

FY2023.6 Q4

Presentation Material

mercari

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1 FY2023.6 Summary—Highlights

Objectives set out at the beginning of FY2023.6

1. Build a lean business foundation and implement management that balances growth and profitability
2. Achieve further growth through synergy created by strengthening collaboration between C2C and B2C, as well as between Marketplace and Fintech
3. Build a global organization through continued strengthening of our technology base and strengthening and promotion of ESG

1. Balancing management of growth and profits

- Updated investment discipline to prioritize investments in areas that steadily accumulate results
- Achieved consolidated net sales of 172B JPY and consolidated operating profit of 17B JPY (improved 20.7B JPY YoY)
- Achieved GMV in Japan on the scale of 1T JPY

2. Strengthening Group synergies

- Launched new services to contribute to GMV growth and enhancement of profitability
 - *Mercard*
 - Loyalty program
 - Bitcoin trading service

3. Building a global organization

- Completed a major update of *Mercari's* internal systems to strengthen the technology base
- Transitioning to a Company with Three Committees¹
- Obtained an MSCI ESG rating of AA

Mid- to Long-Term Policy

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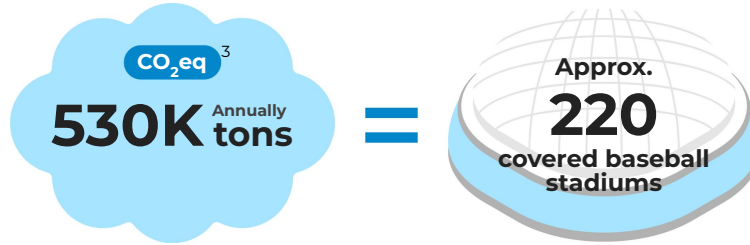
Group Mission



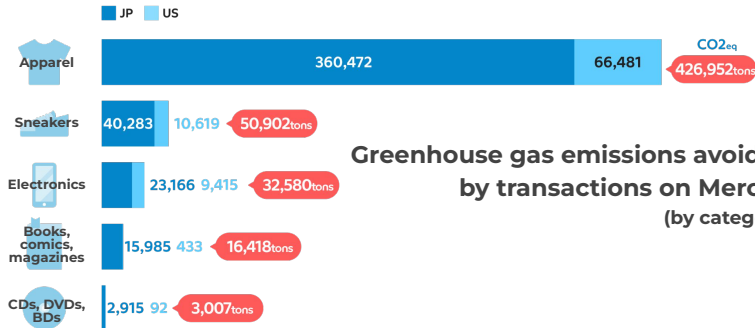
**Circulate all forms of value
to unleash the potential in all people**

Positive Impact of Mercari's Business (Avoided Greenhouse Gas Emissions)

- In select categories¹, approximately 530K tons of greenhouse gas emissions were avoided in one year by transactions on *Mercari*²
- Mercari strives 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 circulate seamlessly.



Estimated based on factors such as the greenhouse gas emissions involved in the product lifecycle and delivery, frequency of use of *Mercari*, and length of product use life, under the assumption that items bought on *Mercari* are used in place of new items, thus avoiding greenhouse gas emissions²



Greenhouse gas emissions avoided by transactions on *Mercari* (by category)

Weight of apparel waste avoided thanks to its listing on *Mercari* (Japan only)



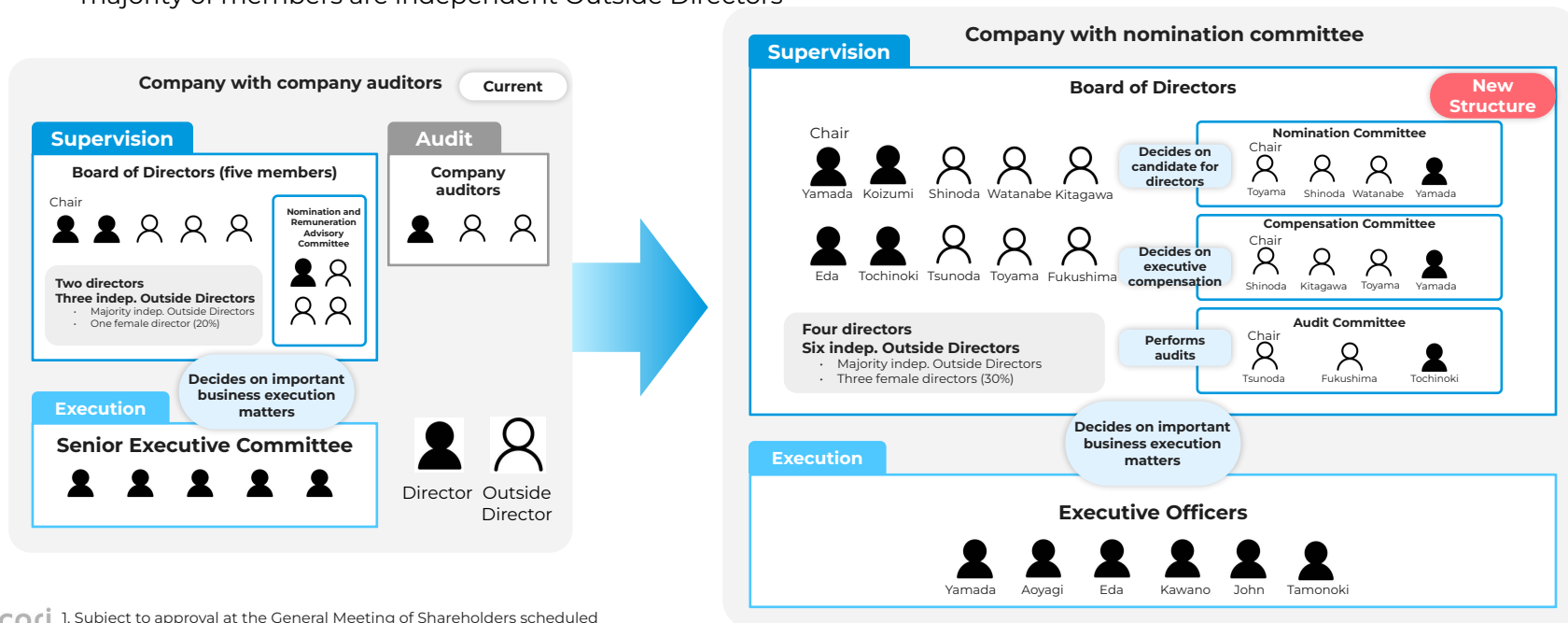
1. Target categories: apparel, sneakers, electronics, books/magazines/manga, CDs/DVDs/BDs

2. Calculations done as a joint project between Mercari and the University of Tokyo RIIE's Value Exchange Engineering Social Research Division. Includes secondhand items that had been sold under the target categories for both Mercari JP and Mercari US between April 2022 and March 2023. Estimated based on factors such as the greenhouse gas emissions involved in the product lifecycle (item production, distribution, use, and disposal) and shipping between *Mercari* users and frequency of use of *Mercari* and length of product use life calculated from the results of a *Mercari* user survey, under the assumption that items bought on *Mercari* are used in place of new items, thus avoiding greenhouse gas emissions.

3. Greenhouse gas emissions multiplied by their respective global warming potential coefficient and converted to the equivalent amount of CO₂

Transition to a Company with Three Committees, a Global Standard¹

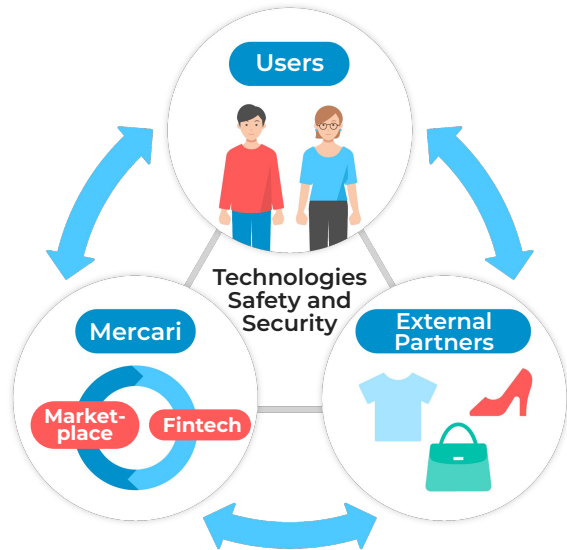
- Separated supervisory and executive functions of the company to clarify their roles, and built a structure that realizes the timely and resolute decision-making and business promotion of the executive function while strengthening the supervisory function of the Board of Directors
- Implemented highly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



Medium-Term Milestones to Achieve Our Mission

Working with external partners to create a circular economy ecosystem

- Create a world that uses technology to seamlessly circulate all forms of value, not just physical things
- Promote collaboration with various external partners to work toward creating an ecosystem



Global expansion

- Proceed with expansion into other countries, identifying the most appropriate business environment and timing, while prioritizing growth of the US business
- Further promote D&I to create a borderless organization where diverse talent all over the world can thrive



Medium-Term Targets & Investment Plans

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

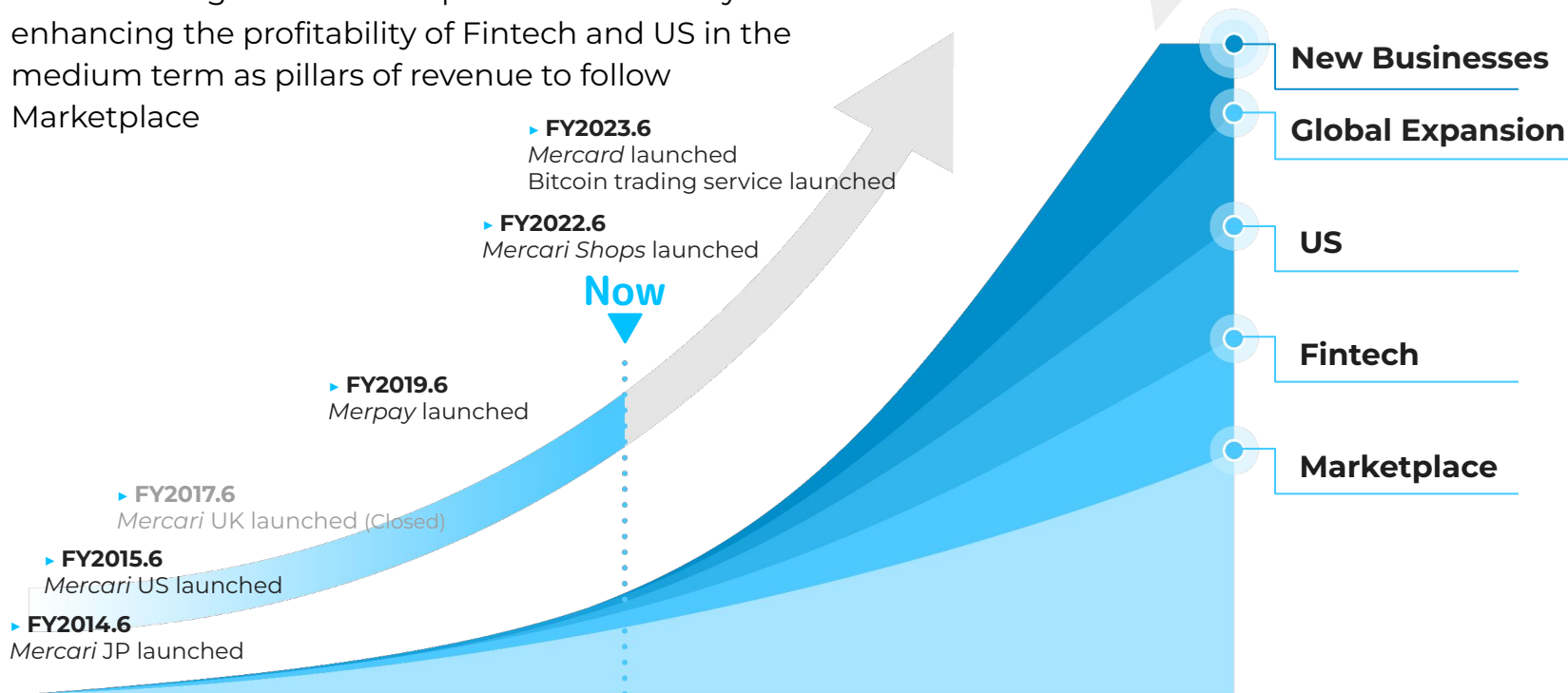
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Mercari's Growth Trajectory and Further Leaps Forward

- We will strengthen the Group's revenue base by enhancing the profitability of Fintech and US in the medium term as pillars of revenue to follow Marketplace

▶ 20XX **Complete the mission**

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



1. Comparison of consolidated net sales and MAU (JP and US combined) between FY2018.6 Q4 and FY2022.6 Q4
2. Quarterly average number of users who browsed our service (app or web) at least once during a given month
Note: This diagram of future growth is for illustrative purposes only

FY2023.6
**Financial Overview/
Results**

3 FY2023.6 Summary—Highlights

Consolidated

- Achieved new records for net sales and operating profit by implementing management that balances growth and profitability through disciplined investments with clear priorities and continued cost review for mid-to-long-term growth
- Had a solid start in creating Group synergy in support of future growth through initiatives like the launch of new Fintech services and an associated loyalty program

Marketplace

- GMV for the full year grew by 10% to reach 1 trillion JPY; adjusted operating margin¹ grew by 44% realizing tangible growth and high profitability
- MAU grew to over 22 million users as a result of the impact of accumulated investment with clear priorities
- Completed a major internal update to the *Mercari* app, making it possible to add new features and modify existing ones more easily

Fintech

- Achieved an unadjusted² operating profit for the full year due to favorable growth of existing services mainly for fixed-amount payments in spite of accelerating investment in new services
- Exceeded 1.25M Mercards issued approximately seven months after launching the service³
- Saw the number of bitcoin trading accounts created exceed 530K approximately three months after the product launch³

US

- Weathered severe external factors, including inflation, which continued to have a slowing impact on purchases; GMV growth rate landed at -11% YoY as a result
- Reviewed various costs for more robust management, resulting in the reduction of adjusted operating loss YoY
- Saw an increase in the number of listings and signs of a recovery in the falling number of purchases

