

FY2023.6 Q2

Presentation Material

mercari

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Summary

FY2023.6 Q2—Progress & Highlights

Consolidated

- Despite the start of new investment in the credit card business to maximize the creation of Group synergies, focusing on the profitability of the existing businesses Marketplace, Fintech, and US, we were able to record the Group's highest-ever sales as well as a third consecutive profitable quarter
- In association with investment in the credit card business, in Q3 and beyond we forecast an increase in the Group's investment compared to Q2; however, we will run existing businesses while consciously balancing continued growth with profit

Marketplace

- In Q2, achieved a YoY GMV growth rate of +10% roughly as anticipated, as well as an adjusted operating margin¹ of 42% as a result of disciplined investment and the construction of a lean business foundation.
- We will continue to strive toward our target of +10–15% GMV for the full year despite the higher hurdles we face ahead of this achievement.

Fintech

- Entered the credit card business on November 8 to achieve further growth in the promising credit business. Despite starting new investment, we maintained an unadjusted operating profit¹ in Q2 as well.
- In Q3, investment is expected to increase over Q2. Will carry out disciplined investment in addition to verifying the impact of investment in Q2.

US

- Grew MAU +1% YoY as a result of continuous improvement of brand awareness.
- Revised full-year target growth figures for GMV downward based on the harsh business environment, and are now reformulating new targets. In the second half of the fiscal year, will drive the reduction of losses by revising costs, while continuing to focus on product initiatives.

1 FY2023.6 Q2—KPI Summary

Marketplace

GMV¹

254.8 billion JPY

YoY **+10%**

Adjusted Operating
Margin²

42%

(YoY **+16** ppts)

Fintech

Merpay Users³

14.58 million

Credit Balance⁴

92.3 billion JPY

Collection Rate⁵

98.0%

US

GMV¹

270 million USD

YoY **-12%**

MAU⁶

5.16 million

(YoY **+1%**)

1. Aggregate transaction value after adjusting for cancellations; the value for Marketplace aggregates C2C and B2C figures

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

3. As of December 31, 2022, the aggregated number of unique users who had registered for *Merpay Electronic Money*, set up *Virtual Card*, or applied for *Mercard*, or who had used *Merpay QR Code Payments*, *Online Payments*, or *Merpay Smart Payments* (lump-sum payment or fixed-amount payment), etc.

4. *Merpay Smart Payments* (lump-sum payment or fixed-amount payment) and *Smart Money* credit balance as of December 31, 2022 (excludes debt converted into bankruptcy reorganization debt)

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

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

1

FY2023.6 Q2—Consolidated Net Sales & Operating Income by Business

(Billion JPY)

Segment		FY2022.6 Q2		FY2023.6 Q2		YoY	
		Net Sales/ External Net Sales	Operating Income/ Adjusted Operating Income	Net Sales/ External Net Sales	Operating Income/ Adjusted Operating Income	Net Sales/ External Net Sales (%)	Operating Income/ Adjusted Operating Income (%)
Japan Region		25.7	2.5	30.9	8.4	+20%	+229%
Marketplace		22.0	3.1 / 5.7	26.3	8.3 / 11.0	+19%	+161%/+92%
Fintech		6.2 / 3.6	-0.6 / -3.1	7.4 / 4.6	0.1 / -2.6	+20%/+28%	-
US	J-GAAP (Billion JPY)	10.8	-2.6	11.9	-3.3	+10%	-
	US GAAP (Million USD)	95	-23 / -20	84	-22 / -18	-12%	-
Other		1.2	-0.3	1.3	-0.4	+15%	+31%
Adjustments		-0.2	-2.1	-0.0	-1.9	-	-
Consolidated		37.5	-2.6	44.2	2.7	+18%	-

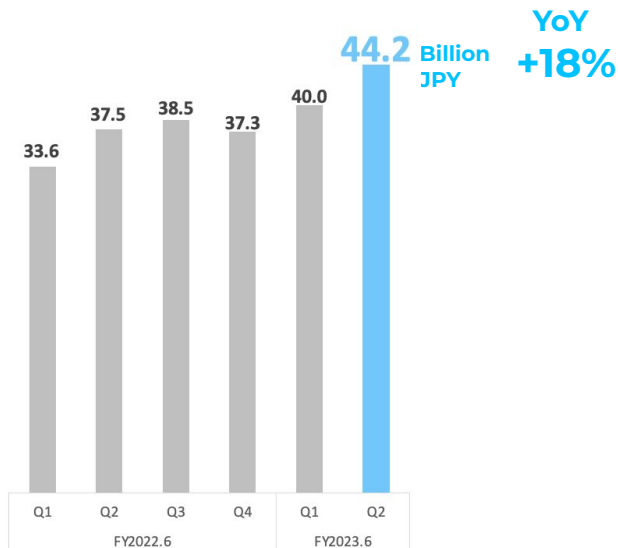
FY2023.6 Q2
Financial Highlights

Financial Highlights—Consolidated Net Sales & Operating Income

- Thanks to steady growth in business focused on Marketplace, quarterly sales increased to a record level
- Continued to achieve operating profit for a third consecutive quarter thanks to prioritized and disciplined investment
- Fraud countermeasures progressed as planned in Q2, and expectations for impact to return to normal levels in the second half of the fiscal year remain unchanged

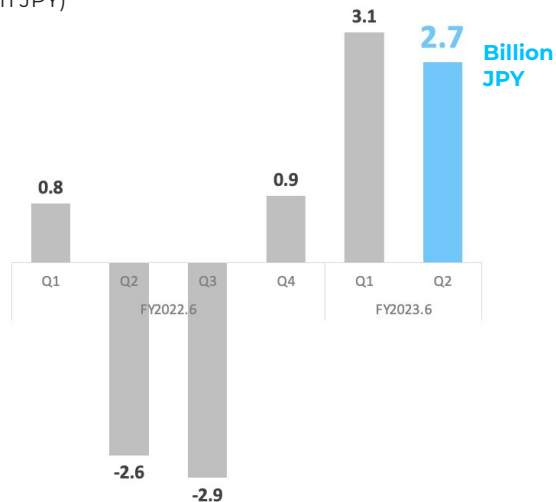
Net Sales

(Billion JPY)



Operating Income

(Billion JPY)

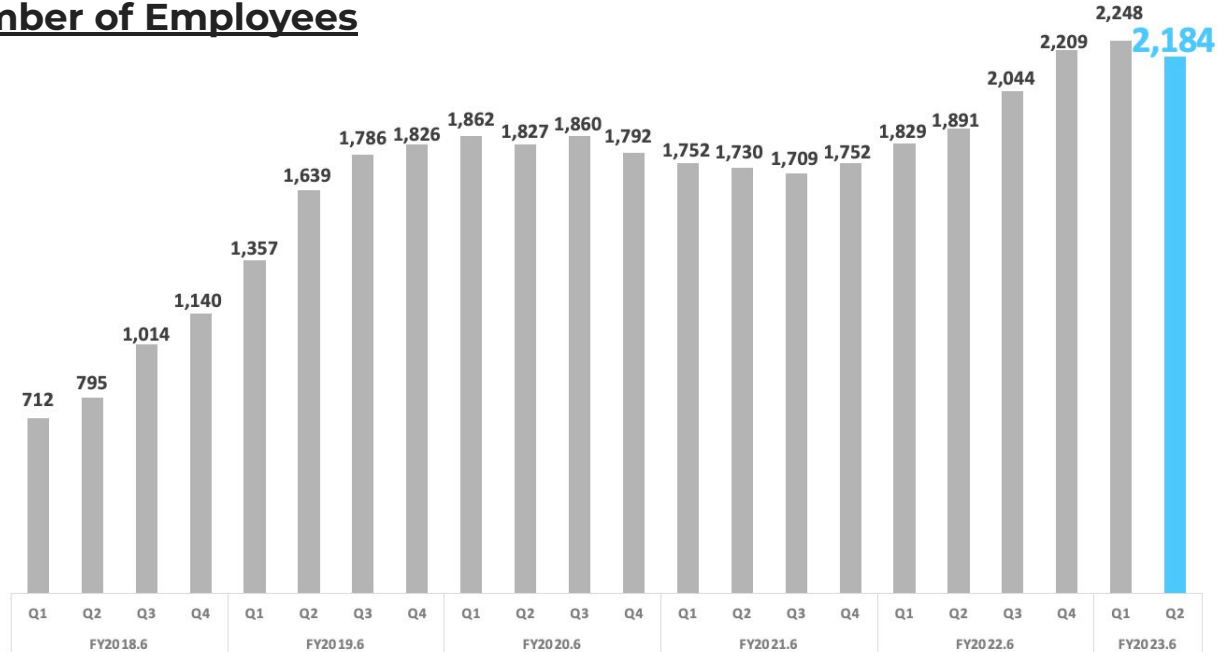


2

The Talent Supporting Mercari's Growth

- Headcount decreased QoQ due to a more selective hiring policy taking into account external conditions
- Select hiring, mainly of engineering talent, will continue going forward

Number of Employees



Marketplace—FY2023.6 Q2 Progress

FY2023.6 Business Objectives

Aim to achieve full-year GMV YoY growth of +10–15% and adjusted operating margin of 30–35% by increasing the number of listings through strengthened collaboration between the C2C and B2C business areas

Focused efforts on acquiring new users and strengthening listings, and achieved GMV growth rate of +10% as a result of increased MAU, as well as an adjusted operating margin of 42% as a result of making disciplined investments and building a lean business foundation

