

mercari

Presentation Material

FY2025.6 Q1



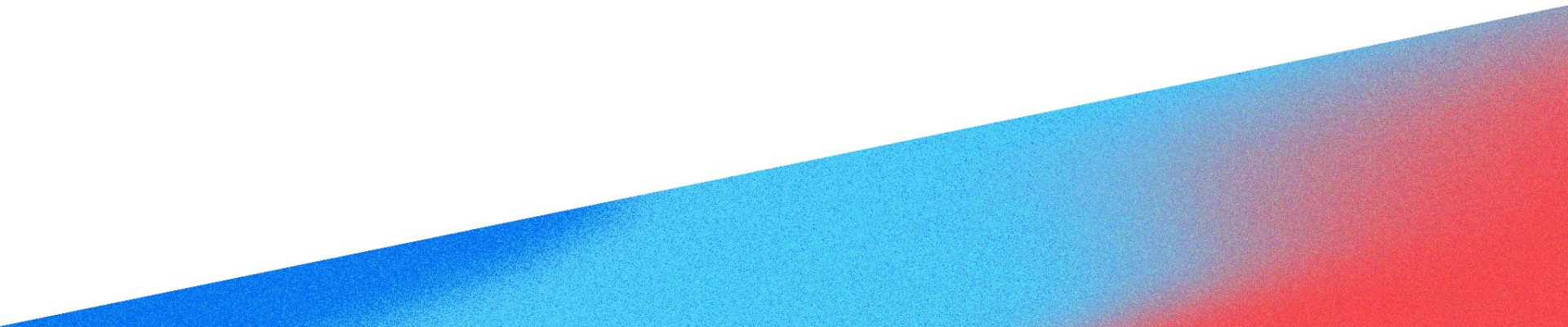


**Circulate all forms of value
to unleash the potential in all people**

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FY2025.6 Q1 Financial Overview



Consolidated Results Forecast (Full Year)

Revenue	Core operating profit ¹
200.0–210.0 _{B JPY}	22.0–25.0 _{B JPY}

Group Policy/Major Initiatives

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

Q1 Highlights

Core operating profit is progressing according to expectations under a plan of anticipating core operating profit to build up in H2.

The GMV of Marketplace and US fell below estimates, but we are working to achieve the consolidated results forecast for the full year for both revenue and core operating profit.

In addition to crossborder and B2C, Fintech's credit business made solid progress, and *Mercari Hallo* realized a high rate of growth in both the number of registered users and the number of partner locations.

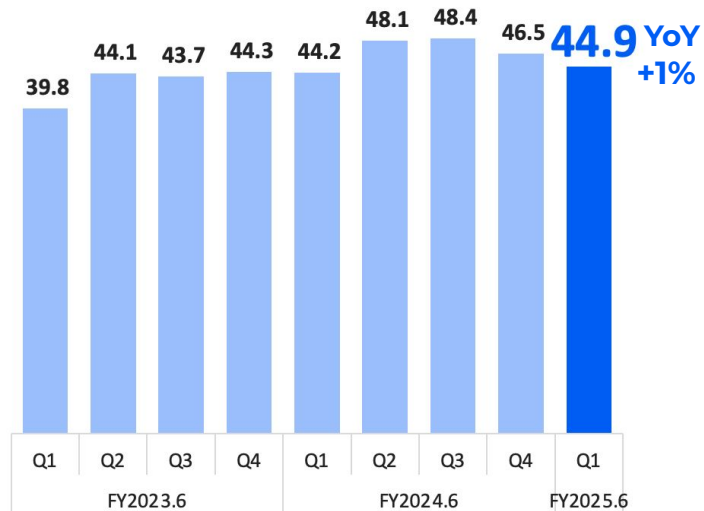
We executed a convertible bonds buyback worth approximately 21B JPY with the goal of maximizing corporate value by enhancing profit generation and efficiency of capital, recording 1.1B JPY in financial income in the process.

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

1 Consolidated Results (Quarterly)

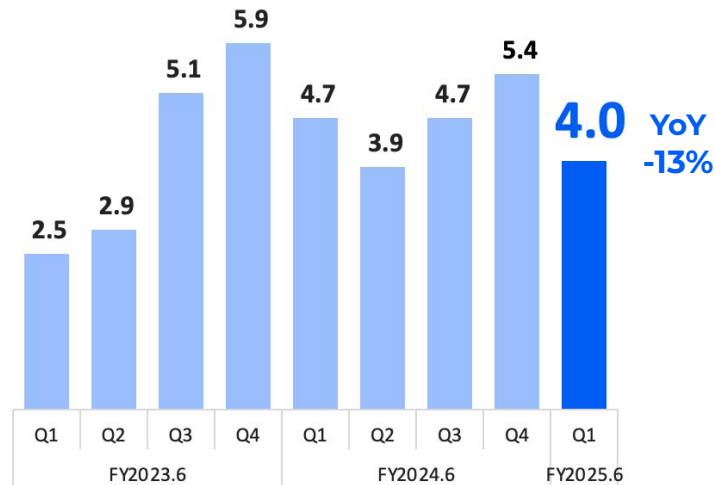
Revenue

(Billion JPY)



Core Operating Profit¹

(Billion JPY)



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

Marketplace

GMV¹

257.6_B JPY
(YoY +5%)

Adjusted² Core
Operating Margin³

37%
(42% excluding
Mercari Hallo)

Fintech

Credit Balance⁴

200_B JPY
(YoY +52%)

Core Operating
Profit³

400_M JPY
(Profit for two
consecutive quarters)

US

GMV¹

193_M USD
(YoY -16%)

Core Operating
Profit³

-800_M JPY
(-100M JPY YoY)

1. Aggregate transaction value after adjusting for cancellations. Marketplace figures do not include *Mercari Hallo*.

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

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

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

Business Objectives

- Aim for a GMV growth rate of around +10% YoY and an adjusted¹ core operating margin² of 37–42% through strong growth of crossborder transactions and B2C, in addition to steady growth of the C2C business
- *Mercari Hallo*: Establish an environment enabling the service to be used across the country and aim to become the number-one service in Japan in the medium term

Although high-growth areas (crossborder and B2C) saw steady growth, as of the end of Q1, updates to the product have had a limited effect, and the impact of marketing strategies fell below expectations, resulting in a GMV growth rate of +5%

Mercari Hallo saw stable growth, reaching over 8 million registered users³ and more than 120,000 partner locations⁴

Adjusted core operating margin was within the range of guidance at 37%; excluding *Mercari Hallo*, an area of investment, the number was 42%.

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.

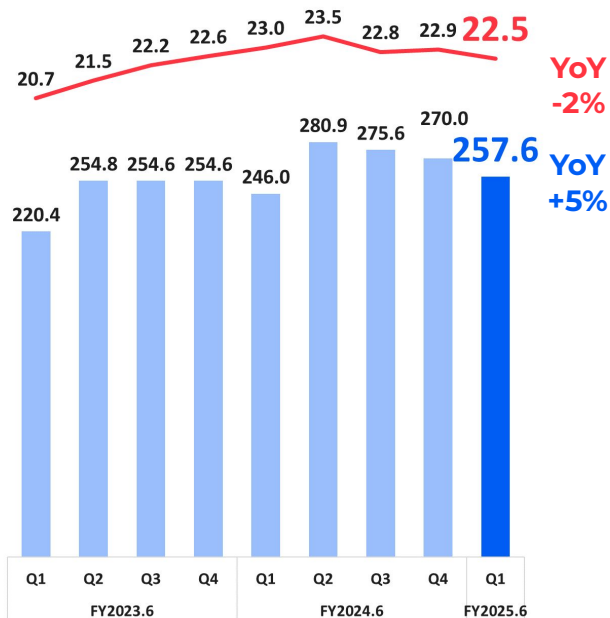
3. Cumulative total of users who agreed to the *Mercari Hallo* terms of use (as of October 15, 2024)

4. Cumulative total of locations that agreed to apply for *Mercari Hallo* (as of the end of September 2024)

1 Marketplace—Results (Quarterly)

GMV¹/MAU²

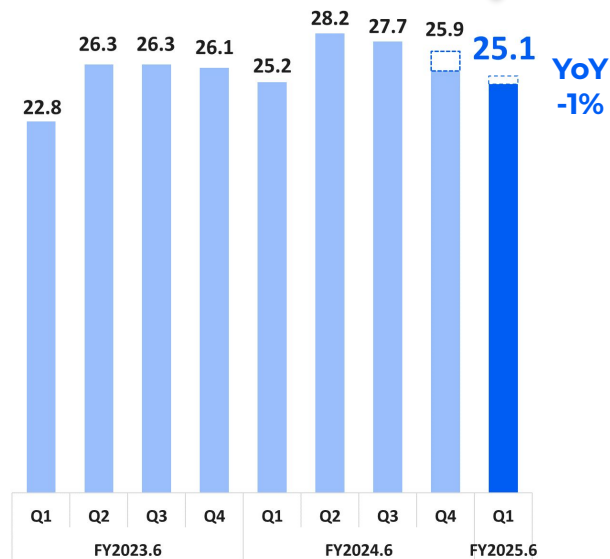
— GMV (Billion JPY)
— MAU (Million users)



Revenue

(Billion JPY)

From FY2024.6 Q4, a portion of point-related expenses are deducted from revenue figures³ (Impact in Q1 was 500M JPY, YoY growth before deductions: +2%)



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

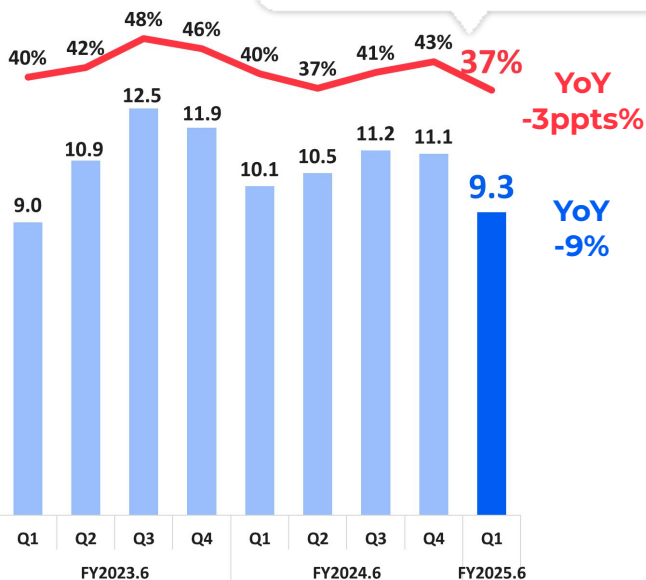
1 Marketplace—Results (Quarterly)

Adjusted¹ Core Operating Profit/Margin²

(Billion JPY)

