

# mercari



## Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 [Japanese GAAP]

August 10, 2023

Company name: Mercari, Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4385

URL: <https://about.mercari.com/en/>

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Scheduled date of annual general meeting of shareholders: September 28, 2023

Scheduled date of filing annual securities report: September 28, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for institutional investors and securities analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (the "Period") (July 1, 2022, to June 30, 2023)

(1) Consolidated Operating Results (% 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	%
Fiscal year ended								
June 30, 2023	172,064	17.0	17,023	-	17,449	-	13,070	-
June 30, 2022	147,049	38.6	(3,715)	-	(3,896)	-	(7,569)	-

(Note) Comprehensive income: Fiscal year ended June 30, 2023: ¥13,823 million [-%]

Fiscal year ended June 30, 2022: ¥(6,331) million [-%]

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2023	81.01	77.36	28.9	4.6	9.9
June 30, 2022	(47.34)	-	(20.0)	(1.3)	(2.5)

(Reference) Share of loss (profit) of entities accounted for using equity method:

Fiscal year ended June 30, 2023: ¥ - million

Fiscal year ended June 30, 2022: ¥ - million

(Note) Information on diluted earnings per share for the fiscal year ended June 30, 2022, is omitted since, although potential shares did exist, the recorded figure was a basic loss per share.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	415,292	55,228	12.9	329.80
As of June 30, 2022	339,862	37,998	10.8	228.57

(Reference) Equity: As of June 30, 2023: ¥53,581 million

As of June 30, 2022: ¥36,756 million

**English Translation**

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**(3) Consolidated Cash Flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2023	(36,883)	(632)	26,839	202,047
June 30, 2022	(26,217)	(671)	62,065	211,406

**2. Dividends**

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
June 30, 2022	-	0.00	-	0.00	0.00	-	-	-
June 30, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending June 30, 2024 (Forecast)	-	-	-	-	-		-	

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023, to June 30, 2024)**

The consolidated financial results forecast for the next fiscal year is not stated because it is difficult to reasonably estimate a forecast of the financial results. Details concerning the reasons thereof are stated in “1. Overview of Operating Results, etc. (4) Future Outlook” on page 4 of the Appendix.

**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) 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
- (3) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the Period (including treasury stock):
    - June 30, 2023: 162,465,598 shares
    - June 30, 2022: 160,813,967 shares
  - 2) Total number of treasury stock at the end of the Period:
    - June 30, 2023: 103 shares
    - June 30, 2022: 103 shares
  - 3) Average number of shares during the Period:
    - Fiscal year ended June 30, 2023: 161,334,419 shares
    - Fiscal year ended June 30, 2022: 159,908,850 shares

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (July 1, 2022, to June 30, 2023)****(1) Non-consolidated Operating Results** (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended June 30, 2023	101,671	18.1	27,259	108.2	27,196	105.7	7,274	-
June 30, 2022	86,107	14.6	13,094	(16.5)	13,221	(14.3)	(4,965)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended June 30, 2023	45.09	43.05
June 30, 2022	(31.05)	-

(Note) Information on diluted earnings per share for the fiscal year ended June 30, 2022, is omitted since, although potential shares did exist, the recorded figure was a basic loss per share.

**(2) Non-consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	160,680	55,596	33.9	335.48
As of June 30, 2022	137,359	45,152	32.2	275.01

(Reference) Equity: As of June 30, 2023: ¥54,504 million

As of June 30, 2022: ¥44,225 million

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

\* The forward-looking statements contained in these materials, including the financial results forecast, 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.

## English Translation

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Period

In the fiscal year ended June 30, 2023, the Group worked on business management that takes into consideration the balance between growth and revenue by building a sturdy global business base. As a result, the Group achieved record-high net sales and operating profit on a consolidated basis. In the Marketplace domain, where Mercari celebrated the 10th anniversary of the launch of its core marketplace app, this was a year in which the Group embarked on several initiatives, such as launching new services (*Mercard* and a bitcoin trading service), to reach a scale of ¥1.0 trillion for full-year gross merchandise value (GMV <sup>(Note 1)</sup>) and create Group synergy that will support future growth for the Fintech domain.

