

FY2024.6 Q1

# Presentation Material

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The script for this presentation will cover Mercari, Inc.'s FY2024.6 Q1 financial results. We hold financial briefing events for Q2 and Q4. However, the results for Q1 and Q3 are disclosed only in document form.



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# Summary

# 1 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	Fintech	US
<ul style="list-style-type: none"> <li>• GMV growth rate was +12% YoY and MAU reached 23 million owing to the contributions of the loyalty program and areas to enhance</li> <li>• Initiatives for areas to enhance progressed such as the expansion of partner companies in crossborder transactions and marketing linked to demand for specific categories</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed-amount payment and <i>Mercard</i> continued to grow</li> <li>• 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 <i>Mercard's</i> contribution to increasing listings, showing progress in creating Group synergy</li> <li>• The number of accounts for the bitcoin trading service reached 1M in only seven months after launch<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• As a result of continued robust management, adjusted operating loss<sup>4</sup> shrank significantly YoY</li> <li>• 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</li> <li>• On the other hand, MAU remained flat YoY thanks to effective marketing initiatives</li> </ul>

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

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This slide shows our progress and highlights in FY2024 Q1.

Starting with consolidated results, this past quarter we continued management that remained aware of balancing growth with profitability while also focusing on top-line growth, and made progress in line with our expectations toward achieving the business policy that we laid out at the beginning of FY2024.6. In addition, we continued to create Group synergies as evidenced by such things as increased GMV through the enhancement of ARPU owing to *Mercard* usage.

For Marketplace, this quarter we focused on strategies involving the contributions of the loyalty program and areas to enhance, resulting in a GMV growth rate of +12% YoY, and reaching the 23-million mark for MAU. Initiatives to enhance certain areas in order to accelerate GMV progressed, such as the expansion of partner companies involved in crossborder transactions and the start of marketing linked to demand for specific categories.

For Fintech, fixed-amount payment and *Mercard* continued to grow. The number of Mercards issued surpassed 2 million approximately 11 months after its launch. In addition to improved ARPU effects seen within *Mercari* following the issuing of *Mercard*, we also began to see *Mercard's* contribution to increasing listings, showing progress in creating Group synergy. Moreover, the number of accounts for the bitcoin trading service also increased favorably, surpassing 1 million seven months after the the launch of the service.

For our US business, as a result of continued robust management, we saw adjusted

operating loss improved significantly YoY. As expected at the beginning of FY2024.6, GMV growth landed at -11% YoY as a result of the continued slowdown in purchases caused by external factors such as inflation. On the other hand, MAU remained flat thanks to effective marketing strategies.

## 1 FY2024.6 Q1—KPI Summary

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

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

Next, this slide shows the KPI summary for Marketplace, Fintech, and US. Marketplace's GMV growth rate was +12% YoY, landing at 246.0 billion JPY, and adjusted core operating margin was 40%, +0.7 ppts YoY. The number of Fintech users grew to 16.24 million. Credit balance was 131.4 billion JPY, with collection rate growing to 98.8%. The MAU for the US business was flat at 4.93 million users, and GMV was -11% YoY, landing at 231 million USD.

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## 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/ Adjusted <sup>2</sup> Revenue	Core Operating Profit/ Adjusted <sup>2</sup> Core Operating Profit	Revenue/ Adjusted Revenue	Core Operating Profit/ Adjusted Core Operating Profit	Revenue/ Adjusted Revenue	Operating Profit/ Adjusted Core 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%

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

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

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This chart shows revenue and core operating profit for each segment.

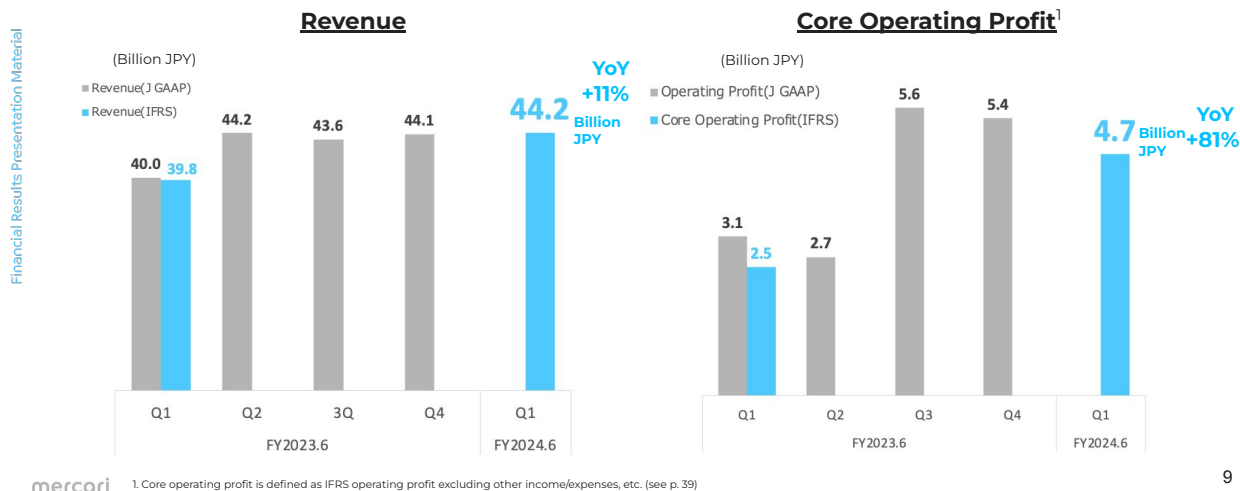


FY2024.6 Q1  
**Financial Highlights**

## 2

## 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



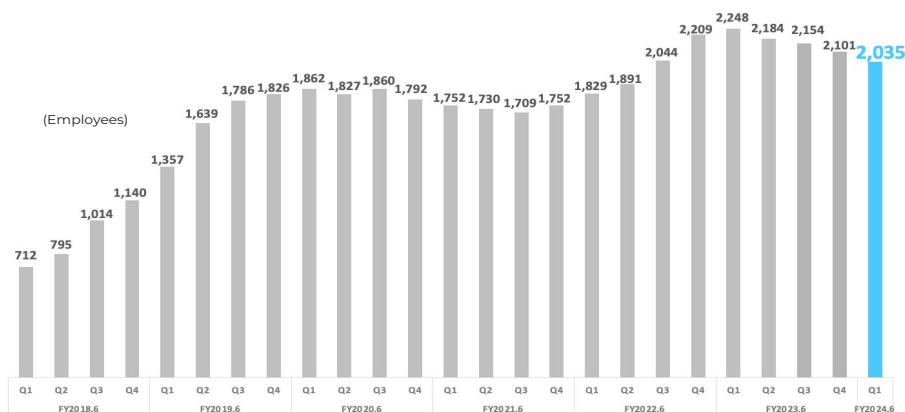
This slide shows consolidated quarterly revenue and core operating profit. Starting in FY2024.6, we have changed to disclosure based on IFRS to enhance international comparability. Moreover, we have also disclosed results based on IFRS for FY2023.6 Q1. For details, see p. 39.

