



May 17, 2023

Dear All,

**Notice Concerning the Transition to a Company with an Audit and Supervisory Committee
and Partial Amendment to the Articles of Incorporation**

ZOZO, Inc. (hereinafter, referred to as “the Company”) hereby announces that our Board of Directors resolved, at the meeting held today, to (i) transition to a “Company with an Audit and Supervisory Committee”, subject to approval at the 25th Ordinary General Meeting of Shareholders to be held on June 28, 2023, and (ii) submit a proposal for “Partial Amendment to the Articles of Incorporation” to the same Ordinary General Meeting of Shareholders.

1. Transition to Company with Audit and Supervisory Committee

(1) Purpose of Transition

We decided to transition to a Company with an Audit and Supervisory Committee to strengthen the supervisory function of the Board of Directors and to further enhance our corporate governance.

The Audit and Supervisory Committee, which is constituted by a majority of Outside Directors, will audit and supervise the legality and appropriateness of the business execution of the Company, thereby realizing more transparent management and aiming to build a more accountable system that will meet the expectations of domestic and overseas stakeholders.

(2) Effective Date

We plan to transition to a Company with an Audit and Supervisory Committee, subject to approval regarding the required amendments to the Articles of Incorporation at the 25th Ordinary General Meeting of Shareholders to be held on June 28, 2023.

(3) Appointment of Board Members after Transition to Company with Audit and Supervisory Committee

The appointment of board members associated with this matter was separately disclosed in “Notice Concerning Appointment of Board Members After the Transition to Company with Audit and Supervisory Committee” as of today.

(4) Others

On September 12, 2019, we announced the “Announcement of Opinion Regarding Planned Commencement of the Tender Offer for the Company’s Shares by Yahoo Japan Corporation and Execution of the Capital and Business Alliance Agreement with Yahoo Japan Corporation.” As stated in the announcement, our Company and Z Holdings Corporation (formerly known as Yahoo Japan Corporation) agreed in the Capital and Business Alliance Agreement dated September 12, 2019 (the “Capital and Business Alliance Agreement”) that (i) Z

Holdings Corporation shall have the right to appoint two Directors of our Company, and (ii) independent Outside Directors shall comprise one-third or more of our Board of Directors. In accordance with the transition to a Company with an Audit and Supervisory Committee, the Company has entered into an Amendment of the Memorandum of Understanding (the "MOU") to make the required amendments to the Capital and Business Alliance Agreement, dated February 1, 2023.

In this MOU, it was agreed that (i) Z Holdings Corporation shall have the right to appoint two Directors of our Company (who must not be part of the Audit and Supervisory Committee of our Company), and (ii) independent Outside Directors shall constitute a majority of our Board of Directors.

This MOU shall become effective subject to the effectuation of the amendment to the Articles of Incorporation described in "2. Amendment to the Articles of Incorporation" below.

2. Amendment to Articles of Incorporation

(1) Purpose of Amendment

(i) As described in "1. Transition to a Company with an Audit and Supervisory Committee" above, the Company will make the necessary amendments, including the establishment of an Audit and Supervisory Committee along with new regulations of such Audit and Supervisory Committee and the removal of Audit and Supervisory Board and regulations of such Board members, in conjunction with the transition to a Company with an Audit and Supervisory Committee.

(ii) In order to implement a flexible capital policy and dividend policy, the Company will establish a new provision, Article 39 (Organ for Determination of Dividends of Surplus, etc.), in accordance with Article 459, Paragraph 1 of the Company Act. This will enable the distribution of surplus through resolutions of the Board of Directors. Additionally, the Company will delete the current provision, Article 8 (Acquisition of Treasury Stock) whose content overlaps with the abovementioned Article 39.

(iii) In accordance with the above amendments, necessary changes, such as modification to the number of articles, will be made.

(2) Details of Amendments

The details of the amendments are shown in the appendix of this document.

