FY2024.6 Q3

Presentation Material

mercari

Group Mission



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

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Summary

1 FY2024.6 Q3—Progress & Highlights

Consolidated

- Achieved our highest-ever revenue as a result of growth led by the expanded use of *Mercard* in our Fintech business and areas to enhance in our Marketplace business
- Continued to execute management that consciously balances growth and profitability while investing in *Mercard* holder acquisition and *Mercari Hallo* toward future growth, which resulted core operating profit[1] landing roughly as expected

Marketplace

- GMV landed at +8% YoY, but adjusted[2] core operating profit[1] reached 41% as expected
- Launched *Mercari Hallo* on March 6, and reached more than 2.5M registered users in the first month of the service

Fintech

- Strengthened investment to acquire new *Mercard* holders to match spring, a time of year when many people start new chapters of their lives as students or working adults, which contributed to the issuing of more than 3M Mercards, cumulatively[3]; also expanded the creation of Group synergy continuously
- *Mercard* drove growth in Q3, and revenue continued to grow rapidly, increasing by +49% YoY

US

- Aiming to activate transactions by increasing the number of listings, became the first major marketplace in the US to switch to buyers covering the cost of fees[4]
- GMV growth rate was -9% YoY, but there are signs that issues involving the number of purchases are improving; adjusted[5] operating loss continued to show signs of improvement YoY

1. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 43)
2. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)
3. As of March 22, 2024
4. Rolled out on March 27, 2024 (local time)
5. Adjusted operating profit after non-cash items (i.e., stock-based compensation and depreciation) are deducted

1 FY2024.6 Q3—KPI Summary

Marketplace

GMV[1]

275.6 billion JPY
(YoY +8%)

Adjusted[2] **Core Operating Margin**[3]

41%
(YoY -7 ppts)

Fintech

Revenue

11.6 billion JPY
(YoY +49%)

Credit Balance[4]**/ Collection Rate**[5]

173.5 billion JPY
(YoY +67%)

99.1%

US

GMV[1]

234 million USD
(YoY -9%)

MAU[6]

4.93 million
(YoY -2%)

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. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 43)
4. *Merpay Smart Payments* (lump-sum payment or fixed-amount payment) and *Smart Money* credit balance as of March 31, 2024 (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

FY2024.6

Financial Forecast

2 FY2024.6 Full-Year Financial Forecast

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FY2024.6 Full-Year Financial Forecast

- **Consolidated: Net sales of 190.0B JPY, core operating profit of 17.0B JPY**
- **Marketplace: GMV YoY +10%, adjusted operating margin of 40%**

Q4/Full-Year Forecast

Consolidated

By continuing investments for mid- to long-term growth while engaging in management that consciously balances that growth with profitability again in Q4, we forecast that core operating profit for the full year will be 17.0B JPY, a level equivalent to that of the previous year.

Marketplace

As a result of growth led by areas to enhance[1] and the loyalty program, in Q4 we expect the GMV growth rate to increase by 12% QoQ and the full-year GMV Growth rate to increase by 10% YoY. We also expect to see an adjusted operating margin of 40%, including *Mercari Hallo*, effectively achieving the goal set at the beginning of FY2024.6.

Fintech

Due to continuing to invest with the goal of acquiring *Mercard* holders again in Q4, we expect a core operating loss for the full year as was forecast at the start of FY2024.6. However, improvement in profitability owing to the positive growth of our credit card services and continuing disciplined investments, we do not anticipate the loss will be considerable.

US

In Q4 we will continue to make disciplined investments and control costs. In order to get back on track for growth, we will also continue to make product improvements, concentrated mainly on Gen Z users, by activating transactions with such tactics as changing our fee models and acquiring users through rebranding.

1. Crossborder transactions, category growth, B2C

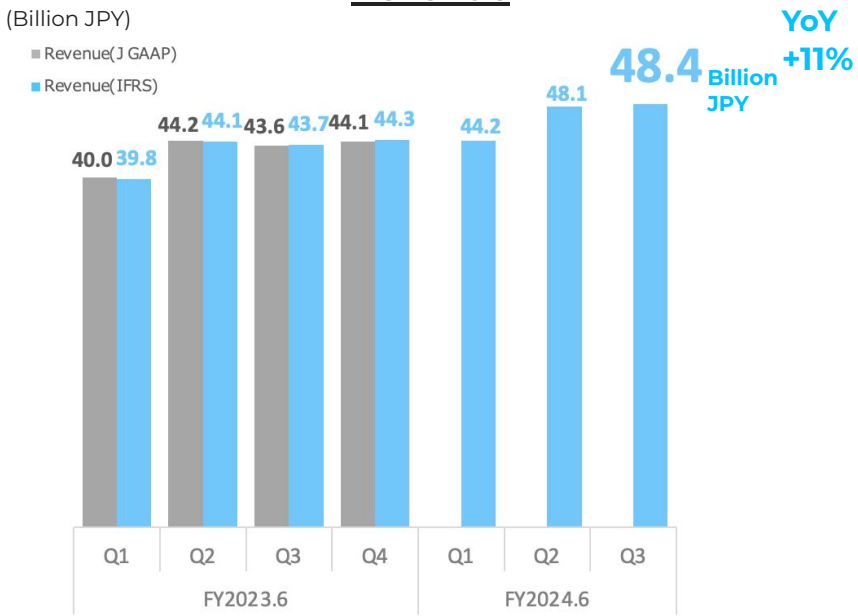
FY2024.6 Q3

Financial Highlights

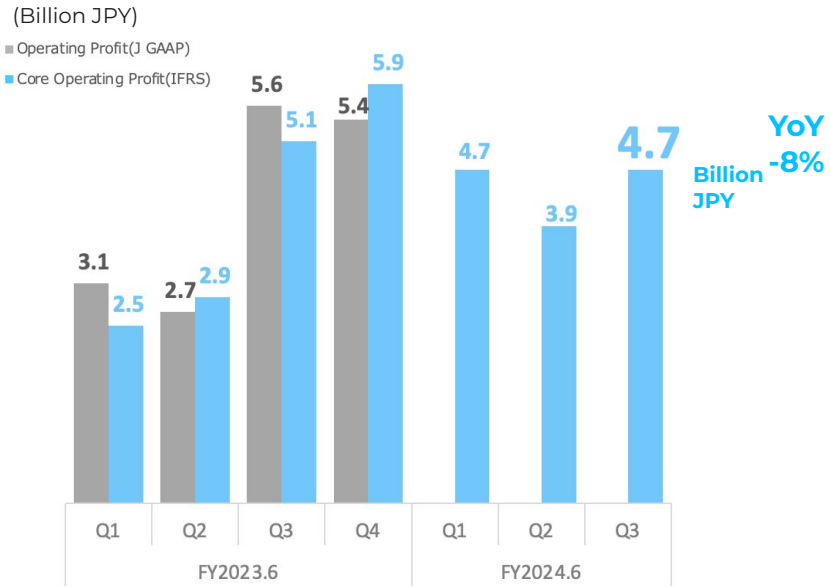
3 Consolidated Revenue & Core Operating Profit (Quarterly)

- Achieved our highest-ever revenue and recorded the expected core operating profit[1]

Revenue



Core Operating Profit[1]



1. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 43)

3 Marketplace—FY2024.6 Q3 Progress

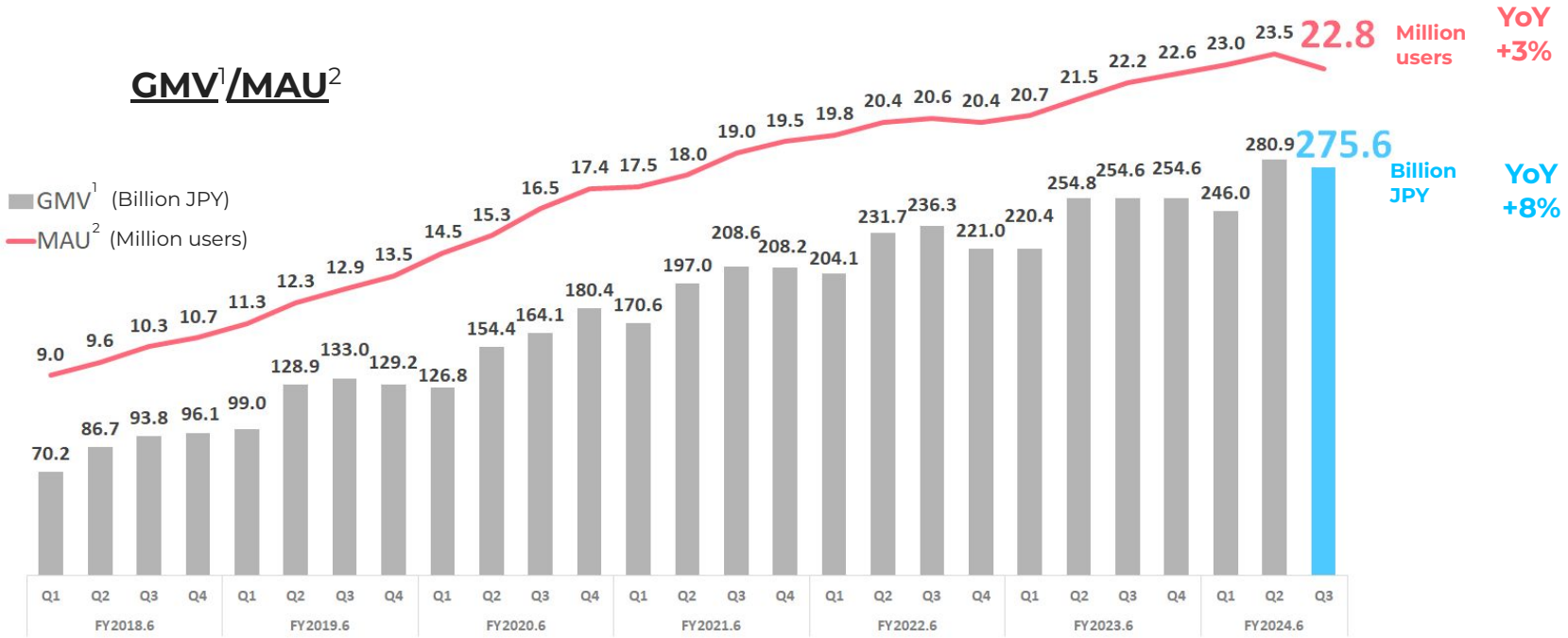
Business Objectives at the Start of FY2024.6	Focus on top-line growth while continuing disciplined investments. Aim to achieve GMV growth of 10% or higher and adjusted[1] core operating margin[2] of 30–40% by focusing on strengthened areas in addition to marketing investments and product developments. Note: The target lower limit for GMV growth of +10% and the target lower limit for adjusted core operating margin of 30% should not be interpreted as paired values.

- **GMV growth rate slowed temporarily in Q3, but we expect a full-year GMV growth rate of +10% YoY**
  - We continued to create Group synergy through the growth of areas to enhance and our loyalty program. However, the impact of such things as *Mercari* security enhancements was the main cause of MAU landing at +3% YoY, resulting in GMV landing at +8% YoY.
- **Product updates for sustainable growth**
  - In March, we launched such things as the *Safe Appraisal* feature and a new shipping method called Mercari Eco Shipping. Starting in Q4, we aim to expand transactions by increasing the use of these features within the product. (See p. 16 and 17 for details.)
- **High profitability continued**
  - We continued to see high profitability with an adjusted core operating margin of 41%, which included investment in *Mercari Hallo*.