As a result of continuing investment that consciously balances growth with profitability, while promoting growth strategies mainly in Japan Region, core operating profit landed as expected.

## 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

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The number of employees on a consolidated basis was 2,035 as of September 30, 2023, due to continuing a selective hiring policy and the revising of our organizational structure.

Focusing mainly on engineers, we will continue to hire the talent we need to accelerate the growth rate of our existing businesses and to 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 *Mercard* 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 *Mercard* 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

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For Marketplace, creation of Group synergies continued as a result of the loyalty program as seen by such things as a rise in ARPU thanks to *Mercard* holders. In addition to this, progress on areas to enhance continued favorably. GMV growth rate was +12% YoY, and in spite of increased investment due to strengthened marketing, we achieved an adjusted core operating margin of 40% and we continued to achieve tangible growth and high profitability.

In particular, for crossborder transactions, focusing on expanding our partners allowed us to increase the number of partner companies from 10 as of June 30 to 50 as of October 31. In addition to this, we implemented promotions together with our business partners, which contributed to the activation of transactions.

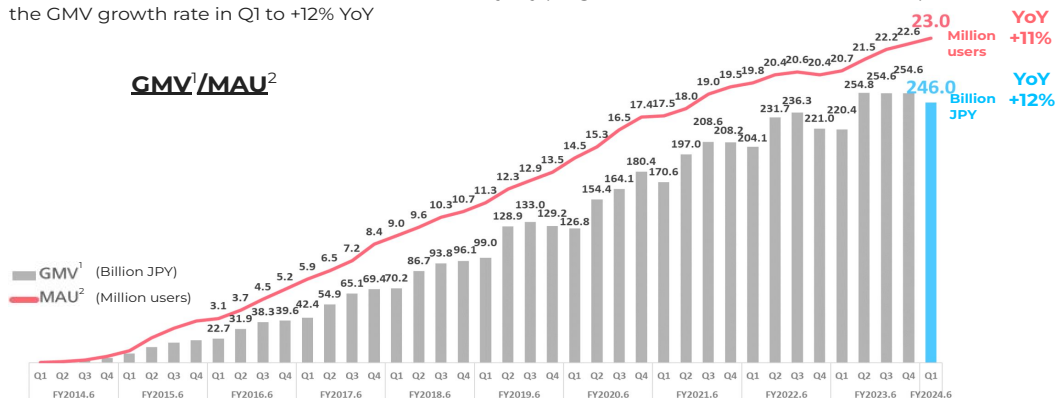
For category growth, we held promotions for data deletion services and selling fees. We also offered such things as a special limited edition of *Mercari Workshop* that taught participants how to list smartphones. While it's early to say definitively that these measures will have a lasting effect, they have helped lower the difficulty of listing smartphones and have contributed to an increase in the number of smartphone listings on the platform.

In addition, we promoted improvements to our UX in anticipation of mid- to long-term growth such as the implementation of a new kind of delivery service called *Yu Packet Post Mini* and the new bundle purchase feature.

## 2 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

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mercari<sup>1</sup> Aggregate transaction value after adjusting for cancellations; aggregates C2C and B2C figures  
<sup>2</sup> Quarterly average number of users who browsed our service (app or web) at least once during a given month

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This slide shows Marketplace GMV and MAU.

As a result of such things as promotions held jointly with Fintech in order to acquire *Mercard* holders and promotions held to commemorate the 10th anniversary of our service, MAU climbed steadily.

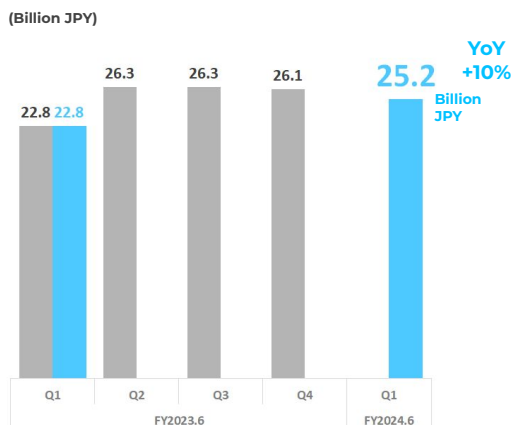
Areas to enhance such as our loyalty program and crossborder transactions contributed to a GMV growth rate of +12% YoY.

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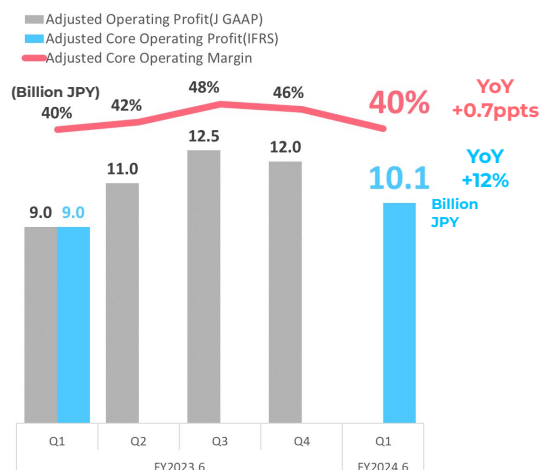
## Marketplace—Revenue & Adjusted Core Operating Profit (Quarterly)

- 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>



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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)

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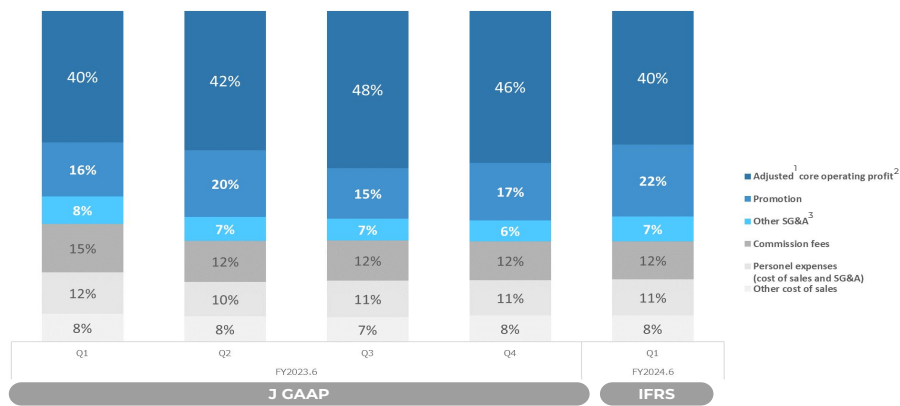
Revenue grew in association with increased GMV.

