

Summary of Financial Results (Consolidated)
For the First Quarter of the Fiscal Year Ending April 30, 2018
(Japanese GAAP)

August 30, 2017

Listed company: Raccoon Co., Ltd.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

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Scheduled date of submission of quarterly report: September 12, 2017

Scheduled date of commencement of dividend payment: –

Supplementary documents for quarterly financial results: Yes

Quarterly financial results briefing: No

(Rounded down to the nearest million yen)

1. Consolidated results for the first three months ended July 31, 2017 (May 1, 2017 through July 31, 2017)

(1) Consolidated operating results (The percentages are year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Term ended July 31, 2017	612	7.5	106	12.3	104	11.1	69	19.9
Term ended July 31, 2016	569	6.8	94	8.2	93	8.7	57	5.0

(Note) Comprehensive income: Term ended July 31, 2017 ¥69 million (19.9%)

Term ended July 31, 2016 ¥57 million (5.0%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Term ended July 31, 2017	3.94	3.82
Term ended July 31, 2016	3.29	3.17

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of July 31, 2017	5,267	1,907	36.2	108.06
As of April 30, 2017	5,566	1,907	34.2	108.89

(Reference) Shareholders' equity As of July 31, 2017 ¥1,904 million

As of April 30, 2017 ¥1,905 million

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended April 30, 2017	–	0.00	–	4.50	4.50
Year ending April 30, 2018	–	–	–	–	–
Year ending April 30, 2018 (forecast)	–	0.00	–	–	–

(Note) Revisions to dividend forecasts published most recently: None

(Note) The dividend forecast for the end of the fiscal year ending April 30, 2018 is yet to be determined.

3. Forecast of consolidated results for the fiscal year ending April 30, 2018 (May 1, 2017 through April 30, 2018)

(The percentages are year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	–	–	–	–	–	–	–	–	–
Full year	2,550	8.1	490	16.4	485	17.1	300	17.3	17.14

(Note) Revisions to financial forecasts published most recently: None

* Notes

(1) Important changes in subsidiaries during the term (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: Yes

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

- (i) Changes in accounting policies associated with revisions to accounting standards, etc.: None
- (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 term			
July 31, 2017	18,495,900	April 30, 2017	18,369,900
(ii) Number of treasury stock shares at the end of the term			
July 31, 2017	870,608	April 30, 2017	870,538
(iii) Average number of issued shares during the term			
July 31, 2017	17,534,428	July 31, 2016	17,542,867

* This financial summary is not subject to the statutory quarterly review.

* 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, included in this document are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company does not guarantee its achievement of the forward-looking statements. Actual results may differ significantly from them 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 about forecasts including consolidated results forecasts on page 5.

(How to obtain supplementary information for quarterly financial results)

Supplementary information on the quarterly financial results is published subsequently on TDnet.

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1. Qualitative Information on Results for the Quarter under Review

(1) Explanation of operating results

During the first quarter under review (May 1, 2017 through July 31, 2017), the Japanese economy continued its modest recovery thanks to factors including improved corporate earnings and employment. The future of overseas economies, however, remained uncertain due to the impact of the U.S. policy administration, the political situation in Europe, etc. and a rise in geopolitical risks such as terrorist attacks occurring frequently in many countries.

In this environment, 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. As a result, consolidated net sales amounted to 612,313,000 yen (up 7.5% year on year) in the first quarter under review.

In terms of expenditure, the Raccoon Group has invested in advertising since the previous fiscal year to increase the visibility, name recognition and number of customers of the SD export service in the Super Delivery segment of the e-commerce (EC) business, the Paid service in the Paid business, and URIHO in the Guarantee business. The Group has also added personnel to improve its marketing capacity, develop systems, etc. in an effort to increase the convenience of the services it provides.

As a result, consolidated operating income amounted to 106,060,000 yen (up 12.3% year on year), consolidated ordinary income reached 104,429,000 yen (up 11.1% year on year), and consolidated net income attributable to owners of parent came to 69,150,000 yen (up 19.9% year on year).

Results by segment are as follows:

(i) EC business

In the EC business, the Company worked to gain high-quality member retailers and manufacturers in Super Delivery, the main business, and to increase the value of transactions by continuing to expand transactions between retailers and manufacturers, while improving average customer spending and the operating rate. In addition, the Company is implementing a strategy to increase the number of buying customers and the value of transactions by expanding the targeted retailers as potential members. Currently, the Company is working on SD export with internationally expanded targets and is approaching domestic industries other than retail such as restaurants, hair salons, lodging, and education, which were excluded from the targets in the past.

