891	325	566
Period-end balance of cash and cash equivalents	3,046	2,317	728

Summary by Segment

EC Business

Segment Sales: **850** million yen YoY: **1.9%** increase

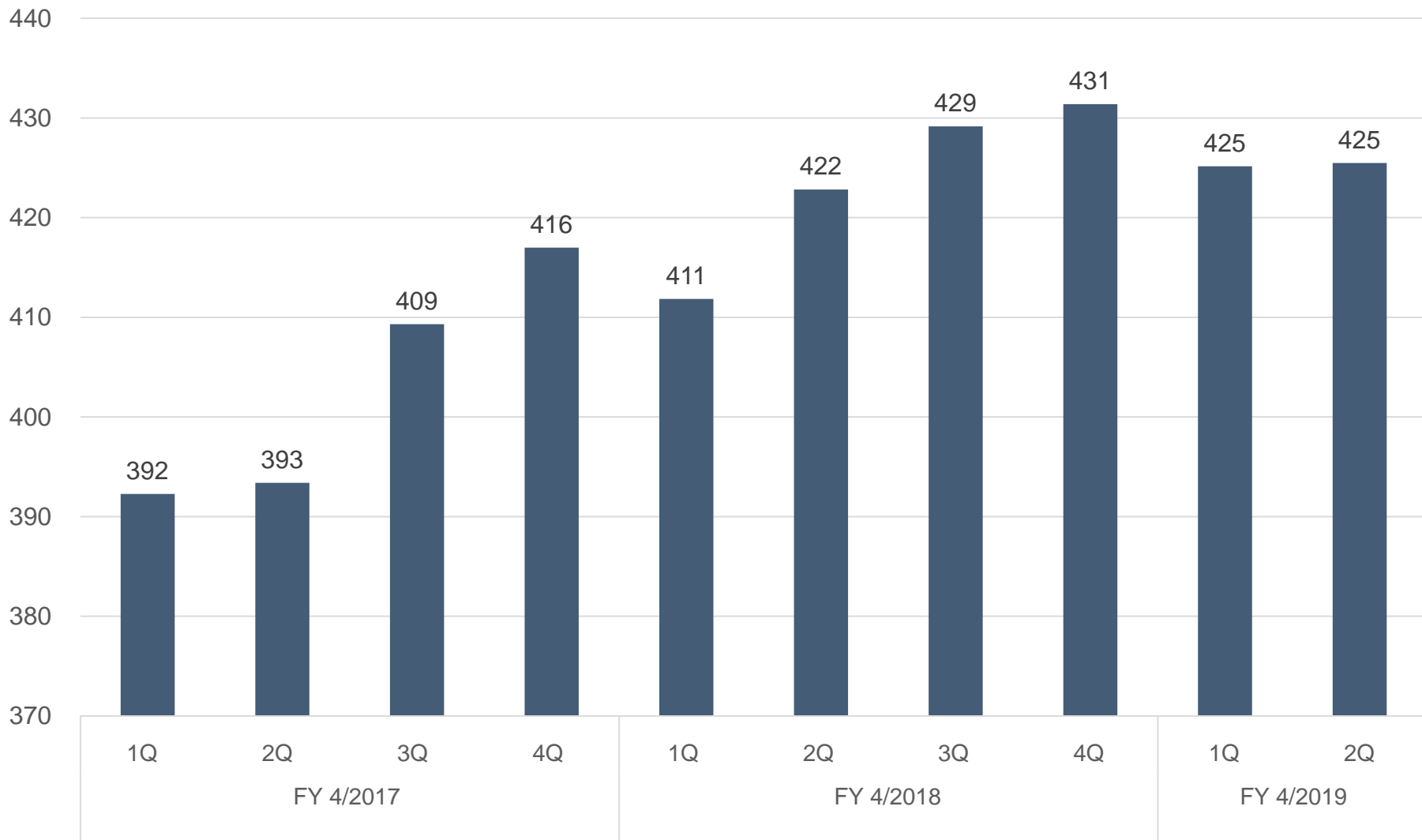
Segment Profit: **331** million yen YoY: **6.8%** increase

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- Domestic transaction value of SUPER DELIVERY → YOY 1.7% decrease
 - Businesses other than retailers: Teamed up with Japan Freelance Interior Coordinator Association (JAFICA) and Japan Care Association.
 - Retailers: Posted year-on-year negative growth impacted by typhoons, earthquakes, etc. amid a downward trend.
 - Overseas transaction value of SUPER DELIVERY → YOY 49.6% increase
 - Transaction value in Asia where the Company has been implementing measures to increase transaction value grew steadily.
 - Ratio of overseas transaction value has shown an upward trend.
(Previous 2Q: 10.8% ⇒ Current 2Q: 15.6%)

