

ZOZO, Inc.

Our Initiatives in Relation to the Corporate Governance Code

Section 1:

Ensuring the Rights and Equal Treatment of Shareholders

【General Principle 1】

The listed companies should take appropriate measures to fully ensure shareholder rights and develop an environment that enables shareholders to exercise their rights effectively. Additionally, listed companies should ensure the effective and equal treatment of their shareholders.

Given its sensitivities, adequate consideration should be given to the rights of minority and foreign shareholders to ensure the actual rights of all shareholders, the environment in which they can exercise these rights, and equal treatment.

The Company Group strives to provide all stakeholders with information in a timely, accurate, fair and consistent manner, in compliance with the Financial Instruments and Exchange Law and other relevant laws and regulations, as well as the rules on timely disclosure, etc. established by the Tokyo Stock Exchange (hereinafter referred to as the “Regulations for Timely Disclosure”). It is the Company’s policy to disclose information not subject to the Regulations for Timely Disclosure in a timely, accurate, and fair manner through appropriate channels, taking into account the purpose of timely disclosure.

【Principle 1-1 Ensuring the Rights of Shareholders】

The listed companies should take appropriate measures to fully ensure shareholder rights, including voting rights at the General Meeting of Shareholders.

The Company provides an environment that enables timely and accurate information disclosure and facilitates the exercise of voting rights in order to ensure shareholder rights.

<Supplementary Principle>

1-1 ① When the Board of Directors recognizes that a considerable number of votes have been cast against a proposal by the Company and the proposal was approved, the Board of Directors should analyze the reasons behind the opposing votes and why many shareholders opposed and should consider the necessity of the dialogue with shareholders and other measures.

All Directors review the voting results for resolutions at the General Meeting of Shareholders and analyze the reasons for opposition votes and the factors behind a significant number of opposing votes, and consider appropriate response measures.

1-1 ② When proposing to shareholders that certain powers of the General Meeting of Shareholders be delegated to the Board of Directors, the listed companies should consider whether the Board of Directors is adequately constituted to fulfill its corporate governance roles and responsibilities. If those companies determine that the Board of Directors is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

The Company’s Articles of Incorporation provide that dividends from surplus may be determined by a resolution of the Board of Directors as one of the matters delegated from the General Meeting of Shareholders, pursuant to Article 459, Paragraph 1 of the Companies Act. The current Board of Directors consists of eleven members in total, including three Executive Directors and eight non-executive Directors (six of whom are Outside Directors). All three Audit and Supervisory Committee Members are appointed as Outside Directors, and all Outside Directors are registered as independent officers with the Tokyo Stock Exchange. Outside Directors will continue to exchange opinions with the Management and appropriately express their views from an external perspective in order to fulfill their roles and responsibilities in corporate governance.

1-1 ③ Given the importance of shareholder rights, the listed companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to those listed companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tends to be prone to issues and concerns.

The Company ensures the minority rights of shareholders recognized under the Companies Act by stipulating procedures for the exercise of such rights and methods for shareholder verification in its Stock Handling Guidelines.

**【Principle 1-2 Exercise of Shareholder Rights at the General Meeting of Shareholders】
The listed companies should recognize that the General Meeting of Shareholders is an opportunity for constructive dialogue with shareholders, and should take appropriate measures to ensure the exercise of shareholder rights at such meetings.**

The Company acknowledges the General Meeting of Shareholders as an opportunity for constructive dialogue with shareholders. Accordingly, the Company has held a Virtual-only General Meeting of Shareholders since June 2023 to enable more shareholders to participate in the General Meeting of Shareholders. The Company facilitates the exercise of voting rights by shareholders through the use of a voting rights exercise form and a web-based electronic voting platform.

The Company also discloses a summary of questions and answers from the General Meeting of Shareholders. The Company continuously provides information from the perspective of shareholders.

<Supplementary Principle>

1-2 ① The listed companies should provide accurate information to shareholders as necessary in order to facilitate an appropriate decision-making process at the General Meeting of Shareholders.

The Company believes that accurate information should be provided to shareholders as necessary to facilitate appropriate decision-making at the General Meeting of Shareholders. For proposals to be submitted to the General Meeting of Shareholders, the Company promptly discloses relevant information through its website and the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange.

1-2 ② While ensuring the accuracy of content, the listed companies should strive to send the notice of convocation of the General Meeting of Shareholders early enough to provide shareholders with sufficient time to consider the agenda. During the period between the resolution of the convocation of the General Meeting of Shareholders by the Board Meeting and the dispatch of the notice of convocation, information, including the notice of convocation, should be disclosed by electronic means such as TD-net or on the Company's website.

The Company discloses materials for the General Meeting of Shareholders at an early date to ensure that shareholders have sufficient time to consider the proposals for the General Meeting. The materials are available on the Company's website and on the website of the Tokyo Stock Exchange, "TSE Listed Company Information Service," after completion of the procedures, which include resolutions of the Board of Directors, at least three weeks prior to the General Meeting of Shareholders.

1-2 ③ The determination of the date of the General Meeting of Shareholders and any associated dates should consider facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

The Company believes that the General Meeting of Shareholders is an opportunity for dialogue with shareholders; therefore, it is essential to consider a schedule that enables as many shareholders as possible to attend. Accordingly, the Company has been making efforts to schedule the General Meeting of Shareholders on dates that do not coincide with those of many other companies' General Meetings.

1-2 ④ Given the number of institutional and foreign shareholders, the listed companies should create an infrastructure that enables electronic voting, including the use of the Electronic Voting Platform and the provision of English translations of the notice of convocation of the General Meeting of Shareholders. In particular, the listed companies on the Prime Market of the Tokyo Stock Exchange (TSE) should, at least, make the Electronic Voting Platform available to institutional investors.

Considering shareholder composition, the Company discloses English translations of the notice of convocation on its website for overseas institutional investors.

To facilitate the exercise of voting rights, the Company has implemented a digital platform for exercising voting rights.

1-2 ⑤ In order to allow institutional investors that hold shares in the name of trust banks to exercise their voting rights on behalf of the trust banks at the General Meeting of Shareholders, the listed companies should consult with trust banks to consider this matter.

The Company recognizes that institutional investors recorded on the Shareholders' List as shareholders on the record date are entitled to exercise their voting rights. If beneficial owners wish to attend the General Meeting of Shareholders, the Company will consider permitting their attendance.

【Principle 1-3 Basic Plan for Capital Policy】

The listed companies should explain their basic plan regarding their capital policy, since this may significantly impact shareholder returns.

The Company believes that the continuous generation of returns in excess of the cost of capital contributes to the enhancement of corporate value and the delivery of value to stakeholders, including shareholders. With respect to shareholder returns, it is the Company's basic policy to implement such returns appropriately after comprehensively considering its financial position and future business and investment plans. To achieve this, the Company has adopted Return on Equity (ROE) as a key management indicator and is committed to management with a strong focus on capital efficiency. Specifically, while taking into account the performance levels of comparable companies on a global basis, the Company aims to manage its business with an awareness of an ROE level of approximately 30%, and will continue to strengthen profitability and promote the efficient utilization of shareholders' equity.

【Principle 1-4 Strategic Shareholdings】

When listed companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to cross-shareholdings, including their policy and views on reducing cross-shareholdings. Additionally, the Board of Directors should carefully examine individual cross-shareholdings annually with respect to the appropriateness of the purpose for holding shares and the adequacy of benefits and risks against the capital cost and verify the appropriateness of holding shares. Details of this verification should also be disclosed. The listed companies should establish and disclose concrete standards for ensuring appropriate responses to the exercise of voting rights with respect to cross-shareholdings and respond accordingly.

The Company currently does not hold any strategic shareholdings. The Company also recognizes that the necessity of holding such shares is limited and, at present, has no specific plans to acquire them.

If the need to hold strategic shareholdings arises in the future, the Company will fully examine whether such holdings are expected to maximize synergies and contribute to the medium- to long-term enhancement of the Company's corporate value. In addition, the Company will establish specific standards to ensure appropriate responses to its policy on strategic shareholdings and the exercise of voting rights associated with such shares and will act in accordance with those standards.

With respect to investments other than pure investment purposes, the Company's basic policy is that such investments should generate synergies for both its existing and new businesses through business alliances, information sharing and other forms of collaboration with investee companies.

Based on this policy, and in order to ensure prompt and appropriate decision-making, the Company will periodically review, at Board Meetings, the purpose of holding such investments and their quantitative benefits. In addition, the Company has established internal regulations governing investments other than

those held for pure investment purposes and manages such investments in compliance with those regulations.

<Supplementary Principle>

1-4 ① The Listed companies, when their shares are held as cross-shareholding and the cross-shareholder expresses its intention to sell the shares, should not prevent the sale by suggesting a reduction in transactions.

The Company will not prevent the sale of shares even when a holder of strategic shareholdings expresses its intention to sell such shares. Currently, the Company does not recognize any holder of strategic shareholdings.

1-4 ② The listed companies should not engage in transactions with cross-shareholders that would damage their benefits and the common benefits of the shareholders, including continuing transactions without sufficiently verifying the economic rationality of the transaction.

When a transaction occurs with a company that holds the Company's shares as strategic shareholdings, the Company shall adequately verify the fairness and economic rationality of the transaction and refrain from engaging in any transaction that would damage the Company's interests or the common interests of its shareholders.

【Principle 1-5 Anti-Takeover Measures】

Anti-takeover measures must not have any objective associated with the entrenchment of the Management or the Board of Directors. With respect to the adoption or implementation of anti-takeover measures, the Board of Directors and Audit and Supervisory Board Members should carefully examine the necessity and rationality in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

The Company believes that achieving sustainable growth and enhancing corporate value are among its most important management priorities, and it has no plans to introduce anti-takeover measures.

<Supplementary Principle>

1-5 ① In the case of a tender offer, the listed companies should clearly explain the stance of the Board of Directors, including any counteroffers, and should not take any measures that unreasonably interfere with the right of shareholders to accept the tender offer and relinquish their shares.

In the event of a tender offer for the Company's shares, the Company will promptly disclose the position of the Company's Board of Directors because such offers may affect the Company's shareholder structure and the interests of shareholders. In addition, the Company will respect the rights of shareholders and refrain from interfering with their responses to a tender offer.

【Principle 1-6 Capital Policy that May Harm Shareholders' Interests】

With respect to the Company's capital policy that results in the change of control or significant dilution, including share offerings and management buyouts, the Board of Directors and Audit and Supervisory Board Members should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationality from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

When implementing a capital policy that may result in a change of control or significant dilution, the Company will promptly disclose information regarding the background to and process of its deliberations, as well as the purpose of such implementation, while taking into account the opinions of Outside Directors. In addition, the Company's policy is to provide shareholders and investors with sufficient explanations through financial results briefings, the General Meeting of Shareholders, and other appropriate opportunities.

【Principle 1-7 Related Party Transactions】

When the listed company engages in transactions with its Directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the companies or the common interests of its shareholders and prevent any concerns with respect to such harm, the Board of Directors should establish and disclose appropriate procedures beforehand in accordance with the importance and characteristics of the transaction. In addition, the Board of Directors should monitor (including approving transactions) based on its procedures.

For transactions between related parties, the Board of Directors shall make the final decision, and the Company shall exclude the relevant officers, treating them as if they were absent due to a conflict of interest. In addition, the Company conducts periodic confirmations with Directors of the Company and its subsidiaries regarding the existence of any related party transactions.

The Company has established the “Guideline to ensure the fairness of transactions with the parent company group” to regulate transactions with major shareholders, and it operates in accordance with the Guideline. The Company complies with all applicable laws and regulations when conducting transactions with major shareholders. The terms and conditions of such transactions must not be unfairly advantageous or disadvantageous to the Company Group when compared to similar transactions with third parties. The Company’s policy is to determine the terms and conditions of transactions rationally, considering contract terms and market prices, in a manner similar to other companies.

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

【General Principle 2】

The listed companies should fully recognize that their sustainable growth and creation of medium - to long-term corporate value are brought about by the provision of resources and contributions made by a wide range of stakeholders, including employees, customers, business partners, creditors, and local communities. As such, companies should strive to cooperate effectively with these stakeholders. The Board of Directors and management should exercise leadership in establishing a corporate culture where the rights and interests of stakeholders are respected and sound business ethics are upheld.

The Company fully recognizes the importance of appropriate collaboration with a wide range of stakeholders in achieving sustainable growth and creating corporate value over the medium to long term. Under its corporate philosophy, “Inspire the world. Deliver joy every day,” the Company Group aims to create a future in which all unique individuals around the world are connected through fashion.

【Principle 2-1 Corporate Philosophy as the Foundation of Corporate Value Creation Over the Medium- to long-term】

Given the social responsibility the listed companies take, the listed companies need to create value for all stakeholders while increasing corporate value over the medium- to long-term. Also, the listed companies should establish a corporate philosophy that will become the basis for such activities.

The Company strives to increase corporate value over the medium to long term, while recognizing its social responsibilities. In line with our corporate philosophy, “Inspire the World. Deliver joy every day,” and management strategy, “More Fashion X Better Fashion tech, Explore your style. Make you delighted.,” the Company combines fashion and technology and will continue to create new value together with all stakeholders. In addition, the Company aims to become a unique presence that supports everyone who enjoys fashion and helps create a future where everyone can continue to smile.

