



March 13, 2020

Dear All,

Notice Concerning Absorbing-type Company Split (simplified absorption-type company split and short-form absorption-type company split) with consolidated subsidiary

ZOZO, Inc. (hereinafter, referred to as the "Company") made a resolution at the Board of Directors held on March 13, 2020, to implement an absorption-type company split in which the Company and a consolidated subsidiary as the parties (hereinafter referred to as the "Company Split"). Since the Company Split will be implemented between the Company and its consolidated subsidiary, information and details disclosed are omitted partially.

1. Purpose of the Company Split

The Company Split will consolidate the business management function of the fashion coordination app "WEAR" of ZOZO Technologies, Inc. (hereinafter, referred to as "ZOZOTECH"), which operates the services and develops technology of the Company group, to the Company. High quality and rich content accumulated since the launch of the app will be deployed in all directions to the Company group's services and external media; by strengthening collaboration, the Company will further enhance the purchase experiences of users and aim to grow the business and increase its corporate value.

2. Outline of the Company Split

All assets and liabilities except for system-related assets will be transferred to the Company where ZOZOTECH is the split company and the Company is the succeeding company.

3. Detail of the Company Split

(1) Outline of the Company Split

① Schedule of the Company Split

Date of resolution by the Board of Directors (each company)	March 13, 2020
Date of the Company Split Agreement (each company)	March 13, 2020
Effective date	July 1, 2020 (planned)

(NOTE) The Company Split is a simplified split that meets the requirements of Article 796, paragraph 2 of the Companies Act from the perspective of the Company, and a short-form split that meets the requirements of Article 784, paragraph 1 of the Companies Act from the perspective of ZOZOTECH. Accordingly, neither of the two companies will hold a shareholders' meeting to gain approval for the Company Split.

② Method of the Company Split

This is an absorption-type company split with ZOZOTECH as a split company and the Company as a succeeding company

③ Details of allotment related to the Company Split

Shares and other assets shall not be allotted by the Company Split.

④ Handling of stock acquisition rights and bonds with stock acquisition rights upon the Company Split

Not applicable.

⑤ Increase or decrease in capital stock due to the Company Split

There is no change in capital stock due to the Company Split.

⑥ Rights and obligations to be succeeded by the succeeding company

The succeeding company shall inherit the assets, obligations, contracts and other rights and obligations related to WEAR business of ZOTOTECH as of the effective date, to the extent stipulated in the Company Split Agreement.

⑦ Prospects of paying debt obligations

The Company considers that there is no problem in the probability of fulfillment of the obligations to be borne by the succeeding company in the Company Split.

(2) Outline of the company parties to the Company Split

Item	Succeeding company (As of March 13, 2020)	Split company (As of March 13, 2020)
① Name	ZOZO, Inc.	ZOZO Technologies, Inc.
② Location	6-1 Nakase, Mihama-ku 2-chome, Chiba-shi, Chiba	52-2, Jingumae 5-chome, Shibuya-ku, Tokyo
③ Title/Name of Representative	Representative Director, Kotaro Sawada President & CEO	President and Representative Director Tatsuya Kubota CINO and Representative Director Yuki Kanayama
④ Business	Operation of ZOZOTOWN, a fashion eCommerce website etc.	System development, web design, CRM, Technological development, R&D, etc.
⑤ Amount of Capital	1,359 million yen	280 million yen
⑥ Date of establishment	May 21, 1998	December 22, 2000
⑦ Number of outstanding shares	311,644,285 shares	43,291 shares
⑧ Fiscal year end	March 31	March 31
⑨ Major shareholders and percentage of shares (NOTE) 1、 2	Yusaku Maezawa 21.61% Mizuho Trust & Banking Co., Ltd. 8.77% Securities Management Disposal Trust 0700082 J.P.MORGAN BANK LUXEMBOURG S.A. 5.36% 1300000 (Standing proxy) Mizuho Bank, Ltd., Settlement & Clearing Services Division MORGAN STANLEY & CO. 2.51% INTERNATIONAL PLC (Standing proxy) Morgan Stanley MUFG Securities, Co.,	ZOZO, Inc. 100%

	Ltd.	
	MLI FOR CLIENT GENERAL OMNI NON	2.36%
	COLLATERAL NON TREATY-PB (Standing proxy) Merrill Lynch Japan Securities Co., Ltd.	
⑩ Financial position and operating results	Fiscal year ended March 2019 (Consolidated)	Fiscal year ended March 2019 (Non-consolidated)
Net assets	22,656 million yen	4,272 million yen
Total assets	78,961 million yen	6,145 million yen
Net assets per share	73.85 yen	98,702.66 yen
Net sales	118,405 million yen	7,899 million yen
Operating profit	25,654 million yen	1,898 million yen
Ordinary profit	24,265 million yen	1,977 million yen
Profit attributable to owners of parent	15,985 million yen	1,900 million yen (Net Profit)
Net income per share	52.20 yen	43,906.13 yen

(Note)

1 Major shareholders and percentage of shares are based on the shareholders' register as of September 30, 2019.

2 As described in the "Announcement of Results of Tender Offer for Shares of the Company by Z Holdings Corporation and Changes in Parent Companies and the Largest and Major shareholders" disclosed on November 14, 2019, as a result of the Tender Offer, the parent companies and the largest and major shareholders of the Company have been changed from November 20, 2019 (the commencement date of settlement of the Tender Offer). For detail, please refer to the said timely disclosure.

(3) Outline of business division subject to the Company Split

① Description of business division subject to the Company Split

The division operates WEAR business in ZOZOTECH.

② Operating results of the divisions to be split (Fiscal year ended March 31, 2019)

Net sales: 117 million yen

③ Items and amounts of assets and liabilities to be split (as of January 31, 2020)

Assets		Liabilities	
Current assets	19 million yen	Current liabilities	— million yen
Fixed assets	6 million yen	Non-current liabilities	— million yen
Total	25 million yen	Total	— million yen

(NOTE) The amounts of assets and liabilities to be split shall be determined by the above amounts and the amount of increase or decrease up to the day before the effective date of the Company Split.

(4) Post-Company Split status

There is no change in the name, location, title and name of the representative, business, capital stock, and

fiscal year end from the Company Split.

(5) Future Outlook

The Company Split will be implemented between the Company and its consolidated subsidiary, and the effect on the Company's consolidated business results is immaterial.

(Reference) Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2020 (Announced on April 25, 2019) and Consolidated Financial Results for the Previous Fiscal Year

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
Forecasts for the Fiscal Year Ending March 31, 2020	Million yen 136,000	Million yen 32,000	Million yen 32,000	Million yen 22,500	Yen 73.70
Results for the Fiscal Year Ended March 31, 2019	118,405	25,654	25,717	15,985	52.20

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.