

Summary of Financial Results (Consolidated)
For the First Quarter of Fiscal Year Ending April 30, 2022
(Japanese GAAP)

August 31, 2021

Listed company: Raccoon Holdings, Inc.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

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Scheduled date of submission of quarterly report: September 13, 2021

Scheduled date of commencement of dividend payment: -

Supplementary documents for quarterly financial results: Yes

Quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(Rounded down to the nearest million yen)

1. Consolidated results for the first quarter of fiscal year ending April 30, 2022 (May 1, 2021 through July 31, 2021)

(1) Consolidated operating results

(The percentages are year-on-year changes)

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of fiscal year ending April 30, 2022	1,134	4.6	294	(23.0)	259	(24.8)	257	(23.1)	169	(23.2)
First quarter of fiscal year ended April 30, 2021	1,084	32.5	382	80.6	344	96.1	334	91.1	220	97.6

(Note) Comprehensive income First quarter of fiscal year ending April 30, 2022 ¥169 million ((23.2)%)
 First quarter of fiscal year ended April 30, 2021 ¥220 million (97.6%)

(Note) EBITDA = Operating income + Depreciation + Amortization of goodwill (+ Equity in earnings of affiliates)

	Net income per share	Net income per share (diluted)
	Yen	Yen
First quarter of fiscal year ending April 30, 2022	7.62	7.59
First quarter of fiscal year ended April 30, 2021	10.69	10.34

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of July 31, 2021	12,639	5,364	42.1	239.72
As of April 30, 2021	12,452	5,342	42.6	239.23

(Reference) Shareholders' equity As of July 31, 2021 ¥5,324 million
 As of April 30, 2021 ¥5,310 million

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended April 30, 2021	-	8.00	-	9.00	17.00
Fiscal year ending April 30, 2022	-				
Fiscal year ending April 30, 2022 (forecast)		10.00	-	10.00	20.00

(Notes) Revisions to dividend forecasts announced most recently: None

3. Forecast of consolidated results for the fiscal year ending April 30, 2022 (May 1, 2021 through April 30, 2022)

(The percentages are year-on-year changes)

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	-	-	-	-	-	-	-	-	-	-	-
Full year	5,300	21.4	1,580	18.0	1,430	19.5	1,430	17.5	940	17.4	42.35
			~	~	~	~	~	~	~	~	~
			1,680	25.4	1,530	27.9	1,530	25.7	1,000	24.8	45.05

(Notes) Revisions to financial forecasts announced most recently: None

* Notes

(1) Important changes in subsidiaries during the quarter under review (changes in specified subsidiaries resulting in change in the scope of consolidation): None

(2) Application of accounting specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles and changes or restatements of accounting estimates

(i) Changes in accounting policies associated with revisions to accounting standards, etc.: Yes

(ii) Changes in accounting policies other than those specified in (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes on quarterly consolidated financial statements, (Changes in accounting policies)” on page 10 of the accompanying materials.

(4) Number of issued shares (common shares)

(i) Number of issued shares (including treasury stock) at the end of the quarter

July 31, 2021	22,361,043	April 30, 2021	22,361,043
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(ii) Number of treasury stock shares at the end of the quarter

July 31, 2021	148,455	April 30, 2021	163,668
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(iii) Average number of issued shares during the quarter

First quarter ended July 31, 2021	22,204,607	First quarter ended July 31, 2020	20,632,216
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*This financial summary is not subject to the statutory quarterly review by a certified public accountant or audit corporation.

* Explanation about the proper use of results forecasts, and other special notes

(Cautionary note on forward-looking statements)

The forward-looking statements, including results forecasts, contained in this document are based on information the Company has obtained as of today and certain assumptions the Company considers reasonable. The Company does not guarantee its achievement of the forward-looking statements. Actual results may differ significantly depending on a variety of factors. For the assumptions underlying the results forecasts and notes on their use, please refer to “1. Qualitative Information on Results for the Quarter Under Review, (3) Explanation on forecasts including consolidated results forecasts” on page 5 of the accompanying materials.

