

Summary of Financial Results (Consolidated)
For the First Quarter of the Fiscal Year Ending April 30, 2017
(Japanese GAAP)

August 26, 2016

Listed company: Raccoon Co., Ltd.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

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Scheduled date of submission of quarterly report: September 13, 2016

Scheduled date of commencement of dividend payment: –

Supplementary documents for quarterly financial results: No

Quarterly financial results briefing: No

(Rounded down to the nearest million yen)

1. Consolidated results for the first three months ended July 31, 2016 (May 1, 2016 through July 31, 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	%
Term ended July 31, 2016	569	6.8	94	8.2	93	8.7	57	5.0
Term ended July 31, 2015	533	8.8	87	52.2	86	48.7	54	54.2

(Note) Comprehensive income: Term ended July 31, 2016 ¥57 million (5.0%)

Term ended July 31, 2015 ¥54 million (54.1%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Term ended July 31, 2016	3.29	3.17
Term ended July 31, 2015	3.20	3.03

(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 July 31, 2016	4,734	1,756	37.0	99.95
As of April 30, 2016	4,969	1,777	35.7	101.17

(Reference) Shareholders' equity As of July 31, 2016 ¥1,753 million

As of April 30, 2016 ¥1,774 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.

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended April 30, 2016	–	0.00	–	4.50	4.50
Year ending April 30, 2017	–	–	–	–	–
Year ending April 30, 2017 (forecast)	–	0.00	–	–	–

(Note) Revisions to dividend forecasts published most recently: None

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

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

(Note) Revisions to financial forecasts published most recently: None

* Notes

(1) Important changes in subsidiaries during the term (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: Yes

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

(i) Changes in accounting policies associated with revisions to accounting standards, etc.: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Number of issued shares (including treasury stock) at the end of the term

July 31, 2016	18,317,700	April 30, 2016	18,312,300
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(ii) Number of treasury stock shares at the end of the fiscal year

July 31, 2016	770,538	April 30, 2016	770,538
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(iii) Average number of issued shares during the fiscal year

July 31, 2016	17,542,867	July 31, 2015	17,182,349
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(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.

* Statement about the implementation status for quarterly reviewing procedures

This summary of quarterly financial results does not fall under the scope of quarterly reviewing procedures based on the Financial Instruments and Exchange Act. The procedures for reviewing quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not completed when this summary of quarterly financial results was disclosed.

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

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. Qualitative Information on Results for the Quarter under Review, (3) Explanation about forecasts including consolidated results forecasts on page 5 of the accompanying materials.

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1. Qualitative Information on Results for the Quarter under Review

(1) Explanation of operating results

During the first quarter under review (May 1, 2016 through July 31, 2016), the Japanese economy recovered modestly, supported by factors such as improvements in corporate earnings and employment conditions. However, the future of the Japanese economy remained uncertain, as demonstrated by conditions including unstable foreign exchange and stock price fluctuations under the adverse effects of a slowdown in the Chinese economy and the issue of Britain's secession from the European Union.

In this environment, the Raccoon Group worked to expand the infrastructure services it offered for business-to-business transactions based on the management philosophy of making corporate activities more efficient and convenient. As a result, consolidated net sales amounted to 569,548,000 yen (up 6.8% year on year) in the first quarter under review.

The Raccoon Group is investing in advertisements in the current fiscal year to increase SD export service customers in the Super Delivery segment of the EC business and to increase the visibility of and name recognition for the Paid service in the Paid business. Selling, general and administrative expenses grew year on year, due also to factors including an increase in personnel expenses caused by fewer transfers from personnel expenses to software in progress which was attributable to fewer system development projects, an enterprise tax rate hike and growth in taxes and dues reflecting a change from the lump-sum posting of the consumption tax outside the scope of deduction at the end of each fiscal year to its proportional posting in the respective quarters.

As a result of the changes stated above, consolidated operating income amounted to 94,448,000 yen (up 8.2% year on year), consolidated ordinary income reached 93,969,000 yen (up 8.7% year on year) and consolidated net income attributable to owners of parent came to 57,653,000 yen (up 5.0% 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.

In addition to the measures described above, on July 5, 2016 the Company made the Super Delivery service available to the operators of non-retail businesses that had been left outside its coverage, including restaurants, hairdressers, accommodation and education. The Company is seeking to increase the number of buyers and the value of transactions through target expansion.

