



# Notice of Convocation of the 26th Ordinary General Meeting of Shareholders

## Event overview

### •Date and time

12:00 p.m. (noon), Wednesday, June 26, 2024

\*You will be able to log in from approximately 11:30 a.m. on the day of the General Meeting of Shareholders.

### •Location

The General Meeting of Shareholders will be held with no location designated.

\*The General Meeting of Shareholders will be held completely online. Please note that there will be no actual venue for you to visit.

\*For details on how to participate and exercise of voting rights online, please refer to the "Guide to Virtual-Only General Meeting of Shareholders" starts on page 8.

## Resolution matters

### •Agenda

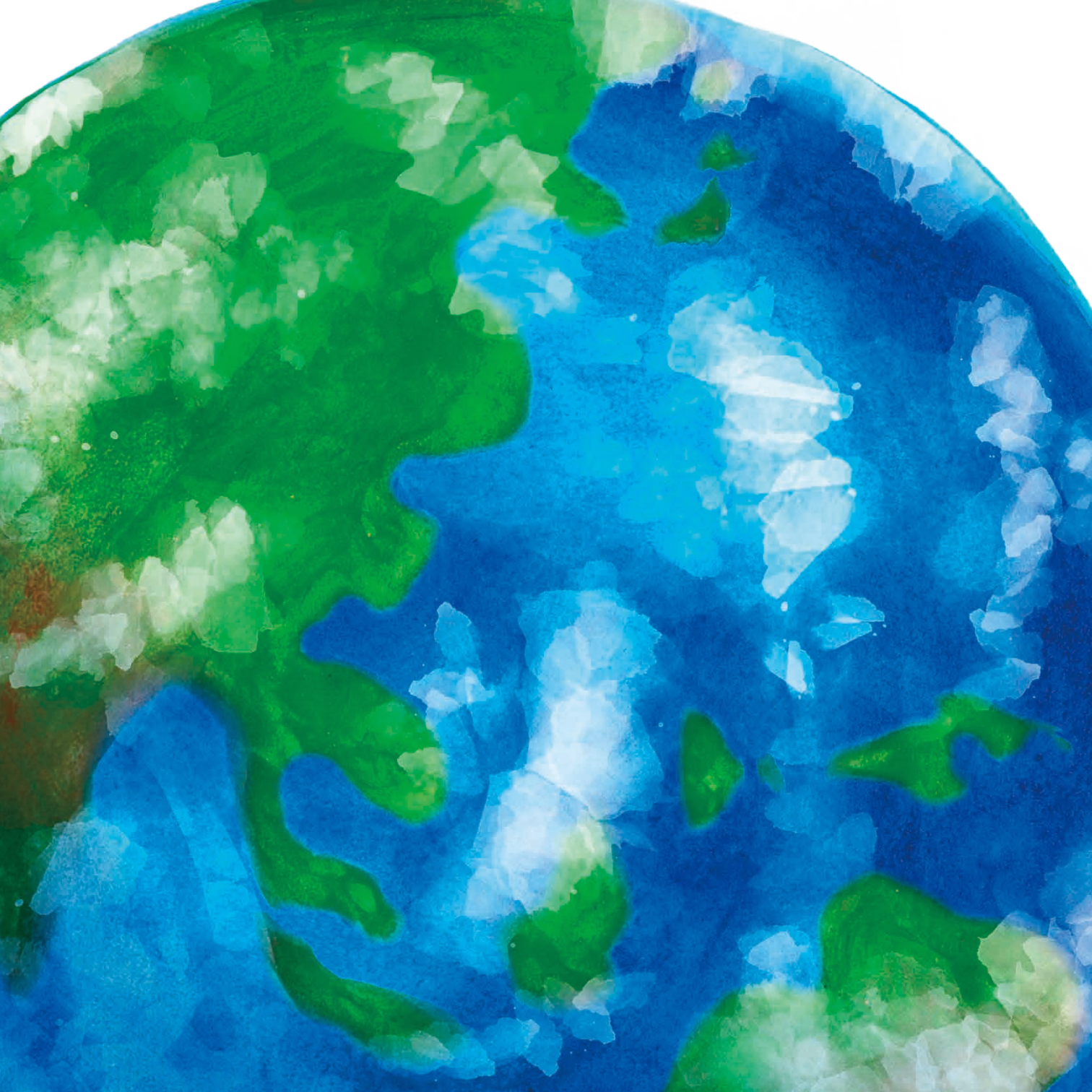
Appointment of 8 Directors who are not Audit and Supervisory Committee members

Documents regarding the payment of the year-end dividend are enclosed with this Notice of Convocation.

**Inspire the world.**

**Deliver joy every day.**





Securities Code : 3092

June 6, 2024

(Start date of electronic provision measures: June 1, 2024)

Dear Shareholders,

1-15-16 Midori-cho, Inage-ku, Chiba-shi, Chiba

ZOZO, Inc.

Representative Director,  
President & CEO

Kotaro Sawada

## Notice of Convocation of the 26<sup>th</sup> Ordinary General Meeting of Shareholders

Thank you very much for your continued support.

We are pleased to announce that we will hold the 26<sup>th</sup> Ordinary General Meeting of Shareholders as follows.

For the convocation of the General Meeting of Shareholders, electronic provision measures are taken. The matters subject to electronic provision measures are posted as the Notice of Convocation of the 26<sup>th</sup> Ordinary General Meeting of Shareholders on our website.

Our website

<https://corp.zozo.com/en/ir-info/shareholders-info/shareholders-meeting/>

The matters subject to electronic provision measures are posted on the website mentioned above, and 4. "Websites where matters subject to electronic provision measures are posted." Please access the websites to check out the matters. The websites may be temporarily inaccessible mainly because of periodic maintenance. When inaccessible, please check out the matters on other websites or reaccess the websites after a moment.

Shareholders will participate in the General Meeting of Shareholders by virtual participation using the internet-based method described below. The meeting will be held without a venue established. Please conduct virtual participation via the internet according to the guide described

below.

Shareholders can exercise voting rights via the internet or in writing when not participating in the General Meeting of Shareholders on the day. Please review reference materials for the Ordinary General Meeting of Shareholders posted in the matters subject to electronic provision measures and exercise voting rights by 5:00 p.m. JST on Tuesday, June 25, 2024, by mail using the voting rights exercise form or via the internet (In the case of mail, the form must arrive by the exact date and time described above) in accordance with the "Guidance on the exercise of voting rights" below.

Yours sincerely,

## Content

1. Date and time	<p>12:00 p.m. (noon) JST, Wednesday, June 26, 2024 (accessible time: 11.30 a.m.)</p> <p><b>*Start time is different from last year</b></p> <p>The General Meeting of Shareholders is postponed to 12:00 p.m. (noon) JST, Thursday, June 27, 2024, if it is impossible to hold the meeting on the above-mentioned date and time mainly due to communication failure.</p>
2. Location	<p>Virtual-only General Meeting of Shareholders</p> <p>The General Meeting of Shareholders will be held with no location designated. For the virtual participation method, please refer to the "Guide to Virtual-only General Meeting of Shareholders" described below.</p> <p><b>*There is no venue because the General Meeting of Shareholders will be held completely online.</b></p>
3. Purpose	<p>Reporting matters</p> <ol style="list-style-type: none"> <li>1. 26th Term (from April 1, 2023, to March 31, 2024) content of the business report, content of the consolidated financial statements, and report of the audited consolidated financial statements of the Accounting Auditor and the Audit and Supervisory Committee</li> <li>2. Report of the 26th term (from April 1, 2023, to March 31, 2024) financial statements</li> </ol> <p>Resolution matter</p> <p>Agenda            Appointment of 8 Directors who are not Audit and Supervisory Committee members</p>

4. Websites where matters subject to electronic provision measures are posted

No. of items	Name of websites and URL	Access method
1	Our website <a href="https://corp.zozo.com/en/ir-info/shareholders-info/shareholders-meeting/">https://corp.zozo.com/en/ir-info/shareholders-info/shareholders-meeting/</a>	Please see the Notice of Convocation of the 26 <sup>th</sup> Ordinary General Meeting of Shareholders
2	Listed Company Search (Tokyo Stock Exchange) <a href="https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show">https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show</a>	Please enter and search the issuer's name (company name) or code and select Basic Information and Documents for Public Inspection/PR Information.
3	Kabunushi Soukai Portal (Sumitomo Mitsui Trust Bank) <a href="https://www.soukai-portal.net">https://www.soukai-portal.net</a>	Please scan the QR code included in the enveloped voting rights exercise form or enter your ID and initial password.

## 5. Matters subject to electronic provision measures

Our company (hereinafter referred to as the "Company") posts the following matters among the matters to be stated in the documents for matters subject to measures for electronic provision in section 4, "Websites where matters subject to electronic provision measures are posted," according to the provisions of laws and regulations. The following matters are not included in the paper copy to be sent to shareholders who have requested a copy. Audit and Supervisory Committee members and the Accounting Auditor audited the documents to be audited, which include the following matters.

### ① The following items on the Business Report

Stock acquisition rights of the Company

Company systems and policies

### ② The following items on financial statements

Balance Sheet

Income statement

Statement of changes in net assets

Notes to the financial statements

Accounting Auditor's Audit Report

Audit and Supervisory Committee's Audit Report

### ③ The following items on the consolidated financial statements

Consolidated balance sheets

Consolidated statements of income

Consolidated statements of changes in net assets

Notes to the consolidated financial statements

Accounting Auditor's Audit Report



## 6. Dividends of Surplus

In accordance with Article 459, Paragraph 1 of the Companies Act, the Company has established a provision in its Articles of Incorporation that allows the Company to pay dividends from surplus by a resolution of the Board of Directors.

Based on this provision of the Articles of Incorporation, the Company's Board of Directors, at its meeting held on May 17, 2024, resolved the payment of year-end dividends for the 26th fiscal term (from April 1, 2023, to March 31, 2024) as follows. Please refer to our IR website for details.

1. Year-end dividend: 55 yen per share  
(The annual dividend per share is 104 yen, including the interim dividend of 49 yen per share)
2. Effective date and commencement date of payment: June 7, 2024

End

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\* When participating in the General Meeting of Shareholders on the day, we apologize for the inconvenience, but please log on to the virtual participation system with the given ID and password according to the guide described below.

\* The exercise of voting rights by proxy is limited to cases where the proxy is delegated to a shareholder holding other voting rights and participating in the General Meeting of Shareholders on the day. For treatment of the proxy letter and other required documents, please see the guide described below.

\* If there are any conditions for revisions to the matters subject to electronic provision measures, the said effect and the matters before and after the revisions are posted on the websites in 4. "Websites where matters subject to electronic provision measures are posted."

## Guidance on the exercise of voting rights



### **When exercising voting rights by attending the virtual-only General Meeting of Shareholders**

Please refer to "Guide to Virtual-Only General Meeting of Shareholders" described later, before attending the virtual-only General Meeting of Shareholders.

Date of the General Meeting of Shareholders

Wednesday, June 26, 2024  
12:00 p.m. (noon) JST

\*Start time is different from last year



### **When exercising your voting rights by the internet**

Please follow the instructions for exercising voting rights via the internet in the next page to register your "in favor" or "opposed" of the agenda.

Voting Deadline

Tuesday, June 25, 2024  
Until arriving 5:00 p.m. JST

Please refer to the next page for detail



### **When exercising your voting rights by mail**

Please indicate "in favor" and "opposed" of the agenda on the enclosed voting rights exercise form and submit it without putting a stamp. If there is no indication of your "in favor" or "opposed" to the agenda on the voting rights exercise form, it will be treated as an indication of "in favor".

Voting Deadline

Tuesday, June 25, 2024  
Until 5:00 p.m. JST

\*If the exercise of voting rights via the internet etc., and it via mail arrive on the same day, we will treat the one via the internet etc. as valid exercise of voting rights. Also, if you have exercised your voting rights more than once, we will treat the exercise that arrived at our company last as valid exercise of voting rights.

\*The Electronic Voting System Platform, which is operated and managed by ICJ, Inc., is also available for you as a method of exercising voting rights.

## How to exercise your voting rights via the internet

Internet exercise deadline  
5:00 p.m., Tuesday, June 25, 2024

### How to exercise voting rights via smartphone, etc.

1 Scan the QR code on the voting rights exercise form.



\*The QR code is a registered trademark of DENSO WAVE INCORPORATED.

2 Tap the "Exercise Voting Rights" button on the top of the page of the Kabunushi Soukai Portal.



3 The page of the Smart Voting will be displayed. After that, follow the instructions on the screen and enter your "in favor" or "opposed".



### How to exercise voting rights via PC, etc.

Access the following URL and enter the page with the login ID/password written on the voting rights exercise form. After logging in, follow the instructions on the screen to enter your "in favor" or "opposed".

Kabunushi Soukai Portal: <https://www.soukai-portal.net>

You can use Voting Right Exercise website as well: <https://www.web54.net>

### Guide to receipt of questions in advance

**Deadline of receipt of questions in advance: Tuesday, June 18, 2024, 5:00 p.m.**

For the General Meeting of Shareholders, we will receive questions in advance about the agendas from shareholders through Kabunushi Soukai Portal. Among questions which we receive, those likely to attract high interest of shareholders will be raised at the General Meeting of Shareholders. Same as the above-mentioned method of exercising voting rights, please access to Kabunushi Soukai Portal and tap/click the button "To question in advance," and then the page "Input questions in advance" is presented. After then, please input questions according to the guide on the screen.

\*Please note that we make no answer to individual questions received.

### Note

- If you wish to change your voting details after exercising your voting rights, you will be required to enter the "Voting Rights Exercise Code" and "password" printed on the voting rights exercise form.
- If you exercise your voting rights both in writing and via the internet, etc., the voting rights exercised via the internet, etc. will be deemed valid. In addition, if you exercise your voting rights multiple times via the internet, etc., we will treat the last vote as valid.
- Due to maintenance, the service is unavailable from 0:00 to 5:00 on the first Monday of January, April, July, and October.

### Inquiries

Sumitomo Mitsui Trust Bank,  
Limited. Contact of Securities  
Agent Web Support

**0120-652-031**

(9:00 a.m. JST to 9:00 p.m. JST)



Please also do  
check the Q&A

# Guide to Virtual-Only General Meeting of Shareholders

## ■ Overview of the virtual-only General Meeting of Shareholders

There is no established venue (location) for the General Meeting of Shareholders, and shareholders will participate in the General Meeting of Shareholders by accessing the “Shareholders-only website” via the internet and conducting identification of shareholders with ID and password for virtual participation. Shareholders may check out the proceedings of the General Meeting of Shareholders on the day via the live stream using the method shown below. They may also have an opportunity to ask questions and exercise voting rights.

Any changes in the operation of the virtual-only General Meeting of Shareholders, including emergency situations, such as system failure and responses to changes in circumstances, would be announced on our website (<https://corp.zozo.com/en/ir-info/>), please check out the website accordingly.

## ■ Environment required for virtual participation

Shareholders are required to prepare the following environment for participation in the General Meeting of Shareholders.

### PC terminal system requirements

|                  | Windows                                            | Mac                      |
|------------------|----------------------------------------------------|--------------------------|
| OS<br>*1         | Windows 11<br>Windows 10                           | macOS the latest version |
| Browser<br>*2 *3 | Microsoft Edge<br>Mozilla Firefox<br>Google Chrome | Safari                   |

### Mobile terminal system requirements

|               | Android            | iOS                                            |
|---------------|--------------------|------------------------------------------------|
| OS            | Android 8 or later | iPhone: iOS12 or later<br>iPad: iOS13 or later |
| Browser<br>*2 | Google Chrome      | Safari                                         |

The above is based on the results of the verification conducted by the distributor V-cube, Inc., and gives no guarantee of operation in all environments. Security software or the security function of antivirus software may interrupt the proper use of the functions of the service.

\*1. If you are using Windows 10, please use desktop mode, as the operation check is conducted in desktop mode.

\*2 Please enable JavaScript and the Cookies functions of browsers. It is assumed that browsers are subject to the latest update.

\*3 In Microsoft Edge, the service is unavailable in Internet Explorer mode.

Please access the following URL when making a prior test of the audiovisual environment.

<https://seminar.vcube.com/checker/videostream/live>

Shareholders are required to prepare the communication environment for participating in the General Meeting of Shareholders themselves. Communication fees for virtual participation are borne by the shareholders. Even if shareholders fail to participate in the General Meeting of Shareholders due to failure of the internet environment and communication environment, such as the PC or smartphone used by them, the Company assumes no responsibility. Please kindly note in advance.

#### ■ Method for virtual participation

Please access the “Shareholders-only website” described below and log on to our given virtual participation system using the ID and password included in the “Notice of the method for participating in the virtual General Meeting of Shareholders” enclosed in the Notice of Convocation. It is only shareholders included in our shareholder registry (as of March 31, 2024) who can participate in the virtual General Meeting of Shareholders. We ask those other than the relevant shareholders not to participate in the meeting.

For the login method and concrete usage of the virtual participation system, please see the Notice of the method for participating in the virtual General Meeting of Shareholders enclosed in the Notice of Convocation.

<Shareholders-only website>

<https://3092.ksoukai.jp>

It is also possible to access the website using the QR code included in the “Notice of the method for participating in the virtual General Meeting of Shareholders” enclosed in the Notice of Convocation.

Start time: 12:00 p.m. (noon) JST, on Wednesday, June 26, 2024 (Accessible time: 11:30 a.m. JST)

※Start time is different from last year

## ■ Guide to participate by proxy

We ask shareholders hoping participation by proxy to make the delegation to a shareholder participating in the General Meeting of Shareholders on the day according to provisions of the laws and regulations and the Articles of Incorporation. Additionally, participation by proxy requires submission to the Company of the document proving the proxy right before the General Meeting of Shareholders. Please send the following documents to us.

(Required documents)

Letter of proxy

Identification documents of the delegator

(Delivery address)

In the case of e-mail

corporate-homu-block@zozo.com (Reception: Corporate legal department)

In the case of mail

1-15-16 Midori-cho, Inage-ku, Chiba-shi, Chiba 263-0023

To Corporate Legal Department, ZOZO, Inc.

(Deadline for submission)

5:00 p.m. JST, Wednesday, June 19, 2024 (The documents must arrive by the date)

(Note)

Please describe the name of the delegator and proxy holder as well as the address recorded in the shareholder registry in the letter of proxy.

The Company may contact you, and please inform us of a phone number or e-mail address where we can reach you during the day. If there are any document errors, the delegation could be considered ineffective.

## ■ Method for making questions/dealing with questions

Please use our given virtual participation system on the day of the General Meeting of Shareholders when hoping to make questions.

### 【Reception method】

- Please enter the ID/password included in the notice of the method for participating in the virtual General Meeting of shareholders enclosed in the Notice of Convocation on the shareholders-only website and log on to our given virtual participation system.
- Please click the “Question” tab on the right side of the delivery screen of the virtual participation system.
- Please select the proposal related to the question from the pull-down menu and enter the required matters before pushing the “Send” button.

Questions from shareholders are limited to matters related to the agenda for the General Meeting of Shareholders. The number of characters per question shall be up to 400 characters. In case there are many questions from shareholders, the matters considered to be highly related to the agenda for the General Meeting of Shareholders and to be of interest to the shareholders could be prioritized for a response. Please kindly note in advance. The Company may compulsorily cut off communication with shareholders based on the judgment of the chair or the secretariat under instructions from the chair when it is determined that frequent, continuous transmission of

similar content or repeated transmission of content, including inappropriate content, such as personal attacks and others, pose a problem for smooth proceedings and stable operation of the system. Please kindly note in advance.

#### ■ Prior questions

When shareholders cannot attend the General Meeting of Shareholders on the day, they may ask questions in advance via the shareholders-only website.

Reception time: 10:00 a.m. Friday, June 7, 2024, to 5:00 p.m. Tuesday, June 18, 2024

Questions are limited to those related to the purposes of the General Meeting of Shareholders.

Questions of especially high interest to shareholders will be answered on the day of the General Meeting of Shareholders, but it may be impossible to answer all questions, and individual questions may not be answered. Please kindly note in advance.

[Method for receiving questions]

- Please access to Kabunushi Soukai Portal stated below.

< Kabunushi Soukai Portal >

<https://www.soukai-portal.net>

Access to the portal is also allowed using the QR code provided in the voting right exercise form enclosed.

- Please, input the login ID and password stated in the "Notice of the method for participating in the virtual General Meeting of Shareholders" as noted herein before login.

- Please, push the button "To questions in advance" on the top page.

- The page "Input of questions in advance" is presented. After that, please input questions according to the guide on the page.

\* The number of characters for each question shall be up to 400.

#### ■ Method for/treatment of motion

The Company asks shareholders to use our given virtual participation system when hoping to file the motion.

Adoption of the motion depends on the content of the motion filed. The filed motion may not be adopted depending on its content. The Company may compulsorily cut off communication with shareholders based on the judgment of the chair or the secretariat under the instruction from the chair when it is determined that frequent, continuous transmission of a similar motion, repeated transmission of inappropriate content, such as personal attacks and others, pose a problem for smooth proceedings and stable operation of the system. Please kindly note in advance.

### **【Reception method】**

- Please enter the ID/password included in the “Notice of the method for participating in the virtual General Meeting of Shareholders” enclosed in the Notice of Convocation on the shareholders-only website and log on to our given virtual participation system.
- Please push the “Question” tab on the right side of the delivery screen of the virtual participation system.
- Please push “Here in case of filing the motion” at the bottom.
- Please select the proposal related to the motion from the pulldown menu and enter the required matters before pushing the “Send” button.

### **■ Method for exercising voting rights**

Shareholders may exercise voting rights via the virtual participation system after viewing the content of the proceedings. Please note that it is not allowed to change, cancel, or confirm the exercise of voting rights once exercised.

### **【Reception method】**

- Please enter the ID/password included in the “Notice of the method for participating in the virtual General Meeting of Shareholders” enclosed in the Notice of Convocation on the shareholders-only website designated by the Company and log on to our given virtual participation system.
- Please push the “Exercise voting rights” tab on the virtual participation system.
- Please select “in favor” or “opposed” of proposals and then click the “Exercise” button.
- Please reconfirm “in favor” or “opposed” in the confirmation dialog and then click the “Exercise” button.

### **■ Treatment of prior exercise of voting rights**

In case shareholders exercising voting rights via the internet or in writing in advance conduct virtual participation on the date of the General Meeting of Shareholders, the prior exercise of voting rights shall be deemed ineffective when it is confirmed that voting rights were exercised on the day. In case shareholders executing voting rights in advance conduct virtual participation on the day of the General Meeting of Shareholders and it is not confirmed that the relevant voting rights were exercised on the day, the prior exercise of voting rights shall be deemed to be effective. In case voting rights are not exercised in advance, and it is not confirmed that voting rights are exercised on the day though shareholders log on to the site, it is deemed that the shareholders abstained from voting.