(How to obtain supplementary information for quarterly financial results)

Supplementary documents for the quarterly financial results will be disclosed on the TDnet (Timely Disclosure network operated by the Tokyo Stock Exchange) shortly.

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1. Qualitative Information on Results for the Quarter under Review

(1) Explanation on operating results

During the first quarter under review (May 1, 2021 through July 31, 2021), the Japanese economy continued to suffer from prolonged stagnation of economic activity as the government declared the fourth state of emergency to respond to a resurgence of the novel coronavirus (COVID-19) due to the spread of variants, etc., which came on the heels of a temporary decrease in cases that had been seen after the third state of emergency was declared in some regions of the country in an attempt to control a wider spread. While economic activity is expected to return to normal as the vaccine rollout progresses, the outlook remains uncertain as the U.S. and Europe, which have high vaccination rates, are currently experiencing a resurgence of new cases.

Under such circumstances, the Raccoon Group worked to expand the infrastructure services it offers for business-to-business transactions based on the management philosophy of “making corporate activities more efficient and convenient.” The growth in demand for the Company’s services spurred by the spread of COVID-19 infections continued during the quarter under review, resulting in an increase in sales for all services. As a result, consolidated net sales for the first quarter under review were 1,134,133,000 yen (up 4.6% year on year). The increase in net sales from the first quarter of the previous fiscal year was moderate as the results for the quarter one year earlier reflect a large impact of a temporary, dramatic increase in transactions for masks and sterilization goods, which are products of special demand in Super Delivery of the EC business.

In terms of expenditures, advertising expenses increased by 57.9% year on year as the Company continued efforts to enhance promotional activities as it did during the second half of the previous fiscal year, and personnel cost increased by 18.0% due to reinforcement of personnel. Consequently, selling, general and administrative expenses increased by 22.4% year on year. As a result, the Company posted operating income of 259,324,000 yen (down 24.8%), EBITDA of 294,108,000 yen (down 23.0%), ordinary income of 257,628,000 yen (down 23.1%), and net income attributable to owners of parent of 169,276,000 yen (down 23.2%) for the first quarter under review, all compared on a year-on-year basis.

Results by segment are as follows:

(i) EC business

In Super Delivery, the mainstay service in the EC business, efforts have been made to increase both new membership and transaction value through improvement in average sale per customer. In the first quarter under review, the Company strengthened promotional activities aimed at enhancing awareness and increasing the number of customer acquisitions to actively capitalize on the growth in demand on the back of the digital shift of B2B transactions, and consequently, both the number of members and the number of participating companies significantly increased. As a result, as of the end of the first quarter under review, the number of Super Delivery members stood at 233,530 (up 13,419), the number of participating companies at 2,904 (up 271), and the number of items displayed at 1,477,423 (up 19,514), all compared with a year-on-year basis.

Regarding the transaction value for the first quarter under review, the value of transactions in Japan was affected by the resurgence of COVID-19 infections due to the spread of variants, etc., which led to repeated issuance and extension of a state of emergency and left the country under a state of emergency during the majority of the first quarter under review. As business activities remained unstable for a prolonged period, many of companies in Japan became cautious in procurement activities; average sale per customer decreased while the number of domestic retail customers and non-retail business customers steadily increased. As a result, the value of transactions in Japan declined by 12.5% year on year. Meanwhile, the value of transactions significantly increased for the first quarter of the previous fiscal year owing to products of special demand in relation to COVID-19. The value of transactions in Japan for the first quarter under review, excluding transactions in masks and sterilization goods, which are products of special demand, increased by 4.1% year on year despite lower average sale per customer.

The value of transactions overseas increased by 50.3% year on year, with steady increases in both the number of customers and sales per customer. Sales per customer for transactions overseas exceeded that for transactions in Japan for the first time. Consequently, the value of transactions for the first quarter under review totaled 5,072,675,000 yen (down 1.1% year on year, or up 13.9% year on year excluding the transactions of masks and sterilization goods, which are products of special demand in relation to COVID-19).

