

**FY2023 1Q ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS**



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

HIGHLIGHTS



This is Yanagisawa, CFO of ZOZO, Inc. I will provide you with an explanation of the key points for this fiscal year. I am from Tokyo, and my hobbies include running marathons, cars, traveling, and relaxing in saunas.





FY2023 1Q HIGHLIGHTS

Gross Merchandise Value

131.9 billion yen

(+3.1% YoY / Achievement rate 22.7%)

Gross Merchandise Value

(excluding other GMV)

123.3 billion yen

(+6.4% YoY / Achievement rate 23.0%)

Operating Profit

15.8 billion yen

(+10.8% YoY / Achievement rate 26.4%)

Operating Profit Margin

12.9 %

(+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
Gross Merchandise Value	127,928	123,210	155,358	137,820	131,920
Gross Merchandise Value (excluding other GMV)	115,948	111,533	144,540	129,085	123,327
YoY (%)	8.7%	9.0%	9.1%	7.0%	6.4%
Net sales	42,590	41,176	52,699	46,956	45,871
SG&A	26,028	25,667	31,328	31,895	27,182
YoY (%)	7.0%	7.6%	5.6%	11.2%	4.4%
(% to the Gross Merchandise Value)	22.4%	23.0%	21.7%	24.7%	22.0%
Operating profit	14,312	12,897	17,425	11,785	15,862
YoY (%)	13.7%	15.2%	16.3%	8.4%	10.8%
(% to the Gross Merchandise Value)	12.3%	11.6%	12.1%	9.1%	12.9%

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

BUSINESS RESULTS

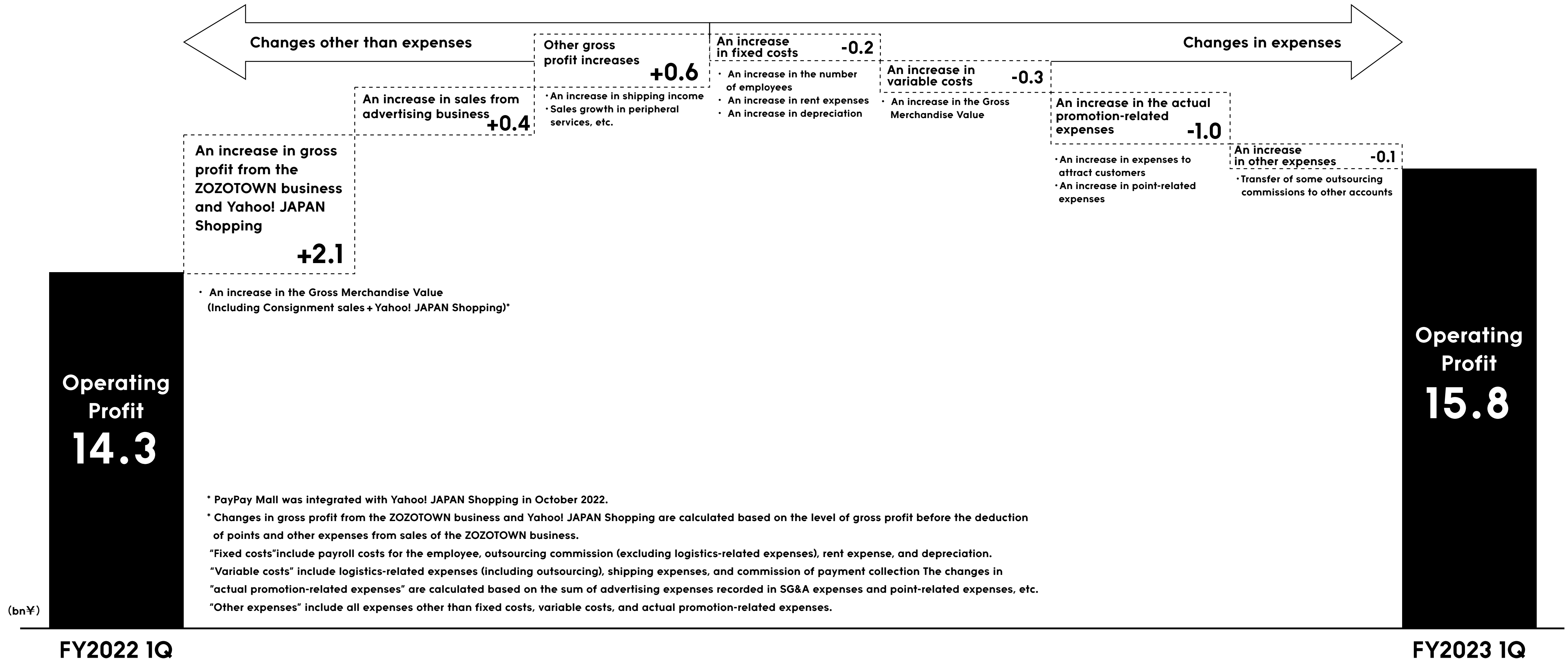


My nickname is "Cobain". Mr. Shimizu, one of our Executive Officers, gave it to me! I recently had a baby, and I'm currently juggling childcare responsibilities.





