

**FY2023 3Q ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS**



With an
easy-to-understand
explanation
by CFO Yanagisawa
and VP of IR!

HIGHLIGHTS



ZOZO was selected as a component of the DJSI Asia Pacific Index* in December 2023! We will continue our efforts to achieve sustainable growth and solve environmental and social challenges.



※The DJSI is a leading equity index for ESG investment, jointly developed by S&P Dow Jones Indices LLC of the United States and RobecoSAM AG of Switzerland in 1999. Companies are evaluated in the three areas of governance and economy, environment, and society, and companies that excel in sustainability are selected as constituent stocks.



FY2023 3Q HIGHLIGHTS

Gross Merchandise Value

427.1 billion yen

(+5.1% YoY / Achievement rate 73.5%)

Gross Merchandise Value

(excluding other GMV)

399.4 billion yen

(+7.4% YoY / Achievement rate 74.6%)

Operating Profit

45.6 billion yen

(+2.4% YoY / Achievement rate 76.2%)

Operating Profit Margin

11.4 %

(-0.6 point YoY)

※ Operating profit margin is calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV).



OVERVIEW OF EACH QUARTER

(million¥)

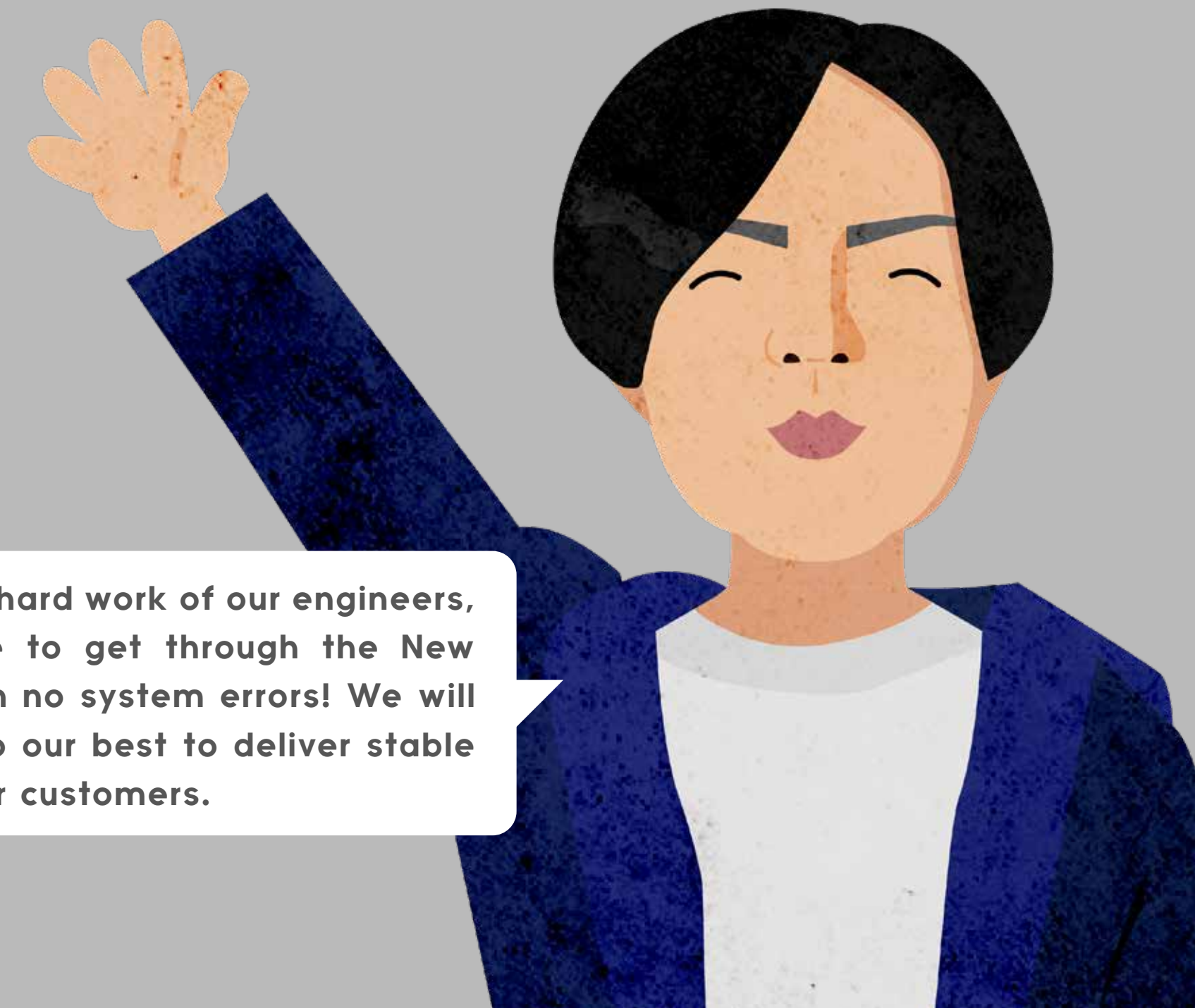
	FY2022				FY2023		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Gross Merchandise Value	127,928	123,210	155,358	137,820	131,920	126,870	168,354
Gross Merchandise Value (excluding other GMV)	115,948	111,533	144,540	129,085	123,327	118,317	157,851
YoY (%)	8.7%	9.0%	9.1%	7.0%	6.4%	6.1%	9.2%
Net sales	42,590	41,176	52,699	46,956	45,871	44,345	57,351
SG&A	26,028	25,667	31,328	31,895	27,182	28,100	36,332
YoY (%)	7.0%	7.6%	5.6%	11.2%	4.4%	9.5%	16.0%
(% to the Gross Merchandise Value)	22.4%	23.0%	21.7%	24.7%	22.0%	23.8%	23.0%
Operating profit	14,312	12,897	17,425	11,785	15,862	13,068	16,767
YoY (%)	13.7%	15.2%	16.3%	8.4%	10.8%	1.3%	-3.8%
(% to the Gross Merchandise Value)	12.3%	11.6%	12.1%	9.1%	12.9%	11.0%	10.6%

