

Dear Shareholders,

1-15-16 Midori-cho, Inage-ku, Chiba-shi, Chiba

ZOZO, Inc.

Representative Director,
President & CEO

Kotaro Sawada

Notice of Convocation of the 24th Ordinary General Meeting of Shareholders

Thank you very much for your continued support.

We are pleased to announce that we will hold the 24th Ordinary General Meeting of Shareholders as follows.

From the perspective of preventing the spread of the COVID-19 and ensuring the safety of the General Meeting of Shareholders, the Company asks shareholders to exercise their voting rights in writing or online as much as possible in advance and avoid visiting the venue for the General Meeting of Shareholders on the day regardless of their health.

Please review reference materials for the Ordinary General Meeting of Shareholders described below and exercise your voting rights by 5:00 p.m. JST on Monday, June 27, 2022, by mail or via the Internet (in case of mail, it must arrive by the same date and time described above).

Yours sincerely,

Content

1. Date and time 1:00 p.m. JST, Tuesday, June 28, 2022
2. Location Tokyo Bay Makuhari Hall 2nd Floor
2-3 Hibino, Mihama-ku, Chiba
APA Hotel & Resort Tokyo Bay Makuhari
3. Purpose

- Reporting matters
1. 24th Term (from April 1, 2021, to March 31, 2022) contents of 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 Board
 2. Report of the 24th term (from April 1, 2021, to March 31, 2022) financial statements

Resolution matters

- | | |
|--------------|---|
| Agenda No.1 | Distribution of surplus |
| Agenda No. 2 | Partial Amendments to the Articles of Incorporation |

End

-
- ※If you attend the meeting, please submit the Voting Rights Exercise Form at the reception desk.
- ※The following documents are posted on our website (<https://corp.zozo.com/en/ir-info/>) in accordance with laws and regulations and Article 17 of the Company's Articles of Incorporation. It is not listed in the attached document of this notice.
- ① Statement of changes in shareholders' equity
 - ② Notes to the financial statements
 - ③ Consolidated statements of changes in shareholders' equity
 - ④ Notes to the consolidated financial statements
- Accordingly, the attached documents of this convocation notice are part of the consolidated financial statements and the financial statements audited by Audit and Supervisory Board members and the Accounting Auditor in preparing the audit report and the Accounting Auditor's report.
- ※Any adjustments to reference materials for the General Meeting of Shareholders, business reports, financial statements and consolidated financial statements will be posted on our website (<https://corp.zozo.com/en/ir-info/>).

Countermeasures for the prevention of the COVID-19

- ※In order to achieve minimized operations, we will discontinue giving souvenirs for shareholders as last year.
Thank you for your understanding.
- ※Prior to the reception, we will check the temperature of the shareholders. Shareholders who are judged to be in poor health by the staff may decline to enter the venue.
- ※Shareholders scheduled to attend this meeting are asked to bring their surgical masks. Also, please wear mask at the venue.
- ※Staff members of the General Meeting of Shareholders will check their physical condition, including temperature check, and wearing masks.
- ※For the purpose of reducing the risk of spread of the disease and maintaining the company's business, our only a few executives may attend at the venue or attend via online, regardless of their health status on the day of the General Meeting of Shareholders.
- ※Depending on the situation of the spread of the COVID-19, the venue and start time may inevitably change. If that happens, we will post it on our website (<https://corp.zozo.com/en/ir-info/>). Shareholders are asked to check our website in advance, even if you attend the meeting on the day.
- ※The number of seats is largely reduced from the previous year, due to maintain the sufficient gap between seats for shareholders. Please be aware in advance that we may decline entry if the seats are full.
- ※The ordinary General Meeting of Shareholders will be broadcast live on the Internet for shareholders to view from their homes or other locations. For more details, please refer to the attached sheet.

Guidance on the exercise of voting rights



When attending the General Meeting of Shareholders

* If you are attending on the day, please submit the Voting Rights Exercise Form enclosed at the reception desk.

Date of the General Meeting of Shareholders

Tuesday, June 28, 2022
1:00 p.m. JST



When exercising your voting rights by mail

Please indicate the pros and cons of the agenda on the enclosed voting form and submit it without putting a stamp.

Voting Deadline

Monday, June 27, 2022
Until arriving 5:00 p.m. JST



When exercising your voting rights by the Internet

Please visit the website for exercising voting rights (<https://www.web54.net>), use the "Voting Right Exercise Code" and "Password" written on the enclosed Voting Rights Exercise Form to input your pros and cons of the agenda.

Voting Deadline

Monday, June 27, 2022
Until 5:00 p.m. JST

Please refer to the next page for detail

* If you have exercised your voting rights more than once, we will treat the exercise that arrived at our company last as valid exercise of voting rights. Also, if the exercise of voting rights via the Internet etc., and it via mail arrive on the same day, we will treat the one via the Internet etc. as valid exercise of voting rights.

Matters concerning the exercise of voting rights by proxy

If you cannot attend on the day, you can exercise your voting rights by proxying one other shareholder with voting rights. However, please be aware that it is necessary to submit the power of attorney for this General Meeting of Shareholders and the form for the exercise of voting rights of each of the shareholders themselves and the representative shareholders.

Notification method of disparate exercise of voting rights

About a shareholder who exercises without voting rights unfairly (limited to the stockholders who own shares for the sake of others), three days before the day of the General Meeting of Shareholders, please inform us in writing that you will exercise the voting rights you possess without unity and the reason.

Guidance on the exercise of voting rights by the Internet etc.

How to read the QR code "Smart Exercise"

You can log in to the voting website without entering a voting right exercise code and password.

- 1 Please read the QR code on the lower right of the Voting Rights Exercise Form.



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

- 2 Please follow the instructions on the screen and enter your approval or rejection.




The exercise of voting rights in "Smart Exercise" is valid only once.

If you wish to change your exercise after voting, access the site for PC, enter the "Voting Right Exercise Code" and "Password" described in the voting form and login, and exercise your voting rights again.

* If you read the QR code again, you can transition to the site for PC.

If you do not know how to operate a computer etc. regarding exercise of voting rights on this site, please contact the following:

Sumitomo Mitsui Trust Bank,
Limited. Securities Agent Web
Support Dedicated Dial

 0120-652-031

(9:00 a.m. JST to 9:00 p.m. JST)

How to enter voting right exercise code/password

Voting right exercise website: <https://www.web54.net>



- 1 Please access the website for exercising voting rights



Click
"Continue"

- 2 Please enter the "Voting Right Exercise Code" described in the voting right exercise form.



Enter "Voting
Right Exercise
Code"

Click "Login"

- 3 Please enter the "Password" described in the voting right exercise form.



Enter
"Password"

Click
"Continue"

- 4 Please follow the instructions on the screen and enter your approval or rejection.

To Institutional Investors

In addition to the exercise of voting rights via the Internet etc. mentioned above, only if you apply in advance, you can use the electronic voting platform operated by ICJ, Inc.

Reference Materials for Ordinary General Meeting of Shareholders

Proposed agendas and reference materials

Agenda No.1 Distribution of surplus

Year-end dividends for the 24th fiscal term will be as follows, taking into account the business results for the current fiscal year, future business development, and the status of retained earnings.

Year-end dividends

① Allocation of financial assets to shareholders, and total amount thereof:
36 yen per share for the Company's ordinary stock
Total Amount: 10,792,937,448 yen

② Effective date of dividends
June 29, 2022

Agenda No.2 Partial Amendments to the Articles of Incorporation

1. Reasons for amendments of the articles of incorporation

Partial amendments to these articles of incorporation are made for the following reasons. A resolution regarding the proposal shall become effective at the end of the General Meeting of Shareholders.

- A) Regarding Article 2 (Purpose) of the Articles of Incorporation, to respond flexibly to businesses that the Company may start in the future, descriptions of the content of business are organized, some of the content has been deleted, and the order of each item for business purposes has been reorganized and changed.
- B) Regarding Article 11 of the Articles of Incorporation (Convocation of Shareholders' Meetings), due to "The Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts" enforced on June 16, 2021, listed companies are allowed to hold general meetings of shareholders with no fixed place (general meetings of shareholders attended by Directors and shareholders using the Internet and other means without a physical venue) under certain conditions. The Company will make changes by expanding the ways to convene shareholders meetings, in response to the enforcement of the Acts, believing that the expansion will align with the interests of our shareholders, in consideration of large-scale disasters including infectious diseases and natural disasters, as well as the further digitization of the society.
- C) Regarding Article 17 of the Articles of Incorporation (Electronic Provision Measures for Reference Documents of Shareholders Meeting), the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No. 70 of 2019) will be enforced on September 1, 2022. In accordance with the enforcement, the Company makes a provision that the electronic provision measures shall be taken with respect to information of reference documents for shareholders' meetings, etc., and to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested.

In addition, as the provision of deemed disclosure of the current reference documents for shareholders' meetings is no longer required, the Company shall delete the provision and establish supplementary provisions concerning the effective date etc.

