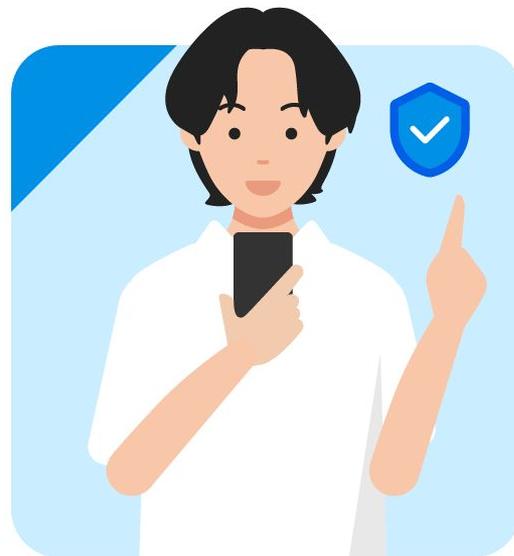


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Transparency Report on Our Plan of Action for a Safe and Secure Marketplace

Mercari, Inc.
Second Half of 2025 Edition



Purpose of This Report

This report has two purposes: (1) To regularly disclose the results of our measures against fraud and support for users, along with new enhanced initiatives launched in May 2025—**“thorough elimination of fraudulent users”** and **“thorough aid for users”**—and (2) to ensure transparency while advancing these initiatives.

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1 Overview and Results of Initiatives

1 Background of Initiatives

Mercari has grown into a service used by 23 million users per month, with an annual gross merchandise value exceeding 1.1 trillion JPY. With the expansion of the service, threats such as unauthorized logins and fraud have also increased. Across society, online fraud has been increasing year by year, and the risk of fraud continues to rise.

In response, Mercari is moving forward new enhanced initiatives around **“thorough elimination”** and **“thorough aid”** to provide users with a safer and more secure experience.

Threats to Safety and Security



Fraudulent users

mercari

Unauthorized logins to user accounts due to phishing

Listing of items infringing IP rights, etc.

Fraudulent transactions, such as item return fraud

merpay

Fraudulent payments using credit services



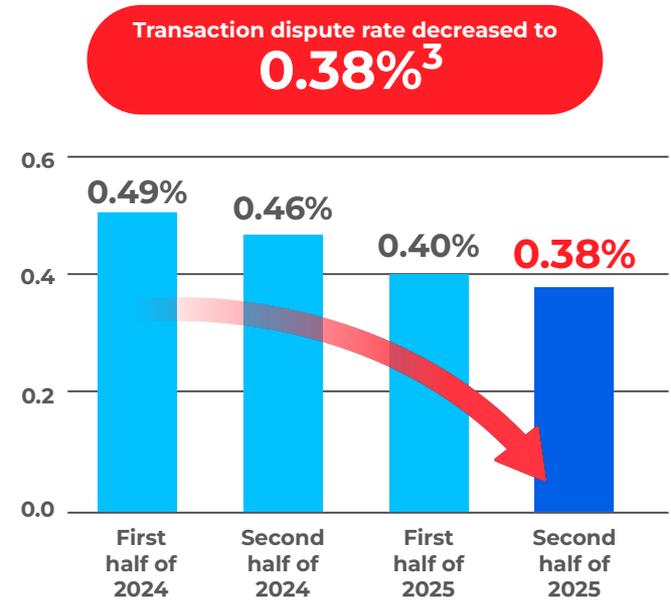
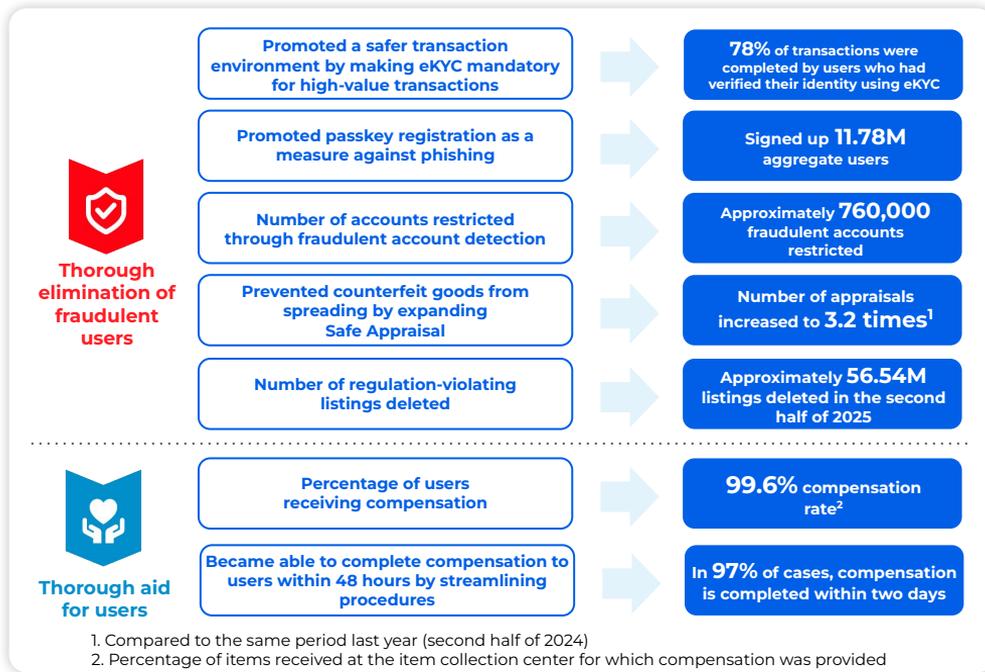
Users

