

**Summary of Financial Results (Consolidated)**  
**For the First Half of the Fiscal Year Ending April 30, 2019**  
**(Japanese GAAP)**

November 29, 2018

Listed company: Raccoon Holdings, Inc.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

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Scheduled date of submission of quarterly report: December 13, 2018

Scheduled date of commencement of dividend payment: –

Supplementary documents for quarterly financial results: Yes

Quarterly financial results briefing: Yes

(Rounded down to the nearest million yen)

1. Consolidated results for the first six months ended October 31, 2018 (May 1, 2018 through October 31, 2018)

(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	%
Term ended October 31, 2018	1,351	9.1	310	23.0	270	27.6	267	28.2	182	30.2
Term ended October 31, 2017	1,239	8.2	252	1.7	212	6.1	208	6.7	139	34.4

(Note) Comprehensive income:

Term ended October 31, 2018 ¥182 million (30.2%)

Term ended October 31, 2017 ¥139 million (34.4%)

(Note) EBITDA = Operating income + depreciation + amortization of goodwill (+ equity in earnings of affiliates)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Term ended October 31, 2018	10.20	10.04
Term ended October 31, 2017	7.96	7.73

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2018	7,061	2,249	31.7	124.93
As of April 30, 2018	6,056	2,133	35.2	119.67

(Reference) Shareholders' equity

As of October 31, 2018

¥2,239 million

As of April 30, 2018

¥2,131 million

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, 2018	–	0.00	–	5.20	5.20
Year ending April 30, 2019	–	0.00	–	–	–
Year ending April 30, 2019 (forecast)	–	–	–	–	–

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

(Note) The dividend forecast for the end of the fiscal year ending April 30, 2019 is yet to be determined.

3. Forecast of consolidated results for the fiscal year ending April 30, 2019 (May 1, 2018 through April 30, 2019)

(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
Full year	2,709	6.4	513	17.2	508	17.7	330	16.6	18.53

(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			
October 31, 2018	18,780,300	April 30, 2018	18,680,400
(ii) Number of treasury stock shares at the end of the term			
October 31, 2018	850,657	April 30, 2018	870,656
(iii) Average number of issued shares during the term			
October 31, 2018	17,869,322	October 31, 2017	17,582,119

\*This financial summary is not subject to the statutory quarterly review by a certified public accountant or audit corporation.

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

(Cautionary note on forward-looking statements)

The forward-looking statements, including results forecasts, 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 First Half under Review, (3) Explanation of forecasts including consolidated results forecast on page 5.

(How to obtain supplementary information for quarterly financial results)

Supplementary information on the quarterly financial results is published subsequently on TDnet.

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

### (1) Explanation of operating results

During the first half of the fiscal year under review (May 1 through October 31, 2018), the Japanese economy generally continued with a modest recovery trend thanks to improved corporate earnings and employment, which offset the impact of a series of natural disasters, including typhoons and earthquakes, on economic activities. On the other hand, overseas economies continued to have an unpredictable outlook due to concerns over the impact of U.S. trade policies, geopolitical risks and other factors.

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 1,351,725,000 yen (up 9.1% year on year) in the first half under review.

In terms of expenditure, although gross profit margin decreased 2.6 percentage points year on year impacted by a relative increase in the composition ratio of sales of the Financial business, selling, general and administrative expenses remained almost unchanged with an increase of 0.1% year on year. As a result, consolidated operating income amounted to 270,861,000 yen (up 27.6% year on year). In the meantime, 5,615,000 yen of expenses for issuance of share options conducted in August 2018 was recorded as non-operating expenses, resulting in consolidated ordinary income of 267,089,000 yen (up 28.2% year on year) and 182,183,000 yen of consolidated net income attributable to owners of parent (up 30.2% year on year). Furthermore, as described in the “Notice Concerning Future Management Policy” announced November 1, 2018, the Company has newly adopted EBITDA as the key performance indicator starting from the first half of the fiscal year under review. EBITDA for the first half of the fiscal year under review stood at 310,158,000 yen (up 23.0% year on year).

