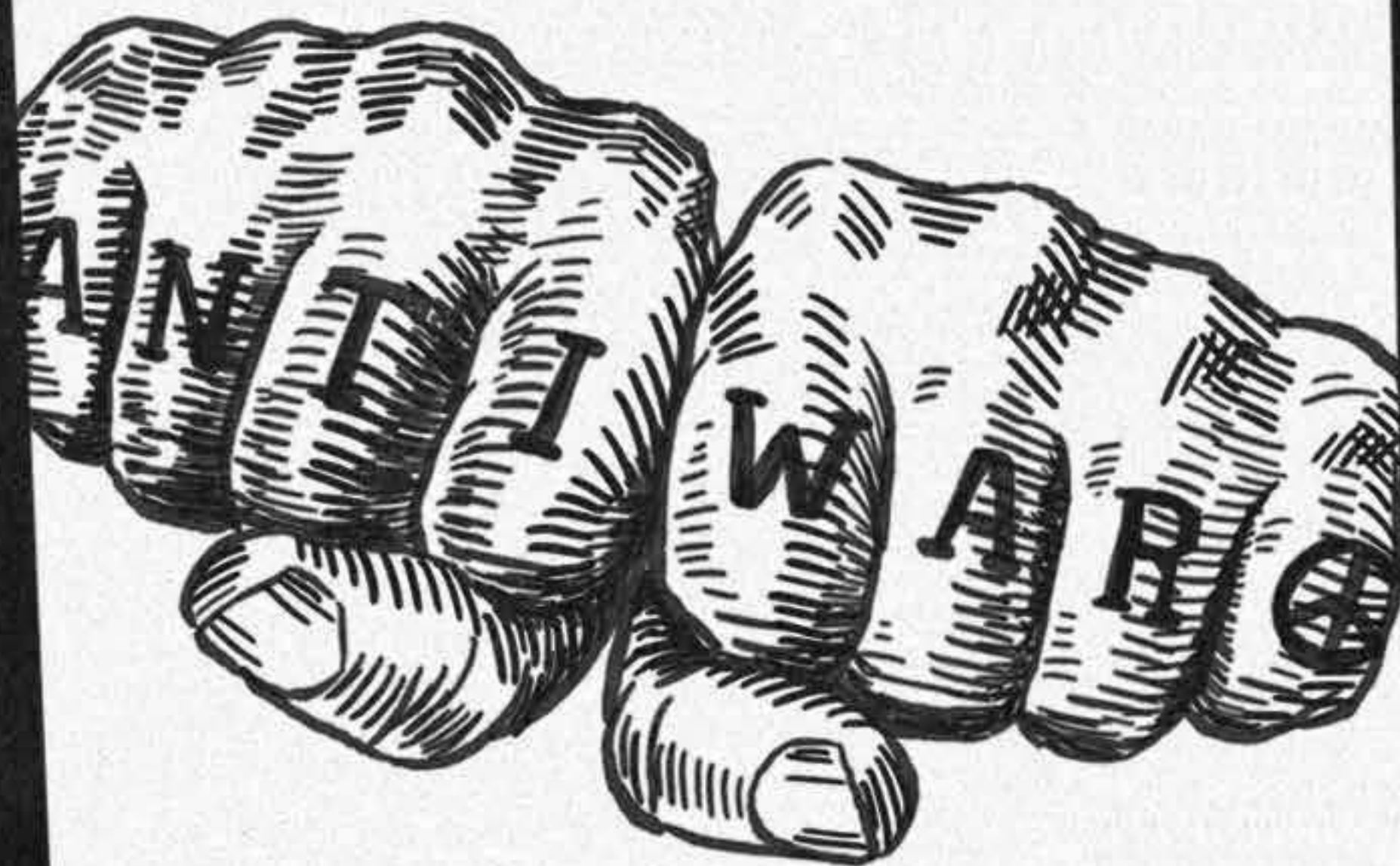


2020

3Q FY2019

CONSOLIDATED

BUSINESS RESULTS



KNE

HIGHLIGHTS

3Q FY2019 ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS

FY2019 3Q HIGHLIGHTS

Overview

- Gross Merchandise Value : 253,867 million yen (+7.8%,Yoy)
- Operating Profit : 19,385 million yen (-6.0%,Yoy)

Gross Merchandise Value

○ ZOZOTOWN BUSINESS

Gross Merchandise Value : 244,455 million yen (+7.9%,Yoy)

Consignment Business : 232,478 million yen (+8.8%,Yoy)

Purchased Stock Business : 166 million yen (+29.3%,Yoy)

ZOZUSED Business : 11,810 million yen (-6.6%,Yoy)

- PayPay Mall : 409 million yen (-)
- Private Brand Business : 927 million yen (-59.0%,Yoy)
- MSP Business : 443 million yen (-)
- Average Order Value : 8,973 yen (-6.3%,Yoy)
- Average Retail Price : 4,501 yen (-5.6%,Yoy)
- BtoB Business : 7,631 million yen (+14.6%,Yoy)

FY2019 3Q HIGHLIGHTS

Profitability

- Operating profit margin (to the total gross merchandise value) : **7.6%** (8.8% for FY2018 3Q)
 - Factors improving profitability : Drop of the rate promotion related expenses due to a decrease in the number of ZOZOSUIT distribution, Drop of the rate of other expenses due to a decrease in the amount of one-off costs
 - Factors worsening profitability : Drop in GPM derived from discount initiatives such as ZOZOARIGATO etc., Rise in the rate of logistics-related expenses due to "ZOZO part-timer reform"(hourly pay increase)

Topic

- ZOZOTOWN opened a shop at PayPay Mall (December 2019)
- Launched the Chinese version of ZOZOTOWN "ZOZO"(December 2019)

ZOZO BECOMING A CONSOLIDATED SUBSIDIARY OF Z HOLDINGS CORPORATION

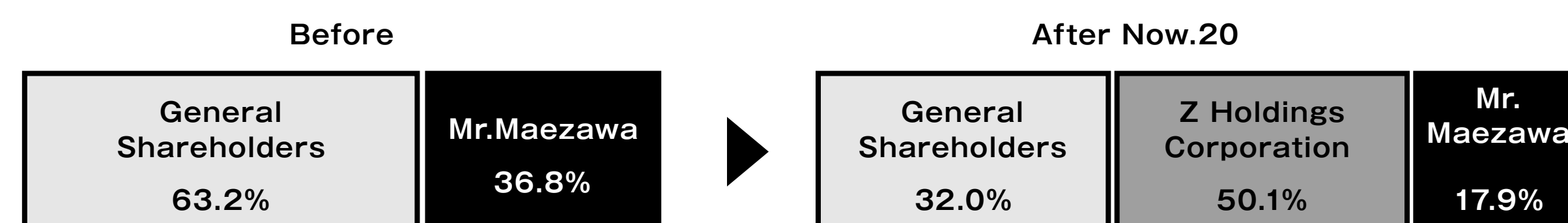
Results of Tender Offer

- Z Holdings Corporation acquired 50.1% of ZOZO shares.
- With settlement of the TOB on November 20, 2019, Z Holdings Corporation became the parent company and the largest shareholder

Shareholding of Mr. Maezawa, the founder of the Company

	Number of shares	Shareholding ratio
Number of shareholding at TOB announcement	112,226,600	36.8%
Number of shares tendered	92,726,600	30.4%
Number of shares sold (result)	57,671,700	18.9%
Number of remaining shares after TOB settlement	54,554,900	17.9%

Shareholders composition



Mr. Maezawa is now the second largest shareholder, and sales etc. of the remaining shares are not determined.

Governance Structure

- At the Extraordinary General Meeting of Shareholders on January 28, 2020, ZOZO appointed Mr. Kentaro Kawabe from Z Holdings Corporation as a candidate for a director and resolved by majority vote.
- Planning to dispatch another director from Z Holdings Corporation at next June's Ordinary General Meeting of Shareholders.
- Going forward, the structure of the Board of Directors is slated to become total of 8 members: 3 directors (full-time), 2 directors (part-time) and 3 outside directors.

Progress of Alliance

- Opened ZOZOTOWN shop in PayPay Mall on December 17, 2019, and started a point back campaign
- Start sending users to ZOZOTOWN from Yahoo! Japan.

DIFFERENCES BETWEEN ZUZOTOWN AND ZUZOTOWN SHOP ON PAYPAY MALL

	ZUZOTOWN	ZUZOTOWN PayPay Mall Shop
Overview	One of the largest fashion e-commerce sites in Japan providing original services specialized in fashion	E-commerce site for wide range of users also expecting cross-category shopping other than the fashion category
Number of shops	1,345 (As of December 31, 2019)	1,191 (As of January 8, 2020)
Selling items	Full line-up	Freely selected by each shop
Detail of consignment	All the operations needed for EC business such as shooting, measurement, logistics, customer support, operation support etc.	Same as the left
Original services provided	Deferred payment, ZOZO Trade-in, same-day delivery, preorder, brand coupons, gift-wrapping service, image search function etc.	PayPay balance payment
Payment methods	Credit cards, cash on delivery, convenience store payment, deferred payment, LINEPay	PayPay balance payment, credit cards, cash on delivery
Reward points	Provision of ZOZO points 1% of item price (excluding tax)	PayPay bonus points or T points based on PayPay campaign
Revenue	Consignment sales commission from brands	Same as the left (Commission rate is same as ZUZOTOWN)
	Shipping revenue from customers	210 yen (including tax)
Expenses bear by ZOZO	Shop opening commission	No
	Payment collection commission	Yes
	Customer attraction cost	Yes
	Reward points cost	Yes

BUSINESS RESULTS

3Q FY2019 ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS

OVERVIEW OF THE FY2019 3Q

(million¥)

	FY2018 3Q	FY2019 3Q	YoY	Target	Progress Rate(%)
Gross Merchandise Value	235,418	253,867	7.8%	367,000	69.2%
Net sales	89,774	91,887	2.4%	136,000	67.6%
Gross profit	81,057	83,934	3.5%	—	—
(%Gross Merchandise Value)	34.4%	33.1%	-1.3%	—	—
SG&A	60,426	64,549	6.8%	—	—
(%Gross Merchandise Value)	25.7%	25.4%	-0.3%	—	—
Operating profit	20,630	19,385	-6.0%	32,000	60.6%
(%Gross Merchandise Value)	8.8%	7.6%	-1.2%	8.7%	—
Ordinary profit	20,685	19,224	-7.1%	32,000	60.1%
Profit attributable to owners of parent	13,665	12,172	-10.9%	22,500	54.1%

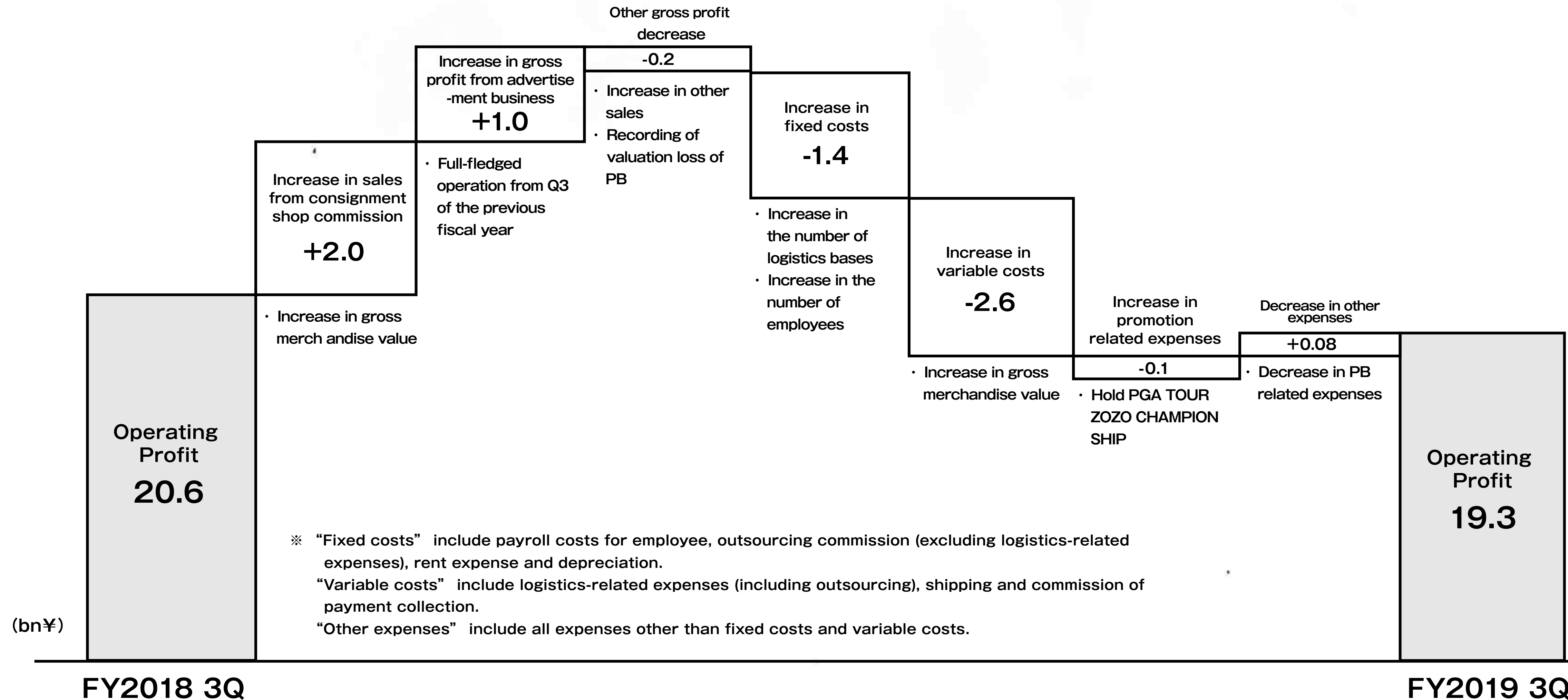
OVERVIEW OF EACH QUARTER

(million¥)

	FY2018				FY2019		
Item	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Gross Merchandise Value	70,506	70,906	94,005	88,400	79,743	79,845	94,278
YoY (%)	18.0%	16.8%	21.0%	20.1%	13.1%	12.6%	0.3%
Net sales	26,552	27,212	36,010	28,630	28,197	29,045	34,645
SG&A	18,376	20,559	21,490	18,882	18,483	20,683	25,382
YoY (%)	54.9%	50.2%	30.4%	19.7%	0.6%	0.6%	18.1%
(%Gross Merchandise Value)	26.1%	29.0%	22.9%	21.4%	23.2%	25.9%	26.9%
Operating profit	5,874	4,178	10,577	5,023	7,786	5,467	6,131
YoY (%)	-26.4%	-28.6%	8.8%	-44.9%	32.6%	30.8%	-42.0%
(%Gross Merchandise Value)	8.3%	5.9%	11.3%	5.7%	9.8%	6.8%	6.5%

- Factors slowing down the GMV growth : Impacts from deterioration of market conditions from the consumption tax hike, warm winter, etc.
- Factors slowing down the OP growth : Shortfall of the gross profit target due to the above factors and increases in SG&A expenses from PGA TOUR, Jean-Michel Basquiat EXHIBITION, etc.

INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)



(bn¥)

FY2018 3Q

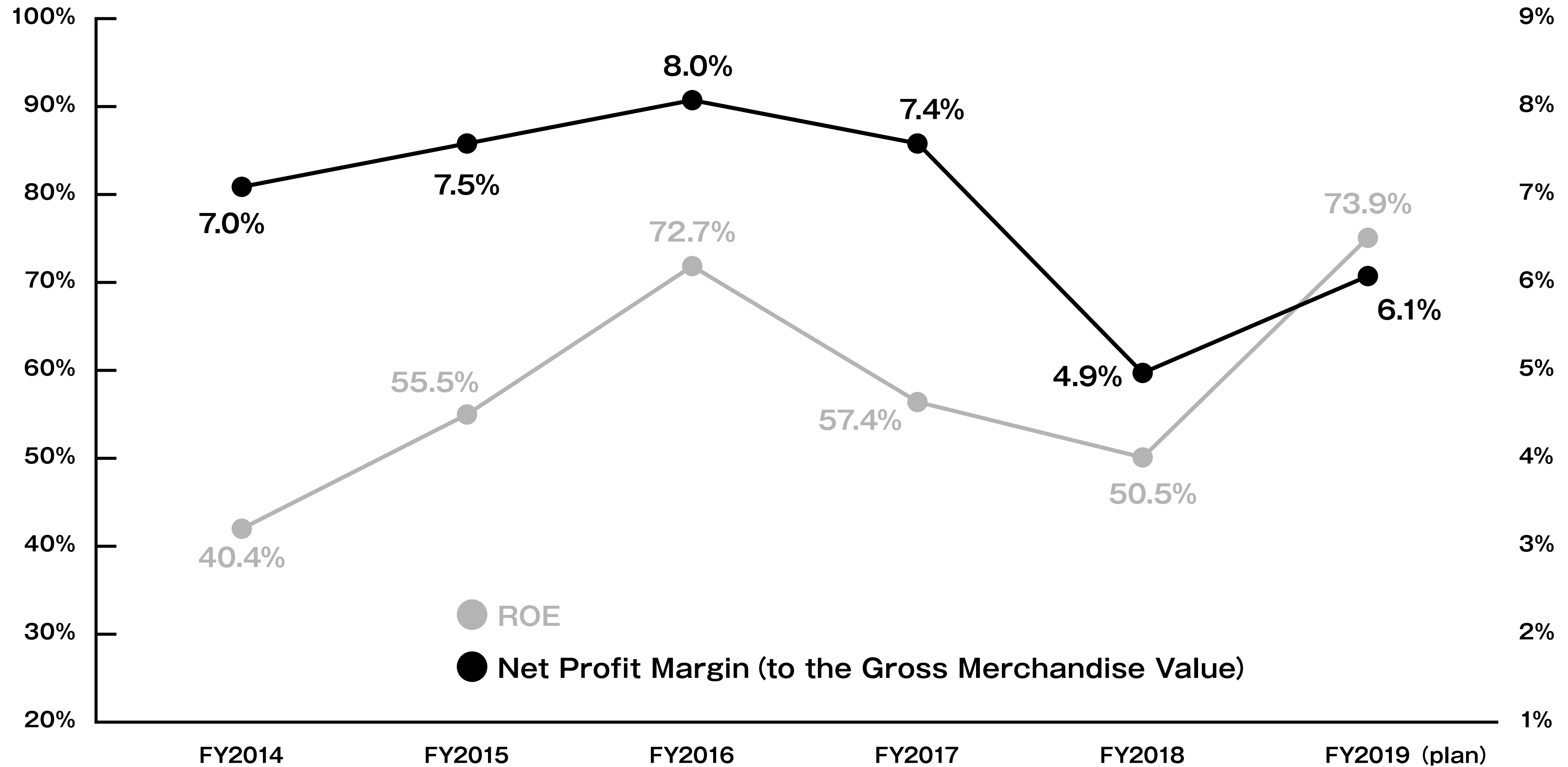
FY2019 3Q

CONSOLIDATED BALANCE SHEET

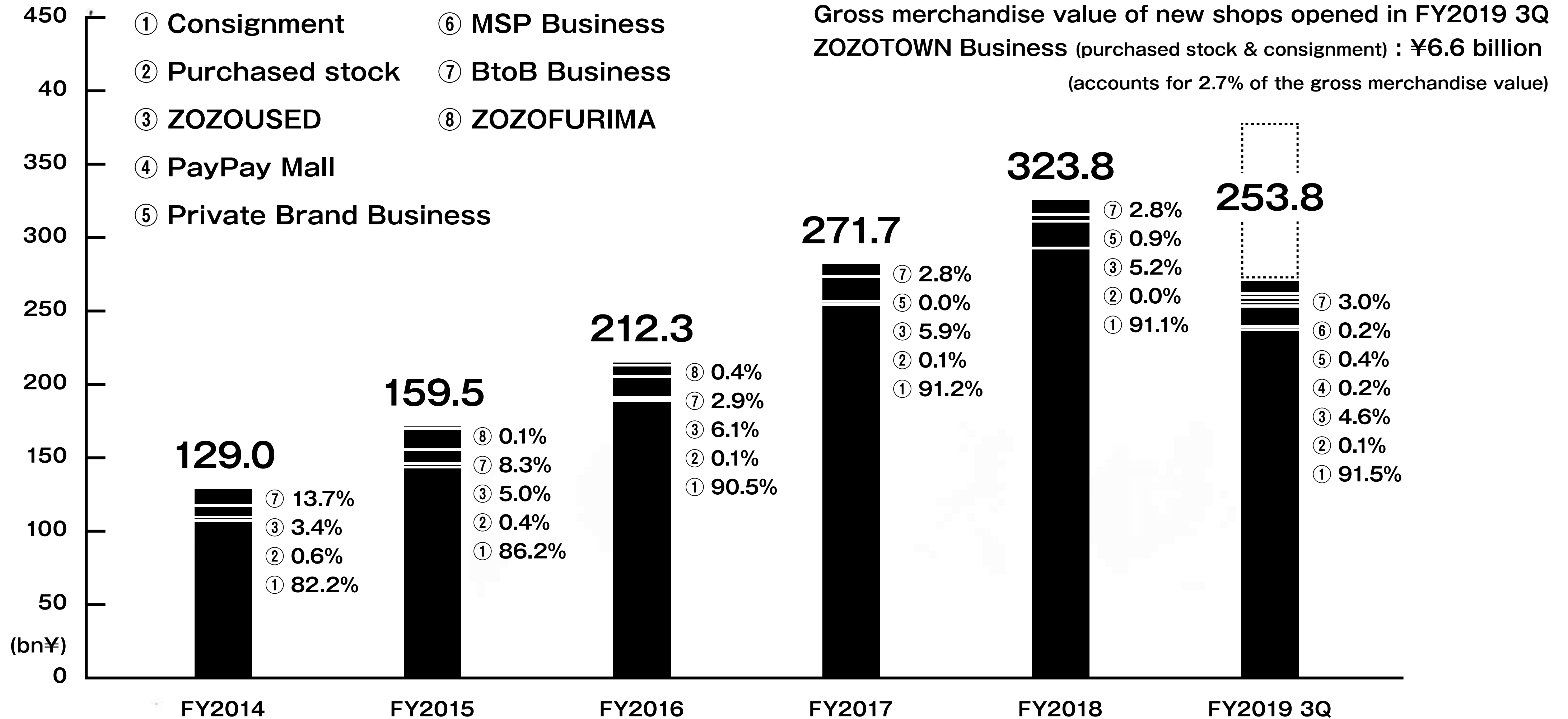
(million¥)

	FY2018 (as of March 31, 2019)	FY2019 3Q (as of December 31, 2019)		FY2018 (as of March 31, 2019)	FY2019 3Q (as of December 31, 2019)
Current assets	57,904	64,421	Current liabilities	52,245	54,355
Cash and deposits	21,560	20,210	Short-term borrowing	22,000	22,000
Merchandise and finished products	4,533	3,476	Noncurrent liabilities	4,059	4,112
Noncurrent assets	21,056	22,051	Total liabilities	56,304	58,468
Tangible assets	6,318	8,990	Shareholders' equity	22,528	27,983
Intangible assets	3,112	3,081	Treasury stock	-24,412	-24,412
Investments and other assets	11,626	9,978	Total net assets	22,656	28,005
Total assets	78,961	86,473	Total liabilities and net assets	78,961	86,473

ROE AND NET PROFIT MARGIN



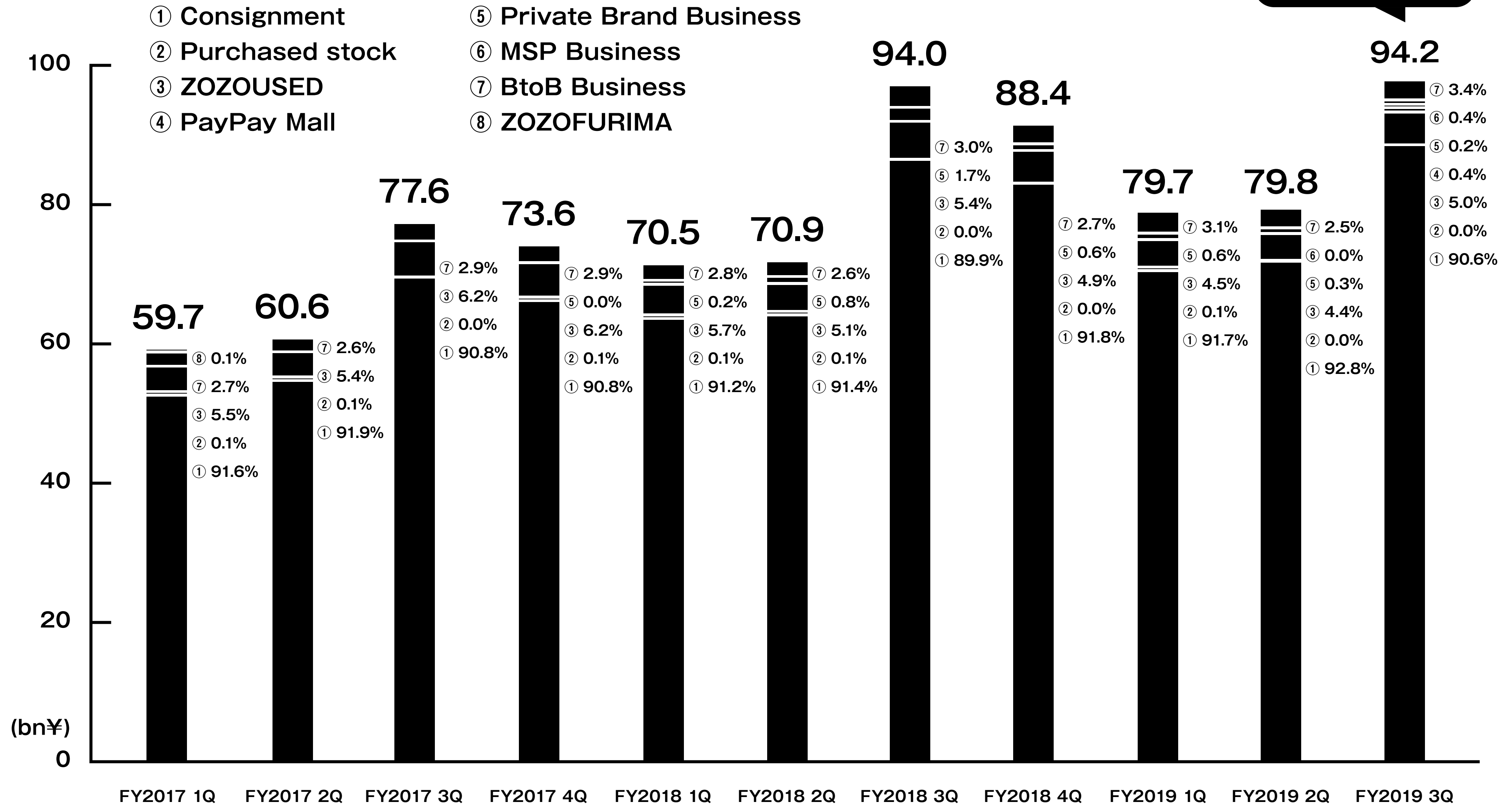
GROSS MERCHANDISE VALUE



* ZOZO FURIMA Business ended on June 30, 2017.