Adjusted core operating profit
Adjusted core operating margin

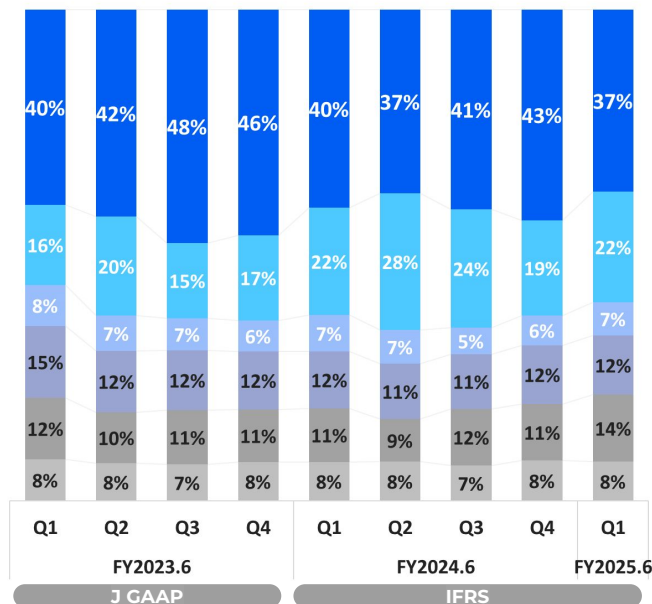
Excluding Mercari Hallo:
Adjusted core operating profit: **10.5B JPY**
Adjusted core operating margin: **42%**



Profit and Cost Composition

(Billion JPY)

Other cost of sales
Personnel expenses (cost of sales and SG&A)
Commission fees
Other SG&A³
Promotion⁴
Adjusted core operating profit



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

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

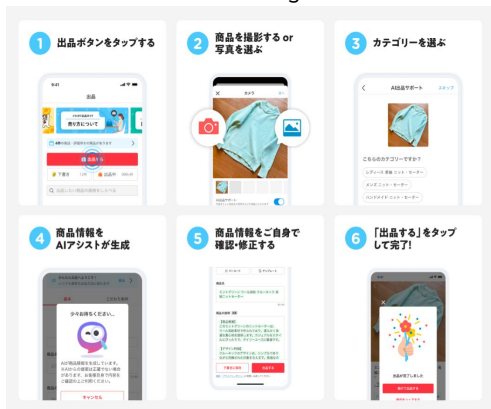
3. Outsourcing expenses, land rent and depreciation, etc.

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

C2C

Started Providing AI Listing Support¹

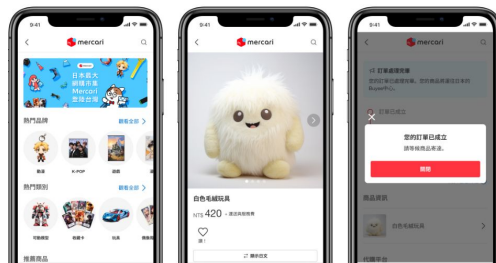
- Based solely on pictures the user takes and the category they select for their item, our AI feature automatically fills in the product information necessary for listing
- Initial results indicate the feature increases both the number of listings and listers



Crossborder Transactions

Started Direct Crossborder Transactions²

- In addition to sales via partner websites, it is now possible for users to register and make purchases directly on *Mercari* from overseas
- One month after our release in Taiwan³, we reached more than 50,000 registered users; we plan to strengthen the development of our business through *Mercari* crossborder transactions going forward



B2C

Increased Shop Opening of Major Reuse Companies

- Sales expansion is growing steadily due to major reuse companies opening shops on *Mercari*, which is linked to the activation of transactions in high-price categories



金券ショップ
甲南チケット

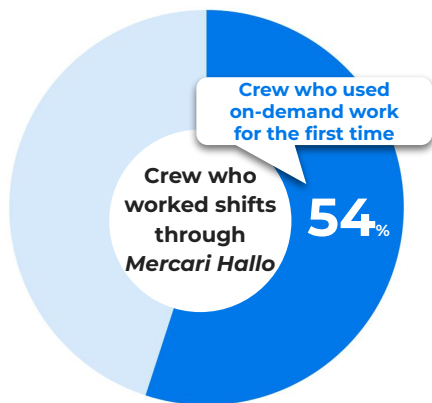
1. Began providing service on September 10, 2024

2. People overseas register as *Mercari* users, which allows them to purchase items in their local language and with prices shown in the local currency, while sales and payments are handled through a third-party company, creating a smooth user experience

3. August 29, 2024

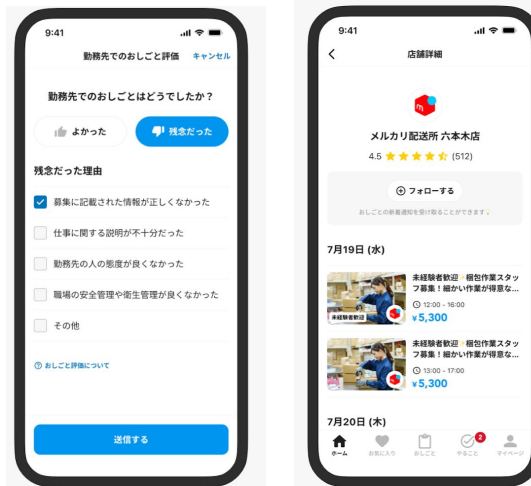
Expanding the Range of On-Demand Work

- Surpassed 8 million registered users¹ and 120,000 partner locations²
- For over half of workers, *Mercari Hallo* was their first experience with on-demand work³; approx. 80% of job listings welcome workers with no experience⁴



Product Updates

- Launched a location/job listing follow feature⁵ and an alumni connect feature⁶ to improve UI/UX
- Launched a mutual rating feature⁷ to establish a more comfortable usage environment



(Image of the mutual rating feature)

1. Cumulative total of users who have agreed to *Mercari Hallo*'s terms of use (as of October 15, 2024)

2. Cumulative total of locations that have agreed to *Mercari Hallo* applications (as of September 30, 2024)

3. Survey period: October 15–18, 2024 (Number of respondents: 1,246)

4. Percentage of job listings that accept workers with no experience, excluding limited job listings and hidden job listings (Number of respondents: 1,246)

5. A feature that enables workers to follow locations or job listings they are interested in and see updates

6. A comprehensive term for multiple features enabling locations to reach out to users who have worked for them in the past, such as a feature in which locations can send job offers to users who have worked for them before

7. A feature enabling workers to rate locations they have worked at and locations to rate workers (released October 2024)

Business Objectives

Transition to a phase of continuously increasing profit through steady accumulation of credit balance; aim for core operating profit¹ of 3.0B JPY or higher

Based on our business objectives, promoted management with a profit-generating mindset and made solid progress

As we maintained a high collection rate² above 99%, credit balance³ continued to show favorable numbers, increasing to 200 billion JPY and reaching YoY +52%. Began installment payment plans to strengthen good credit.

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

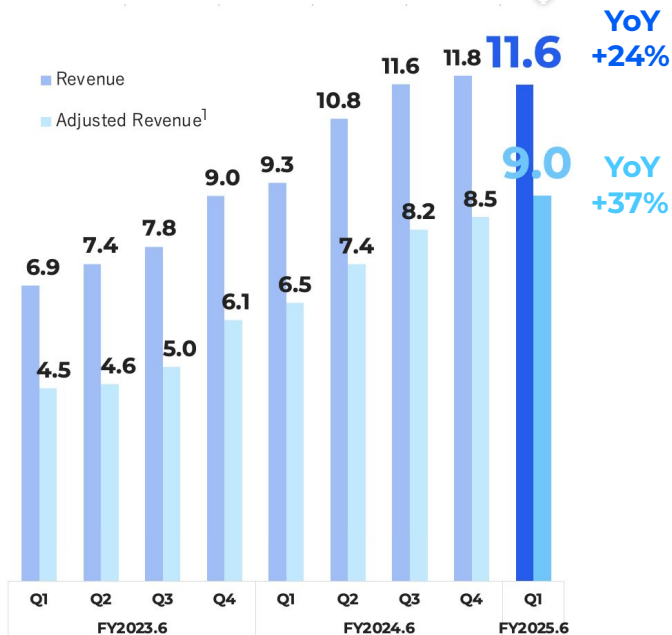
2. Weighted average rate of the quarterly cumulative collections completed within the past 11 months compared to the amount of *Merpay Smart Payments* (lump-sum payment and fixed-amount payment) and *Smart Money* billed in the past 11 months (excludes bankruptcy reorganization debt)

3. *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)

Revenue

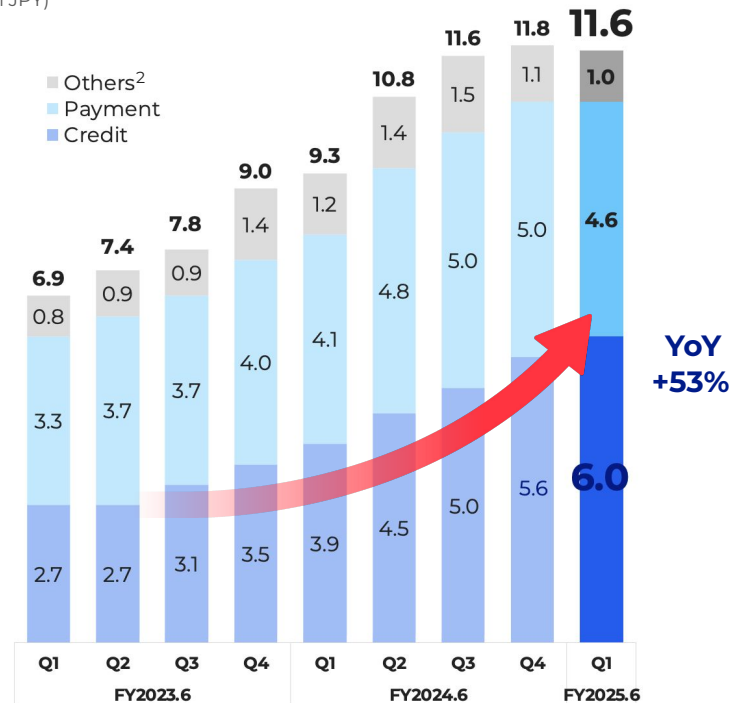
(Billion JPY)

Decrease due to changes in rate of outsourced payment processing fees between Marketplace and Fintech as a result of appropriately reflecting fair market prices



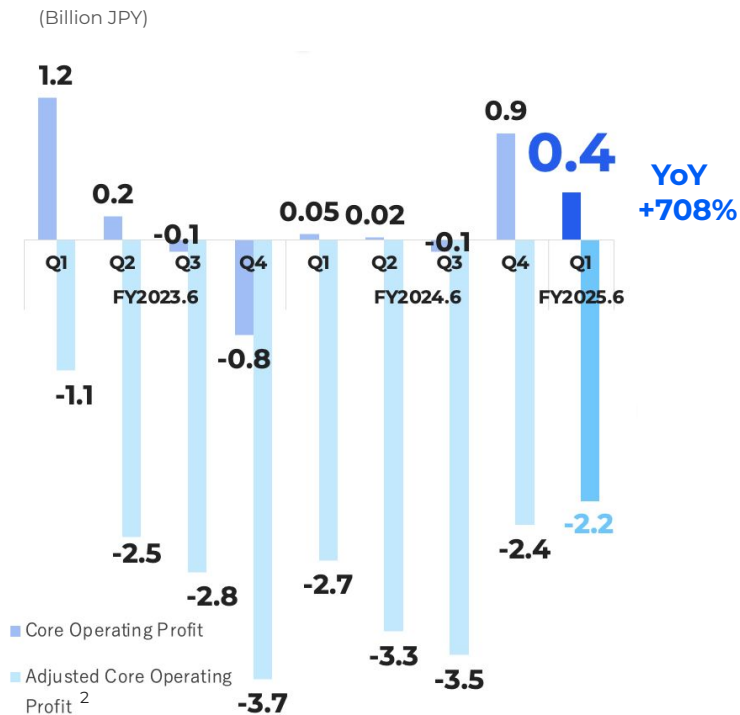
Breakdown of Revenue

(Billion JPY)

