

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

March 4, 2022

Listed company: Raccoon Holdings, Inc.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

URL: <http://www.raccoon.ne.jp/>

Representative: Isao Ogata, President and Representative Director

Contact: Satoshi Konno, Executive Vice President of Finance and Director

Tel. +81-3-5652-1711

Scheduled date of submission of quarterly report: March 10, 2022

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 nine months ended January 31, 2022 (May 1, 2021 through January 31, 2022)

(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 three quarters of fiscal year ending April 30, 2022	3,519	8.4	939	(12.1)	834	(13.0)	823	(13.9)	296	(52.9)
First three quarters of fiscal year ended April 30, 2021	3,246	28.2	1,068	68.6	959	82.0	956	80.6	630	86.4

(Note) Comprehensive income First three quarters of fiscal year ending April 30, 2022 ¥296 million ((52.9)%)

First three quarters of fiscal year ended April 30, 2021 ¥630 million (86.4%)

(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 three quarters of fiscal year ending April 30, 2022	13.35	13.30
First three quarters of fiscal year ended April 30, 2021	29.18	28.60

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of January 31, 2022	12,712	5,294	41.2	235.50
As of April 30, 2021	12,452	5,342	42.6	239.23

(Reference) Shareholders' equity

As of January 31, 2022 ¥5,231 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	–	10.00	–		
Fiscal year ending April 30, 2022 (forecast)				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
Full year	4,759	9.0	1,230	(8.2)	1,090	(8.9)	1,080	(11.3)	440	(45.1)	19.81

(Notes) Revisions to financial forecasts announced most recently: Yes

* Notes

(1) Important changes in subsidiaries during the first three quarters 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

(4) Number of issued shares (common shares)

(i) Number of issued shares (including treasury stock) at the end of the quarter			
January 31, 2022	22,361,043	April 30, 2021	22,361,043
(ii) Number of treasury stock shares at the end of the quarter			
January 31, 2022	147,616	April 30, 2021	163,668
(iii) Average number of issued shares during the first three quarters			
First three quarters ended January 31, 2022	22,210,250	First three quarters ended January 31, 2021	21,591,827

*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 three quarters under review (May 1, 2021 through January 31, 2022), the Japanese economy experienced a sense of hope for the normalization of economic activities as restrictions were gradually eased due to factors such as the rising rates of vaccination against the novel coronavirus (COVID-19). However, the economic outlook remains uncertain as a result of the reintroduction of priority measures to prevent the spread of disease in some prefectures due to the rapid spread of the Omicron variant as well as surging crude oil prices.

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." In the first three quarters under review, domestic business-to-business transactions were on a recovery trend owing to the reopening of the domestic economy. However, the Omicron variant started to spread from the beginning of the new year, and priority measures to prevent the spread of disease were adopted across the country, raising a concern that the domestic economy would stall again, although net sales of both the EC business and the Financial business increased. As a result, consolidated net sales for the first three quarters under review were 3,519,955,000 yen (up 8.4% year on year).

In terms of expenditures, advertising expenses increased by 37.9% year on year as the Company continued efforts to enhance promotional activities, and personnel cost increased by 9.1% due to reinforcement of personnel. Consequently, selling, general and administrative expenses increased by 15.0% year on year. As a result, the Company posted EBITDA of 939,410,000 yen (down 12.1%), operating income of 834,793,000 yen (down 13.0%), and ordinary income of 823,786,000 yen (down 13.9%), for the first three quarters under review, all compared on a year-on-year basis. In addition, the Company recorded a loss on valuation of investment securities of 325,750,000 yen, caused by poor performance at some investment targets, as extraordinary losses in the first half. As a result, the Company posted net income attributable to owners of parent of 296,616,000 yen (down 52.9% year on year) for the first three quarters under review.

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 gross merchandise value* through improvement in average sale per customer. In the first three quarters 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. As a result, as of the end of the third quarter under review, the number of Super Delivery members stood at 261,011 (up 40,900), the number of participating companies at 3,083 (up 450), and the number of items displayed at 1,418,743 (down 39,166), all compared with the numbers at the end of the previous fiscal year.

During the first three quarters under review, the domestic economy was on a recovery trend, but the economic situation turned uncertain as priority measures to prevent the spread of disease were adopted across the country due to the spread of the Omicron variant from the beginning of the new year. Despite such circumstances, the gross merchandise value in Japan steadily grew owing to increases in the number of buying customers and average sale per customer. However, the gross merchandise value declined 0.9% in comparison to the first three quarters of the previous fiscal year, when the gross merchandise value significantly increased owing to products of special demand in relation to COVID-19. The gross merchandise value in Japan excluding transactions in masks and sterilization goods, which are products of special demand, increased by 8.3% year on year. As for the gross merchandise value overseas, North America continued its steady growth despite the impact of international logistics disruption caused by container shortages and surging crude oil prices. On the other hand, in Greater China, which accounts for a high percentage of the gross merchandise value, the number of buying customers decreased due to temporary effects such as elections and the Chinese New Year, resulting in flat growth in the gross merchandise value on a quarterly basis. Consequently, the gross merchandise value overseas increased by 42.9% year on year.

