

FY2022.6 Q4

Presentation Material

mercari

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1 FY2022.6 Summary—Highlights

Objectives set out at the beginning of FY2022.6

- Continue to grow and reinforce the three pillars of our business while promoting new areas for us to pioneer, including global expansion, and create further opportunities for the Group to grow.
- Through business activities that have a positive impact on the environment and the world, use the planet's limited resources carefully and aim to build a world where anyone can create value. In particular, focus on climate change mitigation and D&I as priority areas.

Steady growth of three pillars¹

- Steadily expanded Mercari JP and US user bases
- Established Merpay's profit base

Sowing seeds for mid-to long-term growth

- Launched Japan Region
- Launched *Mercari Shops*
- Completed registration as a cryptocurrency exchange²

Building a global standard organization

- Uplisted to the TSE Prime Market³
- Strengthened ESG (page 35)
- Actively hired talent who will enhance growth
- Established India Center of Excellence⁴ to continuously strengthen technology base

1. Refers to Mercari JP, Merpay, and Mercari US

2. Registered by Mercoin, Inc. on June 17, 2022

3. Changed listing on the Tokyo Stock Exchange from the Growth Market to the Prime Market

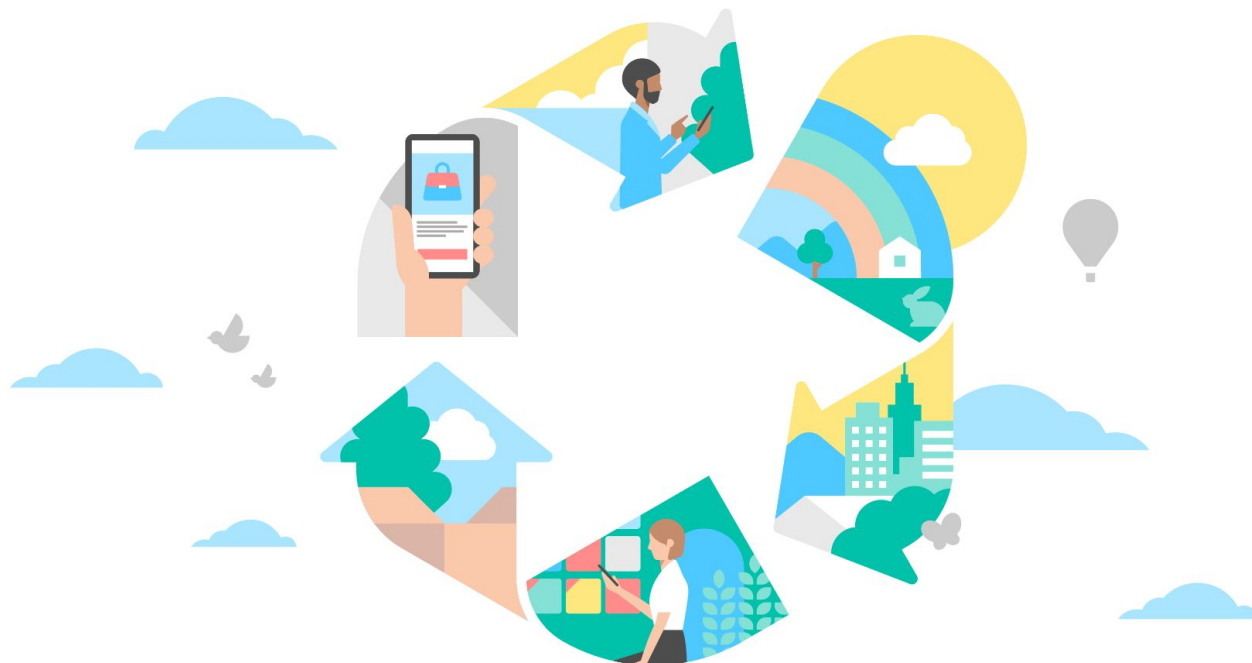
4. Mercari Software Technologies India Private Limited (established June 23, 2022)

Mid- to Long-Term Policy

-

Planet Positive¹

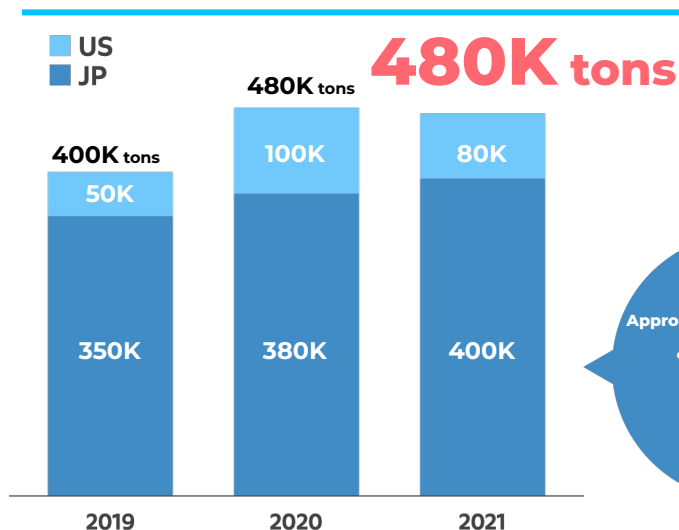
We aim to build an ecosystem that seamlessly circulates all forms of value and become essential to the creation of a circular economy, and then go one step further to realize a planet-positive world where we share the earth's limited resources across generations so all people can continue to create new value.



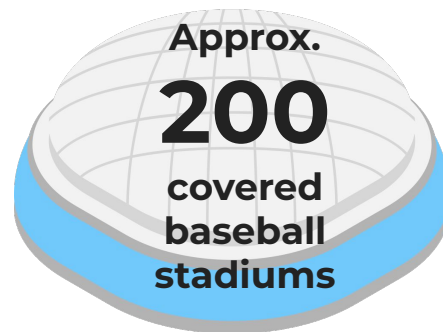
2 Mercari's Positive Impact

- In clothing alone, approximately 480K tons of CO₂ emissions were avoided by transactions on *Mercari*¹

CO₂ emissions avoided, assuming items were bought on Mercari instead of buying new products (for clothing only)



=



CO₂ equivalent to approx. 200 covered baseball stadiums²

1. CO₂ emissions avoided on the assumption that items bought and sold under the categories in question are used in place of new items, calculated by applying an adjustment factor and with consideration for the item lifecycle (item production, distribution, use, and disposal). (CO₂ that can be avoided = (CO₂ emissions when new items are used to an equivalent level of that of secondhand items) - (CO₂ emissions from use of secondhand items)). Per-unit CO₂ emissions for clothing taken from the Ministry of the Environment's data. (Source: Ministry of the Environment "Results of Survey on Fashion & the Environment.") Also used the Ministry of the Environment's data for estimates found in the results of our analysis of CO₂ emissions for Mercari US.

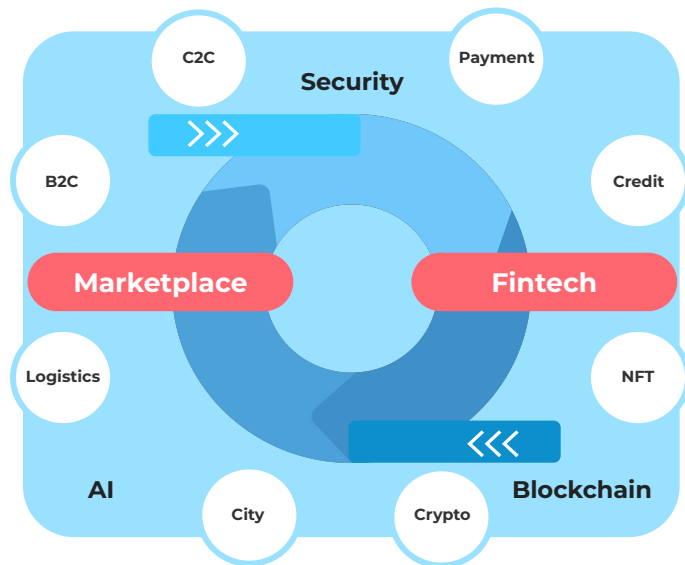
2. CO₂ equivalent to one covered baseball stadium: 2,436 t-CO₂ (covered baseball stadium volume: 1.24M KL; 1 mol = 22.4 L = 44 g-CO₂; Source: [Tokyo Dome](#))

2

Medium-Term Milestones to Achieve Our Mission

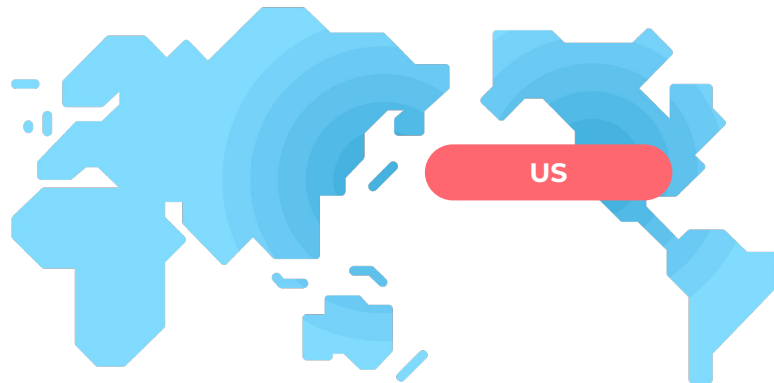
Working with external partners to create a circular economy ecosystem

Create a world that uses technology to seamlessly circulate all forms of value, not just physical things, and promote collaboration with various external partners necessary to do so



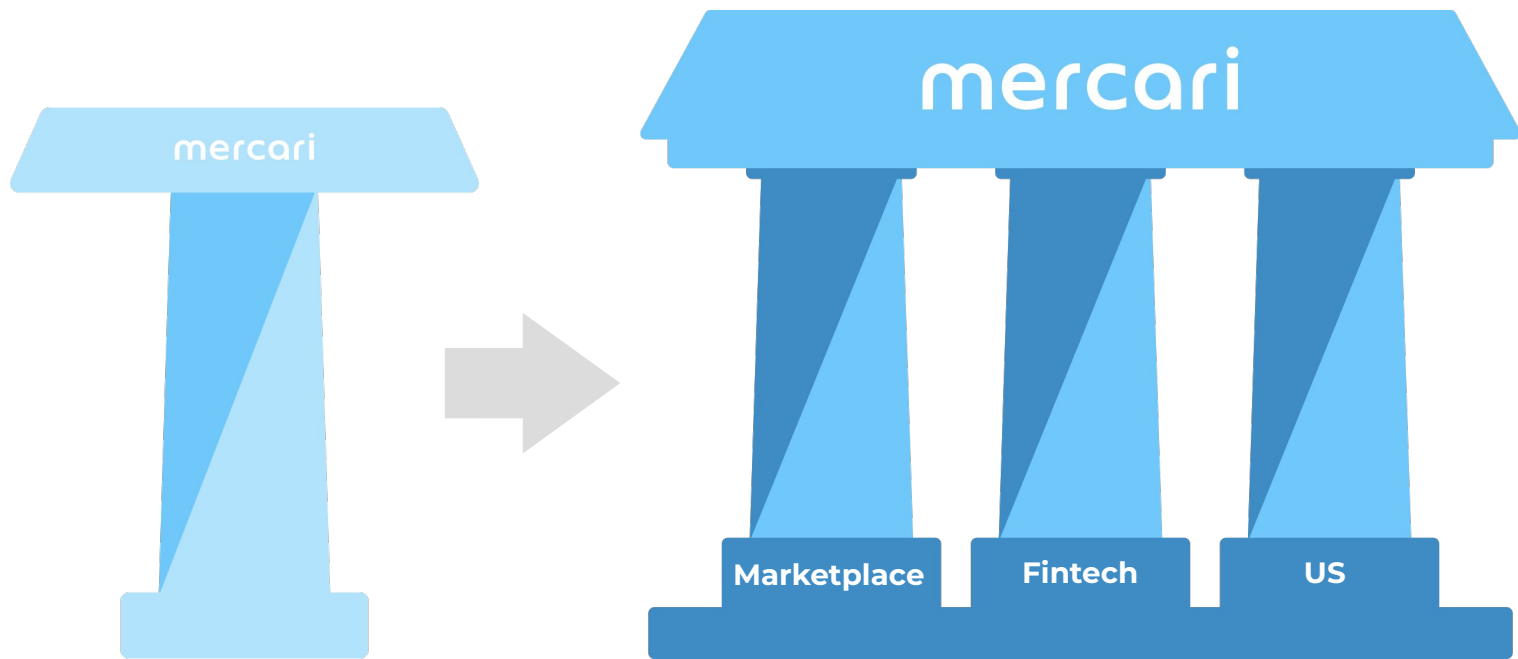
Global expansion

Proceed with expansion into other countries while prioritizing further development of the US business, and further promote D&I and well-being to create a borderless organization where talent all over the world can thrive



2 Income Pillars to Follow Mercari JP

- Building on the success of Mercari JP, we will raise the profitability of Marketplace, Fintech, and US in the midterm to reinforce the Group's profit base going forward.



Medium-Term Targets & Investment Plans

Business Area	Main Businesses	Medium-Term Objectives	Future Major Investment Areas
Group		<ul style="list-style-type: none"> ■ Work with external partners to realize an ecosystem that leads the move to a circular economy ■ Create a borderless organization where talent all over the world can thrive ■ Promote further global expansion 	<ul style="list-style-type: none"> • Strengthening AI and data infrastructure • Strengthening safety and security of the service for users • Maintaining information security • Promoting D&I and well-being • Building global business
Market-place	<div>C2C</div> <div>B2C</div>	<ul style="list-style-type: none"> ■ Become a leader in the circular economy <ul style="list-style-type: none"> • Lead the market as an essential service to the creation of a circular economy, and accelerate this by collaborating with external partners • Expecting three-year GMV CAGR of 15% and an adjusted operating margin over 40%¹ 	<ul style="list-style-type: none"> • Using AI to enhance matching accuracy • Creating an optimal UX including C2C, B2C, fintech, and offline experiences
Fintech	<div>Payment/Credit</div> <div>Crypto/NFT</div>	<ul style="list-style-type: none"> ■ Promote a “circular financial ecosystem”² as a step towards building a new financial culture with financial services utilizing the group’s synergies 	<ul style="list-style-type: none"> • Creating a UX that leads users back to the marketplace • Strengthening credit (AI credit, etc.) • Expanding the experience to include cryptoassets and NFTs utilizing blockchain technology
US	<div>C2C</div>	<ul style="list-style-type: none"> ■ Establish name recognition and the reputation as “the easiest and safest selling app” in the US 	<ul style="list-style-type: none"> • Expanding the user base • Simplifying listing and enhancing personalization • Using AI to enhance matching accuracy • Expanding shipping options

1. GMV refers to the combined GMV of C2C and B2C; adjusted operating margin refers to that of Marketplace excluding company-wide expenses, but including Souzoh (B2C) and Merlogi expenses

2. A term referring to utilizing/circulating not only goods and money, but diverse forms of credit, no longer limited to personal information used in conventional systems

Mercari's Growth Trajectory and Further Leaps Forward

Four years
after IPO¹:

Sales: approx. **4x**

MAU²: approx. **2x**

- **FY2022.6**–
Global expansion and
new businesses
- **FY2022.6**
Mercari Shops launched

Now

- **FY2019.6**
Merpay launched

- **FY2017.6**
Mercari UK launched (Closed)

- **FY2015.6**
Mercari US launched

- **FY2014.6**
Mercari JP launched

► 20XX **Complete the mission**

Create value in a global marketplace where
anyone can buy & sell

Global Expansion

US

Fintech

Marketplace

1. Comparison of consolidated net sales and MAU (JP and US combined) between FY2018.6 Q4 and FY2022.6 Q4

2. Quarterly average number of users who browsed our service (app or web) at least once during a given month

Note: This diagram of future growth is for illustrative purposes only

FY2022.6

**Financial Overview/
Results**

3 FY2022.6 Summary—Highlights

Consolidated

- While there was steady growth in our three pillars of business, such as establishing a profit base for Merpay, the growth rate of GMV for both Mercari JP and US slowed down as a result of factors including changes in the external environment, impact of fraudulent use, and updates to the investment policy to give top priority to growth in the mid-to-long term. However, we were able to achieve an operating profit in Q4 by clarifying priorities and making carefully selected investments, as well as reducing costs.
- Overall, we sowed seeds for mid- to long-term growth and created new opportunities for growth.

