



January 31, 2019

Dear All,

### Notice Concerning Revision of Consolidated Business Forecast and Year-end Dividend

In light of the recent trend in business performance, ZOZO, Inc. (hereinafter, referred to as the "Company") made a resolution at the Board of Directors held on January 31, 2019, to revise its consolidated business forecast of the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019) and dividend per share which was announced on April 27, 2018. Details are as follows:

#### 1. Revision of the Consolidated Business Forecast of the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	147,000	40,000	40,000	28,000	91.44
Revised forecast (B)	118,000	26,500	26,500	17,800	58.13
Variance in amount (B-A)	-29,000	-13,500	-13,500	-10,200	
Variance in percentage (%)	-19.7%	-33.8%	-33.8%	-36.4%	
(Ref.) Previous fiscal year results (FYE March 2018)	98,432	32,669	32,740	20,156	64.68

#### (Reasons for the Revision)

For the fiscal year ending March 31, 2019, in addition to propel the existing businesses of ZOZOTOWN and BtoB, the group has been focusing on establishing new pillars of profitability such as the private brand (hereinafter, referred to as the "PB") business and advertisement business, which have started in full-scale from this fiscal year. However, mainly due to the following reasons, each of the businesses is expected to fall below full-year business forecast.

Regarding ZOZOTOWN the core business of the Company, in the original plan, the Company deemed distribution of ZOZOSUIT without any charge as an advertisement initiative and expected ripple effects not only for the PB but also for ZOZOTOWN, on purchase contribution from users measuring their body sizes. However, the impact did not come into effect as anticipated.

As for the PB business, the Company operates in business model selling in-house design apparel matching individual's body size. Especially at the time of initiation, manufacturing capability of the body measurement suit ZOZOSUIT and apparel had some issues in which required the Company to take time for improvements, and consequently resulted sales opportunity loss.

Furthermore, in terms of the advertisement business, lateness of the development schedule mainly attributable

to lack of sufficient internal engineer resources, made it difficult to achieve the original plan.

Due to aforementioned reasons, consolidated net sales is expected to result lower than the consolidated business forecast. Regarding SG&A expenses, even though the amount is kept at the level below of the initial plan from initiations such as controlling the distribution units of ZOZOSUIT, because of the shortfall of consolidated net sales, operating profit, ordinary profit and profit attributable to owners of parent (all in consolidated basis) are expected to result lower than the consolidated business forecast as well. In consideration of above, we will revise the consolidated business forecast of fiscal year ending March 31, 2019 which was announced on April 27, 2018, as described in the above table. Regarding the Medium-term Management Plan which was disclosed on the same day, the Company is scrutinizing effects closely and if the revision is judged to be necessary, the Company will disclose immediately.

## 2. Revision of the Year-end Dividend

	Dividend per share (Yen)		
	End of Q2	Year-end	Total
Previous forecast (Announced on April 27, 2018)		22.00	36.00
Revised forecast		10.00	24.00
Current fiscal year results	14.00		
Previous fiscal year results (FYE March 2018)	12.00	17.00	29.00

### (Reasons for the Revision)

For profit return to shareholders, ZOZO Group has the basic policy for deliberating and implementing profit return by balancing internal reserve through comprehensive consideration of business performance, financial status, future plans of business and investment. Specifically, the group sets a consolidated payout ratio target of approximately 40%.

In the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [JGAAP]" (Available only in Japanese) disclosed on April 27, 2018, the original forecast of year-end dividend was 22 yen per share. As a result of comprehensive consideration of business performance of the ongoing fiscal year, future plans of business and investment, dividend per share is revised to 10 yen.

We will continue to enhance corporate value and reinforce financial structure, and decide the amount of internal reserve and profit return by taking future business expansion etc. into consideration.

### (NOTE)

Forecasts in this material are based on information available at the release date. Various uncertain factors are underlying, and actual results may differ from the forecasts.

#### 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.