* To better reflect the nature of transactions facilitated by the Company, what was referred to as "transaction value" in previous materials is now referred to as "gross merchandise value."

As a result, sales in the EC business stood at 2,171,840,000 yen (up 7.6% year on year). In terms of expenditures, the Company continued to implement aggressive promotional activities, resulting in an increase in advertising expenses of 26.0% year on year, while personnel cost increased by 10.8% year on year due to reinforcement of personnel for business expansion. Consequently, segment profit was 844,912,000 yen (down 3.5% year on year).

(ii) Financial business

In the Paid service, the number of member companies continued to steadily increase to surpass 4,400. During the third quarter under review, Paid was adopted in November 2021 as a payment method by nation-wide AUTOBACS group stores operated by AUTOBACS SEVEN Co., Ltd. Furthermore, the Company has continued its endeavors to improve the operating rate of the acquired member companies and increase sales per company. The recovery trend of the domestic economy helped boost the value of transactions of member companies during the third quarter under review. Consequently, the value of transactions outside the Group totaled 18,493,083,000 yen (up 18.7%) and the overall value of transactions (including 6,573,095,000 yen of transactions within the Group) stood at 25,066,178,000 yen (up 11.4%), both compared on a year-on-year basis, recording double digit growth.

In Guarantee services, the Company has continued to actively work on business collaborations with regional banks, etc., for the T&G Credit Guarantee service and the URIHO service, and the number of collaborations steadily increased. Demand for credit guarantee services remains high, with a particularly strong increase in the number of companies using the URIHO service.

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. The Company also implemented efforts to improve convenience, such as expanding the eligibility of the free attorney consultation service, which has been offered as an incidental service for some time, to landlords.

Guarantees outstanding at the end of the third quarter under review amounted to 91,708,648,000 yen (27,656,974,000 yen for RACCOON FINANCIAL, Inc. and 64,051,674,000 yen for RACCOON RENT, Inc.), up 8.7% from the end of the previous fiscal year (up 11.9% year on year). As a result, sales in the Financial business stood at 1,519,215,000 yen (up 7.9% year on year). In terms of expenditures, the upward trend in the amount of guarantees provided remained slightly, but the ratio of cost of sales continued to be lower than the level seen before the COVID-19 pandemic. The Company continued its policy of performing aggressive promotional activities, resulting in advertising expenses increasing by 86.9% year on year. Personnel cost increased by 10.1% year on year due to reinforcement of personnel for business expansion. Consequently, segment profit totaled 333,236,000 yen (down 21.7% year on year).

(2) Explanation on the financial status

Total assets at the end of the third quarter under review amounted to 12,712,434,000 yen, up 260,250,000 yen from the end of the previous fiscal year. Current assets increased 492,903,000 yen to 10,365,645,000 yen. The main factors causing the increase were the increase of 321,942,000 yen in cash and deposits due to higher net income attributable to owners of parent and the increase of 225,770,000 yen in accounts receivable – trade due to increased transactions. Non-current assets decreased 232,653,000 yen to 2,346,789,000 yen. The main factors for the decrease include the decrease of 292,385,000 yen in investment securities due to recording a loss on valuation of investment securities.

Liabilities at the end of the third quarter under review totaled 7,418,088,000 yen, up 308,179,000 yen from the end of the previous fiscal year. Current liabilities increased 444,804,000 yen to 6,303,967,000 yen. The main factor for the increase is the increase of 1,180,906,000 yen in accounts payable – trade due to increased transactions, while accounts payable – other and income taxes payable decreased by 521,223,000 yen and 136,539,000 yen, respectively. Non-current liabilities decreased 136,625,000 yen to 1,114,120,000 yen. The main factor for the decrease is the decrease of 133,749,000 yen in long-term borrowings due to repayment. Net assets at the end of the first third quarter under review decreased 47,929,000 yen from the end of the previous fiscal year to 5,294,346,000 yen. The main factor for the decrease is the decrease of 424,856,000 yen in retained earnings due to cash dividends paid, offset by the increase of retained earnings due to recording 296,616,000 yen of net income attributable to owners of parent.

(3) Explanation on forecasts including consolidated results forecasts

With regard to the forecast of consolidated results for the fiscal year ending April 30, 2022, the Company has revised the forecast announced on December 2, 2021, taking into account its recent performance trends. For more details, please refer to “Notice Concerning Revisions to Full-Year Financial Forecasts” announced today.

