FY2019.6 Q4
PRESENTATION MATERIAL
APR.2019–JUN.2019
Mercari’s Aspirations
Create value in a global marketplace where anyone can buy & sell
Core Investment Areas

- Global
- Talent
- Technology
1. Achievements in Core Investment Areas

**Talent**
- Global hiring of excellent engineers
- Vertical start-up of Merpay

**Technology**
- Enhanced AI listing\(^1\) and search features
- Establishing a safe and secure marketplace and payment service

**Global**
- Focus on Mercari US
- +70% YoY GMV growth for the full year under disciplined investment

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\(^1\) Recognizes photos of listed items and shows their titles or brands in real time
Eliminating Waste and Realizing a Society Where Value is Circulated
Safe and Secure Public Platform for Society
Empowered by Mercari with Technology and AI
Making the Service Available Around the World
FY2019.6 Results
GMV
490 billion JPY
(YoY +41%/+140 billion JPY)

- +59% YoY growth for the full year in Entertainment and Hobbies
- Focus on automobiles and auto parts, future growth drivers

MAU
13.5 million¹
(YoY +26%/+2.8 million)

- Approx. +60% YoY growth for the full year of users 50 years old or above in addition to steady MAU growth of core users (females in their 20s–30s)
- MAU growth also led by male users
- Merpay's contribution to Mercari MAU

¹. FY2019.6 Q4 quarterly average MAU
Mercari JP—Category Breakdown

- Implementation of by-category strategies to increase purchasing unit price and frequency
- High growth in Entertainment and Hobbies, Men’s, Electronics, and Sports and Leisure thanks to new user demographics

GMV Category Breakdown

FY2018.6 Q4
- Babies and Children: 8%
- Sports and Leisure: 5%
- Cosmetics and Beauty: 6%
- Electronics: 15%
- Entertainment and Hobbies: 19%
- Women’s: 25%
- Others: 14%

FY2019.6 Q4
- Babies and Children: 7%
- Sports and Leisure: 4%
- Cosmetics and Beauty: 7%
- Electronics: 8%
- Entertainment and Hobbies: 16%
- Women’s: 23%
- Others: 14%
2 Mercari JP—Product Strategies

**Category-Focused Strategies**
- Barcode Listing

**Improved Search Features**
- Image Search with AI

**More Information about Listed Items**
- 10 Photos Uploadable
Vertical Start-Up of Merpay

- Feb 2019: *Merpay* launched iD payment available
- Mar 2019: Code payment available
- Apr 2019: One million users registered\(^1\) *Merpay Deferred Payment* launched
- May 2019: Online payment available
- Jun 2019: Two million users registered\(^1\)

---

1. Aggregated number of users registered for *Merpay Electronic Money* excluding code payment
2 Merpay—No.1 Satisfaction in Cashless Services

Overall Satisfaction
No.1 mPay

No.1 not only in Overall Satisfaction but also in 3 other categories¹

¹ Based on a survey conducted June 14–18, 2019 to 600 males and females between ages 18 and 69 who were users of the top 6 code payment services in the “July 2019 QR Code Payment User Behavior Survey” by MMD Labo.
Mercari US—Full Year: Accelerated Growth

GMV
360 million USD
(YoY +70%)

- Highly accelerated growth from +27% YoY growth in FY2018.6 full year
- Sustained very strong growth rate of approx. +70% in each Q while improving unit economics

MAU
2+ million¹
(YoY +34%)

- Increased brand awareness thanks to effective marketing strategies using TV, radio, and online media
- Balanced growth both in buyers and sellers

¹. FY2019.6 Q4 quarterly average MAU
Mercari US—Gaining User Trust

- Evolved to be a more trusted app and service due to improved UI/UX
- Improved cancellation rate thanks to increased trust in the service

No.1 in Most Easy-to-Use App
No.1 in the Ease of Use category in the Sellers Choice Awards 2019¹

Improved Cancellation Rate
Approx. 20% improvement in transaction cancellation rate in the past 1 year thanks to increased trust in the service

