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Presentation Material

FY2024.6



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FY2024.6 Summary

FY2024.6 Summary—Record-Level Revenue and Core Operating Profit[1]

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Business Objectives at the Start of FY

- Consciously balance growth and profitability
- Create new businesses and accelerate the growth of existing businesses while looking ahead to the next 10 years

Strengthening Profitability of Existing Businesses

Marketplace

Adjusted[2] core operating margin:
40%
(upper limit of full-year target)

Fintech

Revenue growth rate: **40%**
Positive core operating profit

US

Significantly **reduced loss**
Cut core operating loss by 4.2B JPY (YoY)[3]

Growth of New Areas/ Areas to Enhance

Mercard

Issued over
3.4M
Mercards

Mercari Hallo

Reached more than
5.0M registered users
in the first three months of service

Crossborder/B2C

Grew crossborder transaction GMV
3.5x (YoY)
Grew B2C GMV **2.7x** (YoY)

Future Challenges

Marketplace GMV Growth Rate

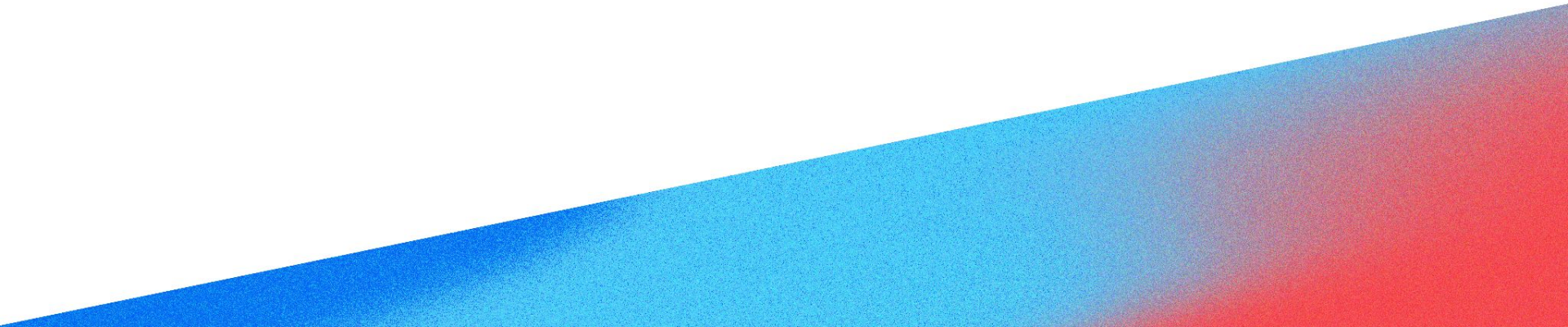
+9% (YoY)
Did not achieve full-year target (+10% or higher)

US GMV Growth Rate

-10% (YoY)
Did not get back on track for growth

1. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.
2. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees).
3. Based on IFRS core operating profit

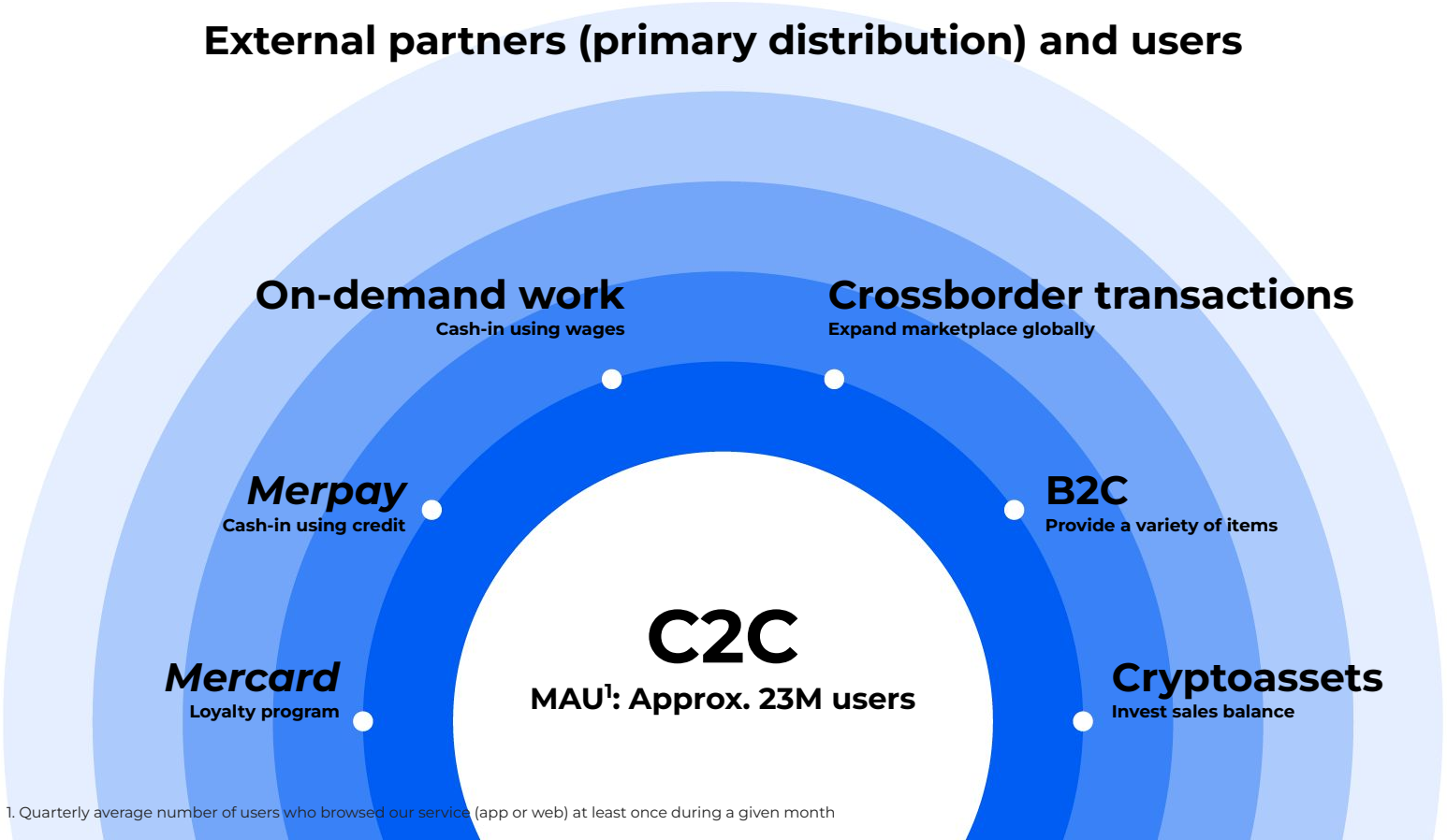
Mid-Term Policy





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

Business Growth Leveraging C2C Base



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

Mid-Term Objectives of Main Businesses

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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

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

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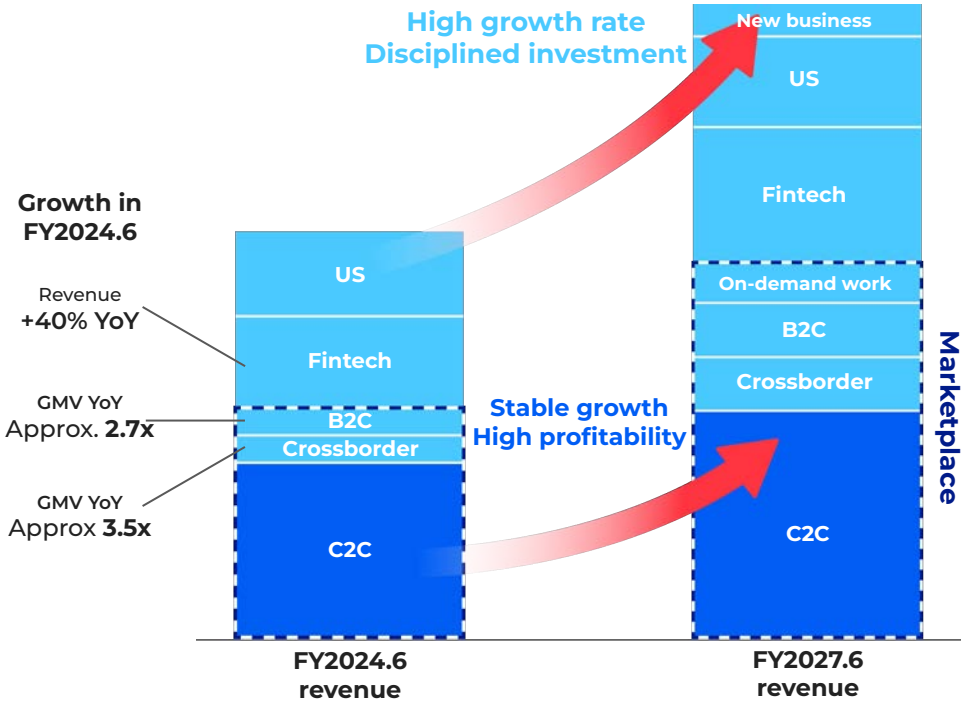

Market size of high growth areas

- 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.[2]
- The deferred payment market for 2027 is projected to be worth 2.4T JPY, which is double the size of the market in 2022.[3]
- Annual potential size of the on-demand work market is approximately 5T JPY[4]
- 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.[5]
- 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.[6]

Market size of stable growth areas

- Annual potential size of the C2C market (estimated value of unneeded items): Approx 7.6T JPY[7]

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

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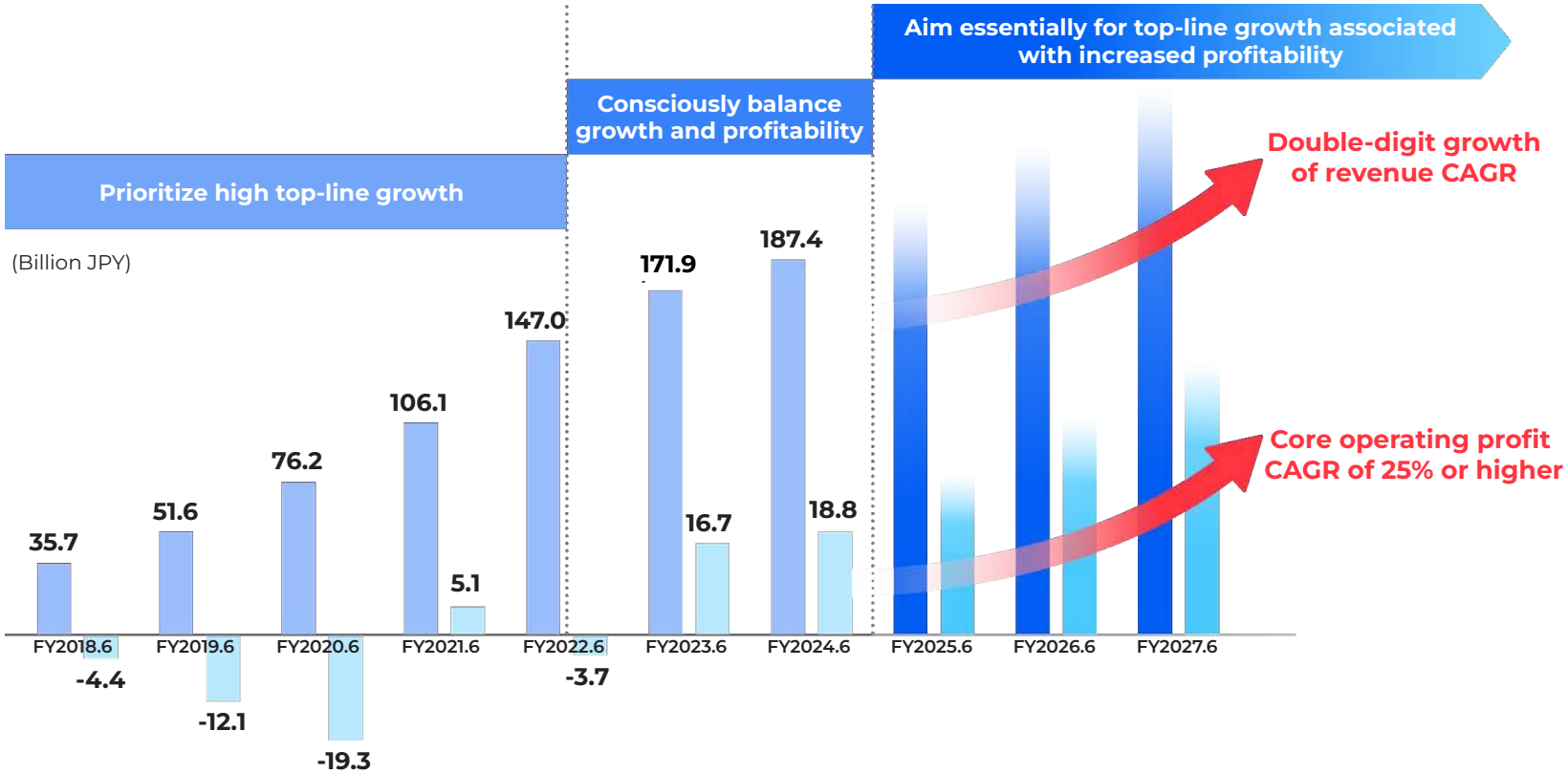
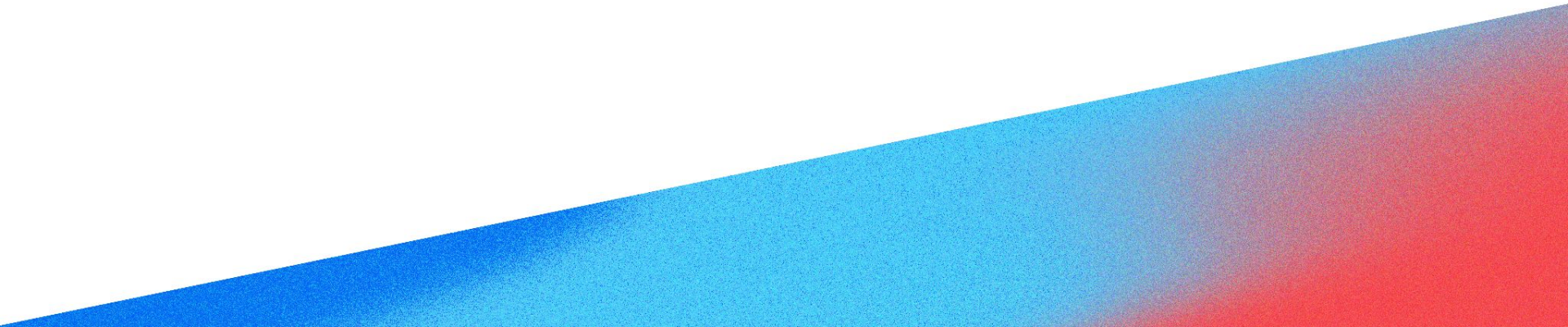


1. Following the transition to IFRS as of FY2024.6, disclosure is conducted based on IFRS beginning with the business results for FY2023.6.
2. In the event an opportunity arises for significant growth that will contribute to the future growth of the company, a temporary loss may be incurred resulting from making a flexible investment, but the company will explain the investment if this occurs.

