



June 10, 2022

(For Translation Purposes Only)

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President: Isao Ogata, Representative Director
(Code: 3031, Tokyo Stock Exchange Prime Market)
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Notice Concerning Formulation of Mid-term Management Plan
(Fiscal Year Ending April 30, 2023 to Fiscal Year Ending April 30, 2025)

Raccoon Holdings, Inc. (“Raccoon”) has formulated a new Mid-term Management Plan for the three-year period of the fiscal year ending April 30, 2023 to the fiscal year ending April 30, 2025.

Outline of the Mid-term Management Plan
(Fiscal Year Ending April 30, 2023 to Fiscal Year Ending April 30, 2025)

1. Theme of the Mid-term Management Plan

From breadth to depth: sustainable business growth by improving LTV

2. Mid-term Management Targets for Key Indices

- Aim for growth in all businesses, with a target growth rate of +17.8% CAGR
- Aim to improve operating income margin while investing in growth against a backdrop of a high marginal income ratio
- Conduct assertive shareholder returns with a goal of 27% ROE

(in millions of yen)

	Fiscal year ended April 30, 2022 (results)	Fiscal year ending April 30, 2025 (planned)	Growth rate
Net sales	4,767	7,800	CAGR +17.8%
Operating income	1,127	2,600	CAGR +32.1%
Operating income margin	23.6%	33.3%	+9.7pt
ROE	7.7% *1 (13.7% excluding extraordinary losses)	27.0%	+19.3pt (+13.3pt)

*1 Temporary decline in ROE due to impairment of investment securities and goodwill

* Please see the attached material for details on the Mid-term Management Plan.

* A video discussing the Mid-term Management Plan will be posted on the Company’s website at a later date.

Mid-term Management Plan

FY 4/2023 (ending April 30, 2023) to FY 4/2025 (ending April 30, 2025)

June 10, 2022



Executive Summary

1. Further Expanding Market

As companies both within and outside Japan reevaluate the importance of DX, the Company projects that the EC Business and the Financial Business will expand further.

The Company will create sales gains across all businesses by riding this large wave.

2. Expanding Market Share

COVID-19 has greatly increased the number of customer contacts. The Company will expand market share, improving LTV by ensuring that customer contacts are not transitory and yield continued use.

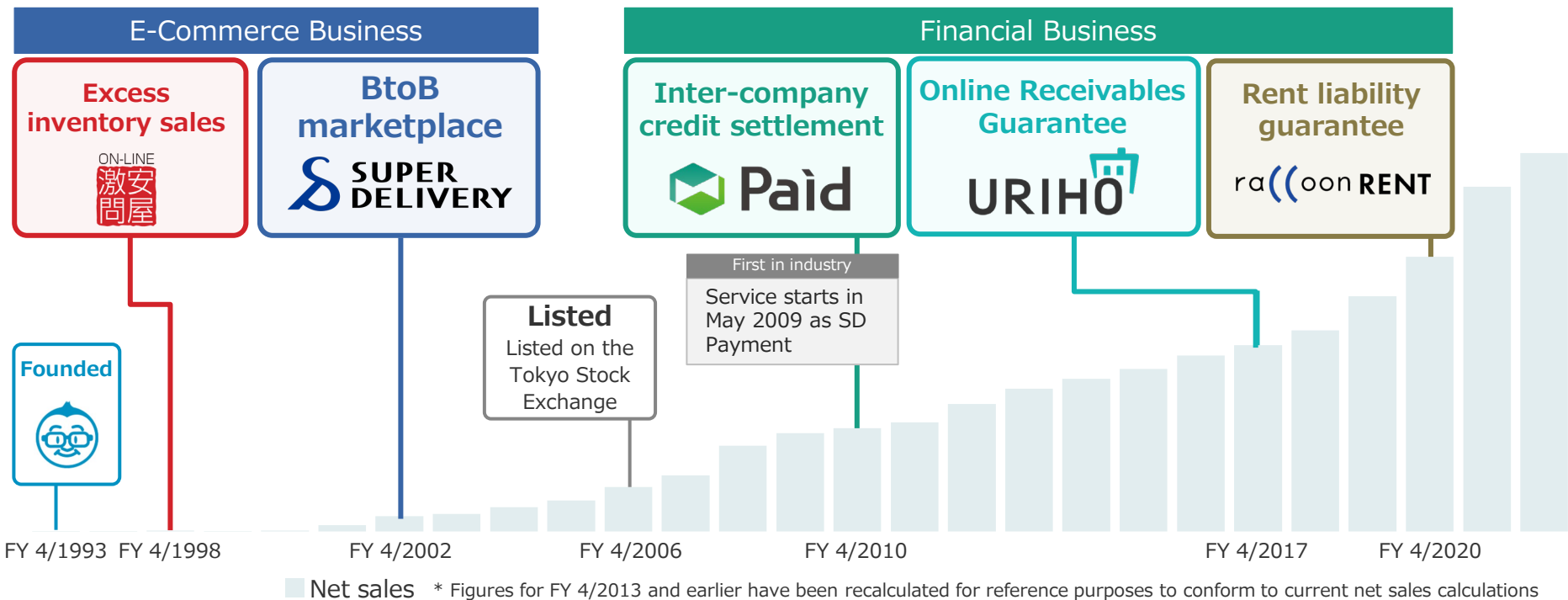
3. Improving Margin

We will strive for balanced growth that will allow more investment into our businesses on the back of high marginal income ratios while improving operating margin.

About Raccoon Group

Value Created to Date

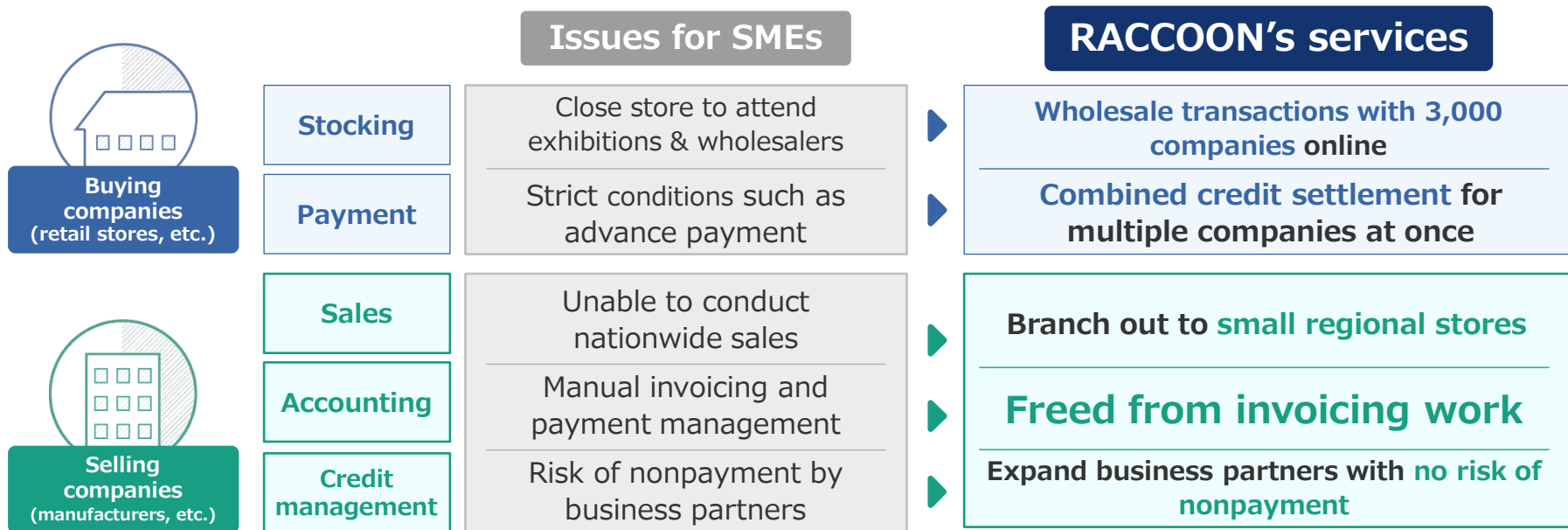
Founded in 1993 with 1 million yen, the Company has continued to grow by pioneering new and efficient distribution systems as an alternative to the “information,” “settlement,” and “logistics” functions of wholesalers.