Cancellation Rate

1. A yearly survey conducted by EcommerceBytes to those who have listed online. More than 13,000 sellers evaluate and rank online services where they have listed.
Mercari US—Product Strategies

Making Selling Easier Than Buying

Seller/Buyer Home Screen

Trusted Marketplace

ID Check

Jan Doe
Confirmed: 🌼/facebook/twitter

1 FOLLOWING
102 FOLLOWERS
$0.00 BALANCE
0 COUPONS

Complete ID Check

⭐⭐⭐ 373 reviews

Seller Badges

Member Quick Reliable Fast

Courtney Dycus I did it while waiting in the drive through at McDonald's 😊. Took less than a minute and was confirmed by the end of the day 🙌

Like - Reply - 1w

Michelle Policarpio
June 21 at 12:56 PM

Mercari add new identity check...it's not really required!! If you don't want to...but for the peace of mind of my buyers!! I did it!!❤️❤️❤️❤️❤️
FY2020.6

Business Objectives
3 FY2020.6 Business Objectives

Consolidated
Establish the 3 pillars of Mercari JP, Merpay, and Mercari US in this crucial year to set the foundation to achieve the mission with continuous investment for further growth

Mercari JP
Grow further by expanding listing
• Provide disruptive UX by leveraging AI technology
• Enhance physical touchpoints

Merpay
Obtain an unchallenged position in the cashless market
• Establish the Mercari ecosystem by maximizing synergy with Mercari JP
• Promote the penetration of a cashless society with various collaborations based on a strategy of “openness”

Mercari US
Achieve monthly GMV of 100 million USD
• Make selling easier than buying
• Activate buyers with scalable unit economics
3 Mercari JP—Growth Potential

- Implement strategies to increase the number of listers in order to sustainably grow Mercari

Key initiatives to increase the number of listers

- Product strategies leveraging AI
  - Improved lister UX

- Offline strategies
  - Promotion of Mercari Workshops
  - Expansion of use cases
  - Evolution of packing and shipping UX

Lister prospects
36 million\(^1\)

MAU\(^2\) in FY2019.6
13.5 million

---

1. Based on a survey conducted by Dentsu Macromill Insight in April 2019 to 1,260 males and females between ages 18 and 74. Lister prospects recognize Mercari and have intention to list but have not listed anything yet; does not take into consideration app DL and buying experience.
2. Some lister prospects included in MAU.
• Provide disruptive UX by leveraging AI technology
• Show most sold price instantly with AI when taking a photo of an item to be listed
3 Mercari JP—Listing Expansion with Offline Strategies

- Promote growth with improved physical touchpoints

Mercari Workshops
Teach people how to use the Mercari app

Expansion of Use Cases
Strengthen collaboration with external community sites

Evolution of Packing and Shipping UX
Allow packing at post offices, etc. and increase number of shipping locations
Generating Synergy between Mercari and Merpay

Increased number of listers

Increased willingness to buy & sell on Mercari

Increased number of buyers

Increased GMV

Increased deferred payment and credit line

Increased balance on Merpay

Increased transaction volume on Merpay
Merpay—Business Objectives

**Phase 1: Upfront Investment**
- Aim to become the “payment used in people’s everyday life” by expanding users and merchants

**Phase 2: Synergy with Mercari**
- Expand listing on Mercari by using Merpay
- Enhance deferred payment services

**Phase 3: Profitable Merpay**
- Build more trust with accumulated transaction data and provide added value to individuals and organizations

Phases to focus in FY2020.6
Merpay Partnership Strategies

- Promote the penetration of a cashless society with cross-industrial open partnerships

Promote Mobile Payment Alliance (MoPA), mutually complementary merchant expansion by 3 companies

- Mutual access to merchants scheduled

LINE Pay

Pay

d払い

SMBC 三井住友カード

au PAY

JCB

- Contactless payment service
- Available at 900,000 iD merchants nationwide

- Mutual promotion of both payment services in an effort to get more merchants for code payment

- Merpay also available at merchants supporting Smart Code, a code payment platform provided by JCB
3 Mercari US—More Acceleration