【Principle 2-2 Code of Conduct】

The listed companies should draft and implement a code of conduct for employees to express the values the companies hold regarding appropriate cooperation, respect for stakeholder interests, and sound and ethical business practices. The Board of Directors should be responsible for drafting and revising the code of conduct and ensure its compliance across the organization, including the frontline of domestic and global operations.

The Company believes that it is essential to articulate the Company’s values and establish and implement a code of conduct regarding appropriate cooperation with stakeholders, respect for their interests, and sound and ethical business activities. The Company believes it is necessary to increase the number of people who share its corporate philosophy and broaden its relationships with a wide range of stakeholders, including customers, business partners, and shareholders, through its business activities.

<Supplementary Principle>

2-2 ① The Board of Directors should review regularly whether the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the listed company’s corporate culture truly embodies the purpose and spirit of the code of conduct, rather than solely on the form of implementation and compliance.

The Company regards business activities conducted in accordance with its corporate philosophy as an important guiding principle and shares such philosophy with all employees as appropriate. The Company’s code of conduct in accordance with its corporate philosophy has long been widely practiced, and a unique corporate culture has been fostered. Additionally, the Management communicates it directly at the monthly morning assembly and the semiannual meeting of the entire Company to ensure that it is thoroughly understood and embraced by all employees.

【Principle 2-3 Sustainability Issues, Including Social and Environmental Matters】

The listed companies should take appropriate measures to address sustainability issues, including social and environmental matters.

The Company believes that proactively addressing ESG (Environment, Social, and Governance) issues will lead to sustainable coexistence and shared prosperity with our stakeholders and society.

Based on the identification of 19 materiality issues together with internal and external stakeholders, the Company has established the “Four Key Actions” and related KPIs under our Sustainability Statement, “Fashion Connects and Leads Us to a Sustainable Future.”

The Company aims to empower all people to realize their potential through the power of fashion and technology while achieving both sustainable corporate growth and the resolution of social issues as part of our social responsibilities.

1. Sustainability Statement

Under our Sustainability Statement “Fashion Connects and Leads Us to a Sustainable Future,” the Company aims to create a new fashion world that connects fashion, technology, and people, address global challenges in innovative ways together with all stakeholders, and improve the environment and society.

2. Four Key Actions

The Company has established the following Four Key Actions to realize the Sustainability Statement, and a sustainable society and environment:

① Providing the sustainable and innovative services created together with its business partners

The Company aims to address environmental and social issues by delivering safe, secure, sustainable, and exciting services through the use of technology and by collaborating and co-creating with all stakeholders, including business partners.

② Realization of workplaces and communities where everyone can live their lives with a smile by promoting DE&I

The Company aims to realize a fair and inclusive world where everyone can live with dignity and a smile by promoting a workplace that values diversity and by contributing to local community revitalization and support for future generations through collaboration with stakeholders, particularly those in industry, government, and academia.

③ Contributing to a prosperous planet by reducing environmental impact

The Company aims to realize a sustainable environment on Earth by working with our stakeholders to solve natural environmental issues and reduce environmental impact.

④ Maintaining and enhancing sound management and a resilient management structure by strengthening governance

The Company will maintain and improve a sound and flexible management system, aiming for highly transparent, effective, and prompt management by strengthening corporate governance, risk management, and privacy and information security, among other areas.

3. Sustainability management structure

The Company Group has established the SDGs Promotion Committee, chaired by the Representative Director, President & CEO, to promote SDGs management across the organization. The committee works closely with each business department and reports to the Board of Directors to achieve the Four Key Actions and KPIs. (<https://corp.zozo.com/en/sustainability/policy/>)

4. Environmental policy

The Company Group supports the Paris Agreement and is committed to actively disclosing relevant information and achieving our greenhouse gas (GHG) reduction targets to mitigate the impacts of climate change. Through its business activities, the Company also actively engages in environmental preservation and conservation efforts, contributing to the realization of a sustainable society.

(https://corp.zozo.com/en/sustainability/environment/env_policy/)

5. Human rights policy

The Company Group endeavors to maintain a safe working environment and promote initiatives that respect

the human rights and individuality of each employee.
(https://corp.zozo.com/en/sustainability/social/soc_rights/)

6. Anti-corruption initiatives

The Company Group is committed to preventing corruption through ethical and honest business practices and the establishment of an appropriate compliance framework.
(https://corp.zozo.com/en/sustainability/governance/gov_ethics/)

7. ZOZO Sustainability procurement policy

The Company Group has established a procurement policy for suppliers in order to conduct business, while taking into account the impact on the environment and society through co-creation and collaboration with the brands that open stores on ZOZOTOWN and the suppliers that make up our supply chain.
(https://corp.zozo.com/en/sustainability/governance/gov_scm/)

8. ZOZO Group's code of conduct

The Company has established a code of conduct that all officers and employees of the ZOZO Group are required to comply with.
(https://corp.zozo.com/en/sustainability/governance/gov_ethics/)

9. Communication with Stakeholders

The Company aims to enhance corporate value by promoting the Four Key Actions through communication with stakeholders, identifying key issues and reflecting them in its business activities.
(<https://corp.zozo.com/en/sustainability/policy/>)

<Supplementary Principle>

2-3 ① The Board of Directors should recognize that addressing sustainability-related issues, such as considering global environmental problems, including climate change, respect for human rights, consideration for employees' health and their working environment, fair and appropriate treatment for them, fair and appropriate transactions with business partners, and risk management for natural disasters, is an important management challenge that would create earnings opportunities as well as risk reduction. The Board of Directors should further consider addressing these matters positively and proactively from the perspective of improving corporate value over the medium- to long-term.

The Company recognizes that working on sustainability issues is an important management challenge, as described in Principle 2-3. ZOZOTOWN, the online shopping website that primarily operates consignment sales of fashion items, accounts for 70% or more of the Gross Merchandise Value of the Company, resulting in a lower environmental burden compared to general manufacturers. However, the Company will proactively address ESG issues that require action across the entire fashion industry, given its role as a member of the industry.

Furthermore, through communication with stakeholders, including customers, business partners, and employees, the Company aims to identify key challenges that need to be addressed and reflect them in its business activities. By connecting fashion, technology, and people, the Company strives to create a new fashion ecosystem that contributes to a better environment and a more sustainable society. Through this, the Company aims to achieve sustainable growth by generating a virtuous cycle of profitability growth and sustainability.

• Relationship with customers

The number of ZOZOTOWN users is approximately 13.17 million per year. The Company focuses on proactively incorporating customer feedback into its services. Its Customer Support Center has a philosophy of "Be friends with customers" and strives to support and make our customers smile, just as if helping friends in need.

• Relationship with business partners (brands)

The Company fairly evaluates conditions such as the brand image, item lineup, and sales volume before selecting business partners. At the start of transactions, the store opening agreement is signed with the brand partners, which includes a representation and warranty that the supplied goods are manufactured in compliance with relevant laws and regulations and pose no risk of unreasonably impairing the rights of third

parties. It is also confirmed that brand partners have no connection with antisocial forces. In addition, it is prohibited to sell “those potentially violating human rights”, those potentially disrupting social order, and “those potentially using the name, pictures, images, trademarks, and copyrighted materials of others without permission.”

- Efforts to address climate change

The Company Group is actively addressing climate change through various initiatives, including the introduction of renewable energy at our headquarters and logistics centers, the planning and sales of sustainable fashion items, the dissemination of sustainability-related information, and services utilizing measurement technologies.

- ① Introduction of renewable energy at our facilities

Under our “2030 Carbon Neutrality Declaration,” the Company aims to achieve 100% renewable energy usage for electricity at our facilities by 2030. Currently, over 90% of electricity consumption at our facilities, including our headquarters, logistics centers, and data centers, comes from renewable energy sources.

- ② Sustainable content: elove by ZOZO

The Company launched “elove by ZOZO,” a permanent section on ZOZOTOWN dedicated to sustainability-related information. This content aims to offer a customer experience that empowers users to make sustainable fashion choices. It features initiatives by fashion brands, introductions to sustainable items, as well as useful information, including fashion-related tips and insights on environmental and social issues.

- ③ Measurement technology initiatives

To eliminate sizing concerns in online shopping, the Company provides a range of body measurement tools, including the “ZOZOSUIT” for 3D body measurement, the “ZOZOMAT” for 3D foot measurement, and the “ZOZOGLASS” for face skin tone analysis. These tools help reduce size-related item returns, thereby lowering CO2 emissions generated from return shipping and contributing to reduced environmental impact. In addition, the Company launched ZOZOFIT, a body management service in the United States that supports workout progress through the use of ZOZOSUIT, which enables the creation of 3D body models. Through this initiative, the Company is leveraging its measurement technologies not only in fashion but also in fields such as healthcare and medical fields.

- Actions in logistics

In order to realize a sustainable society, the Company is implementing various initiatives at our logistics center, “ZOZOBASE”. The Company is working to conserve energy and reduce CO2 emissions by adopting 100% renewable energy for all electricity used at all locations, LED lighting, and introducing “EMS-AI,” which automatically optimizes temperature control in the warehouse.

In addition, the Company uses FSC-certified cardboard and biomass bags as packing materials when delivering items to customers and recycled paper as cushioning materials to protect items with due consideration for the environment.

At ZOZO Research, our R&D division, the Company is conducting studies on optimal inventory allocation to minimize inter-base transportation between our logistics centers, ZOZOBASE. These efforts aim to reduce CO2 emissions associated with inter-base transportation. In addition, the Company is implementing various initiatives to achieve more sustainable logistics, including improving load efficiency in trunk line transportation, promoting contactless delivery service (Package-drop Service), introducing features such as “Order Bundling” and “Slow-Delivery” (slower shipping options), and using environmentally friendly packaging materials.

- Relationship with the local community and society

The Company has been located in Chiba City, Chiba Prefecture, for many years and has taken various actions with residents to contribute to the local community’s development based on the belief of “Let’s make the city where we work a better place.” The Company aims to create a new fashion world that contributes to a better environment and society together with all stakeholders.

- Employee health and working environment

The Company promotes diversity management, recognizing that employees are essential for future growth and that employees’ diverse skills and personalities contribute to corporate value growth and development. The Company believes that in order to realize our corporate philosophy, it is essential to achieve a state of “Work with Fun.” Based on this belief, the Company promotes the concept of EFM (Employee Friendship Management) and implement initiatives that foster cross-functional connections among employees.

Additionally, the Company centrally manages employee information through an integrated HR database, which enables us to assign the right people to the right positions, allowing each individual to fully demonstrate their capabilities.

The Company builds a system that supports various working styles and optimizes individual lifestyles based on a mutual understanding of diversity in sexual orientation, gender identity, nationality, and values. The Company encourages everyone to work in a way that reflects their individuality.

【Principle 2-4 Ensuring Diversity, Including Active Participation of Women】

The listed companies should recognize that diverse perspectives and values reflecting a variety of experiences, skills, and characteristics are a strength that supports the company's sustainable growth. Therefore, the listed companies should promote diversity of personnel, including the active participation of women.

The Company is fully aware that the existence of a variety of values is a strength in ensuring the Company's sustainable growth. The Company actively hires people with disabilities and provides ongoing workplace support following their employment. The Company also promotes the active participation of female employees, leveraging the characteristics of its fashion-related business, and provides an environment in which all employees can continue to thrive, while accommodating diverse lifestyles, including balancing work and childcare responsibilities.

<Supplementary Principle>

2-4 ① The listed companies should express their commitment to promoting diversity by ensuring equal opportunities for women, foreigners, and mid-career workers to assume managerial and core human resource positions. They should also set voluntary and measurable goals to achieve this and report on their progress in ensuring diversity. Additionally, they should disclose their policies for human resource development and establish an internal environment that fosters diversity, recognizing the importance of a human resource strategy in driving long-term corporate value.

The Company is committed to creating a future in which all unique individuals around the world are connected through fashion, in line with its corporate philosophy, "Inspire the world. Deliver joy every day." To achieve this vision, the Company practices diversity management and encourages all employees to work in a way that reflects their individuality.

Given the nature of the fashion business, many employees are passionate about fashion, and the Company has developed a unique corporate culture that allows everyone to express their individuality through fashion and respects each other's diversity.

The Company has established the mindset of ZOZO staff, "Imagine the unexpected. Chart the unexplored." "Make a difference every day" and "With love". This is the philosophy of our working style (ZOZO WORKSTYLE).

Additionally, to support flexible work styles tailored to the diverse career perspectives and lifestyles of each employee, the Company has established HR systems, benefit programs, and working arrangements, and the Company also discloses related key performance indicators (KPIs) and their results.

This approach promotes diversity in the appointment of managers and core human resources, encompassing differences beyond those of gender, nationality, and mid-career hire status. By fostering an environment that supports human resource development, the Company aims to ensure that its employees grow alongside the business.

• Commitment to diversity

The Company places great emphasis on diversity, as evidenced by the statement in its basic human rights policy (https://corp.zozo.com/en/sustainability/social/soc_rights/), which states as follows; "We respect all people as individuals and do not tolerate discrimination or any disadvantageous treatment on the basis of political beliefs, ideologies, religion, gender, gender identity, sexual orientation, physical features, illnesses, age, nationality, race, ethnicity, etc. We provide equal opportunity in recruitment, evaluation, development, placement, remuneration, promotion, executive appointment, etc., and foster a work environment in which our diverse workforce can play an active role."

