

Summary of Financial Results (Consolidated) For the Fiscal Year Ended April 30, 2020 (Japanese GAAP)

June 11, 2020

Listed company: Raccoon Holdings, Inc.

Code: 3031

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Scheduled date of ordinary general meeting of shareholders: July 23, 2020

Scheduled date of commencement of dividend payment: July 27, 2020

Scheduled date of submission of annual securities report: July 30, 2020

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for institutional investors and securities analysts)

(Rounded down to the nearest million yen)

1. Consolidated results for the fiscal year ended April 30, 2020 (May 1, 2019 through April 30, 2020)

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

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended April 30, 2020	3,477	16.7	848	30.3	706	28.7	708	29.8	451	18.9
Year ended April 30, 2019	2,980	17.1	651	25.1	548	25.4	545	26.5	379	34.2

(Note) Comprehensive income:

Year ended April 30, 2020 ¥451 million (18.9%)

Year ended April 30, 2019 ¥379 million (34.2%)

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Year ended April 30, 2020	23.73	22.85	13.5	6.3	20.3
Year ended April 30, 2019	21.05	20.68	15.7	7.3	18.4

(Reference) Equity in earnings of affiliates

Year ended April 30, 2020 ¥– million

Year ended April 30, 2019 ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2020	13,600	3,999	29.3	197.68
As of April 30, 2019	8,848	2,697	30.4	144.86

(Reference) Shareholders' equity

As of April 30, 2020 ¥3,988 million

As of April 30, 2019 ¥2,689 million

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
As of April 30, 2020	1,768	(427)	2,969	6,634
As of April 30, 2019	(569)	(1,679)	2,416	2,323

2. Dividends

	Dividend per share					Total amount of dividends	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended April 30, 2019	—	0.00	—	6.00	6.00	111	28.5	4.5
Year ended April 30, 2020	—	0.00	—	6.50	6.50	131	27.4	3.8
Year ending April 30, 2021 (forecast)	—	—	—	—	—	—	—	—

(Note) The year-end dividend forecast for the fiscal year ending April 30, 2021, is yet to be determined.

3. Forecast of consolidated results for the fiscal year ending April 30, 2021 (May 1, 2020 through April 30, 2021)

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

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	—	—	—	—	—	—	—	—	—	—	—
Full year	3,900	12.1	980	15.5	810	14.7	800	12.9	490	8.6	24.29
			~	~	~	~	~	~	~	~	~
			1,070	26.1	900	~27.5	890	25.6	550	21.9	27.26

* Notes

(1) Important changes in subsidiaries during the fiscal year (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 fiscal year

Year ended April 30, 2020	20,176,043	Year ended April 30, 2019	19,024,200
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(ii) Number of treasury stock shares at the end of the fiscal year

Year ended April 30, 2020	—	Year ended April 30, 2019	460,657
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(iii) Average number of issued shares during the fiscal year

Year ended April 30, 2020	19,007,161	Year ended April 30, 2019	18,030,061
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* This Summary of Financial Results is not subject to audit procedures by certified public accountants or audit corporations.

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

(Cautionary note on forward-looking statements)

The forward-looking statements, including results forecasts, contained in this document are based on information the Company has obtained as of today and certain assumptions the Company considers reasonable. The Company does not guarantee its achievement of the forward-looking statements. Actual results may differ significantly depending on a variety of factors. For the assumptions underlying the results forecasts and notes on their use, please refer to 1. Overview of operating results, etc., (4) Future prospects on page 6 of the accompanying materials.

(How to obtain supplementary documents for financial results and information on results briefings)

The Company will hold a results briefing session for institutional investors and securities analysts, in a video delivery scheme on its website, on Monday, June 12, 2020. What has been explained in the session will be posted on the website together with the presentation material used in the session promptly after the session is held.