The transaction value grew 2.5% year on year during the first quarter under review, partly due to an increase in transactions in industries other than retail in the domestic market. The value of overseas transactions (the sum of SD export and overseas transactions via the Japanese-language website) rose 68.9% year on year, and as a result, the value of overall transactions in the Super Delivery service reached 2,540,172,000 yen (up 7.0% year on year).

The main management indices of the Super Delivery service at the end of the first quarter under review were as follows: the number of member retailers was 75,671 (up 5,151 from the end of the previous fiscal year), the number of companies posting information on their products was 1,198 (up 9 from the end of the previous fiscal year), and the number of items displayed was 646,317 (up 8,665 from the end of the previous fiscal year).

The Company continued to work to increase the name recognition of COREC and gain users (suppliers and buyers). As a result, the number of user companies came to 12,509 at the end of the first quarter under review.

Sales in the EC business stood at 411,858,000 yen (up 5.0% year on year), and segment profit was 45,133,000 yen (up 0.4% year on year).

(ii) Paid business

In the Paid business, the Company maintained its efforts to gain more member companies and increase the operating rate of the acquired member companies. During the fiscal year ending April 30, 2018, the Company has been actively promoting "Paid Automatic Fixed Amount Billing" that was launched in April 2017 and making additional growth investments while getting the investments from the previous fiscal year on a growth track. Thanks to these initiatives, the number of member companies rose to over 2,400 and the value of transactions (including transactions within the Group of 1,684,490,000 yen) came to 4,514,403,000 yen (up 23.6% year on year) at the end of the first quarter under review.

Sales in the Paid business came to 115,845,000 yen (up 21.6% year on year), and segment profit stood at 9,494,000 yen (up 411.1% year on year).

(iii) Guarantee business

In the Guarantee business, the Group continued to work to expand guaranteed receivables by strengthening the sales force. In addition, during the fiscal year ending April 30, 2018, the Company has been implementing effective marketing activities for

small- and medium-sized businesses as the targets of URIHO, which commenced in August 2016, to increase the number of clients. While advertising expenses have increased due to these activities, the guarantees outstanding in URIHO have been growing steadily. Further, guaranteed receivables kept rising steadily for the business rent guarantee service, and as a result, guarantees outstanding (including guarantees outstanding within the Group of 1,378,217,000 yen) amounted to 12,664,206,000 yen (up 11.6% from the end of the previous fiscal year).

As a result, sales in the Guarantee business stood at 190,939,000 yen (up 6.3% year on year) and segment profit reached 54,716,000 yen (up 8.0% year on year).

(2) Explanation of 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 forecasts presented above are based on information available to the Company at the time when this Summary was prepared and certain assumptions that the Company considers rational. Actual results and the like may differ significantly from these figures due to many variable factors.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2017)	End of first quarter of the consolidated fiscal year under review (As of July 31, 2017)
Assets		
Current assets		
Cash and deposits	1,994,430	1,992,524
Accounts receivable - trade	2,831,610	2,572,743
Rights to claim compensation	66,050	68,812
Supplies	144	108
Merchandise	3,639	5,782
Prepaid expenses	197,847	160,140
Deferred tax assets	59,917	50,398
Other	28,672	33,369
Allowance for doubtful accounts	(5,813)	(5,069)
Total current assets	5,176,499	4,878,811
Non-current assets		
Property, plant and equipment		
Buildings	21,802	22,122
Accumulated depreciation	(13,545)	(13,885)
Buildings, net	8,256	8,237
Vehicles	1,119	1,119
Accumulated depreciation	(1,119)	(1,119)
Vehicles, net	0	0
Tools, furniture and fixtures	45,663	45,663
Accumulated depreciation	(27,691)	(29,401)
Tools, furniture and fixtures, net	17,972	16,262
Total property, plant and equipment	26,229	24,499
Intangible assets		
Software	161,847	162,081
Software in progress	13,645	17,279
Goodwill	34,830	32,400
Other	2,124	2,063
Total intangible assets	212,447	213,824
Investments and other assets		
Investment securities	97,664	97,664
Lease and guarantee deposits	42,281	43,344
Deferred tax assets	10,891	9,264
Other	62	62
Total investments and other assets	150,900	150,336
Total non-current assets	389,577	388,660
Total assets	5,566,077	5,267,472

