

# Summary of Financial Results (Consolidated) for the First Three Quarters of the Fiscal Year Ending April 30, 2017 (Japanese GAAP)

February 27, 2017

Listed company: Raccoon Co., Ltd.

Code: 3031

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Scheduled date of submission of quarterly report: March 14, 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 nine months ended January 31, 2017 (May 1, 2016 through January 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 January 31, 2017 | 1,743       | 6.2 | 317              | 13.2 | 312             | 12.5 | 182                                         | 2.4  |
| Term ended January 31, 2016 | 1,641       | 8.1 | 280              | 10.4 | 277             | 8.0  | 177                                         | 11.8 |

(Note) Comprehensive income:

Term ended January 31, 2017 ¥182 million (2.4%)

Term ended January 31, 2016 ¥177 million (12.3%)

|                             | Net income per share | Net income per share (diluted) |
|-----------------------------|----------------------|--------------------------------|
|                             | Yen                  | Yen                            |
| Term ended January 31, 2017 | 10.39                | 10.03                          |
| Term ended January 31, 2016 | 10.30                | 9.82                           |

(Note) On August 1, 2015, the Company implemented a 3-for-1 common stock split. The net income per share and net income per share (diluted) are calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

|                        | Total assets | Net assets  | Equity ratio | Net assets per share |
|------------------------|--------------|-------------|--------------|----------------------|
|                        | Million yen  | Million yen | %            | Yen                  |
| As of January 31, 2017 | 4,993        | 1,880       | 37.6         | 107.05               |
| As of April 30, 2016   | 4,969        | 1,777       | 35.7         | 101.17               |

(Reference) Shareholders' equity

As of January 31, 2017

¥1,878 million

As of April 30, 2016

¥1,774 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, 2016             | –                  | 0.00      | –         | 4.50     | 4.50   |
| Year ending April 30, 2017            | –                  | 0.00      | –         |          |        |
| Year ending April 30, 2017 (forecast) |                    |           |           | –        | –      |

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

(Note) The dividend forecast for the end of the fiscal year ending April 30, 2017 is yet to be determined.

3. Forecast of consolidated results for the fiscal year ending April 30, 2017 (May 1, 2016 through April 30, 2017)

(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                  |
| Full year | 2,500       | 12.1 | 420              | 6.7 | 420             | 14.2 | 250                                         | 4.4 | 14.25                |

(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) 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

(3) Number of issued shares (common shares)

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

|                  |            |                |            |
|------------------|------------|----------------|------------|
| January 31, 2017 | 18,317,700 | April 30, 2016 | 18,312,300 |
|------------------|------------|----------------|------------|

(ii) Number of treasury stock shares at the end of the fiscal year

|                  |         |                |         |
|------------------|---------|----------------|---------|
| January 31, 2017 | 770,538 | April 30, 2016 | 770,538 |
|------------------|---------|----------------|---------|

(iii) Average number of issued shares during the fiscal year

|                  |            |                  |            |
|------------------|------------|------------------|------------|
| January 31, 2017 | 17,545,730 | January 31, 2016 | 17,272,029 |
|------------------|------------|------------------|------------|

(Note) On August 1, 2015, the Company implemented a 3-for-1 common stock split. The number of issued shares (common shares) is calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

\* This summary of quarterly financial results does not fall under the scope of quarterly reviewing procedures.

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

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 First Three Quarters under Review, (3) Explanation of forecasts including consolidated results forecasts on page 5 of the accompanying materials.

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## 1. Qualitative Information on Results for the First Three Quarters under Review

### (1) Explanation of operating results

During the first three quarters under review (May 1, 2016 through January 31, 2017), the Japanese economy recovered modestly, due to factors such as improvements in corporate earnings and employment conditions. Nonetheless, the situation remained uncertain, amid volatility in foreign exchange rates and stock prices caused by the slowdown of emerging economies and the Brexit issue as well as a mixture of expectation and anxiety about drastic changes in U.S. policy under the new administration.

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 1,743,866,000 yen (up 6.2% year on year) in the first three quarters under review.

