September 27, 2019

SoftBank Group Corp.

Commencement of Tender Offer by a Subsidiary (Yahoo Japan Corporation, Securities Code: 4689) for Shares of ZOZO, Inc. (Securities Code: 3092)

SoftBank Group Corp. ("SBG") announced today that its subsidiary Yahoo Japan Corporation (TSE First Section, Securities Code: 4689) decided to commence a tender offer for the common shares of ZOZO, Inc. (TSE First Section, Securities Code: 3092) on September 30, 2019 that was announced in "Planned Commencement of Tender Offer by a Subsidiary (Yahoo Japan Corporation) for Shares of, and Execution of a Capital and Business Alliance Agreement with, ZOZO, Inc." dated September 12, 2019, as set forth in the attachment.

[Attachment]

[Translation]

September 27, 2019

To whom it may concern,

Yahoo Japan Corporation
Kentaro Kawabe
President and CEO
Stock Code: 4689

Announcement of Commencement of Tender Offer by the Company for Shares of ZOZO, Inc. (Securities Code: 3092)

As announced by its press release entitled "Announcement of Planned Commencement of Tender Offer by the Company for Shares of, and Execution of a Capital and Business Alliance Agreement with, ZOZO, Inc. (Securities Code: 3092)" dated September 12, 2019 (the "Company's September 12, 2019 Press Release"), Yahoo Japan Corporation (the "Company" or the "Tender Offeror;" whose trade name will be changed to "Z Holdings Corporation" on October 1, 2019) resolved at its board of directors' meeting held that day to implement a tender offer (the "Tender Offer") for the common shares of ZOZO, Inc. (Securities Code: 3092) (the "Target", and the commons shares of the Target, the "Target Shares") listed on the First Section of the Tokyo Stock Exchange, Inc. (the "TSE") pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "Act"), and that it was further resolved that the Company would execute a capital and business alliance agreement with the Target (the "Capital and Business Alliance Agreement" and, the capital and business alliance to be formed based on the Capital and Business Alliance Agreement, the "Capital and Business Alliance").

The Company hereby announces that it has confirmed that the matters set down as conditions precedent for the commencement of the Tender Offer (for details, please refer to "(1) Summary of the Tender Offer" of "1. Purpose of the Tender Offer and Related Transactions" below) have been satisfied and as such, the Company decided on September 27, 2019 to commence the Tender Offer from September 30, 2019.

1. Purpose of the Tender Offer and Related Transactions

(1) Summary of the Tender Offer

As announced in the Company's September 12, 2019 Press Release, the Company resolved at its board of directors' meeting held that day to implement the Tender Offer for the purpose of acquiring the Target Shares listed on the First Section of the TSE and making the Target a consolidated subsidiary of the Company, on conditions including that, prior to the commencement of the Tender Offer, all necessary steps and measures under Japanese competition laws have been taken and a lawful and effective resolution at the Target's board of directors' meeting to express its opinion in favor of the Tender Offer has been adopted and publicly announced. As of today, the Company does not own any Target Shares.

The Company has now confirmed that the conditions precedent for the commencement of the Tender Offer have been satisfied as all necessary procedures and measures under Japanese competition laws have been completed and the waiting period has expired. As such, the Company decided on September 27, 2019 to commence the Tender Offer from September 30, 2019.

At its board of directors' meeting held on September 12, 2019, the Company also resolved to execute the Capital and Business Alliance Agreement. For details of the Capital and Business Alliance Agreement,

please refer to "① The Capital and Business Alliance Agreement" of "(6) Matters Related to Important Agreements Concerning the Tender Offer."

To implement the Tender Offer, the Company has executed a tender agreement dated September 12, 2019, with Yusaku Maezawa ("Mr. Maezawa"), the founder, the former president and representative director and the largest shareholder of the Target (the "Tender Agreement"). Under the Tender Agreement, the Company and Mr. Maezawa, who owns 112,226,600 shares (shareholding ratio (Note 1): 36.76%) of the Target Shares, have agreed that Mr. Maezawa will tender 92,726,600 shares (shareholding ratio (Note): 30.37%) of his Target Shares in the Tender Offer (the "Tender Agreement Target Shares"). For details of the Tender Agreement, please refer to "② The Tender Agreement" of "(6) Matters Related to Important Agreements Concerning the Tender Offer." The number of the Target Shares owned by Mr. Maezawa after excluding the Tender Agreement Target Shares becomes 19,500,000 shares (shareholding ratio: 6.39%). Furthermore, according to the press release entitled "Notice Concerning Change of Representative Director and Resignation of Director" dated September 12, 2019, Mr. Maezawa resigned from his position as the president and representative director of the Target effective September 12, 2019.

(Note 1) "Shareholding ratio" is the ratio of the shares owned by an entity against the number of outstanding shares (305,295,182 shares), obtained by subtracting the total sum of the treasury stock (6,349,103 shares) as of June 30, 2019 from the total number of the outstanding shares of the Target as of June 30, 2019 (311,644,285 shares) as disclosed in the Target's "Consolidated Financial Results for the First Quarter for Fiscal Year Ending March 31, 2020 [J-GAAP]" (the "Target's Q1 Financial Reports") released by the Target on July 30, 2019, rounded to the nearest hundredth (0.01) percentage point. The same applies wherever shareholding ratios are used in this Statement.

In consideration of the fact that the resolution requirements concerning the matters specified in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended) (the "Companies Act") stipulate a majority of two-thirds or more of the voting rights of the shareholders present a shareholder's meeting, the Company has set the minimum number of the Target Shares to be purchased in the Tender Offer to be 101,968,591 shares (shareholding ratio: 33.40%), in order to ensure that the Company's shareholding in the Target exceeds one third in terms of shareholding ratio. If the total number of the rights related to the Target Shares (the "Share Certificates") tendered in the Tender Offer (the "Share Certificates Tendered") falls below this minimum number of Target Shares to be purchased in the Tender Offer, no Share Certificates Tendered will be purchased. The Capital and Business Alliance Agreement, however, provides that if the Company deems it appropriate considering the status and other matters regarding the tender during the purchase period of the Tender Offer (the "Tender Offer Period"), the Company may, upon agreement with the Target, change the minimum number of shares to be purchased within the extent permitted by laws. On the other hand, as the Tender Offer is implemented for the purpose of making the Target a consolidated subsidiary and as it is the Company's policy to maintain the listing of the Target Shares going forward after the completion of the Tender Offer, the maximum number of Target Shares to be purchased is set at 152,952,900 shares (shareholding ratio: 50.10%). If the total number of the Share Certificates Tendered exceeds the maximum number of Target Shares to be purchased (152,952,900 shares), all or part of the Share Certificates Tendered exceeding this maximum number will not be purchased, and delivery and settlement for the purchase of the Share Certificates Tendered will be on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Person Other Than Issuer (Ministry of Finance Japan Ordinance No. 38 of 1990, as amended) (the "TOB Order"). In such event, Mr. Maezawa will own part of the Tender Agreement Target Shares after the completion of the Tender Offer. The Company has made no special arrangements with Mr. Maezawa regarding, if any, such remaining Tender Agreement Target Shares and has not discussed in any way with Mr. Maezawa on his intention regarding, if any, such remaining Tender Agreement Target Shares.

In addition, as the Company is implementing the Tender Offer for the purpose of making the Target its consolidated subsidiary, if this purpose is achieved through the Tender Offer, there are no plans at this time to acquire additional Target Shares after completion of the Tender Offer. On the other hand, if the Target cannot be made a consolidated subsidiary through the Tender Offer, the Company plans to acquire additional Target Shares to make the Target its consolidated subsidiary, though the details have yet to be finalized. In such case, the Company and the Target are to discuss in good faith, in accordance with the Capital and Business Alliance Agreement, the Company's acquisition of additional Target Shares and other measures to make the Target its consolidated subsidiary, but at this stage the timing of such discussion and the specific measures to be taken have not been determined. Additionally, prior to the announcement of the planned commencement of the Tender Offer, the Company proposed to the Target that, in the event the Target could not be made the Company's consolidated subsidiary through the Tender Offer, the Target issue additional shares to the Company (depending on the results of the Tender Offer) by means of a third party allotment (the "Third Party Allotment"). However, the Target was unable to reach a definitive decision prior to the announcement of the planned commencement of the Tender Offer on whether or not to procure capital through the Third Party Allotment. As such, the Company and the Target did not reach a specific agreement on the Third Party Allotment at the time of announcement of the execution of the Capital and Business Alliance Agreement and the planned commencement of the Tender Offer, nor were the two companies engaging in any concrete discussion regarding the Third Party Allotment. The Target has not engaged in any concrete discussion or agreement regarding the Third Party Allotment during the period from the announcement of the planned commencement of the Tender Offer to the date of this announcement. For details on plans to acquire Share Certificates of the Target after the Tender Offer, please refer to "(4) Plans to Acquire Share Certificates of the Target after the Tender Offer."

As announced by the press release "Announcement of Opinion Regarding Planned Commencement of the Tender Offer for the Company's Shares by Yahoo Japan Corporation and Execution of the Capital and Business Alliance Agreement with Yahoo Japan Corporation)" dated September 12, 2019 (the "Target's September 12, 2019 Press Release"), the Target resolved at a meeting of its board of directors held on September 12, 2019 to express its opinion that, as of the said date, the Target supports the Tender Offer if it is commenced. The Target also resolved that it reserves its opinion on whether or not the tender offer price per Target Share at which the Tender Offer will be implemented (the "Tender Offer Price") is appropriate as the Target Shares will continue to be listed after the completion of the Tender Offer; that it is left to the judgment of the Target's shareholders whether or not to accept the Tender Offer; and that the Capital and Business Alliance Agreement will be executed.

As announced by the press release "Announcement of Opinion Regarding the Tender Offer for the Company's Shares by Yahoo Japan Corporation" issued by the Target on September 27, 2019 (together with the Target's September 12, 2019 Press Release, collectively the "Target Press Release"), the Target resolved at its board of directors' meeting held on September 27, 2019, to again express its support for the Tender Offer, and to leave the decision on whether or not to accept the Tender Offer to the judgment of the Target's shareholders as it reserves its opinion on whether or not the Tender Offer Price is appropriate and the Target Shares are expected to continue to be listed after the completion of the Tender Offer.

For details of the Target's board of directors' decision-making process, please refer to "(iii) Approval of all of the Target's directors without conflicts of interest and an opinion of all of the Target's auditors to the effect that they have no objection to the Tender Offer" of "(3) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest."

(2) Background, purpose, and decision-making process of the decision to implement the Tender Offer, and the management policy after the Tender Offer

① Background, purpose, and decision-making process of the decision to implement the Tender Offer

Since the Company launched its services in January 1996, the Company has worked to broaden the range of our operations and achieve business growth by capturing customer needs and adapting to market environments as they change continuously in response to developments and progresses made in the telecommunications industry, devices and technologies. The Company has also been developing services such as Yahoo! JAPAN Shopping, Yahoo! JAPAN Auction, and Yahoo! Wallet, as well as Yahoo! News, with the aim of making our users' lives convenient. As a result, as shown in the "Tops of 2018: Digital in Japan" rankings announced on December 25, 2018 by the Nielsen Digital Co., Ltd., in which the Company has the top total digital reach (user rate) excluding the user rate overlap between PCs and smartphones, the Company has secured one of the largest user bases in Japan.The Company's group, comprising of the Company as well as its 77 consolidated subsidiaries and 29 affiliated companies accounted for by the equity-method as of March 31, 2019 (the "Group"), is aiming to realize the vision of "UPDATE JAPAN" to create a brighter future under the mission of becoming a "problem-solving engine" which solves problems in Japan through information technology. We are also striving to contribute to solving issues faced by people and society while further enhancing the Group's corporate value by endeavoring, from a consistent user-first perspective, to improve services toward sustainable growth and creating unique and superior services which leverage information technology.