FY2024.6 Financial Overview



Consolidated Results[1] (Full Year)

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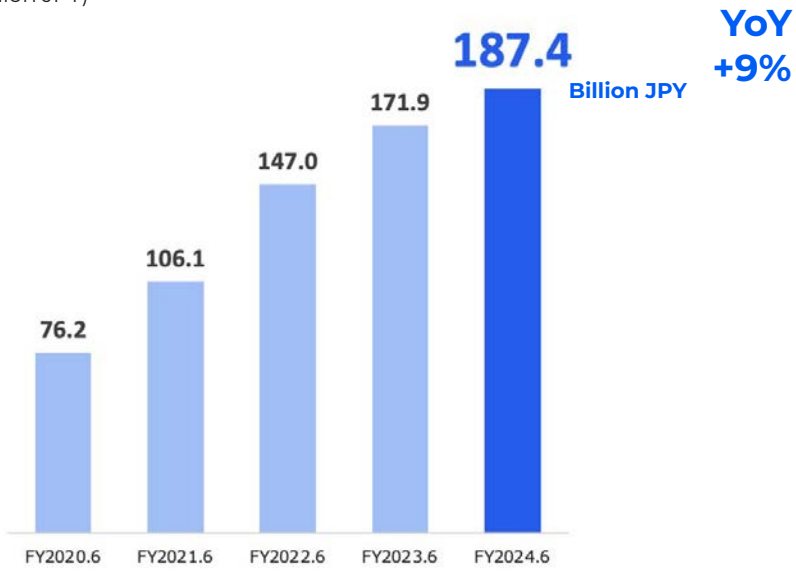
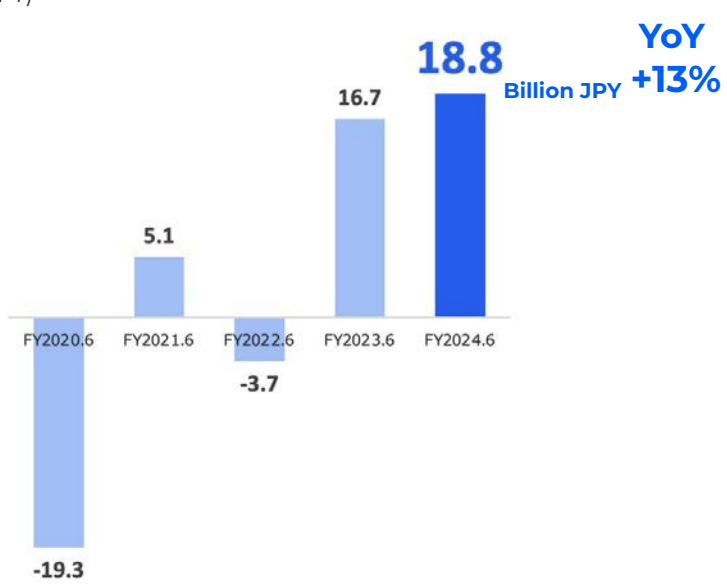
Revenue

(Billion JPY)



Core Operating Profit[2]

(Billion JPY)



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

3 Consolidated Results[1] (Quarterly)

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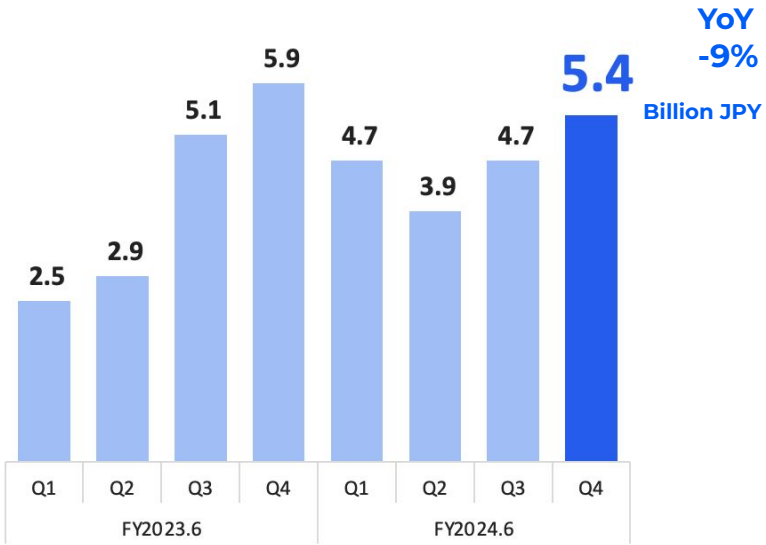
Revenue

(Billion JPY)



Core Operating Profit[2]

(Billion JPY)



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

Marketplace—Summary

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.

- **Although areas to enhance and the loyalty program contributed to the full-year GMV growth rate of +9% YoY, we did not achieve our target**
- **Areas supporting future growth expanded, including such things as crossborder GMV growth of 3.5x YoY and B2C GMV growth of 2.7x while *Mercari Hallo* reached over 5M registered users less than three months after launching the service**
- **Adjusted core operating margin achieved high profitability of 40%, including 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.

3 Marketplace—Results[1] (Full Year)

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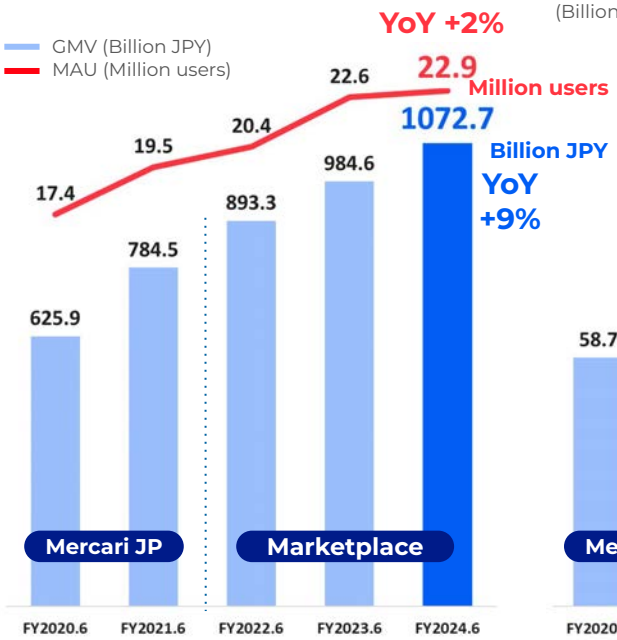
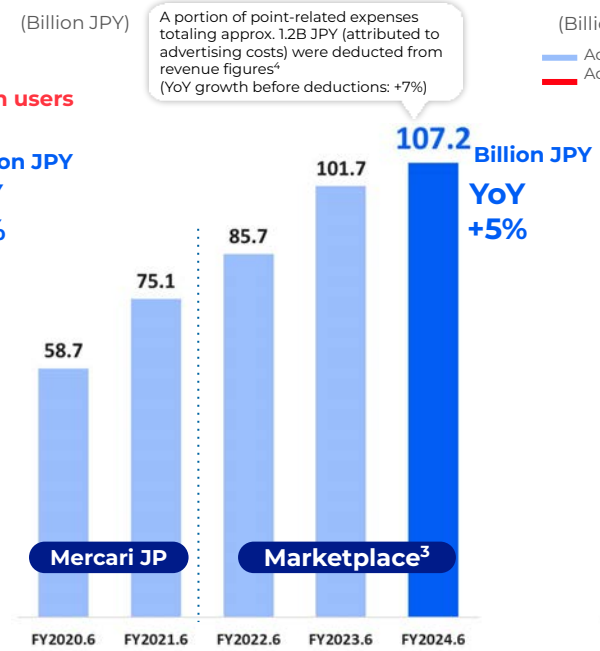
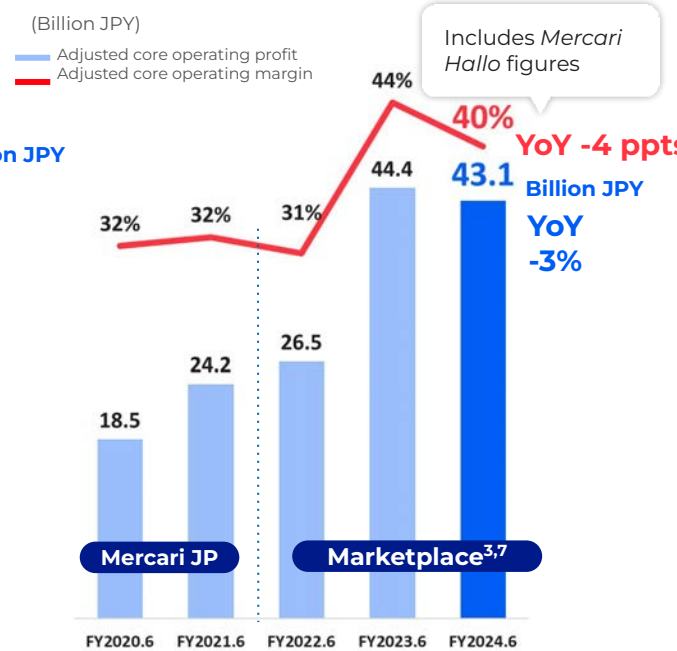
GMV[2]/MAU



Revenue



Adjusted[5] Core Operating Profit/Margin[6]



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. Aggregate transaction value after adjusting for cancellations. Figures do not include *Mercari Hallo*.
3. FY2022.6 and FY2023.6 are primarily the business results of C2C, B2C, and crossborder transactions. The business results of *Mercari Hallo* are included starting in FY2024.6.
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.
5. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees).
6. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.
7. Figure primarily represents C2C and B2C results from which company-wide expenses were deducted.

3 Marketplace—Profit and Cost Composition (Quarterly)

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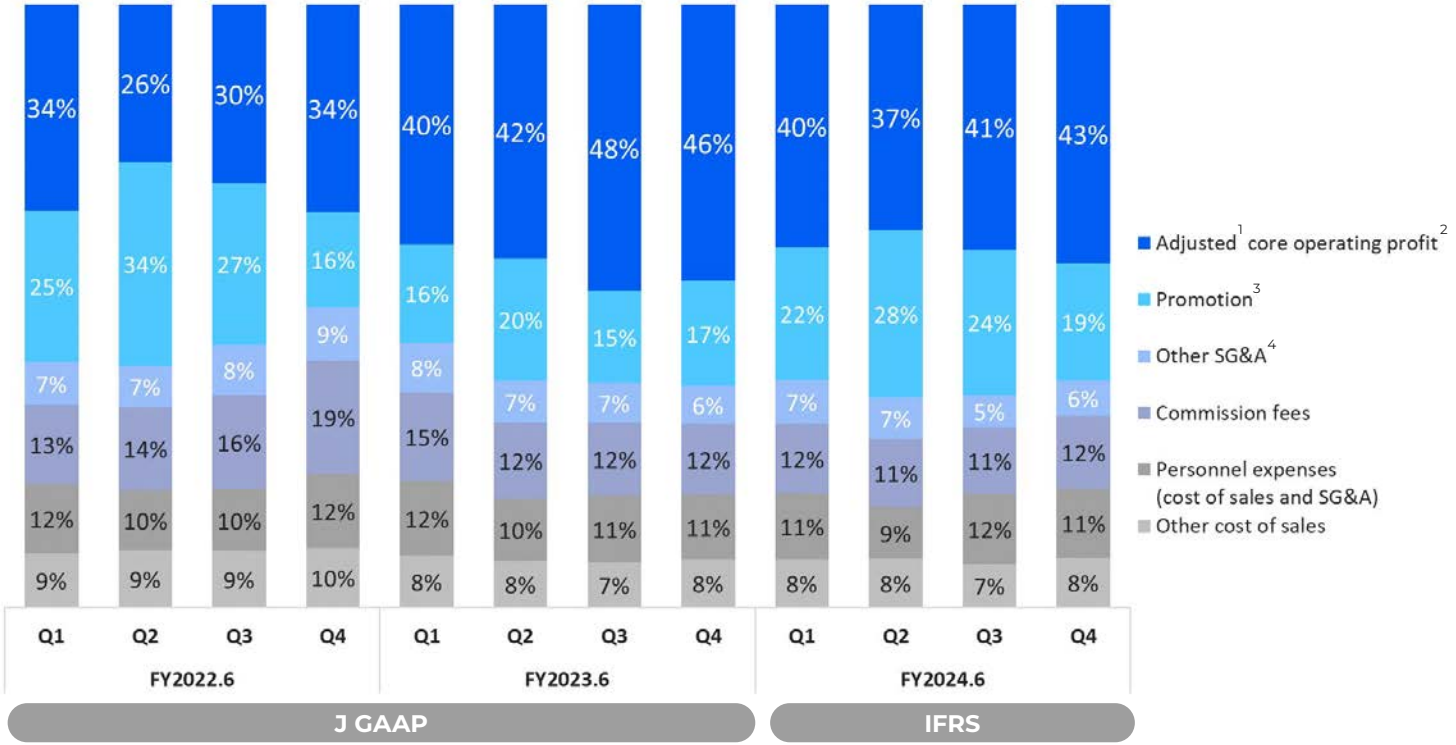

1. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)
2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.
3. In accordance with accounting standards, starting in FY2024.6 Q4, a portion of point-related expenses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

3 Marketplace—Results (Quarterly)

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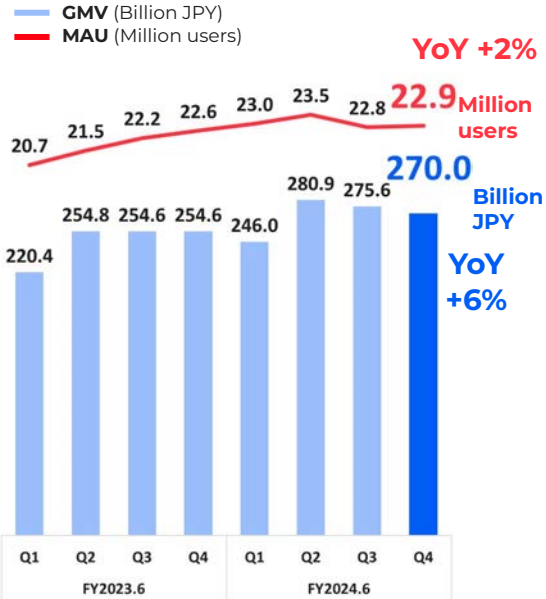
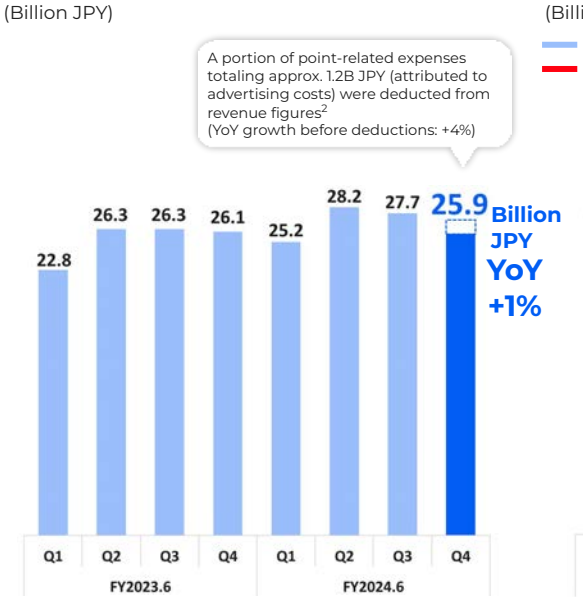
Financial Results Presentation Material

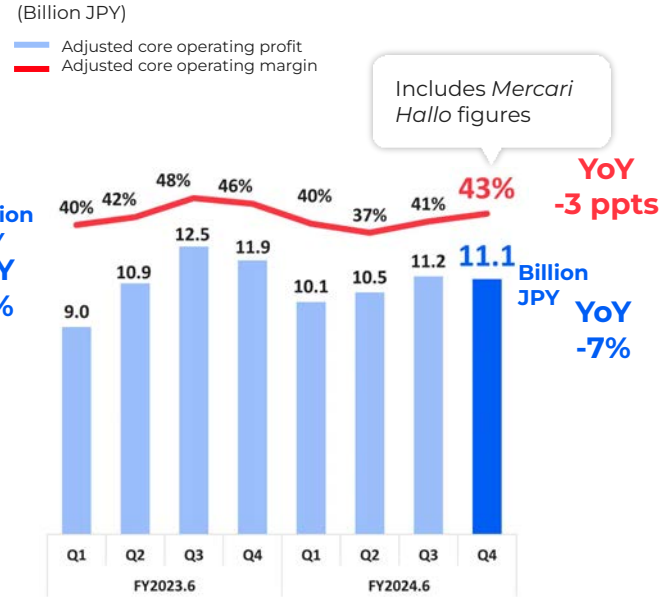
GMV[1]/MAU



Revenue



Adjusted[3] Core Operating Profit/Margin[4]



1. Aggregate transaction value after adjusting for cancellations. Figures do not include *Mercari Hallo*.
2. 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.
3. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)
4. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.