As a result of disciplined investment, adjusted core operating profit landed at 40% in spite of increased promotion costs and other expenses.

## 2 Marketplace—Cost Composition (Quarterly)

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

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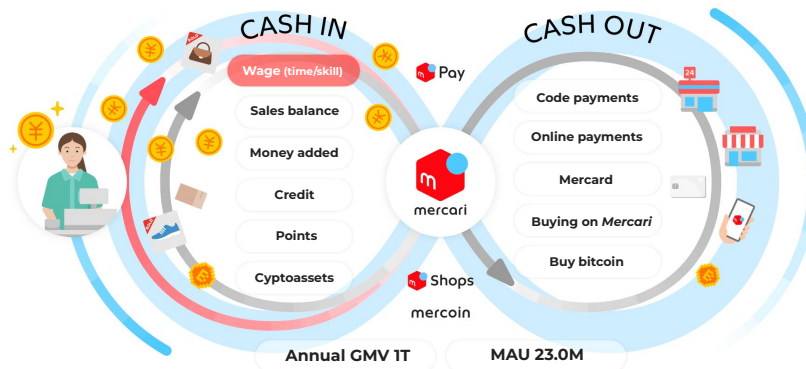
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1. Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)  
 2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 39)  
 3. Outsourcing expenses, land rent and depreciation, etc.

This represents the cost composition for Q1.  
 The promotion cost ratio increased QoQ due to strengthened investment toward achieving growth.

## 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



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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.

Our aim is provide a job search experience that leads to work “for anyone, quickly, and easily” and make work easier in the process, aiming to create a world where anyone can do what they want.

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 securing workers by leveraging the *Mercari* marketplace’s 23 million MAU. Note that we will formulate our investment plans for this venture while considering the business environment and the results of future proofs of concept.



## 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)

In Fintech, we are working toward our FY2024.6 business objectives of focusing on acquiring *Mercard* holders and aiming to enhance Group synergy.

*Mercard* holders increased due to effective promotions utilizing our user base, and the number of issued Mercards surpassed 2 million approximately 11 months after launch. We continued to see an increase in *Mercari* ARPU among users of *Mercard*. We also began to see *Mercard*'s contribution to increasing listings, showing progress in creating Group synergy.

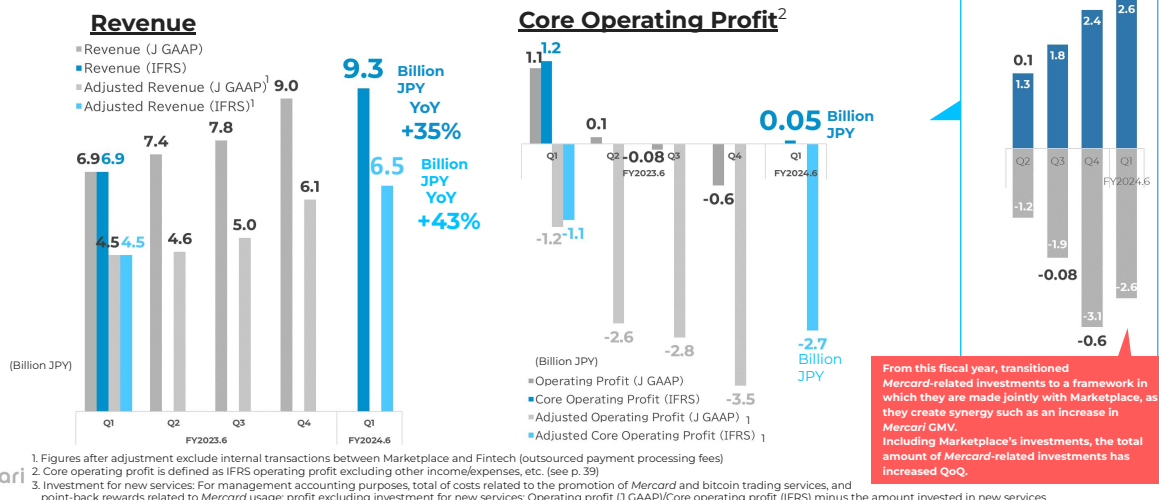
Additionally, both credit balance and collection rate, two indicators we emphasize in our credit services, have grown and led to enhanced profitability.

The number of accounts for the bitcoin trading service reached 1 million only seven months after launch. In response to strong demand from *Mercari* users, we are currently developing a feature that will allow users to pay for purchases on *Mercari* with bitcoin.

## 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

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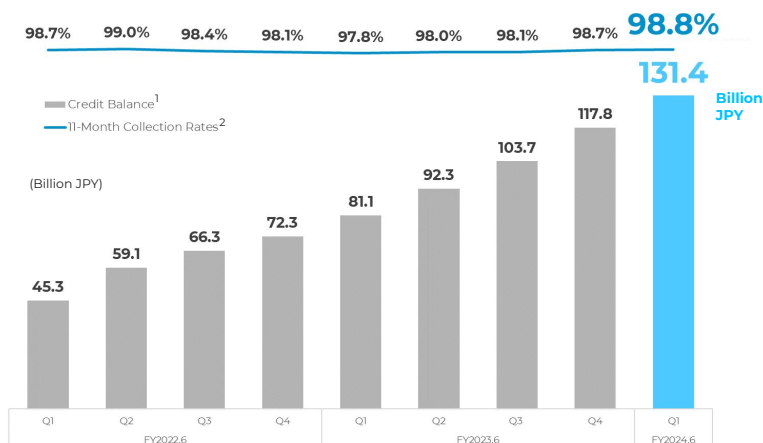
Revenue grew thanks to the contribution from fixed-amount payment and *Mercard*, and core operating profit for FY2024.6 Q1 landed at 0.05 billion JPY as a result of enhanced profitability and disciplined investments.

