

mercari

# Presentation Material

FY2025.6 Q2





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

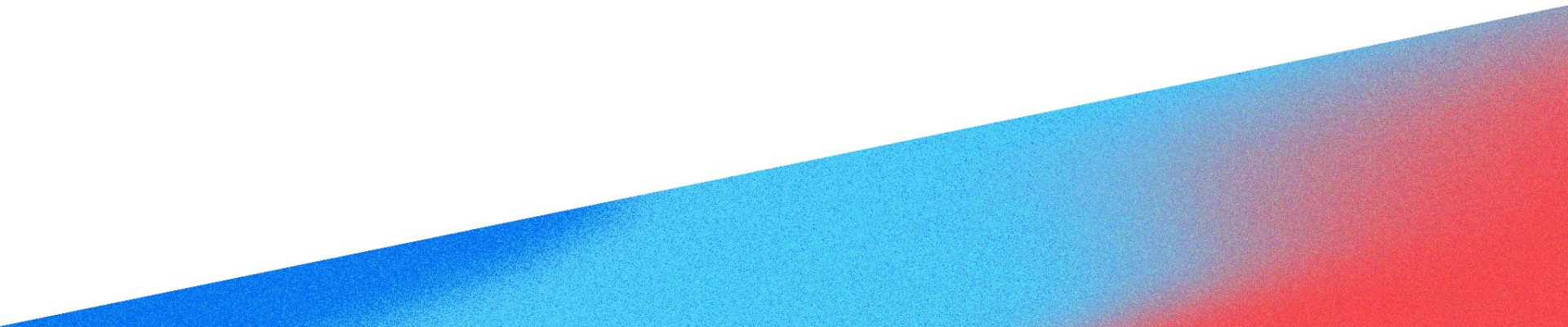
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# FY2025.6 Q2 Financial Overview



## Objectives Raised at Start of FY2025.6

### Consolidated Results Forecast (Full Year)

Revenue	Core operating profit <sup>1</sup>
<b>200.0–210.0</b> <sub>B JPY</sub>	<b>22.0–25.0</b> <sub>B JPY</sub>

### Group Policy/Major Initiatives

- Essentially aim for top-line growth that will lead to increased profits
- Expand businesses centered around Group synergy
- Expecting buildup of core operating profit to be larger in H2

## Q2 Highlights

Achieved a record-breaking consolidated core operating profit of 7.0B JPY (+79% YoY) showing high profitability. Core operating profit grew YoY and QoQ for all three business pillars, namely Marketplace, Fintech, and US.

Although the GMV growth rates of Marketplace and US fell below expectations, they improved in the latter half of Q2, and we saw steady progress on high growth areas.

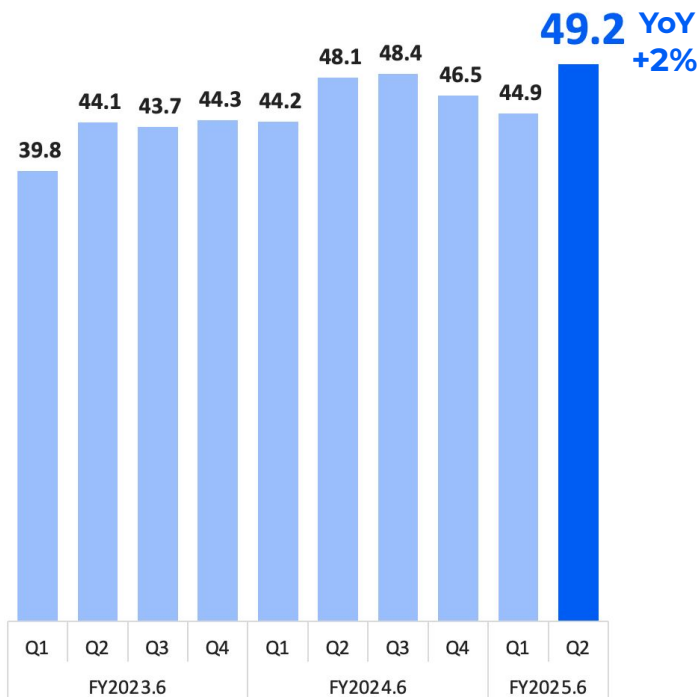
Working toward sustainable growth in the mid-to-long term, we are prioritizing the building of a safer and more secure usage environment across the entire Group.

1. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.

# Consolidated Results (Quarterly)—Achieved Record Profit<sup>mercari</sup>

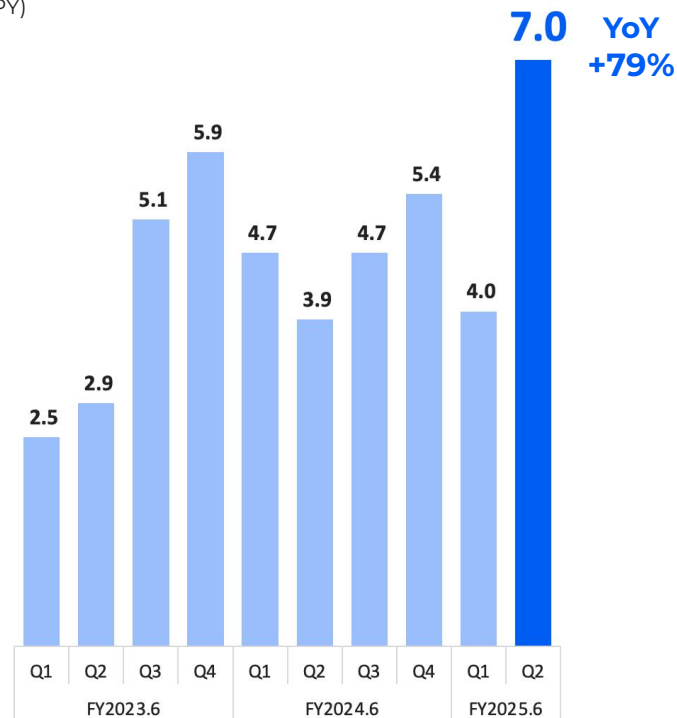
## Revenue

(Billion JPY)



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

(Billion JPY)



## Marketplace

GMV<sup>1</sup>

**296.0**<sub>B</sub> JPY  
(YoY +5% excluding  
*Mercari Hallo*)

Adjusted<sup>2</sup> Core  
Operating Margin<sup>3</sup>

**39%**  
(46% excluding  
*Mercari Hallo*)

## Fintech

Credit Balance<sup>4</sup>

**213.3**<sub>B</sub> JPY  
(YoY +38%)

Core Operating  
Profit<sup>3</sup>

**1.2**<sub>B</sub> JPY  
(Profit for three  
consecutive quarters)

## US

GMV<sup>1</sup>

**175**<sub>M</sub> USD  
(YoY -27%)

Core Operating  
Profit<sup>3</sup>

**-100**<sub>M</sub> JPY  
(+1.2B JPY YoY)

1. Aggregate transaction value after adjusting for cancellations.

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

3. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.

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

**FY2025.6  
Business  
Objectives**

- Aim for a GMV growth rate of around +10% YoY and an adjusted<sup>1</sup> core operating margin<sup>2</sup> of 37–42% through strong growth of crossborder transactions and B2C, in addition to steady growth of the C2C business
- *Mercari Hallo*: Establish an environment enabling the service to be used across the country and aim to become the number-one service in Japan in the medium term

Despite high temperatures in October delaying the start of winter item sales, as well as the impact of fraudulent use, GMV grew in the latter half of the quarter due to the effects of product strategies involving such things as the redesign of the home screen. The impact of fraudulent use on GMV has returned to normal levels.

Despite strengthening investments in *Mercari Hallo* and recording additional expenses for fraudulent use countermeasures, adjusted core operating margin was 39% (or 46% excluding *Mercari Hallo*), achieving high profitability.

In H2, we will again focus on building a safe and secure usage environment, aiming to improve the UX.

