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June 13, 2019

To whom it may concern:

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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 today by the Board of Directors meeting at Mercari, Inc. (the "Company") where the business relating to the bicycle-sharing service *Merchari* (the "Business") operated by Souzoh, Inc. ("Souzoh"), a consolidated subsidiary of the Company, shall be succeeded to neuet, Inc. ("neuet"), a company to be newly established as a consolidated sub-subsidiary of the Company via company split (the "Incorporation-Type Company Split"). Further, neuet will issue new shares with a third-party allocation of shares (the "Third-Party Allocation of Shares", and together with the Incorporation-Type Company Split, the "Transaction") 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, neuet will be outside the scope of consolidation of the Company.

Since the Incorporation-Type Company Split will be conducted solely by a wholly-owned subsidiary of the Company, certain items and contents are omitted in this notice.

I. Purpose of the Transaction

Since its establishment in 2015, Souzoh, a consolidated subsidiary of the Company, has been engaged in the development of new businesses following *Mercari*. As a part of this, Souzoh began offering the bicycle-sharing service *Merchari* in Fukuoka City in February 2018.

Although this service has shown steady growth to date, in order to achieve both concentration of management resources and expansion of the service, it was decided to spin off the Business from Souzoh and succeed it to neuet, a newly-established company via company split, and also for neuet to carry out a third-party allocation of shares to Clara Online, which possesses a wealth of business experience in IT and sports fields as well as strengths in the mobility business.

II. About the Incorporation-Type Company Split

1. Summary of the Incorporation-Type Company Split

(1) Schedule for the Incorporation-Type Company Split

Date of resolution by the Board of Directors: June 13, 2019

Effective date of the Incorporation-Type Company Split: July 26, 2019 (scheduled)

(2) Method of the Incorporation-Type Company Split

The Incorporation-Type Company Split will designate Souzoh as the splitting company which will transfer the Business to the newly-established company.

(3) Share allotment associated with the Incorporation-Type Company Split

At the time of the Incorporation-Type Company Split, the newly-established company, neuett, will issue 200 shares of common stock, all of which will be allocated to the splitting company, Souzoh.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the Incorporation-Type Company Split

Not applicable.

(5) Change in capital due to the Incorporation-Type Company Split

There will be no change in Souzoh's capital as a result of the Incorporation-Type Company Split.

(6) Rights and duties succeeded to the newly-established company

On the effective date, the newly-established company, neuett, will assume the assets and liabilities related to the Business of Souzoh, the splitting company, as well as contracts and related rights and obligations associated with them.

(7) Outlook regarding performance of obligations

After the Incorporation-Type Company Split, Souzoh's debt is expected to be mainly debt to the Company, and it is planned that the Company will dissolve Souzoh and waive the debt. With regard to performance of obligations to be borne by the newly established company, it has been determined that no problems are expected with regard to the certainty of fulfilling such obligations.

2. Summary of the companies concerned in the Incorporation-Type Company Split

	Splitting company (As of March 31, 2019)	Newly-established company (Scheduled for July 26, 2019)
(1) Name	Souzoh, Inc.	neuett, Inc.
(2) Address	6-10-1 Roppongi, Minato-ku, Tokyo	6-10-1 Roppongi, Minato-ku, Tokyo
(3) Position and name of representatives	Shuji Kawano, Representative Director	Shuji Kawano, Representative Director
(4) Business activities	Planning, development, and operation of the <i>Merchari</i> bicycle-sharing service	Bicycle-sharing service and others
(5) Capital	10 million yen	10 million yen
(6) Date of establishment	September 17, 2015	July 26, 2019 (scheduled)
(7) Number of issued shares	2,230 shares	200 shares
(8) Fiscal year-end	June 30	December 31
(9) Large shareholder(s) and their stake	Mercari, Inc.: 100%	Souzoh, Inc.: 100%

3. Splitting company's business performance and financial standing in the most recent fiscal year

	Fiscal year ended June 2018 (Units: millions of yen)
Net assets	- 432
Total assets	3,015
Net assets per share (yen)	- 193,836.64
Net sales	452
Operating loss	- 1,685
Ordinary loss	- 1,685
Net profit or loss	- 1,686
Net profit or loss per share (yen)	- 929,908.93

4. Status after the Incorporation-Type Company Split

Refer to "2. Summary of the companies concerned in the Incorporation-Type Company Split" for information on the name, address, position and name of representatives, business activities, capital, and fiscal year-end of Souzoh and the newly-established company after the Incorporation-Type Company Split.

