

Summary of Financial Results (Consolidated)
For the Fiscal Year Ended April 30, 2023
(Japanese GAAP)

June 12, 2023

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 22, 2023

Scheduled date of commencement of dividend payment: July 24, 2023

Scheduled date of submission of annual securities report: July 28, 2023

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 fiscal year ended April 30, 2023 (May 1, 2022 through April 30, 2023)

(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, 2023	5,320	11.1	1,310	3.3	1,193	6.0	1,225	8.0	668	88.6
Year ended April 30, 2022	4,789	9.7	1,268	(5.3)	1,126	(5.9)	1,135	(6.7)	354	(55.7)

(Note) Comprehensive income
Year ended April 30, 2023 ¥668 million (88.6%)
Year ended April 30, 2022 ¥354 million ((55.7)%)

	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, 2023	30.27	30.12	12.6	8.4	22.4
Year ended April 30, 2022	15.97	15.90	6.7	8.6	23.5

(Reference) Equity in earnings of affiliates
Year ended April 30, 2023 ¥- million
Year ended April 30, 2022 ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2023	15,178	5,429	35.0	240.65
As of April 30, 2022	14,060	5,364	37.6	238.12

(Reference) Shareholders' equity
As of April 30, 2023 ¥5,315 million
As of April 30, 2022 ¥5,289 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, 2023	1,122	(165)	(862)	5,427
As of April 30, 2022	1,856	(197)	(1,128)	5,333

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, 2022	–	10.00	–	10.00	20.00	447	125.2	8.4
Fiscal year ended April 30, 2023	–	9.00	–	9.00	18.00	400	59.5	7.5
Fiscal year ending April 30, 2024 (forecast)	–	9.00	–	9.00	18.00		65.7	

(Note) As for the dividend forecast for the fiscal year ending April 30, 2024, because the Company has prepared its forecast of results for the fiscal year ending April 30, 2024 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, 2024 (May 1, 2023 through April 30, 2024)

(The percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	–	–	–	–	–	–	–	–	–
Full year	6,240	17.3	850	(28.8)	850	(30.7)	530	(20.8)	24.62
	to	to	to	to	to	to	to	to	to
	6,440	21.0	1,050	(12.0)	1,050	(14.4)	650	(2.8)	30.20

* 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.: Yes

(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, 2023	22,228,743	April 30, 2022	22,361,043
(ii) Number of treasury stock shares at the end of the fiscal year			
April 30, 2023	138,781	April 30, 2022	147,616
(iii) Average number of issued shares during the fiscal year			
Year ended April 30, 2023	22,094,768	Year ended April 30, 2022	22,211,025

*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 7 of the accompanying materials.

(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 Monday, June 12, 2023. 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, 2022 through April 30, 2023), amid the lingering impact of the novel coronavirus (COVID-19) pandemic, the Japanese economy moved towards normalization following the gradual relaxation of restrictions on socioeconomic activities. While the picking up of the economy was expected in line with a recovery trend in consumer spending, the outlook remains uncertain, affected by the prolonged situation in Russia and Ukraine, concerns on economic downturn due to global monetary tightening, higher prices of resources and raw materials on the back of a weakening of the yen, and other factors.

Under such circumstances, the Raccoon Group has promoted a new Mid-term Management Plan beginning from this fiscal year under review with its theme of “From breadth to depth: sustainable business growth by improving LTV.” We will strive for sustainable business growth by concentrating investment into existing businesses and increasing life time value (LTV) to develop increased membership in the midst of COVID-19 into a solid customer base.

During the fourth quarter under review, the economy finally moved towards a full normalization following the gradual relaxation of restrictions on socioeconomic activities, amid concerns on a decline in consumer willingness to spend as a result of soaring prices. As demand for the Raccoon Group’s services remained favorable on the back of the effects of measures to strengthen investment in sales promotion, net sales of both the EC business and the Financial business increased. As a result, consolidated net sales for the fiscal year under review were 5,320,983,000 yen (up 11.1% year on year).

In terms of expenditures, although advertising and sales promotion expenses increased by 22.7% year on year and personnel cost increased by 12.8% year on year in both the EC business and Financial business due to strategic investment, the Company posted operating income of 1,193,227,000 yen (up 6.0% year on year), EBITDA of 1,310,572,000 yen (up 3.3% year on year), ordinary income of 1,225,968,000 yen (up 8.0% year on year) led by the steady increase in net sales. In addition, the Company recorded an impairment loss on software and software in progress of 80,145,000 yen and an impairment loss on goodwill of 52,998,000 yen as an extraordinary loss. As a result, the Company posted net income attributable to owners of parent of 668,803,000 yen (up 88.6% year on year).