* The percentages are calculated by dividing each item by the Gross Merchandise Value (excluding other GMV).

BUSINESS RESULTS



Thanks to the hard work of our engineers, we were able to get through the New Year Sale with no system errors! We will continue to do our best to deliver stable services to our customers.



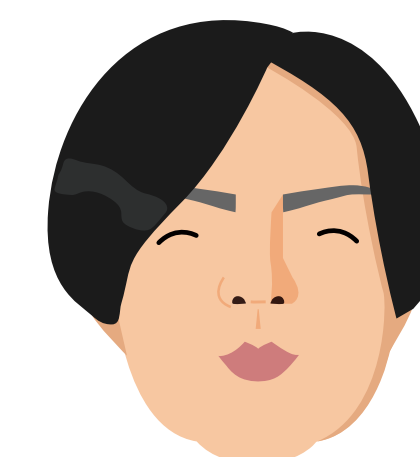


CONSOLIDATED BALANCE SHEET

(million¥)

	FY2022 (as of March 31, 2023)	FY2023 3Q (as of December 31, 2023)		FY2022 (as of March 31, 2023)	FY2023 3Q (as of December 31, 2023)
Current assets	123,493	119,602	Current liabilities	72,204	72,353
Cash and deposits	69,126	45,510	Short-term borrowing	20,400	20,000
Merchandise and finished products	3,155	3,376	Non-current liabilities	6,844	8,919
Non-current assets	32,248	38,955	Total liabilities	79,048	81,273
Tangible assets	18,796	25,548	Shareholders' equity	76,771	77,405
Intangible assets	2,381	2,403	Treasury stock	-44,558	-6,879
Investments and other assets	11,070	11,003	Total net assets	76,693	77,285
Total assets	155,742	158,558	Total liabilities and net assets	155,742	158,558

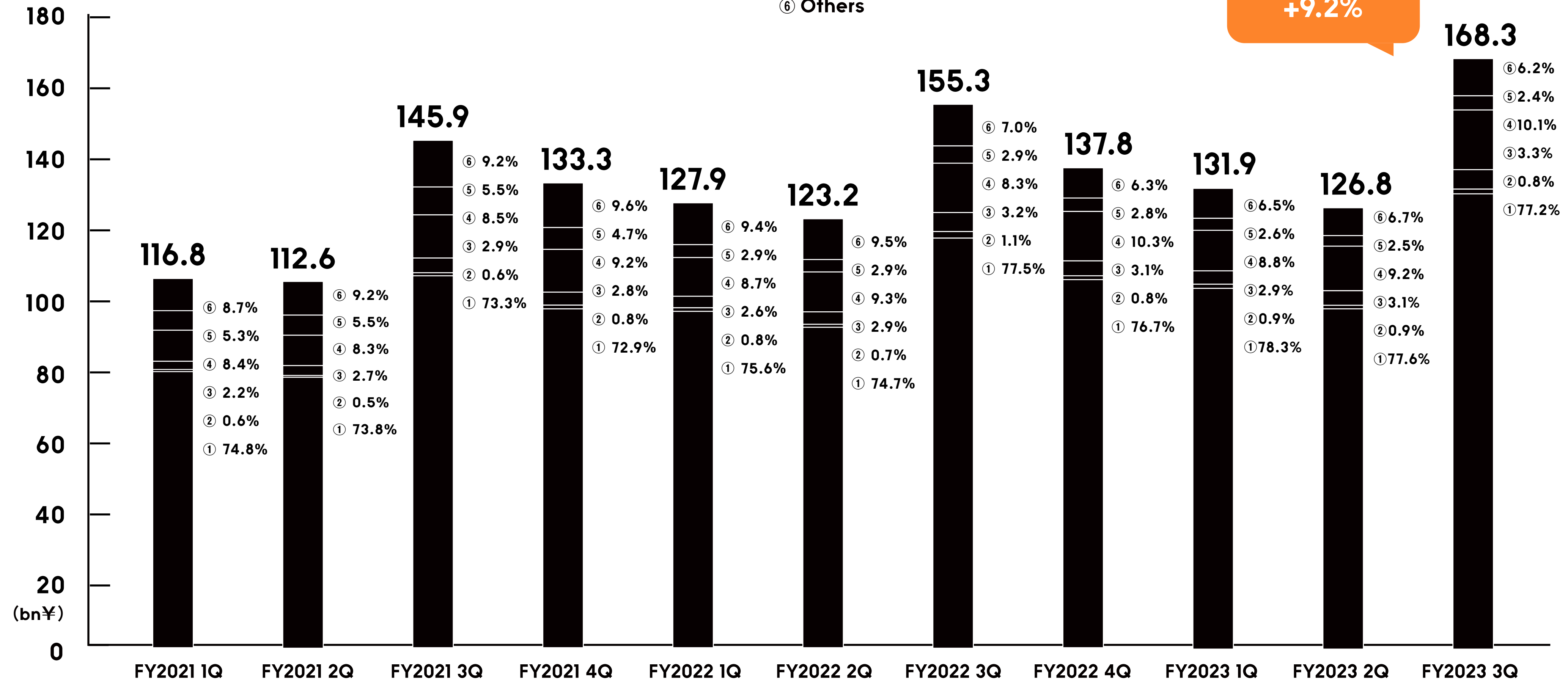
Treasury stock was partially retired in November 2023, and purchases began in the same month.