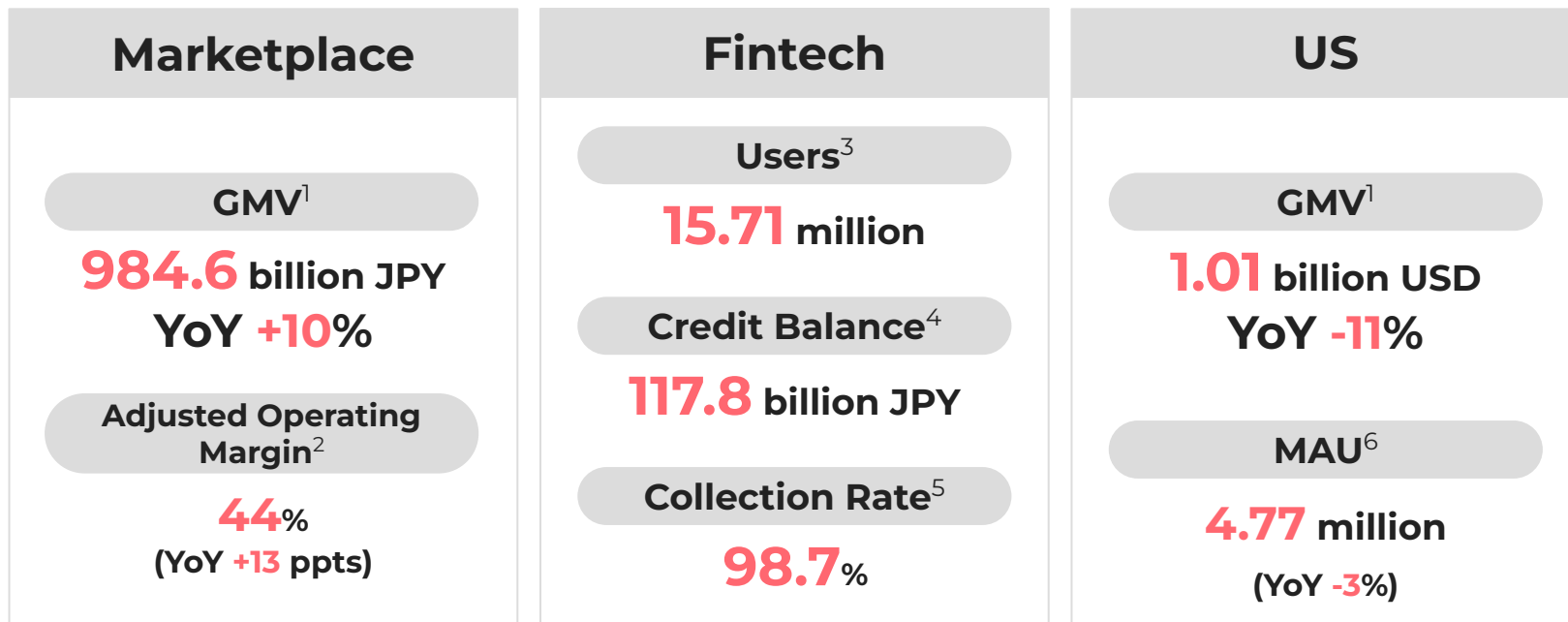
1. Adjusted: Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)

Unadjusted: Figures before adjustment include internal transactions between Marketplace and Fintech (outsourced payment processing fees)

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

3. As of June 30, 2023

3 FY2023.6—Full-Year KPI Summary



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

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

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

4. *Merpay Smart Payments* (lump-sum payment or fixed-amount payment) and *Smart Money* credit balance as of the end of the quarter (excludes debt converted into bankruptcy reorganization debt)

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

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

FY2023.6 Q4—Consolidated Net Sales & Operating Income by Business

(Billion JPY)

Segment		FY2022.6 Q4		FY2023.6 Q4		YoY	
		Net Sales/ External Net Sales	Operating Income/ Adjusted Operating Income ¹	Net Sales/ External Net Sales	Operating Income/ Adjusted Operating Income ¹	Net Sales/ External Net Sales	Operating Income/ Adjusted Operating Income ¹
Japan Region		25.4	5.5	32.3	8.4	+27%	+52%
Marketplace		21.4	4.9 / 7.3	26.1	9.1 / 12.0	+22%	+84%/+63%
Fintech		6.3 / 3.9	0.6 / -1.8	9.0 / 6.1	-0.6 / -3.5	+42%/+56%	-
US	J-GAAP (Billion JPY)	10.6	-2.3	10.3	-1.1	-3%	-
	US GAAP (Million USD)	81	-16 / -13	75	-9 / -6	-8%	-
Other		1.4	-0.4	1.6	-0.2	+17%	-
Adjustments		-0.1	-1.7	-0.2	-1.5	-	-
Consolidated		37.3	0.9	44.1	5.4	+18%	+466%

FY2023.6 Full Year—Consolidated Net Sales & Operating Income by Business

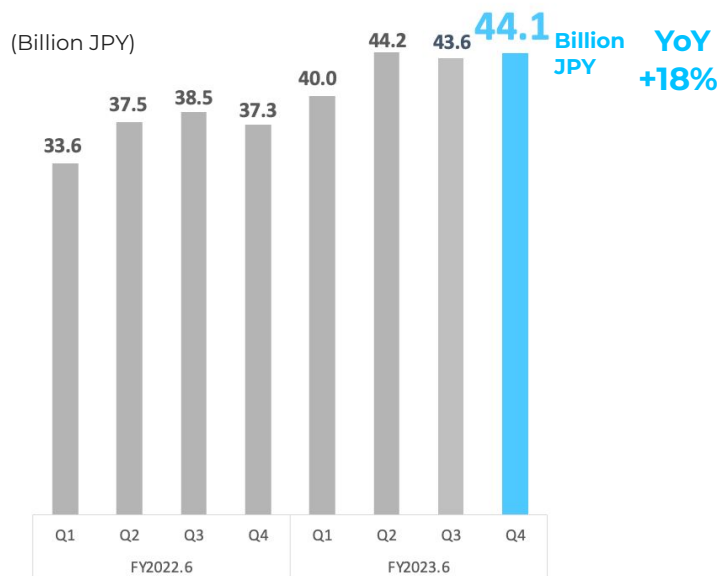
(Billion JPY)

Segment		FY2022.6		FY2023.6		YoY	
		Net Sales/ External Net Sales	Operating Income/ Adjusted Operating Income ¹	Net Sales/ External Net Sales	Operating Income/ Adjusted Operating Income ¹	Net Sales/ External Net Sales	Operating Income/ Adjusted Operating Income ¹
Japan Region		100.1	16.6	122.1	34.4	+22%	+107%
Marketplace		85.7	16.6 / 26.5	101.7	33.9 / 44.7	+19%	+104%/+69%
Fintech		24.2/14.4	-0.05 / -9.8	31.2 / 20.4	0.5 / -10.2	+29%/+42%	-
US	J-GAAP (Billion JPY)	41.6	-12.1	44.4	-8.8	+7%	-
	US GAAP (Million USD)	354	-98 / -87	323	-63 / -48	-9%	-
Other		6.4	-0.2	6.5	-0.5	+2%	-
Adjustments		-1.1	-7.9	-1.1	-8.1	-	-
Consolidated		147.0	-3.7	172.0	17.0	+17%	-

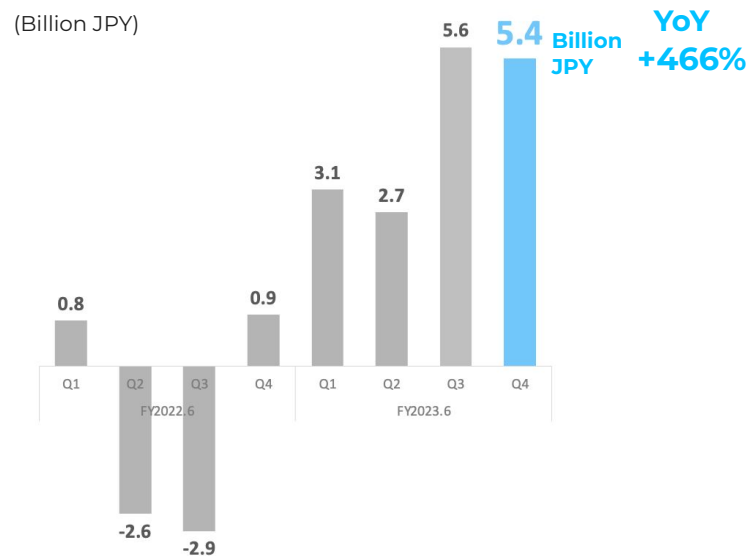
Consolidated Net Sales & Operating Income (Quarterly)

- Generated stable income on a consolidated basis in spite of expanding investment centered on new services in the Fintech domain owing to a strengthened revenue base due to such things as the update to disciplined investment, the ongoing review of costs, and the return to normal levels of impact of fraudulent use

Net Sales



Operating Income

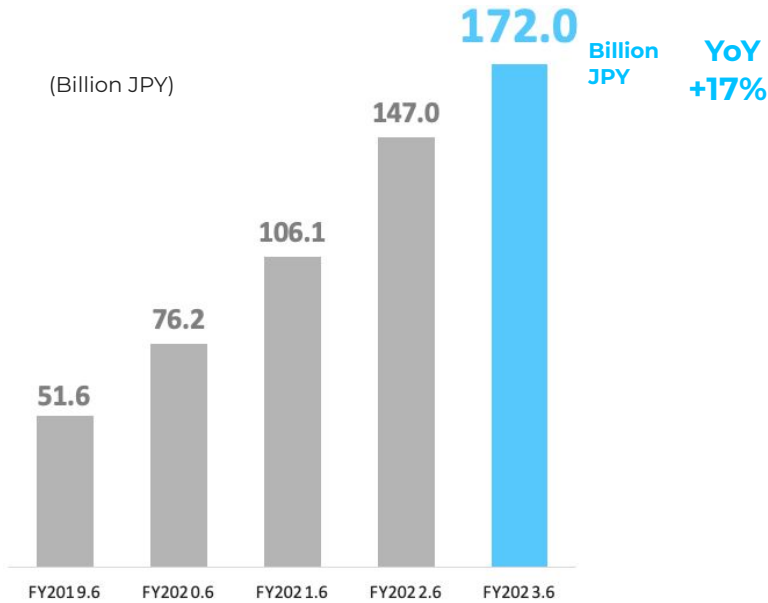


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Consolidated Net Sales & Operating Income (Full Year)

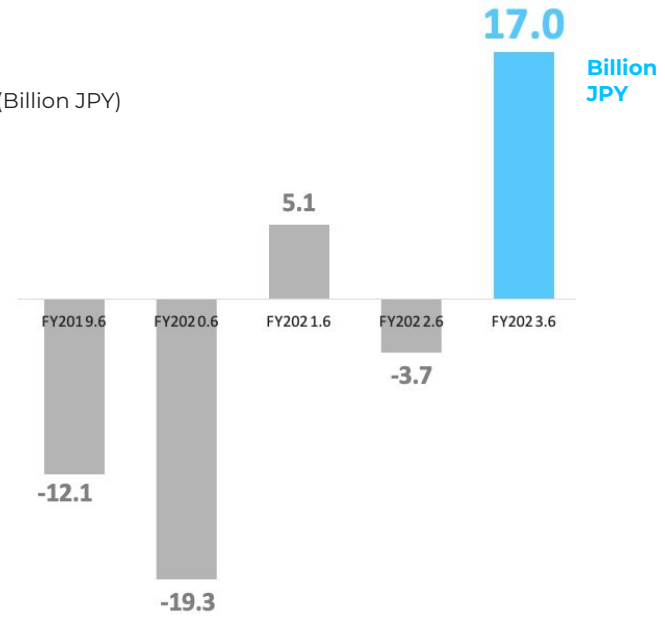
Net Sales

(Billion JPY)



Operating Income

(Billion JPY)

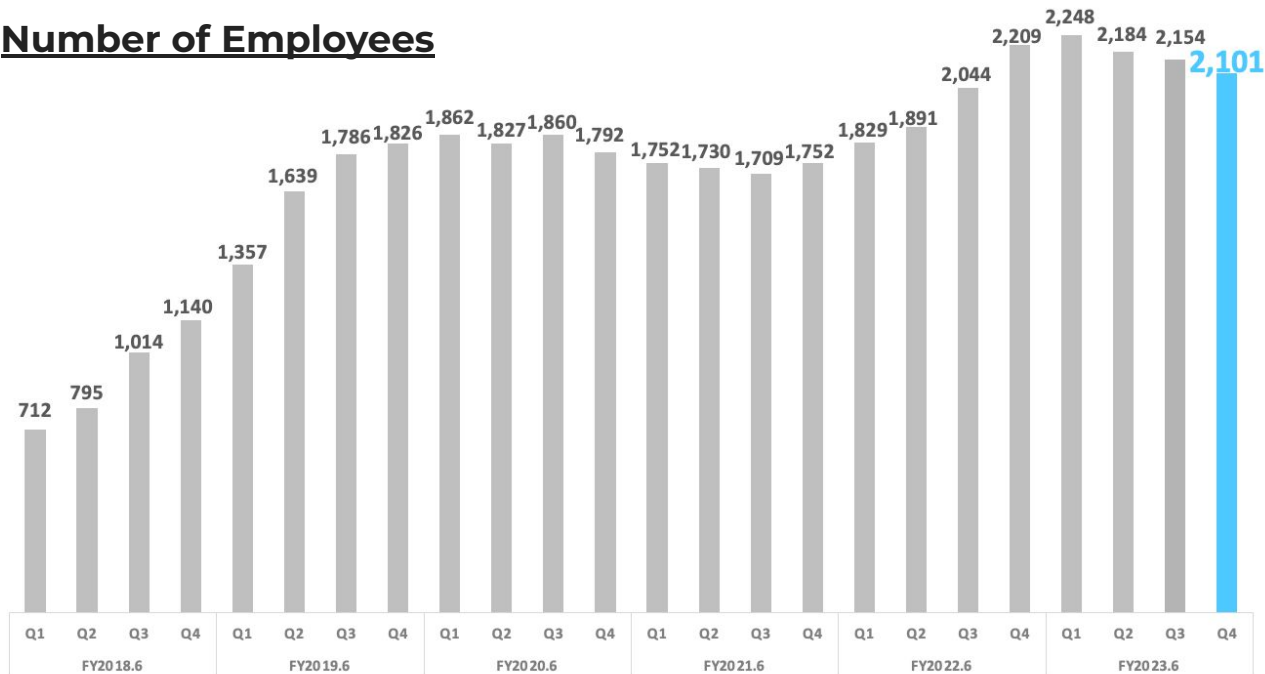


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The Talent Supporting Mercari's Growth

- Headcount decreased QoQ due to such things as continuing a selective hiring policy and reviewing fixed costs including personnel expenses in the US
- Will continue balanced hiring mainly of engineers to invest in growth for FY2024

Number of Employees



Marketplace—FY2023.6 Summary

- Succeeded in achieving steady growth and high profitability by applying disciplined investment in initiatives that accumulate results; MAU exceeded 22 million, GMV for the full year grew by 10%, and adjusted operating margin landed at 44%
- Focused on updates to the product and launched a loyalty program to maximize group synergies through collaboration with Fintech

Product Initiatives

- Completed a major internal update to the *Mercari* app, allowing for the rapid addition and modification of features
- Focused on improving the accuracy of personalization features such as recommendations