### **■ Policy for countermeasures against communication failure**

The Company will take countermeasures against communication failures within a reasonable range in holding the General Meeting of Shareholders. The resolution will be adopted at the opening of the General Meeting of Shareholders so that the chair can determine the postponement or continuation of the General Meeting of Shareholders when communication failures result in a remarkable problem with the meeting proceedings. If the chair determines the postponement or continuation of the meeting according to the resolution, a postponed or continuing meeting of the General Meeting of Shareholders will be held at 12:00 p.m., Thursday, June 27, 2024. If communication failures made it impossible to adopt the above resolution and consequently it is impossible to start the meeting, the General Meeting of Shareholders will be held at 12:00 p.m., Thursday, June 27, 2024. If there were any matters to be informed shareholders of, such as a method for holding postponed or continuing the



General Meeting of Shareholders in the above case and responses to other emergent and changes of circumstances, details of the matters would be posted on our website (<https://corp.zozo.com/en/ir-info/>), and so please confirm them on the site.

■ Policy for the care for interests of shareholders with difficulty in using the internet

The Company asks shareholders who have difficulty using the internet to exercise voting rights in advance in writing (by mail).

■ Other notes

(i) It is prohibited to share the URL or ID and password for virtual participation with third parties and tape, record, and disclose the situation of the General Meeting of Shareholders.

(ii) The content of the General Meeting of Shareholders may be partially changed or canceled when the Company thinks the partial change or cancellation is unavoidable. The postponement or continuation may be determined by the chair after approval from the General Meeting of Shareholders.

(iii) Japanese is the only language supported by the General Meeting of Shareholders and the virtual participation system.

■ Contact:

The Company responds to inquiries by phone, and please contact the following with the Notice of the method for participating in the virtual General Meeting of Shareholders on hand if you have any uncertainties about the participation.

<Inquiries about the virtual General Meeting of Shareholders>

Sumitomo Mitsui Trust Bank virtual General Meeting of Shareholders support dial

Phone: 0120-782-041 (Reception time: 9:00-17:00 except for Saturday, Sunday, and holidays)

The Company does not respond to the following. Please kindly note in advance.

(i) ID/password for participation

If you have lost your ID/password for participation, please contact the specified contact for reissuance. Please note that the reissuance process may take some time to complete.

(ii) Inquiries about the method to connect to the internet and functions of your PCs/smartphones

(iii) Inquiries about problems, such as inaccessibility, delays, audio trouble, and failure of voting caused by problems of shareholder's environment on the day of the General Meeting of Shareholders

\* For inquiries about the system, please see the following.

<Systemic and technical inquiries about virtual participation on the day of the General Meeting of Shareholders>

\* The Company will establish a dedicated call center on Wednesday, June 26, 2024. Please call the following phone number.

V-cube, Inc. phone: 03-6833-6852 (reception time: 9:00 a.m. to the end of the General Meeting of Shareholders)

# Reference Materials



# Reference Materials for the Ordinary General Meeting of Shareholders

Proposed agendas and reference materials

Agenda Appointment of 8 Directors who are not Audit and Supervisory Committee members

The terms of office of all Directors (excluding Directors who are Audit and Supervisory Committee members; the same applies hereinafter in this proposal) of the Board of Directors (8 members) will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of 8 Directors. Director candidates were determined at the Board Meeting after recommendations from the voluntary Nomination and Remuneration Consultatory Committee, which is chaired by an independent Outside Director. Additionally, the Audit and Supervisory Committee confirmed discussions of the Nomination and Remuneration Consultatory Committee and determined that the procedure was appropriate for nominating Director candidates, and there were no particular matters that opinions were given according to Article 342-2, Paragraph 4, of the Companies Act.

Director candidates are as follows:

| Candidate Number | Name            | Current Position and Responsibilities in the Company |                 |
|------------------|-----------------|------------------------------------------------------|-----------------|
| 1                | Kotaro Sawada   | Representative Director, President & CEO             | Reappointment   |
| 2                | Koji Yanagisawa | Director, Vice-President, and CFO                    | Reappointment   |
| 3                | Fuminori Hirose | Director and COO                                     | Reappointment   |
| 4                | Makoto Hide     |                                                      | New Appointment |
| 5                | Yuko Nagata     | Director                                             | Reappointment   |
| 6                | Taro Saito      | Outside Director                                     | Reappointment   |

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|   |               |                  |               |
|---|---------------|------------------|---------------|
| 7 | Takako Kansai | Outside Director | Reappointment |
|---|---------------|------------------|---------------|

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|   |               |  |                 |
|---|---------------|--|-----------------|
| 8 | Takuya Oikawa |  | New Appointment |
|---|---------------|--|-----------------|

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## Kotaro Sawada (Reappointment)

December 15, 1970



### Career History, Status, Responsibilities, and Important Concurrent Posts

April 1994 Joined NTT Data Corporation  
April 1998 Joined NTT Data Institute of Management Consulting, Inc.  
June 2005 Joined SKYLIGHT CONSULTING Inc.  
May 2008 Representative Director, Start Today Consulting Co., Ltd.  
June 2013 Director of the Company  
April 2017 Responsible for the Company's Marketing Division  
May 2019 Responsible for the Company's ZOZOTOWN business  
September 2019 Representative Director, President & CEO (current post)  
August 2022 Representative Director & CEO, ZOZO NEXT, Inc. (current post)

|                                        |               |
|----------------------------------------|---------------|
| Number of Shares of Company Stock Held | 80,900 shares |
|----------------------------------------|---------------|

### Important concurrent post

Representative Director & CEO, ZOZO NEXT, Inc.

### Reasons for nominating as a Director candidate

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Mr. Sawada has been chosen as a candidate for continuation of his post as a Director because he has been involved in important business execution and management decision-making and supervision as the person responsible for the marketing section, also after serving as a Representative Director of a subsidiary since joining the Company. In addition, He has served as the Company's representative since September 2019 and has worked to ensure prompt and flexible decision-making in business operations. As he is suitable for the future growth of the group and the realization of the Company's philosophy, we continue to nominate him as a candidate for Director.

## Koji Yanagisawa (Reappointment)

May 19, 1971



### Career History, Status, Responsibilities, and Important Concurrent Posts

- April 1995    Joined the Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)
- May 1999    Joined NTT Data Institute of Management Consulting, Inc.
- May 2005    Joined Mizuho Securities Co., Ltd.
- February 2006    Full-time Audit and Supervisory Board member of the Company
- June 2008    Director and General Manager of the Business Administration Division of the Company
- April 2009    Director and CFO of the Company
- December 2015    Outside Director, COLOPL, Inc. (current post)
- April 2017    Director, Vice-President, and CFO of the Company (current post)
- March 2020    Outside Director, Digital Holdings, Inc. (current post)
- October 2021    Director, ZOZO NEXT, Inc. (current post)

|                                        |                |
|----------------------------------------|----------------|
| Number of Shares of Company Stock Held | 164,900 shares |
|----------------------------------------|----------------|

### Important concurrent post

- Outside Director, COLOPL, Inc.
- Outside Director, Digital Holdings, Inc.
- Director, ZOZO NEXT, Inc.

### Reasons for nominating as a Director candidate

Mr. Yanagisawa has strengthened the Company's managerial foundation by supervising accounting, finance, IR, legal, and other management areas and overseeing corporate governance, M&As, and other responsibilities. In addition, he executes business operations as a Director and Vice-President, and we have chosen him as a

candidate for a Director because we expect him to perform his duties based on a wide range of perspectives in the future as well as a member of the Board of Directors.

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## Fuminori Hirose (Reappointment)

August 17, 1977



Number of  
Shares of  
Company  
Stock Held 60,050  
shares

### Career History, Status, Responsibilities, and Important Concurrent Posts

- April 2001 Joined The Dai-Ichi Kangyo Bank Ltd. (currently Mizuho Bank, Ltd.)
- August 2005 Joined Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.)
- May 2007 Head of Internal Audit Office of the Company
- August 2010 General Manager of Business Administration Division of the Company
- April 2012 General Manager of EC Business Division of the Company
- July 2017 General Manager of Business Administration Division of the Company
- May 2019 Executive Officer and General Manager of the Business Administration Division of the Company
- July 2019 Outside Auditor, KOKOPELLI Inc. (current post)
- July 2020 Executive Officer and General Manager of EC Business Division of the Company  
Executive Officer of MSP Product Development Division of the Company
- September 2020 Director, yutori, Inc. (current post)
- February 2021 Executive Officer of Category Promotion Division of the Company
- June 2021 Director and COO of the Company (current post)
- December Outside Director, HUPRO, Inc. (current post)



2023

Important concurrent post

Outside Auditor, KOKOPELLI Inc.

Director, yutori, Inc.

Outside Director, HUPRO, Inc.

Reasons for nominating as a Director candidate \_\_\_\_\_

Since joining the Company, Mr. Hirose has served as Head of the Internal Audit Office, Executive Officer and General Manager of the Business Administration Division, and Executive Officer and General Manager of the EC Business Division. He has a wide range of experience and knowledge. In addition, he has contributed to the Company's business growth as a Director and COO of the Company since June 2021. We have chosen him as a candidate to continue as a Director because we expect him to contribute to the enhancement of the corporate value of the Company.

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## Makoto Hide (New appointment)

January 23, 1979

Career History, Status, Responsibilities, and Important Concurrent Posts

- March 2002 Joined Yahoo Japan Corporation (currently LY Corporation)
- April 2018 EVP, Corporate Officer, President of Business Promotion Group, Commerce Company, Yahoo Japan Corporation (currently LY Corporation)
- March 2021 Director, Ikyu Corporation
- April 2022 EVP, Managing Corporate Officer, President of Business Promotion Office, CEO Business Promotion Office, President of Commerce Group, Yahoo Japan Corporation (currently LY Corporation)
- August 2023 Chairman of the Board, Ikyu Corporation (current post)
- October 2023 Executive Corporate Officer, Commerce Company CEO, LY Corporation (current post)

Important concurrent post

Chairman of the Board, Ikyu Corporation

Executive Corporate Officer, Commerce Company CEO, LY Corporation

Reasons for nominating as a Director candidate

He has extensive experience and wide-ranging knowledge cultivated in business strategies in the internet service industry and corporate management in parent company group companies, and we appointed him as a candidate for Director to utilize his experience and knowledge in managing the group.



Number of  
Shares of  
Company  
Stock Held

-

## Yuko Nagata (Reappointment)

November 22, 1978



### Career History, Status, Responsibilities, and Important Concurrent Posts

- April 2003 Business Promotion Division, Corporate Planning Department, NTT FACILITIES, INC.
- May 2004 Ynot Inc. (Later, absorbed by Rakuten, Inc.)
- June 2005 Business Manager of Gift Service Business, Rakuten, Inc.
- May 2011 e-business manager of Professional Production Division, NIHON L'ORÉAL K.K.
- April 2018 CEO's Business Promotion Office, Yahoo Japan Corporation
- April 2022 Corporate Officer, Z Holdings Corporation (currently LY Corporation)
- April 2023 EVP, Corporate Officer, General Manager of Marketing Division, Yahoo Japan Corporation (currently LY Corporation)
- June 2023 Director of the Company (current post)
- October 2023 EVP, Corporate Officer, General Manager of Marketing Division, LY Corporation (current post)

Number of  
Shares of  
Company  
Stock Held

-

### Important concurrent post

EVP, Corporate Officer, General Manager of Marketing Division, LY Corporation

### Reasons for nominating as a Director candidate

She has extensive experience and a broad perspective cultivated in the internet service and cosmetics industry, and the Company requests that Ms. Nagata be re-appointed as our Director for management.

6

## Taro Saito (Reappointment)

November 24, 1972



### Career History, Status, Responsibilities, and Important Concurrent Posts

April 1995 Joined DENTSU INC.  
May 2005 Established dof Inc., Director  
June 2009 Retired from DENTSU INC.  
June 2009 President and Representative Director, dof Inc. (current post)  
December 2014 Outside Director, VOYAGE GROUP Inc. (currently CARTA HOLDINGS, INC.) (current post)  
January 2017 Established CC INC., Director (current post)  
June 2019 Outside Director, for Startups, Inc. (current post)  
June 2020 Director of the Company (current post)  
August 2022 Outside Director, Sansan, Inc. (current post)

Number of  
Shares of  
Company  
Stock Held

-

### Important concurrent post

President and Representative Director, dof Inc.  
Outside Director, CARTA HOLDINGS, INC.  
Director, CC INC.  
Outside Director, for Startups, Inc.  
Outside Director, Sansan, Inc.

### Reasons for nominating as an Outside Director candidate and an expected role

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Based on Mr. Saito's extensive experience and broad insight in branding and communication design, we expect him to continue to supervise the company's management and contribute to strengthening corporate governance by providing advice on the Company's overall management. In addition, we expect him to supervise management and strengthen corporate governance, mainly by advising on formulating management strategies and decision-

making on business execution, participating in the nomination/ remuneration decision-making process, and supervising conflicts of interest.

## Takako Kansai (Reappointment)

April 1, 1979



### Career History, Status, Responsibilities, and Important Concurrent Posts

April 2001 Joined Nikkei Business Publications, Inc.  
 September 2004 Joined KBMJ, Inc. (currently Appirits Inc.)  
 August 2008 Joined User Local, Inc.  
 September 2012 Established Zaim Inc., Representative Director (current post)  
 November 2018 Director, Da Vinci Studio Co., Ltd. (current post)  
 April 2021 Outside Director, ROLLCAKE Inc. (current post)  
 May 2023 Representative Executive Officer, Kufu Company Inc. (current post)  
 June 2023 Director of the Company (current post)  
 July 2023 Representative Director, Kufu AI Studio Inc. (current post)

Number of  
Shares of  
Company  
Stock Held

-

### Important concurrent post

Representative Director, Kufu AI Studio Inc.  
 Representative Executive Officer, Kufu Company Inc.  
 Representative Director, Zaim Inc.  
 Outside Director, ROLLCAKE Inc.

### Reasons for nominating as an Outside Director candidate and an expected role

The Company requests the re-appointment of Ms. Kansai as an Outside Director to ask her to supervise the Company's management and obtain advice about the entire management based on extensive experiences and a broad perspective in both business and internet business technology to contribute to strengthening

corporate governance.

We expect her to give advice about determining the management strategy and making decisions about business execution, lead the appointment/ remuneration determination process, oversee conflicts of interest using the above-mentioned extensive experience and broad perspective, and supervise management and strengthen corporate governance.

## Takuya Oikawa (New appointment)

August 28, 1965



### Career History, Status, Responsibilities, and Important Concurrent Posts

April 1988 Joined Digital Equipment Corporation Japan  
 October 1997 Joined Microsoft Co., Ltd. (currently Microsoft Japan Co., Ltd.)  
 October 2006 Joined Google Japan Inc. (currently Google Japan G.K.)  
 October 2015 Joined Increments Inc. (currently Qiita Inc.)  
 January 2019 Established Tably Inc., Representative Director (current post)  
 September 2020 Joined Global Hands-On VC Inc., Founding Partner (current post)

Number of  
Shares of  
Company  
Stock Held

-

### Important concurrent post

Representative Director, Tably Inc.  
 Founding Partner, Global Hands-On VC Inc.

### Reasons for nominating as an Outside Director candidate and an expected role

We request his appointment as an Outside Director so that he can oversee company management and strengthen corporate governance by advising on company management based on his wealth of experience and broad-ranging knowledge concerning the management of products and engineering in IT and internet-related systems. In addition, we expect 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, and utilizing the wealth mentioned above of experience and broad-ranging knowledge.



(Note)

1. There are no particular conflicts of interest between the candidate Directors and the Company.
2. Mr. Makoto Hide is an Executive Corporate Officer, Commerce Company CEO of LY Corporation (LY), which has a business relationship with the Company related to opening stores at Yahoo! JAPAN Shopping and advertising, as well as transactions related to user referral, and also competes in the Fashion e-commerce Business.
3. "Career History, Status, Responsibilities, and Important Concurrent Posts" of Mr. Makoto Hide includes positions and responsibilities of the current or the last ten years of business execution at our parent company, LY.
4. Ms. Yuko Nagata is EVP, Corporate Officer, and General Manager of the Marketing Division of LY, which has a business relationship with the Company related to opening stores at Yahoo! JAPAN Shopping and advertising, as well as transactions related to user referral, and also competes in the Fashion e-commerce Business.
5. "Career History, Status, Responsibilities, and Important Concurrent Posts" of Ms. Yuko Nagata includes positions and responsibilities of the current or the last ten years of business execution at our parent company, LY.
6. Mr. Taro Saito and Ms. Takako Kansai are candidates for Outside Directors. The Company designated those candidates as independent Directors and submitted it to the Tokyo Stock Exchange. If the appointment of those candidates is approved, the Company will appoint them as independent Directors and submit it to the Tokyo Stock Exchange.
7. Mr. Takuya Oikawa is a candidate for an Outside Director and he meets the requirements for an independent Director as stipulated by the Tokyo Stock Exchange. If the appointment of Mr. Takuya Oikawa is approved, the Company will designate him as independent Directors and submit it to the Tokyo Stock Exchange.
8. Mr. Taro Saito's term in office as an Outside Director of the Company will be 4 years upon the end of this General Meeting.
9. Ms. Takako Kansai's term in office as an Outside Director of the Company will be 1 year upon the end of this General Meeting.
10. None of Mr. Taro Saito, Ms. Takako Kansai, and Mr. Takuya Oikawa is an executive or an officer of a business having specified ties to the Company or has been an executive or an officer of a business having specified ties to the Company within the past ten years.
11. None of Mr. Taro Saito, Ms. Takako Kansai, and Mr. Takuya Oikawa plans to receive, or has received within the past two years, large sums of money or other assets from the Company or a business having specified ties to the Company.
12. None of Mr. Taro Saito, Ms. Takako Kansai, and Mr. Takuya Oikawa is a spouse, relative within three degrees of consanguinity, or party in a similar relationship to an executive or an officer of the Company or a business having specified ties to the Company.
13. None of Mr. Taro Saito, Ms. Takako Kansai, and Mr. Takuya Oikawa was a business executive of a joint-stock company from which the Company has succeeded rights or obligations within the past two years through merger, spin-off and absorption, spin-off as a new organization, or transfer of business, immediately before such merger, etc.
14. Under the provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, the Company concluded contracts with Ms. Yuko Nagata, Mr. Taro Saito, and Ms. Takako Kansai limiting their liability for damages as stipulated in Article 423, Paragraph 1 of that Act, and will continue contracts, should these reappointments be approved. Under the said contracts, the liability for damages of those Directors

would be limited to the maximum amount prescribed by laws and regulations.

15. Under the provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, the Company plans to conclude with Mr. Makoto Hide and Mr. Takuya Oikawa, contracts limiting the liability for damages as stipulated in Article 423, Paragraph 1 of that Act, should appointments be approved. Under the said contracts, liability for damages of those Directors would be limited to the maximum amount prescribed by laws and regulations.

16. The Company will enter into a liability insurance policy for Directors and Officers, which is stipulated in Article 430-3, Paragraph 1, of the Companies Act, with an insurance company to cover litigation expenses and compensation for damage arising from third-party claims, shareholder derivative actions, and company's actions borne by insured persons. The candidates will be included among the insured persons under the relevant insurance policy.

(Reference) Skill matrix of Directors

The following shows the knowledge, understanding, and experience of the Directors who are expected to respond to present and future management challenges based on the company's management environment.

|                  |                                          | ① Important knowledge and experience for decision-making and monitoring of the Board of Directors |              |            |                                 |                     |                      |                             |                                   |                          |                                      | ② Important knowledge and experience in responding to current and future management issues |                                |                          |
|------------------|------------------------------------------|---------------------------------------------------------------------------------------------------|--------------|------------|---------------------------------|---------------------|----------------------|-----------------------------|-----------------------------------|--------------------------|--------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------|--------------------------|
|                  |                                          | Corporate Management                                                                              | Finance, M&A | Accounting | Organization and Human resource | ESG, Sustainability | Corporate Governance | Compliance, risk management | Brand strategy, Creative strategy | Technology (IT, Digital) | Expertise in industry and businesses | Supply chain management                                                                    | Global management and business | Imagination and creation |
| Name             | Title                                    |                                                                                                   |              |            |                                 |                     |                      |                             |                                   |                          |                                      |                                                                                            |                                |                          |
| Kotaro Sawada    | Representative Director, President & CEO | ●                                                                                                 |              |            | ●                               | ●                   |                      |                             | ●                                 | ●                        | ●                                    | ●                                                                                          | ●                              |                          |
| Koji Yanagisawa  | Director, Executive Vice President & CFO | ●                                                                                                 | ●            | ●          |                                 | ●                   | ●                    | ●                           |                                   |                          | ●                                    |                                                                                            | ●                              |                          |
| Fuminori Hirose  | Director and COO                         | ●                                                                                                 | ●            | ●          |                                 | ●                   | ●                    | ●                           |                                   |                          | ●                                    | ●                                                                                          | ●                              |                          |
| Makoto Hide      | Director                                 | ●                                                                                                 |              |            | ●                               |                     |                      |                             | ●                                 | ●                        |                                      |                                                                                            | ●                              |                          |
| Yuko Nagata      | Director                                 | ●                                                                                                 |              |            |                                 | ●                   |                      |                             | ●                                 |                          | ●                                    |                                                                                            | ●                              |                          |
| Taro Saito       | Outside Director                         | ●                                                                                                 |              |            | ●                               |                     |                      |                             | ●                                 |                          |                                      |                                                                                            | ●                              |                          |
| Takako Kansai    | Outside Director                         | ●                                                                                                 |              |            | ●                               |                     |                      |                             | ●                                 | ●                        | ●                                    |                                                                                            | ●                              |                          |
| Takuya Oikawa    | Outside Director                         | ●                                                                                                 |              |            | ●                               |                     |                      |                             | ●                                 | ●                        | ●                                    |                                                                                            | ●                              |                          |
| Hiroko Igarashi  | Audit and Supervisory Committee member   |                                                                                                   | ●            | ●          |                                 |                     | ●                    | ●                           |                                   |                          |                                      |                                                                                            | ●                              |                          |
| Junko Utsunomiya | Audit and Supervisory Committee member   |                                                                                                   | ●            |            |                                 | ●                   | ●                    | ●                           |                                   |                          |                                      | ●                                                                                          | ●                              |                          |
| Kumiko Nishiyama | Audit and Supervisory Committee member   |                                                                                                   | ●            | ●          |                                 | ●                   | ●                    | ●                           |                                   |                          |                                      |                                                                                            | ●                              |                          |

(Note)

The table does not show all the Directors' knowledge, understanding, and experience.

