

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



HIGHLIGHTS



ZOZO has been a component of the Nikkei Stock Average since April 2024!
We are not satisfied with that and keep striving to grow.



FY2023 HIGHLIGHTS

Gross Merchandise Value

574.3 billion yen

(+5.5% YoY / Achievement rate 98.9%)

Gross Merchandise Value

(excluding other GMV)

536.9 billion yen

(+7.1% YoY / Achievement rate 100.3%)

Operating Profit

60.0 billion yen

(+6.5% YoY / Achievement rate 100.1%)

Operating Profit Margin

11.2 % (-0.1 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	4Q
Gross Merchandise Value	127,928	123,210	155,358	137,820	131,920	126,870	168,354	147,227
Gross Merchandise Value (excluding other GMV)	115,948	111,533	144,540	129,085	123,327	118,317	157,851	137,411
YoY (%)	8.7%	9.0%	9.1%	7.0%	6.4%	6.1%	9.2%	6.4%
Net sales	42,590	41,176	52,699	46,956	45,871	44,345	57,351	49,448
SG&A	26,028	25,667	31,328	31,895	27,182	28,100	36,332	31,452
YoY (%)	7.0%	7.6%	5.6%	11.2%	4.4%	9.5%	16.0%	-1.4%
(% Gross Merchandise Value)	22.4%	23.0%	21.7%	24.7%	22.0%	23.8%	23.0%	22.9%
Operating profit	14,312	12,897	17,425	11,785	15,862	13,068	16,767	14,381
YoY (%)	13.7%	15.2%	16.3%	8.4%	10.8%	1.3%	-3.8%	22.0%
(% Gross Merchandise Value)	12.3%	11.6%	12.1%	9.1%	12.9%	11.0%	10.6%	10.5%

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

BUSINESS RESULTS

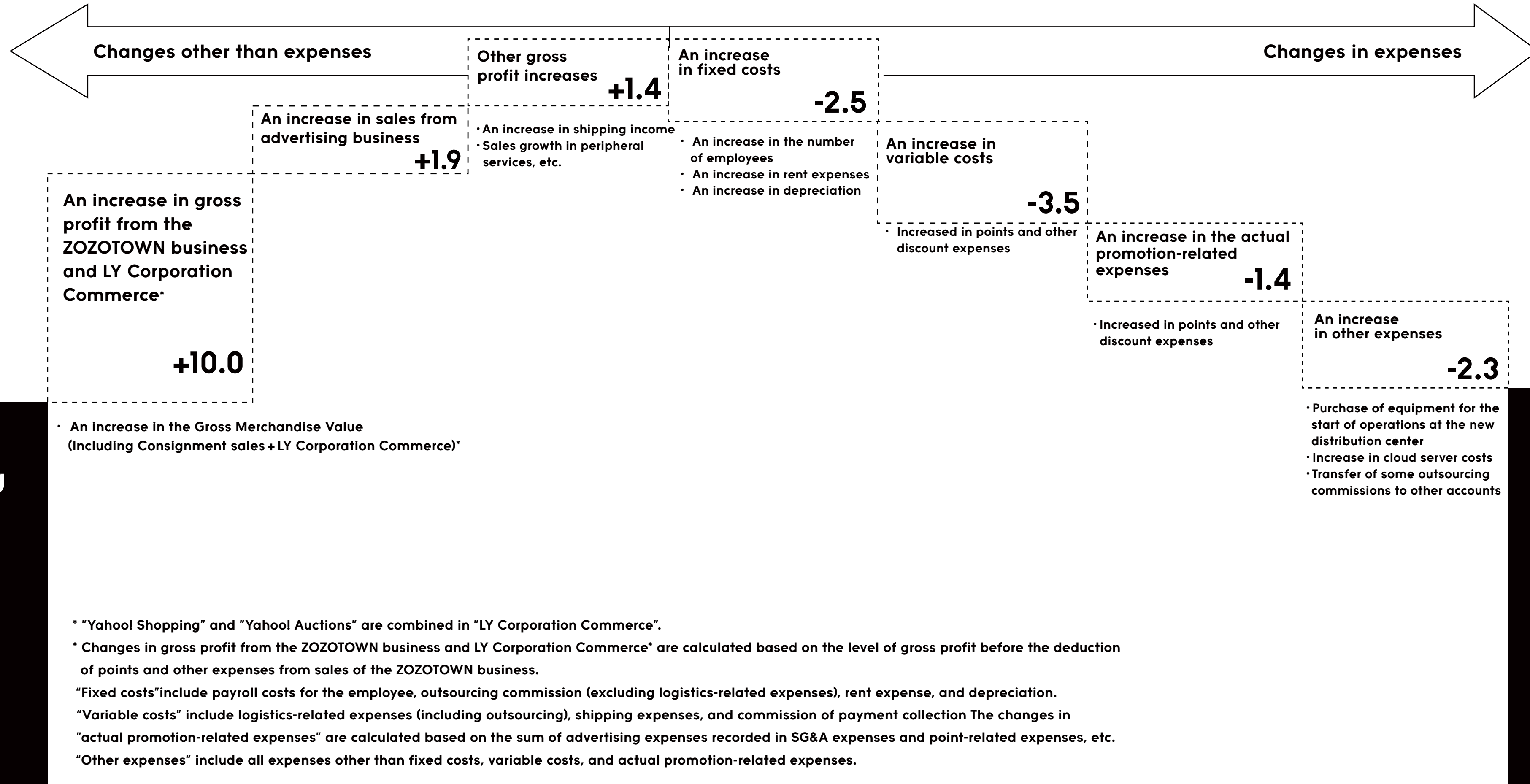


ZOZUSED has opened a store on Yahoo! Auctions since March 2024! Please check it out! *The results of Yahoo! Auction are included in "LY Corporation Commerce".





INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)



(bn¥)

FY2022

FY2023

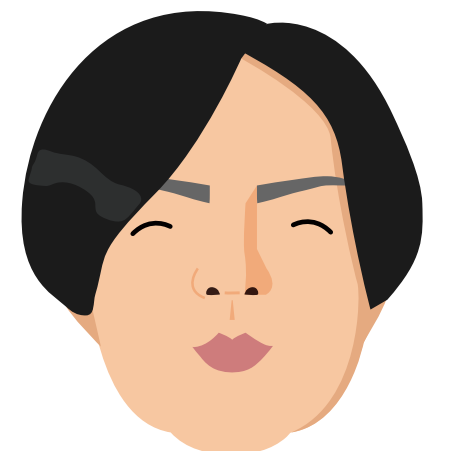


CONSOLIDATED BALANCE SHEET

(million¥)

	FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)		FY2022 (as of March 31, 2023)	FY2023 (as of March 31, 2024)
Current assets	123,493	123,137	Current liabilities	72,204	68,261
Cash and deposits	69,126	64,747	Short-term borrowing	20,400	20,000
Merchandise and finished products	3,155	3,784	Non-current liabilities	6,844	8,856
Non-current assets	32,248	38,724	Total liabilities	79,048	77,117
Tangible assets	18,796	24,660	Shareholders' equity	76,771	84,572
Intangible assets	2,381	2,611	Treasury stock	-44,558	-11,627
Investments and other assets	11,070	11,452	Total net assets	76,693	84,744
Total assets	155,742	161,862	Total liabilities and net assets	155,742	161,862

The purchase of treasury stock was completed as planned on March 4, 2024.





CASH FLOWS

(million¥)

	FY2022	FY2023	YoY	Reason for change
Cash flows from operating activities	36,671	42,589	5,917	
Cash flows from investing activities	-10,588	-9,879	708	Expenditures for opening a new distribution base in both the previous and current fiscal years
Cash flows from financing activities	-17,738	-37,138	-19,399	Outflows through the acquisition of treasury stock
Cash and cash equivalents at the end of the year	74,145	69,748	-4,396	



SELLING, GENERAL AND ADMINISTRATIVE(SG&A) EXPENSES

(million¥)

	FY2022		FY2023		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(*)	31,372	6.3%	33,357	6.2%	-0.1%	
Payroll costs for employee	14,326	2.9%	14,300	2.7%	-0.2%	Transition of the number of employees on consolidated basis: FY2022 1,538 → FY2023 1,681
Logistics-Related Expenses (Including Outsourcing)	17,046	3.4%	19,056	3.5%	0.1%	Decreased in operational efficiency at distribution centers due to increased inventory supply and worsening inventory turnover due to warm winter (2H)
Outsourcing Commission (Excluding Logistics-Related Expenses)	6,774	1.4%	6,615	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	32,421	6.5%	33,439	6.2%	-0.3%	The ratio of shipping expenses to the Gross Merchandise Value decreased due to the impact of higher order value.
Commission of Payment collection	11,877	2.4%	12,360	2.3%	-0.1%	
Advertising	12,314	2.5%	12,050	2.2%	-0.3%	Cost control was implemented in conjunction with point measures and other measures that are not included in SG&A expenses. Ratio of SG&A expenses to GMV declined in 2023 due to an increase in the amount of investment in point-of-sale programs.
Rent expense	6,076	1.2%	7,332	1.4%	0.2%	An increase in a logistics center (Started the lease of IBARAKI 4 from March 2023)
Depreciation	2,050	0.4%	3,491	0.7%	0.3%	Increase in the number of distribution centers (depreciation on almost all facilities began in November 2023)
Amortization of goodwill	460	0.1%	352	0.1%	0.0%	
Stock Compensation Expenses	114	0.0%	260	0.0%	0.0%	
Others	11,457	2.3%	13,808	2.6%	0.3%	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	114,920	22.9%	123,067	22.9%	0.0%	

* 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).

