

Summary of Financial Results (Consolidated)
For the Fiscal Year Ended April 30, 2024
(Japanese GAAP)

June 13, 2024

Listed company: Raccoon Holdings, Inc.

Stock Exchange: Tokyo Stock Exchange

Code: 3031

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Scheduled date of annual shareholders meeting: July 27, 2024

Scheduled date of commencement of dividend payment: July 29, 2024

Scheduled date of submission of annual securities report: July 30, 2024

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for institutional investors and securities analysts)

(Rounded down to the nearest million yen)

1. Consolidated results for fiscal year ended April 30, 2024 (May 1, 2023 through April 30, 2024)

(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, 2024	5,808	9.2	566	(52.5)	535	(56.3)	325	(51.3)
Year ended April 30, 2023	5,320	11.1	1,193	6.0	1,225	8.0	668	88.6

(Note) Comprehensive income
Year ended April 30, 2024 ¥325 million ((51.3)%)
Year ended April 30, 2023 ¥668 million (88.6%)

	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, 2024	15.15	15.07	6.5	3.5	9.8
Year ended April 30, 2023	30.27	30.12	12.6	8.4	22.4

(Reference) Equity in earnings of affiliates
Year ended April 30, 2024 ¥- million
Year ended April 30, 2023 ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2024	15,382	4,932	31.1	223.24
As of April 30, 2023	15,178	5,429	35.0	240.65

(Reference) Shareholders' equity
As of April 30, 2024 ¥4,778 million
As of April 30, 2023 ¥5,315 million

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
As of April 30, 2024	660	(524)	(950)	4,613
As of April 30, 2023	1,122	(165)	(862)	5,427

2. Dividends

	Dividend per share					Total amount of dividends	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended April 30, 2023	—	9.00	—	9.00	18.00	400	59.5	7.5
Fiscal year ended April 30, 2024	—	9.00	—	5.00	14.00	301	92.4	6.0
Fiscal year ending April 30, 2025 (forecast)	—	10.00	—	10.00	20.00		61.2	

3. Forecast of consolidated results for the fiscal year ending April 30, 2025 (May 1, 2024 through April 30, 2025)

(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	6,100	5.0	1,250	120.5	1,250	133.3	700	114.7	32.70

* 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, 2024	22,235,143	April 30, 2023	22,228,743
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(ii) Number of treasury stock shares at the end of the fiscal year

April 30, 2024	830,257	April 30, 2023	138,781
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(iii) Average number of issued shares during the fiscal year

Year ended April 30, 2024	21,510,072	Year ended April 30, 2023	22,094,768
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*This financial summary is not subject to audit procedures by a certified public accountant or audit corporation.

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

(Cautionary note on forward-looking statements)

The forward-looking statements, including results forecasts, contained in this document are based on information the Company has obtained as of today and certain assumptions the Company considers reasonable. The Company does not guarantee its achievement of the forward-looking statements. Actual results may differ significantly depending on a variety of factors. For the assumptions underlying the results forecasts and notes on their use, please refer to “1. Overview of Operating Results, etc., (4) Future prospects” on page 6 of the accompanying materials.

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

Supplementary documents for the financial results will be disclosed on the TDnet (Timely Disclosure network operated by the Tokyo Stock Exchange) shortly. Additionally, the Company will hold a results briefing session for institutional investors and securities analysts via a live stream on Thursday, June 13, 2024. The video of this results briefing session will be provided on the website promptly after the session is held.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review (May 1, 2023 through April 30, 2024), the Japanese economy showed a positive trend such as a recovery in personal consumption, as the normalization of social and economic activities has progressed following the removal of movement restrictions. The economy has been recovering on the back of lifting restrictions on entry to Japan and an increase in inbound demand due to the weak yen. Meanwhile, the outlook remains uncertain, affected by downside risks to the economy, such as higher prices of crude oil and ongoing inflation associated with sudden progress in the depreciation of the yen, as well as prolonged political conflicts and other factors.

