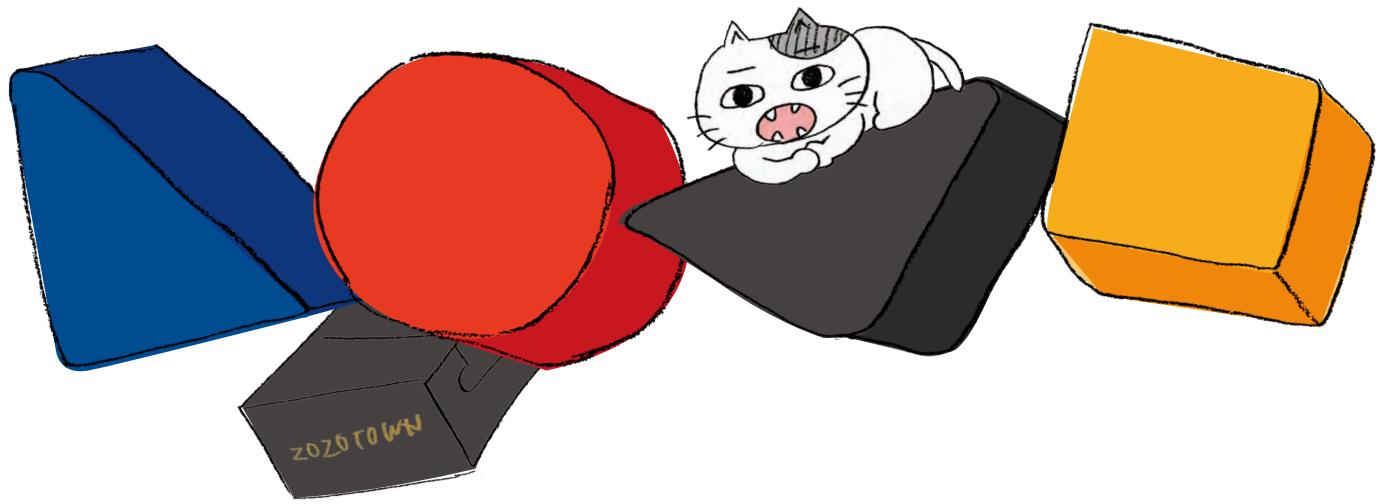
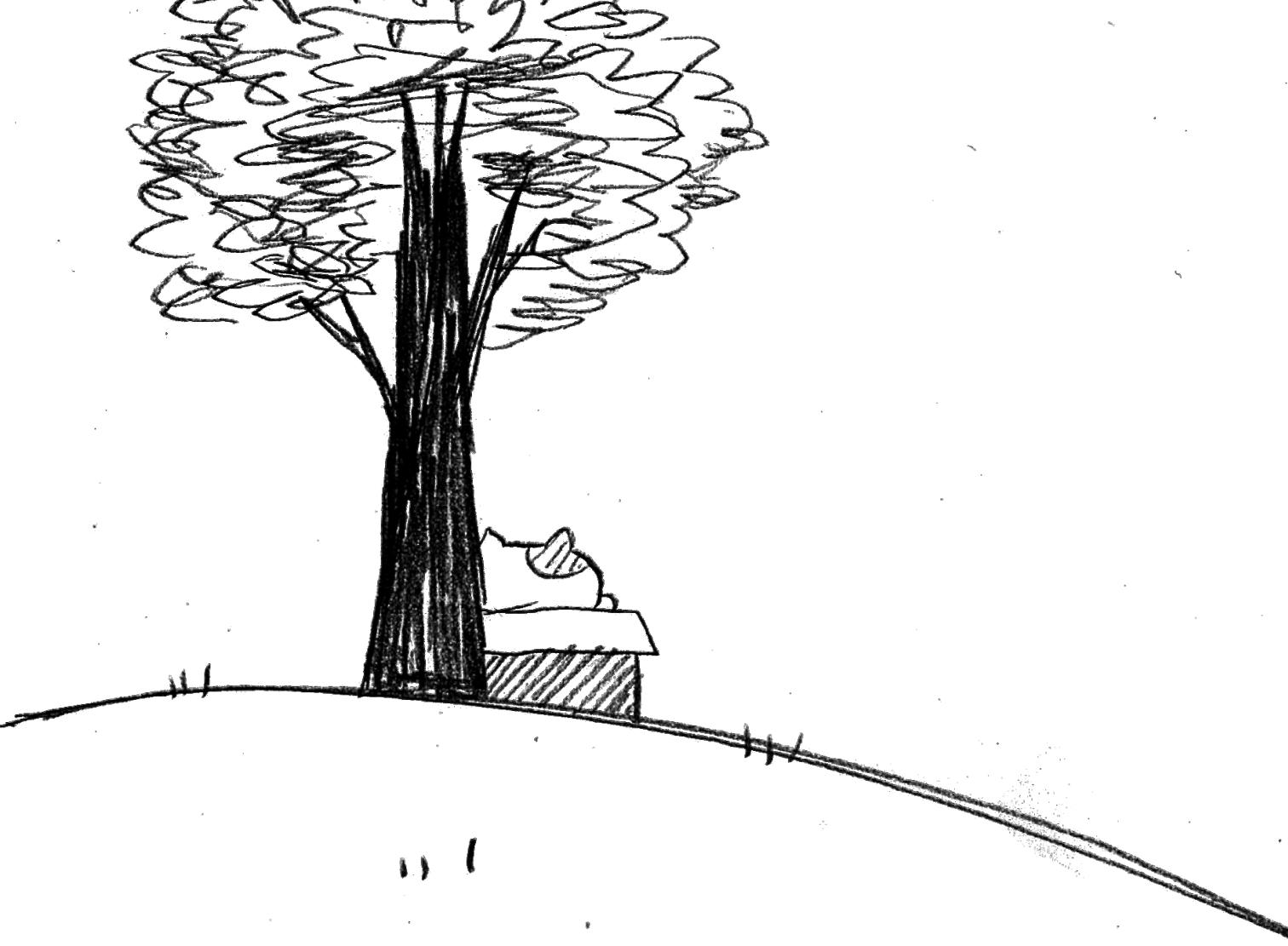


Notice of Convocation of the 27th Ordinary General Meeting of Shareholders





Event overview

•Date and time

1:00 p.m.(JST), Thursday, June 26, 2025

*You will be able to log in from 12:30 p.m. (JST) on the day of the General Meeting of Shareholders.

•Location

The General Meeting of Shareholders will be held as a virtual-only meeting with no physical venue designated.

*Please note that the meeting will be conducted entirely online. There will be no physical venue for in-person attendance.

*For details regarding online participation, the exercise of voting rights, and other relevant matters, please refer to "Guide to Virtual-Only General Meeting of Shareholders" on page 12 and thereafter.

Matters to be resolved

Proposal 1

Election of eight Directors (excluding those who are Audit and Supervisory Committee Members)

Proposal 2

Election of three Directors for the Audit and Supervisory Committee

Proposal 3

Election of a Substitute Audit and Supervisory Committee Member (Director)

ZOZO, Inc. Securities Code:3092

Dear Shareholders,

1-15-16 Midori-cho, Inage-ku, Chiba-shi, Chiba
ZOZO, Inc.

Representative Director, Kotaro Sawada
President & CEO

Notice of Convocation of the 27th Ordinary General Meeting of Shareholders

Thank you very much for your continued support.

We are pleased to announce that we will hold the 27th Ordinary General Meeting of Shareholders as follows.

For the convocation of the General Meeting of Shareholders, electronic provision measures are taken. The matters subject to electronic provision measures are posted as the Notice of Convocation of the 27th Ordinary General Meeting of Shareholders on our website.

Our website

<https://corp.zozo.com/en/ir-info/shareholders-info/shareholders-meeting/>

The matters subject to electronic provision measures are posted on the website mentioned above, and 4. "Websites where matters subject to electronic provision measures are posted." Please access the websites to confirm the matters. The websites may be temporarily inaccessible mainly because of periodic maintenance. When it is inaccessible, please confirm the matters on other websites or re-access the websites after a short while.

Shareholders will participate in the General Meeting of Shareholders by virtual participation using the internet-based method described below. The meeting will be held without a designated physical venue. Please conduct virtual participation via the internet according to the guide

described below.

Shareholders can exercise voting rights via the internet or in writing when not participating in the General Meeting of Shareholders on the day. Please review reference materials for the Ordinary General Meeting of Shareholders posted in the matters subject to electronic provision measures and exercise voting rights by 5:00 p.m. JST on Wednesday, June 25, 2025, by mail using the voting rights exercise form or via the internet (In the case of submission by mail, the form must be received by the exact date and time described above) in accordance with the "Guidance on the exercise of voting rights" below.

Yours sincerely,

Content	
1. Date and time	<p>1:00 p.m. JST, Thursday, June 26, 2025 (accessible time: 12:30 p.m.)</p> <p>*Start time is different from last year</p> <p>The General Meeting of Shareholders is postponed to 1:00 p.m. JST, Friday, June 27, 2025, if it is impossible to hold the meeting on the above-mentioned date and time mainly due to communication failure.</p>
2. Location	<p>Virtual-only General Meeting of Shareholders</p> <p>The General Meeting of Shareholders will be held without a designated physical venue.</p> <p>Regarding the virtual participation method, please refer to the "Guide to Virtual-only General Meeting of Shareholders" described below.</p> <p>*There is no physical venue because the General Meeting of Shareholders will be held completely online.</p>
3. Agenda	<p>Reporting matters</p> <ol style="list-style-type: none"> 1. 27th Term (from April 1, 2024, to March 31, 2025) content of the business report, content of the consolidated financial statements, and report of the audited consolidated financial statements of the Accounting Auditor and the Audit and Supervisory Committee 2. Report of the 27th term (from April 1, 2024, to March 31, 2025) financial statements <p>Resolution matters</p> <p>Proposal</p> <ol style="list-style-type: none"> 1. Election of eight Directors (excluding those who are Audit and Supervisory Committee Members) 2. Election of three Directors for the Audit and Supervisory Committee 3. Election of a Substitute Audit and Supervisory Committee Member (Director)

4. Websites where matters subject to electronic provision measures are posted

No. of items	Name of websites and URL	Access method
1	Our website https://corp.zozo.com/en/ir-info/shareholders-info/shareholders-meeting/	 Please see the Notice of Convocation of the 27 th Ordinary General Meeting of Shareholders
2	Listed Company Search (Tokyo Stock Exchange) https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show	 Please enter and search the issuer's name (company name) or code, and select Basic Information and Documents for Public Inspection/PR Information.
3	Kabunushi Soukai Portal (Sumitomo Mitsui Trust Bank) https://www.soukai-portal.net	 Please scan the QR code included in the enveloped voting rights exercise form or enter your ID and initial password.

5. Matters subject to electronic provision measures

Our company (hereinafter referred to as the "Company") , in accordance with the provisions of applicable laws and regulations as well as its Articles of Incorporation, has not included the following matters, which are required to be stated in the documents for electronic provision, in the written documents delivered to shareholders who have requested physical delivery, as these matters are posted on the website specified in "4. Websites where matters subject to electronic provision measures are posted." Please note that the Audit & Supervisory Committee and the Accounting Auditor have audited the documents subject to audit, including the matters listed below.

① The following items on the Business Report

Stock acquisition rights of the Company

Company systems and policies

② The following items on financial statements

Balance Sheet

Income statement

Statement of changes in net assets

Notes to the financial statements

Accounting Auditor's Audit Report

Audit and Supervisory Committee's Audit Report

③ The following items on the consolidated financial statements

Consolidated balance sheet

Consolidated income statement

Consolidated statement of changes in net assets

Notes to the consolidated financial statements

Accounting Auditor's Audit Report

6. Dividends of surplus

In accordance with provisions of Article 459, Paragraph 1 of the Companies Act, the Company has established a provision in its Articles of Incorporation that allows the Company to pay dividends from surplus by a resolution of the Board of Directors.

Based on this provision of the Articles of Incorporation, the Company's Board of Directors, at its meeting held on May 16, 2025, resolved the payment of year-end dividends for the 27th fiscal term (from April 1, 2024, to March 31, 2025) as follows. Please refer to our IR website for details.

1. Year-end dividend: 54 yen per share

(The annual dividend per share is 107 yen, including the interim dividend of 53 yen per share)

2. Effective date and commencement date of payment: June 9, 2025

(Note) On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Since the record date for the year-end dividend for the current fiscal year is March 31, 2025, the dividend is based on the number of shares before the stock split.

End

* When you are participating in the General Meeting of Shareholders on the day, we apologize for the inconvenience, but please log on to the virtual participation system with the given ID and password according to the guide described below.

* The exercise of voting rights by proxy is limited to cases where the proxy is delegated to a shareholder holding other voting rights and participating in the General Meeting of Shareholders on the day. For treatment of the proxy letter and other required documents, please see the guide described below.

* If there are any revisions to the matters subject to electronic provision measures, the details of such revisions, including their effective date and the content before and after the changes, will be posted on the websites listed in Section 4, "Websites where matters subject to electronic provision measures are posted."

Guidance on the exercise of voting rights

When you exercise voting rights by attending the virtual-only General Meeting of Shareholders



Please refer to "Guide to Virtual-Only General Meeting of Shareholders" described later, before attending the virtual-only General Meeting of Shareholders.

Date of the General Meeting of Shareholders

Thursday, June 26, 2025
1:00 p.m. JST

When you exercise your voting rights by the internet



Please follow the instructions for exercising voting rights via the internet in the next page to register your "in favor of" or "opposed to" for the proposal.

Voting Deadline

Wednesday, June 25, 2025
Until 5:00 p.m. JST

Please refer to the next page for details

When you exercise your voting rights by mail



Please indicate "in favor of" and "opposed to" for the proposal on the enclosed voting rights exercise form and submit it without putting a stamp. If there is no indication of your "in favor of" or "opposed to" for the proposal on the voting rights exercise form, it will be treated as an indication of "in favor of".

Voting Deadline

Wednesday, June 25, 2025
Until 5:00 p.m. JST

*If both internet-based and mail-based voting arrive on the same day, the internet-based vote will be considered valid.

In addition, if you submit your vote multiple times, the vote that arrives last will be treated as the valid one.

*The Electronic Voting System Platform, which is operated and managed by ICJ, Inc., is also available for you as a method of exercising voting rights.

How to exercise your voting rights via the internet

Internet exercise deadline
5:00 p.m., Wednesday, June 25, 2025

How to exercise voting rights via smartphone, etc.

1 Scan the QR code on the voting rights exercise form.



*The QR code is a registered trademark of DENSO WAVE INCORPORATED.

2 Tap the "Exercise Voting Rights" button on the top of the page of the Kabunushi Soukai Portal.



3 The page of the Smart Voting will be displayed. After that, follow the instructions on the screen and enter your "in favor of" or "opposed to".



How to exercise voting rights via PC, etc.

Access the following URL and enter the page with the login ID/password written on the voting rights exercise form. After logging in, follow the instructions on the screen to enter your "in favor of" or "opposed to".

Kabunushi Soukai Portal: <https://www.soukai-portal.net>

You can use Voting Rights Exercise website as well: <https://www.web54.net>

Guide to submit questions in advance

Deadline to submit questions in advance: Monday, June 16, 2025, 5:00 p.m.

For the General Meeting of Shareholders, we will receive questions in advance about the proposals from shareholders through Kabunushi Soukai Portal. Among questions which we receive, those likely to attract high interest of shareholders will be raised at the General Meeting of Shareholders. In the same way as the above-mentioned method of exercising voting rights, please access the Kabunushi Soukai Portal and tap/click the button "Questions in advance," and then the page "Input questions in advance" is presented. After then, please input questions according to the guide on the screen.

*Please note that we make no answer to individual questions received.

Note

- If you wish to change your voting details after exercising your voting rights, you will be required to enter the "Voting Rights Exercise Code" and "password" printed on the voting rights exercise form.
- If you exercise your voting rights both in writing and via the internet, etc., the voting rights exercised via the internet, etc. will be deemed valid. In addition, if you exercise your voting rights multiple times via the internet, etc., we will treat the last vote as valid.

Inquiries

Sumitomo Mitsui Trust Bank, Limited. Contact of Securities Agent Web Support



0120-652-031
(9:00 a.m. JST to 9:00 p.m. JST)

Please also do check the Q&A

Guide to Virtual-Only General Meeting of Shareholders

■ Overview of the virtual-only General Meeting of Shareholders

No physical venue has been designated for the General Meeting of Shareholders., and shareholders will participate in the General Meeting of Shareholders by accessing the "Shareholders-only website" via the internet and conducting identification of shareholders with ID and password for virtual participation. Shareholders may view the proceedings of the General Meeting of Shareholders in real time via the live stream using the method shown below. They may also have an opportunity to ask questions and exercise voting rights.

Any changes in the operation of the virtual-only General Meeting of Shareholders, including emergency situations, such as system failure and responses to changes in circumstances, would be announced on our website. (<https://corp.zozo.com/en/ir-info/>), please check out the website accordingly.

■ Environment required for virtual participation

Shareholders are required to prepare the following environment for participation in the General Meeting of Shareholders.

PC terminal system requirements

	Windows	Mac
OS *1	Windows 11 Windows 10	macOS the latest version
Browser *2 *3	Microsoft Edge Mozilla Firefox Google Chrome	Safari

Mobile terminal system requirements

	Android	iOS
OS	Android 8 or later	iPhone: iOS12 or later iPad: iOS13 or later
Browser *2	Google Chrome	Safari

The above is based on the results of the verification conducted by the distributor V-cube, Inc., and gives no guarantee of operation in all environments. Security software or the security function of antivirus software may interrupt the proper use of the functions of the service.

*1. If you are using Windows 10, please use desktop mode, as the operation check is conducted under desktop mode.

*2 Please enable JavaScript and the Cookies functions of browsers. Each browser is expected to be up to date with the latest updates applied.

*3 In Microsoft Edge, the service is unavailable in Internet Explorer mode.

Please access the following URL when making a prior test of the audiovisual environment.

<https://seminar.vcube.com/checker/videostream/live>

Shareholders are responsible for preparing their own internet environment in order to participate in the General Meeting of Shareholders. Communication fees for virtual participation are borne by the shareholders. Even if shareholders fail to participate in the General Meeting of Shareholders due to failure of the internet environment and communication environment, such as the PC or smartphone used by them, the Company assumes no responsibility. Please kindly note in advance.

◆Method for virtual participation

① Access to "Shareholders-only website"



Please access the "Shareholders-only website" described below and log on to our given virtual participation system using the ID and password included in the "Notice of the method for participating in the virtual-only General Meeting of Shareholders" enclosed in the Notice of Convocation.

<Shareholders-only website>

<https://3092.ksoukai.jp>

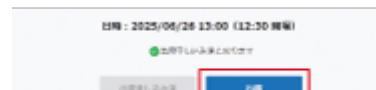
It is also possible to access the website using the QR code included in the "Notice of the method for participating in the virtual-only General Meeting of Shareholders" enclosed in the Notice of Convocation.

② Register to attend virtually



Advance registration is required to attend the meeting virtually. Please click the "Register to Attend" button to complete your registration.

② Attend the virtual-only General Meeting of Shareholders



You can attend the virtual-only General Meeting of Shareholders by clicking the "Attend" button. The "Attend" button will be available from 12:30 p.m. (JST) on the day of the meeting.

Meeting time: 1:00 p.m., Thursday, June 26, 2025
Access available from: 12:30 p.m. (JST)
Please note that the meeting start time differs from last year.

(Note) Only shareholders listed in the Company's shareholder register as of March 31, 2025, are eligible to attend this virtual-only General Meeting of Shareholders. Attendance by individuals other than registered shareholders is not permitted.

■Guide to participate by proxy

We ask shareholders hoping participation by proxy to make the delegation to a shareholder participating in the General Meeting of Shareholders on the day according to provisions of the laws and regulations and the Articles of Incorporation. If you plan to attend the General Meeting of Shareholders through a proxy, you are required to submit documentation proving the proxy's authority to the Company in advance of the meeting.

Please send the following documents to us prior to the meeting date..

(Required documents)

Letter of proxy

Identification documents of the delegator

(Delivery address)

In the case of e-mail

corporate-homu-block@zozo.com (Reception: Corporate legal section, Legal Department)

In the case of mail

1-15-16 Midori-Cho, Inage-ku, Chiba-shi, Chiba 263-0023

To Legal Department, ZOZO, Inc.

(Deadline for submission)

5:00 p.m. JST, Thursday, June 19, 2025 (The documents must be received by this date and time)

(Note) Please describe the name of the delegator and proxy holder as well as the address recorded in the shareholder registry in the letter of proxy. The Company may contact you, and please inform us of a phone number or e-mail address where we can reach you during the day. If there are any document errors, the delegation could be considered ineffective.

■Method for making questions/dealing with questions

Please use our given virtual participation system on the day of the General Meeting of Shareholders when you hope to ask a question.

【Reception method】

- Please enter the ID/password included in the notice of the method for participating in the virtual-only General Meeting of shareholders enclosed in the Notice of Convocation, on the shareholders-only website and log in to our given virtual participation system.
- Please click the "Question" tab on the right side of the screen of the virtual participation system.
- Please select the agenda related to the question from the pull-down menu and enter the required matters before clicking the "Send" button.

Questions from shareholders are limited to matters related to the agenda for the General Meeting of Shareholders. The number of characters per question shall be up to 400 characters. In case there are many questions from shareholders, the matters considered to be highly related to the agenda for the General Meeting of Shareholders

and to be of interest to the shareholders could be prioritized for a response. Please kindly note in advance. The Company may compulsorily cut off communication with shareholders based on the judgment of the chair or the secretariat under instructions from the chair when it is determined that frequent, continuous transmission of similar content or repeated transmission of content, including inappropriate content, such as personal attacks and others, pose a problem for smooth proceedings and stable operation of the system. Please kindly note in advance.

■ Prior questions

When shareholders cannot attend the General Meeting of Shareholders on the day, they may ask questions in advance via the shareholders-only website.

Reception time: 10:00 a.m. Saturday, June 7, 2025, to 5:00 p.m. Monday, June 16, 2025

Please note that questions will be limited to matters related to the agenda of the General Meeting of Shareholders. We may publish the questions you submitted, along with our responses, on our website (as indicated below) in advance of the General Meeting of Shareholders.

Additionally, please note that we plan to address questions of particular interest to shareholders, including those published in advance, during the General Meeting. However, we may not be able to respond to all questions and are unable to provide individual replies. We appreciate your understanding in this regard.

<The Company's website>

<https://corp.zozo.com/en/ir-info/shareholders-info/shareholders-meeting/>

【Method for receiving questions】

- Please access the Kabunushi Soukai Portal stated below.

<Kabunushi Soukai Portal>

<https://www.soukai-portal.net>

Access to the portal is also allowed by using the QR code provided in the voting right exercise form enclosed.

- Please, input the login ID and password stated in the "Notice of the method for participating in the virtual-only General Meeting of Shareholders" as noted herein before login.
 - Please click the button "Questions in advance" on the top page.
 - The page "Input questions in advance" is presented. After that, please input questions according to the guide on the page.
- * The number of characters for each question shall be up to 400.

■ Procedures for motions/treatment of motions

The Company asks shareholders to use our given virtual participation system when they hope to file the motion. Adoption of the motion depends on the content of the motion filed. The Company may compulsorily cut off communication with shareholders based on the judgment of the chair or the secretariat under the instruction from the chair when it is determined that frequent, continuous transmission of a similar motion, repeated transmission of inappropriate content, such as personal attacks and others, pose a problem for smooth proceedings and stable operation of the system. Please kindly note in advance.

【Reception method】

- Please enter the ID/password included in the "Notice of the method for participating in the virtual-only General Meeting of Shareholders" enclosed in the Notice of Convocation on the shareholders-only website and log on to our given virtual participation system.
- Please click the "Question" tab on the right side of the screen of the virtual participation system.
- Please click "File the motion" at the bottom.
- Please select the agenda related to the motion from the pulldown menu and enter the required matters before clicking the "Send" button.

■ Method for exercising voting rights

Shareholders may exercise voting rights via the virtual participation system after viewing the content of the proceedings. Please note that it is not allowed to change, cancel, or confirm the exercise of voting rights once exercised.

