

FY2018.6
PRESENTATION
MATERIAL
JUL.2017-JUN.2018

Contents

01 Our Mission

02 Core Investment Areas

03 Continued Talent Acquisition

04 Growth Strategy

05 Financial Highlights

06 Status of Businesses

- Mercari JP

- Mercari US

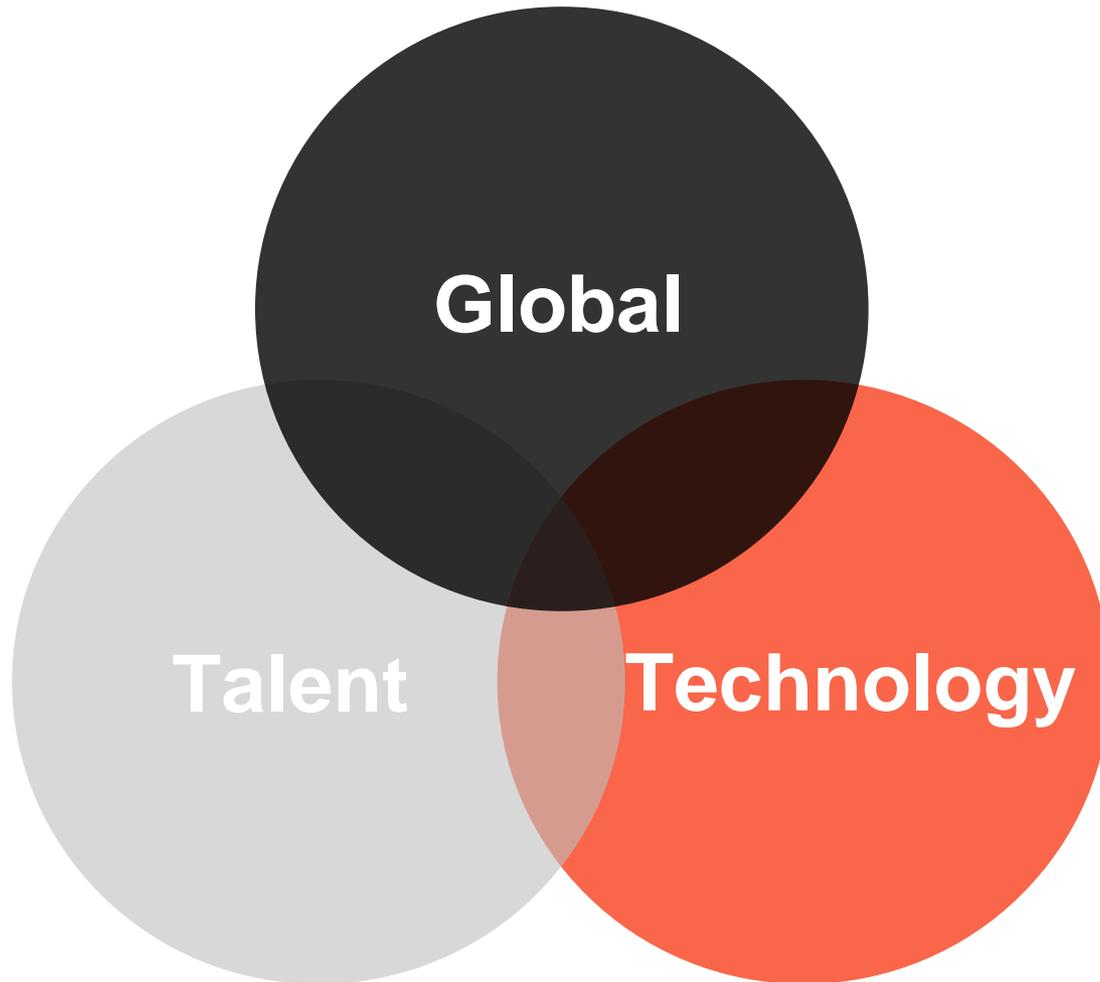
- Mercari Ecosystem

07 Appendix

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

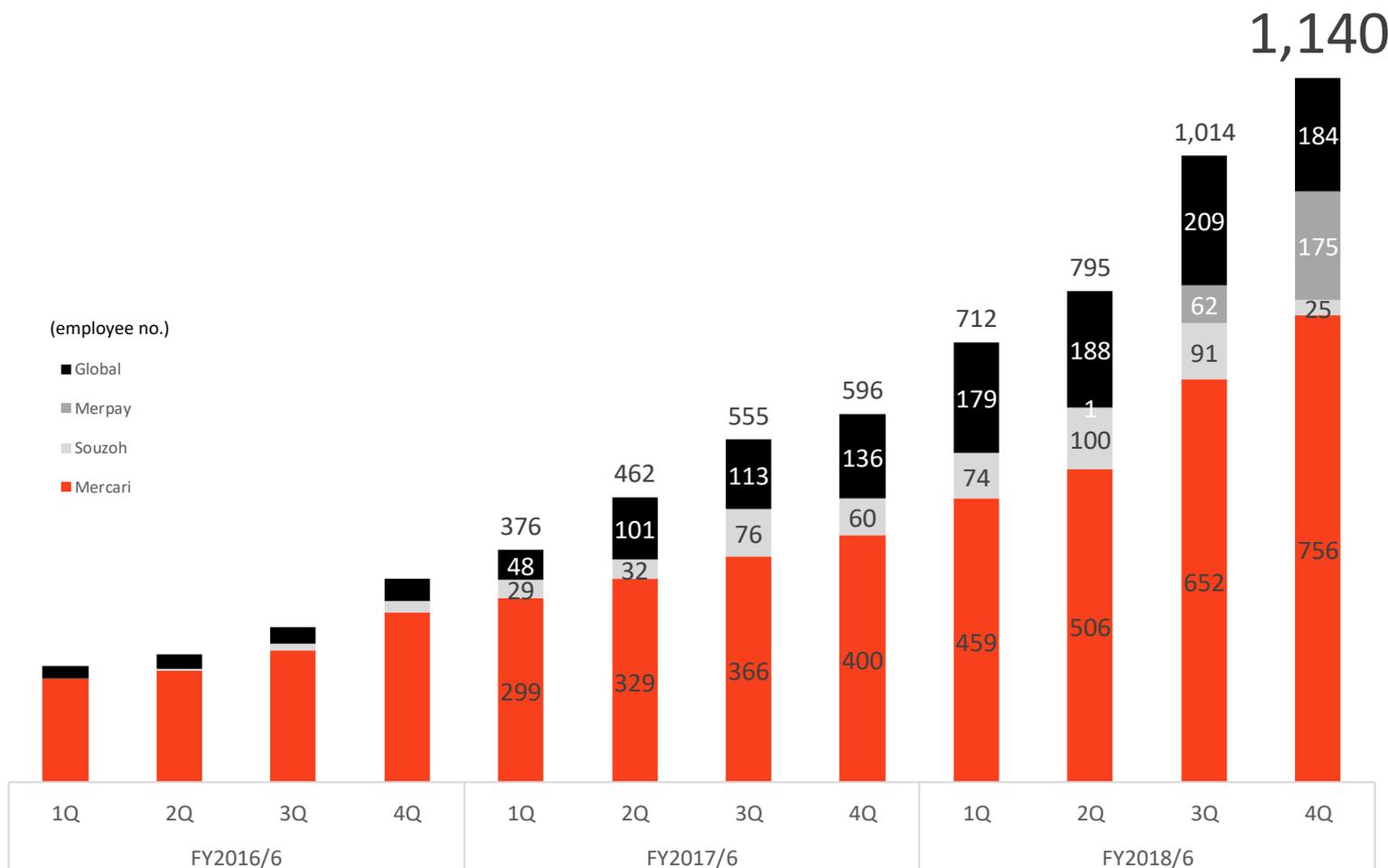
2 Core Investment Areas

mercari



3 Continued Talent Acquisition

<Number of Employees>



1

Continuous
expansion of
Mercari in Japan

2

Growth of
Mercari's overseas
business

3

Development of
Mercari Ecosystem
in the mid-to-long
term



Stable Growth Phase



Investment Phase

Financial Highlights

Consolidated Financials

Results show strong growth. Active investment in both overseas business and new business initiatives in Japan achieved using revenue generated by Mercari Japan.

GMV⁽¹⁾: JPY **370.4**Bn (YoY +48.1%)

Sales: JPY **35.7** Bn (YoY +62.0%)

Mercari JP



Steady growth by expanding the user base and strengthening categories outside Women's categories

GMV: JPY **346.8**Bn
(YoY +49.5%)

Sales: JPY **33.4**Bn
(YoY +57.3%)

Global



After strengthening our management system and rebranding, we aim to achieve a stronger growth for this fiscal year

GMV:
USD **212**Mn
(YoY +27.2%)

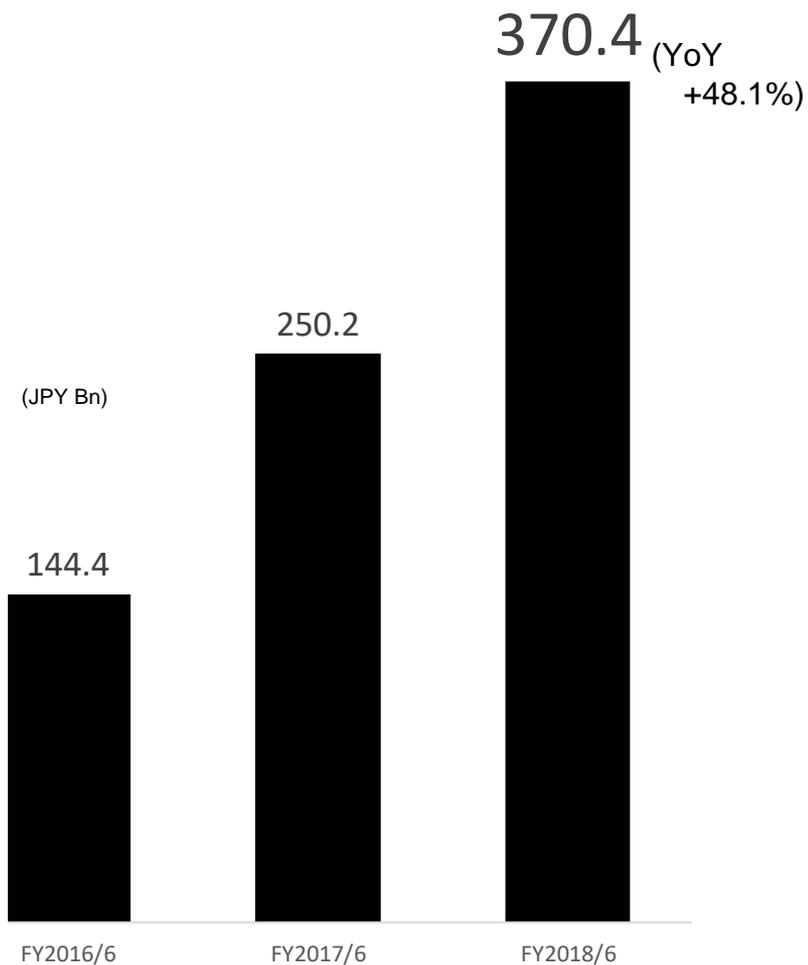
Ecosystem



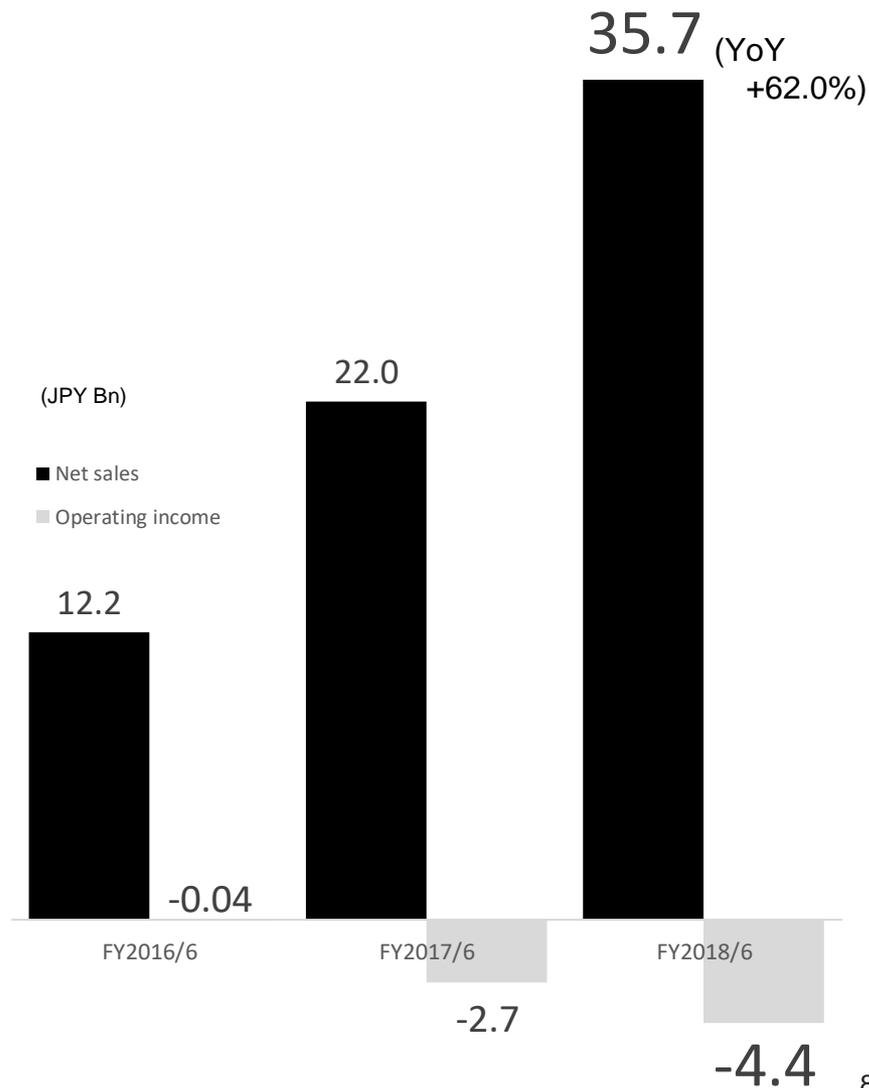
We are currently preparing for Merpay's launch.