• Internal policy on developing a diverse and inclusive workplace environment

The Company promotes diversity management and builds a structure that enables employees to mutually understand diversity in terms of gender, sexual orientation, gender identity, nationality, and values, and supports a variety of work styles that suit individual lifestyles. The definition of spouse, as outlined in the

Company's internal regulations, includes same-sex partners. This enables our employees to enjoy the benefit of the Company's welfare programs, such as leave and condolence-related benefits, regardless of the gender of the partner. In addition, the Company provides various training programs for all employees, including diversity promotion training, in order to create an environment that supports employee learning. As a result of these initiatives, the Company was recognized for the fourth consecutive year as a "Best Workplace," the highest distinction awarded to companies demonstrating a globally advanced level of commitment to diversity and inclusion under the D&I AWARD 2025, Japan's largest award program recognizing companies that promote diversity and inclusion (D&I). The initiatives also include foreign nationals and religions. When the Company needs to take action regarding nationality and religion, such as accommodating prayer space requests from employees, it examines the response and considers the appropriate course of action in each case.

In addition, the acquisition rate of childcare leave stood at 100% for female employees and 87.9% for male employees (full-time employees), while the return-to-work rate following maternity and childcare leave was 98.8% (as of March 31, 2026). The Company is committed to creating a comfortable working environment for employees raising children, regardless of gender.

*D&I AWARD is Japan's largest award program recognizing companies that promote diversity and inclusion (D&I).

- Human resource development policy for advancing diversity and inclusion

To support the continuous growth and career development of each employee, the Company provides various training programs tailored to employees' employment status, job grade, and role. By offering learning opportunities aligned with each employee's position and skill level, the Company promotes an environment in which all employees can achieve autonomous growth.

In addition, the Company actively promotes the use of generative AI to maximize the capabilities of each employee. To improve operational efficiency and enhance employees' skills, the Company provides generative AI training programs for all Group employees and develops and offers internal tools that leverage generative AI to improve workplace productivity. Through these initiatives, the Company supports improvements in employee productivity and sustainable growth.

- Initiatives for the promotion of women's participation and advancement

To further promote the participation and advancement of female employees, the Company established and is implementing a general employer action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. The Company has also undertaken various initiatives under this action plan. In recognition of these efforts, the Company received the highest three-star "Eruboshi" certification from the Ministry of Health, Labor and Welfare.

The Company's employee gender ratio is 42.0% female employees and 58.0% male employees. The ratio of female managers at the section manager level or above is 26.0%, which is significantly higher than the national average of 13.1%* (as of March 31, 2026).

The Company will continue to recognize and address unconscious bias and, while valuing diversity and appointing personnel appropriately to support the execution of its management strategy, will actively promote initiatives aimed at further advancing the participation of female employees and increasing the ratio of female managers.

*The national average of the ratio of female managers is based on the FY2023 Basic Survey on Equal Employment by the Ministry of Health, Labor and Welfare.

- Initiatives for the employment of people with disabilities

The Company employs people with disabilities at a rate of 3.4% (as of June 2025), which is higher than the legally mandated rate. They belong to various departments, including administration, customer support, and development. By providing support tailored to the needs of each individual, the Company aims to be a company where people with and without disabilities can demonstrate their individuality and thrive as their authentic selves.

- Promotion of foreign nationals to core human resources:

The Company has group companies in the United States, New Zealand, Vietnam, the United Kingdom, and other countries, and appoints foreign nationals to director positions at its group companies. The Company will continue to appoint appropriate personnel while respecting diversity. In addition, when business strategies require individuals with experience in overseas business, the Company will appoint the most appropriate candidates regardless of nationality.

- Promotion of mid-career workers to core human resources:

In FY 2025, the Company hired 57 mid-career workers (40 males and 17 females). Most of the Executive Directors and Officers are mid-career professionals, and many mid-career workers are appointed to core managerial positions. The Company promotes the appropriate and effective use of human resources while respecting diversity, regardless of whether they are new graduates or mid-career professionals.

【Principle 2-5 Whistleblowing System】

The listed companies should establish a framework for whistleblowing to allow employees to report illegal or inappropriate behaviors, disclosures, or any other serious concerns without fear of retaliation. The framework should include an objective assessment process and an appropriate response to the reported issues. The Board of Directors should be responsible for both establishing the framework and ensuring its enforcement.

The Company has established internal guidelines that include a whistleblowing system (Helpline) and has established a contact point within the Compliance Committee. If, following deliberation by the Compliance Committee, it is determined that an investigation should be conducted, the Company establishes an investigation team, conducts investigations of relevant departments, reports the response to the whistleblower, and confirms the status of corrective actions.

<Supplementary Principle>

2-5 ① To establish a whistleblowing framework, the listed companies should create an independent point of contact for whistleblowers, such as a panel composed of Outside Directors and Outside Audit and Supervisory Board Members. Confidentiality rules should also be established to protect whistleblowers from any adverse consequences.

The Company has established a system to protect whistleblowers in accordance with internal guidelines on whistleblowing. In addition to an internal whistleblowing contact point, the Company has established external whistleblowing contact points with an external law firm and the parent company. The Audit and Supervisory Committee, an independent organization, also serves as a contact point for whistleblowing.

【Principle 2-6 Performing a function as an asset owner of the corporate pension】

As investments in corporate pension reserves can impact the stable asset formation of employees and the financial status of the listed companies, it's important for these companies to make efforts in personnel affairs and operations. This includes the systematic appointment and deployment of human resources with the appropriate capabilities engaged in investments, so that the corporate pension can function as an asset owner and strengthen its expertise in investment. This includes stewardship activities, such as monitoring of investment managers. Additionally, the listed companies should disclose the details of these efforts and ensure appropriate management of any conflict of interest between them and the beneficiaries of corporate pensions.

The Company participates in a defined-benefit corporate pension fund under a defined-benefit pension plan. The fund in which the Company Group's employees participate is a multi-employer EPF operated by a council of representatives composed of participating companies. Therefore, the asset owners are the Company and all participating companies. Currently, all assets are managed in a general account where life insurance companies guarantee the principal and a minimum rate of return. As a result, the Company does not need to function as the asset owner of a corporate pension.

Section 3: Ensuring Appropriate Information Disclosure and Transparency

【General Principle 3】

The listed companies should comply with relevant laws and regulations when making information disclosures, but they should also strive to proactively provide information beyond what is required by laws and regulations. This includes financial information, such as their financial position and business results, as well as non-financial information, including business strategies, issues, risks, and governance. The Board of Directors should recognize that the disclosed information will form the basis for constructive dialogue with shareholders. Therefore, the information, particularly non-financial information, should be accurate, clear, and useful for information users.

The Company recognizes that information disclosure is one of the most important management issues and that it is essential to disclose appropriate information to gain the understanding of stakeholders. To put these views into practice, the Company provides information through various channels, including its corporate website and integrated report, actively disclosing not only information required by laws and regulations but also other information (including non-financial information) deemed important for shareholders and other stakeholders. Additionally, the Company provides supplementary information through its website to promote a better understanding among stakeholders.

【Principle 3-1 Improvement in Information Disclosure】

In addition to complying with relevant laws and regulations, the listed companies should proactively disclose the following information (along with the disclosure matters specified by the principles of the Code) to enhance transparency, fairness in decision-making, and ensure effective corporate governance:

- (i) Company objectives (e.g., business principles), business strategies, and business plans;**
- (ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;**
- (iii) Policy and procedures for the Board of Directors to determine remunerations for the Management and Directors;**
- (iv) Board of Directors' policies and procedures in the appointment and dismissal of the Management, and nomination of Director and auditor candidates;**
- (v) Explanation of individual appointments and dismissals of the Management and individual nominations of Director and auditor candidates conducted by the Board of Directors in light of the above-mentioned (iv).**

(i) The Company's corporate philosophy, management strategy and related information are available on its corporate website. In addition, the Company strives to explain its management strategy and business plans to stakeholders, including shareholders, through financial results briefings and other opportunities. In its consolidated financial results for the fiscal year ended March 31, 2026, the Company Group announced its Medium-Term Business Plan targeting Adjusted EBITA (Operating profit + amortization of goodwill (including amortization of intangible assets recognized through purchase price allocation (PPA)) + M&A-related expenses (including advisory fees and due diligence costs)) of 90.0 billion yen for the fiscal year ending March 31, 2030. The Company Group positions its existing domestic businesses, including ZOZOTOWN, as the "More Fashion" domain; businesses in fashion-adjacent domestic markets targeted for future expansion as the "Near Fashion" domain; and businesses centered on LYST and ZOZOFIT aimed at expanding earnings in North America and Europe as the "Global" domain. The Company Group aims to achieve Adjusted EBITA of 80.0 billion yen in the "More Fashion" domain, and 5.0 billion yen each in the "Near Fashion" and "Global" domains, for a total of 90.0 billion yen across all businesses in the fiscal year ending March 31, 2030.

(ii) The basic policy on corporate governance is disclosed through the Company's website on materials such as the corporate governance report, securities report, etc.

(iii) The maximum amount of remuneration for the Company's Directors (excluding Directors who are members of the Audit and Supervisory Committee) is determined by a resolution of the General Meeting of Shareholders. With respect to the specific form of the remuneration/ compensation system, based on the results of deliberations by the Nomination and Remuneration Consultatory Committee, which is mainly composed of Outside Directors, and its report, the Company has established a remuneration/ compensation system for

Executive Directors with the aim of promoting and achieving sustainable, medium- to long-term improvement of the Company's corporate value and functioning as a sound incentive for such Directors. Remuneration/ compensation for the eligible Directors consists of fixed and performance-linked remuneration/ compensation. Fixed remuneration consists solely of cash, and performance-linked compensation comprises two types of compensation: a cash bonus and stock compensation. Regarding the percentage of each remuneration/ compensation, the percentage of performance-linked compensation will exceed the percentage of fixed remuneration. Among performance-linked compensation, the percentage of stock compensation exceeds that of cash bonuses. The following table shows the types, purposes, and outlines of each type of remuneration and compensation.

Types of Remuneration/Compensation		Objectives and Overview
Fixed	Cash remuneration	Fixed remuneration for the execution of duties in accordance with the position and its responsibilities, etc., shall be determined and paid during the term of office.
Performance-linked	Cash bonus (Short-term incentive compensation)	Performance-linked compensation for the achievement of short-term performance targets for each fiscal year <ul style="list-style-type: none"> • The specific amount to be paid is determined in accordance with the degree of achievement of the performance targets set in a fiscal year, the position and its responsibilities, etc., and is paid periodically during the term of office. • GMV as a measure of business growth and consolidated operating profit as a measure of profitability will be set as the criteria for determining the payment of compensation.
	Stock compensation (Medium- to long-term incentive compensation)	Performance-linked compensation to promote management that emphasizes medium- to long-term improvement in corporate value and shareholder value. <ul style="list-style-type: none"> • Restricted stock, with the ratio for the release of the transfer restrictions to be determined based on factors including continuous service as a Director of the Company, the results of a comparison between the growth rate of the Company's Total Shareholder Return (TSR) and the growth rate of TOPIX over a four-fiscal-year period (relative TSR performance against TOPIX), the Company's Adjusted EBITA (Operating profit + amortization of goodwill (including amortization of intangible assets recognized through purchase price allocation (PPA)) + M&A-related expenses (including advisory fees and due diligence costs), the achievement level of evaluation scores assigned by ESG rating agencies designated by the Company, and the degree of achievement of other performance targets established in advance by the Board of Directors. • In principle, the shares will be granted in a lump sum in the first year, based on the Director's position and responsibilities.

The process for determining the remuneration/compensation of Executive Directors is overseen by the Nomination and Remuneration Consultatory Committee. After deliberation by the Committee, the remuneration/ compensation for each Executive Director is determined by a resolution adopted by the Board of Directors, considering business performance, management performance, and economic conditions based on the Committee's report. Only fixed remuneration is paid to non-executive Directors, including Outside Directors, according to the established policy. The Company does not have a retirement allowance system for Directors, except for payments that were determined prior to the abolition of such a program. Regarding stock compensation, the Company will include a provision in the restricted stock allotment agreement, which is concluded between the eligible Directors and the Company, stating that the Company shall automatically acquire all or part of the allotted shares without any consideration if an eligible Director resigns from their position as a Director of the Company before the transfer restriction term expires, for reasons other than those deemed legitimate by the Company's Board of Directors, or if certain other specified events occur with respect to such Director. Additionally, the Company will include a clause that permits eligible Directors to return all or part of the restricted stock, or its cash equivalent, to the Company without any consideration if it is discovered that certain events have occurred, such as errors in the figures used to calculate the rate of release of the transfer restriction, and the Company deems it appropriate. The maximum remuneration paid to Audit and Supervisory Committee Members shall be set after a resolution is adopted at the General Meeting of Shareholders. The remuneration paid to each Audit and Supervisory Committee Member shall be determined through discussions among the Directors who are also Audit and Supervisory

Committee Members.