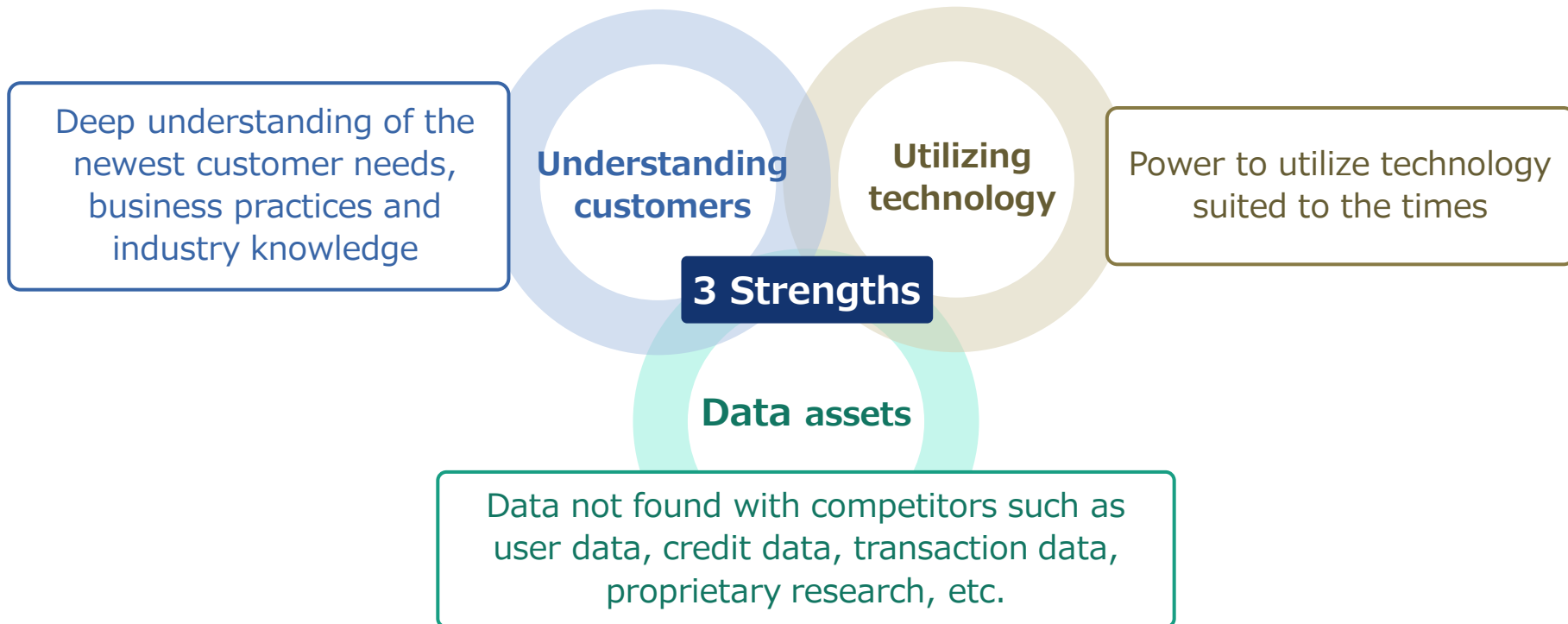
— Raccoon Group Corporate Philosophy —

Making corporate activities **more efficient and convenient**

Create **business infrastructure** for SMEs that allows even small new companies to **succeed in the shortest possible time** by making the right efforts

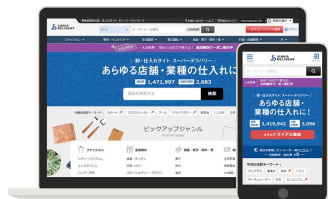


Provide BtoB services suited to the times based on an understanding of customers and the industry and through use of proprietary data foundations

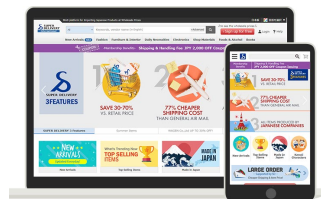


E-Commerce Business

Domestic inter-company marketplace



Cross Border EC for international companies



Annual buying customers	Number of suppliers	Annual gross merchandise value
44,000 businesses	3,000 companies	21.6 billion yen

Scale of Businesses (FY 4/2022)

Financial Business

Inter-company credit settlement



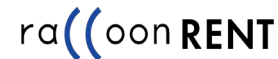
Annual value of transactions
34.7 billion yen

Online Receivables Guarantee



guarantee balance
30.6 billion yen

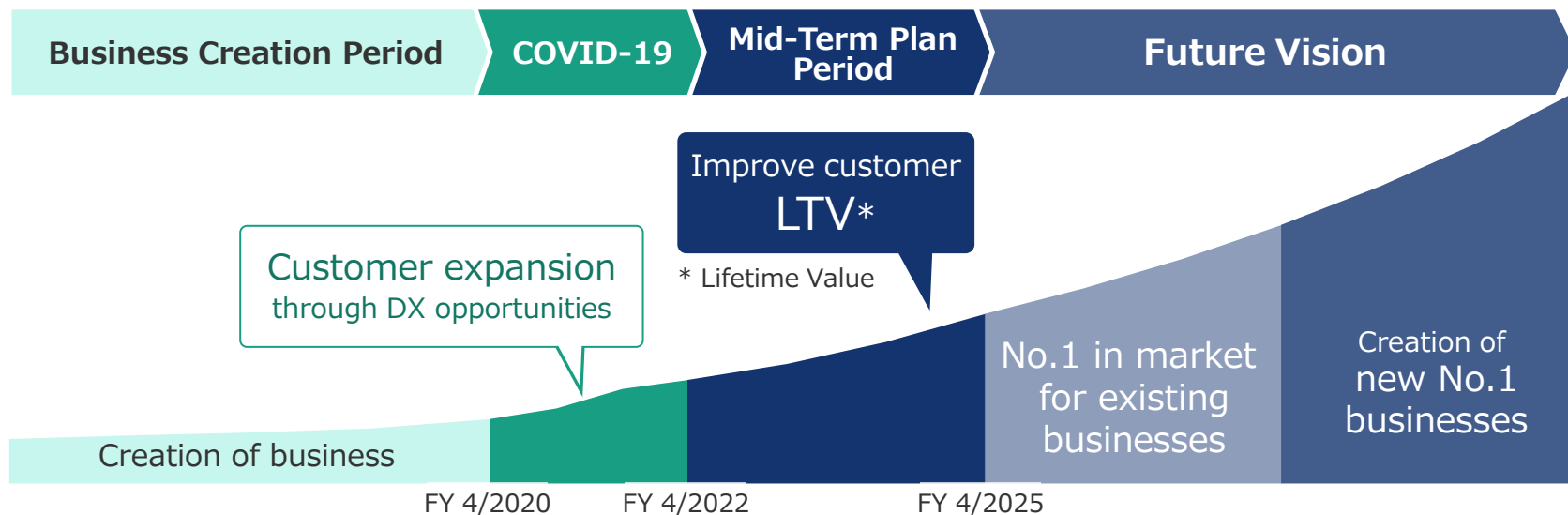
Obligation Guarantee for Rental Properties



Actual guarantee balance
7.5 billion yen

Achieve No.1 in existing businesses & create new future No.1 businesses

- Growth in each business due to increase in new customers despite effects of COVID-19
- Focus investment into existing businesses during Mid-Term Management Plan period to take advantage of newly acquired customer base



Creating business infrastructure that allows small new companies to succeed in the shortest possible time

Mid-term Management Plan Summary

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 **LTV** to develop the increased membership in the midst of COVID-19 into a solid customer base.