Results by segment are as follows:

(i) EC business

In Super Delivery, the mainstay service in the EC business, efforts have been made to maintain growth of the number of buying customers and increase gross merchandise value through improvement in average sale per customer.

In the fiscal year under review, the Company strengthened promotional activities such as a point and coupon system, aimed at improving average sale per customer.

During the fourth quarter under review, as for the domestic external environment, the economy is moving towards normalization following the gradual relaxation of restrictions on socioeconomic activities in response to COVID-19 pandemic. There were signs of recovery in consumer spending for face-to-face services, and inbound demand is beginning to recover as the lifting of restrictions on the entry to Japan are underway. The recovery trend was significant in catering and other businesses, except for retailing, which had been in a severe business environment. As a result, both the number of buying customers and average sale per customer increased steadily, leading to the increase in national gross merchandise across Japan. On the other hand, as for domestic retailers, which account for a large proportion of the gross merchandise value in Japan, major department stores and apparel makers showed a remarkable recovery in business performance. However, as for small and medium-sized retailers, which account for a large proportion of domestic retailers in Super Delivery, the pace of increase in average sale per customer was restrained, affected by a delayed earnings recovery. As a result, the national gross merchandise across Japan increased by 9.1% year on year.

As for overseas, the gross merchandise value in Asia, excluding Hong Kong, was on a recovery trend. In addition, the gross merchandise value in the U.S., a key region, continued to show steady growth. Consequently, the gross merchandise value overseas increased by 11.8% year on year and the value of transactions of Super Delivery for the fiscal year under review totaled 23,823,038,000 yen (up 9.8% year on year).

As of the end of the fiscal year under review, the number of Super Delivery members stood at 332,426 (up 54,207), the number of participating companies at 3,127 (down 44), and the number of items displayed at 1,479,071 (up 47,871), all compared on a year-on-year basis.

As a result, sales in the EC business stood at 3,165,319,000 yen (up 7.3% year on year). In terms of expenditures, although advertising and sales promotion expenses increased by 27.0% year on year due to the strengthening of promotional activities such as a point and coupon system, the increase in selling, general and administrative expenses was limited. Consequently, segment profit was 1,277,699,000 yen (up 8.4% year on year).

(ii) Financial business

In the Paid service, efforts have been made to continuously and actively increase member companies and increase transaction value per member company. In response to continued increase in demand for outsourcing of payment services, both the number of member companies and the number of active companies increased steadily. The value of transactions also continued to steadily increase due to the increase in transaction value per member company associated with the reopening of economic activities. Consequently, the value of transactions outside the Group totaled 31,114,626,000 yen (up 21.5%) and the overall value of transactions (including 10,591,400,000 yen of transactions within the Group) stood at 41,706,027,000 yen (up 20.4%), both compared on a year-on-year basis.

In Guarantee services, the T&G Accounts Receivables Guarantee was integrated into URIHO in May 2022. The Company has continued its endeavors to increase guarantee balance by adding more member companies, leading to growth in net sales. Amid an economic recovery following the reopening of economic activities, as demand for services remained favorable due to the beginning of repayment of loans provided under the COVID-19 pandemic and the continued uncertain economic conditions, the number of URIHO member companies steadily increased and the guarantee balance also steadily accumulated.

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 fourth quarter under review amounted to 108,910,022,000 yen (43,933,285,000 yen for RACCOON FINANCIAL, Inc. and 64,976,737,000 yen for RACCOON RENT, Inc.), up 12.2% from the end of the previous fiscal year. As a result, sales in the Financial business stood at 2,431,359,000 yen (up 17.2% year on year). In terms of expenditures, the rate of cost of sales slightly increased due to the relaxation of ongoing credit screening criteria, and it is the Company's understanding that the rate of cost of sales is almost approaching the appropriate levels of before the COVID-19 pandemic under appropriate credit screening control. The Company continued to strengthen promotional activities, resulting in advertising expenses increasing by 15.9% year on year. Consequently, segment profit totaled 525,946,000 yen (up 21.9% 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 15,178,663,000 yen, up 1,117,832,000 yen from the end of the previous fiscal year. Current assets increased 1,183,357,000 yen to 12,979,819,000 yen. The main factor causing the increase was the increase of 827,583,000 yen in accounts receivable – trade due to increased transactions. Non-current assets decreased 65,525,000 yen to 2,198,843,000 yen. The main factor for the decrease was the decrease of 62,782,000 yen mainly as a result of the recording of an impairment loss of goodwill.