GROSS MERCHANDISE VALUE (QUARTERLY)

- ① Consignment sales
- ② Outright Purchase / Production & Sales
- ③ USED sales
- ④ Yahoo! JAPAN Shopping*
- ⑤ BtoB Business
- ⑥ Others



YoY*
+9.2%

Although sales of outerwear and other winter apparel were sluggish due to the impact of the warm winter, this was the highest year-on-year performance within the current period.



* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.
* YoY is the comparison of GMV excluding "⑥ Others"



SELLING, GENERAL AND ADMINISTRATIVE(SG&A) EXPENSES

(million¥)

	FY2022 3Q		FY2023 3Q		YoY	Increase / decrease factors
	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	% to the Gross Merchandise Value	
Payroll and staff costs(*)	21,859	5.9%	24,541	6.1%	0.2%	
Payroll costs for employee	9,521	2.6%	10,291	2.6%	0.0%	Transition of the number of employees on consolidated basis : FY2022 3Q 1,513 → FY2023 3Q 1,718
Logistics-Related Expenses (Including Outsourcing)	12,337	3.3%	14,250	3.6%	0.3%	Increased inventory supply and a warm winter have caused inventory turnover to deteriorate, resulting in lower operating efficiency at distribution centers.
Outsourcing Commission (Excluding Logistics-Related Expenses)	5,024	1.4%	4,862	1.2%	-0.2%	A decrease due to the transfer of accounts Some expenses that were recognized as outsourcing commissions in the previous fiscal year are now recognized as others
Shipping	24,282	6.5%	25,102	6.3%	-0.2%	The ratio of shipping expenses to the Gross Merchandise Value decreased due to the impact of higher order value
Commission of Payment collection	8,872	2.4%	9,298	2.3%	-0.1%	
Advertising	8,486	2.3%	9,419	2.4%	0.1%	An increase in the measures to attract customers through web commercial Recognition of expenses related to the advertising expenses for ZOZOFIT and niaulab
Rent expense	4,546	1.2%	5,418	1.4%	0.2%	An increase in a logistics center (Started the lease of IBARAKI 4 from March 2023)
Depreciation	1,454	0.4%	2,211	0.6%	0.2%	Increase in the number of distribution centers (depreciation on almost all facilities began in November 2023)
Amortization of goodwill	337	0.1%	289	0.1%	0.0%	
Stock Compensation Expenses	81	0.0%	191	0.0%	0.0%	
Others	8,080	2.2%	10,281	2.6%	0.4%	Large purchase of equipment for new distribution center Some expenses that were recognized as outsourcing commissions in the previous fiscal year are now recognized as others
Total SG&A	83,024	22.3%	91,614	22.9%	0.6%	