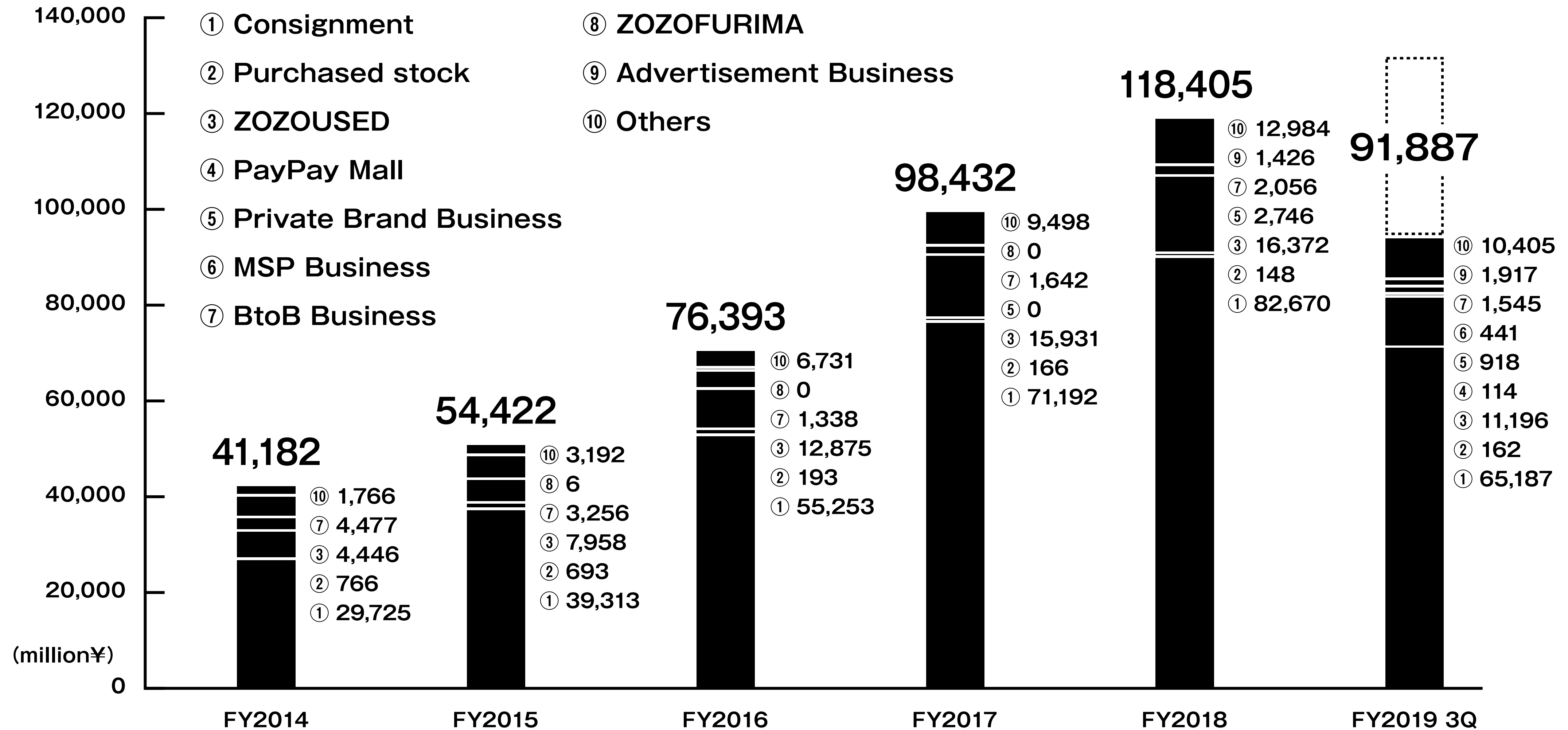
GROSS MERCHANDISE VALUE(QUARTERLY)

YoY
+0.3%



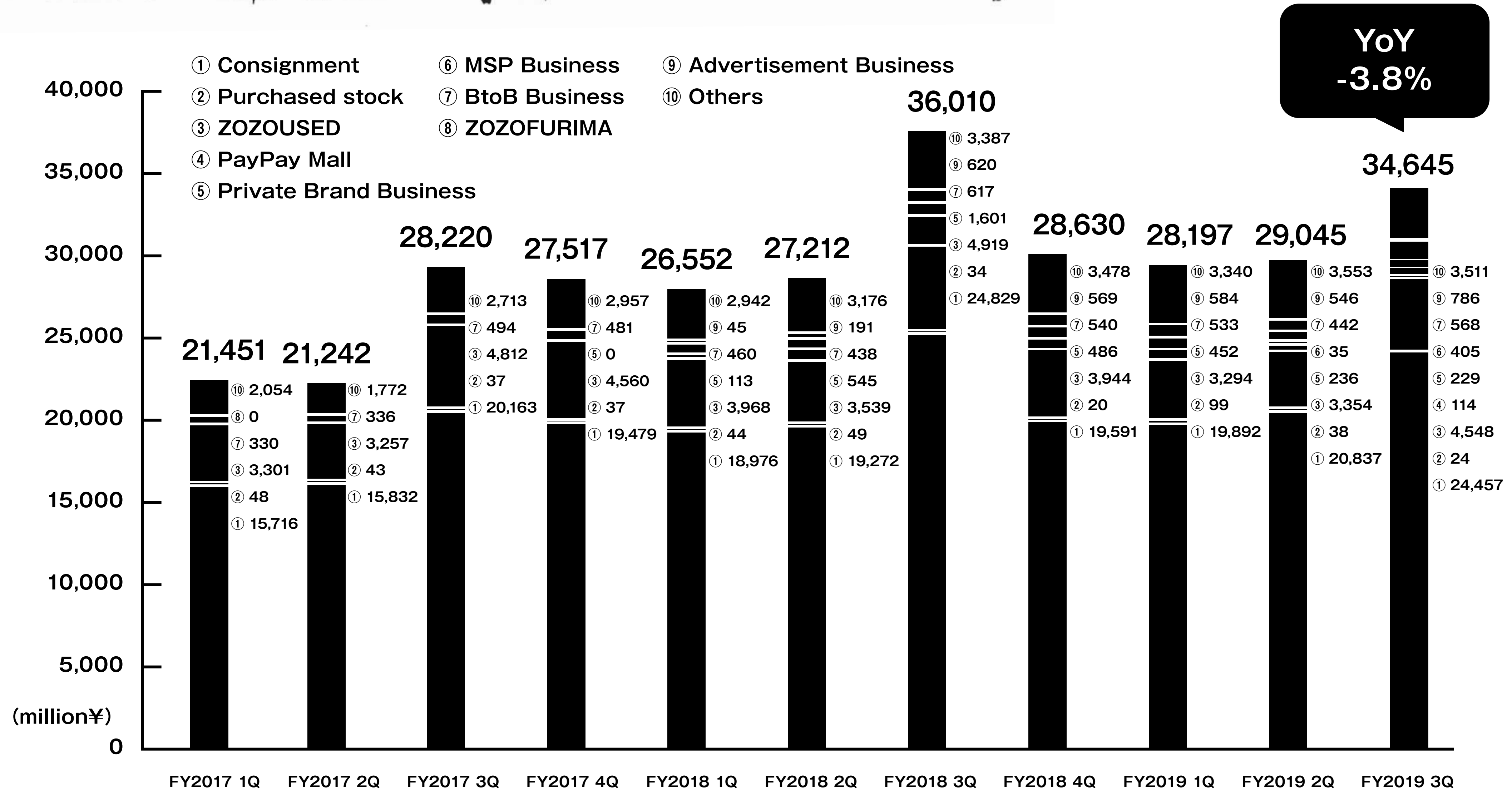
* ZOZO FURIMA Business ended on June 30, 2017.

NET SALES



* ZOZO FURIMA Business ended on June 30, 2017.

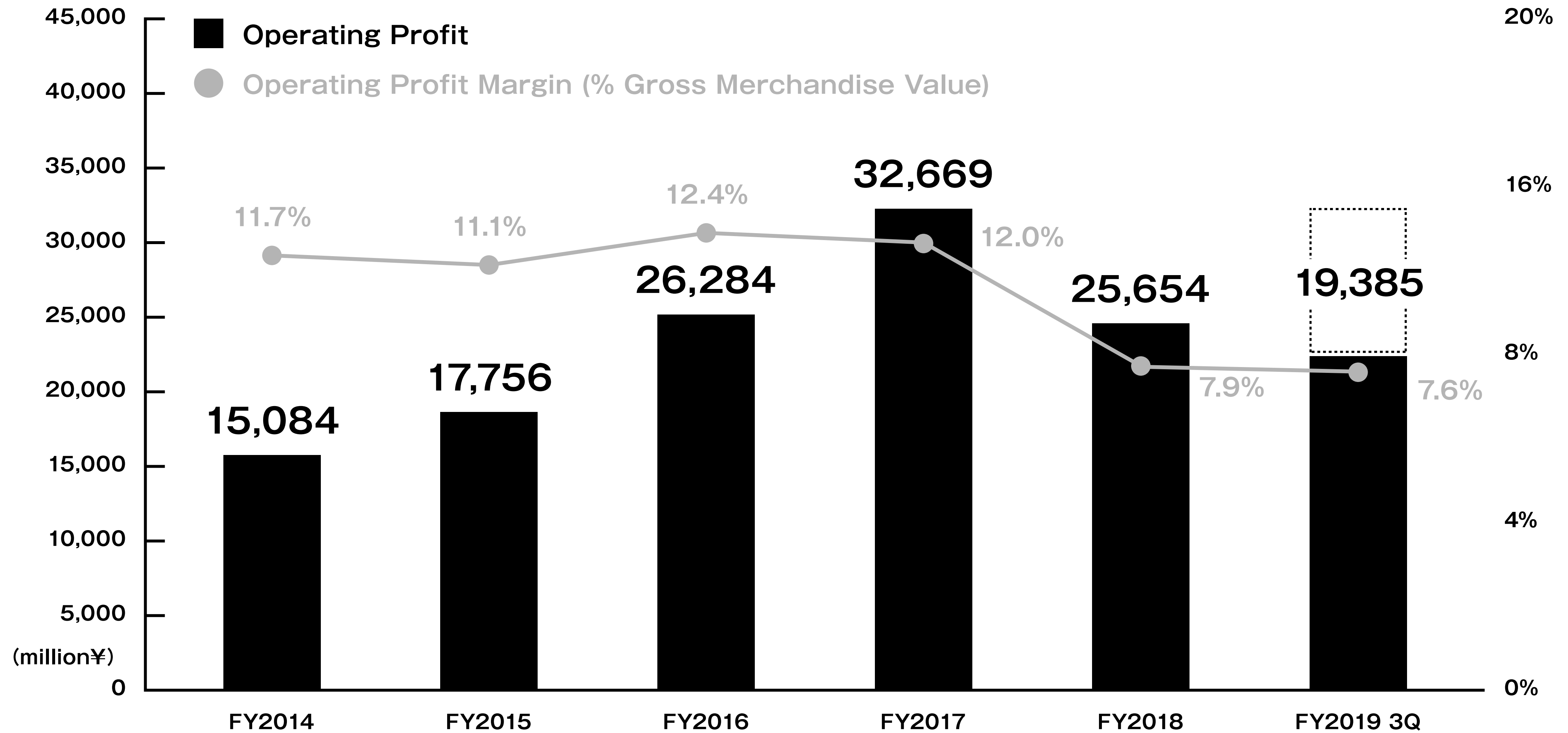
NET SALES(QUARTERLY)



**YoY
-3.8%**

* ZOZO FURIMA Business ended on June 30, 2017.

OPERATING PROFIT AND OPERATING PROFIT MARGIN



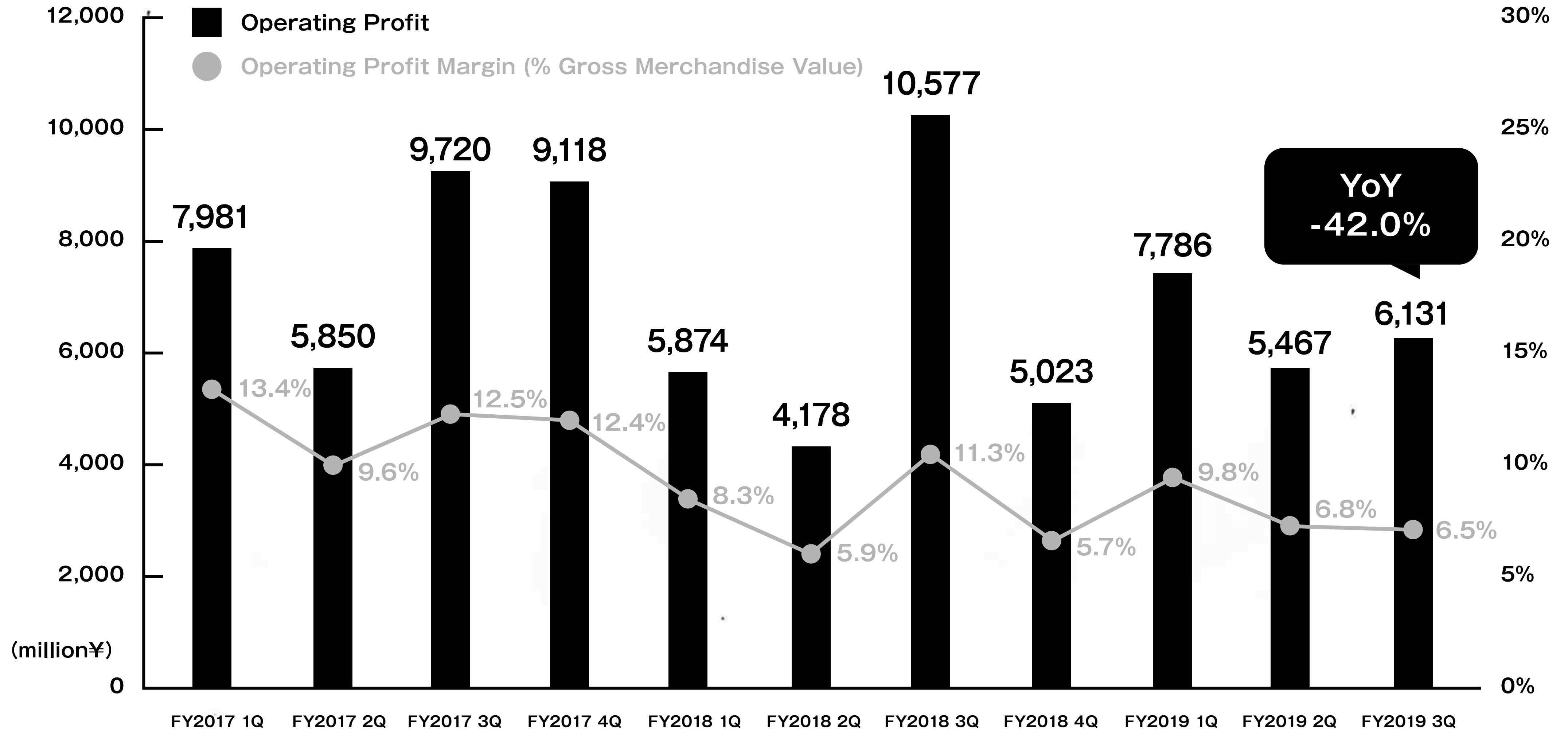
SELLING, GENERAL AND ADMINISTRATIVE(SG&A) EXPENSES

(million¥)