Achieve monthly GMV of 100 million USD

1. Make selling easier than buying

2. Activate buyers with scalable unit economics
   ✓ Build brand awareness and optimize user acquisition
   ✓ Strengthen categories through collaboration with external community sites
   ✓ Continue to evolve as a trusted marketplace

For illustrative purposes only.
Enhance seller tools and features (i.e. Instant Pay)

Optimize packing and shipping

Become a leader in establishing the right price

Enhanced feature for sellers: Instant Pay

- Enabled withdrawal of sales proceeds in just a few minutes instead of a few days
- Released before any other marketplaces
• Identified five material initiatives for sustainable growth
• Address social challenges through our business

---

**Creation of Value**

1. Creating a Circular Economy
2. Culture and Education
3. Local Empowerment

**Risk & Compliance for Corporate Survival**

4. Safe, Secure, and Fair Transactions
5. Compliance and Risk Management

**Governance to Support Corporate Activities**

Maximize the potential of the company and strengthen governance through a management foundation that balances offense and defense.
3 Examples of ESG Initiatives

Planned and released reusable packaging materials *Mercari Eco Pack*, nurturing a habit of not just throwing away packing materials

Local Empowerment
Partner with local governments to solve problems and bring a higher level of convenience to residents and those involved with local communities

Photo: Comprehensive partnership agreement concluded among Gifu City, Mercari, and Merpay with the goal of making contributions to promote local communities
FY2019.6
Financial Highlights
## Consolidated Financials

- Steady high growth in Mercari JP
- Growing Merpay and Mercari US to become the next pillars of business with disciplined investment

<table>
<thead>
<tr>
<th></th>
<th>GMV¹,²,⁴</th>
<th>Net Sales³</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>530.7 billion JPY (YoY +43.2%)</td>
<td>51.6 billion JPY (YoY +44.5%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mercari JP</th>
<th>Merpay</th>
<th>Mercari US</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Mercari Logo]</td>
<td>![Merpay Logo]</td>
<td>![Mercari US Logo]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mercari JP</th>
<th>Merpay</th>
<th>Mercari US</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMV¹,⁴</td>
<td>No.1 in Overall Satisfaction⁵</td>
<td>GMV¹</td>
</tr>
<tr>
<td>YoY +41%</td>
<td>Registered users⁶</td>
<td>YoY +70%</td>
</tr>
<tr>
<td>Adjusted operating income margin</td>
<td>2 million</td>
<td>&gt;2 million</td>
</tr>
</tbody>
</table>

---

1. Aggregated transaction value after cancellation
2. Merpay excluded
3. Merpay included
4. Kauru, Maisonz, and CARTUNE included
5. Based on the “July 2019 QR Code Payment User Behavior Survey” by MMDLabo.
6. Aggregated number of users registered for Merpay Electronic Money as of June 18, 2019 excluding code payment
7. Quarterly average MAU
4 Financial Highlights (Consolidated)—Full Year

**GMV**

(Billion JPY)

- FY2016.6: 144.4
- FY2017.6: 250.2
- FY2018.6: 370.4
- FY2019.6: 530.7

**Net Sales/Operating Income**

(Billion JPY)

- FY2016.6: 12.2 (-0.04)
- FY2017.6: 22.0 (-2.7)
- FY2018.6: 35.7 (-4.4)
- FY2019.6: 51.6 (-12.1)

YoY: +43.2% (+44.5%)
Financial Highlights (Consolidated)—Q4 (Apr–Jun)

Net Sales

(Billion JPY)

14.3

YoY

+48.7%

Operating Income

(Billion JPY)

FY2016.6  FY2017.6  FY2018.6  FY2019.6

Q1  Q2  Q3  Q4  Q1  Q2  Q3  Q4  Q1  Q2  Q3  Q4

2.0  3.5  3.7  4.0  6.1  7.2  6.8  5.0  3.0  4.0  5.0  3.0

-0.8 -1.3 -1.8 -2.2 -2.5 -2.5 -2.3 -6.1

1. Under the former user policy, costs related to discount coupons were included as part of promotion costs. Since we changed the user policy, costs related to discount coupons are deducted from net sales after January 2018.
Talent Supporting Mercari’s High Growth