Fintech—Summary

Business Objectives at the Start of FY2024.6

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

Led by the strength of *Mercard*, achieved high growth for full-year revenue of +40% YoY and attained full-year core operating profit[1] for a second consecutive year

Expanded Group synergy by acquiring Mercard holders

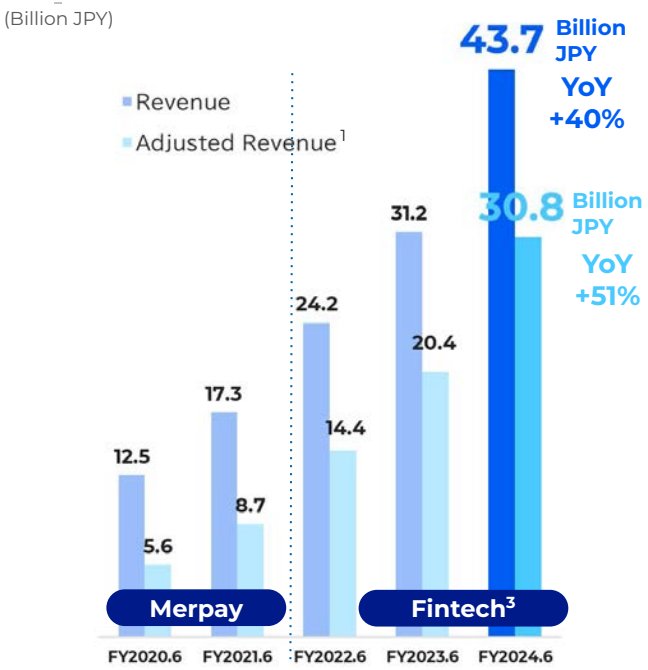
- Issued more than 3.4 million Mercards
- ARPU improved by 50% within *Mercari* after users became cardholders[2]
- Mercari payment rate improved by 6 ppts following start of *Mercard* service[3]

Reached more than 2.2 million cryptoasset accounts created, and the number of accounts created in the year under review was No. 1 in the industry[4]

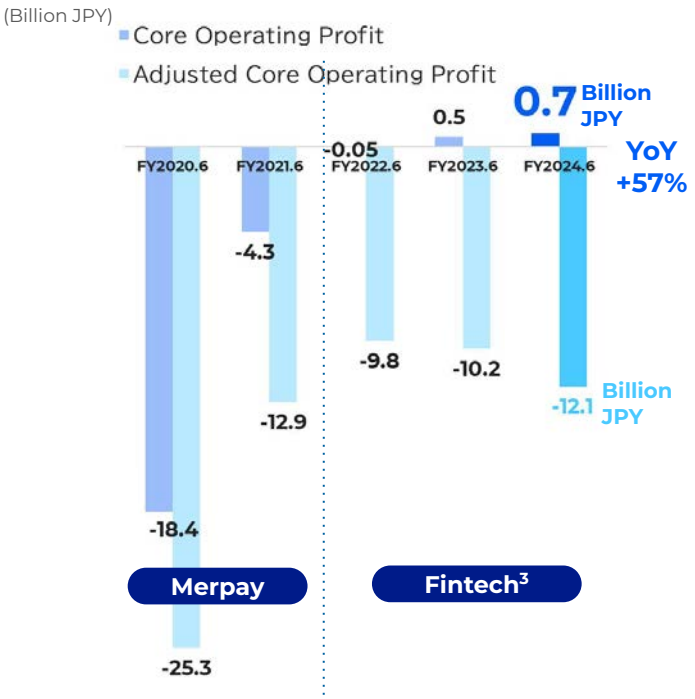
1. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.
2. Average ARPU for FY2024.6 Q3 of all users who signed up for *Mercard* in the entire period since *Mercard* was launched.
3. Scope of increase from FY2023.6 Q1 to FY2023.6 Q4
4. According to cryptoasset monthly trading data of the Japan Virtual and Crypto assets Exchange Association, 3.1 million accounts were created during the most recent one-year period (March 31, 2023, to March 31, 2024) for which data exists. During the same period, Mercari Group saw the creation of 1.91 million cryptoasset trading accounts, comprising more than half (61.5%) of newly created accounts for the entire industry.

Fintech—Results[1] (Full Year)

Revenue



Core Operating Profit[2]



1. Following the transition to IFRS as of FY2024.6, disclosure is conducted based on IFRS beginning with the business results for FY2023.6. Net sales and operating income after deduction of 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.
3. Mainly reflects the results of Merpay, Inc. and Mercoin, Inc.

Fintech—Results (Quarterly)

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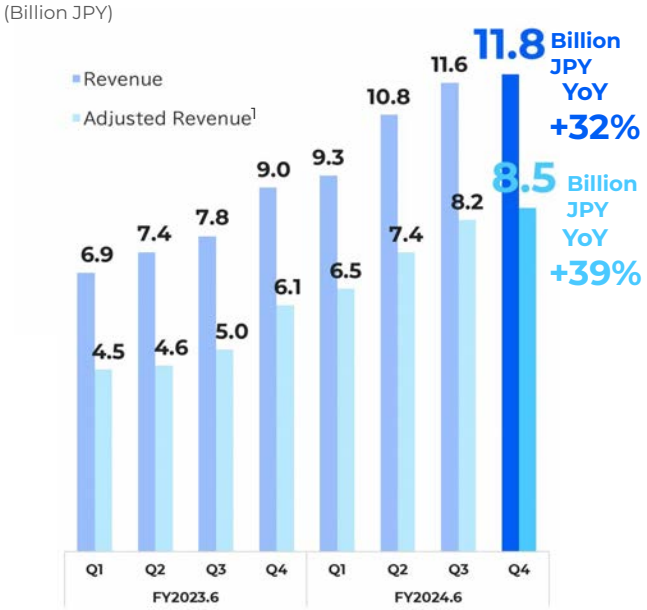
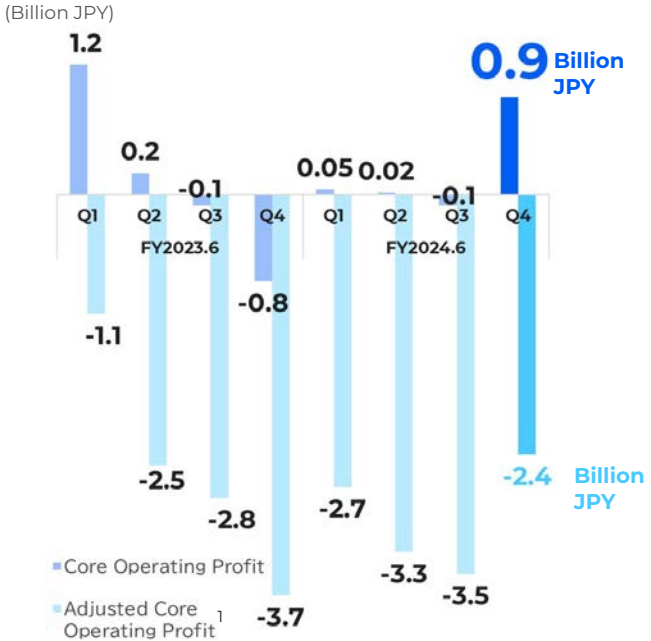
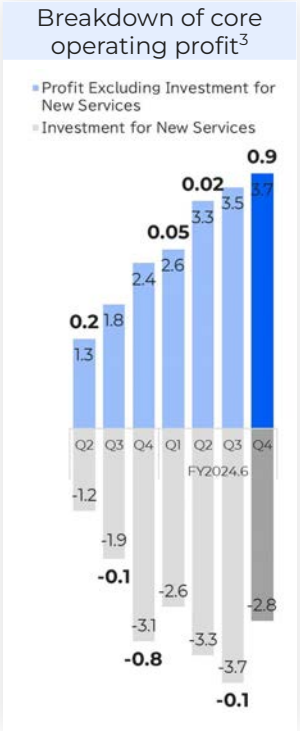
Revenue



Core Operating Profit[2]



Breakdown of core operating profit[3]

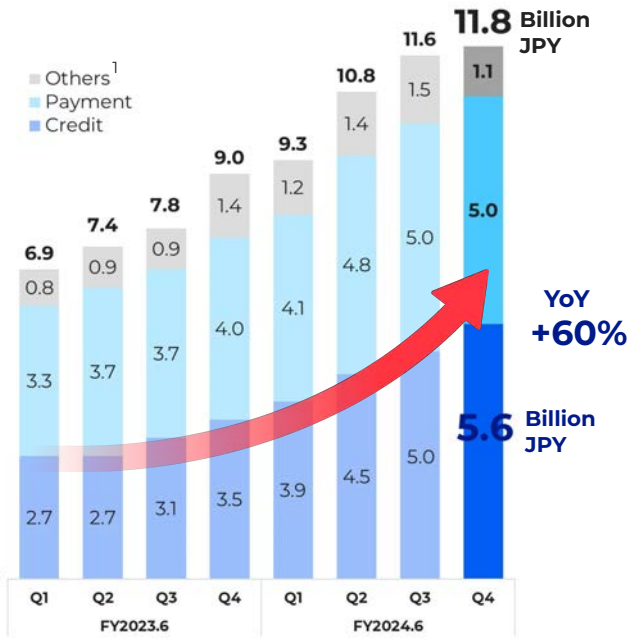


1. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)
2. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.
3. Investment for new services: For management accounting purposes, total of costs related to the promotion of *Mercard* and cryptoasset 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

Fintech—Expansion of Credit Balance and the Growth of Credit

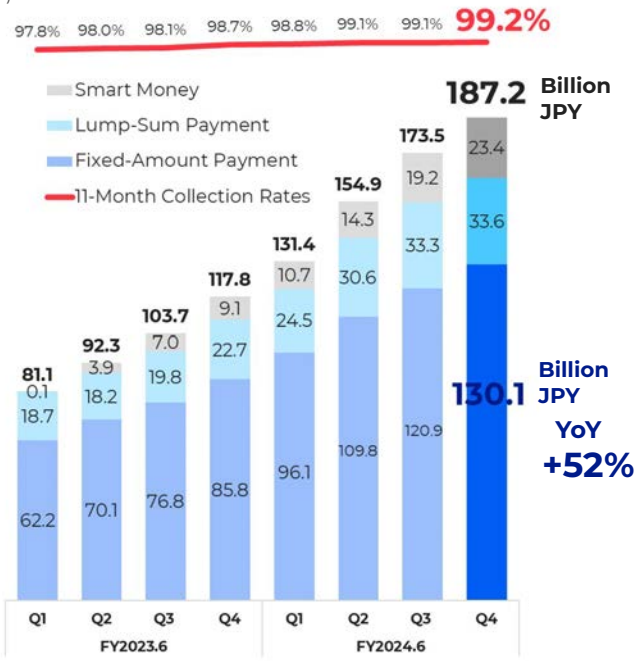
Breakdown of Revenue

(Billion JPY)



Credit Balance[2] and Collection Rates[3]

(Billion JPY)



1. Includes revenue of Mercoin, Inc., bank withdrawal fees, expiration and seizure of sales balance, and Mercard reissuance fees, etc.
2. *Merpay Smart Payments* (lump-sum payment or fixed-amount payment) and *Smart Money* credit balance at the end of the quarter (excludes debt converted into bankruptcy reorganization debt)
3. 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)

US—Summary

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

Due to the effects of external factors, including the extended period of inflation, we were unable to get back on track for growth

In order to stimulate purchases by increasing the number of listings and varying service fees according to supply and demand, we removed selling fees and changed to a business model where the buyers pay service fees. We are seeing signs of improvement in such things as the number of listings, but we have yet to gain a contribution to GMV at this time.

We reduced losses significantly, primarily by reviewing fixed costs including marketing expenses and personnel expenses. In addition, in FY2024.6 Q4, we restructured our organization toward breaking even in FY2025.6.

3 US—Results (US GAAP/Full Year)

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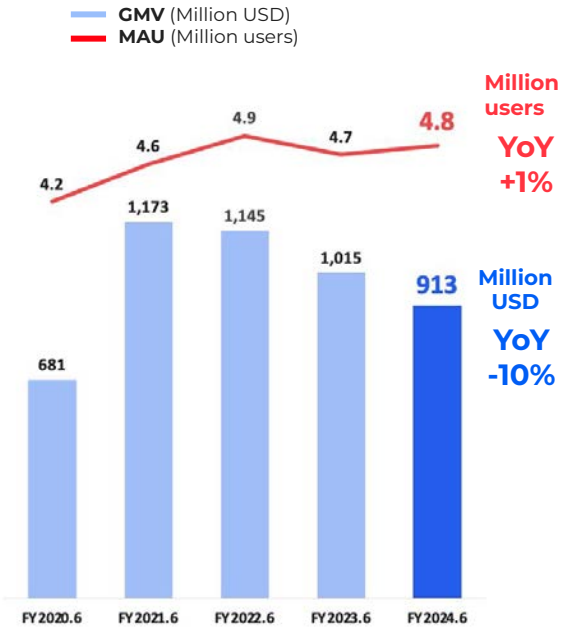
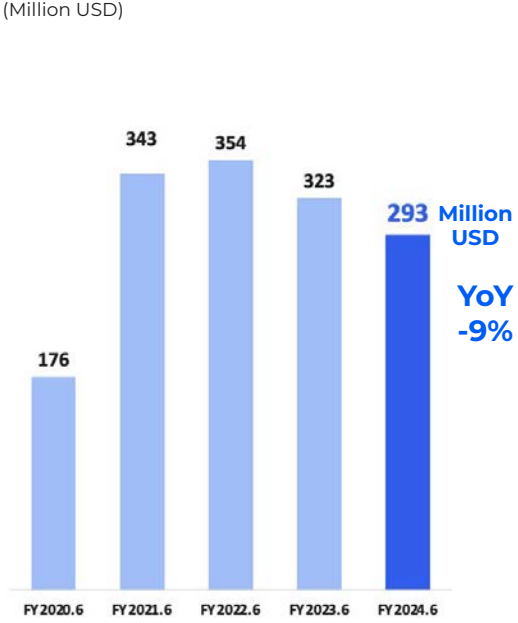
Financial Results Presentation Material

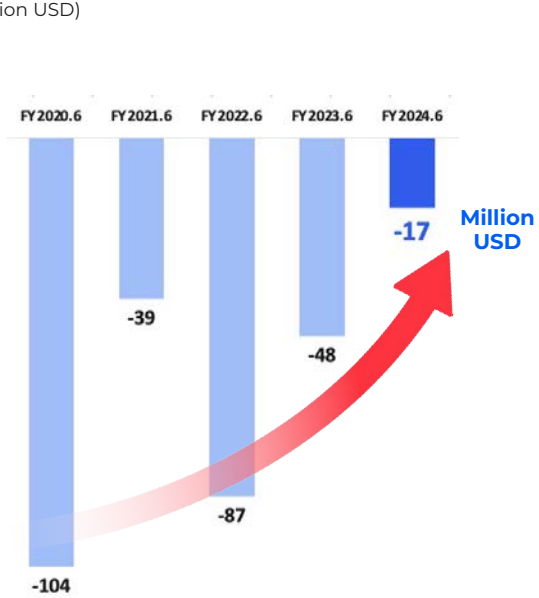
GMV/MAU



Revenue



Adjusted Operating Profit[1]



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

3 US—Results (US GAAP/Quarterly)

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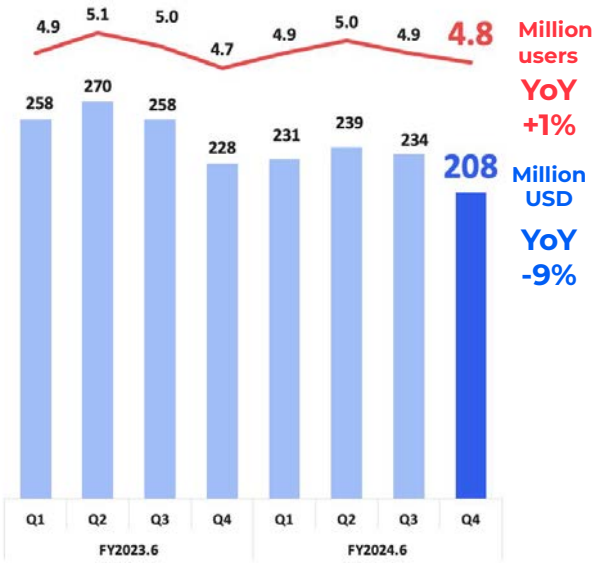
Financial Results Presentation Material

