

Latest Update: June 29, 2026

ZOZO, Inc.

Representative Director, President & CEO: Kotaro Sawada

Contact:043-213-5171

Securities Code: 3092

<https://corp.zozo.com/en/>

Corporate governance at ZOZO, Inc. (hereinafter, referred to as “the Company”) is as follows.

I . Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information

1. Basic View

The Company Group's basic management policy is to continuously enhance corporate value and foster smooth relationships with all stakeholders, including shareholders, by maintaining a focus on soundness, transparency, efficiency, and speed in management. To achieve this policy, the Company will enhance corporate governance centered on the Board of Directors and the Audit and Supervisory Committee.

【Reasons for Non-Compliance with the Principles of the Corporate Governance Code】 UPDATE

The Company executes all principles of the Corporate Governance Code. (updated on June 29, 2026)

【Disclosure Based on the Principles of the Corporate Governance Code】

Principles of the Corporate Governance Code are disclosed in “Our Initiatives in Relation to the Corporate Governance Code” under the “Governance” section on the “Sustainability” page of the Company’s website.

“Governance”

https://corp.zozo.com/en/sustainability/governance/gov_corp/

“Our Initiatives in Relation to the Corporate Governance Code”

https://corp.zozo.com/en/sustainability/files/pdf/202606_e_cgc.pdf

Matters related to “Promotion and disclosure of dialogue with shareholders” are described under Principle 5-1 and Supplementary Principles 5-1①, 5-1②, and 5-1③ in “Our Initiatives in Relation to the Corporate Governance Code.”

【Action to Implement Management that is Conscious of Cost of Capital and Stock Price】

Content of Disclosure UPDATE	Update on initiatives
English Disclosure	Available
Date of Update UPDATE	June 29, 2026

- Response to the Tokyo Stock Exchange’s “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”

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 disclose specific target figures in its annual management plans.

- 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: (Resolved by the Board of Directors on June 16, 2026)

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.

②Cancellation 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.

2. Capital Structure

Foreign Shareholding Ratio	More than 20%, less than 30%
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[Status of Major Shareholders] UPDATE

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
Z Intermediate Holdings Corporation	458,858,700	51.89
THE MASTER TRUST BANK OF JAPAN, Ltd. (Trust Account)	106,874,600	12.09
Custody Bank of Japan, Ltd. (Trust Account)	41,589,700	4.70
STATE STREET BANK AND TRUST COMPANY 505001	16,208,067	1.83
JPMorgan Securities Japan Co., Ltd.	15,575,787	1.76
STATE STREET BANK AND TRUST COMPANY 505103	12,548,669	1.42
Yusaku Maezawa	11,910,441	1.35
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	8,211,008	0.93
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	7,067,858	0.80
RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT	6,904,047	0.78

Controlling Shareholders (Excluding Parent Company)	-----
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Parent Company	LY Corporation (TSE Securities Code:4689)
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Supplementary Explanation **UPDATE**

• The parent company is Z Intermediate Holdings Corporation, which holds 458,858,700 shares of the Company.

3. Corporate Attributes

Name of Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
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Fiscal Year-End	End of March
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Type of Business	Retail Trade
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Number of Employees (consolidated) as of the End of the Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Fiscal Year	More than 100 billion yen, less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

The Company has established the “Guideline to ensure the fairness of transactions with the parent company group” as a guideline for protecting minority shareholders in transactions with controlling shareholders, and operates in accordance with the Guideline.

The Guideline provides that transactions with controlling shareholders shall comply with applicable laws and regulations and shall not be conducted on terms that are unreasonably advantageous or disadvantageous to the Company Group compared with the same or similar transactions conducted with third parties. Such transactions are determined on a reasonable basis by considering contractual terms and market prices in the same manner as transactions with other companies, and are executed only after sufficient examination of their appropriateness and terms to ensure that the rights of minority shareholders are not unfairly impaired.

The Board of Directors comprises three Executive Directors and eight non-executive Directors (including six independent Outside Directors), totaling eleven members, with independent Outside Directors accounting for a majority of the Board members. In addition, if independent Directors do not constitute a majority of the Board of Directors, the Company endeavors to establish a special committee consisting of independent Directors to deliberate and review important transactions and actions involving the controlling shareholder.

Based on the above, the Company believes that it has sufficient independence from the controlling shareholder.

5. Other Special Circumstances Which May Have a Material Impact on Corporate Governance

- Parent company’s group management philosophy and directions

(1) Group management philosophy and directions

Our parent company, LY Corporation, has several listed subsidiaries and affiliates and is committed to its company mission, “Create an amazing life platform that brings WOW! to our users.” through the operation of various businesses. The parent company group respects the autonomy of its group companies and aims to create synergies while ensuring their independence and continuing to evolve and grow together, thereby maximizing the corporate value of the group.

The parent company aims to establish a stable capital alliance relationship with the goal of increasing the corporate value of both companies while considering the interests of minority shareholders. In other words, the parent company will form a capital alliance between the two companies with the aim of building a strong alliance relationship through a business alliance based on the capital alliance. Specifically, the business alliance is aimed at the expansion and evolution of the fashion e-commerce business of both

companies, such as sending users from the media of LY Corporation to the Company, opening ZOZOTOWN in “Yahoo! JAPAN Shopping” and Yahoo! JAPAN Auction” within “LY Corporation Commerce”.

The Company will continue to maintain its independence and autonomy as a listed company while pursuing synergies with the parent company group to contribute to the enhancement of corporate value for both the Company and the entire group.

- Policies and measures to ensure independence from the parent company, which is necessary from the viewpoint of protecting minority shareholders

(1) Measures to ensure the effectiveness of the governance system of listed subsidiaries at the parent Company

The parent company recognizes the importance of enhancing its listed subsidiaries and affiliates' corporate value over the medium-to long-term and maximizing the common interests of all shareholders, including minority shareholders and the Company. With this perspective in mind, the parent company stipulates that it shall exercise its voting rights on proposals made by its listed subsidiaries and affiliates.

In addition, the parent company has established an “Affiliated Company Management Guideline” to manage its investees, as well as important decisions made at subsidiaries and affiliated companies, including group companies, that are subject to prior approval by or reporting to the parent company. However, with respect to listed subsidiaries and affiliates, the parent company does not require prior approval that would affect the independence of those companies and takes care to ensure that it does not unfairly constrain each company's decision-making.

