



# HIGHLIGHTS

1Q FY2020 ZOZO, Inc.  
CONSOLIDATED BUSINESS RESULTS



# FY2020 1Q HIGHLIGHTS

Gross Merchandise Value

**95.3** billion yen

( +19.5% YoY / Progress Rate 24.6% )

Operating Profit

**10.4** billion yen

( +33.9% YoY / Progress Rate 26.4% )

Operating Profit Margin

**10.9%**

( +1.1 points YoY )

# OVERVIEW OF EACH QUARTER



(million¥)

	FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q
Gross Merchandise Value	79,743	79,845	94,278	91,218	95,330
YoY (%)	13.1%	12.6%	0.3%	3.2%	19.5%
Net sales	28,197	29,045	34,645	33,629	33,674
SG&A	18,483	20,683	25,382	21,283	21,860
YoY (%)	0.6%	0.6%	18.1%	12.7%	18.3%
(%Gross Merchandise Value)	23.2%	25.9%	26.9%	23.3%	22.9%
Operating profit	7,786	5,467	6,131	8,503	10,423
YoY (%)	32.6%	30.8%	-42.0%	69.3%	33.9%
(%Gross Merchandise Value)	9.8%	6.8%	6.5%	9.3%	10.9%

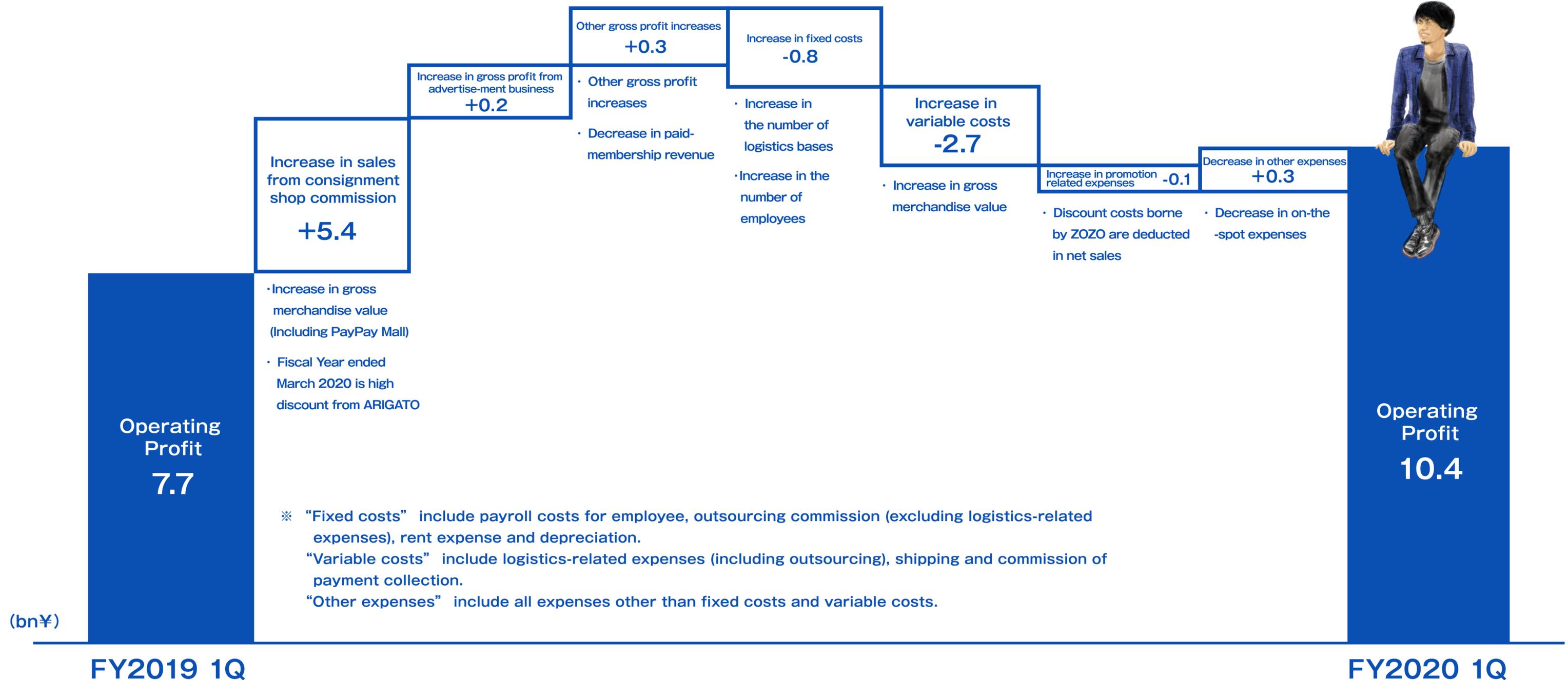
- Growth acceleration factor of the gross merchandise value : Within impact from COVID-19, the positive factor (digital shift) exceeded the negative factor (lowering of demand)
- Operating profit improving factors : Increase of gross profit in tandem with growth of the gross merchandise value and no occurrence of discount expense from ARIGATO program

