



The 26th Ordinary General Meeting of Shareholders Questions and Answers

Date and time: 12:00 noon, Wednesday, June 26, 2024

Location: Held with no location designated.

(1) Prior questions

1.

Q (shareholder)	Please tell me about your prospects for overseas expansion.
A (chairperson)	The Company has attempted overseas expansion in the past. Currently, we are planning to expand overseas through measurement technologies, and we are deploying the ZOZOFIT body-management service, a bundle of body measurement technologies, in North America. Overseas firms have shown an interest in our measurement technologies, and our policy is to expand overseas while selling measurement technologies through such means as technology licensing.

2.

Q (shareholder)	Can you send dividend notices electronically instead of by post?
A (chairperson)	Unfortunately, we are unable to send dividend notices electronically at this time due to system limitations. We will take your question into consideration if the system is revised in the future.

3.

Q (shareholder)	The notice of the General Meeting of Shareholders sent by post each year is printed on high-grade paper and sent in a high-grade envelope. Do you have any reason for taking the trouble to use such paper?
A (chairperson)	We aim to deliver what we offer to stakeholders in stylish packages, such as the carefully selected boxes in which we ship products. This reflects our corporate philosophy, "Inspire the world. Deliver joy every day." Please understand that the materials we send by post are selected under the same approach. We appreciate your valuable comment about the cost of using such materials.

4.

Q (shareholder)	What kinds of measures do you implement to address fraud and spoofing targeting virtual-only General Meetings of Shareholders?
A (chairperson)	We address spoofing through enhanced security measures, including randomly assigning login passwords to individual shareholders. Exercise of voting rights by shareholders is managed strictly by the shareholder registry administrator, Sumitomo Mitsui Trust Bank Limited. Please understand that the Company also implements its own measures to ensure that no fraud takes place such as alteration of the results of exercise of voting rights.

5.

Q (shareholder)	Please tell me about the Board of Directors and the qualifications of women officers.
A (chairperson)	The Board of Directors is well balanced overall in terms of knowledge, experience, and ability, and we strive to ensure diversity on the Board of Directors in terms including gender, career history, and age, as an important topic. Candidates for Company directors, including the candidate women officers proposed at this general meeting and the incumbent women directors and Audit and Supervisory Committee members, are chosen from those who possess wide-ranging experience and knowledge in their areas of specialization, including corporate management, technology, and corporate governance, regardless of gender. Each is an optimal candidate for director, regarded highly for management skills and experience, and we believe that each will perform the duties of director faithfully.

6.

Q (shareholder)	What are the advantages and disadvantages of holding a virtual-only General Meeting of Shareholders?
A (chairperson)	We believe that advantages of holding a virtual-only General Meeting of Shareholders include the ability to cut costs associated with operating a meeting venue and the fact that shareholders can participate remotely. We have made some improvements for this meeting to expand dialogue with shareholders, including making the entry form for prior questions clearer and setting aside time for shareholders to enter questions during the question-and-answer session. We intend to continue making efforts to ensure opportunities for full dialogue with shareholders when holding virtual-only General Meetings of Shareholders in the future as well.

(2) Questions on the day of the Meeting

1.

Q (shareholder)	Have issues associated with restrictions on overtime in logistics work in 2024 affected ZOZO? Have you adopted any measures to address them?
A (chairperson)	Issues associated with restrictions on overtime in logistics in 2024 have affected us, specifically by increasing logistics costs. We have responded through measures that included cutting warehouse and non-warehouse costs as well as increasing shipping charges effective April 1, 2024.

2.

Q (shareholder)	Please tell us about your expectations for the apparel market in the future. While quality is improving from year to year, have there been any changes in buying behavior?
A (chairperson)	As you point out, apparel quality is improving. At the same time, the apparel industry in Japan is highly advanced in terms of the trend toward sustainability. We believe that the market for used clothing will grow as a result. Sales of our ZOZUSED service are growing steadily, and demand is strong for the repurchase service. We envision a circular apparel market for the future in which higher-quality products can be resold so others can wear them, and we would like to promote this vision.

3.

Q (shareholder)	Is there any risk that the alliance with LY Corporation Commerce could have a negative effect on recognition of the ZOZOTOWN e-commerce brand itself?
A (chairperson)	The current state is the result of various discussions on this topic at the time ZOZOTOWN opened a shop on the Yahoo! JAPAN Shopping platform. Our conclusion at the time was that there were limits to the brand recognition of ZOZOTOWN itself. Specifically, in the market of men aged in their 40s and older, Yahoo! JAPAN Shopping has a very large customer base, and we have succeeded in letting them know about ZOZOTOWN. Since customers targeted vary by segments of age and gender, by selling on two sites, we are able to secure customers from both.

4.

Q (shareholder)	Why don't you hold a hybrid remote attendance-type general meeting of Shareholders?
A (chairperson)	We have decided to hold a virtual-only General Meeting of Shareholders in order to provide opportunities for communication with more shareholders and to optimize costs. This is only the second year since we began holding such meetings, and we recognize the need for some revisions. Rather than absolutely insisting on continuing to hold meetings in this form, we intend to find the optimal solution while listening to your opinions. We would appreciate your continued comments.

5.

Q (shareholder)	Please tell me about the terms of office of Directors and Audit and Supervisory Committee members. When are candidate Audit and Supervisory Committee members proposed? I think a brief written explanation would be helpful.
A (chairperson)	The term of office of a director is one year. The term of office of Audit and Supervisory Committee members is two years, to end next year. We will take your comment into consideration when planning the information that we will provide for next year and other matters.

6.

Q (shareholder)	I believe that the younger generation places importance on not only style and the look of materials but also the environment and sustainability. Please tell me about the progress and future prospects of environmental efforts and efforts to address global warming in your business.
A (chairperson)	We recognize that not only the younger generation but also other generations are highly interested in sustainability. The Company has established a Sustainability Statement and related priority fields, and we are establishing an organization for related initiatives. See the website and other sources for more details. We recognize that we play a very important role as retail and fashion infrastructure and that our social and environmental impact strongly reflects how we sell products. Based on this understanding, we are in the process of aligning courses of action in cooperation with each brand.

7.

Q (shareholder)	Much attention is being paid to the parent company's security concerns recently. Tell us how this impacts and relates to your company.
A (chairperson)	There has been practically no effect on the Company. We have a dedicated security organization that has earned external certification. In response to the incident at the parent company, we are determined to improve security even further, and we are making efforts daily toward that end.

8.

Q (shareholder)	How many cosmetics do you offer?
A (chairperson)	Currently, we offer more than 750 brands. Last year's gross merchandise values were 11.3 billion yen, and one in four customers who purchased apparel on ZOZOTOWN also bought cosmetics. We plan to continue to focus on cosmetics as the second pillar of our business after apparel.