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. (see p. 43)

3 Marketplace—GMV/MAU (Quarterly)

- Mainly for the reasons described on the next page, MAU was +3% YoY, resulting in a GMV growth rate of +8% YoY
- Starting in Q4, we expect the GMV growth rate to recover due to efforts in both product and marketing



1. Aggregate transaction value after adjusting for cancellations; aggregates C2C and B2C figures
2. Quarterly average number of users who browsed our service (app or web) at least once during a given month

3 Marketplace—Main Reasons for Decreased MAU in Q3

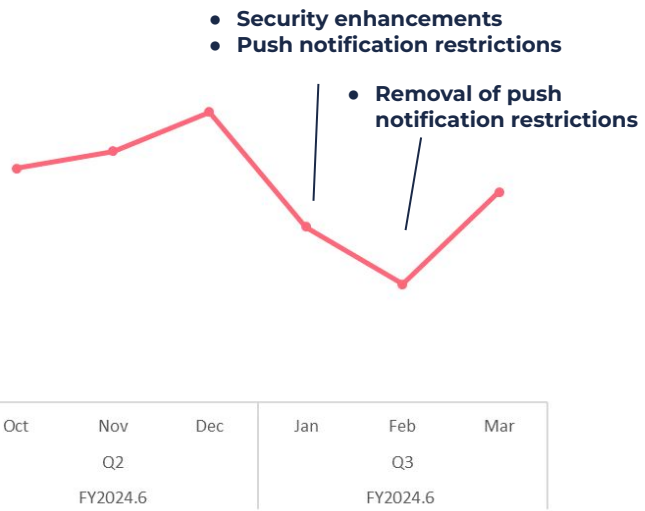
Main Reasons

- **Security enhancements**
  Mercari security enhancements implemented in January caused errors to occur for a portion of users, such as in the registration process, which affected the access to our services
- **Push notification restrictions**
  Access to the product fell because of the push notification restrictions applied in reaction to the Noto Peninsula earthquake (Push notification restrictions were removed in February)

Improvement of MAU

- The impact of security enhancements and push notification restrictions improved in March compared to January and February

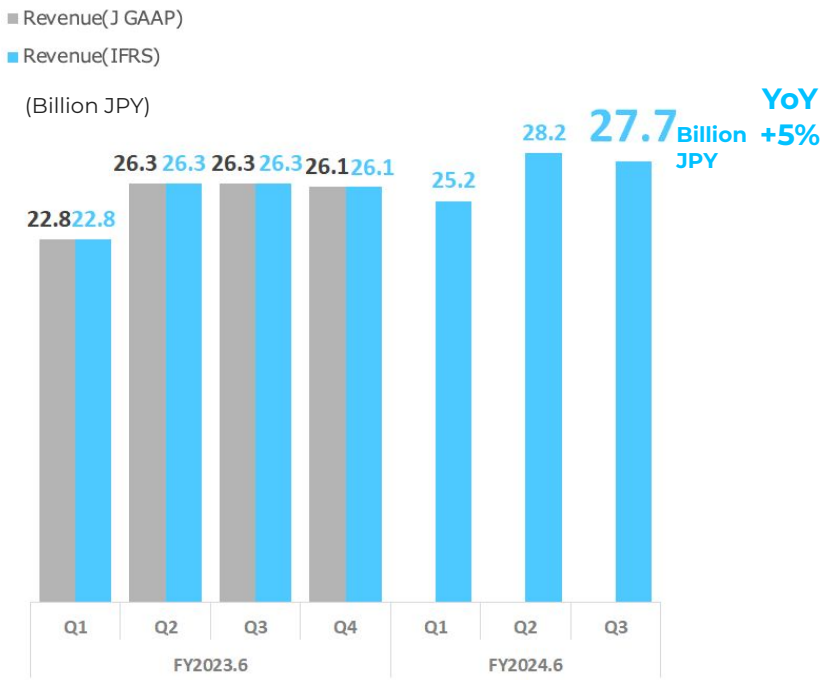
MAU (Oct 2023–Mar 2024)



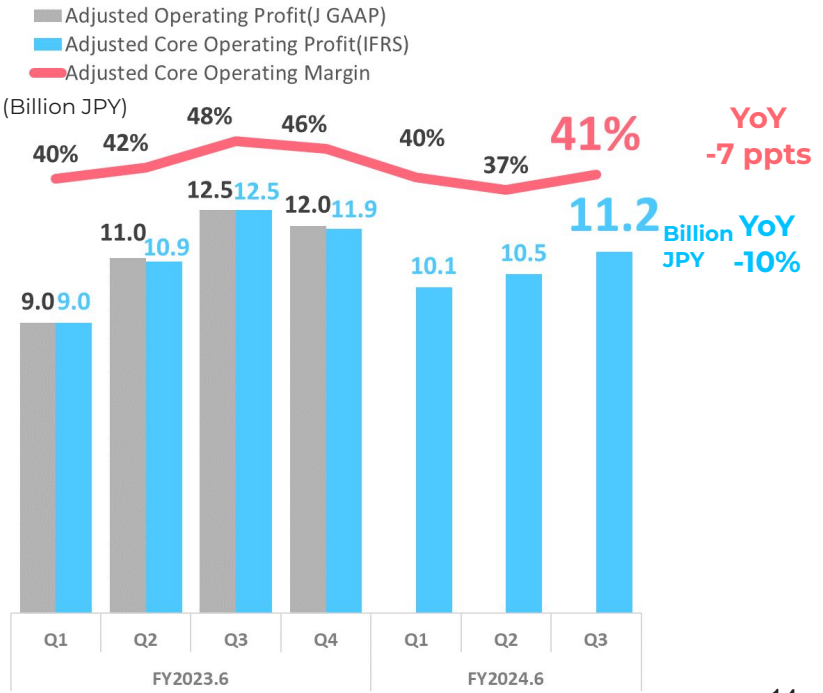
Marketplace—Revenue & Adjusted Core Operating Profit (Quarterly)

- By continuing to execute management that consciously balances growth and profitability while striving to create new businesses, we have realized an adjusted core operating margin of 41% and high profitability

Revenue



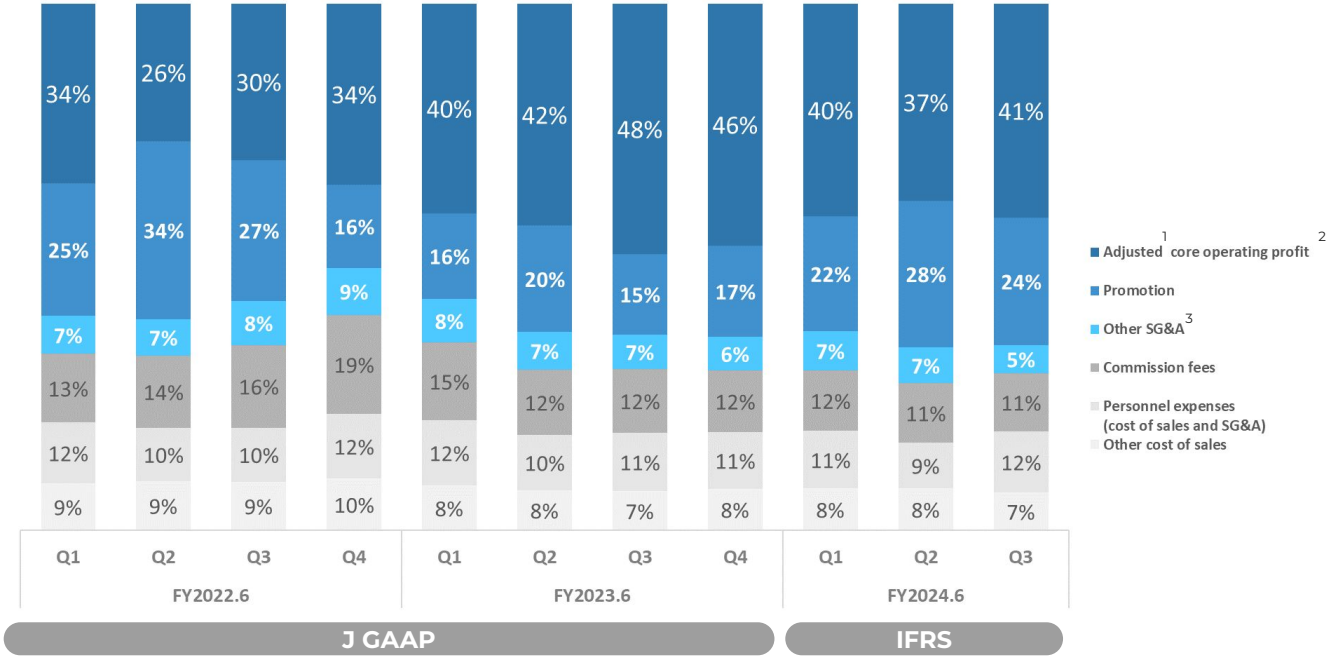
Adjusted[1] Core Operating Profit/Margin[2]



1. Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)
2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 43)

3 Marketplace—Cost Composition (Quarterly)

- As a result of recruitment for the growth of our existing businesses and the creation of new businesses, personnel expenses increased, but we achieved high profitability with an adjusted core operating margin of 41% due to disciplined investments

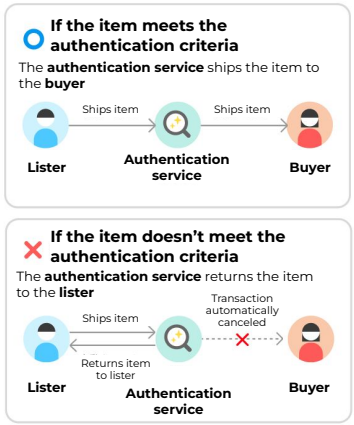


1. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)
2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 43)
3. Outsourcing expenses, land rent and depreciation, etc.

3 Marketplace—Progress of Product Initiatives for GMV Growth

Activating Transactions for High-Price Items

- Released the *Safe Appraisal*[1] feature in collaboration with the authentication service Fakebusters



Appraisal Fees

Category	Cost (tax included)
Sneakers	1,900 JPY
Trading cards (one unopened box)	1,700 JPY
Trading cards (one card)	1,700 JPY
Handbags	4,500 JPY

Simplifying Listing

- Released multiple features, such as *Easy Listing*, which enables users to list items in as little as 15 seconds



1. Launched March 4, 2024. The service submits a request to IVA Co., Ltd., which operates the authentication service Fakebusters leveraging AI, to authenticate whether or not an item listed on Mercari is authentic or not. The transaction only proceeds if the item is deemed to meet the criteria established by IVA.

