

mercari

IMPACT REPORT

FY2024.6

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CEO message

As Mercari Group celebrated its 10th anniversary in February last year, the company announced our new Group mission, "Circulate all forms of value to unleash the potential in all people." Our business activities are the expression of our mission, and by facilitating the circulation of all forms of value, not just physical things and money, we aim to create opportunities for anyone to realize their dreams and contribute to society and the people around them.

To give a few examples of our efforts to expand the circulation of different forms of value, last year we launched Mercari Hallo, which provided a platform for our users to take on a variety of challenges through a new workstyle. Mercoin has made it easy for anyone to get their hands on a new form of value in cryptoassets, and we've started to provide our users with the experience of shopping using this latest form of value.

In tune with a sentiment that remains unchanged since the day we established our company, we want to play a leading role in creating a circular economy through the growth of our business. In our calculations last year, we found that a total of

approximately 610,000 tons of greenhouse gas emissions are avoided annually through transactions in select categories on Mercari. This fiscal year, we disclosed information and set goals related to CO₂ emissions involving Mercari deliveries and further strengthened our commitment to reducing the burden on the environment.

Unleashing the potential in all people is not something we've set out to realize just for our users. We feel that it is also an important part of Mercari's corporate culture conducive toward continuing sustainable growth. We are continuing to strengthen our foundation for creating innovation by establishing an environment where talent with diverse perspectives and skills can work with ease.

In this edition of the Impact Report, we will convey information about the positive impact that Mercari had on society last year and the efforts we made to accomplish this.

Mercari, Inc.
Representative Director and CEO

山田進太郎



Material topics (the most important issues we should resolve through our business)

Our material topics are closely related to our Group mission. Value creation through our business based on a strong organization and management foundations is crucial to achieving our mission. This value creation generates social impact, which helps us achieve our mission. In defining our material topics, we consider these concepts and level of impact each of the topics will have on Mercari and our stakeholders.

1 Empowerment of Individuals and Society



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

2 Creating a World That Circulates all Forms of Value



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

3 Creating a New User Experience Through Technology



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

4 Building Long-Term Public Trust



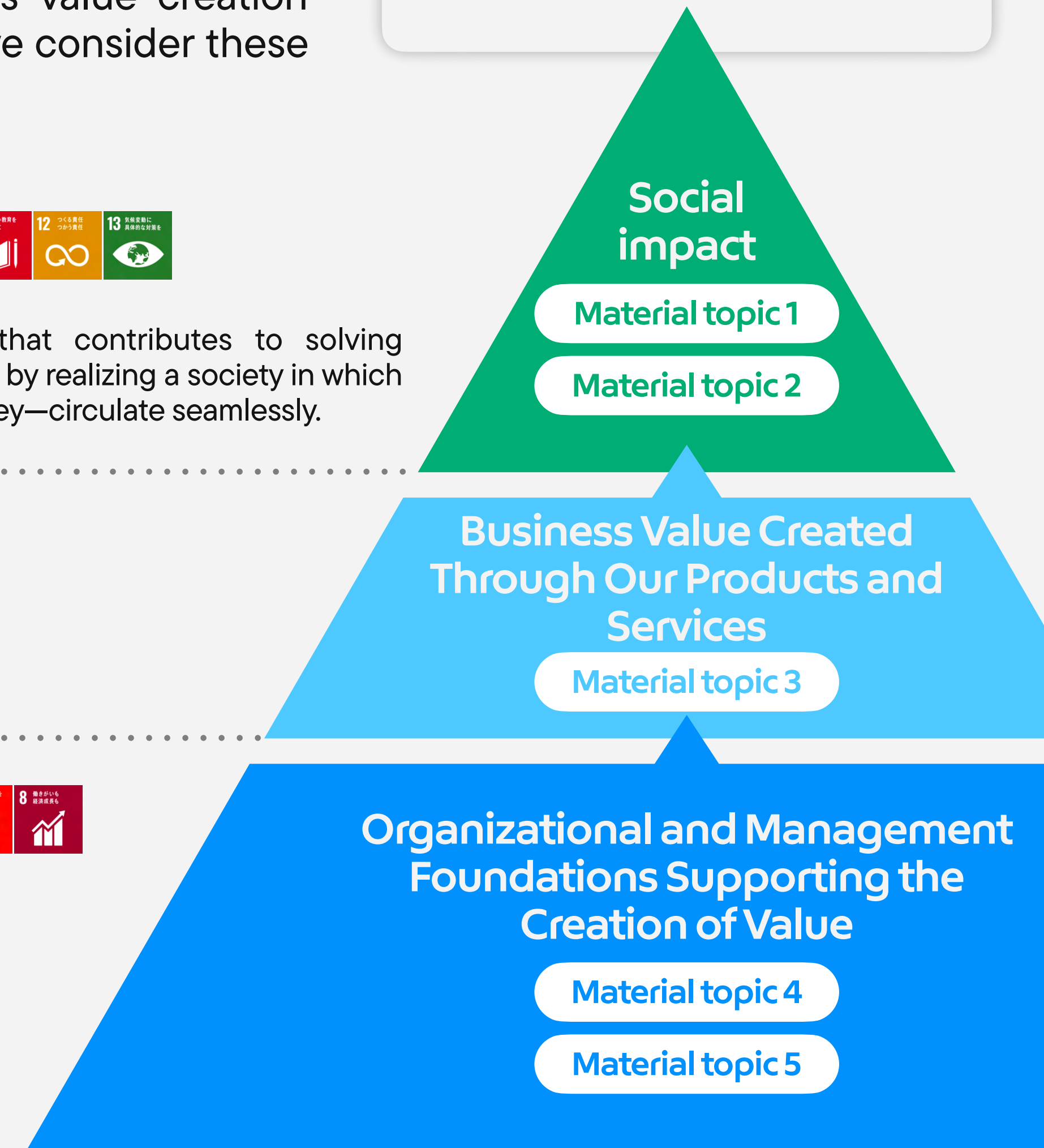
We fulfill our responsibilities as a public entity and build public trust by establishing a robust and highly transparent decision-making process, and through effective corporate governance and thorough compliance. We contribute to the realization of healthy internet services around the world by achieving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

5 Unleashing the Potential in Diverse Talent Worldwide



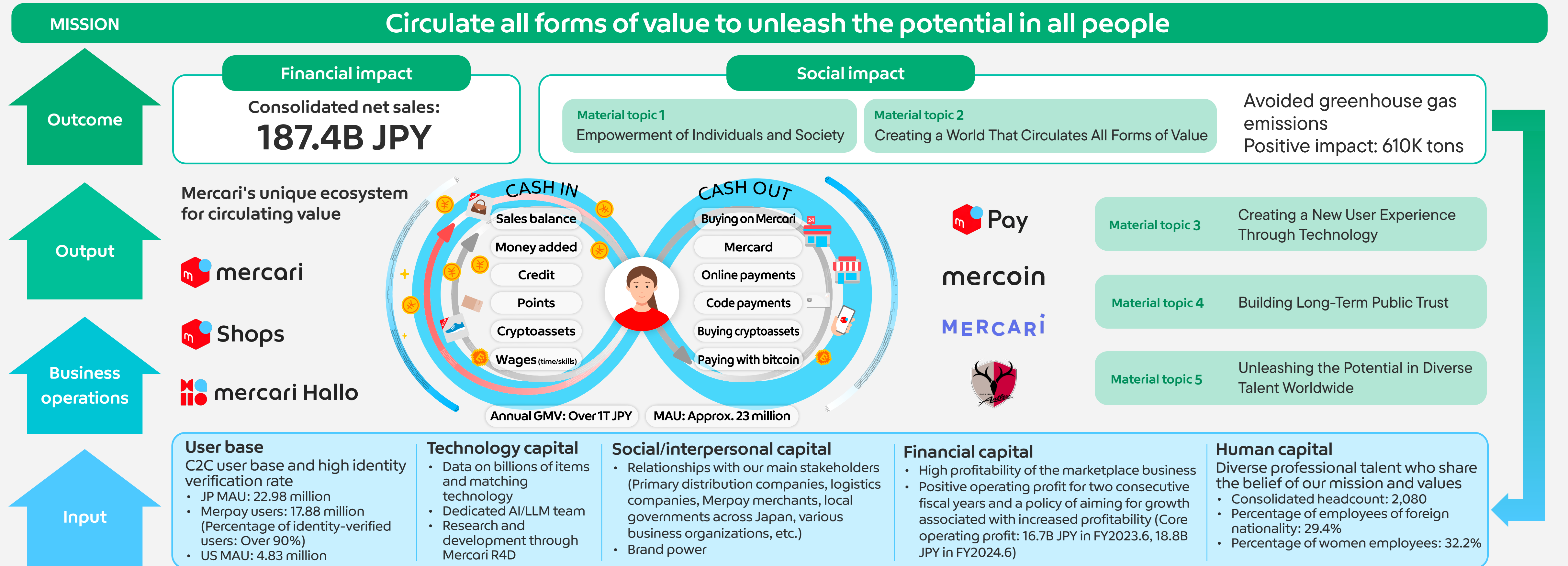
We aim to be a company that can continue to grow sustainably by creating a working environment in which people from diverse backgrounds all around the world can reach their full potential.

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



Value creation process

We have quantified the positive impact that Mercari's business has on the world, and believe that the growth of Mercari's business contributes to increasing our social impact. By strategically allocating our various forms of capital, we strive to balance the expansion of both financial and social impact as we work to realize the sustainable enhancement of corporate value in order to achieve our mission.



Material topic 1

Empowerment of Individuals and Society

Goals set for FY2024.6

Create a world where anyone can unleash their potential

Summary of FY2024.6

We began offering Mercari Hallo, our on-demand work service, and exceeded 5 million registered users. Mercari Hallo empowers individuals by allowing our users to offer their time and skills as a new form of value. We also reached a cumulative total of 200 million JPY in donations through Mercari Donation, promoting social empowerment by allowing our users to use their sales balance for social good and collecting a cumulative total of 200 million JPY in donations so far.



Empowerment of individuals with Mercari

By creating opportunities for people to be empowered by using Mercari, we will achieve a world that unleashes the potential in all people.