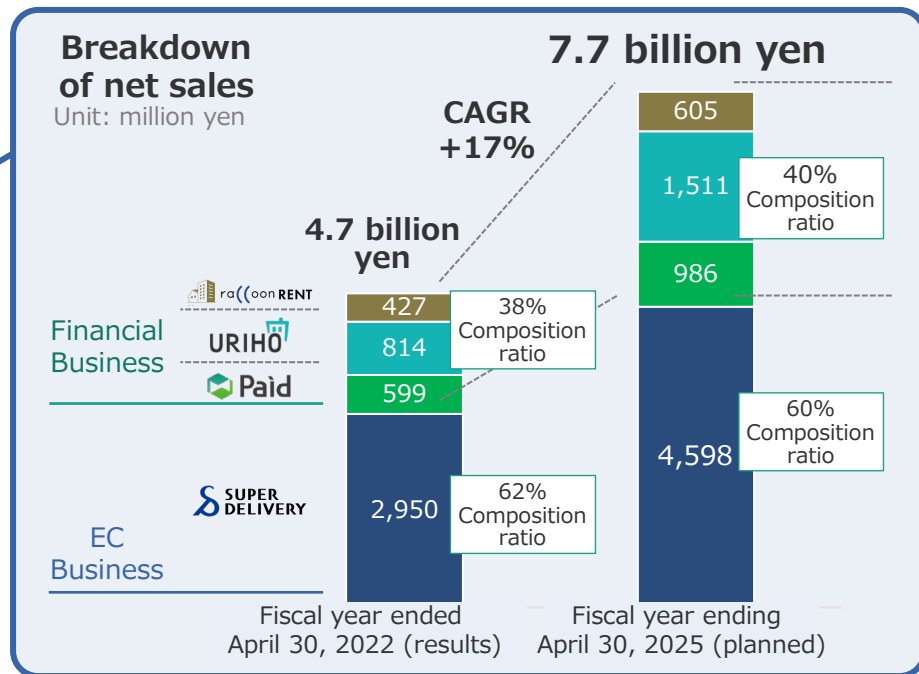
Mid-term Business Targets for Key Indices

Sales growth in all businesses. Operating income growth of CAGR+27% by improving margin

- Aim to improve operating income margin while investing in growth against backdrop of high marginal income ratio (over 70%)
- Assertive shareholder returns with a goal of 25% ROE

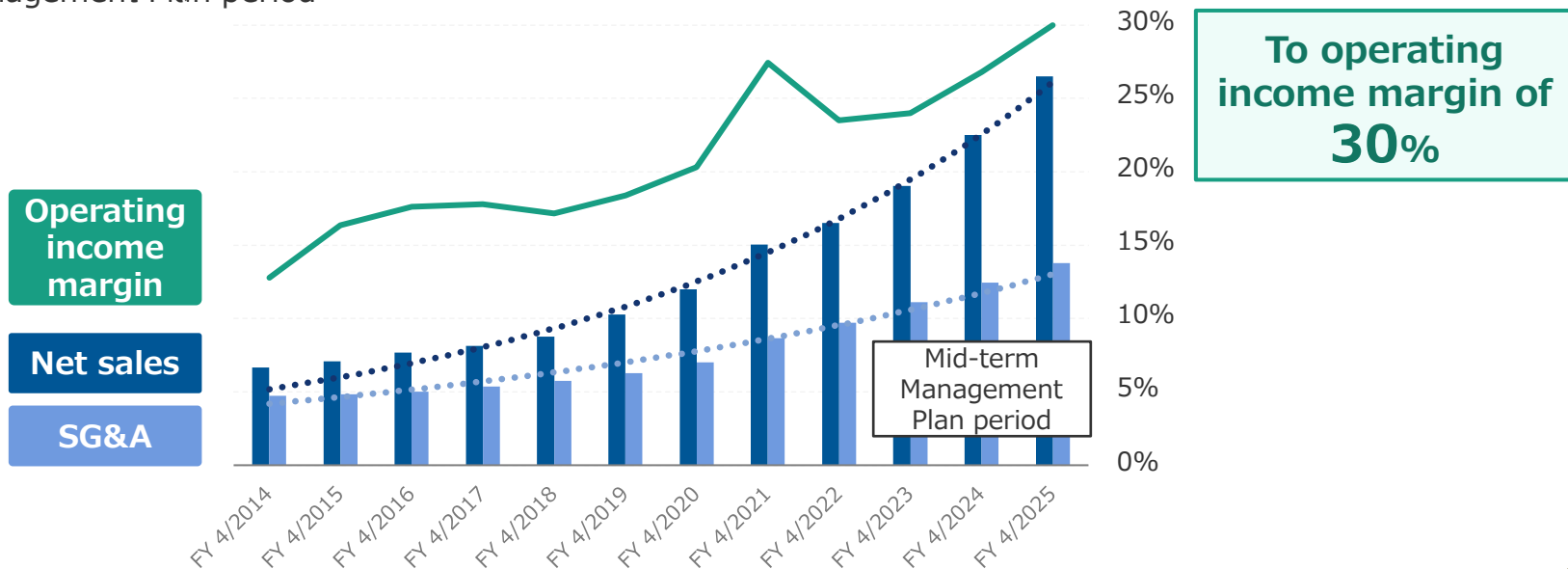
	Fiscal year ended April 30, 2022 (results)	Fiscal year ending April 30, 2025 (planned)	Growth rate
Net sales	4,789 million yen	7,700 million yen	CAGR +17%
Operating income	1,126 million yen	2,310 million yen	CAGR +27%
Operating income margin	23.5%	30.0%	+6.5pt
ROE	6.7%*1 (13.6% excluding extraordinary losses)	25.0%	+18.3p t (+11.4pt)

*1 Temporary decline in ROE due to impairment of investment securities and goodwill



Profit structure in which net sales and SG&A expenses are not in proportion and operating income margin tends to increase

- Increase in SG&A expenses such as labor costs are not linked to sales and show moderate rise due to systemization
- Plans to increase operating income margin while making aggressive investment for growth during the Mid-Term Management Plan period



Both businesses have low penetration rate despite large market, but expansion is predicted

- Increase in companies preparing for digital shift and credit concerns due to COVID-19
- Upward trend is expected to continue, increase in future penetration rates predicted as a result

E-Commerce Business

Wholesale EC ratio
5.1%



Old transactions methods (sales/phone/FAX) remain; BtoB EC ratio is low (5.1%) compared to BtoC (22.2%)

Digitalization to increase BtoB transaction efficiency continues, increase in EC ratio to BtoC levels predicted

Results amid
COVID-19
2019→2022

Buying
customers
2.1x

Number of
suppliers
2.2x

GMV
1.9x

Financial Business

**Receivables guarantee
penetration rate**
1.0%



Majority of BtoB companies conduct account receivable transactions, but awareness of receivables guarantee services is low, 1.0% penetration rate

Awareness rose due to credit concerns during COVID-19 & work DX, rise in penetration rate will continue

Results amid
COVID-19
2019→2022

Paid transaction
volume
1.6x

Receivables
guarantee balance
2.3x

Rent guarantee
balance
1.3x

Theme

Sustainable growth by improving LTV

E-Commerce Business

Financial Business

Business Strategy



Improve value of transactions per customer

Realizing the ability to purchase wanted products at a low price



Category specialization

Changing strategies from by country to by category

3 Paid



Increase transaction value per member company

Strengthen functions to meet efficiency needs



Increase number of registered companies

Strengthen important adoption criteria for companies

5 Rent guarantee



Promotion of bilateral contract products

Expand to landlords/ property management companies

Business Foundation

Enhancing our 3 strengths

Understanding customers, utilizing technology and growth of data foundation

Increasing development resources

Doubling potential developmental resources

Business Strategy

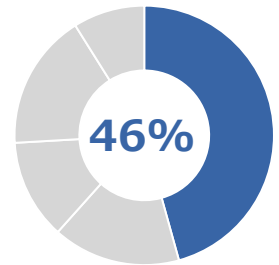
EC Business: Domestic

SUPER DELIVERY SUPER DELIVERY (SD)

BtoB marketplace for wholesale transactions between manufacturers, retailers and service industry, etc.

