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mercari

Notice of the 11th Annual General Meeting of Shareholders

Mercari, Inc.

Securities code: 4385

Date and Time:

Thursday, September 28, 2023, at 10:00 a.m. (JST)
(Attendees will be able to login from 9:30 a.m. onwards)

Meeting Format:

Exclusively online general meeting of shareholders

Notes:

There will be no venue for shareholders to visit in person.
There is no need to apply in advance to attend this exclusively online general meeting of shareholders.

Proposals:

- | | |
|-------|---|
| No. 1 | Partial Amendments to the Articles of Incorporation |
| No. 2 | Election of Ten (10) Directors |

Deadlines:

- Deadline for receiving shareholder questions in advance
5:00 p.m. (JST) on Tuesday, September 19, 2023
- Deadline for advance exercise of voting rights in writing
To be arrived by 7:00 p.m. (JST) on Wednesday, September 27, 2023
- Deadline for advance exercise of voting rights via the internet
7:00 p.m. (JST) on Wednesday, September 27, 2023

Please be aware that there will be no gifts prepared for the shareholders who attend this meeting.

A Message to Our Shareholders

In February of this year, Mercari celebrated its 10th year of operations. Currently, more than 22 million people in Japan use *Mercari*, and our annual gross merchandise value (GMV) has grown to 1 trillion JPY in size. I would like to take this opportunity to express my gratitude to our shareholders and to our many stakeholders for their support.

In the fiscal year ended June 30, 2023, our entire Group worked on strengthening our financial foundation and took on bold investments that maintained discipline for growth in the mid-to-long term. In the context of our three core businesses, Marketplace, Fintech, and US, we promoted operations that balanced growth with profitability, achieving our highest-ever figures for consolidated net sales and operating profit. In addition, we announced a number of new initiatives toward creating Group synergies that will support future growth, such as *Mercard* and its accompanying loyalty program, as well as a bitcoin trading service, and got off to a good start.




To mark the Group's 10th anniversary, we released a completely new Group mission: "Circulate all forms of value to unleash the potential in all people." I believe that by circulating all forms of value, not just physical things and money, we can create opportunities for anyone to realize their dreams and contribute to society and the people around them. Moreover, I would like Mercari to become a company that unleashes the potential in all people around the world. Through the growth of our own existing businesses and our collaboration with outside partners, we will construct an ecosystem that seamlessly circulates value beyond just tangible things. In addition, I would like to develop our organization in order to achieve our mission with initiatives such as establishing a borderless foundation where global talent can thrive and strengthening corporate governance through our transition to a Company with Three Committees (Nominating Committee, Compensation Committee and Audit Committee) and more.

Since our founding, Mercari has realized substantial growth. However, looking back on the past few years, I think there was an even greater margin for us to Go Bold and take on challenges without fear of failure in order to achieve our mission. In anticipation of the next ten years, we will make aggressive investments aiming for the disruptive growth of our business and strive to improve our enterprise value by maximizing future profits. We would like to ask all of our shareholders for their further support and encouragement going forward.

Shintaro Yamada, Representative Director, Chief Executive Officer




GROUP MISSION



Circulate all forms of value to unleash the potential in all people

A Letter from Founder Shintaro Yamada on Mercari's 10th Anniversary




These past ten years have not been entirely full of successes. We experienced countless failures and mistakes, too. We also started thinking about our long-term role as a company. For example: We may have a large user base, but are we fulfilling our responsibilities to society? What can we do to make Mercari a service that has a positive impact on people? How can we further contribute to the circular economy?


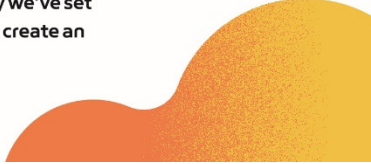
After more than a year of broad discussions, we decided to establish a new Mercari Group mission.

“Circulate all forms of value to unleash the potential in all people”

Our new Group mission is meant to go beyond Mercari's founding mission of “Create value in a global marketplace where anyone can buy & sell,” and focuses on why we're doing it—to contribute to society in a meaningful way.



At Mercari, we believe that the value of many things (both tangible and intangible) are yet to be discovered. We also believe that people need the right tools and resources in order to reach their full potential. That's why we've set out to “unleash” the potential in all people by using technology to create an ecosystem that circulates all forms of value.



Securities code: 4385

Date of sending by postal mail: September 11, 2023

Start date of measures for electronic provision: September 6, 2023

To our shareholders:

Shintaro Yamada
Representative Director, Chief Executive Officer
Mercari, Inc.
6-10-1 Roppongi, Minato-ku, Tokyo

Notice of the 11th Annual General Meeting of Shareholders

We are pleased to announce that the 11th Annual General Meeting of Shareholders of Mercari, Inc. (the “Company”) will be held as indicated below.

This General Meeting of Shareholders will be held in the form of a general meeting of shareholders without a fixed location (“exclusively online general meeting of shareholders”). We ask shareholders to attend via the internet. Please be aware that there will be no venue to visit in person.

When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders and other documents (items for which the measures for providing information in electronic format will be taken; hereinafter, also referred to as “items subject to measures for electronic provision”) in electronic format, and posts this information on the Company’s website and the website for posted Shareholder Meeting Materials. Please access either of those websites by using the corresponding internet address shown below to review the information.

The Company’s website:

<https://about.mercari.com/en/ir/stock/shareholdermeeting/>

Website for posted Shareholder Meeting Materials:

<https://d.sokai.jp/4385/teiji/> (in Japanese)

In addition to posting items subject to measures for electronic provision on the website above, the Company also posts this information on the website of the Tokyo Stock Exchange (TSE). Please refer to the following website.

Tokyo Stock Exchange website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Access the Tokyo Stock Exchange website by using the internet address shown above, enter “Mercari” in “Issue name (company name)” or the Company’s securities code “4385” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”

If you are not attending the meeting, you may exercise your voting rights via the internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights in advance.

1. Date and Time: Thursday, September 28, 2023, at 10:00 a.m. (JST)

If the meeting cannot be held at the above-mentioned date and time due to network outages or other technical difficulties, the Company will postpone it to Friday, September 29, 2023, at 10:00 a.m. (JST).

2. Meeting Format:

The meeting will be held without a fixed location (exclusively online general meeting of shareholders).

Please attend via the Shareholder Meeting Portal: <https://web.sharely.app/dh> (in Japanese).

For details such as the system requirements and procedures required to attend, please refer to “Guide to Exclusively Online General Meeting of Shareholders” and “Guide to Exercise of Voting Rights.”

3. Purpose of the Meeting

Matters to be reported

1. The Business Report, the Consolidated Financial Statements for the 11th fiscal year (from July 1, 2022, to June 30, 2023), and the results of audits of the Consolidated Financial Statements by the independent auditor and the Audit and Supervisory Board
2. The Non-consolidated Financial Statements for the 11th fiscal year (from July 1, 2022, to June 30, 2023)

Matters to be resolved

Proposal No. 1: Partial Amendments to the Articles of Incorporation

Proposal No. 2: Election of Ten (10) Directors

4. Matters Decided upon Convocation

- (1) The communication method used to send and receive information during the proceedings of this General Meeting of Shareholders shall be via the internet.
- (2) In the event shareholders exercise their voting rights in advance via the internet or in writing, but then attend this General Meeting of Shareholders and exercise their voting rights again, the vote cast at this General Meeting of Shareholders shall be deemed valid. In the event that shareholders do not exercise their voting rights at this General Meeting of Shareholders, the vote cast in advance via the internet or in writing shall be deemed valid.
- (3) At the beginning of this General Meeting of Shareholders, a resolution shall be made to the effect that, if proceedings of this General Meeting of Shareholders are significantly hampered by technical difficulties such as a network outage, the chairperson of the meeting may decide to postpone or adjourn the meeting. If the chairperson of the meeting decides on a postponement or adjournment based on this resolution, the Company shall hold the postponed meeting or continuation of the adjourned meeting of this General Meeting of Shareholders from 10:00 a.m. (JST) on Friday, September 29, 2023. In such cases, the Company will promptly notify shareholders via the Company’s website*, and you will be asked to attend the postponed meeting or the continuation of the adjourned meeting in accordance with the “Guide to Exclusively Online General Meeting of Shareholders.”
- (4) Among items subject to measures for electronic provision, the following items are not provided in the documents delivered to shareholders who have requested the delivery of paper-based documents as provided for by the provisions of laws and regulations and Article 17 of the Articles of Incorporation of the Company. Accordingly, the documents that are delivered to shareholders who have made a request for delivery of paper-based documents are part of the documents included in the scope of audits by the Audit and Supervisory Board and the independent auditor when they create their respective audit reports.

● Business Report

Assets and profit (loss), Main business, Major offices, Employees, Major lenders, Other significant matters pertaining to the current condition of the Group, Stock acquisition rights,

Independent Auditor, System to ensure the appropriateness of business operations and the status of its implementation, and Policy on determination of dividends of surplus and others

- Consolidated Financial Statements

Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements

- Non-consolidated Financial Statements

Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity, and Notes to Non-consolidated Financial Statements

- Audit Report

The independent auditor's Audit Report on the Consolidated Financial Statements, the independent auditor's Audit Report on the Non-consolidated Financial Statements, and the Audit and Supervisory Board's Audit Report

- (5) If any changes are made to items subject to measures for electronic provision, a notice of the changes and the details of the items before and after the changes will be posted on the Company's website*, the website for posted Shareholder Meeting Materials and the Tokyo Stock Exchange website.
- (6) If any changes are made regarding the operation of this General Meeting of Shareholders, such information will be posted on the Company's website*.
- (7) Please note that this General Meeting of Shareholders will be conducted in Japanese.

***The Company's website can be found here:**

<https://about.mercari.com/en/ir/stock/shareholdermeeting/>

Inquiries regarding requests for delivery of paper-based Shareholder Meeting Materials

In accordance with revisions to the Companies Act, the notice of the General Meeting of Shareholders is provided in simplified form. Please check the websites mentioned above for Shareholder Meeting Materials. Shareholders wishing to receive a paper-based notice for the next and subsequent Shareholder Meetings are asked to make a request for delivery of paper-based documents in advance. For details, please make inquiries to the hotline to the right.

Mitsubishi UFJ Trust and Banking Corporation,
Stock Transfer Agency

Dedicated phone line for electronic provisioning system:
0120-696-505

Business hours: 9:00 a.m. to 5:00 p.m. (JST, not available on Saturdays, Sundays and national holidays)

Guide to Exclusively Online General Meeting of Shareholders

This General Meeting of Shareholders will be held exclusively online. (Please be aware that there will be no venue for shareholders to visit in person.) While viewing the event as it is streamed in real time on the Shareholder Meeting Portal, attendees can also ask questions, propose motions, and exercise their voting rights. Because attendance at this General Meeting of Shareholders (“attendance”) will take place via the internet only, those wishing to attend the meeting are asked to check the procedure explained from this page onwards before doing so (attendees are not required to apply in advance). If conditions going forward result in changes regarding the operation of the General Meeting of Shareholders as set out below, the Company will notify shareholders via the Company’s website*, which you are asked to check before the meeting.

*The Company’s website can be found here: <https://about.mercari.com/en/ir/stock/shareholdermeeting/>

Live streaming date and time: begins at 10:00 a.m. on Thursday, September 28, 2023 (attendees will be able to login from 9:30 a.m. onwards)



Attendance

1. Applying for attendance

There is no need to apply in advance to attend this exclusively online general meeting of shareholders. On the day the meeting is held, please participate via the Shareholder Meeting Portal.

2. Operating environment required for attending the General Meeting of Shareholders

Please refer to the following website for recommended system requirements for attending the General Meeting of Shareholders. In addition, shareholders should note that they are responsible for all costs related to communications equipment and communications charges associated with attendance.

Recommended system requirements: <https://merc.li/SyQ3mypRa> (in Japanese)



3. How to access the meeting

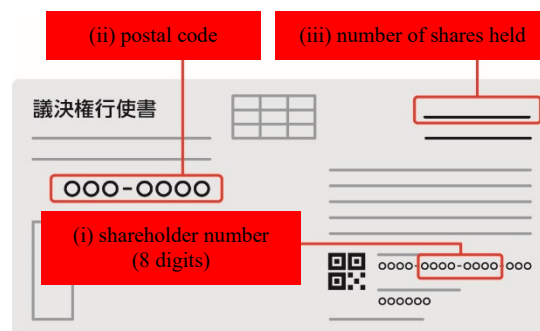
(1) Please access the Shareholder Meeting Portal.

Shareholder Meeting Portal for Mercari, Inc.: <https://web.sharely.app/dh> (in Japanese)



- (2) Please have your voting form at hand, and check your (i) shareholder number, (ii) postal code*, and (iii) number of shares held.

* Please be aware that the postal number will be that of the address at which you were registered with the securities company as of June 30, 2023.

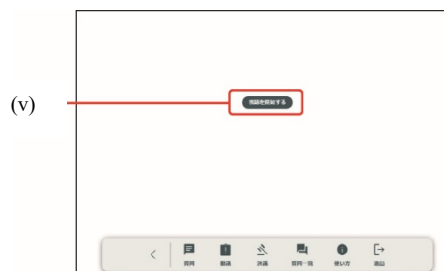


- (3) After entering the (i) shareholder number, (ii) postal code, and (iii) number of shares held provided on the voting form, select the (iv) "Login" button.

- (4) After logging in, the screen to the right will be displayed. Please select (v) "Begin viewing." Please check that the audio is working properly by clicking the headphone symbol shown on the lower part of the screen.



Please wait until the meeting begins at 10:00 a.m. (JST) on Thursday, September 28, 2023.