Marketing Initiatives

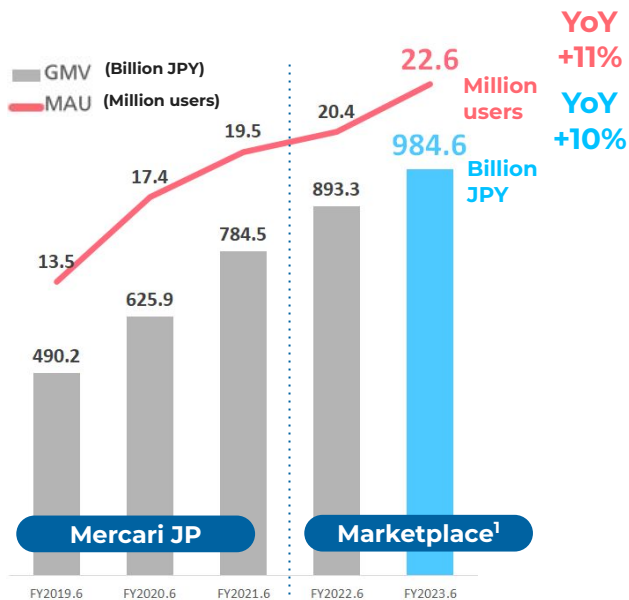
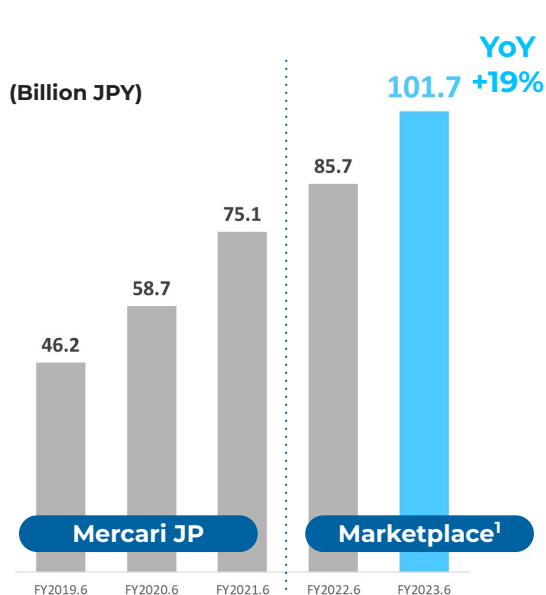
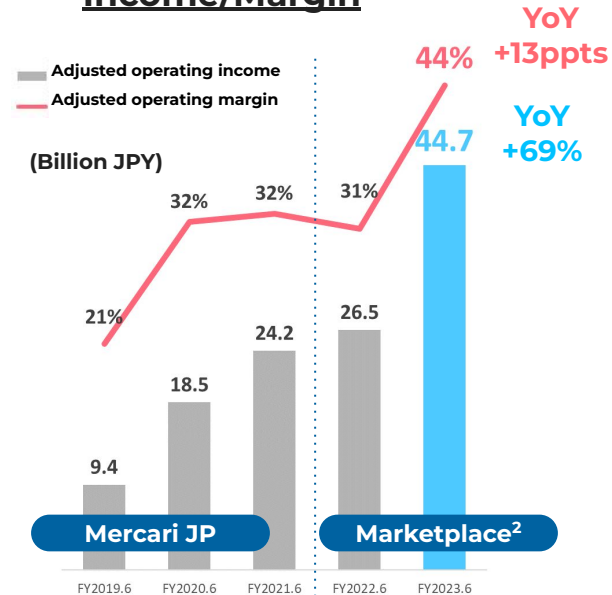
- Focused on measures like invitation campaigns to acquire new users, as well as measures to promote listings after acquisition
- Promoted offline initiatives such as Mercari Workshop together with online initiatives

▶ **GMV 984.6**
billion JPY
(YoY +10%)

▶ **Adjusted Operating Margin¹ 44%**

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Marketplace—GMV/MAU/Net Sales/Adjusted Operating Income (Full Year)

GMV/MAUNet SalesAdjusted Operating Income/Margin³

1. Mainly Mercari JP and Souzoh (Mercari Shops)

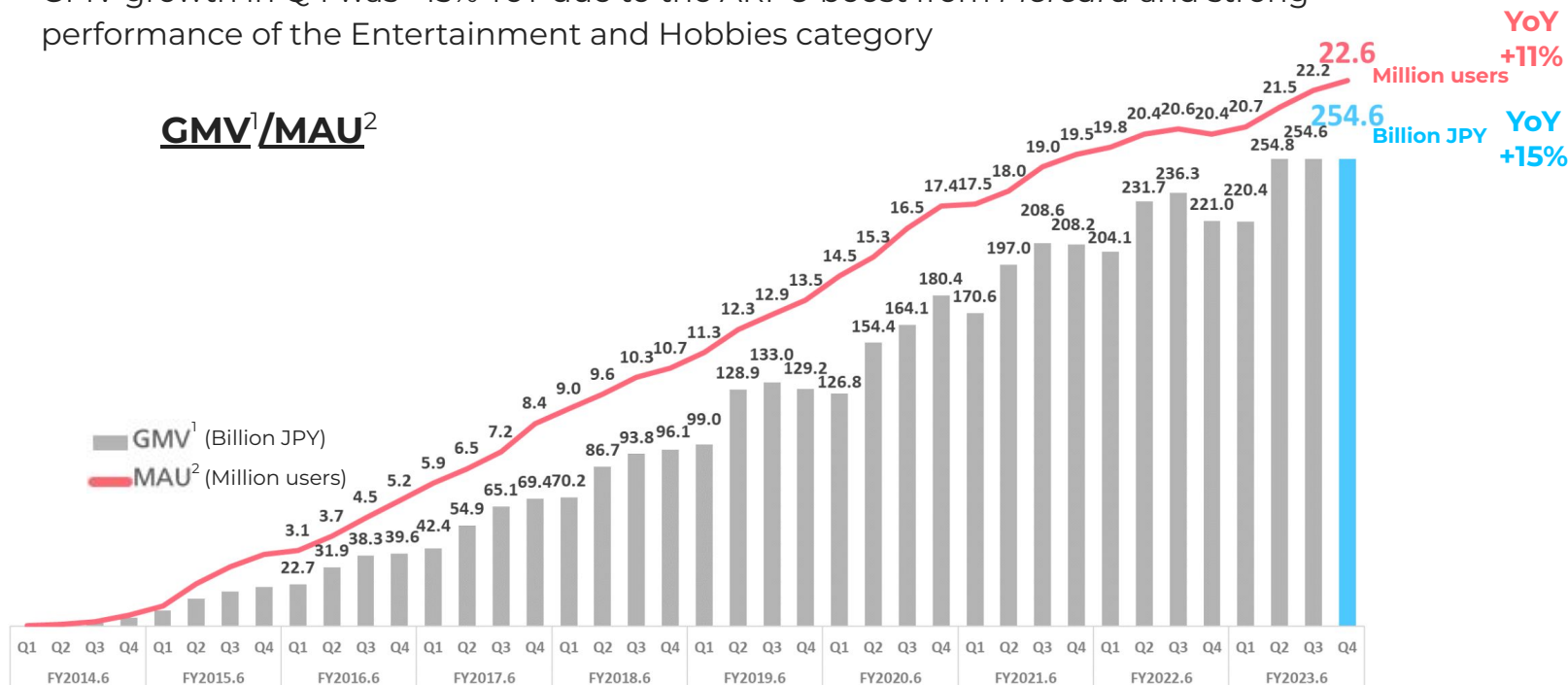
2. Mainly deducting company-wide expenses from the results of Mercari JP and Souzoh (Mercari Shops)

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

Marketplace—GMV/MAU (Quarterly)

- MAU remained strong due to the success of new user acquisition measures such as joint promotions with Fintech
- GMV growth in Q4 was +15% YoY due to the ARPU boost from *Mercard* and strong performance of the Entertainment and Hobbies category

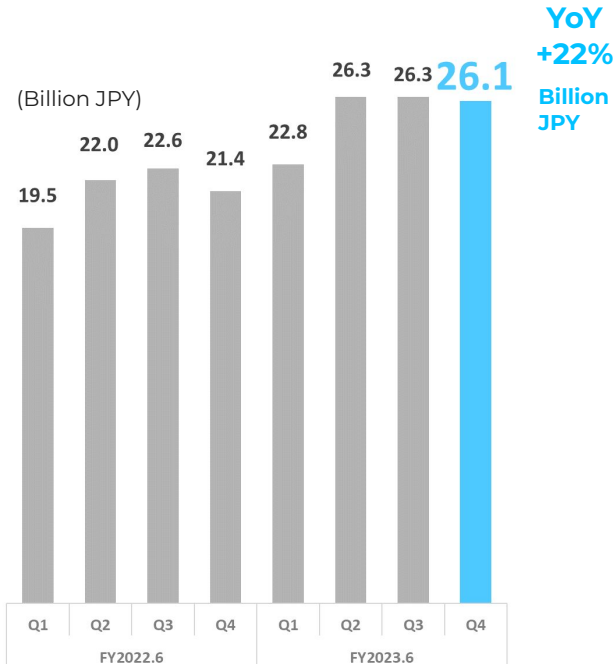
GMV¹/MAU²



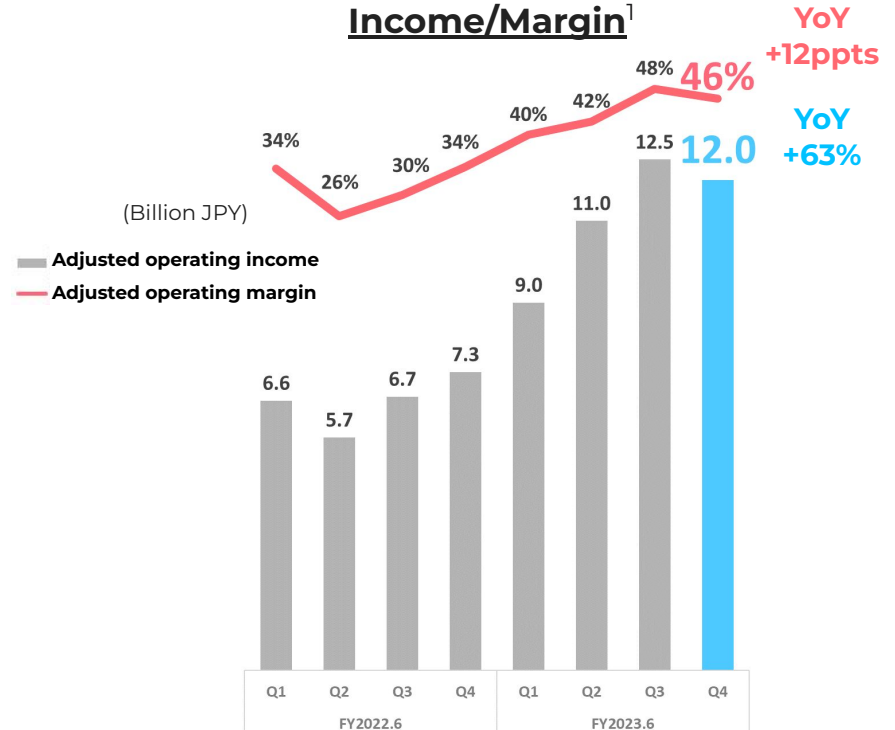
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Marketplace—Net Sales/Adjusted Operating Income (Quarterly)

Net Sales



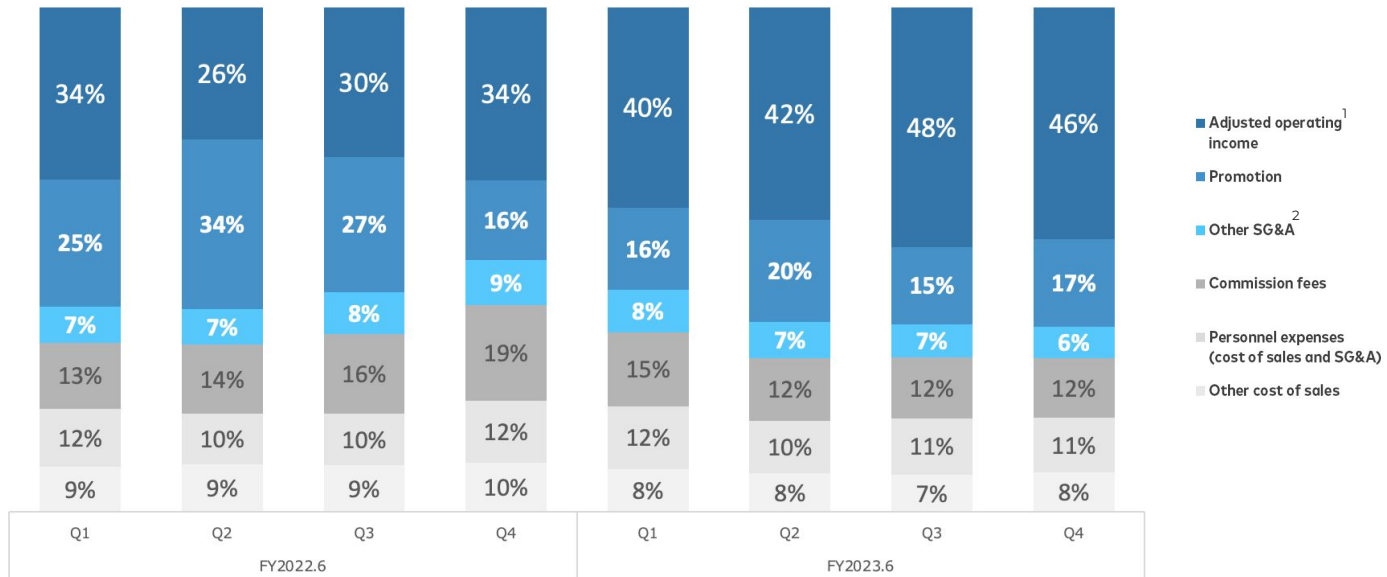
Adjusted Operating Income/Margin¹



3

Marketplace—FY2023.6 Cost Composition (Quarterly)

- Continued to achieve high adjusted operating income, despite a slight QoQ increase in promotion cost ratio, due to efforts such as increased investment in joint promotions with Fintech



Fintech—FY2023.6 Summary


- Launched *Mercard* and a bitcoin trading service to make progress on creating Group synergy
- Recorded an unadjusted operating profit for the full year due to favorable growth of credit services in spite of investing in the new services

Credit/Payment

- Saw growth mainly of fixed-amount payments and credit balance of 117.8B JPY
- Year-on-year collection rates increased by 0.6 ppts to 98.7% due to strict credit controls that leverage Mercari's unique AI credit system and the strengthening of collection actions
- The number of issued *Mercards* surpassed 1.25M. *Mercari* usage ARPU by users of the *Mercari* marketplace in the three months after their card was issued increased to roughly 10–60%¹, demonstrating Group synergy

Crypto

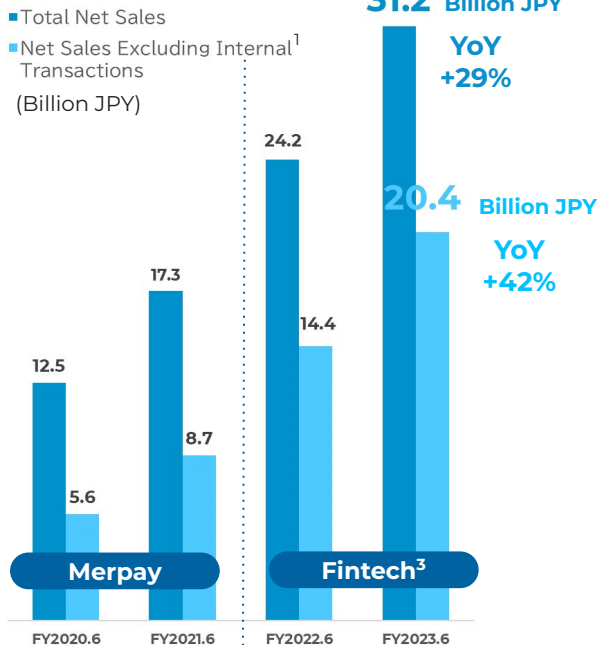
- The number of accounts for trading cryptoassets surpassed 530K, contributing to stimulating the cryptoasset market in Japan. In a *Mercari* survey, 80% of users stated they had no previous experience in trading crypto, demonstrating growing penetration among the target group of casual users.

