

Summary of Financial Results (Consolidated) For the Fiscal Year Ended April 30, 2021 (Japanese GAAP)

June 10, 2021

Listed company: Raccoon Holdings, Inc.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

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Scheduled date of ordinary general meeting of shareholders: July 24, 2021

Scheduled date of commencement of dividend payment: July 26, 2021

Scheduled date of submission of annual securities report: July 29, 2021

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, 2021 (May 1, 2020, through April 30, 2021)

(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, 2021	4,364	25.5	1,339	57.8	1,196	69.4	1,216	71.8	800	77.6
Year ended April 30, 2020	3,477	16.7	848	30.3	706	28.7	708	29.8	451	18.9

(Note) Comprehensive income Year ended April 30, 2021 ¥800 million (77.6%)

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

	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, 2021	36.78	36.19	17.2	9.3	27.4
Year ended April 30, 2020	23.73	22.85	13.5	6.3	20.3

(Reference) Equity in earnings of affiliates Year ended April 30, 2021 ¥– million

Year ended April 30, 2020 ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2021	12,452	5,342	42.6	239.23
As of April 30, 2020	13,600	3,999	29.3	197.68

(Reference) Shareholders' equity As of April 30, 2021 ¥5,310 million

As of April 30, 2020 ¥3,988 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, 2021	184	(43)	(1,972)	4,802
As of April 30, 2020	1,768	(427)	2,969	6,634

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	%	%
Fiscal year ended April 30, 2020	–	0.00	–	6.50	6.50	131	27.4	3.8
Fiscal year ended April 30, 2021	–	8.00	–	9.00	17.00	380	46.2	7.8
Fiscal year ending April 30, 2022 (forecast)	–	10.00	–	10.00	20.00		–	

(Notes) 1. The year-end dividend per share for the fiscal year ended April 30, 2021 has been changed from ¥8 to ¥9. For details, please refer to “Notice Concerning Dividends of Surplus (Increased Dividend) and Dividend Forecast for the Fiscal Year Ending April 30, 2022” announced today (June 10, 2021).

2. As for the dividend forecast for the fiscal year ending April 30, 2022, the Company targets a consolidated payout ratio of 45% to 50%. Because the Company has prepared its forecast of results for the fiscal year ending April 30, 2022 with ranges, the dividend forecast is calculated based on the median of the net income attributable to owners of parent in the forecast of results.

3. Forecast of consolidated results for the fiscal year ending April 30, 2022 (May 1, 2021, through April 30, 2022)

(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	5,300	21.4	1,580	18.0	1,430	19.5	1,430	17.5	940	17.4	42.35
			~	~	~	~	~	~	~	~	~
			1,680	25.4	1,530	27.9	1,530	25.7	1,000	24.8	45.05

* 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

April 30, 2021 22,361,043 April 30, 2020 20,176,043

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

April 30, 2021 163,668 April 30, 2020 —

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

Year ended April 30, 2021 21,778,030 Year ended April 30, 2020 19,007,161

*This financial summary is not subject to audit procedures by a certified public accountant or audit corporation.

* 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.

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

Supplementary documents for the financial results will be disclosed on the TDnet (Timely Disclosure network operated by the Tokyo Stock Exchange) shortly. Additionally, the Company will hold a results briefing session for institutional investors and securities analysts via a live stream on Thursday, June 10, 2021. The video of this results briefing session will be provided on the website 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 under review

During the fiscal year under review (May 1, 2020, through April 30, 2021), the Japanese economy continued to suffer from stagnating economic activities with extended restrictions on corporate activities and individual consumption due to the prolonged impact of the novel coronavirus (COVID-19). Despite a glimpse of hopeful signs including vaccinations beginning to spread worldwide, there is still no end in sight due to factors such as a resurgence from variants and the outlook remains uncertain.

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.” Demand for the Company’s services, which utilize IT and can prepare for non-face-to-face business activities and continuation of business activities, has remained strong, and the number of new users continued to increase in both the EC and Financial businesses. Meanwhile, amid the prolonged COVID-19 pandemic, there has been a steady increase in the number of customers who truly understand the convenience of the Raccoon Group’s services, and extended use of the services is expected to contribute to improving the operating rate over the medium to long term. As a result, consolidated net sales amounted to 4,364,721,000 yen (up 25.5% year on year) in the fiscal year under review.