Mercari JP

- MAU exceeded 20 million, establishing *Mercari* as a service with an overwhelming user base in the C2C marketplace
- In addition to marketing initiatives, we strengthened UI/UX through product improvements for mid- to long-term growth, such as personalization, strengthening web, etc.

Merpay

- Both the payment and credit businesses grew steadily, achieving continuous top-line growth and strengthening the profit base
- Thanks to the growth of fixed-amount payment, an area of special focus, established a profit base and achieved full-year unadjusted operating profit¹ for the first time

Mercari US

- MAU grew due to successful marketing efforts to increase brand awareness; full-year GMV growth rate was -2% YoY due to high hurdles for FY2022.6 and changes in the external environment, such as inflation
- Also steadily promoted ease-of-use features and personalization

Souzoh

- Fully rolled out *Mercari Shops* in Oct
- The number of shops opened surpassed 200,000² as a result of steady progress since Q3 and marketing to acquire new shops while focusing on product improvement

Mercoin

- Made steady progress in hiring specialized talent, solidifying our organizational foundation
- Also made progress toward the full-scale launch of services, by releasing "Pacific League Exciting Moments β" and completing registration as a cryptocurrency exchange

Kashima Antlers

- Under the management vision "Vision KA41," we formulated a management plan that does not rely solely on the soccer business
- Implemented various initiatives to lay the foundation for further growth, with the goal of returning the soccer business to pre-COVID levels

1. Adjusted: Figures after adjustment exclude internal transactions between Mercari JP and Merpay (outsourced payment processing fees)

Unadjusted: Figures before adjustment include internal transactions between Mercari JP and Merpay (outsourced payment processing fees)

2. As of April 19, 2022.

3 FY2022.6—Full-Year KPI Summary

Consolidated		
Net Sales	147.0 billion JPY (YoY +39%) Excluding the impact of changes to accounting policies on sales 124.8 billion JPY (YoY +18%)	Operating Income -3.7 billion JPY (YoY -8.9 billion JPY)
Mercari JP	Merpay	Mercari US
GMV¹ YoY +12% Adjusted Operating Margin 27% (YoY -6ppts)	Number of Users² 13.45 million Identity Verification Rate 86.2%	GMV¹ YoY -2% MAU³ 4.9 million (YoY +6%)

1. Aggregated transaction value after adjusting for cancellations (the GMV of Mercari JP does not include the GMV of Mercari Shops)

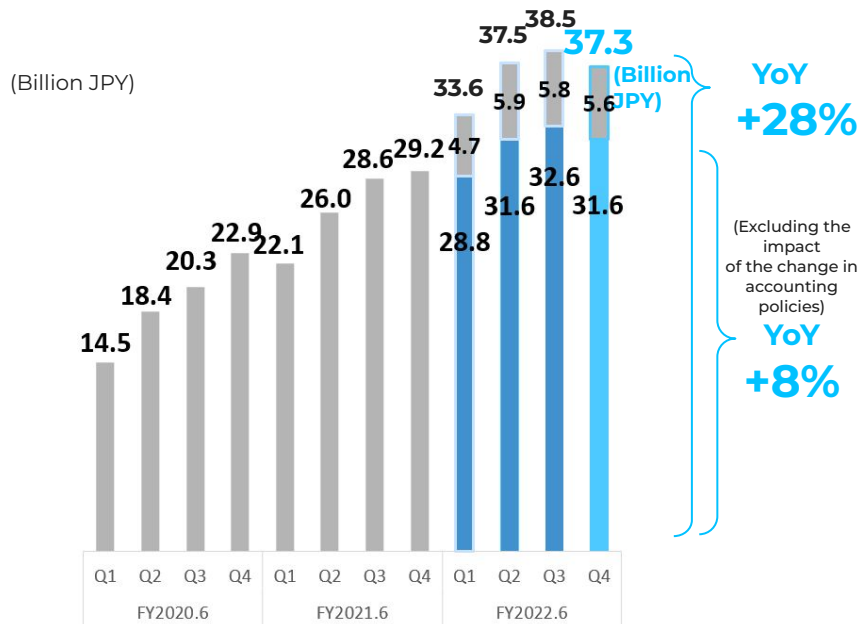
2. Aggregated number of unique users who had registered for Merpay Electronic Money or used QR Code Payments, Online Payments, or Merpay Smart Payments (lump-sum payment or fixed-amount payment), etc. as of the end of June 2022

3. Quarterly average number of users who browsed our service (app or web) at least once during a given month

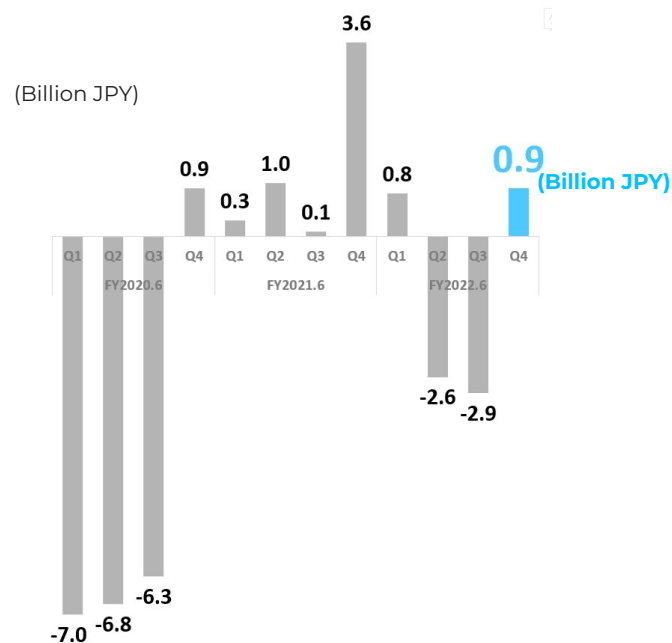
Financial Highlights—Consolidated Net Sales & Operating Income

- Achieved operating profit in Q4 thanks to our updated investment policy and making carefully selected investments.

Net Sales

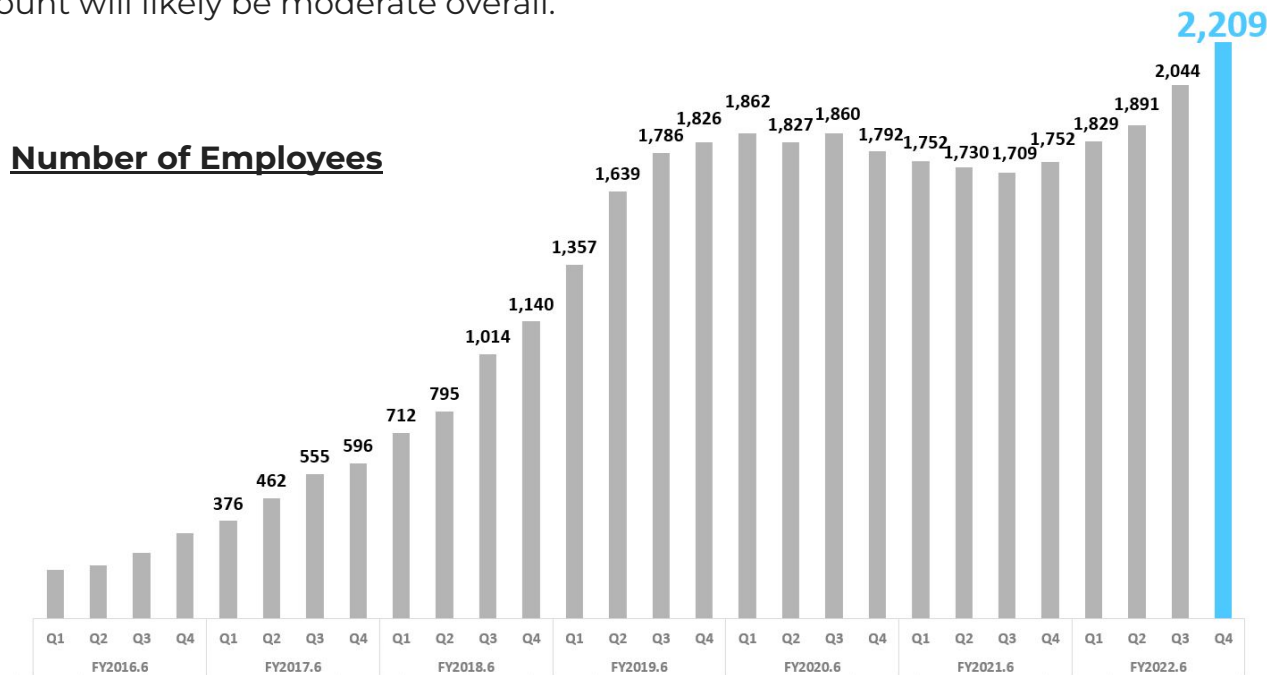


Operating Income



3 Talent Supporting Mercari's Growth

- As a result of the easing of COVID-19 border control measures in Japan, employee numbers exceeded the forecasts we made in Q3, as newly recruited talent residing overseas arrived in Japan to start working sooner than expected.
- We will continue to focus on hiring mostly for engineering positions in FY2023.6, but the increase in headcount will likely be moderate overall.



Impact of Fraudulent Use—Decrease Expected From FY2023.6 Onward

- Thanks to the countermeasures we have put in place, we expect the impact of fraudulent use to start decreasing in FY2023.6.
- Creating a safe and secure usage environment is our top priority, and the entire company has been continuing to work together to achieve this goal.

Q4 Impact

Mercari JP: Fraudulent use of credit cards

- Q4: 1.3 billion JPY

Merpay: Phishing

- Q4: 0.3 billion JPY

(However, 0.5 billion JPY was covered by insurance for fraudulent use of *Merpay* this fiscal year; creating a 0.2 billion JPY surplus in operating income)

Countermeasures

EMV-3D Secure

- Implemented on the Android version, in addition to iOS

Establishment of a dedicated anti-fraud department

- Able to respond quickly and comprehensively to new fraud incidents

Industry-wide initiatives

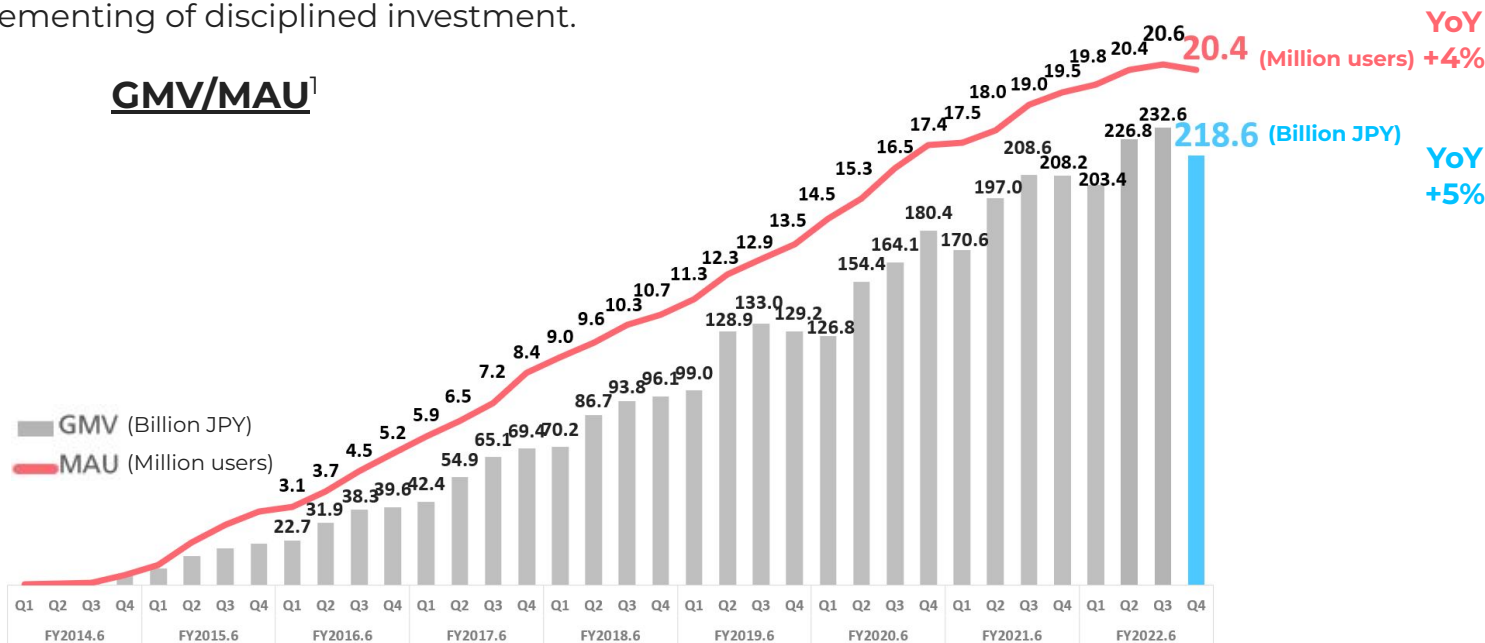
- Shared our experience in implementing EMV-3D Secure with other companies in the industry¹
- Held brainstorming sessions on methods to prevent phishing across the industry²

