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April 30, 2020

To whom it may concern:

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Notice Regarding Full-Year Consolidated and Non-Consolidated Earnings Forecasts for FY2020.6

While Mercari, Inc. (the "Company") has not disclosed its earnings forecast for FY2020.6, the Company is now able to forecast its full-year consolidated earnings. As a result, its full-year consolidated net sales will likely change over ±10% as well as items at and under the operating level over ±30% compared to the actual results of the previous fiscal year based on its forecast for full-year earnings for FY2020.6.

1. Full-Year Consolidated Earnings Forecast for FY2020.6 (July 1, 2019–June 30, 2020)

	Net sales	Operating profit	Ordinary profit	Net profit attributable to shareholders of the parent company
Previous year's actual results (FY2019.6)	Millions of yen 51,683	Millions of yen -12,149	Millions of yen -12,171	Millions of yen -13,764
Forecast	73,000–75,000	-25,000–-23,000	-25,000–-23,000	-27,600–-26,100
Difference	+21,317–+23,317	-12,851–-10,851	-12,829–-10,829	-13,836–-12,336
Difference (%)	+41.2%–+45.1%	-	-	-

Full-year and Q4 consolidated earnings forecast

The Company expects its full-year consolidated net sales to increase due to steady business expansion of Merpay, Mercari US, and others in addition to stable growth of Mercari JP.

For Q4, the Company expects an upwards trend, potentially instantaneously, for Mercari JP and US due to the increased demand for e-commerce as COVID-19 spreads. However, the Company expects a possible headwind for Merpay, which is centered around offline payments.

The Company expects consolidated operating loss and ordinary loss to increase compared to those of the previous years

as it implemented marketing initiatives to raise awareness and encourage more use in Merpay and Mercari US. For Q4, as the economic uncertainty increases, the Company plans to reduce losses compared with those of Q3 by largely cutting promotion costs and SG&A expenses.
In regard to net profit attributable to shareholders of the parent company, as the Company announced in the Notice of Reporting Extraordinary Losses in Consolidated and Non-Consolidated, it recorded goodwill impairment loss of 845 million yen for Michael Inc.

2. Full-Year Non-Consolidated Earnings Forecast for FY2020.6 (July 1, 2019–June 30, 2020)

	Net sales	Operating profit	Ordinary profit	Net profit
Previous year's actual results (FY2019.6)	Millions of yen 46,254	Millions of yen 7,135	Millions of yen 7,090	Millions of yen -5,046
Forecast	57,000– 58,000	8,000– 10,000	7,900– 9,900	-30,600– -29,100
Difference	+10,746– +11,746	+865– +2,865	+810– +2,810	-25,554– -24,054
Difference (%)	% +23.2– +25.4	% +12.1– +40.2	% +11.4– +39.6	% -

Full-year and Q4 non-consolidated earnings forecast
The Company expects its full-year non-consolidated net sales to increase mainly by optimizing the balance between listing and buying with initiatives to boost listing. In Q4, the Company expects the growth rate of non-consolidated net sales to accelerate as the demand for its marketplace increases with the spread of COVID-19.

The Company expects non-consolidated operating profit and ordinary profit to increase compared with those of the previous year as it implements cost-effective promotions and curbs recruitment. The Company plans to reduce costs further in Q4.

In regard to non-consolidated net profit, the Company recorded extraordinary losses of 36,935 million yen on valuation of shares of subsidiaries and affiliates (shares of Merpay, Inc., Mercari, Inc., and Michael Inc.) as it announced in the Notice of Reporting Extraordinary Losses in Consolidated and Non-Consolidated Financial Statements issued today. The losses have no impact on a consolidated basis as they are offset on a consolidated basis.