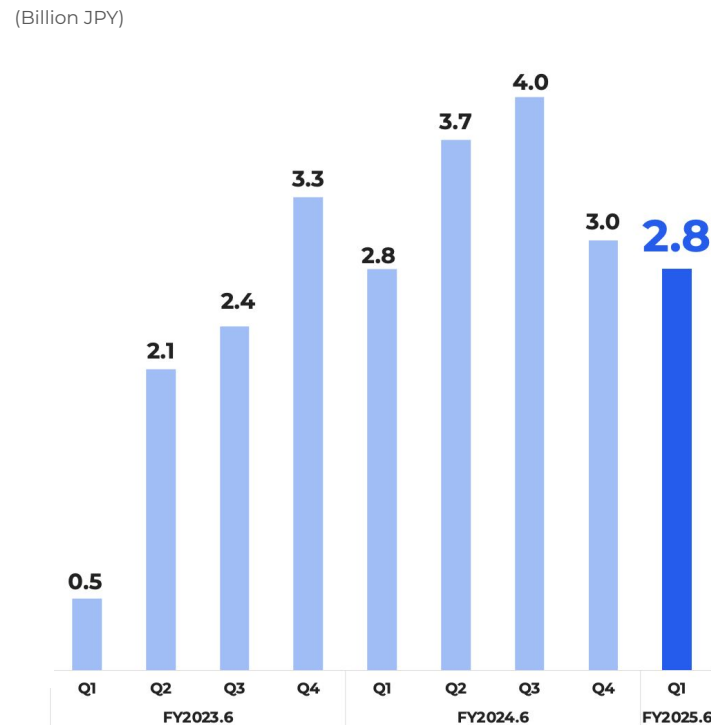


1. Profit after deduction of internal transactions with Marketplace (outsourced payment processing fees)

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

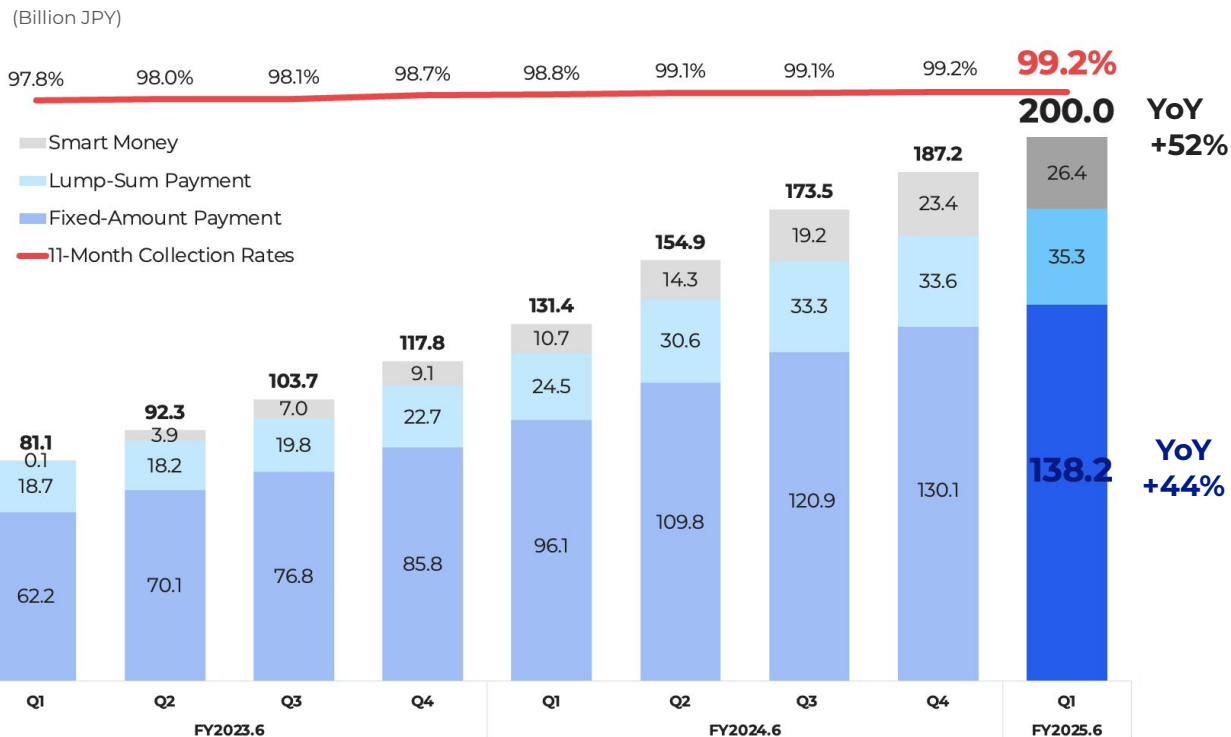
Core Operating Profit¹

Promotion Costs



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

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

Credit Balance¹ and Collection Rates²

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

**Business
Objectives**

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

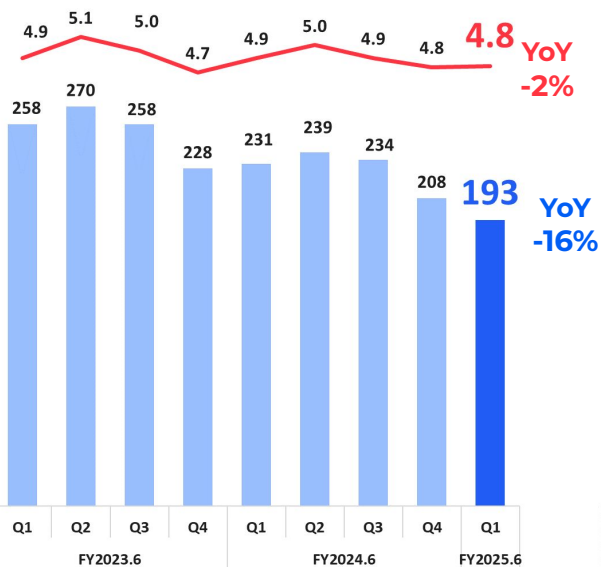
We were unable to achieve the effects we had expected from mainly the changes to our fee model. Combined with external factors such as ongoing inflation, this led to continued negative GMV growth.

In addition to continuing as Group CEO, Shintaro Yamada will also assume the role of US CEO in January 2025. While continuing our current initiatives, we are considering new strategies to aim to get back on track for growth and will continue to work toward breaking even.

1 US—Results (IFRS¹/Quarterly)

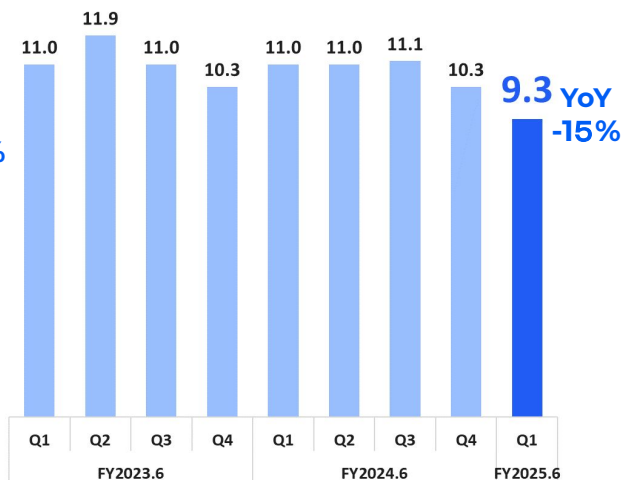
GMV²/MAU³

GMV (Million USD)
MAU (Million users)



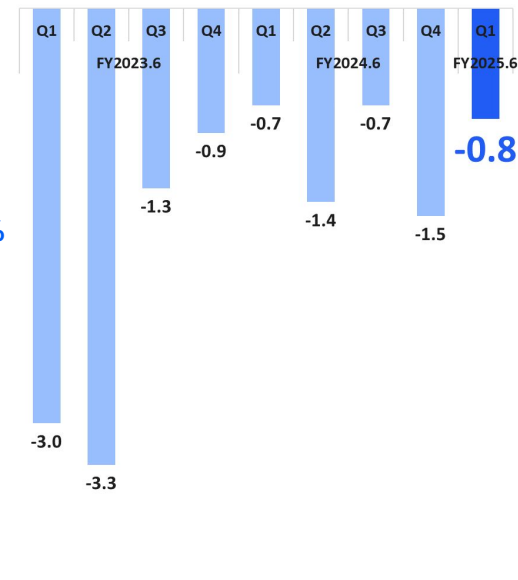
Revenue

(Billion JPY)



Core Operating Profit

(Billion JPY)

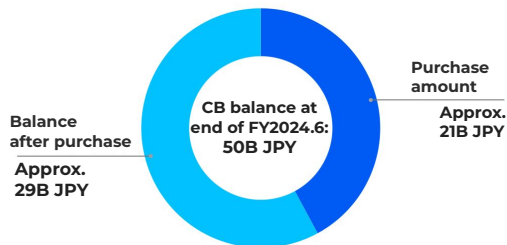


Financial Results Presentation Material

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

Overview

- Purchased approximately 21 billion JPY worth of the total 50 billion JPY euro-yen denominated convertible bonds issued in 2021 and maturing in 2026/2028
- Recorded approximately 1.1 billion JPY in financial income for FY2025.6 Q1



Reasons

- **Generating profits**
Purchasing bonds at a price lower than the issuance price generates a profit¹
- **Enhancing efficiency of capital**
Continuous profit generation improves our debt financing capabilities, and we anticipate future growth of profits and the strategic improvement of our financial soundness and capital efficiency

1. There are no changes to the consolidated results forecast announced for FY2025.6

<p>Consolidated</p>	<ul style="list-style-type: none"> 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 Continue to watch market trends; manage and finance capital flexibly while also examining the status of the market
<p>Fintech</p>	<ul style="list-style-type: none"> Promote non-recourse¹ receivable liquidation as our basic financing policy Maintain/enhance our collection rate Strengthen balance sheet management through asset and liability management (ALM)²
<p>Approach to Shareholder Returns</p>	<ul style="list-style-type: none"> For the foreseeable future, we will strive for growth investment and to retain our internal reserves At present, our retained earnings is negative, and we are not legally able to pay dividends, so we do not have plans to pay dividends

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

A decorative graphic element at the bottom of the page, consisting of a diagonal gradient shape. The shape starts as a solid blue on the left and transitions into a solid red on the right, with a smooth gradient in between. It is positioned in the bottom right corner of the white background.

