

# **Annual Securities Report**

**Fiscal Year Ended June 30, 2025**

**Mercari, Inc.  
and its Subsidiaries**

English Translation

This is a partial translation of the Japanese original report (Yukashoken Hokokusho) issued on September 24, 2025 for reference purposes only. The Japanese original report 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. In the event of any discrepancy, the original release in Japanese shall prevail.

**A. Company Information**

**I. Overview of Mercari (the “Company”)**

1. Key financial data and trends

(1) Summary of consolidated financial data

Term	International Financial Reporting Standards			
	Transition date	11th fiscal year	12th fiscal year	13th fiscal year
Year ended	July 1, 2022	Year ended June 30, 2023	Year ended June 30, 2024	Year ended June 30, 2025
Revenue (Millions of yen)	—	171,967	187,407	192,633
Profit before tax (Millions of yen)	—	16,393	17,889	29,120
Profit attributable to owners of parent (Millions of yen)	—	13,113	13,461	26,114
Comprehensive income attributable to owners of parent (Millions of yen)	—	13,694	14,911	26,090
Equity attributable to owners of parent (Millions of yen)	37,835	55,346	71,836	99,269
Total assets (Millions of yen)	345,181	418,349	501,773	543,763
Equity attributable to owners of parent per share (Yen)	235.28	340.67	438.33	603.28
Basic earnings per share (Yen)	—	81.28	82.48	159.05
Diluted earnings per share (Yen)	—	77.61	79.01	154.85
Ratio of equity attributable to owners of parent to total assets (%)	11.0	13.2	14.3	18.3
Return on equity attributable to owners of parent (%)	—	28.1	21.2	30.5
Price earnings ratio (Times)	—	41.33	24.22	16.81
Net cash provided by (used in) operating activities (Millions of yen)	—	(35,820)	(43,337)	(11,949)
Net cash provided by (used in) investing activities (Millions of yen)	—	(601)	(877)	(31,364)
Net cash provided by (used in) financing activities (Millions of yen)	—	25,167	32,091	504
Cash and cash equivalents at the end of period (Millions of yen)	211,758	201,822	191,998	147,028
Number of employees	2,209	2,101	2,080	2,159
[Separately, average number of temporary employees] (Persons)	[467]	[453]	[401]	[500]

(Notes) 1. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS”) from the 12th fiscal year.

2. The number of employees stated indicates working employees, and the average number of temporary employees during the year is stated separately in square brackets.

Term	Japanese GAAP			
	9th fiscal year	10th fiscal year	11th fiscal year	12th fiscal year
Year ended	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024
Net sales (Millions of yen)	106,115	147,049	172,064	187,462
Ordinary profit (loss) (Millions of yen)	4,975	(3,896)	17,449	18,217
Net profit (loss) attributable to owners of parent (Millions of yen)	5,720	(7,569)	13,070	14,353
Comprehensive income (Millions of yen)	1,699	(6,331)	13,823	15,313
Net assets (Millions of yen)	40,013	37,998	55,228	72,987
Total assets (Millions of yen)	262,529	339,862	415,292	512,222
Net asset per share (Yen)	247.52	228.57	329.80	436.71
Basic earnings (loss) per share (Yen)	36.43	(47.34)	81.01	87.94
Diluted earnings per share (Yen)	35.15	—	77.36	84.25
Equity ratio (%)	14.9	10.8	12.9	14.0
Return on equity (%)	15.5	—	28.9	22.9
Price earnings ratio (Times)	161.95	—	41.46	22.71
Net cash provided by (used in) operating activities (Millions of yen)	3,367	(26,217)	(36,883)	(44,761)
Net cash provided by (used in) investing activities (Millions of yen)	6,907	(671)	(632)	(877)
Net cash provided by (used in) financing activities (Millions of yen)	19,773	62,065	26,839	33,404
Cash and cash equivalents at the end of period (Millions of yen)	171,463	211,406	202,047	192,113
Number of employees	1,752	2,209	2,101	2,080
[Separately, average number of temporary employees] (Persons)	[286]	[467]	[453]	[401]

- (Notes)
1. Information on diluted earnings per share is omitted because, although potential shares exist for the 10th fiscal year, the recorded figure was loss.
  2. Return on equity is omitted for the 10th fiscal year due to the recording of net loss attributable to owners of parent in that period.
  3. The price earnings ratio is omitted for the 10th fiscal year due to the recording of net loss attributable to owners of parent in that period.
  4. The number of employees stated indicates working employees, and the average number of temporary employees during the year is stated separately in square brackets.
  5. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) since the beginning of the 10th fiscal year. Key financial data for the 10th fiscal year and subsequent fiscal years reflects the application of this accounting standard.
  6. The figures under Japanese GAAP for the 12th fiscal year have not been subject to audits that are pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

## (2) Summary of financial data of Mercari Group

Term		9th fiscal year	10th fiscal year	11th fiscal year	12th fiscal year	13th fiscal year
Year ended		Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024	Year ended June 30, 2025
Net sales	(Millions of yen)	75,152	86,107	101,671	107,891	111,511
Ordinary profit	(Millions of yen)	15,426	13,221	27,203	22,639	22,127
Net profit (loss)	(Millions of yen)	7,926	(4,965)	7,274	9,775	20,674
Capital stock	(Millions of yen)	42,630	44,628	46,052	47,349	48,176
Shares issued	(Shares)	157,807,344	160,813,967	162,465,598	163,889,610	164,548,524
Net assets	(Millions of yen)	45,760	45,152	55,596	68,186	90,000
Total assets	(Millions of yen)	119,376	137,359	160,680	166,185	165,478
Net asset per share	(Yen)	286.39	275.01	335.48	410.29	541.52
Dividends per share		—	—	—	—	—
[Interim dividends per share]	(Yen)	[—]	[—]	[—]	[—]	[—]
Basic earnings (loss) per share	(Yen)	50.48	(31.05)	45.09	59.89	125.92
Diluted earnings per share	(Yen)	48.71	—	43.05	57.38	122.60
Equity ratio	(%)	37.9	32.2	33.9	40.5	53.8
Return on equity	(%)	18.9	—	14.7	16.1	26.4
Price earnings ratio	(Times)	116.88	—	74.50	33.35	21.24
Dividend payout ratio	(%)	—	—	—	—	—
Number of employees		1,060	1,232	1,315	1,417	1,543
[Separately, average number of temporary employees]	(Persons)	(204)	(290)	(271)	(252)	(339)
Total shareholder return	(%)	177.2	58.6	100.9	60.0	80.3
[Comparative benchmarks: TOPIX]	(%)	[127.3]	[125.5]	[157.8]	[198.2]	[206.3]
Highest share price	(Yen)	6,400	7,390	3,519	3,755	2,871
Lowest share price	(Yen)	3,370	1,850	1,885	1,701	1,631

- (Notes)
- Information on diluted earnings per share is omitted because, although potential shares exist for the 10th fiscal year, the recorded figure was loss.
  - Return on equity is omitted for the 10th fiscal year due to the recording of net loss in that period.
  - The price earnings ratio is omitted for the 10th fiscal year due to the recording of a loss in that period.
  - The dividend per share and dividend payout ratio are omitted due to dividends not being paid.
  - The number of employees stated indicates working employees, and the average number of temporary employees during the year is stated separately in square brackets.
  - The highest and lowest share prices are for the Mothers section of the Tokyo Stock Exchange up to April 3, 2022, for the Growth Market of the Tokyo Stock Exchange between April 4, 2022, and June 6, 2022, and for the Prime Market of the Tokyo Stock Exchange from June 7, 2022, onward.
  - The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) since the beginning of the 10th fiscal year. Key financial data for the 10th fiscal year and subsequent fiscal years reflects the application of this accounting standard.

## 2. History

Month/Year	Overview
Feb. 2013	Founded Kouzoh, Inc. with a capital of ¥20 million in Roppongi, Minato-ku, Tokyo
July 2013	Launched the <i>Mercari</i> C2C marketplace
Nov. 2013	Renamed company Mercari, Inc.
Jan. 2014	Founded US subsidiary Mercari, Inc. (US)
Sept. 2014	Launched the <i>Mercari</i> C2C marketplace in the US
Oct. 2014	Started charging fees proportionate to the value of merchandise sold on the <i>Mercari</i> C2C marketplace
Sept. 2015	Founded domestic subsidiary Souzoh, Inc. (former entity) (In July 2019, started liquidation proceedings for the subsidiary after the resolution on dissolution. The proceedings were completed in November 2019.)
Nov. 2015	Founded UK subsidiary Mercari Europe Ltd. (In December 2018, started liquidation proceedings for the subsidiary after the resolution on dissolution. In April 2022, the proceedings were completed.)
Jan. 2016	Launched anonymous shipping service for the <i>Mercari</i> C2C marketplace
Mar. 2016	Launched classifieds service app <i>Mercari Atte</i> (In May 2018, the service was discontinued.)
Apr. 2016	Founded UK subsidiary Merpay Ltd. (In June 2019, started liquidation proceedings for the subsidiary after the resolution on dissolution. In July 2019, all shares were transferred, and in April 2022, the proceedings were completed.)
Oct. 2016	Started charging fees proportionate to the value of merchandise sold on the <i>Mercari</i> (US) C2C marketplace
Feb. 2017	Zawatt Inc. became a wholly owned subsidiary (In May 2017, the subsidiary disappeared in an absorption-type merger with the Company as a surviving company.)
Mar. 2017	UK subsidiary Mercari Europe Ltd. launched the <i>Mercari</i> C2C marketplace in the UK (In March 2019, the service was discontinued.)
May 2017	Launched C2C marketplace for books, CDs, and DVDs <i>Mercari Kauru</i> (In December 2018, the functionality was transitioned to <i>Mercari</i> , and the service was discontinued.)
July 2017	Launched live video streaming service <i>Mercari Channel</i> (In July 2019, the service was discontinued.)
Aug. 2017	Launched C2C marketplace for brand-name items <i>Mercari Maisonz</i> (In August 2018, the functionality was transitioned to <i>Mercari</i> , and the service was discontinued.)
Nov. 2017	Founded domestic subsidiary Merpay, Inc.
Feb. 2018	Launched immediate purchase service <i>Mercari NOW</i> (In August 2018, the service was discontinued.)
Apr. 2018	Launched bike share service <i>Merchari</i> in Fukuoka-shi, Fukuoka (In June 2019, the business was succeeded to neuet, Inc.)
June 2018	Launched skill share service <i>teacha</i> (In August 2018, the service was discontinued.)
July 2018	Listed on the Mothers section of the Tokyo Stock Exchange
Nov. 2018	Founded domestic subsidiary Merpay Connect, Inc. (In June 2019, the subsidiary was absorbed and merged into Merpay, Inc.)
Feb. 2019	Michael Inc. became a wholly owned subsidiary (In June 2020, all shares were transferred.)
Aug. 2019	Domestic subsidiary Merpay, Inc. launched the <i>Merpay</i> mobile payment service
Sept. 2019	Acquired shares of Kashima Antlers F.C. Co., Ltd., which then became a subsidiary
Oct. 2019	Launched <i>Mercari Workshops</i> , where participants learn how to use <i>Mercari</i>
Feb. 2020	Started <i>Mercari</i> crossborder sales
July 2020	Domestic subsidiary Merpay, Inc. acquired shares of Origami Inc., which then became a wholly owned second-tier subsidiary (In March 2021, started liquidation proceedings for the second-tier subsidiary after the resolution on dissolution. In June 2021, the proceedings were completed.)
Oct. 2020	Began a business partnership with NTT DOCOMO, INC.
Jan. 2021	Launched <i>Merpay Smart Payments</i> (fixed-amount payment) in the <i>Merpay</i> mobile payment service
Mar. 2021	Started levying a payment fee at <i>Mercari</i> (US)
Apr. 2021	Founded domestic subsidiary Souzoh, Inc. (new entity) (In April 2024, the subsidiary disappeared in an absorption-type merger with the Company as a surviving company.)
July 2021	The <i>Merpay</i> mobile payment service launched the virtual card service, which can be used to make payments to online merchants
Sept. 2021	Founded domestic subsidiary Mercoin, Inc.
Oct. 2021	Domestic subsidiary Mercoin, Inc. acquired shares of Basset Inc., which then became a wholly owned second-tier subsidiary (In June 2023, the second-tier subsidiary disappeared in an absorption-type merger with the domestic subsidiary Mercoin as a surviving company.)
Dec. 2021	Launched deferred payment service at <i>Mercari</i> (US)
May 2022	Domestic subsidiary Souzoh, Inc. launched <i>Mercari Shops</i> , which enables users to open online stores on the <i>Mercari</i> marketplace
June 2022	Founded domestic subsidiary Merlogi, Inc. (In January 2023, the subsidiary disappeared in an absorption-type merger with the Company as a surviving company.)
Nov. 2022	Established ESG Committee (integrated into the Executive Committee in July 2024)
Feb. 2023	Launched the Mercari Price & Volume Index
Mar. 2023	Changed listing on the Tokyo Stock Exchange to the Prime Market segment
	Established Indian subsidiary Mercari Software Technologies India Private Limited
	Domestic subsidiary Merpay, Inc. launched the <i>Mercard</i> credit card, which utilizes its unique AI credit system
	Formulated the new Group mission of “Circulate all forms of value to unleash the potential in all people”
	Domestic subsidiary Mercoin, Inc. started offering a service for trading bitcoin on <i>Mercari</i>