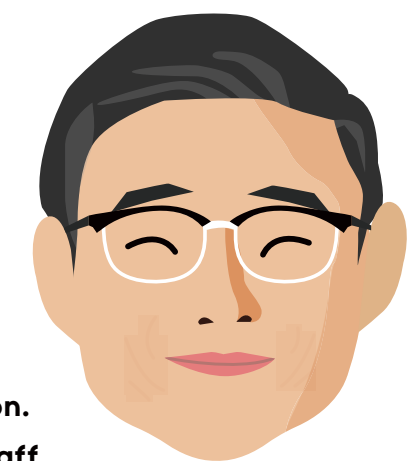


OVERVIEW OF SG&A BY EACH QUARTER

(million¥)

	FY2022								FY2023							
	1Q		2Q		3Q		4Q		1Q		2Q		3Q		4Q	
	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value
Payroll and staff costs(*)	7,132	6.2%	6,955	6.2%	7,771	5.4%	9,513	7.4%	7,562	6.1%	7,731	6.5%	9,248	5.9%	8,815	6.4%
Payroll costs for employee	3,115	2.7%	3,111	2.8%	3,295	2.3%	4,804	3.7%	3,353	2.7%	3,413	2.9%	3,523	2.2%	4,009	2.9%
Logistics-Related Expenses (Including Outsourcing)	4,016	3.5%	3,844	3.4%	4,476	3.1%	4,709	3.6%	4,208	3.4%	4,317	3.6%	5,724	3.6%	4,806	3.5%
Outsourcing Commission (Excluding Logistics-Related Expenses)	1,646	1.4%	1,657	1.5%	1,720	1.2%	1,750	1.4%	1,591	1.3%	1,585	1.3%	1,685	1.1%	1,752	1.3%
Shipping	7,996	6.9%	7,708	6.9%	8,577	5.9%	8,139	6.3%	7,920	6.4%	7,880	6.7%	9,302	5.9%	8,337	6.1%
Commission of Payment collection	2,733	2.4%	2,710	2.4%	3,428	2.4%	3,004	2.3%	2,921	2.4%	2,777	2.3%	3,598	2.3%	3,061	2.2%
Advertising	1,721	1.5%	1,791	1.6%	4,973	3.4%	3,827	3.0%	2,168	1.8%	2,338	2.0%	4,912	3.1%	2,631	1.9%
Rent expense	1,514	1.3%	1,513	1.4%	1,517	1.0%	1,530	1.2%	1,568	1.3%	1,880	1.6%	1,969	1.2%	1,914	1.4%
Depreciation	465	0.4%	473	0.4%	515	0.4%	595	0.5%	522	0.4%	626	0.5%	1,062	0.7%	1,279	0.9%
Amortization of goodwill	106	0.1%	106	0.1%	124	0.1%	123	0.1%	96	0.1%	96	0.1%	96	0.1%	62	0.0%
Stock Compensation Expenses	10	0.0%	35	0.0%	35	0.0%	33	0.0%	33	0.0%	74	0.1%	83	0.1%	69	0.1%
Others	2,702	2.3%	2,714	2.4%	2,663	1.8%	3,377	2.6%	2,797	2.3%	3,110	2.6%	4,373	2.8%	3,527	2.6%
Total SG&A	26,028	22.4%	25,667	23.0%	31,328	21.7%	31,895	24.7%	27,182	22.0%	28,100	23.8%	36,332	23.0%	31,452	22.9%

Due to the difference in the amount of year-end bonus, the ratio of personnel expenses to GMV in the 4Q accounting period was lower than in the same period of the previous year. Also, the ratio of advertising expenses to GMV was reduced as a result of lower investment in measures to attract customers compared to the previous year.



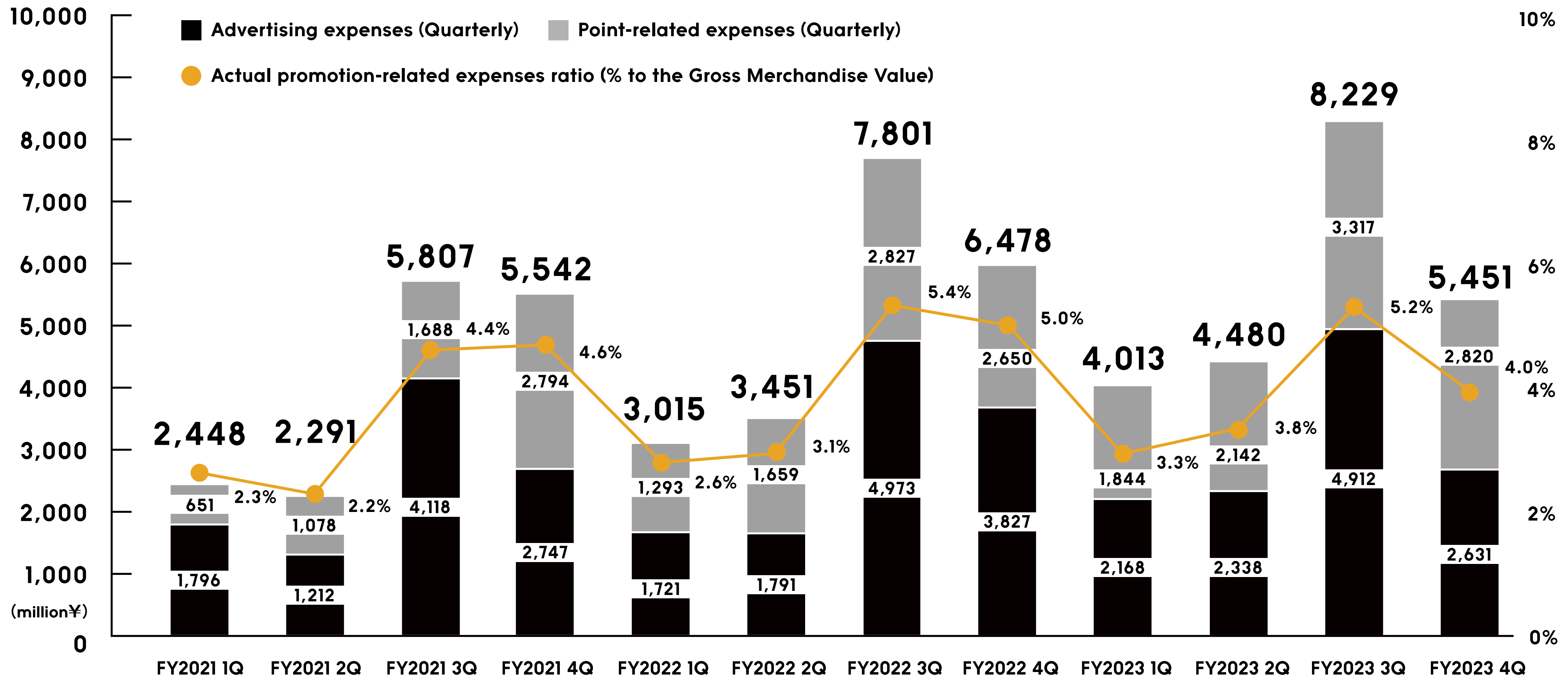
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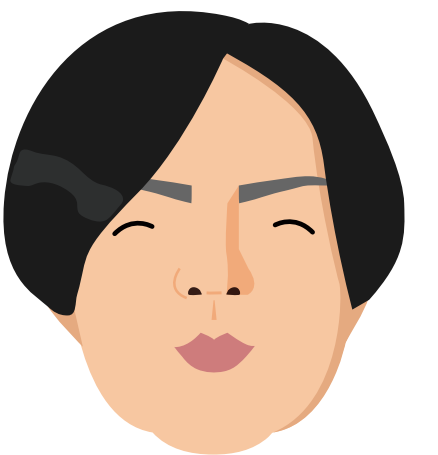


