

Summary of Financial Results (Consolidated) For the Fiscal Year Ended April 30, 2016 (Japanese Accounting Standards)

June 10, 2016

Listed company: Raccoon Co., Ltd.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

URL: <http://www.raccoon.ne.jp/>

Representative: President and Representative Director, Isao Ogata

Contact: Vice President of Finance and Director, Satoshi Konno

Tel. +81-3-5652-1711

Scheduled date of ordinary general meeting of shareholders: July 23, 2016

Scheduled date of commencement of dividend payment: July 25, 2016

Scheduled date of submission of annual securities report: July 28, 2016

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 (May 1, 2015 through April 30, 2016)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended April 30, 2016	2,229	8.4	393	17.1	367	12.2	239	18.7
Year ended April 30, 2015	2,056	6.4	336	35.7	327	31.8	201	63.4

(Note) Comprehensive income: Year ended April 30, 2016 ¥239 million (19.2%)

Year ended April 30, 2015 ¥200 million (62.7%)

	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, 2016	13.84	13.20	14.4	7.9	17.7
Year ended April 30, 2015	11.51	10.94	13.1	8.7	16.3

(Reference) Equity in earnings of affiliates Year ended April 30, 2016 ¥- million

Year ended April 30, 2015 ¥- million

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2016	4,969	1,777	35.7	101.17
As of April 30, 2015	4,327	1,543	35.6	90.29

(Reference) Shareholders' equity As of April 30, 2016 ¥1,774 million

As of April 30, 2015 ¥1,540 million

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

(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
Year ended April 30, 2016	398	-102	-81	1,858
Year ended April 30, 2015	1,016	-76	-264	1,643

2. Dividends

	Dividend per share					Total amount of dividends	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended April 30, 2015	-	0.00	-	6.80	6.80	38	19.7	2.5
Year ended April 30, 2016	-	0.00	-	4.50	4.50	78	32.5	4.7
Year ending April 30, 2017 (forecast)	-	-	-	-	-	-	-	-

(Note 1) The dividend forecast for the end of the fiscal year ending April 30, 2017 is yet to be determined.

(Note 2) On August 1, 2015, the Company implemented a 3-for-1 common stock split. The dividends for the fiscal year ended April 30, 2015 are the actual amounts before the stock split.

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

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	-	-	-	-	-	-	-	-	-
Full year	2,500	12.1	420	6.7	420	14.2	250	4.4	14.25

*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, 2016 18,312,300 April 30, 2015 17,835,300

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

April 30, 2016 770,538 April 30, 2015 770,538

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

Year ended April 30, 2016 17,302,190 Year ended April 30, 2015 17,513,863

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

(For reference) Outline of non-consolidated results

Non-consolidated results (May 1, 2015 through April 30, 2016)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended April 30, 2016	1,754	6.1	260	11.0	252	1.2	168	8.0
Year ended April 30, 2015	1,653	5.6	234	65.2	249	43.8	156	84.7

	Net income per share	Net income per share (diluted)
	Yen	Yen
Year ended April 30, 2016	9.75	9.31
Year ended April 30, 2015	8.92	8.47

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

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2016	4,539	1,496	32.9	85.14
As of April 30, 2015	4,018	1,333	33.1	77.95

(Reference) Shareholders' equity As of April 30, 2016 ¥1,493 million

As of April 30, 2015 ¥1,330 million

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

* Status of auditing procedures

This summary of financial results does not need to undergo audit procedures under the Financial Instruments and Exchange Act. Audit procedures for consolidated financial statements have not been completed at the time of disclosure of this summary.

* 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, included in this document are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company does not guarantee its achievement of the forward-looking statements. Actual results may differ significantly from them depending on a variety of factors. For the assumptions underlying the results forecasts and notes on their use, please refer to 1. Analysis of Operating Results and Financial Position, (1) Analysis of operating results on page 2 of the accompanying materials.

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

The Company will hold a results briefing session for institutional investors and securities analysts on Monday, June 13, 2016. The Company will post a video of the briefing session and materials to be used in the session on its website as soon as the session ends.