FY2023.6 Forecast

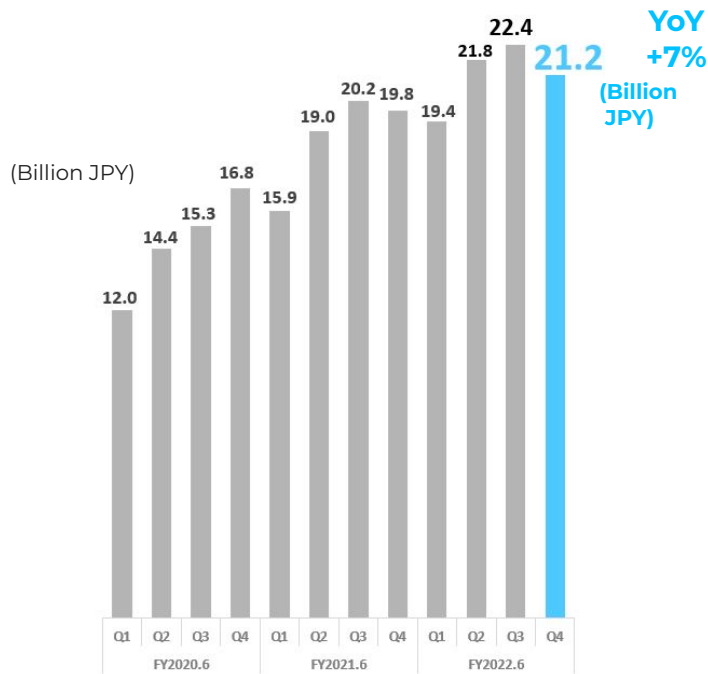
- Thanks to the implementation of EMV-3D Secure and other appropriate countermeasures, expenses are expected to decrease starting in the first half of FY2023.6 and return to normal levels in the second half

Mercari JP—A Look Back at GMV/MAU in FY2022.6 Q4

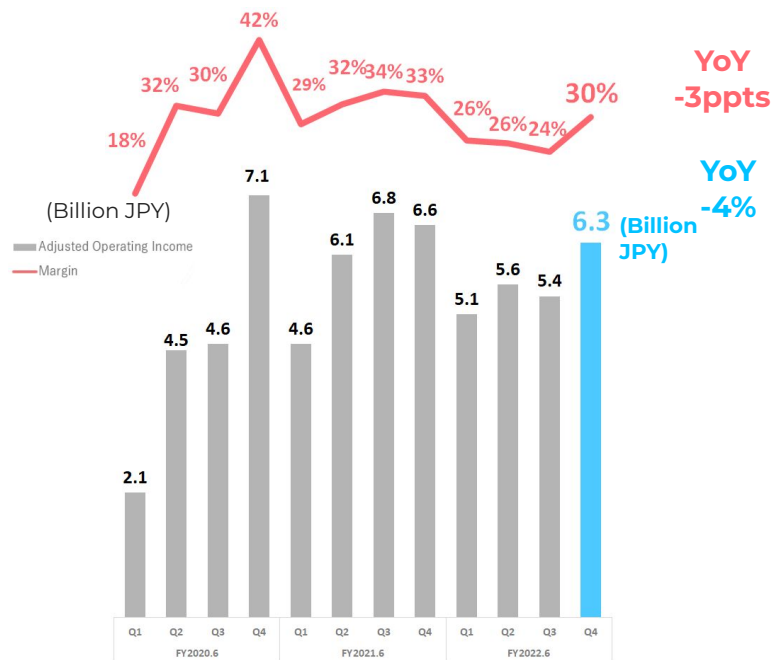
- Due to a decrease in the time users spent at home, the impact of countermeasures against fraudulent use, and an update to our investment policy, the GMV growth rate slowed temporarily. However, we are aiming not for short-term growth, but rather mid- to long-term growth by investments that accumulate steady results.
- MAU remained at 20 million users, despite Q4 traditionally being a slow season and amidst the implementing of disciplined investment.



Net Sales¹



Adjusted Operating Income/Margin^{2/3}



1-2. From FY2022.6 Q1, to compare business results (YoY) exclusively for C2C transactions, the net sales shown here represent only the C2C results

3. Graph reflects retroactive adjustment made from FY2019.6 Q3 to the amount before recording internal transactions between Mercari and Merpay as a result of transferring settlement to Merpay (outsourced payment processing fees)

3 Mercari JP—FY2022.6 Summary

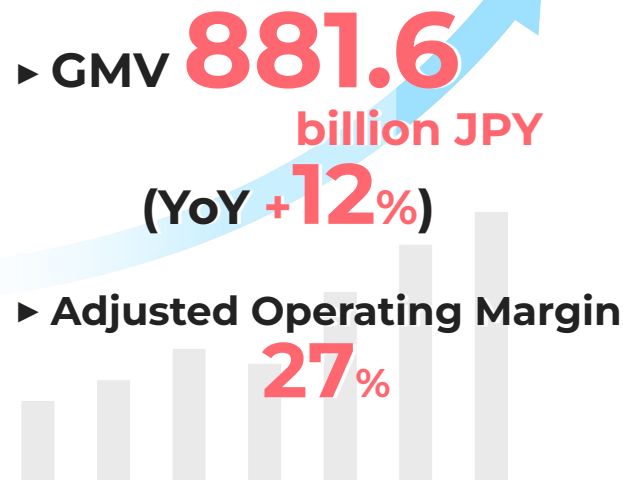
- Worked on acquiring new users, strengthening listings, and retention through investments that steadily accumulate results. As a result, MAU grew to over 20 million.
- The decrease in time spent at home, impact of countermeasures against fraudulent use, and prioritization of investments made for mid- to long-term growth rather than short-term growth resulted in headwinds for short-term GMV growth.
- As a result, achieved YoY GMV growth of +12% and an adjusted operating margin of 27%, numbers mostly in line with the forecasts announced in Q3.

Product Initiatives

- User activation through personalized home screen
- Strengthening Mercari Web as second gateway to *Mercari*
(Web ratio to total GMV increased by 3 ppts YoY to 10%)

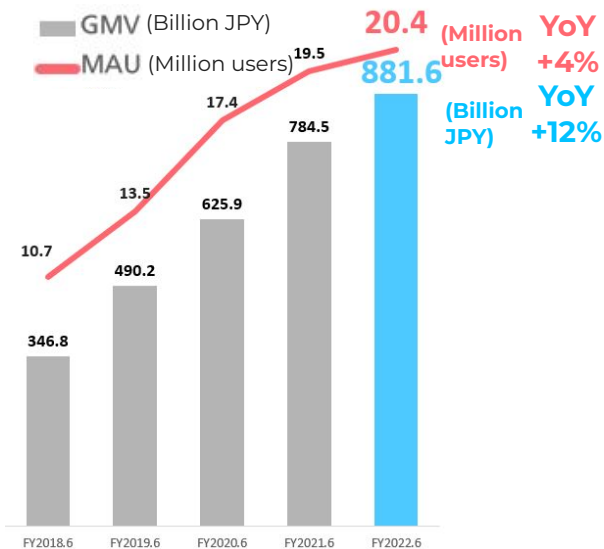
Marketing Initiatives

- Acquired new users through invitation campaigns
- Improved retention by promoting cross-use² to new users
- Developed a new user base through Mercari Workshop
(Number of Mercari Workshop participants as of June 2022: 180,00 (YoY +130,000))

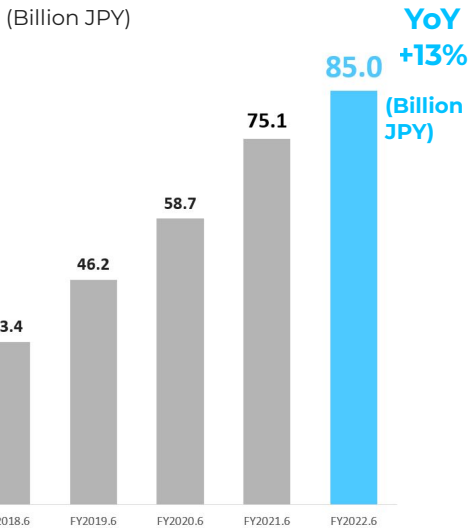


3 Mercari JP—FY2022.6 Summary

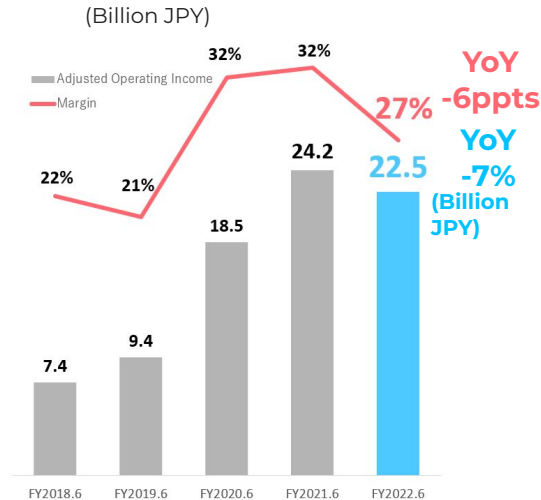
GMV/MAU



Net Sales¹



Adjusted Operating Income/Margin^{2/3}

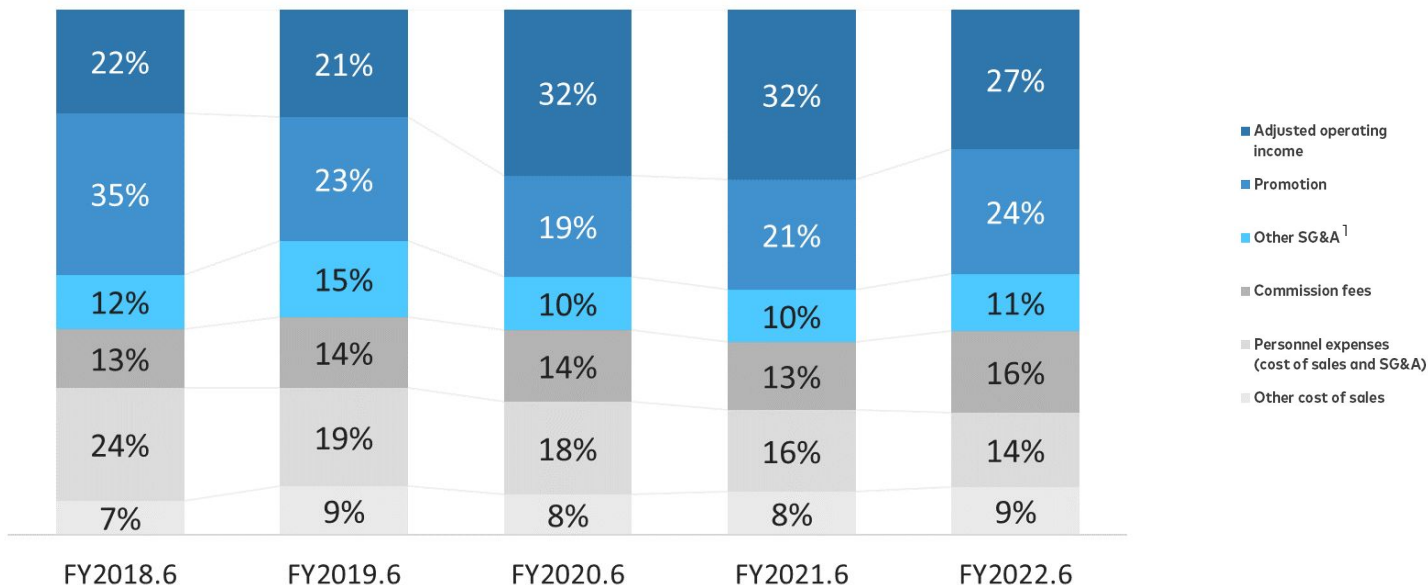


1-2. From FY2022.6 Q1, to compare business results (YoY) exclusively for C2C transactions, the net sales shown here represent only the C2C results

3. Graph reflects retroactive adjustment made from FY2019.6 Q3 to the amount before recording internal transactions between Mercari and Merpay as a result of transferring settlement to Merpay (outsourced payment processing fees)

Mercari JP—Full-Year Cost Structure Against Net Sales

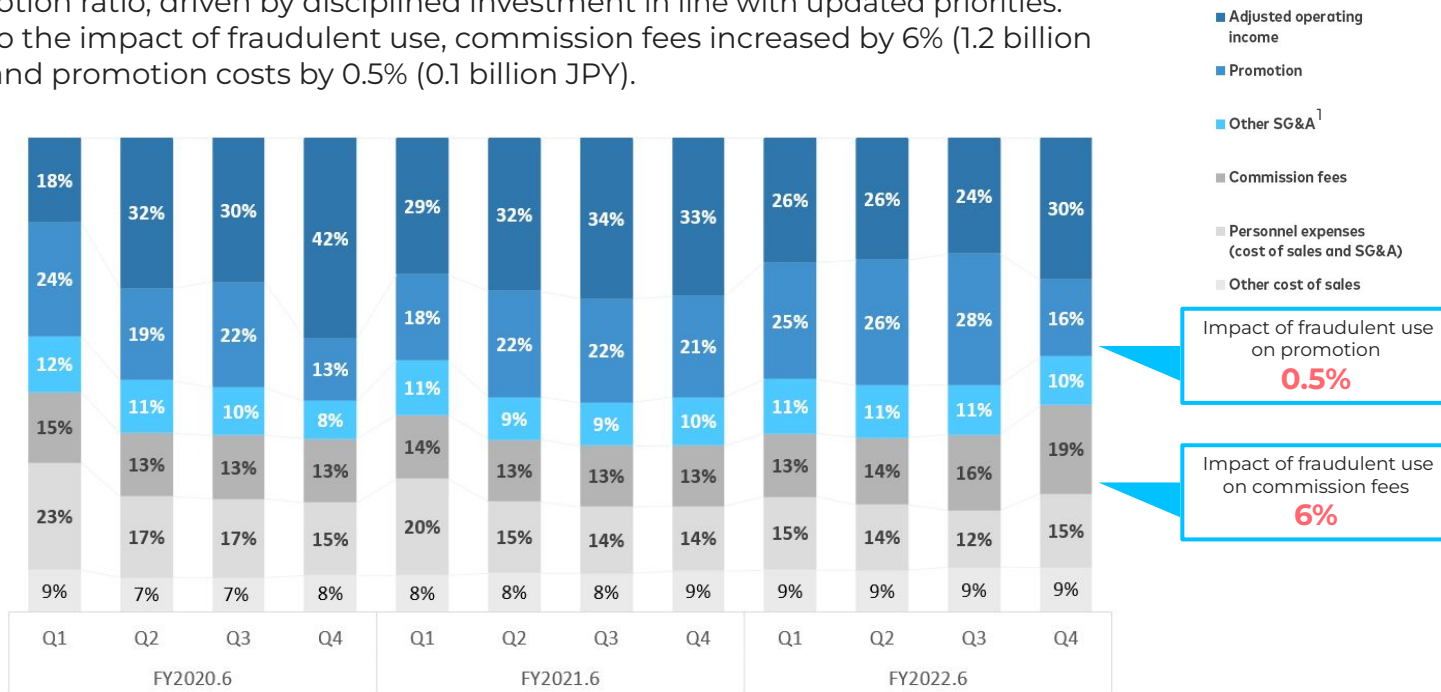
- Made aggressive investment in H1, but shifted to strictly disciplined investment, especially in Q4. As a result, adjusted operating margin for the full year was 27%, but profitability is improving.