1 Domestic **Improve value of transactions per customer**

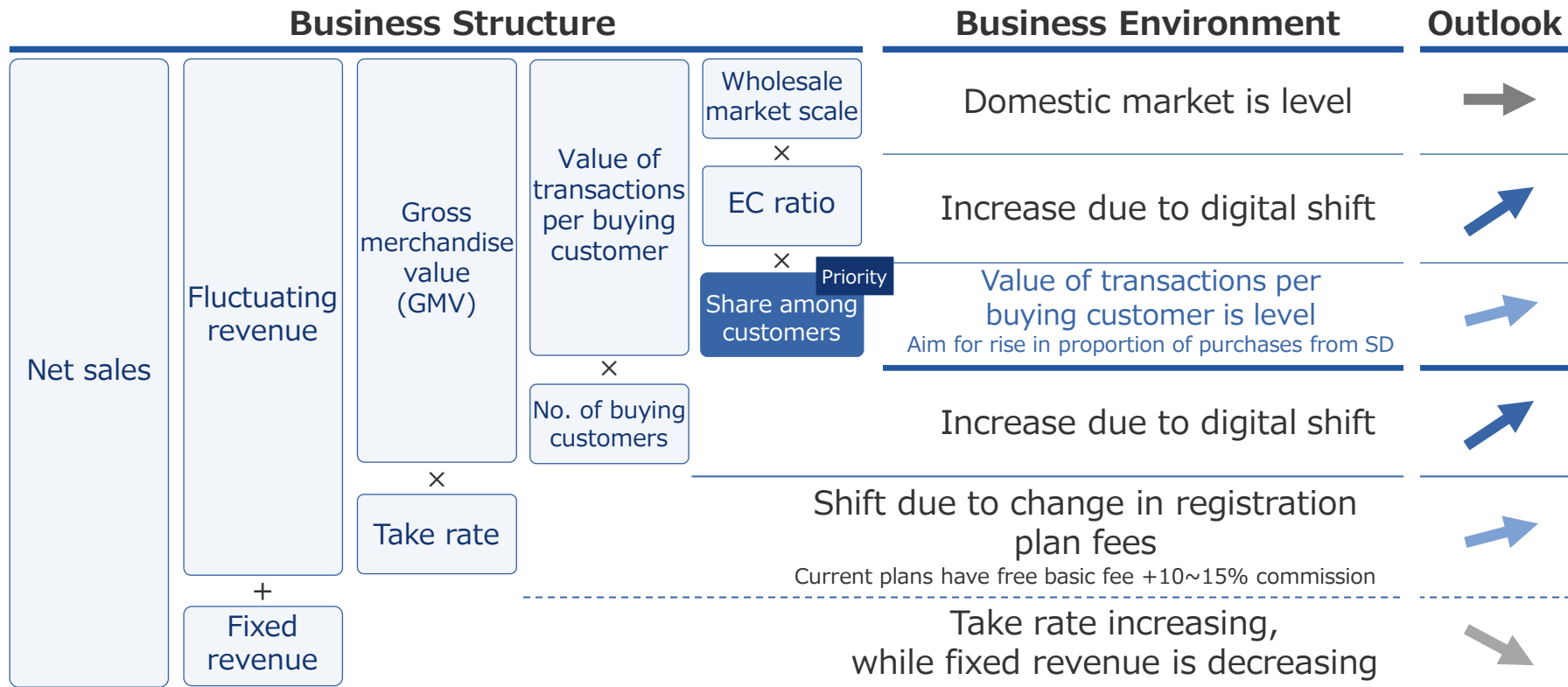
2 International **Category specialization strategy**



Net sales composition: FY 4/2022
(ended April 30, 2022)

Summary of Business Structure and Environment

Pursuing sales growth by increasing value of transactions per customer backed by growing market due to the progression of digital shift



Target Market (EC Wholesale for Small Enterprises)

EC ratio of in-house EC and malls combined in 5.1% for BtoB wholesale, with more potential for growth

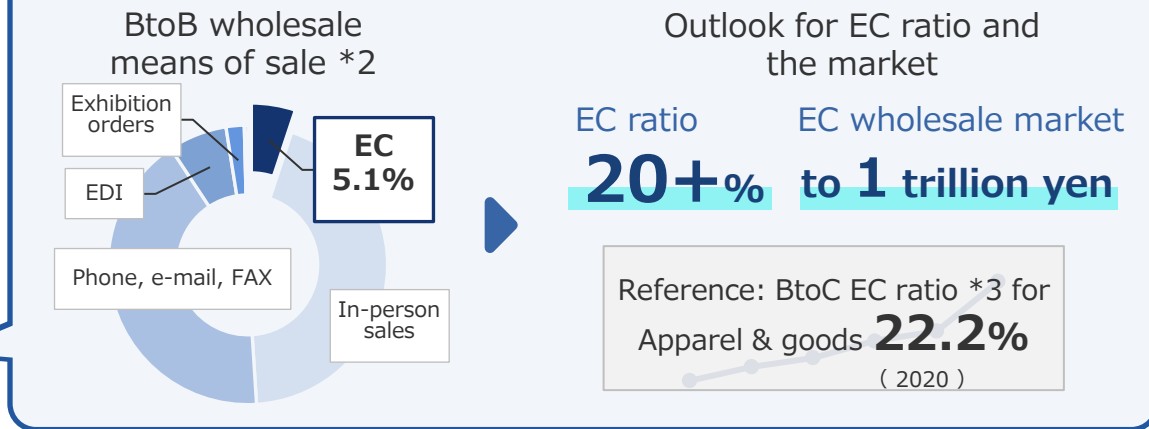
- With the digital shift, BtoB’s EC ratio estimated to grow 20+%, on par with BtoC
- The EC wholesale market is expected to grow into a 1 trillion yen market

Current EC Wholesale Market Size *1

Apparel & general goods wholesale market **38 trillion yen**
 ×
 Percentage for small enterprises (4 persons or less) **13%**
 ×
 Wholesale EC ratio **5.1%**

250.0 billion yen

Driver of Market Growth: EC ratio



*1 Wholesale market size: Market size calculated based on amount of purchased good by retail trade industry, from 2020 Economic Conditions Survey, 2016 Economic Census, Basic Survey on Commercial and Manufacturing Structure and Activities (all by the Ministry of Economy, Trade and Industry); "small" pertains to "less than 4 employees"

*2 Means of sale: Based on the sales proportion by wholesale means of sale in in "BtoB-EC Market: Current Situation & Future Prospects 2022" (survey by Impress Corporation). EC includes in-house EC, BtoB malls and wholesale purchases through BtoC malls

*3 BtoC EC ratio: Calculated by the Company based on BtoC EC ratio for relevant genres in "FY2020 E-Commerce Market Survey " (Ministry of Economy, Trade and Industry)

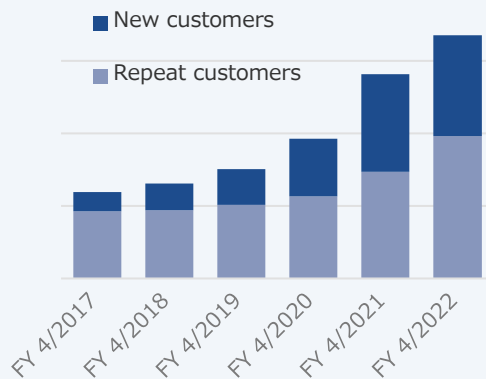
Business Conditions of Super Delivery (Domestic)