(3) Schedule

Date of the General Meeting of Shareholders for Amendment to the Articles of Incorporation: June 28, 2023 (scheduled)

Effective Date of Amendment to Articles of Incorporation: June 28, 2023 (scheduled)

(Appendix) Contents of the amendment to the Articles of Incorporation

(Underlined areas indicate changes.)

Current Articles of Incorporation	Proposed change
<p>Chapter 1 General Provisions</p> <p>(Organs)</p> <p>Article 4 The Company shall establish the following organs in addition to the General Meeting of Shareholders and the Directors.</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit and Supervisory Board members</u></p> <p>(3) <u>Audit and Supervisory Board</u></p> <p>(4) Accounting Auditors</p> <p>Chapter 2 Shares</p> <p><u>(Acquisition of Treasury Stock)</u></p> <p>Article 8 <u>The Company may acquire its own shares in accordance with the provision of Paragraph 2, Article 165 of the Company Act subject to a resolution of the Board of Directors.</u></p> <p>Article 9 through Article 10 (Omitted)</p> <p>Chapter 3 General Meeting of Shareholders</p> <p>Article 11 through Article 16 (Omitted)</p> <p>(Electronic Provision Measures relating to Reference Materials, etc. for General Meeting of Shareholders)</p> <p>Article 17 The Company shall take electronic provision measures regarding the information provided in reference materials, etc., of the content of the General Meeting of Shareholders upon the convocation of such General Meeting of Shareholders <u>before the record date for the exercise of the voting rights.</u></p> <p>2. The Company shall not be required to state, in writing, all or part of the matters, among the matters that are provided through the electronic provision measures and subject to the Ordinance of the Ministry of Justice, to the shareholder who has requested the delivery of the matters in writing.</p> <p>CHAPTER 4 Directors and Board of Directors</p> <p>(Number of Directors)</p> <p>Article 18 The number of Directors of the Company shall be 15 or less.</p>	<p>Chapter 1 General Provisions</p> <p>(Organs)</p> <p>Article 4 The Company shall establish the following organs in addition to the General Meeting of Shareholders and the Directors.</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit and Supervisory Committee</u></p> <p>(Delated)</p> <p><u>(3) Accounting Auditors</u></p> <p>Chapter 2 Shares</p> <p>(Delated)</p> <p>Article 8 through Article 9 (Current provisions remain unchanged)</p> <p>Chapter 3 General Meeting of Shareholders</p> <p>Article 10 through Article 15 (Current provisions remain unchanged)</p> <p>(Electronic Provision Measures relating to Reference Materials, etc. for General Meeting of Shareholders)</p> <p>Article 16 The Company shall take electronic provision measures regarding information provided in reference materials, etc., of the content of the General Meeting of Shareholders upon the convocation of such General Meeting of Shareholders.</p> <p>2. The Company shall not be required to state, in writing, all or part of the matters, among the matters that are provided through the electronic provision measures and subject to the Ordinance of the Ministry of Justice, to the shareholder who has requested the delivery of the matters in writing <u>before the record date for the exercise of the voting rights.</u></p> <p>CHAPTER 4 Directors and Board of Directors</p> <p>(Number of Directors)</p> <p>Article 17 The number of Directors <u>(excluding Directors who are Audit and Supervisory Committee members)</u> of the Company</p>