1. Outsourcing expenses, rent, and taxes & dues

Mercari JP—Cost Structure Against Net Sales in Q4

- Achieved an adjusted operating margin of 30% due to a significant decrease in the promotion ratio, driven by disciplined investment in line with updated priorities.
- Due to the impact of fraudulent use, commission fees increased by 6% (1.2 billion JPY) and promotion costs by 0.5% (0.1 billion JPY).



1. Outsourcing expenses, rent, taxes & dues, hiring fees

3 Souzoh—FY2022.6 Summary

- Launched the full rollout of B2C marketplace *Mercari Shops* in October 2021 and conducted aggressive marketing initiatives to achieve a successful launch.
- In the second half of the year, focused on product updates and carried out disciplined marketing initiatives to acquire new shops. As a result, *Mercari Shops* has been progressing well, and the number of shops has surpassed 200,000.

Marketing Initiatives

- Ran a TV commercial targeting businesses to increase awareness of *Mercari Shops*
- Carried out no-selling-fees campaigns and buyer point-back campaigns to acquire new shops

Product Initiatives

- Focused on functional improvements in order to create a selling experience for businesses (Feature examples: inventory registration, custom color and size registration, staff accounts, social media integration)

- Over **200K shops**¹
- Percentage of first-time online store openings **55%**²



1. As of April 19, 2022.

2. Based on the results of a survey for *Mercari Shops* owners conducted in July 2022.

3 Souzoh—FY2022.6 Summary

- Took on initiatives to solve social issues that arose as a result of COVID-19.

Enhanced the Food Category

Due to COVID-19, wholesale volume of restaurants and retailers decreased, and sales have declined because of cancellation of product exhibitions nationwide

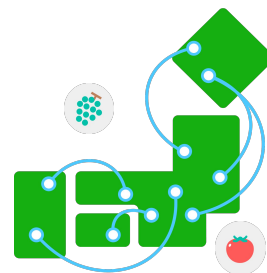
- Enabled sales of perishable food items such as seafood, and supported sales of these items through improvements to shipping options such as Refrigerated Mercari Shipping and campaigns
- The number of transactions in the food category is the largest, indicating that we have matched demand as expected



Cooperation with Local Governments

There is an increased need to expand EC sales channels for local specialty products, etc., to revitalize local economies

- Collaborated with some local communities on a regional revitalization program aimed at promoting the region and encouraged local businesses to make their own shops on *Mercari Shops*
- Contributed to the revitalization of local economies as approximately 60% of shipped items are from outside of major cities¹



Merpay—FY2022.6 Summary

- Achieved both top-line and profit base growth through the strengthening of the payment and credit businesses.
- In particular, *Smart Payments* (fixed-amount payment) grew steadily, and we achieved full-year unadjusted operating profit for the first time.

Establishment of profit base

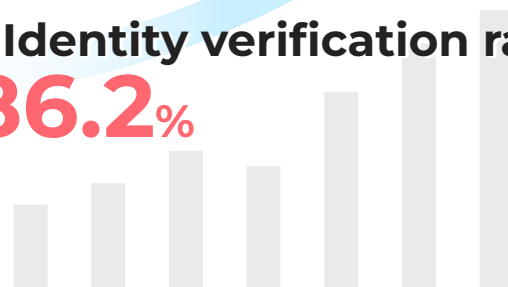
- As expected, *Merpay Smart Payments* (fixed-amount payment) grew, and profitability improved as a result
- Established a profit base that can bring a regular unadjusted¹ operating profit with the services we currently offer
- Carried out rigid credit control leveraging our unique AI credit system

Establishment of safe & secure environment

- The percentage of users who have completed identity verification exceeded 86% due to ongoing promotion, helping us construct an environment that is convenient, safe, and secure

► **First full-year operating profit** (unadjusted¹)

► **Identity verification ratio**
86.2%



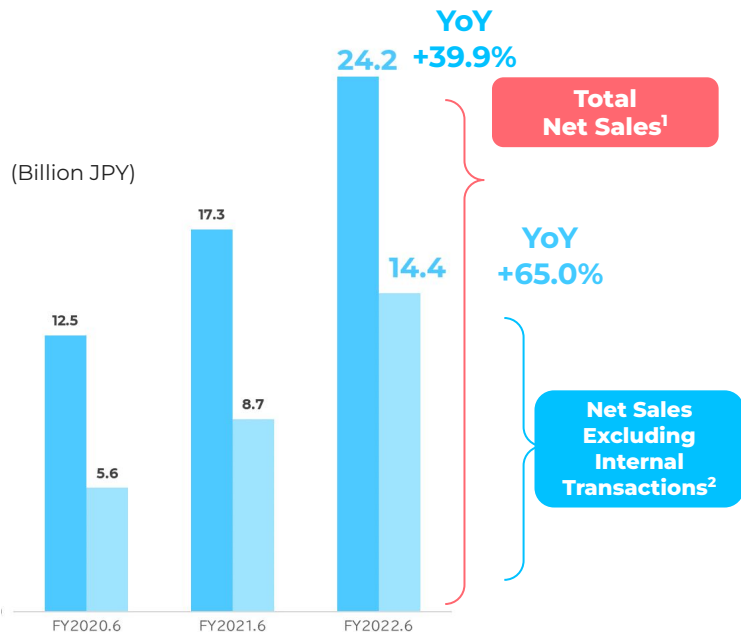
1. Figures before adjustment include internal transactions between Mercari JP and Merpay (outsourced payment processing fees)

3

Merpay—Net Sales and Adjusted/Unadjusted Operating Income

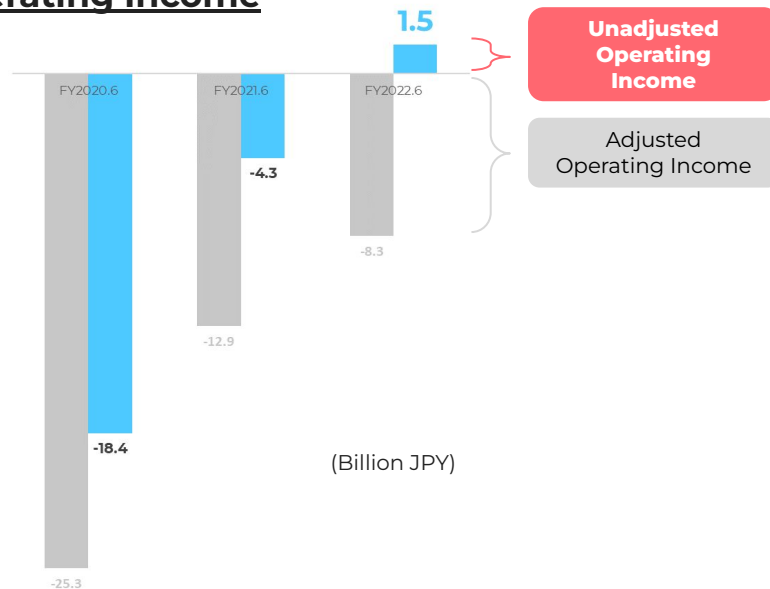
- Achieved satisfactory growth in both total net sales and net sales excluding internal transactions, and achieved a full-year unadjusted operating profit for the first time.

Net Sales¹



Adjusted/Unadjusted Operating Income³

Achieved profitability for the first time



1. Numbers for Q3 and Q4 of FY2020.6 exclude temporary sales from Origami.

2. Net sales and operating income after deduction of internal transactions between Mercari JP and Merpay (outsourced payment processing fees)

3. Adjusted: Figures after adjustment exclude internal transactions between Mercari JP and Merpay (outsourced payment processing fees)

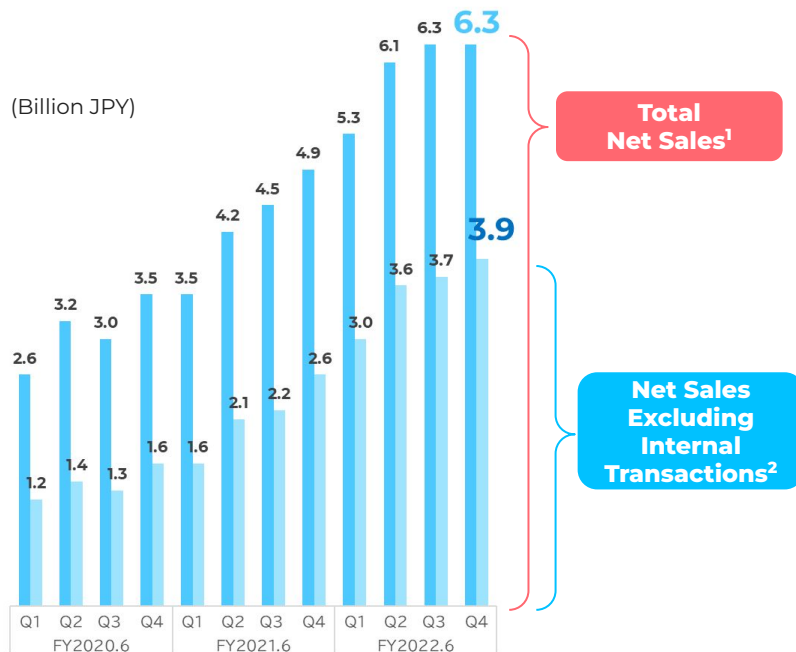
Unadjusted: Figures before adjustment include internal transactions between Mercari JP and Merpay (outsourced payment processing fees)

Merpay—Net Sales and Adjusted/Unadjusted Operating Income

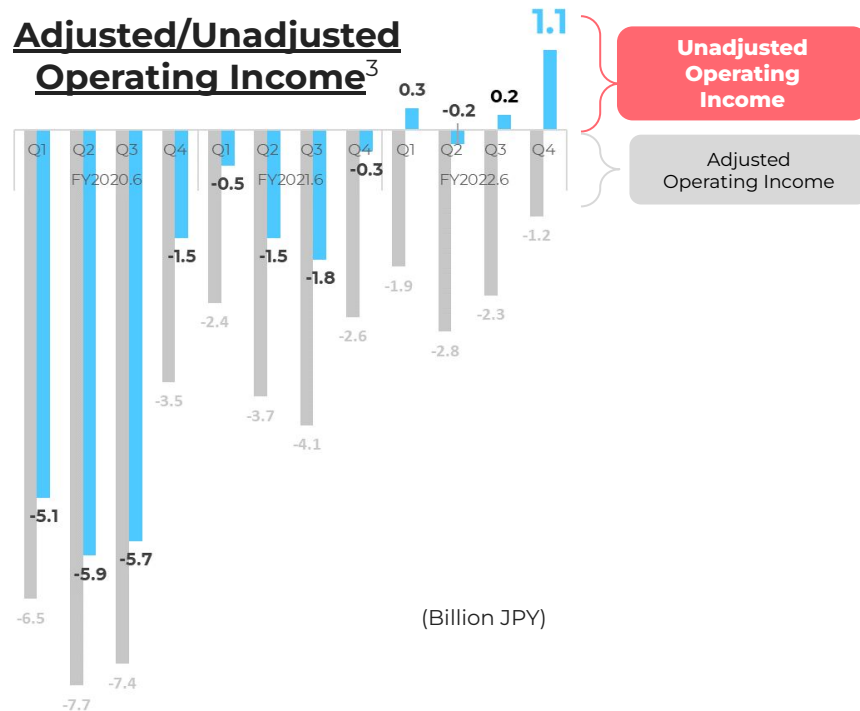
- In addition to the credit business growing steadily, our carefully selected investments supported the increase in unadjusted operating income in Q4.

Net Sales¹

(Billion JPY)



Adjusted/Unadjusted Operating Income³



1. Numbers for Q3 and Q4 of FY2020.6 exclude temporary sales from Origami.

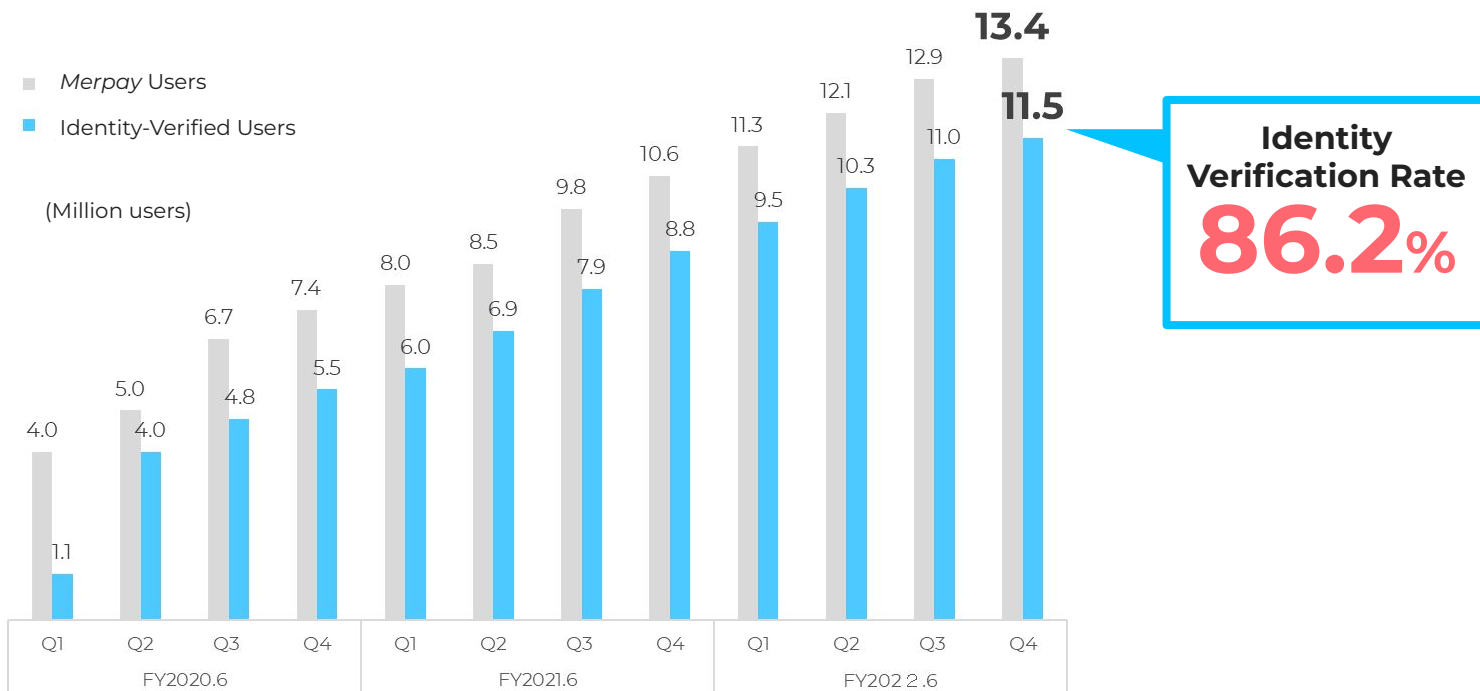
2. Net sales and operating income after deduction of internal transactions between Mercari JP and Merpay (outsourced payment processing fees)

3. Adjusted: Figures after adjustment exclude internal transactions between Mercari JP and Merpay (outsourced payment processing fees)

Unadjusted: Figures before adjustment include internal transactions between Mercari JP and Merpay (outsourced payment processing fees)

Merpay—Progress in the Credit Business

- The percentage of users who have verified their identity has steadily increased to 86.2% thanks to continuous efforts to build a safe and secure usage environment.
- The number of verified users contributes to the growth of the credit business.