5 Financial Highlights _ Annual

<GMV>



<Net Sales & Operating Income>

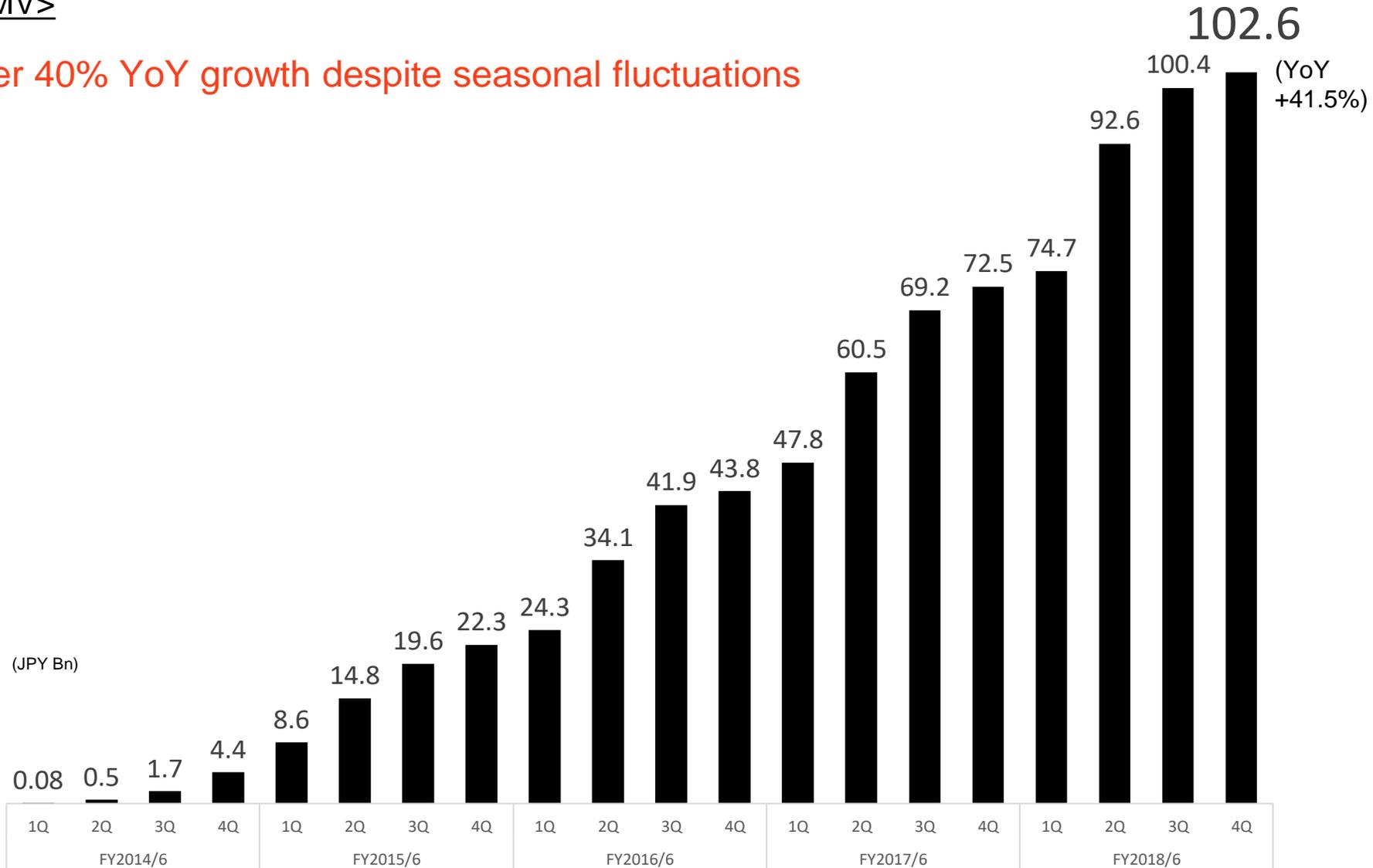


5 Financial Highlights _ Quarterly

mercari

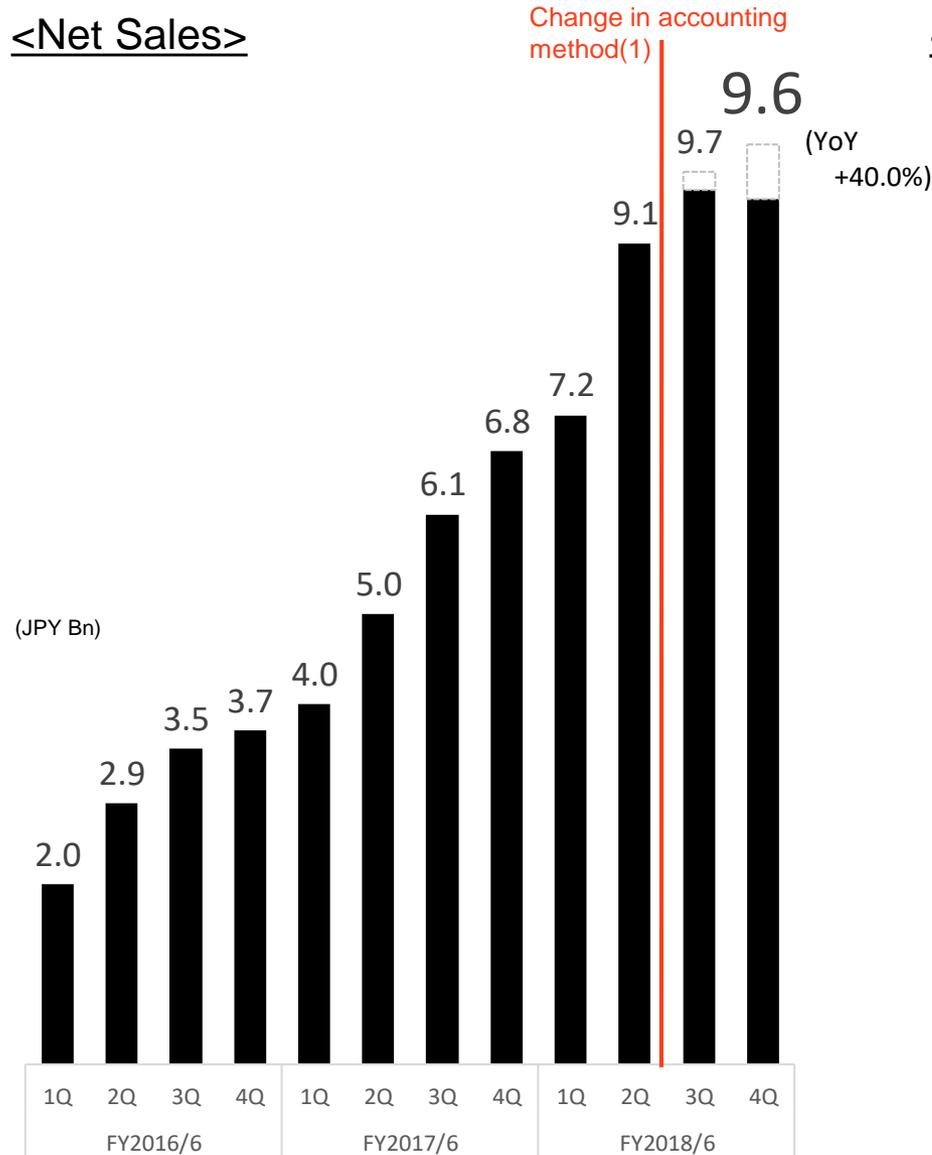
<GMV>

Over 40% YoY growth despite seasonal fluctuations

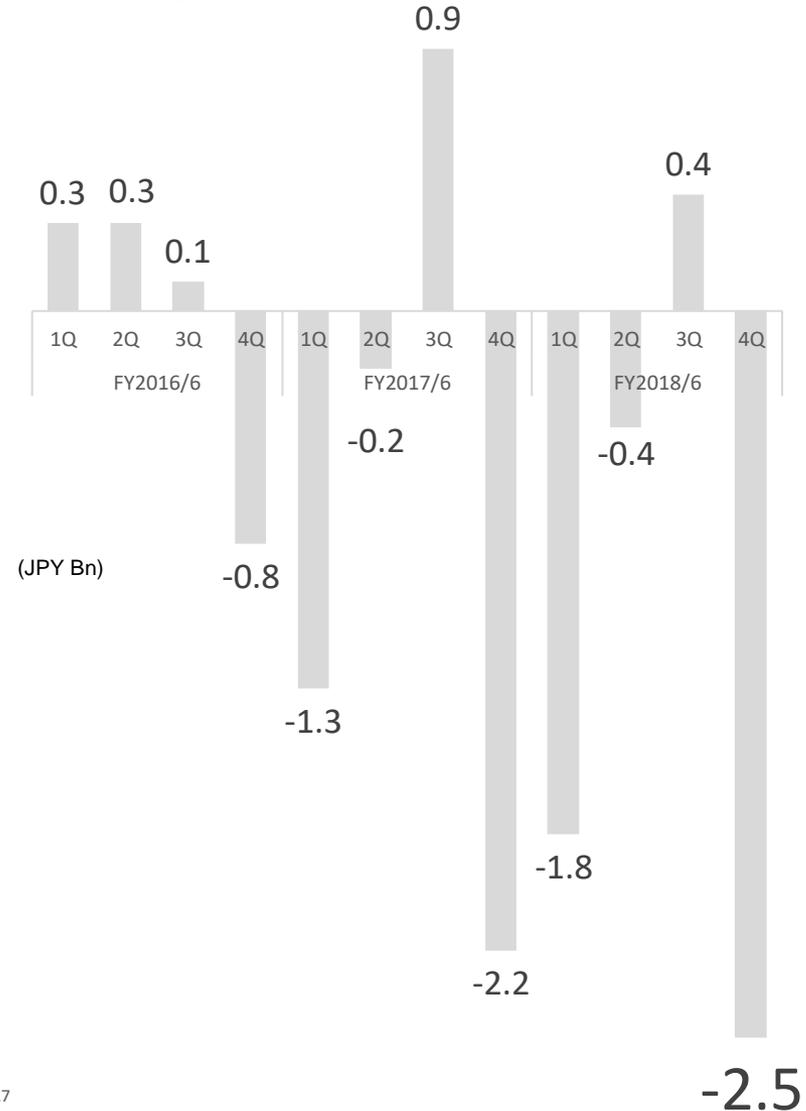


5 Financial Highlights _ Quarterly

<Net Sales>



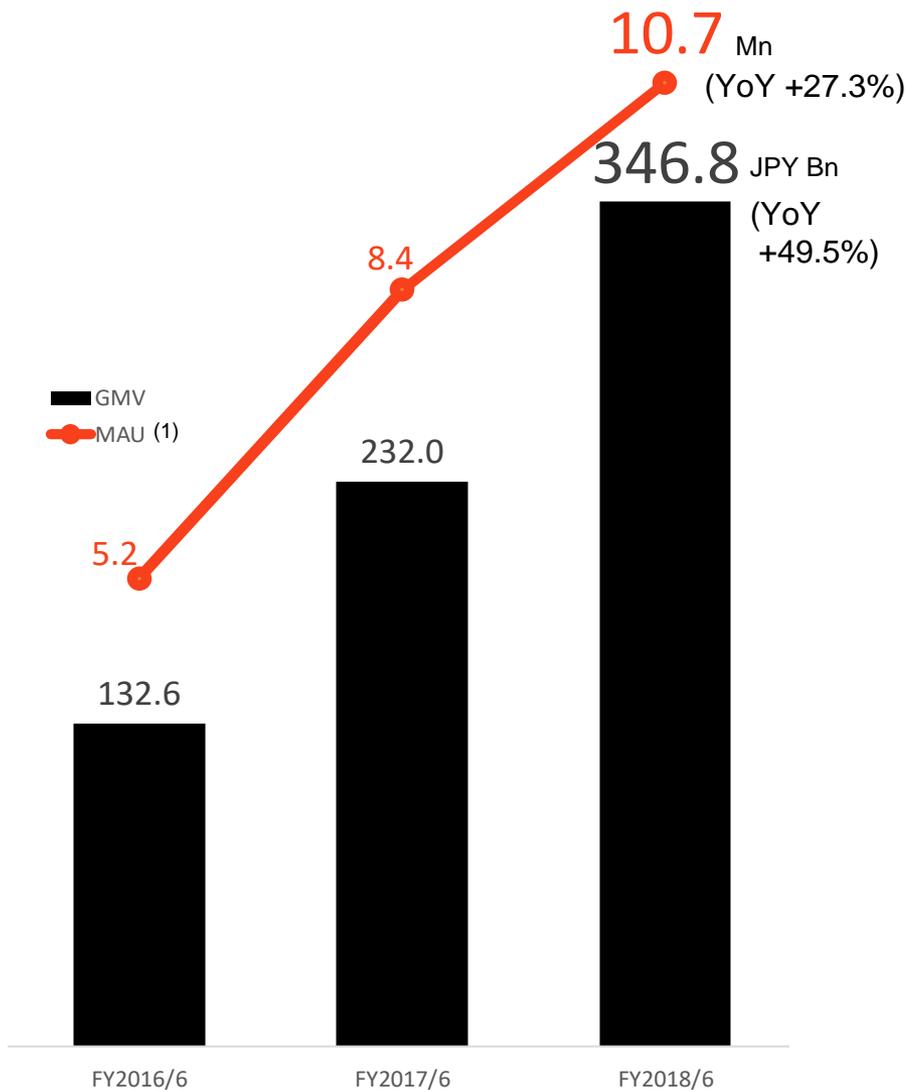
<Operating Income>



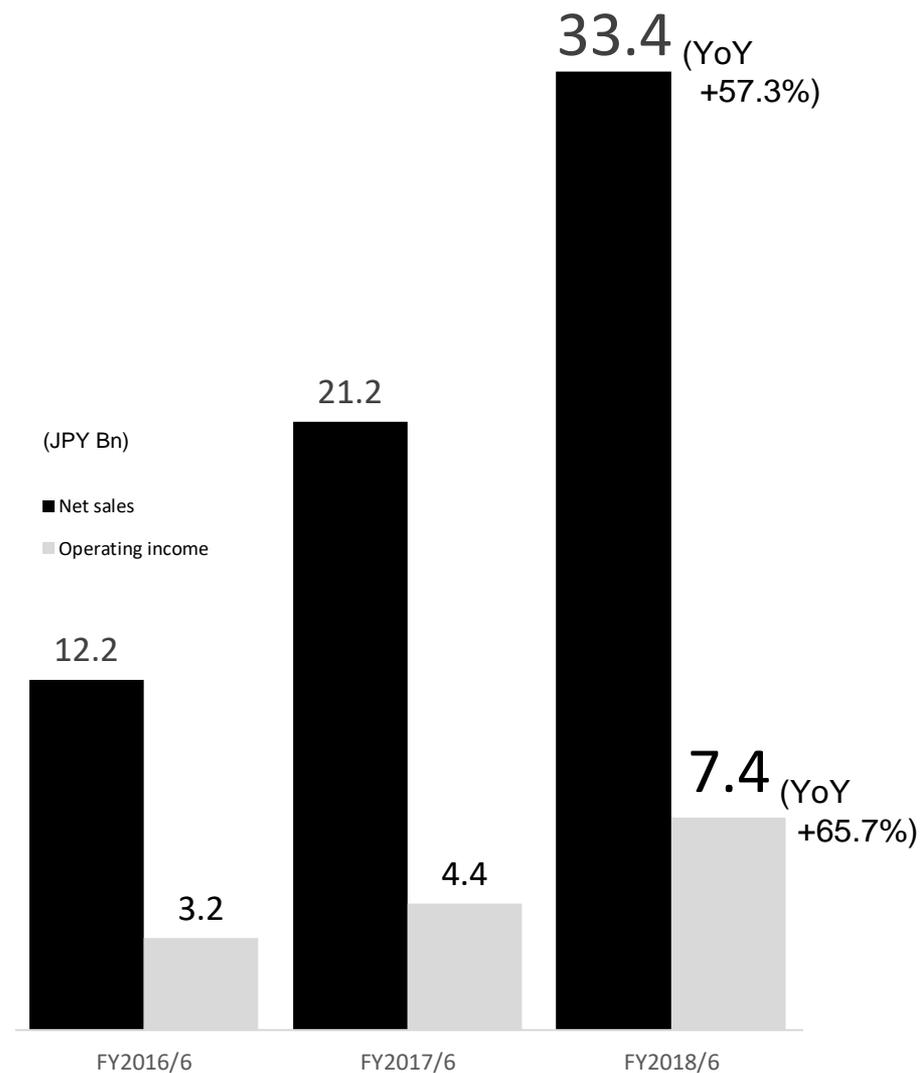
