



ZOZO

Be unique. Be equal.

FY2018
CONSOLIDATED BUSINESS RESULTS

FY2018 HIGHLIGHTS

01

Overview	Gross Merchandise Value	:	323,129	million yen	(+ 19.4% ,Yoy)
	Operating Profit	:	25,654	million yen	(- 21.5% ,Yoy)

Gross Merchandise Value	ZOZOTOWN BUSINESS				
	Gross Merchandise Value	:	311,351	million yen	(+ 18.4% ,Yoy)
	Consignment Business	:	294,230	million yen	(+ 19.2% ,Yoy)
	Purchased Stock Business	:	149	million yen	(- 10.2% ,Yoy)
	ZOZOUSED Business	:	16,971	million yen	(+ 6.4% ,Yoy)
	Private Brand Business	:	2,763	million yen	
	Average Retail Price	:	4,364	yen	(+ 3.8% ,Yoy)
	Average Purchase Amount per Shipment	:	9,454	yen	(+ 9.8% ,Yoy)
	B to B Business	:	9,014	million yen	(+ 19.6% ,Yoy)

Profitability	Operating profit margin (to the total gross merchandise value)	:	7.9%	(12.1% for FY2017)	
	Factors improving profitability	:	Decrease in the commission regarding payment collection		
	Factors worsening profitability	:	Decrease in GPM, Initiation of mass distribution of ZOZOSUIT Increase in the rate of shipping cost due to the change of shipping charge from the carrier, Increase in the rate of payroll, Increase in the rate of other expenses,		

Topic	<ul style="list-style-type: none"> • ZOZO Research starts collaborative researches with Doshisha University using big data of “WEAR” a fashion coordinate app used by 12 million people (January, 2019) • Conclusion of comprehensive partnership agreement with Chiba City and Chiba University, and construction of a new office in Nishi-Chiba Area. Expected construction completion is in 2020. (February, 2019) • Expansion of logistics center ZOZOBASE in the fall 2020, leasing the whole floor of “Prologis Park Tsukuba 2” (February, 2019) • ZOZOTOWN won No.1 in brand value growth rate in Interbrand’ s “Japan ’s Best Domestic Brands 2019” (February, 2019) • Conclusion of Commitment Line Agreement (March, 2019)
-------	---

ZOZOARIGATO MEMBERSHIP SERVICE OVERVIEW

02

ZOZOARIGATO Membership

Release date: December 25, 2018

Price: 3,000 yen (excluding tax) per annum,
or 500 yen (excluding tax) per month

Payment method: Credit card or Deferred payment

Members benefits:

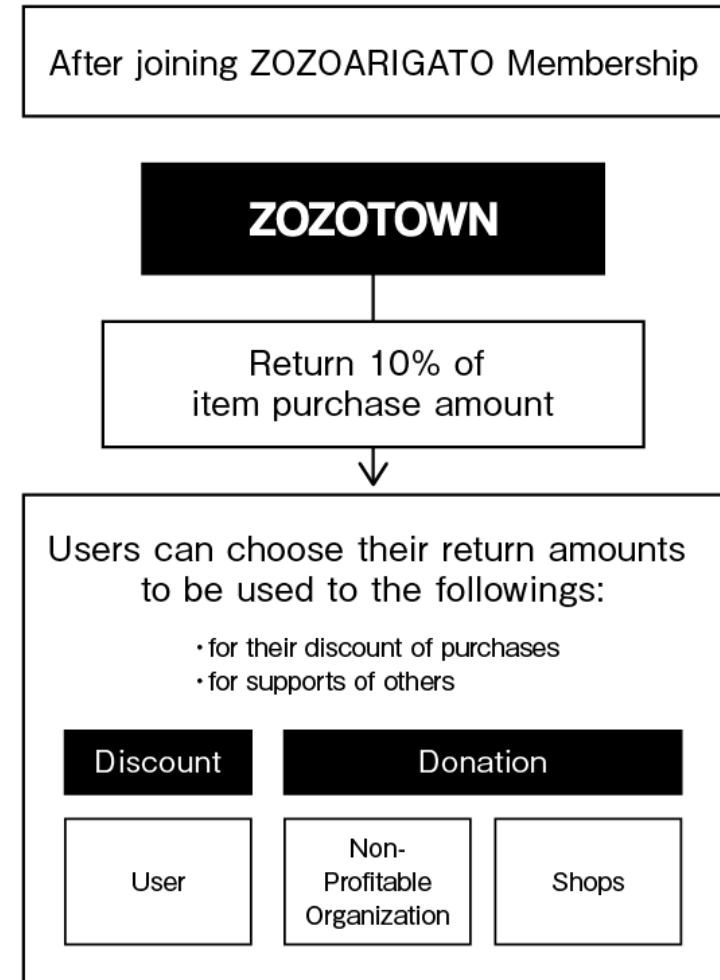
1. Application of 10% discount for purchases. Either portion or full of the discounted amounts can be used for donation to the designated Non-Profitable Organizations selected by ZOZO or return to the shops where items were purchased.

【First Registration Campaign】 For those who registered to ZOZOTOWN for the first time, 30% discount will be given to the purchased items during the first month from registration.

Discount limit: 50,000 yen per month

2. Invitation of new-year sales precedential to normal members.

- Gross Merchandise Value: The amount is before deduction of discounts attributable to the paid-membership service.
- Net Sales: The amount is after the abovementioned deduction.
- Paid-Membership Income: Booked in the others segment of net sales.



※ New registration to the service was stopped at April 25, 2019 and the service will be ending at May 30, 2019.



BUSINESS RESULTS

OVERVIEW OF THE FY2018

04

(million¥)

Item	FY2017	FY2018	YoY Change(%)	Target	Progress Rate(%)	Revised Plan (as at Jan 31, 2019)	Progress Rate(%)
Gross Merchandise Value	270,543	323,129	19.4%	360,000	89.8%	327,000	98.8%
Net sales	98,432	118,405	20.3%	147,000	80.5%	118,000	100.3%
Gross profit	90,464	104,962	16.0%	-	-	-	-
(%Gross Merchandise Value)	33.4%	32.5%	-0.9%	-	-	-	-
SG&A	57,794	79,308	37.2%	-	-	-	-
(%Gross Merchandise Value)	21.4%	24.5%	3.1%	-	-	-	-
Operating profit	32,669	25,654	-21.5%	40,000	64.1%	26,500	96.8%
(% Gross Merchandise Value)	12.1%	7.9%	-4.2%	11.1%	-	8.1%	-
Recurring profit	32,740	25,717	-21.4%	40,000	64.3%	26,500	97.0%
Profit attributable to owners of parent	20,156	15,985	-20.7%	28,000	57.1%	17,800	89.8%

※ The company revised its consolidated business forecast on January 31, 2019.

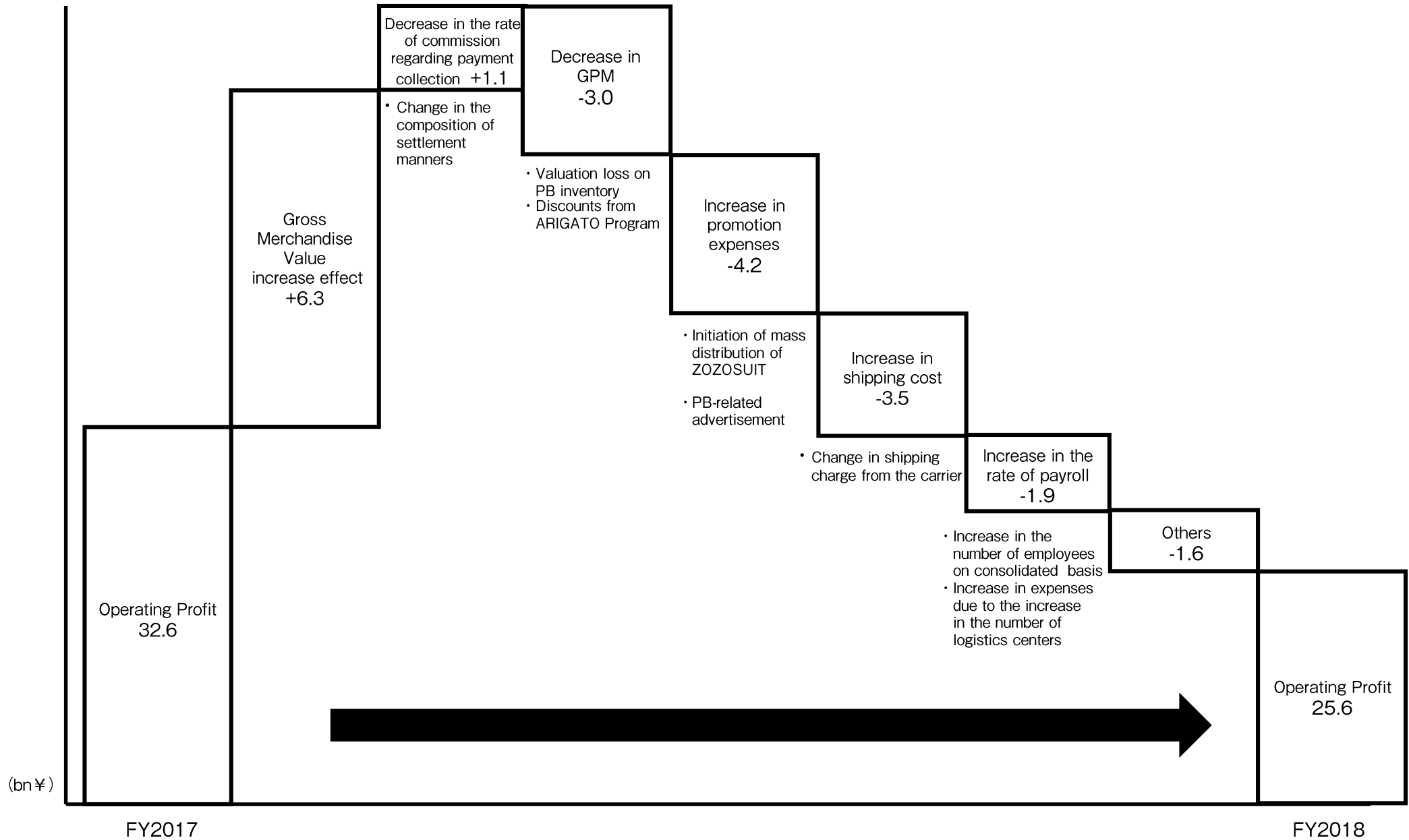
OVERVIEW OF EACH QUARTER

05

(million¥)

Item	FY2017				FY2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Gross Merchandise Value	59,574	60,082	77,331	73,555	70,406	70,814	93,809	88,098
YoY (%)	40.9%	35.9%	25.5%	14.9%	18.2%	17.9%	21.3%	19.8%
Net sales	21,451	21,242	28,220	27,517	26,552	27,212	36,010	28,630
SG&A	11,863	13,684	16,476	15,770	18,376	20,559	21,490	18,882
YoY (%)	35.0%	48.3%	45.2%	16.3%	54.9%	50.2%	30.4%	19.7%
(%Gross Merchandise Value)	19.9%	22.8%	21.3%	21.4%	26.1%	29.0%	22.9%	21.4%
Operating profit	7,981	5,850	9,720	9,118	5,874	4,178	10,577	5,023
YoY (%)	59.3%	4.9%	11.7%	30.4%	-26.4%	-28.6%	8.8%	-44.9%
(%Gross Merchandise Value)	13.4%	9.7%	12.6%	12.4%	8.3%	5.9%	11.3%	5.7%

INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)



CONSOLIDATED BALANCE SHEET

07

(million¥)

	FY2017 (as of March 31, 2018)	FY2018 (as of March 31, 2019)		FY2017 (as of March 31, 2018)	FY2018 (as of March 31, 2019)
Current assets	53,574	57,904	Current liabilities	27,243	52,245
Cash and deposits	24,571	21,560	short-term borrowing	-	22,000
Merchandise and finished products	2,194	4,533	Noncurrent liabilities	2,659	4,059
Noncurrent assets	17,138	21,056	Total liabilities	29,902	56,304
Tangible assets	5,668	6,318	Shareholders' equity	40,892	22,528
Intangible assets	3,222	3,112	Treasury stock	-	-24,412
Investments and other assets	8,247	11,626	Total net assets	40,810	22,656
Total assets	70,712	78,961	Total liabilities and net assets	70,712	78,961