In addition, in the e-commerce business, the Company has launched an initiative under the name of the "e-commerce revolution" in October 2013 to eliminate the initial fees, monthly fees, and sales commission for listing a store on "Yahoo! JAPAN Shopping," and has expanded by increasing the number of listed stores and products. In June 2017, the Company also implemented an initiative under which SoftBank Corp's smartphone users can earn 10-fold points for every purchase made on "Yahoo! JAPAN Shopping" as a marketing campaign in collaboration with SoftBank Corp. This and various other initiatives have achieved success, resulting in growth in the shopping business transaction volume of 120% or higher compared to the previous year (20% or higher year-on-year) for four consecutive years starting in FY2015. Furthermore, the Company, SoftBank Group Corp. and SoftBank Corp. plans to launch a flea market application "PayPay Flea Market" as well as an online shopping mall "PayPay Mall" as a new e-commerce platform utilizing a smartphone payment service operated by PayPay Corporation, a company co-funded by the Company, SoftBank Group Corp. and SoftBank Corp.

As we strive for further expansion of e-commerce business as described above, the Company is bolstering its efforts toward increasing its line-up of attractive products offered in various categories. The market size of the "clothing/fashion accessories, etc." category in the 2018 Japanese B-to-C e-commerce (e-commerce for consumers) market was 1.7728 trillion yen, making it the largest market among all categories in general product sales (Note 1). We are aware that further growth of our e-commerce business requires us to produce a line-up of even more attractive products in the various areas, with an emphasis on the clothing/fashion category, and to enhance our presence in the clothing/fashion e-commerce business.

(Note 1) Source: The Ministry of Economy, Trade and Industry's "FY2018 Report on Developing Infrastructure for a Data-Driven Society in Japan (Survey on the Electronic Commerce Market)" (published on May 16, 2019).

Meanwhile, according to the Target Press Release, the Target is operating "ZOZOTOWN," one of the largest e-commerce clothing/fashion websites in Japan, distributing its own clothing/fashion brand ZOZO, and operating the fashion media "WEAR" as its principal businesses under the corporate philosophy of "Bring styles and smiles to the world. Be unique. Be equal."

Since launching "ZOZOTOWN" in 2004, the Target has devoted itself to providing "a website that is easy to use," "products that are in demand," and "products that are received quickly" for the consumers.

Specifically, the Target has created a website that is attractive to both its users and brands, proactively promoting the listing of new brands in wide-ranging segments that can respond to its diverse user needs. As a result, the Target's principal business "ZOZOTOWN" has grown to become one of the largest Japanese e-commerce clothing/fashion websites with, as of June 30, 2019, 1,297 shops, 7,349 brands, 730,000 or more products at any given time, and an average of 3,200 or more new products per day.

Meanwhile, the size of the clothing/fashion retail market in Japan has grown to approximately 13.5 trillion yen (as of 2017) (Note 2), of which the broadly-defined clothing/fashion e-commerce market hovered still around 1.5 trillion yen (Note 2). The share of the clothing/fashion e-commerce market in the entire clothing/fashion retail market in Japan remains relatively low compared to those of the U.S. and the European markets, and there is an ample room for growth for the Target. While paying a close attention to branding, the Target is attempting to secure and capture further growth opportunities by steadily expanding the range of its target segments.

Specifically, under its own brand "ZOZO", the Target launched "Multi-sized UI" (Note 3) which infers an individual user's physique using only his/her height and weight data by leveraging the know-how and the data the Target has gathered via manufacturing and selling a wide range of clothes and sizes, and offers size-fitting products, with an emphasis on T-shirts, jeans, and other casual items. Building on this, the Target plans to launch a MSP (multi-sized platform) business (Note 4) in collaboration with the "ZOZOTOWN"–listed brands. Under this MSP business, the Target will offer a new way to purchase clothes from approximately 100 items by 13 brands (as of the commencement of the service) by enabling its users to find their optimal sizes simply by inputting height and weight. Furthermore, on June 24, 2019, the Target began accepting pre-orders for "ZOZOMAT," a body-measurement device which generates a 3D model of a foot to allow users to measure the parts of a foot necessary when selecting shoes, and expects to start shipping "ZOZOMAT" to customers during the fall and winter of 2019. The Target will strive to expand the product transaction volume in the shoe category on "ZOZOTOWN" while endeavoring to offer new shopping experience which enables comfortable and convenient shoe selection for users.

(Note 2) The Target's estimates are based on the Current Survey of Commerce, Survey on the Electronic Commerce Market, etc. published by the Yano Research Institute Ltd. and the Ministry of Economy, Trade and Industry.

(Note 3) "Multi-sized UI" refers to a service which allows a user to find the optimal size simply by inputting his/her height and weight.

(Note 4) "MSP (multi-sized platform) business" refers to a platform service which offers the listed brands a platform to sell their products and meet diverse user needs by identifying the optimal size according to the user's height and weight based on physique data from more than one million users on "ZOZO SUIT," (a body-measuring suit designed to measure the user's physique).

With this as a backdrop, the Company has continued exchanging opinions with the Target from time to time on potential avenues for improving services in e-commerce businesses. While discussions were ongoing with the Target about a potential alliance between the two companies in connection with "PayPay Mall" scheduled for launch in the fall of 2019, the Company was able to confirm with Mr. Maezawa that, as mentioned below, Mr. Maezawa was willing to consider sale of the Target Shares held by him to the Company as long as it contributes to enhancing the Target's corporate value, and based on this confirmation, in late June 2019 the Company began an initial review of the proposals for alliances, with the Target as one of the candidates, with the aim of discovering the potential for accelerated growth of both the Company and its alliance candidates created by establishing a strong alliance including a potential capital alliance. Thereafter, the Company met with the management of the Target on multiple occasions over the period from early July 2019 to early August 2019 and proceeded with its review of the potential for a capital and business alliance including potential acquisition of the Target Shares. Furthermore, in late June 2019 the Company also

began direct discussions with Mr. Maezawa, the founder, the president and representative director (references hereinafter to Mr. Maezawa as the president and representative director describe the situation until September 11, 2019) and the largest shareholder of the Target, after it was able to confirm with Mr. Maezawa that he was willing to consider sale of the Target Shares held by him to the Company as long as it contributes to enhancing the Target's corporate value. Based on Mr. Maezawa's amenability, the Company has proceeded with a review of the potential for a capital and business alliance including making the Target a consolidated subsidiary of the Company.

As a result of this review, the Company identified the following features of the Target: (i) its users primarily made up of women users for the fashion e-commerce; (ii) its provision of comprehensive user experience through its "sasage" process ("photographing," "measurements," and "draft preparation", roughly abbreviated as "sa", "sa" and "ge" in Japanese); and (iii) in addition to the fashion e-commerce, its broad expansion into various types of fashion media. As a result of the features described in (i), (ii) and (iii) above, the Target provides rich assortments of products to its users, which the Company expects to have a certain level of synergy with the Company's e-commerce business, particularly the "PayPay Mall" scheduled for launch this fall. The Company considers that such synergy will lead to strengthening its fashion e-commerce business, which in turn will lead to further growth in the Company's e-commerce business. The business synergies created through the collaboration between the Company's relevant services and the Target's services will benefit not only the Company, but also the Target by making it possible for the Target to reach the Company's user base that is currently inaccessible, and to leverage the Company's assets (business resources and knowledge), thereby potentially boosting the Target's profit. Specifically the Company expects the synergies described in I. through III. below. On the other hand, the current relationship between the Company and the Target lacks capital alliance, putting a limit on the business resources and knowledge that the Company can provide and creating hurdles in tapping into each other's resources without unnecessary interruptions. Accordingly, the Company decided in mid-August 2019 that it is necessary for the Company and the Target to become part of the same group and establish a strong alliance under a stable capital alliance to maximize the business synergies.

Based on this decision, in mid-August 2019 the Company proposed to the Target a capital and business alliance between the Company and the Target, which includes making the Target a consolidated subsidiary of the Company by means of a tender offer (the "Alliance Proposal").

The Company thereafter commenced full-fledged discussions and examinations with the Target on whether and how to establish a capital and business alliance between the two companies, which includes making the Target a consolidated subsidiary. The Company has commenced due diligence reviews of the Target in mid-August 2019 and concluded such due diligence reviews in early September 2019 while also engaging in multiple rounds of discussions and examinations toward creating optimal synergies with the Target.

Furthermore, concurrently with the aforementioned discussions with the Target, in mid-August 2019 the Company began engaging in negotiations with Mr. Maezawa, the founder, the president and representative director, and the largest shareholder of the Target, on the terms and conditions including, if the Tender Offer is implemented, the purchase price of his Target Shares and the number of his Target Shares to be tendered in the Tender Offer, based on the changes in the market price of the Target Shares on the First Section of the TSE and the Target's recent performance.

As a result of the foregoing, in late August 2019 the Company reached the conclusion that establishing a capital and business alliance with the Target by acquiring the Tender Agreement Target Shares from Mr. Maezawa will enhance the corporate value of both companies and serve as an extremely valuable project for both companies even from the perspective of seeking the common benefit of shareholders of both companies, including the minority shareholders of the Target.

On the other hand, the Target expects that entering into a capital alliance with the Company will enable the

Target to bring over the user bases of the Company, SoftBank Corp., and PayPay Corporation through the Company, resulting in a dramatic increase in the number of purchasers and members of the Target's services and a boost in its profit. Specifically, the Target, which already has a large number of young users, expects a high concentration of users across different age groups to its services by bringing over the user bases of the Company, which has particularly large shares in middle-aged and elderly users.

The Target plans to list stores in the fashion category on "PayPay Mall," an online shopping mall to be launched by the Company in the fall of 2019, and expects further expansion of the customer base using the Target's services and also an increase in the number of products the Target offers resulting from the sellers on "PayPay Mall" listing their stores on "ZOZOTOWN." In addition, the Target expects a further improvement of value of "ZOZOTOWN" as a platform as a result of revenue increases from its stores listed in the fashion category on "PayPay Mall." Furthermore, the Target expects to enhance the Target's user-friendliness through the introduction of the smartphone payment service "PayPay" on "ZOZOTOWN". At the same time, it is expected that tapping into the abundant know-how and resources of the Target, which has a leading share in the fashion e-commerce market (Note 5), will make the fashion category on "PayPay Mall" more attractive and ensure effective and efficient operation of an important segment of the Company's e-commerce business, resulting in win-wins going forward for both companies.

After taking into account these factors, the Target determined that significant synergies would result from establishing an alliance with the Company through concentrations of customers via bringing over the Company's users, expanding the product line-ups and enhancing user-friendliness. Then, the Target came to the conclusion that these synergies would be produced as a result of effective sharing of information on business/services between the Company and the Target, and, to that end, it would be best for both companies to enter into the Capital and Business Alliance Agreement as well as making the Target a consolidated subsidiary of the Company and working closely together to generate synergies from the resulting alliance.

