

mercari FACTBOOK

As of June 2020

mercari



Established

February 1st, 2013



Offices

**Tokyo, Sendai,
Fukuoka, Osaka,
Palo Alto, Portland,
Boston**



Headcount

**1800+
Including
subsidiaries**

Company Overview

The Mercari Group is made up of Mercari, Inc., and its consolidated subsidiaries.

Mercari, Inc.

| | |
|---------------------------------|---|
| Founded | February 1st, 2013 |
| Main Business Activities | Planning, development, and operation of the Mercari marketplace app |
| Representative | Shintaro Yamada |
| Locations | Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6118, Japan Tokyo, Sendai, Fukuoka, Palo Alto, Portland, Boston |



Merpay, Inc.

| | |
|-----------------------|--|
| Founded | November 20, 2017 |
| Business | New financial business |
| Representative | Naoki Aoyagi |
| Locations | Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6118, Japan |



Mercari, Inc. (US)

| | |
|-----------------------|---|
| Founded | January 2014 |
| Business | Planning, development, and operation of Mercari US |
| Representative | John Lagerling |
| Locations | 1. Palo Alto, California 2. Portland, Oregon 3. Boston (Cambridge), Massachusetts |



Michael, Inc.

| | |
|-----------------------|---|
| Founded | December 5, 2016 |
| Business | Operation of community services |
| Representative | Makoto Fukuyama |
| Locations | MSD20 Building, 5-17-14 Sendagaya, Shibuya, Tokyo 151-0051, Japan |

Kashima Antlers FC, Inc.

| | |
|-----------------------|--|
| Founded | October 1st, 1991 |
| Business | Operation of football club |
| Representative | Fumiaki Koizumi |
| Locations | Management of Kashima Soccer Stadium Higashiyaama 2887, Aō, Kashima, Ibaraki |





**Shintaro
Yamada**
CEO

After graduating from Waseda University, Shintaro Yamada established Unoh Inc., where he launched various internet services including "Movie Life," "Photozou," and "Machitsuku!".

In 2010, he sold Unoh to Zynga. After leaving Zynga in 2012, he went on a trip around the world. In February 2013, he established Mercari, Inc.

Profile

| | |
|-----------------|--|
| Aug 2001 | Unoh Ltd Representative Director |
| Feb 2005 | Unoh Ltd renamed to Unoh Inc. |
| Sep 2010 | Zynga Japan K.K. General Manager (due to acquisition) |
| Feb 2013 | Kouzoh, Inc. (currently Mercari, Inc.) Founder and CEO |
| Mar 2014 | Mercari, Inc. Director (current position) |
| Sep 2015 | Souzoh, Inc. Director |
| Nov 2015 | Mercari Europe Ltd Director |
| Apr 2016 | Merpay Ltd Director |
| Apr 2017 | CEO |
| Sep 2019 | Chief Executive Officer (current position) |



**Fumiaki
Koizumi**

President

After graduating from Waseda University, Fumiaki Koizumi joined Daiwa Securities SMBC, where he managed the IPOs of IT companies including mixi, Inc. and DeNA Co., Ltd.

In 2006, he joined mixi, Inc. as Director, Executive Officer, and CFO, and supervised the Corporate Division. After leaving mixi in 2012, Koizumi supported a number of startup companies. In December 2013, he joined Mercari, Inc., where he assumed the role of Director in March 2014. He was appointed as President & COO in April 2017.

Profile

| | |
|-----------------|---|
| Apr 2003 | Joined Daiwa Securities SMBC Co. Ltd. (currently Daiwa Securities Capital Markets Co. Ltd.) |
| Dec 2006 | Joined mixi, Inc. |
| Jun 2008 | mixi, Inc. Director |
| Jun 2012 | FreakOut, Inc. Outside Corporate Auditor |
| Jul 2012 | RAKSUL INC. Outside Corporate Auditor |
| Dec 2013 | trippiece Outside Director |
| Dec 2013 | Joined Mercari, Inc. |
| Mar 2014 | Mercari Director, Corporate Division |
| Sep 2015 | Souzoh, Inc. Director |
| Apr 2017 | Mercari COO; Director, Corporate Division |
| Aug 2019 | Kashima Antlers F.C. Co., Ltd. CEO (current position) |
| Sep 2019 | President |



**Yuki
Hamada**
CPO

While enrolled at the Tokyo University of Science, Faculty of Engineering, Yuki Hamada founded CYBRIDGE GROUP CORPORATION and assumed the role of Executive Vice President. At CYBRIDGE, he led software development activities, conducting M&A and launching new businesses.

After leaving CYBRIDGE in October 2014, Hamada joined Mercari, Inc. in December 2014. He became a Director in January 2015, and assumed the role of Executive Officer in March 2016. As Chief Product Officer (CPO), Hamada currently manages Mercari's products and AI, data, and search technologies in addition to the R&D research and development organization.

Profile

| | |
|-----------------|---|
| May 2004 | CYBRIDGE CORPORATION Founder and Executive Vice President |
| Nov 2014 | Joined Mercari, Inc. |
| Jan 2015 | Mercari Director |
| Feb 2016 | Mercari Director, Product Division |
| Mar 2016 | Mercari CPO; Director, Product Division |
| Sep 2019 | Mercari Chief Innovation Officer (current position) |

Leadership



**John
Lagerling**
US CEO/CBO

John Lagerling holds an MSc in Marketing and International Business from the Stockholm School of Economics and conducted his master's thesis research at the University of Tokyo, Graduate School of Economics.

After spending seven years at Google in various leadership positions, including Director of Android Global Partnerships, in 2014 he assumed the position as Vice President of Facebook, Inc., where he headed global business development, mobile partnerships, and other business partnership initiatives.

Lagerling joined Mercari, Inc. as Executive Officer and Chief Business Officer in June 2017, and became a Director in September 2017.

Profile

May 2002

Joined NTT Docomo Inc.

Nov 2006

Google, Inc.,
Strategic Partner Development
Manager, Head of
Mobile Business and Product,
Japan & Asia-Pacific

May 2009

AdMob, Vice President and
General Manager
for Japan and Korea

May 2010

Google, Inc. Senior Director
Android Global Partnerships

May 2014

Facebook, Inc. VP Business
Development,
Mobile and Product Partnerships

Oct 2014

Cronologics Corporation
Co-Founder

May 2016

and Board Member
Modern Times Group MTG
AB

Jun 2017

Non Executive Board
Member

Jul 2017

Mercari, Inc. CBO
Digital Domain 3.0 Non
Executive Board Member
(current position)

Sep 2017

Mercari, Inc. CBO; Mercari,
Inc. (US) CEO (current
position)



**Naoki
Aoyagi**

Merpay CEO

Naoki Aoyagi is the former Executive Director of GREE, Inc. After working at Deutsche Bank, he joined GREE, where he led the company's pre-IPO financing and managed the IPO as CFO. He also headed business development activities at GREE, including the launch of the company's game platform. From 2011, Aoyagi was instrumental in GREE's international business expansion in San Francisco. He held the position of General Director before stepping down from his role as Executive Director in September 2016. He assumed the role of Merpay CEO in November 2017, and the role of Mercari, Inc. Director in September 2018.

Profile

| | |
|-----------------|---|
| Apr 2002 | Joined Deutsche Securities Limited (currently Deutsche Securities Inc.) |
| Mar 2006 | Joined GREE, Inc. |
| Jul 2006 | GREE, Inc. Director |
| Jan 2011 | GREE International, Inc. CEO and Board Member |
| Mar 2014 | Glossom, Inc. Representative Director |
| Jan 2017 | Glossom, Inc. Executive Board Member |
| Nov 2017 | Merpay, Inc. CEO (current position) |
| Dec 2017 | CrowdWorks Inc. Outside Director |
| Jul 2018 | Merpay Connect, Inc. Representative Director |
| Sep 2018 | Mercari Director (current position) |
| Sep 2019 | Merpay CEO |



**Hirohisa
Tamonoki**

Mercari Japan CEO

After graduating from Waseda University, Tamonoki joined GMO Cloud K.K., where he handled CS work, a server hosting business, and the launch of new businesses. In 2010, he began working at Pixiv Inc., where he worked in business supervision, including system development, marketing, and growth, as a company director. He was appointed representative director and CEO of Animate Lab, Inc. in January 2016, and promoted its IT business in the retail field. He joined Mercari as an executive officer in February 2017. He was appointed CEO of Mercari Japan as an executive officer in October 2018, and assumed his current position as director and CEO of Mercari Japan in September 2019.

Profile

| | |
|-----------------|--|
| Apr 2004 | Joined GMO Hosting and Technologies, Inc. (currently GMO CLOUD K.K.) |
| Mar 2010 | Joined pixiv Inc. |
| Jan 2013 | Executive Officer of pixiv Inc. |
| Sep 2014 | Director and COO of pixiv Inc. |
| Oct 2014 | Representative Director and Vice President of animateLAB,Inc. |
| Jan 2016 | Representative Director and President of animateLAB,Inc. |
| Feb 2017 | Vice President of the Company |
| Oct 2018 | Vice President of the Company CEO of Mercari Japan |
| Sep 2019 | Director of the Company, CEO of Mercari Japan (current position) |

Create value in a global marketplace where anyone can buy & sell

"I want to make society more affluent by ensuring that limited resources are circulated."

This is what founder Shintaro Yamada realized while traveling the world, and what led him to create the CtoC marketplace known as Mercari. Thanks to technology, individuals around the world can now easily connect to buy and sell from each other.