As a result, sales in the EC business stood at 697,548,000 yen (up 1.3% year on year). In terms of expenditures, the Company implemented aggressive promotional activities, such as the expansion of the scope of target audience for listing advertisement and on-line advertisement placements, resulting in an increase in advertising expenses of 47.6% year on year, while personnel cost increased by 21.8% year on year due to reinforcement of personnel for business expansion. Consequently, segment profit was 266,643,000 yen (down 19.9% year on year).

(ii) Financial business

In the Paid service, the Company has continued its endeavors to improve the operating rate of the acquired member companies and increase sales per company. The number of member companies steadily increased to surpass 4,200, supported by the need for a digital shift in billing operations. As the state of emergency continued for the majority of the first quarter under review, sales per customer decreased for some member companies that suffered sluggish sales, as was the case with Super Delivery in the EC business. Despite these circumstances, the value of transactions outside the Group totaled 5,847,946,000 yen (up 19.5%) and the overall value of transactions (including 2,063,159,000 yen of transactions within the Group) stood at 7,911,105,000 yen (up 8.3%), both compared on a year-on-year basis.

In Guarantee services, the Company has continued to actively work on business collaborations with local financial institutions for the T&G Credit Guarantee service and the URIHO service, and the number of collaborations steadily increased. Inquiries from small- to medium-sized companies, the targets for these services, have kept the pace of increase, and demand for credit guarantee services remains high against the backdrop of the COVID-19 pandemic.

Regarding rent guarantee services, the Company continued its efforts to increase name recognition of its services for both business and residential properties among real estate companies, while also enhancing sales activities for the “re-guarantee plan” to expand the target market from business properties to include residential properties.

Guarantees outstanding at the end of the first quarter under review amounted to 86,628,359,000 yen (24,328,307,000 yen for RACCOON FINANCIAL, Inc. and 62,300,051,000 yen for RACCOON RENT, Inc.), up 2.7% from the end of the previous fiscal year. As a result, sales in the Financial business stood at 490,296,000 yen (up 7.0% year on year). In terms of expenditures, the ratio of cost of sales remained at a low level due to the ongoing low level of the amount of guarantees provided. Advertising expenses for the first quarter under review increased by 72.9% year on year. The increase in advertising expenses, which had continued since the second quarter of the previous fiscal year, tapered off to some degree because the Company did not implement large-scale promotional activities in the first quarter under review, but the Company has maintained its policy of performing aggressive promotional activities. Personnel cost increased by 15.1% year on year due to reinforcement of personnel for business expansion. Consequently, segment profit totaled 116,433,000 yen (down 2.8% year on year).

(2) Explanation on the financial status

Total assets at the end of the first quarter under review amounted to 12,639,318,000 yen, up 187,133,000 yen from the end of the previous fiscal year. Current assets increased 202,297,000 yen to 10,075,039,000 yen. The main factor for the increase is the increase of 363,617,000 yen in cash and deposits due to an increase in net income attributable to owners of parent for the first quarter under review, while accounts receivable – trade decreased by 126,402,000 yen due to decreased transactions. Non-current assets decreased 15,163,000 yen to 2,564,278,000 yen. The main factors for the decrease are the recording of 8,195,000 yen in amortization of goodwill and the decrease of 15,515,000 yen in deferred tax assets, while software and software in progress increased by 4,987,000 yen.

Liabilities at the end of the first quarter under review totaled 7,274,518,000 yen, up 164,609,000 yen from the end of the previous fiscal year. Current liabilities increased 210,048,000 yen to 6,069,210,000 yen. The main factor for the increase is the increase of 907,092,000 yen in accounts payable – trade, while accounts payable – other decreased by 514,628,000 yen and income taxes payable decreased by 134,232,000 yen due to taxes paid. Non-current liabilities decreased 45,438,000 yen to 1,205,307,000 yen. The main factor for the decrease is the decrease of 44,583,000 yen in long-term borrowings due to repayment.