Changes people experienced after starting to use Mercari¹

“I’ve created a new source of income”

48.5%

“I feel like I am serving a purpose for people and society”

40.4%

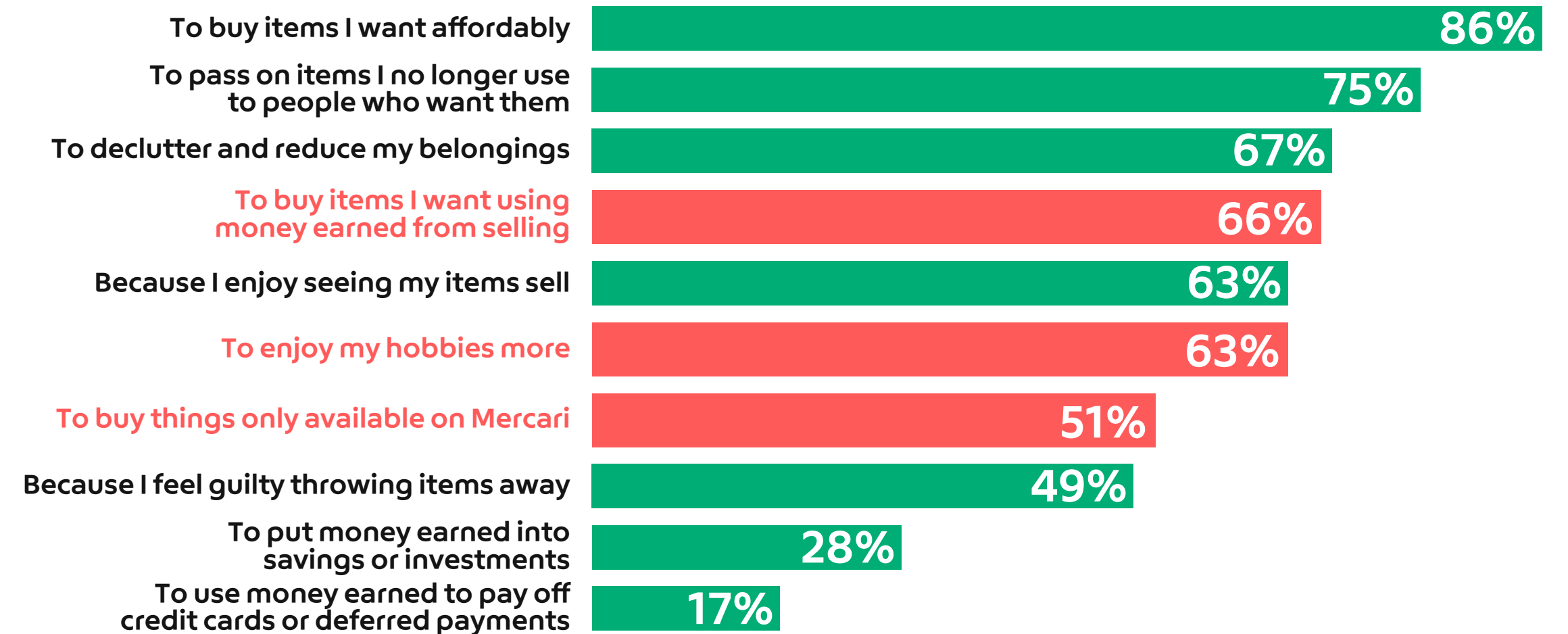
“I’ve been able to buy the things I want, regardless of my situation” (injury/illness/disability/pregnancy/medical care/etc.)

50.2%

Why people use Mercari²

Many people use Mercari to get their hands on things they want and to enjoy their interests, giving reasons such as “To buy items I want using money earned from selling,” “To enjoy my hobbies more,” and “To buy things only available on Mercari.”

Why People Use Mercari



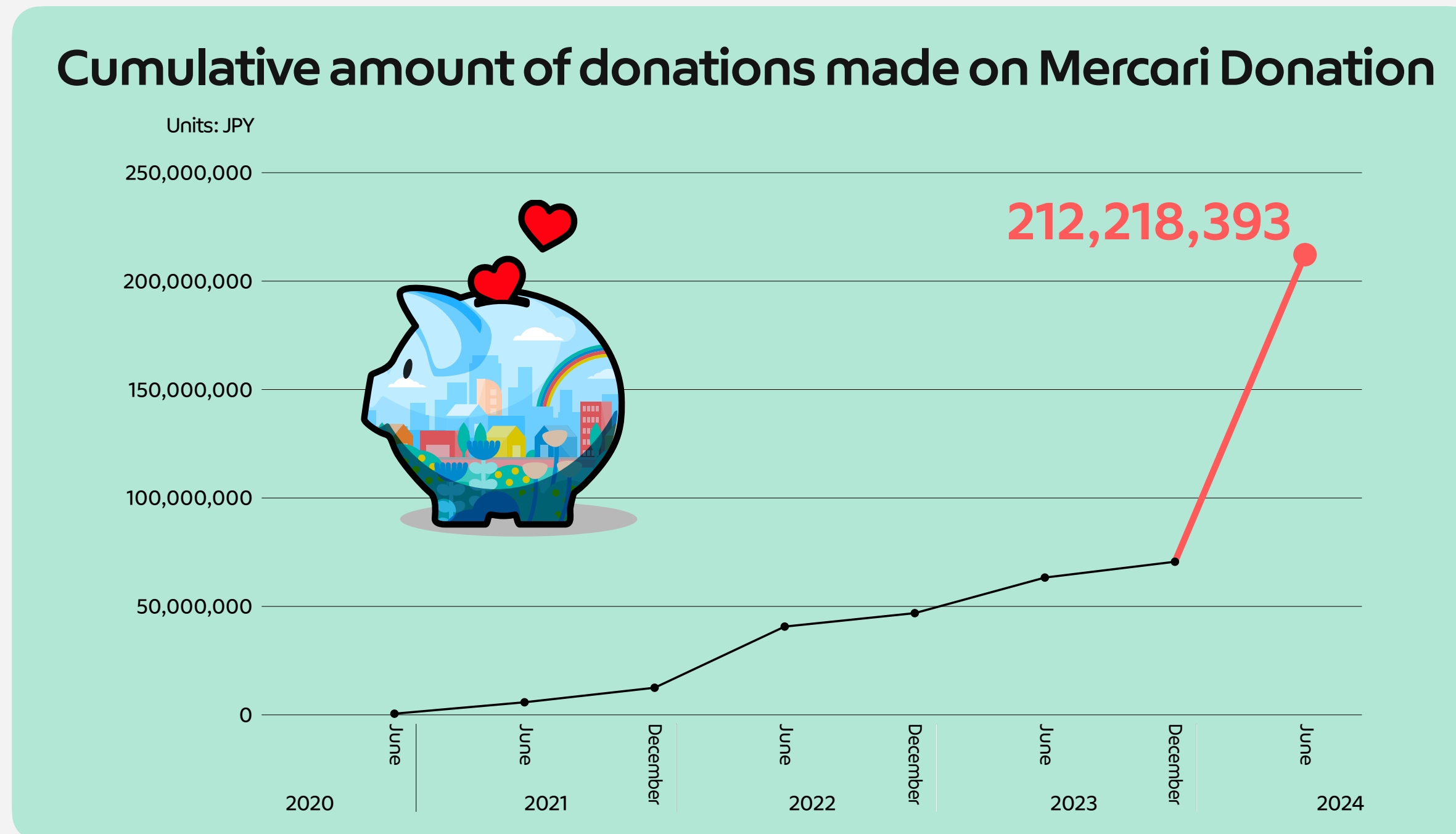
Empowerment of society with Mercari

Mercari Donation makes it easy for users to donate a portion of their sales proceeds to an organization of their choice. Users can choose from a total of 103 organizations including 30 local governments, 13 charity organizations, 4 universities, and 56 organizations promoting the circular economy.

In response to the Noto Peninsula Earthquake that occurred on New Year's Day of 2024, Mercari Donation started accepting donations

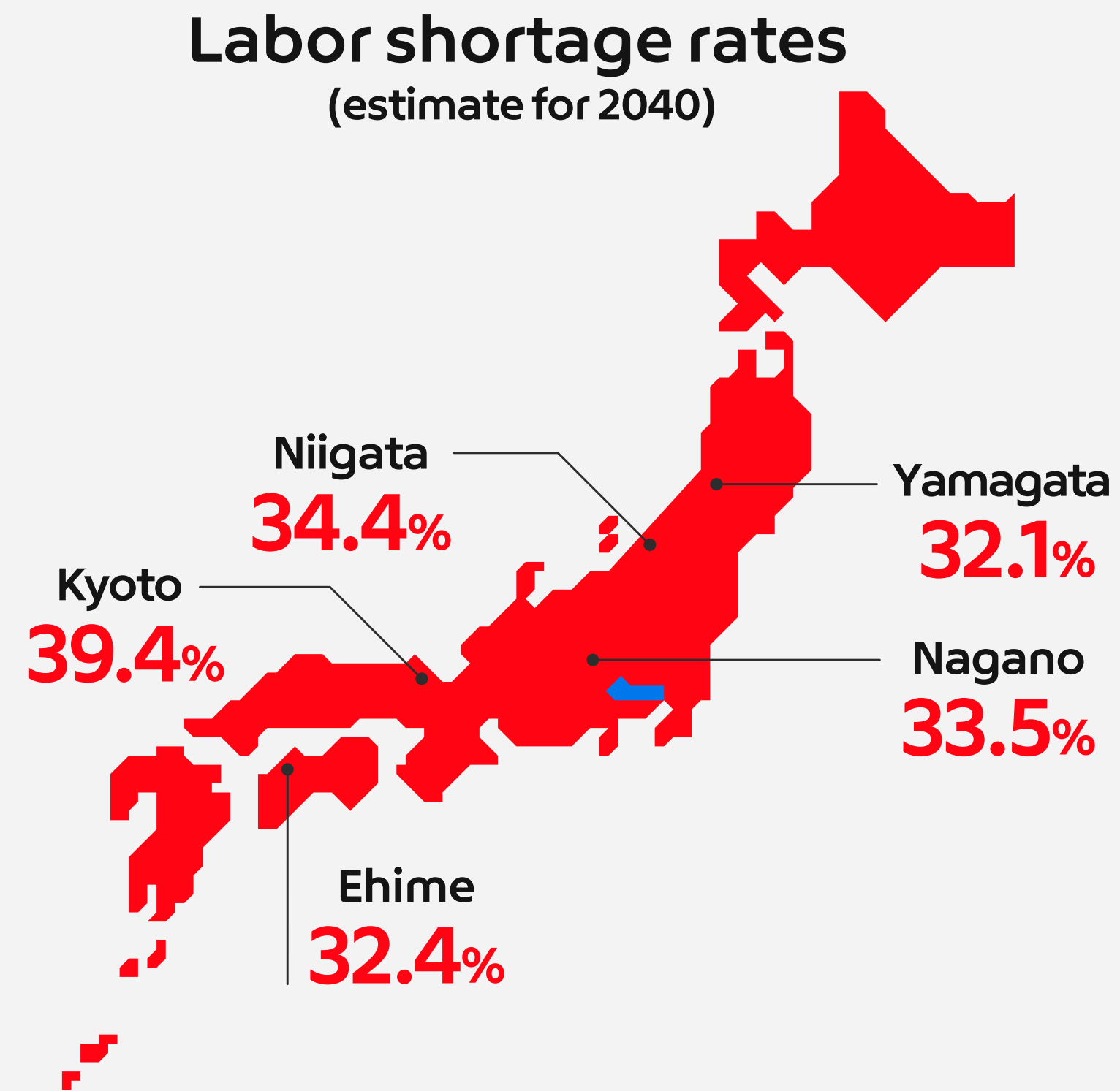
right away on January 2, and we saw a large number of users donate from the money they earned selling their unneeded items on Mercari. As of June 30, 2024, Mercari Donation has collected a cumulative total of over 200 million JPY in donations (with a cumulative total of 200,000 donations made).

By allowing more people to donate more regularly and seamlessly, we aim to help revitalize local communities in Japan.



Empowerment with Mercari Hallo

Studies estimate that by 2040, Japan will face an even more severe labor shortage in all 46 prefectures outside of Tokyo.¹ By expanding Mercari Hallo nationwide and helping our business partners find workers from the approximately 23 million Mercari users around Japan, we aim to empower society and play a role in alleviating this worsening labor shortage.