4. How to exercise your voting rights

Attending shareholders may exercise their voting rights on the day the meeting is held from the time at which this General Meeting of Shareholders begins to the time at which matters to be resolved are voted on.

- (1) After following the procedure described in "3. How to access the meeting," a menu will be shown in the lower part of the screen. Please select the "Vote" button.
- (2) For each matter to be resolved, please select either "Approve," "Oppose," or "Abstain."
- (3) After selecting a button for each of the matters to be resolved, please select the "Send" button at the bottom of the screen.

5. Procedure for submitting questions in advance

- Shareholders may send questions about the purpose of this General Meeting of Shareholders ahead of the meeting.

Acceptance period: 12:00 a.m. (JST) on Wednesday, September 6, 2023, to 5:00 p.m. (JST) on Tuesday, September 19, 2023

- Questions can be sent using the “Ask a Question in Advance” button on the screen displayed after logging in to the Shareholder Meeting Portal, or by using the following link. Form for asking a question in advance <https://merc.li/fCpQt9AYa> (in Japanese)
- Matters in which shareholders are deemed to have a high level of interest will be addressed at this General Meeting of Shareholders.
- Even shareholders who are not attending on the day of the meeting may send questions in advance.



6. Procedure for submitting questions and proposing motions on the day the meeting is held

Attending shareholders may ask questions or propose motions on the day the meeting is held by entering text on the attendance screen on the preceding page. At this General Meeting of Shareholders, questions may be supplemented by audio (speech) for questions received on the day the meeting is held.

(1) Questions on the day of the meeting

- The content of questions is restricted to the purpose of this General Meeting of Shareholders.
- Questions at this General Meeting of Shareholders are limited to one question per person each time, with a length of no more than 200 characters, and no more than three may be sent. In the event that multiple questions are sent at once, a response may only be given to the first question.
- There are limits on the time allocated to the Q&A session, so it may not be possible to respond to all questions. Your understanding in this matter is appreciated.

(2) Audio supplementation for questions on the day of the meeting (“supplementary speech”)

- In order to use supplementary speech, the shareholder must be using a device with a microphone.
- Shareholders wishing to make use of supplementary speech should insert “Supplementary speech requested” at the beginning of their question before it is sent.
- During the Q&A session, shareholders who have requested supplementary speech will be contacted by the administrative office via chat, which will appear on the screen being viewed by the shareholder, so you are asked to watch out for the chat window.
- When it is your turn for Q&A, you will be informed by the administrative office, so please select the unmute button on your screen. After selecting the unmute button, please use speech to supplement the text entered for your question.
- Supplementary speech is intended to be used to supplement questions that have been sent on the day of the meeting. Please refrain from using supplementary speech to ask questions other than the one sent via text on the day.

(3) Motions

- Depending on the way the chairperson organizes proceedings, motions may be submitted together to the assembly up to the point at which matters to be resolved are voted on.

(4) Others

- For details on how to use the Shareholder Meeting Portal, please refer to the following link. Link to Shareholder Meeting-Related Materials <https://merc.li/5A7gsve3a> (in Japanese)



1. Notes on attending the General Meeting of Shareholders

- To attend this General Meeting of Shareholders, you must be a shareholder of the Company.
- There is no need to apply in advance.
- During the Q&A session of this General Meeting of Shareholders, supplementary speech may be used in addition to the text of questions sent. Shareholders wishing to make use of supplementary speech must have access to a microphone function, and should ensure that they have made preparations in this regard.
- Sharing the login information for attendance (shareholder number, postal code, and number of shares held) with a third party and photographing, audio recording, video recording, storing, disclosure, etc. of the proceedings of this General Meeting of Shareholders are prohibited.
- In the event of a network outage or other technical difficulties, live streaming and audio of the General Meeting of Shareholders could be disrupted or temporarily suspended. Please note that the Company shall not be held liable for any disadvantages suffered by shareholders attending the General Meeting of Shareholders due to such technical issues.
- If the Company deems it necessary, the content of this General Meeting of Shareholders could be changed or canceled.
- If any of the following events occur, the implementation of supplementary speech may be discontinued either partly or completely.
 - Cases where the voice of the shareholder cannot be heard properly due to network outages or other technical difficulties
 - Cases of system malfunction
 - Other cases where it is difficult to implement supplementary speech during questions
- Even if attending on the day of the meeting, shareholders are requested to exercise their voting rights in advance considering the possibility of network outages or other technical difficulties.
- This General Meeting of Shareholders will be conducted in Japanese.
- If you have questions about viewing the meeting or the system, please contact the “Inquiries desk” below or the contact given in the manual at the following link.
Link to Shareholder Meeting-Related Materials: <https://merc.li/5A7gsve3a> (in Japanese)



2. Proxy attendance

- Shareholders wishing to attend by proxy must delegate their authority to one other shareholder with voting rights in the Company. Shareholders wishing to do this must submit the following to the Company in advance by postal mail.
 - (i) A letter of proxy (including the seal of the mandator)
 - (ii) A copy of the voting form of the mandator
 Please download the template for the letter of proxy from the above-mentioned Link to Shareholder Meeting-Related Materials.
Address: Roppongi Hills Mori Tower 18th Floor, 6-10-1 Roppongi, Minato-ku, Tokyo, 106-6118
Attn: Shareholder Meeting Administrative Office, Mercari, Inc.
- Deadline for submissions: Must be received by 7:00 p.m. (JST) on Friday, September 22, 2023

3. Treatment of advance exercise of voting rights

If a shareholder who exercised their voting rights in advance either in writing or via the internet attends the meeting on the day, the prior exercise of voting rights shall be deemed void once the Company confirms that the shareholder has exercised their voting rights during the meeting.

If the Company cannot confirm that a shareholder in attendance has exercised their voting rights during the meeting, their advance exercise of voting rights shall be deemed valid.

4. Summary of details of the policy on measures concerning failure of the method of communication used to send and receive information in the proceedings of this General Meeting of Shareholders

- We will use a system from a provider with an extensive track record in live streaming.
- During live streaming, we will have main and backup devices in place.
- The system consists of multiple dual-setups for main and backup streaming.
- We have arranged for capacity that is more than sufficient to handle all shareholders wishing to attend.
- To prevent network outages, we have put in place multiple internet lines.
- We have prepared a manual that provides specific actions to be taken in the event of network outages or other technical difficulties and have prepared responses tailored to different types of network outages.
- At the beginning of this General Meeting of Shareholders, a resolution shall be made to the effect that, if proceedings of this General Meeting of Shareholders are significantly hampered by technical difficulties such as a network outage, the chairperson of the meeting may decide to postpone or adjourn the meeting. If a postponement or adjournment of this General Meeting of Shareholders is decided based on this resolution, the Company shall announce that fact on its website* as soon as possible.
- If the Company is unable to hold the General Meeting of Shareholders due to network outages or other technical difficulties, or if significant problems occur with regard to the proceedings, the Company shall postpone the General Meeting of Shareholders to the following alternate date and time (including a postponed meeting or continuation of an adjourned meeting).



*The Company's website can be found here:

<https://about.mercari.com/en/ir/stock/shareholdermeeting/>

Alternate date and time: 10:00 a.m. (JST) on Friday, September 29, 2023 (attendees will be able to login from 9:30 a.m. (JST) onwards)

5. Summary of details of the policy regarding consideration of the interests of shareholders who have difficulties in using the internet as a method of communication for transmitting and receiving information with regard to the proceedings of this General Meeting of Shareholders

- Shareholders who have difficulty using the internet are asked to exercise their voting rights in advance by postal mail. Please refer to the "Guide to Exercise of Voting Rights" section below for the procedure.

Inquiries Desk

If you have questions about attendance, asking questions in advance, or other procedures, please ensure that you have your voting form at hand and contact one of the following:

Inquiries up to the day before the meeting is held

1. System-related inquiries (login, viewing, questions, motions, asking questions in advance, etc.)

Please inquire via the Company's IR website*.

*The Company's IR website can be found here: <https://about.mercari.com/en/contact/ir/>

When using the inquiry form, please ensure that you enter your shareholder number in the message field before sending.

2. Loss of login information or voting form

Shareholders who have lost their login information (shareholder number, postal code, number of shares held) or voting form are requested to contact the following point of contact.

On or before Thursday, September 21, 2023:

Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency

Phone number: 0120-232-711

Business hours: 9:00 a.m. to 5:00 p.m. (JST; not available on Saturdays, Sundays, and national holidays)

On or after Friday, September 22, 2023:

Please inquire via the Company's IR website*.

Inquiries on the day on which the meeting is held

1. System-related inquiries (login, viewing, questions, motions, etc.)

Coincheck, Inc.

Phone number: +81-3-6416-5287

Business hours: from 9:00 a.m. on the day on which this General Meeting of Shareholders is held to the conclusion of the General Meeting of Shareholders

2. Loss of login information or voting form

For inquiries on the day on which the meeting is held, please inquire via the Company's IR website*.

Business hours: from 9:00 a.m. on the day on which this General Meeting of Shareholders is held to the conclusion of the General Meeting of Shareholders

Guide to Exercise of Voting Rights

Guidance for Advance Exercise of Voting Rights

Even shareholders attending the General Meeting of Shareholders are requested to exercise their voting rights in advance considering the possibility of network outages or other technical difficulties.

Advance exercise of voting rights via the internet

Please access the website for exercising voting rights printed on the voting form and enter your approval or disapproval for each proposal by following the instructions provided on the next page.



Deadline: 7:00 p.m. (JST) on Wednesday, September 27, 2023

Advance exercise of voting rights in writing

Please indicate your approval or disapproval for each proposal on the voting form and return it to the Company by mail so that it arrives before the deadline. If there is no indication of approval or disapproval for a proposal, it shall be treated as an indication of approval for the Company's proposal.



Deadline: 7:00 p.m. (JST) on Wednesday, September 27, 2023

Electronic voting platform

Shareholders registered in the name of a trust and custody bank, etc. (including standing proxies) may use the electronic voting platform operated by ICJ, Inc., provided that they have already filed applications for the use of the said platform.

Note: In the event that you exercise your voting rights diversely, please notify the Company at least three days prior to the General Meeting of Shareholders stating your intention of diverse exercise and the reasons for doing so.

Details Concerning the Handling of Voting Rights when Attending the Meeting

If you attend the General Meeting of Shareholders, your voting rights will be treated as follows:

| Up to the day before the General Meeting of Shareholders | On the day on which the General Meeting of Shareholders is held | Treatment of exercise of voting rights |
|--|---|--|
| Voting rights exercised in advance | Voting rights exercised* | Exercise of voting rights on the day of the meeting deemed valid (exercise in advance deemed void) |
| | Voting rights not exercised | Voting rights exercised in advance deemed valid |
| Voting rights not exercised in advance | Voting rights exercised* | Exercise of voting rights on the day of the meeting deemed valid |
| | Voting rights not exercised | Abstention |

* Proposals for which approval or disapproval are not indicated (including those for which voting rights were exercised in advance) will count as abstentions, so shareholders exercising voting rights on the day of the General Meeting of Shareholders are asked to indicate approval or disapproval for all proposals.

Guide to Exercise of Voting Rights via the Internet

Method 1: Scanning your QR Code®

You can log in to the website for exercising voting rights without entering your voting code and password.

1. Please scan the QR Code® located on the bottom right of your voting form.
2. Indicate your approval or disapproval following the instructions on the screen.



Note: “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.



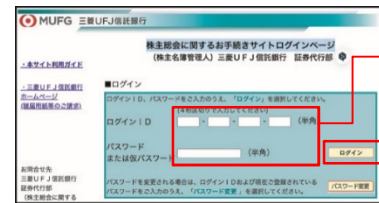
Method 2: Entering your login ID and temporary password

Website for exercising voting rights: <https://evote.tr.mufg.jp/> (in Japanese)

1. Please access the website for exercising voting rights.
2. Enter the login ID and temporary password printed on your voting form, and click “Login.”



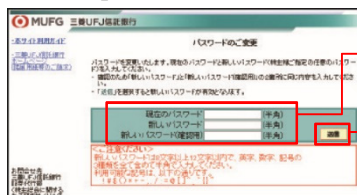
Click “Proceed to the next page”



Enter the login ID and temporary password

Click “Login”

3. Register a new password.



Enter the new password

Click “Send”

4. Indicate your approval or disapproval by following the instructions on the screen.

If you need instructions regarding how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the internet, please call the phone number on the right.



Mitsubishi UFJ Trust and Banking Corporation,
 Stock Transfer Agency (Help Desk)
0120-173-027
 (Toll free only from Japan / Business hours: 9:00 a.m. to 9:00 p.m. (JST))

Notes:

- If you exercise your voting rights both in writing and via the internet, the latter will prevail regardless of the date and time the written form was received by the Company.
- If you exercise your voting rights via the internet multiple times, only your last vote will be treated as valid.
- Connection fees payable to the providers and communication expenses payable to telecommunication carriers when accessing the website for exercising voting rights will be borne by the shareholders.