1. Under the former user policy, costs related to discount coupons were included as part of promotion costs. Since we changed the user policy, costs related to discount coupons are deducted from net sales after January 2018.

Status of Businesses

<GMV/MAU >



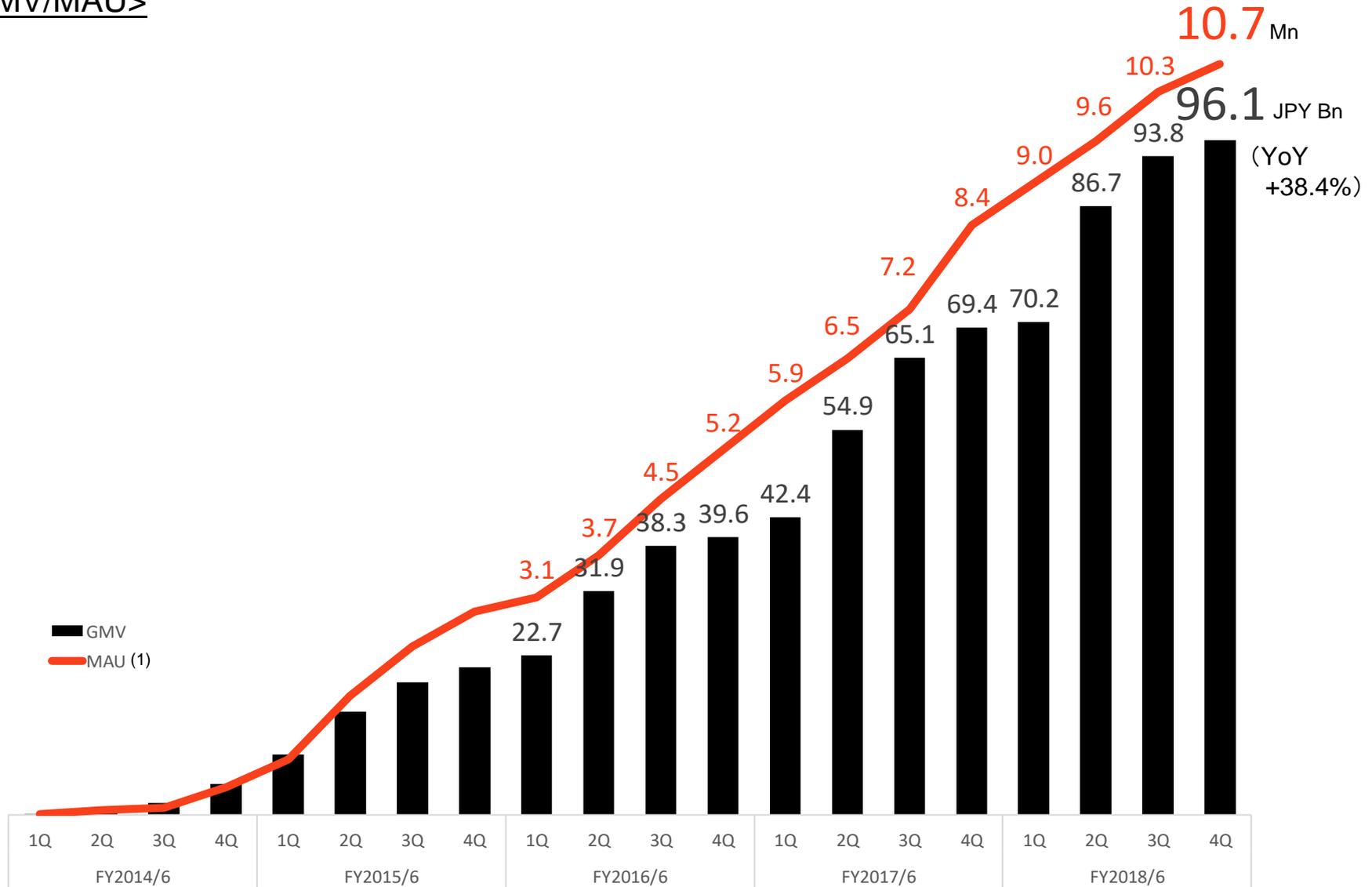
<Net Sales & Operating Income>



1. Monthly Active Users in June. Number of registered users that used our app in the month (not including Atte, Kauru, teacha, Maisonz, and Merchari).