In terms of expenditures, the amount of guarantees the Financial business provided was on a declining trend throughout the year and the ratio of cost of sales for the Financial business was also at a low level. Due to these factors, the cost of sales decreased by 11.4% year on year. Although advertising expenses increased by 84.6% year on year due to a gradual increase in costs for promotion, other expenses were at a low level. Consequently, selling, general and administrative expenses increased by 23.6% year on year.

As a result, EBITDA stood at 1,339,509,000 yen (up 57.8%), operating income at 1,196,169,000 yen (up 69.4%), ordinary income at 1,216,965,000 yen (up 71.8%), and net income attributable to owners of parent at 800,968,000 yen (up 77.6%), 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.

Targeting new participating companies that have joined during or after November 2020, the Company changed the fee structure for participating companies and began offering a new fee plan which waives the basic fee for posting product information in favor of system usage fees. The Company made it easier for companies to list products on Super Delivery by eliminating the basic fee for posting product information. Combined with the online advertisement placements that began in December 2020, these efforts created a synergistic effect and the number of client companies continued to increase significantly through the end of placements in February. Although the increase has somewhat slowed down with the end of placements, the number of new client companies remained at a level exceeding that before the online advertisement placements began. Consequently, at the end of the fiscal year under review, the number of Super Delivery member retailers stood at 220,111 (up 53,044), the number of participating companies counted 2,633 (up 780), and the number of items displayed was 1,457,909 (up 310,618), all compared with the end of the previous fiscal year.

In the fourth quarter under review, demand for masks and sterilization goods, which are considered to be products of special demand in relation to COVID-19, remained stable, while the transaction value of ordinary products in apparel and miscellaneous goods steadily increased, and the overall transaction value of Super Delivery increased by 4.6% on a quarter-on-quarter basis (increased by 33.4% compared with the fourth quarter of the previous fiscal year). The value of transactions for the fourth quarter under review exceeded that for the first quarter, during which the transaction value rapidly increased thanks to the products of special demand in relation to COVID-19. Consequently, the transaction value for the fiscal year under review totaled 19,853,948,000 yen (up 55.0% year on year). Transaction value has grown in all categories, including the value of transactions with domestic retailers, the value of transactions with non-retail businesses in Japan, and the value of transactions overseas, and the value of transactions in Japan increased by 51.9% and the value of transactions overseas increased by 68.2%, both on a year-on-year basis.

As a result, sales in the EC business stood at 2,720,228,000 yen (up 38.6% year on year). In terms of expenditures, the Company has conducted aggressive promotional activities while gradually increasing advertising expenses, resulting in an increase of 98.0% year on year for the entire fiscal year. Consequently, segment profit was 1,149,432,000 yen (up 33.8% year on year).

(ii) Financial business

In the Paid service, the number of member companies steadily increased to surpass 4,100. The Company has continued its endeavors to improve the operating rate of the acquired member companies and increase sales per company. During the fourth quarter under review, a state of emergency was declared for the second and third time. Although the value of transactions decreased for member companies in some industries that were negatively affected by the state of emergency being declared, the value of transactions increased as a result of the increases in the number of operations and sales per company. Accordingly, the value of transactions outside the Group totaled 21,445,096,000 yen (up 12.3%) and the overall value of transactions (including 9,198,901,000 yen of transactions within the Group) stood at 30,643,997,000 yen (up 17.8%), both on a year-on-year basis.

In Guarantee services, the Company has continued to actively work on business collaborations with local financial institutions for the T&G Credit Guarantee service and the URIHO service, and the number of collaborations steadily increased. Inquiries from small- to medium-sized companies, the targets for these services, have kept the pace of increase, and demand for credit guarantee services remains high against the backdrop of the COVID-19 pandemic. For the URIHO service, the Company began airing TV commercials from March 2021 in selected regions with the aim of informing more small- to medium-sized companies about the service and enhancing awareness.

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, while beginning collaborations on applications for rent guarantees that utilize tenant/residential rental application services.

