mercari

FY2026.6 Q4 Financial Results - Q&A Summary

Consolidated

Q1. Looking at the aggregated guidance for your three segments, the total core operating profit comes out to 55 billion JPY or more, but the consolidated guidance is only 45 billion JPY or more. What is the reason for this difference?

A1. The core operating profit guidance of 45 billion JPY or more is on a consolidated basis, taking into account company-wide expenses and consolidated adjustments in addition to core operating profit for Marketplace, Fintech, and US.

Q2. Your guidance for FY2027.6 core operating profit of 45 billion JPY or more seems to have limited growth compared to your FY2026.6 results. How should we view this figure? What scenario would result in landing at this minimum value?

A2. Given that our core operating profit landed at 44.1 billion JPY for FY2026.6, we recognize that our guidance of 45 billion JPY or more for FY2027.6 appears lacking. In our mid-term policy for FY2027.6, we set forth a goal of a three-year (FY2025.6–FY2027.6) CAGR of 25% or higher for core operating profit, which we achieved earlier than anticipated in FY2026.6. As such, we believe that in FY2027.6, we should take on investments in areas that will contribute to top-line growth and profit growth three or five years in the future. However, this does not mean that we will invest recklessly. As before, we will rigorously control ROI and make disciplined investments, so we view 45 billion JPY as only a minimum figure. We believe that a scenario in which we land close to the minimum value is one where we are making appropriate investments, as it means we have identified many opportunities for investment that will lead to growth in FY2028.6 and beyond.

Q3. Mercari’s results have diverged significantly from your guidance, and it appears to me that difficulties in forecasting your results and investment decisions are affecting Mercari's market valuation. What are your views on communication with the stock market and your stock price?

A3. We recognize the difficulty we have had in setting our guidance. While we can control costs to a certain extent, it is not easy to accurately forecast when—in addition to the effects of business trends—the impact of product improvement strategies, promotions, and other initiatives will show in our results. In FY2026.6, it was clear within the company that enhancing the core experience was crucial, but it was difficult to estimate when and to what extent the effects would be reflected in our results. Our top line performed better than anticipated, so we strived to communicate that by revising our guidance upward in the middle of the year, and we aim to follow up on our progress in FY2027.6 as necessary as we announce our quarterly results. We will improve the accuracy of our guidance based on our past experiences, while achieving the guidance that we have already disclosed. Additionally, we believe that by achieving the mid-term policy that we set forth at the beginning of FY2025.6, we are displaying our commitment to our mid-term targets and success in achieving them. Through our guidance and achievements, we aim to gain further trust from the stock market. We will not comment directly on our stock price, but we see the performance stock unit incentive introduced this year as a message from the Compensation Committee as we work toward achieving a market capitalization of 2 trillion JPY, and we will aim for disruptive growth.

Q4. Regarding your purchase of treasury shares, I understand that this is a way of giving back a portion of consolidated profit as shareholder returns. Do you plan to carry out shareholder returns of a certain portion of generated profit going forward as well?

A4. In accordance with the Companies Act, the amount of treasury shares that can be purchased is calculated based on the distributable amount on a non-consolidated basis, not a consolidated basis. The total purchase price of up to 10 billion JPY this time was determined based on the non-consolidated distributable amount. Also, we have not determined a policy for future return rates at this time. As a growing company, we plan to allocate capital in a way that prioritizes promising investment opportunities that will lead to top-line growth and profit growth in the mid-to-long term, such as business investments and M&As. Going forward, we will flexibly consider purchases of treasury shares taking into account investment opportunities, stock price levels, and other such factors.

Q5. What are your views on the quantitative effects of AI usage on revenue increases and cost optimization?

A5. While it is difficult to isolate the quantitative effects of AI, we believe that a significant factor behind the favorable top-line growth in FY2026.6 was that we were able to release many features in a short period of time with small teams as a result of AI-based development. Even as the number of our employees has largely remained unchanged, we are able to proceed with efforts to establish a safe and secure transaction environment and to improve the core experience faster than before. AI technology is rapidly advancing, and we hope to have AI contribute even further to our growth by forging ahead with our AI-Native transformation.

Marketplace

Q6. Your Marketplace guidance in FY2027.6 states a GMV growth rate of +10–15% YoY, but this seems like a lofty goal considering the high growth seen in FY2026.6 that was fueled by demand for Entertainment & Hobbies categories. What is the reasoning behind this guidance?

A6. After achieving such a high growth rate in FY2026.6, we acknowledge that reaching another high GMV growth rate of +10–15% YoY in FY2027.6 will be challenging. However, there is still strong demand for Entertainment & Hobbies categories both within Japan and abroad, and there is also ample room to grow by strengthening inventory procurement through channels such as B2C business-seller listings. We recognize that the demand for Entertainment & Hobbies categories may wane, and the FY2027.6 guidance does not assume that Entertainment & Hobbies will continue growing at its current rate throughout the year. We have also seen GMV growth in categories other than Entertainment & Hobbies through initiatives such as increasing transactions involving high-value items by expanding the categories eligible for authentication. Therefore, we believe that sustained growth is well within reach.

