ZOZO

The 28th Ordinary General Meeting of Shareholders for Questions and Answers

Date and time: 1:00 p.m., Monday, June 29, 2026
Location: Held with no location designated.
*Questions from shareholders are reproduced without change. Please note that we may refrain from answering questions that duplicate or overlap with other questions or are clearly unrelated to the purposes of the general meeting of shareholders.

[Medium-Term Management Strategy]

1.

Q	Please explain ZOZO's management strategy, including its medium-term management plan.
A	In our medium-term management plan, we set a target of 90.0 billion yen in adjusted EBITA for the fiscal year ending March 2030. The breakdown is as follows: we aim to generate 80.0 billion yen in profit from the More Fashion segment, our fashion-related business centered on ZOZOTOWN. In the Near Fashion segment, we will expand services into areas closely related to fashion, such as fragrances and beauty products, and aim to generate 5.0 billion yen in profit. In the Global segment, we expect to generate profit through the acquisition of LYST, while also driving the growth of ZOZOFIT, our measurement service in North America. ZOZOFIT is a body-shape support tool that uses technology to provide highly accurate body measurements simply by taking photos with a smartphone. Through the continued growth of ZOZOFIT, we aim to generate 5.0 billion yen in profit.

2.

Q	I would like to know the relative focus on the domestic market versus the global market.
A	Our profit targets for the fiscal year ending March 2030 indicate a balance. Specifically, we set profit targets of 80.0 billion yen for the More Fashion segment and 5.0 billion yen for the Global segment. While the More Fashion segment accounts for a larger share of our profit targets, the Global segment is being built from scratch, so we may allocate more human resources to it. Additionally, for the Global domain, we recognize that it is important to advance the PMI of LYST and get the business on track.

3.

Q	Do you have any plans to expand the business beyond the fashion sector? For example, are you considering businesses like dining experiences that complement fashion? Thank you.
A	There are no specific new business segments that we can announce at this time. However, as part of the Near Fashion segment in our medium-term management plan, we are considering business development in areas adjacent to fashion, including lifestyle services like food and beverage. Going forward, we will continue to assess the affinity with ZOZOTOWN users and the synergies with our existing businesses, while aiming to create new consumption experiences that contribute to future earnings.

4.

Q	Please explain your M&A strategy. Also, are there any plans to establish an investment vehicle, such as a CVC?
A	We are working to diversify our profit drivers to achieve sustainable growth, and our aim is to build a profit structure that does not rely excessively on ZOZOTOWN. To this end, we are focusing on launching and nurturing new businesses, and in addition to in-house development, we will actively consider M&A opportunities. In particular, in the Near Fashion segment, we aim to create new profit growth drivers by expanding into services adjacent to fashion that have high affinity with

	ZOZOTOWN users. Regarding the establishment of a corporate venture capital (CVC) fund, nothing has been decided at this time. We will consider it appropriate, together with individual M&A opportunities and capital alliances.

[Business Performance, Stock Price, and Shareholder Returns]

5.

Q	Although business performance has been strong, the stock price has been sluggish. Why do you think the stock price has remained sluggish and what measures do you plan to implement to improve it?
A	The stock price is influenced not only by our business performance but also by a variety of different factors, including the external environment, competitors, and industry conditions. However, we do not believe that the current stock price can be explained solely by these external factors. We believe that it is important to continue growing and achieving solid results despite the differing circumstances. Currently, the business is growing steadily. However, given our strengths, including our talent and data assets, we recognize that the market expects greater growth from us and that we have not yet fully met those expectations. Therefore, we aim to enhance corporate value by steadily executing the initiatives and achieving the targets set in our medium-term management plan, which we believe will ultimately lead to greater returns for all shareholders.

6.