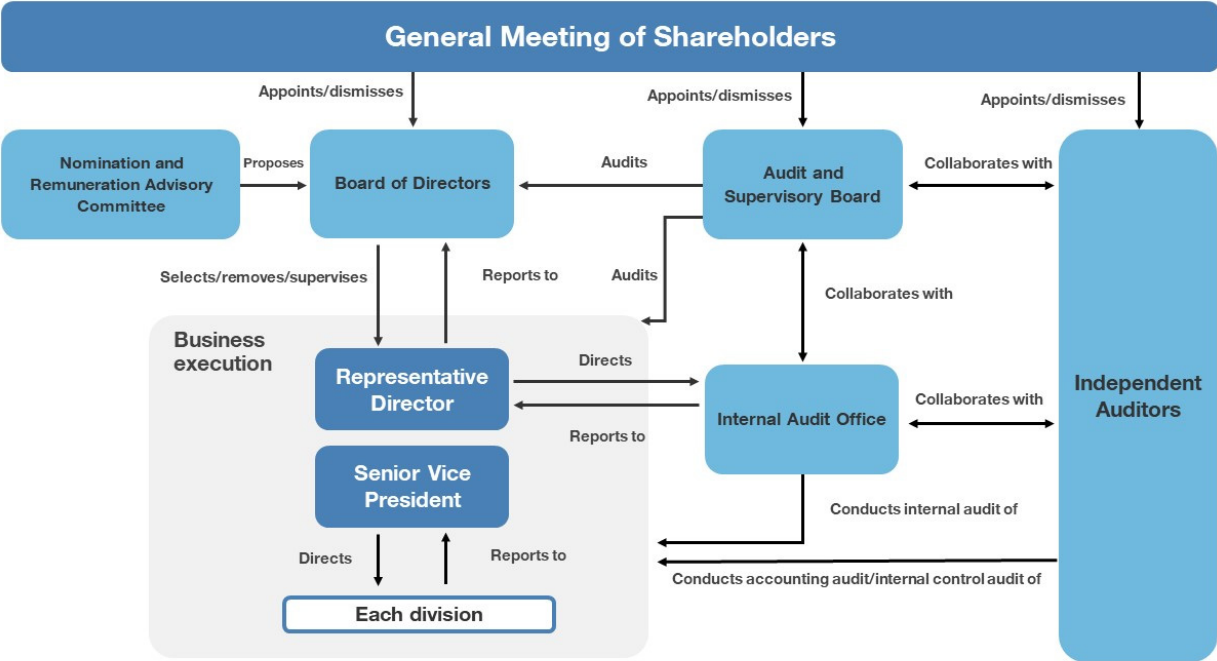
Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Partial Amendments to the Articles of Incorporation

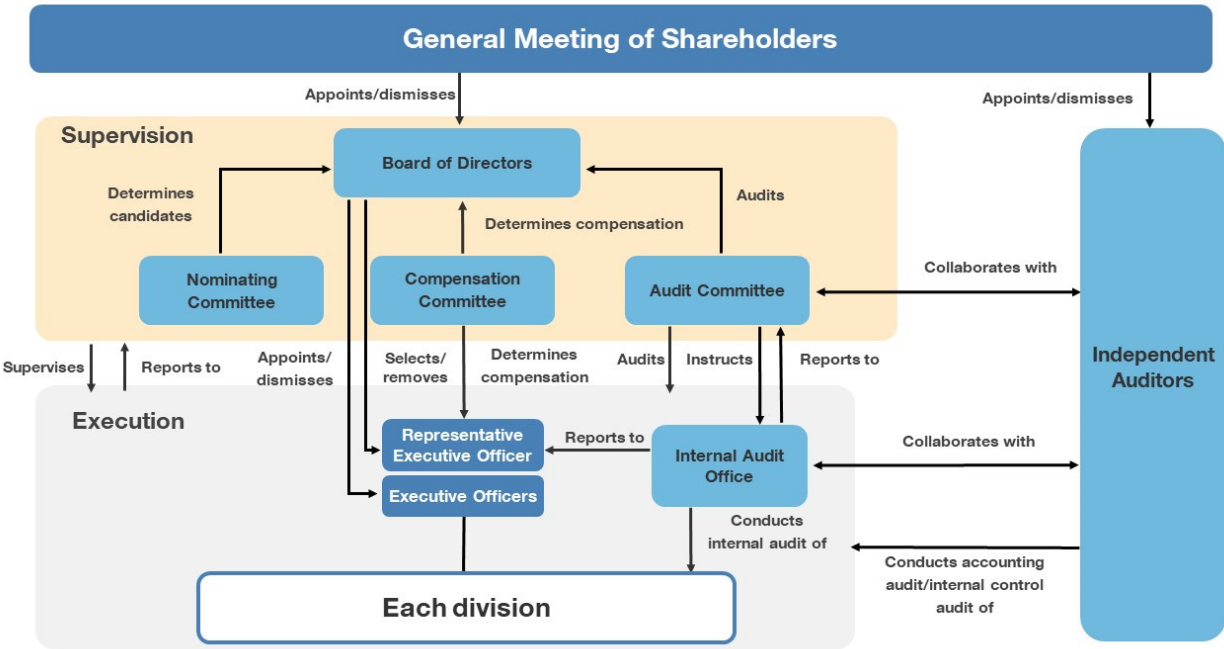
1. Reasons for the amendments

- (1) The Company plans to transition its structure to a company with Three Committees (Nominating Committee, Compensation Committee and Audit Committee) with the aim of further enhancing appropriate and prompt decision-making by the executive body and strengthening the supervisory function by the Board of Directors. By separating Directors responsible for supervising overall management and Executive Officers responsible for executing operations through the Nominating Committee, the Compensation Committee, and the Audit Committee established within the Board of Directors, the Company aims to further strengthen corporate governance and enhance sustainable corporate value. Accordingly, necessary amendments are hereby proposed to be made, including the establishment of new articles related to the Nominating Committee, Compensation Committee, Audit Committee, and Executive Officers, as well as the removal of articles related to Audit and Supervisory Board Members and the Audit and Supervisory Board.
- (2) An amendment is proposed stating that the Company may, by a resolution of the Board of Directors, exempt Executive Officers from liability for damages to the extent permitted by laws and regulations. The Company has obtained the consent of each Audit and Supervisory Board Member for the amendments to the Articles of Incorporation pertaining to the exemption from liability for damages.
- (3) In addition, the Company will implement necessary changes, including adjustments to the number of articles, in accordance with each of the aforementioned modifications.
- (4) The amendments to the Articles of Incorporation pertaining to this proposal shall take effect at the conclusion of this General Meeting of Shareholders.

Current Structure:



New Structure:



2. Details of the amendments

The details of the amendments are as follows:

(Amended parts are underlined.)

| Current Articles of Incorporation | Proposed Amendments |
|--|---|
| <p style="text-align: center;">Chapter I General Provisions</p> <p>Organizations</p> <p>Article 4</p> <p>The Company shall establish the following organizations in addition to an annual general meeting of shareholders and Director positions.</p> <p>(1) Board of Directors</p> <p>(2) <u>Corporate Auditors</u></p> <p>(3) <u>Audit and Supervisory Board</u></p> <p>(4) Independent Auditors</p> <p>Person responsible for managing the shareholders ledger</p> <p>Article 9</p> <p>1. (Text omitted)</p> <p>2. The person responsible for managing the shareholders ledger and the location where such management will take place shall be decided by a resolution of the Board of Directors.</p> <p>3. (Text omitted)</p> <p>Share Handling Regulations</p> <p>Article 10</p> <p>The handling of Company shares and any service fees related to that handling shall abide not only by the law and these Articles of Incorporation, but by the Share Handling Regulations defined by the Board of Directors.</p> <p>Convener and Chairperson</p> <p>Article 13</p> <p>1. Unless otherwise set forth in any applicable laws and regulations, the general meeting of shareholders shall be convened <u>and chaired</u> by the Representative Director according to a resolution at a meeting of the Board of Directors.</p> <p>2. <u>In the event the Representative Director is in an accident which prevents them from carrying out their duties, another Director shall convene and chair the general meeting of shareholders according to a procedure that the Board of Directors has defined in advance.</u></p> | <p style="text-align: center;">Chapter I General Provisions</p> <p>Organizations</p> <p>Article 4</p> <p>The Company shall establish the following organizations in addition to an annual general meeting of shareholders and Director positions.</p> <p>(1) Board of Directors</p> <p>(2) <u>Nominating Committee, Audit Committee, and Compensation Committee (“Three Committees”)</u></p> <p>(3) <u>Executive Officers</u></p> <p>(4) Independent Auditors</p> <p>Person responsible for managing the shareholders ledger</p> <p>Article 9</p> <p>1. (Same as current)</p> <p>2. The person responsible for managing the shareholders ledger and the location where such management will take place shall be decided by a resolution of the Board of Directors <u>or by a decision of the Executive Officer to whom the Board of Directors has delegated authority by a resolution.</u></p> <p>3. (Same as current)</p> <p>Share Handling Regulations</p> <p>Article 10</p> <p>The handling of Company shares and any service fees related to that handling shall abide not only by the law and these Articles of Incorporation, but by the Share Handling Regulations defined by the Board of Directors <u>or by a decision of the Executive Officer to whom the Board of Directors has delegated authority by a resolution.</u></p> <p>Convener and Chairperson</p> <p>Article 13</p> <p>1. Unless otherwise set forth in any applicable laws and regulations, the general meeting of shareholders shall be convened by the Representative Director according to a resolution at a meeting of the Board of Directors. <u>In the event said Director is in an accident which prevents them from carrying out their duties, another Director shall convene the general meeting of shareholders according to a procedure that the Board of Directors has defined in advance.</u></p> <p>2. <u>The general meeting of shareholders shall be chaired by the Representative Director or Executive Officer according to a resolution at a meeting of the Board of Directors. In the event said Director or Executive Officer is in an accident which prevents them from carrying out their duties, another Director or Executive Officer shall chair the general meeting of shareholders according to a procedure that the Board of Directors has defined in advance.</u></p> |

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| <u>Meeting minutes</u> | (Deleted) |
| <u>Article 16</u> | |
| <u>A summary of events of the general meeting of shareholders, the results of the meeting, and other matters as defined by law shall be written or recorded in the general meeting's minutes.</u> | |
| Measures for Providing Information in Electronic Format, etc. | Measures for Providing Information in Electronic Format, etc. |
| Article <u>17</u> (Text omitted) | Article <u>16</u> (Same as current) |
| Chapter IV <u>Directors and the Board of Directors</u> | Chapter IV <u>Directors, the Board of Directors, and the Three Committees</u> |
| Membership numbers | Membership numbers |
| Article <u>18</u> (Text omitted) | Article <u>17</u> (Same as current) |
| Election method | Election method |
| Article <u>19</u> (Text omitted) | Article <u>18</u> (Same as current) |
| Term of office | Term of office |
| Article <u>20</u> (Text omitted) | Article <u>19</u> (Same as current) |
| <u>Representative Director and Executive Directors</u> | (Deleted) |
| <u>Article 21</u> | |
| 1. <u>The Company will have at least one Representative Director, decided through a resolution by the Board of Directors.</u> | |
| 2. <u>The meeting of the Board of Directors may with said resolution name the Chairperson of the Board of Directors, the President, and other Executive Directors from among the Directors.</u> | |
| Convener and Chairperson of the Board of Directors | Convener and Chairperson of the Board of Directors |
| Article <u>22</u> (Text omitted) | Article <u>20</u> (Same as current) |
| Notice to convene a meeting of the Board of Directors | Notice to convene a meeting of the Board of Directors |
| Article <u>23</u> | Article <u>21</u> |
| 1. A notification of the meeting of the Board of Directors shall be announced to each Director <u>and Corporate Auditor</u> at least one day before the meeting date. However, in the event it is necessary to convene an emergency meeting, this period may be shortened. | A notification of the meeting of the Board of Directors shall be announced to each Director at least one day before the meeting date. However, in the event it is necessary to convene an emergency meeting, this period may be shortened. |
| 2. <u>When all the Directors and Corporate Auditors give their consent, a meeting of the Board of Directors may be held without going through the procedures for convening said meeting.</u> | (Deleted) |
| Resolution method of the Board of Directors | Resolution method of the Board of Directors |
| Article <u>24</u> | Article <u>22</u> |
| 1. (Text omitted) | 1. (Same as current) |
| 2. In cases where all the Directors consent to the matters which require the resolution of the meeting of the Board of Directors (only for items that can be added to the applicable matters) in writing or by electromagnetic record, the Company shall deem that resolutions of the meeting of the Board of Directors have been made. | 2. In cases where all the Directors consent to the matters which require the resolution of the meeting of the Board of Directors (only for items that can be added to the applicable matters) in writing or by electromagnetic record, the Company shall deem that resolutions of the meeting of the Board of Directors have been made. |

| Current Articles of Incorporation | Proposed Amendments |
|--|---|
| <p><u>However, this shall not apply when a Corporate Auditor expresses an objection.</u></p> | |
| <p><u>Meeting minutes of the Board of Directors</u></p> | (Deleted) |
| <p><u>Article 25</u> <u>A summary of events of the Board of Directors meeting, the results of the meeting, and other matters as defined by law shall be written or recorded in the meeting's minutes, with Directors and Corporate Auditors in attendance either physically/electronically signing or sealing the minutes.</u></p> | |
| <p>Regulations of the Board of Directors Article <u>26</u> (Text omitted)</p> | <p>Regulations of the Board of Directors Article <u>23</u> (Same as current)</p> |
| <p><u>Compensation, etc.</u></p> | (Deleted) |
| <p><u>Article 27</u> <u>Financial profit received from the Company as Director compensation, incentive, or otherwise for the execution of duties will be determined by a resolution of the general meeting of shareholders.</u></p> | |
| <p>Directors' exemption from liability Article <u>28</u> (Text omitted)</p> | <p>Directors' exemption from liability Article <u>24</u> (Same as current)</p> |
| <p style="text-align: center;">(New)</p> | |
| <p style="text-align: center;">(New)</p> | <p><u>Three Committees</u> <u>Article 25</u> <u>The matters concerning the Three Committees shall be governed by, in addition to laws and regulations and these Articles of Incorporation, the regulations defined by the Board of Directors or each of the Committees.</u></p> |
| <p style="text-align: center;"><u>Chapter V Corporate Auditors and the Audit and Supervisory Board</u></p> | (Deleted) |
| <p><u>Membership numbers</u></p> | (Deleted) |
| <p><u>Article 29</u> <u>The number of Corporate Auditors shall be three (3) or more.</u></p> | |
| <p><u>Election method</u></p> | (Deleted) |
| <p><u>Article 30</u> 1. <u>Corporate Auditors shall be elected at the general meeting of shareholders.</u> 2. <u>Corporate Auditors shall be elected at the general meeting of shareholders by a majority vote of shareholders holding no less than one-third of the total exercisable voting rights.</u></p> | |
| <p><u>Term of office</u></p> | (Deleted) |
| <p><u>Article 31</u> 1. <u>The term of office of a Corporate Auditor shall expire at the end of the general meeting of shareholders held in respect of the last fiscal year ending within four (4) years following the Corporate Auditor's election.</u> 2. <u>When a Corporate Auditor has resigned before the end of their term of office and they are replaced by another Corporate Auditor, the term of office for the replacement</u></p> | |