Through Mercari, we aim to establish a society where resources are circulated and where people can accomplish their goals without limitations.

A large blue hexagon with rounded corners, containing the text 'Go Bold' in white.

**Go
Bold**

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

A large blue hexagon with rounded corners, containing the text 'All for One' in white.

**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.

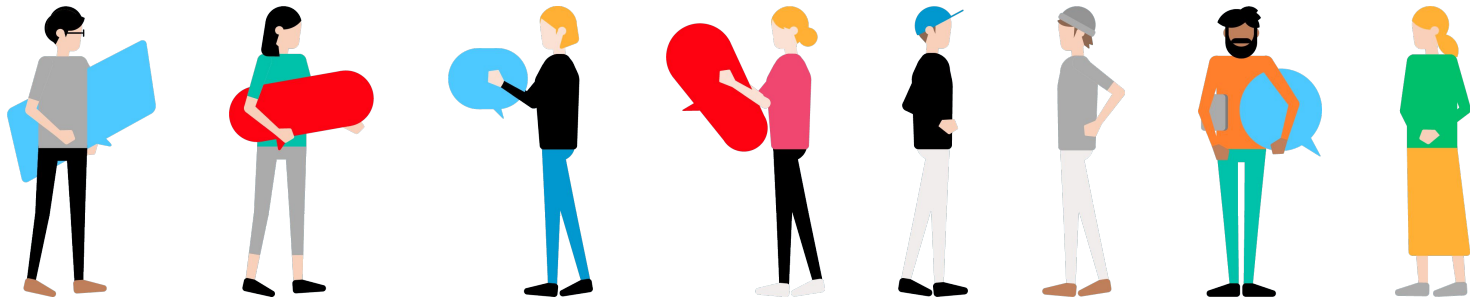
A large blue hexagon with rounded corners, containing the text 'Be a Pro' in white.

**Be
a Pro**

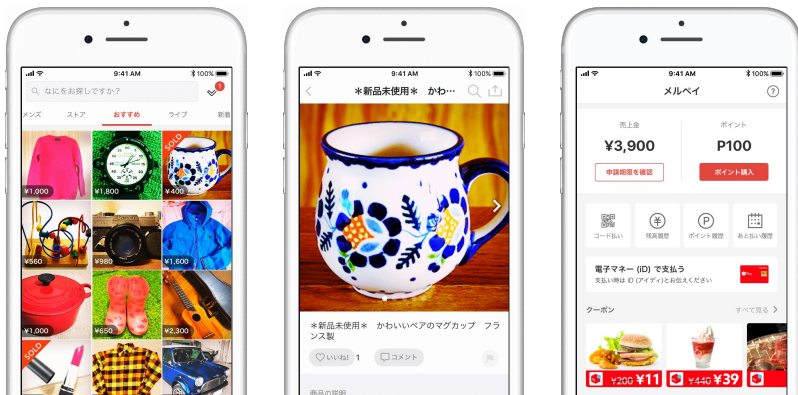
All members take ownership of their work as professionals in their field, learn every day, and commit to showing results.

Trust & Openness

Mutual trust is very important for Mercari. Based on the premise of trust, information is kept transparent, and the organization is built flat. We also don't make more rules than necessary, so as to not limit our members. This is because we believe that everyone's untied thoughts and actions lead to both personal growth, and a stronger organization. We call this culture Trust & Openness, seeking our ideal organization and people who share Mercari's spirit.



What Is Mercari?



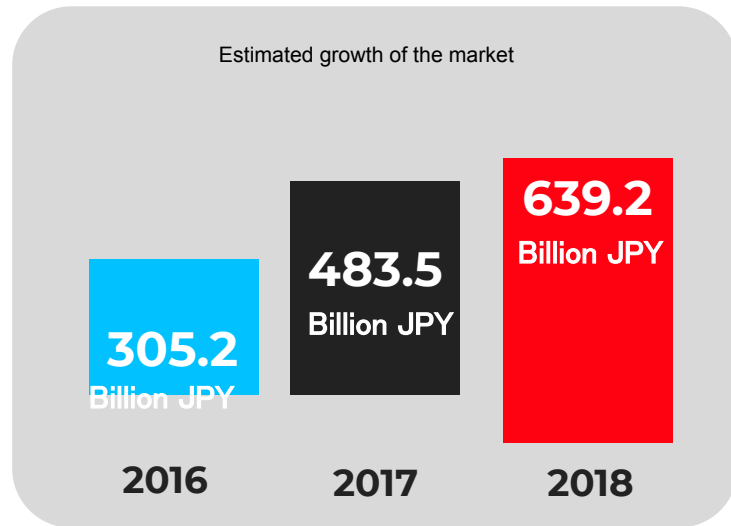
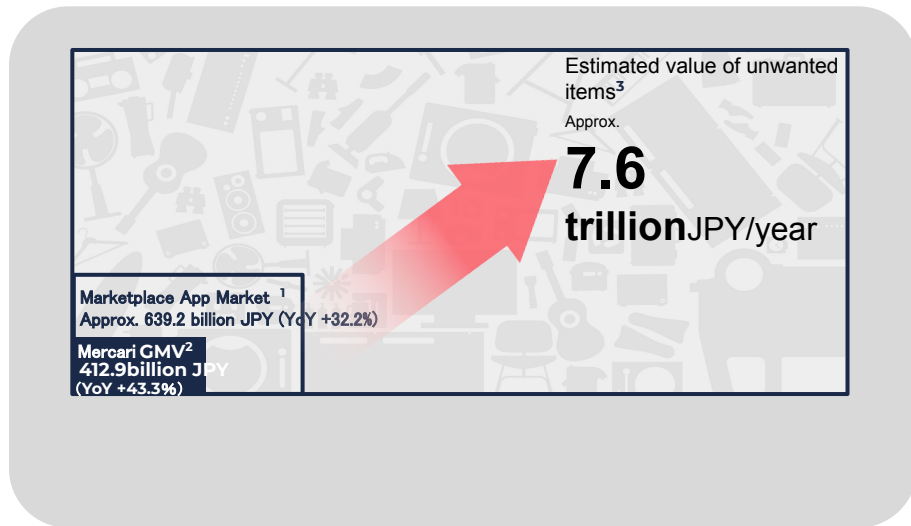
The Mercari app is a C2C marketplace where individuals can easily sell used items. We want to provide both buyers and sellers with a service where they can enjoy safe and secure transactions. Mercari offers a unique customer experience, with a transaction environment that uses the payments Mercari holds in escrow, and simple and affordable shipping options.

- Service start: July 2013
- OS: Android, iOS
- *Can also be accessed by web browsers
- Usage fee: Free
- *Commission fee for sold items: 10% of the sales price
- Regions/languages supported: Base specs for Japan/Japanese
- Total number of listings to date: More than 1.5 billion

Many sellers enjoy having the items they no longer need purchased and used by buyers who need them, and buyers enjoy the feeling of hunting for treasure as they search through unique and diverse items for lucky finds. In addition to buying and selling, users actively communicate through the buyer/seller chat and the “Like” feature.

Market Size of C2C Marketplace Apps

The market for C2C marketplace apps grew to ¥639.2 billion (32.2% increase from the previous year) over six years, enormous growth in only six years since C2C marketplace apps were introduced in 2012.



1. Source: Ministry of Economy, Trade and Industry (April 2018, May 2019).

2. Source: Company information. Japan GMV from January to December 2018

3. Source: Ministry of Economy, Trade and Industry (April 2018). Estimated total value of items described as “items that became no longer needed over the past year.” Excludes automobiles, motorcycles, and motor scooters.

Market Size of C2C Marketplace Apps

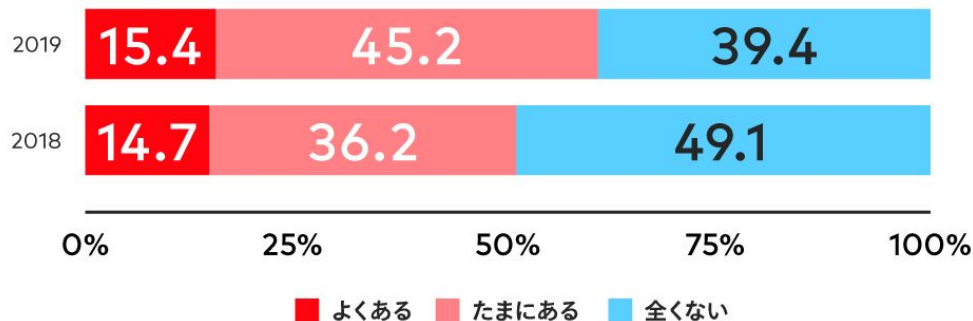
Buying with the intent to sell



Have you begun to think of resale value when buying new items?

(Only C2C marketplace app users. Multiple-choice question. n=500; 2018 survey: n=293)

60.6% responded “I have begun to think of resale value when buying new things,” a **9.7%** increase from the previous year.