Guarantees outstanding at the end of the fiscal year under review amounted to 84,347,244,000 yen (23,076,794,000 yen for RACCOON FINANCIAL, Inc. and 61,270,449,000 yen for RACCOON RENT, Inc.), up 11.5% from the end of the previous fiscal year. As a result, sales in the Financial business stood at 1,883,909,000 yen (up 11.1% year on year). In terms of expenditures, the ratio of cost of sales continued to decline significantly due to a decrease in the amount of guarantees provided. Furthermore, in the Financial business as well, the Company has conducted aggressive promotional activities while gradually increasing advertising expenses, resulting in an increase of 43.9% year on year for the entire fiscal year. Consequently, segment profit totaled 522,515,000 yen (up 178.6% 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 amounted to 12,452,184,000 yen, down 1,147,893,000 yen from the end of the previous fiscal year. Current assets decreased 1,050,671,000 yen to 9,872,741,000 yen. The main factor for the decrease is the decrease of 1,823,871,000 yen in cash and deposits due to repayment of short-term borrowings despite the increase of 674,039,000 yen in accounts receivable - trade due to increased transactions. Non-current assets decreased 97,221,000 yen to 2,579,442,000 yen. The main factors for the decrease are the decrease of 44,848,000 yen in deferred tax assets, the recording of 38,451,000 yen in amortization of goodwill and the decrease of 26,057,000 yen in buildings primarily due to depreciation.

Liabilities at the end of the fiscal year under review totaled 7,109,908,000 yen, down 2,490,456,000 yen from the end of the previous fiscal year. Current liabilities decreased 2,287,018,000 yen to 5,859,162,000 yen. The main factor for the decrease is the decrease of 2,640,000,000 yen in short-term borrowings due to repayment despite the increase of 596,539,000 yen in accounts payable - other primarily due to purchase of treasury shares associated with the introduction of an employee stock ownership plan (J-ESOP). Non-current liabilities decreased 203,438,000 yen to 1,250,746,000 yen. The main factor for the decrease is the decrease of 220,006,000 yen in long-term borrowings due to repayment.

Net assets at the end of the fiscal year under review increased 1,342,563,000 yen from the end of the previous fiscal year to 5,342,275,000 yen. The main factors for the increase are the increase of 499,076,000 yen in treasury shares due to the introduction of an employee stock ownership plan (J-ESOP) and purchase of shares of less than one trading unit, the increase of a total of 1,330,082,000 yen in capital stock and capital surplus due to the exercising of subscription rights to shares and the increase in retained earnings due to the recording of 800,968,000 yen as net income attributable to owners of parent, while retained earnings decreased 310,032,000 yen due to cash dividends paid.

(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 decreased 1,831,201,000 yen from the end of the previous fiscal year to 4,802,869,000 yen. Cash flows from each activity for the fiscal year under review and their primary factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review amounted to 184,766,000 yen (the funds decreased 1,583,291,000 yen year on year). The main factors for this are the recording of 1,206,109,000 yen as income before income taxes, an increase of 674,039,000 yen in notes and accounts receivable - trade and a decrease of 187,368,000 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 43,512,000 yen (the funds increased 384,171,000 yen year on year). The main factors for this are the recording of 77,269,000 yen as purchase of intangible assets primarily for developing software and the recording of 33,089,000 yen as proceeds from distributions from investment partnerships.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review amounted to 1,972,456,000 yen (the funds decreased 4,942,422,000 yen year on year). The main factor for this is the decrease of 2,640,000,000 yen in short-term loans payable.

(4) Future prospects

For the fiscal year ending April 2022, the Company forecasts net sales of 5,300 million yen, EBITDA of 1,580 to 1,680 million yen, operating income of 1,430 to 1,530 million yen, ordinary income of 1,430 to 1,530 million yen, and net income attributable to owners of parent of 940 to 1,000 million yen.

Due to the digital shift of B2B transactions resulting from the COVID-19 pandemic, the business environment for the Raccoon Group's services has continued to improve. For the EC business, although the growth rate will decline because results will be compared against those for the fiscal year ended April 30, 2021, during which rapid growth was achieved, the Company continues to expect a high level of growth under a favorable environment. Meanwhile in the Financial business, the Company is anticipating the outlook to remain uncertain considering the possibility that the number of bankruptcies will increase in the future. Because the Company intends to continue conducting cautious reviews for guarantees in the fiscal year ending April 30, 2022, similarly to the fiscal year ended April 30, 2021, the Company anticipates a commensurate growth in net sales. In addition, the Company has prepared income forecasts with ranges, allowing for two estimates on the rate of defaults of customer companies, etc., one at the same level as the fiscal year ended April 30, 2021, and the other with an increase from the fiscal year ended April 30, 2021.