ACTUAL PROMOTION-RELATED EXPENSES

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



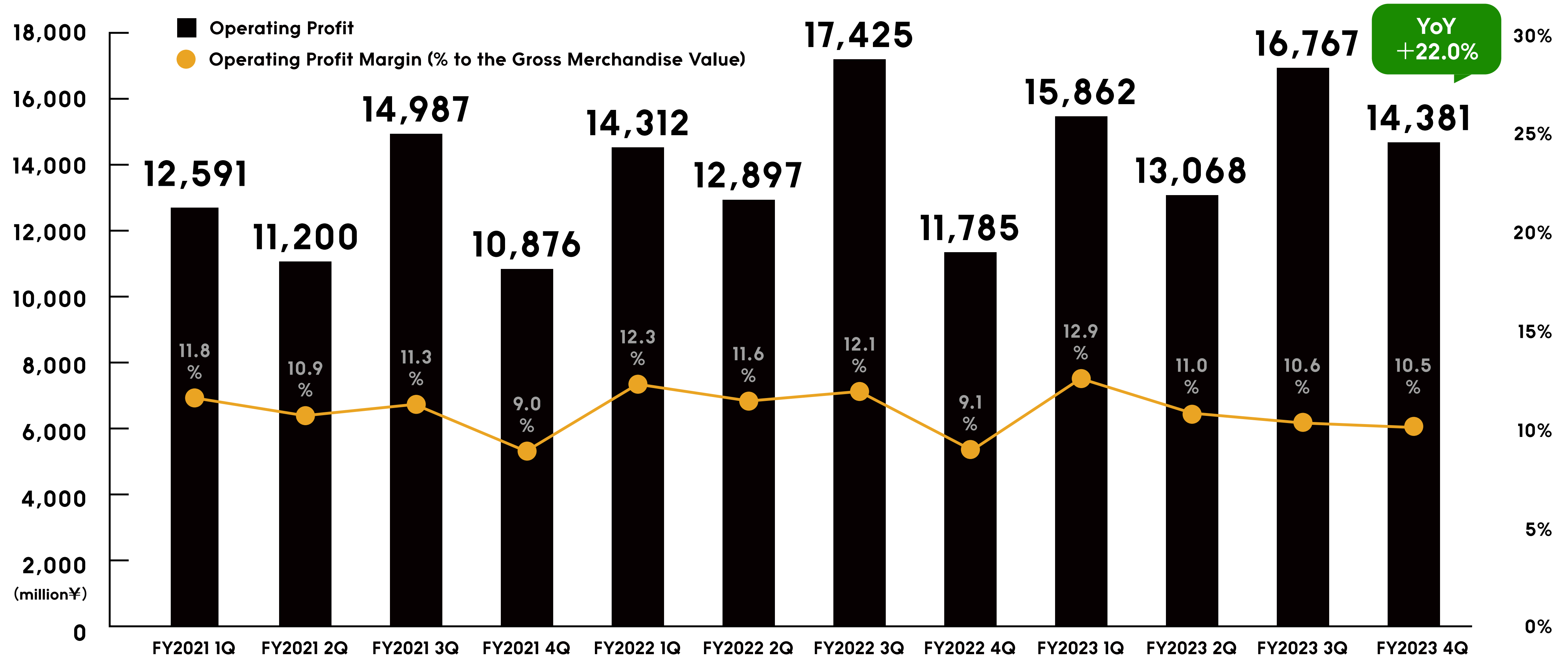
The actual promotion cost ratio for the fiscal year-to-date period was 4.1%, generally in line with the plan.



* 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)

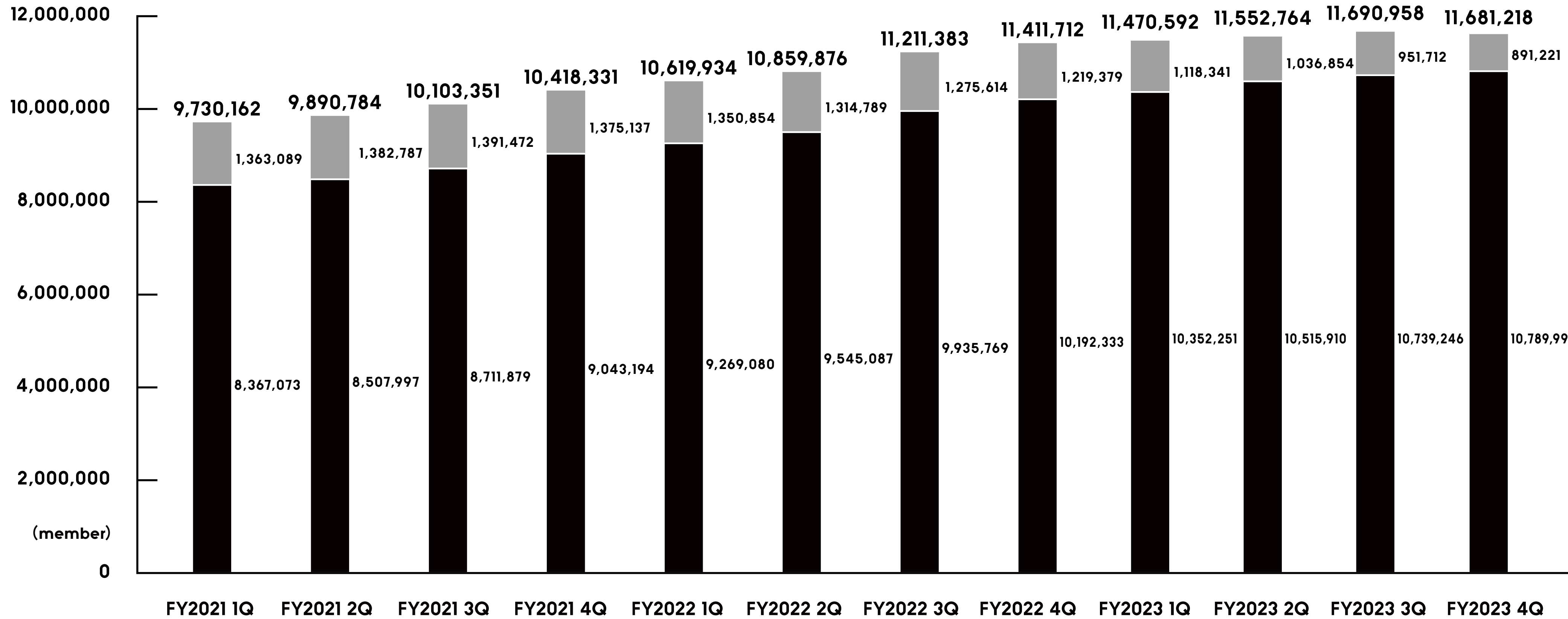


NUMBER OF TOTAL BUYERS

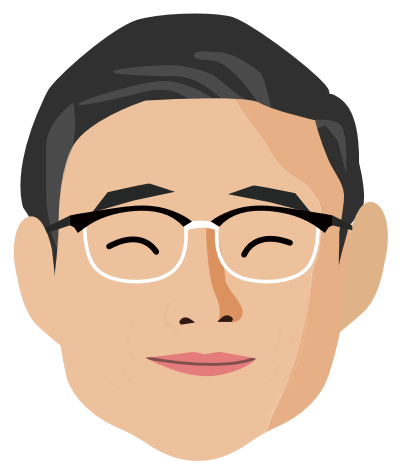
Number of total buyers = Active members and guest buyers who made at least one purchase within a year

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

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



Active membership growth was lower than expected. This was due to the impact of climate effects, which did not stimulate demand and resulted in weak new member acquisitions.



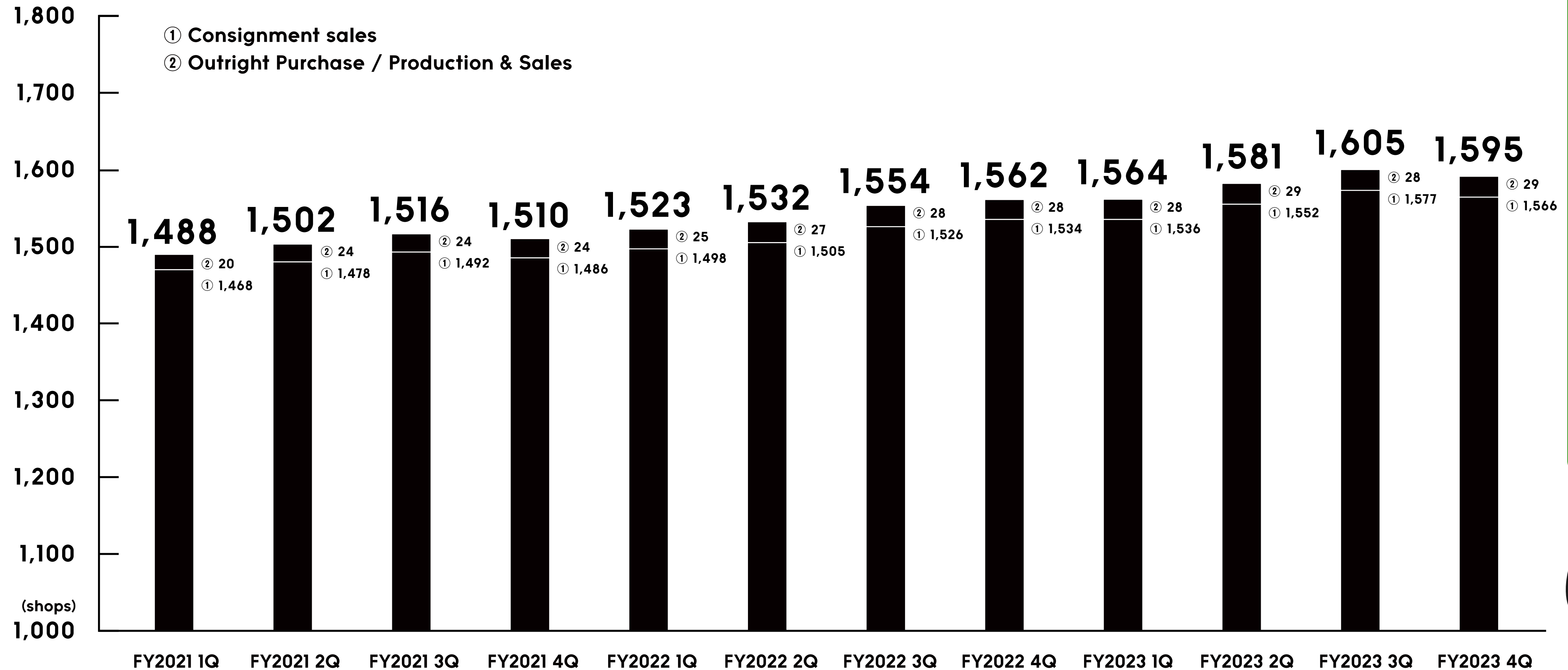
* The results are only from the ZOZOTOWN business (<https://zozo.jp>). LY Corporation Commerce* is not included.