2

Results of Initiatives

Highlights: Second Half of 2025 (July to December 2025)

Steady progress on initiatives around “thorough elimination” and “thorough aid,” resulting in a record low in the risk of users encountering transaction disputes



3. Transaction dispute rate: Percentage of the total number of transactions that raised an inquiry (e.g., defective or undelivered items)

2 Details of the Initiatives



**Thorough
elimination
of fraudulent users**

Main Initiatives

- **Strengthening identity verification using eKYC**
- **Promoting the Safe Appraisal service**
- **Eradicating fraud and listings of counterfeit brand-name items through the Mercari Appraisal Center**
- **Leveraging AI to strengthen fraud monitoring**
- **Promoting passkey authentication**

New Initiatives

- **Started operating the Mercari Appraisal Center in September 2025**

2

Thorough Elimination of Fraudulent Users (Strengthening Identity Verification Using eKYC)

We have increased the percentage of users who have completed eKYC,
working to build a safe transaction environment.

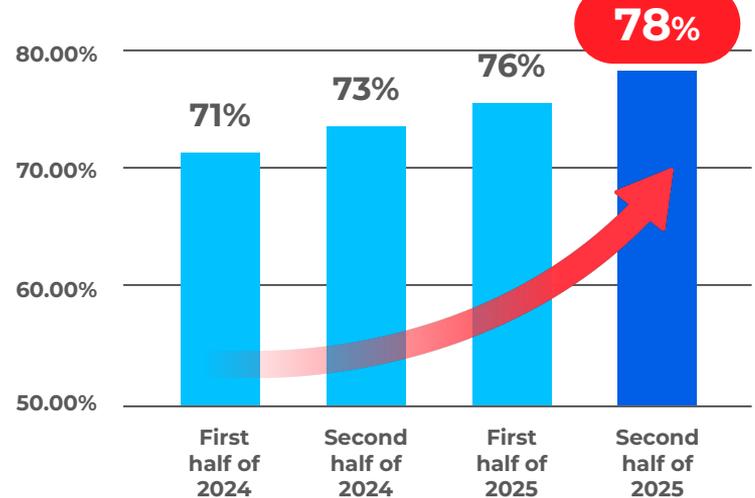
Strengthening identity verification using eKYC

- Making eKYC mandatory for both buyers and sellers in high-value transactions to enhance security
- Improving eKYC usage flow (process and user experience)
- Eliminating impersonation and fraudulent accounts to build an environment where users can execute transactions safely



Screenshot
of an
eKYC-verified
account

Percentage of transactions conducted by users who have completed identity verification



2

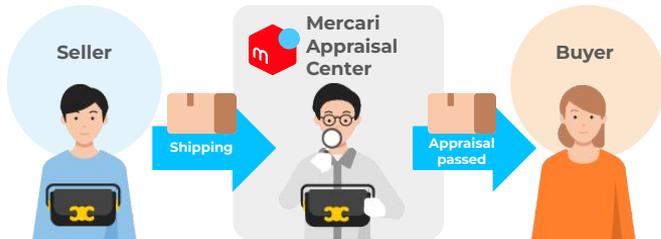
Thorough Elimination of Fraudulent Users (Safe Appraisal Service)

The establishment of the Mercari Appraisal Center has promoted the elimination of counterfeit brand-name items and significantly increased the number of appraisals we conduct.