【Reception method】

- Please enter the ID/password included in the "Notice of the method for participating in the virtual-only General Meeting of Shareholders" enclosed in the Notice of Convocation on the shareholders-only website designated by the Company and log on to our given virtual participation system.
- Please click the "Exercise voting rights" tab on the on the right side of the screen in the virtual participation system.
- Please select "in favor of" or "opposed to" for proposals and then click the "Exercise" button.
- Please reconfirm "in favor of" or "opposed to" for the proposals in the confirmation dialog and then click the "Exercise" button.

■ Treatment of prior exercise of voting rights

In case shareholders exercise vote rights via the internet or in writing in advance, and conduct virtual participation on the date of the General Meeting of Shareholders, the prior exercise of voting rights shall be deemed ineffective when it is confirmed that voting rights were exercised on the day. In case shareholders exercise voting rights in advance and conduct virtual participation on the day of the General Meeting of Shareholders, and it is not confirmed that the relevant voting rights were exercised on the day, the prior exercise of voting rights shall be deemed to be effective. In case voting rights are not exercised in advance, and it is not confirmed that voting rights are exercised on the day, it is deemed that the shareholders abstained from voting.

■ Policy for countermeasures against communication failure

The Company will take countermeasures against communication failures within a reasonable range in holding the General Meeting of Shareholders. The resolution will be adopted at the opening of the General Meeting of Shareholders so that the chair can determine the postponement or continuation of the General Meeting of Shareholders when communication failures result in a remarkable problem with the meeting proceedings. If the chair determines the postponement or continuation of the meeting according to the resolution, a postponed or continuing meeting of the General Meeting of Shareholders will be held at 1:00 p.m., Thursday, June 26, 2025. If communication failures made it impossible to adopt the above resolution and consequently it is impossible to start the meeting, the General Meeting of Shareholders will be held at 1:00 p.m., Friday, June 27, 2025. If there were any matters to be informed shareholders of, such as a method for holding postponed or continuing the General Meeting of Shareholders in the above case and responses to other emergent and changes of circumstances, details of the matters would be posted on our website (<https://corp.zozo.com/en/ir-info/>).

■ Post-event streaming

After the conclusion of the General Meeting of Shareholders, a recording of the meeting will be made available on our IR YouTube channel.

Please access the video via the URL provided below.

The video is available exclusively to shareholders listed in the shareholder registry as of March 31, 2025. Please do not share the URL with non-shareholders, and refrain from recording, copying, or distributing the video content.

<Our IR channel of YouTube>

<https://2ly.link/26cON>

<Period of delivery>

Scheduled to be delivered from July 1, 2025 (Tuesday) to July 31, 2025 (Thursday)

■ Policy for protecting the rights and interests of shareholders with limited internet access

The Company asks shareholders who have difficulty using the internet to exercise voting rights in advance in writing (by mail).

■ Other notes

(i) It is prohibited to share the URL or ID and password for virtual participation with third parties and tape, record, and disclose the situation of the General Meeting of Shareholders.

(ii) The content of the General Meeting of Shareholders may be partially changed or canceled when the Company thinks the partial change or cancellation is unavoidable. The postponement or continuation may be determined by the chair after approval from the General Meeting of Shareholders.

(iii) Japanese is the only language supported by the General Meeting of Shareholders and the virtual participation system.

(iv) Subtitles will be displayed during the live stream. Please note in advance that, as these are real-time subtitles, there may be a delay compared to the actual audio, and the accuracy and completeness of the subtitles are not guaranteed.

■Contact:

The Company responds to inquiries by phone, and please contact the following with the Notice of the method for participating in the virtual-only General Meeting of Shareholders on hand if you have any uncertainties about the participation.

<Inquiries about the virtual General Meeting of Shareholders>

Sumitomo Mitsui Trust Bank virtual General Meeting of Shareholders support dial

Phone: 0120-782-041 (Reception time: 9:00-17:00 except for Saturday, Sunday, and holidays)

The Company does not respond to the following. Please kindly note in advance.

(i) ID/password for participation

If you happen to lose your ID or password for attending the meeting, please contact the inquiry desk above to request reissuance. Please note that reissuance may take some time

(ii) Inquiries about the method to connect to the internet and functions of your PCs/smartphones

(iii) Inquiries about problems, such as inaccessibility, delays, audio trouble, and failure of voting caused by problems of shareholder's environment on the day of the General Meeting of Shareholders

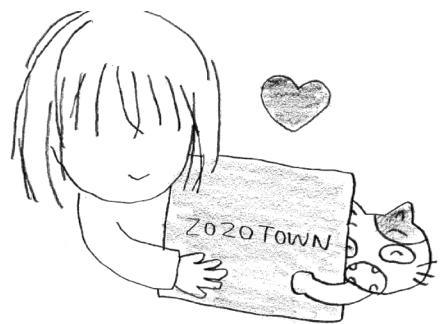
* For inquiries about the system, please see the following.

<Systemic and technical inquiries about virtual participation on the day of the General Meeting of Shareholders>

* The Company will establish a dedicated call center on Thursday, June 26, 2025. Please call the following phone number.

V-cube, Inc. phone: 03-4335-8090 (reception time: 9:00 a.m. to the end of the General Meeting of Shareholders)

Reference Materials



Reference Materials for the General Meeting of Shareholders

Proposals and reference materials

Proposal 1 Election of eight Directors (excluding those who are Audit and Supervisory Committee Members)

The terms of office of all Directors (excluding those who are Audit and Supervisory Committee Members; the same applies hereinafter in this proposal) of the Board of Directors (eight members) will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of eight Directors. The candidates for Director were determined by the Board of Directors based on the recommendations of the voluntary Nomination and Remuneration Consultatory Committee, which is chaired by an independent Outside Director. Additionally, the Audit and Supervisory Committee confirmed discussions of the Nomination and Remuneration Consultatory Committee and determined that the procedure was appropriate for nominating Director candidates, and there were no particular matters that opinions were given according to Article 342-2, Paragraph 4, of the Companies Act.

Director candidates are as follows:

Candidate Number	Name	Gender	Current Position and Responsibilities in the Company	
1	Kotaro Sawada	Male	Representative Director, President & CEO	Re-election
2	Koji Yanagisawa	Male	Director, Executive Vice President, and CFO	Re-election
3	Fuminori Hirose	Male	Director and COO	Re-election
4	Makoto Hide	Male	Director	Re-election
5	Yuko Nagata	Female	Director	Re-election
6	Taro Saito	Male	Outside Director	Re-election

7	Takako Kansai	Female	Outside Director	Re-election
8	Takuya Oikawa	Male	Outside Director	Re-election

Kotaro Sawada (Re-election)

December 15, 1970



Career History, Status, Responsibilities, and Important Concurrent Posts

		Number of Shares of Company Stock Held	242,700 shares
April 1994	Joined NTT Data Corporation		
April 1998	Joined NTT Data Institute of Management Consulting, Inc.		
June 2005	Joined SKYLIGHT CONSULTING Inc.		
May 2008	Representative Director, Start Today Consulting Co., Ltd.		
June 2013	Director of the Company		
April 2017	Responsible for the Company's Marketing Division		
May 2019	Responsible for the Company's ZOZOTOWN business		
September 2019	Representative Director, President & CEO of the Company (current post)		
August 2022	Representative Director & CEO, ZOZO NEXT, Inc. (current post)		

Important concurrent post

Representative Director & CEO, ZOZO NEXT, Inc.

Reasons for nominating as a Director candidate

Mr. Sawada has been chosen as a candidate for continuation of his post as Director because he had been involved in important business execution and decision-making on management, and supervision as the person responsible for the Marketing Division, as well as serving as a Representative Director of a subsidiary since joining the Company. In addition, He has served as the Company's representative since September 2019 and has worked to ensure prompt and flexible decision-making in business operations. As he is suitable for the future growth of the group and the realization of the Company's philosophy, we continue to nominate him as a candidate for Director.

Koji Yanagisawa (Re-election)

May 19, 1971



Career History, Status, Responsibilities, and Important Concurrent Posts

April 1995	Joined the Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)	
May 1999	Joined NTT Data Institute of Management Consulting, Inc.	
May 2005	Joined Mizuho Securities Co., Ltd.	
February 2006	Full-time Audit and Supervisory Board Member of the Company	
June 2008	Director and General Manager of the Business Administration Division of the Company	
April 2009	Director and CFO of the Company	
December 2015	Outside Director, COOPL, Inc. (current post)	
April 2017	Director, Executive Vice President, and CFO of the Company (current post)	
March 2020	Outside Director, DIGITAL HOLDINGS, Inc. (current post)	
October 2021	Director, ZOZO NEXT, Inc.	

Number of Shares of Company Stock Held	494,700 shares
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Important concurrent post
 Outside Director, COOPL, Inc.
 Outside Director, DIGITAL HOLDINGS, Inc.

Reasons for nominating as a Director candidate

Mr. Yanagisawa has strengthened the Company's managerial foundation by supervising accounting, finance, IR, legal, and other management areas and overseeing corporate governance, M&As, and other responsibilities. In addition, he executes business operations as Director and Executive Vice President, and we have nominated him as a candidate for Director because we expect him to perform his duties based on a wide range of perspectives in

the future as well as a member of the Board of Directors.

Fuminori Hirose (Re-election)

August 17, 1977



Career History, Status, Responsibilities, and Important Concurrent Posts

		Number of Shares of Company Stock Held
April 2001	Joined The Dai-Ichi Kangyo Bank Ltd. (currently Mizuho Bank, Ltd.)	180,150 shares
August 2005	Joined Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.)	
May 2007	Head of Internal Audit Office of the Company	
August 2010	General Manager of Business Administration Division of the Company	
April 2012	General Manager of EC Business Division of the Company	
July 2017	General Manager of Business Administration Division of the Company	
May 2019	Executive Officer and General Manager of the Business Administration Division of the Company	
July 2019	Outside Audit and Supervisory Board Member, KOKOPELLI Inc. (current post)	
July 2020	Executive Officer and General Manager of EC Business Division of the Company Executive Officer of MSP Product Development Division of the Company	
September 2020	Director, yutori, Inc. (current post)	
February 2021	Executive Officer of Category Promotion Division of the Company	
June 2021	Director and COO of the Company (current post)	
December 2023	Outside Director, HUPRO, Inc. (current post)	

Important concurrent post
Outside Audit and Supervisory Board Member, KOKOPELLI Inc.
Director, yutori, Inc.
Outside Director, HUPRO, Inc.

Reasons for nominating as a Director candidate

Since joining the Company, Mr. Hirose has served as Head of the Internal Audit Office, Executive Officer and General Manager of the Business Administration Division, and Executive Officer and General Manager of the EC Business Division. He has a wide range of experience and knowledge, and he has contributed to the Company's business growth as Director and COO of the Company since June 2021. We have nominated him as a candidate for re-election as Director in the expectation that he will contribute to enhancing the Company's corporate value.

Makoto Hide (Re-election)

January 23, 1979

Career History, Status, Responsibilities, and Important Concurrent Posts

		Number of Shares of Company Stock Held
March 2002	Joined Yahoo Japan Corporation (currently LY Corporation)	-
April 2018	EVP, Corporate Officer, President of Business Promotion Group, Commerce Company, Yahoo Japan Corporation (currently LY Corporation)	
March 2021	Director, Ikyu Corporation	
April 2022	EVP, Managing Corporate Officer, President of Business Promotion Office, CEO Business Promotion Office, President of Commerce Group, Yahoo Japan Corporation (currently LY Corporation)	
August 2023	Chairman of the Board, Ikyu Corporation (current post)	
October 2023	Executive Corporate Officer, Commerce Company CEO, LY Corporation (current post)	
June 2024	Director of the Company (current post)	

Important concurrent post

Chairman of the Board, Ikyu Corporation
Executive Corporate Officer, Commerce Company CEO, LY Corporation

Reasons for nominating as a Director candidate

He has extensive experience and wide-ranging knowledge cultivated in business operation in the internet service industry and corporate management in parent company group companies. We have nominated him as a candidate for re-election as Director in order to continue leveraging his expertise in the management of the group.



Yuko Nagata (Re-election)

November 22, 1978



Career History, Status, Responsibilities, and Important Concurrent Posts

		Number of Shares of Company Stock Held
April 2003	Business Promotion Division, Corporate Planning Department, NTT FACILITIES, INC.	-
May 2004	Ynot Inc. (Later, absorbed by Rakuten, Inc.)	
June 2005	Business Manager of Gift Service Business, Rakuten, Inc.	
May 2011	e-business manager of Professional Production Division, NIHON L'ORÉAL K.K.	
April 2018	CEO's Business Promotion Office, Yahoo Japan Corporation	
April 2022	Corporate Officer, Z Holdings Corporation (currently LY Corporation)	
April 2023	EVP, Corporate Officer, General Manager of Marketing Division, Yahoo Japan Corporation (currently LY Corporation)	
June 2023	Director of the Company (current post)	
October 2023	EVP, Corporate Officer, General Manager of Marketing Division, LY Corporation (current post)	

Important concurrent post

EVP, Corporate Officer, General Manager of Marketing Division, LY Corporation

Reasons for nominating as a Director candidate

She has extensive experience and a broad perspective cultivated in the internet service and cosmetics industry. She has been nominated as a candidate for re-election as Director in order to continue leveraging her experience and insights for the management of the group.

Taro Saito (Re-election)

November 24, 1972



Career History, Status, Responsibilities, and Important Concurrent Posts

		Number of Shares of Company Stock Held
April 1995	Joined DENTSU INC.	
May 2005	Established dof Inc., Director	
June 2009	President and Representative Director, dof Inc. (current post)	
December 2014	Outside Director, VOYAGE GROUP Inc. (currently CARTA HOLDINGS, INC.)	
June 2015	Outside Director, Hosty inc. (current post)	
January 2017	Established CC INC., Director (current post)	
June 2019	Outside Director, for Startups, Inc. (current post)	
June 2020	Director of the Company (current post)	
August 2022	Outside Director, Sansan, Inc. (current post)	

Important concurrent post

President and Representative Director, dof Inc.
Director, CC INC.
Outside Director, for Startups, Inc.
Outside Director, Sansan, Inc.
Outside Director, Hosty inc.

Reasons for nominating as an Outside Director candidate and an expected role

Based on Mr. Saito's extensive experience and broad insight in branding and communication design, we expect him to continue to supervise the company's management and contribute to strengthening corporate governance by providing advice on the Company's overall management. In addition, we expect him to supervise management and strengthen corporate governance, mainly by advising on formulating management strategies and decision-

making on business execution, participating in the nomination/ remuneration decision-making process, and supervising conflicts of interest.

Takako Kansai (Re-election)

April 1, 1979

Career History, Status, Responsibilities, and Important Concurrent Posts

		Number of Shares of Company Stock Held
April 2001	Joined Nikkei Business Publications, Inc.	
September 2004	Joined KBMJ, Inc. (currently Appirits Inc.)	
August 2008	Joined User Local, Inc.	
September 2012	Established Zaim Inc. (currently Kufu Company Inc.), Representative Director	
November 2018	Director, Da Vinci Studio Co., Ltd. (currently Kufu Company Inc.)	
April 2021	Outside Director, ROLLCAKE Inc. (current post)	
May 2023	Representative Executive Officer, Kufu Company Inc. (currently Kufu Company Holdings Inc.)	
June 2023	Director of the Company (current post)	
July 2023	Representative Director, Kufu AI Studio Inc. (currently Kufu Company Inc.)	
December 2024	CSO, Kufu Company Holdings Inc. (current post)	
Important concurrent post		
CSO, Kufu Company Holdings Inc.		
Outside Director, ROLLCAKE Inc.		

Reasons for nominating as an Outside Director candidate and an expected role

The Company requests the re-election of Ms. Kansai as Outside Director to ask her to supervise the Company's management and obtain advice about the entire management based on extensive experiences and a broad perspective in both business and internet business technology to contribute to strengthening corporate governance.



We expect her to provide advice on the formulation of management strategies and decision-making regarding business execution, to lead the nomination/ remuneration decision-making process, and to oversee potential conflicts of interest, leveraging her extensive experience and broad perspective. We also expect her to supervise management and contribute to the enhancement of corporate governance.

Takuya Oikawa (Re-election)

August 28, 1965



Career History, Status, Responsibilities, and Important Concurrent Posts

		Number of Shares of Company Stock Held
April 1988	Joined Digital Equipment Corporation Japan	-
October 1997	Joined Microsoft Co., Ltd. (currently Microsoft Japan Co., Ltd.)	-
October 2006	Joined Google Japan Inc. (currently Google Japan G.K.)	-
October 2015	Joined Increments Inc. (currently Qiita Inc.)	-
January 2019	Established Tably Inc., Representative Director (current post)	-
September 2020	Joined Global Hands-On VC Inc., Founding Partner (current post)	-
June 2024	Director of the Company (current post)	-

Important concurrent post

Representative Director, Tably Inc.

Founding Partner, Global Hands-On VC Inc.

Reasons for nominating as an Outside Director candidate and an expected role

The Company requests re-election of Mr. Oikawa as Outside Director so that he can oversee company management and strengthen corporate governance by advising on company management based on his wealth of experience and broad-ranging knowledge concerning the management of products and engineering in IT and internet-related systems. In addition, we expect him to supervise management and strengthen corporate governance, mainly by providing advice on formulating management strategies and decision-making on business execution, leading the nomination/ remuneration decision-making process, supervising conflicts of interest, and utilizing the wealth mentioned above of experience and broad-ranging knowledge.

(Note)

1. There are no particular conflicts of interest between the candidates for Director and the Company.
2. Mr. Makoto Hide is an Executive Corporate Officer, Commerce Company CEO of LY Corporation, which has a business relationship with the Company related to opening stores at Yahoo! JAPAN Shopping and advertising, as well as transactions related to user referral, and also competes in the Fashion e-commerce Business.
3. "Career History, Status, Responsibilities, and Important Concurrent Posts" of Mr. Makoto Hide includes positions and responsibilities of the current or the last ten years of business execution at our parent company, LY Corporation.
4. Ms. Yuko Nagata is EVP, Corporate Officer, and General Manager of Marketing Division of LY Corporation, which has a business relationship with the Company related to opening stores at Yahoo! JAPAN Shopping and advertising, as well as transactions related to user referral, and also competes in the Fashion e-commerce Business.
5. "Career History, Status, Responsibilities, and Important Concurrent Posts" of Ms. Yuko Nagata includes positions and responsibilities of the current or the last ten years of business execution at our parent company, LY Corporation.
6. Mr. Taro Saito, Ms. Takako Kansai, and Mr. Takuya Oikawa are candidates for Outside Directors. The Company designated those candidates as independent officers and submitted it to the Tokyo Stock Exchange. If the election of those candidates is approved, the Company will appoint them as independent Directors and submit it to the Tokyo Stock Exchange.
7. Mr. Taro Saito's term in office as Outside Director of the Company will be 5 years upon the end of this General Meeting.
8. Ms. Takako Kansai's term in office as Outside Director of the Company will be 2 years upon the end of this General Meeting.
9. Mr. Takuya Oikawa's term in office as Outside Director of the Company will be 1 year upon the end of this General Meeting.
10. None of Mr. Taro Saito, Ms. Takako Kansai, and Mr. Takuya Oikawa is an executive or an officer of a business having specified ties to the Company or has been an executive or an officer of a business having specified ties to the Company within the past ten years.
11. None of Mr. Taro Saito, Ms. Takako Kansai, and Mr. Takuya Oikawa plans to receive, or has received within the past two years, large sums of money or other assets from the Company or a business having specified ties to the Company.
12. None of Mr. Taro Saito, Ms. Takako Kansai, and Mr. Takuya Oikawa is a spouse, relative within three degrees of consanguinity, or party in a similar relationship to an executive or an officer of the Company or a business having specified ties to the Company.
13. None of Mr. Taro Saito, Ms. Takako Kansai, and Mr. Takuya Oikawa was a business executive of a joint-stock company from which the Company has succeeded rights or obligations within the past two years through merger, spin-off and absorption, spin-off as a new organization, or transfer of business, immediately before such merger, etc.
14. Under the provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, the Company concluded contracts with Mr. Makoto Hide, Ms. Yuko Nagata, Mr. Taro Saito, Ms.

Takako Kansai, and Mr. Takuya Oikawa limiting their liability for damages as stipulated in Article 423, Paragraph 1 of that Act, and will continue contracts, should these re-elections be approved. Under the said contracts, the liability for damages of those Directors would be limited to the maximum amount prescribed by laws and regulations.

15. The Company will enter into a liability insurance policy for Directors and Officers, which is stipulated in Article 430-3, Paragraph 1, of the Companies Act, with an insurance company to cover litigation expenses and compensation for damage arising from third-party claims, shareholder derivative actions, and company's actions borne by insured persons. If this proposal is approved, the candidates will be included among the insured persons under the relevant insurance policy.

Proposal 2 Election of three Directors for the Audit and Supervisory Committee

All Directors who are Audit and Supervisory Committee Members (three members) will retire as Directors upon the expiration of the term at the conclusion of the General Meeting of Shareholders. Therefore, the Company proposes the election of three Directors for the Audit and Supervisory Committee.

This proposal has gained the consent of the Audit and Supervisory Committee.

Candidates of Directors for the Audit and Supervisory Committee are as follows.

Candidate Number	Name	Gender	Current Position and Responsibilities in the Company	
1	Hiroko Igarashi	Female	Audit and Supervisory Committee Member	Re-election
2	Junko Utsunomiya	Female	Audit and Supervisory Committee Member	Re-election
3	Kumiko Nishiyama	Female	Audit and Supervisory Committee Member	Re-election

Hiroko Igarashi (Re-election)

July 7, 1965



Career History, Status, Responsibilities, and Important Concurrent Posts

October 1992 Joined Inoue Saito Eiwa Audit Corporation (currently KPMG AZSA LLC)

Number of
Shares of
Company
Stock Held
-

November 1997 Registered as a Certified Public Accountant

September Joined Internet Research Institute, Inc.

1999

October 2011 Employment transfer to BroadBand Tower, Inc., Head of Accounting Group

June 2019 Full-time Audit and Supervisory Board Member of the Company

June 2023 Director of the Company (Audit and Supervisory Committee Member) (current post)

Important concurrent post

Nothing in particular

Reasons for nominating as Outside Director for the Audit and Supervisory Committee and an expected role

Ms. Igarashi is a certified public accountant and had been engaged in duties as the head of the accounting group at other companies. We believe that she has considerable knowledge of finance and accounting and will be able to appropriately perform her duties in the audit of the Company. She has not been directly involved in the management of the Company except for becoming Outside Officer. However, for the reasons stated above, the Company believes that she will be able to perform her duties as an Audit and Supervisory Committee Member appropriately.

Junko Utsunomiya (Re-election)

June 21, 1971



Career History, Status, Responsibilities, and Important Concurrent Posts

April 2000	Registered as a lawyer, Joined law firm Nagashima, Ohno & Tsunematsu	Number of Shares of Company Stock Held	9,000 shares
October 2007	Transferred to Tokyo Stock Exchange, Inc.		
November 2011	Established Utsunomiya General Law Office		
June 2012	Audit and Supervisory Board Member of the Company		
April 2013	Professor, Hosei University Graduate School of Law (in charge of the International Exchange Law)		
April 2013	Outside Audit and Supervisory Board Member, Solasto Corporation		
September 2013	Outside Director, Adventure Inc		
December 2015	Established Utsunomiya Shimizu Law Office		
February 2018	Established Utsunomiya Shimizu & Haruki Law Office, Managing partner (current post)		
October 2018	Outside Audit and Supervisory Board Member, RAKSUL INC.		
October 2019	Outside Director (Audit and Supervisory Committee Member), RAKSUL INC. (current post)		
June 2020	Outside Director, HEIWA REAL ESTATE CO., LTD. (current post)		
March 2021	Outside Director (Audit and Supervisory Committee Member), PeptiDream Inc. (current post)		
June 2023	Director of the Company (Audit and Supervisory Committee Member) (current post)		

Important concurrent post

Managing partner, Utsunomiya Shimizu & Haruki Law Office

Outside Director (Audit and Supervisory Committee Member), RAKSUL INC.

Outside Director, HEIWA REAL ESTATE CO., LTD.