3 Marketplace—Progress of Enhancing Shipping Services

- Enhanced shipping services to encourage more use of *Mercari* and enhance the listing experience
- In addition to low-cost shipping services to reduce the burden on users, also launched Eco Mercari Shipping, which aims to reduce the burden on delivery companies and on the environment

FY2021.6

Reducing user burden

Pick & Pack TanoMer Shipping

Shipping service that includes packing and pickup

Reducing delivery burden

Reducing environmental burden

Support for drop-off delivery

A contactless way for buyers to receive packages at a specified place

Reducing user burden

Reducing delivery burden

Yu Packet Post

A service enabling sellers to ship items from mailboxes

FY2023.6

Reducing user burden

Shipping from Fulltime Lockers

Support for sellers shipping items using Fulltime Lockers, an apartment delivery locker service

Reducing user burden

Reducing delivery burden

Shipping from SMARI

Support for sellers shipping items using SMARI, a contactless shipping service

FY2024.6

Reducing user burden

Reducing delivery burden

Yu Packet Post Mini

An anonymous shipping method costing 160 JPY

Reducing user burden

Reducing delivery burden

Reducing environmental burden

Eco Mercari Shipping (New!)

Launched Eco Mercari Shipping



- Low-price, fixed-rate shipping for packages up to 100-size[1]
- Reduces the delivery and environmental burden by using drop-off delivery

Reducing user burden

Reducing delivery burden

Reducing environmental burden

1. Limited to Tokyo, Kanagawa, Saitama, and Chiba at launch. Eligible areas/package sizes to be expanded going forward.

3 Marketplace—Launch of *Mercari Hallo* (On-Demand Work)

- Launched *Mercari Hallo* in Tokyo and the three surrounding prefectures on March 6 and saw a strong start, reaching 2.5 million registrations in the first month of operation[1] and connecting with 50 thousand partner locations
- Began nationwide expansion of the service on April 16

Strong Start



Mercari Hallo reached 2.5 million registrations in the first month of operation

Major Business Operators

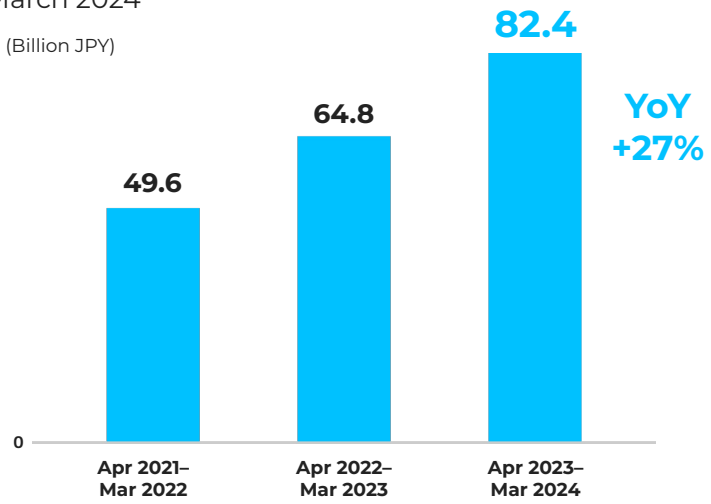
- Offers a wide range of job listings, including in the service industry (convenience stores, retail, food and drink, distribution, hotels, etc.) and warehouse work

1. The cumulative number of users who have agreed to the terms of service for *Mercari Hallo* (as of April 5)

Marketplace—Growth Potential of *Mercari Hallo* (On-Demand Work)

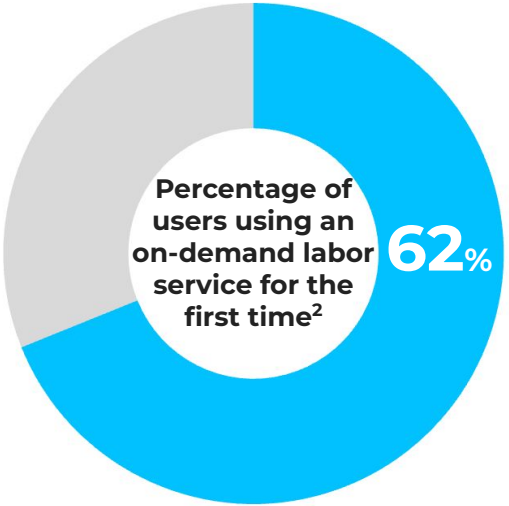
Market Size of On-Demand Labor Services[1]

The market size is expanding and was expected to reach 82.4 billion JPY in the year from April 2023 to March 2024[1]



Mercari Hallo

62% of service users reported that *Mercari Hallo* was their first experience using on-demand labor[2]



1. Source: Yano Research Institute Ltd., "Survey on the On-Demand Labor Service Market (2023)" (published February 19, 2024). a. "Market size" is the total of the one-off job listing information service market, short-term job talent referral service market, and talent matching service market. b. The market of one-off job listing information services and the market of talent matching services are based on revenue of service providers. The market of short-term job talent referral services is the fee income of job referral businesses targeting temporary day laborers, which is estimated by Yano Research Institute based on quantitative and qualitative information gained through surveys and the Ministry of Health, Labour and Welfare's "Collected Results of Job Referral Business Reports" (FY2021) and "Monthly Labor Statistics Report" (FY2022). The figures for the year from April 2023 to March 2024 are forecasts.
2. Registered users who worked shifts through *Mercari Hallo* in March (number of respondents = 330)

3 Fintech—FY2024.6 Q3 Progress

Business Objectives at the Start of FY2024.6

Focus on acquiring *Mercard* holders and aim to enhance Group synergy

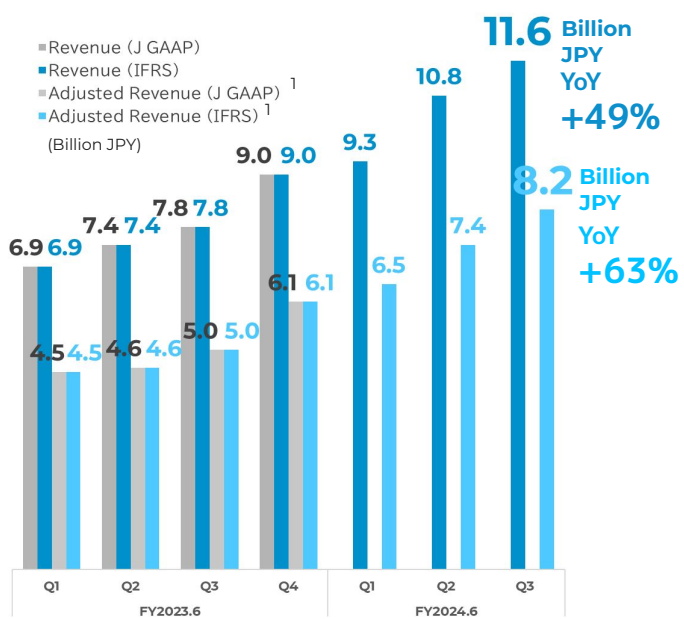
- **Expanded Group synergy by acquiring *Mercard* holders**
  - Strengthened investment to match spring, a time of year when many people start new chapters of their lives; this showed results as *Mercard* surpassed 3 million cards issued and the creation of Group synergy progressed (see p. 22 for details)
- **Continued to see high revenue growth**
  - Credit balance showed solid growth of +67% YoY, and revenue continued its high growth at +49% YoY; maintained a high level of collection rate as well
- **Drove the growth of accounts in the cryptoasset industry**
  - Surpassed 2 million cryptoasset accounts[1], resulting in accounts created on Mercari making up 63% of all new cryptoasset accounts in the past year[2]; the number of payments made on *Mercari* using bitcoin also surpassed 100 thousand in one month since the feature launched

1. As of March 31, 2024
2. According to cryptoasset monthly trading data of the Japan Virtual and Crypto assets Exchange Association between February 28, 2023, and February 29, 2024

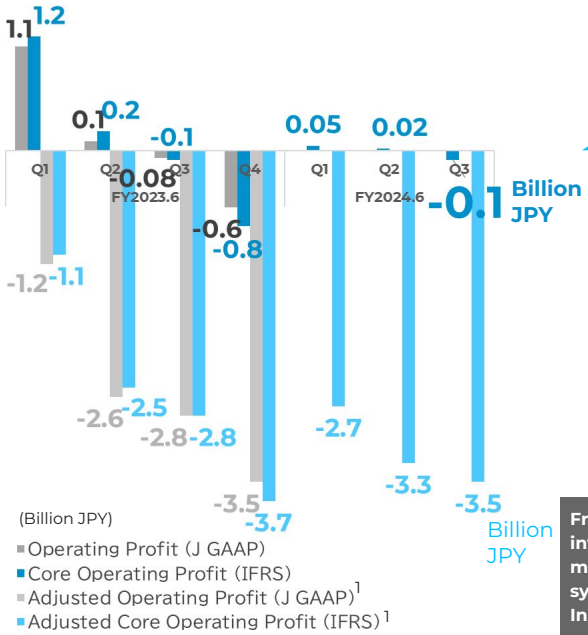
Fintech—Revenue and Core Operating Profit (Quarterly)

- Revenue increased +49% YoY due to the growth of *Mercard*
- Recorded a core operating loss as a result of strengthening investments with the goal of acquiring *Mercard* holders

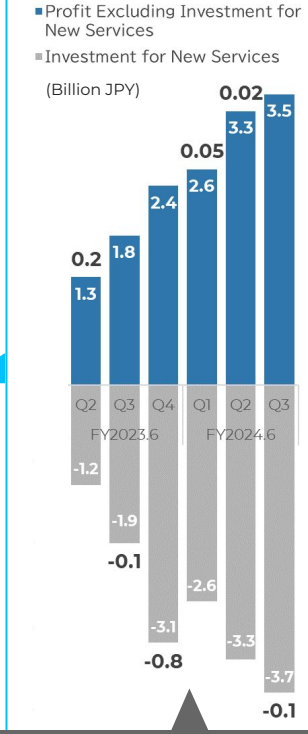
Revenue



Core Operating Profit[2]



Breakdown of core operating profit[3]



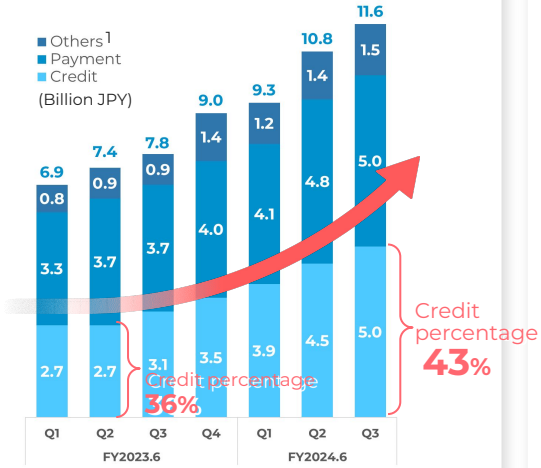
From Q1, transitioned *Mercard*-related investments to a framework in which they are made jointly with Marketplace, as they create synergy such as an increase in *Mercari* GMV. Including Marketplace's investments, the total amount of *Mercard*-related investments has continued to increase in Q1 and beyond.

1. Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)
2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc. (see p. 43)
3. Investment for new services: For management accounting purposes, total of costs related to the promotion of *Mercard* and bitcoin trading services, and point-back rewards related to *Mercard* usage; profit excluding investment for new services: Core operating profit (IFRS) minus the amount invested in new services

3 Fintech—Group Synergy Created by *Mercard*

Strengthening Fintech profitability

Mercard drives revenue growth for Fintech, as shown by the percentage of revenue from the credit business increasing from 36% (at launch of *Mercard*) to 43%



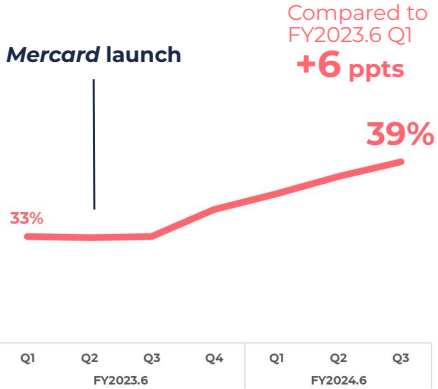
Promoting the further growth of Marketplace GMV

ARPU[2] of *Mercard* holders on *Mercari*[3]

Approx. 50% higher

Reducing processing fees within Marketplace

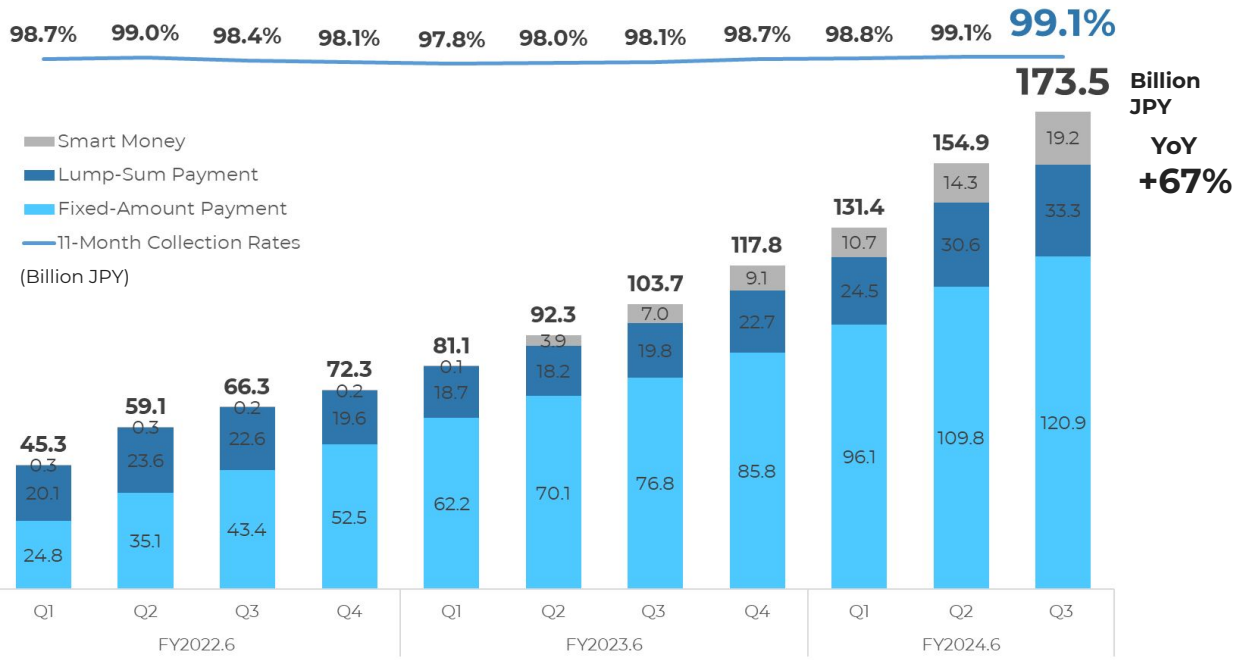
The percentage of payments made on Marketplace using Mercari products increased by 6 ppts compared to when *Mercard* was first launched[4]



1. Includes revenue of Mercoin, Inc., bank withdrawal fees, expiration and seizure of sales balance, and *Mercard* reissuance fees, etc.
2. ARPU: Average revenue per user
3. Average ARPU for FY2024.6 Q3 of all users who signed up for *Mercard* in the entire period since *Mercard* was launched. Figures were adjusted in the interest of executing an apple-to-apple comparison. In order to calculate the ARPU increase rate after having accounted for the difference between non-*Mercard* holders and *Mercard* holders, who tend to be highly loyal users and have a high ARPU, a fixed correction was applied to the ARPU value of non-*Mercard* holders and used in the aforementioned calculation. This correction was applied in order to upwardly adjust the ARPU value of non-*Mercard* holders prior to the increase to be the same level as that of *Mercard* holders.
4. The percentage of payments made on *Mercari* using *Merpay* wallet balance, *Merpay Smart Payments* (lump-sum/fixed-amount payment), or bitcoin payment

3 Fintech—Credit Balance[1] and Collection Rate[2] of Credit Services (Quarterly)

- Maintaining a high collection rate as credit balance increases, building both a sound service and a financial foundation



1. *Merpay Smart Payments* (lump-sum payment or fixed-amount payment) and *Smart Money* credit balance as of March 31, 2024 (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 and fixed-amount payment) and *Smart Money* billed in the past 11 months (excludes bankruptcy reorganization debt)

3 US—FY2024.6 Q3 Progress

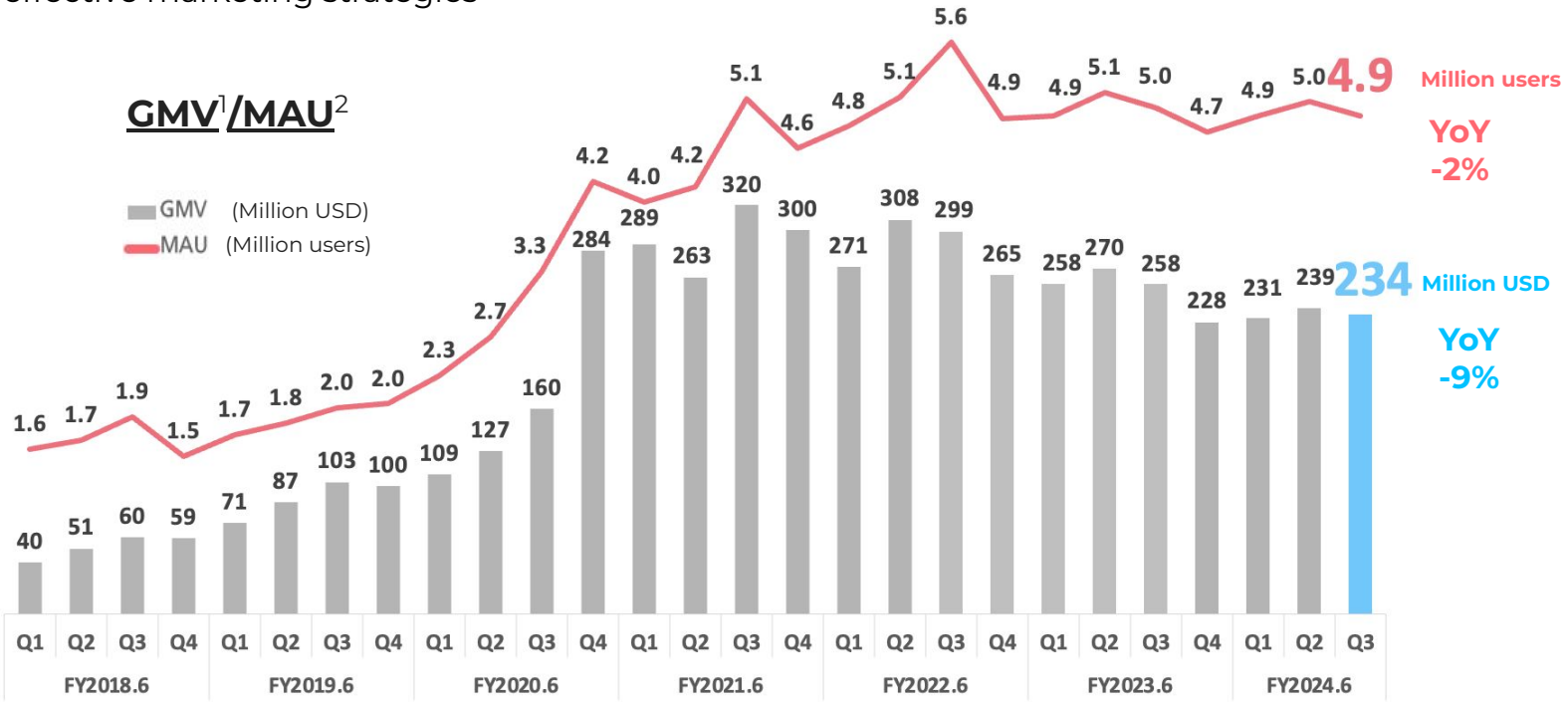
Business Objectives at the Start of FY2024.6	Focus on refining the product to strengthen retention of existing users and aim to get back on track for growth Focus on engaging Gen Z for future growth

- **Changed fee model and carried out rebranding** (for details, see p. 27 and p. 28)
  - Switched to a business model where buyers pay fees instead of sellers, with the goal of activating transactions; aiming to contribute to GMV in the future, but expecting minimal impact on revenue and adjusted operating profit for FY2024.6
- **Adjusted operating loss[1] continued to shrink YoY**
  - Carried out disciplined investments and cost control
- **Saw signs of improvement in the number of purchases and focused efforts on getting back on track for growth**
  - Also saw signs of improvement in number of purchases, which had been an issue; will continue to focus efforts on improvements, mainly in the product, to work toward getting back on track for growth

1. This is based on US GAAP; adjusted operating profit after non-cash items (i.e., stock-based compensation and depreciation) are deducted

3 US—GMV/MAU (Quarterly)

- While the impact of external factors such as inflation continued, beginning to see signs of improvement in the number of purchases as a result of continuous product updates and effective marketing strategies



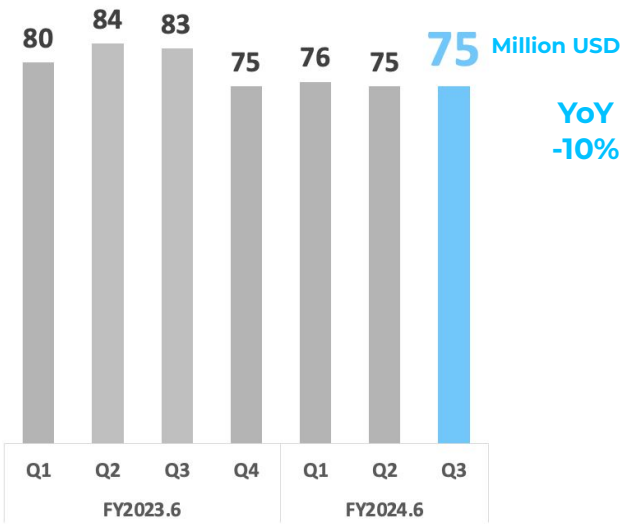
1. Aggregate transaction value after adjusting for cancellations
2. Quarterly average number of users who browsed our service (app or web) at least once during a given month

3 US—Revenue/Adjusted Operating Profit (US GAAP/Quarterly)

- Adjusted operating loss continued to improve YoY due to disciplined investments and cost control