Liabilities at the end of the fiscal year under review totaled 9,749,659,000 yen, up 1,053,417,000 yen from the end of the previous fiscal year. Current liabilities increased 2,073,148,000 yen to 9,702,724,000 yen. The main factors for the increase were the increase of 1,090,571,000 yen in accounts payable – trade due to increased transactions, and the increase of 841,664,000 yen in current portion of long-term borrowings. Non-current liabilities decreased 1,019,731,000 yen to 46,935,000 yen. The main factor for the decrease was the decrease of 1,020,000,000 yen in long-term borrowings due to repayment and transfer to current portion of long-term borrowings.

Net assets at the end of the fiscal year under review increased 64,414,000 yen from the end of the previous fiscal year to 5,429,003,000 yen. The main factors for the increase were the decrease of 262,037,000 yen in other capital surplus due to cancellation of treasury shares, despite the increase of 245,208,000 yen in retained earnings due to the recording of 423,594,000 yen in cash dividends paid and 668,803,000 yen in net income attributable to owners of parent, and the increase of 16,098,000 yen in capital stock and capital surplus in total due to exercise of share acquisition rights.

(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 increased 93,764,000 yen from the end of the previous fiscal year to 5,427,680,000 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 1,122,289,000 yen. The main factor for this is an increase of 1,090,571,000 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 165,720,000 yen. The main factors for this are the recording of 149,005,000 yen as purchase of intangible assets primarily for developing software and the recording of

20,000,000 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 862,804,000 yen. The main factors for this are the recording of 262,284,000 yen as purchase of treasury shares, the recording of 423,594,000 yen as cash dividends paid, and the recording of 178,336,000 yen as repayments of long-term borrowings.

(4) Future prospects

For the fiscal year ending April 30, 2024, the Company forecasts net sales of 6,240 to 6,440 million yen, operating income of 850 to 1,050 million yen, ordinary income of 850 to 1,050 million yen, and net income attributable to owners of parent of 530 to 650 million yen.

Changes in the business environment favorable to the business expansion of the Raccoon Group's services, such as increasing needs for the shift to online B2B transactions triggered by the COVID-19 pandemic and the streamlining of indirect operations, continued amidst uncertain changes in the external environment. The Company has positioned the fiscal year ending April 30, 2024, as a year for establishing the foundation to complete the final year of its Mid-term Management Plan (fiscal year ending April 30, 2025), and intends to accelerate the pace of customer acquisition by significantly enhancing investments in customer acquisition. In addition, both in the EC business and the Financial business, the Company will separately examine marketing methods that have not been actively implemented in the past, such as mass advertising, within the range of up to 300 million yen, expecting an upside through increasing awareness. While said investments will have a certain positive effect on business growth for the fiscal year ending April 30, 2024, the main purposes are to increase industry awareness, achieve the Mid-term Management Plan, and expand medium- and long-term growth potential after the plan. Consequently, the Company expects a decrease in income for the fiscal year ending April 30, 2024, while increasing sales growth rate.

The Company also announced the "Progress of Mid-term Management Plan." Please see this document for detailed strategies.

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, 2022)	End of consolidated fiscal year under review (As of April 30, 2023)
Assets		
Current assets		
Cash and deposits	5,343,305	5,438,387
Accounts receivable - trade	6,239,835	7,067,419
Rights to claim compensation	46,923	81,263
Supplies	276	183
Prepaid expenses	196,794	192,803
Other	145,458	444,712
Allowance for doubtful accounts	(176,131)	(244,949)
Total current assets	11,796,462	12,979,819
Non-current assets		
Property, plant and equipment		
Buildings	626,157	620,329
Accumulated depreciation	(90,714)	(107,058)
Buildings, net	535,442	513,271
Tools, furniture and fixtures	45,990	57,807
Accumulated depreciation	(26,742)	(32,992)
Tools, furniture and fixtures, net	19,247	24,814
Land	882,140	882,140
Total property, plant and equipment	1,436,830	1,420,226
Intangible assets		
Software	188,373	192,048
Software in progress	83,962	81,941
Goodwill	62,782	—
Other	1,440	1,141
Total intangible assets	336,559	275,131
Investments and other assets		
Investment securities	189,773	214,691
Lease and guarantee deposits	316	1,756
Deferred tax assets	285,927	273,797
Other	14,960	13,239
Total investments and other assets	490,978	503,485
Total non-current assets	2,264,368	2,198,843
Total assets	14,060,831	15,178,663