Month/Year	Overview
Aug. 2023	Conducted an absorption-type company split in which the departments operated by domestic subsidiary Souzoh, Inc., other than the business development function related to <i>Mercari Shops</i> , were succeeded to the Company
Sept. 2023	Made the transition from a company with an audit and supervisory board to a Company with Three Committees (Nominating Committee, Compensation Committee, and Audit Committee)
Mar. 2024	Started offering <i>Mercari Hallo</i> , an on-demand work service <i>Mercari</i> (US) eliminated sales fees and changed to a model where the buyer pays the fees (In January 2025, changed the model again to one where the seller mainly pays the fees.)
Apr. 2024	Started nationwide expansion of the <i>Mercari Hallo</i> service
May 2024	Domestic subsidiary Mercoin, Inc. started handling ethereum
Aug. 2024	Launched services in Taiwan through <i>Mercari</i> crossborder transactions Started crossborder transactions that allow users to purchase products from the Japanese version of <i>Mercari</i> on <i>Mercari</i> (US)
Jan. 2025	Launched the NFT marketplace <i>Mercari NFT</i> Started offering an auction feature
Mar. 2025	Launched <i>Mercari Mobile</i>
Apr. 2025	Started charging fees for <i>Mercari Hallo</i>
May 2025	Launched services in Hong Kong through <i>Mercari</i> crossborder transactions

### 3. Business Activities

#### Mission

The Company was established out of its founder's desire to create a world in which people everywhere can live more prosperous lives by using the power of the internet to connect individuals and enabling them to make the most of the world's limited resources. It has continued to grow through advanced product development utilizing technology and bold investments based on a disciplined approach. Through the Company's services, it strives as a united group to achieve the Group mission of "Circulate all forms of value to unleash the potential in all people," which includes its belief that Mercari enables people to expand their potential. The Company aims to actively utilize advanced technology centered around artificial intelligence (AI)/large language models (LLMs), which are currently undergoing rapid technological innovation, to provide new user experiences, such as transactions involving not only material items but also skills and digital assets. Further, by creating an ecosystem that circulates all forms of value, both tangible and intangible, the Company strives to be a business entity that unleashes the potential in people.

#### Overview of services

The *Mercari* service operated by the Company functions as a marketplace for consumer-to-consumer (C2C) transactions, offering users a unique and never-before-available experience by enabling anyone to readily and simply buy and sell secondhand items.

Buying and selling used items at traditional secondhand stores has various disadvantages, including time needed to physically visit the retail location, limited product availability, and lack of transparency with respect to pricing (from the perspective of both the buyer and seller given that there is an intermediary involved). The sale of secondhand items via internet auction also has disadvantages, including complexity and difficulty of listing items and time necessary to engage in the bidding process.

The *Mercari* service, on the other hand, enables anybody and everybody to readily buy and sell items using their smartphones or the website. The service also offers convenient and affordable shipping options through its alliances with shipping companies and convenience stores. In addition, both sellers and buyers are mainly individuals, allowing the service to offer anyone both the fun of easily converting their unnecessary possessions into cash and the "treasure-hunt" experience that users feel when searching for unique secondhand items. Through the prevention of fraud by requiring sellers to register their personal information (address, name, and birthdate) when they sign up, employing AI technology to automatically detect transactions that violate its terms of service, and other measures, the Company strives to ensure that users feel at ease using its marketplace.

#### Services operated by the Group

The Group consists of the Company, its consolidated subsidiaries Mercari, Inc. (US), Merpay, Inc., Mercoin, Inc., Kashima Antlers F.C. Co., Ltd., India Center of Excellence, and others (as of June 30, 2025). The Group has set its businesses in Japan, excluding Kashima Antlers, as the Japan Region. In addition, the explanations of the businesses in the Japan Region have been provided based on the two domains of Marketplace and Fintech.

In the Marketplace domain, the Mercari Japan business operates the consumer-to-consumer (C2C) marketplace app *Mercari*, on which it has been working since the Company was founded. In October 2019, the Company began crossborder transactions that allow overseas buyers to purchase items listed in Japan. The Company has also operated the business-to-consumer (B2C) marketplace *Mercari Shops* since October 2021. These services provide a unique user experience that enables anybody to buy and sell items easily and simply, with the platform's gross merchandise value (GMV) reaching ¥1.1209 trillion and monthly active users (MAU) exceeding 23 million in the fiscal year ended June 30, 2025. *Mercari Hallo*, launched in March 2024, has been growing steadily, surpassing 12 million registered users just 15 months since its launch.

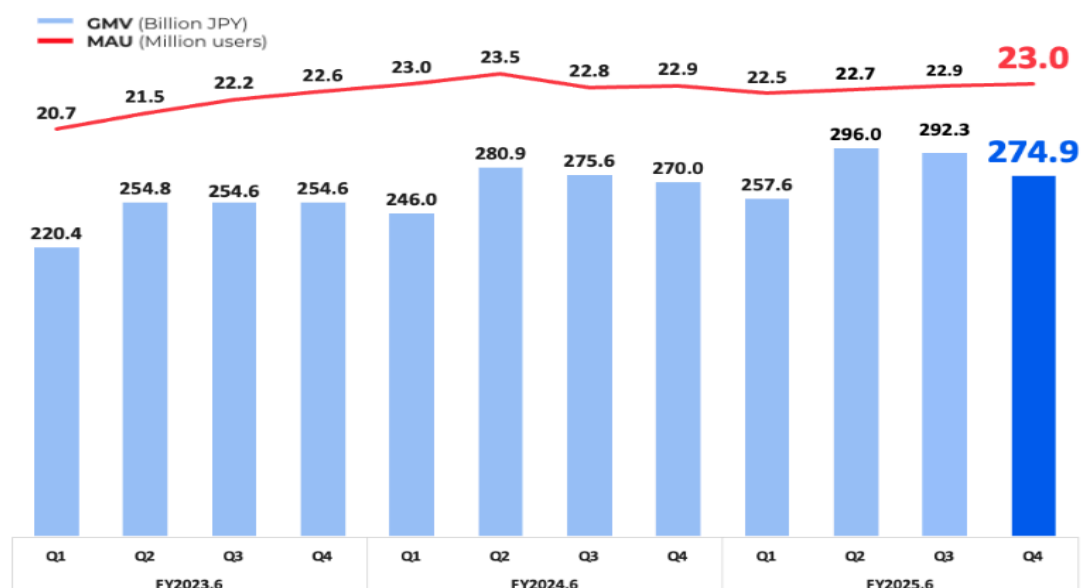
In the Fintech domain, the Mercari Japan business operates the *Merpay* mobile payment service. The Group has been striving to expand the business in association with the creation of new forms of credit centered on credit services, utilizing its high technological prowess and unique user and information bases of the *Mercari* service. The *Mercard* credit card, launched in November 2022, utilizes AI credit based on an individual's history of using the *Mercari* service and has surpassed 5 million issued cards, indicating steady expansion and steady progress in creating Group synergy. The Company has also advanced product initiatives such as by releasing *Mercard Gold* in March 2025 to increase payment income and expand credit use.

The Mercari US business operates the marketplace app *Mercari* (US), which aims to be a marketplace where anybody can easily and safely sell a variety of items. Despite the continued negative GMV growth due to external factors such as inflation that has continued beyond expectations, signs of improvement in growth rates are beginning to emerge due to the effects of product initiatives and other measures. In addition, the Company was able to break even in the fiscal year ended June 30, 2025, through measures such as optimizing marketing expenses and reviewing fixed costs.

### Past growth of Marketplace

Since the launch of the service in 2013, *Mercari* has continued to grow mainly in Japan. MAU has exceeded 23 million, and the annual GMV has surpassed ¥1 trillion.