Empowerment of individuals through Mercari Hallo

This March, we began providing our on-demand work service Mercari Hallo. The service enables users to quickly and easily find work in their free time and circulate a new form of value beyond just physical goods—their own time and skills.

空き時間おしごとサービス



メルカリから「だれでも、すぐに、かんたんに」働ける

Expanding people's work styles with Mercari Hallo: Experiencing the world of restaurants and finding new challenges and fulfillment



Ms. Kubota, Mercari Hallo crew member

I work part-time as a nutritionist at an employee cafeteria, but I decided to start using Mercari Hallo to try working at a restaurant on the side. I'm a regular Mercari user, so when I saw the new "Work" tab pop up on the app, I browsed around and thought it would be fun to see what goes on behind the scenes in a restaurant kitchen.

Since the Mercari Hallo service started, I've worked more than five times at cafés and restaurants, and I've experienced something new each time. I was a little nervous before my first shift, but the staff explained how everything works to me very thoroughly, and I was able to get the job done. It was my first time serving customers and cleaning up in a busy restaurant, and it felt so fulfilling to try something new! I'm normally a shy person, but the experience of working at a restaurant with Mercari Hallo

instilled in me a newfound confidence, empowering me to talk to people, build new relationships, and believe in my own skills. I also had an illness a few years ago, and I don't feel that I have as much stamina as I did before. That's why I was really happy with how Mercari Hallo gives me the option to work short shifts. Even if it might not be for long hours, I'm excited to be able to try new things and put my skills to use!

Going forward, I'd also like to try working in new fields, like providing nursing care or helping out with event planning. I plan to save up the money I make through Mercari Hallo, while also using some of it to take classes and acquire new skills. For me, Mercari Hallo is a service that has opened up new doors and allowed me to grow as a person.

Material topic 2

Creating a World That Circulates All Forms of Value

Goals set for FY2024.6

Work across the entire Group to maximize Marketplace GMV growth and strengthen our market share in the C2C market
Focus on enhancing our collaboration with external partners and increasing B2C and crossborder transactions

Summary of FY2024.6

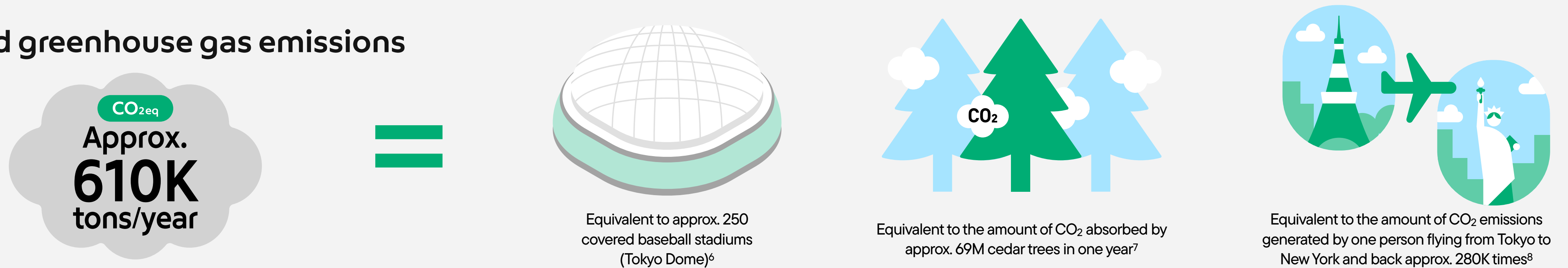
By increasing the number of Marketplace transactions in Japan, we achieved a positive impact in the form of approximately 610,000 tons of avoided greenhouse gas emissions. Furthermore, we disclosed information and set goals related to CO₂ emissions involving Mercari deliveries and strengthened our commitment to reducing the burden on the environment. In addition to launching our on-demand work service Mercari Hallo, which allows users to circulate not just physical things and money, but also their time and skills, we also significantly expanded our B2C business Mercari Shops and our crossborder business.



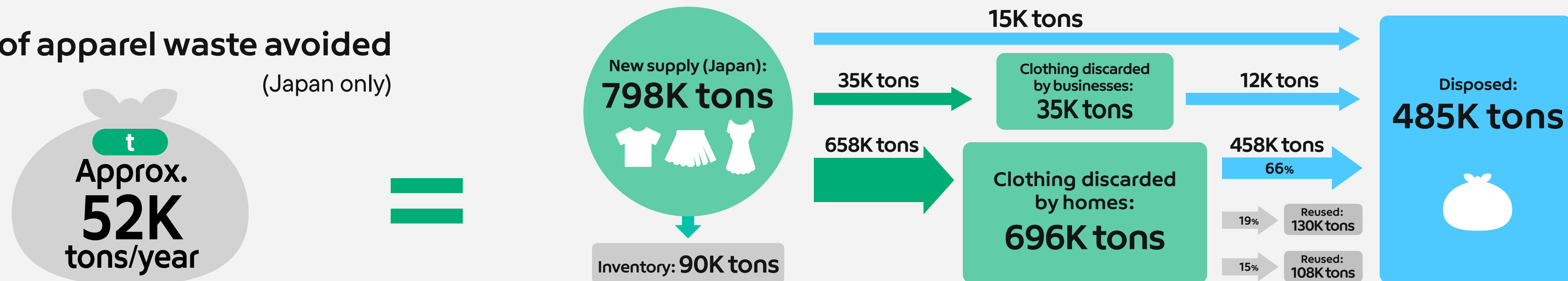
Positive impact of Mercari's business (contribution to avoided emissions) (1/2)

In our calculations, we found that approximately 610,000 tons^{4,5} of greenhouse gas emissions are avoided annually through transactions in select categories on Mercari in Japan and the US. By encouraging the concept of reuse through the growth of our business, Mercari strives to be a planet-positive company that contributes to the creation of a circular economy in which all forms of value circulate seamlessly.

Avoided greenhouse gas emissions



Weight of apparel waste avoided (Japan only)



Through listings on Mercari, avoided the disposal of **approx. 10%** of apparel thrown away in Japan⁹

Positive impact of Mercari's business (contribution to avoided emissions) (2/2)

How we define avoided emissions

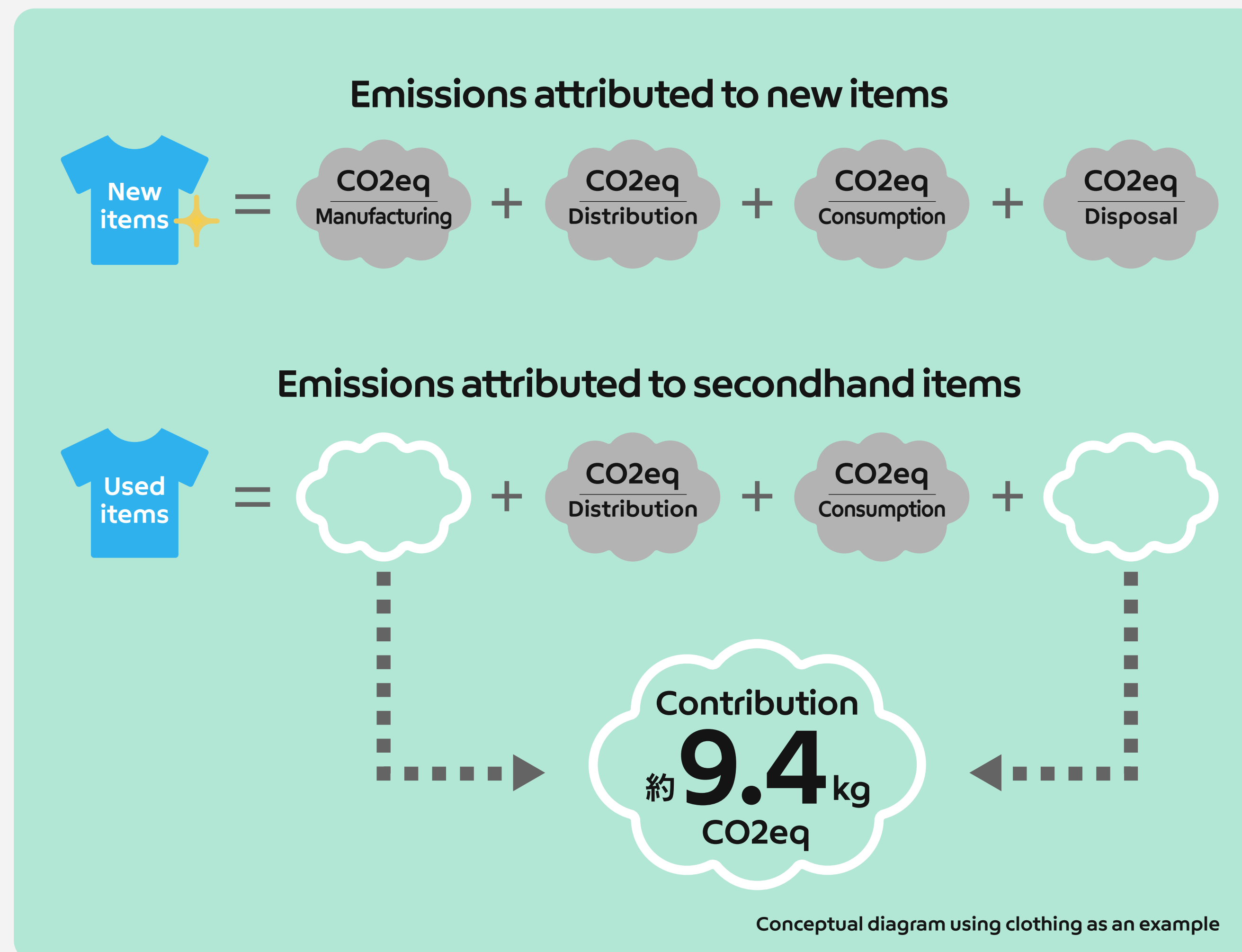
The life cycle of a new product generates environmental burden in many steps, from gathering the raw materials to disposing of the product. At Mercari, we believe that utilizing secondhand items in place of new items reduces this environmental burden. As such, we estimated the amount of purchases of new items that were avoided by transactions on Mercari and calculated roughly how much this contributed to reducing the environmental burden across society. We call this "avoided greenhouse gas (GHG) emissions."

How we calculate avoided emissions

We use life cycle assessment (LCA) to calculate avoided emissions. LCA is a method of quantitatively evaluating the environmental burden of a product or service throughout its life cycle (production, distribution, consumption, and disposal).

We define avoided emissions as the difference in greenhouse gas emissions between two scenarios: one in which a consumer purchases a new item, and one in which a consumer purchases the same item secondhand on Mercari. Specifically, we calculate the environmental burden of the entire life cycle for a new item and the environmental burden of distribution and consumption for a secondhand item purchased on Mercari. We then calculate the difference between the two. Additionally, not all transactions of secondhand items contribute to reducing the amount of new items produced, so we incorporate the concept of a displacement rate. This rate is an estimate of the percentage of transactions on Mercari in which an item is purchased in place of a new item. The number is calculated based on the results of a user survey.

These calculation methods were designed by our R&D organization Mercari R4D in collaboration with the University of Tokyo RIISE's collaborative research division "Value Exchange Engineering." For more details, see our [corporate website](#).