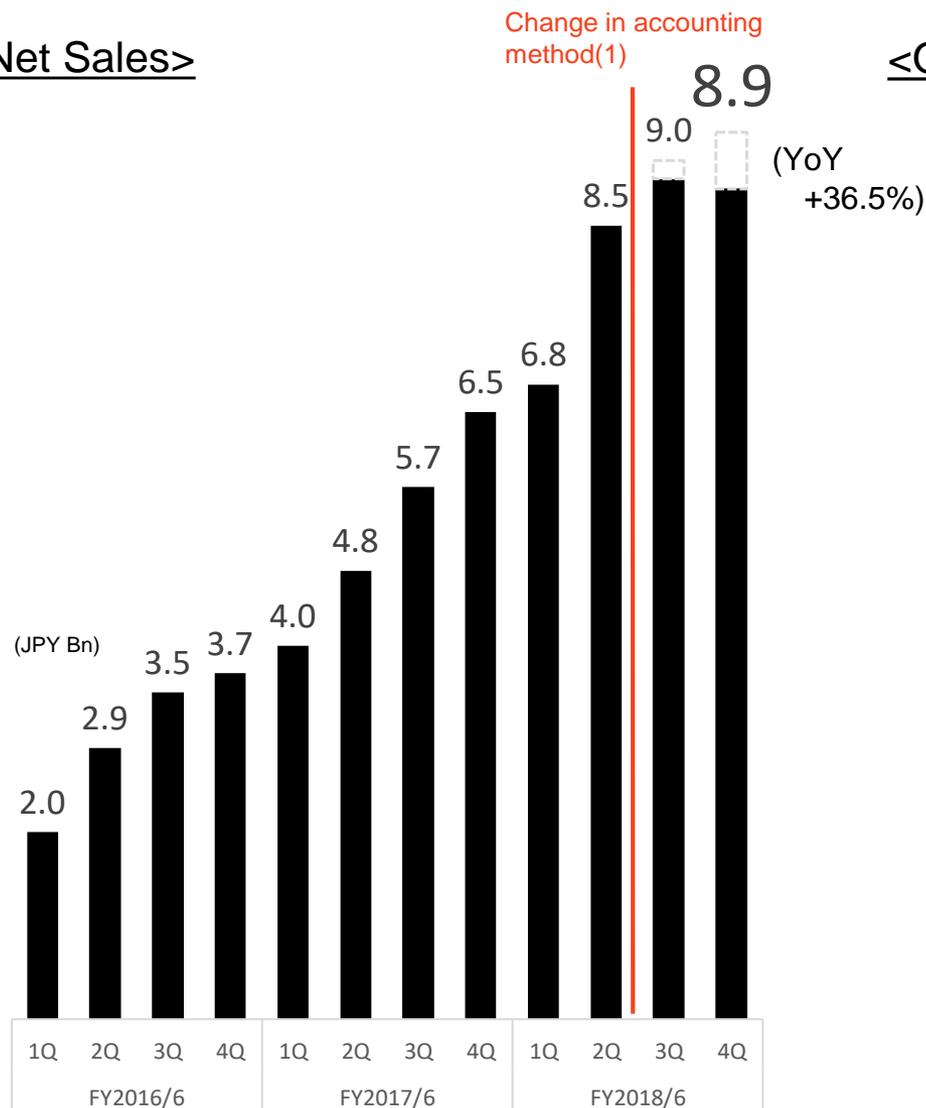
6 Mercari JP _ Quarterly

<GMV/MAU>

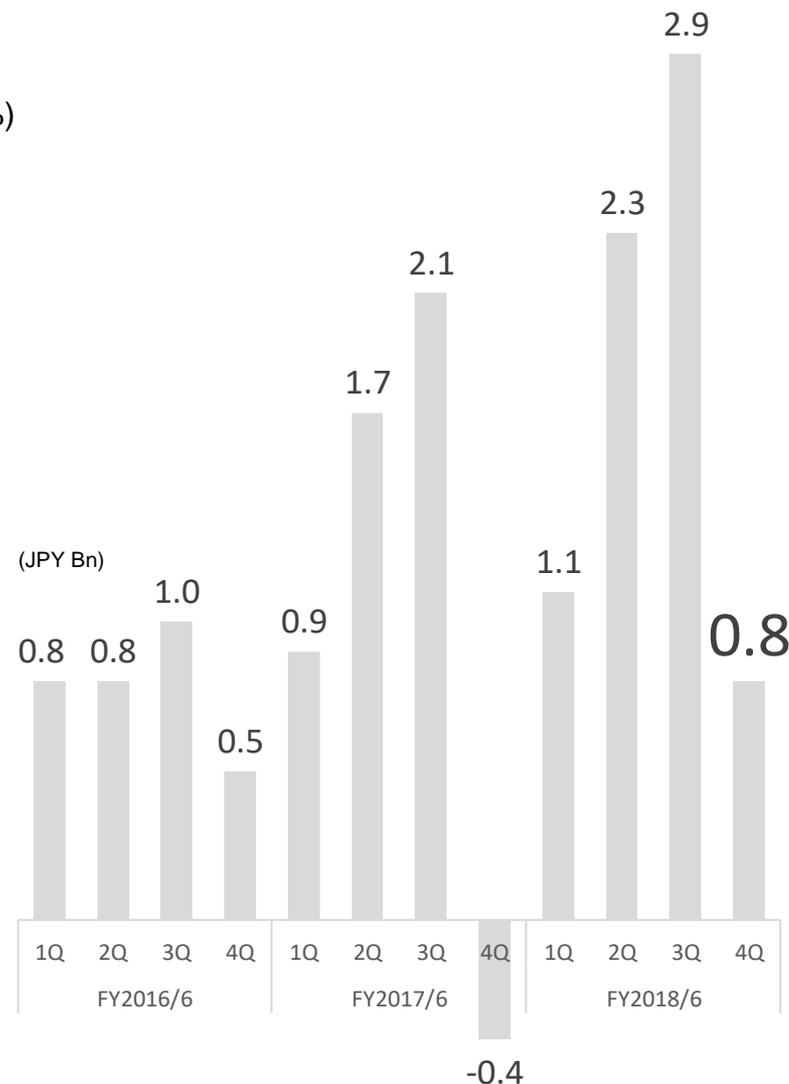


1. Monthly Active Users in June. Number of registered users that used our app in the month (not including Atte, Kauru, teacha, Maisonz, and Merchari).

<Net Sales>



<Operating Income(2)>

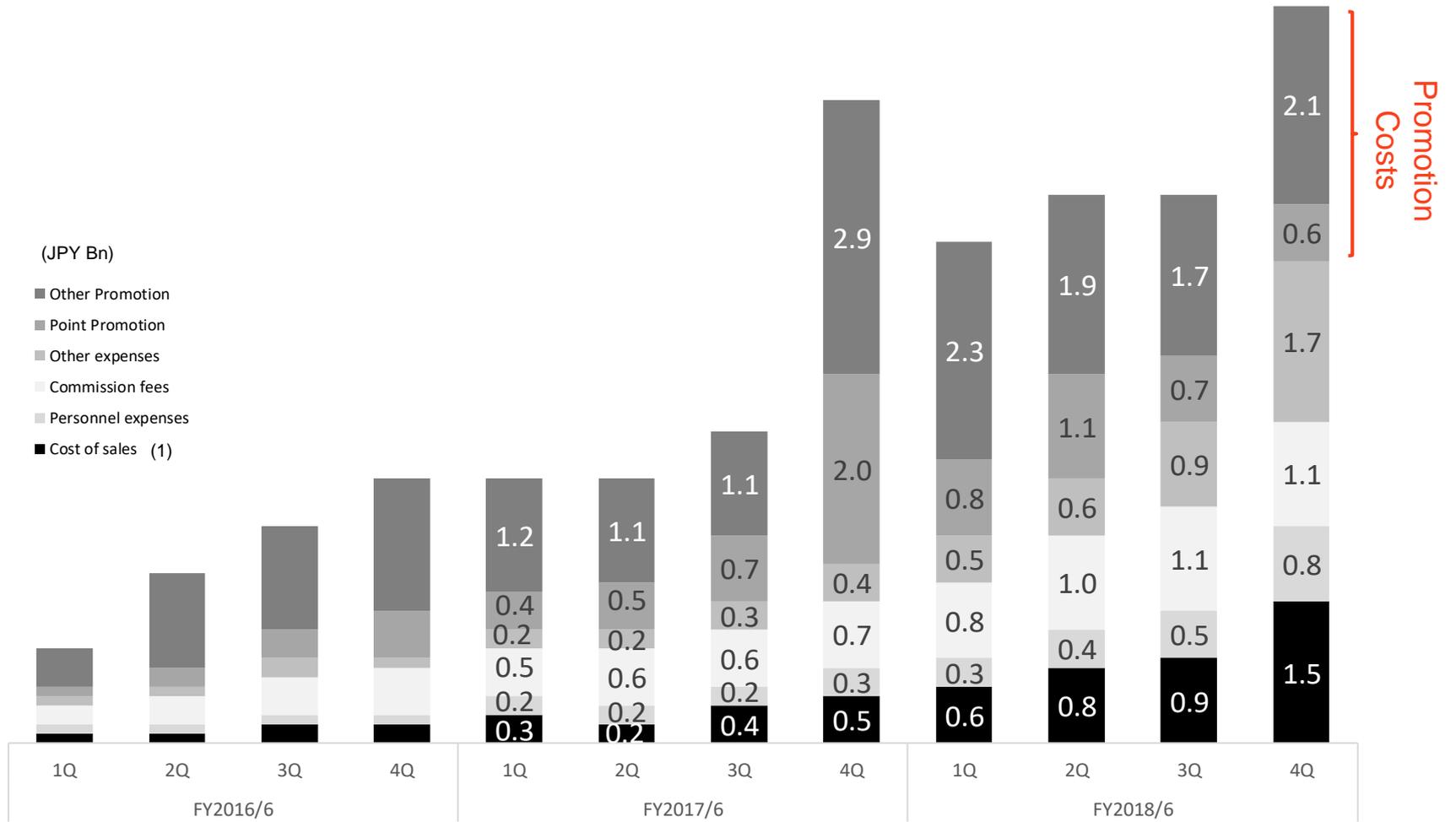


1. Under the former user policy, costs related to discount coupons were included as part of promotion costs. Since we changed the user policy, costs related to discount coupons are deducted from net sales after January 2018.

2. We have reassessed intercompany transaction in June 2018 and the adjustments were taken into account from the beginning of FY2018/6.

6 Mercari JP _ Quarterly

<Cost Structure Breakdown>



Promotion Costs / Net Sales

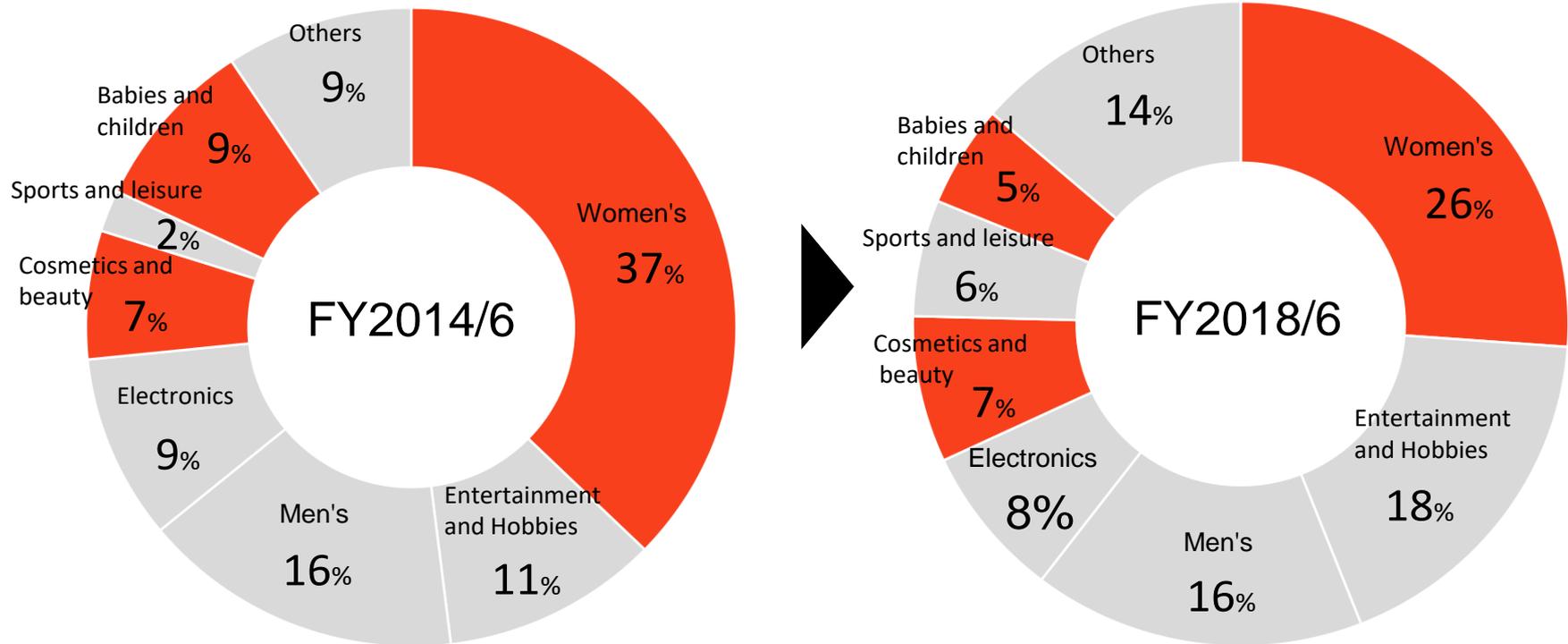
48%

35%

1. Includes engineers' personnel expenses

<GMV Category Breakdown>

Substantial growth outside of Women's-related categories



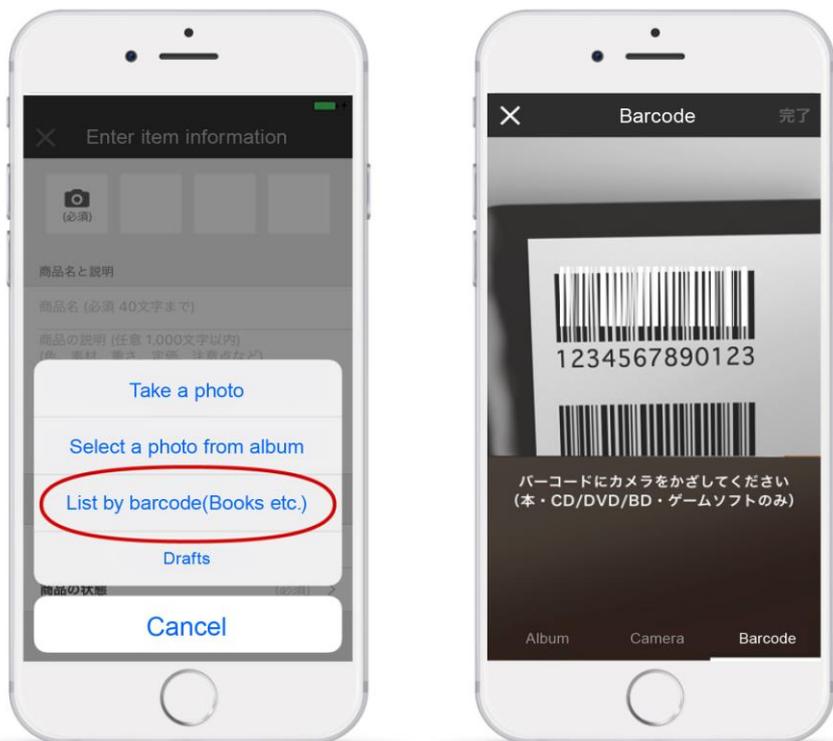
Women's-related categories
(as % of total)