(Note 5) This information is based on "Realities and Future of Online Shopping and E-Commerce in 2019" published by the Fuji Keizai Co., Ltd. on February 25, 2019.

As a result of such discussions, examinations, and negotiations, the Company and the Target determined on September 12, 2019 to enter into a capital and other alliance after concluding that the Company making the Target its consolidated subsidiary and making the Target as a member of the Company's group would enable both companies to tap into each other's business resources and knowledge in order to strengthen and promote each other's growth strategies, resulting in further growths of the e-commerce businesses of the Target and the Company. In the Tender Offer, the number of the Target Shares to be purchased is capped at 152,952,900 shares (shareholding ratio: 50.10%) with the aim of making the Target a consolidated subsidiary so as to build a more stable capital alliance between the two companies. Even if the Tender Offer does not result in the Target becoming a consolidated subsidiary of the Company, the Company intends, in accordance with arm's length principle, to promote the alliance with the Target by maintaining as strong an alliance as the alliance that would have been created if the Target had become a consolidated subsidiary.

In light of the discussions and descriptions mentioned above, the following business synergies are expected as a result of the Company making the Target its consolidated subsidiary.

I. Synergies resulting in concentration of customers

If an alliance between the Company and the Target is realized, it would create e-commerce businesses of the two companies and websites linked to each other which have users of all generations as the Company contributes its particularly large shares in the middle-aged and elderly users, and the Target contributes its large number of young users. It would become possible for both companies to guide their users to each

other's services and provide fashion e-commerce services to a greater number of users overall. As a result, both companies can expect the effect of concentration of more customers into their respective services.

II. Synergies in providing products

Once limited as an e-commerce business website specializing in fashion, "ZOZOTOWN" now deals in products in other categories such as books/magazines and home-design goods. As a result of this potential alliance between the Company and the Target, it is expected that sellers who deal in products in the same categories on Yahoo! Japan Shopping or "PayPay Mall" will be encouraged to list their stores also on "ZOZOTOWN", thereby increasing the number of products sold on "ZOZOTOWN".

In addition, if "ZOZOTOWN" lists its stores on "PayPay Mall," it is expected that the sellers in the fashion category on "PayPay Mall" would be able to offer products on "PayPay Mall" by utilizing the Target's services. Furthermore, sellers with stores on "ZOZOTOWN" would be able to open stores on "PayPay Mall" simultaneously, and reach more users while offering more products.

III. Synergies in enhancing user-friendliness

Enhanced user-friendliness is expected on "ZOZOTOWN" through the introduction of PayPay, a smartphone payment service operated by PayPay Corporation (a company co-funded by SoftBank Group Corp., SoftBank Corp., and the Company), and utilization of various assets of the Company.

In addition to the above, the Company intends, through discussions with the Target, to consider the possibility of building alliances in other businesses by utilizing the Target's "ZOZOUSED" and "WEAR" as well as advertising business.

Based on the discussions, examinations, and negotiations mentioned above, the Company resolved at its board meeting held on September 12, 2019 to make the Tender Offer with the Tender Offer Price at 2,620 yen (for details of the Tender Offer Price, please refer to "① Basis for Calculation" and "② Circumstances of Calculation" under "(4) Basis for the Calculation, etc. of the Tender Offer Price" in "2. Outline of the Tender Offer"), and entered into the Capital and Business Alliance Agreement with the Target and the Tender Agreement with Mr. Maezawa.

The Company has now confirmed that the conditions precedent for the commencement of the Tender Offer have been satisfied as all necessary steps and measures under Japanese competition laws have been taken and the waiting period has expired. As such, the Company decided on September 27, 2019 to commence the Tender Offer from September 30, 2019.

② Management policy after the Tender Offer

Considering that the purpose of the Tender Offer is to make the Target a consolidated subsidiary of the Company and it is the Company's policy to keep the Target Shares listed after the completion of the Tender Offer, the Company and the Target have agreed under the Capital and Business Alliance Agreement that the Company would be aware of and respect the importance of the Target's directors' duty to enhance the Target's corporate value and pursue the common benefit of the Target's shareholders, including minority shareholders of the Target and excluding the Company, as part of fulfilling their duty of loyalty (*chūjitsu gimu*) and duty of care of a prudent manager (*zenkan chūi gimu*) in their capacity as directors of a listed company, and that both companies would address any material issues relating to the Target's operation through faithful mutual discussions from time to time. The Company and the Target also acknowledge, in accordance with the Capital and Business Alliance Agreement, that (i) no one shall be legally forced or bound to exercise their voting rights attached to the Target Shares held by the Company or other shareholders and

their rights; (ii) the Company is to consider proposals made by the Target at shareholders' meetings in the light most favorable to the Target; (iii) if the Company plans to reject such proposals made by the Target at shareholders' meetings, the Company is to provide prior notice of its intention to the Target (assuming that the Target provides prior notice of its proposals to be made at shareholders' meetings to the Company); (iv) if the Company provides such prior notice, the Company and the Target are to discuss in good faith on each other's future course of actions; and (v) if the Company, as a shareholder, plans to make proposals at shareholders' meetings, the Company is to discuss in good faith with the Target prior to making such proposals.

Under the Capital and Business Alliance Agreement, the Company and the Target agree that, after successful completion of the Tender Offer, the Company would be entitled to appoint two persons as directors; that one of the directors appointed by the Company would be elected as a director in the Target's extraordinary general meeting of shareholders to be held as soon as practically possible after the consummation of the Tender Offer (the "EGM"); that promptly after the EGM, a nomination committee and a remuneration committee would be formed as an advisory body to the Target's board of directors regarding election of the Target's prospective directors and representative directors and the specifics of the directors' remuneration; and that up to two persons appointed by the Company may attend the Target's board meeting as observers. For details of the Capital and Business Alliance Agreement, please refer to "① The Capital and Business Alliance Agreement" of "(6) Matters Related to Important Agreements Concerning the Tender Offer."

According to the Target, the Target expects its current directors to continue to be involved in the Target's management as directors after the Tender Offer has been consummated.

(3) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest

The Company does not own any Target Shares as of today. However, considering that the Company entered into the Tender Agreement with Mr. Maezawa, the founder, the former president and representative director and the largest shareholder of the Target, and that the Tender Offer will be made on the assumption that the Company will acquire the Target Shares from Mr. Maezawa, the Company and the Target, to err on the side of caution, have respectively taken each of the following measures as measures to ensure the fairness of the Tender Offer and avoid conflicts of interest. Of the descriptions below, those relating to the measures taken by the Target are based on explanations provided by the Target.

① The Company's acquisition of a share valuation report from an independent third-party evaluator

To determine the Tender Offer Price, the Company engaged Mizuho Securities Co., Ltd. ("Mizuho Securities"), the Company's financial advisor, as a third-party evaluator independent from the Company and the Target to evaluate the value of the Target Shares. Mizuho Securities does not fall under a related party of the Company or the Target, nor does it have material interest in the Tender Offer. The Company has not obtained a fairness opinion on the Tender Offer from Mizuho Securities.

For an overview of the share valuation report on the value of the Target Shares that the Company obtained from Mizuho Securities (the "Share Valuation Report"), please refer to "① Basis for Calculation" and "② Circumstances of Calculation" under "(4) Basis for the Calculation, etc. of the Tender Offer Price" in "2. Outline of the Tender Offer,"

② The Target's receipt of advice from an outside law firm

The Target Press Release states that the Target appointed Nagashima Ohno & Tsunematsu ("NO&T") as a

legal advisor independent from the Target, Mr. Maezawa and the Company to ensure transparency and fairness in the decision-making process of the Target's board of directors regarding the Tender Offer, and is receiving from NO&T legal advice on the decision-making process/methods of the Target's board of directors and other key points.

③ Approval of all of the Target's directors without conflicts of interest and an opinion of all of the Target's auditors to the effect that they have no objection to the Tender Offer

The Target Press Release states that the Target carefully discussed and examined the Tender Offer based on the legal advice provided by NO&T.

As a result, the Target resolved at its board meeting held on September 12, 2019 that, in the event the Tender Offer is to be commenced, the Target would express an opinion in support of the Tender Offer as its opinion as of the same day, and that since the Target Shares would remain listed even after the Tender Offer, the Target would withhold expressing an opinion on the appropriateness of the Tender Offer Price and leave it up to the Target's shareholders as to whether or not they would accept the Tender Offer.

The Target's board resolutions mentioned above were made by consensus of the Target's five directors (two of which are outside directors) excluding Mr. Maezawa, who was the president and representative director of the Target at the time these resolutions were adopted. In addition, all three auditors of the Target (all of which are outside auditors) expressed an opinion to the effect that they have no objection to such resolutions.

Mr. Maezawa, who was the president and representative director of the Target at the time of the meeting of the Target's board of directors described above, is the Target's largest major shareholder and also a party to the Tender Agreement with the Company. As such, with a view to enhancing fairness, transparency, and objectivity while avoiding conflicts of interest, he did not take part in the deliberations and resolutions on any of the proposals relating to the Tender Offer tabled at the Target's board of directors' meetings, nor did he participate in any discussions or negotiations with the Company in the capacity as the Target since the Company made the Alliance Proposal. However, the management of the Target (excluding Mr. Maezawa) held discussions with Mr. Maezawa regarding the terms of a potential alliance with the Company only when deemed necessary for increasing synergies from such alliance in order to contribute to enhancing the Target's corporate value as Mr. Maezawa, even prior to the Alliance Proposal, has been considering various possibilities as to how an alliance with the Company would contribute to enhancing the Target's corporate value and, as the founder of the Target, possesses extensive insights on measures for enhancing the Target's corporate value going forward.

At the Target's board of directors' meeting held on September 27, 2019, upon confirming with the Target's outside directors described in "④ The Target's receipt of an opinion of the Target's outside directors without conflicts of interest" below that there has been no change to their opinion, the Target resolved to again express its support for the Tender Offer, and to leave the decision on whether or not to accept the Tender Offer to the Target's shareholders, considering that it is sufficiently reasonable for the Target's shareholders to elect to keep the Target Shares after the Tender Offer is consummated since the Target Shares are expected to remain listed even after the Tender Offer. These resolutions were passed unanimously by five directors of the Target (of which two directors are independent officers). Furthermore, the Target's three auditors (all of whom are the Target's outside auditors) unanimously determined that they express no objection to these resolutions. In addition, Mr. Maezawa, who resigned his position as the president and representative director and the director of the Target on September 12, 2019, has not participated in any discussions or negotiations regarding the Tender Offer and the Target's responses thereto since that date.

④ The Target's receipt of an opinion of the Target's outside directors without conflicts of interest

According to the Target Press Release, while the Tender Offer is not considered as a tender offer based on a purchase from a controlling shareholder, the Tender Offer is based on a purchase from Mr. Maezawa whose relationship to the Target is similar to that of a controlling shareholder to the Target. Therefore, pursuant to "Significant Transactions, etc. with Controlling Shareholder" in the Code of Corporate Conduct of the TSE, the Target consulted with Koji Ono and Kazunori Hotta, who are registered as the Target's independent officers at the TSE, and Hiroko Igarashi, Junichi Motai and Junko Utsunomiya, who are the Target's outside auditors (collectively, the "Target Outside Directors"), on whether in the event that the Tender Offer based on the Capital and Business Alliance is commenced, the Target's decision to express an opinion in support of the Tender Offer and to leave it up to the Target's shareholders as to whether or not they would accept the Tender Offer (the "Target's Decision") is disadvantageous to the Target's minority shareholders.