<p>(Newly Established)</p> <p>(Method of Election) Article <u>19</u> The Directors shall be elected at the General Meeting of Shareholders.</p> <p>2. (Omitted) 3. (Omitted)</p> <p>(Term of Office) Article <u>20</u> The term of office of the Directors shall expire at the conclusion of the General Meeting of Shareholders for the latest business year that is within <u>two</u> years after the election of such Directors.</p>	<p>shall be 15 or less.</p> <p><u>2. The number of Directors who are Audit and Supervisory Committee members shall be 4 or less.</u></p> <p>(Method of Election) Article <u>18</u> The Directors shall be elected, <u>distinguishing between Directors who are Audit and Supervisory Committee members and other Directors,</u> at the General Meeting of Shareholders.</p> <p>2. (Current provisions remain unchanged) 3. (Current provisions remain unchanged)</p> <p>(Term of Office) Article <u>19</u> The term of office of the Directors <u>(excluding Directors who are Audit and Supervisory Committee members)</u> shall expire at the conclusion of the General Meeting of Shareholders for the latest business year that is within <u>one</u> year after the election of such Directors.</p>
<p>(Newly Established)</p> <p><u>2.</u> The term of office of a Director who is elected to increase the number of personnel or to fill a vacancy shall expire upon expiration of the term of office of the existing Director.</p>	<p><u>2. The term of office of the Directors who are Audit and Supervisory Committee members shall expire at the conclusion of the General Meeting of Shareholders for the latest business year that is within one year after the election of such Directors.</u></p> <p><u>3. The term of office of the Directors who are not Audit and Supervisory Committee members and are elected to increase the number of personnel or to fill a vacancy shall expire upon expiration of the term of office of other existing Directors who are not Audit and Supervisory Committee members.</u></p>
<p>(Newly Established)</p>	<p><u>4. The term of office of the Directors who are Audit and Supervisory Committee members, elected to fill a vacancy in respect of a Director who retires before the expiration of their term of office as Audit and Supervisory Committee member, shall expire when the term of office of such retiring Director expires.</u></p>
<p>(Newly Established)</p>	<p><u>5. The effective term of a resolution for the election of a Director as a substitute Audit and Supervisory Committee member elected in accordance with Paragraph 3, Article 329 of the Company Act shall expire at the commencement of the General Meeting of Shareholders relating to the latest business year that is within two years after such Director's election.</u></p>
<p>(Representative Director and Director with Special Title) Article <u>21</u> The Board of Directors shall elect the Representative Director by way of</p>	<p>(Representative Director and Director with Special Title) Article <u>20</u> The Board of Directors shall elect the Representative Director <u>from among the</u></p>

<p>resolution.</p> <p>The Board of Directors may, by way of resolution, appoint: (i) one Representative Director President, (ii) several Director and Executive Vice Presidents, Senior Executive Managing Directors, and Senior Managing Directors.</p> <p>Article <u>22</u> (Omitted)</p> <p>(Notice of Convocation of a Meeting of the Board of Directors)</p> <p>Article <u>23</u> A notice of convocation of a Meeting of the Board of Directors shall be sent to the Directors <u>and each Audit and Supervisory Board member</u> at least three days prior to the date of the meeting. Provided, however, that this period may be shortened in case of an emergency.</p> <p>2. A Meeting of the Board of Directors may be held without the convocation procedures if the consent of all Directors <u>and Audit and Supervisory Board members</u> is obtained.</p> <p>(Newly Established)</p> <p>Minutes of Meeting of the Board of Directors</p> <p>Article 25 A summary of the proceedings at a Meeting of the Board of Directors and the outcome thereof, as well as other matters stipulated by laws and regulations, shall be stated or recorded in the minutes thereof, which shall be signed and sealed or electronically signed by the Directors <u>and Audit and Supervisory Board members</u> present at the said meeting.</p> <p>(Remuneration, etc.)</p> <p>Article 27 The financial benefits to be received by the Directors, such as the remuneration and bonuses received by the Directors from the Company in consideration of the</p>	<p><u>Directors (excluding Directors who are Audit and Supervisory Committee members)</u> by way of resolution.</p> <p>2. The Board of Directors may, by way of resolution, appoint <u>among the Directors (excluding Directors who are Audit and Supervisory Committee members)</u>: (i) one Representative Director President, (ii) several Director and Executive Vice Presidents, Senior Executive Managing Directors, and Senior Managing Directors.</p> <p>Article <u>21</u> (Current provisions remain unchanged)</p> <p>(Notice of Convocation of a Meeting of the Board of Directors)</p> <p>Article <u>22</u> A notice of convocation of a Meeting of the Board of Directors shall be sent to the Directors at least three days prior to the date of the meeting. Provided, however, that this period may be shortened in case of an emergency.</p> <p>2. A Meeting of the Board of Directors may be held without the convocation procedures if the consent of all Directors is obtained.</p> <p><u>(Delegation of Decisions on Execution of Important Business)</u></p> <p>Article 23 <u>The Company may, pursuant to Paragraph 6, Article 399-13 of the Company Act, by a resolution of the Board of Directors, delegate all or part of the decisions on the execution of important business affairs (excluding the matters listed in each item of Paragraph 5 of the said Article) to its Directors.</u></p> <p>Minutes of Meeting of the Board of Directors</p> <p>Article 25 A summary of the proceedings at a Meeting of the Board of Directors and the outcome thereof, as well as other matters stipulated by laws and regulations, shall be stated or recorded in the minutes thereof, which shall be signed and sealed or electronically signed by the Directors present at the said meeting.</p> <p>(Remuneration, etc.)</p> <p>Article 27 The financial benefits to be received by the Directors, such as the remuneration and bonuses received by the Directors from the Company in consideration of the</p>
--	---

