

valuation deposits

Summary of Financial Results (Consolidated) For the First Half of Fiscal Year Ending April 30, 2022 (Japanese GAAP)

December 2, 2021

Listed company: Raccoon Holdings, Inc.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

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Scheduled date of submission of quarterly report: December 15, 2021

Scheduled date of commencement of dividend payment: January 11, 2022

Supplementary documents for quarterly financial results: Yes

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

(Rounded down to the nearest million yen)

1. Consolidated results for the first six months ended October 31, 2021 (May 1, 2021 through October 31, 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	%
First half of fiscal year ending April 30, 2022	2,295	6.8	573	(22.1)	504	(23.9)	495	(25.2)	(2)	—
First half of fiscal year ended April 30, 2021	2,149	28.9	736	68.7	662	81.4	662	79.2	428	80.7

(Note) Comprehensive income First half of fiscal year ending April 30, 2022 ¥(2) million (-%)

First half of fiscal year ended April 30, 2021 ¥428 million (80.7%)

(Note) EBITDA = Operating income + Depreciation + Amortization of goodwill (+ Equity in earnings of affiliates)

	Net income per share	Net income per share (diluted)
	Yen	Yen
First half of fiscal year ending April 30, 2022	(0.12)	—
First half of fiscal year ended April 30, 2021	20.19	19.62

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2021	12,994	5,205	39.7	232.06
As of April 30, 2021	12,452	5,342	42.6	239.23

(Reference) Shareholders' equity

As of October 31, 2021 ¥5,154 million

As of April 30, 2021 ¥5,310 million

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended April 30, 2021	—	8.00	—	9.00	17.00
Fiscal year ending April 30, 2022	—	10.00			
Fiscal year ending April 30, 2022 (forecast)			—	10.00	20.00

(Notes) Revisions to dividend forecasts announced most recently: None

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
Full year	5,300	21.4	1,580	18.0	1,430	19.5	1,430	17.5	690	(13.9)	31.07
			~	~	~	~	~	~	~	~	~
			1,680	25.4	1,530	27.9	1,530	25.7	760	(5.1)	34.22

(Notes) Revisions to financial forecasts announced most recently: Yes

* Notes

(1) Important changes in subsidiaries during the first half under review (changes in specified subsidiaries resulting in change in the scope of consolidation): None

(2) Application of accounting specific to the preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policies associated with revisions to accounting standards, etc.: Yes

(ii) Changes in accounting policies other than those specified in (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Number of issued shares (including treasury stock) at the end of the quarter			
October 31, 2021	22,361,043	April 30, 2021	22,361,043
(ii) Number of treasury stock shares at the end of the quarter			
October 31, 2021	147,878	April 30, 2021	163,668
(iii) Average number of issued shares during the first half			
First half ended October 31, 2021	22,208,713	First half ended October 31, 2020	21,207,239

*This financial summary is not subject to the statutory quarterly review 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. Qualitative Information on Results for the Quarter Under Review, (3) Explanation on forecasts including consolidated results forecasts” on page 6 of the accompanying materials.

(How to obtain supplementary information for quarterly financial results)

Supplementary documents for the quarterly financial results will be disclosed on the TDnet (Timely Disclosure network operated by the Tokyo Stock Exchange) shortly.

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1. Qualitative Information on Results for the First Half under Review

(1) Explanation on operating results

During the first half under review (May 1, 2021 through October 31, 2021), the Japanese economy remained in an extremely difficult situation, including the extension of the declaration of a state of emergency owing to the impact of the novel coronavirus (COVID-19), as well as restrictions on economic activities. The COVID-19 vaccination rate has been increasing, the number of cases is falling, and the declaration of a state of emergency has been lifted, resulting in growing expectations that the economy will trend toward recovery going forward. However, there has been a renewed spread of infections in an increasing number of countries overseas, and it is impossible to eliminate concerns that the virus will begin to spread again in Japan. As such, 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.” In the first half of the fiscal year under review, the Group continued to face difficult circumstances, particularly in transactions in Japan, owing to the impact of the continuous spread of COVID-19 from the start of the fiscal year, but in October 2021, there appeared signs of a recovery in domestic business-to-business transactions, as the declaration of a state of emergency was lifted and the domestic economy re-opened. As a result, consolidated net sales for the first half under review were 2,295,303,000 yen (up 6.8% year on year).