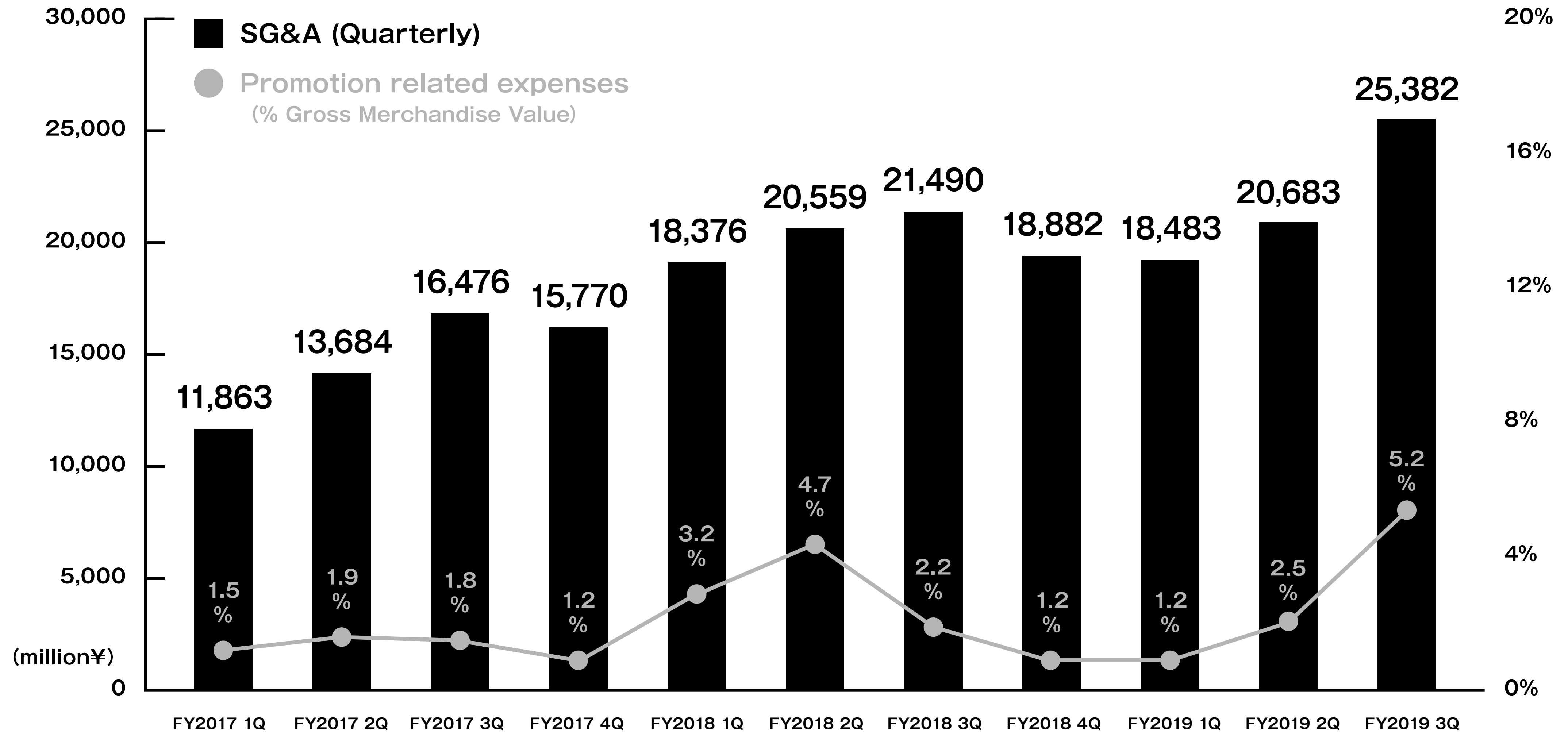
	FY2018 3Q		FY2019 3Q		YOY	Increase decrease factors
	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	%Gross Merchandise Value	
Payroll and staff costs(*)	15,549	6.6%	17,228	6.8%	-0.2%	
Payroll costs for employee	6,066	2.6%	6,265	2.5%	-0.1%	Transition of the number of employees on consolidated basis: 1,077 FY2018 3Q → 1,161 FY2019 3Q
Logistics-Related Expenses (Including Outsourcing)	9,482	4.0%	10,962	4.3%	0.3%	Increase in the ratio due to a decrease in average retail price / Increase in Shipping expenses between logistics centers / hourly pay increase due to "ZOZO part-timer reform"
Outsourcing Commission (Excluding Logistics-Related Expenses)	3,270	1.4%	3,318	1.3%	-0.1%	
Shipping	15,373	6.5%	16,184	6.4%	-0.1%	
Commission of Payment collection	6,741	2.9%	7,080	2.8%	-0.1%	
Promotion related expenses	7,651	3.3%	7,788	3.1%	-0.2%	
Advertising	5,530	2.3%	4,288	1.7%	-0.6%	Decrease in the number of ZOZOSUIT distribution
Reward points related expenses	2,120	0.9%	3,499	1.4%	0.5%	Increase in the number of reward points initiatives
Rent expense	2,864	1.2%	3,709	1.5%	0.3%	Increase due to an increase in the number of logistics bases
Depreciation	1,054	0.4%	1,410	0.6%	0.2%	Increase due to an increase in the number of logistics bases
Amortization of goodwill	358	0.2%	362	0.1%	-0.1%	
Stock Compensation Expenses	80	0.0%	-103	0.0%	0.0%	
Others	7,481	3.2%	7,572	3.0%	-0.2%	Costly one-time expenses in last fiscal year
Total SG&A	60,426	25.7%	64,549	25.4%	-0.3%	

* 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

(million¥)

Item	FY2018								FY2019					
	1Q		2Q		3Q		4Q		1Q		2Q		3Q	
	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(*)	4,825	6.8%	5,017	7.1%	5,706	6.1%	5,325	6.0%	5,219	6.5%	5,515	6.9%	6,493	6.9%
Payroll costs for employee	1,988	2.8%	2,060	2.9%	2,018	2.1%	1,950	2.2%	1,940	2.4%	2,017	2.5%	2,307	2.4%
Logistics-Related Expenses (Including Outsourcing)	2,836	4.0%	2,957	4.2%	3,688	3.9%	3,375	3.8%	3,278	4.1%	3,498	4.4%	4,185	4.4%
Outsourcing Commission (Excluding Logistics-Related Expenses)	995	1.4%	1,017	1.4%	1,257	1.3%	1,290	1.5%	1,023	1.3%	1,112	1.4%	1,182	1.3%
Shipping	4,665	6.6%	5,076	7.2%	5,631	6.0%	5,090	5.8%	5,011	6.3%	5,511	6.9%	5,661	6.0%
Commission of Payment collection	2,030	2.9%	2,077	2.9%	2,633	2.8%	2,335	2.6%	2,243	2.8%	2,286	2.9%	2,550	2.7%
Promotion related expenses	2,228	3.2%	3,331	4.7%	2,091	2.2%	1,079	1.2%	927	1.2%	1,994	2.5%	4,866	5.2%
Advertising	1,548	2.2%	2,741	3.9%	1,240	1.3%	534	0.6%	378	0.5%	339	0.4%	3,571	3.8%
Reward points related expenses	679	1.0%	590	0.8%	851	0.9%	544	0.6%	548	0.7%	1,655	2.1%	1,294	1.4%
Rent expense	856	1.2%	891	1.3%	1,116	1.2%	1,163	1.3%	1,169	1.5%	1,203	1.5%	1,335	1.4%
Depreciation	290	0.4%	333	0.5%	430	0.5%	463	0.5%	442	0.6%	412	0.5%	555	0.6%
Amortization of goodwill	119	0.2%	119	0.2%	119	0.1%	119	0.1%	140	0.2%	139	0.2%	82	0.1%
Stock Compensation Expenses	—	—	179	0.3%	-99	-0.1%	30	0.0%	-6	0.0%	-93	-0.1%	-3	0.0%
Others	2,365	3.4%	2,513	3.5%	2,603	2.8%	1,984	2.2%	2,312	2.9%	2,601	3.3%	2,658	2.8%
Total SG&A	18,376	26.1%	20,559	29.0%	21,490	22.9%	18,882	21.4%	18,483	23.2%	20,683	25.9%	25,382	26.9%

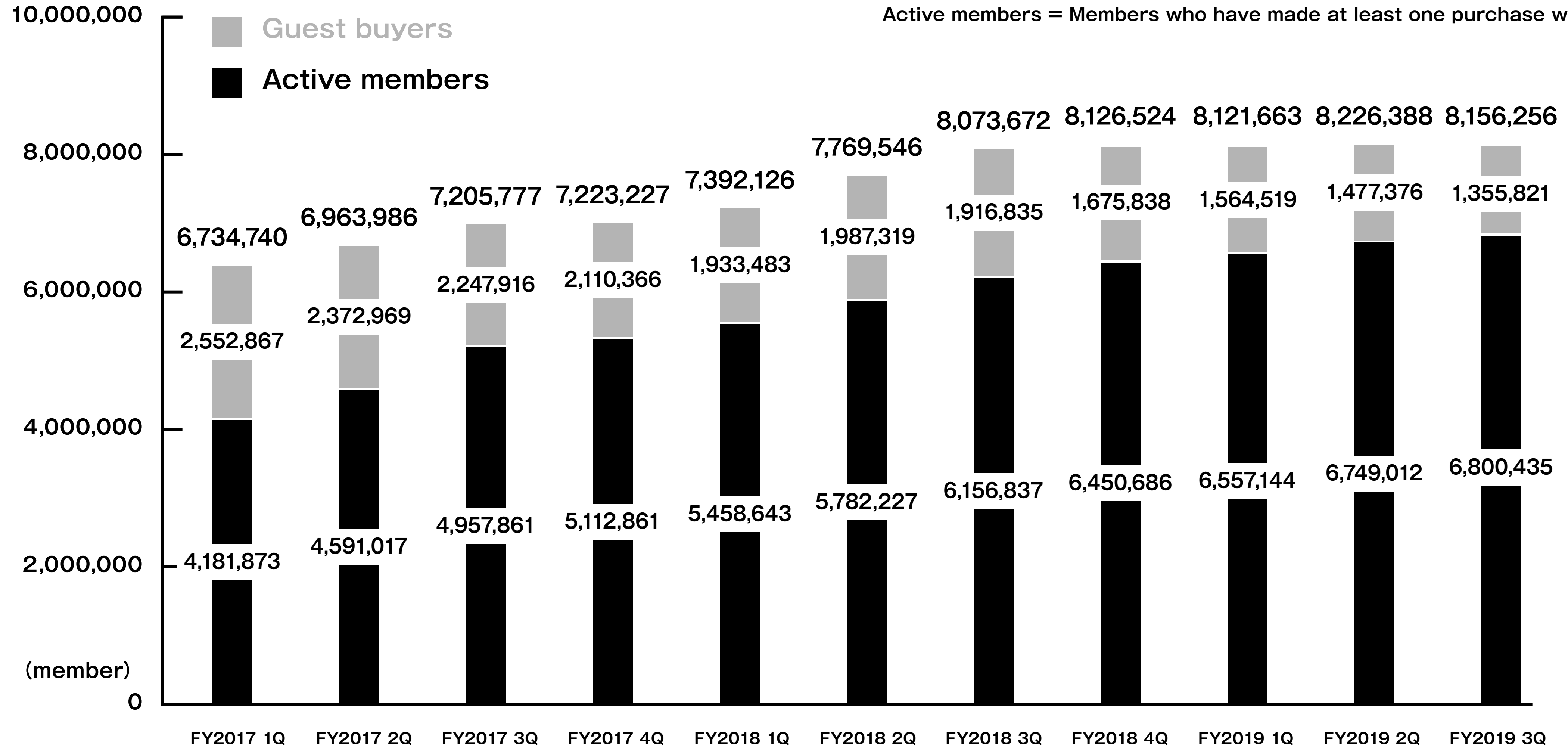
* Payroll includes directors' remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation. "Employee" includes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