| Current Articles of Incorporation | Proposed Amendments |
|---|---------------------|
| <p><u>shall expire when their predecessor's term of office would have expired.</u></p> | |
| <p><u>Effectiveness of voting rights related to the election of replacement Corporate Auditors</u></p> | (Deleted) |
| <p><u>Article 32</u> <u>The voting rights of a Corporate Auditor elected to replace another Corporate Auditor shall expire at the start of the general meeting of shareholders held in respect of the last fiscal year ending within four (4) years following the Corporate Auditor's election.</u></p> | |
| <p><u>Full-time Corporate Auditors</u></p> | (Deleted) |
| <p><u>Article 33</u> <u>The Audit and Supervisory Board may make a resolution to appoint any full-time Corporate Auditor.</u></p> | |
| <p><u>Notice to convene a meeting of the Audit and Supervisory Board</u></p> | (Deleted) |
| <p><u>Article 34</u> <u>1. A notification of the meeting of the Audit and Supervisory Board shall be announced at least one day before the meeting date. However, in the event it is necessary to convene an emergency meeting, this period may be shortened.</u> <u>2. When all the Corporate Auditors give their consent, a meeting of the Audit and Supervisory Board may be held without going through the procedures for convening said meeting.</u></p> | |
| <p><u>Resolution method of the Audit and Supervisory Board</u></p> | (Deleted) |
| <p><u>Article 35</u> <u>Unless otherwise set forth in any applicable laws and regulations, the Audit and Supervisory Board may pass a resolution with a majority vote.</u></p> | |
| <p><u>Meeting minutes of the Audit and Supervisory Board</u></p> | (Deleted) |
| <p><u>Article 36</u> <u>A summary of events of the Audit and Supervisory Board meeting, the results of the meeting, and other matters as defined by law shall be written or recorded in the meeting's minutes, with Corporate Auditors in attendance either physically/electronically signing or sealing the minutes.</u></p> | |
| <p><u>Regulations of the Audit and Supervisory Board</u></p> | (Deleted) |
| <p><u>Article 37</u> <u>Matters concerning the Audit and Supervisory Board shall depend not only on the law and these Articles of Incorporation, but on the Regulations of the Audit and Supervisory Board defined by the Audit and Supervisory Board.</u></p> | |
| <p><u>Compensation, etc.</u></p> | (Deleted) |
| <p><u>Article 38</u> <u>Financial profit received from the Company as Corporate Auditor compensation, incentive, or otherwise for the execution of duties will be determined by a resolution of the general meeting of shareholders.</u></p> | |

| Current Articles of Incorporation | Proposed Amendments |
|--|---|
| <u>Corporate Auditors' exemption from liability</u> | (Deleted) |
| <u>Article 39</u> | |
| <u>1. The Company may, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, by a resolution of the Board of Directors, exempt Corporate Auditors (including former Corporate Auditors) from their liabilities provided for in Article 423, Paragraph 1 of the Companies Act within the limits stipulated by applicable laws and regulations.</u> | |
| <u>2. The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into an agreement with Corporate Auditors to limit the amount of their liabilities, provided for in Article 423, Paragraph 1 of the Companies Act, as stipulated in Article 425, Paragraph 1 of the Companies Act.</u> | |
| (New) | <u>Chapter V Executive Officers</u> |
| (New) | <u>Election</u> |
| (New) | <u>Article 26</u> |
| (New) | <u>Executive Officers shall be elected by a resolution of the Board of Directors.</u> |
| (New) | <u>Term of office</u> |
| (New) | <u>Article 27</u> |
| (New) | <u>The term of office of an Executive Officer shall expire at the end of the fiscal year ending within one (1) year following the Executive Officer's election.</u> |
| (New) | <u>Representative Executive Officer</u> |
| (New) | <u>Article 28</u> |
| (New) | <u>The Board of Directors shall, by its resolution, elect Representative Executive Officer(s) from among the Executive Officers.</u> |
| (New) | <u>Executive Officers' exemption from liability</u> |
| (New) | <u>Article 29</u> |
| (New) | <u>The Company may, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, by a resolution of the Board of Directors, exempt Executive Officers (including former Executive Officers) from their liabilities provided for in Article 423, Paragraph 1 of the Companies Act within the limits stipulated by applicable laws and regulations.</u> |
| Chapter VI Independent Auditors | Chapter VI Independent Auditors |
| Election method | Election method |
| Article <u>40</u> (Text omitted) | Article <u>30</u> (Same as current) |
| Term of office | Term of office |
| Article <u>41</u> (Text omitted) | Article <u>31</u> (Same as current) |
| Independent Auditors' exemption from liability | Independent Auditors' exemption from liability |
| Article <u>42</u> (Text omitted) | Article <u>32</u> (Same as current) |

| Current Articles of Incorporation | Proposed Amendments |
|---|--|
| Chapter VII Calculations | Chapter VII Calculations |
| Fiscal year | Fiscal year |
| Article <u>43</u> (Text omitted) | Article <u>33</u> (Same as current) |
| Decision-making body for dividends from surplus | Decision-making body for dividends from surplus |
| Article <u>44</u> (Text omitted) | Article <u>34</u> (Same as current) |
| Record date of dividends of surplus | Record date of dividends of surplus |
| Article <u>45</u> (Text omitted) | Article <u>35</u> (Same as current) |
| Expiry date for dividends of surplus | Expiry date for dividends of surplus |
| Article <u>46</u> (Text omitted) | Article <u>36</u> (Same as current) |
| (New) | <p><u>(Supplementary Provision)</u></p> <p><u>Transitional measures regarding Corporate Auditors' exemption from liability, etc.</u></p> <p><u>1. The provisions of Article 39 of the Articles of Incorporation prior to the amendments by a resolution of the General Meeting of Shareholders for the fiscal year ended June 30, 2023, shall remain in force with respect to the liabilities of Corporate Auditors (including former Corporate Auditors) until the conclusion of the General Meeting of Shareholders.</u></p> |

Proposal No. 2: Election of Ten (10) Directors

If Proposal No. 1 “Partial Amendments to the Articles of Incorporation” is approved and adopted, the Company will make the transition from a company with an audit and supervisory board to a Company with Three Committees (Nominating Committee, Compensation Committee and Audit Committee), and the term of office of all five (5) Directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of ten (10) Directors. In the interest of securing objectivity and transparency, the nomination of the candidates for Director has passed through the deliberation process of the Nomination and Remuneration Advisory Committee, a majority of whose members are independent Outside Directors. The candidates for Director are as follows:

| Candidate No. | Name | Current position in the Company | |
|---------------|--------------------|---|---|
| 1. | Shintaro Yamada | Representative Director, Chief Executive Officer |  |
| 2. | Fumiaki Koizumi | Director, President |  |
| 3. | Sayaka Eda | Senior Vice President of Corporate, Chief Financial Officer |  |
| 4. | Mayumi Tochinoki | Audit and Supervisory Board Member |  |
| 5. | Makiko Shinoda | Outside Director |    |
| 6. | Masayuki Watanabe | Outside Director |    |
| 7. | Takuya Kitagawa | |    |
| 8. | Daiken Tsunoda | Outside Audit and Supervisory Board Member |    |
| 9. | Kazuhiko Toyama | |    |
| 10. | Fumiyuki Fukushima | Outside Audit and Supervisory Board Member |    |

Guide to abbreviations:

- R: Re-appointment
- N: New appointment
- O: Outside Director
- I: Independent Director

▶ **Career summary and positions held in the Company**

| | |
|------------|--|
| Aug. 2001 | Established Unoh Inc., Representative Director |
| Feb. 2005 | Trade name of Unoh Inc. changed to Unoh Co., Ltd. |
| Sept. 2010 | General Manager of Zynga Japan K.K. |
| June 2012 | Established suadd K.K., Representative Director (current position) |
| Feb. 2013 | Established Kouzoh Inc. (currently the Company), Representative Director and President |
| Mar. 2014 | Director of Mercari, Inc. (US) (current position) |
| Apr. 2017 | Representative Director and Chairman of the Board, Chief Executive Officer of the Company |
| Sept. 2019 | Representative Director, Chief Executive Officer of the Company (current position) |
| July 2021 | Representative and Administrative Officer of YAMADA Shintaro D&I Foundation (current position) |



Number of Board of Directors meetings attended:
13/13

Number of the Company's shares owned:
39,157,546 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
723,823 shares

▶ **Significant concurrent positions**

Director of Mercari, Inc. (US)

▶ **Reasons for nomination**

Since the Company's founding in February 2013, Shintaro Yamada has led the management of the Group as Representative Director, and he has contributed to enhancing the enterprise value of the Group as a whole, including the global development of the *Mercari* C2C marketplace. The Company has therefore renominated him as a candidate for Director, expecting that he will contribute to strengthening the supervising and decision-making functions of the Board of Directors of the Company going forward through his entrepreneurial ideas and strong leadership. Furthermore, he is expected to serve as a member of the Nominating Committee and the Compensation Committee upon his appointment.

▶ **Career summary and positions held in the Company**

- Apr. 2003 Joined Daiwa Securities SMBC Co. Ltd. (currently Daiwa Securities Co. Ltd.)
- Dec. 2006 Joined mixi, Inc. (currently MIXI, Inc.)
- June 2008 Director of mixi, Inc.
- Dec. 2013 Joined the Company
- Mar. 2014 Director and Head of Corporate Division of the Company
- Apr. 2017 Director, Chief Operating Officer, and Head of Corporate Division of the Company
- Aug. 2019 CEO of Kashima Antlers F.C. Co., Ltd. (current position)
- Sept. 2019 Director, President of the Company (current position)
- Mar. 2022 Director of Japan Professional Football League (J.League) (part-time) (current position)



Number of Board of Directors meetings attended:
13/13

Number of the Company's shares owned:
1,521,570 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
831,859 shares

▶ **Significant concurrent positions**

CEO of Kashima Antlers F.C. Co., Ltd.

▶ **Reasons for nomination**

Since joining the Company in 2013, Fumiaki Koizumi has driven the growth of the Corporate Division. In addition, since his appointment as Director of the Company, while leading the management of the Company as a whole, he has worked hard especially in the fields of public relations, corporate communications, sustainability, etc., and he has contributed to enhancing the enterprise value of the Group as a whole as well as the management of Kashima Antlers F.C. Co., Ltd. Expecting that he will provide advice, particularly on public relations and sustainability, and contribute to strengthening supervising and decision-making functions of the Board of Directors of the Company through his extensive experience and keen insight, the Company has again nominated him as a candidate for Director.

▶ **Career summary and positions held in the Company**

- Apr. 2006 Joined Goldman Sachs Japan Co., Ltd.
- Nov. 2017 Managing Director of Goldman Sachs Japan Co., Ltd.
- Jan. 2021 Vice President, Chief Financial Officer of the Company
- Jan. 2021 Director of Merpay, Inc. (current position)
- July 2022 Vice President of Corporate, Chief Financial Officer of the Company
- Jan. 2023 Senior Vice President of Corporate, Chief Financial Officer of the Company (current position)

▶ **Significant concurrent positions**

Director of Merpay, Inc.

▶ **Reasons for nomination**

Since joining the Company, Sayaka Eda has led the enhancement of the Group's management system as CFO by utilizing her extensive experience in financial institutions. Furthermore, she has contributed to promoting discussions aimed at strengthening the corporate governance system as Senior Vice President of Corporate. The Company has therefore newly nominated her as a candidate for Director, expecting that she will contribute to strengthening the supervising and decision-making functions of the Board of Directors of the Company going forward through her extensive experience and keen insight in the fields of group management, finance, corporate governance, etc.



Number of Board of Directors meetings attended:

-/-

Number of the Company's shares owned:
13,201 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
17,919 shares

▶ **Career summary and positions held in the Company**

- Sept. 1991 Joined Deloitte & Touche LLP
- Oct. 1995 Joined J.P. Morgan Securities Asia Ltd. (currently JPMorgan Securities Japan Co., Ltd.)
- Mar. 2003 Head of Internal Audit Department of JPMorgan Securities Japan Co., Ltd.
- June 2007 Head of Compliance Testing Group in Asian Region of JPMorgan Securities.
- Mar. 2013 Head of Compliance and Risk Assessment in Asian Region of JPMorgan Securities.
- Sept. 2013 Executive Officer, Chief Administrative Officer, and Chief Compliance Officer of Standard & Poor's Ratings Japan K.K. (currently S&P Global Ratings Japan Inc.)
- Jan. 2019 Vice President, Head of Internal Audit Office of the Company
- Sept. 2019 Standing Audit and Supervisory Board Member of the Company (current position)
- Sept. 2019 Audit and Supervisory Board Member of Merpay, Inc. (current position)
- Apr. 2021 Audit and Supervisory Board Member of Mercoin, Inc. (current position)

▶ **Significant concurrent positions**

Audit and Supervisory Board Member of Merpay, Inc.
Audit and Supervisory Board Member of Mercoin, Inc.

