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(For Translation Purposes Only)

Raccoon Holdings, Inc.
1-14-14 Nihonbashi-Kakigaracho, Chuo-ku Tokyo
President: Isao Ogata, Representative Director
(Code: 3031, Tokyo Stock Exchange, 1st Section)
Contact: Satoshi Konno
Executive Vice President and Director
(Tel: +81-3-5652-1711)

Notice Concerning Impact of the Spread of Novel Coronavirus (COVID-19) (Second Report)

We at Raccoon would like to express our heartfelt condolences to COVID-19 patients as well as those facing hardship due to the spread of the virus.

On March 23, 2020, Raccoon announced its first report regarding the impact of COVID-19 on the Group. This second report will address the impact on Raccoon's business operations and the future outlook.

1. Current State of EC Business

Raccoon speculates that there is currently a structural shift occurring among B2B transactions. The socioeconomic environment has changed in order to prevent the spread of COVID-19, and companies have had to shift from face-to-face transactions to non-face-to-face transactions. Under these circumstances, the SUPER DELIVERY service has been reevaluated as a non-face-to-face service for web-based transactions, and the increase in the number of vendors and member retail stores has been accelerating.

In terms of new registration of domestic retailers, we are seeing a significant increase in the number of operators for both brick-and-mortar and online stores. Accordingly, Raccoon infers that the trend of online procurement is accelerating. In particular, the number of registered operators of online stores is increasing significantly. While the performance of companies operating department and other brick-and-mortar stores is stagnating amidst the extended COVID-19 crisis, companies operating online stores are performing well, and it is believed that changes are occurring in the businesses of domestic retailers using the SUPER DELIVERY service as well.

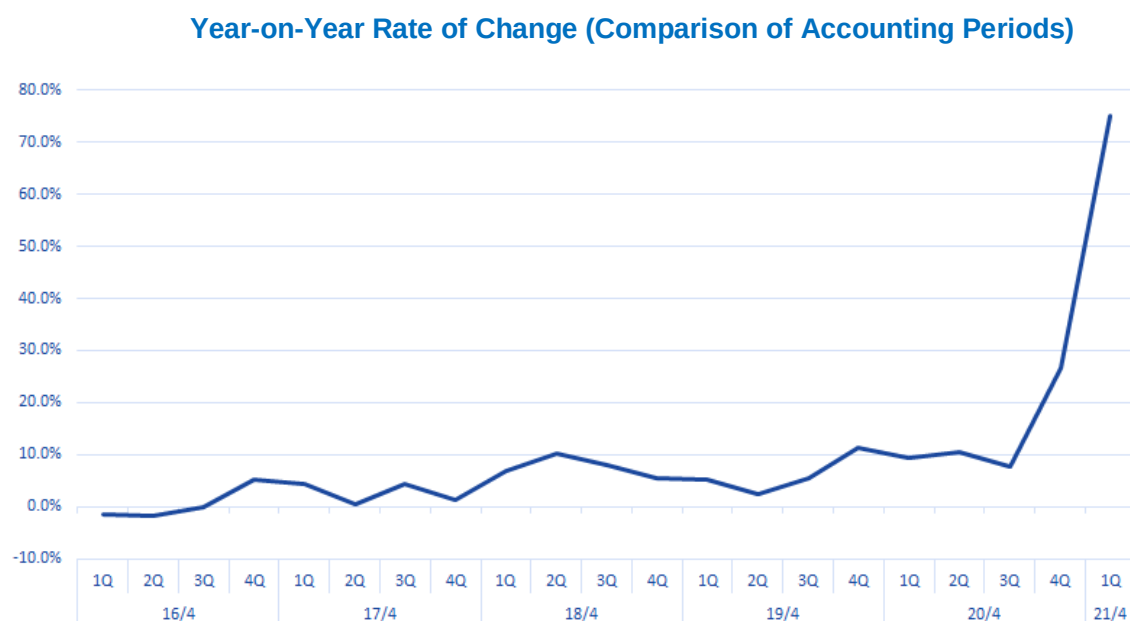
Furthermore, with regard to masks and sterilization goods which drove the increase in distribution amount in the fourth quarter of the fiscal year ended April 2020, sales have been steady since the beginning of this fiscal year, and while their ratio in the distribution amount is gradually decreasing, masks and sterilization goods are becoming new standard items in the current environment where there is no end in sight for COVID-19. Given such, Raccoon believes that a certain level of distribution will continue.

