




## Consolidated Financial Results for the Nine Months Ended March 31, 2023 [Japanese GAAP]

April 28, 2023

Company name: Mercari, Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4385

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Scheduled date of filing quarterly securities report: May 11, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: None

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Nine Months Ended March 31, 2023 (the “Period”) (July 1, 2022, to March 31, 2023)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
March 31, 2023	127,913	16.6	11,529	-	11,732	-	5,056	-
March 31, 2022	109,701	42.7	(4,686)	-	(4,753)	-	(7,708)	-

(Note) Comprehensive income: Nine months ended March 31, 2023: ¥5,051 million [-%]  
 Nine months ended March 31, 2022: ¥(7,096) million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
March 31, 2023	31.38	30.92
March 31, 2022	(48.27)	-

(Note) Information on diluted earnings per share for the nine months ended March 31, 2022, is omitted since, although potential shares did exist, the recorded figure was a basic loss per share.

**English Translation**

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	392,594	45,146	11.1
As of June 30, 2022	339,862	37,998	10.8

(Reference) Equity: As of March 31, 2023      ¥43,482 million

As of June 30, 2022      ¥36,756 million

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2022	-	0.00	-	0.00	0.00
Fiscal year ending June 30, 2023	-	0.00	-		
Fiscal year ending June 30, 2023 (Forecast)				-	-

(Note) Revisions to the forecasts of cash dividends most recently announced: No

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022, to June 30, 2023)**

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending June 30, 2023	170,000	15.6	13,500	-	13,800	-	8,300	-	51.47

(Note) Revisions to the consolidated financial results forecast most recently announced: Yes

## English Translation

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### \* Notes:

- (1) Changes in significant subsidiaries during the Period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Application of special accounting treatments for preparing the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
  - 1) Changes in accounting policies due to revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common stock)
  - 1) Total number of issued shares at the end of the Period (including treasury stock):

March 31, 2023:	161,653,459 shares
June 30, 2022:	160,813,967 shares
  - 2) Total number of treasury stock at the end of the Period:

March 31, 2023:	103 shares
June 30, 2022:	103 shares
  - 3) Average number of shares during the Period:

Nine months ended March 31, 2023:	161,140,655 shares
Nine months ended March 31, 2022:	159,686,087 shares

\* Quarterly Consolidated Financial Results are exempt from quarterly reviews conducted by certified public accountants or audit firms.

### \* Explanation of the proper use of financial results forecasts and other notes

The forward-looking statements, including the financial results forecast, contained in these materials are based on information currently available to the Company and certain assumptions deemed reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance. Details concerning the forward-looking statements are stated in “1. Qualitative Information Regarding Results for the Period, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Statements” on page 3 of the Appendix.

## English Translation

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### Table of Contents

1. Qualitative Information Regarding Results for the Period	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Primary Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statements of Income	6
Quarterly Consolidated Statements of Comprehensive Income	7
(3) Notes to the Quarterly Consolidated Financial Statements	8
Notes on going concern assumption	8
Notes on significant changes in the amount of shareholders' equity	8
Application of special accounting treatments for preparing the quarterly consolidated financial statements	8
Segment information, etc.	9
Significant subsequent events	10

## 1. Qualitative Information Regarding Results for the Period

### (1) Explanation of Operating Results

To realize its new Group mission announced on February 1, 2023, “Circulate all forms of value to unleash the potential in all people,” the Group’s business policy for the current fiscal year entails having an awareness of the balance between growth and revenue by building a sturdy global business base. Furthermore, the Group is aiming for growth by creating synergy through its consumer-to-consumer (C2C) and business-to-consumer (B2C) operations, and between the Marketplace and Fintech domains.

In the Marketplace domain, the Group is striving to increase the number of listings through strengthened collaboration between the C2C and B2C business areas as one of its business objectives for the current fiscal year. During the nine months ended March 31, 2023, as a result of focusing on acquiring new users and implementing measures to encourage new users to list items, MAU <sup>(Note 1)</sup> was 22.26 million, up 0.73 million compared to the six months ended December 31, 2022, and gross merchandise value (GMV <sup>(Note 2)</sup>) growth was +8% year-on-year. As a result, Marketplace’s GMV was ¥729.9 billion in the nine months ended March 31, 2023.