▶ **Reasons for nomination**

Mayumi Tochinoki possesses abundant knowledge in the fields of accounting and internal audit, gained through her experience in compliance departments within an accounting firm and the finance industry. In addition, she has provided appropriate and valuable advice and suggestions on the building of an appropriate internal control system and risk management as an Audit and Supervisory Board Member of the Company. The Company has therefore newly nominated her as a candidate for Director, expecting that she will contribute to strengthening the supervising and decision-making functions of the Board of Directors of the Company. Furthermore, she is expected to serve as a member of the Audit Committee upon her appointment.



Number of Board of Directors meetings attended:
13/13

Note: This number represents her status of attendance at Board of Directors meetings as an Audit and Supervisory Board Member.

Number of the Company's shares owned:
2,013 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
0 shares



▶ **Career summary and positions held in the Company**

- Apr. 1991 Joined The Long-Term Credit Bank of Japan, Limited (currently SBI Shinsei Bank, Limited)
- Sept. 1998 Joined McKinsey & Company, Inc.
- Oct. 2002 Joined Novartis Pharma K.K.
- July 2007 Head of Finance for Nestlé Nutrition K.K.
- Dec. 2008 Director & CFO of Tokyo Itoi Shigesato Office (currently Hobonichi Co., Ltd.)
- Mar. 2020 Director at YeLL Inc. (current position)
- Sept. 2020 Outside Director of the Company (current position)

▶ **Significant concurrent positions**

Director at YeLL Inc.

▶ **Reasons for nomination and overview of expected role**

Makiko Shinoda has supervised and provided advice to the management of the Company as an Outside Director by utilizing her specialized knowledge and extensive experience in diversity & inclusion, sustainability, finance, etc. As a member of the Nomination and Remuneration Advisory Committee, she is also deeply involved in deliberating the assessment and remuneration of Directors, Audit and Supervisory Board Members, and Senior Vice Presidents, and in discussions aimed at enhancing the corporate governance system. The Company has therefore renominated her as a candidate for Outside Director, expecting that she will contribute to strengthening the supervising and decision-making functions of the Board of Directors of the Company. Furthermore, she is expected to serve as a member of the Nominating Committee and the chairperson of the Compensation Committee upon her appointment.



Tenure as Outside Director:
3 years

Number of Board of Directors meetings attended:
13/13

Number of the Company's shares owned:
0 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
0 shares



▶ **Career summary and positions held in the Company**

- Apr. 1997 Joined McKinsey & Company, Inc.
- Aug. 1999 Co-founder of DeNA Co., Ltd.
- Dec. 2010 CEO of Quipper Ltd.
- Oct. 2019 Co-founder of FOODCODE, LTD.
- Oct. 2019 Director of FOODCODE, LTD. (current position)
- Sept. 2022 Outside Director of the Company (current position)

▶ **Significant concurrent positions**

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▶ **Reasons for nomination and overview of expected role**

Masayuki Watanabe has contributed to supervising and providing advice to the management of the Company as it continues to grow by utilizing his expertise in global business expansion, given that he has experience in founding and managing tech companies in and outside of Japan. The Company has therefore renominated him as a candidate for Outside Director, expecting that he will contribute to strengthening the supervising and decision-making functions of the Board of Directors of the Company. Furthermore, he is expected to serve as a member of the Nominating Committee upon his appointment.



Tenure as Outside Director:

1 year

Number of Board of Directors meetings attended:

10/10

Number of the Company's shares owned:

0 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:

0 shares

▶ **Career summary and positions held in the Company**

- Sept. 2012 Joined Rakuten, Inc. (currently Rakuten Group, Inc.)
- Apr. 2013 Executive Officer, Head of Behavior Insight Strategy Office of Data Intelligence Supervisory Department of Rakuten, Inc.
- Sept. 2017 Director of Rakuten Data Marketing, Inc.
- Sept. 2018 Co-founder and Director, Public Interest Incorporated Association Well-being for Planet Earth (current position)
- Jan. 2019 Managing Executive Officer, Chief Data Officer of Technology Division of Rakuten, Inc.



▶ **Significant concurrent positions**

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▶ **Reasons for nomination and overview of expected role**

Takuya Kitagawa possesses specialized expertise in areas of technology, including artificial intelligence (AI) and data science. In addition, the Company believes that he will contribute to supervising and providing advice on the management of the Company by utilizing his extensive experience acquired through his endeavors in creating new business opportunities and addressing social issues through the utilization of AI and data. The Company has therefore newly nominated him as a candidate for Outside Director, expecting that he will contribute to strengthening the supervising and decision-making functions of the Board of Directors of the Company. Furthermore, he is expected to serve as a member of the Compensation Committee upon his appointment.

Tenure as Outside Director:
– years

Number of Board of Directors meetings attended:
-/-

Number of the Company's shares owned:
0 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
0 shares

▶ **Career summary and positions held in the Company**

- Apr. 1994 Admitted to the Tokyo Bar Association
Joined Mori Sogo (currently Mori Hamada & Matsumoto)
- Jan. 2001 Partner of Mori Sogo
- Mar. 2003 Founder and Partner of Nakamura & Tsunoda (currently Nakamura, Tsunoda & Matsumoto)
- June 2005 Outside Corporate Auditor of INES Corporation
- Apr. 2008 Outside Corporate Auditor of Mitsui Sumitomo Insurance Group Holdings, Incorporated (currently MS&AD Insurance Group Holdings, Inc.)
- Apr. 2010 Outside Director of MS&AD Insurance Group Holdings, Inc.
- Apr. 2014 Outside Director of Culture Convenience Club Co., Ltd. (current position)
- June 2016 Outside Director of Eisai Co., Ltd. (Member of the Audit Committee)
- Aug. 2021 Outside Director (Member of the Audit and Supervisory Committee) of Sumitomo Mitsui Banking Corporation (current position)
- Sept. 2021 Outside Audit and Supervisory Board Member of the Company (current position)
- Apr. 2023 Established Daiken Tsunoda Law Office (current position)

▶ **Significant concurrent positions**

Daiken Tsunoda Law Office
 Outside Director (Member of the Audit and Supervisory Committee) of Sumitomo Mitsui Banking Corporation
 Outside Director of Culture Convenience Club Co., Ltd.

▶ **Reasons for nomination and overview of expected role**

Daiken Tsunoda possesses profound insight in the fields of corporate legal affairs and corporate governance, gained through his experience as a partner in legal offices specializing in corporate legal services. Moreover, he is well-versed in compliance and risk management through his experience as an outside director, as well as an outside corporate auditor and outside audit and supervisory board member. The Company believes that he will contribute to supervising and providing advice on the management of the Company. Although he has not been involved in management of a company except through his past experience as an outside officer, based on the above reasons the Company judges that he will be able to execute his duties as Outside Director appropriately. The Company therefore has nominated him as a candidate for Outside Director. Furthermore, he is expected to serve as the chairperson of the Audit Committee upon his appointment.



Tenure as Outside Director:

– years

Note: He is currently an Outside Audit and Supervisory Board Member of the Company. His term of office will be 2 years at the conclusion of this Annual General Meeting of Shareholders.

Number of Board of Directors meetings attended:
13/13

Note: This number represents his status of attendance at Board of Directors meetings as an Audit and Supervisory Board Member.

Number of the Company's shares owned:
0 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
0 shares



▶ **Career summary and positions held in the Company**

- Apr. 1985 Joined Boston Consulting Group
- Apr. 1986 Participated in the establishment of Corporate Direction Inc.
- Apr. 2001 Representative Director and President of Corporate Direction Inc.
- Apr. 2007 Representative Director, CEO of Industrial Growth Platform, Inc.
- June 2016 Outside Director of Panasonic Corporation (currently Panasonic Holdings Corporation) (current position)
- June 2017 Outside Director of Tokyo Electric Power Company Holdings, Inc.
- Oct. 2020 Chairman of Industrial Growth Platform, Inc. IGPI Group (current position)
- Dec. 2020 Representative Director, President of Japan Platform of Industrial Transformation, Inc. (current position)
- May 2022 Chairman of General Incorporated Association Japan Association of Corporate Directors (current position)
- June 2023 Outside Director of KURODA PRECISION INDUSTRIES LTD. (current position)

▶ **Significant concurrent positions**

- Outside Director of Panasonic Holdings Corporation
- Representative Director, President of Japan Platform of Industrial Transformation, Inc.
- Chairman of Industrial Growth Platform, Inc. IGPI Group
- Outside Director of KURODA PRECISION INDUSTRIES LTD.

▶ **Reasons for nomination and overview of expected role**

Kazuhiko Toyama possesses abundant knowledge and profound insight as a manager of corporate restructuring consulting firms, as well as a specialist in corporate governance. Moreover, the Company believes that he will contribute to supervising and providing advice on the management of the Company by utilizing his extensive experience acquired through his endeavors in promoting innovation to address social issues. The Company has therefore newly nominated him as a candidate for Outside Director, expecting that he will contribute to strengthening the supervising and decision-making functions of the Board of Directors of the Company. Furthermore, he is expected to serve as the chairperson of the Nominating Committee and a member of the Compensation Committee upon his appointment.



Tenure as Outside Director:
– years

Number of Board of Directors meetings attended:
-/-

Number of the Company's shares owned:
0 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
0 shares



▶ **Career summary and positions held in the Company**

- Nov. 2005 Joined Koyo Audit Firm
- May 2006 Joined KPMG AZSA & Co. (currently KPMG AZSA LLC)
- Sept. 2014 Standing Outside Audit and Supervisory Board Member of the Company (current position)
- Jan. 2020 Audit & Supervisory Board Member of Findy Inc. (current position)
- May 2022 Audit and Supervisory Board Member of Kashima Antlers F.C. Co., Ltd. (current position)
- Mar. 2023 Outside Director (Audit and Supervisory Committee Member) of Chatwork Co., Ltd. (current position)



Tenure as Outside Director:
– years

▶ **Significant concurrent positions**

- Audit and Supervisory Board Member of Kashima Antlers F.C. Co., Ltd.
- Outside Director (Audit and Supervisory Committee Member) of Chatwork Co., Ltd.

Note: He is currently an Outside Audit and Supervisory Board Member of the Company. His term of office will be 9 years at the conclusion of this Annual General Meeting of Shareholders.

▶ **Reasons for nomination and overview of expected role**

Fumiya Fumiyuki possesses extensive experience in practicing auditing as a certified public accountant and abundant knowledge of accounting and internal controls. In addition, the Company believes that he will contribute to supervising and providing advice on the management of the Company, given that he has provided appropriate and valuable opinions and suggestions on the building of an internal control system and risk management as an Outside Audit and Supervisory Board Member of the Company. Although he has not been involved in management of a company except through his past experience as an outside officer, based on the above reasons the Company judges that he will be able to execute his duties as Outside Director appropriately. The Company therefore has nominated him as a candidate for Outside Director. Furthermore, he is expected to serve as a member of the Audit Committee upon his appointment.

Number of Board of Directors meetings attended:
13/13

Note: This number represents his status of attendance at Board of Directors meetings as an Audit and Supervisory Board Member.

Number of the Company's shares owned:
18,000 shares

Number of shares to be issued upon exercise of the Company's stock acquisition rights owned:
57,250 shares

- (Notes)
1. Daiken Tsunoda is an Outside Director (Member of the Audit and Supervisory Committee) of Mercari's major partner financial institution Sumitomo Mitsui Banking Corporation, but because he is not an executive director of said company, there is no special interest between him and the Company. There is no special interest between the other candidates and the Company.
 2. Makiko Shinoda, Masayuki Watanabe, Takuya Kitagawa, Daiken Tsunoda, Kazuhiko Toyama, and Fumiya Fumiyuki Fukushima are candidates for Outside Director.
 3. The Company has entered into agreements, in accordance with Article 427, paragraph (1) of the Companies Act, with Mayumi Tochinoki to limit her liabilities to compensate damages under Article 423, paragraph (1) of the same Act. The limitation on liability to compensate damages under such agreement is set out to be the amount provided for in Article 425, paragraph (1) of the same Act. If Mayumi Tochinoki is elected as a Director, the Company plans to renew the aforementioned limited liability agreements with her.
 4. The Company has entered into agreements, in accordance with Article 427, paragraph (1) of the Companies Act, with Makiko Shinoda and Masayuki Watanabe to limit their liabilities to compensate damages under Article 423, paragraph (1) of the same Act. The limitation on liability to compensate damages under such agreement is set out to be the amount provided for in Article 425, paragraph (1) of the same Act. If they are elected as a Director, the Company plans to renew the aforementioned limited liability agreements with them. Furthermore, if the election

of Takuya Kitagawa and Kazuhiko Toyama as a Director is approved, the Company plans to enter into the same limited liability agreement with both of them.

