

FY2021.6 Q4

PRESENTATION MATERIAL

mercari

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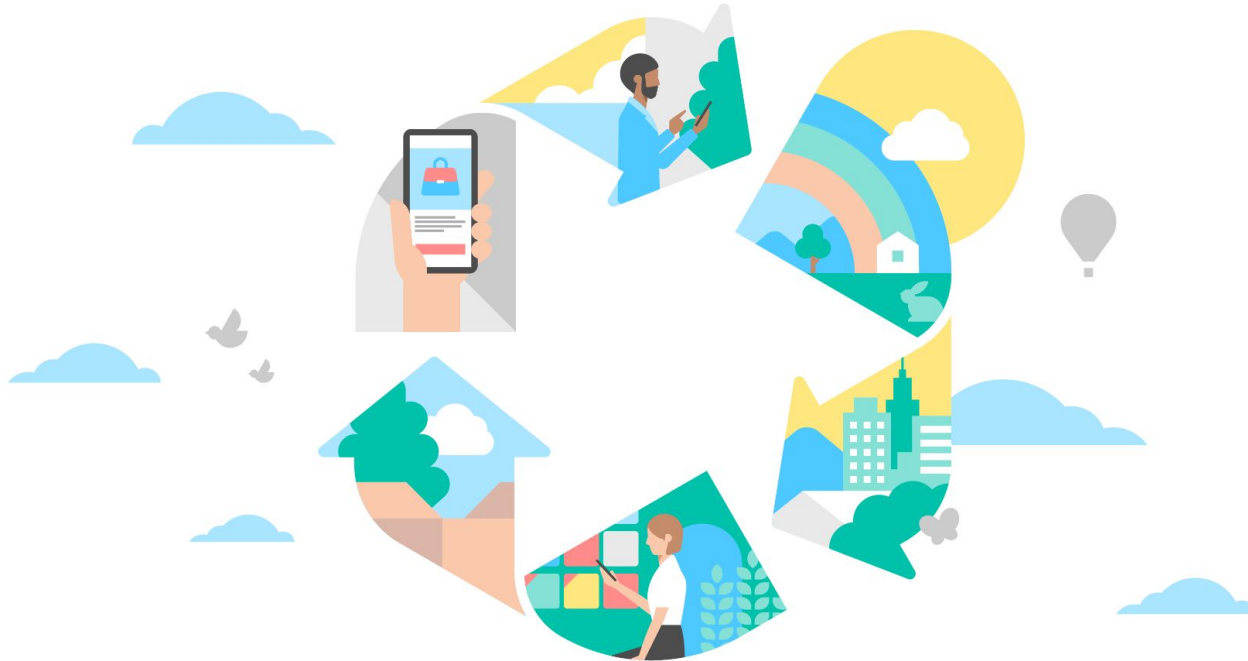
Mid- to Long-Term Policy

Our Mission



1 Aiming for Planet Positive

Contributing to solving environmental issues and helping to share the earth's limited resources among people and every living being on the planet for generations to come

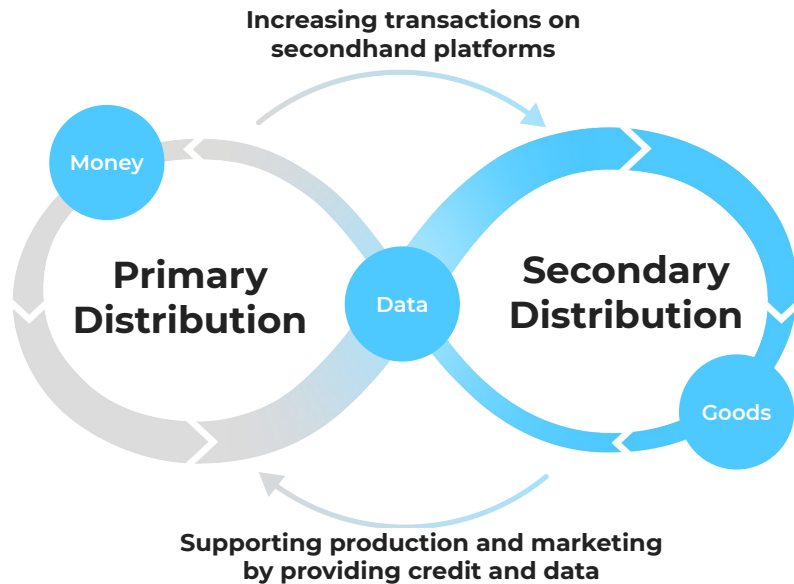


By carefully using reused items with Mercari, users can contribute to carbon footprint reduction

1

Medium-Term Milestones to Achieve Our Mission

Financial Results Presentation Material



**Leading the move to a circular economy by
integrating primary & secondary distribution**

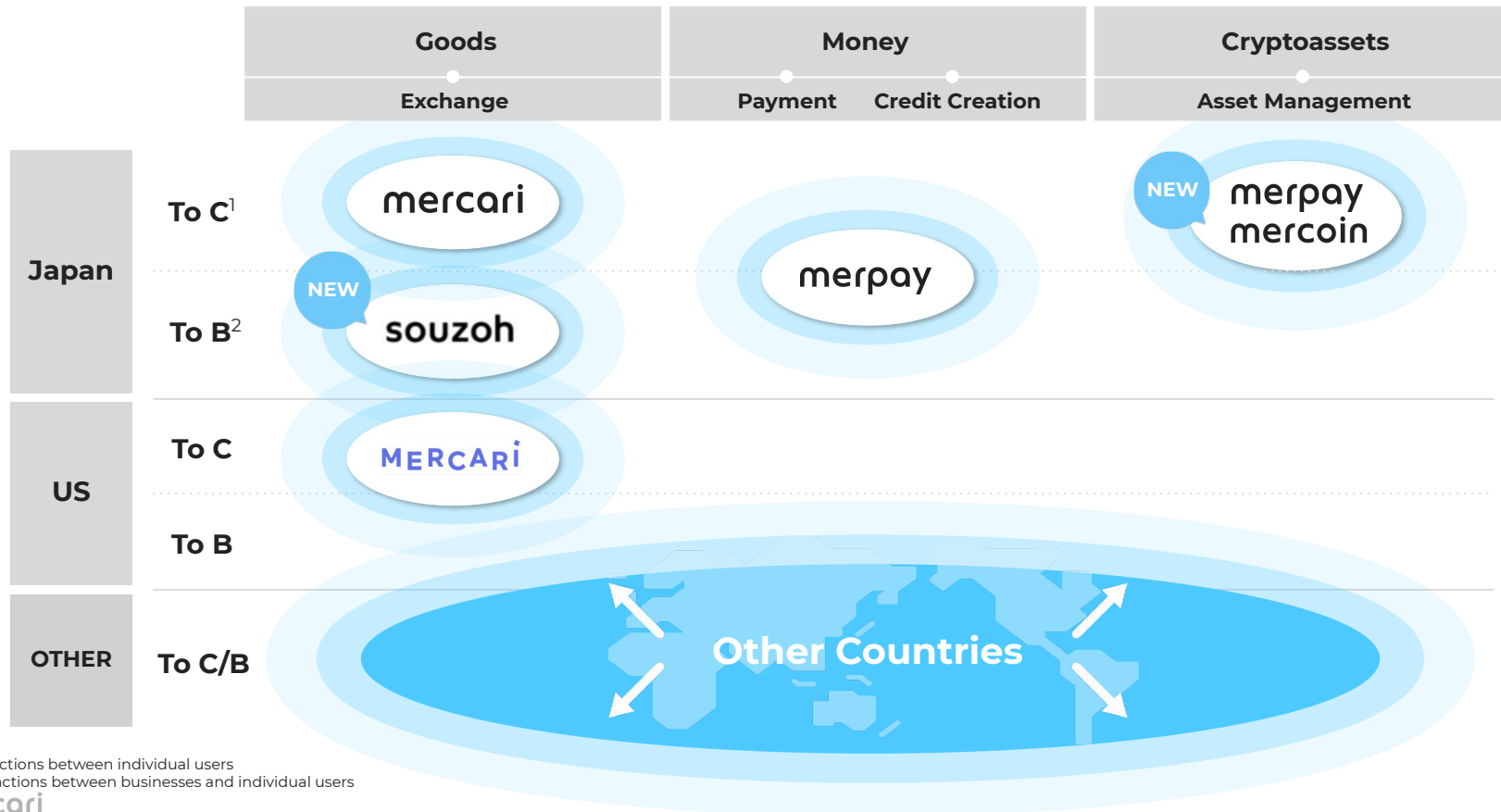


Further global expansion

1

Growing 3 Pillars Further + Expanding into New Areas in Japan & Abroad

Financial Results Presentation Material



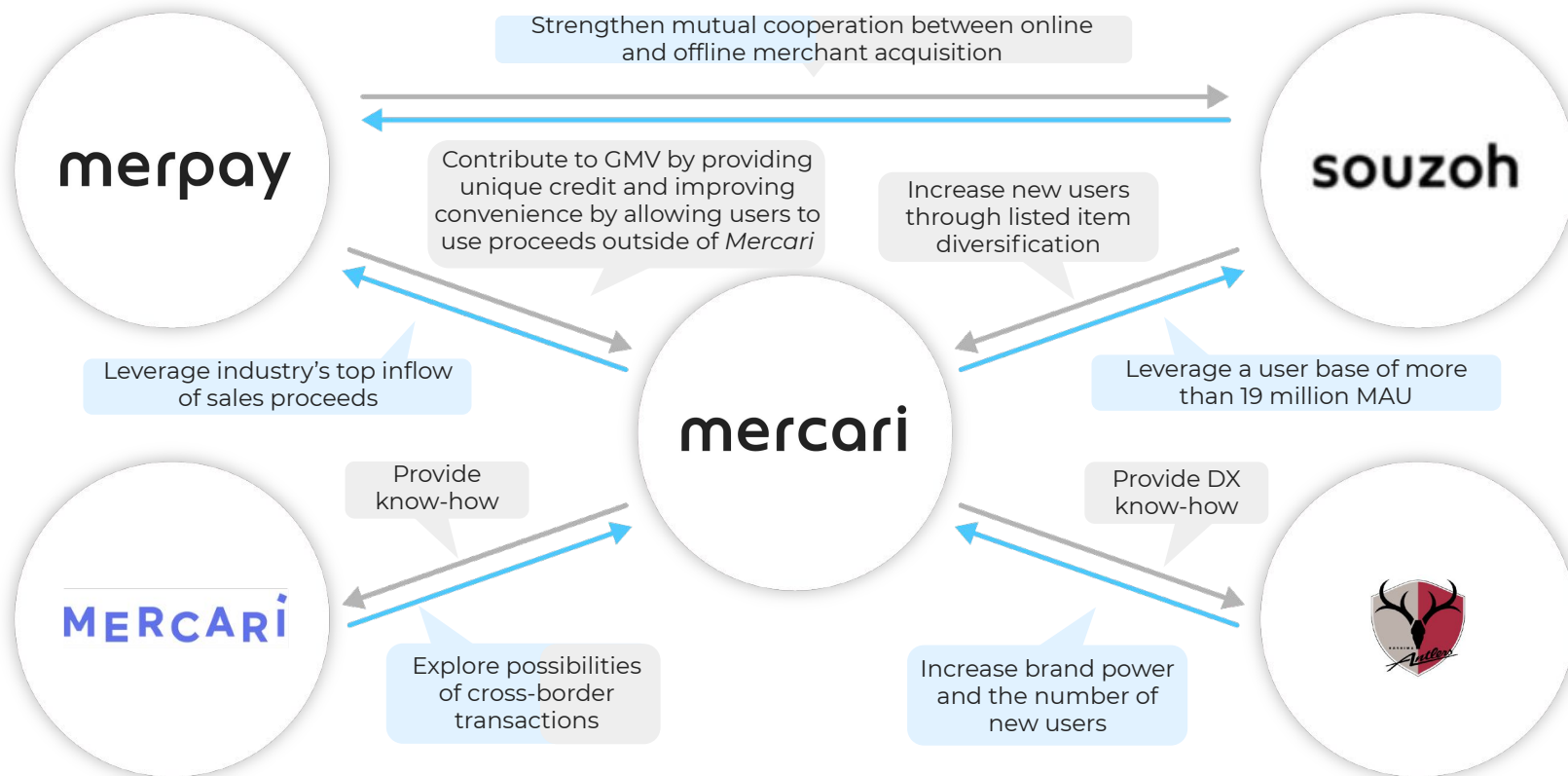
Medium-Term Targets & Investment Plans for Business Areas