In the Marketplace domain, as one of its business objectives for the current fiscal year, the Group strove to increase the number of listings on *Mercari* through strengthened collaboration between the C2C and B2C business areas. The Group was able to achieve steady growth and a high level of profitability with MAU <sup>(Note 2)</sup> of 22.60 million, full-year GMV of ¥984.6 billion (up 10% year-on-year) and adjusted operating margin <sup>(Note 3)</sup> of 44% due to disciplined investments in areas that will have steadily accumulating results. On the product front, the Group implemented major updates to the internal system of the *Mercari* app in order to build a system environment where development work such as adding and modifying new features can be executed even faster than before. Furthermore, to maximize Group synergy through collaboration with Fintech, the Group promoted measures, for example introducing a loyalty program, that will spur further growth for the next fiscal year and onward.

In the Fintech domain, the Group worked to promote circular finance by strengthening Group synergy as one of its business objectives for the current fiscal year. The Group made steady progress on creating Group synergy for the future, such as by launching *Mercard* and a bitcoin trading service as well as other initiatives. In spite of expanding investments into new services, the Group recorded an unadjusted operating profit <sup>(Note 4)</sup> for the full year owing to continuous improvement in profitability, which became even stronger due to the steady growth of credit services led primarily by fixed-amount payment. Amid credit balance <sup>(Note 5)</sup> growing to ¥117.8 billion, driven by the growth of fixed-amount payment, the collection rate <sup>(Note 6)</sup> improved to 98.7% as a result of strict credit control, etc. that utilized the Group's proprietary AI credit check, and realized sound growth.

As a result of the above, Japan Region reported net sales of ¥122,199 million (up 22.0% year-on-year) and segment profit of ¥34,464 million (up 107.3% year-on-year) for the fiscal year ended June 30, 2023.

In its US business, the Group's business policy for the current fiscal year focused on product improvements that promote both selling and buying. In addition to implementing efficient marketing activities mainly targeting existing users, the Group implemented various measures to promote purchases and reduce the burden on buyers, such as by introducing a new plan that reduces shipping costs for small packages and introducing a bundled shipping option. On the other hand, the full-year GMV growth rate was -11% year-on-year due to the ongoing slowdown of purchases owing to external environment factors such as inflation, which persisted from the previous fiscal year. As a result of the above, in the current fiscal year, GMV for *Mercari* in the US market decreased by \$130 million year-on-year to \$1,015 million (¥139.5 billion; the exchange rate conversion is the total of the amounts calculated for each month using the average rate during the month), and MAU totaled 4.77 million. Net sales amounted to ¥44,440 million (up 6.8% year-on-year). On the other hand, segment operating loss improved significantly to ¥8,804 million (versus a segment operating loss of ¥12,135 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 fiscal year ended June 30, 2023, the Group recorded net sales of ¥172,064 million (17.0% increase year-on-year), operating profit of ¥17,023 million (compared to operating loss of ¥3,715 million in the previous fiscal year), ordinary profit of ¥17,449 million (compared to ordinary loss of ¥3,896 million in the previous fiscal year), and net profit attributable to owners of parent of ¥13,070 million (compared to net loss attributable to owners of parent of ¥7,569 million in the previous fiscal year).

(Note 1) GMV (Gross Merchandise Value) is the total value of merchandise sold during a specified period.

(Note 2) 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 3) Profit after deducting internal transactions with Fintech (outsourced payment processing fees).

(Note 4) Profit before deducting internal transactions with Marketplace (outsourced payment processing fees).

(Note 5) *Merpay Smart Payments* (lump-sum and fixed-amount payment) and *Merpay Smart Money* credit balance as of June 30, 2023 (excludes debt converted into bankruptcy reorganization debt, etc.).

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- (Note 6) 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.).

### (2) Overview of Financial Position for the Period

#### (Assets)

Total assets at the end of the current fiscal year increased by ¥75,430 million from the end of the previous fiscal year to ¥415,292 million.

The main reasons for any increases and decreases are as follows.

- The main reasons for any increases and decreases in cash on hand and in banks are outlined in the Overview of Cash Flows for the Period section below.
- Other receivable increased by ¥35,427 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 ¥34,834 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)

Total liabilities at the end of the current fiscal year increased by ¥58,199 million from the end of the previous fiscal year to ¥360,063 million.

The main reasons for any increases and decreases are as follows.