5. The Company has entered into an agreement, in accordance with Article 427, paragraph (1) of the Companies Act, with Daiken Tsunoda and Fumiyuki Fukushima to limit their liabilities to compensate damages under Article 423, paragraph (1) of the same Act. Under this agreement, the maximum amount of liability for damages is to be the higher amount of either ¥3 million or the amount stipulated in Article 425, paragraph (1) of the Companies Act. If Daiken Tsunoda and Fumiyuki Fukushima are elected as a Director, the Company plans to enter into an agreement, in accordance with Article 427, paragraph (1) of the Companies Act, with them to limit their liabilities to compensate damages under Article 423, paragraph (1) of the same Act. Under this agreement, the maximum amount of liability for damages is to be the amount stipulated in Article 425, paragraph (1) of the Companies Act.
6. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. All candidates elected as Directors will be covered under the terms of this insurance policy. In the event that those insured, including Directors of the Company, incur losses arising from responsibilities related to the execution of their duties, or from claims being pursued in relation to said responsibilities, they shall be reimbursed under the terms of the policy. However, to ensure the appropriateness of the execution of duties of officers, the policy stipulates that insurance payments shall not be made under certain circumstances, such as in cases of malicious intent or gross negligence. Furthermore, the Company intends to renew it under the same terms and conditions during the Directors' terms of office.
7. The Company has submitted notification to Tokyo Stock Exchange, Inc. to designate all candidates for Outside Director as independent officers provided under the regulations of Tokyo Stock Exchange, Inc.

■ **Policies for the election of Directors**

In its efforts to promote management aimed at achieving sustainable growth and enhancing the corporate value of Mercari Group, the Company selects candidates for Directors who are deemed suitable for the position. This approach ensures a balance of knowledge, experience, and competency, as well as diversity, which are necessary for the Board of Directors as a whole to realize highly effective supervision of management.

In selecting candidates for Directors, we choose candidates who possess the core qualities (core skills) necessary to lead management in achieving the Group’s mission, “Circulate all forms of value to unleash the potential in all people.” Additionally, we expect these candidates to possess the expertise and experience required to engage in discussions concerning major directions associated with key management policies and strategies, and priority areas essential for achieving the mission from various perspectives.

The core skills required of all candidates for Directors are presented below.

| Item | Overview |
|---|---|
| Leadership | Has demonstrated outstanding leadership in various aspects, including the presentation and dissemination of vision, organizational transformation, and business growth, in organizational management for corporations, law and accounting firms, government agencies, or other entities |
| Shared belief in the achievement of the mission and willingness to contribute | Has strong interest and shared belief in the Mercari Group mission, and willingness to contribute to the enhancement of corporate value through its achievement |
| Compatibility with culture/values | Aligns with Mercari Group’s culture and upholds a mindset and principles of behavior that embody Mercari’s three values |
| Integrity and high ethical standards | Has strong ethical standards and is capable of performing duties with utmost integrity (sincerity and honesty) in all situations and circumstances |

The categories of expertise and experience each candidate for Director is expected to demonstrate in relation to their roles are as follows:

Skills matrix

| Name | Expertise and experience | | | | | | | | |
|---|--------------------------|-----------------|-----------------------|----------------|--------------------|--|----------------------|----------------------------|-------------------------|
| | Corporate management | Global business | Innovation/technology | Sustainability | Finance/accounting | Human resources & organizational culture development | Corporate governance | Risk management/compliance | Policy/public relations |
| Shintaro Yamada (Re-appointment, Executive) | ● | ● | ● | ● | | ● | ● | | |
| Fumiaki Koizumi (Reappointment) | ● | | | ● | ● | ● | | | ● |
| Sayaka Eda (New appointment, Executive) | ● | | | | ● | | ● | | |
| Mayumi Tochinoki (New appointment) | | | | | ● | | | ● | |
| Makiko Shinoda (Reappointment, Independent, Outside) | ● | | | ● | ● | ● | ● | | |
| Masayuki Watanabe (Reappointment, Independent, Outside) | ● | ● | | | | | | | |
| Takuya Kitagawa (New appointment, Independent, Outside) | | ● | ● | ● | | ● | | | |
| Daiken Tsunoda (New appointment, Independent, Outside) | | | | | | | ● | ● | |
| Kazuhiko Toyama (New appointment, Independent, Outside) | ● | | ● | | | | ● | ● | ● |
| Fumiyuki Fukushima (New appointment, Independent, Outside) | | | | | ● | | | ● | |

The table above outlines the categories of expertise and experience that each candidate is especially expected to demonstrate in accordance with their respective roles. However, it does not encompass all the knowledge and experience held by each candidate.

In relation to the expertise and experience presented above, the following specific criteria are outlined to ensure a diverse range of viewpoints within the Board of Directors as a whole. This enables the Board of Directors to effectively supervise operations, adapting to the evolving business environment.

- The Group requires “Corporate management,” “Sustainability,” “Human resources & organizational culture development,” “Corporate governance,” and “Policy/public relations” to achieve sustainable growth and increase corporate value through appropriate collaboration with stakeholders to solve social issues.
- The Group requires “Global business” and “Innovation/technology” from the perspective of encouraging the creation of new markets and services to achieve its mission.
- The Group requires “Finance/accounting” and “Risk management/compliance” from the perspective of promoting fair corporate activities that lead to earning the trust of society while supporting active and sound risk-taking.

Specific requirements for expertise and experience in each category are as follows.

| Expertise and experience | Specific requirements |
|--|--|
| Corporate management | <ul style="list-style-type: none"> • Experience and knowledge as a director, manager (CEO, CFO, etc.), or other top management position |
| Global business | <ul style="list-style-type: none"> • Experience and knowledge of global expansion of services and products, global operations in global companies, global expansion through M&As, etc. |
| Innovation/technology | <ul style="list-style-type: none"> • Experience and knowledge in creating and innovating business models to solve social issues • Experience and knowledge of the latest technological trends in the digital domain, AI, Web 3.0, etc. |
| Sustainability | <ul style="list-style-type: none"> • Experience in promoting medium- to long-term sustainability-related initiatives at companies, international organizations, NGOs, etc. • Extensive experience and knowledge in areas related to the Company’s materiality (material topics to take on to realize the Company’s long-term vision) |
| Finance/accounting | <ul style="list-style-type: none"> • Experience in planning, implementing, and supporting corporate capital policies, fundraising, and financial restructuring • Experience as a CPA engaged in financial statement audits and internal control audits |
| Human resources & organizational culture development | <ul style="list-style-type: none"> • Experience playing a leading role in leadership development and human resources development at the senior management level, etc., organizational design, and building, establishing, and transforming corporate culture |
| Corporate governance | <ul style="list-style-type: none"> • Extensive knowledge of corporate governance • Experience participating in leading the design of management compensation plans and review of succession plans for CEOs, etc. |
| Risk management/compliance | <ul style="list-style-type: none"> • Extensive experience in and knowledge of enterprise risk management and crisis management • Extensive experience in and knowledge of initiatives to thoroughly ensure compliance with laws, regulations, and corporate ethics in an organized manner |
| Policy/public relations | <ul style="list-style-type: none"> • Experience in policy, legal, and other types of rulemaking for social and economic issues |

Attached Materials

Business Report (From July 1, 2022, to June 30, 2023)

1. Current Condition of the Group

(1) Status of operations for the fiscal year ended June 30, 2023

(i) Business progress and results

In the fiscal year ended June 30, 2023, the Group worked on business management that takes into consideration the balance between growth and profitability by building lean business base globally. As a result, the Group achieved record-high net sales and operating profit on a consolidated basis. In the Marketplace domain, where *Mercari* celebrated the 10th anniversary of the launch of its core marketplace app, full-year gross merchandise value (GMV ^(Note 1)) reached a scale of ¥1.0 trillion. For the Fintech domain, this year was a year in which the Group embarked on several initiatives in order to create Group synergy that will support future growth, such as launching new services (*Mercard* and a bitcoin trading service).

In the Marketplace domain, as one of its business objectives for the current fiscal year, the Group strove to increase the number of listings on *Mercari* through strengthened collaboration between the C2C and B2C business areas. The Group was able to achieve steady growth and a high level of profitability with MAU ^(Note 2) of 22.60 million, full-year GMV of ¥984.6 billion (up 10% year-on-year), and adjusted operating margin ^(Note 3) of 44% due to disciplined investments in areas that will have steadily accumulating results. On the product front, the Group implemented major updates to the internal systems of the *Mercari* app in order to build a system environment where development work such as adding and modifying features can be executed even faster than before. Furthermore, to maximize Group synergy through collaboration with Fintech, the Group promoted measures, for example introducing a loyalty program, that will spur further growth for the next fiscal year and onwards.

In the Fintech domain, the Group worked to promote circular finance by strengthening Group synergy as one of its business objectives for the current fiscal year. The Group made steady progress on creating Group synergy for the future, such as launching *Mercard* and a bitcoin trading service as well as other initiatives. In spite of expanding investments into new services, the Group recorded an unadjusted operating profit ^(Note 4) for the full year owing to continuous improvement in profitability, which became even stronger due to the steady growth of credit services led primarily by fixed-amount payment. Amid credit balance ^(Note 5) growing to ¥117.8 billion, driven by the growth of fixed-amount payment, the collection rate ^(Note 6) improved to 98.7% as a result of strict credit control, etc. that utilized the Group's proprietary AI credit check, and the domain realized sound growth.

As a result of the above, Japan Region reported net sales of ¥122,199 million (up 22.0% year-on-year) and segment profit of ¥34,464 million (up 107.3% year-on-year) for the fiscal year ended June 30, 2023.

In its US business, the Group's business policy for the current fiscal year focused on product improvements that promote both selling and buying. In addition to implementing efficient marketing activities mainly targeting existing users, the Group implemented various measures to promote purchases and reduce the burden on buyers, such as by introducing a new plan that reduces shipping costs for small packages and introducing a bundled shipping option. On the other hand, the full-year GMV growth rate was -11% year-on-year due to the ongoing slowdown of purchases owing to external environment factors such as inflation, which persisted from the previous fiscal year. As a result of the above, in the current fiscal year, GMV for *Mercari* in the US market decreased by \$130 million year-on-year to \$1,015 million (¥139.5 billion; the exchange rate conversion is the total of the amounts calculated for each month using the average rate during the month), and MAU totaled 4.77 million. Net sales amounted to ¥44,440 million (up 6.8% year-on-year). On the other hand, segment operating loss improved significantly to ¥8,804 million (versus a segment operating loss of ¥12,135 million in the corresponding period of the previous fiscal year), resulting from a review of expenses for lean business management.

As a result, for the fiscal year ended June 30, 2023, the Group recorded net sales of ¥172,064 million (17.0% increase year-on-year), operating profit of ¥17,023 million (compared to operating loss of ¥3,715 million in the previous fiscal year), ordinary profit of ¥17,449 million (compared to ordinary

loss of ¥3,896 million in the previous fiscal year), and net profit attributable to owners of parent of ¥13,070 million (compared to net loss attributable to owners of parent of ¥7,569 million in the previous fiscal year).

- (Notes)
1. GMV (Gross Merchandise Value) is the total value of merchandise sold during a specified period.
 2. MAU (Monthly Active Users) is defined as the quarterly average number of registered users who accessed the *Mercari* service via app or website at least once during a given month.
 3. Profit after deducting internal transactions with Fintech (outsourced payment processing fees).
 4. Profit before deducting internal transactions with Marketplace (outsourced payment processing fees).
 5. *Merpay Smart Payments* (lump-sum and fixed-amount payment) and *Merpay Smart Money* credit balance as of June 30, 2023 (excludes debt converted into bankruptcy reorganization debt, etc.).
 6. Average aggregated rate of the quarterly cumulative collections completed within the past 11 months compared to the amount of *Merpay Smart Payments* (lump-sum payment and fixed-amount payment) and *Merpay Smart Money* billed in the past 11 months (excludes debt converted into bankruptcy reorganization debt, etc.).

(ii) Capital investments

Total capital expenditure undertaken during the fiscal year ended June 30, 2023, amounted to ¥531 million (including intangible fixed assets), which was mainly allocated for the purchase of office equipment for the Company's head office and for the acquisition of leased assets for shipping services.

There have been no disposals or sales of major facilities during the current fiscal year.

(iii) Financing

Funds continued to be raised through liquidation of receivables of a consolidated subsidiary. Items accounted for as financial transactions due to liquidation of receivables were short-term borrowings of ¥55,954 million and long-term borrowings of ¥23,166 million.

(iv) Business transfer, absorption-type company split, or incorporation-type company split

Not applicable.

(v) Acquisitions of other companies' businesses

Not applicable.

(vi) Successions of rights or duties related to the businesses of other legal entities, etc. due to absorption-type merger or absorption-type company split

The Company absorbed and merged with Merlogi, Inc. on January 1, 2023.

The Company's subsidiary Mercoin, Inc. absorbed and merged with Basset Inc. on June 30, 2023.

(vii) Acquisitions and disposals of stock, other equities, and stock acquisition rights in other companies

Not applicable.

(2) Major subsidiaries

| Name | Capital stock | Percentage of voting rights held by the Company | Main business |
|---|----------------------|---|--|
| Mercari, Inc. (US) | US\$633,511 thousand | 100% | Planning, development, and management of the <i>Mercari</i> (US) C2C marketplace |
| Merpay, Inc. | ¥100 million | 100% | Planning, development, and management of financial-related business which includes funds transfer operations |
| Kashima Antlers F.C. Co., Ltd. | ¥2,257 million | 71.2% | 1. Management of the Kashima Antlers professional soccer team 2. Planning and management of various entertainment, such as soccer games and other sporting events 3. Management of sports facilities such as soccer stadiums |
| Souzoh, Inc. | ¥100 million | 100% | Planning, development, and operation of the e-commerce platform <i>Mercari Shops</i> |
| Mercoin, Inc. | ¥100 million | 100% | Planning, development, and operation of services related to crypto-assets and blockchain technology |
| Mercari Software Technologies India Private Limited | INR31 million | 99.9% | Development of internet services |

(Note) On August 1, 2023, the Company conducted an absorption-type company split in which the departments other than the business development function related to *Mercari Shops* operated by Souzoh, Inc. were succeeded to the Company.