※ 2018年調査と2019年調査におけるフリマアプリ利用者n数の違いについて
2019年調査における「フリマアプリ利用者」の定義は、フリマアプリでの購入経験、販売経験、その両方を持つ、としています。一方、2018年調査では、「主に閲覧」利用が含まれるため、定義を統一するため「主に閲覧」利用者(207名)を除いて昨年との比較を行っています。

| By the Numbers (FY2019.6 Consolidated/Full Year)

GMV¹

530.7_B

In: billion JPY

250.2

370.4

530.7

**FY
06/2017**

**FY
06/2018**

**FY
06/2019**

Net Sales

51.6_B

In: billion JPY

22

35.7

51.6

**FY
06/2017**

**FY
06/2018**

**FY
06/2019**

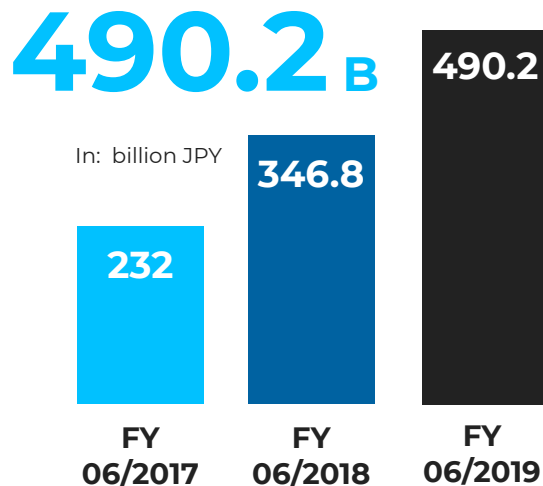
Source: Internal documents, from FY2019.6 Presentation Material

1. GMV after cancellation

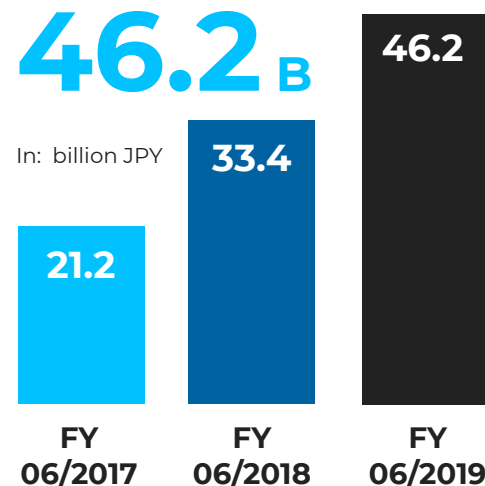
2. Monthly Active Users in June. Number of registered users that used our app in the month

By the Numbers (FY2019.6 JP/Full Year)

GMV¹



Net Sales



Source: Internal documents, from FY2019.6 Presentation Material

1. GMV after cancellation

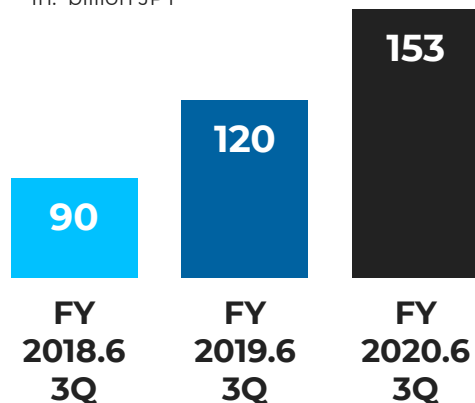
2. Monthly Active Users in June. Number of registered users that used our app in the month

By the Numbers (Mercari JP/FY2020.6 3Q)

GMV¹

153 billion

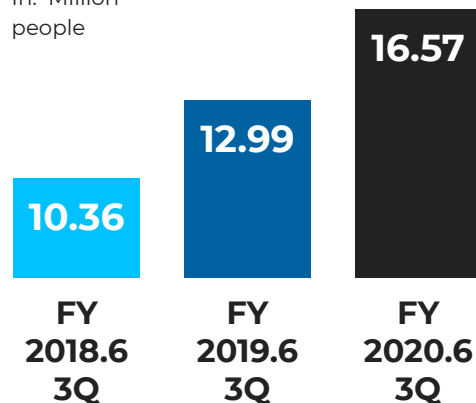
In: billion JPY



MAU¹

16.57 million

In: Million people



Source: Internal documents, from FY2020.6 3Q Presentation Material.

1. Quarterly average MAU

| Mercari's Strengths

**Mercari provides our many users with an
easy-to-use, fun & engaging, and safe & secure marketplace.**



Easy-to-Use



**Fun &
Engaging
For All**



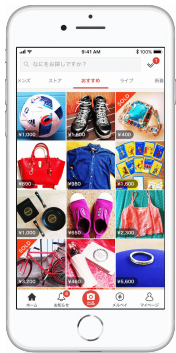
**Safe &
Secure**

Mercari's Strengths **Easy-to-Use**



Easy Listing

Step 1
Tap list button



Step 2
Take picture



Step 3
Write details



Done!

Users can list items within three minutes: Just tap the listing button on the bottom right of the home screen, take a picture of the item with your phone's camera, and enter a description of the item.

Simple delivery: Mercari Shipping



Mercari's shipping service allows sellers to send items from over 79,000 shipping locations nationwide, with flat-rate shipping across the country. The app generates a QR code which can be scanned by consoles at convenience stores and other locations for easy shipping.

Mercari's Strengths Easy-to-Use

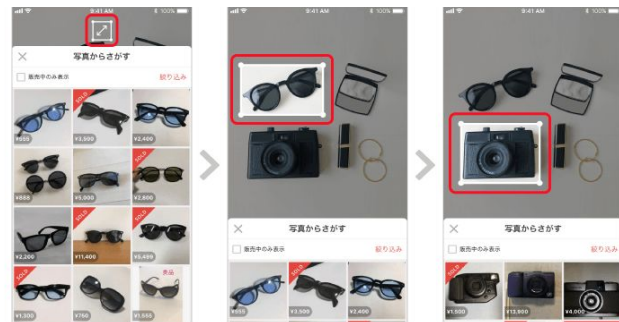
AI Listing

In October 2017, we released the “AI listing” feature, which utilizes a combination of deep learning and NLP (natural language processing). This feature instantly analyzes item photos taken by users and automatically inputs item information such as item name, category, and brand. Currently, of all items that are listed on Mercari, about 60% of them are provided with item information automatically. Listing completion rate for newly registered users and the number of listings per person has increased thanks to the AI listing feature.



Image Search

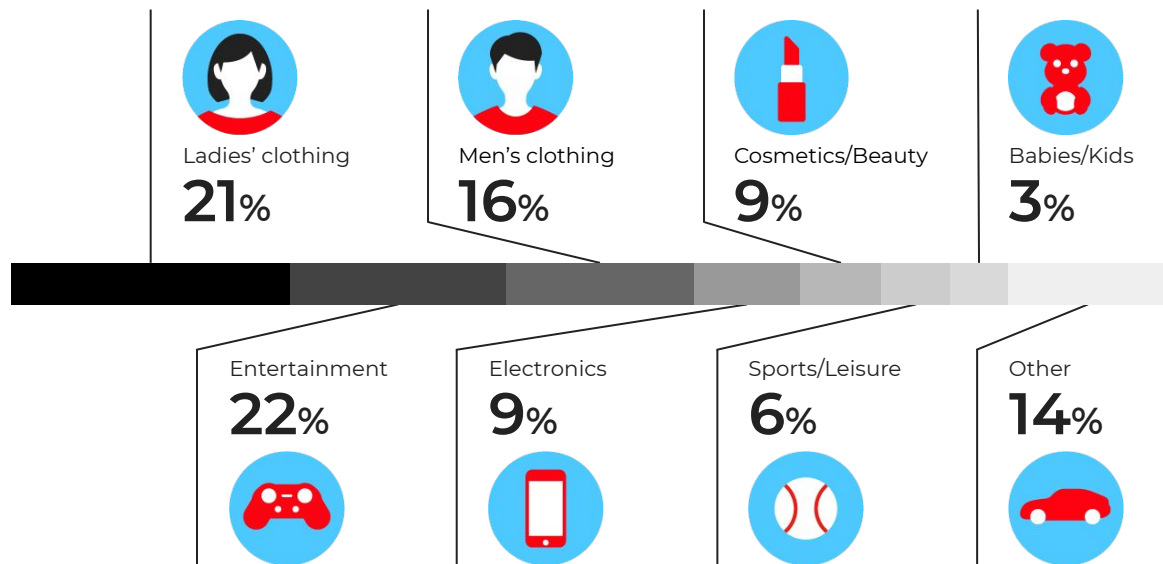
We released the “Image search” feature in March 2019. You can tap either “search by image” or the camera icon next to the search bar to take pictures of the item you would like to search for or select pictures saved on your device. The feature analyzes pictures of items listed on Mercari and searches for the same or similar items.



