

FY2025.6 Q1 Financial Results FAQ

Consolidated

Q1. You mentioned that for FY2025.6, you anticipate that core operating profit will build up more in H2. Which segment or segments do you believe will show particular growth? What are your cost forecasts for each segment? Also, will investments related to *Mercari Hallo* reach their highest point in H2?

A1. As we announced in our financial results for FY2024.6 Q4, our plan is for core operating profit to build up more in H2 for both Marketplace and Fintech. In formulating our annual plan, we anticipated that a buildup of assets and product initiatives in H1 would serve as the base for profit to build up in H2. For example, in Fintech, we expect that building up trade receivables through a certain level of marketing in H1 will put us in a position to more easily create operating profit in H2. Regarding *Mercari Hallo*, we expect the investment amount to be roughly the same level in H1 and H2, but this may change depending on when we begin charging fees.

Marketplace

Q2. Marketplace's GMV growth rate has slowed down at YoY +5%. Why is that? Were there any temporary factors? Also, what is your forecast for Q2 and beyond?

A2. There are several factors behind Marketplace's growth landing at YoY +5%. These include the effects of product initiatives being limited in Q1 and a slowdown in new user acquisition due to disciplined investment despite the gradually rising costs of acquiring new users.

For marketing initiatives, we held the "Super Mercari Market" event with the goal of acquiring a surge of users. We received a significant response from participating users and hope to hold this event regularly going forward. However, as this was the first time holding the event, we were unable to sufficiently increase awareness of this initiative, which we believe is another factor. There were no particular temporary factors behind this slowdown in growth rate.

Given the current situation, our full-year target GMV growth rate around +10% is a high bar to clear, but we will continue striving to achieve it through efforts such as the product updates we have planned for this fiscal year.

Q3. What is the status of your progress in the B2C and crossborder transaction areas?

A3. We have been investing significant resources in these areas in FY2025.6, and both crossborder transactions and B2C are showing progress according to plan, perhaps even exceeding expectations.

Through the first half of FY2024.6, we had said that the percentage of Marketplace GMV owing to these areas was limited, but in FY2025.6, they have grown to have a reasonable impact. We will aim for further growth of these areas as crucial elements to Marketplace's expansion going forward.

Q4. Regarding *Mercari Hallo*, is it correct to assume that once you begin charging fees, the margin will be roughly the same level as Marketplace?

A4. We believe that even after we begin to charge fees, the advance investment period will continue for some time, and we do not expect that the margin will reach the same level as Marketplace immediately. On the other hand, from an industry perspective, the take rate of *Mercari Hallo* will be higher than that of C2C, and we forecast that after a certain period of time, we can expect the business to contribute to profits, rather than the advance investment period continuing for years on end.

Fintech

Q5. For Fintech, what caused core operating profit to decrease by around 50% QoQ even as receivables increased? In addition, what is the forecast going forward?

A5. Fintech's revenue sources are mainly revenue generated from payment handling fees and credit interest. Over the past two to three years, the credit services that have become the focus of the business have grown steadily, and as a result, have grown into our largest source of revenue. On the other hand, for payment fee income, since FY2025.6 Q1, the payment handling fee rate paid from Marketplace to Fintech has decreased due to the application of fair market value, and QoQ core operating profit has also fallen as a result. In addition, *Mercard*-related promotional costs and point return costs have so far been disclosed as investments in new services; however, since a certain amount of time has passed since the launch of *Mercard*, we have updated our approach to disclose promotion costs for Fintech as a whole. Moreover, promotion costs for Fintech have decreased by 200 million JPY QoQ.

There is no change to our plan to achieve core operating profit of 3 billion JPY for the full year. We will continue to accumulate credit balance going forward.

US

Q6. What exactly will the change in the management structure in the US change? Moreover, are you considering returning to the original fee model?

A6. Starting in January 2025, Group CEO Yamada will assume the additional role of US CEO. Under this new leadership structure, while continuing our current initiatives, we will consider new strategies toward breaking even and getting back on track for growth this fiscal year.

Regarding returning to the original fee model and other such changes, at present, we have not seen the effects that we had expected. Therefore, we will be flexibly considering options such as revising the fee model as part of our strategy in the US going forward.

Q7. Have the effects of restructuring the organization in FY2024.6 Q4 started to appear in FY2025.6 Q1? If top-line growth has not started to manifest, how do you intend to meet the goal of breaking even?

A7. A portion of the expenses related to restructuring the organization have also been recorded in the results for Q1, but at this point, the effects have generally been reflected. The current slump in the top line and other losses are greater than what we had expected at the beginning of the fiscal year, and if GMV continues on the current trend, it will be increasingly difficult to achieve our goal of breaking even. We would like to aim to break

even through GMV growth, but we will explore various options to achieve our goal regardless of this situation.

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