52%

39%

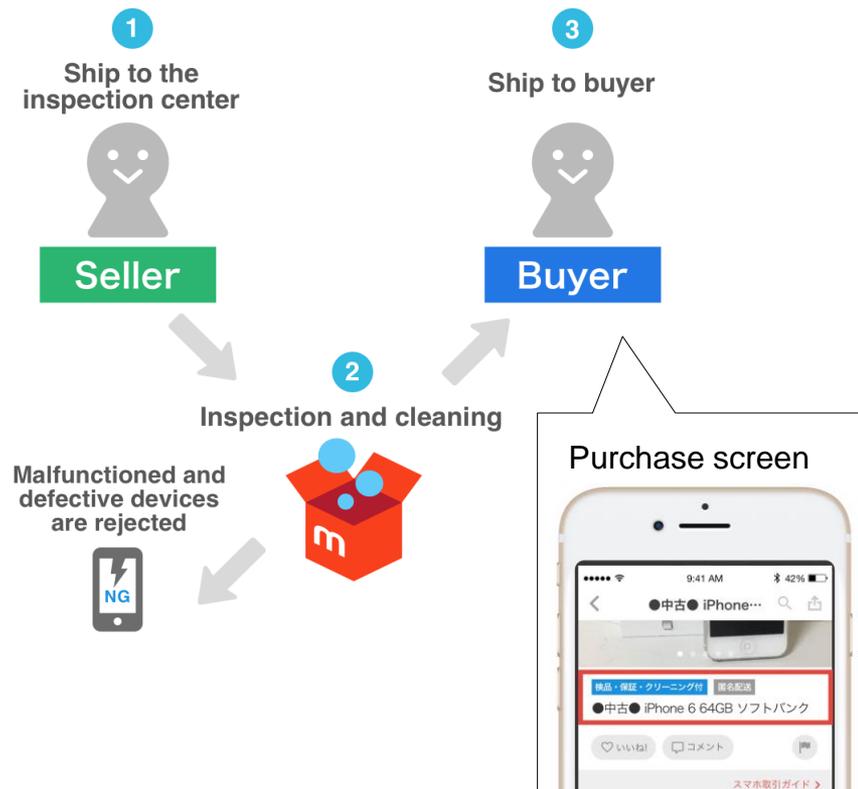
<Barcode Listing>

Product information of books, DVDs, CDs, etc. can be automatically entered simply by scanning a barcode with the phone camera for effortless item listing.



<Smartphone Easy Listing + Insurance Support>

An optional feature that eliminates concerns in smartphone transactions at cost of JPY1,880. Support is provided for deleting data, performing function tests, etc., through the inspection center.



Advertisements targeting growth of specific categories

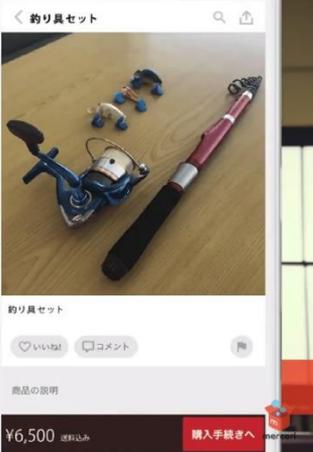
Take
a photo
3 minutes
easy listing



mercari



Buy hobby items cheaply



釣り具セット
¥6,500 送料込み
購入手続きへ

Even car accessories!



【良品】タイヤ 16インチ
¥20,000 送料込み
商品の編集

Even smartphones!

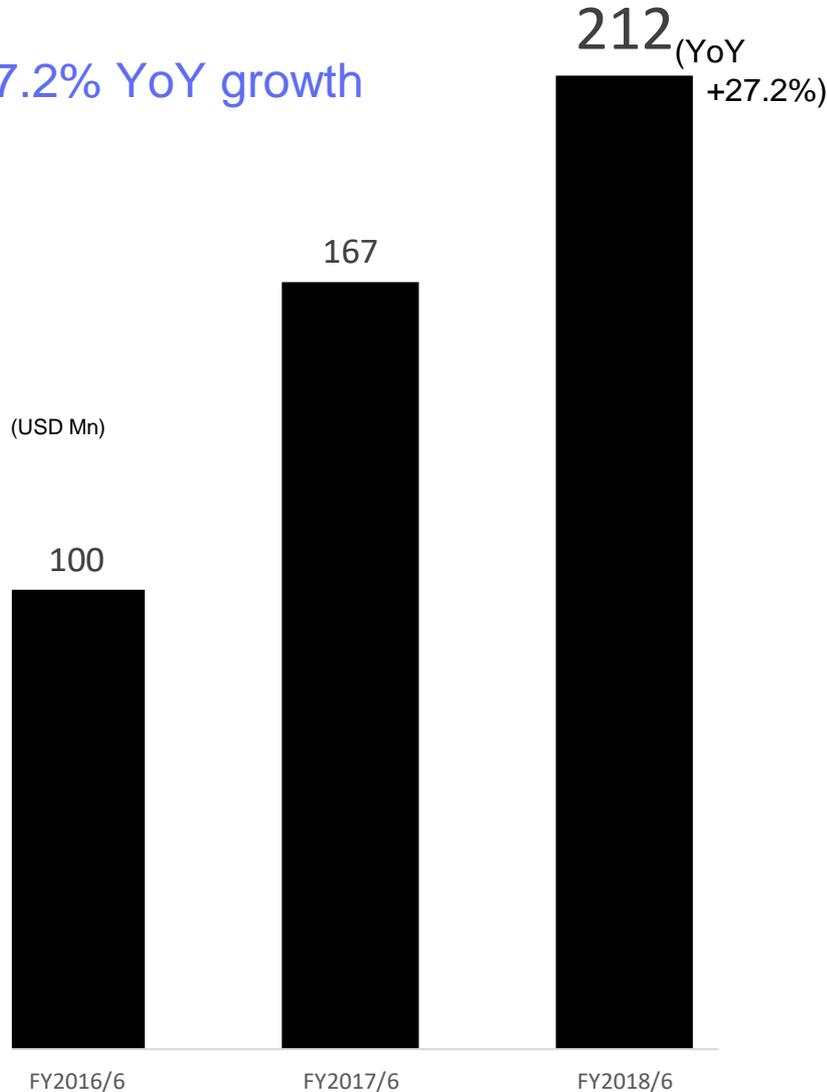


【良品】スマートフォン本体
¥15,000 送料込み
商品の編集

6 Mercari US

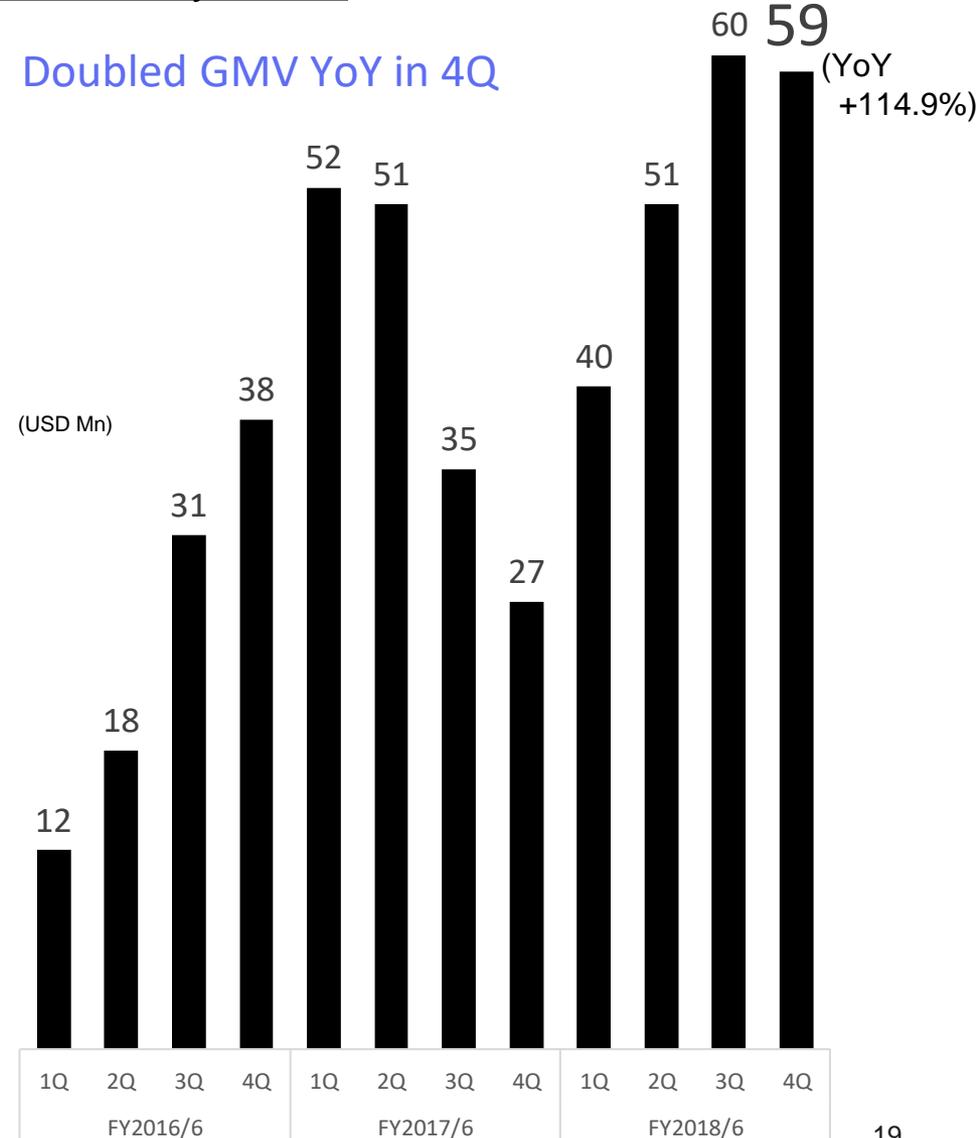
<Annual GMV>

27.2% YoY growth

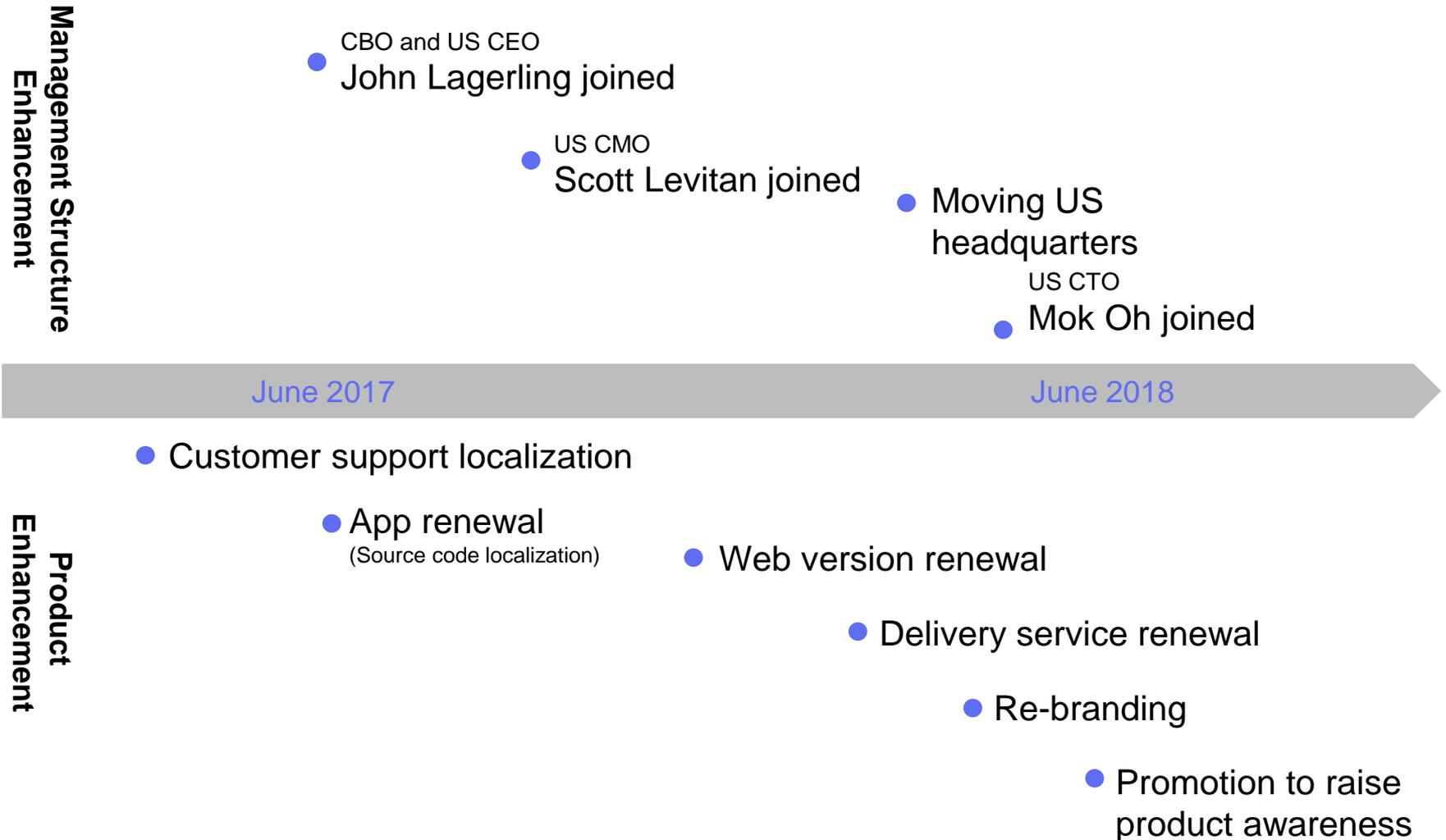


<Quarterly GMV>

Doubled GMV YoY in 4Q



Enhancement of management structure and products through the year



Driven by a Committed Management Team



John Lagerling

CBO and US CEO

Background



Scott Levitan

CMO

Background



Mok Oh, PhD.

