mercari

FY2027.6 Q1 Financial Results - Q&A Summary

Consolidated

Q1. What is the reason for not updating the full-year guidance despite core operating profit reaching 15.0B JPY in Q1? Do you expect a year-on-year decrease in profit in Q2?

A1. We have kept our full-year guidance for core operating profit unchanged at 45.0B JPY or more. While core operating profit in Q1 landed at a strong 15.0B JPY, in Q2 we plan to ramp up investments that will lead to growth not only in this fiscal year but also the next fiscal year, which is in line with the initial plan we announced at the start of FY2027.6. We feel that enhancements to the product's core experience and marketing investments have created a foundation for growth in Q1 onward, and we will continue investments aimed at future growth while securing profit. Since we disclose our results forecast on a full-year basis, we are unable to give specifics regarding quarterly profit growth rates or projected quarterly results.

Q2. Will investments from Q2 onward focus more on advertising costs or business investments? Also, it appears that your investments aimed at mid- to long-term growth end up producing results in a relatively short period of time; what are your thoughts on investment scale and the time it takes to see results?

A2. We will carry out both marketing investments, which tend to yield short-term results, and product-focused investments, including enhancements to the product's core experience and branding, which are expected to have a mid- to long-term effect. For marketing investments, we focus on timing that is most likely to drive user action, such as when product updates are ready and during peak demand periods. For product investments, investments that will significantly change the user experience, such as revamping the customer support experience, which we set as a focus area at the start of the fiscal year, involve changing how we conduct work and therefore require a longer period of time than a month or two. Also, product investments are recorded across multiple expense line items because they involve such things as labor costs and server fees, but these investments are not small in scale.

Q3. Is there any truth to the claims made on social media in mid-October 2026 about Mercari records including the personal information of approximately 24 million users being leaked? What security measures do you have in place as the number of security incidents at other companies increases?

A3. We have confirmed that the information referred to in those claims did not come from Mercari. While we cannot disclose details about our security initiatives for security reasons, as we are a company that handles various user data, we are making investments while positioning security as one of our key management prioroties. Given the large number of incidents impacting companies not only in terms of their systems, but also via their supply chains and the

tools they use, we are continuously strengthening our information management system and security measures.

Marketplace

Q4. What do you think was the reason for positive GMV in Japan despite the lack of large-scale promotions in Q1? Are categories other than Entertainment & Hobbies also growing?

A4. Over the past year or two, we have worked on initiatives to build a service that users can use safely, securely, and more easily, and these initiatives have created a solid core product experience foundation. We believe that generating and sustaining GMV growth momentum, which is built on this foundation, through marketing has led to growth in a wide range of categories. As a result of the large-scale marketing initiatives we carried out in FY2026.6 Q4, some users started using *Mercari* for the first time, some users returned to the service, and some users began using *Mercari* more frequently, and we have seen that these users continue to use our service in Q1 even after the campaign. Many categories other than Entertainment & Hobbies are also performing well.

Q5. Marketplace's GMV and MAU both decreased QoQ in Q1. Should we read that as a sign the growth recovery has peaked? How do you view these results internally?

A5. GMV has historically decreased QoQ in Q1 due to factors such as seasonality and timing of marketing campaigns. We do not view this as a sign that growth has peaked. For MAU, on the other hand, while the number of users that actually buy and sell, as well as their frequency of use, are growing, we have not sufficiently grown this number, and we view YoY growth rate as a challenge for the business, as you can see from our policy established at the beginning of the fiscal year. We believe that there is still significant room for MAU to expand and will strive to increase the number of users.

Q6. Why is the Men's Fashion category performing so well? Are certain categories growing more than others, such as the Women's Fashion category?

A6. The Men's Fashion category has grown at a higher pace than other categories over the past 6 to 12 months. We believe that this is an example of category growth owing to enhancements to safety and security, as well as ease of use, as a result of strengthening the product's core experience. We also believe that this is in part a result of *Mercari* being recognized as a service that is safe and easy to use, even when buying relatively high-value items, leading to more people using *Mercari* for the first time. That said, we view our growth as balanced across all categories rather than centered on any particular category.

Q7. You mentioned that Pokémon Trading Card Game accounts for a 15% share of Entertainment & Hobbies GMV and more than 6% of overall GMV for *Mercari* in Japan.

How do you view the risks of fluctuations in its popularity? How likely is it that the effects of its 30th anniversary will cause GMV composition to significantly change in Q2?