2. Amendments to the Articles of Incorporation
 Details of the changes are as follows.

(Underlines indicate where changes have been made)

Current Articles of Incorporation	Proposed change
(Purpose) Article 2 1. Planning, production, sales, manufacture, creation and export/import, and licensing (1) Apparel, sport goods, medical supplies and general merchandise (2) Video and audio software such as CDs, DVDs and videos (3) Character merchandise (4) Electronic and measuring equipment 2. E-commerce sales operations via the Internet, digital broadcasting, etc. 3. Outsourcing of the opening, operation and consignment of operation of shopping malls on the Internet 4. Opening of Internet auction 5. Content distribution via the Internet 6. Production, operation, maintenance, management, and consulting of Internet websites 7. Design, development, and operation of merchandise inventory management, customer management, and order management systems utilizing the Internet and other networks, as well as consulting services and the leasing of systems 8. Collection, analysis, production and sales of various types of information and data 9. Planning, design, construction, and management of interior, exterior, and equipment for various stores, offices, and residences 10. Operation and management of restaurants, stores, accommodations, parking and sports facilities, recreational facilities, and cultural facilities 11. Interior coordination business 12. Trading and consignment sales of used goods 13. Consignment of storage, management, shipment, and delivery of products 14. Advertising 15. Planning and drafting of sales promotion 16. Store design consultancy 17. Management consulting services 18. Credit card business 19. Finance 20. Planning and production of events 21. Fostering, management, portrait rights management and promotional activities for celebrities and sports players 22. Inviting foreign celebrities and athletes 23. Entertainment in sports and other cultural activities 24. Publishers 25. Any and all business incidental to each of the above items	(Purpose) Article 2 <u>1. Business related to fashion and fashion tech</u> <u>2. Internet-based e-commerce business</u> <u>3. Businesses related to information processing, information and communications, and technology development</u> <u>4. Businesses related to the operation of various facilities and equipment</u> <u>5. Events and sports businesses</u> <u>6. Publishing business</u> <u>7. Operations with respect to advertising and marketing</u> <u>8. Businesses related to the construction, maintenance, and operation of websites</u> <u>9. Deliveries using transportations</u> <u>10. Warehousing business</u> <u>11. Secondhand merchandise sales based on the secondhand merchandise sales law</u> <u>12. Manufacture and sale of cosmetics, pharmaceuticals, medical devices and quasi-drugs</u> <u>13. Sales of alcoholic beverages, food and beverages</u> <u>14. Charged employment placement businesses and worker dispatching businesses</u> <u>15. Issuance and sale of credit card-related operations and prepaid vouchers (gift cards and gift certificates, etc.)</u> <u>16. Finance</u> <u>17. Any and all businesses incidental or related to the preceding items.</u>

Current Articles of Incorporation	Proposed change
<p>(Convocation of Shareholders Meetings) Article 11</p> <p style="text-align: center;">(Articles omitted) (Newly established)</p> <p>(Deemed Provision of Reference Documents for Shareholders Meetings, etc. for Internet Disclosure) Article 17</p> <p>The Company may deem that, at the time of the convocation of the general meeting of shareholders, the Company has provided the shareholders with information on matters to be stated or indicated in the reference documents for general meeting of shareholders, business reports, financial statements, and consolidated financial statements through disclosure via the Internet in accordance with the provisions of the applicable Ordinance of the Ministry of Justice.</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">(As at present)</p> <p><u>2. The general meeting of shareholders of the Company may be a general meeting of shareholders with no fixed place.</u></p> <p style="text-align: center;">(Deleted)</p> <p>(Electronic Provision Measures for Reference Documents of Shareholders Meeting) Article 17</p> <p>The Company shall, at the time of convening a general meeting of shareholders, take electronic measures for the information contained in the reference documents for general meeting of shareholders, etc.</p> <p><u>2. The Company shall not be required to describe all or part of the matters for electronic provision as prescribed by the applicable Ordinance of the Ministry of Justice in the document to be delivered to the shareholder who has requested the delivery of the document.</u></p> <p>(Supplementary Provisions) <u>The deletion of the provisions of Article 17 of the Articles of Incorporation before the amendment and the establishment of the new provisions of Article 17 of the Articles of Incorporation, after the amendment shall become effective as from the effective date (hereinafter referred to as the "Effective Date") stipulated in the proviso of Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No. 70 of 2019).</u></p> <p><u>2. It shall have the following provisions from the Effective Date. This provision shall remain in force until the later of 6 months from the date of enforcement or 3 months from the date of the last general meeting of shareholders held within 6 months from the Effective Date, whichever comes later. The Company may deem that, at the time of the convocation of the general meeting of shareholders, the Company has provided the shareholders with information on matters to be stated or indicated in the reference documents for general meeting of shareholders, business reports, financial statements, and consolidated financial statements through disclosure via the Internet in accordance with the provisions of the</u></p>

Current Articles of Incorporation	Proposed change
	<p data-bbox="840 160 1226 182"><u>applicable Ordinance of the Ministry of Justice.</u></p> <p data-bbox="813 185 1369 231"><u>3. This article shall be deleted as of the later of the date specified in the preceding paragraph.</u></p>

3. Schedule
Date of the Ordinary General Meeting of Shareholders to amend the Articles of Incorporation: June 28, 2022 (scheduled)
Effective date of amendments to Articles of Incorporation: June 28, 2022 (scheduled)

Business Report for the 24th Fiscal Year

From April 1, 2021 to March 31, 2022

1. Matters concerning the current status of the corporate group

(1) Progress of business operation and its results

[Table 1] YoY comparison

(Unit: Million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)		Current consolidated fiscal year (April 1, 2021 to March 31, 2022)		YoY basis
Gross merchandise value	419,438	(102.9%)	508,876	(110.1%)	21.3%
Gross merchandise value (excluding other GMV)	407,774	(100.0%)	462,175	(100.0%)	13.3%
Net sales	147,402	(36.1%)	166,199	(36.0%)	12.8%
Gross profit	140,033	(34.3%)	156,172	(33.8%)	11.5%
Operating profit	44,144	(10.8%)	49,656	(10.7%)	12.5%
Ordinary profit	44,386	(10.9%)	49,655	(10.7%)	11.9%
Profit attributable to owners of parent	30,932	(7.6%)	34,492	(7.5%)	11.5%

Figures 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: Japan's largest fashion eCommerce website ZOZOTOWN and a fashion media WEAR.

During the current consolidated fiscal year, it was challenging for the apparel industry under the continuous expansion of COVID-19. Under this circumstance, our group has been focusing even stronger on creating ZOZOTOWN more attractive to both users and brands with the aim 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 sales events "ZOZOWEEK" (10 days in total from May 14 to 23, 2021, 10 days in total from September 15 to 20 and 23 to 26, 17 days in total from November 5 to 14 and 17 to 23) and broadcasted TV commercials to attract customers in the period of summer and winter sales. In addition, we continued to proactively welcome new brands in a wide range of genres to meet diversifying needs of users.

In order to strengthen a specific category, we are expanding the merchandise value of the shoe category in ZOZOTOWN with "ZOZOMAT". Of the shoes available in ZOZOTOWN at present, the number of shoes covered by ZOZOMAT exceeds 4,581 styles, and sales in the shoe category are growing steadily. In addition, on March 18, 2021, we renewed ZOZOTOWN; launched ZOZOCOSME to strengthen the cosmetics category, and ZOZOVILLA, which

offers a lineup of domestic and overseas luxury brands. ZOZOCOSME handles more than 600 cosmetics brands, both domestic and overseas brands as of the end of March 2022, with a female active member ratio of over 70%. It aims to expand the merchandise value of the cosmetics category in ZOZOTOWN. Furthermore, we have implemented a purchase assist function that recommends the best foundation and concealer color closest to the measured skin color using "ZOZOGLASS", a device that can measure skin color with high precision. This enables users to have new purchasing experiences. ZOZOVILLA is a luxury and designer brands zone in ZOZOTOWN, with more than 120 domestic and overseas luxury brands. As we have grown together with fashion ever since our foundation, we have again started the zone with a strong mind to provide opportunities for "fashion-lovers". We are expecting an improvement in branding as ZOZOTOWN through the operation of ZOZOVILLA.

Sales of ZOZOTOWN PayPay Mall Shop have been growing steadily due to the good retention rate of new customers acquired through the large-scale "Super PayPay Festival" and other measures implemented in the second half of the previous consolidated fiscal year, as well as the continuous and active deploy of promotional expenses by Yahoo Japan Corporation which operates PayPay Mall in the current consolidated fiscal year. Also, "Summer PayPay Festival" (25 days in total from July 1 to 25, 2021) and "Super PayPay Festival" (42 days in total from October 18 to November 28, and 56 days in total from February 1 to March 28) were implemented in the current consolidated fiscal year.

Regarding BtoB business, brands are actively continuing to enhance their own eCommerce websites, due to the impact of COVID-19.

Consequently, the gross merchandise value in the current consolidated fiscal year was 508,876 million yen (+21.3% YoY), and the gross merchandise value (excluding other GMV) was 462,175 million yen (+13.3% YoY). Net sales were 166,199 million yen (+12.8% YoY), and gross profit was 156,172 million yen (+11.5% YoY). The ratio of gross profit to the gross merchandise value (excluding other GMV) (gross profit margin) was 33.8%, a decrease of 0.5% point 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 Outright purchase/production & sales, USED sales, and advertising business. From the beginning of the current consolidated fiscal year, we adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "New Accounting Standard") etc. For details, please refer to 3. Consolidated financial statements (5) Notes on consolidated financial statements (Changes in accounting policies).

The main factor behind the decline in gross profit margin was, although there was an increase in growth of the advertising business and improvement of gross profit margin by reducing the cost ratio of USED sales, the negative impact of the New Accounting Standard which exceeded the increasing factors.

Selling, general and administrative expenses were 106,516 million yen (+11.1% YoY). Its ratio to the gross merchandise value (excluding other GMV) was 23.0%, a decrease of 0.5% points compared with the previous fiscal year. The main reasons for the decline in the SG&A-to-GMV ratio on a YoY basis are as follows. All the percentages to the gross merchandise value are calculated by dividing SG&A expenses by the gross merchandise value (excluding other GMV):

Improving factors

1. Promotion-related expenses to the gross merchandise value declined by 0.5% points, from the change in accounting treatment following the adoption of the New Accounting Standard etc. (point-related expenses that were recorded in selling, general and administrative expenses in the previous fiscal year are recorded in the sales item).
2. Logistics-related expenses in personnel expenses to the gross merchandise value declined by 0.3% points, from operation efficiency improvement inside logistics bases.
3. Payment collection commission to the gross merchandise value declined by 0.3% points, from the better economic contract terms due to the change of payment collection agency for credit card payments.
4. Other expenses to the gross merchandise value declined by 0.2% points, from a change in packaging materials (consumables), etc.

Worsening factors

1. Advertising expenses to the gross merchandise value rose by 0.6% points, from the active measures to attract customers, such as TV commercials, online advertisement, and the free distribution of ZOZOGLASS.

Consequently, the operating profit of the current consolidated fiscal year was 49,656 million yen (+12.5% YoY) and the operating profit margin was 10.7% toward the gross merchandise value (excluding other GMV), a decrease of 0.1% points compared with the previous year. Ordinary profit was 49,655 million yen (+11.9% YoY) and net profit attributable to owners of parent was 34,492 million yen (+11.5% YoY). In the current consolidated fiscal year, we decided to withdraw from ZOZOTOWN business in China, where the company was offering cross-border eCommerce services, as a result of a business review. Accordingly, we recorded 81 million yen as an impairment loss on non-current assets and 218 million yen as a loss on business liquidation.