# Business Report



# Business Report for the 26<sup>th</sup> Fiscal Year

From April 1, 2023, to March 31, 2024

## 1. Matters concerning the current status of the corporate group

### (1) Progress of business operation and its results

[Table 1] YoY comparison

(Unit: Million yen)

|                                               | Previous consolidated fiscal year<br>(April 1, 2022 to March 31, 2023) |          | Current consolidated fiscal year<br>(April 1, 2023 to March 31, 2024) |          | YoY basis |
|-----------------------------------------------|------------------------------------------------------------------------|----------|-----------------------------------------------------------------------|----------|-----------|
| Gross merchandise value                       | 544,317                                                                | (108.6%) | 574,373                                                               | (107.0%) | 5.5%      |
| Gross merchandise value (excluding other GMV) | 501,108                                                                | (100.0%) | 536,907                                                               | (100.0%) | 7.1%      |
| Net sales                                     | 183,423                                                                | (36.6%)  | 197,016                                                               | (36.7%)  | 7.4%      |
| Gross profit                                  | 171,341                                                                | (34.2%)  | 183,147                                                               | (34.1%)  | 6.9%      |
| Operating profit                              | 56,421                                                                 | (11.3%)  | 60,079                                                                | (11.2%)  | 6.5%      |
| Ordinary profit                               | 56,716                                                                 | (11.3%)  | 59,764                                                                | (11.1%)  | 5.4%      |
| Profit attributable to owners of parent       | 39,526                                                                 | (7.9%)   | 44,341                                                                | (8.3%)   | 12.2%     |

Numbers in parentheses are percentages to gross merchandise value (excluding other GMV)

Under the corporate philosophy of “Inspire the world. Deliver joy every day.”, we mainly operate the following businesses: The largest fashion e-commerce website in Japan, “ZOZOTOWN”, and an outfit-sharing app “WEAR”. During the current consolidated fiscal year, the apparel industry, particularly at physical stores, experienced growth due to increased opportunities for going out and increased demand for clothing as a result of the easing of behavioral restrictions against COVID-19 infections, while the economic outlook remained uncertain due to the price hike of resources and raw materials and the yen's continued depreciation. On the other hand, we experienced unusual climatic effects this year, with an extended period of lingering summer heat and a record-warm winter. Under this circumstance, our group has been focusing even more on creating ZOZOTOWN more attractive to both users and brands with the goal of increasing the number of unique users and improving the conversion rate (the purchasing rate of unique users). To maximize sales at ZOZOTOWN, we have implemented measures such as the sale event “ZOZOWEEK” (10 days in total from May 12 to 21, 2023, 11 days in total from September 12 to 18, and 21 to 24, 2023, 17 days in total from November 1 to 12 and 15 to 19, 2023), broadcasted TV commercials to attract customers during the summer sale (from June 23, 2023) and the winter sale (from January 1, 2024). We also implemented the Black Friday sale for 4 days from November 23 to 26, 2023, which contributed to the peak of our autumn-winter sales, aided by the drop in temperatures during the same period. In addition, we continued to proactively welcome new brands in a wide range of genres to meet the diversifying

needs of users.

As an initiative to strengthen a specific category, we have been concentrating on “ZOZOCOSME”. ZOZOCOSME handles more than 700 cosmetics brands, which includes both domestic and overseas brands, as of the end of March 2024. We will proactively continue to open new brand shops to increase the merchandise value of the cosmetics category in ZOZOTOWN. In addition, as our unique value-added service, we have launched “niaulab”, an ultimate personalized-styling service that utilizes our AI technologies. We are aiming to provide solutions to help find one’s “style” that approaches the upper stream of purchasing in the value chain.

Sales of LY Corporation Commerce (combined sales of Yahoo! JAPAN Shopping and Yahoo! JAPAN Auction) have been growing steadily due to the retention of new customers acquired in the previous consolidated fiscal year and promotion activities such as “Serious ZOZO Festival” (Total of 7 times, on June 25, September 18, October 15, November 26 in 2023 and January 1, February 25, March 17 in 2024) by LY Corporation which operates Yahoo! JAPAN Shopping.

Regarding the BtoB business, brands that we currently support are actively continuing to enhance their e-commerce websites, although a few brands were withdrawn in the previous consolidated fiscal year.

In August 2023, we started operations of our new logistics base, “ZOZOBASE TSUKUBA 3” in anticipation of future growth in the gross merchandise value. The new logistics base has the largest facility capacity in our company in terms of total floor space and the number of products stored, etc. As a measure to cope with the future trend of a declining workforce, we are making aggressive capital investments, including the introduction of state-of-the-art equipment for the first time in Japan, aiming to reduce the labor force through automation of operations.

Consequently, the gross merchandise value in the current consolidated fiscal year was 574,373 million yen (+5.5% YoY), and the gross merchandise value (excluding other GMV) was 536,907 million yen (+7.1% YoY). Net sales were 197,016 million yen (+7.4% YoY), and gross profit was 183,147 million yen (+6.9% YoY). The ratio of gross profit to the gross merchandise value (excluding other GMV) (gross profit margin) was 34.1%, a decrease of 0.1% from the previous fiscal year.

As for net sales, despite higher point-related expenses compared to the previous year, the YoY growth rate exceeded that of the gross merchandise value (excluding other GMV), mainly due to growth in USED sales, and the advertising business.

As mentioned in the sales section, the main factor in the decreased gross profit margin YoY was higher point-related expenses compared to the previous year.

Selling, general and administrative expenses were 123,067 million yen (+7.1% YoY). Its ratio to the gross merchandise value (excluding other GMV) was 22.9%, on par with the same quarter of the previous fiscal year. The SG&A expenses changed on YoY are as follows. All the percentages to the gross merchandise value are calculated by dividing each SG&A expense by the gross merchandise value (excluding other GMV):

#### Improving factors

1. Shipping expenses to the gross merchandise value declined by 0.3% due to a higher average order value on a YoY basis.
2. Advertising expenses to the gross merchandise value declined 0.3% due to the change in spending for promotional purposes (resulting in a rise in the ratio of point-related expenses YoY)

### Worsening factors

1. Depreciation expenses to the gross merchandise value rose by 0.3% due to the depreciation for material handling equipment, etc., for the commencement of operations at ZOZOBASE TSUKUBA 3.
2. Rent expenses to the gross merchandise value rose by 0.2% due to the increase in ZOZOBASE TSUKUBA 3.
3. Logistics-related expenses in personnel costs increased by 0.1% as a result of reduced operational efficiency due to higher logistics quantities.

Consequently, the operating profit of the current consolidated fiscal year was 60,079 million yen (+6.5% YoY), and the operating profit margin was 11.2% to the gross merchandise value (excluding other GMV), a decrease of 0.1% compared with the previous year. Ordinary profit was 59,764 million yen (+5.4% YoY), and net profit attributable to owners of parent was 44,341 million yen (+12.2% YoY).

[Table 2] Comparison with the consolidated business forecast

|                                               | (Unit: Million yen)                                                  |          |                                               |          |                                              |
|-----------------------------------------------|----------------------------------------------------------------------|----------|-----------------------------------------------|----------|----------------------------------------------|
|                                               | Current consolidated fiscal year<br>(consolidated business forecast) |          | Current consolidated fiscal year<br>(Results) |          | Comparison<br>to the<br>business<br>forecast |
| Gross merchandise value                       | 580,881                                                              | (108.5%) | 574,373                                       | (107.0%) | -1.1 %                                       |
| Gross merchandise value (excluding other GMV) | 535,281                                                              | (100.0%) | 536,907                                       | (100.0%) | 0.3 %                                        |
| Net sales                                     | 200,700                                                              | (37.5%)  | 197,016                                       | (36.7%)  | -1.8 %                                       |
| Operating profit                              | 60,000                                                               | (11.2%)  | 60,079                                        | (11.2%)  | 0.1 %                                        |
| Ordinary profit                               | 60,000                                                               | (11.2%)  | 59,764                                        | (11.1%)  | -0.4 %                                       |
| Profit attributable to owners of parent       | 42,000                                                               | (7.8%)   | 44,341                                        | (8.3%)   | 5.6 %                                        |

Figures in parentheses are percentages to the gross merchandise value (excluding other GMV).

Compared to the initial consolidated business forecast disclosed on April 27, 2023, the gross merchandise value was 1.1% below. Although we were affected by unusual climatic effects throughout the period, for the gross merchandise value (excluding other GMV), we were able to achieve the initial forecast, which exceeded by 0.3%, due to our flexible promotional activities.

On the other hand, net sales fell short of the forecast by 1.8%, mainly due to factors such as the recording of point-related expenses, which were deducted from sales, that exceeded the initial forecast within the actual promotional expenses.

For the profit part, operating profit and profit attributable to owners of parent exceeded 0.1% and 5.6% respectively but ordinary profit was 0.4% below.

The main reason for achieving operating profit was due to reduced shipping costs resulting from higher-than-planned the average order value and various cost controls.

For ordinary profit, we fell below the initial forecast due to the inclusion of loss on investments in partnerships from investment funds. However, net profit attributable to owners of parent exceeded the initial forecast,

benefiting from tax deductions thanks to successful sustainability initiatives and extraordinary income from the sale of shares of yutori, Inc., which was a consolidated subsidiary, following its listing on the Tokyo Stock Exchange Growth Market.

[Table 3] YoY comparison by business segment

| By business segment                    | Previous consolidated fiscal year<br>(April 1, 2022 to March 31, 2023) |                        |                            | Current consolidated fiscal year<br>(April 1, 2023 to March 31, 2024) |                        |                            | Merchandise Value<br>YoY (%) | Net sales<br>YoY (%) |
|----------------------------------------|------------------------------------------------------------------------|------------------------|----------------------------|-----------------------------------------------------------------------|------------------------|----------------------------|------------------------------|----------------------|
|                                        | Merchandise value<br>(Million yen)                                     | Compositi<br>on<br>(%) | Net sales<br>(Million yen) | Merchandise Value<br>(Million yen)                                    | Compositi<br>on<br>(%) | Net sales<br>(Million yen) |                              |                      |
| ZOZOTOWN Business                      | 435,542                                                                | 80.0                   | 136,075                    | 464,734                                                               | 80.9                   | 143,859                    | 6.7                          | 5.7                  |
| (Outright purchase/production & sales) | 4,726                                                                  | 0.9                    | 4,561                      | 4,429                                                                 | 0.8                    | 4,263                      | -6.3                         | -6.5                 |
| (Consignment Sales)                    | 414,769                                                                | 76.2                   | 115,815                    | 442,214                                                               | 77.0                   | 121,965                    | 6.6                          | 5.3                  |
| (USED Sales)                           | 16,046                                                                 | 2.9                    | 15,699                     | 18,090                                                                | 3.1                    | 17,630                     | 12.7                         | 12.3                 |
| LY Corporation Commerce (Note)1        | 49,881                                                                 | 9.2                    | 14,652                     | 57,696                                                                | 10.1                   | 17,136                     | 15.7                         | 17.0                 |
| BtoB business                          | 15,684                                                                 | 2.9                    | 2,587                      | 14,477                                                                | 2.5                    | 2,271                      | -7.7                         | -12.2                |
| Advertising business                   | —                                                                      | —                      | 7,770                      | —                                                                     | —                      | 9,737                      | —                            | 25.3                 |
| Subtotal excluding others              | 501,108                                                                | 92.1                   | 161,086                    | 536,907                                                               | 93.5                   | 173,004                    | 7.1                          | 7.4                  |
| Others                                 | 43,209                                                                 | 7.9                    | 22,336                     | 37,465                                                                | 6.5                    | 24,012                     | -13.3                        | 7.5                  |
| Total                                  | 544,317                                                                | 100.0                  | 183,423                    | 574,373                                                               | 100.0                  | 197,016                    | 5.5                          | 7.4                  |

(Note)

1. LY Corporation Commerce is combined sales of Yahoo! JAPAN Shopping and Yahoo! JAPAN Auction.

#### ① ZOZOTOWN business

The ZOZOTOWN Business consists of three business forms: “Outright purchase/production & sales”, “Consignment sales”, and “USED sales”. “Outright purchase/production & sales” purchases fashion merchandise and sells it as in-house inventory with inventory risk. This corresponds to the form of purchasing fashion merchandise from each brand and the form of ordering merchandise by our group, such as MS (Multi-Size). “Consignment sales” handles consignment inventory of merchandise from each brand and sells them on a consignment basis. “USED sales” mainly buys and sells used fashion-related merchandise from individual users and is positioned as a value-added service to promote the purchase of new products.

We recognize that increasing the number of buyers and the usage rate of ZOZOTOWN in fashion consumption are the key factors in achieving sustainable growth. To realize this, we are working on creating a website that is attractive to both users and brands.



The transition of major KPIs for the ZOZOTOWN Business is as follows.

(Number of shops, etc.)

[Table 4] Changes in the number of shops and brands

|                                               | Previous consolidated fiscal year |       |       |       | Current consolidated fiscal year |       |       |       |
|-----------------------------------------------|-----------------------------------|-------|-------|-------|----------------------------------|-------|-------|-------|
|                                               | Q1                                | Q2    | Q3    | Q4    | Q1                               | Q2    | Q3    | Q4    |
| Shops in ZOZOTOWN (Note) 1                    | 1,523                             | 1,532 | 1,554 | 1,562 | 1,564                            | 1,581 | 1,605 | 1,595 |
| Outright purchase/production & sales (Note) 2 | 25                                | 27    | 28    | 28    | 28                               | 29    | 28    | 29    |
| Consignment sales                             | 1,498                             | 1,505 | 1,526 | 1,534 | 1,536                            | 1,552 | 1,577 | 1,566 |
| Number of brands (Note) 1,2                   | 8,512                             | 8,455 | 8,545 | 8,455 | 8,981                            | 8,940 | 9,109 | 9,021 |

(Note)

1. Numbers are as of the end of the quarter accounting period.
2. Private brand "ZOZO" and "Multi-size" are not included.

The number of new shops opened during the current consolidated fiscal year was 118 (a net increase of 33 shops). The number of shops opened in the fourth quarter consolidated accounting period was 17 (net decrease of 10 shops).

The major new stores are "MUSINSA", a Korean online fashion store, "Mardi Mercredi", a Korean brand popular among young generation, and in the cosmetic category, "NARS" operated by Shiseido Group.

The plan to attract new store openings proceeded as scheduled however the number of shops decreased QoQ due to brand consolidation and closures.

(Number of annual buyers)

[Table 5] Changes in the number of annual buyers

|                                  | Previous consolidated fiscal year |            |            |            | Current consolidated fiscal year |            |            |            |
|----------------------------------|-----------------------------------|------------|------------|------------|----------------------------------|------------|------------|------------|
|                                  | Q1                                | Q2         | Q3         | Q4         | Q1                               | Q2         | Q3         | Q4         |
| Number of annual buyers (Note )2 | 10,619,934                        | 10,859,876 | 11,211,383 | 11,411,712 | 11,470,592                       | 11,552,764 | 11,690,958 | 11,681,218 |
| (YoY)                            | 889,772                           | 969,092    | 1,108,032  | 993,381    | 850,658                          | 692,888    | 479,575    | 269,506    |
| (QoQ)                            | 201,603                           | 239,942    | 351,507    | 200,329    | 58,880                           | 82,172     | 138,194    | -9,740     |
| Number of active members (Note)3 | 9,269,080                         | 9,545,087  | 9,935,769  | 10,192,333 | 10,352,251                       | 10,515,910 | 10,739,246 | 10,789,997 |
| (YoY)                            | 902,007                           | 1,037,090  | 1,223,890  | 1,149,139  | 1,083,171                        | 970,823    | 803,477    | 597,664    |
| (QoQ)                            | 225,886                           | 276,007    | 390,682    | 256,564    | 159,918                          | 163,659    | 223,336    | 50,751     |
| Number of guest buyers           | 1,350,854                         | 1,314,789  | 1,275,614  | 1,219,379  | 1,118,341                        | 1,036,854  | 951,712    | 891,221    |
| (YoY)                            | -12,235                           | -67,998    | -115,858   | -155,758   | -232,513                         | -277,935   | -323,902   | -328,158   |
| (QoQ)                            | -24,283                           | -36,065    | -39,175    | -56,235    | -101,038                         | -81,487    | -85,142    | -60,491    |

(Note)

1. The calculating period is the most recent one-year period prior to the end of the accounting periods.
2. The Number of annual buyers is the sum of active members and guest buyers who purchased more than once within the past year from each quarter.
3. Numbers of active members are members who purchased more than once within the past year from each quarter.
4. Buyers of "LY Corporation Commerce" are not included.

In the fourth quarter, the consolidated accounting period of the current fiscal year, the number of annual buyers increased as a result of an increase in the number of active members YoY. On the other hand, number of annual buyers decreased slightly QoQ. This was because a decrease in guest buyers on a QoQ basis exceeded an increase in active members on the same basis, as its growth was limited. The steady growth in the number of active members is due to the retention of new members acquired in the previous fiscal year as well as the strengthening of customer attraction through broadcasting TV commercials and web advertising of "ZOZOWEEK" held in May, September, and November, the Black Friday sale, and the summer/winter sale initiated in June 2023 and in January 2024. However, the number of active members was not enough to achieve a QoQ increase due to a warm winter during the winter sale period and the cold temperatures after the start of the spring clothing season, which resulted in a particularly weak acquisition of new members. The number of guest buyers continued to decline YoY and QoQ due to enhanced services for members.

## (Annual purchase amount and annual purchase pieces)

[Table 6] Changes in the annual purchase amount and annual purchase pieces

|                                                                   | Previous consolidated fiscal year |        |        |        | Current consolidated fiscal year |        |        |        |
|-------------------------------------------------------------------|-----------------------------------|--------|--------|--------|----------------------------------|--------|--------|--------|
|                                                                   | Q1                                | Q2     | Q3     | Q4     | Q1                               | Q2     | Q3     | Q4     |
| Annual purchase amount<br>(Total)<br>(Note) 1, 2, 3, 4            | 42,559                            | 42,401 | 42,331 | 42,224 | 42,341                           | 42,403 | 42,502 | 42,817 |
| (YoY)                                                             | 0.5%                              | 0.1%   | -0.5%  | -0.4%  | -0.5%                            | 0.0%   | 0.4%   | 1.4%   |
| (QoQ)                                                             | 0.4%                              | -0.4%  | -0.2%  | -0.3%  | 0.3%                             | 0.1%   | 0.2%   | 0.7%   |
| Annual purchase pieces<br>(Total)<br>(Note) 1, 2, 3               | 11.6                              | 11.4   | 11.1   | 10.9   | 10.8                             | 10.8   | 10.8   | 10.9   |
| (YoY)                                                             | 1.5%                              | -1.4%  | -4.5%  | -5.9%  | -6.6%                            | -5.3%  | -2.6%  | -0.2%  |
| (QoQ)                                                             | 0.0%                              | -1.8%  | -2.3%  | -1.8%  | -0.8%                            | -0.4%  | 0.4%   | 0.6%   |
| Annual purchase amount<br>(Existing members) (Note) 1,<br>2, 3, 4 | 49,407                            | 49,331 | 49,336 | 48,716 | 48,856                           | 48,752 | 48,290 | 48,133 |
| (YoY)                                                             | 0.3%                              | 0.6%   | 0.6%   | -1.1%  | -1.1%                            | -1.2%  | -2.1%  | -1.2%  |
| (QoQ)                                                             | 0.3%                              | -0.2%  | 0.0%   | -1.3%  | 0.3%                             | -0.2%  | -0.9%  | -0.3%  |
| Annual purchase pieces<br>(Existing members) (Note) 1,<br>2, 3    | 13.4                              | 13.2   | 12.9   | 12.6   | 12.5                             | 12.3   | 12.3   | 12.2   |
| (YoY)                                                             | 1.3%                              | -0.9%  | -3.4%  | -6.4%  | -7.2%                            | -6.4%  | -5.2%  | -3.0%  |
| (QoQ)                                                             | -0.3%                             | -1.9%  | -1.8%  | -2.7%  | -1.1%                            | -1.1%  | -0.5%  | -0.3%  |

(Note)

1. The calculating period is the most recent one-year before the end of the accounting periods.
2. Indexes for each active member.
3. Buyers of "LY Corporation Commerce" are not included.
4. The amounts are in yen.

During the fourth quarter consolidated accounting period of the current fiscal year, the annual purchase amount (Total) increased YoY and QoQ. The annual purchase pieces (Total) decreased YoY but increased QoQ. This was due to a decrease in the acquisition of new members during the fourth quarter consolidated accounting period of the current fiscal year, resulting in a decrease in the percentage of new members in the annual members. For existing members, both the annual purchase amount and the number of annual purchase pieces decreased YoY and QoQ. This is primarily due to the impact of robust new member acquisitions during the COVID-19 pandemic, which led to an increase in the proportion of members with shorter membership histories among our existing members. (The shorter the membership history, the lower the annual purchase amount and pieces.)

(Average retail price etc.)

[Table 7] Changes in the average retail price, average order value, average purchase pieces per order, and number of shipments

|                                                     | Previous consolidated fiscal year |            |            |            | Current consolidated fiscal year |            |            |            |
|-----------------------------------------------------|-----------------------------------|------------|------------|------------|----------------------------------|------------|------------|------------|
|                                                     | Q1                                | Q2         | Q3         | Q4         | Q1                               | Q2         | Q3         | Q4         |
| Average retail price<br>(Note) 1, 2, 3              | 3,552                             | 3,487      | 4,438      | 3,987      | 3,726                            | 3,590      | 4,360      | 4,003      |
| (YoY)                                               | 1.8%                              | 6.8%       | 6.5%       | 6.3%       | 4.9%                             | 3.0%       | -1.7%      | 0.4%       |
| Average order value<br>(Note) 1, 2, 3               | 7,699                             | 7,566      | 8,961      | 8,300      | 8,177                            | 7,894      | 9,119      | 8,735      |
| (YoY)                                               | 2.6%                              | 3.0%       | 4.3%       | 4.1%       | 6.2%                             | 4.3%       | 1.8%       | 5.2%       |
| Average purchase<br>pieces per order (Note)<br>1, 3 | 2.17                              | 2.17       | 2.02       | 2.08       | 2.19                             | 2.20       | 2.09       | 2.18       |
| (YoY)                                               | 0.9%                              | -3.6%      | -2.1%      | -2.1%      | 1.3%                             | 1.3%       | 3.6%       | 4.8%       |
| Number of shipments<br>(Note) 1, 3                  | 13,123,988                        | 12,742,183 | 14,178,195 | 13,379,524 | 13,240,721                       | 13,107,431 | 15,000,816 | 13,302,151 |
| (YoY)                                               | 8.6%                              | 7.8%       | 8.6%       | 4.5%       | 0.9%                             | 2.9%       | 5.8%       | -0.6%      |

(Note)

1. Numbers for the quarter accounting period are used.
2. The amounts are in yen.
3. "LY Corporation Commerce" is not included.

The average retail price in the fourth quarter consolidated accounting period of the current fiscal year increased slightly YoY, though there have been increases in full retail price by various brands this autumn and winter. The main factor is that changes in the product mix and an increase in sales with discounts are influenced by unusual weather such as a warm winter. This led to a different sales pattern for fall and winter goods compared to the previous year since the third quarter consolidated accounting period of the current fiscal year. Even after the winter sale period, sales of outerwear, which typically have a higher unit price, remained sluggish. Meanwhile, the average order value increased YoY, due to an increase in the number of items purchased per order. The reason for an increase in the number of items purchased per order is the volume of free-shipping measures, which offer free shipping for purchases of 12,000 yen or more, compared with the same period of the previous year, and a rise in the percentage of combined purchases during the days of free shipping initiative. Additionally, the number of shipments decreased slightly YoY due to the aforementioned increase in the percentage of combined purchases, as well as the sluggish acquisition of new members.

i. Outright Purchase/Production & Sales

In the current consolidated fiscal year, the merchandise value was 4,429 million yen (-6.3% YoY), accounting for 0.8% of the gross merchandise value (0.9% in the same quarter of the previous fiscal year). Net sales were 4,263

million yen (-6.5% YoY). As of the end of March 2024, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 29 (28 as of the end of December 2023).

#### ii. Consignment Sales

In the current consolidated fiscal year, the merchandise value was 442,214 million yen (+6.6% YoY), accounting for 77.0% of the gross merchandise value (76.2% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 121,965 million yen (+5.3% YoY). As of the end of March 2024, the number of shops opened on ZOZOTOWN for consignment sales was 1,566 (1,577 as of the end of December 2023).