Accordingly, the Target Outside Directors reviewed and examined explanations, responses and information regarding the purpose of the Capital and Business Alliance, the significance of the Tender Offer, the terms of the Tender Offer and the related negotiation process provided by responsible parties of the Target, SMBC Nikko Securities Inc., the financial advisor, and NO&T, the legal advisor.

As a result of such review and examination, the Target Outside Directors determined that (i) the purpose of the Capital and Business Alliance and the Tender Offer is to enhance corporate value of both the Target and the Company and is, therefore, legitimate, and the Capital and Business Alliance and the Tender Offer are a reasonable course of action for the Target given the Target's current business environment and the fact that the management of the Target, without Mr. Maezawa's involvement, has sufficiently and independently considered and negotiated this course of action; (ii) the terms of the Tender Offer are fair and do not create circumstances disadvantageous to the Target's minority shareholders given that (a) there will be sufficient time and opportunities for all of the Target's shareholders to consider and decide; and (b) the Target's negotiation and decision-making process related to the Tender Offer has involved outside experts who are independent of the Target, Mr. Maezawa and the Company, and has been conducted without the involvement of Mr. Maezawa, a potentially specially related party; and (iii) governance measures to be in place after the consummation of the Tender Offer are expected to give consideration to the Target's minority shareholders as both the Target and the Company recognize the importance of the Target's independence and the protection of interests of the Target's minority shareholders. Based on these determinations and the circumstances at the time, the Target Outside Directors submitted an opinion to the Target's board of directors at its meeting on September 12, 2019 that the Target's Decision related to the Tender Offer based on the Capital and Business Alliance is not disadvantageous to the Target's minority shareholders.

The Target Outside Directors subsequently confirmed that there have been no circumstances or developments as of September 27, 2019 warranting changes to their previous determinations made on September 12, 2019 since then and expressed their opinion to the Target's board of directors at its meeting on September 27, 2019 that there is no change to the contents of their opinion submitted on September 12, 2019 described above.

⑤ Ensuring objective circumstances to secure the fairness of the Tender Offer Price

The Company set the Tender Offer Period to be for a period of 30 business days (a day other than days listed in Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs (Act No. 91 of 1988, as amended), hereinafter "Business Day"), whereas the statutory minimum period is 20 Business Days. In this way, the Company set the Tender Offer Period to be relatively long so that it may provide the Target's shareholders with time and opportunities to make an appropriate decision on whether or not to accept the Tender Offer and ensure opportunities for those other than the Company to make a hostile takeover, thereby securing the fairness of the Tender Offer. The Capital and Business Alliance Agreement provides that if a hostile takeover is commenced, and the Target's directors reasonably judge that the Target's expression of an

opinion supporting the Tender Offer is likely to constitute breach by the Target's directors of their duty of loyalty (*chūjitsu gimu*) and duty of care of a prudent manager (*zenkan chūi gimu*) (it is required, however, that the Target make judgments sincerely in light of the details, and the possibility of development, of the business alliance between the Company and the Target and other enhancement of the Target's corporate value, instead of making judgments only based on the purchase price of the hostile takeover or the amount of other consideration), the Target should notify the Company of that fact and engage in good faith discussion with the Company on the feasibility of the capital alliance and business alliance. It is provided that the Target can choose not to express an opinion supporting the Tender Offer only in the case that the Target's directors reasonably decide, even after examining the outcome of such discussion, that the Target's expression of an opinion supporting the Tender Offer is still likely to constitute breach by the Target's directors of their duty of loyalty (*chūjitsu gimu*) and duty of care of a prudent manager (*zenkan chūi gimu*). Even if the Target does not express an opinion supporting the Tender Offer based on the decision described above, there is no agreement between the Target and the Company on payment obligations such as compensation or break-up fee to be paid by the Target to the Company. For details of the Capital and Business Alliance Agreement, please refer to "① The Capital and Business Alliance Agreement" of "(6) Matters Related to Important Agreements Concerning the Tender Offer."

(4) Plans to Acquire Share Certificates of the Target after the Tender Offer

As the Company is implementing the Tender Offer for the purpose of making the Target its consolidated subsidiary, there are no plans at this time to acquire additional Target Shares after completion of the Tender Offer if that purpose is achieved by the Tender Offer. On the other hand, if the Target cannot be made a consolidated subsidiary through the Tender Offer, the Company plans to acquire additional Target Shares to make the Target its consolidated subsidiary, but have not worked out the details at this point in time. In such case, the Company and the Target are to discuss in good faith, in accordance with the Capital and Business Alliance Agreement, the Company's acquisition of additional Target Shares and other measures to make the Target its consolidated subsidiary, but the timing of such discussion and the specific measures to be taken have yet to be determined.

Prior to the announcement of the planned commencement of the Tender Offer, the Company proposed to the Target that, in the event the Target could not be made the Company's consolidated subsidiary through the Tender Offer, the Target issue additional shares to the Company (depending on the results of the Tender Offer) by means of the Third Party Allotment. However, the Target was unable to reach a definitive decision prior to the announcement of the planned commencement of the Tender Offer on whether or not to procure capital through the Third Party Allotment. As such, the Company and the Target did not reach a specific agreement on the Third Party Allotment at the time of announcement of the execution of the Capital and Business Alliance Agreement and the planned commencement of the Tender Offer, nor were the two companies engaging in any concrete discussion regarding the Third Party Allotment. Furthermore, the Target has not engaged in any concrete discussion or agreement regarding the Third Party Allotment during the period from the announcement of the planned commencement of the Tender Offer to the date of this announcement.

That being said, the Target has indicated that, based on the results of the Tender Offer, should the Company once again request the Target to consider the Third Party Allotment, it is open to the possibility of discussing the possibility of the Third Party Allotment between the Company and the Target, in light of market trends prevailing after the Tender Offer and the necessity and reasonableness of capital procurement by the Target after considering the business strategies to be taken if the Target becomes a consolidated subsidiary of the Company.

If the Third Party Allotment is implemented through these discussions, the number of shares to be allotted

to the Company is expected to be within the number of shares for which the Target's capital procurement through the Third Party Allotment is found necessary and reasonable. Further, if the Third Party Allotment is implemented, the amount of payment and other terms and conditions will be determined upon comprehensive consideration market trends and other factors at that time. In such case, in order to avoid the implementation of the Third Party Allotment that would constitute a disadvantageous treatment of the Target's shareholders other than the Company, there is a need to closely scrutinize its terms and conditions and, as needed, either (i) obtain an opinion from an independent officer of the Target on the necessity and reasonableness of the Third Party Allotment; or (ii) confirm the shareholders' intention regarding the Third Party Allotment through a resolution at the shareholders meeting.

(5) Prospect of and Reasons for Delisting

The Target Shares are listed on the First Section of the TSE as of today, and the Tender Offer does not contemplate the delisting thereof. It is the plan of the Company to set an upper limit of number of shares planned to be purchased in implementing the Tender Offer. As such, the maximum number of the Target Shares to be owned by the Company is expected to be a maximum of 152,952,900 shares (shareholding ratio: 50.10%) after the Tender Offer. Accordingly, the Target Shares are expected to remain listed in the First Section of the TSE even after consummation of the Tender Offer.

(6) Matters Related to Important Agreements Concerning the Tender Offer

① Capital and Business Alliance Agreement

The Company executed the Capital and Business Alliance Agreement with the Target as of September 12, 2019. An outline of the Capital and Business Alliance Agreement is as follows:

(i) Purpose

In order to realize the purposes set forth below, we will make the Target a consolidated subsidiary of the Company and create a stable capital alliance with the Target, and also build a strong alliance through the business alliance relationship based on the said capital alliance.

- To enhance the corporate value of the Company and the Target respectively, while taking into consideration the interests of the Target's minority shareholders.
- In order to realize the above referenced purpose: (i) the Target and the Company will further expand and develop the fashion e-commerce business of the Target and the Company, with "ZOZOTOWN" at its core, by bringing together assets, knowledge and know-how held by the Company and the Target; (ii) we will be able to provide respective labels with various contacts with customers who love fashion (in addition to the existing "ZOZOTOWN" and "WEAR") more than before; (iii) we will secure a work place where the each and every worker at the Target can "happily work"; and (iv) we will aim at being No.1 in Japan in transaction volume in the fashion e-commerce business by maximizing business synergy of the two companies through (i) through (iii).

(ii) Contents of the capital alliance

- Making full efforts toward the success of the Tender Offer, the Company will make the Tender Offer for the Target Shares for the purpose of making the Target a consolidated subsidiary of the Company while maintaining the listing of the Target Shares. The Company will not change the upper or lower limit of the total number of shares to be purchased without prior consent of the Target.
- If the Company makes an announcement of commencement of the Tender Offer upon

determining specific terms and conditions, the Target will resolve at its board of directors' meeting that it will withhold its opinion as to reasonableness of the Tender Offer Price while supporting the Tender Offer, and that it will leave a decision of whether or not to tender to the Tender Offer to the judgement of the Target's shareholders, and will announce the details of such resolution pursuant to the Listing Regulations of the TSE (the "Listing Regulations") and submit the announcement of opinion with such details of the resolution pursuant to law. The Target will maintain and will not change or withdraw the supporting resolution made pursuant to the above until the Tender Offer Period has been expired.

- Notwithstanding the above, in the event that a competitive tender offer, etc. is commenced, and if the Target's expressing its support for the Tender Offer is reasonably considered by the Target's directors to be highly likely to constitute the Target's directors' breach of duty of loyalty or duty of care of a prudent manager (however, the Target may not make a judgement only based on whether the tender offer price or other considerations in such competitive tender offer, etc. is better or worse, and it is necessary to make a faithful decision considering the details of the business alliance between the Company and the Target and its potential development, as well as other aspects of enhancing the Target's corporate value), the Target will make notice to the Company to such effect, and discuss with the Company in good faith regarding feasibility of a capital alliance and business alliance with the Company. Upon consideration of the results of such discussions in good faith, only if the Target's directors still reasonably believe that expressing support for the Tender Offer is highly likely to constitute a breach of duty of loyalty or duty of care of a prudent manager by the Target's directors, it is not required to express support for the Tender Offer.
- Upon consummation of the Tender Offer, if the Target does not become a consolidated subsidiary of the Company, the Company and the Target will discuss in good faith measures to take so that the Company can additionally acquire the Target Shares or otherwise the Company can make the Target a consolidated subsidiary of the Company.
- The Target may not, without prior consent of the Company, issue, dispose of, or allot any shares, share options or bonds with stock acquisition rights, or otherwise make actions that are likely to dilute the Company's voting rights ratio or holding ratio relating to the Target Shares. Notwithstanding the above, the Target will not be prevented from granting any equity incentives, including stock options or restricted equity securities, to officers and employees of the Target or its subsidiaries within the number of treasury shares held by the Target (6,349,103 shares) as of the execution date of the Capital and Business Alliance Agreement.
- If the Target stops being a consolidated subsidiary of the Company after granting of any equity incentives mentioned above, the Company and the Target are to discuss in good faith the Company's acquisition of additional Target Shares and other measures to make the Target its consolidated subsidiary.
- Upon consummation of the Tender Offer, the Company may not assign or transfer to, or have succeeded to by, a third party, or create a security interest on, or otherwise dispose of all or part of the Target Shares held by it. Notwithstanding the above, the Company may furnish all or part of the Target Shares held by it to a financial institution as a collateral for a financial transaction (including collateral assignment) by the Company. Further, the Company may transfer to, or have succeeded to by, a subsidiary all or part of the Target Shares held by it provided that it complies with the conditions, including that the Company continues to have its obligations under the Capital and Business Alliance Agreement.