The Raccoon Group is investing in advertisements in the current fiscal year to increase the SD export service in the Super Delivery segment of the EC business and to increase the number of customers and the visibility of and name recognition for the Paid service in the Paid business and URIHO in the Guarantee business, which the Group began providing in August 2016. In addition, selling, general and administrative expenses grew year on year due to factors including an increase in personnel expenses caused by fewer transfers from personnel expenses to software in progress, which was attributable to fewer system development projects, an enterprise tax rate hike, and growth in taxes and dues reflecting a change from the lump-sum posting of consumption tax outside the scope of deduction at the end of each fiscal year to its proportional posting in the respective quarters. In the Guarantee business, however, decline in the value of guarantees performed led to a lower cost rate which in turn led to higher profit, contributing to overall profit growth.

As a result of the above, consolidated operating income amounted to 317,615,000 yen (up 13.2% year on year) and consolidated ordinary income reached 312,032,000 yen (up 12.5% year on year). Consolidated net income attributable to owners of parent came to 182,305,000 yen (up 2.4% year on year), reflecting the recording of impairment losses of 32,777,000 yen associated with the write-down of software in the EC business as an extraordinary loss in the first half of the fiscal year under review.

Results by segment are as described below. The Company changed the name of the Accounts Receivable Guarantee business to the Guarantee business in the second quarter of the first year under review. Because this is a change of the segment name, there is no impact on the segment information.

#### (i) EC business

In the EC business, the Company worked to obtain 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 July 2016, the Company also began targeting other industries in addition to the retail industry as member retailers, and worked to increase the number of buying customers and the value of transactions. In the third quarter of the fiscal year under review, the Company took steps to increase member retailers, including forming a business alliance with Space Agent Co., Ltd., which operates the minpaku-bukken.com service, and concluding a business matching agreement with The Seibu Shinkin Bank. Major management indices for the Super Delivery service at the end of the third quarter under review are as follows: number of member retailers 66,024 (up 13,652 from the end of the previous fiscal year), number of companies posting information on their products 1,164 (up 26 from the end of the previous fiscal year) and number of items displayed 608,113 (up 48,841 from the end of the previous fiscal year). The value of domestic transactions rose 0.4% year on year due to an increase in the number of buying customers, and the value of overseas transactions (the sum of the value of overseas transactions in the SD export service and the value of overseas transactions via the Japanese-language website) increased 60.2% year on year. As a result, the value of overall transactions in the Super Delivery service reached 7,242,431,000 yen in the first three quarters under review (up 3.1% year on year).

The Company continued to focus on increasing the name recognition of COREC and gaining users (suppliers and buyers). From November 2016, the Company changed the suppliers' monthly charge under the charged plan from 9,800 yen to 1,980 yen to encourage more companies to use all the functions of COREC. As a result, the number of user companies came to 9,719 at the end of the third quarter under review.

Sales in the EC business stood at 1,194,986,000 yen (up 2.0% year on year), and segment profit was 168,198,000 yen (up 0.7% 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. The Company positions the fiscal year ending April 30, 2017 as a period of investment for accelerating future growth. The Company is working to invest aggressively in advertisements and increase manpower to raise the visibility and name recognition of the Paid business and increase the number of member companies. In addition, the Company is investing in systems to make services more convenient and reliable and to raise the operating rate of the acquired member companies. The Company also obtained certification for ISO27001, the international standard for information security management, during the third quarter under review as an initiative to improve trust. Thanks to these initiatives, the number of member companies exceeded 2,100, and the value of transactions (including transactions within the Group of 5,066,976,000 yen) came to 11,976,480,000 yen (up 24.2% year on year) at the end of the third quarter under review. The value of external transactions excluding transactions within the Group increased 51.0% year on year. Sales in the Paid business came to 309,243,000 yen (up 21.7% year on year), and segment profit stood at 16,940,000 yen (up 87.3% year on year).

(iii) Guarantee business

In the Guarantee business, the Group continued to strive to expand guaranteed receivables by strengthening its sales force. Guarantees outstanding in the accounts receivable guarantee service continued the decline seen at the end of the second quarter, but the business rent guarantee service and URIHO, which the Group began providing in August 2016, showed steady growth. As a result, guarantees outstanding amounted to 9,766,801,000 yen (including guarantees outstanding within the Group of 1,275,282,000 yen), up 7.1% from the end of the previous fiscal year.