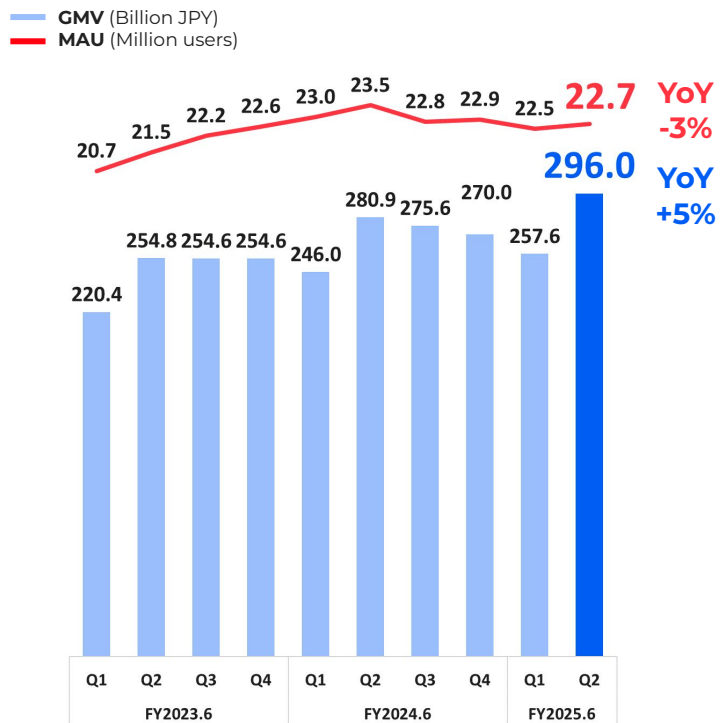
1. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)

2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.



# 1 Marketplace—Results (Quarterly)

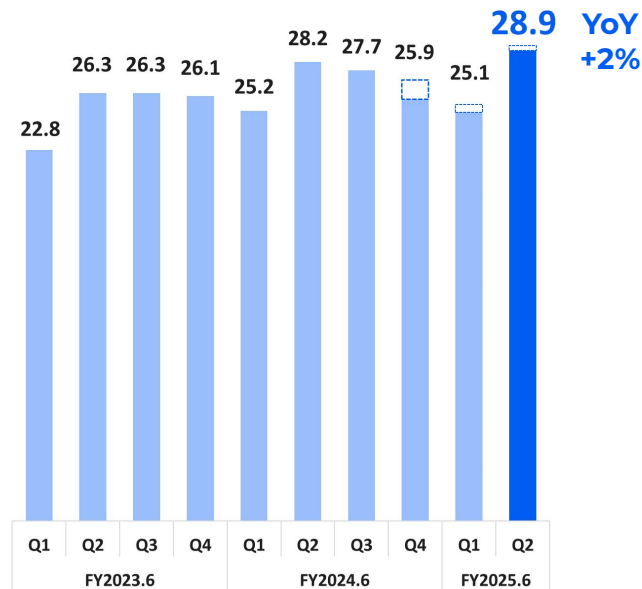
## GMV<sup>1</sup>/MAU<sup>2</sup>



## Revenue

(Billion JPY)

From FY2024.6 Q4, a portion of point-related expenses are deducted from revenue figures<sup>3</sup> (Impact in Q2 was 300M JPY, YoY growth before deductions: +4%)



1. Aggregate transaction value after adjusting for cancellations; does not include *Mercari Hallo*  
 2. Quarterly average number of users who browsed our service (app or web) at least once during a given month  
 3. In compliance with accounting standards, from FY2024.6 Q4, a portion of point-related expenses (attributed to advertising costs) are deducted from revenue figures.

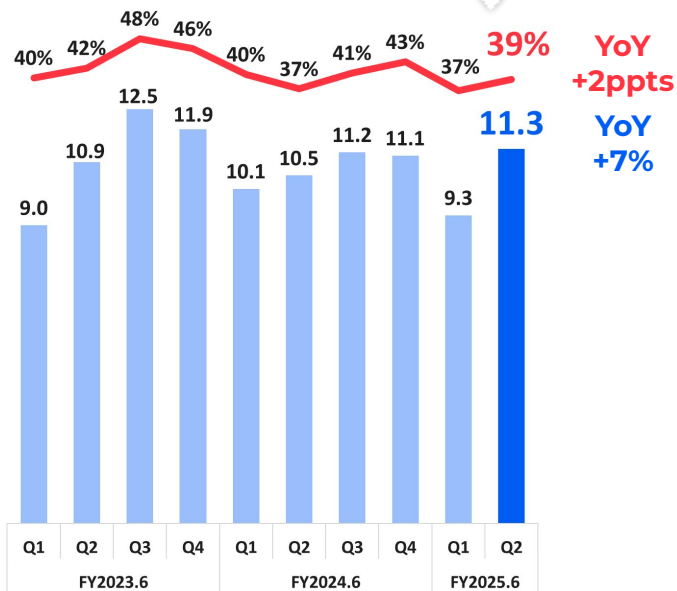
# 1 Marketplace—Results (Quarterly)

## Adjusted<sup>1</sup> Core Operating Profit<sup>2</sup>/Margin

(Billion JPY)

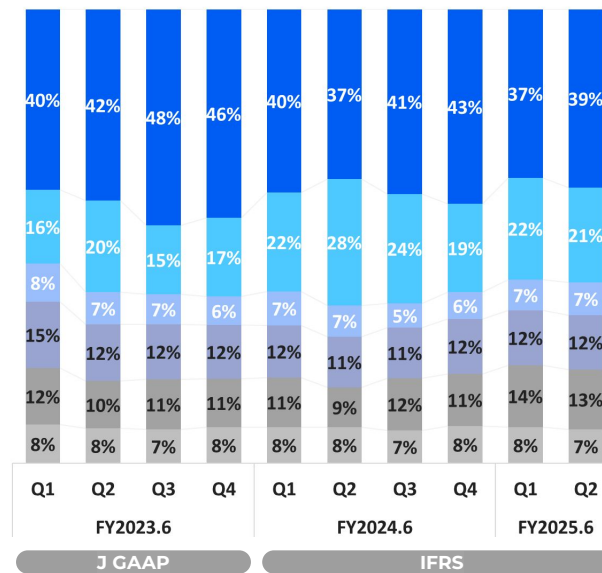
Adjusted core operating profit  
Adjusted core operating margin

Excluding *Mercari Halo*:  
Adjusted core operating profit: **13.2B JPY**  
Adjusted core operating margin: **46%**



## Profit and Cost Composition

Other cost of sales, Personnel expenses(cost of sales and SG&A), Commission fees, Other SG&A<sup>3</sup>, Promotion<sup>4</sup>, Adjusted core operating profit



1. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)  
 2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.  
 3. Outsourcing expenses, land rent and depreciation, etc.  
 4. In accordance with accounting standards, starting in FY2024.6 Q4, a portion of point-related expenses (attributed to advertising costs) are deducted from revenue figures and advertising expenses

# 1 Marketplace—Product Initiatives

## Updated Home Screen

- The *Mercari* home screen has been updated in an effort to increase access frequency and engagement rate
- Indicators such as time spent on app, number of item views, purchase rate, and ARPU are all up



Example of a new feature, a “NEW” banner on item listings

## Released New Features

### Hassle-Free Car Sales<sup>1</sup>

- We have released a new feature in some regions that eases the burden of car title transfers and car maintenance/delivery



### Purchase Request<sup>2</sup> feature for C2B transactions

- Enables secondhand goods businesses to purchase items on *Mercari*, promoting an easier selling experience

## B2C—Acquired Major Reuse Shops

- Reuse shop MANDARAKE<sup>3</sup> now sells on *Mercari*, the first instance of a reuse shop selling through a domestic e-commerce mall<sup>4</sup>; MANDARAKE has listed over one million items, indicating a strong start
- We are making steady progress toward acquiring other major reuse businesses, such as Kitamura Camera and Surugaya



1. Feature released on December 17, 2024

2. Feature released on December 19, 2024

3. One of the oldest entertainment and subculture shops in Japan, boasting an inventory of over 10M unique products

4. Shop opened on December 19, 2024

# Marketplace—Building an Even Safer and More Secure Usage Environment

- In response to cases of fraudulent use, we have enhanced our involvement in disputes that occur in transactions and expanded the compensation offered to users, so those who use our services correctly are not disadvantaged
- Parallel to these changes, we took actions such as providing features that leverage AI to prevent fraudulent use in order to eliminate fraudulent users

## Strengthening of User Support

- Establishing a new item returns center
  - Collecting switched, counterfeit, etc. items
  - Investigating returns by comparing item images and descriptions with the actual items
- Strengthening involvement in hard-to-resolve disputes between users to resolve them quickly
- Thoroughly confirming transaction history and status of past usage

## Expansion of User Compensation

- Compensating users who use the platform correctly
- Collecting actual items and confirming them visually
- Addressing inappropriate receipt of compensation by using identity verification, systemization, etc.