- Steady increase in number of buying customers as a result of expanding needs due to COVID-19 and aggressive investment into advertising
- Average sale per customer remains level when excluding special demand for masks, etc. due to COVID-19, however there is much potential for expanding purchases from SD

Number of Buying Customers

Number of buying customers

Both new and repeat customers increased in the midst of COVID-19



Value of Transactions per Customer

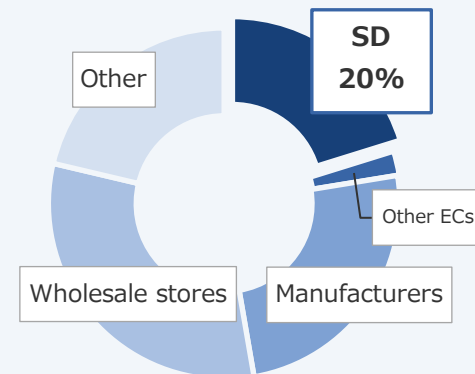
Value of transactions per customer

Level trend continues



Purchasing ratio by SD customers

At 20%, there is growth potential.



* Survey for SD members (conducted FY 4/2022, n=602)

Increase rate of SD purchases by customers and aim to improve value of transactions per customer

- Double promotional investment and use points systems and coupons to increase value of transactions per buying customer
- Assign a merchandiser (MD) for each product category to increase in-demand products
- Utilize AI based on behavioral data to promote website personalization

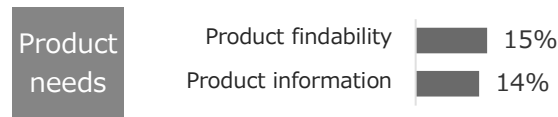
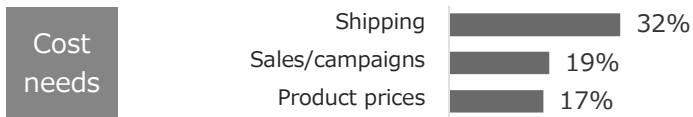
Responding to Cost Needs
Realize low costs through promotional investment

- Increase return rate of points program
- Distribute shipping coupons to increase new purchases

Responding to Product Needs
Find products you want

- Increase in-demand products by assigning MDs
- Personalizing website

TOP 5 Customer Needs Requests to improve SD



* Based on survey of SD members (conducted 4/2022, n=929)

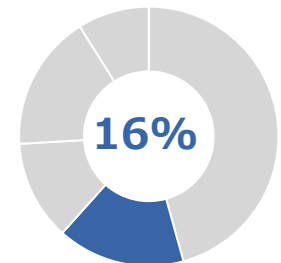
EC Business: International



SD export

BtoB marketplace for hassle-free, risk-free
wholesale transactions between manufacturers and
international businesses

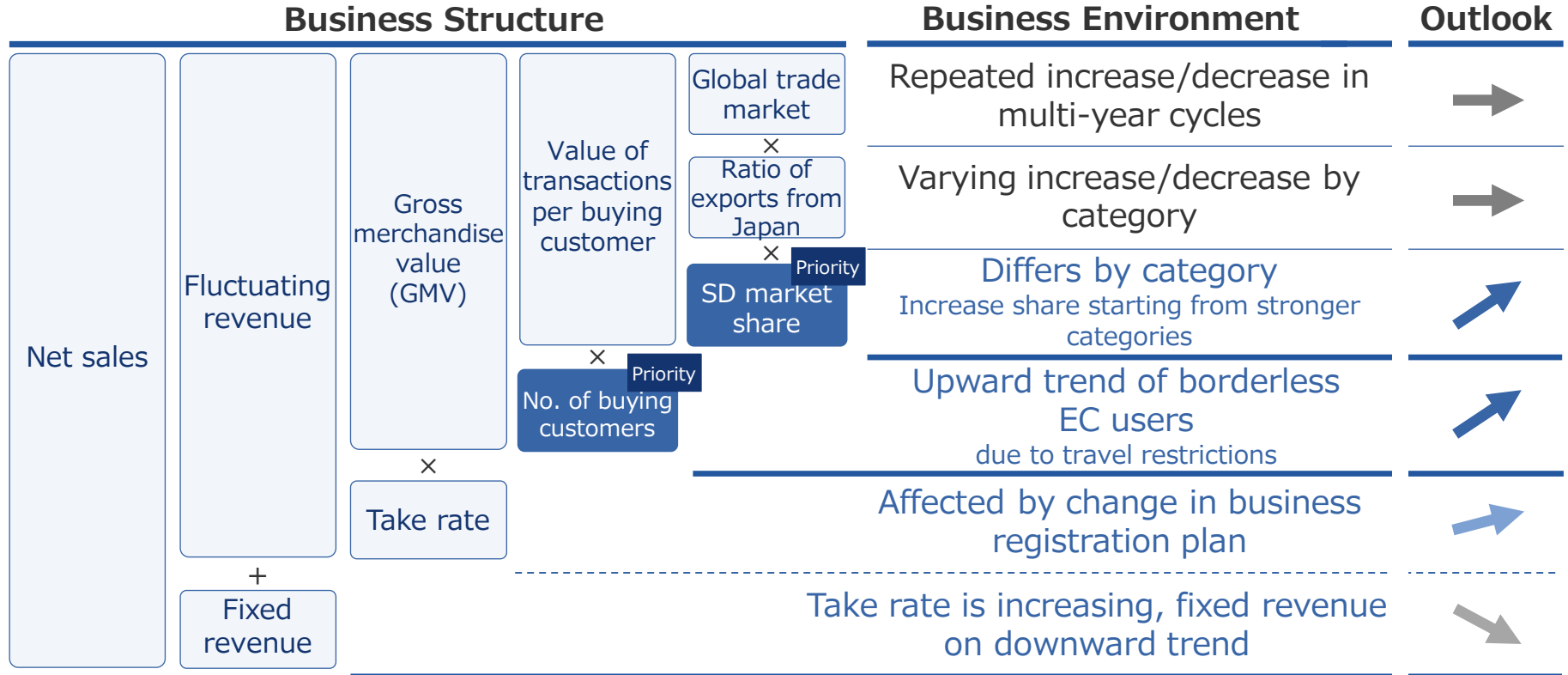
- 1 Domestic Improve value of transactions per customer
- 2 International Category specialization strategy



Net sales composition: FY 4/2022
(ended April 30, 2022)

Business Structure and Strategic Priority Measures

The Company implemented a category strategy to increase buying customers and SD ratio one category at a time



Japan's export market is 1.4 trillion yen, even when only accounting for products handled on SD

- The Company previously strategized by country, but will shift to a categoric strategy in consideration of country risks
- Become No.1 one category at a time, aiming to become the future No.1 service in exports