Moreover, in the fourth quarter of the fiscal year ended April 2020, the distribution amount for the fashion genre of domestic retailers in April saw a year-on-year decrease of 45% given the impact of efforts to promote staying indoors and working remotely with the state of emergency being declared. However, there has been a recovery in this fiscal year with the distribution amount recording a year-on-year increase of 23.4% in July 2020.

Meanwhile, the number of new registrations has been increasing in 2020 for overseas distribution as well, and the high level has been maintained to present. As cross-border travel has been restricted with the spread of COVID-19, the social environment requires a shift away from face-to-face transactions to non-face-to-face transactions for importing and exporting. Under these circumstances,

the SUPER DELIVERY service is gaining traction overseas as a service for procuring Japanese products (including Japan-designed products) online, and the overseas distribution amount has seen a significant year-on-year increase.

As a result, the distribution amount of the SUPER DELIVERY service for the first quarter of the fiscal year ending April 2021 was 5,127,935 thousand yen, a year-on-year increase of 75.2% and representing a large rate of growth. Domestic distribution amount saw a year-on-year increase of 74.9%, while overseas distribution amount saw a year-on-year increase of 76.4%.



B2B transactions are currently undergoing a transformation where old business practices are being reimagined. With changes in behavior due to the spread of COVID-19, B2B transactions are shifting toward e-commerce. In fact, we are seeing an increase in the number of transactions using the SUPER DELIVERY service with the prolonged COVID-19 crisis, and the distribution amount is at a level significantly exceeding the previous year on a monthly basis. It is believed that this shift towards e-commerce will boost the growth of the SUPER DELIVERY service. Raccoon is taking this shift as a positive opportunity and endeavoring to make SUPER DELIVERY a service that is indispensable for B2B transactions.

