

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

June 9, 2017

Listed company: Raccoon Co., Ltd.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

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Scheduled date of ordinary general meeting of shareholders: July 22, 2017

Scheduled date of commencement of dividend payment: July 24, 2017

Scheduled date of submission of annual securities report: July 28, 2017

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, 2016 through April 30, 2017)

(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, 2017	2,359	5.8	420	6.9	414	12.7	255	6.9
Year ended April 30, 2016	2,229	8.4	393	17.1	367	12.2	239	18.7

(Note) Comprehensive income: Year ended April 30, 2017 ¥255 million (6.9%)

Year ended April 30, 2016 ¥239 million (19.2%)

	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, 2017	14.58	14.08	13.9	7.9	17.8
Year ended April 30, 2016	13.84	13.20	14.4	7.9	17.7

(Reference) Equity in earnings of affiliates Year ended April 30, 2017 ¥– million

Year ended April 30, 2016 ¥– 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, 2017	5,566	1,907	34.2	108.89
As of April 30, 2016	4,969	1,777	35.7	101.17

(Reference) Shareholders' equity As of April 30, 2017 ¥1,905 million

As of April 30, 2016 ¥1,774 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
Year ended April 30, 2017	469	-153	-180	1,992
Year ended April 30, 2016	398	-102	-81	1,858

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			
Year ended April 30, 2016	–	0.00	–	4.50	4.50	78	32.5	4.7
Year ended April 30, 2017	–	0.00	–	4.50	4.50	78	30.9	4.1
Year ending April 30, 2018 (forecast)	–	–	–	–	–	–	–	–

(Note 1) The dividend forecast for the end of the fiscal year ending April 30, 2018 is yet to be determined.

3. Forecast of consolidated results for the fiscal year ending April 30, 2018 (May 1, 2017 through April 30, 2018)

(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	2,550	8.1	490	16.4	485	17.1	300	17.3	17.14

* Notes

(1) Important changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting in change in the scope of consolidation): None

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

April 30, 2017 18,369,900 April 30, 2016 18,312,300

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

April 30, 2017 870,538 April 30, 2016 770,538

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

Year ended April 30, 2017 17,540,865 Year ended April 30, 2016 17,302,190

(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, 2016 through April 30, 2017)

(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, 2017	1,861	6.1	217	-16.4	243	-3.8	144	-14.3
Year ended April 30, 2016	1,754	6.1	260	11.0	252	1.2	168	8.0

	Net income per share	Net income per share (diluted)
	Yen	Yen
Year ended April 30, 2017	8.25	7.96
Year ended April 30, 2016	9.75	9.31

(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, 2017	4,974	1,515	30.4	86.47
As of April 30, 2016	4,539	1,496	32.9	85.14

(Reference) Shareholders' equity As of April 30, 2017 ¥1,513 million

As of April 30, 2016 ¥1,493 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.

* 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. Overview of Operating results, etc., (4) Future prospects on page 6 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 12, 2017. 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

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year ended April 30, 2017

During the consolidated fiscal year under review (May 1, 2016 through April 30, 2017), the Japanese economy recovered modestly thanks to factors such as improvements in corporate earnings and employment conditions. The global economy, however, remained unstable due to the slowdown of emerging economies, the issues concerning the U.K.'s exit from the E.U., and the anxiety about changes in the U.S. economic policy under the new administration.

In this environment, the Raccoon Group worked to expand the infrastructure services it offers for business-to-business transactions based on the management philosophy of making corporate activities more efficient and convenient. As a result, consolidated net sales amounted to 2,359,311,000 yen (up 5.8% year on year) in the fiscal year under review.

In terms of expenditures, the Raccoon Group made an investment in advertisements in the fiscal year to increase the SD export service in the Super Delivery segment of the e-commerce (EC) business and to increase the number of customers and the visibility of and name recognition for the Paid service in the Paid business and URIHO in the Guarantee business, which the Group began providing in August 2016. Meanwhile, in the Guarantee business, a decline in the value of guarantees performed led to a lower cost rate which in turn led to higher profit, contributing to overall profit growth.

