

FY2025.6 Q2 Financial Results - Q&A Summary

Marketplace

Q1. What was the monthly GMV growth rate for the months in Q2?

A1. We do not disclose monthly GMV numbers, but October and November were slow, caused by high temperatures delaying the start of winter item sales in the former and the impact of fraudulent transactions in the latter. On the other hand, in December, GMV growth rate improved significantly due to factors such as the effects of product initiatives we have been focusing on, and the GMV growth rate for Q2 as a whole landed at +5% YoY.

Q2. How do you view the continued decrease in MAU? Do you have any initiatives to improve this?

A2. In Q2, MAU was -3% YoY, but we do not believe that we have run out of room to grow MAU. That said, from the perspective of ROI, we are currently focusing on increasing users who actively and frequently use *Mercari* rather than simply increasing the overall number of MAU. Additionally, one factor in the decrease in MAU is that we took action to address users who are not using the *Mercari* platform correctly in order to strengthen measures against fraudulent use. We also are unable to measure MAU for purchases made from overseas through crossborder e-commerce proxy services, which are increasing in scale, so these numbers are not reflected in our MAU. However, going forward, we plan to enhance direct crossborder transactions, which we have already begun in Taiwan, and we believe that this will contribute to increasing MAU.

Q3. You mentioned that in response to cases of fraudulent use, you are establishing an item returns center, enhancing your involvement in disputes that occur in transactions, and expanding the compensation offered to users. Do you anticipate increased costs to continue in Q3 and beyond?

A3. From December, when we began our new support structure and compensation policy, we have recorded increased costs, and we revised our budget for H2 to take into account anticipated additional costs. While costs are increasing, these measures help to build an environment in which users feel comfortable using our service. We believe that this will activate transactions, increase transactions of high-price items, and lead to increased revenue in the mid-to-long term. However, from the perspective of safety and security, it is important to reduce fraudulent use at its core. We hope to eventually reduce costs related to fraudulent use measures through actions such as cooperating with relevant authorities to eliminate fraudulent users and developing detection systems to prevent fraudulent transactions.

Q4. At the end of March 2025, you plan to end the no-fee promotion for *Mercari Hallo*. What is your outlook on profitability improvements going forward?

A4. Leading up to the end of the year, Q2 was a busy period for us, and we made active investments to increase recognition and expand the user base of *Mercari Hallo*, such as running TV commercials. While we will continue investing for growth in H2, the deficit amount for Q4 is expected to show a decreasing trend in line with the end of the no-fee promotion.

Q5. *Mercari Ads* was announced in a press release today. What are your investment plan and revenue plan for this service?

A5. We just transitioned *Mercari Ads* from the testing phase to the launch phase, so we are not able to disclose a detailed investment plan or revenue plan at this stage. We will forge ahead while examining how to implement verification more effectively and look at what is required to strike a balance with our other services. In the short-term, we do not expect the business to be majorly impacted and expect mid-to-long-term potential to be high. We will focus on growing *Mercari Ads* from this quarter onwards.

Q6. Do you have plans to increase spending to increase the number of sales staff for *Mercari Hallo*?

A6. To grow the service, we will need to increase the number of job listings from partner companies. In order to do that, we will need to create a sales structure that can acquire partners from across Japan and have the partners follow through and post actual job listings. Since launching the service in March 2024, we have been strengthening our sales structure by increasing the number of sales staff and also making a certain level of investment. To grow the business going forward, we believe we will need to expand this sales structure and will make such decisions while considering overall profitability.

Q7. Are there any categories or industries that you are focusing on with *Mercari Hallo*?

A7. When we first launched the service, we started by promoting the acquisition of partners with a focus on large companies. Since warehouse-related jobs have many positions per business location, they make up a large percentage of job listings on *Mercari Hallo*. However, we believe that increasing the variety of jobs posted will increase the appeal of the service for crew, and so our policy is to expand job listings across all industries.

US

Q8. Despite severe conditions related to the GMV growth rate, you were able to achieve a profit for the month of December. Could you share why that was possible and how you will sustain profitability going forward?

A8. Our results were not achieved by temporary cost-cutting measures, but rather they were a result of revising our cost structure and increasing marketing efficiency in order to achieve structural profitability improvements. In H2, we will not be reducing the size of our organization even more, but instead we will aim to get back on track for growth and break even by introducing a new fee model and enhancing the core product.

Q9. On page 18 of the presentation material, it says “If we do not see positive results, we will consider various options.” Is pulling out of the US market included in the options?

A9. By refining our core product in H2, we believe we will be able to report good results by the end of the full year. However, if even after trying a variety of things we still do not see any positive impact, we would like to consider all manner of possibilities and various other options.

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