CTO

Background



Shida Schubert

VP of Product

Background



Sho Masuda

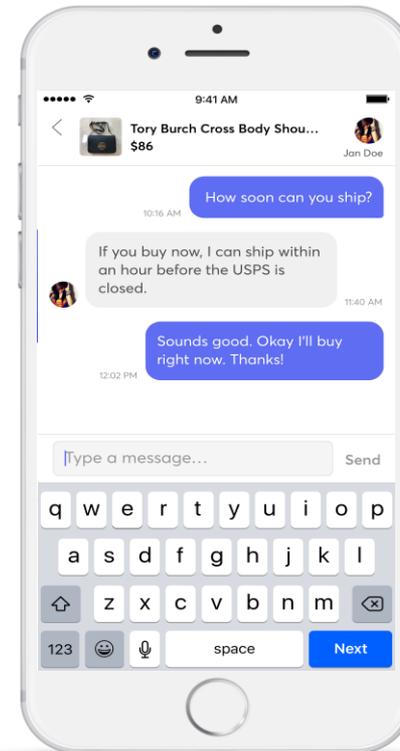
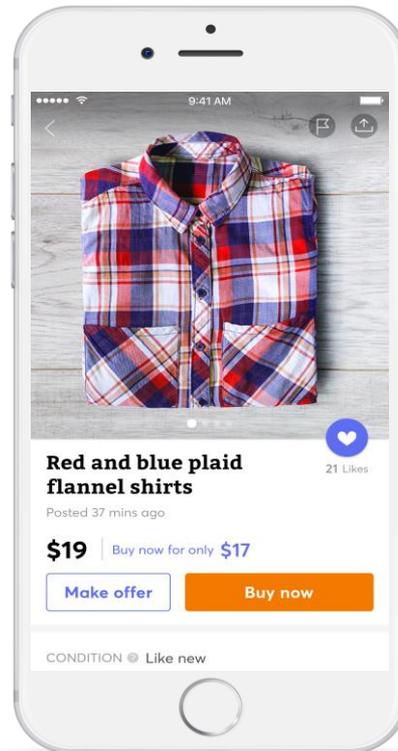
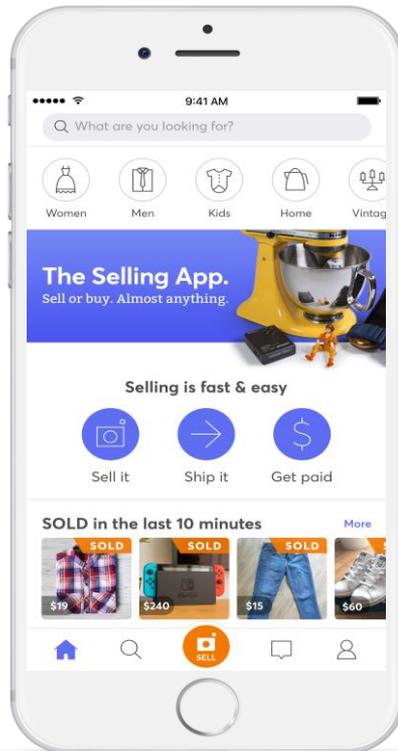
VP of Growth

Background

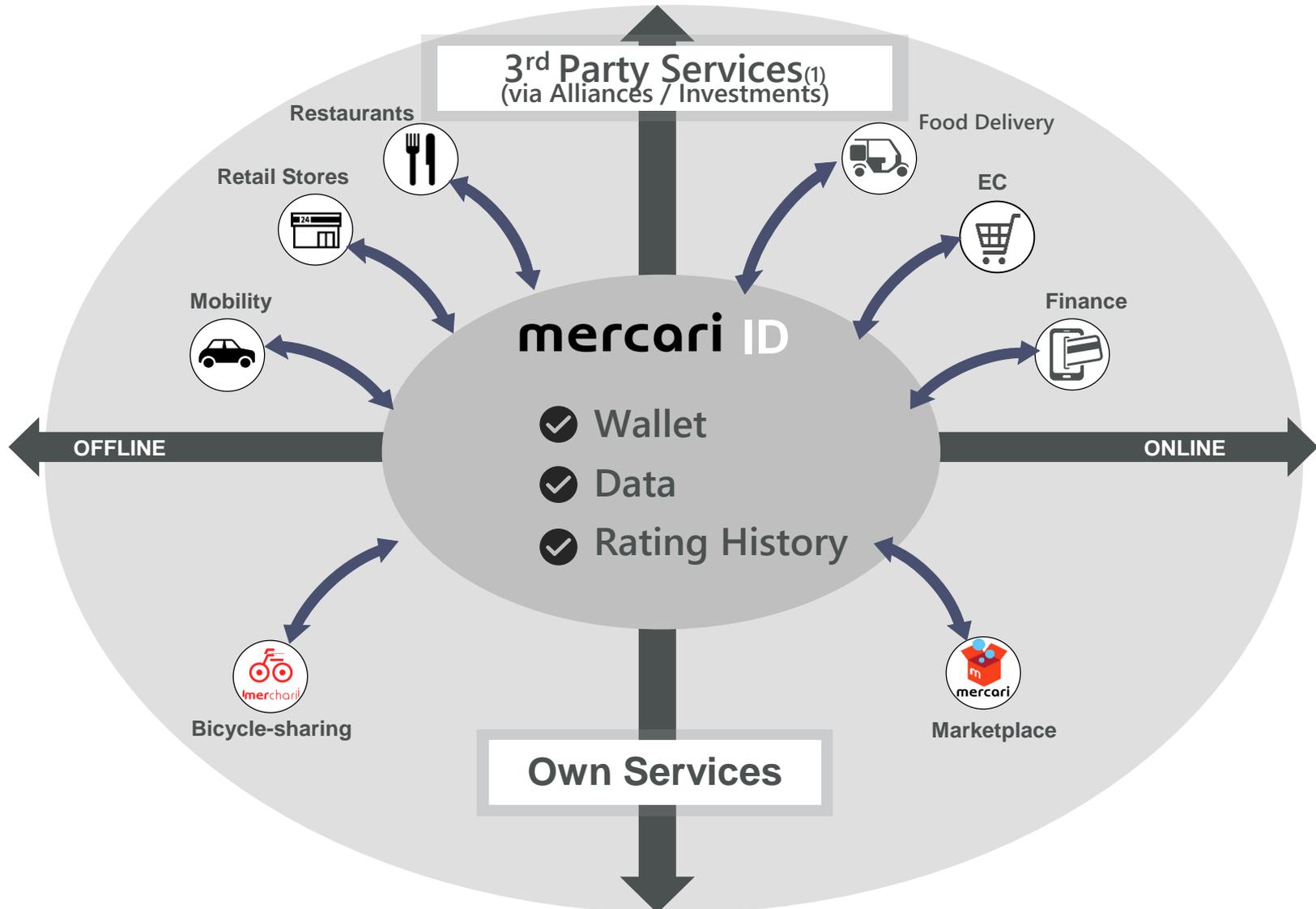


MERCARI

“The Selling App”



6 Plans to Develop a Mercari Ecosystem⁽¹⁾



1. The ecosystem is still in the early planning stages and the third party services presented are only illustrative of potential services that could be included in the future.

6 Merpay Will Aim to Redefine the Wallet

Source

Sales Proceeds



Deposit



merpay



Payment Platform

Use

Buy Items



mercari
Service



merchari
3rd Party

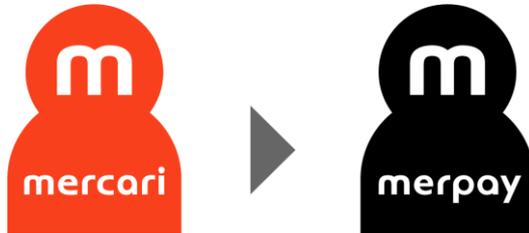


Withdraw



Phase 1

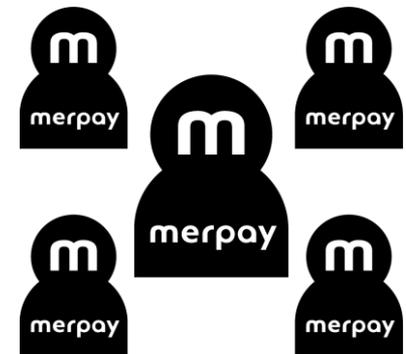
Link Mercari IDs to Merpay



- Centralize Mercari proceeds into a Merpay wallet
- Established “Merpay Connect, Inc.” to develop partnerships

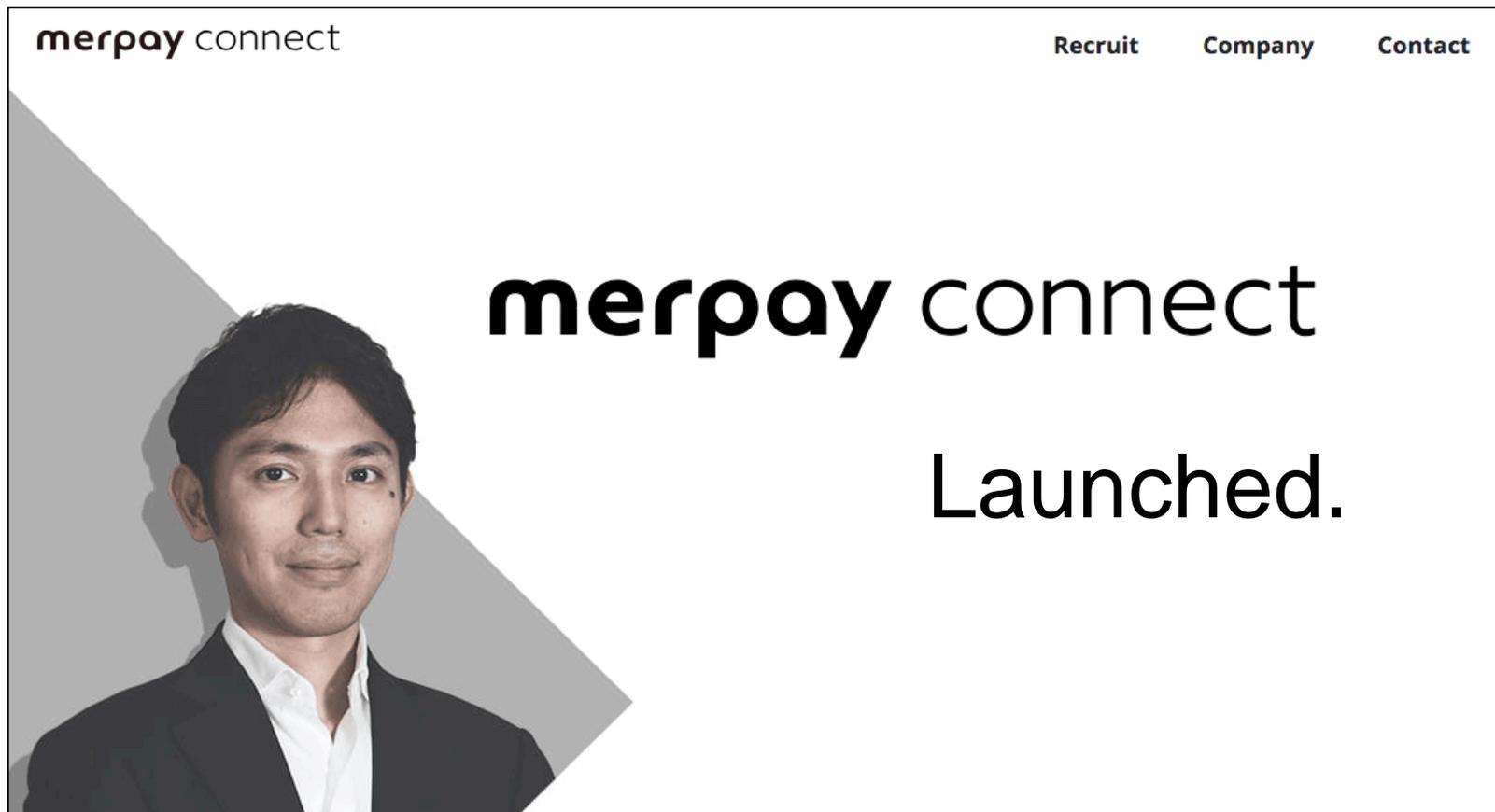
Phase 2

Drive Merpay expansion



6 Develop Partnerships within the Ecosystem

As a subsidiary for developing partnerships,
“**Merpay Connect, Inc.**” was established on July 2.