3 Mercoin—FY2022.6 Summary

- We built a highly specialized organization with talent experienced and knowledgeable in the fields of cryptoassets and NFTs.
- FY2022.6 was the year of preparations for the planned service launch in FY2023.6.
 - Began sales of digital contents, looking ahead to the utilization of blockchain technologies in the near future.
 - Registered as a cryptocurrency exchange to provide highly convenient services utilizing cryptoassets.

Building the organizational foundation

- The hiring of professionals specialized in the fields of cryptoassets and NFTs progressed steadily, bringing the organization size to just under 100 people¹
- Made solid progress in hiring for key positions and building a strong organization for the full-scale launch of the service

Preparations for the full-scale launch of the service

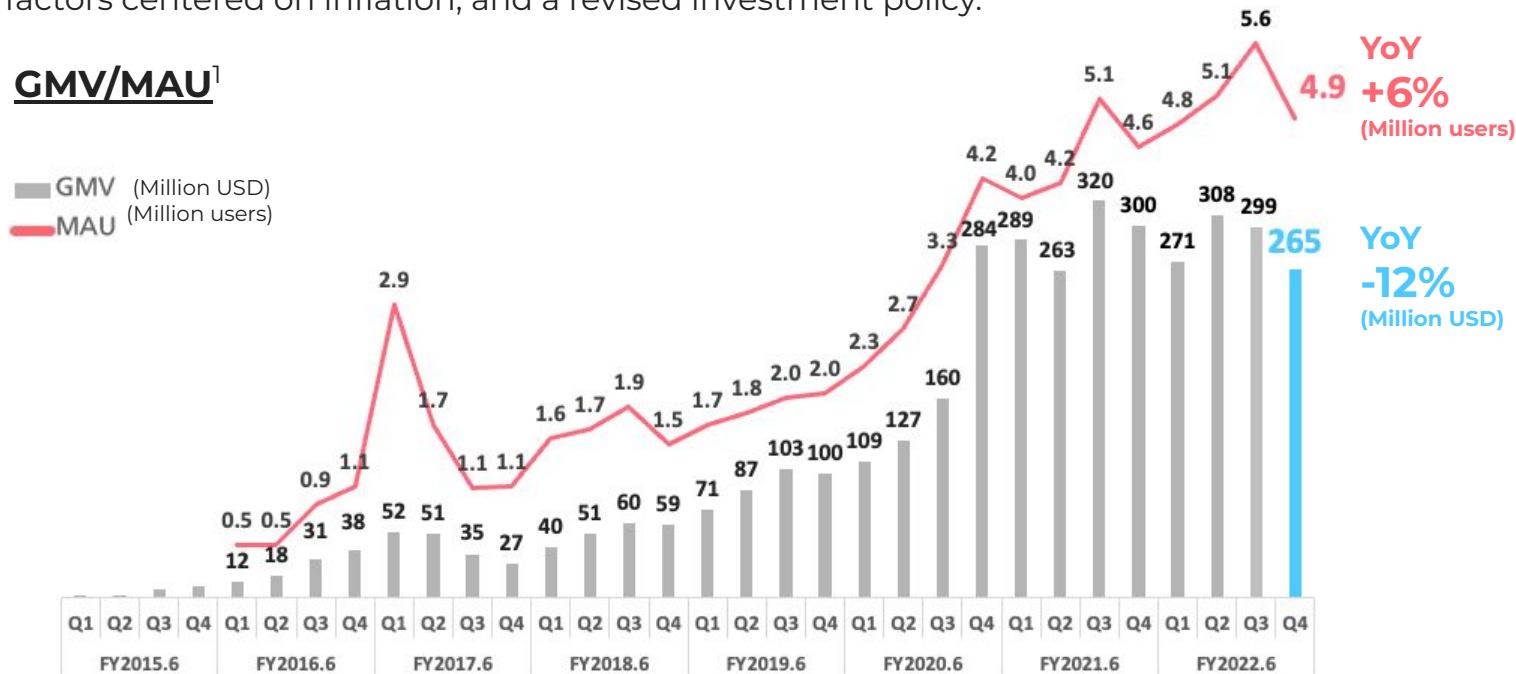
- Launched the digital contents Pacific League Exciting Moments β, looking ahead to the future popularization of NFTs; while there is still room for UI/UX improvement, the rare content sold out immediately, indicating a good response
- Completed the registration process to obtain the cryptocurrency exchange license, which is indispensable for providing services

1. The number of employees mainly involved in the Mercoin business (as of July 1, 2022).

Mercari US—FY2022.6 Q4 GMV/MAU

- MAU declined QoQ mainly due to the seasonal slowdown, but continued to grow YoY thanks to the steady accumulation of new users.
- YoY GMV growth was -12% due to high hurdles from Q4 of the previous year, as well as external factors centered on inflation, and a revised investment policy.

GMV/MAU¹



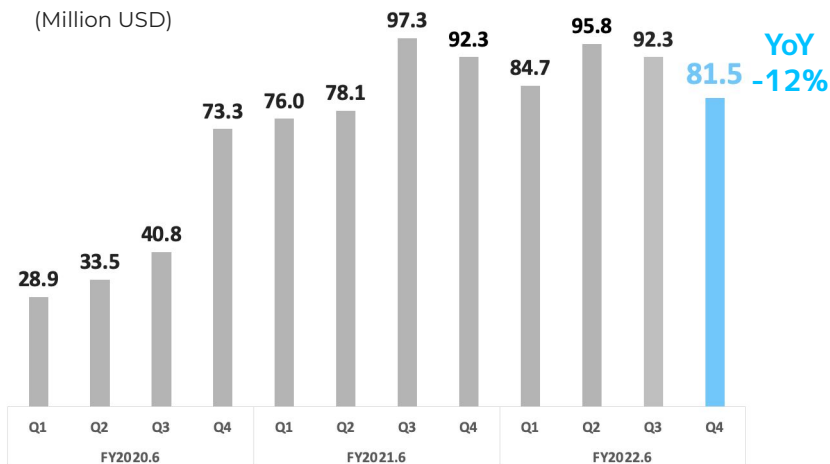
1. Quarterly average number of users who browsed our service (app or web) at least once during a given month.

Mercari US—Net Sales/Adjusted Operating Income (US GAAP/Quarterly)

- Adjusted operating income improved QoQ due to the low season in Q4 and updates to our investment policy to make carefully selected investments for mid- to long-term growth as a top priority.

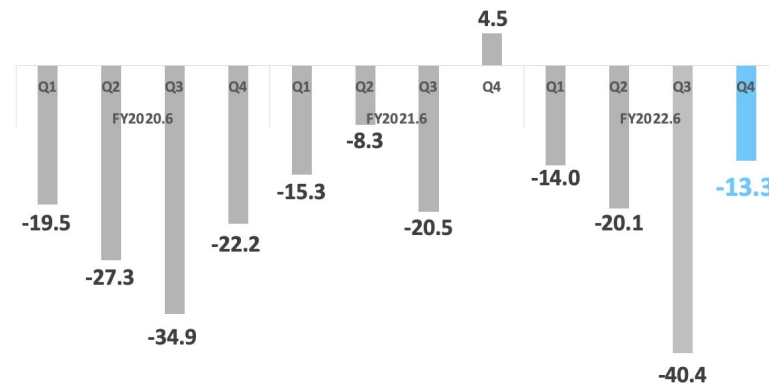
Net Sales

(Million USD)



Adjusted Operating Income¹

(Million USD)



1. Adjusted operating income after non-cash items (i.e., stock-based compensation and depreciation) are deducted.

3 Mercari US—FY2022.6 Summary

- Thanks to effective marketing efforts, MAU grew and brand awareness steadily increased to record-high levels.
- As a result of product initiatives such as personalization and hassle-free selling, the number of listings has increased YoY. However, GMV growth was negative due to factors such as the high hurdle from the significant growth seen in FY2021.6 (YoY +72%), prioritizing investments for the long term throughout H2, and inflation causing buying to slow down.

Marketing

- Promoted mid- to long-term brand building through initiatives such as commercial collaborations with top film animation entertainment companies that have high brand recognition and credibility

Product

- Released *Omakase*, a new feature that automatically enters listing and item information from just a picture
- Improved user personalization accuracy, including search and item recommendation of similar products

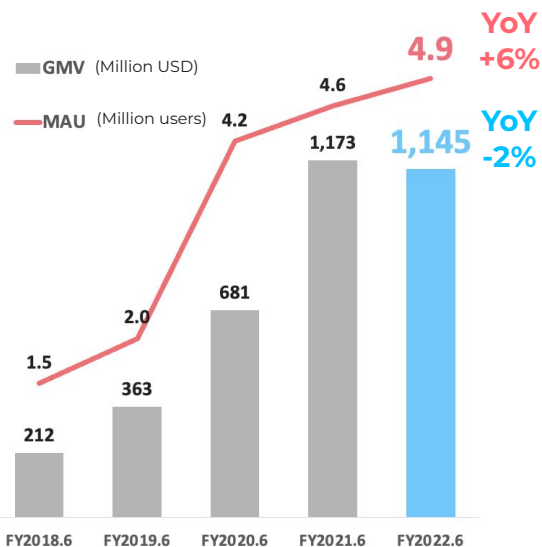
► **GMV \$1.14 billion** (YoY -2%)

► **MAU 4.9 million** (YoY +6%)



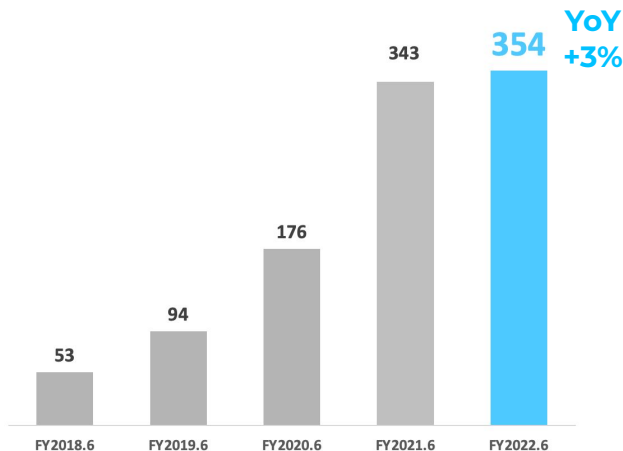
Mercari US—Net Sales/Adjusted Operating Income (US GAAP/Yearly)

GMV/MAU



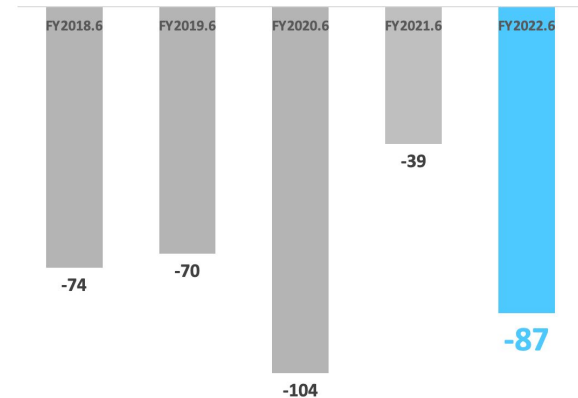
Net Sales

(Million USD)



Adjusted Operating Income¹

(Million USD)



1. Adjusted operating income after non-cash items (i.e., stock-based compensation and depreciation) are deducted.

ESG—FY2022.6 Summary

- Through business activities that have a positive impact on the environment and society, we aim to use the planet's limited resources carefully and build a world where anyone can create value.
We executed various action plans focused on issues such as mitigating climate change and D&I.¹

Mitigating Climate Change

- As a step toward reaching our mid-term decarbonization targets, achieved scopes 1 and 2 (reduce emissions by 75%), which was our target for this fiscal year, by using renewable energy for 100% of our office electricity
- Developed Mercari Eco Box, a box for temporarily storing items that are no longer used but whose useful life is not over, and resumed offering the reusable packing material Mercari Eco Pack

D&I

- Introduced new work style policy called “Mercari’s New Normal Work Style ‘Your Choice’”
- Started the Mercari Restart Program, aimed at helping people return to the workforce after pausing their careers to focus on such things as childcare or nursing care
- Updated the Mercari Box benefits system (introduced financial support for egg freezing and financial support for childcare for children less than 1 year of age)

Corporate Governance

- Established an ESG committee to advise the company’s Senior Executive Committee, which carries out management discussions and decision-making for Mercari Group. Involved company officers in business-related management decisions from an ESG perspective. This enables Mercari to balance its businesses and ESG initiatives with respect to the company’s materiality, in an effort to ensure a structure that allows Mercari to swiftly implement and promote these initiatives.



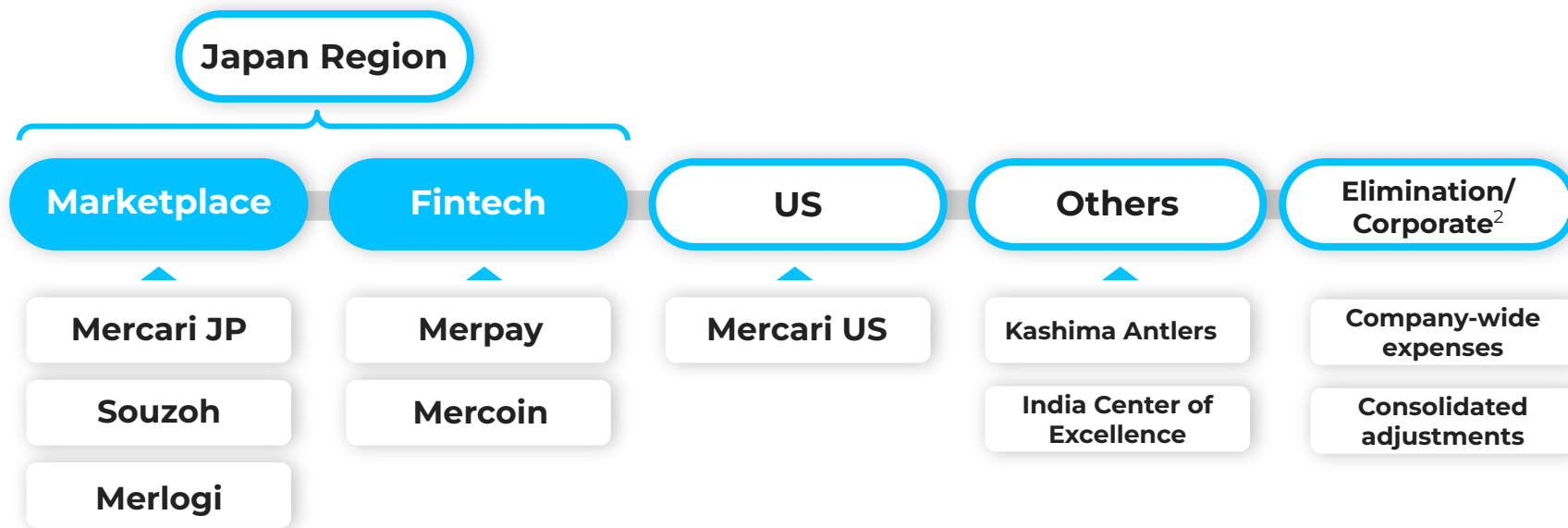
Mercari Eco Pack
A reusable packing material
that can also be returned

¹ For details, see our FY2022 Sustainability Report

FY2023.6
Business Objectives

Change in Business Segments to Be Disclosed

- We aim to promote synergy and efficiency by grouping individual companies in Japan Region into Marketplace and Fintech to strengthen business collaboration.
- Going forward, we will use the Marketplace and Fintech domains to explain and disclose business results in future financial results presentations¹.