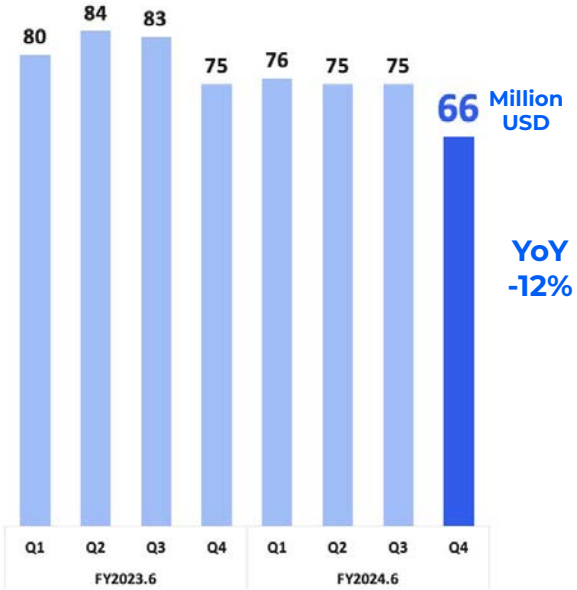
GMV/MAU

GMV (Million USD)
MAU (Million users)



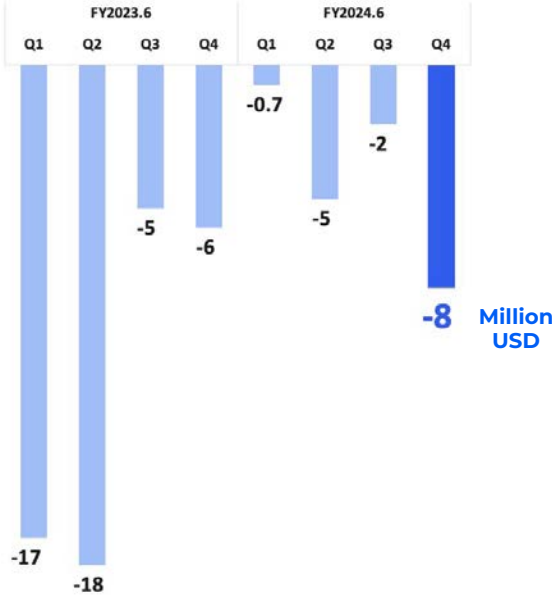
Revenue

(Million USD)



Adjusted Operating Profit[1]

(Million USD)



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

FY2025.6 Financial Forecast/ Business Objectives

Disclosing Consolidated Financial Forecast[1] at the Beginning of the Fiscal Year for the First Time

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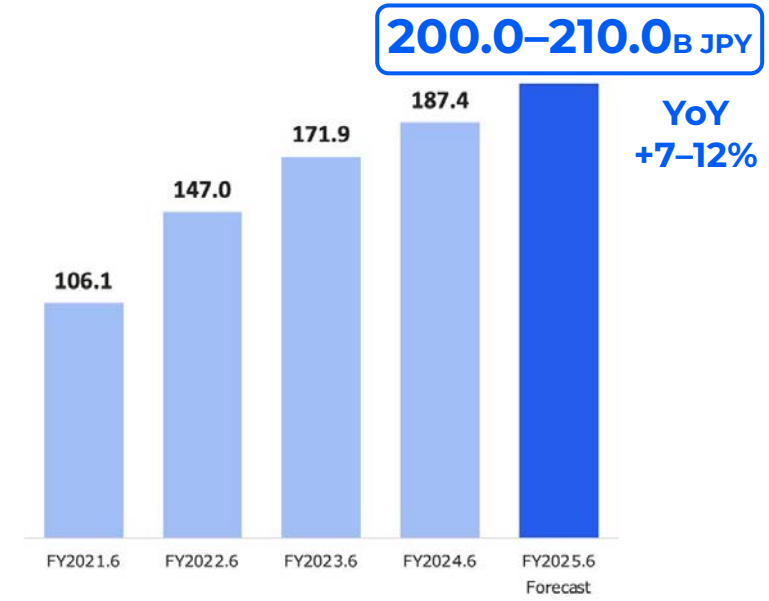
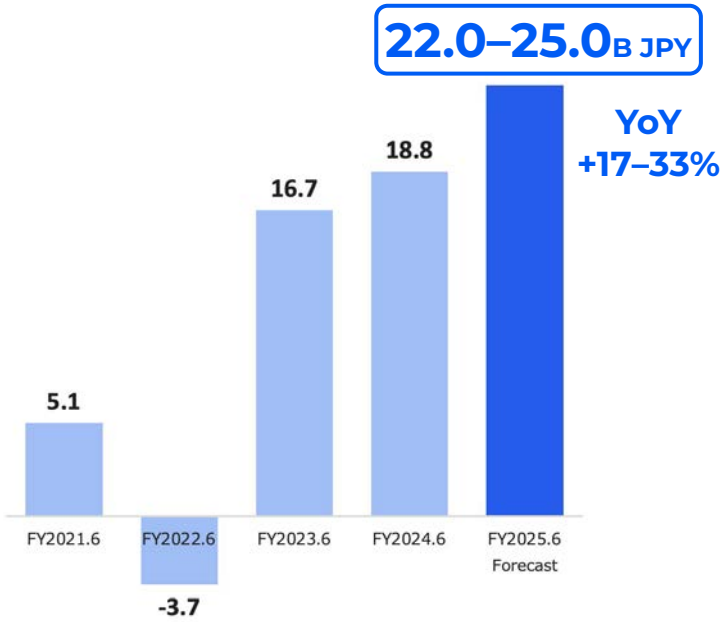
- Core operating profit is expected to accumulate concentrated in H2

Revenue



Core Operating Profit[1]



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

FY2025.6 Business Objectives

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Consolidated

Guidance

Revenue
200.0–210.0B JPY

Core operating profit[1]
22.0–25.0B JPY

Policy/Major Initiatives

- Essentially aim for top-line growth that will lead to increased profits
- Expand businesses centered around Group synergy

Marketplace

Guidance

GMV growth rate: around +10%
Adjusted[1] core operating margin[2]: 37–42%

Policy/Major Initiatives

- Redesign UI/UX using AI/LLM and strengthen high-price categories
- Achieve strong growth of crossborder transactions and the B2C business
- Increase workers and business locations for *Mercari Hallo* and improve the product

Fintech

Guidance

Core operating profit[1]: 3.0B JPY or higher

Policy/Major Initiatives

- Transition to a phase of continuously increasing profit
- Acquire *Mercard* holders and encourage use
- Enrich cryptoasset-related features

US

Guidance

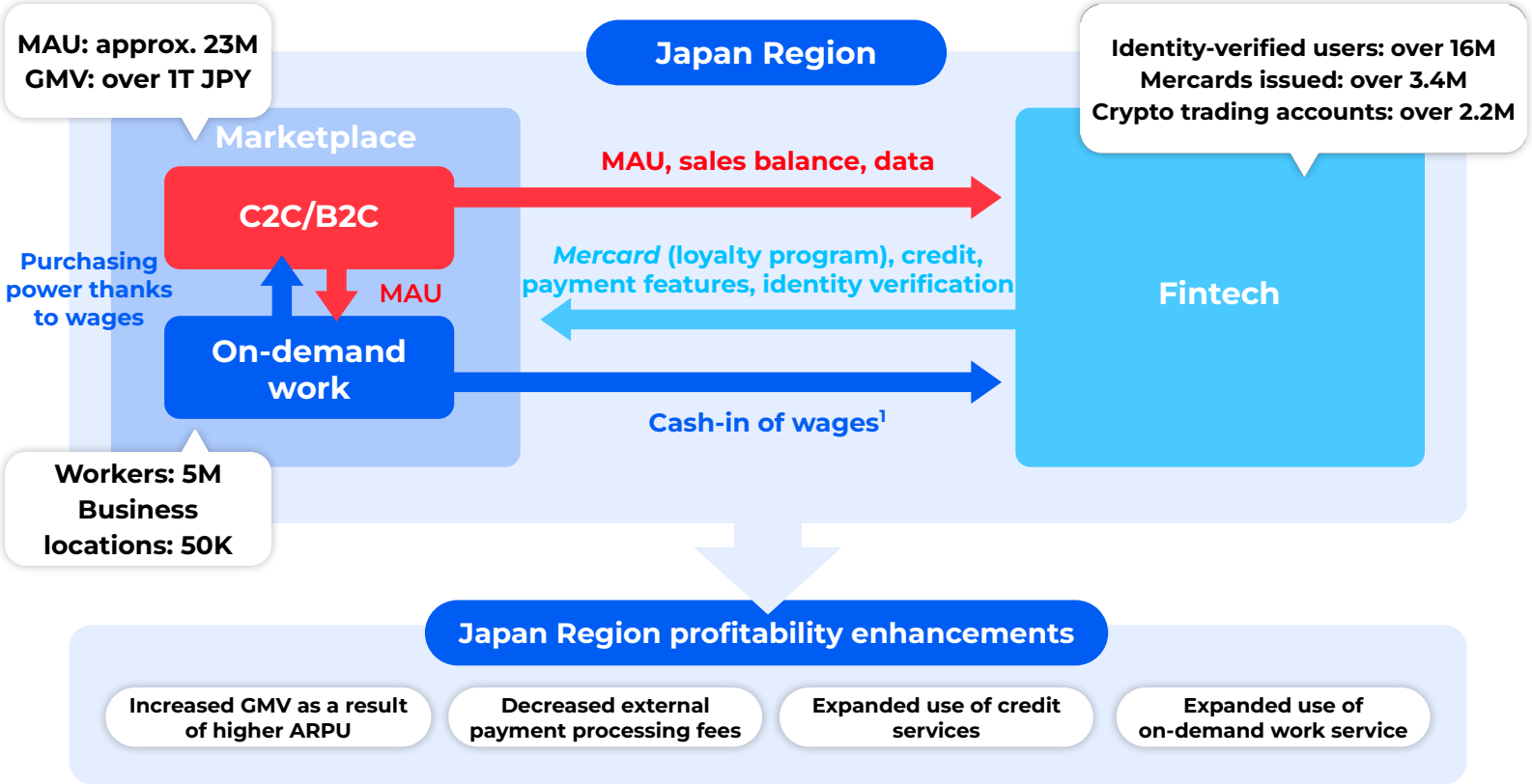
Break even[3]

Policy/Major Initiatives

- Get back on track for growth
- Expand crossborder transactions with *Mercari* in Japan
- Enhance accuracy of the fee model

1. Core operating profit is defined as IFRS operating profit excluding other income/expenses, etc.
2. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)
3. Envisioning break-even based on IFRS core operating profit

Japan Region—Group Synergy Overview



1. Aim to encourage circulation through seamless integration of wages

Marketplace—Business Objectives

Policy

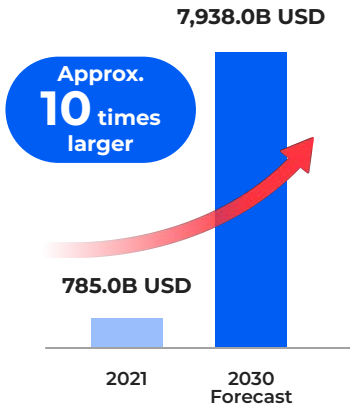
Aim for a GMV growth rate of around +10% YoY and an adjusted core operating margin of 37–42% through strong growth of crossborder transactions and B2C, in addition to steady growth of the C2C business

Initiatives

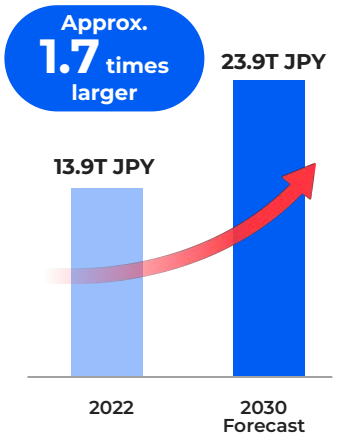
- C2C
  - Improve UI/UX through implementing AI/LLM features to activate transactions
  - Strengthen high-price categories
- Crossborder transactions
  - Strengthen partnerships with major partner companies
  - Expand covered regions
- B2C
  - Acquire large-scale merchants in categories such as reuse businesses
  - Improve features to support increasing sales

Strengths			
	User base of approx. 23M people	**Safe and secure usage environment**	**Highly convenient UI/UX utilizing technology**

Global Crossborder E-Commerce Market Size[1]



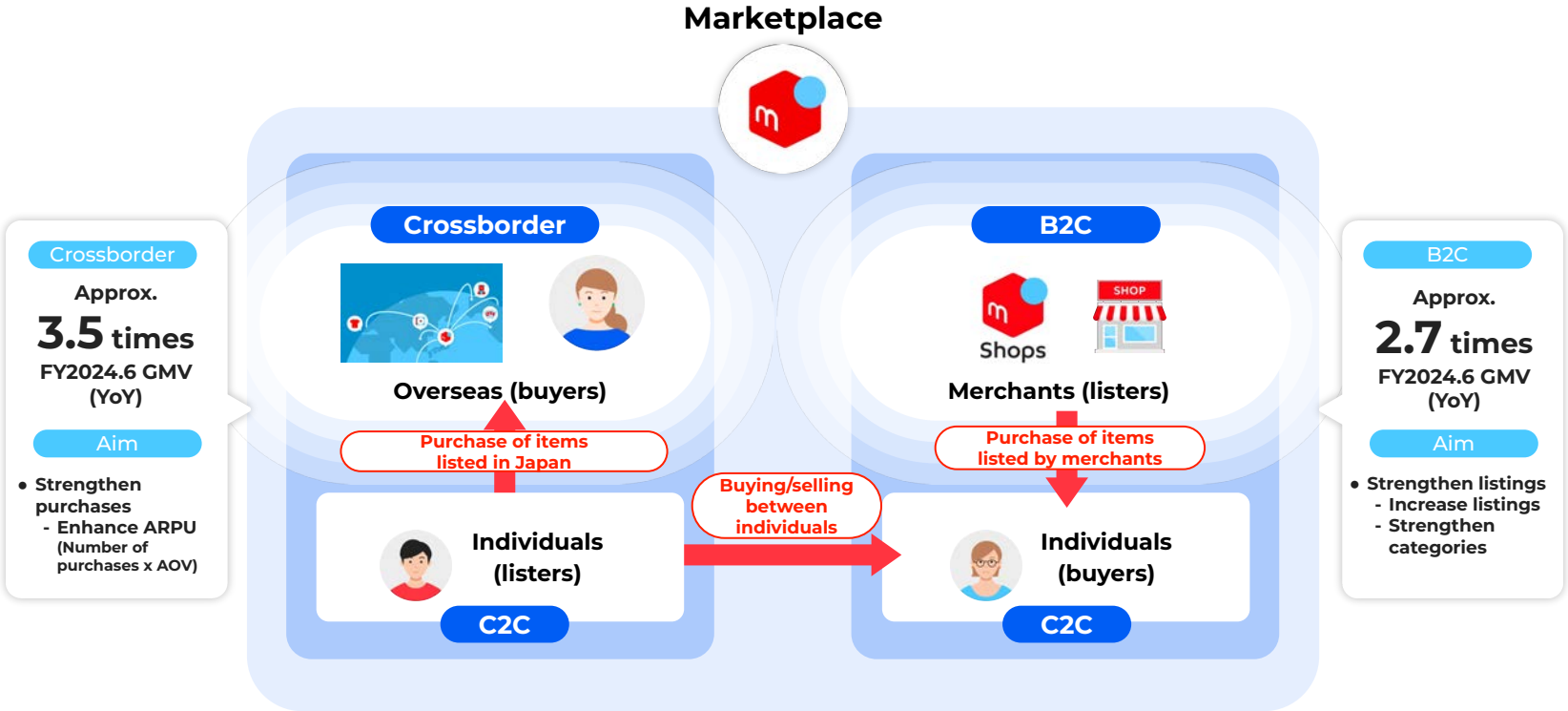
Domestic B2C E-Commerce Market Size[2]



1. Source: “FY2022 E-Commerce Market Survey Report”, Ministry of Economy, Trade and Industry (published August 31, 2023). Prediction of expansion in the global crossborder e-commerce market size.
2. Source: “FY2022 E-Commerce Market Survey Report”, Ministry of Economy, Trade and Industry (published August 31, 2023). Calculated based on the assumption that the e-commerce conversion rate for the market size of B2C e-commerce (goods) in 2022 (9.1%) will grow according to the prediction for 2030 in “Long-Term Predictions for Revenue of Commercial Facilities” published by NLI Research Institute (15.6%).