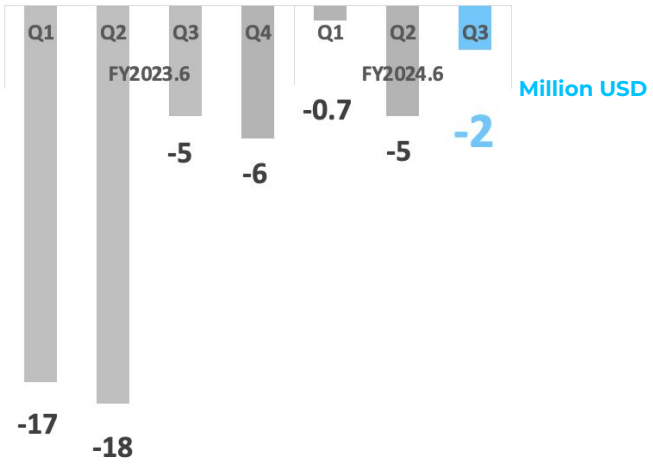
Revenue

(Million USD)



Adjusted Operating Profit[1]

(Million USD)



Financial Results Presentation Material

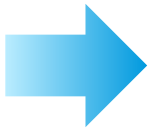
1. Adjusted operating profit after non-cash items (i.e., stock-based compensation and depreciation) are deducted

3 US—Change of Fee Model

- Removed selling fees and changed to a model where the buyer pays fees, aiming to increase listings and activate purchases by establishing a system in which fee rates fluctuate based on supply and demand in the future
- While the change has only recently gone into effect, KPIs such as number of listings and new user acquisition are showing signs of improvement; expecting minimal impact on revenue and adjusted operating profit for FY2024.6

Before

Lister pays
Selling fee: 10%
Payment fee:
2.9% + $0.50



After

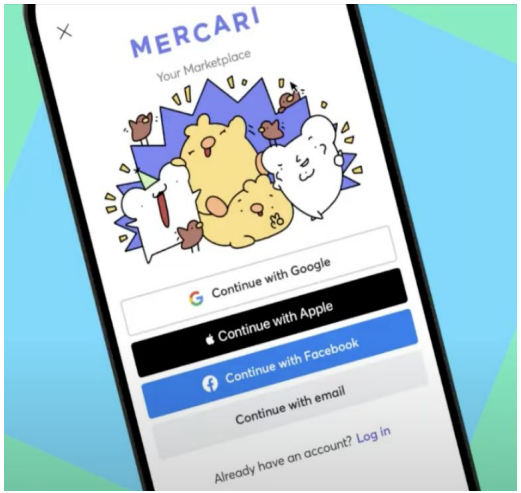
- **Buyer** pays
  Service fee: Rate depends on category, brand, and other factors
  Payment fee: 2.9% + $0.50
- Relaxed conditions for returning items after purchase
  (No significant increase in return rate seen as of now)

1. Rolled out on March 27, 2024 (local time)

US—Initiatives to Attract Gen Z

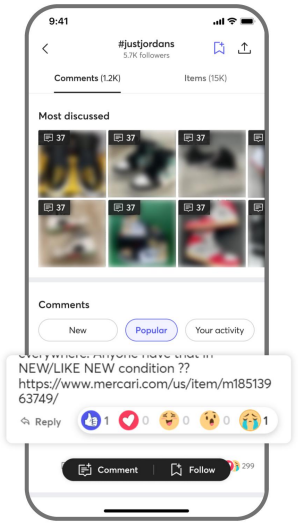
Rebranded to Attract Gen Z

Carried out a bold redesign, including using mascot characters; aiming to enhance Mercari's appeal for Gen Z



Updated Community Features

Aiming to encourage communication between users with added features such as community recommendations and sticker reactions



Appendix

4 Disclosure of Data Sheets

- Started to disclose company data sheets from FY2024.6 Q3
- Business results and KPIs are summarized in the data sheets, which include the results that used to be disclosed in the appendix of presentation materials

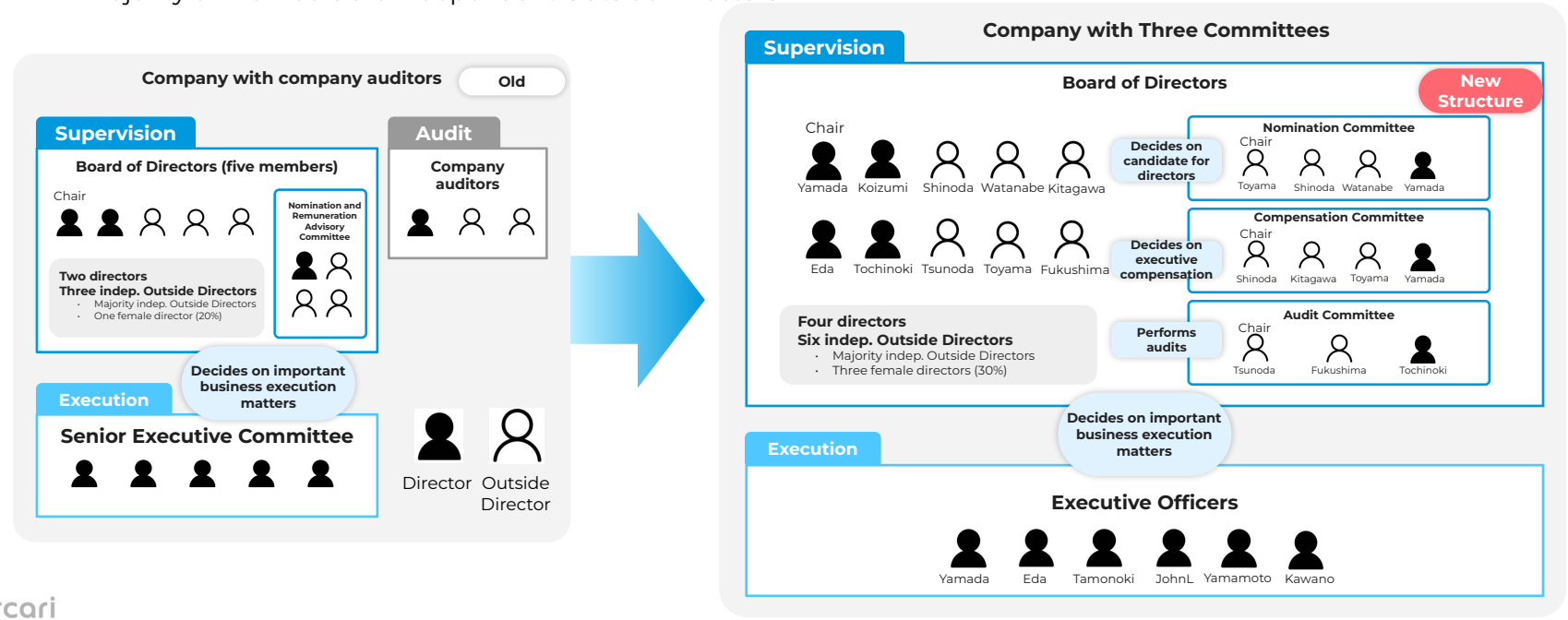


4 Focus Areas and Objectives for Each Material Topic

Material Topic	Focus Areas	FY2024.6 Objectives
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	• 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	• 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	• 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	• 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 inclusion & diversity	Promote I&D 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

4 Transition to a Company with Three Committees, a Global Standard

- 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 from FY2024.6
- 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



4 New Board of Directors Structure

- 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 Officer and CEO



Fumiaki Koizumi
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

4 Strong Governance Structure (Independent Outside Directors)



Makiko Shinoda
Chair of the Compensation Committee



Masayuki Watanabe



Takuya Kitagawa

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)

- Managing Executive Officer, CDO of Technology Division of Rakuten Group, 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)

Reasons for Selection as Outside Directors

- Professional knowledge and deep experience in I&D, 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

4 Strong Governance Structure (Independent Outside Directors)



Daiken Tsunoda
Chair of the Audit Committee



Kazuhiko Toyama
Chair of the Nominating Committee



Fumiyuki Fukushima

Background

- 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. (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, Lawyer (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.
- Representative Director, President of Japan Platform of Industrial Transformation, Inc. (current position)
- Chairman of Industrial Growth Platform, Inc. IGPI Group (current position)
- Chairman of General Incorporated Association Japan Association of Corporate Directors
- Outside Director of Kuroda Precision Industries Ltd. (current position)

- Koyo Audit Firm
- KPMG AZSA & Co. (currently KPMG AZSA LLC)
- Outside 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)
- Outside Director of dely, Inc. (current position)

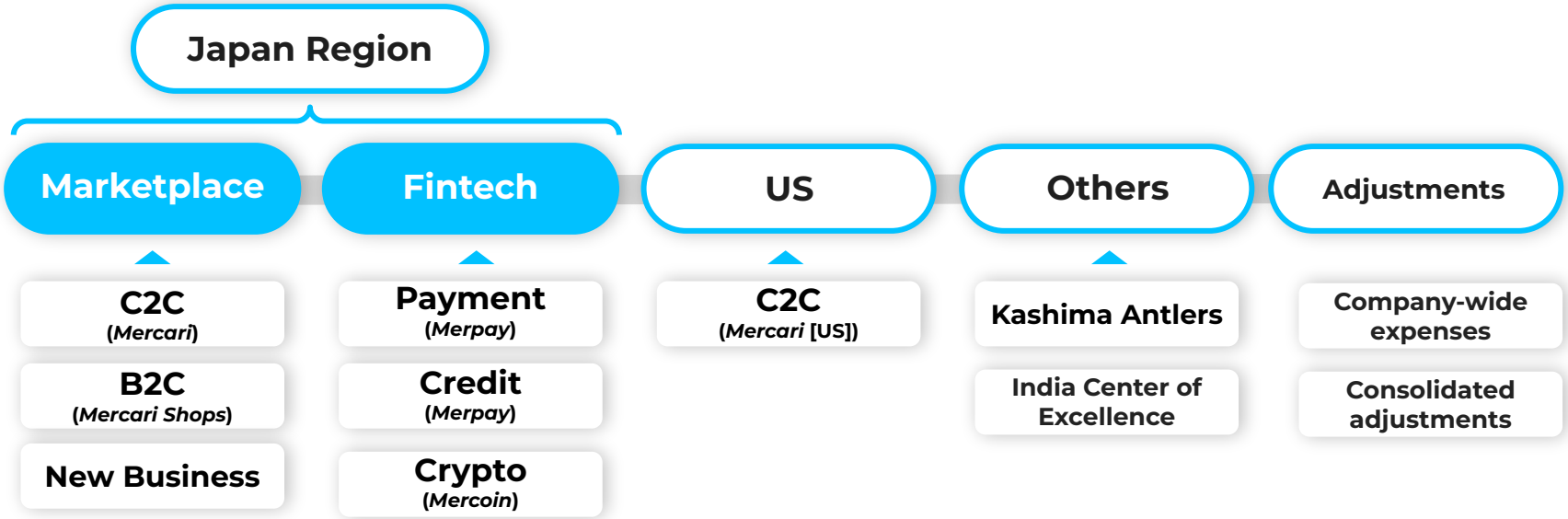
Reasons for Selection as Outside Directors