In addition, the parent company's outside directors regularly meet with the outside directors of the listed subsidiaries to ensure that the parent company does not unfairly constrain each company's decision-making.

(2) Ensuring independence from the parent company

The Company has appointed two individuals as Directors from LY Corporation and is receiving advice and recommendations from them for business operations based on their rich experience and broad knowledge cultivated in the internet service industry. Regarding ensuring independence from parent companies, the following is clearly stated: a) the Company is able to make management decisions without operational restrictions from the parent company, b) the parent company respects management decisions of the Company on matters relating to employment, human resources and working conditions, c) Directors from the parent company shall not participate in board resolutions where special interests are involved. Through these restrictions and regulations, the Company believes that independence from parent companies is ensured to a certain extent.

II. Business Management and Other Corporate Governance Structures regarding Decision-making, Execution of Business, and Supervision of Management

1. Organizational Composition and Operation

Corporate Governance Structure	Company with an Audit and Supervisory Committee
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【Directors】

Maximum Number of Directors Stipulated in Articles of Incorporation	19
Term of Office Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company											
		a	b	c	d	e	f	g	h	i	j	k	
Taro Saito	From another company												
Takako Kansai	From another company												
Takuya Oikawa	From another company												
Hiroko Igarashi	From another company												
Junko Utsunomiya	From another company												
Kumiko Nishiyama	From another company												

* Categories for "Relationship with the Company"

* "○" means "the Director presently falls or has recently fallen under the category; "△" means "the Director fell under the category in the past."

* "●" means "a close relative of the Director presently falls or has recently fallen under the category"; "▲" means "a close relative of the Director fell under the category in the past."

a. Person who executes the business of the listed company or a subsidiary

b. Person who executes the business or a non-executive Director of a parent company

c. Person who executes the business of a sister company

d. Party for which the listed company is a major client, or an executive thereof

e. Major client of the listed company, or an executive thereof

f. Consultant, accounting expert, or legal expert who receives significant amounts of cash or other assets in addition to the remuneration from the listed company

- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes the business of the corporation)
- h. Executive (the individual only) of a business counterparty of the listed company that does not fall under any of categories d, e, or f
- i. Executive (the individual only) of an entity with which there is a mutual appointment of outside officers
- j. Executive (the individual only) of an organization to which the listed company makes donations
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Taro Saito		○	---	Based on Mr. Saito's extensive experience and broad insight into branding and communication design, the Company requests him to provide advice from a broader perspective on the Company Group's branding strategy. In addition, the Company expects him to supervise management and strengthen corporate governance, primarily by advising on the formulation of management strategies and decision-making regarding business execution, participating in the nomination and remuneration decision-making process, and supervising conflicts of interest, leveraging his extensive experience and broad perspective. The Company determined that there was no risk of conflict of interest with general shareholders since he did not fall under any of the items a through k above, so he is designated as an Independent Officer.
Takako Kansai		○	---	Based on Ms. Kansai's extensive experience and broad perspective in both business and technology within the internet service industry, the Company requests that she supervise the Company's management and provide advice on overall management to contribute to strengthening corporate governance. In addition, the Company expects her to provide advice on the formulation of management strategies and decision-making regarding business execution, to lead the nomination/ remuneration decision-making process, and to oversee potential conflicts of interest, leveraging her extensive experience and broad perspective. The Company also expects her to supervise management and contribute to the enhancement of

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
				<p>corporate governance. The Company determined that there was no risk of conflict of interest with general shareholders since she did not fall under any of the items a through k above, so she is designated as an independent Officer.</p>
Takuya Oikawa		○	----	<p>Based on Mr. Oikawa's extensive experience and broad perspective in product and engineering management of IT and internet-related systems, the Company requests him to supervise the Company's management and provide advice on the Company's overall management in order to contribute to strengthening corporate governance. In addition, the Company expects him to supervise management and strengthen corporate governance, mainly by providing advice on formulating management strategies and decision-making on business execution, leading the nomination/ remuneration decision-making process, supervising conflicts of interest, leveraging his extensive experience and broad perspective.</p> <p>The Company determined that there was no risk of conflict of interest with general shareholders since he did not fall under any of the items a through k above, so he is designated as an independent Officer.</p>
Hiroko Igarashi	○	○	----	<p>Ms. Igarashi is a certified public accountant and had been engaged in duties as the head of the accounting group at other companies. The Company believes that she has considerable knowledge of finance and accounting and will be able to appropriately perform her duties in the audit of the Company. She has not been directly involved in the management of the Company except for serving as an Outside Officer. However, for the reasons stated above, the Company believes that she will be able to perform her duties as an Audit and Supervisory Committee Member appropriately. The Company determined that there was no risk of conflict of interest with general shareholders since she did not fall under any of the items a through k above, so she is designated as an independent Officer.</p>

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Junko Utsunomiya	○	○	----	<p>Ms. Utsunomiya has considerable knowledge of corporate legal affairs from a professional standpoint as a lawyer; the Company judged that she would be able to perform her duties in the Company's audits properly. She has not been directly involved in the management of the Company except for serving as an Outside Officer. However, for the reasons stated above, the Company believes that she will be able to perform her duties as an Audit and Supervisory Committee Member appropriately. The Company determined that there was no risk of conflict of interest with general shareholders since she did not fall under any of the items a through k above, so she is designated as an independent Officer.</p>
Kumiko Nishiyama	○	○	----	<p>Ms. Nishiyama is a certified public accountant engaged in sustainability-related duties, and the Company believes that she has a broad range of knowledge and is capable of appropriately performing her duties in the Company's audits. She has not been directly involved in the management of the Company except for serving as an Outside Officer. However, for the reasons stated above, the Company believes that she will be able to perform her duties as an Audit and Supervisory Committee Member appropriately. The Company determined that there was no risk of conflict of interest with general shareholders since she did not fall under any of the items a through k above, so she is designated as an independent Officer.</p>

【Audit and Supervisory Committee】

Composition of the Committee and Attributes of the Chairperson

	Total Number of Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	0	3	Outside Director

Establishment of a System for Directors and Employees to Assist the Audit and Supervisory Committee in Its Duties

Established

Matters Concerning the Independence of Such Directors and Employees from the Executive Directors

The Corporate Division assists the Audit and Supervisory Committee in the performance of its duties. During the period designated by the Audit and Supervisory Committee for such assistance, the authority to direct the designated employees shall be vested in the Audit and Supervisory Committee, and such employees shall not be subject to the direction or supervision of Directors (excluding Directors who are Audit and Supervisory Committee Members).

