

Dear All,

**Notice Concerning Group Organizational Restructure
(Absorption-type Company Split between Subsidiaries and Absorption-type Merger with Subsidiary)**

ZOZO, Inc. (hereinafter, referred to as the “Company”) made a resolution at the Board of Directors held on September 2, 2019, to restructure the group organization with the Company and its wholly-owned subsidiaries as the parties (hereinafter, referred to as the “Reorganization”).

Since the Reorganization will be implemented between the Company and its wholly-owned subsidiaries as the parties, information and details disclosed are omitted partially.

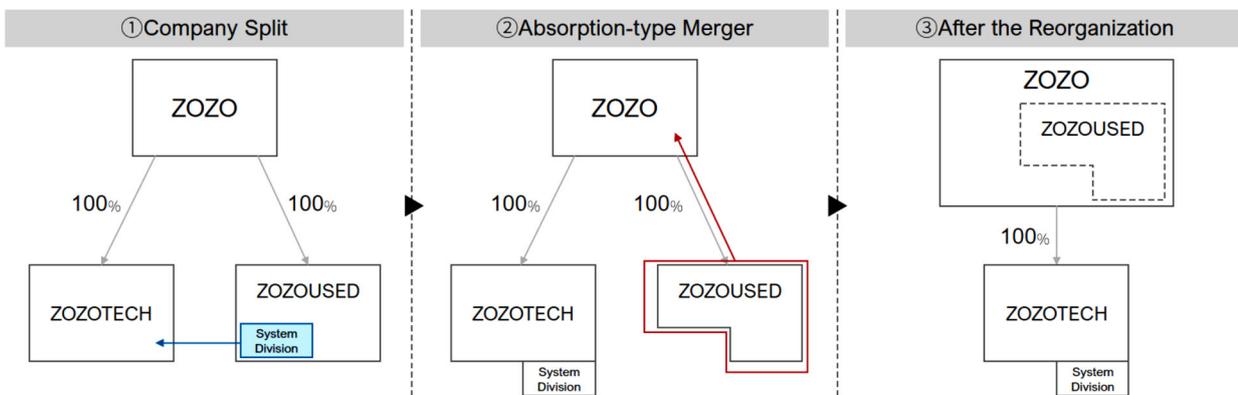
1. Purpose of the Reorganization

The Reorganization aims to further improve the corporate value of the entire Group, by consolidating the system development function of ZOZOUSED, Inc. (hereinafter, referred to as "ZOZOUSED"), which operates the secondary distribution business specializing in apparel products, to ZOZO Technologies, Inc. (hereinafter, referred to as "ZOZOTECH"), which operates the services and develops the technologies the Group operates, for strengthening system development capabilities; consolidating the business management function of ZOZOUSED to the Company thereby creating a more seamless cycle of primary and secondary distribution.

2. Outline of the Reorganization

ZOZOUSED’s system division will be transferred to ZOZOTECH in which ZOZOUSED is the split company and ZOZOTECH is the succeeding company (hereinafter, referred to as the “Company Split”). On the same day, an absorption-type merger with the Company being the surviving company and ZOZOUSED being the dissolving company (hereinafter, referred to as the “Absorption-type Merger”) will be implemented.

※ Diagram of the Reorganization



3. The Company Split

(1) Outline of the Company Split

① Schedule

Date of resolution by the Board of Directors (each company)	September 2, 2019
Date of the Company Split Agreement (each company)	September 2, 2019
Date of approval by the shareholder's meeting (each company)	October 18, 2019
The effective date	November 1, 2019 (planned)

② Method of the Company Split

The Company Split is an absorption-type company split with ZOZOTECH as a succeeding company and ZOZOUSED as a split 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 will inherit the assets, obligations, contracts and other rights and obligations related to the system development of ZOZOUSED, which is the split company as of the effective date, to the extent stipulated in the Company Split Agreement.

⑦ Prospect of fulfillment of 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 September 2, 2019)	Split company (As of September 2, 2019)
① Name	ZOZO Technologies, Inc.	ZOZOUSED, Inc.
② Location	52-2, Jingumae 5-chome, Shibuya-ku, Tokyo	52-2, Jingumae 5-chome, Shibuya-ku, Tokyo
③ Title/Name of Representative	President and Representative Director Tatsuya Kubota CINO and Representative Director Yuki Kanayama	President and Representative Director Takahiro Miyazawa
④ Business	System development, web design, CRM, technology development, R&D, etc.	Operation and administration of ZOZOUSED, a secondhand designer brand/vintage apparel online fashion mall
⑤ Capital stock	280 million yen	123 million yen

⑥ Establishment Date	December 22, 2000	May 15, 2005
⑦ Number of outstanding shares	43,291 Share	31,715 Share
⑧ Fiscal year end	March 31	March 31
⑨ Major shareholders and percentage of shares	ZOZO, Inc. 100%	ZOZO, Inc. 100%

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

① Description of business division subject to the Company Split

This division take the role of system development and operation, and technology development in ZOZOUSUED.