○ Contents of Accompanying Materials

1. Analysis of Operating Results and Financial Position	2
(1) Analysis of operating results	2
2. Consolidated Financial Statements	4
(1) Consolidated balance sheets	4
(2) Consolidated statements of income and consolidated statements of comprehensive income	6
Consolidated statements of income	6
Consolidated statements of comprehensive income	7
(3) Consolidated statements of changes in net assets	8
(4) Consolidated statements of cash flows	9
(Segment information)	10

1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

(Operating results in the fiscal year under review)

During the consolidated fiscal year under review (May 1, 2015 through April 30, 2016), the Japanese economy recovered moderately with corporate earnings recovering and employment improving thanks to the government's economic policies and the Bank of Japan's monetary easing policy. However, due to a slowdown in the Chinese economy and increasing concern over low oil prices, the yen appreciated and the stock market fell rapidly from the beginning of this year. Despite the Bank of Japan's pump-priming measures, including the introduction of negative interest rates, the future of the economy remains uncertain.

In this environment, the Raccoon Group worked to expand its infrastructure services for business-to-business transactions in accordance with its management philosophy: that is, streamlining and facilitating business activities. On March 29, 2016, Raccoon was listed on the First Section of the Tokyo Stock Exchange. The Company will continue to work to live up to the expectations of as many customers as possible, expanding its operations and enhancing its enterprise value.

In the fiscal year under review, sales in the Paid business and the Accounts Receivable Guarantee business grew steadily, but the value of domestic transactions in Super Delivery in the EC business fell short of the year-ago level from the first quarter through the third quarter. Overall, net sales stood at 2,229,642,000 yen (up 8.4% year on year).

Selling, general and administrative expenses were at a low level overall. Operating income was 393,717,000 yen (up 17.1% year on year), reflecting the year-on-year decline in the value of transactions in Super Delivery from the first quarter through the third quarter. In the fourth quarter, expenses related to the listing of 22,104,000 yen were posted, and ordinary income came to 367,760,000 yen (up 12.2% year on year). Net income attributable to owners of parent stood at 239,376,000 yen (up 18.7% year on year).

Results by segment are as follows:

(i) EC business

In the EC business, the Company worked to gain high-quality member retailers and manufacturers in Super Delivery, the main business, and to increase the value of transactions by continuing to expand transactions between retailers and manufacturers, while improving average customer spending and the operating rate.

On August 25, 2015, the Company launched a cross-border EC service, SD export, and in the fourth quarter it introduced PayPal, the settlement service of PayPal Pte. Ltd., as a new means of settlement to improve convenience for retailers and companies overseas. The Company also introduced the airfreight and sea freight services of Japan Post to meet needs for low-cost freight, even if it requires more time. Due to these initiatives, the number of overseas member retailers and the value of transactions increased steadily, and the value of overseas transactions (the aggregate value of overseas transactions through SD export and the website for sales in Japan) rose over 60% year on year.

The value of domestic transactions declined year on year from the first quarter through the third quarter, but recovered in the fourth quarter due to a number of initiatives and recorded positive growth again. However, the year-on-year decline in the first three quarters was not offset by the increase in the fourth quarter, and the value of domestic transactions in the fiscal year under review fell from a year ago. The overall value of transactions of Super Delivery stood at 9,587,727,000 yen (up 0.6% year on year). The main management indices of Super Delivery at the end of the fiscal year under review were as follows: the number of member retailers was 52,372 (increasing 8,002 from the end of the previous fiscal year), the number of companies posting information on their products was 1,138 (rising 73), and the number of items displayed was 559,272 (climbing 102,923).

The Company continued to work to increase the name recognition of COREC and gain users (suppliers and buyers). To gain more users, the Company promoted the mutual referral of customers with partners, and on March 15, 2016 it began to provide COREC API so that sales management, warehousing management, and accounting management systems, among other systems, which users have introduced, can load data automatically. Reflecting these initiatives, the number of user companies at the end of the fiscal year under review came to 5,903. The number of orders placed and received increased steadily.

Sales in the EC business stood at 1,583,119,000 yen (up 2.3% year on year), and segment profit was 223,130,000 yen (down 4.5% year on year).

