

## Financial Results for FY2022.6 Q4 - FAQ

### Consolidated

**Q1. The segments disclosed in IR materials have changed. Can you explain these changes in more detail?**

A1. In the past, we disclosed sales, operating income, and growth strategies for each of our three main businesses: Mercari JP, Merpay, and Mercari US. However, with the change in management structure in February 2022, we decided to organize our results into four segments: Marketplace (Mercari JP/Souzoh/Merlogi), Fintech (Merpay/Mercoin), US (Mercari US), and Other (Kashima Antlers/India Center of Excellence) (see page 37 of the presentation for more details). Along with this change in disclosed segments, the company-wide expenses shared across the Group that were previously included in Mercari JP will be recorded in Elimination/Corporate. Regarding Global Expansion, we have not decided on any specifics at present, and are currently treating market research and other related expenses as company-wide expenses since the monetary amount is not significantly large.

**Q2. Do you expect a consolidated operating profit for FY2023.6?**

A2. We achieved an operating profit for FY2022.6 Q4 by updating our investment policy and carrying out disciplined investments with clear prioritization, as well as reducing costs. We believe it is important to manage our businesses taking the current market conditions into consideration and emphasizing the importance of profitability, aiming to balance growth and profitability while building a robust organizational foundation in FY2023.6.

### Marketplace

**Q3. You have decided that C2C and B2C information will be disclosed as one unit from now on. What changes and/or synergy do you expect to see by adding B2C to the marketplace business?**

A3. We believe that to grow our C2C business further, we must create synergy with not just B2C, but Fintech and other businesses in Mercari Group as well. In order to do so, we grouped the companies in our Japan Region into the two areas of Marketplace and Fintech, and will promote the creation of synergy and optimization of businesses by strengthening horizontal business collaboration. We believe that by allowing *Mercari* users to buy not just items listed by other users, but products sold by shops, we can create more opportunities for more people to use *Mercari*. Specifically, we are aiming to strengthen the UI/UX link between C2C and B2C in order to increase the number of listings and achieve further GMV growth.

**Q4. Mercari JP's growth rates for both GMV and MAU are slowing down QoQ. What do you think is behind this? What do you think about the mid- to long-term potential of the business?**

A4. Since October of last year, users have been spending less time at home due to the lifting of restrictions related to COVID-19, which has caused a slowdown in listings and decrease in purchase frequency. We also updated our investment policy to prioritize investments that will steadily accumulate results in the mid-to-long term rather than the short term, and as a result, we were very selective with the investments we chose to carry out. In light of this, both GMV and MAU saw a slowdown in their growth rates. However, the mid- to long-term growth potential we see in our business remains unchanged, and we believe that a three-year CAGR of 15% is possible for Marketplace, which combines C2C and B2C.

## **Fintech**

**Q5. Merpay achieved an unadjusted\* operating profit in FY2022.6. Do you expect to continue to achieve an operating profit in FY2023.6 and beyond?**

A5. Since FY2021.6, we have been focusing on strengthening our profitability, primarily in the credit area. As such, we believe that we have established a revenue base that will enable us to regularly achieve unadjusted operating profits with the services that we currently provide. However, we are also considering initiatives that will lead to even further business growth, such as the provision of new, highly convenient financial services in Fintech, which is closely linked to the promotion of circular finance. We are still deciding on the details and release timing of these initiatives.

\*Unadjusted: This indicates figures before the deduction of internal transactions between Mercari JP and Merpay (fees associated with the outsourcing of payment processing).

## **US**

**Q6. Why has MAU decreased QoQ? How do you plan to grow MAU, and by extension GMV, going forward?**

A6. Q4 is traditionally a low season, and that combined with prioritization of investments focusing on mid- to long-term growth resulted in headwinds for short-term growth. Despite that, we believe the business is making steady progress, with brand awareness continuing to improve and MAU increasing YoY. Going forward, we aim to activate users by implementing product improvements that simplify listing and initiatives that reduce the burden of inflation on users, in order to grow both MAU and GMV. By doing so, we hope to solidify our position as a highly convenient cross-category C2C service.

**Q7. What is your approach to becoming profitable in the future?**

A7. There are no changes to our policy of maximizing future profit through top-line growth. However, we have made progress in building a stable revenue base as a result of the strong growth during the COVID-19 pandemic and the increase in take rate due to the introduction of payment processing fees in FY2021.6 Q2. We will continue to grow the business while balancing growth and revenue.

## **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.