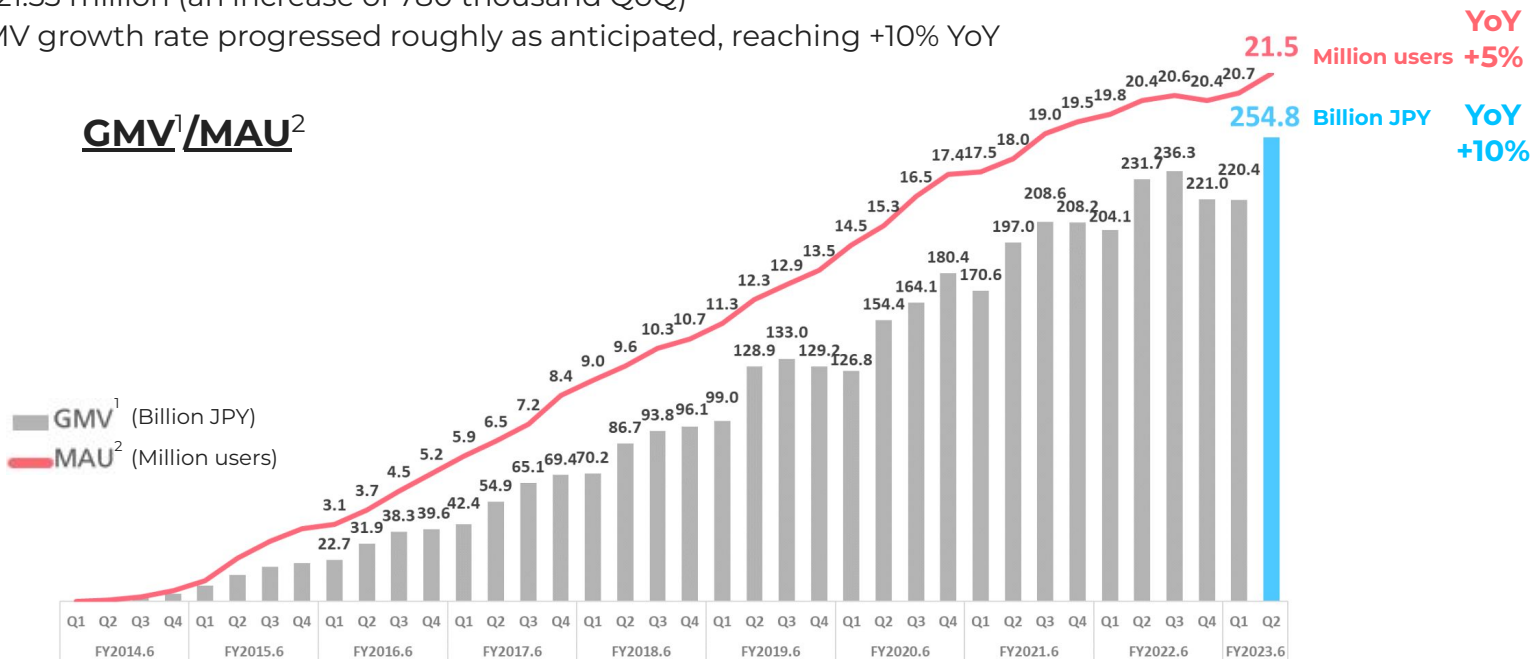
- After completing the major update to the *Mercari* app, proceeding with PoCs¹ for various initiatives aimed toward mid- to long-term growth. Focusing on initiatives and investments that will steadily accumulate results in the medium-to-long term, such as strengthening listings and enhancing personalization features.
- In the B2C business, continuing to focus on improving features. Began strengthening relationships with large-scale businesses that have a high affinity with *Mercari Shops*, given the success of sales of outlet items by businesses such as Murasaki Sports (a major sports retailer).

1. Proof of concept: The verification or demonstration of a new idea in the preliminary stage of prototype development

Marketplace—FY2023.6 Q2 GMV/MAU

- Continued to acquire new users through referral campaigns and strengthen listings through offline initiatives such as Mercari Workshops, resulting in a record-high MAU of 21.53 million (an increase of 780 thousand QoQ)
- GMV growth rate progressed roughly as anticipated, reaching +10% YoY

GMV¹/MAU²

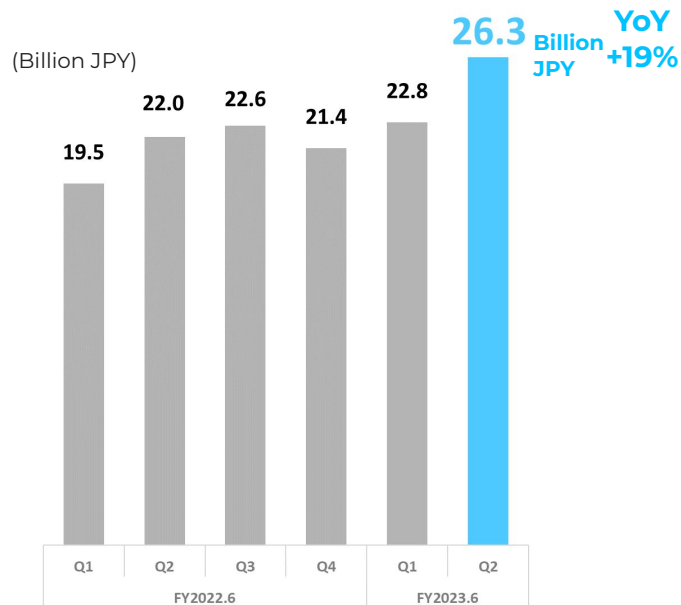


1. Starting from FY2022.6, graph reflects retroactive adjustment to combine C2C and B2C

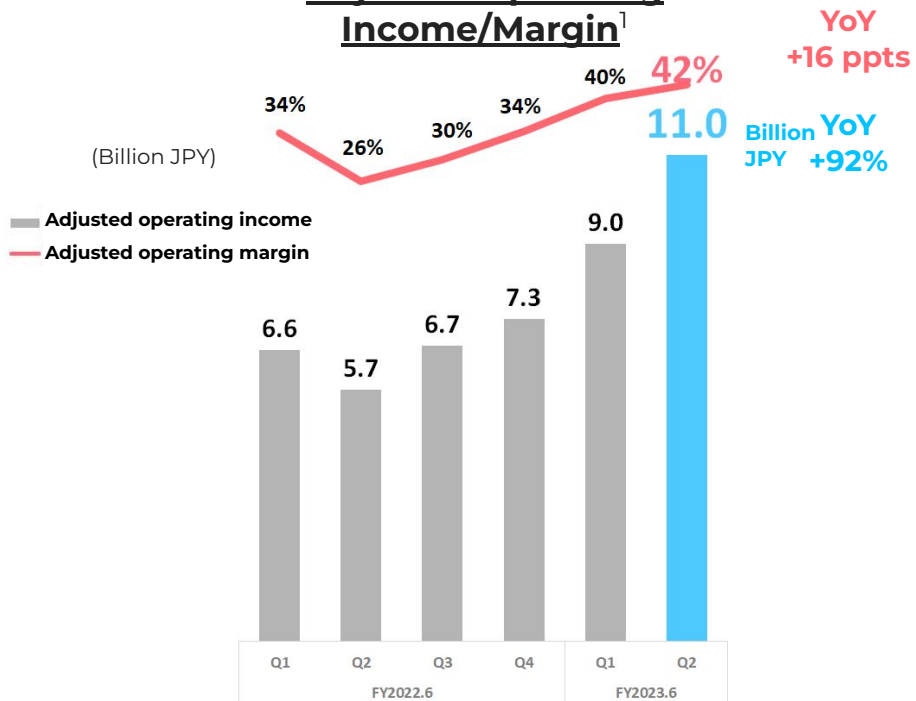
2. Quarterly average number of users who browsed our service (app or web) at least once during a given month

Marketplace—FY2023.6 Q2 Progress

Net Sales



Adjusted Operating Income/Margin¹

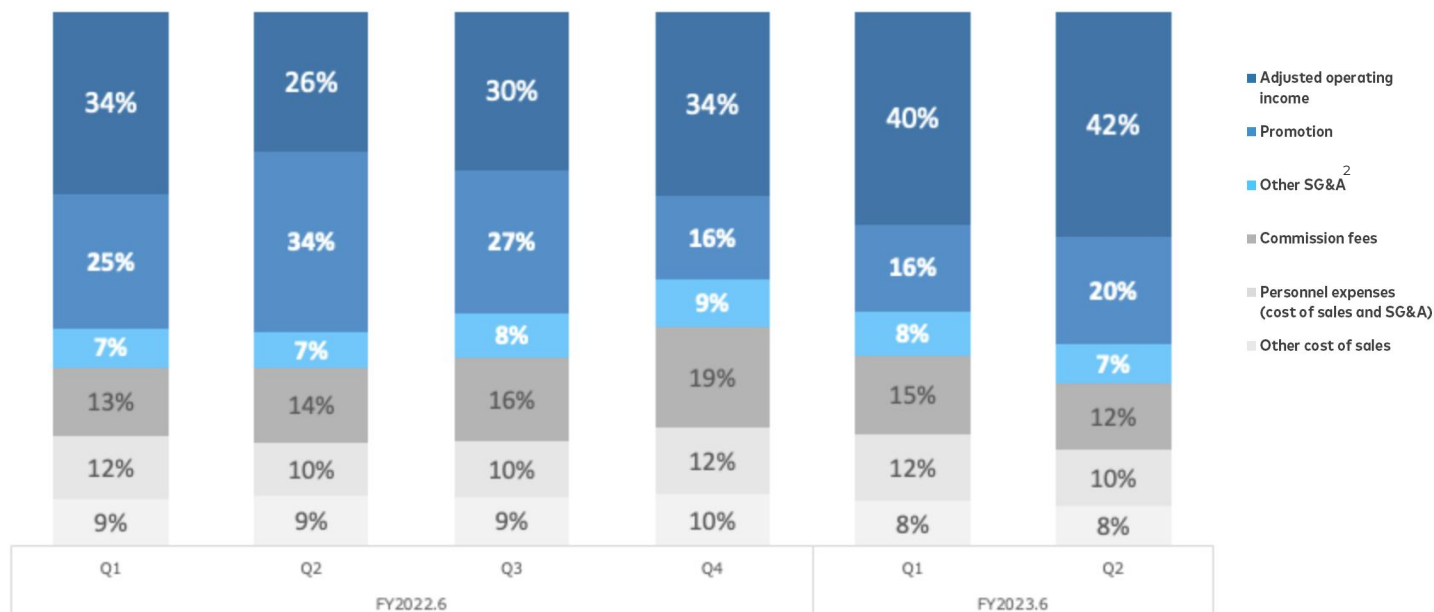


1. Profit after deduction of internal transactions with Fintech (outsourced payment processing fees)

2

Marketplace—Cost Structure Against Net Sales

- Promotion cost ratio decreased YoY as a result of carefully selected investments in areas such as new user acquisition and listing promotion where effects steadily accumulate, which supports sustainable growth
- The percentage of costs taken up by commission fees improved as a result of decreased expenses related to fraudulent use, and adjusted operating margin¹ rose to 42%



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

2. Outsourcing expenses, rent, taxes & dues, hiring fees

2 Fintech—FY2023.6 Q2 Progress

FY2023.6 Business Objectives

Promote circular finance by strengthening Group synergy

Entered the credit card business to further grow the credit business and strengthen our profit base. Despite starting investment into acquiring cardholders, etc. for *Mercard*, we maintained an unadjusted¹ operating profit in Q2 thanks to the steady growth of our existing businesses.

