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Notice of the 6th Annual General Meeting of Shareholders

Mercari, Inc.

Securities code: 4385

Date and time:

Friday, September 28, 2018, at 10:00 a.m. (JST)

(The reception desk is scheduled to open at 9:00 a.m.)

Venue:

Hall A, Tokyo Midtown Hall

Tokyo Midtown East B1 Floor, 9-7-2 Akasaka, Minato-ku, Tokyo

Proposals:

No. 1 Approval of Absorption-Type Company Split Agreement

No. 2 Election of Eight (8) Directors

Please be aware that there will be no gifts prepared for the shareholders who attend this meeting.

Our Mission

Create value in a global marketplace where anyone can buy & sell

A Message to Our Shareholders

I would like to begin by expressing my sincerest appreciation for the strong and constant support received from you, our shareholders. Mercari connects sellers who have items they no longer need with buyers who can find new value in them by providing an easy-to-use, fun, and secure platform suited to today's society in which mass production and mass consumption have become the norm. On June 19, 2018, Mercari was listed on the Mothers Section of the Tokyo Stock Exchange. Now, as a listed company, we fully recognize that we hold a greater responsibility to better ourselves as a corporation and a public institution as we look to further expand our business.

Since the very beginning, we have always invested in people and technology to improve our products as a tech company. Instead of simply being satisfied with where we stand now, we will break new ground by creating innovative ecosystems and consumption styles that connect people to inspire new value. To realize this vision, we will continue to take on bold challenges without fear of failure. Rather than short-term profitability, our sights are firmly set on large growth in the medium to long term, as we believe it will lead to further business expansion and increased corporate value.

In closing, I would like to thank you in advance for your continued support and encouragement.

Shintaro Yamada, CEO



September 13, 2018

To our shareholders:

Shintaro Yamada
Representative Director and CEO
Mercari, Inc.
6-10-1 Roppongi, Minato-ku, Tokyo

Notice of the 6th Annual General Meeting of Shareholders

You are cordially invited to attend the 6th Annual General Meeting of Shareholders of Mercari, Inc. (the “Company”), which will be held as indicated below.

If you are unable to attend the Meeting in person, you can exercise your voting rights in writing. Please review the attached Reference Documents for the General Meeting of Shareholders and indicate your approval or disapproval for each of the proposals on the enclosed voting form, and return it to us before 7:00 p.m. (JST) on Thursday, September 27, 2018.

- 1. Date and Time:** Friday, September 28, 2018, at 10:00 a.m. (JST)
(The reception desk is scheduled to open at 9:00 a.m.)
- 2. Venue:** Hall A, Tokyo Midtown Hall
Tokyo Midtown East B1 Floor, 9-7-2 Akasaka, Minato-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported

1. Report of the Business Report, the Consolidated Financial Statements, and the results of audits of the Consolidated Financial Statements by the independent auditor and the Audit and Supervisory Board for the 6th fiscal year (from July 1, 2017 to June 30, 2018)
2. Report of the Non-consolidated Financial Statements for the 6th fiscal year (from July 1, 2017 to June 30, 2018)

Matters to be resolved

Proposal No. 1: Approval of Absorption-Type Company Split Agreement

Proposal No. 2: Election of Eight (8) Directors

Business Information Session	A Business Information Session will be held in the venue for the General Meeting of Shareholders after the conclusion of the Annual General Meeting of Shareholders. Shareholders for whom time permits are cordially invited to participate after the Annual General Meeting of Shareholders. The Business Information Session is expected to last approximately one hour. Only shareholders holding voting rights as of June 30, 2018 are permitted to attend the Business Information Session.
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- We ask that shareholders attending the Meeting present the enclosed voting form at the reception.
 - In accordance with the provisions of laws and regulations as well as Article 17 of the Company's Articles of Incorporation, of the information to be provided with this Notice, the "Details of financial statements, etc. for the final fiscal year of the Succeeding Company," for "Proposal No. 1: Approval of Absorption-Type Company Split Agreement" in the Reference Documents for the General Meeting of Shareholders, "Status of Stock Acquisition Rights" and "System to Ensure the Appropriateness of Business Operations and the Status of its Implementation" in the Business Report, and the "Consolidated Statement of Changes in Shareholders' Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements as well as the "Non-consolidated Statement of Changes in Shareholders' Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements are posted on the Company's website (<https://about.mercari.com/en/>) and therefore are not provided in this Notice. Accordingly, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements provided in this Notice constitute part of the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements audited by the independent auditor and the Audit and Supervisory Board Member when preparing audit reports.
 - If any changes are made to items in the Reference Documents for the General Meeting of Shareholders and the Business Report, or to the Consolidated Financial Statements and the Non-consolidated Financial Statements, such changes will be posted on the Company's website (<https://about.mercari.com/en/>).

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Approval of Absorption-Type Company Split Agreement

On August 9, 2018, the Company executed an absorption-type company split agreement (the “Agreement”) under which the Company’s wholly owned subsidiary Merpay, Inc. (the “Succeeding Company”) shall succeed the assets and liabilities belonging to a part of the Company’s payment services business (the “Business”) and rights, obligations, etc. incidental thereto, as of December 1, 2018 as the effective date, under the absorption-type company split (the “Company Split”).

In this proposal, the Company requests shareholders to approve the Agreement. The Company Split coming into effect is subject to certain conditions, such as the Succeeding Company obtaining the approvals, permissions, authorizations, etc. (including the legally required registration, etc. pertaining to the Payment Services Act) from the related government agencies, etc. that are required for the Succeeding Company to conduct the Business.

1. Reasons for executing absorption-type company split

On November 20, 2017, the Company established the Succeeding Company as a wholly owned subsidiary of the Company to operate new businesses related to finance. In addition to providing new payment methods, the Succeeding Company aims to provide a variety of financial services based on the Company’s strong technical expertise and significant base of customers and information developed through the *Mercari* C2C marketplace, with the mission of “Building trust for a seamless society.”

At this time, the Company will further consolidate financial services offered by the Company and its group companies (collectively, the “Group”) in the Succeeding Company by transferring the Business belonging to the Company to the Succeeding Company as it moves to efficiently expand its financial services business at a faster pace than before.

2. Overview of the Agreement

The details of the Agreement are set forth below.

Absorption-Type Company Split Agreement (Copy)

Mercari, Inc. (“Mercari”) and Merpay, Inc. (“Merpay”) hereby execute this absorption-type company split agreement (the “Agreement”) as follows, in relation to an absorption-type company split, causing Merpay to succeed part of the rights, obligations, etc., that Mercari holds with respect to the payment services business (the “Business”).

Article 1. Absorption-type company split

Mercari hereby causes Merpay to succeed to the Rights and Obligations (as defined in Article 3, Paragraph 1; the same applies hereinafter) held with respect to the Business through an absorption-type company split (the “Company Split”) on the Effective Date (as defined in Article 5; the same applies hereinafter) in accordance with the provisions of the Agreement, and Merpay succeeds to these Rights and Obligations.

Article 2. Trade names and addresses

The trade names and addresses of the company splitting in the Company Split and the company succeeding in the Company Split are as follows:

(1) The company splitting in the Company Split (Mercari)

Trade name: Mercari, Inc.

Address: 6-10-1 Roppongi, Minato-ku, Tokyo

(2) The company succeeding in the Company Split (Merpay)

Trade name: Merpay, Inc.

Address: 6-10-1 Roppongi, Minato-ku, Tokyo

Article 3. Rights and obligations to be succeeded

1. The assets, liabilities, and other rights and obligations (the “Rights and Obligations”) that Merpay will succeed from Mercari through the Company Split are as described in Attachment 1, and Merpay will not succeed any rights and/or obligations not described in Attachment 1.
2. Mercari and Merpay shall cooperate with each other after the Effective Date and shall complete the required procedures without delay for any of the Rights and Obligations that require registration, notification, approval, or other procedures for their transfer or the fulfillment of perfection requirements.
3. The “cumulative assumption of obligations” method applies to the succession of all liabilities by Merpay from Mercari in the Company Split.

Article 4. Matters related to shares to be delivered for company split

Merpay shall not deliver any consideration for the Rights and Obligations upon the Company Split.

Article 5. Effective date

The date the Company Split becomes effective (the “Effective Date”) is December 1, 2018. However, where the need arises owing to the progression of the procedures for the Company Split or for other reasons, the Effective Date may be changed through agreement between Mercari and Merpay.

Article 6. Resolution for approval of company split, etc.

Mercari and Merpay shall each obtain approval for the Agreement at their respective General Meetings of Shareholders, complete procedures for the protection of creditors, and complete any other procedures required by relevant laws and regulations no later than the day prior to the Effective Date.

Article 7. Conditions for the Company Split coming into effect

The Company Split will come into effect on the Effective Date subject to the fulfillment of all items set forth below.

- (1) Approval of the Agreement is obtained at the General Meetings of Shareholders of each of Mercari and Merpay as provided for in Article 6.
- (2) The approvals, permissions, authorizations, etc. from related government agencies, etc. necessary for Merpay to operate the Business after the Company Split comes into effect based on relevant laws and regulations (including registration for issuance of prepaid payment instruments for third-party business and other registrations necessary under the Payment Services Act) are obtained no later than the day prior to the Effective Date.

Article 8. Non-competition

Notwithstanding the Company Split, Mercari shall not bear any obligation of non-competition toward Merpay.

Article 9. Due care of a prudent manager

Mercari and Merpay shall execute the Business with the due care of a prudent manager from the execution date of the Agreement until the Effective Date, and each party shall consult with the other in advance if taking any action that will materially impact assets and/or rights and obligations pertaining to the Business, or the Business or the Company Split.

Article 10. Expenses, taxes, and public charges

Registration expenses required for any registrations, notifications, approvals, and other procedures necessary for the transfer of any Rights and Obligations or the fulfillment of perfection requirements and any other expenses occurring for each party are to be borne by the respective party, excluding cases otherwise agreed to by Mercari and Merpay.

Article 11. Modification of conditions for company split and cancellation and termination of the Agreement

1. During the period from the execution date of the Agreement until the Effective Date, Mercari and

2. The Agreement will cease to be effective if the conditions set forth in each item of Article 7 are not fulfilled by the Effective Date (refers to the changed Effective Date in the case that the Effective Date is changed in accordance with the provision of Article 5).