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year ended April 30, 2020

During the fiscal year under review (May 1, 2019 through April 30, 2020), the Japanese economy remained on a moderate recovery trend backed by strong corporate earnings and improvements in the employment and income environments, among other factors. Subsequently, however, the economy witnessed an abrupt slowdown, impacted by the novel coronavirus (COVID-19), falling into a severe situation. Depending on how and when the COVID-19 problem will be settled, there is a possibility of greater impacts on the Japanese and overseas economies. Accordingly, the outlook is also anticipated to remain extremely severe.

Under such circumstances, the Raccoon Group worked to expand the infrastructure services it offers for business-to-business transactions based on the management philosophy of making corporate activities more efficient and convenient. The number of new users expanded both in the EC and Financial businesses, as inquiries and applications increased from companies which, due to COVID-19 which spread extensively in the fourth quarter of the fiscal year under review, found it difficult to conduct conventional face-to-face business operations or had to investigate how to counteract growing concerns about risk of bankruptcy and arrears of their business partners. As a result, consolidated net sales amounted to 3,477,670,000 yen (up 16.7% year on year) in the fiscal year under review.

In terms of expenditures, advertising expenses increased in the fiscal year under review in line with the Company's plan to further increase investment in advertisement. Amortization of goodwill also increased as a result of the impact from the acquisition of the shares of ALEMO, Inc. conducted in the previous fiscal year. Meanwhile, rental expenses for land and buildings decreased significantly with the Raccoon Group's acquisition of its own building, although it caused an increase in depreciation. Furthermore, despite concerns that the default cost for the Financial business would increase due to the spread of COVID-19, the cost remained at a slightly higher level within a range of ordinarily possible fluctuations for the fiscal year ended April 2020, although there were some defaults of customer companies impacted by COVID-19. On the other hand, as it is impossible to predict at this point in time when COVID-19 will be settled and it remains uncertain how COVID-19 will impact the future economic activities of the companies using the Company's services, a total of 41,626,000 yen was additionally recorded for allowance for guarantees, allowance for claim compensation and allowance for doubtful accounts in preparation for the possibility of a prolonged impact going forward.

As a result, EBITDA stood at 848,626,000 yen (up 30.3%), operating income at 706,086,000 yen (up 28.7%), ordinary income at 708,451,000 yen (up 29.8%), and net income attributable to owners of parent at 451,103,000 yen (up 18.9%), all on a year-on-year basis.

Results by segment are as follows:

(i) EC business

In Super Delivery, the mainstay service in the EC business, efforts have been made to increase both new membership and transaction value through improvement in average sale per customer. The Super Delivery service is available for a wide variety of businesses either in or outside Japan, including overseas businesses, on top of domestic retailers and non-retail businesses. In order to respond to the respective needs for purchase of a wide variety of targets, the Company is working to increase the number of companies posting information on their products and the number of items displayed, while proactively increasing the types of products it handles. Furthermore, during the fiscal year ended April 2020, the Company worked to connect with more companies and post their products for Super Delivery as well as increase the number of items displayed by placing ads for prospective companies, something it has not done previously.

The number of registrations increased alongside increases in both membership and companies posting information on their products in the fourth quarter of the fiscal year under review as there was an inflow of companies that found it difficult to conduct wholesale through conventional face-to-face marketing and carry out purchases under the circumstances of the spread of COVID-19. The increase in the number of companies posting information on their products was bolstered partly by the start of a support plan under which the basic fee for posting product information is waived for three months as a measure to support small- to medium-sized manufacturers whose corporate activities have been affected by COVID-19. Consequently, at the end of the fiscal year under review, the number of Super Delivery member retailers stood at 167,067 (up 39,905), the number of companies posting information on their products counted 1,853 (up 434), and the number of items displayed was 1,147,291 (up 272,348), all compared with the end of the previous fiscal year.