(iv) The policy and procedures for the nomination of Director candidates are implemented comprehensively, and the following items: (1)-(3) are taken into consideration. The Nomination and Remuneration Consultatory Committee deliberates on the nomination of Director candidates for Directors (who are not the Audit and Supervisory Committee Members) and submits a report to the Board of Directors. The Company considers Outside Directors to be independent because they should have no special personal relationship, capital ties, or other interests between them and the Company, as required by the Tokyo Stock Exchange. The reasons for appointing candidates as Directors are stated in the notice of convocation of the Ordinary General Meeting of Shareholders and the securities report. The dismissal of Directors is resolved at the General Meeting of Shareholders, following approval by the Board of Directors, as an agenda item of the General Meeting of Shareholders, when there are material violations of laws and regulations or the Articles of Incorporation in the execution of duties and significant damage to the corporate value of the Company Group.

- (1) Nominating a Director who is not an Audit and Supervisory Committee Member:
In accordance with our corporate philosophy and business strategies, the Company seeks a candidate who can contribute to the Company's growth and the further development of the fashion industry as a whole. The ideal candidate should possess the ability to accurately identify issues within their area of responsibility and resolve them in cooperation with other officers and employees, comply with all applicable laws and regulations, and uphold corporate ethics. The Company nominates and appoints Directors based on comprehensive criteria that include the qualifications mentioned above.
- (2) Nominating a Director who is an Audit and Supervisory Committee Member
Based on the Company's corporate philosophy and business strategies, the Company seeks a candidate who can appropriately fulfill the duties of a Director and Audit and Supervisory Committee Member, prevent violations of laws, regulations, or the Articles of Incorporation, contribute to maintaining and enhancing the sound management and social credibility of the Company Group, and conduct audits from an objective and neutral standpoint to help ensure sound management.
- (3) Nominating an Outside Director
In nominating candidates for Outside Directors, the Company complies with the independence requirements established by the Tokyo Stock Exchange and comprehensively evaluates whether candidates possess extensive knowledge and experience and have played leadership roles in fields such as management, law, finance and accounting, and technology. Candidates are also expected to be capable of understanding the underlying nature of the issues facing the Company and of providing appropriate advice, opinions, guidance, and oversight to the Management. Based on these criteria, the Company nominates Outside Director candidates.

(v) The reasons for the appointment and dismissal of individual Director candidates are disclosed in the reference materials for the General Meeting of Shareholders.

<Supplementary Principle>

3-1 ① These disclosures (including disclosures based on laws and regulations) should be valuable for investors, and the Board of Directors should ensure that information is not boilerplate or lacking in detail.

The Company strives to disclose information in a timely, accurate, and easily understandable manner through a variety of channels that are readily accessible to the public.

3-1 ② In consideration of the increasing number of overseas shareholders, companies should provide disclosure information in English to the extent possible. In particular, the listed companies on the Prime Market of the TSE should disclose and provide all required information in English among their disclosure documents.

Considering the proportion of foreign investors in its shareholder base, the Company provides financial results presentation materials, notices of convocation of the General Meeting of Shareholders, and related materials in English. Additionally, the Company offers live streaming of financial results briefings on its website and conducts conference calls in both English and Japanese to provide information to international stakeholders.

3-1 ③ The listed companies should disclose their sustainability initiatives when disclosing their management strategy. They should also provide clear and specific information on human capital and intellectual property, considering the alignment of these with their management strategy and management issues. In particular, companies listed on the Prime Market of the TSE should collect and analyze data related to the impact of climate change on their business activities, earnings opportunities, and losses, enhance the quality and quantity of disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) or equivalent systems.

The Company's Sustainability Statement is "Fashion Connects and Leads Us to a Sustainable Future," and specific initiatives are outlined in Principle 2-3. As part of its growth strategy, the Company aims to diversify its profit drivers and establish a profit structure that does not rely solely on Gross Merchandise Value. The Company aims to create a new fashion world that connects fashion, technology, and people while contributing to a better environment and society.

• Investment in human capital

The Company believes that a workforce comprising individuals with diverse skills, abilities, and personalities forms the foundation of our growth. By investing in human capital, the Company aims to enhance employee well-being and strengthen connections among employees, ultimately contributing to the enhancement of our corporate value and sustainable growth.

In terms of talent development and training, the Company offers company-wide programs that focus on compliance, diversity promotion, and other key topics. The Company also offers skill development training for technical professionals such as engineers and designers, with a tiered structure that supports employees at all levels, from entry-level to highly skilled talent.

Additionally, as part of our commitment to realizing one of ZOZO's core values, "Make a difference every day," the Company emphasizes creating an environment where every employee can grow with a sense of security. To support this, the Company offers a "Daily Progress Allowance," which encourages employees to pursue certifications and engage in self-directed learning by providing financial support for their efforts. The Company also considers benefit programs as part of the important investment in human capital, and its paid leave utilization rate as of March 2026 stood at 83.1%.

To further support employees with diverse lifestyles in thriving in their roles, the Company has introduced flexible work styles tailored to different functions. For business departments, the Company has adopted a hybrid work model with two days in the office and three days of remote work per week. For development teams, the Company has implemented a fully remote work system that allows employees to work from anywhere in Japan. Going forward, the Company will continue to enhance and refine its work arrangements and related programs, taking into account the unique characteristics of each department and role, to ensure that both individuals and teams can perform at their best.

• Investment in intangible assets

The Company recognizes intellectual property as an important management resource and will continue to leverage it in expanding its business domains for future growth. In its existing businesses, the Company seeks to enhance service value through the utilization of data, AI, and measurement technologies. In its new businesses and global operations, the Company aims to balance agile business development with sound risk management by protecting and utilizing intellectual property and mitigating related risks from the early stages of commercialization. Based on its Medium-Term Business Plan, the Company's approach to investment in intangible assets across the three business domains of "More Fashion," "Near Fashion," and "Global" is as follows.

1. "More Fashion" domain

In the "More Fashion" domain, the Company regards the customer base, brand network, item data, purchase data, search and browsing data, and outfit coordination data accumulated through ZOZOTOWN, the Company's fashion e-commerce platform, as important intangible assets. By appropriately collecting, managing, and utilizing these assets, the Company seeks to enhance functions such as search, recommendation, advertising delivery, item suggestions, inventory optimization, and UI/UX improvements, thereby improving the user experience, increasing conversion rates, expanding sales opportunities for brands on the platform, and enhancing advertising and promotional value.

In particular, in the age of AI agents, the Company believes that competitiveness in fashion e-commerce will increasingly depend on the ability to understand users' latent needs and preferences before they actively search for items, and to create opportunities for users to discover the most suitable items, outfits, and brands. Accordingly, the Company will continue to invest in fashion-specific data infrastructure, AI and recommendation algorithms, outfit recommendation technologies, advertising delivery technologies, and UI/UX design expertise. Through these efforts, the Company aims to evolve ZOZOTOWN from a simple purchasing platform into a destination where users can discover and be inspired by items that "suit them," that they "want," and that help them become who they aspire to be.

In addition, measurement technologies represented by ZOZOSUIT, ZOZOMAT, and ZOZOGLASS, the outfit coordination data accumulated through the Outfit-sharing app WEAR by ZOZO, and the advertising delivery algorithms utilized in ZOZOAD constitute valuable intellectual assets that differentiate the fashion e-commerce experience offered through ZOZOTOWN. The Company will seek to maintain and enhance its competitive advantage by protecting these assets through intellectual property rights, including patents, design rights, trademarks, and copyrights, while strengthening the management of operational know-how and other proprietary information as trade secrets.

2. "Near Fashion" domain

In the "Near Fashion" domain, the Company aims to expand customer experiences into adjacent areas with a high affinity to fashion, thereby increasing user lifetime value and creating new revenue opportunities.

Investment in intangible assets in this domain is positioned as an investment in extending the expertise cultivated through the ZOZOTOWN business—including customer insights, preference analysis, UI/UX, CRM, brand partnerships, logistics, payment services, and customer support—into adjacent markets. Specifically, the Company will accumulate and leverage important intellectual assets, including item and service data, customer preference data, service design expertise, AI-driven demand validation and item recommendation technologies in fashion-adjacent categories, as well as customer bases, systems, human resources, and operational know-how acquired through M&A transactions and strategic business and capital alliances.

In the "Near Fashion" domain, intellectual property investment is not simply an extension of existing businesses into new categories. Rather, it is essential to develop and manage intellectual assets that reflect the unique purchasing behaviors, usage frequency, brand preferences, and regulatory and quality-control requirements of each category. Accordingly, the Company will appropriately protect and manage brand value, customer data, recommendation and diagnostic logic, and service operation know-how associated with each service. Through cross-service customer traffic, cross-selling opportunities, and personalized recommendations leveraging the fashion e-commerce platform developed through ZOZOTOWN, the Company seeks to establish a sustainable competitive advantage in adjacent business areas.

In addition, when pursuing collaborations, strategic alliances, or M&A opportunities, the Company will evaluate the intangible assets held by target companies, including patents, trademarks, software, data, customer bases, contractual relationships, and operational know-how. Following an acquisition or investment, the Company will seek to maximize investment returns by integrating these assets with the Company Group's data infrastructure, AI capabilities, and customer touchpoints.

3. "Global" domain

In the Global domain, the Company regards as important intangible assets its 3D measurement technologies represented by ZOZOFIT, ZOZOSUIT, and ZOZOMETRY, software utilizing body measurement data, application management expertise, overseas user bases, and the brands, customer touchpoints, search and comparison shopping experiences, and media commerce expertise held by LYST, the Company's subsidiary. The Company's measurement technologies serve as a foundation for reducing users' concerns regarding body size and fit and for providing more personalized experiences across fashion, fitness, healthcare, and related fields. The Company will appropriately protect these technologies, including related software, algorithms, measurement methods, data processing know-how, and brands, and leverage them to create revenue opportunities through app-based monetization, subscription services, B2B solutions, licensing arrangements, and strategic partnerships in overseas markets.

In the "Global" domain, it is essential to address intellectual property rights, data protection regulations, consumer protection requirements, and contractual practices across different countries and regions. Accordingly, as part of its global expansion strategy, the Company will pursue the acquisition and protection of intellectual property rights, including patents and trademarks, strengthen contract management relating to software and data, enhance trade secret management, and establish robust privacy and security frameworks. Through these efforts, the Company seeks to balance the commercialization of its technologies with sound risk management.

4. Utilization and governance of intangible assets

As a common foundation across the “More Fashion”, “Near Fashion”, and Global domains, the Company places particular emphasis on investment in AI capabilities, data governance, product development capabilities, and intellectual property management systems. The Company recognizes AI technologies, including generative AI, as important intangible assets that can enhance the competitiveness of the Company Group through applications in item recommendations, search and recommendation functions, advertising delivery, customer support, operational efficiency improvements, and new business development.

At the same time, the utilization of AI and data entails risks related to personal information protection, copyrights, trade secrets, explainability, security, and information management when using external services. Accordingly, the Company Group works to ensure the appropriate acquisition, use, and storage of data; establishes internal rules governing the use of AI; clarifies the ownership and management of intellectual property rights; strengthens contract management with external partners; and enhances its information security framework. Through these efforts, the Company seeks to achieve both the enhancement of the value of its intangible assets and the mitigation of associated risks.

In making investment decisions relating to intellectual property, the Company does not simply seek to increase the number of intellectual property rights it holds. Instead, investment decisions are made based on factors such as alignment with the growth strategies of each business domain, contribution to customer experience, monetization potential, difficulty of imitation, and opportunities for external collaboration and licensing. The Company will classify and manage assets according to their appropriate form of protection, including those that should be protected through patents, trademarks, and other intellectual property rights; those that should be protected as software or copyrighted works; those that should be managed as trade secrets; and those that should be continuously accumulated as brands, data, and operational know-how. Through this approach, the Company will build an intellectual property portfolio aligned with its business portfolio.

- Impact of risk and earnings opportunities related to climate change on business activities and earnings of the Company

In February 2022, the Company Group announced its support for the TCFD (Task Force on Climate-related Financial Disclosures) and has since conducted data collection and analysis regarding the impact of climate-related risks and earnings opportunities on its business activities and earnings. As a result, the Company Group discloses its governance, strategies, risk management, and indicators and goals related to climate-related risks and opportunities based on the TCFD recommendations.
(<https://corp.zozo.com/en/sustainability/environment/>)

Additionally, the Company is pursuing the 2030 Carbon Neutrality Declaration (*1), which is designed to reduce greenhouse gas emissions from the Company’s business activities (Scope 1 and Scope 2) to net zero by fiscal year 2030, as a short-term target. In addition, the Company is pursuing the achievement of “Net Zero” (*2), a long-term target to reduce greenhouse gas emissions across its entire supply chain, including emissions generated by business partners and other third parties (Scope 3), to net zero by 2050. Furthermore, in August 2025, the Company received SBT validation from the Science Based Targets initiative (SBTi) (*3) for its short-term and long-term greenhouse gas emissions reduction targets. This validation officially confirms that the Company’s short-term and long-term targets are aligned with the criteria established by the SBTi and are scientifically consistent with the goals of the Paris Agreement.

Scope 1: Direct greenhouse gas emissions from an operator (fuel burning and industry process)

Scope 2: Indirect greenhouse gas emissions resulting from the use of electricity, heat, and steam supplied by other companies

Scope 3: Indirect greenhouse gas emissions other than Scope 1 and Scope 2 (greenhouse gas emissions from other companies related to activities of the operator)

*1 2030 Carbon Neutrality Declaration was announced in February 2022.

*2 Net Zero was announced in January 2023.