## Elimination of Fraudulent Users

- Expanding the scope of identity verification
- Strengthening partnerships with police and other related authorities
- Thoroughly monitoring transactions suspected of being fraudulent
- Building AI systems and other mechanisms for detecting fraudulent behavior (planned)
- Strengthening account reporting features (planned)

# 1 Marketplace—On-Demand Work

- Against a backdrop of solid growth, at the end of March 2025 we plan to end our no-fee promotion

## Strengthening of Marketing

- Ran television commercials and held on-demand work trial events<sup>1</sup> aiming to increase recognition and expand our user base



Screenshot of television commercial

## Product Updates

- Started providing new Alumni Connect features (patent pending) and simplified job listings<sup>3</sup> that leverage AI/LLM (for details, see page 35)
- Implemented an AI-powered risk detection system in addition to the existing screening that all job listings go through before being posted



1. "Your-Money's-No-Good-Here Chinese Restaurant": Immersive experience that allowed people to simulate working on an on-demand-work basis; operated for four days from December 5 to December 8, 2024  
2. Feature that allows businesses to invite alumni (regardless of work experience through *Mercari Hallo*) with experience working with the business to join a dedicated group and allows job listings to be shown only to select users (launched in December 2024)  
3. Job listing creation feature that makes it possible to automatically fill in job listing details simply by selecting the required items (launched in December 2024)

**FY2025.6  
Business  
Objectives**

**Transition to a phase of continuously increasing profit through steady accumulation of credit balance; aim for core operating profit<sup>1</sup> of 3.0B JPY or higher**

**Achieved a core operating profit of 1.2B JPY as a result of the promotion of management with a profit-generating mindset in addition to the steady growth of credit balance for fixed-amount payment.**

**Expanded our user base due to the high usability of our products while maintaining a collection rate<sup>2</sup> of over 99%. Credit balance<sup>3</sup> reached 213.3B JPY, which is a 38% increase YoY and indicates solid growth.**

**Launched a service that grants *Mercari* points each month to users who hold ethereum.<sup>4</sup>**

1. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.

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

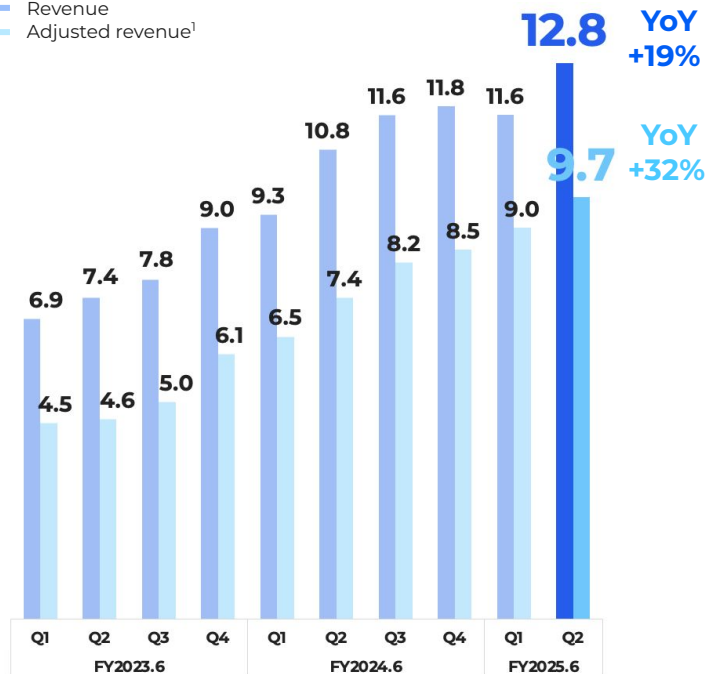
3. *Merpay Smart Payments* (lump-sum payment, fixed-amount payment, or installment payment) and *Smart Money* credit balance at the end of the quarter (excludes debt converted into bankruptcy reorganization debt)

4. A service that allows a user to earn rewards as compensation for holding cryptoassets and thereby contributing to the stable operation of a blockchain

## Revenue

(Billion JPY)

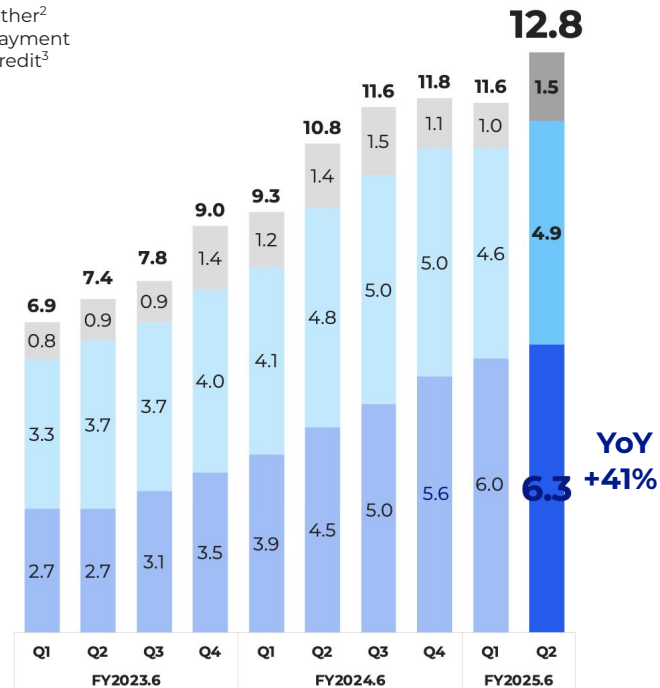
Revenue  
Adjusted revenue<sup>1</sup>



## Breakdown of Revenue

(Billion JPY)

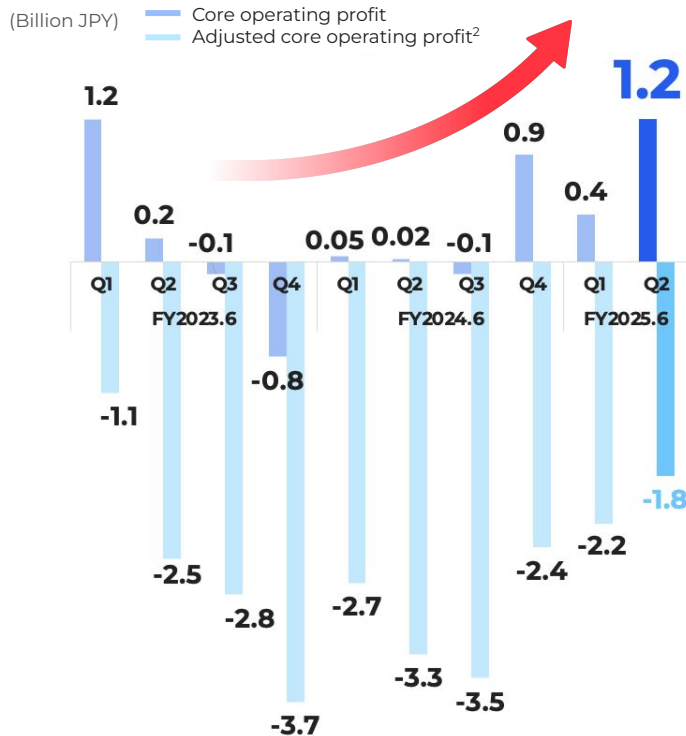
Other<sup>2</sup>  
Payment  
Credit<sup>3</sup>



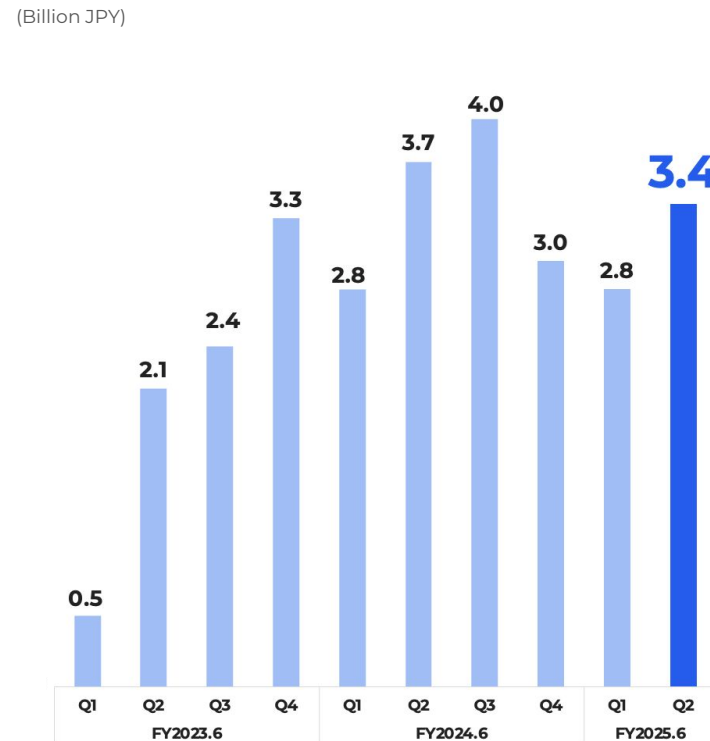
1. Revenue after deduction of internal transactions with Marketplace (outsourced payment processing fees)

2. Includes revenue of Mercari, Inc., bank withdrawal fees, expiration and seizure of sales balance, and Mercard reissuance fees, etc.