Under such circumstances, the Raccoon Group has promoted a new Mid-term Management Plan beginning from the fiscal year ended April 30, 2023 with its theme of “From breadth to depth: sustainable business growth by improving LTV.” We will strive for sustainable business growth by concentrating investment into existing businesses and increasing life time value (LTV) to develop increased membership in the midst of COVID-19 into a solid customer base. In the current fiscal year, the second fiscal year of the Mid-term Management Plan, the Company is working to accelerate the pace of customer acquisitions by significantly enhancing advertising expenses in both the EC business and the Financial business. As a result, consolidated net sales for the fiscal year under review were 5,808,066,000 yen (up 9.2% year on year).

In terms of expenditures, advertising expenses increased by 84.3% year on year and selling, general and administrative expenses increased by 30.9% year on year due to significantly increasing investments in customer acquisition this fiscal year. Repair expenses of 42,000,000 yen were also recorded as expenses for HVAC replacement at the headquarters building in the second quarter. As a result, the Company posted operating income of 566,962,000 yen (down 52.5% year on year), ordinary income of 535,861,000 yen (down 56.3% year on year), and net income attributable to owners of parent of 325,982,000 yen (down 51.3% year on year).

Results by segment are as follows:

(i) EC business

In Super Delivery, the mainstay service in the EC business, efforts have been made to maintain growth of the number of buying customers and increase gross merchandise value through improvement in average sale per customer. Measures to significantly enhance investments in customer acquisition are being taken as we aim to accelerate the pace to increase the number of buying customers in the fiscal year under review.

Domestically, the Company actively implemented promotions such as television commercials airing in line with the launch of a new membership plan (introduction of a free plan with zero membership fees) in September, and a welcome back campaign for members who reactivate. As a result, domestic registered members and customer numbers increased significantly since the second quarter. Meanwhile, domestic average sale per buying customer decreased due to a significant increase in the number of new buyers with a low average sale per customer. As a result, the national gross merchandise across Japan increased by 5.1% year on year.

As for overseas, the Chinese New Year, the period in which business activities usually slow down in Greater China, was pushed back to the fourth quarter in 2024, even though it fell on the third quarter in 2023. This difference resulted in accelerated purchase activities, and the growth rate of gross merchandise value in Greater China was restrained year on year in the fourth quarter. Meanwhile, the number of buying customers in the U.S. and South Korea, where the Company is strengthening investments in sales promotions and advertising, continued to increase, and gross merchandise value also continued to grow steadily at a significant pace. As a result, the gross merchandise value overseas increased by 7.4% year on year and the value of transactions of Super Delivery for the fiscal year under review totaled 25,175,835,000 yen (up 5.7% year on year).

Additionally, as of the end of the fiscal year under review, the number of Super Delivery members stood at 396,417 (up 63,991), the number of participating companies at 3,212 (up 85), and the number of items displayed at 1,658,453 (up 179,382), all compared on a year-on-year basis.

As a result, sales in the EC business stood at 3,331,676,000 yen (up 5.3% year on year). In terms of expenditures, advertising expenses and sales promotion expenses increased by 72.4% year on year as the Company actively implemented promotions in line with the launch of a new membership plan (introduction of a free plan with zero membership fees) and a welcome back campaign for members who reactivate. In addition, shipping costs increased, affected by the implementation of reduced international shipping costs, resulting in a year-on-year increase of 42.0% in selling, general and administrative expenses. Consequently, segment profit was 887,260,000 yen (down 30.6% year on year).

(ii) Financial business

In the Paid service, efforts have been made to continuously increase member companies and increase transaction value per member company. The demand environment for this service remained favorable and the value of transactions increased steadily. Consequently, the value of transactions outside the Group totaled 36,071,907,000 yen (up 15.9%) and the overall value of transactions (including 11,540,234,000 yen of transactions within the Group) stood at 47,612,141,000 yen (up 14.2%), both compared on a year-on-year basis.

In URIHO, the Company has continued its endeavors to increase guarantee balance by adding more member companies, leading to growth in net sales. The Company is actively investing in promotions to capture customers and aired television commercials. Consequently, the number of member companies steadily increased, and the guarantee balance also steadily accumulated.

Regarding rent guarantee services, the Company continued its efforts to increase name recognition of its services for both business and residential properties among real estate companies.