* "Yahoo! Shopping" and "Yahoo! Auctions" are combined in "LY Corporation Commerce".

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



NUMBER OF SHOPS ON ZOZOTOWN



In the 4Q, the number of stores opened was in line with the plan, but the number of stores decreased slightly due to the large number of closures by the consolidation or disappearance of brands.



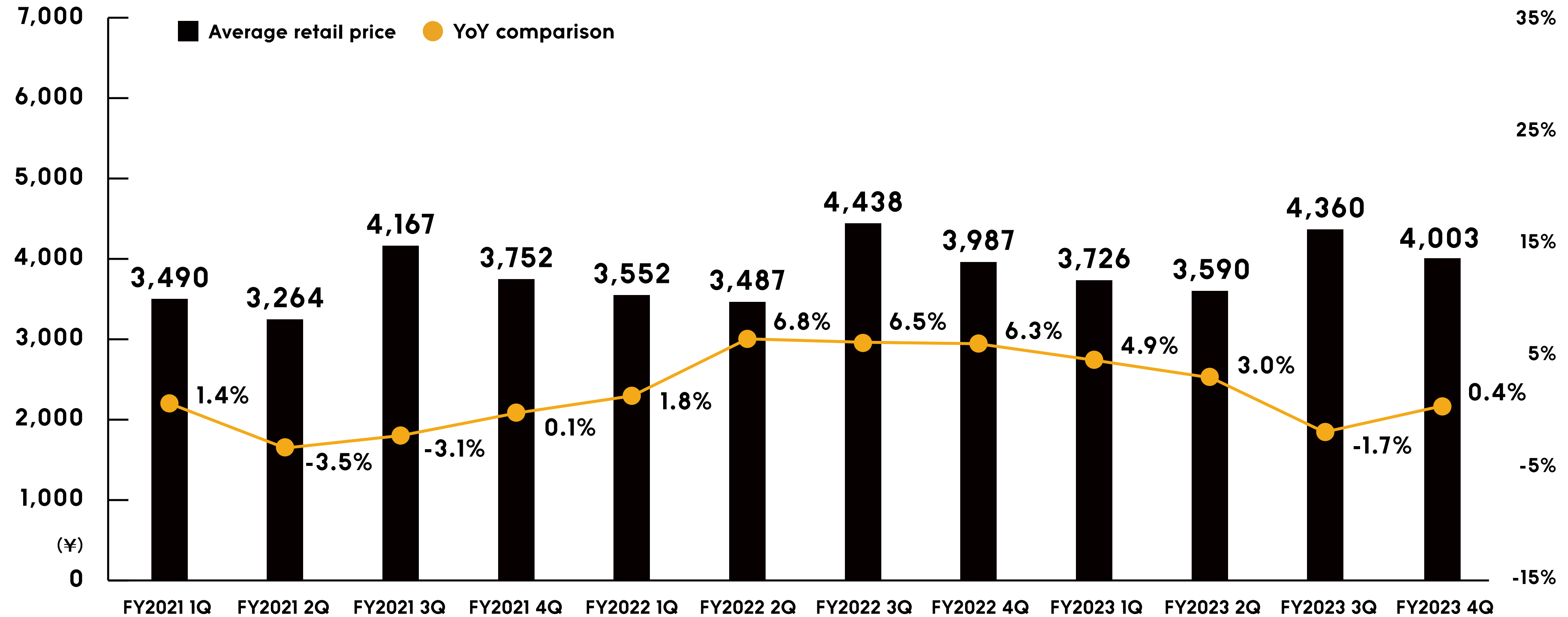
* Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops.



AVERAGE RETAIL PRICE

Average retail price

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



Sales of high-priced items remained sluggish due to the warm winter, and were at the same level as the previous year.



* The results are only from the ZOZOTOWN business (<https://zozo.jp>). LY Corporation Commerce* is not included.

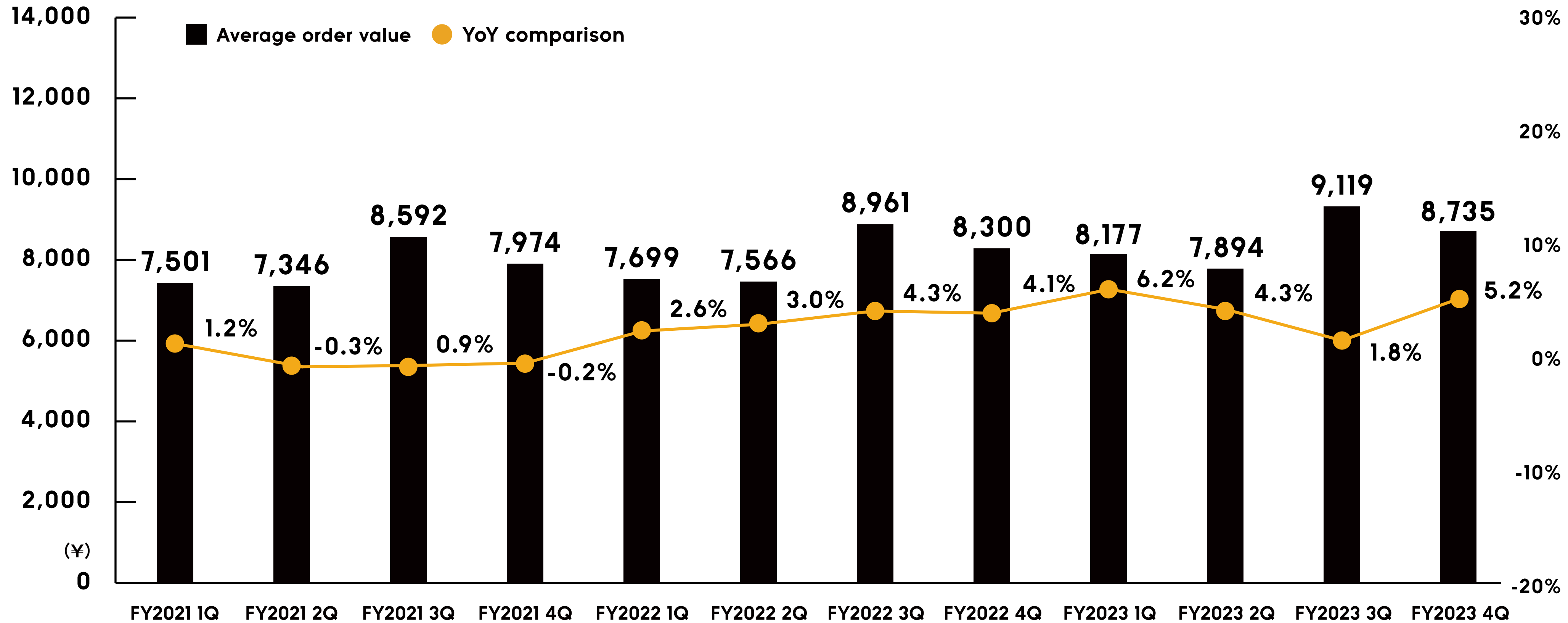
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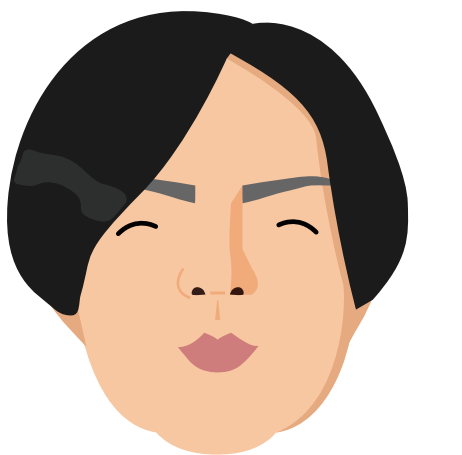


AVERAGE ORDER VALUE

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



The unit price per shipment exceeded the previous year's result due to an increase in the number of combined purchases per order, which was partly due to the effect of the free shipping policy for purchases of 12,000 yen or more.



