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June 13, 2019

To whom it may concern:

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**Notice of dissolution and liquidation of consolidated subsidiary,  
and recording of extraordinary losses**

The resolution was passed today by the Board of Directors meeting at Mercari, Inc. (the "Company") to dissolve and liquidate Souzoh, Inc. ("Souzoh"), a consolidated subsidiary of the Company (the "Dissolution"), and to waive the debt Souzoh has to the Company, as follows. In connection with this, the Company also announced that extraordinary losses would be recorded.

**I. Purpose of the Dissolution**

Although Souzoh, a consolidated subsidiary of the Company, has been engaged in the development of new businesses following *Mercari* since its establishment in 2015, as we announced in "Notice of company split (incorporation-type company split) of consolidated subsidiary and third-party allocation of shares by newly-established sub-subsidiary resulting in change in sub-subsidiary", the resolution was passed at the Company where the business relating to *Merchari* operated by Souzoh shall be succeeded to neuet, Inc. ("neuett"), a company to be newly established via company split, and neuett shall issue new shares with a third-party allocation of shares (the "Third-Party Allocation of Shares") with the recipient of these shares being CLARA ONLINE, Inc. (Head office: Minato-ku, Tokyo; President and CEO: Kentaro Iemoto; hereinafter, "Clara Online"). As a result of the Third-Party Allocation of Shares, neuett will be outside the scope of consolidation of the Company.

Consequently, as Souzoh no longer operates any services, the Company has decided to dissolve and liquidate Souzoh, a consolidated subsidiary of the Company, in order to make effective use of the Company's management resources.

After the Dissolution, development of new businesses in the Company's group will be carried out by the Company and its consolidated subsidiaries.

**II. About the Dissolution**

1. Overview of subsidiary to be dissolved

(1) Name	Souzoh, Inc.
(2) Address	6-10-1 Roppongi, Minato-ku, Tokyo
(3) Representative	Shuji Kawano, Representative Director
(4) Business activities	Planning, development, and operation of the <i>Merchari</i> bicycle-sharing service

(5) Capital	10 million yen		
(6) Date of establishment	September 17, 2015		
(7) Large shareholder(s) and their stake	Mercari, Inc.: 100%		
(8) Relationship between listed company and company concerned	Capital relationship	The company concerned is a wholly-owned subsidiary of the Company.	
	Personnel relationship	The Company shares 1 board member with and seconds employees to the company concerned.	
	Business relationship	The company concerned entrusts work relating to administrative activities to the Company.	
	Status of related parties	The company concerned is a consolidated subsidiary of the Company.	
Business performance and financial standing in the last 3 years *			
Fiscal year	Fiscal year ended June 2016	Fiscal year ended June 2017	Fiscal year ended June 2018
Net assets (millions of yen)	74	254	- 432
Total assets (millions of yen)	186	424	3,015
Net assets per share (yen)	323,030.89	206,659.71	- 193,836.64
Net sales (millions of yen)	—	64	452
Operating loss (-) (millions of yen)	- 155	- 817	- 1,685
Ordinary loss (-) (millions of yen)	- 155	- 817	- 1,685
Net loss attributable to equity holders of the parent company (-) (millions of yen)	- 155	- 820	- 1,686
Net loss per share (-) (yen)	- 1,658,374.03	- 1,482,240.98	- 929,908.93
Dividend per share (yen)	—	—	—

\* Total of *Mercari Kauru*, *Mercari Maisonz*, *teacha*, *Mercari NOW*, and *Merchari*, services that had been operated by Souzoh. (However, the services other than *Merchari* were already terminated while some of the functions were merged into Mercari, and Souzoh currently only operates the *Merchari* service.)

## 2. Dissolution schedule

June 13, 2019: Resolutions by the Board of Directors of the Company and by the Board of Directors of Souzoh

July 30, 2019: Resolution by the General Meeting of Shareholders of Souzoh (scheduled)

Liquidation will be completed upon completion of the necessary procedures pursuant to applicable laws and ordinances.

3. Amount of loss due to dissolution

Refer to item “III. Future outlook.”

4. Description of the debt to be waived

The Company will waive approximately 900 million yen of accounts receivable from affiliated companies that the Company has to Souzoh.

**III. Future outlook**

The Company will waive approximately 900 million yen of accounts receivable from affiliated companies that the Company has to Souzoh. Of the amount to be waived, under non-consolidated accounts, approximately 430 million yen was posted as allowance for doubtful accounts and also approximately 470 million yen will be recorded as extraordinary loss for the fiscal year ending June 2019. However, there will be no impact from this debt waiver on the consolidated results for the year ending June 31, 2019 since this debt waiver is for a consolidated subsidiary.

Further, as a result of the Dissolution, the Company will assume approximately 2.9 billion yen of carry-over loss recognized by Souzoh which is expected to reduce the Company’s income taxes and others both on a consolidated and non-consolidated basis.

(Reference) Consolidated earnings forecast for the current year (announced on May 9, 2019) and consolidated results for the previous year

	Consolidated net sales (Units: millions of yen)
Consolidated earnings forecast for the current year (fiscal year ending June 2019)	50,000–52,000
Consolidated results for the previous year (fiscal year ended June 2018)	35,765