As described in the “Notice Concerning Change in Reporting Segments” (Japanese only) announced on June 8, 2018, the Paid business and the Guarantee business were consolidated and positioned in the same reporting segment category as the Financial business. In line with this change, year-on-year comparison is presented using figures which we have modified the figures in the respective period to suit the segment after the change. For the details of the change, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (Segment information).

Results by segment are as follows:

#### (i) EC business

Super Delivery, the mainstay business in the EC business, expanded its target from conventional domestic retailers to include domestic businesses other than retailers and overseas businesses in response to an increase in demand from these sectors for purchases based on the growth of the business and the expansion of the EC market in the B-to-B businesses. Currently, therefore, the Company is working to increase the value of transactions by executing a strategy for growing purchase demand in each customer segment, along with a strategy for facilitating transaction growth in an expanding market. In the first half of the fiscal year under review, the Company teamed up with Japan Freelance Interior Coordinator Association (JAFICA) and Japan Care Association in order to raise its name recognition among industries other than domestic retail as well as to increase the value of transactions.

During the first half of the fiscal year under review, the transaction value decreased 1.7% year on year as a result of the decrease in transactions in the domestic retail industry which was impacted by natural disasters, such as typhoons and earthquakes, and other factors, despite the significant increase in domestic transactions in industries other than retail. The value of overseas transactions (the sum of SD exports and overseas transactions via the Japanese-language website) increased 49.6% year on year due to the steady increase of transaction value in Asia where the Company has implemented stronger measures to increase transaction value. As a result, the total value of transactions in the Super Delivery service reached 5,347,878,000 yen (up 3.9% year on year).

At the end of the first half under review, concerning the Super Delivery service, the number of member retailers was 111,541 (up 14,341 from the end of the previous fiscal year), the number of companies posting information on their products was 1,359 (up 87 from the end of the previous fiscal year), and the number of items displayed was 794,296 (up 82,663 from the end of the previous fiscal year).

Sales in the EC business stood at 850,622,000 yen (up 1.9% year on year), and segment profit was 331,477,000 yen (up 6.8% year on year).

(ii) Financial business

In Paid, the Company made efforts to increase the operating rate of the acquired member companies. During the first half of the fiscal year under review, the Company launched an optional service “Paid Early Payment” which allows member companies to choose the frequency of book-closings more freely in accordance with their financing needs. The number of member companies rose to over 3,100 and the value of transactions outside the Group increased steadily to 7,565,471,000 yen (up 31.6% year on year) at the end of the first half of the fiscal year under review. As a result, the overall value of transactions (including 3,262,763,000 yen of transactions within the Group) came to 10,828,234,000 yen (up 18.2% year on year).

In Guarantee, the Company continued to press ahead with business collaborations with local financial institutions in the T&G Credit Guarantee service and URIHO to expand sales channel. During the first half of the fiscal year under review, the Company revised rate plans for URIHO to allow customers to freely choose rate plans in accordance with the guarantee amount they desire regardless of their annual sales. With steady increase, guarantees outstanding amounted to 19,054,837,000 yen (up 14.0% from the end of the previous fiscal year) at the end of the first half of the fiscal year under review.

As a result, sales in the Financial business stood at 586,016,000 yen (up 18.8% year on year) and segment profit reached 79,171,000 yen (up 71.4% 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 forward-looking statements presented above are based on information available to the Company at the time 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. Quarterly Consolidated Financial Statements and Major Notes

### (1) Consolidated balance sheets

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2018)	End of second quarter of the consolidated fiscal year under review (As of October 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	2,158,811	3,049,879
Accounts receivable - trade	3,122,333	3,257,280
Rights to claim compensation	72,394	88,421
Supplies	123	211
Merchandise	13,380	10,035
Prepaid expenses	158,102	144,131
Other	62,719	45,359
Allowance for doubtful accounts	(6,942)	(6,998)
Total current assets	5,580,923	6,588,321
Non-current assets		
Property, plant and equipment		
Buildings	22,122	22,122
Accumulated depreciation	(14,904)	(15,524)
Buildings, net	7,218	6,598
Tools, furniture and fixtures	44,695	44,695
Accumulated depreciation	(31,229)	(34,994)
Tools, furniture and fixtures, net	13,466	9,701
Total property, plant and equipment	20,685	16,299
Intangible assets		
Software	162,393	176,166
Software in progress	20,333	13,306
Goodwill	25,110	20,250
Other	2,857	2,672
Total intangible assets	210,693	212,396
Investments and other assets		
Investment securities	120,051	122,865
Lease and guarantee deposits	43,304	43,304
Deferred tax assets	81,064	78,539
Other	50	50
Total investments and other assets	244,470	244,759
Total non-current assets	475,849	473,455
Total assets	6,056,772	7,061,777

