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July 25, 2019

To whom it may concern:

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Notice Regarding Full-Year Earnings Forecasts for the Fiscal Year Ending June 30, 2019

In the Notice Regarding Full-Year Consolidated and Non-Consolidated Earnings Forecasts issued on May 9, 2019, Mercari, Inc. stated that it would not disclose its earnings forecast as it was difficult to forecast items below the operating level for the full year ending June 30, 2019. However, Mercari is now able to forecast them, which will likely increase or decrease 30% or more compared to the actual results of the previous fiscal year. We have also revised net sales announced on May 9, 2019 as follows.

Notes

1. Full-year consolidated earnings forecast for FY2019.6 (July 1, 2018–June 30, 2019)

	Net sales	Operating profit	Ordinary profit	Net profit attributable to shareholders of the parent company
Previous year's actual results (A) (FY2018.6)	millions of yen 35,765	millions of yen - 4,422	millions of yen - 4,741	millions of yen - 7,041
Forecast made on May 9, 2019 (B)	50,000–52,000	–	–	–
Forecast (C)	51,683	- 12,149	- 12,171	- 13,764
Difference (C－A)	+15,917	- 7,726	- 7,429	- 6,723
Difference (%)	+44.5%	–	–	–
Difference (C－B)	+1,683– - 316	–	–	–
Difference (%)	+3.4%– - 0.6%	–	–	–

[Reason for the difference]
In regard to consolidated net sales, in addition to the Mercari business in Japan seeing stable and continuous growth, the Mercari business in the US as well as the Merpay business grew steadily mostly in line with the earnings forecast announced on May 9, 2019.
Consolidated operating profit and ordinary profit decreased from the previous fiscal year due to an increased number of employees for future growth and the measures taken to promote the use of payment service in people's everyday life.
In regard to net profit attributable to shareholders of the parent company, the amount of corporate taxes decreased from the previous fiscal year due to the recoding of deferred income tax assets in response to the dissolution and liquidation of Mercari Europe Ltd. and Merpay Ltd., both of which are subsidiaries in the UK.

2.
Full-year non-consolidated earnings forecast for FY2019.6 (July 1, 2018–June 30, 2019)

	Net sales	Operating profit	Ordinary profit	Net profit
Previous year's actual results (A) (FY2018.6)	millions of yen 33,424	millions of yen 7,411	millions of yen 7,107	millions of yen - 8,428
Forecast made on May 9, 2019 (B)	45,000–47,000	–	–	–
Forecast (C)	46,254	7,135	7,090	- 5,046
Difference (C－A)	+12,829	- 275	- 16	+3,382
Difference (%)	+38.4%	- 3.7%	- 0.2%	–
Difference (C－B)	+ 1,254– - 745	–	–	–
Difference (%)	+ 2.8%– - 1.6%	–	–	–

[Reason for the difference]
In regard to non-consolidated net sales, they were mostly in line with the earnings forecast announced on May 9, 2019 under stable and continuous growth.
Non-consolidated operating profit and ordinary profit decreased due to increased expenses incurred by Mercari for internal transaction between Mercari and Merpay along with an increased number of employees for future growth as well as transferring settlement from Mercari to Merpay in February 2019 while gross profit increased due to an increase in net sales.
In regard to non-consolidated net profit, the amount of corporate taxes decreased from the previous fiscal year due to a decrease in losses on valuation of stocks of subsidiaries and affiliates from the previous fiscal year and the recording of deferred income tax assets in response to the dissolution and liquidation of Mercari Europe Ltd. and Merpay Ltd., both of which are subsidiaries in the UK.
Losses on valuation of stocks of subsidiaries and affiliates, which amounted to 10,372 million yen and were announced in the Notice of Reporting Extraordinary Losses in Non-Consolidated Financial Statements issued today, are factored in the above results.