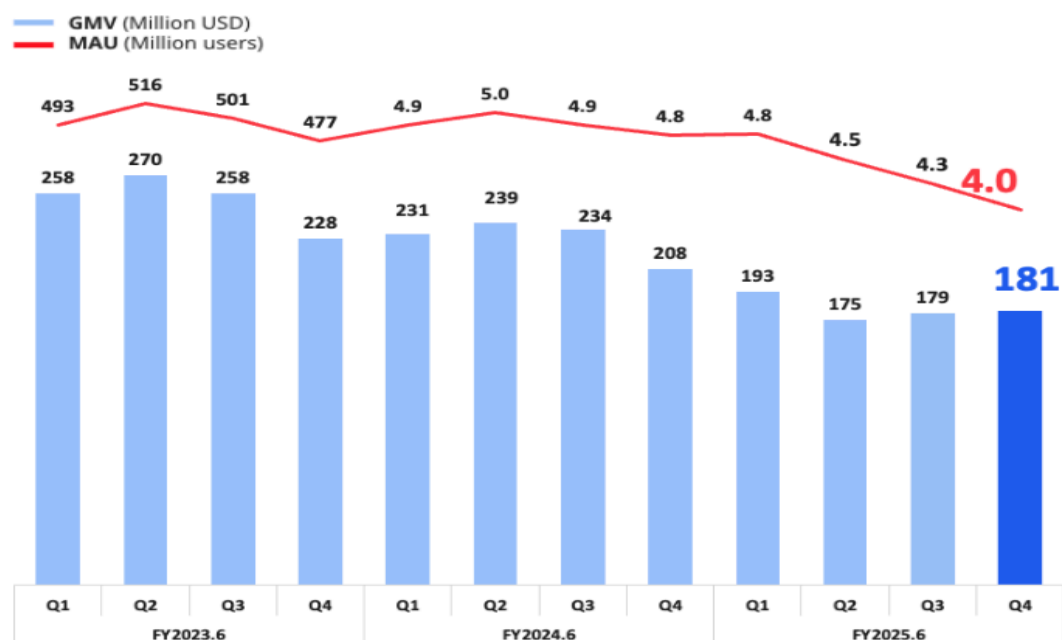
#### <GMV<sup>1</sup>/MAU<sup>2</sup>>



### Past growth of Mercari US

Since the brand redesign in 2018, Mercari US is recognized and reputed with a focus on increasing service convenience and striving to become a critical component of creating a circular economy in the US as well.

#### <GMV<sup>3</sup>/MAU<sup>2</sup>>



#### (Notes)

1. Aggregate transaction value after adjusting for cancellations (includes transaction value of *Mercari NFT*); does not include *Mercari Hallo*
2. Quarterly average number of users who browsed our service (app or web) at least once during a given month; graph compares the averages for Q4 of each fiscal year
3. Aggregate transaction value after adjusting for cancellations



#### 4. Information on subsidiaries and associates

Name	Location	Capital stock	Main business activities	Percentage of voting rights owning or owned (%)	Description of relationship
(Consolidated subsidiaries)					
Mercari, Inc. (US) (Notes 1, 4)	Palo Alto, California, United States	US\$620,511 thousand	Planning, development, and operation of the <i>Mercari</i> (US) C2C marketplace	100.0	Interlocking of officers, consignment of development operations to the Company
Merpay, Inc. (Notes 1, 4)	Minato-ku, Tokyo	¥100 million	Planning, development, and operation of funds transfer service and other finance-related businesses	100.0	Interlocking of officers, contracting of operations, lending of funds
Kashima Antlers F.C. Co., Ltd.	Kashima-shi, Ibaraki	¥2,257 million	1. Management of the Kashima Antlers professional soccer club 2. Planning and management of soccer matches, other sports matches, and other events 3. Management of a soccer stadium and other sports facilities, etc.	71.2	Interlocking of officers, advertising transactions, lending of funds
Mercoin, Inc.	Minato-ku, Tokyo	¥100 million	Planning, development, and operation of services related to cryptoassets and blockchain technologies	100.0	Interlocking of officers
Mercari Software Technologies India Private Limited (Note 3)	Bangalore, India	INR31 million	Development of internet services	100.0	Contracting of development operations

- (Notes)
- This is a list of specified subsidiaries.
  - There are no companies that submit a securities registration statement or securities report.
  - The percentage of voting rights owning for Mercari Software Technologies India Private Limited includes the indirect ownership of 0.1% by Merpay, Inc.
  - For Mercari, Inc. (US) and Merpay, Inc., the percentage of net sales (excluding internal sales between consolidated companies) to consolidated net sales exceeded 10%.
 

Mercari, Inc. (US)	(1) Revenue	¥36,418 million
	(2) Profit	¥1,520 million
	(3) Total equity	¥2,998 million
	(4) Total assets	¥19,694 million
Merpay, Inc. (Japanese GAAP)	(1) Net sales	¥48,800 million
	(2) Ordinary profit	¥5,364 million
	(3) Net profit	¥1,002 million
	(4) Net assets	¥21,135 million
	(5) Total assets	¥414,485 million

## 5. Employees

### (1) Consolidated companies

As of June 30, 2025

Name of segment	Number of employees (Persons)
Japan Region	1,587 [402]
US	121 [6]
Reportable segment total	1,708 [408]
Other	162 [51]
Corporate (shared)	289 [41]
Total	2,159 [500]

- (Notes)
1. The number of employees stated indicates working employees, and the average number of temporary employees during the year is stated separately in square brackets.
  2. The number of employees indicated as Corporate (shared) belongs to administrative divisions, which cannot be classified in any specific segment.

### (2) Mercari Group

As of June 30, 2025

Number of employees (Persons)	Average age (Years old)	Average years of service	Average annual salary (Thousands of yen)
1,543 [339]	36.3	3.8	11,763

Name of segment	Number of employees (Persons)
Japan Region	1,229 [298]
US	24 [-]
Reportable segment total	1,253 [298]
Other	1 [-]
Corporate (shared)	289 [41]
Total	1,543 [339]

- (Notes)
1. The number of employees stated indicates working employees, and the average number of temporary employees during the year is stated separately in square brackets.
  2. Average annual salary includes bonuses and surplus wages.
  3. The number of employees indicated as Corporate (shared) belongs to administrative divisions, which cannot be classified in any specific segment.

### (3) Labor union

No labor union has been formed within the Group, but relations between labor and management are stable.

- (4) Percentage of women in management positions, percentage of male employees who take childcare leave, and difference in pay between male and female employees

Mercari Group

Current fiscal year					
Percentage of women in management positions (%) (Note 1)	Percentage of employees who take childcare leave (%) (Note 2)		Difference in pay between male and female employees (%) (Note 3)		
	Male	Female	All employees	Regular employees	Part-time and fixed-term workers
26.0	84.8	100.0	32.00	30.58	28.78

- (Notes)
1. The percentage was calculated pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
  2. The percentage of male employees who take childcare leave defined under Article 71-6, item (1) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labour No. 25 of 1991) was calculated pursuant to the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991). Accordingly, spouse's childbirth leave was excluded. In addition, the calculation covers workers employed by Mercari Group.
  3. This covers workers employed by Mercari Group.  
Calculation period: Year ended June 30, 2025 (from July 1, 2024, to June 30, 2025)  
Pay: Includes basic salary, bonuses, and overtime pay and excludes pre-listing stock options, incentives for employee stock ownership plans, commuting allowances, and others.  
It conforms to the principle for calculating the "difference in pay between male and female employees" under the Act on the Promotion of Women's Active Engagement in Professional Life.
  4. Information on consolidated subsidiaries is omitted as they are not obliged to disclose information under the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) and the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

## II. Business Overview

### 1. Management policy, management environment, issues to address, etc.

Forward-looking statements in this document are based on the views of Group management as of the end of the fiscal year under review.

#### (1) Basic corporate management policy

Starting with the *Mercari* C2C marketplace app, the Company has pursued four elements of the user experience: “safe and reliable,” “easy for all,” “more fun each time,” and “do good, feel good.” Founded on the strong network formed by users of the *Mercari* C2C marketplace, the Company continues to evolve the user experience by expanding the scope of its value circulation beyond physical goods to also include trust, digital assets, time, skills, etc.

As calls for a more sustainable society grow stronger, the Company has quantified the positive impact that its business has on the world and published these numbers. The growth of the Company’s business itself has demonstrated society’s move to a circular economy.

The Company will continue to draw out undiscovered value in people and things all over the world and help people who need that value to find it. The Company wants to unleash the potential in all people by creating an ecosystem that circulates all forms of value, both tangible and intangible.

#### (2) Target management indicators

Mercari Group is actively expanding its operations in Japan and the US. Although the stage of growth varies by region, the Group is working to enhance its corporate value through the use of indicators such as GMV, growth in revenue, and core operating profit<sup>(Note)</sup>.

(Note) Profit calculated by deducting other income and other expenses from operating profit

#### (3) Medium- to long-term management strategies

The formulation of the Group’s management strategy over the medium-to-long term is based on the following strengths.

The Group’s strengths:

##### 1) Being a pioneer in C2C marketplaces, driving the expansion of the secondhand market

By providing a C2C marketplace that is enjoyable, easy to use, and safe and secure, the Group has built a market for marketplace apps and driven the expansion of the entire secondhand market in Japan beyond solely online stores and internet auction sites. According to a survey conducted by the Company in 2023, more people with experience using marketplace apps and auction sites had used Mercari’s services than any similar service, as a result of which the Company has won a level of support that exceeds that of other companies’ services. Mercari Group is confident that by leveraging the dominant position the Group enjoys as a pioneer in C2C marketplaces, the Group is well-placed to benefit from the strong growth in the secondhand market.

Furthermore, there is also strong demand for the buying and selling of secondhand items by individuals in overseas markets, such as the US, where the Group will use the *Mercari* platform to contribute to the growth of the secondhand market.

##### 2) Utilizing high-value-added data from a highly engaged user base

By making the platform simple and easy to use for both buyers and sellers, and by providing an enjoyable and immersive user experience, *Mercari* has achieved a high level of user engagement. The MAU for *Mercari* in the fourth quarter of the fiscal year ended June 30, 2025, was approximately 23 million. The Company is able to collect large quantities of highly usable data, such as information on user transactions and user transaction ratings. By utilizing this data and technologies, including AI, which is a focus area for the Company, the Company is seeking to raise purchase conversion rates by proposing items that match the tastes of each buyer, to raise listing conversion rates by proposing prices at which items will sell easily, and to improve the efficiency of customer support.

The Company also makes efforts to improve the user experience of its existing services, for example, by granting credit depending on the user’s history on the *Mercari* service as part of the credit services provided by the *Merpay* mobile payment service, and to develop new services expected to contribute to the Group’s growth.

##### 3) Building greater loyalty through networking that is unique to C2C platforms

*Mercari* is a C2C marketplace that exhibits a strong network effect. As a result of an increase in the number of sellers and listings, the numbers of buyers and purchases will also increase due to the overall increase in the number of items that people want to buy. This in turn results in higher item liquidity and even further increases in the number of sellers and listings. Furthermore, many buyers and sellers are frequent users of the *Mercari* service, which encourages self-sustaining growth through highly connected features. Such a network effect leads to the building of greater loyalty among buyers and sellers, and continuous participation in transactions by repeat users contributes significantly to the growth in GMV. Moreover, the accumulation of a user’s past transaction ratings not only enables other users to conduct transactions with confidence but also works to prevent them from switching to rival services as a result of competition to acquire users. In addition, the Company has focused on building greater loyalty through the improvement of the user experience, for example by launching a loyalty program based on usage of *Mercard*, the Company’s credit card.

##### 4) Leveraging a business model that achieves high profitability

The Group has already achieved high profitability in the Marketplace domain. Once a certain scale is reached, the Company’s business model enables costs to be controlled appropriately when the business expands further. Specifically, advertising expenses constitute a significant proportion of the Company’s cost structure, but while advertising expenses as a percentage of net sales generally rise in the initial growth stage for mobile apps, the Company is able to control the

percentage accounted for by advertising expenses as the user base expands and stabilizes. This is what enables the high profitability achieved by *Mercari*. Moreover, the Group has strived to establish a second pillar of revenue, for example by enhancing the revenue base as credit services have grown in the Fintech domain.