Mercari's Strengths Fun & Engaging for All



Buying is like a treasure hunt

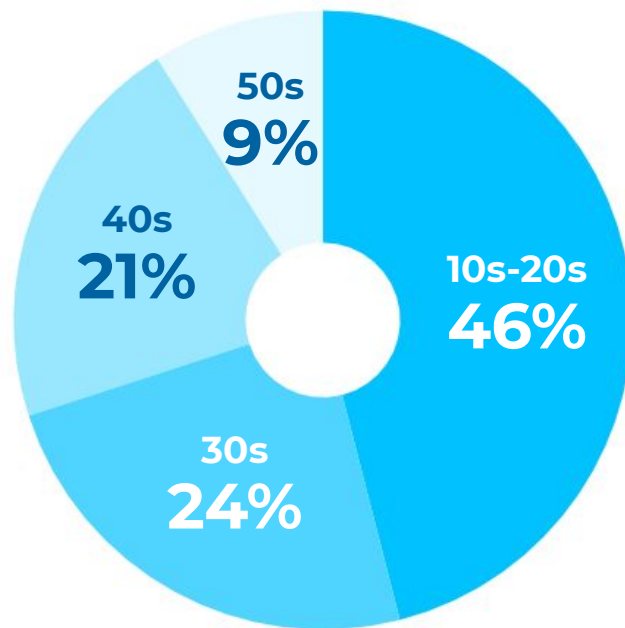
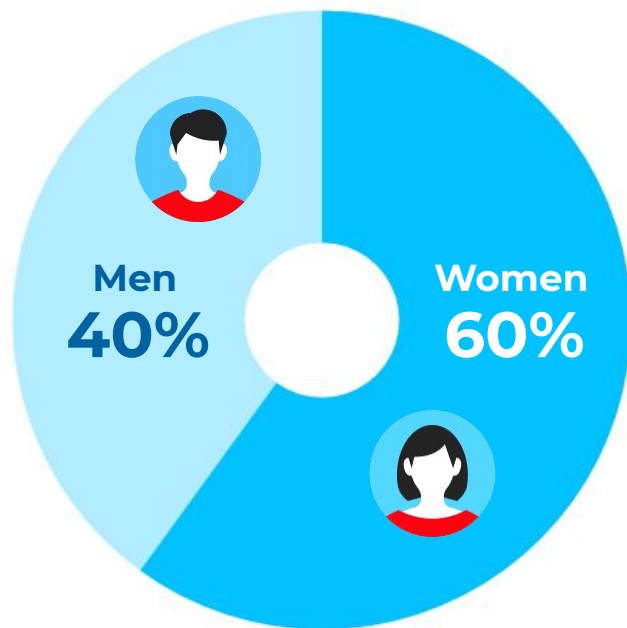


Source: Internal documents - percentages of FY2020,6 3Q GMV for Mercari's Japan business

A diverse lineup of items from all genres

Mercari is not limited to apparel; items ranging from entertainment goods to home appliances to cosmetics are also listed. Because numerous sellers are listing their unique, individual items, it's possible to come across lucky bargains that can't be found on other services. Mercari also combines the stockpiled transaction data with AI technology to recommend items that match a user's tastes, and to make it easier to find the items they're looking for. Even though Mercari is an e-commerce platform, because the experience of buying feels like a treasure hunt, users spend as much time on the app as they do on social media.

Mercari's Strengths Fun & Engaging for All



Mercari's Strengths For Kids and Seniors



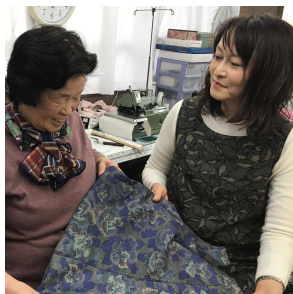
Teaching about money with Mercari



Eriko and Kanata (2nd grade) Ozaki

Kanata is in second grade. With his mom, he sometimes sells his toys on Mercari, and also crafts made of sea glass he picks up from the beach to earn a little bit of money. According to his mom, Mercari is the best way to teach children about money.

A new purpose in life with Mercari



The Hikawas

Ms. Hikawa (right) is the daughter of a woman in her 80s, a seamstress who has run a sewing factory for 60 years. After her father, who ran the sewing factory with her mother for many years, passed away, and her mother retired, she thought she needed to help her find a new passion in life. That's how her mother started selling clothes in Mercari. "My mother made a beautiful dress out of a kimono, and when she sold it on Mercari, people started to buy and comment to thank her and give their opinions. My mother said that if they are so happy with it, she'll just have to keep sewing. This has given her a new purpose."

Making life changes with Mercari



Mr. Kudo (80s)

Mr. Kudo lives in the Chiba Prefecture, and started using Mercari after his daughter and her husband, who live in Tokyo, invited him to move near them. So, as part of his final arrangements, he started selling Buddha statues, ukiyo-e prints, kimonos, and other belongings left by his parents on Mercari. Now, he's super excited selling on Mercari. He says he wants to get rid of things he doesn't need and go to his daughter's in Tokyo.

Mercari: The best way for creators to sell their work



Kirari Ando (20s)

Kirari Ando is a heavy user: She has been using Mercari for about 4 years, selling smartphone cases made by herself, and buying mainly beauty and other everyday items on Mercari. "If you are an independent creator, Mercari is the best way to sell your work. Mercari users respond very well, and they show their appreciation the most, so it's really fun and exciting," she says.

Efforts to Ensure a Safe & Secure Market

Maintain a customer service system

Mercari's customer service system operates all day, every day, ensuring users can enjoy a safe and secure experience. Mercari monitors listings/transactions both manually and with automated detection systems to identify items that violate terms of use, making every effort to promptly remove any counterfeit/stolen goods. These systems are based on copious data from item information and transactions as well as AI technology. We strive to improve their accuracy and expand their scope in an effort to create a secure environment for users.



365 days / **24** hours

Countermeasures in place to prevent fraudulent listings and actions

Customer inquiries

Respond to direct inquiries from customers, including inquiries through Twitter and Facebook.

Guideline violations

Reporting

Investigate customer reports of guideline violations and take measures to remove items and suspend sellers found to be in violation.

Monitoring

Identify items and listers that may be in violation of guidelines and take measures to remove items and suspend sellers found to be in violation.

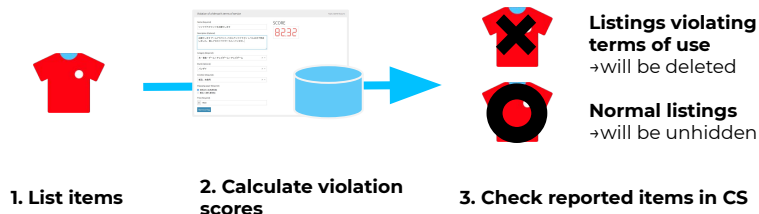
Responses to customer inquiries: 09:00-23:00

Monitoring and responses to reports of guideline violations: 24 hours daily

Mercari's Strengths **Safe & Secure**

Detecting Violations with AI

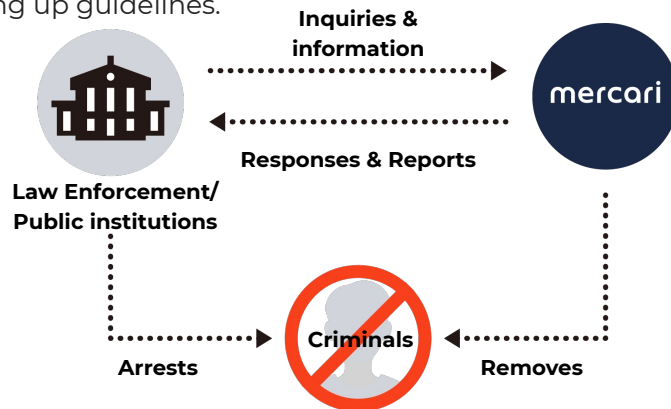
Mercari employs AI technology to automatically detect transactions that violate the terms of use. By combining this technology with extensive transaction data and item information data, the company aims to improve the accuracy of the detection systems and use them for a wider range of applications to provide an even safer and more secure environment for all users.



* Examples of items that violate terms of use: gaming accounts, counterfeits, medicine, etc.

Cooperating with Authorities

Mercari strives to provide a safe and secure service for all users by cooperating with public institutions and law enforcement. The aim is to work towards making not just Mercari, but the industry as a whole safer and more secure by participating in organizations such as the Council for Intellectual Property Protection (CIPP), EC Business Association, the Association of Consumer Affairs Professionals (ACAP), and the National Shoplifting Prevention Organization (NSPO). The company also takes a proactive role in exchanging opinions and drawing up guidelines.



Efforts to Ensure a Safe & Secure Market

Inhibiting fraud by enhancing identity verification

Since February 2019, listers have been required to provide their personal information (address/full name/date of birth) when registering. A user's sales balance cannot be withdrawn if the name registered does not match the name of the account for the balance transfer; this prevents fraudulent listings, such as stolen goods.



Ample compensation

If a product arrives damaged or defective, we offer returns and compensation. Eligible items include unintentionally purchased counterfeit goods, items with a defect or damage not included in the description, and shipping fees for when an accident occurred with Mercari Shipping. Mercari has strategies to ensure normal items are safely delivered to the buyer, but in the event that a user purchases counterfeit or defective goods, they are also eligible for a return or compensation.

Awareness activities for adolescents and educators

We hold educational activities across the country for middle school and high school students, as well as parents and teaching staff, where we teach them how to avoid trouble on marketplace apps, to ensure they can use Mercari with a sense of security.



