

FY2024.6 Q1

# Presentation Material

mercari

# Group Mission

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**Circulate all forms of value  
to unleash the potential in all people**

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# Summary

# FY2024.6 Q1—Progress & Highlights

## Consolidated

- Continued management focused on balancing growth with profitability while also concentrating on top-line growth, and made progress in line with our expectations toward achieving the business policy laid out at the beginning of FY2024.6
- Continued to create Group synergies as evidenced by such things as increased GMV through the enhancement of ARPU<sup>1</sup> owing to *Mercard* usage

## Marketplace

- GMV growth rate was +12% YoY and MAU reached 23 million owing to the contributions of the loyalty program and areas to enhance
- Initiatives for areas to enhance progressed such as the expansion of partner companies in crossborder transactions and marketing linked to demand for specific categories

## Fintech

- Fixed-amount payment and *Mercard* continued to grow
- The number of issued *Mercards* surpassed 2 million in only approx. 11 months after launch.<sup>2</sup> In addition to the increase in ARPU<sup>1</sup>, also began to see *Mercard*'s contribution to increasing listings, showing progress in creating Group synergy
- The number of accounts for the bitcoin trading service reached 1M in only seven months after launch<sup>3</sup>

## US

- As a result of continued robust management, adjusted operating loss<sup>4</sup> shrank significantly YoY
- As expected at the beginning of FY2024.6, GMV growth landed at -11% YoY due to the continued slowdown in purchases caused by external factors such as prolonged inflation
- On the other hand, MAU remained flat YoY thanks to effective marketing initiatives

1. Average revenue (purchase amount) per user

2. As of November 10, 2023

3. As of October 13, 2023

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

# 1 FY2024.6 Q1—KPI Summary

| Marketplace  | Fintech  | US   |
|--|--|--|
| <p><b>GMV<sup>1</sup></b></p> <p><b>246.0 billion JPY</b></p> <p><b>YoY +12%</b></p>                                 | <p><b>Users<sup>4</sup></b></p> <p><b>16.24 million</b></p>              | <p><b>GMV<sup>1</sup></b></p> <p><b>231 million USD</b></p> <p><b>YoY -11%</b></p> |
| <p><b>Adjusted<sup>2</sup> Core Operating Margin<sup>3</sup></b></p> <p><b>40%</b></p> <p><b>(YoY +0.7 ppts)</b></p> | <p><b>Credit Balance<sup>5</sup></b></p> <p><b>131.4 billion JPY</b></p> | <p><b>MAU<sup>7</sup></b></p> <p><b>4.93 million</b></p> <p><b>(Flat YoY)</b></p>  |
|  | <p><b>Collection Rate<sup>6</sup></b></p> <p><b>98.8%</b></p>            |  |

1. Aggregate transaction value after adjusting for cancellations; the value for Marketplace aggregates C2C and B2C figures

2. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)

3. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 39)

4. As of September 30, 2023, the aggregated number of unique users who had registered for *Merpay Electronic Money*, set up *Virtual Card*, applied for *Mercard*, opened an account for exchanging cryptoassets, or used *Merpay QR Code Payments*, *Online Payments*, or *Merpay Smart Payments* (lump-sum payment or fixed-amount payment), etc.

5. *Merpay Smart Payments* (lump-sum payment or fixed-amount payment) and *Smart Money* credit balance as of September 30, 2023 (excludes debt converted into bankruptcy reorganization debt)

6. Weighted average rate of the quarterly cumulative collections completed within the past 11 months compared to the amount of *Merpay Smart Payments* (lump-sum payment and fixed-amount payment) and *Smart Money* billed in the past 11 months (excludes bankruptcy reorganization debt)

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

1

# FY2024.6 Q1 Consolidated Revenue & Core Operating Profit<sup>1</sup> by Business (IFRS)

(Billion JPY)

| Segment      |                       | FY2023.6 Q1                                  |   | FY2024.6 Q1                     |  | YoY                             |  |
|--------------|-----------------------|--|---|---------------------------------|--|---------------------------------|--|
|              |                       | Revenue/<br>Adjusted <sup>2</sup><br>Revenue | Core Operating<br>Profit/<br>Adjusted <sup>2</sup> Core<br>Operating Profit | Revenue/<br>Adjusted<br>Revenue | Core Operating<br>Profit/<br>Adjusted Core<br>Operating Profit | Revenue/<br>Adjusted<br>Revenue | Operating Profit/<br>Adjusted Core<br>Operating Profit |
| Japan Region |                       | 27.4   | 7.9   | 31.8                            | 7.4  | +16%                            | -7%  |
| Marketplace  |                       | 22.8   | 6.7 / 9.0   | 25.2                            | 7.3 / 10.1   | +10%                            | +10%/+12%  |
| Fintech      |                       | 6.9 / 4.5                                    | 1.2 / -1.1  | 9.3 / 6.5                       | 0.05 / -2.7  | +35%/+43%                       | -96%/-   |
| US           | IFRS (Billion JPY)    | 11.0   | -3.0  | 11.0                            | -0.7   | -0.1%                           | -  |
|              | US GAAP (Million USD) | 80   | -21 / -17   | 76                              | -4 / -0.7  | -5%                             | -  |
| Other        |                       | 1.4  | -0.4  | 1.6                             | -0.05  | +12%                            | -  |
| Adjustments  |                       | -0.2   | -1.8  | -0.2                            | -1.9   | -                               | -  |
| Consolidated |                       | 39.8   | 2.5   | 44.2                            | 4.7  | +11%                            | +81%   |

Financial Results Presentation Material

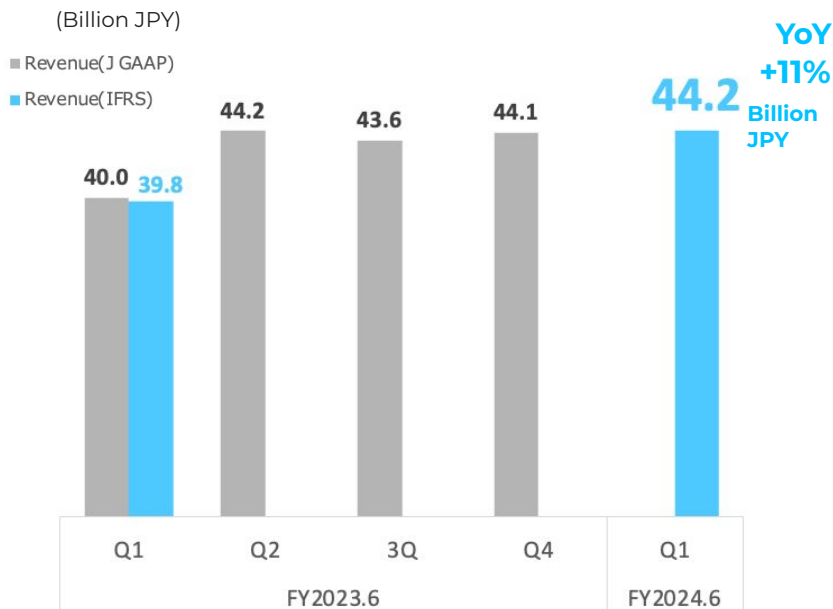
FY2024.6 Q1  
**Financial Highlights**



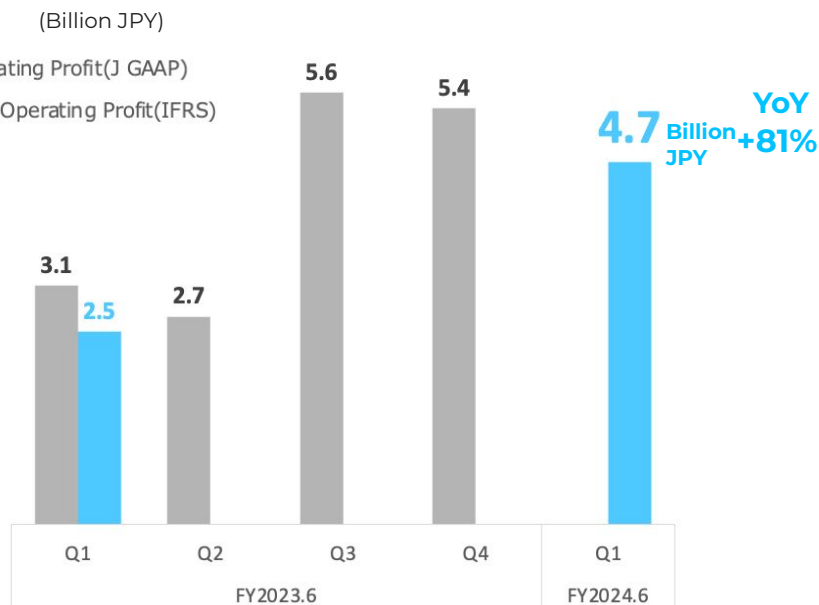
## Consolidated Revenue & Core Operating Profit (Quarterly)

- Starting FY2024.6, changed to disclosure based on IFRS (see p. 39 for details)
- As a result of continuing investment that consciously balances growth with profitability while promoting growth strategies in Japan Region, core operating profit progressed largely as expected

### Revenue



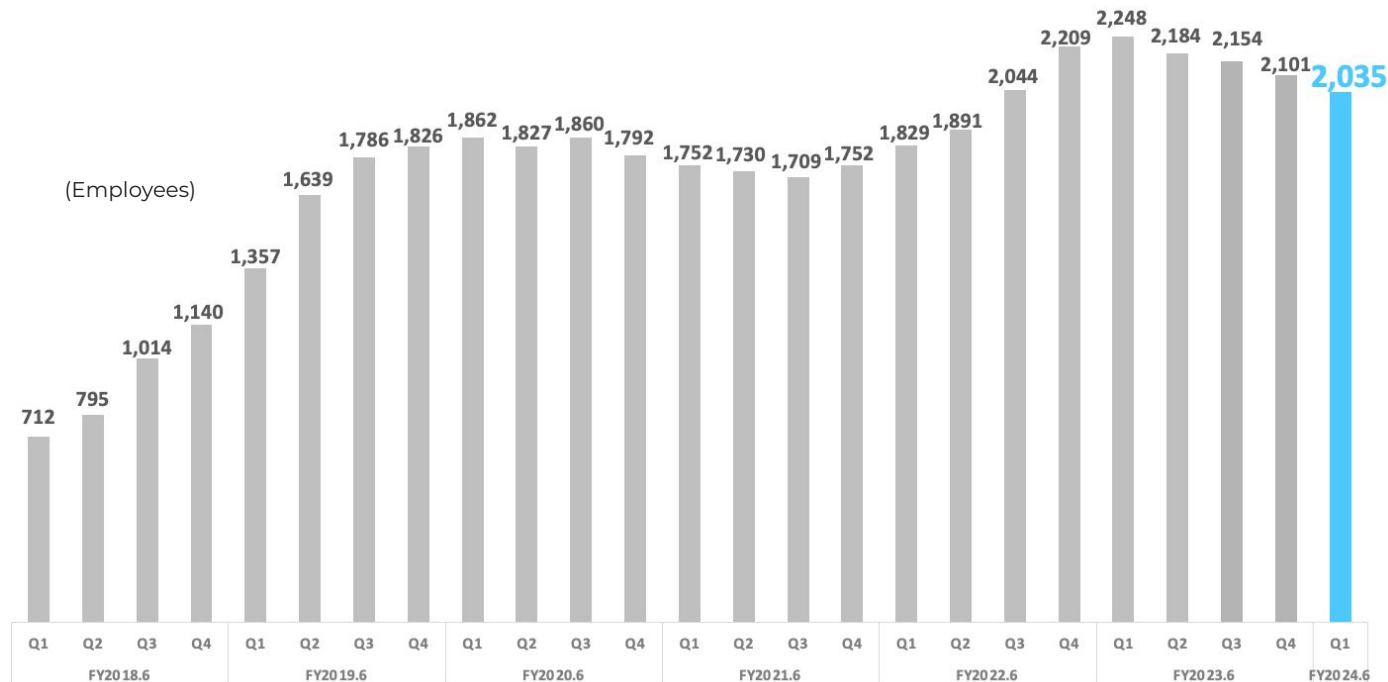
### Core Operating Profit<sup>1</sup>



## 2

## Number of Employees (Consolidated)

- Headcount decreased QoQ by continuing a selective hiring policy and revising organizational structure
- Focusing mainly on engineers, we will continue to hire the talent we need to accelerate the growth rate of existing businesses and create new businesses going forward



## 2 Marketplace—FY2024.6 Q1 Progress

### Business Objectives at the Start of FY2024.6

Focus on top-line growth while continuing disciplined investments. Aim to achieve GMV growth of 10% or higher and adjusted<sup>1</sup> core operating margin<sup>2</sup> of 30–40% by focusing on strengthened areas in addition to marketing investments and product developments.

