

## Financial Results for FY2024.6 Q2 - Q&A Summary

### Marketplace

**Q1. Internally, how do you view the GMV growth rate of 10% YoY for Q2? Do you expect to be able to maintain the same growth rate going forward, including the impact from external factors?**

A1. Our market share in C2C is increasing, and we believe that our growth is sound. The target GMV growth rate that we announced at the beginning of the fiscal year was 10% or higher, and we do think that we would like to aim for higher growth. As the GMV increases, and the level set by the previous year continues to grow higher, we believe that there are limits to how much we can rely on marketing to grow our GMV. In order to maintain a two-digit growth rate, we must work to grow GMV by focusing on product initiatives, while also carrying out marketing. As product initiatives require a development period before having any impact, we will aim to focus more on product initiatives in H2 and beyond and to accumulate a sustainable GMV.

As for external factors, we did see some impact from the warm winter and the expansion of Chinese primary distribution companies in certain areas, but we believe that this impact was minimal overall.

**Q2. Of the areas to enhance (crossborder transactions, category growth, and B2C), which initiatives specifically contributed the most to GMV?**

A2. All of the initiatives in our areas to enhance contributed to GMV, but the contributions from crossborder transactions and B2C have been steadily growing. With regard to category growth, we are moving ahead with product implementation and marketing for each category we plan to grow, and these categories will gradually increase as time goes on. Thus, the contribution to GMV in FY2024.6 H1 remained limited, but we aim to increase the transaction volume in all categories in the future.

**Q3. Your take rate is decreasing both YoY and QoQ. Why is this?**

A3. The take rate fluctuates based on many factors, such as the mixture of materials for each shipping option. We believe that the decrease is due to temporary reasons, rather than an indication of a trend.

**Q4. Marketplace's adjusted core operating margin decreased QoQ in Q2. Do you expect this decreasing trend to continue in H2? Is the profit/loss from the on-demand labor business included in Marketplace's 30–40% adjusted core operating margin target for the full year?**

A4. We carried out aggressive marketing investments in Q2, which is our peak season. In H2, we are aiming for growth focused mainly on product initiatives, rather than continuously

increasing our marketing investments. Therefore, we do not anticipate that our adjusted core operating margin will decrease further in H2.

Our full-year target adjusted core operating margin for Marketplace remains the same at 30–40%, including profit/loss from the on-demand labor business.

**Q5. In the on-demand labor business, you mentioned that you plan to leverage the Marketplace user base, but I think that in order for *Mercari Hallo* to be chosen as a platform for job searching by potential crew, the service will require a lot of job postings. Going forward, what is your plan for acquiring partner businesses? Furthermore, in order to obtain a share of the market, I believe that beginning with one large investment is also an option. What are your estimates for the costs of such things as labor expenses and promotional campaigns?**

A5. In order to secure job postings, currently we are mainly growing our sales team to acquire partner businesses. We would like to gradually expand the regions where we operate this business and build a lineup of appealing jobs for users across Japan.

We plan to increase labor costs in steps. We also plan to implement promotional campaigns in step with the progress of the product (*Mercari Hallo*). We will invest in this product in order to cultivate it as a steadfastly chosen service.

## **Fintech**

**Q6. Although revenue is increasing steadily, losses are also rising mainly due to investment in *Mercard*. How should we view the profitability of Fintech?**

A6. *Mercard* is also a stock-type business, and as such, as the number of users increases, so too will the profit base. Currently, we are first prioritizing the acquisition of users, but the majority of our upfront investment is for such things as acquiring users and incentives for onboarding, and as a result, investment in these things is growing. We are able to control how much we invest in acquiring users as a company, but over FY2024.6 H2, our plan is to prioritize investment in *Mercard*.

**Q7. Revenue growth is accelerating, but it's my understanding that in order to increase synergy with Marketplace through *Mercard*, it's necessary to first acquire more cardholders. Is this assumption correct? Could you please explain how Group synergy contributes to the GMV of Marketplace?**

A7. At present, in order to maximize the impact of the loyalty program on Japan Region as a whole, we believe that it's important to acquire *Mercard* users first. We will refrain from disclosing any concrete numbers regarding the amount that *Mercard* contributes to Marketplace GMV, but the ARPU for *Mercard* users within *Mercari* remains high.

## **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.