- Borrowings increased by ¥26,179 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 ¥24,308 million from the end of the previous fiscal year, primarily due to higher spending on *Mercari* and *Merpay*.

#### (Net assets)

Net assets at the end of the current fiscal year increased by ¥17,230 million from the end of the previous fiscal year to ¥55,228 million.

The main reasons for any increases and decreases are as follows.

- Capital stock increased by ¥1,423 million from the end of the previous fiscal year following the issuance of new shares.
- Capital surplus increased by ¥1,423 million from the end of the previous fiscal year following the issuance of new shares.
- Retained earnings increased by ¥13,070 million from the end of the previous fiscal year due to the recording of net profit attributable to owners of parent.

### (3) Overview of Cash Flows for the Period

Cash and cash equivalents (hereinafter referred to as “cash”) for the current fiscal year decreased by ¥9,359 million from the end of the previous fiscal year and amounted to ¥202,047 million at the end of the current fiscal year.

The status of cash flows and their contributing factors for the current fiscal year are as follows.

#### (Cash flows from operating activities)

Cash used in operating activities during the current fiscal year amounted to ¥36,883 million (compared to ¥26,217 million used in the previous fiscal year). This is primarily attributable to net profit before income taxes of ¥16,389 million, an increase in deposits received of ¥23,608 million, an increase in other receivable of ¥35,381 million, and an increase in guarantee deposits of ¥34,831 million.

#### (Cash flows from investing activities)

Cash used in investing activities during the current fiscal year amounted to ¥632 million (compared to ¥671 million used in the previous fiscal year). This is primarily attributable to purchase of property and equipment of ¥471 million and purchase of investment securities of ¥286 million.

#### (Cash flows from financing activities)

Cash provided by financing activities during the current fiscal year amounted to ¥26,839 million (compared to ¥62,065 million provided in the previous fiscal year). This is primarily attributable to change in short-term borrowings of ¥867 million and proceeds of ¥25,660 million from long-term borrowings.

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### (4) Future Outlook

To achieve its mission, the Group's policy is to continue business management that has an awareness of the balance between growth and revenue, accelerate growth for existing businesses once again looking toward the next 10 years, and work to create new businesses. At the same time, it is difficult to make projections for consolidated earnings, partly because changes to the external environment, such as inflation, continue to be significant issues and because the Group plans to take a flexible approach to investments in response to business circumstances and environmental changes in order to realize medium- to long-term growth. As such, the Company has not announced forecasts for consolidated earnings.

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### 2. Basic Policy Regarding Selection of Accounting Standards

The Group adopts Japanese GAAP, but with the objective of enhancing international comparability of financial information in the capital markets, it is moving forward with preparations for the voluntary adoption of International Financial Reporting Standards (IFRS).



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

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash on hand and in banks	211,406	196,271
Trade accounts receivable	4,454	6,374
Securities	-	5,775
Other receivable	80,287	115,714
Prepaid expenses	2,805	2,261
Deposits paid	7,093	2,708
Other current assets	2,156	16,994
Allowance for doubtful accounts	(4,807)	(5,455)
<b>Total current assets</b>	<b>303,396</b>	<b>340,644</b>
<b>Non-current assets</b>		
Property and equipment	3,462	2,781
Intangible assets	666	584
<b>Investments and other assets</b>		
Investment securities	117	78
Lease deposits	1,614	1,407
Deferred tax assets	3,417	7,802
Guarantee deposits	26,774	61,608
Other assets	413	385
<b>Total investments and other assets</b>	<b>32,337</b>	<b>71,282</b>
<b>Total non-current assets</b>	<b>36,466</b>	<b>74,648</b>
<b>Total assets</b>	<b>339,862</b>	<b>415,292</b>

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(Millions of yen)