#### iii. USED Sales

In the current consolidated fiscal year, the merchandise value was 18,090 million yen (+12.7% YoY), accounting for 3.1% of the gross merchandise value (2.9% in the same quarter of the previous fiscal year). Net sales were 17,630 million yen (+12.3% YoY).

#### ② LY Corporation Commerce

LY Corporation Commerce is combined sales of “Yahoo! JAPAN Shopping” and “Yahoo! JAPAN Auction”. ZOZOTOWN opened a shop on Yahoo! JAPAN Shopping, an online shopping mall, and ZOZUSED has opened a shop on Yahoo! JAPAN Auction, an online auction service, since March 2024. Both are operated by LY Corporation. In the current consolidated fiscal year, the merchandise value was 57,696 million yen (+15.7% YoY), accounting for 10.1% of the gross merchandise value (9.2% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 17,136 million yen (+17.0% YoY).

#### ③ BtoB business

The BtoB business is a business model in which we are commissioned to build and operate brands’ own e-commerce websites. In the current consolidated fiscal year, the merchandise value was 14,477 million yen (-7.7% YoY), accounting for 2.5% of the gross merchandise value (2.9% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 2,271 million yen (-12.2% YoY). As of the end of March 2024, the number of consigned websites was 32 (33 as of the end of December 2023).

#### ④ Advertising business

The advertising business is a business model that generates advertising revenue by providing advertising space to client brands by utilizing the user reach base of ZOZOTOWN and WEAR. In the current consolidated fiscal year, net sales were 9,737 million yen (+25.3% YoY). As for WEAR, we continue to focus on expanding the number of users and content.

#### ⑤ Others

The segment for others within the gross merchandise value includes 1) the merchandise value of the stores that contracted “ZOZO Option” in the fashion category stores excluding ZOZOTOWN on Yahoo! JAPAN Shopping (service that enables those stores to get benefits from sales support such as participation in the special events by the Company), 2) the merchandise value of a consolidated subsidiary’s own e-commerce website, 3) the

merchandise value from ZOZOMO, the system to support for sending customers to the physical stores from ZOZOTOWN, and 4) the merchandise value of “ZOZOSUIT” which is sold for a fee in the U.S. The merchandise value during the current consolidated fiscal year was 37,465 million yen (-13.3% YoY), accounting for 6.5% of the gross merchandise value (7.9% in the same quarter of the previous fiscal year). Within the segment for others, net sales generated from businesses related to ZOZOTOWN (shipping income and settlement commission income, etc.) and other revenues mentioned above are included. In the current consolidated fiscal year, net sales were 24,012 million yen (+7.5% YoY).

#### (2) Status of capital investment

In the current consolidated fiscal year, in order to cope with the increase in the gross merchandise value, we added logistics-related equipment. The total amount was 9,364 million yen.

#### (3) Status of financing activities

The main funding source for the current consolidated fiscal year was short-term borrowings from financial institutions for refinancing. The balance of short-term borrowings at fiscal year-end was 20,000 million yen. Additionally, in March 2024, we entered into a syndicated commitment line agreement with 3 trading banks to improve funds flexibly and stably.

#### (4) Acquisition or disposal of shares, other equity, or stock acquisition rights of other companies

In the current consolidated fiscal year, yutori, inc. was excluded from the scope of consolidation due to a capital increase in connection with its listing on the stock exchange and the sale of a portion of the shares held by the Company. yutori, inc. is not included in the scope of equity-method affiliates because its effect on the consolidated financial statements is immaterial.

#### (5) Issues to be addressed

The significant issues the group is facing are: ① Generate synergies by deepening cooperation with the parent company LY Corporation, ② Rebranding of ZOZOTOWN, ③ Diversification of the profit structure, ④ Efforts to enhance fulfillment and e-commerce system functions, and ⑤ System engineer resource enhancement.

##### ① Generate synergies by deepening cooperation with the parent company LY Corporation

Our group became a consolidated subsidiary of LY Corporation as a result of a tender offer by LY Corporation, and since then we have strengthened the cooperation. We will expand the scope of the business by cooperating with other group companies and promoting maximum efforts to maximize synergy effects.

##### a. Increase the gross merchandise value at ZOZOTOWN Yahoo! JAPAN Shopping

We opened ZOZOTOWN at Yahoo! JAPAN Shopping operated by LY Corporation. ZOZOTOWN Yahoo! JAPAN Shopping started well, but we think that there is still room for growth. We will increase the gross merchandise value by adding the menus that ZOZOTOWN provides to ZOZOTOWN Yahoo! JAPAN Shopping and make it more useful for a wide range of users.

b. Share development resources

The Company will accelerate the pace and improve the development quality by sharing the technical capabilities of engineers between LY Corporation and the Company.

② Rebranding of ZOZOTOWN

The Company will rebrand the core business ZOZOTOWN to make it a value-added service not only pursuing fashion and selling merchandise but also giving value to users and brands with technology, creating new selling methods and customer experiences, upholding the theme "MORE FASHION" x "FASHION TECH."

③ Diversification of the profit structure

In April 2021, the Group announced its three pillars of the strategy, which aims to diversify its profit structure: (1) Increase traffic other than "BUY," (2) Step into "production support," and (3) Try "technology licensing sales." The Company aims to expand profit opportunities by maximizing the use of its unique customer base, information, know-how, technology, and other assets.

④ Efforts to enhance fulfillment and e-commerce system functions

In view of the expected increase in the gross merchandise value in the future, we will consider further expansion of logistics capacity and improve operational efficiency. Also, regarding the hardware and functional aspects of the e-commerce system, we will strive to improve usability and the response to increased users and their accesses.

⑤ System engineer resource enhancement

Strengthening system engineer resources will be important to expand the business in the future. In view of future business development, we will increase the number of engineers to improve development speed and incorporate new technologies. As stated in ①-b, the sharing of resources such as engineers will be actively implemented with the parent company, LYC Corporation.

(6) Financial Performance Highlights

| Segment                                                  | FY2020<br>23 <sup>rd</sup> term | FY2021<br>24 <sup>th</sup> term | FY2022<br>25 <sup>th</sup> term | FY2023<br>26 <sup>th</sup> term<br>(Current<br>consolidated fiscal<br>year) |
|----------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------------------------------------------------------------------|
| Net sales<br>(million yen)                               | 147,402                         | 166,199                         | 183,423                         | 197,016                                                                     |
| Ordinary profit<br>(million yen)                         | 44,386                          | 49,655                          | 56,716                          | 59,764                                                                      |
| Profit attributable to owners<br>of parent (million yen) | 30,932                          | 34,492                          | 39,526                          | 44,341                                                                      |
| Net profit per share<br>(yen)                            | 101.30                          | 115.02                          | 131.83                          | 148.19                                                                      |
| Total assets<br>(million yen)                            | 125,656                         | 127,276                         | 155,742                         | 161,862                                                                     |
| Net assets<br>(million yen)                              | 55,507                          | 55,099                          | 76,693                          | 84,744                                                                      |

(Note)

1. Net profit per share is calculated based on the weighted average number of shares.



(7) Major business (As of March 31, 2024)

| Business                | Operations and Services Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ZOZOTOWN Business       | <p>ZOZOTOWN business consists of Outright Purchase/Production &amp; Sales, Consignment sales, and USED sales.</p> <p>(Outright Purchase/Production &amp; Sales)</p> <p>The Group purchases and sells fashion items while bearing the inventory risk. This category includes the business that purchases fashion items from various brands and the business that sells items while holding our own inventory, such as MS (multi-size).</p> <p>(Consignment shop)</p> <p>Each brand opens, operates, and manages its store in ZOZOTOWN as a tenant. Our group stores/sells their products as consignment inventories at/from our logistics centers. Some clear differences from Outright Purchase shops include 1. tenants need to do the basic merchandising activities by themselves, 2. consignment sales style that allows us to avoid inventory risk. Net sales of this business are recorded as "Consignment sales commissions", which means the handling fee for sold items.</p> <p>(USED sales)</p> <p>This is a secondary distribution business style in which we purchase and sell secondhand/vintage fashion items from/to individual users, etc., while having our own inventories.</p> |
| LY Corporation Commerce | <p>The Company opened ZOZOUSED at Yahoo! JAPAN Auction, an online auction service operated by LY Corporation, as well as ZOZOTOWN at Yahoo! JAPAN Shopping, operated by the same company, which sells merchandise.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| BtoB Business           | <p>The Company provides various on-demand fulfillment services, such as developing e-commerce websites for apparel brands, design and production, distribution support, and marketing assistance. This business's net sales are also recorded as consignment sales commissions, which are handling fees for sold products.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Advertising Business    | <p>Utilizing our extensive user reach platforms, such as ZOZOTOWN and WEAR, the Company provides advertising spaces for partner brands to earn advertising revenue.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Others                  | <p>This gross merchandise value is from the business associated with the ZOZOTOWN business (e.g., shipping income, settlement commission, etc.). Specifically, it includes gross merchandise value from the stores that contract ZOZO Option (a service that enables stores that are in the fashion category, excluding ZOZOTOWN, in Yahoo! JAPAN Shopping, to benefit from sales support such as participation in special feature plans implemented in Yahoo! JAPAN Shopping based on our proposal), sales from "ZOZOMO," a system that sends customers from</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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|  |                                                                                |
|--|--------------------------------------------------------------------------------|
|  | ZOZOTOWN to offline stores, and paid sales of "ZOZOSUIT" in the United States. |
|--|--------------------------------------------------------------------------------|

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(8) Situation of significant parent company and subsidiaries

① Relationship with parent company

| Company Name                        | Amount of Capital<br>(Million yen) | Voting Rights to<br>the Company | Major Business                                                                                                                                        |
|-------------------------------------|------------------------------------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| SoftBank Group Corp.                | 238,772                            | 51.5% (51.5%)                   | Holding company                                                                                                                                       |
| SoftBank Group Japan Corporation    | 188,798                            | 51.5% (51.5%)                   | Holding company                                                                                                                                       |
| SoftBank Corp.                      | 214,393                            | 51.5% (51.5%)                   | Telecommunications                                                                                                                                    |
| A Holdings Corporation              | 100                                | 51.5% (51.5%)                   | Holding company                                                                                                                                       |
| LY Corporation                      | 248,144                            | 51.5% (51.5%)                   | Development of Internet advertising business, e-commerce business, and membership service business, as well as business management of group companies |
| Z Intermediate Holdings Corporation | 1                                  | 51.5% (—)                       | Holding company                                                                                                                                       |

(Note)

1. "Voting rights to the Company" is the total ratio of voting rights owned by each company directly and indirectly. The figures in parentheses indicate the ratio of voting rights owned indirectly.
2. The direct parent company of the Company is Z Intermediate Holdings Corporation, holding 152,952,900 shares (51.5% of the voting rights) of the Company.

i The provisions of the contracts related to the significant financial and business policies that the Company entered with the parent company

In order to realize the goal of increasing the corporate value of both companies while taking into consideration the minority shareholders of the Company, the two companies have formed a capital alliance with the aim of building a stable alliance relationship based on the capital alliance. Specifically, the two companies have entered into a business alliance for the expansion and evolution of their fashion e-commerce businesses, including the transfer of users from the media of LY Corporation to ZOZOTOWN and the opening of ZOZOTOWN in Yahoo! JAPAN Shopping and Yahoo! JAPAN Auction that LY Corporation operates.

The Company establishes the "Guideline to ensure the fairness of transactions with the parent company group" and makes decisions independently from the parent company according to the guidelines to prevent any harm to the company's interests.

ii Matters regarding transactions with the parent company

a. Matters which the Company gave attention to for preventing harm to our interests in making the relevant

transactions

The Company makes transactions with the parent company. In making the relevant transactions the same as other transactions, the terms of the relevant transactions were fairly and appropriately determined, taking into account the terms and size of transactions to protect minority shareholders.

b. The Board of Directors' determination as to whether the transaction is not detrimental to the interests of the Company and the reasons for such determination

The Company has established a "Guideline to ensure the fairness of transactions with the parent company group," and in accordance with the guideline, the Company makes decisions independently from the parent company, ensuring fairness in consideration of the interests of minority shareholders and making decisions through multifaceted discussions. Therefore, the Company has determined that such transactions, etc., will not be detrimental to the interests of the Company.

c. Opinions of Outside Directors different from judgments of the Board of Directors

Not applicable

② Situation of significant subsidiaries

| Company Name    | Amount of Capital<br>(Million yen) | Our Share of Voting Rights | Major Business           |
|-----------------|------------------------------------|----------------------------|--------------------------|
| ZOZO NEXT, Inc. | 280                                | 100.0%                     | Research and development |

(Note)

1. There are no subsidiaries that fall under the category of specified wholly owned subsidiaries.

(9) Main locations of businesses, etc. (As of March 31, 2024)

① ZOZO, Inc.

|                             |                                              |
|-----------------------------|----------------------------------------------|
| Headquarter                 | Inage-ku, Chiba-city, Chiba                  |
| Logistics center (ZOZOBASE) | Narashino-city, Chiba, Tsukuba-city, Ibaraki |

② Subsidiary

|                 |                             |
|-----------------|-----------------------------|
| ZOZO NEXT, Inc. | Inage-ku, Chiba-city, Chiba |
|-----------------|-----------------------------|

(10) Status of employees, etc. (As of March 31, 2024)

① Number of employees in the corporate group

|                                                                         |                 |
|-------------------------------------------------------------------------|-----------------|
| Number of employees                                                     | 1,709           |
| Increase/decrease from the end of the previous consolidated fiscal year | Increase of 154 |

(Note)

1. The figure includes full-time employees and associate employees.

2. Average number of contingent workers during the period (5,953 part-time workers, temporary workers, etc.) is not included in the figure.

② Number of employees of the Company

| Number of Employees | Increase/decrease from the End of Previous Consolidated Fiscal Year | Average Age | Average Length of Service |
|---------------------|---------------------------------------------------------------------|-------------|---------------------------|
| 1,604               | Increase of 186                                                     | 33.9        | 6.2 years                 |

(Note)

1. The figure reflects the number of people employed by the Company (including those transferred from other companies to the Company but excluding those transferred from the Company to other companies). The average number of contingent workers during the period (5,900) (which includes part-time workers, temporary workers, etc.) is not included.

2. The number of employees increased by 186 from the end of the previous fiscal year. This is mainly due to aggressive new employment arising from business expansion.

③ The proportion of female workers in managerial posts, the percentage of male workers taking parental leave, and the wage variance between male workers and female workers

| Proportion of female workers in managerial posts (%) (Note) 1 | Percentage of male workers taking parental leave (%) (Note) 2 |                                   | Wage variance between male workers and female workers (%) (Note) 1 |                                   |                                                  |
|---------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------|-----------------------------------|--------------------------------------------------|
|                                                               | Permanent workers                                             | Part-time, and fixed-term workers | All workers                                                        | Of all workers, permanent workers | Of all workers, part-time and fixed-time workers |
| 24.2                                                          | 60.9                                                          | 77.8                              | 56.4                                                               | 73.0                              | 103.9                                            |

(Note)

1. It is based on the provision of the Act on the Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015)

2. It indicates the percentage of taking parental leave stipulated in Article 71-4, Paragraph 1, of the Ordinance for Enforcement of the Act on the Welfare of Workers Who Take Care of Children or Other Family Members, including Child Care and Family Care Leave (Ordinance of the Ministry of Labor No. 25 of 1991) based on the provision of the Act on the Welfare of Workers Who Take Care of Children or Other Family Members including Child Care and Family Care Leave (Ordinance of the Ministry of Labor No. 76 of 1991).

(11) Major Name of the bank (as of March 31, 2024)

| Name of Bank                        | Outstanding Debt   |
|-------------------------------------|--------------------|
| Sumitomo Mitsui Banking Corporation | 17,500 million yen |
| Keiyo Bank, Ltd.                    | 2,000 million yen  |
| Kansai Mirai Bank, Limited          | 500 million yen    |

(12) Other significant matters regarding the current status of the corporate group

The Company transitioned to a company with the Audit and Supervisory Committee on June 28, 2023, based on a resolution adopted at the 25<sup>th</sup> Ordinary General Meeting of Shareholders held on the said day.

## 2. Matters regarding company stocks

(1) Total number of shares issuable 1,287,360,000

(2) Total number of issued shares 300,474,181

(3) Number of Shareholders 15,569

### (4) Composition of major shareholders

| Name of Shareholder                                  | Ownership in ZOZO              |                               |
|------------------------------------------------------|--------------------------------|-------------------------------|
|                                                      | Number of Shares Held (shares) | Percentage of Shares Held (%) |
| Z Intermediate Holdings Corporation                  | 152,952,900                    | 51.5%                         |
| THE MASTER TRUST BANK OF JAPAN, Ltd. (Trust Account) | 22,828,300                     | 7.7%                          |
| Yusaku Maezawa                                       | 10,944,147                     | 3.7%                          |
| MSIP CLIENT SECURITIES                               | 8,304,751                      | 2.8%                          |
| Custody Bank of Japan, Ltd. (Trust Account)          | 8,078,600                      | 2.7%                          |
| JP MORGAN CHASE BANK 385632                          | 6,823,253                      | 2.3%                          |
| STATE STREET BANK AND TRUST COMPANY 505001           | 6,175,649                      | 2.1%                          |
| RBC IST 15 PCT NON LENDING ACCOUNT-CLIENT ACCOUNT    | 3,255,249                      | 1.1%                          |
| STATE STREET BANK WEST CLIENT-TREATY 505234          | 2,782,751                      | 0.9%                          |
| STATE STREET BANK AND TRUST COMPANY 505103           | 2,429,177                      | 0.8%                          |

(Note)

1. The company holds 3,523,250 treasury stocks but is excluded from the above major shareholders.
2. The percentage of shares held is calculated without treasury stocks.

(5) Stock granted to officers of the Company in exchange for their execution of duties during the current fiscal year

① Details of stock rewards granted during the current fiscal year

The stock-based compensation plan allocates the Company's common stock to the Eligible Directors as compensation without the transfer of money or the provision of properties contributed in kind and attaches the transfer restriction for a certain period to the allocated stocks. The restricted stocks allocated to the Eligible Directors are performance-linked restricted stocks, and the number of stocks to be released from the restriction is determined according to the degree of achievement of the indicators for mid- and long-term increases in enterprise value of the Company group.

② Total number of shares granted to Directors and other officers by position

| Position                                                                            | Number of Shares Held (share) | Number of Eligible Directors or Other Officers |
|-------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------|
| Directors (excluding Audit and Supervisory Committee members and Outside Directors) | 192,000                       | 3                                              |
| Outside Directors (excluding the Audit and Supervisory committee members)           | —                             | —                                              |
| Outside Directors who are Audit and Supervisory Board members                       | —                             | —                                              |

3. Stock acquisition rights of the Company

(1) Stock acquisition rights held by officers of the Company and issued in consideration of the execution of duties  
Not applicable

(2) Stock acquisition rights issued to employees in consideration of the execution of duties during the current consolidated fiscal year  
Not applicable

(3) Other important matters concerning stock acquisition rights, etc.

For the 10<sup>th</sup> series of stock acquisition rights, all of those outstanding were acquired on June 15, 2023, and extinguished because of the expiration of the exercise period.



#### 4. Matters regarding Board Members

##### (1) List of Directors (As of March 31,2024)

| Name             | Position and Responsibilities                     | Other Concurrent Job Titles                                                                                                                                                                                                                                       |
|------------------|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kotaro Sawada    | Representative Director, President & CEO          | Representative Director, President & CEO of ZOZO NEXT, Inc.                                                                                                                                                                                                       |
| Koji Yanagisawa  | Director, Executive Vice President & CFO          | Outside Director of COLOPL, Inc.<br>Outside Director of Digital Holdings, Inc.<br>Director of ZOZO NEXT, Inc.                                                                                                                                                     |
| Fuminori Hirose  | Director & COO                                    | Outside Audit and Supervisory Board member of KOKOPELLI, Inc.<br>Outside Director of HUPRO, Inc.<br>Director of yutori, Inc.                                                                                                                                      |
| Takao Ozawa      | Director                                          | Advisor, LY Corporation                                                                                                                                                                                                                                           |
| Yuko Nagata      | Director                                          | EVP, Corporate Officer, General Manager of Marketing Division of LY Corporation                                                                                                                                                                                   |
| Kazunori Hotta   | Director                                          | —                                                                                                                                                                                                                                                                 |
| Taro Saito       | Director                                          | Representative Director of dof Inc.<br>Outside Director of CARTA HOLDINGS, INC.<br>Director of CC INC.<br>Outside Director of for Startups, Inc.<br>Outside Director of Sansan, Inc.                                                                              |
| Takako Kansai    | Director                                          | Representative Executive Officer of Kufu Company Inc.<br>Representative Director of Kufu AI Studio Inc.<br>Outside Director of ROLLCAKE Inc.                                                                                                                      |
| Hiroko Igarashi  | Director (Audit and Supervisory Committee Member) | —                                                                                                                                                                                                                                                                 |
| Junko Utsunomiya | Director (Audit and Supervisory Committee Member) | Utsunomiya, Shimizu & Haruki Law Office (Attorney)<br>Outside Director (Audit and Supervisory Committee Member) of RAKSUL INC.<br>Outside Director of HEIWA REAL ESTATE CO., LTD.<br>Outside Director (Audit and Supervisory Committee Member) of PeptiDream Inc. |
| Kumiko Nishiyama | Director (Audit and Supervisory Committee Member) | Head of Nishiyama Certified Public Accountant Office                                                                                                                                                                                                              |

(Note)

1. Three Directors, Mr. Kazunori Hotta, Mr. Taro Saito, and Ms. Takako Kansai, are Outside Directors. The Company designated all three of them as independent officers under the provisions of Tokyo Stock Exchange, Inc. and has reported the designation to the Exchange.
2. The Company transitioned to a company with an Audit and Supervisory Committee, and Ms. Hiroko Igarashi, Ms. Junko Utsunomiya, and Ms. Kumiko Nishiyama were appointed and assumed office as Directors and Audit and Supervisory Committee members at the 25<sup>th</sup> Ordinary General Meeting of Shareholders held on June 28, 2023.
3. Three Directors who are Audit and Supervisory Committee members; Ms. Hiroko Igarashi, Ms. Junko Utsunomiya, and Ms. Kumiko Nishiyama, are Outside Directors who are Audit and Supervisory Committee members. The Company designated all three of them as independent officers under the provisions of Tokyo Stock Exchange, Inc. and
4. Directors Ms. Hiroko Igarashi and Ms. Kumiko Nishiyama, who are audit and supervisory committee members, are certified public accountants. They have a decent knowledge and understanding of finance and accounting.
5. The Company appointed Hiroko Igarashi, Director, who is an Audit and Supervisory Committee member, as a full-time Audit and Supervisory Committee member to improve information collection, increase the effectiveness of audits through sufficient cooperation with the internal audit department, and strengthen audit and supervisory functions
- 6 The Executive Officers who do not hold Director positions as of March 31,2024, are listed below.

| Name             | Position and Responsibilities |                                                                                                                                                     |
|------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Toshiaki Shimizu | Executive Officer             | Executive Officer of Corporate Identity and HR Division                                                                                             |
| Takao Yamasaki   | Executive Officer             | Executive Officer of Marketing Division and AI/Analytics Division                                                                                   |
| Christine Edman  | Executive Officer             | Executive Officer of Sales Division and EC promotion Division                                                                                       |
| Masahiro Tashiro | Executive Officer             | Executive Officer of Fulfillment Division, Hospitality Division, ZOZOTOWN Backend Development Division, EC Management Division                      |
| Yosuke Odaka     | Executive Officer             | Executive Officer of Group Business Strategy Division                                                                                               |
| Utahiro Inui     | Executive Officer             | Executive Officer of Measurement Platform Division and New Business Development Division                                                            |
| Naotoshi Seo     | Executive Officer             | Executive Officer of Information Security / IT Division, Brand Solution Development Division, Technology Division and Measurement Platform Division |
| Yuki Hashimoto   | Executive Officer             | Executive Officer of ZOZOTOWN Development Division and Quality Assurance Division                                                                   |

(2) Summary of contents of the contract for limitation of liability

The Company entered into the contract with Non-executive Directors, Outside Directors, and Audit and Supervisory Board members to limit the liability for damage stipulated in Article 423, Paragraph 1, of the Companies Act to the limit set forth in laws and regulations in the event they have acted in good faith and have committed no gross negligence according to the provisions of Article 427, Paragraph 1, of the Companies Act.