Q7. Regarding your goal to expand crossborder transactions to 50 countries by 2028, what will be the pace of the rollout going forward, and how will you approach marketing investments? Also, what is the expected contribution to GMV of this expansion?

A7. Going forward, we expect to expand our crossborder transaction business at a faster rate, building on the three-country rollout in FY2026.6. The global app we launched in fall 2025 is not developed individually for each country, but rather designed for seamless expansion to multiple countries. In terms of marketing investments, we do not plan to make large-scale marketing investments that coincide with the expansion to all 50 countries. Once we have confirmed product-market fit centered on Entertainment & Hobbies categories, we will invest in areas in which we expect to see growth. Also, since we will start investing from promising areas, we expect the areas we invest in earliest to have the greatest impact on GMV. As disclosed in the presentation material, crossborder transactions currently account for approximately 9% of GMV, and we plan to increase this further.

Q8. If trading cards resale restrictions are introduced, what impact do you expect on Entertainment & Hobbies categories and Marketplace as a whole?

A8. The details of the restrictions have not yet been finalized, so it is difficult to say what effect they will have on the business. We cannot say for a fact that there will be no impact, depending on what is finalized. While trading cards play an important role as part of Entertainment & Hobbies, areas other than trading cards are also growing, and we believe that the entire category still has room for growth. Also, we ourselves have already implemented numerous measures to prevent scalping and other inappropriate transactions. We will keep communicating our initiatives and views to help shape appropriate regulations.

Q9. What is your view on how changes in Pokémon card market conditions affect Marketplace GMV?

A9. The demand for Pokémon cards represents a certain scale within our transaction volume, so we believe market conditions do have some impact on GMV. On the other hand, categories other than Entertainment & Hobbies have also grown significantly over the past year, so we do not believe that one particular type of item has a great impact on overall GMV. We will continue to set our sights on increasing MAU and ARPU through enhancements to the product's core experience.

Q10. Have there been leadership discussions around striking a balance between providing a free marketplace and the reputation risk involved with scalping and fraudulent use?

A10. Reputation risk is a serious issue, and we have strengthened initiatives aimed at creating a safe and secure environment over the past two years. We have collaborated with experts to formulate and update our Marketplace Principles, and have implemented measures to prevent issues in cases where we deem the safety and security of the marketplace to be compromised, or in cases of dramatic price fluctuations. We will continue to apply the insights we have gained and treat the creation of a safe and secure marketplace as our top priority, continuing to implement necessary measures and make the necessary investments to improve our reputation and increase MAU.

Fintech

Q11. Advertising costs for FY2026.6 Q4 have increased. What is the breakdown of these expenses? Also, what are your plans for investment in FY2027.6?

A11. Most of the advertising expenses were costs to expand our user base such as to acquire *Mercard* holders and to onboard new users. In addition, the costs for point-back rewards have increased in proportion to the expansion of *Mercard* usage. Through these investments, we are aiming to grow the Fintech business through acquiring more users by increasing awareness of our products and by linking this with the promotion of the regular use of our products. Again in FY2027.6, our plan is to make necessary investments mainly to expand our user base.

Q12. Are you considering forming partnerships with other companies that would strengthen your retail and offline touchpoints?

A12. When it comes to alliances with merchants and companies with brick and mortar shops, we believe there is significant potential. Thus far, we have undertaken considerations and proofs of concept of various partnership initiatives, both regular and temporary. We believe there is merit in increasing offline touchpoints not just for *Merpay*, but for all of *Mercari* from the perspective of growing our user base. Going forward, we will continue to examine potential partnerships with retail shops and in offline areas.

Q13. Fintech is a business that uses a balance sheet, and it is forecast that the business's balance sheet will grow even more with the growth of the credit business. What does the Fintech business you ultimately aim to build look like?

A13. It's hard to say now what form the business will ultimately take in the future, but we are aware that the balance sheet is growing. Our perspective as a tech company is that we want to realize growth by providing new services that are distinct from existing financial institutions and credit card services while leveraging AI. Including cryptoassets, we will pursue the potential of new financial services that leverage technology such as by expanding our wallet feature. However, we understand that there are multiple ways of looking at Fintech and Marketplace, and will explore what Group structure would lead to the most appropriate evaluation of our corporate value. That said, we have not made any decisions pertaining to this at this time.

US

Q14. What do you think would trigger Mercari US entering a genuine growth phase of increased revenue and profit? Also, what impact will the change in the company's management structure bring?

A14. We believe that continuing to grow at a pace of around only 10% will not be enough to sufficiently show our potential as a business, and we would like to aim for even greater GMV growth. Although we have invested in the product's core experience over the past one to two years by enhancing safety and security, and by making the app easier to use, we have not put enough effort into developing new features. Going forward, we will implement bold strategies particularly in the Fashion and Entertainment & Hobbies categories while maximally leveraging AI, aiming to increase our growth trajectory. To answer your question regarding the company's management structure, up until now, under my (Yamada) leadership we have been focused on enhancing the product's core experience, and so in order to consider initiatives and potential aimed at disruptive growth, I handed the reins to someone with more in-depth knowledge of the situation in the local US market. I will also keep supporting Mercari US in the background to make the current fiscal year one that determines the potential of the US in the mid-to-long term.

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