

FY2025.6 Q4 Financial Results - Q&A Summary

Consolidated

Q1. Over the course of FY2025.6, what do you feel went well and what do you feel were challenges? In FY2026.6, where do you plan to focus your resources and what are you hoping to see as a result?

A1. We believe that in FY2025.6 we saw a certain level of results for a number of different areas, such as top-line growth that will lead to increased profits and demonstration of Group synergy. However, we see the slowdown of the growth rate as a significant challenge. In FY2026.6, our policy is to focus our investments on enhancing our products' core experience. In particular, by incorporating AI into the foundation of our products, we will strengthen our initiatives to resolve issues faced by both Japan and US markets, such as enhancing safety and security, eliminating fraudulent users, and improving unit economics. Alongside leveraging AI in the core of our products, we will introduce it into work processes across the company and optimize our resources. By doing so, we hope to accelerate the service improvement cycle and increase our ability to adapt to user needs in order to ultimately reaccelerate our growth rate.

Q2. Regarding the capitalization of development labor costs beginning in FY2026.6, around how much money do you expect it to be?

A2. We began our capitalization initiatives in July 2025. The actual amount will vary depending on our business progress moving forward, but we expect that it will have an impact of at least 2B JPY in FY2026.6, and have factored that into our results forecast. Through this capitalization, we hope to visualize productivity and standardize development costs.

Q3. Reducing costs and making operations more efficient seem to be the focus of leveraging AI, but how do you plan to use it to create added value such as revenue growth and user experience enhancements?

A3. We are moving ahead with AI adoption across the company. As was disclosed in the presentation materials, we are already seeing productivity improvement results in the engineering domain. In the short term, the main effects will be contributions to efficiency, such as reducing costs and optimizing resources, but this will free up resources that can be allocated to enhancing the product's core experience and creating new businesses, so

we will be able to rapidly carry out product development to meet user needs and improve the quality of our services. Currently, we have launched the AI Task Force and started initiatives to develop practical products and services. We believe that these initiatives will lead to enhanced user satisfaction and promote use of Mercari's services to ultimately contribute to top-line growth.

Marketplace

Q4. What factors contributed to the slowdown of the GMV YoY growth rate in Q4 compared to last year? Also, what are your thoughts regarding target operating profit in the range of 32.0–36.0B JPY, assuming a target GMV growth rate of +3–5% for FY2026.6?

A4. One reason that the GMV growth rate in Q4 fell short of expectations is that mid- to long-term improvement initiatives, such as those focused on simplifying the UI/UX and building a safer and more secure marketplace, were unable to raise the growth rate in the short term. On the other hand, these initiatives are making steady progress and will likely become the foundation of future growth. We believe that in FY2026.6, we will achieve +3–5% YoY growth due to improvements to the product's core experience. The range of operating profit is expected to fluctuate due to factors such as an increase in the safe and secure user experience and the speed of expansion of direct crossborder transactions. For crossborder transactions in particular, we aim to expand not just transactions through existing partners but also direct crossborder transactions, for which we will develop a unique UI/UX tailored to each country, and the revenue contribution period is likely to fluctuate based on the progress of these initiatives.

Q5. For Marketplace, will you be focusing on top-line growth or profit going forward?

A5. Our policy is to essentially aim for top-line growth that will lead to increased profits. We are not in a phase of growing by increasing advertising costs; rather, we are focused on increasing the growth rate by improving the product's core experience, with greater productivity and new user experiences created by leveraging AI to become drivers of growth. Going forward, we plan to continue holding large-scale campaigns, such as Super Mercari Market held in FY2025.6. Meanwhile, marketing investments are always made with consideration of striking a balance with operating profit. In the short term, we do not believe that such investments will have a significant impact on the profitability of the quarter in which they are made.

Q6. I have a question regarding your move to start collecting service fees for *Mercari Hello*. To what extent has the impact of this change been factored into the guidance for results for FY2026.6?