Future Growth

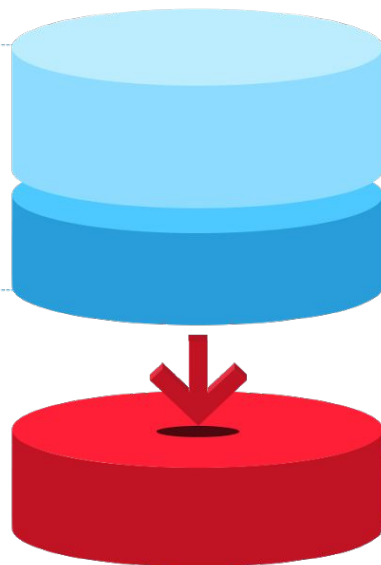
Large potential in interest in listing

People who want to list
but haven't done so yet

36.1million

Mercari MAU

16.6million



I would like to list if there were
an improvement in some
features, or if listing was easier
I want to list items

I would like to list items
someday

| Future Business Development



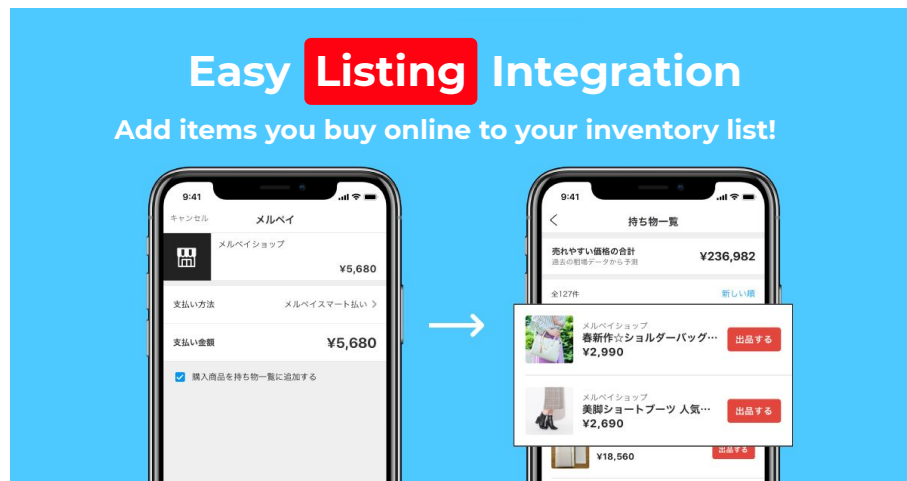
MERCARI

Future Business Development (JP)

Evolving the App

Simplified Listing

Simplify listing by providing features like AI Listing and Barcode Listing, which use machine learning, and Easy Listing Integration, which imports items bought using Merpay Online Payments into users' inventory lists on Mercari



*Barcode listing is for books, music, games, cosmetics/perfumes, consumer electrical appliances (iOS only)

Future Business Development (JP)

Offline Expansion

Expand offline touchpoints

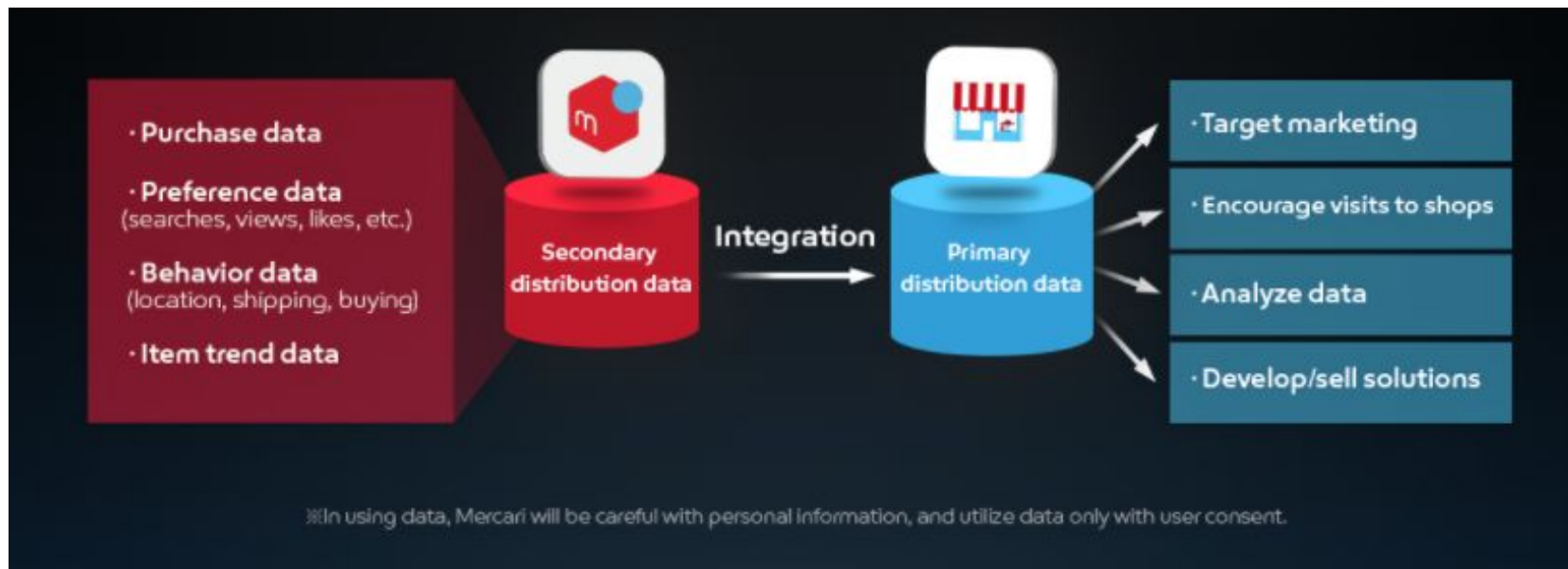
Create Mercari touchpoints in areas convenient for users' daily lives with Mercari's first physical shop Mercari Station, the unmanned mailbox Mercari Post, and more.



Future Business Development (JP)

Data Integration

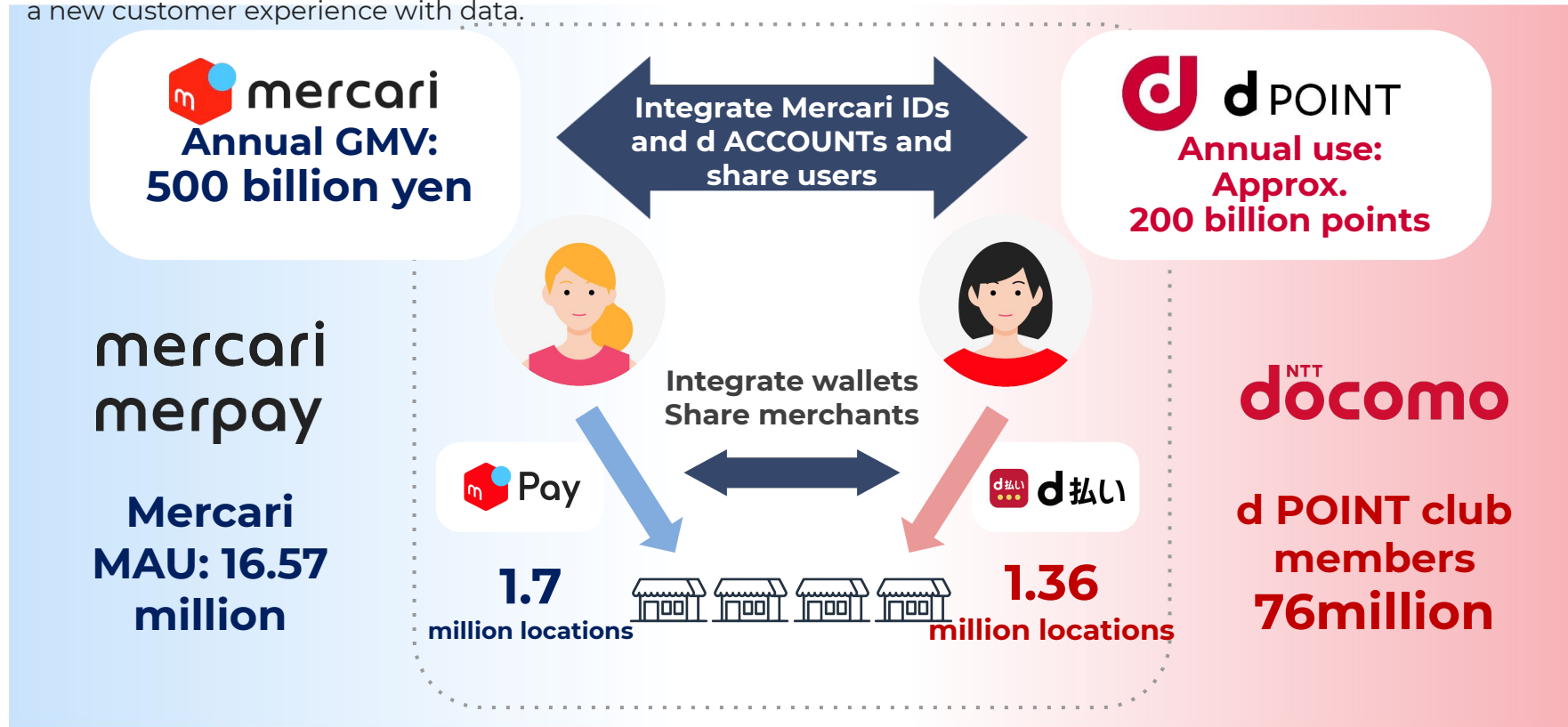
Create new Business opportunities by integrating secondary distribution data



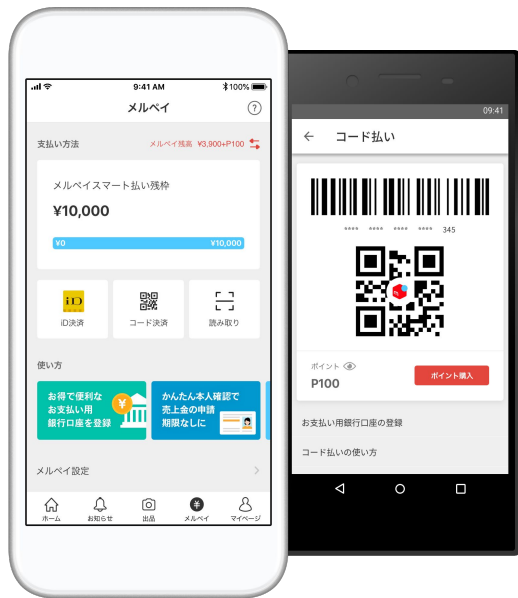
Future Business Development (JP)