- The credit card business, which rolled out on November 8, is off to a good start. We anticipate that investment in Q3 will increase compared to Q2.
- Thanks to the steady growth of the credit business, credit balance² exceeded 90.0 billion JPY. Our unique credit products were also successful, and as of Q2 the collection rate for *Merpay Smart Payments*³ continued healthy growth at a rate of 98.0%.
- Promoted the development of services that utilize blockchain technology. By the spring of 2023, we aim to start providing a service that will allow users to purchase bitcoin using their sales proceeds.

1. Unadjusted: Figures before adjustment include internal transactions between Marketplace and Fintech (outsourced payment processing fees)

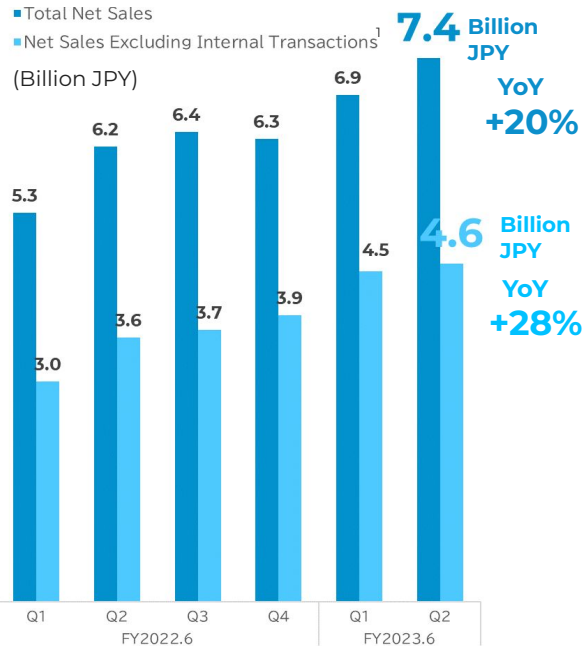
2. *Merpay Smart Payments* (lump-sum and fixed-amount payment) and *Merpay Smart Money* credit balance as of December 31, 2022 (excludes debt converted into bankruptcy reorganization debt)

3. Average aggregated 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 *Merpay Smart Money* billed in the past 11 months (excludes bankruptcy reorganization debt)

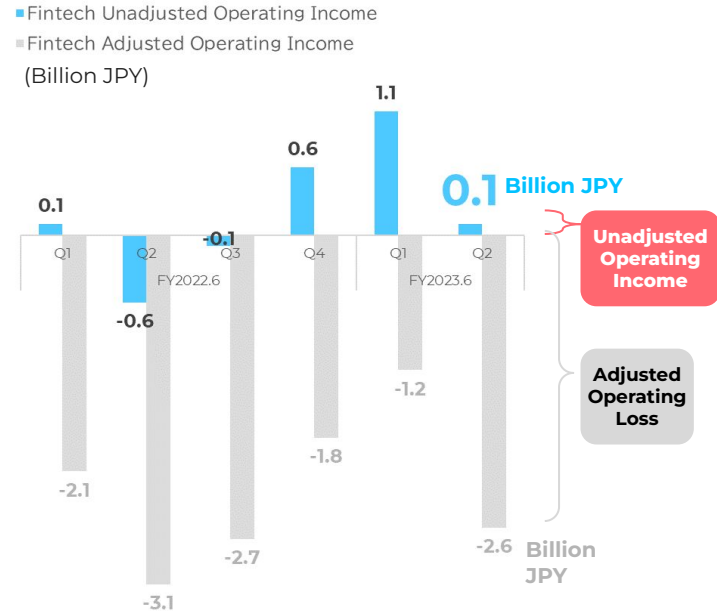
Fintech—Net Sales and Adjusted/Unadjusted Operating Income

- Maintained a high growth rate in both total net sales and net sales excluding internal transactions, thanks to the steady growth of the payment and credit businesses
- Despite starting investment in the credit card business in November, achieved unadjusted operating profit due to the growth of our existing services; we anticipate investment in Q3 will increase compared to Q2

Net Sales



Adjusted/Unadjusted Operating Income²



1. Net sales and operating income after deduction of internal transactions between Marketplace and Fintech (outsourced payment processing fees)

2. Adjusted: Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)

Unadjusted: Figures before adjustment include internal transactions between Marketplace and Fintech (outsourced payment processing fees)

Payment

Various payment methods available

iD payment

Hold your phone over a reader



Code payment

Scan the code



Virtual Card

Input a number



Credit Card

NEW



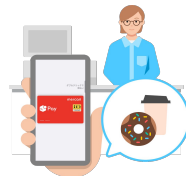
Credit

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

Smart Payments

Lump-Sum Payment

Pay for everyday purchases all at once the following month



Fixed-Amount Payment

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

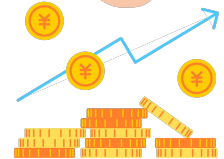


Smart Money

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

Asset Management

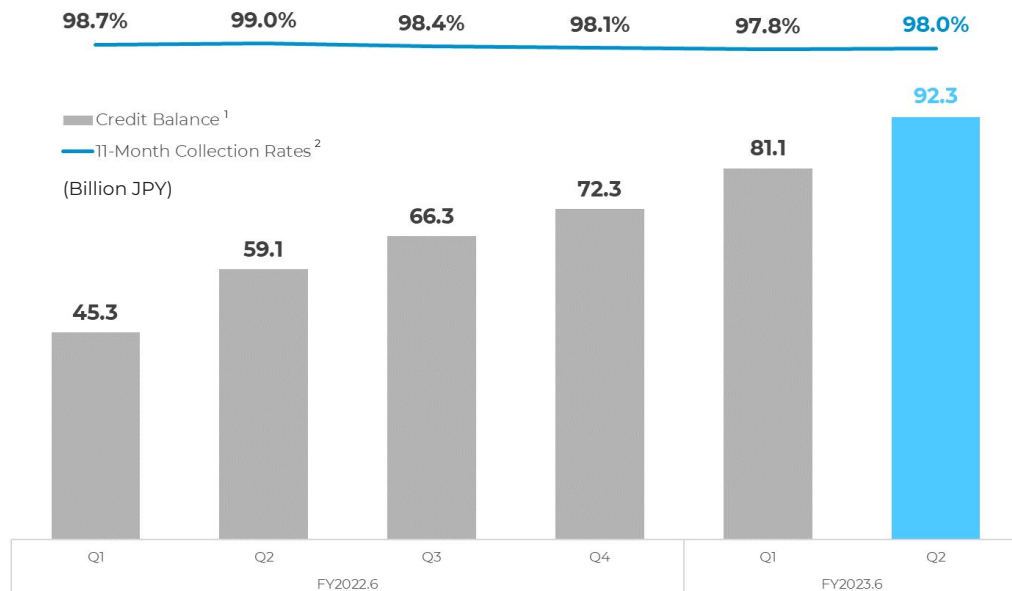
Services allowing users to use their *Mercari* balance for asset management and more



2

Fintech—Credit Balance and Collection Rates of Credit Services

- Fixed-amount payments, a focus since FY2021.6, have fueled steady growth of credit balance, establishing a profit base
- Amid the growth of credit balance, we realized a high collection rate thanks to the ongoing enhancement of credit accuracy for the Group's unique form of credit logic
- As we maintain a high collection rate, the Group forecasts further growth of credit balance thanks to *Mercard*



1. *Merpay Smart Payments* (lump-sum and fixed-amount payment) and *Merpay Smart Money* credit balance as of December 31, 2022 (excludes debt converted into bankruptcy reorganization debt)
 2. Average aggregated 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 *Merpay Smart Money* billed in the past 11 months (excludes bankruptcy reorganization debt)

2 Fintech—Our Four Aims With *Mercard*

- Started to provide *Mercard* to users in Q2; the number of cardholders increased at a good pace in response to successful TV commercials and cardholder registration promotions
- Although the response reflects the initial momentum generated during our promotions, a comparison of ARPU¹ before and after users activated *Mercard* showed an upward trend for cardholders

1

Strengthen Merpay's 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 Mecari's GMV

With the constant point-back rewards program, users are encouraged to buy and sell on *Mercari*, as well as make regular payments with *Merpay*.