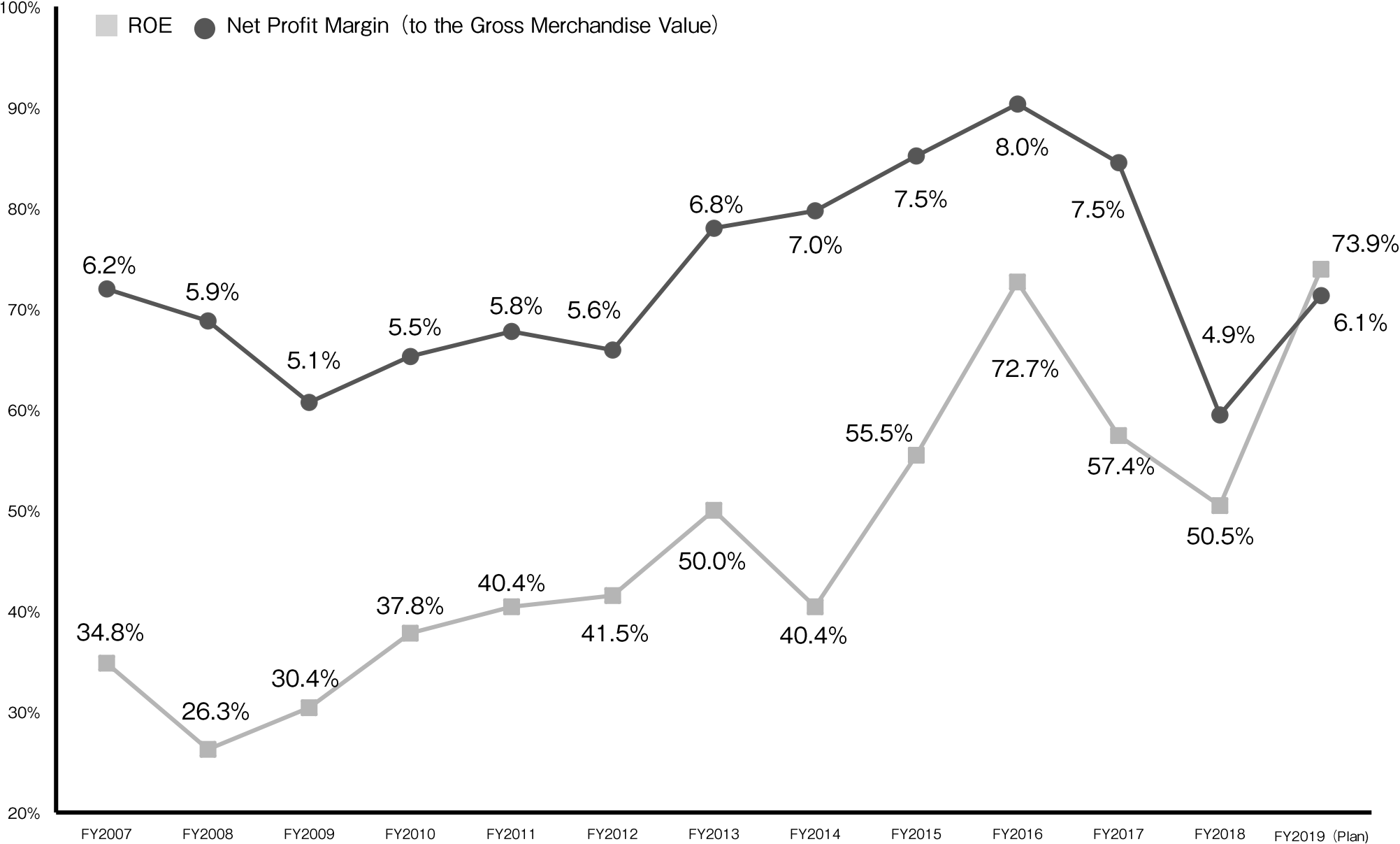
CASH FLOWS

08

(million¥)

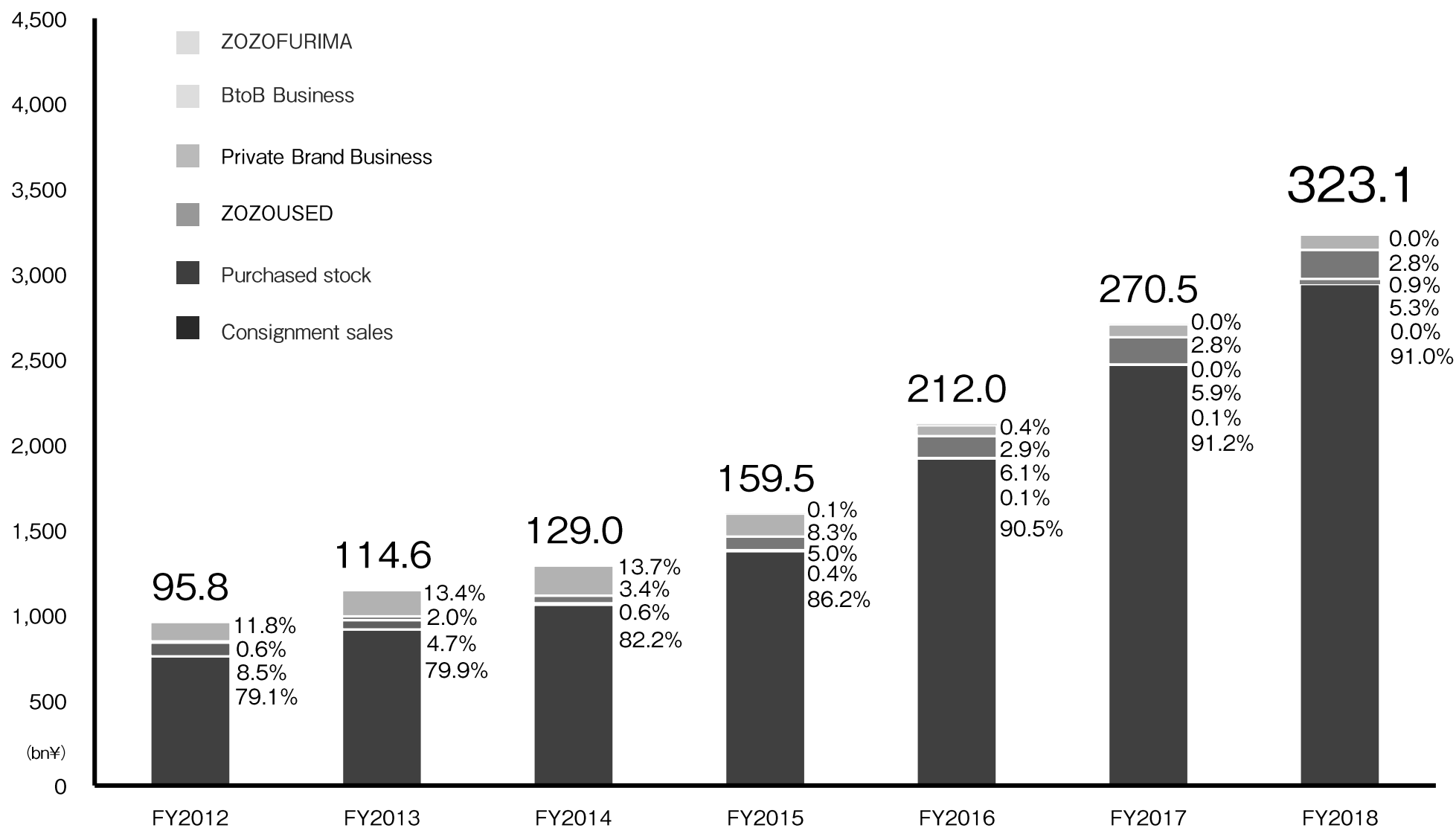
Item	FY2017	FY2018	YOY	Reasons for change
Cash flows from operating activities	19,882	14,807	-5,074	
Cash flows from investing activities	-8,219	-6,125	2,093	(FY2018) Expenditure from warehouse expansion
Cash flows from financing activities	-9,215	-12,059	-2,843	(FY2018) Increase in short-term borrowings (FY2018) Expenditure of purchase of treasury stock
Cash and cash equivalents at the end of the year	24,571	21,560	-3,010	

ROE AND NET PROFIT MARGIN



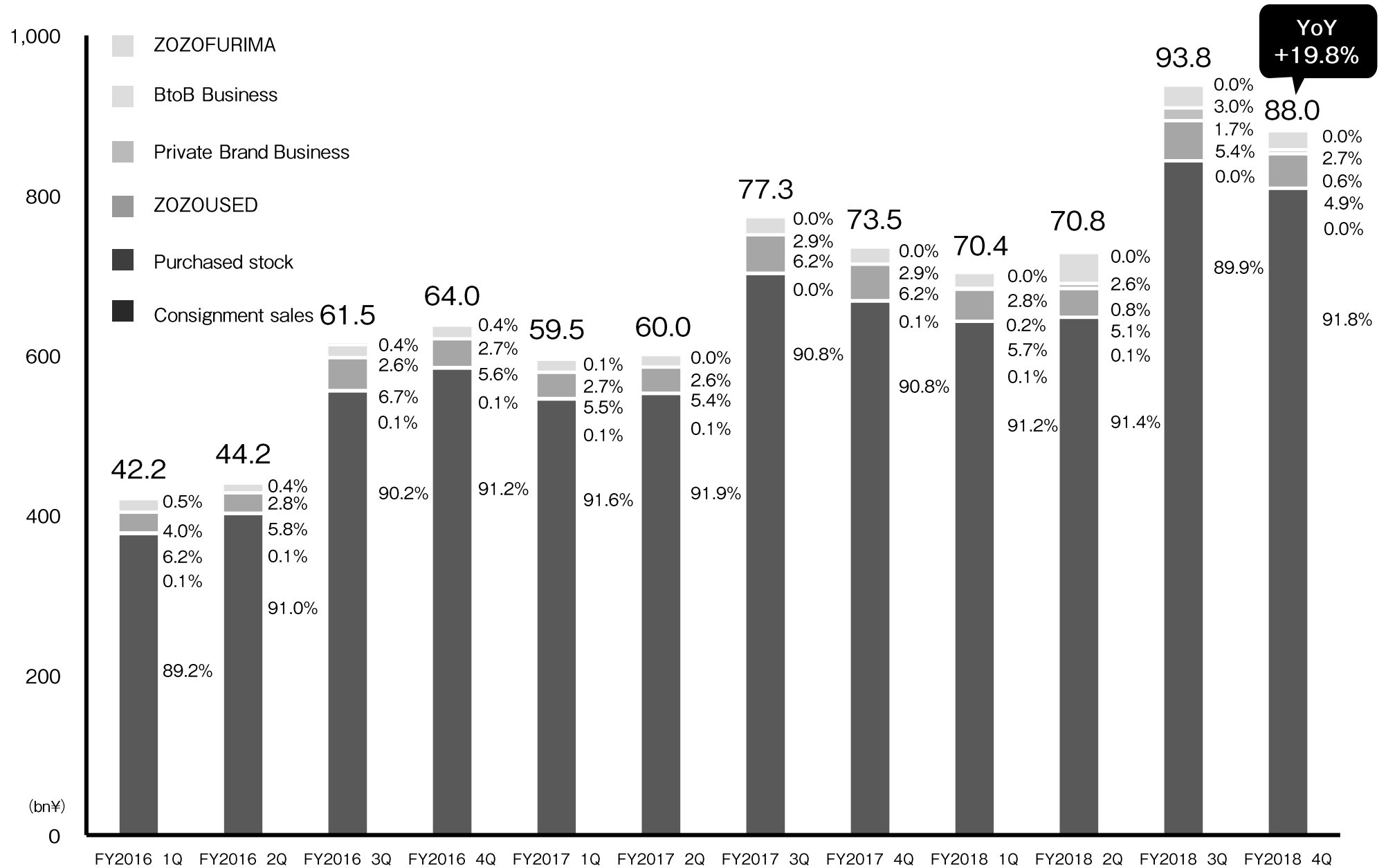
GROSS MERCHANDISE VALUE

- Gross merchandise value of new shops opened in FY2018
 ZOZOTOWN Business (purchased stock & consignment sales) : ¥8.5 billion (accounts for 2.7% of the total gross merchandise value)



※ZOZO FURIMA Business ended on June 30, 2017.

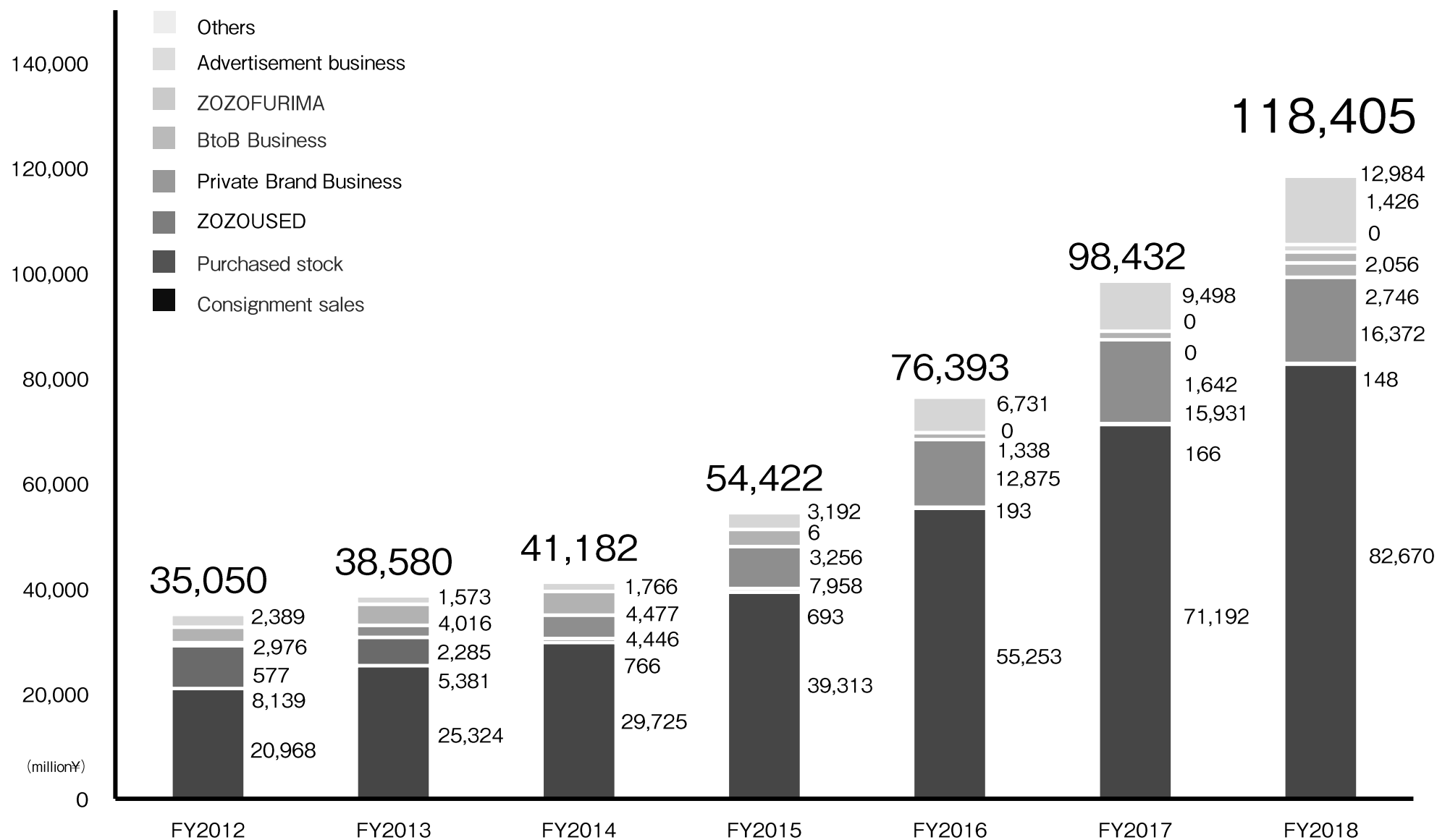
GROSS MERCHANDISE VALUE(QUARTERLY)



※ZOZO FURIMA Business ended on June 30, 2017.