Integration with DOCOMO

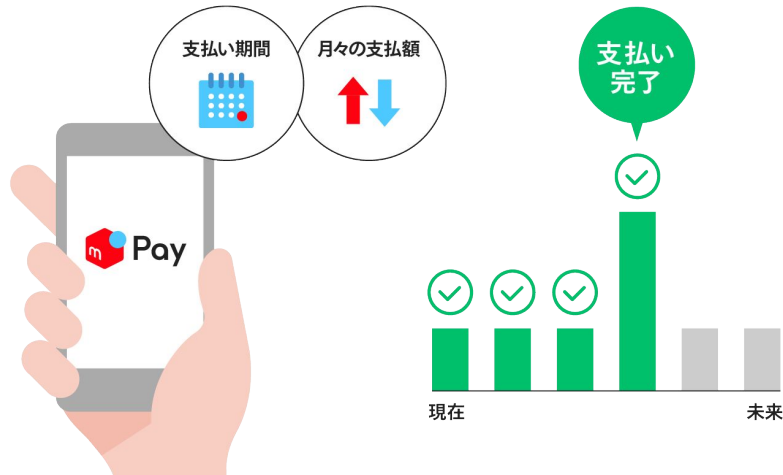
Mercari and DOCOMO will integrate IDs in 2020. The two companies will integrate points and payments, and provide a new customer experience with data.



Future Business Development (Merpay)



Merpay is a mobile payments service brought to you by the creators of Mercari, Japan's largest C2C marketplace app. It is operated by Merpay, Inc., under the Mercari Group. With Merpay, users can make payments on Mercari and at 1.7 million stores nationwide, using the money earned from selling items they no longer need on Mercari, by charging money from their bank accounts, or by using Merpay Smart Payments.



| Future Business Development

Strengthening Overseas Expansion

MERCARI “The Selling App.”



To Make Selling Easier than Buying.

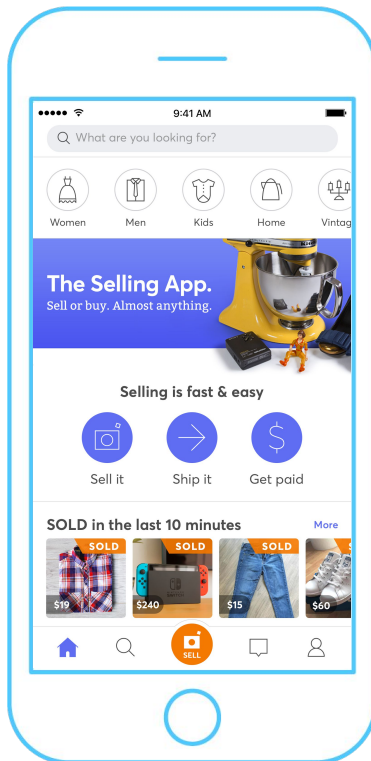
Mercari's mission is to “Create value in a global marketplace where anyone can buy & sell,” and the year after our founding, we began to expand overseas. We started our business in the US in April 2014, and we adapted our branding, improved our UI/UX, and created a delivery network to match local preferences and the characteristics of the US market. We recognize that succeeding in the US, with its enormous and diverse population, is an important milestone to achieve our mission, so that is where we are devoting our energy.

Future Business Development

Strengthening Overseas Expansion

Optimizing the experience for US users

We improved the UI and UX of Mercari US to reflect the needs and preferences of our US customers. In March 2018, we rebranded, including a logo change, to more effectively build brand recognition in the US. In November 2018, we released “Mercari Pack & Ship,” a service where users can bring the items they’ve sold to a UPS Store® and have the staff pack and ship them. By incorporating the unique needs and preferences of the US, Mercari provides unique value.



Securing talented management

The Mercari group is aggressively investing management resources into the US market. In order to fortify Mercari's US strategy, John Lagerling, who had previously worked at Facebook, Inc., joined in June 2017. In order to continue expanding our business and localizing our service for the US, we are proactively hiring local talent.

Future Business Development

Ref. Unique Positioning in the US Market

| |  Market Place | | |  Classifieds | | | | Others |
|------------------------------|--|---|---|---|---|---|---|-------------|
| |  |  |  |  |  (7) |  (7) |  | TheRealReal |
| Mobile First(1) | ✓ | ✗ | ✓ | ✗ | ✓ | ✓ | ✓ | ✗ |
| CtoC Focus(2) | ✓ | ✗ | ✓ | ✗ | ✓ | ✓ | ✗ | ✗ |
| Cross Category(3) | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✗ |
| Market Reach(Nation wide) | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✗ | ✓ |
| Everything Ships(4) | ✓ | ✓ | ✓ | ✗ | ✗ (5) | ✗ | ✗ | ✓ |
| Commission revenue model (6) | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ |

As defined by Mercari, utilizing the following criteria:

1. Mobile First: services developed for mobile-use rather than desktop-use

2. C2C Focus: services provided primarily to individual consumers, rather than business-oriented users

3. Cross Category: not only fashion categories but multiple product categories simultaneously accessible via them

4. Everything Ships: desired shipping options are selectable and necessary shipping information easily shared within the shopping interface

5. Some limited goods are available for shipping

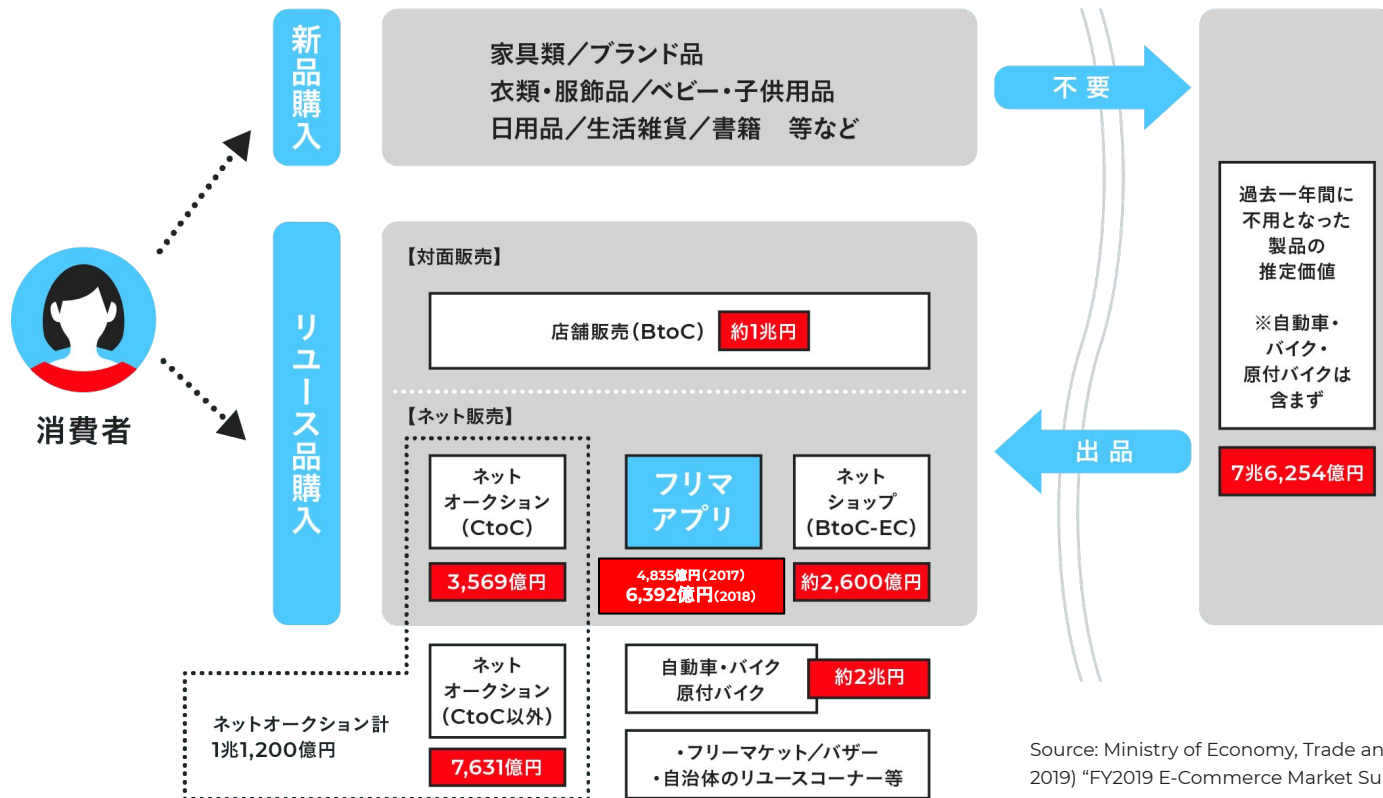
6. Commission Revenue Model: range of payment options, such as credit card, bank transfers and third party payments (ex. PayPal), are seamlessly embedded into the shopping interface

7. Announced plans to combine US businesses in the future on March 24, 2020

Appendix

Market Size of C2C Marketplace Apps

Diagram: Overall image of the “reuse market” (Japanese)



Source: Ministry of Economy, Trade and Industry (April 2019) “FY2019 E-Commerce Market Survey”