	As of June 30, 2022	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	54,254	55,121
Current portion of long-term borrowings	1,348	16,713
Accounts payable	18,217	19,509
Accrued expenses	1,915	1,485
Income taxes payable	1,525	6,627
Deposits received	139,094	163,402
Provision for bonuses	1,389	1,914
Provision for point certificates	359	1,036
Provision for share-based compensation	91	209
Other current liabilities	6,525	7,588
Total current liabilities	224,722	273,608
Non-current liabilities		
Convertible-bond-type bonds with stock acquisition rights	50,000	50,000
Long-term borrowings	25,749	35,696
Retirement benefit liability	75	42
Asset retirement obligations	126	126
Deferred tax liabilities	162	138
Other non-current liabilities	1,028	451
Total non-current liabilities	77,141	86,454
Total liabilities	301,864	360,063
<b>Net assets</b>		
Shareholders' equity		
Capital stock	44,628	46,052
Capital surplus	44,582	46,005
Retained earnings (Accumulated deficit)	(53,757)	(40,687)
Treasury stock	(0)	(0)
Total shareholders' equity	35,453	51,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	(0)
Deferred gains or losses on hedges	-	159
Foreign currency translation adjustments	1,303	2,051
Total accumulated other comprehensive income	1,303	2,211
Stock acquisition rights	926	1,092
Non-controlling interests	314	554
Total net assets	37,998	55,228
Total liabilities and net assets	339,862	415,292

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### (2) Consolidated Statements of Income and Comprehensive Income (Consolidated Statements of Income)

(Millions of yen)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Net sales	147,049	172,064
Cost of sales	51,905	57,639
Gross profit	95,143	114,425
Selling, general and administrative expenses	98,859	97,401
Operating profit (loss)	(3,715)	17,023
Non-operating income		
Interest income	50	501
Consumption taxes refund	28	34
Subsidy income	4	-
Subsidy income	-	139
Other	26	41
Total non-operating income	110	716
Non-operating expenses		
Interest expense	129	182
Foreign exchange loss	149	79
Bond issuance costs	11	-
Other	0	28
Total non-operating expenses	290	290
Ordinary profit (loss)	(3,896)	17,449
Extraordinary income		
Gain on sales of investment securities	15	-
Gain on liquidation of investment securities	16	-
Gain on reversal of stock acquisition rights	1	2
Total extraordinary income	32	2
Extraordinary losses		
Loss on retirement of non-current assets	51	50
Loss on devaluation of investment securities	82	325
Loss on cancellation of leases	-	519
Cancellation penalty	-	114
Other	-	53
Total extraordinary losses	133	1,063
Net profit (loss) before income taxes	(3,997)	16,389
Income taxes - current	4,718	7,944
Income taxes - deferred	(1,075)	(4,470)
Total income taxes	3,642	3,474
Net profit (loss)	(7,640)	12,914
Net loss attributable to non-controlling interests	(70)	(155)
Net profit (loss) attributable to owners of parent	(7,569)	13,070

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**(Consolidated Statements of Comprehensive Income)****(Millions of yen)**

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Net profit (loss)	(7,640)	12,914
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(0)
Deferred gains or losses on hedges	-	160
Foreign currency translation adjustments	1,308	747
Total other comprehensive income	1,308	908
Comprehensive income	(6,331)	13,823
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,260)	13,978
Comprehensive income attributable to non-controlling interests	(70)	(155)

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**(3) Consolidated Statements of Changes in Equity**  
For the fiscal year ended June 30, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings (Accumulated deficit)	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	42,630	42,585	(46,149)	(0)	39,065
Cumulative effects of changes in accounting policies			(38)		(38)
Restated balance	42,630	42,585	(46,188)	(0)	39,027
Changes of items during the period					
Issuance of new shares	1,998	1,997			3,996
Net loss attributable to owners of parent			(7,569)		(7,569)
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	1,998	1,997	(7,569)	(0)	(3,573)
Balance at the end of current period	44,628	44,582	(53,757)	(0)	35,453

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of current period	-	-	(5)	(5)	566	386	40,013
Cumulative effects of changes in accounting policies							(38)
Restated balance	-	-	(5)	(5)	566	386	39,974
Changes of items during the period							
Issuance of new shares							3,996
Net loss attributable to owners of parent							(7,569)
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	-	-	1,308	1,308	360	(72)	1,597
Total changes of items during the period	-	-	1,308	1,308	360	(72)	(1,976)
Balance at the end of current period	-	-	1,303	1,303	926	314	37,998

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For the fiscal year ended June 30, 2023

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings (Accumulated deficit)	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	44,628	44,582	(53,757)	(0)	35,453
Changes of items during the period					
Issuance of new shares	1,423	1,423			2,846
Net profit attributable to owners of parent			13,070		13,070
Purchase of treasury stock				-	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	1,423	1,423	13,070	-	15,917
Balance at the end of current period	46,052	46,005	(40,687)	(0)	51,370