In the fourth quarter of the fiscal year under review, the value of transactions increased for masks and sterilization goods both in Japan and abroad due to the impact of COVID-19. On the other hand, the value of transactions in fashion categories for domestic retailers decreased significantly year on year for the fourth quarter, impacted by voluntary restraints on going out and the promotion of remote work conducted under the government's declaration of a state of emergency. However, on top of the significant increase in transactions for masks and sterilization goods, transactions of products in other categories including miscellaneous goods and interior remained strong thanks to stay-at-home demand. These resulted in an increase both in the number of purchasers and average sale per customer, and the transaction value of the entire Super Delivery service in the fiscal year under review totaled 12,808,725,000 yen, up 13.9% from the previous fiscal year. The value of transactions in Japan increased by 10.4%, and the value of transactions overseas rose 32.2%, both recording a double-digit increase on a year-on-year basis.

Sales in the EC business stood at 1,962,936,000 yen (up 11.3% year on year), and segment profit was 859,123,000 yen (up 20.2% year on year).

(ii) Financial business

In the Paid service, the Company has continued its endeavors to improve the operating rate of the acquired member companies and increase sales per company. The number of member companies also steadily increased to surpass 3,700 as of the end of the fiscal year under review. Many member companies saw a decrease in sales due to the spread of COVID-19, causing the value of transactions in the fourth quarter to decrease from the preceding third quarter. Nevertheless, as transactions had remained steady for the first three quarters, the value of transactions outside the Group totaled 19,092,083,000 yen (up 17.0% year on year) and the overall value of transactions (including 6,924,856,000 yen of transactions within the Group) stood at 26,016,939,000 yen (up 12.9% year on year) for the fiscal year under review.

In Guarantee services, the Company has continued to press ahead with business collaborations with local financial institutions to expand channels for the T&G Credit Guarantee service and the URIHO service, and worked to increase name recognition in the service by seeking more efficient advertising media. Guarantees outstanding and sales increased due to an increase in inquiries from small- to medium-sized companies investigating countermeasures against the risk of bankruptcy and arrears of their business partners under the impact of COVID-19. Furthermore, the Company renewed its insurance contracts with non-life insurance companies at the end of March 2020. With the contract renewal, the scope of companies subject to re-guarantee was expanded and the limit amount of the total payment from the insurance companies to the Company was raised, improving financial safety and establishing a system that allows the Company to proactively take in the business opportunities arising from the ongoing demand increase.

Regarding rent guarantee services, the Company continued its efforts to increase name recognition of its services for both business and residential properties among real estate companies.

Guarantees outstanding at the end of the fiscal year under review amounted to 75,644,504,000 yen (26,774,695,000 yen for RACCOON FINANCIAL, Inc. and 48,869,809,000 yen for ALEMO Inc.), up 20.2% from the end of the previous fiscal year. As a result, sales in the Financial business stood at 1,694,996,000 yen (up 21.7% year on year).

Furthermore, despite concerns that the default cost for the Financial business would increase due to the spread of COVID-19, the cost remained at a slightly higher level within a range of ordinarily possible fluctuations for the fiscal year ended April 2020, although there were some defaults of customer companies impacted by COVID-19. On the other hand, as it is impossible to predict at this point in time when COVID-19 will be settled and it remains uncertain how COVID-19 will impact the future economic activities of the companies using the Company's services, a total of 41,626,000 yen was additionally recorded for allowance for guarantees, allowance for claim compensation and allowance for doubtful accounts in view of the possibility of a prolonged impact. Accordingly, segment profit totaled 187,527,000 yen (up 31.3% year on year).

(2) Overview of the financial status for the fiscal year under review

Total assets at the end of the fiscal year under review increased 4,752,016,000 yen from the end of the previous fiscal year to 13,600,077,000 yen. Current assets increased 4,430,176,000 yen to 10,923,413,000 yen. The main factors for the increase are the increase of 4,311,299,000 yen in cash and deposits due to increase in net income attributable to owners of parent and new borrowings of long-term loans payable and short-term loans payable, in addition to the increase of 242,608,000 yen in accounts receivable - trade due to increased transactions. Non-current assets increased 321,840,000 yen to 2,676,664,000 yen. The main factors for the increase are the increase of 307,378,000 yen in investment securities as a result of undertaking the convertible bond-type bonds with share acquisition rights issued by TAAS Inc. and acquiring part of its shares, etc., in addition to an increase of 25,627,000 yen in total in software and software in progress.