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 third quarter of the consolidated fiscal year under review (As of January 31, 2022)
Assets		
Current assets		
Cash and deposits	4,817,162	5,139,104
Accounts receivable - trade	4,882,133	5,107,903
Rights to claim compensation	48,320	52,593
Supplies	259	260
Prepaid expenses	206,871	129,720
Other	71,663	139,131
Allowance for doubtful accounts	(153,669)	(203,069)
Total current assets	9,872,741	10,365,645
Non-current assets		
Property, plant and equipment		
Buildings	622,859	622,859
Accumulated depreciation	(63,438)	(81,180)
Buildings, net	559,420	541,678
Tools, furniture and fixtures	55,164	44,630
Accumulated depreciation	(36,279)	(25,396)
Tools, furniture and fixtures, net	18,884	19,234
Land	882,140	882,140
Total property, plant and equipment	1,460,445	1,443,053
Intangible assets		
Software	191,348	184,857
Software in progress	27,526	67,639
Goodwill	243,128	218,542
Other	1,777	1,521
Total intangible assets	463,780	472,560
Investments and other assets		
Investment securities	433,898	141,513
Lease and guarantee deposits	11,263	11,271
Deferred tax assets	196,877	263,429
Other	13,177	14,960
Total investments and other assets	655,216	431,174
Total non-current assets	2,579,442	2,346,789
Total assets	12,452,184	12,712,434

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2021)	End of third quarter of the consolidated fiscal year under review (As of January 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	4,178,065	5,358,972
Current portion of long-term borrowings	220,006	178,332
Accounts payable - other	674,055	152,832
Income taxes payable	175,425	38,885
Allowance for guarantees	80,668	95,038
Provision for bonuses	75,484	33,665
Provision for share-based remuneration	44,532	8,910
Provision for sales promotion expenses	19,770	17,790
Deposits received	9,858	26,392
Other	381,294	393,148
Total current liabilities	5,859,162	6,303,967
Non-current liabilities		
Long-term borrowings	1,198,336	1,064,587
Asset retirement obligations	1,035	1,042
Other	51,375	48,491
Total non-current liabilities	1,250,746	1,114,120
Total liabilities	7,109,908	7,418,088
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	2,314,843
Treasury shares	(499,076)	(449,857)
Total shareholders' equity	5,310,337	5,231,316
Share acquisition rights	31,938	63,029
Total net assets	5,342,275	5,294,346
Total liabilities and net assets	12,452,184	12,712,434

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

(Thousand yen)

	First three quarters of the previous consolidated fiscal year (From May 1, 2020 to January 31, 2021)	First three quarters of the consolidated fiscal year under review (From May 1, 2021 to January 31, 2022)
Net sales	3,246,010	3,519,955
Cost of sales	477,418	605,592
Gross profit	2,768,592	2,914,362
Selling, general and administrative expenses	1,808,967	2,079,568
Operating income	959,625	834,793
Non-operating income		
Commission income	3,556	2,376
Gain on investments in investment partnerships	14,319	—
Other	3,254	743
Total non-operating income	21,130	3,120
Non-operating expenses		
Interest expenses	8,931	4,506
Commission expenses	9,572	4,189
Loss on investments in investment partnerships	—	4,952
Taxes and due	4,892	90
Other	743	390
Total non-operating expenses	24,140	14,128
Ordinary income	956,614	823,786
Extraordinary losses		
Loss on valuation of investment securities	—	325,750
Office relocation expenses	10,856	—
Total extraordinary losses	10,856	325,750
Income before income taxes	945,758	498,036
Income taxes	315,626	201,419
Net income	630,131	296,616
Net income attributable to owners of parent	630,131	296,616

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

(Thousand yen)

	First three quarters of the previous consolidated fiscal year (From May 1, 2020 to January 31, 2021)	First three quarters of the consolidated fiscal year under review (From May 1, 2021 to January 31, 2022)
Net income	630,131	296,616
Comprehensive income	630,131	296,616
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	630,131	296,616

(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 three quarters 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 three quarters of the previous consolidated fiscal year (from May 1, 2020 to January 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 (Note 2)
	EC	Financial	Total		
Sales					
Sales to external customers	2,017,578	1,228,432	3,246,010	—	3,246,010
Inter-segment sales and transfers	—	180,163	180,163	(180,163)	—
Total	2,017,578	1,408,595	3,426,173	(180,163)	3,246,010
Segment profit	875,659	425,447	1,301,107	(341,482)	959,625

(Notes) 1. The segment profit adjustment of minus 341,482,000 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 three quarters of the consolidated fiscal year under review (from May 1, 2021 to January 31, 2022)

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	2,171,840	1,348,114	3,519,955	—	3,519,955
Inter-segment sales and transfers	—	171,101	171,101	(171,101)	—
Total	2,171,840	1,519,215	3,691,056	(171,101)	3,519,955
Segment profit	844,912	333,236	1,178,149	(343,355)	834,793

(Notes) 1. The segment profit adjustment of minus 343,355,000 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