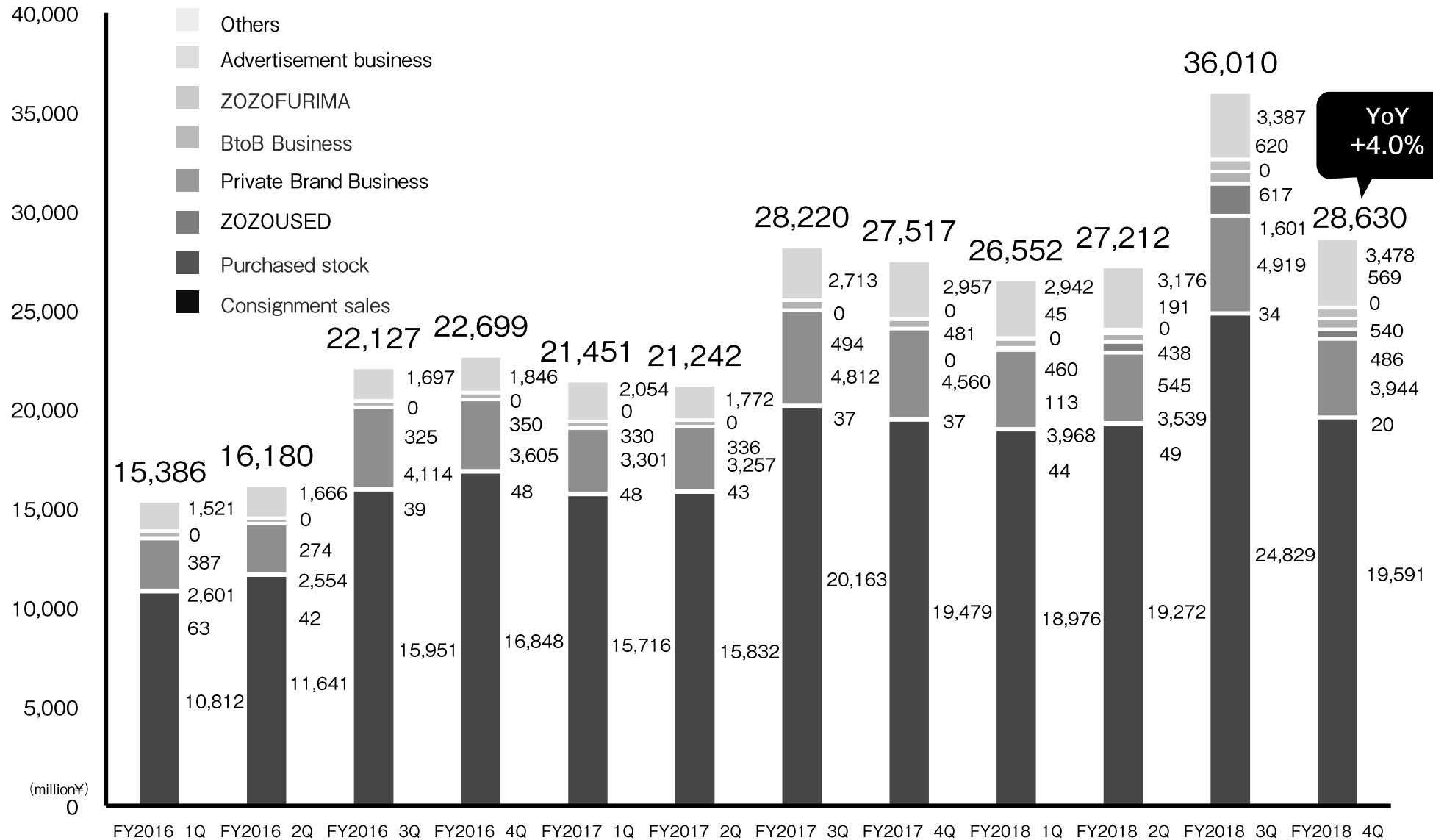
NET SALES

12



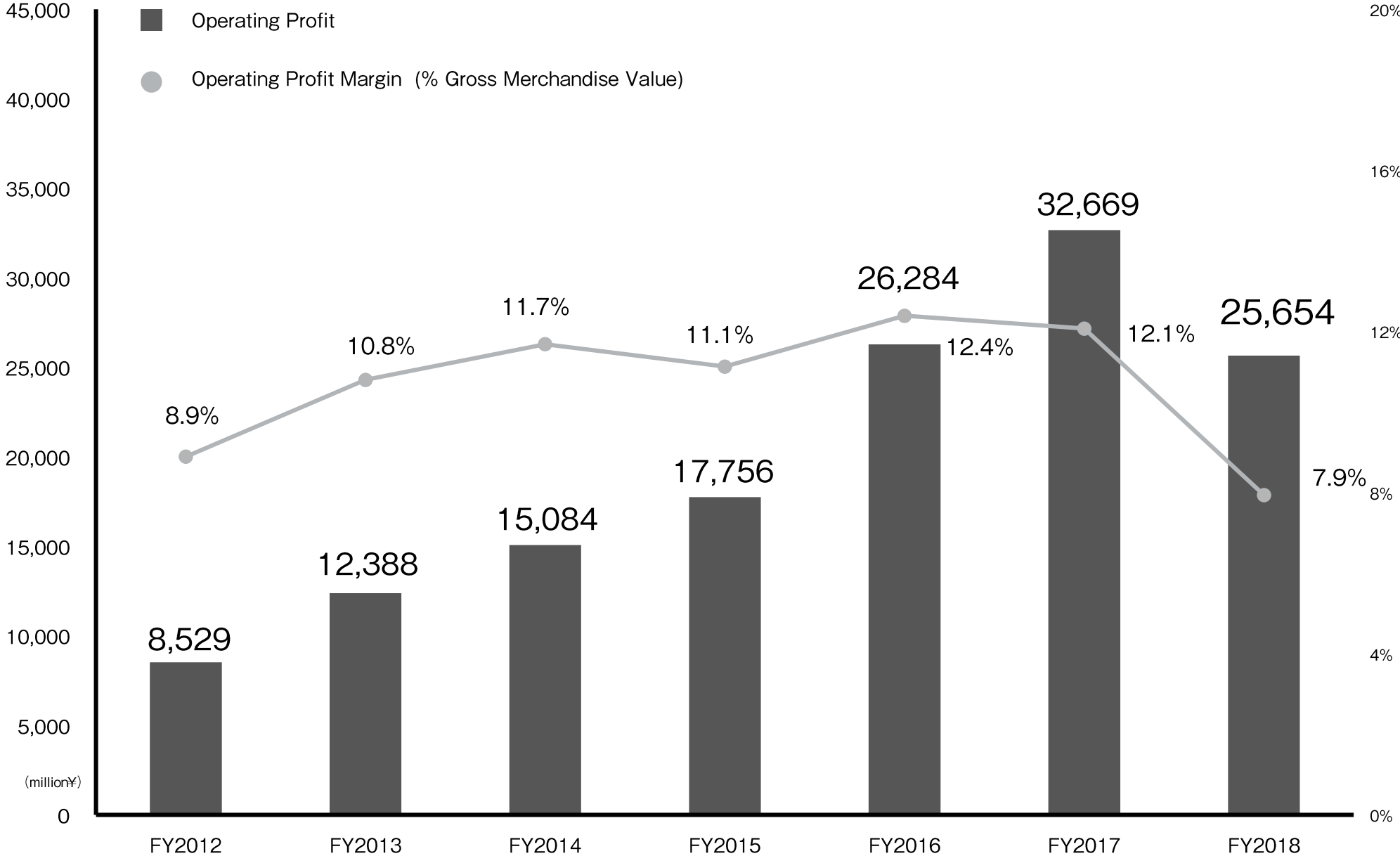
※ZOZO FURIMA Business ended on June 30, 2017.

NET SALES (QUARTERLY)



*ZOZO FURIMA Business ended on June 30, 2017.

OPERATING PROFIT AND OPERATING PROFIT MARGIN



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES

15

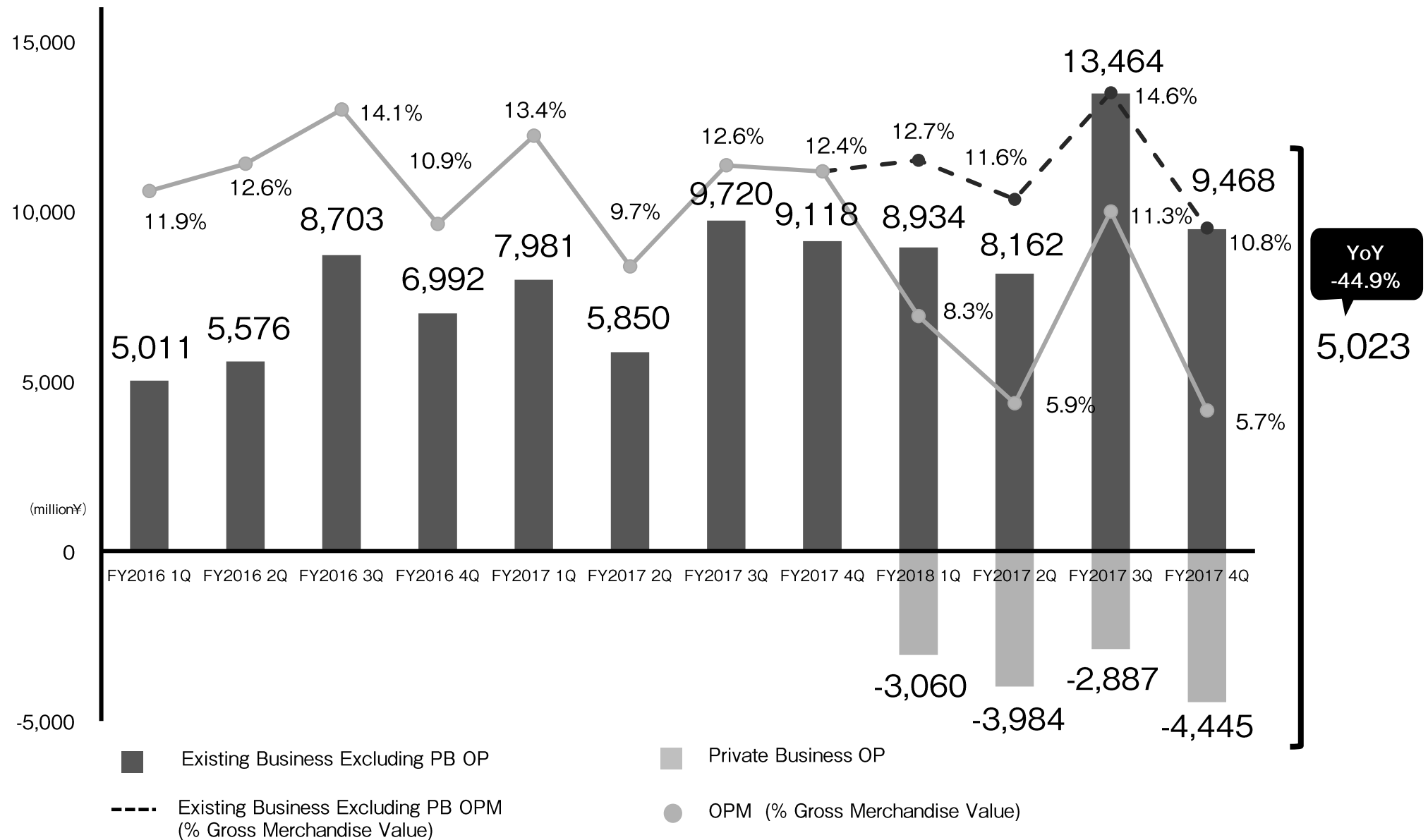
(million¥)

item	FY2017		FY2018		YoY	Increase decrease factors
	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	%Gross Merchandise Value	
Payroll and staff costs(※)	15,854	5.9%	20,874	6.5%	0.6%	
Payroll costs for employee	5,659	2.1%	8,016	2.5%	0.4%	Increase due to an increase in the number of employees on consolidated basis: 904 FY17 → 1,094 FY18 / Actively hiring employees for PB business and engineer / Increase in the number of consolidated subsidiaries
Logistics-Related Expenses (Including Outsourcing)	10,194	3.8%	12,857	4.0%	0.2%	Increase in proportion of outsourced workers with higher unit price due to changes in logistics Centers / Increase in Shipping expenses between logistics centers
Outsourcing Commission (Excluding Logistics-Related Expenses)	3,958	1.5%	4,560	1.4%	-0.1%	Increase in operation expenses due to the increase in the number of logistics centers / Increase in expenses of trademarks registration / (FY2017) Outsourcing of development of ZOZOSUIT 1 and PB branding
Shipping	14,172	5.2%	20,463	6.3%	1.1%	Change in shipping fees / Initiation of mass distribution of ZOZOSUIT
Commission of Payment collection	8,521	3.1%	9,077	2.8%	-0.3%	Changes in the composition ratio of settlement manners
Promotion related expenses	4,347	1.6%	8,731	2.7%	1.1%	
Advertising	1,552	0.6%	6,065	1.9%	1.3%	Initiation of mass distribution of ZOZOSUIT / Advertising expenses of PB business / Implementation of overseas campaign
Reward points related expenses	2,794	1.0%	2,665	0.8%	-0.2%	
Rent expense	3,011	1.1%	4,028	1.2%	0.1%	
Depreciation	989	0.4%	1,518	0.5%	0.1%	
Amortization of goodwill	312	0.1%	477	0.1%	0.0%	VASILY Inc. (Nov. 2017) and ColorcleInc. (Feb. 2018) *Both subsidiaries have been merged to ZOZO TECHNOLOGIES Inc. from Apr. 2018
Stock Compensation Expenses	-	-	110	0.0%	0.0%	
Others	6,627	2.4%	9,466	2.9%	0.5%	No occurrence of one-time high expenses during this 4Q FY18 accounting period
Total SG&A	57,794	21.4%	79,308	24.5%	3.1%	