As a result, consolidated operating income amounted to 420,812,000 yen (up 6.9% year on year) and consolidated ordinary income reached 414,313,000 yen (up 12.7% year on year). Consolidated net income attributable to owners of parent came to 255,791,000 yen (up 6.9% year on year), reflecting the recording of impairment losses of 32,777,000 yen associated with the write-down of software in the EC business as an extraordinary loss in the second quarter of the fiscal year under review.

Results by segment are as follows:

(i) EC business

In the EC business, the Company continued its efforts in its core business of Super Delivery to obtain high-quality member retailers and manufacturers, increase the average customer spending and operating rate, and expand continuous transactions between retailers and manufacturers to raise the value of transactions. In addition, the Company is implementing a strategy to increase the number of buying customers and the value of transactions by expanding the targeted retailers as potential members. Currently, the Company is working on SD export with internationally expanded targets and is approaching domestic industries other than retail such as restaurants, hair salons, lodging, and education, which have been excluded from the targets in the past.

For the expansion into industries other than retail, the Company is actively working to increase non-retailer members through business alliances. Since the establishment of a business alliance with Space Agent Co., Ltd. operating the Minpaku-bukken.com service in the third quarter of the fiscal year under review, the Company has been paying attention to the private home lodging business as an industry with demand for the Company's business based on the growing transaction value of private home lodging operators, and has focused on business alliances with companies supporting such operators. In the fourth quarter of the fiscal year, the Company established an alliance with Home Staging Japan General Incorporated Association to seek demand for its services in new industries. While such efforts have helped the transaction value to gradually increase, the sluggish growth of the value of transactions with existing member retailers resulted in a 0.5% year-on-year decline in the domestic transaction value.

Meanwhile, SD export introduced airmail at the same cost as surface mail in the fourth quarter as a new delivery method for improving convenience for overseas retailers and established a mutual alliance with COSMERIA, a cosmetics review platform specializing in Asia. These efforts contributed to year-on-year growth of 63.3% in the value of overseas transactions (the sum of SD export and overseas transactions via the Japanese-language website).

As a result, the total value of transactions in the Super Delivery service reached 9,834,504,000 yen (up 2.6% year on year). The main management indices of the Super Delivery service at the end of the fiscal year under review were as follows: the number of member retailers was 70,520 (up 18,148 from the end of the previous fiscal year), the number of companies posting information on their products was 1,189 (up 51 from the end of the previous fiscal year), and the number of items displayed was 637,652 (up 78,380 from the end of the previous fiscal year).

The Company continued to focus on increasing the name recognition of COREC and gaining users (suppliers and buyers). As a result, the number of user companies came to 11,092 at the end of the fiscal year under review.

Sales in the EC business stood at 1,611,979,000 yen (up 1.8% year on year), and segment profit was 222,299,000 yen (down 0.4% 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 positioned the fiscal year ended April 30, 2017 as a period of investment for accelerating future growth and made active investments in advertisements and increased personnel to raise the visibility and name recognition of the Paid business and increase the number of member companies. The Company also invested in systems to make its services more convenient and reliable and to raise the operating rate of the acquired member companies. In the fourth quarter, Paid was included in various services, such as the B-to-B EC payment package that would be provided by GMO Payment Gateway, Inc. Further, the Company launched "Paid Automatic Fixed Amount Billing," a new plan for automated billing, as a service to cater to the subscription-based business model (continuous payment of fixed amounts such as monthly and annual fees) that has been increasing in recent years. Thanks to these initiatives, the number of member companies exceeded 2,200 and the value of transactions (including transactions within the Group of 6,834,491,000 yen) came to 16,585,255,000 yen (up 23.7% year on year) at the end of the fiscal year under review.

As a result, sales in the Paid business came to 427,646,000 yen (up 21.2% year on year) and segment profit stood at 27,883,000 yen (up 36.9% year on year).