- 5) Organizational and corporate cultures that support value creation
- To achieve the Group mission “Circulate all forms of value to unleash the potential in all people,” the Company prioritizes creating a borderless organization where talent from all over the world can thrive. The Company believes that its diverse members with a wide variety of backgrounds are the source of value creation and has promoted inclusion and diversity (I&D) in line with a major policy of “Unleashing the Potential in Diverse Talent Worldwide.”
- The Company has four core values acting as guidelines for what it needs to do to achieve its mission: “Go Bold,” “All for One,” “Be a Pro,” and “Move Fast.” All decisions, ranging from those about daily work to management decisions, are made based on these four values.

#### Management strategy details

In the fiscal year ended June 30, 2025, the Group operated its business under the basic policies of aiming for top-line growth that will lead to increased profits and expanding businesses centered around Group synergy. As a result, the profitability of all three major businesses increased, with the Group’s US business achieving full-year profitability for the first time. This marked a strong first year for the Group’s mid-term plan, with results significantly exceeding its growth targets for core operating profit. Furthermore, Group synergy expanded by leveraging *Mercari*’s user base, including results such as GMV from crossborder transactions exceeding ¥90.0 billion and the number of Mercards issued surpassing 5 million. At the same time, the Group planted seeds for future synergy by launching new services such as *Mercari Mobile* and *Mercari NFT*.

For the fiscal year ended June 30, 2026, the Group will focus on realizing strong Group growth through the creation of an organizational foundation aimed at facilitating transition to an AI-Native company and the expansion of the business centered on enhancing the core product experience and Group synergy, and will strive to improve mid- to long-term corporate value. Backed by the growth of each business, the Group is aiming to achieve revenue of ¥200.0 billion to ¥210.0 billion and core operating profit of ¥28.0 billion to ¥32.0 billion on a consolidated basis.

- 1) Marketplace: aiming to achieve GMV growth of 3% to 5% year-on-year and core operating profit of ¥32.0 billion to ¥36.0 billion by strengthening crossborder transactions, while giving top priority to enhancing the core product experience
- Main measures
- While GMV in the Marketplace domain has reached a scale of over ¥1.1 trillion, as the potential market size is large, the Company sees scope for further business expansion. For the fiscal year ending June 30, 2026, the Company aims to build a safe and secure marketplace and continuously enhance the core product experience for both sellers and buyers with an eye to achieving its targets. The Company will also work to expand crossborder transactions, mainly in the Entertainment & Hobbies category.
- 2) Fintech: aiming to achieve core operating profit of ¥5.0 billion to ¥7.5 billion by establishing the foundation to become a product that is chosen by users for all payment/credit use cases
- Main measures
- While continuing to attract more *Merpay* users, primarily through an increase in *Mercard* holders, the Company aims to increase the use of its payment and credit services by encouraging people to use *Mercard* as their main card and switch to *Mercard Gold*.
- In addition to in-house development, the Company will also expand features that contribute to improving user convenience through tie-ups with external partners.
- 3) Mercari US: continuing to break even while aiming for positive full-year GMV growth YoY by enhancing the product’s core experience and distinguishing *Mercari* (US) from its competitors by using category-specific strategies
- Main measures
- Mercari US aims to achieve overwhelming ease of use and safety through updating the UI/UX with AI and strengthening fraud prevention measures. Additionally, Mercari US will strive to achieve year-on-year GMV growth while continuing to break even by offering competitive shipping options and implementing measures to enhance trust, mainly in *Mercari*’s flagship fashion-related categories.

Furthermore, over the medium term, the Company is, in principle, working to achieve top-line growth that will lead to increased profits. The Company aims to achieve a double-digit compound annual growth rate (CAGR) for revenue and a CAGR of at least 25% for core operating profit on a consolidated basis for the fiscal year ending June 30, 2027, through the stable growth and high profitability of C2C operations in the Marketplace domain, and by making disciplined investments in areas expected to see brisk growth, namely crossborder transactions, B2C, Fintech, and Mercari US. With an eye to achieving its mission through business growth, the Company will strive to realize disruptive growth by ramping up the creation of Group synergies utilizing *Mercari*’s business foundation.

(4) Challenges facing the Company

1) Ensuring the safety and soundness of Mercari Group services

The increasing prevalence of e-commerce services and social media, as well as ever-more sophisticated fraudulent use associated therewith, appear to be giving rise to further mounting societal demands with respect to maintaining the safety of internet-based services. In order to provide a platform for carrying out safe and secure transactions, the Group continually engages in efforts that involve safeguarding personal information and combating infringement of intellectual property rights, which it regards as its highest priority in securing the safety and soundness of Mercari Group's various services.

2) Developing talent

Mercari believes that in order to continue its sustainable growth as a company, it is necessary to create an environment where people with diverse perspectives and skills can work together comfortably, and to continue to strengthen the foundations of innovation. The Group promotes I&D by sharing its thoughts on I&D with the public in its I&D Statement and by raising the percentage of women and non-Japanese employees in managerial positions. The Group will continue its efforts to produce new leaders who will steer the growth of the Group by proactively selecting and promoting talented people.

3) Enhancing technological strengths

As a provider of online services, the Group recognizes the importance of managing its business in a manner that ensures consistent operations of the systems involved in providing its services. The Group pursues initiatives to ensure system stability, for example by reinforcing server equipment to better handle the increasing traffic to its services, and also by installing parallel processing systems in order to distribute processing loads. Going forward, the Group will focus on investing in advanced technologies and promote efforts geared toward heightening service convenience. Additionally, the Group will maintain and enhance service safety and soundness, particularly through proactively leveraging AI.

4) Addressing global expansion

The Group has also promoted global expansion, such as by entering the US market in 2014 and by starting crossborder sales of items listed on the *Mercari* marketplace in Japan to overseas buyers in 2019. For its US business, the Group is reviewing its cost structure and business strategy with the aim of achieving business regrowth while securing profitability. Crossborder sales are steadily expanding and reaching buyers in more than 120 countries and regions around the world. Going forward, the Group will continue to identify market opportunities with the aim of expanding its business on a global scale.

5) Strengthening corporate governance

As its basic policy on corporate governance, the Group has set forth the mission of improving enterprise value through working to enhance its management supervision function and its internal control function while practicing strict compliance management. In September 2023, the Group transitioned to a Company with Three Committees (Nominating Committee, Compensation Committee, and Audit Committee), thereby establishing a structure that strengthens the supervisory function of the Board of Directors while enabling the executive function to make prompt and resolute decisions and promote business. In order to meet the trust of all stakeholders, going forward, the Group will work to improve the efficiency and transparency of management, maximize enterprise value, and achieve sustainable growth and development.

6) Enhancing the internal management system and practicing strict compliance

In pursuing further business expansion, the Group believes that when fulfilling its social responsibilities and striving to achieve sustainable growth and improvement in enterprise value, securing and developing the talent that will facilitate the Group's growth and practicing strict compliance are important management issues. In addition to hiring talent with high levels of expertise and abundant experience in fields such as internal auditing, legal affairs, financial affairs, accounting, and information security, the Group will practice strict compliance while further strengthening internal management systems by raising awareness and implementing training activities for employees on a regular basis.

7) Strengthening financial discipline

In order to achieve continued growth and expansion, the Group must further enhance and expand its revenue base and increase its capabilities to secure financing leveraging increased profits. The Group will build on this base by managing its three main businesses (Marketplace, Fintech, and Mercari US) in a manner that balances growth and profitability, including disciplined investment with an awareness of priorities.

## 2. Views and initiatives on sustainability

### 1. Overall sustainability

Mercari strives to be a planet-positive<sup>(Note)</sup> company that contributes to solving environmental issues through its business activities by realizing a society in which all forms of value—not just physical goods and money—circulate seamlessly.

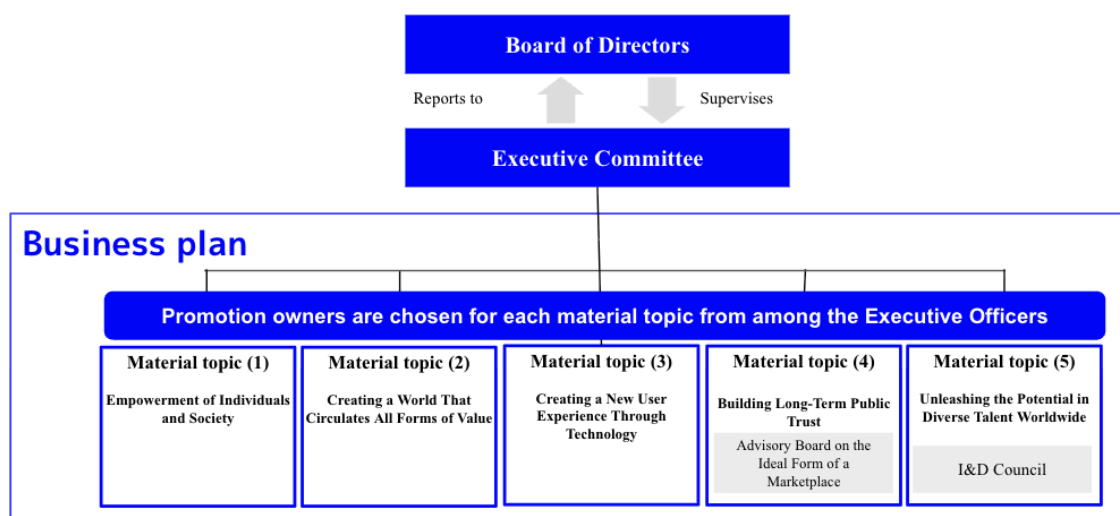
Calculation of the total amount of greenhouse gas emissions avoided through the business showed that transactions in select *Mercari* categories enabled the Group to avoid approximately 690,000 tons of greenhouse gas emissions in FY2025.6 in Japan and the US combined (estimation).

Mercari will contribute to creating a circular economy that makes the most of the world's finite resources by implementing a variety of measures to promote reuse and reduce waste.

(Note) “Planet positive” is based on the concept of “planetary boundaries” (the earth's limited resources). Mercari Group adopted this term to express its stance of being a company that has a positive impact on the environment through the growth of its business.

### (1) Governance

The action plans for each material topic are incorporated into the business plan determined annually by the Executive Committee. In doing so, the Group promotes its business strategies and materiality initiatives in a more closely aligned manner. The Executive Committee executes the monitoring of individual material topics each quarter in tandem with monitoring the progress of the Company's business plan. The committee ultimately reports the monitoring results to the Board of Directors. Mercari aims to promote ESG through this structure and these processes.



Note: The “I&D Council” and the “Advisory Board on the Ideal Form of a Marketplace,” which are subcommittees of the ESG Committee, will continue to meet periodically as meeting bodies that promote each material topic.