(iii) Contents of the business alliance

- Upon consummation of the Tender Offer, the Company will perform or cause its subsidiaries to perform the acts for business alliance summarized below to realize the purpose set forth in (i) above:
    a. Refer users from the Company's media including its search engine and search results (including from the top page of the Company's PC site portal and smartphone site portal) to "ZOZOTOWN" and stores listed on "PayPay Mall" through "ZOZOTOWN" listed on "PayPay Mall" (hereinafter "ZOZOTOWN on PPM").
    b. Cooperate in launch of PayPay settlement and services associated therewith by the Target.
    c. Engage in sales to apparel companies for listing on "PayPay Mall" through "ZOZOTOWN on PPM".
    d. Engage in sales using "ZOZOBASE" and "ZOZOTOWN" listing to stores listed on "PayPay Mall".
- Upon consummation of the Tender Offer, the Company will perform the acts for business alliance summarized below to realize the purpose set forth in (i) above:
    a. List stores on "PayPay Mall".
    b. Engage in sales to apparel companies for listing on "PayPay Mall" through "ZOZOTOWN on PPM" and sales using "ZOZOBASE" to stores listed on "PayPay Mall".
    c. Launch PayPay settlement in "ZOZOTOWN".
- The Company and the Target will discuss details of the above business alliance in good faith on or after the execution date of the Capital and Business Alliance Agreement.
- In the event the Tender Offer is consummated, the Company and the Target will promote the business alliance even during any period in which the Target is not a consolidated subsidiary of the Company by maintaining as strong an alliance as one that would have been created if the Target had become a consolidated subsidiary. Furthermore, the Company and the Target will establish an alliance on the same, specific terms and conditions, except for matters not permitted by laws or regulations, as those that would be set forth in an alliance to be discussed and agreed to by the two companies based on the assumption that the Target would become a consolidated subsidiary.

(iv) Operation of the Target under the capital alliance

- The Company is aware of and respects the importance of the Target's directors enhancing the Target's corporate value and pursuing the common benefit of the Target's shareholders other than the Company including minority shareholders as part of fulfilling their duty of loyalty and duty of care of a prudent manager in the capacity of directors of a listed company.
- Notwithstanding the foregoing, the Company acknowledges that in accordance with the Capital and Business Alliance Agreement, no one shall be legally forced or bound to exercise their voting rights attached to the Target Shares held by the Company or other shareholder rights. In addition, the Company is to consider proposals made by the Target at shareholders' meetings in the light most favorable to the Target. If the Company plans to reject such proposals made by the Target at shareholders' meetings, the Company is to provide prior notice of its intention to the Target (assuming that the Target provides prior notice of its proposals to be made at shareholders' meetings to the Company). If the Company provides such prior notice, the Company and the Target are to discuss in good faith on each other's future course of actions. If the Company, as a shareholder, plans to make proposals at shareholders' meetings, the Company is to discuss in good faith with the Target

prior to making such proposals.

- Regarding the operation of the Target under the capital alliance (including decision making on the management structure), the Company and the Target will perform as set forth in the Capital and Business Alliance Agreement and proceed upon discussion in good faith between the parties at each time for any important matters.
- Promptly after the EGM, a nomination and remuneration committee will be formed as an advisory body to the Target's board of directors regarding election of the Target's prospective directors and representative directors and the specifics of the directors' remuneration.
- Where the Company and the Target decide that the Target's group is to conduct a transaction with the Company's group, or the Company's direct or indirect parent company or such parent's subsidiaries or affiliates after the consummation of the Tender Offer, the Company and the Target confirm that (i) the Target needs to implement certain measures under the listing regulations of the TSE (including obtaining an opinion by an independent party without conflicts of interest that such transaction by the Target's group is not disadvantageous for the Target's minority shareholders), if the listing regulations require such measures; and (ii) similar measures will be implemented if the Target's board of directors deems it necessary to implement similar measures even where the listing regulations does not require such measures.
- Agreements on governance-related matters such as the composition of the Target's directors.
    a. Dispatch of directors
    The Company is entitled to designate two directors of the Target after the consummation of the Tender Offer. The foregoing right of the Company to designate two directors applies based on the condition that the number of directors of the Target is nine (9) or less. In addition, the Target will implement necessary measures for the appointment of one director designated by the Company at the EGM.
    b. Outside directors
    The ratio of independent outside directors to the total directors of the Target's board of directors after the consummation of the Tender Offer will be one third or more.
    c. Dispatch of observers
    The Company may have up to two persons it designates attend the Target's board meeting as observers.
    d. Alliance meeting
    The Company and the Target will hold an alliance meeting approximately once a month regarding matters related to the capital alliance and business alliance (including practical or technical matters) to exchange opinions of the parties to the Capital and Business Alliance Agreement and share/discuss the operation status of the Target and the progress status of the business alliance (such meeting will be held as early as practically possible if either of the Company or the Target requests to the other party to hold an alliance meeting).
    e. Matters requiring prior approval
    When engaging in matters set forth below, the Company's written approval must be obtained in advance (provided, however, that the Company shall not unreasonably withhold its consent in light of the purpose of the Capital and Business Alliance Agreement):
        ・ Amendment to the Articles of Incorporation.
        ・ Preparation of a business plan, or an amendment to the current business plan

which would cause a decrease in consolidated profit (as disclosed in the business plan) of 30% or more.

- Merger, company split, share exchange, share transfer, business transfer, business succession and other M&A transaction or capital alliance with a third party which causes a change of 10% in consolidated sales (as disclosed in the business plan) or a change of 30% or more to consolidated profit (as disclosed in the business plan) respectively against the Target's business plan for the business year in which the transaction was implemented (excluding those which do not require approval at a general shareholders meeting of the Target.
- Dissolution, liquidation, or petition for the commencement of bankruptcy proceedings of the Target.

② Tender Agreement

As set forth in "(1) Outline of the Tender Offer" above, the Company has executed the Tender Agreement with Mr. Maezawa as of September 12, 2019. An outline of the Tender Agreement is as follows.

As of August 22, 2019, Mr. Maezawa is the largest major shareholder of the Target and holds 112,226,600 shares (shareholding ratio: 36.76%) of the Target Shares. There is no personnel relation between the Company and Mr. Maezawa.

(i) Tender Obligation

- With regard to the Tender Agreement Target Shares (92,726,600 shares (shareholding ratio: 30.37%)), Mr. Maezawa will, after releasing all of the security interests and other encumbrances regarding such shares within 15 Business Days from the commencement date of the Tender Offer at the latest, tender to the Tender Offer immediately following the release and will thereafter neither withdraw such tender nor terminate any agreement regarding purchase closed through such tender; provided, however, that the foregoing does not apply in cases where any creditor of the secured obligations for the security interests created on 65,151,100 shares (shareholding ratio: 21.34%) of the Tender Agreement Target Shares does not agree or withholds agreement to prepayment of such secured obligations for reasons that should not be attributable to Mr. Maezawa. Mr. Maezawa will make his best efforts to obtain agreement to prepayment of such secured obligations from the creditors of such secured obligations.
- In the case that any third party commences a tender offer regarding the Target Shares or stock acquisition rights prior to the expiration of the Tender Offer Period, if a resolution of the board of directors to express its opinion in favor of the Tender Offer has been adopted at the Target and such fact has been publicly announced pursuant to the listing regulations and neither the resolution nor the public announcement has been withdrawn and if a position statement stating such effect has been submitted by the Target and has been neither amended nor withdrawn, the foregoing obligations will not be required to be performed.

(ii) Conditions precedent for the tender

- The performance of the tender obligation by Mr. Maezawa will be conditional on satisfaction or performance of the following: (a) the Target's board of directors has adopted a resolution expressing its opinion in favor of the Tender Offer but reserving the board's opinion on the appropriateness of the Tender Offer Price so that it is left to decision of the Target's shareholders whether or not to accept the Tender Offer; (b) the foregoing has been publicly

announced pursuant to the listing regulations and neither the resolution nor announcement have been withdrawn; (c) a position statement stating the foregoing has been submitted by the Target and has not been withdrawn; (d) that all of the Company's representations and warranties provided in the Tender Agreement are true and correct (Note 1); and (e) that all of the obligations under the Tender Agreement to be complied with or performed by the Company no later than the commencement date of the Tender Offer have been complied with or performed (all of which the Company has complied with or performed as of the date of this Statement); provided, however, that Mr. Maezawa may, at his own discretion, waive all or part of the conditions precedent specified above.

(Note 1) Under the Tender Agreement, the Company has represented and warrantied that statements relating to (i) the Company's continuing existence, power and authority, (ii) the execution of, and performance and enforcement of the obligations, under the Tender Agreement; (iii) the Company's acquisition of applicable permits and authorizations; (iv) absence of violation of applicable laws and regulations; and (v) absence of relationship with anti-social forces are true and correct.

2. Outline of the Tender Offer

(1) Outline of the Target

(1)	Name	ZOZO, Inc.	
(2)	Location	6-1, Nakase 2-chome, Mihama-ku, Chiba-shi, Chiba	
(3)	Title and Name of Representative	Kotaro Sawada, President and Representative Director, and Chief Executive Officer	
(4)	Description of Business	Operation of an e-commerce fashion website, distribution of private brand, operation of fashion media	
(5)	Capital Amount	1,359 million yen (As of September 12, 2019)	
(6)	Date of Incorporation	May 21, 1998	
(7)	Major Shareholder and Shareholding Ratio (As of March 31, 2019) (Note 1)	Yusaku Maezawa	35.94%
		Japan Trustee Services Bank, Ltd. (Trust Account)	3.14%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	3.14%
		Mli For Client General Omni Non Collateral Non Treaty-Pb (standing proxy) Merrill Lynch Japan Securities Co., Ltd.	2.53%
		Goldman Sachs and Company (Regular account) (standing proxy) Goldman Sachs Japan Co. Ltd.	2.41%
		Msco Customer Securities (standing proxy) Morgan Stanley MUFG Securities Co., Ltd.	2.06%
		The Bank Of New York Mellon 140051 (standing proxy) Mizuho Bank, Ltd., Settlement & Clearing Services Department	1.38%
		Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.37%
		State Street Bank West Client – Treaty 505225 (standing proxy)	1.32%

		Mizuho Bank, Ltd., Settlement & Clearing Services Department	
		Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.23%

(8)	Relationship between the Company and the Tender Offeror	
	Capital Relationship	N/A
	Personal Relationship	N/A
	Business Relationship	N/A
	Whether the Company falls under Related Party	N/A

(9) Consolidated operating results and consolidated financial position of the Target over the last three years

Fiscal year		Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019
Consolidated net assets	(million yen)	29,868	40,810	22,656
Consolidated total assets	(million yen)	55,720	70,712	78,961
Consolidated net assets per share	(yen)	94.39	130.95	73.85
Consolidated revenue	(million yen)	76,393	98,432	118,405
Consolidated operating profit	(million yen)	26,284	32,669	25,654
Consolidated ordinary profit	(million yen)	26,442	32,740	25,717
Net profit attributable to the shareholders of the parent	(million yen)	17,035	20,156	15,985
Consolidated net profit per share	(yen)	54.66	64.68	52.20
Dividend per share	(yen)	36.00	29.00	24.00

(Note 1) "(7) Major Shareholder and Shareholding Ratio (As of March 31, 2019)" is based on "Status of Major Shareholder(s)" of the 21st Business Period Annual Securities Report submitted by the Target on June 26, 2019.