(iii) Guarantee business

In the Guarantee business, the Group continued to strive to expand guaranteed receivables by strengthening its sales force. Guarantees outstanding in the accounts receivable guarantee service remained below the amount at the end of the previous fiscal year until the end of the third quarter; however, they recovered thanks to a range of initiatives taken in the fourth quarter, including the renewal of the functions and design of the member website to make it easier to use and a new sales guarantee plan that would provide an incremental discount according to the frequency of use of the service. The business rent guarantee service and URIHO, which the Group began providing in August 2016, continue to show steady growth. As a result, guarantees outstanding exceeded 10 billion yen during the fourth quarter of the fiscal year, reaching 11,349,825,000 yen (including guarantees outstanding within the Group of 1,560,351,000 yen) after increasing 24.4% from the end of the previous fiscal year, and net sales rose to 720,616,000 yen (up 8.1% year on year). Although the Group increased advertisement expenses to raise the name recognition of URIHO and increase the number of customers, other selling, general, and administrative expenses were reduced and the cost rate continued to fall due to a decline in the value of guarantees performed. As a result, segment profit rose to 168,161,000 yen (up 51.2% year on year).

(2) Future prospects

In the fiscal year ending April 30, 2018, the Company plans to continue the strategy it applied in the previous fiscal year by spending money primarily on advertising and system development for the Paid business, SD export, which is the cross-border EC service of Super Delivery in the EC business, and URIHO launched in August 2016 in the Guarantee business, which the Company has positioned as growth businesses.

The registered member retailers and traded products in SD export, the cross-border EC service of Super Delivery in the EC business, expanded to countries other than Asia thanks to improved advertising targeting North America, Oceania, and Europe. In Asia, too, the Company introduced methods of rapid, low-price delivery, which helped increase the value of transactions. The name recognition of SD export, however, is still low in overseas markets. The Company will therefore continue to actively promote SD export to increase the name recognition of Super Delivery overseas and improve the convenience of delivery and payment, constituting the basis of a trade website, thereby aggressively growing the value of overseas transactions.

As for the Paid business, the Company plans to actively promote Paid Automatic Fixed Amount Billing, which was launched in April 2017. Further, the Company will continue its investment in growth while getting the investment-based growth implemented in the previous year on track. It will seek to increase the recognition and visibility of Paid and the number of member companies through aggressive advertising investment and work to raise the operating rate of member companies by improving the convenience and reliability of the services through system investment.

In the Guarantee business, the Company will continue to actively increase guarantees outstanding in the accounts receivable guarantee service and business rent guarantee service to increase guarantee charges and, additionally, implement effective marketing activities for small- and medium-sized businesses as the targets of URIHO, which commenced in August 2016, to increase the number of clients.

Based on these initiatives, the Company forecasts that net sales will be 2,550 million yen, operating income will be 490 million yen, ordinary income will be 485 million yen, and net income attributable to owners of parent will be 300 million yen in the fiscal year ending April 30, 2018.

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. Consolidated Financial Statements and Significant Notes

(1) Consolidated balance sheets

(Thousand yen)

	Previous consolidated fiscal year (As of April 30, 2016)	Consolidated fiscal year under review (As of April 30, 2017)
Assets		
Current assets		
Cash and deposits	1,859,680	1,994,430
Accounts receivable - trade	2,446,812	2,831,610
Rights to claim compensation	*1 57,783	*1 66,050
Supplies	183	144
Merchandise	–	3,639
Prepaid expenses	199,934	197,847
Deferred tax assets	49,643	59,917
Other	7,166	28,672
Allowance for doubtful accounts	(6,042)	(5,813)
Total current assets	4,615,162	5,176,499
Non-current assets		
Property, plant and equipment		
Buildings	20,919	21,802
Accumulated depreciation	(12,134)	(13,545)
Buildings, net	8,785	8,256
Vehicles	1,119	1,119
Accumulated depreciation	(1,119)	(1,119)
Vehicles, net	0	0
Tools, furniture and fixtures	48,267	45,663
Accumulated depreciation	(22,514)	(27,691)
Tools, furniture and fixtures, net	25,752	17,972
Total property, plant and equipment	34,537	26,229
Intangible assets		
Software	196,320	161,847
Software in progress	9,531	13,645
Goodwill	44,550	34,830
Other	1,610	2,124
Total intangible assets	252,012	212,447
Investments and other assets		
Investment securities	25,000	97,664
Lease and guarantee deposits	39,850	42,281
Deferred tax assets	2,460	10,891
Other	62	62
Total investments and other assets	67,373	150,900
Total non-current assets	353,924	389,577
Total assets	4,969,086	5,566,077