Business Area	Company	Three-Year Objectives	Major Investment Areas
Group		<ul style="list-style-type: none"> ■ Realize a circular economy by integrating primary & secondary distribution ■ Globally expand services and establish a global organization 	<ul style="list-style-type: none"> • Recruitment of talent, focusing on engineers and global personnel • AI • Blockchain • Strengthening security measures
Domestic Marketplace	mercari	<ul style="list-style-type: none"> ■ Become a leader in the circular economy in Japan • A market leader in both C2C and B2C • A trusted marketplace built by further strengthening ties with primary distributors • GMV 3-year CAGR: 15% / Adjusted Operating Margin: 40%¹ 	<ul style="list-style-type: none"> • Personalization • Web enhancement • Offline initiatives • User acquisition in both C2C & B2C
Finance	merpay	<ul style="list-style-type: none"> ■ Promote a “circular financial ecosystem”² as a step towards building a new financial culture with financial services utilizing the group's synergies 	<ul style="list-style-type: none"> • Strengthening credit (AI credit, etc.) • Enhancing a safe and secure usage environment
Global	MERCARI	<ul style="list-style-type: none"> ■ Make it so everyone in the US knows Mercari ■ Carry out business infrastructure and service development in multiple countries 	<ul style="list-style-type: none"> • Expanding the user base • Increasing shipping options • Automation/personalization • Building businesses globally

1. Souzoh's figures not included

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

Create Synergies Between Businesses to Increase Competitiveness



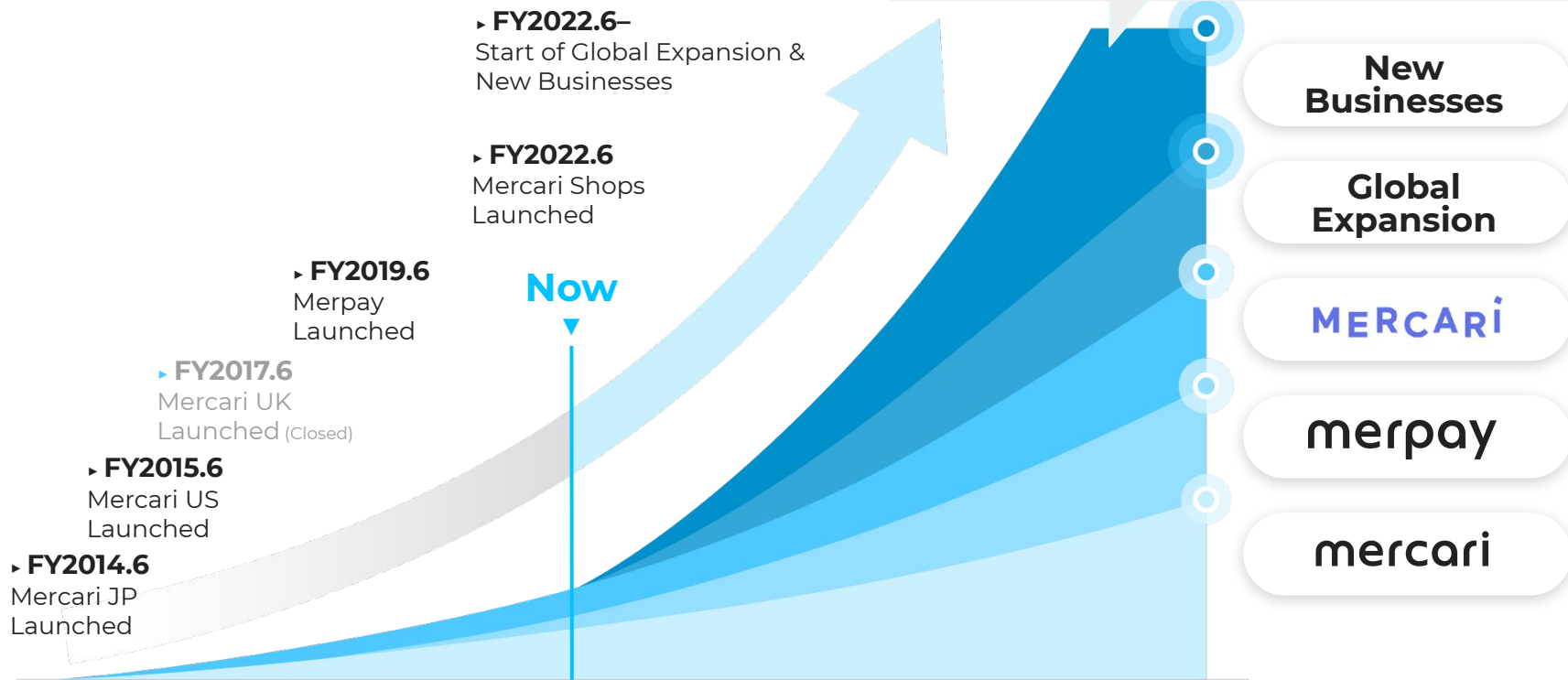
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Mercari's Growth Trajectory and Further Leaps Forward

20XX Complete the Mission

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

Financial Results Presentation Material





FY2021.6 Financial Highlights/ Results

2 FY2021.6 Summary—Highlights

Consolidated	<ul style="list-style-type: none"> GMV for Mercari JP & US continued high growth rates due to the impact of COVID-19 and the restarting of investment in Q2 to seize on opportunities Profitability improved in Merpay and Mercari US, supporting full-year profitability Successfully prepared for growth in FY2022.6 and beyond, including the establishing of Souzoh and Mercoin
Mercari JP	<ul style="list-style-type: none"> Increased MAU through simplifying the packaging and shipping process, offline initiatives, and collaboration with DOCOMO and primary distribution in order to create a service that can be used by a wide range of people Full-year GMV growth rate was +25% YoY and adjusted operating margin was 32%, achieving our initial targets
Merpay	<ul style="list-style-type: none"> Continued strengthening profitability centered on credit, achieving profitability¹ for the month of May Actively promoted the construction of a safe and secure usage environment with more than 80% of Merpay users now completing identity verification
Mercari US	<ul style="list-style-type: none"> Achieved YoY GMV growth rate of +72%, and the first profitable quarter due to improved profit structure thanks in part to the adoption of PPF Improved brand awareness and established a strong user base by marketing initiatives and improving ease of use

▼FY2021.6 Business Objectives Announced in the FY2020.6 Q4 Financial Results Presentation

Consolidated	Continue to "stay strong" during the COVID-19 pandemic by controlling investment and cutting costs. In the event of anticipated growth from investment, may prioritize growth, resuming investment and possibly recording loss. Improve soundness of service, contribute to society, and evolve into a service beloved by wide groups of people.
Mercari JP	Strengthen listing through integration of primary and secondary distribution, and promote business alliances with DOCOMO and other companies. Expecting YoY GMV growth rate of +20% or higher and adjusted operating margin of 30% or higher.
Merpay	Enhance monetization through expansion of credit areas such as fixed-amount payment, and strengthen synergies between Mercari and Merpay.
Mercari US	Make <i>Mercari</i> an even easier to use marketplace where users can safely sell their items. Continue to aim for YoY GMV growth rate of +50% or higher while assessing impact from COVID-19.

1. Before deduction of internal transactions related to payment commission income from Mercari JP

FY2021.6 Full Year (July–June) KPI Summary

Consolidated

Net Sales
106.1 billion JPY
 (YoY +39%)

Operating Income
5.1 billion JPY
 (YoY +24.4 billion)

Mercari JP

GMV¹
 YoY **+25%**

Adjusted Operating Margin
32% (YoY 0ppts)

Merpay

Number of Users²
10.6 million

Mercari US

GMV¹
 YoY **+72%**

MAU³
4.6 million (YoY +8%)

1. Aggregated transaction value after cancellation

2. Aggregated number of unique users registered for *Merpay Electronic Money*, or used either *QR Code Payments*, *Online Payments*, or *Merpay Smart Payments* (lump-sum payment or fixed-amount payment) as of the end of June 2021.

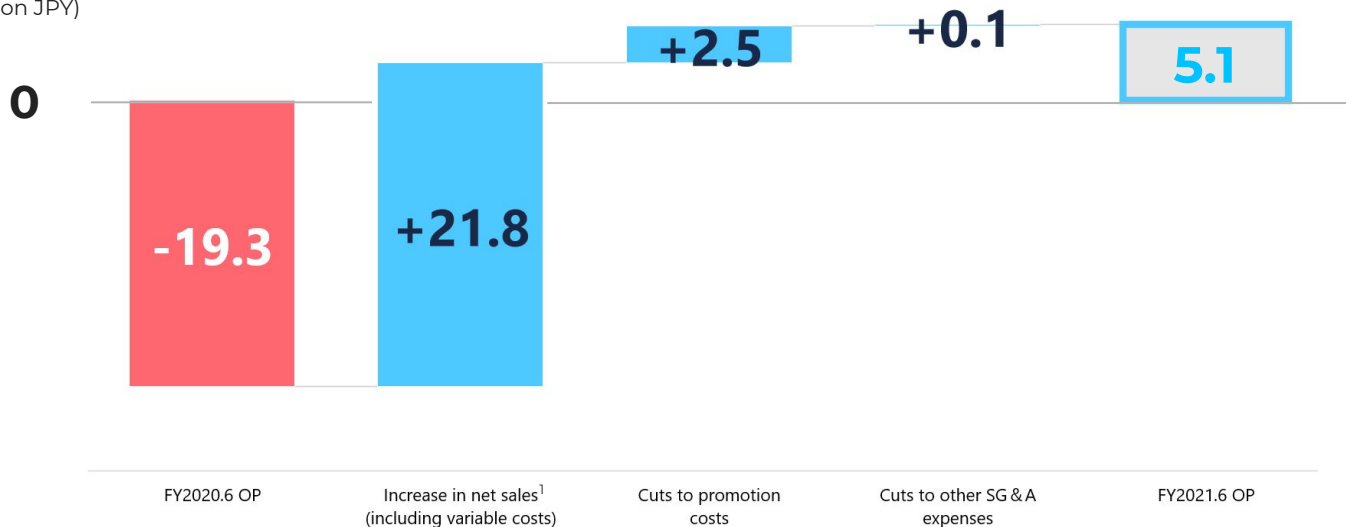
3. Quarterly average number of users who browsed our service (app or web) at least once during a given month.

Primary Factors Behind the Consolidated Operating Income in FY2021.6 (Jul–Jun) (YoY)

- Saw profitability for the full fiscal year as a result of sales growth, in addition to controlling promotion cost in the first half of the fiscal year and improving the profit structure of each business in the second half of the fiscal year

Factors Behind Improvements to Operating Income

(Billion JPY)



1. Increase in net sales = the difference between [sales minus expenses linked to sales] for FY2021.6 and [sales minus expenses linked to sales] for FY2020.6

2 Mercari JP—FY2021.6 Summary

- Steadily increased MAU by implementing various initiatives to acquire new users by making the service more accessible to a wide range of users, including middle-aged and older users, in addition to the core younger users
- Strengthened initiatives to achieve sustainable growth after COVID-19, including expansion of Mercari Workshop and collaboration with companies in offline situations
- As a result, we exceeded our initial targets of a full-year YoY GMV growth rate of +20% or higher and an adjusted operating margin of 30% or higher, and achieved a YoY GMV growth rate of +25% and an adjusted operating margin of 32%

Simplifying packaging and shipping

- Mercari Post
- Sales channels for packaging materials expansion
- Yu-Packet Post
- At-Your-Service Shipping

Offline/marketing initiatives

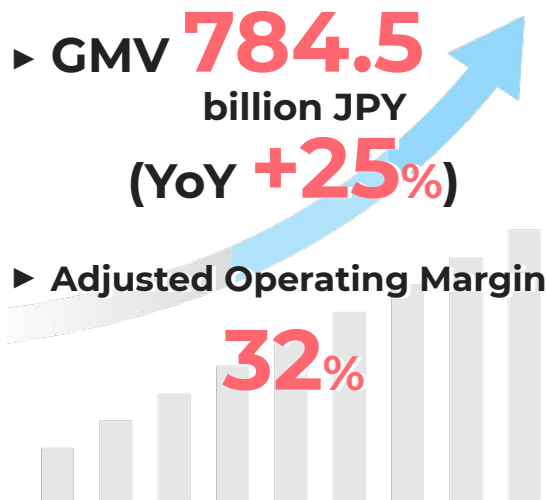
- Mercari Workshop
- Mercari Station
- Invitation campaign
- TV commercials

Collaboration with other companies

- Collaboration with DOCOMO, MISTER MINIT, etc.