Negative impact of Mercari's business (scope 1/2/3 emissions)

In estimating the amount of GHG emissions generated through our business, we expanded our scope of calculations in FY2023.6 and beyond to include category 9 of scope 3 emissions (downstream transportation and distribution).

We also set targets for category 9 emissions and received Science Based Targets (SBT) certification for those targets.

(Note: Science Based Targets is an international initiative that serves as an indicator for companies setting targets for reduction of greenhouse gas emissions.)

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 2023¹) by 2030²

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.

Reductions made in FY2024.6

Scope 1+2

Made progress with actions such as introducing renewable energy to reduce emissions by 55% (compared to our benchmark year)

Scope 3 (category 9)

Promoted unattended delivery and introduced Eco Mercari Shipping to reduce emissions by 3.4% on an output level basis (compared to our benchmark year)

Emissions generated in FY2024.6

	Emissions (t-CO ₂)
Scope 1	353
Scope 2	0
Scope 3	287,759

Scope 1+2

Scope 1 includes company cars used by Kashima Antlers FC, as well as boilers and other equipment at related facilities. Scope 2 is mainly emissions related to electricity usage in our offices. We introduced renewable energy and, for the emissions that we were unable to reduce, we utilized renewable energy certificates and non-fossil fuel certificates. As such, we have set our scope 2 emissions for FY2024.6 as 0.

Scope 3

Category 9 emissions (downstream transportation and distribution), which were newly added to the scope of calculations, make up 85% of scope 3 emissions. For a breakdown of emissions by category, see our ESG data book.

Planned future actions for reduction:

Scope 1+2:

Reviewing the fuel consumption of company cars, etc.

Scope 3:

Promoting supplier engagement
Carrying out procurement in an environmentally friendly manner

Circulating additional forms of value

Through Mercari Hallo, we now offer a way of circulating value that includes more than physical goods, such as people's time and skills. Additionally, we have expanded crossborder sales to circulate various forms of value beyond Japan.



Exceeding 5 million registered users on Mercari Hallo

In March of this year, we launched Mercari Hallo, our on-demand work service that makes it quick and easy for anyone to find work in their free time. In April, we expanded the service nationwide, and by the end of May, we reached over 5 million registered users. For about 60% of users with work experience, Mercari Hallo is their first experience with an on-demand work service, and 40% of registered users are 40 years or older.



Expanding crossborder sales

Mercari began offering crossborder sales in 2019, and since then, we have significantly expanded the possibilities in this business. This year, we increased the number of partnerships with crossborder e-commerce business operators, going from 10 in 2023 to 70 in 2024. Now, users from approximately 120 countries and regions worldwide are able to purchase things from Mercari. Due to the growing popularity of fandom culture abroad, there was a spike in transactions in entertainment- and hobby-related categories. This resulted in an approximately 3.5 times increase in GMV for crossborder sales compared to FY2023.

In June of this year, we also partnered with Bunjang, the largest C2C marketplace in Korea. In addition, we started offering multilingual support on the web version of our marketplace to make it easier to navigate for international users. Item prices can also now be displayed in 26 currencies, making the purchasing process easier for users worldwide. In August, we expanded to Taiwan, so users there can now purchase items directly from the web version of Mercari.

Circulating additional forms of value

We added various new features to our product in order to further solidify our market share in the C2C industry and circulate even more forms of value.



Eco Mercari Shipping

In March of this year, we started providing Eco Mercari Shipping in Tokyo, Saitama, Chiba, and Kanagawa, allowing users to ship items with unattended delivery for a flat rate of 730 JPY. The service uses the contactless delivery devices called “Smari,” allowing users to ship items without worrying about the size or shipping costs. Eco Mercari Shipping also uses unattended delivery, making it a shipping option that benefits delivery drivers and the environment.



No Price Listings

In May, we launched the No Price Listings feature, which allows users to list items without setting a price. Over 60% of users have trouble deciding on a price for their listings, and this feature aims to break down this hurdle. Once an item is listed, potential buyers can suggest a price, and the transaction will begin if the seller accepts. The No Price Listings feature simplifies the selling and buying process by getting rid of the need to decide a price or negotiate for discounts.



Safe Appraisal

In March, we partnered with Fakebusters to start offering their appraisal services for certain categories. Only items that are determined to be authentic by IVA Co., Ltd. (Fakebusters) can go through the transaction process. By providing this option in addition to our Intellectual Property (IP) Protection Program and returns and compensation services, we have made our marketplace a platform where users can shop more safely and securely.

Material topic 3

Creating a New User Experience Through Technology

Goals set for FY2024.6

Marketplace: Continue to make disciplined investments while focusing on GMV growth by investing in marketing, further evolving our product, and putting more emphasis on our areas of improvement

Fintech: Create Group synergy by acquiring Mercard holders and by enhancing the UX through such things as enabling users to make bitcoin payments within Mercari

US: Refine the product to better retain existing users while also carrying out initiatives to reach more users among Generation Z for future growth

Summary of FY2024.6

We continued to promote circular finance by expanding Mercard and introducing bitcoin payments to offer new payment experiences. Mercoin also achieved milestones such as reaching 2.2 million cryptoasset trading accounts opened and starting to offer cryptoasset trading using the Ethereum blockchain, allowing us to circulate different forms of value while leveraging the latest technologies.



Creating new user experiences

We continue to create new payment experiences by accelerating circular finance such as by expanding Mercard and introducing bitcoin payments.

Released in November 2022, Mercard received the Good Design Award in 2023

- The minimalist design chiseled away any superfluous elements to draw closer to our users' lifestyles and values.
- The numberless design allows payments to be made safely and securely. All the necessary card information can be confirmed and controlled within the Mercari app.
- Each Mercard is made of 85.5% recycled materials. The cards are also issued using a process that has a low environmental burden.



Provided a new experience by making cryptoassets more familiar and accessible

- Number of cryptoasset accounts opened for our bitcoin trading service exceeded 2.2M
- We started offering bitcoin payments in February 2024, and also started offering Ethereum blockchain trading in May 2024



Creating new user experiences

Our dedicated AI/LLM team handles the rapid changes in generative AI/LLM trends, and our research and development organization explores scientific and technological possibilities with a mid- to long-term perspective. In doing so, we promote the proactive utilization of technology and strive to create new user experiences.

Utilizing generative AI/LLM technology proactively to improve user experiences and productivity



In May 2023, Mercari established a team dedicated to generative AI and LLMs and started initiatives using these technologies to improve product development and productivity. We've since released the "Mercari AI Assistant," which is equipped with features to offer users tips when listing items, and helps users make purchases with a focus on improving the user experience. We also released our official GPT on OpenAI's GPT Store to effectively engineer a new revenue source. Moreover, we've formulated generative AI usage guidelines internally and held study sessions and hackathons to promote the usage of generative AI throughout the company. Generative AI has made significant contributions to productivity as a result, as is seen in the dramatic surge of our GitHub Copilot usage rates in the past six months and a 230% increase in the usage of our internal ChatGPT services.

Promoting academic fields and talent exchanges that contribute to mid- to long-term growth through the activities of Mercari R4D, our research and development organization

Mercari R4D ("R4D") is our research and development organization. However, its activities are not limited to just research and development—R4D aims to implement its findings in society in the future. In 2024, R4D made significant achievements in academic fields.

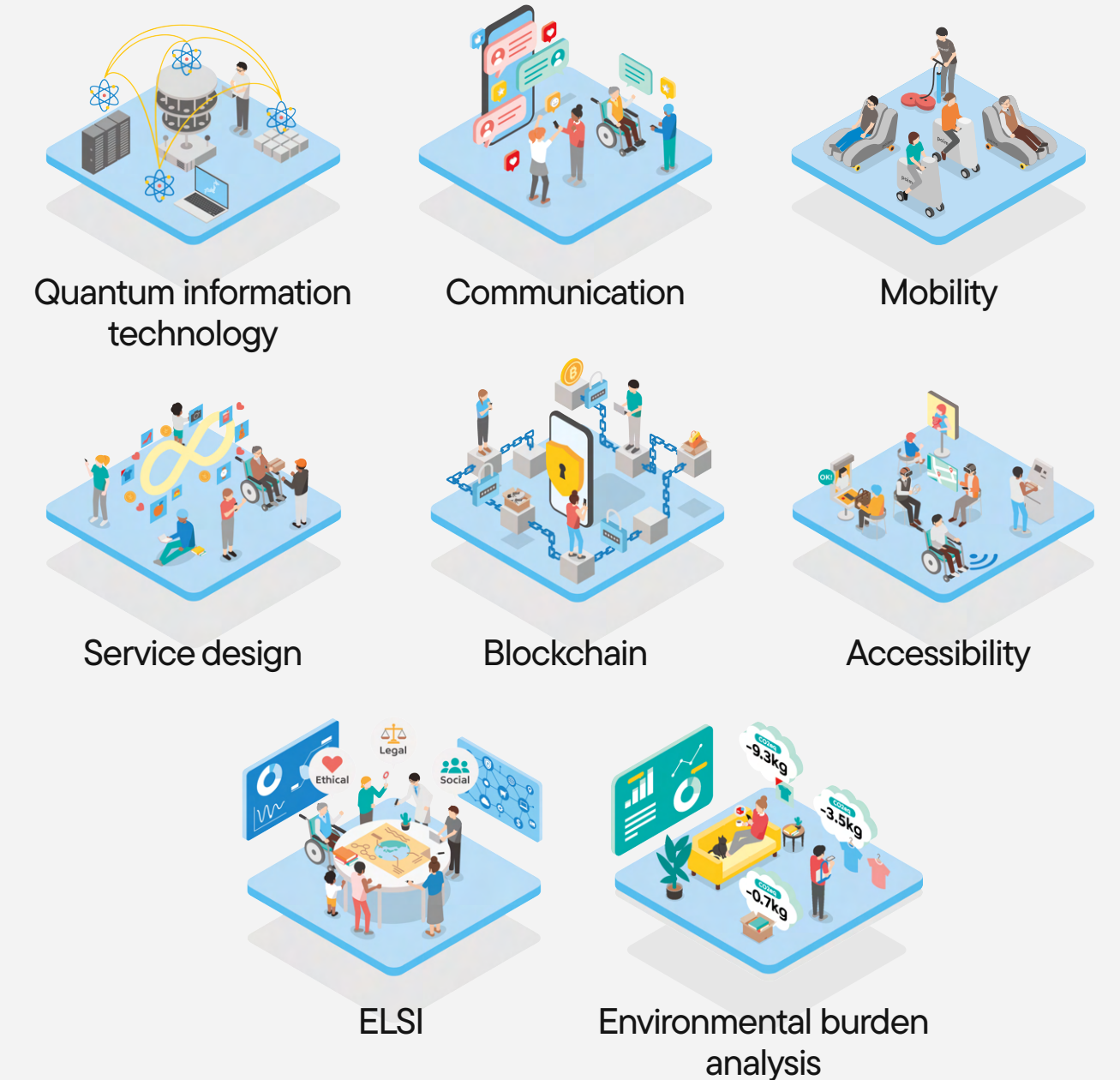
Contributed to improving the safety of blockchain technology:

The IEEE International Conference on Blockchain and Cryptocurrency selected two papers written by R4D researchers that made suggestions on risk countermeasures for controlling the safety of cryptoasset wallets.