Marketplace—Accelerating Marketplace Growth Through Crossborder Transactions and B2C

- Strengthen purchases/listings and enhance AOV in the C2C business through strong growth in crossborder transactions and the B2C businesses



Marketplace—On-Demand Work Business Objectives

mercari

Policy

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

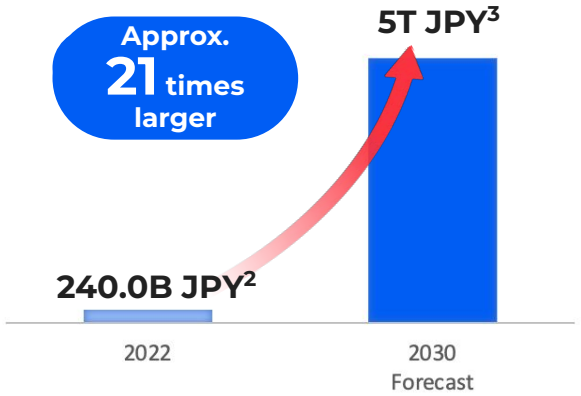
Initiatives

- Acquire merchants
  - Nationwide chains with many open positions
  - Local partners that have a strong regional presence
- Acquire workers
  - Utilize *Mercari*'s user base
- Improve UI/UX
  - Implement a feature for workers and businesses to rate each other
  - Implement an alumni connect feature[1]

Strengths

- **User base of 23M people across the country and of all ages**
- **Seamless integration with *Mercari* and *Merpay***
- **Safe and secure usage environment**

Potential On-Demand Work Market Size[2]



1. A feature enabling businesses to invite workers who have experience working in the same job or at other locations of the same business to a group, encouraging them to apply for job postings (patent pending)
2. Gross transaction volume estimated by Mercari based on the total revenue of the one-off job listing information service market, short-term job talent referral service market, and talent matching service market published by a research agency
3. Projections show that the on-demand work market will expand in the mid-to-long term by acquiring a portion of the part-time job market and temporary employee market, as well as uncovering potential markets. The size of these potential markets is calculated assuming that, of the 24,933.6 billion JPY total pay received by workers other than full-time employees (such as part-time workers) in 2022 (as published by the National Tax Agency in the results of their FY2022 Statistical Survey of Actual Status for Salary in the Private Sector), 20% of the existing part-time job market and temporary employee market will become part of the on-demand work market.

Fintech—Business Objectives

Policy

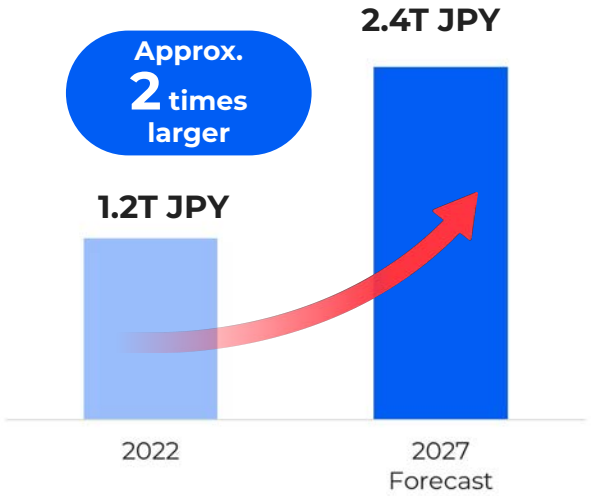
Transition to a phase of continuously increasing profit through steady accumulation of credit balance; aim for core operating profit of 3.0B JPY or higher

Initiatives

- Grow the credit business further
  - Acquire *Mercard* holders
  - Encourage use through UX enhancements such as expansions to payment methods and the loyalty program
- Enrich cryptoasset-related features
  - Enhance convenience through updates such as adding a savings feature

Strengths	Collaboration with Marketplace	Unique credit	High identity verification rate

Deferred Payment Service Market Size[1]



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)

US—Business Objectives

Policy

Commit to breaking even and aim to get back on track for growth

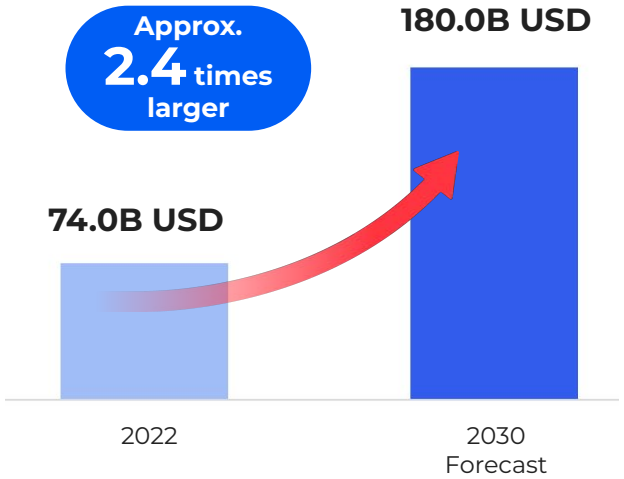
Initiatives

- Create buying opportunities through crossborder transactions with *Mercari* in Japan
  - Aim to activate transactions by increasing available listings of items from Japan that are in high demand in the US
- Update fee model
  - Implement and continually enhance accuracy of a system in which fee rates fluctuate based on supply and demand, utilizing AI/machine learning

Strengths

- **Unique positioning as a cross-category C2C marketplace**
- **A variety of delivery options**
- **No selling fees**

US Online Reuse Market[1]



1. Source: Mercari 2023 Reuse Report

US—The Road to Breaking Even

Beginning of FY2023.6

Set breaking even in FY2025.6 through high GMV growth as an internal target

FY2024.6 Q3

Released new features and improvements, but did not achieve GMV growth; **aimed for high growth through drastic changes to the fee model**

Saw signs of improvement in some KPIs, such as number of listings, but **these only had a limited impact on GMV**

FY2024.6 Q4

Determined that we would not achieve our target of breaking even through GMV growth and **carried out a restructuring of the organization, including reductions to the workforce**

Carried out cuts to executive compensation for a certain period of time as executive responsibility for the large-scale layoffs

Goal for FY2025.6

Achieve break-even in terms of IFRS core operating profit for the full year

4 Financial Policies

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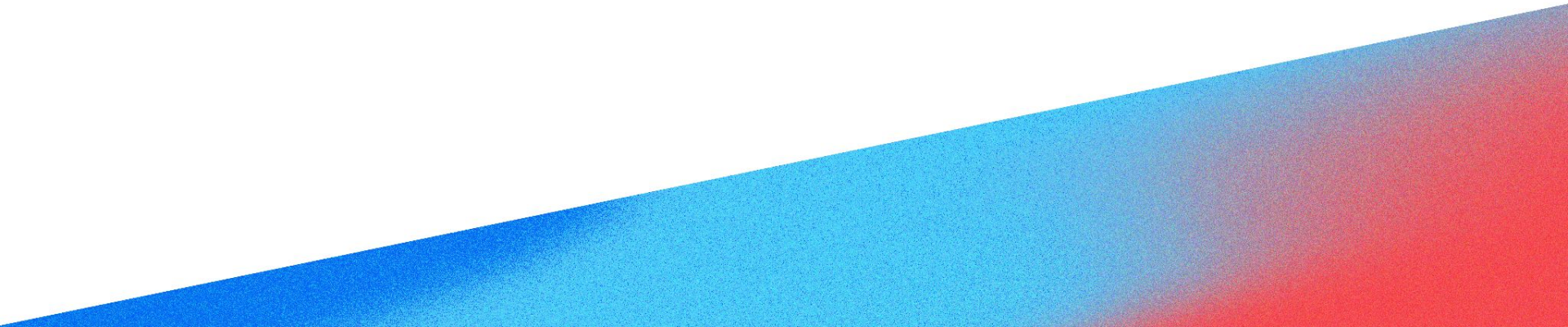
Consolidated	• Essentially strengthen our capital through top-line growth that will lead to increased profits • Diversify debt financing methods, lengthen financing periods, and spread out repayment periods to strengthen our financial foundation
Fintech	• Promote non-recourse[1] receivable liquidation 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 foreseeable future, 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

ESG

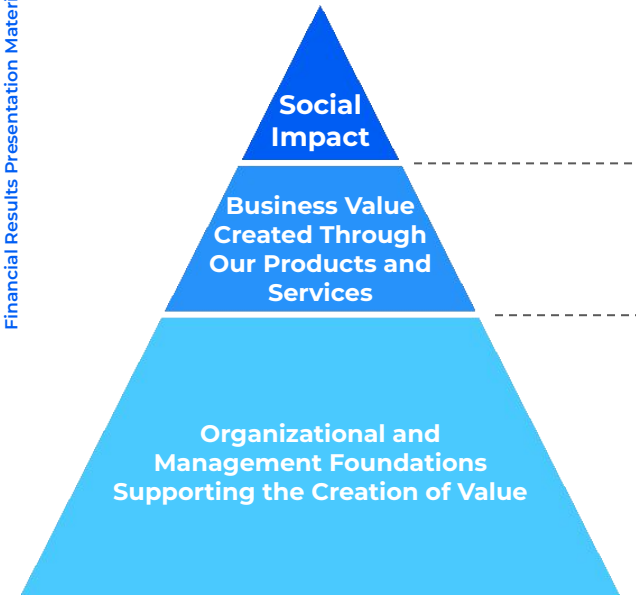


ESG—Materiality

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

MISSION

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



(1) Empowerment of Individuals and Society

By creating opportunities for anyone to realize their dreams and contribute to society and the people around them, we will achieve a world that unleashes the potential in all people.

(2) Creating a World That Circulates All Forms of Value

We strive to be a planet-positive company that contributes to solving environmental issues through its business activities by realizing a society in which all forms of value—not just physical goods and money—circulate seamlessly.

(3) Creating a New User Experience Through Technology

We utilize data, AI, and other innovative technologies to constantly evolve our products and create new user experiences through the seamless exchange of value.

(4) Building Long-Term Public Trust

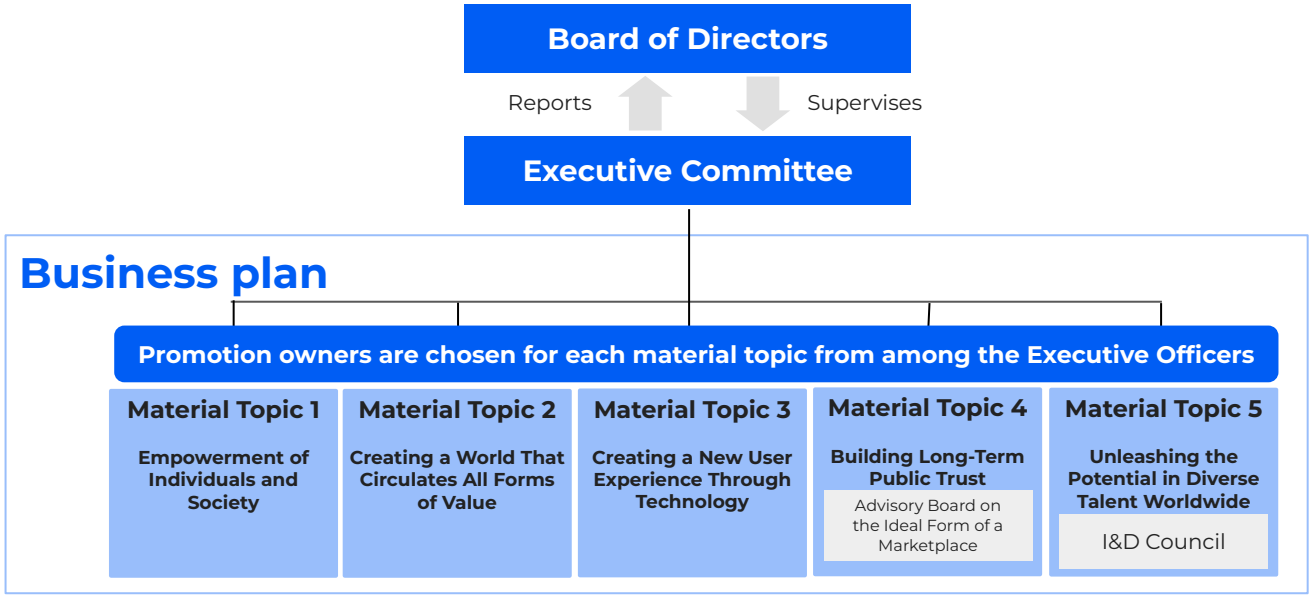
We fulfill our responsibilities as a public entity and build public trust by establishing a robust and highly transparent decision-making process, and through more effective corporate governance and thorough compliance.
We contribute to the realization of healthy internet services around the world by achieving a safe, secure, and fair transaction environment, and also by educating and sharing information throughout the industry.

(5) Unleashing the Potential in Diverse Talent Worldwide

We will aim to be a company that can continue to grow sustainably by creating an environment in which people from diverse backgrounds all around the world can reach their full potential.

Our Structure for Promoting ESG

- In July 2024, we merged the functions of the ESG Council[1] with those of the Executive Committee, which integrates the plan of execution for each material topic into our annual business plan.
- The monitoring of individual material topics, which was shifted into a structure promoting business strategies and initiatives for material topics more seamlessly, is executed by the Executive Committee each quarter in tandem with monitoring the progress of our business plan. The committee ultimately reports the monitoring results to the Board of Directors. We aim to further promote ESG through these structures and processes.



1. The I&D Council and the Advisory Board on the Ideal Form of a Marketplace, which were subcommittees of the ESG Council established in December 2021, continue to meet periodically as meeting bodies that promote each material topic.

Our Structure for Promoting ESG

- Mercari was selected to join the FTSE Blossom Japan Sector Relative Index for the first time, marking Mercari's inclusion in five of the six ESG indices featuring Japanese companies adopted by GPIF
- We plan to disclose more details in our Impact Report 2024, which will be published in late September 2024

Environment

- 540K tons of greenhouse gas emissions avoided as a result of Mercari's business[1]
- Certified as Eco-First Company[2] by Ministry of the Environment
- Published TCFD disclosures

Social

- Percentage of women directors: 30%[3]
- Reached a total of 220,471 donations (212,218,393 JPY) through *Mercari Donation*[3]
- Implemented corrective measures to address the gender pay gap[4]
- Joined the FIDO Alliance board[5]
- Ranked as the top company in perceived developer experience as chosen by engineers for three consecutive years[6]

Governance

- Transitioned to a monitoring-type Board of Directors and enhanced effectiveness through the transition to a Company with Three Committees
- Percentage of Outside Directors: 60%[3]

1. Estimated based on factors such as the greenhouse gas emissions involved in the product lifecycle and delivery, frequency of use of *Mercari*, and length of product use life, under the assumption that items bought on *Mercari* are used in place of new items, thus avoiding greenhouse gas emissions
2. To be certified as an environmental leader within their industry, a company must pledge to the Minister of the Environment voluntary commitments to achieving environmental goals.
3. As of June 30, 2024
4. In August 2023, reduced the unexplained pay gap found at Mercari from 7.0% to 2.5%
5. An international standardization organization promoting FIDO Authentication, a simple and reliable authentication method that reduces reliance on passwords
6. From Japan CTO Association's Developer eXperience AWARD 2024 rankings
7. As of May 31, 2024

ESG—FY2025.6 Focus Areas

- We have defined focus areas in line with our material topics and will move ahead with them alongside our business strategy

Material Topic	FY2025.6 Focus Areas
1. Empowerment of Individuals and Society	• Realizing a world where all people's potential is unleashed
2. Creating a World That Circulates All Forms of Value	• Expanding our positive impact in line with our business growth • Expanding the circulation of value on a global scale
3. Creating a New User Experience Through Technology	• Innovating features using data and AI • Creating new innovations using our user base
4. Building Long-Term Public Trust	• Realizing safe, secure, and fair transactions • Earning the trust of users and stakeholders (society, investors, media, etc.)
5. Unleashing the Potential in Diverse Talent Worldwide	• Developing and promoting diverse talent • Embodying inclusion & diversity • Building a productive organizational environment to take on bold challenges

Appendix

6 Board of Directors Structure

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- 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

6 Governance Structure (Independent Outside Directors)

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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

6 Governance Structure (Independent Outside Directors)

mercari



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

6 Major Itemization of Consolidated BS

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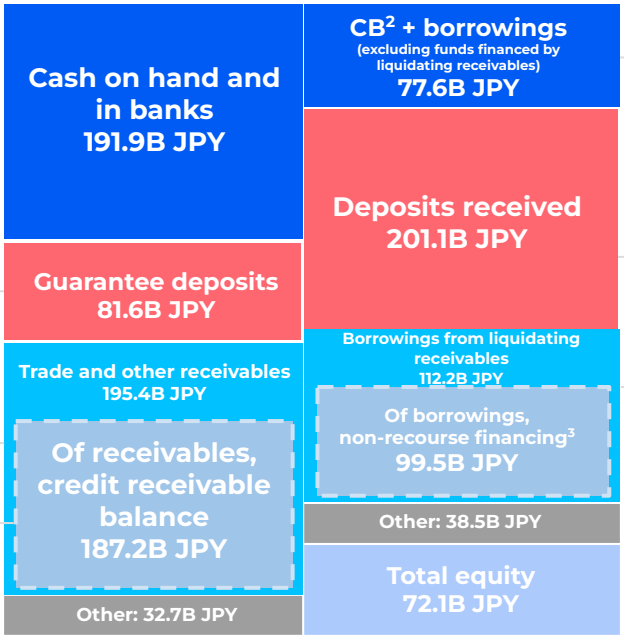
- We will continue to leverage various methods of financing and appropriately control our balance sheet to maintain a sound financial foundation

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* (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



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.