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* "Yahoo! Shopping" and "Yahoo! Auctions" are combined in "LY Corporation Commerce".

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

BUSINESS PLAN FOR FY2024



On March 15, 2024, which was the day of "multiplied returns, heavenly forgiveness, tiger" I said goodbye to my old wallet and got a new one.





CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2024

	FY2024 Plan	YoY
Gross Merchandise Value	609.2 billion yen	6.1%
Gross Merchandise Value (excluding other GMV)	572.2 billion yen	6.6%
Net sales	214.4 billion yen	8.8%
Operating profit	64.2 billion yen	6.9%
Operating Profit Margin (% to the Gross Merchandise Value)	11.2%	—
Ordinary profit	64.2 billion yen	7.4%
Profit attributable to owners of parent	45.2 billion yen	1.9%
Net profit per share	152.21 yen	—
Estimated dividends per share (Plan)	107 yen	—

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

* The "Notice concerning revision of year-end dividend forecast" was disclosed on April 30, 2024. The above figures are after reflecting the revision.



FY2024 TARGET BY BUSINESS SEGMENT

	Target for Gross Merchandise Value	YoY
ZOZOTOWN Business	495.1 billion yen	6.5%
Outright Purchase/Production & Sales	2.6 billion yen	-41.3%
Consignment sales	473.0 billion yen	7.0%
USED sales	19.5 billion yen	7.8%
LY Corporation Commerce*	63.6 billion yen	10.2%
BtoB Business	13.5 billion yen	-6.7%
Gross Merchandise Value (excluding other GMV)	572.2 billion yen	6.6%
Others	37.0 billion yen	-1.2%
Gross Merchandise Value	609.2 billion yen	6.1%

	Target for Net Sales	YoY
Advertising business	11.5 billion yen	18.1%

* "Yahoo! Shopping" and "Yahoo! Auctions" are combined in "LY Corporation Commerce".



Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Specific measures

The initiatives decided on October 31, 2023 were implemented as follows,

(1) Raise the consolidated dividend payout ratio

Raise the consolidated dividend payout ratio target from 50% to 70%

Dividend per share for the fiscal year ended March 31, 2024 (planned)* End of second quarter: 49 yen Year-end: 55 yen Total: 104 yen
Dividend payout ratio (planned)* 70.2%

*The "Notice concerning revision of year-end dividend forecast" was disclosed on April 30, 2024. The above figures are after reflecting the revision.

(2) Repurchase of own shares

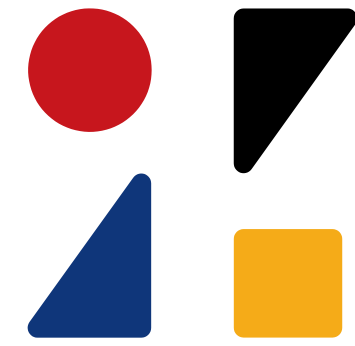
- Total number of acquired shares : 3,129,900 shares
- Total amount to be paid of acquisition : 9,999,443,450 yen

Period of acquisition: November 1, 2023 to March 4, 2024 (Delivery date basis)

(3) Cancellation of treasury stock

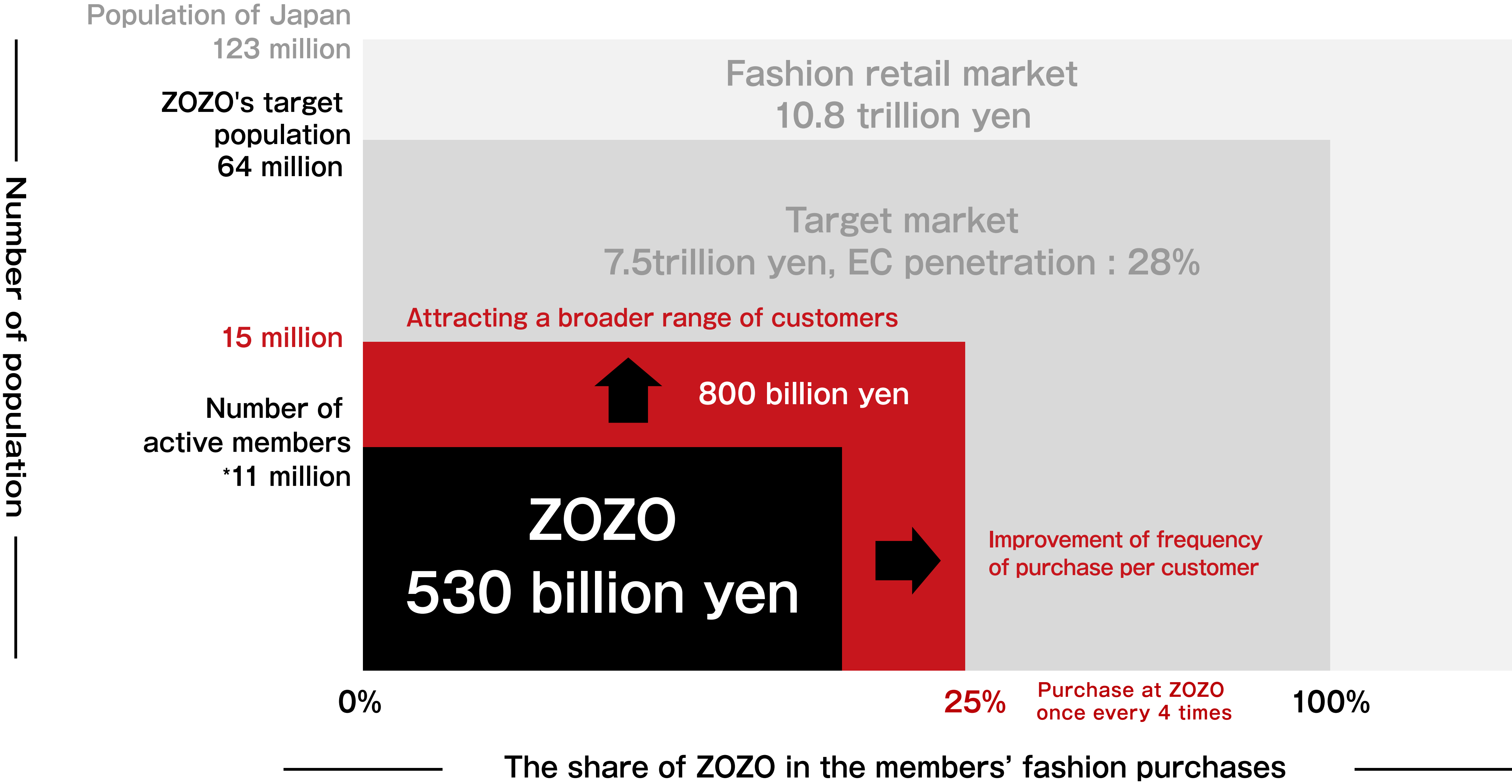
Cancelled of 11,170,104 shares (3.58% of the total number of shares outstanding before the cancellation)