# BUSINESS RESULTS



1Q FY2020 ZOZO, Inc.  
CONSOLIDATED BUSINESS RESULTS

# INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT(YoY COMPARISON)

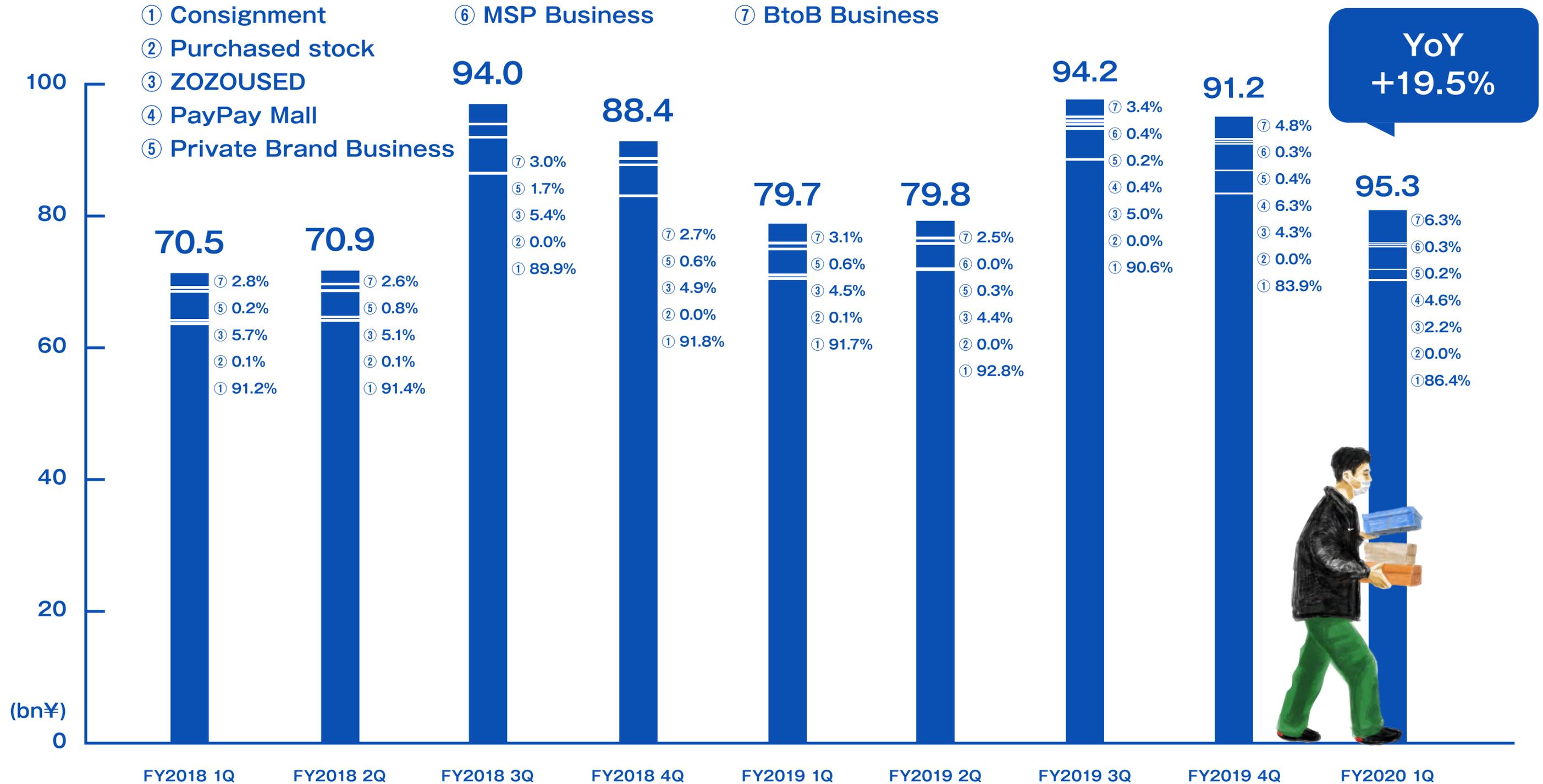


# CONSOLIDATED BALANCE SHEET

(million¥)

	FY2019 (as of March 31, 2020)	FY2020 1Q (as of June 30, 2020)		FY2019 (as of March 31, 2020)	FY2020 1Q (as of June 30, 2020)
<b>Current assets</b>	<b>70,429</b>	<b>68,974</b>	<b>Current liabilities</b>	<b>56,126</b>	<b>52,227</b>
Cash and deposits	33,602	27,629	Short-term borrowing	22,000	20,000
Merchandise and finished products	1,664	1,898	Noncurrent liabilities	3,525	3,783
<b>Noncurrent assets</b>	<b>23,756</b>	<b>23,416</b>	<b>Total liabilities</b>	<b>59,651</b>	<b>56,010</b>
Tangible assets	10,493	10,445	Shareholders' equity	34,616	36,442
Intangible assets	2,968	2,877	Treasury stock	-24,412	-24,412
Investments and other assets	10,295	10,093	<b>Total net assets</b>	<b>34,534</b>	<b>36,380</b>
<b>Total assets</b>	<b>94,186</b>	<b>92,390</b>	<b>Total liabilities and net assets</b>	<b>94,186</b>	<b>92,390</b>