Guarantees outstanding at the end of the fourth quarter under review amounted to 120,698,837,000 yen (56,242,800,000 yen for RACCOON FINANCIAL, Inc. and 64,456,036,000 yen for RACCOON RENT, Inc.), up 10.8% from the end of the previous fiscal year. As a result, sales in the Financial business stood at 2,776,819,000 yen (up 14.2% year on year). In terms of expenditures, the rate of cost of sales increased due to an adjustment of allowance for guarantees to a conservative allowance ratio at the end of the fiscal year ended April 30, 2024, in response to an increasing trend in the number of bankruptcies of domestic small and medium sized businesses due to the start of repayments of interest-free and unsecured loans. However, the rate is maintained within an appropriate range due to the Group's appropriate credit screening control. The Company strengthened promotional activities, resulting in advertising expenses increasing by 121.6% year on year. Consequently, segment profit totaled 371,299,000 yen (down 29.4% year on year).

(2) Overview of the financial status for the fiscal year under review

Total assets at the end of the fiscal year under review amounted to 15,382,142,000 yen, up 203,479,000 yen from the end of the previous fiscal year. Current assets decreased 262,058,000 yen to 12,717,761,000 yen. The main factor causing the decrease was the decrease of 814,024,000 yen in cash and deposits due to acquisition of treasury shares, despite the increase of 635,126,000 yen in accounts receivable - trade due to increased transactions. Non-current assets increased 465,538,000 yen to 2,664,381,000 yen. The main factors for the increase were the recording of 296,250,000 yen in newly acquired investment securities and the increase of 138,886,000 yen in software and software in progress in total.

Liabilities at the end of the fiscal year under review totaled 10,449,324,000 yen, up 699,665,000 yen from the end of the previous fiscal year. Current liabilities decreased 241,378,000 yen to 9,461,345,000 yen. The main factor for the decrease was the decrease of 975,000,000 yen in current portion of long-term borrowings due to the impact of refinancing, despite the increase of 715,102,000 yen in accounts payable - trade due to increased transactions. Non-current liabilities increased 941,043,000 yen to 987,978,000 yen. The main factor for the increase was the increase of 926,250,000 yen in long-term borrowings due to the impact of refinancing.

Net assets at the end of the fiscal year under review decreased 496,185,000 yen to 4,932,818,000 yen. The main factors for the decrease were the decrease of 393,865,000 yen in retained earnings due to cash dividends paid, despite the increase in retained earnings due to the recording of 325,982,000 yen in net income attributable to owners of parent, and the increase of 477,316,000 yen in treasury shares due to acquisition of treasury shares.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (the "funds") at the end of the fiscal year under review decreased 814,301,000 yen from the end of the previous fiscal year to 4,613,379,000 yen. Cash flows from each activity for the fiscal year under review and their primary factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review amounted to 660,987,000 yen. The main factor for this is the recording of 535,861,000 yen in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review amounted to 524,711,000 yen. The main factors for this are the recording of 236,649,000 yen as purchase of intangible assets primarily for developing software and the recording of 296,250,000 yen as purchase of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review amounted to 950,577,000 yen. The main factors for this are the recording of 503,576,000 yen as purchase of treasury shares and the recording of 393,865,000 yen as cash dividends paid.

(4) Future prospects

For the fiscal year ending April 30, 2025, the Company forecasts net sales of 6,100 million yen, operating income of 1,250 million yen, ordinary income of 1,250 million yen, and net income attributable to owners of parent of 700 million yen.

For the fiscal year ending April 30, 2025, the Company intends to continue to expand the scale of its business by accelerating the pace of customer acquisitions, and expects to increase net sales and income. In the previous fiscal year (fiscal year ended April 30, 2024), the Company significantly enhanced investment in customer acquisitions and implemented various promotions. Based on the results of the effectiveness verification of each such promotion, the Company plans to continue measures that were effective and discontinue measures that were less effective in the fiscal year ending April 30, 2025. Advertising and sales promotion expenses will thereby be reduced by slightly more than 30% year on year, and the Company aims to achieve a V-shaped recovery with record-high income.