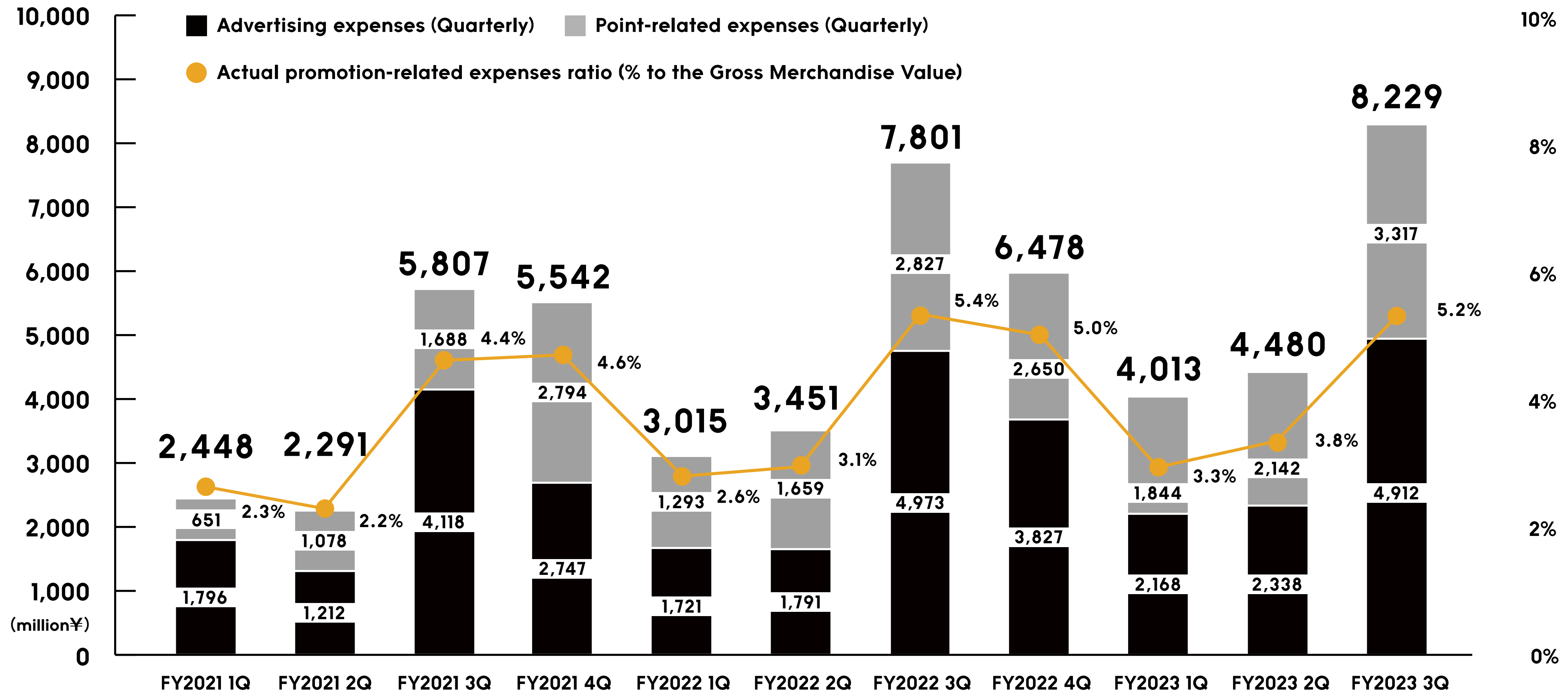
* Payroll includes directors' remuneration, employee salaries, bonuses, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonuses, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation. "Employee" includes directors, full-time employees and personnel engaged in operations other than logistics operation, "Logistics-Related Expenses" includes part-timers, dispatched workers(subcontracting payroll) and substantial personnel expenses within outsourcing commission of staff working for logistics operations.

* The percentages to the Gross Merchandise Value are calculated by dividing each expense by the Gross Merchandise Value (excluding other GMV).



ACTUAL PROMOTION-RELATED EXPENSES

Actual promotion-related expenses: The sum of advertising expenses and point-related expenses



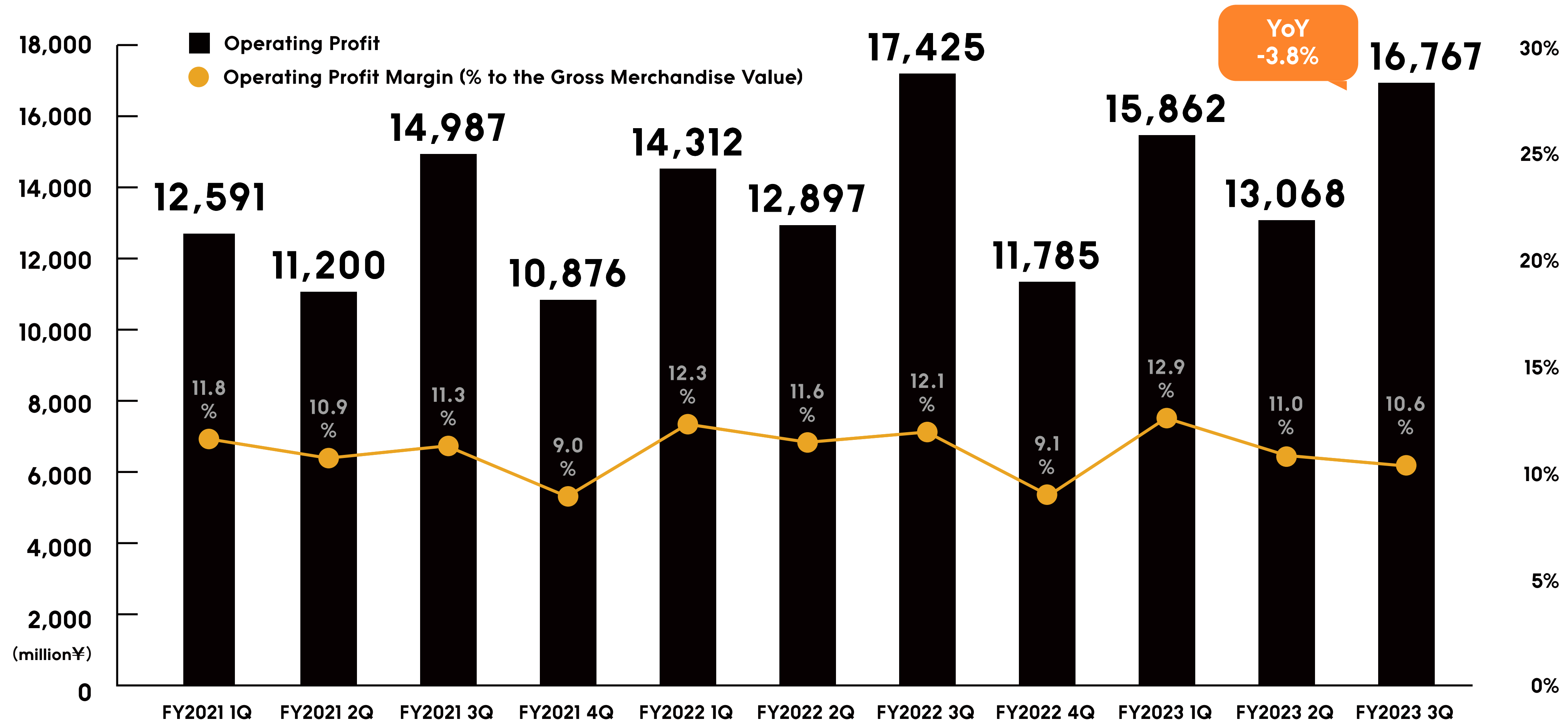
As of the end of the 3Q, expenses were generally in line with plans.