* PayPay Mall is not included

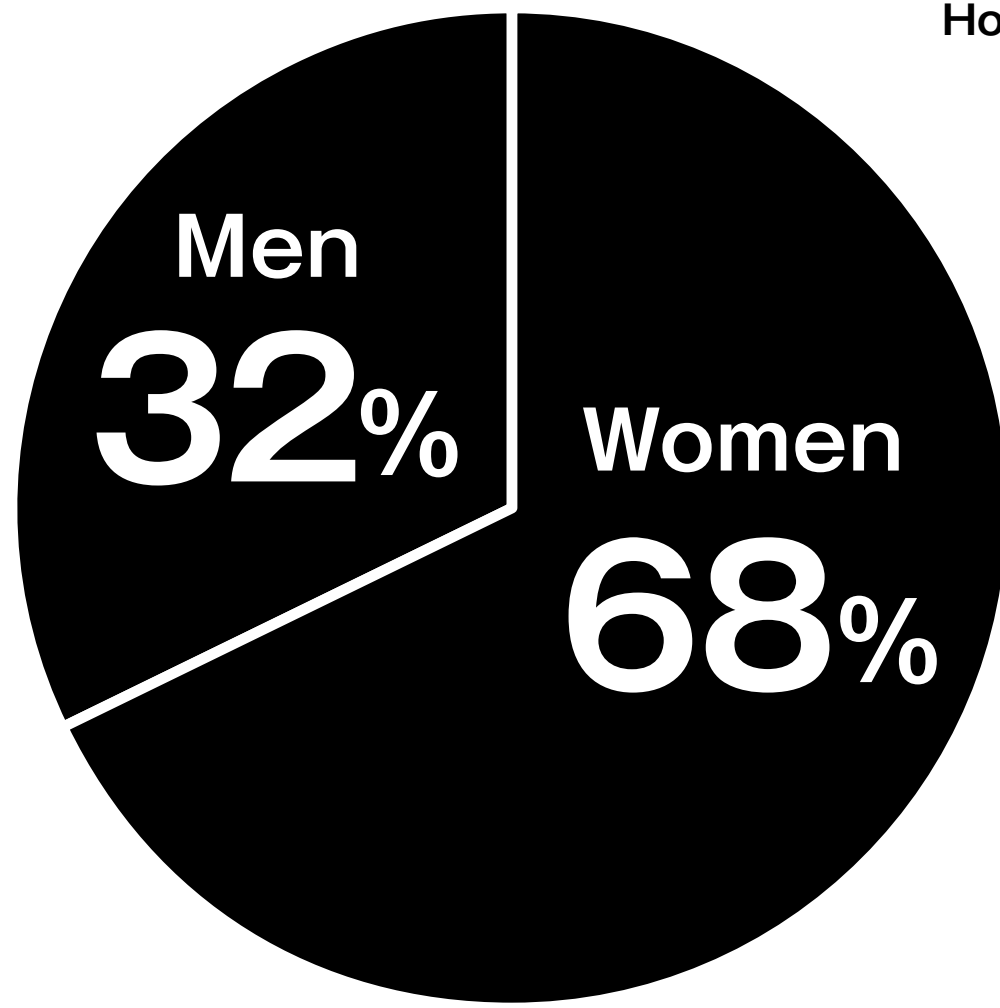
NUMBER OF SHOPS ON ZOZOTOWN



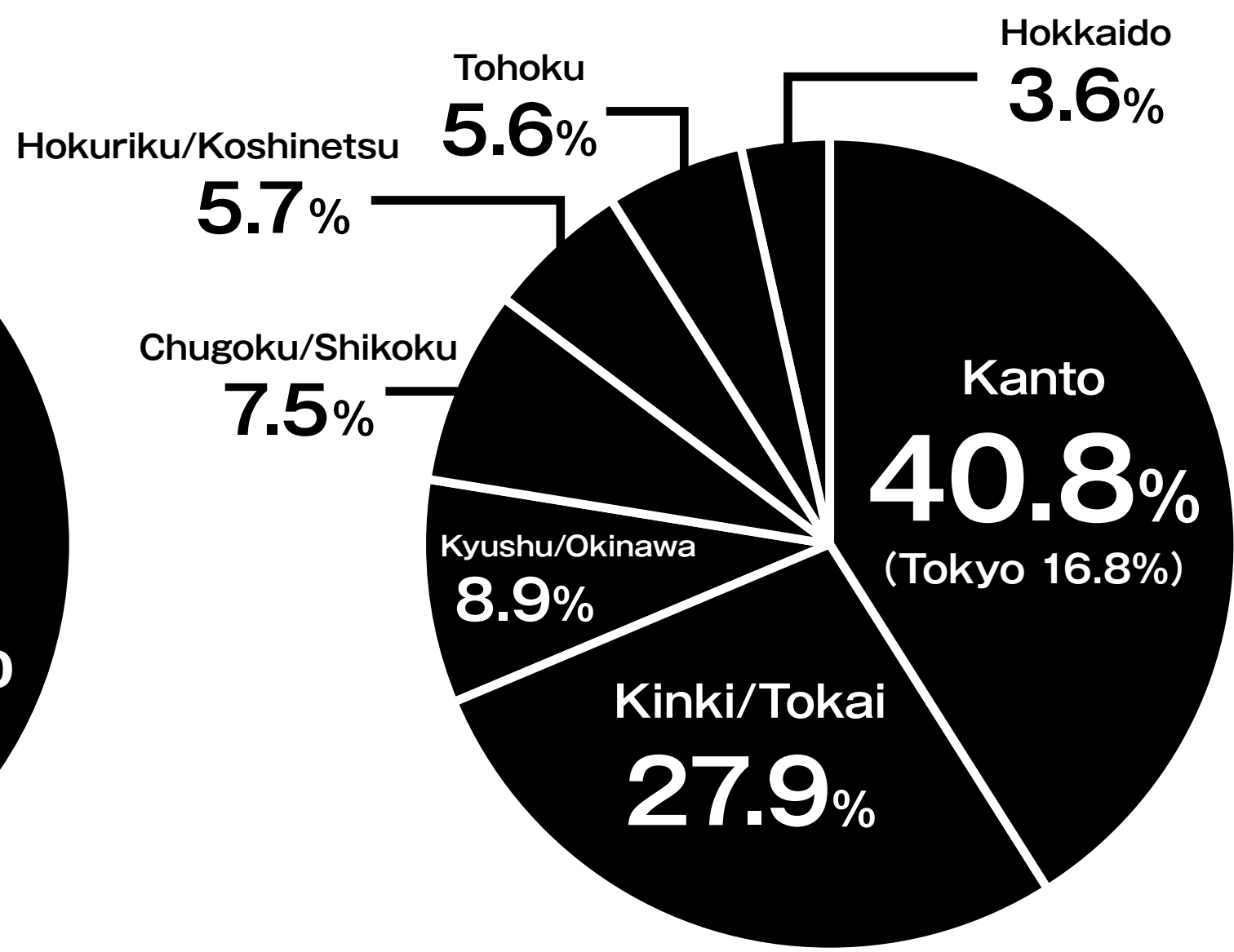
※Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops

ACTIVE MEMBER DISTRIBUTION

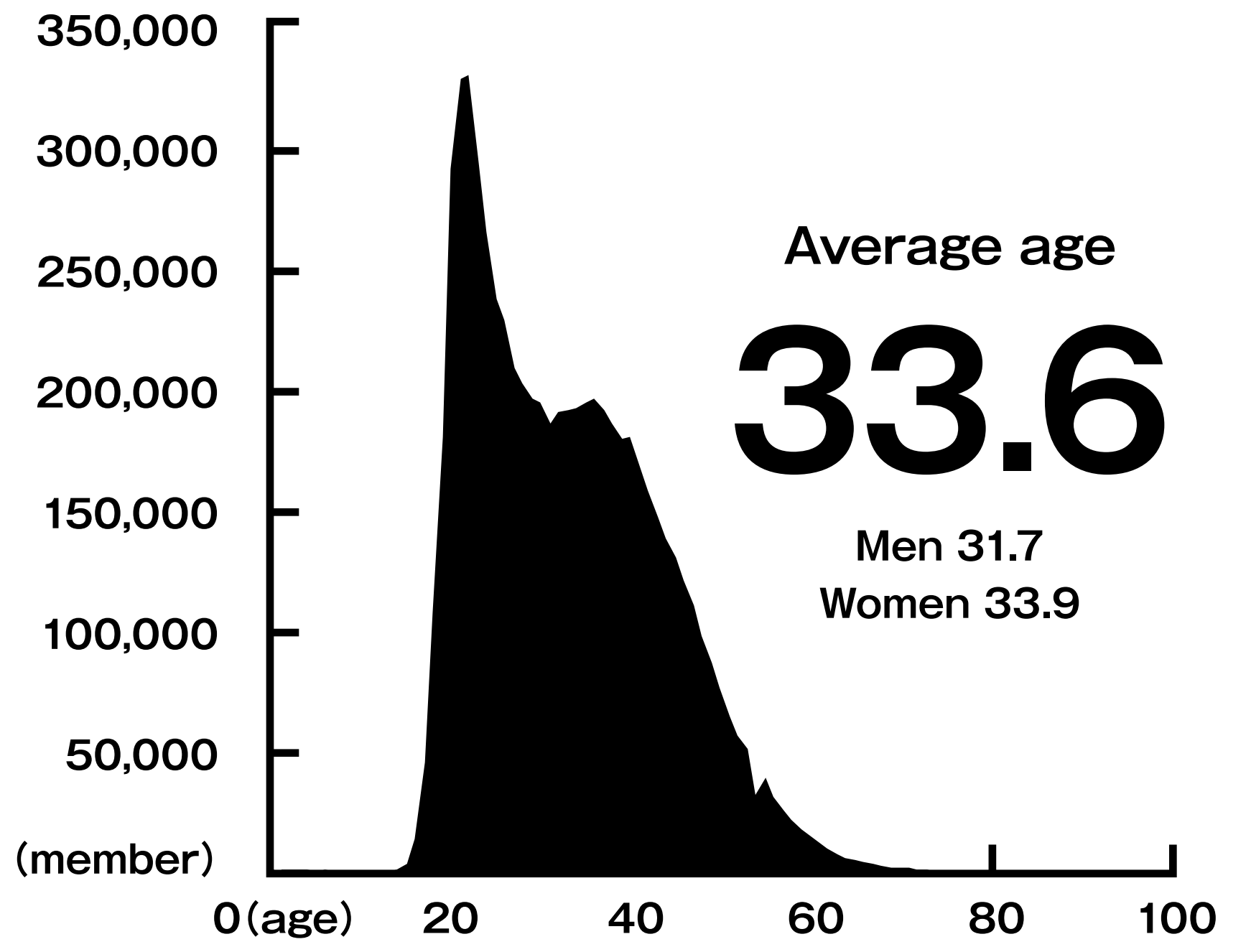
Gender ratio



Geographical distribution

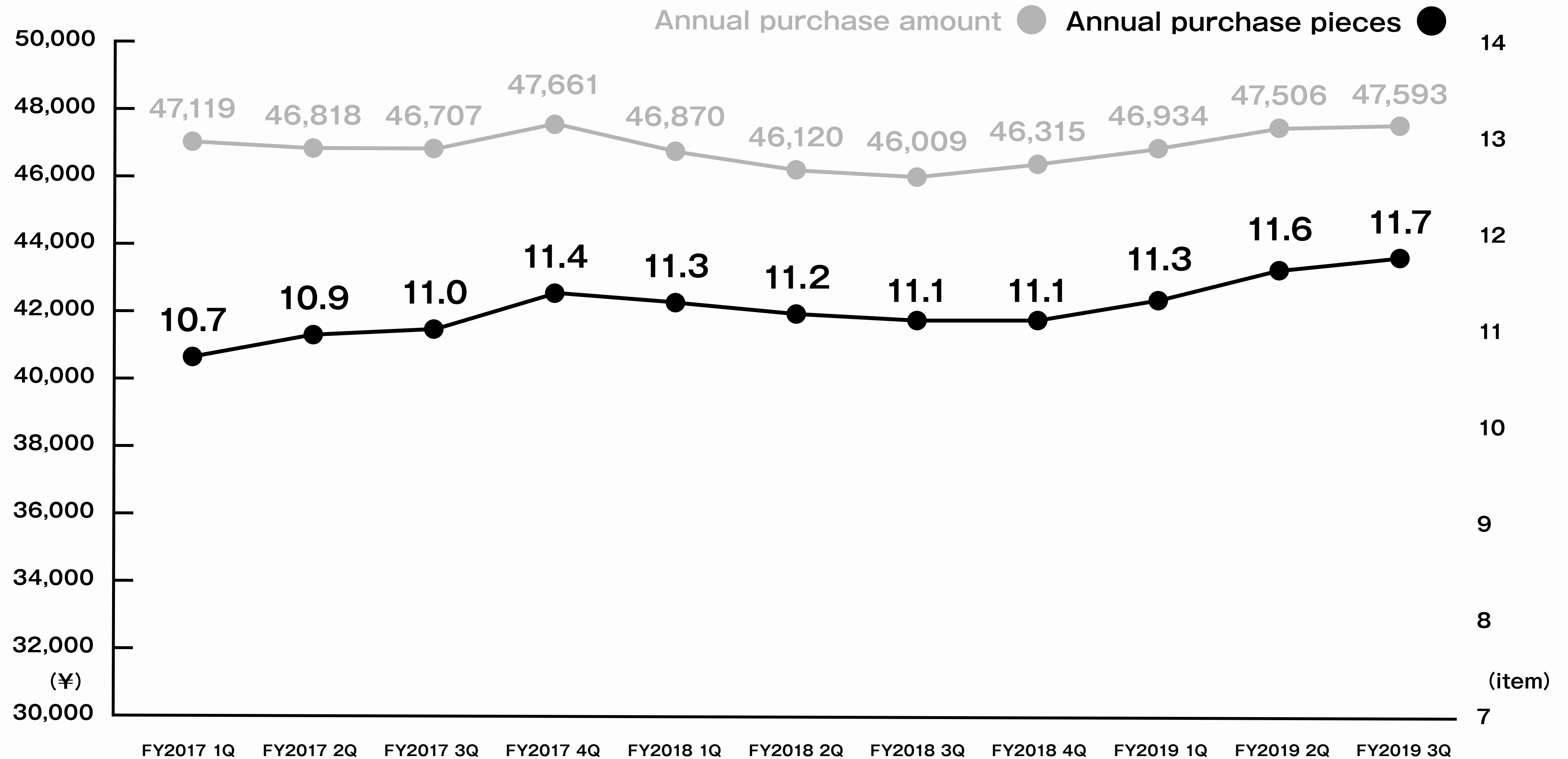


Age distribution



* PayPay Mall is not included

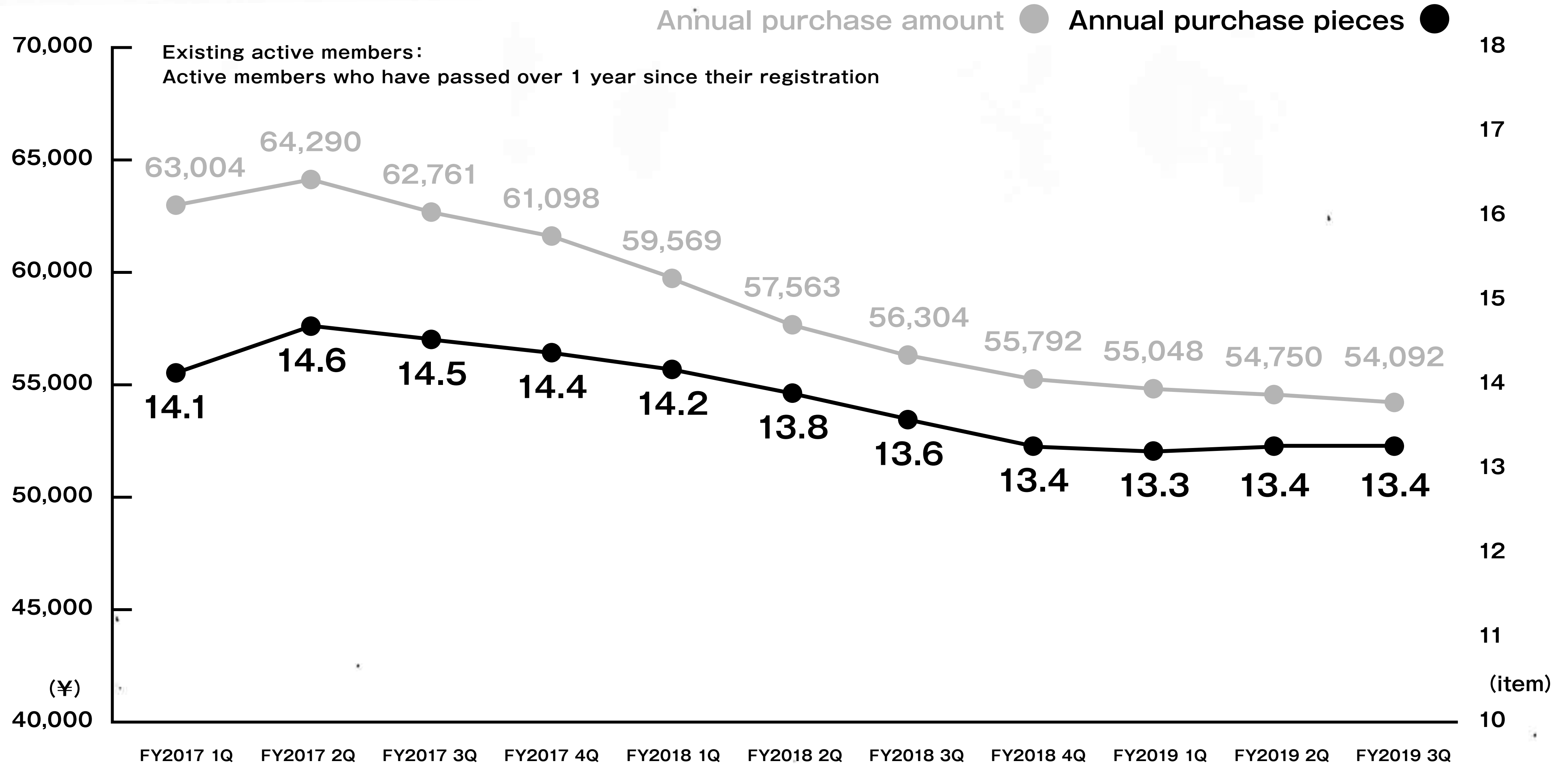
ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER