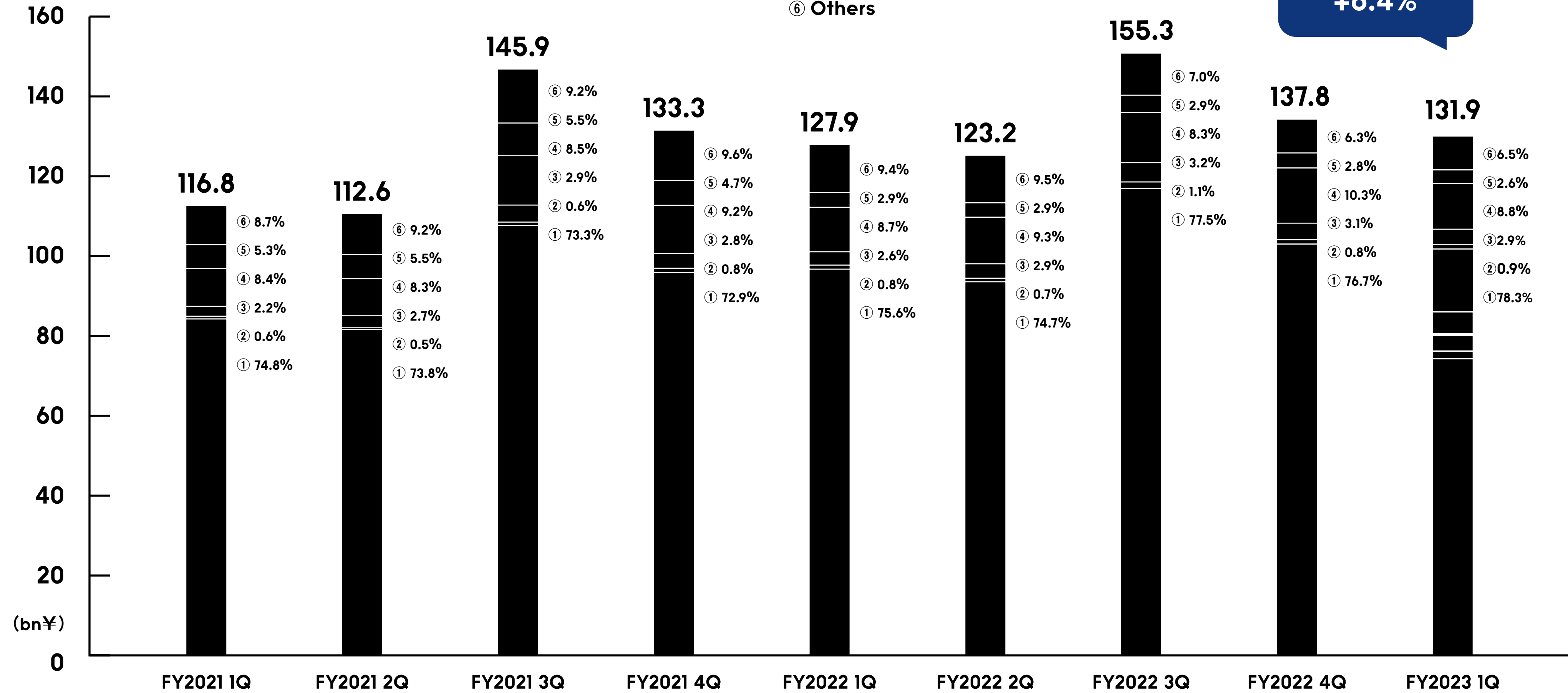
INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)





GROSS MERCHANDISE VALUE (QUARTERLY)

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



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

* YoY is the comparison of GMV excluding "⑥ Others"



We wanted a bit more initial response to the sale.

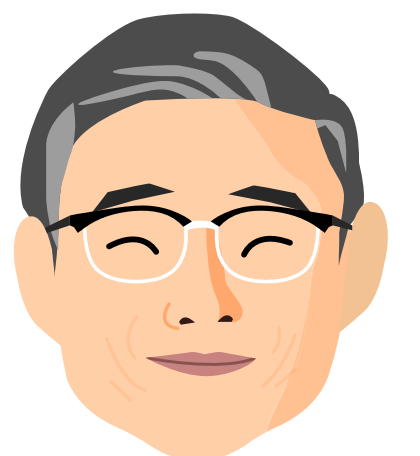


SELLING, GENERAL AND ADMINISTRATIVE(SG&A) EXPENSES

(million¥)