[Table2] Comparison with the initial forecast

(Unit: Million yen)

	Current consolidated fiscal year (Initial forecast)		Current consolidated fiscal year (Results)		Comparison to the initial forecast
Gross merchandise value	472,800	(105.0%)	508,876	(110.1%)	7.6%
Gross merchandise value (excluding other GMV)	450,400	(100.0%)	462,175	(100.0%)	2.6%
Net sales	162,600	(36.1%)	166,199	(36.0%)	2.2%
Operating profit	47,800	(10.6%)	49,656	(10.7%)	3.9%
Ordinary profit	47,800	(10.6%)	49,655	(10.7%)	3.9%
Profit attributable to owners of parent	33,300	(7.4%)	34,492	(7.5%)	3.6%

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

Compared to the initial consolidated business forecast disclosed on April 27, 2021, the gross merchandise value, the gross merchandise value (excluding other GMV), net sales exceeded the plan by 7.6%, 2.6%, and 2.2%, respectively.

The major factor was that the brands continued to participate in promotions as well as send us inventories proactively, and active measures to attract and promote customers helped boost the number of new members acquired, the traffic, and buyers.

In line with the achievement of the initial plan for the gross merchandise value and sales, operating income, ordinary income, and profit attributable to owners of parent exceeded the plan by 3.9%, 3.9%, and 3.6%, respectively.

Since our group is a single segment of the eCommerce 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, 2020 to March 31, 2021)			Current consolidated fiscal year (April 1, 2021 to March 31, 2022)			Merchandise Value YoY (%)	Net sales YoY (%)
	Merchandise value (Million yen)	Composition (%)	Net sales (Million yen)	Merchandise Value (Million yen)	Composition (%)	Net sales (Million yen)		
ZOZOTOWN Business	357,211	85.2	114,292	391,647	77.0	122,976	9.6	7.6
(Outright purchase/ production & sales)	1,758	0.4	1,757	3,233	0.6	3,175	83.9	80.7
(Consignment Sales)	343,828	82.0	100,970	374,966	73.8	106,591	9.1	5.6
(USED Sales)	11,625	2.8	11,564	13,448	2.6	13,209	15.7	14.2
PayPay Mall	28,199	6.7	8,218	43,844	8.6	12,769	55.5	55.4
BtoB business	22,362	5.3	4,264	26,682	5.2	4,945	19.3	16.0
Advertising business	-	-	4,121	-	-	6,301	-	52.9
Subtotal excluding Others	407,774	97.2	130,896	462,175	90.8	146,993	13.3	12.3
Others	11,664	2.8	16,506	46,701	9.2	19,206	300.4	16.4
Total	419,438	100.0	147,402	508,876	100.0	166,199	21.3	12.8

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

① ZOZOTOWN Business

The ZOZOTOWN Business consists of three business forms: Outright purchase/production & sales, Consignment sales, and USED sales. "Outright purchase/production & sales" purchases fashion merchandise from each brand and sell them as in-house inventory with the inventory risk. This corresponds to the form of purchasing fashion merchandise from each brand and the form of ordering merchandise by our group, such as MSP (Multi-Size Platform). "Consignment sales" handles consignment inventory of merchandise from each brand and sell them on a consignment basis. "USED sales" mainly buys and sells used fashion-related merchandise from individual users and is positioned as a value-added service to promote the purchase of new products.

We recognize that increasing the number of buyers and the rate of ZOZOTOWN use in fashion consumption are the key factors in achieving sustainable growth. To realize this, we are working to create the websites that are attractive to both users and brands.

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

(The number of shops, etc.)

[Table 4] Changes in 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	1,348	1,404	1,433	1,468	1,488	1,502	1,516	1,510
Outright purchase/production & sales (Note) 2	5	5	6	18	20	24	24	24
Consignment sales	1,343	1,399	1,427	1,450	1,468	1,478	1,492	1,486
Number of brands (Note) 1,2	7,989	7,953	8,109	8,227	8,490	8,451	8,481	8,433

(NOTE)

1. Figures are as of the end of quarter accounting period.

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

The number of new shops opened in the current consolidated fiscal year was 127 (net increase of 42 shops). The number of shops opened in the fourth quarter consolidated accounting period was 23. The major new stores are "GIVENCHY BEAUTY," a well-known luxury cosmetics brand, "THREE," which handles many items that are made mainly from natural ingredients and domestically produced raw materials, "VT COSMETICS," a Korean brand whose skincare items are popular, and "COMME des GARCONS HOMME," whose designs are advanced and strong, unaffected by the trends of the times.

(Number of annual buyers)

[Table 5] Changes in 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) 2	8,662,560	8,805,155	9,139,796	9,485,669	9,730,162	9,890,784	10,103,351	10,418,331
(YoY)	540,897	578,767	983,540	1,212,066	1,067,602	1,085,629	963,555	932,662
(QoQ)	388,957	142,595	334,641	345,873	244,493	160,622	212,567	314,980
Number of active members (Note) 3	7,223,753	7,434,529	7,773,940	8,137,729	8,367,073	8,507,997	8,711,879	9,043,194
(YoY)	666,609	685,517	973,505	1,298,063	1,143,320	1,073,468	937,939	905,465
(QoQ)	384,087	210,776	339,411	363,789	229,344	140,924	203,882	331,315
Number of guest buyers (Note)	1,438,807	1,370,626	1,365,856	1,347,940	1,363,089	1,382,787	1,391,472	1,375,137
(YoY)	-125,712	-106,750	10,035	-85,997	-75,718	12,161	25,616	27,197
(QoQ)	4,870	-68,181	-4,770	-17,916	15,149	19,698	8,685	-16,335

(NOTE)

1. The calculating period is the most recent one-year period prior to the end of the accounting periods.

2. Numbers of annual buyers are sum of active members and guest buyers who purchased more than once within the past year from each quarter.
3. Numbers of active members are members who purchased more than once within the past year from each quarter.
4. Buyers of "PayPay Mall" are not included.

In the fourth quarter consolidated accounting period of the current fiscal year, the number of annual buyers increased as a result of an increase in the number of active members in both YoY and QoQ. The steady growth in the number of active members was attributable to the retention of new members acquired in the previous fiscal year. Furthermore, the acquisition was boosted by strengthening customer attraction through broadcasting TV commercials and online advertisement in "ZOZOWEEK" held in May, September, November 2021, the summer sales in June 2021, and the winter sales in January 2022.

(Annual purchase amount and annual purchase pieces)

[Table 6] Changes in 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	45,128	44,341	43,809	42,845	42,363	42,343	42,549	42,403
(YoY)	-3.8%	-6.7%	-8.0%	-7.9%	-6.1%	-4.5%	-2.9%	-1.0%
(QoQ)	-3.0%	-1.7%	-1.2%	-2.2%	-1.1%	-0.0%	0.5%	-0.3%
Annual purchase pieces (Total) (Note) 1, 2, 3	11.8	11.8	11.7	11.6	11.4	11.5	11.6	11.6
(YoY)	4.9%	1.4%	0.1%	-1.8%	-3.6%	-2.0%	-0.7%	0.1%
(QoQ)	0.4%	-0.6%	-0.5%	-1.2%	-1.3%	1.0%	0.9%	-0.4%
Annual purchase amount (Existing members) (Note) 1, 2, 3, 4	52,175	51,523	51,066	50,139	49,257	49,037	49,064	49,254
(YoY)	-5.2%	-5.9%	-5.6%	-5.4%	-5.6%	-4.8%	-3.9%	-1.8%
(QoQ)	-1.6%	-1.2%	-0.9%	-1.8%	-1.8%	-0.4%	0.1%	0.4%
Annual purchase pieces (Existing members) (Note) 1, 2, 3	13.6	13.6	13.6	13.5	13.2	13.3	13.4	13.4
(YoY)	2.4%	1.5%	2.1%	1.0%	-2.8%	-2.2%	-1.7%	-0.7%
(QoQ)	1.6%	-0.3%	0.3%	-0.7%	-2.2%	0.3%	0.8%	0.4%

(NOTE)

1. The calculating period is the most recent one-year before the end of the accounting periods.
2. Indexes for each active member.
3. Buyers of "PayPay Mall" are not included.
4. The amounts are in yen.

During the fourth quarter consolidated accounting period of the current fiscal year, the annual purchase amount (total) decreased in both YoY and QoQ. This was due to an increase in the composition of active members with short membership history among all members as a result of the steady acquisition of new members after the expansion

of COVID-19. The annual purchase amount for existing members also decreased in YoY. This was due to an increase of the composition of the active members with short membership as described above (annual purchase amount and annual purchase pieces tend to increase according to the length of membership). There is not a big change in annual purchase pieces for all the members and existing members

(Average retail price etc.)

[Table 7] Changes in average retail price, average order value 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	3,443	3,381	4,301	3,748	3,490	3,264	4,167	3,752
(YoY)	-11.8%	-3.8%	-4.5%	-4.1%	1.4%	-3.5%	-3.1%	0.1%
Average order value (Note) 1, 2, 3	7,409	7,370	8,516	7,991	7,501	7,346	8,592	7,974
(YoY)	-11.7%	-2.1%	-5.1%	-3.8%	1.2%	-0.3%	0.9%	-0.2%
Average purchase pieces per order (Note) 1, 3	2.15	2.18	1.98	2.13	2.15	2.25	2.06	2.13
(YoY)	0.1%	1.8%	-0.7%	0.4%	-0.1%	3.2%	4.1%	-0.3%
Number of shipments (Note) 1, 3	11,472,548	11,011,990	11,960,223	11,162,186	12,085,053	11,816,663	13,049,762	12,800,550
(YoY)	24.6%	6.4%	18.4%	14.4%	5.3%	7.3%	9.1%	14.7%

(NOTE)

1. Figures for quarter accounting period are used.
2. The amounts are in yen.
3. "PayPay Mall" is not included.

The average retail price in the fourth quarter consolidated accounting period of the current fiscal year increased in YoY. The major factor was a decrease of the ratio of merchandise on sales. Also, the average order value decreased in YoY due to a decrease in the number of average purchase pieces per order.