Target Market for SD International *1

Export market size of global consumer goods **856 trillion yen**

×

Export market size of consumer goods from Japan **2.8%**

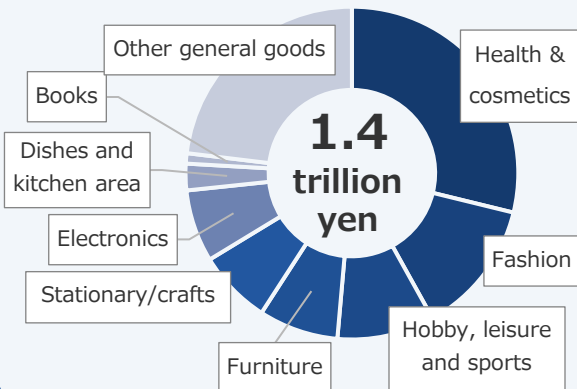
×

Ratio of current SD item categories **5.8%**

1.4 trillion yen

Strategy by Category to increase SD's Share

Export amount by category *2



Roadmap to increase SD's share

No.1 in exports from Japan

No.1 in exports in many categories

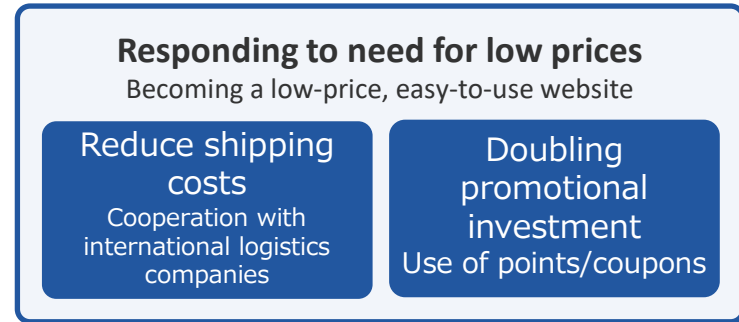
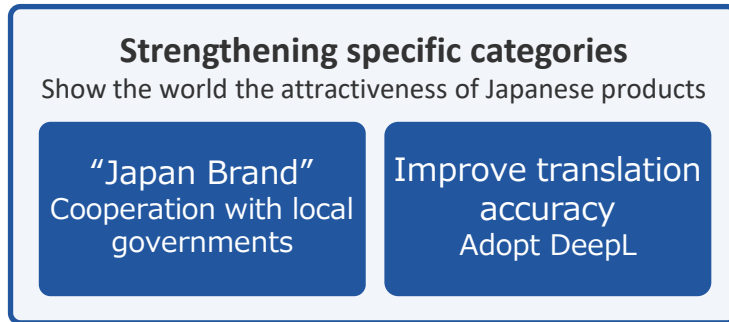
No.1 in exports in specific categories

*1 Export market size: Calculated by the value of Consumer Goods exports in 2019 from WITS (World Integrated Trade Solution). Converted at 130 yen to the U.S. dollar.

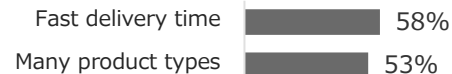
*2 Export amount by category: Estimated value calculated as the ratio of export value excluding "Export to affiliates" out of "Value of goods exported international" in "Ministry of Economy, Trade and Industry Basic Survey of Japanese Business Structure and Activities" (2021)

First, strive for No.1 in exports from Japan in specific product categories

- Expand range of “Japan brands” through cooperation with local governments
- Adopt DeepL for translation to display the correct language for each country
- Realize low prices and shipping costs through promotional investment and cooperation with international logistics companies



Top 5 Criteria by international Customers for Selecting Suppliers

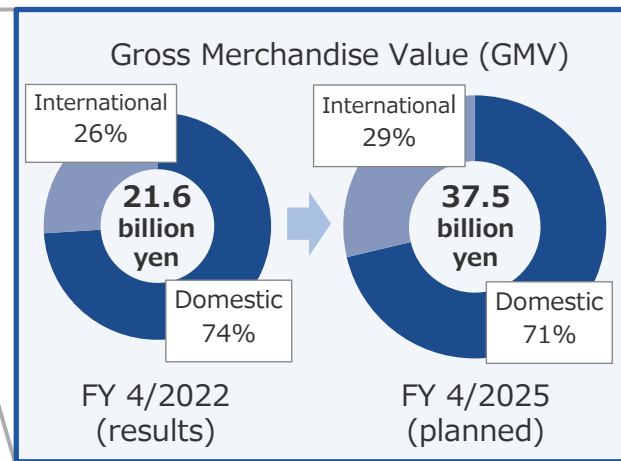


* Based on survey of SD international members (conducted FY 4/2022, n=210)

GMV Growth target of +20% CAGR

- Continue advertising investment and expanding range of products to maintain growth of buying customers
- Aim for improving value of transactions per buying customer by realizing low cost of sales promotion, etc.
- GMV growth rate is higher for International, gradually expanding International share within SD

	FY 4/2022 (results)		FY 4/2025 (plan)	CAGR
Gross Merchandise Value (GMV)	21,687 million yen	➔	37,500 million yen	+20%
Domestic	16,033 million yen	➔	26,500 million yen	+19%
International	5,654 million yen	➔	11,000 million yen	+25%
Buying customers	26,294 stores (Q4)	➔	40,000 stores (Q4)	+15%
Value of transactions per customer	221,389 yen (Q4)	➔	257,000 yen (Q4)	+5%



Financial Business: Paid

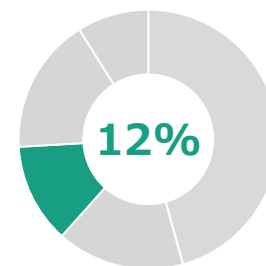


A deferred payment service between enterprises that can eliminate the time and energy used to collect bills and the risk of uncollected bills

3 Paid **Increase transaction value per member company**

4 URIHO **Increase number of registered companies**

5 Rent guarantee **Promotion of bilateral contract products**



Net sales composition: FY 4/2022
(ended April 30, 2022)

Business Structure & Strategic Priority Measures

The Company already has No.1 in shares of registered companies. We will continue to strengthen our position as the value of transactions by member companies continues to rise.

Business Structure

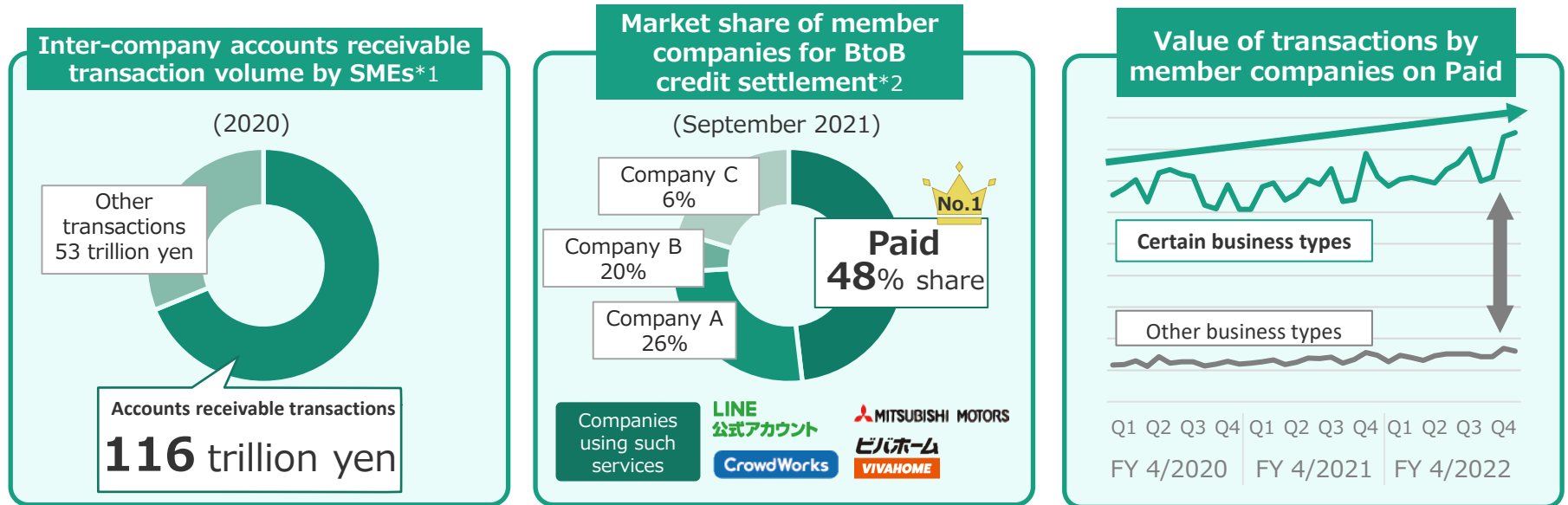
Market & Business Environment

Outlook

Net sales	Transaction volume Transaction volume of customers guaranteed by Paid	Number of member companies	Number of enterprises using BtoB credit settlement	No. of SMEs engaged in accts receivable transactions	Penetration rate of BtoB credit settlement	Paid Market share	Value of transactions by member company	Guarantee rate	Cost of sales	Level trend	→			
										×	×	×	Penetration rate growing due to Act on Book & Record Keeping through Electronic Methods and need to adapt to DX	↗
										×	×	×	Currently No.1 in shares of registered companies Continue acquiring member companies	↗
										×	×	×	Value of transactions by member companies on the rise Strengthen company membership with potential high-value transactions	↗
										×	×	×	Guarantee rate of industry companies falling due to automation and competition with other companies	→
×	×	×	Control risk by advanced screening for performance-related expenses which account for the majority of cost of sales	→										