In addition to the matters set forth in the Agreement, Mercari and Merpay shall, upon mutual consultation, set forth any other matter that is required to effect the Company Split in accordance with the spirit of the Agreement.

August 9, 2018

Merpay Naoki Aoyagi (Seal)
Representative Director
Merpay, Inc.
6-10-1 Roppongi, Minato-ku, Tokyo

Attachment 1: Itemized Statement of Rights and Obligations to be Succeeded

Mercari shall cause Merpay to succeed the assets, liabilities, and other rights and obligations listed below (limited to those that may be succeeded under laws and regulations) on the Effective Date, based on the balance sheet as of June 30, 2018 and other calculations as of the same date, adjusted for any changes until the day prior to the Effective Date, and Merpay shall succeed these from Mercari.

1. Assets to be succeeded

Current assets set forth in each of the following items on the Effective Date:

- (1) Cash and cash equivalents attributable to the Business
- (2) Other receivables attributable to the Business
- (3) Deposits paid attributable to the Business

2. Liabilities to be succeeded

Current liabilities set forth in each of the following items on the Effective Date. Furthermore, Merpay shall not succeed from Mercari any contingent liabilities such as obligations arising from tortious acts that occur until the Effective Date.

- (1) Deposits received attributable to the Business
- (2) Advances received attributable to the Business
- (3) Cash due to users and other payables attributable to the Business

3. Contracts to be succeeded

Contracts (including contractual statuses arising from these contracts) with payment-related services operators attributable to the Business set forth in each of the following items on the Effective Date (including any modified contracts pertaining to these contracts, memorandums of understanding, and other related contracts, etc.). Furthermore, Merpay shall not succeed any employment contracts or contracts with users of payment services from Mercari, and Merpay shall also not succeed any claims and liabilities based on contracts succeeded that have already occurred as of the Effective Date, with the exception of those set forth in the preceding two paragraphs.

- (1) Contracts pertaining to the consignment of payment agency services
- (2) Contracts pertaining to third-party payment services in relation to the *Mercari* monthly deferred payment scheme
- (3) Contracts pertaining to the consignment of receivables collection services

End of Document

3. Overview of matters provided for in each item (excluding Items 2, 6, and 7) of Article 183 of the Ordinance for Enforcement of the Companies Act

- (1) Matters related to appropriateness of provisions on consideration, etc. for absorption-type company split

The Succeeding Company will be a wholly owned subsidiary of the Company as of the Effective Date of the Company Split, and therefore, as stated above, there will be no allotment of shares or other delivery of consideration upon the Company Split. In addition, there shall be no increase in the amount of capital stock or capital surplus of the Succeeding Company as a result of the Company Split.

- (2) Details of financial statements, etc. for the final fiscal year of the Succeeding Company

In accordance with the provisions of laws and regulations as well as Article 17 of the Company's Articles of Incorporation, financial statements, etc. for the final fiscal year of the Succeeding Company are posted on the Company's website (<https://about.mercari.com/en>) and therefore are not provided in the Reference Documents for the General Meeting of Shareholders with this Notice.

- (3) Disposal of material assets, incurring of material liabilities, and other circumstances that will materially impact the status of corporate assets for the Succeeding Company after the final day of the final fiscal year















At a meeting of the Board of Directors held on July 12, 2018, the Succeeding Company resolved to issue 3,000 new shares by third-party allotment with the Company as the allottee, and received cash payment of ¥3,000,000,000 on July 31, 2018.

- (4) Disposal of material assets, incurring of material liabilities, and other circumstances that will materially impact the status of corporate assets for the Company after the final day of the final fiscal year

At meetings of the Board of Directors held on May 14, 2018 and June 1, 2018, the Company resolved to issue 2,840,500 new shares by third-party allotment with Daiwa Securities Co. Ltd. as the allottee in connection with a domestic offering accompanying the listing of the Company's common stock on the Mothers Section of the Tokyo Stock Exchange and an offering by over-allotment related to domestic offering through purchase and underwriting by the underwriters, and received cash payment of ¥8,138,032,500 on July 19, 2018.

Proposal No. 2: Election of Eight (8) Directors

The terms of office of all six (6) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of eight (8) Directors, increasing the number of Directors by two (2) to enhance the management system of the Company. The candidates for Directors are as follows:

Candidate No.	Name	Current position and responsibility in the Company	
1.	Shintaro Yamada	Representative Director and Chief Executive Officer	
2.	Fumiaki Koizumi	Director and Chief Operating Officer Head of Corporate Division	
3.	Yuki Hamada	Director, Chief Product Officer Head of Product Division	
4.	John Lagerling	Director, Chief Business Officer	
5.	Naoki Aoyagi	Vice President	
6.	Ken Suzuki	Outside Director	  
7.	Ken Takayama	–	  
8.	Masashi Namatame	–	  

Guide to abbreviations:

R: Re-appointment
N: New appointment
O: Outside Director
I: Independent Director

▶ Career summary and positions held in the Company

Aug. 2001 Established Unoh Inc., Representative Director
Feb. 2005 Trade name of Unoh Inc. changed to Unoh Co., Ltd.
Sept. 2010 General Manager of Zynga Japan K.K.
June 2012 Established suadd K.K., Representative Director (current position)
Feb. 2013 Established Kouzoh Inc. (currently the Company), Representative Director and President
Mar. 2014 Director of Mercari, Inc. (US) (current position)
Sept. 2015 Director of Souzoh, Inc. (current position)
Nov. 2015 Director of Mercari Europe Ltd. (current position)
Apr. 2016 Director of Merpay Ltd. (current position)
Apr. 2017 Representative Director and Chief Executive Officer of the Company (current position)

▶ Significant concurrent positions

Director of Mercari, Inc. (US)
Director of Souzoh, Inc.
Director of Mercari Europe Ltd.
Director of Merpay Ltd.

▶ Reasons for nomination

Since the Company's founding in February 2013, Shintaro Yamada has led the management of the Group as Representative Director and has contributed to enhancing the corporate value of the Group as a whole, including the global development of the *Mercari* C2C marketplace. Based on these achievements, the Company has nominated him as a candidate for re-appointment as Director in order for him to contribute to the further growth and development of the Group as a whole.



Number of Board of Directors meetings attended:
18/18

Number of the Company's shares owned:
37,192,530 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
2,500,000 shares

2 Fumiaki Koizumi

September 26, 1980
(38 years old)

R

► Career summary and positions held in the Company

Apr. 2003 Joined Daiwa Securities SMBC Co. Ltd. (currently Daiwa Securities Co. Ltd.)
Dec. 2006 Joined mixi, Inc.
June 2008 Director of mixi, Inc.
June 2012 Outside Audit and Supervisory Board Member of FreakOut, Co., Ltd. (currently FreakOut Holdings, inc.)
July 2012 Outside Audit and Supervisory Board Member of RAKSUL INC.
Dec. 2013 Outside Director of trippiece, Co., Ltd.
Dec. 2013 Joined the Company
Mar. 2014 Director and Head of Corporate Division of the Company
Mar. 2014 Outside Audit and Supervisory Board Member of Akatsuki Inc.
Sept. 2015 Director of Souzoh, Inc.
Feb. 2016 Outside Director of BASE, Inc. (current position)
Apr. 2017 Director, Chief Operating Officer, and Head of Corporate Division of the Company (current position)



Number of Board of Directors meetings attended:
18/18

Number of the Company's shares owned:
46,730 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
2,700,000 shares

► Significant concurrent positions

Outside Director of BASE, Inc.

► Reasons for nomination

Following his experience at a securities company, Fumiaki Koizumi has driven the growth of the Corporate Division. In addition, since his appointment as Director and Chief Operating Officer in April 2017, he has led the management of the Company as a whole and has contributed to enhancing the corporate value of the Company. Based on these achievements, the Company has nominated him as a candidate for re-appointment as Director in order for him to contribute to the further growth and development of the Company.

3 Yuki Hamada

April 7, 1983
(35 years old)

R

► Career summary and positions held in the Company

May 2004 Established CYBRiDGE, Co., Ltd. (currently CYBRiDGE GROUP CORPORATION.), Director and Executive Vice President
Nov. 2014 Joined the Company
Jan. 2015 Vice President of the Company
Feb. 2016 Vice President and Head of Product Division of the Company
Mar. 2016 Director, Chief Product Officer, and Head of Product Division of the Company (current position)



Number of Board of Directors meetings attended:
18/18

Number of the Company's shares owned:
545,000 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
1,215,000 shares

► Significant concurrent positions

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► Reasons for nomination

Following his experience at an internet services company, Yuki Hamada has driven the growth of the Product Division as a whole. In addition, since his appointment as Director and Chief Product Officer in March 2016, he has driven the product strategy of the Company and has contributed to enhancing the corporate value of the Company. Based on these achievements, the Company has nominated him as a candidate for re-appointment as Director in order for him to contribute to the further growth and development of the Company.

4 John Lagerling

July 19, 1976
(42 years old)

R

► Career summary and positions held in the Company

May 2002 Joined NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.)
 Nov. 2006 Strategic Partner Development Manager, Head of Mobile Business and Product, Japan & Asia-Pacific of Google, Inc.
 May 2009 Vice President and General Manager for Japan and Korea of AdMob, Inc.
 May 2010 Senior Director Android Global Partnerships of Google, Inc.
 May 2014 VP Business Development, Mobile and Product Partnerships of Facebook, Inc.
 Oct. 2014 Co-Founder and Board Member of Cronologies Corporation
 May 2016 Non Executive Board Member of Modern Times Group MTG AB (current position)
 June 2017 Vice President and Chief Business Officer of the Company
 July 2017 Non Executive Board Member of Digital Domain 3.0 (current position)
 Sept. 2017 Director and Chief Business Officer of the Company (current position)
 Sept. 2017 CEO of Mercari, Inc. (US) (current position)



Number of Board of Directors meetings attended:
15/15

Number of the Company's shares owned:
0 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
1,600,000 shares

► Significant concurrent positions

CEO of Mercari, Inc. (US)

► Reasons for nomination

Since his appointment as CEO of Mercari, Inc. (US) in September 2017, John Lagerling has driven business development in the US based on his in-depth knowledge and extensive experience in the telecommunications and the internet industry. Based on these achievements, the Company has nominated him to be re-appointed as Director to contribute to the further growth and development of the Group's US businesses.