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2017)	End of first quarter of the consolidated fiscal year under review (As of July 31, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	2,599,281	2,321,697
Current portion of long-term loans payable	50,000	50,000
Payables associated with liquidation of receivables	141,000	141,000
Accounts payable - other	59,857	58,901
Income taxes payable	94,114	30,109
Allowance for guarantees	33,153	26,857
Provision for bonuses	40,016	23,443
Provision for sales promotion expenses	8,740	9,320
Deposits received	402,281	455,111
Other	179,840	203,044
Total current liabilities	3,608,286	3,319,485
Non-current liabilities		
Long-term loans payable	25,000	12,500
Asset retirement obligations	2,805	2,813
Other	22,000	25,635
Total non-current liabilities	49,806	40,949
Total liabilities	3,658,093	3,360,434
Net assets		
Shareholders' equity		
Capital stock	823,392	827,789
Capital surplus	210,864	215,261
Retained earnings	1,121,316	1,111,719
Treasury shares	(250,065)	(250,109)
Total shareholders' equity	1,905,507	1,904,660
Subscription rights to shares	2,476	2,377
Total net assets	1,907,984	1,907,037
Total liabilities and net assets	5,566,077	5,267,472

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)
(First quarter under review)

(Thousand yen)

	First three months of the previous consolidated fiscal year (From May 1, 2016 to July 31, 2016)	First three months of the consolidated fiscal year under review (From May 1, 2017 to July 31, 2017)
Net sales	569,548	612,313
Cost of sales	83,860	88,646
Gross profit	485,688	523,667
Selling, general and administrative expenses	391,240	417,606
Operating income	94,448	106,060
Non-operating income		
Commission fee	1,194	879
Other	448	467
Total non-operating income	1,642	1,347
Non-operating expenses		
Interest expenses	386	242
Expenses for liquidation of receivables	1,611	1,251
Taxes and dues	–	1,330
Other	123	154
Total non-operating expenses	2,121	2,978
Ordinary income	93,969	104,429
Extraordinary losses		
Office transfer expenses	6,045	–
Total extraordinary losses	6,045	–
Income before income taxes	87,923	104,429
Income taxes	30,269	35,278
Net income	57,653	69,150
Net income attributable to owners of parent	57,653	69,150

(Consolidated statements of comprehensive income)
(First quarter under review)

(Thousand yen)

	First three months of the previous consolidated fiscal year (From May 1, 2016 to July 31, 2016)	First three months of the consolidated fiscal year under review (From May 1, 2017 to July 31, 2017)
Net income	57,653	69,150
Comprehensive income	57,653	69,150
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	57,653	69,150

(Segment information)

Segment information

I. First three months of the previous consolidated fiscal year (from May 1, 2016 to July 31, 2016)

1. Sales, profits or losses in each reporting segment

(Thousand yen)

	Reporting segment				Adjustment (Note 1)	Consolidated financial statement amount (Notes 2)
	EC	Paid	Guarantee	Total		
Sales						
Sales to external customers	392,285	52,197	125,066	569,548	–	569,548
Inter-segment sales and transfers	–	43,104	54,511	97,615	(97,615)	–
Total	392,285	95,301	179,577	667,164	(97,615)	569,548
Segment profit	44,941	1,857	50,662	97,460	(3,012)	94,448

(Notes) 1. An adjustment of negative 3,012,000 yen in segment profit is the elimination of inter-segment transactions.

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

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

Not applicable

II. First three months of the consolidated fiscal year under review (from May 1, 2017 to July 31, 2017)

1. Sales, profits or losses in each reporting segment

(Thousand yen)

	Reporting segment				Adjustment (Note 1)	Consolidated financial statement amount (Notes 2)
	EC	Paid	Guarantee	Total		
Sales						
Sales to external customers	411,858	72,014	128,440	612,313	–	612,313
Inter-segment sales and transfers	–	43,831	62,498	106,329	(106,329)	–
Total	411,858	115,845	190,939	718,643	(106,329)	612,313
Segment profit	45,133	9,494	54,716	109,344	(3,283)	106,060

(Notes) 1. An adjustment of negative 3,283,000 yen in segment profit is the elimination of inter-segment transactions.

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

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

Not applicable