As we strengthen our investments in *Mercard* in line with our business objectives established at the beginning of FY2024.6, starting this fiscal year, we have 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. As a result, while the investment amount from Fintech has decreased, the total amount of *Mercard*-related investments including Marketplace's investments has increased QoQ. Going forward, our policy will be to further strengthen investments for new services from both Fintech and Marketplace, mainly to acquire *Mercard* holders, in order to further enhance the creation of Group synergy.

## 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

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1. *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)  
 2. 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)

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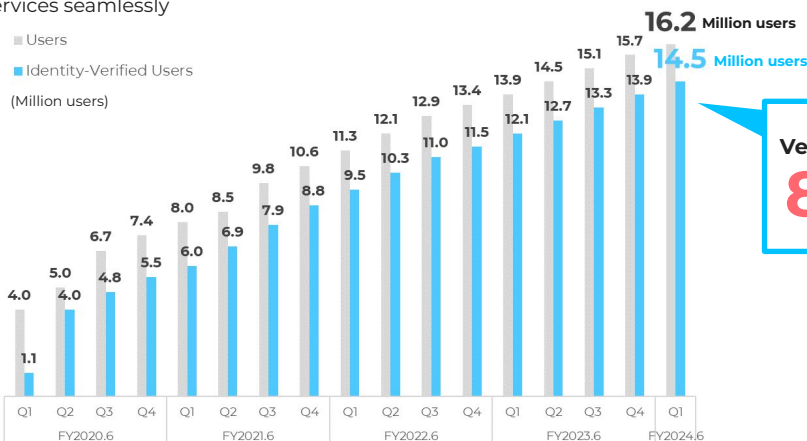
With the growth of fixed-amount payment and *Mercard*, credit balance reached 131.4 billion JPY.

Even as credit balance has continued to grow, our collection rate also increased +1 ppts YoY to 98.8% due to continued efforts such as the credit logic updates that began last year, showing healthy service management.

Going forward, we will continue to strive to maintain and further improve on high collection rates.

## 2 Fintech—Number of Users/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



The numbers of both users and verified users have continued to increase steadily. In addition to building an environment for safe and secure transactions, encouraging users to verify their identity also contributes to business growth since being verified allows users to start using credit services seamlessly.

## 2 US—FY2024.6 Q1 Progress

**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

mercari <sup>1</sup>. Based on US GAAP; adjusted operating income after non-cash items (i.e., stock-based compensation and depreciation) are deducted

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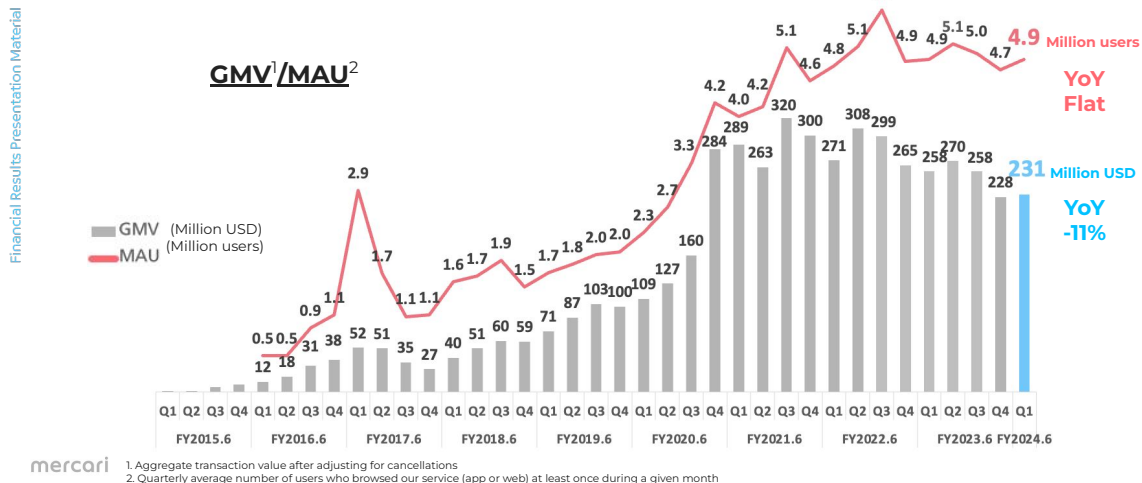
In our US business, we conducted efficient investments in marketing and other areas, focused mainly on existing users, and reduced costs through robust management, resulting in adjusted operating loss shrinking significantly YoY, continuing the trend of improving profitability.

As one of our major initiatives, we introduced a new plan to reduce shipping costs through a partnership with UPS to promote purchasing, which has remained slow in contrast to the continued high number of listings. With this plan, the shipping cost of packages weighing 2–3 pounds (approximately 907–1,361 grams) decreased from \$10.99 to \$7.99. We expect to see the impact of this reduction in shipping costs on promoting purchases.

We also conducted initiatives to promote hassle-free selling, such as simplifying the required entry fields when listing items, mainly to attract Gen Z users.

## 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



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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 focused mainly on existing users.

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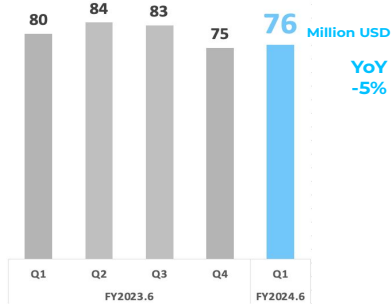
## US—Revenue/Adjusted Operating Profit (US GAAP/Quarterly)

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

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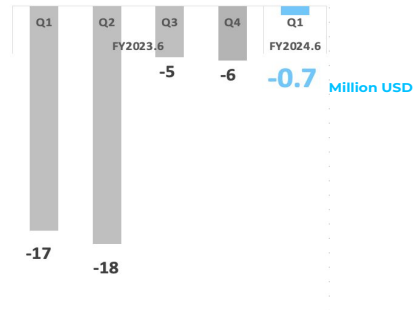
### Revenue

(Million USD)



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

(Million USD)



mercari <sup>1</sup> Adjusted operating profit after non-cash items (i.e., stock-based compensation and depreciation) are deducted

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The growth rate of revenue was negative, but to a smaller extent than GMV growth rate due to the increased take rate after the revision of shipping costs and payment processing fees in FY2023.6 Q3.