	FY2022 1Q		FY2023 1Q		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(*)	7,132	6.2%	7,562	6.1%	-0.1%	
Payroll costs for employee	3,115	2.7%	3,353	2.7%	0.0%	Transition of the number of employees on consolidated basis : FY2022 1Q 1,466 → FY2023 1Q 1,645
Logistics-Related Expenses (Including Outsourcing)	4,016	3.5%	4,208	3.4%	-0.1%	
Outsourcing Commission (Excluding Logistics-Related Expenses)	1,646	1.4%	1,591	1.3%	-0.1%	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	7,996	6.9%	7,920	6.4%	-0.5%	The ratio of shipping expenses to the Gross Merchandise Value decreased due to the impact of higher order value
Commission of Payment collection	2,733	2.4%	2,921	2.4%	0.0%	
Advertising	1,721	1.5%	2,168	1.8%	0.3%	An increase in the measures to attract customers through web advertising Recognition of expenses related to the advertising expenses for ZOZOFIT and niaulab
Rent expense	1,514	1.3%	1,568	1.3%	0.0%	An increase in a logistics center (Started the lease of IBARAKI 4 from March 2023)
Depreciation	465	0.4%	522	0.4%	0.0%	
Amortization of goodwill	106	0.1%	96	0.1%	0.0%	
Stock Compensation Expenses	10	0.0%	33	0.0%	0.0%	
Others	2,702	2.3%	2,797	2.3%	0.0%	An increase due to the transfer of accounts Some expenses that were recognized as outsourcing commissions in the previous fiscal year are now recognized as others
Total SG&A	26,028	22.4%	27,182	22.0%	-0.4%	

The decrease in the ratio of shipping expenses to the Gross Merchandise Value (excluding other GMV) is expected to continue in 2Q.



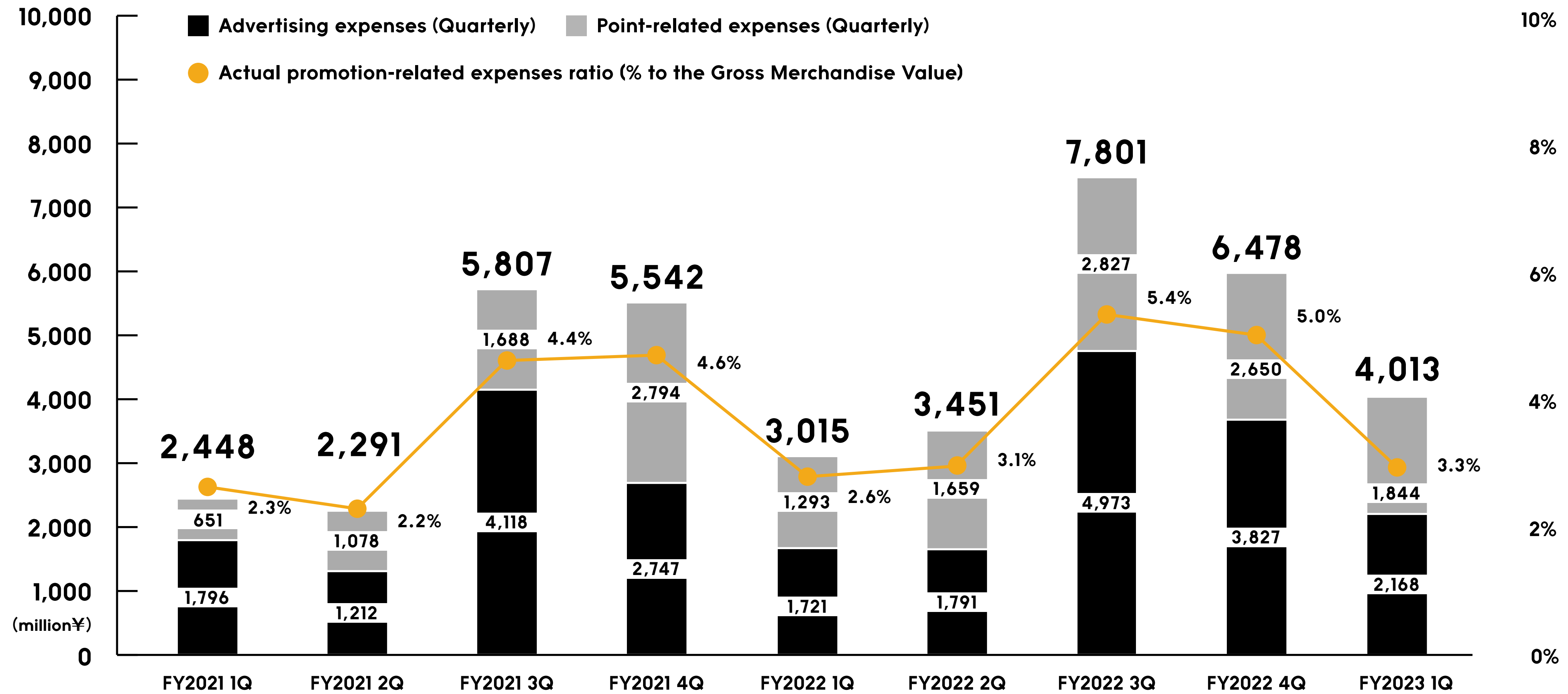
* Payroll includes directors' remuneration, employee salaries, bonuses, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonuses, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation. "Employee" includes 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).