Total assets at end of FY2024.6 Q4: 501.7B JPY

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)

6 Approach to Financing for Credit Services

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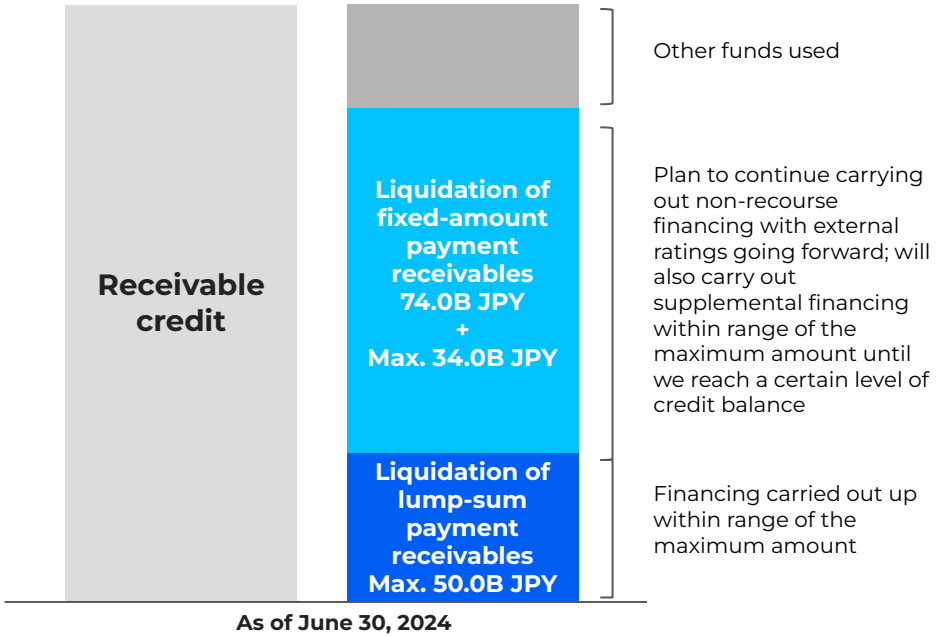
- We plan to expand and diversify financing in sync with the growth of our credit services centered on non-recourse[1] receivable liquidation, in which financing is based on confidence in the actual credit receivable for *Merpay Smart Payments*

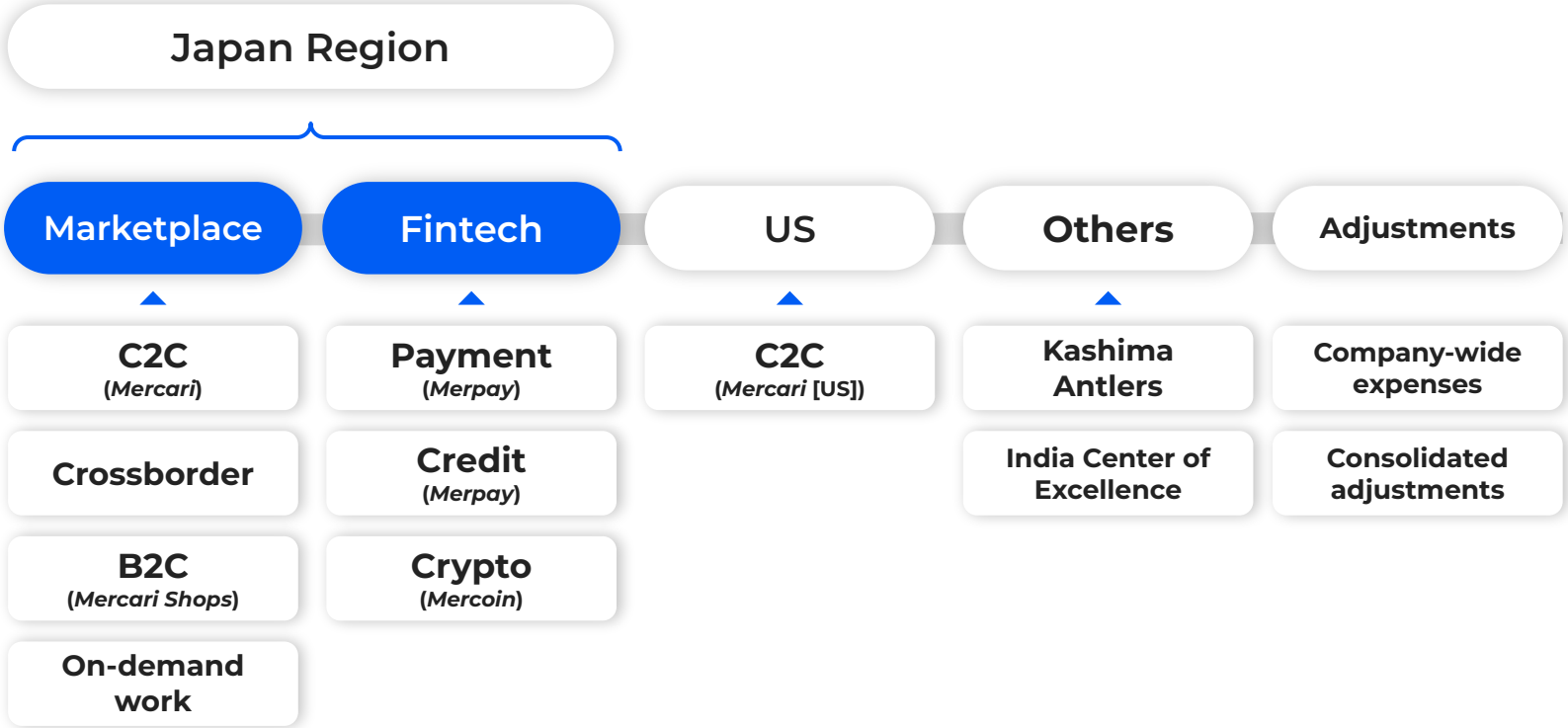
Liquidation of receivables

- 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.



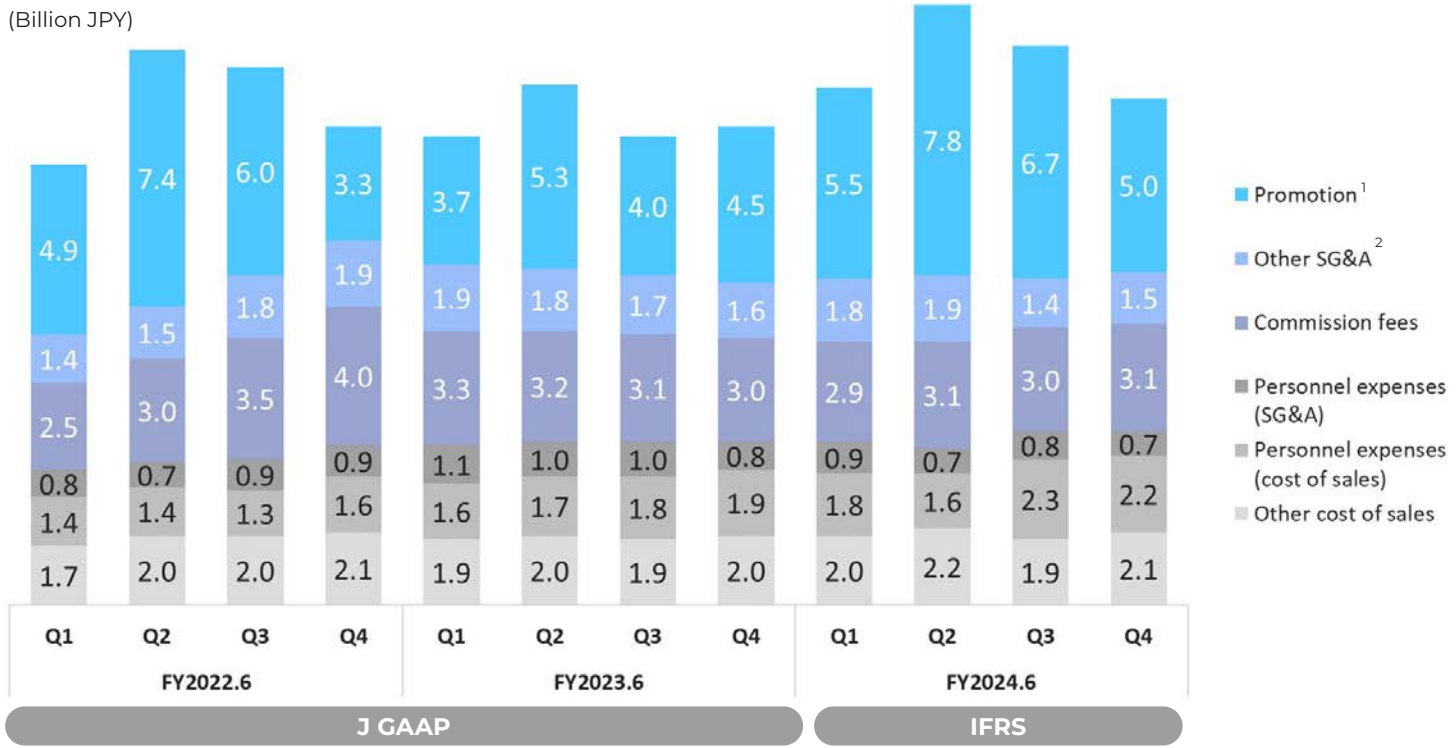
1. A method of financing in which the amount collected from the credit is the only source of repayment, and the repayment obligation is not borne by Mercari

Business Segments



6 Marketplace—Cost Composition (Quarterly)

mercari



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.

US—Crossborder Transactions From *Mercari* in Japan to *Mercari* in the US[1]

- Aiming to activate transactions by increasing available listings of items from Japan that are in high demand in the US (the Entertainment & Hobbies category, etc.)



Marketplace

Transaction amount is recorded as GMV. Just like transactions within Japan, the lister pays a 10% selling fee when the transaction is complete.

US

Transaction amount is recorded as GMV. The buyer pays a service fee, PPF fee, and shipping costs.

1. Announced on August 1, 2024 (local time)
2. Service fee: Rate depends on category, brand, and other factors; payment fee: 2.9% + 0.50 USD

Kashima Antlers—FY2025.6 Business Objectives

Soccer business:

- Strengthen youth teams to enhance the team's capabilities in the long term
- Expand admission fee and advertising revenue streams through initiatives such as free admission for elementary school students
- Expand merchandise sales using e-commerce, etc., develop new products, and strengthen management of physical stores

Non-soccer business:

- Hold events to use the stadium effectively
- Strengthen soccer school operations



Soccer school



Stadium camp

Basic Information



In order to create innovation with a big impact on the world, everyone takes on bold challenges and learns from many failures.



With the whole team working together and all members working to their highest potential, the team can achieve large missions that one person alone cannot.

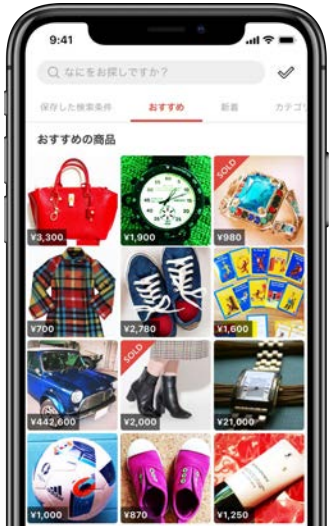


All members take ownership of their work as professionals in their field, learn every day, and commit to showing results.

Marketplace

mercari

Shops



mercari Hallo



Fintech

Pay

mercoin



US

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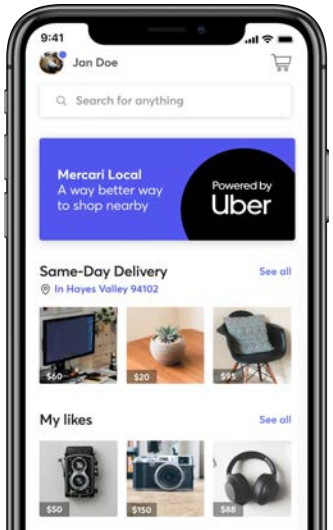

Marketplace—*Mercari* (C2C/B2C) Overview

- Japan's largest marketplace app, with an MAU of approx. 23 million users
- Enables anyone to list items easily, and buyers to enjoy the feeling of hunting for treasure as they search for lucky finds
- Provides a safe, secure, and convenient UI/UX with an escrow system and various affordable shipping options, including anonymous shipping





- Service launch: July 2013 (C2C); October 2021 (B2C)
- Operating systems: Android, iOS
  (Can also be accessed through web browsers)
- Usage fees: None
- Revenue structure: After the transaction is complete, the seller is charged a service fee of 10% of the listing price

7 Marketplace—Major Events

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FY2014.6

- ***Mercari* launch**
- **First TV commercial**
- **Establishment of customer service office**

Aired *Mercari*'s first TV commercial nationwide, increasing recognition and expanding the user base

FY2015.6

- **Introduction of selling fee (10%)**
- **RakuRaku Mercari Shipping**

Became the first marketplace app to offer a shipping service with flat-rate shipping across the country in partnership with YAMATO TRANSPORT CO., LTD.



FY2016.6

- **Anonymous shipping**

Began anonymous shipping with RakuRaku Mercari Shipping

FY2017.6

- **RakuRaku Mercari Shipping for Oversized Items (now TanoMer Shipping)**

In partnership with YHC, launched a service enabling users to ship large items anonymously without having to pack the items

- **YuYu Mercari Shipping**

Launched a service with flat-rate shipping across the country in partnership with JAPAN POST Co., Ltd.

- **Monthly deferred payment (now lump-sum payment)**

FY2020.6

- **Crossborder transactions**

Launched crossborder transactions, enabling buyers overseas to purchase items from *Mercari* through proxy services



FY2021.6

- **Yu-Packet Post**

Launched a service enabling users to anonymously ship items from mailboxes in partnership with JAPAN POST Co., Ltd.



FY2022.6

- ***Mercari Shops***

Launched a B2C service that allows anyone to easily establish their own online shop



FY2024.6

- **Eco Mercari Shipping**

Launched a service with flat-rate shipping across the country that reduces the delivery and environmental burden by using drop-off delivery

- ***Mercari Hallo***

Launched on-demand work service *Mercari Hallo*

Marketplace—*Mercari*'s Strengths

1 Overwhelmingly broad user base

- Boasts a user base of approx. 23M people across the country and of all ages
- Offers a cross-category marketplace with a wide variety of items

2 Highly convenient UI/UX utilizing technology

- Features a highly convenient UI/UX utilizing technology such as AI, including listing simplification and recommendation features to support purchases

3 Safe and secure usage environment

- Focuses on providing a safe and secure environment, with features such as escrow payment[1], anonymous shipping, and passkeys[2]

1. A system in which Mercari acts as a go-between between the seller and buyer in transactions on *Mercari* to prevent disputes
2. A password-less biometric authentication feature that enables users not only to use a highly safe authentication method, but also to avoid having to configure biometric authentication for each device.