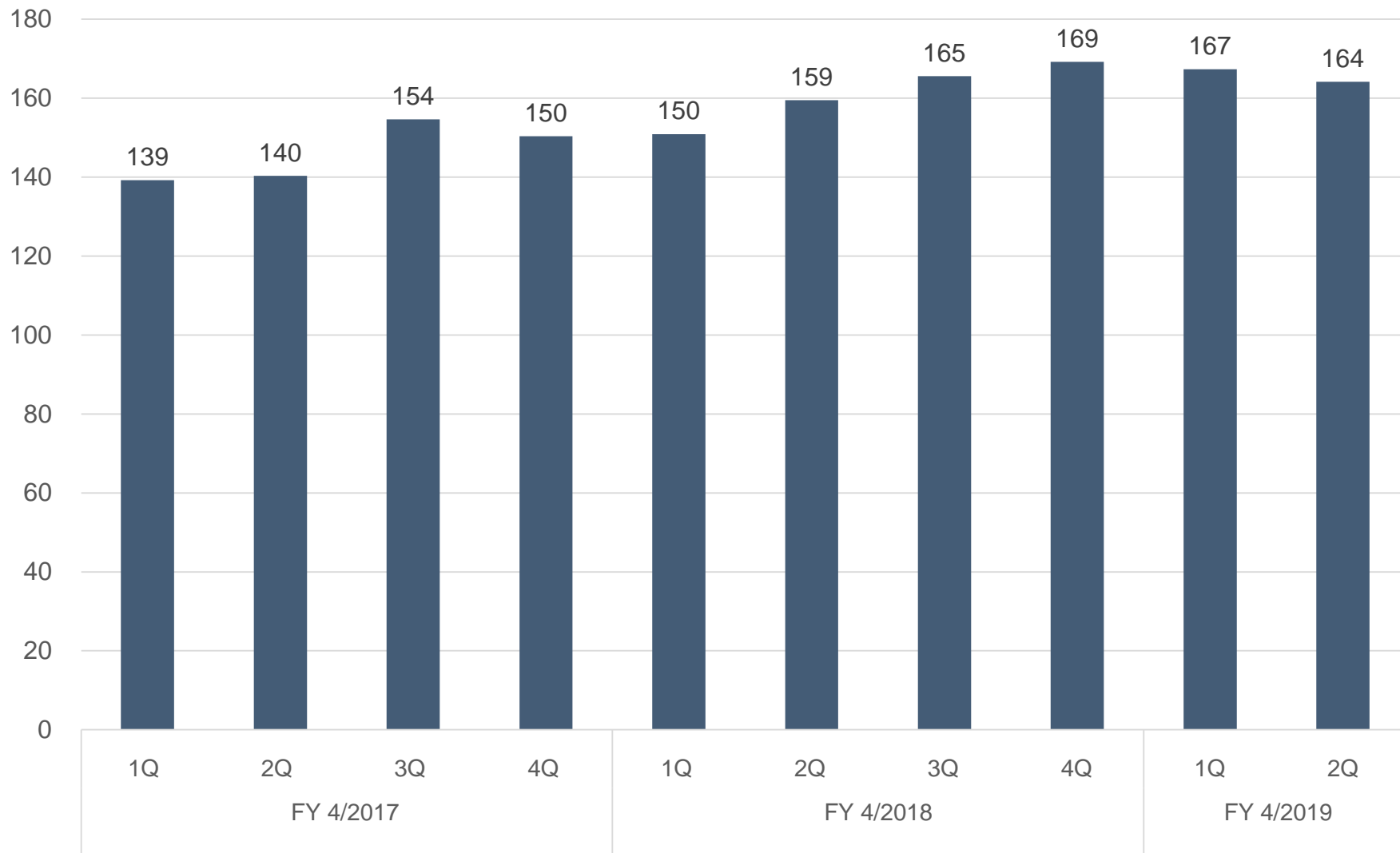


Total transaction value: 5,347,878 thousand yen (YoY 3.9% increase)

(Unit: Million Yen)

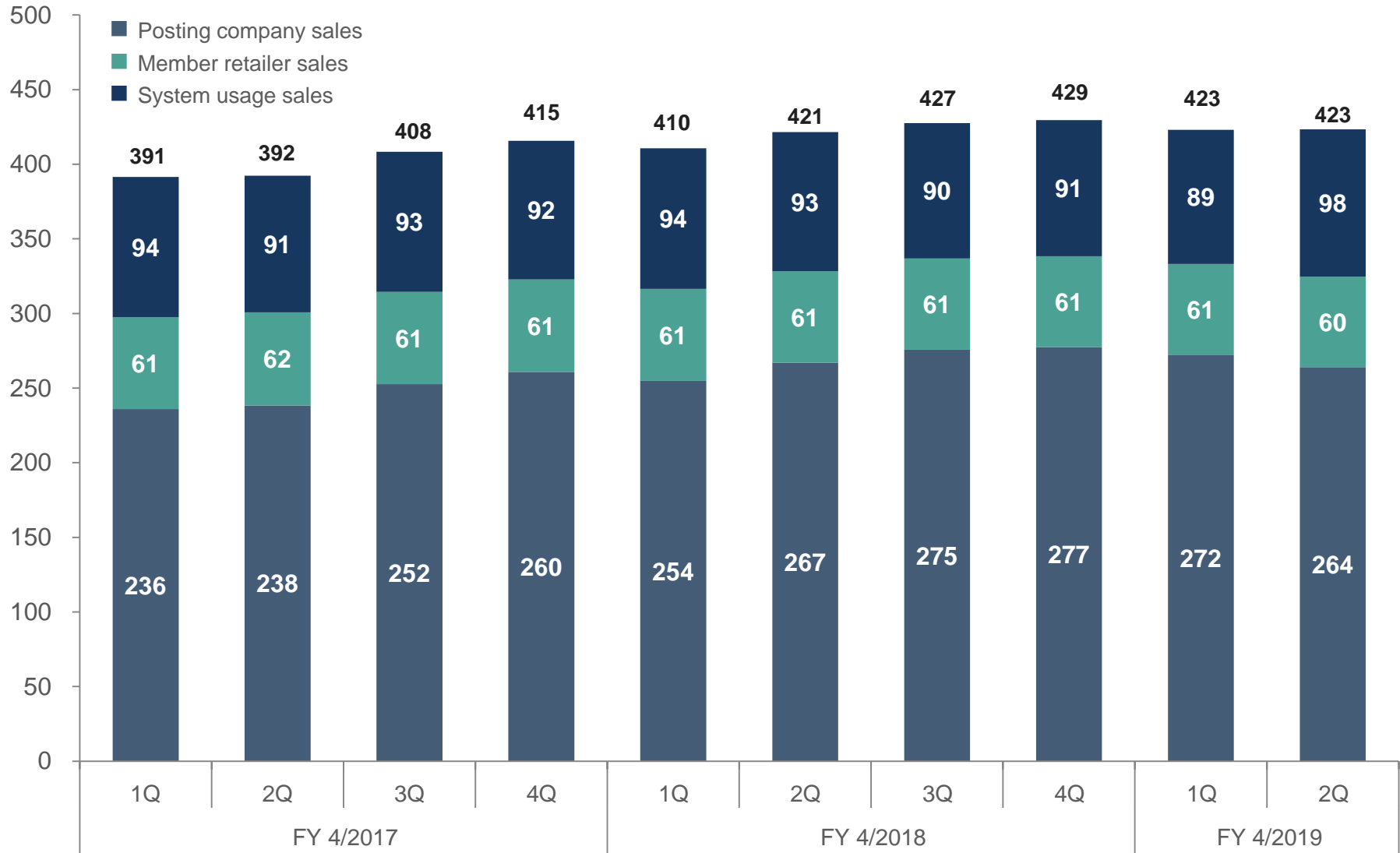


(Unit: Million Yen)