Note: The target lower limit for GMV growth of +10% and the target lower limit for adjusted core operating margin of 30% should not be interpreted as paired values.

**Progress on the loyalty program<sup>3</sup> and areas to enhance has been favorable, with a GMV growth rate of +12% YoY, and in spite of increased investment due to strengthened marketing, we achieved an adjusted core operating margin of 40% and continued to achieve tangible growth and high profitability**

- Creation of Group synergies continued as a result of the loyalty program as seen by such things as a rise in ARPU<sup>4</sup> thanks to *Mercari* holders
- Initiatives for GMV growth progressed favorably
  - In addition to increasing the number of partner companies for crossborder transactions to 50 companies<sup>5</sup>, we implemented promotions together with our business partners, which contributed to increasing the number of transactions.
  - For category growth, we increased the number of marketplace listings by implementing marketing strategies specifically for the smartphone category so that they coincided with the high-demand period of September

1. Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)

2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 39)

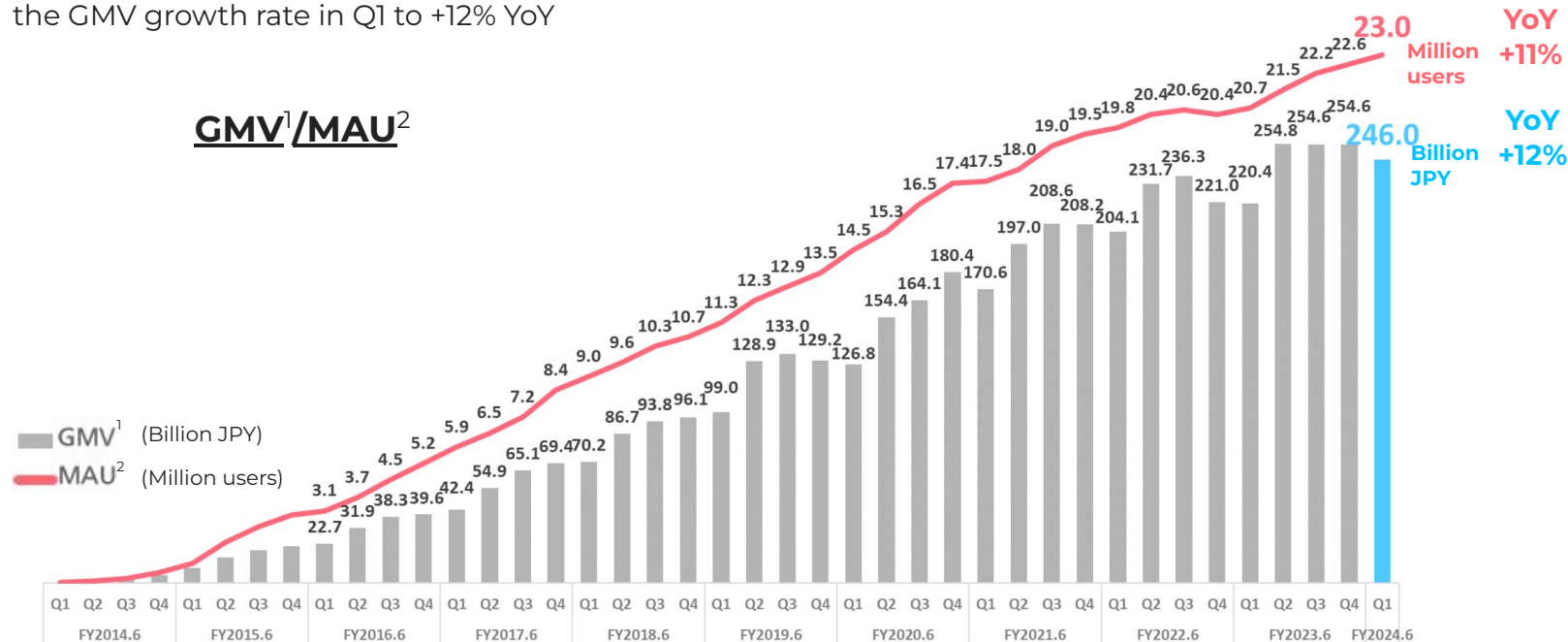
3. Point-back rewards program that depends on *Mercari* usage; the regular point-back rate is 1% but can be increased to as high as 4% by taking pay, buy, and sell actions (cross-use) for transactions within *Mercari*

4. Average revenue (purchase amount) per user

5. As of October 31, 2023

## Marketplace—GMV/MAU (Quarterly)

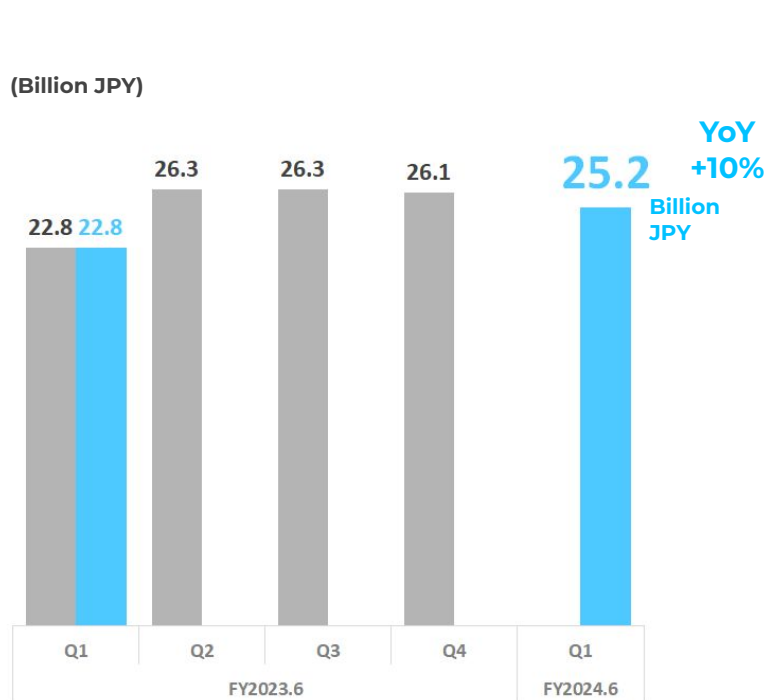
- MAU grew steadily owing to the success of such things as the *Mercard* invitation promotion, *Mercari's* 10th anniversary promotion, and other initiatives
- Contributions from areas to enhance such as the loyalty program and crossborder transactions pushed the GMV growth rate in Q1 to +12% YoY



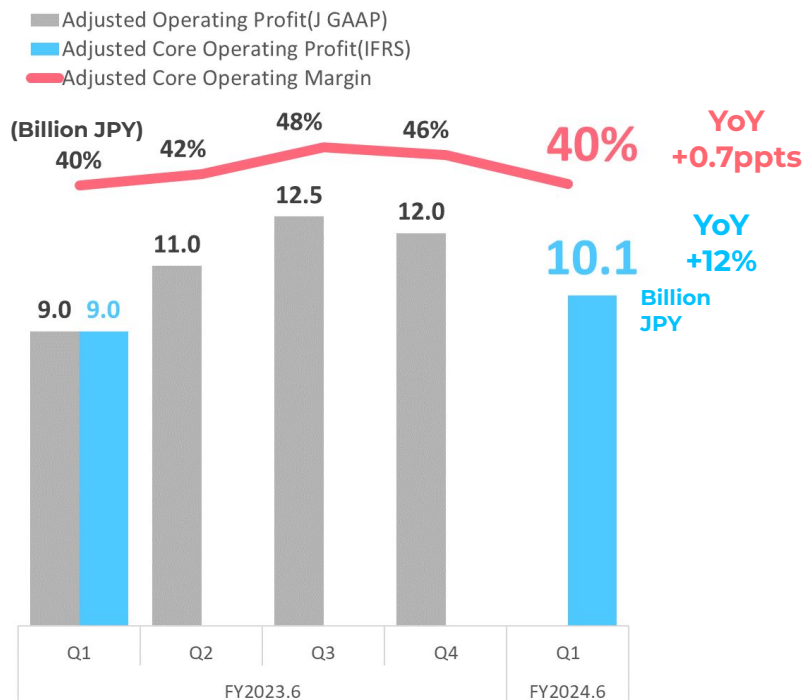
## Marketplace—Revenue & Adjusted Core Operating Profit (Quarterly)

- As a result of continuing disciplined investment, adjusted core operating margin was 40%, and we continued to achieve tangible growth and high profitability

### Revenue



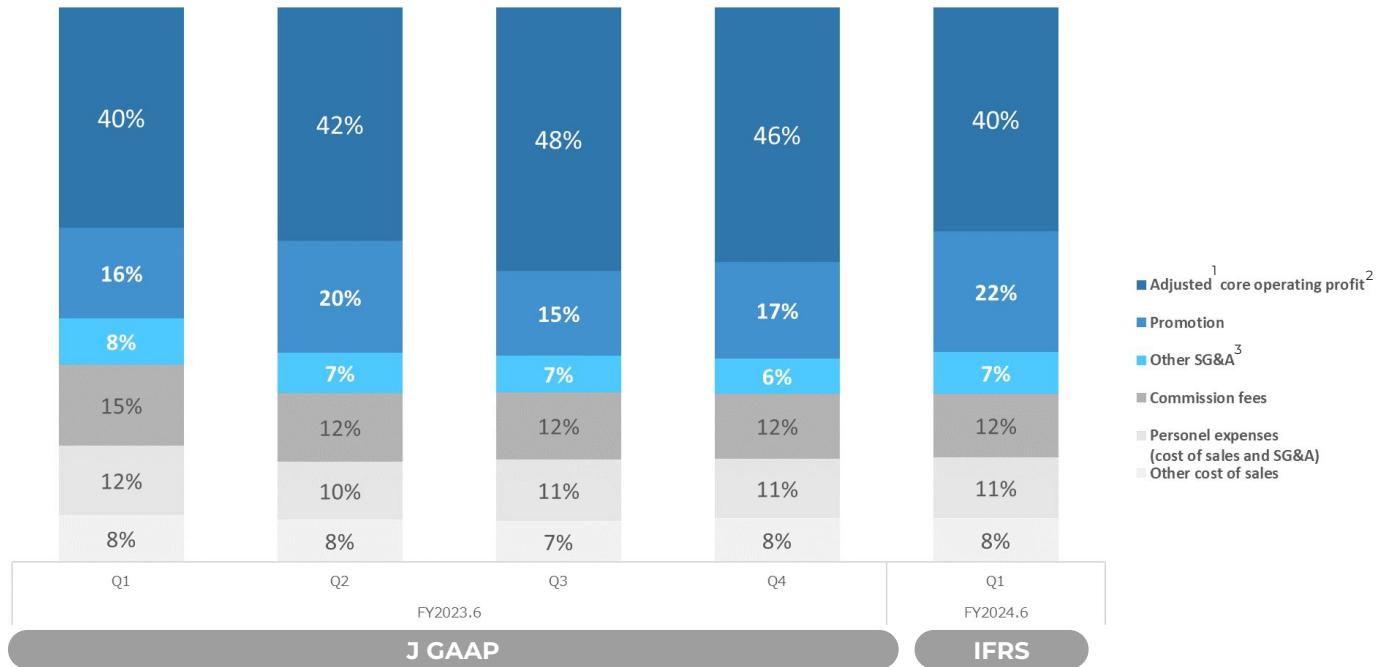
### Adjusted<sup>1</sup> Core Operating Profit/Margin<sup>2</sup>



## 2

## Marketplace—Cost Composition (Quarterly)

- Promotion cost ratio increased QoQ due to strengthened investment toward achieving growth



1. Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)