Cooperation among Audit and Supervisory Committee Members, Accounting Auditors, and Internal Audit office

The Audit and Supervisory Committee conducts audits in accordance with its basic audit plan to examine compliance with internal regulations and applicable laws and regulations, as well as the appropriateness of business operations. To this end, the Committee inspects minutes of meetings, approval documents, contracts, and various transaction records, conducts interviews with relevant personnel, and attends audits performed by the Accounting Auditor.

In addition, all Audit and Supervisory Committee Members attend the Company's monthly Board Meetings and express their opinions whenever necessary. The Full-time Audit and Supervisory Committee Member attends important meetings and audits the execution of duties by Directors. The Committee also requests business reports from subsidiaries as necessary and monitors the status of their operations and assets.

Internal audits are conducted by the Internal Audit Office, which reports directly to the Representative Director, President; the Internal Audit Office investigates the execution of operations and the management system of the Company and its subsidiaries and affiliates according to the "Guideline for Internal Audit" established by the Company. It confirms the status of compliance with laws and regulations, articles of incorporation, and internal regulations to enhance appropriate business execution, rationalization, and efficiency of operations. As for cooperation between internal audits, audits by Audit and Supervisory Committee Members and accounting audits,

and the relationship between audits and the Internal Control Division, the Internal Audit Office, Audit and Supervisory Committee, and Accounting Auditor share the information on their audit plans and the progress of audits and exchange ideas so that they can cooperate to increase the effectiveness and efficiency of audits.

【Voluntarily Established Committees】

Voluntarily Established Committee(s)
Corresponding to the Nomination Committee or
Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee, and the Committee Chair (Chairperson)

	Committee's Name	Total Number of Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Others	Committee Chair (Chairperson)
Nomination Committee	Nomination and Remuneration Consultatory Committee	5	0	2	3	0	0	Outside Director
Remuneration Committee	Nomination and Remuneration Consultatory Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation **UPDATE**

The Nomination and Remuneration Consultatory Committee, an advisory body under the Board of Directors and chaired by the independent Outside Director, is established. The committee's purpose is to strengthen the independence, objectivity, and accountability of the Board of Directors' functions with respect to the nomination and remuneration of Directors.

• Structure of Nomination and Remuneration Consultatory Committee

The committee comprises five members: all independent Outside Directors, one Director dispatched from the parent company, and one Executive Director. The Committee is chaired by an independent Outside Director. The Nomination and Remuneration Consultatory Committee is composed as follows:

- Taro Saito, Outside Director (Chairperson)
- Takako Kansai, Outside Director
- Takuya Oikawa, Outside Director
- Kotaro Sawada, Representative Director, President & CEO
- Makoto Hide, Director (non-executive Director)

(1) Activity Status

The Committee held 6 meetings for the fiscal year ended March 2026, and all committee members attended each meeting.

(2) Major items discussed

- Review of KPIs for the short-term incentive compensation of Executive Directors
- Review of the new remuneration/compensation system for the fiscal year ending March 31, 2028
- Review of the CEO succession plan
- Performance evaluation feedback for Directors excluding Directors who are Audit and Supervisory Committee Members
- Review of the skills matrix

【Independent Officers】

Number of Independent Officers

6

Other Matters Concerning Independent Officers

All Outside Directors qualified as independent Officers are designated as independent Officers.

【Incentives】

Incentive Policies for Directors

Performance-linked compensation

Supplementary Explanation of Applicable Matters

As to the remuneration/compensation system for Directors (who are not Audit and Supervisory Committee Members), based on the discussions and recommendations of the Nomination and Remuneration Consultatory Committee, an advisory body to the Board of Directors consisting mainly of Outside Directors, the Company has established a remuneration/compensation system for Executive 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.

The remuneration/ compensation consists of fixed remuneration and performance-linked compensation. Fixed remuneration consists solely of cash, while performance-linked compensation comprises a cash bonus and stock compensation. The ratio of performance-linked compensation exceeds the percentage of fixed remuneration, and among the performance-linked compensation, the proportion of stock compensation shall exceed that of cash bonuses.

Recipients of Stock Options

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Supplementary Explanation of Applicable Matters

None.

【 Remuneration/ Compensation for Directors】

Status of Disclosure of Remuneration/
Compensation of Respective Directors

No disclosure of remuneration/ compensation of
respective Directors

Supplementary Explanation of Applicable Matters **UPDATE**

Total Amount of Remuneration/Compensation Paid to Directors for the Fiscal Year Ended March 31, 2026
【Directors (excluding Directors who are Audit and Supervisory Committee Members)】

Total remuneration/compensation: 82 million yen

Breakdown:

Fixed remuneration: 165 million yen

Cash bonuses: 58 million yen

Restricted stock: -141 million yen

Number of eligible Directors: 6

(of whom, Outside Directors)

Total remuneration/compensation: 21 million yen

Breakdown:

Fixed remuneration: 21 million yen

Number of eligible Directors: 3

【Directors who are Audit and Supervisory Committee Members】

Total remuneration/compensation: 32 million yen

Breakdown:

Fixed remuneration: 32 million yen

Number of eligible Directors: 3

(of whom, Outside Directors)

Total remuneration/compensation: 32 million yen

Breakdown:

Fixed remuneration: 32 million yen

Number of eligible Directors: 3

• As of the end of the fiscal year, the Company had eight Directors (including three Outside Directors) and three Directors who are Audit and Supervisory Committee Members (all of whom are Outside Directors). The number of recipients shown above differs from these figures because two Directors served without remuneration.

• The performance indicators used as the basis for calculating bonuses are Gross Merchandise Value and

consolidated operating profit. These indicators were selected because the Company places importance on Gross Merchandise Value and consolidated operating profit as indicators of the growth potential and profitability of the Company Group's business.

- The Company grants performance-linked restricted stock compensation to Directors (excluding Directors who are Audit and Supervisory Committee Members) as non-monetary compensation. The performance indicators used as the basis for calculating the amount of performance-linked restricted stock compensation are the Company's share price growth rate, consolidated operating profit, and ESG evaluation indicators. The Company's share price growth rate was selected to provide an incentive for the sustainable enhancement of the Company's corporate value and to further align interests with shareholders. Consolidated operating profit was selected because the Company places importance on it as an indicator of the profitability of the Company Group's business. ESG evaluation indicators were selected to provide an incentive for promoting ESG-oriented management.
- The results of the performance indicators used as the basis for calculating performance-linked compensation for the fiscal year under review were as follows:

Gross Merchandise Value (excluding other Gross Merchandise Value): 646,162 million yen

Consolidated operating profit: 69,366 million yen

Share price growth rate: 123.7%

ESG evaluation score: AAA

* The ESG evaluation score is based on the ESG rating issued by MSCI Inc.