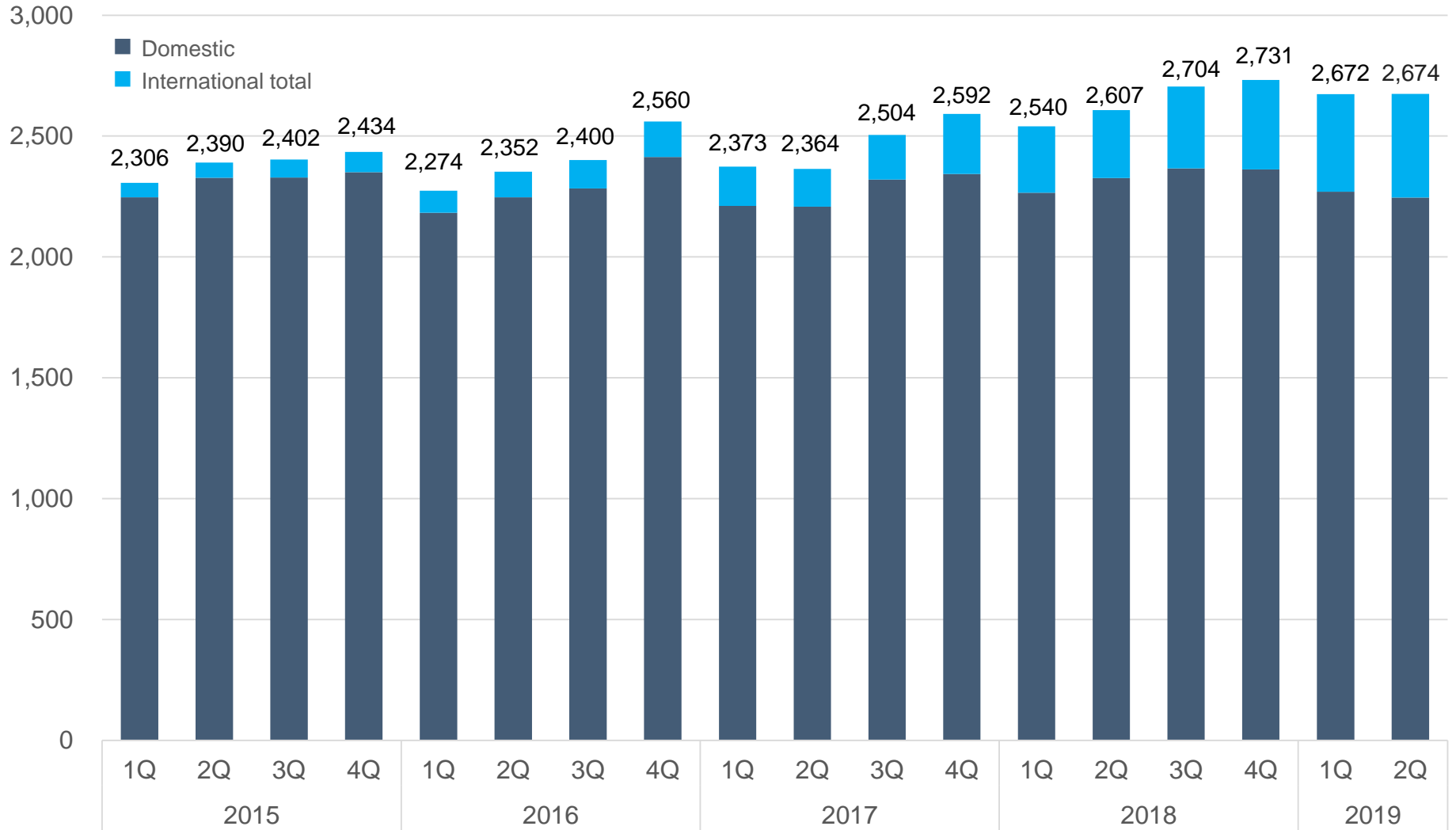


Trends in Sales of SUPER DELIVERY

(Unit: Million Yen)

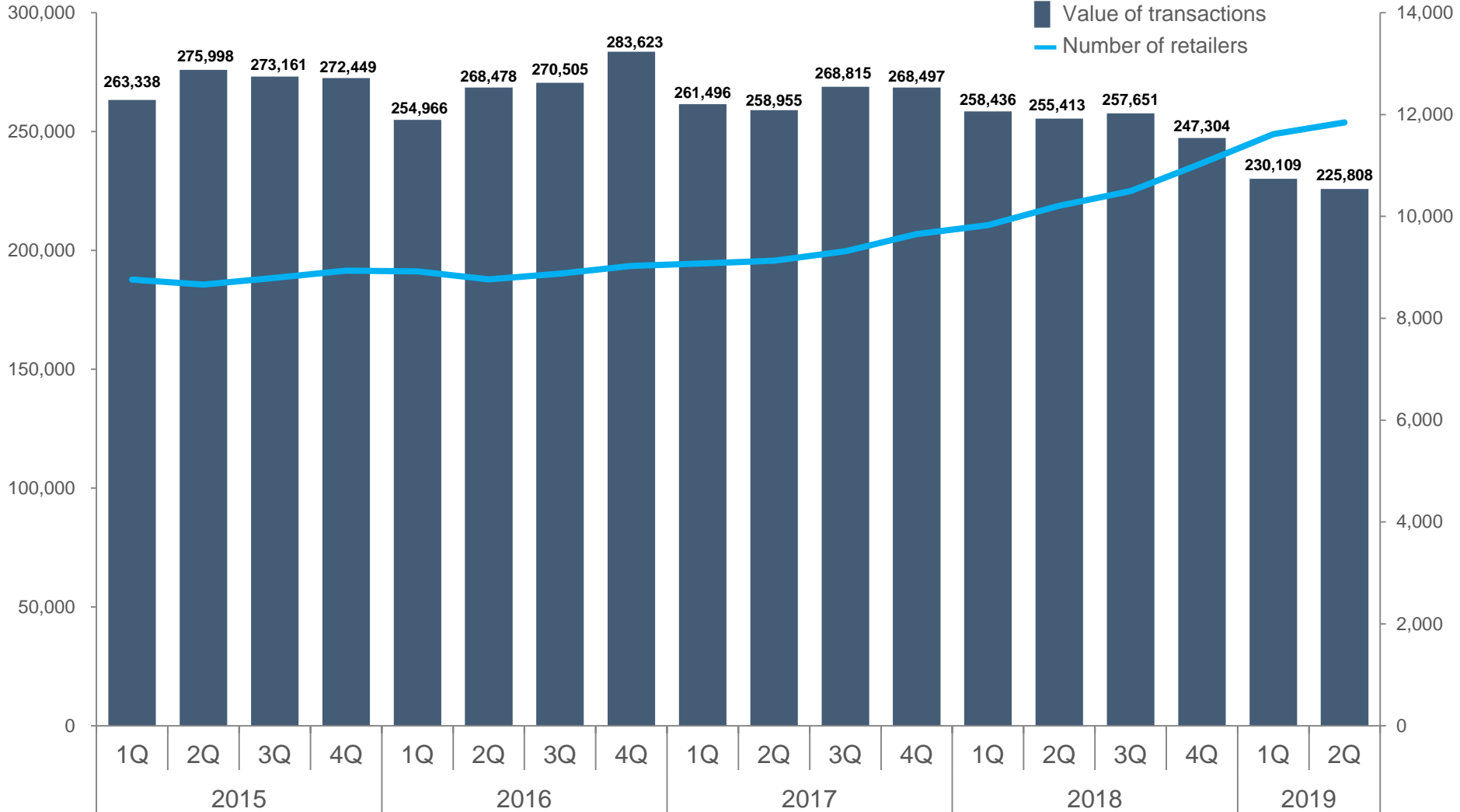


(Unit: Million Yen)



Value of transactions
(Unit: Yen)

No. of buying customers
(Unit: Store)



