



FY 4/2021 (Ending April 2021)

Q3 Financial Results

March 4, 2021

Disclaimer

Opinions and estimates contained in this document are based on the judgement of the Company at the time of preparation and may include inaccuracies.

Actual decisions and results may differ due to various changes in the business environment.

Key Points

- ✓ The transaction value of products in special demand due to COVID-19 such as masks and sterilization goods in SUPER DELIVERY in the EC business settled down and that of ordinary apparel and miscellaneous goods increased very smoothly. The transaction value of SUPER DELIVERY continued to show a high growth rate, increasing by 64.3% year on year.

The transaction value of ordinary apparel and miscellaneous goods also increased significantly by 48.1% year on year. Continued to increase at a level further exceeding the transaction value for Q1 which increased rapidly due to the demand for nesting amid the COVID-19 crisis (Q1→Q2 + 0.4%, Q2→Q3 + 7.5%)

- ✓ The amount of guarantees provided in the Financial business continued to decrease year on year. Reversed all the allowances additionally recorded in the preceding Q4 as a result of taking into account the status of guarantees provided.

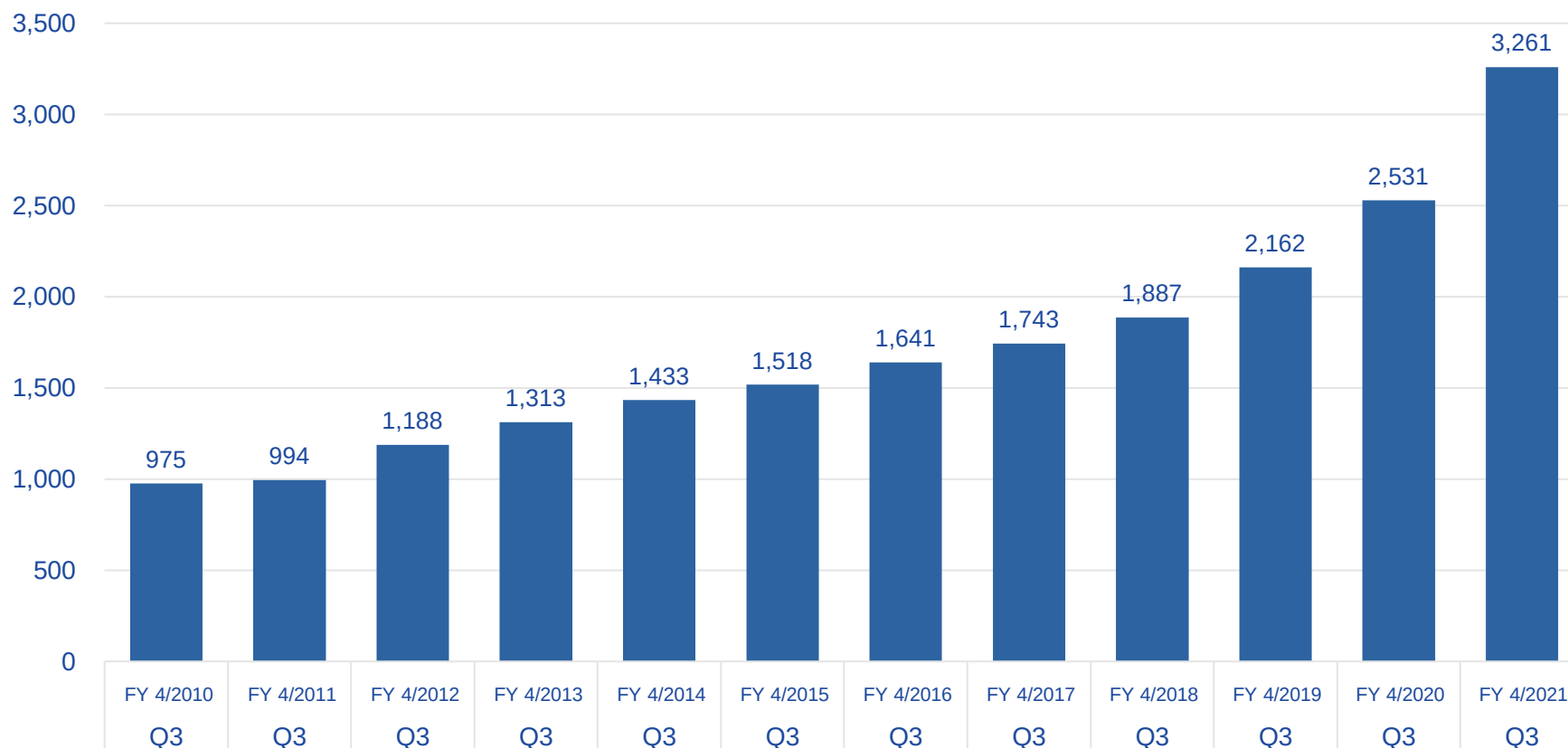
The rate of cost of sales in financial business remained at a lower level of 17.1%

FY 4/2021 Q3 Results

- ✓ Due to the increase in transaction value in the EC business, net sales increased by 28.2% year on year to 3,246 million yen and by 27.0% compared with the same quarter of the previous year to 1,096 million yen
- ✓ Gross profit increased by 35.4% year on year to 2,768 million yen and by 37.2% compared with the same quarter of the previous year to 934 million yen due to decrease in cost of sales associated with the decrease in the amount of guarantees provided in the Financial business in addition to increase in GMV in the EC business
- ✓ Due to the increase in promotion costs, advertising expenses increased by 63.2% year on year to 320 million yen and by 80.9% compared with the same quarter of the previous year to 132 million yen. As a result of the suppression of other expenses, selling, general and administrative expenses increased by 19.1% year on year to 1,808 million yen and by 22.8% compared with the same quarter of the previous year to 637 million yen
- ✓ As a result of the above, operating income increased by 82.0% year on year to 959 million yen and by 83.4% compared with the same quarter of the previous year to 296 million yen

Net sales increased by 28.2% year on year
The growth rate rose 11.2 percentage points from 17.0% in the previous year

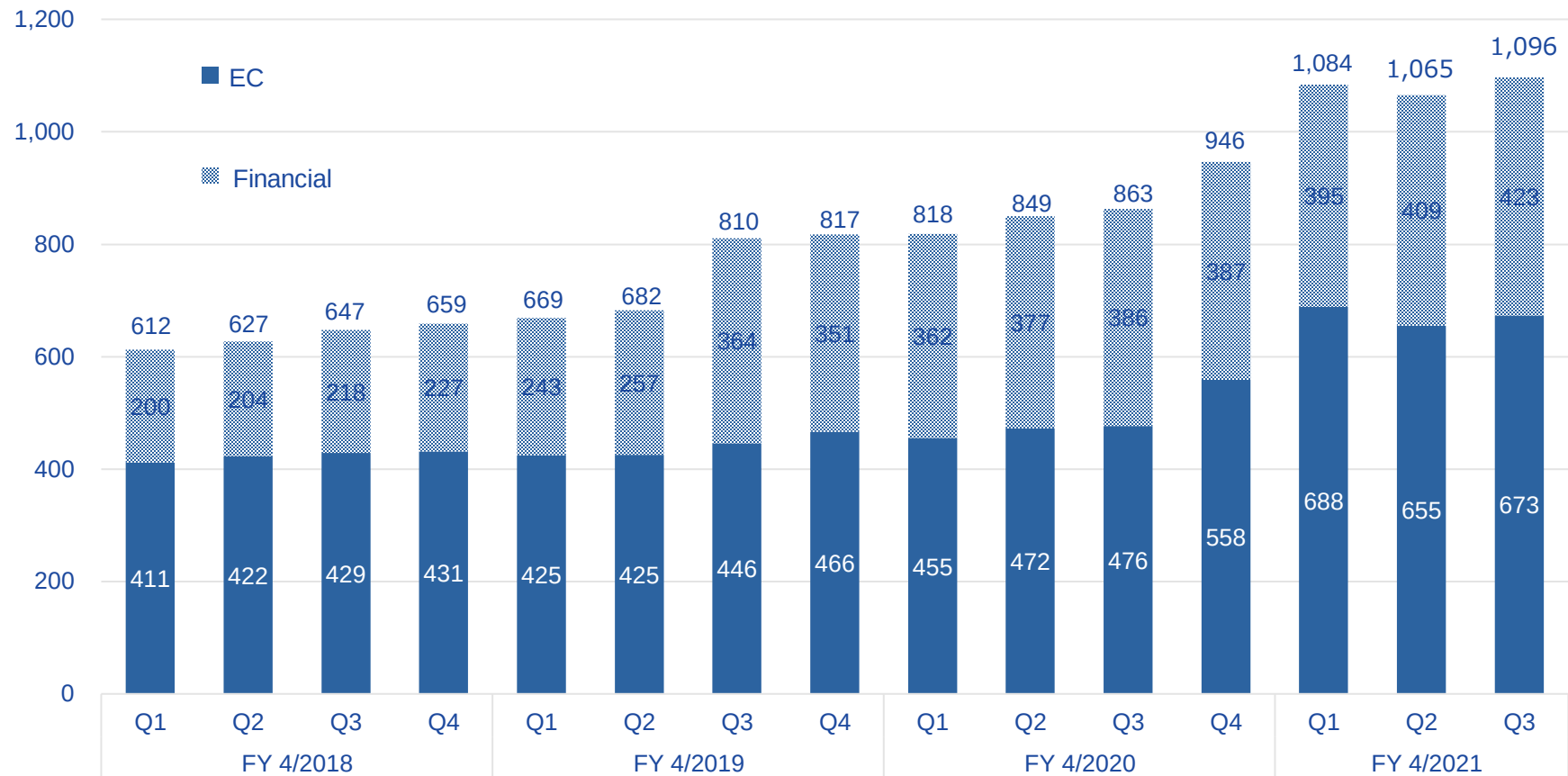
(Unit: Million Yen)



Trends in Consolidated Net Sales by Quarter (2)

The transient impact of masks and sterilization goods in the EC business ended in Q2, and a quarter-on-quarter increase started to be seen again

(Unit: Million Yen)

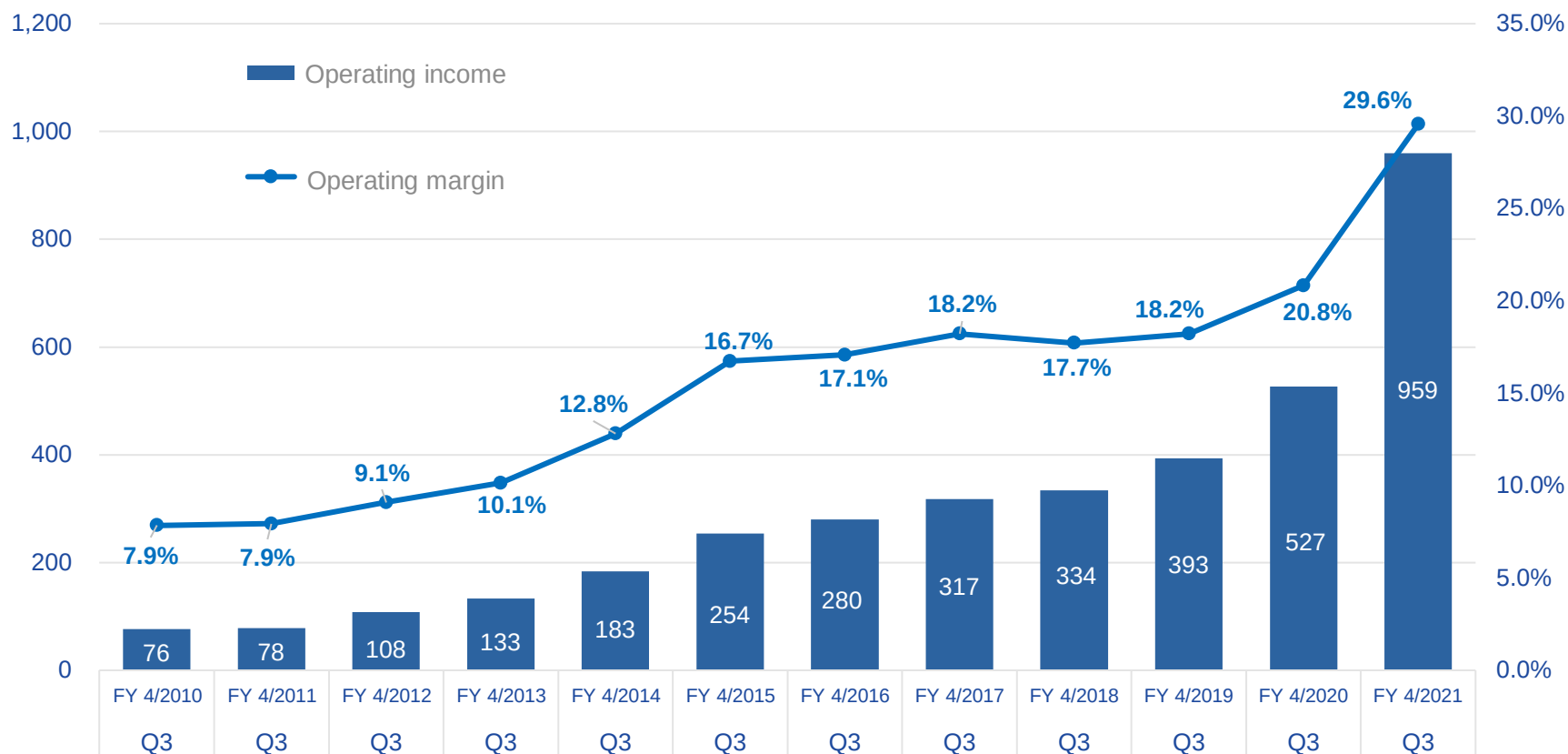


Trends in Consolidated Operating Income by Quarter (1)