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

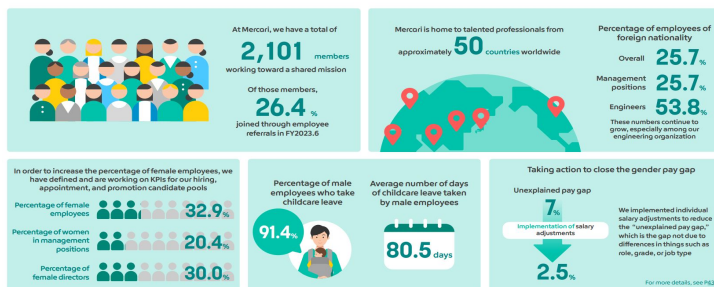
**ESG**



### 3 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



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On September 21, we published the FY2023.6 Impact Report, which summarizes our ESG initiatives and results in FY2023.6.

This year, we renamed this report the “Impact Report” to reaffirm our commitment to making a positive impact on society through our business as we work toward achieving our Group mission of circulating all forms of value to unleash the potential in all people.

In addition to information regarding avoided greenhouse gas emissions and initiatives to strengthen governance, which we have focused on in past reports, we significantly expanded the disclosure of quantitative information on human capital and our approach to talent, which we view as the source of our growth.

### 3 Focus Areas and Objectives for each Material Topic

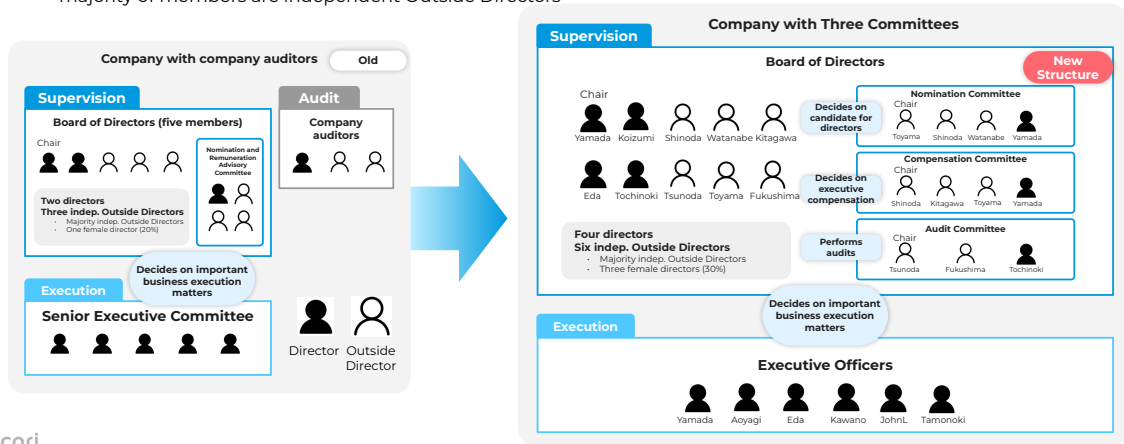
Material Topic	Focus Areas	FY2024.6 Objective
<b>1 Empowerment of Individuals and Society</b>	<b>Realize a world where all people's potential is unleashed</b>	
<b>2 Creating a World That Circulates All Forms of Value</b>	<ul style="list-style-type: none"> <li>Achieving sustainable business growth</li> <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 Creating a New User Experience Through Technology</b>	<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. 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 Building Long-Term Public Trust</b>	<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 Strengthen our structures for data and privacy governance and cybersecurity Strengthen collaboration with external partners (local governments, primary distribution companies, universities, NPOs)
<b>5 Unleashing the Potential in Diverse Talent Worldwide</b>	<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 Strengthen new grad hiring to secure diverse talent Build a work environment and prepare a compensation system to expand the India Center of Excellence Update and ensure understanding of our culture, which encourages members to demonstrate Mercari's values

Mercari Group defines our five material topics as they relate to creating value to contribute to resolving social and environmental issues through our business and creating the management foundation necessary for continuous growth. We aim to maximize opportunities and minimize risks in these material topics to achieve sustainable business growth.

# Appendix

## 4 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



## 4 Strong Governance Structure (Independent Outside Directors)



**Makiko Shinoda**

Chair of the  
Compensation  
Committee



**Masayuki Watanabe**



**Takuya Kitagawa**

### 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

## 4 Strong Governance Structure (Independent Outside Directors)



**Daiken Tsunoda**  
Chair of the Audit  
Committee

- 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)

- Strong insight in the areas of corporate law and corporate governance



**Kazuhiko Toyama**  
Chair of the Nominating  
Committee

### Background

- 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

### Reasons for Selection as Outside Directors

- Extensive knowledge and deep insight in the areas of management and corporate governance
- Deep experience in promoting innovation to solve social issues



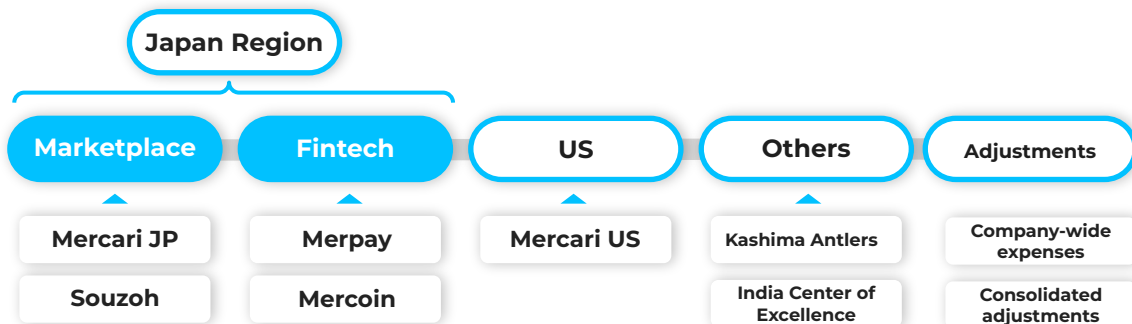
**Fumiya Fukushima**

- 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)

- Experience in auditing and extensive knowledge of accounting and internal controls