A6. *Mercari Hello* will continue to be included in the Marketplace segment in FY2026.6, and its results have been factored into the guidance. We have not disclosed the impact of *Mercari Hello* on an unconsolidated basis at present, and will refrain from publishing detailed figures.

Q7. Regarding crossborder transactions—the scale of crossborder transactions in FY2025.6 was 90.0B JPY, but what was the YoY growth rate?

A7. While we have disclosed that crossborder transactions grew 15 times in the past 3 years, we have not disclosed specific figures related to growth compared to the previous period. In addition to increasing the number of countries to which we provide direct crossborder transactions and improving the UI/UX, we will continue to aim for a high growth rate by further expanding crossborder transactions through our partners.

Fintech

Q9. How much did *Mercard Gold* contribute to credit balance in FY2025.6 Q4, and how much were advertising costs? Also, what are your plans for advertising costs for *Mercard Gold* in FY2026.6, and what impact do you expect *Mercard Gold* to have on profit growth in FY2027.6 and beyond?

A9. User acquisition has been progressing well since the launch of *Mercard Gold* in March. The share of the overall credit balance, which we have been building up for a number of years, is still limited, but *Mercard* holders with particularly high usage rates are switching to *Mercard Gold*, and we believe it has high potential for growth. In terms of marketing, we will carry out advertising for both standard *Mercard* and *Mercard Gold*. In FY2026.6, we plan to continue efficient investments following ROI discipline and do not expect a significant increase in advertising costs; our policy is to build up profits. Going forward, we hope to steadily grow operating profit while keeping an eye on the time lag between marketing investments and contribution to profits.

US

Q10. Will it be possible to both achieve positive GMV growth and break even in the US in FY2026.6? Also, will it be possible to maintain profitability even if GMV weakens?

A10. Under our policy, which is premised on continuing to break even, we will increase productivity while holding down costs through such things as leveraging AI, and we will aim for positive GMV growth by enhancing the product's core experience and with category-specific strategies. We are not anticipating an increase in costs in association with an increase in resources because we are forecasting enhancements in productivity to come from using AI. We therefore believe there is sufficient potential to both obtain profits and raise the bottom-line growth rate of the business. However, in the event wide-reaching negative growth continues in the long term, as we saw in FY2025.6, there is also a chance that it might be difficult to continue to break even.

Q11. When it comes to the strategy for fashion categories, how are you going to differentiate Mercari from your competitors and establish a competitive advantage?

A11. The fashion categories are huge in the secondhand clothing market, and they are also growing categories, which is why we are focusing on them strategically. There are some excellent competitors in this market, but we believe that we will be able to establish a competitive advantage by distinguishing ourselves with the convenience of our product. Specifically, in addition to providing competitive shipping options, we will lower the psychological obstacles that keep consumers from purchasing secondhand items through initiatives such as the Fashion Exchange Program, which simplifies the return process and is currently running as a PoC. In doing so, we will capture a tier of users who are fashion conscious.

Q12. You broke even, but is there still a chance that you will withdraw from the US, and are there criteria that would dictate that decision?

A12. As is described in the presentation materials, we are continuing to operate in the US at this time, and we are aiming to get back on track for growth. First we are enhancing the product's core experience, and concentrating on clearly showing its value. However, as we have said in the past, we are not intent uniquely on succeeding solely with our own independent capital. As a way of prioritizing the success of our business, we are always considering multiple options to success including external capital and partnerships.

Q13. If you achieve positive GMV growth in FY2026.6, which should we expect to happen in FY2027.6, top-line growth acceleration or profit margin improvement?

A13. There are multiple elements at play in FY2026.6, such as focusing on strengthening the fashion categories and the success of expanding to other categories as a next step, and therefore it is hard to answer definitively at this time. In the US, the secondhand fashion market is large, and the market is growing. Therefore, we believe that if we are able to establish a competitive advantage in the fashion categories, it will be possible to increase our GMV growth rate.

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