A7. Pokémon Trading Card Game is an important line of products, and we believe that changes in its popularity could have both positive and negative effects on our GMV going forward as well. However, the growth of the Entertainment & Hobbies categories does not rely on any specific IP or line of products; the range of IPs and products bought and sold on *Mercari* is expanding by the year. As such, we do not anticipate any sudden changes to the GMV share held by Pokémon Trading Card Game in Q2 as a result of its 30th anniversary. We will continue to aim for *Mercari* to be a service with balanced growth across a variety of products, not overly influenced by the performance of any specific products.

Q8. What are your expectations for GMV growth in Japan in Q2, given the high bar set last year? Will Marketplace marketing investments increase YoY?

A8. We will refrain from commenting on our outlook for concrete GMV growth rates and YoY marketing expenses in Q2. In Q2, we will face a high bar for comparison YoY, particularly in December and beyond, but we will aim for growth through improvements to the core experience and marketing investments, such as the *Happy Mercari Market Days* campaign carried out at the beginning of Q2.

Q9. What are your views of the impact on revenue, MAU, and take rate of collaborating with Meta's Muse? Also, will there be any impact on profitability?

A9. We have just started our partnership with Muse, so the effect on such things as revenue and MAU is not currently included in our plans as figures. At the moment, the only thing users can do through Muse without logging in is search and view *Mercari* listings. To leave comments on listings or perform transactions require logging in with a *Mercari* ID. We anticipate that users discovering items through Muse will lead to users proceeding to log in to *Mercari* or become new *Mercari* users. However, at the moment we do not envision any impact on our take rate or margin, and we will give consideration to the take rate and margin as the use of Muse grows going forward. We will decide on closer collaboration with Muse based on security assessments and the nature of our user touchpoints, according to our policy of cooperating with highly trustworthy agents.

Fintech

Q10. Was the strength of Fintech's profitability in Q1 due to the reduction in advertising costs, or due to the improvement of profitability? How do you view advertising costs and core operating profit in Q2 and beyond?

A10. Given the nature of the credit business, while it is possible to obtain stable interest income, advertising costs can fluctuate significantly each quarter depending on whether or not a

large-scale advertising campaign is implemented. In Q1, our profitability level was high because in addition to improved profitability, no large-scale advertising initiatives were implemented. It has been four years since we launched *Mercard*. In that time, we have gradually accumulated know-how regarding business results and effective initiatives, and the efficiency of our business operations has improved. However, because the profitability level can vary according to the timing of such things as marketing initiatives, this does not mean that Q1's profitability level will continue. To achieve the guidance we announced at the beginning of the fiscal year, we will maintain profit for the full year, while looking ahead to further mid- to long-term growth. In Q2 we plan to exceed the investments we made in Q1.

Q11. Regarding Fintech marketing, how do you view return on investment (ROI), including incentives other than those offering point returns?

A11. As a rule, our plan is to invest in areas with a high ROI. For the Merpay business, first we encourage our users to use *Merpay* and *Mercard.* It's important for users to utilize these products as their main form of payment on an ongoing basis. For *Mercard* we believe there is still significant room to expand the number of cards issued and card usage inside and outside of *Mercari*. We do not invest for short-term gains, but rather we invest while retaining ROI centered on initiatives focused on the mid- to long-term effects that will lead to ongoing use of our products.

US

Q12. What is behind the decrease in GMV growth rate for Q1? Also, what is your plan for addressing the shipping promotions of your competitors?

A12. The GMV growth rate for Q1 is virtually flat YoY, and Mercari US is behind on its targets. Although Entertainment & Hobbies, our major category, continued to perform well, the Fashion categories were impacted by our competitors' promotional campaigns more than what we had expected. Our competitors launched aggressive promotional campaigns involving shipping, but instead of uniformly matching our competitor's initiatives, we narrowed our focus down to the categories that we could expect to yield results while carefully assessing return on investment. Going forward, we plan to continue focusing on the categories that leverage our characteristics and strengths.

Q13. In the US business, did the impact of your competitors' promotional campaigns span the full three months of Q1? Also, if the effect is prolonged, how will this impact the full-year guidance?

A13. Our competitors' aggressive promotional campaigns started partway through FY2026.6 Q4, and we felt the effects through all three months of Q1. Currently, we are maintaining the full-year guidance announced at the beginning of the fiscal year. We plan on updating this as necessary based on the situation going forward.

Disclaimer

This material has been prepared for information purposes and is not intended to solicit readers to purchase securities in the Company. The performance forecasts and other forward-looking statements contained in this document are based on information available to the Company and certain premises deemed reasonable at the time of preparation. They are not intended as a promise of achievement. Actual performance may differ due to various factors, such as changes in economic conditions, competitive environments, and trends in the services provided. In addition, a portion of the content of the original discussion has been edited for legibility.