(Note 2) The Target conducted a share split at a ratio of three (3) shares per one (1) Target share on October 1, 2016 (the "Share Split"). As such, "Consolidated net assets per share" and "Consolidated net profit per share" for the fiscal year ended March 2017 are calculated under the assumption the Share Split was conducted at the beginning of the relevant consolidated fiscal year. Further, "Dividend per share" for the fiscal year ended March 2017 is calculated by adding the term-end dividend per share of 16 yen (after the Share Split) to the interim dividend per share of 20 yen (before the Share Split).

(2) Timeline, etc.

① Timeline

Date of Public Notice	September 30, 2019 (Monday) Public notice will be made electronically, as well as in a notice to be published in the Nihon Keizai Shimbun. (The URL of the website on which the electronic public notice is to be

	made: http://disclosure.edinet-fsa.go.jp/)
Date of Submission of the Tender Offer Statement	September 30, 2019 (Monday)

② Initial Purchase Period at the time of Submission

From September 30, 2019 (Monday) to November 13, 2019 (Wednesday) (30 Business Days)

③ Possibility of an extension by request of the Target

N/A

(3) The Tender Offer Price

2,620 yen per share of common shares

(4) Basis for the Calculation, etc. of the Tender Offer Price

① Basis of Calculation

To determine the Tender Offer Price, the Company engaged Mizuho Securities as a third-party evaluator independent from the Company and the Target to evaluate the value of the Target Shares. Mizuho Securities does not fall under a related party of the Company or the Target, nor does it have material interest in the Tender Offer.

Upon studying the Target's financial conditions, trends in the market price of the Target Shares, etc., Mizuho Securities considered that it was appropriate to evaluate the Tender Offer Price from multiple angles. Upon considering the calculation method from multiple share price calculation methods, Mizuho Securities calculated the share value of the Target's shares using the market share price standards method, comparable company method and discounted cash flow method (the "DCF Method"), on the assumption that the Target is a going concern, and the Company obtained the Share Valuation Report dated September 12, 2019 from Mizuho Securities. The Company has not obtained a fairness opinion on the Tender Offer Price from Mizuho Securities.

According to the Share Valuation Report, the methods that were adopted and the range of the values per Target Shares, which were calculated by such methods are as follows:

Market share price method:	1,993 yen to 2,166 yen
Comparable multiple valuation method:	2,392 yen to 3,037 yen
DFC method:	2,333 yen to 3,077 yen

For the market share price method, with the reference date on September 11, 2019, one Business Day immediately preceding the announcement date of the planned commencement of the Tender Offer, the value per Target Share is calculated in the range of 1,993 yen to 2,166 yen based on the following prices of the Target Shares: the closing price of 2,166 yen of the Target Shares on the First Section of the TSE on the reference date; the simple average price of the closing prices for the past one (1) month to said date of 2,111 yen (rounded off to the nearest one yen; hereinafter the same applies to calculation of the simple average price); the simple average price of the closing prices of 2,011 yen for the past three (3) months to said date,

and the simple average price of the closing prices of 1,993 yen for the past six (6) months to said date.

For the comparable multiple valuation method, the value of the Target Shares is calculated by comparing the market prices and financial indices on profitability, etc., of certain listed companies engaged in businesses similar to those of the Target. This calculation showed that the value per Target Share was in the range of 2,392 yen to 3,037 yen.

For the DCF Method, based on the business plans (for three years between the fiscal year ending March 2020 and the fiscal year ending March 2022) provided by the Target, and based on future earnings forecast of the Target as adjusted by the Company by considering various factors such as the trend of the Target's business results to date, results of the due diligence of the Target conducted by the Company and publicly available information, the corporate value and share value of the Target were calculated by calculating the amount of free cash flow the Target is expected to generate in and after the fiscal year ending March 2020, and then deriving the present value of that amount using a certain discount rate. This calculation showed that the value per Target Share was in the range of 2,333 yen to 3,077 yen. The business plans based on which calculation for the aforementioned DCF Method is made include business years in which significant increase in profits are forecasted. Specifically, while we anticipate an increase in sales resulting from increase of transaction volume of "ZOZOTOWN" in the fiscal year ending March 2020, a significant increase in net income is expected for the current term due to a temporary cost decrease relating to "ZOZOSUIT" delivery, etc. in the Target's PB business (the business planned and developed by the Target to manufacture and sell basic items suited to each customer's physique). Also, in the fiscal year ending March 2020, we expect that transaction volume of "ZOZOTOWN" will continue to grow, and that there will be a large increase in operating income and net income due to the fact that the impact of a temporary cost relating to "ZOZOARIGATO membership" (the members-only service enabling members to purchase any products sold on "ZOZOTOWN" at a discount and also to donate a certain amount of part of the discounted amount to designated groups) that ended on May 30, 2019 will no longer exist, etc. Such business plans are not conditional upon the execution of the Tender Offer.

In addition to the Share Valuation Report obtained from Mizuho Securities, the Company considered the results of the due diligence of the Target conducted by the Company, as well as the discussions and negotiations concerning the Tender Offer Price which the Company had with Mr. Maezawa, and ultimately decided on the Tender Offer Price of 2,620 yen at the meeting of the Company's board of directors held on September 12, 2019. Subsequently, the Company confirmed that there have been no material changes in the Target's business conditions nor in the environment, etc. surrounding the Tender Offer and, as such, decided on September 27, 2019 not to change the Tender Offer Price.

The Tender Offer Price of 2,620 yen represents a premium of 20.96% (rounded to the nearest hundredth (0.01) percentage point; hereinafter the same applies wherever used in the calculation of premiums) to the closing price of 2,166 yen of the Target Shares on the First Section of the TSE on September 11, 2019, which is the Business Day immediately preceding the announcement date of the planned commencement of the Tender Offer; a premium of 24.11% to the simple average price of the closing prices of the past one (1) month to said date of 2,111 yen; a premium of 30.28% to the simple average price of the closing prices of the past three (3) months to said date of 2,011 yen; and a premium of 31.46% to the simple average price of the closing prices of the past six (6) months to said date of 1,993 yen.

The Tender Offer Price of 2,620 yen also represents a premium of 4.63% to the closing price of 2,504 yen of the Target Shares on the First Section of the TSE on September 26, 2019, which is the Business Day immediately preceding the announcement date of the commencement of the Tender Offer .

② Circumstances of Calculation

The Company exchanged opinions with the Target from time to time on potential avenues for improving

services in e-commerce businesses. While discussions were ongoing with the Target about a potential alliance between the two companies in connection with the Company's "PayPay Mall" scheduled for launch in the fall of 2019, the Company was able to confirm with Mr. Maezawa that, as mentioned below, Mr. Maezawa was willing to consider sale of the Target Shares held by him to the Company as long as it contributes to enhancing the Target's corporate value, and based on this confirmation, in late June 2019, the Company began an initial review of the proposals for alliances, with the Target as one of the candidates, with the aim of discovering the potential for accelerated growth of both the Company and its alliance candidates created by establishing a strong alliance including a potential capital alliance. Thereafter, the Company met with the management of the Target on multiple occasions over the period from early July 2019 to early August 2019 and proceeded with its review of the potential for a capital and business alliance including potential acquisition of the Target Shares. Furthermore, in late June 2019 the Company also began direct discussions with Mr. Maezawa, the founder, the president and representative director and the largest shareholder of the Target, after it was able to confirm with Mr. Maezawa that he was willing to consider sale of the Target Shares held by him to the Company as long as it contributes to enhancing the Target's corporate value. Based on Mr. Maezawa's amenability, the Company has proceeded with a review of the potential for a capital and business alliance including making the Target a consolidated subsidiary of the Company.

As a result of this review, in mid-August 2019, the Company commenced full-fledged discussions and examinations with the Target on whether and how to establish a capital and business alliance between the companies, including making the Target a consolidated subsidiary by means of a tender offer, and has conducted due diligence of the Target while also engaging in multiple rounds of discussions and examinations toward creating synergy with the Target.

Furthermore, concurrently with the aforementioned discussions with the Target, in mid-August 2019 the Company began engaging in negotiations with Mr. Maezawa, the founder, the president and representative director, and the largest shareholder of the Target, on the terms and conditions including, if the Tender Offer is implemented, the purchase price of his Target Shares and the number of his Target Shares to be tendered in the Tender Offer, based on the changes in the market price of the Target Shares on the First Section of the TSE and the Target's recent performance.

As a result of the foregoing, in late August 2019 the Company reached the conclusion the conclusion that establishing a capital and business alliance with the Target by acquiring the Tender Agreement Target Shares from Mr. Maezawa will enhance the corporate value of both companies and serve as an extremely valuable project for both companies even from the perspective of seeking the common benefit of shareholders of both companies, including the minority shareholders of the Target.

Based on the discussions, examinations, and negotiations mentioned above, the Company resolved at its board meeting held on September 12, 2019 to make the Tender Offer, and entered into the Capital and Business Alliance Agreement with the Target and the Tender Agreement with Mr. Maezawa. Then, the Company determined the Tender Offer Price through the following process.

(i) Name of the third party from which an opinion was obtained when calculating the Tender Offer Price

To determine the Tender Offer Price, the Company referred to the Share Valuation Report submitted by Mizuho Securities, the Company's financial advisor, as a third-party evaluator independent from the Company and the Target.The Company has not obtained a fairness opinion on the Tender Offer Price from Mizuho Securities.

(ii) Summary of the opinion

According to the Share Valuation Report, the methods that were adopted and the range of the

values per Target Shares, which were calculated by such methods, are as follows:

Market share price method:	1,993 yen to 2,166 yen
Comparable multiple valuation method:	2,392 yen to 3,037 yen
DFC method:	2,333 yen to 3,077 yen

(iii) Events leading up to determination of the Tender Offer Price based on the opinion above

The Company ultimately decided to set the Tender Offer Price at 2,620 yen at the meeting of the Company's board of directors held on September 12, 2019 in light of the results of the due diligence review the Company conducted on the Target and the outcome of the discussions and negotiations with the Target and Mr. Maezawa on the Tender Offer, in addition to the calculation results in the Share Valuation Report obtained from Mizuho Securities. Subsequently, the Company confirmed that there have been no material changes in the Target's business conditions nor in the environment, etc. surrounding the Tender Offer and, as such, decided on September 27, 2019 not to change the Tender Offer Price.

③ Relationship with independent third-party evaluator

Mizuho Securities, the Company's financial advisor and an independent third-party evaluator, does not fall under a related party of the Company or the Target, nor does it have material interest in the Tender Offer.

(5) Number of Share Certificates to be Purchased

Number of Shares to be Purchased	Minimum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
152,952,900 (shares)	101,968,591 (shares)	152,952,900 (shares)

(Note 1) If the total number of the Share Certificates Tendered falls below the minimum number of shares to be purchased (101,968,591 shares), none of the Share Certificates Tendered will be purchased. The Capital and Business Alliance Agreement, however, provides that if the Company deems it appropriate considering the status and other matters regarding the tender during the Tender Offer Period, the Company may upon agreement with the Target change the minimum number of shares to be purchased within the extent permitted by laws.