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

* PayPay Mall is not included

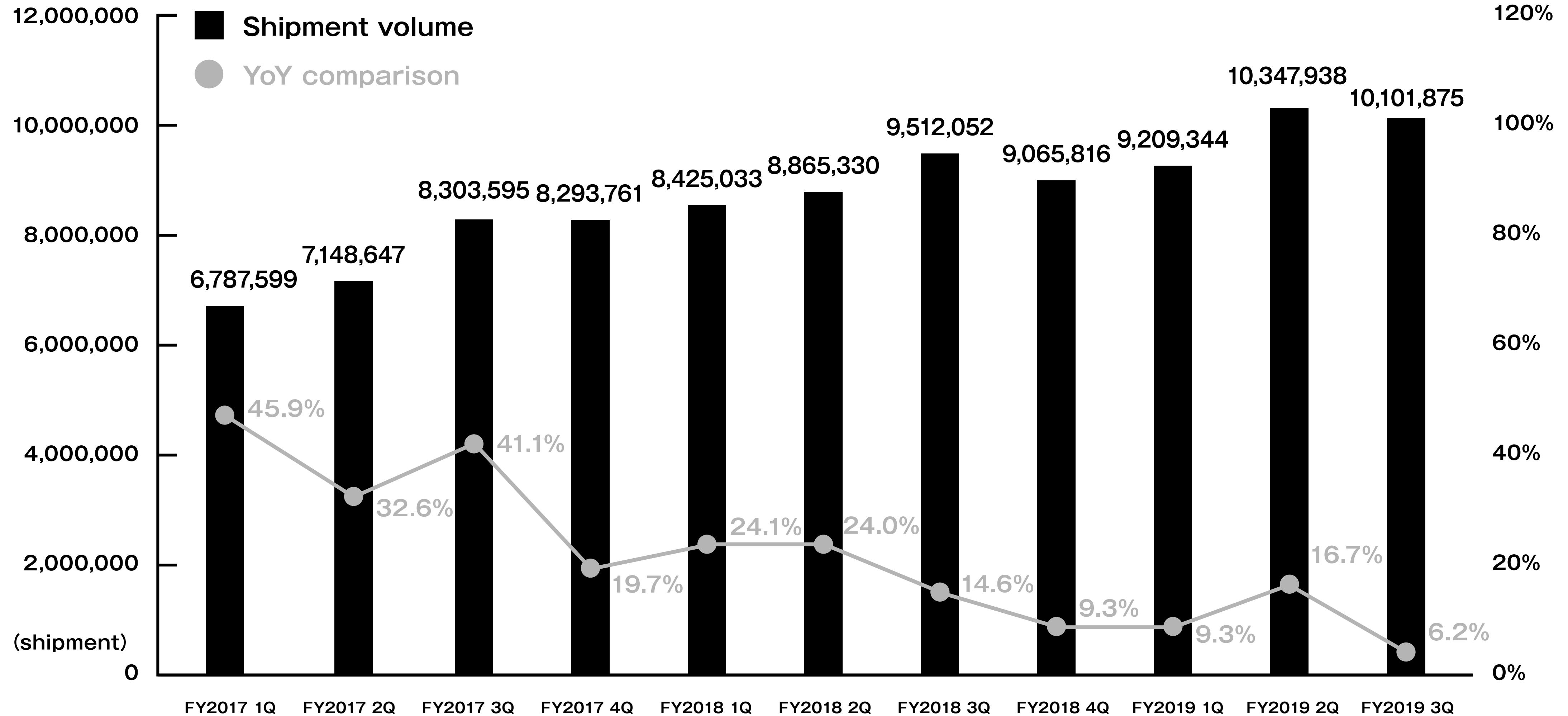
ANNUAL PURCHASE AMOUNT AND PIECES PER EXISTING ACTIVE MEMBER



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

* PayPay Mall is not included

NUMBER OF SHIPMENTS

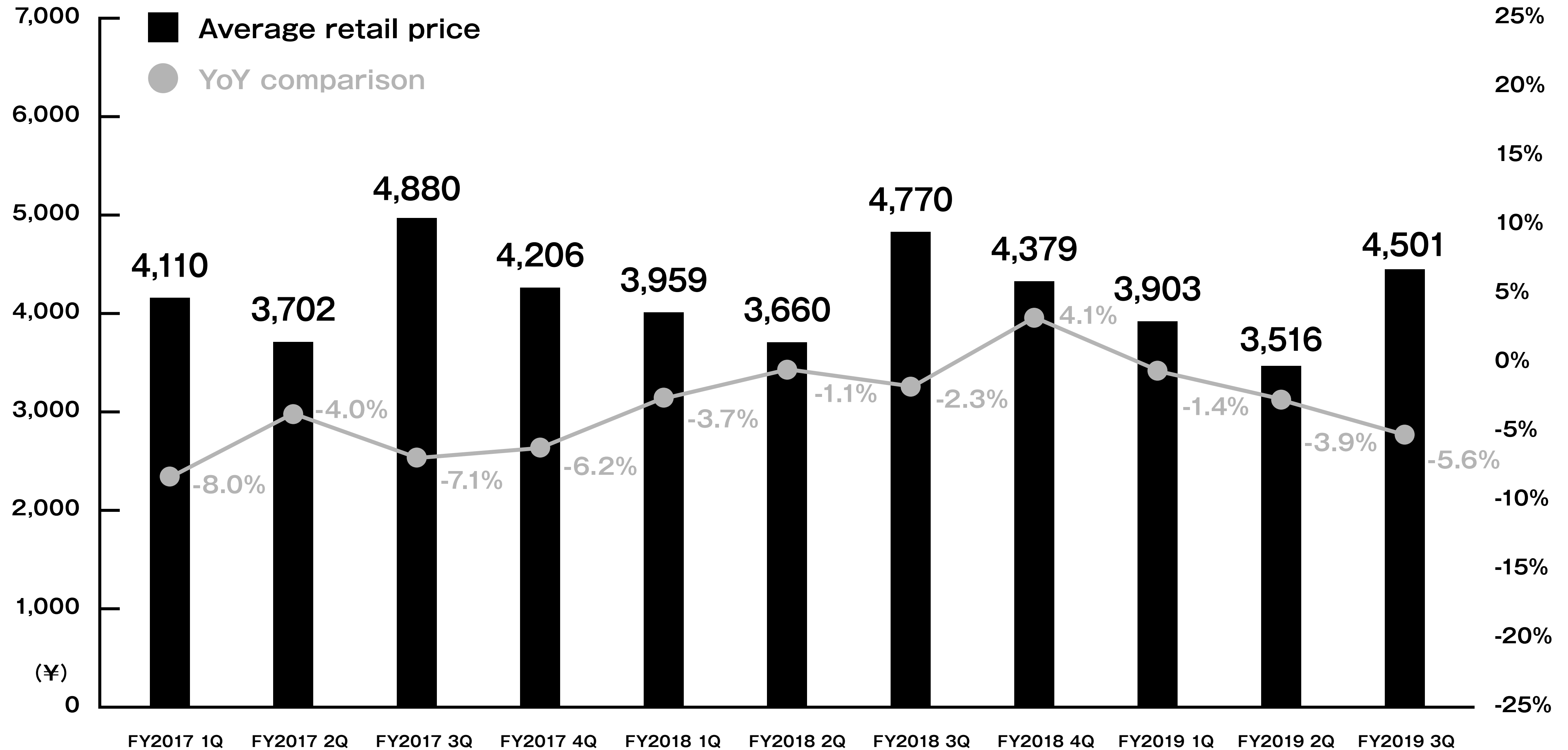


* Excluding the number of shipments of the body measurement device "ZOZOSUIT" only. * PayPay Mall is not included

* The numbers of shipments are the combined results of the ZOZOTOWN business, the PB business, and the MSP business

AVERAGE RETAIL PRICE

Average retail price = Gross Merchandise Value / Number of pieces

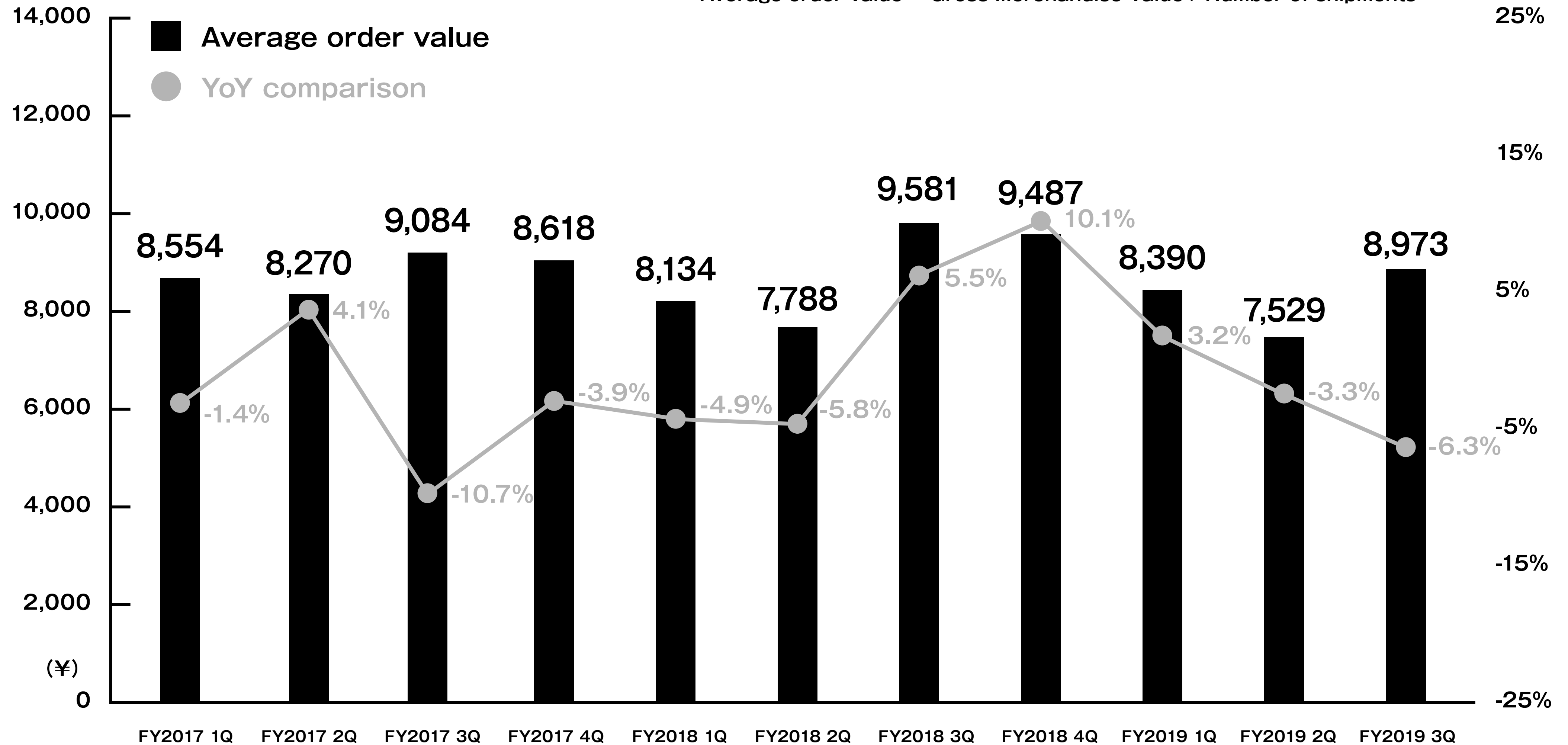


* The numbers of average retail price are averages calculated from combined results of the ZOZOTOWN business, the PB business, and the MSP business

* PayPay Mall is not included


AVERAGE ORDER VALUE

Average order value = Gross Merchandise Value / Number of shipments



* The numbers of Average Order Value are averages calculated from combined results of the ZOZOTOWN business, the PB business, and the MSP business