*3 The Science Based Targets initiative (SBTi) is a partnership jointly operated by the United Nations Global Compact (UNGC), CDP, the World Resources Institute (WRI), We Mean Business Coalition, and the World Wide Fund for Nature (WWF). The SBTi assesses and validates whether greenhouse gas emissions reduction targets established by companies and organizations are scientifically aligned with the Paris Agreement’s goal of limiting global warming to 1.5°C.

【Principle 3-2 External Accounting Auditors】

External Accounting Auditors and listed companies should recognize the responsibility they owe to shareholders and investors and take appropriate steps to ensure the proper execution of audits.

The Company coordinates with related Divisions, such as the Audit and Supervisory Committee, the Finance and Accounting Division, the Corporate Planning Office, and the Internal Audit Office, to ensure an audit schedule and audit framework that support the proper conduct of audits by the External Accounting Auditor.

<Supplementary Principle>

3-2 ① The Audit and Supervisory Board should ensure, at a minimum, the following:

- (i) Establish standards for the appropriate selection of external Accounting Auditors and the proper evaluation of external Accounting Auditors**
- (ii) Verify whether the external Accounting Auditors possess the required independence and expertise to fulfill their responsibilities.**

(i) The Audit and Supervisory Committee has established the “Standard on the Evaluation of Accounting Auditors,” which is used to assess and evaluate the execution of duties by the Accounting Auditor through reviews of audit progress and audit reports. When determining the details of the proposal for the appointment and reappointment of an Accounting Auditor, the Audit and Supervisory Committee comprehensively assesses the expertise, independence, quality management system, and understanding of the Company’s business. This is done through discussions with the executive department and by referencing the Practical Guidelines for Audit & Supervisory Board Members on Establishing Criteria for the Evaluation and Selection of Accounting Auditors published by the Japan Audit and Supervisory Board Members Association. If the Company deems it necessary to dismiss or not reappoint an Accounting Auditor due to problems in the execution of duties by the Accounting Auditor, this is set as a subject of the General Meeting of Shareholders by a resolution adopted by the Audit and Supervisory Committee, in accordance with Article 399-2, Paragraph 3, Item 2 of the Companies Act.

(ii) Based on the Practical Guidelines for Audit & Supervisory Board Members on Establishing Criteria for the Evaluation and Selection of Accounting Auditors, the Audit and Supervisory Committee Members receive timely reports from the Accounting Auditor on audit planning, the progress of audits, the system to ensure the appropriateness of the execution of duties, and the criteria for quality management of audits. The Audit and Supervisory Committee then conducts a comprehensive evaluation based on these reports.

3-2 ② The Board of Directors and the Audit and Supervisory Board should, at a minimum, ensure the following:

- (i) Provide adequate time for high-quality audits;**
- (ii) Ensure that external Accounting Auditors have access, such as interviews, to the Management, including the CEO and the CFO;**
- (iii) Ensure adequate coordination between external Accounting Auditors and Audit and Supervisory Board Members (including attendance at the Audit and Supervisory Board Meeting), the Internal Audit Office, and Outside Directors;**
- (iv) Ensure the structure of the company in the event that an external Accounting Auditor discovers fraud and requires an appropriate response, or points out deficiencies or problems.**

(i) The Company establishes an audit schedule through prior consultations with the external Accounting Auditor and ensures that sufficient time is allocated for audits. In addition, the Company secures opportunities for interviews between the external Accounting Auditor and the Management, including Executive Officers, regardless of whether such interviews are specifically requested.

(ii) The Company promotes coordination between the external Accounting Auditor and the Audit and Supervisory Committee through reports on accounting audits and quarterly review procedures. In addition, the Full-time Audit and Supervisory Committee Member collaborates with the Internal Audit Office and exchanges information as necessary. Furthermore, the external Accounting Auditor is able to communicate directly with the Internal Audit Office, enabling the timely provision of any information required by the external Accounting

Auditor.

(iii) In the event that the external Accounting Auditor discovers any fraud and requests appropriate action, or identifies deficiencies or issues, the system is designed so that the Director responsible, under the direction of the Representative Director, takes the lead in investigating and correcting the matter and reporting the results. In addition, the Audit and Supervisory Committee, led by the Full-time Audit and Supervisory Committee Member, collaborates with the Internal Audit Office and other relevant departments to conduct investigations and implement corrective actions.

Section 4: Responsibilities of the Board of Directors

【General Principle 4】

To promote sustainable corporate growth and increase corporate value in the medium- to long-term, enhance profitability, and improve capital efficiency while fulfilling its fiduciary responsibilities and accountability to shareholders, the Board of Directors should effectively fulfill its roles and responsibilities. These include:

- (1) Showing the big picture of the corporate strategy**
- (2) Establishing an environment that supports appropriate risk-taking by the Management**
- (3) Carrying out effective oversight of Directors and the Management members, including Executive Officers, from an independent and objective standpoint. These roles and responsibilities should be fulfilled equally and appropriately regardless of the form of corporate organization, whether it's a company with an Audit and Supervisory Board (where some of these duties are performed by Audit and Supervisory Board Members), a company with Nomination and Remuneration Consultatory Committee or a company with Audit and Supervisory Committee, or any other form of corporate organization.**

The Company's Board of Directors deliberates as necessary for the purpose of achieving the sustainable growth of the Company and medium- to long-term increases in corporate value. Given its fiduciary responsibility and accountability to shareholders, the Management communicates the direction of the Company's corporate strategies, medium- to long-term vision, and other strategic initiatives in its own words through timely disclosures, information provided on the Company's corporate website, quarterly financial results briefings, and live-streamed presentations in both Japanese and English.

Rules, including the Board of Directors Guideline, Executive Officers Guideline, Organizational Guideline, Guideline on Division of Responsibilities, and Job Authority Guideline, are established to support appropriate risk-taking by the Management. Additionally, management and execution, as well as duties and responsibilities, are clearly separated.

Regarding the framework for overseeing the Management members and Directors, the Company has eleven Directors in total, eight of whom are non-executive Directors (of whom six are Outside Directors). They provide appropriate advice to the Management from an external perspective while overseeing the Management and Directors from an objective standpoint. In addition, the Company seeks to foster a common understanding among Directors regarding the appropriate role of oversight by the Board of Directors. All three Audit and Supervisory Committee Members are appointed as Outside Directors, and all Outside Directors are registered as independent officers with the Tokyo Stock Exchange. Outside Directors continue to exchange opinions with the Management and appropriately express their views from an external perspective to fulfill their roles and responsibilities in corporate governance.

【Principle 4-1 Roles and Responsibilities of the Board of Directors (1)】

The Board of Directors should establish corporate goals (business principles, etc.) and outline the strategic direction as a key aspect of its roles and responsibilities. It should also engage in constructive discussions with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the Company's strategic direction.

The Company's Board of Directors deliberates as appropriate on specific management strategies and plans to realize the corporate philosophy, "Inspire the world. Deliver joy every day." The Company Group aims to realize a future in which all unique individuals around the world are connected through fashion.

<Supplementary Principle>

4-1 ① The Board of Directors should clearly specify its own decisions as well as both the scope and content of the matters delegated to the Management and disclose a summary thereof.

The Company has a fundamental principle regarding the allocation of authority between the Board of Directors and the Management. Matters that are required by laws and regulations, or by the interpretation thereof, to be decided by the Board of Directors are treated as matters exclusively reserved for resolution by the Board of Directors. All other matters are delegated to the Management, subject to reporting to the Board of Directors.

Additionally, the Company's Articles of Incorporation provide that, pursuant to Article 399-13, Paragraph 6 of the Companies Act, all or part of the decisions regarding important business execution may be delegated to Directors by a resolution of the Board of Directors. Specifically, based on the approval authority standards, the Company clearly defines the authority relating to approval, deliberation, and authorization granted to decision-making bodies and decision-makers, including the Board of Directors, Management Meeting, Representative Director and President, Executive Officers, and General Managers.

4-1 ② The Board of Directors and the Management members should strive to achieve the mid-term business plan, recognizing it as a commitment to shareholders. If the Company fails to achieve the plan, it is important to thoroughly analyze the reasons for the failure and the actions taken by the Company. Shareholders should be provided with a clear and appropriate explanation, and the findings should be reflected in a plan for the following years.

In its consolidated financial results for the fiscal year ended March 31, 2026, the Company Group announced its Medium-Term Business Plan targeting Adjusted EBITA (Operating profit + amortization of goodwill (including amortization of intangible assets recognized through purchase price allocation (PPA)) + M&A-related expenses (including advisory fees and due diligence costs)) of 90.0 billion yen for the fiscal year ending March 31, 2030. The Company Group positions its existing domestic businesses, including ZOZOTOWN, as the "More Fashion" domain; businesses in fashion-adjacent domestic markets targeted for future expansion as the "Near Fashion" domain; and businesses centered on LYST and ZOZOFIT aimed at expanding earnings in North America and Europe as the "Global" domain. The Company Group aims to achieve Adjusted EBITA of 80.0 billion yen in the "More Fashion" domain, and 5.0 billion yen each in the "Near Fashion" and "Global" domains, for a total of 90.0 billion yen across all businesses in the fiscal year ending March 31, 2030.

In addition, the Company Group conducts regular analyses of variances between its annual forecasts and actual results. Through financial results briefings and other opportunities, the Company appropriately discloses and explains the results of such analyses and the details of related initiatives to stakeholders, including shareholders.

4-1 ③ The Board of Directors should proactively engage in setting up and operating a succession planning process for the CEO and other key executives, based on the company's objectives, management philosophy, and specific business strategies. They should also provide appropriate oversight to ensure that potential candidates for successors are systematically trained with sufficient time and resources.

The Company recognizes that the development of management successors is an important factor in ensuring the Company's sustainable growth over the long term. To cultivate individuals who possess the values, capabilities, and behavioral characteristics required of successors, the Company will appropriately formulate and implement policies for developing next-generation leadership talent, methods for talent development, and successor selection processes, taking into account discussions held by the Nomination and Remuneration Consultatory Committee.

【Principle 4-2 Roles and Responsibilities of the Board of Directors (2)】

The Board of Directors has a responsibility to create a culture that encourages the Management to take appropriate risks. To fulfill this responsibility, the Board should actively solicit proposals from the Management that promote healthy entrepreneurship. The Board of Directors should carefully evaluate these proposals in an independent and objective manner to ensure accountability and facilitate timely decision-making by the Management once the plans are approved. Additionally, the Board of Directors should ensure that the remuneration of the Management includes incentives that reflect medium- to long-term business results and potential risks, as well as encourage healthy entrepreneurship.

The Board of Directors considers it essential to provide an environment that supports appropriate risk-taking by the Management. The Company has encouraged the creation of new business ideas that are not typically seen in the fashion e-commerce industry, such as the introduction of innovative technology devices like ZOZOSUIT, ZOZOMAT, and ZOZOGLASS, which allow for advanced body, foot, and skin tone measurements. The Board of Directors welcomes such challenges and supports the Management's business

execution based on a sound entrepreneurial spirit. The Board of Directors conducts thorough and objective deliberation and analysis of such proposals before making swift decisions. This approach helps the Company build a supportive structure for the Management to encourage and promote healthy entrepreneurship. The Company has established a remuneration/compensation system for the Management to promote sustainable growth and serve as a healthy incentive. This system provides remuneration/compensation based on the achievement of short-term and medium- to long-term performance targets under the Company's management strategy, as well as efforts and results aimed at enhancing Corporate Value. This system also includes fixed and performance-linked compensation. (For more details, see Principle 3-1, "Improvement in Information Disclosure (iii) Policy and procedures for the Board of Directors to determine remunerations for the Management and Directors.")

<Supplementary Principle>

4-2 ① In order to ensure that the Management's remuneration serves as a healthy incentive for sustainable growth, the Board of Directors should establish a remuneration plan based on objective and transparent procedures for determining specific remuneration. This plan should take into account the proportion of remuneration linked to medium- to long-term business results and the ratio of remuneration in cash and company stock.

When it comes to remuneration/compensation for the Management of the Company, the Board of Directors determines the remuneration/compensation for Directors individually within the limits of the total remuneration/compensation for Directors approved at the General Meeting of Shareholders. Such determinations are made at a Board Meeting held after each Ordinary General Meeting of Shareholders, following deliberation by the Nomination and Remuneration Consultatory Committee and after comprehensively taking into account business performance, management conditions, and economic circumstances.

Additionally, to promote sustainable growth and serve as a healthy incentive, the Company has designed a remuneration/compensation system for Directors. This system provides remuneration/compensation based on the achievement of short-term and medium- to long-term performance targets under the Company's management strategy, as well as efforts and results aimed at enhancing Corporate Value, and consists of fixed remuneration and performance-linked compensation. (For more details, see Principle 3-1, "Improvement in Information Disclosure (iii) Policy and procedures for the Board of Directors to determine remunerations for the Management and Directors.")

4-2 ② To ensure the company's long-term sustainability and increase its corporate value, the Board of Directors should establish a fundamental policy for sustainability initiatives. This policy should take into account investments in human capital and intellectual property, enabling companies to effectively oversee the allocation of management resources, including human capital and intellectual property. Additionally, the Board of Directors should supervise the execution of the company's business portfolio strategy to ensure that it contributes to the company's sustainable growth.