Results for ZOZOTOWN Business (Outright purchase/production & sales, consignment sales and USED sales) are as follows:

i. Outright Purchase/Production & Sales

In the current consolidated fiscal year, the merchandise value was 3,233 million yen (+83.9% YoY), accounting for 0.6% of the gross merchandise value (0.4% in the previous fiscal year). Net sales were 3,175 million yen (+80.7% YoY). As of the end of March 2022, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 24 (24 as of the end of December 2021).

ii. Consignment Sales

In the current consolidated fiscal year, the merchandise value was 374,966 million yen (+9.1% YoY), accounting for 73.8% of the gross merchandise value (82.0% the previous fiscal year). Net sales (consignment sales commission) were 106,591 million yen (+5.6% YoY). As of the end of March 2022, the number of shops opened on ZOZOTOWN for consignment sales was 1,486 (1,492 as of the end of December 2021)

iii. USED Sales

In the current consolidated fiscal year, the merchandise value was 13,448 million yen (+15.7% YoY), accounting for 2.6% of the gross merchandise value (2.8% in the previous fiscal year). Net sales were 13,209 million yen (+14.2% YoY).

② PayPay Mall

ZOZOTOWN opened a shop on "PayPay Mall", an online shopping mall operated by Yahoo Japan Corporation. In the current consolidated fiscal year, the merchandise value was 43,844 million yen, (+55.5% YoY), accounting for 8.6% of the gross merchandise value (6.7% in the previous fiscal year). Net sales (consignment sales commission) were 12,769 million yen (+55.4% YoY).

③ BtoB business

The BtoB business is a business model in which we are commissioned to build and operate brands' own eCommerce sites. In the current consolidated fiscal year, the merchandise value was 26,682 million yen (+19.3% YoY), accounting for 5.2% of the gross merchandise value (5.3% in the previous fiscal year). Net sales (consignment sales commission) were 4,945 million yen (+16.0% YoY). As of the end of March 2022, the number of consigned sites was 42 (48 as of the end of December 2021).

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. In the current consolidated fiscal year, net sales were 6,301 million yen (+52.9% YoY). As for WEAR, we continue to focus on expanding the number of users and contents. As of the end of March 2022, the number of app downloads exceeded 16 million, and monthly active users are growing steadily.

⑤ Others

The other segment of the gross merchandise value includes 1) the merchandise value of the shops that contracted "ZOZO Option" in the fashion category stores excluding ZOZOTOWN in PayPay Mall (service that enables those shops to get benefits from sales support such as participation in the special events by ZOZO), which was recorded

from the third quarter consolidated accounting period of the previous fiscal year, 2) the merchandise value of a consolidated subsidiary's own eCommerce website, which was recorded from the second quarter consolidated accounting period of the previous fiscal year, 3) the merchandise value from ZOZOMO, the system to support for sending customers to the physical stores, which was recorded from the fourth quarter consolidated accounting period. In the current consolidated fiscal year, the merchandise value was 46,701 million yen (+300.4% YoY), accounting for 9.2% of the gross merchandise value (2.8% in the previous fiscal year).

Within the others segment, net sales generated from businesses related to ZOZOTOWN (shipping income and settlement commission etc.), and other revenues mentioned above are included. In the current consolidated fiscal year, net sales were 19,206 million yen (+16.4% YoY).

(2) Status of capital investment

In the current consolidated fiscal year, in order to cope with the increase in the gross merchandise value and the number of accesses, we added logistics-related equipment and reinforced servers. Total amount was 1,336 million yen.

(3) Status of financing activities

The main funding for the current consolidated fiscal year is, as the required funds for our group, we are procuring short-term borrowings from financial institutions, and the balance of short-term borrowings at the fiscal year-end was 20,200 million yen.

Also, the Company issued the tenth series of stock acquisition rights during the current consolidated fiscal year, and 2,959,000 stock acquisition rights were exercised by the end of the current consolidated fiscal year; consequently, the Company raised a total of 11,442 million yen.

Additionally, in March 2022, we entered into a syndicated commitment line agreement with 3 trading banks in an effort to improve funds flexibly and stably.

(4) Issues to be addressed

The immediate issues the group is facing are: ① generate synergies by deepening cooperation with the parent company Z Holdings Corporation, ② Rebranding of ZOZOTOWN, ③ Diversification of the profit structure, ④ Efforts to enhance fulfillment and eCommerce system functions, and ⑤ System engineer resource enhancement.

① Promote initiatives to generate synergies by deepening cooperation with the parent company Z Holdings Corporation

Our group became a consolidated subsidiary of Z Holdings Corporation as a result of a tender offer by Z Holdings Corporation, and since then we have strengthened the cooperation. We will expand the scope of the business cooperating with other group companies as well as LINE Corporation and promote maximum efforts to maximize synergy effects.

a. Increase the GMV at ZOZOTOWN PayPay Mall Shop

We opened a ZOZOTOWN shop at PayPay Mall operated by Yahoo Japan Corporation on December 17, 2019.

ZOZOTOWN PayPay Mall Shop started well, but we think that there is still room for growth. We will increase the GMV by adding the functions that ZOZOTOWN has to ZOZOTOWN PayPay Mall Shop and make it more useful for a wide range of users.

b. Share development resources

The Company will accelerate the pace and improve the quality of development by sharing the technical capabilities of engineers between Z Holdings Corporation and the Company.

② Rebranding of ZOZOTOWN

The Company will rebrand the core business ZOZOTOWN to become the service further seeking the fashion and selling merchandise, as well as giving value to users and brands with technology creating new selling methods and customer experiences, upholding the theme: "MORE FASHION" x "FASHION TECH".

③ Diversification of the profit structure

In April 2021, the Group announced its three pillars of the strategy, which aims to diversify its profit structure: (1) Increase traffic other than "BUY," (2) Step into "production support," and (3) Try "technology licensing sales.

The Company aims to expand profit opportunities by maximizing the use of its unique customer base, information, know-how, technology, and other assets.

④ Efforts to enhance fulfillment and eCommerce system functions

In view of the expected increase in the GMV in the future, we will consider further expansion of logistics capacity and improve operational efficiency. By increasing the number of logistics warehouses in winter of 2023, we will expand our logistics capacity. Also, regarding the hardware and functional aspects of the eCommerce system, we will strive to improve the number of users and accesses that accompany them, as well as to improve usability.

⑤ System engineer resource enhancement

In order to expand business in the future, it will be important to strengthen system engineer resources. Currently, about 400 engineers are enrolled; in view of future business development, we will increase the number of engineers in order to improve development speed and incorporate new technologies. As stated in ①-b, sharing of resources such as engineers will be actively implemented with the parent company Z Holdings Corporation.

(5) Financial Performance Highlights

Segment	FY2018 21 st term	FY2019 22 nd term	FY2020 23 rd term	FY2021 24 th term (Current consolidated fiscal year)
Net sales (million yen)	118,405	125,517	147,402	166,199
Ordinary profit (million yen)	25,717	27,644	44,386	49,655
Profit attributable to owners of parent (million yen)	15,985	18,804	30,932	34,492
Net profit per share (yen)	52.20	61.60	101.30	115.02
Total assets (million yen)	78,961	94,186	125,656	127,276
Net assets (million yen)	22,656	34,534	55,507	55,099

(NOTE)

1. Net profit per share is calculated based on weighted average number of shares.
2. The Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31 2020), etc. is applied from the current consolidated fiscal year. In the status of properties and profit and loss for the current consolidated fiscal year, figures are stated after applying the Accounting Standard for Revenue Recognition. In applying the Accounting Standard for Revenue Recognition, the new accounting policies are not retrospectively applied to the previous consolidated fiscal year and before according to the transitional treatments stipulated in the provisions of Paragraph 84 of the Accounting Standards for Revenue Recognition.

(6) Major business (As of March 31, 2022)

Business	Operations and Services Description
ZOZOTOWN Business	ZOZOTOWN business consists of Outright Purchase/Production & Sales, Consignment sales, and USED sales. (Outright Purchase/Production & Sales) 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 while holding their own inventory, such as MSP (multi-size platform). (Consignment shop)

	<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 bases. Some clear differences from Outright Purchase shops include: 1. tenants need to do the basic merchandizing by themselves, 2. consignment sales style allows us to avoid inventory risk. Net sales of this business are posted as "Consignment sales commissions", meaning handling fee for sold products.</p> <p>(USED sales)</p> <p>This is secondary distribution business style that we purchase and sell secondhand/vintage fashion items from/to individual users, etc. while holding as own inventories.</p>
PayPay Mall	Opened ZOZOTOWN shop at PayPay Mall operated by Yahoo Japan Corporation and selling merchandise.
BtoB Business	Providing various on-demand fulfillment services such as developing system of eCommerce website for apparel brands, design and production, distribution support and marketing assistance. Net sales of this business are also recorded as "Consignment sales commissions" which is handling fee for sold products.
Advertising Business	Utilizing our extensive user reach platforms of ZOZOTOWN and WEAR, we provide advertising spaces for partner brands and advertising agencies to gain advertising revenue.
Others	<p>This is the services associated with ZOZOTOWN business (paid membership revenue, shipping income and settlement commission, etc.)</p> <p>Also, in the fashion category stores excluding ZOZOTOWN stores in the PayPay Mall, there are ZOZO Option (a service that enables customers to benefit from sales support such as participation in special feature plans implemented in the PayPay Mall based on our proposal) and the business form that you can sell products on our consolidated subsidiary's eCommerce site.</p>

(7) Situation of significant parent company and subsidiaries

① Relationship with parent company

Company Name	Amount of Capital (million yen)	Voting Rights to our Company	Major Business
SoftBank Group Corp.	238,772	50.1% (50.1%)	Holding company
SoftBank Group Japan Corporation	188,798	50.1% (50.1%)	Holding company
SoftBank Corp.	204,309	50.1% (50.1%)	Telecommunications
A Holdings Corporation	100	50.1% (50.1%)	Holding company
Z Holdings Corporation	237,980	50.1% (50.1%)	Business management of group companies and related operations
Z Intermediate Holdings Corporation	1	50.1% (-)	Holding company

(NOTE)

1. "Voting rights to our 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 (50.1% of the voting rights) of our company.