Financial Business

Segment Sales: **586** million yen YoY: **18.8%** increase

Segment Profit: **79** million yen YoY: **71.4%** increase

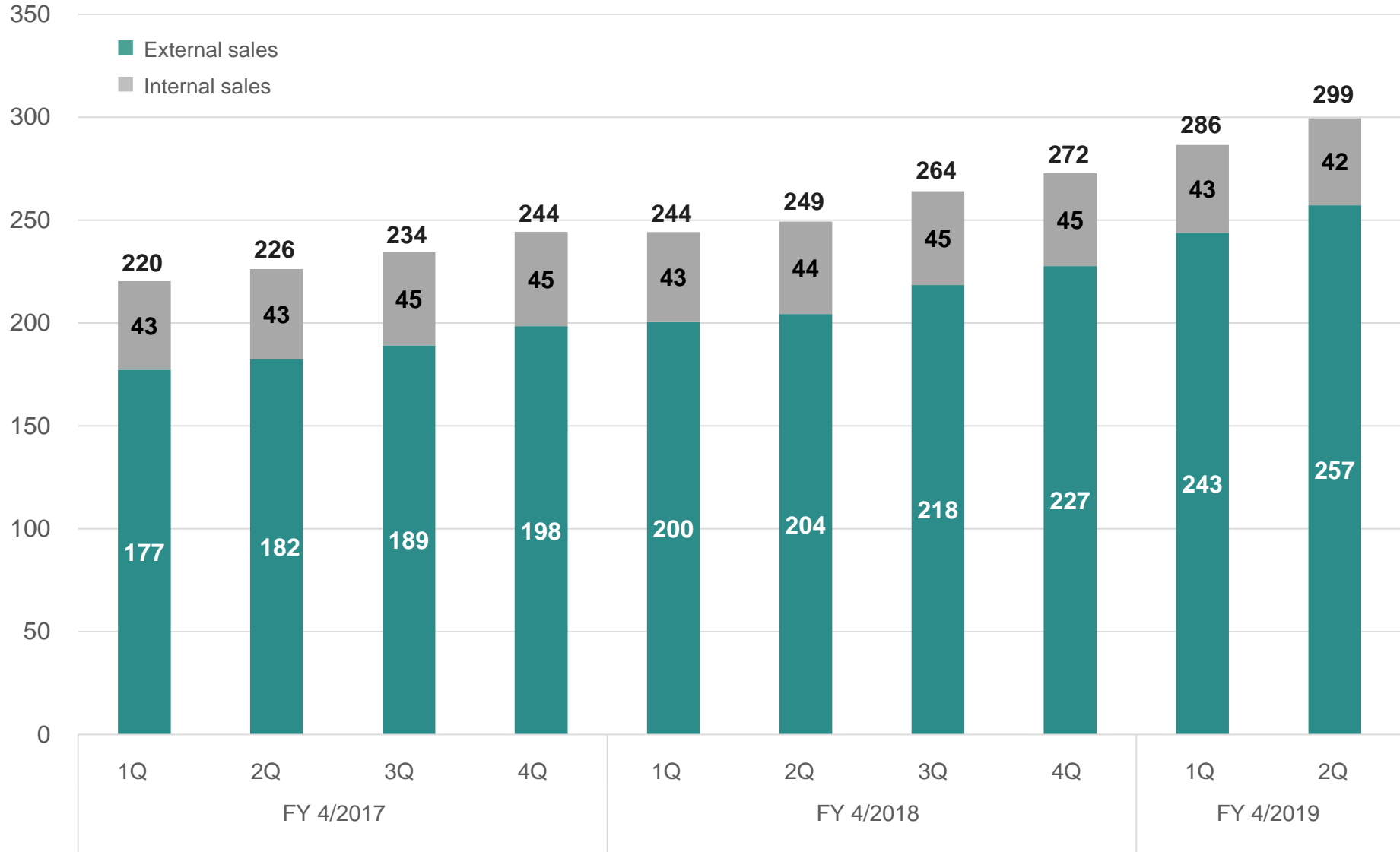
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- The number of Paid member companies increased and the pace of increase of transaction value accelerated.
 - Launched “Paid Early Payment” service in collaboration with GMO Payment Gateway, Inc.
 - Transaction value : 10,828,234 thousand yen (YoY 18.2% increase)
 - External transactions: 7,565,471 thousand yen (YoY 31.6% increase)
 - In T&G Accounts Receivable Guarantee and URIHO, continued to form business partnerships with regional financial institutions. Renewed URIHO rate plans. Rent guarantee service under own brand also made a good start.
 - Guarantee balance: 19,054,837 thousand yen
(14.0% increase from the end of the previous quarter)



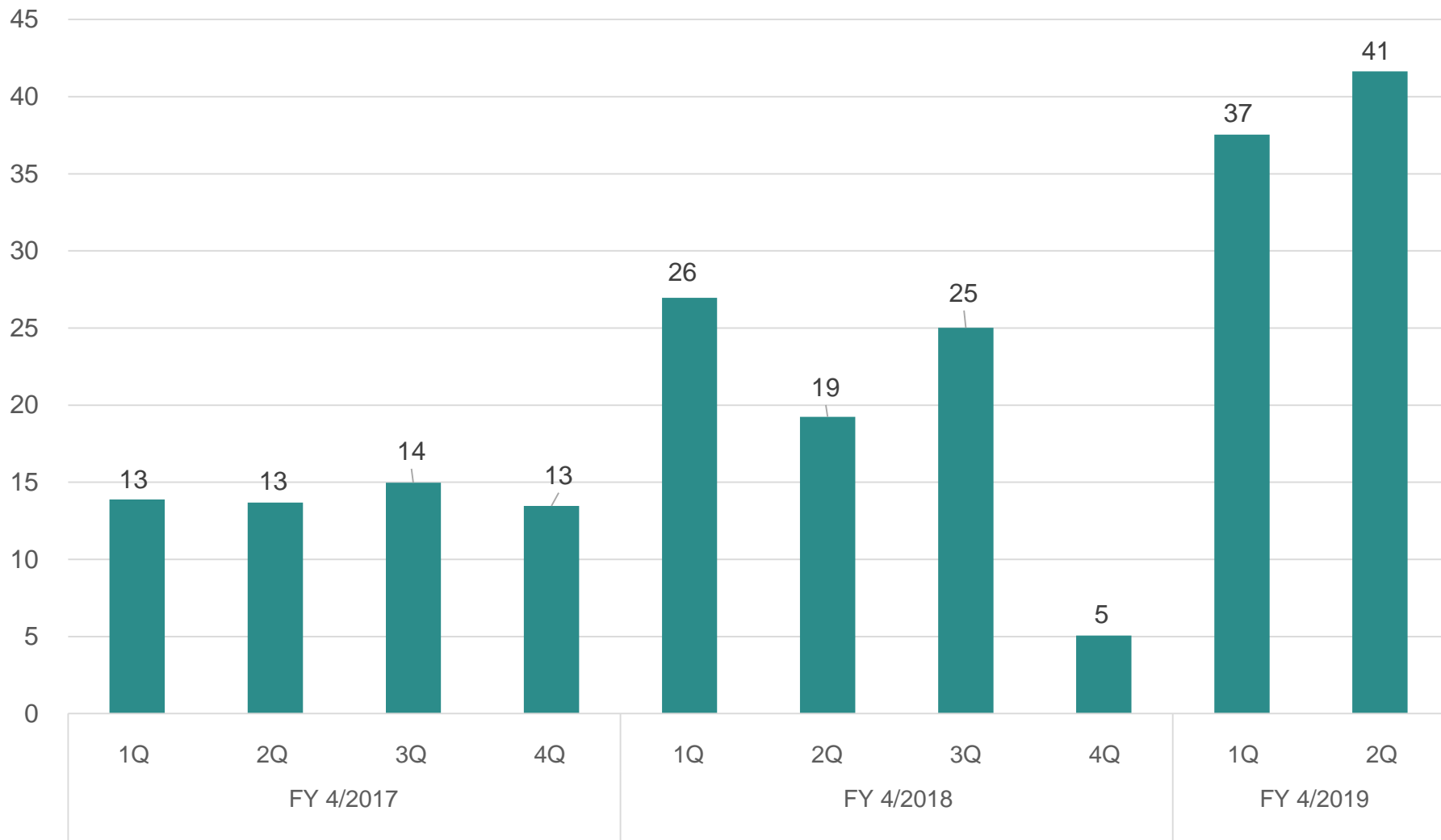
External sales: 501,102 thousand yen (YoY 23.8% increase)

