



May 19, 2021

Dear All,

Notice Concerning Amendment to Restricted Stock Remuneration Plan

ZOZO, Inc. (hereinafter, referred to as the "Company"), made a resolution at the Board of Directors held on May 19, 2021, to submit a proposal to amend the restricted stock remuneration plan (hereinafter, referred to as the "Plan") to the 23rd Ordinary General Meeting of Shareholders (hereinafter, referred to as the "GMS") scheduled on June 25, 2021.

1. Reason for Amendment

Under the Plan, the Company allots shares of the common stock of the Company to the directors of the Company (limited to business execution directors; hereinafter referred to as the "Eligible Directors"), and such allotted shares are imposed transfer restriction for a certain period. The restricted stock to be assigned to the Eligible Directors is performance-based restricted stock whose number of shares to be released is determined according to the degree of achievement of index for improving the Company group's medium-to long-term corporate value, etc.

The Company introduced the Plan upon an approval at the 22nd Ordinary General Meeting of Shareholders held on June 29, 2020 under the Agenda No.5 "Amendment of director remuneration etc. (Grant of performance-linked restricted transfer shares)" with the purpose of providing medium-to long-term incentives to the Eligible Directors in order to continuously improve the corporate value of the Company group and to promote further value sharing between the Eligible Directors and our shareholders.

The Company intends to amend the Plan in order to enable it to grant the restricted stock without payment of money or contribution of asset-in-kind, upon the enactment of Law partially amending the Companies Act (Act No.70 of 2019). Upon the amendment, the Plan will remain essentially the same, while the new method of issuance or disposition of the restricted stock will be introduced. The amendment of the Plan is subject to approval of the GMS of the Company.

2. Contents of the Amendment

Under the Plan, after the amendment, the issuance or disposition of the restricted stock will be conducted by either of the following methods:

- (1) The Company issues or disposes of the restricted stock as remuneration to the Eligible Directors without payment of money or contribution of asset-in-kind by the Eligible Directors; or
- (2) The Company issues or disposes of the restricted stock after the Company pays monetary compensation claims to the Eligible Directors as remuneration, and the Eligible Directors contribute the entire amount as asset-in-kind.

3. Others

Except for suggested amendments mentioned above, there will be no change to the Plan. The total number of the Company's common stock to be issued or disposed and allotted to the Eligible Directors under the Plan shall not exceed 120,000 shares per year (provided, however, that the upper limit of the total number of the common stock to be issued or disposed as restricted stock could be reasonably adjusted in the event that a stock split (including the allotment of common stock without contribution) or stock consolidation of common stock is conducted after the date of approval of the proposal for the amendment of the Plan at the GMS, and other cases requiring an adjustment of the upper limit of the total number of common stock to be issued or disposed of as of restricted shares). The total amount of restricted stock shall not exceed 162 million yen per annum (excluding the employee's salary for directors serving concurrently as an employee).

In addition, in issuing or disposing of common stock under the Plan, the Company and the Eligible Directors will enter into a restricted transfer stock allotment agreement (hereinafter, referred to as the "Allotment Agreement"). The content of the Allotment Agreement is as follows: (1) the Eligible Directors must not assign, create a security interest in, or otherwise dispose of common stock allotted under the Allotment Agreement for the period which the Board of Directors of the Company determines, however, such period shall be within the range of 1 year to 3 years; (2) in the event that certain events occur, the Company will acquire such allotted shares without providing any consideration; and (3) the Allotment Agreement includes certain conditions of release of transfer restrictions, which are set in advance by the Board of Directors of the Company.

For the contents of the Plan originally introduced, please see "Notice Concerning Amendment of Director Remuneration Plan and Introduction of Restricted Stock Remuneration Plan" disclosed on May 21, 2020.

(Reference)

If the proposal for the amendment of the Plan is approved at the GMS, the Company plans to allocate the same restricted stock to executive officers after the conclusion of the GMS. With respect to the method of such allotment, the Company intends to issue or dispose of common stock of the Company after the payment of monetary compensation claims to such executive officers as remuneration, and their contribution of the entire amount as asset-in-kind.

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.