Date of the cancellation: November 9, 2023



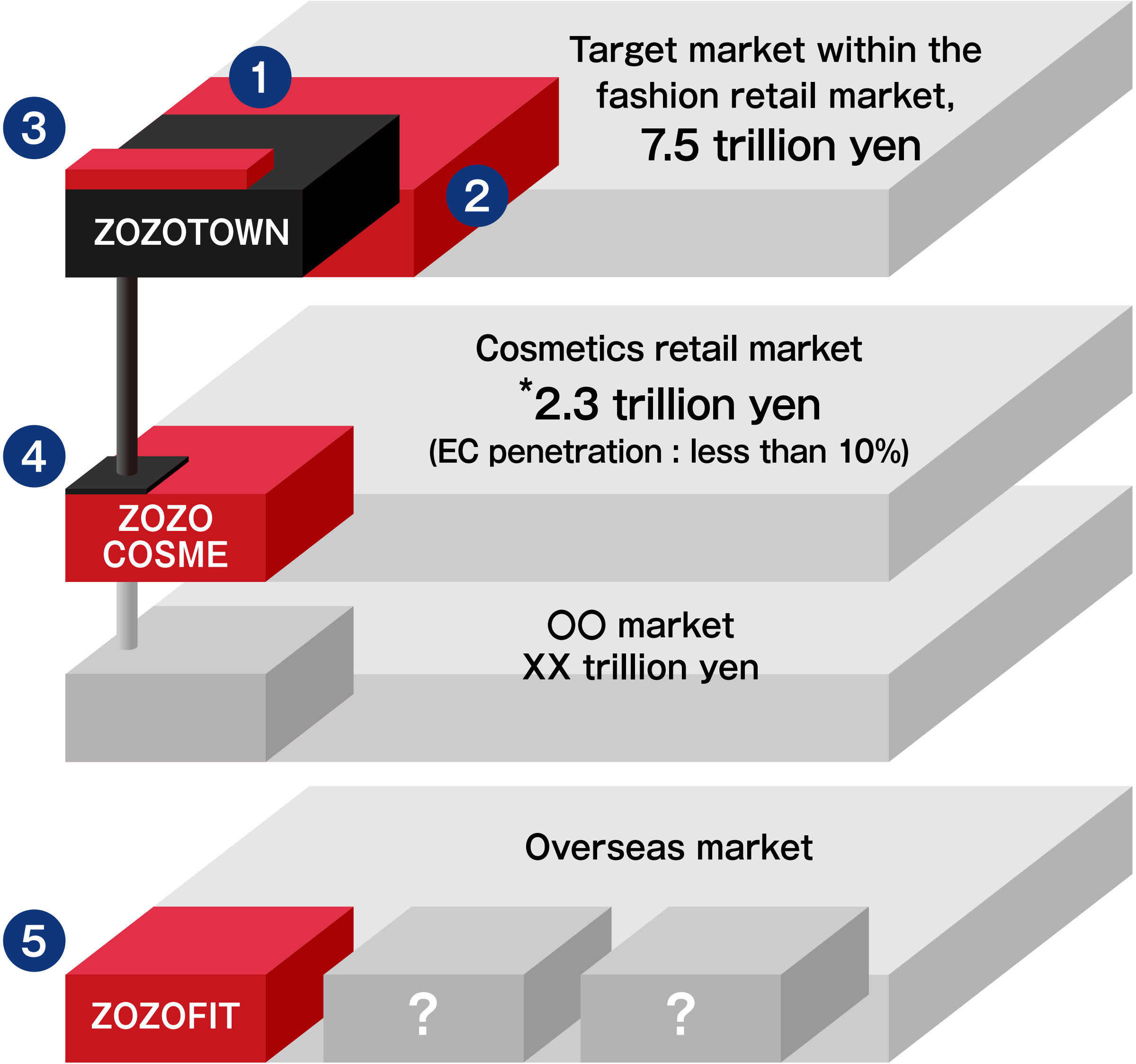
ZOZO

Potential to gain further market share in the future



*The sum of ZOZOTOWN and ZOZOTOWN on Yahoo! JAPAN Shopping (Members registered at both sites are counted as one member)

Future expansion plans



- ① Attracting a broader range of customers
- ② Improvement of frequency of purchase per customer
- ③ Production support
- ④ Expansion of the cosmetics category and its next step
- ⑤ Monetization of technologies

1 Attracting a broader range of customers

Implementing measures to gain recall for specific targets

For young age



“ASEA 2024” to bring a special experience to ZOZOTOWN users and K-POP fans in Japan.
“ASEA 2024” is an award that unites fans around the world with music, featuring top artists representing Asia. Asian artists, including K-POP artists who have performed internationally over the last year will be there to perform.

For family

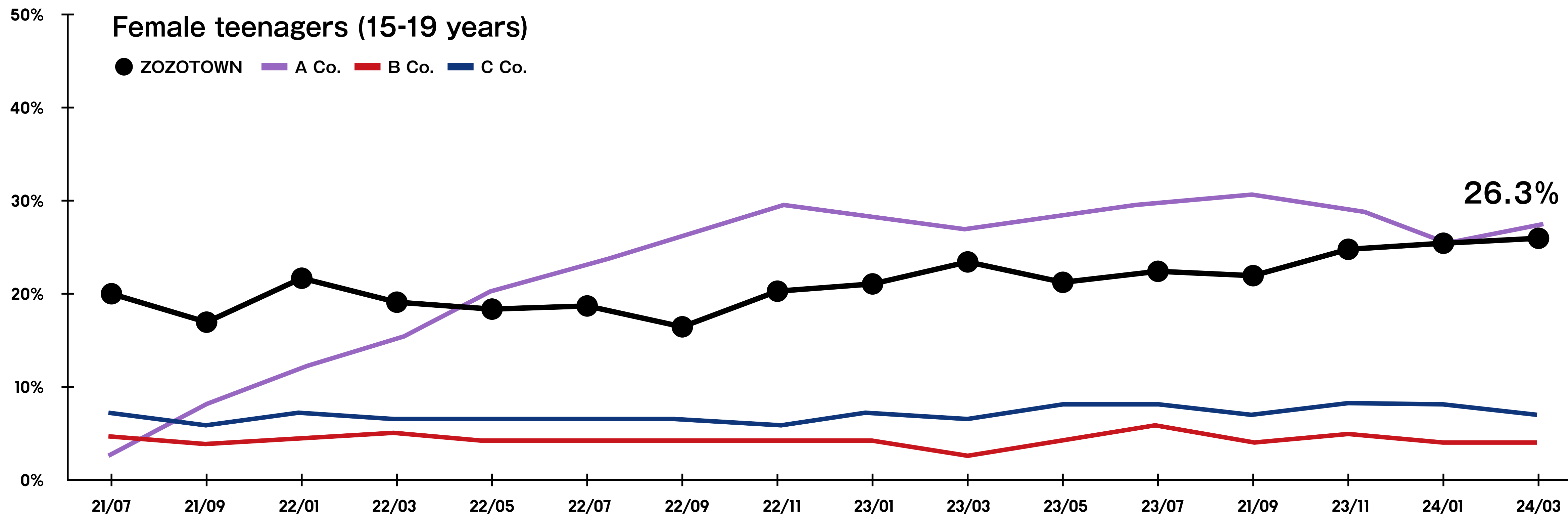


With the catchphrase, "ZOZOTOWN has kids' items too!", we will announce that ZOZOTOWN also carries a wide variety of kids' items.

1 Attracting a broader range of customers

Steadily gaining recall among teenagers (Female, late teens)

Q.When you think of buying fashion products,please tell us up to three places/stores/EC sites/apps in the order that comes to your mind. (FA)



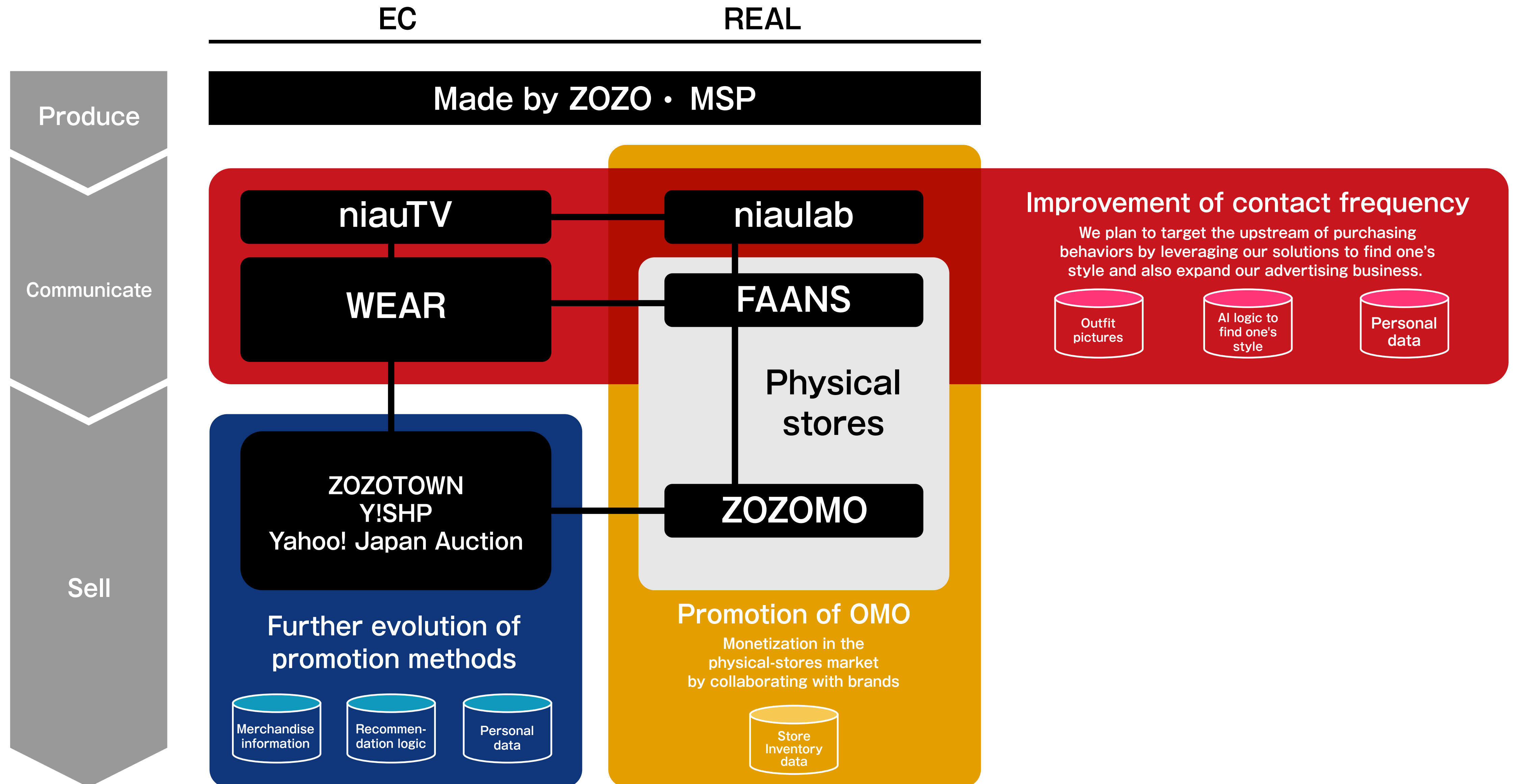
*If you can't think of anything in particular, please write 'none' in the top answer box and go on to the next question. Graph of the percentage of respondents who responded to any of the first three positions.