4 FY2023.6 Business Objectives

Consolidated

- Build a lean, global business foundation and implement management that balances growth and profitability.
- Achieve further growth through synergy created by strengthening collaboration between C2C and B2C, as well as between Marketplace and Fintech.

Marketplace

- Promote sustainable growth by increasing the number of listings through strengthened collaboration between C2C and B2C
- Expecting full-year GMV YoY growth of +10–15% and adjusted operating margin of 30–35%¹, while balancing growth and profitability (In FY2022.6, Marketplace GMV was 893.3 billion JPY, net sales were 85.7 billion JPY, and adjusted operating income was 26.3 billion JPY. Adjusted operating margin was 31%.)

Fintech

- Provide new financial services that utilize group synergy to enhance convenience and promote use of the service
- Leverage blockchain technology

US

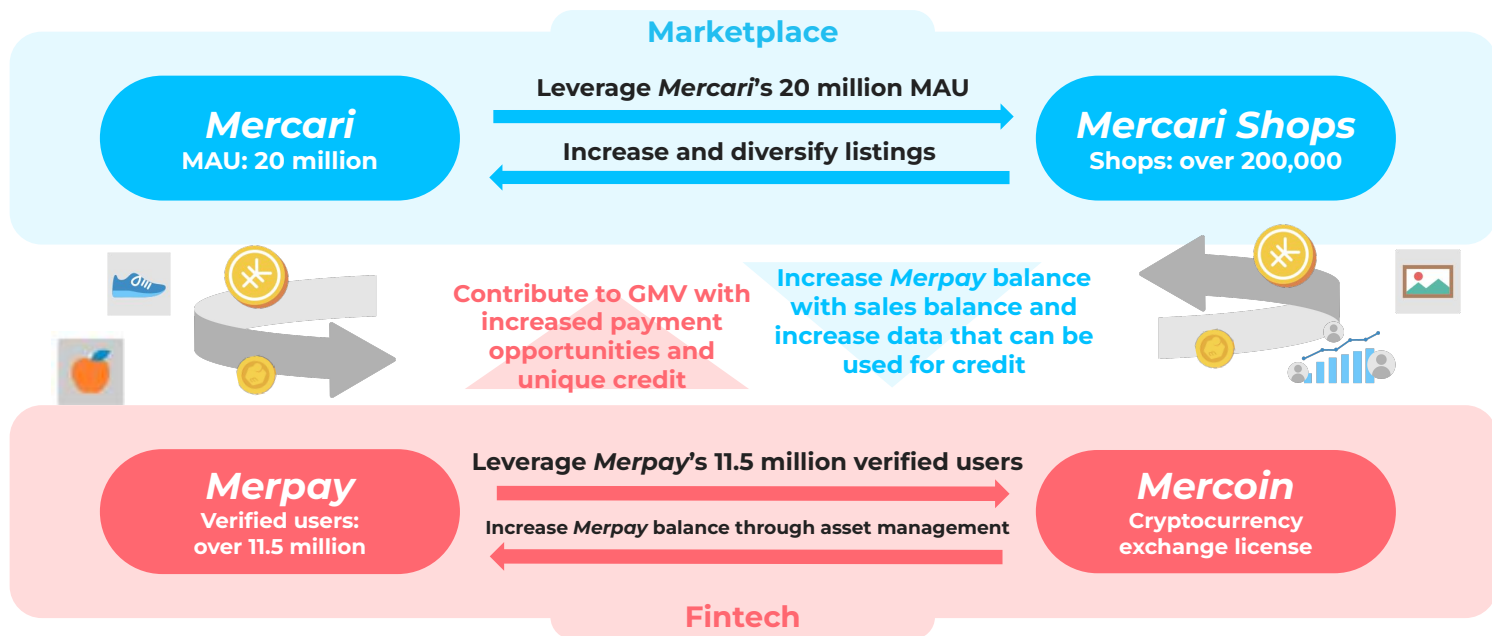
- Focus on functional improvements, such as continued simplification of listings and personalization, for mid- to long-term growth
- Expecting +0–10% growth in GMV YoY, while assessing the impact of the uncertain external environment

Others (Kashima Antlers/India Center of Excellence)

- Aim to strengthen the profitability of the soccer business, lay the foundation for further growth, and expand the non-soccer business
- Plan to hire around 50–60 software engineers to work at the India Center of Excellence

4 Japan Region—FY2023.6: Strengthening the Mercari Ecosystem

- Bring Marketplace (C2C/B2C) and Fintech together to promote efficient and effective product UI/UX improvements and marketing.
- Create an ecosystem that circulates credit, NFTs, cryptoassets, and all forms of value, not just physical things and money.



Medium-Term Objective

Lead the market as an essential service to the creation of a circular economy,
and accelerate collaboration with external partners

FY2023.6 Business Objectives

Aim to achieve full-year GMV YoY growth of +10–15% and adjusted operating margin of 30–35% by increasing the number of listings through strengthened collaboration between the C2C and B2C business areas

Growth

**Increase MAU
by acquiring
new users**



**Increase
ARPU¹ by
activating our
existing users**

Profitability/Investment Policy

**Disciplined
investment
with priorities**



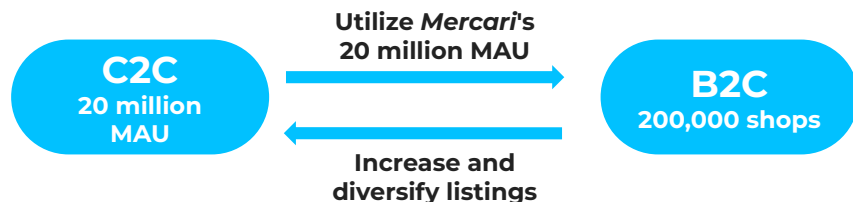
**Investments that
accumulate
long-term
results**

1. ARPU: Average Revenue Per User

4 Marketplace (B2C)—FY2023.6 Business Objectives

Create an easy-to-sell experience

Continue to provide easy-to-use online store management with *Mercari* UX, and strengthen the connection between C2C and B2C to give shops the experience of selling their products.



Product/marketing initiatives

Add features and conduct campaigns that allow shops owners to increase their own fans (repeat buyers), and aim to build a product infrastructure that supports the expansion of monthly sales.



Feature example:
“Repeat buyer” label and purchase frequency display feature

Fintech—FY2023.6 Business Objectives

Medium-Term Objective

Promote a “circular financial ecosystem” as a step towards building a new financial culture with financial services utilizing the group’s synergies

FY2023.6 Business Objectives

Promote circular finance by strengthening group synergy

Payment/ Credit

- Provide financial services that leverage group synergy
- Increase opportunities for using *Merpay* through synergy between paying, buying, and selling
- Further strengthen the profit base by expanding the credit business

Crypto/NFT¹

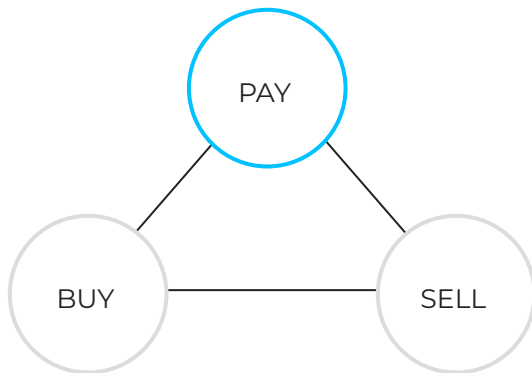
- Provide highly convenient services unique to Mercari that utilize cryptoassets
- Develop and provide services that leverage blockchain technologies

1. Refers to the cryptoasset and NFT businesses of Mercoin, Inc.

Fintech (Payment/Credit)—FY2023.6 Business Objectives

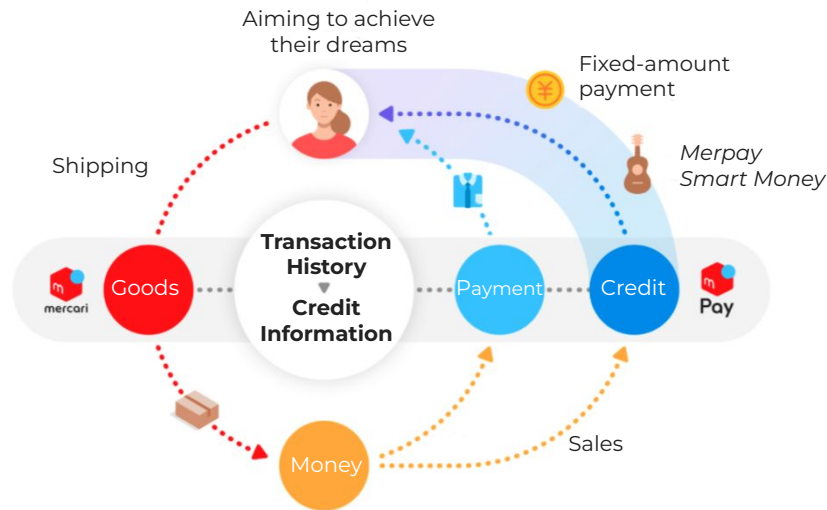
Strengthen synergy between paying, buying, and selling

Implement new measures to promote using *Merpay* when buying things to sell on *Mercari*, selling on *Mercari* things bought using *Merpay*, and using *Merpay* when buying on *Mercari*. As a first step, we aim to increase the use of *Merpay* within *Mercari*.



Expand credit business

Enhance the quality of our proprietary AI credit by utilizing data that will be increased by promoting the use of *Merpay* within *Mercari*. This will build credit for more people and promote circular finance.



4 US—FY2023.6 Business Objectives

Medium-Term Objective

Establish name recognition and reputation as “the easiest and safest selling app” in the US

FY2023.6 Business Objectives

Focus on product initiatives to promote selling and buying
Expecting YoY GMV growth of +0–10%

Promote Selling

Promote Buying

Product	<ul style="list-style-type: none">• Add new categories to <i>Omakase</i>, a feature that automatically inputs basic information of an item from just a picture	<ul style="list-style-type: none">• Improve accuracy of personalization• Expand BNPL to create purchase opportunities
Marketing	<ul style="list-style-type: none">• Carry out effective, medium- to long-term promotions to acquire casual sellers	<ul style="list-style-type: none">• Introduce incentive programs to encourage repeat purchases
Shipping	<ul style="list-style-type: none">• Explore new categories by strengthening local delivery	<ul style="list-style-type: none">• Add bundling options to reduce shipping cost for buyers

4

US—Exploring New Category: Large Furniture

- Added large furniture to *Mercari Local*'s category offerings starting June 16, in partnership with Dolly¹, an on-demand logistics company with expertise in handling large items².
- Aim to simplify transactions of large furniture, a category that has not been widely transacted on online C2C marketplaces due to difficulty of shipping, despite high value.
- According to our research, the total addressable market for used large furniture is expected to reach approximately \$16 billion in 2025³, and penetrating this market is expected to contribute to GMV in the future.



1. A service based in Seattle (US) that offers an app where users can order short-distance transportation of large items, currently operating in 45 cities across the US

2. Launched a pre-release stage with service availability limited to five states

3. Source: Research Nester Pvt. Ltd. "Global Off-the-Shelf Second Hand Furniture Market Outlook 2025"

Other Businesses—FY2023.6 Business Objectives

Kashima Antlers

Soccer business:

- Strengthen admission fee and advertising revenue streams in light of improvements in the business environment, such as the easing of capacity restrictions
- Expand merchandise sales using EC, etc.

Non-soccer business:

- Use the stadium effectively and strengthen soccer school operations

India Center of Excellence

- Promote Mercari JP and US product development leveraging the Bengaluru Office
- Promote the establishment of a borderless organization by hiring around 50–60 people in FY2023.6, mainly software engineers

Balancing management of growth and profits

- Building a lean business foundation
- Growth through disciplined investments with clear priorities

Strengthening Group synergies

- Strengthening listings through collaboration between C2C and B2C
- Strengthening cooperation between paying, buying, and selling

Building a global organization

- Continued strengthening of technology base
- Strengthening and promotion of ESG



ESG

ESG—Mercari's Five Material Topics (Materiality)

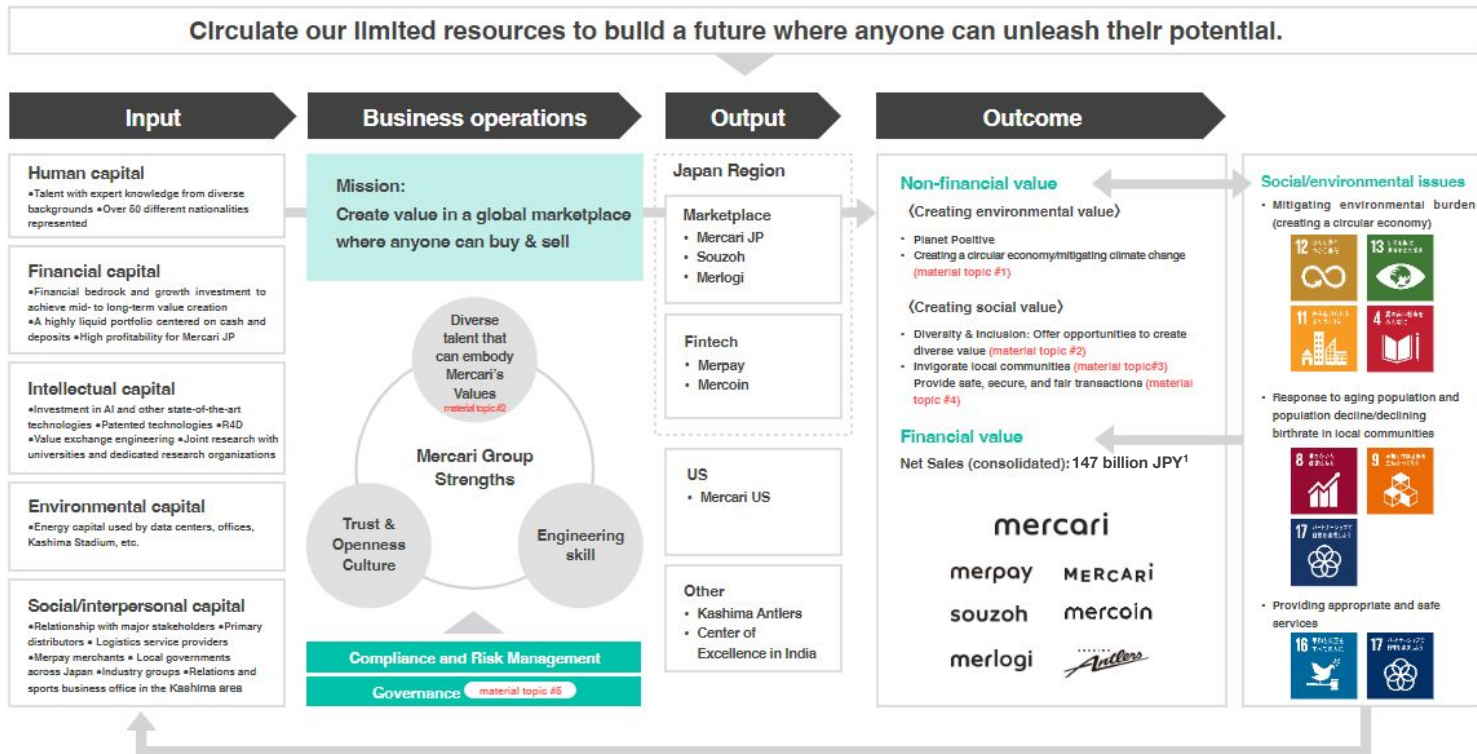
- We work to maximize opportunities and minimize risk for each material topic, aiming for sustainable growth.