Implemented our efforts to address the gender pay gap:

Our initiative to address the gender pay gap, which used the analysis of our HR data, was featured in a paper published by the Osaka University ELSI Center.

In addition, thanks to talent exchanges with Osaka University and the introduction of a program allowing Mercari to hire special researchers, we have been able to recruit remarkable young talent proactively.



Material topic 4

Building Long-Term Public Trust

Goals set for FY2024.6

Strengthen our internal audit structure in advance of the transition to a Company with Three Committees

Focus on strengthening our structures for data and privacy governance and cybersecurity

Increase collaboration with local governments, primary distributors, universities, and non-profit organizations

Summary of FY2024.6

We were able to strengthen our governance structure by transitioning to a Company with Three Committees. We also worked on initiatives to build an environment for safe and secure transactions, resulting in such things as our running record of zero phishing cases on Mercari. Furthermore, we built strong relationships of trust with local governments and other stakeholders through initiatives such as a proof of concept that rescues items disposed of as “oversized garbage” and sells them on Mercari to promote reuse—the first project of its kind in Japan.





Creating a world that circulates all forms of value

Mercari's evolving Board of Directors (Outside Directors Kazuhiko Toyama + Makiko Shinoda)



Outside Directors
Kazuhiko Toyama
×
Makiko Shinoda

In September 2023, Mercari transitioned to a Company with Three Committees structure to enhance corporate governance. In this dialogue, Makiko Shinoda (Outside Director since September 2020) and Kazuhiko Toyama (Outside Director since September 2023) discuss how the Board of Directors has evolved and the role that Mercari should play going forward.

How the Board of Directors has evolved in the transition to the new governance structure

In September 2023, Mercari transitioned from a Company with an Audit and Supervisory Board to a Company with Three Committees. How did this transition impact the Board of Directors?

Makiko: Honestly, I can feel how much it has changed. Even before the transition, we worked to enhance governance, but since the transition, the Board of Directors discussions have become more candid and lively. By narrowing down the board members from the execution side, the execution side has been able to focus on driving the business forward, and the precision of discussions has increased. And having experienced outside directors such as Kazuhiko and Takuya join has boosted discussions to the next level.

As outside directors, how do you view Mercari as it is now?

Kazuhiko: Mercari takes everything they do seriously—sometimes a little too seriously. I think it's great that the founder and CEO himself is so eager to strengthen governance. They have the Keynesian "animal spirits" you would expect to see from a startup, and all of Mercari's employees have a desire to make decisions and move things along themselves, which is very encouraging. But if this energy diverges too much in different directions, it may have a negative effect. I think it's important to have an organizational structure that ensures it converges in the right direction so that each individual's strengths contribute to business growth.

Looking back on the Board of Directors meetings over the past year, how would you say things have been going?

Makiko: In this past year, we weren't able to reach the enterprise value expected of us by our stakeholders, and both the Board of Directors and the execution side share a strong sense of danger. But we view times when things aren't going to plan as tests of the true value of this new structure. We aim to solve the issues we face with timely decision-making.

Kazuhiko: The Board of Directors has a commitment to our shareholders and other stakeholders—in other words, our fiduciary duties. In Japan, management tends to leave this aspect of business to the execution side, but ideally the supervision side and the execution side should build a relationship that's tense, but in a healthy way. I believe that the Board of Directors' role is to be a forum for discussing core matters, identify the true root cause, and find the most appropriate solution.



Creating a world that circulates all forms of value

Mercari's evolving Board of Directors (Outside Directors Kazuhiko Toyama + Makiko Shinoda)

Becoming symbolic of a world that circulates all forms of value

How do you two view the role that Mercari should play in society?

Makiko: One of Mercari's material topics is "Creating a World That Circulates All Forms of Value." With Mercari, everyday people can enjoy themselves and have positive experiences using its services, and help circulate all forms of value as a natural result. I believe that Mercari has plenty of potential as a leading company in the move to a circular economy.


Kazuhiko: Mercari's business model in and of itself has the social impact of encouraging our users to make effective use of resources. People tend to view social impact and pursuing profits as a trade-off, but I have high hopes for Mercari to become a company that is a role model for achieving both financial impact and social impact.

Makiko: I also hope to see Mercari's employees becoming role models for having an impact on society while enjoying their work.

Kazuhiko: The key to sustainability of a business is whether it can continue to attract top talent. I hope that Mercari can create an ecosystem that circulates high-quality talent and become symbolic as a company that circulates all forms of value to unleash the potential in all people.



For the full version of this interview, see Mercari's [corporate site](#).



Exclusive interview
Creating a World That Circulates All Forms of Value: Mercari's Evolving Board of Directors
 Outside Directors
Kazuhiko Toyama + Makiko Shinoda

Strengthening safe & secure initiatives

Introducing biometric passkeys for all types of logins

Passkeys are a safe method of user authentication that eliminates the need for passwords. Mercari, Inc., which operates our bitcoin trading service, first started offering passkey logins in April 2023, and in January 2024, we started offering them on the Mercari app. Mercari has been using passkeys since its launch and has maintained a running record of zero phishing incidents.



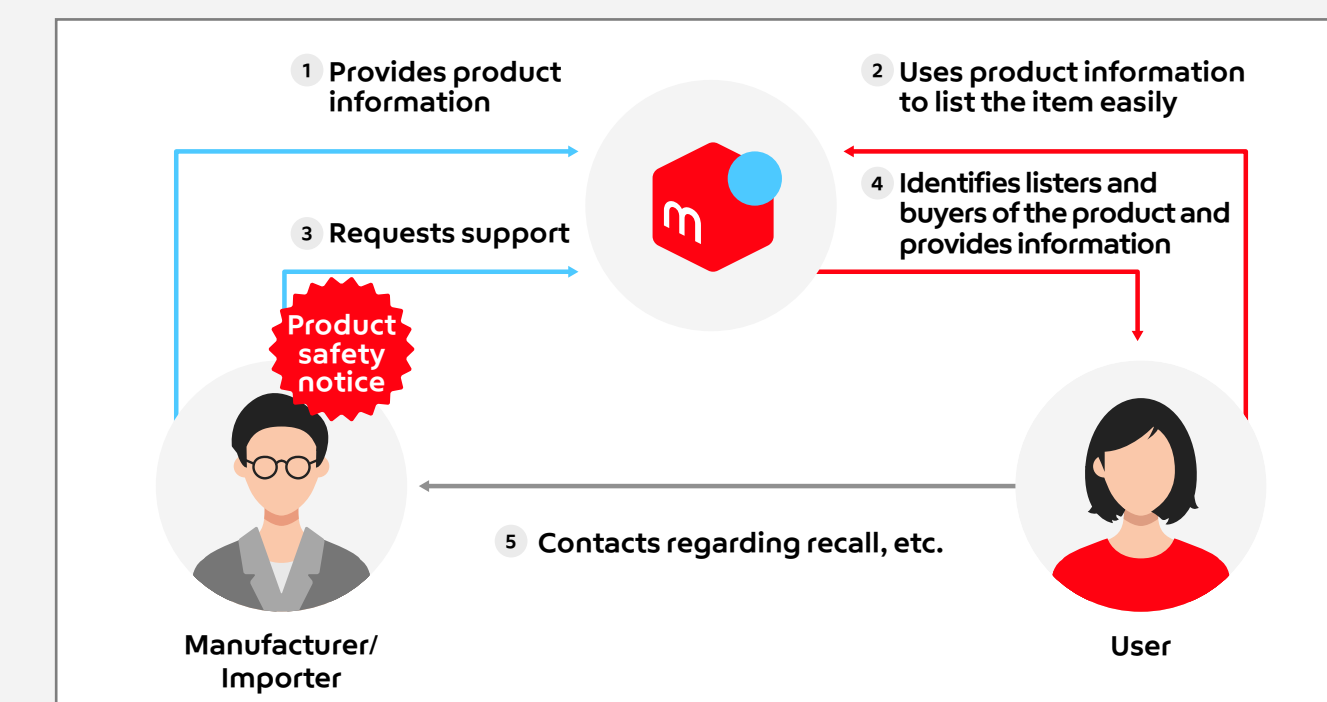
Joined the FIDO Alliance

In December 2023, Mercari became a board member of the FIDO Alliance, an international standardization organization aiming to improve both the security and convenience of online services by deploying FIDO Authentication, an authentication solution that does not use passwords. The Board is made up of 45 global companies including Google. Mercari joined as the third Japanese company. Going forward, we will continue aiming to eliminate phishing within Mercari and beyond through the use of technology.



Updating our Product Safety Support Program

Mercari has partnerships with seven manufacturers. This collaboration allows Mercari to relay information from our partners to the Mercari users who have bought or listed the manufacturers' products on our platform. The updated Product Safety Support Program directs users to the manufacturer's product safety information page so that it's even easier for users to stay up-to-date on safety-related information about a product.



Strengthening partnerships with the government, local governments, and primary distributors

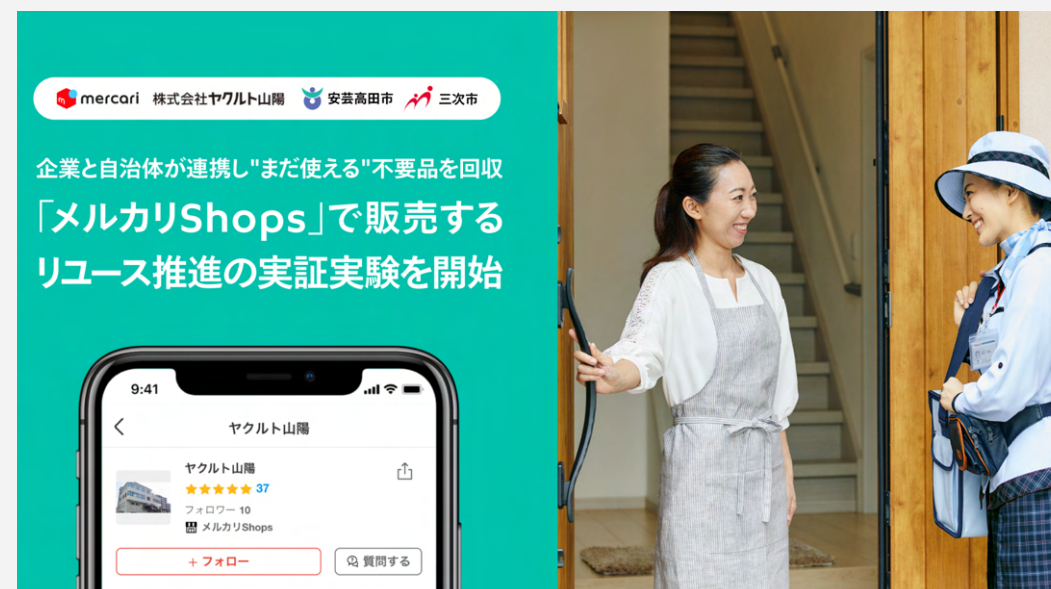
Meeting Prime Minister Modi on a visit to India with Diet members

In late July 2024, Mercari made a visit to India together with the Speaker of the House of Representatives Fukushima Nukaga and other members of the National Diet of Japan as well as representatives from other Japanese companies expanding in India. This trip aimed to strengthen Japan-India relations and foster more exchanges between the talent in the two countries. Mercari CEO Shintaro Yamada met with Prime Minister Narendra Modi to exchange opinions on topics such as the hiring of tech talent and tax measures for companies establishing locations in India.



