



June 26, 2024

Dear All,

**Notice concerning the disposal of treasury stocks
as the performance-linked restricted stock compensation plan**

ZOZO, Inc. (hereinafter, referred to as the "Company") made a resolution at the Board Meeting held on June 26, 2024, to dispose of treasury stocks as the performance-linked restricted stock compensation (hereinafter, referred to as the "Disposal"), as follows:

1. Outline of the Disposal

(1) Disposal period	July 12 to July 25, 2024
(2) Class and number of shares to be disposed	Shares of common stock of the Company 14,100 shares
(3) Disposal amount	3,971 yen per share
(4) Total disposal amount	55,991,100 yen
(5) Allottees and number thereof, number of shares to be disposed	2 Executive Officers 14,100 shares

2. Purpose and reason for the Disposal

The Company introduced the performance-linked compensation plan granting restricted stocks (hereinafter referred to as the "Compensation Plan") to the management members, including the Executive Officers. The purpose is to incentivize the management, including the Executive Officers, in the medium-to-long-term for sustainable improvement of corporate value and further promote value sharing between our shareholders and the management. The outline of the Compensation Plan is as follows.

[Overview of the Compensation Plan]

Under the Compensation Plan, the Company allots common stocks to the Executive Officers (hereinafter, referred to as the "Eligible Executive Officers") and imposes restrictions on the transfer of stocks for a certain period of time by the method of issuing or disposing of the restricted stocks after the Company pays monetary compensation claims to the Eligible Executive Officers as remuneration, and the Eligible Executive Officers contribute the entire amount as asset-in-kind (hereinafter, such method is referred to as the "Delivery by Contribution in Kind"). The restricted stocks to be allotted to the Eligible Executive Officers are performance-linked restricted stocks whose number of shares to be released is determined

according to the degree of achievement of the index to improve the company group's medium-to-long-term corporate value, etc.

Although the Company intends to, in principle, grant the number of the Company's common stock corresponding to the remuneration for the three-fiscal-year evaluation period in a lump sum in the first fiscal year, the Company grants the number of the Company's common stock corresponding to the remuneration for the two-fiscal-year evaluation period in a lump sum among the three fiscal years to the Eligible Executive Officers in the Disposal.

The Company plans to conclude the restricted stock allotment agreements (hereinafter, referred to as the "Allotment Agreements") with the Eligible Executive Officers. Details of the Allotment Agreements are described below:

[Outline of the Allotment Agreements]

(1) Transfer Restriction Period

The Eligible Executive Officers shall not transfer, create a security interest in, or dispose of (hereinafter, referred to as the "Transfer Restrictions") common stocks allotted under the Allotment Agreements (hereinafter, referred to as the "Allotted Stocks") from the date when such Allotted Stocks are allotted to July 17, 2026 (hereinafter, referred to as the "Transfer Restriction Period").

(2) Release of the Transfer Restrictions

On the condition that the Eligible Executive Officers continuously hold the Director, Executive Officer, or employee position during the Transfer Restriction Period, the Transfer Restrictions will be lifted when the Transfer Restriction Period expires. The Company will decide the ratio to release the Transfer Restrictions (*) based on business performance targets such as the growth rate of the share price of the Company and comparable companies, consolidated operating profit, and evaluation scores by specific ESG evaluation organizations specified by the Company. Of the Allotted Stocks held by the Eligible Executive Officers at the time of expiration of the term, the Company shall release the Transfer Restrictions of the number of Allotted Stocks (rounded down to the nearest one share) calculated by multiplying the number of Allotted Stocks by the ratio to release the Transfer Restrictions. However, if an Eligible Executive Director resigns from his or her position as a Director, Executive Officer, and employee of the Company during the Transfer Restriction Period for any reasons judged as legitimate by the Board of Directors of the Company, the number of the Allotted Stocks for which the Transfer Restrictions are released, and the timing to release the Transfer Restrictions shall be reasonably adjusted as necessary.

* Details of the ratio to release the Transfer Restrictions

"Growth rate of the Company's share price" refers to the growth rate of the share price of the Company. It is calculated by the following formula: Growth rate of the Company's share price = (A+B)/C

A: average closing price of common stock of the Company on the Tokyo Stock Exchange for each trading day from January 1, 2026, to March 31, 2026 (excluding days with no closing prices).

B: the total amount of dividends per share for common stock of the Company from June 28, 2023, to March 31, 2026

C: average closing price of common stock of the Company on the Tokyo Stock Exchange for each trading day from January 1, 2023, to March 31, 2023 (excluding days with no closing prices).