(Thousand yen)

	Previous consolidated fiscal year (As of April 30, 2016)	Consolidated fiscal year under review (As of April 30, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	2,047,038	2,599,281
Current portion of long-term loans payable	50,000	50,000
Payables associated with liquidation of receivables	165,000	141,000
Accounts payable - other	45,332	59,857
Income taxes payable	85,303	94,114
Allowance for guarantees	27,275	33,153
Provision for bonuses	39,792	40,016
Provision for sales promotion expenses	6,880	8,740
Deposits received	467,590	402,281
Other	153,637	179,840
Total current liabilities	3,087,850	3,608,286
Non-current liabilities		
Long-term loans payable	75,000	25,000
Asset retirement obligations	2,772	2,805
Other	26,268	22,000
Total non-current liabilities	104,041	49,806
Total liabilities	3,191,891	3,658,093
Net assets		
Shareholders' equity		
Capital stock	821,382	823,392
Capital surplus	208,854	210,864
Retained earnings	944,462	1,121,316
Treasury shares	(200,026)	(250,065)
Total shareholders' equity	1,774,672	1,905,507
Subscription rights to shares	2,522	2,476
Total net assets	1,777,194	1,907,984
Total liabilities and net assets	4,969,086	5,566,077

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

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2015 to April 30, 2016)	Consolidated fiscal year under review (From May 1, 2016 to April 30, 2017)
Net sales	2,229,642	2,359,311
Cost of sales	*1 377,926	*1 374,591
Gross profit	1,851,715	1,984,719
Selling, general and administrative expenses	*2 1,457,998	*2 1,563,906
Operating income	393,717	420,812
Non-operating income		
Commission fee	5,103	3,932
Miscellaneous income	1,746	1,363
Total non-operating income	6,849	5,296
Non-operating expenses		
Interest expenses	1,921	1,423
Commission fee	919	–
Expenses for liquidation of receivables	7,382	6,592
Loss on investments in partnership	–	3,036
Listing expenses	22,104	–
Miscellaneous loss	480	742
Total non-operating expenses	32,806	11,795
Ordinary income	367,760	414,313
Extraordinary losses		
Office transfer expenses	–	5,625
Impairment loss	–	*3 32,777
Total extraordinary losses	–	38,402
Income before income taxes	367,760	375,911
Income taxes - current	122,149	138,824
Income taxes - deferred	6,234	(18,705)
Total income taxes	128,383	120,119
Net income	239,376	255,791
Net income attributable to owners of parent	239,376	255,791

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2015 to April 30, 2016)	Consolidated fiscal year under review (From May 1, 2016 to April 30, 2017)
Net income	239,376	255,791
Comprehensive income	239,376	255,791
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	239,376	255,791

(3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (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

Fiscal year under review (from May 1, 2016 to April 30, 2017)

(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	821,382	208,854	944,462	(200,026)	1,774,672	2,522	1,777,194
Changes of items during period							
Issuance of new shares	2,009	2,009			4,019		4,019
Dividends of surplus			(78,937)		(78,937)		(78,937)
Net income attributable to owners of parent			255,791		255,791		255,791
Purchase of treasury shares				(50,039)	(50,039)		(50,039)
Net changes of items other than shareholders' equity						(45)	(45)
Total changes of items during period	2,009	2,009	176,854	(50,039)	130,834	(45)	130,789
Amount at end of period	823,392	210,864	1,121,316	(250,065)	1,905,507	2,476	1,907,984