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

To achieve an increase in enterprise value of both companies with the consideration of minority shareholders of the Company, the parent company build a stable capital tie-up with the Company while the companies have a capital tie-up for the purpose of building a strong tie-up relationship from an operational tie-up relationship based on the said capital tie-up. In addition, the operational tie-up was formed between the companies toward expansion and evolution of their fashion EC business, including guiding users of media of Z Holdings Corporation to the Company and opening of a store in the PayPay Mall, an online shopping mall operated by Z Holdings Corporation, by the Company.

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 in order to prevent any harm to the interests of the Company.

The Company also establishes the Guideline on Intergroup Transaction Review Committee and the Intergroup Transaction Review Committee, which discusses and reviews significant conflict-of-interest transactions with the parent company's group and expresses opinions to the Board of Directors, ensuring fairness with consideration for minority interests and making decisions through multifaceted discussions. Therefore, the Company believes that such transactions will not harm the interests of the Company.

②Situation of significant subsidiaries

Company Name	Amount of Capital (million yen)	Our Share of Voting Rights	Major Business
ZOZO NEXT, Inc.	280	100.0%	Research and development

(NOTE)

1. There are no subsidiaries that qualify as specified wholly-owned subsidiaries.
2. The company split was set up to implement the separation and succession of all businesses, excluding technology research and development of ZOZO Technologies, Inc., to the Company on October 1, 2021, and ZOZO Technologies, Inc., was renamed ZOZO NEXT, Inc.

(8) Main places of business, etc. (As of March 31, 2022)

①ZOZO, Inc.

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

②Subsidiary

ZOZO NEXT, Inc.	Inage-ku, Chiba-city, Chiba
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(9) Status of employees, etc. (As of March 31, 2022)

①Number of employees in the corporate group

Number of employees	1,454
Increase/decrease from end of previous consolidated fiscal year	Increase of 157

(NOTE)

1. The figure includes full-time employees and associate employees.
2. Number of temporary workers (3,373 part-time workers, contingent workers, etc.) is not included in the figure.

②Number of employees of our company

Number of Employees	Increase/decrease from End of Previous Consolidated Fiscal Year	Average Age	Average Length of Service
1,338	Increase of 500	33.3 years old	6.3years

(NOTE)

1. The figure reflects the number of people employed by our company (including those transferred from other companies to our company but excluding those transferred from our company to other companies). 3,355 temporary workers (including part-time workers, contingent workers, etc.) are not included.
2. The number of employees increased by 500 from the end of the previous fiscal year. This is due to the separation and succession of all businesses, excluding technology research and development of ZOZO Technologies, Inc., to the Company through the company split on October 1, 2021.

(10) Major Name of bank (as of March 31, 2022)

Name of Bank	Outstanding Debt
Sumitomo Mitsui Banking Corporation	17,700 million yen
Keiyo Bank, Ltd.	2,000 million yen
Kansai Mirai Bank, Limited	500 million yen

2. Matters regarding company stocks

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

(2) Total number of issued shares 311,644,285

(3) Number of Shareholders 15,321

(4) Composition of major shareholders

Name of Shareholder	Ownership in ZOZO	
	Number of Shares Held (share)	Percentage of Shares Held (%)
Z Intermediate Holdings Corporation	152,952,900	50.1%
Yusaku Maezawa	33,734,300	11.3%
THE MASTER TRUST BANK OF JAPAN, Ltd. (Trust Account)	20,902,600	7.0%
Custody Bank of Japan, Ltd. (Trust Account)	6,374,300	2.1%
STATE STREET BANK AND TRUST COMPANY 505001	4,741,279	1.6%
STATE STREET BANK AND TRUST COMPANY 505223	2,825,846	0.9%
JP MORGAN CHASE BANK 385632	2,646,947	0.9%
BNYM AS AGT/CLTS NON TREATY JASDEC	2,515,757	0.8%
CEP LUX-ORBIS SICAV	2,333,800	0.8%
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02505002	2,150,772	0.7%

(NOTE)

1. The company holds 11,840,467 of treasury stocks but excluded from the above major shareholders.
2. The percentage of shares held is calculated without treasury stocks.

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

① Contents of stock rewards granted during the current fiscal year

The stock-based compensation system allocates the Company's common stock to the applicable Directors as compensation without the transfer of money or the provision of properties contributed in kind and attaches the restriction of transfer for a certain period to the allocated stocks. The restricted stocks allocated to the applicable Directors are performance-linked restricted stocks, and the number of stocks to be released from the restriction is

determined according to the degree of achievement of the indicators for mid-and long-term increases in enterprise value of the Company group.

② Total number of shares issued to Directors and other officers by position

Position	Number of Shares Held (share)	Number of Eligible Directors or Other Officers
Director (excluding Outside Director)	29,100	3
Outside Director	-	-
Auditor	-	-

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

4. Matters regarding Board Members

(1) List of Directors and Audit and Supervisory Board Members (As of March 2022)

Name	Position and Responsibilities	Other Concurrent Job Titles
Kotaro Sawada	Representative Director, President & CEO	—
Koji Yanagisawa	Director, Executive Vice President & CFO Executive Officer of Business Administration Division	Director of COLOPL, Inc. Outside Director of DIGITAL HOLDINGS, INC.
Fuminori Hirose	Director & COO	Audit and Supervisory Board member of KOKOPELLI, Inc.
Kentaro Kawabe	Director	Representative Director and Co-CEO of Z Holdings Corporation Director of Yahoo Japan Corporation Director of SoftBank Corp. Director of SoftBank Group Corp.
Takao Ozawa	Director	Director, Senior Executive Officer of Z Holdings, Inc. Director, Senior Executive Officer, Chief Operating Officer (COO) of Yahoo Japan Corporation Outside Director of Demae-can Co., Ltd. Outside Director of ASKUL Corporation Chairman of Ikyu Corporation Director of PayPay Corporation
Koji Ono	Director	Director of DIAMOND HEADS INC.
Kazunori Hotta	Director	Representative Director of Good Luck Corp.
Taro Saito	Director	Representative Director of dof Inc. Director of CARTA HOLDINGS, INC. Director of CC INC. Outside Director of for Startups, Inc.
Hiroko Igarashi	Full-time Audit and Supervisory Board member	—

Junichi Motai	Audit and Supervisory Board member	Representative Director of Accounting Assist Co., Ltd. Audit and Supervisory Board member of CARTA HOLDINGS, INC. Audit and Supervisory Board member of Vision, Inc. Outside Director of gooddays holdings, Inc.
Junko Utsunomiya	Audit and Supervisory Board member	Law Firm of Utsunomiya, Shimizu & Haruki (Attorney) 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.

(NOTE)

1. Mr. Fuminori Hirose was newly appointed as of Director at the Ordinary General Meeting of shareholders held on June 25, 2021.
2. Mr. Masahiro Ito retired as Director at the Ordinary General Meeting of shareholders held on June 25, 2021.
3. Three Directors; Mr. Koji Ono, Mr. Kazunori Hotta and Mr. Taro Saito are Outside Director. Our company designated all three of them as independent officer under the provisions of Tokyo Stock Exchange, Inc. and have reported the designation to the Exchange.
4. Three Audit and Supervisory Board members; Ms. Hiroko Igarashi, Mr. Junichi Motai, and Junko Utsunomiya, are Outside Audit and Supervisory Board members. Our company designated all three of them as independent officer under the provisions of Tokyo Stock Exchange, Inc. and reported the designation to the Exchange.
5. Ms. Hiroko Igarashi, an Audit and Supervisory Board member, is a certified public accountant. She has the decent knowledge and understandings on the finance and accounting.
6. Mr. Junichi Motai, an Audit and Supervisory Board member, is a certified public accountant and licensed tax accountant. He has the decent knowledge and understandings on the finance and accounting.
7. The executive officers who does not hold Director positions as of March 2022 are listed as below.

Name	Position and Responsibilities
Toshiaki Shimizu	Executive Officer of Hospitality Division and HR Division
Takao Yamasaki	Executive Officer of Marketing Division, Group Business Strategy Division and Analytics Division
Takahiro Miyazawa	Executive Officer of Fulfillment Division and Measurement Products Division

Tatsuya Kubota	Executive Officer of Production Platform Division, Development Strategy Division, Information Security / IT Division, Quality Assurance Division, Technology Division, ZOZOTOWN Backend Development Division, ZOZOTOWN Development Division, Media Development Division, Production Platform Development Division, Measurement Platform Division and AI R&D Promotion Division
Christine Edman	Executive Officer of EC Business Division, Category Promotion Division and ZOZOVILLA

(2) Summary of contents of the contract for limitation of liability

The Company entered into the contract with Non-executive Directors, Outside Directors, and Audit and Supervisory Board 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 contents 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, audit and supervisory board 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 performance of insured persons' duties is not impaired, certain exclusions apply, such as the insured being excluded from coverage for damages caused by an act committed by the insured person with knowledge that the act was in violation of the law.

(4) Amounts of remuneration for Directors and Audit and Supervisory Board members payable for the current fiscal year

① Matters concerning the policy for determining the remuneration for individual Directors and Audit and Supervisory Board members

i. Purposes of remuneration

Remuneration for Directors consists of fixed remuneration (cash remuneration) and performance-linked remuneration (cash bonus/stock remuneration). They are paid for efforts to achieve short, medium- and long-term business results and increases in corporate value. The results are measured based on the Company's management strategy to promote a medium- and long-term sustainable increase in corporate value, and function as a sound incentive.

ii. Level of remunerations

After establishing a group of companies as a benchmark for remuneration, a certain level and composition of remuneration 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 is attractive for current and prospective officers and their candidates.

iii. Composition of remuneration

The ratio of performance-linked remuneration exceeds the percentage of fixed remuneration, and among the performance-linked remuneration, the proportion of a cash bonus and stock remuneration shall be at 50:50.

a. Cash remunerations

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 remuneration based on the achievement of the short-term performance goal for each fiscal year, and Gross Merchandise Value, an indicator for potential business growth, and consolidated operating profit, an indicator for 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 title and duty of the eligible persons and periodically paid during the term of office.

c. Stock remuneration (medium- and long-term incentive remuneration)

Stock remuneration represents performance-linked remuneration for promoting the management that focuses on medium- and 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 for three fiscal years (compared with those of a group of about 36 benchmark companies) and consolidated operating profit. Fundamentally, the stock is annually granted to the eligible persons according to their title and duties.

iv. Matters concerning the determination of the details of remunerations 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 of respective Directors

For stock remuneration, 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.