- Published the [FY2024.6 Impact Report](#) summarizing our ESG initiatives and results in FY2024.6
- Newly disclosed and set targets for CO₂ emissions related to delivery and strengthened our commitment to reducing environmental burden (obtained SBT certification for our targets)



Newly set targets

Scope 1+2^A:

Reduce emissions by a total of 100%
(compared to 2021) by 2030

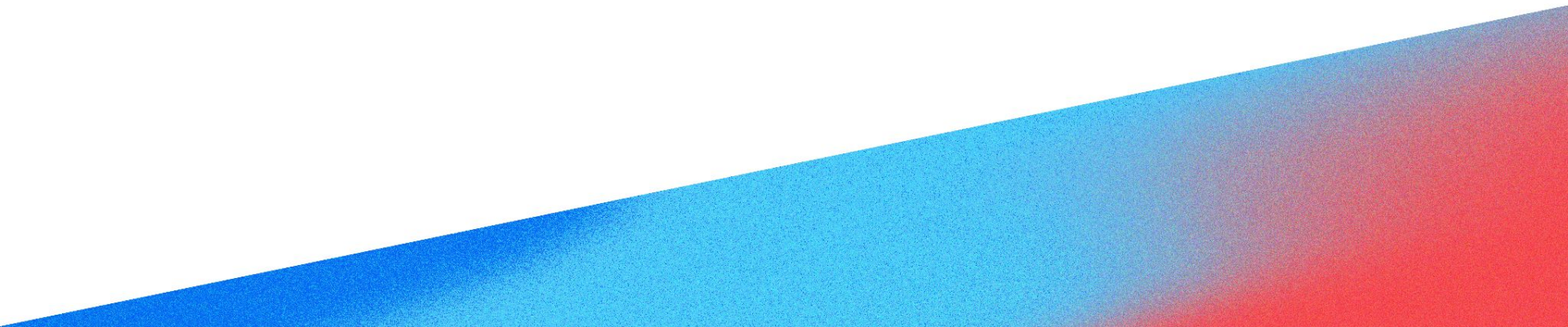
Scope 3^B:

Reduce added value-related
emissions (output level) by 51.6%
(compared to 2023) by 2030

A: Received SBT certification for our 90% reduction target. We further set a 100% reduction target independently.

B: Category 9 emissions are included in Mercari's calculations. We have also recalculated our category 9 emissions for our benchmark year of FY2023.6.

Appendix



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





Makiko Shinoda

Chair of the
Compensation
Committee



Takuya Kitagawa

Background



Daiken Tsunoda

Chair of the Audit
Committee

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

- Managing Executive Officer, CDO 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)

- 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 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)

Reasons for Selection as Outside Directors

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

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

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



Kazuhiko Toyama
Chair of the Nominating
Committee



Shiho Konno



Kumi Fujisawa

Background

- Boston Consulting Group
- Representative Director and President of Corporate Direction Inc.
- Representative Director, CEO of Industrial Growth Platform, Inc.,
- Outside Director of Panasonic Corporation (currently Panasonic Holdings Corporation) (current position)
- Outside Director of Tokyo Electric Power Company Holdings, Inc.
- Representative Director, President of Japan Platform of Industrial Transformation, Inc. (current position)
- Chairman of Industrial Growth Platform, Inc. IGPI Group (current position)
- Chairman of General Incorporated Association Japan Association of Corporate Directors
- Outside Director of Kuroda Precision Industries Ltd. (current position)
- Audit and Supervisory Board Member of Yahoo Japan Corporation (currently LY Corporation)
- Auditor of Advanced Softmaterials Inc. (currently ASM Inc.)
- Member of the Committee on Realization of a Gender-Equal Society at the Japan Federation of Bar Associations (current position)
- Auditor of Japan Corporate Governance Network
- Shiho Konno Habataki Law Office (current position)
- Outside Director of Watami Co., Ltd.
- External Director of Kakaku.com, Inc.
- Outside Director of Alfresa Holdings Corporation
- Outside Audit & Supervisory Board Member of Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)
- Member of the Board of Monex Group, Inc.
- Outside Director of LIXIL Corporation (current position)
- Outside Audit & Supervisory Board Member of Pegasus Tech Holdings, Inc. (current position)
- Joined KOKUSAI Investments Trust Management Co., Ltd.
- Joined Schroder Investment Management (Japan) Limited
- Representative Director of IFIS JAPAN LTD.
- Vice Chairman of the Investment Trusts Association, Japan (current position)
- Governor of the Japan Securities Dealers Association (current position)
- Outside Director of the Shizuoka Bank, Ltd.
- Representative Director of SophiaBank Co., Ltd.
- Outside Member of the Board of Toyota Tsusho Corporation
- Outside Director, Member of the Board of Creek & River Co., Ltd.
- Outside Director of CellSource Co., Ltd. (current position)
- Outside Director of Net Protections Holdings, Inc. (current position)
- Chairperson of Institute for International Socio-Economic Studies (current position)
- Outside Director of Shizuoka Financial Group, Inc. (current position)

Reasons for Selection as Outside Directors

- Extensive knowledge and deep insight in the areas of management and corporate governance
- Deep experience in promoting innovation to solve social issues
- Specialized expertise in the fields of corporate legal affairs and corporate governance
- Extensive knowledge and profound insight in the fields of risk management and compliance
- Extensive experience in promoting innovation to address social issues
- Extensive expertise and profound insight in global business, corporate governance, and other fields



Mayumi Umezawa



Kikka Hanazawa

Background

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

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

Reasons for Selection as Outside Directors

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

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

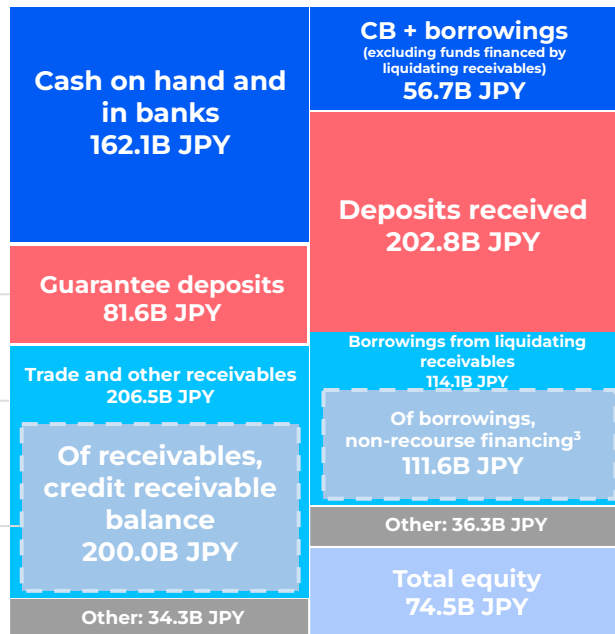
- We will continue to leverage various methods of financing and appropriately control our balance sheet to maintain a sound financial foundation

Mainly deposits related to user funds

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

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

Credit balance from *Merpay's* credit services



Total assets at end of FY2025.6 Q1: **484.6B JPY**

Convertible bonds and long-term borrowings

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

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

Funds financed by liquidating receivables

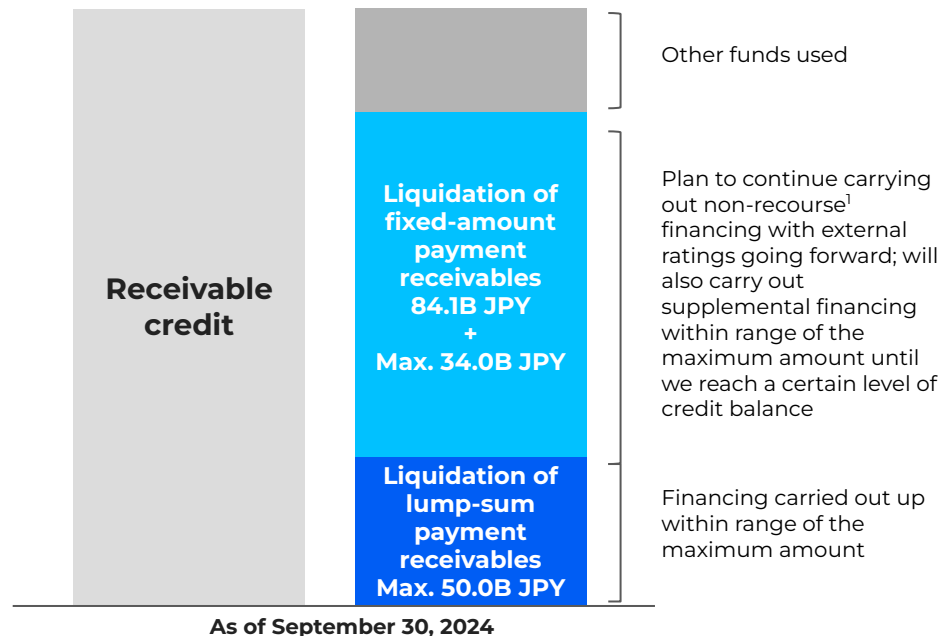
Liquidated lump-sum payment and fixed-amount payment receivables for *Merpay Smart Payments*. Starting FY2023.6, we have carried out non-recourse¹ financing for a portion of liquidated receivables.

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

- We plan to expand and diversify financing in sync with the growth of our credit services centered on non-recourse¹ 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-recourse¹ financing for a total of 84.1B JPY as of the end of FY2025.6 Q1.
- Additionally, we have liquidated receivables in line with the growth of our credit balance per month, with the maximum amount set to 34.0B JPY for fixed-amount payment and 50.0B JPY for lump-sum payment, and improved the efficiency of our funds.



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

Japan Region

Marketplace

Fintech

US

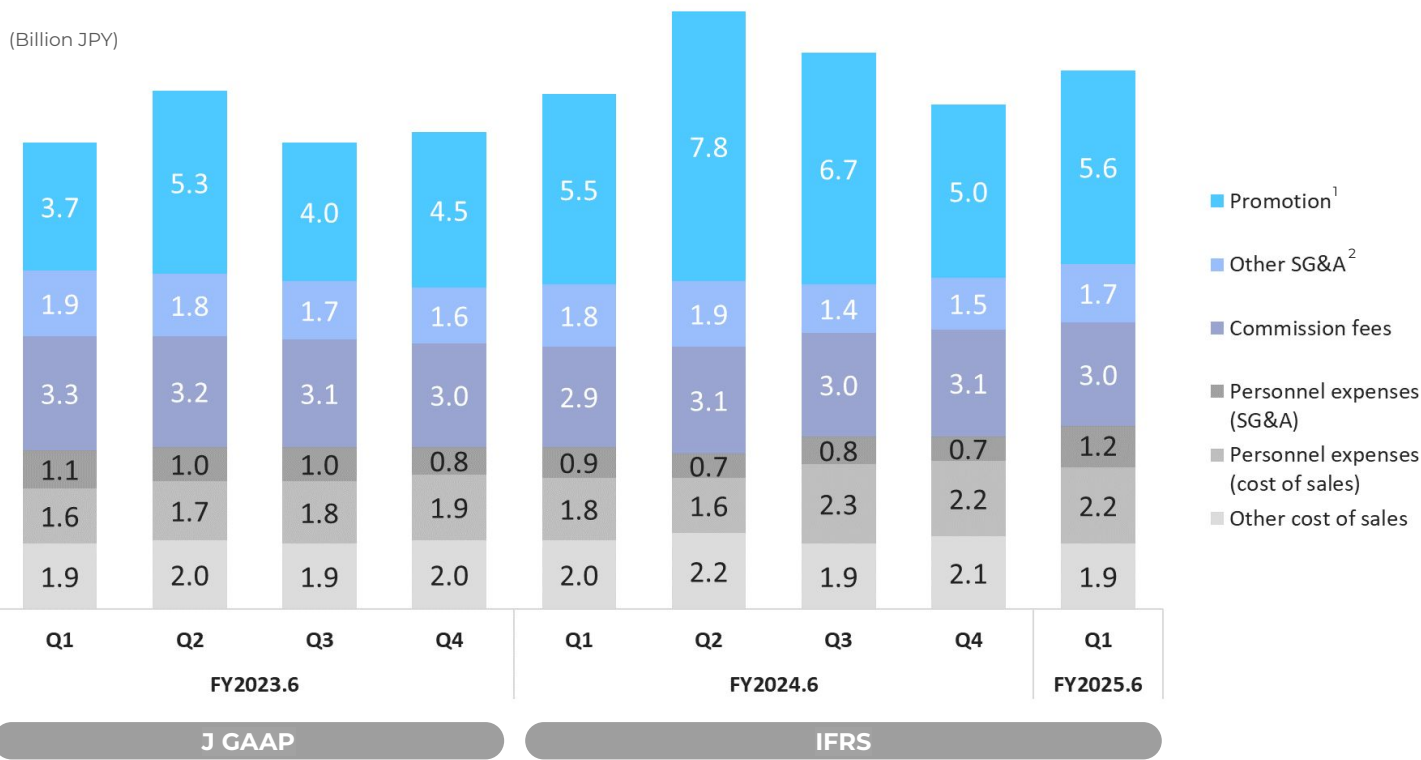
Others

Adjustments

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

Crossborder

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



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.