(ii) Paid business

In the Paid business, the Company sought to gain more member companies and to increase the operating rate of member companies. To gain member companies, the Company worked to form business alliances with companies providing services for other companies. During the fiscal year under review, the number of member companies rose, and the name recognition of Paid increased gradually. The Company gained more major companies as members. At the end of the fiscal year under review, the number of member companies exceeded 1,700. The value of transactions stood at 13,404,274,000 yen (including transactions within the Group of 6,939,154,000 yen), up 27.7% year on year.

To gather information on leading-edge technologies and services in the field of FinTech, the Company invested in FinTech Fund (official name: FinTech Business Innovation LPS), which was established and is operated by SBI Investment.

Sales in the Paid business came to 352,770,000 yen (up 30.9% year on year), and segment profit stood at 20,366,000 yen (a segment loss of 16,641,000 yen in the previous fiscal year).

(iii) Accounts Receivable Guarantee business

In the Accounts Receivable Guarantee business, the Group continued to work to expand guaranteed receivable by strengthening the sales force. To gain more users in the business rent guarantee service, where guaranteed rent receivable increased steadily, the Group changed the service into a more generous and easier-to-use service. Guarantees outstanding (including guarantees outstanding within the consolidated Group of 1,224,147,000 yen) stood at 9,123,513,000 yen (up 41.0% from the end of the previous fiscal year). Sales in the Accounts Receivable Guarantee business were 666,644,000 yen (up 17.3% year on year), and segment profit came to 111,248,000 yen (up 50.7% year on year).

(Forecast for the next fiscal year)

As described below, in the fiscal year ending April 30, 2017, the Company will spend money on advertising expenses and expenses for system development primarily for the Paid business and SD export, the cross-border EC service of Super Delivery in the EC business, which the Company has positioned as growth fields. Due to the expenses, selling, general and administrative expenses will increase, and the earnings growth rate will decline temporarily. However, we believe that the expenses are an upfront investment that is necessary for accelerating business growth.

In Super Delivery, the main business in the EC business, the Company will seek to increase the value of transactions both in Japan and overseas, and to expand its business scale. In domestic transactions, the Company will continue to work to increase average customer spending and the operating rate and take steps to increase the value of transactions by expanding continual transactions between retailers and manufacturers. As for overseas transactions, SD export has only just commenced, and its name recognition is low in overseas markets. The Company will thus spend more on advertising expenses than in the previous fiscal year to promote SD export. In this way, the Company will seek to increase the name recognition of Super Delivery overseas and expand the value of transactions overseas.

The Company positions the next fiscal year as a period for investing in the Paid business, which turned profitable in the fiscal year ended April 30, 2016, to accelerate the growth of the business. The Company will seek to increase the recognition and visibility of Paid and the number of member companies through aggressive advertising investment. Meanwhile, the Company will work to raise the operating rate of member companies by improving the convenience and reliability of the service through system investment.

In the Accounts Receivable Guarantee business, the Group will continue to strive to expand guarantees outstanding to increase guarantee charges and expand the business. Meanwhile, the Group will work to improve accuracy in its inquiries. Taking advantage of synergies within the Group, the Group will work to provide services using the Internet and to improve convenience for clients and profitability.

The Company forecasts that through these initiatives, in the fiscal year ending April 30, 2017, it will post net sales of 2,500 million yen, operating income of 420 million yen, ordinary income of 420 million yen, and net income attributable to owners of parent of 250 million yen.

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

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousand yen)

	Previous consolidated fiscal year (As of April 30, 2015)	Consolidated fiscal year under review (As of April 30, 2016)
Assets		
Current assets		
Cash and deposits	1,645,176	1,859,680
Accounts receivable - trade	2,036,940	2,446,812
Rights to claim compensation	*1 54,361	*1 57,783
Supplies	221	183
Prepaid expenses	145,545	199,934
Deferred tax assets	54,352	49,643
Other	62,725	7,166
Allowance for doubtful accounts	(16,442)	(6,042)
Total current assets	3,982,880	4,615,162
Non-current assets		
Property, plant and equipment		
Buildings	20,919	20,919
Accumulated depreciation	(10,516)	(12,134)
Buildings, net	10,402	8,785
Vehicles	1,119	1,119
Accumulated depreciation	(1,119)	(1,119)
Vehicles, net	0	0
Tools, furniture and fixtures	43,879	48,267
Accumulated depreciation	(17,246)	(22,514)
Tools, furniture and fixtures, net	26,632	25,752
Total property, plant and equipment	37,035	34,537
Intangible assets		
Software	195,418	196,320
Software in progress	11,169	9,531
Goodwill	54,270	44,550
Other	1,467	1,610
Total intangible assets	262,326	252,012
Investments and other assets		
Investment securities	-	25,000
Lease and guarantee deposits	40,823	39,850
Deferred tax assets	3,985	2,460
Other	72	62
Total investments and other assets	44,881	67,373
Total non-current assets	344,243	353,924
Total assets	4,327,123	4,969,086

