

November 12th, 2021

To Our Valued Stakeholders,

**SHIFT's View on Dissenting Recommendation by ISS, the Proxy Advisory Company,
Regarding Proposal No.3 "Election of two (2) Directors who are Audit & Supervisory Committee
Members" of the 16th Annual General Meeting of Shareholders**

SHIFT Inc. ("SHIFT," headquartered in Minato-ku, Tokyo, Japan; Masaru Tange, CEO and Representative Director) has been told that the proxy advisory, Institutional Shareholder Services Inc. (hereinafter "ISS") recommended that shareholders vote against the proposal No.3 "Election of two (2) Directors who are Audit & Supervisory Committee Members." Regarding the proposal, it provides supplementary explanation and deeply appreciates your understandings.

1. The Contents of ISS Report

ISS recommends to vote against the Proposal No.3-1, to elect Mr. Yusuke Arai as Independent Outside Director who is Audit & Supervisory Committee Member, due to the lack of independency for his work experience in Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.).

2. SHIFT's View

SHIFT recognized him to be independent from SHIFT and determined that he is appropriate to be Independent Outside Director who is Audit & Supervisory Committee Member for the following reasons.

(1) Mr. Arai has not worked for Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.), while Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.) is SHIFT's auditor.

Before Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.) became SHIFT's auditor from December 2018, Deloitte Touche Tohmatsu LLC was SHIFT's auditor. Mr. Arai has left Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.) as of June 2016 and therefore has not engaged in auditing in SHIFT.

(2) Mr. Arai has not to do with auditors of Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.).

While Mr. Arai has worked for Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.), he has not worked with the current auditors who are partners of Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.) in the same department/ unit.

(3) Mr. Arai has not to do with Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.) after he left.

After Mr. Arai left Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.),

he has not to do with Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.) such as receiving auditing projects etc.

In addition to the views above, SHIFT decided that he is appropriate to be Independent Outside Director who is Audit & Supervisory Committee Member because he meets all the criteria stipulated by SHIFT to be independent. Therefore, SHIFT expects him to oversee its management from independent, fair and objective perspectives.

Moreover, SHIFT considers that his sophisticated knowledge and rich experiences in corporate accounting as CPA would much contributes to supervising SHIFT's management. With all these considerations of SHIFT, it has submitted Proposal 3-1, to elect Mr. Arai to be Independent Outside Director who is Audit & Supervisory Committee, to the 16th Annual General Meeting of Shareholders.

Noted that SHIFT confirmed that he also meets the criteria stipulated by Tokyo Stock Exchange, Inc. (hereinafter "TSE") to be an independent director and notified TSE that it designates him as Independent Outside Director who is Audit & Supervisory Committee Member.

[For reference]

<Biography of Mr. Yusuke Arai>

April. 1998 Joined Tatsumi LLC.

January. 2004 Joined SANKO TECHNO CO.,LTD.

January. 2006 Joined Misuzu Audit Corporation (formerly, ChuoAoyama PwC Audit Corporation)

August. 2007 Joined Ryusei Audit Corporation

December. 2008 Joined Ernst & Young ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC.)

July. 2010 Registered as C.P.A.

July. 2016 Joined Crowe Toyo & Co.

<Reasons and expectations for nomination as candidate for Independent Outside Director who is Audit & Supervisory Committee Member>

Mr. Arai has not been involved in the management of a corporation other than as an Outside Director or an Outside Corporate Auditor. However, SHIFT nominates Mr. Arai as a candidate for Outside Director who is an Audit & Supervisory Committee Member, judging that, as a certified public accountant with a high level of professional knowledge and abundant experience in corporate accounting, he would be able to appropriately perform the duties of an Independent Outside Director who is an Audit & Supervisory Committee Member.

###

Contact

Taichi Hattori

Executive Officer and CFO

ir_info@shiftinc.jp