5 Naoki Aoyagi

August 22, 1979
(39 years old)

N

► Career summary and positions held in the Company

Apr. 2002 Joined Deutsche Securities Limited (currently Deutsche Securities Inc.)
 Mar. 2006 Joined GREE, Inc.
 July 2006 Director of GREE, Inc.
 Jan. 2011 CEO and Board Member of GREE International, Inc.
 Mar. 2014 Representative Director of Glossom, Inc.
 Nov. 2017 Vice President of the Company (current position)
 Nov. 2017 Representative Director of Merpay, Inc. (current position)
 Dec. 2017 Outside Director of CrowdWorks Inc. (current position)
 July 2018 Representative Director of Merpay Connect, Inc. (current position)



Number of Board of Directors meetings attended:
—/—

Number of the Company's shares owned:
0 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
1,000,000 shares

► Significant concurrent positions

Representative Director of Merpay, Inc.
 Representative Director of Merpay Connect, Inc.
 Outside Director of CrowdWorks Inc.

► Reasons for nomination

Following his experiences at a securities company and in corporate management at an internet services company, Naoki Aoyagi has driven the business growth of Merpay, Inc., a subsidiary of the Company, since his appointment as Representative Director of Merpay, Inc. in November 2017. Based on these achievements, the Company has newly nominated him as a candidate for Director in order for him to contribute to the further growth and development of the Group's new finance-related businesses.

6 Ken Suzuki

March 24, 1975
(43 years old)



► Career summary and positions held in the Company

May 2001 Product Manager of APPRESSO K.K.
 May 2002 Director of Simple Products Co., Ltd.
 Apr. 2006 Representative Director of SARGASSO K.K. (current position)
 Oct. 2010 Director of Rmake Inc. (current position)
 Nov. 2011 Director of Vettl Inc. (current position)
 June 2012 Established Gocro, Inc. (currently SmartNews, Inc.), Director
 June 2014 Representative Director, Chairman, and Co-CEO of SmartNews, Inc. (current position)
 Sept. 2014 President of SmartNews International, Inc. (current position)
 Sept. 2017 Outside Director of the Company (current position)



Tenure as Outside Director:
1 year

Number of Board of Directors meetings attended:
15/15

Number of the Company's shares owned:
0 shares

► Significant concurrent positions

Representative Director, Chairman, and Co-CEO of SmartNews, Inc.
 President of SmartNews International, Inc.

► Reasons for nomination

Based on his specialized knowledge and extensive experience in managing internet services companies, Ken Suzuki has provided advice and opinions regarding the management of the Company as Outside Director. Based on these achievements, the Company has nominated him as a candidate for re-appointment as Outside Director in order for him to contribute to the further growth and development of the Group.

7 Ken Takayama

June 6, 1964
(54 years old)



► Career summary and positions held in the Company

Apr. 1988 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
 Nov. 1999 Managing Director of Rakuten, Inc.
 June 2001 Outside Audit and Supervisory Board Member of TECHMATRIX CORPORATION
 Feb. 2010 Chief Financial Officer of Rakuten, Inc.
 Mar. 2013 Advisor of Rakuten, Inc.
 July 2014 Outside Director of STAR FESTIVAL INC. (current position)
 June 2015 Outside Director (Audit and Supervisory Committee Member) of TECHMATRIX CORPORATION (current position)
 Nov. 2016 Outside Director of Metaps Inc. (current position)
 May 2017 Outside Audit and Supervisory Board Member of MEDIA DO HOLDINGS Co., Ltd. (current position)
 May 2018 Outside Director of Linkers Corporation (current position)



Tenure as Outside Director:
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Number of Board of Directors meetings attended:
—/—

Number of the Company's shares owned:
0 shares

► Significant concurrent positions

Outside Director of STAR FESTIVAL INC.
 Outside Director (Audit and Supervisory Committee Member) of TECHMATRIX CORPORATION
 Outside Director of Metaps Inc.
 Outside Audit and Supervisory Board Member of MEDIA DO HOLDINGS Co., Ltd.

► Reasons for nomination

Based on his specialized knowledge and extensive experience in the financial business and managing internet services companies, Ken Takayama is expected to be able to provide advice and opinions regarding the management of the Company as Outside Director. Based on these achievements at other companies, the Company has newly nominated him as a candidate for Outside Director in order for him to contribute to the further growth and development of the Group.



► **Career summary and positions held in the Company**

- Apr. 1988 Joined The Long-Term Credit Bank of Japan, Limited (currently Shinsei Bank, Limited)
- May 1998 Joined KPMG Peat Marwick (currently KPMG LLP)
- Oct. 1998 Advisor of Financial Supervisory Agency (currently Financial Services Agency)
- Jan. 2000 Director of Investment Banking Department, Deutsche Securities Limited (currently Deutsche Securities Inc.)
- Aug. 2004 Executive Director of Morgan Stanley Japan Limited (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
- Nov. 2007 Managing Director of Investment Banking Division, Deutsche Securities Inc. Head of Public Sector Group/ Financial Institutions Group
- June 2012 Head of Business Development of Visa Worldwide Japan Co., Ltd.
- Sept. 2015 Member of the Board of directors, Managing Director, BlackRock Japan Co., Ltd.
- May 2018 Senior Corporate Officer, in charge of Corporate Planning Department, Tokio Marine Holdings, Inc. (current position)



Tenure as Outside Director:

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Number of Board of Directors meetings attended:

—/—

Number of the Company's shares owned:
0 shares

► **Significant concurrent positions**

Senior Corporate Officer, in charge of Corporate Planning Department of Tokio Marine Holdings, Inc.

► **Reasons for nomination**

Based on his specialized knowledge and extensive experience in the banking, securities, and investment industries, Masashi Namatame is expected to be able to provide advice and opinions regarding the management of the Company as Outside Director. Based on these achievements at other companies, the Company has newly nominated him as a candidate for Outside Director in order for him to contribute to the further growth and development of the Group.

- (Notes)
1. Fumiaki Koizumi is an Outside Director of BASE, Inc. Although the Company has a business relationship with BASE, Inc., the transaction amount between the two companies is less than 1% of consolidated net sales of the Company for the current fiscal year.
 2. Ken Suzuki is Representative Director, Chairman, and Co-CEO of SmartNews, Inc. Although the Company has a business relationship with SmartNews, Inc., the transaction amount between the two companies is less than 1% of consolidated net sales of the Company for the current fiscal year.
 3. Ken Takayama is an Outside Director of STAR FESTIVAL INC. Although the Company has a business relationship with STAR FESTIVAL INC., the transaction amount between the two companies is less than 1% of consolidated net sales of the Company for the current fiscal year.
 4. There is no special interest between any other candidates and the Company.
 5. Ken Suzuki, Ken Takayama, and Masashi Namatame are candidates for Outside Director. The Company has entered into an agreement, in accordance with Article 427, Paragraph 1 of the Companies Act, with Ken Suzuki to limit his liability to compensate damages under Article 423, Paragraph 1 of the same Act. The limitation on liability to compensate damages under such agreement is set out to be the amount provided for in Article 425, Paragraph 1 of the same Act. If the re-election of Ken Suzuki is approved, the Company plans to renew the aforementioned limited liability agreement with him. Furthermore, if the elections of Ken Takayama and Masashi Namatame are approved, the Company plans to enter into similar limited liability agreements with each of them.
 6. The Company has submitted notification to the Tokyo Stock Exchange that Ken Suzuki has been appointed as an independent officer as provided for by the Tokyo Stock Exchange. Furthermore, if the elections of Ken Takayama and Masashi Namatame are approved, they are scheduled to be independent officers as provided for by the Tokyo Stock Exchange.

Attached Materials

Business Report (From July 1, 2017 to June 30, 2018)

1. Current Condition of the Group

(1) Status of operations for the current fiscal year

(i) Business progress and results

According to the FY2017 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey) released by the Ministry of Economy, Trade and Industry in April 2018, the secondhand market (excluding cars and motorcycles) had a total size of approximately ¥2.1 trillion (11.7% increase year on year) in 2017, with C2C marketplace apps such as *Mercari* accounting for ¥483.5 billion, a 58.4% growth year on year.

In this business environment, in an effort to continuously grow the *Mercari* C2C marketplace, the Company and its group companies (collectively, the “Group”) conducted marketing measures centered around TV commercials and online advertising, and also started providing various new features including the *Mercari Channel*, which enables users to sell items via live video streaming, a feature that lets users easily list smartphone devices, and a barcode listing feature for items such as books and DVDs. As a result of these initiatives, the cumulative number of *Mercari* app downloads in Japan reached 75.7 million at the end of June 2018, an increase of 20.2 million from the end of the previous fiscal year. In addition, the cumulative number of items listed in Japan since the start of service (July 2, 2013) surpassed one billion as of July 13, 2018.

Meanwhile, the Group strengthened its management team in order to expand the *Mercari* C2C marketplace in the US. Under the new management team, the Group worked to promote local development of the app and improve delivery functions, and in March 2018, rebranded the *Mercari* app, including changes to the app logo design, to establish more effective brand recognition in the US. The cumulative number of *Mercari* app downloads in the US increased by 11.6 million from the end of the previous fiscal year, reaching 39.9 million at the end of June 2018. While focusing on online advertising that can reach a wide audience, the Group also started radio advertising and other offline advertising on a trial basis after the rebranding, in an effort to further improve brand recognition.

As a result, for the fiscal year ended June 30, 2018, the Group recorded net sales of ¥35,765 million (62.0% increase year on year), operating loss of ¥4,422 million (compared to a loss of ¥2,775 million in the previous fiscal year) primarily associated with advertising expenses, ordinary loss of ¥4,741 million (compared to a loss of ¥2,779 million in the previous fiscal year), and loss attributable to owners of parent of ¥7,041 million (compared to a loss of ¥4,207 million in the previous fiscal year).