(Note 2) If the total number of the Share Certificates Tendered exceeds the maximum number of shares to be purchased (152,952,900 shares), all or part of the shares exceeding such number will not be purchased, and delivery and other settlement for purchase, etc. of the Share Certificates will be on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the TOB Order.

(Note 3) None of the treasury stock held by the Target are planned to be acquired through the Tender Offer.

(Note 4) Shares less than one unit are also subject to the Tender Offer. In cases where holders of shares less than one unit demand that the Target purchase their shares that are less than one unit pursuant to the Companies Act, the Target may purchase its own shares during the Tender Offer Period according to the procedures of the relevant laws.

(6) Changes in the Share Certificates, etc. Holding Ratio After the Purchase, etc.

Number of Voting Rights relating to Share Certificates, etc. held by the Tender Offeror before the Purchase,	—	(Share Certificates, etc. Holding Ratio before the Purchase, etc. – %)

etc.		
Number of Voting Rights relating to Share Certificates, etc. held by Persons in Special Relationship before the Purchase, etc.	0	(Share Certificates, etc. Holding Ratio before the Purchase, etc. – 0.00%)
Number of Voting Rights relating to Share Certificates, etc. held by the Tender Offeror after the Purchase, etc.	1,529,529	(Share Certificates, etc. Holding Ratio after the Purchase, etc. – 50.10%)
Number of Voting Rights relating to Share Certificates, etc. held by Persons in Special Relationship after the Purchase, etc.	0	(Share Certificates, etc. Holding Ratio after the Purchase, etc. – 0.00%)
Number of Voting Rights of all shareholders of the Target	3,052,553	

(Note 1) "Number of Voting Rights relating to Share Certificates, etc. held by Persons in Special Relationship before the Purchase, etc." and "Number of Voting Rights relating to Share Certificates, etc. held by Persons in Special Relationship after the Purchase, etc." indicate the sum of voting rights relating to Share Certificates held by every person in special relationship (excluding, pursuant to Article 3-2, Paragraph of the TOB Order, those persons in special relationship whose shares are excluded from the calculation of shareholding described under Article 27-2, Paragraph 1 of the Act).

(Note 2) "Number of Voting Rights relating to Share Certificates, etc. held by the Tender Offeror after the Purchase, etc." is the number of voting rights relating to the number of shares to be purchased in the Tender Offer (152,952,900 shares).

(Note 3) "Number of Voting Rights of all shareholders of the Target" is the number of voting rights (on the assumption that 1 unit is 100 shares) of all shareholders as of March 31, 2019 as described in the Target's 21st Business Period Annual Securities Report submitted by the Target on June 26, 2019. Because shares that are less than one unit (excluding treasury shares held by the Target that are less than one unit) are also subject to the Tender Offer, for the purpose of calculating the "Number of Voting Rights relating to Share Certificates, etc. held by the Tender Offeror before the Purchase, etc." and the "Number of Voting Rights relating to Share Certificates, etc. held by the Tender Offeror after the Purchase, etc.," the number of the voting rights (3,052,951) relating to the number of shares (305,295,182 shares) which is obtained by subtracting the number of treasury stock held by the Target as of June 30, 2019 (6,349,103 shares) from the number of outstanding shares as of June 30, 2019 (311,644,285 shares) as disclosed in the Target's summary of financial report for the 1st Quarter is used as denominator.

(Note 4) "Number of Voting Rights relating to Share Certificates, etc. held by the Tender Offeror before the Purchase, etc." and the "Number of Voting Rights relating to Share Certificates, etc. held by the Tender Offeror after the Purchase, etc." are rounded to the nearest hundredth (0.01) percentage point.

(7) Payment for Purchase 400,736,598,000 yen

(Note) "Payment for Purchase" is the product of the number of shares to be purchased in the Tender Offer (152,952,900 shares) and the Tender Offer Price (2,620 yen per share).

(8) Method of Settlement

① Name and Address of Head Offices of Financial Instruments Business Operator and Banks, etc. Responsible for Settlement of Purchase, etc.

Mizuho Securities Co., Ltd. 5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo

SBI SECURITIES Co., Ltd. 6-1, Roppongi 1-chome, Minato-ku, Tokyo

② Settlement Commencement Date

November 20, 2019 (Wednesday)

③ Method of Settlement

(When using Mizuho Securities Co., Ltd.)

A notice of purchase through the Tender Offer shall be mailed to the addresses of the shareholders who accept the Tender Offer (the "Accepting Shareholders") (or the addresses of their standing proxies in the case of shareholders, including corporate shareholders, that reside outside of Japan ("Non-Resident Shareholders")) without delay after the expiry of the Tender Offer Period. Payment for the purchase will be made in cash. Under the instructions of the Accepting Shareholders (or their standing proxies in case of Non-Resident Shareholders), the Tender Offer Agent will remit payment for the Share Certificates to be purchased to the location instructed by the Accepting Shareholders (or the standing proxies in case of Non-Resident Shareholders) or to the account of the Accepting Shareholders whose tender was accepted by the Tender Offer Agent without delay on or after the commencement date of settlement.

(When using SBI SECURITIES Co., Ltd.)

A notice of purchase through the Tender Offer shall be mailed to the addresses of the shareholders who accept the Tender Offer (the "Accepting Shareholders") (or the addresses of their standing proxies in the case of shareholders, including corporate shareholders, that reside outside of Japan ("Non-Resident Shareholders")) without delay after the expiry of the Tender Offer Period. Payment for the purchase will be made in cash. Under the instructions of the Accepting Shareholders (or their standing proxies in case of Non-Resident Shareholders), the Tender Offer Agent will remit payment for the Share Certificates to be purchased to the location instructed by the Accepting Shareholders (or the standing proxies in case of Non-Resident Shareholders) without delay on or after the commencement date of settlement.

④ Method of Returning Share Certificates

(When using Mizuho Securities Co., Ltd.)

In the event that all or any part of the Share Certificates Tendered are not purchased pursuant to the terms and conditions mentioned in "① Conditions set forth in each of the items of Article 27-13, Paragraph 4 of the Act and the Description thereof" or "② Conditions of Withdrawal, etc. of the Tender Offer and Description thereof and Method of Disclosure of Withdrawal, etc. of the Tender Offer" of "(9) Other Conditions and Methods of Purchase, etc." below, the Tender Offer Agent will return the Share Certificates required to be returned by restoring them to their state at the time of their tender on the Business Day after the last day of the Tender Offer Period (or the date of withdrawal, etc. in the event of withdrawal, etc. of the Tender Offer) or promptly thereafter.

(When using SBI SECURITIES Co., Ltd.)

In the event that all or any part of the Share Certificates Tendered are not purchased pursuant to the terms and conditions mentioned in "① Conditions set forth in each of the items of Article 27-13, Paragraph 4 of

the Act and the Description thereof" or "② Conditions of Withdrawal, etc. of the Tender Offer and Description thereof and Method of Disclosure of Withdrawal, etc. of the Tender Offer" of "(9) Other Conditions and Methods of Purchase, etc." below, the Tender Offer Agent will return the Share Certificates required to be returned without delay on or after the commencement date of settlement (or the date of withdrawal, etc. in the event of withdrawal, etc. of the Tender Offer). The Share Certificates will be returned by restoring them to their state prior to the time of their tender recorded on the securities transaction accounts with Tender Offer Agent (Please provide instructions if the Share Certificates are to be returned to accounts with other financial instruments business operators).

(9) Other Conditions and Methods of Purchase, etc.

① Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act and the Description thereof

If the total number of the Share Certificates Tendered is less than the minimum number of shares planned to be purchased (101,968,591 shares), all of the Share Certificates tendered will not be purchased. The Capital and Business Alliance Agreement, however, provides that if the Company deems it appropriate considering the status and other matters regarding the tender during the Tender Offer Period, the Company may, upon agreement with the Target, change the minimum number of shares to be purchased within the extent permitted by laws. If the total number of the Share Certificates Tendered exceeds the maximum number of shares planned to be purchased (152,952,900 shares), purchase of any or all of the shares exceeding such number will not be made, and delivery and settlement for purchase of the Share Certificates will be made on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the TOB Order (if the number of Share Certificates Tendered contains shares less than one unit (100 shares), the maximum number of the shares planned to be purchased, which is calculated on a pro rata basis, will be the number of the Share Certificates Tendered).

If the total number of the shares to be purchased from each Accepting Shareholder calculated by rounding off the number of shares constituting less than one unit resulting from the calculation on a pro rata basis is less than the maximum number of shares planned to be purchased, the Tender Offeror will purchase one unit of Share Certificates tendered from each Accepting Shareholder beginning with Accepting Shareholders with the largest number of fractional shares that were rounded down, until the total number of shares to be purchased exceeds the maximum number of shares to be purchased (if purchase of one additional unit exceeds the number of the Share Certificates Tendered, the purchase will be up to the number of the Share Certificates Tendered). However, if the maximum number of shares to be purchased is exceeded as a result of making purchase via this method from all of the Accepting Shareholders with the same number of rounded-off fractional shares, Accepting Shareholders subject to such purchase will be determined by a random drawing among such Accepting Shareholders to the extent that the number of shares to be purchased does not fall below the maximum number of shares to be purchased.

If the total number of shares to be purchased from each Accepting Shareholder calculated by rounding the number of shares constituting less than one unit based on the calculation on a pro rata basis, is more than the maximum number of shares to be purchased, the Tender Offeror will reduce, by one unit (if the number of shares to be purchased based on a pro rata basis, contains a portion of shares less than one unit, the purchase will be rounded down to the nearest unit), the purchase from each Accepting Shareholder beginning with Accepting Shareholders with the largest number of shares rounded up to a unit, to the extent that the number of shares to be purchased does not fall below the maximum number of shares to be purchased. However, if the maximum number of shares to be purchased is not reached as a result of reducing purchases via this method from all of the Accepting Shareholders with the same number of fractional shares raised to a unit, the

number of Accepting Shareholders subject to such purchase will be reduced by a random drawing among such Accepting Shareholders until the number of shares to be purchased reaches the maximum number of shares to be purchased.

If random drawing of Accepting Shareholders subject to purchase or reduction of the number of shares to be purchased mentioned above occurs, such drawing will take place at Mizuho Securities Co., Ltd. When an Accepting Shareholder tenders using both Mizuho Securities Co., Ltd. and SBI SECURITIES Co., Ltd., the number of the Share Certificates Tendered will not be added up, and the random drawing is conducted for the respective number of Share Certificates Tendered to each Tender Offer Agent.

② Conditions of Withdrawal, etc. of the Tender Offer, Details thereof, and Method of Disclosure of Withdrawal, etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Item 1(a) to (i) and (l) to (r); Item 3(a) to (h) and (j); and Article 14, Paragraph 2, Item 3 to Item 6 of the Enforcement Order of the Financial Instruments and Exchange Act (Government Ordinance No. 321 of 1965, as amended) (the "Enforcement Order"), the Tender Offer may be withdrawn, etc. Further, the "facts equivalent to those set forth in sub-item (a) to sub-item (i)" provided in Article 14, Paragraph 1, Item 3(j) of the Enforcement Order mean the following: (i) when it is discovered that a statutory disclosure document submitted in the past by the Target contains a false statement about a material particular or omits a statement as to a material particular that is required to be stated, and (ii) when a fact described in (a) to (g) of such Item arises to a material subsidiary of the Target.