Despite the increase in promotion costs, operating income increased significantly by 81.5% year on year.

Operating margin also increased by 8.7 percentage points year on year

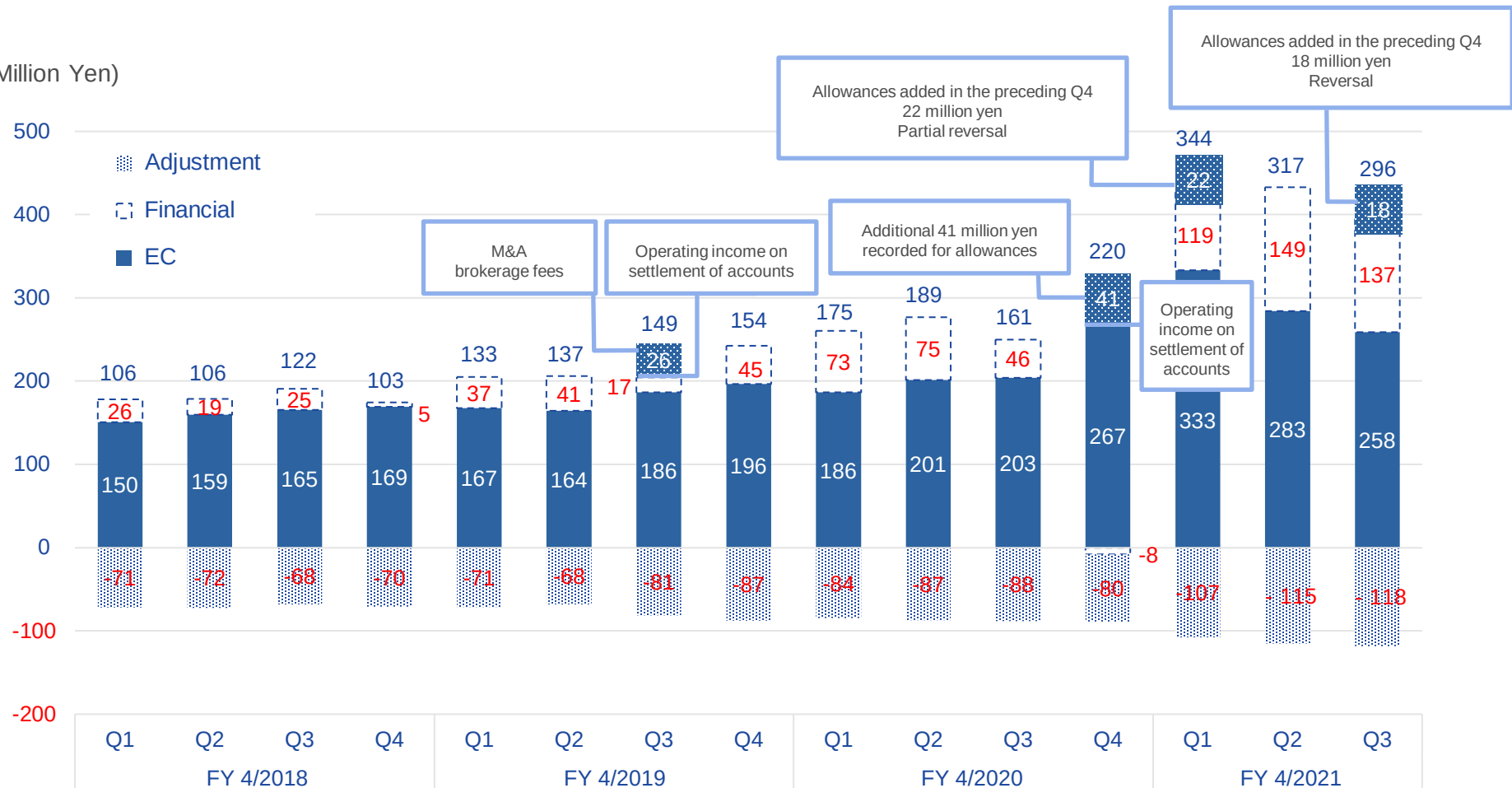
(Unit: Million Yen)



Trends in Consolidated Operating Income by Quarter (2)

Operating income decreased quarter on quarter due to the gradual increase in promotion costs in Q1, Q2, and Q3 to realize medium- to long-term growth

(Unit: Million Yen)



Advertising and sales promotion expenses increased by
63.2% due to increase in promotion costs

Selling, general and administrative expenses increased by
19.1% as a result of the suppression of other costs

(Unit: Million Yen)

	FY 4/2021 Q3	FY 4/2020 Q3	YoY	Earnings forecasts	Achievement rate
Net sales	3,246	2,531	+28.2%	4,450	72.9%
				4,600	70.6%
Gross profit	2,768	2,045	+35.4%	-	-
Selling, general and administrative expenses	1,808	1,518	+19.1%	-	-
- Advertising and sales promotion expenses	320	196	+63.2%	-	-
EBITDA	1,068	633	+68.6%	1,330	80.3%
				1,410	75.8%
Operating income	959	527	+82.0%	1,180	81.3%
				1,270	75.6%
Operating margin	29.6%	20.8%	+8.7pt	26.5%	-
				27.6%	-
Ordinary income	956	529	+80.6%	1,160	82.5%
				1,250	76.5%
Net income attributable to owners of parent	630	338	+86.4%	740	85.2%
				800	78.8%

Although operating margin decreased slightly due to the impact of the gradual increase in promotion costs, it remained at a high level from the same quarter of the previous year

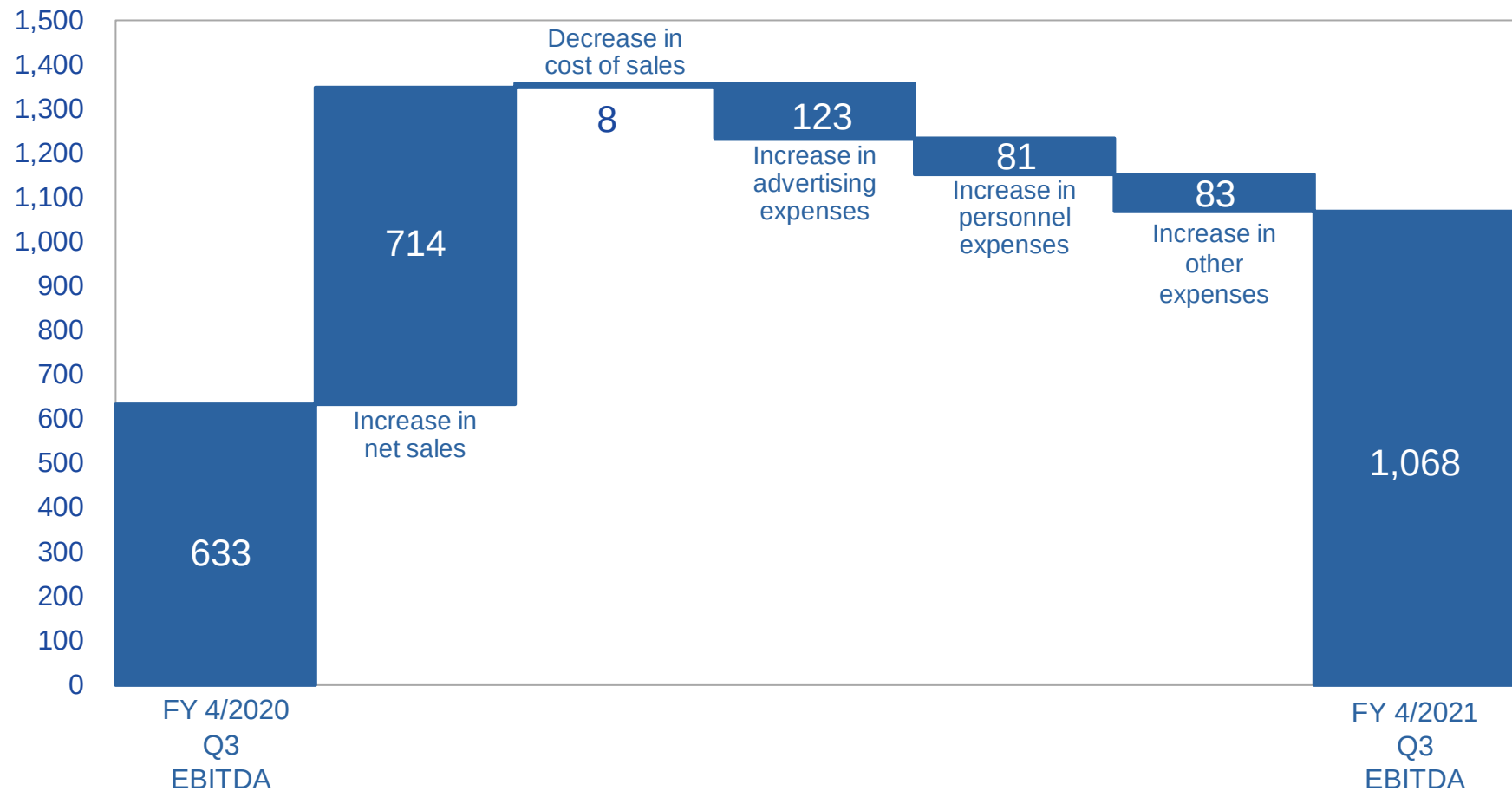
(Unit: Million Yen)

	FY 4/2020		FY 4/2021		
	Q3	Q4	Q1	Q2	Q3
Net sales	863	946	1,084	1,065	1,096
Gross profit	681	698	907	925	934
Selling, general and administrative expenses	519	519	563	608	637
- Advertising and sales promotion expenses	73	79	85	102	132
Operating income	161	178	344	317	296
Operating margin	18.8%	18.9%	31.8%	29.8%	27.1%
Ordinary income	160	178	334	327	293
Net income attributable to owners of parent	101	113	220	207	201

Factors Behind Change in EBITDA (Year-on-Year Comparison)

Increase in net sales as well as decrease in cost of sales
in the Financial business contributed to increase in EBITDA

(Unit: Million Yen)