Furthermore, as a result of reviewing the Group's management resource allocation policy, the Company decided to enter into a Memorandum of Understanding on the transfer of shares of RACCOON RENT, Inc., a consolidated subsidiary that provides rent guarantee service in the Financial business, to Entrust Inc., with the aim of increasing capital efficiency by selecting and concentrating business areas and concentrating management resources into growing businesses. RACCOON RENT, Inc. will be excluded from the consolidated subsidiaries following the share transfer. Since the terms and conditions of the transfer will be determined through negotiations, the share transfer price and the effective date of the share transfer have not been determined at this time, but estimated amounts are stated as figures that take into consideration the impact on business performance. For details, please refer to the "Notice Concerning Conclusion of Memorandum of Understanding on Transfer of Consolidated Subsidiary (Share Transfer)" announced on June 13, 2024.

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

2. Basic Policy on Selection of Accounting Standards

The Raccoon Group intends to continue preparing its consolidated financial statements using Japanese GAAP for the foreseeable future, taking into consideration the comparability of consolidated financial statements by term and comparability between companies.

The Raccoon Group intends to appropriately address the adoption of International Financial Reporting Standards considering circumstances in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2023)	End of consolidated fiscal year under review (As of April 30, 2024)
Assets		
Current assets		
Cash and deposits	5,438,387	4,624,362
Accounts receivable - trade	7,067,419	7,702,545
Rights to claim compensation	81,263	47,696
Supplies	183	132
Prepaid expenses	192,803	224,394
Other	444,712	451,642
Allowance for doubtful accounts	(244,949)	(333,013)
Total current assets	12,979,819	12,717,761
Non-current assets		
Property, plant and equipment		
Buildings	620,329	620,329
Accumulated depreciation	(107,058)	(130,572)
Buildings, net	513,271	489,756
Tools, furniture and fixtures	57,807	82,769
Accumulated depreciation	(32,992)	(42,261)
Tools, furniture and fixtures, net	24,814	40,507
Land	882,140	882,140
Total property, plant and equipment	1,420,226	1,412,404
Intangible assets		
Software	192,048	310,072
Software in progress	81,941	102,804
Other	1,141	1,721
Total intangible assets	275,131	414,599
Investments and other assets		
Investment securities	214,691	461,733
Lease and guarantee deposits	1,756	1,748
Deferred tax assets	273,797	373,816
Other	13,239	80
Total investments and other assets	503,485	837,378
Total non-current assets	2,198,843	2,664,381
Total assets	15,178,663	15,382,142

(Thousand yen)

	End of previous consolidated fiscal year (As of April 30, 2023)	End of consolidated fiscal year under review (As of April 30, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	7,529,982	8,245,084
Current portion of long-term borrowings	1,020,000	45,000
Accounts payable - other	196,734	254,210
Income taxes payable	167,816	134,029
Allowance for guarantees	127,909	169,381
Provision for bonuses	91,748	103,455
Provision for share-based remuneration	23,335	—
Provision for sales promotion expenses	37,510	58,710
Deposits received	26,539	14,122
Other	481,148	437,351
Total current liabilities	9,702,724	9,461,345
Non-current liabilities		
Long-term borrowings	—	926,250
Other	46,935	61,728
Total non-current liabilities	46,935	987,978
Total liabilities	9,749,659	10,449,324
Net assets		
Shareholders' equity		
Capital stock	1,860,286	1,864,071
Capital surplus	1,260,104	1,263,889
Retained earnings	2,618,097	2,550,214
Treasury shares	(422,523)	(899,839)
Total shareholders' equity	5,315,965	4,778,337
Share acquisition rights	113,037	154,480
Total net assets	5,429,003	4,932,818
Total liabilities and net assets	15,178,663	15,382,142

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

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2022 to April 30, 2023)	Consolidated fiscal year under review (From May 1, 2023 to April 30, 2024)
Net sales	5,320,983	5,808,066
Cost of sales	1,036,827	1,194,751
Gross profit	4,284,155	4,613,314
Selling, general and administrative expenses	3,090,927	4,046,351
Operating income	1,193,227	566,962
Non-operating income		
Commission income	3,040	8,448
Gain on investments in investment partnerships	11,903	—
Surrender value of insurance policies	18,687	5,231
Miscellaneous income	10,356	4,136
Total non-operating income	43,987	17,817
Non-operating expenses		
Interest expenses	4,650	4,324
Commission expenses	4,551	2,236
Loss on investments in investment partnerships	—	39,619
Commission for purchase of treasury shares	1,442	2,465
Miscellaneous loss	602	273
Total non-operating expenses	11,246	48,918
Ordinary income	1,225,968	535,861
Extraordinary losses		
Impairment losses	133,143	—
Settlement payments	15,000	—
Total extraordinary losses	148,143	—
Income before income taxes	1,077,825	535,861
Income taxes - current	396,891	309,897
Income taxes - deferred	12,130	(100,018)
Total income taxes	409,021	209,878
Net income	668,803	325,982
Net income attributable to owners of parent	668,803	325,982