### (2) Strategy

The Company defines its materiality as important topics that relate to creating value to contribute to resolving social and environmental issues through its business, and creating the management foundation necessary for continuous growth.

Mercari Group's materiality

#### 1) Empowerment of Individuals and Society

By creating opportunities for anyone to realize their dreams and contribute to society and the people around them, we will achieve a world that unleashes the potential in all people.

#### 2) Creating a World That Circulates All Forms of Value

We strive to be a planet-positive company that contributes to solving environmental issues through its business activities by realizing a society in which all forms of value—not just physical goods and money—circulate seamlessly.

#### 3) Creating a New User Experience Through Technology

We utilize data, AI, and other innovative technologies to constantly evolve our products and create new user experiences through the seamless exchange of value.

#### 4) Building Long-Term Public Trust

We fulfill our responsibilities as a public entity and build public trust by establishing a robust and highly transparent decision-making process, and through more effective corporate governance and thorough compliance. We contribute to the realization of healthy internet services around the world by achieving a safe, secure, and fair transaction environment, and also by educating and sharing information throughout the industry.

#### 5) Unleashing the Potential in Diverse Talent Worldwide

We aim to be a company that can continue to grow sustainably by creating an environment in which people from diverse backgrounds all around the world can reach their full potential.

(3) Risk management

The Company aligns its sustainability strategy with its business strategy, incorporates action plans for each material topic into the business plan determined by the Executive Committee each year, and promotes its business strategies and materiality initiatives in an integrated manner. The Executive Committee monitors sustainability-related risks and opportunities each quarter as progress for each material topic in conjunction with monitoring the progress of the Company's business plan, and reports the monitoring results to the Board of Directors. Sustainability-related risks are also appropriately managed within the company-wide risk management framework in accordance with the Company's risk management processes.

(4) Metrics and targets

The table below presents the summaries, focus areas, and plans for each of the identified material topics.

Material topic	Focus areas for year ended June 30, 2025	Summary of year ended June 30, 2025	Focus areas for year ending June 30, 2026
1) Empowerment of Individuals and Society	<ul style="list-style-type: none"> <li>Create a world where anyone can unleash their potential</li> </ul>	Use of the <i>Mercari</i> marketplace app has established a new form of consumer behavior in which buying secondhand has become a common choice, with 22.1% of <i>Mercari</i> users stating that when they want to buy a product, they look for it secondhand first. Additionally, efforts such as the launch of the first university-operated shop on <i>Mercari Shops</i> and the expansion of local government-driven initiatives nationwide show that the Company has expanded its circulation of value to society at large.	<ul style="list-style-type: none"> <li>Create a world where anyone can unleash their potential</li> </ul>
2) Creating a World That Circulates All Forms of Value	<ul style="list-style-type: none"> <li>Expand the positive impact of business growth</li> <li>Expand the value circulated globally</li> </ul>	As part of efforts to create a world that circulates all forms of value, expanded to new regions and new forms of value by launching crossborder transactions (to Taiwan and Hong Kong), providing a platform for trading digital assets (NFTs), and reaching 12 million registered users for <i>Mercari Hallo</i> , which leverages people's time and skills. Also achieved a positive impact of approximately 690,000 tons of avoided CO <sub>2</sub> emissions annually (contribution to avoided greenhouse gas emissions) by expanding the scope of calculations.	<ul style="list-style-type: none"> <li>Expand the positive impact of business growth</li> <li>Expand the value circulated globally</li> </ul>



Material topic	Focus areas for year ended June 30, 2025	Summary of year ended June 30, 2025	Focus areas for year ending June 30, 2026
3) Creating a New User Experience Through Technology	<ul style="list-style-type: none"> <li>Innovate features using data/AI</li> <li>Create innovation by leveraging the Group's user base</li> </ul>	Released the AI Listing Support feature, leveraging AI to automatically provide title and category suggestions from just an item image. Also enhanced the user experience, creating a smoother and more intuitive flow for both listing and buying by entirely redesigning the home screen, revising the My Page tab, search feature, tab layout, and more.	<ul style="list-style-type: none"> <li>Provide a smooth user experience utilizing data and AI</li> <li>Promote collaboration to expand the Mercari ecosystem</li> </ul>
4) Building Long-Term Public Trust	<ul style="list-style-type: none"> <li>Realize safe, secure, and fair transactions</li> <li>Earn the trust of users and stakeholders (society, investors, media, etc.)</li> </ul>	To foster a safe and secure transaction environment, publicly announced a new policy of "thorough elimination of fraudulent users" and "thorough aid for users," working toward strengthening trust. Continued to maintain zero major incidents by enhancing structures for security, and reinforced the foundations of social trust through collaboration with universities, government, and businesses.	<ul style="list-style-type: none"> <li>Realize safe, secure, and fair transactions</li> <li>Earn the trust of users and stakeholders (society, investors, media, etc.)</li> <li>Strengthen profitability to support sustainable growth</li> </ul>
5) Unleashing the Potential in Diverse Talent Worldwide	<ul style="list-style-type: none"> <li>Develop and promote diverse talent</li> <li>Embody I&amp;D</li> <li>Create a productive organizational environment for taking on bold challenges</li> </ul>	Worked toward transforming the Company's culture into one that facilitates increased speed and flexibility for the organization by adding a new value (Move Fast) and introducing a hybrid workstyle. In addition to reallocating resources to growth areas and launching the AI Task Force, also leveraged generative AI to increase work productivity. The proportion of women on the Board of Directors has also increased, and the contributions of diverse talent are increasing steadily.	<ul style="list-style-type: none"> <li>Utilize AI to dramatically improve organizational productivity</li> <li>Develop diverse talent and promote I&amp;D</li> </ul>

Details are disclosed on the official Sustainability section of the Company's website and in the annual Impact Report. Please access the following website:

<https://about.mercari.com/en/sustainability/>

## 2. Disclosure based on the TCFD

Mercari Group recognizes climate change to be one of the key challenges faced by its business. The entire Group is actively working to mitigate climate change and has also made these efforts part of its management strategy. Against this backdrop, in June 2021, the Group announced its support for TCFD (Task Force on Climate-related Financial Disclosures).

The TCFD has financial disclosure recommendations for all companies structured around four areas: governance, risk management, strategy, and metrics and targets. The Group discloses climate-related information in accordance with these four areas recommended by the TCFD.

### (1) Governance

The Executive Committee regularly allocates sufficient time for discussion of ESG factors, such as the impact of climate change, as one of the Group's important agenda items. It has also built a structure for incorporating the outcome of these discussions into management decision-making and work execution processes. The Executive Committee executes the monitoring of individual material topics each quarter in tandem with monitoring the progress of the Company's business plan.

The committee ultimately reports the monitoring results to the Board of Directors. Mercari aims to promote ESG through this structure and these processes.

(2) Strategy

As in the previous fiscal year, Mercari conducted a scenario analysis to identify the climate-change-related transition risks, physical risks, and opportunities for Mercari Group as a whole.

In this analysis, the Group set two scenarios—a 1.5°C/2°C scenario and 4°C scenario—according to scientific bases provided by organizations like the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA). Looking ahead, the Group is examining how both the Group and the society surrounding the Group will look in 2030 and beyond. Below are the main climate-related risks and opportunities the Group found based on the scenario analysis.

Category			Impact of climate change on the Group	Potential period of occurrence	Business implications	Our plan of action
Risks	Physical risk	Acute	<b>Data centers, etc., going down due to increasingly volatile natural disasters</b>  If any data centers or power companies suffer damage from increasingly volatile natural disasters, it will cause the electricity and network to be suspended as well as data centers to go down, and our users will not be able to sell and buy things online	Medium to long term	Medium	<ul style="list-style-type: none"> <li>• Create a BCP to shorten the length of shutdown periods</li> <li>• Consider disaster recovery plans</li> </ul>
	Transition risk	Policy and Legal	<b>Increasing item transport costs due to various regulations and increased fuel prices</b>  An increase in item transport costs due to the introduction of carbon pricing, increased fuel prices, clean energy and fuel-economy standards, and increased delivery labor costs will impact our users (both sellers and buyers), and also impact the demand for items sold on our marketplace	Medium to long term	Low	<ul style="list-style-type: none"> <li>• Strengthen supplier engagement</li> <li>• Expand transport methods with a low environmental impact</li> </ul>
	Transition risk	Reputation	<b>Damage to reputation among financial institutions/investors due to insufficient efforts to mitigate climate change</b>  As there are increased demands from investors and financial institutions for information disclosure and actions to mitigate climate change, if companies fail to meet those demands with respect to the expansion of the cryptoasset business and crossborder transactions, it will likely impact funding	Medium to long term	Medium	<ul style="list-style-type: none"> <li>• Ensure complete and sufficient information disclosure</li> <li>• Reduce 100% of scope 1+2 emissions by 2030</li> <li>• Reduce scope 3 emissions (obtain SBT certification)</li> <li>• Strengthen supplier engagement with delivery service operators, etc.</li> <li>• Implement carbon offsets according to the scale of the cryptoasset business</li> </ul>

Category			Impact of climate change on the Group	Potential period of occurrence	Business implications	Our plan of action
	Physical risk	Chronic	<b>Decreased demand for winter clothing due to global warming</b>  As a result of global warming, sales could be impacted due to decreased demand for winter clothing sold on the marketplace	Medium to long term	Medium	<ul style="list-style-type: none"> <li>Strengthen demand for other categories</li> <li>Expand markets through crossborder transactions and B2C transactions</li> </ul>
Opportunities		Reputation	<b>Competitive advantage from changes in consumer preferences due to increased environmental awareness</b>  We can increase the number of <i>Mercari</i> users in accordance with the spread of sustainable consumption and create new motives (contributing to the environment) for people to use <i>Mercari</i>	Short to medium term	High	<ul style="list-style-type: none"> <li>Promote the sustainable consumer behavior of reducing waste</li> </ul>

Evaluation of business implications/financial impact

- High (¥3.0 billion or more): Expected to have significant impact on finances or business strategies
- Medium (¥100 million or more, but less than ¥3.0 billion): Expected to have mid-level impact on finances or business strategies
- Low (less than ¥100 million): Expected to have little impact on finances or business strategies

As shown above, as it relates to the Group's business activities, the Group has assessed the market opportunities created from changes in the way people consume and their increased environmental awareness due to climate change to be larger than the potential impact of climate-related risks. With regard to the competitive advantage from changes in consumer preferences due to increased environmental awareness, the Group sees this as an opportunity to increase the number of *Mercari* users in accordance with the spread of sustainable consumption and create new motives (contributing to the environment) for people to use *Mercari*.

(3) Risk management

The Group has conducted a scenario analysis to understand and assess the impact of climate change on its business and identify the different climate-related risks and opportunities. The Group monitors the identified risks and opportunities under its structure for promoting ESG governance. In this structure, there is also a process for reporting and making suggestions to the Board of Directors as necessary, depending on the project.