Trends in Sales by Quarter

(Unit: Million Yen)

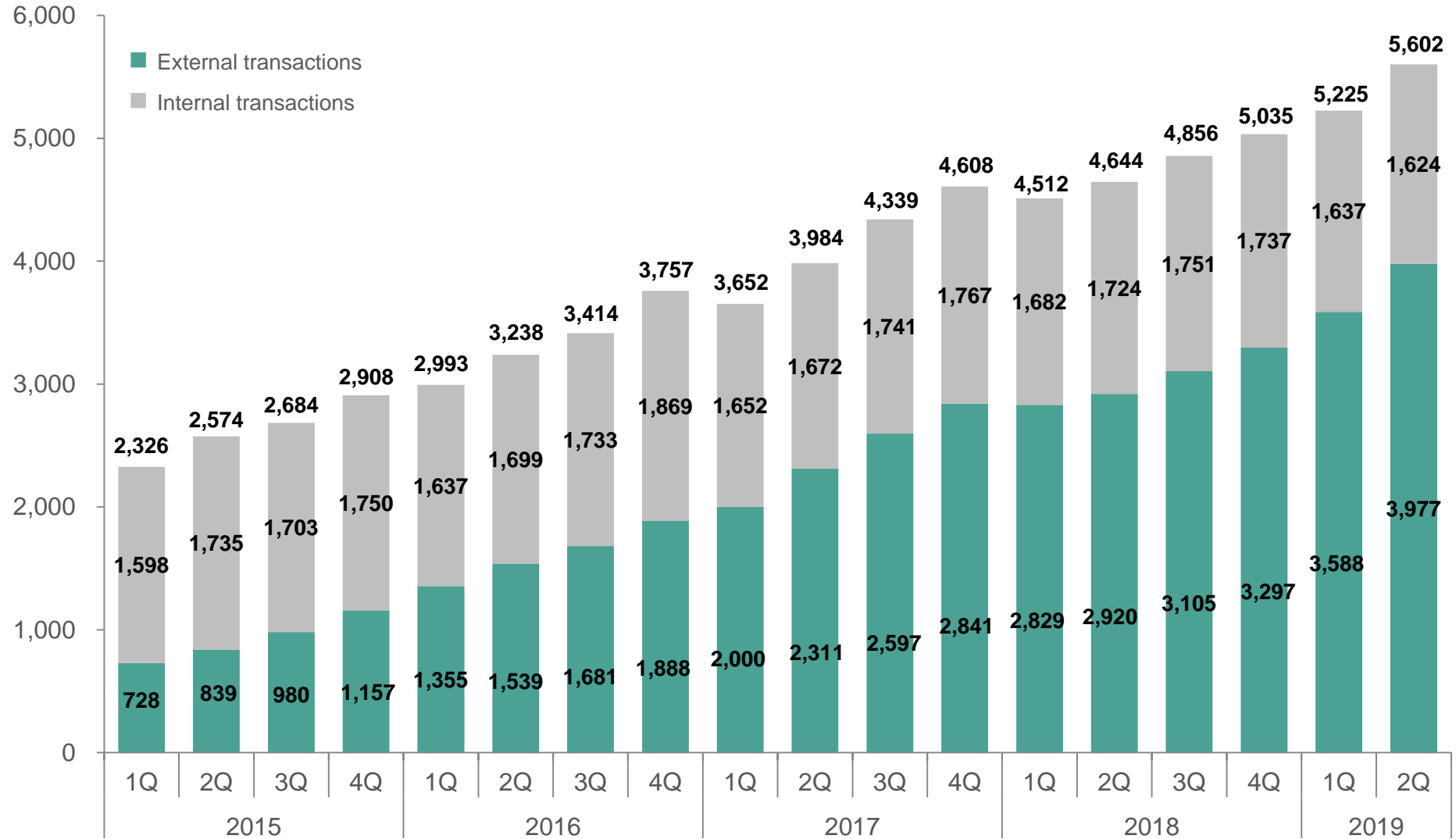


(Unit: Million Yen)