(3) Issues to be addressed

(i) Ensuring the safety and soundness of services

The increasing prevalence of e-commerce services and social media, as well as ever-more sophisticated fraudulent use associated therewith, appear to be giving rise to further mounting societal demands with respect to maintaining the safety of internet-based services. In order to provide a platform for carrying out safe and secure transactions, the Group regards ensuring the safety and soundness of its services as its most important challenge, and continually engages in efforts to safeguard personal information and combat infringement of intellectual property rights.

(ii) Developing talent

Mercari thinks that investment in talent is the most important thing for achieving its Group mission. This is because Mercari believes that each and every employee's growth and fully demonstrating Mercari's values is the shortest path to achieving its mission.

As a major policy, the Group has set one of its material topics as "Unleashing the Potential in Diverse Talent Worldwide." With regard to "diverse talent worldwide," the diversity of members is the source of creativity. Mercari's policy is to acquire professional human resources around the world with market-competitive compensation levels, and provide training through continuous opportunities for learning. To unleash this potential, Mercari has mechanisms to constantly encourage bold challenges. All members continually ask themselves, "Are we taking on bold challenges to achieve the mission?" and "Are we quickly learning from our failures and successes?" based on Mercari's values in various situations. The Group has also established mechanisms that increase opportunities for bold promotions and appointments for employees that demonstrate high levels of value-embodiment behavior, and realize competitive compensation that is not based on individual backgrounds.

Going forward, Mercari will give further balance to "investment decisions that maximize the total amount of long-term value displayed by its employees."

(iii) Enhancing technological strengths

As a provider of services over the internet, the Group recognizes the importance of managing its business in a manner that ensures consistent operations of systems involved in providing its services. The Group will persist with efforts to ensure system stability in part by reinforcing server equipment to better handle the increasing traffic to its services associated with the increasing number of listed items, and also by installing parallel processing systems in order to distribute processing loads.

In addition, the Group will focus on investing in advanced technologies to further improve the user experience. For instance, the Group will promote efforts geared toward heightening service convenience as well as maintaining and enhancing service safety and soundness through artificial intelligence (AI) and machine learning technologies using massive data sets encompassing past transaction histories and rating information. Furthermore, the Group will work to enhance its technological strengths in part by investing in innovative technologies such as LLM and blockchain.

(iv) Addressing overseas expansion

The Group has also promoted overseas expansion such as by entering the US market in 2014 and by starting crossborder sales of items listed on the *Mercari* marketplace in Japan to overseas buyers in 2019. Through steady growth of the *Mercari* marketplace provided in the US, and demand from overseas users for crossborder sales, the Group believes that there are potential business opportunities extending before it in areas that it has not yet entered. In 2022, the Group invested in Beebs SAS, which plans, develops, and operates Beebs, a marketplace app dedicated to babies and kids' goods that conducts business in France and Belgium. While continuing to place the highest priority on the further expansion of the *Mercari* marketplace in the US, the Group's policy is to move forward while monitoring the business environment and timing in order to take on the challenge of entering other countries when the opportunity arises.

(v) Strengthening corporate governance

The Group has set forth the mission of improving enterprise value through working to enhance its supervising management function and its internal control function while practicing strict compliance management as its basic policy on corporate governance. In order to meet the trust of all stakeholders,

going forward, the Group will work to improve the efficiency and transparency of management, maximize enterprise value, and achieve sustainable growth and development.

The Company announced that the Company would make the transition to a company with Three Committees (Nominating Committee, Compensation Committee and Audit Committee), subject to approval at the 11th Annual General Meeting of Shareholders to be held on September 28, 2023. By further clarifying the separation of the supervisory and executive functions through this transition, the Group will establish a structure that strengthens the supervisory function of the Board of Directors while enabling the executive function to make prompt and resolute decisions and promote business.

(vi) Enhancing internal management systems and practicing strict compliance

The Group believes that when pursuing its further business expansion, fulfilling its social responsibilities, and striving to achieve sustainable growth and improvement in enterprise value, securing and developing the human resources that will facilitate the Group's growth and practicing strict compliance are important management issues. In addition to hiring human resources with high levels of expertise and abundant experience in fields such as internal auditing, legal affairs, financial affairs, accounting, and information security, the Group will practice strict compliance while further strengthening internal management systems by implementing awareness-raising activities and training activities for employees on a continual basis.

(vii) Strengthening financial discipline

In order to achieve continued growth and expansion, the Group must further enhance and expand its revenue base and increase its capabilities to secure financing leveraging increased profits. The Group will build on this base by managing its three main businesses (Marketplace, Fintech, and US) in a manner that balances growth and profitability, including disciplined investment with an awareness of priorities.

2. Current Condition of the Company

(1) Status of stock (as of June 30, 2023)

- (i) Shares authorized 459,250,000 shares
- (ii) Shares issued 162,465,598 shares

- (Notes)
1. The total number of issued shares has increased by 52,302 shares due to issuance of new shares related to Restricted Stock Units (RSU) on August 15, 2022, pursuant to a resolution of the Board of Directors on July 1, 2022.
 2. The total number of issued shares has increased by 91,084 shares due to issuance of new shares related to Restricted Stock Units (RSU) on November 15, 2022, pursuant to a resolution of the Board of Directors on October 21, 2022.
 3. The total number of issued shares has increased by 115,327 shares due to issuance of new shares related to Restricted Stock Units (RSU) on February 15, 2023, pursuant to a resolution of the Board of Directors on January 20, 2023.
 4. The total number of issued shares has increased by 122,806 shares due to issuance of new shares related to Restricted Stock Units (RSU) on May 15, 2023, pursuant to a resolution of the Board of Directors on April 4, 2023.
 5. The total number of issued shares has increased by 1,270,112 shares due to stock acquisition rights exercised during the fiscal year ended June 30, 2023.

(iii) Number of shareholders 57,770

(iv) Major shareholders

| Name of shareholder | Number of shares held (Shares) | Ratio of shareholding |
|--|--------------------------------|-----------------------|
| Shintaro Yamada | 39,157,546 | 24.10% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 15,944,500 | 9.81% |
| MSIP CLIENT SECURITIES | 9,318,784 | 5.74% |
| Hiroshi Tomishima | 8,170,900 | 5.03% |
| Custody Bank of Japan, Ltd. (Trust Account) | 7,363,700 | 4.53% |
| suadd K.K. | 6,567,000 | 4.04% |
| GOLDMAN SACHS INTERNATIONAL | 3,526,854 | 2.17% |
| DAIWA CM SINGAPORE LTD- NOMINEE ROBERT LUKE COLLICK | 3,435,000 | 2.11% |
| GOLDMAN SACHS & CO. REG | 2,932,224 | 1.80% |
| EUROCLEAR BANK S.A./N.V. | 2,563,942 | 1.58% |

(Note) Ratio of shareholding is calculated after subtracting treasury stock (103 shares).

(2) Status of Company Officers

(i) Status of Directors and Audit and Supervisory Board Members (as of June 30, 2023)

| Position in the Company | Name | Major concurrent positions outside the Company |
|--|--------------------|--|
| Representative Director, Chief Executive Officer | Shintaro Yamada | Director of Mercari, Inc. (US) |
| Director, President | Fumiaki Koizumi | CEO of Kashima Antlers F.C. Co., Ltd. |
| Outside Director | Makiko Shinoda | Director of YeLL Inc. |
| Outside Director | Norio Murakami | Representative Director of Norio Murakami Office Co., Ltd. Outside Director of V-cube, Inc. Outside Director of CellSource Co., Ltd. |
| Outside Director | Masayuki Watanabe | |
| Standing Audit and Supervisory Board Member | Mayumi Tochinoki | Audit and Supervisory Board Member of Merpay, Inc. Audit and Supervisory Board Member of Mercoin, Inc. |
| Outside Standing Audit and Supervisory Board Member | Fumiyuki Fukushima | Audit and Supervisory Board Member of Kashima Antlers F.C. Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of Chatwork Co., Ltd. |
| Outside Audit and Supervisory Board Member | Daiken Tsunoda | Outside Director of Culture Convenience Club Co., Ltd. Outside Director (Member of the Audit and Supervisory Committee) of Sumitomo Mitsui Banking Corporation Attorney at Law, Daiken Tsunoda Law Office |

(Notes) 1. Changes in Directors during the current fiscal year are as follows:

- (i) Director Ken Takayama resigned due to expiration of his term of office effective as of the conclusion of the 10th Annual General Meeting of Shareholders held on September 28, 2022.
 - (ii) At the 10th Annual General Meeting of Shareholders held on September 28, 2022, Masayuki Watanabe was newly elected as Director and assumed office.
2. Directors Makiko Shinoda, Norio Murakami, and Masayuki Watanabe are Outside Directors.
 3. Audit and Supervisory Board Members Fumiyuki Fukushima and Daiken Tsunoda are Outside Audit and Supervisory Board Members.
 4. Audit and Supervisory Board Member Fumiyuki Fukushima is a certified public accountant and has extensive knowledge in finance and accounting.
 5. The required notification pertaining to independent officers has been submitted to Tokyo Stock Exchange, Inc. for Directors Makiko Shinoda, Norio Murakami, and Masayuki Watanabe and Audit and Supervisory Board Members Fumiyuki Fukushima and Daiken Tsunoda.

(ii) Summary of details of limited liability agreement

Under provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with its respective Outside Directors and Audit and Supervisory Board Members limiting their liability for damages as provided for in Article 423, paragraph (1) of the Companies Act. Under these agreements, the maximum amount of liability for damages to be paid by the respective Outside Audit and Supervisory Board Members is to be the higher amount of either ¥3 million or the amount stipulated in Article 425, paragraph (1) of the Companies Act, and that to be paid by the respective Outside Directors and Audit and Supervisory Board Member Mayumi Tochinoki is to be the amount stipulated in Article 425, paragraph (1) of the Companies Act.

(iii) Overview of directors and officers liability insurance policy contents

The Company has entered into a directors and officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act, which provides coverage for the Directors, Audit and Supervisory Board Members, and Vice Presidents of the Company and its subsidiaries (however, this does not include Mercari, Inc. (US)). In the event that those insured incur losses arising from responsibilities related to the execution of their duties, or from claims being pursued in relation to said responsibilities, they shall be reimbursed under the terms of the policy. However, this insurance policy stipulates that no insurance claims shall be paid for certain reasons such

as cases of malice or gross negligence in order to ensure the appropriateness of the execution of duties of officers, etc.

Moreover, the insurance premiums for this policy are paid by the Company in full, and there is, in effect, no burden on the insured themselves.

(iv) Remuneration, etc. for Directors and Audit and Supervisory Board Members

a. Policies related to determining officer remuneration, etc.

The Company has set the following policies for determining individual remuneration, etc. for Directors and Audit and Supervisory Board Members by the resolution of the Board of Directors, after the deliberation and report by the Nomination and Remuneration Advisory Committee. Furthermore, the Nomination and Remuneration Advisory Committee, a majority of whose members are independent Outside Directors, has confirmed that the details of remuneration, etc. for each individual Director in the current fiscal year are consistent with the policy of determination set by the resolution of the Board of Directors. Therefore, the Board of Directors has judged that the details of remuneration, etc. for each individual Director are in line with the aforementioned policy.

■ Basic policy

- Taking into account that the primary duty of Directors is to supervise the management of the Group as a whole, and to formulate and drive forward its global growth strategy over the medium-to-long term, the Company regards securing outstanding personnel at the global level as Directors of the Company and ensuring that their supervisory functions are functioning effectively to be the basic policy for determining the remuneration of Directors.
- Remuneration of Directors (excluding Outside Directors) consists of fixed remuneration and medium- to long-term incentive remuneration in the form of stock options with stock price conditions. The stock options with stock price conditions are set up with appropriate restrictions and conditions to maximize Director performance and their willingness to contribute, and to provide incentives that encourage more appropriate risk-taking by linking shareholder value to remuneration.
- Remuneration of Outside Directors and Audit and Supervisory Board Members consists of fixed remuneration only, so as to preserve their independence from the Company.

| Type of remuneration | Overview |
|---|---|
| Fixed remuneration | <ul style="list-style-type: none"> • Determined by taking a comprehensive view of each Director's duties, abilities, results, and contribution to the Company, and of the performance and economic situation of the Company, etc. |
| Stock options with stock price conditions | <ul style="list-style-type: none"> • Granted with the aim of maximizing the performance of the individual and their willingness to contribute by investing in people as the Group continues to take up challenges in order to improve enterprise value over the medium-to-long term, and also with the aim of linking the enhancement of shareholder value to remuneration in order to encourage more appropriate risk-taking • Realized only when conditions are met |

■ Determination process

Representative Director, Chief Executive Officer Shintaro Yamada, with authority delegated by the Board of Directors, determines the remuneration amounts for each Director after taking into account the duties, abilities, and performance of each Director as well as the financial performance of the Company and economic conditions and based on the results of consultation with the Nomination and Remuneration Advisory Committee, composed mainly of Outside Directors. This process ensures the appropriateness of the remuneration plan and levels for Directors and the independence, objectivity, and transparency of the process for determining remuneration. The reason for delegating this authority is because the Board of Directors deems the Representative Director to be suitably

positioned to conduct individual evaluation of each Director while taking into account the business results of Mercari Group.

The remuneration amounts for each Audit and Supervisory Board Member are determined through discussion among the Audit and Supervisory Board Members based on the results of consultation with the Nomination and Remuneration Advisory Committee.

The composition and activities of the Nomination and Remuneration Advisory Committee are as follows.

A. Composition of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee is composed of at least three Directors, of which the majority are independent Outside Directors who have been elected by a resolution of the Board of Directors.