Appendix

7 Proven Management Committed to Driving Innovation



Shintaro Yamada
CEO



Fumiaki Koizumi
COO



Yuki Hamada
CPO



John Lagerling
CBO
US CEO



Naoki Aoyagi
Merpay CEO

Background

Unoh **zynga**
(Social Gaming)
Founder

mixi **Daiwa Securities**
(Social Networking)
CFO

CYBRIDGE
(Internet Media)
Founder

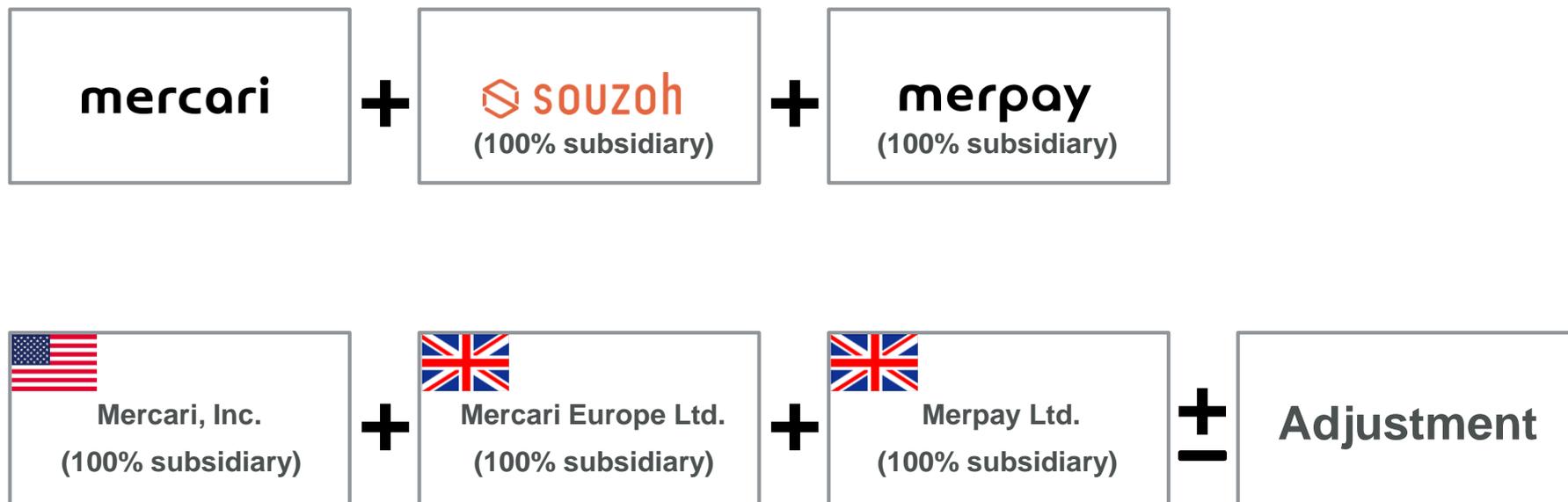
facebook
VP of Business
Development,
Mobile and
Product
Partnerships

Google
Senior
Director,
Android
Global
Partnership

GREE
(Gaming)
CFO
GREE International
Inc.
CEO

7 Overview of Consolidated Financials

Consolidated Financials



7 Consolidated PL _ Annual

(Mn yen)	FY2018.6	FY2017.6	Growth YoY
GMV ⁽¹⁾	370,475	250,230	48.1%
Net sales	35,765	22,071	62.0%
<i>as % of GMV</i>	9.7%	8.8%	-
EBITDA ⁽²⁾	-3,981	-2,582	N/A
<i>Margin (%)</i>	-11.1%	-11.7%	-
Operating income	-4,422	-2,775	N/A
<i>Margin (%)</i>	-12.4%	-12.6%	-
Net income	-7,041	-4,207	N/A

1. Japan GMV + US GMV + UK GMV

2. Operating income + Depreciation and Goodwill amortization

7 Consolidated PL _ Quarterly

(Mn yen)	FY2018.6	FY2017.6	FY2018.6	Growth	
	4Q	4Q	3Q	YoY	QoQ
GMV ⁽¹⁾	102,662	72,572	100,448	41.5%	2.2%
Net sales	9,617	6,868	9,756	40.0%	-1.4%
<i>as % of GMV</i>	9.4%	9.5%	9.7%	-	-
EBITDA ⁽²⁾	-2,388	-2,119	566	N/A	N/A
<i>Margin (%)</i>	-24.8%	-30.9%	5.8%	-	-
Operating income	-2,526	-2,209	451	N/A	N/A
<i>Margin (%)</i>	-26.3%	-32.2%	4.6%	-	-
Net income	-3,606	-1,840	-281	N/A	N/A

1. Japan GMV + US GMV + UK GMV

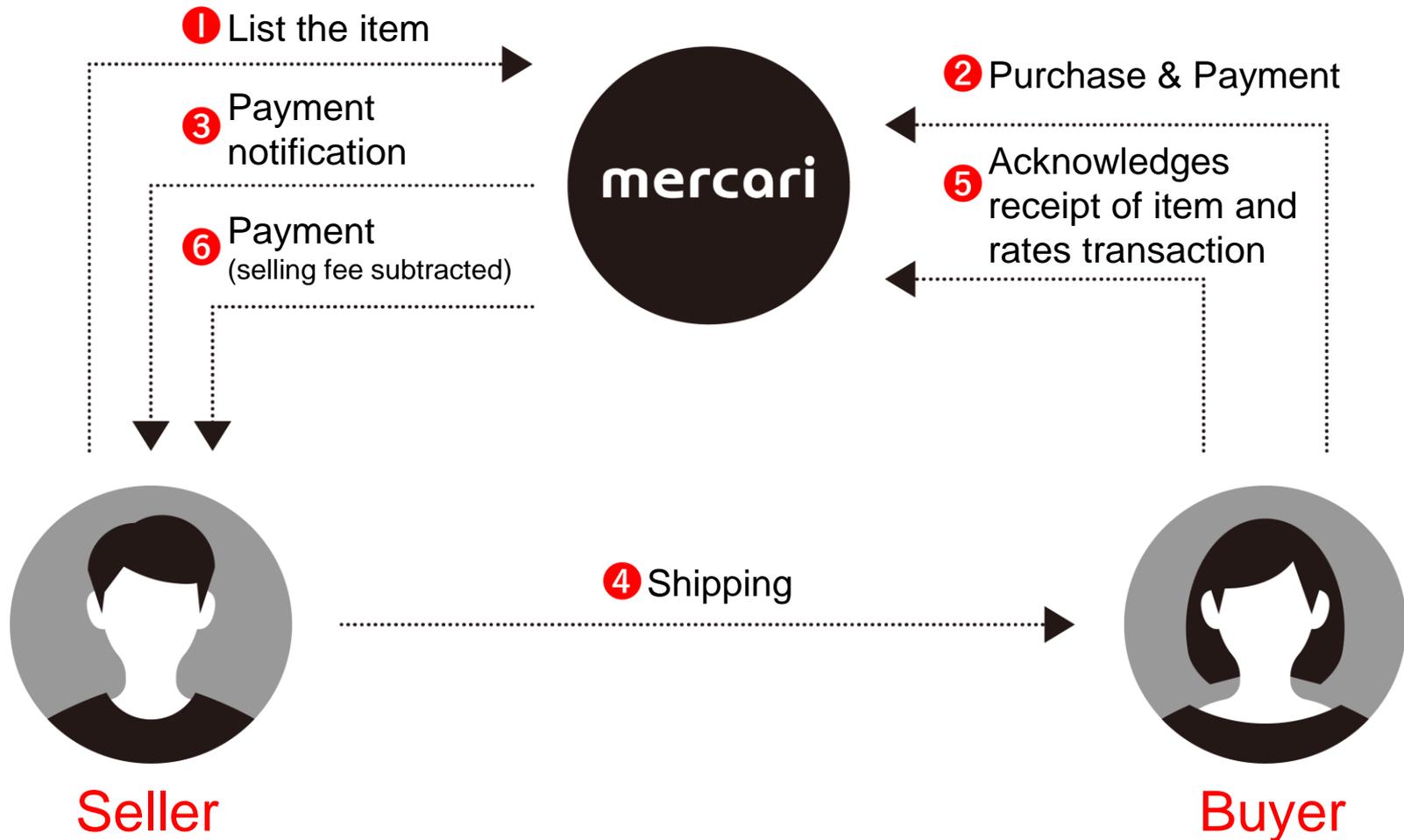
2. Operating income + Depreciation and Goodwill amortization

7 Consolidated BS _ Quarterly

(Mn yen)	FY2018.6 4Q	FY2017.6 4Q	FY2018.6 3Q
Total current assets	114,226	53,039	58,184
Cash and cash equivalent	109,157	50,863	53,585
Total fixed assets	3,525	1,450	2,067
Total assets	117,752	54,489	60,252
Total liabilities	63,329	50,072	54,335
Other payables	26,677	24,064	25,401
Short-term debt ⁽¹⁾	10,061	9,502	9,461
Long-term debt	18,956	12,887	14,801
Total net assets	54,422	4,416	5,916

1. Includes current portion of long-term borrowings

7 Secure & Safe Escrow System



7 Comprehensive Payment Options

Payment by Points
Deferred Payment



Credit Card



Convenience
Store Payment



Mobile Carrier
Billing



ATM (Pay
Easy)



7 Stress-free, Affordable Shipping

mercari

Nationwide Coverage of Last One Mile

QR Code-Backed Seamless Interface ⁽¹⁾

Significantly More Affordable

As of June 2018



c.4,000 Outlets



Convenience Stores

c.37,000 Outlets

c. 74,000 outlets



c.20,000 Outlets

LAWSON

Convenience Store

c.13,000 Outlets



Anonymous Shipping One-Touch Payment

mercari
RakuRaku Mercari Shipping⁽²⁾



< Small size ⁽³⁾	JPY195	~JPY378 ⁽⁵⁾
< 60 size ⁽⁴⁾	JPY600	JPY907~1,339
< 100 size ⁽⁴⁾	JPY900	JPY1,361~2,441

mercari
Yuyu Mercari Shipping⁽²⁾

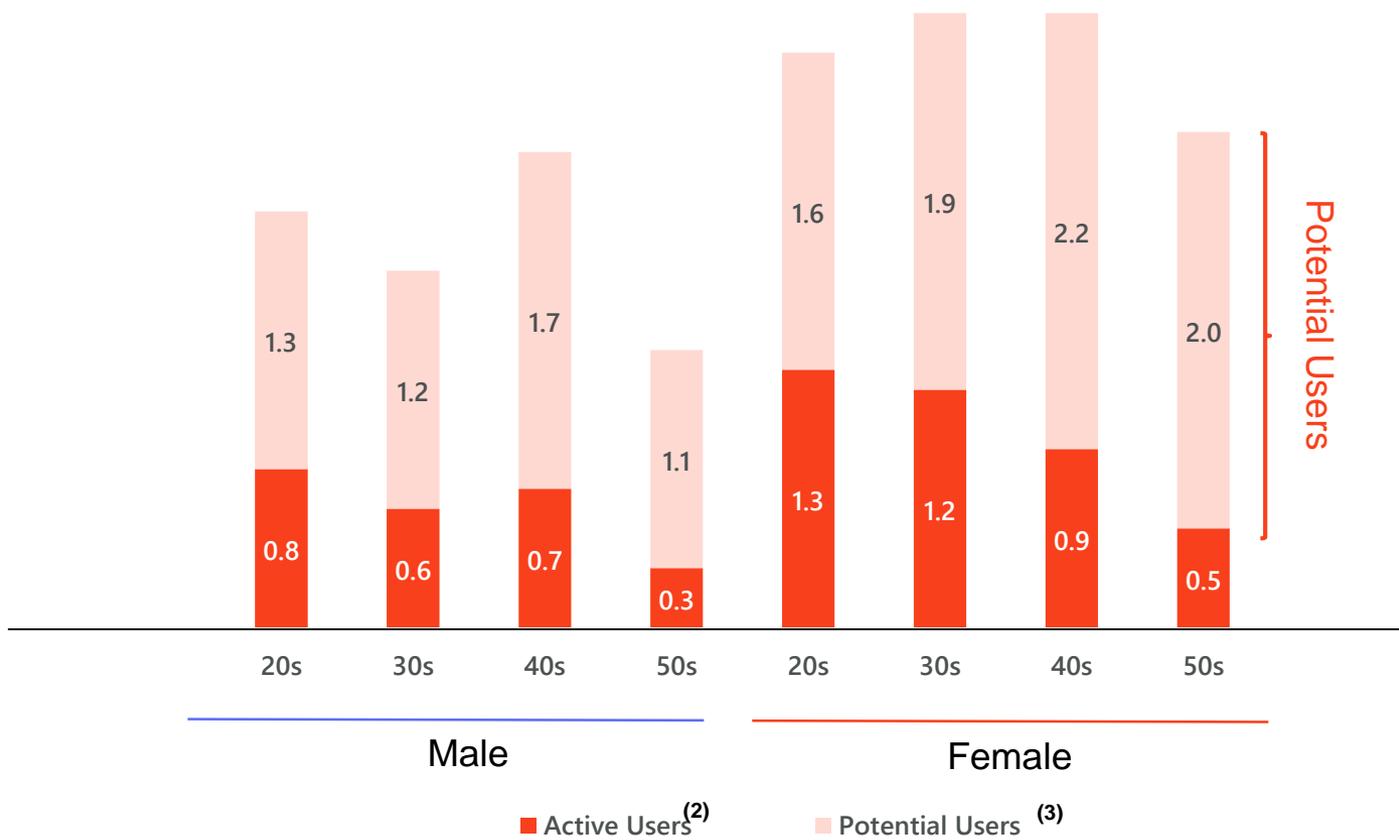


< Small size ⁽³⁾	JPY175	JPY250~350
< 60 size ⁽⁴⁾	JPY600	JPY800~1,330
< 100 size ⁽⁴⁾	JPY900	JPY1,260~1,870