Material Topic	Goals and Actions
1 Creating a Circular Economy/Mitigating Climate Change	<ul style="list-style-type: none"> • We will continue to pursue our idea of planet positive, where Mercari not only minimizes its environmental burden but helps solve environmental issues through business and creates a circular economy where our finite resources are used sparingly.
2 D&I	<ul style="list-style-type: none"> • We tackle structural discrimination and inequality issues by building a work environment where people of all backgrounds can achieve their maximum potential. We also strive to realize a service accessible to all.
3 Local Empowerment	<ul style="list-style-type: none"> • By finding solutions to issues unique to regions across the country, we aim to contribute to local economies and empower individuals and businesses.
4 Safe, Secure, and Fair Transactions	<ul style="list-style-type: none"> • We strive to provide a platform for secure and fair transactions so our users, merchants, and business partners feel at ease using our services.
5 Corporate Governance and Compliance	<ul style="list-style-type: none"> • We aim to establish a sound and transparent internal decision-making process to earn the trust of not only our users and business partners, but society as a whole.

1. For details, see our Sustainability Report. URL: <https://about.mercari.com/en/sustainability/>

5 ESG—Value Creation Process

- We work to sustainably increase corporate value by strategically allocating resources to maximize opportunities and minimize risks associated with each material topic.

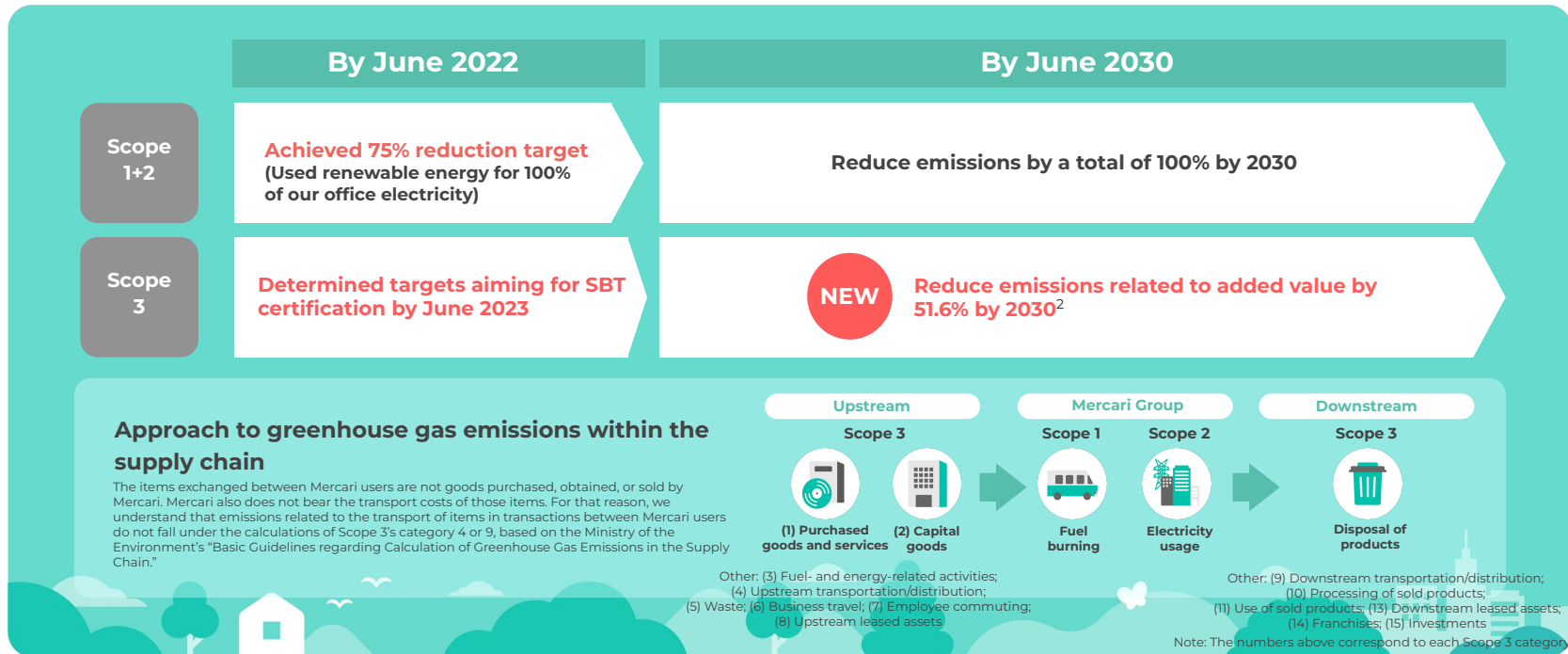


1. Full-year results for FY2022. GMV: Total GMV after cancellation

5 ESG—Mitigating climate change:

Targets for reducing greenhouse gas emissions

- By 2030, aim to reduce Scope 1+2 emissions by 100% and emissions related to added value for Scope 3 by 51.6%¹



1. Scope 1: Direct emissions from fuel use by our company; Scope 2: Indirect emissions accompanying use of electricity/heat provided by another company
 Scope 3: Supply chain emissions from company activities, excluding those covered in Scope 1 and Scope 2
 2. Our targets fall under category 1, "Purchased goods and services"

Appendix

Board of Directors Structure

- Appointing Outside Directors with a wealth of knowledge and experience in a variety of areas to realize a transparent and highly diverse organization

5 Directors

Directors (2)



Shintaro Yamada
Chief Executive Officer



Fumiaki Koizumi
President
CEO of Kashima Antlers F.C.
Co., Ltd.

Independent Outside Directors (3)



Ken Takayama



Makiko Shinoda



**Norio
Murakami**

Strong Governance Structure (Independent Outside Directors)



Ken Takayama



Makiko Shinoda



**Norio
Murakami**

Background

- The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
- Chief Financial Officer of Rakuten, Inc.
- Outside Director of STAR FESTIVAL INC.
- Outside Director (Audit and Supervisory Committee Member) of TECHMATRIX CORPORATION (current position)
- Outside Director (Audit and Supervisory Committee Member) of Metaps Inc.
- Outside Board Member of MEDIA DO Co., Ltd
- Outside Board Member of RENOVA, Inc. (current position)
- The Long-Term Credit Bank of Japan, Limited (currently Shinsei Bank, Limited)
- McKinsey & Company, Inc.
- Novartis Pharma K.K.
- Head of Finance of Nestlé Nutrition K.K. (currently Nestlé Health Science)
- Director CFO of Hobonichi Co., Ltd.
- Director of YeLL Inc. (current position)
- Hitachi Electronics Corporation (now Hitachi Kokusai Electric Inc.)
- Chairman Emeritus of Google Japan, Inc. (currently Google Japan G.K.)
- External Director, V-cube, Inc. (current position)
- External Director, Weathernews Inc.
- Chairman and Representative Director, ENERES Co., Ltd.
- Outside Director, CellSource Corporation (current position)

Reasons for Selection as Outside Directors

- Specialized knowledge and extensive experience in the financial business and managing internet services companies.
- Professional knowledge and deep experience in D&I, ESG, finance, etc.
- Management experience and technical knowledge of global companies

(Million JPY)	FY2020.6	FY2021.6	FY2022.6
Total current assets	169,277	227,926	303,396
Cash and cash equivalents	135,747	171,463	211,406
Other receivable	15,612	47,001	80,287
Total fixed assets	28,736	34,603	36,466
Total assets	198,014	262,529	339,862
Total liabilities	162,645	222,516	301,864
Other payables	16,206	17,775	18,217
Deposits received	83,954	117,099	139,094
Short-term debt ¹	900	55,000	55,602
Long-term debt	51,547	16,148	25,749
Convertible-bond-type bonds with stock	-	-	50,000
Total net assets	35,368	40,013	37,998
Total liabilities and net assets	198,014	262,529	339,862

1. Includes long-term borrowings planned to be repaid within 1 year

Major Itemization of Consolidated BS

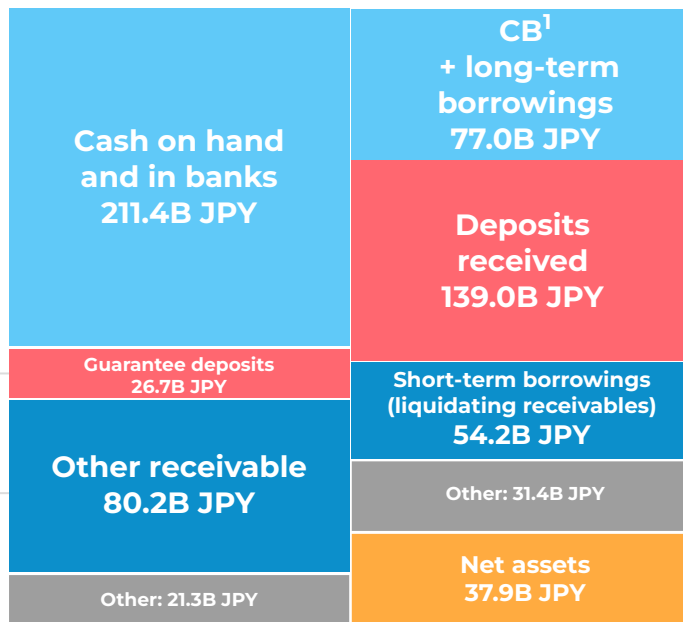
- We will continue to leverage various methods of financing and appropriately control our balance sheet to support business growth while maintaining a sound financial foundation.

FY2022.6

Mainly deposits related to user funds

With regard to preservation of user funds, we act in accordance with laws regarding funds transfer services, etc., by depositing funds to the authorities and concluding a Guarantee Contract for Security Deposits for Providing Funds Transfer Service with financial institutions

Receivables from *Merpay Smart Payments* (lump-sum and fixed-amount payment) and transactions within *Mercari*



Mainly 50.0B JPY in CB¹ and 25.7B JPY in one-year long-term borrowings (also, 1.3B JPY in borrowings of less than one year)

We carry out financing of long-term funds from multiple financial institutions to strengthen our financial foundation

Mainly *Mercari* sales balance (including US) and wallet balance from users adding funds from banks

Mainly funds financed by liquidating receivables

Liquidated receivables at the maximum amount of 50.0B JPY for lump-sum payment and 60.0B JPY for fixed-amount payment

Total assets: 339.8B JPY

(Million JPY)	FY2020.6	FY2021.6	FY2022.6	YoY
Net sales	76,275	106,115	147,049	+38.6%
EBITDA¹	-18,154	6,030	-2,878	-
Margin (%)	-23.8%	5.7%	-2.0%	-
Operating income	-19,308	5,184	-3,715	-
Margin (%)	-25.3%	4.9%	-2.5%	-
Loss attributable to owners of parent	-22,772	5,720	-7,569	-

1. Operating income + Depreciation and Goodwill amortization

(Million JPY)	FY2020.6	FY2021.6	FY2022.6
Cash flows from operating activities	12,533	3,367	-26,217
Cash flows from investing activities	-2,653	6,907	-671
Cash flows from financing activities	465	19,773	62,065
Foreign currency translation adjustments on cash and cash equivalents	13	406	4,767
Net increase (decrease) in cash and cash equivalents	10,358	30,454	39,942
Cash and cash equivalents at the beginning of period	130,774	141,008	171,463
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-124	-	-
Cash and cash equivalents at the end of period	141,008	171,463	211,406

(Billion JPY)	FY2021.6 Q4(Apr-Jun)	FY2022.6 Q3(Jan-Mar)	FY2022.6 Q4(Apr-Jun)
GMV	208.2	232.6	218.6
YoY	15.4%	11.5%	5.0%
Net sales	19.8	22.4	21.2
as % of GMV	9.5%	9.6%	9.7%
Operating income	4.3	2.9	4.0
Margin(%)	21.8%	13.1%	18.8%
Adjusted operating income	6.6	5.4	6.3
Margin(%)	33.4%	24.5%	30.0%

(Million JPY)		FY2021.6 Q4(Apr-Jun)	FY2022.6 Q3(Jan-Mar)	FY2022.6 Q4(Apr-Jun)
Unadjusted	Net Sales	4,983	6,396	6,359
	YoY	39.3%	40.8%	27.6%
	Operating income	-377	268	1,167
Adjusted	Net Sales	2,686	3,791	3,947
	YoY	66.6%	66.2%	46.9%
	Operating income	-2,674	-2,337	-1,245

