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April 28, 2023

To whom it may concern:

Company Name: Mercari, Inc.
Representative: Shintaro Yamada, Chief Executive Officer
Code: 4385; TSE Prime
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Notice Regarding Company Split (Absorption-type Company Split) with Consolidated Subsidiary

Mercari, Inc. (the “Company”) announces that, at the meeting of the board of directors held today, it resolved that the departments other than the business development function related to the “*Mercari Shops*” (the “Succeeded Departments”) operated by Souzoh, Inc. (“Souzoh”), a consolidated subsidiary of the Company, shall be succeeded to the Company via company split (the “Absorption-type Company Split”) as follows.

Since the Absorption-type Company Split is an absorption-type company split between the Company and its wholly owned subsidiary, certain items and contents are omitted in this notice.

1. Purpose of this Absorption-type Company Split

Since its establishment in January 2021, Souzoh, a consolidated subsidiary of the Company, has been engaged in the planning, development and management of new businesses. As a part of these activities, Souzoh started the full-scale provision of the B2C marketplace “*Mercari Shops*” and has been engaged in its operation since October 2021.

After the launch phase of the “*Mercari Shops*” service, it has been decided to transfer the Succeeded Departments to the Company through a company split based on the judgment that a more integrated product development between the C2C “*Mercari*” operated by the Company and the B2C “*Mercari Shops*” operated by Souzoh will lead to improved customer experience. Souzoh will continue to work on business development to promote “*Mercari Shops*” under the leadership of Kenji Fujiki, who will be newly appointed as Chief Executive Officer on May 1, 2023.

2. About the Absorption-type Company Split

(1) Schedule for the Absorption-type Company Split

Date of resolution by the Board of Directors	April 28, 2023
Conclusion of the Contract	Late June, 2023 (scheduled)
Scheduled implementation date (effective date)	January 1, 2024 (scheduled)

*Since the Absorption-type Company Split falls under the simplified absorption-type company split stipulated in Article 796, Paragraph 2 of the Companies Act of Japan for the Company and it falls under the short-form absorption-type company split stipulated in Article 784, Paragraph 1 of the Companies Act of Japan for Souzoh, it will be carried out without obtaining the approval of the shareholders' meetings for both companies.

(2) Method of the Absorption-type Company Split

The Absorption-type Company Split will designate Souzoh as the splitting company and the Company as the succeeding company.

(3) Share allotment associated with the Absorption-type Company Split

For the Absorption-type Company Split, there will be no allotment of shares or delivery of money or other assets from the Company to Souzoh.

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

Not applicable.

(5) Change in capital due to the Absorption-type Company Split

There will be no change in the capital of the Company as a result of the Absorption-type Company Split.

(6) Rights and duties succeeded to the succeeding company

The Company will succeed the assets, liabilities, and associated rights and obligations, etc. belonged to the departments other than the business development function related to the “*Mercari Shops*” of Souzoh as of the effective date to the extent provided in the absorption-type company split agreement to be executed between the Company and Souzoh.

(7) Outlook regarding performance of obligations

With regard to performance of obligations to be borne by the Company in the Absorption-type Company Split, it has been determined that no problems are expected with regard to the certainty of fulfilling such obligations.

3. Overview of the companies involved in the Absorption-type Company Split

	Succeeding company (as of June 30, 2022)	Splitting company (as of June 30, 2022)
(1) Company Name	Mercari, Inc.	Souzoh, Inc.
(2) Address	6-10-1 Roppongi, Minato-ku, Tokyo	6-10-1 Roppongi, Minato-ku, Tokyo
(3) Position and name of representatives	Shintaro Yamada, Chief Executive Officer	Yuki Ishikawa, Chief Executive Officer

(4) Business activities	Planning, development, and operation of the Mercari marketplace app	Planning, development, and management of internet services
(5) Capital	44.6 billion JPY	100 million JPY
(6) Date of establishment	February 1, 2013	January 28, 2021
(7) Number of issued shares	160,813,967 shares	7,200 shares
(8) Fiscal Year End	June 30	June 30
(9) Large shareholders and their stake	Shintaro Yamada 23.94% Hiroshi Tomishima 5.29% GOLDMAN SACHS INTERNATIONAL 4.65% suadd K.K. 4.08% Custody Bank of Japan, Ltd. (Trust Account) 3.42% MSIP CLIENT SECURITIES 3.20% The Master Trust Bank of Japan, Ltd. (Trust Account) 2.94% BNYM AS AGT/CLTS 10 PERCENT 2.18% GOLDMAN, SACHS & CO. REG 2.03% UNITED, Inc. 1.62%	Mercari, Inc. 100 %
(10) Financial position and results of operations for the most recent fiscal year		
Fiscal Year	Fiscal year ended June 30, 2022 (Consolidated)	Fiscal year ended June 30, 2022 (Standalone)
Net Assets (in million JPY)	37,998	2,785
Total Assets (in million JPY)	339,862	3,127
Net assets per share (JPY)	228.57	386,914.85
Net sales (in million JPY)	147,049	109
Operating loss (in million JPY)	(3,715)	(4,183)
Ordinary loss (in million JPY)	(3,896)	(4,183)

Net loss for this FY (in million JPY) *1	(7,569)	(4,189)
Net loss for this FY per share (in JPY)	(47.34)	(797,913.01)

(*1) The figure for Mercari, Inc. represents a net loss attributable to owners of the parent.

4. Overview of business departments to be split

(1) Business contents of departments to be split or succeeded

Departments other than the business development function related to the “*Mercari Shops*”

(2) Others

Other details of departments to be split or succeeded to will be announced as soon as they are decided.

5. Status after the Absorption-type Company Split

For the Company, there is no change in the company name, location, title or name of the representative, business content, capital or fiscal year end.

6. Future outlook

Since the Absorption-type Company Split is an absorption-type company split with a wholly-owned subsidiary, the impact on consolidated financial results will be negligible.