(4) Metrics and targets

**Reduction targets**

Scope 1+2: By 2030, reduce 100% of emissions compared to the benchmark year of 2021\*

Scope 3: By 2030, reduce added value-related emissions (intensity) by 51.6%, compared to the benchmark year of 2023 (targeting category 9)

\* Obtained SBT certification for our 90% reduction target. The Company further set a 100% reduction target independently.

**Actual Amount of Greenhouse Gas (GHG) Emissions in Year Ended June 30, 2025 (July 2024–June 2025):**

In the year ended June 30, 2025, the GHG emissions of the Group as a whole (see below) totaled about 260,000 tons. For Scope 1+2, there were changes to the amount of emissions due to revisions to calculation items based on guarantee procedures by a third-party guarantor organization and the addition of new locations such as a returns center. There was also an increase in emissions for category 9 of Scope 3 emissions (downstream transportation and distribution) due to an increase in crossborder transactions.

The Group will continue to work on initiatives to achieve its 2030 targets.

		(Tons)	
		Year ended June 30, 2024	Year ended June 30, 2025
Scope 1		370	576
Scope 2	Electricity (market-based)	0	0
	Electricity (location-based)	669	788
	Heat supply	436	389
	Total*1	436	389
Scope 1+2	Total*2	806	965
Scope 3	Category 1	37,640	48,109
	Category 2	609	2,120
	Category 3	450	435
	Category 4	811	671
	Category 5	39	53
	Category 6	2,008	3,238
	Category 7	350	492
	Category 8	1,447	1,609
	Category 9	176,400	201,230
	Category 10	Not applicable	Not applicable
	Category 11	Not applicable	Not applicable
	Category 12	33	17
	Category 13	Not applicable	Not applicable
	Category 14	Not applicable	Not applicable
	Category 15	0	Not applicable
Subtotal (Scope 3)		219,788	257,974
Total (Scope 1+2+3)		220,594	258,939

\*1 Sum of electricity (market-based) and heat supply

\*2 Sum of Scope 1 and Scope 2 (Total\*1)

Calculation results for the previous fiscal year have been partially revised following changes to the scope of calculation and refinement of calculations for the categories subject to calculation for Scope 1+2 and Scope 3.

3. Initiatives for human capital and diversity

(1) Strategy

Mercari considers investment in talent to be the most important factor in achieving its Group mission. This is because Mercari believes that each and every employee growing and fully demonstrating Mercari's values is the shortest path to achieving its mission. As a major policy, the Group has set one of its material topics as "Unleashing the Potential in Diverse Talent Worldwide."

For details about Mercari's initiatives on human capital and diversity, please see the FY2025.6 Impact Report found on the website linked below.

<https://about.mercari.com/en/sustainability/>

(2) Metrics and targets

Mercari uses the following indicators for the above-mentioned policy regarding the development of talent, including ensuring the diversity of talent, and policies regarding establishment of the internal environment.

Basic information	Consolidated headcount <sup>(Note 1)</sup>	2,159 people
	Age ranges	20s: 14.3% / 30s: 56.8% / 40s: 25.8% / 50s: 3.0% / 60s: 0.1% (Average age: 36.3)
	Average annual salary	¥11,763,840
Diversity-related information	Percentage of women employees	33.8%
	Percentage of women directors	58.3%
	Percentage of women in management positions	26.0%
	Difference in pay between full-time men and women employees <sup>(Note 2)</sup>	30.6%
	Pay gap between men and women employees that cannot be explained <sup>(Note 2)</sup>	1.4%
	Percentage of employees in engineering positions	Overall: 38.1% (Men: 87.6%, Women: 12.4%) (Non-Japanese citizens: 58.5%)
	Number of nationalities of people working at the Tokyo office	53
	Percentage of employees of non-Japanese citizenship	29.7%
Information regarding childcare leave and paid leave	Usage rate of annual paid leave	75.1%
	Percentage of employees who take childcare leave	Men: 84.8% Women: 100.0%
	Average number of days of childcare leave taken by employees	Men: 126.3 days Women: 268.3 days
	Percentage of employees who feel re-acclimated to the company 12 months after returning from childcare leave (by gender)	84.3% (Men: 64 people, or 83.1%; Women: 27 people, or 87.1%)

The above information applies to workers employed by Mercari Group unless noted otherwise.

- (Notes) 1. Includes Mercari, Inc., Merpay, Inc., Mercoin, Inc., Kashima Antlers F.C. Co., Ltd., Mercari, Inc. (US), and Mercari Software Technologies India Private Limited
2. Workers employed by Mercari, Inc., including workers seconded to subsidiaries. This section does not apply to overseas subsidiaries, as the data collected is limited due to local laws and cultural backgrounds. With regard to the Company's Japan business operations, as Mercari, Inc. employees account for the majority of consolidated employees, the Company believes that the data for Mercari, Inc. adequately represents the status of the Group. As such, the numbers for domestic subsidiaries are also excluded from the scope of calculation.

### Embracing I&D

At Mercari, I&D is considered essential to achieving the Company's mission. The Company believes that creating an environment where diverse talent from all over the world can thrive results in an organization with diverse perspectives, thereby reducing oversight and improving the quality of decision-making.

In promoting I&D, the Company places the highest priority on "equal opportunity rather than equal outcomes," focusing on the processes that enable diverse talent to have equal opportunities in hiring and promotion. As such, although the Company does not set outcome-focused goals, it does set goals for hiring and appointment candidate pools and continuously monitors progress toward these goals.

Based on this approach, the Company's basic policy is to ensure diversity in the structure of the Board of Directors as a whole. In addition to considering the balance of knowledge, experience, and abilities, the Nominating Committee also considers gender balance, and as a general rule, includes women candidates in its selections. As a result, the proportion of women on the Board of Directors increased in the fiscal year ended June 30, 2025. The current proportion of women on the Board of Directors of the Company is high even by international standards, and the Board is also composed of members representing a wide range of ages.

- Structure of the Board of Directors
  - 12 Directors (7 women Directors; 5 men Directors)
  - Proportion of women: 58.3%
- Age composition
  - Average age: 52.6 (As of June 30, 2025)
  - 40s: 41.7%

- 50s: 41.7%
- 60s: 16.7%

**Implementation of gender pay gap correction**

Aware of the fact that the gender pay gap only shows the average difference in pay between men and women within an organization, Mercari also calculates for “unexplained pay gap,” which is the gap not due to differences in things such as role, grade, or job type, in order to ascertain the situation of the gender pay gap at the company more accurately. The Company has implemented periodic pay gap monitoring using multiple regression analysis as part of its mechanisms to provide competitive compensation regardless of individual attributes.

- 1) The Company began regular monitoring twice a year following the corrective actions taken in 2023.
- 2) The gender pay gap for all employees fell 1.32 percentage points year on year to 32.00%.
- 3) The unexplained pay gap decreased by 0.9% compared with the last year and remains at approximately 1.4%. The Company will continue to carry out monitoring and take necessary actions to reduce the unexplained pay gap to within  $\pm 1\%$ .

### 3. Business risks

Of the items related to the overview of business and financial information described in this Annual Securities Report, the following are major risks that management recognizes could have a significant effect on the financial position, operating results, and cash flows of the Group. In addition, the probability and timing of such risks materializing, and details of the impact on the Group's financial position, operating results, and so on, have not been specifically stated in cases where they cannot reasonably be foreseen. It is the policy of Mercari Group to fully recognize the possibility of risks materializing, and to subsequently strive to avoid them and to prepare measures to take in the event that they do materialize, but the Company believes that investors must make decisions regarding shares of the Company only after careful consideration of the matters stated in this document and elsewhere. Moreover, forward-looking statements in this document are based on the views of Group management as of the filing date of this report, and do not constitute an exhaustive list of all risks that could materialize in the future.

#### (1) Risks related to the business environment

##### 1) Growth potential of the industry

Mercari Group operates the *Mercari* C2C marketplace, which enables individuals to easily and safely buy and sell items they no longer need. Against the background of such factors as the expansion in recent years of the global market for secondhand items, the popularization of smartphones and improvements in their functionality, and the expansion of the e-commerce market, *Mercari* has seen growth in GMV and the number of users, and the Company perceives this trend to be likely to continue going forward. In addition, in March 2024, the Company entered the on-demand work business by launching *Mercari Hallo*, a job search platform that enables users to make use of their idle time to work. Amid the urgent need to promote diverse work styles as a measure to tackle the structural labor shortage, the on-demand work industry is also expanding as a whole. As a result, the number of *Mercari Hallo* registrations is steadily increasing.

Merpay, Inc. provides the *Merpay* mobile payment service and the *Mercard* credit card service through the *Mercari* app. Helped by the tailwind of the expansion of the cashless payment market, the Group has been working to enhance the convenience of these services, resulting in steady rises in *Merpay* gross payment value and number of users. In the credit area, the Group's main focus, it has witnessed a steady increase in the number of users and the usage balance of *Merpay Smart Payments* (lump-sum payment/fixed-amount payment/installment payment), as well as the number of Mercards issued.

Mercoin, Inc. also provides a cryptoasset trading service through the *Mercari* app. As users are able to easily start cryptoasset trading with the sales balance and points from selling unneeded items on *Mercari*, the number of people who have opened accounts on *Mercoin's* cryptoasset trading service has grown steadily.

However, there are a number of factors that may affect Mercari Group's business, financial results, and financial position. These include changes in laws and regulations restricting the secondhand market, e-commerce, or the on-demand work market, changes in economic trends, or changes in consumer tastes and the like, a slowdown in the growth of target markets resulting in the GMV of the *Mercari* C2C marketplace (which accounts for the majority of the Group's sales) as a whole or the GMV of mainstay categories no longer expanding steadily and leading to users abandoning the platform and to the Group being unable to maintain its business model over the long term.

##### 2) Competition

Currently there are many companies active in the market for C2C services that make use of smartphones, representing a diverse range of product categories and service formats. Internet auctions and secondhand stores also exist, and the competitive environment in the secondhand market is becoming increasingly intense. Furthermore, in the payment and finance-related business, there are multiple competitors providing electronic payment services, credit card services, and services related to those services. The on-demand work market, which the Company newly entered in March 2024, has continued to grow rapidly in recent years, and the competitive landscape has intensified alongside market expansion. Mercari Group's policy is to continue to work to respond to the needs of users and to link this to service enhancements; however, in the event that these initiatives do not generate the expected results, or in the event that more attractive or innovative services or companies providing services on more competitive terms emerge, leading to users abandoning the services provided by the Group, a decline in the number of listed items, or a fall in the level of fees, the business, financial results, and financial position of Mercari Group may be affected.

##### 3) Legal regulation

In the *Mercari* C2C marketplace operated by the Group, sellers can use the sales balance of items they have sold to purchase points, which they can then use to purchase other items. They can also use the remaining sales balance to buy other items without purchasing points. For this reason, Merpay, Inc. is registered as an issuer of prepaid payment instruments for third-party business and as a funds transfer service provider under the terms of the Payment Services Act and conducts its business in compliance with relevant laws and regulations, including laws and ordinances, and Cabinet Office orders. Currently, no events constituting grounds for revocation have occurred.