Outside Director (Audit and Supervisory Committee Member), PeptiDream Inc.

Reasons for nominating as Outside Director for the Audit and Supervisory Committee and an expected role

Ms. Utsunomiya Has considerable knowledge on corporate legal affairs from a professional standpoint as a lawyer, the Company believes that she would be able to properly perform her duties in the Company's audits. She has not been directly involved in the management of the Company except for becoming Outside Officer. However, for the reasons stated above, the Company believes that she will be able to perform her duties as an Audit and Supervisory committee Member appropriately.

Kumiko Nishiyama (Re-election)

March 10, 1964



Career History, Status, Responsibilities, and Important Concurrent Posts

		Number of Shares of Company Stock Held
April 1987	Joined Fukuda Law Office	
October 1992	Joined Inoue Saito Eiwa Audit Corporation (currently KPMG AZSA LLC)	
April 1998	Registered as a Certified Public Accountant	
April 1998	Joined Chuo Aoyama Audit Corporation	
July 2004	Secondment to Chuo Aoyama Sustainability Certification Organization Co. Ltd.	
July 2006	Director, Chuo Aoyama Sustainability Certification Organization Co. Ltd.	
July 2007	Joined PricewaterhouseCoopers Arata (currently Pricewaterhouse Coopers Arata LLC), Secondment to Arata Sustainability Certificate Organization	
October 2012	Joined ShinNihon Audit Firm (currently Ernst & Young ShinNihon LLC) CCaSS (Climate Change and Sustainability Services) Division	
May 2023	Head of Nishiyama Certified Public Accountant Office (current post)	
June 2023	Director of the Company (Audit and Supervisory Committee Member) (current post)	

Important concurrent post

Head of Nishiyama Certified Public Accountant Office

Reasons for nominating as Outside Director for the Audit and Supervisory Committee and an expected role

Ms. Nishiyama is a certified public accountant and has been engaged in sustainability-related duties, and we believe that she has a broad range of knowledge and is capable of appropriately performing her duties in the Company's audits. She has not been directly involved in the management of the Company except for becoming Outside Officer. However, for the reasons stated above, the Company believes that she will be able to perform her duties as an Audit and Supervisory committee Member appropriately.

(Note).

1. There are no particular conflicts of interest between any of the candidates for Director and the Company.
2. Ms. Hiroko Igarashi, Ms. Junko Utsunomiya and Ms. Kumiko Nishiyama are candidates for Outside Directors who are also Audit and Supervisory committee Members. The Company designated those candidates as independent officers and submitted it to the Tokyo Stock Exchange. If the election of the candidates is approved, the Company will designate them as Independent Directors and submit it to the stock exchange.
3. Ms. Hiroko Igarashi is currently serving as Outside Director of the Company. Upon the conclusion of this General Meeting of Shareholders, her term of office as Outside Director will have reached 2 years. Including her previous service as Outside Audit and Supervisory Board Member, her total tenure will amount to 6 years.
4. Ms. Junko Utsunomiya is currently serving as Outside Director of the Company. Upon the conclusion of this General Meeting of Shareholders, her term of office as Outside Director will have reached 2 years. Including her previous service as Outside Audit and Supervisory Board Member, her total tenure will amount to 13 years.
5. Ms. Kumiko Nishiyama is currently serving as Outside Director of the Company. Upon the conclusion of this General Meeting of Shareholders, her term of office as Outside Director will have reached 2 years.
6. None of Ms. Hiroko Igarashi, Ms. Junko Utsunomiya and Ms. Kumiko Nishiyama is an executive or an officer of a business having specified ties to the Company, or has been an executive or an officer of a business having specified ties to the Company within the past ten years.
7. None of Ms. Hiroko Igarashi, Ms. Junko Utsunomiya and Ms. Kumiko Nishiyama plans to receive, or has received within the past two years, large sums of money or other assets from the Company or a business having specified ties to the Company.
8. None of Ms. Hiroko Igarashi, Ms. Junko Utsunomiya and Ms. Kumiko Nishiyama is a spouse, relative within three degrees of consanguinity, or party in a similar relationship to an executive or an officer of the Company or a business having specified ties to the Company.
9. None of Ms. Hiroko Igarashi, Ms. Junko Utsunomiya and Ms. Kumiko Nishiyama was a business executive of a joint-stock company from which the Company has succeeded rights or obligations within the past two years through merger, spin-off and absorption, spin-off as a new organization, or transfer of business, immediately prior to such merger etc.
10. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company concluded contracts with Ms. Hiroko Igarashi, Ms. Junko Utsunomiya and Ms. Kumiko Nishiyama limiting their liability for damages as stipulated in Article 423, Paragraph 1 of that Act, and will continue contracts, should these re-elections be approved. Under the said contracts, Ms. Hiroko Igarashi, Ms. Junko Utsunomiya and Ms. Kumiko Nishiyama's liability for damages would be limited to the maximum amount prescribed by laws and regulations.
11. The Company will enter into a liability insurance policy for Directors and Officers, which is stipulated in Article 430-3, Paragraph 1, of the Companies Act, with an insurance company to cover litigation expenses and

compensation for damage arising from third-party claims, shareholder derivative actions, and company's actions borne by insured persons. The candidates will be included in the insured persons of the relevant insurance policy.

12. Ms. Junko Utsunomiya was Outside Director of Adventure Inc, and during her tenure, an embezzlement by an employee of the company's subsidiary was discovered. She was not aware of this fact in advance, she has offered management recommendations from the perspective of legal compliance and compliance management as needed, and after the fact was discovered, she appropriately fulfilled her responsibilities by requesting the company to undertake thorough investigations and formulate measures to prevent recurrence and supervised the Company's efforts.

Proposal 3 Election of a Substitute Audit and Supervisory Committee Member (Director)

To prepare for a shortage in the number of Directors for the Audit and Supervisory Committee as stipulated in the laws and regulations, the Company proposes the election of a Substitute Audit and Supervisory Committee Member (Director).

This appointment shall be effective only prior to assumption of office and may be revoked by a resolution of the Board of Directors with the consent of the Audit and Supervisory Committee.

The proposal has gained the consent of the Audit and Supervisory Committee.

The candidate of a Substitute Audit and Supervisory Committee Member (Director) is as follows.

Junichi Motai

March 19, 1974

Career History, Status, Responsibilities, and Important Concurrent Posts

April 1996	Joined Asahi & Co. (currently KPMG AZSA LLC)	
September 2005	Joined Clifix Certified Public Tax Accountants' Corporation	
June 2006	Audit and Supervisory Board Member of the Company	
December 2008	Representative Director of Accounting Assist Co., Ltd. (current post)	
September 2009	Outside Audit and Supervisory Board Member, EC Navi Inc. (currently CARTA HOLDINGS, INC.)	
March 2015	Outside Audit and Supervisory Board Member, Vision Inc. (current post)	
April 2016	Outside Audit and Supervisory Board Member, Cyber Area Research, Inc. (currently Geolocation Technology, Inc.) (current post)	
June 2021	Outside Director, gooddays Holdings, Inc. (current post)	
June 2023	Resigned as Audit and Supervisory Board Member of the Company	
March 2024	Outside Director, Cookpad Inc. (current post)	



Number of Shares of Company Stock Held
121,500 shares

Important concurrent post

Representative Director of Accounting Assist Co., Ltd.

Outside Audit and Supervisory Board Member, Vision Inc.

Outside Audit and Supervisory Board Member, Geolocation Technology, Inc..

Outside Director, gooddays Holdings, Inc.

Outside Director, Cookpad Inc.

Reasons for nominating as a Substitute Audit and Supervisory Committee Member (Director) and an expected role

Mr. Motai has appropriate insight into finance and accounting based on a professional viewpoint as a certified public accountant and tax accountant and had served as the Company's Audit and Supervisory Board Member. Therefore, the Company believes that he may appropriately perform duties as Director for the Audit and Supervisory Committee and nominated him as a candidate for a Substitute Audit and Supervisory Committee

Member (Director).

(Note)

1. There are no particular interests between the candidate for the Substitute Audit and Supervisory Committee Member and the Company.
2. Mr. Junichi Motai meets the requirements for an independent officer as stipulated by the Tokyo Stock Exchange, and if he is elected as Outside Director for the Audit and Supervisory Committee, the Company will designate him as an independent officer and submit it to the Tokyo Stock Exchange.
3. Mr. Junichi Motai is not an executive or an officer of a business having specified ties to the Company or has not been an executive or an officer of a business having specified ties to the Company within the past ten years.
4. Mr. Junichi Motai does not plan to receive or has not received within the past two years, large sums of money or other assets from the Company or a business having specified ties to the Company.
5. Mr. Junichi Motai is not a spouse, relative within three degrees of consanguinity, or party in a similar relationship to an executive or an officer of the Company or a business having specified ties to the Company.
6. Mr. Junichi Motai was not a business executive of a joint-stock company from which the Company has succeeded rights or obligations within the past two years through merger, spin-off and absorption, spin-off as a new organization, or transfer of business, immediately prior to such merger etc.
7. The Company plans to enter into an agreement with Mr. Junichi Motai, upon his election as Director for the Audit and Supervisory Committee, to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the said Act and the Company's Articles of Incorporation. Under the said contracts, Mr. Junichi Motai's liability for damages would be limited to the maximum amount prescribed by laws and regulations.
8. The Company will enter into a liability insurance policy for Directors and Officers, which is stipulated in Article 430-3, Paragraph 1, of the Companies Act, with an insurance company to cover litigation expenses and compensation for damage arising from third-party claims, shareholder derivative actions, and company's actions borne by insured persons. If the candidate is elected as Director for the Audit and Supervisory Committee, he will be included as an insured person under the relevant insurance policy.

(Reference) Skill matrix of Directors

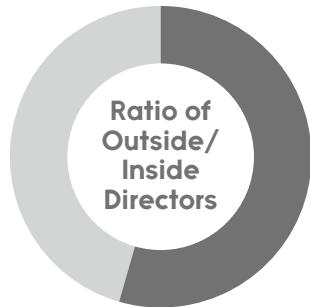
The following shows the expertise, knowledge, and experience of the Directors who are expected to respond to present and future management challenges based on the Company's management environment.

		①Important expertise, knowledge, and experience for decision-making and monitoring of the Board of Directors										②Important expertise, knowledge, and experience in responding to current and future management issues		
Name	Title	Corporate Management	Finance, M&A	Accounting	Organization and Human resource	ESG, Sustainability	Corporate Governance	Compliance, risk management	Brand strategy, Creative strategy	Technology (IT, Digital)	Expertise in industry and business	Supply chain management	Global management and business	Imagination and creation
Kotaro Sawada	Representative Director, President & CEO	●			●	●			●	●	●	●	●	●
Koji Yanagisawa	Director, Executive Vice President & CFO	●	●	●		●	●	●			●		●	●
Fuminori Hirose	Director and COO	●	●	●		●	●	●			●	●		●
Makoto Hide	Director	●			●					●	●			●
Yuko Nagata	Director	●				●			●		●			●
Taro Saito	Outside Director	●			●				●					●
Takako Kansai	Outside Director	●			●				●	●	●			●
Takuya Oikawa	Outside Director	●			●				●	●	●		●	●
Hiroko Igarashi	Audit and Supervisory Committee Member		●	●			●	●						●
Junko Utsunomiya	Audit and Supervisory Committee Member		●			●	●	●					●	●
Kumiko Nishiyama	Audit and Supervisory Committee Member		●	●		●	●	●						●

(Note)

The table does not show all the Directors' knowledge, understanding, and experience.

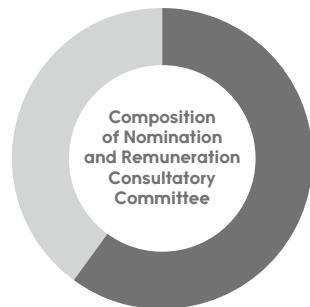
Corporate Governance Highlights



- Outside Directors **54.5%** (6 in total)
- Inside Directors **45.5%** (5 in total)



- Female Directors **45.5%** (5 in total)
- Male Directors **54.5%** (6 in total)



- Outside Directors **60.0%** (3 in total)
- Inside Directors **40.0%** (2 in total)

(Reference) Evaluation of the Effectiveness of the Board of Directors

As for the effectiveness of the Board of Directors, the Board of Directors of the Company annually analyzes and verifies items regarding the purposes, agendas, composition, discussion, and operation of and the system supporting the Board of Directors. They also examine and address issues based on the results of the analysis and verification. For the fiscal year ended March 31, 2025, third party evaluations were made by the external agency, Board Advisors Japan, Inc., to objectively evaluate the effectiveness of our board.

1. Methods to evaluate the effectiveness of the Board of Directors

- Questionnaire for all Directors
- Interview with all Directors (for about one hour per Director)
- Meeting with the chair of the Board of Directors
- Meeting with the Board of Directors Administration Office
- View of minutes of Board Meeting and Nomination and Remuneration Consultatory Committee

2. Summary of the results of evaluation

The Board of Directors of the Company purposively responds to and makes decisions on recent, rapid changes in the business environment requiring particular attention in securing the effectiveness of corporate governance through collaboration of the execution and the supervisory functions. Also, the initiatives to secure the independence from the parent company is working well. So it is confirmed that the effectiveness of the Board of Directors of the Company was high for the fiscal year ended March 31, 2025.

(1) Strength supporting the effectiveness of the Board of Directors

The strength serving as the foundation supporting the effectiveness of the Board of Directors of the Company is as follows. It is confirmed that the stance of purposively strengthening the governance for increasing the medium-to long-term corporate value even in the current situation that ZOZOTOWN business performs well is the definitive strength over other companies.

- Constructive discussion at the Board Meetings
- Strong mutual relationship based on trust between the CEO and Outside Directors
- Strong commitment of independent Outside Directors
- Tight PDCA and support system by the Board of Directors Administration Office

(2) Challenges for a further enhancing effectiveness

The following three issues were raised from a viewpoint of a further enhancing effectiveness.

(i) Consensus concerning medium- to long-term group strategy

- There is room to further align the understanding between the executive and supervisory sides regarding the ideal form of the Group's medium- to long-term strategy, including the level of clarity and detail required.

(ii) Sophistication of monitoring items and supervision system

- There is room to further improve discussions on the ideal supervisory function in overseeing the executive side's business portfolio reforms.
- There is room to further discuss the fundamental risks associated with periods of weaker performance, enhance preparation, and build a system that enables bold and unified responses in emergency situations.

(iii) Strengthening of the functions of the Nomination and Remuneration Consultatory Committee

- There is room to further improve discussions on the succession plan in connection with the Group's medium- to long-term strategy.

3. For the future

The Board of Directors of the Company understands that it is time to concretely consider the further evolution of the board with an awareness of the building of a system that is possible to support and appropriately supervise the decision-making and risk-taking of the execution's side, and the Board of Directors will implement the following initiatives for increasing the effectiveness of the Board of Directors to achieve a sustainable increase in corporate value, taking into account the above issues.

(i) Consensus about the medium- to long-term group strategy

To build the consensus about the medium- to long-term group strategy between the execution's side and supervision's side, the Board of Directors will clarify the medium- to long-term group strategy of the execution's side and deepen the discussion.

(ii) Sophistication of monitoring items and supervision system

The Board of Directors will further discuss the ideal supervision functions with an awareness of the building of a system that is possible to support and appropriately supervise the decision-making and risk-taking of the execution's side to build a more effective supervision system.

(iii) Strengthening of the functions of the Nomination and Remuneration Consultatory Committee

The Board of Directors will further improve the discussion about the succession plan coupled to the medium- to long-term group strategy on the assumption of enhanced discussion about the medium- to long-term group strategy and execute initiatives for strengthening the functions of the Nomination and Remuneration Consultatory Committee.

Business Report



Business Report for the 27th Fiscal Year

From April 1, 2024, to March 31, 2025

1. Matters concerning the current status of the corporate group

(1) Progress of business operation and its results

[Table 1] YoY comparison

	Previous consolidated fiscal year (April 1, 2023 to March 31, 2024)		Current consolidated fiscal year (April 1, 2024 to March 31, 2025)		(Unit: Million yen)
	Value	YoY change (%)	Value	YoY change (%)	YoY basis
Gross merchandise value	574,373	(107.0%)	614,361	(106.9%)	7.0%
Gross merchandise value (excluding other GMV)	536,907	(100.0%)	574,666	(100.0%)	7.0%
Net sales	197,016	(36.7%)	213,131	(37.1%)	8.2%
Gross profit	183,147	(34.1%)	198,312	(34.5%)	8.3%
Operating profit	60,079	(11.2%)	64,756	(11.3%)	7.8%
Ordinary profit	59,764	(11.1%)	64,888	(11.3%)	8.6%
Profit attributable to owners of parent	44,341	(8.3%)	45,346	(7.9%)	2.3%

Numbers in parentheses are percentages to gross merchandise value (excluding other GMV)

Under the corporate philosophy of "Inspire the world. Deliver joy every day.", we mainly operate the following businesses: the largest fashion e-commerce website in Japan, "ZOZOTOWN," and an outfit-sharing app, "WEAR by ZOZO."

During the current consolidated fiscal year, although prices continued to rise, domestic demand was supported by wage hikes, inbound consumption (especially at physical stores), and other factors, and consumer willingness to spend on fashion remained strong. In contrast, the economic outlook remains uncertain due to the unstable exchange rates, the protracted situation in Ukraine and the Middle East, and soaring resource and energy prices. Under these circumstances, our group has been focusing on making ZOZOTOWN even more attractive to both users and brands with the goal of increasing the number of unique users and improving the conversion rate (the purchasing rate of unique users). To maximize sales at ZOZOTOWN, we have implemented measures such as the sale event "ZOZOWEEK" (12 days in total from May 15 to 26, 10 days in total from September 11 to 16, and 19 to 23, 15 days in total from November 1 to 10, and 13 to 17, 2024) and broadcasted TV commercials to attract customers during the summer/winter sale event and Black Friday event (5 days in total from November 27 to December 1, 2024). In addition, we continued to proactively welcome new brands in a wide range of genres to meet the diversifying needs of users. As an initiative to strengthen a specific category, we have been concentrating on "ZOZOCOSME." ZOZOCOSME deals in more than 750 cosmetics brands, including domestic and

overseas brands, as of the end of March 2025. We will proactively continue to open new brand shops and expand the product lineup to increase the merchandise value of the cosmetics category in ZOZOTOWN. In addition, as our unique value-added service, we have launched "niaulab," an ultimate personalized-styling service that utilizes our AI technologies. We are aiming to provide solutions to help find one's "style" that approaches the upstream processes in the purchasing journey.

Sales of LY Corporation Commerce (combined sales of "Yahoo! JAPAN Shopping" and "Yahoo! JAPAN Auction") have been growing steadily due to the retention of new customers acquired in the previous consolidated fiscal year, and promotion activities such as "Serious ZOZO Festival" (May 19, July 21, September 23, October 20, November 17, December 22, 2024, and January 1, February 16, March 21 to 22, 2025) by LY Corporation which operates Yahoo! JAPAN Shopping.

Consequently, the gross merchandise value in the current consolidated fiscal year was 614,361 million yen (+7.0% YoY), and the gross merchandise value (excluding other GMV) was 574,666 yen (+7.0% YoY). Net sales were 213,131 million yen (+8.2% YoY), and gross profit was 198,312 million yen (+8.3% YoY). The gross profit ratio to the gross merchandise value (excluding other GMV) (gross profit margin) was 34.5%, an increase of 0.4% from the previous fiscal year.

As for net sales, the YoY growth rate exceeded that of the gross merchandise value (excluding other GMV), mainly due to growth in the advertising business and an increase in sales of "Others" resulting from increased shipping income (The shipping policy was revised, increasing the shipping fee paid by customers to 330 yen (including tax) starting April 1, 2024).

As mentioned in the sales part, the main factors in the increased gross profit margin were growth in the advertising business and an increase in sales of "Others" resulting from increased shipping income.

Selling, general and administrative expenses were 133,556 million yen (+8.5% YoY). The ratio to the gross merchandise value (excluding other GMV) was 23.2%, an increase of 0.3% compared with the previous fiscal year. The main reasons for the YoY increase in the SG&A ratio to gross merchandise value are as follows. All the percentages to the gross merchandise value are calculated by dividing each SG&A expense by the gross merchandise value (excluding other GMV):

Increasing (worsening) factors

1. Shipping expenses as a percentage of gross merchandise value rose by 0.3%, due to an increase in shipping fees by YAMATO TRANSPORT CO., LTD. starting April 1, 2024, despite the average order value exceeding that of the same period of the previous fiscal year.
2. Payroll costs for employee within payroll and staff costs as a percentage of gross merchandise value rose by 0.2%, due to year-end bonuses paid to staff in line with the achievement of gross merchandise value and operating profit targets.
3. Depreciation expenses as a percentage of gross merchandise value rose by 0.1%, due to the start of depreciation for material handling equipment and other assets associated with the launch of ZOZOBASE TSUKUBA 3.
4. Rent expenses as a percentage of gross merchandise value rose by 0.1%, due to the start of new leases at ZOZOBASE TSUKUBA 3 and DPL Tsukuba Chuo.

Decreasing (improving) factors

1. Logistics-related expenses as a percentage of gross merchandise value declined by 0.3%, due to improved operational efficiency achieved through optimizing inventory storage levels at logistics centers and manpower savings from initiatives to promote automation at logistics centers, etc.
2. Expenses of the "Others" segment as a percentage of gross merchandise value declined by 0.2%, due to reduced one-time costs related to ZOZOBASE TSUKUBA3, launched in the previous fiscal year.

Consequently, the operating profit of the current consolidated fiscal year was 64,756 million yen (+7.8% YoY), and the operating profit margin was 11.3% to the gross merchandise value (excluding other GMV), an increase of 0.1% compared with the previous fiscal year. Ordinary profit was 64,888 million yen (+8.6% YoY), and profit attributable to owners of parent was 45,346 million yen (+2.3% YoY).

[Table2] Comparison with the consolidated business forecast

(Unit: Million yen)

	Current consolidated fiscal year (Business forecast)	Current consolidated fiscal year (Results)	Comparison to the business forecast
Gross merchandise value	609,200 (106.5%)	614,361 (106.9%)	0.8%
Gross merchandise value (excluding other GMV)	572,200 (100.0%)	574,666 (100.0%)	0.4%
Net sales	214,400 (37.5%)	213,131 (37.1%)	-0.6%
Operating profit	64,200 (11.2%)	64,756 (11.3%)	0.9%
Ordinary profit	64,200 (11.2%)	64,888 (11.3%)	1.1%
Profit attributable to owners of parent	45,200 (7.9%)	45,346 (7.9%)	0.3%

Figures in parentheses are percentages to the gross merchandise value (excluding other GMV).

Compared to the initial consolidated business forecast disclosed on April 30, 2024, the gross merchandise value and gross merchandise value (excluding other GMV) exceeded by 0.8% and 0.4%, respectively. Although some months were affected by unfavorable weather conditions, for the gross merchandise value (excluding other GMV), we were able to achieve the initial forecast due to our flexible promotional activities.

On the other hand, net sales fell short of the forecast by 0.6%, mainly due to the underperformance of the advertising business during the fourth quarter consolidated accounting period, which resulted in lower-than-expected sales in that segment, as well as higher-than-planned recognition of point-related expenses—classified as deductions from net sales—as a part of actual promotion-related expenses. For the profit part, operating profit, ordinary profit, and profit attributable to owners of parent exceeded 0.9%, 1.1%, and 0.3%, respectively. Operating profit met the target, driven by various cost control efforts, including improved operational efficiency through optimization of inventory storage at logistics centers and labor savings through the promotion of automation, which contributed to a reduction in logistics-related expenses (as a percentage of GMV). In line with the

achievement of the operating profit target, both ordinary profit and profit attributable to owners of parent also surpassed the initial plan.

Since our group is a single segment of the e-commerce business, information by segment is omitted. However, the performance of each business segment within the single segment is shown below.