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2022)	End of consolidated fiscal year under review (As of April 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	6,439,410	7,529,982
Current portion of long-term borrowings	178,336	1,020,000
Accounts payable - other	178,870	196,734
Income taxes payable	130,019	167,816
Allowance for guarantees	99,196	127,909
Provision for bonuses	85,429	91,748
Provision for share-based remuneration	24,723	23,335
Provision for sales promotion expenses	18,480	37,510
Deposits received	22,918	26,539
Asset retirement obligations	4,270	—
Other	447,920	481,148
Total current liabilities	7,629,575	9,702,724
Non-current liabilities		
Long-term borrowings	1,020,000	—
Other	46,666	46,935
Total non-current liabilities	1,066,666	46,935
Total liabilities	8,696,242	9,749,659
Net assets		
Shareholders' equity		
Capital stock	1,852,237	1,860,286
Capital surplus	1,514,092	1,260,104
Retained earnings	2,372,888	2,618,097
Treasury shares	(449,857)	(422,523)
Total shareholders' equity	5,289,361	5,315,965
Share acquisition rights	75,227	113,037
Total net assets	5,364,588	5,429,003
Total liabilities and net assets	14,060,831	15,178,663

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

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2021 to April 30, 2022)	Consolidated fiscal year under review (From May 1, 2022 to April 30, 2023)
Net sales	4,789,984	5,320,983
Cost of sales	838,352	1,036,827
Gross profit	3,951,631	4,284,155
Selling, general and administrative expenses	2,825,550	3,090,927
Operating income	1,126,081	1,193,227
Non-operating income		
Commission income	3,548	3,040
Gain on investments in investment partnerships	13,560	11,903
Surrender value of insurance policies	—	18,687
Miscellaneous income	3,099	10,356
Total non-operating income	20,208	43,987
Non-operating expenses		
Interest expenses	5,879	4,650
Commission expenses	5,060	4,551
Commission for purchase of treasury shares	—	1,442
Taxes and due	90	242
Miscellaneous loss	150	359
Total non-operating expenses	11,181	11,246
Ordinary income	1,135,109	1,225,968
Extraordinary losses		
Loss on valuation of investment securities	325,750	—
Impairment losses	147,564	133,143
Settlement payments	—	15,000
Total extraordinary losses	473,314	148,143
Income before income taxes	661,795	1,077,825
Income taxes - current	396,184	396,891
Income taxes - deferred	(89,050)	12,130
Total income taxes	307,133	409,021
Net income	354,661	668,803
Net income attributable to owners of parent	354,661	668,803

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2021 to April 30, 2022)	Consolidated fiscal year under review (From May 1, 2022 to April 30, 2023)
Net income	354,661	668,803
Comprehensive income	354,661	668,803
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	354,661	668,803

(3) Consolidated statements of changes in equity

Previous consolidated fiscal year under review (from May 1, 2021, to April 30, 2022)

(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	1,852,237	1,514,092	2,443,083	(499,076)	5,310,337	31,938	5,342,275
Changes during period							
Dividends of surplus			(424,856)		(424,856)		(424,856)
Net income attributable to owners of parent			354,661		354,661		354,661
Purchase of treasury shares				(456)	(456)		(456)
Disposal of treasury shares				49,675	49,675		49,675
Net changes in items other than shareholders' equity						43,288	43,288
Total changes during period	—	—	(70,194)	49,219	(20,975)	43,288	22,313
Balance at end of period	1,852,237	1,514,092	2,372,888	(449,857)	5,289,361	75,227	5,364,588

Consolidated fiscal year under review (from May 1, 2022, to April 30, 2023)