Policy on Determining Remuneration/ Compensation
Amounts and Calculation Methods Thereof **UPDATE**

Established

Disclosure of Policy on Determining Remuneration/ Compensation Amounts and Calculation Methods

Matters concerning the policy to determine the details of respective remuneration/compensation for Directors who are not Audit and Supervisory Committee Members

i. Purposes of remuneration/compensation

Remuneration/compensation for Directors consists of fixed remuneration (cash remuneration) and performance-linked compensation (cash bonus remuneration/stock compensation). The purpose of our remuneration/compensation system is to promote the sustainable and medium- to long-term enhancement of our corporate value and to function as a sound incentive. Based on our management strategy, compensation is provided in accordance with efforts and achievements related to the attainment of short-term as well as medium- to long-term performance goals and the enhancement of corporate value.

ii. Level of remuneration/compensation

After establishing a group of peer companies as a benchmark for remuneration/compensation, a certain level and composition of remuneration/compensation are prepared so that the Company can ensure and retain excellent human resources over competitors in terms of business and recruiting under the assumption that

the remuneration/compensation is attractive for current and prospective officers and their candidates.

iii. Composition of remuneration/compensation

The ratio of performance-linked compensation exceeds the percentage of fixed remuneration, and among the performance-linked compensation, the proportion of stock compensation shall be more than cash bonus.

a. Cash remuneration

Fixed remuneration is determined according to the title and duty of the eligible Directors and paid during their term of office.

b. Cash bonus (short-term incentive remuneration)

Cash bonus represents the performance-linked compensation based on the achievement of the short-term performance goal for each fiscal year, and gross merchandise value, an indicator of business growth potential, as well as consolidated operating profit, an indicator of profitability, are designated as criteria for the payment of remuneration. A specific payment amount is determined based on the achievement of a performance goal set out in the single-year plan and the title and duty of the eligible Directors and periodically paid during the term of office.

c. Stock compensation (medium- to long-term incentive compensation)

Stock compensation, which represents performance-linked compensation to incentivize management focused on the medium- to long-term enhancement of corporate value and shareholder value through stock with transfer restrictions, is granted to the eligible Directors. The ratio for the release of the transfer restrictions is determined, subject to the eligible Director's continuous service as a Director of the Company, based on the Company's Total Shareholder Return (TSR) growth rate relative to the growth rate of 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)), ESG evaluation scores assigned by ESG rating agencies designated by the Company, and the degree of achievement of other performance targets predetermined by the Board of Directors.

iv. Matters concerning the determination of the details of remuneration/compensation for respective Directors

The Nomination and Remuneration Consultatory Committee examines the draft and its consistency with the policy for the determination from various perspectives. The Board of Directors also believes that the draft complies with the policy for determination and fundamentally respects a report from the committee.

v. Other significant matters concerning the determination of the remuneration/ compensation of respective Directors

For stock compensation, provisions are in place under which the Company may acquire all or part of the shares allocated to the eligible Directors without consideration in the event that an eligible Director resigns before the expiration of the transfer restriction period for reasons other than those deemed legitimate by the Board of Directors, or if certain other specified events occur with respect to the eligible Director. In addition, provisions require the eligible Directors to return all or part of the shares allocated to them or cash equivalent thereto to the Company without consideration when it is discovered that certain events have occurred, including errors in the figures providing a basis for calculating the ratio for the release of the transfer restrictions, and the Company determines that such return is appropriate.

The amount of remuneration for each Director who is a member of the Audit and Supervisory Committee is

determined through discussions among the Audit and Supervisory Committee Members, within the limit of the total amount of remuneration resolved at the General Meeting of Shareholders.

【Supporting System for Outside Directors】

The Corporate Division supports Outside Directors. In addition, the full-time Audit and Supervisory Committee Member exchanges information with other Audit and Supervisory Committee Members in a timely manner.

2. Matters concerning Functions for Business Execution, Auditing, Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance Structure) UPDATE

(a) Structure of the Board of Directors

The Company's Board of Directors makes decisions on important management issues related to business execution, supervises the execution of Directors' duties, and strives to ensure the transparency, efficiency, and fairness of the decision-making process. The total number of Directors is eleven (including six Outside Directors). The Board of Directors holds a regular monthly meeting and an extraordinary meeting as needed. The meetings were held 15 times in the fiscal year ended March 31, 2026. Based on the provisions of Paragraph 1 of Article 427 of the Companies Act, the Company agreed with eight non-executive Directors to limit their liabilities for compensation under Paragraph 1 of Article 423 of the Companies Act to the extent provided by laws and regulations if they act in good faith and are not grossly negligent.

To enhance business execution and supervisory structure, the Company established the Nomination and Remuneration Consultatory Committee, an advisory body under the Board of Directors, chaired by an independent Outside Director. The committee's purpose is to strengthen the independence, objectivity, and accountability of the Board of Directors' function to determine the nomination and remuneration of Directors.

(b) Audit and Supervisory Committee

The Audit and Supervisory Committee, consisting of three Directors who are Audit and Supervisory Committee Members (all of whom are Outside Directors), audits daily activities, including monitoring the operation of the Board of Directors and the execution of duties by Directors.

The Company's Audit and Supervisory Committee Members consist of a lawyer and certified public accountants, and they monitor management by leveraging their respective experience and expertise. The Audit and Supervisory Committee is, in principle, held once a month.

The Audit and Supervisory Committee Members participate in the General Meeting of Shareholders and Board Meetings and exercise their statutory rights, including receiving reports from Directors, employees, and the Accounting Auditor. In addition, the Full-time Audit and Supervisory Committee Member conducts effective monitoring through participation in important meetings, including the Management Meeting and the Compliance Committee, as well as audits based on interviews with various departments. Audit and Supervisory Committee Members provide opinions that contribute to enhancing the soundness of the Company's management through their daily audit activities and discussions at Audit and Supervisory Committee meetings.

