

FY2026.6 Q1 Financial Results - Q&A Summary

Consolidated

Q1. Are you considering updating the mid-term policy you announced in FY2024.6 Q4 to reflect your current business environment and structural changes, such as the change in GMV growth rate, shift to profitability for US, and the discontinuation of the *Mercari Hallo* service?

A1. In formulating our mid-term policy, we incorporated US's shift to profitability into our plans from the start. Additionally, the impact of the discontinuation of the *Mercari Hallo* service on consolidated results is limited, so at present, there are no changes to our mid-term policy of double-digit CAGR growth for revenue and CAGR of 25% or higher for core operating profit, which we announced in FY2024.6 Q4. For Q2 and beyond, we will strengthen the investments necessary for growth in FY2027.6 while working to achieve our earnings forecast for this fiscal year.

Marketplace

Q2. Why did the GMV growth rate for Q1 recover QoQ? Also, do your safety and security measures have more of an effect on buying or selling?

A2. Our efforts to enhance the product's core experience, centered on building a safe and secure transaction environment, have started to show results, and in the C2C business, the number of transactions grew with the positive response to a promotional campaign for shipping small packages that ran in August and September. The growth of categories like Entertainment & Hobbies made a contribution as well, with GMV growth rate improving QoQ. In terms of enhancing the core experience, we made progress in the elimination of fraudulent users with AI-powered detection of fraudulent transactions, as well as the provision of aid for users through our Full Coverage Support Program. On the buyer side, the sense of security provided by the knowledge that compensation will be provided in the event of fraud supported purchases centered on high-priced items; on the seller side, users' eagerness to list items increased due to Mercari's interventions in cases of disputes reducing communication costs and mitigating the risk of transactions falling through. As a result, the number of users is improving for both buying and selling.

Q3. It seems that this quarter you controlled costs, mainly advertising costs, but is this because your cost efficiency is improving or a result of investment timing? Also, what is your plan for Q2 and beyond?

A3. Our marketing efficiency has been improving over the past few years, but our advertising costs fluctuate depending on the timing, etc. of promotions and

initiatives, so we do not view the increase or decrease of advertising costs per quarter as significant. For marketing costs, we spend our annual budget at the most appropriate timing, and do not aim to control short-term costs. There are no changes to the policy we set out at the beginning of the fiscal year, in which we stated that FY2026.6 is a year of preparation toward achieving our mid-term targets, and we will make the necessary investments with an emphasis on ROI. As such, there is a possibility that we will make aggressive marketing investments in line with peak seasons in Q2 and beyond.

Q4. The financial results presentation materials state that “the scaling down of investment following a disciplined review of *Mercari Hallo* also contributed to increased profit.” Does this mean that the core operating margin you recorded in Q1 will continue?

A4. For Q2 and beyond, our policy is to strengthen investments to enhance the product’s core experience in order to accelerate growth in FY2027.6 and beyond. There are no changes to the full-year core operating profit target of 32.0B–36.0B JPY that we announced at the beginning of the fiscal year.

Q5. What are your plans to reallocate capital following the discontinuation of *Mercari Hallo*? Which areas will you target? Also, do you have any plans to review investment priority?

A5. As we had already expected a reduction in losses for *Mercari Hallo* in FY2026.6, and due to other factors, the impact of deficit decrease due to the discontinuation of the service and the investment resources generated from the discontinuation are limited. Going forward, we will primarily focus on the Marketplace business by enhancing our core product experience and accelerating the expansion of crossborder transactions. In terms of allocation in FY2027.6 and beyond, we will determine details during planning discussions for the next fiscal year and beyond.

Q6. Will the discontinuation of *Mercari Hallo* generate any temporary costs?

A6. We do expect some temporary costs beginning in Q2, but their effect will be limited.

Fintech

Q7. I get the impression that you have invested less into advertising costs than anticipated, despite the release of the *Mercard Gold*. What are your future investment plans?

A7. Marketing initiatives aimed at acquiring new *Mercard* holders are influenced by factors such as promotion timing, and so these initiatives vary each quarter. In Q2 and beyond, we will hold firm to our policy of growing credit balance by increasing

the number of *Mercard* holders and *Merpay* users, and will make the necessary investments to achieve this.

US

Q8. Can you give us some background as to how you achieved a positive GMV growth rate? The GMV growth rate has continuously improved since FY2025.6 Q2—can we expect this trend to continue?

A8. We believe that the positive US GMV growth rate is not a temporary phenomenon but rather the result of steady efforts to enhance the core product experience, which was part of the new management structure in January 2025. In Q1, we worked on product initiatives such as implementing a time-limited sale feature, simplifying user registration leveraging Google's One Tap sign-up feature, and offering new shipping options, and also made several improvements including implementing an AI-powered automated screening system for new user registrations. This has led to a decrease in the number of transaction cancellations and an increase in new user registration, pushing GMV growth into the black.

Q9. How have advertising costs decreased compared to this time last year? Can the positive GMV growth rate be maintained with the current level of advertising investment? Additionally, do you think new user registrations or existing users contributed to the QoQ increase in MAU?

A9. There has been no significant change in advertising costs, and we are continuing to invest with a focus on ROI. The positive GMV growth is a result of enhancements to the core product experience, which in turn has increased service usage numbers. The return of existing users and the acquisition of new users have both contributed to the increase in MAU.

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