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2015 to April 30, 2016)	Consolidated fiscal year under review (From May 1, 2016 to April 30, 2017)
Cash flows from operating activities		
Income before income taxes	367,760	375,911
Depreciation	95,227	89,837
Increase (decrease) in allowance for doubtful accounts	(10,400)	(229)
Increase (decrease) in allowance for guarantees	2,508	5,877
Interest and dividend income	(335)	(29)
Interest expenses	1,921	1,423
Impairment loss	–	32,777
Relocation expenses	–	5,625
Loss (gain) on investments in partnership	–	3,036
Decrease (increase) in notes and accounts receivable - trade	(409,872)	(384,798)
Decrease (increase) in rights to claim compensation	(3,422)	(8,267)
Decrease (increase) in inventories	37	(3,600)
Increase (decrease) in notes and accounts payable - trade	458,749	552,242
Increase (decrease) in deposits received	(7,662)	(65,308)
Increase (decrease) in advances received	44,965	32,762
Decrease (increase) in prepaid expenses	(54,388)	2,086
Increase (decrease) in accrued consumption taxes	(27,302)	(8,359)
Other	73,202	(18,261)
Subtotal	530,989	612,726
Interest and dividend income received	335	29
Interest expenses paid	(1,866)	(1,387)
Payments for removal expenses	–	(4,974)
Income taxes paid	(131,385)	(137,336)
Cash flows provided by (used in) operating activities	398,071	469,058
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,240)	(1,444)
Purchase of intangible assets	(73,450)	(74,307)
Purchase of investment securities	(25,000)	(76,000)
Payments for lease and guarantee deposits	(40)	(2,973)
Other	(274)	818
Cash flows provided by (used in) investing activities	(102,005)	(153,907)
Cash flows from financing activities		
Repayments of long-term loans payable	(70,000)	(50,000)
Cash dividends paid	(38,680)	(78,937)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	32,746	3,974
Purchase of treasury shares	–	(50,039)
Other	(5,668)	(5,751)
Cash flows provided by (used in) financing activities	(81,602)	(180,754)
Net increase (decrease) in cash and cash equivalents	214,464	134,396
Cash and cash equivalents at beginning of period	1,643,885	1,858,349
Cash and cash equivalents at end of period	* 1,858,349	* 1,992,746

(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 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 Guarantee business provides a service that guarantees that accounts receivable for business transactions will be paid.

The name of the segment "Accounts Receivable Guarantee business" used in the past has been changed to "Guarantee business" from the fiscal year under review. The change of the segment name does not affect the segment information.

The reporting segment in the previous fiscal year is presented with the new name in this document.

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, 2015 to April 30, 2016)

	Reporting segment				Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, and 4)
	EC	Paid	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	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
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.

Consolidated fiscal year under review (from May 1, 2016 to April 30, 2017)

(Thousand yen)

	Reporting segment				Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, and 4)
	EC	Paid	Guarantee	Total		
Sales						
Sales to external customers	1,611,979	249,562	497,769	2,359,311	–	2,359,311
Inter-segment sales and transfers	–	178,084	222,846	400,930	(400,930)	–
Total	1,611,979	427,646	720,616	2,760,242	(400,930)	2,359,311
Segment profit	222,299	27,883	168,161	418,344	2,468	420,812
Segment assets	3,448,565	2,641,640	900,629	6,990,835	(1,424,758)	5,566,077
Segment liabilities	1,811,887	2,612,619	245,541	4,670,048	(1,011,955)	3,658,093
Other items						
Depreciation	56,724	9,499	13,893	80,117	–	80,117
Amortization of goodwill	–	–	9,720	9,720	–	9,720
Extraordinary losses	33,082	–	5,319	38,402	–	38,402
(Impairment loss)	32,777	–	–	32,777	–	32,777
Increase in property, plant and equipment and intangible assets	23,024	14,411	37,955	75,392	–	75,392

(Notes) 1. An adjustment of 2,468,000 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, 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.

Consolidated fiscal year under review (from May 1, 2016 to April 30, 2017)

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

Previous consolidated fiscal year (from May 1, 2015 to April 30, 2016)

Not applicable.

Fiscal year under review (from May 1, 2016 to April 30, 2017)

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

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

Previous consolidated fiscal year (from May 1, 2015 to April 30, 2016)

(Thousand yen)

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

Fiscal year under review (from May 1, 2016 to April 30, 2017)

(Thousand yen)

	EC	Paid	Guarantee	Total
Amortization	–	–	9,720	9,720
Unamortized balance	–	–	34,830	34,830

e. Information on gain on bargain purchase by reporting segment

Not applicable