Remuneration for Audit and Supervisory Board members consist of only fixed remuneration from the viewpoint of focusing on independence from management and the objectivity, and the amount of remuneration for individual Audit and Supervisory Board members is based on the discussion among Audit and Supervisory Board.

② Matters concerning resolutions on remuneration of Directors and Audit and Supervisory Board members adopted by the General Meeting of Shareholders

The resolution was adopted at the 19th Ordinary General Meeting of Shareholders held on June 27, 2017, to set the remuneration for Executive Directors at 800 million yen or less per year (among this, a portion for Outside

Directors amounts to 50 million yen or less per year) within the limit on the remuneration for Directors based on the resolution of the General Meeting of Shareholders (The annual remuneration excludes a portion of employee salary of Director-employees). At the end of the relevant 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 remuneration and the limit on the number of shares to be issued were determined at 162 million yen or less per year and 120,000 shares or less per year (Outside Directors are not applicable to stock remuneration) at the 22nd Ordinary General Meeting of Shareholders held on June 29, 2020. At the end of the relevant Ordinary General Meeting of Shareholders, the number of Directors (excluding Outside Directors) totaled three.

Remuneration for Audit and Supervisory Board is determined at 70 million yen or less per year, which was resolved at the General Meeting of Shareholders. At the end of the Ordinary General Meeting of Shareholders, the number of Audit and Supervisory Board members totaled three.

③ Matters concerning delegation of determination of contents of remuneration for individual Directors

In the Company, remuneration of individual Directors is discussed by the Nomination and Remuneration Advisory 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 Compensation, etc. paid to Directors and Audit and Supervisory Board Members

Position	Total Amount of Compensation, etc. paid (million yen)	Amount of Compensation, etc. paid per type (million yen)			The Number of Directors/ Audit and Supervisory Board Members
		Fixed remuneration	Performance-linked remuneration		
			Monetary Compensation		
		Base Remuneration	Cash Bonus	Restricted stock	
Directors	269	165	54	50	7
in which Outside Directors	(21)	(21)	—	—	(3)
Audit and Supervisory Board Members	32	32	—	—	3
in which Outside Audit and Supervisory Board members	(32)	(32)	—	—	(3)

(NOTE)

1. As of the end of the fiscal year, the Company has 8 Directors (including 3 Outside Directors) and 3 Audit and

Supervisory Board members (including 3 Outside Audit and Supervisory Board members). The difference from the above figures is due to the inclusion of a Director who retired on June 25, 2021 and two non-remuneration Directors.

2. Bonuses state the provision for bonuses for Directors payable for the current fiscal year.

Contents of the performance indicators selected as a basis for calculating bonuses include 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.

Actual results for gross merchandise value and consolidated operating profit including the current fiscal year are as described in the section 1. (1) Progress of business operation and its results , [Table 1] YoY basis.

3. Remunerations in the performance-linked shares with restriction on transfer are granted to Directors as non-monetary rewards.

Contents and grant of these stock rewards are as described in the section 2 "Matters regarding company stocks ".

(5) Matters regarding the Outside Board Members

① Relationship between our company and other major entities where some members hold positions concurrently.

- Mr. Koji Ono, a Director, is also the director of DIAMOND HEADS INC. However, there is no capital ties nor business relationship between our company and DIAMOND HEADS INC.
- Mr. Kazunori Hotta, a Director, is also the Representative Director of Good Luck Corporation. However, there is no capital ties nor business relationship between our company and Good Luck Corporation.
- Mr. Taro Saito, a Director, is also the representative Director of dof Inc., the Director of CARTA HOLDINGS, INC., Director of CC INC. and the Outside Director of for Startups, Inc. However, there is no capital ties nor business relationship between our company and dof Inc., CARTA HOLDINGS, INC., CC INC. nor for Startups, Inc.
- Mr. Junichi Motai, an Audit and Supervisory Board member, is also the representative Director of Accounting Assist Co., Ltd., the Audit and Supervisory Board member of CARTA HOLDINGS, INC., the Audit and Supervisory Board member of Vision, Inc., and the Outside Director of gooddays holdings, Inc. However, there is no capital ties nor business relationship between our company and Accounting Assist Co., Ltd., CARTA HOLDINGS, INC., Vision, Inc., nor gooddays holdings, Inc.
- Ms. Junko Utsunomiya, an Audit and Supervisory Board member, is also the attorney of Law Firm of Utsunomiya, Shimizu & Haruki, the Director (Audit and supervisory committee member) of RAKSUL INC., the Outside Director of HEIWA REAL ESTATE CO., LTD., and the Outside Director (Audit and supervisory committee member) of PeptiDream Inc. However, there is no capital ties nor business relationship between our company and Law Firm of Utsunomiya, Shimizu & Haruki, RAKSUL INC., HEIWA REAL ESTATE CO., LTD., nor PeptiDream Inc.

② Performance Reviews for the Current Fiscal year

Name (position)	Performance Reviews
Koji Ono (Director)	Attended 22 out of 22 Board Meetings held during the current fiscal year. He makes appropriate comments from his rich knowledge and perspectives, as well as his extensive experience cultivated through his art direction activities primarily in the fashion industry, and the branding activities of companies and products.
Kazunori Hotta (Director)	Attended 22 out of 22 Board Meetings held during the current fiscal year. He makes appropriate comments based on his extensive experience and broad perspective accumulated in the wedding and hotel industries.
Taro Saito (Director)	Attended 22 out of 22 Board Meetings held during the current fiscal year. He makes appropriate comments as appropriate based on his abundant experience and broad insight gained through his branding and communication design activities.
Hiroko Igarashi (Audit and Supervisory Board member)	Attended 22 out of 22 Board Meetings held during the current fiscal year. Her opinions are made mainly from a high level of perspective and extensive experience in finance and accounting as a certified public accountant. Also, of 19 meetings of Audit and Supervisory Board held during the current fiscal year, she attended 19 out of 19 meetings held after her appointment as an Audit and Supervisory Board member, to exchange opinions on audit results and discusses important audit-related matters.
Junichi Motai (Audit and Supervisory Board member)	Attended 22 out of 22 Board Meetings held during the current fiscal year. His opinions are made mainly from a high level of perspective and extensive experience in finance and accounting as a certified public accountant. Also, he attended 19 out of 19 meetings of Audit and Supervisory Board held during the current fiscal year, where he exchanges opinions on audit results and discusses important audit-related matters
Junko Utsunomiya (Audit and Supervisory Board member)	Attended 22 out of 22 Board Meetings held during the current fiscal year. She makes statements based on her significant experience and rich knowledge in the laws and compliance matters as an attorney. Also she attended 19 out of 19 meetings of Audit and Supervisory Board held during the current fiscal year, where she exchanges opinions on audit results and discusses important audit-related matters

③ Summary of performance by Outside Directors in relation to the roles they are expected

- Mr. Koji Ono has rich knowledge and perspectives, as well as his extensive experience cultivated through his art direction activities primarily in the fashion industry, and the branding activities of companies and products. As an Outside Director of the Company, he has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such perspective at Board Meetings.
- Mr. Kazunori Hotta has extensive experience and broad perspective accumulated in the wedding and hotel industries, he has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such perspective at Board Meetings

- Mr. Taro Saito has wealthy experience and broad insight gained through his 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 perspective at Board Meetings.

5. Accounting Auditor

(1) Names of Accounting Auditors

Deloitte Touche Tohmatsu LLC

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

- | | |
|---|-------------------|
| ① Amount of remuneration paid to Accounting Auditor for this fiscal year | JPY32 Million yen |
| ② Total amount of funds and other financial interests payable by the Company and its subsidiaries to the Accounting Auditor | JPY50 Million yen |

(NOTE)

1 Grounds for consent by the Audit and Supervisory Board 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 Board 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, and 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) Details of operations not audited

The Company does not engage Deloitte Touche Tohmatsu LLC for any services other than the audit certification services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law.

(4) Summary of agreements limiting liability

Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company has concluded with an Accounting Auditor a contract limiting the latter's liability for damages as stipulated in Article 423, Paragraph 1 of that Act to the maximum amount prescribed by laws and regulations, for activities performed in good faith and in the absence of gross negligence.

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

When the Audit and Supervisory Board 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 Board, 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 Board, 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 so 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 establish and maintain a 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 Take necessary measures to prevent person to be 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 for 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 Board.
 - ⑤ The Board of Directors reviews the compliance system periodically to identify any issues and make relevant improvements.
 - ⑥ The Audit and Supervisory Board 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 retention and management of information on the performance of duties of Company Directors
- ① Information on the performance of duties of Company Directors is managed and retained appropriately by recording it in written documents or electromagnetic media, pursuant to laws, regulations, the Information System Management Guideline, and the Document Management Guideline.
 - ② The Company's Audit and Supervisory Board members are able to view such information at any time.
3. Guidelines and other systems related to management of risks of losses by the Company
- ① The person responsible for supervision of risk management in the Company is the Executive Vice President. Accordingly, Directors, Executive Officers, General Managers and VPs of related sections 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 Board.
 - ③ The Board of Directors reviews the risk management system periodically to identify any issues and make improvements as appropriate.
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 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 specify 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 their approval by 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 plans thus decided on.
 - 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 analyses any impediments to measures implemented 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 Business Administration Division oversees maintenance of subsidiary business management, compliance systems, and risk management systems, and other matters of subsidiary business administration, 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 Company subsidiaries and of subsidiary business activities.
6. Systems regarding employees assigned to assist the Audit and Supervisory Board members in the performance of their duties, as requested by the Audit and Supervisory Board members, and matters related to ensuring the efficacy of the performance of duties of such employees and their independence from Directors.
- ① When an Audit and Supervisory Board 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 Board member, appoint such employees to assist the Audit and Supervisory Board member. Authority to direct such employees shall be delegated to the Audit and Supervisory Board members during the period of such assistance as specified by the Audit and Supervisory Board members and said employees shall not be subject to instruction or orders from Directors during said period.
 - ② The prior consent of the Audit and Supervisory Board members shall be required before any personnel transfer, HR evaluation, or disciplinary action regarding an employee assisting a Audit and Supervisory Board member.
7. Systems for reporting by Group Directors and employees to the Audit and Supervisory Board members, and other systems related to reporting to the Audit and Supervisory Board member

- ① Group Directors and employees shall report to the Audit and Supervisory Board 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 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 Take necessary measures to prevent Group Directors and employees to be treated disadvantageously on the grounds by making the report set forth in the preceding paragraph.