Kicking off a proof of concept to promote reuse on World Environment Day

In June 2024, we started a proof of concept in collaboration with Yakult Sanyo as well as Akitakata City and Miyoshi City of Hiroshima Prefecture. For this project, local communities collect unwanted items that can still be used and sell them on Mercari Shops.



Holding a sustainable fashion show with no new items

Mercari held a fashion show starring outfits put together with only secondhand pieces to coincide with Green Friday, a movement that encourages environmentally friendly consumption to counter the massive annual sale event Black Friday. We worked with The North Face, Ragtag, and Circulable Supply to demonstrate how reuse can allow us to enjoy fashion in a way that is both stylish and sustainable.



Holding a sustainable fashion show with no new items

We set up bins for bottle-to-bottle recycling (also known as closed-loop recycling) at Kashima Soccer Stadium that will allow 100% of used plastic bottles to be recycled. We will continue working together with Kashima City and Suntory Group to spread more awareness about recycling in the local community and to further cut down on CO₂ emissions.



©KASHIMA ANTLERS

Material topic 5

Unleashing the Potential in Diverse Talent Worldwide

Goals set for FY2024.6

- Strengthen new graduate hiring for a more diverse team of talent
- Establish the necessary working environment and compensation system to expand our India office
- Update our I&D policies and develop new initiatives for a more inclusive workplace
- Update our culture and communicate it across the organization to make it easier for members to demonstrate our values

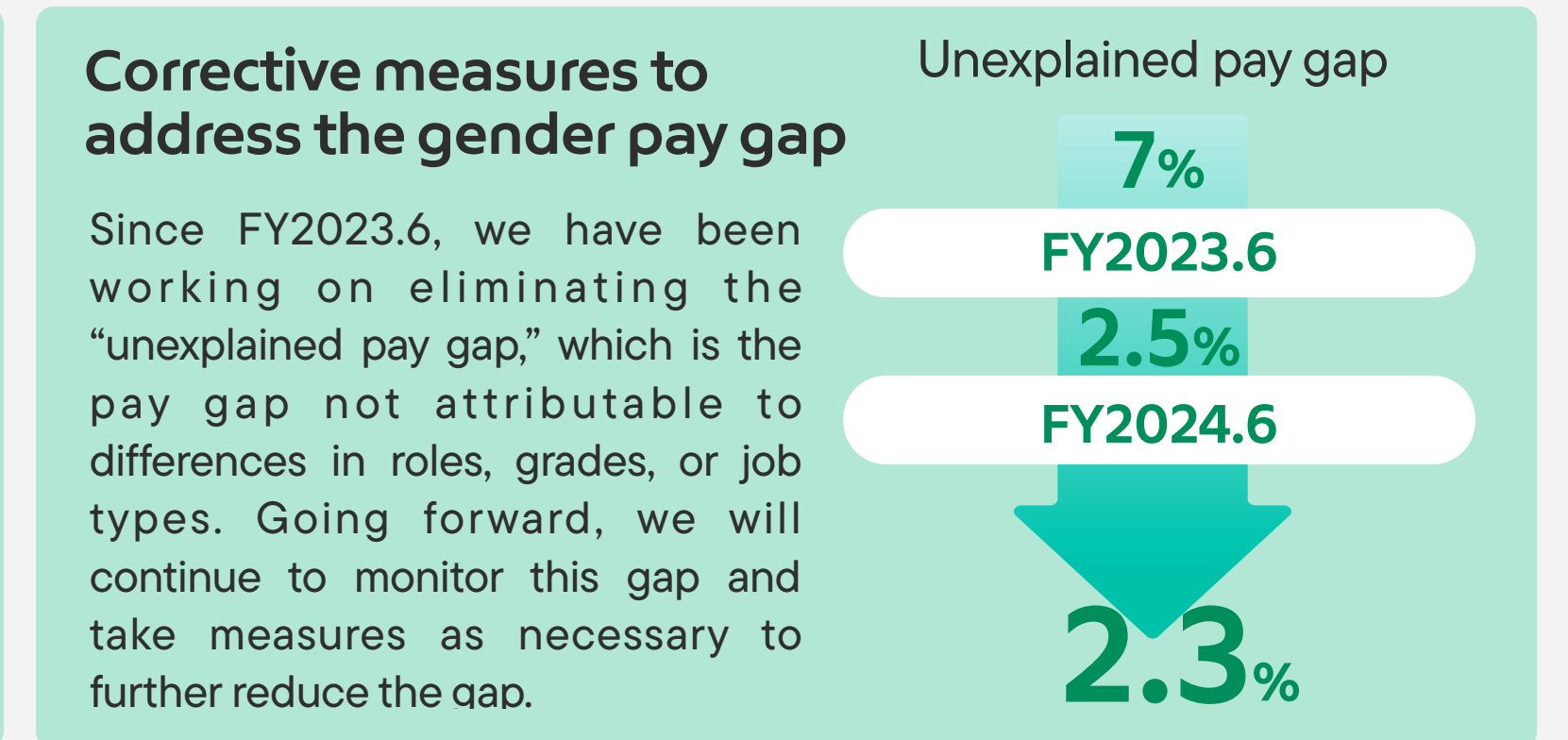
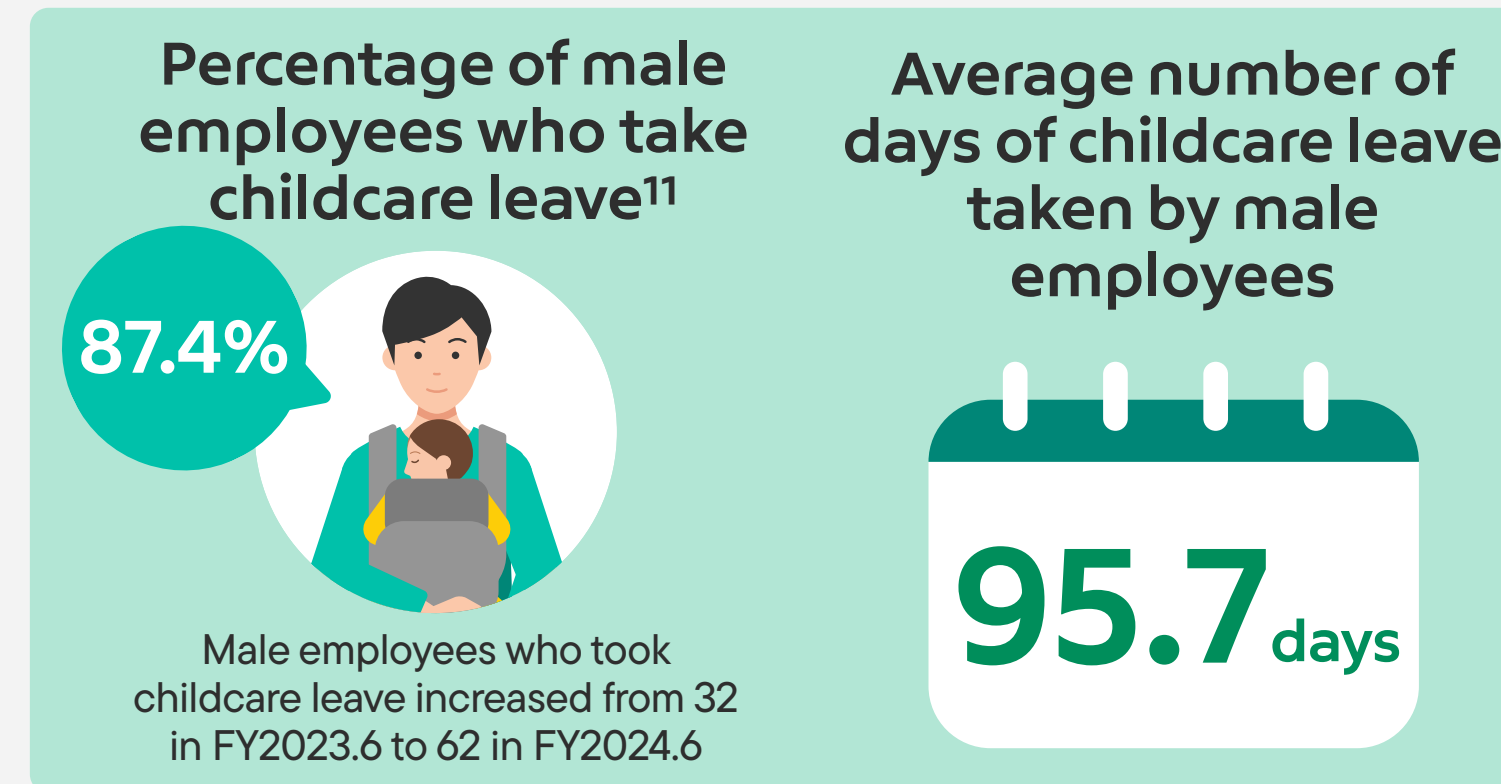
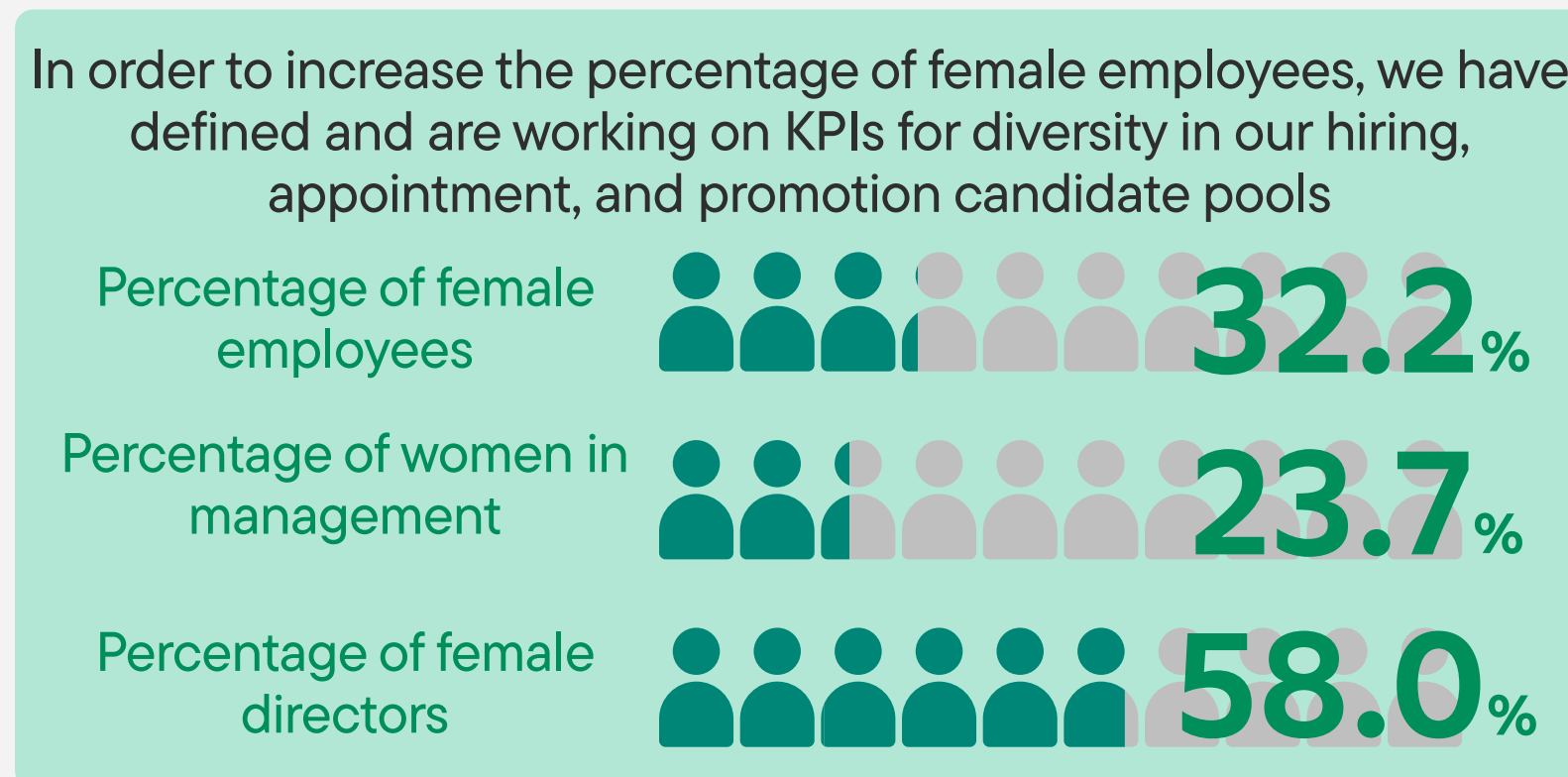
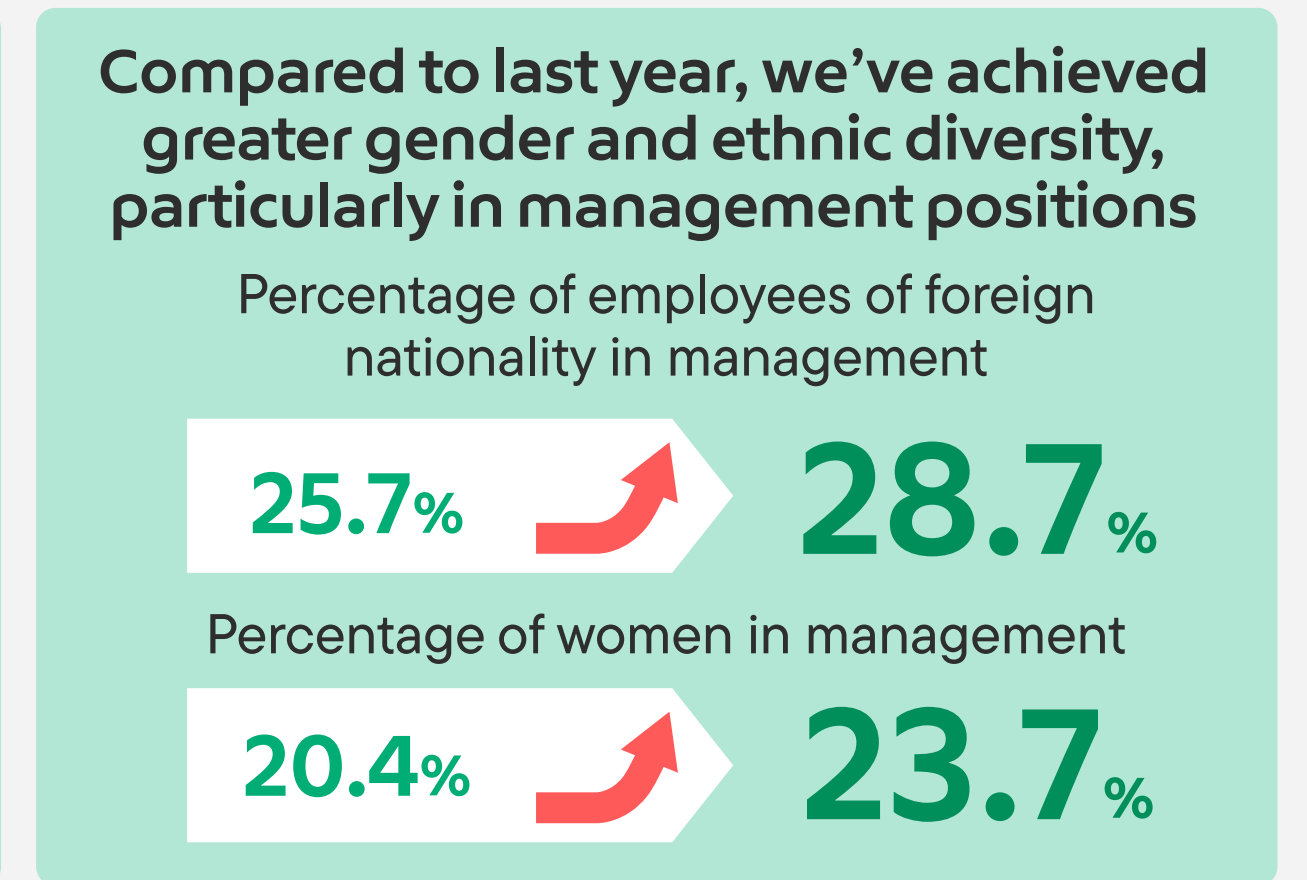
Summary of FY2024.6