Net assets at the end of the first quarter under review increased 22,524,000 yen from the end of the previous fiscal year to 5,364,799,000 yen. The main factor for the increase is the increase in retained earnings due to the recording of 169,276,000 yen in net income attributable to owners of parent for the first quarter under review, while retained earnings decreased by 201,248,000 yen due to cash dividends paid.

(3) Explanation on forecasts including consolidated results forecasts

Consolidated results for the Company generally progressed according to the forecasts. For this reason, the Company made no changes to the results forecasts announced in the previous Summary.

The forward-looking statements above are based on information available to the Company at the time of the announcement and certain assumptions that the Company considers reasonable. Actual results may differ significantly due to a variety of uncertain factors.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2021)	End of first quarter of the consolidated fiscal year under review (As of July 31, 2021)
Assets		
Current assets		
Cash and deposits	4,817,162	5,180,780
Accounts receivable - trade	4,882,133	4,755,730
Rights to claim compensation	48,320	43,769
Supplies	259	171
Prepaid expenses	206,871	186,413
Other	71,663	77,139
Allowance for doubtful accounts	(153,669)	(168,965)
Total current assets	9,872,741	10,075,039
Non-current assets		
Property, plant and equipment		
Buildings	622,859	622,859
Accumulated depreciation	(63,438)	(69,352)
Buildings, net	559,420	553,506
Tools, furniture and fixtures	55,164	40,364
Accumulated depreciation	(36,279)	(22,929)
Tools, furniture and fixtures, net	18,884	17,434
Land	882,140	882,140
Total property, plant and equipment	1,460,445	1,453,081
Intangible assets		
Software	191,348	198,957
Software in progress	27,526	24,905
Goodwill	243,128	234,932
Other	1,777	1,692
Total intangible assets	463,780	460,487
Investments and other assets		
Investment securities	433,898	444,898
Lease and guarantee deposits	11,263	11,271
Deferred tax assets	196,877	181,361
Other	13,177	13,177
Total investments and other assets	655,216	650,708
Total non-current assets	2,579,442	2,564,278
Total assets	12,452,184	12,639,318

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2021)	End of first quarter of the consolidated fiscal year under review (As of July 31, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	4,178,065	5,085,158
Current portion of long-term borrowings	220,006	178,332
Accounts payable - other	674,055	159,426
Income taxes payable	175,425	41,193
Allowance for guarantees	80,668	83,277
Provision for bonuses	75,484	32,862
Provision for share-based remuneration	44,532	10,954
Provision for sales promotion expenses	19,770	20,000
Deposits received	9,858	53,147
Other	381,294	404,859
Total current liabilities	5,859,162	6,069,210
Non-current liabilities		
Long-term borrowings	1,198,336	1,153,753
Asset retirement obligations	1,035	1,037
Other	51,375	50,517
Total non-current liabilities	1,250,746	1,205,307
Total liabilities	7,109,908	7,274,518
Net assets		
Shareholders' equity		
Capital stock	1,852,237	1,852,237
Capital surplus	1,514,092	1,514,092
Retained earnings	2,443,083	2,411,111
Treasury shares	(499,076)	(452,633)
Total shareholders' equity	5,310,337	5,324,808
Share acquisition rights	31,938	39,991
Total net assets	5,342,275	5,364,799
Total liabilities and net assets	12,452,184	12,639,318

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)
(First quarter of the consolidated fiscal year)

(Thousand yen)

	First quarter of the previous consolidated fiscal year (From May 1, 2020 to July 31, 2020)	First quarter of the consolidated fiscal year under review (From May 1, 2021 to July 31, 2021)
Net sales	1,084,227	1,134,133
Cost of sales	176,342	185,479
Gross profit	907,885	948,654
Selling, general and administrative expenses	563,136	689,329
Operating income	344,748	259,324
Non-operating income		
Commission income	1,261	901
Other	424	492
Total non-operating income	1,685	1,394
Non-operating expenses		
Interest expenses	4,161	1,613
Commission expenses	5,061	1,422
Other	2,315	53
Total non-operating expenses	11,538	3,089
Ordinary income	334,894	257,628
Extraordinary losses		
Office relocation expenses	10,006	—
Total extraordinary losses	10,006	—
Income before income taxes	324,888	257,628
Income taxes	104,394	88,352
Net income	220,493	169,276
Net income attributable to owners of parent	220,493	169,276