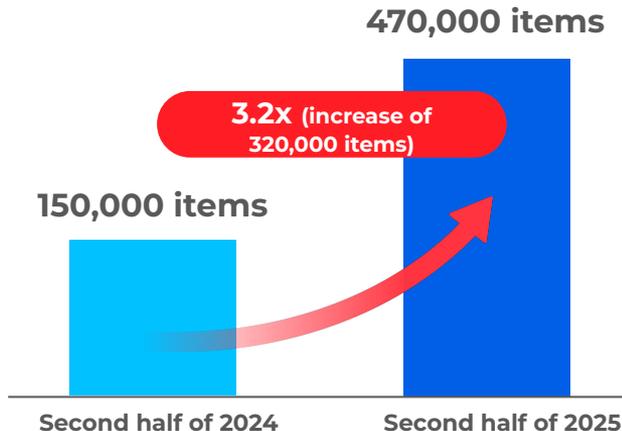
- Originally, we started appraisal by working in partnership with external appraisal services. In September 2025, we launched the **Mercari Appraisal Center**, which is operated by Mercari, to further strengthen action against fraudulent users.
- All data on the counterfeit brand-name items detected within Mercari is stored in an internal database and is used to identify and swiftly eliminate counterfeit items.

If the item meets the appraisal standards

The item is **shipped** from the **Appraisal Center** to the **buyer**.



Number of Safe Appraisal-enabled listings



2

Thorough Elimination of Fraudulent Users (Mercari Appraisal Center)

We have established a Mercari-operated appraisal center to reduce the risk of users being exposed to counterfeit brand-name items or item fraud.

**Improved
reliability**

We accumulate and leverage appraisal expertise and case studies on counterfeit goods through the operation of Mercari's appraisal center

**Smoother
transaction
experience**

We prevent disputes between users over authenticity, ensuring transactions proceed smoothly from start to finish

**Expansion of
appraisal
categories**

We have expanded appraisal to previously excluded categories, enabling users to buy and sell more items safely

2

Thorough Elimination of Fraudulent Users (Mercari Appraisal Center)

Mercari is establishing a defensive line to block counterfeit brand-name items and fraud at the outset, safeguarding the marketplace.

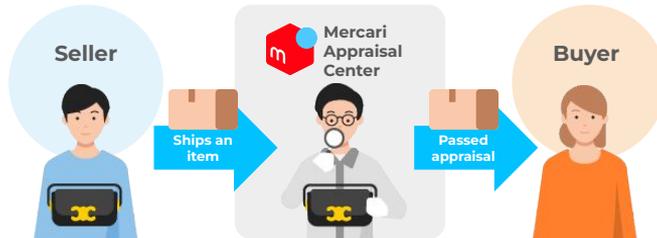
- By operating our own appraisal center, we aim to eliminate counterfeit brand-name items and item switching fraud.
- We are transitioning from outsourcing to in-house operations and are considering expanding the scope of items eligible for appraisal, as well as making appraisal mandatory for certain items.
- We are also considering further protection where we purchase items in cases where the appraisal was insufficient.

How the Mercari Appraisal Center Works

From September 2025

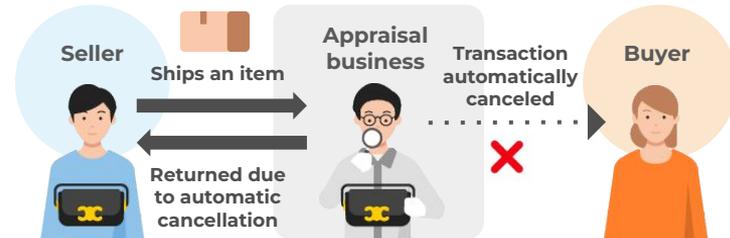
When appraisal standards and conditions are **met**

Items are shipped from the **appraisal center** to **buyers**



When appraisal standards and conditions are **not met**

Items are returned from the **appraisal center** to **sellers**



In-house appraisal operations at Mercari are linked with customer support to ensure healthy transactions.