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2022 to April 30, 2023)	Consolidated fiscal year under review (From May 1, 2023 to April 30, 2024)
Net income	668,803	325,982
Comprehensive income	668,803	325,982
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	668,803	325,982

(3) Consolidated statements of changes in equity

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

(Thousand yen)

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

Consolidated fiscal year under review (from May 1, 2023, to April 30, 2024)

(Thousand yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	1,860,286	1,260,104	2,618,097	(422,523)	5,315,965	113,037	5,429,003
Changes during period							
Issuance of new shares	3,785	3,785			7,570		7,570
Dividends of surplus			(393,865)		(393,865)		(393,865)
Net income attributable to owners of parent			325,982		325,982		325,982
Purchase of treasury shares				(503,576)	(503,576)		(503,576)
Disposal of treasury shares				26,260	26,260		26,260
Net changes in items other than shareholders' equity						41,442	41,442
Total changes during period	3,785	3,785	(67,882)	(477,316)	(537,628)	41,442	(496,185)
Balance at end of period	1,864,071	1,263,889	2,550,214	(899,839)	4,778,337	154,480	4,932,818

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous consolidated fiscal year (From May 1, 2022, to April 30, 2023)	Consolidated fiscal year under review (From May 1, 2023, to April 30, 2024)
Cash flows from operating activities		
Income before income taxes	1,077,825	535,861
Depreciation	108,276	126,750
Amortization of goodwill	9,784	—
Share-based remuneration expenses	53,881	49,006
Increase (decrease) in allowance for doubtful accounts	68,818	88,063
Increase (decrease) in allowance for guarantees	28,712	41,472
Interest and dividend income	(54)	(48)
Interest expenses	4,650	4,324
Loss (gain) on investments in investment partnerships	(11,903)	39,619
Impairment losses	133,143	—
Decrease (increase) in notes and accounts receivable - trade	(827,583)	(635,126)
Decrease (increase) in rights to claim compensation	(34,340)	33,567
Decrease (increase) in inventories	93	51
Increase (decrease) in notes and accounts payable - trade	1,090,571	715,102
Increase (decrease) in deposits received	3,620	(12,416)
Increase (decrease) in advances received	21,903	(30,471)
Decrease (increase) in prepaid expenses	3,990	(31,590)
Decrease/increase in consumption taxes receivable/payable	(4,374)	(36,376)
Other	68,679	28,344
Subtotal	1,795,697	916,133
Interest and dividend income received	54	48
Interest expenses paid	(4,628)	(4,349)
Income taxes paid	(668,832)	(557,147)
Income taxes refund	—	306,302
Cash flows provided by (used in) operating activities	1,122,289	660,987
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,845)	—
Purchase of intangible assets	(149,005)	(236,649)
Purchase of investment securities	(20,000)	(296,250)
Proceeds from distributions from investment partnerships	6,000	8,180
Payments for lease and guarantee deposits	(1,440)	(197)
Proceeds from refund of leasehold and guarantee deposits	8,569	205
Cash flows provided by (used in) investing activities	(165,720)	(524,711)
Cash flows from financing activities		
Repayments of long-term borrowings	(178,336)	(48,750)
Cash dividends paid	(423,594)	(393,865)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	27	6
Purchase of treasury shares	(262,284)	(503,576)
Proceeds from disposal of treasury shares	6,566	3,057
Other	(5,183)	(7,449)
Cash flows provided by (used in) financing activities	(862,804)	(950,577)
Net increase (decrease) in cash and cash equivalents	93,764	(814,301)
Cash and cash equivalents at beginning of period	5,333,916	5,427,680
Cash and cash equivalents at end of period	5,427,680	4,613,379

(5) Notes on consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable

(Changes in accounting policies)

Not applicable

(Segment information)

[Segment information]

1. Summary of reporting segments

The Company's reporting segments are organizational units for which separate financial information is available, and they are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results. In the Raccoon Group, the Company, which is a holding company, formulates comprehensive strategies and engages in overall management, while each business company conducts its own business activities based on those management strategies. Each business company provides infrastructure services for business-to-business transactions with the aim of making corporate activities more efficient and convenient. Business activities are undertaken in an effort to increase sales and profits while striving to improve services.