Product initiatives

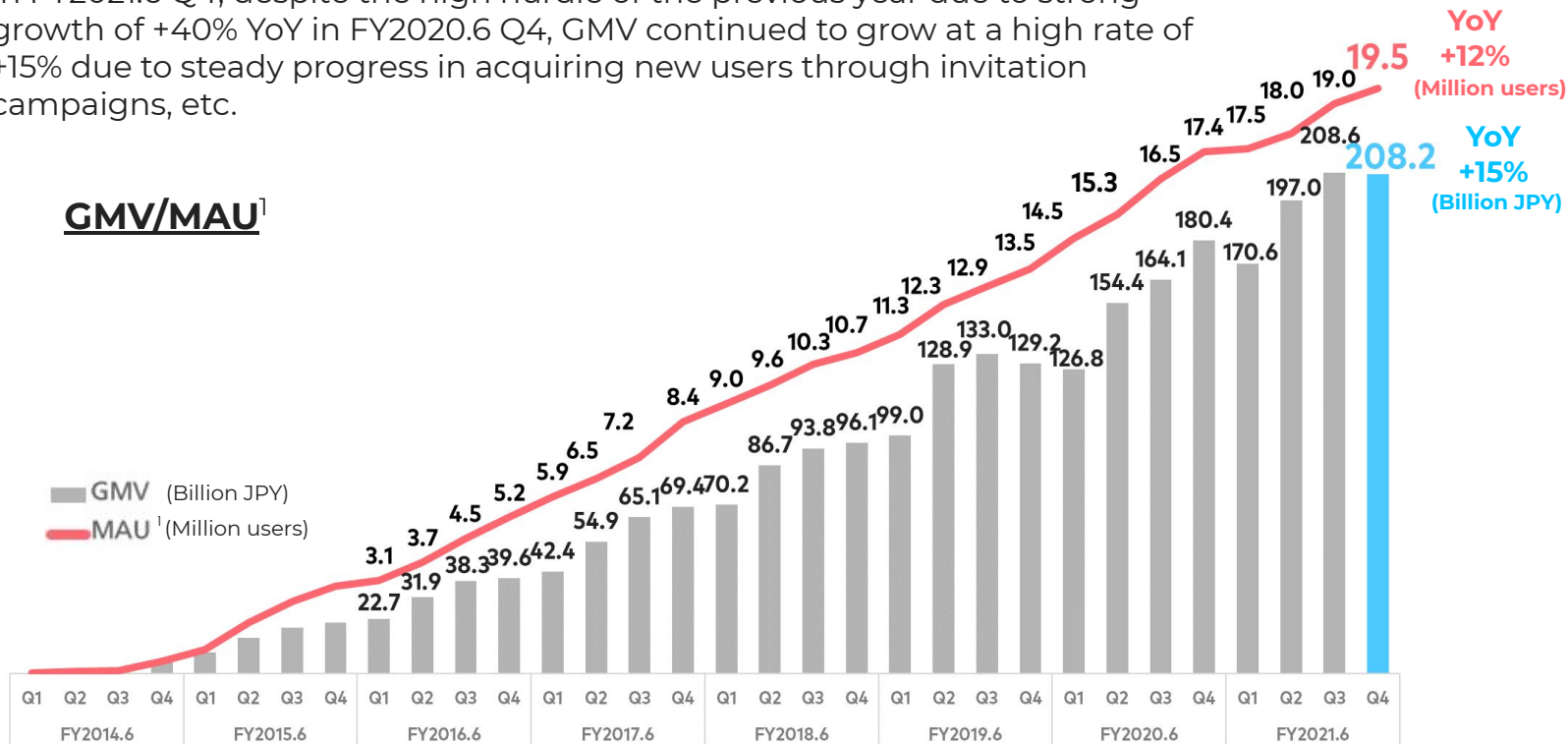
- Recommendations tab added to Home screen
- Increased categories supporting catalog listings
- Linked personal inventory list with *Merpay* payments



2 Mercari JP—FY2021.6 Q4 GMV/MAU

- In FY2021.6 Q4, despite the high hurdle of the previous year due to strong growth of +40% YoY in FY2020.6 Q4, GMV continued to grow at a high rate of +15% due to steady progress in acquiring new users through invitation campaigns, etc.

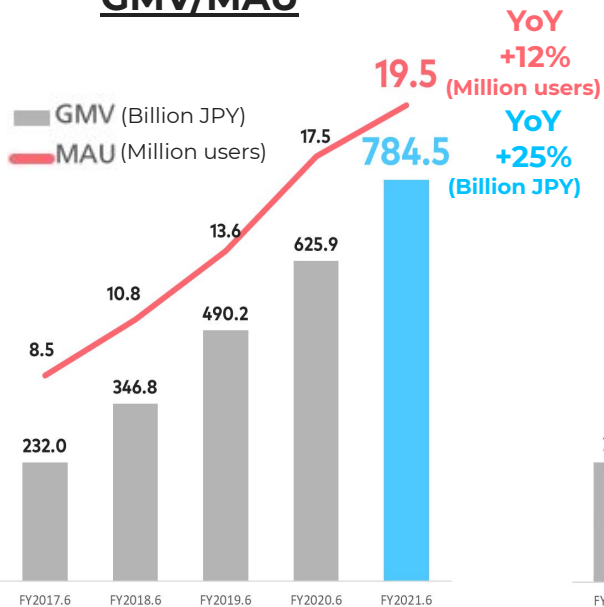
GMV/MAU¹



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

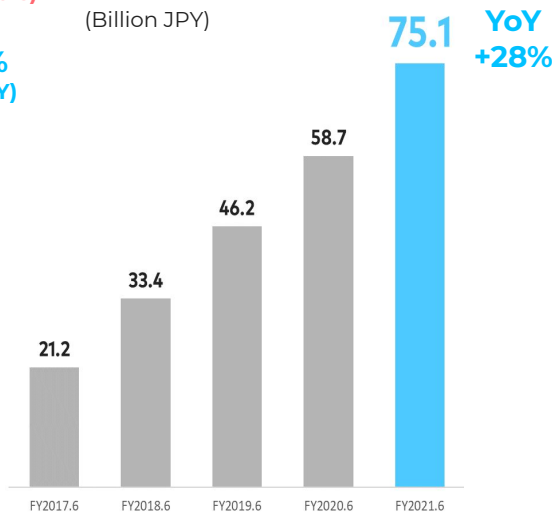
Mercari JP—FY2021.6 Full Year (Jul–Jun)

GMV/MAU

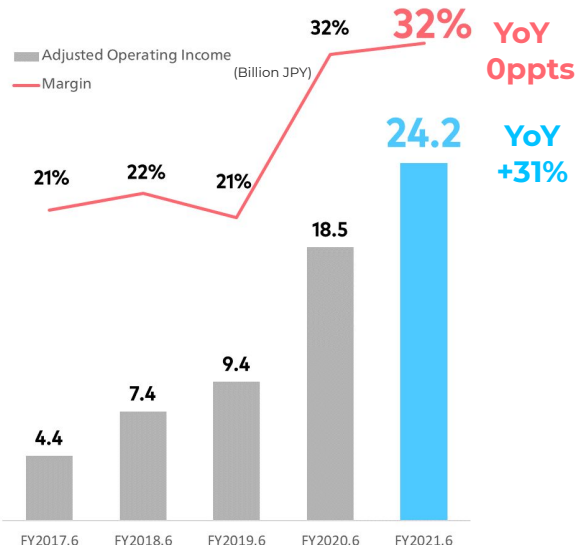


Net Sales

(Billion JPY)



Adjusted Operating Income/Margin¹

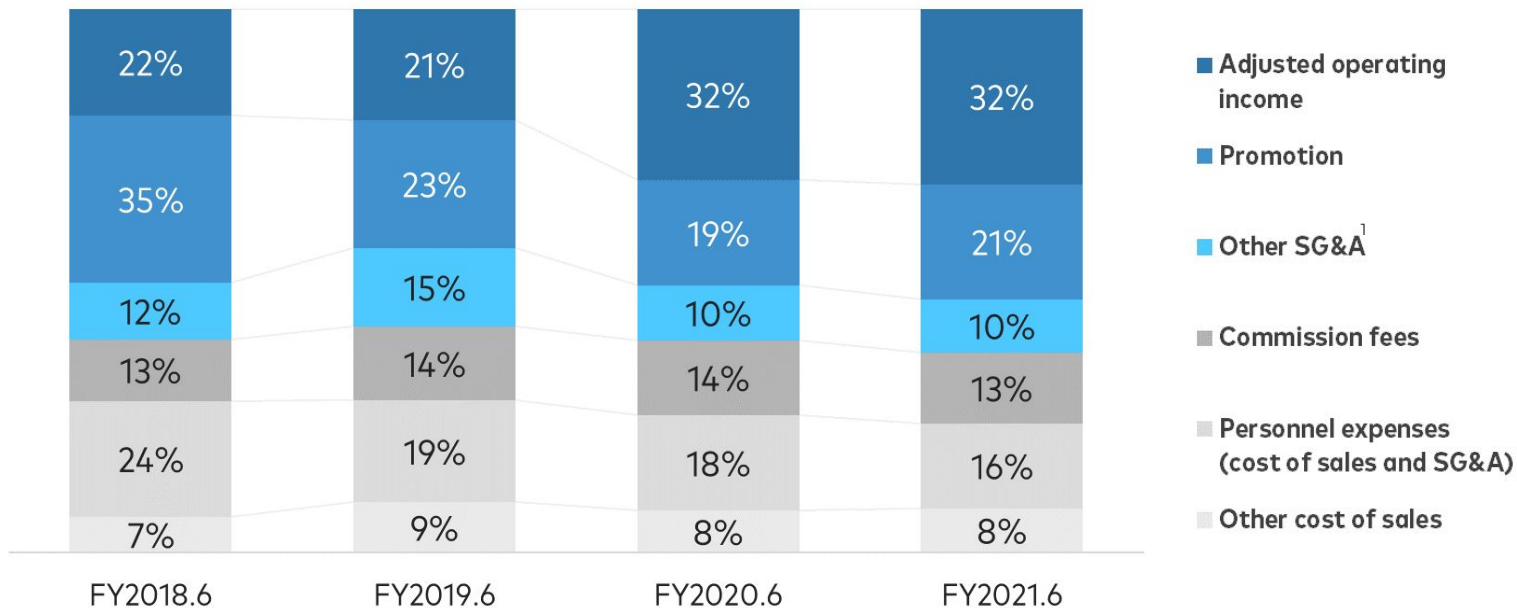


1. Graph reflects retroactive adjustment made from FY2019.6 Q3 to the amount before recording internal transactions between Mercari and Merpay as a result of transferring settlement to Merpay (outsourced payment processing fees)

2

Mercari JP—Full-Year Cost Structure Against Net Sales

- Evolving into a business with high adjusted operating margin as promotion and personnel cost ratios have gradually decreased over the past four years



1. Outsourcing expenses, rent, and taxes & dues

Merpay—FY2021.6 Summary

- Began providing new services in each focus area: payment, credit, and Growing Wallet
- Strengthened profitability centered on credit and showed single-month profitability in May¹

Credit

- Strengthened profit foundation by increasing the amount of balance used for fixed-amount payment
- Implemented identity verification to speed up future business development and strengthen security measures

Payment

- Started QR code sharing between *d Payment* and *Merpay*
- Started virtual card

Growing Wallet

- Started using *Funds*
- Established Mercoin

► **Single-month profitability in May**

► **Percentage of verified users**

Over 80%

► **Number of users**

10.6 million

(YoY +3.2 million)

1. Before deduction of internal transactions related to payment commission income from Mercari JP

2 Merpay—FY2021.6 Summary: Making a Single Wallet

- Improved UX by making a single wallet for payment, credit, and Growing Wallet features

Payment

Three payment methods available:
iD payment, code payment, and virtual card

NEW

Virtual Card

Input a number



iD Payment

Hold your phone
over a reader



Code Payment

Scan a code



Credit

Lump-sum payment:
Defers payment to the following month
Fixed-amount payment:
Pay in installments over several months

Lump-Sum Payment

Pay for everyday
purchases all at once
the following month



NEW

Fixed-Amount Payment

Treat yourself now and pay
over several months at a
fixed amount of your choice

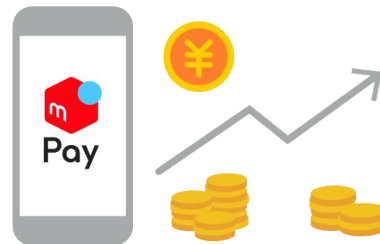


Growing Wallet

Started services allowing users to use
their *Merpay* balance for asset
management and more

NEW

Asset Management



2 Mercari US—FY2021.6 Summary

- Strengthened marketing initiatives to improve brand awareness to support user acquisition and hiring initiatives, while monitoring the COVID-19 situation
- Improved product features and shipping methods to make *Mercari* an even easier to use marketplace where users can safely buy and sell their items
- Achieved YoY GMV growth rate of +72% (initial target: +50%) and the first profitable quarter (Q4)

Marketing

- New campaign featuring a Super Bowl LV ad
- CRM initiatives: #FromYourHome campaign, holiday campaign coupons for last-minute gifts, etc.