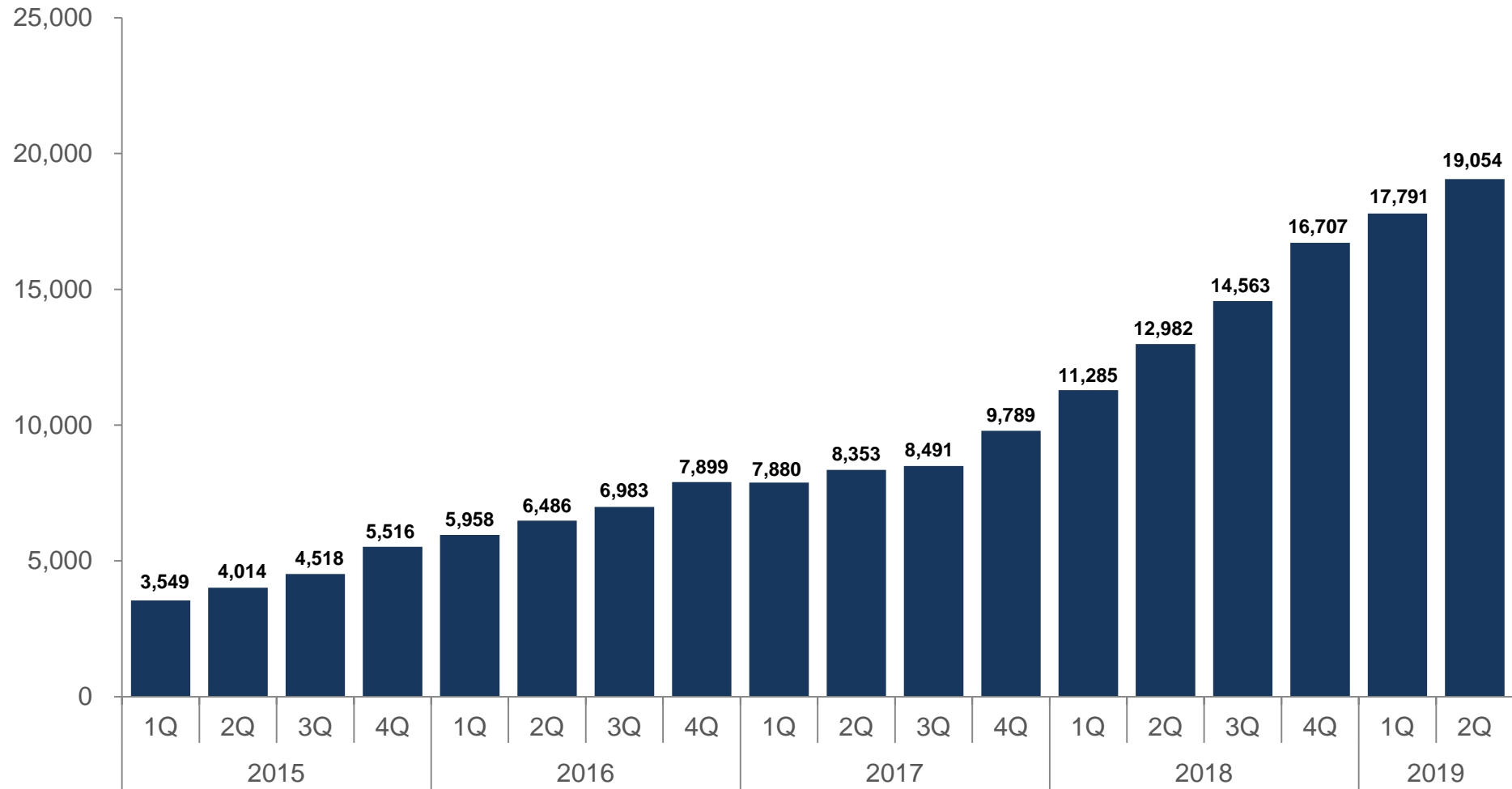


Trends in “Paid” Transaction Value

(Unit: Million Yen)



(Unit: Million Yen)



FY 4/2019
Progress and
the second half of the fiscal year

Completed transition to a holding company structure

RACCOON HOLDINGS, Inc.

* Changed the name from Raccoon Co., LTD.

RACCOON COMMERCE, Inc.

EC business

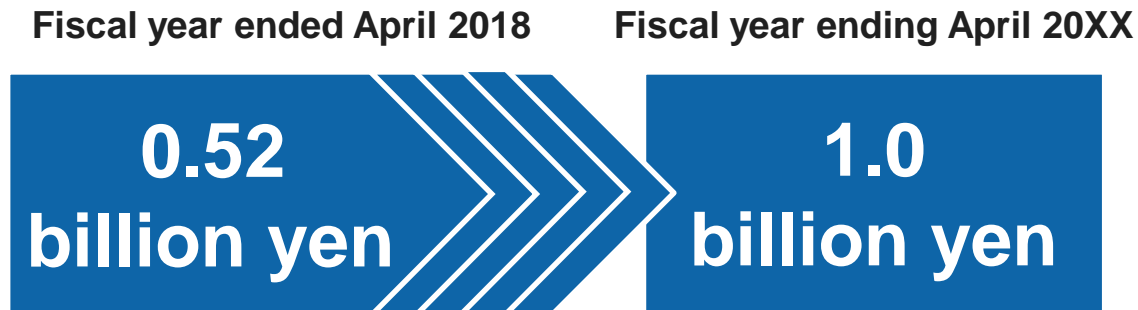
RACCOON FINANCIAL, Inc.

Financial business

(Former Paid business + Former Guarantee business)

* Changed the name from Trust & Growth Co., Ltd.

Will aim to achieve an **EBITDA of 1 billion yen** at an early stage as the initial growth target after transition to a holding company structure.



Adoption of EBITDA

Since creation of new businesses and promotion of M&As to be worked on going forward are significantly impacted by accounting standards, EBITDA was adopted as the KPI to measure substantial profitability excluding such impact.

EBITDA = Consolidated operating income + depreciation + amortization of goodwill (+ equity in earnings (losses) of affiliates)

Efforts to achieve **EBITDA of 1 billion yen** at an early stage

- 1. Acceleration of growth speed of existing businesses**
- 2. Execution of M&As**
- 3. Creation of new businesses**

— Initiatives in the second half of FY2019 —



- Evolve into an infrastructure tool that small- and medium-sized Japanese manufactures will use for global rollout
- Focus on increasing transaction value in Asia



- Strengthen competitiveness in business for EC vendors



- Expand market share and raise name recognition with T&G Accounts Receivable Guarantee and URIHO

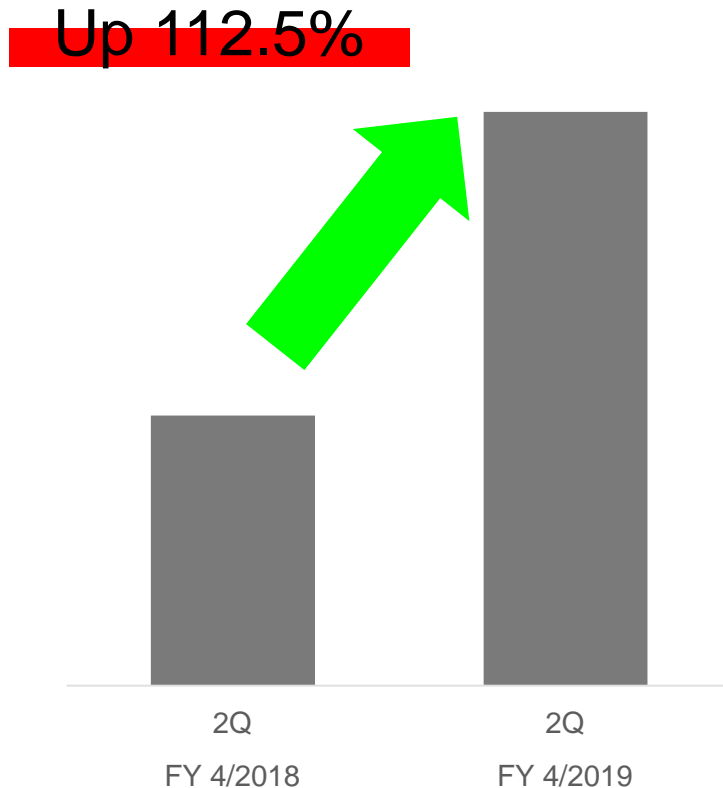


- Expand services by raising name recognition of own brand

Evolve into an infrastructure tool that small- and medium-sized Japanese manufactures will use for global rollout