In terms of expenditures, advertising expenses increased by 54.3% year on year as the Company continued efforts to enhance promotional activities, and personnel cost increased by 14.1% due to reinforcement of personnel. Consequently, selling, general and administrative expenses increased by 19.8% year on year. As a result, the Company posted EBITDA of 573,950,000 yen (down 22.1%), operating income of 504,398,000 yen (down 23.9%), and ordinary income of 495,576,000 yen (down 25.2%), for the first half under review, all compared on a year-on-year basis. In addition, the Company recorded a loss on valuation of investment securities of 325,750,000 yen, caused by poor performance at some investment targets, as extraordinary losses. As a result, the Company posted loss attributable to owners of parent of 2,707,000 yen for the first half under review.

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. In the first half under review, the Company strengthened promotional activities aimed at enhancing awareness and increasing the number of customer acquisitions to actively capitalize on the growth in demand on the back of the digital shift of B2B transactions. Additionally, the Company also focused on collaborations with regional banks, etc., successfully concluding business-matching agreements with three regional banks in the first half under review, and thus creating systems that enable the Company to smoothly offer Super Delivery and SD export, the cross-border version, to customers of each regional bank. Furthermore, in September 2021, the Company began collaborating with the Sabae Chamber of Commerce and Industry concerning the SD export cross-border EC service, and started participating in CROSS BORDER “SABAE,” a project operated by the Sabae Chamber of Commerce and Industry since January 2021, aimed at supporting the sale of local products overseas. As a result, as of the end of the second quarter under review, the number of Super Delivery members stood at 246,873 (up 26,762), the number of participating companies at 3,019 (up 386), and the number of items displayed at 1,408,067 (down 49,842), all compared with the numbers at the end of the previous fiscal year.

Regarding the transaction value for the first half under review, the value of transactions significantly increased for the first half of the previous fiscal year owing to products of special demand in relation to COVID-19, which resulted in the value of transactions in Japan declining by 6.3% year on year, but the value of transactions in Japan for the first half under review, excluding transactions in masks and sterilization goods, which are products of special demand, increased by 5.3% year on year. The value of transactions overseas increased by 50.3% year on year, with steady increases. Consequently, the value of transactions for the first half under review totaled 10,243,381,000 yen (up 4.6% year on year, or up 14.9% year on year excluding the transactions of masks and sterilization goods, which are products of special demand in relation to COVID-19).

As a result, sales in the EC business stood at 1,411,777,000 yen (up 5.0% year on year). In terms of expenditures, the Company implemented aggressive promotional activities, such as the expansion of the scope of target audience for listing advertisement and on-line advertisement placements, resulting in an increase in advertising expenses of 49.5% year on year, while personnel cost increased by 17.6% year on year due to reinforcement of personnel for business expansion. Consequently, segment profit was 519,339,000 yen (down 15.8% year on year).

(ii) Financial business

In the Paid service, the number of member companies steadily increased to surpass 4,300. The Company has continued its endeavors to improve the operating rate of the acquired member companies and increase sales per company. The value of transactions outside the Group totaled 11,869,287,000 yen (up 17.7%) and the overall value of transactions (including 4,143,660,000 yen of transactions within the Group) stood at 16,012,948,000 yen (up 8.7%), both compared on a year-on-year basis.

In Guarantee services, the Company has continued to actively work on business collaborations with regional banks, etc., for the T&G Credit Guarantee service and the URIHO service, and the number of collaborations steadily increased. Demand for credit guarantee services remains high, with a particularly strong increase in the number of companies using the URIHO service.

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. The Company has been working to reach real estate companies through tenant/residential rental application services and the number of collaborating companies has also steadily increased. Furthermore, the Company started offering a new free attorney consultation service for real estate companies, which act as agents for the Company's services.

Guarantees outstanding at the end of the second quarter under review amounted to 88,826,841,000 yen (26,046,103,000 yen for RACCOON FINANCIAL, Inc. and 62,780,737,000 yen for RACCOON RENT, Inc.), up 5.3% from the end of the previous fiscal year. As a result, sales in the Financial business stood at 991,400,000 yen (up 7.0% year on year). In terms of expenditures, the amount of guarantees provided increased slightly quarter on quarter, but the ratio of cost of sales remained at a low level. In the second quarter, the upward trend in advertising expenses was relatively limited as the Company did not conduct any large-scale promotional activities, but the Company continued its policy of performing aggressive promotional activities, resulting in advertising expenses for the first half under review increasing by 57.3% year on year. Personnel cost increased by 13.8% year on year due to reinforcement of personnel for business expansion. Consequently, segment profit totaled 220,213,000 yen (down 18.1% year on year).