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2018)	End of second quarter of the consolidated fiscal year under review (As of October 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,863,899	3,305,995
Current portion of long-term loans payable	25,000	166,664
Payables associated with liquidation of receivables	141,000	132,000
Accounts payable - other	47,743	48,625
Income taxes payable	95,197	95,118
Allowance for guarantees	45,299	50,674
Provision for bonuses	43,371	48,793
Provision for sales promotion expenses	9,950	7,560
Deposits received	408,970	420,071
Other	204,894	188,482
<b>Total current liabilities</b>	<b>3,885,326</b>	<b>4,463,985</b>
Non-current liabilities		
Long-term loans payable	—	291,670
Asset retirement obligations	2,838	2,855
Other	35,102	53,814
<b>Total non-current liabilities</b>	<b>37,941</b>	<b>348,340</b>
<b>Total liabilities</b>	<b>3,923,267</b>	<b>4,812,325</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	834,227	837,713
Capital surplus	221,699	231,488
Retained earnings	1,325,490	1,415,062
Treasury shares	(250,143)	(244,397)
<b>Total shareholders' equity</b>	<b>2,131,273</b>	<b>2,239,866</b>
Subscription rights to shares	2,231	9,584
<b>Total net assets</b>	<b>2,133,504</b>	<b>2,249,451</b>
<b>Total liabilities and net assets</b>	<b>6,056,772</b>	<b>7,061,777</b>

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

(Thousand yen)

	First half of the previous consolidated fiscal year (From May 1, 2017 to October 31, 2017)	First half of the consolidated fiscal year under review (From May 1, 2018 to October 31, 2018)
Net sales	1,239,476	1,351,725
Cost of sales	196,863	249,934
Gross profit	1,042,612	1,101,790
Selling, general and administrative expenses	830,404	830,929
Operating income	212,207	270,861
Non-operating income		
Commission fee	1,786	1,530
Gain on investments in partnership	—	2,913
Other	881	923
Total non-operating income	2,667	5,366
Non-operating expenses		
Interest expenses	487	507
Expenses for liquidation of receivables	2,765	2,793
Commission fee	—	109
Loss on investments in partnership	1,582	—
Issuance cost of subscription rights to shares	—	5,615
Taxes and dues	1,330	—
Other	394	112
Total non-operating expenses	6,559	9,138
Ordinary income	208,315	267,089
Income before income taxes	208,315	267,089
Income taxes	68,352	84,906
Net income	139,962	182,183
Net income attributable to owners of parent	139,962	182,183



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

(Thousand yen)

	First half of the previous consolidated fiscal year (From May 1, 2017 to October 31, 2017)	First half of the consolidated fiscal year under review (From May 1, 2018 to October 31, 2018)
Net income	139,962	182,183
Comprehensive income	139,962	182,183
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	139,962	182,183

## (3) Consolidated statements of cash flows

(Thousand yen)