(Thousand yen)

	Previous consolidated fiscal year (As of April 30, 2015)	Consolidated fiscal year under review (As of April 30, 2016)
Liabilities		
Current liabilities		
Accounts payable - trade	1,588,289	2,047,038
Current portion of long-term loans payable	70,000	50,000
Payables associated with liquidation of receivables	165,000	165,000
Accounts payable - other	40,435	45,332
Income taxes payable	89,645	85,303
Allowance for guarantees	24,767	27,275
Provision for bonuses	42,918	39,792
Provision for sales promotion expenses	10,890	6,880
Deposits received	475,252	467,590
Other	127,262	153,637
Total current liabilities	2,634,461	3,087,850
Non-current liabilities		
Long-term loans payable	125,000	75,000
Asset retirement obligations	2,740	2,772
Other	21,169	26,268
Total non-current liabilities	148,910	104,041
Total liabilities	2,783,371	3,191,891
Net assets		
Shareholders' equity		
Capital stock	804,820	821,382
Capital surplus	192,292	208,854
Retained earnings	743,765	944,462
Treasury shares	(200,026)	(200,026)
Total shareholders' equity	1,540,852	1,774,672
Subscription rights to shares	2,899	2,522
Total net assets	1,543,752	1,777,194
Total liabilities and net assets	4,327,123	4,969,086

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

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2014 to April 30, 2015)	Consolidated fiscal year under review (From May 1, 2015 to April 30, 2016)
Net sales	2,056,268	2,229,642
Cost of sales	*1 314,526	*1 377,926
Gross profit	1,741,742	1,851,715
Selling, general and administrative expenses	*2 1,405,564	*2 1,457,998
Operating income	336,177	393,717
Non-operating income		
Interest income	223	333
Dividend income	294	2
Commission fee	6,357	5,103
Miscellaneous income	1,345	1,411
Total non-operating income	8,219	6,849
Non-operating expenses		
Interest expenses	3,283	1,921
Commission fee	1,000	919
Expenses for liquidation of receivables	10,730	7,382
Listing expenses	–	22,104
Miscellaneous loss	1,755	480
Total non-operating expenses	16,769	32,806
Ordinary income	327,626	367,760
Extraordinary income		
Gain on sales of investment securities	602	–
Total extraordinary income	602	–
Extraordinary losses		
Office transfer expenses	5,008	–
Total extraordinary losses	5,008	–
Income before income taxes	323,221	367,760
Income taxes - current	97,221	122,149
Income taxes - deferred	24,340	6,234
Total income taxes	121,561	128,383
Net income	201,659	239,376
Net income attributable to owners of parent	201,659	239,376

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2014 to April 30, 2015)	Consolidated fiscal year under review (From May 1, 2015 to April 30, 2016)
Net income	201,659	239,376
Other comprehensive income		
Valuation difference on available-for-sale securities	(761)	–
Total other comprehensive income	*(761)	–
Comprehensive income	200,897	239,376
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	200,897	239,376
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (from May 1, 2014 to April 30, 2015)

(Thousand yen)

	Shareholders' equity					Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Amount at beginning of period	794,400	181,872	566,945	(34)	1,543,183	761	761	1,199	1,545,144
Changes of items during period									
Issuance of new shares	10,420	10,420			20,841				20,841
Dividends of surplus			(24,839)		(24,839)				(24,839)
Net income attributable to owners of parent			201,659		201,659				201,659
Purchase of treasury shares				(199,992)	(199,992)				(199,992)
Net changes of items other than shareholders' equity						(761)	(761)	1,700	938
Total changes of items during period	10,420	10,420	176,820	(199,992)	(2,330)	(761)	(761)	1,700	(1,392)
Amount at end of period	804,820	192,292	743,765	(200,026)	1,540,852	—	—	2,899	1,543,752