"Growth rate of the comparable companies' share price" refers to the growth rate of the share price of the comparable companies. It is calculated by the following formula:

Growth rate of the comparable companies' share price = (D+E)/F

D: average closing price of common stock for the comparable companies on the Tokyo Stock Exchange from January 1, 2026, to March 31, 2026 (excluding days with no closing price).

E: the total amount of dividends per share for the comparable companies from June 28, 2023, to March 31, 2026

F: average closing price of common stock for the comparable companies on the Tokyo Stock Exchange from January 1, 2023, to March 31, 2023 (excluding days with no closing price).

"The ratio to release the Transfer Restrictions" shall be the sum of (1) the ratio of continuous service, (2) the ratio of target achievement of the growth rate of the Company's share price, (3) the ratio of target achievement of the consolidated operating profit of the Company, and (4) the ratio of target achievement on ESG rating.

"The ratio of continuous service" is 20% if the Eligible Executive Officers continuously hold the Director, Executive Officer, or employee position during the Transfer Restriction Period.

"The ratio of target achievement of the growth rate of the Company's share price" is the following:

- (i) If the growth rate of the Company's share price is less than the median of the growth rates of the comparable companies' share price, it will be 0%.
- (ii) If the growth rate of the Company's share price exceeds the median of the growth rates of the comparable companies' share price, it will be 20% (however, except in the case of (iii) and (iv)).
- (iii) If the growth rate of the Company's share price exceeds the median between the top 25% of the growth rates of the comparable companies' share price and the median of growth rates of the comparable companies' share price (however, except in the case of (iv)), it will be 40%.
- (iv) If the growth rate of the Company's share price exceeds the top 25% of the growth rates of the comparable companies' share price, it will be 60%.

"The ratio of target achievement of the consolidated operating profit of the Company" is the following:

- (i) The consolidated operating profit for the fiscal year ending March 2026 exceeds a certain degree of the predetermined target; it will be 5%.
- (ii) The consolidated operating profit for the fiscal year ending March 2026 exceeds the predetermined target, it will be 10%.

“The ratio of target achievement on ESG rating” is ①5% if the ESG rating regarding the Company announced by MSCI Inc. (or an entity which succeeds the ESG rating business) as of the end of March 2026 (hereinafter, “MSCI ESG score of the Company”), is AA, ②10% if MSCI ESG score of the Company as of the end of March 2026 is AAA, and ③0% otherwise.

The Board of Directors may make reasonable adjustments as needed when calculating the indexes used to determine the ratio to release the Transfer Restrictions.

(3) Acquisition of the Allotted Stocks without Consideration

The Company shall acquire, without consideration, the Allotted Stocks for which the Transfer Restrictions are not released in accordance with (2) above. In addition, in the case the Eligible Executive Officers resign from his or her position as a Director, Executive Officer, and employee of the Company prior to the expiration of the Transfer Restriction Period for reasons other than those judged as legitimate by the Board of Directors of the Company, or any other certain reasons, the Company shall acquire all or part of the Allotted Stocks without consideration.

With respect to the Allocated stocks for which the Transfer Restrictions have been released in accordance with (2) above, if it is found that there was a particular reason, such as an error in the figures that are used as the basis for calculating the ratio to release the Transfer Restrictions, after the release of the Transfer Restrictions, and if the Company deems it appropriate, the Eligible Executive Officers shall return the Company all or part of the Allocated stocks or cash equivalent to it without consideration.

(4) Management of stocks

To prevent any transfer, pledge, or otherwise disposition of others during the Transfer Restriction Period of the Allotted Stocks, the Company shall take measures deemed appropriate, such as managing the exclusive account opened with a securities company.

(5) Treatment of organizational restructuring

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a merger agreement in which the Company becomes a defunct company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other matters related to certain organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or the Board of Directors if the approval at the General Meeting of Shareholders is not required), the Company shall reasonably adjust the number of the Allotted Stocks for which the Transfer Restrictions are to be released and the timing of the release of the Transfer Restrictions as necessary, and the Company shall acquire the Allotted Stocks for which the Transfer Restrictions have not been released without consideration.

3. Basis for calculation of the amount to be paid and specific details thereof

Based on the Compensation Plan, the Disposal of treasury stocks is implemented in accordance with the resolution of the Board Meeting held on June 26, 2024, by the method of Delivery by Contribution in Kind for the allocation of the Eligible Executive Officers as the remuneration for July 1, 2024, to June 30,

2026. In order to eliminate arbitrariness, the issue price of the allocation for the Eligible Executive Officers is 3,971 yen, which is the closing price of the Company's stock on the Tokyo Stock Exchange on June 25, 2024 (The business day before the resolution date of the Board of Directors). This is the market price immediately before the resolution date of the Board of Directors regarding the Disposal of treasury stocks, which the Company believes is reasonable and not particularly favorable amount.

DISCLAIMER:

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