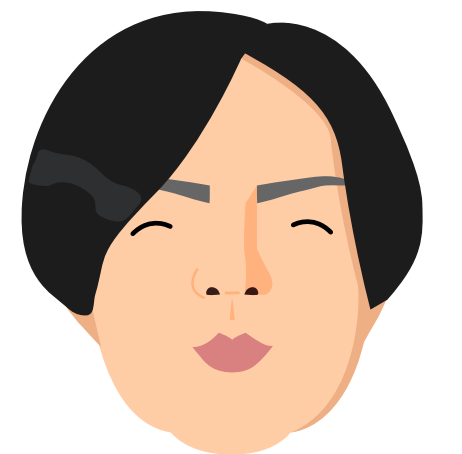


ACTUAL PROMOTION-RELATED EXPENSES

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



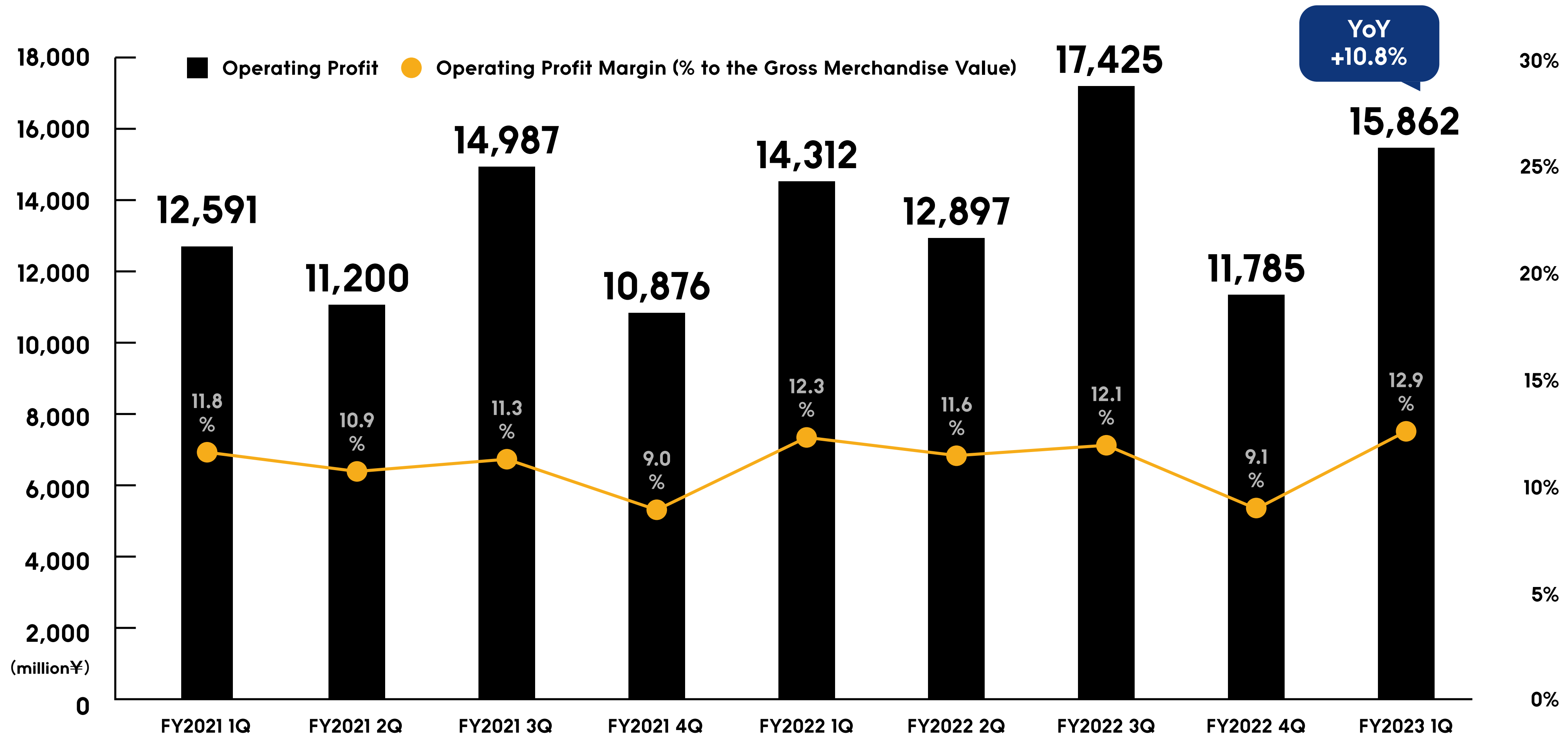
Point programs and web advertising increased compared to the same quarter of the previous fiscal year.