In addition, the Audit and Supervisory Committee Members perform effective and efficient audit activities through coordination with the Accounting Auditor and the Internal Audit Office, as well as through exchanges of opinions with Directors of subsidiaries. Since November 2019, they have also exchanged information with Audit and Supervisory Board Members of SoftBank Group Corp. Furthermore, each Audit and Supervisory

Committee Member has entered into a liability limitation agreement with the Company pursuant to Article 427, Paragraph 1 of the Companies Act, under which liability for damages under Article 423, Paragraph 1 of the Companies Act is limited to the amount prescribed by law, provided that the Director has acted in good faith and without gross negligence.

(c) Management Meeting

The Management Meeting consists of Directors who are not Audit and Supervisory Committee Members and Executive Officers, and Outside Directors, General Managers, a full-time Audit and Supervisory Committee Member, and the Representative Director of subsidiaries, and persons in charge of matters to be discussed join the meeting as observers. In principle, the Management Meeting is held twice a month to conduct resolutions, deliberations, and reports based on the approval authority standards. In addition, the Management Meeting members discuss business reports based on the management policy, related information, analysis of that information, information sharing between departments, business plans and directions related to the entire business, and issues each business unit addresses, especially matters that should be discussed across the organization. A Management Meeting is held to facilitate the decision-making process for the Representative Director and other decision-makers, based on the approval authority standards.

(d) Nomination and Remuneration Consultatory Committee

The Company established the Nomination and Remuneration Consultatory Committee to express opinions to the Board of Directors on the nomination and remuneration of Directors. The Nomination and Remuneration Consultatory Committee consists of five members, all independent Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), one Director dispatched from the parent company, and one Executive Director, and it is chaired by an Outside Director. Pursuant to the Nomination and Remuneration Consultatory Committee Regulations established by the Board of Directors, the Nomination and Remuneration Consultatory Committee expresses its opinions to the Board of Directors about the remuneration and bonuses of Executive Directors and related matters, after the deliberation of topics such as an agenda regarding the appointment and dismissal of Directors at the General Meeting of shareholders, the appointment and dismissal of the Representative Director, President & CEO, succession plans for the Representative Director, President & CEO, business performance of each fiscal year and its contribution.

(e) Internal Audit Office

In cooperation with Audit and Supervisory Committee Members and the Accounting Auditor, the Internal Audit Office strives to improve the effectiveness and efficiency of the internal control and compliance system by conducting interviews and on-site surveys of each business division based on the annual internal audit plan.

(f) Auditing Firms

a. Name of the auditing firm

Deloitte Touche Tohmatsu Limited.

b. Certified Public Accountants who conducted the audit

Atsushi Numata

Hisashi Okuda

c. Composition of assistants relevant to audit activities

Audit assistants engaged in accounting audits consisted of 9 certified public accountants and 27 others.

3. Reasons for Adopting the Current Corporate Governance Structure

The Company Group's basic management policy is to continuously enhance corporate value and foster smooth relationships with all stakeholders, including shareholders, by maintaining a focus on soundness, transparency, efficiency, and speed in management. The Group adopted the corporate governance structure centered on the Board of Directors and the Audit and Supervisory Committee to achieve the policy.

The total number of Directors is eleven, and non-executive Directors is eight (including six Outside Directors). They appropriately express opinions to the Management members from an external perspective while objectively supervising the Management members and Directors. To enhance the functions of the Board of Directors, the Nomination and Remuneration Consultatory Committee, an advisory body under the Board of Directors chaired by an independent Outside Director, is established. The committee's purpose is to strengthen the independence, objectivity, and accountability of the Board of Directors' function to determine the nomination and remuneration of Directors.

Three Audit and Supervisory Committee Members are appointed, and all are Outside Directors. The Company designated all Outside Directors, including Audit and Supervisory Committee Members, as independent Officers to the Tokyo Stock Exchange. They exchange opinions with the Management members and express their opinions appropriately from an external perspective, fulfilling their corporate governance roles and responsibilities. Based on the above, the Company believes that the objectivity and neutrality of the management oversight function are sufficiently ensured.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and to Ensure the Smooth Exercise of Voting Rights **UPDATE**

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Notice of Convocation of the 28th Ordinary General Meeting of Shareholders was dispatched on June 10, 2026. It was subject to electronic provision measures and opened to public inspection at the Tokyo Stock Exchange on June 6, 2026, before the dispatch date.
Scheduling of the General Meeting of Shareholders on Off-Peak Days	The Company schedules the General Meeting of Shareholders on a date that avoids the concentration days, so that more shareholders can attend.
Electronic Exercise of Voting Rights	Electronic exercise of voting rights by the internet is allowed so that more shareholders can exercise their voting rights.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance the Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform for institutional investors to improve their convenience.
Provision of Notice (or Summary of Notice) of Convocation of the General Meeting of Shareholders in English	Notice of Convocation of the General Meeting of Shareholders is translated into English, and it is available on the Company's website.
Others	The Company expedites the financial closing process to enable disclosure prior to the dispatch of the notice of convocation. The annual securities report was disclosed three weeks prior to the Ordinary General Meeting of Shareholders. In addition, the Company has introduced the virtual-only General Meeting of Shareholders to enable shareholders from distant locations to "attend virtually" the meeting.

2. Status of IR Activities

	Supplementary Explanations	Explanation by the Representative
Provision and Publication of Disclosure Policy	The disclosure policy is available on the Company's website.	

Regular Financial Results Briefing for Analysts and Institutional Investors	The financial results briefing is held quarterly.	Exist
Regular Financial Results Briefing for Overseas Investors	Considering the ratio of overseas investors, the following information is available in English: financial results briefing materials, notice of convocation of the General Meeting of Shareholders, quarterly financial results overview, and other information. The Company is also offering simultaneous interpretation for live streaming of the financial results briefing and global conference calls.	Exist
Online Disclosure of IR Information	The following information is available on the Company's website: Financial statements, quarterly financial statements, financial results briefing materials for analysts, securities reports, quarterly reports, and other materials for timely disclosure.	
Department and Manager in Charge of IR	The Corporate Planning Office, Strategic Planning and Development Department, oversees IR. Details regarding the organizational framework and activities related to IR are described under General Principle 5, Principle 5-1, and Supplementary Principles 5-1①, 5-1②, and 5-1③ in "Our Initiatives in Relation to the Corporate Governance Code."	