Ease of Use

- Search & item category expansion
- Improvement of web features

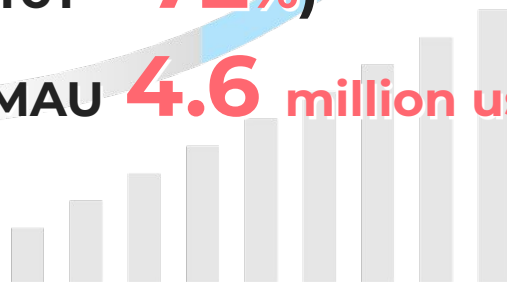
Shipping Innovation

- Mercari Local (formerly Mercari Now)
- FedEx SmartPost
- UPS QR code shipping

► **Profitable in Q4**

► **GMV 1.17 billion USD**
(YoY **+72%**)

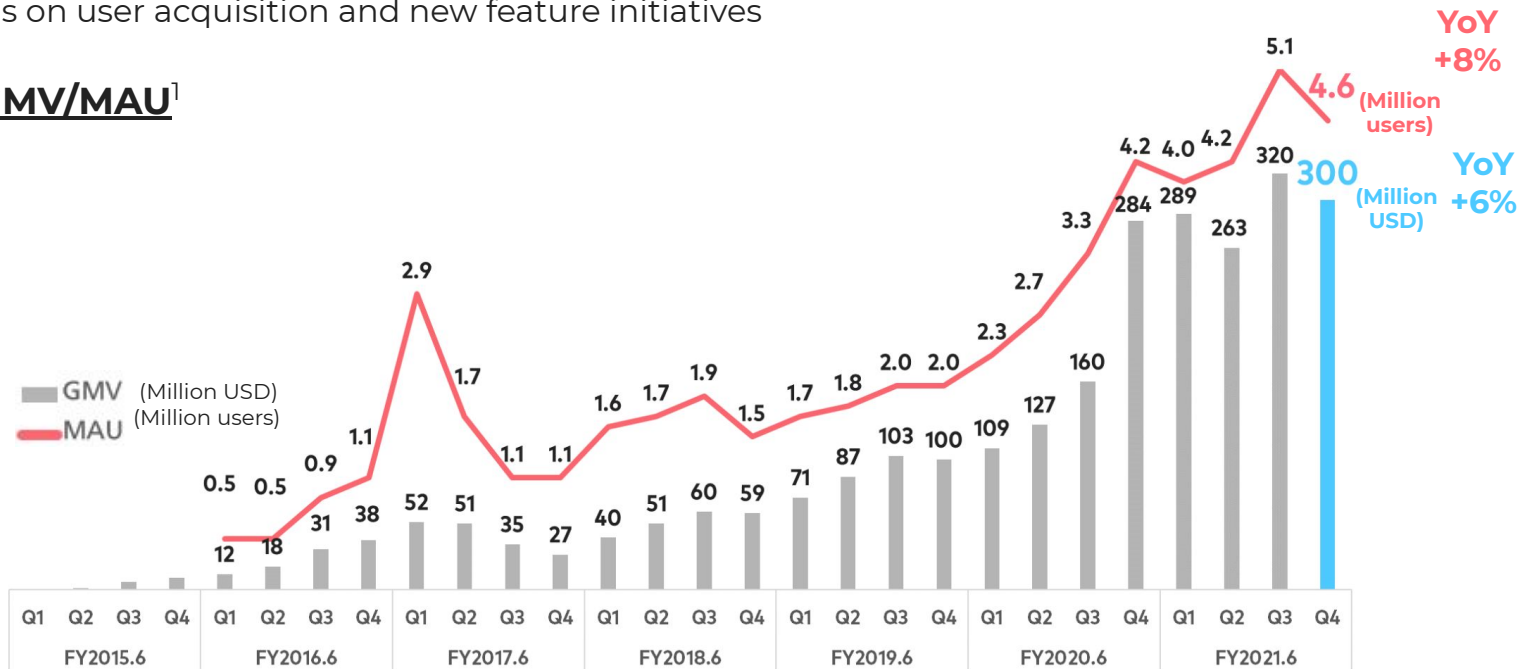
► **MAU 4.6 million users**



Mercari US—Q4 GMV/MAU

- Sustained GMV of 300 million USD despite seasonal slowdown and changes in consumer behavior with the progress of the COVID-19 vaccine in Q4
- Although MAU decreased temporarily due to seasonality/the COVID-19 situation, we will continue to focus on user acquisition and new feature initiatives

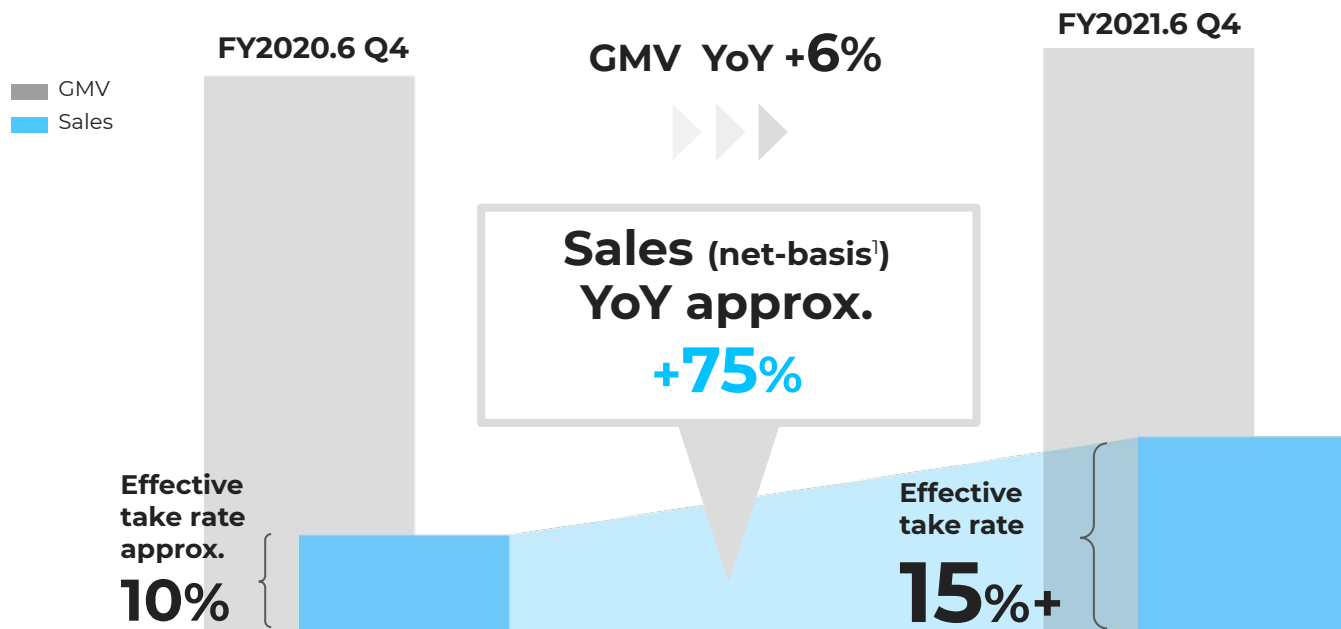
GMV/MAU¹



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

Mercari US—Enhance Revenue for Further Growth

- Successfully improved profit structure by increasing the effective take rate with the adoption of PPF from FY2021.6 Q2
- Sales grew by approx. 75% YoY, though GMV growth rate in Q4 was +6% YoY



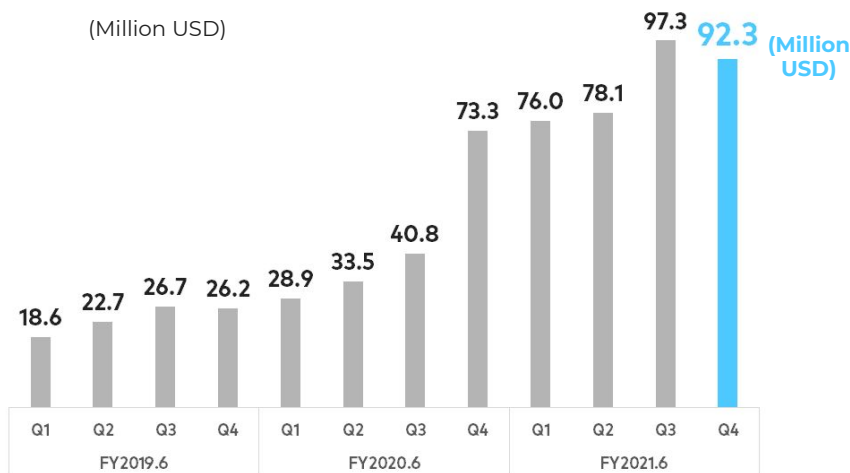
1. Sales (J GAAP) on net-basis for shipping sales minus shipping cost. See next page for more details.

Mercari US—Sales/Adjusted OP (US GAAP/Quarterly)

- As of this quarter, sales and adjusted operating profit¹ of Mercari US will be disclosed. These figures are disclosed in US GAAP² to align with the disclosure of peers in the US market
- Achieved first profitable quarter with proven operating leverage while implementing disciplined marketing initiatives due to the coming launch of Mercari Local (Jul. 20, Q1) and also low season in Q4

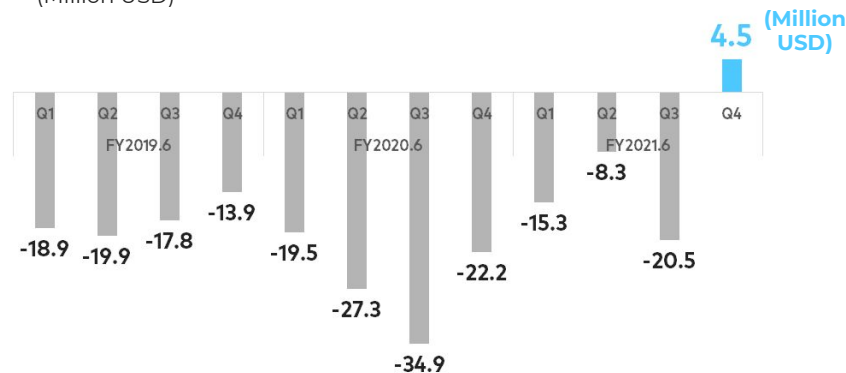
Sales

(Million USD)



Adjusted Operating Profit¹

(Million USD)

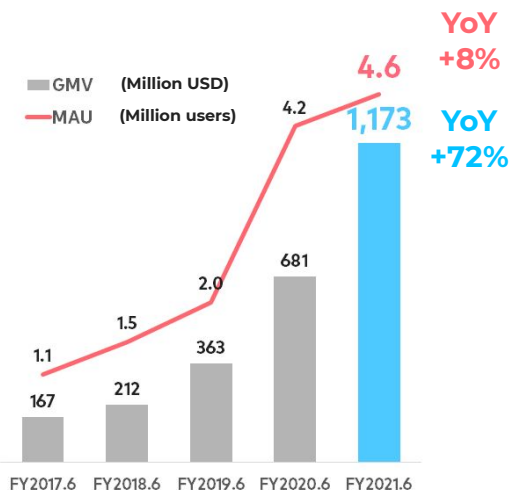


1. Adjusted operating profit after non-cash items (i.e., stock-based compensation and depreciation) are deducted.

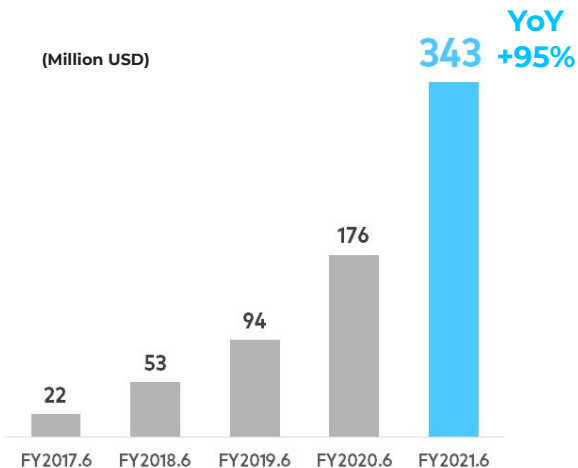
2. Under US GAAP, Mercari US sales are recorded on a gross basis for shipping sales and cost; however, due to the adoption of new sales recognition standards, under J GAAP, figures are to be changed from net basis (up until FY2021.6) to gross basis (starting as of FY2022.6). Gross-basis revenue is nearly double that of net-basis revenue (based on sales of FY2021.6).