(2) Explanation on the financial status

(i) Financial status

Total assets at the end of the second quarter under review amounted to 12,994,400,000 yen, up 542,215,000 yen from the end of the previous fiscal year. Current assets increased 846,113,000 yen to 10,718,855,000 yen. The main factors causing the increase were the increase of 586,576,000 yen in cash and deposits and the increase of 326,917,000 yen in accounts receivable – trade due to increased transactions despite recording a loss attributable to owners of parent, but the loss was caused by a loss on valuation of investment securities that was not accompanied by any outflows of cash and deposits. Non-current assets decreased 303,897,000 yen to 2,275,544,000 yen. The main factors for the decrease include the decrease of 295,502,000 yen in investment securities due to recording a loss on valuation of investment securities.

Liabilities at the end of the second quarter under review totaled 7,789,248,000 yen, up 679,339,000 yen from the end of the previous fiscal year. Current liabilities increased 765,960,000 yen to 6,625,123,000 yen. The main factor for the increase is the increase of 1,323,873,000 yen in accounts payable – trade due to increased transactions, while accounts payable – other decreased by 502,913,000 yen. Non-current liabilities decreased 86,621,000 yen to 1,164,125,000 yen. The main factor for the decrease is the decrease of 89,166,000 yen in long-term borrowings due to repayment.

Net assets at the end of the second quarter under review decreased 137,124,000 yen from the end of the previous fiscal year to 5,205,151,000 yen. The main factor for the decrease is the decrease of 201,248,000 yen in retained earnings due to cash dividends paid.

(ii) Cash flows

Cash and cash equivalents (the “funds”) at the end of the second quarter under review increased 585,094,000 yen from the end of the previous fiscal year to 5,387,963,000 yen. Cash flows from each activity for the first half under review and their primary factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities during the first half under review amounted to 1,488,692,000 yen (the funds increased 828,428,000 yen year on year). The main factor for this is the increase of 1,323,873,000 yen in notes and accounts payable - trade.

(Cash flows from investing activities)

Net cash used in investing activities during the first half under review amounted to 90,504,000 yen (the funds decreased

69,809,000 yen year on year). The main factors for this are the recording of 54,496,000 yen as purchase of intangible assets primarily for developing software and the recording of 45,000,000 yen as purchase of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review amounted to 813,093,000 yen (the funds increased 705,899,000 yen year on year). The main factors for this are the recording of 499,379,000 yen as purchase of treasury shares and the recording of 201,248,000 yen as cash dividends paid.

(3) Explanation on forecasts including consolidated results forecasts

With regard to the forecast of consolidated results for the fiscal year ending April 30, 2022, the Company has revised the forecast announced on June 10, 2021, taking into account its recent performance trends. For more details, please refer to “Notice Concerning Revisions to Full-Year Financial Forecasts” announced today.

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. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2021)	End of second quarter of the consolidated fiscal year under review (As of October 31, 2021)
Assets		
Current assets		
Cash and deposits	4,817,162	5,403,739
Accounts receivable - trade	4,882,133	5,209,050
Rights to claim compensation	48,320	46,542
Supplies	259	270
Prepaid expenses	206,871	158,046
Other	71,663	85,445
Allowance for doubtful accounts	(153,669)	(184,239)
Total current assets	9,872,741	10,718,855
Non-current assets		
Property, plant and equipment		
Buildings	622,859	622,859
Accumulated depreciation	(63,438)	(75,266)
Buildings, net	559,420	547,592
Tools, furniture and fixtures	55,164	45,172
Accumulated depreciation	(36,279)	(24,423)
Tools, furniture and fixtures, net	18,884	20,749
Land	882,140	882,140
Total property, plant and equipment	1,460,445	1,450,482
Intangible assets		
Software	191,348	190,569
Software in progress	27,526	44,604
Goodwill	243,128	226,737
Other	1,777	1,606
Total intangible assets	463,780	463,518
Investments and other assets		
Investment securities	433,898	138,396
Lease and guarantee deposits	11,263	11,271
Deferred tax assets	196,877	196,977
Other	13,177	14,898
Total investments and other assets	655,216	361,543
Total non-current assets	2,579,442	2,275,544
Total assets	12,452,184	12,994,400