- 
- **Achieved a full-year unadjusted² operating profit in spite of accelerating investment in new services**
 - **Mercari usage ARPU rose by 10-60% among *Mercard* holders in the first three months after they were issued a *Mercard***

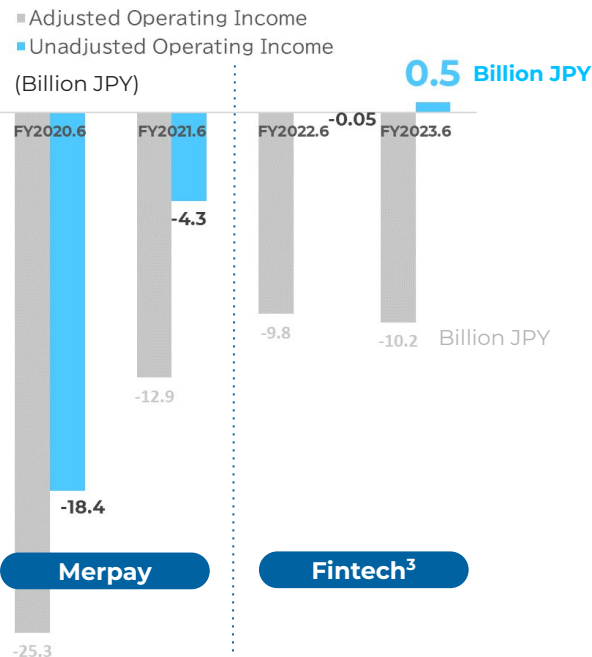
Fintech—Net Sales and Adjusted/Unadjusted Operating Income (Full Year)

- Saw growth mainly in the credit business where we broke records for total sales and sales outside of *Mercari*
- Achieved full-year unadjusted² operating profit due to the growth of credit in spite of investing in new services

Net Sales



Adjusted/Unadjusted Operating Income²



1. Net sales and operating income after deduction of internal transactions between Marketplace and Fintech (outsourced payment processing fees)

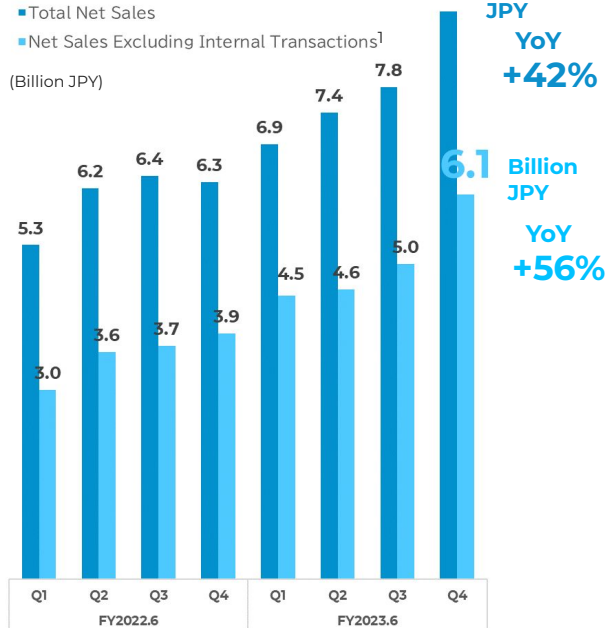
2. Adjusted: Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees); unadjusted: Figures before adjustment include internal transactions between Marketplace and Fintech (outsourced payment processing fees)

3. Mainly reflects the results of Merpay, Inc. and Mercoin, Inc.

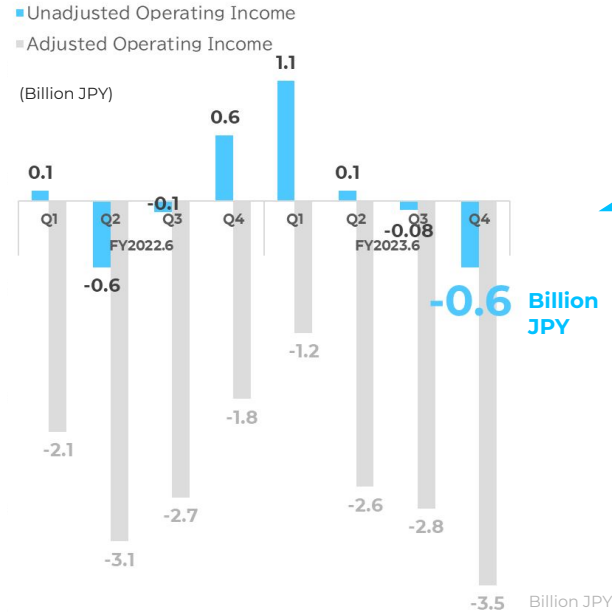
Fintech—Net Sales and Adjusted/Unadjusted Operating Income (Quarterly)

- Net sales grew due to a favorable trend in the usage of *Mercard* and fixed-amount payments
- Although profitability improved, recorded an unadjusted² operating loss of 600M JPY as a result of aggressive investment in *Mercard*

Net Sales

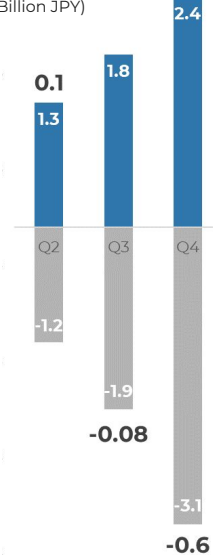


Adjusted/Unadjusted Operating Income²



Breakdown of unadjusted operating profit³

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



1. Net sales and operating income after deduction of internal transactions between Marketplace and Fintech (outsourced payment processing fees)

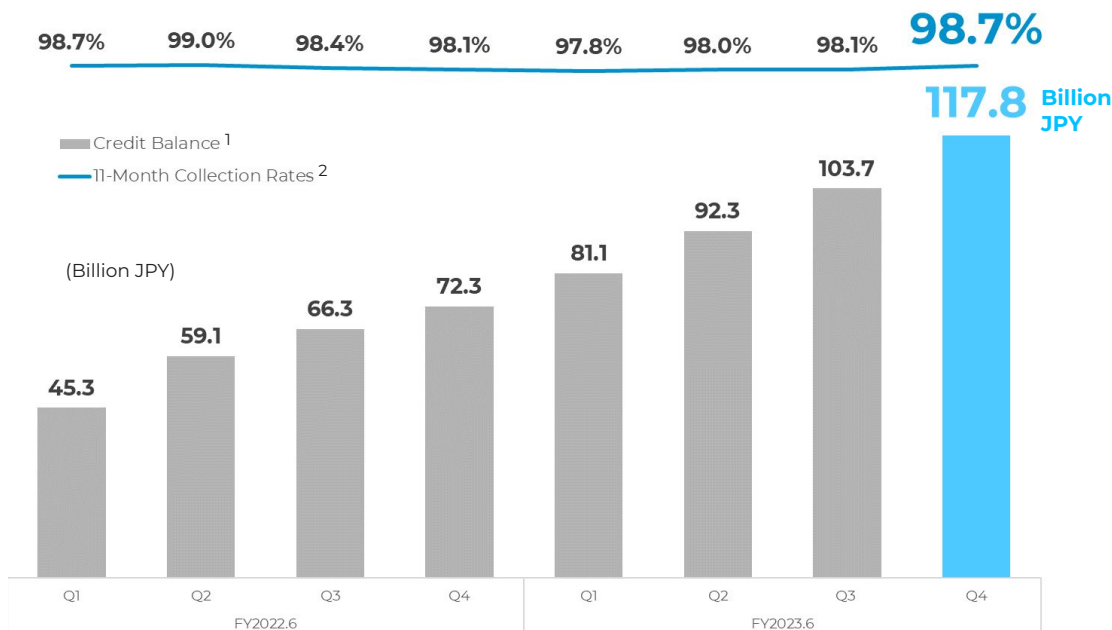
2. Adjusted: Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees); unadjusted: Figures before adjustment include internal transactions between Marketplace and Fintech (outsourced payment processing fees)

3. Investment in new services: For management accounting purposes, total of costs related to the promotion of *Mercard* and bitcoin trading services, and point returns related to *Mercard* usage; profit excluding investment in new services: Unadjusted operating profit minus the amount invested in new services

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

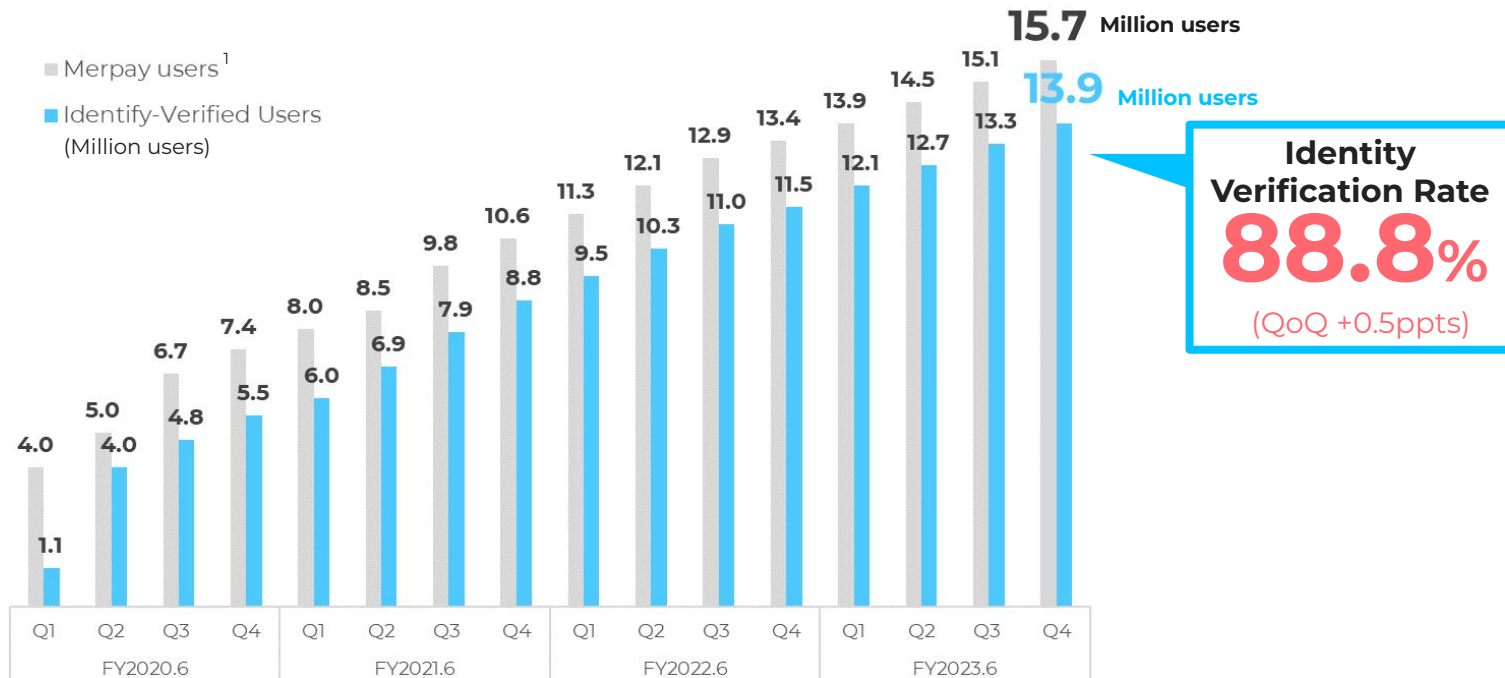
- Expanded credit balance due to the favorable growth of existing services and *Mercard*
- Amid the growth of credit balance, the effects of the credit logic update implemented last year began to show in Q4, which improved collection rates significantly; going forward, we will strive to maintain and further improve on high collection rates



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Fintech—Number of Users/Verified Users (Quarterly)

- The numbers of both users¹ and verified users continued to increase
- In addition to building an environment for safe and secure transactions, increasing the percentage of verified users also contributes to business growth since being verified allows users to start using credit and crypto services seamlessly



US—FY2023.6 Summary

- The number of listings increased YoY as a result of product initiatives such as the simplification of listings and improvement of personalization features; we are beginning to see signs of a recovery in the falling number of purchases as well

Marketing

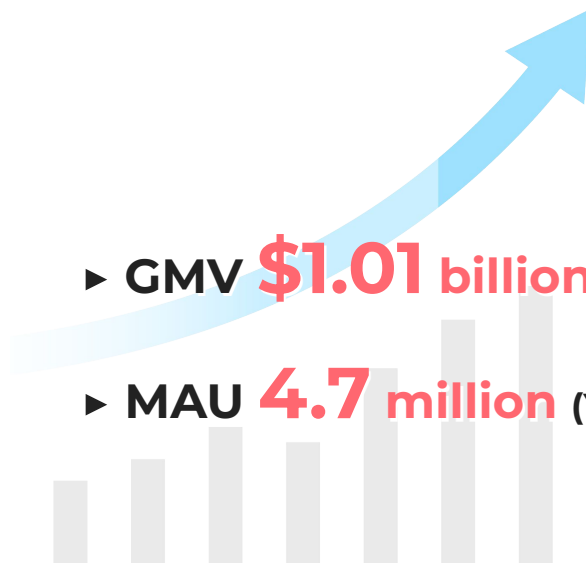
- Conducted efficient and targeted marketing, mainly for existing users, by leveraging brand recognition that has reached a level that is on par with some of our competitors.

Product

- Implemented various measures to promote purchases and reduce the burden on buyers, including the introduction of a new plan to reduce shipping costs for small packages and new bundle options. These are showing a positive impact on buying behavior.

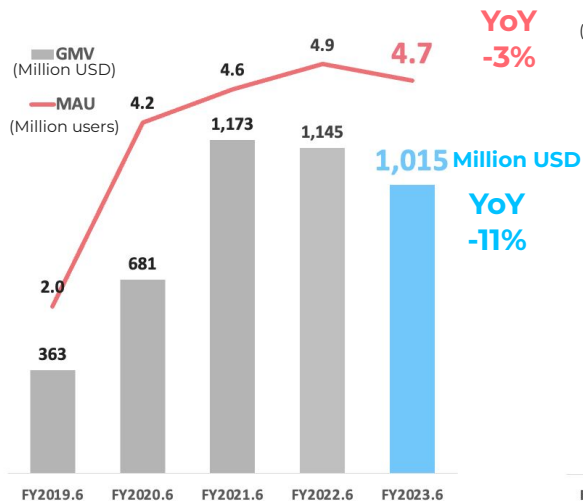
▶ **GMV \$1.01 billion** (YoY -11%)

▶ **MAU 4.7 million** (YoY -3%)

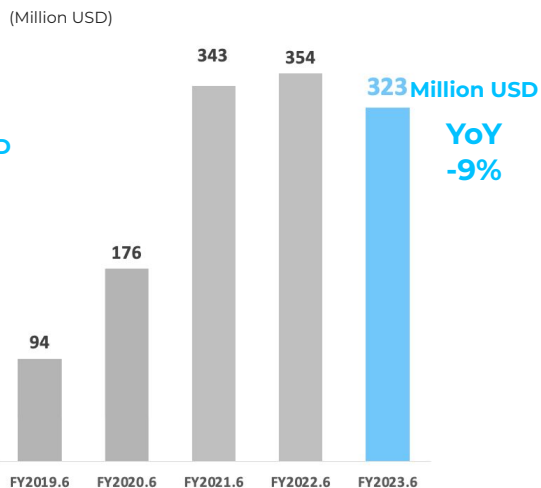


US—Net Sales/Adjusted Operating Income (US GAAP/Yearly)