3. Status of Measures to Ensure Respect for Stakeholders **UPDATE**

	Supplementary Explanations
Implementation of Environmental Preservation Activities, CSR Activities, etc.	<p>The Company believes that proactively addressing ESG (Environment, Society, Governance) issues will lead to sustainable coexistence and co-prosperity with our stakeholders and society.</p> <p>After identifying 19 materialities with internal/ external stakeholders, the Company has established "Four Key Actions" and KPIs in line with our Sustainability Statement, "Fashion Connects and Leads us to a Sustainable Future", based on the result.</p> <p>The Company aims to empower people to realize their potential through the power of fashion and technology, and the Company is committed to achieving both sustainable growth as a company and</p>

addressing social issues, while fulfilling our social responsibilities.

【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 and technology, solve global issues in an innovative way with all related people, and improve the environment and society.

【Four Key Actions】

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

①Providing the sustainable and unexplored services created together with our 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.

②Realization 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 just world where everyone can live with respect and smiles in their own way by promoting a work environment that values diversity and contributing to the revitalization of local communities and supporting the next generation of people collaborating with stakeholders, especially in industry, government, and academia.

③Contributing 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.

④Maintain and improve correct management and a strong management system 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 security, among other areas.

	<p>*For more information on sustainability, please see the following website: https://corp.zozo.com/en/sustainability/</p>
<p>Implementation of Policies on Information Provision to Stakeholders</p>	<p>The Company provides the information to all stakeholders, focusing on promptness, accuracy, fairness, and continuity, following related laws and regulations, such as Financial Instruments and Exchange Laws and regulations stipulated by the Tokyo Stock Exchange.</p>
<p>Others</p>	<p>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.</p> <p>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.</p> <p>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.</p> <ul style="list-style-type: none"> • Internal policy on developing a diverse and inclusive workplace environment <p>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,</p>

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.

IV Matters Related to the Internal Control Systems

1. Basic Views on Internal Control Systems and the Progress of System Development

The Company has established the “Basic Policy on Internal Control Systems” to ensure appropriate business operations in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act. The policy was approved by the Board of Directors, and its outline is as follows.

① Systems to ensure that the execution of duties of the Company’s Board of Directors and employees is in compliance with laws, regulations, and the Articles of Incorporation

i. To ensure that the execution of duties of the Company’s Board of Directors and employees is in compliance with laws and regulations as well as conforming to corporate ethics and fulfilling their social responsibilities, the Company has established and maintains a Compliance Committee, chaired by the President and Representative Director, to deliberate on important compliance-related matters. The Company strives to develop and maintain its compliance systems to prevent acts in violation of laws, regulations, acts that could constitute violations and inappropriate transactions, and to enhance the system for legal and regulatory compliance of Company Directors and employees.

ii. An internal whistleblowing system (helpline) is established to enable Company Directors and employees to report matters such as acts that they suspect may be in violation of laws, regulations, internal rules, in order to discover and rectify any inappropriate acts quickly. Matters reported to the helpline are investigated by the Compliance Committee, and when it is clear that rectification is necessary, the Compliance Committee swiftly decides on corrective and preventive measures and implements them.

iii. The Company takes necessary measures to prevent a person from being treated disadvantageously for making such report as set forth in the preceding paragraph.

iv. The Internal Audit Office examines the compliance system, investigates any issues with respect to laws, regulations, or the Articles of Incorporation, and reports its findings to the Board of Directors and the Audit and Supervisory Committee.

v. The Board of Directors reviews the compliance system periodically to identify any issues and make relevant improvements.

vi. The Audit and Supervisory Committee audits this internal control system in light of its efficacy and functions and strives swiftly to identify and rectify any issues.

② Systems related to the storage and management of information on the execution of duties of Company Directors

i. Regarding the storage and management of information related to the execution of duties by the Company's Directors, in accordance with pertinent laws and regulations and various internal regulations, the information will

be recorded in documents or in electromagnetic media, and managed and stored appropriately.

ii. The Company's Audit and Supervisory Committee Members can view such information at any time.

③Guidelines and other systems related to the management of risks of losses by the Company

i. The person responsible for the supervision of risk management in the Company is the President and Representative Director. Accordingly, Directors, Executive Officers, General Managers, and VP of each division identify and assess various risks based on the Risk Management Guideline and take measures as necessary in advance to avoid, mitigate, or transfer risks.

ii. The Internal Audit Office audits the state of risk management in each organization and reports on its findings to the Board of Directors and the Audit and Supervisory Committee.

iii. The Board of Directors periodically reviews the risk management system to identify issues and make appropriate improvements.

④System for ensuring that Company Directors' duties are executed efficiently

i. The roles and responsibilities of Directors and individual sections are defined clearly through the establishment of provisions such as the Board of Directors Guideline, Organizational Guideline, Guideline on Division of Responsibilities, and Job Authority Guideline. In addition, the Board of Directors Guideline specifies matters that should be submitted to the Board of Directors and the scope of decisions that each Director may make as a system to ensure that the duties of Directors are executed efficiently.

ii. The President and Representative Director drafts annual management plans based on the Budget Management Guideline and obtains the approval from the Board of Directors. Directors in charge of individual sections make decisions on practical measures and efficient business execution systems for their sections, based on the plan.

iii. The President and Representative Director reports periodically to the Board of Directors on the progress of the annual management plan. The Board of Directors analyzes any impediments to implemented measures and efficient business execution systems and seeks to make necessary improvements.

⑤Systems for ensuring the propriety of the business operations of the group of companies consisting of the Company and its subsidiaries.

i. One or more of the Directors or Audit and Supervisory Board Members of a subsidiary shall be dispatched from the Company, to monitor and supervise, or audit, the execution of duties of subsidiary Directors. The Corporate Division and the Finance and Accounting Division oversee the subsidiary's business operation, compliance systems, risk management systems, and other matters related to the business administration of the subsidiary, pursuant to the Subsidiary Management Guideline. While respecting the autonomy of subsidiary management,

the Company receives periodic reports on the state of subsidiary business, and approval is obtained from the Company as appropriate regarding important matters.

ii. The Internal Audit Office implements internal auditing of the state of management of the Company subsidiaries and subsidiary business activities.

