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On **September 5, 2019**, Raccoon Holdings, Inc. announced earnings results for Q1 FY04/20.

Cumulative (JPYmn)	FY04/18				FY04/19				FY04/20				FY04/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
<b>Revenue</b>	<b>612</b>	<b>1,239</b>	<b>1,887</b>	<b>2,546</b>	<b>669</b>	<b>1,352</b>	<b>2,162</b>	<b>2,980</b>	<b>818</b>				23.7%	<b>3,450</b>
YoY	7.5%	8.2%	8.2%	7.9%	9.3%	9.1%	14.6%	17.1%	22.3%					15.8%
Gross profit	524	1,043	1,583	2,106	548	1,102	1,744	2,370	672					
GPM	85.5%	84.1%	83.9%	82.7%	81.9%	81.5%	80.7%	79.5%	82.1%					
SG&A expenses	418	830	1,249	1,668	415	831	1,350	1,821	496					
YoY	6.7%	7.9%	7.9%	6.7%	-0.6%	0.1%	8.1%	9.2%	19.5%					
SG&A ratio	68.2%	67.0%	66.2%	65.5%	62.0%	61.5%	62.4%	61.1%	60.6%					
<b>Operating profit</b>	<b>106</b>	<b>212</b>	<b>334</b>	<b>438</b>	<b>133</b>	<b>271</b>	<b>394</b>	<b>549</b>	<b>176</b>				26.2%	<b>670</b>
YoY	12.3%	6.1%	5.3%	4.0%	25.7%	27.6%	17.8%	25.4%	31.9%					22.1%
OPM	17.3%	17.1%	17.7%	17.2%	19.9%	20.0%	18.2%	18.4%	21.5%					19.4%
<b>Recurring profit</b>	<b>104</b>	<b>208</b>	<b>330</b>	<b>432</b>	<b>133</b>	<b>267</b>	<b>389</b>	<b>546</b>	<b>175</b>				26.2%	<b>670</b>
YoY	11.1%	6.7%	5.7%	4.1%	27.7%	28.2%	17.9%	26.5%	31.4%					22.8%
RPM	17.1%	16.8%	17.5%	16.9%	19.9%	19.8%	18.0%	18.3%	21.4%					19.4%
<b>Net income attributable to owners of the parent</b>	<b>69</b>	<b>140</b>	<b>221</b>	<b>283</b>	<b>90</b>	<b>182</b>	<b>238</b>	<b>380</b>	<b>112</b>				26.3%	<b>425</b>
YoY	19.9%	34.4%	21.2%	10.6%	30.3%	30.2%	7.5%	34.2%	23.9%					12.0%
Net margin	11.3%	11.3%	11.7%	11.1%	13.5%	13.5%	11.0%	12.7%	13.6%					12.3%

  

Quarterly (JPYmn)	FY04/18				FY04/19				FY04/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Revenue</b>	<b>612</b>	<b>627</b>	<b>648</b>	<b>659</b>	<b>669</b>	<b>683</b>	<b>811</b>	<b>818</b>	<b>818</b>			
YoY	7.5%	8.9%	8.2%	7.1%	9.3%	8.9%	25.2%	24.1%	22.3%			
Gross profit	524	519	541	522	548	554	642	626	672			
GPM	85.5%	82.7%	83.5%	79.3%	81.9%	81.1%	79.2%	76.5%	82.1%			
SG&A expenses	418	413	419	419	415	416	519	471	496			
YoY	6.7%	9.0%	8.0%	3.0%	-0.6%	0.8%	24.1%	12.4%	19.5%			
SG&A ratio	68.2%	65.8%	64.6%	63.6%	62.0%	60.9%	64.1%	57.6%	60.6%			
<b>Operating profit</b>	<b>106</b>	<b>106</b>	<b>122</b>	<b>103</b>	<b>133</b>	<b>138</b>	<b>123</b>	<b>155</b>	<b>176</b>			
YoY	12.3%	0.6%	3.8%	0.1%	25.7%	29.6%	0.7%	49.8%	31.9%			
OPM	17.3%	16.9%	18.9%	15.7%	19.9%	20.2%	15.2%	18.9%	21.5%			
<b>Recurring profit</b>	<b>104</b>	<b>104</b>	<b>122</b>	<b>102</b>	<b>133</b>	<b>134</b>	<b>122</b>	<b>157</b>	<b>175</b>			
YoY	11.1%	2.6%	4.0%	-0.6%	27.7%	28.7%	0.3%	54.1%	31.4%			
RPM	17.1%	16.6%	18.8%	15.4%	19.9%	19.6%	15.0%	19.2%	21.4%			
<b>Net income attributable to owners of the parent</b>	<b>69</b>	<b>71</b>	<b>81</b>	<b>62</b>	<b>90</b>	<b>92</b>	<b>55</b>	<b>142</b>	<b>112</b>			
YoY	19.9%	52.2%	3.7%	-15.8%	30.3%	30.1%	-31.7%	129.4%	23.9%			
Net margin	11.3%	11.3%	12.5%	9.4%	13.5%	13.5%	6.8%	17.4%	13.6%			