Mid-Term Objectives of Main Businesses

(Excerpt from FY2024.6 Q4 Presentation Materials)

Group-wide

Mid-Term Objectives

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

Focus Areas

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

Marketplace

Mid-Term Objectives

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

Focus Areas

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

Fintech

Mid-Term Objectives

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

Focus Areas

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

US

Mid-Term Objectives

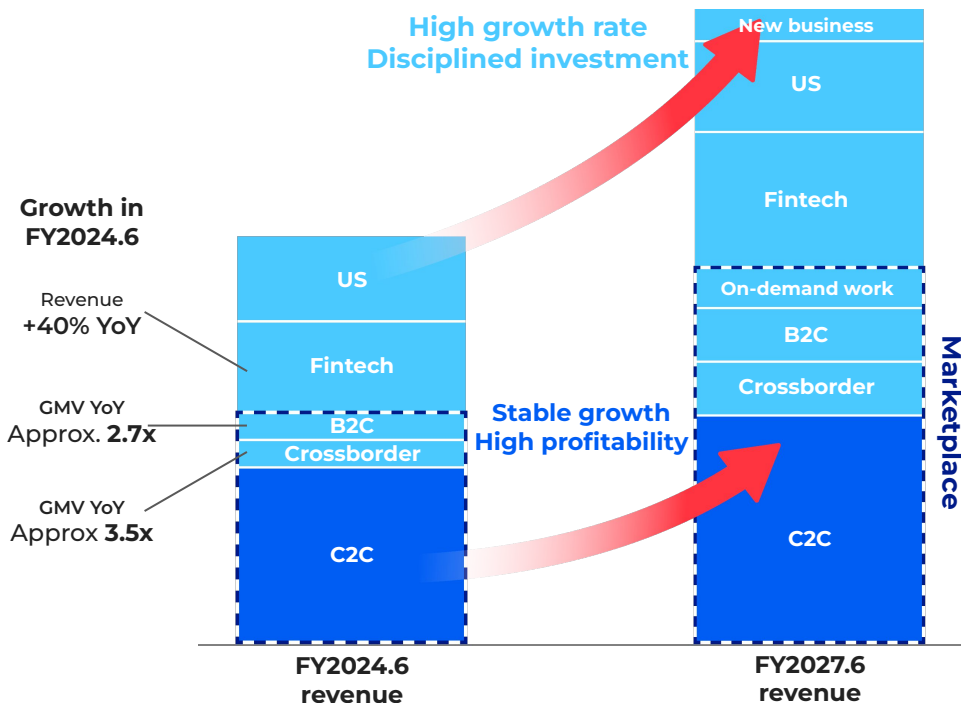
- Engage Gen Z and establish name recognition and the reputation as "the easiest and safest selling app"
- Realize sustainable growth while essentially continuing to break even

Focus Areas

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

Aim to Achieve Double-Digit Revenue CAGR FY2024–FY2027

(Excerpt from FY2024.6 Q4 Presentation Materials)



Market size of high growth areas

- The US online reuse market is projected to be worth 180B USD in 2030, which is 2.4 times the size of the market in 2022.²
- 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 JPY⁴
- 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 JPY⁷

1. The graph is for illustrative purposes only.

2. Source: "Mercari 2023 Reuse Report"

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

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

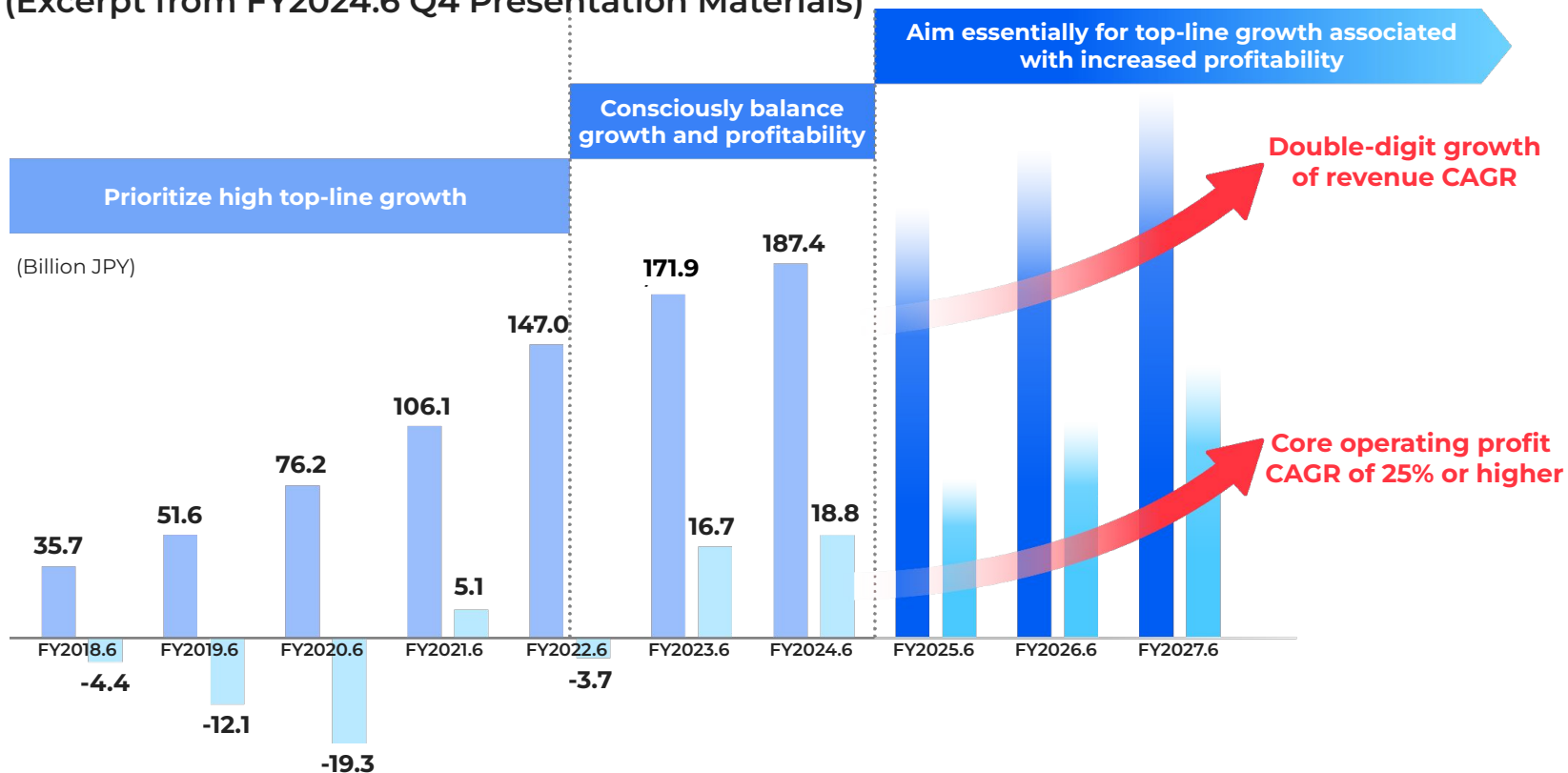
5. Source: "Report on the Results of FY2022 E-Commerce Market Survey" released by the Ministry of Economy, Trade and Industry (METI) on August 31, 2023. Forecast for the expansion of the scale of the global crossborder e-commerce market.

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

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

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

(Excerpt from FY2024.6 Q4 Presentation Materials)



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

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

3 FY2025.6 Business Objectives

(Excerpt from FY2024.6 Q4 Presentation Materials)

Consolidated

Guidance

Revenue

200.0–210.0B JPY

Core operating profit¹

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%
Adjusted¹ core operating margin²: 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 profit¹: 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 even³