<p>performance of their duties shall be determined by a resolution of the General Meeting of Shareholders.</p> <p>Article 29 (Omitted)</p> <p>CHAPTER 5 <u>Audit and Supervisory Board members and Audit and Supervisory Board</u></p> <p><u>(Number of Auditors)</u></p> <p>Article 30 <u>The number of Audit and Supervisory Board members of the Company shall be four or less.</u></p> <p><u>(Method of Election)</u></p> <p>Article 31 <u>The Audit and Supervisory Board members shall be elected by the General Meeting of Shareholders.</u></p> <p>2. <u>The resolution with respect to the election of the Audit and Supervisory Board members shall be made by the shareholders holding one-third or more of the voting rights who are present at the said meeting and exercise a majority of their voting rights.</u></p> <p>3. <u>The Company may, pursuant to the provisions of Paragraph 3, Article 329 of the Company Act, elect a substitute Audit and Supervisory Board member at the General Meeting of Shareholders in preparation for a shortage in the number of Audit and Supervisory Board members stipulated by law.</u></p> <p>4. <u>The period during which a resolution for the election of a substitute Auditor as set forth in the preceding paragraph shall remain in force until the commencement of the General Meeting of Shareholders for the latest business year that is within four years after the said resolution.</u></p> <p><u>(Term of Office)</u></p> <p>Article 32 <u>The term of office of the Auditors shall expire at the conclusion of the General Meeting of Shareholders for the latest business year that is ending within four years after the election of such Auditors.</u></p> <p>2. <u>The term of office of an Auditor who is elected to fill a vacancy of the Auditor who has resigned prior to the expiration of his/her term of office shall expire upon expiration of the term of office of the resigned Auditor.</u></p>	<p>performance of their duties shall be determined, <u>distinguishing between Directors who are Audit and Supervisory Committee members and other Directors,</u> by a resolution of the General Meeting of Shareholders.</p> <p>Article 29 (Only minor changes to Japanese text; no changes to English text)</p> <p>CHAPTER 5 <u>Audit and Supervisory Committee</u></p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>
--	---