7 Marketplace—GMV[1]/MAU[2] (Quarterly)

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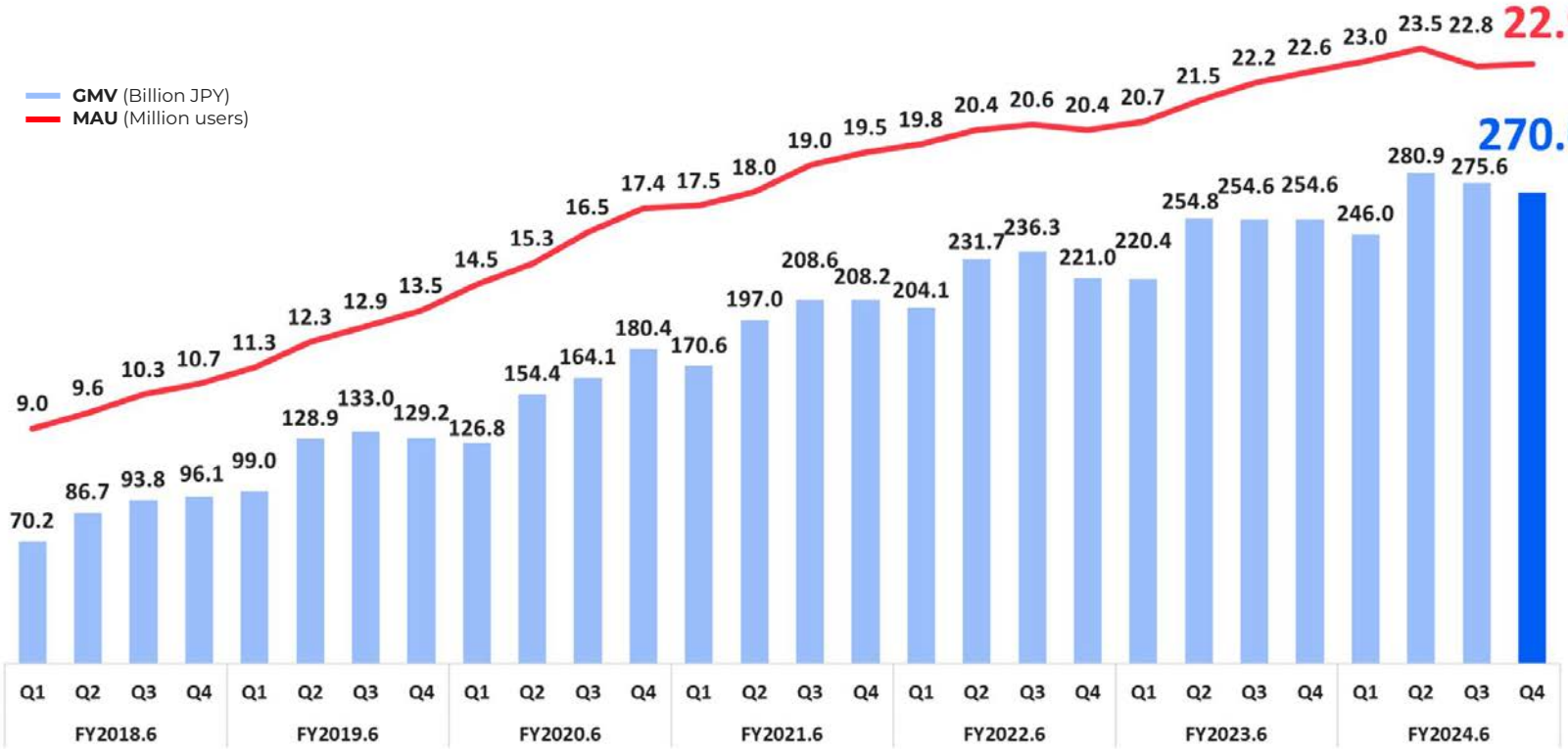

Financial Results Presentation Material

1. Aggregate transaction value after adjusting for cancellations. Figures do not include *Mercari Hallo*.
2. Quarterly average number of users who browsed our service (app or web) at least once during a given month

7 Marketplace—Crossborder Transactions

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- As a result of focusing on crossborder transactions as an area to enhance, increased the number of partner companies to 70 (as of June 30, 2024)
- Popular categories include categories related to character merchandise, trading cards, and apparel

Countries/Regions With the Highest Transaction Amounts[1]

1. China
2. Taiwan
3. US
4. Hong Kong
5. Singapore
6. Korea

Partner Companies[2]

BEENOS Inc. (Buyee, Shopee)

SIG Service INC. (doorzo)

Leyifan Inc.

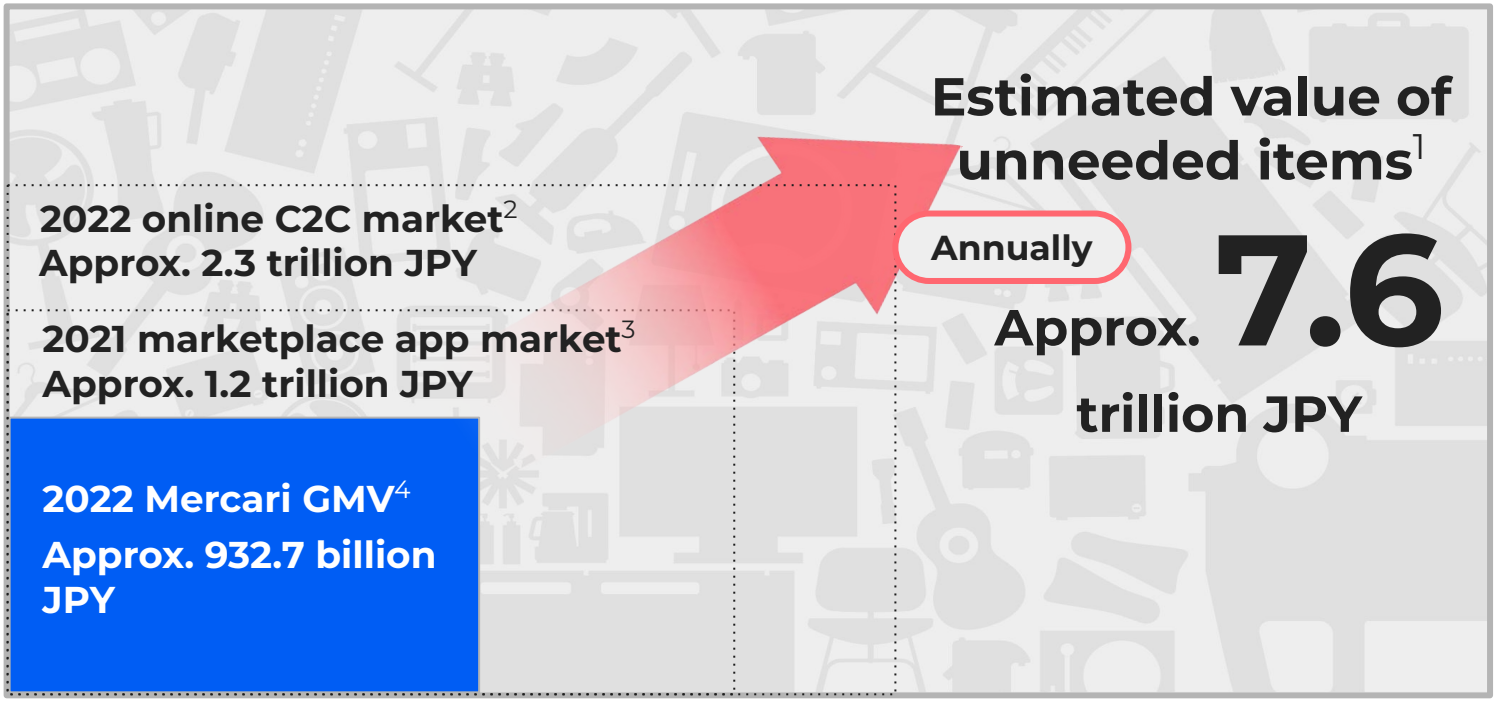
Top 10 Categories[1]

1. Character Merchandise
2. Trading Cards
3. Women's Fashion (Bags)
4. Figurines & Action Figures
5. Men's Fashion (Jackets & Outerwear)
6. Toys
7. CDs
8. Cameras
9. Celebrity Merchandise
10. Video Games

1. Based on transactions through Mercari's proxy services such as Buyee between January 1, 2024, and June 30, 2024
2. List of partner companies (available only in Japanese): https://help.jp.mercari.com/guide/articles/1476/

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

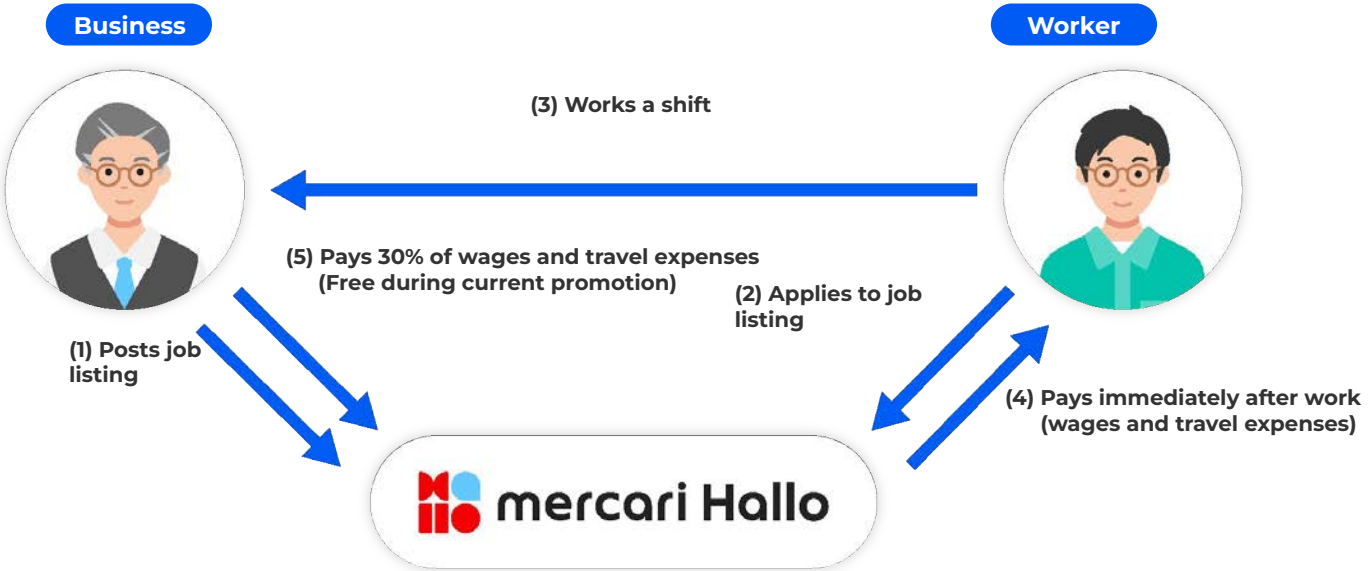
Marketplace—Overview of *Mercari Hallo* (On-Demand Work Service)

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



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

1 Multi-generation base of 23 million users across Japan

- Our partners can acquire effective crew from the ranks of approximately 23 million potential users (16 million verified) across Japan
- Through surveys[1], we have confirmed that there is interest in on-demand work from *Mercari* users across a wide range of age demographics

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

- We aim to provide an experience that allows users to use their wages earned at *Mercari Hallo* 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 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 work or lacked experience with on-demand work but had a high level of interest (according to Mercari research)

Fintech—Services

Payment

Various convenient payment methods available

iD payment

Hold your phone over a reader



Code payment

Scan the code



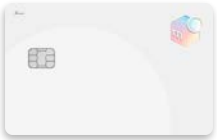
Credit

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%

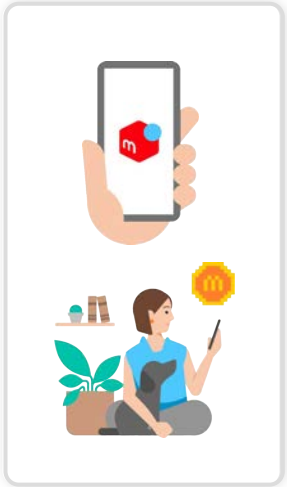


Smart Money

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 cryptoassets from within *Mercari*



Fintech—Major Events

FY2019.6

- **No-contact service iD Payments/QR Code Payments**

FY2021.6

- **Send/receive**

Enables users to send their *Merpay* balance/points to family and friends

- ***Merpay Smart Payments* (fixed-amount)**

Allows for fixed-amount payments, whereby users pay in installments from the following month onwards

- ***Merpay Smart Money***

A small-sum loan service that utilizes *Mercari* usage history to determine a user's interest rate and borrowing limit



FY2022.6

- **Cryptoasset trading service**

Enables users to buy and sell bitcoin from the *Mercari* app

- **Bitcoin savings feature**



FY2023.6



- ***Merpay Smart Payments* (lump-sum)**

Allows users to defer payment for items

- **Identity verification using Japan's Individual Number Card (JPKI)**



- ***Mercard***

A comprehensive, flexible credit card that allows users to do everything right from the *Mercari* app and offers up to 4% points back.



FY2024.6

- **Bitcoin payments within *Mercari***

Enables users to use bitcoin to pay for items purchased on *Mercari*

- **Ethereum trading**

Enables users to buy and sell ethereum through the cryptoasset trading service

FY2025.6

Fintech—Strengths

1 Collaboration with Marketplace

- Utilizes *Mercari*'s user base of more than 23 million users (including more than 16 million identity-verified users)
- Leverages sales balance on *Mercari*, which has an annual GMV on the scale of 1 trillion JPY, as a cash-in source for the *Merpay* wallet

2 Unique credit

- Utilizes *Mercari* usage history and AI technology to offer appropriate credit to each user based on their most recent *Mercari* usage
- Realizes a high credit collection rate thanks to the unique credit system

3 High identity verification rate

- Offers a safe and secure usage environment thanks to a high identity verification rate of over 90%
- Enables users who have verified their identity to seamlessly begin using other Mercari Group services

Fintech—Aims and Features of *Mercard*

Aims of *Mercard*

1 Strengthen Fintech profitability

As *Mercard* is used more and more both in and outside of *Mercari*, the profitability of our credit business will increase.

2 Promote the further growth of Marketplace GMV

The loyalty program encourages the actions of paying, buying, and selling within Mercari's ecosystem.

3 Reduce external processing fees within Marketplace

As *Mercard* is increasingly used on *Mercari*, external payment processing fees will be reduced and overall Group profitability will increase.

4 Promote circulation that includes primary distribution

We will promote the creation of a circular economy through collaborative initiatives with manufacturers and retailers.