Mercari US—Sales/Adjusted OP (US GAAP/Yearly)

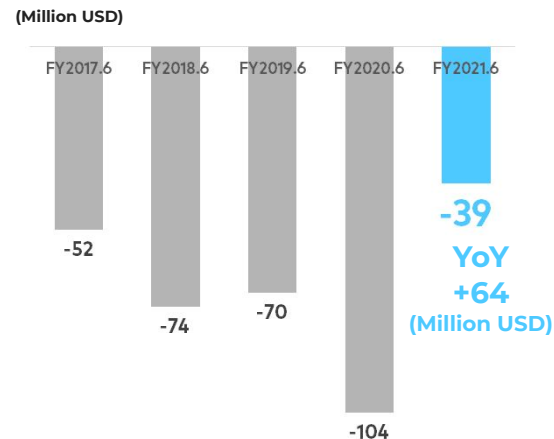
GMV/MAU



Sales



Adjusted Operating Profit¹



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



FY2022.6 Business Objectives

3 FY2022.6 Business Objectives

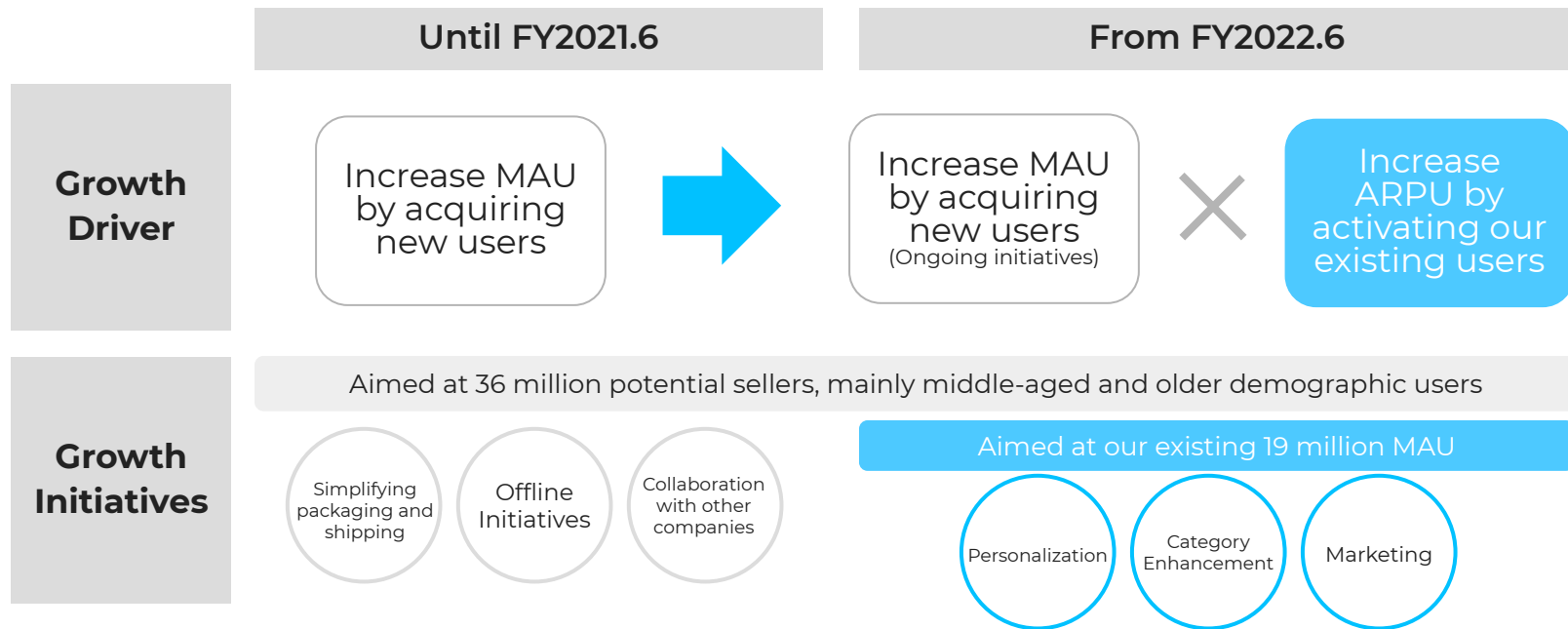
Consolidated		
<ul style="list-style-type: none"> Continue to grow and reinforce the three pillars of our business while promoting new areas for us to pioneer, such as the activities of Souzoh and Mercoin, as well as global expansion, and create further opportunities for the Group to grow Through business activities that have a positive impact on the environment and the world, use the planet's limited resources carefully and aim to build a world where anyone can create value. Tackle climate change mitigation and D&I as particularly important areas of focus 		
Mercari JP	Merpay	Mercari US
<ul style="list-style-type: none"> Stimulate growth on two axes: increase MAU by capturing new users, mainly in the middle-aged and older demographics, and improve ARPU¹ by activating existing users Aim for +20% or higher YoY GMV growth rate and +30% adjusted operating margin for the full year 	<ul style="list-style-type: none"> Establish a profit foundation based on credit following FY2021.6 Promote a safe and secure usage environment by encouraging identity verification and strengthening measures against fraudulent use 	<ul style="list-style-type: none"> Optimize the tools by evolving the focus from democratization to personalization of selling Aim for +20% or higher YoY GMV growth rate for the full year while monitoring the COVID-19 landscape
Souzoh	Mercoin	Kashima Antlers
<ul style="list-style-type: none"> Provide a virtually effortless selling experience with Mercari Shops by leveraging our user base of over 19 million MAU 	<ul style="list-style-type: none"> Cryptoassets: Promote the acquisition of licenses in order to provide features that use Bitcoin NFTs: Partner with Mercari to promote the technological developments and PoCs that will form our infrastructure 	<ul style="list-style-type: none"> In addition to strengthening the monetization of soccer-related business, aim to expand non-soccer related business and therefore not dependent on team performance

1. ARPU: Average Revenue Per User

Mercari JP—FY2022.6 Business Objectives

Two Growth Drivers to Create Sustainable Growth

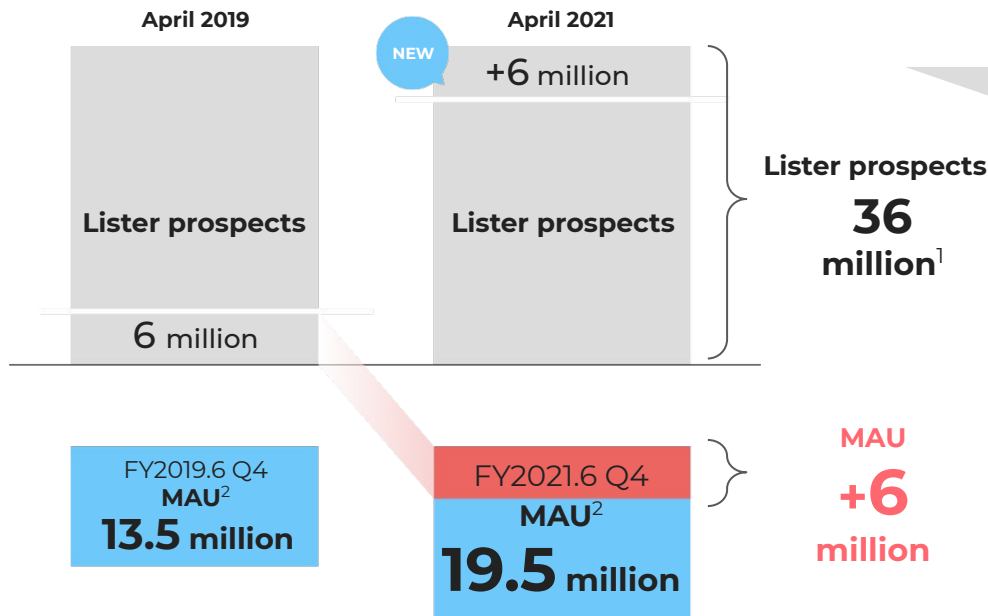
- In addition to growing our service's MAU by acquiring new users, we will grow GMV by increasing ARPU and by activating our existing users as well



Mercari JP—FY2022.6 Business Objectives

Increase MAU by Acquiring New Users

- As of FY2021.6 Q4, MAU increased by 6 million users compared to FY2019.6 Q4, but potential growth remains high with 36 million users as lister prospects
- Continue to acquire lister prospects (new users), especially middle-aged and older demographic users, and aim for GMV growth by increasing MAU (ongoing measures)



Why did MAU increase by about 6 million users while the number of lister prospects *also* increased by 6 million users?

The number of target users that are middle-aged and older demographic users increased compared to the 2019 survey due to simplifying of packaging and shipping, various offline initiatives, and marketing initiatives

1. Based on a survey conducted in April 2021 that polled 9,189 men and women aged 18 to 74. Survey contractor: Macromill

Lister prospects recognize Mercari and intend to list items, but have not listed anything yet; the survey does not take into consideration app DL or buying experience.

2. Some lister prospects are included in MAU.

Mercari JP—FY2022.6 Business Objectives

Increase ARPU by Activating Existing Users

Personalization

- Personalize the Home screen
- Provide a discovery experience on Home and other screens
- Improve the search experience

Category Enhancement

- Establish strategic alliances in specific categories
- Optimize buying experience for each category by enhancing *Mercari Web*
- Provide discovery experiences based on item metadata for each category

Marketing

- Improve retention rates by promoting buying, listing, and Merpay's payment services

3

Souzoh—FY2022.6 Business Objectives

Start of Mercari Shops

- Mercari Shops is an online shopping platform that allows anyone to easily open an online store using just their smartphone
- Handling fees are 10% of the sales price; there are no initial costs or monthly fees
- We will first focus on providing an easy selling experience for small businesses and producers
- In celebration of the advance opening of Mercari Shops, we have offered 50% off sales prices until August 30
- The major launch is scheduled for September, when we plan to (1) expand the scope of Mercari Shops to include all stores and (2) enhance the features of the platform

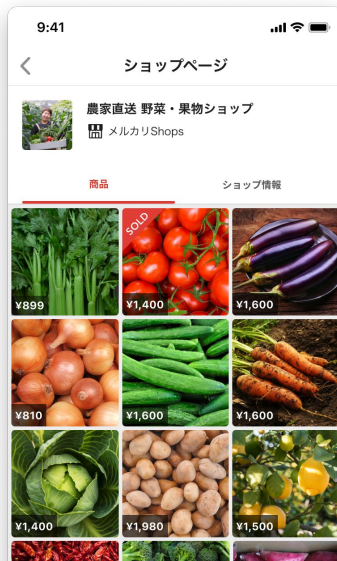
Strengths of Mercari Shops

1

Provides easy-to-use online store management with familiar *Mercari* UX

2

Provides the opportunity to sell directly to *Mercari*'s 19 million MAU, removing the need to gather customers.



Focus Categories

- Vegetables & fruits from farmers and gourmet restaurant foodstuffs all shipped directly to buyers
- Handmade work of creators

Souzoh—FY2022.6 Business Objectives

Background Behind Mercari Shops #1: Great Business Opportunities

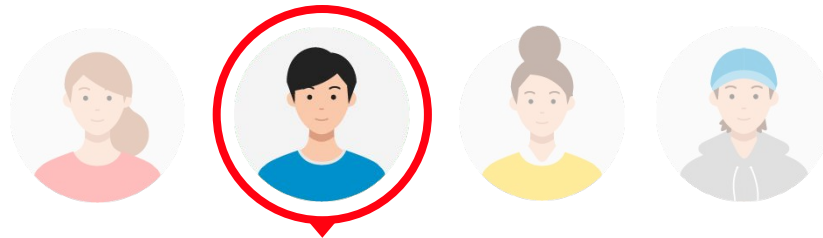
Many businesses have yet to open an online store, and the overall rate of online sales in Japan is still 8.1%¹

25.3% of small businesses with an online store are selling products²

Overall Potential of B2C Online Sales Market in Japan

Rate of online sales
in Japan

8.1% (YoY +1.3%)



Only about 1 in 4 people are actually
able to sell their products.

1. Source: Ministry of Economy, Trade and Industry (July 2021) "FY2020 E-Commerce Market Survey"

2. Source Souzoh, Inc. (April 2021) "Attitude Survey about Producers/Small Business Owners' Online Storefront Usage"

Percentage of small business operators that have established and operate an online storefront and who responded in a survey about their online sales that their products were "selling" or "selling somewhat" (n = 170)

Souzoh—FY2022.6 Business Objectives

Background Behind Mercari Shops #2: Two Major Changes During COVID-19

Difficulty in operating offline for businesses that have been conducting business in brick and mortar stores

With WFH and multiple declarations of emergency, more people are buying products from online stores