As outlined in Principle 2-3, the Company has established a Sustainability Statement as its fundamental policy for sustainability initiatives. The Company is committed to addressing challenges facing both the Company and the fashion industry by combining fashion with technology. The allocation of management resources and the execution of business portfolio strategies are regularly reported to the Board of Directors, enabling prompt strategic adjustments and decision-making. Through these efforts, the Company has established an operational structure that enables effective oversight by the Board of Directors.

【Principle 4-3 Roles and Responsibilities of the Board of Directors (3)】

As an essential aspect of its duties and responsibilities, the Board of Directors must exercise effective oversight of the Management and Directors in an independent and objective manner. Additionally, the Board of Directors should conduct regular assessments of the company's performance and reflect them in the appointment of management members. Furthermore, the Board of Directors must engage in oversight of activities to ensure the timely and accurate disclosure of information, establish appropriate internal control and risk management systems, and address any potential conflicts of interest that may arise between the Company and its related parties, including management and controlling shareholders.

The Company recognizes that one of the key responsibilities of the Board of Directors is to oversee the Management and Directors in an independent and objective manner. To enhance the effectiveness of the Board of Directors and identify any issues, the Company conducts an annual evaluation of the effectiveness of the Board of Directors. During Board Meetings, Executive Directors provide reports on the execution of their duties and the progress of key management initiatives, enabling the Board of Directors to supervise the Management. In addition, based on recommendations from the Nomination and Remuneration Consultatory Committee, which comprehensively considers business performance, management conditions, and economic circumstances, the Company reflects performance evaluations in personnel decisions relating to Directors. The Company has adopted an Executive Officer system, which delegates certain business execution authority to Executive Officers, enabling them to facilitate more dynamic decision-making and allowing the Board of Directors to focus on its oversight function.

In addition, the Company has appointed an Information Management Supervisor and established an information disclosure structure to ensure timely and accurate disclosure of information. To maintain appropriate control over related party transactions, the Company conducts surveys of all officers of the Company and its subsidiaries to confirm the existence of such transactions and has established a framework for appropriately managing conflict-of-interest transactions.

Additionally, the Company appropriately manages potential conflict-of-interest transactions between the Company and related parties, including the Management and controlling shareholders, in accordance with the "Guideline to ensure the fairness of transactions with the parent company group".

<Supplementary Principle>

4-3 ① The Board of Directors must ensure that the appointment and dismissal of the Management adhere to highly transparent and fair procedures, as well as accurately reflect the evaluation of the Company's performance results

The Company follows the procedures outlined in Principle 3-1 (iv) for appointing and dismissing the Management members, which are the same as those for appointing and dismissing Directors. When appointing Outside Directors, the Company's fundamental policy is to appoint individuals who have no direct interest in the Representative Director, President or other Directors and who possess sufficient independence to avoid any conflict of interest with the Company's general shareholders. The Company has established a structure for the appointment and dismissal of the Management members through fair and highly transparent procedures, including consultation with the Nomination and Remuneration Consultatory Committee based on the Company's nomination criteria.

4-3 ② The Board of Directors should allocate adequate time and resources to the appointment of a highly capable CEO through objective, timely, and transparent procedures, recognizing that the CEO's appointment and dismissal are critical and strategic decisions for the company.

The Board of Directors deliberates on and appropriately determines the appointment of the CEO, recognizing that the CEO should possess the leadership qualities necessary to realize the Company's corporate philosophy and business strategies. In addition, the Nomination and Remuneration Consultatory Committee reviews matters relating to the appointment of the CEO as part of the Company's succession planning process.

4-3 ③ The Board of Directors should establish objective, timely, and transparent procedures for dismissing a CEO in case of inadequate execution of the company's business functions, considering a fair evaluation of the company's business results.

In such cases where it is objectively determined that the CEO has failed to properly perform their duties resulting in significant violations of laws and regulations or a remarkable impairment of the corporate value of the Company Group, the Board of Directors and the Nomination and Remuneration Consultatory Committee shall thoroughly deliberate and make resolutions regarding the dismissal of the CEO.

4-3 ④ Internal controls and proactive, company-wide risk management systems can ensure compliance and enable well-considered risk-taking. The Board of Directors should establish these systems, including for the entire group, and supervise their operation while utilizing the internal audit department.

The Company Group positions its risk management framework as an integral part of its Internal Control

Systems. To ensure the proper, efficient, and continuous operation of its business, the Company has established the Risk Management Guideline, which sets forth fundamental policies regarding the identification of potential risks, the development of systems to prevent the occurrence of such risks, and responses to risks when they arise. The Company has also established the Risk Management Committee as an organization directly under the Board of Directors.

The Committee consists of the Representative Director, President & CEO, who serves as Chairperson, and all Executive Directors. The Full-time Audit and Supervisory Committee Member, the Internal Audit Office, and other persons deemed necessary by the Chairperson participate in Committee meetings as observers.

The Committee analyzes and evaluates risks identified by each department that may have a significant impact on management, selects material risks for monitoring, continuously monitors the status of risk management initiatives, and provides necessary support and guidance. Through these activities, the Committee implements measures aimed at avoiding and mitigating risks.

In addition, the Internal Audit Office independently reviews the operation of the Internal Control Systems and the risk management framework and reports the results to the Management and the Board of Directors. Based on matters submitted to and reported at Board Meetings, including the status of risk management and the results of internal audits, the Board of Directors oversees the effectiveness of the risk management framework and the Internal Control Systems and strives to review and improve them on an ongoing basis.

Furthermore, amid increasing uncertainty in the external environment, including the emergence of geopolitical risks and labor shortages associated with population decline, the Company recognizes the importance of building a resilient management foundation. Accordingly, the Company continuously monitors medium- to long-term risks through interviews with relevant departments and external experts and regularly reports the results to the Management and the Board of Directors as part of its efforts to strengthen the risk management framework.

The Company also promotes the early identification of market changes and rapid decision-making through the utilization of data. By minimizing downside risks and pursuing optimal risk-taking in an increasingly uncertain business environment, the Company strives to achieve sustainable growth and enhance Corporate Value.

【Principle 4-4 Roles and Responsibilities of the Audit and Supervisory Board and Audit and Supervisory Board Members】

The Audit and Supervisory Board and its members have a fiduciary responsibility to act in the best interests of the shareholders and should carry out their roles and responsibilities independently and objectively. This includes auditing the performance of the Directors' duties, appointing and dismissing Audit and Supervisory Board Members and the external Accounting Auditors, and determining the remuneration of the Auditors. While the Audit and Supervisory Board's functions include "defensive functions," such as business and accounting audits, the Audit and Supervisory Board and its members should not interpret their role too narrowly. They should proactively exercise their rights and express their views at Board Meetings and to the Management in order to fully perform their duties.

<Supplementary Principle>

4-4 ① The Audit and Supervisory Board is composed of more than 50% Outside Audit and Supervisory Board Members, as required by the Companies Act. At least one full-time Audit and Supervisory Board Member is also appointed. The Audit and Supervisory Board combines the independence of its Outside Audit and Supervisory Board Members with the information-gathering power of the full-time members to increase its effectiveness in fully executing its roles and responsibilities.

Additionally, the Audit and Supervisory Board Members or the Audit and Supervisory Board should ensure cooperation with Outside Directors to strengthen their ability to collect information without compromising their independence.

The Company has appointed three independent Outside Directors as Audit and Supervisory Committee Members. The Audit and Supervisory Committee Members possess specialized knowledge and extensive experience as, among others, an attorney and certified public accountants, express their opinions from an independent and objective standpoint, and exercise their voting rights at Board Meetings in their capacity as Directors.

In addition, the Company has appointed one Full-time Audit and Supervisory Committee Member to enhance the effectiveness of the supervisory function and strengthen the framework for information gathering. The Full-time Audit and Supervisory Committee Member strives to collect internal information through participation in

important meetings, interviews with officers and employees, and other activities. Furthermore, not only the Full-time Audit and Supervisory Committee Member but also each Audit and Supervisory Committee Member participates in important meetings, including the Management Meeting, according to their respective expertise and roles, and utilizes the information obtained in audit and supervisory activities.

Furthermore, the Company holds regular meetings consisting solely of independent Outside Directors, including Audit and Supervisory Committee Members, to ensure sufficient information sharing and exchanges of views from an independent and objective standpoint. Through these meetings, the independent Outside Directors share their understanding of important management issues, exchange opinions, and strengthen coordination among themselves.

【Principle 4-5 Fiduciary Responsibilities of Directors and the Audit and Supervisory Board Members】

While fulfilling their fiduciary responsibilities to shareholders, the Directors, the Audit and Supervisory Board Members, and the Management of the company should ensure appropriate cooperation with stakeholders and act in the best interests of the company and the common interests of its shareholders.

The Company strives to provide stakeholders with accurate and timely information. In addition, disclosures of material information are deliberated at Board Meetings and implemented after taking into account the opinions of Outside Directors.

【Principle 4-6 Business Execution and Oversight of the Management】

The listed companies should consider appointing independent Directors who are not involved in business execution or closely tied to the Management, in order to ensure effective and objective oversight of the Management by the Board of Directors.

The Company recognizes the importance of ensuring effective and objective oversight of management by the Board of Directors and believes that it should appoint a sufficient number of independent Outside Directors in order to benefit from advice based on broad and highly specialized perspectives, particularly in light of changes in the business environment and the potential expansion of its business into new areas. Currently, the Company has appointed eight non-executive Directors, six of whom are Outside Directors, who exchange opinions with the Management and appropriately express their views from an external perspective, thereby fulfilling their roles and responsibilities in corporate governance.

【Principle 4-7 Roles and Responsibilities of Independent Directors】

The listed companies are expected to utilize independent Directors effectively, taking into consideration the following expectations regarding their roles and responsibilities:

(i) Providing advice on business policies and improvements based on their knowledge and experience, with the aim of promoting sustainable corporate growth and increasing corporate value over the medium- to long-term.

(ii) Monitoring the Management through important decision-making procedures at the Board Meeting, including the appointment and dismissal of the Management.

(iii) Monitoring conflict of interest between the Company and the Management or controlling shareholders.

(vi) Appropriately representing the voices of minority shareholders and other stakeholders in the Board Meeting, from a standpoint independent from the Management and controlling shareholders.

The independent Outside Directors of the Company are well versed in the fields of management, law, finance and accounting, and technology, and provide advice based on their expertise to promote the Company's sustainable growth. In addition, from an independent standpoint from the Management and controlling shareholders, they monitor conflicts of interest between the Company and the Management or controlling shareholders, and appropriately reflect the views of stakeholders in discussions at Board Meetings.

【Principle 4-8 Effective Use of Independent Directors】

The aim of independent Outside Directors is to contribute to the sustainable growth of companies and

increase corporate value over the medium- to long-term. Therefore, companies listed on the Prime Market of the TSE should appoint at least one-third of independent Outside Directors (or two independent Outside Directors in companies listed on other markets) with the appropriate qualities. However, if a company listed on the Prime Market of the TSE believes that it needs to appoint a majority of Directors as independent Outside Directors (or a company listed on other markets believes it needs to appoint at least one-third Director as independent Outside Directors) based on various factors such as industry, company size, business characteristics, organizational structures, and circumstances surrounding the company, it should appoint a sufficient number of independent Outside Directors.

The Company believes that appointing multiple independent Outside Directors is essential for contributing to sustainable corporate growth and the enhancement of Corporate Value over the medium to long term. The Board of Directors comprises eleven members, including three Executive Directors and eight non-executive Directors, six of whom are Outside Directors. Outside Directors constitute a majority of the Board of Directors. The Outside Directors are registered as independent officers with the Tokyo Stock Exchange, and the Company believes that they are sufficiently independent.

<Supplementary Principle>

4-8 ① To actively contribute to discussions at the Board Meeting, independent Outside Directors should exchange information and develop a shared awareness among themselves from an independent and objective standpoint. One way to achieve this is by holding regular meetings consisting solely of independent Outside officers.

4-8 ② The independent Outside Directors should aim to establish a communication framework with the Management and the Audit and Supervisory Board Members or the Audit and Supervisory Board by appointing a lead independent Outside Director from among themselves.

The Company recognizes that the active contribution of independent Outside Directors to discussions at Board Meetings is important to the Company's sustainable growth.

As all of the Company's Outside Directors, including those serving as Audit and Supervisory Committee Members, are independent Outside Directors, the Company has established and operates a framework to provide them with the information necessary to fully understand the background of the business, relevant risks, and the rationale behind management decisions. This includes providing explanatory opportunities and encouraging their participation as observers in Management Meetings and regular reporting sessions. In addition, to facilitate the exchange of information and develop a shared awareness among independent Outside Directors from an independent and objective standpoint, the Company has established a framework under which meetings consisting solely of independent Outside Directors are held on a regular basis and may also be convened as necessary. In addition to regularly scheduled meetings, such meetings are held on an ad hoc basis when appropriate (Supplementary Principle 4-8 ①).

Although the Company has not designated a Lead Independent Outside Director, it has established a support structure centered on the Board of Directors Administration Office to facilitate communication and coordination between independent Outside Directors and the Management, as well as collaboration among Outside Directors, including Audit and Supervisory Committee Members. The Company also strives to further strengthen this support structure to ensure the smooth conduct of the activities of independent Outside Directors, including through the organization of regular meetings (Supplementary Principle 4-8 ②).