## 4 Business Segments

Financial Results Presentation Material





## Medium-Term Targets & Investment Plans

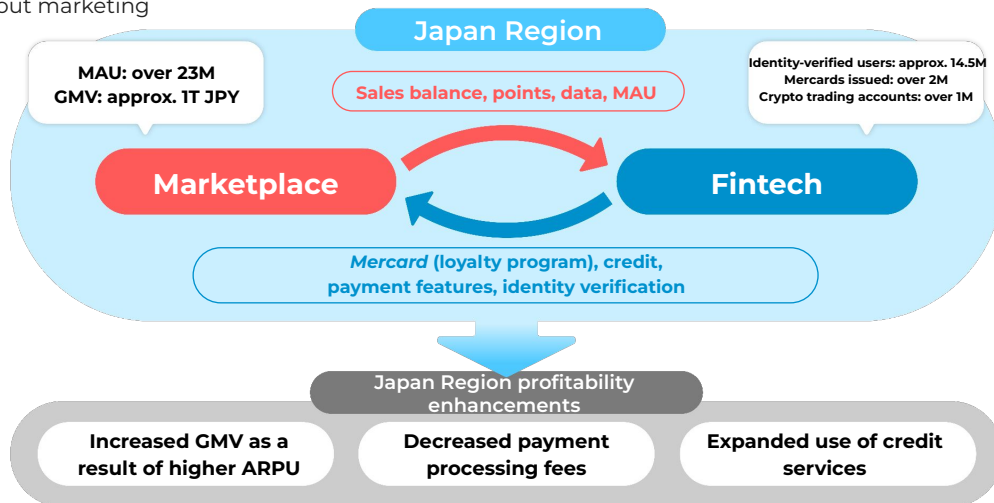
Business Area	Medium-Term Objectives	Future Major Investment Areas
Group-wide	<ul style="list-style-type: none"> <li>■ Work with external partners to realize an ecosystem that leads the move to a circular economy</li> <li>■ Create a borderless organization where talent from all over the world can thrive</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>
Market-place	<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	<b>Focus on top-line growth while continuing disciplined investments</b> <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	<b>Make disciplined investments in Mercard and the credit business, aiming to maximize Group synergy and further enhance profitability</b> <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	<b>Invest in product development and effective marketing to activate existing users</b> <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



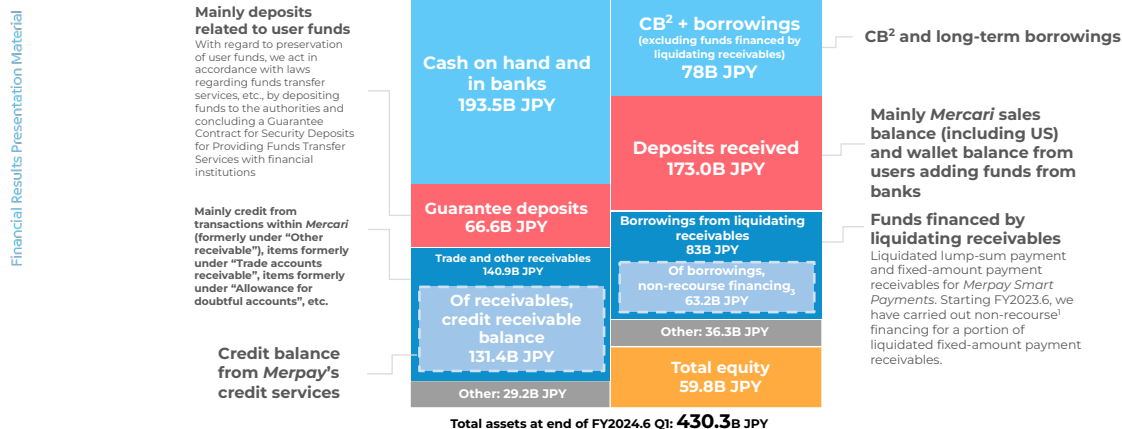
## 4 Consolidated BS (IFRS)

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

## 4

## 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



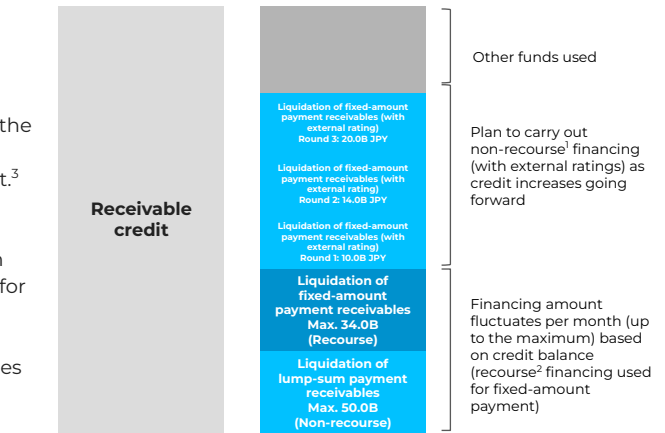
## 4 Fintech—Approach to Financing for Credit Services

- 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



<sup>1</sup> 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

<sup>2</sup> 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

<sup>3</sup> 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)

## 4 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

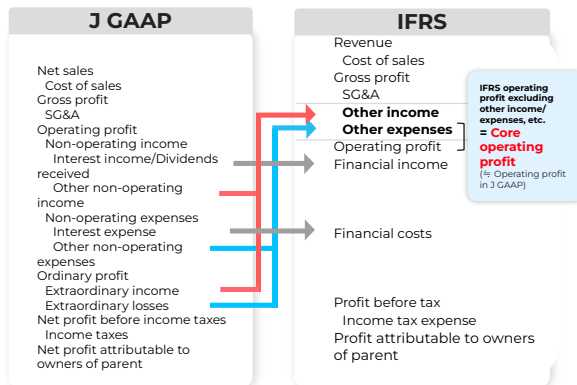
### Differences With J GAAP<sup>1</sup>

(Billion JPY)

Consolidated	FY2023.6 J GAAP	FY2023.6 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/ 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>

mercari <sup>1</sup> Numbers are pre-audit and yet to be finalized

### Core Operating Profit





## 4 Consolidated Quarterly PL (IFRS)

(Million JPY)	FY2023.6 Q1 (Jul-Sep)	FY2024.6 Q1 (Jul-Sep)
Revenue	39,800	<b>44,271</b>
YoY	N/A	<b>+11.2%</b>
EBITDA <sup>1</sup>	3,275	<b>5,320</b>
Margin (%)	8.2%	<b>12.0%</b>
Core Operating Profit <sup>2</sup>	2,599	<b>4,716</b>
Margin (%)	6.5%	<b>10.7%</b>
Profit attributable to owners of parent	629	<b>2,811</b>
Margin (%)	1.6%	<b>6.3%</b>
IFRS Operating Profit	2,577	<b>4,477</b>
Margin (%)	6.5%	<b>10.1%</b>

mercari <sup>1</sup> Core operating profit + Depreciation  
<sup>2</sup> Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 39)