Information by business segment is omitted as the Group operates a single segment of the marketplace business.

(ii) Capital investments

Total capital expenditure undertaken during the fiscal year ended June 30, 2018 amounted to ¥877 million (including intangible assets), mainly allocated to relocation of the Mercari, Inc. (US) office and expansion of the corporate head office.

There have been no disposals, sales or otherwise of major facilities during the current fiscal year.

(iii) Financing

On March 13, 2018, the Company raised funds amounting to ¥5,000 million from JAPAN POST CAPITAL Co., Ltd., Forest Holdings G.K. and Yamato Transport Co., Ltd. through capital increase by means of third-party allotment.

In addition, the Company raised funds amounting to ¥52,026 million by means of a public offering associated with listing its shares on the Mothers Section of the Tokyo Stock Exchange on June 19, 2018.

In order to increase working capital, the Company procured long-term borrowings of ¥16,000 million and short-term borrowings of ¥1,000 million from financial institutions.

(iv) Business transfer, absorption-type company split, or incorporation-type company split

Not applicable.

(v) Acquisitions of other companies' businesses

Not applicable.

(vi) Successions of rights or duties related to the businesses of other legal entities, etc. due to absorption-type merger or absorption-type company split

Not applicable.

(vii) Acquisitions and disposals of shares, other equities, and stock acquisition rights in other companies

Not applicable.

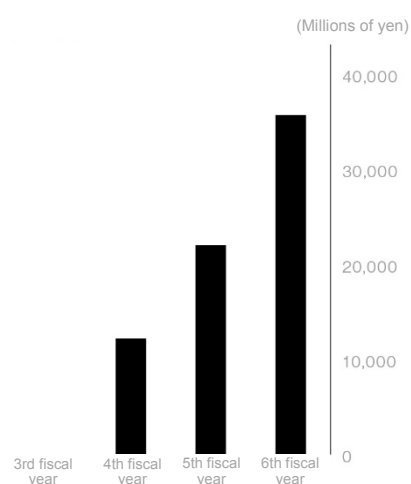
(2) Assets and profit (loss)

(i) Assets and profit (loss) of the Group

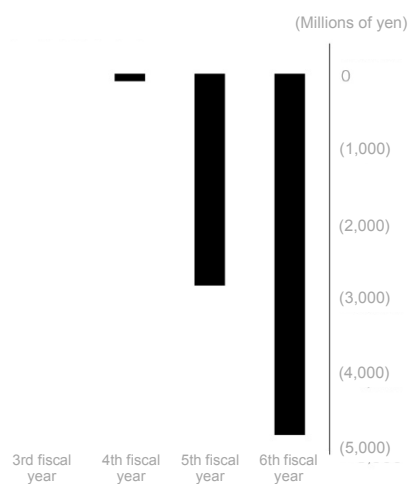
	3rd fiscal year (Fiscal year ended June 2015)	4th fiscal year (Fiscal year ended June 2016)	5th fiscal year (Fiscal year ended June 2017)	6th fiscal year (Fiscal year ended June 2018)
Net sales (Millions of yen)	—	12,256	22,071	35,765
Ordinary loss (Millions of yen)	—	(97)	(2,779)	(4,741)
Loss attributable to owners of parent (Millions of yen)	—	(348)	(4,207)	(7,041)
Basic loss per share (Yen)	—	(3.18)	(36.65)	(60.61)
Total assets (Millions of yen)	—	25,463	54,489	117,752
Net assets (Millions of yen)	—	8,395	4,416	54,422
Net assets per share (Yen)	—	(35.49)	(70.15)	402.12

- (Notes) 1. The Company prepares consolidated financial statements in accordance with the “Companies Act” beginning with the 6th fiscal year. In addition, the Company has prepared consolidated financial statements for the 4th fiscal year and the 5th fiscal year in accordance with the “Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976), and the values presented for those periods have been provided for reference purposes only.
2. In accordance with a resolution of the Board of Directors held on September 14, 2017, the Company conducted a 10:1 stock split, where every one share of common stock was converted to ten shares of common stock on October 20, 2017. Basic loss per share and net assets per share have been calculated based on the assumption that the stock split was implemented at the beginning of the 4th fiscal year.

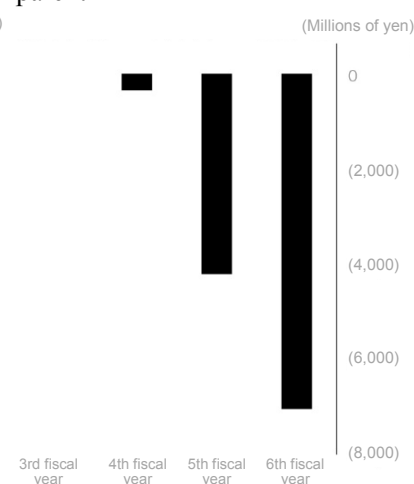
Net sales



Ordinary loss



Loss attributable to owners of parent

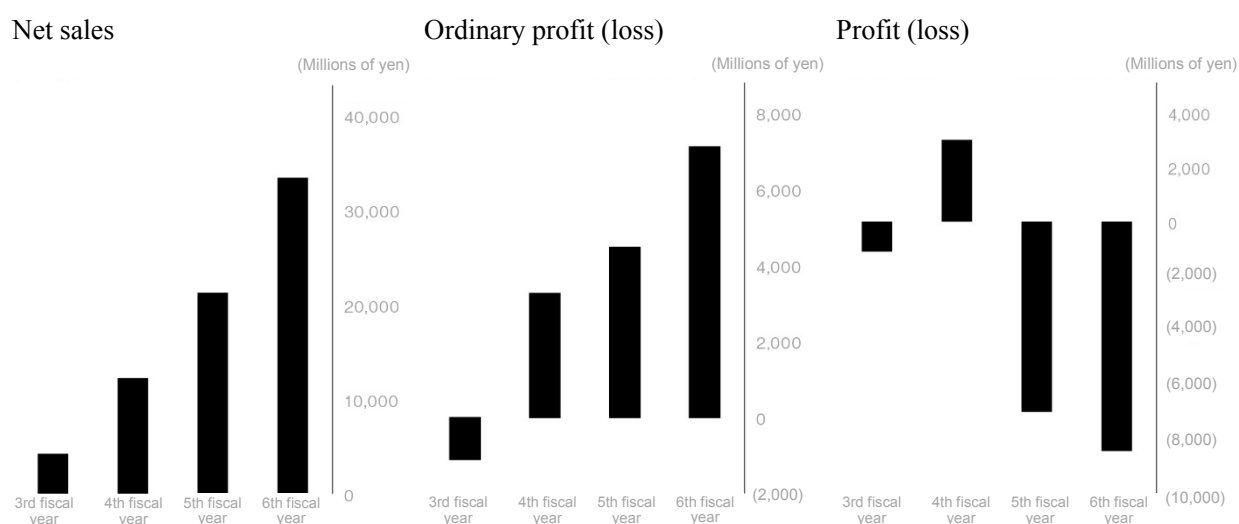


(ii) Assets and profit (loss) of the Company

	3rd fiscal year (Fiscal year ended June 2015)	4th fiscal year (Fiscal year ended June 2016)	5th fiscal year (Fiscal year ended June 2017)	6th fiscal year (Fiscal year ended June 2018)
Net sales (Millions of yen)	4,237	12,256	21,254	33,424
Ordinary profit (loss) (Millions of yen)	(1,099)	3,262	4,469	7,107
Profit (loss) (Millions of yen)	(1,104)	3,011	(6,990)	(8,428)
Basic earnings (loss) per share (Yen)	(110.00)	27.56	(60.90)	(72.55)
Total assets (Millions of yen)	10,365	29,171	54,855	115,414
Net assets (Millions of yen)	1,607	13,061	6,071	54,676
Net assets per share (Yen)	(235.59)	5.16	(55.74)	403.99

(Note) In accordance with a resolution of the Board of Directors held on September 14, 2017, the Company conducted a 10:1 stock split, where every one share of common stock was converted to ten shares of common stock on October 20, 2017. Basic earnings (loss) per share and net assets per share have been calculated based on the assumption that the stock split was implemented at the beginning of the 3rd fiscal year.

Net sales



(3) Major subsidiaries (as of June 30, 2018)

Name	Capital stock	Percentage of voting rights held by the Company	Main business
Mercari, Inc. (US)	US\$240,555 thousand	100%	Planning, development, and management of the <i>Mercari</i> C2C marketplace in the US
Souzoh, Inc.	¥10 million	100%	Planning, development, and management of new businesses
Mercari Europe Ltd.	GBP17,943 thousand	100%	Planning, development, and management of the <i>Mercari</i> C2C marketplace in the UK
Merpay Ltd.	GBP1,150 thousand	100%	Payment business with respect to the <i>Mercari</i> C2C marketplace in the UK
Merpay, Inc.	¥600 million	100%	Planning, development, and management of financial-related business which includes funds transfer operations

(4) Issues to be addressed

(i) Securing the safety and soundness of services

The increasing prevalence of e-commerce services and social media appears to be giving rise to further mounting societal demands with respect to maintaining safety of internet-based services. In order to provide a services platform for carrying out safe and secure transactions, the Group continually engages in efforts that involve safeguarding personal information and combating infringement of intellectual property rights, which it regards as its most important challenge in securing the safety and soundness of our services.

(ii) Recruiting and training outstanding talent

We recognize that a key challenge we face is that of recruiting outstanding and enthusiastic talent in a timely manner in order to promote future growth encompassing global expansion. Accordingly, we will forge ahead with strengthening recruitment efforts as well as developing and managing work environments and systems that enable our employees to work in a highly motivated fashion. Going forward, we intend to continue recruiting outstanding talent while investing in further employee development.

(iii) Enhancing our technological strengths

As a provider of services over the internet, the Group recognizes the importance of managing its business in a manner that ensures consistent operations of systems involved in providing its services. We will persist with efforts to ensure system stability in part by reinforcing our server equipment to better handle the increasing traffic to our services associated with the increasing number of listed items, and also by installing parallel processing systems in order to distribute processing loads.