Inter-company accounts receivable transactions among small and medium enterprises (SMEs) are large at 116 trillion yen with large potential for growth

- We lead the industry in member companies with a 48% share of the market
- Value of transactions per member company are high and growing in certain business types with a high proportion of Paid customers



*1 The Company's estimated invoiced payment amount out of annual inter-company transactions of small and medium enterprises, based on data from "Basic Survey on Small and Medium Enterprises" (Small and Medium Enterprise Agency) on accounts receivable and notes receivable, accounting for annual turnover of receivables (Payment Terms Improvement Committee Report), private final consumption expenditure (Cabinet Office) and cashless payment rates (Ministry of Economy, Trade and Industry), etc.

*2 Japan Marketing Research Organization

Increase transaction value per member company by capturing certain business types, aim for No.1 in transaction volume in such segments

- Strengthen functions to meet efficiency needs such as screening pass rates, speed, efficiency effects and guarantee limit to attract companies with high LTV

Strengthen functions to meet customers' efficiency & DX needs

Screening automation

2 days ▶ 10 minutes

Average for certain eligible companies

Screening pass rate

+10%

Certain eligible companies

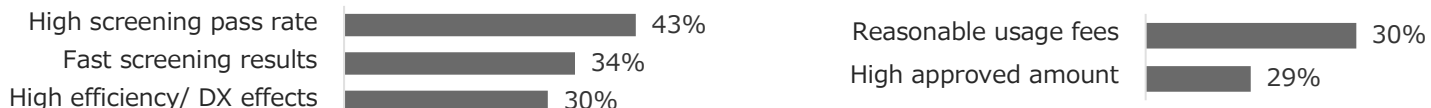
Efficiency functions

Reduce screening documents, simplify registration information

Expand flexibility of Guarantee limit

Certain business types

Top 5 Criteria to Increase Usage Amount on Paid



* Based on survey of Paid users and service termination survey (conducted 4/2022, n=185)

Aim for +18% CAGR growth in net sales based on growth of transaction volume

- Improve transaction volume and net sales by targeting registration of certain business types with a high value of transactions per member company

	FY 4/2022 (results)		FY 4/2025 (planned)	CAGR
Transaction volume <small>(Member companies × Value of transactions per member company)</small>	25,600 million yen	➔	42,128 million yen	+18%
Net sales	598 million yen	➔	985 million yen	+18%

* Transactions within the Group are omitted

Financial Business: URIHO

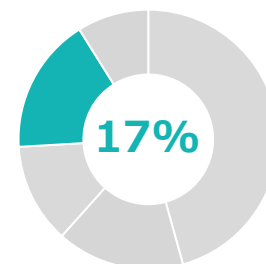


Online receivables guarantee service
for non-payment by business partners

3 Paid Increase transaction value per member company



4 URIHO Increase number of registered companies

5 Rent Guarantee Promotion of bilateral contract products



Net sales composition: FY 4/2022
(ended April 30, 2022)


T&G Accounts Receivables Guarantee integrated brand name into “URIHO” in May 2022

Fixed-rate system	Common to new & existing transactions	 Plan A 9,800 yen/month, 10 million yen total guarantee	Per transaction	New transactions	 Sales guarantee 2% of the invoice amount, guaranteed for the invoice amount			
		Plan B 29,800 yen/month, 30 million yen total guarantee				Fixed-rate system	Current transactions	Threshold guarantee <small>N/A for new contracts</small> 59,800 yen/month, 30 million yen total guarantee <small>*Continued availability for currently subscribed customers</small>
		Plan C 99,800 yen/month, 70 million yen total guarantee						

Brand name integrated

URIHO + 売掛保証 URIHO オーダープラン*

From May 31, 2022

* Changed service name of 

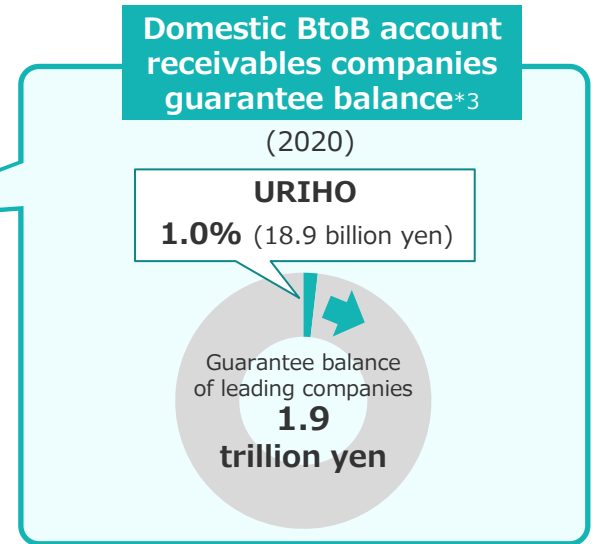
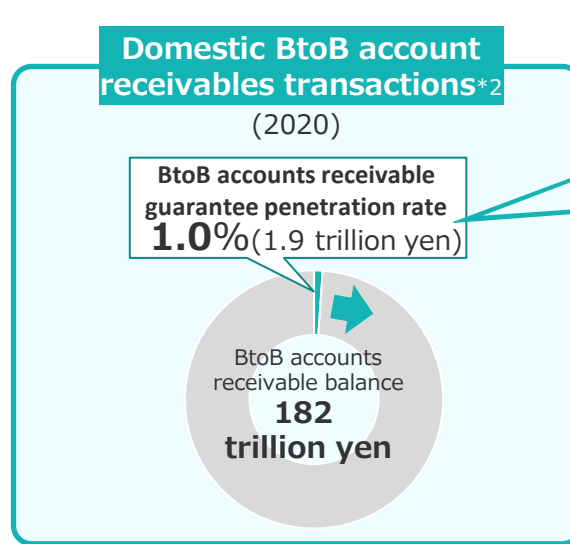
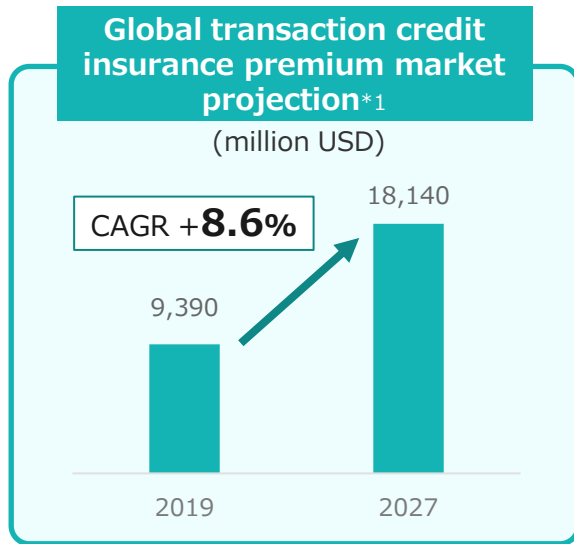
Business Structure and Strategic Priority Measures