(Quarterly consolidated statements of comprehensive income)
(First quarter of the consolidated fiscal year)

(Thousand yen)

	First quarter of the previous consolidated fiscal year (From May 1, 2020 to July 31, 2020)	First quarter of the consolidated fiscal year under review (From May 1, 2021 to July 31, 2021)
Net income	220,493	169,276
Comprehensive income	220,493	169,276
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	220,493	169,276

(3) Notes on quarterly consolidated financial statements

(Notes regarding going concern assumptions)
Not applicable

(Notes in the case of significant changes in amount of shareholders' equity)
Not applicable

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition etc.)

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 31, 2020, hereinafter "Accounting Standard for Revenue Recognition"), etc., since the beginning of the first quarter of the consolidated fiscal year under review. The Company recognizes revenue at the time when the control over committed goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

There was no impact of this change in accounting policies on the Company's profits and losses for the first quarter of the consolidated fiscal year under review.

In applying the Accounting Standard for Revenue Recognition etc., the Company follows the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, and there was no impact on the balance of the Company's retained earnings at the beginning of the consolidated fiscal year under review.

(Application of Accounting Standard for Fair Value Measurement etc.)

The Company has adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30; July 4, 2019, hereinafter "Accounting Standard for Fair Value Measurement"), etc., since the beginning of the first quarter of the consolidated fiscal year under review. The Company applies the new accounting policy stipulated in the Accounting Standard for Fair Value Measurement, etc., into the future in accordance with the transitional treatment stipulated in the provisions of paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10; July 4, 2019). There was no impact of this change in accounting policies on the Company's quarterly consolidated financial statements.

(Segment information)

[Segment information]

I. First quarter of the previous consolidated fiscal year (from May 1, 2020 to July 31, 2020)

1. Information on sales and profits or losses by reporting segment

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Quarterly consolidated financial statement amount (Note 2)
	EC	Financial	Total		
Sales					
Sales to external customers	688,464	395,763	1,084,227	—	1,084,227
Inter-segment sales and transfers	—	62,668	62,668	(62,668)	—
Total	688,464	458,431	1,146,896	(62,668)	1,084,227
Segment profit	333,001	119,745	452,747	(107,999)	344,748

(Notes) 1. The segment profit adjustment of minus 107,999,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly comprised of management consulting fees and such from each reporting segment and the company-wide expenses are general and administrative expenses and such which are not attributable to reporting segments.

2. Segment profits are adjusted to operating income in the quarterly consolidated statements of income.

2. Items related to impairment loss on non-current assets, goodwill, etc. by reporting segment

Not applicable

II. First quarter of the consolidated fiscal year under review (from May 1, 2021 to July 31, 2021)

1. Information on sales and profits or losses by reporting segment

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Quarterly consolidated financial statement amount (Notes 2)
	EC	Financial	Total		
Sales					
Sales to external customers	697,548	436,585	1,134,133	—	1,134,133
Inter-segment sales and transfers	—	53,711	53,711	(53,711)	—
Total	697,548	490,296	1,187,845	(53,711)	1,134,133
Segment profit	266,643	116,433	383,076	(123,752)	259,324

(Notes) 1. The segment profit adjustment of minus 123,752,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly comprised of management consulting fees and such from each reporting segment and the company-wide expenses are general and administrative expenses and such which are not attributable to reporting segments.

2. Segment profits are adjusted to operating income in the quarterly consolidated statements of income.

2. Items related to impairment loss on non-current assets, goodwill, etc. by reporting segment

Not applicable

(Significant subsequent events)

Not applicable