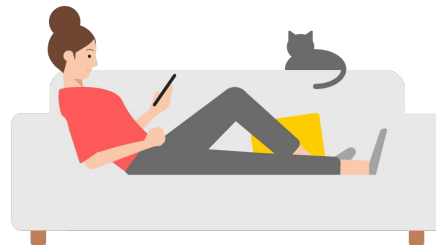
Drastic decrease in tourists

Shorter business hours

Diminished public will for holding events



Businesses and Producers

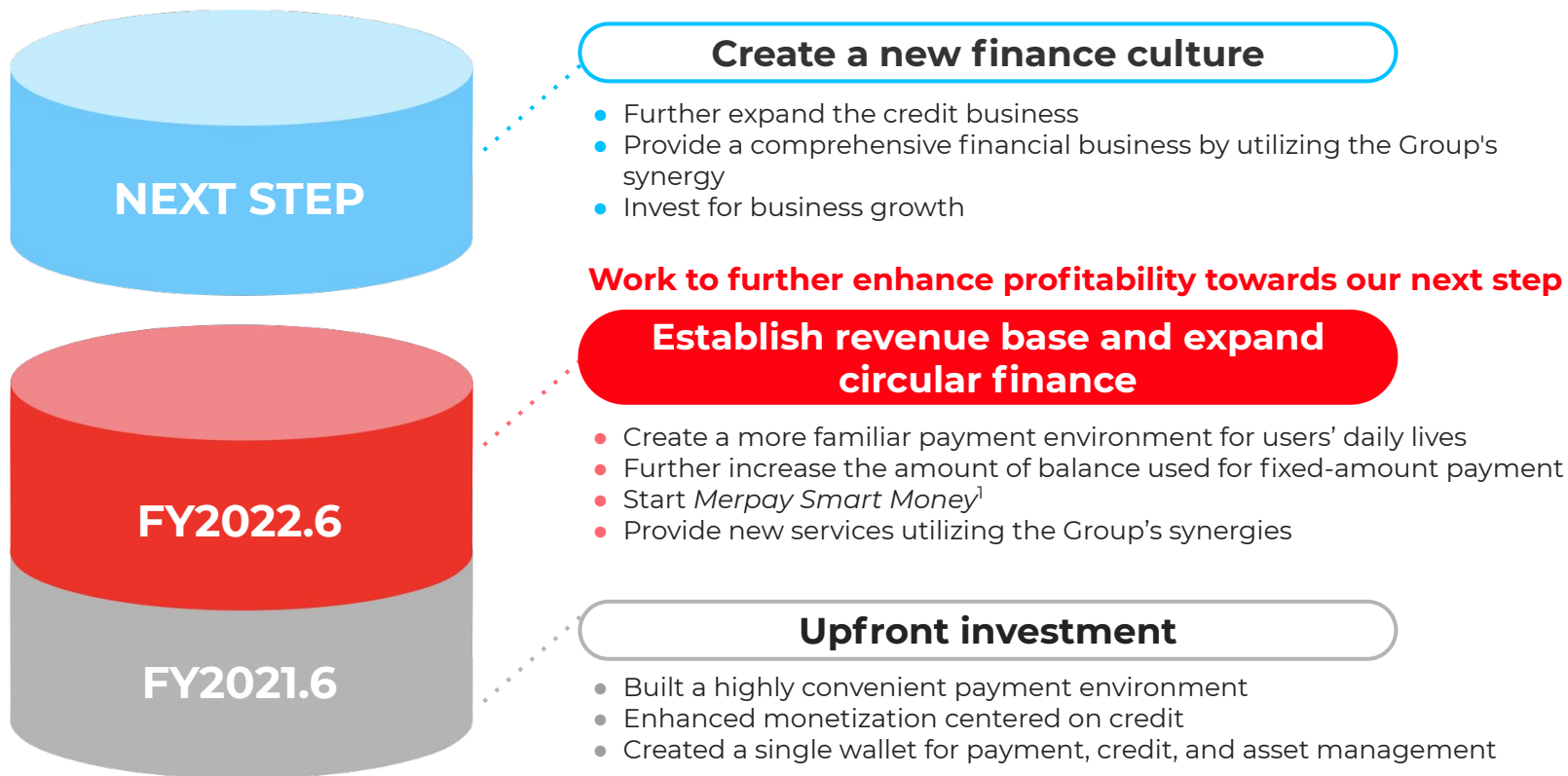


Consumers



Increased demand for a place where everyone can easily sell products using online stores

Merpay—FY2022.6 Business Objectives

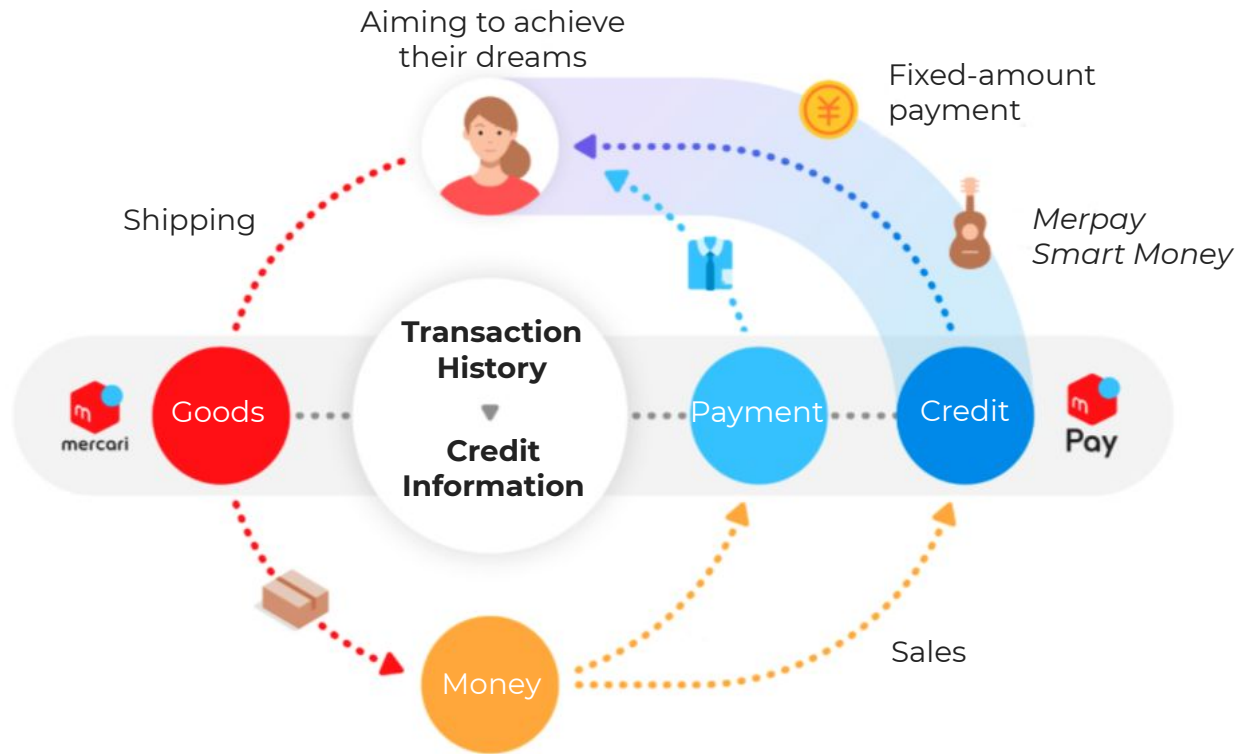


1. Launched August 3, 2021

Merpay—FY2022.6 Business Objectives

Aiming for a Circular Financial Ecosystem

- Add credit to the cycle of goods and money, and promote a circular financial ecosystem where all of these things circulate even further
- Enable everyone to achieve their dreams using a form of credit based on their *Mercari/Merpay* usage history



Merpay—FY2022.6 Business Objectives

- Encourage use of existing services in our three focus areas by improving UX and plan new services and features
- Aiming for business growth by combining the three areas
- Further enhance profitability in Merpay centered on credit

Payment

- Enhance awareness and promote use of the virtual card
- Increase merchants familiar to users' daily lives to promote use
- Provide new services and features (TBD)

Credit

- Enhance fixed-amount payment and Merpay Smart Money¹
- Further enhance identity verification and security to counter fraud
- Obtain a license for AI credit (TBD)

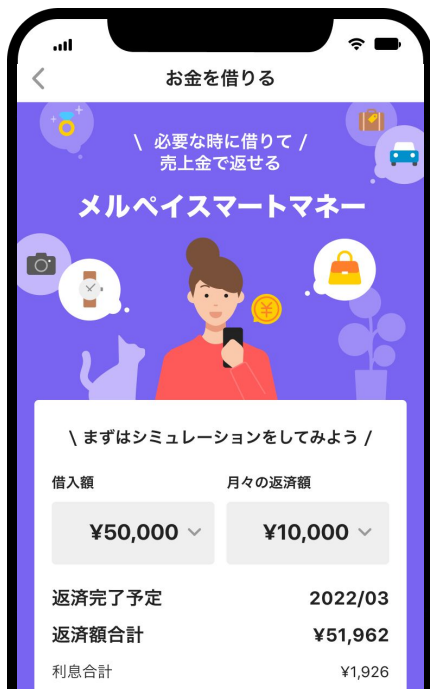
Growing Wallet

- Planning a third round of investment using Funds
- Considering an asset management service using cryptoassets

1. Launched August 3, 2021

3 Merpay—FY2022.6 Business Objectives

- A small-sum loan service utilizing *Mercari* usage history to determine a user's interest rate and borrowing limit rather than their personal information
- In addition to the existing *Merpay Smart Payments* (lump-sum payment and fixed-amount payment), providing *Merpay Smart Money* gives users more options and promotes a circular financial ecosystem



Apply and use,
all with in the Mercari app

The entire borrowing process,
from submitting the
application to using the loan,
can be completed in-app



Interest rate and borrowing limit
adjusted based on Mercari usage
history

The more you use Mercari,
the better interest rates and borrowing
limits you can enjoy, making the
service easier to use



Safe and secure service focused on
making loans easy to repay

Users can use points and sales balance to
repay, as well as change their repayment
day and repayment amount at any time



Mercoin—FY2022.6 Business Objectives

- Make a full-scale start toward providing services for both cryptoassets and NFTs
- Create an organization of 100 people in FY2022.6 through aggressive hiring for excellent people in each area



mercoin

- Obtain a license to become a virtual currency (cryptoasset) exchange service provider (TBD)¹
- Consider providing a feature where users can receive sales money in bitcoin and an asset management service using bitcoin
- Develop the blockchain technology that will be the foundation for providing services involving cryptoassets and NFTs, strengthen security measures, strengthen AML/CFT², and develop PoCs

1. Time of obtaining the license undecided

2. Anti-Money Laundering/Combating the Financing of Terrorism

Mercari US—FY2022.6 Business Objectives

- Expect recovery after bottoming out in FY2021.6 Q4 or FY2022.6 Q1. Aiming for a full-year YoY GMV growth target of +20% or higher while monitoring the COVID-19 landscape.
- Establish a more solid profit base and organization for expansion of GMV growth rate in the mid term by investing in new features/products and hiring

Automation & Personalization

- Improve the search engine using AI and data
- Evolve into a more personalized service based on user preferences/past behavior

Shipping Innovation

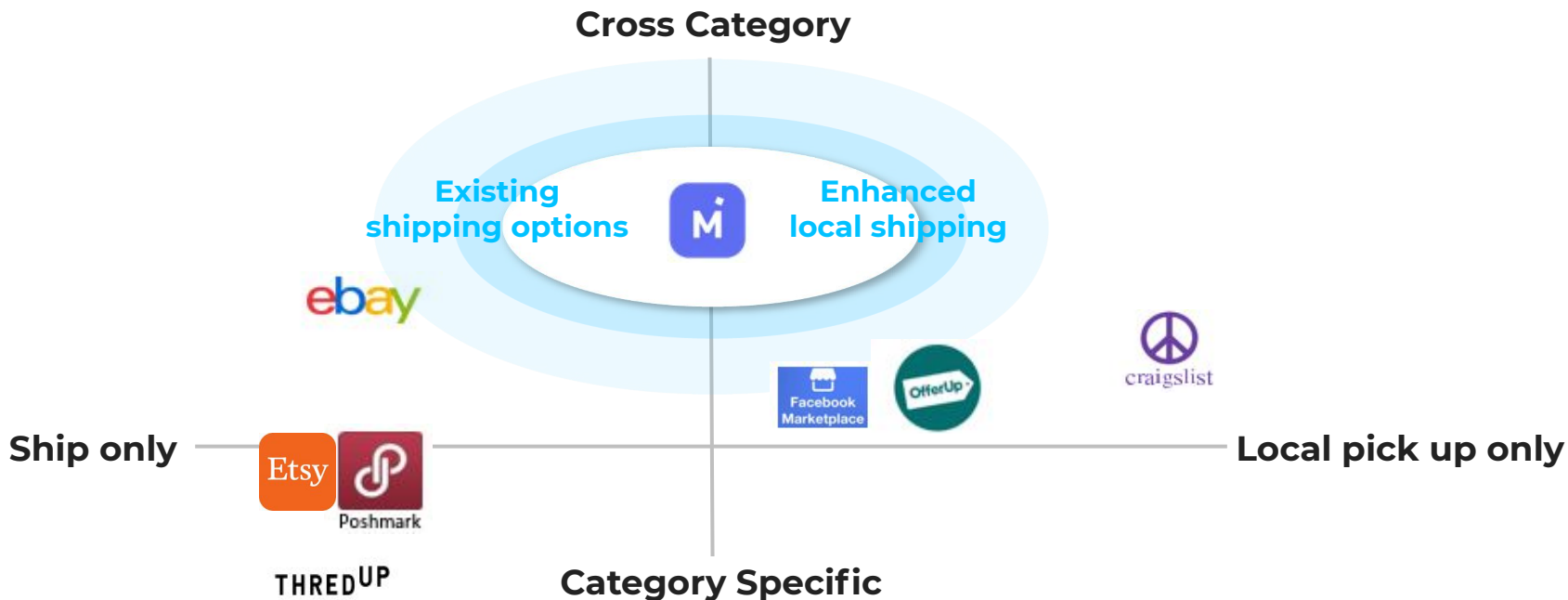
- Expand same-day delivery Mercari Local (formerly Mercari Now)
- Unlock non-sellers by investing in local shipping