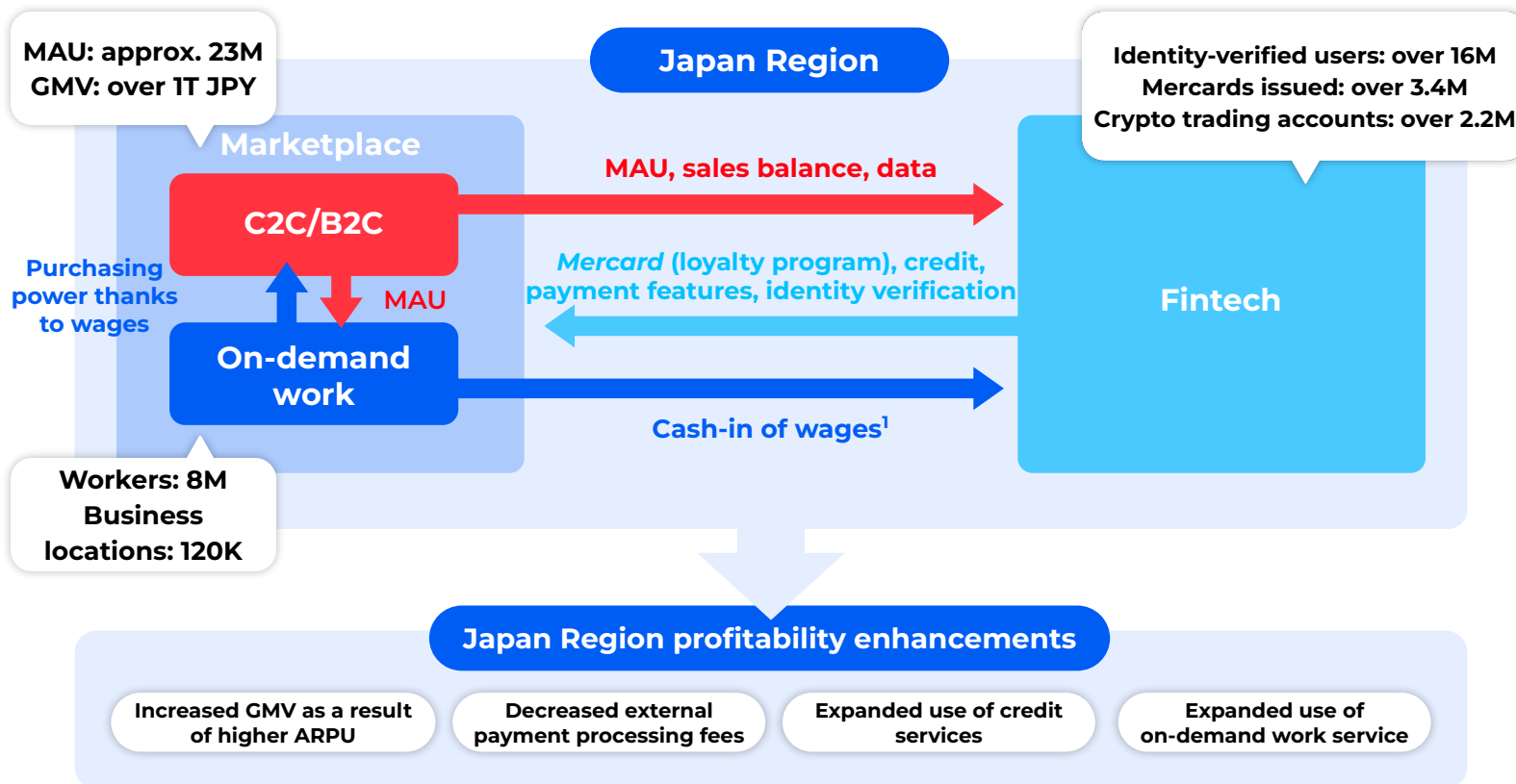
Policy/Major Initiatives

- 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

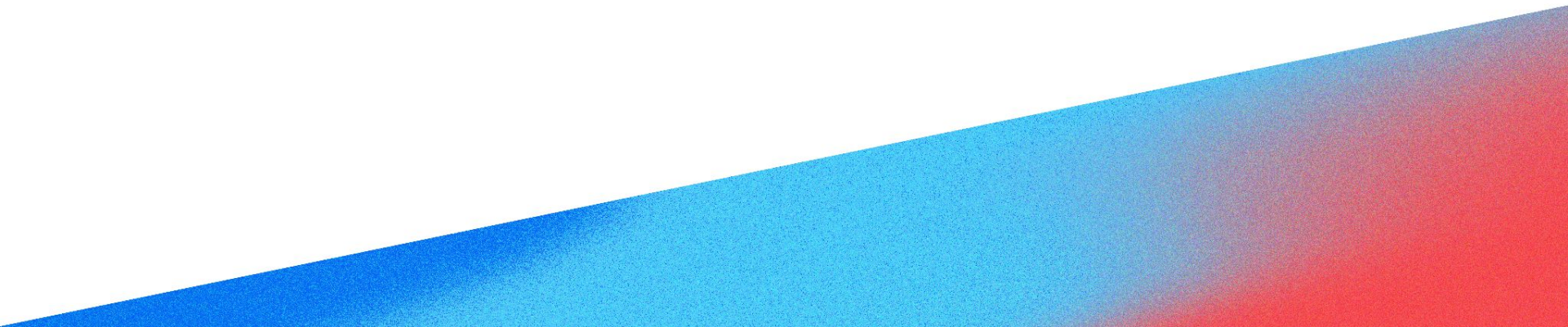
Japan Region—Group Synergy Overview

(Excerpt from FY2024.6 Q4 Presentation Materials)



1. Aim to encourage circulation through seamless integration of wages

Basic Information





**Go
Bold**

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



**All for
One**

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.



**Be
a Pro**

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

Marketplace

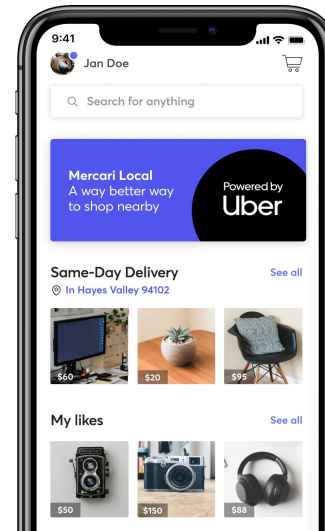
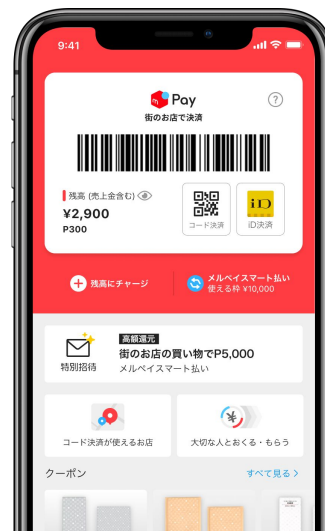
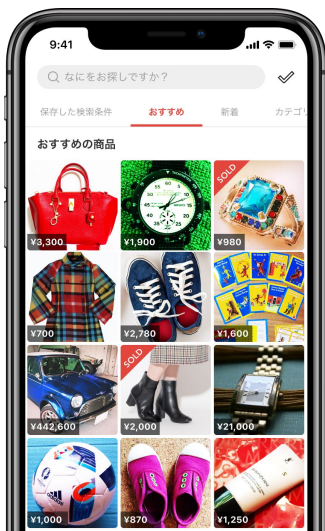
Fintech

US

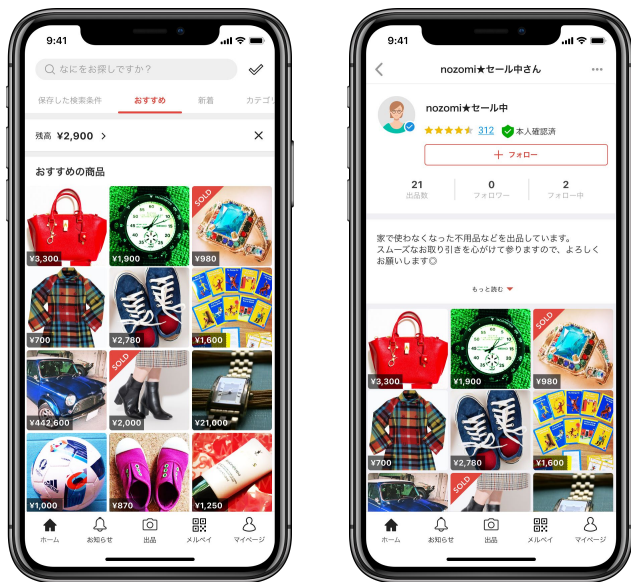


mercoin

MERCARI



- 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 and 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

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

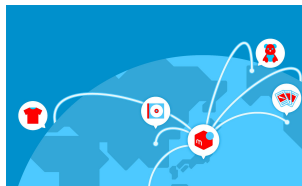
Aired *Mercari's* first TV commercial nationwide, increasing recognition and expanding the user base

- **Anonymous shipping**

Began anonymous shipping with RakuRaku Mercari Shipping

- **Crossborder transactions**

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



- **Mercari Shops**

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



- **Direct crossborder transactions**

Enabled buyers overseas to purchase items listed in Japan directly through the web version of *Mercari*

FY2014.6

FY2015.6

FY2016.6

FY2017.6

FY2020.6

FY2021.6

FY2022.6

FY2024.6

FY2025.6

- **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.



- **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)**

- **Yu-Packet Post**

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



- **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*

4 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

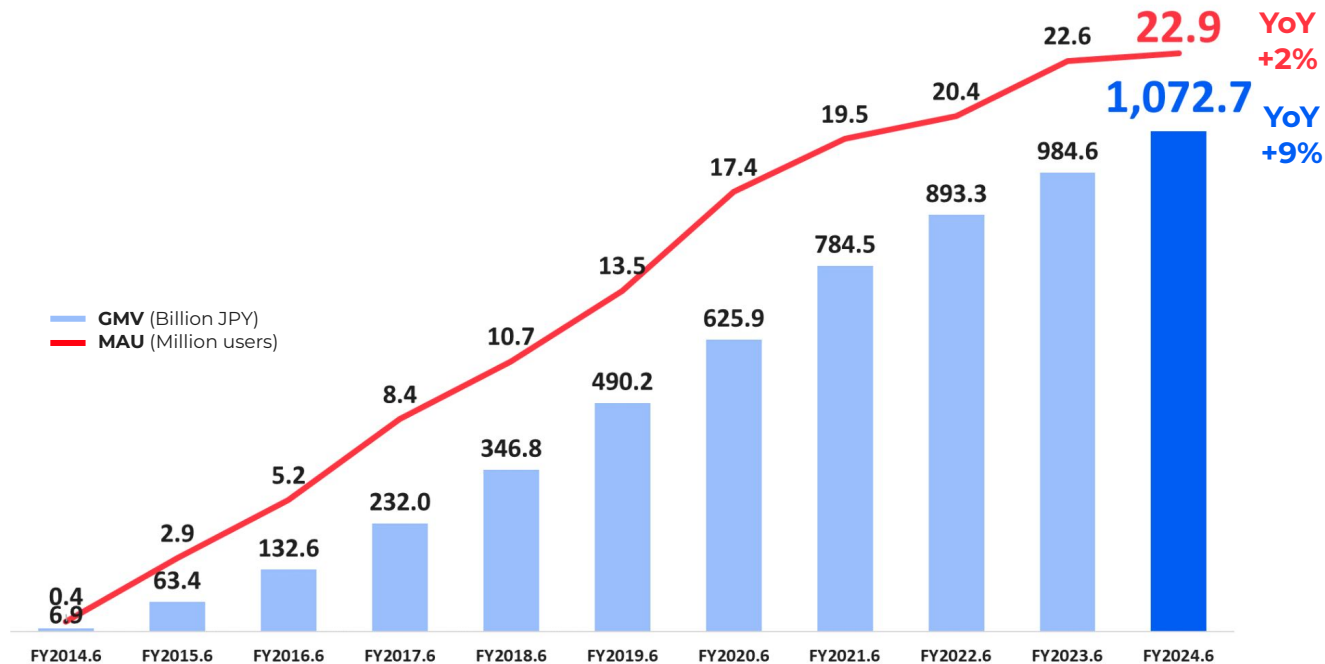
3

Safe and secure usage environment

- Focuses on providing a safe and secure environment, with features such as escrow payment¹, anonymous shipping, and passkeys²

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.



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

- 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 Amounts¹

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

Partner Companies²

BEENOS Inc. (Buyee, Shopee)
 SIG Service INC. (doorzo)
 Leyifan Inc.