* The actual promotion-related expenses ratio is calculated by dividing the actual promotion-related expenses by the Gross Merchandise Value (excluding other GMV)



OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



* Operating profit margins are calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV)

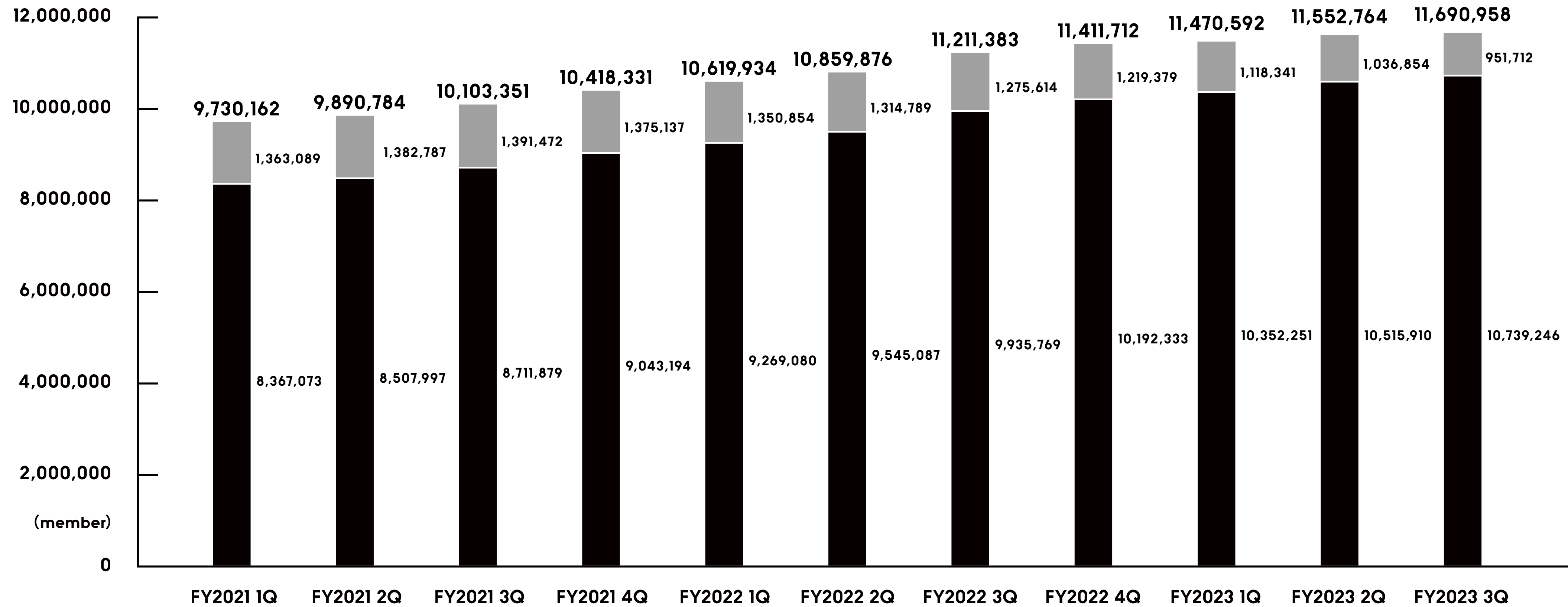


NUMBER OF TOTAL BUYERS

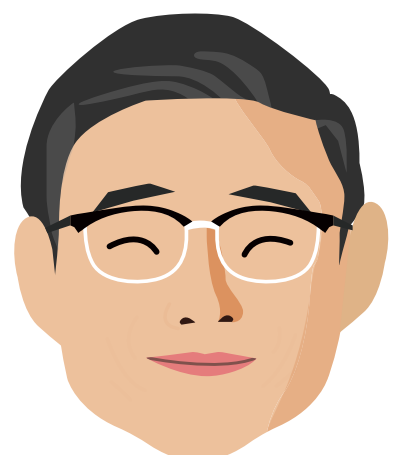
Number of total buyers = Active members and guest buyers who made at least one purchase within a year

■ Guest buyers = Total number of guest purchases within a year

■ Active members = Members who have made at least one purchase within a year



Increased steadily due to the effect of enhanced promotions.