⑥ Systems for employees to assist the duties of the Audit and Supervisory Committee and matters related to ensuring the efficacy of the employees, and matters concerning independence from Directors (excluding Directors who are Audit and Supervisory Committee Members)

i. When an Audit and Supervisory Committee Member has requested the assignment of one or more employees to assist in his or her duties, the Board of Directors may, through discussion with the Audit and Supervisory Committee Member, appoint such employees to assist the Audit and Supervisory Committee Member. Authority to direct such employees shall be delegated to the Audit and Supervisory Committee Members during the period of such assistance as specified by the Audit and Supervisory Committee Members and said employees should not be subject to instruction or orders from Directors (excluding Directors who are Audit and Supervisory Committee Members) during the period.

ii. The prior consent of the Audit and Supervisory Committee Members shall be required before any personnel transfer, HR evaluation, or disciplinary action regarding an employee assisting an Audit and Supervisory Committee Member.

⑦ Systems for reporting by group Directors (excluding Directors who are Audit and Supervisory Committee Members of the Company) and employees to the Audit and Supervisory Committee Members, and other systems related to reporting to the Audit and Supervisory Committee Member

i. Group Directors (excluding Directors who are Audit and Supervisory Committee Members of the Company) and employees shall report to the Audit and Supervisory Committee Members, pursuant to laws, regulations, and internal rules, on matters that could cause serious harm to the Company, matters recognized to be improper acts or serious violations of laws, regulations, or the Articles of Incorporation, important matters to be submitted to the Board of Directors and decisions of the Board, important accounting policies or accounting standards and changes therein, the state of implementation of internal auditing, important monthly reports and other important matters.

ii. The Company shall take necessary measures to prevent group Directors and employees from being treated disadvantageously by making the report as mentioned in the preceding paragraph.

⑧ Other systems to ensure the efficacy of auditing by the Audit and Supervisory Committee Members

i. To ascertain the state of important decision-making processes and execution of duties, the Audit and Supervisory Committee Members may attend the Board Meetings, Management Meetings, and other important meetings, view important documents related to business execution, such as applications for approval, and

demand explanation of matters from Directors and employees.

ii. Audit and Supervisory Committee Members shall ensure the efficacy of audits through autonomy and authority pursuant to the Audit and Supervisory Committee Guideline and the Audit and Supervisory Committee Auditing Standards, as well as managing systems for effective auditing in close cooperation with the Internal Audit Office and the Accounting Auditor.

iii. The President and Representative Director shall have a meeting periodically with the Audit and Supervisory Committee to exchange opinions and maintain close communication regarding topics that the Company should address, the state of maintenance of the environment for auditing by the Audit and Supervisory Committee Members, important topics related to auditing, and other matters.

iv. Payment shall be made promptly in response to procedures for advance payment or reimbursement of costs arising in the execution of the duties of the Audit and Supervisory Committee Members and other demands for payment of costs or obligations arising in the execution of their duties.

⑨ Systems for exclusion of antisocial forces

The Company shall eliminate any relations with antisocial forces or groups that pose threats to social order or sound business activities and resolutely resist, systemically, any improper demands or similar matters in cooperation with outside experts, including the police or legal advisors.

⑩ Systems for ensuring the reliability of financial reporting

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

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company Group's basic policy is to eliminate any transactions with antisocial forces or organizations that threaten the social order or the sound activities of companies and to cooperate with outside experts, including the police and legal advisors, while taking a firm and organized approach to responding to improper demands. To prevent any relationship with antisocial forces, the Legal Department conducts investigations before commencing transactions with new suppliers, new subcontractors, and other new business partners. In addition, the Company Group has established procedures under which investigations are conducted by external investigative organizations in accordance with the prescribed criteria. Transactions are commenced only after completion of these procedures. Furthermore, the Company Group conducts investigations of existing business partners at least once a year to ensure the continuous collection of relevant information.

V Others

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation of Applicable Matters

None.

2. Other Matters Concerning Corporate Governance Structure

Corporate governance structure

- The diagram of the corporate governance structure is attached at the end of the report.

Timely disclosure system

(1) Provision and operation of a timely disclosure system:

a. Initiatives for the provision of a timely disclosure system

The Company Group will comply with the Financial Instruments and Exchange Act, other relevant laws and regulations, and the rules on timely disclosure (hereinafter referred to as the “Rules on Timely Disclosure”) stipulated by the Tokyo Stock Exchange while ensuring prompt, accurate, fair, and continuous disclosure to all stakeholders. Furthermore, even for information that does not fall under the Rules on Timely Disclosure, the Company’s policy is to appropriately disclose such information in a prompt, accurate, and fair manner, in accordance with the spirit of timely disclosure, if it is considered to have a significant impact on investors’ investment decisions.

(Status of the organization in charge of timely disclosure)

The Company Group designates the Information Management Supervisor and the division in charge of information management as follows. The Information Management Supervisor is responsible for managing important inside information within the Company Group, communicating with the stock exchange, and overseeing the timely disclosure of inside information. The division in charge of information management, under the supervision of the Information Management Supervisor, conducts timely disclosure operations.

Information Management Supervisor: Director, Executive Vice President

Division in charge of information management: Corporate Planning Office, Strategic Planning And Development Department

(Structure to collect material information)

The Company Group ensures comprehensive collection of information that may be subject to disclosure (including decisions, facts occurred, and financial information) by appropriately informing Officers and employees of matters that constitute important facts, in accordance with internal guidelines (Guideline for Insider Trading Management).

In addition, when Officers or employees obtain inside information in the course of their duties, they are required to report it without delay to the Information Management Supervisor, after which the information is communicated to the division in charge of information management, thereby establishing a framework for promptly consolidating such information. Furthermore, the Information Management Supervisor strives to identify important inside information, including financial information, by gathering information from various reports at the Management Meeting, which is in principle held twice a month.

In addition, with respect to significant decisions or facts occurred at subsidiaries that may become subject to disclosure, the Company has established an operational flow whereby the subsidiary reports such matters to the Company immediately when they arise, thereby ensuring a structure that allows for swift and appropriate information consolidation across the entire Group.

(Operation of timely disclosure)

For information obtained that may become subject to disclosure, the division in charge of information management examines whether disclosure is required in light of the “Rules on Timely Disclosure” by the Tokyo Stock Exchange. The results of this review are reported to the Information Management Supervisor, who then verifies the appropriateness of such results.

The division in charge of information management takes the lead in preparing disclosure materials. In preparing such materials, the division works closely with the Finance and Accounting Division and other relevant divisions to organize the content and strives not only to ensure accuracy, but also to provide clear and legally compliant information that is appropriate and sufficient to support investors’ decision-making.