In the Fintech domain, the Group has been working to promote circular finance by strengthening Group synergy as one of its business objectives for the current fiscal year. Credit services continued to lead growth, and with payment using *Mercard* on top of the growth of fixed-amount payment and other existing services, credit balance <sup>(Note 3)</sup> exceeded ¥100.0 billion. The collection rate <sup>(Note 4)</sup> was also stable. *Mercard*, a strategic priority, exceeded 650,000 issued cards as of the end of March, and the number of accounts opened for a service launched on March 9 that allows account holders to buy and sell bitcoin within *Mercari* reached 100,000 as well, showing steady growth.

As a result of the above, although the amount of investment in *Mercard* increased, Japan Region reported net sales of ¥89,880 million (up 20.2% year-on-year) and segment profit of ¥25,987 million (up 134.9% year-on-year) for the nine months ended March 31, 2023, due to increased profit in existing businesses resulting from thorough investment discipline, reviewing costs, and the impact of fraudulent usage returning to normal levels.

In its US business, the Group’s business policy for the current fiscal year has focused on product improvements that promote both selling and buying. The online reuse market continues to face headwinds, such as consumers prioritizing spending on necessities due to high levels of inflation and aggressive discounting in primary distribution. As a result, GMV decreased \$92 million from the corresponding period of the previous fiscal year to \$787 million (¥108.1 billion; the exchange rate conversion is the total of the amounts calculated for each month using the average rate during the month), and net sales amounted to ¥34,085 million (up 10.2% year-on-year) for the nine months ended March 31, 2023. On the other hand, segment operating loss was ¥7,628 million (versus a segment loss of ¥9,748 million in the corresponding period of the previous fiscal year), resulting from a review of expenses for lean business management.

As a result, for the nine months ended March 31, 2023, the Group recorded consolidated net sales of ¥127,913 million (16.6% increase year-on-year), operating profit of ¥11,529 million (compared to operating loss of ¥4,686 million in the corresponding period of the previous fiscal year), ordinary profit of ¥11,732 million (compared to ordinary loss of ¥4,753 million in the corresponding period of the previous fiscal year), and net profit attributable to owners of parent of ¥5,056 million (compared to net loss attributable to owners of parent of ¥7,708 million in the corresponding period of the previous fiscal year).

(Note 1) MAU (Monthly Active Users) is defined as the quarterly average number of registered users who accessed the *Mercari* service via app or website at least once during a given month.

(Note 2) GMV (Gross Merchandise Value) is the total value of merchandise sold during a specified period.

(Note 3) *Merpay Smart Payments* (lump-sum and fixed-amount payment) and *Merpay Smart Money* credit balance as of March 31, 2023 (excludes debt converted into bankruptcy reorganization debt, etc.).

(Note 4) Average aggregated rate of the quarterly cumulative collections completed within the past 11 months compared to the amount of *Merpay Smart Payments* (lump-sum payment and fixed-amount payment) and *Merpay Smart Money* billed in the past 11 months (excludes debt converted into bankruptcy reorganization debt, etc.).

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### (2) Explanation of Financial Position

#### (Assets)

Assets as of March 31, 2023, increased by ¥52,732 million from the end of the previous fiscal year to ¥392,594 million.

The main reasons for increases and decreases are as follows:

- Cash on hand and in banks decreased by ¥15,850 million compared to the end of the previous fiscal year. This is primarily attributable to a ¥25,278 million increase in other receivable, a ¥21,748 million increase in deposits received, a ¥29,999 million increase in guarantee deposits, and a ¥20,752 million increase in borrowings.
- Other receivable increased by ¥25,278 million compared to the end of the previous fiscal year, primarily due to an increase in use of *Merpay Smart Payments* (lump-sum payment and fixed-amount payment).
- Guarantee deposits increased by ¥29,999 million from the end of the previous fiscal year, primarily due to deposits paid based on laws and regulations accompanying the increase in the amounts spent on *Mercari* and *Merpay*.