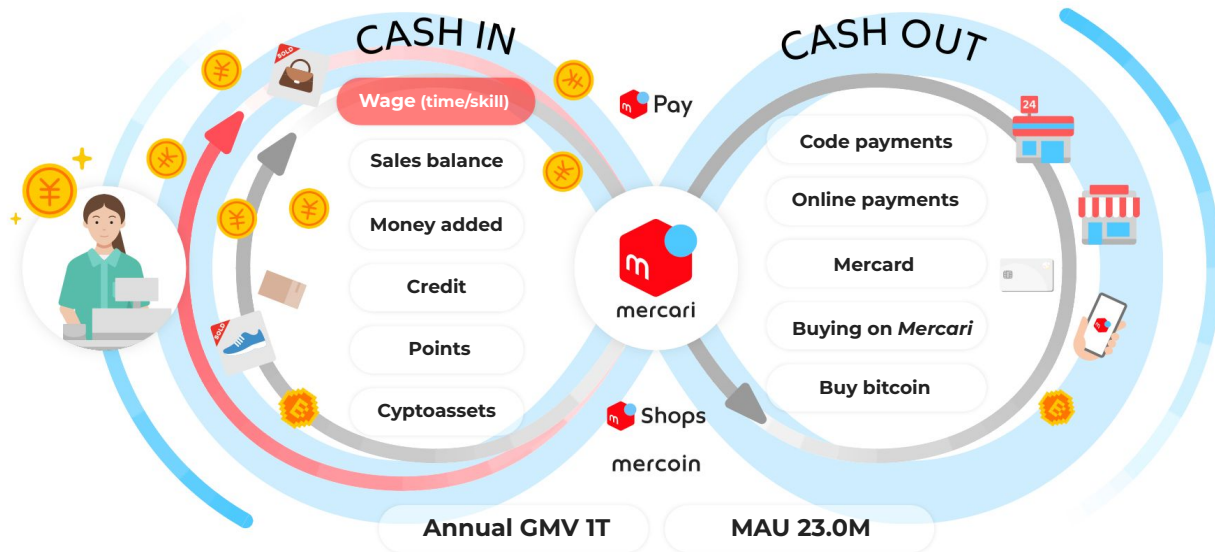
2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 39)

3. Outsourcing expenses, land rent and depreciation, etc.

## 2

## Marketplace New Business—Entering the On-Demand Labor Business

- In response to personnel shortages and the diversification of the labor market, Mercari will enter the on-demand labor market, with plans to launch the *Mercari Hallo* job search platform early in the spring of 2024
- We aim to create a service that facilitates the enhancement of Group synergy by such activities as partnering with Fintech and creating purchasing opportunities by offering new ways for users to earn cash with *Mercari Hallo* while also leveraging our user base to secure workers
- We will consider the business environment and the results of future proofs of concept in formulating our future investment plan



## 2 Fintech—FY2024.6 Q1 Progress

**Business Objectives  
at the Start of  
FY2024.6**

Focus on acquiring *Mercard* holders and aim to enhance Group synergy

**The number of issued Mercards continued to grow, surpassing 2M. Continuing to see an increase in ARPU<sup>1</sup> of cardholders, while the credit balance<sup>2</sup> of credit services increased to 131.4B JPY and the collection rate<sup>3</sup> increased to 98.8%.**

- Number of *Mercard* holders increased due to effective promotions utilizing our user base
- Continued to see an increase in *Mercari* ARPU among *Mercard* users; also began to see *Mercard*'s contribution to increasing listings, showing progress in creating Group synergy
- The number of accounts for the bitcoin trading service reached 1M only seven months after launch; currently developing a feature that will allow users to pay for purchases on *Mercari* with bitcoin

1. Average revenue (purchase amount) per user

2. *Merpay Smart Payments* (lump-sum payment or fixed-amount payment) and *Smart Money* credit balance as of September 30, 2023 (excludes debt converted into bankruptcy reorganization debt)

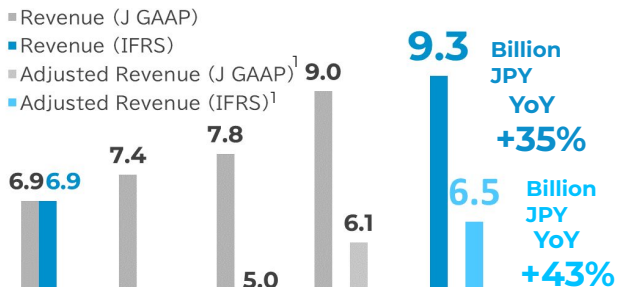
3. Weighted average rate of the quarterly cumulative collections completed within the past 11 months compared to the amount of *Merpay Smart Payments* (lump-sum payment and fixed-amount payment) and *Smart Money* billed in the past 11 months (excludes bankruptcy reorganization debt)



# Fintech—Revenue and Core Operating Profit (Quarterly)

- Revenue grew thanks to the contribution from fixed-amount payment and *Mercard*
- In response to the Group synergy created by *Mercard*, we will further strengthen investments from both Fintech and Marketplace, mainly to acquire *Mercard* holders

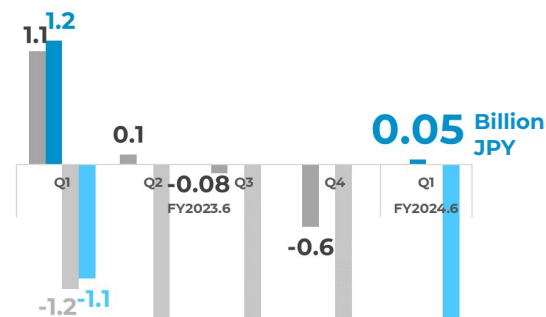
## Revenue



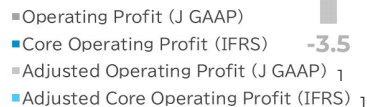
(Billion JPY)



## Core Operating Profit<sup>2</sup>

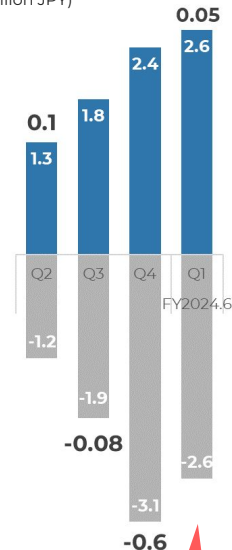


(Billion JPY)



## Breakdown of Core Operating Profit<sup>3</sup>

- Profit Excluding Investment for New Services
  - Investment for New Services
- (Billion JPY)



From this fiscal year, transitioned *Mercard*-related investments to a framework in which they are made jointly with Marketplace, as they create synergy such as an increase in *Mercari* GMV. Including Marketplace's investments, the total amount of *Mercard*-related investments has increased QoQ.

1. Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)

2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 39)

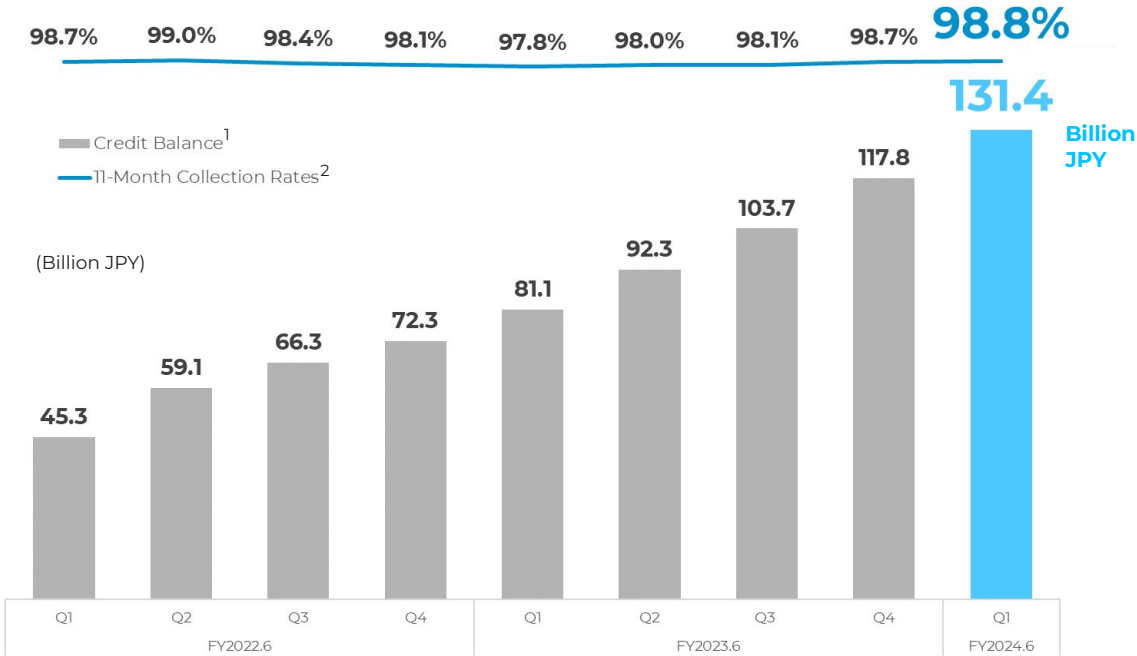
3. Investment for new services: For management accounting purposes, total of costs related to the promotion of *Mercard* and bitcoin trading services, and point-back rewards related to *Mercard* usage; profit excluding investment for new services: Operating profit (J GAAP)/Core operating profit (IFRS) minus the amount invested in new services

2

# Fintech—Credit Balance and Collection Rate of Credit Services (Quarterly)

- Continued to expand credit balance due to the growth of fixed-amount payment and *Mercard*
- Maintained a high collection rate due to continued efforts such as credit logic updates

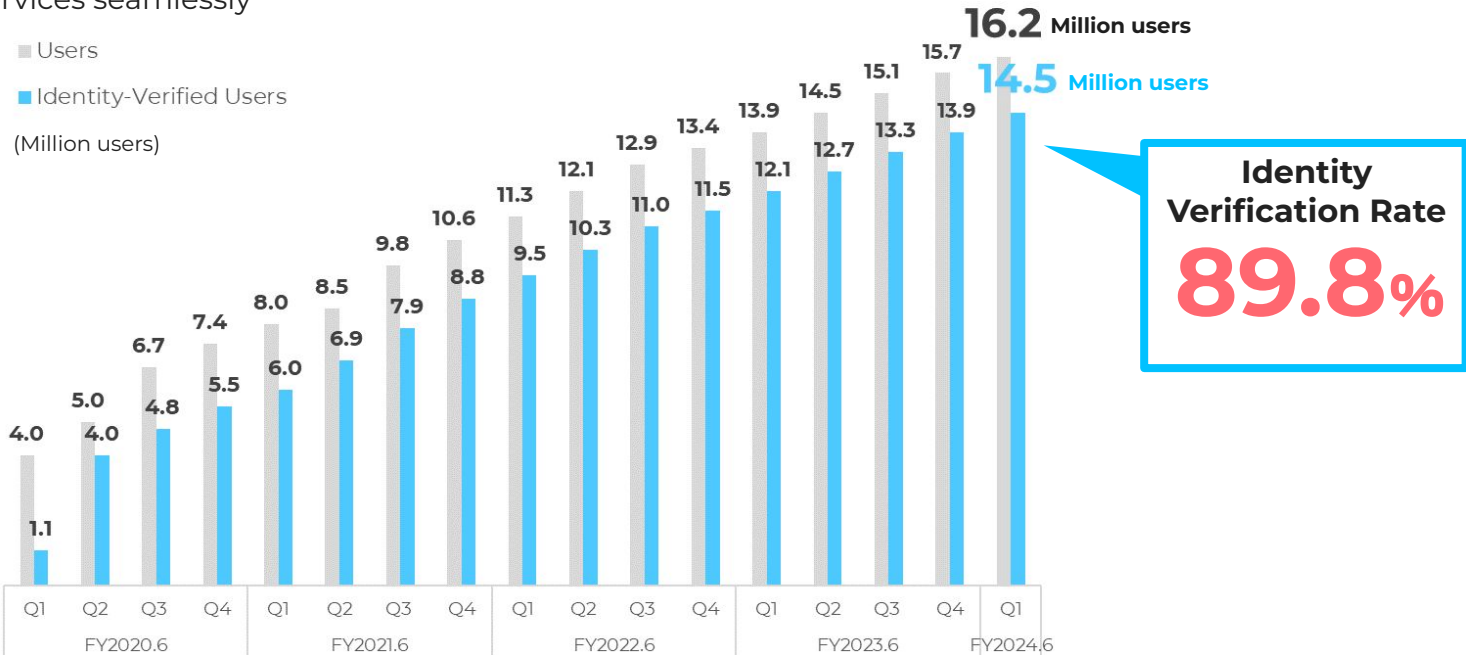
Financial Results Presentation Material



1. *Mercari Smart Payments* (lump-sum payment or fixed-amount payment) and *Smart Money* credit balance as of September 30, 2023 (excludes debt converted into bankruptcy reorganization debt)  
 2. Weighted average rate of the quarterly cumulative collections completed within the past 11 months compared to the amount of *Mercari Smart Payments* (lump-sum payment and fixed-amount payment) and *Smart Money* billed in the past 11 months (excludes bankruptcy reorganization debt)