8. Other systems to ensure the efficacy of auditing by the Audit and Supervisory Board members

- ① To ascertain the state of important decision-making processes and execution of duties, the Audit and Supervisory Board 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 Board members shall ensure the efficacy of auditing through autonomy and authority pursuant to the Audit and Supervisory Board Guideline and the Audit and Supervisory Board 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 meet periodically with the Audit and Supervisory Board 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 Board 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 Board 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 and advising attorneys.

10. Systems for ensuring the reliability of financial reporting

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

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

① State of operation of compliance systems

The Company maintains Compliance Committee Guideline and the Compliance Committee meets quarterly based on the provisions of the guideline. A system has been developed and is implemented to ensure compliance with the Company's social responsibility, corporate philosophy, internal guidelines, laws and regulations, and various other provisions. Furthermore, the Committee also meets at other times as necessary. In addition, Helpline Guideline has been established that prohibit treating whistleblowers at a disadvantage, and efforts are made to prevent cases such as compliance violations or improper acts, and to discover any such cases swiftly. A contact point (Helpline) including the involvement of the Compliance Committee, the Audit and Supervisory Board, and outside attorneys has been established and is in use, and employees are notified of it through the Company intranet. In addition, a contact point including the involvement of the Company's Compliance Committee has been established for subsidiaries, as part of efforts to enhance compliance throughout the entire Group.

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

Risk Management Guideline and Information System Management Guideline have been established, and a risk-management system has been established and is operated pursuant to these rules. As a part of these efforts, information security training has been provided one time for officers and employees, intended to help prevent inappropriate management of information 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 on a monthly basis and irregular Board Meetings are held as necessary, for the purposes of decision-making on important matters related to management, such as matters specified in laws, regulations, etc., management policies, and budgeting, and to enable mutual oversight of performance of duties 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.

④ State of operation of the Internal Audit Office

Based on audit plans formulated by the Internal Audit Office, internal auditing is conducted at each of the Company's sections and subsidiaries regarding the state of risk management and business execution. Results are reported to the President and Representative Director, Board Meeting, and Audit and Supervisory Board Meeting appropriately. In addition, information is exchanged with the full-time Audit and Supervisory Board

member.

⑥ State of performance of duties of Audit and Supervisory Board members

The Audit and Supervisory Board 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 auditing is secured through the results of auditing by the Internal Audit Office, etc., and auditing is implemented following the standard by Audit and Supervisory Board 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 in excess of capital costs will satisfy all stakeholders, including shareholders, by increasing corporate value. Its basic policy on 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. Decisions on these dividends are made by the Board of Directors for interim dividends and by the General Meeting of Shareholders for year-end dividends.

For the current consolidated fiscal year, a year-end dividend will be 36.00 yen per share, based on a consolidated dividend payout ratio target of 50%. We plan to pay an annual dividend of 60 yen per share for the next fiscal year, based on a payout ratio of 50%.

Balance Sheet

(As of March 31, 2022)

(Unit: Million yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	99,211	Current liabilities	65,694
Cash and deposits	63,376	Accounts payable - trade	299
Accounts receivable - trade	30,502	Deposits received for consignment sales	23,471
Merchandise and finished products	1,847	Accounts payable - other	7,476
Raw materials and supplies	22	Accrued expenses	1,086
Advance payments	140	Short-term borrowings	20,000
Prepaid expenses	3,171	Income taxes payable	8,181
Short-term loans	1	Consumption tax payable	2,516
Others	149	Advances received	323
		Deposits received	196
		Provision for bonuses	1,650
		Provision for bonuses for Directors	54
		Others	437
Non-current assets	25,707	Non-current liabilities	5,480
Property, plant and equipment	11,185	Liability for retirement benefits	3,209
Buildings	8,006	Asset retirement obligations	2,260
Vehicles	7	Others	9
Tools, furniture and fixtures	3,165		
Construction in progress	6	Total liabilities	71,174
Intangible assets	824		
Trademark rights	6	(Net assets)	
Software	546	Shareholders' equity	53,698
Others	271	Capital stock	1,359
Investments and other assets	13,696	Capital surplus	1,457
Investment securities	389	Legal capital surplus	1,328
Stocks of subsidiaries and affiliates	2,604	Other capital surplus	129
Investments in capital of subsidiaries and affiliates	455	Retained earnings	95,665
Deposit	2,963	Other Retained earnings	95,665
Long-term loans receivable	261	Retained earnings carried forward	95,665
Deferred tax assets	7,283	Treasury stocks	-44,784
Allowance for doubtful accounts	-261	Valuation and translation adjustments	23
		Valuation difference on available-for-sale securities	23
		Share acquisition rights	22
Total assets	124,918	Total net assets	53,744
		Total liabilities and net assets	124,918

Income statement

(From April 1, 2021 to March 31, 2022)

(Unit: million yen)

Account	Amount	
Net sales		164,741
Cost of sales		9,390
Gross profit		155,350
Selling, general and administrative expenses		106,568
Operating profit		48,782
Non-operating income		
Interest income	1	
Received dividends	3,030	
Foreign exchange gain	7	
Income from recycling	35	
Subsidy income	34	
Gain on unused points	43	
Affiliate operations support fee	49	
Received rent	295	
Others	18	
		3,517
Non-operating expenses		
Interest expenses	72	
Provision for allowance for doubtful accounts	25	
Rent expenses	278	
Commission expenses	21	
Loss on investments in partnerships	79	
		477
Ordinary profit		51,822
Extraordinary income		
Gain on extinguishment of tie-in shares	301	
Gain on sales of non-current assets	0	301
Extraordinary losses		
Loss on sales and retirement of non-current assets	62	62
Profit before income taxes		52,061
Income taxes – current	14,310	
Income taxes – deferred	66	14,376
Net Profit		37,685

Consolidated Balance Sheets

(As of March 31, 2022)

(Unit: million yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	102,305	Current liabilities	66,172
Cash and deposits	65,520	Accounts payable - trade	373
Accounts receivable - trade	30,609	Deposits received for consignment sales	23,447
Merchandise and finished products	2,060	Accounts payable - other	7,215
Raw materials and supplies	27	Short-term borrowings	20,200
Others	4,086	Income taxes payable	8,259
		Provision for bonuses	1,726
		Provision for bonuses for Directors	59
		Provision for loss on business liquidation	231
		Others	4,657
Non-current assets	24,971	Non-current liabilities	6,005
Property, plant and equipment	11,284	Retirement benefit liability	3,631
Buildings	8,020	Asset retirement obligations	2,274
Vehicles	7	Others	98
Tools, furniture and fixtures	3,250		
Construction in progress	6	Total liabilities	72,177
Intangible assets	2,621	(Net assets)	
Goodwill	1,796	Shareholders' equity	55,100
Software	546	Capital Stock	1,359
Others	278	Capital surplus	1,457
Investments and other assets	11,065	Retained earnings	97,067
Investment securities	1,025	Treasury stocks	-44,784
Deferred tax assets	7,045	Accumulated other comprehensive income	-168
Others	3,257	Valuation difference on available-for-sale securities	23
Allowance for doubtful accounts	-261	Foreign currency translation adjustment	79
		Remeasurements of defined benefit plans	-270
		Share acquisition rights	2
		Non-controlling interests	144
		Total net assets	55,099
Total assets	127,276	Total liabilities and net assets	127,276

Consolidated Statements of Income

(From April 1, 2021 to March 31, 2022)

(Unit: million yen)

Account	Amount	
Net sales		166,199
Cost of sales		10,026
Gross profit		156,172
Selling, general and administrative expenses		106,516
Operating profit		49,656
Non-operating income		
Interest income	11	
Received rent	286	
Foreign exchange gain	3	
Operations support fee	17	
Income from recycling	35	
Subsidy income	46	
Gain on unused points	43	
Others	27	473
Non-operating expenses		
Interest expenses	74	
Provision for allowance for doubtful accounts	25	
Rent expenses	273	
Commission expenses	21	
Loss on investments in partnerships	79	474
Ordinary profit		49,655
Extraordinary income		
Gain on sales of non-current assets	0	0
Extraordinary losses		
Loss on business liquidation	218	
Loss on sales and retirement of non-current assets	67	
Impairment loss	81	368
Profit before income taxes		49,286
Income taxes - current	14,499	
Income taxes - deferred	211	14,720
Net Profit		34,566
Profit attributable to non-controlling interests		73
Profit attributable to owners of parent		34,492

Accounting Auditor's Audit Report (certified copy)

Independent auditor's audit report

May 11, 2022

ZOZO, Inc.

To: The Board of Directors

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated
Limited
Liability
Partner,
Engagement
Partner

Certified
Public
Accountant

Tsutomu Hirose (Seal)

Designated
Limited
Liability
Partner,
Engagement
Partner

Certified
Public
Accountant

Yusuke Kumei (Seal)

Audit Opinion

The audit corporation audited the financial statements, which consist of the balance sheet, statements of income, statements of changes in shareholders' equity, and notes to unconsolidated financial statements and their supplementary schedules (hereinafter called the "financial statements etc."), for the 24th fiscal year ended from April 1, 2021 to March 31, 2022 of ZOZO, Inc. according to provisions of the Article 436, Paragraph 2, Item 1 of the Companies Act.

The audit corporation thinks 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.