In addition, we will focus on investing in innovative technologies to further improve the user experience. For instance, we will promote efforts geared toward heightening service convenience as well as maintaining and enhancing service safety and soundness through artificial intelligence (AI) and machine learning techniques using massive data sets encompassing past transaction histories and rating histories. Moreover, we will also take action geared toward enhancing our technological strengths in part by introducing automated translation to encourage transactions between users speaking different languages, and also by investing in innovative technologies such as blockchain technology, virtual and augmented reality (VR/AR), quantum computing, and the Internet of Things (IoT).

(iv) Addressing overseas expansion

The Group intend to aggressively carry out overseas expansion while maintaining a disciplined approach to investment in response to the expansion of the secondhand market against a backdrop of shifting consumption behavior among people worldwide.

We will press ahead in transferring expertise possessed by the Group and move forward in gaining more users with respect to our two consolidated subsidiaries Mercari, Inc. (US), established in the US in January 2014, and Mercari Europe Ltd., established in the UK in November 2015. We will initially aim to expand our number of users, which will involve tailoring our services to the preferences and needs of users in respective regions, while drawing on our product and marketing expertise that we have accumulated in Japan thus far.

(v) Strengthening corporate governance

The Group has set forth the mission of improving corporate value through working to enhance its function of monitoring management and its internal control function while practicing strict compliance management as its basic policy of corporate governance. In order to meet the trust of all stakeholders, going forward, the Group upholds a policy of working to improve the efficiency and transparency of management, to maximize corporate value and to achieve sustainable growth and development under the aforementioned basic policy.

(vi) Enhancing the internal management system and strictly practicing compliance

The Group believes that when pursuing its further its business expansion, when fulfilling its social responsibilities, and when striving to achieve sustainable growth and improvement in corporate value, the important management issues are securing and nurturing the human resources that will facilitate the Group's growth, and practicing strict compliance. In addition to making sure the Group hires human resources with high levels of expertise and abundant experience in the fields of internal auditing, legal affairs, financial affairs, accounting, etc., the Group will practice strict compliance while further strengthening the internal management systems by implementing awareness-raising activities and training activities for employees on a continual basis.

(5) Major business (as of June 30, 2018)

(i) Our mission

The Group's mission is to create value in a global marketplace where anyone can buy & sell.

In contemporary society where mass production and mass consumption are becoming increasingly commonplace, the value of unwanted goods generated per year in Japan alone is approximately ¥7.6 trillion^(Note). Given that situation, the market consists of countless items that are no longer of value to certain people, yet would still have value and utility in the hands of others.

In providing access to its *Mercari* platform, which enables people to readily buy and sell secondhand items using their smartphones, the Group is able to take advantage of the ability of individuals nowadays to buy and sell items and disseminate information using their smartphones brought about by the prevalence of such devices and social media. The Group aims to create new value with respect to goods, while redefining the consumption cycle, by providing an easy-to-use, fun, and secure platform that connects sellers of goods that are no longer needed with buyers who can better appreciate their value.

(Note) Estimated total value of items which survey respondents deemed "items that became no longer needed over the past year" (excluding cars, motorcycles and mopeds) in "FY2017 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)" released by the Ministry of Economy, Trade and Industry in April 2018.

(ii) Overview of services

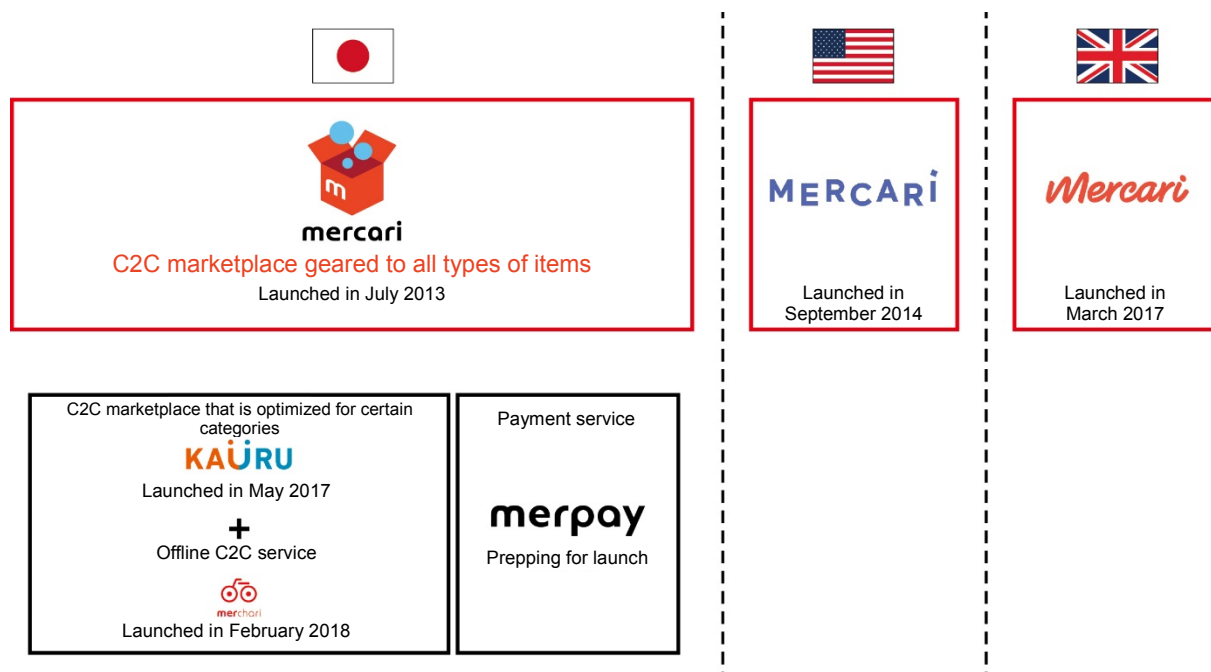
The *Mercari* service operated by the Group functions as a marketplace for consumer-to-consumer (C2C) transactions specifically using smartphones, offering users a unique and never-before-available experience by enabling everyone to readily and simply buy and sell secondhand items using their smartphones.

In contrast, buying and selling used items at traditional secondhand stores has various disadvantages, including time needed to physically visit the retail location, limited product availability, and lack of transparency with respect to pricing from the perspective of both the buyer and seller given that there is an intermediary involved. The sale of secondhand items via internet auction also has disadvantages, including complexity and difficulty of listing items and time necessary to engage in the bidding process.

The *Mercari* service, on the other hand, enables anybody and everybody to readily sell and buy items using their smartphones. The service also offers convenient and affordable delivery options through its alliances with delivery companies and convenience stores. In addition, as users, both sellers and buyers are mainly individuals, the service offers anyone both the fun of easily converting their unnecessary possessions into cash and the "treasure-hunt" experience that users feel when searching for unique secondhand items.

(iii) Services operated by the Group

The Group consists of six companies, encompassing the Company and its consolidated subsidiaries Souzoh, Inc., Mercari, Inc. (US), Mercari Europe Ltd. (UK), Merpay Ltd. (UK), and Merpay, Inc. Information by business segment is omitted as the Group operates a single segment of the marketplace business.



With respect to the Group's operations, the Company operates the *Mercari* C2C marketplace which handles all types of items, and Souzoh, Inc. operates the *Mercari Kauru*, C2C marketplace which is optimized for books, CDs, DVDs and other media items. In addition, local subsidiaries in the US and the UK operate the *Mercari* C2C marketplace geared to all types of items.

In November 2017, we established Merpay, Inc. which is geared to developing our payment and financial-related services business. In addition, our efforts to expand business in other areas beyond that of C2C marketplace services have included our *Merchari* bicycle-sharing service launched in Fukuoka City in February 2018.

The Group has been charging selling fees calculated on the basis of selling prices. This has been the case since October 2014 for *Mercari* in Japan, and since October 2016 for *Mercari* in the US. When an item is sold, the Group collects the selling fee from the seller amounting to 10% of the sales price, meaning that the seller ultimately receives proceeds equal to the amount paid by the buyer minus the applicable selling fee. That selling fee portion of the sales price is then recorded by the Group under net sales.

Mercari in the UK does not currently charge selling fees, service use fees, or any other fees because it is focusing on gaining more users with its sights set on further expanding the service.

(6) Major offices (as of June 30, 2018)

(i) The Company

Office name	Location
Head Office	Minato-ku, Tokyo
Customer Support Center	Aoba-ku, Sendai-shi, Miyagi
Customer Support Center	Hakata-ku, Fukuoka-shi, Fukuoka

(ii) Domestic subsidiaries

Company name	Location
Souzoh, Inc. (Head Office)	Minato-ku, Tokyo
Merpay, Inc. (Head Office)	Minato-ku, Tokyo

(iii) Overseas subsidiaries

Company name	Location
Mercari, Inc. (US) (Head Office)	Palo Alto, California, United States
Mercari Europe Ltd. (Head Office)	London, United Kingdom
Merpay Ltd. (Head Office)	London, United Kingdom

(7) Employees (as of June 30, 2018)

(i) Employees of the Group

Number of employees	Increase (decrease) from previous fiscal year-end
1,140 [43]	Increase of 544 [Increase of 27]

- (Notes)
1. The number of employees stated indicates working employees, and the average number of temporary employees in the past year is stated separately in square brackets.
 2. Information by business segment is not stated as the Group operates a single segment of the marketplace business.
 3. The workforce has increased by 544 employees over the most recent year. This is mainly attributable to an increase in employees associated with business expansion.

(ii) Employees of the Company

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years of service
756 [28]	Increase of 356 [Increase of 17]	30.2 years old	1.3 years

- (Notes)
1. The number of employees stated indicates working employees, and the average number of temporary employees in the past year is stated separately in square brackets.
 2. The workforce has increased by 356 employees over the most recent year. This is mainly attributable to an increase in employees associated with business expansion.

(8) Major lenders (as of June 30, 2018)

(Millions of yen)

Lender	Balance of borrowings
Sumitomo Mitsui Banking Corporation	9,488
Mizuho Bank, Ltd.	8,177
MUFG Bank, Ltd.	6,158
Resona Bank, Limited	2,833
Shinsei Bank, Limited	2,360

(9) Other significant matters pertaining to the current condition of the Group

On June 19, 2018, the Company listed its shares on the Mothers Section of the Tokyo Stock Exchange.