## 4 Consolidated Quarterly CF (IFRS)

	FY2023.6 Q1 (Jul-Sep)	FY2024.6 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 Q1(Jul-Sep)	FY2024.6 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>

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<sup>1</sup> Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 39)  
<sup>2</sup> Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)

## 4 Fintech Quarterly PL (IFRS)

(Million JPY)		FY2023.6 Q1(Jul-Sep)	FY2024.6 Q1(Jul-Sep)
Unadjusted	Revenue	6,952	<b>9,394</b>
	YoY	N/A	<b>+35.1%</b>
	Core Operating Profit <sup>2</sup>	1,237	<b>51</b>
	YoY	N/A	<b>-95.9%</b>
	IFRS Operating Profit	1,237	<b>51</b>
	YoY	N/A	<b>-95.9%</b>
Adjusted <sup>1</sup>	Revenue	4,582	<b>6,562</b>
	YoY	N/A	<b>+43.2%</b>
	Core Operating Profit <sup>2</sup>	-1,133	<b>-2,781</b>
	YoY	N/A	<b>N/A</b>
	IFRS Operating Profit	-1,133	<b>-2,781</b>
	YoY	N/A	<b>N/A</b>

mercari <sup>1</sup> Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)

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

## 4 US Quarterly PL (US GAAP)

Financial Results Presentation Material

(Million USD)	FY2023.6 Q1(Jul-Sep)	FY2024.6 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>

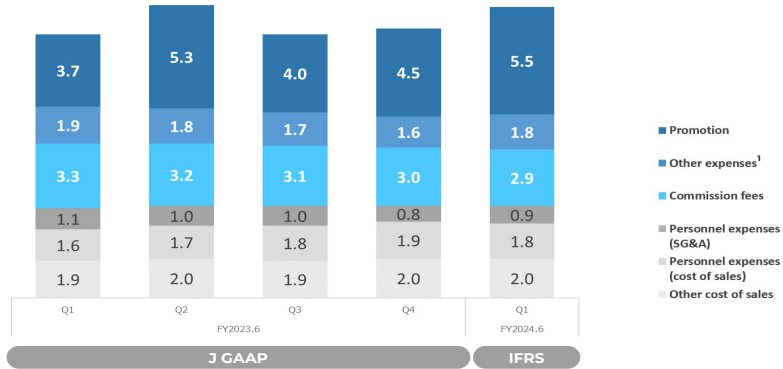
mercari <sup>1</sup> Adjusted operating profit after non-cash items (i.e., stock-based compensation and depreciation) are deducted

## 4 Marketplace—Cost Composition (Quarterly)

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

Financial Results Presentation Material

(Billion JPY)



## 4 Q1 (Jul-Sep)—Category Shift

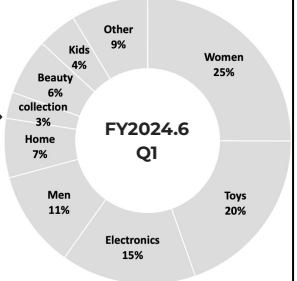
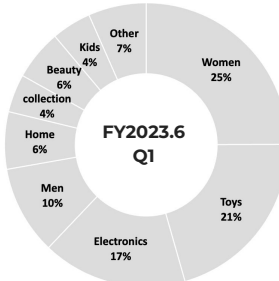
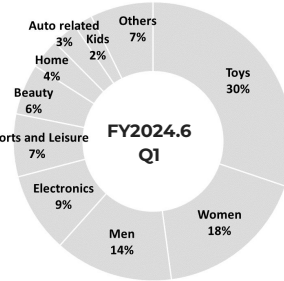
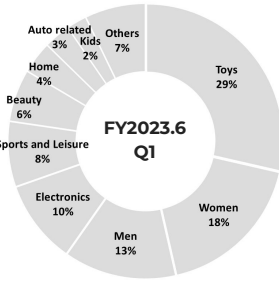
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Marketplace



US



## 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 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

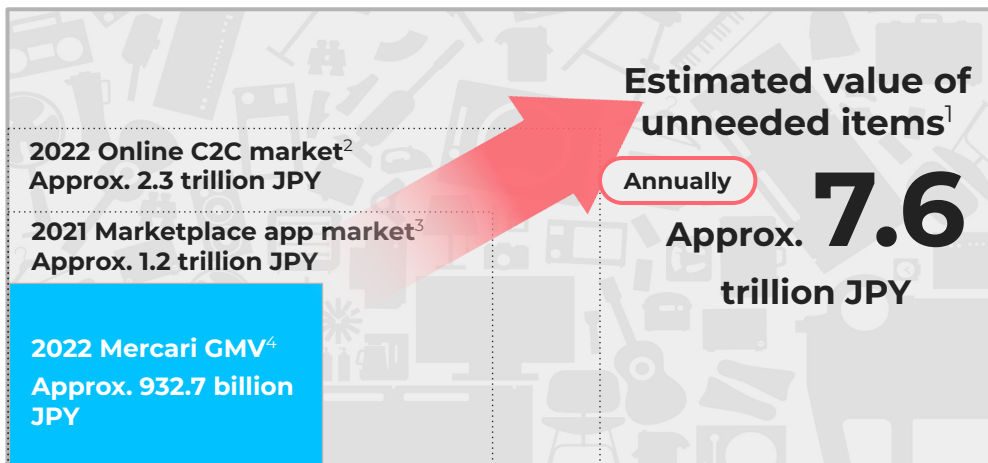
mercari <sup>1</sup> Categories with the highest number of transactions through Mercari's proxy services Buyee, Bibian, and Shopee between January 1, 2022, and December 20, 2022

<sup>2</sup> List of partner companies (available only in Japanese): <https://help.jp.mercari.com/guide/articles/1476/>



## 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.

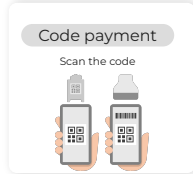
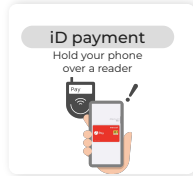
3. Source: "FY2021 E-Commerce Market Survey Report", Ministry of Economy, Trade and Industry (published August 12, 2022). Includes B2B and B2C transactions in addition to C2C transactions.