We updated our culture and grade definitions as a mechanism to provide competitive compensation regardless of individual attributes. We also leveraged internal systems such as succession planning to appoint VP roles. As part of our commitment to creating a more inclusive workplace, we published our new I&D Statement. We were able to increase the percentage of women in management positions and significantly increase the percentage of new graduate hires to acquire diverse talent.



Human capital highlights

We believe that diversity is a source of innovation and that inclusion & diversity is essential to achieving our mission. In FY2024.6, we saw particularly significant increases in both the percentage of employees of foreign nationality in management positions and the percentage of women in management positions.



Scope of data: Full-time employees and contract employees of Mercari, Inc.

Embodying inclusion & diversity (1/2)

As we work to embody inclusion & diversity, Mercari carries out initiatives in three areas: diversity, inclusion, and fairness.

Diversity initiatives

Monitoring three process KPIs for our candidate pools

Process KPIs are targets we set for candidate pools to improve the selection process to enhance diversity within the organization, rather than focusing on the end result. By focusing on the process rather than the results, we ensure that we provide equal opportunities to diverse talent in our hiring and promotion processes. Based on this policy, we set process KPIs for our hiring, appointment, and promotion candidate pools and monitor these KPIs continuously. Every six months, we identify issues and formulate and carry out action plans across the organization to address them.

Three process KPIs for hiring and promoting employees

The three process KPIs, listed below, are monitored separately for engineering positions and non-engineering positions.

KPI 1

Percentage of women in hiring candidate pools*

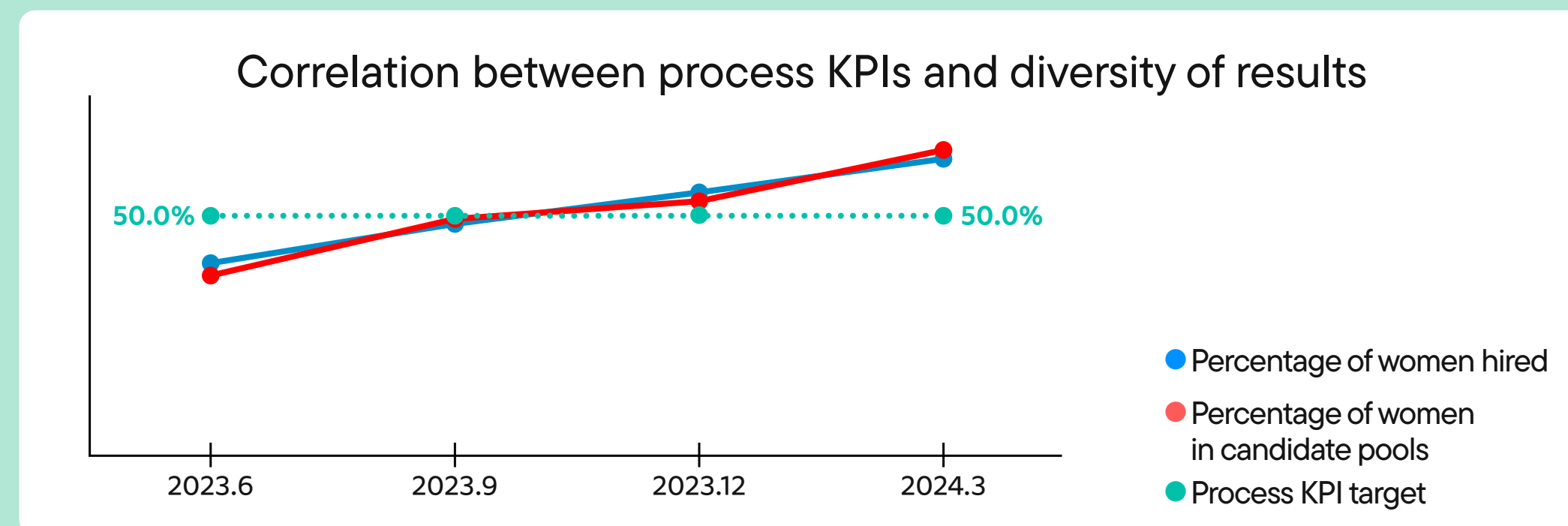
KPI 2

Percentage of women/employees of foreign nationality considered for appointment to management positions

KPI 3

Percentage of women/employees of foreign nationality considered for promotions to high grades

Correlation between process KPIs and diversity of results



Analysis conducted over a period of approximately two years shows that our process KPIs roughly correlate with the percentage of women hired, promoted, and appointed to management positions. This supports our hypothesis that diversifying the candidate pool naturally diversifies the results as well.

*We define “hiring candidate pools” as the candidates who pass document screening in our hiring process.

Embodying inclusion & diversity (2/2)

Inclusion initiatives

Updated our Inclusion & Diversity Statement

We redefined our commitment to diversity and inclusion in the form of our new Inclusion & Diversity Statement. This update is part of our proactive initiatives toward creating an even more inclusive environment.

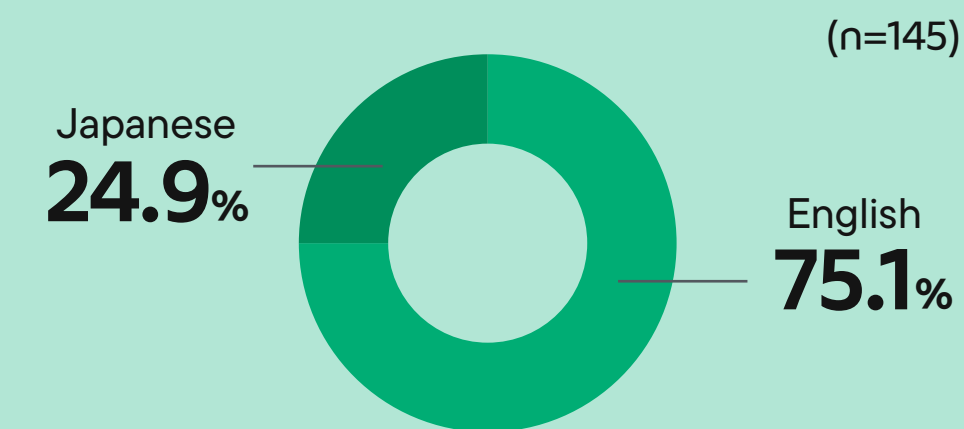
Language support

Mercari does not have one official language, but we use both Japanese and English in our work. We provide communication support through Japanese and English language learning programs so that all members of Mercari's diverse organization can communicate smoothly.