2

Thorough Elimination of Fraudulent Users

(Enhanced Fraud Monitoring with AI Technology)

After AI-based judgment, we restrict fraudulent accounts to prevent risks. In malicious cases, we strictly pursue responsibility to maintain platform integrity.

Examples of actions taken when a user is identified as fraudulent

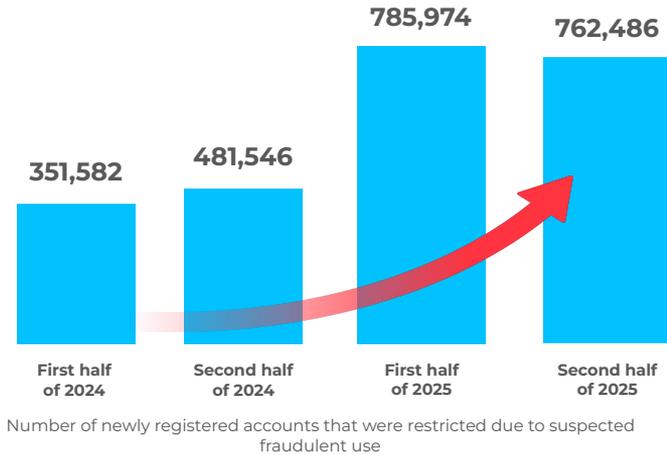
Enact account usage restrictions

Pursue criminal action

Pursue civil litigation and other methods (claims for damages, claims for unjust enrichment, etc.)

We promptly lift restrictions on accounts deemed not to be fraudulent based on identity verification and communication

Number of restricted accounts resulting from fraudulent account detection



2

Thorough Elimination of Fraudulent Users (Enhanced Fraud Monitoring with AI Technology)

We employ AI to detect transactions that infringe on our terms of service, inform users how to use the service correctly, and delete regulation-violating items.

- We inform users about prohibited items and encourage proper usage
- If we find items that violate our terms of service, including unintentional violations, we take action to delete those items and issue warnings
- In addition to monitoring for fraudulent activities, reports from users are also an important source of information

Examples of regulation-violating items



Syringes with needles, injection needles, etc.



Used school uniforms, used PE uniforms, etc.



Medical drugs and equipment

Restricted items based on laws, regulations, and other public regulations



Uniforms that may be used to impersonate someone



Official ID documents such as Individual Number cards



Receipts and invoices that could be linked to fraud

Items that may promote illegal activities or misconduct



Counterfeit items and items with no proof of authenticity



Illegally duplicated DVDs



Items that use celebrity likeness without permission

Items that infringe on intellectual property rights, or are likely to do so



Food items in opened packaging



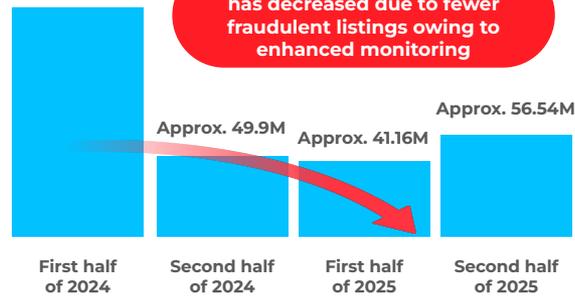
Expired cosmetic products

Items that pose a risk of harm to the body or life

Number of items deleted due to fraud detection

Approx. 351.13M

The number of deleted items has decreased due to fewer fraudulent listings owing to enhanced monitoring



Number of items deemed fraudulent and deleted or hidden by Mercari

Thorough Elimination of Fraudulent Users (Promoting Passkey Authentication)

We have reduced phishing risk by actively promoting passkey usage.

