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December 18, 2018

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**Notice Regarding the Dissolution and Liquidation of Overseas Subsidiaries
and Recognition of Extraordinary Loss**

At a meeting of its Board of Directors held on December 18, 2018, Mercari, Inc. (the “**Company**”) decided to dissolve and liquidate Mercari Europe Ltd and Merpay Ltd, our subsidiaries in the UK.

1. Reason for the dissolution

The Mercari Group has developed a marketplace business in Japan, the US, and the UK, and has taken unique approaches to planning, development, operations, and marketing for each region.

In the UK market, the Company established Mercari Europe Ltd in November 2015 and has leveraged the knowledge possessed by the Mercari Group to expand the *Mercari C2C* marketplace service in the UK. However, since the business did not scale as quickly as we hoped, the Company has decided to dissolve and liquidate its subsidiaries Mercari Europe Ltd and Merpay Ltd.

The Company will continue to expand into the global market, including the US, as we strive towards our mission to create value in a global marketplace where anyone can buy & sell.

2. Overview of the subsidiaries to be dissolved

(1) Mercari Europe Ltd

Name	Europe Limited	
Location	London, UK	
Name of representative	Ren Ito, Chief Executive Officer	
Description of business	Planning, development, and operations of the <i>Mercari C2C</i> marketplace in the UK	
Stated capital	17,943 thousand GBP	
Date established	November 20, 2015	
Shareholding percentage of major shareholders	Mercari, Inc. 100%	
Relationships with Mercari, Inc.	Capital relationship	Mercari Europe Limited is a wholly-owned subsidiary of Mercari, Inc.
	Personnel relationship	One officer of Mercari, Inc. serves concurrently as an officer of Mercari Europe Limited.

	Transactional relationship	Dispatch of employees, etc.	
	Circumstances relevant to related parties	Mercari Europe Limited is a consolidated subsidiary of Mercari, Inc.	
Results of operations and financial	condition for most recent 3 years		
Fiscal year	Fiscal year ended June 2016	Fiscal year ended June 2017	Fiscal year ended June 2018
Net assets	348 thousand GBP	4,801 thousand GBP	6,744 thousand GBP
Total assets	461 thousand GBP	5,459 thousand GBP	7,566 thousand GBP
Net assets per share	480.97 GBP	550.34 GBP	392.32 GBP
Net sales	- GBP	- GBP	3 thousand GBP
Operating profit	-344 thousand GBP	-3,547 thousand GBP	-7,308 thousand GBP
Ordinary profit	-344 thousand GBP	-3,547 thousand GBP	-7,308 thousand GBP
Profit attributable to owners of the parent	-344 thousand GBP	-3,547 thousand GBP	-7,308 thousand GBP
Earnings per share	-933.84 GBP	-962.12 GBP	-532.19 GBP
Dividend per share	- GBP	- GBP	- GBP

(2) Merpay Ltd

2) Merpay Ltd

Name	Merpay Limited	
Location	London, UK	
Name of representative	Ren Ito, Chief Executive Officer	
Description of business	Electronic money payment services with respect to the <i>Mercari</i> C2C marketplace in the UK	
Stated capital	1,150 thousand GBP	
Date established	April 21, 2016	
Shareholding percentage of major shareholders	Mercari, Inc. 100%	
Relationships with Mercari, Inc.	Capital relationship	Merpay Limited is a wholly-owned subsidiary of Mercari, Inc.
	Personnel relationship	One officer of Mercari, Inc. serves concurrently as an officer of Merpay Limited.
	Transactional relationship	Merpay Limited and Mercari, Inc. have no transactional relationship of note.
	Circumstances relevant to related parties	Merpay Limited is a consolidated subsidiary of Mercari, Inc.
Results of operations and financial condition for most recent 2 years (*1)		
Fiscal year	Fiscal year ended June 2017	Fiscal year ended June 2018

Net assets	312 thousand GBP	557 thousand GBP
Total assets	585 thousand GBP	687 thousand GBP
Net assets per share	0.52 GBP	0.48 GBP
Net sales	0 thousand GBP	1 thousand GBP
Operating profit	-287 thousand GBP	-329 thousand GBP
Ordinary profit	-287 thousand GBP	-329 thousand GBP
Profit attributable to owners of the parent	-287 thousand GBP	-329 thousand GBP
Earnings per share	-0.48 GBP	-0.36 GBP
Dividend per share	- GBP	- GBP

(*1) Merpay Ltd did not report financial results for the fiscal year ended June 2016 and therefore this year has been omitted.

3. Dissolution schedule

As stated above, the Company decided to dissolve and liquidate Mercari Europe Ltd and Merpay Ltd on December 18, 2018. Subsequently, the resolution for dissolution at each subsidiary, as well as other required statutory filing procedures is expected to be completed by the fiscal year ending June 2020.

4. Loss to be incurred on dissolution

Please see “5. Future outlook” below.

5. Future outlook

In association with the dissolution of Mercari Europe Ltd and Merpay Ltd, the Company expects to report approximately 200 million JPY in expenses, which includes those associated with the closure of the business, in the consolidated financial results for June 2019 or June 2020.

On the other hand, the Company has previously recognized a total of approximately 1,350 million JPY in loss on valuation of shares of Mercari Europe Ltd, and a total of approximately 90 million JPY in loss on valuation of shares of Merpay Ltd. Those losses, which were not deducted from the taxable income, are expected to be deductible from the taxable income in the fiscal year ending June 2019 or after, and are expected to reduce the income tax expense of the Company both on a consolidated and non-consolidated basis.