(*Graphs in this document are extracted only from major online companies.)

*Target group: 15-59 years (male and female) Frequency of implementation: every other month (odd-numbered months) Sample size: 30,000ss

Number of samples when broken down by sex and age (e.g. female teenagers): approx. 3,000ss

2 Improvement of frequency of purchase per customer



② Improvement of frequency of purchase per customer

Lab to clarify ***“your style”**: niaulab

MORE FASHION

×

FASHION TECH

More Fashion × Better Fashion Tech
- Explore your style. Make you delighted. -



Providing services that super personal styling at real stores as the best way to clarify **“your style”**

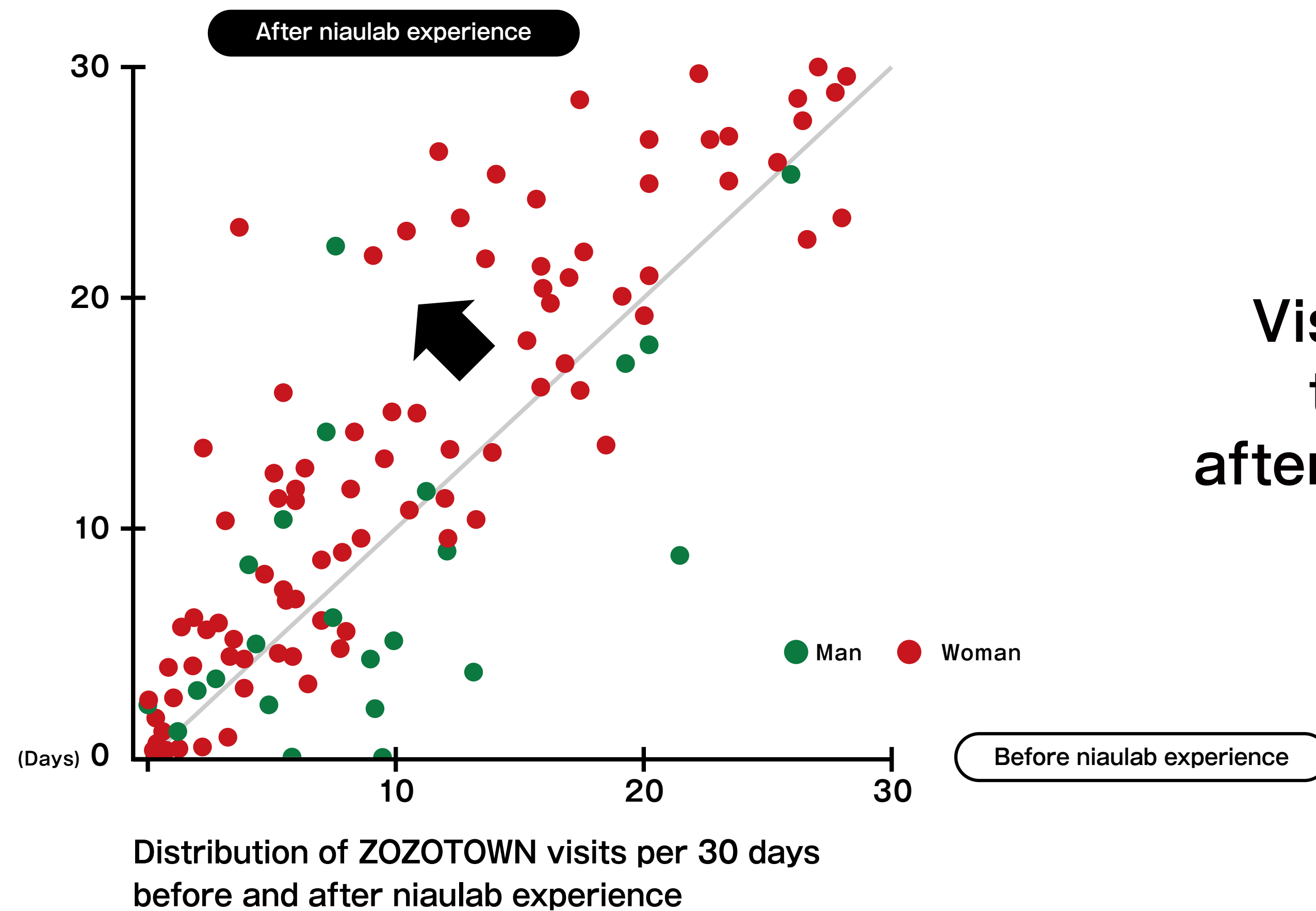


Evolution of ZOZOTOWN and WEAR



2 Improvement of frequency of purchase per customer

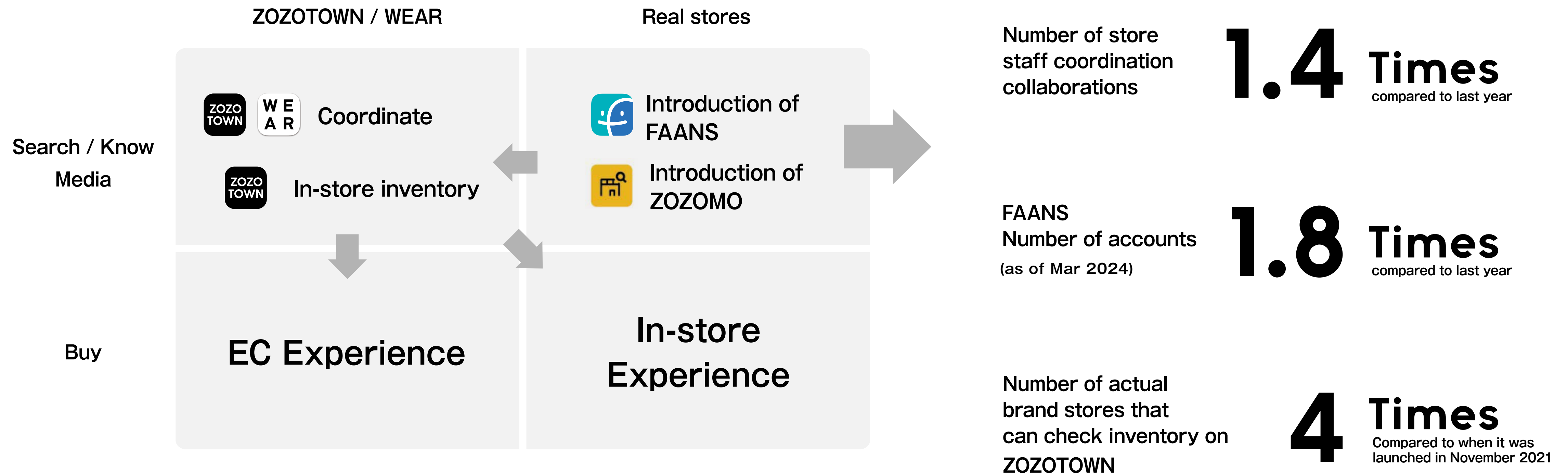
Will “your style” increase traffic?



Visits to ZOZOTOWN
tend to increase
after nialab experience

2 Improvement of frequency of purchase per customer

The infrastructure to establish an upstream cycle is being put in place.