Strengthening login authentication

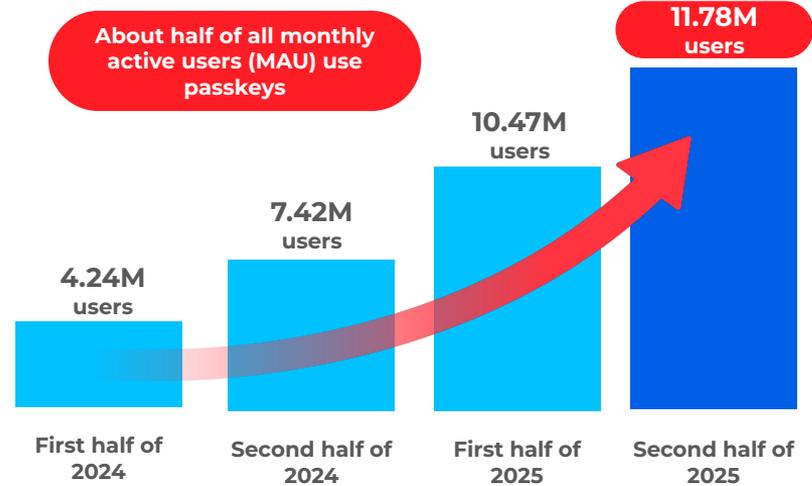
- Introduced passkeys in April 2023
- From January 2024, applied passkey authentication to all app logins, eliminating the need for password entry
- From September 2024, made logging in using passkeys mandatory for users who have registered passkeys
- Exceeded 10 million registered passkey users (cumulative) in May 2025



Screenshot showing passkeys in use

Number of registered FIDO/passkey users

About half of all monthly active users (MAU) use passkeys



Note: Number of registered passkey (password-less authentication method that allows login using biometrics, a PIN, etc.) users



Thorough Aid for Users

Main Initiatives

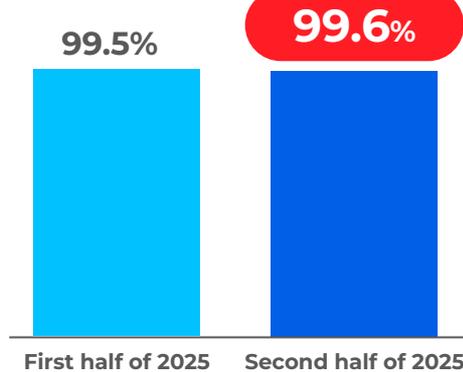
- **Establishing a 24/7 customer service system**
- **Offering individual compensation when an issue occurs**
- **Providing thorough aid for users through the full coverage support program**

2 Thorough Aid for Users (Item Collection Center)

We are working to expedite and expand compensation to our users through the item collection center established in December 2024.

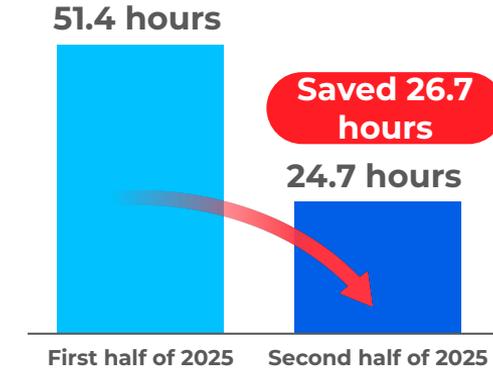
- Opened as part of our initiatives to strengthen user support systems announced on November 25, 2024
- Increased the rate of user compensation following item collection, verification, and investigation
- Shortened the time from item arrival to compensation by accelerating compensation handling

Percentage of cases where the user was compensated



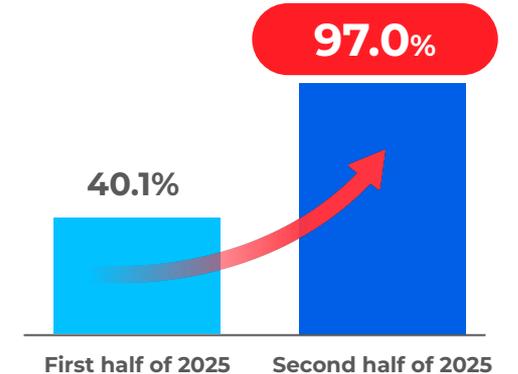
Percentage of items received at the item collection center for which compensation was provided

Time required from item arrival to compensation



Average response time for completing the compensation for a single transaction

Percentage of cases where compensation was completed within 48 hours



Percentage of compensated transactions where the transaction was completed within 48 hours (2 days)

2 Thorough Aid for Users (Full Coverage Support Program)

Thorough aid ensures that users who use the service correctly do not suffer from malicious fraud such as counterfeit goods or item switching fraud.

Swift dispute resolution

Disputes are resolved swiftly with the assistance of Mercari and without prolonged negotiations between parties.

Monetary compensation

When a dispute that meets the criteria for monetary compensation occurs, the purchase price or sales profits are fully compensated.