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2021)	End of second quarter of the consolidated fiscal year under review (As of October 31, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	4,178,065	5,501,939
Current portion of long-term borrowings	220,006	178,332
Accounts payable - other	674,055	171,141
Income taxes payable	175,425	133,287
Allowance for guarantees	80,668	89,748
Provision for bonuses	75,484	82,018
Provision for share-based remuneration	44,532	27,339
Provision for sales promotion expenses	19,770	23,450
Deposits received	9,858	22,454
Other	381,294	395,411
Total current liabilities	5,859,162	6,625,123
Non-current liabilities		
Long-term borrowings	1,198,336	1,109,170
Asset retirement obligations	1,035	1,039
Other	51,375	53,915
Total non-current liabilities	1,250,746	1,164,125
Total liabilities	7,109,908	7,789,248
Net assets		
Shareholders' equity		
Capital stock	1,852,237	1,852,237
Capital surplus	1,514,092	1,514,092
Retained earnings	2,443,083	2,239,127
Treasury shares	(499,076)	(450,727)
Total shareholders' equity	5,310,337	5,154,730
Share acquisition rights	31,938	50,421
Total net assets	5,342,275	5,205,151
Total liabilities and net assets	12,452,184	12,994,400

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)
(First half of the consolidated fiscal year)

(Thousand yen)

	First half of the previous consolidated fiscal year (From May 1, 2020 to October 31, 2020)	First half of the consolidated fiscal year under review (From May 1, 2021 to October 31, 2021)
Net sales	2,149,402	2,295,303
Cost of sales	315,557	388,335
Gross profit	1,833,845	1,906,968
Selling, general and administrative expenses	1,171,160	1,402,570
Operating income	662,684	504,398
Non-operating income		
Commission income	2,539	1,683
Gain on investments in investment partnerships	14,319	—
Other	2,635	653
Total non-operating income	19,493	2,336
Non-operating expenses		
Interest expenses	7,218	3,085
Commission expenses	7,173	2,848
Loss on investments in investment partnerships	—	4,952
Taxes and due	4,482	90
Other	659	183
Total non-operating expenses	19,533	11,159
Ordinary income	662,644	495,576
Extraordinary losses		
Loss on valuation of investment securities	—	325,750
Office relocation expenses	10,856	—
Total extraordinary losses	10,856	325,750
Income before income taxes	651,788	169,826
Income taxes	223,618	172,533
Net income (loss)	428,170	(2,707)
Net income (loss) attributable to owners of parent	428,170	(2,707)

(Quarterly consolidated statements of comprehensive income)
(First half of the consolidated fiscal year)

(Thousand yen)

	First half of the previous consolidated fiscal year (From May 1, 2020 to October 31, 2020)	First half of the consolidated fiscal year under review (From May 1, 2021 to October 31, 2021)
Net income (loss)	428,170	(2,707)
Comprehensive income	428,170	(2,707)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	428,170	(2,707)

(3) Quarterly consolidated statements of cash flows

(Thousand yen)