* 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)

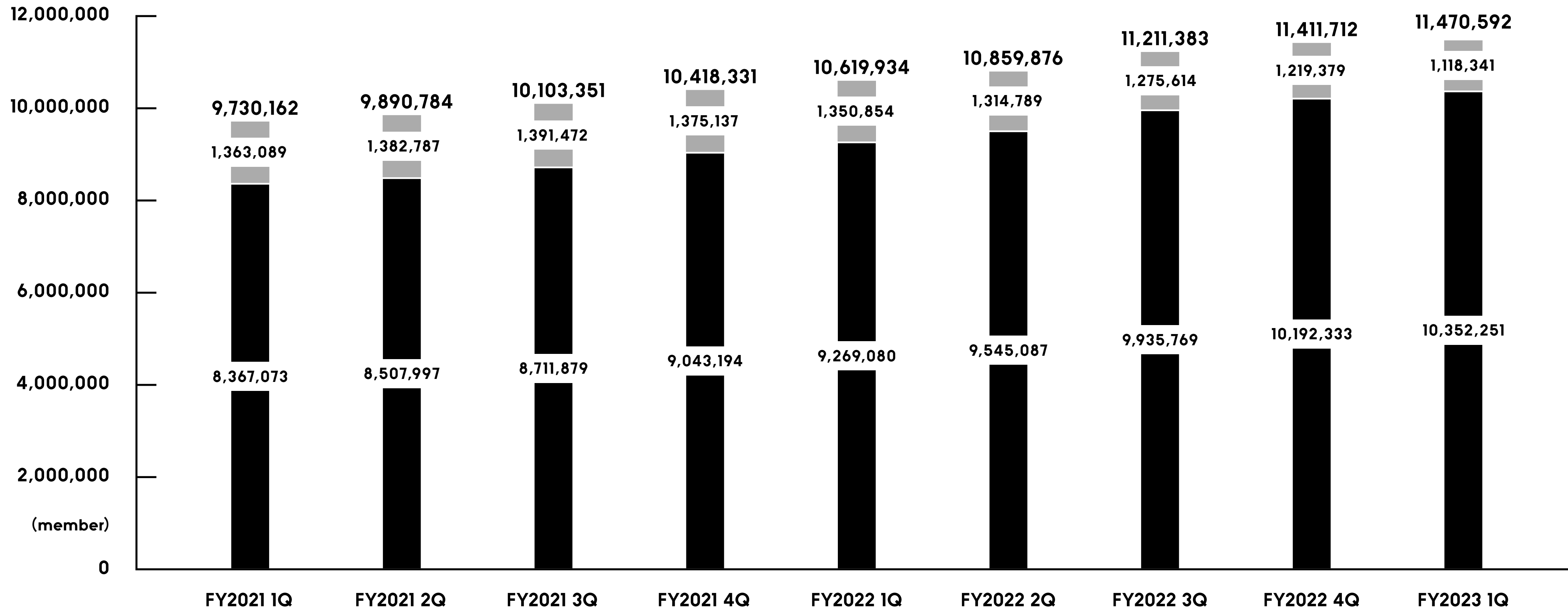


NUMBER OF TOTAL BUYERS

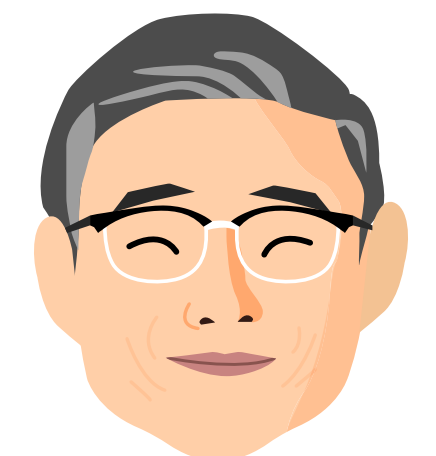
Number of total buyers = Active members and guest buyers who made at least one purchase within a year

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

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



Although the growth in the 1Q was slower than expected, we anticipate a recovery in the 2Q and beyond.