- 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

4 Business Segments



4 Medium-Term Targets & Investment Plans

Business Area	Medium-Term Objectives	Future Major Investment Areas
Group-wide	■ 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	• Strengthening AI, LLM, and data infrastructure • Strengthening safety and security of the service for users • Maintaining information security • Promoting I&D • Building global business
Market-place	■ 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	• Promoting cross-use by improving the UX and strengthening AI • Strengthening engagement, centered around the loyalty program • Moving ahead with areas to enhance (crossborder transactions, category growth, and B2C) • Promoting the on-demand labor business
Fintech	■ Contribute to maximizing *Mercari*'s GMV and decreasing payment processing fees to drive Marketplace growth ■ Become the second pillar of profitability in Mercari Group	• Acquiring *Mercard* holders and encouraging use • Strengthening credit (AI credit, etc.) • Enhancing UX using blockchain
US	■ Engage Gen Z and establish name recognition and the reputation as "the easiest and safest selling app"	• Expanding the user base and activating existing users • Enhancing UX, including simplifying listing • Expanding transaction methods

4 Investment Policies

	Through FY2022.6 H1	FY2022.6 H2–FY2023.6	FY2024.6
Mid-term objectives	■ 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	■ Prioritize strong top-line growth	■ Aim to balance growth and profitability	■ Focus on growth while continuing management that balances growth and profitability
Investment policy	■ Invest aggressively in areas that contribute to mid- to long-term growth	■ 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	■ Invest in creating new businesses and accelerating growth of existing businesses with sights set on the next ten years

4 FY2024.6—Investment Policy and Details by Business

	Investment policy and main investments
Marketplace	**Focus on top-line growth while continuing disciplined investments** ■ 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 ■ Promoting the on-demand labor business
Fintech	**Make disciplined investments in *Mercard* and the credit business, aiming to maximize Group synergy and further enhance profitability** ■ Acquiring *Mercard* holders and encouraging use ■ Enhancing accuracy of AI credit and strengthening collection ability ■ Popularizing the bitcoin trading service on *Mercari* and providing features that enhance the UX, such as enabling users to make bitcoin payments
US	**Invest in product development and effective marketing to activate existing users** ■ Carrying out marketing with the main goal of strengthening retention of existing users ■ Simplifying listing and expanding transaction methods to engage Gen Z

4 Financial Policies

Consolidated	• Strengthen our capital through management focused on balancing growth and profitability • Diversify debt financing methods, lengthen financing periods, and spread out repayment periods to strengthen our financial foundation
Fintech	• Promote non-recourse[1] receivable liquidation as our basic financing policy • Maintain/enhance our collection rate • Strengthen balance sheet management through asset and liability management (ALM)[2]
Approach to Shareholder Returns	• For the time being, we will prioritize strengthening our financial foundation through investment in growth opportunities and our internal reserves; we do not have plans to pay dividends at present

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

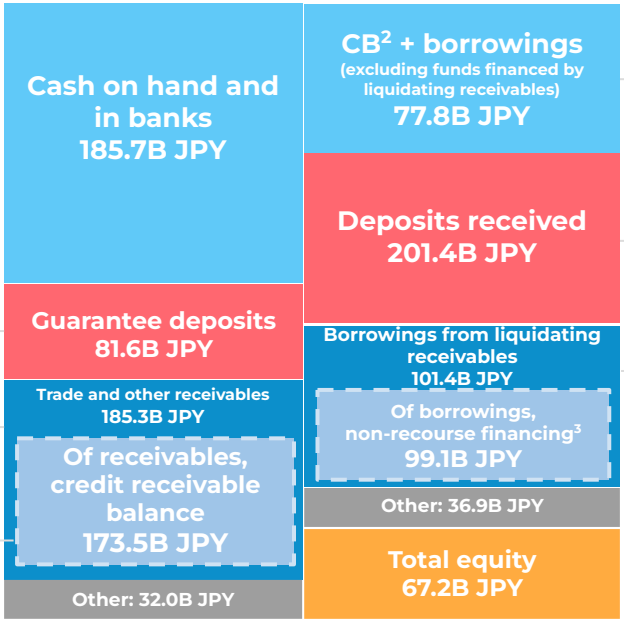
4 Major Itemization of Consolidated BS

- 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[1] 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 Services with financial institutions

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

Credit balance from *Merpay*'s credit services



Total assets at end of FY2024.6 Q3: 456.5B JPY

CB² and long-term borrowings

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[1] financing for a portion of liquidated receivables.

Financial Results Presentation Material

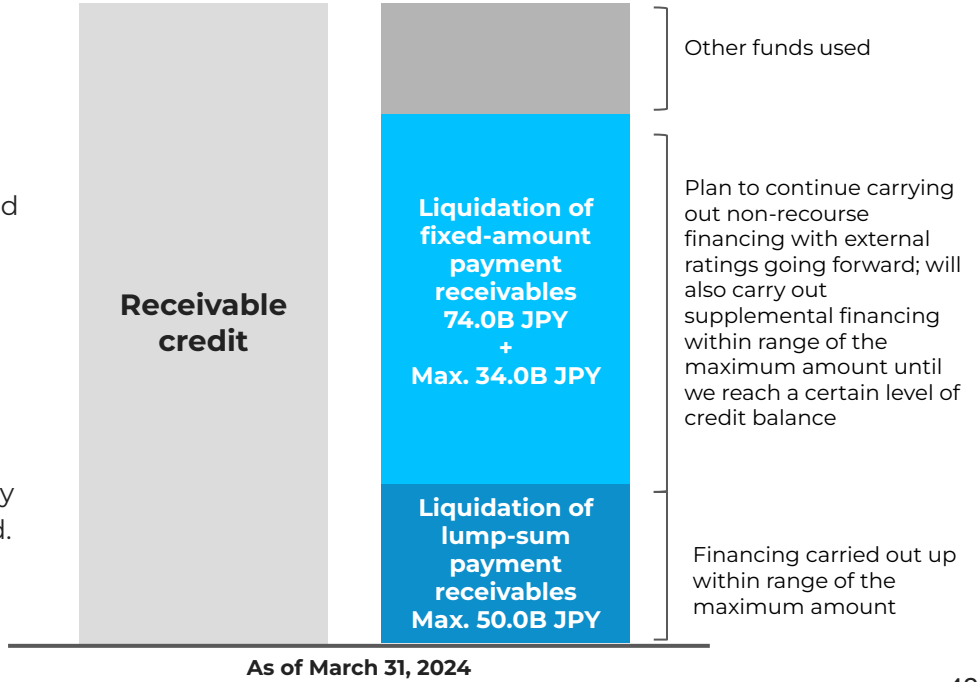
1. A method of financing in which the amount collected from the credit is the only source of repayment, and the repayment obligation is not borne by Mercari
2. Convertible bond-type bonds with stock acquisition rights issued in July 2021 (due in 2026: 25 billion JPY, due in 2028: 25 billion JPY).
3. Non-recourse financing amount of *Merpay Smart Payments* (lump-sum payment and fixed-amount payment)

4 Fintech—Approach to Financing for Credit Services

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

Liquidation of receivables

- We have received an external rating for *Merpay Smart Payments* fixed-amount payment receivables and carried out non-recourse financing for a total of 74.0B JPY.
- 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.
- We plan to carry out non-recourse financing as necessary to match the growth of our credit services going forward.



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

4 Transition to Disclosure Based on IFRS

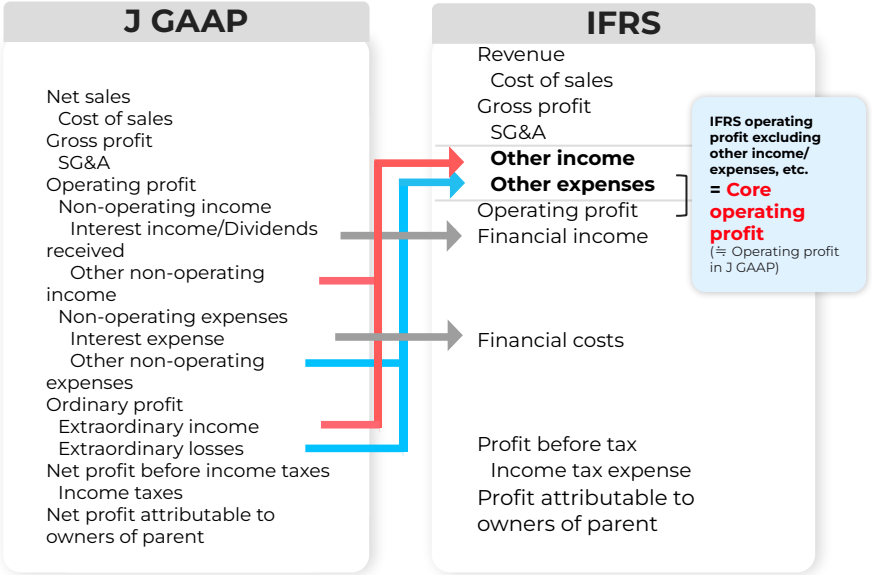
- With the objective of enhancing international comparability, we transitioned to using IFRS in FY2024.6 Q1
- Japan Region now uses core operating profit (defined as IFRS operating profit excluding other income/expenses, etc.) as a KPI, but the impact of the change is negligible

Differences With J GAAP[1]

(Billion JPY)

Consolidated	FY2023.6 J GAAP	FY2023.6 IFRS	Difference	Cause of the difference
Revenue	172.0	171.9	-0.09	Reclassification of transfer fees and removal of discrepancy in consolidation period of the Other segment (Kashima Antlers)
Operating profit/ Core operating profit	17.0	16.7	-0.3	• -0.8B JPY due to difference in standards for stock-based compensation costs, carryover of reserves for paid time off, etc. • +0.3B JPY due to difference in standards for contract acquisition costs in the Fintech business • +0.3B JPY due to difference in standards for taxes and dues
Net profit after income taxes	12.9	13.0	+0.1	• -0.3B JPY difference in operating profit • +0.3B JPY difference due to difference in standards for method of valuation of investments in securities