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

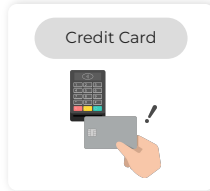
## 4 Fintech—Services

### Payment

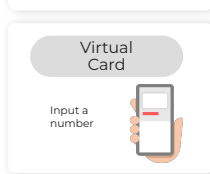
Various payment methods available



### Credit Card



### Virtual Card



### 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%

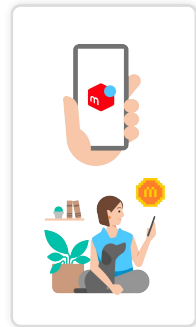


#### Smart Money

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

### Asset Management

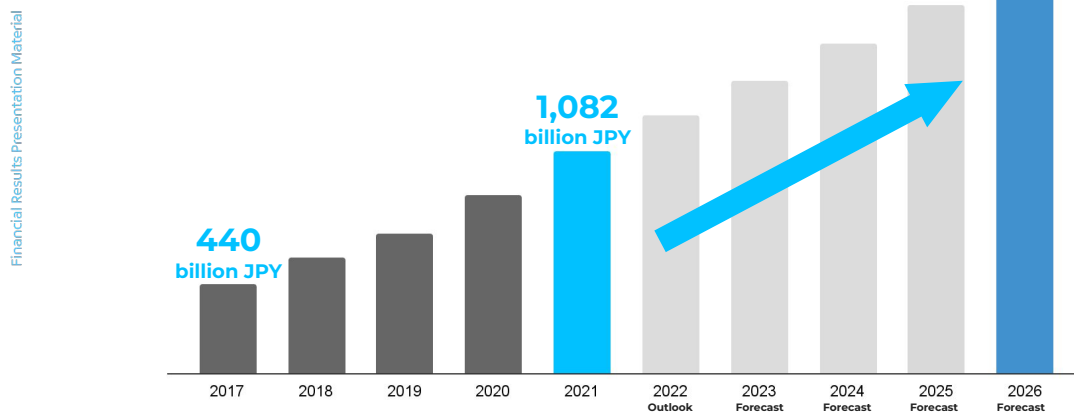
Service that allows users to buy and sell bitcoin from within Mercari



## 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

Approx. **2 trillion JPY**



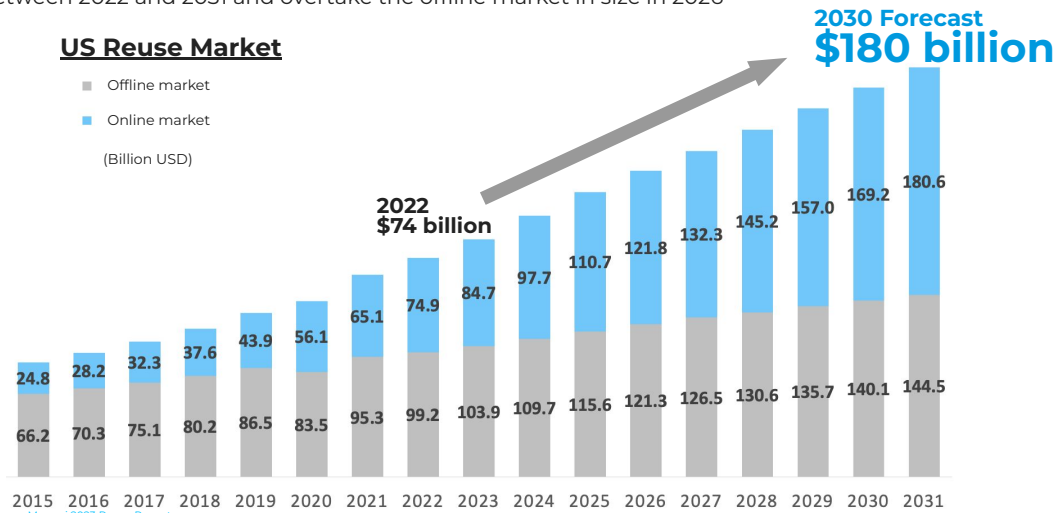
mercari <sup>1</sup> Source: E-commerce Payment Services (Payment Gateway) Market in Japan: Key Research Findings 2022. Survey by Yano Research Institute  
(note: based on the transaction amount of deferred payment service providers)

## 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

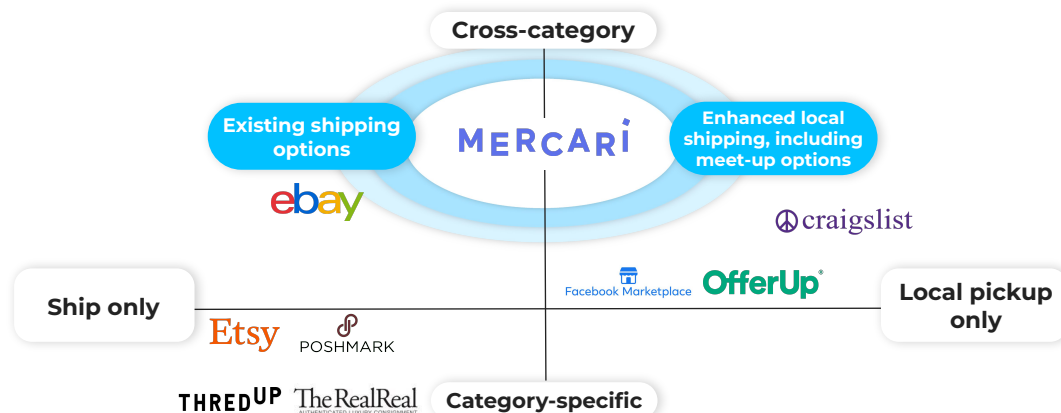
■ Offline market  
■ Online market  
(Billion USD)



mercari 1. Source: [Mercari 2023 Reuse Report](#)

## 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

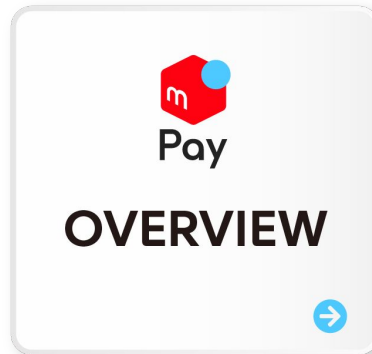


## 4 For Investors New to Mercari

- Materials that cover basic information regarding Mercari Group



Fact Book link  
<https://speakerdeck.com/mercari-inc/mercari-fact-book-en>



Overview link  
<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.**

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