In the event that the Tender Offeror intends to withdraw, etc. the Tender Offer, the Tender Offeror shall give public notice electronically, and then post a notice in the Nihon Keizai Shimbun that such public notice has been made; provided, however, that, if it is impracticable to give such notice by the last day of the Tender Offer Period, the Tender Offeror shall make a public announcement pursuant to Article 20 of the TOB Order and give public notice forthwith.

③ Conditions of Reduction of Purchase Price, etc., Details thereof, and Method of Disclosure of Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the Purchase Price, etc. in accordance with the methods provided for in Article 19, Paragraph 1 of the TOB Order. In the event that the Tender Offeror intends to reduce the Purchase Price, etc., the Tender Offeror shall give public notice electronically, and then post a notice in the Nihon Keizai Shimbun that such public notice has been made; provided, however, that, if it is impracticable to give such notice by the last day of the Tender Offer Period, the Tender Offeror shall make a public announcement pursuant to Article 20 of the TOB Order and give public notice forthwith. If the Purchase Price, etc. is reduced, the Tender Offeror shall purchase any and all of the Share Certificates, Offered to Sell at such reduced price, even if such Share Certificates were tendered prior to such public notice.

④ Matters concerning the Right of Cancellation of the Contracts by Accepting Shareholders

(When using Mizuho Securities Co., Ltd.)

Accepting Shareholders may cancel a contract relating to the Tender Offer at any time during the Tender Offer Period. When cancelling such contract, a written cancellation notice stating that an Accepting Shareholder has opted to cancel his/her acceptance of the Tender Offer (the "Cancellation Notice (Mizuho)")

together with a receipt of the acceptance of the tender offer must be delivered in person, or sent to the head office or the branch of the Tender Offer Agent to which he/she has offered to sell by no later than 3:00 p.m. on the last day of the Tender Offer Period. Cancellation of the contract shall take effect once the Cancellation Notice (Mizuho) is delivered in person or after it is delivered to the Tender Offer Agent. Please note that the cancellation shall not take effect if the Cancellation Notice (Mizuho), if sent by mail, is not delivered to the Tender Offer Agent by no later than 3:00 p.m. on the last day of the Tender Offer Period.

(When using SBI SECURITIES Co., Ltd.)

Accepting Shareholders may cancel a contract relating to the Tender Offer at any time during the Tender Offer Period. Regarding cancellation of such contract, please contact the customer service center of the Tender Offer Agent (Telephone no.: 0120-104-214, for mobile phones and PHS: 03-5562-7530) by no later than 9:00 a.m. on the last day of the Tender Offer Period and carry out cancellation procedures.

When cancelling a contract submitted in person through certain branches of SBI Money Plaza Co., Ltd. where a designated employee of the Tender Offer Agent is on duty (the "OTC Acceptance Desk"), a written cancellation notice stating that an Accepting Shareholder has opted to cancel his/her acceptance of the Tender Offer (the "Cancellation Notice (SBI)") together with a receipt of the acceptance of the tender offer (if such receipt is issued) must be delivered in person, or sent to the head office or any branches of the entities designated below, or any branch of SBI Money Plaza Co., Ltd. where a designated employee of the Tender Offer Agent is on duty. Please note that the cancellation shall only take effect if the Cancellation Notice (SBI), if sent by mail, is delivered to the OTC Acceptance Desk by no later than 9:00 a.m. on the last day of the Tender Offer Period.

In either case above, no compensation for damages or penalty payments shall be claimed against any Accepting Shareholder by the Tender Offeror in the event that the contract is cancelled by an Accepting Shareholder. The expenses required for returning the Share Certificates offered to sell shall be borne by the Tender Offeror. If cancellation of the contract is requested, the Share Certificates Tendered shall be returned promptly after the procedure for requesting the cancellation by the method described in "④ Method of Returning Share Certificates" of "(8) Method of Settlement" above.

⑤ Method of Disclosure if the Terms etc. of the Purchase etc. are Changed

During the Tender Offer Period, except as prohibited pursuant to Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order, the Tender Offeror may change the terms, etc. of the tender offer. If the Tender Offeror is to change the terms, etc. of the tender offer, the Tender Offeror shall give public notice of the details of the changes, etc. electronically and then post a notice in The Nihon Keizai Shimbun that such public notice has been made; provided, however, that, if it is impracticable to give such notice by the last day of the Tender Offer Period, the Tender Offeror shall make a public announcement pursuant to Article 20 of the TOB Order and give public notice forthwith. If any change in the terms, etc. of the tender offer is made, the Tender Offeror shall make purchase of any and all Share Certificates offered to sell in accordance with the amended terms, etc., even if such share certificates etc. were tendered prior to such public notice.

⑥ Method of Disclosure if an Amendment Statement is Filed

If the Tender Offeror files an amendment statement with the Director-General of the Kanto Local Finance Bureau (except as provided in the *proviso* of Article 27-8, Paragraph 11 of the Act), the Tender Offeror shall forthwith make a public announcement of the details thereof to the extent relevant to the public notice of commencement of the Tender Offer, in accordance with the method set forth in Article 20 of the TOB Order.

The Tender Offeror shall also forthwith amend the tender offer statement, and deliver the amended tender offer statement to the Accepting Shareholders who have already received the tender offer statement; provided, however, that, if the amendments are immaterial, the Tender Offeror shall make the amendments by preparing a document stating the reason(s) for the amendments, the matters amended and the details of the description, and delivering the said document to the Accepting Shareholders.

⑦ Method of Disclosure of Results of the Tender Offer

The Tender Offeror shall make a public announcement regarding the results of the Tender Offer, in accordance with the methods provided for in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order, on the day following the last day of the Tender Offer Period.

(10) Date of Announcement of Commencement of Tender Offer

September 30, 2019 (Monday)

(11) Tender Offer Agents

Mizuho Securities Co., Ltd.	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
SBI SECURITIES Co., Ltd.	6-1, Roppongi 1-chome, Minato-ku, Tokyo

3. Policy After Tender Offer and Future Outlook

For details of the policies after the Tender Offer and future outlooks, please refer to "(2) Background, purpose, and decision-making process of the decision to implement the Tender Offer, and the management policy after the Tender Offer", "(4) Plans to Acquire Share Certificates of the Target after the Tender Offer" and "(5) Prospect of and Reasons for Delisting" of "1. Purpose of the Tender Offer and Related Transactions".

4. Other

(1) Agreements between the Tender Offeror and the Target or their Directors, etc. and the Details thereof

① Support for the Tender Offer

According to the Target Press Release, the Target resolved at its board of directors' meeting held on September 12, 2019 (i) to express its support for the Tender Offer as its opinion dated the same date; (ii) to withhold its judgment as to the reasonableness of the Tender Offer Price because the Target Shares will continue to be listed after the Tender Offer; and (iii) to leave the decision of whether or not to accept the Tender Offer to each shareholder of the Target.

For details of the Target's board of directors' decision-making process, please refer to the Target Press Release and "③ Approval of all of the Target's directors without conflicts of interest and an opinion of all of the Target's auditors to the effect that they have no objection to the Tender Offer" under "(3) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest" under "1. Purpose of the Tender Offer and Related Transactions". The Target

resolved at its board of directors' meeting held on September 27, 2019 to again express its support for the Tender Offer, and to leave the decision on whether or not to accept the Tender Offer to the judgment of the Target's shareholders as it reserves its opinion on whether or not the Tender Offer Price is appropriate and the Target Shares are expected to continue to be listed after the completion of the Tender Offer.

② Agreements between the Tender Offeror and the Target

The Company has entered into the Capital and Business Alliance Agreement with the Target. For details of the Capital and Business Alliance Agreement with the Target, please refer to "① The Capital and Business Alliance Agreement" of "(6) Matters Related to Important Agreements Concerning the Tender Offer" under "1. Purpose of the Tender Offer and Related Transactions".

③ Agreements between the Tender Offeror and the Target's Directors, etc.

The Company has entered into the Tender Agreement with Mr. Maezawa, the founder, the president and representative director, and the largest shareholder of the Target. For details of the Tender Agreement, please refer to "② The Tender Agreement" under "(6) Matters Related to Important Agreements Concerning the Tender Offer.

(2) Other information deemed necessary for shareholders to determine whether to accept the Tender Offer or not

Release of "Notice Concerning Change of Representative Director and Resignation of Director"

On September 12, 2019, the Target made a press release entitled "Notice Concerning Change of Representative Director and Resignation of Director." According to the Target, the president and representative of the Target, Mr. Maezawa, notified the Target that given the successful execution of the Capital and Business Agreement, he wishes to leave the management of the Target to a successor who is best suited to lead the Target through this new capital alliance to new heights, and that he intends to resign his position as the president and representative director of the Target and the director of the Target effective September 12, 2019. The Target resolved to appoint Kotaro Sawada, a director, as the new president and representative director and the chief executive officer of the Target at a meeting of the board of directors held on the same day. After the meeting of the board of directors of the Target, Mr. Maezawa formally resigned his position as the president and representative director of the Target and the director of the Target. For details, please refer to the said notice of the Target.

End

Regulation on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting the sale of shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, an offer to sell, a solicitation of a sale of, or a solicitation of an offer to buy, any securities. In addition, neither this press release (nor any part of it) nor the fact of its distribution shall form the basis of or be relied on in connection with any agreement regarding the Tender Offer.

U.S. Regulation

Although the Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed in the Act, these procedures and standards may differ from the procedures and information disclosure standards in the United States. In particular, Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the "**U.S. Securities Exchange Act of 1934**"), and the rules prescribed thereunder, do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information contained in this press release was prepared based on Japanese accounting standards and not based on U.S. accounting standards, and thus may not necessarily be comparable to the content of any financial information prepared based on U.S. accounting standards. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because, among other reasons, the Tender Offeror and the Target are incorporated outside the United States and their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliates to subject themselves to the jurisdiction of a U.S. court.

Unless otherwise specified, all procedures relating to the Tender Offer shall be conducted entirely in Japanese. While some or all of the documentation relating to the Tender Offer will be prepared in English, if there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail.

This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Known or unknown risks, uncertainties and other factors could cause actual results to differ substantially from the projections and other matters expressly or impliedly set forth herein as "forward-looking statements." Neither the Tender Offeror nor any of its affiliated companies guarantee that such express or implied projections set forth herein as "forward-looking statements" will eventually prove to be correct. The "forward-looking statements" contained in this press release have been prepared based on the information held by the Tender Offeror as of the date hereof and, unless otherwise required under applicable laws and regulations, neither the Tender Offeror nor any of its affiliates assume any obligation to update or revise this press release to reflect any future events or circumstances.

The respective financial advisors to the Tender Offeror and the Target (including the financial advisors' affiliates) may, within their ordinary course of business and to the extent permitted under Japan's financial instruments laws and other applicable laws and in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934, prior to the commencement of the Tender Offer or during the Tender Offer Period, purchase shares of common stock of the Target for their own account or for their customers' accounts. If any information concerning such purchase is disclosed in Japan, disclosure will also be made in the United States in the English language on the website(s) of the financial advisor(s) which made such purchase (or through other disclosure methods).