Percentage of language learning program participants who saw improvements to their language ability (n=654)

English learners **74.0%**
Japanese learners **75.6%**

Distribution of course participants by language (n=145)



Other inclusion initiatives

Mercari has a team dedicated to interpretation and translation. We also provide Yasashii Communication Training and Unconscious Bias Workshop sessions.

Fairness initiatives

Efforts to address the gender pay gap

We have implemented periodic pay-gap monitoring using regression analysis as part of our mechanisms to provide competitive compensation regardless of individual attributes.

Began regular monitoring twice a year following the corrective actions taken in FY2023.6

Identified the main cause of the approximately 2% remaining unexplained pay gap

Will continue to carry out monitoring and take necessary actions to reduce the unexplained pay gap to within $\pm 1\%$

Reviewed the process for determining annual salary in offers, which is the main cause of the unexplained pay gap

We held an event in collaboration with the Osaka University ELSI Center and inviting experts to discuss and update our methods of analyzing the gender pay gap.

Appendix: Recognition by and collaboration with external organizations

Mercari was elected as a constituent stock of the MSCI ESG Leaders Indexes, and this year was also elected as a constituent stock of the FTSE Blossom Japan Sector Relative Index for the first time. In addition, we have been listed in five of the six indexes adopted by the Government Pension Investment Fund for Japanese companies.^{12, 13}



FTSE Blossom
Japan Sector
Relative Index

Recognition by external organizations

- Selected as one of the 225 constituents that make up the Nikkei Stock Average
- Recognized two years in a row by GPIF's asset managers entrusted with domestic equity investment for publishing one of "the most-improved integrated reports" with our FY2022.6 Sustainability Report and FY2023.6 Impact Report
- Certified as an Eco-First Company by the Ministry of the Environment
- Selected as one of Interbrand's "Best Japan Brands 2024"
- Selected three years in a row as one of the companies with the best reputation for developer experience, as chosen by engineers
- Ranked 1st in the Developer eXperience Award 2024 rankings



Japanese Prime Minister Fumio Kishida presents Mercari with a letter of appreciation for providing case examples for "Job-Type Personnel Guidelines" and for contributing to labor market reform.

Collaboration with external organizations and local governments

- Joined the Japan Spot Work Association
- Joined the Japan Reuse Affairs Association
- Used Mercari Shops to sell equipment and rescued items disposed of as "oversized garbage" (in collaboration with 37 local governments)
- Implemented a proof of concept with Mercari Ecobox, a tool for sorting unnecessary items at home (with 26 local governments)



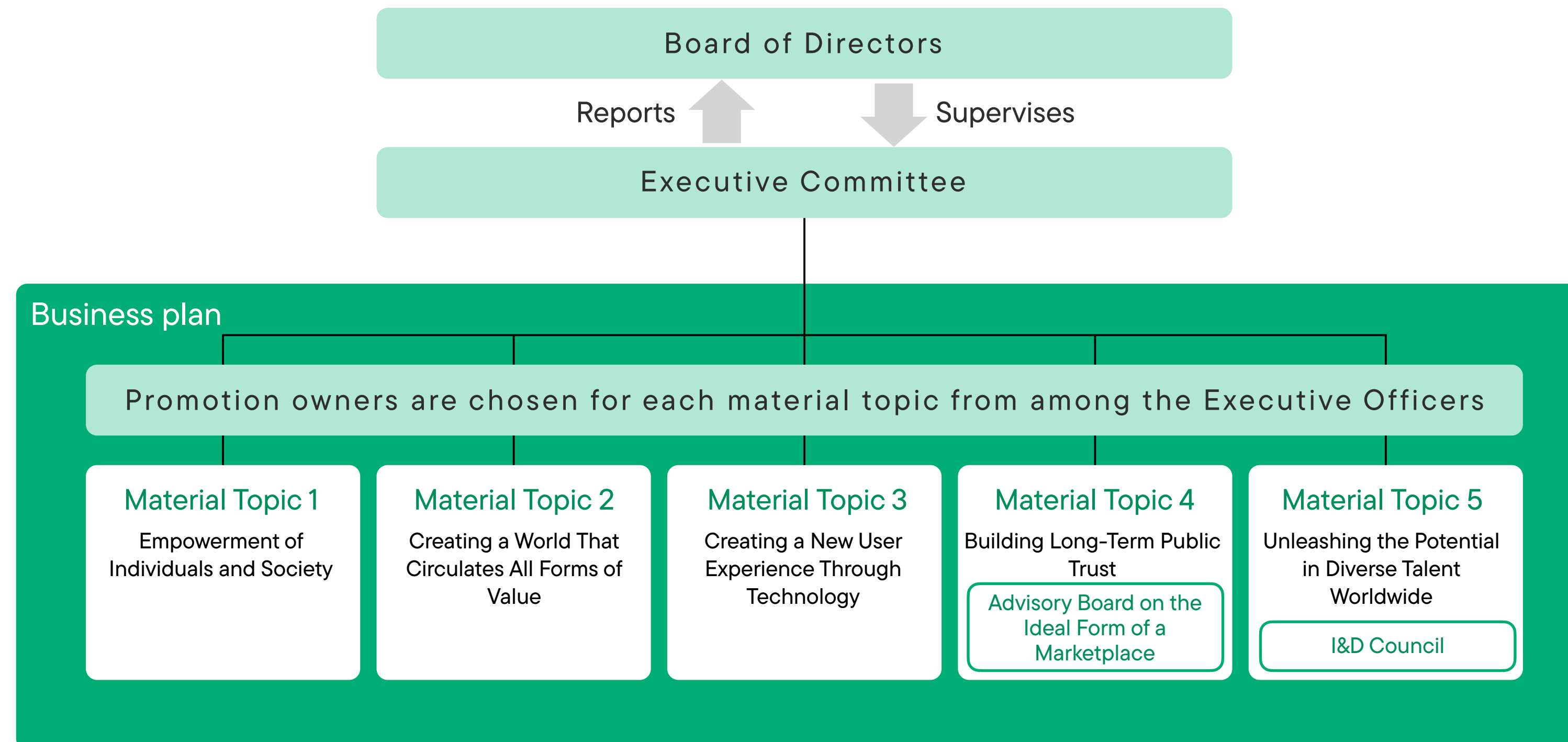
Appendix: Our structure for promoting ESG

In July 2024, we merged the functions of the ESG Council* (established in December 2021) with those of the Executive Committee, which integrates the plan of execution for each material topic, into our annual business plan.

The monitoring of individual material topics, which was shifted into a structure promoting business strategies and initiatives for material

topics more seamlessly, is executed by the Executive Committee each quarter in tandem with monitoring the progress of our business plan. The committee ultimately reports the monitoring results to the Board of Directors.

We aim to further promote ESG through this structure and these processes.



*The I&D Council and the Advisory Board on the Ideal Form of a Marketplace, which are subcommittees of the ESG Committee, will continue to meet periodically as meeting bodies that promote each material topic.

Appendix: FY2025.6 focus areas

Material topics	Focus areas
<p>1 Empowerment of Individuals and Society</p>	<p>Realizing a world where all people’s potential is unleashed</p>
<p>2 Creating a World That Circulates All Forms of Value</p>	<ul style="list-style-type: none"> • Expanding our positive impact in line with our business growth • Expanding the circulation of value on a global scale
<p>3 Creating a New User Experience Through Technology</p>	<ul style="list-style-type: none"> • Innovating features using data and AI • Creating new innovations using our user base
<p>4 Building Long-Term Public Trust</p>	<ul style="list-style-type: none"> • Realizing safe, secure, and fair transactions • Earning the trust of our users and stakeholders (society, investors, media, etc.)
<p>5 Unleashing the Potential in Diverse Talent Worldwide</p>	<ul style="list-style-type: none"> • Developing and promoting diverse talent • Embodying inclusion & diversity • Building a productive organizational environment to take on bold challenges

Appendix: Editorial policy & links

To show our commitment to having a positive impact on society through our business while achieving the Mercari Group mission, we changed the title of this report from the “Sustainability Report” to the “Impact Report.”

We have significantly reduced the number of pages in this year’s report to focus on the concrete efforts and progress we have made over the past year. For information other than what is published in the report, please visit our corporate website.

Date of publication: September 2024

Reporting period: This report mostly covers initiatives for FY2024.6 (July 1, 2023, to June 30, 2024), but also contains information on some activities that happened outside this period.

Financial information: For timely disclosures, financial results, and other financial information, see [the IR section of our website](#).

Non-financial information: For other non-financial information, see [the Sustainability section of our website](#).

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1. Based on the results of a survey carried out through an external research company in May 2024 on 3,000 men and women across Japan between the ages of 15 and 69

2. Based on the results of a survey carried out on 1,429 Mercari users conducted from June 6 to 10, 2024

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3. From “Future Predictions 2040 in Japan: The Dawn of the Limited-Labor Supply Society” published by Recruit Works Institute

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4. Target categories: Clothing; Sneakers; Electronics; Books, Magazines & Comics; CDs, DVDs & Blu-rays; Bags [added to the calculations this year]

5. Calculations based on items for which a transaction was completed in the target categories on the Mercari Japan and Mercari US services from April 2023 to March 2024

6. CO₂ equivalent to one covered baseball stadium: approx. 2,436t-CO₂ (covered baseball stadium volume: 1.24M KL; 1 mol = 22.4 L = 44 g-CO₂; Source: Tokyo Dome)

7. From “How Much Carbon Dioxide Do Forests Absorb?” published on the website of the Forestry Agency (available only in Japanese)

8. From “Carbon Dioxide Emissions in Transport Sector” published on the Ministry of Labour, Infrastructure and Transport website (available only in Japanese)

9. Yano Research Institute Ltd. “Ministry of the Environment 2022 Survey on Promotion Guidelines for Circular Fashion” (March 2023)

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10. Figures are as of June 30, 2024, with the exception of figures for percentage of female directors, which are calculated based on the Board of Directors as of September 30, 2024

11. As of FY2024.6, the figures shown include employees of Mercari, Inc. seconded to Group subsidiaries

Out of the total number of male employees who are the parents of a young child and therefore eligible for childcare leave

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12. Mercari, Inc.’s inclusion in MSCI indexes and the use of the MSCI logo, trademark, and service logo in this document does not constitute any form of support, recommendation, or promotion of Mercari Inc. by MSCI or its affiliates. MSCI indexes are the exclusive property of MSCI. The names and logos of MSCI indexes are trademarks and service marks of MSCI and its subsidiaries.

13. FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) certifies that, as a result of a third-party examination, Mercari, Inc. satisfies the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index and has been selected as a constituent stock of the index. The FTSE Blossom Japan Sector Relative Index is widely used in the creation and evaluation of sustainable investment funds and other financial instruments.



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