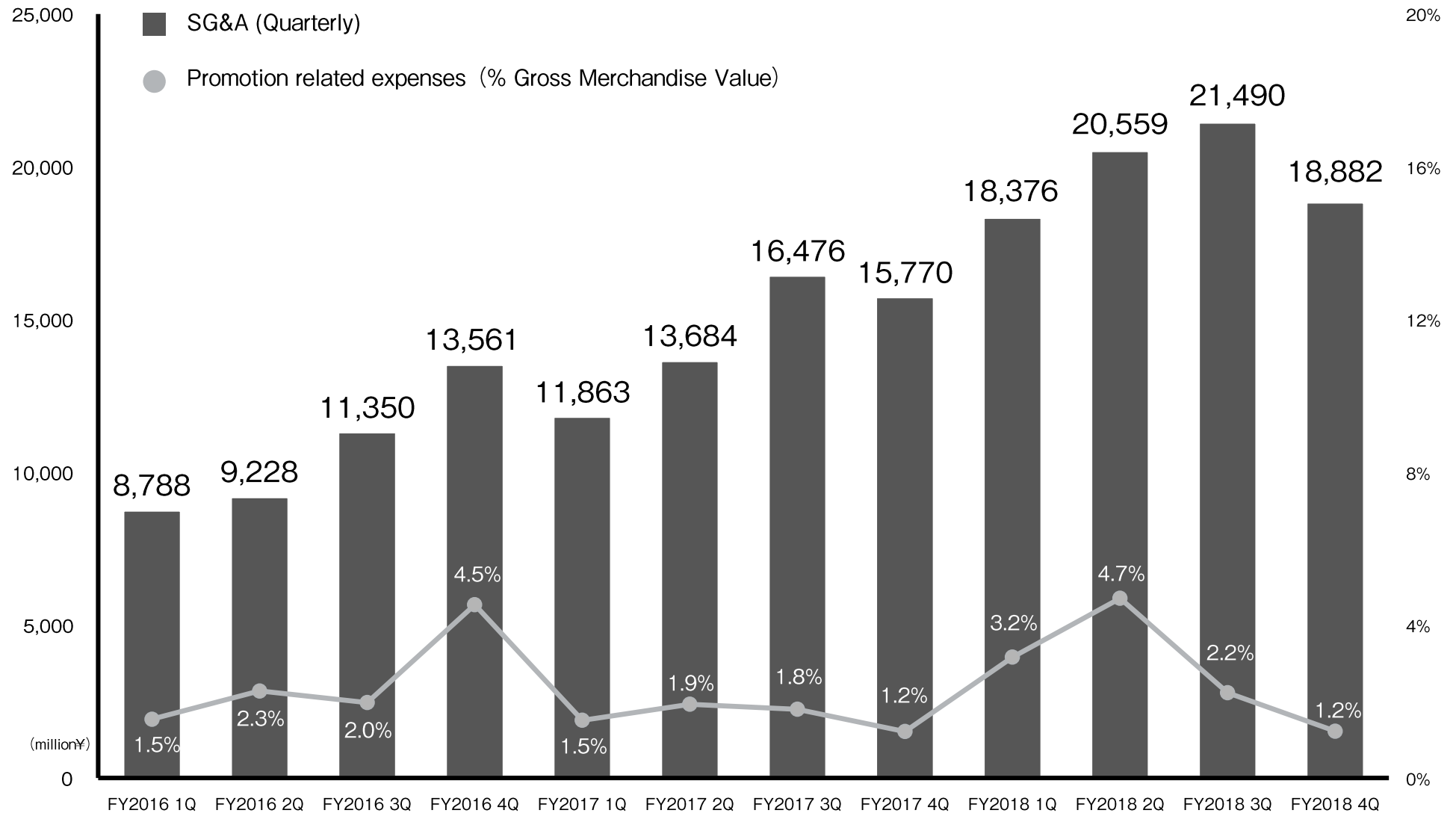
※Payroll includes directors' remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation.

"Employee" includes directors and employees, "Logistics-Related Expenses" includes part-timers, dispatched workers(subcontracting payroll) and substantial personnel expenses within outsourcing commission of staff working for logistics operations.

OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES (QUARTERLY)



OVERVIEW OF SG & A BY EACH QUARTER

18

(million¥)

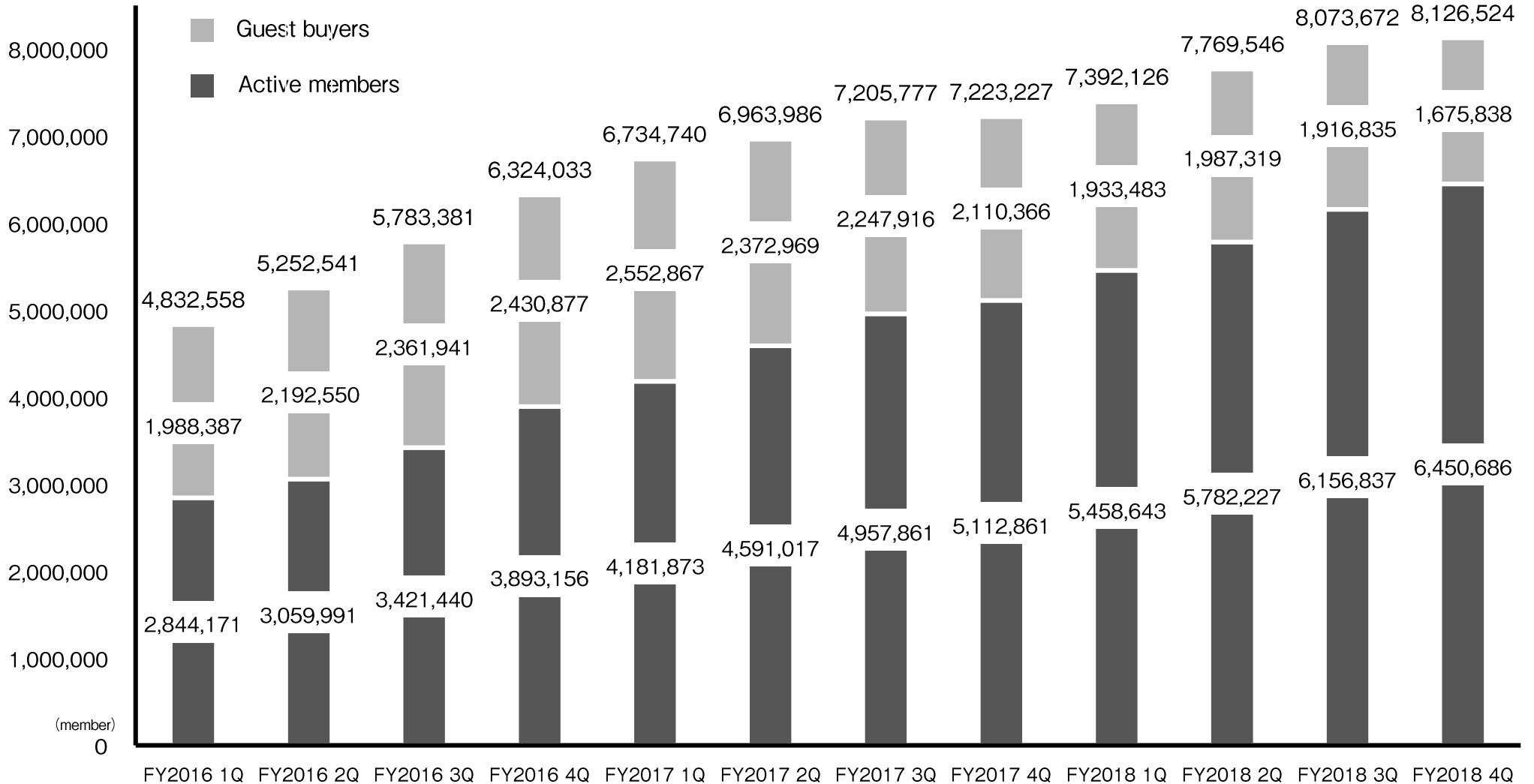
Item	FY2017								FY2018							
	1Q		2Q		3Q		4Q		1Q		2Q		3Q		4Q	
	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value
Payroll and staff costs (*)	3,534	5.9%	3,814	6.3%	4,307	5.6%	4,198	5.7%	4,825	6.9%	5,017	7.1%	5,706	6.1%	5,325	6.0%
Payroll costs for employee	1,423	2.4%	1,465	2.4%	1,469	1.9%	1,299	1.8%	1,988	2.8%	2,060	2.9%	2,018	2.2%	1,950	2.2%
Logistics-Related Expenses (Including Outsourcing)	2,110	3.5%	2,348	3.9%	2,837	3.7%	2,898	3.9%	2,836	4.0%	2,957	4.2%	3,688	3.9%	3,375	3.8%
Outsourcing Commission (Excluding Logistics-Related Expenses)	746	1.3%	1,272	2.1%	1,025	1.3%	913	1.2%	995	1.4%	1,017	1.4%	1,257	1.3%	1,290	1.5%
Shipping	2,616	4.4%	2,931	4.9%	4,282	5.5%	4,341	5.9%	4,665	6.6%	5,076	7.2%	5,631	6.0%	5,090	5.8%
Commission of Payment collection	1,953	3.3%	2,037	3.4%	2,402	3.1%	2,126	2.9%	2,030	2.9%	2,077	2.9%	2,633	2.8%	2,335	2.7%
Promotion related expenses	899	1.5%	1,160	1.9%	1,391	1.8%	895	1.2%	2,228	3.2%	3,331	4.7%	2,091	2.2%	1,079	1.2%
Advertising	345	0.6%	393	0.7%	529	0.7%	283	0.4%	1,548	2.2%	2,741	3.9%	1,240	1.3%	534	0.6%
Reward points related expenses	554	0.9%	766	1.3%	861	1.1%	612	0.8%	679	1.0%	590	0.8%	851	0.9%	544	0.6%
Rent expense	597	1.0%	757	1.3%	828	1.1%	828	1.1%	856	1.2%	891	1.3%	1,116	1.2%	1,163	1.3%
Depreciation	197	0.3%	211	0.4%	278	0.4%	303	0.4%	290	0.4%	333	0.5%	430	0.5%	463	0.5%
Amortization of goodwill	56	0.1%	56	0.1%	86	0.1%	113	0.2%	119	0.2%	119	0.2%	119	0.1%	119	0.1%
Stock Compensation Expenses	-	-	-	-	-	-	-	-	-	-	179	0.3%	-99	-0.1%	30	0.0%
Others	1,259	2.1%	1,442	2.4%	1,874	2.4%	2,050	2.8%	2,365	3.4%	2,513	3.5%	2,603	2.8%	1,984	2.3%
Total SG&A	11,863	19.9%	13,684	22.8%	16,476	21.3%	15,770	21.4%	18,376	26.1%	20,559	29.0%	21,490	22.9%	18,882	21.4%

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

"Employee" includes directors and employees, "Logistics-Related Expenses" includes part-timers, dispatched workers(subcontracting payroll) and substantial personnel expenses within outsourcing commission of staff working for logistics operations.