(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	1,852,237	1,514,092	2,372,888	(449,857)	5,289,361	75,227	5,364,588
Changes during period							
Issuance of new shares	8,049	8,049			16,098		16,098
Dividends of surplus			(423,594)		(423,594)		(423,594)
Net income attributable to owners of parent			668,803		668,803		668,803
Purchase of treasury shares				(262,284)	(262,284)		(262,284)
Disposal of treasury shares				27,581	27,581		27,581
Cancellation of treasury shares		(262,037)		262,037	—		—
Net changes in items other than shareholders' equity						37,810	37,810
Total changes during period	8,049	(253,988)	245,208	27,333	26,603	37,810	64,414
Balance at end of period	1,860,286	1,260,104	2,618,097	(422,523)	5,315,965	113,037	5,429,003

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2021, to April 30, 2022)	Consolidated fiscal year under review (From May 1, 2022, to April 30, 2023)
Cash flows from operating activities		
Income before income taxes	661,795	1,077,825
Depreciation	110,824	108,276
Amortization of goodwill	32,781	9,784
Share-based remuneration expenses	43,288	53,881
Increase (decrease) in allowance for doubtful accounts	22,462	68,818
Increase (decrease) in allowance for guarantees	18,528	28,712
Interest and dividend income	(66)	(54)
Interest expenses	5,879	4,650
Loss (gain) on investments in investment partnerships	(13,560)	(11,903)
Loss (gain) on valuation of investment securities	325,750	—
Impairment losses	147,564	133,143
Decrease (increase) in notes and accounts receivable - trade	(1,357,701)	(827,583)
Decrease (increase) in rights to claim compensation	1,396	(34,340)
Decrease (increase) in inventories	(17)	93
Increase (decrease) in notes and accounts payable - trade	2,261,344	1,090,571
Increase (decrease) in deposits received	13,059	3,620
Increase (decrease) in advances received	41,866	21,903
Decrease (increase) in prepaid expenses	10,076	3,990
Decrease/increase in consumption taxes receivable/payable	(40,049)	(4,374)
Other	13,103	68,679
Subtotal	2,298,329	1,795,697
Interest and dividend income received	66	54
Interest expenses paid	(5,840)	(4,628)
Income taxes paid	(439,013)	(668,832)
Income taxes refund	3,046	—
Cash flows provided by (used in) operating activities	1,856,587	1,122,289
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,360)	(9,845)
Purchase of intangible assets	(129,347)	(149,005)
Purchase of investment securities	(100,000)	(20,000)
Proceeds from distributions from investment partnerships	30,883	6,000
Payments for lease and guarantee deposits	(8)	(1,440)
Proceeds from refund of leasehold and guarantee deposits	2,384	8,569
Cash flows provided by (used in) investing activities	(197,447)	(165,720)
Cash flows from financing activities		
Repayments of long-term borrowings	(220,006)	(178,336)
Cash dividends paid	(424,856)	(423,594)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	—	27
Purchase of treasury shares	(499,436)	(262,284)
Proceeds from disposal of treasury shares	21,259	6,566
Other	(5,053)	(5,183)
Cash flows provided by (used in) financing activities	(1,128,092)	(862,804)
Net increase (decrease) in cash and cash equivalents	531,047	93,764
Cash and cash equivalents at beginning of period	4,802,869	5,333,916
Cash and cash equivalents at end of period	5,333,916	5,427,680

(5) Notes on quarterly consolidated financial statements

(Notes regarding going concern assumptions)
Not applicable

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31; June 17, 2021, hereinafter “Implementation Guidance on Accounting Standard for Fair Value Measurement”) since the beginning of the consolidated fiscal year under review. The Company applies the new accounting policy stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement into the future in accordance with the transitional treatment stipulated in the provisions of paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There was no impact of this change in accounting policies on the Company’s consolidated financial statements.

(Notes in the case of significant changes in amount of shareholders’ equity)
Not applicable

(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 under review (from May 1, 2021, to April 30, 2022)

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, 4)
	EC	Financial	Total		
Sales					
Sales to external customers	2,950,677	1,839,307	4,789,984	—	4,789,984
Inter-segment sales and transfers	—	235,564	235,564	(235,564)	—
Total	2,950,677	2,074,871	5,025,548	(235,564)	4,789,984
Segment profit	1,178,761	431,584	1,610,346	(484,265)	1,126,081
Segment assets	4,096,931	8,279,913	12,376,844	1,683,986	14,060,831
Segment liabilities	2,805,606	6,906,957	9,712,564	(1,016,322)	8,696,242
Other items					
Depreciation	37,981	34,385	72,367	38,457	110,824
Amortization of goodwill	—	32,781	32,781	—	32,781
Extraordinary losses	—	147,564	147,564	325,750	473,314
(Loss on valuation of investment securities)	—	—	—	325,750	325,750
(Impairment losses)	—	147,564	147,564	—	147,564
Increase in property, plant and equipment and intangible assets	37,125	35,355	72,481	67,852	140,333