3. The annual effective interest rate for new credit of fixed-amount payment was revised to 18% effective January 1, 2025

Core Operating Profit<sup>1</sup>

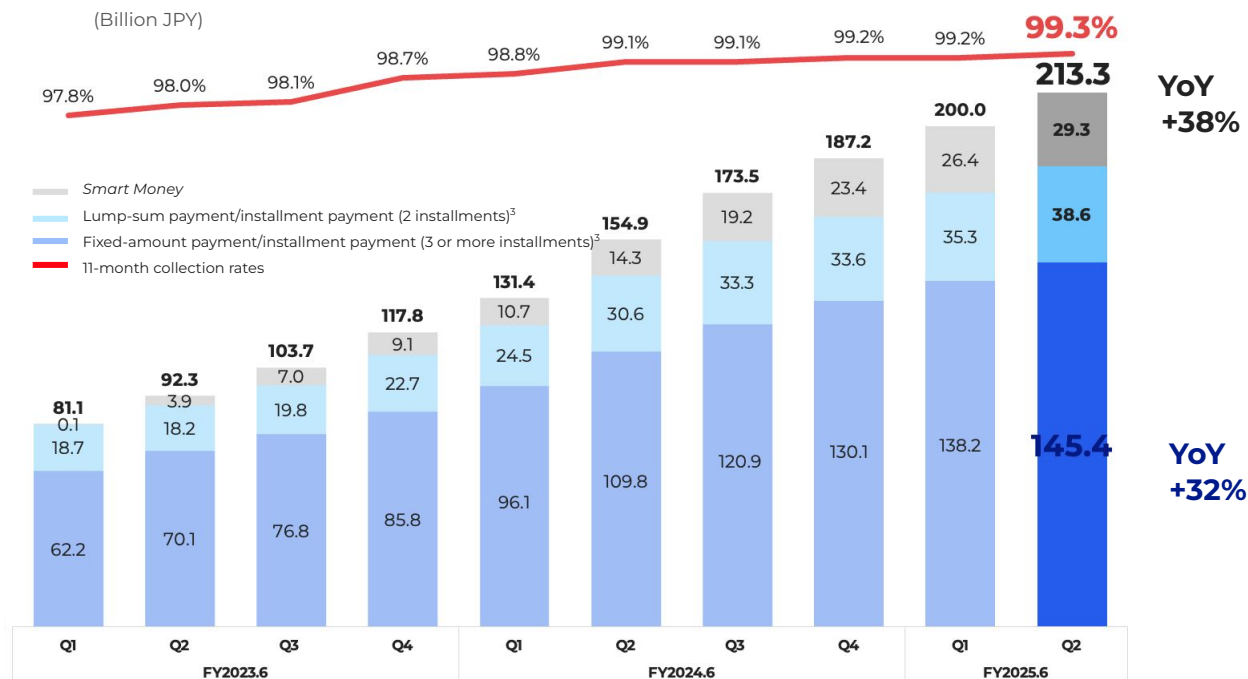
## Promotion Costs



1. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.

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



Credit Balance<sup>1</sup> and Collection Rates<sup>2</sup>

1. Merpay Smart Payments (lump-sum payment, fixed-amount payment, or installment payment) and Smart Money credit balance at the end of the quarter (excludes debt converted into bankruptcy reorganization debt)

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

3. Installment payment (two-installment payment only) can be used without incurring fees, so credit balance is disclosed together with lump-sum payment, which does not generate interest income. However, installment payment of three or more installments does generate interest income (annual rate 15.0%), and therefore, credit balance is disclosed together with fixed-amount payment.

**FY2025.6  
Business  
Objectives****Commit to breaking even and aim to get back on track for growth**

After changing the service fee paid by buyers from a variable rate to a fixed rate of 10% in September, GMV growth rate slowed -27% YoY due to the increased burden on buyers among other factors. To address this, we introduced a new fee model in January 2025, which is showing initial signs of improving GMV.

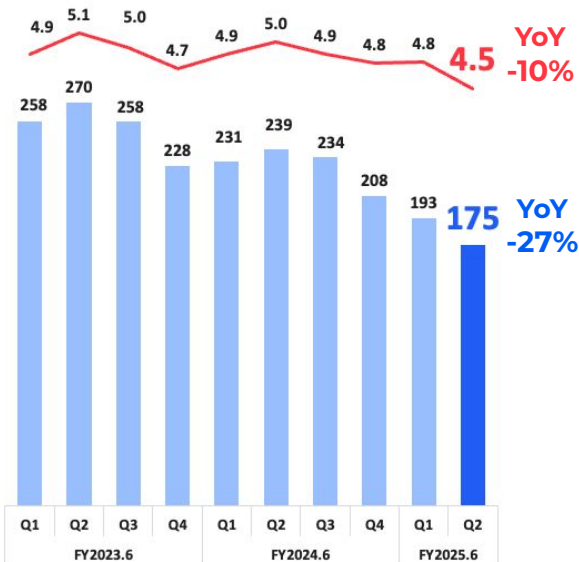
Aiming to break even, we moved ahead with further profitability improvements and achieved a profit for the month of December. In Q2, core operating profit was -0.1 billion JPY, showing significant improvement both QoQ and YoY.

In addition to continuing as Group CEO, Shintaro Yamada has also assumed the role of US CEO from H2 as we aim to break even and get back on track for growth. If we do not see positive results, we will consider various options.

# 1 US—Results (IFRS<sup>1</sup>/Quarterly)

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

— GMV (Million USD)  
— MAU (Million users)



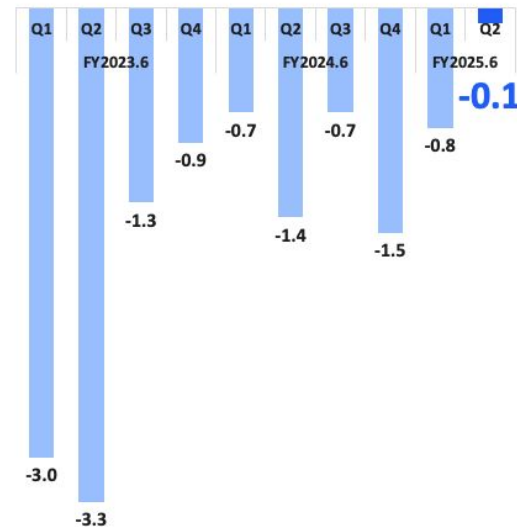
## Revenue

(Billion JPY)



## Core Operating Profit

(Billion JPY)



Financial Results Presentation Material

1. Transitioned to IFRS notation starting FY2025.6  
 2. Aggregate transaction value after adjusting for cancellations  
 3. Quarterly average number of users who browsed our service (app or web) at least once during a given month

- We will re-examine *Mercari's* value proposition and refine our core product

### Core Product Enhancements

- Focus on the listing and buying experience, which form the core of *Mercari*
- Strengthen measures to address fraudulent use to create an even safer and more secure environment for both buyers and sellers, encouraging continued use



### New Fee Model

- The fee model where the buyer pays fees had large negative effects such as decreased transactions of high-price-range items, so we carried out further changes to the fee model in January 2025
- Initial results show improvements to GMV as a result of increased AOV (Average Order Value)