[Table 3] YoY comparison by business segment

By business segment	Previous consolidated fiscal year (April 1, 2023 to March 31, 2024)			Current consolidated fiscal year (April 1, 2024 to March 31, 2025)			Merchandise Value YoY (%)	Net sales YoY (%)
	Merchandise value (Million yen)	Compositi on (%)	Net sales (Million yen)	Merchandise Value (Million yen)	Compositi on (%)	Net sales (Million yen)		
ZOZOTOWN Business	464,734	80.9	143,859	491,943	80.1	151,977	5.9	5.6
(Outright purchase/production & sales)	4,429	0.8	4,263	3,692	0.6	3,484	-16.6	-18.3
(Consignment Sales)	442,214	77.0	121,965	468,606	76.3	129,651	6.0	6.3
(USED Sales)	18,090	3.1	17,630	19,643	3.2	18,841	8.6	6.9
LY Corporation Commerce	57,696	10.1	17,136	69,610	11.3	21,329	20.6	24.5
BtoB business	14,477	2.5	2,271	13,112	2.1	2,145	-9.4	-5.6
Advertising business	-	-	9,737	-	-	11,209	-	15.1
Subtotal excluding others	536,907	93.5	173,004	574,666	93.5	186,660	7.0	7.9
Others	37,465	6.5	24,012	39,695	6.5	26,470	6.0	10.2
Total	574,373	100.0	197,016	614,361	100.0	213,131	7.0	8.2

①ZOZOTOWN business

The ZOZOTOWN Business consists of three business forms: "Outright purchase/production & sales," "Consignment sales," and "USED sales." In Outright purchase/production & sales, we purchase inventory, bear inventory risks, and make sales. This corresponds to purchasing fashion merchandise from each brand, or ordering merchandise by our group, such as MS (Multi-Size), etc. In Consignment sales, we deal in consignment inventories of merchandise from each brand and sell them on a consignment basis. In USED sales, we mainly buy and sell used fashion-related merchandise from individual users, and it is positioned as a value-added service to promote the purchase of new merchandise.

We recognize that increasing the number of buyers and the usage rate of ZOZOTOWN in fashion consumption are the key factors in achieving sustainable growth. To realize this, we are working on creating a website that is attractive to both users and brands.

The transition of major KPIs for the ZOZOTOWN Business is as follows.

(Number of shops, etc.)

[Table 4] Changes in the number of shops and brands

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Shops in ZOZOTOWN (Note) 1	1,564	1,581	1,605	1,595	1,605	1,621	1,656	1,649
Outright purchase/production & sales (Note) 2	28	29	28	29	29	31	30	29
Consignment sales	1,536	1,552	1,577	1,566	1,576	1,590	1,626	1,620
Number of brands (Note) 1, 2	8,981	8,940	9,109	9,021	9,194	9,128	9,162	9,049

(Note)

1. Numbers as of the end of the quarterly accounting period are shown.

2. Private brand "ZOZO" and "Multi-size" are not included.

The number of new shops opened during the current consolidated fiscal year was 142 (a net increase of 54 shops), and the number of new shops opened during the fourth quarter consolidated accounting period was 28 (a net decrease of 7). Major new shops include cosmetics brands such as "SEKKISEI" and "Visse" operated by KOSÉ Corporation, and "TOM FORD BEAUTY" operated by The Estée Lauder Companies Inc.

While new shop openings progressed as planned, the total number of shops declined compared to the previous quarter, due to a higher number of shop closures resulting from brand terminations and other factors.

(Number of annual buyers)

[Table 5] Changes in the number of annual buyers

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Number of annual buyers (Note) 1, 2, 4	11,470,592	11,552,764	11,690,958	11,681,218	11,790,269	11,870,844	12,057,726	12,217,038
(YoY)	850,658	692,888	479,575	269,506	319,677	318,080	366,768	535,820
(QoQ)	58,880	82,172	138,194	-9,740	109,051	80,575	186,882	159,312
Number of active members (Note) 1, 3, 4	10,352,251	10,515,910	10,739,246	10,789,997	10,919,685	11,028,704	11,211,992	11,403,391
(YoY)	1,083,171	970,823	803,477	597,664	567,434	512,794	472,746	613,394
(QoQ)	159,918	163,659	223,336	50,751	129,688	109,019	183,288	191,399
Number of guest buyers (Note) 1, 4	1,118,341	1,036,854	951,712	891,221	870,584	842,140	845,734	813,647
(YoY)	-232,513	-277,935	-323,902	-328,158	-247,757	-194,714	-105,978	-77,574
(QoQ)	-101,038	-81,487	-85,142	-60,491	-20,637	-28,444	3,594	-32,087

(Note)

1. The calculation period is the most recent one-year period prior to the end of the accounting periods.
2. The number of annual buyers includes the sum of active members and guest buyers who made more than one purchase within the past year from each quarter.
3. The number of active members represents the number of members who have made at least one purchase within the past year.
4. Buyers of "LY Corporation Commerce" are not included.

In the fourth quarter consolidated accounting period of the current fiscal year, the number of annual buyers increased, resulting from an increase in the number of active members YoY and QoQ. The growth in the number of active members is due to the retention of new members acquired in the previous fiscal year as well as the strengthening of customer attraction through broadcasting TV commercials and web advertising of "ZOZOWEEK" held in May, September, and November 2024, Black Friday event, and the summer/winter sale event. During the fourth quarter consolidated accounting period, new member acquisition was challenging in January and February, primarily due to a shortage of inventory. However, from March onward, the situation improved as a result of active promotional efforts, including web advertising, and increased demand for spring and summer merchandise.

(Annual purchase amount and annual purchase pieces)

[Table 6] Changes in the annual purchase amount and annual purchase pieces

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Annual purchase amount (Total) (Note) 1, 2, 3, 4	42,341	42,403	42,502	42,817	42,947	43,171	43,307	42,953
(YoY)	-0.5%	0.0%	0.4%	1.4%	1.4%	1.8%	1.9%	0.3%
(QoQ)	0.3%	0.1%	0.2%	0.7%	0.3%	0.5%	0.3%	-0.8%
Annual purchase pieces (Total) (Note) 1, 2, 3	10.8	10.8	10.8	10.9	10.9	11.0	11.0	10.9
(YoY)	-6.6%	-5.3%	-2.6%	-0.2%	1.2%	2.0%	1.6%	0.0%
(QoQ)	-0.8%	-0.4%	0.4%	0.6%	0.6%	0.4%	0.0%	-1.0%

(Note)

1. The calculation period is the most recent one-year period prior to the end of the accounting periods.
2. Indexes for each active member.
3. Buyers of "LY Corporation Commerce" are not included.
4. The amounts are in yen.

In the fourth quarter consolidated accounting period of the current fiscal year, the annual purchase amount (Total) and annual purchase pieces (Total) increased YoY, but decreased QoQ. The backdrop for the YoY increase was due to a slowdown in the acquisition of new members over the past few quarters, which resulted in a decreased percentage of new members among the total membership. (Generally, members with shorter membership histories have lower annual purchase amounts and fewer purchase pieces.)

(Average retail price, etc.)

[Table 7] Changes in the average retail price, average order value, average purchase pieces per order, and number of shipments

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average retail price (Note) 1, 2, 3	3,726	3,590	4,360	4,003	3,698	3,629	4,369	4,038
(YoY)	4.9%	3.0%	-1.7%	0.4%	-0.7%	1.1%	0.2%	0.9%
Average order value (Note) 1, 2, 3	8,177	7,894	9,119	8,735	8,343	8,196	9,422	8,980
(YoY)	6.2%	4.3%	1.8%	5.2%	2.0%	3.8%	3.3%	2.8%
Average purchase pieces per order (Note) 1, 2	2.19	2.20	2.09	2.18	2.26	2.26	2.16	2.22
(YoY)	1.3%	1.3%	3.6%	4.8%	2.8%	2.7%	3.1%	1.9%
Number of shipments (Note) 1, 2	13,240,721	13,107,431	15,000,816	13,302,151	13,788,498	13,471,252	15,518,943	13,393,189
(YoY)	0.9%	2.9%	5.8%	-0.6%	4.1%	2.8%	3.5%	0.7%

(Note)

1. Figures are based on quarterly accounting periods.
2. Buyers of "LY Corporation Commerce" are not included.
3. The amounts are in yen.

Regarding the average retail price during the fourth quarter consolidated accounting period of the current fiscal year, it increased slightly compared to the same quarter of the previous fiscal year. In January and February, although it was the timing for the winter sale event, many brands experienced inventory shortages for sale items, which also impacted our business. Possibly due to concerns over early stockouts, the proportion of discounted items during the sale event declined year over year, resulting in a positive impact on the average retail price. The average order value increased YoY due to a rise in the number of items purchased per order. This increase was primarily attributed to the higher frequency of free shipping measures for purchases of 12,000 yen or more compared to the same quarter of the previous year, which led to a greater proportion of combined purchases on the days the measures were implemented.

i. Outright Purchase/Production & Sales

In the current consolidated fiscal year, the merchandise value was 3,692 million yen (-16.6% YoY), accounting for 0.6% of the gross merchandise value (0.8% in the previous fiscal year). Net sales were 3,484 million yen (-18.3% YoY). As of the end of March 2025, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 29 (30 as of the end of December 2024).

ii. Consignment Sales

In the current consolidated fiscal year, the merchandise value was 468,606 million yen (+6.0% YoY), accounting for 76.3% of the gross merchandise value (77.0% in the previous fiscal year). Net sales (consignment sales commission) were 129,651 million yen (+6.3% YoY). As of the end of March 2025, the number of shops opened on ZOZOTOWN for consignment sales was 1,620 (1,626 as of the end of December 2024).

iii. USED Sales

In the current consolidated fiscal year, the merchandise value was 19,643 million yen (+8.6% YoY), accounting for 3.2% of the gross merchandise value (3.1% in the previous fiscal year). Net sales were 18,841 million yen (+6.9% YoY).

② LY Corporation Commerce

LY Corporation Commerce is a combined sales of Yahoo! JAPAN Shopping and Yahoo! JAPAN Auction. We opened the ZOZOTOWN store on Yahoo! JAPAN Shopping, an online shopping mall, and the ZOZOUSED store was also opened on Yahoo! JAPAN Auction, an online auction service, in March 2024. LY Corporation operates both.

In the current consolidated fiscal year, the merchandise value was 69,610 million yen (+20.6% YoY), accounting for 11.3% of the gross merchandise value (10.1% in the previous fiscal year). Net sales (consignment sales commission) were 21,329 million yen (+24.5% YoY).

③ BtoB business

The BtoB business model includes building and operating brands' e-commerce websites and providing logistics services. In the current consolidated fiscal year, the merchandise value was 13,112 million yen (-9.4% YoY), accounting for 2.1% of the gross merchandise value (2.5% in the previous fiscal year). Net sales (consignment sales commission) were 2,145 million yen (-5.6% YoY). As of the end of March 2025, the number of consigned websites was 32 (31 as of the end of December 2024).

④ Advertising business

The advertising business is a business model that generates advertising revenue by providing advertising space to client brands by utilizing the user reach base of ZOZOTOWN and WEAR by ZOZO. In the current consolidated fiscal year, net sales were 11,209 million yen (+15.1% YoY). As for WEAR by ZOZO, we continue to focus on expanding the number of users and content.

⑤ Others

The segment for "Others" within the gross merchandise value includes 1) the merchandise value of the stores that contracted "ZOZO Option" in the fashion category stores excluding ZOZOTOWN on Yahoo! JAPAN Shopping (service that enables those stores to get benefits from sales support such as participation in the special events by the Company), 2) the merchandise value from ZOZOMO, the system to support for sending customers to the physical stores from ZOZOTOWN, and 3) the merchandise value of "ZOZOSUIT" which is sold for a fee in the U.S. The merchandise value in the current consolidated fiscal year was 39,695 million yen (+6.0% YoY), accounting for

6.5% of the gross merchandise value (6.5% in the previous fiscal year). As to sales of "Others", sales from businesses related to ZOZOTOWN (shipping income and settlement commission income, etc.), and sales related to the gross merchandise value (Others), which is mentioned above, are included. In the current consolidated fiscal year, net sales were 26,470 million yen (+10.2% YoY).

(2) Status of capital investment

In the current consolidated fiscal year, in order to cope with the increase in the gross merchandise value, we added logistics-related equipment. The total amount was 6,285 million yen.

(3) Status of financing activities

The main funding source for the current consolidated fiscal year was short-term borrowings from financial institutions for refinancing. The balance of short-term borrowings at fiscal year-end was 20,000 million yen. Additionally, in March 2025, we entered into a syndicated commitment line agreement with 3 trading banks to improve funds flexibility and stability.

(4) Issues to be addressed

The significant issues the group is facing are: ①Strengthening initiatives aimed at further growth of ZOZOTOWN, ② Generating synergies by deepening cooperation with the parent company LY Corporation, ③ Diversification of the profit structure, and ④Efforts to enhance fulfillment and e-commerce system functions.

①Strengthening initiatives aimed at further growth of ZOZOTOWN

At our core business, ZOZOTOWN, we have adopted the theme: "More Fashion × Better Fashion Tech - Explore your style. Make you delighted" for our management strategy. Under this management strategy, we will further deepen our pursuit not only of fashion, but also of adjacent areas such as cosmetics, in order to engage a broader range of users.

By evolving ZOZO to the place "for" fashion, from the place "to buy" fashion., we aim to deliver unique added value to both users and brands through enhanced and innovative initiatives.

②Generating synergies by deepening cooperation with the parent company LY Corporation

Our group became a consolidated subsidiary of LY Corporation and since then we have strengthened the cooperation. We will promote maximization of synergy effects.

a. Increase the gross merchandise value at ZOZOTOWN Yahoo! JAPAN Shopping store

We opened ZOZOTOWN Yahoo! JAPAN Shopping store operated by LY Corporation. Sales from the ZOZOTOWN Yahoo! JAPAN Shopping store is steadily increasing, driven by the acquisition of a new user base. However, we think that there is still room for growth. We aim to increase our gross merchandise value as an e-commerce platform that caters to the diverse needs of a broad user base."

b. Share development resources

The Company will accelerate the speed of, and improve the development quality by sharing the technical

capabilities of engineers between LY Corporation and the Company.

③Diversification of the profit structure

We will not be content with the profits generated by our existing businesses, including our core business ZOZOTOWN, and will aim to diversify our profit structure. By fully leveraging our proprietary assets—such as our customer base, data, expertise, and technology—we will pursue business domain expansion, including through M&A opportunities both in Japan and overseas.

④Efforts to enhance fulfillment and e-commerce system functions

In view of the expected increase in the gross merchandise value in the future, we will consider further expansion of logistics capacity and improve operational efficiency. Also, regarding the hardware and functional aspects of the e-commerce system, we will strive to improve usability and the response to increased users and their accesses.

(5) Financial Performance Highlights

Segment	FY2021 24 th term	FY2022 25 th term	FY2023 26 th term	FY2024 27 th term (Current consolidated fiscal year)
Net sales (million yen)	166,199	183,423	197,016	213,131
Ordinary profit (million yen)	49,655	56,716	59,764	64,888
Profit attributable to owners of parent (million yen)	34,492	39,526	44,341	45,346
Earnings per share (yen)	38.34	43.94	49.40	50.90
Total assets (million yen)	127,276	155,742	161,862	187,810
Net assets (million yen)	55,099	76,693	84,744	98,719

(Note)

1. Earnings per share are calculated based on the weighted average number of shares.
2. On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Earnings per share have been calculated on the assumption that the stock split was implemented at the beginning of each fiscal years.

(6) Major business (As of March 31, 2025)

Business	Operations and Services Description
ZOZOTOWN Business	<p>ZOZOTOWN business consists of Outright Purchase/Production & Sales, Consignment sales, and USED sales.</p> <p>(Outright Purchase/Production & Sales)</p> <p>The Group purchases and sells fashion items while bearing the inventory risk. This category includes the business that purchases fashion items from various brands and the business that sells items while holding our own inventory, such as MS (multi-size).</p> <p>(Consignment sales)</p> <p>Each brand opens, operates, and manages its store in ZOZOTOWN as a tenant. Our group stores/sells their products as consignment inventories at/from our logistics centers. Some clear differences from Outright Purchase shops include 1. tenants need to do the basic merchandising activities by themselves, 2. consignment sales style that allows us to avoid inventory risk. 3. Net sales of this business are recorded as "Consignment sales commissions", which means the handling fee for sold items.</p> <p>(USED sales)</p> <p>This is a secondary distribution business style in which we purchase and sell secondhand/vintage fashion items from/to individual users, etc., while having our own inventories.</p>
LY Corporation Commerce	<p>The Company opened ZOZOUSED Yahoo! JAPAN Auction store, an online auction service operated by LY Corporation, as well as ZOZOTOWN Yahoo! JAPAN Shopping store, operated by the same company, which sells merchandise.</p>
BtoB Business	<p>The Company provides various on-demand fulfillment services, such as developing e-commerce websites for apparel brands, design and production, distribution support, and marketing assistance. This business's net sales are also recorded as consignment sales commissions, which are handling fees for sold products.</p>
Advertising Business	<p>Utilizing our extensive user reach base, such as ZOZOTOWN and WEAR by ZOZO, the Company provides advertising spaces for partner brands to earn advertising revenue.</p>
Others	<p>This gross merchandise value is from the business associated with the ZOZOTOWN business (e.g., shipping income, payment processing fees, etc.). Additionally, it includes gross merchandise value from the stores that contract ZOZO Option (a service that enables stores that are in the fashion category, excluding ZOZOTOWN, in Yahoo! JAPAN Shopping, to benefit from sales support such as participation in special feature plans implemented in Yahoo! JAPAN Shopping based on our proposal), sales from "ZOZOMO," a system that sends customers from</p>

	ZOZOTOWN to offline stores, and paid sales of "ZOZOSUIT" in the United States.
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(7) Situation of significant parent company and subsidiaries

① Relationship with parent company

Company Name	Amount of Capital (Million yen)	Voting Rights to the Company	Major Business
SoftBank Group Corp.	238,772	51.5% (51.5%)	Holding company
SoftBank Group Japan Corporation	188,798	51.5% (51.5%)	Holding company
SoftBank Corp.	228,162	51.5% (51.5%)	Provision of mobile communication services, sale of mobile devices, provision of fixed-line communication services, and provision of internet connection services
A Holdings Corporation	100	51.5% (51.5%)	Holding company
LY Corporation	250,128	51.5% (51.5%)	Development of Internet advertising business, e-commerce business, and membership service business, as well as business management of group companies
Z Intermediate Holdings Corporation	1	51.5% (-)	Holding company

(Note)

1. "Voting rights to the Company" is the total ratio of voting rights owned by each company directly and indirectly. The figures in parentheses indicate the ratio of voting rights owned indirectly.
2. The direct parent company of the Company is Z Intermediate Holdings Corporation, holding 152,952,900 shares (51.5% of the voting rights) of the Company.

i The provisions of the contracts related to the significant financial and business policies that the Company entered with the parent company

In order to realize the goal of increasing the corporate value of both companies while taking into consideration the minority shareholders of the Company, the two companies have formed a capital alliance with the aim of building a stable alliance relationship based on this capital alliance. Specifically, the two companies have entered into a business alliance for the expansion and evolution of their fashion e-commerce businesses, including the transfer of users from the media of LY Corporation to ZOZOTOWN and the opening of ZOZOTOWN at Yahoo! JAPAN Shopping and Yahoo! JAPAN Auction in LY Corporation Commerce that LY Corporation operates.

The Company establishes the "Guideline to ensure the fairness of transactions with the parent company group"

and makes decisions independently from the parent company according to the guidelines to prevent any harm to the Company's interests.

ii Matters regarding transactions with the parent company

a. Matters which the Company gave attention to for preventing harm to our interests in making the relevant transactions

The Company makes transactions with the parent company. In making the relevant transactions, like other transactions, the terms of the relevant transactions were fairly and appropriately determined, taking into account the terms and size of transactions to protect minority shareholders.

b. The Board of Directors' determination as to whether the transaction is not detrimental to the interests of the Company and the reasons for such determination

The Company has established a "Guideline to ensure the fairness of transactions with the parent company group," and in accordance with the guideline, the Company makes decisions independently from the parent company, ensuring fairness in consideration of the interests of minority shareholders and making decisions through multifaceted discussions. Therefore, the Company has determined that such transactions, etc., will not be detrimental to the interests of the Company.

c. Opinions of Outside Directors different from judgments of the Board of Directors

Not applicable

② Situation of significant subsidiaries

Company Name	Amount of Capital (Million yen)	% of Voting Rights	Major Business
ZOZO NEXT, Inc.	280	100.0%	Creation of new businesses and research and development (R&D)

(Note)

1. There are no subsidiaries that fall under the category of specified wholly owned subsidiaries.

(8) Main locations of businesses, etc. (As of March 31, 2025)

① ZOZO, Inc.

Headquarters	Inage-ku, Chiba-city, Chiba
Logistics center (ZOZOBASE)	Narashino-city, Chiba, Tsukuba-city, Ibaraki

② Subsidiary

ZOZO NEXT, Inc.	Inage-ku, Chiba-city, Chiba
-----------------	-----------------------------

(9) Status of employees, etc. (As of March 31, 2025)

① Number of employees in the corporate group

Number of employees	1,761
Increase/decrease from the end of the previous consolidated fiscal year	Increase of 52

(Note)

1. The figure includes full-time employees and associate employees.
2. Average number of contingent workers during the period (5,912 part-time workers, temporary workers, etc.) is not included in the figure.

② Number of employees of the Company

Number of Employees	Increase/decrease from the End of Previous Consolidated Fiscal Year	Average Age	Average Length of Service
1,664	Increase of 60	34.3	6.8 years

(Note) The figure reflects the number of people employed by the Company (including those transferred from other companies to the Company but excluding those transferred from the Company to other companies). The average number of contingent workers during the period (5,910) (which includes part-time workers, temporary workers, etc.) is not included.

③ The proportion of female workers in managerial posts, the percentage of male workers taking parental leave, and the wage variance between male workers and female workers

Proportion of female workers in managerial posts (%) (Note) 1	Percentage of male workers taking parental leave (%) (Note) 2		Wage variance between male workers and female workers (%) (Note) 1		
	Permanent workers	Part-time, and fixed-term workers	All workers	Of all workers, permanent workers	Of all workers, part-time and fixed-time workers
24.2	70.5	50.0	56.0	72.3	105.1

(Note)

1. It is based on the provision of the Act on the Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015)
2. It indicates the percentage of taking parental leave stipulated in Article 71-6, Paragraph 1, of the Ordinance for Enforcement of the Act on the Welfare of Workers Who Take Care of Children or Other Family Members, including Child Care and Family Care Leave (Ordinance of the Ministry of Labor No. 25 of 1991) based on the provision of the Act on the Welfare of Workers Who Take Care of Children or Other Family Members including Child Care and Family Care Leave (Ordinance of the Ministry of Labor No. 76 of 1991).

(10) Major Name of the bank (as of March 31, 2025)

Name of Bank	Outstanding Debt
Sumitomo Mitsui Banking Corporation	17,500 million yen
Keiyo Bank, Ltd.	2,000 million yen
Kansai Mirai Bank, Limited	500 million yen

(11) Other significant matters regarding the current status of the corporate group

On April 9, 2025, by a written resolution of the Board of Directors, the Company resolved to establish a new wholly owned subsidiary and to acquire all shares of LYST LTD, thereby making it a subsidiary. A share transfer agreement was executed on the same date.

LYST is a leading global fashion shopping platform featuring over 27,000 brands and more than 97 million SKUs.

While we have focused on market expansion through licensing our in-house technology and partnerships with local companies to date, we have decided to take a bold step forward by acquiring LYST to accelerate our growth in the global market. This acquisition is the cornerstone of our international expansion strategy.

For details regarding the share acquisition, please refer to the "Notes to significant subsequent events" in the Notes to the Consolidated Financial Statements.