Ease of Use

- Unify the design system across the app/web
- Continue investments in web as a power seller platform
- Introduce installment payment

Mercari US—US Positioning

- Aim to be the easiest and safest cross-category C2C marketplace by providing a variety of shipping options in addition to continuing to pursue ease of use toward establishing a unique position in the US market
- See a massive opportunity in local shipping

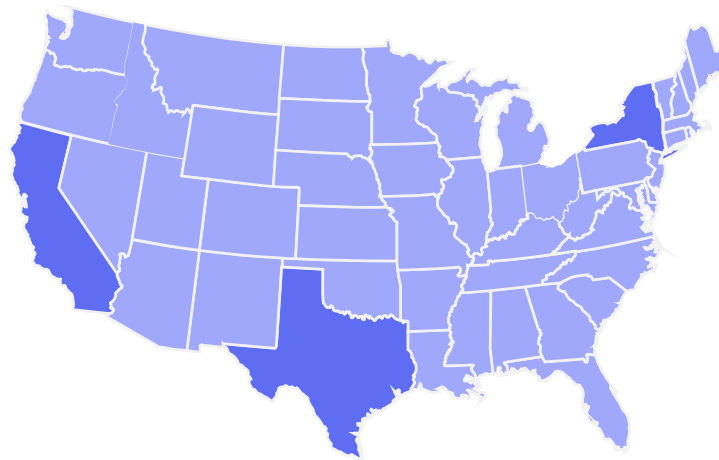


Mercari US—Mercari Local

- Expanded Mercari Local nationwide (within the US) with a partnership with Uber, launching on 7/20. With this expansion, Mercari Local is available in areas covering more than 80% of US households
- Planning to add new installment payment options to support higher value transactions made possible through Mercari Local expansion



4,100+
cities added



Uber × **MERCARI**

- Does not require packaging and is ideal for bulkier listings that are expensive and hard to ship, such as home decor, fitness equipment, and baby goods
- Can list items that weigh up to 50 lbs and fit into the trunk of a car (45" x 35" x 15")
- Buyers pay for delivery starting at \$7.99 (final delivery fee depends on the delivery distance)

Kashima Antlers—FY2022.6 Business Objectives

- In the soccer business, plan to sell anniversary goods and play a commemorative game to celebrate the club's 30th anniversary
- In the non-soccer business, plan to strengthen effective use of the stadium and carry out a second round of crowdfunding (hometown tax donation program-type)

**Advertising
dividends**

**Admission
fees**

**Goods
sales**

**Stadium
use**

**Consulting,
etc.**

Soccer Business

Non-Soccer Business

3 Closing—Initiatives to Take on this Year

1 ▶▶▶

Continue to grow and reinforce the three pillars of our business while promoting new areas for us to pioneer, such as the activities of Souzoh and Mercoin, as well as global expansion, and create further opportunities for the Group to grow

2 ▶▶▶

Through business activities that have a positive impact on the environment and the world, use the planet's limited resources carefully and aim to build a world where anyone can create value. Tackle climate change mitigation and D&I as particularly important areas of focus



Appendix

Mercari's 5 Material Topics

The society we want to create

A society where finite resources are used sparingly, and everyone can create new value

Revision of material topics

Revised the present material topics, which were defined in 2019, in response to changes in the external and internal environment. (Evaluated through two axes: impact on society/environment and the significance in decision-making by stakeholders)

As a result, we added both mitigating climate change and embracing D&I. In particular, for climate change, we aim to visualize the positive impact on the environment as well as the environmental burden of our businesses. From there, we will set numerical targets and aggressively take on tasks to meet them

New Material Topics

1. **Creating a Circular Economy/
Mitigating Climate Change**
2. **Diversity & Inclusion**
3. **Local Empowerment**
4. **Safe, Secure, and Fair Transactions**
5. **Corporate Governance/Compliance**

2 Goals and Actions for Each Material Topic

Material Topic	Goals and Actions
1 Creating a Circular Economy/Mitigating Climate Change	<ul style="list-style-type: none"> • Maximize our positive impact • Minimize our negative impact <p>Actions > Awareness (ensure consumers know they have options other than throwing things away), education (provide an environment for consumers to learn about sustainable behavior), collaboration (create a circular economy throughout the entire value chain), etc.</p>
2 Diversity & Inclusion	<ul style="list-style-type: none"> • Pursue ease of use for all users • Build an organization that provides fair opportunities to all employees <p>Actions > Identify needs, improve the development organization, improve features, visualize structural inequalities and build self-cleansing mechanisms and culture for equality, etc.</p>
3 Local Empowerment	<ul style="list-style-type: none"> • Promote local economies and create opportunities for local empowerment • Help to resolve issues by empowering individuals and companies <p>Actions > Enter partnerships with local governments, support local governments through Mercari Donation, etc.</p>
4 Safe, Secure, and Fair Transactions	<ul style="list-style-type: none"> • Increase the number of users who think of <i>Mercari</i> as a safe, secure, and fair service <p>Actions > Use technology to create safe and secure mechanisms, update policies to match social changes, create a safe and secure environment with our customer service, etc.</p>
5 Corporate Governance/ Compliance	<ul style="list-style-type: none"> • Build stakeholders' trust in Mercari Group • Improve Mercari Group's resilience <p>Actions > Establish measures and the appropriate structures to handle corporate governance, compliance and risk, security, and data privacy, etc.</p>

4 Mid-Term Decarbonization Targets

Transform the way we run our company to be more sustainable

By June 2022

By June 2023

By June 2030

**Scope
1+2**

Reduce emissions by 75% by June 2022
(Use renewable energy for 100%
of our office electricity)

**Reduce emissions by
a total of 100% by 2030**

**Scope
3**

Deepen engagement with stakeholders, delve into
actions, refine target numbers, and receive SBT
validation within two years

Carry out concrete actions

Board of Directors Structure

- Shifted to a new Board of Directors composition focused on transparency and objectivity in business management, resolved at the General Meeting of Shareholders in September 2020

5 Directors

Directors (2)



Shintaro Yamada

Chief Executive Officer



Fumiaki Koizumi

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

Independent Outside Directors (3)



Ken Takayama



Masashi Namatame



Makiko Shinoda

Strong Governance Structure (Independent Outside Directors)



Ken Takayama



Masashi Namatame



Makiko Shinoda

Background

- The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
- Chief Financial Officer of Rakuten, Inc.
- Outside Director of STAR FESTIVAL INC.(current position)
- Outside Director (Audit and Supervisory Committee Member) of TECHMATRIX CORPORATION (current position)
- Outside Director (Audit and Supervisory Committee Member) of Metaps Inc.
- Outside Board Member of MEDIA DO Co., Ltd. (current position)
- The Long-Term Credit Bank of Japan, Limited (currently Shinsei Bank, Limited)
- Executive Director of Morgan Stanley Japan Limited (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
- Managing Director of Investment Banking Division, Deutsche Securities Inc. Head of Public Sector Group/Financial Institutions Group
- Head of Business Development of Visa Worldwide Japan Co., Ltd.
- Member of the Board of Directors, Managing Director, BlackRock Japan Co., Ltd. (current position)
- Group Chief Digital Officer, Managing Executive Officer at Tokio Marine Holdings, Inc. (current position)
- The Long-Term Credit Bank of Japan, Limited (currently Shinsei Bank, Limited)
- McKinsey & Company, Inc.
- Novartis Pharma K.K.
- Head of Finance of Nestlé Nutrition K.K.
- Director CFO of Hobonichi Co., Ltd.
- Director of YeLL Inc. (current position)

Reasons for Selection as Outside Directors

- Specialized knowledge and extensive experience in the financial business and managing internet services companies.
- Specialized knowledge and extensive experience in the banking, securities, and investment industries.
- Experience in financial institutions, and specialized knowledge and extensive experience as CFO of business companies
- Extensive experience ranging from large companies to startups

Issuance of Zero Coupon Convertible Bonds for Future Growth

- Procured capital by issuing zero coupon convertible bonds on July 14, 2021, with the goal of enhancing our investment capital and financial base in order to accelerate the growth of existing businesses and create new business opportunities

Procurement amount	50 billion JPY (25.0 billion due in 2026 and 2028, respectively, upon maturation)
Use of funds	<ul style="list-style-type: none"> 25 billion JPY: Repayment of borrowings 10 billion JPY: In Mercari US, recruiting engineers for product development and marketing expenses 10 billion JPY: Working capital mainly for Merpay credit business 5 billion JPY: Investment capital to create new business opportunities
Procurement area	Overseas markets, mainly Europe and Asia (excluding the US)
Designed to avoid dilution of existing shareholders	<ul style="list-style-type: none"> High conversion premium (54.99%): Conditions were determined at a high conversion premium against the closing price on the date the price was determined (6/28, 6,030 JPY); conversion price: 9,346 JPY Contingent convertible clause: The trigger level is 130% of the conversion price Cash settlement clause

(Million JPY)	FY2019.6	FY2020.6	FY2021.6
Total current assets	151,813	169,277	227,926
Cash and cash equivalents	125,578	135,747	171,463
Other receivable	14,176	15,612	47,001
Total fixed assets	11,871	28,736	34,603
Total assets	163,685	198,014	262,529
Total liabilities	112,748	162,645	222,516
Other payables	7,281	16,206	17,775
Deposits received	45,818	83,954	117,099
Short-term debt ¹	1,261	900	55,000
Long-term debt	51,447	51,547	16,148
Total net assets	50,936	35,368	40,013
Total liabilities and net assets	163,685	198,014	262,529

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

(Million JPY)	FY2019.6	FY2020.6	FY2021.6	Growth YoY
Net sales	51,683	76,275	106,115	+39.1%
EBITDA¹	-11,083	-18,154	6,030	N/A
<i>Margin (%)</i>	<i>-21.4%</i>	<i>-23.8%</i>	<i>5.7%</i>	<i>-</i>
Operating income	-12,149	-19,308	5,184	N/A
<i>Margin (%)</i>	<i>-23.5%</i>	<i>-25.3%</i>	<i>4.9%</i>	<i>-</i>
Profit attributable to owners of parent	-13,764	-22,772	5,720	N/A

1. Operating income + Depreciation and Goodwill amortization

(Billion JPY)	FY2020.6 Q4(Apr-Jun)	FY2021.6 Q3(Jan-Mar)	FY2021.6 Q4(Apr-Jun)
GMV	180.4	208.6	208.2
YoY	39.6%	27.1%	15.4%
Net sales	16.8	20.2	19.8
as % of GMV	9.3%	9.7%	9.5%
Operating income	5.1	4.6	4.3
Margin (%)	30.6%	22.8%	21.8%
Adjusted operating income¹	7.1	6.8	6.6
Margin (%)	42.3%	34.0%	33.4%

1. Excludes internal transactions with Merpay (outsourced payment processing fees)

Mercari US P&L (US GAAP)¹

(Million USD)	FY2020.6 Q4(Apr-Jun)	FY2021.6 Q3(Jan-Mar)	FY2021.6 Q4(Apr-Jun)
GMV	284	320	300
YoY	182.7%	99.2%	5.7%
Net Sales	73	97	92
as % of GMV	25.8%	30.4%	30.7%
Operating income	-24	-23	1
Margin (%)	-33.9%	-24.3%	1.8%
Adjusted operating income²	-22	-20	4
Margin (%)	-30.3%	-21.0%	5.0%

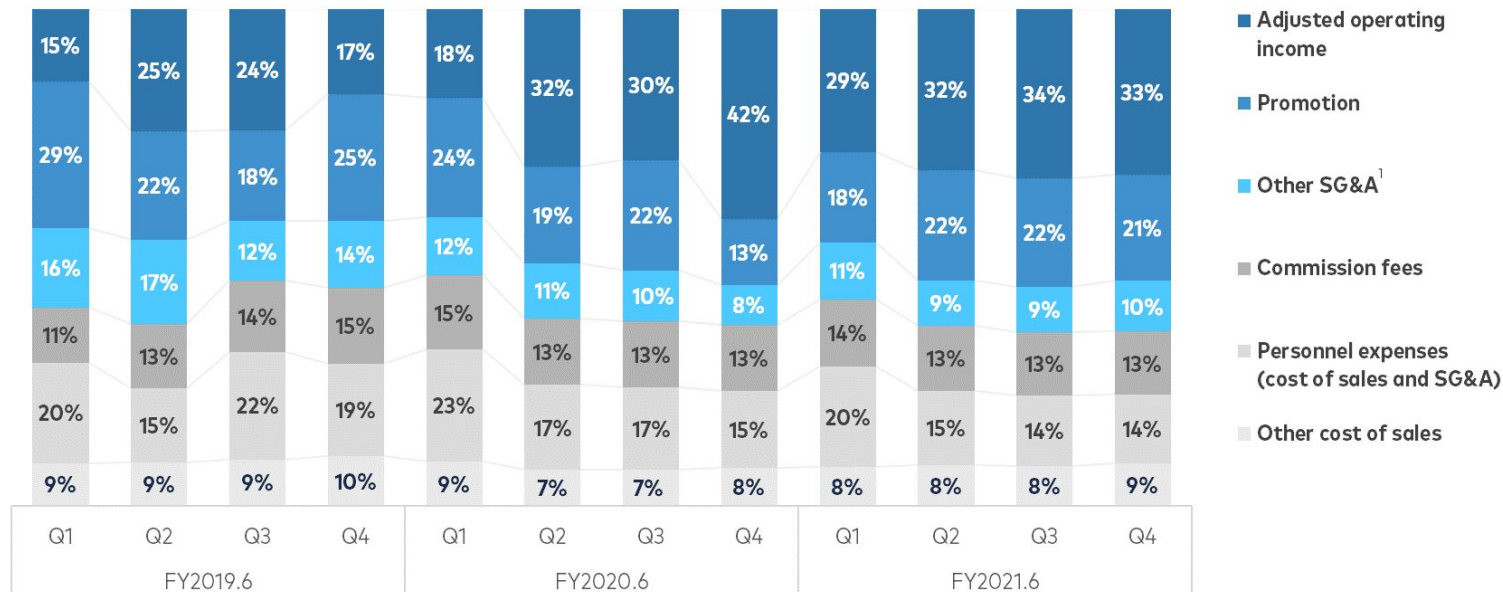
1. Based on US GAAP. Different in booking method from the figures of Mercari US included in Consolidate PL (J GAAP).