## Fintech—Number of Users<sup>1</sup>/Verified Users (Quarterly)

- The numbers of both users and verified users continued to increase steadily
- In addition to building an environment for safe and secure transactions, increasing the percentage of verified users also contributes to business growth since being verified allows users to start using credit and crypto services seamlessly



**Business Objectives at the Start of FY2024.6**

**Focus on refining the product to strengthen retention of existing users and aim to get back on track for growth**  
**Focus on engaging Gen Z for future growth**

**As a result of cost reductions through robust management, adjusted operating loss<sup>1</sup> shrank significantly YoY, continuing the trend of improving profitability.**  
**Conducted efficient investments focused mainly on existing users.**

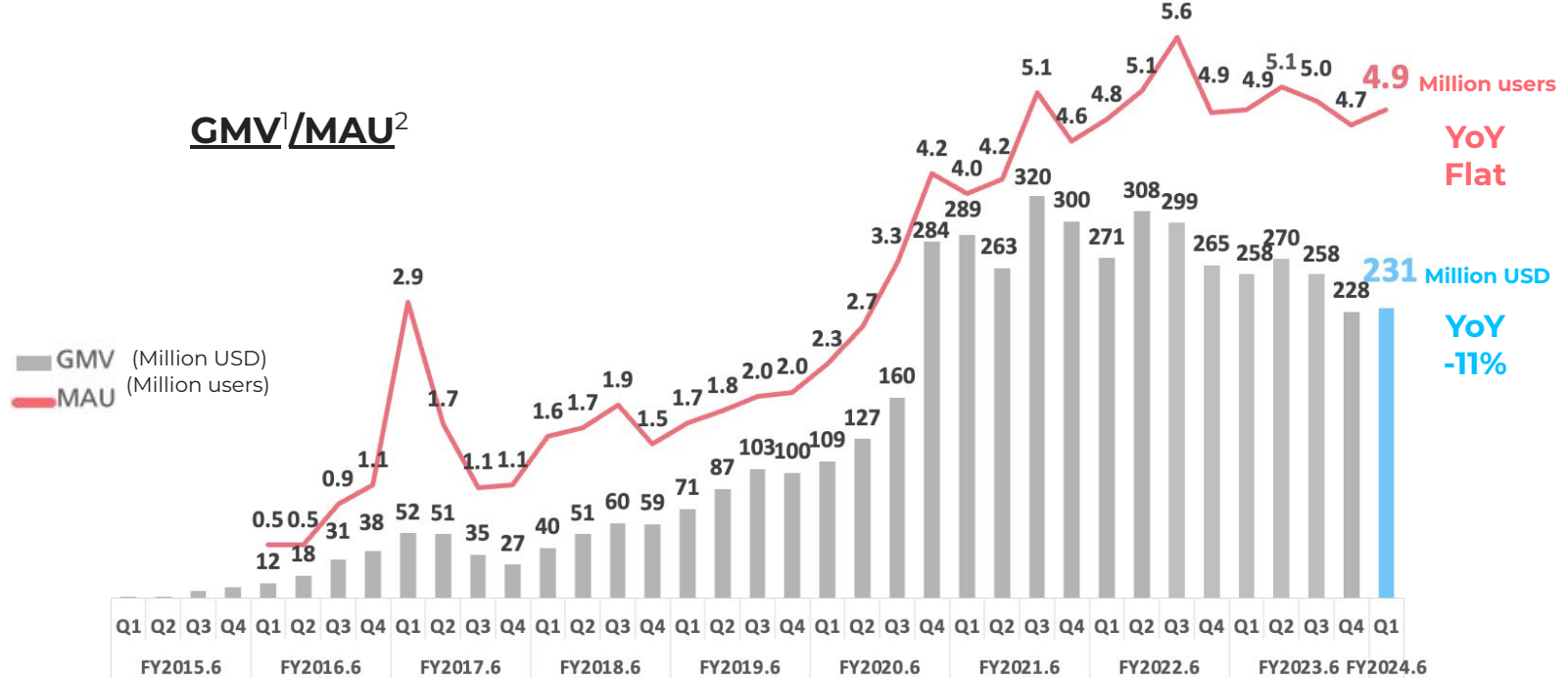
- Introduced a new plan to reduce shipping costs through a partnership with UPS to promote purchasing
- Conducted new initiatives to promote hassle-free selling, such as simplifying the required entry fields when listing items, mainly to attract Gen Z

2

# US—FY2024.6 Q1 GMV/MAU

- As expected at the beginning of FY2024.6, Q1 GMV growth landed at -11% YoY due to the continued slowdown in purchases caused by external factors such as prolonged inflation
- On the other hand, MAU remained flat YoY thanks to effective marketing initiatives

Financial Results Presentation Material



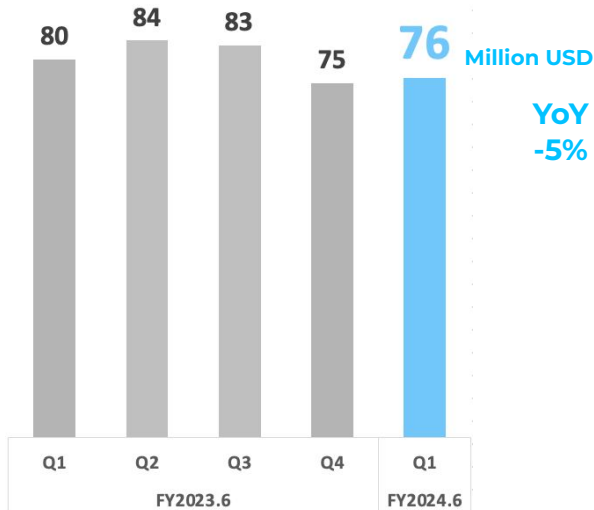
## 2

## US—Revenue/Adjusted Operating Profit (US GAAP/Quarterly)

- Adjusted operating loss improved significantly YoY due to robust management, including continued cost review and selective investments

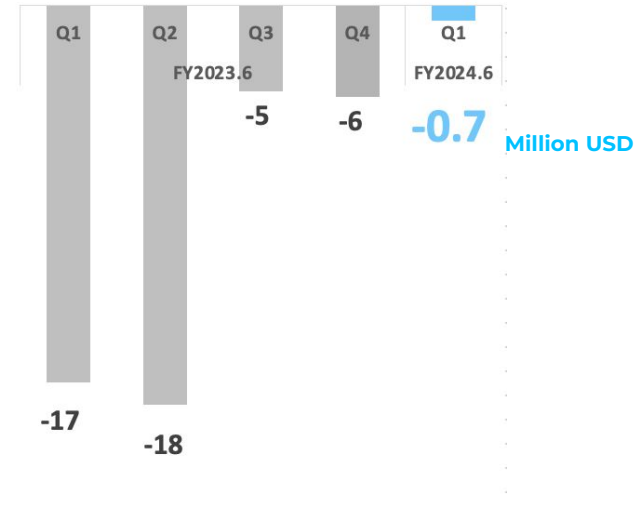
### Revenue

(Million USD)



### Adjusted Operating Profit<sup>1</sup>

(Million USD)



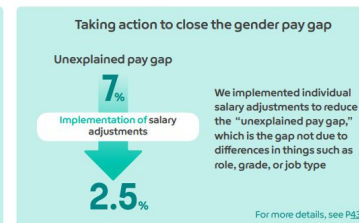
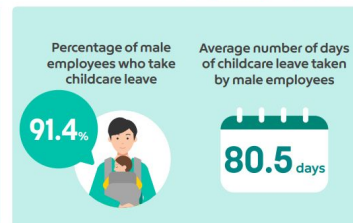
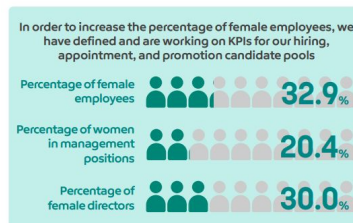
**ESG**

# Impact Report

- Published the [FY2023.6 Impact Report](#) summarizing our ESG initiatives and results in FY2023.6
- Renamed this report “Impact Report” to reaffirm our commitment to making a positive impact on society through our business as we work toward achieving our mission
- Significantly expanded the information we disclosure on human capital, the source of Mercari’s growth



## Material Topic 5 Unleashing the Potential in Diverse Talent Worldwide





## 3

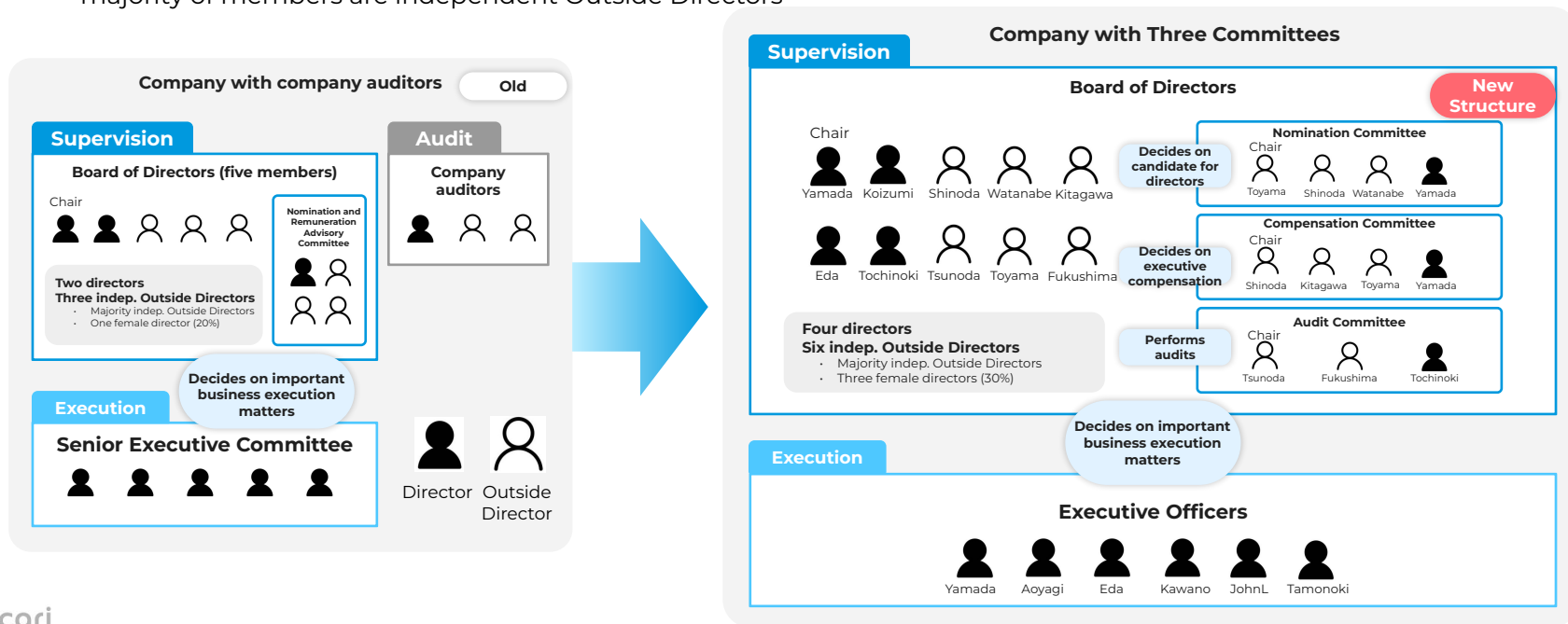
# Focus Areas and Objectives for each Material Topic