#### Previous fee model

#### Buyer pays

- Service fee: 10%
- Payment processing fee: 2.9% + \$0.50



#### New fee model

#### Seller pays

- Selling fee: 10%<sup>1</sup>

#### Buyer pays

- Buyer protection fee<sup>2</sup>: 3.6%<sup>3</sup>

1. 10% of the item price and buyer-paid shipping

2. Fee for a service in which the buyer has access to customer support through the app, website, or phone, and can receive a full refund in the event that the item is different from how it was described in the listing if they contact customer service within 72 hours

3. 3.6% of the item price and buyer-paid shipping

## Consolidated

**In Q2, we achieved our highest-ever core operating profit, making progress on achieving our targets.**

**The bar set for revenue is high, but we will continue to work on achieving our targets.**

## By Business Segment

### Marketplace

**Our goal of increasing the GMV growth rate by approximately 10% will be a feat, but we aim to raise the level of our growth rate through product strategies. We aim for a core operating margin of 37% to 42%.**

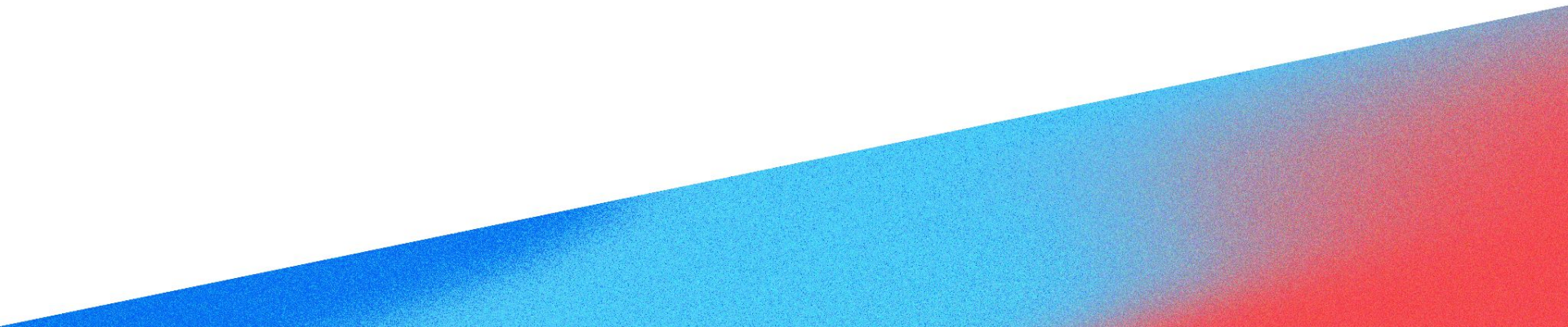
### Fintech

**We aim to achieve a core operating profit of 3.0B JPY through the continuous growth of our credit business.**

### US

**We aim to break even and get back on track for growth by implementing a new fee model and refining our core product.**

# Appendix



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





**Makiko Shinoda**

Chair of the  
Compensation  
Committee



**Takuya Kitagawa**

**Background**



**Daiken Tsunoda**

Chair of the Audit  
Committee

- 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 Tokyo Itoi Shigesato Office (currently Hobonichi Co., Ltd.)
- Director of YeLL Inc. (current position)

- Managing Executive Officer, Chief Data Officer of Technology Division of Rakuten, Inc.
- Director of Rakuten Data Marketing, Inc.
- Co-founder and Director, Public Interest Well-being for Planet Earth Foundation (current position)
- President and Director, QuEra Computing (current position)

- Partner of Mori Sogo (Now: Mori Hamada & Matsumoto)
- Partner of 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.
- 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, Lawyer (current position)

## Reasons for Selection as Outside Directors

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

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

- Strong insight in the areas of corporate law and corporate governance
- Extensive knowledge and profound insight in the fields of risk management and compliance





**Kazuhiko Toyama**  
Chair of the Nominating  
Committee



**Shiho Konno**



**Kumi Fujisawa**

## Background

- Boston Consulting Group
- Representative Director and President of Corporate Direction Inc.
- Representative Director, CEO of Industrial Growth Platform, Inc.
- Outside Director of Panasonic Corporation (currently Panasonic Holdings Corporation) (current position)
- Outside Director of Tokyo Electric Power Company Holdings, Inc.
- Representative Director, President of Japan Platform of Industrial Transformation, Inc. (current position)
- Chairman of Industrial Growth Platform, Inc. IGPI Group (current position)
- Outside Director of Kuroda Precision Industries Ltd. (current position)
- Representative Director, Chairman of Japan Platform of Industrial Transformation, Inc. (current position)

- Audit and Supervisory Board Member of Yahoo Japan Corporation (currently LY Corporation)
- Auditor of Advanced Softmaterials Inc. (currently ASM Inc.)
- Member of the Committee on Realization of a Gender-Equal Society at the Japan Federation of Bar Associations (current position)
- Auditor of Japan Corporate Governance Network
- Shiho Konno Habataki Law Office (current position)
- Outside Director of Watami Co., Ltd.
- External Director of Kakaku.com, Inc.
- Outside Director of Alfresa Holdings Corporation
- Outside Audit & Supervisory Board Member of Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)
- Member of the Board of Monex Group, Inc.
- Outside Director of LIXIL Corporation (current position)
- Outside Audit & Supervisory Board Member of Pegasus Tech Holdings, Inc. (current position)

- Joined KOKUSAI Investments Trust Management Co., Ltd.
- Joined Schroder Investment Management (Japan) Limited
- Representative Director of IFIS JAPAN LTD.
- Vice Chair of the Investment Trusts Association, Japan (current position)
- Governor of the Japan Securities Dealers Association (current position)
- Outside Director of the Shizuoka Bank, Ltd.
- Outside Member of the Board of Toyota Tsusho Corporation
- Outside Director, Member of the Board of Creek & River Co., Ltd.
- Outside Director of CellSource Co., Ltd. (current position)
- Outside Director of Net Protections Holdings, Inc. (current position)
- Chairperson of Institute for International Socio-Economic Studies (current position)
- Outside Director of Shizuoka Financial Group, Inc. (current position)

## Reasons for Selection as Outside Directors

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

- Specialized expertise in the fields of corporate legal affairs and corporate governance
- Extensive knowledge and profound insight in the fields of risk management and compliance

- Extensive experience in promoting innovation to address social issues
- Extensive expertise and profound insight in global business, corporate governance, and other fields



**Mayumi Umezawa**



**Kikka Hanazawa**

## Background

- Joined the Tokyo office of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
- Umezawa Accountant Office (currently Mayumi Umezawa CPA Office) (current position)
- Joined McDonald's Company (Japan), Ltd.
- Finance Manager of Disney Store Department at The Walt Disney Company (Japan) Ltd.
- Representative Director of Accounting Labo (currently Accounting Labo Co., Ltd.) (current position)
- Outside Audit & Supervisory Outside Director (Audit and Supervisory Committee Member) of Retty Inc.
- Supervisory Director of Japan Hotel REIT Investment Corporation (current position)
- Outside Director of Wellness Communications Corporation
- Outside Director (Audit and Supervisory Committee Member) of ROYAL HOLDINGS Co., Ltd. (current position)

## Reasons for Selection as Outside Directors

- Specialized expertise in the fields of finance and accounting
- Profound insight into the fields of risk management, compliance, and corporate governance

- General Manager, Itochu Fashion System Co., Ltd. New York office
- Vice President of Marketing, Cygne Designs, Inc.
- CEO of CYGNE INTERNATIONAL
- Director of Strategic Planning, Link Theory Holdings Co., Ltd
- CEO of VPL
- President of Fashion Girls for Humanity (current position)
- Co-founder of Yabbey (current position)
- Director of Columbia University (current position)

- Extensive experience in business management, primarily in the US, tackling social issues through businesses
- Profound expertise in the field of sustainability

<b>Consolidated</b>	<ul style="list-style-type: none"> <li>Essentially strengthen our capital through top-line growth that will lead to increased profits</li> <li>Diversify debt financing methods, lengthen financing periods, and spread out repayment periods to strengthen our financial foundation               <ul style="list-style-type: none"> <li>In February 2025, will receive an investment-grade rating of BBB- (positive) from Rating and Investment Information (R&amp;I)</li> </ul> </li> <li>Continue to watch market trends; manage and finance capital flexibly while also examining the status of the market</li> </ul>
<b>Fintech</b>	<ul style="list-style-type: none"> <li>Promote non-recourse<sup>1</sup> receivable liquidation as our basic financing policy</li> <li>Maintain/enhance our collection rate</li> <li>Strengthen balance sheet management through asset and liability management (ALM)<sup>2</sup></li> </ul>
<b>Approach to Shareholder Returns</b>	<ul style="list-style-type: none"> <li>For the foreseeable future, we will strive for growth investment and to retain our internal reserves</li> <li>At present, our retained earnings is negative, and we are not legally able to pay dividends, so we do not have plans to pay dividends</li> </ul>

