

Policy for Determining the Details of Compensation for Individual Directors and Officers (Directors/Officers Compensation Policy)

1. Basic Policy

To achieve our mission of “Circulate all forms of value to unleash the potential in all people,” Mercari Group (the “Group”) aims to contribute to a society where individuals can realize what they want to do by creating a circular economy based on our values of Go Bold, All for One, and Be a Pro.

To earn the trust of our stakeholders, achieve sustainable growth, and enhance our corporate value over the mid- to long-term, we believe it is essential to design and operate an appropriate Directors/Officers Compensation plan as part of a corporate governance structure that enhances objectivity, fairness, and transparency in management and promotes proactive and sound risk-taking. In light of the above, we have established the following basic policy on Directors/Officers compensation to achieve our mission.

【Basic Policy of Compensation】

- Must create a strong motivation for management to encourage their bold challenges and to maintain their spirit of challenge
- Must encourage all management to commit to achieving the mission and to share the same perspective as stakeholders
- Must attract highly skilled professionals who take ownership and responsibility for the management of the Group

2. Compensation Level

Compensation levels are set at reasonable levels to attract and motivate excellent human resources for Directors and Executive Officers while reflecting the size of their missions and their individual performance for Executive Officers. Specifically, we select a group of compensation benchmark companies based on objective domestic and international

compensation level data provided by external professional organizations, and after comparison and verification, we set the levels to be sufficient, appropriate, and competitive. In addition, in order to maintain an effective compensation plan that takes into account changes in the external environment and market trends, compensation levels are regularly checked and verified, and the Compensation Committee reviews them in a timely and appropriate manner as necessary.

3. Compensation Structure

Compensation for Executive Officers (including those with additional duties as Directors)

Considering that the main responsibility of Executive Officers is to formulate and drive mid- to long-term global growth strategies, and with a view to securing excellent human resources from a global perspective, the compensation consists of a 1 yen stock option and phantom stock as mid- to long-term incentive compensation, in addition to base compensation in cash.

Regarding 1 yen stock option and phantom stock, appropriate restrictions and conditions are set to provide incentives that have appropriate risk-taking in place by linking shareholder value and compensation while maximizing the Executive Officer's performance and willingness to contribute.

In addition, to achieve the Group's mission of "Circulate all forms of value to unleash the potential in all people" and to emphasize the motivation for mid- to long-term efforts to realize a circular economy beyond that mission, the ratio of mid- to long-term incentive compensation to total compensation is increased, and the ratio of base compensation to mid- to long-term incentive compensation is set at 1:2 in principle.

【Types and Overview of Compensation for Executive Officers】

Type of Compensation	Overview
base compensation	Paid to Executive Officers in recognition of their responsibilities, abilities, achievements, and contributions to the Company
Mid- to long-term Incentive Compensation	Paid as mid- to long-term incentive compensation to maximize the performance and willingness to contribute by investing in "people" and to have more appropriate risk-taking in place by linking shareholder

(1 yen stock option and phantom stock)	value to compensation as the Group continues to take on challenges and achieve mid- to long-term enhancement in corporate value
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Compensation for Directors (excluding those with additional duties as Executive Officers)

Considering that the main duty of Directors is to supervise the management of the Group as a whole, and to encourage Directors to have the shareholder's perspective and strengthen the supervisory function from a mid- to long-term perspective, the compensation consists of two types; base compensation in cash and stock compensation (1 yen stock option).

【Types and Overview of Compensation for Directors】

Type of Compensation	Overview
Base Compensation	Paid to Directors in recognition of their responsibilities
Stock Compensation (1 yen stock option)	Paid with the aim of strengthening the supervisory function and enabling them to share profits with shareholders from a mid- to long-term perspective as the Group continues to take on challenges and achieve mid- to long-term enhancement in corporate value

4. Compensation Determination Process

As a Company with Three Committees, we have established a Compensation Committee in which a majority of the members, including the Chair, are Independent Outside Directors to ensure objectivity and transparency in determining compensation.

5. Forfeiture of Compensation (Malus, Clawback)

For the purpose of ensuring diligent and honest management, in the event serious improprieties such as misconduct or violation of laws occur during the tenure of Directors and Executive Officers, the Company may forfeit the unvested compensation (malus) or request a return of paid compensation (clawback) after the Compensation Committee deliberates on the matter.

6. Stock Ownership Guideline

The Company recommends that Executive Officers hold Company shares equivalent to at least one times the value of their base compensation within four years of assuming office, for the purpose of sharing profits with shareholders from a mid- to long-term perspective.