



October 31, 2019

Dear All,

Notice Concerning the Recording of Loss on Valuation of Investment Securities (Extraordinary Loss)

ZOZO, Inc. (hereinafter, referred to as the "Company") made a resolution at the special meeting of the Board of Directors held on October 31, 2019, to record the following extraordinary loss.

1. Detail of loss on valuation of investment securities (Extraordinary loss)

At Bespokify Pte., Ltd. (hereinafter, referred to as "Bespokify") which is a subsidiary of the Company, taking into account that cost reduction effects in the Company's Private Brand business by leveraging Bespokify's automatic clothing pattern-generating technologies, it is unlikely to realize the effects as initially expected. Due to this, the Company recorded 1,150 million yen as loss on valuation of investment securities to the second quarter consolidated accounting period (June 1, 2019, to September 30, 2019) of the fiscal year ending March 31, 2020.

2. Outlook

The abovementioned impact is reflected in the "Consolidated Financial Results for the Second Quarter for the Fiscal Year Ending March 31, 2020 [JGAAP]" disclosed today.

The Company deems the impact to the consolidated financial results for the fiscal year ending March 31, 2020 is minimal; however, the Company will continue to examine the future trends and immediately disclose a revision to the business forecast when it becomes necessary.