The Company anticipates that the digital shift in the field of business-to-business transactions will continue after the COVID-19 pandemic and the current favorable business environment will last over the medium to long term. In order to not waste this opportunity and aim for an expansion of its business, the Company plans to strategically increase its costs in the fiscal year ending April 30, 2022 with a medium- to long-term perspective. As one of the measures, the Company intends to continue enhancing promotional activities in both the EC business and the Financial business. By approaching potential and existing customers through a variety of means, the Company will enhance awareness and increase the number of customer acquisitions. Furthermore, the Company plans to reinforce personnel in each service, as well as engineers and web designers. During the fiscal year ended April 30, 2021, the Company's business scale grew significantly due to a rapid increase in demand for the Company's services amid the COVID-19 pandemic. In order to further enhance its services and to address future business growth, the Company will work on reinforcing personnel in each service. Moreover, in order to further improve convenience and efficiency from a systems perspective, the Company also intends to reinforce its engineers and web designers.

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. Basic Policy on Selection of Accounting Standards

The Raccoon Group intends to continue preparing its consolidated financial statements using Japanese GAAP for the foreseeable future, taking into consideration the comparability of consolidated financial statements by term and comparability between companies.

The Raccoon Group intends to appropriately address the adoption of International Financial Reporting Standards considering circumstances in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2020)	End of consolidated fiscal year under review (As of April 30, 2021)
Assets		
Current assets		
Cash and deposits	6,641,033	4,817,162
Accounts receivable - trade	4,208,093	4,882,133
Rights to claim compensation	43,761	48,320
Supplies	105	259
Prepaid expenses	187,585	206,871
Other	70,770	71,663
Allowance for doubtful accounts	(227,937)	(153,669)
Total current assets	10,923,413	9,872,741
Non-current assets		
Property, plant and equipment		
Buildings	627,207	622,859
Accumulated depreciation	(41,729)	(63,438)
Buildings, net	585,478	559,420
Vehicles	3,537	—
Accumulated depreciation	(3,537)	—
Vehicles, net	0	—
Tools, furniture and fixtures	48,347	55,164
Accumulated depreciation	(42,015)	(36,279)
Tools, furniture and fixtures, net	6,331	18,884
Land	882,140	882,140
Total property, plant and equipment	1,473,950	1,460,445
Intangible assets		
Software	191,723	191,348
Software in progress	30,113	27,526
Goodwill	281,579	243,128
Other	2,118	1,777
Total intangible assets	505,534	463,780
Investments and other assets		
Investment securities	427,740	433,898
Lease and guarantee deposits	15,463	11,263
Deferred tax assets	241,725	196,877
Other	12,249	13,177
Total investments and other assets	697,178	655,216
Total non-current assets	2,676,664	2,579,442
Total assets	13,600,077	12,452,184

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2020)	End of consolidated fiscal year under review (As of April 30, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	4,365,434	4,178,065
Short-term borrowings	2,640,000	—
Current portion of long-term borrowings	344,996	220,006
Accounts payable - other	77,515	674,055
Income taxes payable	78,073	175,425
Allowance for guarantees	125,073	80,668
Provision for bonuses	74,457	75,484
Provision for share-based remuneration	—	44,532
Provision for sales promotion expenses	13,280	19,770
Deposits received	8,612	9,858
Other	418,737	381,294
Total current liabilities	8,146,180	5,859,162
Non-current liabilities		
Long-term borrowings	1,418,342	1,198,336
Asset retirement obligations	3,682	1,035
Other	32,160	51,375
Total non-current liabilities	1,454,184	1,250,746
Total liabilities	9,600,365	7,109,908
Net assets		
Shareholders' equity		
Capital stock	1,187,195	1,852,237
Capital surplus	849,051	1,514,092
Retained earnings	1,952,147	2,443,083
Treasury shares	—	(499,076)
Total shareholders' equity	3,988,394	5,310,337
Share acquisition rights	11,317	31,938
Total net assets	3,999,711	5,342,275
Total liabilities and net assets	13,600,077	12,452,184