Top 10 Categories¹

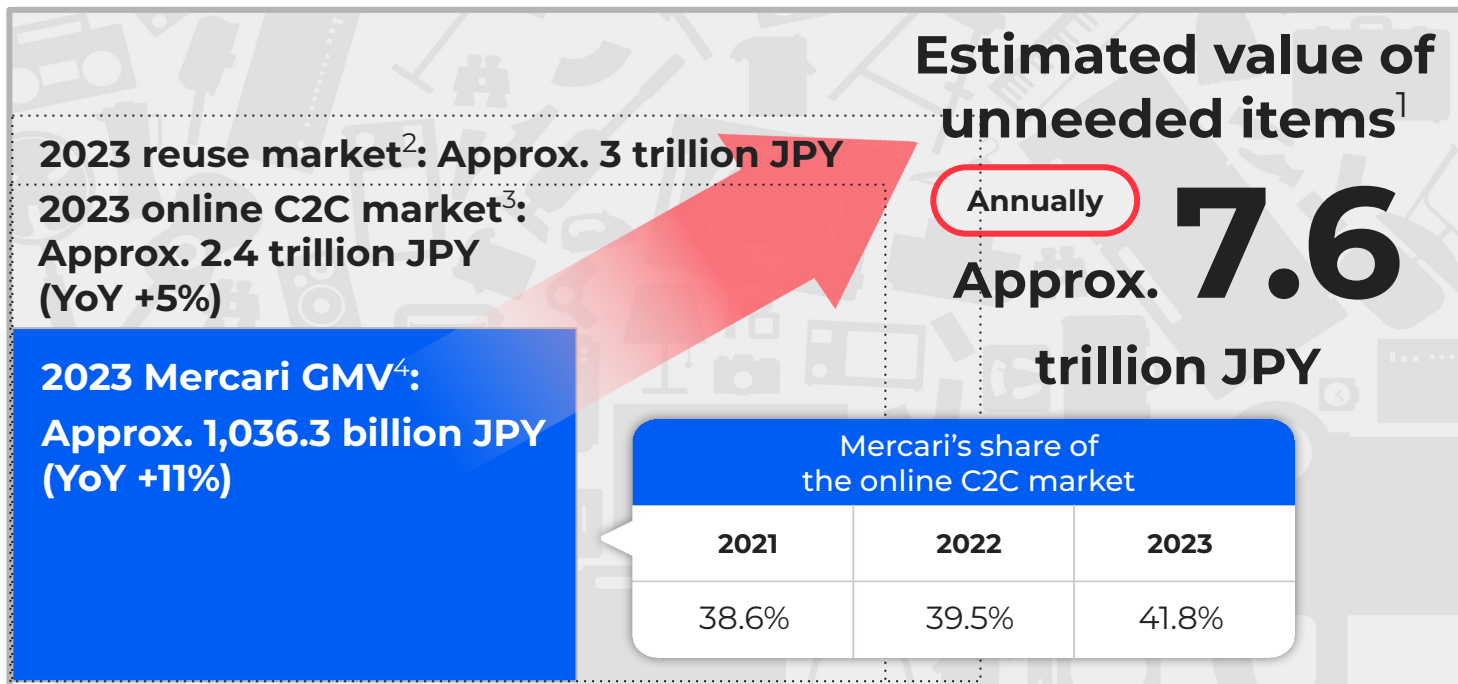
1. Character Merchandise
2. Trading Cards
3. Women's Fashion (Bags)
4. Figurines & Action Figures
5. Men's Fashion (Jackets & Outerwear)
6. Toys
7. CDs
8. Cameras
9. Celebrity Merchandise
10. Video Games

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/>

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: Ministry of Economy, Trade and Industry (published September 25, 2024) "Results of FY2023 E-Commerce Market Survey Compiled." Includes the C2C EC market, such as marketplace apps and online auctions, and the B2C market for used items (both brick and mortar shops and online shops)

3. Source: Ministry of Economy, Trade and Industry (published September 25, 2024) "Results of FY2023 E-Commerce Market Survey Compiled." Includes B2B and B2C transactions, in addition to C2C transactions.

4. Source: Company materials; C2C and B2C GMV from January 2023 to December 2023

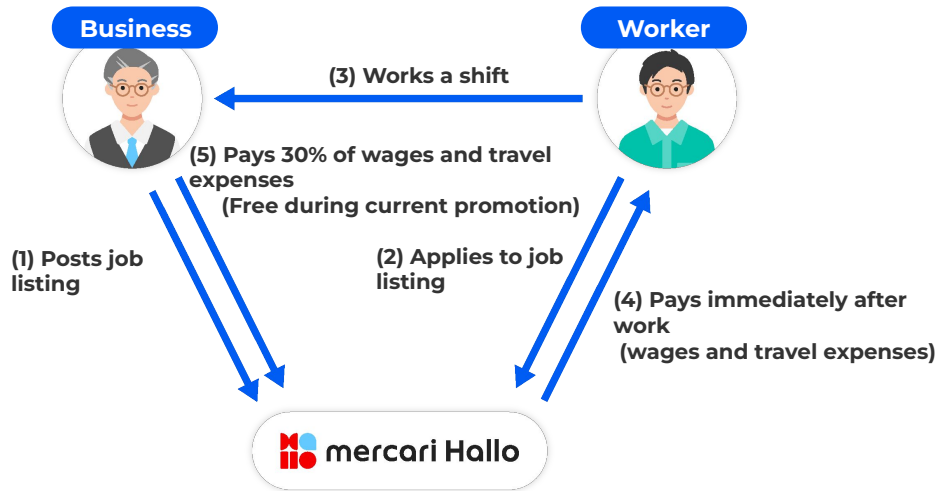
Marketplace—Overview of *Mercari Hallo* (On-Demand Work Service)

Background of growing need for on-demand work

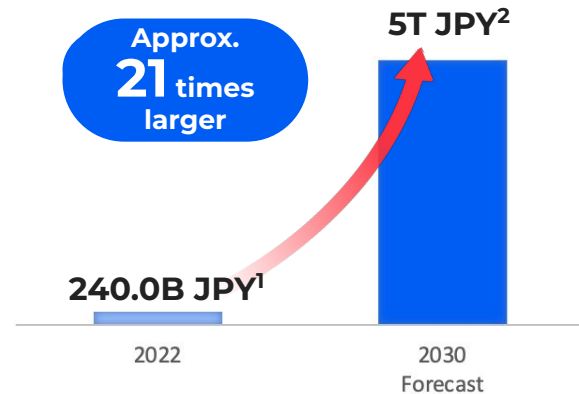
- Diversification of work styles after COVID-19 pandemic
- Labor shortages due to shrinking population and aging society
- Demand for additional income sources due to price hikes

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



Potential On-Demand Work Market Size¹



1. 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

2. 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.

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 surveys¹, 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)

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)

Mercari'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 / Installment Payment

Pay over several months at a fixed amount of your choice;
Interest rate (annual): 15%¹

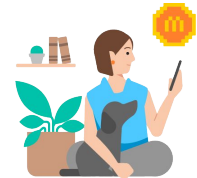


Smart Money

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

Asset Management

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



1. Interest rate scheduled to be revised to a real interest rate of 18.0% effective January 1, 2025

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

- **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



- **Cryptoasset
trading
service**

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

- **Bitcoin/Ethereum
savings feature**



FY2019.6

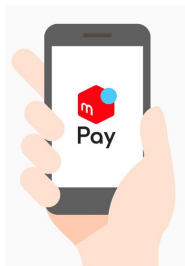
FY2021.6

FY2022.6

FY2023.6

FY2024.6

FY2025.6



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

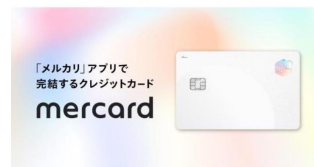
Allows users to defer payment for items

- **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.



- **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

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

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

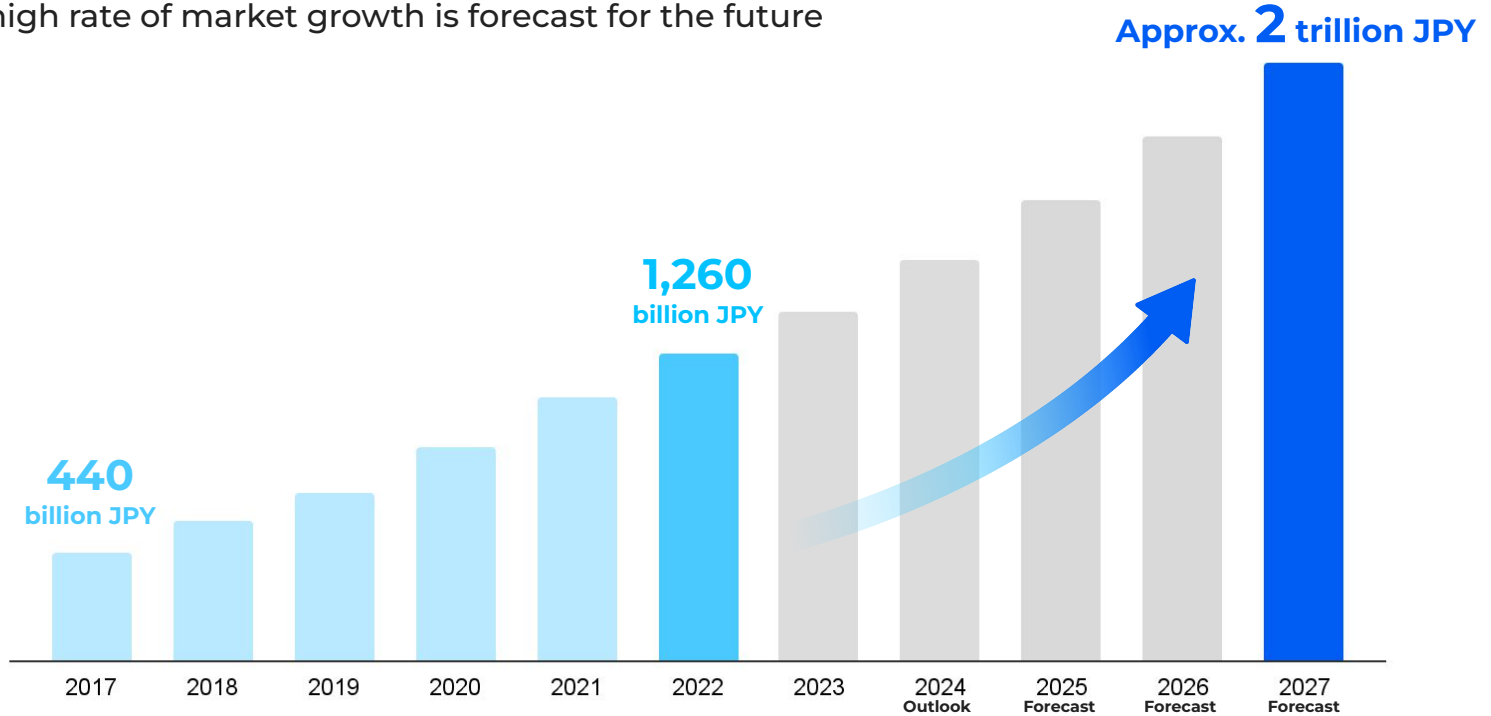
Flexible control of repayment date and timing

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*)

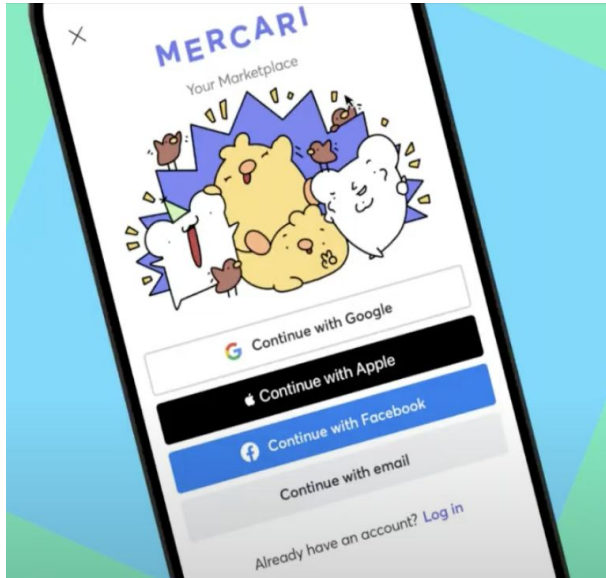
Fintech—Credit Volume of Deferred Payment in the EC Market¹

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



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

- 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 and 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 (10% of the listing price) and PPF fee (2.9% + 0.50 USD)