Q	Your company has consistently delivered stable profits over the past several years, which I greatly appreciate as a long-term shareholder. On the other hand, the stock price does not seem to fully reflect the company's intrinsic value, and the market appears to view the company as a mature business with lower expectations for future growth and excitement lower than in the past. However, I believe ZOZO still has the potential to surprise the market and excite shareholders. With that in mind, how do you plan to take on new challenges that will make shareholders say, "This is ZOZO!" once again and create new value that will surprise the world? Could you share your management team's vision for the company's future?
A	The management team shared images and videos illustrating each member's vision of the future of ZOZO and discussed them. We found that many of our ideas were remarkably similar, which gave us confidence that we share a common vision of the future that will inspire not only the management team and employees but also customers and shareholders. One of the key themes of our discussions was the "real world." Until now, we have primarily created exciting fashion experiences in the digital space through online apparel retail. Since online shopping has become a part of everyday life, the management team believes that the next challenge is to leverage the assets we have built to create new ways for people to enjoy fashion in the real world. We believe that the excitement of real-world experiences will continue to grow, and our aim is to bring that excitement to everyone not only through fashion but also in areas adjacent to fashion.

7.

Q	Could you explain why ROE has been declining each year and share your outlook going forward?
A	Since the establishment of the company, our business model has naturally resulted in a gradual decline in ROE as retained earnings have accumulated over time. To address this issue, we increased our total payout ratio to enhance shareholder returns and implemented share repurchases totaling approximately 30.0 billion yen. As a result, we believe we can improve ROE to around 50%. Going forward, we will continue to prioritize shareholder returns while maintaining an appropriate balance between capital efficiency and sustainable growth with the goal of maintaining a high ROE.

8.

Q	I would like the company to consider introducing a shareholder benefit program, such as awarding ZOZO points. Could you share your views on introducing a shareholder benefit program?

A	We place a high priority on shareholder returns and set the target of a total payout ratio of more than 80%, including a dividend payout ratio of 70%. Most recently, we completed share repurchases totaling 30.0 billion yen. We will continue to consider the possibility of introducing a shareholder benefit program.

9.

Q	It appears that the company enters into a 20.0 billion yen syndicated loan each year. Could the company eliminate the need for this borrowing by suspending dividends for one or two years? If so, would paying approximately 200 million yen in annual interest expenses be unnecessary? I think being a debt-free company would be good publicity.
A	Our group entered into overdraft facilities with our relationship banks to ensure flexible and stable access to working capital. We also consider providing stable returns to shareholders to be an important management priority. Going forward, we will maintain an appropriate balance between securing stable funds through these overdraft agreements and providing sustainable shareholder returns.

[Services and Business Operations]

10.

Q	Given Workman's great success in expanding into the casual market, I believe there is significant demand for apparel that combines the functionality of workwear with everyday fashion, particularly among people who work on-site and who rely on workwear in their daily jobs. Does the company have any specific strategies or a long-term vision for leveraging the extensive customer data and styling expertise that ZOZO has accumulated to develop this potential market?
A	Regarding work attire, the trend has shifted from traditional business suits to business casual since the COVID-19 pandemic. ZOZOTOWN already offers a wide range of business casual apparel from the brands on its platform. Going forward, we plan to increase customer awareness through such promotional campaigns as featured banners to further expand sales. We will also continue to strengthen our initiatives in adjacent categories, including business casual.

11.

Q	I would like to see more curated features and brand offerings, such as recovery wear targeting middle-aged and older consumers with strong purchasing power, premium lifestyle product brands, and affordable home furnishings from retailers, such as IKEA.
A	We are expanding the range of brands and product categories available on our platform to better serve the increasingly diverse needs of customers. Going forward, we will continue to leverage the data and insights we have accumulated to further enhance the attractiveness of our marketplace and make it more compelling.

12.

Q	What differentiates you from UNIQLO and Workman?
A	We recognize that UNIQLO and Workman strengthen their product offerings primarily through their own brands and that their business models differ from ours. Our strengths, however, lie in ZOZOTOWN's broad brand lineup, our fashion specialized UI/UX, our sales capabilities that leverage our membership base and data, and our strong relationships with brands. We will continue to attract new brands to the platform and strengthen our services based on user needs while striving to build an attractive marketplace that is unique to ZOZOTOWN.

13.