Focus on increasing transaction value in Asia

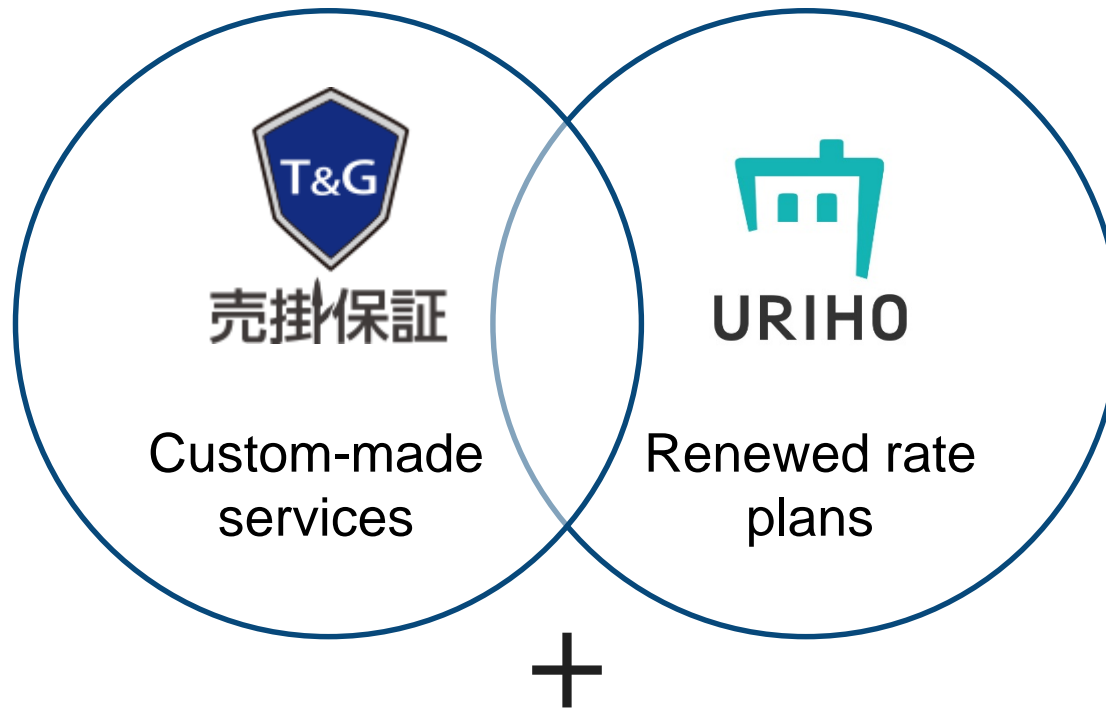


Improve convenience of websites specialized for Asia

Review means of overseas shipments
Realize low-cost and convenient shipments

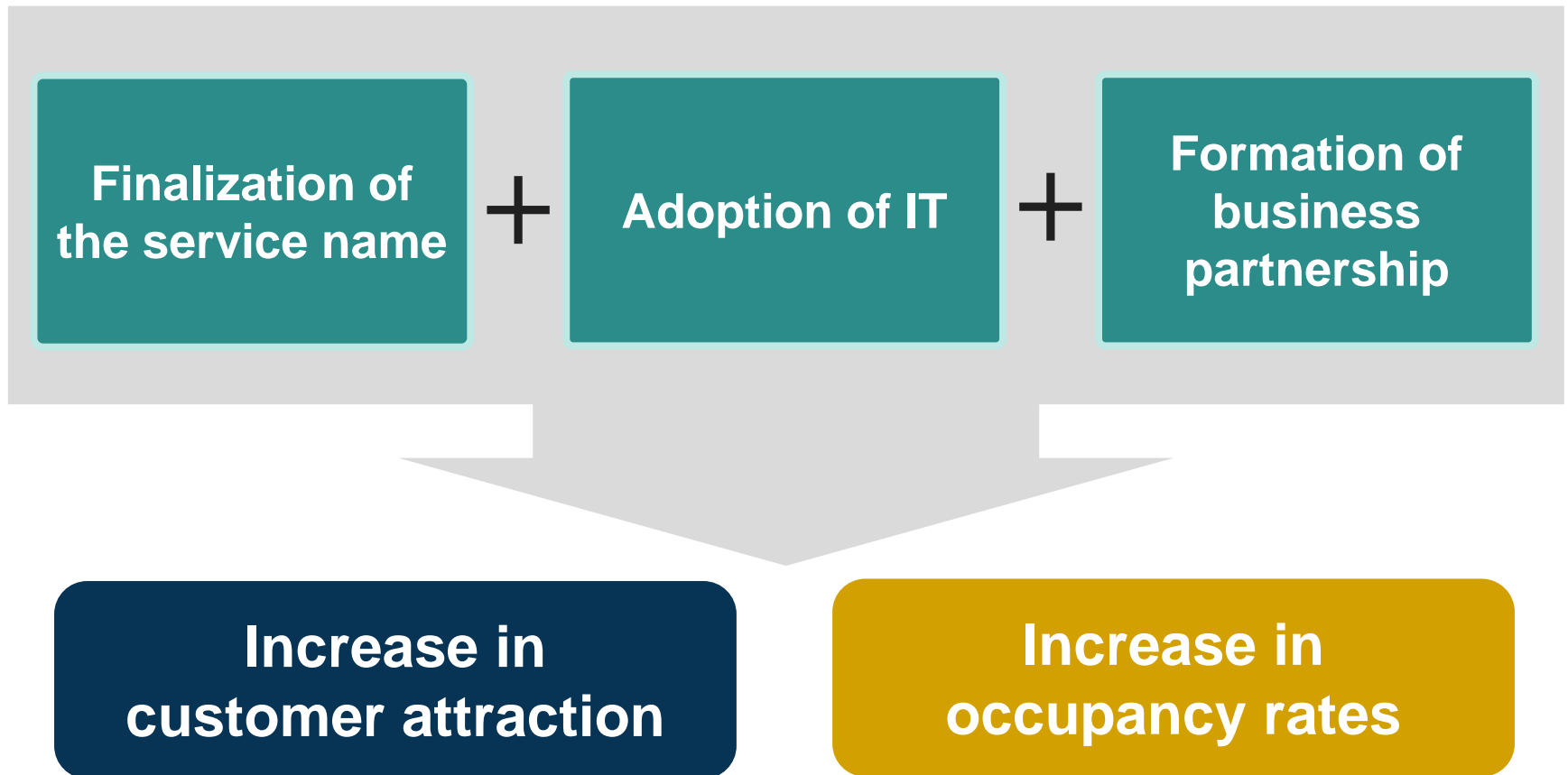
Systemize overseas large-lot dealings

Expand market share with T&G Accounts Receivable Guarantee and URIHO



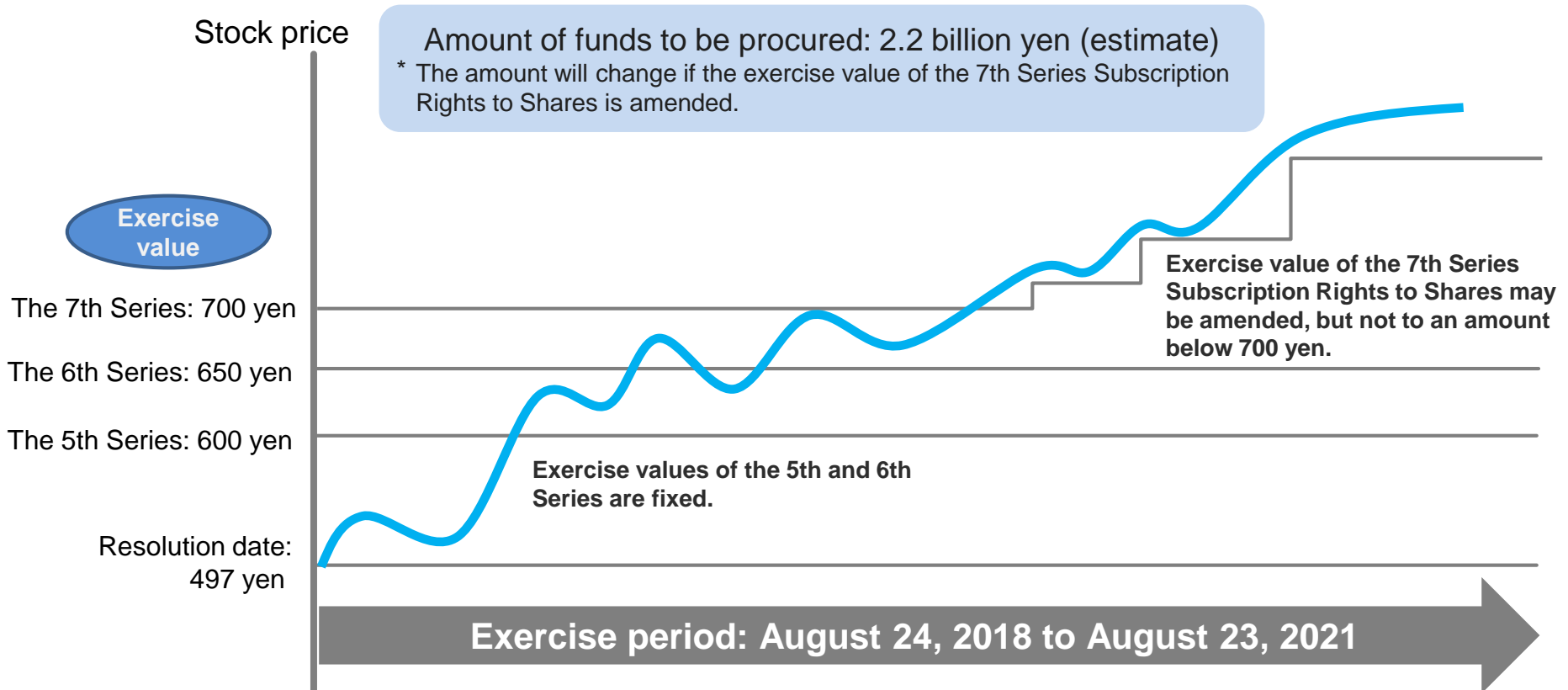
**Business partnerships with
regional financial institutions**

Expand services by raising name recognition of own brand

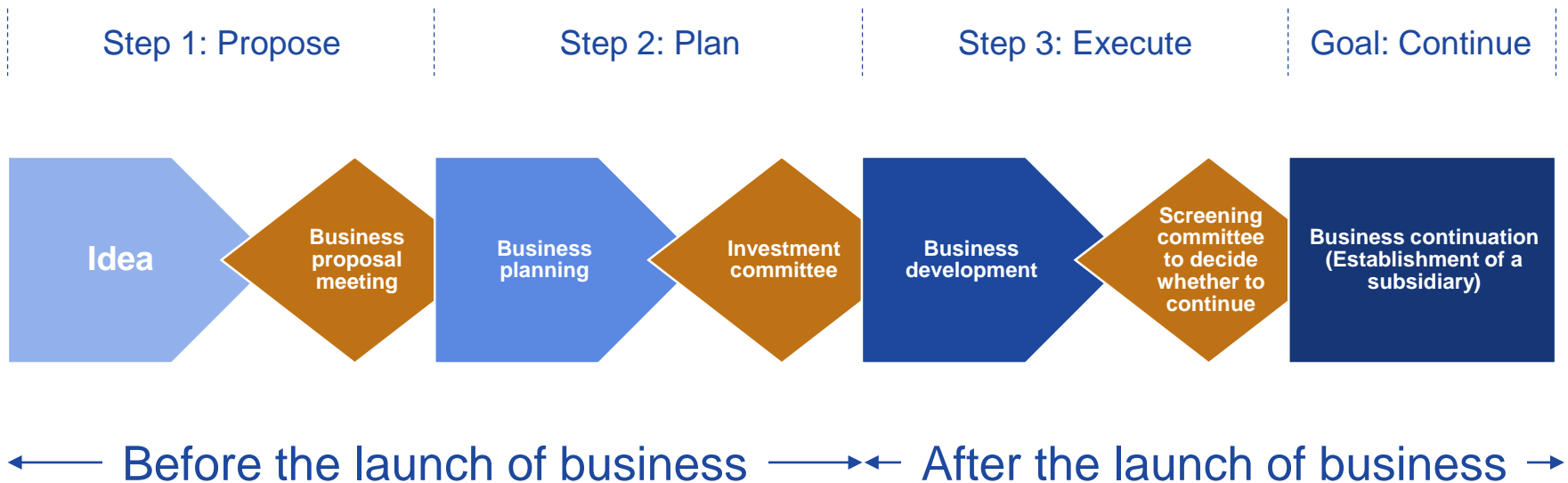


Issue subscription rights to shares to realize M&A and capital/business partnership

We will procure funds in stages in accordance with improvements in business results and increase in the stock price while paying full consideration to the stock price, through three rounds of issuances with different exercise values with a premium placed on the stock price at the time of resolution of issuance.



Newly establish intrapreneur program to encourage creation of new businesses within the Group



Program designed to
“allow everybody to take up the challenge and receive support for success”

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
EC	425,150	425,472
Financial	243,873	257,229
Total	669,023	682,702

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
EC	167,308	164,168
Financial	37,533	41,638
Adjustment	-71,567	-68,219
Total	133,274	137,587

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
System usage sales	272,082	264,019
Member retailer sales	61,170	60,712
Posting company sales	89,903	98,595
Total	423,155	423,327
Transaction value	2,672,949	2,674,929

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
No. of buying customers	11,616	11,846
Value of transactions	230,109	225,808

Trends in “Financial” Sales

(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
Internal Sales	42,624	42,288
External Sales	243,873	257,229
Total	286,497	299,518

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
Internal Transactions	1,637,880	1,624,883
External Transactions	3,588,014	3,977,456
Total	5,225,894	5,602,340

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
17,791,515	19,054,837