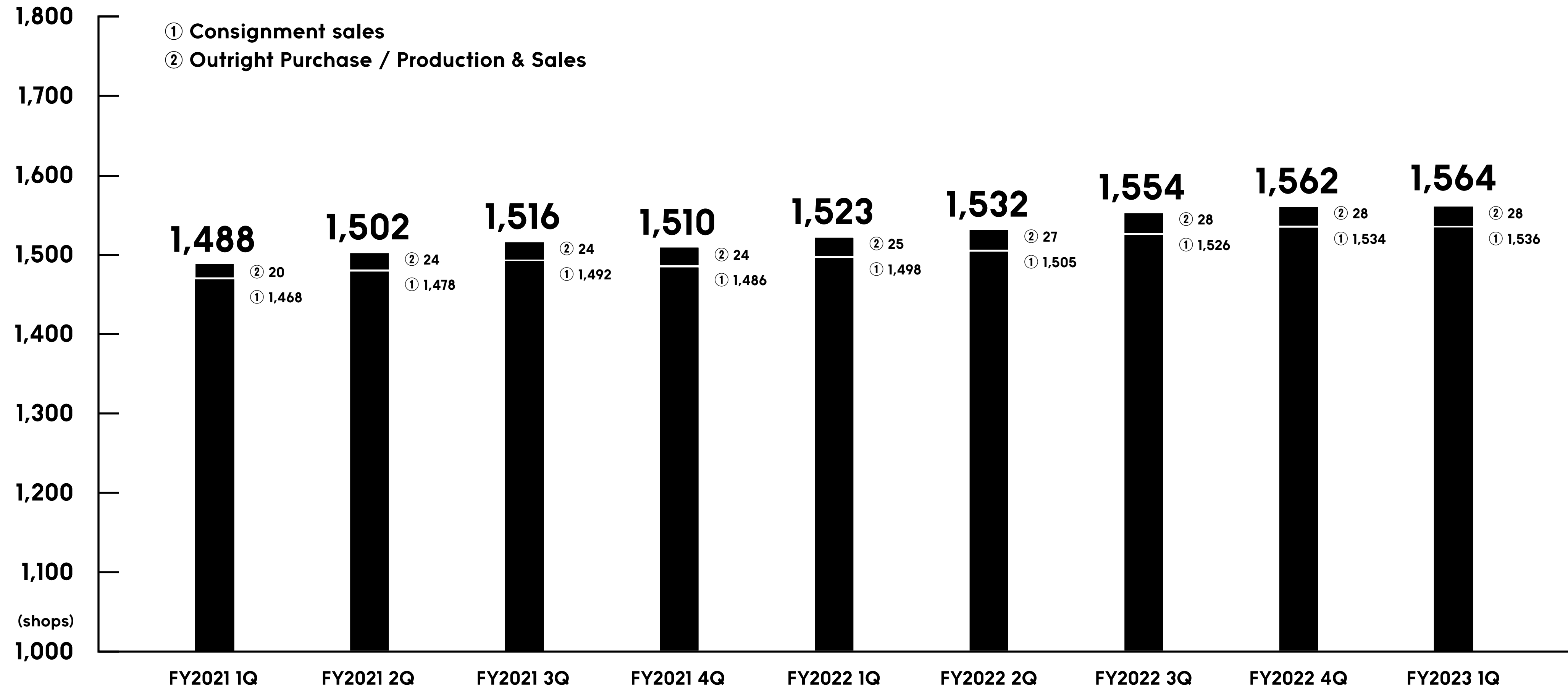
* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