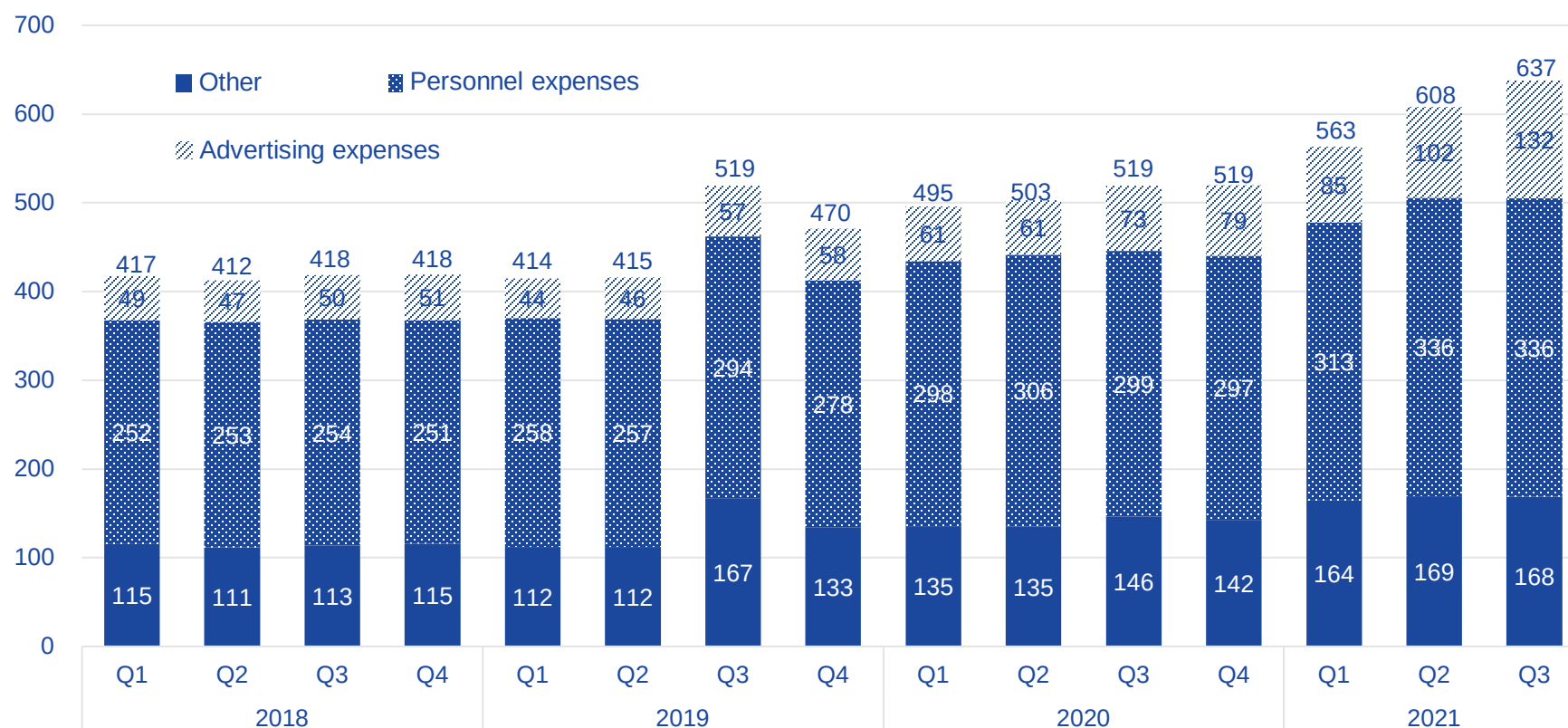


Gradually increased promotion costs.

Increased by 80.9% from the same quarter of the previous year

Other costs changed moderately, and selling, general and administrative expenses increased by 22.8% compared with the same quarter of the previous year

(Unit: Million Yen)



Current liabilities and non-current liabilities decreased due to the repayment of borrowings

(Unit: Million Yen)

	FY 4/2021 Q3	FY 4/2020	Difference	Compared with the end of the previous fiscal year
Current assets	10,057	10,923	-866	92.1%
Non-current assets	2,583	2,676	-93	96.5%
- Property, plant and equipment	1,467	1,473	-6	99.6%
- Intangible assets	470	505	-34	93.2%
- Investments and other assets	644	697	-52	92.5%
Current liabilities	5,679	8,146	-2,466	69.7%
Non-current liabilities	1,298	1,454	-155	89.3%
Net assets	5,662	3,999	1,662	141.6%
Total assets	12,640	13,600	-959	92.9%

Summary by Segment

In terms of sales

- ✓ The transaction value of apparel and miscellaneous goods excluding masks and sterilization goods increased smoothly. Pushed up the total transaction value by 0.4% from Q1 to Q2 and by 7.5% from Q2 to Q3 quarter on quarter
- ✓ Overseas transaction value continued to increase smoothly due to the positive impact of travel restrictions
- ✓ Launched a new fee plan of making the fixed costs of participating companies free. The transition from the existing plan to the new plan was at a level below the assumption, and the range of decrease in participating company sales was also at a level below the assumption

In terms of expenses

- ✓ Strengthening the acquisition of new buying members and new participating companies through proactive development of promotion

Started distributing video advertisements from December
 * Advertising expenses increased by 123 million yen year on year

		YoY
Segment sales	2,017 million yen	+43.7%
Segment profit	875 million yen	+48.0%

	YoY	YoY (year-earlier)
Domestic transaction value	+59.8%	+6.7%
Overseas transaction value	+85.3%	+22.8%

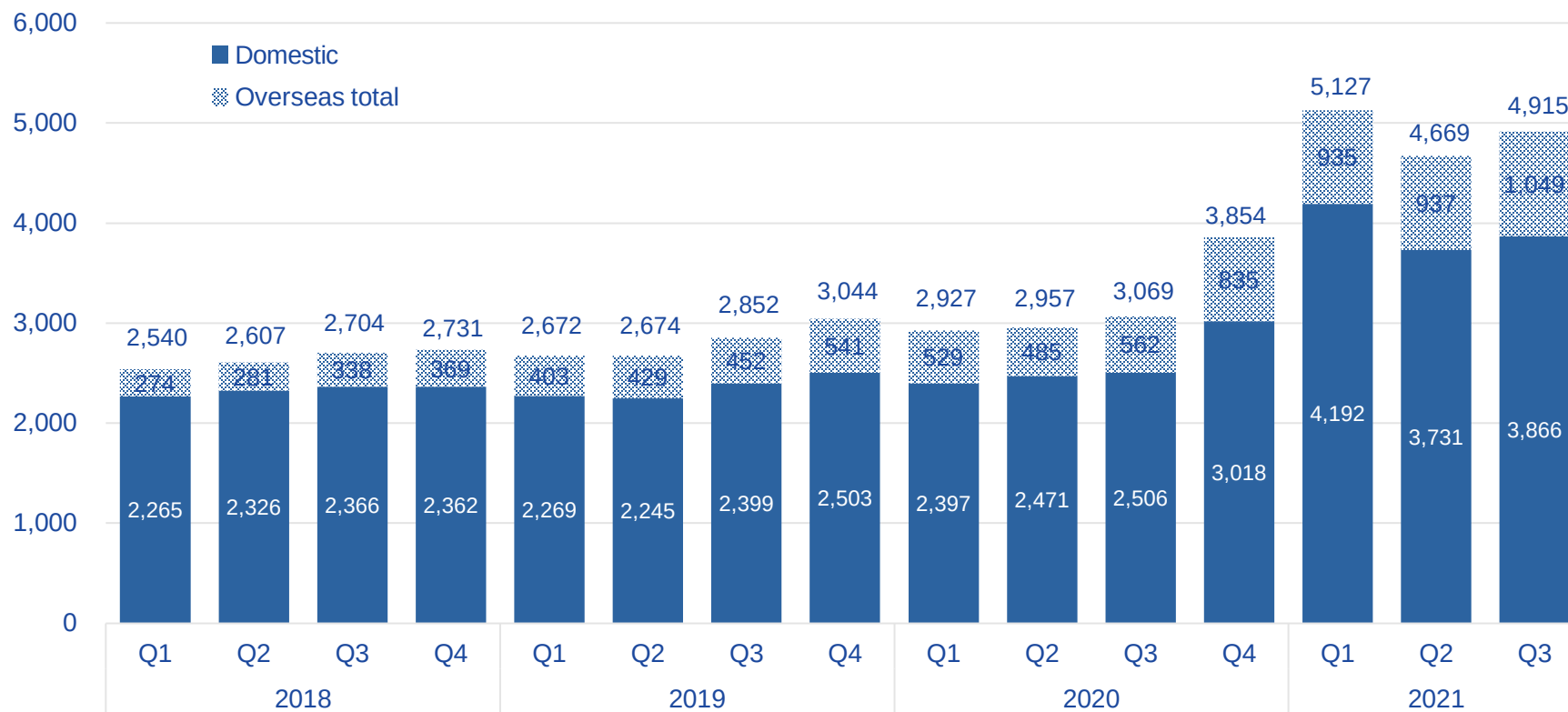


**Total transaction value: 14,713,267,000 yen
 (+64.3% YoY in contrast to +9.2% YoY a year ago)**

Both domestic and overseas transaction value continued to increase smoothly.

Although it decreased from Q1 to Q2 due to the settling of demand for masks and sterilization goods, the transaction value for apparel and miscellaneous goods increased smoothly from Q2 to Q3 and pushed up the entire increase on a quarter-on-quarter basis

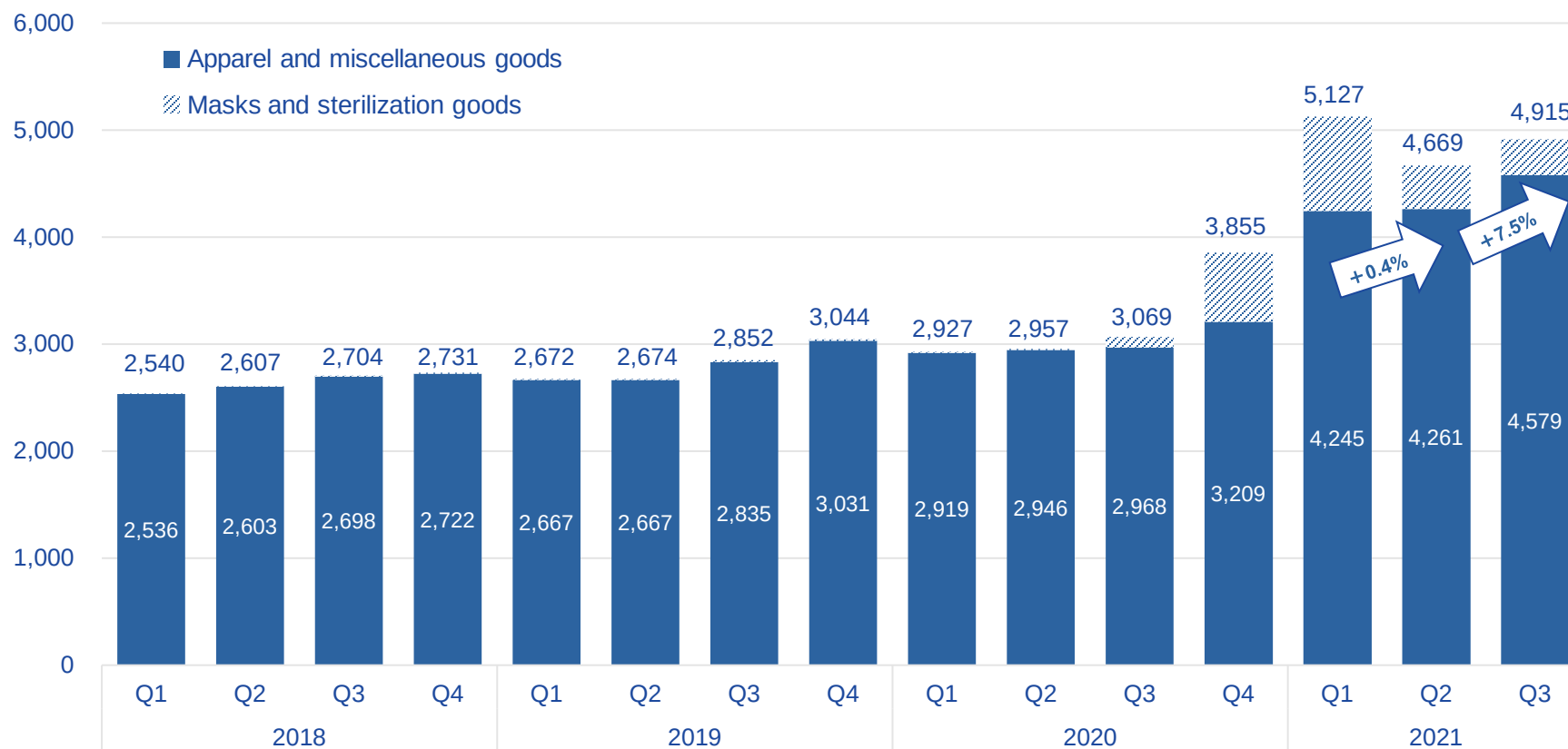
(Unit: Million Yen)



The transaction value of apparel and miscellaneous goods excluding masks and sterilization goods continued to increase smoothly.