(3) Summary of content of the Directors and Officers liability insurance policy

The Company entered into the liability insurance policy for Directors and Officers, which is stipulated in Article 430-3, Paragraph 1, of the Companies Act. The insurance policy covers Directors who are not Audit and Supervisory Committee members, Directors who are Audit and Supervisory Committee members, Executive Officers, and managerial employees of the Company and its subsidiaries, and insurance premiums of all insured persons are borne by the Company. The insurance policy will cover litigation expenses and compensation for damage brought against the insured person during the insurance period.

However, in order to ensure that the insured's proper performance of his/her duties is not impaired, certain exclusions apply, such as coverage not being available in the case of damage caused by an act committed by the insured with the knowledge that the act was in violation of the law.

(4) Matters regarding remuneration, etc., for Board Members

① Matters concerning the policy for determining the remuneration/ compensation for individual Directors.

i. Purposes of remuneration/ compensation

Remuneration/ compensation for Directors consists of fixed remuneration (cash remuneration) and performance-linked compensation (cash bonus remuneration/ stock compensation). They are paid for efforts to achieve short, medium- and long-term business results and increases in corporate value. The results are measured based on the Company's management strategy to promote a medium- and long-term sustainable increase in corporate value, and function as a sound incentive.

ii. Level of remuneration/ compensation

After establishing a group of 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 persons 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 potential business growth, and 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 persons and periodically paid during the term of office.

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

Stock compensation, which represents performance-linked compensation for promoting the management that focuses on medium- and long-term increases in corporate value/shareholder value and stock with restrictions on transfer, is granted to the eligible persons. The ratio to release the restrictions on transfer is determined based on the Company's stock price growth rate for three fiscal years (compared with those of a group of about 36 benchmark companies) and consolidated operating profit, and ESG evaluation scores. Fundamentally, the stock is annually granted to the eligible persons according to their title and duties.

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, the provision is established that the Company acquires all or a part of the stocks allocated to the eligible Directors without charge in the event the relevant Directors resigns before the expiration of the period of transfer restriction for reasons other than reasons the Board of Directors thinks due and other cases that the relevant Directors commit events, such as specific illegal activities. In addition, the provision is established for making the applicable Directors return all or a part of stocks with restrictions on transfer or cash equivalent to them to the Company without charge when certain events are identified, including errors in the figures providing a basis for calculating the ratio of releasing the restrictions on transfer, and the Company considers the above return due.

The amount of remuneration for each director who is a member of the Audit and Supervisory Committee is determined by consultation among the Audit and Supervisory Committee members, within the limit of the total

amount of remuneration resolved at the General Meeting of Shareholders.

② Matters concerning resolutions on remuneration/ compensation of Directors adopted by the General Meeting of Shareholders

The resolution was adopted at the 25th Ordinary General Meeting of Shareholders held on June 28, 2023, to set the remuneration for Directors who are not Audit and Supervisory Committee members at 800 million yen or less per year (among this, a portion for Outside Directors amounts to 50 million yen or less per year) within the limit on the remuneration for Directors based on the resolution of the General Meeting of Shareholders (The annual remuneration excludes a portion of employee salary of Director-employees). At the end of the related Ordinary General Meeting of Shareholders, the number of Directors totaled 8 (among this, the number of Outside Directors totaled 3). Separately from the relevant cash remunerations, stock compensation and the limit on the number of shares to be issued were determined at 864 million yen or less per year and 576,000 shares or less per year (Directors who are Audit and Supervisory Committee members and non-Executive Directors, including Outside Directors, are not applicable to stock compensation) at the 25th Ordinary General Meeting of Shareholders held on June 28, 2023. At the end of the related Ordinary General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit and Supervisory Committee members and non-Executive Directors including Outside Directors) totaled 3.

Remuneration for Directors who are Audit and Supervisory Committee members is determined at 70 million yen or less per year, which was resolved at the 25th Ordinary General Meeting of Shareholders held on June 28, 2023. At the end of the related Ordinary General Meeting of Shareholders, the number of Directors who are Audit and Supervisory Committee members totaled 3.

③ Matters concerning delegation of determination of the content of remuneration/compensation for individual Directors

In the Company, remuneration/ compensation of individual Directors is discussed by the Nomination and Remuneration Consultatory Committee, which mainly consists of Outside Directors, and then they are determined upon the resolution by the Board of Directors, taking into account a report from the committee.

④ Total Amount of Remuneration/ Compensation, etc., paid to Directors and Audit and Supervisory Board/ Committee Members

| Position                                                                                                     | Total Amount of Remuneration/ Compensation, etc. paid (Million yen) | Amount of Remuneration/ Compensation, etc., paid per type (Million yen) |                                 |                  | The Number of Directors/ Audit and Supervisory Board Members |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------|------------------|--------------------------------------------------------------|
|                                                                                                              |                                                                     | Fixed remuneration                                                      | Performance-linked compensation |                  |                                                              |
|                                                                                                              |                                                                     |                                                                         | Monetary remuneration           |                  |                                                              |
|                                                                                                              |                                                                     | Base Remuneration                                                       | Cash Bonus                      | Restricted stock |                                                              |
| Directors (Excluding Directors who are Audit and Supervisory Committee members) (in which Outside Directors) | 394<br>(21)                                                         | 161<br>(21)                                                             | 72<br>(-)                       | 160<br>(-)       | 7<br>(4)                                                     |
| Directors (Audit and Supervisory Committee Members) (in which Outside Directors)                             | 24<br>(24)                                                          | 24<br>(24)                                                              | -<br>(-)                        | -<br>(-)         | 3<br>(3)                                                     |
| Audit and Supervisory Board Members (in which Outside Audit and Supervisory Board members)                   | 8<br>(8)                                                            | 8<br>(8)                                                                | -<br>(-)                        | -<br>(-)         | 3<br>(3)                                                     |

(Note)

1. The Company transitioned to a company with an Audit and Supervisory Committee at the 25<sup>th</sup> Ordinary General Meeting of Shareholders held on June 28, 2023. The number of Audit and Supervisory Board members paid, and their remuneration is for the period prior to this transition.

2. As of the end of the fiscal year, the Company has 8 Directors (including 3 Outside Directors) and 3 Directors who are Audit and Supervisory Committee members (including 3 Outside Directors). The difference from the above figures is due to the inclusion of 2 non-remuneration Directors.

3. Cash bonus shows the provision for bonuses for Directors payable for the current fiscal year. Content of the performance indicators selected as a basis for calculating bonuses includes gross merchandise value and consolidated operating profit. These performance indicators were selected because the Company focuses on gross merchandise value and consolidated operating profit as an indicator showing the growth and profitability of

the businesses of the Company group. Actual results for gross merchandise value and consolidated operating profit, including the current fiscal year, are as described in section 1. (1) Progress of business operation and its results, [Table 1] YoY basis.

4. Compensation in the performance-linked stock with restriction on transfer is granted to Directors as non-monetary rewards. The content and status of granting these stock rewards are as described in section 2, "Matters regarding company stocks".

5. JPY 0 million in directors' retirement benefits, combined with the above payments, were paid to one retired Outside Audit and Supervisory Board member.

(5) Matters regarding the Outside Board Members

① Relationship between the Company and other major entities where some members hold positions concurrently.

Mr. Taro Saito, a Director is the President and Representative Director of dof Inc., Outside Director of CARTA HOLDINGS, INC., Director of CC INC, and Outside Director of for Startups, Inc. and Sansan Inc.

There is a business relationship between Sansan Inc. and the Company in terms of the provision of services such as system usage fees, but the amount of such transactions is negligible. There are no capital or business relationships between dof Inc., CARTA HOLDINGS Inc., CC Inc., or for Startups Inc. and the Company.

Ms. Takako Kansai a Director is the Representative Executive Officer of Kufu Company Inc., Representative Director of Kufu AI Studio Inc., Outside Director of ROLLCAKE Inc. There is a business relationship between ROLLCAKE Inc. and the Company in terms of the commission for advertising, but the amount of such transactions is negligible.

There are no capital or business relationships between Kufu Company Inc., Kufu AI Studio Inc. and the Company.

Ms. Junko Utsunomiya, a Director who is Audit and Supervisory Committee member, is also the attorney of Utsunomiya, Shimizu & Haruki Law Office, the Director (Audit and supervisory committee member) of RAKSUL INC., the Outside Director of HEIWA REAL ESTATE CO., LTD., and the Outside Director (Audit and supervisory committee member) of PeptiDream Inc. However, there is no capital ties or business relationship between the Company and Utsunomiya, Shimizu & Haruki Law Office, RAKSUL INC., HEIWA REAL ESTATE CO., LTD., nor PeptiDream Inc.

Ms. Kumiko Nishiyama, a Director who is Audit and Supervisory Committee member, is the Head of Nishiyama Certified Public Accountant Office. However, there is no capital ties nor business relationship between the Company and Nishiyama Certified Public Accountant Office.



② Performance Reviews for the Current Fiscal year

| Name (position)                                                              | Summary of duties performed regarding attendance status, statements made, and roles expected of Outside Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kazunori Hotta<br>( Director )                                               | He attended 18 out of 19 Board Meetings held during the current fiscal year, where he made appropriate comments. With extensive experience and a broad perspective accumulated in the wedding and hotel industries, he has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such a perspective at Board Meetings.                                                                                                                                                                                                                                                                                                     |
| Taro Saito<br>( Director )                                                   | He attended 19 out of 19 Board Meetings held during the current fiscal year, where he made appropriate comments. He has extensive experience and a broad perspective accumulated in branding and communication design activities; he has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such a perspective at Board Meetings.                                                                                                                                                                                                                                                                                       |
| Takako Kansai<br>( Director )                                                | She attended all 14 Board Meetings held after taking office, where she made appropriate comments. With extensive experience and a broad perspective accumulated in both business and the technology of the internet business, she has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such a perspective at Board Meetings.                                                                                                                                                                                                                                                                                          |
| Hiroko Igarashi<br>(Director who is Audit and Supervisory Committee member)  | She attended 19 out of 19 Board Meetings held during the current fiscal year, where she made appropriate comments. She has a high level of perspective, extensive experience, and a broad perspective in finance and accounting. As a certified public accountant, she has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such perspective at the Board Meetings. Also, she attended 19 out of 19 meetings of the Audit and Supervisory Board and Audit and Supervisory Committee held during the current fiscal year, where she exchanged opinions on audit results and discussed important audit-related matters. |
| Junko Utsunomiya<br>(Director who is Audit and Supervisory Committee member) | She attended 19 out of 19 Board Meetings held during the current fiscal year, where she made appropriate comments. She has a high level of perspective, extensive experience, and broad perspective in the laws and compliance matters as an attorney, she has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such perspective at Board Meetings. Also, she                                                                                                                                                                                                                                                         |

|                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                      | <p>attended 19 out of 19 meetings of the Audit and Supervisory Board and Audit and Supervisory Committee held during the current fiscal year, where she exchanged opinions on audit results and discussed important audit-related matters.</p>                                                                                                                                                                                                                                                                                                                                                                         |
| <p>Kumiko Nishiyama<br/>(Director who is Audit and Supervisory Committee member)</p> | <p>She attended all 14 Board Meetings held after taking office, where she made appropriate comments.</p> <p>She is a certified public accountant and has extensive experience and a broad perspective on sustainability matters. She has played an appropriate role in supervising and advising the Company's business execution by making proactive statements from such perspective at Board Meetings.</p> <p>Also, after taking office, she attended 14 out of 14 meetings of the Audit and Supervisory Committee, where she exchanged opinions on audit results and discussed important audit-related matters.</p> |

## 5. Accounting Auditor

### (1) Names of Accounting Auditors

Deloitte Touche Tohmatsu LLC

### (2) Amount of remuneration paid to Accounting Auditor for this fiscal year

- |                                                                                                                                   |               |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------|
| ① Amount of remuneration paid to Accounting Auditor<br>for this fiscal year                                                       | 34million yen |
| ② Total amount of funds and other financial interests<br>payable by the Company and its subsidiaries to the<br>Accounting Auditor | 63million yen |

(Note)

#### 1. Reason for consent by the Audit and Supervisory Committee to remuneration of the Accounting Auditor

After obtaining necessary materials and receiving reports from Directors, related internal sections, and the Accounting Auditor, as well as confirming matters such as the state of execution of audit plans and auditing in the previous period and the appropriateness of estimations of remuneration for this period, the Audit and Supervisory Committee has judged the level of remuneration of the Accounting Auditor to be appropriate and has consented thereto pursuant to Article 399, Paragraph 1 of the Companies Act.

2. Since the audit agreement concluded between the Company and the Accounting Auditor does not differentiate clearly between amounts of remuneration for auditing pursuant to the Companies Act and auditing pursuant to the Financial Instruments and Exchange Act, it would not be possible to differentiate these practically as well, the total amount of these is indicated as the amount of remuneration for this fiscal year.

### (3) Details of operations not audited

The Company and its consolidated subsidiaries pay Deloitte Touche Tohmatsu LLC for "internal training services" and "preparation of comfort letters," which are services other than the audit certification services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law.

### (4) Summary of agreements limiting liability

Article 43 of the Articles of Incorporation provides that the Company and the Accounting Auditor may enter into an agreement to limit liability for damages as provided in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the said Act, but the Company has not entered into a liability limitation agreement.

### (5) Policy on decisions on dismissal or non-reappointment of the Accounting Auditor

When the Audit and Supervisory Committee has determined that the Accounting Auditor's performance of its duties would be impeded or it is necessary for other reason, the Company shall, through a resolution of the Audit and Supervisory Committee, determine the detail of the agenda of the General Meeting of Shareholders to resolve the dismissal or non-reappointment of the Accounting Auditor.

Specifically, if the Accounting Auditor meets any of the descriptions below and that there is no prospect of appropriate improvement, through a resolution of the Audit and Supervisory Committee, submit to the General

Meeting of Shareholders a resolution on the dismissal or non-reappointment of the Accounting Auditor.

- ① When it has been subjected to disciplinary action or disposition by regulators for violation of laws or regulations, including the Companies Act and the Certified Public Accountants Act
- ② When it has been judged to meet any of the descriptions enumerated under Article 340, Paragraph 1 of the Companies Act
- ③ When it has been judged that it would be inadequate or inappropriate for it to carry out auditing of the Company in consideration of matters such as the quality of auditing by the Accounting Auditor, its quality control, its independence, or other overall capabilities
- ④ When it is determined the necessity for other reason

## 6. Company systems and policies

(1) As a system for ensuring the propriety of business operations pursuant to the provisions of the Companies Act and the enforcement regulations thereto, the Company has established a Basic Policy on Internal Control Systems, through a resolution of Directors. This policy is outlined below.

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

① To ensure that the performance 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 establishes 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, etc., acts that could constitute violations and inappropriate transactions, and to enhance the system for legal and regulatory compliance of Company Directors and employees.

② 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, etc., 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.

③ The Company takes necessary measures to prevent a person from being treated disadvantageously on the grounds by making the whistle blow set forth in the preceding paragraph.

④ 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.

⑤ The Board of Directors reviews the compliance system periodically to identify any issues and make relevant improvements.

⑥ The Audit and Supervisory Committee audits this internal controls 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 performance of duties of Company Directors

- ① 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 on electromagnetic media, and managed and stored appropriately.
- ② The Company's Audit and Supervisory Committee members are able to view such information at any time.

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

- ① The person responsible for the supervision of risk management in the Company is the Representative Director, President. Accordingly, Directors, Executive Officers, General Managers and VPs of related sections identify and assess various risks based on the Risk Management Guideline and take measures as necessary in advance to avoid, mitigate, or transfer risks.
- ② 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.
- ③ The Board of Directors periodically reviews the risk management system to identify issues and make appropriate improvements.

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

- ① The roles and responsibilities of Directors and individual sections are defined clearly through the establishment of documents 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 performed efficiently.
- ② The President and Representative Director drafts annual management plans based on the Budget Management Guideline and obtains their 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 plans thus decided on.
- ③ 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.

5. Systems for ensuring the propriety of the business operations of the group of companies consisting of the Company and its subsidiaries ("Group" hereinafter)

① One or more of the Directors or Audit and Supervisory Committee members of a subsidiary shall be dispatched from the Company, to monitor and supervise, or audit, the performance of duties of subsidiary Directors. The Business Administration Division oversees 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.

② 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 Audit and Supervisory Committee and matters related to ensuring the efficacy toward the employees, and matters concerning independence from Directors (excluding Directors who are Audit and Supervisory Committee members)

① 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 consultation 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 said period.

② 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

① 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 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.

② The Company needs to take necessary measures to prevent Group Directors and employees from being treated disadvantageously by making the report set forth in the preceding paragraph.

#### 8. Other systems to ensure the efficacy of auditing by the Audit and Supervisory Committee members

① 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.

② 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.

③ 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.

④ Payment shall be made promptly in response to procedures for advance payment or reimbursement of costs arising in the performance of the duties of the Audit and Supervisory Committee members and other demands for payment of costs or obligations arising in the performance of their duties.

#### 9. Systems for exclusion of antisocial forces

The Company shall eliminate any relations to 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 and advising attorneys.

#### 10. Systems for ensuring the reliability of financial reporting

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

#### (2) Overview of the state of operation of systems to ensure the appropriateness of business operations

##### ① State of operation of compliance systems

The Company has established Compliance Committee Guidelines, and the Compliance Committee holds meeting



quarterly, in accordance with the provisions of the guidelines. A system has been developed and is operated in order to ensure compliance with the Company's social responsibility, corporate philosophy, basic human rights policy, internal guidelines, laws and regulations, and various other provisions. Furthermore, the Committee also holds meetings at other times as necessary. In addition, Helpline Guidelines have been established that prohibit the disadvantageous treatment of whistleblowers and efforts are made to ensure statutory compliance, to prevent improper acts, and to discover any such cases swiftly. A contact point (Helpline) that includes the involvement of the Compliance Committee, the Audit and Supervisory Committee, and outside attorneys has been established and is in operation, and all employees are notified of it through the Company intranet. In addition, contact points, including the involvement of the Company's Compliance Committee, have been established for subsidiaries as a part of efforts to enhance compliance throughout the entire Group.

② State of operation of guidelines on the management of risks of losses and other systems

The Risk Management Guideline and Information System Management Guideline have been established, and a risk-management system has been established and is operated pursuant to these rules. As a part of these efforts, information security training has been provided once for officers and employees, intended to help prevent inappropriate information management and leakage of confidential information.

③ State of operation of systems intended to ensure the efficient performance of duties of Directors

Pursuant to the Board of Directors Guideline, regular Board Meetings are held monthly, and irregular Board Meetings are held as necessary. These meetings are used to make decisions on important matters related to management, such as matters specified in laws, regulations, etc., management policies, and budgeting, and to enable mutual oversight of duty performance through close communication among Directors.

④ State of operation of systems intended to ensure the appropriate operation of the group of companies consisting of the Company and its subsidiaries

One or more Directors or Audit and Supervisory Committee members are dispatched from the Company to each subsidiary, to enable appropriate management of subsidiary business operations. In addition, subsidiaries submit to the Company reports and requests for approval on matters that require prior approval under the Group's authority approval standards.

⑤ State of operation of the Internal Audit Office

Based on audit plans formulated by the Internal Audit Office, an internal audit is conducted at each of the Company's sections and subsidiaries regarding the state of risk management and business execution. Results were reported to the President and Representative Director, Board Meeting, and Audit and Supervisory Committee Meeting appropriately. In addition, information was exchanged with the full-time Audit and Supervisory Committee member.

⑥ State of performance of duties of Audit and Supervisory Committee members

The Audit and Supervisory Committee members attend Board Meetings and Management Meetings, which consist

of Directors and other officers, and engage in periodic discussions with the President and Representative Director. In addition, the efficacy of the audit is secured through the results of auditing by the Internal Audit Office, etc., and the audit is conducted following the standard of the Audit and Supervisory Committee and Audit Plans.

(3) Basic Policy on company control

The Company has not established any particular basic policies concerning the controller who decides on the Company's financial and business policies.

(4) Policy on Determination of Cash dividends, etc.

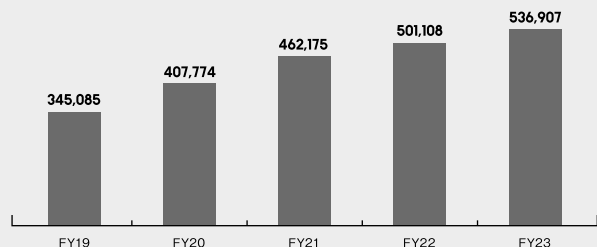
The Company group believes that generating profits more than capital costs will satisfy all stakeholders, including shareholders, by increasing corporate value. Its basic policy on the distribution of earnings to shareholders calls for consideration and implementation of such distribution based on comprehensive consideration of matters such as trends in business performance, financial conditions, and future business and investment plans while maintaining balance with internal reserves. Specifically, the Company aims to retain internal reserves to enable continual growth and development of its businesses with consideration for maintaining a return on equity (ROE) at the 30% level, while distributing any profits in excess of this level to shareholders proactively with consideration for improving liquidity.

The Company's basic policy on dividends of surplus is either once per fiscal year, at the end of the year, or twice per fiscal year, including interim dividends. Decisions on these dividends are made by the Board of Directors for interim dividends and by the General Meeting of Shareholders for year-end dividends.

For the current consolidated fiscal year, a year-end dividend will be 55.00 yen per share, based on a consolidated dividend payout ratio target of 70%. We plan to pay an annual dividend of 107 yen per share for the next fiscal year, based on a payout ratio of 70%.