- Slower rate of hiring in Q4 vs. Q3 by controlling the recruitment of non-engineers
- Continue to hire highly specialized engineers in FY2020.6

Number of Employees

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY2016.6</th>
<th>FY2017.6</th>
<th>FY2018.6</th>
<th>FY2019.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>189</td>
<td>376</td>
<td>712</td>
<td>1,826</td>
</tr>
<tr>
<td>Q2</td>
<td>207</td>
<td>462</td>
<td>795</td>
<td>1,786</td>
</tr>
<tr>
<td>Q3</td>
<td>252</td>
<td>555</td>
<td>1,014</td>
<td>1,639</td>
</tr>
<tr>
<td>Q4</td>
<td>329</td>
<td>596</td>
<td>1,140</td>
<td>1,357</td>
</tr>
</tbody>
</table>

1,826
• Big improvement in profitability with +34.5% YoY GMV growth by efficiently using promotion cost despite decreased QoQ GMV
• Negative impact from seasonal factors and 10-day Golden Week in Q4 as well as unique boost factors from increased media exposure after IPO in FY2018.6 Q4
Mercari JP—Q4 (Apr–Jun)

- Adjusted operating income, excluding impact from internal transactions between Mercari and Merpay, introduced as a new benchmark

<table>
<thead>
<tr>
<th></th>
<th>FY2018.6 Q4(Apr-Jun)</th>
<th>FY2019.6 Q1(Jul-Sep)</th>
<th>FY2019.6 Q2(Oct-Feb)</th>
<th>FY2019.6 Q3(Jan-Mar)</th>
<th>FY2019.6 Q4(Apr-Jun)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMV (Billion JPY)</td>
<td>96.1</td>
<td>99.0</td>
<td>128.9</td>
<td>133.0</td>
<td>129.2</td>
</tr>
<tr>
<td>Net sales</td>
<td>8.9</td>
<td>9.7</td>
<td>12.2</td>
<td>12.1</td>
<td>12.0</td>
</tr>
<tr>
<td>as % of GMV</td>
<td>9.3%</td>
<td>9.9%</td>
<td>9.5%</td>
<td>9.1%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Operating income</td>
<td>0.8</td>
<td>1.4</td>
<td>3.0</td>
<td>2.0</td>
<td>0.6</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>9.8%</td>
<td>14.5%</td>
<td>24.7%</td>
<td>16.5%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Adjusted operating income(^1)</td>
<td>0.8</td>
<td>1.4</td>
<td>3.0</td>
<td>2.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>9.8%</td>
<td>14.5%</td>
<td>24.7%</td>
<td>24.5%</td>
<td>17.2%</td>
</tr>
</tbody>
</table>

1. Excludes internal transactions with Merpay (outsourced payment processing fees)
### Mercari JP—Q4 (Apr–Jun)

#### Net Sales

(Billion JPY)

<table>
<thead>
<tr>
<th></th>
<th>FY2016.6</th>
<th>FY2017.6</th>
<th>FY2018.6</th>
<th>FY2019.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2.0</td>
<td>3.5</td>
<td>5.7</td>
<td>6.5</td>
</tr>
<tr>
<td>Q2</td>
<td>2.9</td>
<td>4.0</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td>Q3</td>
<td>3.7</td>
<td>4.8</td>
<td>5.7</td>
<td>6.8</td>
</tr>
<tr>
<td>Q4</td>
<td>4.0</td>
<td>5.7</td>
<td>6.8</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Change in accounting method

1. Under the former user policy, costs related to discount coupons were included as part of promotion costs. Since we changed the user policy, costs related to discount coupons are deducted from net sales after January 2018.