Accordingly, the Raccoon Group is comprised of segments by service based on business companies, with the two reporting segments of the EC business and Financial business.

The EC business conducts business centered around the operation of Super Delivery, a business-to-business (BtoB) transaction website. The Financial business engages in the operation of the Paid service, a BtoB deferred payment service for transactions between enterprises, the operation of the URIHO service, service to provide guarantees for accounts receivables of enterprises from their business partners, and a rent guarantee service.

2. The method of measurements of sales, profits or losses, assets, liabilities, and other items by reporting segment

The method of accounting for reporting business segments is generally the same as that stated in the basis for preparing consolidated financial statements.

Profits for reporting segments are figures based on operating income.

Inter-segment sales and transfers are determined according to prevailing market prices.

3. Information on sales, profits or losses, assets, liabilities, and other items by reporting segment

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

(Thousand yen)

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

(Notes) 1. The segment profit adjustment of minus 610,418,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly comprised of management consulting fees and such from each reporting segment and the company-wide expenses are general and administrative expenses and such which are not attributable to reporting segments.

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

3. Segment assets are adjusted to total assets in the consolidated balance sheets.

4. Segment liabilities are adjusted to total liabilities in the consolidated balance sheets.

Consolidated fiscal year under review (from May 1, 2023, to April 30, 2024)

(Thousand yen)

	Reporting segment			Adjustment (Note 1)	Consolidated financial statement amount (Notes 2, 3, 4)
	EC	Financial	Total		
Sales					
Sales to external customers	3,331,676	2,476,390	5,808,066	—	5,808,066
Inter-segment sales and transfers	—	300,429	300,429	(300,429)	—
Total	3,331,676	2,776,819	6,108,495	(300,429)	5,808,066
Segment profit	887,260	371,299	1,258,559	(691,596)	566,962
Segment assets	4,225,977	9,539,685	13,765,662	1,616,480	15,382,142
Segment liabilities	3,132,558	8,420,904	11,553,463	(1,104,138)	10,449,324
Other items					
Depreciation	37,073	52,325	89,399	37,351	126,750
Increase in property, plant and equipment and intangible assets	46,945	164,125	211,071	47,324	258,396

(Notes) 1. The segment profit adjustment of minus 691,596,000 yen includes company-wide revenues and expenses not distributed to the reporting segments. The company-wide revenues are mostly comprised of management consulting fees and such from each reporting segment and the company-wide expenses are general and administrative expenses and such which are not attributable to reporting segments.

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

3. Segment assets are adjusted to total assets in the consolidated balance sheets.

4. Segment liabilities are adjusted to total liabilities in the consolidated balance sheets.

[Related information]

Previous consolidated fiscal year (from May 1, 2022, to April 30, 2023)

1. Information by product and service

The classifications of products and services are identical to the reporting segments, and the information is omitted.

2. Information by region

(1) Sales

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

(2) Property, plant and equipment

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

3. Information by major customer

The information is omitted as no external customer accounts for 10% or more of sales in the consolidated statements of income.

Consolidated fiscal year under review (from May 1, 2023, to April 30, 2024)

1. Information by product and service

The classifications of products and services are identical to the reporting segments, and the information is omitted.

2. Information by region

(1) Sales

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

(2) Property, plant and equipment

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

3. Information by major customer

The information is omitted as no external customer accounts for 10% or more of sales in the consolidated statements of income.

