

AI Summary of Financial Results Presentation for FY2025.6 Q4

This document was created using generative AI based on the contents of our financial results presentation held on August 5, 2025.

Date: Tuesday, August 5, 2025

Speakers:

Shintaro Yamada, Representative Executive Officer and CEO

Sayaka Eda, Executive Officer, Senior Vice President of Corporate, and CFO



Progress Toward Mid-Term Policy for FY2027.6

The Group is committed to achieving the mid-term policy announced in FY2024.6, which aims for double-digit CAGR growth in revenue and a CAGR of at least 25% in core operating profit in FY2027.6. These targets remain unchanged. Following our basic policy to essentially aim for top-line growth that will lead to increased profits, we are driving growth in Marketplace, Fintech, and US to achieve these targets. For Marketplace, our key initiatives include building an easy-to-use and safe and secure C2C platform that leverages AI, increasing the supply of listings with B2C, and expanding TAM globally through strengthening the Entertainment & Hobbies category in crossborder transactions. For Fintech, with the credit business at the center, we are focusing on strengthening our revenue base by increasing our user base and maximizing usage opportunities. For US, we aim to contribute to the top line by getting back on track for growth. With AI at the base of all our operations, we are evolving into an AI-Native company, and have established an AI Task Force of around 100 employees to redesign our product and workflows for dramatic reform. As many as 95% of all employees now utilize AI in their work, and 70% of the code for product development is generated using AI. This has dramatically improved productivity while also improving development speed, achieving a productivity increase per engineer involved in development of 64% YoY. Going forward, we will continue to establish a firmer competitive advantage centered around AI to achieve sustainable growth.

FY2025.6 Summary

Consolidated:

Despite not achieving our forecasted results, we achieved the highest figures to date, with consolidated revenue for FY2025.6 at 192.6B JPY (+3% YoY). Core operating profit was much greater than expected, landing at 27.5B JPY (+46% YoY), indicating a large increase in profitability. Marketplace, Fintech, and US all recorded a profit, driving consolidated revenue growth.

Marketplace:

The stable growth of C2C, as well as high growth of areas such as crossborder transactions and B2C, continued to contribute to Marketplace numbers. While the impact of fraudulent use, which affected user trust during the period, on GMV was kept minimal due to our speedy response, the GMV growth rate for the full year remained at +4% YoY. On the other hand, adjusted core operating margin maintained a high level at 38% including *Mercari Hallo* and 43% excluding *Mercari Hallo*. *Mercari Hallo* showed steady progress, growing the

number of registered crew and partner locations and starting to collect service fees in April.

Fintech:

Fintech achieved high growth of both sales and profits, with core operating profit reaching 4.5B JPY to significantly exceed the full-year target of 3.0B JPY. We reached a cumulative total of more than 5 million Mercards issued, and the user base in the credit area is growing steadily. Credit balance grew 32% YoY to land at 248.1B JPY, and management efficiency improved alongside the growth of the business. In March, we released *Mercard Gold*, which has stronger incentives for external payments, as a means of increasing payment income and expanding the credit business.

US:

In H2, US transitioned to a management structure with Group CEO Shintaro Yamada assuming the additional role of US CEO. As a result of placing focus once again on strengthening the product's core experience and carrying out updates to the fee model, etc., we are seeing signs of improvement in GMV growth rate. Enhancing unit economics through product improvements, optimizing marketing costs, and further reviewing fixed costs enabled us to achieve US's first positive full-year profit with a core operating profit of 900 million JPY.

FY2026.6 Financial Forecast/Business Objectives

Consolidated:

We announced two changes to our disclosure policy. Going forward, we will disclose core operating profit without adjustments based on internal transactions between Marketplace and Fintech. We will also capitalize development labor costs to enable mid- to long-term growth investments. We have positioned FY2026.6 as a year to make preparations for growth in FY2027.6 and beyond, and will aim to balance investments and growth. We announced a financial forecast of 200.0–210.0B JPY in consolidated revenue (+4–9% YoY) and 28.0–32.0B JPY in core operating profit; for core operating profit, the guidance is on track to achieve our mid-term objective of a CAGR of at least +25% for the three years from FY2024.6.

Marketplace:

We will aim for a GMV growth rate of +3–5% YoY and a core operating profit of 32.0–36.0B JPY, and lay the foundation for accelerating GMV growth in the future through leveraging AI to build a safe and secure transaction environment, improving the UI/UX, and expanding crossborder transactions. For crossborder transactions, we will strengthen direct crossborder transactions focused on the Entertainment & Hobbies category,

utilizing the popularity of Japanese IPs. For *Mercari Hallo*, we will improve profitability with the introduction of fees collected from partners.

Fintech:

Our core operating profit is estimated to be in the range of 5.0–7.5B JPY as we aim for our payment and credit area products, such as *Mercard*, *Mercard Gold*, and installment payments, to become everyday payment methods. By increasing usage amounts by things such as further increasing the number of cardholders and expanding usage situations, we are striving for the continuous expansion of the payment and credit businesses. In doing so, we will expand features that increase the convenience for users. One such action was announced today with our partnership with Coincheck through which we will strive for the expansion of cryptoasset transactions and the diversification of revenue sources.

US:

In the US business, we will update our UI/UX to leverage AI and strengthen anti-fraud measures while continuing to break even. Additionally, we will aim for the positive growth of GMV by differentiating *Mercari* from our competitors with category-specific strategies. For our fashion categories, which have the highest GMV rates, we will provide new shipping options and launch a proof of concept for a clothing exchange program. Furthermore, we will advance the horizontal expansion of our other categories over the mid- to long-term period.

Financial Policy

Having shifted to a profit building and profit growth phase over the past three years, Mercari Group forecasts it will see a turnover to a positive retained earnings in FY2026.6. Especially in association with the expansion of Fintech's credit field, we will secure a structure for competitive financing in order to accumulate company capital in stages. In general, financing will prioritize loan procurement and increase capital efficiency. Additionally, for cash on hand other than internal reserves, we will compare the options of growth investment in existing businesses and new businesses including M&As and investment in Mercari Group by acquiring company shares, and prioritize capital distribution in anticipation of long-term profit growth. In regard to shareholder returns, our policy is to focus on flexibility and prioritize stock buybacks over the payment of dividends.

In addition, as the amount of equity required to be held according to US laws has decreased and our US business has recorded a profit in FY2025.6, Mercari, Inc. (US) paid dividends to the parent company as part of its capital policy. As a result, Mercari, Inc. (US) recorded a corporate income tax expense (benefit) of 8.3B JPY for FY2025.6. Mercari, Inc.

(US) may pay additional dividends in FY2026.6 and beyond based on its overall financial situation.

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