3

Reduce processing fees within Mecari

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

4

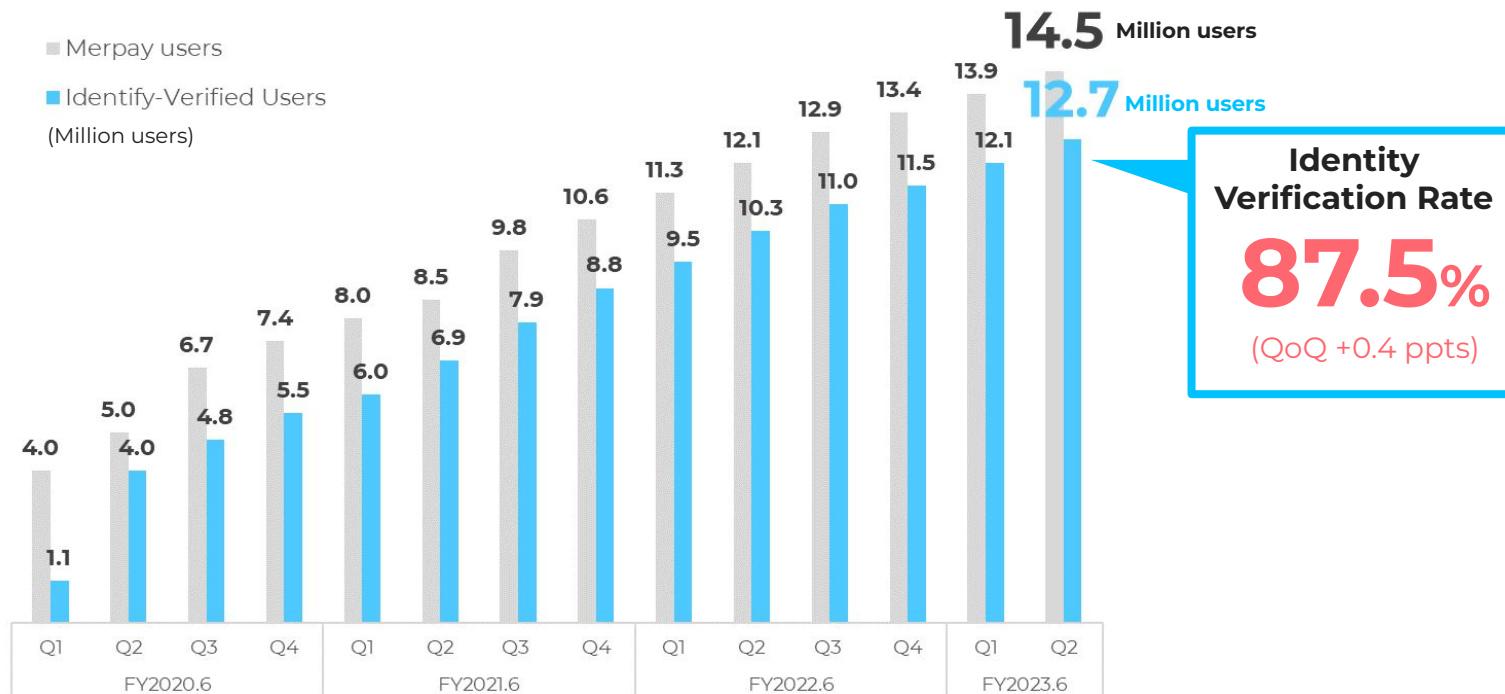
Promote circulation that includes primary distribution

We will aim to create a circular economy through collaborative initiatives with manufacturers like Apple and retailers like DAISO and Yamada Denki.

2

Fintech—Number of *Merpay* Users/Verified Users

- *Merpay* users and verified users continue to increase; the identity verification rate has grown steadily to 87.5%
- Becoming verified allows users to start accessing credit services seamlessly and contributes to the growth of the credit business



FY2023.6 Business Objectives

Focus on product initiatives to promote selling and buying
Expecting YoY GMV growth of +0–10%

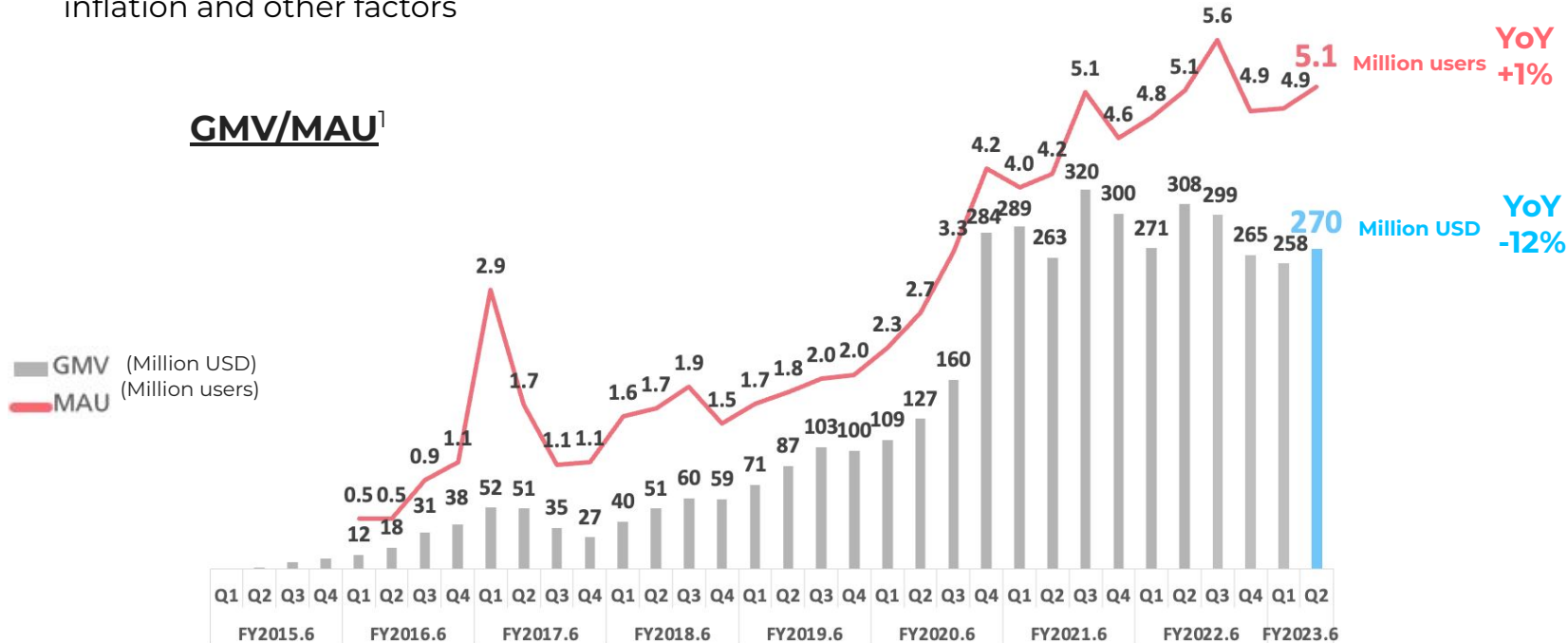
In Q2, while MAU grew, GMV fell short of expectations. Given that projections show the business environment will continue to be challenging, we will revise our full-year GMV growth target downward. New targets are currently being formulated. Moving forward in the second half, we will continue to focus on product initiatives and review expenses.

- The number of listings continues to grow, and we are making marked progress toward becoming “the easiest and safest selling app.”
- We have released initiatives meant to promote buying. In H2, we will confirm their effects and further strengthen initiatives.

US—FY2023.6 Q2 GMV/MAU

- Having succeeded in achieving a certain level of brand recognition, targeted and effective advertising led to an increase in new users and MAU growth of +1% YoY to 5.16 million
- YoY GMV growth rate landed at -12% due to the continued slowdown in purchasing driven by inflation and other factors

GMV/MAU¹



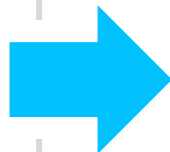
1. Quarterly average number of users who browsed our service (app or web) at least once during a given month

2 US—Progress of Major Initiatives

- Released initiatives, mainly toward promoting purchases, as anticipated
- In H2, will focus on various product initiatives, centered on updating these initiatives, and service enhancements, etc. to promote repeated purchases

Focus Areas

- **Increasing buying frequency and strengthening buyer retention**
 - Strengthening services that promote repeated purchases
 - Mitigating impact from rising prices due to inflation and higher shipping prices



Major Initiatives Carried Out by End of Q2

- **Promoting purchases**
 - Introduced category-specific home screens based on purchase history
 - Implemented automatic price adjustment feature
 - Introduced a trial of a point-back reward system for repeated purchases
- **Mitigating the burden on buyers**
 - Added bundling options
 - Expanded BNPL services by strengthening partnership with PayPal in addition to Zip

2

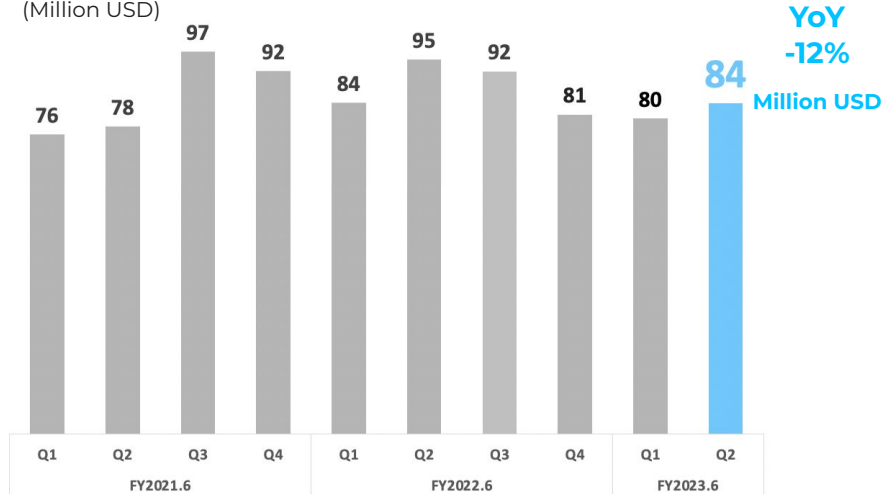
US—Net Sales/Adjusted Operating Income (US GAAP/Quarterly)

- Will continue lean business management while consciously balancing continued growth with profit and reduce losses in H2 by further reviewing costs, among other initiatives

Financial Results Presentation Material

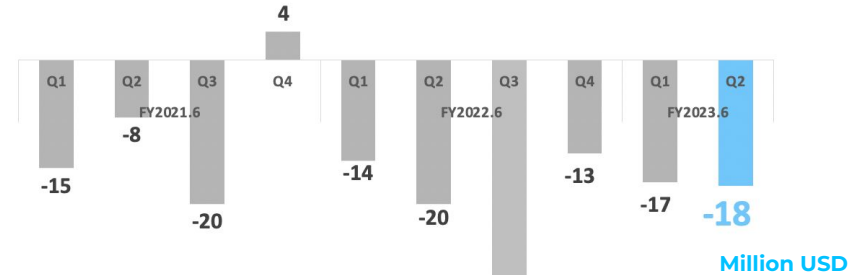
Net Sales

(Million USD)



Adjusted Operating Income¹

(Million USD)



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

ESG

3 ESG—Mercari's Five Material Topics

- Mercari contributes to resolving environmental issues through our business, aims to help people share the earth's limited resources across generations, and seeks to create a planet-positive world where people can continue to create new value
- We have defined the following five topics as our materiality, as they relate to creating value to contribute to resolving social and environmental issues and creating the management foundation necessary for continuous growth

1 Creating a Circular Economy/ Mitigating Climate Change

We will continue to pursue our idea of planet positive, where Mercari not only minimizes its environmental burden but helps solve environmental issues through its business and creates a circular economy where our finite resources are used sparingly.