[Information on items related to impairment loss on non-current assets by reporting segment]

Previous consolidated fiscal year (from May 1, 2022, to April 30, 2023)

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

Consolidated fiscal year under review (from May 1, 2023, to April 30, 2024)

Not applicable

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

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

(Thousand yen)

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

Consolidated fiscal year under review (from May 1, 2023, to April 30, 2024)

Not applicable

[Information on gain on bargain purchase by reporting segment]

Not applicable

(Per share information)

(Yen)

	Previous consolidated fiscal year (From May 1, 2022, to April 30, 2023)	Consolidated fiscal year under review (From May 1, 2023, to April 30, 2024)
Net assets per share	240.65	223.24
Net income per share	30.27	15.15
Net income per share (diluted)	30.12	15.07

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

	Previous consolidated fiscal year (From May 1, 2022, to April 30, 2023)	Consolidated fiscal year under review (From May 1, 2023, to April 30, 2024)
Net income per share		
Net income attributable to owners of parent (Thousand yen)	668,803	325,982
Amount not attributable to shareholders of common shares (Thousand yen)	—	—
Net income attributable to owners of parent attributable to common shares (Thousand yen)	668,803	325,982
Average number of common shares during the period (Shares)	22,094,768	21,510,072
Net income per share (diluted)		
Adjustment of net income attributable to owners of parent (Thousand yen)	—	—
Increase in number of common shares (Shares)	111,720	126,043
[of which share acquisition rights (Shares)]	[111,720]	[126,043]
Outline of potential common shares not used to calculate net income per share (diluted) because they do not have dilution effect	—	—

(Note) The Company's shares remaining in the employee stock ownership plan (J-ESOP), which have been recorded as treasury shares in shareholders' equity, are included in the treasury shares deducted from the total number of issued shares at the end of the term for the purpose of calculating "Net assets per share" (138,270 shares for the previous fiscal year and 129,660 shares for the fiscal year under review).

In addition, these are included in the treasury shares deducted when calculating the average number of issued shares during the term for the purpose of calculating "Net income per share" and "Net income per share (diluted)" (139,425 shares for the previous fiscal year and 130,749 shares for the fiscal year under review).

(Significant subsequent events)

(Reduction of legal capital surplus and legal retained earnings)

At the Board of Directors meeting held on June 13, 2024, the Company decided to submit a proposal concerning “reductions in the amounts of legal capital surplus and legal retained earnings” to the 28th Annual Shareholders Meeting, scheduled for July 27, 2024.

1. Purpose of reduction in the amounts of legal capital surplus and legal retained earnings

In order to improve the distributable amount and ensure an agile and flexible capital policy in the future, the Company will reduce legal capital surplus and legal retained earnings according to the provisions of Article 448, Paragraph 1 of the Companies Act and transfer the full amount of such reductions to other capital surplus and retained earnings brought forward.

2. Amounts of legal capital surplus and legal retained earnings to be reduced

Legal capital surplus	1,220,488,566 yen out of 1,220,488,566 yen (full amount)
Legal retained earnings	38,328,482 yen out of 38,328,482 yen (full amount)

3. Method for reducing the amounts of legal capital surplus and legal retained earnings

The full reduced amount of legal capital surplus will be transferred to other capital surplus and the full reduced amount of legal retained earnings will be transferred to retained earnings brought forward.

4. Schedule (planned) for matters related to the reduction of legal capital surplus and legal retained earnings

(1) Date of resolution by the Board of Directors	June 13, 2024
(2) Date of public notice of creditor objections	June 25, 2024 (planned)
(3) Final deadline for creditor objections	July 26, 2024 (planned)
(4) Date of resolution at the shareholders meeting	July 27, 2024 (planned)
(5) Effective date	July 27, 2024 (planned)

(Transfer of consolidated subsidiary (share transfer))

At the Board of Directors meeting held on June 13, 2024, the Company decided to conclude a memorandum of understanding with Entrust Inc. (hereinafter, “Entrust”) to proceed with concrete discussions regarding transfer of all shares of RACCOON RENT, Inc. (hereinafter, “RACCOON RENT”), a consolidated subsidiary of the Company, to Entrust.

1. Reason for transfer of the shares

RACCOON RENT, which has provided rent guarantee services for mainly personal residential property in the Kanto region since its foundation in 2009, joined the Raccoon Group in December 2018, aiming to provide more convenient rent guarantee services available for both residential and business property by adding the Group’s knowhow on corporate credit for business properties and IT technologies. Since joining the Group, it has provided convenient and unique services for real estate companies which manage various types of property such as the “Simple Plan” with lower initial guarantee commission fees occurring on renting property and “RACUHO,” an industry-first rent guarantee service which covers costs exceeding the guarantee.