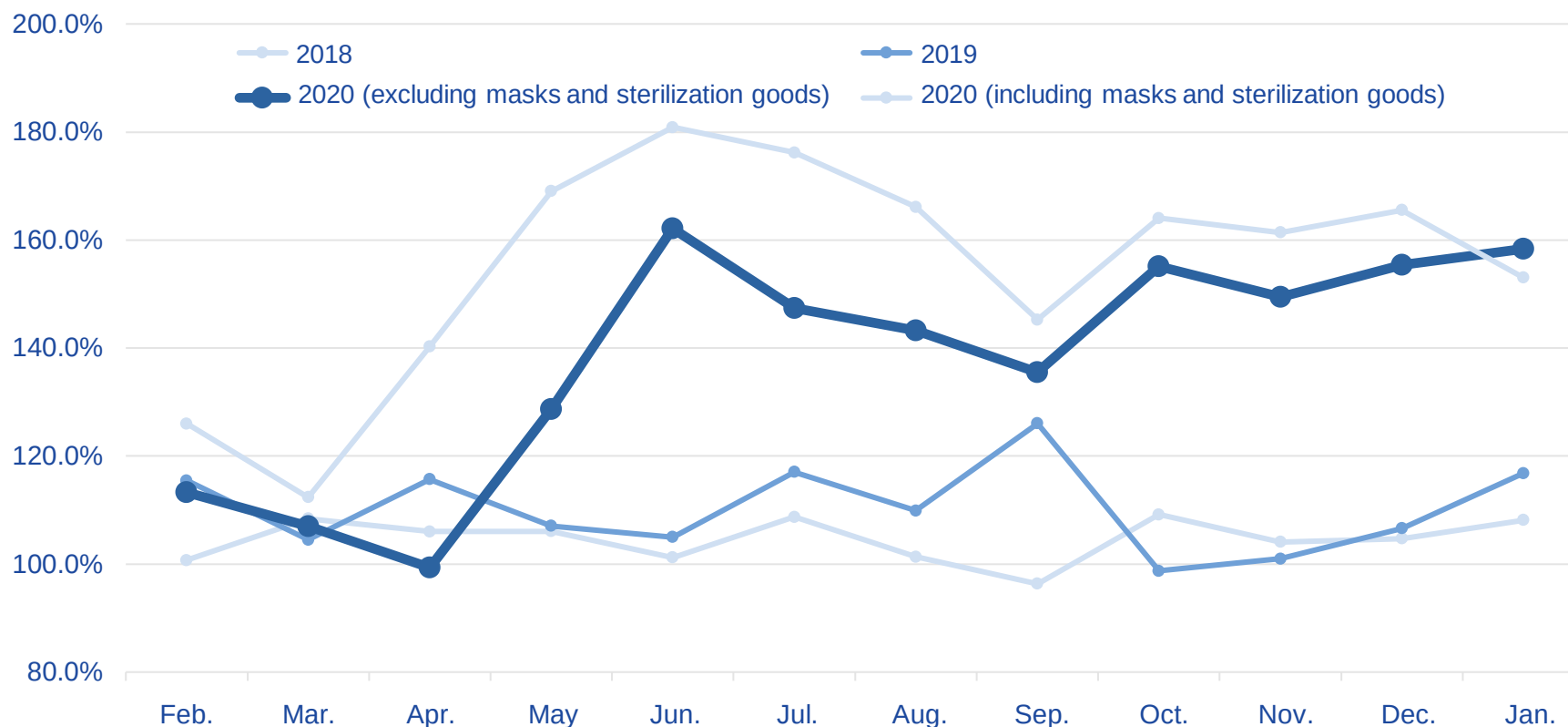
Growth rate increased by 7.5% from Q2 to Q3

(Unit: Million Yen)



The transaction value excluding masks and sterilization goods was on an upward trend, increasing from 149% to 155% and to 158% compared with each month in Q3 of FY4/2020

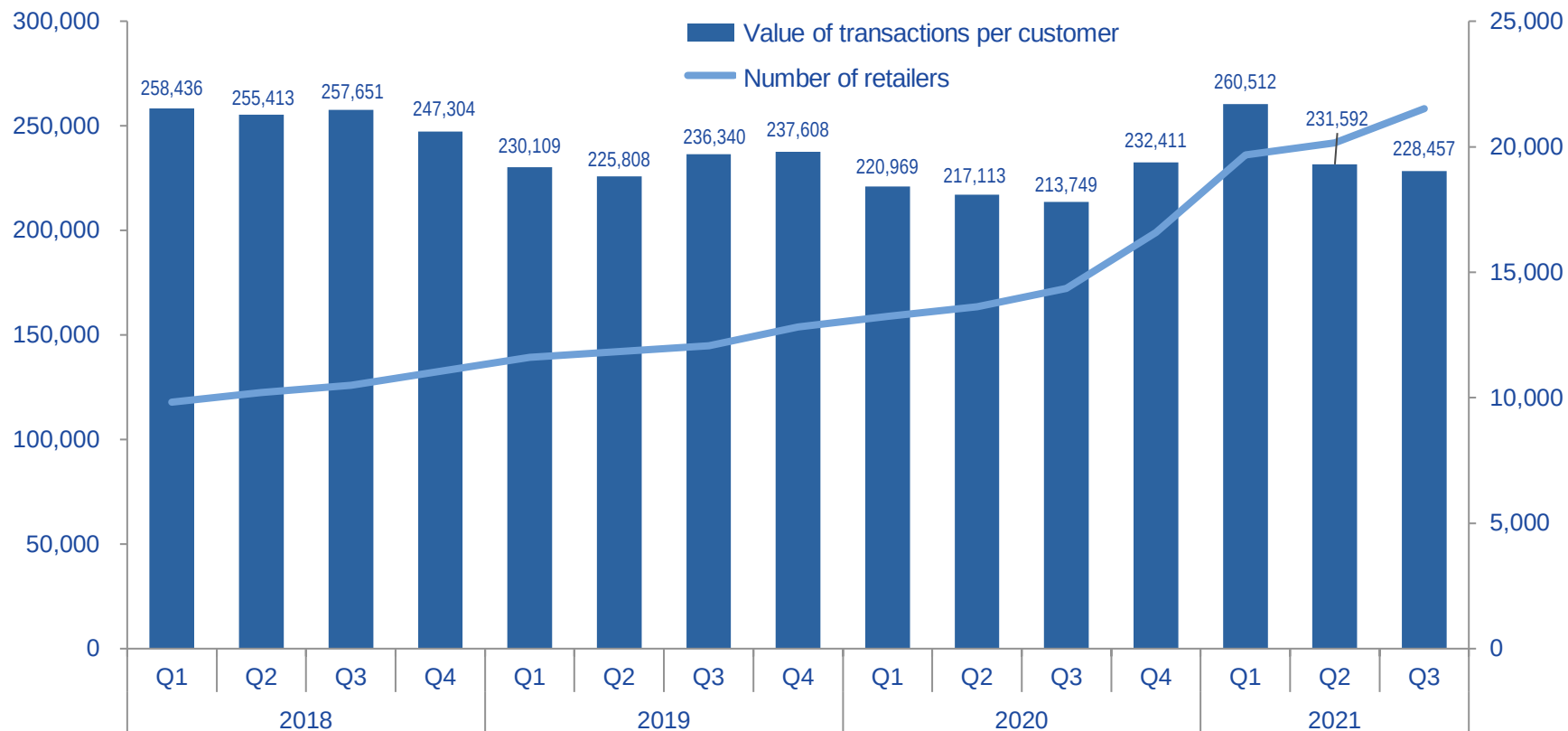
Year-on-Year Change in Transaction Value



The number of retailers increased due to the increase in the number of members
The overall value of transactions per customer decreased due to the increase in the number of first-time purchasers with low value of transactions per customer

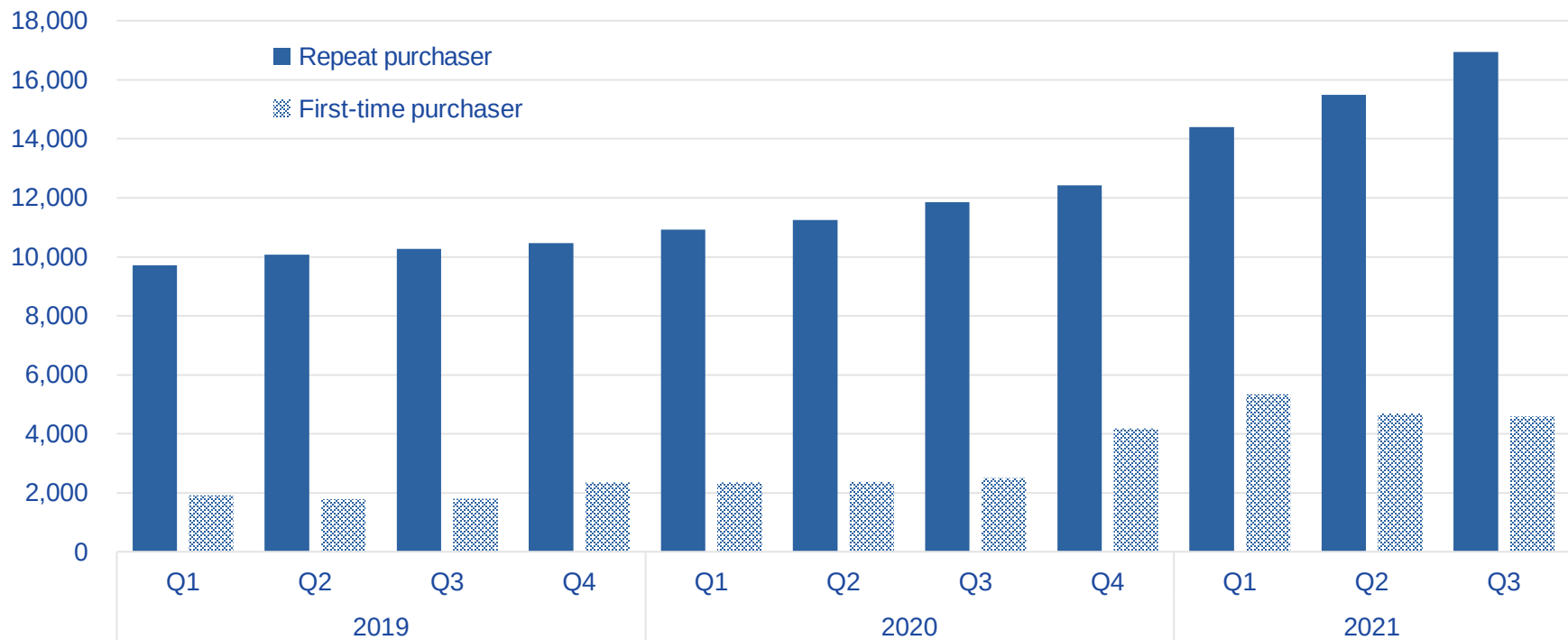
(Unit: Million Yen)

(Unit: Store)