2. Matters regarding company stocks

(1) Total number of authorized shares 1,287,360,000

(2) Total number of outstanding shares 300,474,181

(3) Number of Shareholders 13,723

(4) Composition of major shareholders

Name of Shareholder	Ownership in ZOZO	
	Number of Shares Held (shares)	Percentage of Shares Held (%)
Z Intermediate Holdings Corporation	152,952,900	51.5 %
THE MASTER TRUST BANK OF JAPAN, Ltd. (Trust Account)	41,531,100	14.0 %
Custody Bank of Japan, Ltd. (Trust Account)	15,238,800	5.1 %
STATE STREET BANK AND TRUST COMPANY 505001	5,361,963	1.8 %
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	4,129,437	1.4 %
Yusaku Maezawa	3,970,147	1.3 %
JP MORGAN CHASE BANK 385632	3,904,492	1.3 %
STATE STREET BANK WEST CLIENT - TREATY 505234	3,391,051	1.1 %
STATE STREET BANK AND TRUST COMPANY 505103	3,322,066	1.1 %
JPMorgan Securities Japan Co., Ltd.	3,017,028	1.0 %

(Note)

1. The company holds 3,520,207 treasury shares but is excluded from the above major shareholders.
2. The percentage of shares held is calculated without treasury shares.
3. According to the alteration report made available for public inspection on March 21, 2025, Massachusetts Financial Services Company and its joint holder, MFS Investment Management K.K., were reported to hold the following shares as of March 31, 2025. However, the Company has not been able to confirm the actual number of shares held by them as of the end of the current consolidated fiscal year, and therefore they are not included in the major shareholders listed above. Details of the large shareholding report are as follows.

Name	Location	Number of shares held	Shareholding ratio
Massachusetts Financial Services Company	111 Huntington Avenue, Boston, Massachusetts 02199 U.S.A.	12,245,700	4.08
MFS Investment Management K.K.	Daido Life Kasumigaseki Building 4-2, Kasumigaseki 1-chome, Chiyoda-ku Tokyo	232,100	0.08
Total	-	12,477,800	4.15

(5) Shares granted to officers of the Company in exchange for their execution of duties during the current fiscal year

No shares were granted to the Company officers as compensation during the fiscal year

(6) Other significant matters related to shares

At the Board Meeting on March 14, 2025, the Company resolved to conduct a three-for-one stock split of common stock, effective April 1, 2025. In conjunction with this, pursuant to Article 184, Paragraph 2 of the Companies Act, the Company amended the Articles of Incorporation to increase the total number of authorized shares. As a result, the total number of authorized shares became 3,605,690,172, and the total number of issued shares became 901,422,543.

In addition, pursuant to the resolution of the Board of Directors dated April 30, 2025, the Company resolved to acquire its own shares in accordance with Article 156 of the Companies Act, as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act, and to cancel treasury shares pursuant to Article 178 of the Companies Act.

3. Stock acquisition rights of the Company

(1) Stock acquisition rights held by officers of the Company and issued in consideration of the execution of duties
Not applicable

(2) Stock acquisition rights issued to employees in consideration of the execution of duties during the current consolidated fiscal year
Not applicable

(3) Other important matters concerning stock acquisition rights, etc.
Not applicable

4. Matters regarding Board Members

(1) List of Directors (As of March 2025)

Name	Position and Responsibilities	Other Concurrent Job Titles
Kotaro Sawada	Representative Director, President & CEO	Representative Director, President & CEO of ZOZO NEXT Inc.
Koji Yanagisawa	Director, Executive Vice President & CFO	Outside Director of COLOPL, Inc. Outside Director of DIGITAL HOLDINGS, Inc.
Fuminori Hirose	Director and COO	Outside Audit and Supervisory Board Member of KOKOPELLI Inc. Director of yutori inc. Outside Director of HUPRO, Inc.
Makoto Hide	Director	Chairman of the Board, Ikyu Corporation Executive Corporate Officer, Commerce Company CEO, LY Corporation
Yuko Nagata	Director	EVP, Corporate Officer, General Manager of Marketing Division of LY Corporation
Taro Saito	Director	President and Representative Director of dof Inc. Director of CC INC. Outside Director of for Startups, Inc. Outside Director of Hosty inc. Outside Director of Sansan, Inc.
Takako Kansai	Director	CSO of Kufu Company Holdings Inc. Outside Director of ROLLCAKE Inc.
Takuya Oikawa	Director	Representative Director of Tably Inc. Founding Partner of Global Hands-On VC Inc.
Hiroko Igarashi	Director (Full-time Audit and Supervisory Committee Member)	—
Junko Utsunomiya	Director (Audit and Supervisory Committee Member)	Managing partner, Utsunomiya Shimizu & Haruki Law Office Outside Director (Audit and Supervisory Committee Member) of RAKSUL INC. Outside Director of HEIWA REAL ESTATE CO., LTD. Outside Director (Audit and Supervisory Committee Member) of PeptiDream Inc.
Kumiko Nishiyama	Director (Audit and Supervisory Committee Member)	Head of Nishiyama Certified Public Accountant Office

(Note)

1. Mr. Makoto Hide and Mr. Takuya Oikawa were newly elected as Directors at the 26th General Meeting of Shareholders held on June 26, 2024, and assumed the office of Director.
2. Mr. Takao Ozawa and Mr. Kazunori Hotta retired as Directors upon the expiration of the term at the conclusion of the 26th General Meeting of Shareholders held on June 26, 2024.
3. Three Directors, Mr. Taro Saito, Ms. Takako Kansai and Mr. Takuya Oikawa are Outside Directors. The Company designated all three of them as independent officers under the provisions of Tokyo Stock Exchange, Inc. and has reported the designation to the Exchange.
4. Three Directors who are Audit and Supervisory Committee Members; Ms. Hiroko Igarashi, Ms. Junko Utsunomiya, and Ms. Kumiko Nishiyama, are Outside Directors for the Audit and Supervisory Committee. The Company designated all three of them as independent officers under the provisions of Tokyo Stock Exchange, Inc. and has reported the designation to the Exchange.
5. Ms. Hiroko Igarashi and Ms. Kumiko Nishiyama, Directors for the Audit and supervisory committee, are certified public accountants. They have a decent knowledge and understanding of finance and accounting.
6. The Company has a full-time Audit and Supervisory Committee Member to strengthen the audit and supervisory function by improving the collection of information and increasing the effectiveness of audit through sufficient cooperation with the internal audit office, etc.
7. The Executive Officers who do not hold Director positions as of March 31, 2025, are listed below.

Name	Position and Responsibilities	
Toshiaki Shimizu	Executive Officer	Executive Officer of Corporate Identity and HR Division
Takao Yamasaki	Executive Officer	Executive Officer of AI/Analytics Division, Marketing Division and USED Business Division
Masahiro Tashiro	Executive Officer	Executive Officer of EC Management Division, Fulfillment Division, Hospitality Division and ZOZOTOWN Backend Development Division
Yosuke Odaka	Executive Officer	Executive Officer of EC promotion Division, Group Business Strategy Division and Sales Division
Utahiro Inui	Executive Officer	Executive Officer of New Business Development Division and Measurement Platform Division
Naotoshi Seo	Executive Officer	Executive Officer of Brand Solution Development Division, Data / AI System Division, Measurement Platform Division, EC Platform Development Division and IT Division
Yuki Hashimoto	Executive Officer	Executive Officer of ZOZOTOWN Development Division and Quality Assurance Division
Akio Kazama	Executive Officer	Executive Officer of Brand Solution Division, Corporate Planning Office, and Communication Design Division

(2) Summary of the contract for limitation of liability

The Company entered into the contract with Non-executive Directors, Outside Directors, and Audit and Supervisory committee Members to limit the liability for damage stipulated in Article 423, Paragraph 1, of the Companies Act to the limit set forth in laws and regulations in the event they have acted in good faith and have committed no gross negligence according to the provisions of Article 427, Paragraph 1, of the Companies Act.

(3) Summary of the Directors and officers liability insurance policy

The Company entered into the liability insurance policy for Directors and Officers, which is stipulated in Article 430-3, Paragraph 1, of the Companies Act. The insurance policy covers Directors who are not Audit and Supervisory Committee Members, Directors who are Audit and Supervisory Committee Members, Executive Officers, and managerial employees of the Company and its subsidiaries, and insurance premiums of all insured persons are borne by the Company. The insurance policy will cover litigation expenses and compensation for damage brought against the insured person during the insurance period.

However, in order to ensure that the insured's proper performance of his/her duties is not impaired, certain exclusions apply, such as coverage not being available in the case of damage caused by an act committed by the insured with the knowledge that the act was in violation of the law.

(4) Matters regarding remuneration/ compensation, etc., for Board Members

① Matters concerning the policy for determining the remuneration/ compensation for individual Directors.

The Company established the following policy for determining the details of remuneration/ compensation for individual Directors, etc. at the Board Meeting held on June 28, 2023.

i. Purposes of remuneration/ compensation

Remuneration/ compensation for Directors consists of fixed remuneration (cash remuneration) and performance-linked compensation (cash bonus remuneration/ stock compensation). The purpose of our remuneration/ compensation system is to promote the sustainable and medium- to long-term enhancement of our corporate value and to function as a sound incentive. Based on our management strategy, compensation is provided in accordance with efforts and achievements related to the attainment of short-term as well as medium- to long-term performance goals and the enhancement of corporate value.

ii. Level of remuneration/ compensation

After establishing a group of companies as a benchmark for remuneration/ compensation, a certain level and composition of remuneration/ compensation are prepared so that the Company can ensure and retain excellent human resources over competitors in terms of business and recruiting under the assumption that the remuneration /compensation is attractive for current and prospective officers and their candidates.

iii. Composition of remuneration/ compensation

The ratio of performance-linked compensation exceeds the percentage of fixed remuneration, and among the performance-linked compensation, the proportion of stock compensation shall be more than cash bonus.

a. Cash remuneration

Fixed remuneration is determined according to the title and duty of the eligible persons and paid during their term of office.

b. Cash bonus (short-term incentive remuneration)

Cash bonus represents the performance-linked compensation based on the achievement of the short-term performance goal for each fiscal year, and gross merchandise value, an indicator of potential business growth, and consolidated operating profit, an indicator of profitability, are designated as criteria for the payment of remuneration. A specific payment amount is determined based on the achievement of a performance goal set out in the single-year plan and the title and duty of the eligible persons and periodically paid during the term of office.

c. Stock compensation (medium- to long-term incentive compensation)

Stock compensation, which represents performance-linked compensation for promoting the management that focuses on medium- to long-term increases in corporate value/shareholder value and stock with restrictions on transfer, is granted to the eligible persons. The ratio to release the restrictions on transfer is determined based on the Company's stock price growth rate (compared with those of a group of about benchmark companies), consolidated operating profit, and ESG evaluation scores, for three fiscal years. In principle, a fixed number of shares corresponding to the position and responsibilities is granted in a lump sum at the beginning of the first fiscal year of the three-year performance period.

iv. Matters concerning the determination of the details of remuneration/ compensation for respective Directors

The Nomination and Remuneration Consultatory Committee examines the draft and its consistency with the policy for the determination from various perspectives. The Board of Directors also believes that the draft complies with the policy for determination and fundamentally respects a report from the committee.

v. Other significant matters concerning the determination of the remuneration/ compensation of respective Directors

For stock compensation, the provision is established that the Company acquires all or a part of the stocks allocated to the eligible Directors without charge in the event the relevant Directors resigns before the expiration of the period of transfer restriction for reasons other than reasons the Board of Directors thinks due and other cases that the relevant Directors commit events, such as specific illegal activities. In addition, the provision is established for making the applicable Directors return all or a part of stocks with restrictions on transfer or cash equivalent to them to the Company without charge when certain events are identified, including errors in the figures providing a basis for calculating the ratio of releasing the restrictions on transfer, and the Company considers the above return due.

The amount of remuneration for each Director who is a member of the Audit and Supervisory Committee is determined by the discussion among the Audit and Supervisory Committee Members, within the limit of the total amount of remuneration resolved at the General Meeting of Shareholders.

② Matters concerning resolutions on remuneration/ compensation of Directors adopted by the General Meeting of Shareholders

The resolution was adopted at the 25th Ordinary General Meeting of Shareholders held on June 28, 2023, to set

the remuneration for Directors who are not Audit and Supervisory Committee Members at 800 million yen or less per year (among this, a portion for Outside Directors amounts to 50 million yen or less per year) .(The annual remuneration excludes a portion of employee salary of Director-employees). At the end of the related Ordinary General Meeting of Shareholders, the number of Directors totaled eight (among this, the number of Outside Directors totaled three). Separately from the relevant cash remunerations, stock compensation and the limit on the number of shares to be issued were determined at 864 million yen or less per year and 576,000 shares or less per year (Directors who are Audit and Supervisory Committee Members and non-Executive Directors, including Outside Directors, are not applicable to stock compensation) at the 25th Ordinary General Meeting of Shareholders held on June 28, 2023. At the end of the related Ordinary General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members and non-Executive Directors including Outside Directors) totaled three.

Remuneration for Directors who are Audit and Supervisory Committee Members is determined at 70 million yen or less per year, which was resolved at the 25th Ordinary General Meeting of Shareholders held on June 28, 2023. At the end of the related Ordinary General Meeting of Shareholders, the number of Directors who are Audit and Supervisory Committee Members totaled three.

③ Matters concerning delegation of determination of the content of remuneration/compensation for individual Directors

In the Company, remuneration/ compensation of individual Directors is discussed by the Nomination and Remuneration Consultatory Committee, which mainly consists of Outside Directors, and then they are determined upon the resolution by the Board of Directors, taking into account a report from the committee.

④ Total Amount of Remuneration/ Compensation, etc., paid to Directors

Position	Total Amount of Remuneration/ Compensation, etc. paid (Million yen)	Amount of Remuneration/ Compensation, etc., paid per type (Million yen)			The Number of Directors	
		Fixed remuneration	Performance-linked compensation			
		Monetary remuneration		Non-Monetary Compensation		
		Base Remuneration	Cash Bonus	Restricted stock		
Directors (Excluding Audit and Supervisory Committee Members) (of which Outside Directors)	417 (21)	165 (21)	72 (-)	179 (-)	7 (4)	
Directors who are Audit and Supervisory Committee Members (of which Outside Directors)	32 (32)	32 (32)	— (-)	— (-)	3 (3)	

(Note)

1. As of the end of the fiscal year, the Company has eight Directors (including three Outside Directors) and three Directors who are Audit and Supervisory Committee Members (including three Outside Directors). The difference from the number of recipients stated above is due to the inclusion of one Director who retired at the 26th General Meeting of Shareholders, as well as the presence of two Directors who do not receive remuneration/compensation.
2. Content of the performance indicators selected as a basis for calculating bonuses includes gross merchandise value and consolidated operating profit. These performance indicators were selected because the Company focuses on gross merchandise value and consolidated operating profit as an indicator showing the growth and profitability of the businesses of the Company group.
3. Compensation in the performance-linked stock with restriction on transfer is granted to Directors (excluding those who are Audit and Supervisory Committee Members) as non-monetary rewards. The performance indicators used as the basis for calculating the amount of restricted stock are "stock price growth rate", "consolidated operating profit", and "ESG evaluation Score". The reason for selecting "stock price growth rate" is

to provide an incentive for the sustained improvement of the Company's corporate value and to further advance value sharing with the Company's shareholders. The reason for selecting "consolidated operating profit" is that the Company places importance on consolidated operating profit as an indicator of the profitability of the Company's group businesses. The reason for selecting "ESG evaluation Score" is to provide an incentive for the promotion of ESG management.

4. The actual performance indicators for the current fiscal year selected as the basis for calculating performance-linked compensation are as follows.

	Actual Performance Indicators
Gross Merchandise Value (excluding GMV (Others))	574,666 million yen
Consolidated operating profit	64,756 million yen
Stock price growth rate	159.8%
ESG evaluation score	AAA

(Note) The actual ESG evaluation score is based on the evaluation results of MSCI Inc.'s ESG ratings.

(5) Matters regarding the Outside Officers

① Relationship between the Company and other major entities where some members hold positions concurrently
Mr. Taro Saito, Director, is President and Representative Director of dof Inc., Director of CC INC., Outside Director of for Startups, Inc. Sansan Inc. and Hosty inc.

There is a business relationship between Sansan Inc. and the Company in terms of the provision of services such as system usage fees, but the amount of such transactions is negligible.

There are no capital or business relationships between dof Inc., CC Inc., for Startups Inc., or Hosty inc. and the Company.

Ms. Takako Kansai, Director, is CSO of Kufu Company Holdings Inc., and Outside Director of ROLLCAKE Inc. There are no capital or business relationships between Kufu Company Holdings Inc. or ROLLCAKE Inc. and the Company. Mr. Takuya Oikawa, Director, is the Representative Director of Tably Inc., and a Founding Partner of Global Hands-On VC Inc.

There are no capital or business relationships between Tably Inc. or Global Hands-On VC Inc. and the Company.

Ms. Junko Utsunomiya, Director for the Audit and Supervisory Committee, is Managing partner of Utsunomiya Shimizu & Haruki Law Office, Director (Audit and Supervisory Committee Member) of RAKSUL INC., Outside Director of HEIWA REAL ESTATE CO., LTD., and Outside Director (Audit and Supervisory Committee Member) of PeptiDream Inc.

However, there are no capital ties or business relationship between the Company and Utsunomiya Shimizu & Haruki Law Office, RAKSUL INC., HEIWA REAL ESTATE CO., LTD., nor PeptiDream Inc.

Ms. Kumiko Nishiyama, Director for the Audit and Supervisory Committee, is Head of Nishiyama Certified Public

Accountant Office.

However, there are no capital ties nor business relationship between the Company and Nishiyama Certified Public Accountant Office.

② Performance reviews for the current fiscal year

Name (position)	Summary of duties performed regarding attendance status, statements made, and roles expected of Outside Directors
Taro Saito (Director)	He attended 14 out of 15 Board Meetings held during the current fiscal year, where he made appropriate comments. He has extensive experience, and a broad perspective accumulated in branding and communication design activities; he has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such a perspective at Board Meetings.
Takako Kansai (Director)	She attended 15 out of 15 Board Meetings held during the current fiscal year, where she made appropriate comments. With extensive knowledge and a broad perspective accumulated in internet services and the technology, she has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such a perspective at Board Meetings.
Takuya Oikawa (Director)	He attended all 11 Board Meetings held after taking office, where he made appropriate comments. He has a wealth of experience and broad-ranging knowledge on the management of products and engineering in IT/ internet-related systems, and he has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such a perspective at Board Meetings.
Hiroko Igarashi (Director/Audit and Supervisory Committee Member)	She attended 15 out of 15 Board Meetings held during the current fiscal year, where she made appropriate comments. She has a high level of perspective, extensive experience, and a broad perspective in finance and accounting. As a certified public accountant, she has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such perspective at the Board Meetings. Also, she attended 14 out of 14 meetings of the Audit and Supervisory Committee held during the current fiscal year, where she exchanged opinions on audit results and discussed important audit-related matters.
Junko Utsunomiya (Director/Audit and Supervisory Committee Member)	She attended 15 out of 15 Board Meetings held during the current fiscal year, where she made appropriate comments. She has a high level of perspective, extensive experience, and broad perspective in the laws and compliance matters as an attorney, she has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such perspective at Board Meetings. Also, she attended 14 out of 14 meetings of the Audit and Supervisory Committee held during the current fiscal year, where she exchanged opinions on audit results and discussed important audit-related matters.

<p>Kumiko Nishiyama (Director/Audit and Supervisory Committee Member)</p>	<p>She attended 15 out of 15 Board Meetings held during the current fiscal year, where she made appropriate comments. She is a certified public accountant and has extensive experience and a broad perspective on sustainability matters. She has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such perspective at Board Meetings. Also, she attended 14 out of 14 meetings of the Audit and Supervisory Committee held during the current fiscal year, where she exchanged opinions on audit results and discussed important audit-related matters.</p>
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5. Accounting Auditor

- (1) Name of the Accounting Auditor
Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration paid to Accounting Auditor for this fiscal year

①Amount of remuneration paid to Accounting Auditor for 36 million yen
this fiscal year

②Total amount of funds and other financial interests
payable by the Company and its subsidiaries to the 36 million yen
Accounting Auditor

(Note)

1. Reason for consent by the Audit and Supervisory Committee to remuneration of the Accounting Auditor
After obtaining necessary materials and receiving reports from Directors, related internal sections, and the Accounting Auditor, as well as confirming matters such as the state of execution of audit plans and auditing in the previous period and the appropriateness of estimations of remuneration for this period, the Audit and Supervisory Committee has judged the level of remuneration of the Accounting Auditor to be appropriate and has consented thereto pursuant to Article 399, Paragraph 1 of the Companies Act.
2. Since the audit agreement concluded between the Company and the Accounting Auditor does not differentiate clearly between amounts of remuneration for auditing pursuant to the Companies Act and auditing pursuant to the Financial Instruments and Exchange Act, it would not be possible to differentiate these practically as well, the total amount of these is indicated as the amount of remuneration for this fiscal year.

(3) Summary of agreements limiting liability

Article 37 of the Articles of Incorporation provides that the Company and the Accounting Auditor may enter into an agreement to limit liability for damages as provided in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the said Act, but the Company has not entered into a liability limitation agreement.

(4) Policy on decisions on dismissal or non-reappointment of the Accounting Auditor

When the Audit and Supervisory Committee has determined that the Accounting Auditor's performance of its duties would be impeded or it is necessary for other reason, the Company shall, through a resolution of the Audit and Supervisory Committee, determine the detail of the agenda of the General Meeting of Shareholders to resolve the dismissal or non-reappointment of the Accounting Auditor.

Specifically, if the Accounting Auditor meets any of the descriptions below and that there is no prospect of appropriate improvement, through a resolution of the Audit and Supervisory Committee, submit to the General Meeting of Shareholders a resolution on the dismissal or non-reappointment of the Accounting Auditor

- ① When it has been subjected to disciplinary action or disposition by regulators for violation of laws or

regulations, including the Companies Act and the Certified Public Accountants Act

- ② When it has been judged to meet any of the descriptions enumerated under Article 340, Paragraph 1 of the Companies Act
- ③ When it has been judged that it would be inadequate or inappropriate for it to carry out auditing of the Company in consideration of matters such as the quality of auditing by the Accounting Auditor, its quality control, its independence, or other overall capabilities
- ④ When it is determined the necessity for other reason

6. Company systems and policies

(1) As a system for ensuring the propriety of business operations pursuant to the provisions of the Companies Act and the enforcement regulations thereto, the Company has established a Basic Policy on Internal Control Systems, through a resolution of Directors. This policy is outlined below.

1. Systems to ensure that the performance of duties of the Company's Board of Directors and employees is in compliance with laws, regulations, and the Articles of Incorporation

① To ensure that the performance of duties of the Company's Board of Directors and employees is in compliance with laws and regulations as well as conforming to corporate ethics and fulfilling their social responsibilities, the Company establishes and maintains the Compliance Committee, chaired by the President and Representative Director, to deliberate on important compliance-related matters. The Company strives to develop and maintain its compliance systems to prevent acts in violation of laws, regulations, etc., acts that could constitute violations and inappropriate transactions, and to enhance the system for legal and regulatory compliance of Company Directors and employees.

② An internal whistleblowing system (helpline) is established to enable Company Directors and employees to report matters such as acts that they suspect may be in violation of laws, regulations, internal rules, etc., in order to discover and rectify any inappropriate acts quickly. Matters reported to the helpline are investigated by the Compliance Committee, and when it is clear that rectification is necessary, the Compliance Committee swiftly decides on corrective and preventive measures and implements them.

③ The Company takes necessary measures to prevent a person from being treated disadvantageously on the grounds by making the whistle blow set forth in the preceding paragraph.

④ The Internal Audit Office examines the compliance system, investigates any issues with respect to laws, regulations, or the Articles of Incorporation, and reports its findings to the Board of Directors and the Audit and Supervisory Committee.

⑤ The Board of Directors reviews the compliance system periodically to identify any issues and make relevant improvements.

⑥ The Audit and Supervisory Committee audits this internal controls system in light of its efficacy and functions and strives swiftly to identify and rectify any issues.

2. Systems related to the storage and management of information on the performance of duties of Company Directors

① Regarding the storage and management of information related to the execution of duties by the Company's Directors, in accordance with pertinent laws and regulations and various internal regulations, the information will be recorded in documents or on electromagnetic media, and managed and stored appropriately.

② The Company's Audit and Supervisory Committee Members are able to view such information at any time.