#### Adjusted Operating Income

(Billion JPY)

<table>
<thead>
<tr>
<th></th>
<th>FY2016.6</th>
<th>FY2017.6</th>
<th>FY2018.6</th>
<th>FY2019.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>0.8</td>
<td>0.8</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Q2</td>
<td>1.0</td>
<td>0.5</td>
<td>1.7</td>
<td>2.3</td>
</tr>
<tr>
<td>Q3</td>
<td>2.1</td>
<td>1.1</td>
<td>0.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Q4</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

YoY +34.4%

2. 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).
4 Mercari JP—Full Year

GMV/MAU¹

- GMV
- MAU

Net Sales/Adjusted Operating Income²

- Net sales
- Adjusted operating income

FY2016.6 FY2017.6 FY2018.6 FY2019.6

1. Quarterly average MAU
2. 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)
Mercari JP—Cost Structure

- More efficient YoY promotion cost also for FY2019.6 (promotion costs to net sales improved from 35% to 23%)
- FY2019.6 Q4 promotion costs to net sales improved by 6 percentage points YoY to 25%

Cost Structure Breakdown

1. Only a breakdown of cost of sales and sales, general, and administrative expenses, and does not include non-operating and extraordinary profits and losses
2. Outsourcing expenses, hiring cost, taxes and dues, rent, and compensations
3. 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)
4. Includes engineers' personnel expenses
Two million users\(^1\) registered for Merpay in just 125 days after the launch!

1. Aggregated number of users registered for Merpay Electronic Money as of June 18, 2019 excluding code payment
2. For illustrative purposes only.
• Sustained very strong GMV growth in FY2019.6 Q4 (YoY +68.5%, 100 million USD)
M&A Updates
5 Kashima Antlers Joining the Mercari Group

- Kashima Antlers contributing to the further growth of Mercari and Merpay

Expanding customer base
Mutually expanding customer base with Kashima Antlers

Improving branding
Leveraging branding of Kashima Antlers, the leader in J.League

Creating business opportunities
Leveraging Mercari’s know-how in J.League’s transition period
Visions to Be Mutually Achieved

Evolving sports business with strong collaboration among Mercari, Kashima Antlers, and local communities

- Promoting DMO\(^1\) (community development) by leveraging tourism resources
  - Strong bond with Kashima Antlers as its hometown
  - Tourism development leveraging rich resources

- Powerful recognition and reputation
- J.League’s top-level management and business development
- Promotion of digitalization

- Strengthening business base through technology and business management know-how
  - Marketing and business development
  - Top-notch technology in the industry
  - Management supporting rapid growth

Energizing local economy by leveraging technology

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1. DMO, Destination Management Organization, takes full advantage of local resources and promotes "profitable" tourism community development with an aim to effectively and efficiently attract customers (as stated in a document prepared by the Japan Tourism Agency).
Appendix
Proven Management Committed to Driving Innovation (Inside Directors)

Shintaro Yamada  
CEO

Fumiaki Koizumi  
COO

Yuki Hamada  
CPO

John Lagerling  
CBO, US CEO

Naoki Aoyagi  
Merpay CEO

Background

Unoh  
(Social Gaming) Founder

zynga  
(SNS) CFO

mixi  
(Internet Media) Founder

Daiwa Securities  

CYBRIDGE  

facebook  
VP of Business Development, Mobile and Product Partnerships

Google  
Senior Director, Android Global Partnership

GREE  
(Gaming) CFO  
GREE International Inc. CEO
Strong Governance Structure
(Independent Outside Directors)

Ken Suzuki

Co-Founder and CEO of SmartNews, Inc.
(current position)
President of SmartNews International, Inc.
(current position)

Ken Takayama

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. (current position)
Outside Board Member of MEDIA DO HOLDINGS Co., Ltd. (current position)

Masashi Namatame

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.
Executive Officer of Tokio Marine Holdings, Inc. (current position)

Background

Reasons for Selection as Outside Directors

- Specialized knowledge and extensive experience in managing internet services companies.
- 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.
6 Safe & Secure Escrow System

1. Listing
2. Payment
3. Payment notification
4. Shipping
5. Seller rating
6. Buyer rating
<table>
<thead>
<tr>
<th></th>
<th>FY2017.6</th>
<th>FY2018.6</th>
<th>FY2019.6</th>
<th>Growth YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GMV</strong></td>
<td>250,230</td>
<td>370,475</td>
<td>530,702</td>
<td>43.2%</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>22,071</td>
<td>35,765</td>
<td>51,683</td>
<td>44.5%</td>
</tr>
<tr>
<td><strong>EBITDA(^1)</strong></td>
<td>-2,582</td>
<td>-3,981</td>
<td>-11,083</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>-11.7%</td>
<td>-11.1%</td>
<td>-21.4%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>-2,775</td>
<td>-4,422</td>
<td>-12,149</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>-12.6%</td>
<td>-12.4%</td>
<td>-23.5%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>-4,207</td>
<td>-7,041</td>
<td>-13,764</td>
<td>N/A</td>
</tr>
</tbody>
</table>