# GROSS MERCHANDISE VALUE(QUARTERLY)



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

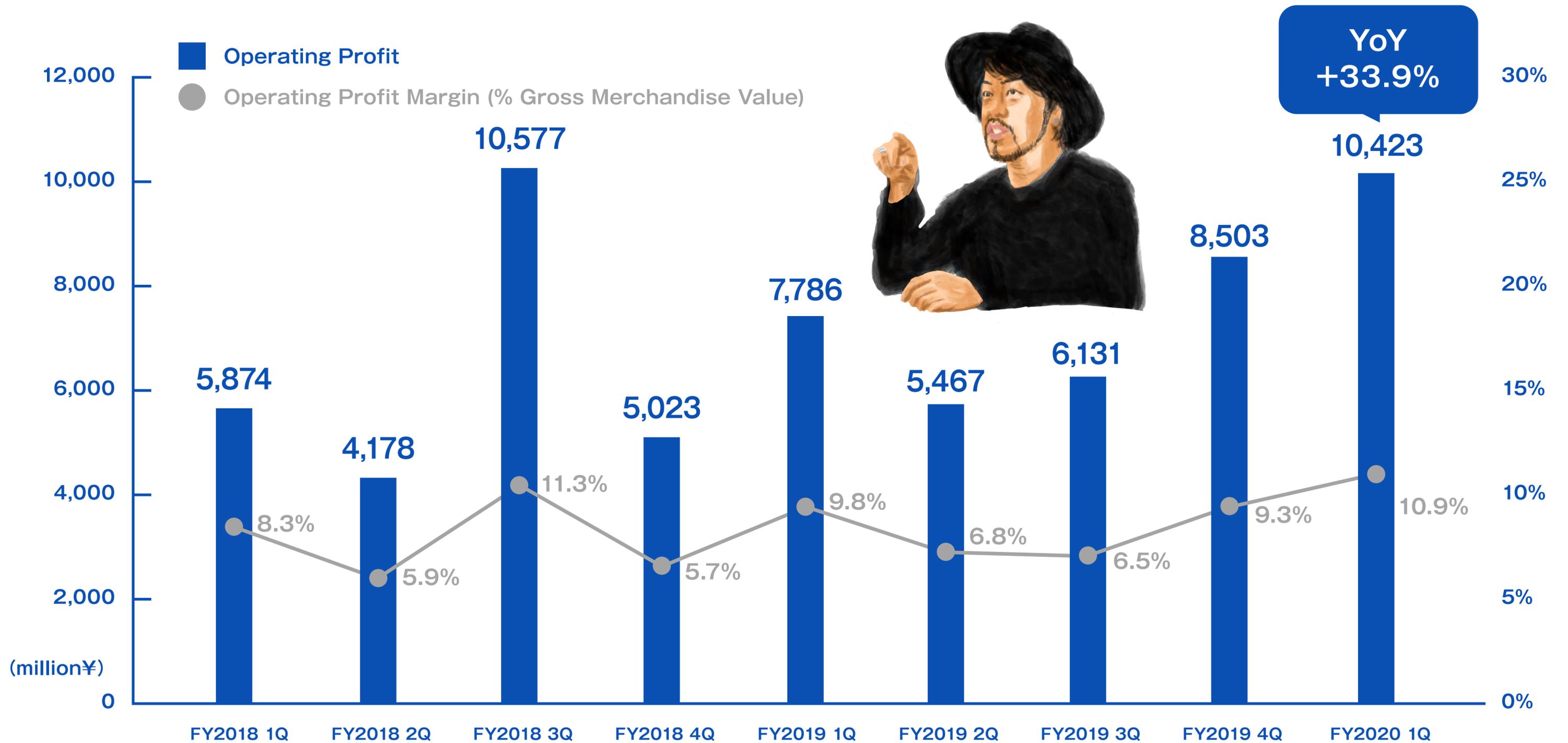
(million¥)