Liabilities at the end of the fiscal year under review increased 3,449,947,000 yen from the end of the previous fiscal year to 9,600,365,000 yen. Current liabilities increased 3,416,335, 000 yen to 8,146,180,000 yen. The main factors for the increase are the increase of 133,332,000 yen in current portion of long-term loans payable and the increase of 1,940,000,000 yen in short-term loans payable due to the execution of new borrowings aimed at increasing cash on hand and further reinforcing the financial base in preparation for further spread of COVID-19 and its prolonged impact, in addition to the increase of 1,403,895,000 yen in accounts payable - trade. Non-current liabilities increased 33,611,000 yen to 1,454,184,000 yen. The main factor for the increase is the increase of 55,004,000 yen in long-term loans payable due to the execution of new borrowings of 400,000,000 yen.

Net assets at the end of the fiscal year under review increased 1,302,068,000 yen from the end of the previous fiscal year to 3,999,711,000 yen. The main factors for the increase are the increase of retained earnings due to the recording of 451,103,000 yen as net income attributable to owners of parent while retained earnings decreased 111,381,000 yen due to payment of cash dividends, the increase of a total of 827,116,000 yen in capital stock and legal capital surplus due to the exercising of subscription rights to shares and the decrease of 132,348,000 yen in treasury shares.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (the “funds”) at the end of the fiscal year under review stood at 6,634,071,000 yen.

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review amounted to 1,768,058,000. The main factors for this are the recording of 708,451,000 yen as income before income taxes and an increase of 1,403,895,000 yen in notes and accounts payable - trade.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review amounted to 427,683,000 yen. The main factors for this are the recording of 325,750,000 yen as purchase of investment securities for undertaking the convertible bond-type bonds with share acquisition rights issued by TAAS Inc. and acquiring part of its shares, and the recording of 104,554,000 yen as purchase of intangible assets for developing and purchasing software.

(Cash flows from financing activities)

Net cash provided by financing activities during the fiscal year under review amounted to 2,969,966,000 yen. The main factors for this are the recording of 400,000,000 yen as proceeds from long-term loans payable for the purpose of increasing cash on hand and further reinforcing the financial base in preparation for further spread of COVID-19 and its prolonged impact, the increase of 1,940,000,000 yen in short-term loans payable, and the recording of 679,158,000 yen as proceeds from issuance of shares resulting from exercise of subscription rights to shares.

(4) Future prospects

For the fiscal year ending April 2021, the Company forecasts net sales of 3,900 million yen, EBITDA of 980 to 1,070 million yen, operating income of 810 to 900 million yen, ordinary income of 800 to 890 million yen, and net income attributable to owners of parent of 490 to 550 million yen.

It is impossible to predict at this point in time when COVID-19 will be settled and it remains uncertain how COVID-19 will impact the future economic activities of the companies using the Company’s services. Accordingly, the Company has prepared the income forecasts with ranges, assuming both the pessimistic and optimistic estimates of defaults of customer companies, etc. occurring for the Financial business. For net sales, meanwhile, the Company anticipates continued business growth in its existing services. The Company realizes that, because of COVID-19, each of its services has become better known as a service necessary for corporate activities. The Company is resolved to endeavor for enhanced convenience of its services so that they will be continuously used by the companies that have become new customers. On the other hand, the Company will proactively invest in advertisement targeted at potential customers who are not yet aware of its services in an effort to attract more customers. Accordingly, the Company estimates the advertising expenses at an amount similar to the level to which the expenses were increased in the previous fiscal year ended April 2020.

The forward-looking statements above are based on information available to the Company at the time of the announcement and certain assumptions that the Company considers reasonable. Actual results may differ significantly due to a variety of uncertain factors.