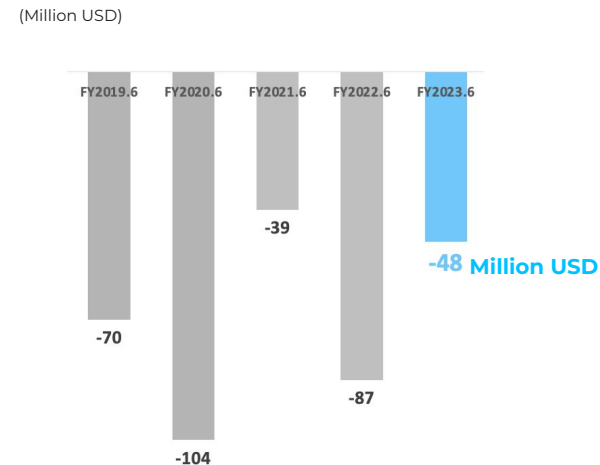
GMV/MAU



Net Sales



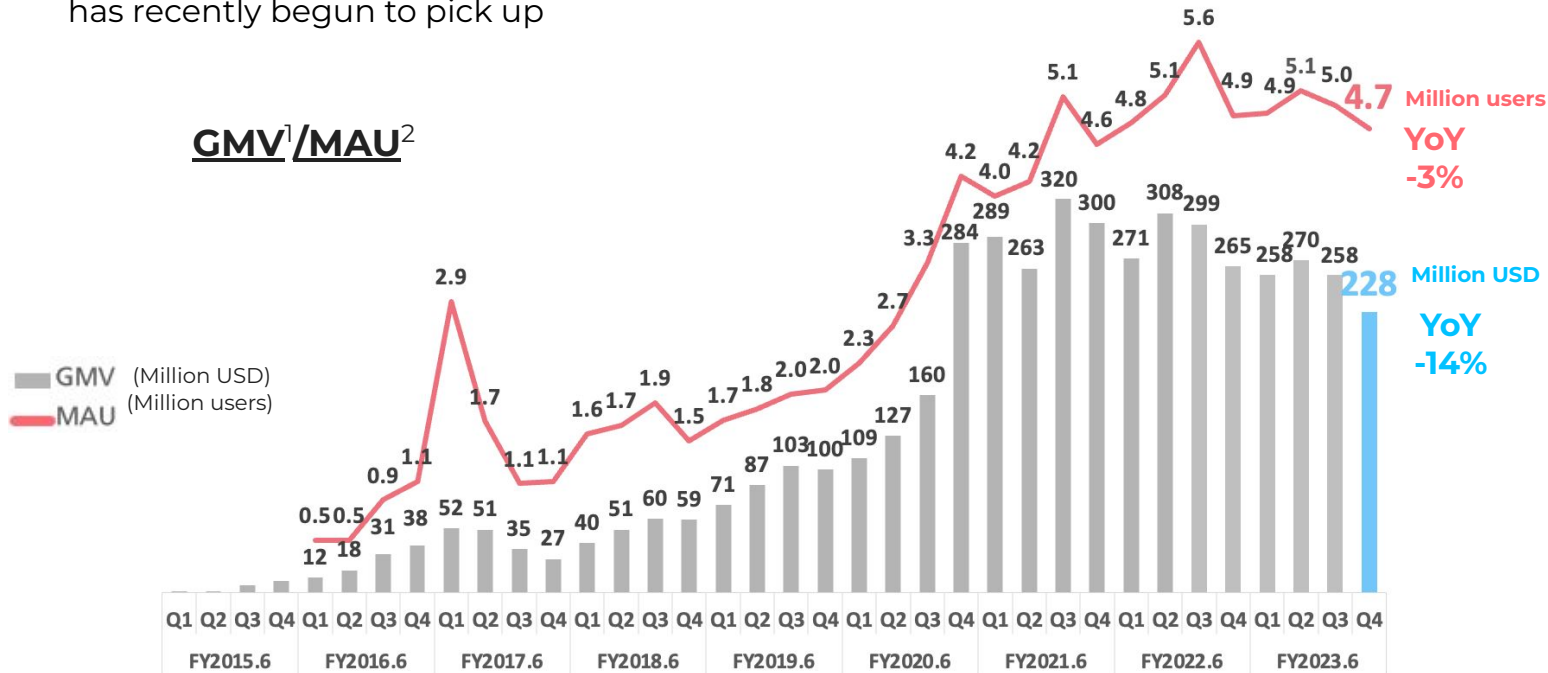
Adjusted Operating Income¹



US—FY2023.6 Q4 GMV/MAU

- Inflation and other external factors continued to slow purchases, with Q4 GMV growth landing at -14%
- On the other hand, the number of listings continued to increase and the number of purchases has recently begun to pick up

GMV¹/MAU²



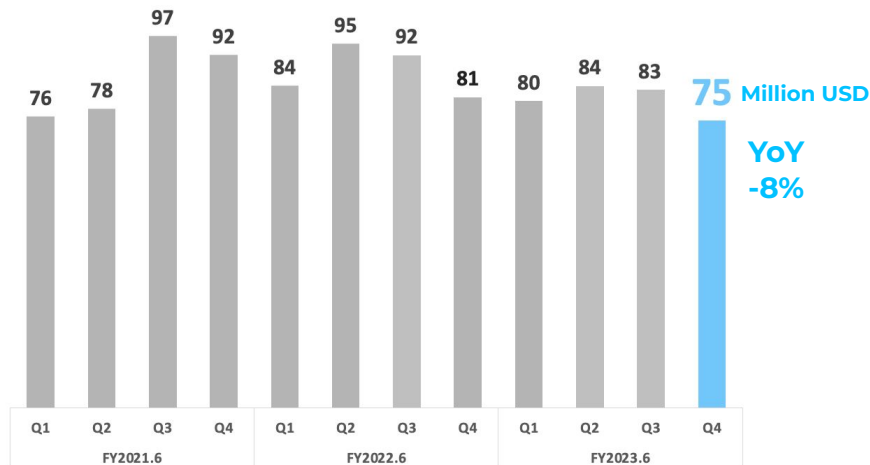
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US—Net Sales/Adjusted Operating Income (US GAAP/Quarterly)

- Adjusted operating loss improved significantly YoY due to the realization of more robust management, which included a review of expenses throughout the year and the execution of disciplined investments

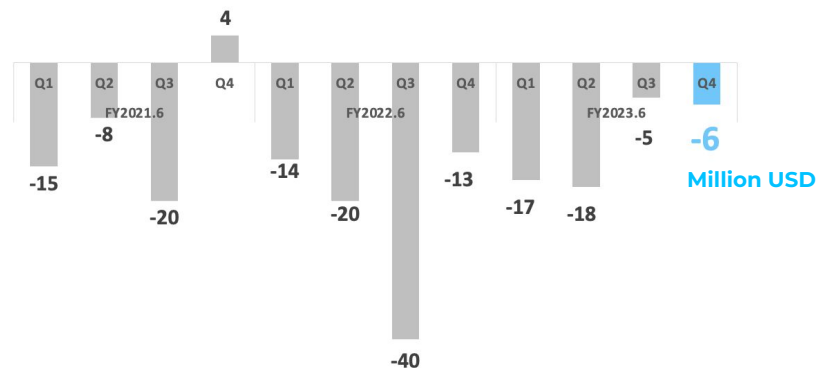
Net Sales

(Million USD)



Adjusted Operating Income¹

(Million USD)



FY2024.6

Business Objectives

4 FY2024.6 Business Objectives

Consolidated

- Continue implementing management that balances growth and profitability, and looking ahead to the next 10 years, take on the creation of new businesses while accelerating the growth of existing businesses
- Make progress on building a foundation for a global organization where diverse talent can thrive, while also further strengthening governance
- Transition to global standard IFRS beginning FY2024.6 Q1. Expecting negligible impact from the differences with GAAP (See p. 57 for more information on the changes)

Marketplace

- Focus on top-line growth and aim for GMV growth rate of 10% or higher by accelerating product development and carrying out effective marketing investments
- Expecting adjusted operating margin¹ of 30–40% as a result of continued disciplined investments

Fintech

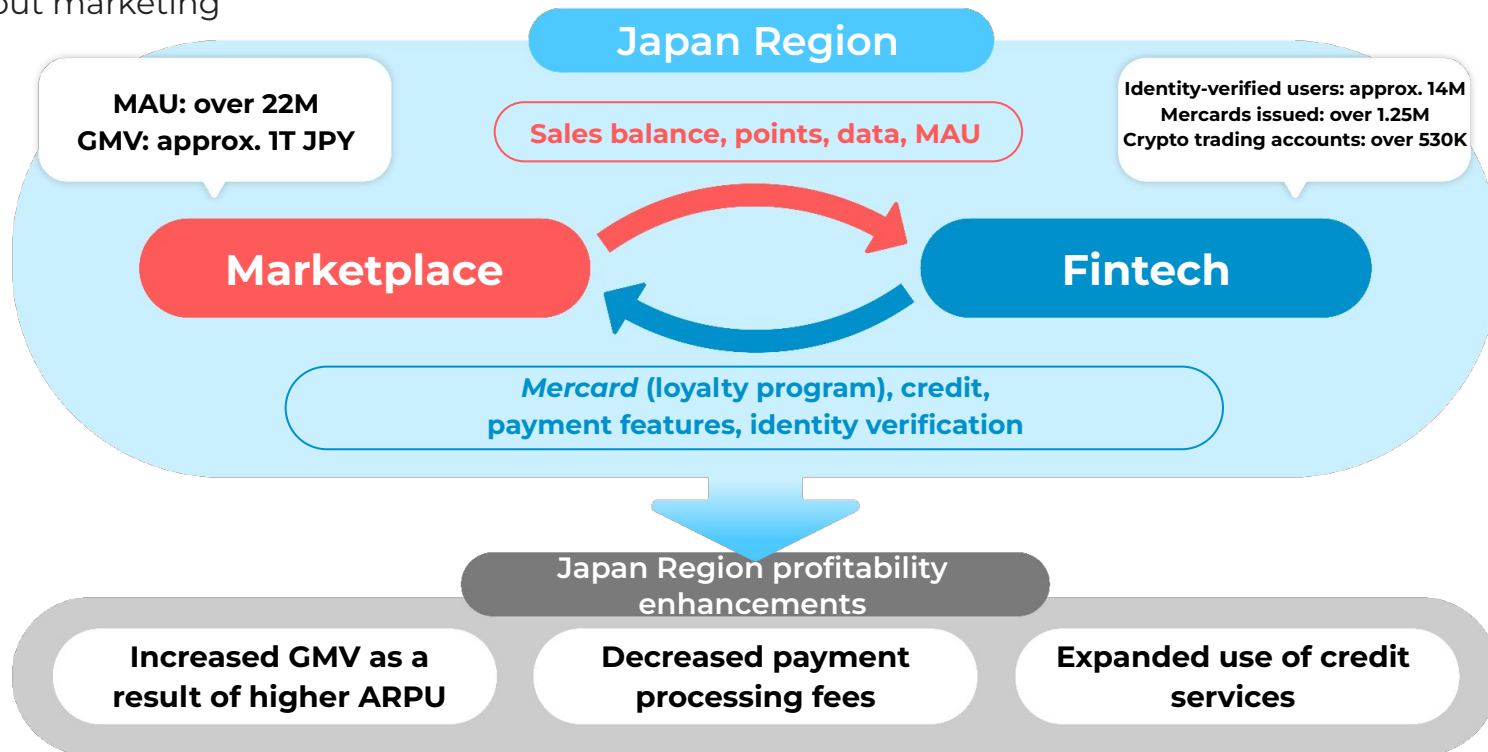
- Create further Group synergy by increasing *Mercard* holders
- Strengthen existing credit services to further strengthen the revenue base
- Continue initiatives to stabilize long-term financing

US

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

Japan Region—FY2024.6 Group Synergy Overview

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



Marketplace—FY2024.6 Business Objectives

Medium-Term Objective

Lead the market as an essential service to the creation of a circular economy, and accelerate collaboration with external partners

FY2024.6 Business Objectives

Focus on top-line growth while continuing disciplined investments.

Aim to achieve GMV growth of 10% or higher and adjusted operating margin of 30–40% by focusing on areas to enhance in addition to marketing investments and product developments.

Initiatives for GMV growth

Marketing

- Loyalty program

Product

- Web
- UX

Areas to enhance

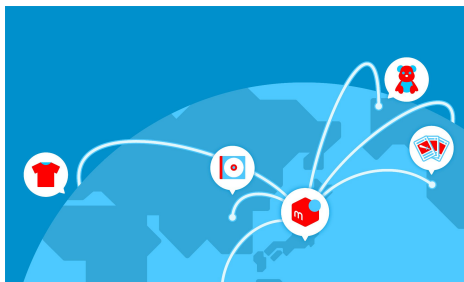
- Crossborder transactions
- Category growth
- B2C (acquiring large-scale merchants)

Marketplace—Areas to Enhance in FY2024.6

- Enhance areas such as crossborder transactions, category growth, and B2C and also continue product development and effective marketing investments

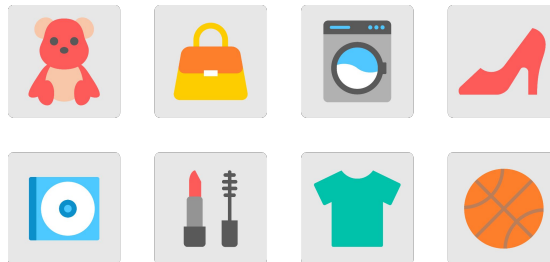
Crossborder Transactions

- Select focus regions and expand partners to act as proxy services for buyers
- Begin crossborder sales for *Mercari Shops*



Category Growth

- Select focus categories and improve UX
- Carry out marketing initiatives timed to coincide with increased demand for specific categories, such as seasonality



B2C

- Acquire large-scale reuse/outlet merchants
- Strengthen functionality in areas such as API connections

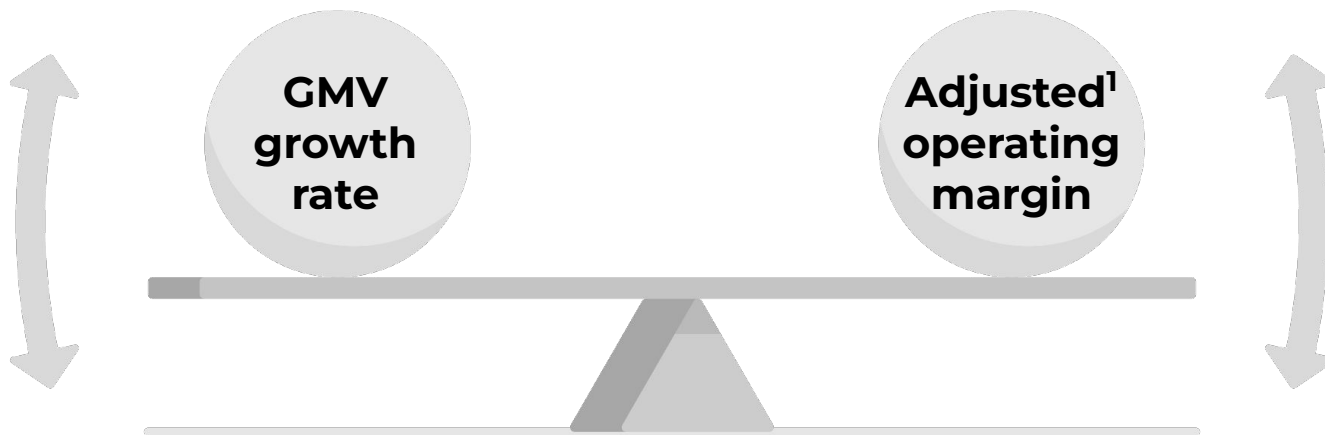


Activate transactions with UX enhancements using technology such as generative AI/LLM

Marketplace—Our Approach to FY2024.6 Targets

**GMV growth rate of 10% or higher;
adjusted operating margin of 30–40%**

- Continue management that balances growth and profitability, but prioritize accelerating GMV growth
- Carefully examine effects of investments, but make aggressive investments if we determine that it will contribute to large GMV growth



Fintech—FY2024.6 Business Objectives

Medium-Term Objective

Contribute to maximizing *Mercari's* GMV and become the second pillar of revenue in Mercari Group

FY2024.6 Business Objectives

Focus on acquiring *Mercard* holders and aim to enhance Group synergy. While we expect to strengthen investments related to new services, we have a sturdy revenue base thanks to the strong growth of mainly existing services, and we do not expect large unadjusted operating losses.