Q	Will you pay more attention to seniors? Many of your users are also getting older because 20 years have passed since the company was founded. With an increasing number of people requiring nursing care or providing care for family members, there seems to be growing demand for products and services targeting the senior demographic.
A	We are exploring the possibility of providing consumption experiences tailored to the different life stages and needs of users through in-house development, partnerships, and capital alliances as part of our efforts to create new revenue streams. While we have no specific plans to disclose at this time regarding initiatives

	targeting particular age groups or the nursing care sector, we will consider expanding our target demographics and adjacent business areas over the medium to long term.

14.

Q	Domestic demand may decline because of the declining birthrate and other factors. What measures do you have in place to address this challenge?
A	For our existing domestic businesses, including ZOZOTOWN, we are working to acquire new users for the More Fashion segment outlined in our medium-term management plan. In addition, we are working to reactivate dormant members through point-based campaigns and similar initiatives for existing users with the aim of further strengthening ZOZOTOWN's contribution to our revenue growth despite the challenges posed by the declining birthrate and the decline in the population.

15.

Q	Does your company have a strategy for acquiring new customers going forward? If so, what target demographics are you focusing on?
A	We believe that strengthening user acquisition is an important initiative within the More Fashion segment of our medium-term management plan. We sponsored a special event where fashion and music come together, ZOZOFES, and opened pop-up stores in regional cities. Going forward, we will continue to expand the customer touchpoints through offline initiatives and work to acquire members from a broader range of users.

16.

Q	I have a question related to the previous discussion on app usability. I personally use the PC version. From the customer perspective, could you explain your specific approaches to communicating the usability of the app to Web users who have not yet used it, as well as potential customers, and encouraging them to switch to or download the app?
A	We encourage users who have purchased products through the PC version or smartphone Web version to download the app through email communications and other channels. In addition, we use advertising on different social media platforms and app stores to expand the app user base. The app has received high ratings for its ease of use, which means that app users tend to have higher engagement and continue to use the service over time. Therefore, we will continue to promote app downloads.

17.

Q	Based on previous discussions regarding the contribution of offline events to business performance and inventory management issues, please explain the current status of the ZOZOMO OMO platform, which connects the physical brand stores with ZOZO, as well as your future strategy for leveraging offline customer data to improve online purchase rates?
A	Many brands have adopted ZOZOMO. Through ZOZOTOWN, customers can check inventory availability at the physical stores of each brand; therefore, we provide services that allow customers to reserve products, pick them up, and complete payment at the stores. For users, the ability to check physical store inventory through ZOZOTOWN provides value beyond online shopping alone. This contributes to increasing user engagement and attracting more users to the platform. We will continue to promote the expansion of ZOZOMO.

18.

Q	I have a question regarding Niau Labo, the personalized styling service. The free service has ended, but are there any plans to offer this service to the general public as a paid service in the future? (I ask this because I personally found the service very enjoyable and would welcome its wider availability.)
A	Those who used and experienced the service responded very positively. However, because it was a human-based service that required approximately two hours of styling support per customer, achieving sufficient profitability was difficult. We are now working to recreate this experience online and are considering relaunching the service in physical stores based on the experiences obtained through this process.

	Although no launch date has been determined, we expect to be able to offer an IT-enabled version of the service you experienced. We hope you will look forward to it.

19.

Q	Do you read the one-star ratings and comments for the ZOZOTOWN Yahoo! Store? I believe that when the number of one-star ratings exceeds the number of three-star ratings by more than 100 is a serious issue. Is your customer support system functioning properly?
A	We continuously work to improve service quality and convenience based on inquiries and feedback from customers. Going forward, we will further review customer feedback, including store reviews, to enhance our services and continue our efforts to improve service quality.

20.

Q	I have a question regarding the investments in logistics centers. The logistics centers to date appear to be concentrated in eastern Japan. From the perspective of BCP and service improvement, I believe establishing logistics bases in western Japan would be beneficial. Could you explain your approach to future logistics network development?
A	Our major logistics bases are currently located in Chiba and Ibaraki prefectures, and we have implemented a variety of measures to minimize the impact of natural disasters and other man-made risks on our business operations. At this time, we have no plans to establish logistics bases in western Japan. However, by developing backup plans for our logistics facilities and conducting regular disaster preparedness drills, along with implementing other measures, we will continue to respond to business continuity risks, maintain service quality, and enhance management stability.

