

September 14, 2021

To Our Shareholders

Mercari, Inc.

Mercari's Views on ISS Recommendation Against "Proposal No.1: Partial Amendment to the Articles of Incorporation" at the 9th Annual General Meeting of Shareholders

Mercari, Inc. ("Mercari") understands that Institutional Shareholder Services Inc. ("ISS"), a proxy advisory firm, is recommending against "Proposal No.1: Partial Amendments to the Articles of Incorporation" that will be voted on at the 9th Annual General Meeting of Shareholders scheduled for September 29, 2021 (the "Proposal").

The following is a supplementary explanation of Mercari's views on the Proposal. Shareholders are kindly requested to read the following prior to exercising their voting rights.

1. ISS' s Recommendation Against the Proposal and Mercari' s Basic Views

ISS recommends against the Proposal based on the following points. Mercari believes that ISS's recommendation against the Proposal is unfounded, as explained in detail in Section 2.

(i) Japanese companies are currently allowed to hold virtual only meetings using temporary regulatory relief (without amending articles) for two years, but the passage of this proposal will authorize the company to hold virtual only meetings permanently, without further need to consult shareholders, even after the current health crisis is resolved.

(ii) The proposed language fails to specify situations under which virtual meetings will be held, raising concerns that meaningful

exchange between the company and shareholders could be hindered, especially in controversial situations such as when shareholder proposals are submitted, a proxy fight is waged, or a corporate scandal occurs.

2. Mercari's Views

(i) From the perspective of Mercari's risk management, it is important to be able to select a fully virtual shareholders' meeting in order to ensure that a shareholders' meeting can be held and business can continue in an emergency. As for the actual method of holding the meeting, Mercari will select the most appropriate method through future dialogue with shareholders.

Mercari believes that it will be beneficial to its shareholders to include fully virtual meetings as an option and expand the options for the method of holding general meetings of shareholders to prepare for emergencies.

Even after the current COVID-19 pandemic is under control, companies in Japan are always exposed to disaster risks such as earthquakes and floods. Mercari must ensure that it can hold general shareholders' meetings and continue its business even in a large-scale disaster that may occur at any time. For this reason, we believe it is important from the perspective of corporate risk management to make it possible to select a fully virtual general meeting of shareholders as soon as possible.

The Proposal concerns a change to the Articles of Incorporation that will give Mercari the option of holding fully virtual general meetings of shareholders; it does not mean that Mercari has actually decided to hold any fully virtual general meetings of shareholders in the future. Mercari intends to use the Proposal as an opportunity to continue to listen to the opinions of its shareholders and to select the method of holding the general meeting of shareholders that is most conducive to the interests of shareholders at the time, by comprehensively considering such factors as the spread of infectious diseases and large-scale disasters, accommodating shareholders who are

physically unable to attend the meeting, and deepening dialogue with shareholders.

(ii) Fully virtual shareholder meetings do not limit the rights of shareholders, and the law does not allow companies to operate arbitrarily.

Even in the case of a fully virtual shareholders' meeting, a company is required to accept questions, motions, and voting rights from shareholders as per the principles of the Companies Act, just as in the case of a conventional shareholders' meeting held at a physical location. Therefore, the fully virtual shareholders' meeting does not restrict these rights of shareholders.

In addition, fully virtual shareholder meetings sometimes raise concerns such as "the company will not take up inconvenient questions." However, under the Japanese Companies Act, there is no room for such arbitrary management, as it is considered unfair and a reason for rescinding a resolution of a shareholders' meeting.

Furthermore, even if the Proposal is approved, in order to hold a fully virtual general meeting of shareholders, it is necessary, at the time of the decision to convene the meeting, to meet the requirements stipulated in the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice as a case that contributes to strengthening industrial competitiveness while giving consideration to ensuring the interests of shareholders, and it is not permissible for Mercari to arbitrarily hold a fully virtual general meeting of shareholders.

(iii) Fully virtual shareholder meetings are actually conducive to meaningful dialogue with shareholders.

Unlike conventional shareholders' meetings, fully virtual shareholders' meetings remove restrictions for shareholders who are unable to travel to the meeting venue for reasons such as travel time and costs and provide an opportunity for anyone to attend. We believe that a fully virtual general meeting of shareholders will enable more

shareholders to participate in discussions and reflect their opinions in the general meeting of shareholders, even in the situations ISS is concerned about where shareholder proposals and other controversial issues are raised.

As such, we believe that fully virtual shareholders' meetings will not hinder, but rather facilitate meaningful dialogue between Mercari and its shareholders.

Mercari intends to proactively incorporate developments in information technology, without being bound by conventional methods, in order to build an optimal dialogue with shareholders in this new era.

As described above, Mercari believes that ISS's opinion may not sufficiently take into account the situation in which Mercari is required to continue its business in Japan, a country prone to natural disasters, and the nature of dialogue with shareholders in the new era. ISS's opinion may prevent Mercari from selecting the most appropriate method of holding the meeting in order to realize meaningful dialogue with shareholders, and is different from Mercari's view.