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

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



NUMBER OF SHOPS ON ZOZOTOWN



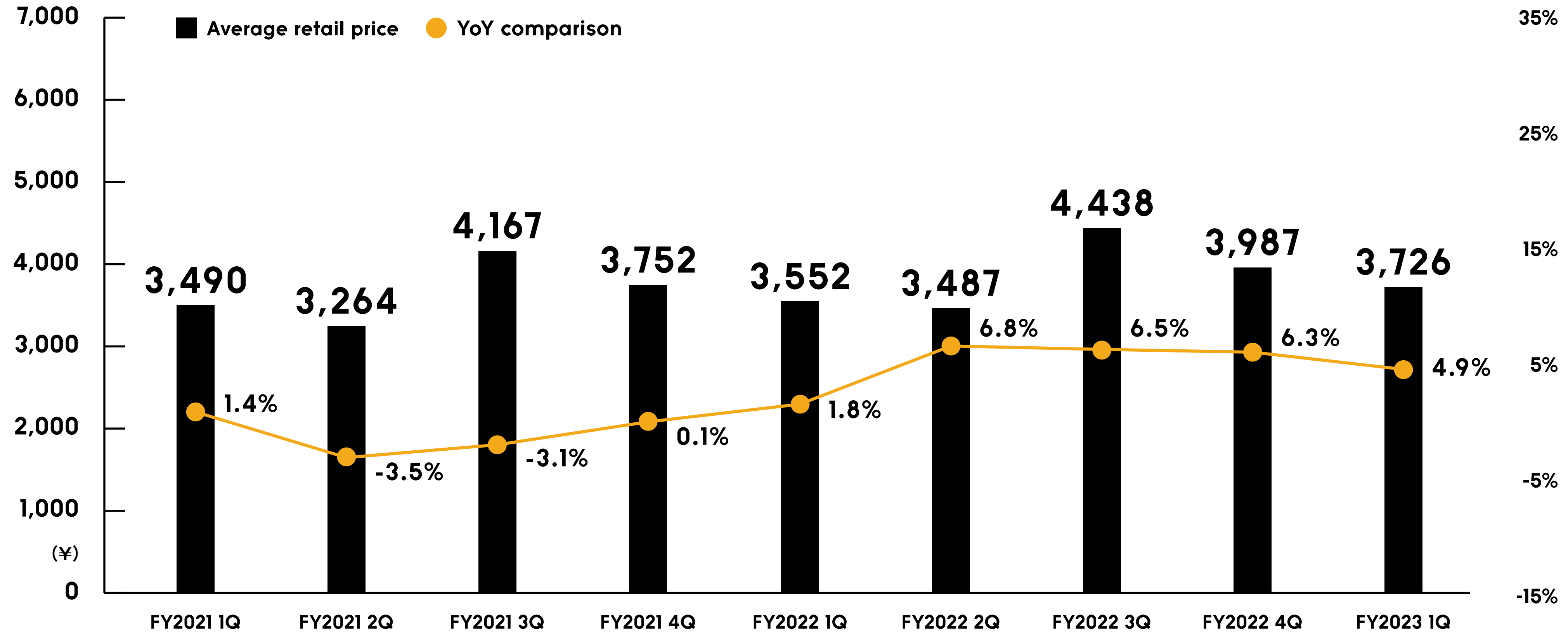
* Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops.



AVERAGE RETAIL PRICE

Average retail price

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



Sales of spring and summer items continue into 2Q, with the average retail price likely higher than the previous fiscal year's 2Q.



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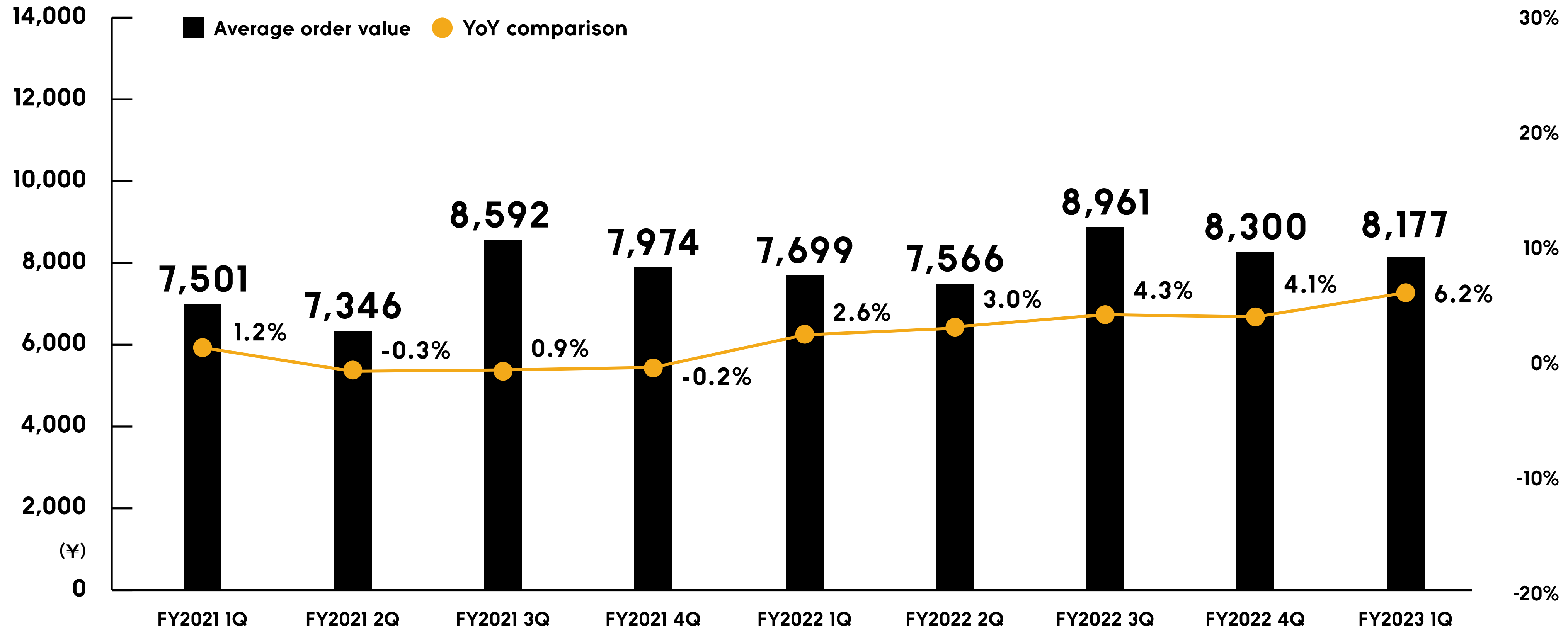
* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".