2. Consolidated financial statements and significant notes

(1) Consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of April 30, 2019)	Fiscal year under review (As of April 30, 2020)
Assets		
Current assets		
Cash and deposits	2,329,734	6,641,033
Accounts receivable - trade	3,965,484	4,208,093
Rights to claim compensation	33,041	43,761
Supplies	114	105
Prepaid expenses	163,563	187,585
Other	173,589	70,770
Allowance for doubtful accounts	(172,291)	(227,937)
Total current assets	6,493,237	10,923,413
Non-current assets		
Property, plant and equipment		
Buildings	615,881	627,207
Accumulated depreciation	(16,784)	(41,729)
Buildings, net	599,097	585,478
Vehicles	3,537	3,537
Accumulated depreciation	(3,537)	(3,537)
Vehicles, net	0	0
Tools, furniture and fixtures	47,358	48,347
Accumulated depreciation	(39,101)	(42,015)
Tools, furniture and fixtures, net	8,257	6,331
Land	877,903	882,140
Total property, plant and equipment	1,485,258	1,473,950
Intangible assets		
Software	172,109	191,723
Software in progress	24,099	30,113
Goodwill	324,080	281,579
Other	2,487	2,118
Total intangible assets	522,777	505,534
Investments and other assets		
Investment securities	120,362	427,740
Lease and guarantee deposits	12,337	15,463
Deferred tax assets	204,036	241,725
Other	10,051	12,249
Total investments and other assets	346,787	697,178
Total non-current assets	2,354,823	2,676,664
Total assets	8,848,060	13,600,077

(Thousand yen)

	Previous fiscal year (As of April 30, 2019)	Fiscal year under review (As of April 30, 2020)
Liabilities		
Current liabilities		
Accounts payable - trade	2,961,539	4,365,434
Short-term loans payable	700,000	2,640,000
Current portion of long-term loans payable	211,664	344,996
Accounts payable - other	73,473	77,515
Income taxes payable	244,084	78,073
Allowance for guarantees	83,472	125,073
Provision for bonuses	51,498	74,457
Provision for sales promotion expenses	7,910	13,280
Deposits received	17,543	8,612
Other	378,660	418,737
Total current liabilities	4,729,845	8,146,180
Non-current liabilities		
Long-term loans payable	1,363,338	1,418,342
Asset retirement obligations	3,673	3,682
Other	53,561	32,160
Total non-current liabilities	1,420,572	1,454,184
Total liabilities	6,150,418	9,600,365
Net assets		
Shareholders' equity		
Capital stock	846,224	1,187,195
Capital surplus	362,906	849,051
Retained earnings	1,612,425	1,952,147
Treasury shares	(132,348)	—
Total shareholders' equity	2,689,206	3,988,394
Subscription rights to shares	8,435	11,317
Total net assets	2,697,642	3,999,711
Total liabilities and net assets	8,848,060	13,600,077

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Thousand yen)

	Previous fiscal year (From May 1, 2018 to April 30, 2019)	Fiscal year under review (From May 1, 2019 to April 30, 2020)
Net sales	2,980,398	3,477,670
Cost of sales	610,392	733,769
Gross profit	2,370,005	2,743,900
Selling, general and administrative expenses	1,821,280	2,037,813
Operating income	548,725	706,086
Non-operating income		
Commission fee	2,940	3,586
Gain on investments in partnership	6,511	4,872
Interest on tax refund	—	1,376
Miscellaneous income	1,555	3,187
Total non-operating income	11,007	13,022
Non-operating expenses		
Interest expenses	1,847	4,870
Expenses for liquidation of receivables	4,515	—
Commission fee	539	2,732
Issuance cost of subscription rights to shares	5,615	—
Taxes and dues	—	2,563
Miscellaneous loss	1,515	490
Total non-operating expenses	14,034	10,656
Ordinary income	545,697	708,451
Extraordinary losses		
Reorganization-related expenses	21,888	—
Total extraordinary losses	21,888	—
Income before income taxes	523,809	708,451
Income taxes - current	267,235	295,037
Income taxes - deferred	(122,971)	(37,689)
Total income taxes	144,263	257,348
Net income	379,545	451,103
Net income attributable to owners of parent	379,545	451,103