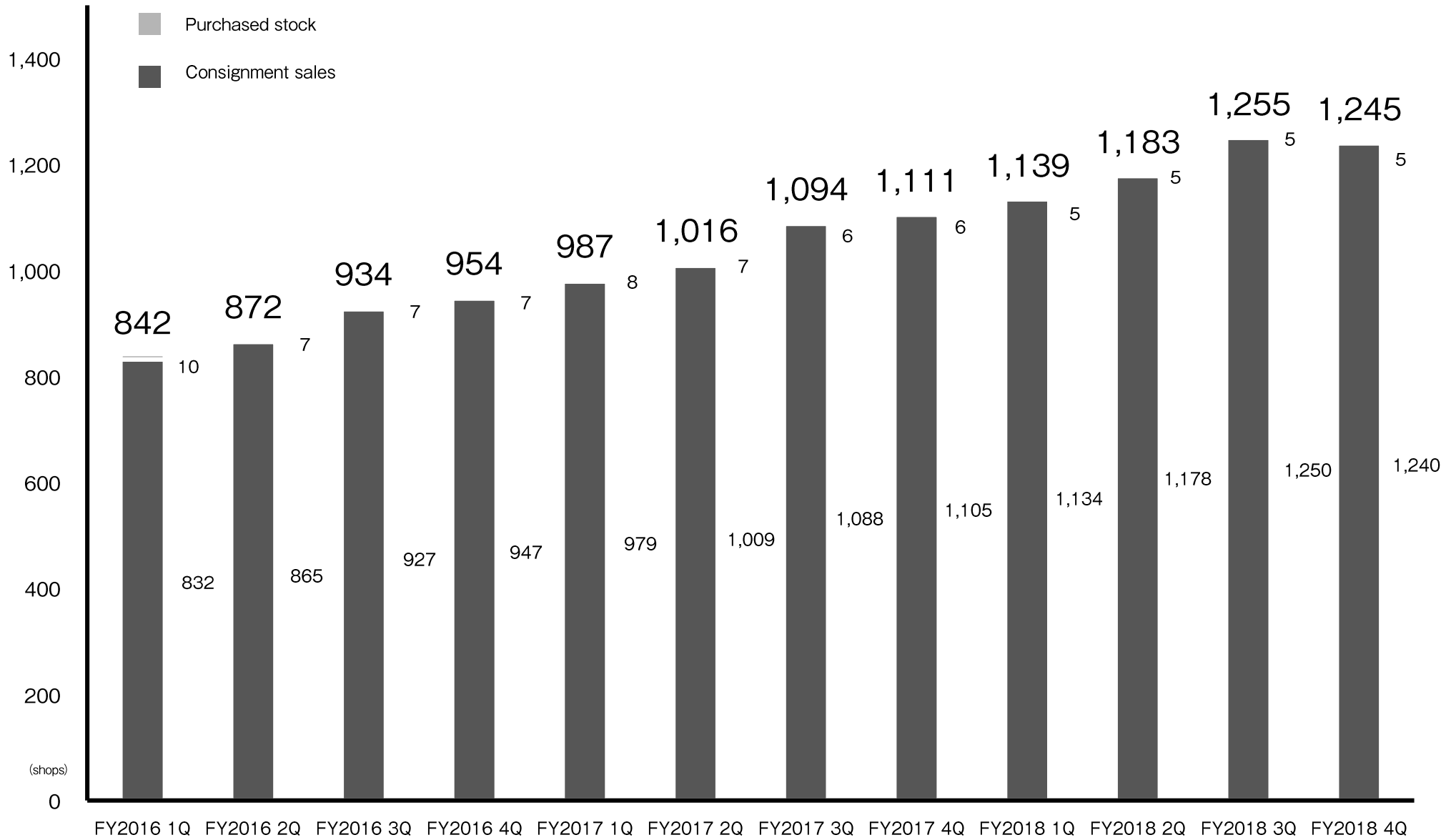
NUMBER OF TOTAL BUYERS

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



* Excluding the users only purchased the body measurement device "ZOSOSUIT"

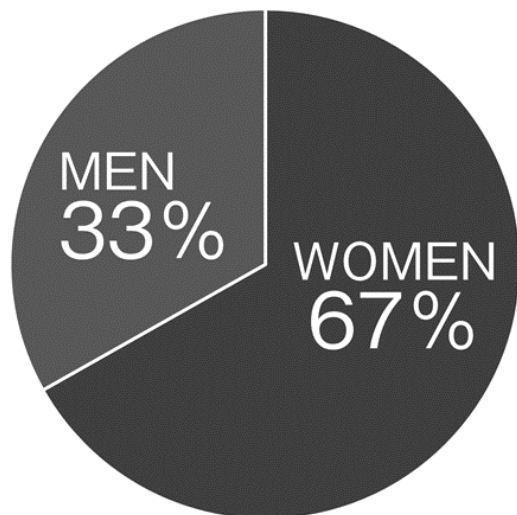
NUMBER OF SHOPS ON ZOZOTOWN



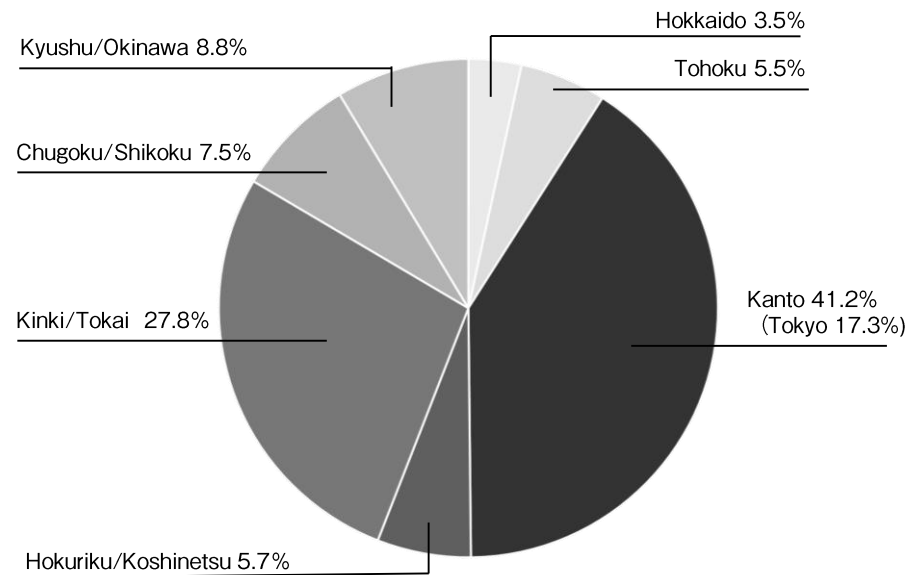
※Private brand "ZOZO" is not included to the number of shops