AVERAGE ORDER VALUE

Average order value

= Gross Merchandise Value of the ZOZOTOWN Business / Number of shipments



Increased retail price and purchase pieces per order led to a higher growth rate of average order value.



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CONSOLIDATED BUSINESS FORCAST 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)	71 yen	—

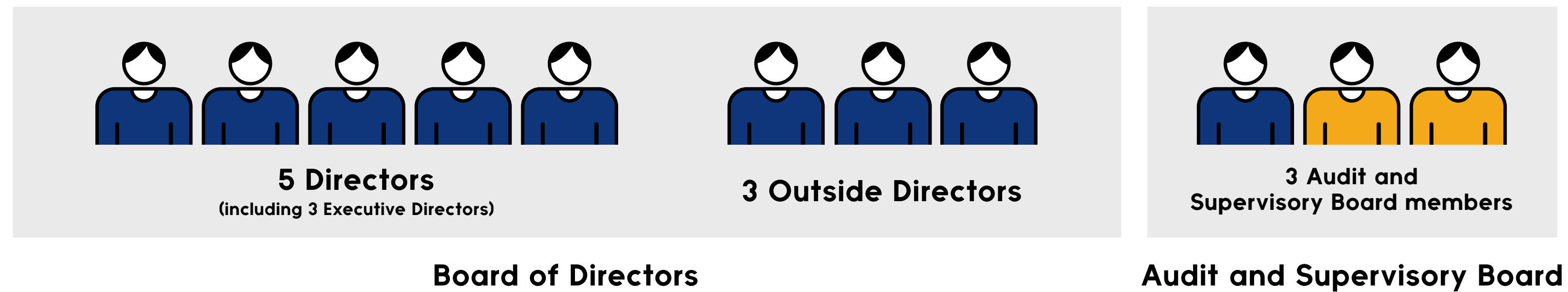
* Operating profit margin is calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV).



Initiatives for the governance

Effective June 28, 2023, the Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. Accordingly, Directors and Audit and Supervisory Board members resigned, and new Directors were appointed.

A company with an Audit and Supervisory Board

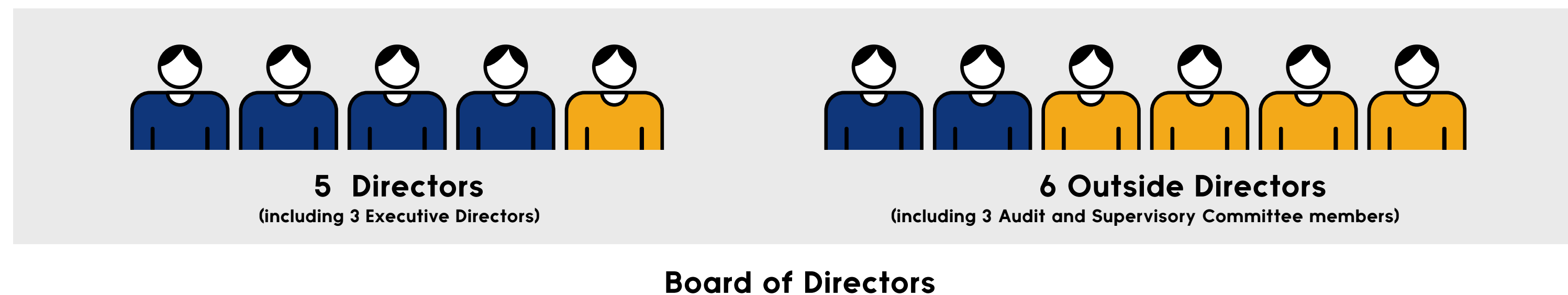


Ratio of Outside Directors : 37.5% (3/8)

Ratio of female Officers : 18.1% (2/11)

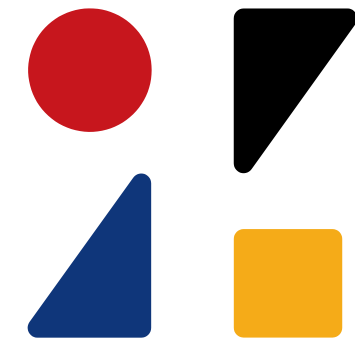
※including Audit and Supervisory Board members

A company with an Audit and Supervisory Committee (After June 28, 2023)



Ratio of Outside Directors : 54.5% (6/11)

Ratio of female Directors : 45.4% (5/11)



ZOZO