2 Diversity & Inclusion

We tackle structural discrimination and inequality issues by building a work environment where people of all backgrounds can achieve their maximum potential. We also strive to realize a service accessible to all.

3 Local Empowerment

By finding solutions to issues unique to regions across the country, we aim to contribute to local economies and empower individuals and businesses.

4 Safe, Secure, and Fair Transactions

We strive to provide a platform for secure and fair transactions so our users, merchants, and business partners feel at ease using our services.

5 Corporate Governance and Compliance

We aim to establish a sound and transparent internal decision-making process to earn the trust of not only our users and business partners, but society as a whole.

ESG—Efforts Toward Creating a Circular Economy and Local Empowerment

- To achieve planet positive, we will strengthen our collaborative efforts with local organizations in regions across the entire country, focusing primarily on the three categories of utilizing EC & promoting reuse, education, and donation. In doing so, Mercari Group contributes to local empowerment.

Categories	Collaboration Examples
Utilizing EC & promoting reuse	<ul style="list-style-type: none"> Enabling regional organizations to use Mercari Shops to list oversized garbage, equipment that is no longer in use, etc. Holding Mercari Shops Seminars and Mercari Workshops Distributing Mercari Ecobox to various households (PoC¹)
Education	<ul style="list-style-type: none"> Providing education programs to improve financial and ESG literacy, etc.
Donation	<ul style="list-style-type: none"> Starting <i>Mercari Donation</i>, collecting donations to provide disaster relief aid, etc. to local governments.



Example of regional collaboration in Q2

Signed a collaboration agreement with Nishinomiya City (Hyogo Prefecture) on October 24, 2022, and began a PoC of selling oversized garbage (only the third time ever that this has been attempted in Japan).

1. Proof of concept: The verification or demonstration of a new idea in the preliminary stage of prototype development

Appendix

New Group Mission

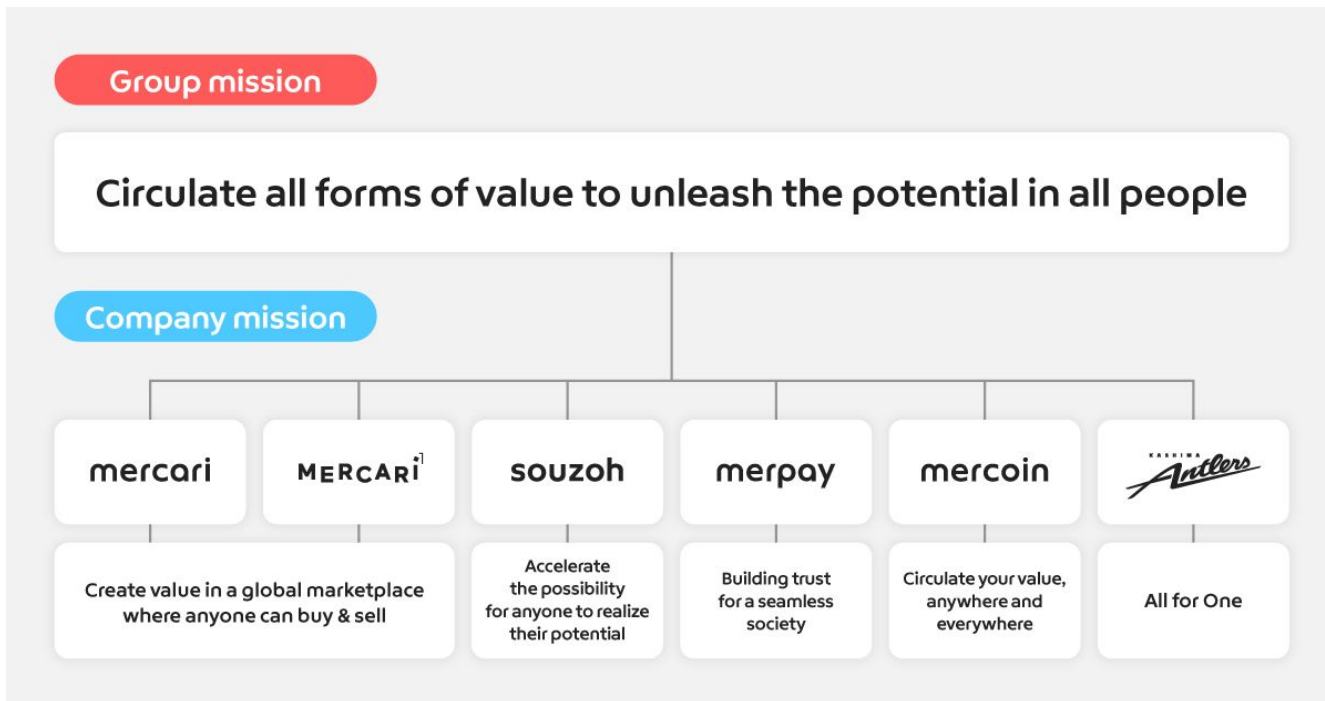
- Announced a new Group mission, “Circulate all forms of value to unleash the potential in all people,” to mark our 10th anniversary
- Will continue to take on bold challenges without fear of failure as we aim to unleash the potential in people all over the world



4

New Group Mission

- The new Group mission is an overarching concept that encompasses each company's mission and defines the role Mercari Group should play in society



4

Updating Policies to Adapt to Changes in the Business Environment

- Updated our management policy and investment policy in the second half of FY2022.6

	Through FY2022.6 H1	From FY2022.6 H2
Mid-term objectives	<ul style="list-style-type: none"> Work with external partners to create an ecosystem that leads the move to a circular economy Establish a borderless organization where talent from all over the world can thrive Promote further global expansion 	
View of profitability	<ul style="list-style-type: none"> Prioritize strong top-line growth 	<ul style="list-style-type: none"> Aim to balance growth and profitability
Investment policy	<ul style="list-style-type: none"> Invest aggressively in areas that contribute to mid- to long-term growth 	<ul style="list-style-type: none"> Clarify priorities and make investments in areas that will have steadily accumulating results in order to achieve mid- to long-term growth Consider necessary investments in Fintech (particularly the credit card business) to maximize future profits

4

Investment Policy and Details by Business

	Through FY2022.6 H1	From FY2022.6 H2
	Investment policy and main investments	Investment policy and main investments
Marketplace	<p>Aim for strong GMV growth and invest aggressively in areas that immediately bolster GMV</p> <ul style="list-style-type: none"> ● Acquiring new users ● Encouraging listing and buying ● Acquiring shops 	<p>Clarify priorities and make disciplined investments in areas that will have steadily accumulating results while aiming to balance growth and profits</p> <ul style="list-style-type: none"> ● Acquiring new users ● Carrying out marketing and enhancing the product to encourage listing
Fintech	<p>Aim to establish a profit base by encouraging use of <i>Merpay</i> by <i>Mercari</i> users and growing the credit business</p> <ul style="list-style-type: none"> ● Carrying out promotions for <i>Merpay Smart Payments</i> (fixed-amount payment) ● Promoting identity verification 	<p>Aim to create Group synergy and further enhance profitability by investing in the credit business to a disciplined extent</p> <ul style="list-style-type: none"> ● Enhancing convenience of credit services and enhancing the accuracy of AI credit ● Acquiring users in the credit card business
US	<p>Invest aggressively in mainly marketing, prioritizing improving brand awareness and strong GMV growth</p> <ul style="list-style-type: none"> ● Carrying out branding advertisements ● Carrying out CRM initiatives with immediate effects ● Carrying out product initiatives mainly focused on simplifying listing 	<p>Fine-tune the product to encourage both listing and buying to achieve mid- to long-term growth</p> <ul style="list-style-type: none"> ● Enhance the product to simplify listing and encourage buying ● Strengthen incentives and BNPL options to encourage repeat purchases

Board of Directors Structure

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

5 Directors

Directors (2)



Shintaro Yamada
Chief Executive Officer



Fumiaki Koizumi
President
CEO of Kashima Antlers F.C.
Co., Ltd.

