Note: This document is an English translation of the original Japanese language document and has been prepared solely for reference purposes. No warranties or assurances are given regarding the accuracy or completeness of this English translation. In the event of any discrepancy between this English translation and the original Japanese language document, the original Japanese language document shall prevail in all respects.

May 26, 2020

To whom it may concern:

Company Name: Mercari, Inc.
Representative: Shintaro Yamada, Chief Executive Officer
Code: 4385; TSE Mothers
Enquiries: Jun Yokota, VP of Corporate
Phone: +81-3-6804-6907

Notice of Change (Transfer of Shares) regarding Consolidated Subsidiary

Mercari, Inc. (the "Company") decided to sell all the shares of Michael Inc. (Michael) to IID, Inc. (IID) at the Board of Directors meeting held today.

Consequently, Michael will no longer be a consolidated subsidiary of the Company.

1. Reason for the transfer of shares

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 put together at the time of the merger. After the Company looked into other business models that could utilize *CARTUNE*'s assets, the Company concluded that it should separate the CARTUNE business from the Company's marketplace and turn the business into a different revenue model, and decided to sell all the shares of Michael to IID, which has insight in media businesses.

2. Overview of the subsidiary subject to change

(1) Company name	Michael Inc.	
(2) Address	MSD20 Building 2nd Floor, 5-17-14, Sendagaya, Shibuya-ku, Tokyo	
(3) Title and name of representative	Makoto Fukuyama Representative Director	
(4) Business activities	Development and operation of internet services	
(5) Capital	100 million yen	
(6) Date of establishment	December 5, 2016	
(7) Large shareholders and their stake	Mercari, Inc., 100%	
(8) Relationship between listed company	Capital relationship	Michael Inc. is a wholly-owned

and company concerned		subsidiary of Mercari, Inc.
	Personnel relationship	One employee of Mercari, Inc. serves concurrently as an officer of Michael Inc.
	Business relationship	Michael Inc. has an outsourcing contract with Mercari, Inc.

(9) Business performance and financial standing of the company concerned in the last 3 years

Fiscal year	Fiscal year ended July 2017 (*1)	Fiscal year ended July 2018	Fiscal year ended June 2019 (*2)
Net assets (millions of yen)	34	88	205
Total assets (millions of yen)	38	133	296
Net assets per share (yen)	24,239.07	△2,829.82	3,105.33
Net sales (millions of yen)	0	0	81
Operating income (millions of yen)	-5	-197	-247
Ordinary income (millions of yen)	-5	-197	-277
Net income (millions of yen)	-5	-197	-277
Net income per share (yen)	△4,059.72	△118,979.19	△86,431.55
Dividend per share (yen)	0	0	0

(*1) Fiscal year ended July 2017 was from December 5, 2016 through July 31, 2017 as it was the first year of the business.

(*2) Fiscal year ended June 2019 was eleven months from August 1, 2018 through June 30, 2019 due to the change in accounting year.

3. Overview of the Purchaser

(1) Company name	IID, Inc.
(2) Address	Shinjuku Sumitomo Bldg. 28F Nishishinjuku 2-6-1, Shinjuku-ku, Tokyo 163-0228
(3) Title and name of representative	Hiroshi Miyakawa, President/CEO
(4) Business activities	Operation of Media, Research, and Media Commerce businesses
(5) Capital	868,581 thousand yen (As of the end of June 2019)
(6) Date of establishment	April 28, 2000
(7) Net assets (millions of yen)	2,359 million yen (As of the end of June 2019)

(8) Total assets (millions of yen)	3,245 million yen (As of the end of June 2019)	
(9) Large shareholders and their stake	Excite Japan Co., Ltd. 15.91% HAKUHODO DY MEDIA PARTNERS INCORPORATED. 11.65% Mynavi Corporation 9.00% Sony Music Entertainment (Japan) Inc. 5.40% Dentsu Digital Investment Limited Partnership 4.50% SBI SECURITIES Co.,Ltd. 2.88% Hiroshi Miyakawa 2.74% BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCT E PAMPJ 2.24% Hirohiko Yoshino 2.04% IID Employee Stock Ownership Association 1.91% (As of the end of June 2019)	
(10) Relationship between listed company and company concerned	Capital relationship	None
	Personnel relationship	None
	Business relationship	None
	Applicable relationships with related parties	None

4. Number of shares to be transferred and shareholding status before and after the transfer

(1) Number of shares owned before the transfer	Common shares: 5,015 shares Class A preferred shares: 254 shares (Number of voting rights: 5,269) (Percentage of voting rights owned: 100%)
(2) Number of shares to be transferred	Common shares: 5,015 shares Class A preferred shares: 254 shares (Number of voting rights: 5,269) (Percentage of voting rights owned: 100%)
(3) Transfer cost	Shares: 86 million yen Total: 86 million yen
(4) Number of shares owned after the transfer	Common shares: 0 shares Class A preferred shares: 0 shares (Number of voting rights: 0) (Percentage of voting rights owned: 0%)

5. Schedule

(1) Date of resolution at the board of directors' meeting	May 26, 2020
(2) Stock transfer agreement signing date	May 26, 2020
(3) Stock transfer execution date	June 30, 2020 (scheduled)

6. Future outlook

The Company is to record approximately 200 million yen reduction in Consolidated and Non-Consolidated income tax, yet it does not change the outlook it announced in "Notice Regarding Full-Year Consolidated and Non-Consolidated Earnings Forecasts for FY2020.6" on April 30, 2020.