Basis for the audit opinion

The audit of the audit corporation is based on the audit standards generally accepted in Japan. The audit corporation's responsibility in the audit standards is stated in the section titled "Auditor's responsibility for audits of financial statements etc." The audit corporation is independent of the Company and performs other ethical responsibilities as an auditor according to the code of professional ethics in Japan. The audit corporation thinks 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 detailed statements. Management's responsibility is to prepare and disclose other information. The responsibility of the Audit and Supervisory Board and its members

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 of the audit corporation, and the audit corporation expresses no opinion on other information.

The audit corporation's responsibility for the auditing of 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 the audit corporation 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.

The audit corporation is required to report material errors when it determines that there are material errors in the other information based on the executed tasks.

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

Responsibility of manager, Audit and Supervisory Board members, and Audit and Supervisory Board for financial statements etc.

The manager's responsibility is to prepare and appropriately present financial statements etc. according to the corporate accounting standards generally accepted in Japan. This includes establishment and operation of internal controls the manager 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., the manager determines whether it is appropriate to prepare financial statements etc. 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 responsibility of the Audit and Supervisory Board members and Audit and Supervisory Board is to monitor execution of duties by the Directors 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 guarantee 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 effect on 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 make a plan for the appropriate audit procedure according to conditions when evaluating risk.
- The auditor evaluates the appropriateness of accounting policies adopted by the manager and the application methods, the rationality of accounting estimates made by the manager, and the reasonability of the related notes.
- The auditor concludes whether it is appropriate that the manager prepares financial statements etc. on the going concern assumption and whether there is significant uncertainty in events or situations casting a 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 the modified opinion about the financial statements etc. The auditor's conclusion is based on the audit evidence obtained by the date of auditor's report and future events and situations may prevent the Company from surviving 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 etc., including related notes and financial statements etc., appropriately present underlying transactions and accounting events.

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

Interest

There is no interest between the Company and the audit corporation or its managing partners that must be stated according to provisions of the Certified Public Accountants Act.

End

Accounting Auditor's Audit Report (certified copy)(consolidated)

Independent auditor's audit report

May 11, 2022

ZOZO, Inc.

To: The Board of Directors

Deloitte Touche Tohmatsu LLC
Tokyo Office

Designated
Limited
Liability
Partner,
Engagement
Partner

Certified
Public
Accountant

Tsutomu Hirose (Seal)

Designated
Limited
Liability
Partner,
Engagement
Partner

Certified
Public
Accountant

Yusuke Kumei (Seal)

Audit Opinion

The audit corporation audited the consolidated financial statements, which consist of the consolidated balance sheet, consolidated statements of income, consolidated statements of changes in shareholders' equity, and consolidated notes to unconsolidated financial statements for the consolidated fiscal year ended from April 1, 2021 to March 31, 2022 of ZOZO, Inc. according to provisions of the Article 444, Paragraph 4 of the Companies Act.

The audit corporation thinks 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.

Basis for the audit opinion

The audit of the audit corporation is based on the audit standards generally accepted in Japan. The audit corporation's responsibility in the audit standards is stated in the section titled "Auditor's responsibility for audits of consolidated financial statements." The audit corporation is independent of the Company and consolidated subsidiaries and performs other ethical responsibilities as an auditor according to the code of professional ethics in Japan. The audit corporation thinks 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 detailed statements. The management's responsibility is to prepare and disclose other information. The responsibility of Audit and Supervisory Board and its members 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 consolidated financial statements of the audit corporation, and the audit corporation expresses no opinion on other information.

The audit corporation's 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 the audit corporation 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.

The audit corporation is required to report material errors when it determines that there are material errors in the other information based on the executed tasks.

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

Responsibility of manager, Audit and Supervisory Board members, and Audit and Supervisory Board for consolidated financial statements

The manager's responsibility is to prepare and appropriately present consolidated financial statements according to the corporate accounting standards generally accepted in Japan. This includes establishment and operation of internal controls the manager 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 manager determines whether it is appropriate to prepare the consolidated financial statements 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 responsibility of the Audit and Supervisory Board members and Audit and Supervisory Board is to monitor execution of duties by the Directors in establishing and operating the financial reporting process.

Auditor's responsibility for audits of consolidated financial statements

The auditor's responsibility is to obtain 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 effect on 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 make a plan for the appropriate audit procedure according to conditions when evaluating risk.
- The auditor evaluates the appropriateness of accounting policies adopted by the manager and the application methods, the rationality of accounting estimates made by the manager, and the reasonability of the related notes.
- The auditor concludes whether it is appropriate that the manager prepares the consolidated financial statements on the going concern assumption and whether there is significant uncertainty in events or situations casting a 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 the modified opinion about the consolidated financial statements. The auditor's conclusion is based on the audit evidence obtained by the date of auditor's report and future events and situations may prevent the Company from surviving 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 and the consolidated financial statements, appropriately present underlying transactions and accounting events.

- The auditor obtains sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is solely responsible for the audit opinion.

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

Interest

There is no interest between the Company, its consolidated subsidiaries and the audit corporation or its managing partners that must be stated according to provisions of the Certified Public Accountants Act.

End

Audit and Supervisory Board Audit Report (certified copy)

Audit Report

The Audit and Supervisory Board has prepared the following audit report based on consideration of the audit reports prepared by each Audit and Supervisory Board member regarding the performance of duties of Directors during the 24th fiscal year from April 1, 2021 to March 31, 2022.

1. Method and details of auditing conducted by the Audit and Supervisory Board and Audit and Supervisory Board members

(1) In addition to establishing audit policy, division of responsibilities, and other matters and receiving reports concerning the status and results of audits conducted by each Audit and Supervisory Board member, the Audit and Supervisory Board also has received reports from Directors and the Accounting Auditor regarding the performance of their duties and has sought explanations when deemed necessary.

(2) Each Audit and Supervisory Board member, in accordance with the audit standards for Audit and Supervisory Board members established by the Audit and Supervisory Board and while utilizing means via telephone lines or the Internet, etc., has sought to facilitate mutual understanding with Directors, the Internal Audit Office, and other employees in accordance with the audit policies, division of responsibilities, and other related matters, strived to maintain an environment conducive to the collection of information and auditing, and carried out auditing through the following methods:

(i) Attended Board Meetings and other important meetings to receive reports from Directors, employees, the Internal Audit Office, and others concerning the performance of their duties, seeking explanations as necessary, viewed documents concerning important decisions and other matters, and investigated the status of operations and finances at the head office and important business sites. Also, sought to facilitate mutual understanding and exchange of information with Directors, Audit and Supervisory Board members, and others at subsidiaries and received business reports from subsidiaries as necessary.

(ii) The Audit and Supervisory Board also periodically received reports from Directors, employees, and other relevant personnel, sought explanations as necessary, and expressed opinions regarding the content of resolutions by the Board of Directors concerning the development of systems as stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations to the Companies Act, which are necessary to ensure that Directors' performance of their duties as reported in the business report is in conformity with laws and regulations and the Articles of Incorporation and to ensure the appropriateness of operations of the group consisting of the Company and its subsidiaries, as well as the status of the development and operation of the system developed pursuant to such resolutions (internal control system).

(iii) With respect to the matters noted in Article 118, Paragraph 5-1 of the Enforcement Regulations to the Companies Act, and the judgment and reasons for the same paragraph 5-2, which are stated in the Business Report, we attended the Intergroup Transaction Review Committee Meeting and reviewed the contents thereof, based on the deliberations at the Board Meeting and other meetings.

(iv) The Audit and Supervisory Board monitored and reviewed the Accounting Auditor to verify that it maintained independence and performed auditing appropriately, received reports from the Accounting

Auditor concerning the performance of its duties, and sought explanations as necessary. In addition, the Audit and Supervisory Board received notification from the Accounting Auditor that the system intended to ensure the appropriateness of duties performed by the Accounting Auditor (as stipulated in Article 131 of the Ordinance on Accounting of Companies) is in accordance with standards concerning quality control for auditing (established October 28, 2005 by the Business Accounting Council) and other standards, and sought explanations when necessary. In addition, we discussed major audit considerations with Deloitte Touche Tohmatsu LLC, received reports on the implementation status of their audits, and requested explanations as necessary.

Based on the above methods, the Audit and Supervisory Board examined the business report and accompanying detailed statements, financial statements (balance sheet, statement of income, statement of changes in shareholders' equity, and individual notes) for this fiscal year as well as the attached detailed statements and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, and consolidated individual notes).

2. Results of Audit

(1) Results of audit of business report etc.

- ① The contents of the business report and its attached detailed statements presents the position of the Company fairly pursuant to laws and regulations and the Articles of Incorporation.
- ② With 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.
- ③ The 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 with regard to the internal controls system.
- ④ Concerning the transactions with the parent company, etc., which are described in the business report, there is nothing to be pointed out with respect to the matters that were taken into consideration so as not to harm the interests of the Company in conducting such transactions and the judgment of the Board of Directors as to whether such transactions do not harm the interests of the Company and the reasons therefor.

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

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

(3) Results of audit of consolidated financial statements

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

May 18, 2022

ZOZO, Inc. Audit and Supervisory Board

Full-time Audit and Supervisory Board member
(Outside Audit and Supervisory Board member) Hiroko Igarashi (Seal)

Outside Audit and Supervisory Board member Junichi Motai (Seal)

Outside Audit and Supervisory Board member Junko Utsunomiya (Seal)

Guide to venue



By car

From Tokyo

Approx. 10 minutes from Wangan Narashino Interchange (Higashi-Kanto Expressway)

Approx. 8 minutes from Wangan Chiba Interchange (Higashi-Kanto Expressway)

Approx. 12 minutes from Makuhari Interchange (Keiyo Expressway)



By public transportation

[Nearest station] 7 minutes by walk from JR Keiyo Line "Kaihin Makuhari Station"

Time required to "Kaihin Makuhari Station"

-Approx. 30 minutes by rapid service on the JR Keiyo Line from Tokyo Station to Kaihin-Makuhari Station

-Approx. 15 minutes by Keisei Bus from Makuhari-Hongo Station on the JR Sobu Line

-Approx. 15 minutes by Keisei Bus from Keisei Makuhari-Hongo Station



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