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous fiscal year (From May 1, 2018 to April 30, 2019)	Fiscal year under review (From May 1, 2019 to April 30, 2020)
Net income	379,545	451,103
Comprehensive income	379,545	451,103
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	379,545	451,103

(3) Consolidated statements of cash flows

(Thousand yen)

	Previous fiscal year (From May 1, 2018 to April 30, 2019)	Fiscal year under review (From May 1, 2019 to April 30, 2020)
Cash flows from operating activities		
Income before income taxes	523,809	708,451
Depreciation	73,859	100,942
Amortization of goodwill	28,842	42,501
Share-based remuneration expenses	—	6,794
Increase (decrease) in allowance for doubtful accounts	165,281	55,646
Increase (decrease) in allowance for guarantees	26,296	41,601
Interest and dividend income	(25)	(26)
Interest expenses paid on loans and bonds	1,847	4,870
Loss (gain) on investments in partnership	(6,511)	(4,872)
Decrease (increase) in notes and accounts receivable - trade	(842,557)	(242,608)
Decrease (increase) in rights to claim compensation	46,061	(10,720)
Decrease (increase) in inventories	13,389	9
Increase (decrease) in notes and accounts payable - trade	97,639	1,403,895
Increase (decrease) in deposits received	(392,259)	(8,931)
Increase (decrease) in payables associated with liquidation of receivables	(141,000)	—
Increase (decrease) in advances received	(25,415)	25,704
Decrease (increase) in prepaid expenses	18,318	(24,022)
Decrease/increase in consumption taxes receivable/payable	(54,495)	102,501
Other	62,732	3,804
Subtotal	(404,185)	2,205,542
Interest and dividend income received	25	26
Interest expenses paid	(2,341)	(6,618)
Income taxes paid	(162,832)	(467,589)
Income taxes refund	—	36,696
Net cash provided by (used in) operating activities	(569,335)	1,768,058
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,468,200)	(17,198)
Purchase of intangible assets	(66,129)	(104,554)
Purchase of investment securities	—	(325,750)
Proceeds from distributions from investment partnerships	6,000	23,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(186,214)	—
Payments for lease and guarantee deposits	—	(3,125)
Proceeds from refund of leasehold and guarantee deposits	35,182	—
Other	195	(55)
Net cash provided by (used in) investing activities	(1,679,165)	(427,683)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	700,000	1,940,000
Proceeds from long-term loans payable	1,700,000	400,000
Repayments of long-term loans payable	(161,678)	(211,664)
Cash dividends paid	(92,610)	(111,381)
Proceeds from issuance of share acquisition rights	8,011	—
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	23,722	679,158
Purchase of treasury shares	(0)	—
Proceeds from disposal of treasury shares resulting from exercise of subscription rights to shares	246,000	276,394
Other	(6,655)	(2,540)
Net cash provided by (used in) financing activities	2,416,788	2,969,966
Net increase (decrease) in cash and cash equivalents	168,287	4,310,340
Cash and cash equivalents at beginning of period	2,155,442	2,323,730
Cash and cash equivalents at end of period	2,323,730	6,634,071

1. Sales, profits or losses, assets, liabilities and other items in each reporting
Previous fiscal year (from May 1, 2018 to April 30, 2019)

