

Note: This document is an English translation of the original Japanese language document and has been prepared solely for reference purposes. No warranties or assurances are given regarding the accuracy or completeness of this English translation. In the event of any discrepancy between this English translation and the original Japanese language document, the original Japanese language document shall prevail in all respects.

August 1, 2023

To whom it may concern:

Company Name: Mercari, Inc.
 Representative: Shintaro Yamada, Chief Executive Officer
 Code: 4385; TSE Prime
 Inquiries: Sayaka Eda, SVP of Corporate, CFO
 Phone: +81-3-6804-6907

Notice Regarding Revisions to Full-Year Consolidated and Non-Consolidated Earnings Forecasts for FY2023.6 and Recognition of a Deferred Tax Asset for a Mercari Subsidiary

Mercari, Inc. (the “Company”) announces that it has revised its full-year consolidated and non-consolidated earnings forecasts for FY2023.6 (July 1, 2022, to June 30, 2023) released on April 28, 2023, as follows.

The Company also announces that it expects to recognize a deferred tax asset on the Company’s consolidated financial results for FY2023.6.

1. Revisions to Full-Year Consolidated Earnings Forecast for FY2023.6 (July 1, 2022, to June 30, 2023)

	Net sales	Operating profit	Ordinary profit	Net profit attributable to owners of parent	Basic earnings per share
Forecast made on April 28, 2023	Millions of yen 170,000	Millions of yen 13,500	Millions of yen 13,800	Millions of yen 8,300	Yen 51.47
Revised forecast	172,000	17,000	17,400	13,000	80.58
Difference	+2,000	+3,500	+3,600	+4,700	-
Difference (%)	+1.2%	+25.9%	+26.1%	+56.6%	-
Previous year’s actual results (FY2022.6)	147,049	-3,715	-3,896	-7,569	-47.34

Reason for the Difference

Although C2C business has increased more than initially expected, consolidated net sales are predicted to land roughly in accordance with the previously announced forecast.

Consolidated operating profit and consolidated ordinary profit are expected to exceed the previous forecasts due to the increase in profits noted above. This is a result of an increase in net sales and also due to flexibly adjusting investment priorities based on their effects.

Net profit attributable to owners of parent is expected to exceed the previous forecast. This is primarily a result of the increase in profit noted above, and is also due to the fact that the Company has updated its forecast for deferred tax assets (the version prior to the update was included in the Company's previous forecast) in light of recent business performance trends and future prospects. (For details, refer to "3. Recognition of a Deferred Tax Asset for a Mercari Subsidiary" below.)

2. Revisions to Full-Year Non-Consolidated Earnings Forecast for FY2023.6 (July 1, 2022, to June 30, 2021)

	Net sales	Operating profit	Ordinary profit	Net profit	Basic earnings per share
Forecast made on April 28, 2023	Millions of yen 100,000	Millions of yen 25,500	Millions of yen 25,400	Millions of yen 5,200	Yen 32.24
Revised forecast	101,600	27,200	27,100	7,200	44.63
Difference	+1,600	+1,700	+1,700	+2,000	-
Difference (%)	+1.6%	+6.7%	+6.7%	+38.5%	-
Previous year's actual results (FY2022.6)	86,107	13,094	13,221	-4,965	-31.05

Reason for the Difference

Although C2C business has increased more than initially expected, non-consolidated net sales are predicted to land roughly in accordance with the previously announced forecast.

Non-consolidated operating profit and non-consolidated ordinary profit are expected to exceed the previous forecast due to the increase in profit resulting from higher net sales noted above, and also due to flexibly adjusting investment priorities based on their effects.

Non-consolidated net profit is expected to exceed the previous forecast due to the increase in profit noted above, and due to the fact that the Company has updated its forecast for deferred tax assets (the version prior to update was included in the Company's previous forecast) in light of recent business performance trends and future prospects.

3. Recognition of a Deferred Tax Asset for a Mercari Subsidiary

Given the Company's recent business performance trends and future prospects, careful investigations were carried out into the realizability of deferred tax assets with respect to Merpay, Inc. These investigations culminated in the decision to recognize a deferred tax asset on the consolidated financial results for the fiscal year ended June 30, 2023, which is expected to result in an upward adjustment for corporate income tax in the amount of approximately 4,000 million yen.