#### (Liabilities)

Liabilities as of March 31, 2023, increased by ¥45,584 million from the end of the previous fiscal year to ¥347,448 million.

The main reasons for increases and decreases are as follows:

- Borrowings increased by ¥20,752 million from the end of the previous fiscal year, primarily due to the liquidation of receivables for lump-sum payments and fixed-amount payments.
- Deposits received increased by ¥21,748 million from the end of the previous fiscal year, primarily due to higher spending on *Mercari* and *Merpay*.

#### (Net assets)

Net assets as of March 31, 2023, increased by ¥7,148 million from the end of the previous fiscal year to ¥45,146 million.

The main reasons for increases and decreases are as follows:

- Capital stock increased by ¥803 million from the end of the previous fiscal year following the issuance of new shares.
- Capital surplus increased by ¥803 million from the end of the previous fiscal year following the issuance of new shares.
- Retained earnings increased by ¥5,056 million from the end of the previous fiscal year due to the recording of net profit attributable to owners of the parent.

### (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Statements

The Company has disclosed forecasts for the fiscal year ending June 30, 2023 (July 1, 2022, to June 30, 2023), in light of recent trends. For related details, please see “Notice Regarding Full-Year Consolidated and Non-Consolidated Earnings Forecasts for FY2023.6” announced today.

**English Translation**

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**2. Quarterly Consolidated Financial Statements and Primary Notes****(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of June 30, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash on hand and in banks	211,406	195,555
Trade accounts receivable	4,454	6,223
Securities	-	5,651
Other receivable	80,287	105,565
Prepaid expenses	2,805	2,267
Deposits paid	7,093	2,574
Other current assets	2,156	14,055
Allowance for doubtful accounts	(4,807)	(4,888)
<b>Total current assets</b>	<b>303,396</b>	<b>327,005</b>
Non-current assets		
Property and equipment	3,462	3,077
Intangible assets	666	600
Investments and other assets		
Investment securities	117	349
Lease deposits	1,614	1,460
Deferred tax assets	3,417	3,075
Guarantee deposits	26,774	56,773
Other assets	413	253
<b>Total investments and other assets</b>	<b>32,337</b>	<b>61,912</b>
<b>Total non-current assets</b>	<b>36,466</b>	<b>65,589</b>
<b>Total assets</b>	<b>339,862</b>	<b>392,594</b>

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(Millions of yen)

	As of June 30, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	54,254	63,473
Current portion of long-term borrowings	1,348	1,880
Accounts payable	18,217	19,900
Accrued expenses	1,915	1,493
Income taxes payable	1,525	4,356
Deposits received	139,094	160,842
Provision for bonuses	1,389	972
Provision for point certificates	359	981
Provision for share-based compensation	91	276
Other current liabilities	6,525	5,592
Total current liabilities	224,722	259,769
Non-current liabilities		
Convertible-bond-type bonds with stock acquisition rights	50,000	50,000
Long-term borrowings	25,749	36,750
Retirement benefit liability	75	40
Asset retirement obligations	126	126
Deferred tax liabilities	162	156
Other non-current liabilities	1,028	605
Total non-current liabilities	77,141	87,678
Total liabilities	301,864	347,448
<b>Net assets</b>		
Shareholders' equity		
Capital stock	44,628	45,432
Capital surplus	44,582	45,386
Retained earnings (Accumulated deficit)	(53,757)	(48,701)
Treasury stock	(0)	(0)
Total shareholders' equity	35,453	42,117
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	3
Deferred gains or losses on hedges	-	(73)
Foreign currency translation adjustments	1,303	1,434
Total accumulated other comprehensive income	1,303	1,364
Stock acquisition rights	926	1,020
Non-controlling interests	314	644
Total net assets	37,998	45,146
Total liabilities and net assets	339,862	392,594



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**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
Quarterly Consolidated Statements of Income

(Millions of yen)