1. Users can ship an item with a barcode at some shipping outlets
 2. Shipping solutions offered in partnership with Yamato Transport and JP Post
 3. For RakuRaku Mercari-bin, width less than 2.5cm. For Yuyu Mercari-bin, width less than 3.0cm
 4. Total package size less than 60 cm or 100 cm. Total package size is the sum of the width, depth and height of the package. RakuRaku Mercari-bin is also available for over 100 size items
 5. Shipping price depends on quantity, pick up/drop off location

7 Significant Potential to Scale Japan User Base

< Untapped Potential to Grow Active Users (Mn) >

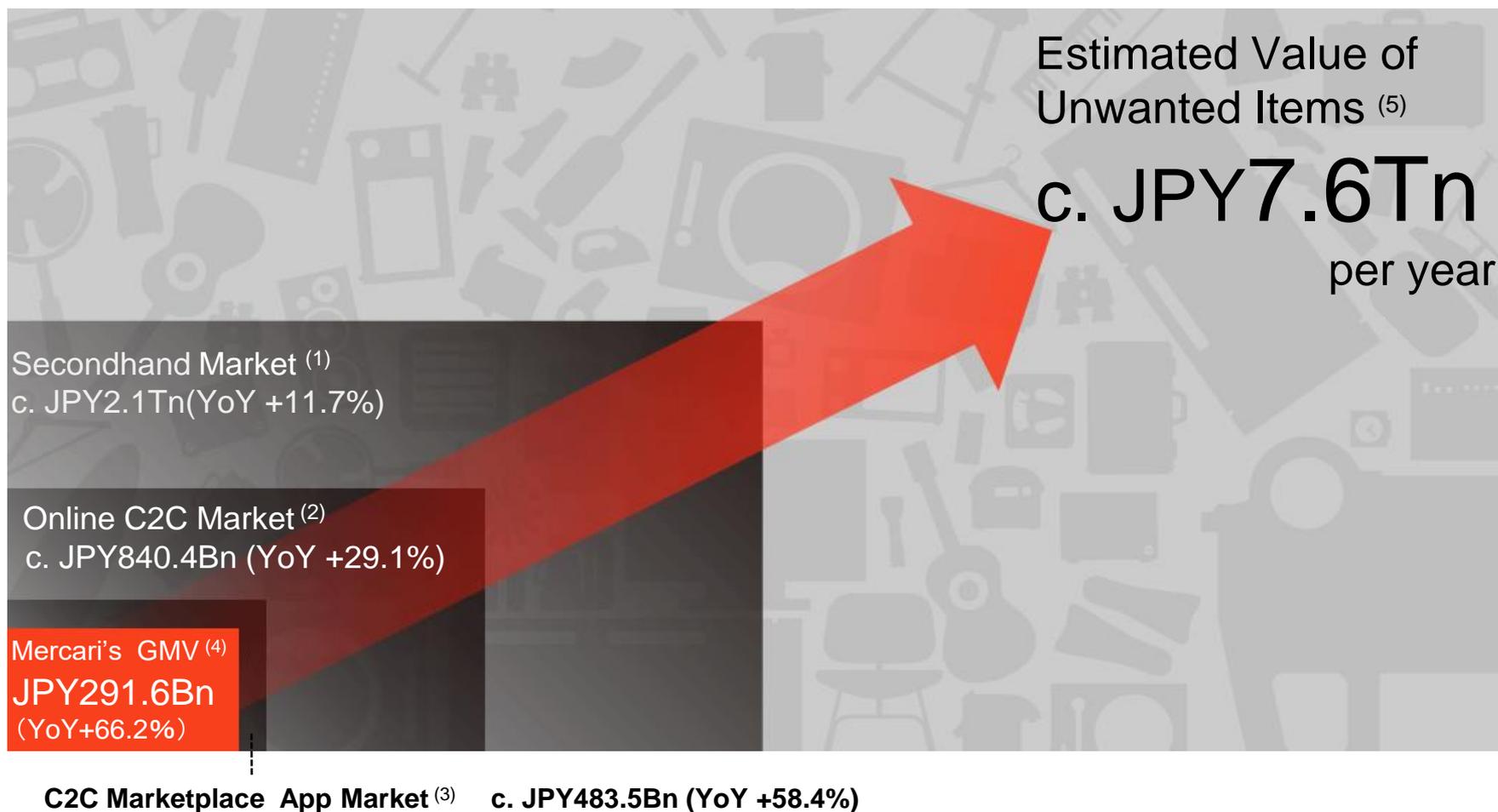


1. Based on an online survey conducted by Nielsen Digital Co., Ltd. in February 2018 of 5,000 people (between ages 18 to 59). Estimated figures for Active Users and Potential Users have been extrapolated from the survey results assuming a total population of smartphone users (between ages 18 to 59) of 45.71 million users

2. The number of people who used mercari within the past month based on Nielsen's online survey in February 2018

3. Respondents who: (1) know Mercari; (2) did not use Mercari during the preceding one month; and (3) stated that they would use Mercari if UI/UX is improved or new services/functions are added

7 Extensive C2C Market Opportunities in Japan



1. Source: Ministry of Economy, Trade and Industry (April 2017, April 2018). Total market size of secondhand stores, online platforms, auction services, etc. Excludes aggregate value of automobiles, motorcycles and mopeds

2. Source: Ministry of Economy, Trade and Industry (April 2017, April 2018). Total market size of online C2C platforms, C2C marketplace apps, online auction services, etc

3. Source: Ministry of Economy, Trade and Industry (April 2017, April 2018)

4. Company information. Japan GMV from January to December 2017 (including purchases through Mercari Kauru and Mercari Maisonz)

5. Source: Ministry of Economy, Trade and Industry (April 2018). Estimated total value of items described as "items that became no longer needed over the past year". Excludes aggregate value of automobiles, motorcycles and mopeds

7 Strategically Differentiated and Uniquely Positioned

	 MARKETPLACE			 CLASSIFIEDS			
			 Poshmark	 craigslist			 Facebook Marketplace
Mobile First ⁽¹⁾							
C2C Focus ⁽²⁾							
Cross Category ⁽³⁾							
Marketplace Reach (Nation-wide)							
Everything Ships ⁽⁴⁾					 ⁽⁵⁾		
Commission Revenue Model ⁽⁶⁾							

1. As defined by Mercari, utilizing the following criteria:

2. Mobile First: services developed for mobile-use rather than desktop-use

3. C2C Focus: services provided primarily to individual consumers, rather than business-oriented users

4. Cross category: not only fashion categories but multiple product categories simultaneously accessible via the shopping interface.

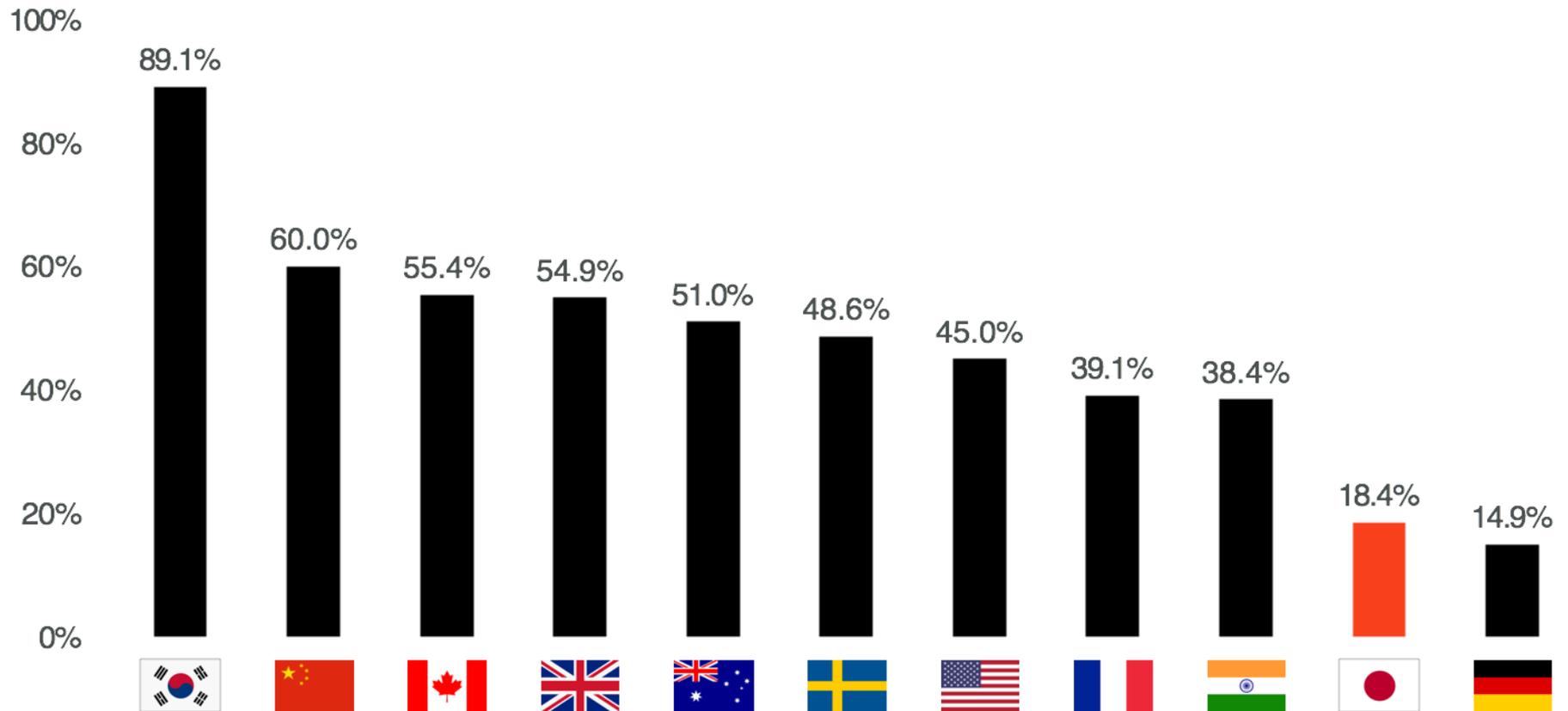
5. Everything Ships: desired shipping options are selectable and necessary shipping information easily shared within the shopping interface

6. Some limited goods available for shipping

7. Commission Revenue Model: range of payment options, such as credit card, bank transfers and third party payment (ex. PayPal), are seamlessly embedded into the shopping interface

7 Significant Growth Potential of Japan Electronic Payment

Global Non-Cash Payment Rate (2015)



Disclaimer

This material has been prepared based on information gathered at the time of its preparation and is not in any way intended as a commitment to future implementation. Also note that information contained herein has not been audited by an independent certified public accountant or audit corporation, and includes financial information based on past financial statements or accounting documents as well as management figures not based on financial statements or accounting documents.

This document is an English translation of the original Japanese language document and has been prepared solely for reference purposes. No warranties or assurances are given regarding the accuracy or completeness of this English translation. In the event of any discrepancy between this English translation and the original Japanese language document, the original Japanese language document shall prevail in all respects.

The FY2019 1Q financial results are scheduled to be released at 3pm or later on November 8, 2018.

mercari

株式会社メルカリ 証券コード：4385