Reducing anxiety in high-value transactions

Users can confidently buy high-value items or items from categories they may feel apprehensive about.

Note: As of February 27, 2026, we are experiencing a high volume of inquiries, and therefore responses may take longer than usual. We are strengthening our system to return this situation to normal promptly, and we appreciate your understanding.

2 Thorough Aid for Users (Full Coverage Support Program)

Full Coverage Support Program to Provide Thorough Aid for Users (Launched July 2025)

- In July 2025, we launched a support program to swiftly resolve user issues.
- In the event an issue occurs, Mercari assists users and fully compensates the purchase price or sales profits.
- We published seller guidelines and buyer guidelines used to judge whether to apply the full coverage support program to an issue.

Conditions for applying full coverage support

- Conduct simple identity verification (eKYC)
- Use Mercari Shipping as the shipping method
- Contact Mercari within 14 days of delivery
- Use Mercari correctly in accordance with the seller guidelines or buyer guidelines
- Use Mercari in compliance with our rules and terms of use, including in past transactions

Scope of compensation

Seller: Sales profits

**Buyer: Payment amount
(excludes amount discounted using coupons)**

Guidelines

**Full-Coverage Support
Program [Help Center](#)**

3 Other Activities

3

Other Activities

(Our Marketplace Principles)

Mercari operates based on our Marketplace Principles, which were formulated together with external experts in 2021.

The Marketplace We Envision



安全であること
Safe

Free transactions are only possible in a safe environment.



信頼できること
Trustworthy

C2C marketplaces are built on trust between users.



人道的であること
Humane

Each individual's values and views must be respected. The marketplace must not encourage or promote inhumane behavior.

Through these three principles,

we aim to be a diverse and free marketplace in which anyone can participate without worry.

3 Other Activities (Our Marketplace Principles)

Meetings for the fifth edition of Mercari's Advisory Board on the Ideal Form of a Marketplace were held in July and September 2025 to determine the measures we will implement for items that have the potential to significantly impair the safety and security of our marketplace, including prohibiting listings of the item, and to formulate new policies.

These discussions reaffirmed the **importance of safety and security**

Potential of significantly impairing the safety and security of the marketplace due to items that cannot be restricted based on the Marketplace Principles

Need to update the Marketplace Principles to swiftly deal with such items

Summary of the meetings for the fifth edition of the Advisory Board on the Ideal Form of a Marketplace https://about.mercari.com/press/news/articles/20251009_advisoryboard/ (only available in Japanese)

To ensure the safety and security of our marketplace, we created a framework to take measures for individual cases at our discretion—upholding the principles but operating outside their framework

3 Other Activities (Our Marketplace Principles)

We may take action against items that have the potential to significantly impair the safety and security of our marketplace, such as items associated with a high number of fraudulent listings/incidents and items that have extreme fluctuations in price. These actions may include prohibiting listings of the item.



Fraudulent listings



Verbal abuse



Extreme price fluctuations

To ensure the safety and security of the marketplace, we created a framework to take measures for individual cases at our discretion—upholding the principles but operating outside their framework. We also published a white paper that details the thought process and discussions behind formulating the Marketplace Principles, as well as our new policies:

https://pj.mercari.com/principles/marketplace-principles-and-history_EN.pdf

3 Other Activities (Our Marketplace Principles)

Items that we previously regulated



Safe

Hygiene products
uring the COVID-19
pandemic
(2021; currently lifted)



Stockpiled rice
(2025; currently lifted)



We determined that these items fall into the category of “items that are essential to protecting people’s health and/or safety and should be widely distributed as quickly as possible but are in notably short supply.”

Items that we currently regulate



Safe

Empty shell casings
(2025)



We determined that shell casings are likely to encourage illegal and criminal activities based on information we received from the National Police Agency about terrorist attack prevention. For this response, we received a letter of commendation from the National Police Agency.