1. A method of financing in which the amount collected from the credit is the only source of repayment, and the repayment obligation is not borne by Mercari

2. A method of managing risks by comprehensively looking at assets and liabilities

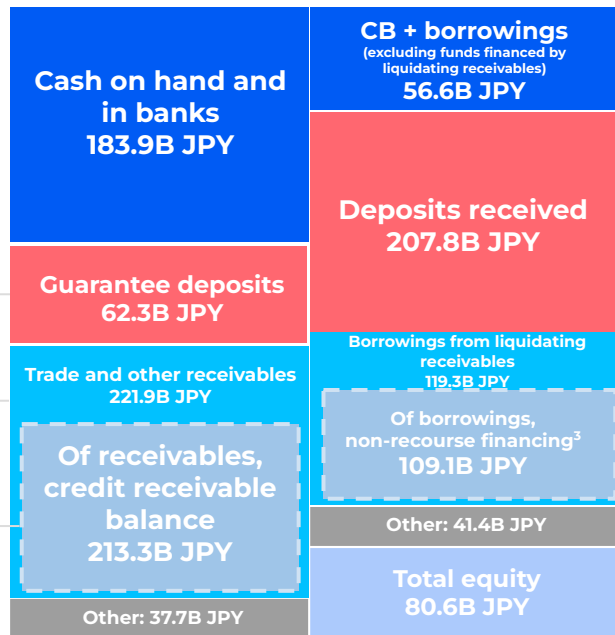
- We will continue to leverage various methods of financing and appropriately control our balance sheet to maintain a sound financial foundation

### 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 Services with financial institutions

Mainly credit from transactions within *Mercari*, items under "Trade accounts receivable", items under "Allowance for doubtful accounts", etc.

Credit balance from *Merpay's* credit services



**Total assets at end of FY2025.6 Q2: 505.9B JPY**

### Convertible bonds and long-term borrowings

Long-term borrowings, including convertible bonds but excluding funds financed by liquidating receivables  
In September 2024, purchased approximately 21B JPY worth of the total 50B JPY euro-yen denominated convertible bonds issued in July 2021 (25B JPY maturing in 2026, 25B JPY maturing in 2028)

Mainly *Mercari* sales balance (including US) and wallet balance from users adding funds from banks

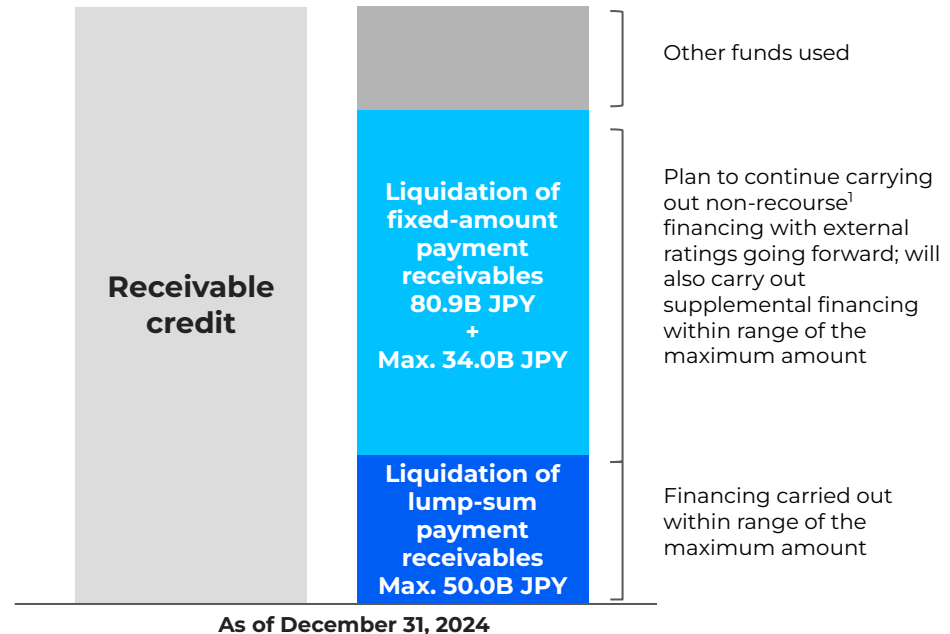
### Funds financed by liquidating receivables

Liquidated lump-sum payment and fixed-amount payment receivables for *Merpay Smart Payments*. Starting FY2023.6, we have carried out non-recourse<sup>1</sup> financing for a portion of liquidated receivables.

1. A method of financing in which the amount collected from the credit is the only source of repayment, and the repayment obligation is not borne by Mercari

- We plan to expand and diversify financing in sync with the growth of our credit services centered on non-recourse<sup>1</sup> receivable liquidation, in which financing is based on confidence in the actual credit receivable for *Merpay Smart Payments*

- We have received an external rating for *Merpay Smart Payments* fixed-amount payment receivables and carried out non-recourse<sup>1</sup> financing for a total of 80.9B JPY as of the end of FY2025.6 Q2.
- Additionally, we have liquidated receivables in line with the growth of our credit balance per month, with the maximum amount set to 34.0B JPY for fixed-amount payment and 50.0B JPY for lump-sum payment, and improved the efficiency of our funds.



1. A method of financing in which the amount collected from the credit is the only source of repayment, and the repayment obligation is not borne by Mercari

## Japan Region

Marketplace

Fintech

US

Others

Adjustments

C2C  
(Mercari)Payment  
(Merpay)C2C  
(Mercari [US])Kashima  
AntlersCompany-wide  
expenses

Crossborder

Credit  
(Merpay)India Center of  
ExcellenceConsolidated  
adjustmentsB2C  
(Mercari Shops)Crypto  
(Mercoin)On-demand work  
(Mercari Hallo)

# Mid-Term Objectives of Main Businesses

(Excerpt from FY2024.6 Q4 Presentation Materials)

## Group-wide

### Mid-Term Objectives

- Work with external partners to realize an ecosystem
- Promote global expansion by growing our US business and strengthening crossborder transactions
- Create a borderless organization where talent from all over the world can thrive and strengthen I&D

### Focus Areas

- Strengthen AI/LLM and data infrastructure
- Strengthen our safe and secure usage environment
- Reinforce information security
- Promote I&D
- Expand globally focused on crossborder business

### Marketplace

#### Mid-Term Objectives

- In addition to the stable growth of the C2C business, continue to lead the market with high-level growth of crossborder transactions, B2C, etc.
- Become No. 1 in the on-demand work industry

#### Focus Areas

- Redesign UI/UX using AI/LLMs
- Strengthen categories with high price ranges
- Enhance crossborder transactions
- Grow B2C
- Expand on-demand work

### Fintech

#### Mid-Term Objectives

- Expand Group synergy
- Lift core operating profit to over 10B JPY and establish Fintech as the second pillar of Mercari Group

#### Focus Areas

- Expand payments and credit balance focused on the loyalty program
- Maintain and enhance AI credit accuracy and collection rates
- Expand our available cryptoasset types and usage scenarios