	FY2019 1Q		FY2020 1Q		YOY	Increase decrease factors
	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	%Gross Merchandise Value	
<b>Payroll and staff costs(*)</b>	<b>5,219</b>	<b>6.5%</b>	<b>6,465</b>	<b>6.8%</b>	<b>0.3%</b>	
Payroll costs for employee	1,940	2.4%	2,409	2.5%	0.1%	Transition of the number of employees on consolidated basis: 1,130 FY2019 1Q → 1,209 FY2020 1Q / Previous fiscal year: reversal of provision of bonuses
Logistics-Related Expenses (Including Outsourcing)	3,278	4.1%	4,056	4.3%	0.2%	Increase in the ratio due to a decrease in average retail price / Increase in hourly pay for part-time workers (June 2019~)
Outsourcing Commission (Excluding Logistics-Related Expenses)	1,023	1.3%	1,197	1.3%	0.0%	
<b>Shipping</b>	<b>5,011</b>	<b>6.3%</b>	<b>6,655</b>	<b>7.0%</b>	<b>0.7%</b>	Increase in ratio due to a decrease in the average order value (Increase in the discount sales ratio to the gross merchandise value and the reverse impact from ZOZOARIGATO in the previous fiscal year)
Commission of Payment collection	2,243	2.8%	2,561	2.7%	-0.1%	
Promotion related expenses	927	1.2%	1,075	1.1%	-0.1%	
Advertising	378	0.5%	619	0.7%	0.2%	
Reward points related expenses	548	0.7%	455	0.5%	-0.2%	Ended 1% reward point (April 2020~) / Reward points related expenses increased for ZOZOCARD holders
Rent expense	1,169	1.5%	1,232	1.3%	-0.2%	Lease end and increase of logistics bases
Depreciation	442	0.6%	553	0.6%	0.0%	Increase due to an increase in the number of logistics bases
Amortization of goodwill	140	0.2%	81	0.1%	-0.1%	
Stock Compensation Expenses	-6	0.0%	0	0.0%	0.0%	
Others	2,312	2.9%	2,035	2.1%	-0.8%	Decrease in on-the-spot expenses
<b>Total SG&amp;A</b>	<b>18,483</b>	<b>23.2%</b>	<b>21,860</b>	<b>22.9%</b>	<b>-0.3%</b>	

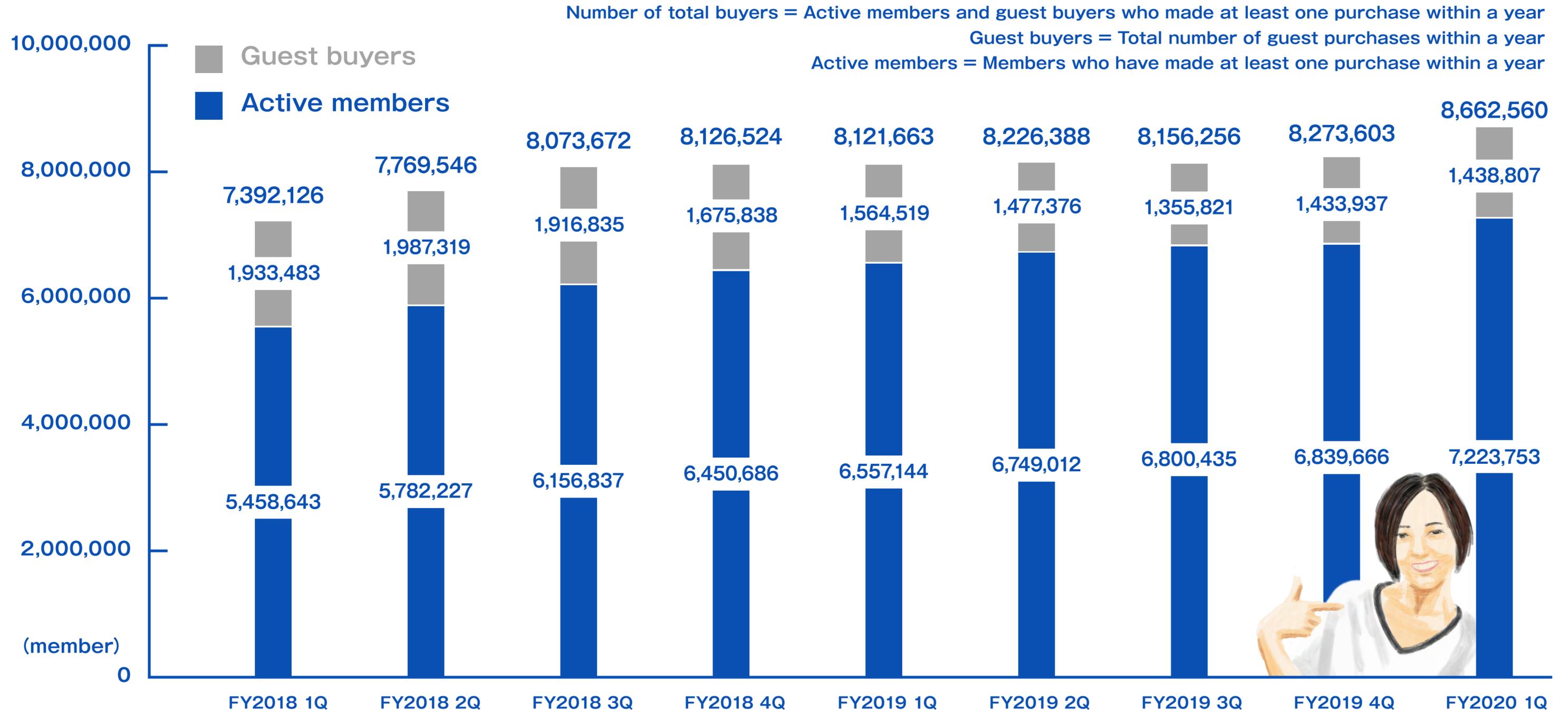
\* Payroll includes directors' remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation. "Employee" includes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