Main items that were regulated in the second half of 2025

1. Gift certificates due to concerns about counterfeiting and misuse (Aug., Oct., and Dec. 2025)

- Coupons and discount tickets with known counterfeits
- Rice vouchers that violate the listing rules

2. Toys for infants and toddlers that do not meet safety standards (Dec. 2025)

- Toys for infants and toddlers without the PSC mark

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Other Activities

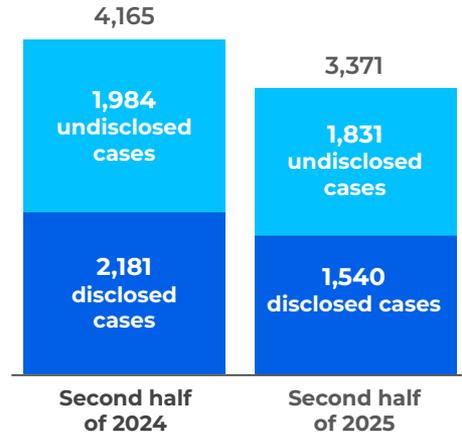
(Cooperation with Police and Other Investigative Authorities)

When investigative authorities request disclosure of user information under the law, we carefully judge whether disclosure is permissible according to relevant laws and standards. We disclose the minimum required information to investigative authorities only if the request we receive is reasonable, lawful, necessary, and appropriate. To protect user privacy, we continuously review disclosure standards and regularly publish how we handle disclosure requests.

1. Inquiry regarding investigative matters

- **Number of inquiries received**
(Breakdown of undisclosed and disclosed cases)

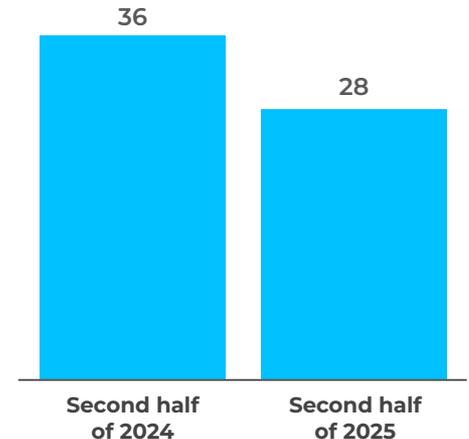
1. Inquiry regarding investigative matters



2. Response to warrants

- **Number of cases handled based on warrants**

2. Response to warrants



3

Other Activities

(Cooperation with Police and Other Investigative Authorities)

At Mercari, we aim to create an environment where users can buy and sell with peace of mind. We work closely with relevant agencies, including the National Police Agency, to implement fraud prevention measures.

Letter of appreciation from the National Police Agency (September 11, 2025)

The National Police Agency provided Mercari with information regarding the dangers of empty shell casings from the perspective of preventing terrorism. While buying and selling empty shell casings is not legally regulated, Mercari determined that they are likely to lead to illegal or criminal activities.

Therefore, starting from July 21, 2025, we implemented measures such as banning the listing of empty cartridges as prohibited items. These efforts were recognized by the National Police Agency, and on September 11, 2025, we received a letter of appreciation.



Legal measures against malicious fraudulent cases

In addition to preventing fraud (such as prohibiting listings), we also take action against users deemed to have engaged in fraudulent activities on the app, including legal measures such as consultation with the police and seeking damages.

The second half of 2025 also saw the resolution of multiple cases. We are committed to strictly dealing with fraudulent activity to ensure the safety and security of our users.

Case:

We sought compensation for damages through a lawyer against a seller who repeatedly engaged in fraudulent transactions in collusion with a buyer, and reached a settlement.

3 Other Activities (Safety and Security Portal Site)

We have strengthened the provision of transaction-related information so users can use the service smoothly, such as by launching a portal site compiling service usage information and revising various guidelines.



メルカリは、
誰でも安心して売り買いできるマーケットプレイスを目指し、
リーディングカンパニーとしての責任を持って、
さまざまな仕組みとサポート体制を整えています。

このページでは、トラブルを未然に防ぐ取り組みから、
万が一のときの速やかなサポートや補償の仕組みまで、
メルカリが実施している「安心・安全」への取り組みをご紹介します。

How we support users' transactions

1. Creating an environment for safe transactions
2. Providing user support when an issue occurs
3. **Making requests to users**
 - a. **Carefully check the condition of items**
 - b. **Review the rules and guidelines**
 - c. **Register a passkey**
4. Guidance regarding the Help Center
5. Explanatory videos

[Safety and Security Portal Site](#)
[\(only available in Japanese\)](#)



We will continue working on thorough elimination of fraudulent use and thorough aid for users.

**Mercari, Inc.
Transparency Report
Second Half of 2025 Edition**