Five Major Features of *Mercard*

- Unique credit system based on behavior history on *Mercari* and *Merpay*
- Users who have already verified their identity can apply for a card in as little as a minute using the *Mercari* app
- Flexible control of repayment date and timing
- Numberless card and a safe and secure design with all settings configured entirely using the *Mercari* app
- Point-back rate that increases through the actions of paying, buying, and selling
  (1-4% point-back rate within *Mercari*)

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

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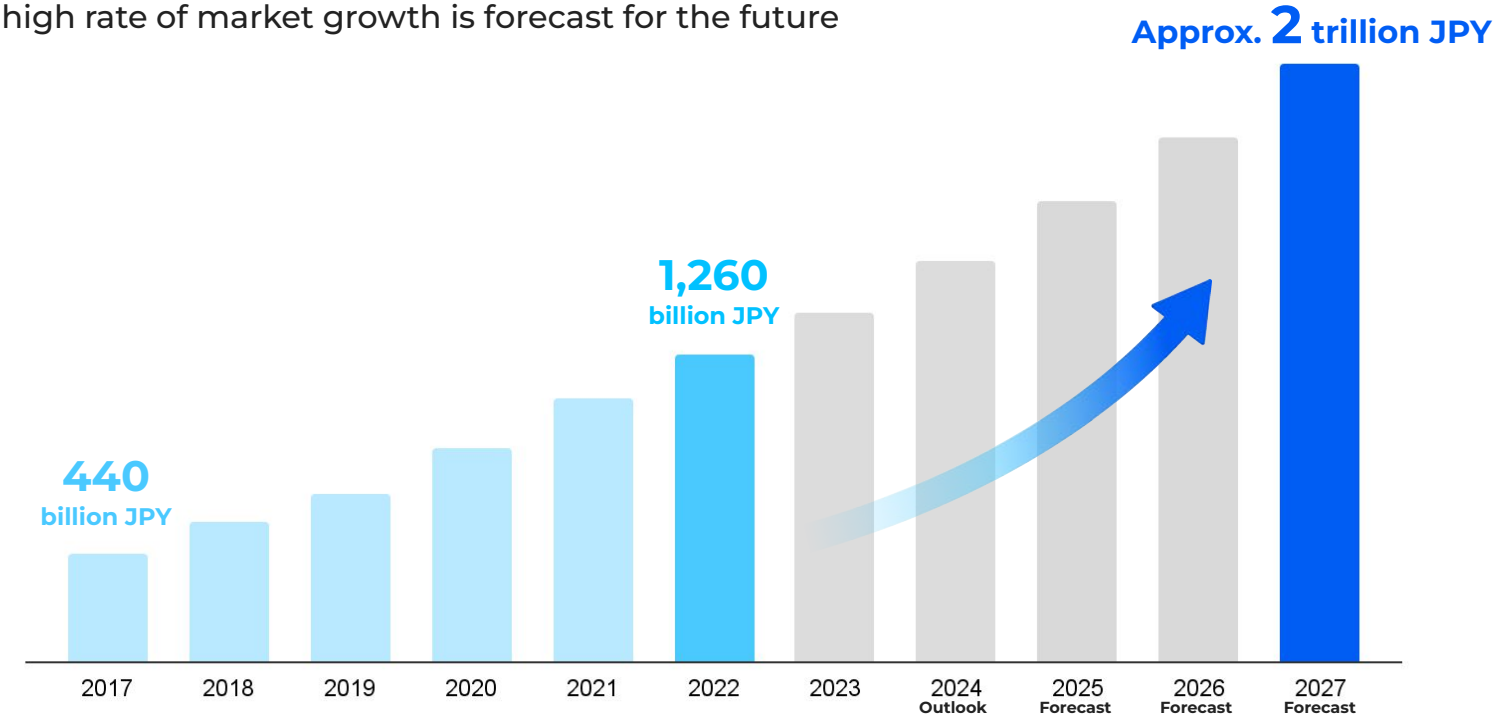
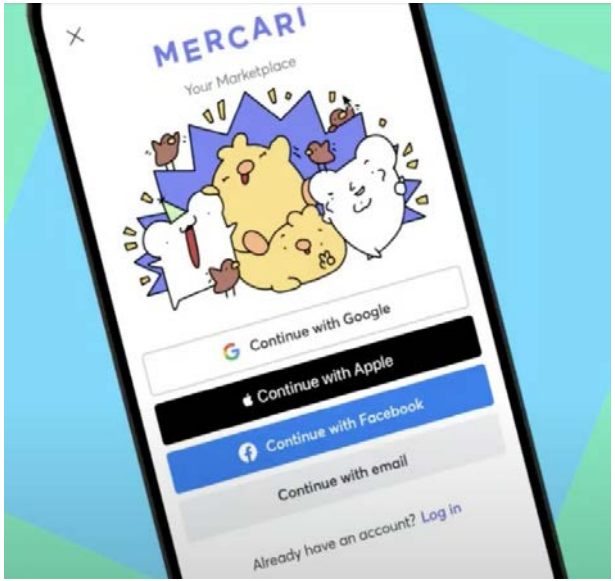
- The amount of deferred payments in the EC market is growing
- A high rate of market growth is forecast for the future



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

US—*Mercari* (US) Overview

- Launched the year after Mercari's founding as our first step in aiming to create value in a global marketplace
- Holds a unique position in the US market as a cross-category service with a variety of delivery options
- In order to activate transactions, became the first major marketplace in the US with no selling fees after shifting to a model in which the buyer pays fees



- Service launch: September 2014
- Operating systems: Android, iOS
  (Can also be accessed through web browsers)
- Usage fees: None
- Revenue structure: After the transaction is complete, the buyer is charged a service fee (rate depends on category, brand, and other factors) and PPF fee (2.9% + 0.50 USD)

US—Major Events

FY2014.6 — Service launch

FY2016.6 — Introduction of fees

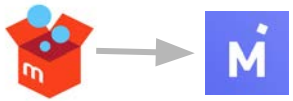
Launched a model in which sellers pay 10% of transaction amounts as a selling fee

FY2017.6 — Localization of management structure

John Lagerling, current CEO of Mercari, Inc. (US), joined Mercari Group

FY2018.6 — Rebranding

Carried out rebranding and an app redesign as a step toward localization



FY2018.6 — Diversification of shipping methods

Launched *Mercari Local*, a contactless same-day pickup and delivery service, nationwide in partnership with Uber



FY2021.6 — Launch of deferred payment service

Launched deferred payment (BNPL) service with Zip (later launched BNPL service with PayPal in 2022)



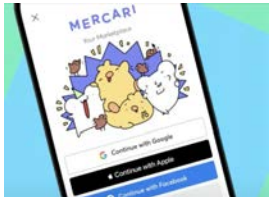
FY2023.6 — Enhancement of AI usage

Launched *Merchat AI*, a new shopping assistant powered by ChatGPT

FY2024.6 — Launch of crossborder transactions with *Mercari* in Japan

FY2024.6 — Change of fee model

FY2024.6 — Rebranded to a design aimed at Gen Z



US—Strengths

1 Cross-category C2C marketplace

- Offers a cross-category C2C marketplace with large potential for mid- to long-term growth in the US market, which mainly consists of category-specific services

2 Wide range of delivery options

- Offers a variety of delivery options including both shipping and local pickup, while many services in the US market only offer one or the other

3 No selling fees[1]

- Uses a fee model with minimal burden on sellers as the only major marketplace in the US to charge no selling fees
- Offers a UX that makes listing incredibly easy

1. In March 2024, removed selling fees and changed to a model where the buyer pays fees

7 US—GMV[1]/MAU[2] (Quarterly)

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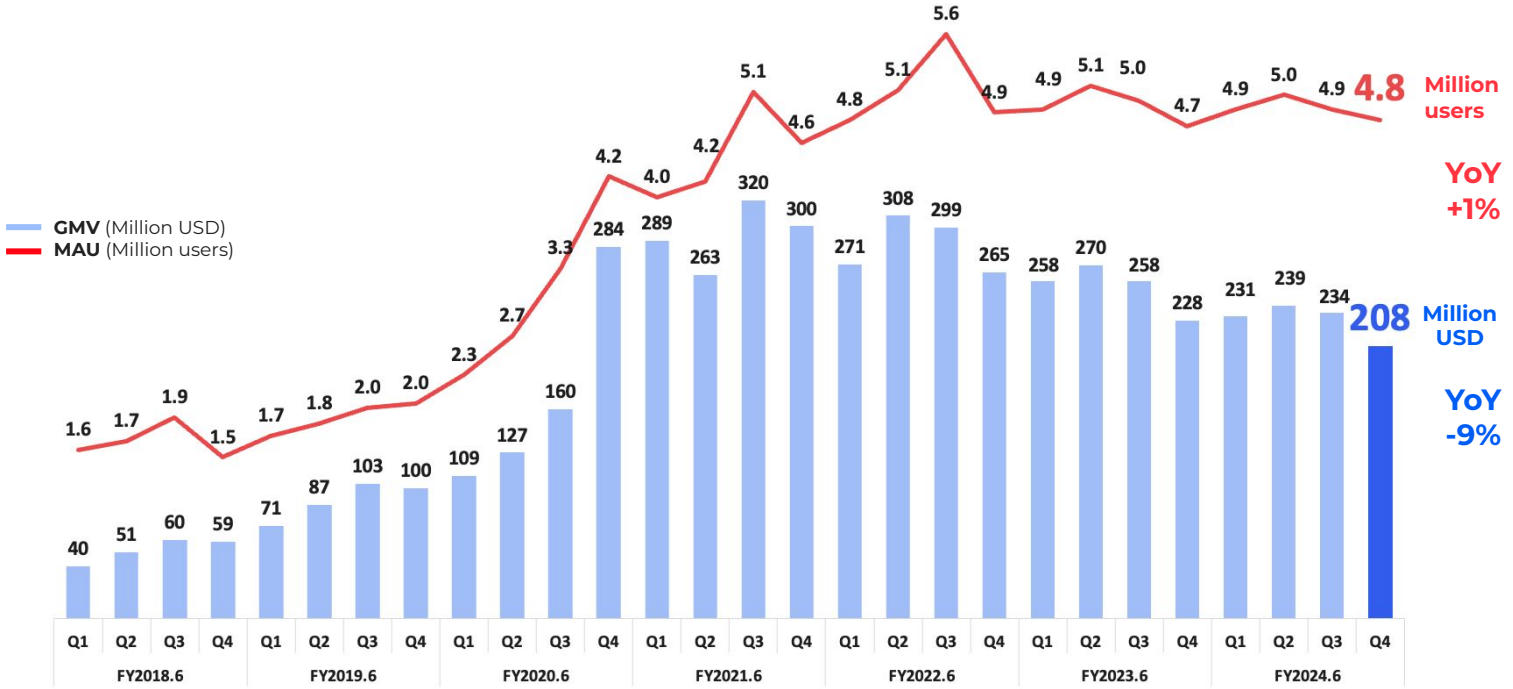

1. Aggregate transaction value after adjusting for cancellations
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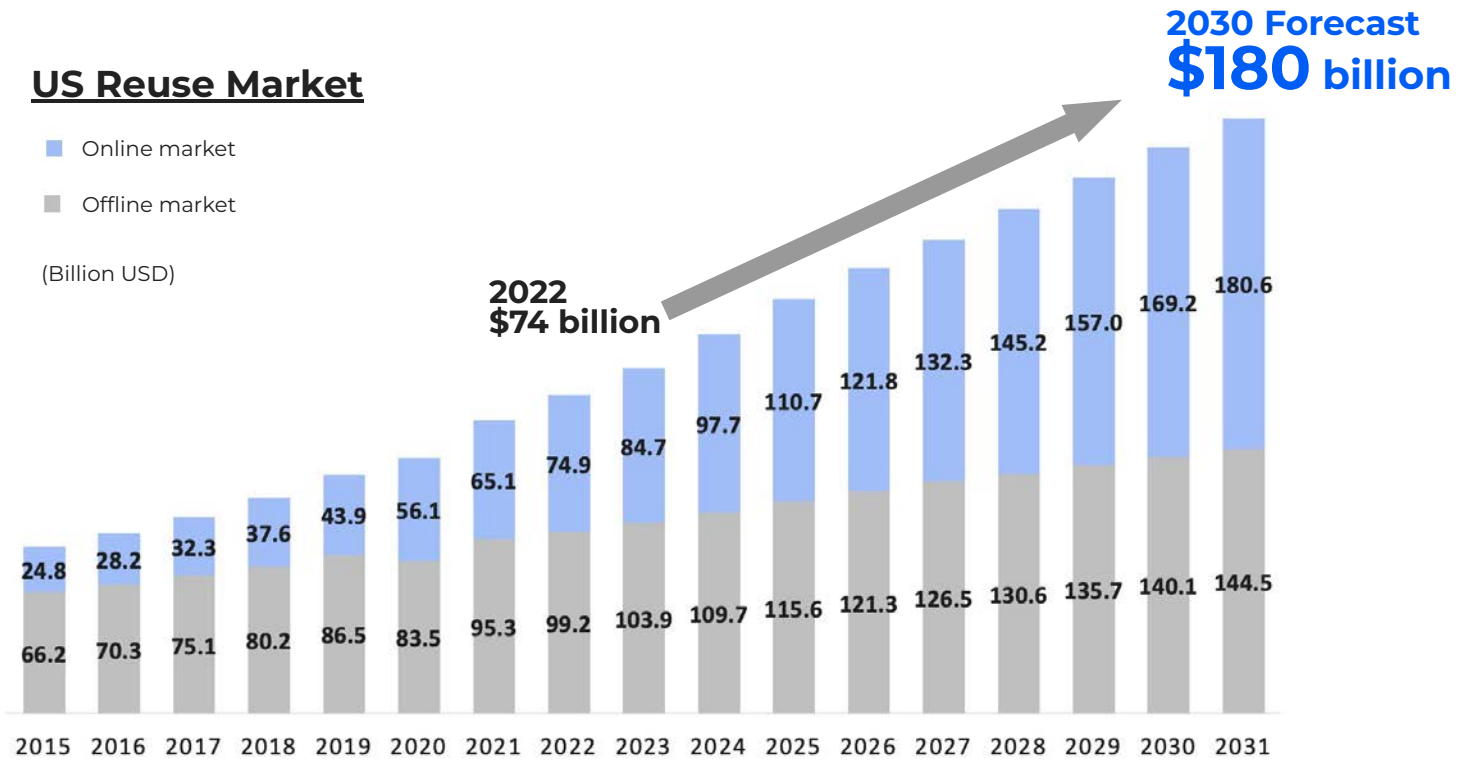
US—US Reuse Market

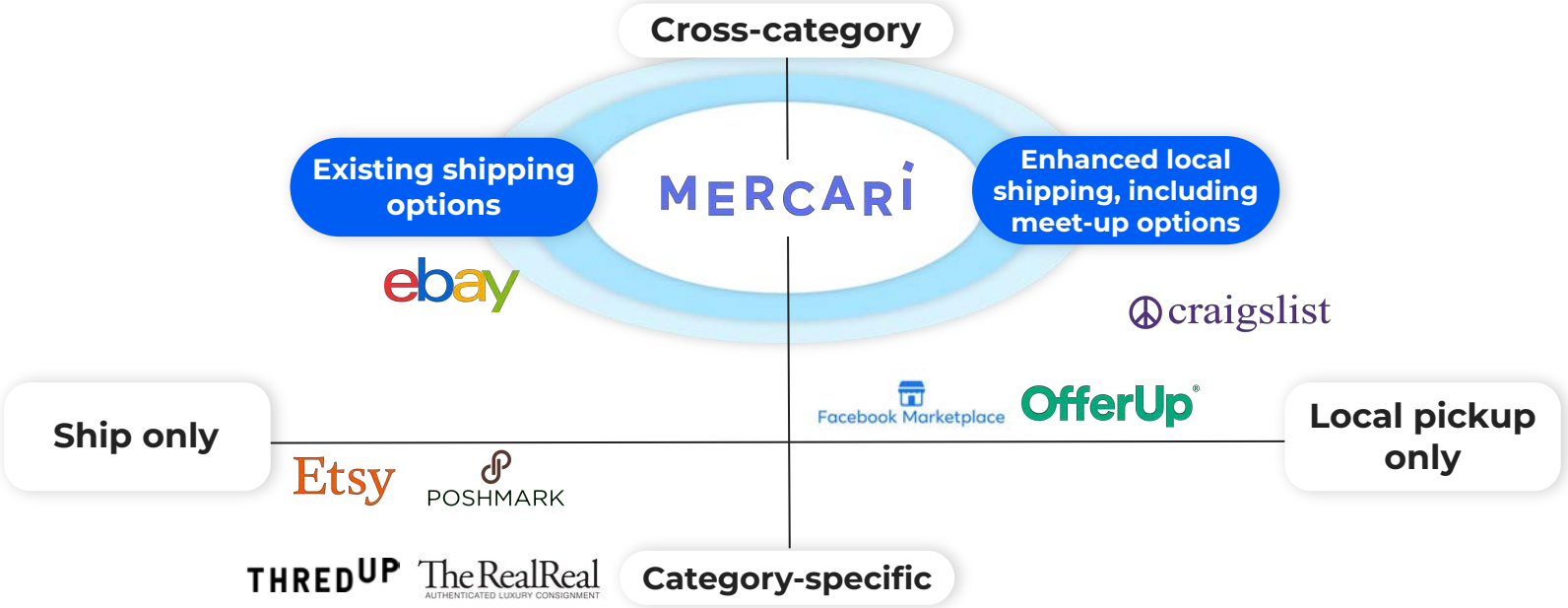
- The US online reuse market is expected to grow at a pace approximately triple that of the offline market between 2022 and 2031 and overtake the offline market in size in 2026



1. Source: Mercari 2023 Reuse Report. The numbers from 2023 and onwards are estimates.

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 position in the US market
- Strengthening regular delivery and expanding transaction methods to enhance user convenience, including meet-up options



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The FY2025.6 Q1 financial results are scheduled to be released at 15:00 or later on November 5, 2024.

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Mercari, Inc. TSE:4385