	First half of the previous consolidated fiscal year (From May 1, 2017 to October 31, 2017)	First half of the consolidated fiscal year under review (From May 1, 2018 to October 31, 2018)
<b>Cash flows from operating activities</b>		
Income before income taxes	208,315	267,089
Depreciation	40,033	39,296
Increase (decrease) in allowance for doubtful accounts	(342)	56
Increase (decrease) in allowance for guarantees	(2,383)	5,374
Interest and dividend income	(13)	(12)
Interest expenses	487	507
Loss (gain) on investments in partnership	1,582	(2,913)
Decrease (increase) in notes and accounts receivable - trade	218,128	(134,947)
Decrease (increase) in rights to claim compensation	(5,544)	(16,027)
Decrease (increase) in inventories	(8,735)	3,256
Increase (decrease) in notes and accounts payable - trade	7,384	442,096
Increase (decrease) in deposits received	41,018	11,101
Increase (decrease) in advances received	31,613	(2,278)
Decrease (increase) in prepaid expenses	61,543	14,786
Increase (decrease) in accrued consumption taxes	(2,499)	(5,604)
Other	(28,075)	24,664
Subtotal	562,512	646,446
Interest and dividend income received	13	12
Interest expenses paid	(468)	(676)
Income taxes paid	(77,933)	(81,398)
Cash flows provided by (used in) operating activities	484,124	564,382
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(320)	(815)
Purchase of intangible assets	(34,554)	(36,613)
Purchase of investment securities	(25,000)	—
Payments for lease and guarantee deposits	(1,063)	—
Other	(275)	125
Cash flows provided by (used in) investing activities	(61,212)	(37,303)
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	—	500,000
Repayments of long-term loans payable	(25,000)	(66,666)
Cash dividends paid	(78,747)	(92,610)
Proceeds from issuance of subscription rights to shares	—	8,011
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	9,066	6,893
Purchase of treasury shares	(43)	(0)
Proceeds from disposal of treasury shares resulting from exercise of subscription rights to shares	—	12,000
Other	(2,990)	(3,304)
Cash flows provided by (used in) financing activities	(97,714)	364,322
Net increase (decrease) in cash and cash equivalents	325,197	891,401
Cash and cash equivalents at beginning of period	1,992,746	2,155,442
Cash and cash equivalents at end of period	2,317,944	3,046,844

(Segment information)

Segment information

I. First half of the previous consolidated fiscal year (from May 1, 2017 to October 31, 2017)

1. Sales, profits or losses in each reporting segment

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2)
	EC	Financial	Total		
Sales					
Sales to external customers	834,674	404,801	1,239,476	—	1,239,476
Inter-segment sales and transfers	—	88,633	88,633	(88,633)	—
Total	834,674	493,434	1,328,109	(88,633)	1,239,476
Segment profits	310,333	46,188	356,521	(144,314)	212,207

(Notes) 1. The segment profit adjustment of minus 144,314,000 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 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.

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

Not applicable

II. First half of the consolidated fiscal year under review (from May 1, 2018 to October 31, 2018)

1. Sales, profits or losses in each reporting segment

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2)
	EC	Financial	Total		
Sales					
Sales to external customers	850,622	501,102	1,351,725	—	1,351,725
Inter-segment sales and transfers	—	84,913	84,913	(84,913)	—
Total	850,622	586,016	1,436,638	(84,913)	1,351,725
Segment profit	331,477	79,171	410,648	(139,787)	270,861

(Notes) 1. The segment profit adjustment of minus 139,787,000 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 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.

2. Items related to change in reporting segments

(Change in reporting segment category and calculation method in line with structural transition to a holding company)

The Company incorporated a holding-company structure effective on November 1, 2018. Due to the transition, the Paid business and the Guarantee business, which were separate reporting segments, are consolidated to one segment with a new name “Financial business” from the first quarter, considering their strong relevance as well as the change in the Group management environment represented by the structural transition to a holding company.

In addition, the Company has changed the treatment of company-wide expenses pertaining to the group operation, which was previously included in the EC business, to record as expenses under adjustment of segment profit. In tandem with such, the Company has started to collect management consulting fees, etc. appropriate for the organizational structure after the transition to a holding company, from each reporting segment. Management consulting fees, etc. are recorded as expenses in each segment, and recorded as company-wide revenues in adjustment of segment profit. Therefore, in comparison with the past treatment, segment profit for the EC business has increased while that for the Financial business has decreased. Furthermore, the amount of adjustment, which is deducted from the total amount of profit for reporting segments, has increased.

The disclosed segment information for the first half of the previous consolidated fiscal year is prepared based on the reporting segment category and calculation method after the change.

3. Items related to impairment loss on non-current assets, goodwill, etc. by reporting segment  
Not applicable