# NUMBER OF TOTAL BUYERS



\* Excluding the users only purchased the body measurement device "ZOSUIT" and "ZOMAT"

\* 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

# AVERAGE RETAIL PRICE

Average retail price = Gross Merchandise Value / Number of pieces

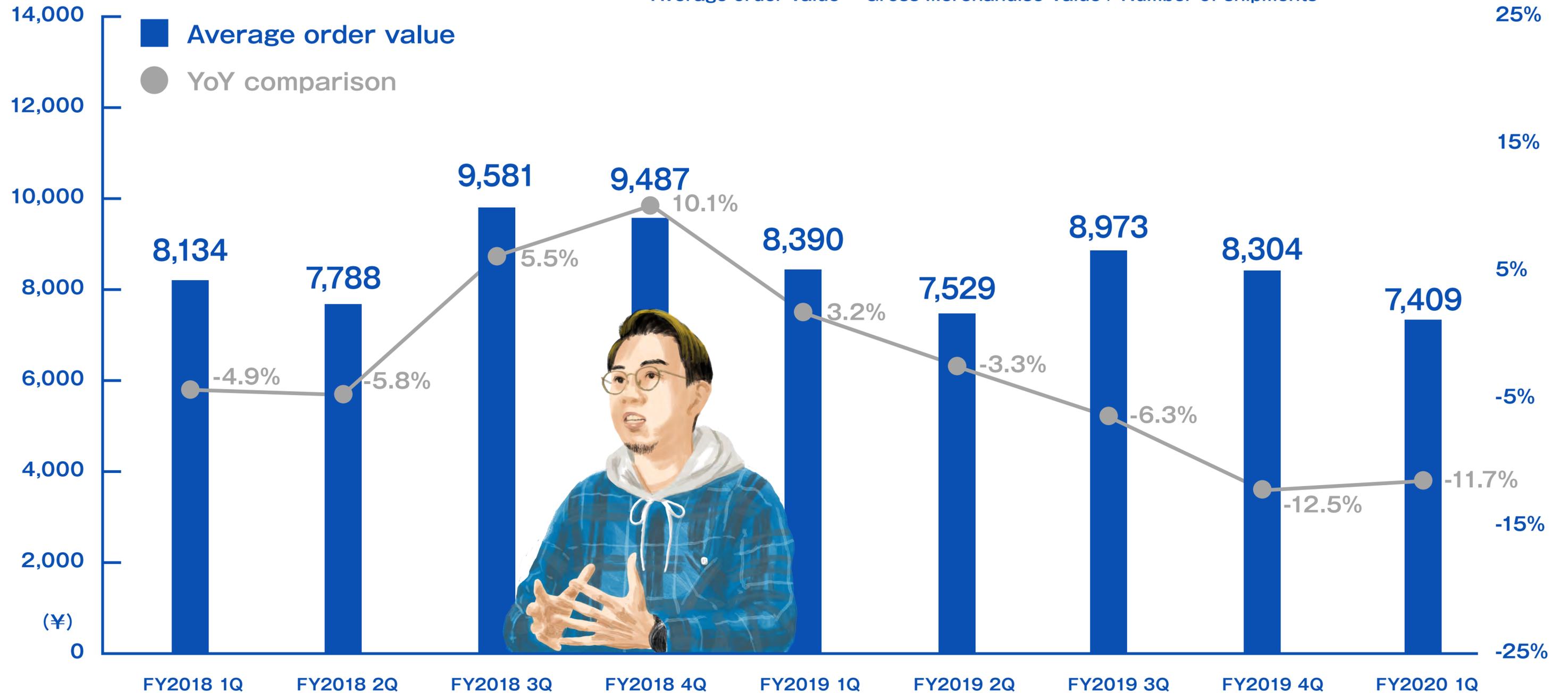


\* The numbers of average retail price are averages calculated from combined results of the ZOZOTOWN business, the PB business, and the MSP business