The composition of the Nomination and Remuneration Advisory Committee is as follows.

| Name | Position |
|-------------------|--|
| Shintaro Yamada | Representative Director, Chief Executive Officer (Chairperson) |
| Makiko Shinoda | Outside Director |
| Norio Murakami | Outside Director |
| Masayuki Watanabe | Outside Director |

B. Activities of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee met 11 times in the current fiscal year. The main matters deliberated were as follows.

- Matters concerning the transition to a Company with Three Committees (Nominating Committee, Compensation Committee and Audit Committee)
- Matters concerning the assessment of Directors
- Matters concerning the assessment of Audit and Supervisory Board Members
- Matters concerning the remuneration structure and policies for Directors and Audit and Supervisory Board Members, and individual remuneration
- Matters concerning the enhancement of the Company's corporate governance
- Matters concerning the assessment and election of Senior Vice Presidents

■ Resolution of the General Meeting of Shareholders on remuneration, etc. for Directors and Audit and Supervisory Board Members

- At the 5th Annual General Meeting of Shareholders held on September 29, 2017, it was resolved that the annual remuneration, etc. for Directors would be less than or equal to ¥2,000 million (however, this figure does not include salary paid as an employee of the Company). The number of officers to whom this resolution applied was six Directors (including two Outside Directors).
- At the 8th Annual General Meeting of Shareholders held on September 25, 2020, it was resolved that the upper limit of remuneration, etc. relating to the stock acquisition rights as stock options (the "Stock Options") to be granted to Directors (excluding Outside Directors) shall be ¥2,000 million. The number of officers to whom this resolution applied was two Directors.
- At the 5th Annual General Meeting of Shareholders held on September 29, 2017, it was resolved that the annual remuneration, etc. for Audit and Supervisory Board Members shall be less than or equal to ¥100 million. The number of officers to whom this resolution applied was three Audit and Supervisory Board Members (including three Outside Audit and Supervisory Board Members).

■ Stock Options with stock price conditions

● Overview of the plan

The Group aims to continue to take on new challenges and realize the growth of its enterprise value over the medium-to-long term. Therefore, the Company has introduced a stock option plan linked to market capitalization of the Company for the Company's Directors (excluding Outside Directors; the "Eligible Directors") in order to invest in people and maximize their performance and willingness to contribute, as well as to take risks appropriately by linking remuneration to increased shareholder value.

● Calculation method for Stock Options with stock price conditions

A. Officers eligible for the provision

Two Eligible Directors of the Company are eligible.

B. Assets to be provided

Stock Options to which shares of the Company's common stock are subject shall be provided. The Stock Options grant the right to acquire one share of common stock of the Company per Stock Option.

C. Number of Stock Options vested

The Company resolved to grant 265,522 Stock Options in total to officers eligible for the provision on October 12, 2020, as the allotment date.

D. Method for calculating the number of Stock Options provided individually

The method for calculating the number of Stock Options provided individually is as follows. The "number of Stock Options provided individually" stated herein means the number of Stock Options that become exercisable upon achievement of stock price conditions, among Stock Options allotted to each Eligible Director.

Number of Stock Options provided individually = base number of Stock Options by position x provision rate

The provision rate shall be one when the market capitalization of the Company (calculated by the following formula; hereinafter the same) exceeds ¥1 trillion on each day of a certain five consecutive business days (excluding the days on which ordinary transactions of the Company's common stock cannot take place) during the period lasting from the allocation date to September 24, 2030, and otherwise be zero.

Market capitalization = (Total number of issued shares of common stock of the Company* – Treasury stock held by the Company*) × Closing price of ordinary transactions of the Company's common stock on the Tokyo Stock Exchange*

*All three numbers shall be the numerical values on each day of the aforementioned consecutive five business days.

As the above stock price conditions were met during the fiscal year ended June 30, 2022, the Eligible Directors may, if each condition stipulated in the following Items is fulfilled, exercise the Stock Options during the period (each period includes the first day and the last day of this period) from the day following the date on which the condition is fulfilled to September 24, 2030, and for up to a third of the total number of Stock Options allotted to themselves.

- (a) If the Eligible Directors continuously hold a position of Director of the Company until the conclusion of the General Meeting of Shareholders for the last fiscal year which ends within three years from the allotment date;
- (b) If the Eligible Directors continuously hold a position of Director of the Company until the conclusion of the General Meeting of Shareholders for the last fiscal year which ends within four years from the allotment date; and
- (c) If the Eligible Directors continuously hold a position of Director of the Company until the conclusion of the General Meeting of Shareholders for the last fiscal year which ends within five years from the allotment date.

b. Total amount of remuneration, etc. for the fiscal year ended June 30, 2023

| Category | Total amount of remuneration, etc. (Millions of yen) | Total amount of remuneration, etc. by type (Millions of yen) | | Number of recipients |
|---|--|--|---|----------------------|
| | | Fixed remuneration | Stock Options with stock price conditions | |
| Directors (excluding Outside Directors) | 336 | 26 | 310 | 2 |
| Outside Directors | 28 | 28 | – | 4 |
| Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members) | 43 | 43 | – | 1 |
| Outside Audit and Supervisory Board Members | 25 | 25 | – | 2 |
| Total | 434 | 123 | 310 | 9 |

- (Notes)
1. Directors' remuneration, etc. does not include the amount paid as salary for employees to those Directors concurrently serving as employees.
 2. The total remuneration, etc. for Outside Directors includes amounts of remuneration, etc. applicable during the term of office of one Outside Director who resigned effective as of the conclusion of the 10th Annual General Meeting of Shareholders held on September 28, 2022.
 3. No Outside Officers received officer remuneration, etc. from a subsidiary of the Company during the current fiscal year.
 4. Stock options with stock price conditions are stated in the expenses recorded for the current fiscal year.

(v) Outside Officers

- a. Major concurrent positions at other organizations and relationships between the Company and such other organizations
 1. Outside Director Norio Murakami is Outside Director of V-cube, Inc. Although the Company has a business relationship with V-cube, Inc., the transaction amount between the two companies is less than 1% of consolidated net sales of the Company for the current fiscal year.
 2. Outside Audit and Supervisory Board Member Daiken Tsunoda is Outside Director (Member of the Audit and Supervisory Committee) of Sumitomo Mitsui Banking Corporation. Sumitomo Mitsui Banking Corporation is a major lender for the Company, but all transactions with Sumitomo Mitsui Banking Corporation are carried out under terms equivalent to those for general transactions.

3. The status of other significant concurrent positions is described on page 43 There is no special interest between the Company and any concurrent positions outside the Company.

b. Major activities in the fiscal year ended June 30, 2023

| Attendance and participation at meetings, and overview of duties performed in relation to expected roles for Outside Directors | | |
|--|--------------------|---|
| Director | Makiko Shinoda | Ms. Shinoda attended all 13 meetings of the Board of Directors held during the current fiscal year. In the meetings, she provided supervision and advice regarding the management of the Company as Outside Director by utilizing her specialized knowledge and extensive experience in diversity & inclusion, sustainability, finance, and other fields. As such, she has fulfilled an appropriate role to ensure reasonableness and appropriateness of decision-making. In addition, she attended all 11 meetings of the Nomination and Remuneration Advisory Committee held during the current fiscal year, and also has been deeply involved in deliberations on evaluation and remuneration of Directors, Audit and Supervisory Board Members, and Senior Vice Presidents, as well as discussions, etc. for improvement of the corporate governance system. |
| Director | Norio Murakami | Mr. Murakami attended 11 out of 13 meetings of the Board of Directors held during the current fiscal year. In the meetings, he provided supervision and advice regarding the management of the Company as Outside Director by utilizing his experience in global corporate management, technical knowledge, and extensive experience. As such, he has fulfilled an appropriate role to ensure reasonableness and appropriateness of decision-making. In addition, he attended 9 out of 11 meetings of the Nomination and Remuneration Advisory Committee held during the current fiscal year, and also has been deeply involved in deliberations on evaluation and remuneration of Directors, Audit and Supervisory Board Members, and Senior Vice Presidents, as well as discussions, etc. for improvement of the corporate governance system. |
| Director | Masayuki Watanabe | Mr. Watanabe attended all 10 meetings of the Board of Directors held during the current fiscal year after he took office on September 28, 2022. In the meetings, he provided supervision and advice regarding the management of the Company as Outside Director by utilizing his expertise in global business expansion based on his experience in founding and managing tech companies in and outside of Japan. As such, he has fulfilled an appropriate role to ensure reasonableness and appropriateness of decision-making. In addition, he attended all 10 meetings of the Nomination and Remuneration Advisory Committee held during the current fiscal year since assuming the office, and also has been deeply involved in deliberations on evaluation and remuneration of Directors, Audit and Supervisory Board Members, and Senior Vice Presidents, as well as discussions, etc. for improvement of the corporate governance system. |
| Audit and Supervisory Board Member | Fumiyuki Fukushima | Mr. Fukushima attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Board held during the current fiscal year. In the meetings, he provided appropriate advice from his expert viewpoint principally as a certified public accountant. |
| Audit and Supervisory Board Member | Daiken Tsunoda | Mr. Tsunoda attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Board held during the current fiscal year. In the meetings, he provided appropriate advice from his expert viewpoint principally as an attorney. |

Consolidated Balance Sheet (as of June 30, 2023)

(Millions of yen)

| Item | Amount | Item | Amount |
|-------------------------------------|----------------|---|----------------|
| ASSETS | | LIABILITIES | |
| Current assets | 340,644 | Current liabilities | 273,608 |
| Cash on hand and in banks | 196,271 | Short-term borrowings | 55,121 |
| Trade accounts receivable | 6,374 | Current portion of long-term borrowings | 16,713 |
| Securities | 5,775 | Accounts payable | 19,509 |
| Other receivable | 115,714 | Accrued expenses | 1,485 |
| Prepaid expenses | 2,261 | Income taxes payable | 6,627 |
| Deposits paid | 2,708 | Deposits received | 163,402 |
| Other current assets | 16,994 | Provision for bonuses | 1,914 |
| Allowance for doubtful accounts | (5,455) | Provision for point certificates | 1,036 |
| Non-current assets | 74,648 | Provision for share-based compensation | 209 |
| Property and equipment | 2,781 | Other current liabilities | 7,588 |
| Intangible assets | 584 | Non-current liabilities | 86,454 |
| Investments and other assets | 71,282 | Convertible-bond-type bonds with stock acquisition rights | 50,000 |
| Investment securities | 78 | Long-term borrowings | 35,696 |
| Lease deposits | 1,407 | Retirement benefit liability | 42 |
| Deferred tax assets | 7,802 | Asset retirement obligations | 126 |
| Guarantee deposits | 61,608 | Deferred tax liabilities | 138 |
| Other assets | 385 | Other non-current liabilities | 451 |
| | | Total liabilities | 360,063 |
| | | NET ASSETS | |
| | | Shareholders' equity | 51,370 |
| | | Capital stock | 46,052 |
| | | Capital surplus | 46,005 |
| | | Retained earnings (Accumulated deficit) | (40,687) |
| | | Treasury stock | (0) |
| | | Accumulated other comprehensive income | 2,211 |
| | | Valuation difference on available-for-sale securities | (0) |
| | | Deferred gains or losses on hedges | 159 |
| | | Foreign currency translation adjustments | 2,051 |
| | | Stock acquisition rights | 1,092 |
| | | Non-controlling interests | 554 |
| | | Total net assets | 55,228 |
| Total assets | 415,292 | Total liabilities and net assets | 415,292 |

Consolidated Statement of Income (from July 1, 2022, to June 30, 2023)

(Millions of yen)

| Item | Amount | |
|---|---------|----------------|
| Net sales | | 172,064 |
| Cost of sales | | 57,639 |
| Gross profit | | 114,425 |
| Selling, general and administrative expenses | | 97,401 |
| Operating profit | | 17,023 |
| Non-operating income | | |
| Interest income | 501 | |
| Consumption taxes refund | 34 | |
| Subsidy income | 139 | |
| Other | 41 | 716 |
| Non-operating expenses | | |
| Interest expense | 182 | |
| Foreign exchange loss | 79 | |
| Other | 28 | 290 |
| Ordinary profit | | 17,449 |
| Extraordinary income | | |
| Gain on reversal of stock acquisition rights | 2 | 2 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 50 | |
| Loss on devaluation of investment securities | 325 | |
| Loss on cancellation of leases | 519 | |
| Cancellation penalty | 114 | |
| Other | 53 | 1,063 |
| Net profit before income taxes | | 16,389 |
| Income taxes - current | 7,944 | |
| Income taxes - deferred | (4,470) | 3,474 |
| Net profit | | 12,914 |
| Net loss attributable to non-controlling interests | | (155) |
| Net profit attributable to owners of parent | | 13,070 |

Sustainability at Mercari

Mercari strives to be a planet-positive company that contributes to solving environmental issues through its business activities by realizing a society in which all forms of value—not just physical goods and money—circulate seamlessly. The total amount of greenhouse gas reduction contribution generated through the transaction on Mercari was approximately 530,000 tons for a single year in Japan and the U.S. combined. We will continue to contribute to creating a circular economy that makes the most of the world's finite resources.



Major initiatives in the fiscal year ended June 30, 2023

Updated our materiality in accordance with our new Group mission

New materiality

1. Empowerment of Individuals and Society
2. Creating a World That Circulates All Forms of Value
3. Creating a New User Experience Through Technology
4. Building Long-Term Public Trust
5. Unleashing the Potential in Diverse Talent Worldwide



Note: For other initiatives and more details about sustainability at Mercari, see the report scheduled for publication in late September.

<https://about.mercari.com/en/sustainability/>