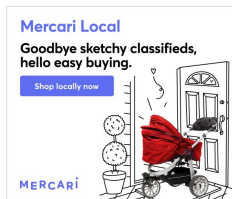
- Service launch

- Localization of management structure

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

- Diversification of shipping methods

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



- Enhancement of AI usage

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

- Launch of crossborder transactions with *Mercari in Japan*

FY2014.6

FY2016.6

FY2017.6

FY2018.6

FY2021.6

FY2023.6

FY2024.6

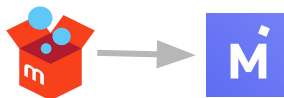
FY2025.6

- Introduction of fees

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

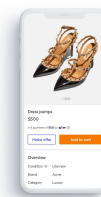
- Rebranding

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

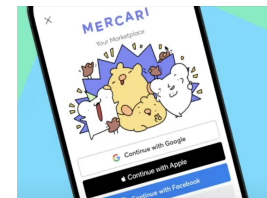


- Launch of deferred payment service

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



- Change of fee model
- Rebranded to a design aimed at Gen Z



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

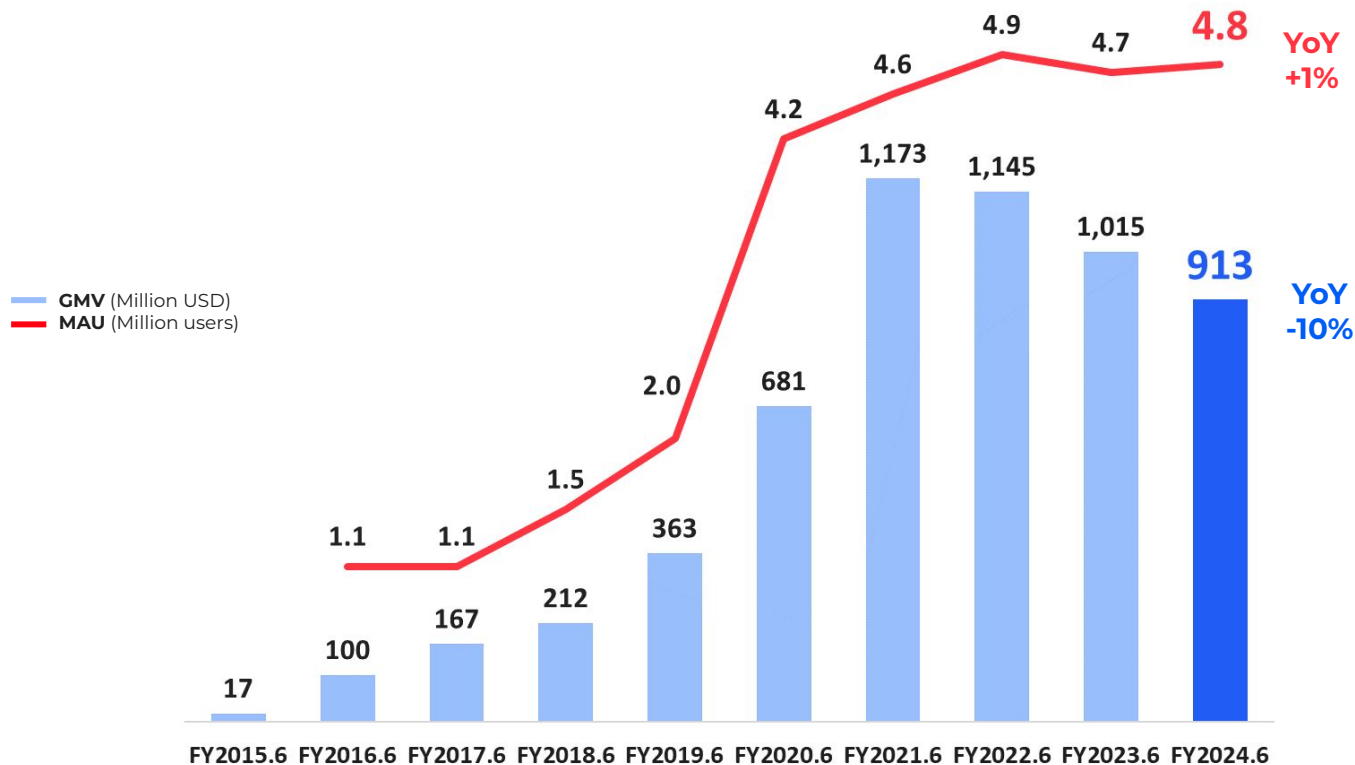
- Offers a variety of delivery options including both shipping and local pickup, while many services in the US market only offer one or the other

3

No selling fees¹

- 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

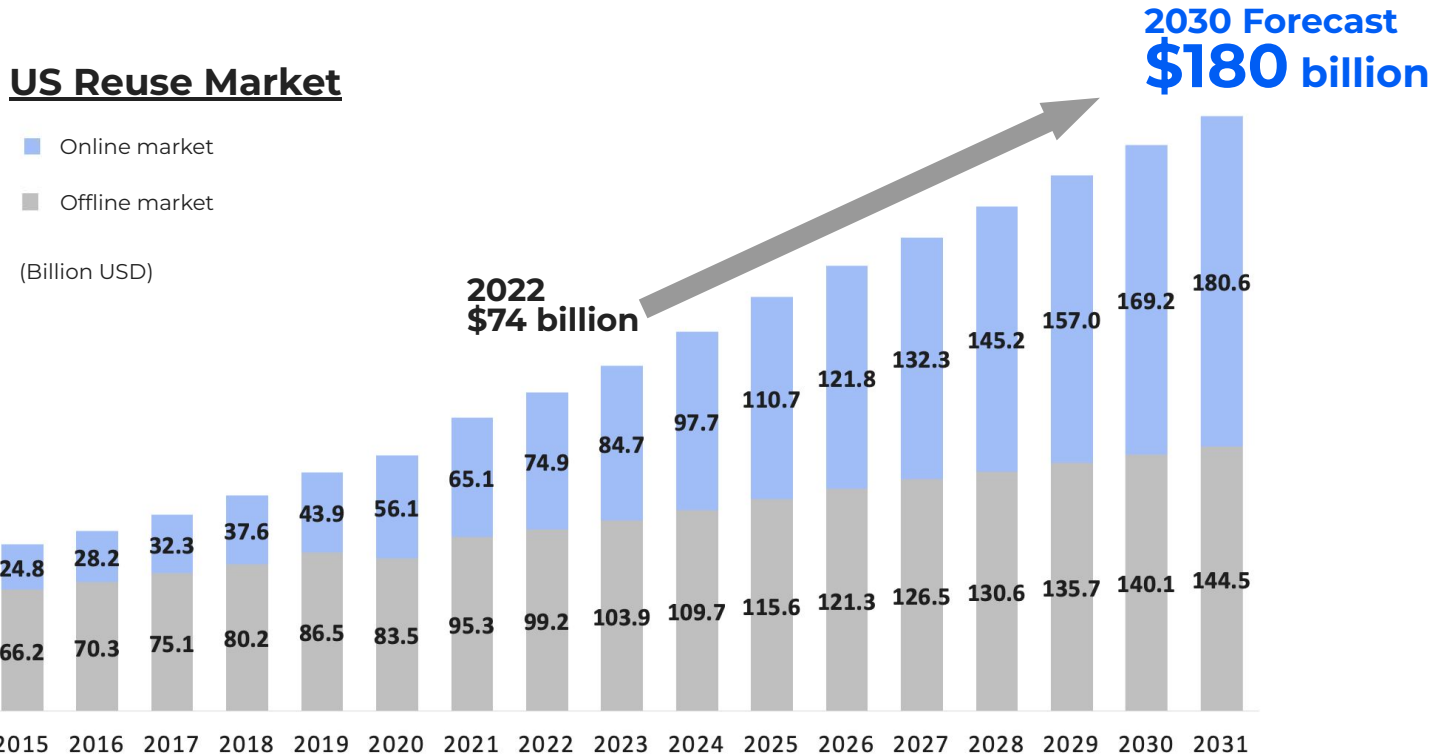
1. In March 2024, removed selling fees and changed to a model where the buyer pays fees



1. Aggregate transaction value after adjusting for cancellations

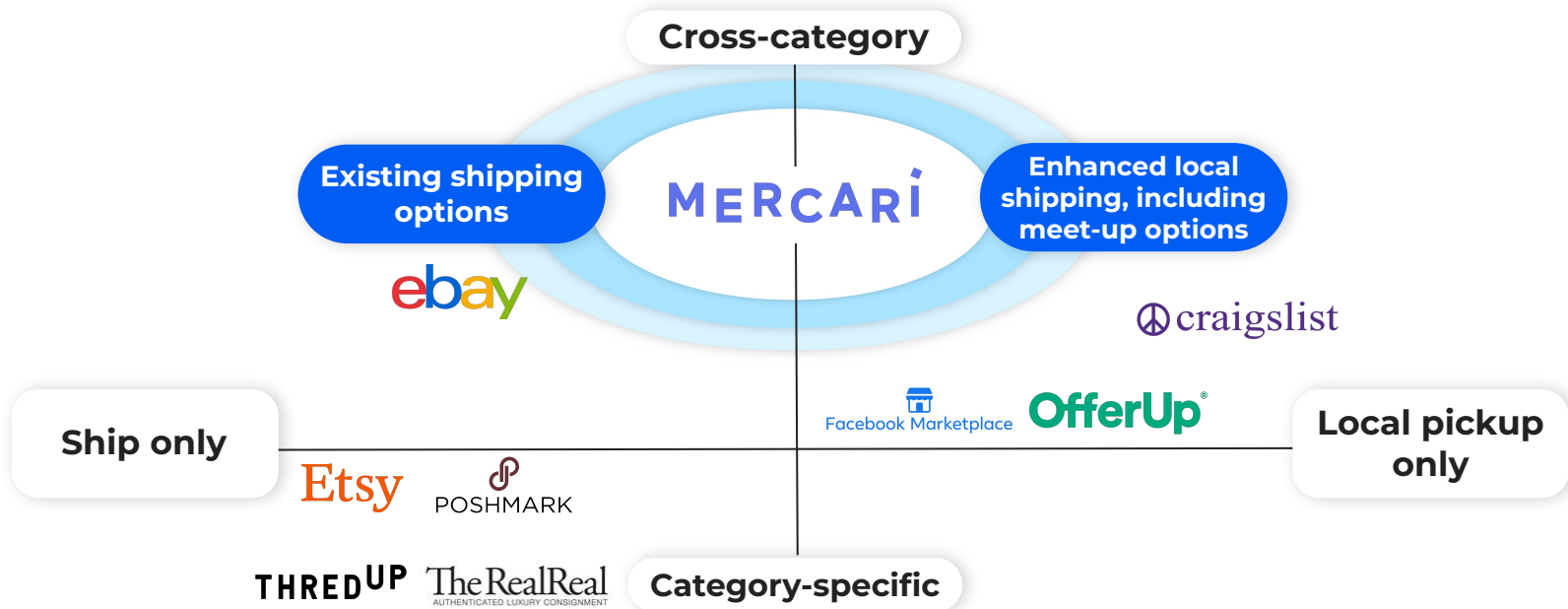
2. Quarterly average number of users who browsed our service (app or web) at least once during a given month

- 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.

- 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



Disclaimer

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

The FY2025.6 Q2 financial results are scheduled to be released at 15:30 or later on February 6, 2025.

mercari

Mercari, Inc. TSE:4385