\* PayPay Mall is not included

# AVERAGE ORDER VALUE

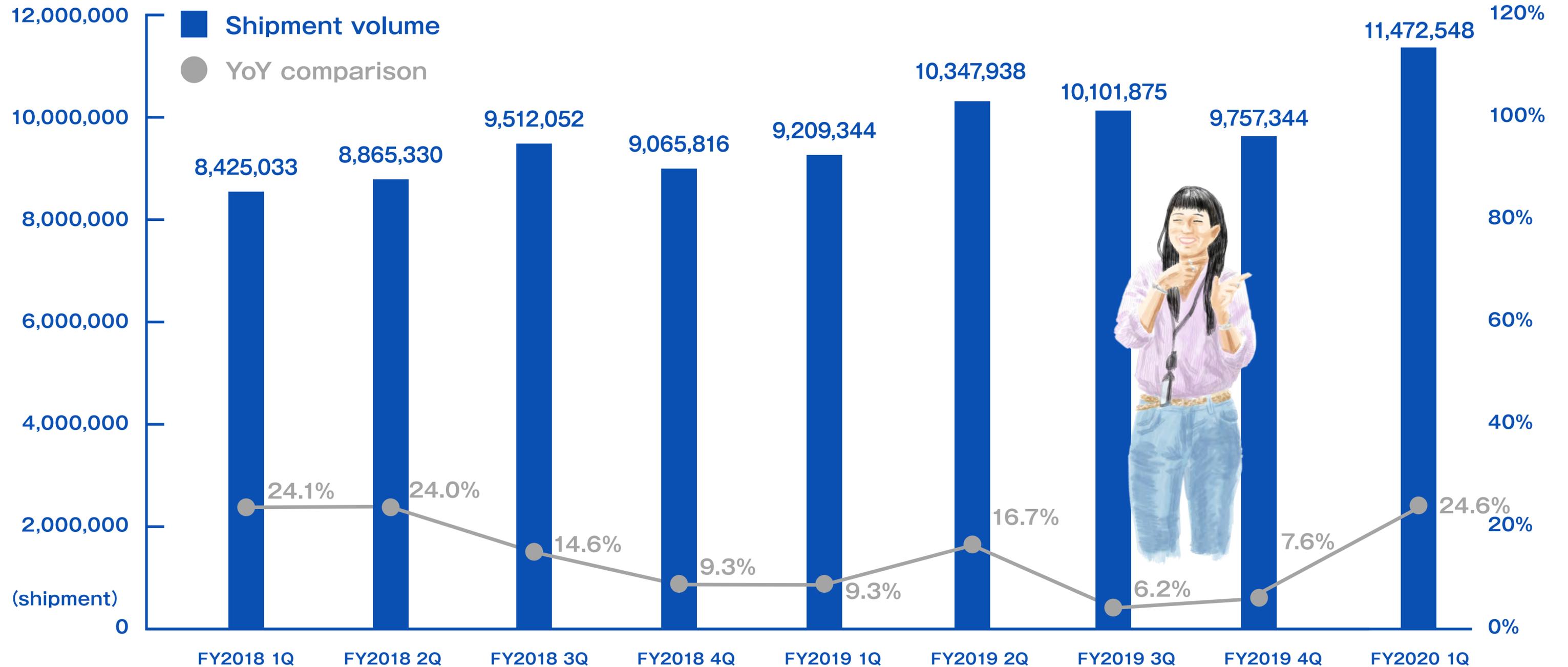
Average order value = Gross Merchandise Value / Number of shipments



\* 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

# NUMBER OF SHIPMENTS



\* Excluding the number of shipments of the body measurement device "ZOZOSUIT" and "ZOZOMAT" 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

# BUSINESS PLAN FOR FY2020



1Q FY2020 ZOZO, Inc.  
CONSOLIDATED BUSINESS RESULTS

# CONSOLIDATED BUSINESS FORCAST AND DIVIDEND FORECAST FOR FY2020

	FY2020 Plan	YoY
Gross Merchandise Value	387.3 billion yen	12.2%
Net sales	143.7 billion yen	14.5%
Operating profit	39.5 billion yen	41.6%
Operating Profit Margin (to the Gross Merchandise Value)	10.2%	—
Ordinary profit	39.5 billion yen	42.9%
Profit attributable to owners of parent	27.6 billion yen	46.8%
Net profit per share	90.4 yen	—
Estimated dividends per share (Plan)	37.0 yen	—

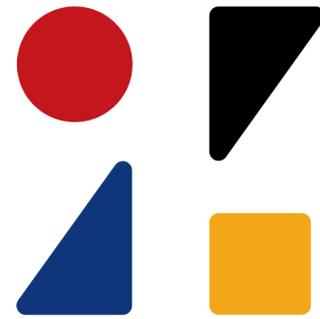


# FY2020 TARGET BY BUSINESS SEGMENT

	Target for Gross Merchandise Value	YoY
ZOZO Group	387.3 billion yen	+12.2%
Consignment Business	331.0 billion yen	+7.2%
ZOZOUSED	14.9 billion yen	-5.4%
PayPay Mall	20.0 billion yen	+222.6%
BtoB Business	20.0 billion yen	+66.2%
Private Brand Business	0.2 billion yen	-84.1%
MSP Business	1.2 billion yen	+59.6%



	Target for Net Sales	YoY
Advertisement Business	4.2 billion yen	+54.6%



**ZOZO**

## Measures under COVID-19 outbreak (business operation)

- **Employees working at offices continue to work mainly from their home**
- **Logistics warehouses and customer centers continue to operate with sufficient infection-prevention measures**
- **There is no major issue to business operation as of today; we will continue to act speedily and flexibly by carefully examine the spread speed.**
- **Considering the introduction of a new working style adopting working remotely**