The number of first-time purchasers doubled from that before the outbreak of COVID-19.
The pace of increase in the number of repeat purchasers accelerated
due to the shift to repeat purchasers after initial purchase

(Unit: Store)

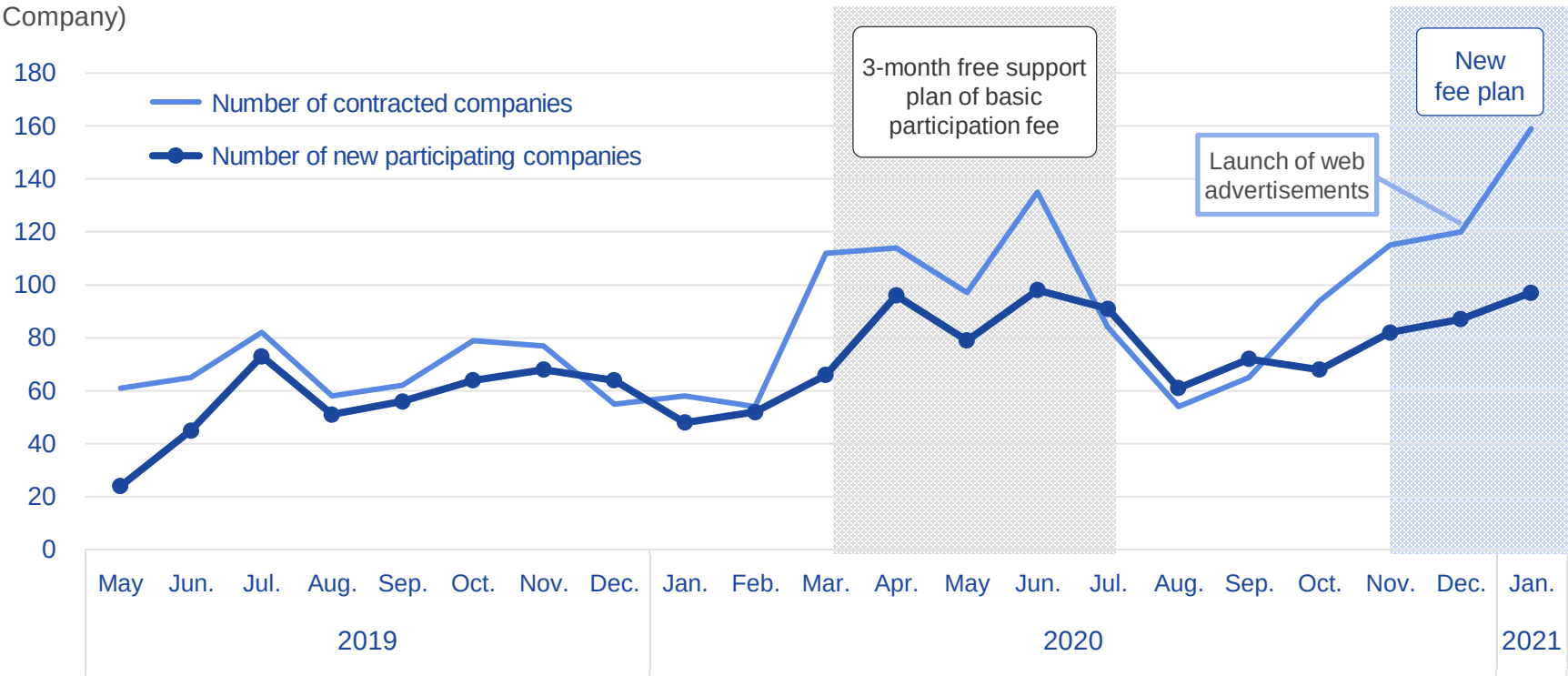


* First-time purchasers are business operators who made purchases for the first time during the quarter. Those who made additional purchases during the same quarter after their initial purchase are counted as first-time purchasers.

The number of contracted companies and new participating companies increased due to start of provision of the new fee plan and the effect of web advertisements

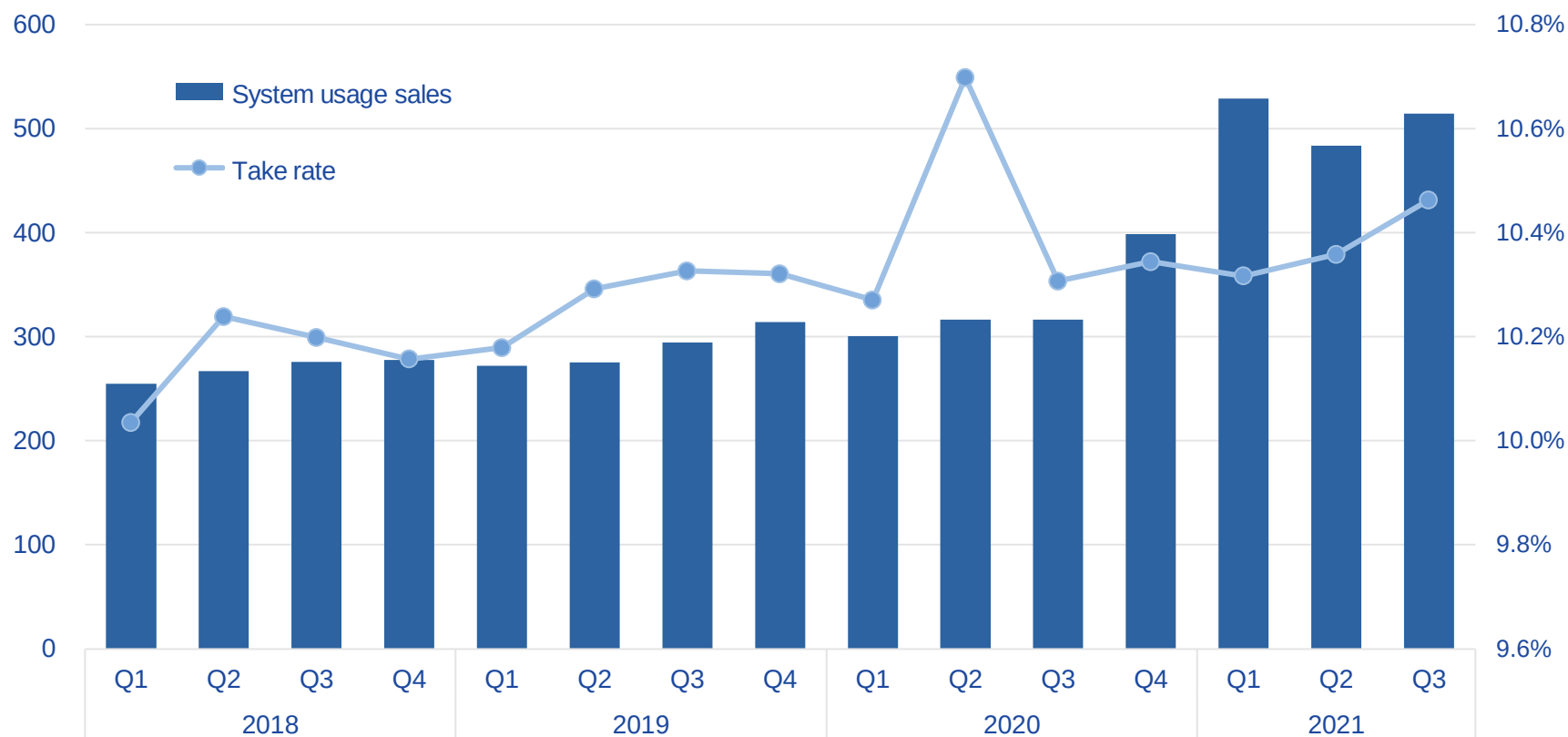
Increase in the number of participating companies -> increase in the number of listed products -> medium- to long-term growth of GMV

(Unit: Company)



Take rate is assumed to increase not rapidly but moderately due to the increase in the number of participating companies for the new fee plan

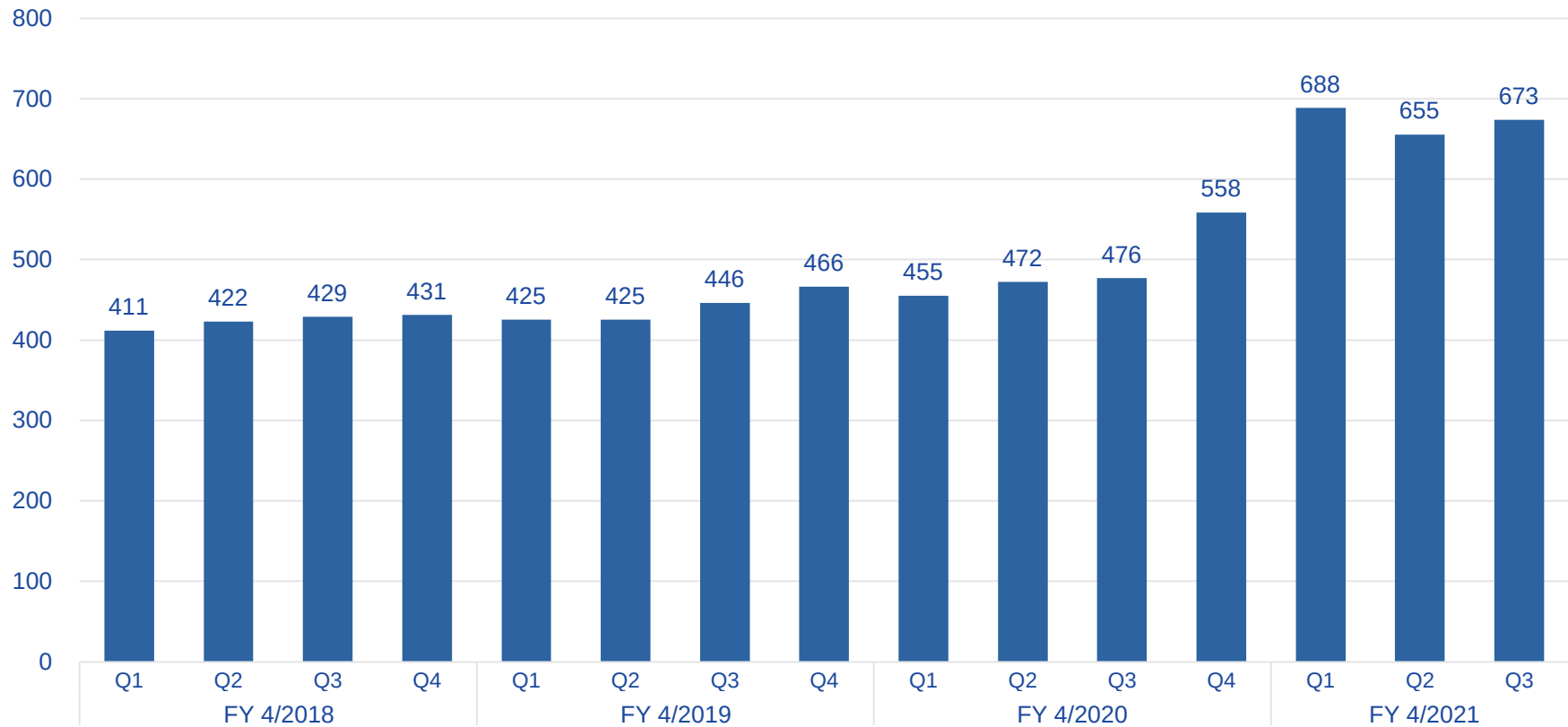
(Unit: Million Yen)