\(^1\) Operating income + Depreciation and Goodwill amortization
### Consolidated P&L—Quarterly

<table>
<thead>
<tr>
<th>(Million JPY)</th>
<th>FY2018.6 Q4(Apr-Jun)</th>
<th>FY2019.6 Q3(Jan-Mar)</th>
<th>FY2019.6 Q4(Apr-Jun)</th>
<th>Growth YoY</th>
<th>Growth QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMV</td>
<td>102,662</td>
<td>144,453</td>
<td>140,259</td>
<td>+36.6%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Net sales</td>
<td>9,617</td>
<td>13,590</td>
<td>14,304</td>
<td>+48.7%</td>
<td>+5.3%</td>
</tr>
<tr>
<td>EBITDA¹</td>
<td>-2,388</td>
<td>-2,008</td>
<td>-5,872</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>-24.8%</td>
<td>-14.8%</td>
<td>-41.1%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating income</td>
<td>-2,526</td>
<td>-2,326</td>
<td>-6,168</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>-26.3%</td>
<td>-17.1%</td>
<td>-43.1%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income</td>
<td>-3,606</td>
<td>-2,865</td>
<td>-6,423</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1. Operating income + Depreciation and Goodwill amortization
## Consolidated BS

<table>
<thead>
<tr>
<th>(Million JPY)</th>
<th>FY2017.6</th>
<th>FY2018.6</th>
<th>FY2019.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current assets</td>
<td>53,039</td>
<td>113,725</td>
<td>151,813</td>
</tr>
<tr>
<td>Cash and cash equivalent</td>
<td>50,863</td>
<td>109,157</td>
<td>125,578</td>
</tr>
<tr>
<td>Total fixed assets</td>
<td>1,450</td>
<td>4,026</td>
<td>11,871</td>
</tr>
<tr>
<td>Total assets</td>
<td>54,489</td>
<td>117,752</td>
<td>163,685</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>50,072</td>
<td>63,329</td>
<td>112,748</td>
</tr>
<tr>
<td>Other payables ¹</td>
<td>24,064</td>
<td>5,170</td>
<td>7,281</td>
</tr>
<tr>
<td>Deposits received ¹</td>
<td>807</td>
<td>23,730</td>
<td>45,818</td>
</tr>
<tr>
<td>Short-term debt ²</td>
<td>9,502</td>
<td>10,061</td>
<td>1,261</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>12,887</td>
<td>18,956</td>
<td>51,447</td>
</tr>
<tr>
<td>Total net assets</td>
<td>4,416</td>
<td>54,422</td>
<td>50,936</td>
</tr>
</tbody>
</table>

1. A part of liabilities to users, which has been recorded as Cash due to users and other payables, is recorded as Deposits received for FY2019.6 and retroactively for FY2018.6 in order to better reflect the actual business activities.
2. Includes long-term borrowings planned to be repaid within 1 year.
Mercari JP—Customer Service

- Working towards a safer and more secure environment for transactions

<table>
<thead>
<tr>
<th></th>
<th>Participation in National Shoplifting Prevention Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Working together on a number of initiatives in order to prevent transaction of stolen items</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Establishment of a committee to establish standards for prohibited listings/behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Cross-team collaboration to formulate standards/guidelines for prohibited listings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Strengthening of identity verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Strengthening our exclusion of users who are anti-social forces or who engage in malicious acts on the platform</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Eradication of transactions of counterfeit goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Cooperating with consumer affairs centers across Japan to distribute guidelines for the safe transacting of brand items</td>
</tr>
</tbody>
</table>
Mercari’s Comprehensive Payment Options