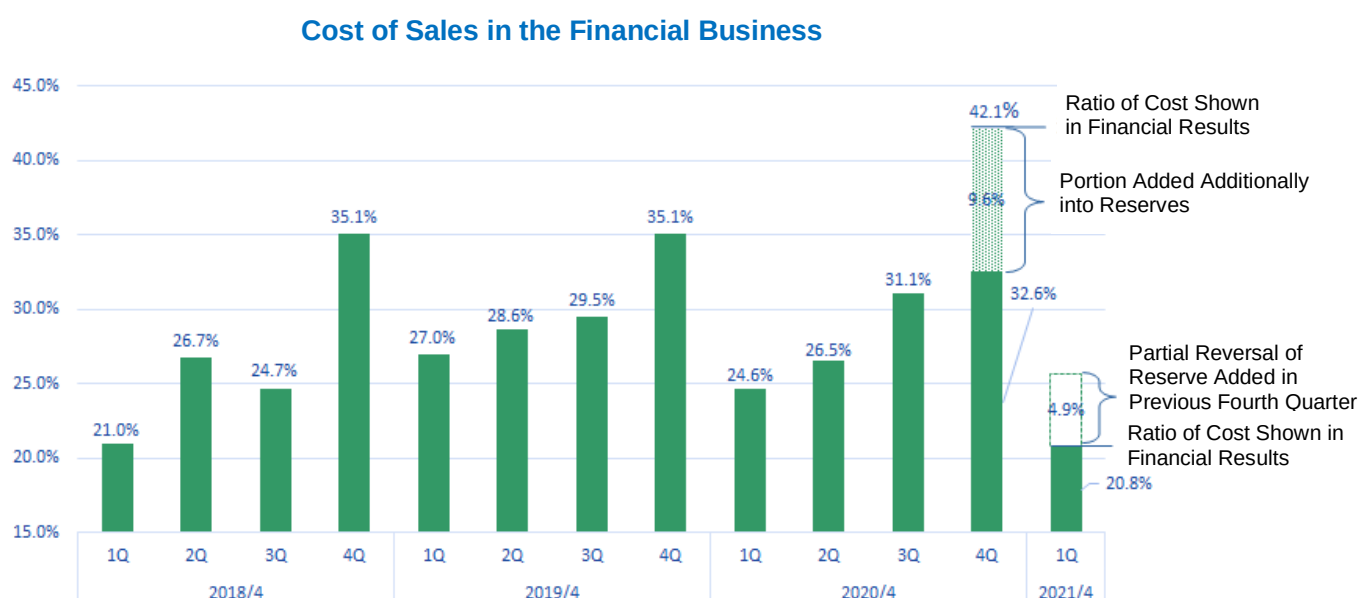
2. Current State of Financial Business

The environment of the Financial business is also undergoing a change. While economic activity has resumed following the lifting of the state of emergency, there are growing concerns over what could happen with debt collections due to the deteriorating economic situation with the second wave of COVID-19 having arrived. Against this backdrop, inquiries for accounts receivables guarantee services (T&G Accounts Receivables Guarantee and URIHO) are increasing, and the number of clients is also rising steadily. Moreover, the number of inquiries from companies that have never used these services is increasing, so it can be understood that accounts receivables guarantee services are becoming more widely known.

Meanwhile, regarding rent guarantee services (residential and business), there had previously been a tailwind from the business environment with the revision of the civil code in April 2020, and as people prepare for the growing risk stemming from COVID-19, there has been a trend of partially reviewing guarantee companies that has resulted in the number of inquiries gradually increasing.

With regard to the Paid service, the transaction value decreased year on year in Q4 of the fiscal year ended April 2020 due to decrease in sales of member companies as a result of COVID-19. However, in the current fiscal year, sales of member companies are recovering, and the transaction value is experiencing growth compared with the same period of last year. Under the current environment with COVID-19, remote working is being promoted and there is a focus on paperless billing. While many services offer paperless billing, Paid has the advantage of adding a guarantee for accounts receivables. By capturing the increase in demand from both sides, Raccoon will endeavor to actively increase the number of member companies.

Furthermore, Raccoon continues to pay the utmost attention to the spread of COVID-19 and increase in default costs in the Financial business due to the prolonged COVID-19 crisis, and while there were defaults attributable to the impact of COVID-19 as was the case with Q4 of the fiscal year ended April 2020, Raccoon has maintained the level of defaults within the range of fluctuations to be anticipated under normal circumstances.



The strength of Raccoon's accounts receivables guarantee services is the unique credit knowhow which encompasses small-scale businesses such as small- to medium-sized companies and sole proprietors. The services are capable of guaranteeing accounts receivables for a wide range of companies and operators. Raccoon believes that by maintaining defaults within the range of fluctuations to be anticipated under normal circumstances even with the current situation of heightened management risks of companies due to the spread of COVID-19, it has demonstrated its screening capability and thereby deepened its confidence. Raccoon will continue to screen guarantees in a careful manner, maintain the performance of guarantees within an appropriate level, and actively support more companies.

In the Financial business, in order to respond smoothly to demand from various services amidst the COVID-19 crisis, Raccoon provides multifaceted responses so that requesting companies can introduce services that do not require face-to-face contact. Another strength of Raccoon is the IT knowhow accumulated in the e-commerce business. By actively using the internet, Raccoon will work to develop its services to be even more convenient regardless of the COVID-19 crisis.

3. Impact on Full-Year Financial Forecasts

In consideration of the impact of the above on the Raccoon Group's consolidated financial results as well as the progress of results for the first quarter, the full-year financial forecast for the fiscal year ending April 2021 announced on June 11, 2020, was revised. For details, please refer to "Notice Concerning Revisions to Full-Year Financial Forecasts" separately announced today.