ACTIVE MEMBER DISTRIBUTION

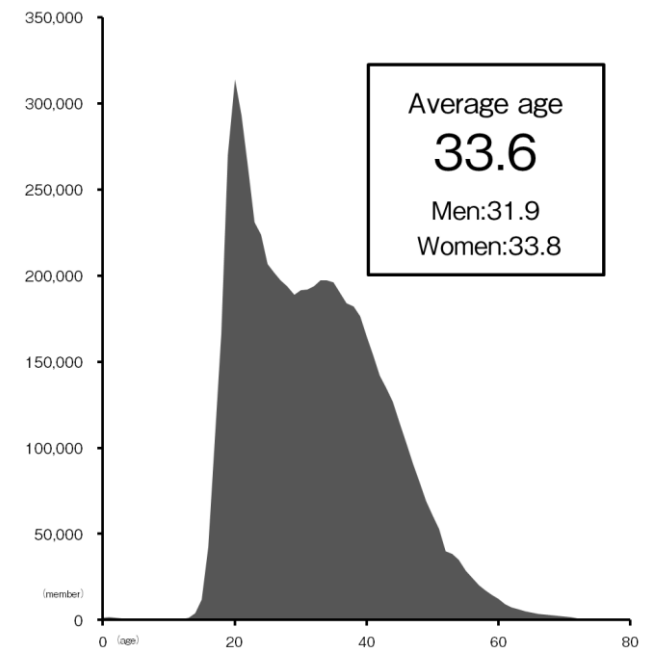
■ Gender ratio



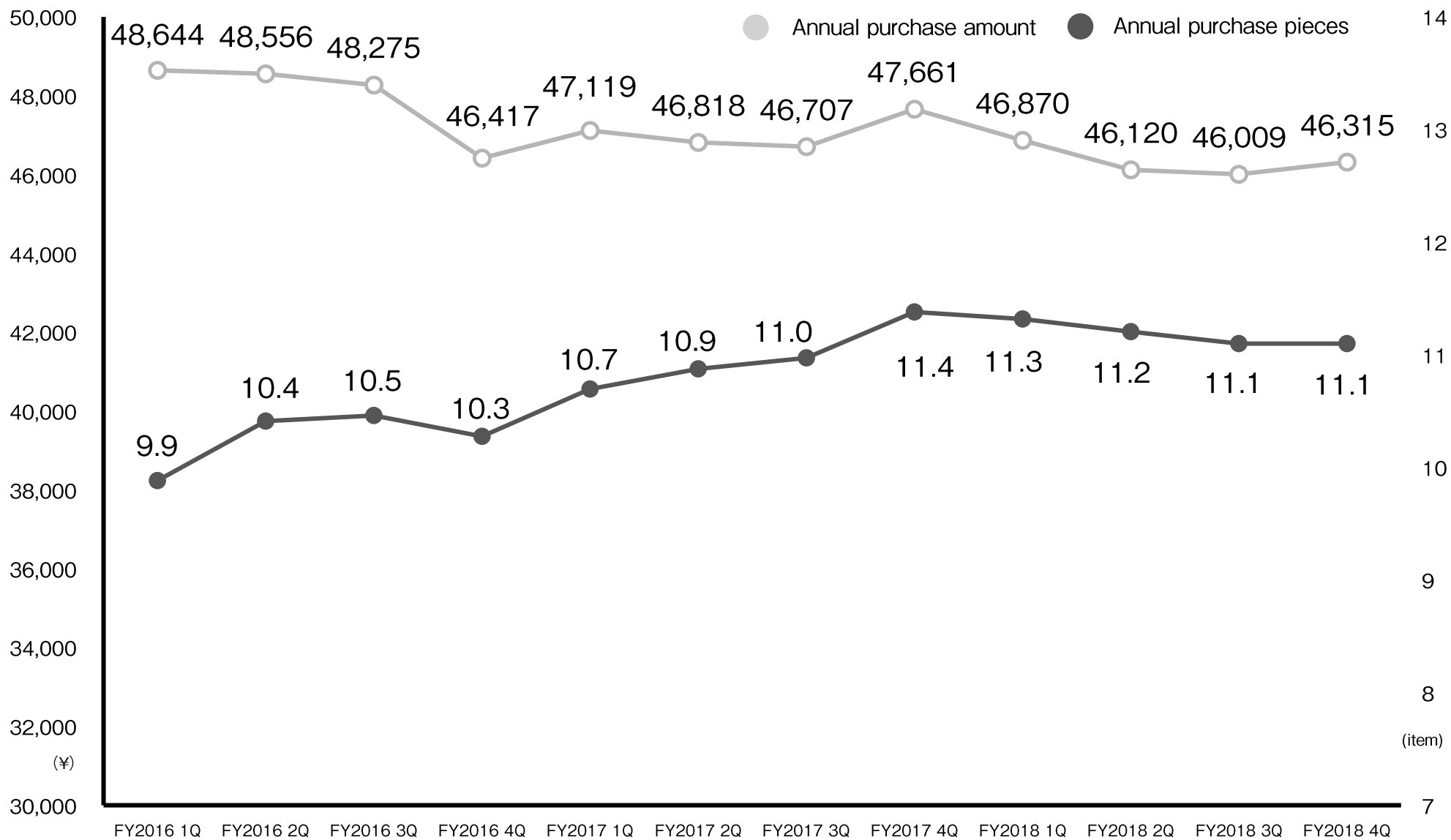
■ Geographical distribution



■ Age distribution

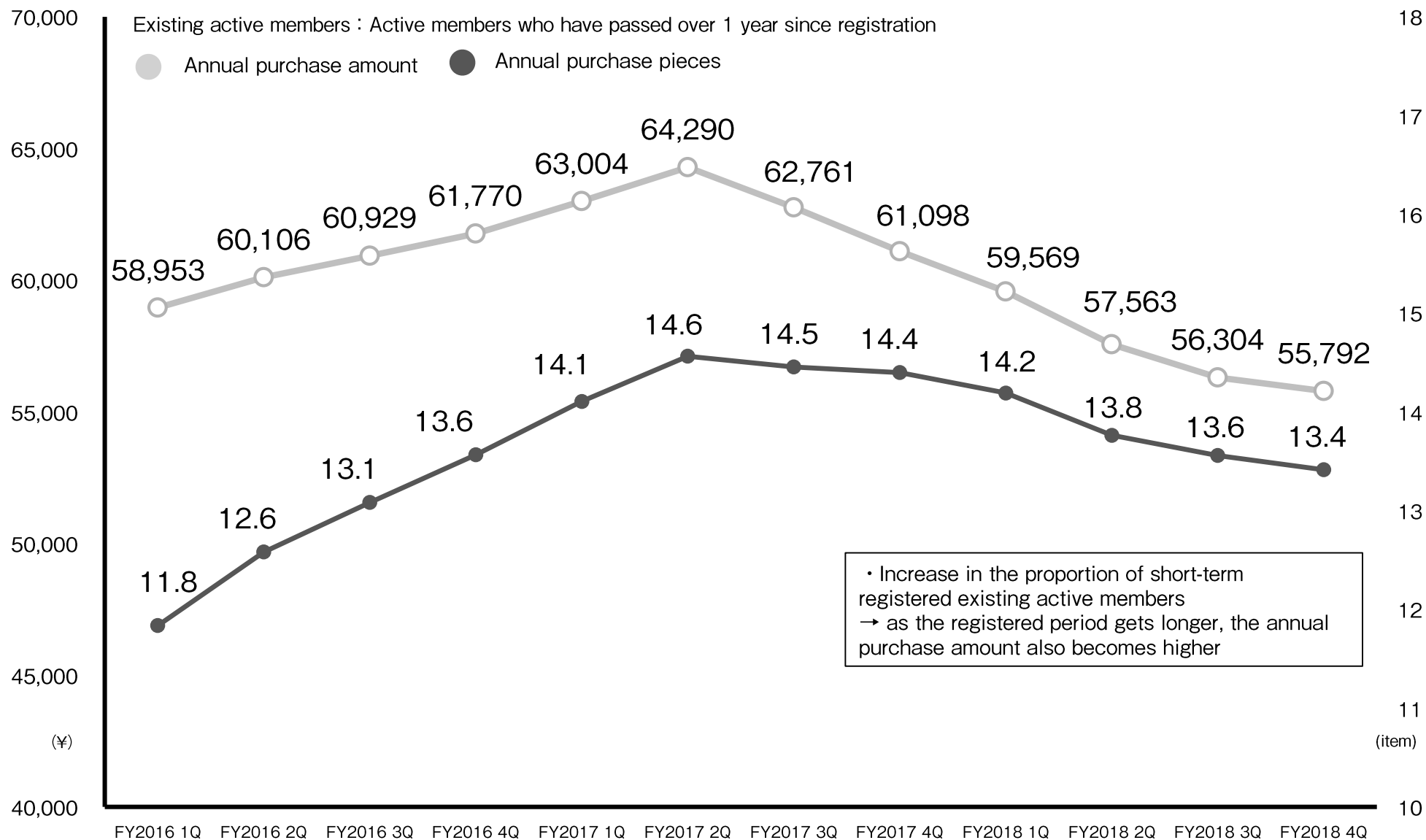


ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER



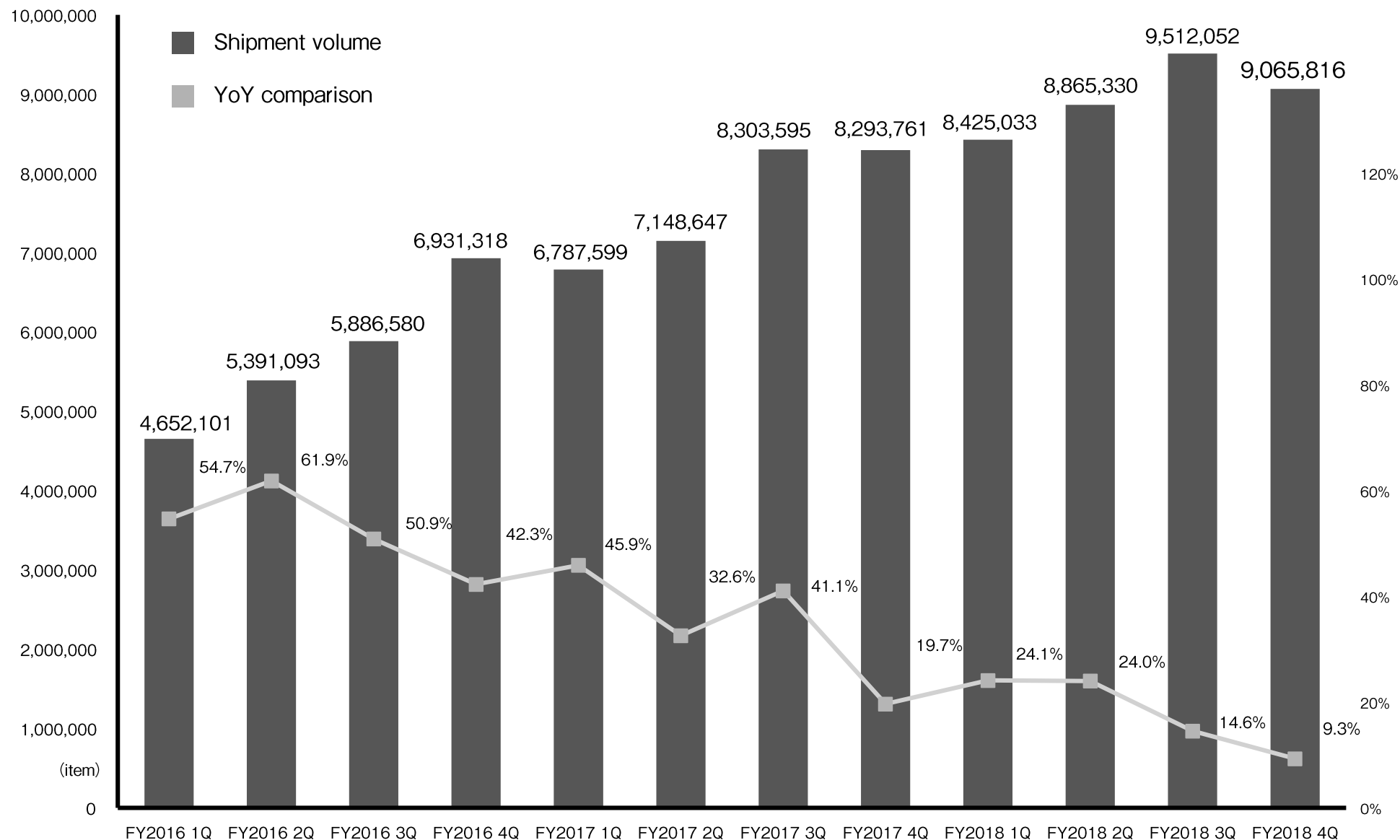
* Excluding the users only purchased the body measurement device "ZOSOSUIT"

ANNUAL PURCHASE AMOUNT AND PIECES PER EXISTING ACTIVE MEMBER



* Excluding the users only purchased the body measurement device "ZOSOSUIT"

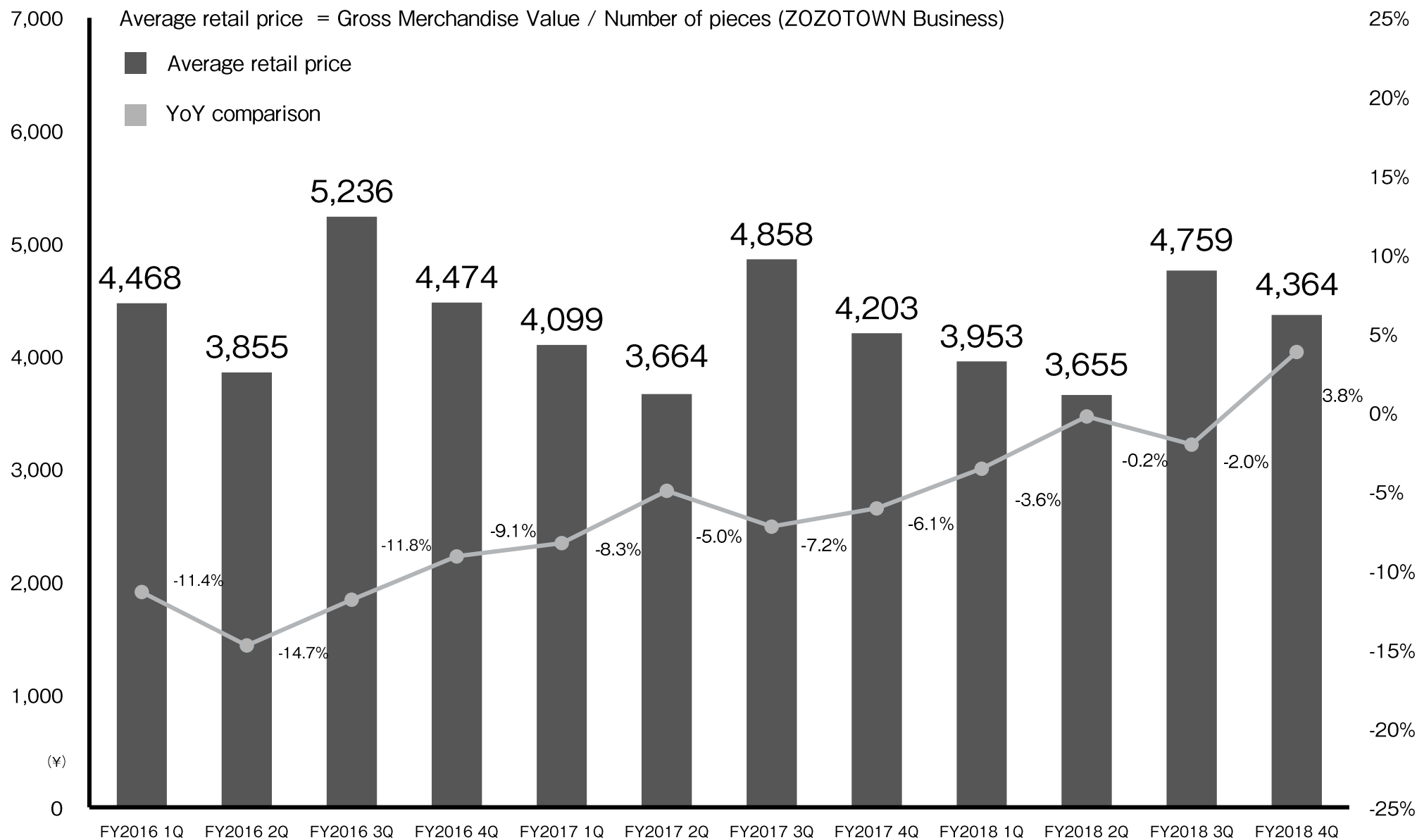
NUMBER OF SHIPMENT



* Excluding the number of shipment of the body measurement device "ZOZOSUIT" only.

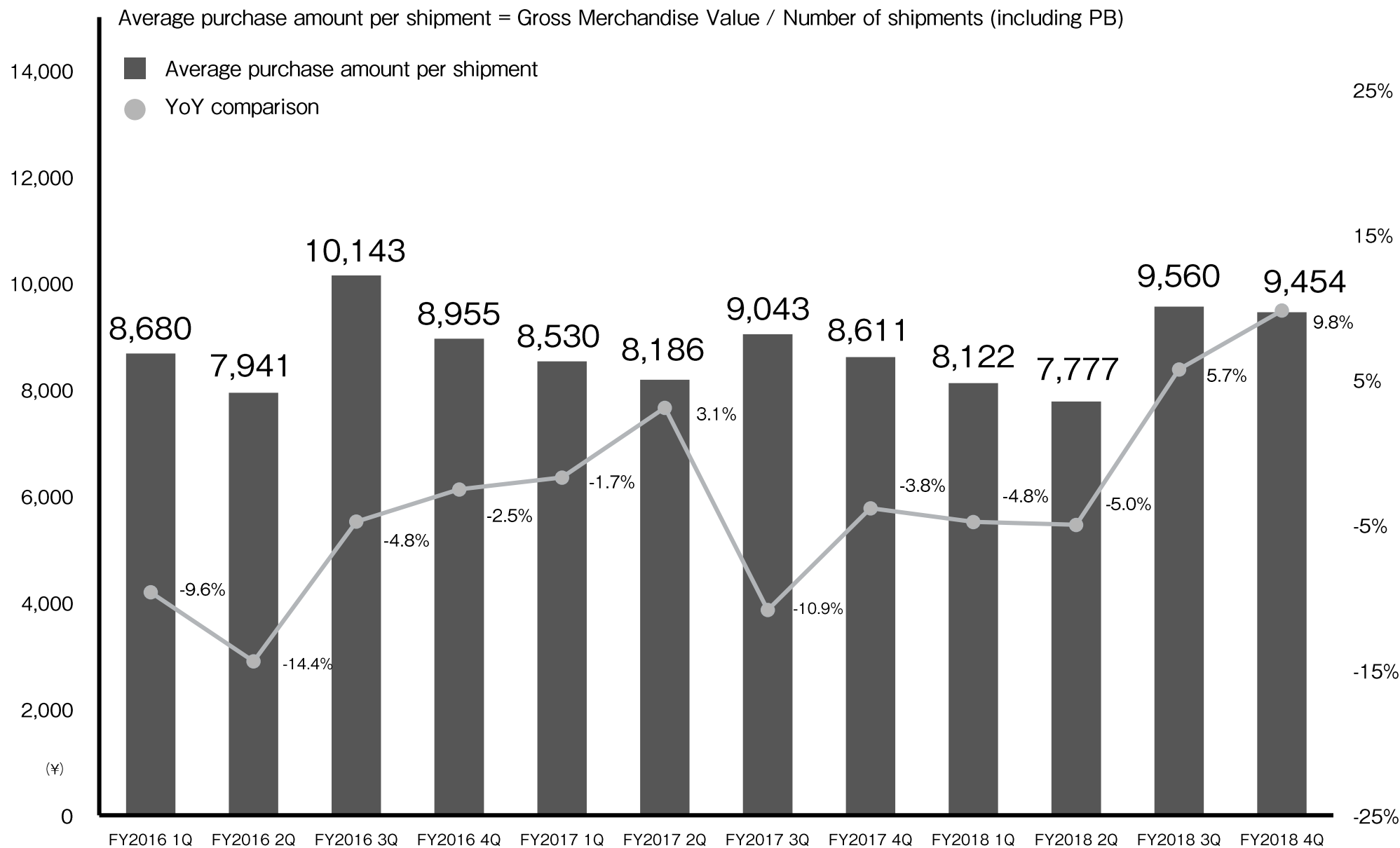
* The number of shipment is the combined results of the ZOZOTOWN business and the PB business.

AVERAGE RETAIL PRICE



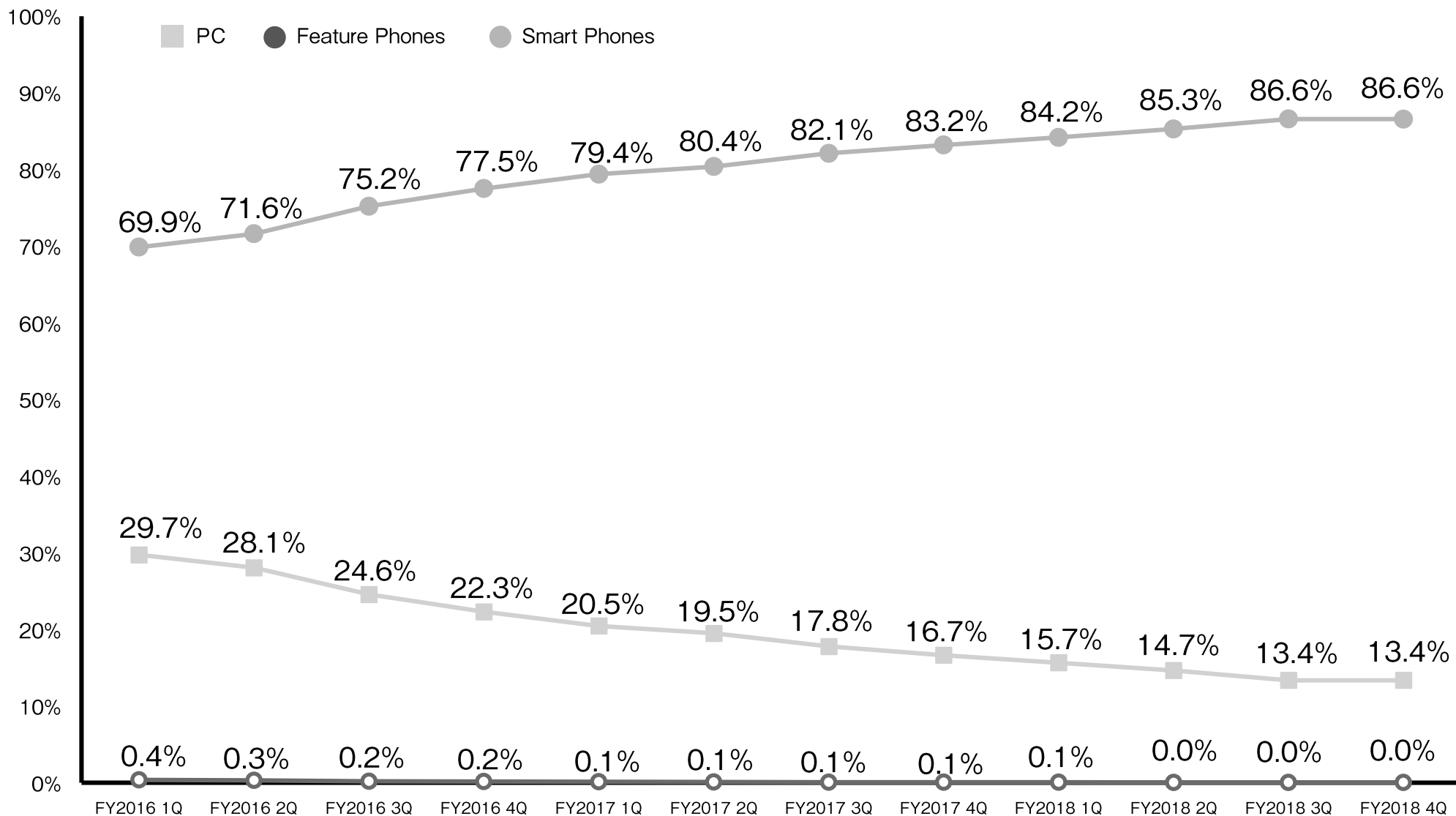
* The numbers of average retail price are averages calculated from combined results of the ZOZOTOWN business and the PB business.