- **Merpay**
  - Payment by Points
  - Deferred Payment

- **Payment by Credit Card**
  - Apple Pay
  - VISA
  - MasterCard
  - JCB
  - American Express
  - Diners Club International
  - Discover
  - Apple Pay

- **Convenience Store Payment**
  - 7-Eleven
  - FamilyMart
  - Lawson
  - Mini Stop

- **Mobile Carrier Billing**
  - au
  - docomo
  - SoftBank

- **ATM**
  - Pay Easy
Stress-Free and Affordable Shipping

Nationwide Coverage of Last Mile

- **Yamato Transport**
  - Approx. 4,000 locations

- **PUDO**
  - Approx. 4,300 locations

- **Convenience Stores**
  - Approx. 37,400 locations
  - **LAWSON**
    - Approx. 13,500 locations
  - **JP POST**
    - Approx. 20,100 locations

As of June 2019

Easy Process with QR Codes

- **Anonymous Shipping**
- **One-Touch Payment**

Affordable Shipping Prices

<table>
<thead>
<tr>
<th>Size</th>
<th>mercari RakuRaku Mercari Shipping²</th>
<th>Yuzu Mercari Shipping³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>195 JPY (Up to 378 JPY⁶)</td>
<td>185 (Up to 350 JPY⁶)</td>
</tr>
<tr>
<td>60 size</td>
<td>700 JPY⁵ (907 - 1,987 JPY⁶)</td>
<td>700 JPY⁵ (800 - 1,520 JPY⁶)</td>
</tr>
<tr>
<td>100 size</td>
<td>1,000 JPY⁵ (1,361 - 3,089 JPY⁶)</td>
<td>1,000 JPY⁵ (1,260 - 1,970 JPY⁶)</td>
</tr>
</tbody>
</table>

As of June 2019

---

1. Users can ship an item with a barcode at some shipping outlets.
3. For RakuRaku Mercari Shipping, width less than 2.5 cm. For Yuzu Mercari Shipping, width less than 3.0 cm.
4. Total package size less than 60 cm or 100 cm. Total package size is the sum of the width, depth, and height of the package. RakuRaku Mercari Shipping is also available for over 100 cm.
5. Increased shipping price by 100 JPY for 60 size or more effective April 1, 2019.
6. Shipping price depends on quantity and pick-up/drop-off location.
Significant Potential to Scale User Base

Untapped Potential to Grow Active Users

- Active Users
- Potential Users

1. Based on an online survey conducted by Macromill, Inc. in March 2019 of 6,000 people (between ages 18 and 59). Estimated figures for Active Users and Potential Users have been extrapolated from the survey results assuming a total population of smartphone users (between ages 18 and 59) of 55.17 million users.
2. Individuals who used Mercari within the past month in Macromill’s online survey conducted in March 2019.
3. Individuals who know Mercari and did not use Mercari within the past month but want to use Mercari in the future in Macromill’s online survey conducted in March 2019.
Estimated value of unwanted items
Approx. 7.6 trillion JPY/year

Marketplace App Market
Approx. 639.2 billion JPY
(YoY +32.2%)

Mercari GMV
417.9 billion JPY
(YoY +43.3%)

3. Source: Ministry of Economy, Trade and Industry (April 2018). Estimated total value of items described as “items that became no longer needed over the past year.” Excludes aggregate value of automobiles, motorcycles, and motor scooters.
- Allowing not only safe and secure but also hassle-free buying and selling of automobiles

Mercari Automobile Warranty

Vehicle Inspection Certificate
Two-Dimensional Barcode Listing
Mercari JP—Marketing Initiatives Targeting a Broader Audience

- Implementing strategies to increase touchpoints with Mercari even offline

**Offline Strategies**

Listing areas at laundromats: strategy to enhance listing

Mercari round table for users 60 years old or above

**Online Strategies**

**Mercari 6th anniversary campaign**

**Cashback campaign**

- [Image of Mercari 6th anniversary campaign]
- [Image of Cashback campaign]
Establish the Mercari Ecosystem around the Merpay payment platform
Merpay Business—Merpay