	First half of the previous consolidated fiscal year (From May 1, 2020 to October 31, 2020)	First half of the consolidated fiscal year under review (From May 1, 2021 to October 31, 2021)
Cash flows from operating activities		
Income before income taxes	651,788	169,826
Depreciation	52,768	53,659
Amortization of goodwill	21,250	16,390
Share-based remuneration expenses	9,299	18,483
Increase (decrease) in allowance for doubtful accounts	(4,584)	30,569
Increase (decrease) in allowance for guarantees	(14,015)	9,079
Interest and dividend income	(30)	(29)
Loss (gain) on investments in investment partnerships	(14,319)	4,952
Interest expenses	7,218	3,085
Loss (gain) on valuation of investment securities	—	325,750
Relocation expenses	10,856	—
Decrease (increase) in notes and accounts receivable - trade	(473,178)	(326,917)
Decrease (increase) in rights to claim compensation	(18,045)	1,778
Decrease (increase) in inventories	(67)	(10)
Increase (decrease) in notes and accounts payable - trade	435,823	1,323,873
Increase (decrease) in deposits received	10,687	12,595
Increase (decrease) in advances received	13,369	768
Decrease (increase) in prepaid expenses	22,963	48,825
Decrease/increase in consumption taxes receivable/payable	(26,685)	(14,107)
Other	93,477	20,715
Subtotal	778,576	1,699,287
Interest and dividend income received	30	29
Interest expenses paid	(5,561)	(3,051)
Payments of relocation expenses	(7,899)	—
Income taxes paid	(107,537)	(210,619)
Income taxes refund	2,654	3,046
Cash flows provided by (used in) operating activities	660,263	1,488,692
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,217)	—
Purchase of intangible assets	(34,826)	(54,496)
Purchase of investment securities	—	(45,000)
Proceeds from distributions from investment partnerships	13,489	9,000
Payments for lease and guarantee deposits	—	(8)
Proceeds from refund of leasehold and guarantee deposits	4,200	—
Other	660	—
Cash flows provided by (used in) investing activities	(20,694)	(90,504)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,540,000)	—
Repayments of long-term loans payable	(172,498)	(130,840)
Cash dividends paid	(131,144)	(201,248)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	1,325,560	—
Purchase of treasury shares	(42)	(499,379)
Proceeds from disposal of treasury shares	—	20,985
Other	(867)	(2,611)
Cash flows provided by (used in) financing activities	(1,518,993)	(813,093)
Net increase (decrease) in cash and cash equivalents	(879,423)	585,094
Cash and cash equivalents at beginning of period	6,634,071	4,802,869
Cash and cash equivalents at end of period	5,754,647	5,387,963

(4) Notes on quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable

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

Not applicable

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition etc.)

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 31, 2020, hereinafter "Accounting Standard for Revenue Recognition"), etc., since the beginning of the first quarter of the consolidated fiscal year under review. The Company recognizes revenue at the time when the control over committed goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

There was no impact of this change in accounting policies on the Company's profits and losses for the first half of the consolidated fiscal year under review.

In applying the Accounting Standard for Revenue Recognition etc., the Company follows the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, and there was no impact on the balance of the Company's retained earnings at the beginning of the consolidated fiscal year under review.

(Application of Accounting Standard for Fair Value Measurement etc.)

The Company has adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30; July 4, 2019, hereinafter "Accounting Standard for Fair Value Measurement"), etc., since the beginning of the first quarter of the consolidated fiscal year under review. The Company applies the new accounting policy stipulated in the Accounting Standard for Fair Value Measurement, etc., into the future in accordance with the transitional treatment stipulated in the provisions of paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10; July 4, 2019). There was no impact of this change in accounting policies on the Company's quarterly consolidated financial statements.

(Segment information)

[Segment information]

I. First half of the previous consolidated fiscal year (from May 1, 2020 to October 31, 2020)

1. Information on sales and profits or losses by reporting segment

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Quarterly consolidated financial statement amount (Note 2)
	EC	Financial	Total		
Sales					
Sales to external customers	1,343,989	805,412	2,149,402	—	2,149,402
Inter-segment sales and transfers	—	121,029	121,029	(121,029)	—
Total	1,343,989	926,442	2,270,431	(121,029)	2,149,402
Segment profit	616,912	268,838	885,751	(223,066)	662,684

(Notes) 1. The segment profit adjustment of minus 223,066,000 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 quarterly consolidated statements of income.

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

Not applicable

II. First half of the consolidated fiscal year under review (from May 1, 2021 to October 31, 2021)

1. Information on sales and profits or losses by reporting segment

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Quarterly consolidated financial statement amount (Notes 2)
	EC	Financial	Total		
Sales					
Sales to external customers	1,411,777	883,525	2,295,303	—	2,295,303
Inter-segment sales and transfers	—	107,874	107,874	(107,874)	—
Total	1,411,777	991,400	2,403,178	(107,874)	2,295,303
Segment profit	519,339	220,213	739,552	(235,154)	504,398

(Notes) 1. The segment profit adjustment of minus 235,154,000 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 quarterly consolidated statements of income.

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

Not applicable

(Significant subsequent events)

Not applicable