Consequently, net sales for the Guarantee business came to 538,187,000 yen (up 9.3% year on year). Although the Group increased investment in advertisements to increase the name recognition of URIHO and increase the number of customers, the cost rate continued to fall due to decline in the value of guarantees performed. As a result, segment profit reached 134,932,000 yen (up 69.5% 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 forward-looking statements 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 may differ materially from these figures due to many variable factors.

## 2. Consolidated Financial Statements

### (1) Consolidated balance sheets

(Thousand yen)

|                                     | End of previous consolidated<br>fiscal year<br>(As of April 30, 2016) | End of third quarter of the<br>consolidated fiscal year<br>under review<br>(As of January 31, 2017) |
|-------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| <b>Assets</b>                       |                                                                       |                                                                                                     |
| Current assets                      |                                                                       |                                                                                                     |
| Cash and deposits                   | 1,859,680                                                             | 2,180,071                                                                                           |
| Accounts receivable - trade         | 2,446,812                                                             | 2,211,559                                                                                           |
| Rights to claim compensation        | 57,783                                                                | 68,865                                                                                              |
| Supplies                            | 183                                                                   | 152                                                                                                 |
| Merchandise                         | –                                                                     | 979                                                                                                 |
| Prepaid expenses                    | 199,934                                                               | 130,106                                                                                             |
| Deferred tax assets                 | 49,643                                                                | 42,325                                                                                              |
| Other                               | 7,166                                                                 | 28,067                                                                                              |
| Allowance for doubtful accounts     | (6,042)                                                               | (5,202)                                                                                             |
| Total current assets                | 4,615,162                                                             | 4,656,926                                                                                           |
| Non-current assets                  |                                                                       |                                                                                                     |
| Property, plant and equipment       |                                                                       |                                                                                                     |
| Buildings                           | 20,919                                                                | 21,802                                                                                              |
| Accumulated depreciation            | (12,134)                                                              | (13,178)                                                                                            |
| Buildings, net                      | 8,785                                                                 | 8,623                                                                                               |
| Vehicles                            | 1,119                                                                 | 1,119                                                                                               |
| Accumulated depreciation            | (1,119)                                                               | (1,119)                                                                                             |
| Vehicles, net                       | 0                                                                     | 0                                                                                                   |
| Tools, furniture and fixtures       | 48,267                                                                | 45,663                                                                                              |
| Accumulated depreciation            | (22,514)                                                              | (25,872)                                                                                            |
| Tools, furniture and fixtures, net  | 25,752                                                                | 19,791                                                                                              |
| Total property, plant and equipment | 34,537                                                                | 28,415                                                                                              |
| Intangible assets                   |                                                                       |                                                                                                     |
| Software                            | 196,320                                                               | 147,115                                                                                             |
| Software in progress                | 9,531                                                                 | 24,032                                                                                              |
| Goodwill                            | 44,550                                                                | 37,260                                                                                              |
| Other                               | 1,610                                                                 | 1,788                                                                                               |
| Total intangible assets             | 252,012                                                               | 210,197                                                                                             |
| Investments and other assets        |                                                                       |                                                                                                     |
| Investment securities               | 25,000                                                                | 47,008                                                                                              |
| Lease and guarantee deposits        | 39,850                                                                | 39,307                                                                                              |
| Deferred tax assets                 | 2,460                                                                 | 11,426                                                                                              |
| Other                               | 62                                                                    | 62                                                                                                  |
| Total investments and other assets  | 67,373                                                                | 97,805                                                                                              |
| Total non-current assets            | 353,924                                                               | 336,418                                                                                             |
| Total assets                        | 4,969,086                                                             | 4,993,344                                                                                           |