Furthermore, in addition to the provision of the *Mercard* credit card service, the *Merpay* mobile payment service provides *Merpay Smart Payments* (lump-sum payment/fixed-amount payment/installment payment), a service enabling buyers to pay off amounts at the end of the following month or in installments, and *Merpay Smart Money*, a small-sum loan service. For this reason, Merpay, Inc. is registered as a business operator concluding contracts involving the handling of credit card numbers, etc., as a registered comprehensive credit purchase intermediary (including certification as a certified comprehensive credit purchase intermediary) and as a moneylender under the terms of the Installment Sales Act and conducts its business in compliance with relevant laws and regulations, including laws and ordinances, and Cabinet Office orders. To offer the cryptoasset trading service, Mercoin, Inc. is registered as a cryptoasset exchange service provider under the terms of the Payment Services Act and conducts its business in compliance with relevant laws and regulations,

including laws and ordinances, and Cabinet Office orders. Currently, no events constituting grounds for revocation have occurred in any of these businesses.

*Mercari Hallo*, a job search platform, is licensed as a fee-charging employment placement business under the Employment Security Act. In addition to said Act, the business conducts operations in compliance with other relevant laws and regulations, including the Labor Standards Act, the Minimum Wage Act, the Act on Improvement of Personnel Management and Conversion of Employment Status for Part-Time Workers and Fixed-Term Workers, the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment, and the Act on Comprehensively Advancing Labor Measures, and Stabilizing the Employment of Workers, and Enriching Workers' Vocational Lives. The Company also strives to help recruiting companies (partners) comply with these laws and regulations. Currently, no events constituting grounds for revocation have occurred.

In the US, the Group has applied for money transmitter licenses in those states that require it for regulatory purposes in relation to payments, and has already obtained licenses in all such states where applications were filed.

The Group responds appropriately to moves by regulatory authorities, including tax authorities, and moves to revise existing laws and regulations, but in some cases it is impossible or extremely difficult to accurately predict such moves in advance, and in the event that it is unable to respond in a timely and appropriate fashion, the business, financial results, and financial position of Mercari Group may be affected. In the event that Mercari Group receives an administrative punishment of some kind for infringement of these laws and regulations, etc., or in the event that the application of new laws or regulations or significant changes in the approach taken by regulatory authorities lead to restrictions on the operation of *Mercari* or on other existing or new businesses, the business, financial results, and financial position of Mercari Group may be affected.

4) Natural disasters

In the event of unexpected situations caused by fires or natural accidents and disasters such as major earthquakes or typhoons resulting in the suspension of development or operations, damage to facilities, restrictions on the supply of electricity, or interruptions or disruption to the delivery network, the provision of services by the Group may be hindered, and the business, financial results, and financial position of Mercari Group could in turn be affected. For other risks related to climate change, please refer to "Views and initiatives on sustainability."

(2) Risks related to the business

1) Maintaining the soundness of services

The services operated by the Group consist in essence of the provision of a platform where transactions take place. In order to ensure the soundness of this platform, the Group strives to eliminate counterfeit items and other items whose listing is prohibited, not only by clearly indicating prohibited items within the service but also by putting in place monitoring and reporting systems, and by cooperating with rights owners such as brands. In addition, the Group is not a party to sale contracts, user service provision agreements, or employment contracts in transactions between users, and the terms of service also stipulate that problems arising between users are not the responsibility of Mercari Group and must be resolved between the parties involved.

In addition, in preparation for any trouble that may arise in transactions between users, the Group introduced a full compensation support program on July 1, 2025, that provides compensation for monetary losses arising from transactions that meet certain conditions to eligible users, both buyers and sellers. Through this program, the Company aims to provide an environment where users can buy and sell with peace of mind, and to improve the safety and soundness of the platform and protect users. However, in the event that compensation expenses exceed expectations in the operation of this program, or disputes arise with users over the scope of compensation, the business, financial results, and financial position of Mercari Group may be affected.

However, in the event that actions that harm the intellectual property, good name, privacy, or other rights of third parties occur, or fraud or other illegal acts take place within the services provided by the Group, or in the event that it is impossible to prevent inappropriate acts within these services, leading to the inability of the Group to ensure the safety and soundness of the platform, trust in Mercari Group or the services provided by Mercari Group may decline, leading to users abandoning the platform. Furthermore, in the event that responsibility is forced not only on the party performing such problematic acts but also on the Group as provider of the platform, this may result in damage to the corporate image and trustworthiness of Mercari Group, and in turn affect its business, financial results, and financial position.

2) Risks related to fraudulent use

On the marketplace operated by the Group, credit card payments are offered as a method of payment for transactions conducted on the platform. In order to prevent the illicit hijacking of accounts through phishing or other means, the Group has strengthened measures to prevent fraudulent logins by third parties through the use of multifactor authentication and other approaches when logging in to the platform. Additionally, in order to prevent the fraudulent use of third parties' credit cards by buyers, the Group has introduced an authentication service (EMV-3D Secure) as well as human and system surveillance of transactions, so as to form comprehensive risk judgment and block fraudulent use.

However, in the event that fraudulent transactions on the platform cannot be prevented, damage may be caused by users being compensated for fraudulent transactions and by a decline in trust in Mercari Group, and in the event that this damage spreads further, the business, financial results, and financial position of Mercari Group may be affected.

3) Risks related to global expansion



With the aim of expanding revenue opportunities, the Group operates *Mercari* in the US as a marketplace where anybody can easily and safely sell a variety of items. The Group is also increasing the number of countries where crossborder transactions are available on *Mercari*, and intends to continue strengthening global expansion going forward. In the course of this global expansion, it is possible that in the future the Group will continue to make substantial investments in advertising and personnel. There are also a variety of potential risks associated with language, geographical factors, various regulations including legal and tax systems, economic and political instability, differences in culture, user tastes, and business customs, and exchange rate volatility, as well as risks related to difficulties in obtaining the human resources necessary for business expansion, and the risk of rivalry from highly competitive companies in the country in question. In the event that the Group is unable to deal with such risks, the global expansion of Mercari Group may be affected.

4) Systems

When using the *Mercari* C2C marketplace and other services operated by the Group, it is essential that the user be able to access the internet or mobile networks, in addition to which the IT systems of the Group are also important.

In order to reduce the probability of system trouble, the Group has implemented thoroughgoing measures to strengthen the security and operational stability of its systems, and has put in place a structure to enable prompt recovery even in the event of such trouble occurring. The various financial figures in the financial statements of the Company are also obtained from the IT systems of the Company, and these consist of multiple business-processing systems developed internally. In order to ensure the appropriateness of system processing, the Group has put in place and operates a business processing control framework.

However, in the event that a system goes down as a result of factors that are impossible for the Group to predict, such as temporary overload of the system or the interruption of its power supply, software malfunctions, infiltration of computers as a result of malware or by illicit third-party access, or due to natural disasters or accidents, or in cases where events originating outside the Group's systems have a detrimental impact on user access, the business, financial results, financial position, and structure for appropriate financial reporting of Mercari Group may be affected.

In order to maintain stable operation of its services and grow business, the Group must continuously invest in areas such as system infrastructure. In the event of rapid growth in users or traffic that exceeds the expectations of the Group, or the need to augment systems in order to strengthen security or for other reasons, additional investments may be required, which may affect the business, financial results, and financial position of Mercari Group.

5) AI technology

The Group actively utilizes AI technology in the *Mercari* C2C marketplace and other businesses. However, competitors are also increasingly adopting and utilizing AI technology. Under these circumstances, if the Group's adoption and utilization of AI technology lags behind competitors, it could fall behind in terms of service convenience and quality, weakening its service competitiveness and ultimately resulting in users abandoning the Group's services and a decrease in the GMV.

Securing and developing specialized talent and compiling high-quality data are also essential to effectively adopt and operate AI technology. A lack of these resources or improper data management could lead to delays in the adoption and improvement of AI technology, which could affect the business, financial results, and financial position of Mercari Group. Furthermore, the adoption and operation of AI technology involves technical and ethical risks, such as security vulnerabilities, privacy violations, output containing misinformation or bias, and infringement of intellectual property rights. To address these risks, the Group is strengthening its governance system regarding AI technology. However, if these risks were to materialize, the Group's credibility and brand value could be damaged, which may affect the business, financial results, and financial position of Mercari Group.

6) Possibility of litigation, etc.

In the event of illegal acts or trouble caused by users, or infringements of the rights of third parties, the Group may be sued or be the target of other demands from users or other third parties.

Conversely, in the event that the rights of the Group are infringed or damaged by third parties in some way, the Group may need to spend large sums of money on litigation to protect its rights.

In such cases, depending on the details of the litigation or the sums of money demanded, the Group's business, financial results, financial position, and social credibility as a company may be affected.

7) Risks related to intellectual property rights

Mercari Group works to acquire intellectual property rights related to the businesses that it operates, and seeks to protect the trademarks, technology, content, and other assets used by the Group through intellectual property rights, but in the event that its intellectual property rights cannot be protected from infringement by third parties, or in the event that significant costs are incurred as a result of protecting such intellectual property rights, the business, financial results, and financial position of Mercari Group may be affected. In addition, in the event that a third party claims infringement of intellectual property rights in relation to the technology or content used by Mercari Group, resulting in costs or losses being incurred in order to protect against or resolve related disputes, there is a possibility that the business, financial results, and financial position of Mercari Group may be affected.

8) Enhancing the business foundation

In order to expand the scale of the business and to diversify sources of revenue, the policy of the Group is to enhance the business foundation and to work on new business initiatives, including efforts such as building a Mercari Group ecosystem

with integrated Mercari IDs. In the future it is possible that the Group will launch new services or adopt services from third parties, but the ecosystem concept is still in the initial stages, and because it involves many uncertain elements, including competition with other services, profitability, regulatory risk, the impact on operations, and the effect on the Group's reputation, the building of this ecosystem may not progress as anticipated by the Group; even if the Group succeeds in building this ecosystem, the Group may not obtain sufficient profits.

With regard to enhancing the business foundation and developing new businesses, the Group's policy is to seek to mitigate risk by fully investigating both risks and synergies with existing services at the planning and development stages. The Group recognizes that M&A, joint ventures, capital and business alliances, and investment activities are also effective approaches when enhancing the business foundation or developing new businesses in this way, and its policy is to continue to explore these going forward.

On the other hand, because there are many uncertain elements associated with enhancing the business foundation and developing new businesses, in the event that the Group implements such initiatives, they may not progress as anticipated by the Group, the expected synergies may not be obtained, and new risk elements may emerge based on the content and nature of the services provided. Liabilities and losses may occur in relation to unexpected costs and impairments of goodwill and other items, and additional investments may become necessary as a concomitant of these initiatives. Furthermore, in the case of M&A or similar initiatives, there is a risk of unexpected events occurring as a result of the limitations of due diligence, which may affect the business, financial results, and financial position of Mercari Group.