	For the nine months ended March 31, 2022	For the nine months ended March 31, 2023
Net sales	109,701	127,913
Cost of sales	38,008	44,314
Gross profit	71,692	83,598
Selling, general and administrative expenses	76,378	72,069
Operating profit (loss)	(4,686)	11,529
Non-operating income		
Interest income	36	314
Consumption taxes refund	21	-
Subsidy income	-	126
Other	28	74
Total non-operating income	87	514
Non-operating expenses		
Interest expense	97	135
Foreign exchange loss	44	164
Bond issuance costs	11	-
Other	0	12
Total non-operating expenses	154	311
Ordinary profit (loss)	(4,753)	11,732
Extraordinary income		
Gain on liquidation of investment securities	16	-
Gain on reversal of stock acquisition rights	-	2
Other	1	-
Total extraordinary income	17	2
Extraordinary losses		
Loss on retirement of non-current assets	51	-
Loss on devaluation of investment securities	82	54
Loss on cancellation of leases	-	519
Cancellation penalty	-	114
Other	-	70
Total extraordinary losses	133	758
Net profit (loss) before income taxes	(4,869)	10,976
Income taxes	2,779	5,985
Net profit (loss)	(7,649)	4,990
Net profit (loss) attributable to non-controlling interests	59	(65)
Net profit (loss) attributable to owners of parent	(7,708)	5,056

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## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended March 31, 2022	For the nine months ended March 31, 2023
Net profit (loss)	(7,649)	4,990
Other comprehensive income		
Valuation difference on available-for-sale securities	-	3
Deferred gains or losses on hedges	-	(73)
Foreign currency translation adjustments	552	130
Total other comprehensive income	552	61
Comprehensive income	(7,096)	5,051
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(7,155)	5,117
Comprehensive income attributable to non-controlling interests	59	(65)

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(3) Notes to the Quarterly Consolidated Financial Statements

Notes on going concern assumption

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Application of special accounting treatments for preparing the quarterly consolidated financial statements

*Calculation of income tax expense*

The Company reasonably estimated the effective tax rate following the application of tax effect accounting on net profit before income taxes for the fiscal year, which includes the current quarterly period. The Company also applied this percentage to quarterly net profit before income taxes to determine income taxes. However, the statutory effective tax rate is utilized in cases where it is not possible to use the estimated effective tax rate.

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Segment information, etc.

## I For the nine months ended March 31, 2022

## Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts in the quarterly consolidated statements of income
	Japan Region	US	Total				
Net sales							
Net sales from external customers	74,455	30,934	105,390	4,310	109,701	-	109,701
Intersegment sales or transfers	289	-	289	690	980	(980)	-
Total	74,745	30,934	105,680	5,001	110,682	(980)	109,701
Segment profit (loss)	11,061	(9,748)	1,312	241	1,554	(6,240)	(4,686)

(Notes) 1. Total amount of the segment profit (loss) corresponds to operating loss described in the quarterly consolidated statements of income.

- Adjustments for segment profit (loss) mainly consist of general and administrative expenses that are not attributable to reportable segments.
- The “Other” column includes business segments that are not included in the reportable segments, such as the sports business.

## II For the nine months ended March 31, 2023

## 1. Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts in the quarterly consolidated statements of income
	Japan Region	US	Total				
Net sales							
Net sales from external customers	89,880	34,085	123,966	3,947	127,913	-	127,913
Intersegment sales or transfers	0	-	0	960	960	(960)	-
Total	89,880	34,085	123,966	4,907	128,874	(960)	127,913
Segment profit (loss)	25,987	(7,628)	18,359	(248)	18,111	(6,581)	11,529

(Notes) 1. Total amount of the segment profit (loss) corresponds to operating profit described in the quarterly consolidated statements of income.

- Adjustments for segment profit (loss) mainly consist of general and administrative expenses that are not attributable to reportable segments.
- The “Other” column includes business segments that are not included in the reportable segments, such as the sports business.

## 2. Matters related to changes in reportable segments

Previously, the Group operated as a single segment, the marketplace business. Commencing the first quarter ended September 30, 2022, the Group changed its reportable segments to those of Japan Region and US.

This change was made because the Group transitioned to a new management execution structure from January 1, 2022, and changed its corporate management classification from July 1, 2022, with the objectives of further strengthening the strategy of the overall business structure in Japan and further developing globally.

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Significant subsequent events

Not applicable.