[AI and Technology]

21.

Q	There is data indicating that approximately 50% of IT professionals in their 20s are using AI agents in their work. What is the current status of the company-wide implementation and utilization of generative AI agents at ZOZO? As a company that promotes Rokujiro (6-hour work system), could you explain how AI utilization is contributing to improvements in labor productivity and cost efficiency, including personnel cost optimization and business performance, as well as your assessment of the results achieved so far?
A	AI has been integrated into our operations, and as an IT company, we are promoting its use across several different departments, not just for systems engineers. In addition, we have incorporated AI utilization into the personnel evaluation processes. At this stage, we are not yet able to clearly quantify the impact of AI utilization. However, the automation and replacement of certain operational tasks through AI are progressing. Human resources and the time capacity created through these efforts will be redirected toward new areas identified in the medium-term management plan, and we will accelerate these initiatives from this fiscal year onward.

22.

Q	I believe that the data accumulated through ZOZOSUIT and WEAR represents a significant competitive advantage and a key foundation for the "challenge to interactive AI agents" discussed previously. Going forward, does the company have any specific strategy or vision for deploying AI powered fashion shopping assistance and other services on external platforms, including websites or LINE, to reach nonusers who do not currently use the app (such as potential customers who may find it difficult to choose clothing) and ultimately connect these initiatives to new customer acquisition?
A	There is no doubt that the era of AI agents will arrive; therefore, we are preparing accordingly. In addition to developing AI agent functions internally, we are preparing for the possibility that such external AI platforms as Gemini and ChatGPT may serve as customer touchpoints in the future, and we are advancing initiatives on both fronts. Specifically, we launched ZOZO's Niau Coordination AI Labo-kun this spring on LINE. This service allows AI to provide clothing recommendations based on user preferences and use scenarios. In addition, users can type “@ZOZO" on ChatGPT and ask for fashion coordination advice, and the service will display

	coordination images from WEAR. At present, the use of both services remains limited. However, we will consider expanding the services within ZOZOTOWN in the future.

23.

Q	With the advancement of generative AI, e-commerce may shift from a world where people search and purchase products to one where AI agents make purchases on their behalf. In the event of such a future, does ZOZO aim to be a company chosen directly by consumers or a platform preferred by AI agents? What is your vision for this future, and how are you currently approaching the strategic direction and initiatives needed to prepare for it?
A	At this stage, we believe these two models will coexist. We expect a future where external AI agents will purchase products through our platform, while we also provide our own AI fashion agent that helps users find and purchase products tailored to their individual preferences. Just as general e-commerce marketplaces like our competitors and specialty-focused platforms like ours coexist in today's e-commerce environment, a similar ecosystem will emerge in the era of AI agents. At the same time, expanding our presence within that ecosystem will be critical; therefore, we are advancing a variety of initiatives, including services on LINE and collaborations with ChatGPT. We are confident that the era of AI agents is coming, and we will continue preparing for the future.

24.

Q	As you proceed with investments in AI, I would like to hear your view on whether the recent surge in memory chip prices could put pressure on the company's profitability. In addition, if you have any specific measures to address potential cost increases, I would appreciate your comments.
A	We are closely monitoring the impact of rising memory prices as well as the other costs associated with AI utilization. However, we do not expect these factors to have a material impact on profitability at this stage. We will continue to pursue efficient utilization of AI while carefully assessing the return on investments.

25.

Q	I believe information security is essential to providing safe, reliable services. What measures are you implementing to protect against cyberthreats, including cyberattacks? In addition, what initiatives are you implementing to ensure that customers can use your services with confidence? Could you also explain how your security measures have improved over time?
A	Regular vulnerability assessments and cyberattack simulation exercises help to prevent unauthorized access and information leaks. In addition to collecting information on emerging external threats, security events across our systems and networks, as well as phishing websites targeting customers, are continuously monitored so that we can detect and respond to risks at an early stage. Furthermore, through regular reviews of personal information management practices and internal and external audits, we continuously evaluate and enhance our security controls. By strengthening measures for data leakage prevention and security monitoring systems, we are committed to providing an environment in which customers can use our services with confidence.