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, and 4)
	EC	Financial	Total		
Sales					
Sales to external customers	1,763,055	1,217,342	2,980,398	—	2,980,398
Intersegment sales and transfers	—	174,937	174,937	(174,937)	—
Total	1,763,055	1,392,280	3,155,335	(174,937)	2,980,398
Segment profit	714,528	142,834	857,363	(308,637)	548,725
Segment assets	2,059,511	4,772,318	6,831,829	2,016,231	8,848,060
Segment liabilities	1,453,875	4,257,469	5,711,345	439,072	6,150,418
Other items					
Depreciation	37,490	29,082	66,572	7,286	73,859
Amortization of goodwill	—	28,842	28,842	—	28,842
Extraordinary losses	2,531	1,294	3,826	18,061	21,888
Increase in property, plant and equipment and intangible assets	33,524	28,838	62,362	1,481,866	1,544,229

- (Notes) 1. The segment profit adjustment of -308,637,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly composed of management consulting fees and such from each reporting segment and the company-wide expenses are general and administrative expenses and such which are not attributable to reporting segments.
2. Segment profits are adjusted to operating income in the consolidated statements of income.
3. Segment assets are adjusted to total assets in the consolidated balance sheets.
4. Segment liabilities are adjusted to total liabilities in the consolidated balance sheets.

Fiscal year under review (from May 1, 2019 to April 30, 2020)

	Reporting segment			Adjustment (Note 1)	(Thousand yen) Consolidated financial statement amount (Notes 2, 3, and 4)
	EC	Financial	Total		
Net sales					
Sales to external customers	1,962,936	1,514,733	3,477,670	—	3,477,670
Intersegment sales and transfers	—	180,262	180,262	(180,262)	—
Total	1,962,936	1,694,996	3,657,932	(180,262)	3,477,670
Segment profit	859,123	187,527	1,046,650	(340,564)	706,086
Segment assets	3,024,936	6,803,449	9,828,386	3,771,691	13,600,077
Segment liabilities	2,001,960	6,131,274	8,133,234	1,467,131	9,600,365
Other items					
Depreciation	39,184	32,328	71,512	29,430	100,942
Amortization of goodwill	—	42,501	42,501	—	42,501
Increase in property, plant and equipment and intangible assets	59,486	23,193	82,680	32,212	114,892

(Notes) 1. The segment profit adjustment of -340,564,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly composed of management consulting fees and such from each reporting segment and the company-wide expenses are general and administrative expenses and such which are not attributable to reporting segments.

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

3. Segment assets are adjusted to total assets in the consolidated balance sheets.

4. Segment liabilities are adjusted to total liabilities in the consolidated balance sheets.

b. Related information

Previous fiscal year (from May 1, 2018 to April 30, 2019)

1. Information by product and service

The classifications of products and services are identical to the reporting segments, and the information is omitted.

2. Information by region

(1) Sales

The information is omitted as sales to external customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted as the Company does not have any property, plant and equipment outside Japan.

3. Information by major customer

The information is omitted as no external customer accounts for 10% or more of sales in the consolidated statements of income.

Fiscal year under review (from May 1, 2019 to April 30, 2020)

1. Information by product and service

The classifications of products and services are identical to the reporting segments, and the information is omitted.

2. Information by region

(1) Sales

The information is omitted as sales to external customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted as the Company does not have any property, plant and equipment outside Japan.

3. Information by major customer

The information is omitted as no external customer accounts for 10% or more of sales in the consolidated statements of income.

c. Information on impairment loss on non-current assets by reporting segment

Previous fiscal year (from May 1, 2018 to April 30, 2019)

Not applicable.

Fiscal year under review (from May 1, 2019 to April 30, 2020)

Not applicable.

d. Information on the amortization and unamortized balance of goodwill by reporting segment

Previous fiscal year (from May 1, 2018 to April 30, 2019)

(Thousand yen)

	EC	Financial	Corporate (common)	Total
Amortization	—	28,842	—	28,842
Unamortized	—	324,080	—	324,080

Fiscal year under review (from May 1, 2019 to April 30, 2020)

(Thousand yen)

	EC	Financial	Corporate (common)	Total
Amortization	—	42,501	—	42,501
Unamortized	—	281,579	—	281,579

e. Information on gain on bargain purchase by reporting segment

Not applicable.