

FY2025.6 Q3 Financial Results - Q&A Summary

Consolidated

Q1. In Q3, core operating profit was very favorable, but because there is no change to the consolidated results forecast, I surmise that there will be a YoY decrease in Q4. Are you considering making large-scale investments in Marketplace and Fintech in Q4, or is there a possibility of outperforming the limit for the consolidated results forecast 25.0 billion JPY? Please share your view on profit.

A1. We view core operating profit for the entire Group as fluctuating based on the scale and timing of marketing investment for each quarter, rather than growing steadily each quarter. We estimate that core operating profit for Q4 will be lower than the level seen in Q3 due to our plans to strengthen marketing investment in the Fintech business for growth in the next fiscal year and beyond, the US being in the low season, and the absence of temporary factors in the US such as refunds.

Marketplace

Q2. Regarding your views on GMV, has the impact of fraudulent use that occurred in Q2 run its course, and has the regular growth rate resumed? Considering the growth rate of GMV in the new fiscal year and beyond, is there a possibility that you will increase advertising costs?

A2. In November of last year, we strengthened our involvement in transactions and expanded user compensation, providing better support for issues that occur between users during transactions. In doing so, the impact on GMV associated with fraudulent use had returned to normal levels as of December. However, we believe that factors like fraud cannot be eliminated entirely, and that going forward it will be important to continue countermeasures against fraudulent use. We have no intention of increasing advertising costs needlessly and will continue to make necessary, measured investments while keeping an eye on such things as maintaining the same ROI we have had so far.

Q3. How has the impact of changes to the home screen implemented in Q2 been demonstrated in monthly GMV results in Q3?

A3. Aiming to improve *Mercari* user access frequency and activity rates, in Q2 we implemented changes to the home screen to eliminate the complexity of the UI, and the impact of this has contributed throughout the entire period from January to March. In spite of some month-to-month fluctuations, our product strategy has had an effect.

Q4. Could you talk about the impact that the recent high yen has had on GMV?

A4. It's difficult to calculate the impact of exchange rates and tariffs, but in the context of expanding our crossborder business, some aspects serve as a tailwind when the yen is weaker, and the opposite can be said when the yen is stronger. However, regardless of fluctuations in the exchange rates, we forecast continuous demand for the crossborder business as a sector, and there are no changes to our policy aiming for ongoing growth.

Q5. Your delivery partners have announced an increase to shipping rates for non-corporate customers. Do you have any plans to increase shipping rates?

A5. While a price increase is possible in the future, we currently have no plans to change our fee structure for shipping.

Q6. What is your strategy for acquiring *Mercari Hallo* partners? Since ending the no merchant fee promotion, what is the situation involving partners leaving the service and the company acquiring new partners?

A6. As *Mercari Hallo* was still in its first year of operation, we initially started implementation with large-scale partners that have multiple locations throughout Japan. Going forward, we believe that establishing partnerships with small-to-medium-sized businesses will also be key to offering a large number of job listings to users all across Japan. The number of partners who have left the service since the end of the no merchant fee promotion is within expectations. As our partners' needs for job listings remain high, we will continue to work on developing more partners going forward.

Q7. You continued investments into *Mercari Hallo* in the range of approximately 1.5 billion JPY in Q3 as well. What is your investment plan and anticipated scale for *Mercari Hallo* after ending the no merchant fee promotion? Furthermore, how much has starting to charge merchant fees contributed to the results of the Group?

A7. *Mercari Hallo* is still in the investment phase; while we have begun charging merchants fees, we plan to make continuous investment into *Mercari Hallo* as we still need to expand the numbers of both partners and crew going forward, and we do not expect a sudden decrease in investment level or operating loss. Additionally, the impact of *Mercari Hallo* on the Group's overall results is limited.

Fintech

Q8. For Fintech, while core operating profit has increased, the growth rate of revenue seems to have slowed. Is there any connection between spending less on advertising costs and revenue growth?

A8. Fintech has a recurring revenue business model where the source of revenue is a credit balance accumulated over time. The advertising costs for Fintech over the past two years have been an investment primarily aimed at acquiring more *Mercard* users, so there is some connection between advertising costs, the number of new users, and credit balance. However, sales do not increase in proportion to higher advertising costs, and therefore we invest effectively in consideration of ROI. In terms of growth rate, we are of the belief that it generally

becomes harder to grow as base numbers increase, but we believe that there is still much room for growth, and instead of targeting a short-term expansion of our market share, we will aim for continuous growth by improving user convenience.

Q9. Starting January 2025, the annual effective interest rate for new credit of fixed-amount payment was revised to 18%. Do you see this impacting usage? Also, when do you expect to see an impact on the profit and loss statement, and what is the average collection period for fixed-amount payment credit?

A9. We believe the effect of the increased interest rate on user behavior to be limited at present. As this revision applies to new credit usage from January, there has not been an immediate effect on our profit and loss statement, and we expect the impact to gradually become apparent from FY2026.6 onward. We do not disclose the average collection period for fixed-amount payment credit, but we can say that it is longer than two to three months.

Q10. Can we expect revenue from users paying the annual fee for the *Mercard Gold* card, or will the majority of users not pay an annual fee and your main aim will be to increase loyalty and promote usage?

A10. Rather than gain revenue through the annual fee, we are aiming for the *Mercard Gold* card to become the primary card of loyal users. We want to link increased transaction volume inside and outside of the Mercari app and increased ARPU through the usage of our credit services.

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