2. Current Condition of the Company

(1) Status of shares (as of June 30, 2018)

(i) Shares authorized 459,250,000 shares

(Note) At the Annual General Meeting of Shareholders held on September 29, 2017, the Company amended its Articles of Incorporation in relation to a stock split to be conducted on October 20, 2017, and accordingly increased the total number of shares authorized to be issued by 432,902,278 shares.

(ii) Shares issued 135,339,722 shares

- (Notes)
- On July 2, 2017, the Company acquired 1,500,000 shares of Class A preferred stock, 1,611,400 shares of Class B preferred stock, 1,073,000 shares of Class C preferred stock, and 781,247 shares of Class D preferred stock as treasury stock based on exercise of rights to request acquisition from shareholders. As consideration for the acquired shares, the Company issued common stock amounting to 1,500,000 shares, 1,611,400 shares, 1,073,000 shares, and 781,247 shares, respectively. Also on July 2, 2017, the Company cancelled its treasury stock holdings of Class A preferred stock, Class B preferred stock, Class C preferred stock, and Class D preferred stock, pursuant to a resolution of the Board of Directors on June 22, 2017.
 - On October 20, 2017, the Company conducted a 10:1 stock split of its common stock, pursuant to a resolution of the Board of Directors on September 14, 2017. As a result, the total number of issued shares increased by 103,331,619 shares.
 - At the Annual General Meeting of Shareholders held on September 29, 2017, the Company abolished provisions of its Articles of Incorporation with respect to issuance of classified stock on the same day. Moreover, at the same Annual General Meeting of Shareholders, the Company adopted a unit share system under which the number of shares constituting one unit of stock is to be 100 shares, effective as of October 20, 2017.
 - The total number of issued shares has increased by 2,368,687 shares due to stock acquisition rights exercised on the dates August 31, 2017, November 1, 2017, February 28, 2018, and June 30, 2018, and due to issuance of new shares through capital increase by means of third-party allotment on March 13, 2018, pursuant to a resolution of the Board of Directors on February 14, 2018.
 - The total number of issued shares has increased by 18,159,500 shares on June 18, 2018, due to issuance of new shares by means of public offering, pursuant to a resolution of the Board of Directors on May 14, 2018.

(iii) Number of shareholders 65,462

(iv) Major shareholders

Name of shareholder	Number of shares held (Shares)	Ratio of shareholding
Shintaro Yamada	37,192,530	27.48%
UNITED, Inc.	10,500,000	7.76%
Hiroshi Tomishima	9,100,000	6.72%
suadd K.K.	6,567,000	4.85%
Global Brain V Investment Limited Partnership	4,760,400	3.52%
WiL Fund I, L.P.	3,640,080	2.69%
East Venture Investment Limited Partnership	3,542,500	2.62%
Globis IV Fund Investment Limited Partnership	3,184,370	2.35%
STATE STREET BANK AND TRUST COMPANY	2,748,750	2.03%
Japan Trustee Services Bank, Ltd. (Trust Account)	2,310,400	1.71%

(Note) The number of shares stated as being held by Mr. Shintaro Yamada includes loan stock of 2,840,500 shares in accordance with the Stock Loan Agreement, which he entered into with Daiwa Securities Co. Ltd. for the purpose of the offering by over-allotment related to a domestic offering associated with the listing of the Company's common stock on the Mothers Section of the Tokyo Stock Exchange and a domestic offering of shares by firm commitment underwriting, which were resolved at the Board of Directors meetings held on May 14, 2018 and June 1, 2018. The loan stock was returned by Daiwa Securities Co. Ltd. to Mr. Yamada on July 23, 2018.

(2) Stock acquisition rights

Number of stock acquisition rights	Number of shares to be issued upon exercise of stock acquisition rights	(Reference) Total number of issued shares
3,285,210 units	24,470,400 shares	135,339,722 shares

Details regarding the stock acquisition rights and related matters have been made available on the Mercari corporate website, pursuant to laws, regulations and Article 17 of the Company's Articles of Incorporation.

⇒ <https://about.mercari.com/en/>

(3) Status of Company Officers

(i) Status of Directors and Audit and Supervisory Board Members (as of June 30, 2018)

Position in the Company	Name	Responsibility and significant concurrent positions outside the Company
Representative Director	Shintaro Yamada	Chief Executive Officer Director of Mercari, Inc. (US) Director of Souzoh, Inc. Director of Mercari Europe Ltd. Director of Merpay Ltd.
Director	Fumiaki Koizumi	Chief Operating Officer Head of Corporate Division Outside Director of BASE, Inc.
Director	Yuki Hamada	Chief Product Officer Head of Product Division
Director	John Lagerling	Chief Business Officer CEO of Mercari, Inc. (US)
Outside Director	Taiga Matsuyama	Representative Director of East Ventures K.K.
Outside Director	Ken Suzuki	Representative Director, Chairman and Co-CEO of SmartNews, Inc. President of SmartNews International, Inc.
Outside Standing Audit and Supervisory Board Member	Fumiyuki Fukushima	Audit and Supervisory Board Member of Souzoh, Inc. Audit and Supervisory Board Member of Merpay, Inc.
Outside Audit and Supervisory Board Member	Toshihiro Igi	Attorney at Law, Igi Law Office Representative Director of Cyberbond Corporation Outside Director of SAKURA Internet Inc.
Outside Audit and Supervisory Board Member	Takahiro Shinozaki	Outside Director of CrowdWorks Inc.

(Notes) 1. Changes in Directors during the current fiscal year are as follows:

(i) Directors Hiroshi Tomishima, Ryo Ishizuka, Hiroki Teshima, Shinichi Takamiya, and Kazuhide Nakajo resigned due to expiration of their terms of office effective as of the conclusion of the 5th Annual General Meeting of Shareholders held on September 29, 2017.

(ii) At the 5th Annual General Meeting of Shareholders held on September 29, 2017, John Lagerling and Ken Suzuki were newly elected as Director and assumed office.

2. Directors Taiga Matsuyama and Ken Suzuki are Outside Directors.

3. Audit and Supervisory Board Members Fumiyuki Fukushima, Toshihiro Igi, and Takahiro Shinozaki are Outside Audit and Supervisory Board Members.

4. Audit and Supervisory Board Member Fumiyuki Fukushima is a certified public accountant and has extensive knowledge in finance and accounting.

5. The required notification pertaining to independent officers has been submitted to the Tokyo Stock Exchange for Directors Taiga Matsuyama and Ken Suzuki.

(ii) Summary of details of limited liability agreement

Under provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with its respective Outside Directors and Audit and Supervisory Board Members limiting

their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act. Under these agreements, the maximum amount of liability for damages to be paid by Director Taiga Matsuyama and the respective Audit and Supervisory Board Members is to be the higher amount of either ¥3 million or the amount stipulated in Article 425, Paragraph 1 of the Companies Act, and that to be paid by Director Ken Suzuki is to be the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(iii) Remuneration, etc. for Directors and Audit and Supervisory Board Members

a. Total amount of remuneration, etc. for the current fiscal year

Category	Number of Officers	Amount of remuneration, etc. (Millions of yen)
Directors [Outside Directors]	7 [2]	124 [7]
Audit and Supervisory Board Members [Outside Audit and Supervisory Board Members]	3 [3]	18 [18]
Total [Outside Officers]	10 [5]	143 [26]

- (Notes)
1. The aforementioned includes amounts of remuneration, etc. applicable during the terms of office of two Directors who resigned effective as of the conclusion of the 5th Annual General Meeting of Shareholders held on September 29, 2017, but excludes four Directors who served without remuneration.
 2. Directors' remuneration, etc. do not include amount paid as salary for employees to those Directors concurrently serving as employees.
 3. At the 5th Annual General Meeting of Shareholders held on September 29, 2017, it was resolved that the upper limit of annual remuneration, etc. to Directors would be less than or equal to ¥2,000 million (however, this figure does not include salary paid as an employee of the Company).
 4. At the 5th Annual General Meeting of Shareholders held on September 29, 2017, it was resolved that the upper limit of annual remuneration, etc. to Audit and Supervisory Board Members would be less than or equal to ¥100 million.
 5. No Outside Officers received officer remuneration, etc. from a subsidiary of the Company during the current fiscal year.

(iv) Outside Officers

a. Significant concurrent positions at other organizations and relationships between the Company and such other organizations

1. Director Taiga Matsuyama is Representative Director of East Ventures K.K. East Ventures K.K. is an unlimited liability partner of East Venture Investment Limited Partnership. East Venture Investment Limited Partnership is a major shareholder with 2.6% holding of total issued shares of the Company (excluding treasury stock).
2. Director Ken Suzuki is Representative Director, Chairman, and Co-CEO of SmartNews, Inc. Business relationship with the Company and SmartNews, Inc. is limited with a transaction amount less than 1% of consolidated net sales of the Company for the current fiscal year.
3. Audit and Supervisory Board Member Toshihiro Igi is Outside Director of SAKURA Internet Inc. Business relationship with the Company and SAKURA Internet Inc. is limited with a transaction amount less than 1% of consolidated net sales of the Company for the current fiscal year.
4. Audit and Supervisory Board Member Fumiyuki Fukushima is Audit and Supervisory Board Member of Souzoh, Inc. and Merpay, Inc., subsidiaries of the Company.
5. The status of other significant concurrent positions is described on page 26. There is no special interest between the Company and the concurrent positions outside the Company.

b. Major activities in the current fiscal year

Attendance and comments		
Director	Taiga Matsuyama	Mr. Matsuyama attended all 18 meetings of the Board of Directors held during the current fiscal year. In the meetings, he provided appropriate advice from an overall management viewpoint based on his extensive experience and broad knowledge as a corporate manager.
Director	Ken Suzuki	Mr. Suzuki attended all 15 meetings of the Board of Directors held during the period after he took office on September 29, 2017. In the meetings, he provided appropriate advice from an overall management viewpoint based on his extensive experience and broad knowledge as a corporate manager.
Audit and Supervisory Board Member	Fumiyuki Fukushima	Mr. Fukushima attended all 18 meetings of the Board of Directors and all 12 meetings of the Audit and Supervisory Board held during the current fiscal year. In the meetings, he provided appropriate advice from his expert viewpoint as a certified public accountant.
Audit and Supervisory Board Member	Toshihiro Igi	Mr. Igi attended all 18 meetings of the Board of Directors and all 12 meetings of the Audit and Supervisory Board held during the current fiscal year. In the meetings, he provided appropriate advice from his expert viewpoint as an attorney.
Audit and Supervisory Board Member	Takahiro Shinozaki	Mr. Shinozaki attended all 18 meetings of the Board of Directors and all 12 meetings of the Audit and Supervisory Board held during the current fiscal year. In the meetings, he provided appropriate advice from his expert viewpoint as a corporate manager.