* Take rate= System usage sales/transaction value

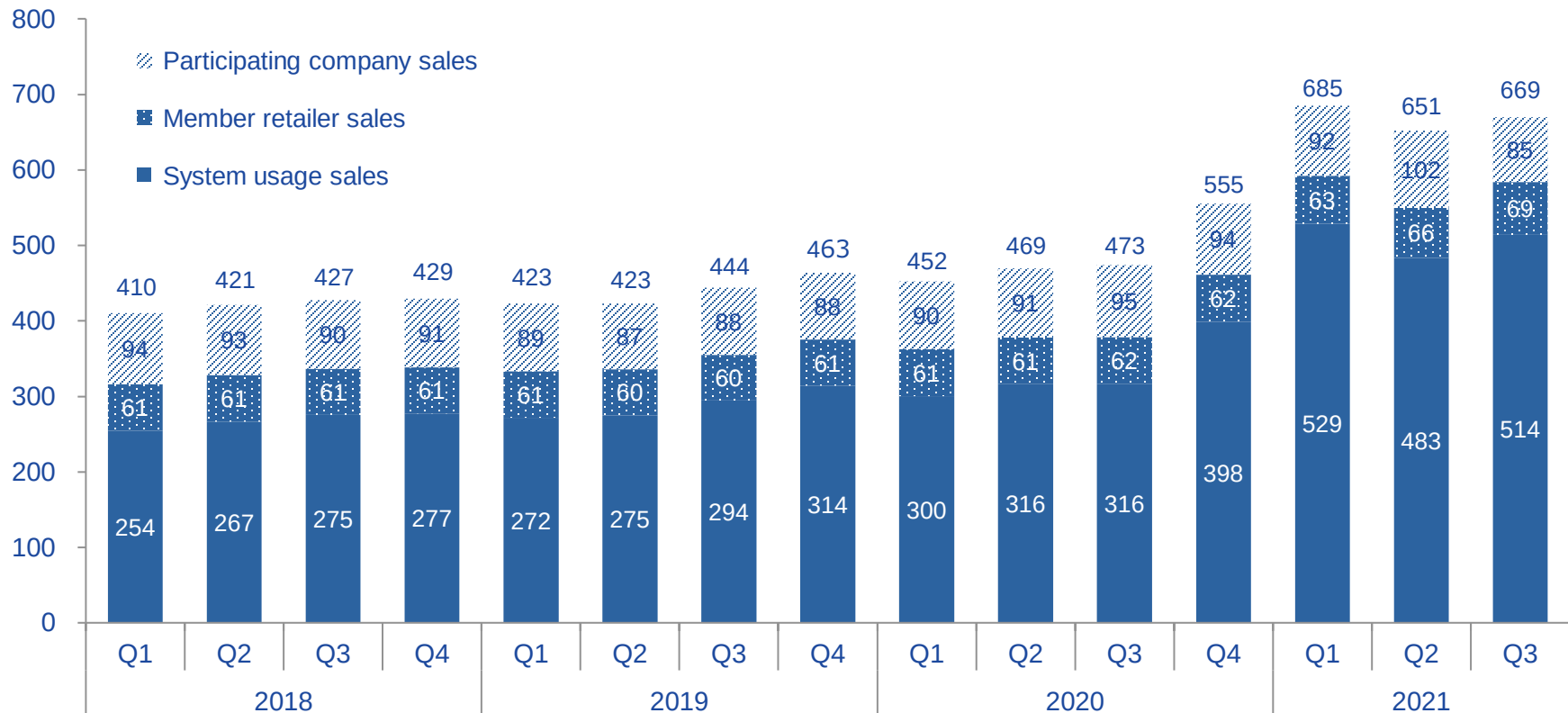
The increase in system usage sales due to the increase in transaction value led the increase in net sales of the entire EC by 41.3% year on year and 2.8% quarter on quarter

(Unit: Million Yen)



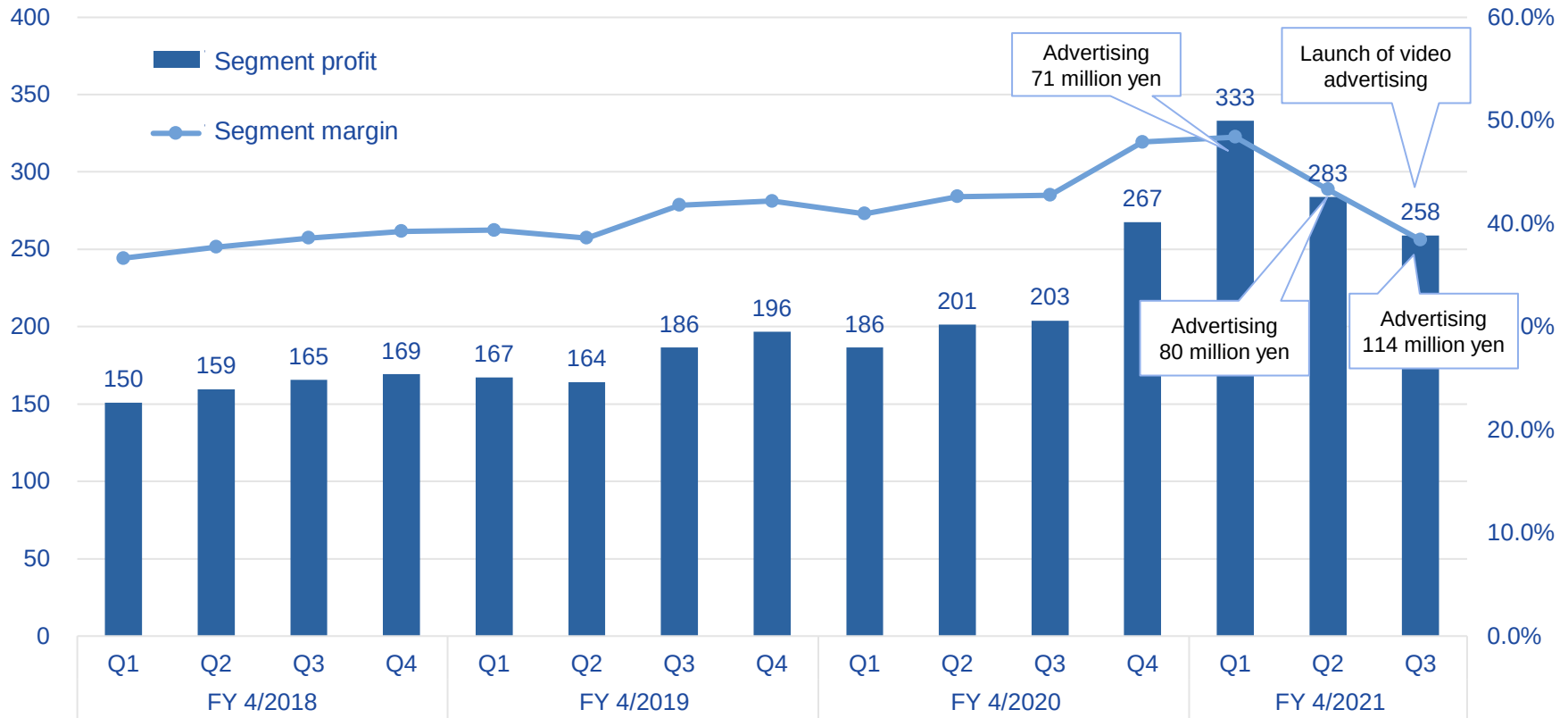
Although participating company sales decreased due to the transition to the new fee plan by existing participating companies, the range of decrease was at a level below the assumption

(Unit: Million Yen)



Segment margin decreased due to the impact of the gradual increase in promotion costs to realize sustainable growth over the medium to long term

(Unit: Million Yen)



		YoY
Segment sales	1,408 million yen	+11.8%
Segment profit	425 million yen	+117.4%

In terms of sales

			YoY
Guarantee	Number of business partnership with local banks and credit unions increased * 26 banks at the end of Q3		+2.7%
	+ Slightly eased the guarantee examination		+61.8%
Payment	The transaction volume of member companies remained on a recovery trend following Q2	 *Comparison excluding internal sales	+5.9%
Rent guarantee	Started providing simple plan developed nationwide + Concluded business partnership with multiple companies providing web move-in application services	 *Integrated services separately operated for business and residential properties into RACCOON RENT to start operations on May 1.	+7.8%

In terms of expenses

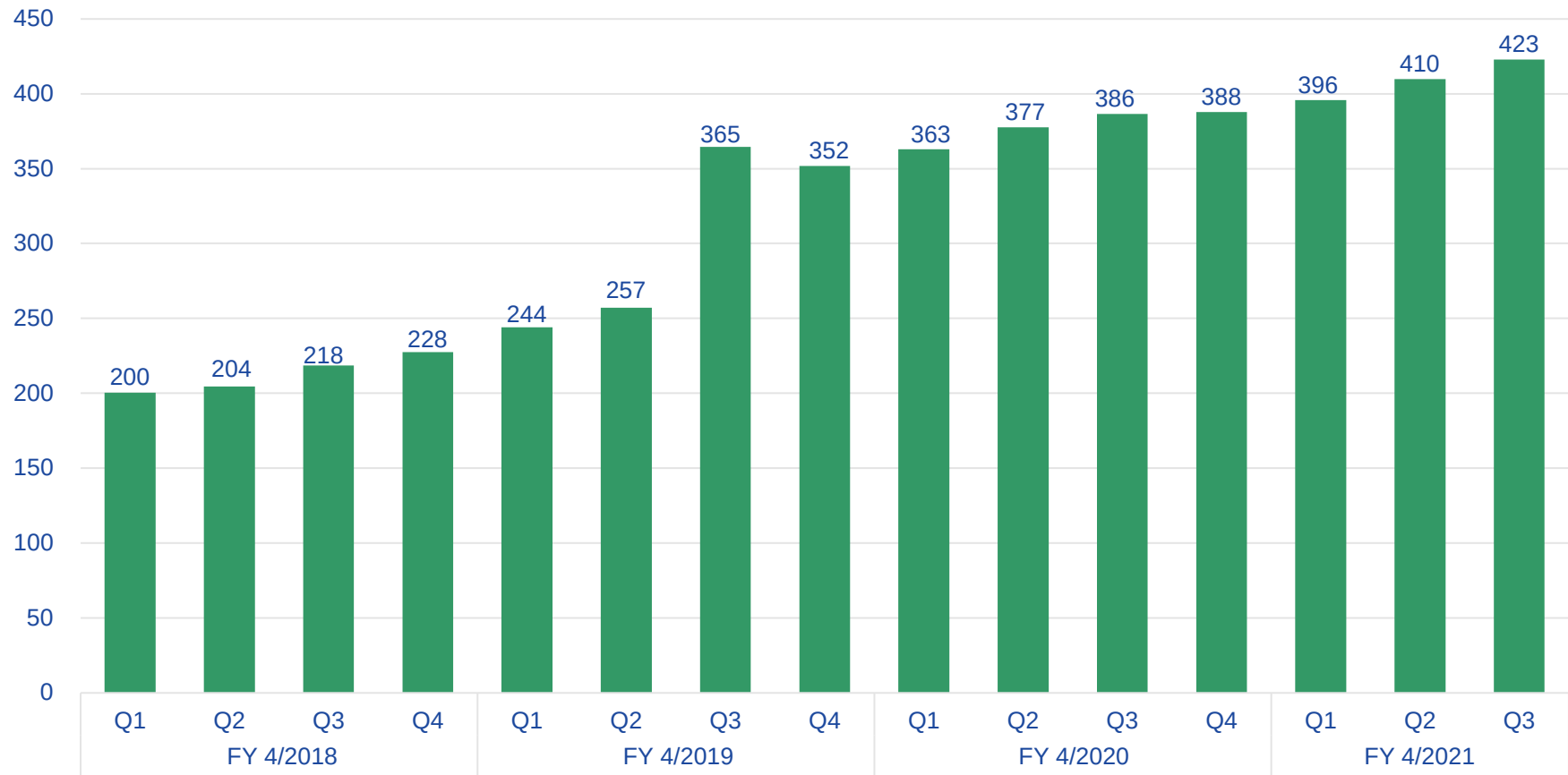
- ✓ The cost of sales continued to decrease due to the decrease in the amount of guarantees provided.
- +
- ✓ Reviewed the allowances of guarantees provided, reimbursement and doubtful accounts, and reversed all the allowances additionally recorded in the preceding Q4.



