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To whom it may concern:

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Notice Regarding Full-Year Consolidated and Non-Consolidated Earnings Forecasts for FY2022.6 and Recording of an Extraordinary Loss in Non-Consolidated Earnings

Although Mercari, Inc. (the “Company”) had previously elected not to disclose its full-year earnings forecast for the year ending June 30, 2022, at this time the Company would like to announce that a forecast of the full-year earnings for this period is possible, and furthermore that the results deviate enough from the results of the previous fiscal year to warrant disclosure.

The Company also announces that it recorded an extraordinary loss in non-consolidated earnings for Q3 of FY2022.6.

1. Full-Year Consolidated Earnings Forecast for FY2022.6 (July 1, 2021–June 30, 2022)

	Net sales	Operating profit	Ordinary profit	Net profit attributable to shareholders of the parent company
Previous year’s actual results (FY2021.6)	Millions of yen 106,115	Millions of yen 5,184	Millions of yen 4,975	Millions of yen 5,720
Forecast	147,000	-4,500	-4,600	-8,600
Difference	+40,885	-9,684	-9,575	-14,320
Difference (%)	+38.5%	-	-	-

Consolidated full-year forecast

The Company anticipates a YoY increase in consolidated net sales for the period, attributable to Mercari US’s change in revenue recognition accounting policy, as well as stable and sustainable growth for Mercari JP and an increase in earnings power for Merpay centered on the credit business.

In terms of consolidated operating profit and ordinary profit, while Merpay saw an increase due to improvements in earnings power, the Company is forecasting a loss. This is due to marketing initiatives aimed at improving things like brand recognition and user acquisition for the purpose of maximizing future profits in Mercari JP, Mercari US, and new businesses, as well as proactive investments in areas like hiring

top talent for the purpose of strengthening the business foundation.

With regard to net profit attributable to shareholders of the parent company, in addition to the above, the impact of corporate taxes, as applied mainly to Mercari JP, resulted in the forecast of a loss.

2. Full-Year Non-Consolidated Earnings Forecast for FY2022.6 (July 1, 2021–June 30, 2022)

	Net sales	Operating income	Ordinary income	Net profit
Previous year's actual results (FY2021.6)	Millions of yen 75,152	Millions of yen 15,675	Millions of yen 15,426	Millions of yen 7,926
Forecast	85,900	11,700	11,700	-5,600
Difference	+10,748	-3,975	-3,726	-13,526
Difference (%)	+14.3%	-	-	-

Non-consolidated full-year forecast

The Company is forecasting an increase in non-consolidated net sales YoY attributed primarily to initiatives to acquire new users and strengthen listings.

The Company is also forecasting a decrease in non-consolidated operating income and ordinary income compared to the previous fiscal year. This is due to proactive advertising, which was done mainly to acquire new users and strengthen listings over the mid-to-long term.

In terms of non-consolidated net profit, in addition to the above, the Company is forecasting a loss due mostly to extraordinary losses (as specified in section 3 below) stemming from a declaration of impairment on shares of affiliate companies held by the Company, resulting in an impairment loss of 9,928 million JPY. This extraordinary loss will not be included in the consolidated financial results and will have no impact on consolidated profit or loss.

Note: A portion of sales and costs from non-C2C transactions have been included in the non-consolidated full-year forecast.

3. Recording of an Extraordinary Loss in Non-Consolidated Earnings

1) Details of the Extraordinary Loss and Reason for Occurrence

The Company declared an impairment on held shares of affiliate companies. This resulted in an extraordinary loss of 9,928 million JPY (of which 9,063 million JPY is attributed to Mercari, Inc. (US)) on the valuation of said shares, recorded in the non-consolidated earnings of FY2022.6 Q3.

2) Impact on Business Results

This extraordinary loss is reflected in the "Full-Year Non-Consolidated Earnings Forecast for FY2022.6" in section 2 above. As the loss will not be included in the consolidated financial results, it will have no impact on consolidated profit or loss as they are offset on a consolidated basis.