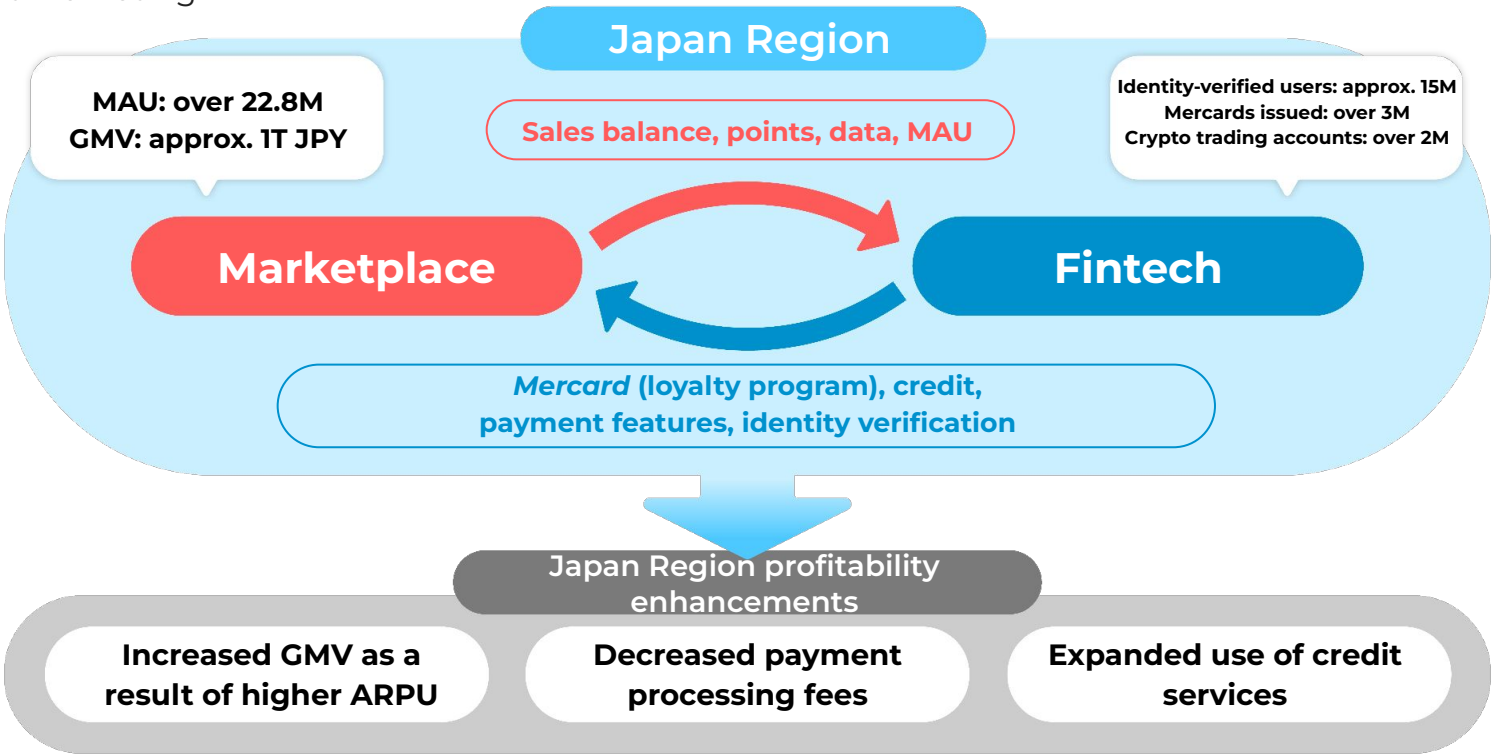
Core Operating Profit



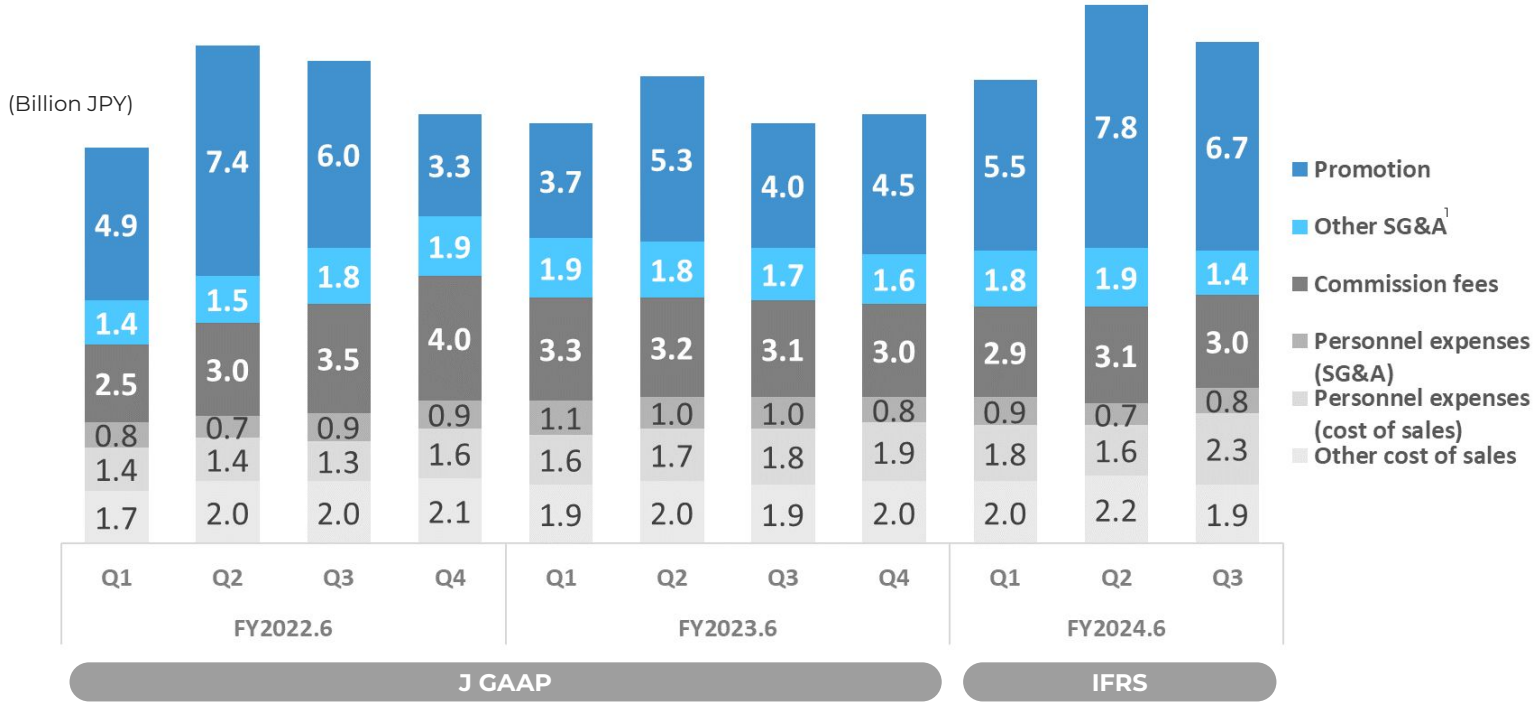
1. Numbers are pre-audit and yet to be finalized

4 Japan Region—Group Synergy Overview

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



4 Marketplace—Cost Composition (Quarterly)



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

4 Marketplace App Market Data

- Mercari's GMV share continues to grow in the expanding online C2C market



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: "FY2022 E-Commerce Market Survey Report", Ministry of Economy, Trade and Industry (published August 31, 2023). Includes B2B and B2C transactions in addition to C2C transactions.
3. 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.
4. Source: Company materials; C2C and B2C GMV from January 2022 to December 2022

4 Marketplace—The Strengths of Our New Business (On-Demand Labor Business)

1 Multi-generation base of over 23.54 million users across Japan

- Our partners can acquire effective crew from the ranks of over 22.80 million potential users (15 million verified) across Japan
- Through surveys[1], we have confirmed that there is interest in on-demand labor from *Mercari* users across a wide range of age demographics

2 Pay, Buy, Sell, Work: four actions, one app

- By paying wages digitally, we aim to provide an experience in the future that eliminates the need to withdraw funds from a bank, allows users to make purchases within and outside of *Mercari*, and also allows them to make *Merpay* repayments seamlessly
- It's easy to use the service because it inherits the Identity verification information and banking information registered on *Mercari*

3 A safe and secure usage environment

- Mercari has built trust as a prime listed company and with a track record of operating a safe and secure marketplace for over 10 years

1. A survey of *Mercari* users (men and women ages 18 to 69) revealed that many users across a wide range of age demographics either had experience with on-demand labor or lacked experience with on-demand labor but had a high level of interest (according to Mercari research)

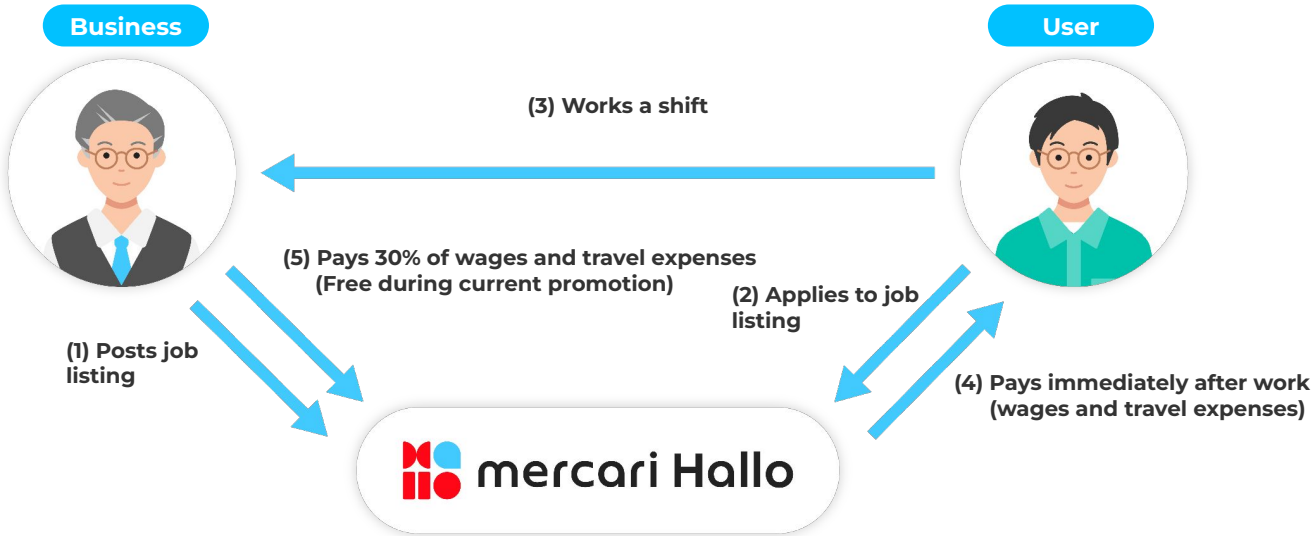
Marketplace—Overview of *Mercari Hallo* (On-Demand Work Service)

Background of growing need for on-demand work

- Diversification of work styles after COVID-19 pandemic
- Labor shortages due to shrinking population and aging society
- Demand for additional income sources due to price hikes

What makes on-demand work unique

- Shifts as short as one hour or one day
- No résumé or interview needed
- Wages are received immediately after work is done



4 Fintech—Services

Payment

Various convenient payment methods available

iD payment

Hold your phone over a reader



Code payment

Scan the code



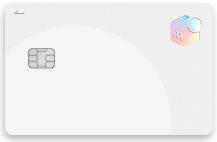
Credit

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

Mercard (Credit card)