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of current period	-	-	1,303	1,303	926	314	37,998
Changes of items during the period							
Issuance of new shares							2,846
Net profit attributable to owners of parent							13,070
Purchase of treasury stock							-
Net changes of items other than shareholders' equity	(0)	159	747	907	165	240	1,313
Total changes of items during the period	(0)	159	747	907	165	240	17,230
Balance at the end of current period	(0)	159	2,051	2,211	1,092	554	55,228

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(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
<b>Cash flows from operating activities</b>		
Net profit (loss) before income taxes	(3,997)	16,389
Depreciation and amortization	818	933
Loss on retirement of non-current assets	51	50
Gain on sales of investment securities	(15)	-
Loss on devaluation of investment securities	82	325
Gain on liquidation of investment securities	(16)	-
Bond issuance costs	11	-
Change in allowance for doubtful accounts	2,391	648
Change in provision for point certificates	(442)	677
Change in provision for bonuses	(294)	524
Change in provision for share-based compensation	(60)	117
Interest income	(50)	(501)
Interest expense	129	182
Change in trade accounts receivable	(2,019)	(1,913)
Change in other receivable	(33,133)	(35,381)
Change in accounts payable	343	1,234
Change in deposits paid	(720)	4,436
Change in deposits received	19,934	23,608
Other—net	156	(10,897)
<b>Subtotal</b>	<b>(16,832)</b>	<b>435</b>
Interest income received	50	500
Interest expense paid	(129)	(183)
Change in guarantee deposits	(0)	(34,831)
Income taxes paid	(9,339)	(2,978)
Other—net	33	173
<b>Net cash provided by (used in) operating activities</b>	<b>(26,217)</b>	<b>(36,883)</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	-	(286)
Proceeds from sales of investment securities	15	0
Purchase of property and equipment	(669)	(471)
Proceeds from refund of lease deposits	2	177
Purchase of subsidiaries' shares resulting in a change in scope of consolidation	(18)	-
Other—net	(1)	(51)
<b>Net cash provided by (used in) investing activities</b>	<b>(671)</b>	<b>(632)</b>
<b>Cash flows from financing activities</b>		
Change in short-term borrowings	34,652	867
Proceeds from long-term borrowings	1,000	25,660
Repayments of long-term borrowings	(25,449)	(348)
Proceeds from issuance of bonds	49,876	-
Proceeds from issuance of common stock	2,090	832
Other—net	(103)	(171)
<b>Net cash provided by (used in) financing activities</b>	<b>62,065</b>	<b>26,839</b>
Foreign currency translation adjustments on cash and cash equivalents	4,767	1,317
<b>Change in cash and cash equivalents</b>	<b>39,942</b>	<b>(9,359)</b>
Cash and cash equivalents at the beginning of period	171,463	211,406
<b>Cash and cash equivalents at the end of period</b>	<b>211,406</b>	<b>202,047</b>

**English Translation**

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**(5) Notes to the Consolidated Financial Statements**

Notes on going concern assumption

Not applicable.

**Changes in presentation**

“Gain on reversal of stock acquisition rights,” which was included in "Extraordinary income" under "Other" in the results for the fiscal year ended June 30, 2022, has been recorded independently in the results for the Period. This change is due to “Gain on reversal of stock acquisition rights” comprising more than 10% of the total of “Extraordinary income” in the results for the fiscal year ended June 30, 2023.

Consolidated financial statements for the fiscal year ended June 30, 2022, have been rearranged in order to adopt this change to how the information is presented. As a result, the amount of 1 million JPY, recorded in “Extraordinary income” under “Other,” in the fiscal year ended June 30, 2022, has been rearranged for the Period as 1 million JPY in “Extraordinary income” under “Gain on reversal of stock acquisition rights.”

**Segment information, etc.****1 Overview of Reportable Segments**

Financial information for Company Group report segments separated according to business segment is available. This information is subject to periodic review in order to allow the Board of Directors to determine the distribution of management resources and to evaluate business results. The Company Group classifies the report segments as “Japan Region,” for which the Company Group operates its core business of the Mercari marketplace in Japan, and “US,” for which the Company Group operates the Mercari (US) marketplace app in the United States of America. The Company Group also proposes and determines Group strategies along these segment lines.