AVERAGE PURCHASE AMOUNT PER SHIPMENT



* The numbers of average purchase amount per shipment are averages calculated from combined results of the ZOZOTOWN business and the PB business.

THE RATIO OF SHIPMENT VOLUME TO THE TOTAL PURCHASE VOLUME (by access terminal)





BUSINESS PLAN FOR FY2019

CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2019

29

	FY2019 Plan	Growth Rate(%)
Gross Merchandise Value	367.0 billion yen	+13.6%
Net Sales	136.0 billion yen	+14.9%
Operating Profit	32.0 billion yen	+24.7%
Operating Profit Margin (to the Gross Merchandise Value)	8.7 %	-
Recurring Profit	32.0 billion yen	+24.4%
Profit attributable to owners of parent	22.5 billion yen	+40.8%
Earnings per share	73.7 yen	-
Estimated dividends per share (Plan)	30.0 yen	-

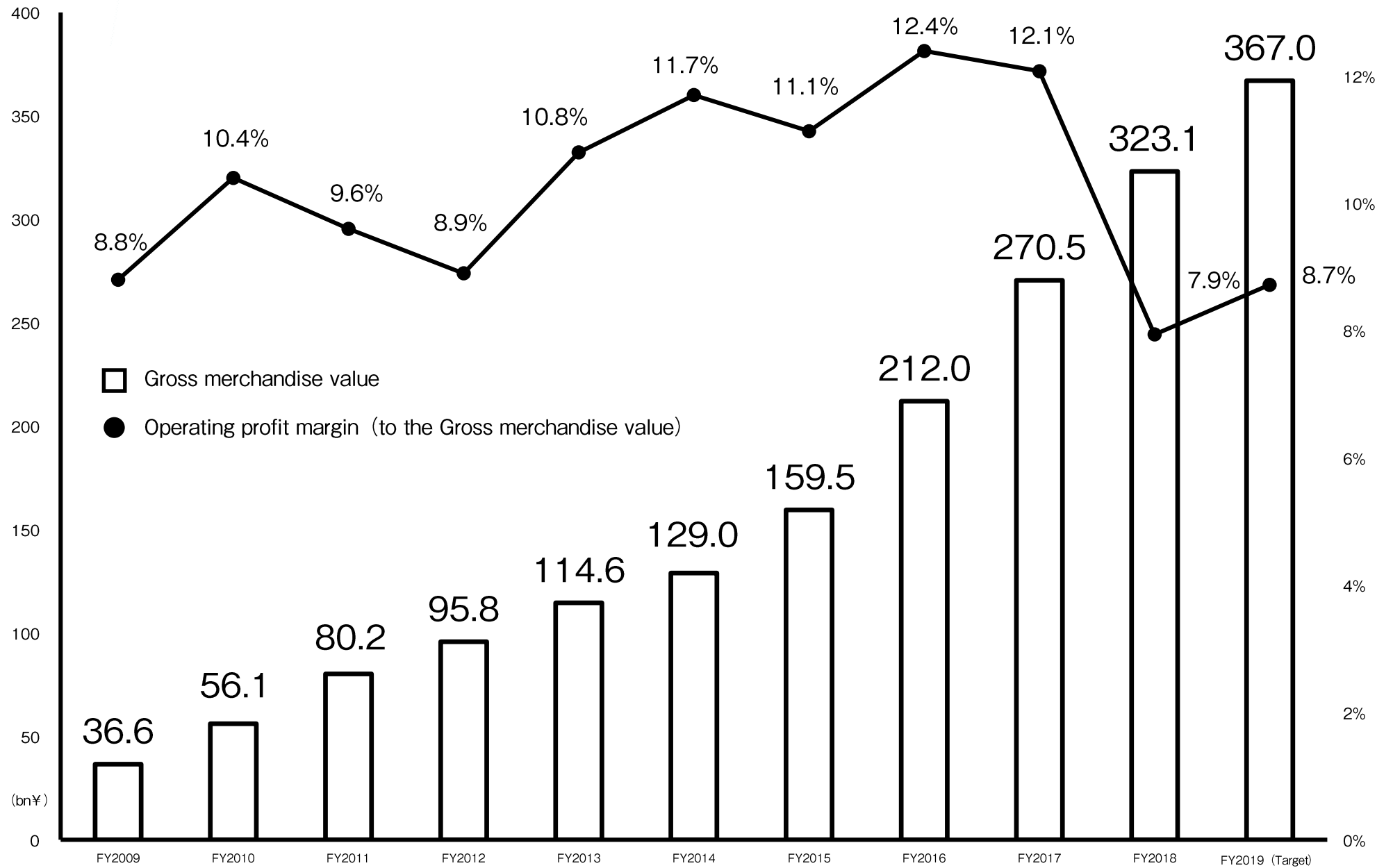
FY2019 TARGET BY BUSINESS SEGMENT

30

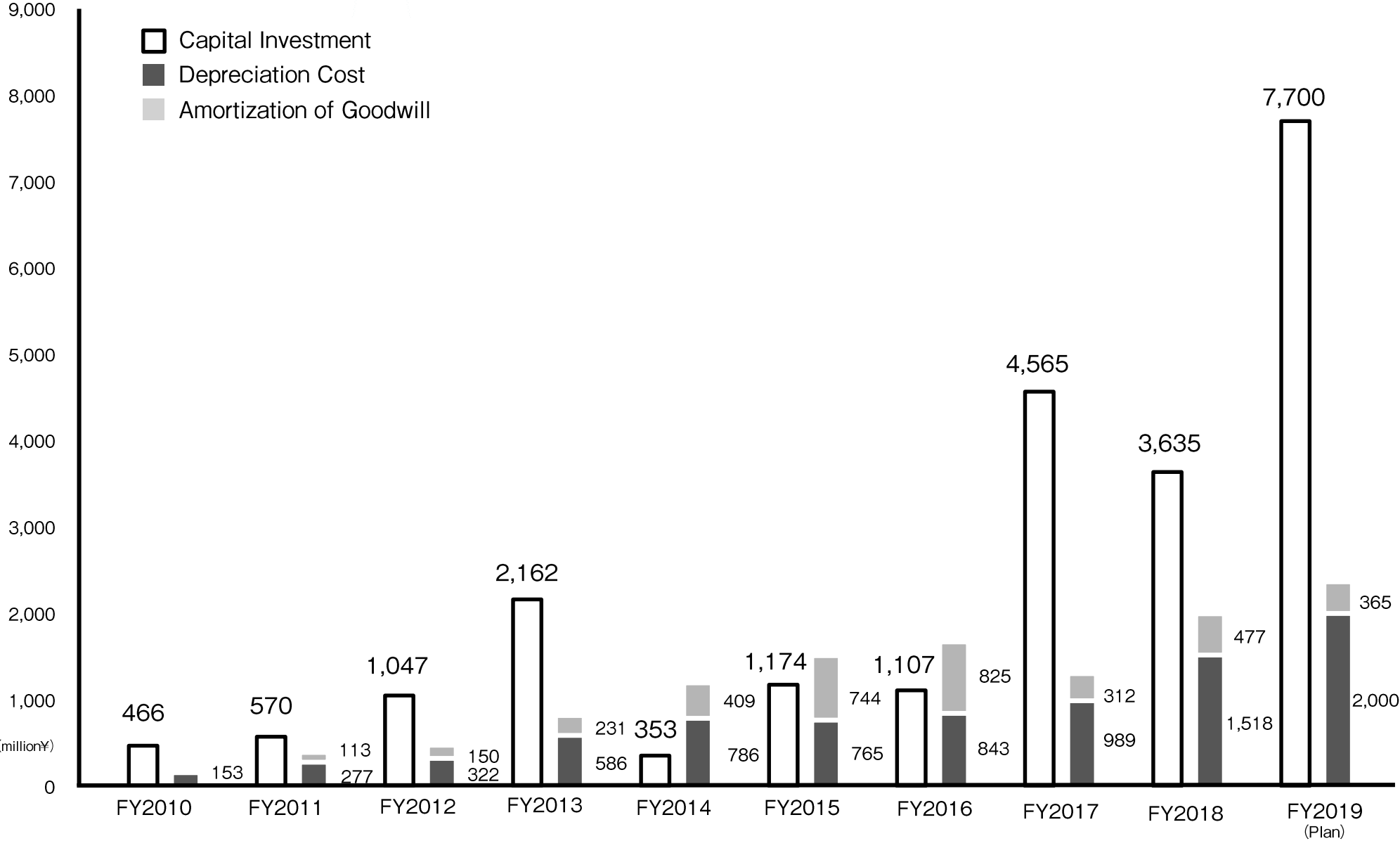
	Target for Total Gross Merchandise Value	Yoy
ZOZO Group	367.0 billion yen	+13.6%
ZOZOTOWN Business	355.4 billion yen	+14.4%
• Consignment Business	338.5 billion yen	+15.0%
• ZOZOUSED	16.9 billion yen	-0.4%
BtoB Business	8.9 billion yen	-1.3%
Private Brand Business	1.7 billion yen	-38.5%
MSP Business	1.0 billion yen	—