The decrease in cost of sales contributed to the significant increase in profits

Net sales increased for all services YoY: +9.5% QoQ: +3.3%

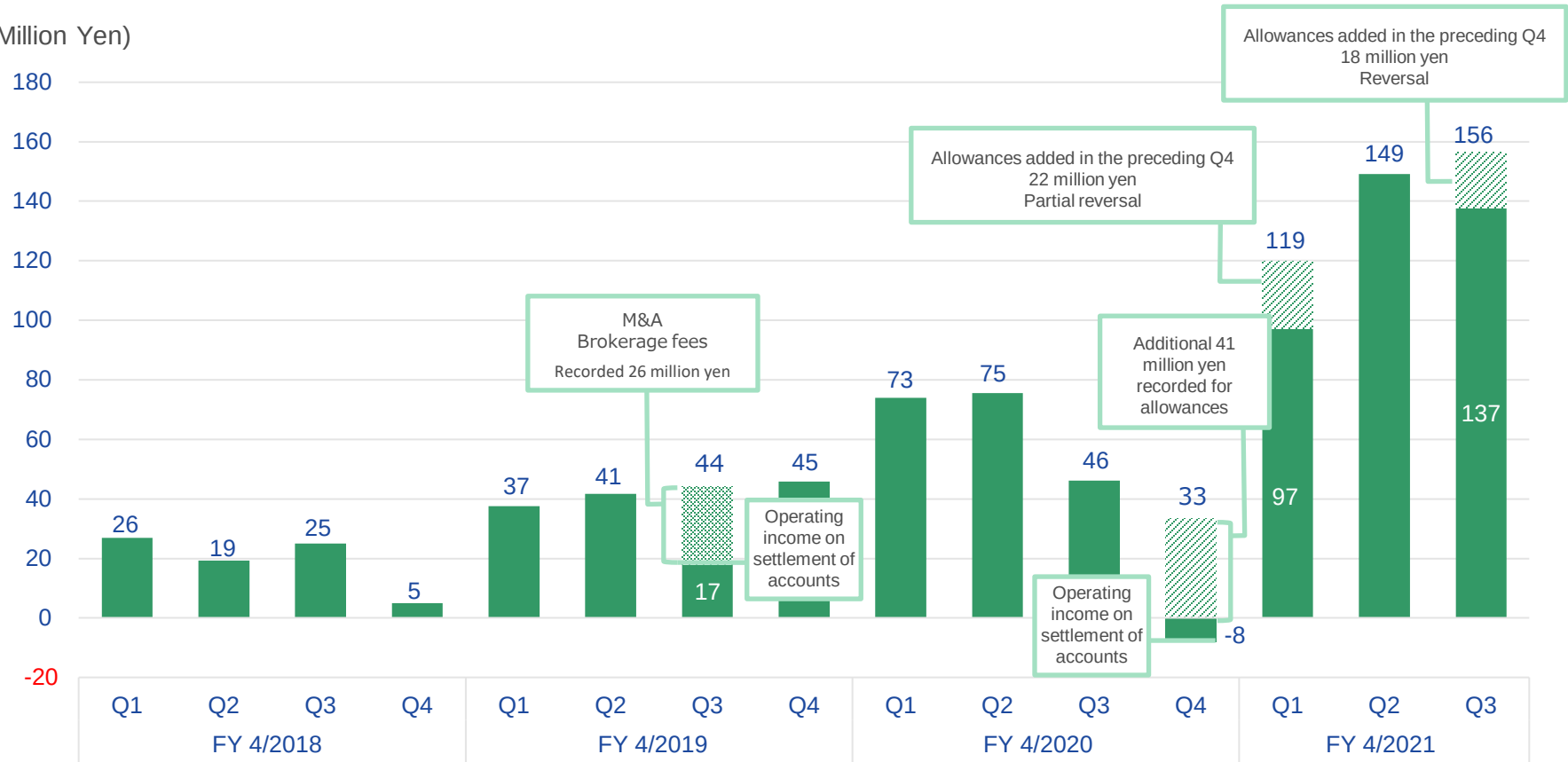
(Unit: Million Yen)



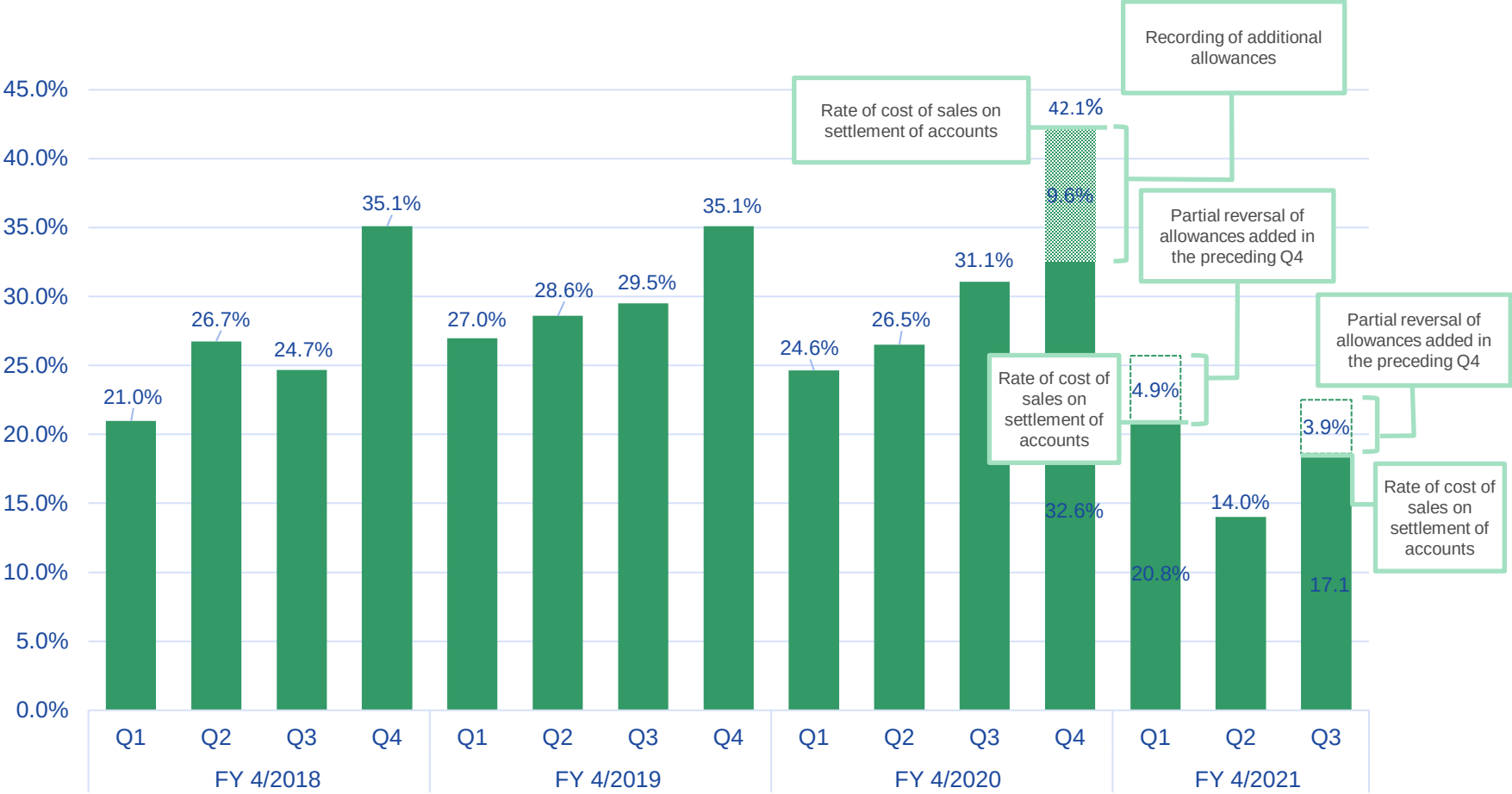
* Inter-segment transactions are excluded.

Continued to significantly increase profits through the increase in sales, reversed the remaining allowances additionally accumulated at the end of the previous period and suppressed default costs

(Unit: Million Yen)