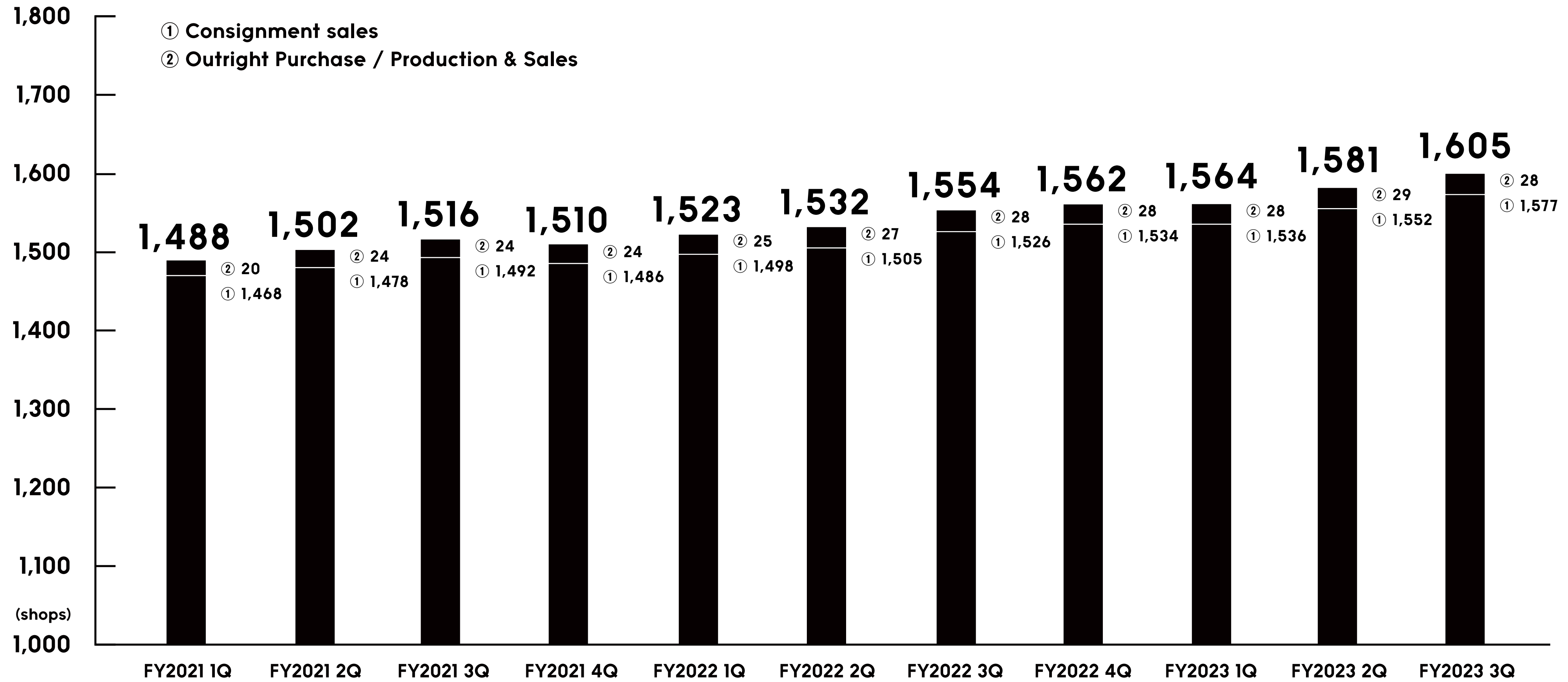
* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".