Market Size of C2C Marketplace Apps

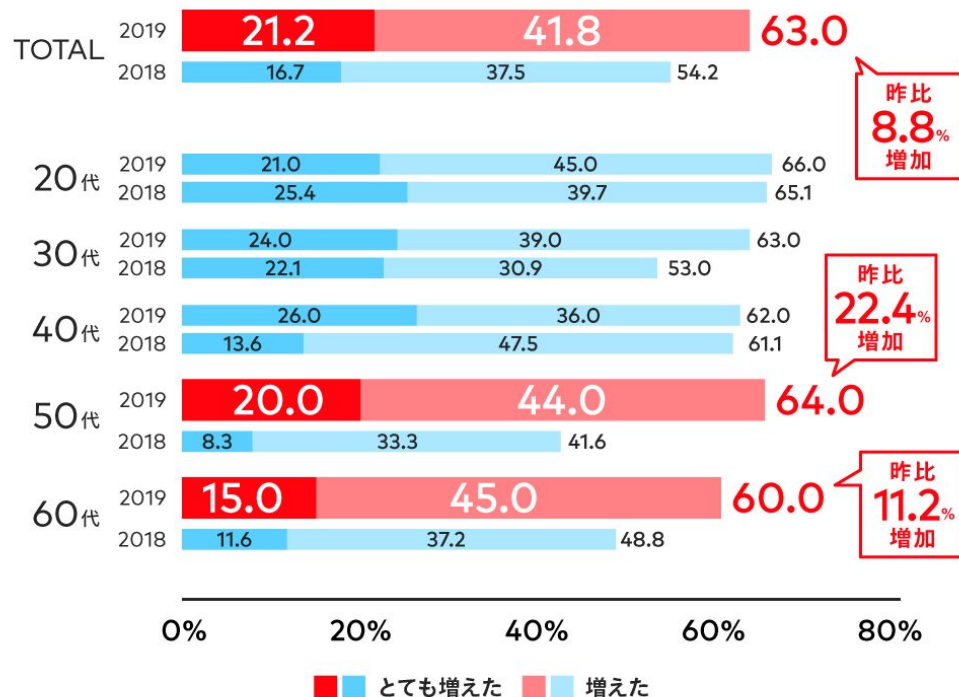
The debut of the C2C marketplace app and its effect on consumption



In the past 2-3 years, have you had more opportunities to purchase second hand goods online or at physical stores?

(Only C2C marketplace app users. Single choice question. 2019 survey: n=500; 2018 survey: n=293)

63.0% responded “Yes”;
for those age 50-59,
this represents a **22.4%**
increase from the
previous year.



※ 2018年調査と2019年調査におけるフリマアプリ利用者n数の違いについて
2019年調査における「フリマアプリ利用者」の定義は、フリマアプリでの購入経験、販売経験、その両方を持つ、としています。一方、2018年調査では、「主に閲覧」利用が含まれるため、定義を統一するため「主に閲覧」利用者(207名)を除いて昨年との比較を行っています。

Marketplace Apps In Our Everyday Life

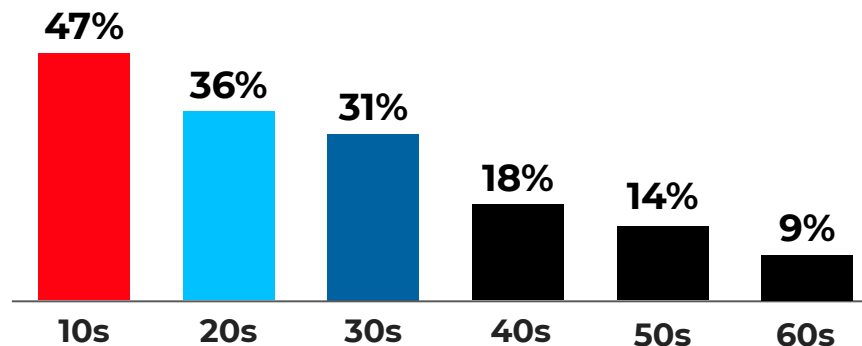
Used by almost half of teenagers

Mitsubishi Research Institute, Inc. defined a new consumption model, called SAUSE, that takes into account consumers who are used to second-hand items and the shift toward purchasing more new products, or products with a higher price if they have in mind their selling price.



Marketplace app usage (purchases) by age

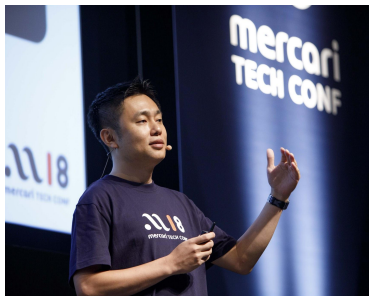
According to Hakuhodo's "10 Thousand Consumers Survey", 47% of teenagers use (purchase using) marketplace apps.



Use Technology to Change How We Exchange Value

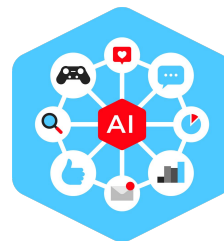
Differentiation through technology

Used by more than 16 million people every month, at Mercari we focus on differentiating ourselves through technology. As market competition grows fiercer, we believe that using not only our ideas but also advanced technology to make everyone's life easier faster than any other company is what will make us globally competitive. Mercari is a tech company aiming for the world.



AI is Our Primary Focus

At Mercari, we have a data collection of several billion items that we've gathered over the six years since we started our services. These are all photos and item descriptions that our users wrote when using the Mercari app, but this collection is different from that of e-commerce sites since there may be several of these pictures, item names, and details for one particular product. This data is very important for deep learning, allowing us to use pictures and text to create highly accurate machine learning models.



Hiring Talent from All Over the World

Overseas recruitment

Mercari carries out recruiting on a global scale to ensure we can hire exceptional talent from around the world. In addition to our hiring activities in the US, UK, Singapore, Hong Kong, and Taiwan, we also hosted hackathons in Mumbai, Etc. In October 2018, we welcomed more than 40 new members from 9 countries. In order to create an environment where members from abroad can work comfortably, we hold cross-cultural communication workshops, and we provide a guide to life in Japan called “Starting a Life in Tokyo.” We also offer Japanese language education.



Support for the tech community

Mercari proactively supports the tech community. In addition to sponsoring domestic and international tech conferences like GopherCon and DroidKaigi, we have an expert team who spend more than 50% of their time contributing to the tech community and popularizing technology. Mercari regularly hosts tech events, and by sharing our technical knowledge, we are helping to revitalize the field of technology.



R&D Organization: mercari R4D

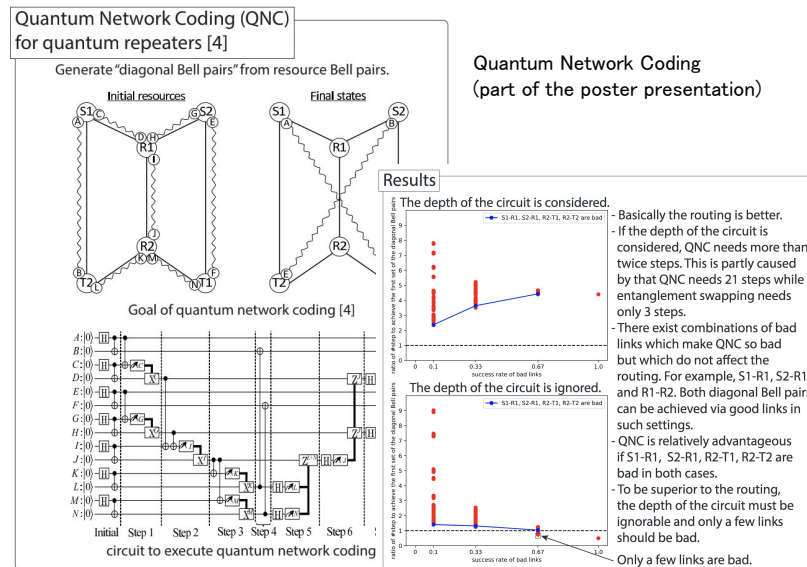
Mercari R4D was established in December 2017 as a research and development organization to set the concepts of “Research” and the four D’s, “Design,” “Development,” “Deployment,” and “Disruption” as guidelines for our actions.

Currently, in addition to doing research on quantum information technology, blockchain, etc., they also carry out activities with the Tech Governance team, which is involved in policy planning and standardization.

Please refer to R4D’s website for the latest information <https://r4d.mercari.com/>



During a workshop at the Internet Governance Forum 2018 held by UNESCO, we discussed with other companies, government officials and engineers from all countries about the Japanese Internet industry’s ideals and rule-making.



Working Environment

merci box

Mercari has various systems to ensure members are able to work comfortably and creatively.

Our benefits system, which is loved and called "merci box" by our employees, was introduced in February 2016 in order to provide an environment where members can Go Bold to the fullest and give 100% both inside and outside of the office. We also provide a monetary gift to employees who return from maternity/paternity leave, financial support for fertility treatment, financial support for private preschools, financial support for children who are ill, as well as life insurance for all employees.



Maternity/Paternity leave
Caregiving support



Paid childcare and
caregiving leaves



Financial support for
fertility treatments



Financial support
for childcare costs



Financial support for
private preschools



Support in times
of need

Mergrads

Mergrads is an evaluation and training system that provides new graduates with an environment where they can Be Pros and work to their full potential as soon as they start. - New grads are given a personalized offer and evaluated based on their individual skills and experience. - New grads are also given access to company programs to build . We provide various systems to encourage members to communicate and improve their skills. their skills even before they officially join the company.