Independent Outside Directors (3)



Makiko Shinoda



Norio Murakami



Masayuki Watanabe
(New appointment)

Strong Governance Structure (Independent Outside Directors)



Makiko Shinoda



**Norio
Murakami**

Background



Masayuki Watanabe

- 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)

- Hitachi Electronics Corporation (now Hitachi Kokusai Electric Inc.)
- Chairman Emeritus of Google Japan, Inc. (currently Google Japan G.K.)
- External Director, V-cube, Inc. (current position)
- External Director, Weathernews Inc.
- Chairman and Representative Director, ENERES Co., Ltd.
- Outside Director, CellSource Corporation (current position)

- McKinsey & Company, Inc.
- Co-founder of DeNA Co., Ltd.
- CEO of Quipper Ltd.
- Director of FOODCODE, LTD. (current position)

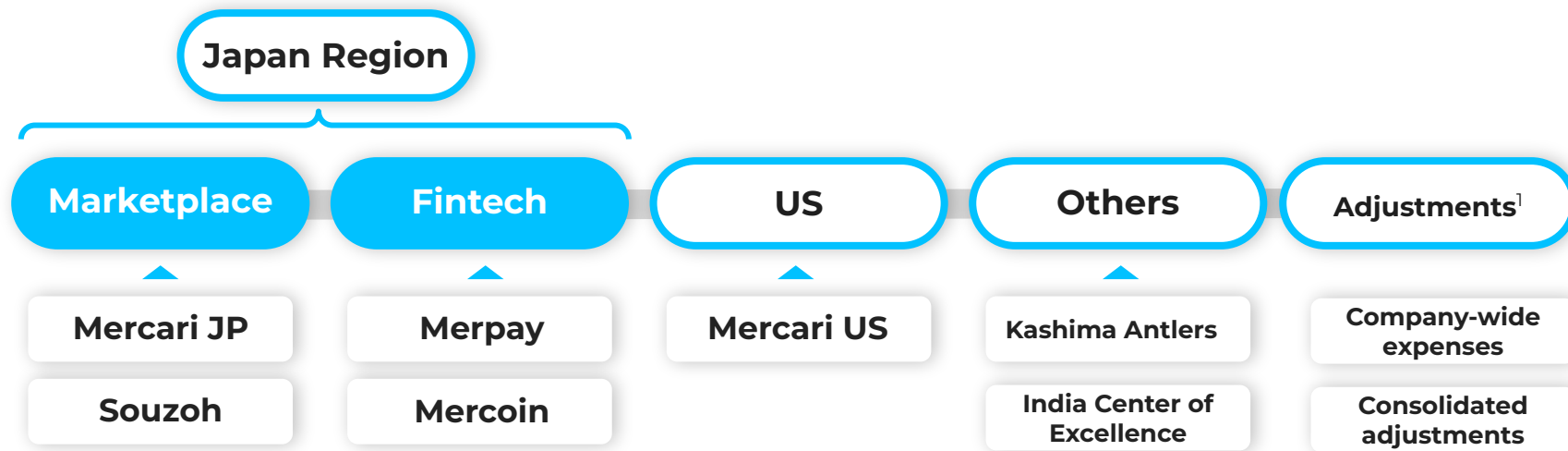
Reasons for Selection
as Outside Directors

- Professional knowledge and deep experience in D&I, ESG, finance, etc.
- Management experience and technical knowledge of global companies
- Knowledge of global expansion of business in tech companies

4 Change in Business Segments

- As of this fiscal year, we have changed the reporting segments to Japan Region and US
- Going forward, we will use the Marketplace and Fintech domains to explain and disclose business results for Japan Region

Financial Results Presentation Material



(Million JPY)	FY2021.6 Q4	FY2022.6 Q4	FY2023.6 Q2
Total current assets	227,926	303,396	314,595
Cash and cash equivalents	171,463	211,406	199,777
Other receivable	47,001	80,287	97,667
Total fixed assets	34,603	36,466	60,679
Total assets	262,529	339,862	375,275
Total liabilities	222,516	301,864	334,880
Other payables	17,775	18,217	20,865
Deposits received	117,099	139,094	155,372
Short-term debt	19,602	54,254	55,665
Long-term debt ¹	51,547	27,097	38,898
Convertible-bond-type bonds with stock acquisition rights	-	50,000	50,000
Total net assets	40,013	37,998	40,394
Total liabilities and net assets	262,529	339,862	375,275

1. Includes long-term borrowings planned to be repaid within 1 year

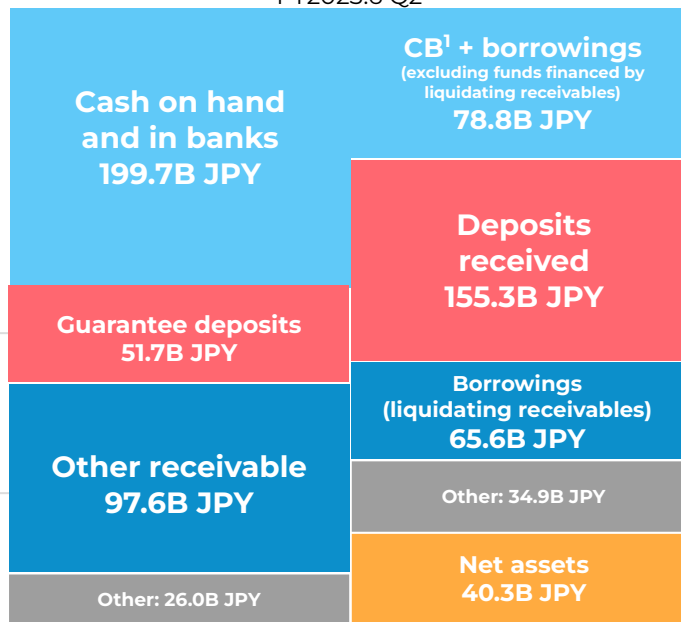
Major Itemization of Consolidated BS

- We will continue to leverage various methods of financing and appropriately control our balance sheet to support business growth while maintaining a sound financial foundation
- To ensure the stability of long-term financing, in Q2, we received an external rating for a portion of liquidated fixed-amount payment receivables (a first for the company) and financed 10.0B JPY FY2023.6 Q2

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 Service with financial institutions

Receivables from *Merpay Smart Payments* (lump-sum and fixed-amount payment) and transactions within *Mercari*



50.0B JPY in CB¹ and 28.8B JPY in long-term borrowings (including 1.9B JPY in long-term borrowings of less than one year)

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

Mainly funds financed by liquidating receivables
Liquidated receivables with financial institutions at the maximum amount of 50.0B JPY for lump-sum payment and 60.0B JPY for fixed-amount payment. Also received an external rating for a portion of liquidated fixed-amount payment receivables and financed 10.0B JPY (long-term borrowings) from multiple investors.

1. Convertible bond-type bonds with stock acquisition rights issued in July 2021 (due in 2026: 25 billion JPY, due in 2028: 25 billion JPY)

Consolidated P&L

(Million JPY)	FY2022.6	FY2023.6	FY2023.6	Growth rate	
	Q2(Oct-Dec)	Q1(Jul-Sep)	Q2(Oct-Dec)	YoY	QoQ
Net sales	37,556	40,029	44,256	+17.8%	+10.6%
EBITDA ¹	-2,431	3,313	2,934	-	-11.4%
<i>Margin (%)</i>	-6.5%	8.3%	6.6%	-	-
Operating income	-2,624	3,119	2,713	-	-13.0%
<i>Margin (%)</i>	-7.0%	7.8%	6.1%	-	-
Net profit(loss) attributable to owners	-2,609	412	790	-	+91.8%
<i>Margin (%)</i>	-6.9%	1.0%	1.8%	-	-

1. Operating income + Depreciation and Goodwill amortization

(Million JPY)	FY2022.6 Q2(Oct-Dec)	FY2023.6 Q1(Jul-Sep)	FY2023.6 Q2(Oct-Dec)
GMV	231,724	220,443	254,844
YoY	N/A	+8.0%	+10.0%
Net sales	22,082	22,876	26,310
as % of GMV	9.5%	10.4%	10.3%
Operating income	3,191	6,729	8,319
Margin (%)	14.5%	29.4%	31.6%
Adjusted operating income ¹	5,767	9,099	11,092
Margin (%)	26.1%	39.8%	42.2%

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

(Million JPY)		FY2022.6 Q2(Oct-Dec)	FY2023.6 Q1(Jul-Sep)	FY2023.6 Q2(Oct-Dec)
Unadjusted ¹	Fintech net sales	6,201	6,952	7,430
	YoY	N/A	+30.8%	+19.8%
	Fintech operating income	-619	1124	131
Adjusted ¹	Fintech net sales	3,625	4,582	4,658
	YoY	N/A	+49.9%	+28.5%
	Fintech operating income	-3,195	-1,245	-2,641

1. Adjusted: Figures after adjustment exclude internal transactions between Marketplace and Fintech (outsourced payment processing fees)

Unadjusted: Figures before adjustment include internal transactions between Marketplace and Fintech (outsourced payment processing fees)

(Million USD)	FY2022.6 Q2(Oct-Dec)	FY2023.6 Q1(Jul-Sep)	FY2023.6 Q2(Oct-Dec)
GMV	308	258	270
YoY	+17.2%	-4.7%	-12.4%
Net sales	95	80	84
as % of GMV	31.0%	31.0%	31.2%
Operating income	-23	-21	-22
Margin (%)	-24.3%	-26.7%	-27.1%
Adjusted operating income ²	-20	-17	-18
Margin (%)	-21.1%	-21.5%	-22.5%