[Overseas Business and LYST]

26.

Q	You mentioned strengthening overseas business. How do you plan to differentiate your company from Amazon?
A	Rather than expanding overseas as an e-commerce business selling products, our policy is to develop business by employing data and technology. ZOZOFIT is expanding its business by leveraging body measurement data acquisition technology and the improved estimation accuracy achieved through the accumulated data. In addition, through the PMI of LYST, we will support the business by leveraging the expertise that we have cultivated, such as building recommendation engines and improving their accuracy, integrating generative AI into business operations, and determining what data should be prepared so that we can deliver specific services.

27.

Q	I am still concerned about the value creation and business performance of LYST. In addition, since interest rates are expected to rise going forward, I hope you will continue working to further strengthen the equity ratio.
A	LYST's gross merchandise value (GMV) for the previous fiscal year fell short of the plan due to the overall slowdown in the luxury market and the impact of the U.S. tariff policy. For the current fiscal year, we are transforming LYST's business model. We view this as an investment phase, including the implementation of checkout functionality and AI agent capabilities. Through these initiatives, our goal is to monetize LYST and achieve the 5-billion-yen target set in our medium-term management plan. We do not believe that rising interest rates will have any material impact on our business. The company maintains an equity ratio of over 50%, and we believe that our financial position remains sound. We will continue to pursue disciplined financial management.

28.

Q	Is the app integration with LYST within your scope of consideration?
A	We are unable to comment on the possibility of integrating the app with LYST at this time. For this fiscal year, however, we will focus on expanding the implementation of checkout functionality and developing AI agent capabilities as part of building a foundation for LYST’s growth as a standalone business. Additionally, we aim to create medium- to long-term synergies by advancing technological collaboration and sharing expertise across the group.

29.

Q	Does LYST also carry Japanese brands?
A	LYST carries more than 27,000 brands from around the world, including some Japanese brands. At present, we cannot comment on any specific plans to expand the selection of Japanese brands. However, we will continue to consider such opportunities based on user needs and synergies within the group.

[Sustainability]

30.

Q	What specific initiatives are you undertaking to improve animal welfare?
A	Improving animal welfare has been identified as one of the sustainability materialities, and we recognize it as an important issue. We are now promoting initiatives primarily through awareness-raising and information-sharing activities. Specifically, through elove by ZOZO, which encourages sustainable choices, and other content, we feature products and brands that support animal welfare and are cruelty-free (not tested on animals) with the aim of raising customer awareness. We will continue to promote initiatives aligned with the sustainability materialities and provide customers with options that allow them to enjoy fashion while remaining mindful of the environment, society, and animal welfare.

[Corporate Governance]

31.

Q	There are several directors who do not own shares. Do they plan to purchase shares in the future to demonstrate a stronger commitment to the business? I would like to ask the directors who currently do not own shares.
A	The decision to purchase shares is left to the discretion of each individual director; the company does not require directors to do so. When selecting directors, our emphasis is on management capabilities and experience, as well as the ability to provide insights from an external perspective on the future direction of the company. We appoint individuals who can contribute to management regardless of whether they own shares.

32.

Q	Outside directors do not own shares in the company. Why do they not demonstrate their commitment to enhancing corporate value by owning shares? Director candidate No. 4, who is an internal director candidate, also does not own any shares. Additionally, director candidate No. 5 was absent from one board meeting. Was there any reason why she was unable to attend, including via Web conference?
A	Regarding share ownership by director candidates, the company selects candidates based on experience and expertise, rather than share ownership status. The decision to purchase shares is left to the discretion of each individual director; the company does not require them to do so. However, once elected, all directors will faithfully fulfill their duties to enhance corporate value from the same perspective as shareholders. Director candidate No. 5, Ms. Nagata, was absent from one board meeting because of unavoidable circumstances. However, based on her contributions and performance to date, we believe that she will continue to appropriately fulfill her responsibilities as a director.