Mercard's deferred payment system uses *Smart Payments*





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%

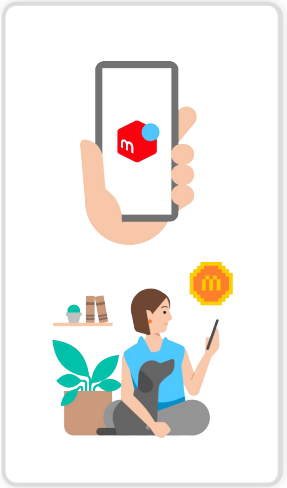


Smart Money

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

Asset Management

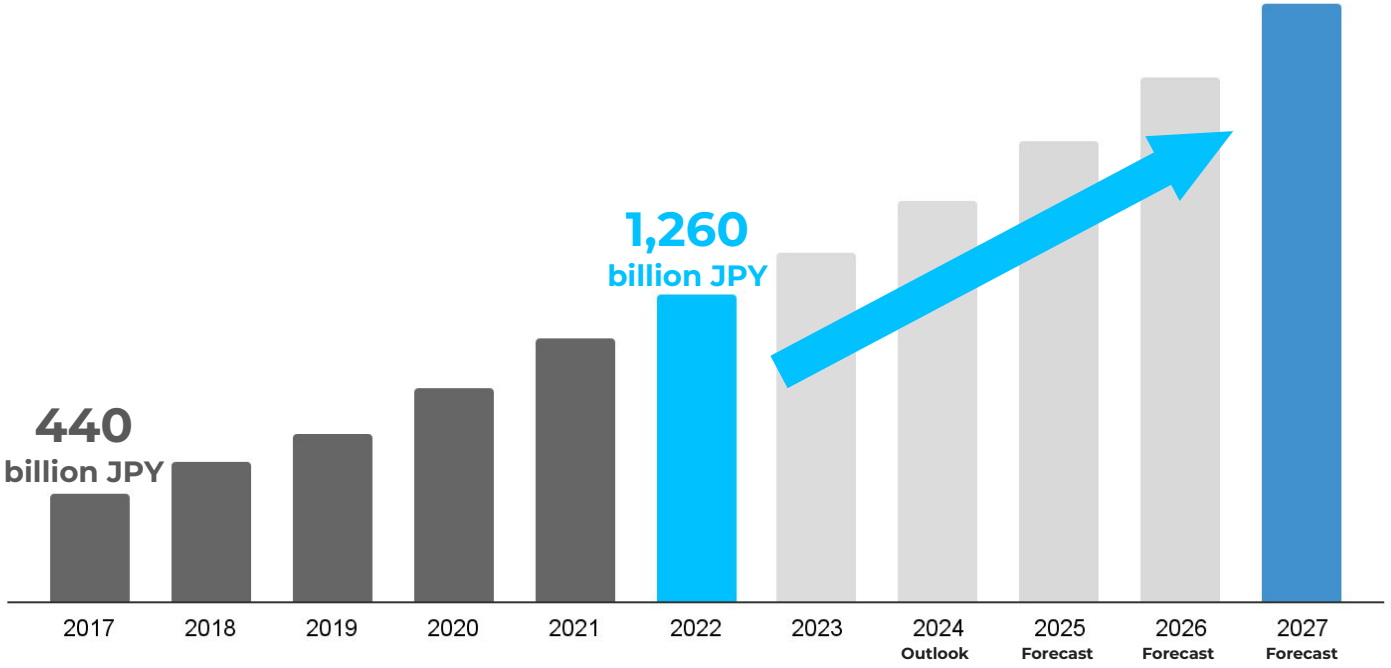
Service that allows users to buy and sell bitcoin from within *Mercari*



4 Fintech—Credit Volume of Deferred Payment in the EC Market[1]

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

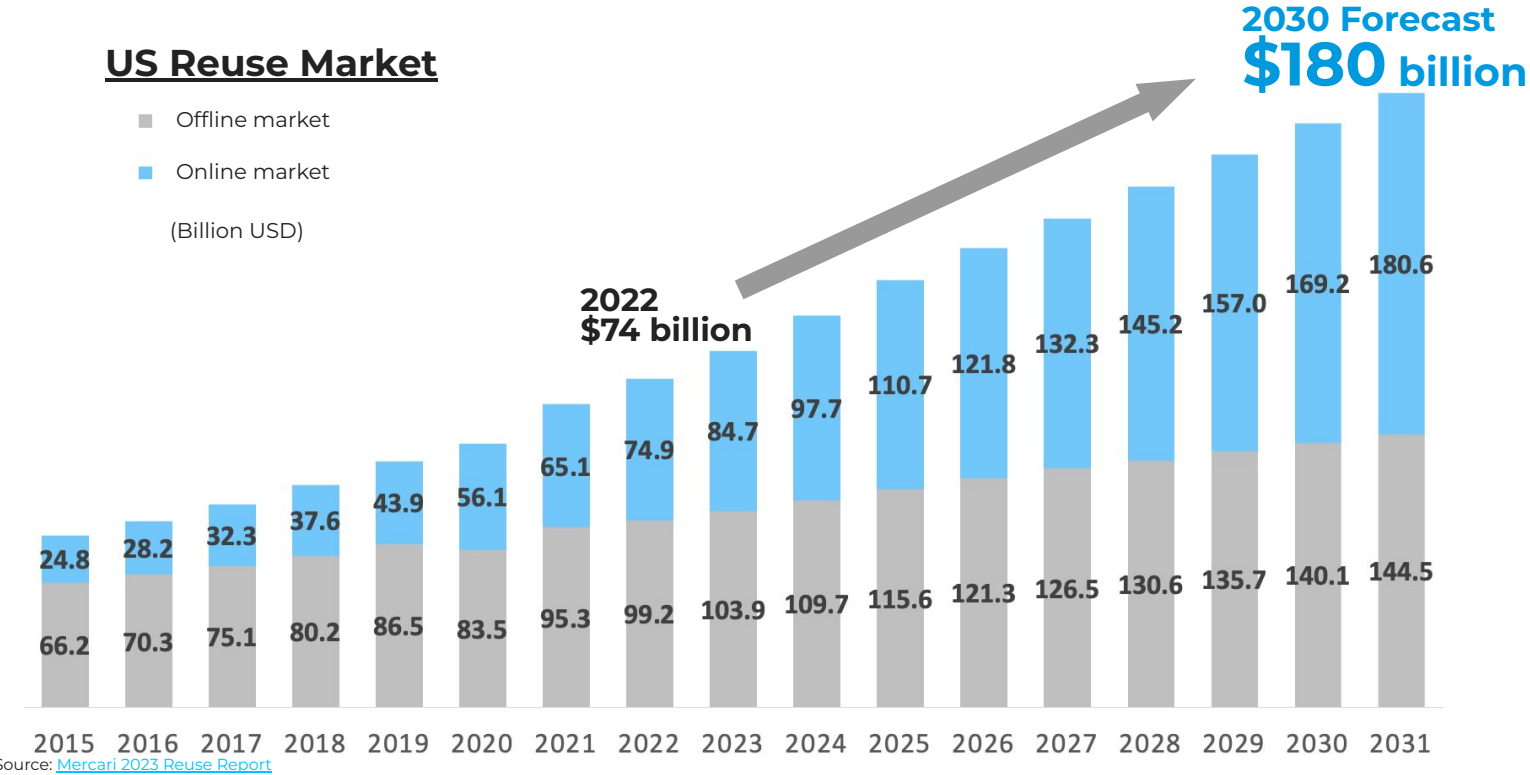
Approx. 2 trillion JPY



1. Source: E-commerce Payment Services (Payment Gateway) Market in Japan: Key Research Findings 2024. Survey by Yano Research Institute (note: based on the transaction amount of deferred payment service providers)

4 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

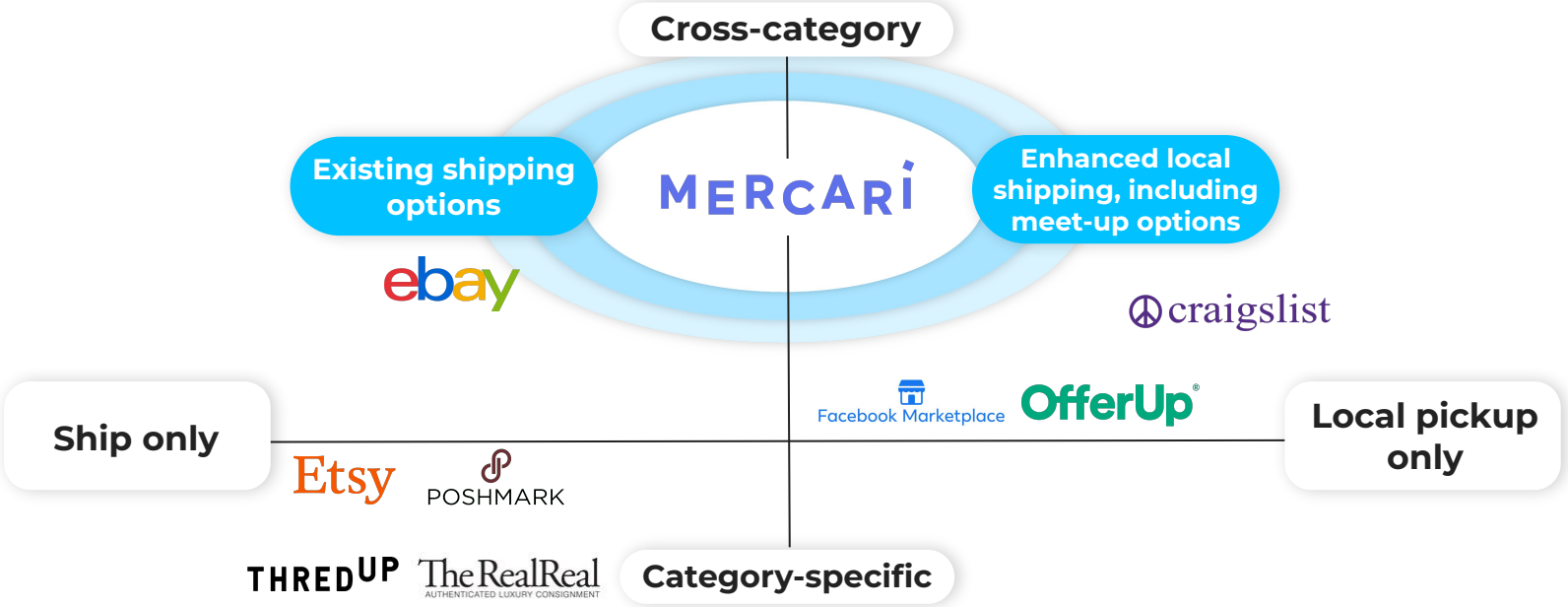


1. Source: Mercari 2023 Reuse Report

Financial Results Presentation Material

4 US—Market Positioning

- Aiming to be "the easiest and safest selling app" by providing a variety of delivery options in addition to continuing to pursue ease of use toward establishing a unique positioning in the US market
- Strengthening regular delivery and expanding transaction methods to enhance user convenience, including meet-up options

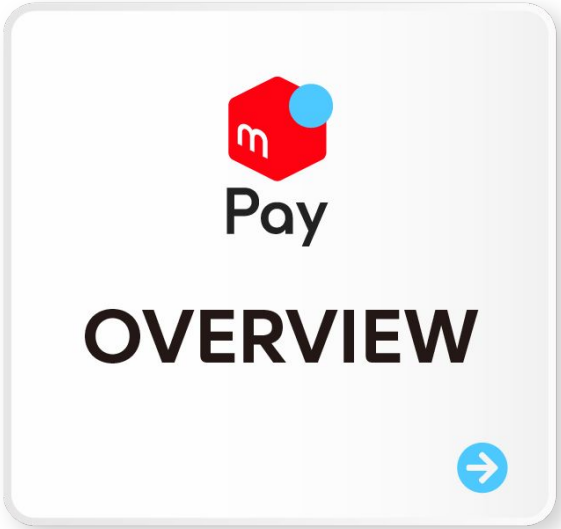


4 For Investors New to Mercari

- Materials that cover basic information regarding Mercari Group



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



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

Disclaimer

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The FY2024.6 Q4 financial results are scheduled to be released at 15:00 or later on August 13, 2024.

mercari

Mercari, Inc. TSE:4385