For information deemed to require timely disclosure, if the information constitutes decisions, disclosure is made following a resolution of the Board of Directors or other relevant body. In the case of financial information, disclosure is made after approval by the Board of Directors or in accordance with the internal authority delegation standards, and after confirmation by the Information Management Supervisor.

With respect to facts occurred or information that does not fall under “Rules on Timely Disclosure” but is considered to have a significant impact on investors’ investment decisions, disclosure is made after approval based on the internal authority delegation standards and confirmation by the Information Management Supervisor. In addition, if urgent disclosure is required due to significant facts occurred or other material events, the Company has established a structure that enables immediate disclosure based on the judgment of the Representative Director, President.

(The means of timely disclosure)

With respect to timely disclosure, once a decision regarding information disclosure has been made, the division in charge of information management registers the relevant information with the Timely Disclosure network (TDnet), an electronic disclosure system provided by the Tokyo Stock Exchange, and carries out the disclosure.

After publication on TDnet, the same information is posted on the Company’s corporate website to ensure that information is provided fairly to all stakeholders.

(Monitoring of the timely disclosure system)

The proper operation of the timely disclosure system within the Company Group is monitored through periodic audits conducted by the Internal Audit Office, which review compliance with the Guideline for Insider Trading Management as well as the appropriateness of timely disclosure practices performed by the division in charge of

information management.

In addition, the Audit and Supervisory Committee Members, who serve as Outside Directors, oversee the operation of the Board of Directors and the execution of duties by Directors. The full-time Audit and Supervisory Committee Member also attends the Management Meeting as an observer, thereby establishing a structure that enables comprehensive monitoring of the entire process—from information gathering related to timely disclosure through to decision-making at the Board of Directors.

(In-house training system for timely disclosure)

For the Company Group to appropriately conduct timely disclosure, it is essential to maintain a structure in which important inside information subject to disclosure is reliably consolidated by the Information Management Supervisor. Achieving this requires that all Officers and employees, including those of Group companies, fully understand the importance of timely disclosure and the management of inside information.

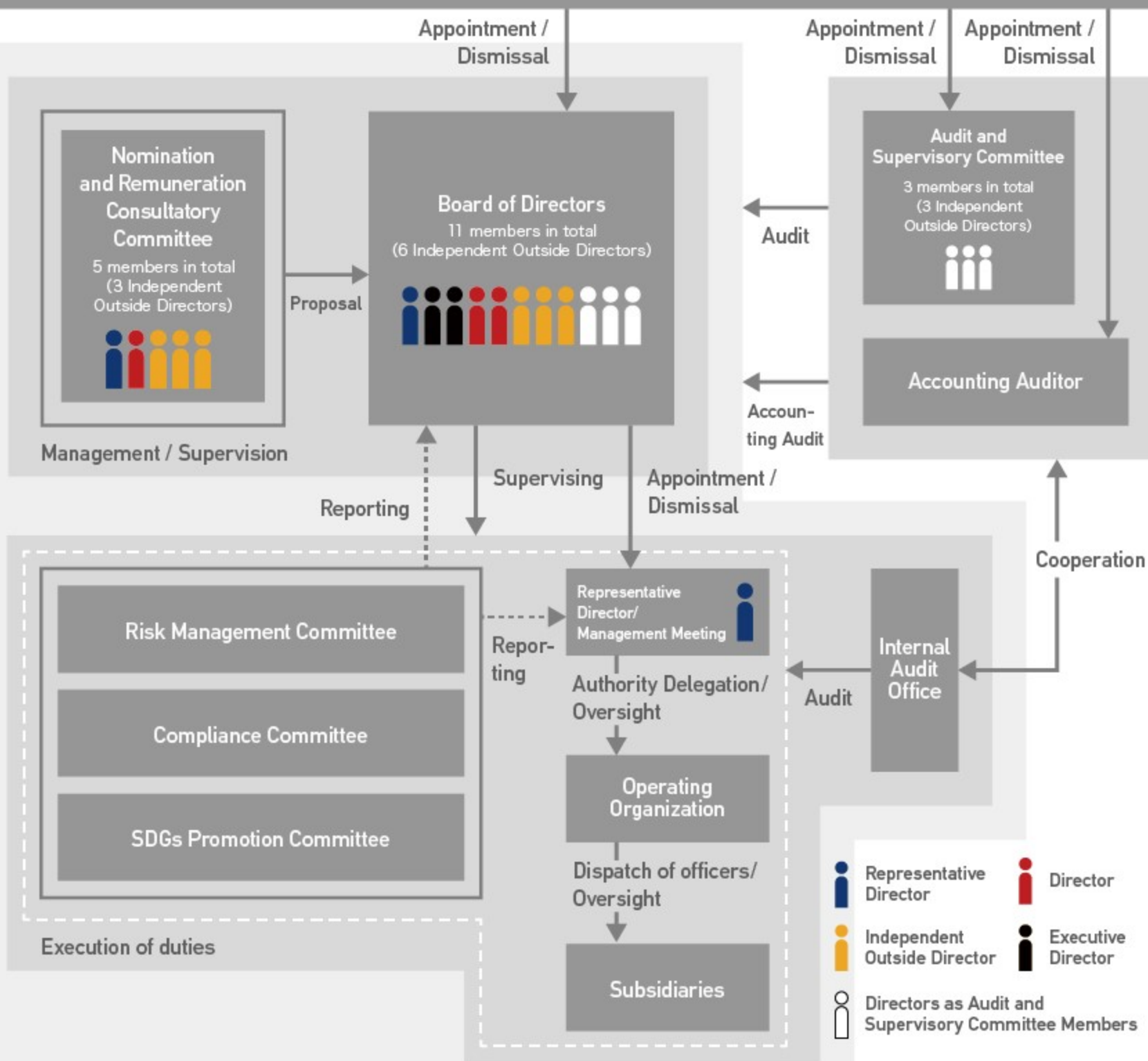
From this perspective, the Company Group provides training and education, as necessary, on the handling and management of various types of important inside information. Through these initiatives, we ensure thorough awareness of the basic rules for information management, prevention of information leaks and improper use, and the structure and methods of timely disclosure.

b. Procedure for timely disclosure

A diagram illustrating the timely disclosure procedures described in a. is provided in the attached figure.



General Meeting of Shareholders



• Chart of the timely disclosure system