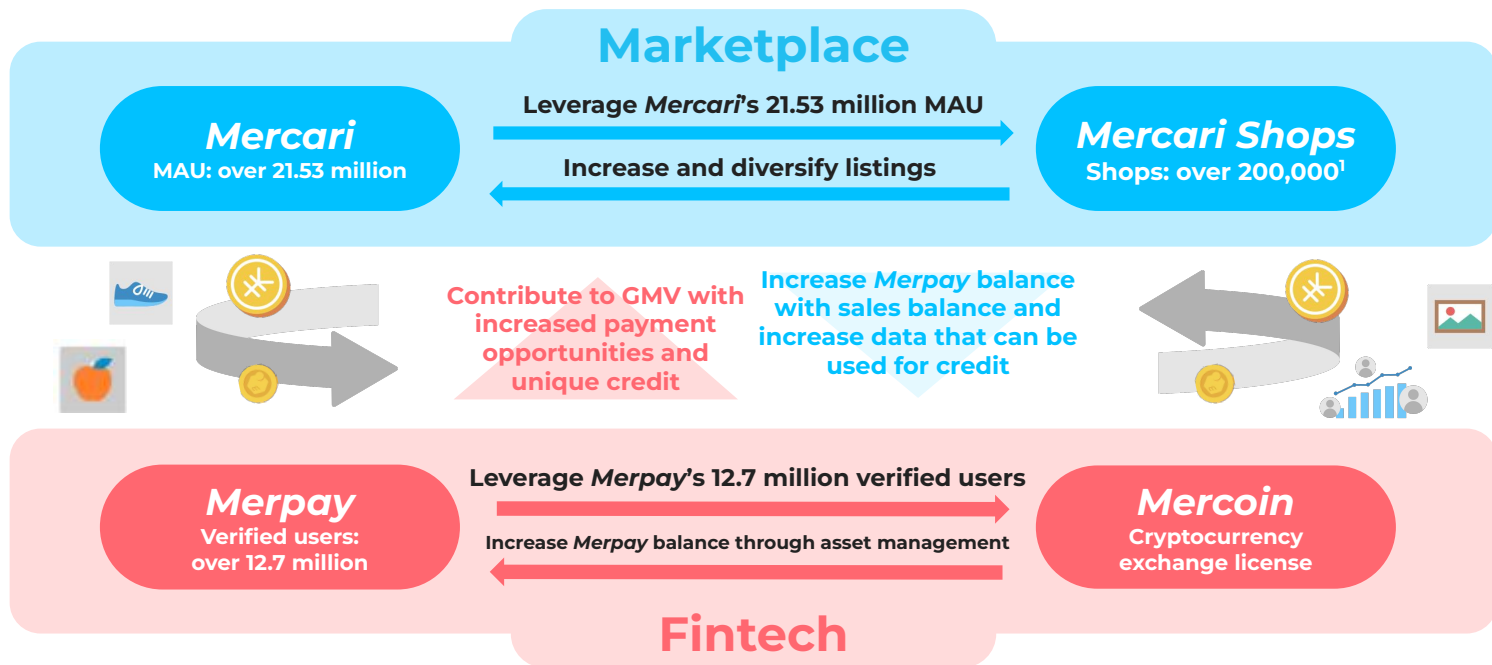
1. Based on US GAAP. Different in booking method from the figures of Mercari US included in Consolidated PL (J GAAP)

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

4

Japan Region—Sustainable Growth by Creating Group Synergy

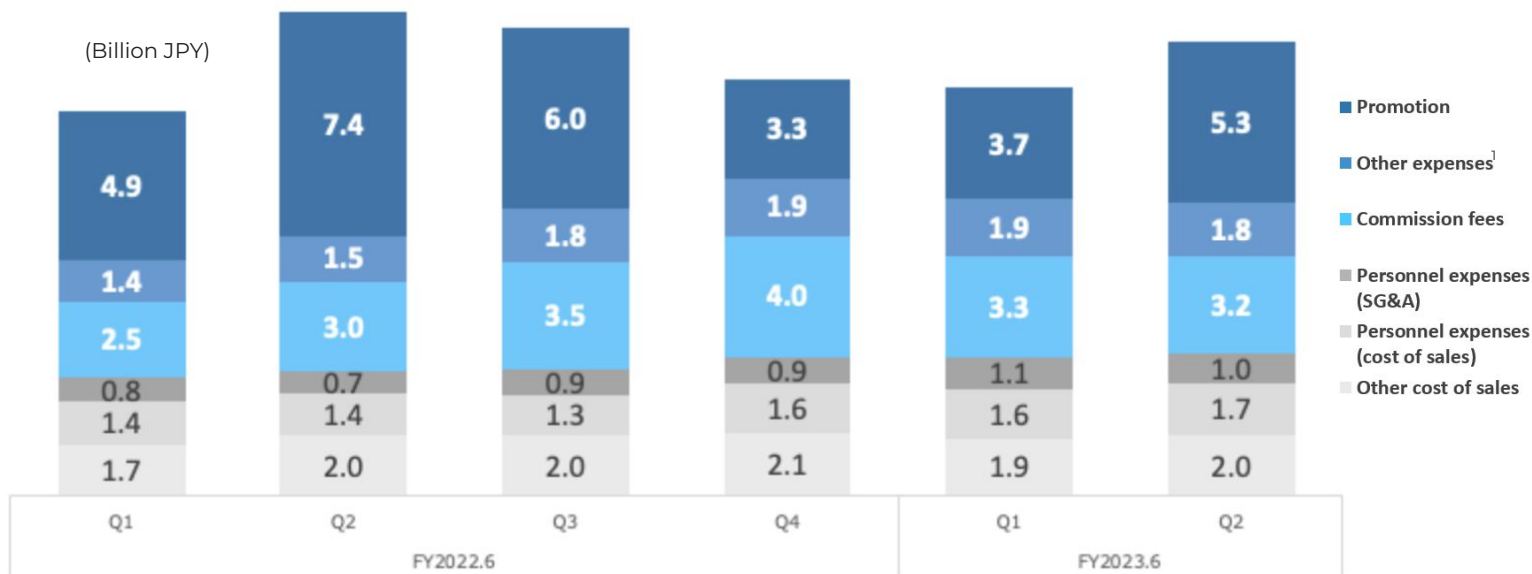
- Bring Marketplace (C2C/B2C) and Fintech together to promote efficient and effective product UI/UX improvements and marketing
- Create an ecosystem that circulates credit, NFTs, cryptoassets, and all forms of value, not just physical things and money



4 Marketplace—Q2 Cost Structure

- Commission fees decreased thanks to prioritized and disciplined investments, as well as a decrease in expenses related to fraudulent use

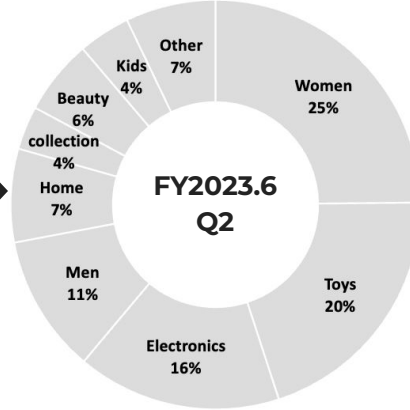
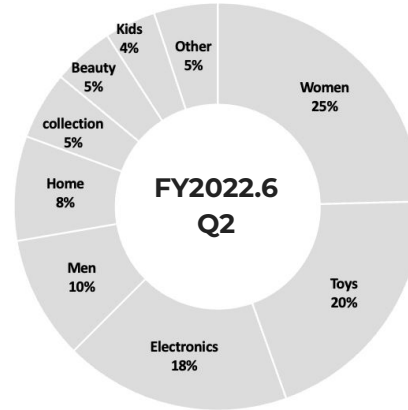
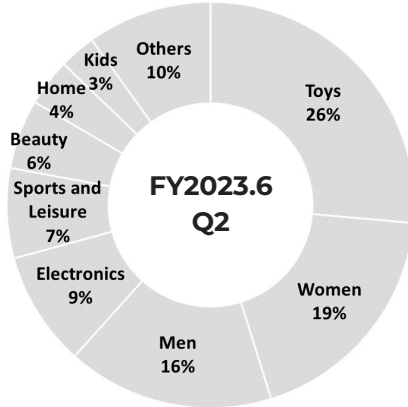
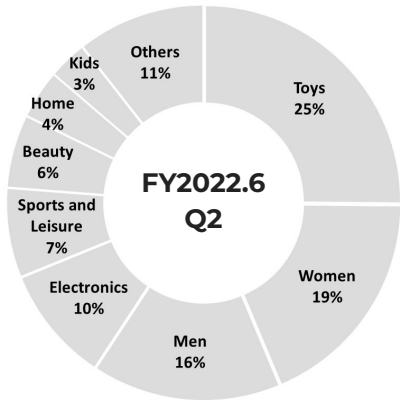
Financial Results Presentation Material



1. Outsourcing expenses, rent, taxes & dues, hiring fees

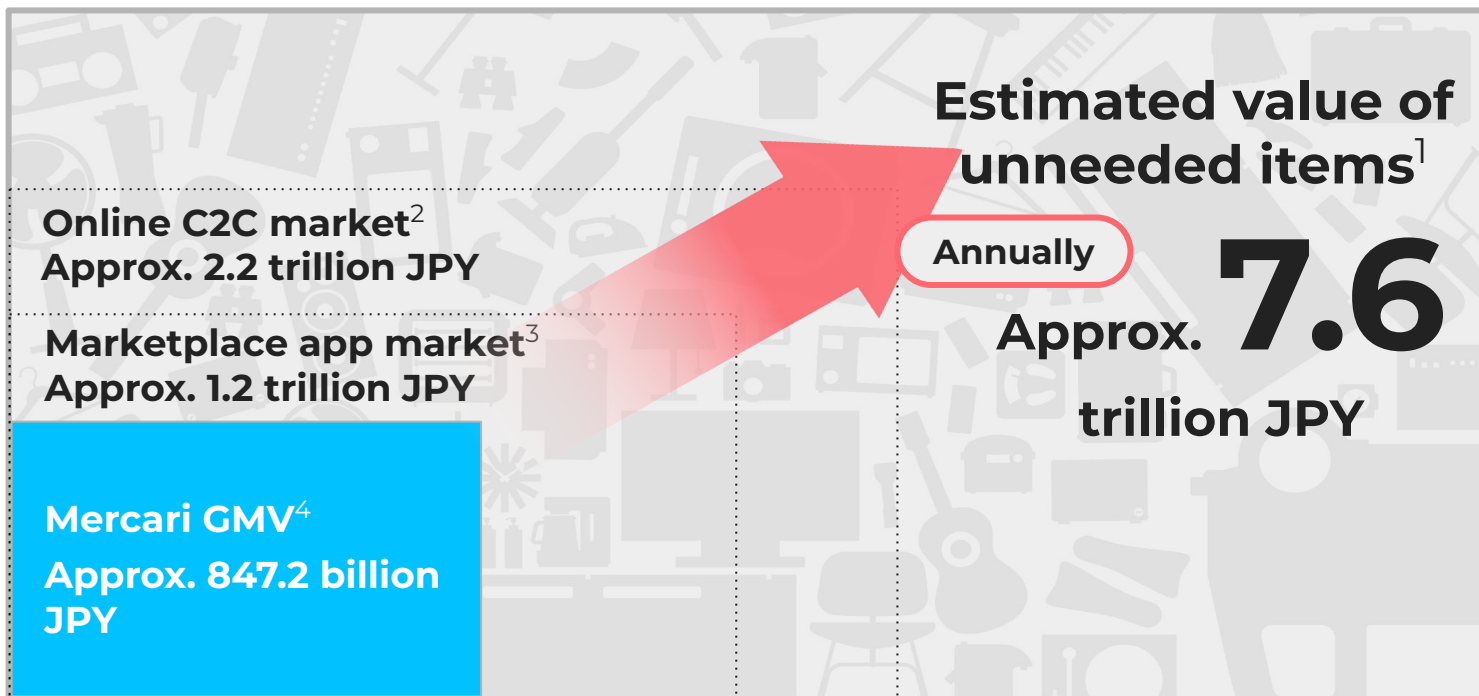
4 Marketplace/US—Q2 (Oct–Dec)—Category Shift

- No major change overall for both Marketplace and US



4 Marketplace App Market Data

- Mercari holds an approximate 70% GMV share in the expanding marketplace app market in Japan



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.