<p>(<u>Full-time Audit and Supervisory Board members</u>) Article <u>33</u> The <u>Audit and Supervisory Board</u> shall <u>elect the full-time Audit and Supervisory Board members</u> subject to a resolution thereof.</p> <p>(Notice of Convocation of <u>Audit and Supervisory Board</u>) Article <u>34</u> A notice of convocation of the <u>Audit and Supervisory Board</u> shall be sent to each <u>Audit and Supervisory Board member</u> at least three days prior to the date of the meeting. Provided, however, that this period may be shortened in case of an emergency.</p> <p>2. Notwithstanding the provisions of the preceding paragraph, the <u>Audit and Supervisory Board</u> may be held without the convocation procedures if the consent of all <u>Audit and Supervisory Board members</u> is obtained.</p>	<p>(<u>Full-time Audit and Supervisory Committee members</u>) Article <u>30</u> The <u>Audit and Supervisory Committee</u> shall <u>elect the full-time Audit and Supervisory Committee members among such Audit and Supervisory Committee members</u> subject to a resolution thereof.</p> <p>(Notice of Convocation of <u>Audit and Supervisory Committee</u>) Article <u>31</u> A notice of convocation of the <u>Audit and Supervisory Committee</u> shall be sent to each <u>Audit and Supervisory Committee member</u> at least three days prior to the date of the meeting. Provided, however, that this period may be shortened in case of an emergency.</p> <p>2. Notwithstanding the provisions of the preceding paragraph, meetings of the <u>Audit and Supervisory Committee</u> may be held without the convocation procedures if the consent of all <u>Audit and Supervisory Committee members</u> is obtained.</p>
<p>(<u>Audit and Supervisory Board's Resolution Methods</u>) Article <u>35</u> A resolution of the <u>Audit and Supervisory Board</u> shall be made effective by a majority of votes of the <u>Audit and Supervisory Board members, unless otherwise provided by laws and regulations.</u></p>	<p>(<u>Audit and Supervisory Committee's Resolution Methods</u>) Article <u>32</u> A resolution of the <u>Audit and Supervisory Committee</u> shall be made effective by a majority of votes of the <u>Auditors who are entitled to be involved in the resolution and are present at the relevant meeting of the Audit and Supervisory Committee.</u></p>
<p>(Minutes of <u>Audit and Supervisory Board</u>) Article <u>36</u> A summary of the proceedings at the <u>Audit and Supervisory Board</u> and the outcome thereof, as well as other matters stipulated by <u>the Ministry of Justice Ordinance</u>, shall be stated or recorded in the minutes thereof, which shall be signed and sealed or electronically signed by the <u>Audit and Supervisory Board members</u> present at the said meeting.</p>	<p>(Minutes of <u>Audit and Supervisory Committee</u>) Article <u>33</u> A summary of the proceedings at a meeting of the <u>Audit and Supervisory Committee</u> and the outcome thereof, as well as other matters stipulated by <u>laws and regulations</u> shall be stated or recorded in the minutes thereof, which shall be signed and sealed or electronically signed by the <u>Audit and Supervisory Committee members</u> present at the said meeting.</p>
<p>(<u>Audit and Supervisory Board Regulations</u>) Article <u>37</u> Matters concerning the <u>Audit and Supervisory Board</u> shall be governed by the <u>Audit and Supervisory Board Regulations</u> stipulated by <u>such Audit and Supervisory Board</u>, in addition to those matters stipulated by laws and regulations or the Articles of Incorporation.</p>	<p>(<u>Audit and Supervisory Committee Regulations</u>) Article <u>34</u> Matters concerning the <u>Audit and Supervisory Committee</u> shall be governed by the <u>Audit and Supervisory Committee Regulations</u> stipulated by <u>the Audit and Supervisory Committee</u>, in addition to those matters stipulated by laws and regulations or the Articles of Incorporation.</p>