(Note) Since Director Ken Suzuki was appointed at the 5th Annual General Meeting of Shareholders held on September 29, 2017, the total number of meetings of the Board of Directors held differs from that of other Directors.

(4) Independent Auditor

(i) Name Ernst & Young ShinNihon LLC

(ii) Amount of remuneration, etc.

	Amount of remuneration, etc. (Millions of yen)
Independent auditor's remuneration, etc. for the current fiscal year	45
Total amount of money and other financial benefits to be paid to independent auditor by the Company and its subsidiaries	97

- (Notes)
1. In the audit agreement between the Company and the independent auditor, the Company does not keep accounts by each category of the amount of audit fee, etc. for auditing services under the Companies Act and under the Financial Instruments and Exchange Act. As the amount of auditing services cannot be practically distinguished, the Company states the total amount thereof in the amount of remuneration, etc. of independent auditor for the current fiscal year.
 2. Audit and Supervisory Board decided to agree on the amount of remuneration, etc. of the independent auditor after making necessary examination of whether the content of the independent auditor's audit plan, performance of duties, and a basis for calculation of estimated remuneration are appropriate.

(iii) Description of non-audit service

Non-audit service for which the Company pays remuneration to the independent auditor mainly consists of preparing comfort letters, and the Company paid consideration to the independent auditor for those services.

(iv) Policy on decision for dismissal or non-reappointment of independent auditor

The Audit and Supervisory Board is to make decisions on the content of proposals regarding the dismissal or non-reappointment of the independent auditor which are to be submitted to a General Meeting of Shareholders if deemed necessary, particularly in the event that execution of the independent auditor's duties has been impeded.

Moreover, the Audit and Supervisory Board is to dismiss the independent auditor upon gaining unanimous consent of the Audit and Supervisory Board Members if circumstances stipulated in respective items of Article 340, Paragraph 1 of the Companies Act have been deemed applicable with respect to the independent auditor. Under such circumstances, an Audit and Supervisory Board Member selected by the Audit and Supervisory Board is to report on the dismissal of the independent auditor and the grounds for the dismissal at the first General Meeting of Shareholders convened subsequent to the dismissal.

(v) Summary of details of limited liability agreement

Not applicable.

3. Policy on Determination of Dividends of Surplus and Others

The Group regards its efforts to return profits to shareholders while simultaneously enhancing its financial standing and securing competitive strengths as key managerial challenges. At this point in time, we deem that the Group is in the process of achieving growth and have accordingly concluded that the best means of maximizing shareholder returns is by supplementing internal reserves and channeling such funds to investment geared to expanding business and streamlining operations. As such, we have not made any dividend payments since the Company was founded, and our policy going forward shall be that of striving to supplement internal reserves for the time being. Although our policy for the future is to consider the option of returning profits to shareholders taking into account operating results achieved in respective fiscal years, at this point in time we have yet to make any decision on distribution of dividends.

Consolidated Balance Sheet (as of June 30, 2018)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	114,226	Current liabilities	44,304
Cash and cash equivalents	109,157	Short-term borrowings	1,000
Trade accounts receivable	359	Current portion of long-term borrowings	9,061
Other receivable	2,774	Cash due to users and other payables	26,677
Prepaid expenses	491	Accrued expenses	1,422
Other current assets	1,591	Income taxes payable	2,260
Allowance for doubtful accounts	(148)	Deposits received	2,223
Non-current assets	3,525	Provision for bonuses	679
Property, plant and equipment	1,037	Other current liabilities	979
Intangible assets	120	Non-current liabilities	19,024
Investments and other assets	2,367	Long-term borrowings	18,956
Investment securities	416	Other non-current liabilities	68
Lease deposits	1,223		
Other assets	727	Total liabilities	63,329
		NET ASSETS	
		Shareholders' equity	54,298
		Capital stock	34,803
		Capital surplus	34,783
		Retained earnings (Accumulated deficit)	(15,288)
		Accumulated other comprehensive income	123
		Foreign currency translation adjustments	123
		Total net assets	54,422
Total assets	117,752	Total liabilities and net assets	117,752

Consolidated Statement of Income (from July 1, 2017 to June 30, 2018)

(Millions of yen)

Item	Amount	
Net sales		35,765
Cost of sales		6,806
Gross profit		28,958
Selling, general and administrative expenses		33,381
Operating loss		(4,422)
Non-operating income		
Interest income	4	
Insurance income	20	
Other	11	37
Non-operating expenses		
Interest expense	92	
Listing-related expense	236	
Foreign exchange loss	6	
Other	20	355
Ordinary loss		(4,741)
Extraordinary losses		
Loss on devaluation of investment securities	193	193
Loss before income taxes		(4,935)
Income taxes - current	2,384	
Income taxes - deferred	(278)	2,106
Loss		(7,041)
Loss attributable to owners of parent		(7,041)

Non-consolidated Balance Sheet (as of June 30, 2018)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	102,423	Current liabilities	41,781
Cash and cash equivalents	96,010	Trade accounts payable	5
Trade accounts receivable	322	Short-term borrowings	1,000
Merchandise	8	Current portion of long-term borrowings	9,061
Prepaid expenses	215	Cash due to users and other payables	25,069
Other receivable	5,126	Accrued expenses	923
Deferred tax assets	501	Income taxes payable	2,255
Other current assets	814	Advances received	199
Allowance for doubtful accounts	(576)	Deposits received	1,950
Non-current assets	12,991	Provision for bonuses	567
Property, plant and equipment	613	Other current liabilities	748
Buildings	293	Non-current liabilities	18,956
Tools, furniture and fixtures	320	Long-term borrowings	18,956
Intangible assets	120	Total liabilities	60,738
Software	1	NET ASSETS	
Goodwill	119	Shareholders' equity	54,676
Investments and other assets	12,257	Capital stock	34,803
Investment securities	416	Capital surplus	34,783
Shares of subsidiaries and associates	9,989	Legal capital reserve	34,783
Long-term prepaid expenses	2	Retained earnings (Accumulated deficit)	(14,910)
Deferred tax assets	126	Other retained earnings (Accumulated deficit)	(14,910)
Other assets	1,722	Retained earnings brought forward (Accumulated deficit)	(14,910)
Total assets	115,414	Total net assets	54,676
		Total liabilities and net assets	115,414

Non-consolidated Statement of Income (from July 1, 2017 to June 30, 2018)

(Millions of yen)

Item	Amount	
Net sales		33,424
Cost of sales		4,089
Gross profit		29,335
Selling, general and administrative expenses		21,923
Operating profit		7,411
Non-operating income		
Fiduciary obligation fee for subsidiaries and associates	18	
Insurance income	20	
Other	11	50
Non-operating expenses		
Interest expense	92	
Listing-related expense	236	
Other	24	353
Ordinary profit		7,107
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	12,807	
Loss on devaluation of investment securities	193	
Provision of allowance for doubtful accounts for subsidiaries and associates	432	13,433
Loss before income taxes		(6,326)
Income taxes - current	2,380	
Income taxes - deferred	(278)	2,102
Loss		(8,428)

Independent Auditor's Audit Report on the Consolidated Financial Statements

(English translation)

Independent Auditor's Report

August 23, 2018

To the Board of Directors
Mercari, Inc.

Ernst & Young ShinNihon LLC
Shunji Momoi [Seal]
Certified Public Accountant
Designated and Engagement Partner
Naoya Yabe [Seal]
Certified Public Accountant
Designated and Engagement Partner
Hiroshi Minagawa [Seal]
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, and the notes to consolidated financial statements of Mercari, Inc. (the "Company") for the fiscal year from July 1, 2017 to June 30, 2018.

The responsibility of management concerning the consolidated financial statements

The responsibility of management is to prepare consolidated financial statements in accordance with business accounting standards generally accepted in Japan and present appropriate accounting information. This responsibility includes the establishment and operation of internal controls deemed necessary by management for the preparation of consolidated financial statements, free of material misstatement due to fraud or error, and the presentation of appropriate accounting information.

The responsibility of independent auditors

Our responsibility is to express an opinion on the consolidated financial statements independently based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.

In audits, procedures are conducted in order to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. Audit procedures are chosen and applied in accordance with our judgment, based on the risk assessment of material misstatement in the consolidated financial statements due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of internal controls. However, we examine internal controls related to the preparation of consolidated financial statements, and the appropriate presentation in the course of conducting risk assessment, in order to plan audit procedures appropriate to the circumstances. An audit includes assessing the accounting policies used, its application method and estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

Audit opinion

In our opinion, the above consolidated financial statements fairly present, in every material aspect, the financial position and results of operations of the Group comprised of Mercari, Inc. and its subsidiaries for the relevant term of the consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

Interests in the Company

Our firm and engagement partners have no interest in the Company which shall be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Independent Auditor's Audit Report on the Non-consolidated Financial Statements

(English translation)

Independent Auditor's Report

August 23, 2018

To the Board of Directors
Mercari, Inc.

Ernst & Young ShinNihon LLC
Shunji Momoi [Seal]
Certified Public Accountant
Designated and Engagement Partner
Naoya Yabe [Seal]
Certified Public Accountant
Designated and Engagement Partner
Hiroshi Minagawa [Seal]
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, and the notes to non-consolidated financial statements, and the supplementary schedules of Mercari, Inc. (the "Company") for the 6th fiscal year from July 1, 2017 to June 30, 2018.