NUMBER OF SHOPS ON ZOZOTOWN



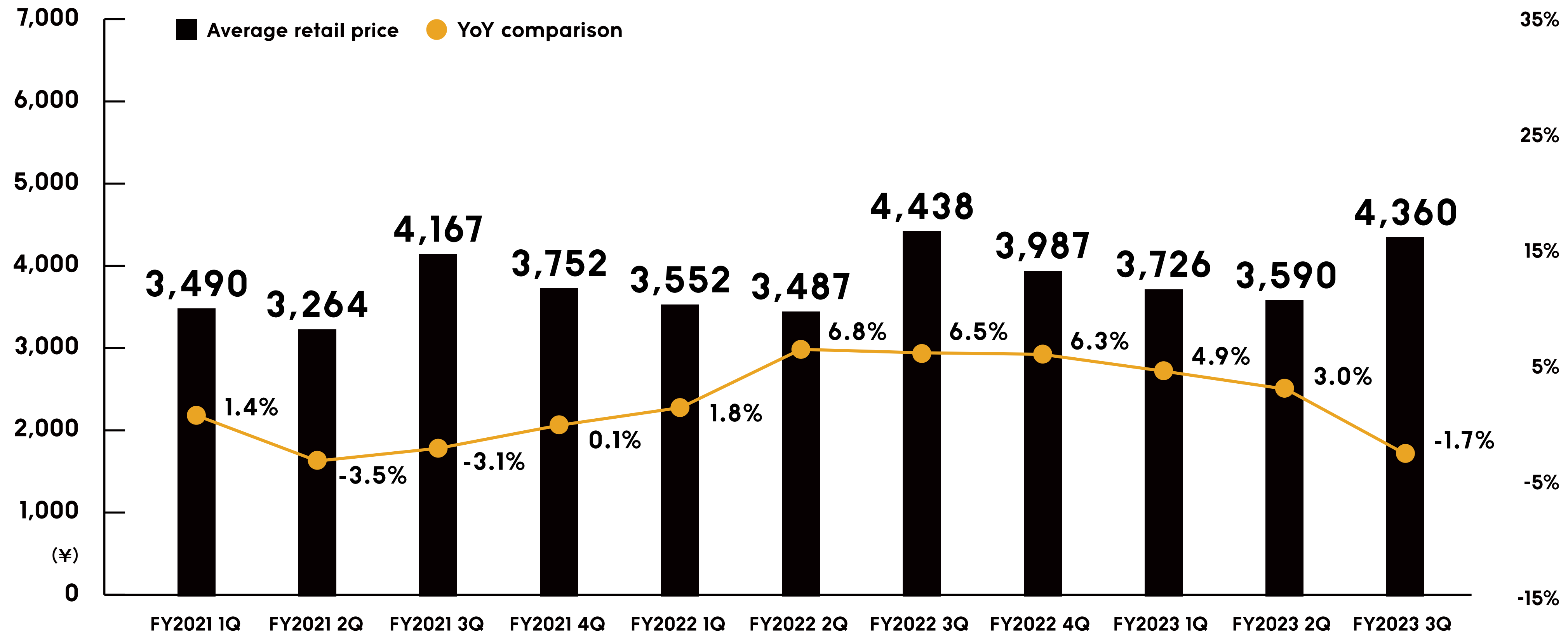
* Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops.



AVERAGE RETAIL PRICE

Average retail price

= Gross Merchandise Value of the ZOZOTOWN Business / Number of pieces shipped



Sales of high-priced items, such as outerwear did not grow due to the warm winter, and the sales ratio increased, resulting in a year-on-year decline.



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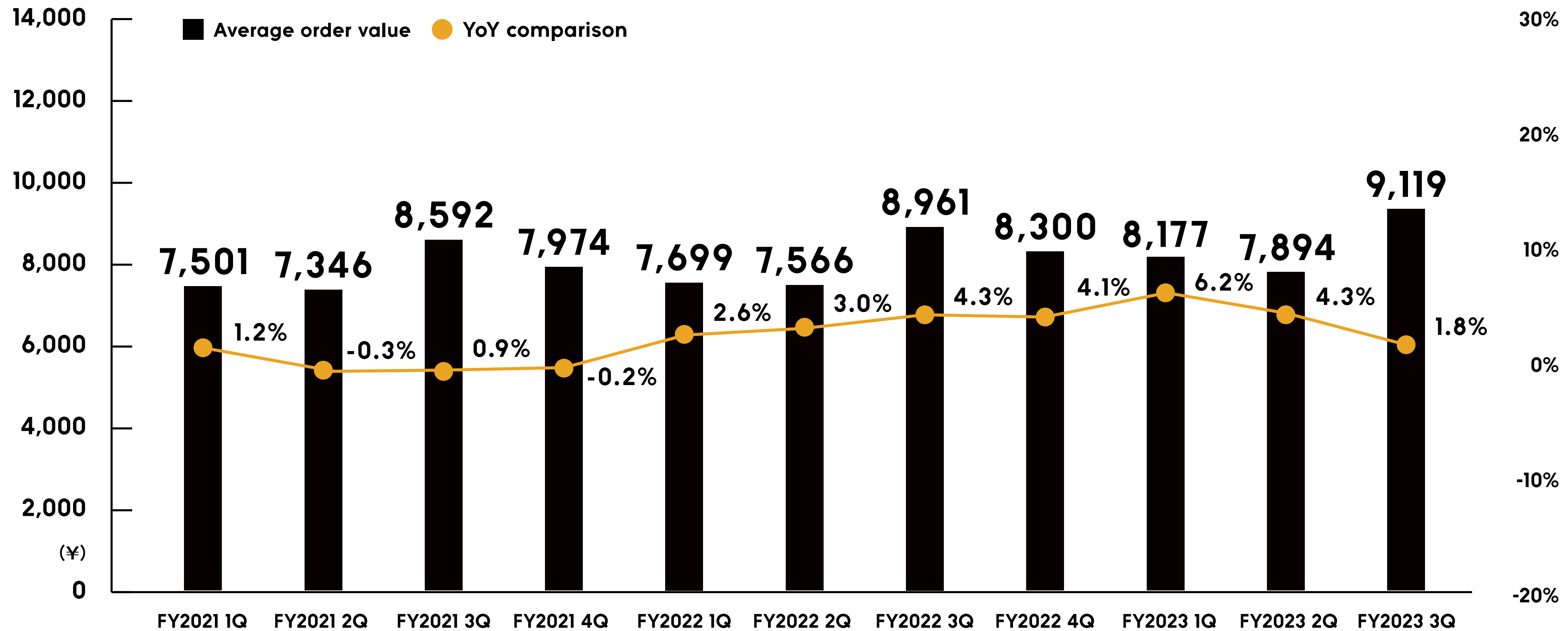
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AVERAGE ORDER VALUE

Average order value
= Gross Merchandise Value of the ZOZOTOWN Business / Number of shipments



The number of items purchased per order exceeded that of the previous period, resulting in a higher unit shipment cost per order than in the previous period.