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

(Million JPY)	FY2019.6	FY2020.6	FY2021.6
Cash flows from operating activities	-7,289	12,533	3,367
Cash flows from investing activities	-2,805	-2,653	6,907
Cash flows from financing activities	32,200	465	19,773
Foreign currency translation adjustments on cash and cash equivalents	-391	13	406
Net increase (decrease) in cash and cash equivalents	21,713	10,358	30,454
Cash and cash equivalents at the beginning of period	109,157	130,774	141,008
Cash and cash equivalents at the end of period	130,774	141,008	171,463

4 Mercari JP—Q4 Cost Structure (%)

- No significant change from Q3
- Will continue to build a stable profit foundation on continuous GMV growth



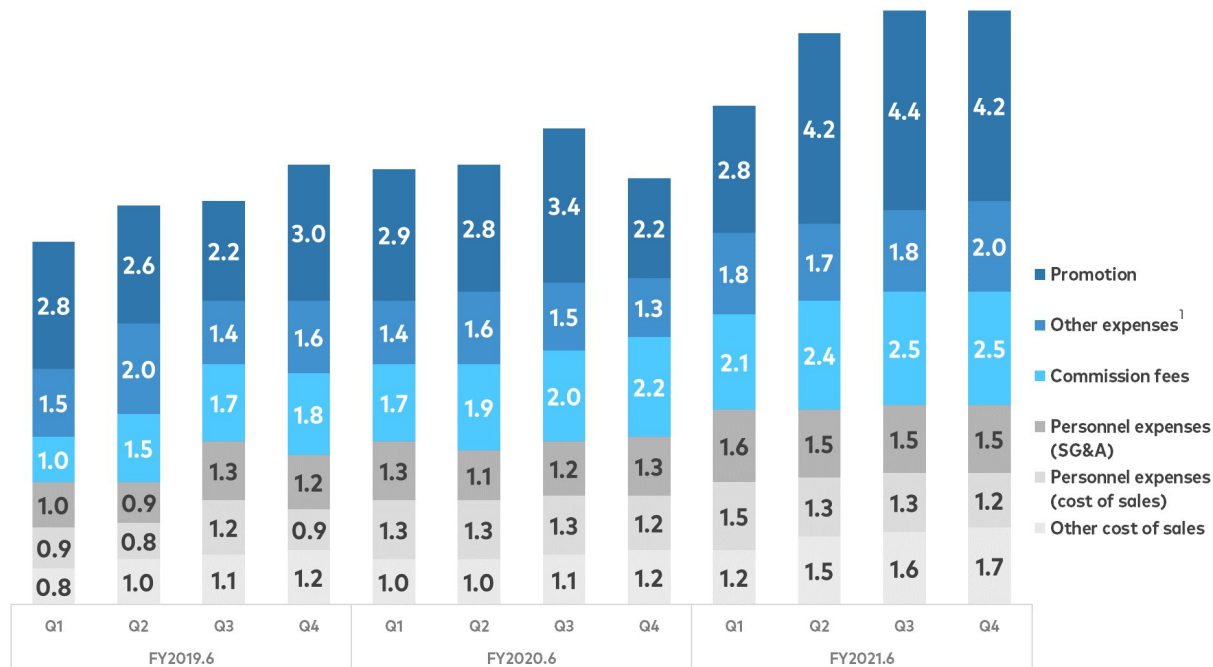
1. Outsourcing expenses, rent, and taxes and dues

4 Mercari JP—Q4 Cost Structure

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Financial Results Presentation Material

(Billion JPY)

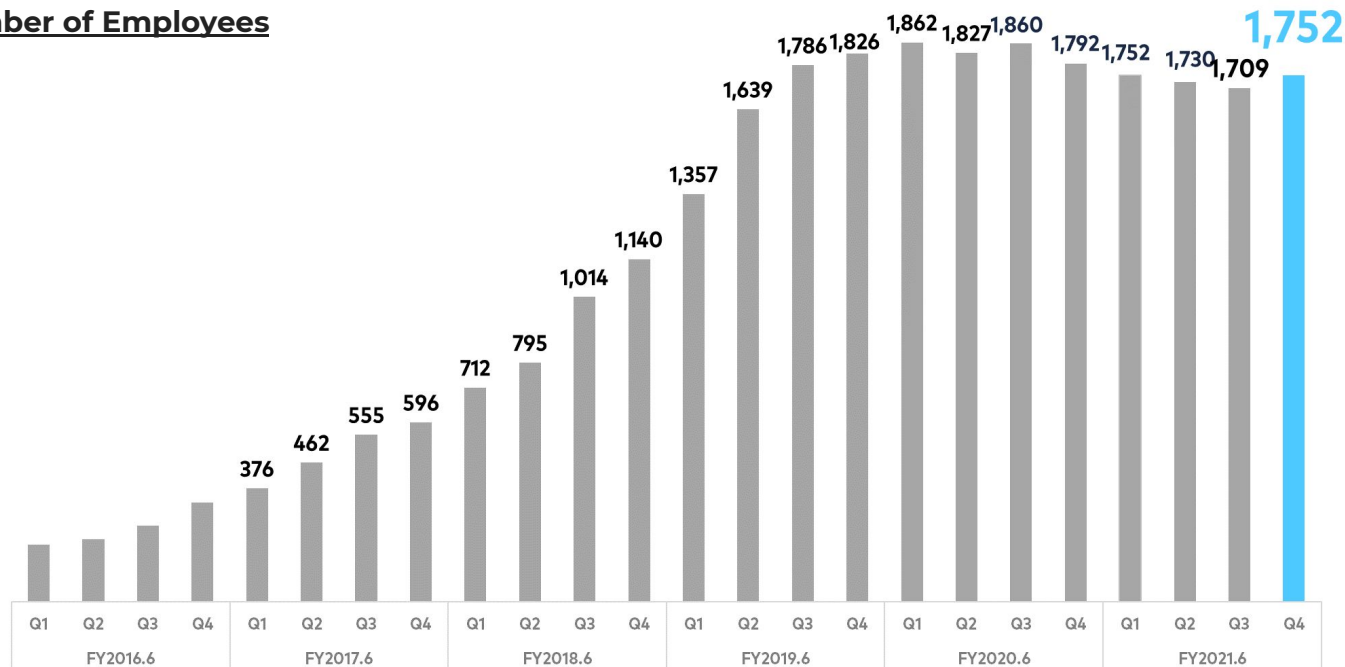


1. Outsourcing expenses, rent, and taxes and dues

Talent Supporting Mercari's High Growth

- Restarted hiring at the end of last year as a step toward our mid- to long-term vision, and increased the number of employees at the end of FY2021.6 Q4.

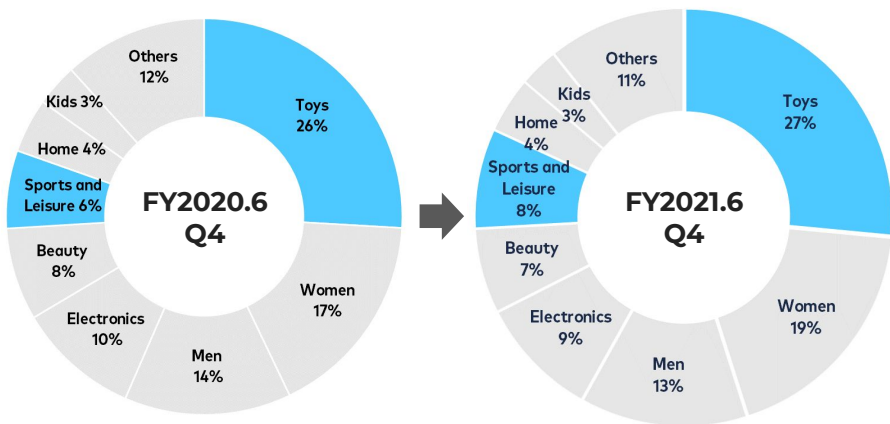
Number of Employees



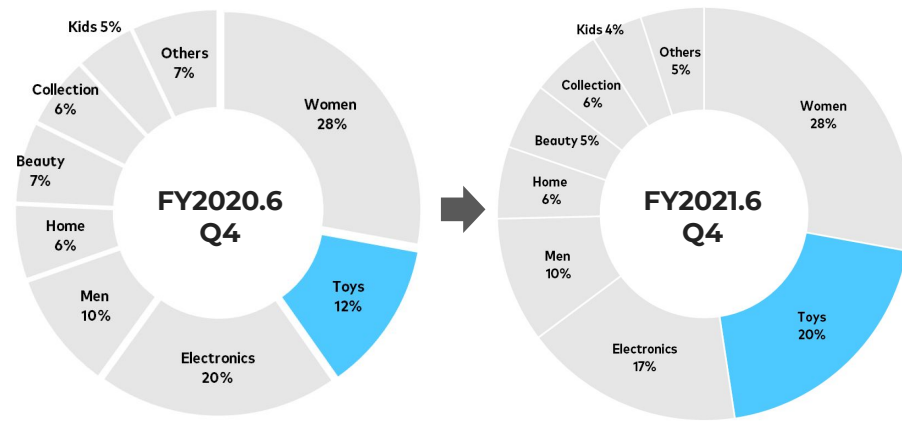
4 Q4 (Apr-Jun)—Category Shift



Toys and Sports & Leisure increased YoY,
but no major changes



Toys, including trading cards,
grew significantly YoY





mercari

Mercari, Inc.

**Established
Activities**

February 1, 2013

Representative

Planning, development, and operation of the Mercari marketplace app

Shintaro Yamada

MERCARI

**Mercari, Inc.
(US)**

**Established
Activities**

January 2014
Planning, development, and
operation of the US version of
Mercari

Representative John Lagerling

souzoh

Souzoh, Inc.

**Established
Activities**

January 28, 2021
Planning, development, and
management of internet
services

Representative Yuki Ishikawa

merpay

Merpay, Inc.

**Established
Activities
Representative**

November 20, 2017
Financial-related businesses
Naoki Aoyagi

mercoin

Mercoin, Inc.

**Established
Activities**

April 28, 2021
Cryptoasset- and
blockchain-related services

Representative Naoki Aoyagi



**Kashima Antlers
F.C. Co., Ltd.**

**Established
Activities**

October 1, 1991
Management of a soccer club

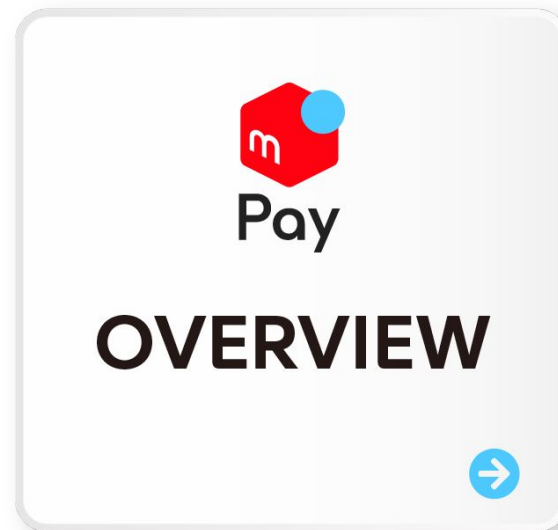
Representative Fumiaki Koizumi

For Investors New to Mercari

- Materials that cover basic information regarding Mercari Group



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



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

Disclaimer

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The FY2022.6 Q1 financial results are scheduled to be released at 15:00 or later on October 29.

mercari

Mercari, Inc. TSE: 4385