Sick leave and Relax days

In July 2019, the company introduced “sick leave”, which is different from paid leaves and does not require a medical certificate, and gives employees 10 days off per year due to illness or injury. Also, summer vacation, which were 3 days off to be taken between July and October every year, has been changed to “relax day” and can now be taken any time, without time restrictions.

Mercari's initiatives toward sustainability

Mercari started to take action based the following five concepts: “creation of a recycle-oriented society”, “Establishing culture and education for that society”, “Promoting regional activity”, “Development of a safe, secure, and fair environment for transactions”, and “Strengthening compliance and risk management”.



[Creating a recycle-oriented society]

We developed a reusable packing envelope, “Mercari Eco Pack”

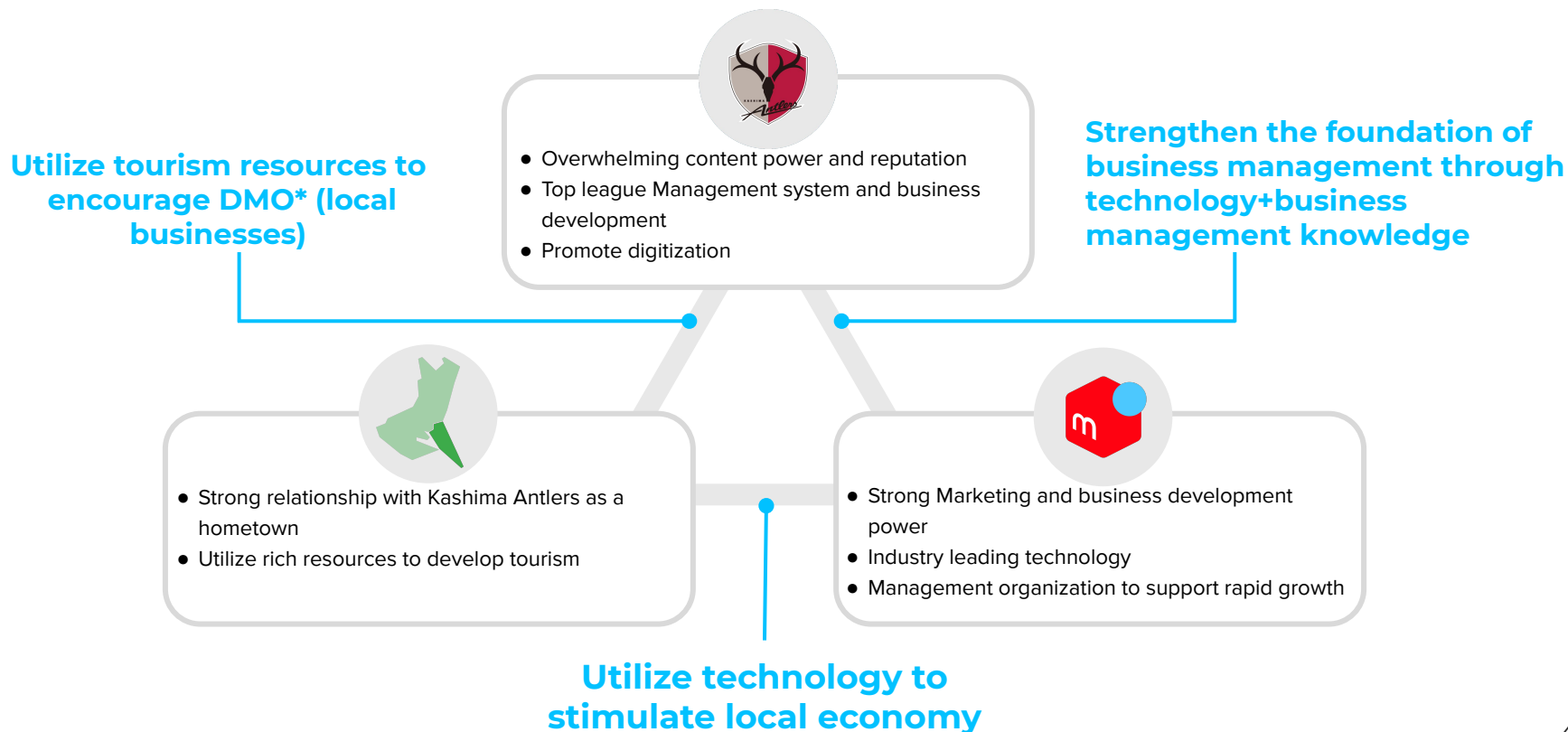


[Promoting regional activity]

Partnership agreements with local governments to improve the area and solve problems that local residents have.

New initiative: Sports Business

On July 30, 2019, Mercari announced it took control of Kashima Antlers.



*DMO: Destination Management Organization A corporation that serves to steer the creation of a tourism area with a scientific approach, while involving people from the area. It promotes the creation of profitable tourist areas, making the most out of local resources, and effectively and efficiently attract customers. (From Japan's Tourism Agency.)

History

2013

Corporate

Feb Founded Kouzoh, Inc. with a capital of ¥20M

Jul Funding: Acquired ¥50M from East Ventures

Aug Funding: Acquired ¥300M from UNITED

Nov Renamed company Mercari, Inc.

Service

Jul Launched the Mercari marketplace app

History

2014

Corporate

Jan New company: Founded US subsidiary Mercari, Inc.

Mar Funding: Acquired ¥1.45B from Global Brain and others

New office: Opened the Sendai customer service

Apr center

Funding: Acquired ¥2.36B from WiL and others

Oct New company: Founded UK subsidiary Mercari Europe

Nov Ltd

Service

May Began the first television commercials

Sep Fully launched the Mercari US app

Oct Mercari JP began to charge commission fees (free→10%)

Nov Hosted the first real-life marketplace event

| History

2015

Corporate

Mar Relocated the head office (Roppongi Hills)

Sep New company: Founded Souzoh, Inc. to manage new businesses within the Mercari Group

Service

Apr Started the “RakuRaku Mercari Shipping” delivery service

| History

2016

Corporate

- Feb** New initiative: Introduced the benefits system “merci box”
- Mar** Funding: Acquired ¥8.4B from Mitsui & Co. and others
- Apr** New company: Founded UK subsidiary Merpay Ltd
- May** Started the content platform “mercan”

Service

- Jan** Began anonymous shipping for “RakuRaku Mercari Shipping”
- Mar** Released the community classifieds app “Mercari Atte”
- Oct** Mercari US began to charge commission fees (free→10%)

History

2017

Corporate

- Feb** New company: Zawatt Inc. became a wholly owned subsidiary
New office: Opened the Portland customer service center
- Mar** New office: Opened the Fukuoka customer support center
- Apr** Restructuring: Mercari, Inc. restructured
Shintaro Yamada became CEO
Fumiaki Koizumi became COO
- Jun** John Lagerling, former VP of Facebook, joined
- Jul** Started the Mercari Fund
- Nov** New company: Founded Merpay, Inc.
- Dec** New organization: Established R4D, a research and development team with the goal of social implementation

Service

- Mar** Released the Mercari UK app
- Apr** Started the “RakuRaku Mercari Shipping for Large-sized Items” delivery service
- May** Launched marketplace app for books, CDs, and DVDs “Mercari Kauru”
- Jun** Started “YuYu Mercari Shipping” delivery service
Launched Q&A site “mercari BOX” to resolve questions about Mercari
Began test operation of monthly deferred payments to allow users to collectively pay for items they purchased the following month
- Jul** Released live video streaming feature “Mercari Channel”
- Aug** Launched marketplace app exclusively for brand name items “Mercari Maisonz”
Launched official store within the Mercari app
- Nov** Released immediate purchase service “Mercari NOW”
- Dec** Required identity verification for initial listings
Opened Mercari Channel to corporations
Surpassed 100M downloads around the world (JP, US, UK)

| History

2018

Corporate

- Feb** New initiative: Released the personnel system for new graduates “Mergrads”
- Mar** Funding: Acquired ¥5B from Japan Post Capital and others
- Apr** Restructuring: Souzoh, Inc. restructured
Daisaku Harada became CEO of Souzoh, Inc.
- May** Received new listing approval
- Jun** Listed on the Mothers Section of the Tokyo Stock Exchange
- Oct** Naoki Aoyagi became Merpay CEO
- Nov** Rebranded Mercari, Inc.
- Dec** Joined the Japan Business Federation (Keidanren)
Dissolved UK subsidiaries

Service

- Feb** Launched bike share service “Merchari” in Fukuoka
- Mar** Rebranded the Mercari US app
- Apr** Launched skill sharing service “teacha”

History

2019

Corporate

- Mar** LINE Pay and Merpay formed a strategic business partnership
- Jun** Mercari US opened a Boston office for AI research
- Jul** Dissolved Souzoh, Inc.
- Aug** Kashima Antlers F.C. Co., Ltd.. became a owned subsidiary
- Sep** Fumiaki Koizumi was appointed as a President
Hirohisa Tamonoki was appointed as a new Director of the Company, CEO of Mercari Japan

Service

- Jan** Closed the Mercari UK app
- Feb** Required identity verification when signing up
Launched the smartphone payment service Merpay
- Mar** Introduced the image search feature
- Jul** “Merchari” succeeded to neuet, Inc.
- Oct** Started the “Yu-packet plus” delivery Service
The smartphone payment service Merpay exceeded over 5million users

| History

2020

Corporate

Service

Feb. Business Partnership with NTT DOCOMO, Inc.