Major management indices for the Super Delivery service at the end of the first quarter under review are as follows: number of member retailers 56,345 (up 3,973 from the end of the previous fiscal year), number of companies posting information on their products 1,146 (up 8 from the end of the previous fiscal year) and number of items displayed 575,346 (up 16,074 from the end of the previous fiscal year). The value of domestic transactions rose year on year for the second consecutive quarter. The value of overseas transactions (the sum of the value of overseas transactions in the SD export service and the value of overseas transactions via the Japanese-language website) also increased, reflecting rises in the number of buyers and average customer spending. As a result, the value of overall transactions in the Super Delivery service reached 2,373,604,000 yen in the first quarter under review (up 4.4% year on year).

The Company continued to work to increase the name recognition of COREC and gain users (suppliers and buyers). In addition, the Company kept adding functions for building systems with higher usability. As a result, the number of user companies came to 6,975 at the end of the first quarter under review.

In the meantime, selling, general and administrative expenses grew year on year, reflecting the factors stated above, including an increase in personnel expenses caused by fewer transfers from personnel expenses to software in progress attributable to fewer system development projects, a rise in advertising expenses to increase the number of Super Delivery service customers, an enterprise tax rate hike and growth in taxes and dues due to a change in the method of posting consumption tax outside the scope of deduction.

Sales in the EC business stood at 392,285,000 yen (up 2.5% year on year), and segment profit was 44,941,000 yen (down 21.2% year on year).

(ii) Paid business

In the Paid business, the Company maintained its efforts to gain more member companies and increase the operating rate of the acquired member companies. The Company positions the fiscal year ending April 30, 2017 as a period of investment for accelerating future growth. The Company is working to invest aggressively in advertisements and increase manpower to raise the visibility and name recognition of the Paid business and increase the number of member companies. In addition, the Company is investing in systems to make services more convenient and reliable and to raise the operating rate of the acquired member companies. Thanks to these initiatives, the number of member companies rose to over 1,800 and the value of transactions (including transactions within the Group of 1,652,225,000 yen) came to 3,652,516,000 yen (up 22.0% year on year) at the end of the first quarter under review.

Sales in the Paid business came to 95,301,000 yen (up 20.2% year on year), and segment profit stood at 1,857,000 yen (a segment loss of 954,000 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 receivables by strengthening the sales force. Guarantees outstanding fell for the accounts receivable guarantee service, but guaranteed receivables kept rising steadily for the business rent guarantee service. As a result, guarantees outstanding (including guarantees outstanding within the Group of 1,161,171,000 yen) amounted to 9,041,827,000 yen (down 0.9% year on year). Net sales for the business came to 179,577,000 yen (up 11.6% year on year).

In the meantime, the cost rate improved from a decline in the value of guarantees performed. As a result, segment profit reached 50,662,000 yen (up 116.1% year on year).

(2) Explanation of forecasts including consolidated results forecasts

Consolidated results for the Company generally progressed according to the forecasts. For this reason, the Company made no changes to the results forecasts announced in the previous Summary.

The forecasts presented above are based on information available to the Company at the time when this Summary was prepared and certain assumptions that the Company considers rational. Actual results and the like may differ significantly from these figures due to many variable factors.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2016)	End of first quarter of the consolidated fiscal year under review (As of July 31, 2016)
Assets		
Current assets		
Cash and deposits	1,859,680	1,904,755
Accounts receivable - trade	2,446,812	2,217,419
Rights to claim compensation	57,783	59,477
Supplies	183	143
Prepaid expenses	199,934	158,726
Deferred tax assets	49,643	40,956
Other	7,166	14,359
Allowance for doubtful accounts	(6,042)	(5,715)
Total current assets	4,615,162	4,390,123
Non-current assets		
Property, plant and equipment		
Buildings	20,919	21,802
Accumulated depreciation	(12,134)	(12,444)
Buildings, net	8,785	9,357
Vehicles	1,119	1,119
Accumulated depreciation	(1,119)	(1,119)
Vehicles, net	0	0
Tools, furniture and fixtures	48,267	46,578
Accumulated depreciation	(22,514)	(22,985)
Tools, furniture and fixtures, net	25,752	23,592
Total property, plant and equipment	34,537	32,950
Intangible assets		
Software	196,320	180,401
Software in progress	9,531	20,576
Goodwill	44,550	42,120
Other	1,610	1,566
Total intangible assets	252,012	244,665
Investments and other assets		
Investment securities	25,000	25,000
Lease and guarantee deposits	39,850	39,850
Deferred tax assets	2,460	2,223
Other	62	62
Total investments and other assets	67,373	67,136
Total non-current assets	353,924	344,752
Total assets	4,969,086	4,734,876