3 Production support

Made by ZOZO

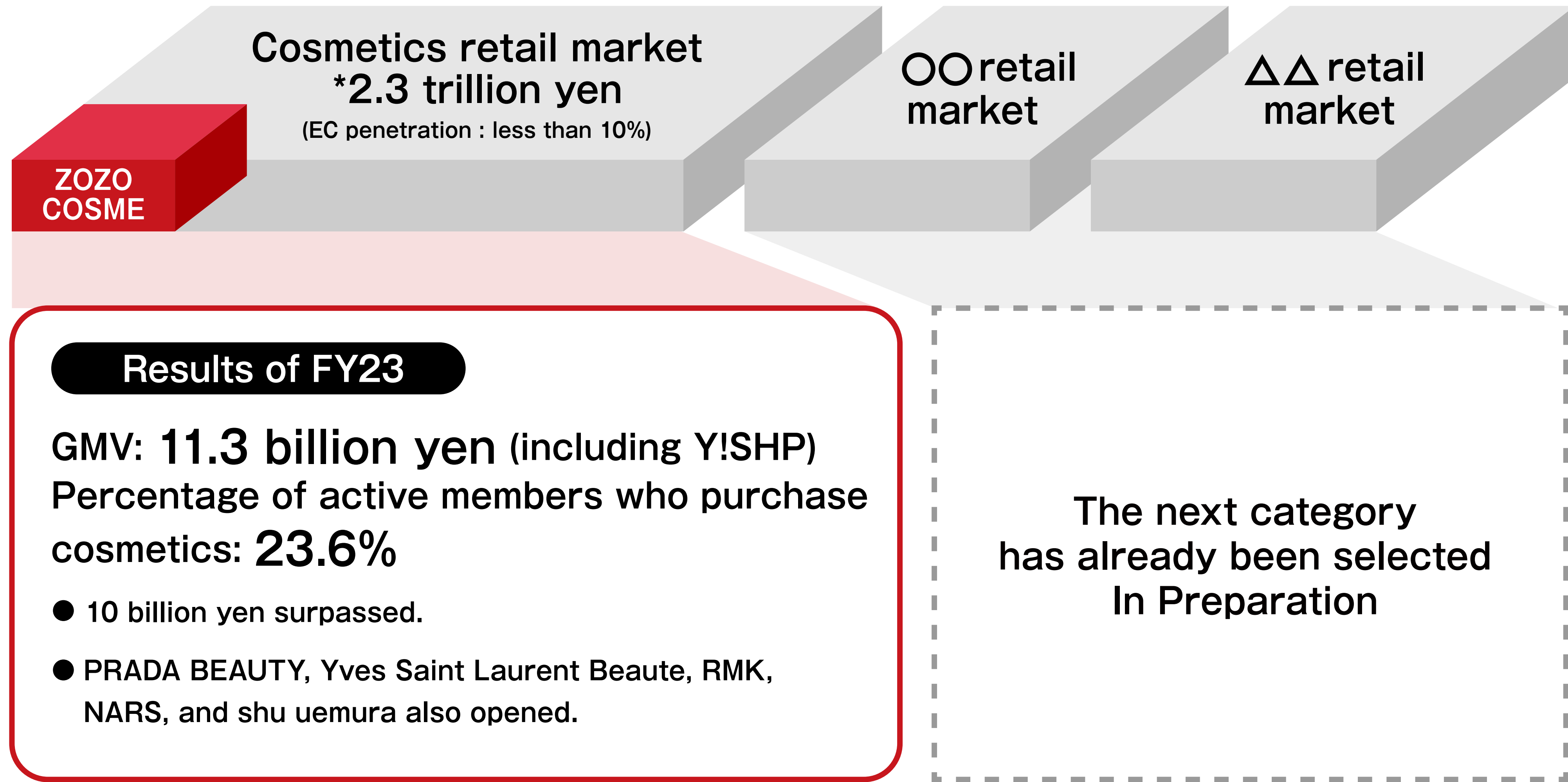
The number of production types increased to **307%**, and the number of units produced increased to **136%** of the previous year's results.

"Sell, make, then judge based on data" has become widespread. Steady results have been achieved.



The sales increased by 4 times compared to newly introduced items by changing from single item designs to group designs through increasing color variations, the number of fabrics to match the season, and changed details such as pockets, etc., once the best-selling designs were identified.

4 Expansion of the cosmetics category and its next step



5 Monetization of technologies (B2C)

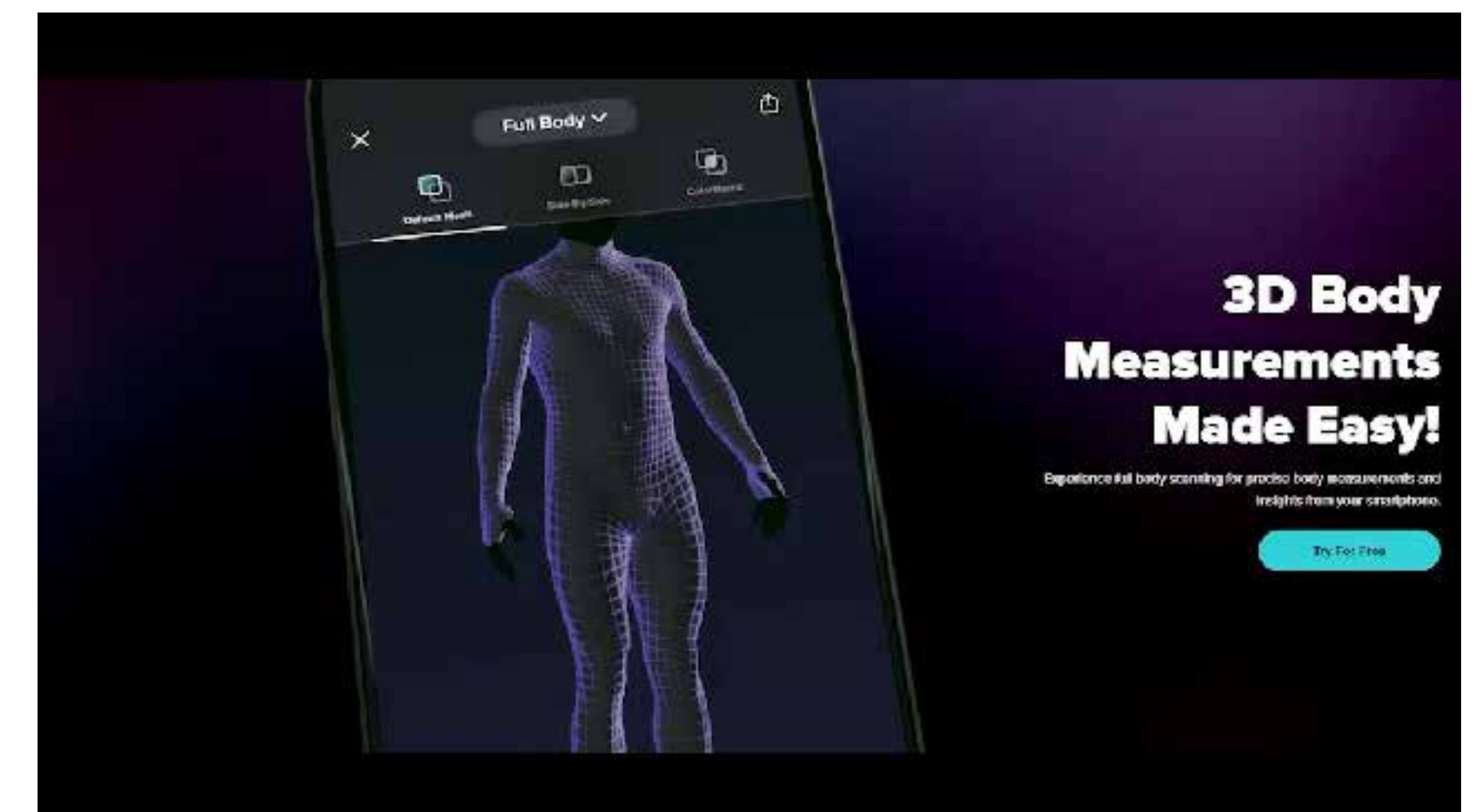


Results of ZOZOFIT (FY23)

Launched a subscription version that does not require SUIT to measure Started in late Jan 2024

Download pace 3-4 times faster Actuals in Feb and Mar 2024

- Updated Measurement Technology
- Developed technology that enables to measure without ZOZOSUIT



5 Monetization of technologies (B2B)



ZOZOMETRY

Services to streamline measurement operations for corporate clients



External Evaluations

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Dow Jones Sustainability Asia Pacific Index

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

MSCI Japan ESG Select Leaders Index
MSCI Japan Empowering Women Index (WIN)



FTSE4Good Index Series / FTSE Blossom Japan Index
FTSE Blossom Japan Sector Relative Index



S&P/JPX Carbon Efficient Index



Morningstar Japan ex-REIT Gender Diversity Tilt Index



iSTOXX MUTB Japan
Platinum Career 150 Index



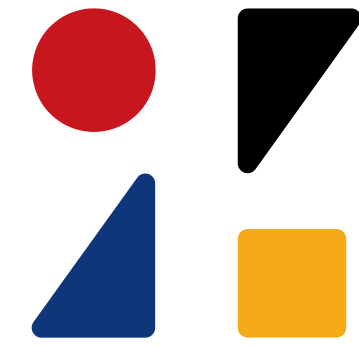
Sustainalytics ESG Risk Rating: Low Risk



MSCI ESG RATINGS: AA



Nikkei SDGs Management
Survey 2023: Four Stars



ZOZO