

FY2024.6 Q1 Financial Results FAQ

Marketplace

Q1. What synergy have you created between Marketplace and Fintech so far?

A1. The number of Mercards issued has been growing at a good pace. So far, we have issued more than two million cards. Although we are in the early stages of providing this service, we can already see a noticeable increase in GMV in association with improved ARPU attributed to *Mercard*. In addition to this development, we are also starting to see effects such as *Mercard*'s contribution to an increase in the number of listings and a decrease in the payment processing fees paid to external payment services, and we are aiming to create further synergies going forward.

Q2. What progress have you made in your focus areas for GMV growth?

A2. For crossborder transactions, in addition to increasing the number of partner companies from 10 as of June 30, 2023, to 50 as of October 31, 2023 ([information on partner companies—available only in Japanese](#)), business is progressing favorably due to the implementation of effective promotions together with partner businesses. For category growth, we started marketing initiatives linked to demand, such as promotions for data deletion services and processing fee returns to coincide with the sale of new mobile device models. We also offered such things as a special limited edition of Mercari Workshop that taught participants how to list smartphones. It's still early to say definitively that these measures will have a lasting effect, but our initiatives have helped lower the difficulty of listing smartphones and have contributed to an increase in the number of smartphone listings on the platform. On the product side, we started offering deferred payments on Mercari Web and continued to focus on eliminating differences in functionality between the web and app versions of the *Mercari* marketplace. In addition, we promoted improvements to our UX in anticipation of mid- to long-term growth, such as the implementation of a new kind of delivery service called *Yu Packet Post Mini*, a bundle purchase feature, and a feature that provides templates for writing transaction messages.

Fintech

Q3. Your credit balance is increasing. What is your policy for financing?

A3. Since the initial stages of our credit services, we have carried out liquidation of receivables with designated financial institutions. In FY2023.6, we introduced non-recourse financing, which allows us to finance based on confidence in the receivable credit itself rather than company credit. In FY2024.6 Q1, we carried out an additional 20.0B JPY of non-recourse financing (63.2B JPY balance at the end of FY2024.6 Q1). Going forward, we will continue to diversify our financing methods centered around non-recourse receivable liquidation as necessary to match the growth of our credit services. (For details, see page 38 of the presentation materials.)

US

Q4. Your operating loss is on a decreasing trend. What are your plans for cost reviews going forward?

A4. Adjusted operating loss improved significantly YoY in FY2024.6 Q1 due to robust management, including continued cost review and selective investments. However, our policy remains to make investments (to a disciplined extent) that will contribute to growth in the mid-to-long term. We expect to see fluctuations in Q2 and beyond due to seasonality and other factors, but as we announced in our full-year financial results for FY2023.6, we do not anticipate a significant increase in losses compared to the levels seen in FY2023.6 H2.

Q5. What progress have you made on initiatives to attract Gen Z?

A5. We are considering and developing initiatives to strengthen our approach to engaging Gen Z, such as simplifying listing and opening up new transaction methods such as face-to-face transactions. We plan to make progress toward release of concrete features throughout FY2024.6.

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.