3. Guidelines and other systems related to the management of risks of losses by the Company

① The person responsible for the supervision of risk management in the Company is the President and Representative Director. Accordingly, Directors, Executive Officers and General Managers of each division identify and assess various risks based on the Risk Management Guideline and take measures as necessary in advance to avoid, mitigate, or transfer risks.

② The Internal Audit Office audits the state of risk management in each organization and reports on its findings to the Board of Directors and the Audit and Supervisory Committee.

③ The Board of Directors periodically reviews the risk management system to identify issues and make appropriate improvements.

4. System for ensuring that Company Directors' duties are executed efficiently

① The roles and responsibilities of Directors and individual sections are defined clearly through the establishment of documents such as the Board of Directors Guideline, Organizational Guideline, Guideline on Division of Responsibilities, and Job Authority Guideline. In addition, the Board of Directors Guideline specifies matters that should be submitted to the Board of Directors and the scope of decisions that each Director may make as a system to ensure that the duties of Directors are performed efficiently.

② The President and Representative Director drafts annual management plans based on the Budget Management Guideline and obtains the approval from the Board of Directors. Directors in charge of individual sections make decisions on practical measures and efficient business execution systems for their sections, based on the plan.

③ The President and Representative Director reports periodically to the Board of Directors on the progress of the annual management plan. The Board of Directors analyzes any impediments to implemented measures and efficient business execution systems and seeks to make necessary improvements.

5. Systems for ensuring the propriety of the business operations of the group of companies consisting of the Company and its subsidiaries ("Group" hereinafter)

- ① One or more of the Directors or Audit and Supervisory Board Members of a subsidiary shall be dispatched from the Company, to monitor and supervise, or audit, the performance of duties of subsidiary Directors. The Corporate Division and the Finance and Accounting Division oversee the subsidiary's business operation, compliance systems, risk management systems, and other matters related to the business administration of the subsidiary, pursuant to the Subsidiary Management Guideline. While respecting the autonomy of subsidiary management, the Company receives periodic reports on the state of subsidiary business, and approval is obtained from the Company as appropriate regarding important matters.
- ② The Internal Audit Office implements internal auditing of the state of management of the Company subsidiaries and subsidiary business activities.

6. Systems for employees to assist the duties of the Audit and Supervisory Committee and matters related to ensuring the efficacy of the employees, and matters concerning independence from Directors (excluding Directors who are Audit and Supervisory Committee Members)

- ① When an Audit and Supervisory Committee Member has requested the assignment of one or more employees to assist in his or her duties, the Board of Directors may, through consultation with the Audit and Supervisory Committee Member, appoint such employees to assist the Audit and Supervisory Committee Member. Authority to direct such employees shall be delegated to the Audit and Supervisory Committee Members during the period of such assistance as specified by the Audit and Supervisory Committee Members and said employees should not be subject to instruction or orders from Directors (excluding Directors who are Audit and Supervisory Committee Members) during the period.
- ② The prior consent of the Audit and Supervisory Committee Members shall be required before any personnel transfer, HR evaluation, or disciplinary action regarding an employee assisting an Audit and Supervisory Committee Member.

7. Systems for reporting by Group Directors (excluding Directors who are Audit and Supervisory Committee Members of the Company) and employees to the Audit and Supervisory Committee Members, and other systems related to reporting to the Audit and Supervisory Committee Member

- ① Group Directors (excluding Directors who are Audit and Supervisory Committee Members of the Company) and employees shall report to the Audit and Supervisory Committee Members, pursuant to laws, regulations, and internal rules, on matters that could cause serious harm to the Company matters recognized to be improper acts or serious violations of laws, regulations, or the Articles of Incorporation; important matters to be submitted to the Board of Directors and decisions of the Board; important accounting policies or accounting standards and

changes therein; the state of implementation of internal auditing; important monthly reports and other important matters.

② The Company needs to take necessary measures to prevent Group Directors and employees from being treated disadvantageously by making the report as mentioned in the preceding paragraph.

8. Other systems to ensure the efficacy of auditing by the Audit and Supervisory Committee Members

① To ascertain the state of important decision-making processes and execution of duties, the Audit and Supervisory Committee Members may attend the Board Meetings, Management Meetings, and other important meetings, view important documents related to business execution, such as applications for approval, and demand explanation of matters from Directors and employees.

② Audit and Supervisory Committee Members shall ensure the efficacy of audits through autonomy and authority pursuant to the Audit and Supervisory Committee Guideline and the Audit and Supervisory Committee Auditing Standards, as well as managing systems for effective auditing in close cooperation with the Internal Audit Office and the Accounting Auditor.

③ The President and Representative Director shall have a meeting periodically with the Audit and Supervisory Committee to exchange opinions and maintain close communication regarding topics that the Company should address, the state of maintenance of the environment for auditing by the Audit and Supervisory Committee Members, important topics related to auditing, and other matters.

④ Payment shall be made promptly in response to procedures for advance payment or reimbursement of costs arising in the performance of the duties of the Audit and Supervisory Committee Members and other demands for payment of costs or obligations arising in the performance of their duties.

9. Systems for exclusion of antisocial forces

The Company shall eliminate any relations to antisocial forces or groups that pose threats to social order or sound business activities and resolutely resist, systemically, any improper demands or similar matters in cooperation with outside experts, including the police or legal advisors.

10. Systems for ensuring the reliability of financial reporting

To ensure the reliability of financial reporting, systems shall be developed, maintained, and operated to make the internal controls related to financial reporting function effectively.

(2) Overview of the state of systems to ensure the appropriateness of business operations

① State of operation of compliance systems

The Company has established Compliance Committee Guidelines, and the Compliance Committee holds meeting quarterly, in accordance with the provisions of the guidelines. A system has been developed and is operated in order to ensure compliance with the Company's social responsibility, corporate philosophy, basic human rights policy, internal guidelines, laws and regulations, and various other provisions. Furthermore, the Committee also holds meetings at other times as necessary. In addition, Helpline Guidelines have been established that prohibit the disadvantageous treatment of whistleblowers and efforts are made to ensure statutory compliance, to prevent improper acts, and to discover any such cases swiftly. A contact point (Helpline) that includes the involvement of the Compliance Committee, the Audit and Supervisory Committee, and outside attorneys has been established and is in operation, and all employees are notified of it through the Company intranet. In addition, contact points, including the involvement of the Company's Compliance Committee, have been established for subsidiaries as a part of efforts to enhance compliance throughout the entire Group.

② State of operation of guidelines on the management of risks of losses and other systems

The Risk Management Guideline and Information System Management Guideline have been established, the Company operates risk-management system pursuant to these rules. As a part of these efforts, information security training has been provided once for officers and employees, intended to help prevent inappropriate information management and leakage of confidential information.

③ State of operation of systems intended to ensure the efficient performance of duties of Directors

Pursuant to the Board of Directors Guideline, regular Board Meetings are held monthly, and irregular Board Meetings are held as necessary. These meetings are used to make decisions on important matters related to management, such as matters specified in laws, regulations, etc., management policies, and budgeting, and to enable mutual oversight of duty performance through close communication among Directors.

④ State of operation of systems intended to ensure the appropriate operation of the group of companies consisting of the Company and its subsidiaries

One or more Directors or Audit and Supervisory Board Members are dispatched from the Company to each subsidiary, to enable appropriate management of subsidiary business operations. In addition, subsidiaries submit to the Company reports and requests for approval on matters that require prior approval under the Group's authority approval standards.

⑤ State of operation of the Internal Audit Office

Based on audit plans formulated by the Internal Audit Office, an internal audit is conducted at each of the Company's sections and subsidiaries regarding the state of risk management and business execution. Results were reported to the President and Representative Director, Board Meeting, and Audit and Supervisory

Committee Meeting appropriately. In addition, information was exchanged with the full-time Audit and Supervisory Committee Member.

⑥ State of performance of duties of Audit and Supervisory Committee Members

The Audit and Supervisory Committee Members attend Board Meetings and Management Meetings, which consist of Directors and other officers, and engage in periodic discussions with the President and Representative Director. In addition, the efficacy of the audit is secured through the results of auditing by the Internal Audit Office, etc., and the audit is conducted following the standard of the Audit and Supervisory Committee and Audit Plans.

(3) Basic policy on company control

The Company has not established any particular basic policies concerning the controller who decides on the Company's financial and business policies.

(4) Policy on determination of cash dividends, etc.

The Company group believes that generating profits more than capital costs will satisfy all stakeholders, including shareholders, by increasing corporate value. Its basic policy on the distribution of earnings to shareholders calls for consideration and implementation of such distribution based on comprehensive consideration of matters such as trends in business performance, financial conditions, and future business and investment plans while maintaining balance with internal reserves. Specifically, the Company aims to retain internal reserves to enable continual growth and development of its businesses with consideration for maintaining a return on equity (ROE) at the 30% level, while distributing any profits in excess of this level to shareholders proactively with consideration for improving liquidity.

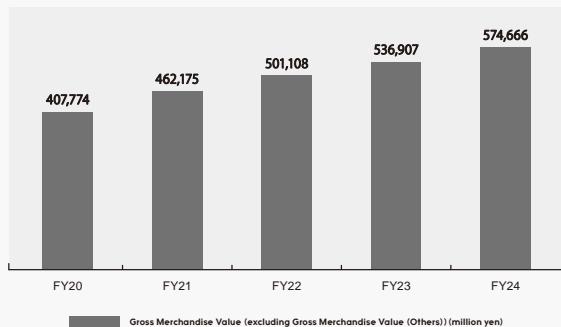
The Company's basic policy on dividends of surplus is either once per fiscal year, at the end of the year, or twice per fiscal year, including interim dividends, and the decision-making body for these dividends of surplus is the Board of Directors. Pursuant to its Articles of Incorporation, the Company may determine matters such as dividends of surplus by resolution of the Board of Directors, rather than by resolution of the General Meeting of Shareholders, unless otherwise provided by laws and regulations.

For the current consolidated fiscal year, a year-end dividend will be 54.00 yen per share, based on a consolidated dividend payout ratio target of 70%. We plan to pay an annual dividend of 39.00 yen per share for the next fiscal year, based on a payout ratio of 70%.

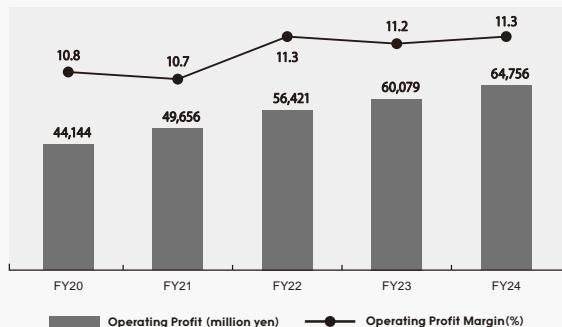
On April 1, 2025, the Company conducted a three-for-one stock split, and the annual dividend per share for the next fiscal year takes this stock split into account.

Financial Highlights (Consolidated)

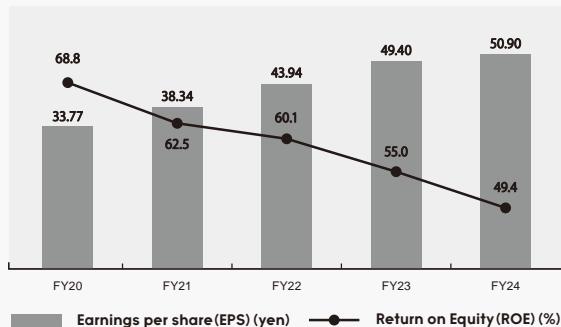
**Gross Merchandise Value
(excluding Gross Merchandise Value (Others))**



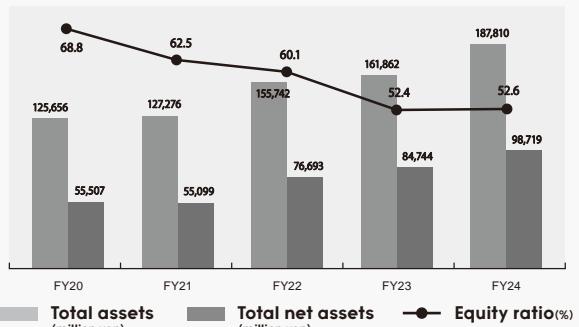
**Operating Profit, Operating Profit Margin
(% to the Gross Merchandise Value)**



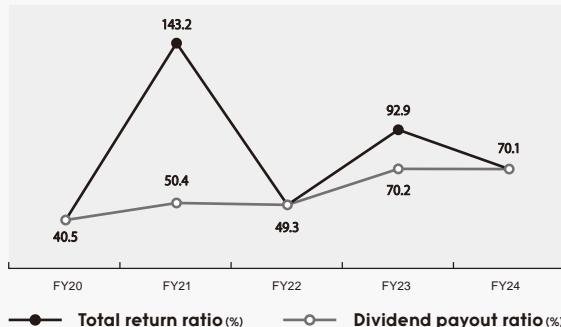
Earnings per share (EPS), Return on equity (ROE)



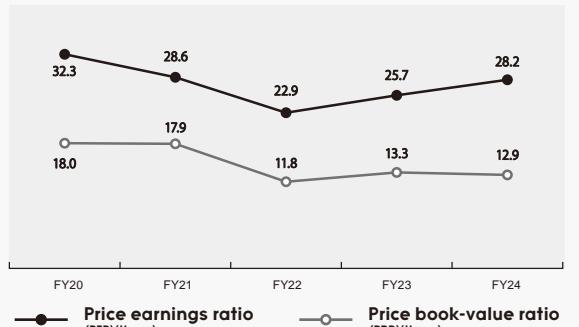
Total assets, Total net assets, Equity ratio



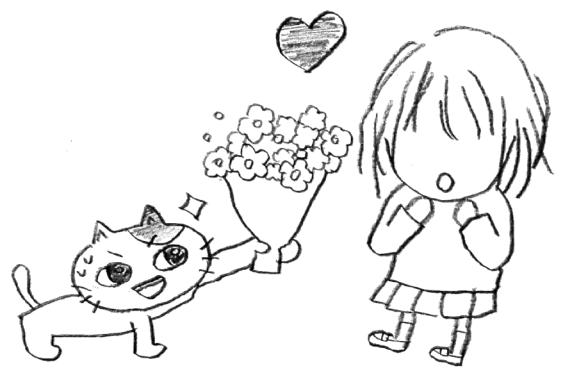
Total return ratio, Dividend payout ratio



Price earnings ratio (PER), Price book-value ratio (PBR)



Financial Statements



Balance Sheet

(As of March 31, 2025)

(Unit: Million yen)

Account	Amount	Account	Amount
(Assets)			(Liabilities)
Current assets	145,676	Current liabilities	79,863
Cash and deposits	89,457	Accounts payable - trade	189
Accounts receivable – trade	49,447	Deposits received for consignment sales	28,850
Merchandise	2,583	Accounts payable – others	8,239
Raw materials and supplies	44	Accrued expenses	1,290
Advance payments	155	Short-term borrowings	20,000
Prepaid expenses	2,894	Income taxes payable	12,416
Short-term loans	121	Consumption taxes payable	4,470
Others	970	Advance received	462
Non-current assets	42,108	Deposits received	144
Property, plant and equipment	25,252	Provision for bonuses	2,941
Buildings	11,651	Provision for bonuses for Directors	72
Vehicles	25	Others	786
Tools, furniture and fixtures	11,445	Non-current liabilities	9,731
Construction in progress	2,129	Liability for retirement benefits	5,271
Intangible assets	2,746	Asset retirement obligations	4,324
Trademark rights	5	Provision for loss on liquidation of affiliates	126
Software	1,498	Others	9
Others	1,242		
Investments and other assets	14,109	Total liabilities	89,594
Investment securities	725		
Shares of subsidiaries and affiliates	2,288	(Net assets)	
Deposit	4,256	Shareholders' equity	98,118
Deferred tax assets	6,684	Capital stock	1,359
Others	153	Capital surplus	1,521
		Legal capital surplus	1,328
		Other legal capital surplus	193
		Retained earnings	106,818
		Other Retained earnings	106,818
		Retained earnings carried forward	106,818
		Treasury stock	-11,581
		Valuation and translation adjustments	71
		Valuation difference on available-for-sale securities	80
		Deferred gains or losses on hedges	-9
		Stock acquisition rights	0

		Total net assets	98,189
Total assets	187,784	Total liabilities and net assets	187,784

Income Statement

(From April 1, 2024 to March 31, 2025)

(Unit: Million yen)

Account	Amount
Net sales	213,082
Cost of sales	14,676
Gross profit	198,405
Selling, general and administrative expenses	132,771
Operating profit	65,634
Non-operating income	
Interest income	63
Income from recycling	53
Subsidy income	8
Gain on unused points	145
Operations support fee	40
Received rent	2
Others	28
	342
Non-operating expenses	
Interest expenses	126
Rent expenses	2
Foreign exchange losses	2
Commission expenses	1
Loss on investments in partnerships	44
	177
Ordinary profit	59,765
Extraordinary income	
Gain on sale of non-current assets	6
Gain on liquidation of affiliates	61
	68
Extraordinary losses	
Loss on sale and retirement of non-current assets	107
Loss on valuation of investments in affiliates	506
Loss on liquidation of affiliates	138
	752
Profit before income taxes	65,116
Income taxes – current	19,772
Income taxes – deferred	-481
Net Profit	45,825

Statement of changes in net assets

(From April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	Treasury stock
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	
					Retained earnings carried forward	
Balance as of March 31, 2024	1,359	1,328	–	1,328	93,064	–11,627
Changes during the current fiscal year						
Cash dividends					–32,071	
Profit attributable to owners of parent					45,825	
Purchase of treasury stock						–0
Disposal of treasury stock			193	193		46
Net changes in items other than shareholders' equity						
Total changes during the current fiscal year	–	–	193	193	13,754	45
Balance as of March 31, 2025	1,359	1,328	193	1,521	106,818	–11,581

	Shareholders' equity	Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of March 31, 2024	84,124	90	54	145	0	84,270
Changes during the current fiscal year						
Cash dividends	–32,071					–32,071
Profit attributable to owners of parent	45,825					45,825
Purchase of treasury stock	–0					–0
Disposal of treasury	239					239

stock							
Net changes in items other than shareholders' equity		-9	-63	-73	-0	-74	
Total changes during the current fiscal year	13,993	-9	-63	-73	-0	13,919	
Balance as of March 31, 2025	98,118	80	-9	71	0	98,189	

Notes to the Financial Statements

Notes to the going concern assumption

Not applicable.

Notes to significant accounting policies

1. Valuation standards and methods for securities

(1) Shares of subsidiaries and affiliates

Stated at a cost determined by the moving-average method.

(2) Available-for-sale securities

Securities other than shares, etc. without market quotations

Stated at market value (unrealized gains or losses are reported as a separate component of net assets, and the cost of securities sold is determined by the moving-average method).

Shares, etc. without market quotations

Stated at a cost determined by the moving-average method.

2. Valuation standards and methods for net receivables (and liabilities) arising from derivative transactions

Stated at market value.

3. Valuation standards and methods for inventories

(1) Merchandise

Stated at a cost determined by the first-in, first-out method (method of reducing book value when the contribution of inventories to profitability declines).

In addition, write-downs are made in accordance with the Company's prescribed standards.

(2) Raw materials and supplies

Stated at a cost determined by the weighted average method (method of reducing book value when the contribution of inventories to profitability declines).

In addition, write-downs are made in accordance with the Company's prescribed standards.

4. Depreciation and amortization methods for non-current assets

(1) Property, plant, and equipment (excluding lease assets)

The declining-balance method is used. However, buildings (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016, are depreciated using the straight-line method.

The useful lives of major assets are as follows:

Buildings: 3-38 years

Vehicles: 6 years

Tools, furniture, and fixtures: 3-20 years

(2) Intangible assets (excluding lease assets)

The straight-line method is used.

Trademark rights are amortized over 10 years, patent rights are amortized over 7 to 8 years, and software (for internal use) is amortized over the period of internal use (5 years).

(3) Lease assets

Lease assets related to finance lease transactions that do not transfer ownership

Leased assets are depreciated over the lease period with a residual value of zero.

5. Accounting standards for allowances

(1) Provision for bonuses

To provide for the payment of bonuses to employees, an amount accrued for the current fiscal year is recorded among the estimated payment amount.

(2) Provision for bonuses for Directors

To provide for the payment of bonuses to Directors, etc., an amount accrued for the current fiscal year among the estimated bonuses to be paid is recorded.

(3) Provision for retirement benefits

Provision for retirement benefits is recorded based on the estimated amount of retirement benefit obligations as of the end of the current fiscal year to provide for the payment of retirement benefits to employees.

The following is the method used to account for the provision of retirement benefits and retirement benefit expenses.

(i) Period attribution method of estimated retirement benefits

The estimated amount of retirement benefits is attributed to the period until the end of the current fiscal year based on the benefit formula standard.

(ii) Years required for amortization of actuarial gains and losses and prior service cost

Prior service cost is amortized by the straight-line method over a fixed number of years within the average remaining service period of employees (9 years) at the time the cost is incurred.

Actuarial differences are amortized by the straight-line method over a fixed number of years (nine years), which falls within the average remaining service period of employees at the time of occurrence, and are recognized as expenses from the following consolidated fiscal year.

(4) Provision for loss on liquidation of affiliates

To prepare for potential losses associated with the liquidation of affiliated companies, a provision is recorded based on the estimated amount of such losses.

6. Accounting standards for revenue and expense recognition

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021). When control of the promised goods or services is transferred to the customer, the Company recognizes revenue at the amount expected to be received in exchange for them.

The major performance obligations in the Company's principal businesses and the timing at which revenue is recognized are as follows.

(1) Revenue from sales of consignment goods

The Company receives consignment sales commissions from customers (brands) and keeps their products in the Company's logistics centers as consignment inventory and sells them upon receiving orders from users on our e-commerce website "ZOZOTOWN". Under the outsourcing contracts between the Company and its customers, the Company has various performance obligations to its customers, such as taking custody and storing the received customers' products, operating "ZOZOTOWN," selling products to users, providing logistics services related to sales activities, and providing customer service during the sales activities.

In addition, in the BtoB business, which develops and operates customers' proprietary e-commerce websites, logistics services, and other services, the Company also has various performance obligations to customers related to the sales of contracted products.

These various performance obligations do not provide benefits to the customer either on a standalone basis or in combination with other readily available resources. Instead, they represent a series of highly interrelated services that occur as part of the activities involved in selling consigned goods. Accordingly, these performance obligations are treated as a single performance obligation to sell goods to end-users on behalf of the consignor.

The performance obligation is satisfied as of the settlement date under the consignment contract with the customer, and therefore, revenue is recognized on that date.

(2) Revenue from sales of purchased merchandise

The Company receives orders from customers (users) on our e-commerce website, "ZOZOTOWN." It sells the purchased merchandise and is obligated to deliver the merchandise to the customers. The Company recognizes revenue at the time of shipment because there is no significant difference between the time of shipment and the time of delivery.

(3) Revenue from the advertising business

The advertising business is a form of business in which the Company provides advertising space to customers and earns advertising revenue by utilizing the user reach tied to "ZOZOTOWN", etc. Under the contracts with customers, the Company recognizes revenue when its performance obligation is fulfilled by the placement of advertisements. In addition, for advertisements for which the obligation to fulfill the performance obligation is satisfied when a user clicks on the advertisement, revenue is recognized at the time the user clicks on the advertisement.

For transactions in which ZOZO points are awarded to users when they purchase products, the Company identifies this as a separate performance obligation, and as an option to acquire additional goods or services and allocates the transaction price to each performance obligation based on the arm's length sales price. For coupon points by the Company, such as sales promotion points for the purpose of acquiring new customers, the Company deducts the amount equivalent to the points allocated to the purchase of merchandise from the transaction price, in accordance with the provisions for consideration paid to customers in the accounting standards for revenue recognition, etc. For goods expected to be returned, the Company does not recognize revenue but recognizes revenue at the amount of consideration to which the Company expects to be entitled from the sale of the goods. The transaction's consideration does not include a significant financial component because it is received within one year of satisfying the performance obligation. In addition, delivery activities performed after the user has obtained control over the goods are not identified as performance obligations, in accordance with the alternative treatment of materiality and other matters prescribed in the accounting standard for revenue recognition, etc.