(Thousand yen)

|                                                     | End of previous consolidated<br>fiscal year<br>(As of April 30, 2016) | End of third quarter of the<br>consolidated fiscal year<br>under review<br>(As of January 31, 2017) |
|-----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| <b>Liabilities</b>                                  |                                                                       |                                                                                                     |
| Current liabilities                                 |                                                                       |                                                                                                     |
| Accounts payable - trade                            | 2,047,038                                                             | 2,005,678                                                                                           |
| Current portion of long-term loans payable          | 50,000                                                                | 50,000                                                                                              |
| Payables associated with liquidation of receivables | 165,000                                                               | 165,000                                                                                             |
| Accounts payable - other                            | 45,332                                                                | 46,044                                                                                              |
| Income taxes payable                                | 85,303                                                                | 41,756                                                                                              |
| Allowance for guarantees                            | 27,275                                                                | 24,498                                                                                              |
| Provision for bonuses                               | 39,792                                                                | 19,021                                                                                              |
| Provision for sales promotion expenses              | 6,880                                                                 | 7,950                                                                                               |
| Deposits received                                   | 467,590                                                               | 533,777                                                                                             |
| Other                                               | 153,637                                                               | 154,726                                                                                             |
| Total current liabilities                           | 3,087,850                                                             | 3,048,454                                                                                           |
| Non-current liabilities                             |                                                                       |                                                                                                     |
| Long-term loans payable                             | 75,000                                                                | 37,500                                                                                              |
| Asset retirement obligations                        | 2,772                                                                 | 2,797                                                                                               |
| Other                                               | 26,268                                                                | 23,657                                                                                              |
| Total non-current liabilities                       | 104,041                                                               | 63,955                                                                                              |
| Total liabilities                                   | 3,191,891                                                             | 3,112,409                                                                                           |
| <b>Net assets</b>                                   |                                                                       |                                                                                                     |
| Shareholders' equity                                |                                                                       |                                                                                                     |
| Capital stock                                       | 821,382                                                               | 821,570                                                                                             |
| Capital surplus                                     | 208,854                                                               | 209,042                                                                                             |
| Retained earnings                                   | 944,462                                                               | 1,047,830                                                                                           |
| Treasury shares                                     | (200,026)                                                             | (200,026)                                                                                           |
| Total shareholders' equity                          | 1,774,672                                                             | 1,878,417                                                                                           |
| Subscription rights to shares                       | 2,522                                                                 | 2,518                                                                                               |
| Total net assets                                    | 1,777,194                                                             | 1,880,935                                                                                           |
| Total liabilities and net assets                    | 4,969,086                                                             | 4,993,344                                                                                           |

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

(Thousand yen)

|                                              | First three quarters of the<br>previous consolidated fiscal year<br>(From May 1, 2015<br>to January 31, 2016) | First three quarters of the<br>consolidated fiscal year<br>under review<br>(From May 1, 2016<br>to January 31, 2017) |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Net sales                                    | 1,641,988                                                                                                     | 1,743,886                                                                                                            |
| Cost of sales                                | 282,779                                                                                                       | 268,978                                                                                                              |
| Gross profit                                 | 1,359,208                                                                                                     | 1,474,908                                                                                                            |
| Selling, general and administrative expenses | 1,078,731                                                                                                     | 1,157,292                                                                                                            |
| Operating income                             | 280,477                                                                                                       | 317,615                                                                                                              |
| Non-operating income                         |                                                                                                               |                                                                                                                      |
| Commission fee                               | 3,768                                                                                                         | 3,006                                                                                                                |
| Other                                        | 1,120                                                                                                         | 745                                                                                                                  |
| Total non-operating income                   | 4,889                                                                                                         | 3,752                                                                                                                |
| Non-operating expenses                       |                                                                                                               |                                                                                                                      |
| Interest expenses                            | 1,494                                                                                                         | 1,121                                                                                                                |
| Commission fee                               | 752                                                                                                           | –                                                                                                                    |
| Expenses for liquidation of receivables      | 5,484                                                                                                         | 4,990                                                                                                                |
| Loss on investments in partnership           | –                                                                                                             | 2,991                                                                                                                |
| Other                                        | 306                                                                                                           | 232                                                                                                                  |
| Total non-operating expenses                 | 8,037                                                                                                         | 9,335                                                                                                                |
| Ordinary income                              | 277,329                                                                                                       | 312,032                                                                                                              |
| Extraordinary losses                         |                                                                                                               |                                                                                                                      |
| Office transfer expenses                     | –                                                                                                             | 5,625                                                                                                                |
| Impairment loss                              | –                                                                                                             | 32,777                                                                                                               |
| Total extraordinary losses                   | –                                                                                                             | 38,402                                                                                                               |
| Income before income taxes                   | 277,329                                                                                                       | 273,630                                                                                                              |
| Income taxes                                 | 99,356                                                                                                        | 91,324                                                                                                               |
| Net income                                   | 177,972                                                                                                       | 182,305                                                                                                              |
| Net income attributable to owners of parent  | 177,972                                                                                                       | 182,305                                                                                                              |