Fiscal year under review (from May 1, 2015 to April 30, 2016)

(Thousand yen)

	Shareholders' equity					Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Amount at beginning of period	804,820	192,292	743,765	(200,026)	1,540,852	2,899	1,543,752
Changes of items during period							
Issuance of new shares	16,561	16,561			33,123		33,123
Dividends of surplus			(38,680)		(38,680)		(38,680)
Net income attributable to owners of parent			239,376		239,376		239,376
Net changes of items other than shareholders' equity						(377)	(377)
Total changes of items during period	16,561	16,561	200,696	—	233,819	(377)	233,442
Amount at end of period	821,382	208,854	944,462	(200,026)	1,774,672	2,522	1,777,194

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2014 to April 30, 2015)	Consolidated fiscal year under review (From May 1, 2015 to April 30, 2016)
Cash flows from operating activities		
Income before income taxes	323,221	367,760
Depreciation	88,904	95,227
Increase (decrease) in allowance for doubtful accounts	8,352	(10,400)
Increase (decrease) in allowance for guarantees	4,767	2,508
Interest and dividend income	(517)	(335)
Interest expenses paid on loans and bonds	3,283	1,921
Loss (gain) on sales of investment securities	(602)	–
Relocation expenses	5,008	–
Decrease (increase) in notes and accounts receivable - trade	(291,343)	(409,872)
Decrease (increase) in rights to claim compensation	(22,456)	(3,422)
Decrease (increase) in inventories	59	37
Increase (decrease) in notes and accounts payable - trade	402,944	458,749
Increase (decrease) in deposits received	469,156	(7,662)
Increase (decrease) in payables associated with liquidation of receivables	165,000	–
Increase (decrease) in advances received	6,251	44,965
Decrease (increase) in prepaid expenses	(80,585)	(54,388)
Increase (decrease) in accrued consumption taxes	30,961	(27,302)
Other	(63,733)	73,202
Subtotal	1,048,673	530,989
Interest and dividend income received	517	335
Interest expenses paid	(2,090)	(1,866)
Payments for removal expenses	(4,902)	–
Income taxes paid	(25,538)	(131,385)
Cash flows provided by (used in) operating activities	1,016,657	398,071
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,140)	(3,240)
Purchase of intangible assets	(81,427)	(73,450)
Purchase of investment securities	–	(25,000)
Proceeds from sales of investment securities	11,630	–
Payments for lease and guarantee deposits	(7,484)	(40)
Proceeds from collection of lease and guarantee deposits	5,943	–
Other	–	(274)
Cash flows provided by (used in) investing activities	(76,478)	(102,005)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(200,000)	–
Proceeds from long-term loans payable	200,000	–
Repayments of long-term loans payable	(57,750)	(70,000)
Cash dividends paid	(24,839)	(38,680)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	20,602	32,746
Proceeds from issuance of subscription rights to shares	1,938	–
Purchase of treasury shares	(199,992)	–
Other	(4,628)	(5,668)
Cash flows provided by (used in) financing activities	(264,669)	(81,602)
Net increase (decrease) in cash and cash equivalents	675,510	214,464
Cash and cash equivalents at beginning of period	968,375	1,643,885
Cash and cash equivalents at end of period	* 1,643,885	* 1,858,349

(Segment information)

a. Segment information

1. Overview of reporting segments

The reporting segments of the Company are units of the Company for which separate financial statements are available and whose situation the Board of Directors regularly reviews to determine the allocation of management resources and evaluate performance.

The Company provides convenient services to facilitate transactions among small and medium-sized enterprises and has business divisions and subsidiaries in accordance with the classifications of services. Each business division and subsidiary works to improve services and increase sales and profits.

The Company consists of segments by service based on its business divisions and subsidiaries. It has three reporting segments: the EC business, the Paid business, and the Accounts Receivable Guarantee business.

The EC business mainly operates Super Delivery, a website for business-to-business (B-to-B) transactions. The Paid business operates Paid, a deferred payment service for B-to-B transactions. The Accounts Receivable Guarantee business provides a service that guarantees that accounts receivable for business transactions will be paid.