| Material Topic  | Focus Areas   | FY2024.6 Objective  |
|---|---|---|
| <b>1</b> Empowerment of Individuals and Society               | <b>Realize a world where all people's potential is unleashed</b>  |   |
| <b>2</b> Creating a World That Circulates All Forms of Value  | <ul style="list-style-type: none"> <li>Achieving sustainable business growth</li> <li>Fostering culture to support the creation of a circular economy</li> <li>Mitigating climate change</li> </ul>   | Work across the Group to maximize Marketplace GMV growth, expand the B2C reuse market, expand the crossborder market, and collaborate with external partners to strengthen our market share in the C2C market   |
| <b>3</b> Creating a New User Experience Through Technology    | <ul style="list-style-type: none"> <li>Providing a seamless user experience using data and AI</li> <li>Promoting circular finance</li> <li>Creating innovation through R&amp;D on value exchange</li> </ul>   | Marketplace: Provide an advanced user experience leveraging generative AI/LLM. Enhance the user experience and strengthen marketing to acquire new users and encourage listing.<br>Fintech: Create Group synergy by acquiring Mercard holders and by enhancing the UX through such things as enabling users to make bitcoin payments within Mercari US: Focus on refining the product to strengthen retention of existing users and engaging Gen Z for future growth. |
| <b>4</b> Building Long-Term Public Trust                      | <ul style="list-style-type: none"> <li>Realizing safe, secure, and fair transactions</li> <li>Enhancing the effectiveness of corporate governance and ensuring compliance</li> <li>Earning the trust of users and stakeholders (society, investors, media, etc.)</li> </ul>                 | Strengthen our internal audit structure in advance of the transition to a Company with Three Committees<br>Strengthen our structures for data and privacy governance and cybersecurity<br>Strengthen collaboration with external partners (local governments, primary distribution companies, universities, NPOs)   |
| <b>5</b> Unleashing the Potential in Diverse Talent Worldwide | <ul style="list-style-type: none"> <li>Acquiring and developing professional talent from all over the world</li> <li>Building a company culture and environment that allows us to take on bold challenges in pursuit of our mission</li> <li>Embodying diversity &amp; inclusion</li> </ul> | Promote D&I<br>Strengthen new grad hiring to secure diverse talent<br>Build a work environment and prepare a compensation system to expand the India Center of Excellence<br>Update and ensure understanding of our culture, which encourages members to demonstrate Mercari's values   |

# Appendix

## Transition to a Company with Three Committees, a Global Standard

- Separated supervisory and executive functions of the company to clarify their roles, and built a structure that realizes the timely and resolute decision-making and business promotion of the executive function while strengthening the supervisory function of the Board of Directors
- Implemented highly transparent and effective supervision by establishing a Board of Directors comprising diverse directors together with a Nomination Committee, Compensation Committee, and Audit Committee for which the majority of members are independent Outside Directors



## 4 New 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

### 10 Directors

#### Directors (4)



**Shintaro Yamada**

Representative Executive  
and CEO



**Fumiaki Koizumi**

Officer / President / CEO of  
Kashima Antlers F.C. Co.,  
Ltd.



**Sayaka Eda**

Executive Officer, Senior Vice President  
of Corporate, and CFO



**Mayumi Tochinoki**

#### Independent Outside Directors (6)



**Makiko Shinoda**



**Masayuki  
Watanabe**



**Takuya Kitagawa**



**Daiken Tsunoda**



**Kazuhiko  
Toyama**



**Fumiyuki  
Fukushima**

## Strong Governance Structure (Independent Outside Directors)



**Makiko Shinoda**

Chair of the  
Compensation  
Committee



**Masayuki Watanabe**

### Background

- The Long-Term Credit Bank of Japan, Limited (currently SBI 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)

- McKinsey & Company, Inc.
- Co-founder of DeNA Co., Ltd.
- CEO of Quipper Ltd.
- Director of FOODCODE, LTD. (current position)

- Executive Officer, Head of Behavior Insight Strategy Office of Data Intelligence Supervisory Department of Rakuten Group, Inc.
- Director of Rakuten Data Marketing, Inc.,
- Co-founder and Director, Public Interest Incorporated Association Well-being for Planet Earth (current position)
- Managing Executive Officer, CDO of Technology Division of Rakuten Group, Inc.
- President and Director, QuEra Computing (current position)

### Reasons for Selection as Outside Directors

- Professional knowledge and deep experience in D&I, ESG, finance, etc.

- Knowledge of global expansion of business in tech companies

- Knowledge in technology areas such as AI and data science
- Experience in the use of AI and data for business creation and social issues

# Strong Governance Structure (Independent Outside Directors)



**Daiken Tsunoda**

Chair of the Audit Committee



**Kazuhiko Toyama**

Chair of the Nominating Committee



**Fumiyuki Fukushima**

## Background

- Admitted to the Tokyo Bar Association, Partner of Mori Sogo Nakamura & Tsunoda (currently Nakamura, Tsunoda & Matsumoto)
- Outside Corporate Auditor of INES Corporation
- Outside Corporate Auditor and Outside Director of Mitsui Sumitomo Insurance Group Holdings, Incorporated (currently MS&AD Insurance Group Holdings, Inc.)
- Outside Director of Culture Convenience Club Co., Ltd. (current position)
- Outside Director of Eisai Co., Ltd. (Audit Committee Member)
- Outside Director (Member of the Audit and Supervisory Committee) of Sumitomo Mitsui Banking Corporation (Audit & Supervisory Committee Member) (current position)
- Established Daiken Tsunoda Law Office (current position)

- Boston Consulting Group
- Representative Director and President of Corporate Direction Inc.
- Representative Director, CEO of Industrial Growth Platform, Inc.,
- Outside Director of Panasonic Corporation (currently Panasonic Holdings Corporation) (current position)
- Outside Director of Tokyo Electric Power Company Holdings, Inc.
- Representative Director, President of Japan Platform of Industrial Transformation, Inc. (current position)
- Chairman of Industrial Growth Platform, Inc. IGPI Group (current position)
- Chairman of General Incorporated Association Japan Association of Corporate Directors

- Koyo Audit Firm
- KPMG AZSA & Co. (currently KPMG AZSA LLC)
- Audit & Supervisory Board Member of Findy Inc. (current position)
- Outside Audit & Supervisory Board Member of Kashima Antlers F.C. Co., Ltd. (current position)
- Outside Director (Member of the Audit and Supervisory Committee) of Chatwork Co., Ltd. (current position)

## Reasons for Selection as Outside Directors

- Strong insight in the areas of corporate law and corporate governance
- Extensive knowledge and deep insight in the areas of management and corporate governance
- Deep experience in promoting innovation to solve social issues
- Experience in auditing and extensive knowledge of accounting and internal controls

## 4

# Business Segments

Japan Region

Marketplace

Mercari JP

Souzoh

Fintech

Merpay

Mercoin

US

Mercari US

Others

Kashima Antlers

India Center of  
Excellence

Adjustments

Company-wide  
expenses

Consolidated  
adjustments

## Medium-Term Targets & Investment Plans

| Business Area | Medium-Term Objectives  | Future Major Investment Areas   |
|---------------|---|---|
| Group-wide    | <ul style="list-style-type: none"> <li>Work with external partners to realize an ecosystem that leads the move to a circular economy</li> <li>Create a borderless organization where talent from all over the world can thrive</li> <li>Promote further global expansion</li> </ul>   | <ul style="list-style-type: none"> <li>Strengthening AI, LLM, and data infrastructure</li> <li>Strengthening safety and security of the service for users</li> <li>Maintaining information security</li> <li>Promoting D&amp;I</li> <li>Building global business</li> </ul>                         |
| Marketplace   | <ul style="list-style-type: none"> <li>Acquire a sturdy position in the C2C market, lead the market as an essential service to the creation of a circular economy, and accelerate this by collaborating with external partners</li> <li>Expecting three-year GMV CAGR of 15% and an adjusted operating margin over 40% through the creation of Group synergy</li> </ul> | <ul style="list-style-type: none"> <li>Promoting cross-use by improving the UX and strengthening AI</li> <li>Strengthening engagement, centered around the loyalty program</li> <li>Expanding crossborder transactions</li> <li>Strengthening categories</li> <li>Expanding B2C business</li> </ul> |
| Fintech       | <ul style="list-style-type: none"> <li>Contribute to maximizing <i>Mercari's</i> GMV and decreasing payment processing fees to drive Marketplace growth</li> <li>Become the second pillar of profitability in Mercari Group</li> </ul>  | <ul style="list-style-type: none"> <li>Acquiring <i>Mercard</i> holders and encouraging use</li> <li>Strengthening credit (AI credit, etc.)</li> <li>Enhancing UX using blockchain</li> </ul>   |
| US            | <ul style="list-style-type: none"> <li>Engage Gen Z and establish name recognition and the reputation as "the easiest and safest selling app"</li> </ul>  | <ul style="list-style-type: none"> <li>Expanding the user base and activating existing users</li> <li>Enhancing UX, including simplifying listing</li> <li>Expanding transaction methods</li> </ul>   |



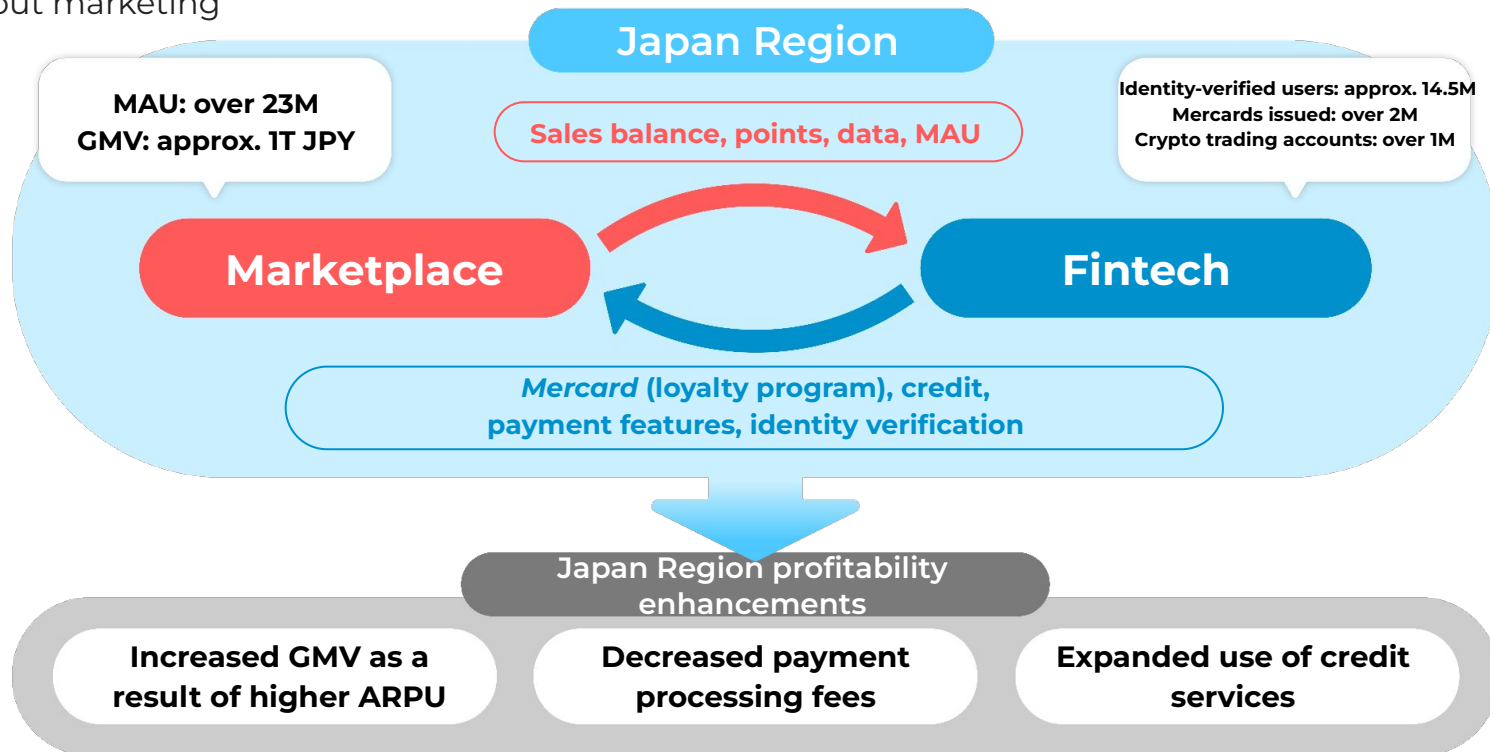
|                       | Through FY2022.6 H1   | FY2022.6 H2–FY2023.6   | FY2024.6   |
|-----------------------|---|--|--|
| Mid-term objectives   | <ul style="list-style-type: none"> <li>■ Work with external partners to create an ecosystem that leads the move to a circular economy</li> <li>■ Establish a borderless organization where talent from all over the world can thrive</li> <li>■ Promote further global expansion</li> </ul> |  |  |
| View of profitability | <ul style="list-style-type: none"> <li>■ Prioritize strong top-line growth</li> </ul>   | <ul style="list-style-type: none"> <li>■ Aim to balance growth and profitability</li> </ul>  | <ul style="list-style-type: none"> <li>■ Focus on growth while continuing management that balances growth and profitability</li> </ul>                                     |
| Investment policy     | <ul style="list-style-type: none"> <li>■ Invest aggressively in areas that contribute to mid- to long-term growth</li> </ul>  | <ul style="list-style-type: none"> <li>■ Clarify priorities and make investments in areas that will have steadily accumulating results in order to achieve mid- to long-term growth</li> <li>■ Consider necessary investments in Fintech to maximize future profits</li> </ul> | <ul style="list-style-type: none"> <li>■ Invest in creating new businesses and accelerating growth of existing businesses with sights set on the next ten years</li> </ul> |