(Consolidated statements of comprehensive income)  
(First three quarters under review)

(Thousand yen)

|                                                          | First three quarters of the<br>previous consolidated fiscal year<br>(From May 1, 2015<br>to January 31, 2016) | First three quarters of the<br>consolidated fiscal year<br>under review<br>(From May 1, 2016<br>to January 31, 2017) |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Net income                                               | 177,972                                                                                                       | 182,305                                                                                                              |
| Comprehensive income                                     | 177,972                                                                                                       | 182,305                                                                                                              |
| (Comprehensive income attributable to)                   |                                                                                                               |                                                                                                                      |
| Comprehensive income attributable to owners of<br>parent | 177,972                                                                                                       | 182,305                                                                                                              |

(Segment information)

Segment information

I. First three quarters of the previous consolidated fiscal year (from May 1, 2015 to January 31, 2016)

1. Sales, profits or losses in each reporting segment

(Thousand yen)

|                                   | Reporting segment |         |           |           | Adjustment<br>(Note 1) | Consolidated<br>statements of<br>income<br>amount<br>(Note 2) |
|-----------------------------------|-------------------|---------|-----------|-----------|------------------------|---------------------------------------------------------------|
|                                   | EC                | Paid    | Guarantee | Total     |                        |                                                               |
| Sales                             |                   |         |           |           |                        |                                                               |
| Sales to external customers       | 1,171,593         | 121,936 | 348,458   | 1,641,988 | –                      | 1,641,988                                                     |
| Inter-segment sales and transfers | –                 | 132,212 | 143,827   | 276,039   | (276,039)              | –                                                             |
| Total                             | 1,171,593         | 254,148 | 492,285   | 1,918,028 | (276,039)              | 1,641,988                                                     |
| Segment profit                    | 166,968           | 9,042   | 79,603    | 255,614   | 24,862                 | 280,477                                                       |

- (Notes) 1. An adjustment of 24,862,000 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 quarters of the consolidated fiscal year under review (from May 1, 2016 to January 31, 2017)

1. Sales, profits or losses in each reporting segment

(Thousand yen)

|                                   | Reporting segment |         |           |           | Adjustment<br>(Note 1) | Consolidated<br>statements of<br>income<br>amount<br>(Note 2) |
|-----------------------------------|-------------------|---------|-----------|-----------|------------------------|---------------------------------------------------------------|
|                                   | EC                | Paid    | Guarantee | Total     |                        |                                                               |
| Sales                             |                   |         |           |           |                        |                                                               |
| Sales to external customers       | 1,194,986         | 177,142 | 371,757   | 1,743,886 | –                      | 1,743,886                                                     |
| Inter-segment sales and transfers | –                 | 132,101 | 166,429   | 298,531   | (298,531)              | –                                                             |
| Total                             | 1,194,986         | 309,243 | 538,187   | 2,042,417 | (298,531)              | 1,743,886                                                     |
| Segment profit                    | 168,198           | 16,940  | 134,932   | 320,071   | (2,455)                | 317,615                                                       |

- (Notes) 1. An adjustment of negative 2,455,000 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 the change of reporting segments

(Change of the segment name)

In the second quarter, the Company changed the segment name “Accounts Receivable Guarantee business” to “Guarantee business.” The change of the segment name will have no impact on the segment information.

Reporting segment information in the first three quarters of the previous fiscal year is also presented using the name after the change.

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

(Important impairment losses pertaining to non-current assets)

In the EC business, the Company recognized impairment losses on software whose cash flows from operating activities have been continuously negative. Because these assets are software developed by the Company and are difficult to sell or convert to a different use, the Company evaluated their recoverable amount as zero. The amount of impairment losses recorded in the first three quarters under review was 32,777,000 yen.