Recently, we reviewed a policy for allocating management resources of the Raccoon Group. As a result, we decided to transfer shares in RACCOON RENT, determining that, following the selection and concentration of the business fields, we will be able to improve capital efficiency by concentrating management resources to the growing business. For selecting a transferee, we carefully and repeatedly discussed on whether business synergies are expected for continued development of RACCOON RENT’s rent guarantee services and furthermore, whether real estate companies that have used RACCOON RENT’s rent guarantee services and deepened relationships of trust with us can continue to use such services without any concerns in future. As a result, we determined it best to transfer the shares to Entrust and decided to conclude the memorandum of understanding.

2. Outline of transferred subsidiary

(1)	Name	RACCOON RENT, Inc.		
(2)	Location	1-14-14 Nihonbashi-Kakigaracho, Chuo-ku, Tokyo, Japan		
(3)	Position and name of representative	Kazuto Nakayama, President & Representative Director		
(4)	Business description	Rent guarantee business		
(5)	Capital stock	100,000 thousand yen		
(6)	Date of foundation	December 22, 2009		
(7)	Major shareholder and shareholding ratio	RACCOON HOLDINGS, Inc. 100%		
(8)	Relationship with the listed company	Capital relationship	The Company has a 100% equity interest in this company.	
		Personal relationship	Two directors of the Company concurrently serve as officers of this company. Officers and employees of this company are seconded from the Company.	
		Business relationship	The Company is entrusted with system development and operations of this company. In addition, this company guarantees the Company's borrowings.	
(9)	Operating results and financial position of this company for the last three years			
	Fiscal year ended	April 30, 2022	April 30, 2023	April 30, 2024
	Net assets	168 million yen	169 million yen	170 million yen
	Total assets	533 million yen	545 million yen	490 million yen
	Net assets per share	34,486.34 yen	34,631.93 yen	34,730.88 yen
	Net sales	426 million yen	456 million yen	439 million yen
	Operating income	(4) million yen	3 million yen	(30) million yen
	Ordinary income	(3) million yen	23 million yen	(24) million yen
	Net income	(4) million yen	0.7 million yen	0.4 million yen
	Net income per share	(842.82) yen	145.59 yen	98.95 yen

3. Outline of counterparty of share transfer

(1)	Name	Entrust Inc.		
(2)	Location	Hanzomon First Building 2nd Floor, 1-4 Kojimachi, Chiyoda-ku, Tokyo, Japan		
(3)	Position and name of representative	Yutaka Kuwabara, Representative Director, President and CEO		
(4)	Business description	Guarantee business and solution business		
(5)	Capital stock	1,045 million yen		
(6)	Date of foundation	March 9, 2006		
(7)	Net assets	5,209 million yen		
(8)	Total assets	7,975 million yen		
(9)	Major shareholder and shareholding ratio	Prestige International(S) Pte. Ltd. 56.83%		
(10)	Relationship with the listed company	Capital relationship	There is no relevant information	
		Personal relationship	There is no relevant information	
		Business relationship	There is no relevant information	
		Applicability to related parties	There is no relevant information	

4. Number of shares transferred, transfer price, and status of shares held before and after the transfer

(1)	Number of shares held before the transfer	4,900 shares (Number of voting rights: 4,900) (Voting rights holding ratio: 100%)
(2)	Number of shares transferred	4,900 shares (Number of voting rights: 4,900)
(3)	Transfer price	The transfer price will be determined through discussions toward the conclusion of the share transfer agreement.
(4)	Number of shares held after the transfer	0 shares (Number of voting rights: 0) (Voting rights holding ratio: 0%)

5. Schedule (planned)

(1)	Date of resolution at the Board of Directors meeting	June 13, 2024
(2)	Date of conclusion of the memorandum of understanding	June 13, 2024 (planned)
(3)	Date of the share transfer agreement	From August 2024 to September 2024 (planned)
(4)	Effective date of the share transfer	From September 2024 to October 2024 (planned)