Source: Shared Research, based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Performance by segment (cumulative) (JPYmn)	FY04/18				FY04/19				FY04/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	612	1,239	1,887	2,546	669	1,352	2,162	2,980	818			
EC business	412	835	1,264	1,695	425	851	1,297	1,763	455			
Financial business	200	405	623	851	244	501	866	1,217	363			
[Old segments]												
EC business	412	835	1,264	1,695	-	-	-	-	-			
Paid business	72	146	223	303	-	-	-	-	-			
Guarantor business	128	259	400	547	-	-	-	-	-			
YoY	7.5%	8.2%	8.2%	7.9%	9.3%	9.1%	14.6%	17.1%	22.3%			
EC business	5.0%	6.2%	5.8%	5.2%	3.2%	1.9%	2.6%	4.0%	7.1%			
Financial business	13.1%	12.5%	13.5%	13.9%	21.7%	23.8%	38.9%	43.1%	48.8%			
[Old segments]												
EC business	5.0%	6.2%	5.8%	5.2%	-	-	-	-	-			
Paid business	38.0%	31.3%	26.1%	21.6%	-	-	-	-	-			
Guarantor business	2.7%	4.1%	7.6%	10.0%	-	-	-	-	-			
Operating profit	106	212	334	438	133	271	394	549	176			
EC business	151	310	475	645	167	331	518	714	186			
Financial business	27	45	70	76	38	79	97	143	74			
Adjustments (inter-segment eliminations)	-72	-144	-212	-284	-72	-140	-221	-309	-85			
[Old segments]												
EC business	45	98	161	226	-	-	-	-	-			
Paid business	9	21	34	45	-	-	-	-	-			
Guarantor business	55	94	143	166	-	-	-	-	-			
Adjustments (inter-segment eliminations)	-3	-1	-4	1	-	-	-	-	-			
OPM	17.3%	17.1%	17.7%	17.2%	19.9%	20.0%	18.2%	18.4%	21.5%			
EC business	36.6%	37.1%	37.6%	38.1%	39.4%	39.0%	39.9%	40.5%	41.0%			
Financial business	13.4%	11.1%	11.2%	9.0%	15.4%	15.8%	11.2%	11.7%	20.4%			
[Old segments]												
EC business	11.0%	11.7%	12.8%	13.3%	-	-	-	-	-			
Paid business	13.2%	14.5%	15.3%	14.8%	-	-	-	-	-			
Guarantor business	42.6%	36.2%	35.7%	30.4%	-	-	-	-	-			

  

Performance by segment (quarterly) (JPYmn)	FY04/18				FY04/19				FY04/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	612	627	648	659	669	683	811	818	818			
EC business	412	423	429	431	425	425	446	466	455			
Financial business	200	204	218	228	244	257	365	352	363			
[Old segments]												
EC business	412	423	429	431	-	-	-	-	-			
Paid business	72	74	77	80	-	-	-	-	-			
Guarantor business	128	130	141	148	-	-	-	-	-			
YoY	7.5%	8.9%	8.2%	7.1%	9.3%	8.9%	25.2%	24.1%	22.3%			
EC business	5.0%	7.5%	4.8%	3.5%	3.2%	0.6%	4.0%	8.1%	7.1%			
Financial business	13.1%	11.9%	15.5%	14.7%	21.7%	25.9%	66.9%	54.5%	48.8%			
[Old segments]												
EC business	5.0%	7.5%	4.8%	3.5%	-	-	-	-	-			
Paid business	38.0%	25.4%	17.2%	10.6%	-	-	-	-	-			
Guarantor business	2.7%	5.5%	14.6%	17.1%	-	-	-	-	-			
Operating profit	106	106	122	103	133	138	123	155	176			
EC business	151	159	165	169	167	164	186	196	186			
Financial business	26	19	25	5	37	41	17	45	74			
Adjustments (inter-segment eliminations)	-72	-72	-68	-70	-72	-68	-81	-88	-85			
[Old segments]												
EC business	45	53	63	64	-	-	-	-	-			
Paid business	9	12	13	11	-	-	-	-	-			
Guarantor business	55	39	49	24	-	-	-	-	-			
Adjustments (inter-segment eliminations)	-3	3	-3	5	-	-	-	-	-			
OPM	17.3%	16.9%	18.9%	15.7%	19.9%	20.2%	15.2%	18.9%	21.5%			
EC business	36.6%	37.6%	38.4%	39.2%	39.4%	38.6%	41.8%	42.0%	41.0%			
Financial business	13.0%	9.3%	11.4%	2.2%	15.2%	15.9%	4.7%	12.8%	20.4%			
[Old segments]												
EC business	11.0%	12.5%	14.7%	14.9%	-	-	-	-	-			
Paid business	13.2%	15.7%	16.7%	13.4%	-	-	-	-	-			
Guarantor business	42.6%	29.9%	34.9%	16.0%	-	-	-	-	-			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Starting in FY04/15, revenue refers to net revenue rather than gross revenue. Figures prior to this have been retroactively revised for comparison purposes.