4-8 ③ Listed companies with controlling shareholders are required to appoint at least one-third of Directors who are independent of the controlling shareholders on the board (or a majority for companies listed on the Prime Market of TSE), or establish a special committee comprising independent individuals, including independent Outside Directors, to examine significant transactions and actions that may present a conflict of interest between the controlling shareholders and minority shareholders.

The Company, which has controlling shareholders, has established the "Guideline to ensure the fairness of transactions with the parent company group" to protect minority shareholders in transactions with controlling shareholders, and the Company operates its business in accordance with such guideline. The Company has a policy to ensure that transactions with controlling shareholders comply with laws and regulations and are not subject to conditions that are unreasonably advantageous or disadvantageous to the Company Group

compared to the same or similar transactions conducted with a third party. These transactions are reasonably determined in light of contract conditions and market prices, as in transactions with other companies, and are executed after a thorough examination to ensure that their execution and conditions do not unreasonably impair the rights of minority shareholders.

The Company's Board of Directors comprises eleven members, including three Executive Directors and eight non-executive Directors, six of whom are independent Outside Directors, accounting for a majority of the Board members. Additionally, if independent officers do not constitute a majority of the Board of Directors, the Company shall endeavor to establish a special committee to deliberate and review important transactions and actions with the controlling shareholder. Such special committee is supposed to be composed of independent officers, and the Company believes that the committee is sufficiently independent of the controlling shareholder.

【Principle 4-9 Standards and Qualifications for independent Outside Directors' Independence】
The Board of Directors should establish and disclose independence standards to ensure the effective independence of independent Directors, taking into consideration the independence criteria set by the financial instruments exchanges. The Board of Directors should endeavor to nominate independent Outside Director candidates who are expected to contribute to frank, active, and constructive discussions at the Board Meetings.

The Company nominates independent Outside Directors in accordance with Article 2, Item 15 of the Companies Act and the independence criteria established by the Tokyo Stock Exchange. The Board of Directors nominates independent Outside Director candidates who, in the Board's opinion, are independent of the Company and possess management experience in industries with a high affinity to the Company's business, and who are able to contribute to constructive discussions at Board Meetings based on their expertise and experience.

【Principle 4-10 Use of Optional Approach】
In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a Company's specific characteristics, the listed companies should employ optional approaches, as necessary, to further enhance governance functions.

In addition to the statutory bodies, the Company has the Nomination and Remuneration Consultatory Committee as an advisory body to the Board of Directors, chaired by an independent Outside Director. The ZOZO Group Risk Management Committee is also established within the Company Group to accurately recognize, identify, and address risks associated with business activities. In addition, the Compliance Committee has been established to strengthen the legal compliance system, and the SDGs Promotion Committee has been established to promote SDGs management across the organization. The Company will establish additional voluntary committees as needed to further enhance its governance function.

<Supplementary Principle>

4-10 ① If the listed companies are either a company with an Audit and Supervisory Board or a company with an Audit and Supervisory Committee and independent Outside Directors do not account for the majority of the Board of Directors, the listed company should establish independent Nomination and Remuneration Consultatory committee consisting mainly of independent Outside Directors under the Board of Directors in order to strengthen the independence, objectivity, and accountability of the functions of the Board of the Directors on nominations (including succession plan) and remuneration of the Management members and Directors, and obtain appropriate involvement and advice including viewpoints of the diversity, such as gender, and skills from independent Outside Directors of these committees in the examination of specifically important matters, including nominations and remuneration. In particular, companies listed on the Prime Market of the TSE should ensure that independent Outside Directors account for the majority of the members of these committees and disclose their views on the independence of the committee's composition, authorities, functions, and other relevant information.

The Board of Directors of the Company consists of eleven members, including three Executive Directors and eight non-executive Directors (six of whom are independent Outside Directors). The majority of the Board members are independent Outside Directors. In addition, the Nomination and Remuneration Consultatory

Committee is established as an advisory body to the Board of Directors, which has a role in enhancing the independence, objectivity, and accountability of the Board of Directors with respect to matters concerning the nomination and remuneration of Directors. The committee consists of a majority of independent Outside Directors and is chaired by an independent Outside Director to maintain the independence of its composition. It is also authorized to deliberate on and make recommendations regarding the appointment and dismissal of Directors, the succession plan for the Representative Director, policies and standards concerning Directors' remuneration, and draft proposals to be submitted to the Board of Directors.

In determining the nomination and remuneration of Directors, the committee deliberates on and prepares draft proposals, including the Directors' skills matrix, and gives full consideration to diversity, including gender diversity, as well as skills and experience. In addition, information on deliberations is shared with the Audit and Supervisory Committee. The Company will continue to enhance the independence, objectivity, and accountability of the Board of Directors' functions with respect to the nomination and remuneration of Directors and further strengthen its corporate governance structure.

【Principle 4-11 Prerequisites for Ensuring the Effectiveness of the Board of Directors and Audit and Supervisory Board】

The Board of Directors should strive to achieve a well-balanced composition in terms of knowledge, experience, and skills, in order to fulfill its roles and responsibilities effectively. The composition should also promote diversity in terms of gender, internationality, career, and age while maintaining an appropriate board size. When appointing members to the Audit and Supervisory Board, the company should consider individuals with relevant experience and skills in finance, accounting, and legal matters. Furthermore, at least one member of the Audit and Supervisory Board should possess sufficient expertise in finance and accounting. The Board of Directors should also aim to strengthen its function by regularly analyzing and evaluating the effectiveness of the Board as a whole.

The Company sufficiently acknowledges that diverse values are a source of strength in ensuring its sustainable growth. Five female Directors are appointed to the current Board of Directors, which consists of eleven members. An attorney and a certified public accountant serve on the Audit and Supervisory Committee and possess appropriate expertise in finance, accounting, and law.

Recognizing that diverse viewpoints stemming not only from knowledge, experience, and ability but also from gender, race, and nationality contribute to the advancement of the Company's business, the Company will strive to maintain a Board of Directors that achieves both diversity and an appropriate size. The Company achieved one of the KPIs within the Four Key Actions toward realizing the Sustainability Statement, "Increase the percentage of female Directors to 30% or more by 2030," in June 2023.

The Company conducts periodic questionnaires for all Directors to analyze and evaluate the effectiveness of the entire Board of Directors, as stated in Supplementary Principle 4-11 ③.

<Supplementary Principle>

4-11 ① The Board of Directors should consider the appropriate balance between the knowledge, experience, and skills of the Board of Directors as a whole, diversity, and appropriate Board size based on the skills and other abilities required to achieve business strategies. The company should disclose the skills and other abilities of Directors in a suitable manner, taking into account the business environment and characteristics, such as the skill matrix that outlines the knowledge, experience, and skills of each Director, along with the policies and procedures for nominating Directors. In the nomination process, independent Outside Director candidates should have relevant management experience in other companies.

The Company's view on the appropriate balance of knowledge, experience, and skills, as well as diversity, across the Board of Directors as a whole is generally consistent with its policy for the nomination of Director candidates, as described in Principle 3-1 (iv). Based on the principle, the Company has prepared and disclosed a skills matrix that summarizes the knowledge, experience, and skills of each Director on its website (<https://corp.zozo.com/en/sustainability/governance/>).

In the future, the Company plans to consider establishing internal regulations and implementing measures that place greater emphasis on the balance of knowledge, experience, and skills, as well as diversity and the size of the Board of Directors as a whole. In the skills matrix, the Company identifies corporate management and business strategy as areas of particular importance and takes into account whether candidates for independent Outside Director positions have management experience at other companies.

4-11 ② Outside Directors, Outside Audit and Supervisory Board Members, other Directors, and Audit and Supervisory Board Members should devote sufficient time and effort to fulfill their respective roles and responsibilities properly. Therefore, for instance, if a Director or Audit and Supervisory Board Member holds concurrent positions as a Director or Audit and Supervisory Board Member of another listed company, the number of such positions should be limited to a reasonable range. Additionally, the listed companies should annually disclose the status of such concurrent positions.

The Company has established approval authority standards under which Directors are required to obtain approval from the Board of Directors before assuming an officer position at another listed company (more than three companies in the case of Executive Directors and more than six companies in the case of non-executive Directors). Furthermore, the Company periodically conducts surveys regarding the existence of related party transactions and the status of concurrent positions held by its officers and has established a framework for managing related party transactions. The results of these surveys are disclosed in the business report for the Ordinary General Meeting of Shareholders.

4-11 ③ Each year, the Board of Directors should analyze and evaluate its effectiveness as a whole, considering relevant matters, including each Director's self-evaluation. A summary of the results should be disclosed.

The Board of Directors of the Company annually evaluates its effectiveness by analyzing and verifying items regarding the purposes, agenda items, composition, deliberations, and operations of and the framework supporting the Board of Directors, and based on the results thereof, the Board of Directors is identifying issues and implementing measures. Based on the Board's activities during the fiscal year ended March 31, 2026, the results of analysis and evaluation of the effectiveness of the Board of Directors are as follows:

1. Method of evaluating the effectiveness of the Board of Directors

After distributing a questionnaire concerning the effectiveness of the Board of Directors to all Directors and compiling and analyzing the responses, the Board of Directors discussed the challenges and measures for further improvement of the effectiveness of the Board of Directors.

2. Summary of the results of analysis and evaluation

Through a questionnaire to all Directors in terms of the purposes, agenda items, composition, deliberations, and operations of the Board of Directors, it has been confirmed that the Board was generally evaluated highly across all categories.

With respect to issues identified in the effectiveness evaluation for the fiscal year ended March 31, 2025, the need for better alignment between management and supervisory functions regarding the medium- to long-term management strategy, enhancement of monitoring items and supervisory structures, and more substantive discussions at the Nomination and Remuneration Consultatory Committee regarding the CEO succession plan linked to the medium- to long-term management strategy were identified.

In response to these issues, certain improvements were confirmed as a result of our efforts to date, such as enhanced discussions regarding the medium- to long-term management strategy, development of a shared understanding among Directors in terms of the appropriate supervisory function of the Board of Directors, and a review of the skills required of Directors.

In addition, issues were raised regarding the content and method of effective training for Directors. Furthermore, to further improve effectiveness, in order to have better discussions about medium- to long-term management strategy and management challenges, constructive opinions were expressed about further enhancement of information provided to Directors and the way discussions should be conducted for making better use of the knowledge and expertise of Outside Directors.

3. For the future

At the Board Meeting held in March 2026, based on the above analysis and evaluation results, the Board of Directors engaged in active discussions to further enhance its effectiveness.

As a result, it was confirmed that the Company would enhance the information provided to Directors and update the themes, frequency, and methods of discussions in order to hold more substantive discussions about medium- to long-term management strategy and management challenges while making the best use of the knowledge and expertise of Outside Directors.

Based on this policy, the Company will continue to implement operational improvements in order to further enhance the effectiveness of the Board of Directors and corporate value.

【Principle 4-12 Active Deliberations by the Board of Directors】

The Board of Directors should promote an atmosphere for open and constructive dialogue to facilitate the exchange of ideas and should welcome the submission of proposals and matters by Outside Directors.

Outside Directors actively engage in questioning and the exchange of opinions regarding all matters submitted to the Board of Directors for resolution and reporting. In addition, all attendees at Board Meetings actively exchange opinions on the matters brought before the Board.

<Supplementary Principle>

4-12 ① The Board of Directors should ensure the following to enhance the operation of Board Meetings and facilitate active deliberations:

- (i) Sufficient distribution of materials for Board Meetings ahead of the scheduled date;**
- (ii) Provision of information to Directors from the company in addition to the Board Meeting materials (if necessary, it needs to be organized and analyzed in an easily understandable manner;**
- (iii) Determination of the schedule for Board Meetings during the current year and identification of the assumed agenda items in advance;**
- (vi) Appropriate setting of the number of agenda items and the frequency of Board Meetings; and**
- (v) Allocation of sufficient time for deliberations.**

To facilitate active discussions at Board Meetings, the Company endeavors to distribute meeting materials no later than three business days prior to each meeting. The Company establishes an annual schedule of Board Meetings and, in principle, schedules meetings on dates when all Directors are available to attend. In addition, where agenda items are determined in advance, sufficient time is allocated for discussion according to the nature and importance of such items.

Matters submitted to the Board of Directors are, in principle, also deliberated at the Management Meeting. As Directors participate in the Management Meeting (with participation by non-executive Directors being voluntary), they are provided with opportunities to understand the details of agenda items and the progress of discussions in advance.

【Principle 4-13 Information Gathering and Support Structure】

To fulfill their roles and responsibilities, Directors and Audit and Supervisory Board Members should proactively collect information and, as necessary, request that the company provide them with additional information. Also, the listed companies should establish a supporting structure for Directors and Audit and Supervisory Board Members, including providing sufficient staff. The Board of Directors and the Audit and Supervisory Board members should verify whether the information requested by them is provided smoothly.

The Board of Directors Administration Office reviews Board materials in advance, and Directors request additional information as necessary when materials shared in advance are considered insufficient. Furthermore, the Company has established a support system for Directors, particularly for newly appointed Directors and Outside Directors, to enhance their understanding of the Company's corporate culture and ensure that sufficient internal information is shared through the Board of Directors Administration Office and the responsible officers. Additionally, the Company has fostered a corporate culture in which Directors regularly exchange information and opinions with one another on a daily basis.