Enhancing Group synergy

- Contribute to increasing *Mercari's* GMV by acquiring *Mercard* holders
- Activate transactions with UX enhancements such as enabling users to make bitcoin payments within *Mercari*

Strengthening the revenue base

- Grow credit services and maintain/improve their collection rate by continuing to enhance the accuracy of our unique AI credit and strengthening collection actions
- Diversify financing methods to maintain a sound financial foundation

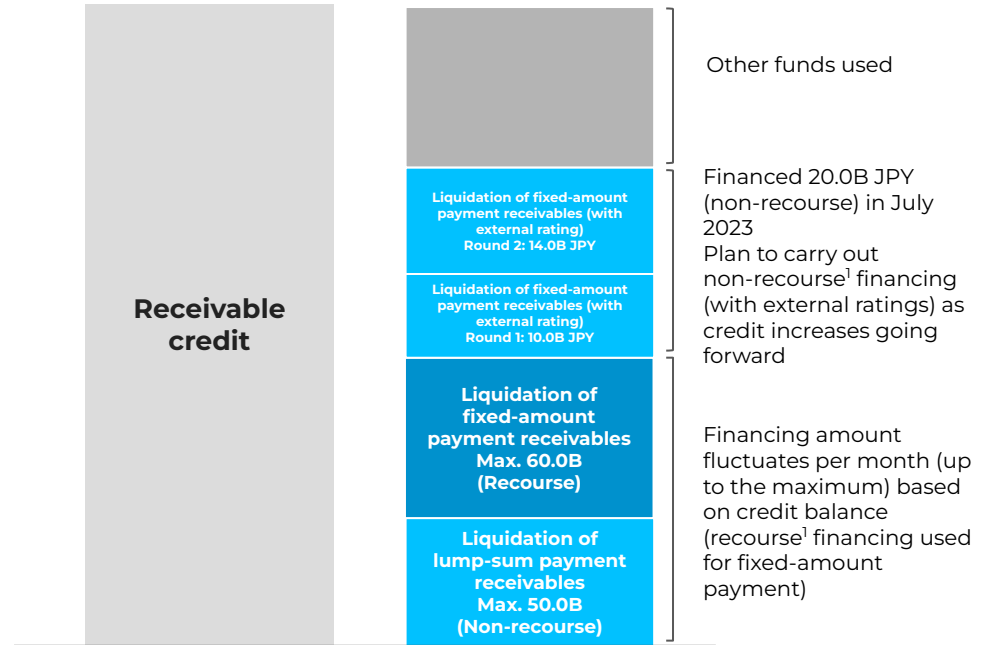
Fintech—Approach to Financing for Credit Services in FY2024.6

- From FY2023.6, we have introduced non-recourse financing¹, which allows us to finance based on confidence in the receivable credit itself rather than company credit, enabling us to expand our financing alongside the growth of our credit services
- Going forward, we will continue to diversify our financing methods centered around non-recourse¹ receivable liquidation

As of June 30, 2023

Liquidation of receivables

- We have liquidated receivables for *Merpay Smart Payments* with specific financial institutions, with the maximum amount set to 50.0B JPY for lump-sum payment and 60.0B JPY for fixed-amount payment.
- Additionally, we received an external rating for a portion of fixed-amount payment receivables and carried out non-recourse¹ long-term financing for a total of 24.0B JPY in FY2023.6 (December 2022, June 2023). We also carried out an additional 20.0B JPY of non-recourse financing in July 2023.
- We plan to carry out non-recourse¹ financing as necessary to match the growth of our credit services going forward.



4 US—FY2024.6 Business Objectives

Medium-Term Objective

Engage Gen Z to establish recognition and reputation as "the easiest and safest selling app"

FY2024.6 Business Objectives

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

Measures to involve Gen Z

Ease of use

Building
interest-based
communities

New
transaction
methods

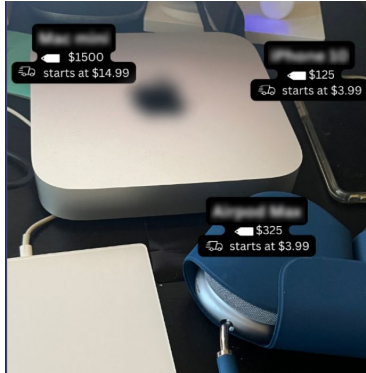
4

US—Strengthen Approach to Generation Z

- 42% of Gen Z consumers prefer secondhand as their primary shopping method, which is far higher than any other generation¹
- The percentage of Gen Z users who use major reuse sites is lower compared to users of other generations, so we will aim to acquire more users through a UX that focuses more on Gen Z

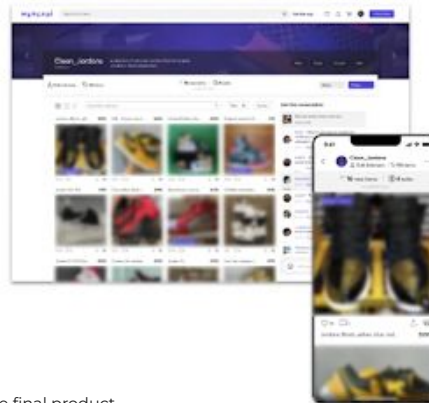
Ease of use

- Promote hassle-free selling, such as features to list multiple items at once



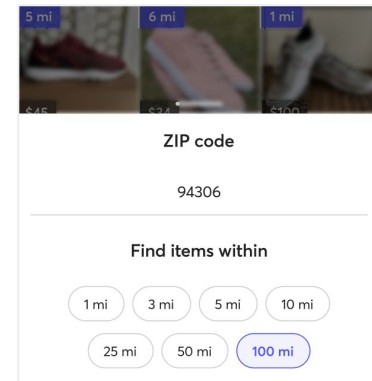
Interest-based communities

- Aim to increase transaction frequency by building interest-based communities where users can interact based on their interests



New ways to transact

- Aiming to attract new users, consider expanding delivery options including meet-up options, which are in high demand in the US



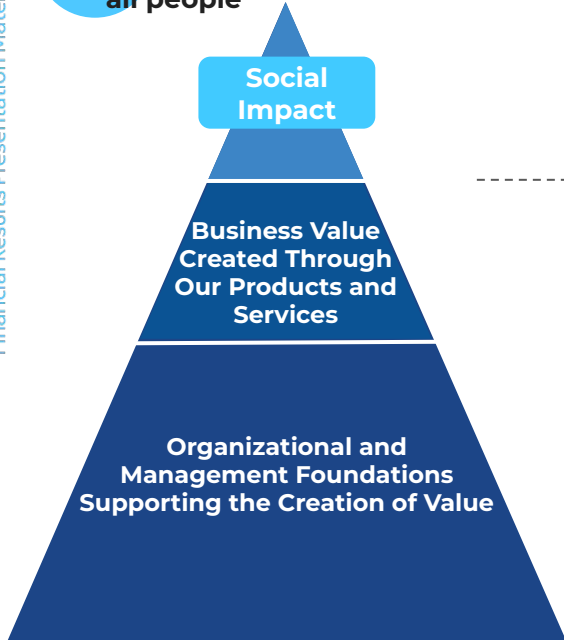
ESG

5 ESG—Materiality Update

- Mercari defines our materiality as important topics that relate to creating value to contribute to resolving social and environmental issues through our business, and creating the management foundation necessary for continuous growth. In FY2023.6, we updated our materiality.

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

Financial Results Presentation Material



mercari

(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 will 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.

ESG—FY2023.6 Summary

Environment

530 tons of greenhouse gas emissions avoided as a result of Mercari's business¹

Published TCFD disclosures

Scope 1/2/3: 43K tons

Good progress toward our 2030 targets for scope 1, 2, and 3 emissions

(2030 Targets)

- **Scope 1+2: Reduce emissions by a total of 100%**
- **Scope 3: Reduce added-value-related emissions by 51.6%**

Governance

Transition to a Company with Three Committees²

Percentage of Outside Directors: 60%²

Social

Percentage of women directors: 30%²

Became the first Japanese company to receive EDGE Assess certification³

Formulated a Basic Human Rights Policy

Ranked as the top company in perceived developer experience as chosen by engineers⁴

Reduced the monetary impact of fraudulent use by 89.3%⁵

Partnerships with approx. 50 local governments

Reached a total of 55,000 donations through *Mercari Donation*

Joined the FIDO Alliance⁶

1. Estimated based on factors such as the greenhouse gas emissions involved in the product lifecycle and delivery, frequency of use of *Mercari*, and length of product use life, under the assumption that items bought on *Mercari* are used in place of new items, thus avoiding greenhouse gas emissions

2. Subject to approval at the 11th Annual General Meeting of Shareholders scheduled to be held on September 28, 2023

3. A global certification that recognizes efforts to achieve gender equality in the workplace

4. From Japan CTO Association's Developer eXperience AWARD 2023 rankings

5. YoY comparison of FY2022.6 Q4 (as of June 30, 2022) and FY2023.6 Q4 (as of June 30, 2023)

6. A nonprofit organization that promotes the standardization of online authentication technology to replace passwords

ESG—FY2024.6 Focus Areas and Objectives

- We will carry out action plans for each material topic in our materiality, which we revised in FY2023.6

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

Appendix

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

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

6 New Board of Directors Structure

(Subject to approval at the General Meeting of Shareholders)

- Appointing Outside Directors with a wealth of knowledge and experience in a variety of areas to realize a transparent and highly diverse organization

10 Directors

Directors (4)



Shintaro Yamada

Representative Executive
and CEO



Fumiaki Koizumi

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



Sayaka Eda

Executive Officer, Senior Vice President
of Corporate, and CFO



Mayumi Tochinoki

Independent Outside Directors (6)



Makiko Shinoda



**Masayuki
Watanabe**



Takuya Kitagawa



Daiken Tsunoda



**Kazuhiko
Toyama**



**Fumiyuki
Fukushima**

Strong Governance Structure (Independent Outside Directors)



Makiko Shinoda

Chair of the
Compensation
Committee



Masayuki Watanabe

Background

- The Long-Term Credit Bank of Japan, Limited (currently SBI Shinsei Bank, Limited)
- McKinsey & Company, Inc.
- Novartis Pharma K.K.
- Head of Finance of Nestlé Nutrition K.K. (currently Nestlé Health Science)
- Director CFO of Hobonichi Co., Ltd.
- Director of YeLL Inc. (current position)

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

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

Reasons for Selection as Outside Directors

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

- Knowledge of global expansion of business in tech companies

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

Strong Governance Structure (Independent Outside Directors)

(Subject to approval at the General Meeting of Shareholders)



Daiken Tsunoda
Chair of the Audit Committee



Kazuhiko Toyama
Chair of the Nominating Committee



Fumiyuki Fukushima

Background

- Admitted to the Tokyo Bar Association, Partner of Mori Sogo Nakamura & Tsunoda (currently Nakamura, Tsunoda & Matsumoto)
- Outside Corporate Auditor of INES Corporation
- Outside Corporate Auditor and Outside Director of Mitsui Sumitomo Insurance Group Holdings, Incorporated (currently MS&AD Insurance Group Holdings, Inc.)
- Outside Director of Culture Convenience Club Co., Ltd. (current position)
- Outside Director of Eisai Co., Ltd. (Audit Committee Member)
- Outside Director (Member of the Audit and Supervisory Committee) of Sumitomo Mitsui Banking Corporation (Audit & Supervisory Committee Member) (current position)
- Established Daiken Tsunoda Law Office (current position)
- Boston Consulting Group
- Representative Director and President of Corporate Direction Inc.
- Representative Director, CEO of Industrial Growth Platform, Inc.,
- Outside Director of Panasonic Corporation (currently Panasonic Holdings Corporation) (current position)
- Outside Director of Tokyo Electric Power Company Holdings, Inc.
- Chairman of Industrial Growth Platform, Inc. IGPI Group (current position)
- Chairman of General Incorporated Association Japan Association of Corporate Directors
- Koyo Audit Firm
- KPMG AZSA & Co. (currently KPMG AZSA LLC)
- Audit & Supervisory Board Member of Findy Inc. (current position)
- Outside Audit & Supervisory Board Member of Kashima Antlers F.C. Co., Ltd. (current position)
- Outside Director (Member of the Audit and Supervisory Committee) of Chatwork Co., Ltd. (current position)

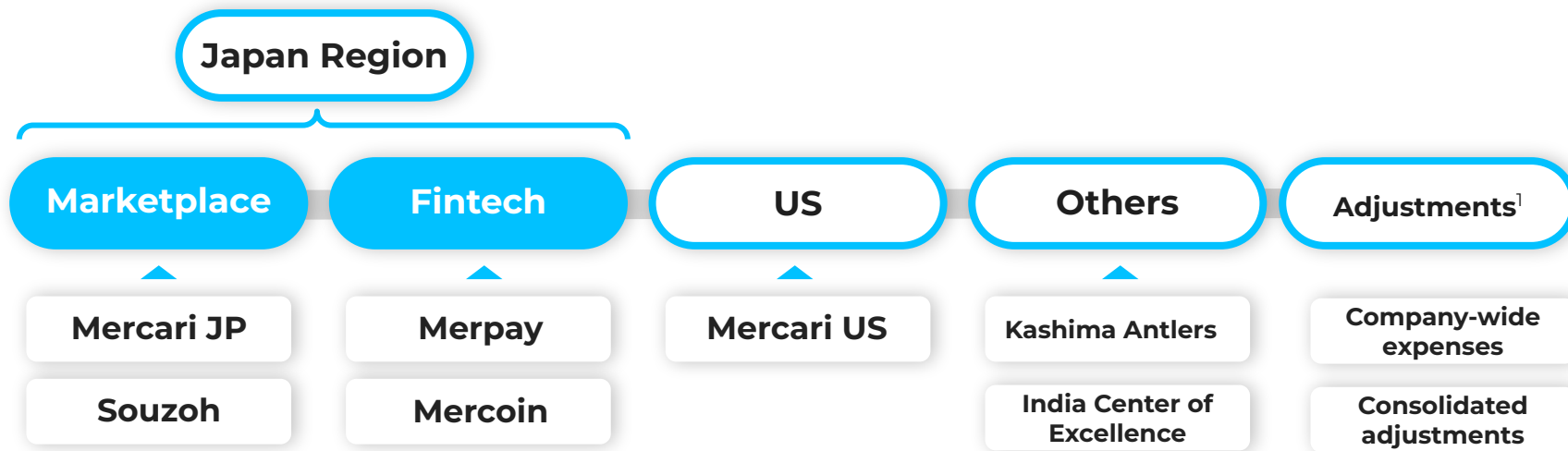
Reasons for Selection as Outside Directors