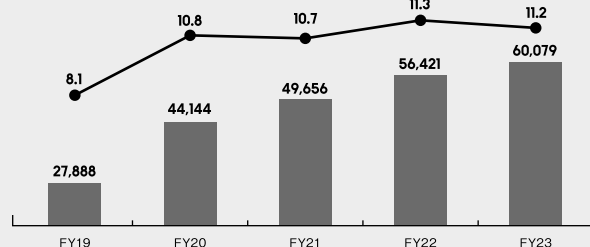
# Financial Highlights (Consolidated)

### Gross Merchandise Value (excluding Gross Merchandise Value (Others))



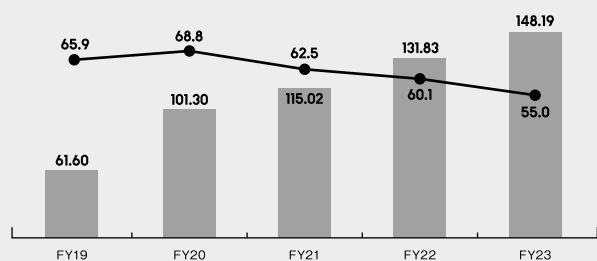
■ Gross Merchandise Value (excluding Gross Merchandise Value (Others)) (million yen)

### Operating Profit, Operating Profit Margin (% to the Gross Merchandise Value)



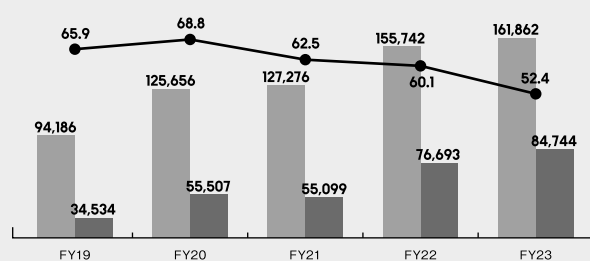
■ Operating Profit (million yen) ● Operating Profit Margin (%)

### Return on equity (ROE), Earnings per share (EPS)



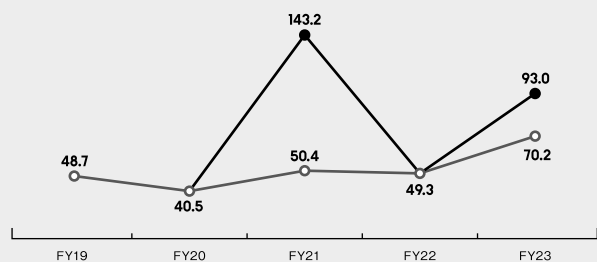
■ Earnings per share (EPS) (yen) ● Return on Equity (ROE) (%)

### Total assets, Total net assets, Equity ratio



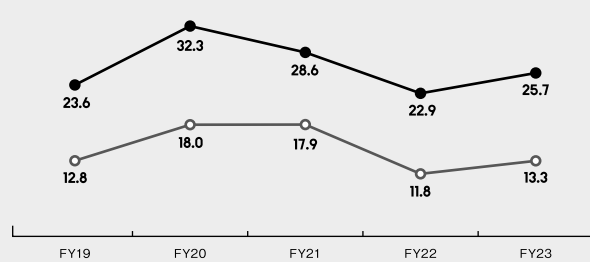
■ Total assets (million yen) ■ Total net assets (million yen) ● Equity ratio (%)

### Total return ratio, Dividend payout ratio



● Total return ratio (%) ○ Dividend payout ratio (%)

### Price earnings ratio (PER), Price book-value ratio (PBR)



● Price earnings ratio (PER) (times) ○ Price book-value ratio (PBR) (times)

# Financial Statements



# Balance Sheet

(As of March 31, 2024)

(Unit: Million yen)

| Account                                               | Amount         | Account                                               | Amount         |
|-------------------------------------------------------|----------------|-------------------------------------------------------|----------------|
| <b>(Assets)</b>                                       |                | <b>(Liabilities)</b>                                  |                |
| <b>Current assets</b>                                 | <b>120,695</b> | <b>Current liabilities</b>                            | <b>68,254</b>  |
| Cash and deposits                                     | 62,515         | Accounts payable - trade                              | 259            |
| Accounts receivable – trade                           | 45,786         | Deposits received for consignment sales               | 26,668         |
| Marketable securities                                 | 5,000          | Accounts payable – others                             | 7,587          |
| Merchandise and finished products                     | 3,623          | Accrued expenses                                      | 1,006          |
| Raw materials and supplies                            | 39             | Short-term borrowings                                 | 20,000         |
| Advance payments                                      | 266            | Income taxes payable                                  | 8,707          |
| Prepaid expenses                                      | 2,829          | Consumption taxes payable                             | 1,142          |
| Short-term loans                                      | 122            | Advance received                                      | 537            |
| Others                                                | 512            | Deposits received                                     | 376            |
|                                                       |                | Provision for bonuses                                 | 1,234          |
|                                                       |                | Provision for bonuses for Directors                   | 72             |
|                                                       |                | Others                                                | 662            |
| <b>Non-current assets</b>                             | <b>40,366</b>  | <b>Non-current liabilities</b>                        | <b>8,536</b>   |
| <b>Property, plant and equipment</b>                  | <b>24,459</b>  | Liability for retirement benefits                     | 4,536          |
| Buildings                                             | 11,452         | Asset retirement obligations                          | 3,989          |
| Vehicles                                              | 11             | Others                                                | 9              |
| Tools, furniture and fixtures                         | 12,947         | <b>Total liabilities</b>                              | <b>76,791</b>  |
| Construction in progress                              | 48             | <b>(Net assets)</b>                                   |                |
| <b>Intangible assets</b>                              | <b>1,666</b>   | <b>Shareholders' equity</b>                           | <b>84,124</b>  |
| Trademark rights                                      | 7              | <b>Capital stock</b>                                  | <b>1,359</b>   |
| Software                                              | 715            | <b>Capital surplus</b>                                | <b>1,328</b>   |
| Others                                                | 943            | Legal capital surplus                                 | 1,328          |
| <b>Investments and other assets</b>                   | <b>14,241</b>  | <b>Retained earnings</b>                              | <b>93,064</b>  |
| Investment securities                                 | 685            | Other Retained earnings                               | 93,064         |
| Stocks of subsidiaries and affiliates                 | 2,852          | Retained earnings carried forward                     | 93,064         |
| Investments in capital of subsidiaries and affiliates | 183            | <b>Treasury stocks</b>                                | <b>-11,627</b> |
| Deposit                                               | 4,254          | <b>Valuation and translation adjustments</b>          | <b>145</b>     |
| Deferred tax assets                                   | 6,172          | Valuation difference on available-for-sale securities | 90             |
| Others                                                | 92             | Deferred gains or losses on hedges                    | 54             |
|                                                       |                | <b>Stock acquisition rights</b>                       | <b>0</b>       |
| <b>Total assets</b>                                   | <b>161,061</b> | <b>Total net assets</b>                               | <b>84,270</b>  |
|                                                       |                | <b>Total liabilities and net assets</b>               | <b>161,061</b> |

# Income statement

(From April 1, 2023 to March 31, 2024)

(Unit: Million yen)

| Account                                               | Amount |                |
|-------------------------------------------------------|--------|----------------|
| <b>Net sales</b>                                      |        | <b>194,009</b> |
| <b>Cost of sales</b>                                  |        | <b>12,541</b>  |
| <b>Gross profit</b>                                   |        | <b>181,467</b> |
| <b>Selling, general and administrative expenses</b>   |        | <b>121,406</b> |
| <b>Operating profit</b>                               |        | <b>60,061</b>  |
| Non-operating income                                  |        |                |
| Interest income                                       | 4      |                |
| Foreign exchange gain                                 | 91     |                |
| Income from recycling                                 | 41     |                |
| Subsidy income                                        | 9      |                |
| Gain on unused points                                 | 101    |                |
| Reversal of allowance for doubtful accounts           | 51     |                |
| Operations support fee                                | 48     |                |
| Received rent                                         | 2      |                |
| Others                                                | 47     |                |
|                                                       |        | <b>397</b>     |
| <b>Non-operating expenses</b>                         |        |                |
| Interest expenses                                     | 68     |                |
| Rent expenses                                         | 2      |                |
| Commission expenses                                   | 27     |                |
| Loss on investments in partnerships                   | 594    |                |
|                                                       |        | <b>693</b>     |
| <b>Ordinary profit</b>                                |        | <b>59,765</b>  |
| <b>Extraordinary income</b>                           |        |                |
| Gain on sales of non-current assets                   | 5      |                |
| Gain on sale of investment securities                 | 10     |                |
| Gain on sale of shares of subsidiaries and affiliates | 782    |                |
|                                                       |        | <b>798</b>     |
| <b>Extraordinary losses</b>                           |        |                |
| Loss on sales and retirement of non-current assets    | 69     |                |
| Loss on valuation of investment securities            | 148    |                |
|                                                       |        | <b>218</b>     |
| <b>Profit before income taxes</b>                     |        | <b>60,346</b>  |
| Income taxes – current                                | 15,960 |                |
| Income taxes – deferred                               | -106   |                |
|                                                       |        | <b>15,853</b>  |
| <b>Net Profit</b>                                     |        | <b>44,492</b>  |

# Statement of changes in net assets

(From April 1, 2023 to March 31, 2024)

(Unit: Million yen)

|                                                       | Shareholders' equity |                       |                       |                       |                                                              |                 |
|-------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|--------------------------------------------------------------|-----------------|
|                                                       | Capital Stock        | Capital surplus       |                       |                       | Retained earnings                                            | Treasury stocks |
|                                                       |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Other Retained earnings<br>Retained earnings carried forward |                 |
| Balance as of March 31, 2023                          | 1,359                | 1,328                 | 21                    | 1,349                 | 118,026                                                      | -44,558         |
| Changes of items during the current fiscal year       |                      |                       |                       |                       |                                                              |                 |
| Cash dividends                                        |                      |                       |                       |                       | -26,998                                                      |                 |
| Profit attributable to owners of parent               |                      |                       |                       |                       | 44,492                                                       |                 |
| Repurchase of treasury stock                          |                      |                       | 137                   | 137                   |                                                              | -10,137         |
| Disposition of treasury stock                         |                      |                       | -672                  | -672                  |                                                              | 1,124           |
| Cancellation of treasury stock                        |                      |                       | -41,943               | -41,943               |                                                              | 41,943          |
| Transfer from retained earnings to capital surplus    |                      |                       | 42,456                | 42,456                | -42,456                                                      |                 |
| Net changes of items other than Shareholders' equity  |                      |                       |                       |                       |                                                              |                 |
| Total changes of items during the current fiscal year | —                    | —                     | -21                   | -21                   | -24,962                                                      | 32,931          |
| Balance as of March 31, 2024                          | 1,359                | 1,328                 | —                     | 1,328                 | 93,064                                                       | -11,627         |

|                                                       | Shareholders' equity       | Valuation and translation adjustments                 |                                    |                                             | Stock acquisition rights | Total net assets |
|-------------------------------------------------------|----------------------------|-------------------------------------------------------|------------------------------------|---------------------------------------------|--------------------------|------------------|
|                                                       | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                          |                  |
| Balance as of March 31, 2023                          | 76,177                     | 39                                                    | 40                                 | 79                                          | 18                       | 76,275           |
| Changes of items during the current fiscal year       |                            |                                                       |                                    |                                             |                          |                  |
| Cash dividends                                        | -26,998                    |                                                       |                                    |                                             |                          | -26,998          |
| Profit attributable to owners of parent               | 44,492                     |                                                       |                                    |                                             |                          | 44,492           |
| Repurchase of treasury stock                          | -9,999                     |                                                       |                                    |                                             |                          | -9,999           |
| Disposition of treasury stock                         | 452                        |                                                       |                                    |                                             |                          | 452              |
| Cancellation of treasury stock                        | —                          |                                                       |                                    |                                             |                          | —                |
| Transfer from retained earnings to capital surplus    | —                          |                                                       |                                    |                                             |                          | —                |
| Net changes of items other than Shareholders' equity  |                            | 51                                                    | 14                                 | 66                                          | -18                      | 47               |
| Total changes of items during the current fiscal year | 7,947                      | 51                                                    | 14                                 | 66                                          | -18                      | 7,994            |
| Balance as of March 31, 2024                          | 84,124                     | 90                                                    | 54                                 | 145                                         | 0                        | 84,270           |



## Notes to the Financial Statement

Notes on the going concern assumption

Not applicable.

Notes to significant accounting policies

Valuation standards and methods for securities

(1) Stocks of subsidiaries and affiliates

Stated at a cost determined by the moving-average method.

(2) Available-for-sale securities

Other than stocks without market quotations

Stated at market value (unrealized gains or losses are reported as a separate component of net assets, and the cost of securities sold is determined by the moving-average method).

Stocks without market quotations

Stated at a cost determined by the moving-average method.

2. Valuation standards and methods for net receivables (and liabilities) arising from derivative transactions

Stated at market value.

3. Valuation standards and methods for inventories

(1) Merchandise and finished products

Stated at a cost determined by the first-in, first-out method (method of reducing book value when the contribution of inventories to profitability declines).

In addition, write-downs are made in accordance with the Company's prescribed standards.

(2) Raw materials and supplies

Stated at a cost determined by the weighted average method (method of book value devaluation based on decreased profitability).

The Company writes down the book value in accordance with the Company's prescribed standards.

#### 4. Depreciation and amortization methods for fixed assets

##### (1) Property, plant, and equipment (excluding lease assets)

The declining-balance method is used. However, buildings (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016, are depreciated using the straight-line method.

The useful lives of major assets are as follows:

Buildings: 3-38 years

Vehicles: 6 years

Tools, furniture, and fixtures: 3-15 years

##### (2) Intangible assets (excluding lease assets)

The straight-line method is used.

Trademark rights are amortized over 10 years, patent rights are amortized over 7 to 8 years, and software (for internal use) is amortized over the period of internal use (5 years).

##### (3) Lease assets

Lease assets related to finance lease transactions that do not transfer ownership

Leased assets are depreciated over the lease period with a residual value of zero.

#### 5. Accounting standards for allowances

##### (1) Allowance for doubtful accounts

To provide for losses due to bad debt, an allowance for doubtful accounts is provided in the amount deemed necessary based on the historical percentage of bad debt loss for general receivables, and in the amount deemed uncollectible based on an individual assessment of collectability for specific receivables for which there is concern about default.

##### (2) Provision for bonuses

To provide for the payment of bonuses to employees, an amount accrued for the current fiscal year is recorded among the estimated payment amount.

##### (3) Provision for bonuses for Directors

To provide for the payment of bonuses to Directors, etc., an amount accrued for the current fiscal year among the estimated bonuses to be paid is recorded.

##### (4) Provision for retirement benefits

Provision for retirement benefits is recorded based on the estimated amount of retirement benefit obligations as of the end of the current fiscal year to provide for the payment of retirement benefits to employees.

The following is the method used to account for the provision of retirement benefits and retirement benefit expenses.

(i) Period attribution method of estimated retirement benefits

The estimated amount of retirement benefits is attributed to the period until the end of the current fiscal year based on the benefit calculation method.

(ii) Years required for amortization of actuarial gains and losses and prior service cost

Prior service cost is amortized by the straight-line method over a fixed number of years within the average remaining service period of employees (9 years) at the time the cost is incurred.

Actuarial gains and losses are amortized by the straight-line method over a fixed number of years within the average remaining service period of employees (9 years) at the time of each fiscal year's occurrence, starting from the following fiscal year's occurrence.

6. Accounting standards for revenue and expense recognition

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021). When control of the promised goods or services is transferred to the customer, the company recognizes revenue at the amount expected to be received in exchange for them.

The major performance obligations in the Company's principal businesses and the timing at which revenue is recognized are as follows.

(1) Revenue from sales of consignment goods

The Company receives consignment sales commissions from customers (brands) and keeps their products in the Company's logistics centers as consignment inventory and sells them upon receiving orders from users on our e-commerce website "ZOZOTOWN". Under the outsourcing contracts between the Company and its customers, the Company has various performance obligations to its customers, such as taking custody and storing the received customers' products, operating "ZOZOTOWN," selling products to users, providing logistics services related to sales activities, and providing customer service during the sales activities.

In addition, in the BtoB business, which develops and operates customers' proprietary e-commerce websites, logistics services, and other services, the Company also has various performance obligations to customers related to the sale of contracted products.

These performance obligations are a series of highly interrelated services that occur during consignment goods sales activities. Therefore, these various performance obligations are combined and treated as a single performance obligation to sell products to users as an agent of the consignor.

The performance obligation is satisfied as of the settlement date under the consignment contract with the customer, and therefore, revenue is recognized on that date.

(2) Revenue from sales of purchased merchandise

The Company receives orders from customers (users) on our e-commerce website, "ZOZOTOWN." It sells the purchased merchandise and is obligated to deliver the merchandise to the customers. The Company recognizes revenue at the time of shipment because there is no significant difference between the time of shipment and the

time of delivery.

### (3) Revenue from the advertising business

The advertising business is a form of business in which the Company provides advertising space to customers and earns advertising revenue by utilizing the user reach tied to "ZOZOTOWN", etc. Under the contracts with customers, the Company recognizes revenue when its performance obligation is fulfilled by the placement of advertisements. In addition, for advertisements for which the obligation to fulfill the performance obligation is satisfied when a user clicks on the advertisement, revenue is recognized at the time the user clicks on the advertisement.

For transactions in which ZOZO points are awarded to users when they purchase products, the Company identifies this as a separate performance obligation, and as an option to acquire additional goods or services and allocates the transaction price to each performance obligation based on the arm's length sales price. For coupon points by the Company, such as sales promotion points for the purpose of acquiring new customers, the Company deducts from the transaction price the amount equivalent to the points allocated to the purchase of merchandise in accordance with the provisions for consideration paid to customers in the accounting standards for revenue recognition, etc. For goods expected to be returned, the Company does not recognize revenue but recognizes revenue at the amount of consideration to which the Company expects to be entitled from the sale of the goods. The transaction's consideration does not include a significant financial component because it is received within one year of satisfying the performance obligation. In addition, delivery activities performed after the user has obtained control over the goods are not identified as performance obligations, in accordance with the alternative treatment of materiality and other matters prescribed in the accounting standard for revenue recognition, etc.

## 7. Other important matters that serve as the basis for the preparation of financial statements

### (1) Accounting treatment for unrecognized actuarial differences in retirement benefits

Accounting treatment for unrecognized actuarial differences related to retirement benefits differs from the method used in the consolidated financial statements.

### (2) Hedge accounting method

#### ① Hedge accounting method

In principle, deferred hedge accounting is used.

If forward exchange contracts meet the requirements of the allocation method, the allocation method is applied.

#### ② Hedging instruments and hedged items

Hedging instruments are forward exchange contracts, and hedged items are mainly monetary debts denominated in foreign currencies.

#### ③ Hedging policy

The Company enters into forward exchange contracts to hedge foreign currency transactions against fluctuations in foreign currency exchange rates.

④ Method of evaluating the effectiveness of hedging

The effectiveness of forward exchange contracts is not evaluated as of the balance sheet date because the correlation between the foreign exchange rate fluctuations and the effectiveness of the contracts is fully ensured since the same amount and the same maturity are allocated in accordance with the risk management policy at the time the contracts are entered into.

Notes to balance sheet

1. Accumulated depreciation directly deducted from assets

|                                |                   |
|--------------------------------|-------------------|
| Buildings                      | 3,515 million yen |
| Vehicles                       | 12 million yen    |
| Tools, furniture, and fixtures | 9,084 million yen |

2. Receivables arising from contracts with customers and outstanding contract liabilities

|                                                           |                    |
|-----------------------------------------------------------|--------------------|
| Receivables arising from contracts with customers (Note)1 | 45,786 million yen |
| Contract liabilities (Note) 2<br>(Note)                   | 377 million yen    |

1. Receivables arising from contracts with customers are included in "Accounts receivable" in the balance sheet.

2. Contract liabilities are included in "Others" under current liabilities in the balance sheet.

3. Monetary receivables from or monetary payables to subsidiaries and affiliates

|                        |                   |
|------------------------|-------------------|
| Short-term receivables | 8,722 million yen |
| Short-term payables    | 4,619 million yen |

4. Monetary claims against Directors

|                                   |               |
|-----------------------------------|---------------|
| Monetary claims against Directors | 0 million yen |
|-----------------------------------|---------------|

5. The Company has current account overdraft and commitment line agreements with three correspondent banks in order to raise working capital efficiently. The following are unused lines of credit based on these agreements as of the end of the current fiscal year.

|                                                                     |                    |
|---------------------------------------------------------------------|--------------------|
| Total amount of current account overdraft limit and loan commitment | 32,500 million yen |
| The total amount of loans outstanding                               | 20,000 million yen |
| Difference                                                          | 12,500 million yen |

Notes to the income statement

Total amount of operating and non-operating transactions with subsidiaries and affiliates

|                                     |                   |
|-------------------------------------|-------------------|
| Operating transactions (income)     | 1,760 million yen |
| Operating transactions (expenses)   | 5,390 million yen |
| Non-operating transactions (income) | 48 million yen    |

Note to statement of changes in net assets  
 Number of treasury stock at the end of the current fiscal year  
 Common stock 3,523,250 shares

Notes to deferred taxes  
 Significant components of deferred tax assets and liabilities

(Unit: Million yen)

|                                              |              |
|----------------------------------------------|--------------|
| (Deferred tax assets)                        |              |
| Accrued business tax                         | 537          |
| Provision for bonuses                        | 355          |
| Inventories                                  | 177          |
| Advance received                             | 107          |
| Advance payment                              | 19           |
| Excess depreciation                          | 1,590        |
| Deferred assets                              | 3            |
| Provision for retirement benefits            | 1,357        |
| Provision for Directors' retirement benefits | 2            |
| Asset retirement obligations                 | 1,193        |
| Stock acquisition rights                     | 0            |
| Investments in subsidiaries and affiliates   | 910          |
| Investment securities                        | 114          |
| Others                                       | 762          |
| Total deferred tax assets                    | <u>7,132</u> |

|                                                             |            |
|-------------------------------------------------------------|------------|
| (Deferred tax liabilities)                                  |            |
| Unrealized gains (losses) on available-for-sale securities  | 38         |
| Removal costs corresponding to asset retirement obligations | 888        |
| Deferred gains or losses on hedges                          | 23         |
| Others                                                      | 8          |
| Total deferred tax liabilities                              | <u>959</u> |

Net deferred tax assets

6,172

Notes to fixed assets used under leases

Operating lease transactions

Future minimum lease payments under non-cancelable operating leases

Due within one year 6,986 million yen

Due after one year 18,213 million yen

Total 25,199 million yen

Notes on transactions with related parties

1. Parent and sister companies, etc.

| Type                         | Name of the company, etc. | Percentage of voting rights held | Relationship with related parties | Details of transactions                  | Transaction amount (Million yen) | Account title       | Balance at the end of the term (Million yen) |
|------------------------------|---------------------------|----------------------------------|-----------------------------------|------------------------------------------|----------------------------------|---------------------|----------------------------------------------|
| Parent company               | LY Corporation            | 51.5%                            | Acceptance of services            | Use of settlement agency services (Note) | —                                | Accounts receivable | 4,718                                        |
| Subsidiary of parent company | SB Payment Service Corp.  | —                                | Acceptance of services            | Use of settlement agency services (Note) | —                                | Accounts receivable | 27,492                                       |

Transaction terms and policy for determining transaction terms

(Note)

Transactions related to accounts receivable are sales transactions to end-users, not to the companies above, and therefore, transaction amounts are not shown.

Notes to per share information

Net assets per share: 283.78 yen

Net income per share 148.70 yen

Notes to significant subsequent events

Not applicable.

Notes to consolidated companies subject to the consolidated dividend regulations

The Company is a company subject to consolidated dividend regulations.