<p>(Remuneration, etc.) <u>Article 38</u> The financial benefits to be received by the <u>Audit and Supervisory Board members, such as the remuneration and bonuses received by the Audit and Supervisory Board members from the Company in consideration of the performance of their duties shall be determined by a resolution of the General Meeting of Shareholders.</u></p>	<p>(Deleted)</p>
<p>(Exemption of Auditors from Liability) <u>Article 39</u> The Company may, by resolution of the <u>Board of Directors, exempt any Audit and Supervisory Board member (including those who were Audit and Supervisory Board members) from liability for compensation under Paragraph 1, Article 423 of the Company Act, within the limit stipulated by laws and regulations, if such Audit and Supervisory Board member was acting in good faith and there was no gross negligence.</u></p>	<p>(Deleted)</p>
<p>(Limited Liability Agreement with Auditor) <u>Article 40</u> The Company may enter into an agreement <u>with any Audit and Supervisory Board member to limit such Audit and Supervisory Board member's compensation liability in accordance with Paragraph 1, Article 423 of the Company Act to the extent of the limit stipulated by laws and regulations if such Auditor was acting in good faith and there was no gross negligence.</u></p>	<p>(Deleted)</p>
<p>Chapter 6 Accounting Auditors</p>	<p>Chapter 6 Accounting Auditors</p>
<p>Article <u>41</u> through Article <u>43</u> (Omitted)</p>	<p>Article <u>35</u> through Article <u>37</u> (Current provisions remain unchanged)</p>
<p>Chapter 7 Calculation</p>	<p>Chapter 7 Calculation</p>
<p>Article <u>44</u> (Omitted)</p>	<p>Article <u>38</u> (Current provisions remain unchanged)</p>
<p>(Newly established)</p>	<p><u>(Organ for Determination of Dividends of Surplus, etc.)</u> <u>Article 39</u> The Company may decide the matters <u>provided in each item of Paragraph 1, Article 459 of the Company Act, including distribution of surplus, by a resolution of the Board of Directors, unless otherwise provided by laws and regulations.</u></p>
<p>(Record Date for Dividends of Surplus) Article <u>45</u> The record date for the final dividend of the Company shall be March 31 of each year. (Newly established)</p>	<p>(Record Date for Dividends of Surplus) Article <u>40</u> The record date for the final dividend of the Company shall be March 31 of each year. <u>2. The record date for the interim dividend of the Company shall be September 30 of</u></p>

<p>(Newly established)</p> <p>(Interim Dividend) <u>Article 46 The Company may distribute interim dividends on September 30 which is the record date of each year subject to the resolution of the Board of Directors.</u></p> <p>Article <u>47</u> (Omitted)</p> <p>(Supplementary Provisions)</p> <p><u>The deletion of the provision of Article 17 of the Articles of Incorporation before the amendment and the establishment of the new provision of Article 17 of the Articles of Incorporation after the amendment shall come into force from September 1, 2022 (the "Effective Date") which is the effective date as set forth in the proviso to Article 1 of the Supplementary Provisions of the Act for Partial Revision of the Company Act (Act No. 70 of 2019).</u></p> <p><u>2. Following provisions will come into effect from the Effective Date. Nevertheless, this provision shall be effective until the date on which six months have elapsed from the Effective Date or three months have elapsed from the date of the latest General Meeting of Shareholders held within six months from the Effective Date, whichever is later. The Company may deem that information relating to matters to be stated or indicated in the reference materials, etc. relating to the general meeting of shareholders, business reports, accounting reports and consolidated accounting reports have been provided to the shareholders by disclosing such information via Internet pursuant to the provisions of the applicable Ordinance of the Ministry of Justice.</u></p> <p><u>3. This Article shall be deleted as of the later of the date set forth in the preceding paragraph.</u></p>	<p><u>each year.</u></p> <p><u>3. In addition to the provisions of the preceding two paragraphs, the Company may declare dividends from surplus by establishing a record date.</u></p> <p>(Deleted)</p> <p>Article <u>41</u> (Current provisions remain unchanged)</p> <p><u>Supplementary Provisions</u></p> <p><u>(Transitional Measures Concerning Exemption from Liability of Auditors)</u></p> <p><u>Article 1 The Company may, by a resolution of the Board of Directors, to the extent permitted by law exempt Auditors (including former auditors) from liability for damages, as provided in Paragraph 1, Article 423 of the Company Act, with respect to acts committed prior to the conclusion of the 25th General Meeting of Shareholders.</u></p>
--	--

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.