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2016)	End of first quarter of the consolidated fiscal year under review (As of July 31, 2016)
Liabilities		
Current liabilities		
Accounts payable - trade	2,047,038	1,869,898
Current portion of long-term loans payable	50,000	50,000
Payables associated with liquidation of receivables	165,000	165,000
Accounts payable - other	45,332	57,391
Income taxes payable	85,303	26,728
Allowance for guarantees	27,275	25,403
Provision for bonuses	39,792	20,420
Provision for sales promotion expenses	6,880	7,510
Deposits received	467,590	487,007
Other	153,637	177,813
Total current liabilities	3,087,850	2,887,172
Non-current liabilities		
Long-term loans payable	75,000	62,500
Asset retirement obligations	2,772	2,781
Other	26,268	26,140
Total non-current liabilities	104,041	91,421
Total liabilities	3,191,891	2,978,593
Net assets		
Shareholders' equity		
Capital stock	821,382	821,570
Capital surplus	208,854	209,042
Retained earnings	944,462	923,177
Treasury shares	(200,026)	(200,026)
Total shareholders' equity	1,774,672	1,753,764
Subscription rights to shares	2,522	2,518
Total net assets	1,777,194	1,756,282
Total liabilities and net assets	4,969,086	4,734,876

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)
(First quarter under review)

(Thousand yen)

	First three months of the previous consolidated fiscal year (From May 1, 2015 to July 31, 2015)	First three months of the consolidated fiscal year under review (From May 1, 2016 to July 31, 2016)
Net sales	533,468	569,548
Cost of sales	102,080	83,860
Gross profit	431,387	485,688
Selling, general and administrative expenses	344,068	391,240
Operating income	87,318	94,448
Non-operating income		
Commission fee	1,200	1,194
Other	613	448
Total non-operating income	1,814	1,642
Non-operating expenses		
Interest expenses	540	386
Commission fee	250	–
Expenses for liquidation of receivables	1,735	1,611
Other	125	123
Total non-operating expenses	2,651	2,121
Ordinary income	86,481	93,969
Extraordinary losses		
Office transfer expenses	–	6,045
Total extraordinary losses	–	6,045
Income before income taxes	86,481	87,923
Income taxes	31,581	30,269
Net income	54,899	57,653
Net income attributable to owners of parent	54,899	57,653

(Consolidated statements of comprehensive income)
(First quarter under review)

(Thousand yen)

	First three months of the previous consolidated fiscal year (From May 1, 2015 to July 31, 2015)	First three months of the consolidated fiscal year under review (From May 1, 2016 to July 31, 2016)
Net income	54,899	57,653
Comprehensive income	54,899	57,653
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	54,899	57,653

(Segment information)

Segment information

I. First three months of the previous consolidated fiscal year (from May 1, 2015 to July 31, 2015)

1. Sales, profits or losses in each reporting segment

(Thousand yen)

	Reporting segment				Adjustment (Note 1)	Consolidated financial statement amount (Notes 2)
	EC	Paid	Accounts Receivable Guarantee	Total		
Sales						
Sales to external customers	382,543	36,593	114,331	533,468	–	533,468
Inter-segment sales and transfers	–	42,696	46,533	89,229	(89,229)	–
Total	382,543	79,289	160,864	622,698	(89,229)	533,468
Segment profit (loss)	57,037	(954)	23,441	79,524	7,794	87,318

(Notes) 1. An adjustment of 7,794,000 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.

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

Not applicable

II. First three months of the consolidated fiscal year under review (from May 1, 2016 to July 31, 2016)

1. Sales, profits or losses in each reporting segment

(Thousand yen)

	Reporting segment				Adjustment (Note 1)	Consolidated financial statement amount (Notes 2)
	EC	Paid	Accounts Receivable Guarantee	Total		
Sales						
Sales to external customers	392,285	52,197	125,066	569,548	–	569,548
Inter-segment sales and transfers	–	43,104	54,511	97,615	(97,615)	–
Total	392,285	95,301	179,577	667,164	(97,615)	569,548
Segment profit (loss)	44,941	1,857	50,662	97,460	(3,012)	94,448

(Notes) 1. An adjustment of negative 3,012,000 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.

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

Not applicable