Notes to revenue recognition

Revenue recognition is the same as in the Notes to Consolidated Financial Statements and is therefore omitted.



# Consolidated Balance Sheets

(As of March 31, 2024)

(Unit: Million yen)

| Account                              | Amount         | Account                                               | Amount         |
|--------------------------------------|----------------|-------------------------------------------------------|----------------|
| <b>(Assets)</b>                      |                | <b>(Liabilities)</b>                                  |                |
| <b>Current assets</b>                | <b>123,137</b> | <b>Current liabilities</b>                            | <b>68,261</b>  |
| Cash and deposits                    | 64,747         | Accounts payable - trade                              | 259            |
| Accounts receivable - trade          | 45,789         | Deposits received for consignment sales               | 26,668         |
| Marketable securities                | 5,000          | Accounts payable - others                             | 7,481          |
| Merchandise and finished products    | 3,784          | Short-term borrowings                                 | 20,000         |
| Raw materials and supplies           | 39             | Income taxes payable                                  | 8,721          |
| Others                               | 3,777          | Provision for bonuses                                 | 1,275          |
|                                      |                | Provision for bonuses for Directors                   | 95             |
|                                      |                | Others                                                | 3,759          |
| <b>Non-current assets</b>            | <b>38,724</b>  | <b>Non-current liabilities</b>                        | <b>8,856</b>   |
| <b>Property, plant and equipment</b> | <b>24,660</b>  | Retirement benefit liability                          | 4,841          |
| Buildings                            | 11,524         | Asset retirement obligations                          | 4,004          |
| Vehicles                             | 14             | Others                                                | 10             |
| Tools, furniture and fixtures        | 13,012         | <b>Total liabilities</b>                              | <b>77,117</b>  |
| Construction in progress             | 109            |                                                       |                |
| <b>Intangible assets</b>             | <b>2,611</b>   | <b>(Net assets)</b>                                   |                |
| Goodwill                             | 920            | <b>Shareholders' equity</b>                           | <b>84,572</b>  |
| Software                             | 741            | Capital Stock                                         | 1,359          |
| Others                               | 950            | Capital surplus                                       | 1,328          |
| <b>Investments and other assets</b>  | <b>11,452</b>  | Retained earnings                                     | 93,512         |
| Investment securities                | 1,132          | Treasury stocks                                       | -11,627        |
| Deferred tax assets                  | 5,950          | <b>Accumulated other comprehensive income</b>         | <b>171</b>     |
| Others                               | 4,369          | Valuation difference on available-for-sale securities | 90             |
|                                      |                | Deferred gains or losses on hedges                    | 54             |
|                                      |                | Foreign currency translation adjustment               | 187            |
|                                      |                | Remeasurements of defined benefit plans               | -161           |
|                                      |                | <b>Share acquisition rights</b>                       | <b>0</b>       |
|                                      |                | <b>Total net assets</b>                               | <b>84,744</b>  |
| <b>Total assets</b>                  | <b>161,862</b> | <b>Total liabilities and net assets</b>               | <b>161,862</b> |

# Consolidated Statements of Income

(From April 1, 2023 to March 31, 2024)

(Unit: Million yen)

| Account                                               | Amount |                |
|-------------------------------------------------------|--------|----------------|
| <b>Net sales</b>                                      |        | <b>197,016</b> |
| <b>Cost of sales</b>                                  |        | <b>13,869</b>  |
| <b>Gross profit</b>                                   |        | <b>183,147</b> |
| <b>Selling, general and administrative expenses</b>   |        | <b>123,067</b> |
| <b>Operating profit</b>                               |        | <b>60,079</b>  |
| <b>Non-operating income</b>                           |        |                |
| Interest income                                       | 5      |                |
| Received rent                                         | 2      |                |
| Foreign exchange gain                                 | 91     |                |
| Operations support fee                                | 8      |                |
| Income from recycling                                 | 41     |                |
| Subsidy income                                        | 11     |                |
| Gain on unused points                                 | 101    |                |
| Reversal of allowance for doubtful accounts           | 51     |                |
| Others                                                | 72     |                |
|                                                       |        | <b>386</b>     |
| <b>Non-operating expenses</b>                         |        |                |
| Interest expenses                                     | 77     |                |
| Rent expenses                                         | 2      |                |
| Commission expenses                                   | 27     |                |
| Loss on investments in partnerships                   | 594    |                |
|                                                       |        | <b>701</b>     |
| <b>Ordinary profit</b>                                |        | <b>59,764</b>  |
| <b>Extraordinary income</b>                           |        |                |
| Gain on sales of non-current assets                   | 5      |                |
| Gain on sale of investment securities                 | 139    |                |
| Gain on sale of shares of subsidiaries and affiliates | 735    |                |
|                                                       |        | <b>880</b>     |
| <b>Extraordinary losses</b>                           |        |                |
| Loss on sales and retirement of non-current assets    | 70     |                |
| Loss on valuation of investment securities            | 148    |                |
|                                                       |        | <b>218</b>     |
| <b>Profit before income taxes</b>                     |        | <b>60,426</b>  |
| Income taxes - current                                | 16,087 |                |
| Income taxes - deferred                               | -76    |                |
|                                                       |        | <b>16,010</b>  |
| <b>Net Profit</b>                                     |        | <b>44,415</b>  |
| Profit attributable to non-controlling interests      |        | <b>74</b>      |
| <b>Profit attributable to owners of parent</b>        |        | <b>44,341</b>  |

# Consolidated statements of changes in net assets

(From April 1, 2023 to March 31, 2024)

(Unit: Million yen)

|                                                           | Shareholders' equity |                 |                   |                |                            | Accumulated other comprehensive income                |                                    |
|-----------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|-------------------------------------------------------|------------------------------------|
|                                                           | Capital Stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges |
| Balance as of March 31, 2023                              | 1,359                | 1,349           | 118,620           | -44,558        | 76,771                     | 39                                                    | 40                                 |
| Changes of items during the current fiscal year           |                      |                 |                   |                |                            |                                                       |                                    |
| Cash dividends                                            |                      |                 | -26,998           |                | -26,998                    |                                                       |                                    |
| Profit attributable to owners of parent                   |                      |                 | 44,341            |                | 44,341                     |                                                       |                                    |
| Repurchase of treasury stock                              |                      | 137             |                   | -10,137        | -9,999                     |                                                       |                                    |
| Disposition of treasury stock                             |                      | -672            |                   | 1,124          | 452                        |                                                       |                                    |
| Cancellation of treasury stock                            |                      | -41,943         |                   | 41,943         | —                          |                                                       |                                    |
| Transfer from retained earnings to capital surplus        |                      | 42,456          | -42,456           |                | —                          |                                                       |                                    |
| Increase/decrease due to change in scope of consolidation |                      |                 | 5                 |                | 5                          |                                                       |                                    |
| Net changes of items other than Shareholders' equity      |                      |                 |                   |                |                            | 51                                                    | 14                                 |
| Total changes of items during the current fiscal year     | —                    | -21             | -25,107           | 32,931         | 7,801                      | 51                                                    | 14                                 |
| Balance as of March 31, 2024                              | 1,359                | 1,328           | 93,512            | -11,627        | 84,572                     | 90                                                    | 54                                 |

|                                                           | Accumulated other comprehensive income   |                                                     |                                              | Stock acquisition rights | Non-controlling interests | Total net assets |
|-----------------------------------------------------------|------------------------------------------|-----------------------------------------------------|----------------------------------------------|--------------------------|---------------------------|------------------|
|                                                           | Foreign currency translation adjustments | Accumulated remeasurements of defined benefit plans | Total accumulated other comprehensive income |                          |                           |                  |
| Balance as of March 31, 2023                              | 92                                       | -386                                                | -214                                         | 18                       | 117                       | 76,693           |
| Changes of items during the current fiscal year           |                                          |                                                     |                                              |                          |                           |                  |
| Cash dividends                                            |                                          |                                                     |                                              |                          |                           | -26,998          |
| Profit attributable to owners of parent                   |                                          |                                                     |                                              |                          |                           | 44,341           |
| Repurchase of treasury stock                              |                                          |                                                     |                                              |                          |                           | -9,999           |
| Disposition of treasury stock                             |                                          |                                                     |                                              |                          |                           | 452              |
| Cancellation of treasury stock                            |                                          |                                                     |                                              |                          |                           | —                |
| Transfer from retained earnings to capital surplus        |                                          |                                                     |                                              |                          |                           | —                |
| Increase/decrease due to change in scope of consolidation |                                          |                                                     |                                              |                          |                           | 5                |
| Net changes of items other than Shareholders' equity      | 94                                       | 224                                                 | 385                                          | -18                      | -117                      | 249              |
| Total changes of items during the current fiscal year     | 94                                       | 224                                                 | 385                                          | -18                      | -117                      | 8,050            |
| Balance as of March 31, 2024                              | 187                                      | -161                                                | 171                                          | 0                        | —                         | 84,744           |

# Notes to the Consolidated Financial Statements

Notes on the going concern assumption

Not applicable.

Notes to the basis of presenting consolidated financial statements

## 1. Scope of Consolidation

(1) Number of consolidated subsidiaries and names of consolidated subsidiaries

Number of consolidated subsidiaries: 4

Name of consolidated subsidiaries

ZOZO NEXT, Inc.

ZOZO Apparel USA, Inc.

ZOZO NEW ZEALAND LIMITED

NANTONG ZHUOTENG INFORMATION TECHNOLOGY CO.,LTD

The Company's consolidated subsidiary, yutori, Inc., increased capital at the time of listing, and additionally, the Company sold a part of its holding shares. Thus, the said company was excluded from the scope of consolidation.

(2) Names of non-consolidated subsidiaries

Number of non-consolidated subsidiaries: 4

Name of non-consolidated subsidiaries

STV FUND, LP

Bespokify Pte., Ltd.

Bespokify (Thailand) Ltd.

BESPOKIFY (VIETNAM) LTD.

(Reason for exclusion from the scope of consolidation)

The non-consolidated subsidiary is small in size, and its total assets, net sales, net income or loss (the Company's interest share), and retained earnings (the Company's interest share) do not have a material impact on the consolidated financial statements.

## 2. Application of equity method

Names of unconsolidated subsidiaries and affiliates not accounted for by the equity method

Names of major companies

(1) Non-consolidated subsidiary

STV FUND, LP

Bespokify Pte., Ltd.

Bespokify (Thailand) Ltd.

BESPOKIFY (VIETNAM) LTD.

## (2) Affiliates

yutori, Inc.

(Reason for not applying the equity method)

Non-consolidated subsidiaries and affiliates are small in size, and their net income or loss (as calculated by the equity method) and retained earnings (as calculated by the equity method) have a minimal effect on the consolidated financial statements and are not significant in the aggregate.

## 3. Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, ZOZO Apparel USA, Inc. and NANTONG ZHUOTENG INFORMATION TECHNOLOGY CO.,LTD. have a fiscal year ending December 31. Provisional financial statements prepared for consolidation as of the consolidated balance sheet date are used to prepare the consolidated financial statements. The fiscal year end of other consolidated subsidiaries is the same as the consolidated fiscal year.

## 4. Matters on accounting policies

### (1) Valuation standards and methods for significant assets

#### ① Valuation standards and methods for marketable securities

Available-for-sale securities

Other than stocks without market quotations

Stated at market value (unrealized gains or losses are reported as a separate component of net assets, and the cost of securities sold is determined by the moving-average method).

#### ② Valuation standards and methods for net receivables (and liabilities) arising from derivative transactions

Stated at market value.

#### ③ Valuation standards and methods for inventories

##### (a) Merchandise and finished products

Stated at a cost determined by the first-in, first-out method (method of reducing book value when the contribution of inventories to profitability declines).

In addition, write-downs are made in accordance with the Company's prescribed standards.

##### (b) Raw materials and supplies

Stated at a cost determined by the weighted average method (method of book value devaluation based on decreased profitability).

The Company writes down the book value in accordance with the Company's prescribed standards.

## (2) Significant depreciation and amortization methods for fixed assets

### ① Property, plant, and equipment (excluding lease assets)

The declining-balance method is used. However, buildings (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016, are depreciated using the straight-line method.

The useful lives of major assets are as follows:

Buildings: 3-38 years

Vehicles 4-6 years

Tools, furniture and fixtures: 3-25 years

### ② Intangible assets (excluding lease assets)

The straight-line method is used.

Trademark rights are amortized over 10 years, patent rights are amortized over 7 to 8 years, and software (for internal use) is amortized over the period of internal use (5 years).

### ③ Lease assets

Lease assets related to finance lease transactions that do not transfer ownership

Leased assets are depreciated over the lease period with a residual value of zero.

## (3) Accounting standards for significant allowances

### 1. Provision for bonuses

To provide for the payment of bonuses to employees, an amount accrued for the current fiscal year among the estimated amount of payment is recorded.

### 2. Provision for bonuses for Directors

To provide for the payment of bonuses to Directors, etc., an amount accrued for the current fiscal year among the estimated bonuses to be paid is recorded.

## (4) Hedge accounting method

### ① Hedge accounting method

In principle, deferred hedge accounting is used.

If forward exchange contracts meet the requirements of the allocation method, the allocation method is applied.

### ② Hedging instruments and hedged items

Hedging instruments are forward exchange contracts, and hedged items are mainly monetary debts denominated in foreign currencies.

### ③ Hedging policy

The Company enters into forward exchange contracts to hedge foreign currency transactions against fluctuations in foreign currency exchange rates.

#### ④ Method of evaluating the effectiveness of hedging

The effectiveness of forward exchange contracts is not evaluated as of the balance sheet date because the correlation between the foreign exchange rate fluctuations and the effectiveness of the contracts is fully ensured since the same amount and the same maturity are allocated in accordance with the risk management policy at the time the contracts are entered into.

#### (5) Accounting standards for revenue and expense recognition

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021). The Company recognizes revenue as the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services is transferred to the customer.

The major performance obligations in the Company's principal businesses and the timing at which revenue is recognized are as follows.

#### ① Revenue from sales of consignment goods

The Company receives consignment sales commissions from customers (brands) and keeps their products in the Company's logistics centers as consignment inventory and sells them upon receiving orders from users on our e-commerce website "ZOZOTOWN". Under the outsourcing contracts between the Company and its customers, the Company has various performance obligations to its customers, such as taking custody and storing the received customers' products, operating "ZOZOTOWN," selling products to users, providing logistics services related to sales activities, and providing customer service during the sales activities.

In addition, in the BtoB business, which develops and operates customers' proprietary e-commerce websites, logistics services, and other services, the Company also has various performance obligations to customers related to the sale of contracted products.

These performance obligations are a series of highly interrelated services that occur during consignment goods sales activities. Therefore, these various performance obligations are combined and treated as a single performance obligation to sell products to users as an agent of the consignor.

The performance obligation is satisfied as of the settlement date under the consignment contract with the customer, and therefore, revenue is recognized on that date.

#### ② Revenue from sales of purchased merchandise

The Company receives orders from customers (users) on our e-commerce website "ZOZOTOWN," sells the purchased merchandise, and is obligated to deliver the merchandise to the customers. The Company recognizes revenue at the time of shipment because there is no significant difference between the time of shipment and the time of delivery.

#### ③ Revenue from the advertising business

The advertising business is a form of business in which the Company provides advertising space to customers and earns advertising revenue by utilizing the user reach tied to "ZOZOTOWN", etc. Under the contracts with



customers, the Company recognizes revenue when its performance obligation is fulfilled by the placement of advertisements. In addition, for advertisements for which the obligation to fulfill the performance obligation is satisfied when a user clicks on the advertisement, revenue is recognized at the time the user clicks on the advertisement.

For transactions in which ZOZO points are awarded to users when they purchase products, the Company identifies this as a separate performance obligation, and as an option to acquire additional goods or services and allocates the transaction price to each performance obligation based on the arm's length sales price. For coupon points by the Company, such as sales promotion points for the purpose of acquiring new customers, the Company deducts from the transaction price the amount equivalent to the points allocated to the purchase of merchandise in accordance with the provisions for consideration paid to customers in the accounting standards for revenue recognition, etc. For goods expected to be returned, the Company does not recognize revenue, but recognizes revenue at the amount of consideration to which the Company expects to be entitled from the sale of the goods. The transaction's consideration does not include a significant financial component because it is received within one year of satisfying the performance obligation. In addition, delivery activities performed after the user has obtained control over the goods are not identified as performance obligations, in accordance with the alternative treatment of materiality and other matters prescribed in the accounting standard for revenue recognition, etc.

(6) Method used to account for the provision of retirement benefits

To provide for the payment of retirement benefits to employees, provision for retirement benefits is recorded based on the estimated amount of retirement benefit obligations as of the end of the current fiscal year.

The following is the method used to account for the provision of retirement benefits and retirement benefit expenses.

① Period attribution method of estimated retirement benefits

The estimated amount of retirement benefits is attributed to the period until the end of the current fiscal year based on the benefit calculation method.

② Years required for amortization of actuarial gains and losses and prior service cost

Prior service cost is amortized by the straight-line method over a fixed number of years within the average remaining service period of employees (9 years) at the time the cost is incurred.

Actuarial gains and losses are amortized by the straight-line method over a fixed number of years within the average remaining service period of employees (9 years) at the time of each fiscal year's occurrence, starting from the following fiscal year's occurrence.

③ Adoption of the simplified method for small companies, etc.

Certain consolidated subsidiaries apply the simplified method for the calculation of liabilities for retirement benefits and retirement benefit expenses, using the amount payable at the end of the fiscal year as the liability for retirement benefits.

(7) Standards for translation of assets and liabilities denominated in foreign currencies into Japanese currency  
Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the balance sheet date, with translation differences recognized as gains or losses.

(8) Amortization method and period of goodwill

Goodwill is amortized evenly over a reasonable period of not more than 20 years, based on the period over which the investment effect will be realized for each individual project.

#### Notes to Consolidated Balance Sheets

Accumulated depreciation directly deducted from assets

|                                |                   |
|--------------------------------|-------------------|
| Buildings                      | 3,536 million yen |
| Vehicles                       | 12 million yen    |
| Tools, furniture, and fixtures | 9,123 million yen |

2. Balance of receivables and liabilities arising from contracts with customers

Receivables arising from contracts with customers (Note) 1 45,789 million yen

Contract liabilities (Note) 2 377 million yen

(Note)

1. Receivables arising from contracts with customers are included in "Accounts receivable" in the consolidated balance sheets.

2. Contract liabilities are included in "Others" under current liabilities in the consolidated balance sheets.

Notes to the consolidated statement of changes in net assets

1. Type and number of shares issued and outstanding at the end of the current consolidated fiscal year

| Type of stock | As of the beginning of the current consolidated fiscal year | Increase | Decrease   | As of the end of the current consolidated fiscal year |
|---------------|-------------------------------------------------------------|----------|------------|-------------------------------------------------------|
| Common stock  | 311,644,285                                                 | —        | 11,170,104 | 300,474,181                                           |

(Summary of reasons for fluctuation)

|                                                                                        |                   |
|----------------------------------------------------------------------------------------|-------------------|
| Cancellation of treasury stock based on a resolution adopted by the Board of Directors | 11,170,104 shares |
|----------------------------------------------------------------------------------------|-------------------|

2. Matters related to treasury stock

| Type of stock | As of the beginning of the current consolidated fiscal year | Increase  | Decrease   | As of the end of the current consolidated fiscal year |
|---------------|-------------------------------------------------------------|-----------|------------|-------------------------------------------------------|
| Common stock  | 11,787,504                                                  | 3,203,350 | 11,467,604 | 3,523,250                                             |

(Summary of reasons for fluctuation)

(Reason for increase)

|                                                                   |               |
|-------------------------------------------------------------------|---------------|
| Increase due to free acquisition of restricted stock compensation | 73,450 shares |
|-------------------------------------------------------------------|---------------|

|                                                                                                        |                  |
|--------------------------------------------------------------------------------------------------------|------------------|
| Increase due to acquisition of treasury stocks based on a resolution adopted by the Board of Directors | 3,129,900 shares |
|--------------------------------------------------------------------------------------------------------|------------------|

(Reason for decrease)

|                                                                                         |                   |
|-----------------------------------------------------------------------------------------|-------------------|
| Cancellation of treasury stocks based on a resolution adopted by the Board of Directors | 11,170,104 shares |
|-----------------------------------------------------------------------------------------|-------------------|

|                                                                               |                |
|-------------------------------------------------------------------------------|----------------|
| Disposition of treasury stock based on a resolution of the Board of Directors | 297,500 shares |
|-------------------------------------------------------------------------------|----------------|

3. Matters related to dividends

(1) Dividends paid

| Resolution                                             | Type of shares | Total amount of dividends (Million yen) | Dividend per share (yen) | Record date        | Effective date    |
|--------------------------------------------------------|----------------|-----------------------------------------|--------------------------|--------------------|-------------------|
| June 28, 2023 Ordinary General Meeting of Shareholders | Common stock   | 12,294                                  | 41                       | March 31, 2023     | June 30, 2023     |
| October 31, 2023 Board Meeting                         | Common stock   | 14,703                                  | 49                       | September 30, 2023 | November 27, 2023 |

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

| Resolution                 | Type of shares | Source of dividends | Total amount of dividends (Million yen) | Dividend per share (yen) | Record date    | Effective date |
|----------------------------|----------------|---------------------|-----------------------------------------|--------------------------|----------------|----------------|
| May 17, 2024 Board Meeting | Common stock   | Retained earnings   | 16,332                                  | 55                       | March 31, 2024 | June 7, 2024   |

4. Type and number of shares to be issued or transferred upon exercise of stock acquisition rights (excluding those for which the first day of the exercise period has not yet arrived) as of the end of the current fiscal year  
Common stock: 83,000 shares

Notes on financial instruments

Matters concerning the status of financial instruments

(1) Policy on financial instruments

The Group uses its own funds to cover the necessary funds in light of its capital investment plans to conduct its main business, the e-commerce business. Temporary surplus funds are invested in highly secure financial assets to prepare for future business development, to ensure mobility and liquidity, and based on a policy of not investing funds in a manner that would result in a loss of principal.

In light of the business environment, the company seeks to stabilize fund procurement by entering into overdraft agreements to contribute to the flexible execution of future business operations.

(2) Description of financial instruments and those risks

Accounts receivable, which are operating receivables, are exposed to the credit risk of business partners to whom the Company entrusts the collection of sales proceeds.

Operating payables, such as accounts payable, deposits received for consignment sales, and accounts payable-others, are all due within one year.

Short-term borrowings are mainly for the purpose of procuring funds related to working capital.

(3) Risk management system for financial instruments

① Management of credit risk (risk related to nonperformance of contract by counterparties, etc.)

In accordance with the credit management rules, the Business Administration Division periodically monitors the status of trade receivables and manages due dates and outstanding balances by the counterparty in order to early identify and mitigate the risk of collection due to deterioration of financial conditions or other reasons.

② Market risk management

The Company periodically monitors the market value and financial conditions of issuers (client companies) of investment securities and continuously reviews its holdings in consideration of future business development and other factors.

③ Management of liquidity risk (risk of being unable to make payments on due dates) related to fund

procurement

The Group manages liquidity risk by maintaining liquidity on hand at an amount equivalent to one month's operating payables based on a funding plan prepared at the beginning of each fiscal year by the Business Administration Division based on interviews from each department.