33.

Q	Regarding outside directors, the "Expected Roles" described in the reference materials appear to be similar for all directors, and the specific roles and the need for outside directors are not clear. Could you please explain specifically how outside directors are involved in the company's decision-making process and why their involvement is necessary?
A	Outside directors leverage their extensive experience and expertise in their respective fields to provide advice and oversight on management strategies and guidance on important decisions from an independent and objective perspective. By incorporating diverse perspectives that cannot be obtained solely from within the company, they contribute to improving the quality of discussions by the Board of Directors. In addition, they play an important role in enhancing management transparency and objectivity through their involvement in decisions on nominations and compensation, as well as their oversight of transactions involving potential conflicts of interest.

34.

Q	There are few women among the directors. How will you incorporate women's perspectives into management?
A	Although the proportion of women among our directors is relatively high, we recognize that the proportion of women in management positions throughout the company remains low, and we consider this an issue that needs to be addressed. Therefore, we have set a target of increasing the proportion of female managers to 40% by fiscal year 2030. In our fashion business, approximately two-thirds of our customers are women. Therefore, failing to reflect women's perspectives in our management and services could pose a business risk, and we will continue to advance initiatives to address this issue.

35.

Q	Is Mr. Maezawa involved in management?
A	Mr. Yusaku Maezawa is one of our shareholders. However, he is currently not involved in the management of the company.

36.

Q	Do you have a system in place to monitor and prevent unfair pressure on tenant stores, such as violations of the Subcontract Act or inappropriate price negotiations, which have been reported in recent years? We are in an era of intense competition among numerous e-commerce platforms. I hope the company will continue to be one where all three parties, including those who provide products, those who sell products, and those who deliver products, can benefit and be satisfied.
A	Thorough compliance measures, including responses to the revised Subcontract Act (the Act on Ensuring Fair Transactions), are communicated from management to employees on the front lines. In addition, extensive training programs are in place, and an environment has recently been created that makes it easier for employees to

	take courses online. After completing the courses, employees take simple tests, and the company monitors completion rates and assesses the effectiveness of the training to prevent legal violations.

[Management of Shareholders' Meetings]

37.

Q	I think online shareholders' meetings are very good! If you could also display the number of concurrent viewers, I believe it would create an even greater sense of participation and shared engagement.
A	Thank you very much for your positive feedback regarding the online shareholders' meetings. We also appreciate your suggestion regarding the display of the number of concurrent viewers as valuable feedback. We will continue to strive to conduct shareholders' meetings in a way that enables more meaningful dialogues with all shareholders.

38.

Q	I strongly support having shareholders' meetings fully online. They help reduce costs, and more importantly, they allow me to participate in the shareholders' meeting. Is the company also considering any other benefits?
A	Virtual-only shareholders' meetings have been held for four years, although only a limited number of companies have adopted this format. By holding shareholders' meetings online, shareholders face fewer constraints on time and location, which means that many shareholders can participate. The number of participants has increased every year. In addition, Q&A sessions proceed smoothly in this format. We intend to continue with the current format and work to enhance communication with an even greater number of shareholders.

39.

Q	Are there any events being considered, such as shareholder discussion meetings, to increase opportunities for engagement with shareholders?
A	At present, no plans are in place for shareholder discussions. We consider shareholders' meetings to be an important opportunity for dialogues with shareholders and strive to enhance their value. At the same time, we are working to provide information through financial results briefings and the company website. We will continue to maintain appropriate and effective communication with all shareholders.

[Other]

40.

Q	Are there plans to extend the naming rights agreement for ZOZO Marine Stadium?
A	Our company has agreed with Chiba City and Chiba Lotte Marines Co., Ltd., to renew the naming rights agreement for Chiba Marine Stadium, effective until November 30, 2033, and the stadium will continue to operate under the name ZOZO Marine Stadium.

End of document