* PayPay Mall is not included



BUSINESS PLAN FOR FY2019

3Q FY2019 ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS

CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2019

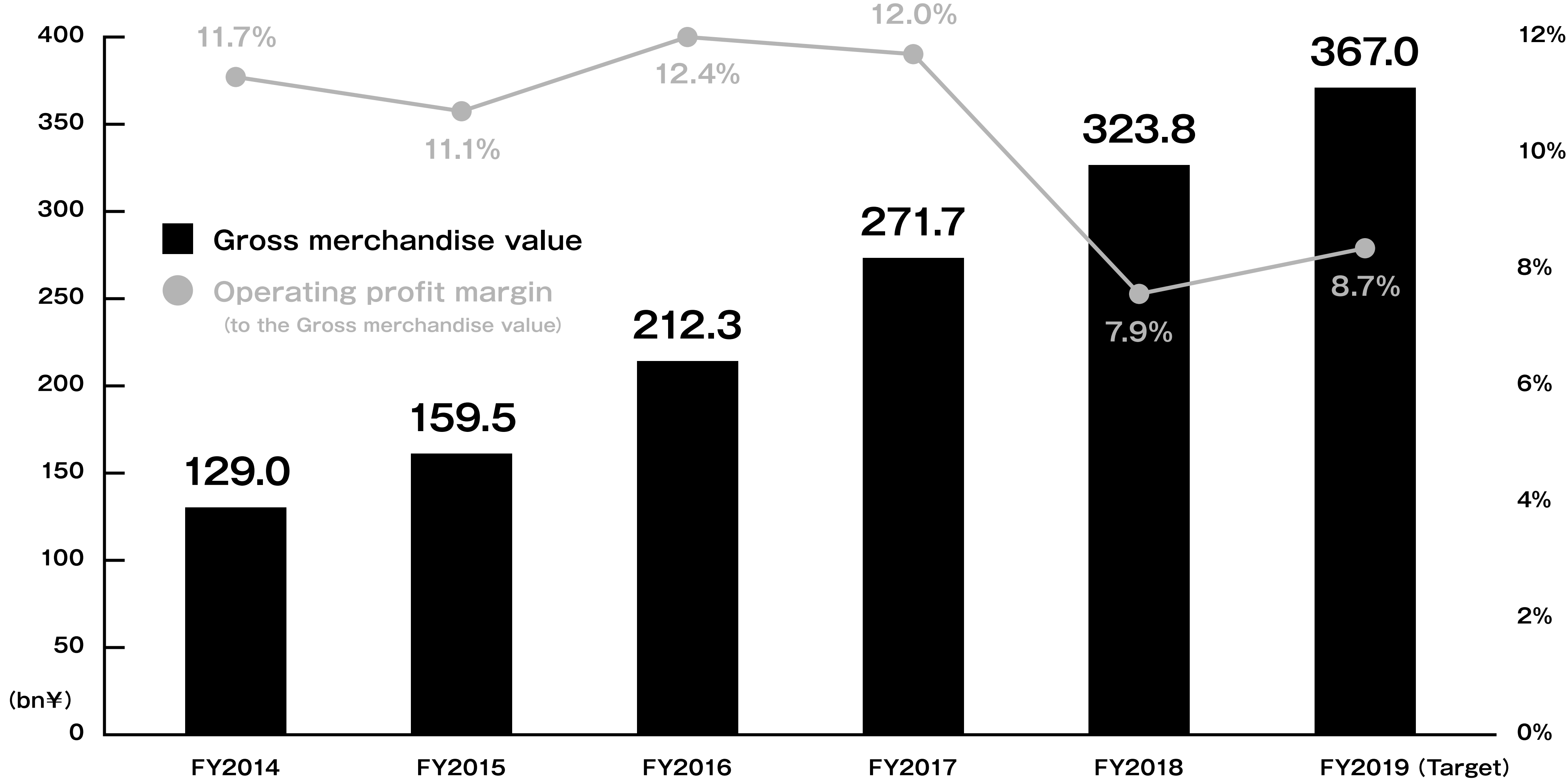
	FY2019 Plan	YoY
Gross Merchandise Value	367.0 billion yen	+13.3%
Net Sales	136.0 billion yen	+14.9%
Operating Profit	32.0 billion yen	+24.7%
Operating Profit Margin (to the Gross Merchandise Value)	8.7%	—
Ordinary Profit	32.0 billion yen	+24.4%
Profit attributable to owners of parent	22.5 billion yen	+40.8%
Net profit per share	73.7 yen	—
Estimated dividends per share (Plan)	30.0 yen	—

FY2019 TARGET BY BUSINESS SEGMENT

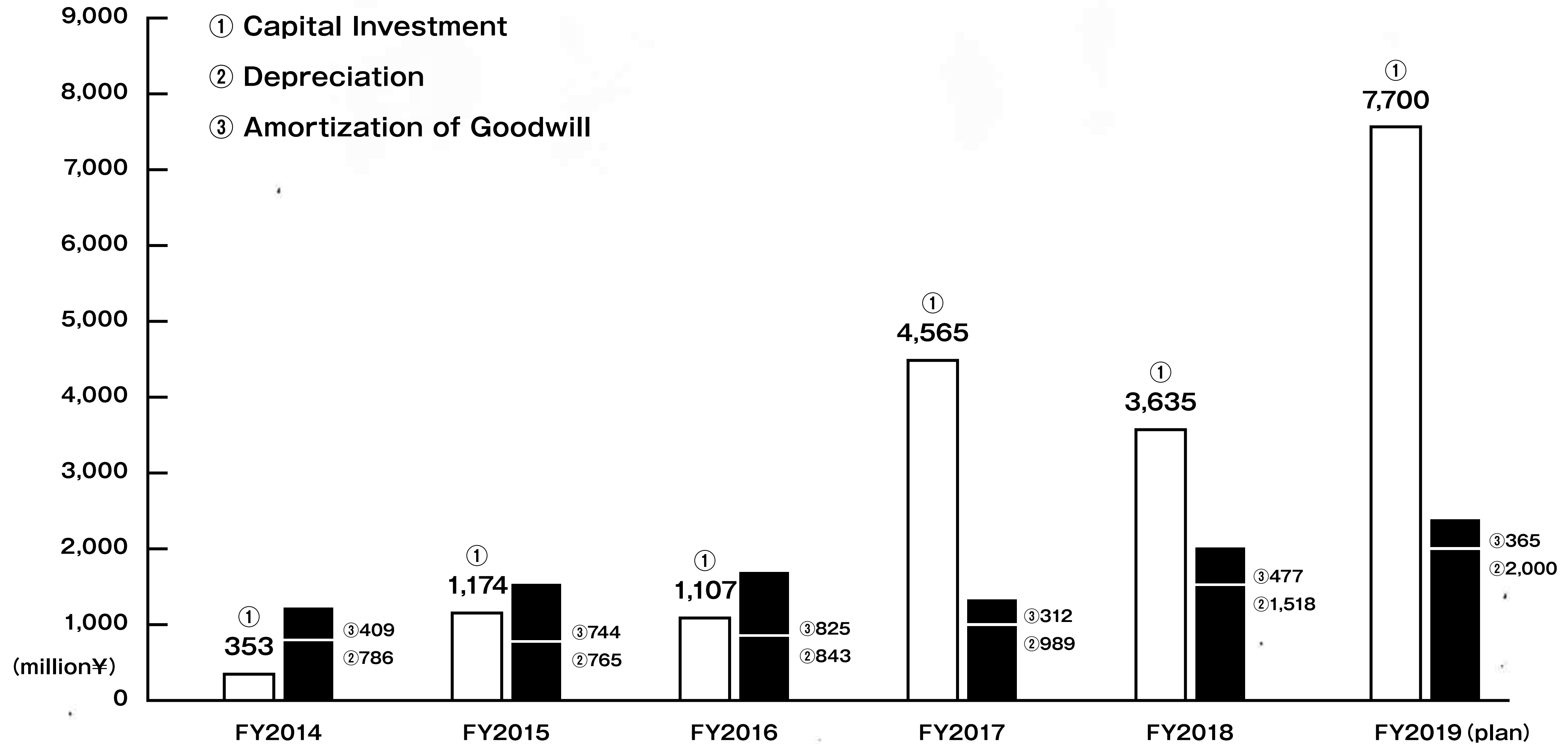
	Target for Gross Merchandise Value	YoY
ZOZO Group	367.0 billion yen	+ 13.3%
ZOZOTOWN Business	355.4 billion yen	+ 13.9%
· Consignment Business	338.5 billion yen	+ 14.8%
· ZOZOUSED	16.9 billion yen	-0.4%
BtoB Business	8.9 billion yen	-1.3%
Private Brand Business	1.7 billion yen	-38.5%
MSP Business	1.0 billion yen	—

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

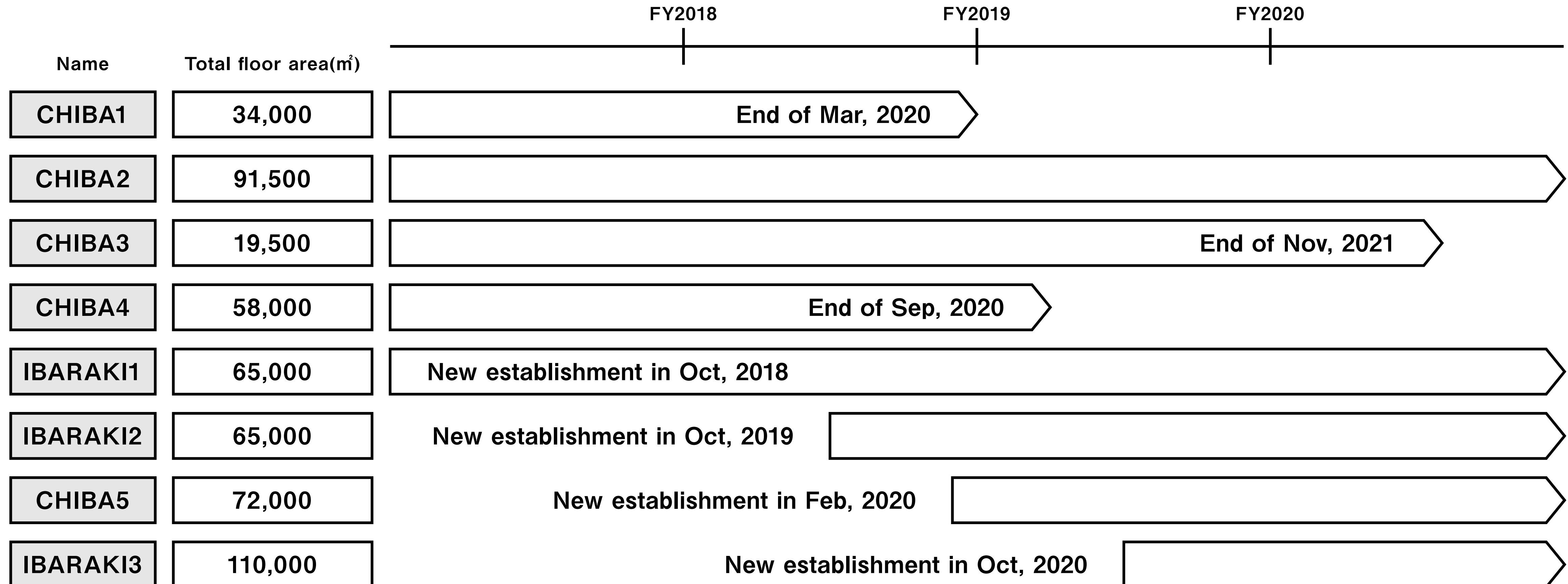
GROSS MERCHANDISE VALUE & OPERATING PROFIT MARGIN