- iD (contactless payment) and code payment available on both iOS and Android
- Available at 1.35 million merchants¹ (aiming for 2 million by the end of 2019)

¹ Cannot be used at some stores.
Favored Among Competitors in the US

- Average App Store rating rose to 4.8/5.0
- Only 1% of all reviews are one star

### App Store Ratings – Mercari and Competitors

<table>
<thead>
<tr>
<th>App</th>
<th>Description</th>
<th>Rating</th>
<th>Downloads</th>
<th>Last Updated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mercari</td>
<td>The Sell. Sell. Ship it. Get p...</td>
<td>🌟🌟🌟🌟🌟</td>
<td>224.5k</td>
<td>Mar 5, 2019</td>
</tr>
<tr>
<td>eBay</td>
<td>Shop top brands... Buying and selling ...</td>
<td>🌟🌟🌟🌟🌟</td>
<td>989.8k</td>
<td>Mar 5, 2019</td>
</tr>
<tr>
<td>OfferUp</td>
<td>OfferUp - Buy. S... The largest mobile ...</td>
<td>🌟🌟🌟🌟🌟</td>
<td>2.1M</td>
<td>Mar 5, 2019</td>
</tr>
<tr>
<td>Poshmark</td>
<td>Buy &amp; Sell Fashion</td>
<td>🌟🌟🌟🌟🌟</td>
<td>105.9k</td>
<td>Mar 5, 2019</td>
</tr>
<tr>
<td>letgo</td>
<td>Buy &amp; Sell... Local deals, cars, re...</td>
<td>🌟🌟🌟🌟</td>
<td>441.3k</td>
<td>Mar 5, 2019</td>
</tr>
</tbody>
</table>

### Breakdown of Reviews

- 89% of reviews are 5 stars
- 7% of reviews are 4 stars
- 2% of reviews are 3 stars
- 0% of reviews are 2 stars
- 1% of reviews are 1 star
## Unique Positioning in the US Market

<table>
<thead>
<tr>
<th></th>
<th>MARKETPLACE</th>
<th>CLASSIFIEDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Checkmark]</td>
<td>![X]</td>
<td>![Checkmark]</td>
</tr>
<tr>
<td>![Checkmark]</td>
<td>![X]</td>
<td>![Checkmark]</td>
</tr>
<tr>
<td>![Checkmark]</td>
<td>![Checkmark]</td>
<td>![Checkmark]</td>
</tr>
<tr>
<td>![Checkmark]</td>
<td>![Checkmark]</td>
<td>![Checkmark]</td>
</tr>
<tr>
<td>![Checkmark]</td>
<td>![Checkmark]</td>
<td>![Checkmark]</td>
</tr>
</tbody>
</table>

### As defined by Mercari, utilizing the following criteria:

1. **Mobile First**: services developed for mobile-use rather than desktop-use
2. **C2C Focus**: services provided primarily to individual consumers, rather than business-oriented users
3. **Cross Category**: not only fashion categories but multiple product categories simultaneously accessible via the shopping interface.
4. **Everything Ships**: desired shipping options are selectable and necessary shipping information easily shared within the shopping interface
5. **Some Limited goods available for shipping**
6. **Commission Revenue Model**: range of payment options, such as credit card, bank transfers and third party payment (ex. PayPal), are seamlessly embedded into the shopping interface
Mercari US Driven by a Committed Management Team

John Lagerling
CEO and Mercari CBO

Mok Oh, PhD.
CTO

Germaine Cota
CFO

Jenny Kim
GC

Scott Levitan
CMO

Shida Schubert
VP of Product

Sho Masuda
VP of Growth
Kashima Antlers’ Stable Management and Disruptive Performance

Management
Stable and profitable financials

Team Performance
Most wins in J.League with 20 titles and the only club other than Yokohama FM to have been in J1 ever since its establishment

Net sales
Operating income

J.League: 8 wins
Nabisco Cup (Levain Cup): 6 wins
Emperor Cup: 5 wins
AFC Champion's League: 1 win
Disclaimer

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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 FY2020.6 Q1 financial results are scheduled to be released at 15:00 or later on November 7, 2019.