|             | Investment policy and main investments  |
|-------------|---|
| Marketplace | <p><b>Focus on top-line growth while continuing disciplined investments</b></p> <ul style="list-style-type: none"> <li>■ Acquiring new users</li> <li>■ Strengthening the loyalty program</li> <li>■ Accelerating GMV growth through UX evolution and areas to enhance such as crossborder transactions, category growth, and B2C</li> </ul>  |
| Fintech     | <p><b>Make disciplined investments in Mercard and the credit business, aiming to maximize Group synergy and further enhance profitability</b></p> <ul style="list-style-type: none"> <li>■ Acquiring Mercard holders and encouraging use</li> <li>■ Enhancing accuracy of AI credit and strengthening collection ability</li> <li>■ Popularizing the bitcoin trading service on <i>Mercari</i> and providing features that enhance the UX, such as enabling users to make bitcoin payments</li> </ul> |
| US          | <p><b>Invest in product development and effective marketing to activate existing users</b></p> <ul style="list-style-type: none"> <li>■ Carrying out marketing with the main goal of strengthening retention of existing users</li> <li>■ Simplifying listing and expanding transaction methods to engage Gen Z</li> </ul>  |

## 4

## Japan Region—FY2024.6 Group Synergy Overview

- Aiming to create synergy with Marketplace and Fintech working together to enhance UX and carry out marketing



## Consolidated BS (IFRS)

|                                      | FY2023.6<br>Q4 | FY2024.6<br>Q1 |
|--------------------------------------|----------------|----------------|
| Cash and cash equivalents            | 201,822        | <b>193,563</b> |
| Trade and other receivables          | 126,752        | <b>140,987</b> |
| <b>Total current assets</b>          | <b>338,645</b> | <b>344,970</b> |
| Guarantee deposits                   | 61,608         | <b>66,609</b>  |
| <b>Total non-current assets</b>      | <b>79,704</b>  | <b>85,429</b>  |
| <b>Total assets</b>                  | <b>418,349</b> | <b>430,399</b> |
| Trade and other payables             | 20,862         | <b>21,749</b>  |
| Borrowings                           | 71,834         | <b>58,166</b>  |
| Deposits received                    | 163,712        | <b>173,064</b> |
| <b>Total current liabilities</b>     | <b>274,912</b> | <b>263,394</b> |
| Bonds and borrowings                 | 84,533         | <b>102,966</b> |
| <b>Total non-current liabilities</b> | <b>87,777</b>  | <b>107,201</b> |
| <b>Total liabilities</b>             | <b>362,689</b> | <b>370,595</b> |
| <b>Total equity</b>                  | <b>55,659</b>  | <b>59,803</b>  |
| <b>Total liabilities and equity</b>  | <b>418,349</b> | <b>430,399</b> |

# Major Itemization of Consolidated BS

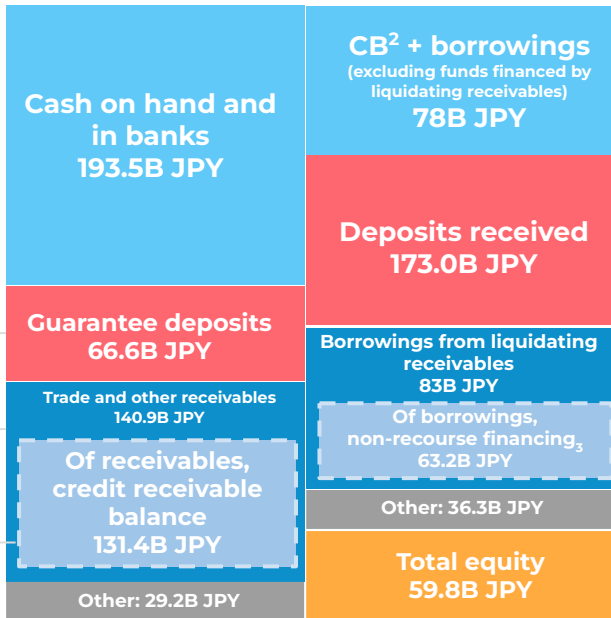
- We will continue to leverage various methods of financing and appropriately control our balance sheet to maintain a sound financial foundation
- Our basic policy for financing our credit services is to primarily carry out financing by liquidating receivables
  - In particular, we will aim to enhance our financial stability by expanding non-recourse<sup>1</sup> receivable liquidation

## 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 Services with financial institutions

Mainly credit from transactions within *Mercari* (formerly under “Other receivable”), items formerly under “Trade accounts receivable”, items formerly under “Allowance for doubtful accounts”, etc.

## Credit balance from *Merpay's* credit services



## CB<sup>2</sup> and long-term borrowings

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

## Funds financed by liquidating receivables

Liquidated lump-sum payment and fixed-amount payment receivables for *Merpay Smart Payments*. Starting FY2023.6, we have carried out non-recourse<sup>1</sup> financing for a portion of liquidated receivables.

Total assets at end of FY2024.6 Q1: **430.3B JPY**

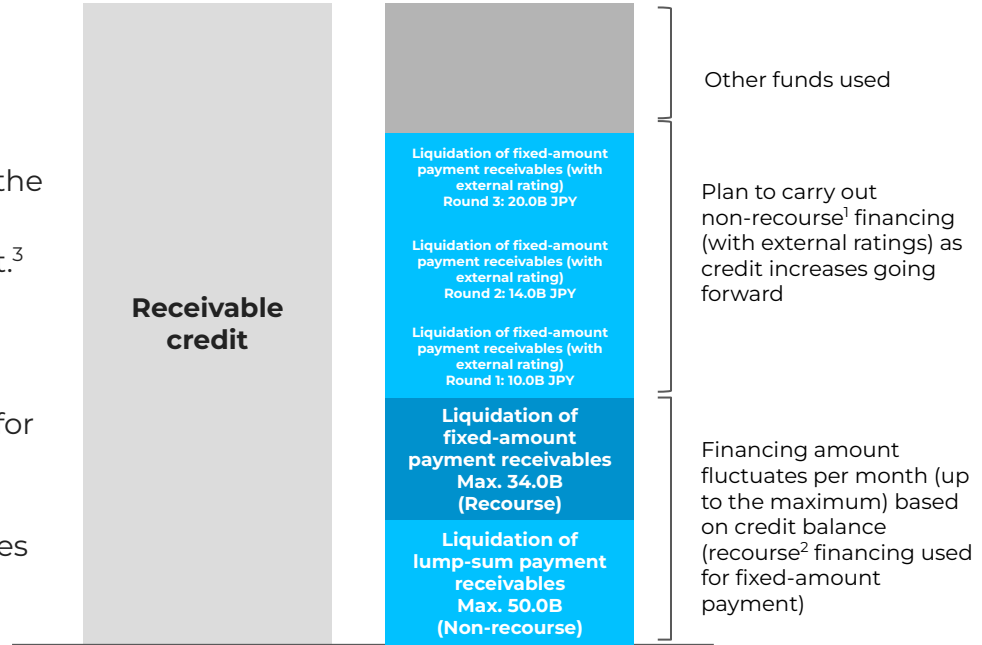
# Fintech—Approach to Financing for Credit Services

- From FY2023.6, we have introduced non-recourse financing<sup>1</sup>, which allows us to finance based on confidence in the receivable credit itself rather than company credit, enabling us to expand our financing alongside the growth of our credit services
- Going forward, we will continue to diversify our financing methods centered around non-recourse<sup>1</sup> receivable liquidation

## Liquidation of receivables

- We have liquidated receivables for *Merpay Smart Payments* with specific financial institutions, with the maximum amount set to 50.0B JPY for lump-sum payment and 34.0B JPY for fixed-amount payment.<sup>3</sup>
- Additionally, we received an external rating for a portion of fixed-amount payment receivables and carried out non-recourse<sup>1</sup> financing of 24.0B JPY in FY2023.6 and 20.0B JPY in FY2024.6 Q1 (July 2023) for a total of 44.0B JPY.
- We plan to carry out non-recourse<sup>1</sup> financing as necessary to match the growth of our credit services going forward.

As of Sep 30, 2023



1. Non-recourse financing: A method of financing in which the amount collected from the credit is the only source of repayment, and the repayment obligation is not borne by Mercari

2. Recourse financing: A method of financing in which, in the event that the full amount of the loan cannot be collected from the credit, the repayment obligation for the remaining loan amount is borne by Mercari

3. In line with our policy to promote non-recourse financing, revised our maximum amount for recourse financing (from 60.0B JPY to 34.0B JPY)

# Transition to Disclosure Based on IFRS

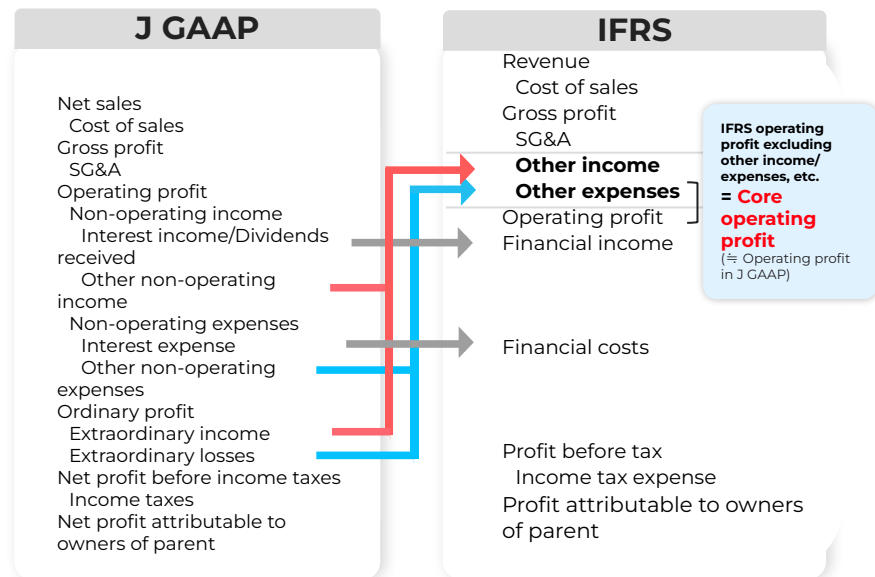
- With the objective of enhancing international comparability, we transitioned to using IFRS in FY2024.6 Q1
- Japan Region now uses core operating profit (defined as IFRS operating profit excluding other income/expenses, etc.) as a KPI, but the impact of the change is negligible