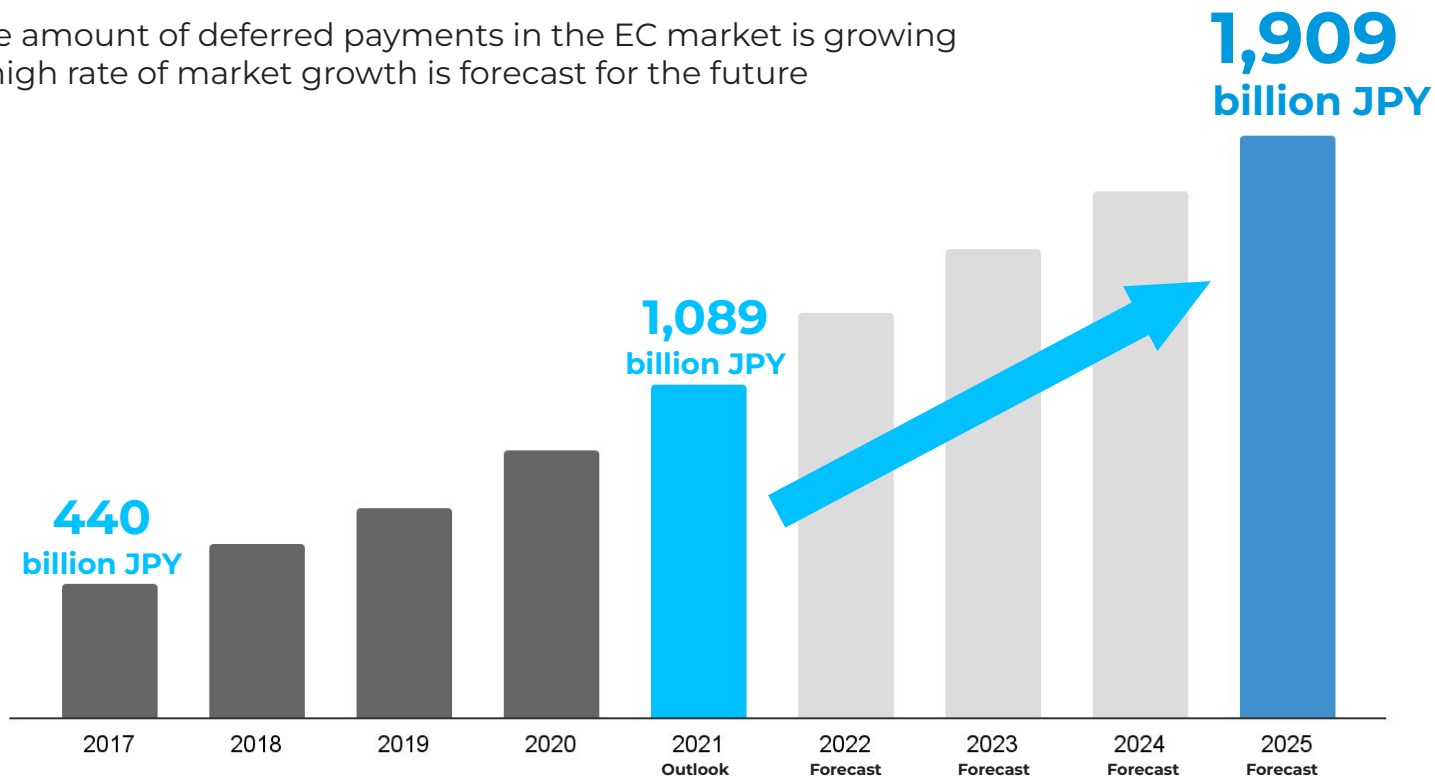
2. 3. Source: "FY2021 E-Commerce Market Survey Report", Ministry of Economy, Trade and Industry (published August 12, 2022). Includes B2B and B2C transactions in addition to C2C transactions.

4. Source: Company materials; C2C GMV from January 2021 to December 2021

4

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

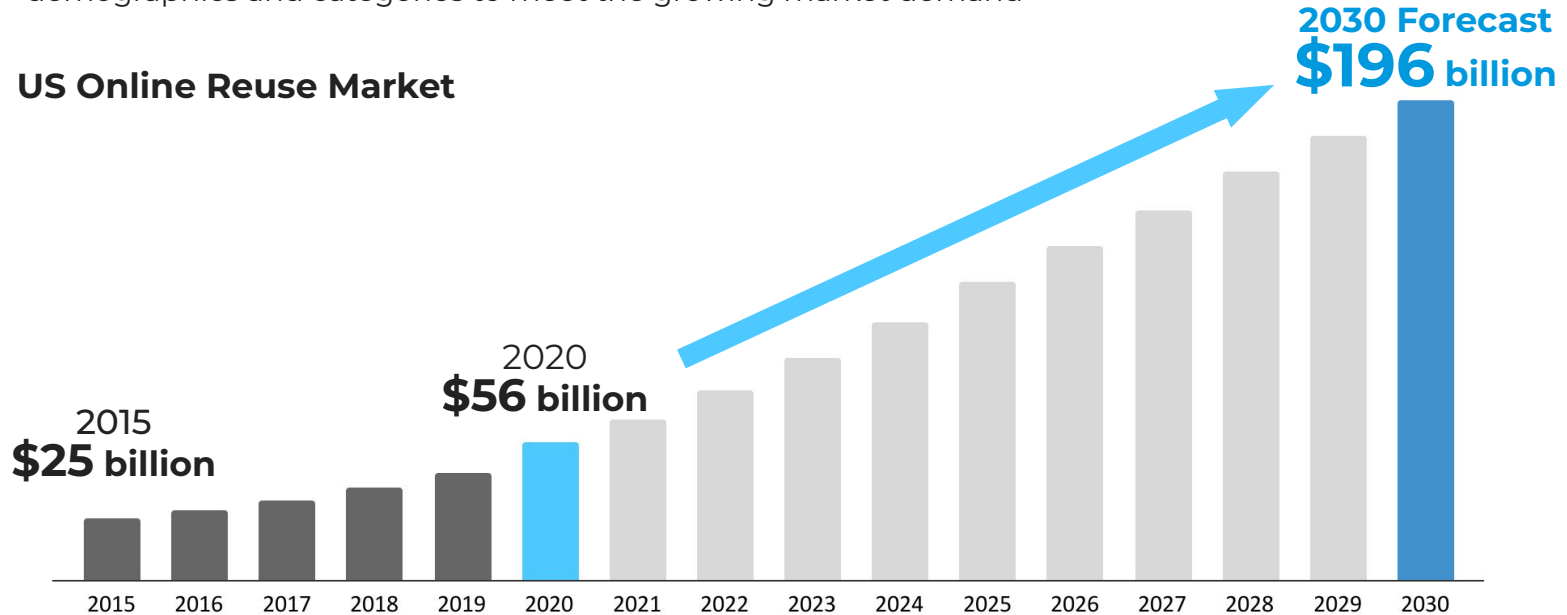


1. Source: E-commerce Payment Services (Payment Gateway) Market in Japan: Key Research Findings 2022. Survey by Yano Research Institute (notice: based on the transaction amount of deferred payment service providers)

US—US Reuse Market

- The US online reuse market has more than doubled since 2015 and is expected to reach approx. 200 billion USD by 2030
- Key categories to watch include apparel and electronics, some of our strongest areas, while the data overall supports our strategy of continuing to strengthen our horizontal marketplace covering a wide range of demographics and categories to meet the growing market demand

US Online Reuse Market



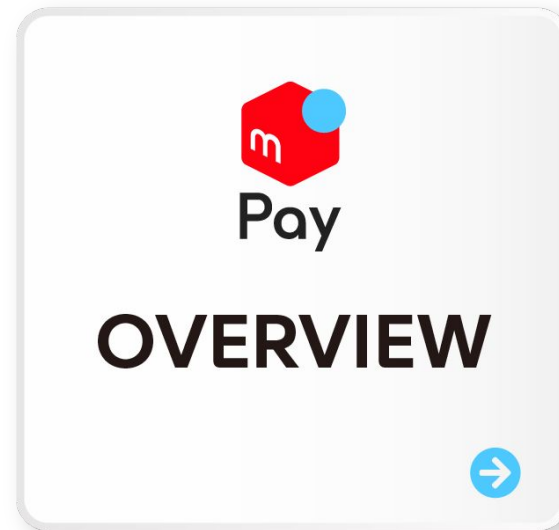
Source: [Mercari US "The Reuse Report"](#)

4 For Investors New to Mercari

- Materials that cover basic information regarding Mercari Group



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



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

Disclaimer

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The FY2023.6 Q3 financial results are scheduled to be released at 15:00 or later on April 28.

mercari

Mercari, Inc. TSE:4385