Note: In Q2 FY04/17, the company changed the name of the Accounts Receivable Guarantee business to the Guarantor business. Starting in FY04/19, the Paid business and the Guarantor business have been combined to form the Financial business segment and segment reporting has been changed accordingly. Along with this, the company has also changed its accounting for expenditures related to the operation of the company as a whole; instead of putting all these expenses under the EC segment (as it did in the past), the company will make adjustment charges to each segment earnings so as to properly apportion these expenses. Along with its shift to a holding company structure, the company will also assess each reporting segment a "business guidance fee" and other charges. These charges will be booked as expenses by each reporting segment, while the company as a whole report them as revenue. As a result of these changes in accounting methodology, segment earnings at the EC business will increase, segment earnings at the Financial business will decrease, and the adjustment charges subtracted from the combined earnings of all reporting segments will increase.

## Q1 FY04/20 results (out September 5, 2019)

▷ Revenue:	JPY818mn (+22.3% YoY)
▷ EBITDA:	JPY211mn (+38.6% YoY)
▷ Operating profit:	JPY176mn (+31.9% YoY)
▷ Recurring profit:	JPY175mn (+31.4% YoY)
▷ Net income*:	JPY112mn (+23.9% YoY)

\*Net income is net income attributable to owners of the parent.

- ▷ Revenue up 22.3% YoY: A 7.1% YoY increase in the EC segment, and a 48.8% YoY increase in the Financial segment.
- ▷ Operating profit up 31.9% YoY: The company strategy is to increase advertising spending in FY04/20, and accordingly advertising expenses have increased. Further, goodwill amortization increased due to the acquisition of shares in ALEMO in FY04/19. Depreciation expenses also increased with the acquisition of the company's head office building, but rents were significantly reduced. As a result, the gross profit margin improved 0.2pp YoY to 82.1% and the SG&A-to-sales ratio fell 1.4pp YoY to 60.6%, pushing the operating profit margin up 1.6pp YoY to 21.5%.
- ▷ Versus full-year forecasts, revenue was 23.7% (22.4% in Q1 FY04/19 versus full-year FY04/19 results), operating profit 26.2% (24.3%), recurring profit 26.2% (24.4%), and net income 26.3% (23.7%).

## Earnings by segment

### EC segment

The EC segment reported a 7.1% YoY rise in revenue to JPY455mn. The company has taken measures to increase the transaction value for its Super Delivery service (the mainstay of the EC segment), by increasing both membership numbers and average customer spend. At Super Delivery export, the B2B cross-border e-commerce website launched in 2015, the company in May 2019 began offering the catalog plan, through which domestic member manufacturers can connect with overseas buyers without a fee. With the launch of catalog plan, the company ran advertisements targeting suppliers with an aim of acquiring more participating suppliers, a measure it had not implemented previously. The company also constructed a plan for selling products in major B2C e-commerce malls in China, by forming a comprehensive business alliance with Adways Inc. Furthermore, from July 2019 the company started handling Western-style liquor (such as wine, whiskey, spirits, and various liqueurs) for domestic business operators that offer food and drink.

In addition to the large increase in domestic transactions handled for businesses other than retailers, retailer transactions also grew (+5.6% YoY). International transactions (Super Delivery exports + overseas shipments placed on the company's Japanese-language website) continued to rise, finishing up 31.5% YoY. As a result, the total value of transactions going through the company's Super Delivery service during Q1 rose 9.5% YoY to JPY2.9bn.

As of end July 2019, Super Delivery had a total of 136,409 member retailers (+9,247 versus the end of FY04/19), 1,442 participating suppliers (+23 YoY), and 901,906 listed items (+26,963 YoY).

EC segment profit of JPY186mn was up 11.4% YoY.

### Financial segment

For Q1 FY04/20, the Financial segment reported a 41.8% YoY rise in revenue to JPY406mn (including intra-company sales and transfers).

At the Paid business, Raccoon worked to increase usage by member companies. The Paid business continued to grow steadily, with over 3,400 member companies as of end July 2019. With the increase in the number of active suppliers and the increase in

sales per supplier and usage, the value of external transactions rose to JPY4.6bn (+26.8% YoY) and total payments handled to JPY6.2bn (+19.0% YoY; including JPY1.7bn in payments between group companies).

At the Guarantor business, the company continued working to create new sales channels for its T&G Credit Guarantee service and URIHO guarantor service by establishing new business partnership agreements with regional financial institutions, as well as taking measures to search for more efficient advertising media and improve name recognition. In the rent guarantee business, the company worked to raise its profile with real estate companies for both business and residential rent guarantees.

The guarantees outstanding at end Q1 FY04/20 came to JPY65.3bn (JPY22.0bn of which was originated by Raccoon Financial and JPY43.3bn by ALEMO), a 3.8% increase over the end of FY04/19.

Financial segment profit of JPY74mn was up 79.1% YoY.

This note is the most recent addition to the [full report](#).

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