(4) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments includes values based on market prices and reasonably calculated values when there is no market price. Since variable factors are incorporated in the calculation of such values, such values may vary due to the adoption of different assumptions and other factors.

(5) Concentration of credit risk

The majority of operating receivables as of the end of the current consolidated fiscal year are due to the top two companies to which the Company has entrusted the collection of sales proceeds.

2. Fair value of financial instruments

The carrying amount on the consolidated balance sheet, fair value, and the difference between those two are as follows.

Cash and deposits, accounts receivable, marketable securities, accounts payable, deposits received on consignment sales, accounts payable-others, income taxes payable, and short-term borrowings are omitted because they are cash, and their fair value approximates their book value due to their short maturities.

(Unit: Million yen)

|                                                  | Carrying amount on the consolidated balance sheets | Fair value | Difference |
|--------------------------------------------------|----------------------------------------------------|------------|------------|
| Investment securities                            |                                                    |            |            |
| Shares of subsidiaries and affiliates            | 179                                                | 2,540      | 2,361      |
| Total                                            | 179                                                | 2,540      | 2,361      |
| Derivative transactions                          |                                                    |            |            |
| Derivatives to which hedge accounting is applied | 77                                                 | 77         | -          |
| Total derivative transactions                    | 77                                                 | 77         | -          |

(Note) Receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown with “-”

(Note) 1 Matters related to derivative transactions

Derivative transactions

(1) Derivative transactions for which hedge accounting is not applied

Not applicable

(2) Derivative transactions for which hedge accounting is applied

The contract amount or the amount equivalent to the principal amount stipulated in the contract, etc., as of the consolidated settlement of accounts for derivative transactions for which hedge accounting is applied by the hedge accounting method, are as follows.

(Unit; Million yen)

| Hedge accounting method                         | Type of derivative transactions                     | Major hedged items                        | Contract amount, etc. | Contract amount, etc., exceeding 1 year | Fair value |
|-------------------------------------------------|-----------------------------------------------------|-------------------------------------------|-----------------------|-----------------------------------------|------------|
| Allocation method of forward exchange contracts | Forward exchange contracts<br>Purchase contract USD | Foreign currency receivables and payables | 2,316                 | 102                                     | 2,393      |

(Note) 2 Stocks and other securities without market quotations are not included in the above table. The carrying amount on the consolidated balance sheets of such financial instruments are as follows.

(Unit; Million yen)

| Category                              | Carrying amount on the consolidated balance sheets |
|---------------------------------------|----------------------------------------------------|
| Unlisted Stocks                       | 685                                                |
| Shares of unconsolidated subsidiaries | 267                                                |
| Total                                 | 952                                                |

(Note) 3 Scheduled redemption amount of monetary claims after the consolidated balance sheet date

(Unit; Million yen)

|                                  | Within 1 year | Over 1 year, within 5 years | Over 5 years, within 10 years | Over 10 years |
|----------------------------------|---------------|-----------------------------|-------------------------------|---------------|
| Cash and deposits                | 64,747        | –                           | –                             | –             |
| Accounts receivable              | 45,789        | –                           | –                             | –             |
| Marketable securities            |               |                             |                               |               |
| Held-to-maturity debt securities |               |                             |                               |               |
| Commercial paper                 | 5,000         | –                           | –                             | –             |
| Total                            | 115,536       | –                           | –                             | –             |

(Note) 4 Scheduled repayment amount of other interest-bearing liabilities after the consolidated balance sheet date

(Unit; Million yen)

|                       | Within 1 year | Over 1 year,<br>within 2 years | Over 2 years,<br>within 3 years | Over 3 years,<br>within 4 years | Over 4 years,<br>within 5 years | Over 5 years |
|-----------------------|---------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------|
| Short-term borrowings | 20,000        | —                              | —                               | —                               | —                               | —            |

### 3. Breakdown of the level of fair value concerning financial instruments

The fair value of financial instruments was classified into the following three levels according to the observability and significance of inputs related to the fair value measurement.

Fair value at level 1: Fair value based on market prices of assets or liabilities subject to measurement of fair value formed at active markets among inputs related to measurement of observable fair value,

Fair value at level 2: Fair value based on inputs related to the measurement of fair value other than inputs at level 1 among inputs related to the measurement of observable fair value

Fair value at level 3: Fair value based on inputs related to the measurement of unobservable fair value

If several inputs are used with a material impact on fair value measurement, fair value is classified as the lowest priority level among the levels that each of these inputs belongs to.

Financial instruments posted at fair value on the consolidated balance sheet

(Unit; Million yen)

| Category                | Fair value |         |         |       |
|-------------------------|------------|---------|---------|-------|
|                         | Level 1    | Level 2 | Level 3 | Total |
| Derivative transactions |            |         |         |       |
| Currencies-related      | —          | 77      | —       | 77    |
| Total liabilities       | —          | 77      | —       | 77    |

(Note) Explanation of valuation methods used for fair value measurement and inputs related to fair value measurement

#### Derivative transactions

The fair value of derivative transactions is calculated based on prices quoted by counterparty financial institutions, etc., as there are no published quoted prices, and is classified as Level 2 fair value.

Financial instruments other than those posted at fair value on the consolidated balance sheet

(Unit: Million yen)

| Category                              | Fair value |         |         |       |
|---------------------------------------|------------|---------|---------|-------|
|                                       | Level 1    | Level 2 | Level 3 | Total |
| Investment securities                 |            |         |         |       |
| Shares of subsidiaries and affiliates | 2,540      | –       | –       | 2,540 |
| Total Assets                          | 2,540      | –       | –       | 2,540 |

(Note) Explanation of valuation methods used for fair value measurement and inputs related to fair value measurement

Investment securities

Listed stocks were evaluated, using the quoted market prices. The fair value was classified into fair value at level 1 because they are traded in active markets.

Notes to per share information

Net assets per share 285.38 yen

Net income per share 148.19 yen

Notes to significant subsequent events

Not applicable.



Notes to revenue recognition

1. The following is a breakdown of revenue from contracts with customers.

((Unit; Million yen)

|                                           | Revenue from<br>consignment goods | Revenue from sales<br>of purchased<br>merchandise | Revenue from the<br>advertising<br>business and others | total   |
|-------------------------------------------|-----------------------------------|---------------------------------------------------|--------------------------------------------------------|---------|
| ZOZOTOWN business                         | 121,965                           | 21,894                                            | —                                                      | 143,859 |
| (Outright purchase/production &<br>sales) | —                                 | 4,263                                             | —                                                      | 4,263   |
| (Consignment Sales)                       | 121,965                           | —                                                 | —                                                      | 121,965 |
| (USED Sales)                              | —                                 | 17,630                                            | —                                                      | 17,630  |
| LY Corporation Commerce                   | 16,540                            | 596                                               | —                                                      | 17,136  |
| BtoB business                             | 2,271                             | —                                                 | —                                                      | 2,271   |
| Advertising business                      | —                                 | —                                                 | 9,737                                                  | 9,737   |
| others                                    | —                                 | —                                                 | 24,012                                                 | 24,012  |
| Revenue from contracts with<br>customers  | 140,777                           | 22,490                                            | 33,749                                                 | 197,016 |
| Sales to external customers               | 140,777                           | 22,490                                            | 33,749                                                 | 197,016 |

2. Basic information for understanding revenue from contracts with customers

As described in "4. Matters on accounting policies (5) Accounting standards for revenue and expense recognition.

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current fiscal year and are expected to be recognized in the following fiscal year or later

(1) Receivables and contract liabilities arising from contracts with customers

The balances of receivables and contract liabilities arising from contracts with customers at the beginning and end of the period are as follows.

(Unit: Million yen)

|                                                   | Current consolidated fiscal year               |                                          |
|---------------------------------------------------|------------------------------------------------|------------------------------------------|
|                                                   | Balance as of the beginning of the fiscal year | Balance as of the end of the fiscal year |
| Receivables arising from contracts with customers | 42,994                                         | 45,789                                   |
| Contract liabilities                              | 325                                            | 377                                      |

On the consolidated balance sheets, contract liabilities are included in current liabilities-others. Contractual liabilities represent the balance of points granted by the Company for which performance obligations have not been satisfied as of the end of the period. Contract liabilities are reversed upon recognition of revenue. All contractual liability balances at the beginning of the period are included in the amount of revenue recognized in the current period.

(2) Transaction prices allocated to remaining performance obligations

The Company and its consolidated subsidiaries apply the practical expedient method and omit the disclosure of transaction prices allocated to remaining performance obligations since there are no material contracts with an initial expected term exceeding one year. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

# Accounting Auditor's Audit Report

## Independent auditor's audit report

May 14, 2024

ZOZO, Inc.

To: The Board of Directors

Deloitte Touche Tohmatsu LLC  
Tokyo Office

Designated  
Limited  
Liability  
Partner,  
Engagement  
Partner

Certified  
Public  
Accountant

Atsushi Numata

Designated  
Limited  
Liability  
Partner,  
Engagement  
Partner

Certified  
Public  
Accountant

Hisashi Okuda

### Audit Opinion

We have audited the financial statements, which consist of the balance sheet, income statement, statement of changes in shareholders' equity, and notes to the financial statements and their supplementary schedules (hereinafter called the "financial statements, etc."), for the 26th fiscal year, from April 1, 2023, to March 31, 2024, of ZOZO, Inc. according to provisions of the Article 436, Paragraph 2, Item 1 of the Companies Act.

We think that the above financial statements, etc., appropriately present financial positions and profit or loss for the relevant period in all significant respects according to the corporate accounting standards generally accepted in Japan.

### The basis for the audit opinion

The audit is based on the audit standards generally accepted in Japan. Our responsibility in the audit standards is stated in the section titled "Auditor's responsibility for audits of financial statements, etc." We are independent of the Company and perform other ethical responsibilities as an auditor according to the code of professional ethics in Japan. We think that it obtained sufficient and appropriate audit evidence serving as a basis for expressing the opinion.

#### Other information

Other information includes the business report and supplementary schedules. Management's responsibility is to prepare and disclose other information. The responsibility of the Audit and Supervisory Committee is to supervise the execution of duties by the Directors in the establishment and operation of the reporting process for other information.

Other information is outside the range of the audit opinion on the financial statements, and we express no opinion on other information.

Our responsibility for auditing the financial statements is to read the other information and, in the process of reading, examine any material differences between the other information and the financial statements or knowledge that we obtained in the process of auditing. We should also pay attention to any signs of material errors in the other information other than the said material differences.

We are required to report material errors when it is determined that there are material errors in the other information based on the executed tasks.

There are no matters that we should report on the other information.

Responsibility for Management, Audit, and Supervisory Committee for financial statements, etc.

Management's responsibility is to prepare and appropriately present financial statements, etc., according to the corporate accounting standards generally accepted in Japan. This includes establishing and operating internal controls that Management thinks necessary to prepare and appropriately present the financial statements, etc., without material misstatements arising from fraud or errors.

In preparing the financial statements, etc., Management determines whether it is appropriate to prepare them on the going concern assumption and is responsible for disclosing matters related to the going concern according to the corporate accounting standards generally accepted in Japan if necessary.

The Audit and Supervisory Committee's responsibility is to monitor the directors' execution of duties in establishing and operating the financial reporting process.

Auditor's responsibility for audits of financial statements etc.

The auditor's responsibility is to obtain reasonable guarantees on whether the financial statements, etc., generally include no material misstatements arising from fraud or errors and then independently express the opinion about the financial statements, etc., in the auditor's report based on the auditor's audit. Misstatements may arise from fraud or errors, and they are considered material when they are reasonably expected to individually or collectively have an effect on the decision-making of users of the financial statements, etc. According to the audit standards generally accepted in Japan, the auditor makes the judgment as a professional expert through the audit process and performs the following by implementing due diligence as a professional expert:

- The auditor identifies and evaluates the risk of material misstatements arising from fraud or errors. The auditor makes and performs a plan for the audit procedure, responding to the risk of material misstatements. The audit procedure is selected and applied, based on the auditor's judgment. The auditor also obtains sufficient and appropriate audit evidence serving as the basis for expressing the opinion.
- The audit of financial statements, etc., is designed not to express an opinion about the effectiveness of internal controls, but the auditor examines internal controls related to the audit to plan for the appropriate audit procedure according to conditions when evaluating risk.
- The auditor evaluates the appropriateness of accounting policies adopted by the Management and the application methods, the rationality of accounting estimates made by the Management, and the reasonability of the related notes.
- The auditor concludes whether it is appropriate that the Management prepares financial statements, etc., based on the going concern assumption and whether there is significant uncertainty in events or situations casting significant doubt on the going concern assumption based on the obtained audit evidence. If there is significant uncertainty about the going concern assumption, the auditor is required to call attention to the notes to the financial statements, etc., in the auditor's report. If the notes to financial statements, etc., related to significant uncertainty are inappropriate, the auditor is required to express a modified opinion about the financial statements, etc. The auditor's conclusion is based on the audit evidence obtained by the date of the

auditor's report, and future events and situations that may prevent the Company from surviving as a going concern.

- The auditor determines whether presentations of and notes to the financial statements, etc., comply with the corporate accounting standards generally accepted in Japan and whether presentations, structures, and details of financial statements, including related notes and financial statements, etc., appropriately present underlying transactions and accounting events.

The auditor reports to the Audit and Supervisory Committee the scope and timing of the planned audit, important findings in the audit, including significant defects of internal controls identified in the audit process, and other items required by the audit standards.

The auditor reports to the Audit and Supervisory Committee on the compliance with the code of professional ethics in Japan regarding independence, matters rationally considered to affect the auditor's independence, and details of the countermeasures taken to eliminate inhibition factors or the safeguards taken to reduce inhibition factors to an acceptable level, if any.

#### Interest

There is no interest between the Company and the audit company or its managing partners that must be stated according to provisions of the Certified Public Accountants Act.

End

Accounting Auditor's Audit Report (consolidated)

Independent auditor's audit report

May 14, 2024

ZOZO, Inc.

To: The Board of Directors

Deloitte Touche Tohmatsu LLC

Tokyo Office

Designated  
Limited  
Liability  
Partner,  
Engagement  
Partner

Certified  
Public  
Accountant

Atsushi Numata

Designated  
Limited  
Liability  
Partner,  
Engagement  
Partner

Certified  
Public  
Accountant

Hisashi Okuda

Audit Opinion

We have audited the consolidated financial statements, which consist of the consolidated balance sheet, consolidated statements of income, consolidated statements of changes in shareholders' equity, and notes to the consolidated financial statements for the consolidated fiscal year from April 1, 2023 to March 31, 2024 of ZOZO, Inc. according to provisions of the Article 444, Paragraph 4 of the Companies Act.

We think that the above consolidated financial statements appropriately present financial positions and profit or loss for the relevant consolidated period of the corporate group consisting of ZOZO, Inc. and its consolidated subsidiaries in all significant respects according to the corporate accounting standards generally accepted in Japan.

The basis for the audit opinion

The audit is based on the audit standards generally accepted in Japan. Our responsibility in the audit standards is stated in the section titled "Auditor's responsibility for audits of consolidated financial statements. We are independent of the Company and consolidated subsidiaries and performs other ethical responsibilities as an auditor according to the code of professional ethics in Japan. We think that it obtained sufficient and appropriate audit evidence serving as a basis for expressing the opinion.

#### Other information

Other information includes the business report and supplementary schedules. Management is responsible for preparing and disclosing other information. The Audit and Supervisory Committee is responsible for supervising the directors' execution of duties in establishing and operating the reporting process for other information.

Other information is outside the range of the audit opinion on the consolidated financial statements, and we express no opinion on other information.

Our responsibility for the auditing of the consolidated financial statements is to read the other information and, in the process of reading, examine any material differences between the other information and the consolidated financial statements or knowledge that we obtained in the process of auditing, as well as to pay attention to any signs of material errors in the other information other than the said material differences.

We are required to report material errors when it is determined that there are material errors in the other information based on the executed tasks.

There are no matters that we should report on the other information.



Responsibility of Management, and Audit and Supervisory Committee for consolidated financial statements  
The Management's responsibility is to prepare and appropriately present consolidated financial statements according to the corporate accounting standards generally accepted in Japan. This includes the establishment and operation of internal controls the Management thinks necessary to prepare and appropriately present the consolidated financial statements without material misstatements arising from fraud or errors.

In preparing the consolidated financial statements, the Management determines whether it is appropriate to prepare the consolidated financial statements based on the going concern assumption and is responsible for disclosing matters related to the going concern according to the corporate accounting standards generally accepted in Japan if necessary.

The Audit and Supervisory Committee's responsibility is to monitor the directors' execution of duties in establishing and operating the financial reporting process.

Auditor's responsibility for audits of consolidated financial statements

The auditor's responsibility is to obtain a reasonable guarantee on whether the consolidated financial statements generally include no material misstatements arising from fraud or errors and then independently express the opinion about the consolidated financial statements in the auditor's report based on the auditor's audit. Misstatements may arise from fraud or errors, and they are considered material when they are reasonably expected to individually or collectively have an effect on the decision-making of users of the consolidated financial statements.

According to the audit standards generally accepted in Japan, the auditor makes the judgment as a professional expert through the audit process and performs the following by implementing due diligence as a professional expert:

- The auditor identifies and evaluates the risk of material misstatements arising from fraud or errors. The auditor makes and performs a plan for the audit procedure responding to the risk of material misstatements. The audit procedure is selected and applied, based on the auditor's judgment. The auditor also obtains sufficient and appropriate audit evidence serving as the basis for expressing the opinion.
- The audit of the consolidated financial statements is designed not to express an opinion about the effectiveness of internal controls, but the auditor examines internal controls related to the audit to plan for the appropriate audit procedure according to conditions when evaluating risk.
- The auditor evaluates the appropriateness of accounting policies adopted by the Management and the application methods, the rationality of accounting estimates made by the Management, and the reasonability of the related notes.
- The auditor concludes whether it is appropriate that the Management prepares the consolidated financial statements based on the going concern assumption and whether there is significant uncertainty in events or situations casting significant doubt on the going concern assumption based on the obtained audit evidence. If there is significant uncertainty about the going concern assumption, the auditor is required to call attention to the notes to the consolidated financial statements in the auditor's report. If the notes to the

consolidated financial statements related to significant uncertainty are inappropriate, the auditor is required to express a modified opinion about the consolidated financial statements. The auditor's conclusion is based on the audit evidence obtained by the date of the auditor's report, and future events and situations that may prevent the Company from surviving as a going concern.

- The auditor determines whether presentations of and notes to the consolidated financial statements comply with the corporate accounting standards generally accepted in Japan and whether presentations, structures, and details of the consolidated financial statements, including related notes and the consolidated financial statements, appropriately present underlying transactions and accounting events.
- The auditor obtains sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee the scope and timing of the planned audit, important findings in the audit, including significant defects of internal controls identified in the audit process, and other items required by the audit standards.

The auditor reports to the Audit and Supervisory Committee the compliance with the code of professional ethics in Japan on independence, matters rationally considered to have an effect on the independence of the auditor, and the details of the countermeasures taken to eliminate inhibition factors or the safeguards taken to reduce inhibition factors to an acceptable level if any.

#### Interest

There is no interest between the Company, its consolidated subsidiaries, the audit corporation, or its managing partners that must be stated according to the provisions of the Certified Public Accountants Act.

End

## Audit and Supervisory Committee Audit Report

### Audit Report

Audit and Supervisory Committee conducted an audit regarding the performance of duties of Directors during the 26th fiscal year from April 1, 2023 to March 31, 2024. The method and results are reported below.

#### 1. Method and details of auditing

As for the system established according to the provisions of a resolution adopted by the Board of Directors regarding matters stated in Article 399-13, Paragraph 1, Item 1, b and c, and the relevant resolution (internal control system), the Audit and Supervisory Committee periodically received reports about the implementation and operation of the relevant system from Directors and employees and asked them to give explanations and express their opinions as needed. In addition, the committee conducted the audit using the following methods.

(1) The Audit and Supervisory Committee members attended important meetings according to audit policies and the assignment of duties determined by the committee and, in cooperation with the Internal Audit Department of the Company, received reports about matters related to the execution of duties from Directors and employees, asked them to give explanations, viewed important approved documents, and investigated operations and property in the headquarters and major establishments. The members also communicated with and exchanged opinions with Directors and Audit and Supervisory Board members of important subsidiaries as needed and received reports about businesses from the subsidiaries.

(2) As for matters given attention to as in Article 118, Item 5a, of the Ordinance for Enforcement of the Companies Act and determinations and their reasons as in Article 118, Item 5b, of the said ordinance for enforcement as stated in the business report, their content was examined based on discussions of the Board of Directors and others.

(3) The Audit and Supervisory Committee monitored and reviewed the Accounting Auditor to verify that it maintained independence and performed auditing appropriately, received reports from the Accounting Auditor concerning the performance of its duties, and sought explanations as necessary. In addition, the Audit and Supervisory Committee received notification from the Accounting Auditor that the system intended to ensure the appropriateness of duties performed by the Accounting Auditor (as stipulated in Article 131 of the Ordinance on Accounting of Companies) is in accordance with standards concerning quality control for auditing (established November 16, 2021, by the Business Accounting Council) and other standards, and sought explanations when necessary.

Based on the above methods, the Audit and Supervisory Committee members examined the business report and accompanying detailed statements, financial statements (balance sheet, statement of income, statement of changes in shareholders' equity, and individual notes) for this fiscal year as well as the supplementary schedules and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, and consolidated individual notes).

## 2. Results of Audit

### (1) Results of an audit of business report etc.

①The content of the business report and its supplementary schedules presents the position of the Company fairly pursuant to laws and regulations and the Articles of Incorporation.

②With regard to the performance of duties of Directors, no improper conduct or material breach of laws, regulations or the Articles of Incorporation has been identified.

③The details of resolutions approved by the Board of Directors concerning the internal controls system are appropriate. In addition, no matters that require comment have been identified regarding the details in the business report or the performance of duties of Directors regarding the internal controls system.

④As for matters given attention to for preventing harm to the interests of the Company in making transactions with the parent company as stated in the business report and determinations and their reasons of the Board of Directors regarding whether the relevant transactions harm the interests of the Company, there were no matters to be indicated.

### (2) Results of an audit of financial statements and attached detailed statements

The method of audit employed by the certified public accountant Deloitte Touche Tohmatsu LLC and the results of its audit are considered appropriate.

### (3) Results of an audit of consolidated financial statements

The method of audit employed by the certified public accountant Deloitte Touche Tohmatsu LLC and the results of its audit are considered appropriate.

May 17, 2024

ZOZO, Inc. Audit and Supervisory Committee

Audit and Supervisory  
Committee member Hiroko Igarashi

Audit and Supervisory  
Committee member Junko Utsunomiya

Audit and Supervisory  
Committee member Kumiko Nishiyama

(Note)

1. The Audit and Supervisory Committee members, Ms. Hiroko Igarashi, Ms. Junko Utsunomiya, and Ms. Kumiko Nishiyama, are Outside Directors stipulated in Article 2, Paragraph 15, and Article 331, Paragraph 6, of the Companies Act.
2. The Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee on June 28, 2023, based on a resolution adopted at the 25<sup>th</sup> Ordinary General Meeting of Shareholders held on the said day. The situations from April 1, 2023, to the end of the above-mentioned General Meeting of Shareholders are based on information taken over from the ex-Audit and Supervisory Board

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.



**ZOZO**