The responsibility of management concerning the non-consolidated financial statements

The responsibility of management is to prepare non-consolidated financial statements and the supplementary schedules in accordance with business accounting standards generally accepted in Japan and present appropriate accounting information. This responsibility includes the establishment and operation of internal controls deemed necessary by management for the preparation of non-consolidated financial statements and the supplementary schedules, free of material misstatement due to fraud or error, and the presentation of appropriate accounting information.

The responsibility of independent auditors

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules independently based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements and the supplementary schedules are free of material misstatement.

In audits, procedures are conducted in order to obtain audit evidence supporting the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. Audit procedures are chosen and applied in accordance with our judgment, based on the risk assessment of material misstatement in the non-consolidated financial statements and the supplementary schedules due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of internal controls. However, we examine internal controls related to the preparation of non-consolidated financial statements, and the supplementary schedules, and the appropriate presentation in the course of conducting risk assessment, in order to plan audit procedures appropriate to the circumstances. An audit includes assessing the accounting policies used, its application method and estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

Audit opinion

In our opinion, the above non-consolidated financial statements and the supplementary schedules fairly present, in every material aspect, the financial position and results of operations of the Company for the relevant term of the non-consolidated financial statements and the supplementary schedules, in accordance with the business accounting standards generally accepted in Japan.

Emphasis of matter

As described in Notes to significant subsequent events (Significant company split), the Company resolved to execute an absorption-type company split at a meeting of the Board of Directors held on August 9, 2018, and concluded an absorption-type company split agreement on the same date.

Our opinion is not qualified in respect of this matter.

Interests in the Company

Our firm and engagement partners have no interest in the Company which shall be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Audit and Supervisory Board's Audit Report

(English translation)

Audit Report

Regarding the execution of duties by the Directors for the 6th fiscal year from July 1, 2017 to June 30, 2018, we have prepared this Audit Report upon deliberation based on the audit reports prepared by each Audit and Supervisory Board Member and hereby report as follows:

1. Auditing methods used by Audit and Supervisory Board Members and the Audit and Supervisory Board, and details of audit
 - (1) The Audit and Supervisory Board specified audit policies, assigned duties to each Audit and Supervisory Board Member, and received reports from each Audit and Supervisory Board Member on the status of implementation and results of audit, as well as received reports from the Directors, etc. and the independent auditor on the status of the performance of their duties and asked them for explanations as necessary.
 - (2) In conformity with the auditing standards stipulated by the Audit and Supervisory Board, and in accordance with auditing policies and the assignment of duties, each Audit and Supervisory Board Member strived to achieve effective communication with the Directors, internal auditing members, and other employees, collected information, and improved the audit environment. In addition, each Audit and Supervisory Board Member conducted an audit in the following methods.
 - (i) Each Audit and Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports from the Directors and employees, etc. about the status of the performance of their duties, obtained explanations as necessary, reviewed important approval documents, and conducted investigations on the status of the business operations and assets at the head office and major offices. With respect to subsidiaries, we worked to facilitate communication and exchange information with Directors, Audit and Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from the subsidiaries as necessary.
 - (ii) In regard to the internal control system (systems necessary for ensuring that the performance of duties by the Directors conforms with laws and regulations and the Articles of Incorporation, as described in the Company's business report, and other items necessary for ensuring proper business conduct by a corporate group formed by the stock company and its subsidiaries making up the systems put in place based on content of resolutions made by the Board of Directors and the resolutions themselves concerning the development of systems prescribed in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act), Audit and Supervisory Board Members received reports periodically from the Directors and employees, etc. concerning its construction and operation, and as necessary asked for explanations and expressed opinions.
 - (iii) In addition to monitoring and verifying whether the independent auditor kept its independent position and whether it performed proper audit, we received reports from the independent auditor concerning the performance of its duties, and requested additional explanation as necessary. Moreover, we were informed of the arrangement of the systems for ensuring that the performance of independent auditors is being carried out correctly (matters stipulated in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the Quality Control Standards for Audits (Business Accounting Council, October 28, 2005) from the independent auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business report and the supplementary schedules thereto, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, and the notes to non-consolidated financial statements) and the supplementary schedules thereto and the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, and the notes to consolidated financial statements) for the current fiscal year.

2. Results of audit

(1) Results of audit of business report and other relevant documents

- (i) The business report and the supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations and the Articles of Incorporation.
- (ii) Regarding the execution of duties by the Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor of the Articles of Incorporation.
- (iii) The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional comment regarding the contents of the business report on such internal control and the execution of duties by the Directors.

(2) Results of audit of the non-consolidated financial statements and the supplementary schedules

The auditing methods and results of the independent auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

(3) Results of audit of the consolidated financial statements

The auditing methods and results of the independent auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

August 28, 2018

Audit and Supervisory Board, Mercari, Inc.
Fumiyuki Fukushima [Seal]
Standing Audit and Supervisory Board Member
(Outside Audit and Supervisory Board Member)
Toshihiro Igi [Seal]
Outside Audit and Supervisory Board Member
Takahiro Shinozaki [Seal]
Outside Audit and Supervisory Board Member

CSR

Mercari's CSR Initiatives

Mercari develops various services, including the *Mercari* C2C marketplace, in working towards its mission to create value in a global marketplace where anyone can buy & sell. The *Mercari* app gives people an opportunity to create new value from items they no longer need by getting them into the hands of others. Our CSR initiatives are geared toward maximizing the value and strengths of individuals and goods on the basis of the three goals set forth below.

1. Connecting with the community
2. Keeping our users safe
3. Contributing through sports

1. Connecting with the community



Safety classes for teens

Mercari strives to be a safe service for users of all ages, but we know parents may have some concerns. To make sure our younger users stay safe, we offer free educational seminars to junior and senior high school students and their parents. In these seminars, we explain how marketplace apps like Mercari work and the dos and don'ts of buying and selling items online.

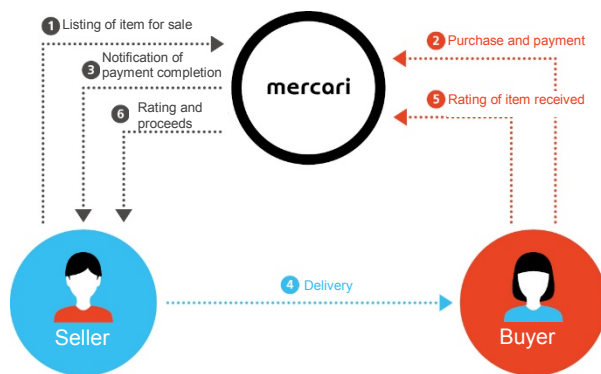


A real-life marketplace for kids

At Mercari, we believe that buying and selling items encourages kids to appreciate the things they own, teaches them the value of money, and helps them develop communication skills by negotiating prices. Mercari regularly organizes real-life marketplace events throughout Japan, including “no adults allowed” areas where kids can experience the fun of setting up stalls and finding great bargains all by themselves.

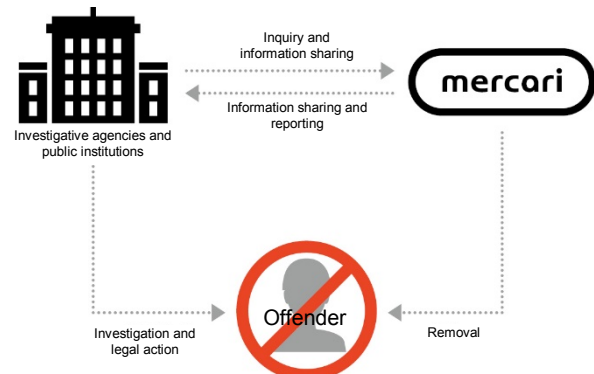
In August 2018, Mercari hosted a kids-only real-life marketplace event with the Ministry of the Environment.

2. Keeping our users safe



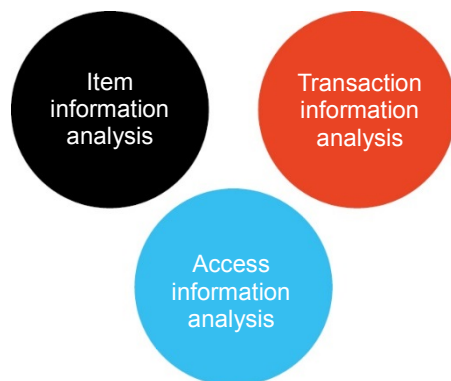
A safe way to buy and sell

The *Mercari* app provides a transaction platform that guarantees a safe and secure user experience for both buyers and sellers. All payments go through an escrow system, which ensures safety of transactions for both parties. In addition, buyers and sellers rate each other for every transaction, so users can check past ratings of other users before making a transaction. We also have a dedicated customer service system that monitors our platform and answers user inquiries.



Collaboration with stakeholders

We work with investigative agencies and public institutions nationwide in our efforts to provide a safe and secure platform. We actively participate in industry associations including the Council for Intellectual Property Protection on Internet (CIPP), the E-commerce Business Council, and the Asia Internet Coalition Japan (AICJ), to exchange opinions and discuss service guidelines with the aim of making not just Mercari, but the industry as a whole more safe and secure.



Violation detection using AI

Mercari employs AI technology to automatically detect listings that violate our terms of service. By combining the latest technology with our extensive transaction and item information data, and constantly working to enhance detection accuracy and increase coverage, we strive to create a secure environment for our users.

3. Contributing through sports



Support for professional athletes

Mercari aims to go global, and we're proud to be joined by para-athletes who share our vision. In January 2017, we hired Daisuke Tsuchiko and Masatsugu Shinoda, two professional wheelchair basketball players who represent Japan on the world stage. Since then, our team of Mercari Athletes has grown to nine members who compete in track and field, swimming, soccer, futsal, and various other sports.



Support for sports teams

Since April 2017, Mercari has been an official sponsor of the Kashima Antlers FC, known for their second-place finish in the FIFA Club World Cup Japan 2016 held in December 2016. As of the 2018 season, the team wears the Mercari logo on their uniform. The team's ambitious desire to become a world-class soccer team resonates with all of us at Mercari, and we're proud to give them our support. In June 2018, we also entered into a sponsorship deal with Kyocera Dome Osaka, home of the Orix Buffaloes baseball team, and the "Mercari" logo can be seen on the grass behind home plate.