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CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2023

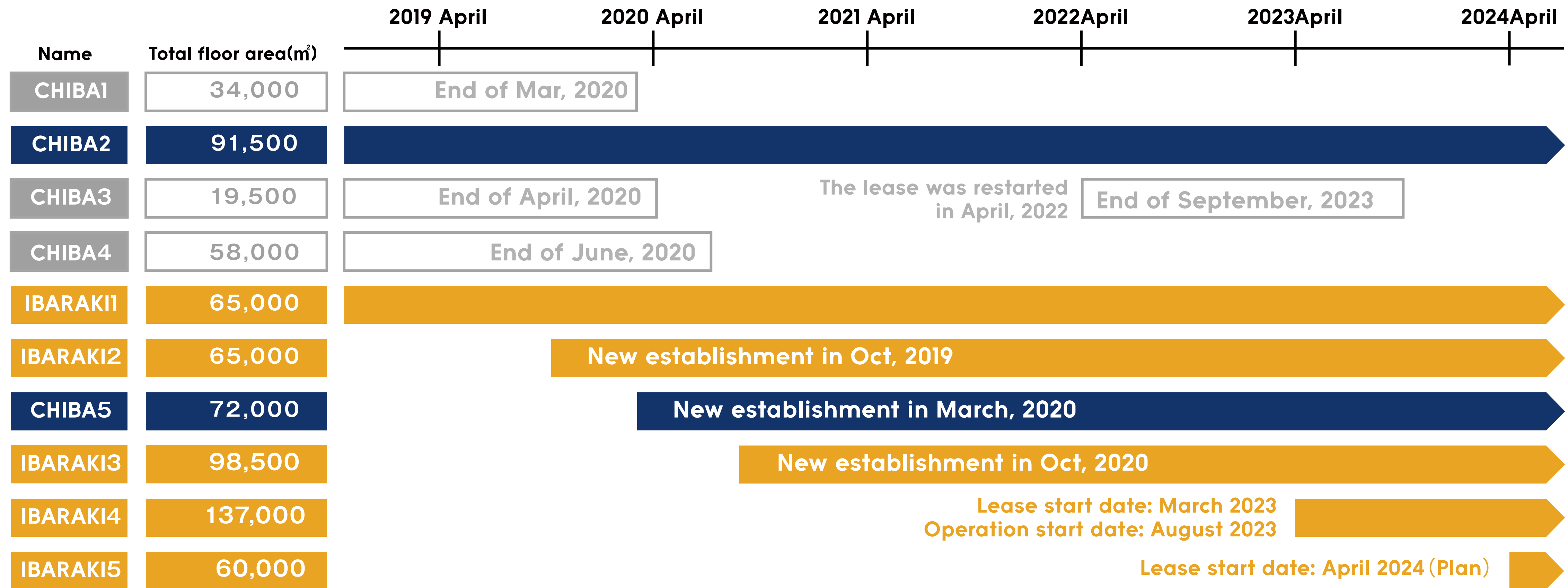
	FY2023 Plan	YoY
Gross Merchandise Value	580.8 billion yen	6.7%
Gross Merchandise Value (excluding other GMV)	535.2 billion yen	6.8%
Net sales	200.7 billion yen	9.4%
Operating profit	60.0 billion yen	6.3%
Operating Profit Margin (% to the Gross Merchandise Value)	11.2%	—
Ordinary profit	60.0 billion yen	5.8%
Profit attributable to owners of parent	42.0 billion yen	6.3%
Net profit per share	140.07 yen	—
Estimated dividends per share (Plan)	98 yen	—

* Operating profit margin is calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV).

* Please note that the "Notice concerning revision of year-end dividend forecast and decision of dividend from surplus (interim dividend)" was released on October 31, 2023. The figures mentioned above reflect these revisions.



LOGISTICS BASES EXPANSION PLAN



CHIBA2, IBARAKI1 and IBARAKI4 are warehouses with shipping function.



Increase in Shipping Fees

Decided to accept an increase in shipping fees by Yamato Transport Co., Ltd.

Background

Rising costs associated with the international situation, a weak yen, and a declining workforce, as well as the need to respond to the 2024 problem

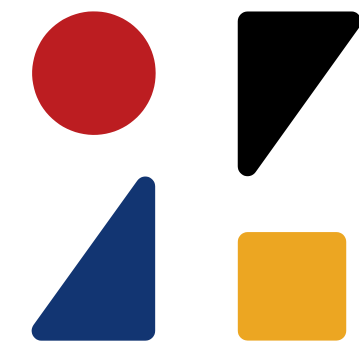
Start date

April 2024

What ZOZO will do about this

To maintain profitability, we will consider the following

- 1. Reduce other costs through in-house efforts**
- 2. Introduction of "Slow Delivery" that combines multiple orders into one delivery**
(Scheduled to begin test operation from March 2024)
- 3. Change our shipping policy**



ZOZO