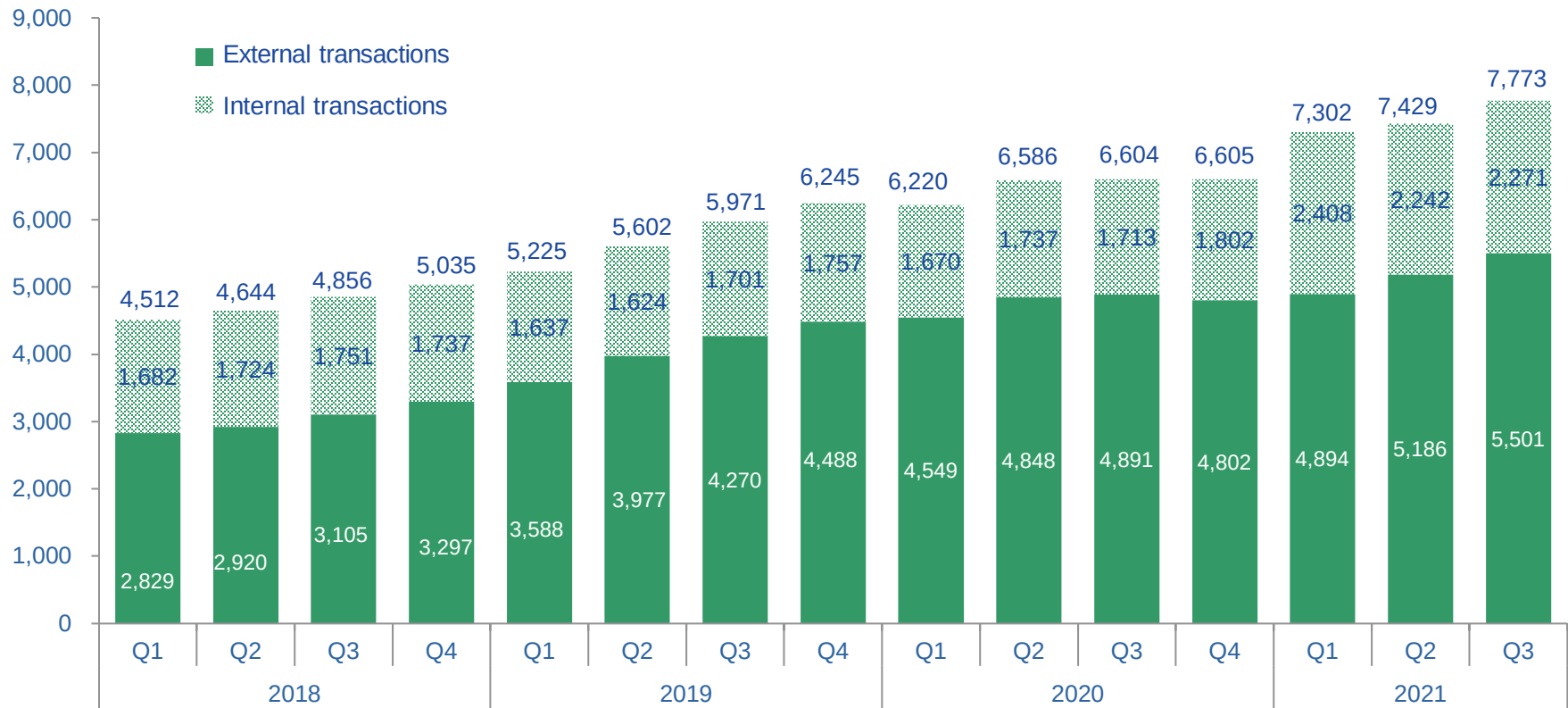


The rate of cost of sales remains at a level lower than usual



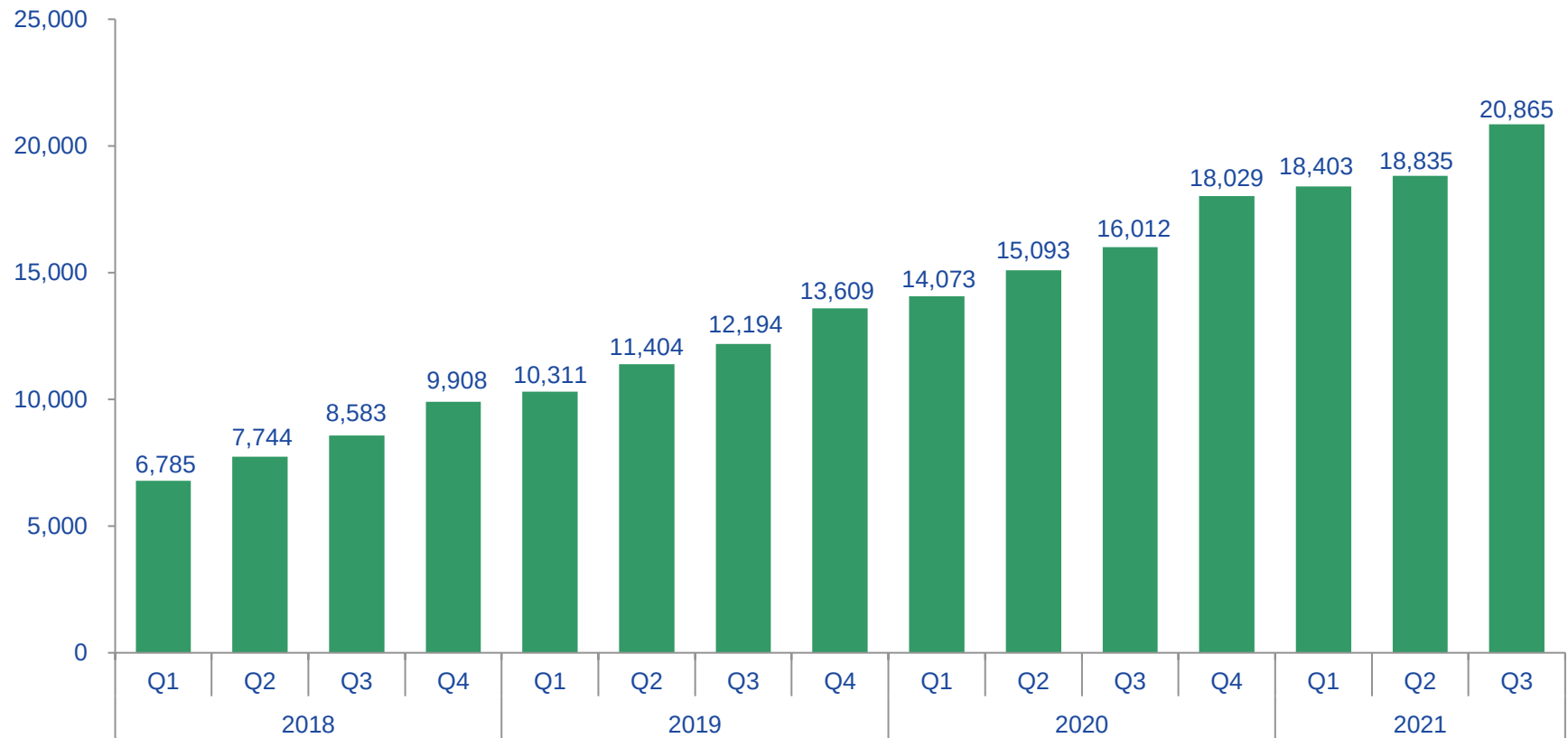
The number of member companies exceeded 4,000! Although the transaction volume decreased significantly for member companies in some industries due to the impact of COVID-19, the pace of increase in external transaction volume recovered due to increase in the number of operating companies

(Unit: Million Yen)



The speed of accumulation of guarantee balance accelerated, showing a quarter-on-quarter increase of +2.1% in Q1, +4.5% in Q2, and +15.7% in Q3

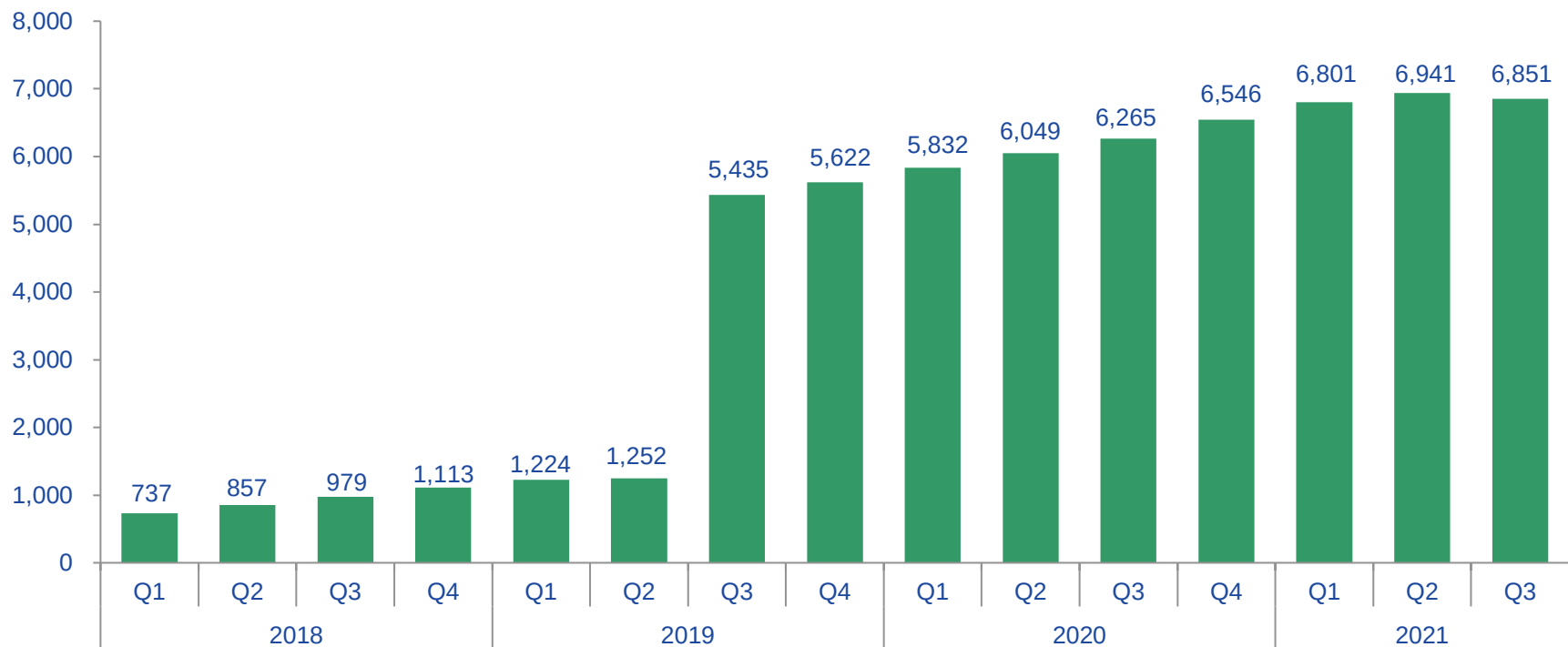
(Unit: Million Yen)



The overall guarantee balance deceased slightly due to decrease in guarantee balance for partner brands in rent guarantees for businesses (impact on net sales was minimal)

The guarantee balance for own brands and residential properties increased smoothly

(Unit: Million Yen)



* The figures indicate the actual guarantee balance calculated by the formula of guarantee balance / guarantee period x average implementation period. Accordingly, the figures differ from the balances indicated in the relevant Summary of Financial Results and Securities Report.

Reference: Appendix

Trends in Consolidated Net Sales by Quarter

(Unit: Thousand Yen)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EC	425,150	425,472	446,243	466,189	455,214	472,263	476,792	558,665
Financial	243,873	257,229	364,526	351,713	362,899	377,467	386,461	387,906
Total	669,023	682,702	810,769	817,902	818,113	849,730	863,254	946,571

	2021		
	Q1	Q2	Q3
EC	688,464	655,525	673,588
Financial	395,763	409,649	423,019
Total	1,084,227	1,065,175	1,096,607

Trends in Consolidated Operating Income by Quarter

(Unit: Thousand Yen)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EC	167,308	164,168	186,450	196,600	186,422	201,232	203,865	267,602
Financial	37,533	41,638	17,839	45,823	73,979	75,589	46,154	-8,196
Adjustment	-71,567	-68,219	-81,257	-87,592	-84,626	-87,353	-88,140	-80,443
Total	133,274	137,587	123,032	154,831	175,775	189,468	161,878	178,963

	2021		
	Q1	Q2	Q3
EC	333,001	283,910	258,746
Financial	119,745	149,092	156,609
Adjustment	-107,999	-115,067	-118,415
Total	344,748	317,936	296,940

EC: Trends in “SUPER DELIVERY” Sales

(Unit: Thousand Yen)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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
Participating 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				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
System usage sales	272,082	275,301	294,524	314,239	300,684	316,377	316,321	398,846
Member retailer sales	61,170	60,712	60,888	61,070	61,814	61,801	62,315	62,285
Participating company sales	89,903	87,312	88,610	88,415	90,066	91,213	95,092	94,418
Total	423,155	423,326	444,023	463,724	452,564	469,392	473,730	555,550
Transaction value	2,672,949	2,674,929	2,852,157	3,044,716	2,927,620	2,957,307	3,069,019	3,854,776

	2021		
	Q1	Q2	Q3
System usage sales	529,040	483,696	514,329
Member retailer sales	63,129	66,147	69,678
Participating company sales	92,962	102,087	85,787
Total	685,132	651,931	669,794
Transaction value	5,127,935	4,669,605	4,915,725

EC: No. of Buying Customers That Purchased Through “SUPER DELIVERY” and Value of Transactions

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of buying customers	8,759	8,662	8,796	8,937	8,919	8,763	8,875	9,027
Value of transactions per customer(Unit: Yen)	263,338	275,998	273,161	272,449	254,966	268,478	270,505	283,623

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of buying customers	9,077	9,129	9,318	9,654	9,829	10,210	10,497	11,046
Value of transactions per customer(Unit: Yen)	261,496	258,955	268,815	268,497	258,436	255,413	257,651	247,304

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of buying customers	11,616	11,846	12,068	12,814	13,249	13,621	14,358	16,586
Value of transactions per customer(Unit: Yen)	230,109	225,808	236,340	237,608	220,969	217,113	213,749	232,411

	2021		
	Q1	Q2	Q3
No. of buying customers	19,684	20,163	21,517
Value of transactions per customer(Unit: Yen)	260,512	231,592	228,457

Financial: Trends in “Paid” Transaction Value

(Unit: Thousand Yen)

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Internal transactions	1,637,880	1,624,883	1,701,840	1,757,236	1,670,517	1,737,978	1,713,416	1,802,943
External transactions	3,588,014	3,977,456	4,270,115	4,488,159	4,549,949	4,848,632	4,891,303	4,802,197
Total	5,225,894	5,602,340	5,971,955	6,245,395	6,220,467	6,586,611	6,604,719	6,605,141

	2021		
	Q1	Q2	Q3
Internal transactions	2,408,086	2,242,342	2,271,979
External transactions	4,894,563	5,186,738	5,501,080
Total	7,302,650	7,429,081	7,773,059

(Unit: Thousand Yen)

2016				2017			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5,241,870	5,447,712	5,629,359	6,267,980	5,803,443	5,895,684	5,689,826	6,158,819

2018				2019			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
6,785,008	7,743,693	8,583,315	9,907,803	10,311,384	11,403,717	12,193,958	13,609,462

2020				2021		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
14,073,465	15,093,308	16,011,597	18,029,768	18,403,599	18,835,716	20,865,449

(Unit: Thousand Yen)

2016				2017			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
117,323	170,098	221,702	267,139	340,143	402,415	458,777	594,519

2018				2019			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
737,035	857,787	979,309	1,113,485	1,224,871	1,252,870	5,435,686	5,622,052

2020				2021		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
5,832,274	6,049,021	6,265,811	6,546,084	6,801,684	6,941,143	6,851,240

* The figures indicate the actual guarantee balance calculated by the formula of guarantee balance / guarantee period x average implementation period. Accordingly, the figures differ from the balances indicated in the relevant Summary of Financial Results and Securities Report.