(Notes) 1. The segment profit adjustment of minus 484,265,000 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, 2022, to April 30, 2023)

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, 4)
	EC	Financial	Total		
Sales					
Sales to external customers	3,165,319	2,155,664	5,320,983	—	5,320,983
Inter-segment sales and transfers	—	275,695	275,695	(275,695)	—
Total	3,165,319	2,431,359	5,596,678	(275,695)	5,320,983
Segment profit	1,277,699	525,946	1,803,645	(610,418)	1,193,227
Segment assets	4,039,785	9,058,980	13,098,766	2,079,896	15,178,663
Segment liabilities	2,785,416	7,916,996	10,702,413	(952,753)	9,749,659
Other items					
Depreciation	36,196	36,473	72,670	35,605	108,276
Amortization of goodwill	—	9,784	9,784	—	9,784
Extraordinary losses	36,326	52,998	89,325	58,818	148,143
(Impairment losses)	21,326	52,998	74,325	58,818	133,143
Increase in property, plant and equipment and intangible assets	32,567	50,254	82,821	90,540	173,361

(Notes) 1. The segment profit adjustment of minus 610,418,000 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, 2021, to April 30, 2022)

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, 2022, to April 30, 2023)

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, 2021, to April 30, 2022)

The information is omitted as the same information is disclosed in the segment information.

Consolidated fiscal year under review (from May 1, 2022, to April 30, 2023)

The information is omitted as the same information is disclosed in the segment information.

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

Previous consolidated fiscal year under review (from May 1, 2021, to April 30, 2022)

(Thousand yen)

	EC	Financial	Corporate (common)	Total
Amortization	—	32,781	—	32,781
Unamortized	—	62,782	—	62,782

Consolidated fiscal year under review (from May 1, 2022, to April 30, 2023)

(Thousand yen)

	EC	Financial	Corporate (common)	Total
Amortization	—	9,784	—	9,784
Unamortized	—	—	—	—

[Information on gain on bargain purchase by reporting segment]
Not applicable

(Per share information)

(Yen)

	Previous consolidated fiscal year (From May 1, 2021, to April 30, 2022)	Consolidated fiscal year under review (From May 1, 2022, to April 30, 2023)
Net assets per share	238.12	240.65
Net income per share	15.97	30.27
Net income per share (diluted)	15.90	30.12

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

	Previous consolidated fiscal year (From May 1, 2021, to April 30, 2022)	Consolidated fiscal year under review (From May 1, 2022, to April 30, 2023)
Net income per share		
Net income attributable to owners of parent (Thousand yen)	354,661	668,803
Amount not attributable to shareholders of common shares (Thousand yen)	—	—
Net income attributable to owners of parent attributable to common shares (Thousand yen)	354,661	668,803
Average number of common shares during the period (Shares)	22,211,025	22,094,768
Net income per share (diluted)		
Adjustment of net income attributable to owners of parent (Thousand yen)	—	—
Increase in number of common shares (Shares)	94,565	111,720
[of which share acquisition rights (Shares)]	[94,565]	[111,720]
Outline of potential common shares not used to calculate net income per share (diluted) because they do not have dilution effect	—	—

(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" (147,313 shares for the previous fiscal year and 138,270 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)" (149,812 shares for the previous fiscal year and 139,425 shares for the fiscal year under review).

(Significant subsequent events)

(Acquisition of treasury shares)

At the Board of Directors meeting held on June 12, 2023, the Company passed a resolution regarding the matters related to acquisition of treasury shares according to the provisions of Article 156 of the Companies Act, applicable pursuant to the provisions of Paragraph 3, Article 165 of said Act.

1. Reasons for acquisition of treasury shares

To enhance shareholder returns and improve capital efficiency

2. Matters related to acquisition of treasury shares

- | | |
|--|---|
| (1) Class of shares to be acquired: | Common stock |
| (2) Total number of shares to be acquired: | 700,000 shares (Upper limit) |
| (3) Aggregate amount of acquisition cost: | 700,000,000 yen (Upper limit) |
| (4) Period of acquisition: | June 13, 2023, to August 31, 2023 |
| (5) Method of acquisition: | Market purchase on the Tokyo Stock Exchange |