7. Other important matters that serve as the basis for the preparation of financial statements

(1) Accounting treatment for unrecognized actuarial differences in retirement benefits

Accounting treatment for unrecognized actuarial differences related to retirement benefits differs from the method used in the consolidated financial statements.

(2) Hedge accounting method

① Hedge accounting method

In principle, deferred hedge accounting is used.

If forward exchange contracts meet the requirements of the allocation method, the allocation method is applied.

② Hedging instruments and hedged items

Hedging instruments are forward exchange contracts, and hedged items are mainly monetary debts denominated in foreign currencies.

③ Hedging policy

The Company enters into forward exchange contracts to hedge foreign currency transactions against fluctuations in foreign currency exchange rates.

④ Method of evaluating the effectiveness of hedging

The effectiveness of forward exchange contracts is not evaluated as of the balance sheet date because the correlation between the foreign exchange rate fluctuations and the effectiveness of the contracts is fully ensured since the same amount and the same maturity are allocated in accordance with the risk management policy at the time the contracts are entered into.

Notes to balance sheet

1. Accumulated depreciation directly deducted from assets

Buildings 4,592 million yen

Vehicles 10 million yen

Tools, furniture, and fixtures 11,113 million yen

2. Receivables arising from contracts with customers and outstanding contract liabilities

Receivables arising from contracts with customers (Note)1 49,447 million yen

Contract liabilities (Note) 2 417 million yen

(Note)

1. Receivables arising from contracts with customers are included in "Accounts receivable -trade" in the balance sheet.

2. Contract liabilities are included in "Others" under current liabilities in the balance sheet.

3. Monetary receivables from or monetary payables to subsidiaries and affiliates

Short-term receivables 6,286 million yen

Short-term payables 986 million yen

4. Monetary claims against Directors

Monetary claims against Directors 0 million yen

5. The Company has current account overdraft and commitment line agreements with three correspondent banks in order to raise working capital efficiently. The following are unused lines of credit based on these agreements as of the end of the current fiscal year.

Total amount of current account overdraft limit and loan commitment 32,500 million yen

The total amount of loans outstanding 20,000 million yen

Difference 12,500 million yen

Notes to the income statement

Total amount of operating and non-operating transactions with subsidiaries and affiliates

Operating transactions (income) 2,209 million yen

Operating transactions (expenses) 4,625 million yen

Note to statement of changes in net assets

Number of treasury stock at the end of the current fiscal year

Common stock 3,520,207 shares

Notes to deferred tax accounting

1. Significant components of deferred tax assets and liabilities

(Unit: Million yen)

(Deferred tax assets)

Accrued business tax	570
Provision for bonuses	867
Inventories	238
Advances received	79
Advance payments	8
Excess depreciation	1,115
Deferred charges	3
Provision for retirement benefits	1,624
Provision for Directors' retirement benefits	2
Asset retirement obligations	1,336
Stock acquisition rights	0
Investments in subsidiaries and affiliates	741
Investment securities	117
Provision for loss on business of affiliates	37
Deferred gains or losses on hedges	4
Others	872
Total deferred tax assets	<u>7,620</u>

(Deferred tax liabilities)

Valuation difference on available-for-sale securities	36
Asset retirement costs corresponding to asset retirement obligations	890
Others	10
Total deferred tax liabilities	<u>936</u>

Net deferred tax assets 6,684

2. Amendments to the amounts of deferred tax assets and liabilities related to changes in the tax rate of income taxes

In relation to revisions to the tax laws, the effective statutory tax rate has changed from 29.92% to 30.82% to calculate deferred tax assets and liabilities whose temporary differences are expected to be excluded after April 1, 2026. The change resulted in an increase of 121 million yen in deferred tax assets for the current fiscal year (net of the amount of deferred tax liabilities) and a decrease of 121 million yen in income taxes deferred.

Notes to non-current assets used under leases

Operating lease transactions

Future minimum lease payments under non-cancelable operating leases

Due within one year 8,087 million yen

Due after one year 16,032 million yen

Total 24,119 million yen

Notes to transactions with related parties

Parent and sister companies, etc.

Type	Name of the company, etc.	Percentage of voting rights held	Relationship with related parties	Details of transactions	Transaction amount (Million yen)	Account title	Balance at the end of the term (Million yen)
Parent company	LY Corporation	51.5%	Acceptance of services	Use of payment processing services (Note)	—	Accounts receivable	5,885
Subsidiary of parent company	SB Payment Service Corp.	—	Acceptance of services	Use of payment processing services (Note)	—	Accounts receivable	29,793

Transaction terms and policy for determining transaction terms

(Note) Transactions related to accounts receivable are sales transactions to end-users, not to the companies above, and therefore, transaction amounts are not shown.

Notes to per share information

1. Net assets per share: 110.22 yen

2. Earnings per share 51.44 yen

(Note) On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Net assets per share and earnings per are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year.

Notes to significant subsequent events

(Stock split and partial amendment to the Articles of Incorporation)

This information is omitted as it is identical to the disclosure in the notes to the consolidated financial statements.

(Business combination through establishment of a subsidiary and acquisition of shares)

This information is omitted as it is identical to the disclosure in the notes to the consolidated financial statements.

(Repurchase of shares and cancellation of treasury shares)

This information is omitted as it is identical to the disclosure in the notes to the consolidated financial statements.

Notes to consolidated companies subject to the consolidated dividend regulations

The Company is a company subject to consolidated dividend regulations.

Notes to revenue recognition

Regarding revenue recognition, information is omitted as it is identical to the disclosure in the notes to the consolidated financial statements.

Consolidated Balance Sheet

(As of March 31, 2025)

(Unit: Million yen)

Account	Amount	Account	Account
(Assets)		(Liabilities)	
Current assets	147,394	Current liabilities	79,828
Cash and deposits	91,486	Accounts payable - trade	189
Accounts receivable - trade	49,453	Deposits received for consignment sales	28,850
Merchandise	2,605	Accounts payable - others	8,070
Raw materials and supplies	44	Short-term borrowings	20,000
Others	3,805	Income taxes payable	12,423
Non-current assets	40,415	Provision for bonuses	3,033
Property, plant and equipment	25,447	Provision for bonuses for Directors	73
Buildings	11,724	Others	7,187
Vehicles	26	Non-current liabilities	9,262
Tools, furniture and fixtures	11,553	Retirement benefit liability	4,787
Construction in progress	2,143	Asset retirement obligations	4,339
Intangible assets	3,437	Provision for loss on liquidation of affiliates	126
Goodwill	668	Others	9
Software	1,520	Total liabilities	89,090
Others	1,248	(Net assets)	
Investments and other assets	11,530	Shareholders' equity	98,087
Investment securities	931	Capital Stock	1,359
Deferred tax assets	6,167	Capital surplus	1,521
Others	4,431	Retained earnings	106,787
		Treasury stock	-11,581
		Accumulated other comprehensive income	632
		Valuation difference on available-for-sale securities	80
		Deferred gains or losses on hedges	-9
		Foreign currency translation adjustment	171
		Remeasurements of defined benefit plans	389
		Share acquisition rights	0

		Total net assets	98,719
Total assets	187,810	Total liabilities and net assets	187,810

Consolidated Income Statement

(From April 1, 2024 to March 31, 2025)

(Unit: Million yen)

Account	Amount
Net sales	213,131
Cost of sales	14,819
Gross profit	198,312
Selling, general and administrative expenses	133,556
Operating profit	64,756
Non-operating income	
Interest income	66
Received rent	2
Operations support fee	5
Income from recycling	53
Subsidy income	15
Gain on unused points	145
Others	20
	309
Non-operating expenses	
Interest expenses	126
Rent expenses	2
Commission expenses	1
Foreign exchange losses	2
Loss on investments in partnerships	44
	177
Ordinary profit	64,888
Extraordinary income	
Gain on sale of non-current assets	6
Gain on liquidation of affiliates	61
	68
Extraordinary losses	
Loss on sale and retirement of non-current assets	107
Loss on liquidation of affiliates	138
	246
Profit before income taxes	64,710
Income taxes - current	19,792
Income taxes - deferred	-429
	19,363
Net profit	45,346
Profit attributable to owners of parent	45,346

Consolidated statement of changes in net assets

(From April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Accumulated other comprehensive income	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance as of March 31, 2024	1,359	1,328	93,512	-11,627	84,572	90	54
Changes during the current fiscal year							
Cash dividends			-32,071		-32,071		
Profit attributable to owners of parent			45,346		45,346		
Purchase of treasury stock				-0	-0		
Disposal of treasury stock		193		46	239		
Net changes in items other than shareholders' equity						-9	-63
Total changes during the current fiscal year	-	193	13,275	45	13,514	-9	-63
Balance as of March 31, 2025	1,359	1,521	106,787	-11,581	98,087	80	-9

	Accumulated other comprehensive income			Stock acquisition rights	Total net assets
	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of March 31, 2024	187	-161	171	0	84,744
Changes during the current fiscal year					
Cash dividends					-32,071
Profit attributable to owners of parent					45,346
Purchase of treasury stock					-0
Disposal of treasury stock					239

Net changes in items other than shareholders' equity	-16	550	460	-0	460
Total changes during the current fiscal year	-16	550	460	-0	13,974
Balance as of March 31, 2025	171	389	632	0	98,719

Notes to the Consolidated Financial Statements

Notes to the going concern assumption

Not applicable.

Notes to the basis of presenting consolidated financial statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries and names of consolidated subsidiaries

Number of consolidated subsidiaries: 4

Name of consolidated subsidiaries

ZOZO NEXT, Inc.

ZOZO Apparel USA, Inc.

ZOZO NEW ZEALAND LIMITED

NANTONG ZHUOTENG INFORMATION TECHNOLOGY CO.,LTD

(2) Names of non-consolidated subsidiaries

Number of non-consolidated subsidiaries: 2

Name of non-consolidated subsidiaries

Bespokify (Thailand) Ltd.

BESPOKIFY (VIETNAM) LTD.

(Reason for exclusion from the scope of consolidation)

The non-consolidated subsidiary is small in size, and its total assets, net sales, net income or loss (the Company's interest share) and retained earnings (the Company's interest share) do not have a material impact on the consolidated financial statements.

During the current consolidated fiscal year, Bespokify Pte., Ltd. and STV FUND, LP, which were non-consolidated subsidiaries, have been liquidated and dissolved.

2. Application of equity method

Names of unconsolidated subsidiaries and affiliates not accounted for by the equity method

Names of major companies

(1) Non-consolidated subsidiary

Bespokify (Thailand) Ltd.

BESPOKIFY (VIETNAM) LTD.

(2) Affiliates

yutori, Inc.

(Reason for not applying the equity method)

Non-consolidated subsidiaries and affiliates are small in size, and its total assets, net sales, net income or loss (the

Company's interest share) and retained earnings (the Company's interest share) do not have a material impact on the consolidated financial statements and are not significant in the aggregate.

3. Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, ZOZO Apparel USA, Inc. and NANTONG ZHUOTENG INFORMATION TECHNOLOGY CO.,LTD. have a fiscal year ending December 31. Provisional financial statements prepared for consolidation as of the consolidated balance sheet date are used to prepare the consolidated financial statements. The fiscal year end of other consolidated subsidiaries is the same as the consolidated fiscal year.

4. Matters on accounting policies

(1) Valuation standards and methods for significant assets

①Valuation standards and methods for securities

Available-for-sale securities

Other than shares, etc. without market quotations

Stated at market value (unrealized gains or losses are reported as a separate component of net assets, and the cost of securities sold is determined by the moving-average method).

Shares, etc. without market quotations

Stated at a cost determined by the moving-average method.

②Valuation standards and methods for net receivables (and liabilities) arising from derivative transactions

Stated at market value.

③Valuation standards and methods for inventories

(a) Merchandise

Stated at a cost determined by the first-in, first-out method (method of reducing book value when the contribution of inventories to profitability declines).

In addition, write-downs are made in accordance with the Company's prescribed standards.

(b) Raw materials and supplies

Stated at a cost determined by the weighted average method (method of reducing book value when the contribution of inventories to profitability declines).

The Company writes down the book value in accordance with the Company's prescribed standards.

(2) Significant depreciation and amortization methods for non-current assets

① Property, plant, and equipment (excluding lease assets)

The declining-balance method is used. However, buildings (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016, are depreciated using the straight-line method.

The useful lives of major assets are as follows:

Buildings: 3-38 years

Vehicles: 6 years

Tools, furniture and fixtures: 3-20 years

② Intangible assets (excluding lease assets)

The straight-line method is used.

Trademark rights are amortized over 10 years, patent rights are amortized over 7 to 8 years, and software (for internal use) is amortized over the period of internal use (5 years).

③ Lease assets

Lease assets related to finance lease transactions that do not transfer ownership

Leased assets are depreciated over the lease period with a residual value of zero.

(3) Accounting standards for significant allowances

① Provision for bonuses

To provide for the payment of bonuses to employees, an amount accrued for the current fiscal year among the estimated amount of payment is recorded.

② Provision for bonuses for Directors

To provide for the payment of bonuses to Directors, etc., an amount accrued for the current fiscal year among the estimated bonuses to be paid is recorded.

③ Provision for loss on liquidation of affiliates

To prepare for potential losses associated with the liquidation of affiliated companies, a provision is recorded based on the estimated amount of such losses.

(4) Hedge accounting method

① Hedge accounting method

In principle, deferred hedge accounting is used.

If forward exchange contracts meet the requirements of the allocation method, the allocation method is applied.

② Hedging instruments and hedged items

Hedging instruments are forward exchange contracts, and hedged items are mainly monetary debts denominated

in foreign currencies.

③Hedging policy

The Company enters into forward exchange contracts to hedge foreign currency transactions against fluctuations in foreign currency exchange rates.

④Method of evaluating the effectiveness of hedging

The effectiveness of forward exchange contracts is not evaluated as of the balance sheet date because the correlation between the foreign exchange rate fluctuations and the effectiveness of the contracts is fully ensured since the same amount and the same maturity are allocated in accordance with the risk management policy at the time the contracts are entered into.

(5) Accounting standards for revenue and expense recognition

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021). When control of the promised goods or services is transferred to the customer, the Company recognizes revenue at the amount expected to be received in exchange for them.

The major performance obligations in the Company's principal businesses and the timing at which revenue is recognized are as follows.

①Revenue from sales of consignment goods

The Company receives consignment sales commissions from customers (brands) and keeps their products in the Company's logistics centers as consignment inventory and sells them upon receiving orders from users on our e-commerce website "ZOZOTOWN". Under the outsourcing contracts between the Company and its customers, the Company has various performance obligations to its customers, such as taking custody and storing the received customers' products, operating "ZOZOTOWN," selling products to users, providing logistics services related to sales activities, and providing customer service during the sales activities.

In addition, in the BtoB business, which develops and operates customers' proprietary e-commerce websites, logistics services, and other services, the Company also has various performance obligations to customers related to the sales of contracted products.

These various performance obligations do not provide benefits to the customer either on a standalone basis or in combination with other readily available resources. Instead, they represent a series of highly interrelated services that occur as part of the activities involved in selling consigned goods. Accordingly, these performance obligations are treated as a single performance obligation to sell goods to end-users on behalf of the consignor.

The performance obligation is satisfied as of the settlement date under the consignment contract with the customer, and therefore, revenue is recognized on that date.

②Revenue from sales of purchased merchandise

The Company receives orders from customers (users) on our e-commerce website, "ZOZOTOWN." It sells the purchased merchandise and is obligated to deliver the merchandise to the customers. The Company recognizes

revenue at the time of shipment because there is no significant difference between the time of shipment and the time of delivery.

③Revenue from the advertising business

The advertising business is a form of business in which the Company provides advertising space to customers and earns advertising revenue by utilizing the user reach tied to "ZOZOTOWN", etc. Under the contracts with customers, the Company recognizes revenue when its performance obligation is fulfilled by the placement of advertisements. In addition, for advertisements for which the obligation to fulfill the performance obligation is satisfied when a user clicks on the advertisement, revenue is recognized at the time the user clicks on the advertisement.

For transactions in which ZOZO points are awarded to users when they purchase products, the Company identifies this as a separate performance obligation, and as an option to acquire additional goods or services and allocates the transaction price to each performance obligation based on the arm's length sales price. For coupon points by the Company, such as sales promotion points for the purpose of acquiring new customers, the Company deducts the amount equivalent to the points allocated to the purchase of merchandise from the transaction price, in accordance with the provisions for consideration paid to customers in the accounting standards for revenue recognition, etc. For goods expected to be returned, the Company does not recognize revenue but recognizes revenue at the amount of consideration to which the Company expects to be entitled from the sale of the goods. The transaction's consideration does not include a significant financial component because it is received within one year of satisfying the performance obligation. In addition, delivery activities performed after the user has obtained control over the goods are not identified as performance obligations, in accordance with the alternative treatment of materiality and other matters prescribed in the accounting standard for revenue recognition, etc.

(6) Method used to account for the provision of retirement benefits

To provide for the payment of retirement benefits to employees, provision for retirement benefits is recorded based on the estimated amount of retirement benefit obligations as of the end of the current fiscal year.

The following is the method used to account for the provision of retirement benefits and retirement benefit expenses.

①Period attribution method of estimated retirement benefits

The estimated amount of retirement benefits is attributed to the period until the end of the current fiscal year based on the benefit formula standard.

② Years required for amortization of actuarial gains and losses and prior service cost

Prior service cost is amortized by the straight-line method over a fixed number of years within the average remaining service period of employees (9 years) at the time the cost is incurred.

Actuarial differences are amortized by the straight-line method over a fixed number of years (nine years), which falls within the average remaining service period of employees at the time of occurrence, and are recognized as

expenses from the following consolidated fiscal year.

③ Adoption of the simplified method for small companies, etc.

Certain consolidated subsidiaries apply the simplified method for the calculation of liabilities for retirement benefits and retirement benefit expenses, using the amount payable at the end of the fiscal year as the liability for retirement benefits.

(7) Standards for translation of assets and liabilities denominated in foreign currencies into Japanese currency
Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the balance sheet date, with translation differences recognized as gains or losses. Assets and liabilities of overseas subsidiaries, etc. are translated into Japanese yen at the spot exchange rate as of the consolidated balance sheet date, while revenues and expenses are translated at the average exchange rate during the period. The resulting translation differences are included in foreign currency translation adjustments under net assets.

(8) Amortization method and period of goodwill

Goodwill is amortized evenly over a reasonable period of not more than 20 years, based on the period over which the investment effect will be realized for each individual project.

Notes to Consolidated Balance Sheet

1. Accumulated depreciation directly deducted from assets

Buildings 4,621 million yen

Vehicles 12 million yen

Tools, furniture, and fixtures 11,170 million yen

2. Balance of receivables and liabilities arising from contracts with customers

Receivables arising from contracts with customers (Note) 1 49,454 million yen

Contract liabilities (Note) 2 421 million yen

(Note)

1. Receivables arising from contracts with customers are included in "Accounts receivable -trade" and "Others" in the consolidated balance sheet.

2. Contract liabilities are included in "Others" under current liabilities in the consolidated balance sheet.

Notes to the consolidated statement of changes in net assets

1. Type and number of shares issued and outstanding at the end of the current consolidated fiscal year

Type of stock	As of the beginning of the current consolidated fiscal year	Increase	Decrease	As of the end of the current consolidated fiscal year
Common stock	300,474,181	—	—	300,474,181

2. Matters related to treasury stock

Type of stock	As of the beginning of the current consolidated fiscal year	Increase	Decrease	As of the end of the current consolidated fiscal year
Common stock	3,523,250	11,057	14,100	3,520,207

(Summary of reasons for fluctuation)

(Reason for increase)

Increase due to purchase of fractional shares	157 shares
Increase due to forfeiture of restricted stock compensation	10,900 shares

(Reason for decrease)

Decrease due to disposal of treasury shares through restricted stock compensation	14,100 shares
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3. Matters related to dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Million yen)	Dividend per share (yen)	Record date	Effective date
May 17, 2024 Board Meeting	Common stock	16,332	55	March 31, 2024	June 7, 2024
October 31, 2024 Board Meeting	Common stock	15,739	53	September 30, 2024	November 25, 2024

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of shares	Source of dividends	Total amount of dividends (Million yen)	Dividend per share (yen)	Record date	Effective date
May 16, 2025 Board Meeting	Common stock	Retained earnings	16,035	54	March 31, 2025	June 9, 2025

(Note) On April 1, 2025, the Company conducted a three-for-one stock split of common stock. The dividend with a record date of March 31, 2025, is based on the number of shares before the stock split.

4. Type and number of shares to be issued or transferred upon exercise of stock acquisition rights (excluding those for which the first day of the exercise period has not yet arrived) as of the end of the current fiscal year

Common stock: 6,600 shares

(Note) On April 1, 2025, the Company conducted a three-for-one stock split of common stock. The number of shares stated above reflects the number of shares before the stock split.

Notes to financial instruments

1. Matters concerning the status of financial instruments

(1) Policy on financial instruments

The Group uses its own funds to cover the necessary funds in light of its capital investment plans to conduct its main business, the e-commerce business. Temporary surplus funds are invested in highly secure financial assets to prepare for future business development, to ensure mobility and liquidity, and based on a policy of not investing funds in a manner that would result in a loss of principal.

In light of the business environment, the company seeks to stabilize fund procurement by entering into overdraft agreements to contribute to the flexible execution of future business operations.

(2) Description of financial instruments and those risks

Accounts receivable, which are operating receivables, are exposed to the credit risk of business partners to whom the Company entrusts the collection of sales proceeds.

Operating payables, such as accounts payable, deposits received for consignment sales, and accounts payable-others, are all due within one year.

Short-term borrowings are mainly for the purpose of procuring funds related to working capital.

(3) Risk management system for financial instruments

① Management of credit risk (risk related to nonperformance of contract by counterparties, etc.)

In accordance with the credit management rules, the Finance and Accounting Division periodically monitors the status of trade receivables and manages due dates and outstanding balances by the counterparty in order to early identify and mitigate the risk of collection due to deterioration of financial conditions or other reasons.

② Market risk management

The Company periodically monitors the market value and financial conditions of issuers (client companies) of investment securities and continuously reviews its holdings in consideration of future business development and other factors.

③ Management of liquidity risk (risk of being unable to make payments on due dates) related to fund procurement

The Group manages liquidity risk by maintaining liquidity on hand at an amount equivalent to one month's

operating payables based on a funding plan prepared at the beginning of each fiscal year by the Corporate Planning Office based on interviews from each department.

(4) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments includes values based on market prices and reasonably calculated values when there is no market price. Since variable factors are incorporated in the calculation of such values, such values may vary due to the adoption of different assumptions and other factors.

(5) Concentration of credit risk

The majority of operating receivables as of the consolidated balance sheet date are due to the top two companies to which the Company has entrusted the collection of sales proceeds.

2. Fair value of financial instruments

The carrying amount on the consolidated balance sheet, fair value, and the difference between those two are as follows.

Cash and deposits, accounts receivable, marketable securities, accounts payable, deposits received for consignment sales, accounts payable-others, income taxes payable, and short-term borrowings are omitted because they are cash, and their fair value approximates their book value due to their short maturities.

	Carrying amount on the consolidated balance sheet	Fair value	Difference
Investment securities			
Shares of subsidiaries and affiliates (Note)2	179	1,955	1,776
Total	179	1,955	1,776
Derivative transactions			
Derivatives to which hedge accounting is applied	-13	-13	-
Total derivative transactions	-13	-13	-

(Note) Receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown with “-”

(Note) 1 Matters related to derivative transactions

Derivative transactions

(1) Derivative transactions for which hedge accounting is not applied

Not applicable

(2) Derivative transactions for which hedge accounting is applied

For derivative transactions to which hedge accounting is applied, the contract amounts or notional principal amounts as of the consolidated balance sheet date, categorized by hedge accounting method, are as follows.

(Unit: Million yen)					
Hedge accounting method	Type of derivative transactions	Major hedged items	Contract amount, etc.	Contract amount, etc., exceeding 1 year	Fair value
Allocation method of forward exchange contracts	Forward exchange contracts Purchase contract USD	Foreign currency receivables and payables	1,589	117	1,517

(Note) 2 Shares and other securities without market quotations are not included in the above table. The carrying amount on the consolidated balance sheet of such financial instruments are as follows.

