

FY2023.6 Q3 Financial Results FAQ

Marketplace

Q1. Is inflation impacting the Japanese market?

A1. Although it is impossible to say definitively what the impact will be at this point, it is possible that price increases for various primary-distribution products will have a ripple effect on secondary distribution as a whole. For example, while higher prices in primary distribution can be expected to stimulate consumer purchasing of secondary distribution products, it is also possible that rapid inflation will lead to a decrease in the frequency of secondary-distribution purchases as consumers prioritize spending on daily necessities, as is currently happening in the US. We will continue to monitor the situation closely.

Fintech

Q2. What is Mercari's policy for increasing capital amidst a trend of rising credit balance?

A2. Merpay is securitizing receivables for *Merpay Smart Payments* (lump-sum and fixed-amount payments) and, in Q2 of FY2023.6, obtained an external credit rating for a portion of securitized fixed-amount payment receivables in order to expand its sales channels. This is one example of the various finance-related initiatives Merpay is considering and promoting in order to maintain healthy business growth. Moving forward, the company plans to continue expanding its securitization framework in line with the increase in receivables. Mercari Group has also been issuing CBs and borrowing from financial institutions, which we believe has gained us sufficient liquidity on hand. Also, looking to the future, the company will continue to explore various possibilities and implement them internally. This includes diversifying financing methods and extending maturities in order to ensure long-term funding stability.

Q3. Given that Mercari has now started a cryptoasset business, do you anticipate any financial risk associated with fluctuations in the price of cryptoassets?

A3. The cryptoasset service provided by Mercoin, Inc., uses a method whereby orders are received from users and then procured from liquidity providers. In general, this business model requires almost no proprietary ownership of cryptoassets. Therefore, the financial impact of cryptoasset price fluctuations is extremely low.

US

Q4. Considering the fact that GMV continued to experience negative growth even as the deficit was reduced, what is the investment policy for Mercari US going forward?

A4. GMV is experiencing negative growth due to the ongoing uncertain business environment, which includes a prolonged period of higher-than-expected inflation. Since we expect the business environment to remain challenging for the foreseeable future, Mercari will promote a robust management structure in the short term.

On the other hand, from a medium- to long-term perspective, the US economy is several times that of Japan, and various market forecasts indicate that secondary distribution will experience significant growth, so we believe there is plenty of room for us to grow.

Therefore, we intend to make investments that contribute to medium- to long-term growth while maintaining discipline.

Disclaimer

This material has been prepared based on information gathered at the time of its preparation and is not in any way intended as a commitment to future implementation.