## Differences With J GAAP<sup>1</sup>

(Billion JPY)

| Consolidated                               | FY2023.6<br>J GAAP | FY2023.6<br>IFRS | Difference | Cause of the difference  |
|--|--------------------|------------------|------------|--|
| Revenue                                    | 172.0              | 171.9            | -0.09      | Reclassification of transfer fees and removal of discrepancy in consolidation period of the Other segment (Kashima Antlers)  |
| Operating profit/<br>Core operating profit | 17.0               | 16.7             | -0.3       | <ul style="list-style-type: none"> <li>• -0.8B JPY due to difference in standards for stock-based compensation costs, carryover of reserves for paid time off, etc.</li> <li>• +0.3B JPY due to difference in standards for contract acquisition costs in the Fintech business</li> <li>• +0.3B JPY due to difference in standards for taxes and dues</li> </ul> |
| Net profit after income taxes              | 12.9               | 13.0             | +0.1       | <ul style="list-style-type: none"> <li>• -0.3B JPY difference in operating profit</li> <li>• +0.3B JPY difference due to difference in standards for method of valuation of investments in securities</li> </ul>   |

## Core Operating Profit



## 4 Consolidated Quarterly PL (IFRS)

| (Million JPY)                           | FY2023.6<br>Q1 (Jul-Sep) | FY2024.6<br>Q1 (Jul-Sep) |
|---|--------------------------|--------------------------|
| Revenue                                 | 39,800                   | <b>44,271</b>            |
|   | YoY                      | <b>+11.2%</b>            |
| EBITDA <sup>1</sup>                     | 3,275                    | <b>5,320</b>             |
|   | <i>Margin (%)</i>        | <b>12.0%</b>             |
| Core Operating Profit <sub>2</sub>      | 2,599                    | <b>4,716</b>             |
|   | <i>Margin (%)</i>        | <b>10.7%</b>             |
| Profit attributable to owners of parent | 629                      | <b>2,811</b>             |
|   | <i>Margin (%)</i>        | <b>6.3%</b>              |
| IFRS Operating Profit                   | 2,577                    | <b>4,477</b>             |
|   | <i>Margin (%)</i>        | <b>10.1%</b>             |



## 4 Consolidated Quarterly CF (IFRS)

|  | FY2023.6<br>Q1 (Jul-Sep) | FY2024.6<br>Q1 (Jul-Sep) |
|--|--------------------------|--------------------------|
| Cash flows from operating activities                         | -15,991                  | <b>-12,531</b>           |
| Cash flows from investing activities                         | -307                     | <b>-860</b>              |
| Cash flows from financing activities                         | 7,674                    | <b>4,394</b>             |
| Effect of exchange rate changes on cash and cash equivalents | 1,449                    | <b>738</b>               |
| Change in cash and cash equivalents                          | -7,175                   | <b>-8,259</b>            |
| Cash and cash equivalents at the beginning of period         | 211,758                  | <b>201,822</b>           |
| Cash and cash equivalents at the end of period               | 204,583                  | <b>193,563</b>           |

## 4 Marketplace Quarterly PL (IFRS)

| (Million JPY)         |                                    | FY2023.6<br>Q1(Jul-Sep) | FY2024.6<br>Q1(Jul-Sep) |
|-----------------------|------------------------------------|-------------------------|-------------------------|
|                       | GMV                                | 220,443                 | <b>246,034</b>          |
|                       | YoY                                | +8.0%                   | <b>+11.6%</b>           |
|                       | Net Sales                          | 22,876                  | <b>25,276</b>           |
|                       | as % of GMV                        | 10.4%                   | <b>10.3%</b>            |
| Unadjusted            | Core Operating Profit <sup>1</sup> | 6,705                   | <b>7,367</b>            |
|                       | Margin (%)                         | 29.3%                   | <b>+29.1%</b>           |
|                       | IFRS Operating Profit              | 6,705                   | <b>7,367</b>            |
|                       | Margin (%)                         | 29.3%                   | <b>+29.1%</b>           |
| Adjusted <sup>2</sup> | Core Operating Profit <sup>1</sup> | 9,075                   | <b>10,199</b>           |
|                       | Margin (%)                         | 39.7%                   | <b>+40.4%</b>           |
|                       | IFRS Operating Profit              | 9,075                   | <b>10,199</b>           |
|                       | Margin (%)                         | 39.7%                   | <b>+40.4%</b>           |

## 4

# Fintech Quarterly PL (IFRS)

| (Million JPY)         |                                    | FY2023.6<br>Q1(Jul-Sep) | FY2024.6<br>Q1(Jul-Sep) |
|-----------------------|------------------------------------|-------------------------|-------------------------|
| Unadjusted            | Revenue                            | 6,952                   | <b>9,394</b>            |
|                       |                                    | YoY                     | N/A                     |
|                       | Core Operating Profit <sup>2</sup> | 1,237                   | <b>51</b>               |
|                       |                                    | YoY                     | <b>-95.9%</b>           |
| Adjusted <sup>1</sup> | Revenue                            | 4,582                   | <b>6,562</b>            |
|                       |                                    | YoY                     | <b>+43.2%</b>           |
|                       | Core Operating Profit <sup>2</sup> | -1,133                  | <b>-2,781</b>           |
|                       |                                    | YoY                     | <b>N/A</b>              |
|                       | IFRS Operating Profit              | 1,237                   | <b>51</b>               |
|                       |                                    | YoY                     | <b>-95.9%</b>           |
|                       | IFRS Operating Profit              | -1,133                  | <b>-2,781</b>           |
|                       |                                    | YoY                     | <b>N/A</b>              |

## US Quarterly PL (US GAAP)

| (Million USD)                          | FY2023.6<br>Q1(Jul-Sep) | FY2024.6<br>Q1(Jul-Sep) |
|--|-------------------------|-------------------------|
| GMV                                    | 258                     | <b>231</b>              |
| YoY                                    | -4.7%                   | <b>-10.5%</b>           |
| Revenue                                | 80                      | <b>76</b>               |
| as % of GMV                            | 31.0%                   | <b>33.1%</b>            |
| Operating Profit                       | -21                     | <b>-4</b>               |
| Margin (%)                             | -26.7%                  | <b>-5.5%</b>            |
| Adjusted Operating Profit <sup>1</sup> | -17                     | <b>-0.7</b>             |
| Margin (%)                             | -21.5%                  | <b>-0.9%</b>            |

## 4

# Marketplace—Cost Composition (Quarterly)

- Promotion cost ratio increased QoQ due to strengthened investment toward achieving growth

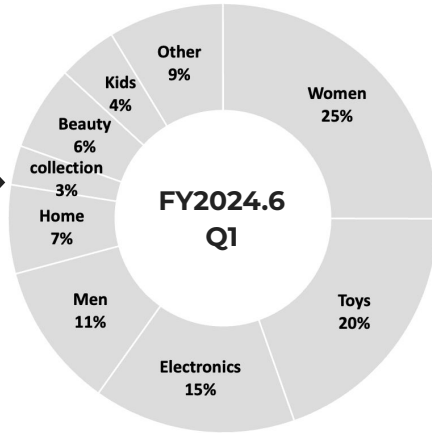
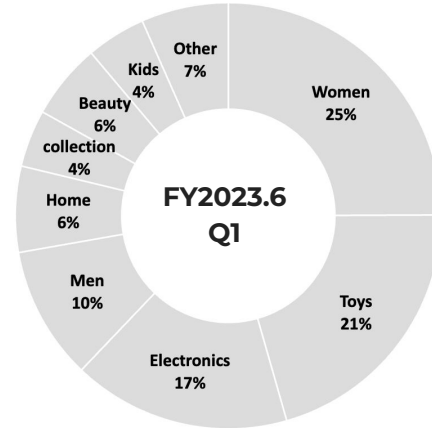
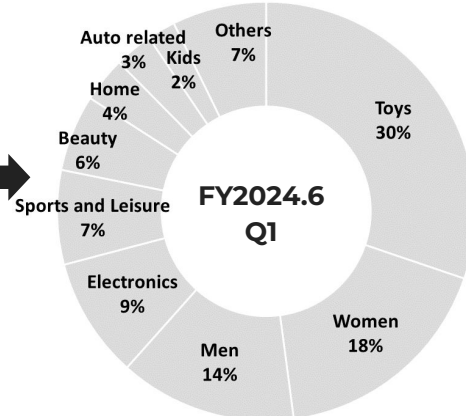
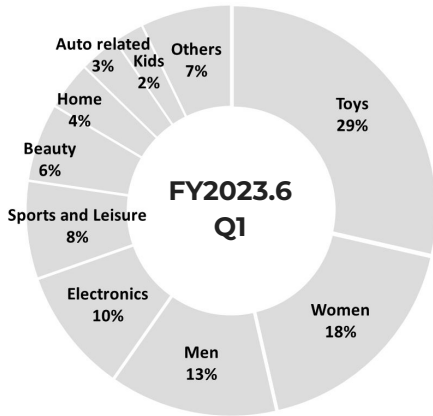
(Billion JPY)



# 4 Q1 (Jul-Sep)—Category Shift



Financial Results Presentation Material



## 4 Marketplace—Crossborder Sales

- As a result of focusing on crossborder sales as an area to enhance, increased to 50 partner companies (as of October 31, 2023)
- Popular categories include anime, idol merchandise, and apparel

### Top 10 categories<sup>1</sup>

| No. | Category  |
|-----|---|
| 1.  | Toys > Character Merchandise                    |
| 2.  | CDs > K-Pop & Asian Music                       |
| 3.  | Figurines & Action Figures > Comics & Animation |
| 4.  | Trading Cards > Pokémon Trading Card Game       |
| 5.  | Celebrity Merchandise > Idols                   |
| 6.  | Women's Fashion > Shoulder Bags                 |
| 7.  | Men's Fashion > Sneakers                        |
| 8.  | Trading Cards > Yu-Gi-Oh!                       |
| 9.  | Men's Fashion > Analog Watches                  |
| 10. | Comics/Animation Merchandise > Other            |

### Partner companies<sup>2</sup>

| Company name                | Start date                          |
|-----------------------------|-------------------------------------|
| BEENOS Inc. (Buyee, Shopee) | Buyee: Nov 2019<br>Shopee: Aug 2020 |
| PChome Bibian Inc. (Bibian) | Oct 2021                            |
| Inagora Inc.                | Apr 2023                            |
| MEITO,INC.                  | Apr 2023                            |
| Leyifan Inc.                | Apr 2023                            |
| Corporation Triple-art      | Apr 2023                            |
| Bless International co.,Ltd | Feb 2023                            |
| FROM JAPAN Limited          | Feb 2023                            |
| SIG Service INC.            | Feb 2023                            |
| ZenGroup Inc.               | Feb 2023                            |

## 4 Marketplace App Market Data

- Mercari's GMV share continues to grow in the expanding online C2C market



1. Source: Ministry of Economy, Trade and Industry (April 2017, April 2018). The total market size of sales of secondhand goods in stores, sales of secondhand goods online, auctions, etc. Excludes automobiles, motorcycles, and motor scooters.

2. Source: "FY2022 E-Commerce Market Survey Report", Ministry of Economy, Trade and Industry (published August 31, 2023). Includes B2B and B2C transactions in addition to C2C transactions.

3. Source: "FY2021 E-Commerce Market Survey Report", Ministry of Economy, Trade and Industry (published August 12, 2022). Includes B2B and B2C transactions in addition to C2C transactions.