2. Methods used to calculate the amounts of sales, profits or losses, assets, liabilities and other items in each reporting segment

The accounting methods for the reporting segments are almost the same as those stated in the Significant Matters That Serve as the Basis for the Preparation of Consolidated Financial Statements.

Segment profits are based on operating income.

Inter-segment internal revenues and transfers are based on prevailing market prices.

3. Sales, profits or losses, assets, liabilities and other items in each reporting segment

Previous consolidated fiscal year (from May 1, 2014 to April 30, 2015)

(Thousand yen)

	Reporting segment				Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, and 4)
	EC	Paid	Accounts Receivable Guarantee	Total		
Sales						
Sales to external customers	1,547,894	105,537	402,836	2,056,268	–	2,056,268
Inter-segment sales and transfers	–	164,040	165,618	329,659	(329,659)	–
Total	1,547,894	269,578	568,454	2,385,927	(329,659)	2,056,268
Segment profit (loss)	233,672	(16,641)	73,841	290,873	45,304	336,177
Segment assets	3,530,080	1,559,472	596,224	5,685,777	(1,358,653)	4,327,123
Segment liabilities	2,030,275	1,576,094	137,107	3,743,478	(960,106)	2,783,371
Other items						
Depreciation	62,353	10,400	6,430	79,184	–	79,184
Amortization of goodwill	–	–	9,720	9,720	–	9,720
Extraordinary losses	4,884	–	123	5,008	–	5,008
Increase in property, plant and equipment and intangible assets	82,181	13,060	14,686	109,928	–	109,928

(Notes) 1. An adjustment of 45,304,000 yen in segment profit is the elimination of inter-segment transactions.

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

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, 2015 to April 30, 2016)

(Thousand yen)

	Reporting segment				Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, and 4)
	EC	Paid	Accounts Receivable Guarantee	Total		
Sales						
Sales to external customers	1,583,119	171,799	474,723	2,229,642	–	2,229,642
Inter-segment sales and transfers	–	180,971	191,920	372,892	(372,892)	–
Total	1,583,119	352,770	666,644	2,602,534	(372,892)	2,229,642
Segment profit (loss)	223,130	20,366	111,248	354,745	38,972	393,717
Segment assets	3,577,814	2,091,426	717,365	6,386,607	(1,417,520)	4,969,086
Segment liabilities	1,935,780	2,087,439	180,641	4,203,860	(1,011,969)	3,191,891
Other items						
Depreciation	62,596	12,770	10,140	85,507	–	85,507
Amortization of goodwill	–	–	9,720	9,720	–	9,720
Extraordinary losses	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	63,617	4,389	14,409	82,416	–	82,416

(Notes) 1. An adjustment of 38,972,000 yen in segment profit is the elimination of inter-segment transactions.

2. Segment profits are adjusted to operating income in the consolidated statements of income.
3. Segment assets are adjusted to total assets in the consolidated balance sheets.
4. Segment liabilities are adjusted to total liabilities in the consolidated balance sheets.

b. Related information

Previous consolidated fiscal year (from May 1, 2014 to April 30, 2015)

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

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

(2) Property, plant and equipment

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

3. Information by major customer

No external customer accounts for 10% or more of sales in the consolidated statements of income, and the information is omitted.

Consolidated fiscal year under review (from May 1, 2015 to April 30, 2016)

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

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

(2) Property, plant and equipment

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

3. Information by major customer

No external customer accounts for 10% or more of sales in the consolidated statements of income, and the information is omitted.

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

Not applicable.

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

Previous consolidated fiscal year (from May 1, 2014 to April 30, 2015)

(Thousand yen)

	EC	Paid	Accounts Receivable Guarantee	Total
Amortization	–	–	9,720	9,720
Unamortized balance	–	–	54,270	54,270

Fiscal year under review (from May 1, 2015 to April 30, 2016)

(Thousand yen)

	EC	Paid	Accounts Receivable Guarantee	Total
Amortization	–	–	9,720	9,720
Unamortized balance	–	–	44,550	44,550

e. Information on gain on bargain purchase by reporting segment

Not applicable