Note that the principal information included in each report segment is as follows.

Japan Region	Marketplace	Operation of a marketplace app in Japan
	Fintech	Payment- and finance-related business in Japan
US	Marketplace	Operation of a marketplace app in the US

**2 Method for calculating amounts of items for each report segment such as net sales, profit or loss, assets, and liabilities**

The method used for processing the accounting of business segments reported here complies with the accounting policy adopted to create the Consolidated Financial Statements.

Intersegment internal income or transfers are based on market prices.

**3 Information regarding amounts of items for each report segment such as net sales, profit or loss, assets, and liabilities**

For the fiscal year ended June 30, 2022

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts in the consolidated statements of income
	Japan Region	US	Total				
Net sales							
Net sales from external customers	99,757	41,611	141,368	5,680	147,049	-	147,049
Intersegment sales or transfers	398	-	398	765	1,164	(1,164)	-
Total	100,156	41,611	141,767	6,446	148,214	(1,164)	147,049
Segment profit (loss)	16,624	(12,135)	4,489	(214)	4,274	(7,990)	(3,715)
Other items							
Depreciation	420	117	537	151	689	129	818

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



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2. Adjustments for segment profit (loss) mainly consist of general and administrative expenses that are not attributable to reportable segments.
3. The “Other” column includes business segments that are not included in the reportable segments, such as the sports business.
4. The amount of segment assets and liabilities has not been disclosed as the Company’s assets and liabilities have not been distributed to reportable segments.

For the fiscal year ended June 30, 2023

(Millions of yen)

	Reportable segments			Other	Total	Adjustments	Amounts in the consolidated statements of income
	Japan Region	US	Total				
Net sales							
Net sales from external customers	122,199	44,440	166,640	5,423	172,064	-	172,064
Intersegment sales or transfers	-	-	-	1,176	1,176	(1,176)	-
Total	122,199	44,440	166,640	6,599	13,240	(1,176)	172,064
Segment profit (loss)	34,464	(8,804)	25,660	(528)	25,131	(8,108)	17,023
Other items							
Depreciation	497	132	629	163	792	140	933

- (Notes) 1. Total amount of the segment profit (loss) corresponds to operating profit described in the consolidated statements of income.
2. Adjustments for segment profit (loss) mainly consist of general and administrative expenses that are not attributable to reportable segments.
  3. The “Other” column includes business segments that are not included in the reportable segments, such as the sports business.
  4. The amounts of segment assets and liabilities have not been disclosed as the Company’s assets and liabilities have not been distributed to reportable segments.

#### 4. Matters related to changes in reportable segments

Previously, the Group operated as a single segment, the marketplace business. Commencing the current fiscal year, the Group changed its reportable segments to those of Japan Region and US.

This change is due to the shift to a new management system adopted on January 1, 2022, and the modification of business management categories adopted on July 1, 2022, both of which are designed to strengthen the overall strategy of Japan business and to further promote global expansion.

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**Per-share information**

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Net assets per share	¥228.57	¥329.80
Basic earnings (loss) per share	¥(47.34)	¥81.01
Diluted earnings per share	-	¥77.36

(Notes) 1. Information on diluted earnings per share for the fiscal year ended June 30, 2022, is omitted since, although potential shares did exist, the recorded figure was a basic loss per share.

2. The basis for the calculation of basic earnings (loss) per share and diluted earnings per share is as follows.

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Basic earnings (loss) per share		
Net profit (loss) attributable to owners of parent (Million yen)	(7,569)	13,070
Amount not attributable to common shareholders (Million yen)	-	-
Net profit (loss) attributable to owners of parent related to common stock (Million yen)	(7,569)	13,070
Average number of shares of common stock outstanding during the period (Shares)	159,908,850	161,334,419
Diluted earnings per share		
Increase in number of common stock (Shares)	-	7,618,161
Outline of potential common stock excluded from the computation of diluted earnings per share due to its non-dilutive effect	Stock options Number of stock acquisition rights: 1,468,345 Number of common stock: 3,487,711 Number of restricted stock units (RSU): 478,312 Number of common stock: 478,312  Zero Coupon Convertible Bonds Number of stock acquisition rights: 5,000 Number of common stock: 5,349,882	-

**Significant subsequent events**

Not applicable.