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April 30, 2020

To whom it may concern:

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Representative: Shintaro Yamada, Chief Executive Officer
Code: 4385; TSE Mothers
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Notice Regarding Recording of Extraordinary Losses in Consolidated and Non-Consolidated Earnings

Mercari, Inc. (the "Company") recorded extraordinary losses in consolidated and non-consolidated earnings for FY2020.6.

1. Extraordinary Losses

Consolidated

The Company recorded goodwill impairment loss of 845 million yen for Michael Inc.

Since the merger of Michael in November 2018, the Company has made efforts to accelerate the enhancement of the automotive categories on the *Mercari* app with an increase in the number of automotive parts listed for sale by collaborating with Michael, which has the user base, communities and operational know-how of *CARTUNE*.

However, the results of the merger have differed from the original business plan at the time of the merger, and Michael is planning to change its business model. The Company examined the earnings plan, taking current business conditions into account. As a result, the Company recorded impairment loss.

Non-consolidated

The Company recorded extraordinary losses of 36,935 million yen on valuation of shares of subsidiaries and affiliates (shares of Merpay, Inc., Mercari, Inc., and Michael Inc.) in FY2020.6. The losses have no impact on a consolidated basis as they are offset on a consolidated basis.

2. Impact on Business Results

Extraordinary losses are reflected in Consolidated Financial Results for the Three Months Ended March 31, 2020 and Notice Regarding Full-Year Consolidated and Non-Consolidated Earnings Forecasts for FY2020.6.