### US

#### Mid-Term Objectives

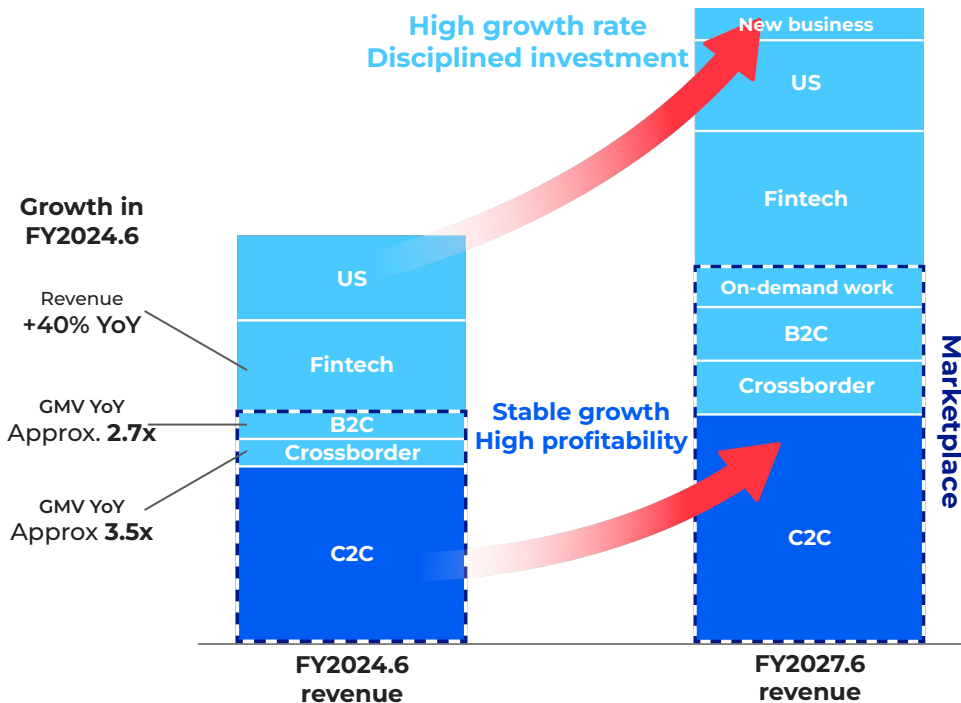
- Engage Gen Z and establish name recognition and the reputation as "the easiest and safest selling app"
- Realize sustainable growth while essentially continuing to break even

#### Focus Areas

- Acquire Gen Z users
- Expand crossborder transactions with Japan
- Leverage AI and machine learning to improve UX

# Aim to Achieve Double-Digit Revenue CAGR FY2024–FY2027

(Excerpt from FY2024.6 Q4 Presentation Materials)



## Market size of high growth areas

- The US online reuse market is projected to be worth 180B USD in 2030, which is 2.4 times the size of the market in 2022.<sup>2</sup>
- The deferred payment market for 2027 is projected to be worth 2.4T JPY, which is double the size of the market in 2022.<sup>3</sup>
- Annual potential size of the on-demand work market is approximately 5T JPY<sup>4</sup>
- The size of the global crossborder e-commerce market in 2030 is projected to be 7.938T USD, which is 10 times the size of the market in 2021.<sup>5</sup>
- The size of the Japanese B2C e-commerce market in 2030 is projected to be approximately 23.9T JPY, 1.7 times the size of the market in 2022.<sup>6</sup>

## Market size of stable growth areas

- Annual potential size of the C2C market (estimated value of unneeded items): Approx 7.6T JPY<sup>7</sup>

1. The graph is for illustrative purposes only.

2. Source: "Mercari 2023 Reuse Report"

3. Source: Yano Research Institute Ltd. "Online Payment Service Providers 2024 (Survey)," released on April 19, 2024 (Note: Based on the transaction volume of deferred payment service providers)

4. The on-demand work market is expected to expand amid progress to uncover potential markets while capturing a portion of the mid- to long-term part-time and dispatch worker markets. This was calculated based on the hypothesis that within the total amount of salaries in 2022 (24.9336T JPY) for categories other than full-time employees (such as part-time workers) described in "Statistical Survey of Actual Statistics for Salary in the Private Sector in 2022," 20% of existing part-time and dispatch work positions are in the on-demand market.

5. Source: "Report on the Results of FY2022 E-Commerce Market Survey" released by the Ministry of Economy, Trade and Industry (METI) on August 31, 2023. Forecast for the expansion of the scale of the global crossborder e-commerce market.

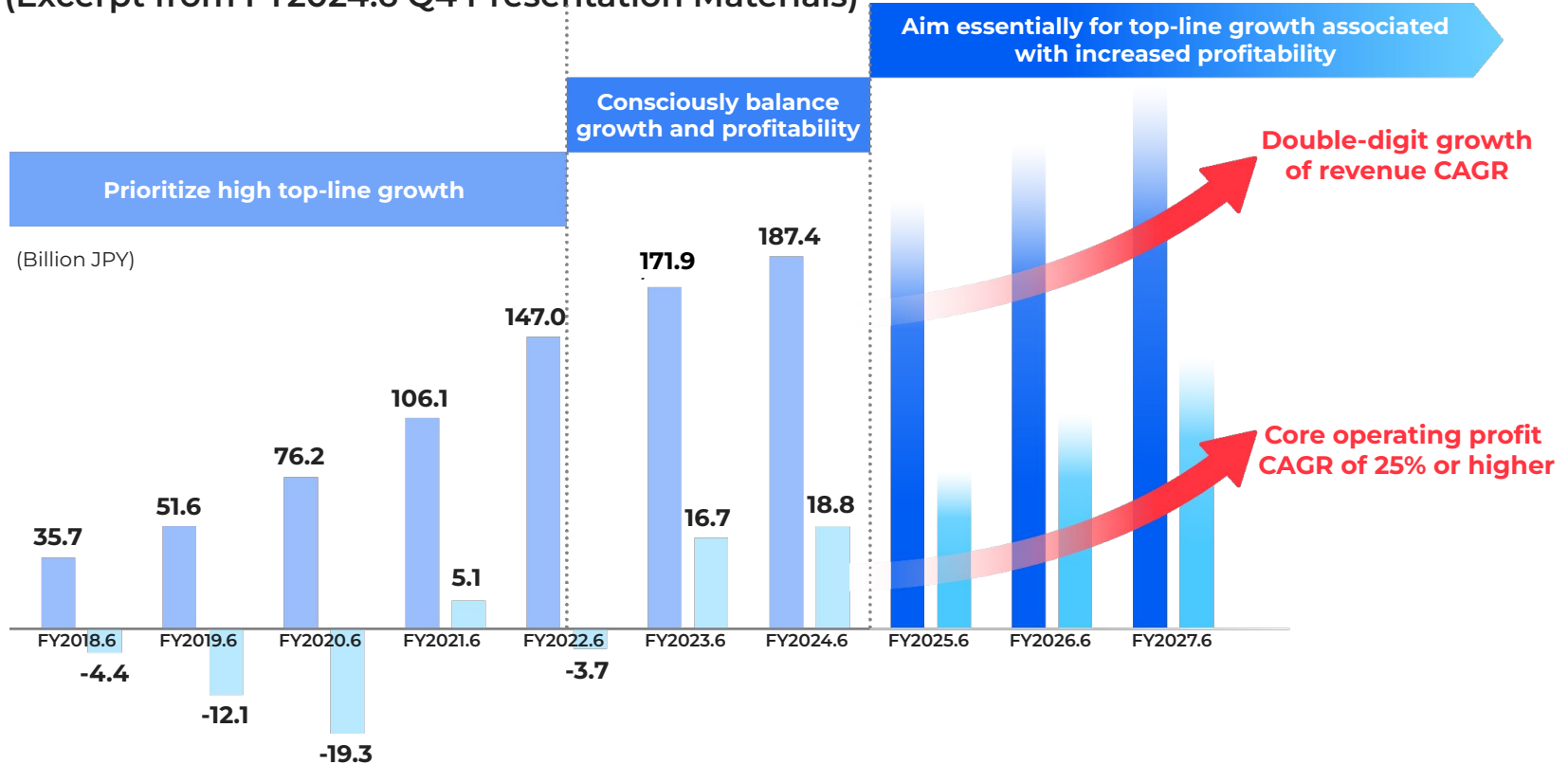
6. Source: "Report on the Results of FY2022 E-Commerce Market Survey" released by the Ministry of Economy, Trade and Industry on August 31, 2023. The 2022 e-commerce adoption rate (9.1%) in B2C e-commerce for goods was calculated based on the projected EC adoption rate for 2030 (15.6%) outlined in the NLI Research Institute publication "Long-term forecast on commercial facility sales"

7. Source: Ministry of Economy, Trade and Industry (April 2017 and April 2018), total market size including such things as secondhand store sales, online secondhand sales, and auctions. Does not include the sales of automobiles, motorbikes, or moped scooters.