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

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2019, to April 30, 2020)	Consolidated fiscal year under review (From May 1, 2020, to April 30, 2021)
Net sales	3,477,670	4,364,721
Cost of sales	733,769	650,075
Gross profit	2,743,900	3,714,646
Selling, general and administrative expenses	2,037,813	2,518,476
Operating income	706,086	1,196,169
Non-operating income		
Commission income	3,586	4,929
Gain on investments in investment partnerships	4,872	39,771
Interest on tax refund	1,376	30
Miscellaneous income	3,187	3,656
Total non-operating income	13,022	48,388
Non-operating expenses		
Interest expenses	4,870	10,647
Commission expenses	2,732	11,326
Taxes and dues	2,563	4,892
Miscellaneous loss	490	726
Total non-operating expenses	10,656	27,592
Ordinary income	708,451	1,216,965
Extraordinary losses		
Office relocation expenses	—	10,856
Total extraordinary losses	—	10,856
Income before income taxes	708,451	1,206,109
Income taxes - current	295,037	360,291
Income taxes - deferred	(37,689)	44,848
Total income taxes	257,348	405,140
Net income	451,103	800,968
Net income attributable to owners of parent	451,103	800,968

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2019, to April 30, 2020)	Consolidated fiscal year under review (From May 1, 2020, to April 30, 2021)
Net income	451,103	800,968
Comprehensive income	451,103	800,968
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	451,103	800,968

(3) Consolidated statements of changes in equity

Previous consolidated fiscal year (from May 1, 2019, to April 30, 2020)

(Thousand yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	846,224	362,906	1,612,425	(132,348)	2,689,206	8,435	2,697,642
Changes during period							
Issuance of new shares	340,971	340,971			681,942		681,942
Dividends of surplus			(111,381)		(111,381)		(111,381)
Net income attributable to owners of parent			451,103		451,103		451,103
Purchase of treasury shares							—
Disposal of treasury shares		145,173		132,348	277,522		277,522
Net changes in items other than shareholders' equity						2,881	2,881
Total changes during period	340,971	486,145	339,721	132,348	1,299,187	2,881	1,302,068
Balance at end of period	1,187,195	849,051	1,952,147	—	3,988,394	11,317	3,999,711

Consolidated fiscal year under review (from May 1, 2020, to April 30, 2021)

(Thousand yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	1,187,195	849,051	1,952,147	—	3,988,394	11,317	3,999,711
Changes during period							
Issuance of new shares	665,041	665,041			1,330,082		1,330,082
Dividends of surplus			(310,032)		(310,032)		(310,032)
Net income attributable to owners of parent			800,968		800,968		800,968
Purchase of treasury shares				(499,076)	(499,076)		(499,076)
Net changes in items other than shareholders' equity						20,621	20,621
Total changes during period	665,041	665,041	490,936	(499,076)	1,321,942	20,621	1,342,563
Balance at end of period	1,852,237	1,514,092	2,443,083	(499,076)	5,310,337	31,938	5,342,275

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2019, to April 30, 2020)	Consolidated fiscal year under review (From May 1, 2020, to April 30, 2021)
Cash flows from operating activities		
Income before income taxes	708,451	1,206,109
Depreciation	100,942	105,640
Amortization of goodwill	42,501	38,451
Share-based remuneration expenses	6,794	25,143
Increase (decrease) in allowance for doubtful accounts	55,646	(74,268)
Increase (decrease) in allowance for guarantees	41,601	(44,404)
Interest and dividend income	(26)	(62)
Interest expenses	4,870	10,647
Loss (gain) on investments in investment partnerships	(4,872)	(39,771)
Relocation expenses	—	10,856
Decrease (increase) in notes and accounts receivable - trade	(242,608)	(674,039)
Decrease (increase) in rights to claim compensation	(10,720)	(4,558)
Decrease (increase) in inventories	9	(153)
Increase (decrease) in notes and accounts payable - trade	1,403,895	(187,368)
Increase (decrease) in deposits received	(8,931)	1,246
Increase (decrease) in advances received	25,704	884
Decrease (increase) in prepaid expenses	(24,022)	(19,286)
Decrease/increase in consumption taxes receivable/payable	102,501	(55,025)
Other	3,804	172,340
Subtotal	2,205,542	472,380
Interest and dividend income received	26	62
Interest expenses paid	(6,618)	(8,951)
Payments of relocation expenses	—	(7,899)
Income taxes paid	(467,589)	(273,479)
Income taxes refund	36,696	2,654
Cash flows provided by (used in) operating activities	1,768,058	184,766
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,198)	(4,217)
Purchase of intangible assets	(104,554)	(77,269)
Purchase of investment securities	(325,750)	—
Proceeds from distributions from investment partnerships	23,000	33,089
Payments for lease and guarantee deposits	(3,125)	—
Proceeds from refund of leasehold and guarantee deposits	—	4,200
Other	(55)	685
Cash flows provided by (used in) investing activities	(427,683)	(43,512)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,940,000	(2,640,000)
Proceeds from long-term loans payable	400,000	—
Repayments of long-term loans payable	(211,664)	(344,996)
Cash dividends paid	(111,381)	(310,032)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	679,158	1,325,560
Purchase of treasury shares	—	(96)
Proceeds from disposal of treasury shares resulting from exercise of subscription rights to shares	276,394	—
Other	(2,540)	(2,892)
Cash flows provided by (used in) financing activities	2,969,966	(1,972,456)
Net increase (decrease) in cash and cash equivalents	4,310,340	(1,831,201)
Cash and cash equivalents at beginning of period	2,323,730	6,634,071
Cash and cash equivalents at end of period	6,634,071	4,802,869