(Unit: Million yen)	
Category	Carrying amount on the consolidated balance sheet
Unlisted Stocks	725
Shares of unconsolidated subsidiaries	26
Total	751

(Note) 3 Scheduled redemption amount of monetary claims after the consolidated balance sheet date

		Within 1 year	Over 1 year, within 5 years	Over 5 years, within 10 years	Over 10 years
Cash and deposits	91,486	—	—	—	—
Accounts receivable	49,453	—	—	—	—
Total	140,939	—	—	—	—

(Note) 4 Scheduled repayment amount of other interest-bearing liabilities after the consolidated balance sheet date

	Within 1 year	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years	Over 5 years	(Unit: Million yen)
Short-term borrowings	20,000	—	—	—	—	—	—

3. Breakdown of the level of fair value concerning financial instruments

The fair value of financial instruments was classified into the following three levels according to the observability and significance of inputs related to the fair value measurement.

Fair value at level 1: Fair value based on market prices of assets or liabilities subject to measurement of fair value formed at active markets, among inputs related to measurement of observable fair value,

Fair value at level 2: Fair value based on inputs related to the measurement of fair value other than inputs at level 1, among inputs related to the measurement of observable fair value

Fair value at level 3: Fair value based on inputs related to the measurement of unobservable fair value

If several inputs are used with a material impact on fair value measurement, fair value is classified as the lowest priority level among the levels that each of these inputs belongs to.

Financial instruments posted at fair value on the consolidated balance sheet

Category	Fair value				(Unit: Million yen)
	Level 1	Level 2	Level 3	Total	
Derivative transactions					
Currencies-related	—	-13	—	-13	
Total liabilities	—	-13	—	-13	

(Note) Explanation of valuation methods used for fair value measurement and inputs related to fair value measurement

Derivative transactions

The fair value of derivative transactions is calculated based on prices quoted by counterparty financial institutions, etc., as there are no published quoted prices, and is classified as Level 2 fair value.

Financial instruments other than those posted at fair value on the consolidated balance sheet

(Unit: Million yen)

Category	Fair value				Total
	Level 1	Level 2	Level 3		
Investment securities					
Shares of subsidiaries and affiliates	1,955	—	—	—	1,955
Total Assets	1,955	—	—	—	1,955

(Note) Explanation of valuation methods used for fair value measurement and inputs related to fair value measurement

Investment securities

Listed stocks were evaluated, using the quoted market prices. The fair value was classified into fair value at level 1 because they are traded in active markets.

Notes to per share information

1. Net assets per share 110.81 yen
2. Earnings per share 50.90 yen

(Note)

As the Company conducted a three-for-one stock split of its common shares effective April 1, 2025, net assets per share and earnings per share for the current consolidated fiscal year have been calculated based on the assumption that the stock split was carried out at the beginning of the fiscal year.

Notes to significant subsequent events

(Stock split and partial amendment to the Articles of Incorporation)

The Company implemented a stock split and a partial amendment to its Articles of Incorporation on April 1, 2025, based on a resolution of the Board of Directors adopted on March 14, 2025.

1. Stock split

(1) Purpose of the stock split

The Company aims to enhance stock liquidity and expand its investor base by lowering the investment unit through a stock split.

(2) Overview of the stock split

① Method of the stock split

A three-for-one stock split was carried out for each share of common stock held by shareholders recorded in the

register of shareholders as of Monday, March 31, 2025.

(2) Number of shares increased by the stock split

Total number of shares issued before the stock split: 300,474,181 shares

Number of shares increased due to the stock split: 600,948,362 shares

Total number of shares issued after the stock split: 901,422,543 shares

Total number of authorized shares after the stock split: 3,605,690,172 shares

(3) Schedule for the stock split

Public notice of record date: March 15, 2025

Record date: March 31, 2025

Effective date: April 1, 2025

(4) Others

The stock split will not result in any changes to the Company's stated capital.

2. Partial Amendment to the Articles of Incorporation

(1) Purpose of the amendment

In accordance with Article 184, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation was partially amended in connection with this stock split, with an effective date of April 1, 2025.

(2) Details of the amendment

(Underlining indicates changes)

Previous Articles of Incorporation	After amendment
(Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>1,287,360,000</u> shares	(Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>3,605,690,172</u> shares

(3) Schedule for the amendment

Effective date: April 1, 2025

3. Impact on per share information

The impact on per share information is reflected in "Notes to per share information", within Notes to the Consolidated Financial Statements.

(Business combination through establishment of a subsidiary and acquisition of shares)

On April 9, 2025, by a written resolution of the Board of Directors, the Company resolved to establish a new wholly owned subsidiary and to acquire all shares of LYST LTD, thereby making it a subsidiary. A share transfer agreement was executed on the same date.

1. Overview of business combination through share acquisition

(1) Purpose of the business combination through the share acquisition

LYST is a leading global fashion shopping platform featuring over 27,000 brands and more than 97 million SKUs.

While we have focused on market expansion through licensing our in-house technology and partnerships with local companies to date, we have decided to take a bold step forward by acquiring LYST to accelerate our growth in the global market. This acquisition is the cornerstone of our international expansion strategy.

(2) Counterparty to the share acquisition

Molten Ventures

14W Ventures

Balderton Capital

Financiere Agache and affiliates

Accel

(3) Name and business description of the acquired company

Company name: LYST LTD

Business description: Online fashion platform business

(4) Date of business combination

April 30, 2025

(5) Legal form of business combination

Acquisition of shares

(6) Name of the company after the business combination

LYST LTD

(7) Number of shares to be acquired and voting rights ratio

Number of shares 58,675,198 shares

Voting rights ratio 100%

(8) Basis for determining the acquiring company

This is due to the acquisition of 100% of the voting rights by a newly established subsidiary through a cash-based share acquisition.

(9) Date of agreement execution

April 9, 2025

2. Breakdown of acquisition cost and types of consideration

Consideration for acquisition	22,094 million yen
Advisory related expenses, etc.	1,126 million yen
Total acquisition cost	23,220 million yen

3. Amount, cause, amortization method, and period of goodwill

The amount, cause, amortization method, and amortization period of goodwill have not yet been determined.

4. Amount and major components of assets and liabilities accepted on the business combination date

The amount and breakdown of assets and liabilities accepted on the business combination date have not yet been determined.

5. Funding and payment method

The acquisition was funded using internal funds.

(Share repurchase and cancellation of treasury shares)

The Company resolved at the Board Meeting held on April 30, 2025, to acquire its own shares pursuant to Article 156 of the Companies Act, as applied by replacing terms pursuant to Article 165, Paragraph 3 of the same Act, and to cancel treasury shares pursuant to Article 178 of the Companies.

1. Purpose of share repurchase and cancellation of treasury shares

As for profit return to shareholders, our group has the basic policy for deliberating and implementing profit return by balancing internal reserve through comprehensive consideration of the following: business performance, financial status, future business, and investment plans.

In addition, with respect to the total return ratio including share buybacks, we aim to maintain an average of over 80% over the five-year period starting from the fiscal year ended March 2024. In line with this objective, we have decided to conduct share buybacks and cancellations to achieve the target total return ratio.

2. Details of the share repurchase

(1) Class of shares to be acquired Common stock

(2) Total number of shares to be acquired Up to 10,000,000 shares

(3) Total amount to be paid for the acquisition Up to 10 billion yen

(4) Period of acquisition May 1, 2025, to September 1, 2025 (Plan)

(5) Method of acquisition

Market purchase on the Tokyo Stock Exchange, Inc.

3. Details of the cancellation of treasury shares

(1) Class of shares to be cancelled	Common stock
(2) Total number of shares to be cancelled	9,390,171 shares
(3) Scheduled date of the cancellation	May 9, 2025

Notes to revenue recognition

1. The following is a breakdown of revenue from contracts with customers.

((Unit: Million yen)

	Revenue from consignment goods	Revenue from sales of purchased merchandise	Revenue from the advertising business and others	total
ZOZOTOWN business (Outright purchase/production & sales)	129,651 —	22,325 3,484	— —	151,977 3,484
(Consignment Sales)	129,651	—	—	129,651
(USED Sales)	—	18,841	—	18,841
LY Corporation Commerce	19,652	1,677	—	21,329
BtoB business	2,145	—	—	2,145
Advertising business	—	—	11,209	11,209
others	—	—	26,470	26,470
Revenue from contracts with customers	151,448	24,002	37,680	213,131
Sales to external customers	151,448	24,002	37,680	213,131

2. Basic information for understanding revenue from contracts with customers

As described in "Notes to the consolidated financial statements, 4. Matters on accounting policies (5) Accounting standards for revenue and expense recognition.

3. Information about the relationship between the satisfaction of performance obligations under contracts with

customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current fiscal year and are expected to be recognized in the following fiscal year or later

(1) Receivables and contract liabilities arising from contracts with customers

The balances of receivables and contract liabilities arising from contracts with customers at the beginning and end of the period are as follows.

	Current consolidated fiscal year		(Unit: Million yen)
	Balance as of the beginning of the fiscal year	Balance as of the end of the fiscal year	
Receivables arising from contracts with customers	45,789	49,454	
Contract liabilities	377	421	

On the consolidated balance sheet, contract liabilities are included in current liabilities-others. Contract liabilities represent the balance of points granted by the Company for which performance obligations have not been satisfied as of the end of the period. Contract liabilities are reversed upon recognition of revenue.

All contract liability balances at the beginning of the period are included in the amount of revenue recognized in the current period.

(2) Transaction prices allocated to remaining performance obligations

The Company and its consolidated subsidiaries have omitted disclosure of the transaction price allocated to remaining performance obligations, as there are no significant contracts expected to have an original contract term exceeding one year, and the practical expedient has been applied. In addition, there are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

Accounting Auditor's Audit Report

Independent auditor's audit report

May 14, 2025

ZOZO, Inc.

To: The Board of Directors

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Atsushi Numata
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Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Hisashi Okuda
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Audit Opinion

We have audited the financial statements, which consist of the balance sheet, income statement, statement of changes in net assets, and notes to the financial statements and their supplementary schedules (hereinafter called the "financial statements, etc."), for the 27th fiscal year, from April 1, 2024, to March 31, 2025, of ZOZO, Inc. according to provisions of the Article 436, Paragraph 2, Item 1 of the Companies Act.

We think that the above financial statements, etc., appropriately present financial positions and profit or loss for the relevant period in all significant respects according to the corporate accounting standards generally accepted in Japan.

The basis for the audit opinion

The audit is based on the audit standards generally accepted in Japan. Our responsibility in the audit standards is stated in the section titled "Auditor's responsibility for audits of financial statements, etc." We are independent of the Company and perform other ethical responsibilities as an auditor according to the code of professional ethics in Japan. We think that it obtained sufficient and appropriate audit evidence serving as a basis for expressing the opinion.

Other information

Other information includes the business report and supplementary schedules. Management's responsibility is to prepare and disclose other information. The responsibility of the Audit and Supervisory Committee is to

supervise the execution of duties by the Directors in the establishment and operation of the reporting process for other information.

Other information is outside the range of the audit opinion on the financial statements, and we express no opinion on other information.

Our responsibility for auditing the financial statements is to read the other information and, in the process of reading, examine any material differences between the other information and the financial statements or knowledge that we obtained in the process of auditing. We should also pay attention to any signs of material errors in the other information other than the said material differences.

We are required to report material errors when it is determined that there are material errors in the other information based on the executed tasks.

There are no matters that we should report on the other information.

Responsibility of Management, Audit, and Supervisory Committee for financial statements, etc.

Management's responsibility is to prepare and appropriately present financial statements, etc., according to the corporate accounting standards generally accepted in Japan. This includes establishing and operating internal controls that Management thinks necessary to prepare and appropriately present the financial statements, etc., without material misstatements arising from fraud or errors.

In preparing the financial statements, etc., Management determines whether it is appropriate to prepare them on the going concern assumption and is responsible for disclosing matters related to the going concern according to the corporate accounting standards generally accepted in Japan if necessary.

The Audit and Supervisory Committee's responsibility is to monitor the Directors' execution of duties in establishing and operating the financial reporting process.

Auditor's responsibility for audits of financial statements etc.

The auditor's responsibility is to obtain reasonable guarantees on whether the financial statements, etc., generally include no material misstatements arising from fraud or errors and then independently express the opinion about the financial statements, etc., in the auditor's report based on the auditor's audit. Misstatements may arise from fraud or errors, and they are considered material when they are reasonably expected to individually or collectively have an effect on the decision-making of users of the financial statements, etc.

According to the audit standards generally accepted in Japan, the auditor makes the judgment as a professional expert through the audit process and performs the following by implementing due diligence as a professional expert:

- The auditor identifies and evaluates the risk of material misstatements arising from fraud or errors. The auditor makes and performs a plan for the audit procedure, responding to the risk of material misstatements. The audit procedure is selected and applied, based on the auditor's judgment. The auditor also obtains sufficient and appropriate audit evidence serving as the basis for expressing the opinion.
- The audit of financial statements, etc., is designed not to express an opinion about the effectiveness of internal controls, but the auditor examines internal controls related to the audit to plan for the appropriate audit procedure according to conditions when evaluating risk.
- The auditor evaluates the appropriateness of accounting policies adopted by the Management and the application methods, the rationality of accounting estimates made by the Management, and the reasonability of the related notes.
- The auditor concludes whether it is appropriate that the Management prepares financial statements, etc., based on the going concern assumption and whether there is significant uncertainty in events or situations casting significant doubt on the going concern assumption based on the obtained audit evidence. If there is significant uncertainty about the going concern assumption, the auditor is required to call attention to the notes to the financial statements, etc., in the auditor's report. If the notes to financial statements, etc., related to significant uncertainty are inappropriate, the auditor is required to express a modified opinion about the financial statements, etc. The auditor's conclusion is based on the audit evidence obtained as of the date of the auditor's report and does not take into account future events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

- The auditor determines whether presentations of and notes to the financial statements, etc., comply with the corporate accounting standards generally accepted in Japan and whether presentations, structures, and details of financial statements, including related notes, etc., appropriately present underlying transactions and accounting events.

The auditor reports to the Audit and Supervisory Committee the scope and timing of the planned audit, important findings in the audit, including significant defects of internal controls identified in the audit process, and other items required by the audit standards.

The auditor reports to the Audit and Supervisory Committee on the compliance with the code of professional ethics in Japan regarding independence, matters rationally considered to affect the auditor's independence, and details of the countermeasures taken to eliminate inhibition factors or the safeguards taken to reduce inhibition factors to an acceptable level, if any.

Interest

There are no conflicts of interest that are required to be disclosed between the Company and the audit firm or its engagement partners pursuant to the Certified Public Accountants Act.

End

Accounting Auditor's Audit Report (consolidated)

Independent auditor's audit report

May 14, 2025

ZOZO, Inc.

To: The Board of Directors

Deloitte Touche Tohmatsu LLC

Tokyo Office

Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Atsushi Numata
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Hisashi Okuda

Audit Opinion

We have audited the consolidated financial statements, which consist of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in net assets, and notes to the consolidated financial statements for the consolidated fiscal year from April 1, 2024 to March 31, 2025 of ZOZO, Inc. according to provisions of the Article 444, Paragraph 4 of the Companies Act.

We think that the above consolidated financial statements appropriately present financial positions and profit or loss for the relevant consolidated period of the corporate group consisting of ZOZO, Inc. and its consolidated subsidiaries in all significant respects according to the corporate accounting standards generally accepted in Japan.

The basis for the audit opinion

The audit is based on the audit standards generally accepted in Japan. Our responsibility in the audit standards is stated in the section titled "Auditor's responsibility for audits of consolidated financial statements. We are independent of the Company and consolidated subsidiaries and performs other ethical responsibilities as an auditor according to the code of professional ethics in Japan. We think that it obtained sufficient and appropriate audit evidence serving as a basis for expressing the opinion.

Other information

Other information includes the business report and supplementary schedules. Management is responsible for preparing and disclosing other information. The Audit and Supervisory Committee is responsible for supervising the Directors' execution of duties in establishing and operating the reporting process for other information. Other information is outside the range of the audit opinion on the consolidated financial statements, and we express no opinion on other information.

Our responsibility for the auditing of the consolidated financial statements is to read the other information and, in the process of reading, examine any material differences between the other information and the consolidated financial statements or knowledge that we obtained in the process of auditing, as well as to pay attention to any signs of material errors in the other information other than the said material differences.

We are required to report material errors when it is determined that there are material errors in the other information based on the executed tasks.

There are no matters that we should report on the other information.

Responsibility of Management, and Audit and Supervisory Committee for consolidated financial statements
The Management's responsibility is to prepare and appropriately present consolidated financial statements according to the corporate accounting standards generally accepted in Japan. This includes the establishment and operation of internal controls the Management thinks necessary to prepare and appropriately present the consolidated financial statements without material misstatements arising from fraud or errors.

In preparing the consolidated financial statements, the Management determines whether it is appropriate to prepare the consolidated financial statements based on the going concern assumption and is responsible for disclosing matters related to the going concern according to the corporate accounting standards generally accepted in Japan if necessary.

The Audit and Supervisory Committee's responsibility is to monitor the Directors' execution of duties in establishing and operating the financial reporting process.

Auditor's responsibility for audits of consolidated financial statements

The auditor's responsibility is to obtain a reasonable guarantee on whether the consolidated financial statements generally include no material misstatements arising from fraud or errors and then independently express the opinion about the consolidated financial statements in the auditor's report based on the auditor's audit. Misstatements may arise from fraud or errors, and they are considered material when they are reasonably expected to individually or collectively have an effect on the decision-making of users of the consolidated financial statements.

According to the audit standards generally accepted in Japan, the auditor makes the judgment as a professional expert through the audit process and performs the following by implementing due diligence as a professional expert:

- The auditor identifies and evaluates the risk of material misstatements arising from fraud or errors. The auditor makes and performs a plan for the audit procedure responding to the risk of material misstatements. The audit procedure is selected and applied, based on the auditor's judgment. The auditor also obtains sufficient and appropriate audit evidence serving as the basis for expressing the opinion.
- The audit of the consolidated financial statements is designed not to express an opinion about the effectiveness of internal controls, but the auditor examines internal controls related to the audit to plan for the appropriate audit procedure according to conditions when evaluating risk.
- The auditor evaluates the appropriateness of accounting policies adopted by the Management and the application methods, the rationality of accounting estimates made by the Management, and the reasonability of the related notes.
- The auditor concludes whether it is appropriate that the Management prepares the consolidated financial statements based on the going concern assumption and whether there is significant uncertainty in events or situations casting significant doubt on the going concern assumption based on the obtained audit evidence. If there is significant uncertainty about the going concern assumption, the auditor is required to call attention to the notes to the consolidated financial statements in the auditor's report. If the notes to the consolidated financial statements related to significant uncertainty are inappropriate, the auditor is required

- to express a modified opinion about the consolidated financial statements. The auditor's conclusion is based on the audit evidence obtained as of the date of the auditor's report and does not take into account future events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.
- The auditor determines whether presentations of and notes to the consolidated financial statements comply with the corporate accounting standards generally accepted in Japan and whether presentations, structures, and details of the consolidated financial statements, including related notes, etc., appropriately present underlying transactions and accounting events.
 - The auditor plans and performs the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries, which serves as the basis for expressing an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and reviewing the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion. The auditor reports to the Audit and Supervisory Committee the scope and timing of the planned audit, important findings in the audit, including significant defects of internal controls identified in the audit process, and other items required by the audit standards.

The auditor reports to the Audit and Supervisory Committee the compliance with the code of professional ethics in Japan on independence, matters rationally considered to have an effect on the independence of the auditor, and the details of the countermeasures taken to eliminate inhibition factors or the safeguards taken to reduce inhibition factors to an acceptable level if any.

Interest

There are no conflicts of interest that are required to be disclosed between the Company and the audit firm or its engagement partners pursuant to the Certified Public Accountants Act.

End

Audit and Supervisory Committee Audit Report

Audit Report

Audit and Supervisory Committee conducted an audit regarding the performance of duties of Directors during the 27th fiscal year from April 1, 2024 to March 31, 2025. The method and results are reported below.

1. Method and details of auditing

As for the system established according to the provisions of a resolution adopted by the Board of Directors regarding matters stated in Article 399-13, Paragraph 1, Item 1, b and c, and the relevant resolution (internal control system), the Audit and Supervisory Committee periodically received reports about the implementation and operation of the relevant system from Directors and employees and asked them to give explanations and expressed opinions as needed. In addition, the committee conducted the audit using the following methods.

(1) The Audit and Supervisory Committee Members attended important meetings according to audit policies and the assignment of duties determined by the committee and, in cooperation with the Internal Audit Office of the Company, received reports about matters related to the execution of duties from Directors and employees, asked them to give explanations, viewed important approved documents, and investigated operations and property in the headquarters and major business sites. The members also communicated with and exchanged opinions with Directors and Audit and Supervisory Board Members of important subsidiaries as needed and received reports about businesses from the subsidiaries.

(2) With respect to the matters considered as required under Article 118, Item 5 (a) of the Ordinance for Enforcement of the Companies Act and the judgments and the reasons therefor as stated in (b) of the same item, we reviewed the content based on deliberations at meetings of the Board of Directors and other relevant bodies.

(3) We monitored and verified whether the Accounting Auditor maintained its independence and properly performed its audit, received reports from the Auditor on the status of its duties, and requested explanations as necessary. We also received notification from the Auditor that it has established a system to ensure proper execution of its duties (as stipulated in each item of Article 131 of the Regulation on Corporate Accounting) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council), and requested explanations as necessary.

Based on the above methods, the Audit and Supervisory Committee Members examined the business report and accompanying detailed statements, financial statements (balance sheet, income statement, statement of changes in net assets, and individual notes) for this fiscal year as well as the supplementary schedules and the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in net assets, and consolidated individual notes).

2. Results of Audit

(1) Results of an audit of business report etc.

①The content of the business report and its supplementary schedules presents the position of the Company fairly pursuant to laws and regulations and the Articles of Incorporation.

②With regard to the performance of duties of Directors, no improper conduct or material breach of laws, regulations or the Articles of Incorporation has been identified.

③The details of resolutions approved by the Board of Directors concerning the internal controls system are appropriate. In addition, no matters that require comment have been identified regarding the details in the business report or the performance of duties of Directors regarding the internal controls system.

④As for matters given attention to for preventing harm to the interests of the Company in making transactions with the parent company as stated in the business report and determinations and their reasons of the Board of Directors regarding whether the relevant transactions harm the interests of the Company, there were no matters to be indicated.

(2) Results of an audit of financial statements and attached detailed statements

The method of audit adopted by the certified public accountant Deloitte Touche Tohmatsu LLC and the results of its audit are considered appropriate.

(3) Results of an audit of consolidated financial statements

The method of audit adopted by the certified public accountant Deloitte Touche Tohmatsu LLC and the results of its audit are considered appropriate.

May 16, 2025

ZOZO, Inc. Audit and Supervisory Committee

Audit and Supervisory Committee member Hiroko Igarashi

Audit and Supervisory Committee member Junko Utsunomiya

Audit and Supervisory Committee member Kumiko Nishiyama

(Note)

The Audit and Supervisory Committee Members, Ms. Hiroko Igarashi, Ms. Junko Utsunomiya, and Ms. Kumiko Nishiyama, are Outside Directors stipulated in Article 2, Paragraph 15, and Article 331, Paragraph 6, of the Companies Act.

DISCLAIMER:

This document is a summary translation of the Japanese version. All readers are recommended to refer to the original Japanese version for complete information. The Japanese version shall prevail in case of any discrepancy, errors, and/or omissions.

ZOZOTOWN is celebrating its 20th anniversary this year—an important milestone made possible thanks to all of you.

**Twenty years ago, we were still small and inexperienced.
But through our encounters with you, we shared joyful
moments and created countless memories together.**

**There were times when we fell short of expectations and may have caused disappointment.
Even so, thanks to the support and encouragement we received,
we've been able to grow into who we are today.**

**We want to continue walking alongside you.
We hope to bring even more smiles to your lives in the future,
and we aspire to always be a presence close to your heart.**

**Thank you once again for these incredible 20 years.
We truly appreciate your continued support in the years to come.**



Inspire the world.
Deliver joy every day.



ZOZO