CAPITAL INVESTMENT

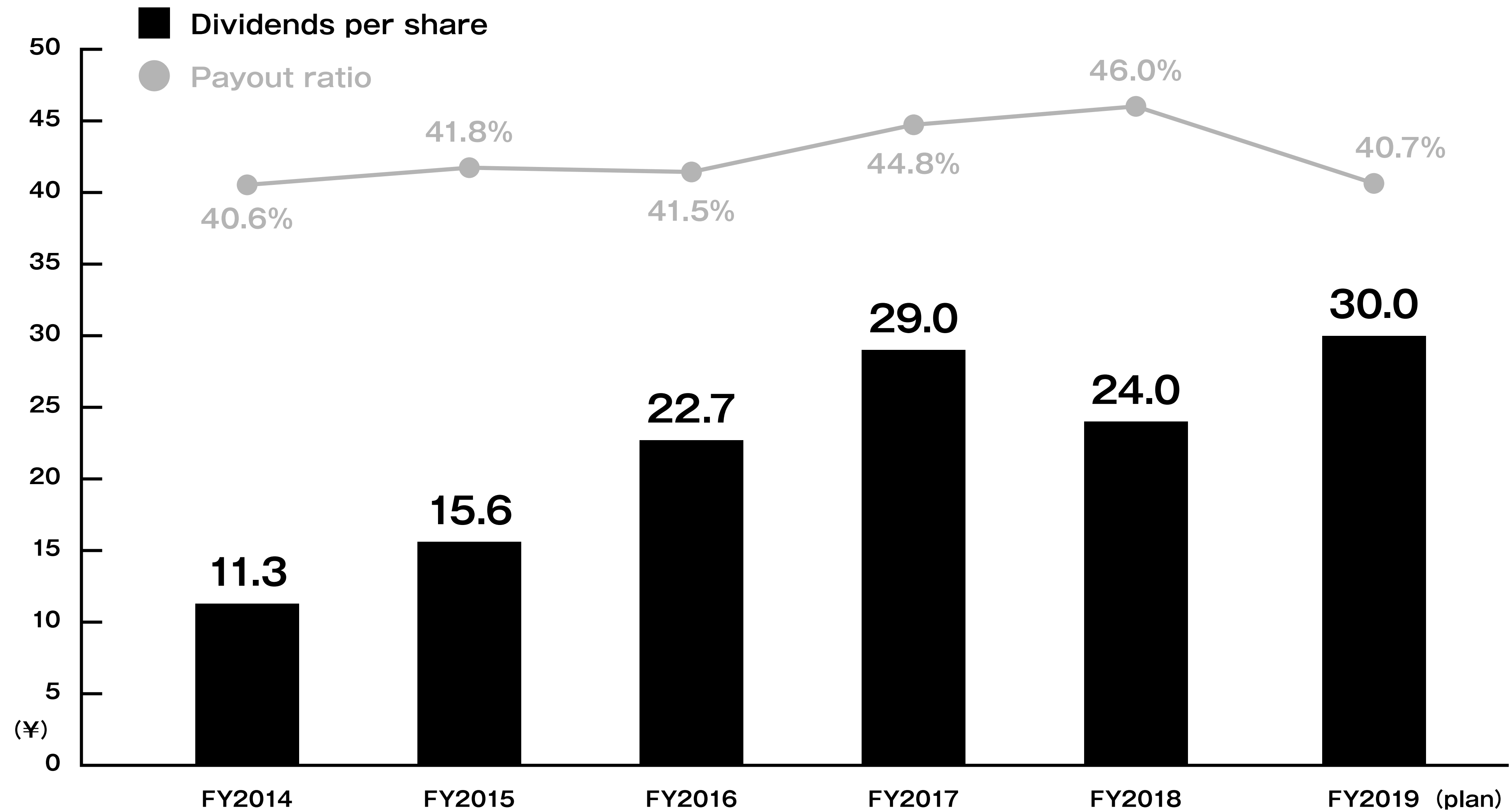


LOGISTICS BASES EXPANSION PLAN



* CHIBA2 and IBARAKI1 are warehouses with shipping function

DIVIDENDS PER SHARE AND PAYOUT RATIO



CASH FLOWS

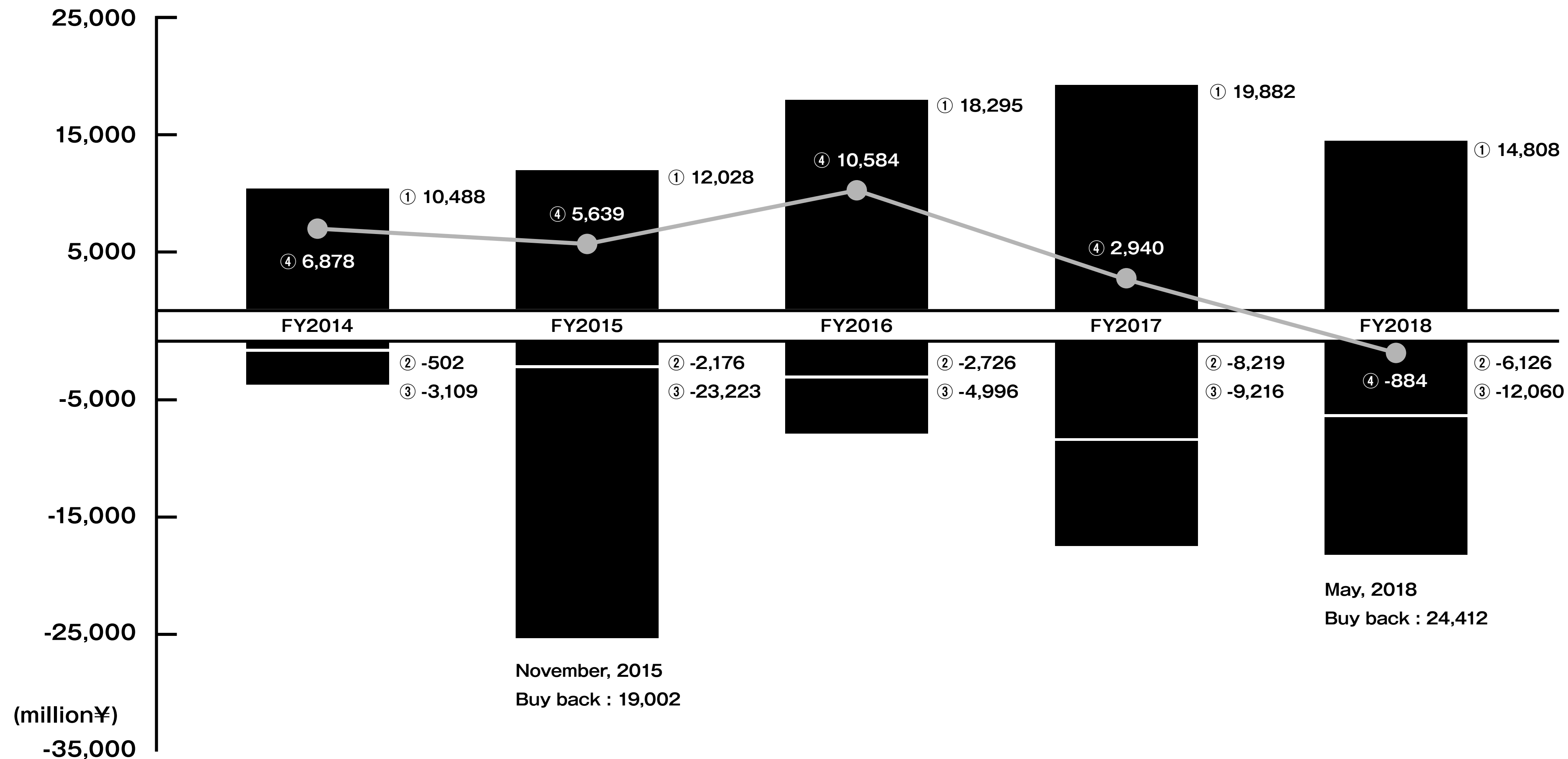
① Cash flows from operating activities

② Cash flows from investing activities

③ Cash flows from financing activities

④ Substantial free cash flows

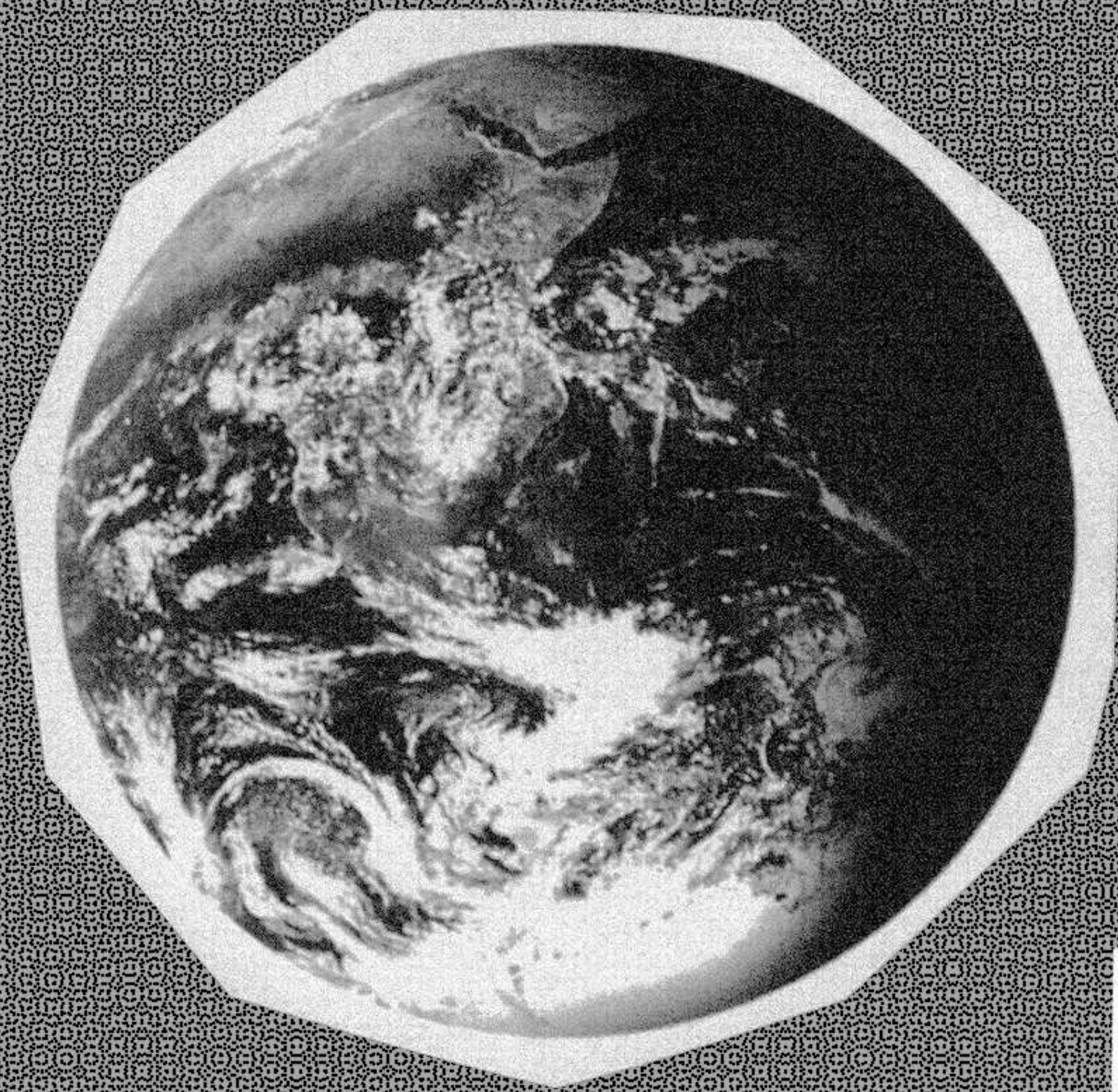
① + ② - Expenditure from dividends





REFERENCE DATA

3Q FY2019 ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS



Corporate

Philosophy

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.

Be unique. Be equal.



STATISTICS OF ZOZO

EMPLOYEES

1,161

(Average age 33.1 years old)

SHARE HOLDERS

29,355

NUMBER OF BRANDS HANDLED

7,462

ZOZOTOWN TOTAL BUYERS

(1 year basis)

8.15 million

MAJOR SERVICES

ZOZOTOWN Japan's Largest Online Retailer of Apparel and Accessories

- 1,345 stores offering 7,462 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.



WEAR Japan's largest fashion coordination app

- When uploading coordinate pictures, 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 14.0 million DL
- Now available in all geographic areas.



Private Brand "ZOZO"

- Operates in ZOZOTOWN.
- The brand offers basic items based on individual customer's body size.
- Depending on characteristics of items, sizes are available in either multi-sized or custom made.



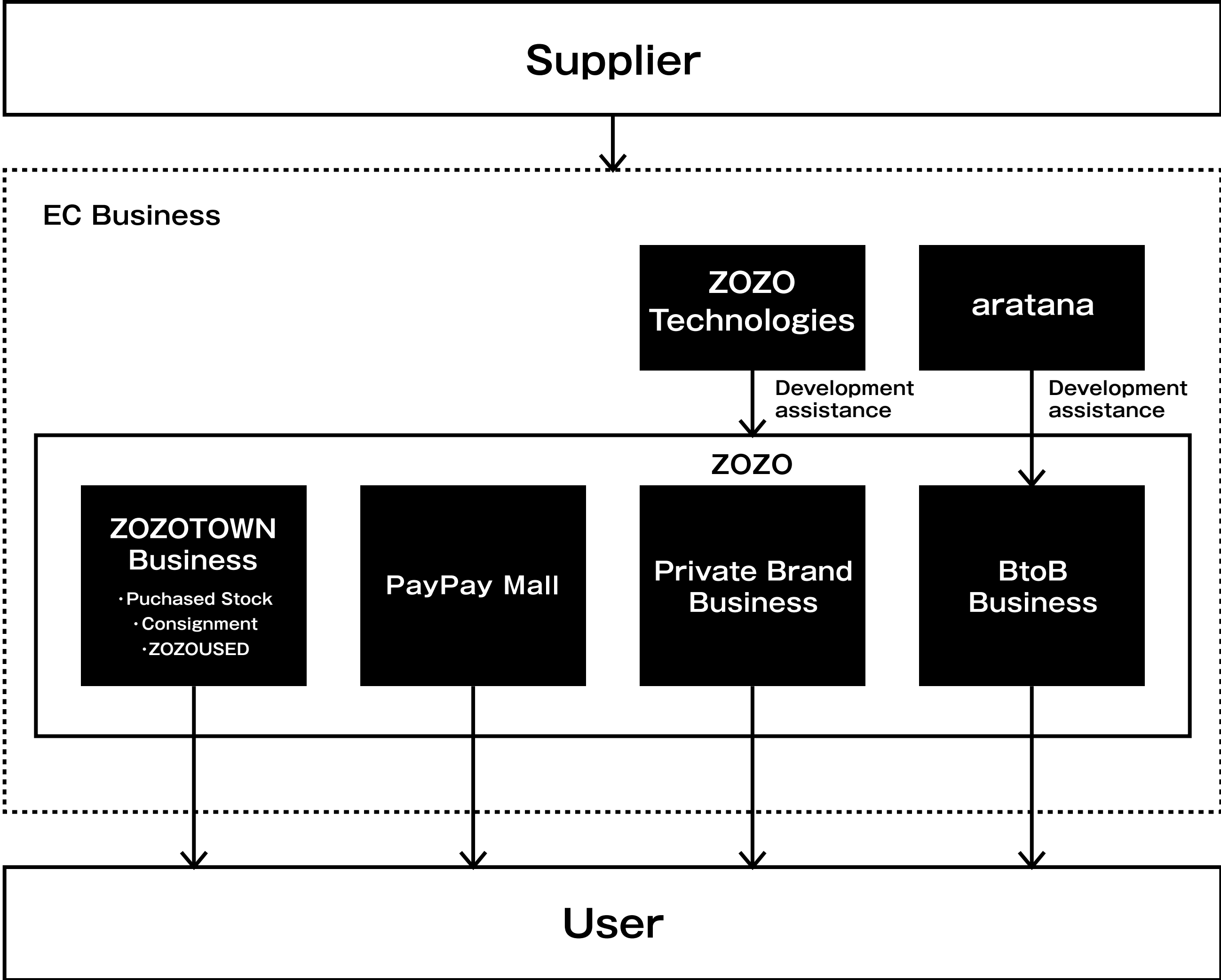
OUR SUBSIDIARIES

ZOZO Technologies, Inc.

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

aratana, Inc.

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



BUSINESS MODEL

ZOZOTOWN Business

○ Consignment

We operate 1,340 shops as consignment 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 × 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

PayPay Mall

Opened ZOZOTOWN shop on PayPay Mall which is operated by Yahoo Japan Corporation.
Sales = Gross merchandise value of each store × commission rate

Private Brand Business

Under the brand name “ZOZO”, it manufactures and sells basic items based on individual customer’s body size. Using data measured by the body measurement device “ZOSUIT” which developed in-house, and sell items at ZOZOTOWN.
Sales = Gross merchandise value* of private brand items

MSP Business

Manufacture and sell a portion of items from shops with strong user demands, by leveraging the know-how of manufacturing clothes in a variety of sizes which gathered in the company, sales capability and planning ability of shops on ZOZOTOWN.
Sales = Gross merchandise value of MSP 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 47 stores.
Sales = Gross merchandise value of these online shops × 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

* The amounts of gross merchandise value of ZOZOTOWN Business and PB Business for calculating net sales are amounts after deduction of discounts borne by the company

APPENDIX

Introduction of IR website <https://corp.zozo.com/en/ir-info/>

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

IR News ... The latest IR information are posted in a timely manner.

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

ESG ... Introducing our initiatives on ESG.

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

Financial Highlights ... Financials for the past 3 years are available. Data can be downloaded in both PDF and excel format.

<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 make access to the following link.

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

IR Mail Subscription <https://corp.zozo.com/ir-info/mail-magazine/>

**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.**



ZOZO

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