III. About the Third-Party Allocation of Shares

1. Method of change

The newly-established company, which will become a sub-subsidiary of the Company, is scheduled to carry out a third-party allocation of shares under which 1,600 new shares will be issued. As a result, the stake of the Company's group will be 11.1%, and the newly-established company will be outside the scope of consolidation of the Company.

2. Overview of sub-subsidiary company to be changed (scheduled)

(1) Name	neuet, Inc.	
(2) Address	6-10-1 Roppongi, Minato-ku, Tokyo	
(3) Representative	Shuji Kawano, Representative Director	
(4) Business activities	Bicycle-sharing service and others	
(5) Capital	10 million yen	
(6) Date of establishment	July 26, 2019	
(7) Large shareholder(s) and their stake	Souzoh, Inc.: 100%	
(8) Relationship between listed company and company concerned	Capital relationship	The company concerned is a wholly-owned sub-subsidiary of the Company.
	Personnel	The Company plans to second employees to the

	relationship	company concerned.
	Business relationship	Not applicable.
	Status of related parties	The company concerned is a consolidated subsidiary of the Company.

* Financial figures are not listed as the company concerned has not closed any fiscal years since its establishment.

3. Overview of the third-party allocation of shares by the sub-subsidiary company being changed

(1) Payment date	August 15, 2019 (scheduled)
(2) Number of new shares issued	1,600 shares
(3) Issue price	50,000 yen per share
(4) Total amount to be issued	80 million yen
(5) Allotted to	CLARA ONLINE, Inc.

4. Overview of the recipient of shares under third-party allocation of shares

(1) Name	CLARA ONLINE, Inc.	
(2) Address	5F, Kamiyacho Azabudai Building, 1-7-2 Azabudai, Minato-ku, Tokyo	
(3) Representative	Kentaro Iemoto, President and CEO	
(4) Business activities	Internet service platform business, business consulting services, recruitment services, and others	
(5) Capital	100 million yen	
(6) Date of establishment	May 22, 1998	
(7) Large shareholder(s) and their stake	Kentaro Iemoto: 22.7% Yoshitaka Taguchi: 19.0% WM Growth III Investment Limited Partnership: 16.1% Equinix (Japan) Enterprises Co., Ltd.: 14.2% Itochu Corporation: 5.7% Net Capital Partners Limited: 4.3% GENE CAPITAL PTE LTD: 2.7% Juroku Frontier III Investment Limited Partnership: 1.7% Makoto Shirahata: 0.7% Akihiro Murata: 0.7% Jun Murai: 0.7% Haruyoshi Kageyama: 0.7%	
(8) Relationship between listed company and company concerned	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.

	Business relationship	Not applicable.
	Status of related parties	Not applicable.

5. Status of shares owned by the subsidiary of the Company after third-party allocation of shares

(1) Number of shares and percentage of voting rights owned before capital increase	200 shares (percentage of voting rights owned: 100%)
(2) Number of shares and percentage of voting rights owned after capital increase	200 shares (percentage of voting rights owned: 11.1%)

6. Schedule of the change

June 12, 2019: Resolution by the Board of Directors of Clara Online

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

June 13, 2019: Conclusion of business transfer agreement

August 15, 2019: Payment date for third-party allocation of shares

IV. Future outlook

Souzoh operated the *Mercari Kauru*, *Mercari Maisonz*, *teacha*, *Mercari NOW*, and *Merchari* services as at the end of June 2018. (However, the services other than *Merchari* were already terminated while some of the functions were merged into *Mercari*.) Thus, the business performance of Souzoh includes the business performance of those services other than *Merchari*, and the impact of the *Merchari* business on Souzoh's business performance was negligible.

Also, the impact from the Transaction on the Company's consolidated earnings after the current fiscal year is negligible.

There is no change to the full-year consolidated earnings forecast announced on May 9, 2019 for the fiscal year ending June 2019.

(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