② Operating results of the divisions to be split

There is no sales, etc., as it is a system development business within the Group.

③ Items and amounts of assets and liabilities to be split (as of March 31, 2019)

Assets		Liabilities	
Current assets	0 million yen	Current liabilities	1 million yen
Fixed assets	34 million yen	Long-term liabilities	- million yen
Total	34 million yen	Total	1 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.

4. About the Absorption-type Merger

(1) Outline of the Absorption-type Merger

① Schedule

Date of resolution of the Board of Directors (each company)	September 2, 2019
Date of the Absorption-type Merger Agreement(each company)	September 2, 2019
The effective date	November 1, 2019 (planned)

(NOTE) The Absorption-type Merger is a simplified merger pursuant to Article 796, paragraph 2 of the Companies Act from the perspective of the Company, and a short-form merger pursuant to Article 784, paragraph 1 of the Companies Act from the perspective of ZOZOUSUED. Accordingly, neither of the two companies will hold a shareholders meeting in order to gain approval for the Absorption-type Merger Agreement.

② Method of the Absorption-type Merger

ZOZOUSUED will be dissolved through an absorption-type merger in which the Company is the surviving company.

③ Details of allotment related to the Absorption-type Merger

Shares and other assets shall not be allotted by the Absorption-type Merger.

- ④ Handling of stock acquisition rights and bonds with stock acquisition rights in the Absorption-type Merger
Not applicable.

(2) Overview of the company parties to the Absorption-type Merger

Item	Surviving company (As of September 2, 2019)	Dissolving company (As of September 2, 2019)										
① Name	ZOZO, Inc.	ZOZOUSED, Inc.										
② Location	2-6-1 Nakase, Mihama-ku, Chiba-shi, Chiba	52-2, Jingumae 5-chome, Shibuya-ku, Tokyo										
③ Title/Name of Representative	President and Representative Director Yusaku Maezawa	President and Representative Director Takahiro Miyazawa										
④ Business content	Operation of ZOZOTOWN, a fashion eCommerce website	Operation and administration of ZOZOUSED, a secondhand designer brand/vintage apparel online fashion mall										
⑤ Capital stock	1,359 million yen	123 million yen										
⑥ Establishment Date	May 21, 1998	May 15, 2005										
⑦ Number of outstanding shares	311,644,285 shares	31,715 Share										
⑧ Fiscal year end	March 31	March 31										
⑨ Major shareholders and percentage of shares (NOTE)	<table border="1"> <tr> <td>Yusaku Maezawa</td> <td>35.94%</td> </tr> <tr> <td>Japan Trustee Service Bank, Ltd. (Trust Account)</td> <td>3.14%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>3.14%</td> </tr> <tr> <td>MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NONTREATY-PB (Standing proxy) Merrill Lynch Japan Securities Co., Ltd.</td> <td>2.53%</td> </tr> <tr> <td>Goldman Sachs & Company Regular Account (Standing proxy) Goldman Sachs Japan Co., Ltd.</td> <td>2.41%</td> </tr> </table>	Yusaku Maezawa	35.94%	Japan Trustee Service Bank, Ltd. (Trust Account)	3.14%	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.14%	MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NONTREATY-PB (Standing proxy) Merrill Lynch Japan Securities Co., Ltd.	2.53%	Goldman Sachs & Company Regular Account (Standing proxy) Goldman Sachs Japan Co., Ltd.	2.41%	ZOZO, Inc. 100%
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Goldman Sachs & Company Regular Account (Standing proxy) Goldman Sachs Japan Co., Ltd.	2.41%											
⑩ Financial Position and Operating Results	Fiscal year ended March 31, 2019 (Consolidated)	Fiscal year ended March 31, 2019 (Non-consolidated)										
Net assets	22,656 million yen	2,848 million yen										
Total assets	78,961 million yen	4,733 million yen										
Net assets per share	73.85 yen	89,825.79 yen										

Net sales	118,405 million yen	16,836 million yen
Operating profit	25,654 million yen	840 million yen
Ordinary profit	24,265 million yen	877 million yen
Profit attributable to owners of parent	15,985 million yen	577 million yen (Net income)
Net income per share	52.20 yen	18,193.38 yen

(NOTE) Major shareholders and percentage of shares are based on the shareholders' register as of March 31, 2019.

(3) Post-Absorption-type Merger status

The name, location, title and name of the representative, business, capital stock and fiscal year end of the surviving company after the Absorption-type Merger remain unchanged.

(4) Future Outlook

The Reorganization is implemented by the Company and its wholly-owned subsidiaries, 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.