	Target for Net Sales	Yoy
Advertisement Business	2.1 billion yen	+47.2%

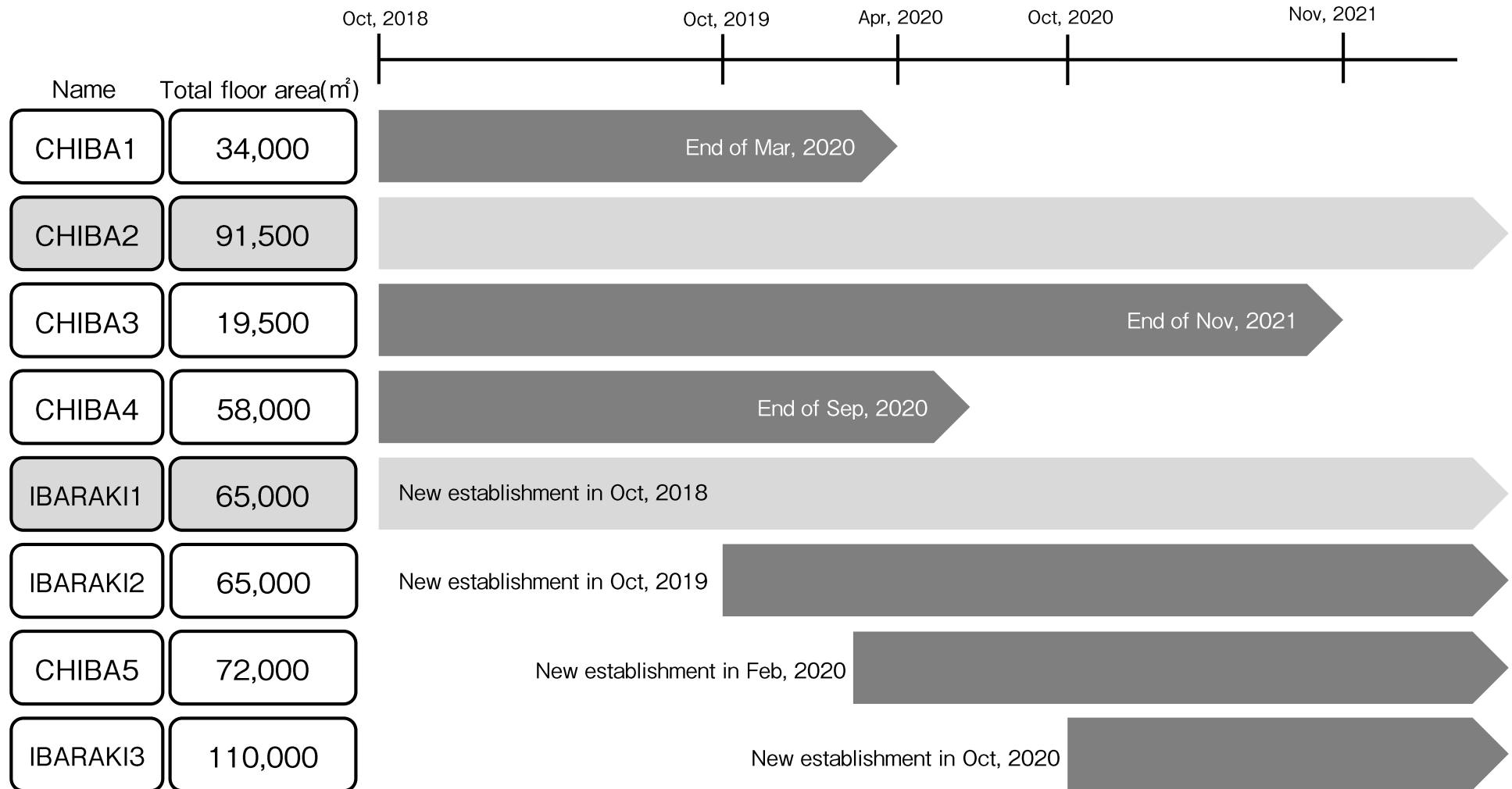
GROSS MERCHANDISE VALUE



CAPITAL INVESTMENT

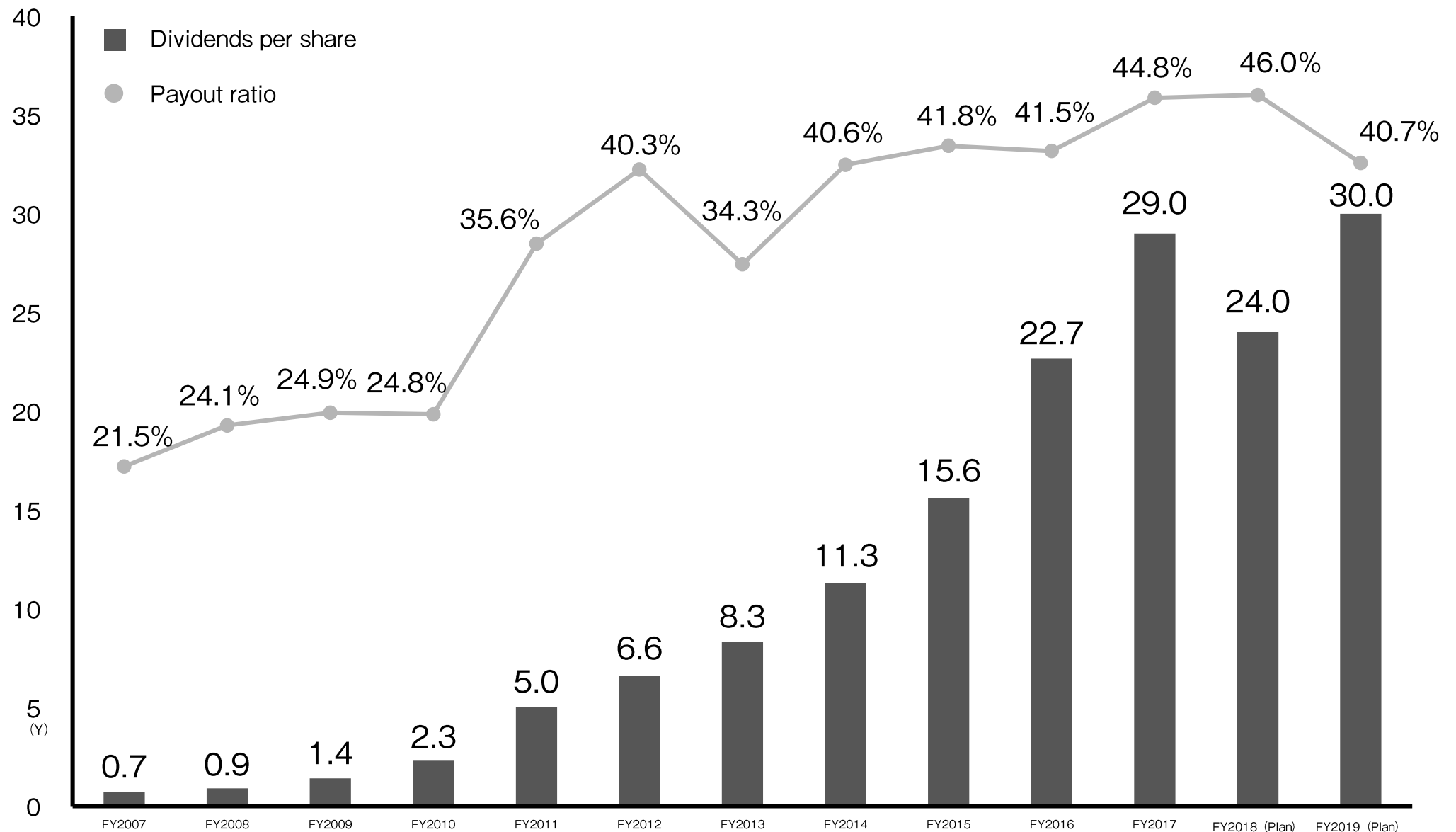


DISTRIBUTION WAREHOUSE EXPANSION PLAN



※CHIBA2 and IBARAKI1 are warehouses with shipping function

DIVIDENDS PER SHARE AND PAYOUT RATIO



※ The dividends forecast was revised on January 31, 2019



REFERENCE
DATA

7,056
POPULAR BRANDS

1,094
EMPLOYEES (average age 32.7 years old)

世界中をカッコよく、世界中に笑顔を。

Make the world a better place, Bring smiles to the world.

41,425
SHARE HOLDERS

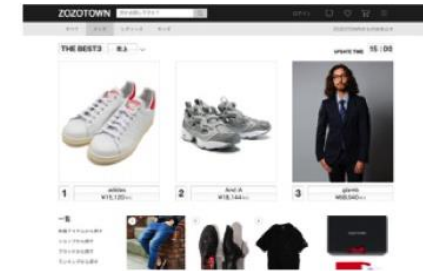
812 Million
TOTAL BUYERS (1year basis)

MAJOR SERVICES

ZOZOTOWN

Japan's Largest Online Retailer of Apparel and Accessories

- 1,245 stores offering 7,056 brands.
- At any given time, more than 730,000 items are available with an average of 3,200 new items added everyday.
- Systems, design, to fulfillment, all functions are built in house.

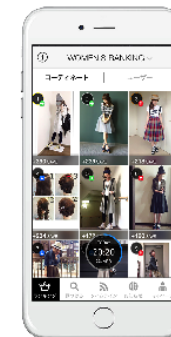


ZOZOTOWN <http://zozo.jp/>

WEAR

Japan's largest fashion coordination app

- When uploading coordinate pics, tag each item worn in the look, using information on our data base. The systems allows anyone to search for coordinates and items by various queries.
- Official users who we call WEARISTAs, include popular models, singers, actors and actresses.
- Over 13.0 million DL
- Now available in all geographic areas.



WEAR <http://wear.jp/>

Private Brand “ZOZO”

- Sales and manufacture of made-to-order basic items fitting every body uniquely and perfectly, from measurement data extracted from the body measurement device the company developed “ZOSUIT” .
- Number of selling items : Men's : 26 items Women's : 27 items (March 2018)
- Sold at ZOZOTOWN



ZOZO

OUR SUBSIDIARIES

ZOZO Technologies, Inc.

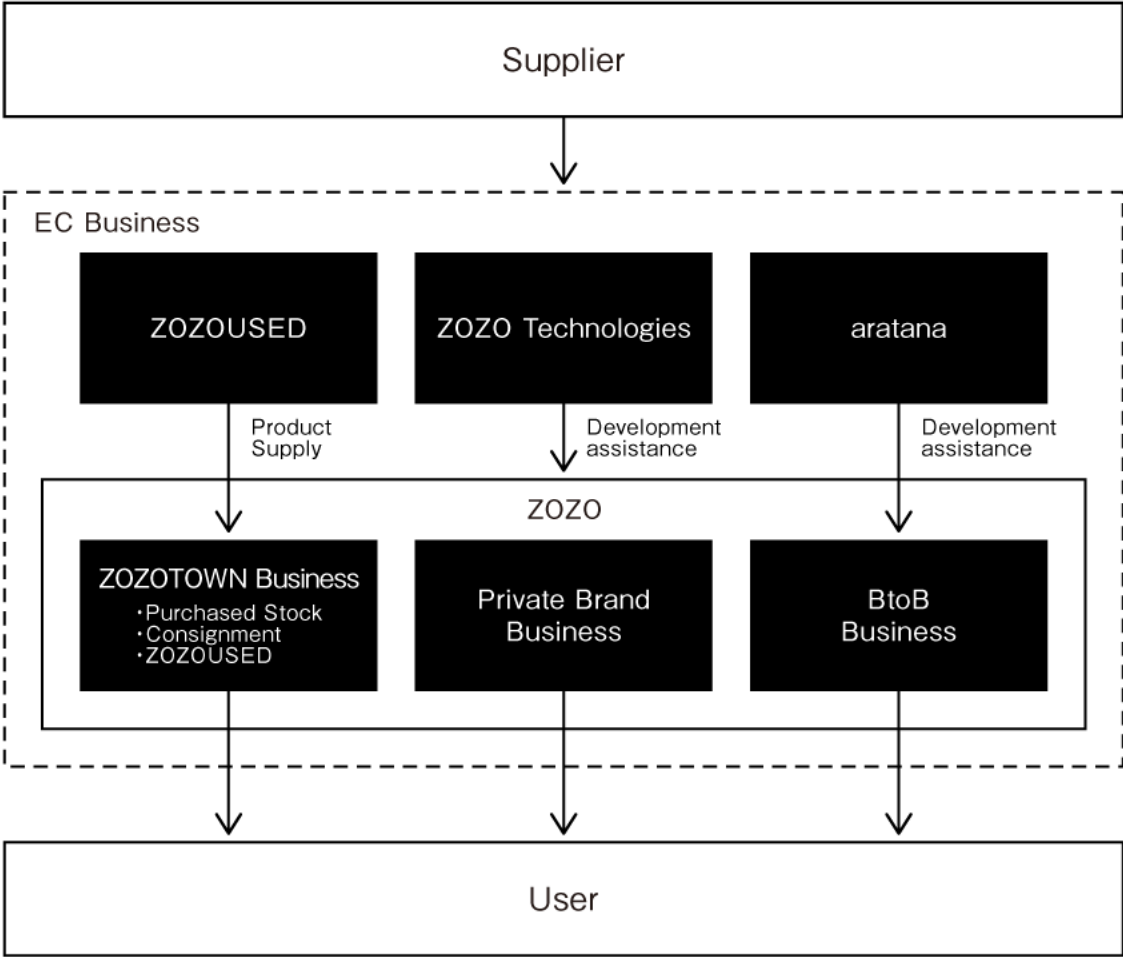
System development,web design,CRM,
Technological development, R&D

ZOZOUSED, Inc.

A business operated by reselling second hand
apparel items purchased from our users

aratana inc.

Specializes in building EC sites,web marketing,
web security systems,and EC rerated applications



MAJOR SERVICES

ZOZOTOWN Business

- **Consignment Sales**

We operate 1,240 shops as consignment sales businesses.

This business model allows us to carry a certain amount of products from the brands, while giving us low inventory risk.

Sales = Gross merchandise value[※] of each store x commission rate

- **Purchased Stock**

We operate 5 stores within ZOZOTOWN, which offer products we purchase from brands.

Sales = Gross merchandise value[※] generated by each store

- **ZOZOUSED Business**

We purchase used fashion products from our users, and resell them as a second-hand business.

Sales = Gross merchandise value[※] of purchase stock + Consignment commission of marketplace

Private Brand Business

The business model which manufacture and sell order-made basic items with best fit for each customer, by utilizing the data measured by the body measurement suit " ZOZOSUIT" developed by Start Today.

Items are sold at the private brand shop on ZOZOTOWN in Japan, and will be sold at dedicated sales websites at overseas.

Sales = Gross merchandise value[※] of private brand items

BtoB Business

We help develop and operate online shops on behalf of various brands, such as "United Arrows" .

We currently provide back-end service to 23 stores.

Sales = Gross merchandise value of these online shops x commission rate

※Above sales includes other sales such as initial shop opening commission, shipping income etc.

Advertisement Business

Advertisement business will gain advertisement income from client companies including brands by providing advertisement spots utilizing the user base of ZOZOTOWN and WEAR.

Sales = Advertisement income

※Gross merchandise values used for the calculation of sales are the amounts after deduction of discount attributable to the paid-membership service.

Introduction of IR website ([ZOZO IR Top](https://corp.zozo.com/en/ir-info/))

URL : <https://corp.zozo.com/en/ir-info/>

Information below are available at our IR website. Please kindly confirm.

- [IR News](https://corp.zozo.com/en/ir/) . . . The latest IR information are posted in a timely manner.

URL : <https://corp.zozo.com/en/ir/>

- [ESG](https://corp.zozo.com/en/ir-info/management-policy/esg/) . . . Introducing our initiatives on ESG.

URL : <https://corp.zozo.com/en/ir-info/management-policy/esg/>

- [Financial Highlights](https://corp.zozo.com/en/ir-info/financial-highlights/) . . . Financials for the past 3 years are available.

Data can be downloaded in both PDF and excel format.

URL : <https://corp.zozo.com/en/ir-info/financial-highlights/>

Introduction of IR Mail

By registering your email address to our IR Mail, we will send you information pertain to our IR such as latest news releases.

If you wish to register, please click [here](https://corp.zozo.com/en/ir-info/mail-magazine/) or make access to the following link:

URL : <https://corp.zozo.com/en/ir-info/mail-magazine/>

News and information will be sent through the service provided by Magical Pocket Corporation.

This material has been created for the sole purpose of introducing the company's business activities, and not for soliciting investments.

The business forecasts and the future outlook described in the material is based on information currently available.

The forecast includes uncertainties such as sudden changes, therefore actual results may differ.