(5) Notes on consolidated financial statements

(Notes regarding going concern assumptions)
Not applicable

(Notes in the case of significant changes in amount of shareholders' equity)

Capital stock and legal capital surplus increased by 665,041,000 yen respectively, due to the issuance of new shares by exercising of subscription rights to shares and stock options. Consequently, capital stock amounted to 1,852,237,000 yen and legal capital surplus amounted to 1,208,653,000 yen at the end of the fiscal year under review.

In addition, due to the introduction of an employee stock ownership plan (J-ESOP), the trust acquired 163,600 shares of the Company's shares, resulting in an increase in treasury shares of 498,980,000 yen. Consequently, treasury shares amounted to 499,076,000 yen at the end of the fiscal year under review, including acquisitions from purchase of shares of less than one trading unit.

(Additional information)

(Transactions in which the Company's shares are delivered to employees, etc. through a trust)

At the meeting of the Board of Directors held on April 14, 2021, the Company has introduced an employee stock ownership plan (J-ESOP), which is an incentive plan under which the Company's shares are provided to its employees (hereinafter, the "Plan"), in order to increase motivation and enhance the morale of employees toward improving the Company's share price and business results by further strengthening the link between the share price and business results and employee compensation as well as sharing the economic impact with shareholders.

(1) Overview of the transactions

The Plan is a scheme under which the Company's shares and money equivalent to the amount of the Company's shares converted at a market price (hereinafter, the "Company Shares, etc.") are provided to the Company's employees who have met certain requirements and in accordance with the Stock Benefit Regulations predetermined by the Company. The Company grants points to its employees based on factors such as the Company's business results, and the Company Shares, etc., corresponding to the granted points are provided when beneficiary rights are obtained based on certain conditions. Shares to be provided to employees, including shares to be provided in the future, are acquired using the money entrusted in advance, and are managed separately as trust assets.

(2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares in net assets based on their carrying amounts in the trust (excluding the amount of ancillary expenses). The carrying amount and the number of shares of such treasury shares for the fiscal year under review were 498,980,000 yen and 163,600 shares, respectively.

(Segment information)

[Segment information]

1. Summary of reporting segments

The Company's reporting segments are organizational units for which separate financial information is available, and they are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results. In the Raccoon Group, the Company, which is a holding company, formulates comprehensive strategies and engages in overall management, while each business company conducts its own business activities based on those management strategies. Each business company provides infrastructure services for business-to-business transactions with the aim of making corporate activities more efficient and convenient. Business activities are undertaken in an effort to increase sales and profits while striving to improve services.

Accordingly, the Raccoon Group is comprised of segments by service based on business companies, with the two reporting segments of the EC business and Financial business.

The EC business conducts business centered around the operation of Super Delivery, a business-to-business (BtoB) transaction website. The Financial business engages in the operation of the Paid service, a BtoB deferred payment service for transactions between enterprises, the operation of the T&G Credit Guarantee service and the URIHO service, services to provide guarantees for accounts receivables of enterprises from their business partners, and a rent guarantee service.