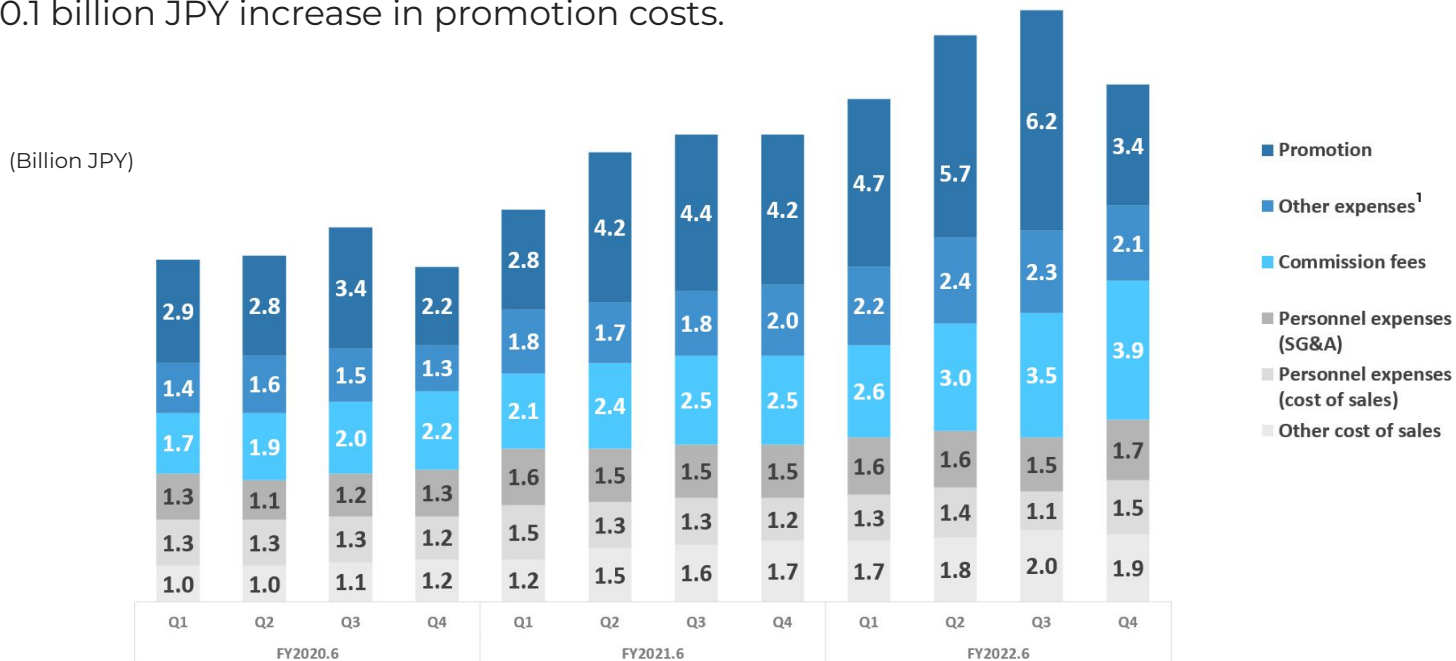
(Million USD)	FY2021.6 Q4(Apr-Jun)	FY2022.6 Q3(Jan-Mar)	FY2022.6 Q4(Apr-Jun)
GMV	300	299	265
YoY	5.7%	-6.3%	-11.6%
Net Sales	92	92	81
as % of GMV	30.7%	30.8%	30.7%
Operating income	1	-43	-16
Margin (%)	1.8%	-47.4%	-20.7%
Adjusted operating income²	4	-40	-13
Margin (%)	-5.0%	-43.8%	-16.3%

1. Based on US GAAP. Different in booking method from the figures of Mercari US included in Consolidated PL (J GAAP)

2. Adjusted operating profit after non-cash items (i.e., stock-based compensation and depreciation) are deducted

5 Mercari JP—Q4 Cost Structure

- Disciplined investment with priorities led to a significant decrease in promotion costs in Q4.
- Impact of fraudulent use in Q4 was a 1.2 billion JPY increase in commission fees and a 0.1 billion JPY increase in promotion costs.



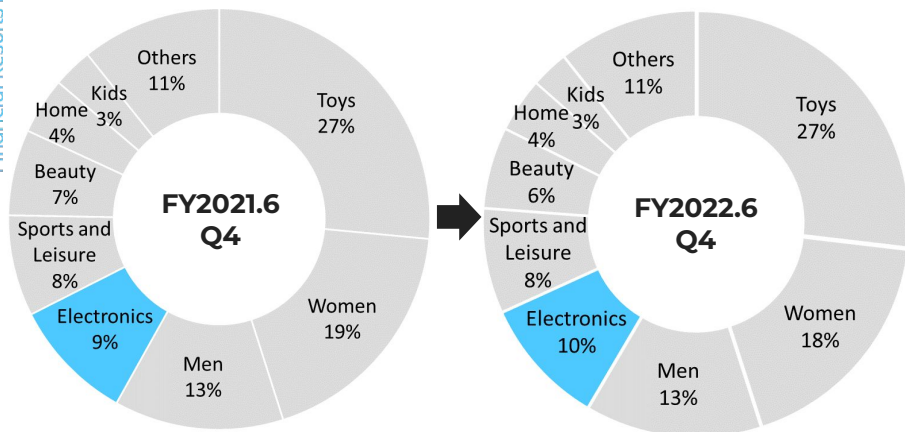
1. Outsourcing expenses, rent, and taxes and dues

5 Q4 (Apr-Jun)—Category Shift

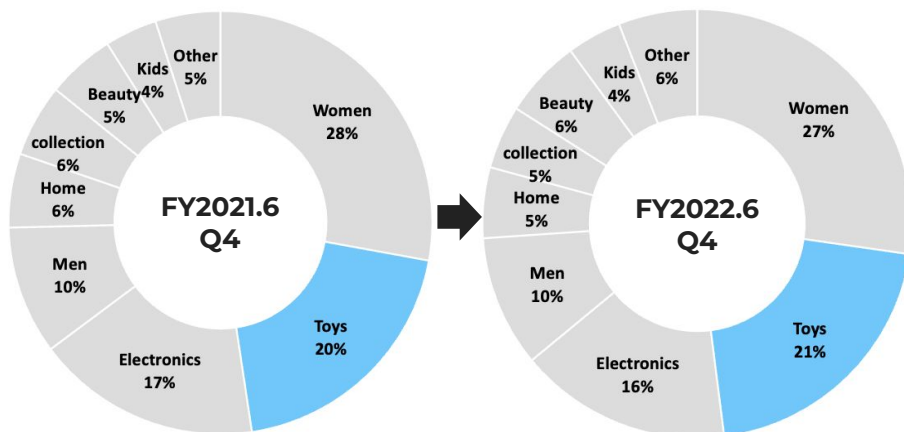


Slight increase in Electronics YoY,
but no major change overall

Financial Results Presentation Material



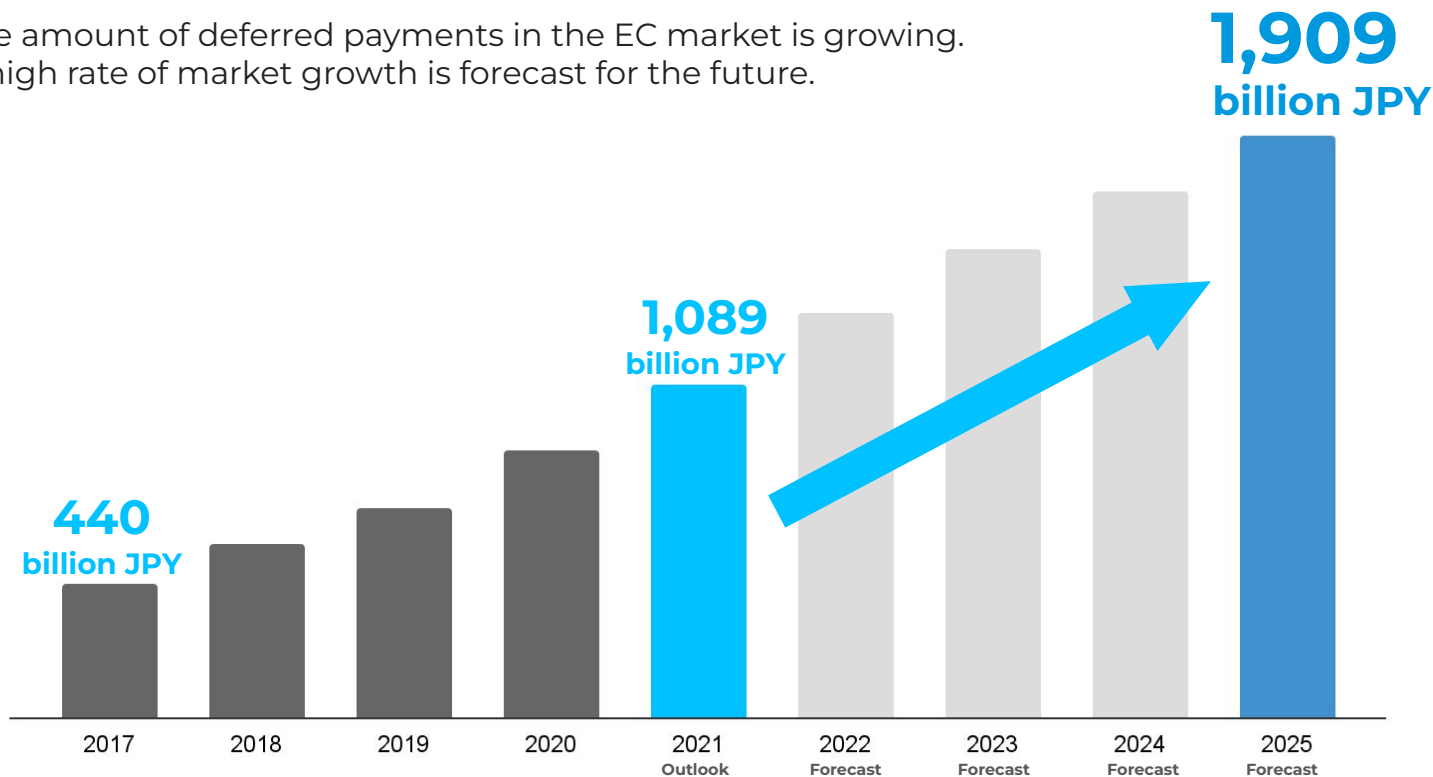
Slight increase in Toys YoY,
but no major change overall



Merpay—Credit

Volume of Deferred Payment in the EC Market¹

- The amount of deferred payments in the EC market is growing.
- A high rate of market growth is forecast for the future.

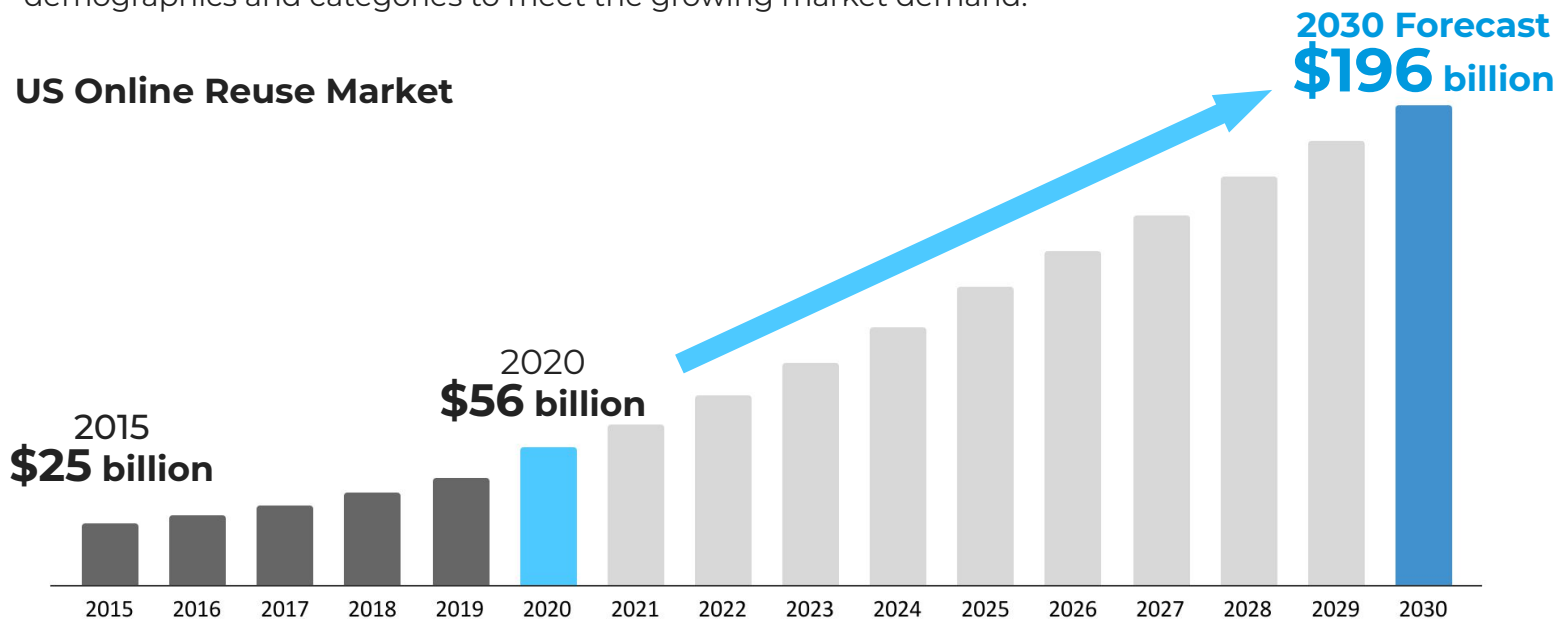


1. Source: E-commerce Payment Services (Payment Gateway) Market in Japan: Key Research Findings 2022. Survey by Yano Research Institute (notice: based on the transaction amount of deferred payment service providers)

5 Mercari US—US Reuse Market

- The US online reuse market has more than doubled since 2015 and is expected to reach approx. 200 billion USD by 2030.
- Key categories to watch include apparel and electronics, some of our strongest areas, while the data overall supports our strategy of continuing to strengthen our horizontal marketplace covering a wide range of demographics and categories to meet the growing market demand.

US Online Reuse Market



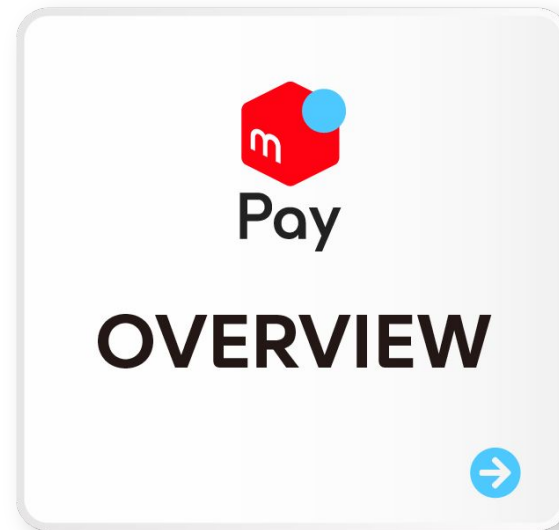
Source: [Mercari US "The Reuse Report"](#)

5 For Investors New to Mercari

- Materials that cover basic information regarding Mercari Group



Fact Book link
https://speakerdeck.com/mercari_inc/mercari-fact-book-en



Overview link
https://speakerdeck.com/mercari_inc/merpay-overview-en

Disclaimer

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The FY2023.6 Q1 financial results are scheduled to be released at 15:00 or later on October 31.

mercari

Mercari, Inc. TSE: 4385