<Supplementary Principle>

4-13 ① Directors, including Outside Directors, should request the company to provide them with any additional information deemed necessary to contribute to transparent, fair, timely, and decisive decision-making. Furthermore, Audit and Supervisory Board Members, including Outside Audit and Supervisory Board Members, should collect information appropriately, utilizing their statutory investigative powers.

The Company's Board of Directors Administration Office confirms the materials for Board Meetings in advance, and Directors can request additional information as necessary if any materials are considered insufficient.

4-13 ② Directors and members of the Audit and Supervisory Board should consider seeking the advice of external specialists at the company's expense when deemed necessary.

The Company's internal guidelines provide that Directors may obtain advice from external experts as necessary, and that the related costs may be borne by the Company.

4-13 ③ The listed companies should ensure that the Internal Audit Office, Directors, and Audit and Supervisory Board Members cooperate effectively by establishing a reporting structure where the Internal Audit Office reports directly to the Board of Directors and Audit and Supervisory Board to fulfill their functions. Furthermore, these companies should take measures to provide adequate information to Outside Directors and Outside Audit and Supervisory Board Members. For instance, they could appoint a responsible individual within the company to handle such requests for information and ensure that they are processed appropriately.

The Internal Audit Office conducts periodic and as-needed audits of the Company and its subsidiaries, ensuring fair and objective assessments. The results of these audits, including any identified issues, are reported directly to the Representative Director, Board of Directors, and Audit and Supervisory Committee. Improvement instructions are issued to the relevant departments to ensure that appropriate corrective measures are implemented.

Furthermore, although the Company has not appointed a person specifically responsible for communication and coordination between Outside Directors and the Company, it has established a system that enables information, including matters relating to issues within each business, to be provided to Outside Directors as needed through full-time Directors and the Full-time Audit and Supervisory Committee Member.

Principle 4-14 Training for Directors and Audit and Supervisory Board Members]

New and incumbent Directors and Audit and Supervisory Board Members are crucial governance bodies in the listed companies, and they should strive to understand their roles and responsibilities deeply. They should also make efforts to acquire and update the necessary knowledge and skills. In this regard, the listed companies should provide suitable training opportunities to each Director and Audit and Supervisory Board Member, along with financial support to cover associated expenses. The Board of Directors should ensure that these opportunities and support are provided appropriately.

The Company provides a comprehensive range of training opportunities to support all employees, including Directors, in acquiring and maintaining the knowledge required to perform their duties effectively. The Company provides opportunities for Directors to fulfill their roles by providing them with the information and knowledge necessary to supervise management, including study sessions for Directors and the Management. The related costs may be borne by the Company.

In addition, the Company has established training programs with the objective of enabling the Board of Directors to more effectively supervise and advise on the execution of management strategies and the management of business risks. To this end, the Company utilizes time following Board Meetings to provide opportunities for Directors to acquire the knowledge and insights necessary to achieve this objective. Through these programs, Directors share information and exchange views on a broad range of topics, including the business environment, business strategy, capital policy, organization and human resources, SDGs, AI, and management risks.

<Supplementary Principle>

4-14 ① Upon assuming their positions, Directors and Audit and Supervisory Board Members, including Outside Directors and Outside Audit and Supervisory Board Members, should be provided with the opportunity to acquire the necessary knowledge about the Company's business, finances, organization, and other relevant matters, and to fully comprehend their expected roles and responsibilities, including legal liabilities. Additionally, incumbent Directors should have a continuing opportunity to renew and update their knowledge as needed.

Upon appointment, the Company provides study sessions on the Company's business. In addition, following appointment, the Company provides the training programs described in Principle 4-14 and offers opportunities for Directors to continuously update their knowledge and expertise necessary to fulfill their responsibilities.

4-14 ② The listed companies should disclose their training policy for Directors and Audit and Supervisory Committee Members.

The Company's policy regarding training for Directors is described in Principle 4-14.

Section 5: Dialogue with Shareholders

【General Principle 5】

The listed companies should engage in constructive dialogue with shareholders, even outside of the General Meeting of Shareholders, to contribute to sustainable growth and increase corporate value over the medium- to long-term. During such dialogue, the Management and Directors, including Outside Directors, should listen to the voices of shareholders and pay attention to their interests and concerns. They should also clearly and understandably explain business policies to gain shareholders' support, and work towards developing a balanced understanding of the positions of shareholders and other stakeholders, acting accordingly.

The Company acknowledges the significance of active dialogue with shareholders to achieve sustainable growth and improve corporate value over a medium- to long-term period. To facilitate a better understanding of our management strategy, the Company has established an IR structure led by the Director in charge of IR. The Company conducts financial results briefings four times a year, with simultaneous web distribution in English. During these briefings, management directly shares information on current situations and strategies for the future. Additionally, the Company participates in conferences hosted by securities companies and conducts individual meetings with investors. Considering our shareholder distribution, the Company also engages in active dialogue with overseas investors through the Director in charge of IR and the IR department.

【Principle 5-1 Policy for Constructive Dialogue with Shareholders】

To promote sustainable growth and increase corporate value over the medium- to long-term, the listed companies should respond positively and reasonably to requests from shareholders to engage in dialogue (IR Meetings). The Board of Directors should establish, approve, and disclose policies that promote constructive dialogue with shareholders, including measures and organizational structures.

The Company assigns a Director, Executive Vice President, as the Director in charge of IR, and the Strategic Planning and Development Department of the Corporate Planning Office as the section in charge of IR. The Company conducts financial results briefings every fiscal quarter, offering real-time simultaneous webcasts in both Japanese and English to ensure fair disclosure for various investor groups.

In addition, the Company actively engages in constructive communication with shareholders through one-on-one meetings with domestic and overseas investors, small meetings, participation in conferences hosted by securities companies, and direct visits to North America, Europe, and Asia. Investor profiles, the number of meetings, the status of beneficial shareholders, and the opinions and questions identified through these dialogues are periodically reported to the Board of Directors.

Furthermore, the Company examines questions and topics frequently raised in these dialogues and considers whether such matters should be reflected in disclosure data or explanatory materials for subsequent financial results briefings, thereby seeking to flexibly incorporate feedback obtained through dialogue with shareholders and investors.

The Company will continue to actively engage in constructive dialogue with shareholders in order to achieve sustainable growth and enhance corporate value over the medium to long term.

<Supplementary Principle>

5-1 ① Management members, Directors (including Outside Directors), and Audit and Supervisory Board Members (including Outside Audit and Supervisory Board Members) should engage in dialogue with shareholders, taking into consideration shareholders' requests and interests to the extent that is reasonable.

Actual dialogues (interviews) with shareholders are conducted through the Strategic Planning and Development Department under the Corporate Planning Office, with IR personnel serving as the primary point of contact. Upon request from shareholders and investors, the Representative Director, President and the Director in charge of IR conduct meetings with them. In addition, members of the Management and Directors, including Outside Directors, may participate in such meetings as necessary.

5-1 ② Policies for promoting constructive dialogue with shareholders should include, at a minimum, the following measures:

- (i) Appointment of a member of the Management or a Director responsible for overseeing and ensuring that constructive dialogue with shareholders, including the matters stated in items (ii) to (v) below;**
- (ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general administration, finance, accounting, and legal affairs, with the aim of supporting dialogue;**
- (iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);**
- (vi) Measures to appropriately and effectively share shareholders' views and concerns learned through dialogue with the Management members and the Board of Directors; and**
- (v) Measures to control insider information when engaging in dialogue**

(i)(ii) The Company designates the Director, Executive Vice President as the Director in charge of IR. In addition, the Company strives to strengthen coordination through close information sharing with departments related to IR.

(iii) The Company holds quarterly financial results briefings for shareholders, investors, and analysts, during which the Representative Director, President or the Director, Executive Vice President provides direct explanations. Additionally, considering that the Company's headquarters is located far from the bases of many shareholders and investors, the Company actively conducts IR activities, including one-on-one meetings using web conferencing systems, participation in small meetings and conferences, and regular overseas IR activities.

(iv) Information regarding IR activities, feedback obtained through such activities, and changes in shareholders is reported to the monthly Board Meetings, and shared with the Directors.

(v) To manage insider information, the Company focuses dialogue with shareholders, investors, and analysts on matters that contribute to the Company's sustainable growth and the enhancement of Corporate Value over the medium to long term. The Company takes care to prevent the improper disclosure of confidential information.

5-1 ③ The listed companies should make efforts to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

The Company reviews the shareholder register as of the end of March, June, September, and December each year to understand the shareholder composition recorded in the register. In addition, the Company conducts investigations, as appropriate, to identify the beneficial owners of its shares and gain a better understanding of its beneficial shareholders. Information obtained through these investigations is utilized in the Company's day-to-day IR activities.

【Principle 5-2 Establishing and Disclosing Business Strategy and Business Plan】
When establishing and publishing business strategies and business plans, the listed companies should show the basic guidelines on their earnings plan and capital policy and present targets for profitability and capital efficiency after accurately understanding their own capital costs. Also, the listed companies should provide clear and logical explanations that are easily understandable for shareholders with respect to reviews of the business portfolio and specific measures on the allocation of management resources, including capital investment, R&D investment, and human capital investment to achieve the targets.

The Company has adopted Return on Equity (ROE) as a key management indicator to promote management with a strong focus on capital efficiency. With due consideration given to maintaining a ROE level of approximately 30%, the Company analyzes and monitors various management indicators to support the continuous expansion and development of its business, and discloses specific target figures in its annual management plans.

Going forward, the Company will continue to conduct regular reviews based on analyses of current conditions

and future projections, and will allocate management resources appropriately.

- Background, current challenges, response policy, and specific action plan

As for shareholder returns, the Company Group has established a basic policy for deliberating and implementing shareholder returns by balancing internal reserves through comprehensive consideration of the following: business performance, financial status, future business development, and investment plans.

With regard to Return on Equity (ROE), which the Company regards as one of its key management indicators, the Company has maintained a high level compared with globally comparable companies. However, due to the accumulation of retained earnings and the resulting increase in shareholders' equity, the Company anticipates a gradual decline in this indicator as a measure of capital efficiency. In light of its future business and investment plans, the Company believes that further improvements in financial soundness beyond the current level may lead to a deterioration in capital efficiency.

Accordingly, while securing the capital necessary for growth investments, the Company has adopted a policy of proactively returning surplus capital to shareholders. The Company will continue to repurchase its own shares, taking into consideration share price trends, stock liquidity, and market conditions, with the aim of achieving a total shareholder return ratio of over 80% on a cumulative basis over the medium- to long-term (approximately a five-year average).

In addition, the Company is conducting fundamental initiatives to ensure sustainable growth. The Company will continuously review its business portfolio, allocate management resources appropriately, and monitor stock market valuations and capital efficiency indicators through the Board of Directors and Management Meetings. Furthermore, the Company will disclose key metrics, such as Gross Merchandise Value by business segment, operating profit, capital expenditures, and ROE trends, to enhance dialogue with shareholders and investors regarding the qualitative and quantitative foundations for achieving its management plans.

- Implementation of initiatives

In response to the current challenges outlined above, the Company has implemented the following initiatives:

① Repurchase of shares

Class of shares to be acquired: Common stock

Total number of shares to be acquired: Up to 43,000,000 shares

(4.86% of the total number of shares outstanding)

Total amount to be paid for the acquisition: Up to 30 billion yen

Period of acquisition: June 17, 2026, to December 30, 2026 (planned)

Method of acquisition: Market purchase on the Tokyo Stock Exchange, Inc.

② Cancellation of treasury shares

Class of shares to be cancelled: Common stock

Total number of shares to be cancelled: All treasury shares to be acquired pursuant to ① above

Scheduled date of cancellation: January 29, 2027

(Note) The total number of shares to be cancelled will be finalized after completion of the repurchase of shares pursuant to ①. above.

<Supplementary Principle>

5-2 ① When establishing and publishing business strategies and other information, the listed companies should clearly review their business portfolio and disclose the basic policy determined by the Board of Directors.

In its consolidated financial results for the fiscal year ended March 31, 2026, the Company Group announced its Medium-Term Business Plan targeting Adjusted EBITA (Operating profit + amortization of goodwill (including amortization of intangible assets recognized through purchase price allocation (PPA)) + M&A-related expenses (including advisory fees and due diligence costs)) of 90.0 billion yen for the fiscal year ending March 31, 2030. The Company Group positions its existing domestic businesses, including ZOZOTOWN, as the "More Fashion" domain; businesses in fashion-adjacent domestic markets targeted for future expansion as the "Near Fashion" domain; and businesses centered on LYST and ZOZOFIT aimed at

expanding earnings in North America and Europe as the “Global” domain. The Company Group aims to achieve Adjusted EBITA of 80.0 billion yen in the “More Fashion” domain, and 5.0 billion yen each in the “Near Fashion” and “Global” domains, for a total of 90.0 billion yen across all businesses in the fiscal year ending March 31, 2030.

In addition, the Company conducts regular analyses of variances between its annual forecasts and actual results in order to monitor progress toward achieving the targets established for each business domain. Through financial results briefings and other opportunities, the Company appropriately discloses and explains the results of such analyses and the details of related initiatives to stakeholders, including shareholders.

DISCLAIMER:

This document is a summary translation of the Japanese version. Readers are encouraged to refer to the original Japanese version for complete information. The Japanese version shall prevail in the event of any discrepancy, error, or omission.