4. Source: Company materials; C2C and B2C GMV from January 2022 to December 2022



## Payment

Various payment methods available

### iD payment

Hold your phone over a reader



### Code payment

Scan the code



### Credit Card



### Virtual Card

Input a number



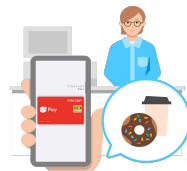
## Credit

Various services that utilize unique credit based on behavior history such as usage history on Mercari

### Smart Payments

#### Lump-Sum Payment

Pay for everyday purchases all at once the following month



#### Fixed-Amount Payment

Pay over several months at a fixed amount of your choice; Interest rate (annual): 15%

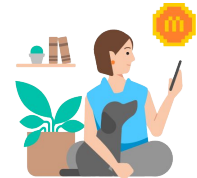


### Smart Money

Borrow when needed and repay flexibly; interest rates fluctuate depending on the borrower's usage of *Mercari*; Interest rate (annual): 3–15%

## Asset Management

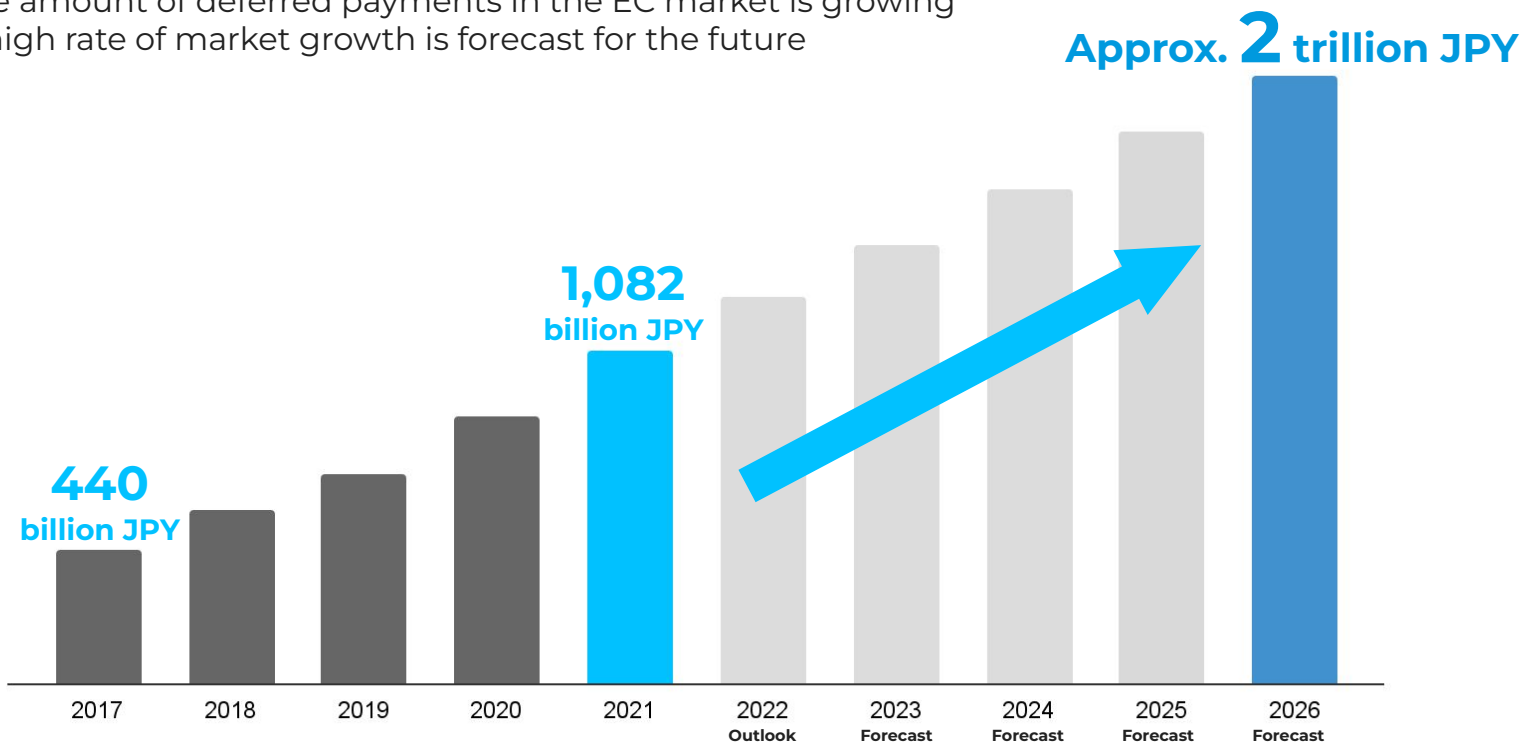
Service that allows users to buy and sell bitcoin from within *Mercari*



## 4

## Fintech—Credit Volume of Deferred Payment in the EC Market<sup>1</sup>

- 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 (note: based on the transaction amount of deferred payment service providers)

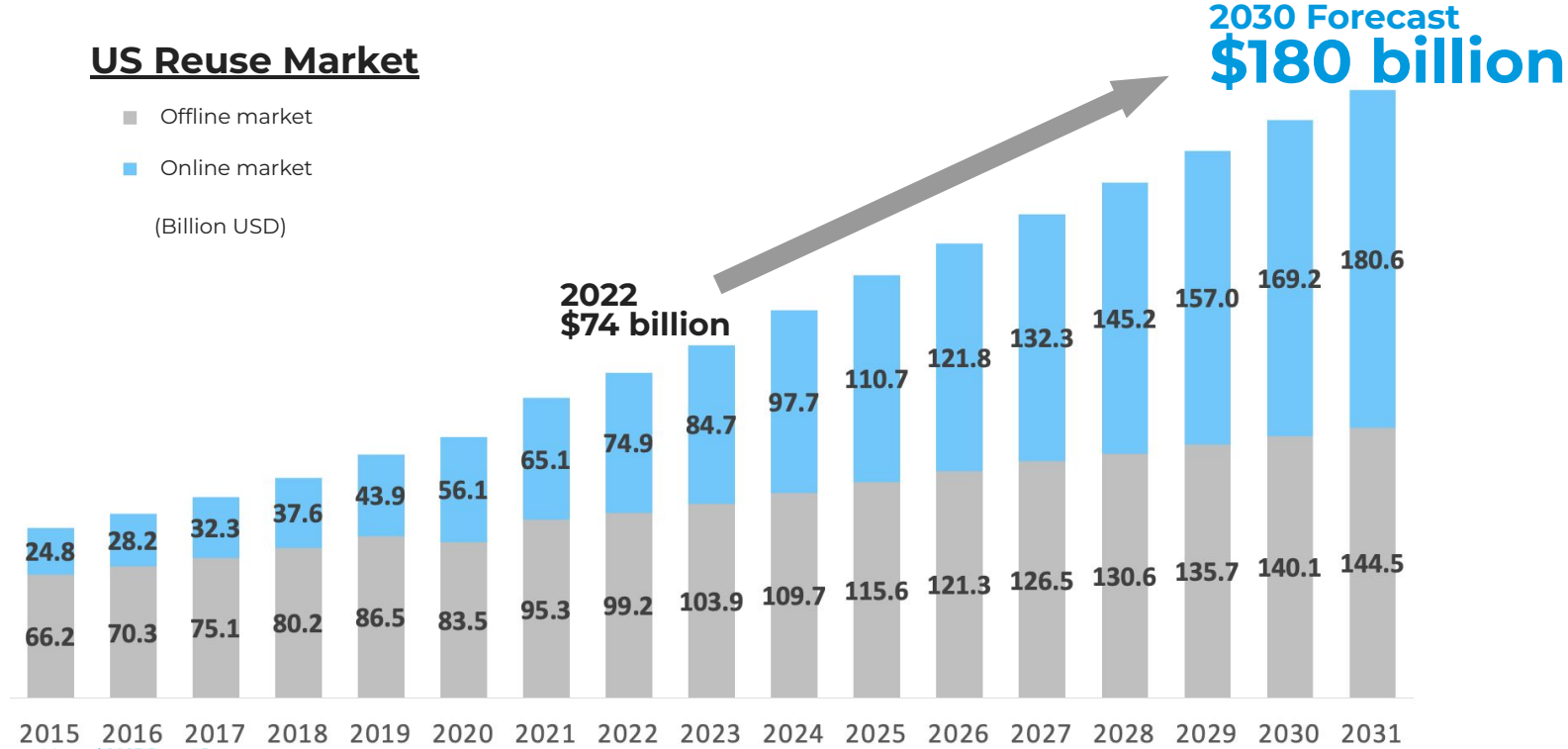
4

# US—US Reuse Market

- The US online reuse market is expected to grow at a pace approximately triple that of the offline market between 2022 and 2031 and overtake the offline market in size in 2026

## US Reuse Market

■ Offline market  
 ■ Online market  
 (Billion USD)

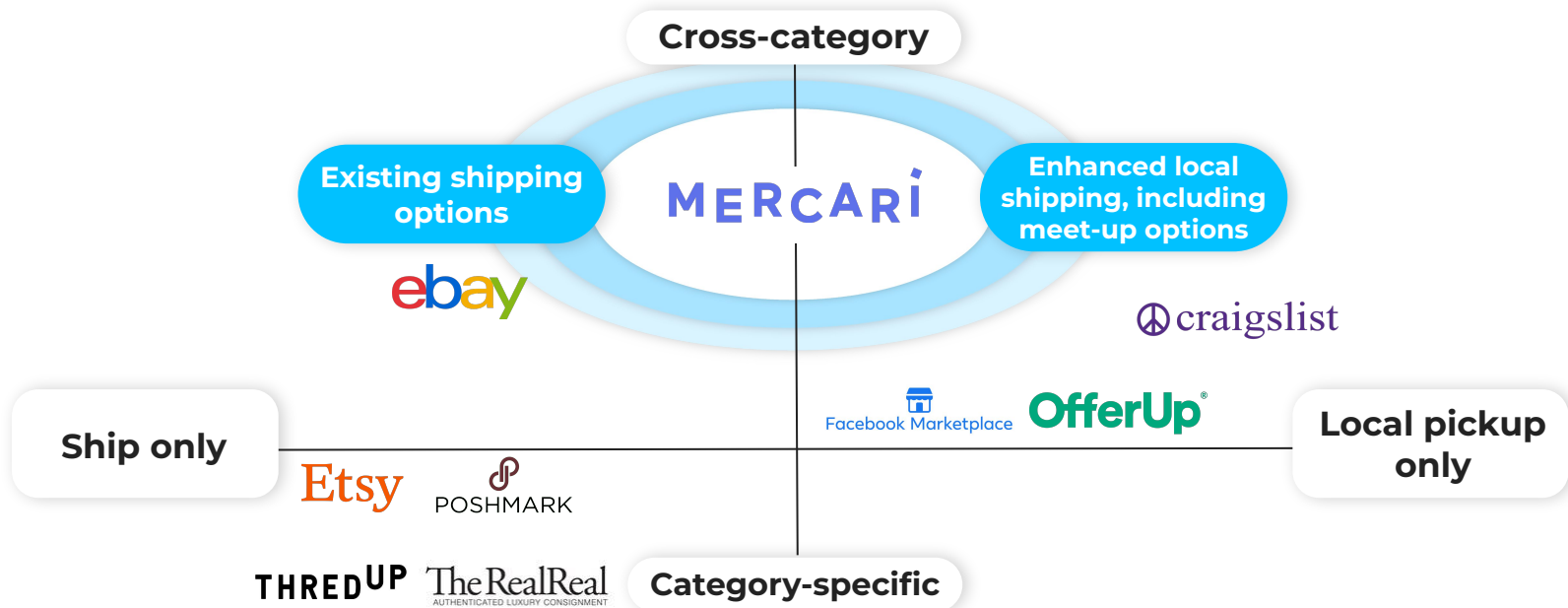


Financial Results Presentation Material

## 4

# US—Market Positioning

- Aiming to be "the easiest and safest selling app" by providing a variety of delivery options in addition to continuing to pursue ease of use toward establishing a unique positioning in the US market
- Strengthening regular delivery and expanding transaction methods to enhance user convenience, including meet-up options

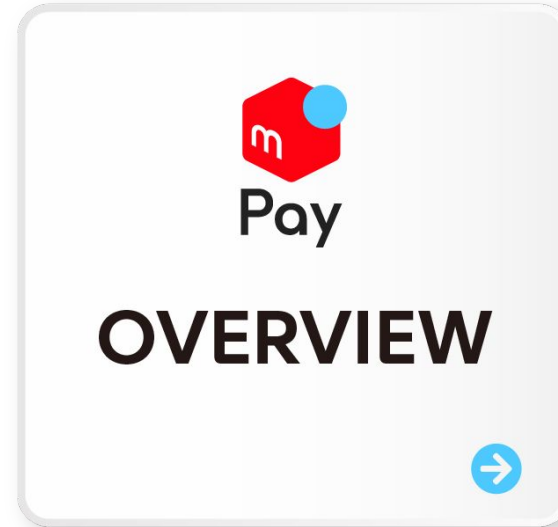


## 4 For Investors New to Mercari

- Materials that cover basic information regarding Mercari Group



Fact Book link  
[https://speakerdeck.com/mercari\\_inc/mercari-fact-book-en](https://speakerdeck.com/mercari_inc/mercari-fact-book-en)



Overview link  
[https://speakerdeck.com/mercari\\_inc/merpay-overview-en](https://speakerdeck.com/mercari_inc/merpay-overview-en)

## 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 or reviewed 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 FY2024.6 Q2 financial results are scheduled to be released at 15:00 or later on February 13, 2024.**

**mercari**

Mercari, Inc. TSE:4385