BtoB account receivable guarantee penetration rate is expected to grow; we will capture these needs through proactive contract acquisition

Business Structure				Market & Business Environment	Outlook		
Net sales	guarantee balance total balance of obligations guaranteed by URIHO	Registered enterprises	No. of Enterprises using BtoB account receivables guarantees	Level trend	→		
			\times URIHO Market share ^{Priority}		No. of SMEs conducting accounts receivable transactions	Due to increase in IT companies that conduct many transactions and the diversification of risks, penetration rate is rising	↗
					BtoB accounts receivable guarantee penetration rate		Assertive expansion of customer base to meet the growing needs of a growing market
			\times Guarantee amount		\times Rates	Guarantee amount on the rise	
	Rate for industry companies falling due to automation and competition with other companies	→					
Cost of sales	Control risk by advanced screening for performance-related expenses which account for the majority of cost of sales			→			

Both the Japan and global market is growing due to an increase in IT enterprises that conduct many transactions and the diversification of risk

- Japan’s BtoB account receivable guarantee penetration rate is small at 1% with great growth potential
- With URIHO’s guarantee balance at 1% of the market, there is significant room for market share expansion



* 1 Allied Market Research, "Trade Credit Insurance Market 2020-2027"

* 2 Estimated by the Company based on data on bills and accounts receivable from the "Financial Statements Statistics of Corporations by Industry" (Ministry of Finance), private final consumption expenditure (Cabinet Office) and cashless payment rates (Ministry of Economy, Trade and Industry), etc.

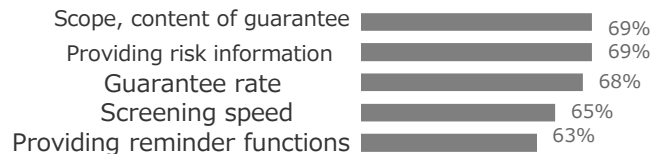
* 3 Estimated by the Company based on the Nikkei, "Total obligation of major accounts receivable guarantee companies" (December 11, 2020) and the General Insurance Association of Japan, "Statistics by Line."

Aim for No.1 in contracts by capturing increasing needs by market growth

- Strengthening screening pass rate, guarantee limit and screening speed to become the service of choice when starting
- Improve customer satisfaction by providing risk information

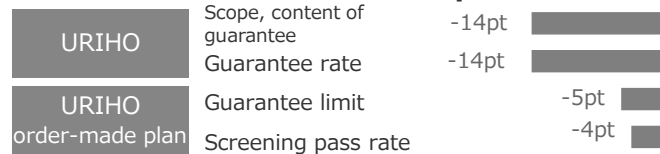


Top 5 purchasing criteria



* Based on survey for BtoB accounts receivable guarantee users (conducted 4/2022, n=301)

TOP 4 gaps in URIHO satisfaction and importance



* Based on survey for guarantee service users (conducted 4/2022, n=33)

Aim for growth of +32% CAGR for guarantee balance and +23% CAGR for net sales

- Increase guarantee balance by adding more member companies, leading to growth in net sales

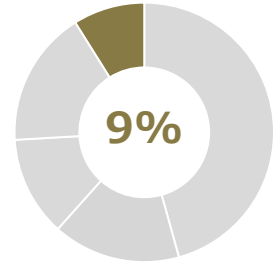
	FY 4/2022 (results)		FY 4/2025 (planned)	CAGR
Guarantee balance (Number of member companies X Guarantee amount)	30,755 million yen	➔	70,000 million yen	+32%
Net sales	814 million yen	➔	1,511 million yen	+23%

Financial Business : Rent Guarantee

- 3 Paid Increase transaction value per member company
- 4 URIHO Increase number of registered companies
- 5 Rent Guarantee Promotion of bilateral contract products



Rent guarantee service to prevent risk of delinquent rent for residential and business rental properties



Net sales composition: FY 4/2022 (ended April 30, 2022)

Details omitted as business accounts for less than 10% of net sales

Investment & Shareholder Return Policy

Investment & Shareholder Returns Policy

The Company's policy is to actively offer shareholder returns while securing funds for investment in future growth.

Operating cash flow	Approx. 4.0 billion yen *Cumulative total during period of Mid-term Management Plan (Fiscal year ending April 30, 2023 to fiscal year ending April 30, 2025)	
	Active investment into business foundations for each service	
Shareholder returns	Dividends	Dividend payout ratio 45~50%
	Share repurchases	Flexible execution depending on share price

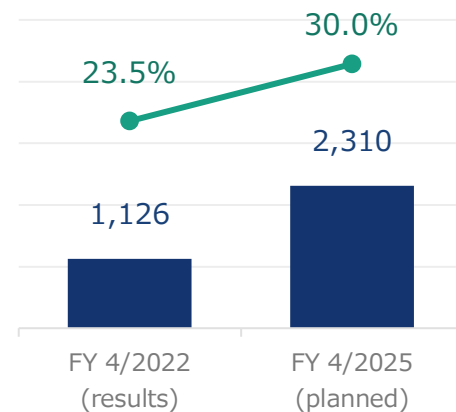
Investment for Future Growth

Business is still in growth phase; increasing investments while balancing profit growth

- Invest into sales promotion to increase customer LTV as well as continued increase in advertising investment
- Invest into environmental development and human capital for acquisition, retainment of development resources

Investment categories	Investment Details	Amount FY 4/2022 → FY 4/2025
Costs to attract customers	Continue investing a certain percentage into advertising in line with sales increase (advertising/promotion costs)	1.5x
Sales promotion costs	Increase points system & coupons for improving LTV (advertising/promotion costs)	2.0x
Development resource enhancement costs	Invest into hiring and environment development, training (labor costs, etc.)	2.1x

Plans for future growth investments against backdrop of high marginal income ratio
Rise in operating income margin expected



■ Operating income ● Operating income margin

* unit: million yen

ESG Information

Corporate Philosophy

Making corporate activities more efficient and convenient

Providing business infrastructure to support a wide range of transactions

Basic Policy

Solving social issues through business

We will strive to improve corporate value by appropriately managing and minimizing risks inherent in our business operations and maximizing business opportunities

Furthermore, we will contribute to the realization of a sustainable global environment and society together with our stakeholders



Identify materiality (important issues) to conduct specific actions and formulate KPIs

Environment

Solving Social Issues Through Business

- Actions for climate change
- Fair & equitable trading environment
- Regional revitalization
- Sustainable consumption



Social

Establishment of Pleasant Work Environment

- Diverse work styles
- Ensuring occupational health and safety
- Respect for employees' human rights



Promotion of Diversity

- Graduate, mid-career & foreign national employee ratios
- Maternity and childcare leave acquisition rates
- Gender ratio of managers, etc.



Engagement with Communities/Society

- Volunteering
- Joining industry associations



Governance

Fair Business Practices

- Compliance
- Corporate governance
- Risk management
- Assuring a reliable business infrastructure



Conclusion

1. Further Expanding Market

Penetration of DX to increase wholesale EC ratio (5%) and receivables guarantees (1%), resulting in forecast **market growth of several times**

2. Expanding Market Share

In addition to expansion in number of customers, improve LTV (value per customer and repeat purchase ratio) to plan for **net sales growth of CAGR+17%**

3. Improving Margin

While increasing investment in each business that is in the growth phase, plan to **improve operating profit margin to 30%** (+6.5pt) and **grow operating income by CAGR+27%**

Regarding handling of this material

Forward-looking statements contained in this document are based on current information and are subject to change due to macroeconomic trends, market conditions, trends in industries pertaining to the Company, and other internal and external factors. The Company makes no representation or warranty as to the accuracy or completeness of the information contained herein.