9) Dependence on third parties

Because the Group offers smartphone apps for users, providing apps via the platforms operated by Apple Inc. and Google LLC is an important precondition of the Group's business in its current form. The Group has also adopted services provided by external operators, such as credit card payments, convenience store payments, and ATM payments, as payment methods for users. Accordingly, the business, financial results, and financial position of Mercari Group may be affected by trends and business strategies at these operators, and by their relationship with the Group. Furthermore, user information (including personal information) is stored on servers in data centers managed by third parties. As such, an emergency occurring in a data center runs the risk of user information being partially or completely lost. This could result in the Group facing legal liability and cause damage to its brand image.

Because delivery is dependent on delivery service operators such as Yamato Transport Co., Ltd. and Japan Post Co., Ltd., in the event of changes in the terms of transactions with these operators, revisions to their business policies, etc., or changes in delivery conditions, the business, financial results, and financial position of Mercari Group may be affected. In addition, because the Group uses Google Cloud provided by Google LLC for the management of internal emails and materials, the Group's operations may be hindered in the event that Google Cloud services are suspended or outages occur for some reason. The Company also needs to take into account risks such as changes to terms of use and policies regarding the use of Google LLC services, security threats, data leaks, and unauthorized access. These factors could affect the Group's business operations and information management.

10) Payment and finance-related business

The payment and finance-related business may affect the business of Mercari Group in the future as a result of such factors as significant costs required for compliance with regulatory requirements or additional regulatory requirements.

In the course of operating its services and the payment and finance-related business in Japan and overseas, the Group may become subject to a variety of laws and regulations in such areas as businesses related to the transfer of money, payments, e-commerce transactions, installment sales, money lending, and cryptoasset exchange, measures to prevent money laundering and terrorist financing, and user authentication. In the unlikely event that the Group is found to be in violation of its duties under these laws and regulations for reasons such as being unable to establish internal systems quickly enough to keep up with the speed of growth in services, it may be subject to fines or other disciplinary actions or sanctions such as an order to suspend business, and/or be forced to change its services. These events could have a significant impact on the business, financial position, and operating results of the Group. There is also a possibility the content of laws and regulations that must be complied with will change significantly in the future. If the Group is unable to quickly put in place internal systems to deal with such changes, this could have a significant impact on the Group's business and operating results.

Furthermore, with regard to mobile payment services and other parts of the payment and finance-related business, a variety of additional risks may emerge as follows.

- a. Increases in operating expenses and management costs associated with fraudulent transactions, response to failed transactions, customer service, and management of consigning entity
- b. Increases in payments to external third parties
- c. Increase in cost of capital following infrastructure construction
- d. Potential fraud or illegal acts committed by users, platform partners, employees, or third parties
- e. Additional disclosure and reporting obligations

11) Cryptoasset exchange service

The cryptoassets deposited to the Group by users are stored in a wallet managed by Mercoin, Inc. To address the risks of such cryptoassets being leaked due to unauthorized access from an outside party and other risks, the Group has implemented various measures, including the development of a system to control a private key and a wallet structure. However, in the event that cryptoassets are leaked due to unauthorized access, this could significantly affect Mercari Group's financial results and financial position.

- 12) On-demand work business  
In the on-demand work business, crew (people looking for work) can work without going through general screening processes, such as submitting resumes and conducting interviews. This requires thorough verification of the identity of crew and the working conditions at partners (businesses posting job listings) and information related to their job listings in an appropriate manner. Although the Group has established an appropriate system for verifying the information of crew and partners, in the event of negligence with the screening of partners or job listings or major problems with coordination between crew and partners, this could impact the Group's business, financial results, and social credibility as a company.
- (3) Risks related to the Company's organization
- 1) Risks related to human resources  
Mercari Group is highly dependent on the management team for the formulation and execution of business strategy for the Group as a whole; in the event of insufficient human resources within this management team, Mercari Group's business, financial results, and financial position may be affected.  
Moreover, in order for the Group to continue expanding in scale and providing the services needed by society, the Group must secure exceptional and highly motivated talent who share Mercari Group's values. This includes talent with technical expertise in smartphone app development and design, as well as talent whose expertise is suited for Mercari's security, corporate, and customer support divisions. The Group's global expansion also requires it to secure talent who are well-versed in local market trends and business.  
The Group intends to continue recruiting as necessary to secure the kind of talent that is required to expand the scale of the business and enhance its services. However, should it become difficult to obtain talent of the necessary standard due to such factors as intensifying competition for human resources or changes in market needs, which may prevent the Group from hiring as expected, or in the event that talent currently employed by the Group leave to work elsewhere, Mercari Group's business, financial results, and financial position may be affected.
- 2) Business structure and internal control structure  
The Group recognizes that in order to address the future management and expansion of the business, further enhancements to the business structure and internal control structure are required. In the event that delays arise in the building of a suitable business structure and internal control structure, this could affect Mercari Group's business, financial results, and financial position. In addition, the trustworthiness of Mercari Group's financial reporting may be affected by such things as specific limitations inherent in the internal control system, ineffective functioning of the internal control system associated with the financial reporting of the Group, or a significant deficiency that occurs in the internal control system associated with financial reporting.
- 3) Management of personal information  
For the operation of various services such as the *Mercari* C2C marketplace service, the Group collects information that enables the identification of individual users, such as addresses, names, and telephone numbers. In addition to appropriately managing this personal information in accordance with its privacy policy, the Group has set out internal regulations for the protection of personal information, has implemented thorough internal training, and has built and continues to improve its management systems.  
The Group takes the utmost care with the protection of personal information and the privacy of users, and takes appropriate steps to manage information. However, there is a possibility that user privacy could be violated, that personal information could be leaked, or that information leaked outside the Company as a result of unauthorized access could be misused following such leaks. If such an event were to occur, Mercari Group's business, financial results, financial position, and social credibility as a company could be affected.  
In addition, in the event of revisions to laws and regulations related to user privacy or the protection of personal information in any of the jurisdictions in which the Group operates, the business, financial results, and financial position of Mercari Group could also be affected.
- (4) Operating results and financial position
- 1) Operating results  
Established in February 2013, Mercari has a relatively short history and is still in its development phase. In previous fiscal years, consolidated results have been characterized by the recording of sustained losses attributable to owners of parent, initially due to the Company being at the stage of establishing its *Mercari* C2C marketplace, and subsequently as a result of investments in *Mercari* (US) and the *Merpay* mobile payment service in Japan. From the second half of the fiscal year ended June 30, 2022, the Company incorporated an approach to profitability into its management policy, changing to a policy that takes into consideration the balance between growth and revenue to strengthen Mercari Group's profitability. From the fiscal year ended June 30, 2023, the Company moved one step further, changing to a management policy that essentially aims for top-line growth that will lead to increased profits. As a result, profit attributable to owners of parent has been recorded since the fiscal year ended June 30, 2023. In order to expand the scale of its business and diversify sources of revenue, Mercari Group is making investments aimed at maximizing the Group's future profits with the intention of continuously achieving profit growth. However, the Group's performance targets and financial position may be affected by economic conditions, the business environment surrounding the Group, and other factors. Furthermore, because the Group is going through a process of rapid growth, operating results from previous fiscal years may not provide adequate material for comparisons between different periods.

GMV, MAU<sup>(Note)</sup>, and other indicators are calculated using methods considered reasonable within Mercari Group, but in addition to these not necessarily being comparable with those of other companies, past figures may not provide adequate material to form a judgment on future trends.

(Note) MAU (Monthly Active Users) is defined as the quarterly average number of registered users who accessed the *Mercari* service via app or website at least once during a given month.

2) Continuous investments

In order to achieve continuous growth, the Group believes it is necessary to raise awareness and trust so as to both acquire more new users and retain existing users. Accordingly, since the establishment of Mercari Group, the Company has invested in product improvements, recruitment to secure and train human resources for the development of new services, and marketing initiatives. Going forward, the Group's policy will be to continue disciplined investment that leads to growth.

However, Mercari Group's business, financial results, and financial position may be affected by such factors as changes in the business environment, advertising expenses that do not generate sufficient results, rising costs, or profits not being generated as planned due to investments continuing for longer than expected.

(5) Other

Dilution of share value through issuance of additional shares, etc.

Mercari Group grants stock acquisition rights and restricted stock units (RSUs) to its officers and employees with the aim of providing medium- to long-term incentives to enhance corporate value, and may continue to use stock acquisition rights and RSUs in order to continue the recruitment of outstanding talent. In addition, the Company issues convertible bonds with stock acquisition rights. In the event that the above stock acquisition rights are exercised, RSUs are vested, or the convertible bonds with stock acquisition rights are converted into shares, additional shares of the Company will be issued, which could dilute the value and percentage of voting rights of shares held by existing shareholders.

### III. Facilities

#### 1. Overview of capital investments

Total capital expenditure undertaken during the year ended June 30, 2025, amounted to ¥7,406 million (including intangible assets) and was mainly allocated for the acquisition of right-of-use assets under office lease agreements.

No major facilities were retired or sold during the year ended June 30, 2025.

#### 2. Major facilities

##### (1) Mercari Group

As of June 30, 2025

Office name	Location	Name of segment	Facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
				Buildings and structures	Tools, furniture, and fixtures	Right-of-use assets	Software	Other	Total	
Head Office	Minato-ku, Tokyo	Japan Region/ Corporate (shared)	Business facilities	6	335	7,281	15	20	7,658	1,463 [196]
Fukuoka Office	Hakata-ku, Fukuoka-shi, Fukuoka	Japan Region	Business facilities	—	2	27	—	—	29	53 [138]

##### (2) Domestic subsidiaries

As of June 30, 2025

Company name	Office name (Location)	Name of segment	Facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
				Buildings and structures	Tools, furniture, and fixtures	Right-of-use assets	Software	Other	Total	
Merpay, Inc.	Head Office (Minato-ku, Tokyo)	Japan Region	Business facilities	—	—	—	—	—	—	297 [99]
Kashima Antlers F.C. Co., Ltd.	Head Office (Kashima-shi, Ibaraki)	Other	Business facilities	902	74	833	10	921	2,742	75 [41]
Mercoin, Inc.	Head Office (Minato-ku, Tokyo)	Japan Region	Business facilities	—	—	—	—	—	—	61 [5]

## (3) Overseas subsidiaries

As of June 30, 2025

Company name	Office name (Location)	Name of segment	Facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
				Buildings and structures	Tools, furniture, and fixtures	Right-of-use assets	Software	Other	Total	
Mercari, Inc. (US)	Head Office (Palo Alto, California, United States)	US	Business facilities	8	2	54	–	–	66	97 [6]
Mercari Software Technologies India Private Limited	Head Office (Bengaluru, Karnataka, India)	Other	Business facilities	–	30	67	0	–	97	86 [10]

(Notes) 1. The average number of temporary employees during the year is stated in square brackets.

2. Figures are based on IFRS.

3. “Other” under the carrying amount mainly represents other intangible assets.

## 3. Plans for acquisition and retirement of facilities

(1) Acquisition of important facilities  
Not applicable.(2) Retirement of important facilities  
Not applicable.**IV. Financial Information**

Please refer to Page 6 at the following URL.

<https://pdf.irpocket.com/C4385/bffO/jTiQ/Fu5E.pdf>