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

6

Business Segments

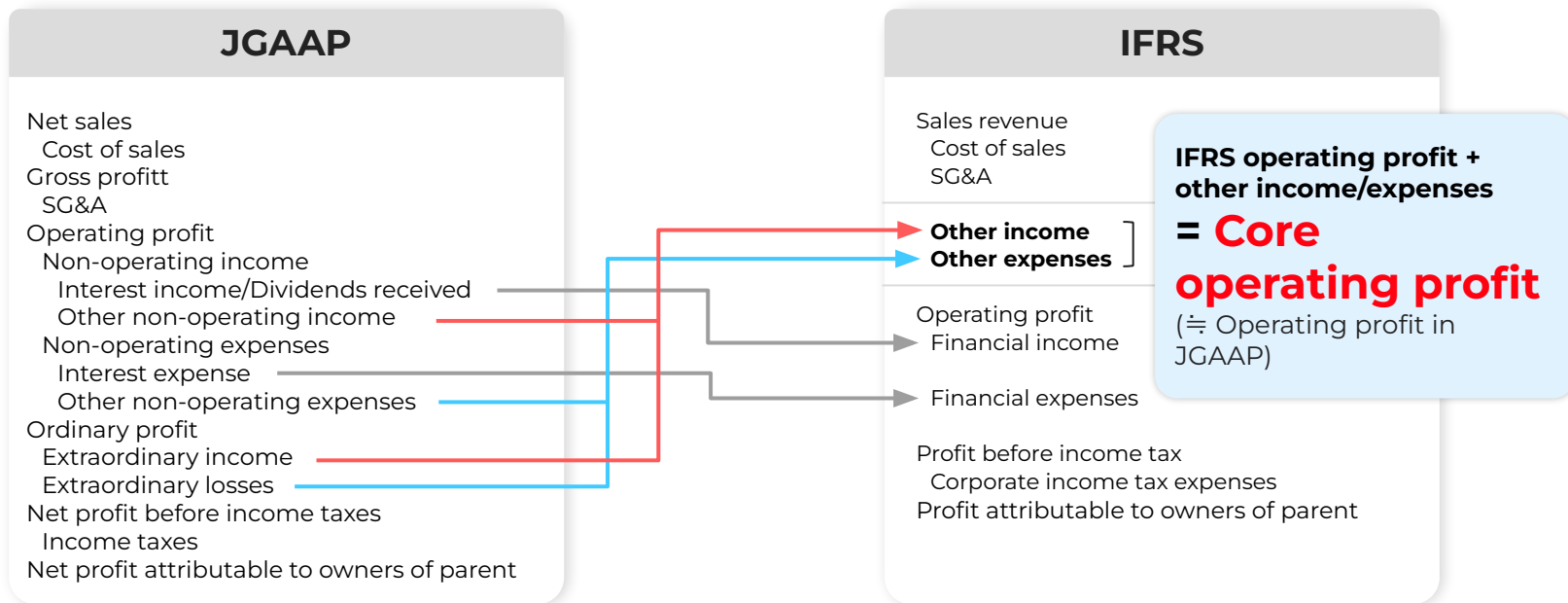
- As of FY2023.6, we have changed the reporting segments to Japan Region and US
- Going forward, we will use the Marketplace and Fintech domains to explain and disclose business results for Japan Region



6

Transitioning to IFRS

- With the objective of enhancing international comparability, we will be transitioning to using IFRS from FY2024.6 Q1
- Japan Region will use core operating profit (other income/expenses added to operating profit in IFRS; similar to operating profit in JGAAP) as a KPI



(Million JPY)	FY2021.6 Q4	FY2022.6 Q4	FY2023.6 Q4
Total current assets	227,926	303,396	340,644
Cash on hand and in banks	171,463	211,406	196,271
Other receivable	47,001	80,287	115,714
Total fixed assets	34,603	36,466	74,648
Guarantee deposits	26,767	26,774	61,608
Total assets	262,529	339,862	415,292
Total liabilities	222,516	301,864	360,063
Other payables	17,775	18,217	19,509
Deposits received	117,099	139,094	163,402
Short-term debt	19,602	54,254	55,121
Long-term debt	51,547	27,097	52,410
Convertible-bond-type bonds with stock acquisition rights	-	50,000	50,000
Total net assets	40,013	37,998	55,228
Total liabilities and net assets	262,529	339,862	415,292

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

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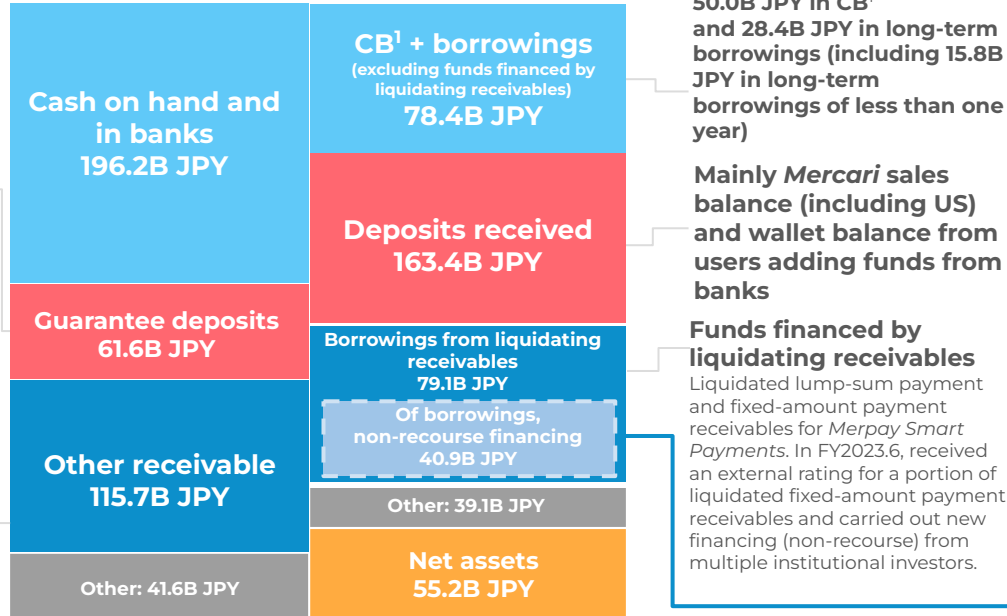
Major Itemization of Consolidated BS

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

Mainly deposits related to user funds

With regard to preservation of user funds, we act in accordance with laws regarding funds transfer services, etc., by depositing funds to the authorities and concluding a Guarantee Contract for Security Deposits for Providing Funds Transfer Service with financial institutions

Receivables from Merypay Smart Payments (lump-sum and fixed-amount payment) and transactions within Mercari



Total assets at end of FY2023.6: **415.2B JPY**

Financing policy going forward Expand non-recourse receivable liquidation

Non-recourse financing is a method of financing in which the amount collected from the credit is the only source of repayment, and the repayment obligation does not return to Mercari. Thus, we subtract the portion corresponding to non-recourse financing from the denominator and use the result to calculate our effective capital-to-asset ratio.

Capital-to-asset ratio at the end of FY2023.6: 12.9%

Effective capital-to-asset ratio (subtracting amount of non-recourse financing from net assets)

14.3%

Effective capital-to-asset ratio (subtracting the 20.0B JPY of non-recourse financing carried out in July 2023 from the denominator of the 14.3% figure above)

15.1%

We expect to increase non-recourse financing as the business expands going forward.

6

Consolidated PL (Full Year)

(Million JPY)	FY2021.6	FY2022.6	FY2023.6
Net sales	106,115	147,049	172,064
YoY	+39.1%	+38.6%	+17.0%
EBITDA ¹	6,030	-2,878	17,956
Margin (%)	5.7%	-2.0%	10.4%
Operating income	5,184	-3,715	17,023
Margin (%)	4.9%	-2.5%	9.9%
Net profit(loss) attributable to owners	5,720	-7,569	13,070
Margin (%)	5.4%	-5.1%	7.6%

¹ Operating income + Depreciation and Goodwill amortization

6

Consolidated CF (Full Year)

(Million JPY)	FY2021.6	FY2022.6	FY2023.6
Cash flows from operating activities	3,367	-26,217	-36,883
Cash flows from investing activities	6,907	-671	-632
Cash flows from financing activities	19,773	62,065	26,839
Foreign currency translation adjustments on cash and cash equivalents	406	4,767	1,317
Change in cash and cash equivalents	30,454	39,942	-9,359
Cash and cash equivalents at the beginning of period	141,008	171,463	211,406
Cash and cash equivalents at the end of period	171,463	211,406	202,047

6 Marketplace PL (Quarterly)

(Million JPY)	FY2022.6 Q4(Apr-Jun)	FY2023.6 Q3(Jan-Mar)	FY2023.6 Q4(Apr-Jun)
GMV	221,038	254,656	254,699
YoY	N/A	+7.7%	+15.2%
Net sales	21,456	26,367	26,160
as % of GMV	9.7%	10.4%	10.3%
Operating income	4,962	9,769	9,140
Margin (%)	23.1%	37.0%	34.9%
Adjusted operating income ¹	7,374	12,529	12,002
Margin (%)	34.4%	47.5%	45.9%

Fintech PL (Quarterly)

(Million JPY)		FY2022.6 Q4(Apr-Jun)	FY2023.6 Q3(Jan-Mar)	FY2023.6 Q4(Apr-Jun)
Unadjusted ¹	Fintech net sales	6,366	7,846	9,020
	YoY	N/A	+22.6%	+41.7%
	Fintech operating income	600	-87	-662
Adjusted ¹	Fintech net sales	3,954	5,085	6,159
	YoY	N/A	+34.0%	+55.7%
	Fintech operating income	-1,811	-2,847	-3,524

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

Unadjusted: Figures before adjustment include internal transactions between Marketplace and Fintech (outsourced payment processing fees)

6

US PL¹ (Quarterly)

(Million USD)	FY2022.6 Q4(Apr-Jun)	FY2023.6 Q3(Jan-Mar)	FY2023.6 Q4(Apr-Jun)
GMV	265	258	228
YoY	-11.6%	-13.9%	-14.1%
Net sales	81	83	75
as % of GMV	30.7%	32.4%	33.0%
Operating income	-16	-10	-9
Margin (%)	-20.7%	-12.0%	-12.5%
Adjusted operating income ²	-13	-5	-6
Margin (%)	-16.3%	-7.0%	-8.4%

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

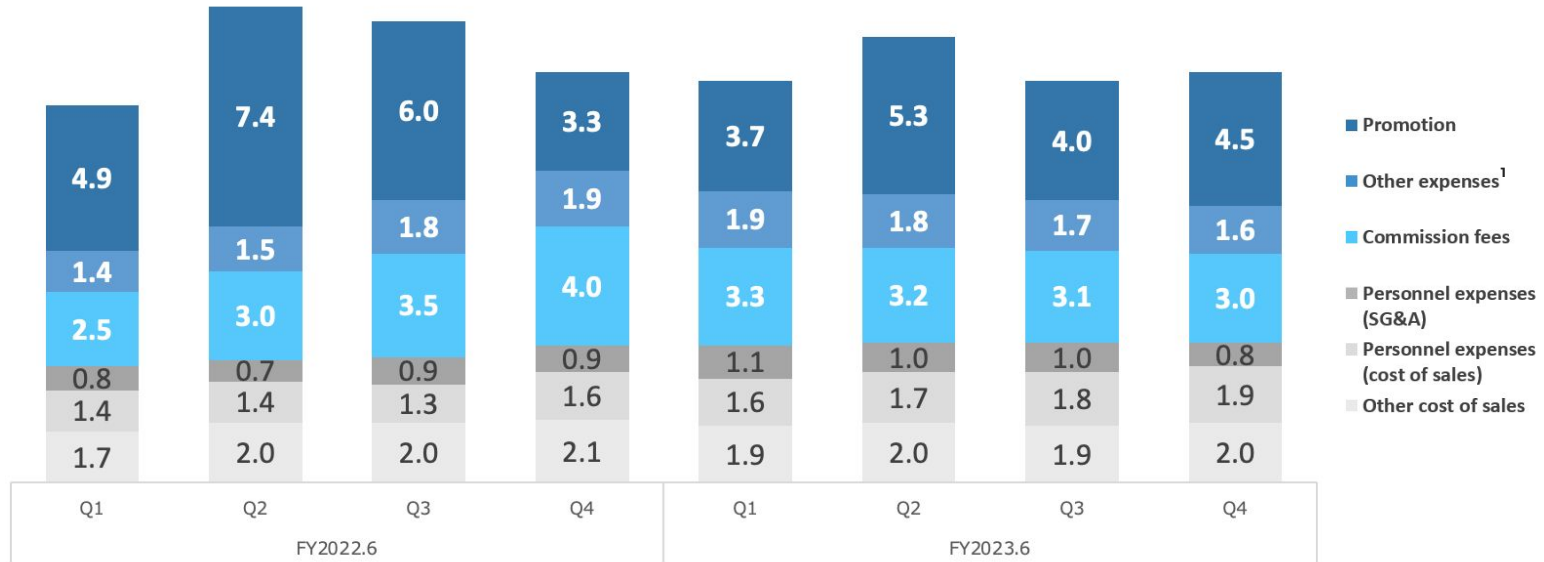
2. Adjusted operating profit after non-cash items (i.e., stock-based compensation and depreciation) are deducted

6

Marketplace—Q3 Cost Structure (Quarterly)

(Billion JPY)

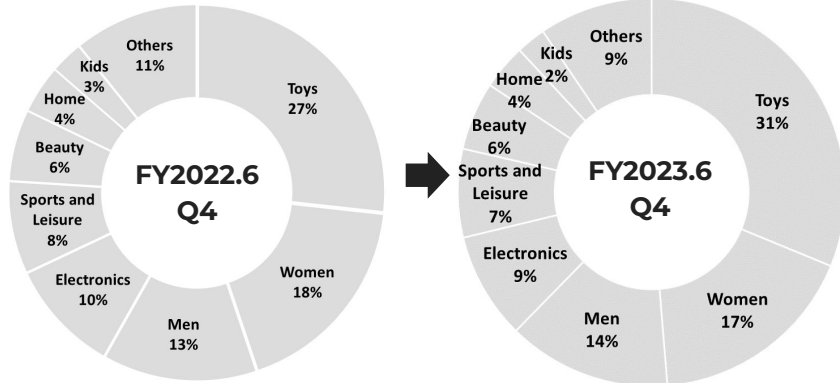
Financial Results Presentation Material



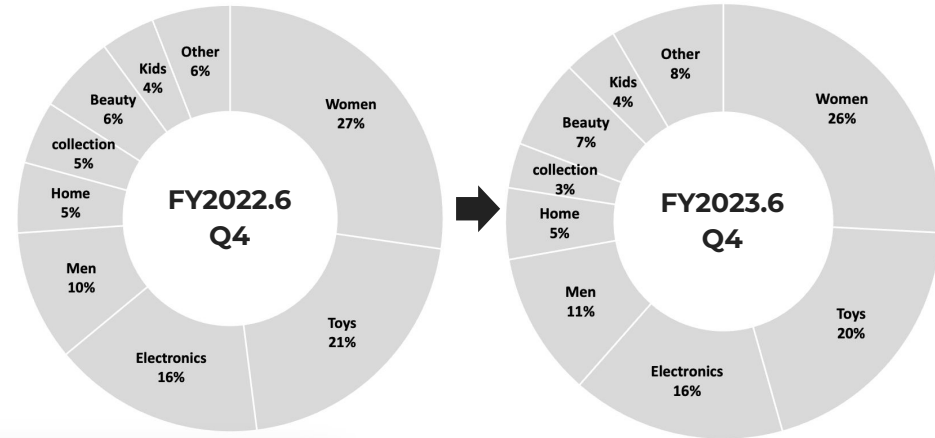
6 Q4 (Apr–Jun)—Category Shift

- In the Marketplace domain, Toys categories like trading cards and toys led to YoY growth
- In the US domain, the Men’s Fashion and Beauty categories grew slightly, but there were no major changes

