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April 2, 2021

To whom it may concern:

Company Name: Mercari, Inc.
Representative: Shintaro Yamada, Chief Executive Officer
Code: 4385; TSE Mothers
Enquiries: Jun Yokota, SVP of Corporate
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Notice Regarding Establishment of Subsidiary and Consideration of New Business

Mercari, Inc. (the "Company") hereby announces that at a meeting of the Board of Directors held today, the Company resolved to establish a subsidiary (Mercoin, Inc.; "Mercoin"), with which it aims to develop services related to cryptoassets and blockchain technologies.

Mercoin plans to register as a virtual currency (cryptoasset) exchange service at a future date.

1. Purpose of Establishing this Subsidiary and Launching the New Business

Cryptoassets continue to grow as a major economic force. The cryptoasset market is valued at over 200 trillion yen*1, reaching nearly ⅙ of the estimated total 1.2 quadrillion yen*2 in gold mined to date. In Japan, amendments to the Payment Services Act in April 2017 saw a number of service providers enter the cryptoasset trading industry and gradually expand the scope of their business, centered on asset management. Meanwhile, the global stage has seen use of cryptoassets and blockchain extend to not only asset management, but payment, remittance, and other services, too. Mercari believes that these technologies represent the opportunity to offer a brand new customer experience to the Japanese market as well.

By establishing Mercoin and taking on the cryptoasset business, Mercari will make it even easier for users to utilize financial services, such as by allowing users to receive payment for Mercari sales in bitcoin and providing a single wallet function that incorporates not only Merpay's payment and remittance services, but credit, cryptoasset, and asset management features as well.

Mercari has also started work on blockchain technologies, which present new opportunities for individuals to exchange value. The company wants to redefine what it means to buy and sell, enabling anyone and everyone to easily exchange value in all its forms—not only as belongings and money, but services and digital content like non-fungible tokens (NFTs) *3.

Through the new challenges taken on by Mercoin, Mercari aims to plan and develop new services which can become a new pillar of growth for Mercari Group.

*1: From CoinMarketCap (https://coinmarketcap.com/) on March 30, 2021.
*2: As of March 30, 2021 (gold gram value: https://www.kitco.com/kitco-gold-index.html; total gold mined: https://www.gold.org/about-gold/gold-supply/gold-mining/how-much-gold)
*3: "Non-fungible token" refers to tokenized, one-of-a-kind data registered to a blockchain. It can be used to record ownership and transfer of rights for digital assets.

2. Overview of the subsidiary to be established

(1) Company name	Mercoin, Inc.	
(2) Address	6-10-1 Roppongi, Minato-ku, Tokyo	
(3) Title and name of representative	Naoki Aoyagi, Representative Director & CEO	
(4) Business activities	Planning and development of cryptoasset- and blockchain-related services	
(5) Capital	50 million yen	
(6) Date of establishment	End of April 2021 (planned)	
(7) Large shareholders and their stake	Mercari, Inc., 100%	
(8) Relationship between listed company and company concerned	Capital relationship	Wholly-owned subsidiary
	Personnel relationship	Plan to dispatch upper management and employees from Mercari
	Business relationship	N/A

3. Schedule

(1) Date of resolution at the board of directors' meeting	April 2, 2021
(2) Date of establishment	End of April 2021 (planned)
(3) Start of operations	Within 2021 (planned)

4. Amounts and details of special expenditure required for the launch of new business

Currently, there are no plans to spend specially for this business.

5. Future outlook

While the Company believes the new business will help improve performance for Mercari Group in the mid-to-long term, the Company is still investigating its impact on performance for this fiscal year. The Company will disclose this impact as soon as possible, should such disclosure be deemed necessary.