2. The method of measurements of sales, profits or losses, assets, liabilities, and other items by reporting segment

The method of accounting for reporting business segments is generally the same as that stated in the basis for preparing consolidated financial statements.

Profits for reporting segments are figures based on operating income.

Inter-segment sales and transfers are determined according to prevailing market prices.

3. Information on sales, profits or losses, assets, liabilities, and other items by reporting segment

Previous consolidated fiscal year (from May 1, 2019, to April 30, 2020)

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, 4)
	EC	Financial	Total		
Sales					
Sales to external customers	1,962,936	1,514,733	3,477,670	—	3,477,670
Inter-segment 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 minus 340,564,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly comprised 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.

Consolidated fiscal year under review (from May 1, 2020, to April 30, 2021)

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, 4)
	EC	Financial	Total		
Sales					
Sales to external customers	2,720,228	1,644,493	4,364,721	—	4,364,721
Inter-segment sales and transfers	—	239,416	239,416	(239,416)	—
Total	2,720,228	1,883,909	4,604,138	(239,416)	4,364,721
Segment profit	1,149,432	522,515	1,671,948	(475,778)	1,196,169
Segment assets	3,676,579	6,465,617	10,142,196	2,309,987	12,452,184
Segment liabilities	2,395,353	5,411,272	7,806,625	(696,717)	7,109,908
Other items					
Depreciation	38,197	34,421	72,618	33,021	105,640
Amortization of goodwill	—	38,451	38,451	—	38,451
Extraordinary losses	—	10,856	10,856	—	10,856
Increase in property, plant and equipment and intangible assets	21,556	55,260	76,816	17,630	94,447

- (Notes) 1. The segment profit adjustment of minus 475,778,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly comprised 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.

[Related information]

Previous consolidated fiscal year (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.

Consolidated fiscal year under review (from May 1, 2020, to April 30, 2021)

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.

[Information on items related to impairment loss on non-current assets by reporting segment]

Previous consolidated fiscal year (from May 1, 2019, to April 30, 2020)

Not applicable

Consolidated fiscal year under review (from May 1, 2020, to April 30, 2021)

Not applicable

[Information on the amortization and unamortized balance of goodwill by reporting segment]

Previous consolidated fiscal year (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

Consolidated fiscal year under review (from May 1, 2020, to April 30, 2021)

(Thousand yen)

	EC	Financial	Corporate (common)	Total
Amortization	—	38,451	—	38,451
Unamortized	—	243,128	—	243,128

[Information on gain on bargain purchase by reporting segment]

Not applicable

(Per share information)

(Yen)

	Previous consolidated fiscal year (From May 1, 2019, to April 30, 2020)	Consolidated fiscal year under review (From May 1, 2020, to April 30, 2021)
Net assets per share	197.68	239.23
Net income per share	23.73	36.78
Net income per share (diluted)	22.85	36.19

(Note) Net income per share and net income per share (diluted) are calculated based on the following.

	Previous consolidated fiscal year (From May 1, 2019, to April 30, 2020)	Consolidated fiscal year under review (From May 1, 2020, to April 30, 2021)
Net income per share		
Net income attributable to owners of parent (Thousand yen)	451,103	800,968
Amount not attributable to shareholders of common shares (Thousand yen)	—	—
Net income attributable to owners of parent attributable to common shares (Thousand yen)	451,103	800,968
Average number of common shares during the period (Shares)	19,007,161	21,778,030
Net income per share (diluted)		
Adjustment of net income attributable to owners of parent (Thousand yen)	—	—
Increase in number of common shares (Shares)	732,957	355,403
[of which share acquisition rights (Shares)]	[732,957]	[355,403]
Outline of potential common shares not used to calculate net income per share (diluted) because they do not have dilution effect	7th share acquisition rights Number of the share acquisition rights: 7,140 (Common shares: 714,000 shares)	—

(Note) The Company's shares remaining in the employee stock ownership plan (J-ESOP), which have been recorded as treasury shares in shareholders' equity, are included in the treasury shares deducted from the total number of issued shares at the end of the term for the purpose of calculating "Net assets per share" (163,600 shares for the fiscal year under review).

In addition, these are included in the treasury shares deducted when calculating the average number of issued shares during the term for the purpose of calculating "Net income per share" and "Net income per share (diluted)" (1,345 shares for the fiscal year under review).

(Significant subsequent events)

Not applicable