Marketplace



US



6 Marketplace—Crossborder Sales

- Launched crossborder sales through collaboration with e-commerce businesses in 2019
- Popular categories include anime, idol merchandise, and apparel

Top 10 categories¹

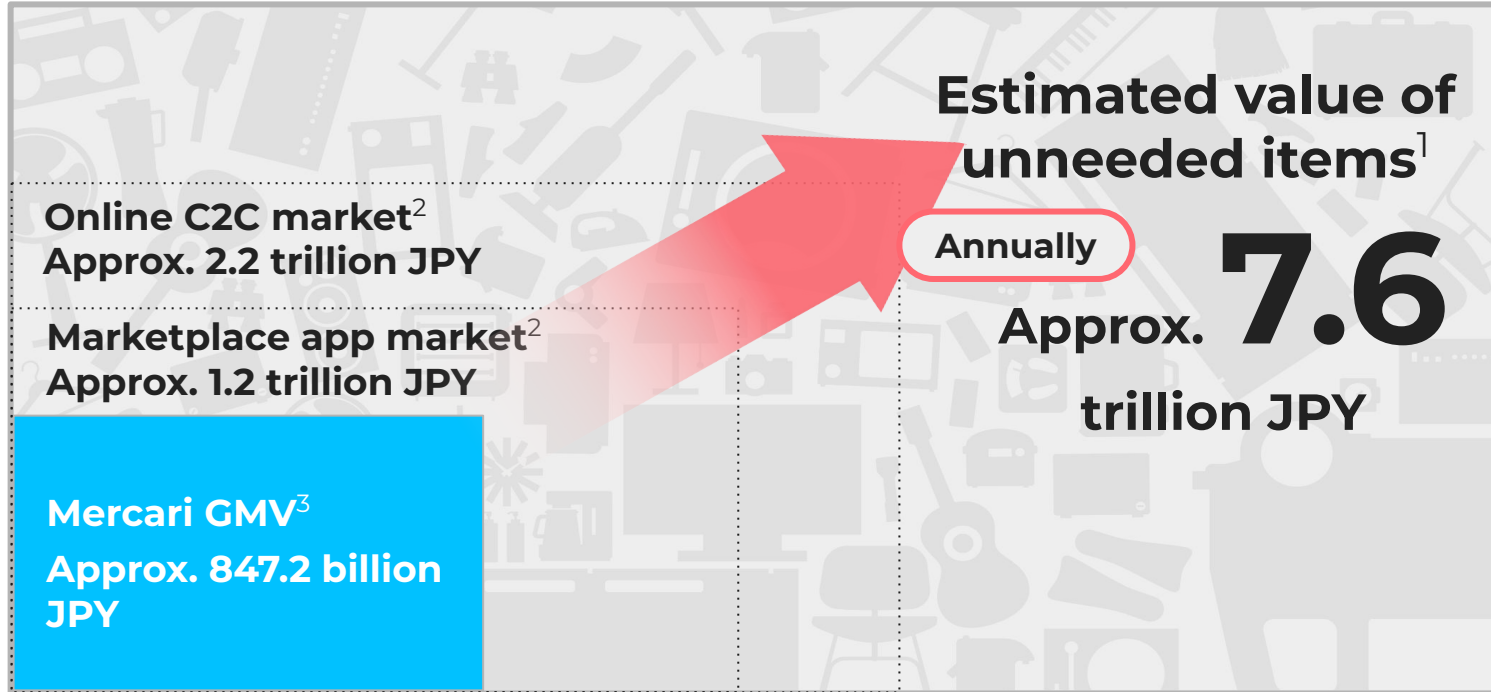
No.	Category
1.	Toys > Character Merchandise
2.	CDs > K-Pop & Asian Music
3.	Figurines & Action Figures > Comics & Animation
4.	Trading Cards > Pokémon Trading Card Game
5.	Celebrity Merchandise > Idols
6.	Women's Fashion > Shoulder Bags
7.	Men's Fashion > Sneakers
8.	Trading Cards > Yu-Gi-Oh!
9.	Men's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

Partner companies

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

6 Marketplace App Market Data

- Mercari holds an approximate 70% GMV share in the expanding marketplace app market in Japan



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

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

3. Source: Company materials; C2C GMV from January 2021 to December 2021

Payment

Various payment methods available

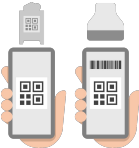
iD payment

Hold your phone over a reader



Code payment

Scan the code

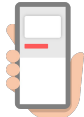


Credit Card



Virtual Card

Input a number



Credit

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

Smart Payments

Lump-Sum Payment

Pay for everyday purchases all at once the following month



Fixed-Amount Payment

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

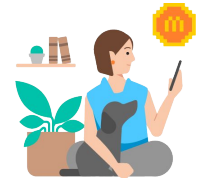


Smart Money

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

Asset Management

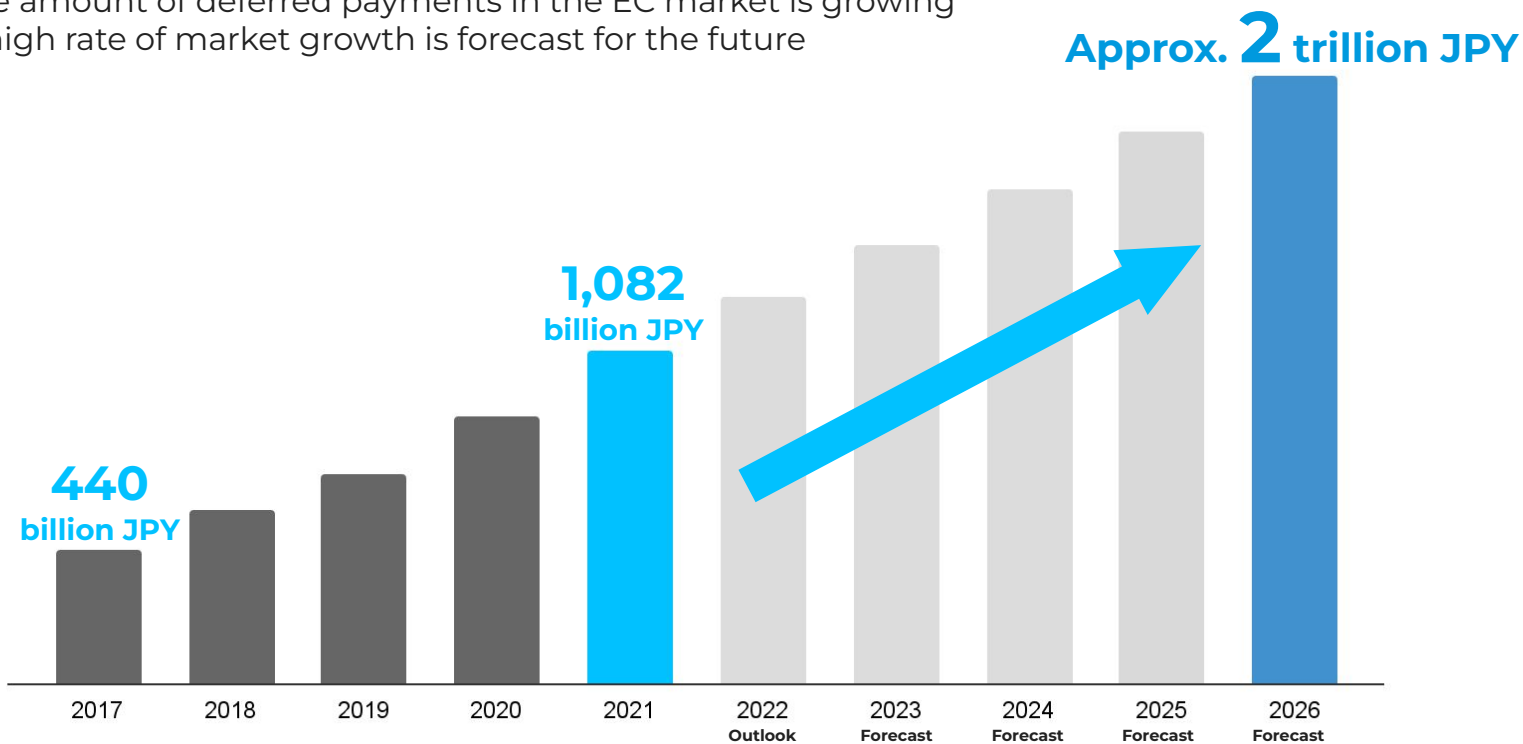
Service that allows users to buy and sell bitcoin from within *Mercari*



6

Fintech—Credit Volume of Deferred Payment in the EC Market¹

- The amount of deferred payments in the EC market is growing
- A high rate of market growth is forecast for the future



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

Fintech—Trends in the Cryptoasset Industry

- The monthly amount of cryptoasset spot transactions in Japan is approximately 500 billion JPY
- However, the percentage of Japan's population that owns cryptoassets is still low compared to other countries, showing large room for growth

Amount of Cryptoasset Spot Transactions in Japan¹

Approx. **500**B JPY per month

Average Number of Accounts Opened Monthly in Japan²

Approx. **60,000** accounts per month

Percentage of Population Owning Cryptoassets by Country³

1. UAE	27.7%
2. Vietnam	20.5%
3. Singapore	13.9%
4. Iran	13.5%
5. USA	13.2%
<hr/>	
69. Japan	1.7%

1. Source: Japan Virtual and Crypto assets Exchange Association, Monthly Cryptoasset Transaction Data (January 2023)

2. Source: Japan Virtual and Crypto assets Exchange Association, Monthly Cryptoasset Transaction Data (average of February 2022–January 2023)

3. Source: TripleA: Cryptocurrency Ownership Data (as of April 3, 2023)

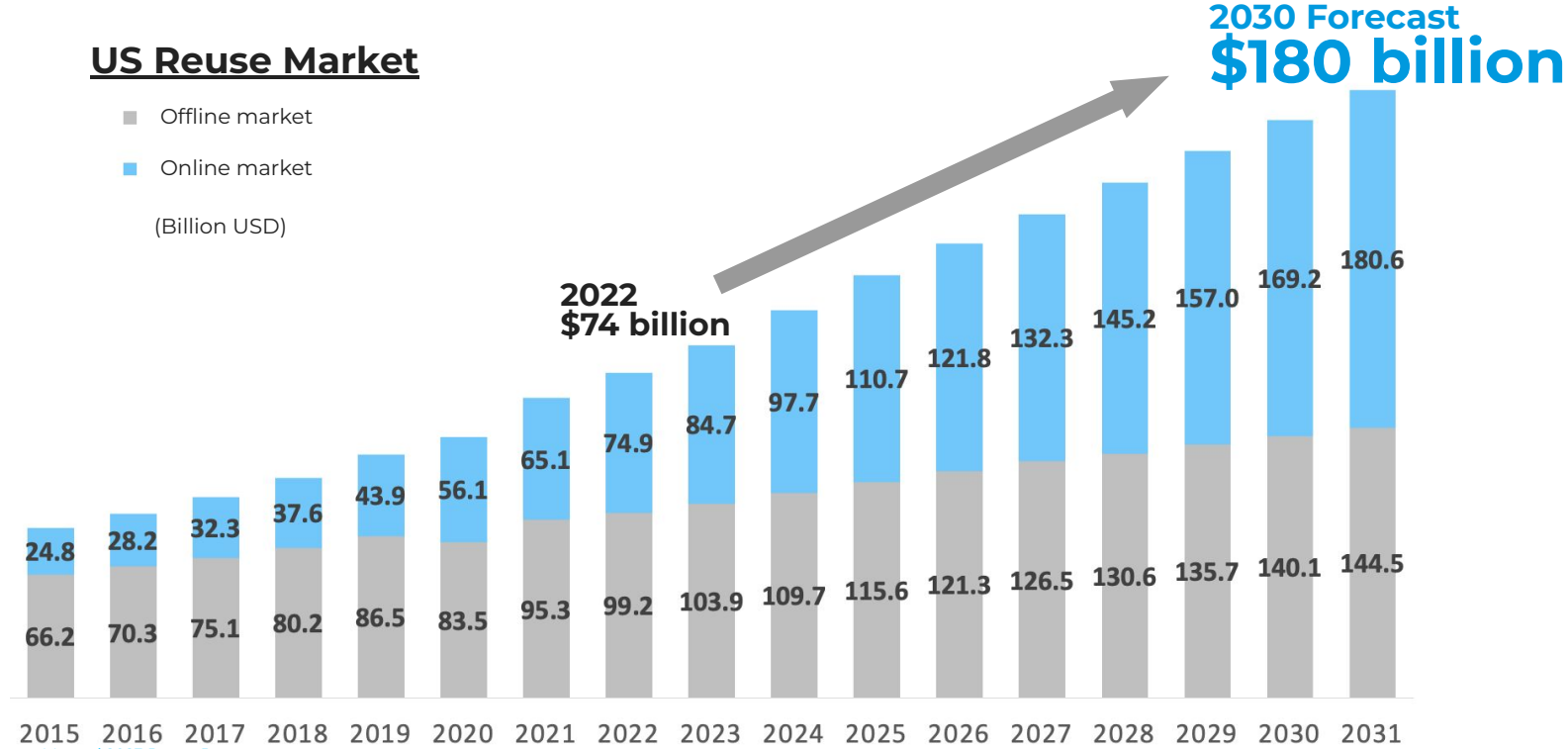
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US—US Reuse Market

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

US Reuse Market

■ Offline market
 ■ Online market
 (Billion USD)



Financial Results Presentation Material

Other Businesses—FY2024.6 Business Objectives

Kashima Antlers

Soccer business:

- Strengthen admission fee and advertising revenue streams
- Expand merchandise sales using e-commerce, etc.

Non-soccer business:

- Use the stadium effectively and strengthen soccer school operations

India Center of Excellence

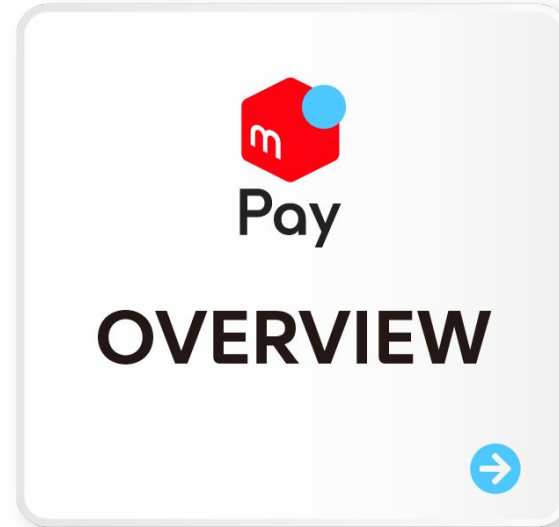
- Hire at the same levels as FY2023.6 (approx. 40 people) and expand scope of development support for Japan Region

6 For Investors New to Mercari

- Materials that cover basic information regarding Mercari Group



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



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

Disclaimer

This material has been prepared based on information gathered at the time of its preparation and is not in any way intended as a commitment to future implementation. Also note that information contained herein has not been audited or reviewed by an independent certified public accountant or audit corporation, and includes financial information based on past financial statements or accounting documents as well as management figures not based on financial statements or accounting documents. This document is an English translation of the original Japanese language document and has been prepared solely for reference purposes. No warranties or assurances are given regarding the accuracy or completeness of this English translation. In the event of any discrepancy between this English translation and the original Japanese language document, the original Japanese language document shall prevail in all respects.

The FY2024.6 Q1 financial results are scheduled to be released at 15:00 or later on November 13.

mercari

Mercari, Inc. TSE:4385