

Evaluation of the Effectiveness of the Company's Board of Directors

Regarding the effectiveness of the Board of Directors, the Company's Board of Directors annually analyzes and verifies items related to the purposes, agendas, composition, discussions, and operation of the system supporting the Board of Directors. They also examine and address issues based on the results of the analysis and verification. For the fiscal year ended March 31, 2025, third-party evaluations were conducted by the external agency, Board Advisors Japan, Inc., to objectively assess the effectiveness of our board.

1. Methods to evaluate the effectiveness of the Board of Directors

- Questionnaire for all Directors
- Interview with all Directors (for about one hour per Director)
- Meeting with the chair of the Board of Directors
- Meeting with the Board of Directors Administration Office
- Access to minutes of Board Meeting and Nomination and Remuneration Consultatory Committee

2. Summary of the results of the evaluation

The Board of Directors of the Company responds purposively to and makes decisions on recent, rapid changes in the business environment, which require particular attention to securing the effectiveness of corporate governance through collaboration between the executive and supervisory functions. Also, the initiatives to secure independence from the parent company are working well. It is therefore confirmed that the effectiveness of the Board of Directors of the Company was high for the fiscal year ended March 31, 2025.

(1) Strength supporting the effectiveness of the Board of Directors

The strength that serves as the foundation supporting the effectiveness of the Board of Directors is as follows. It is confirmed that the stance of purposively strengthening governance to increase medium- to long-term corporate value, even in the current situation where ZOZOTOWN's business is performing well, is a definitive strength over other companies.

- Constructive discussion at the Board Meetings
- Strong mutual relationship based on trust between the CEO and Outside Directors
- Strong commitment of independent Outside Directors
- Tight PDCA cycle and support system by the Board of Directors Administration Office

(2) Challenges for further enhancing effectiveness

The following three issues were raised to enhance effectiveness further.

(i) Consensus concerning medium- to long-term group strategy

- There is room to further align the understanding between the executive and supervisory sides regarding the ideal form of the Group's medium- to long-term strategy, including the level of clarity and detail required.

(ii) Refinement of monitoring criteria and supervisory framework

- There is room for improvement in how the supervisory function addresses business portfolio reforms led by the executive side.
- There is room to discuss further the fundamental risks associated with periods of weaker performance, enhance preparation, and build a system that enables bold and unified responses in emergency situations.

(iii) Strengthening of the functions of the Nomination and Remuneration Consultatory Committee

- There is room to further improve discussions on the succession plan in connection with the Group's medium- to long-term strategy.

3. For the future

The Board of Directors of the Company understands that it is time to concretely consider the further evolution of the board with an awareness to build a system that is possible to support and appropriately supervise the decision-making and risk-taking process by the executives side, and the Board of Directors will implement the following initiatives for increasing the effectiveness of the Board of Directors to achieve a sustainable increase in corporate value, taking into account the above issues.

(i) Consensus about the medium- to long-term group strategy



To build consensus on the medium- to long-term group strategy between the executive and supervisory sides, the Board of Directors will clarify the executive side's medium- to long-term strategy and deepen the discussion.

(ii) Enhancement of monitoring items and the supervision system

The Board of Directors will further discuss the ideal supervision functions with a view to developing a system that can support and effectively supervise the decision-making and risk-taking process on the executive side, thereby enhancing the effectiveness of the supervision system.

(iii) Strengthening of the functions of the Nomination and Remuneration Consultatory Committee

The Board of Directors will further improve the discussion about the succession plan coupled to the medium- to long-term group strategy, on the assumption of enhanced discussion about the medium- to long-term group strategy, and execute initiatives for strengthening the functions of the Nomination and Remuneration Consultatory Committee.