# Aiming for Core Operating Profit CAGR FY2024–FY2027 of 25% or Higher

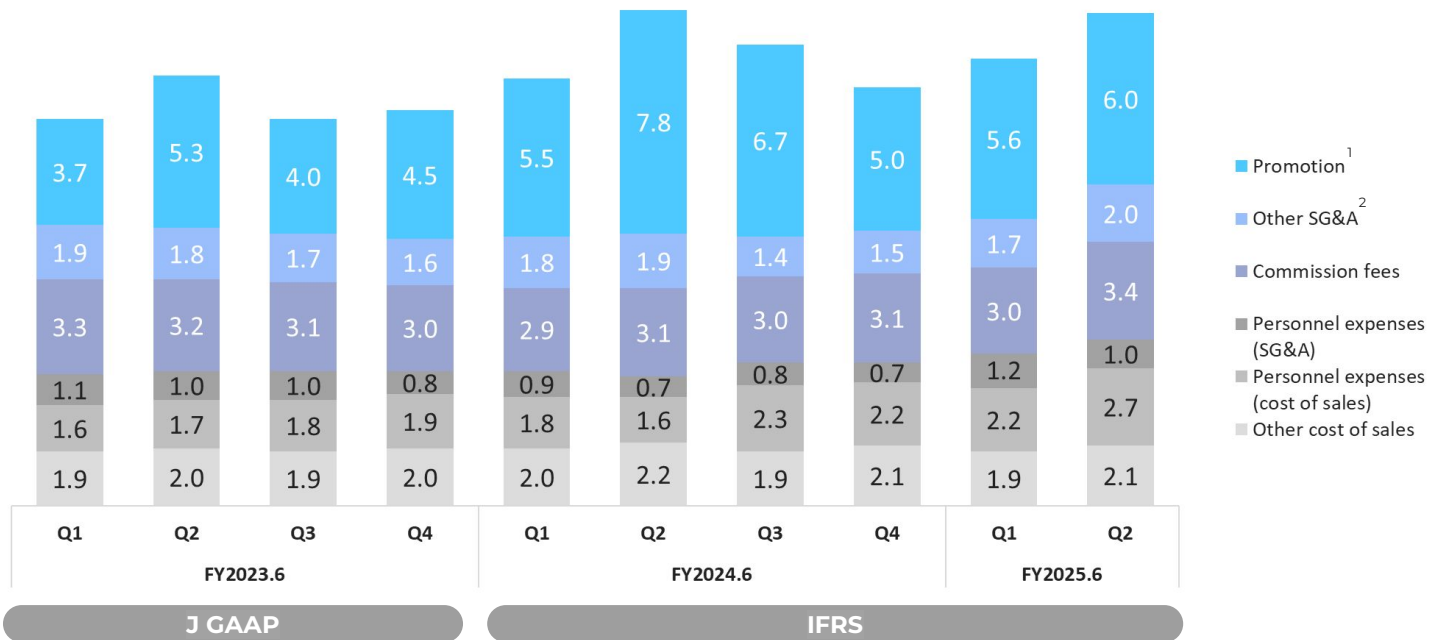
(Excerpt from FY2024.6 Q4 Presentation Materials)



1. Following the transition to IFRS as of FY2024.6, disclosure is conducted based on IFRS beginning with the business results for FY2023.6.

2. In the event an opportunity arises for significant growth that will contribute to the future growth of the company, a temporary loss may be incurred resulting from making a flexible investment, but the company will explain the investment if this occurs.

(Billion JPY)



1. In accordance with accounting standards, starting in FY2024.6 Q4, a portion of point-related expenses (attributed to advertising costs) are deducted from revenue figures and advertising expenses

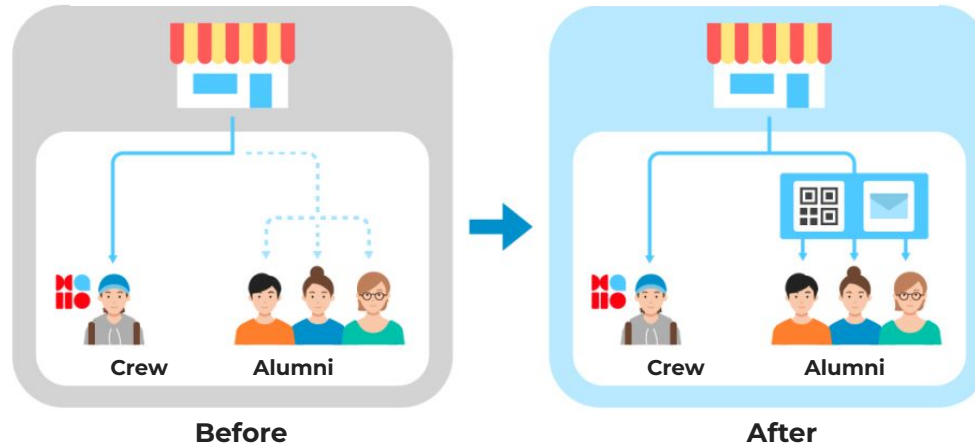
2. Outsourcing expenses, land rent and depreciation, etc.

# Marketplace—Uniqueness of *Mercari Halo* (On-Demand Work Service)

## *Alumni Connect* Feature

*Mercari Halo's Alumni Connect* feature groups users who have worked for a business in the past (regardless of whether it was through *Mercari Halo* or not) based on position, skills, or other criteria. This enables businesses to directly reach out to crew who have worked for them before based on current needs and contributing to enhancing the rate of successful matches

Businesses can now invite "alumni" workers back as crew



## Payment

Various convenient payment methods available

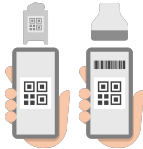
### iD payment

Hold your phone over a reader



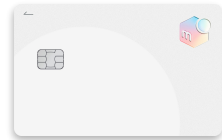
### Code payment

Scan the code



### Mercard (Credit card)

Mercari's deferred payment system uses *Smart Payments*



## 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): 18%<sup>1</sup>

#### Installment Payment

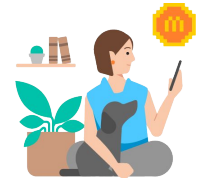
Pay over a number of monthly installments of your choice  
Interest rate (annual): 15%<sup>2</sup>

### 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 cryptoassets from within *Mercari*



1. The annual effective interest rate for new claims was revised from 15% to 18% effective January 1, 2025  
2. No fees are charged on two-installment payments

- While we aimed to activate transactions by changing to a fee model where the buyer pays fees, the new model showed limited results and had effects such as decreased transactions of high-price-range items, so we carried out further changes to the fee model in January 2025

Through February 2024	From March 2024 (FY2024.6 Q3)	From September 2024 (FY2025.6 Q1)	From January 2025 (FY2025.6 Q3)
<p><b>Seller pays</b></p> <ul style="list-style-type: none"> <li>Selling fee: 10%</li> <li>Payment fee: 2.9% + \$0.50</li> </ul>	<p><b>Buyer pays</b></p> <ul style="list-style-type: none"> <li>Service fee (Rate depends on category, brand, and other factors)</li> <li>Payment fee: 2.9% + \$0.50</li> </ul>	<p><b>Buyer pays</b></p> <ul style="list-style-type: none"> <li>Service fee: 10%</li> <li>Payment fee: 2.9% + \$0.50</li> </ul>	<p><b>New fee model</b></p> <p><b>Seller pays</b></p> <ul style="list-style-type: none"> <li>Selling fee: 10%<sup>1</sup></li> </ul> <p><b>Buyer pays</b></p> <ul style="list-style-type: none"> <li>Buyer protection fee<sup>2</sup>: 3.6%<sup>3</sup></li> </ul>

1. 10% of the item price and buyer-paid shipping

2. Fee for a service in which the buyer has access to customer support through the app, website, or phone, and can receive a full refund in the event that the item is different from how it was described in the listing if they contact customer service within 72 hours

3. 3.6% of the item price and buyer-paid shipping

### Collaboration with the Ministry of the Environment

- Joined Decokatsu<sup>1</sup> and the Positive Action Initiative<sup>2</sup>, movements proposed by the Ministry of the Environment
- Working to create a database of the effects of decarbonization efforts by consumers on reduction of CO<sub>2</sub> emissions



### External Recognition

- *Mercari Hallo* received the “Best for Good” award in Google Play’s Best Apps of 2024 for its contributions to society for both workers and businesses



### External Recognition

- Mercari received the semi-grand prize in the D&I Award 2024, Japan’s largest awards recognizing and commending companies for their D&I initiatives



1. A national movement for new and prosperous lifestyles toward decarbonization proposed by the Ministry of the Environment  
 2. A project carried out as part of the Decokatsu movement

## 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 FY2025.6 Q3 financial results are scheduled to be released at 15:30 or later on May 7, 2025.**

**mercari**

Mercari, Inc. TSE:4385