## Measures under COVID-19 outbreak (social support activity)

SAVE  
FASHION,  
SAVE  
THE TOWN TEE

# Sales of charity T-shirt

Number of pieces sold

**5,528** pieces

Selling price

**2,020** yen

From August onward, planning to  
distribute hand sanitization gel to about  
**20,000** physical stores in Japan



## Measures under COVID-19 outbreak (social support activity)



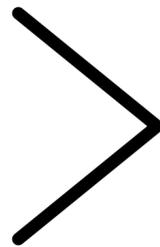
ヤマト運輸

# EAZY

**The first company to introduce “EAZY” a service by Yamato Transport, enabling no face-to-face receipt of packages. 17% of eligible users actively use the service.**

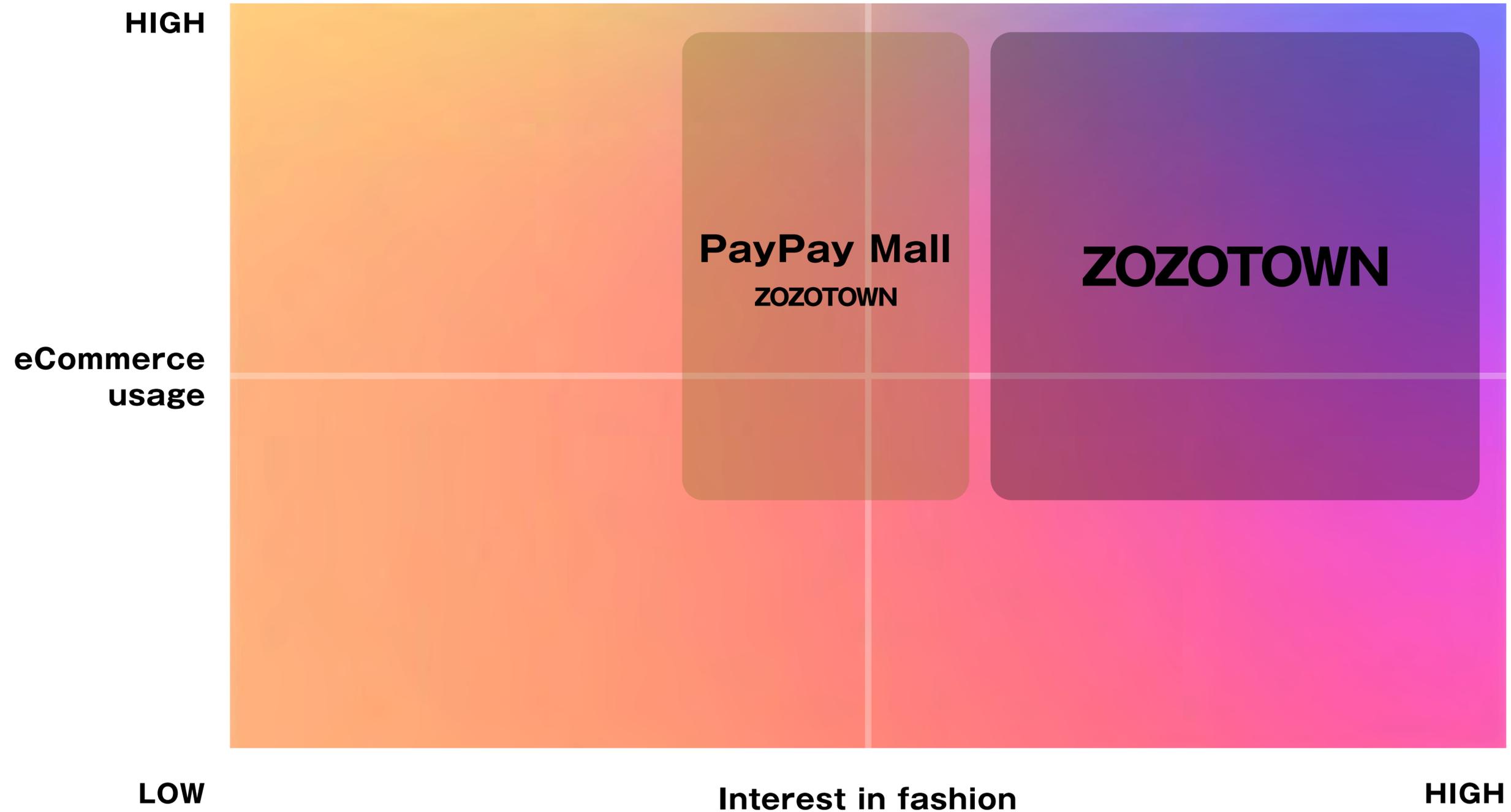
**Impact from COVID-19 outbreak**

**Digital Shift**

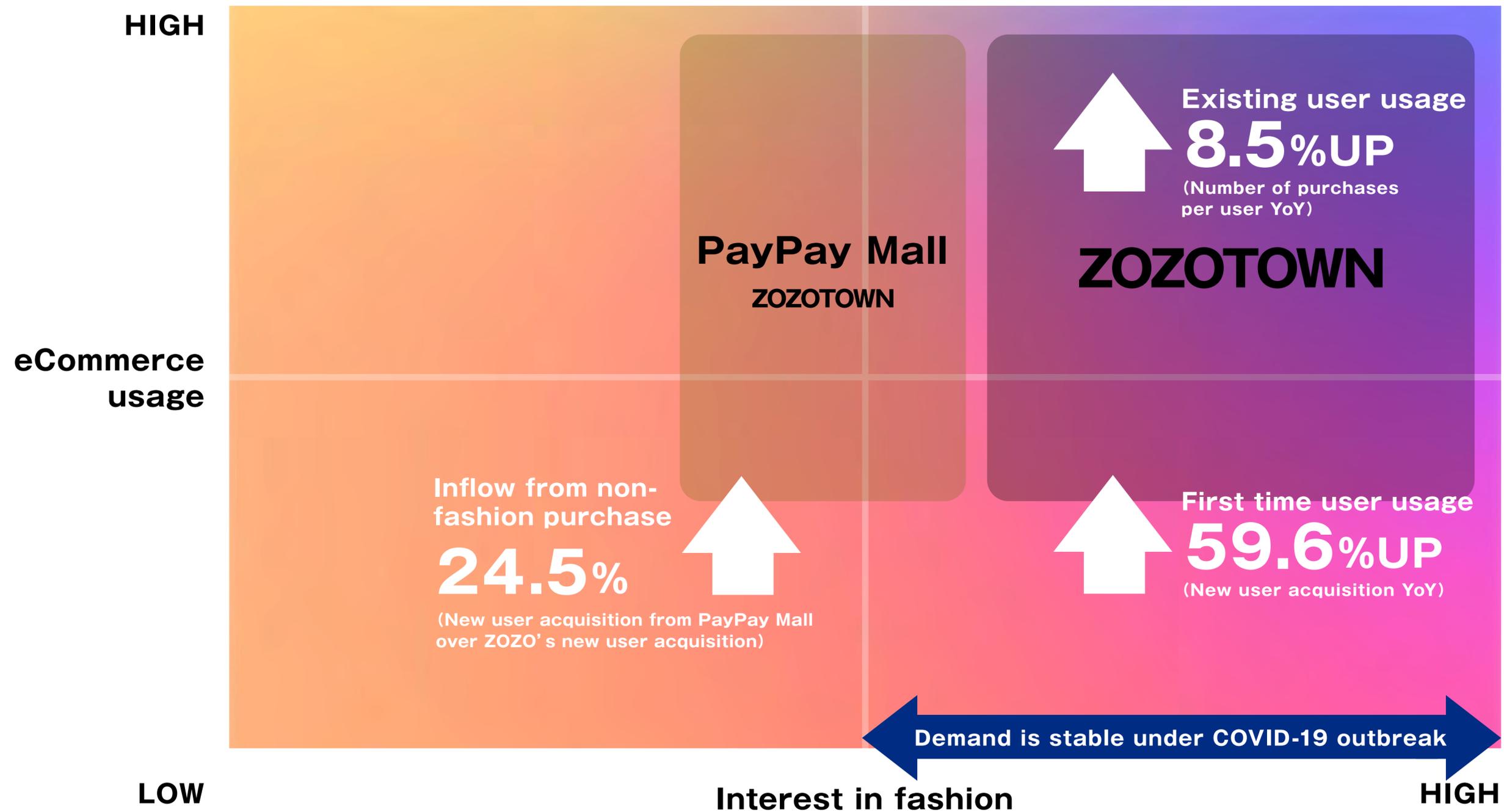


**Lowering of demand from decrease in opportunities of going out**

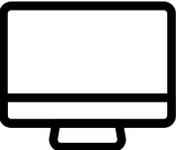
# Main users of ZOZOTOWN



# Main users of ZOZOTOWN



# Measures for digital shift

Movement in the future	
 Customer	<ul style="list-style-type: none"><li>• Acceleration of eCommerce transition from other sales channel</li></ul>
 Brand	<ul style="list-style-type: none"><li>• eCommerce enhancement and rephrase of physical store operation</li><li>• Control production to maintain low volume</li></ul>
 Competitor	<ul style="list-style-type: none"><li>• Further strengthening of fashion eCommerce</li></ul>



Direction
<ul style="list-style-type: none"><li>• Increase touchpoints with users through selling space expansion and product expansion</li><li>• Secure inventory speedily by leveraging strong connection with brands as the largest eCommerce mall</li><li>• Differentiation of products by shop opening of D2C and luxury brands</li><li>• Lead physical store direction through provision of store solution</li></ul>

Utilize fashion technology and know-how and resources of ZHD

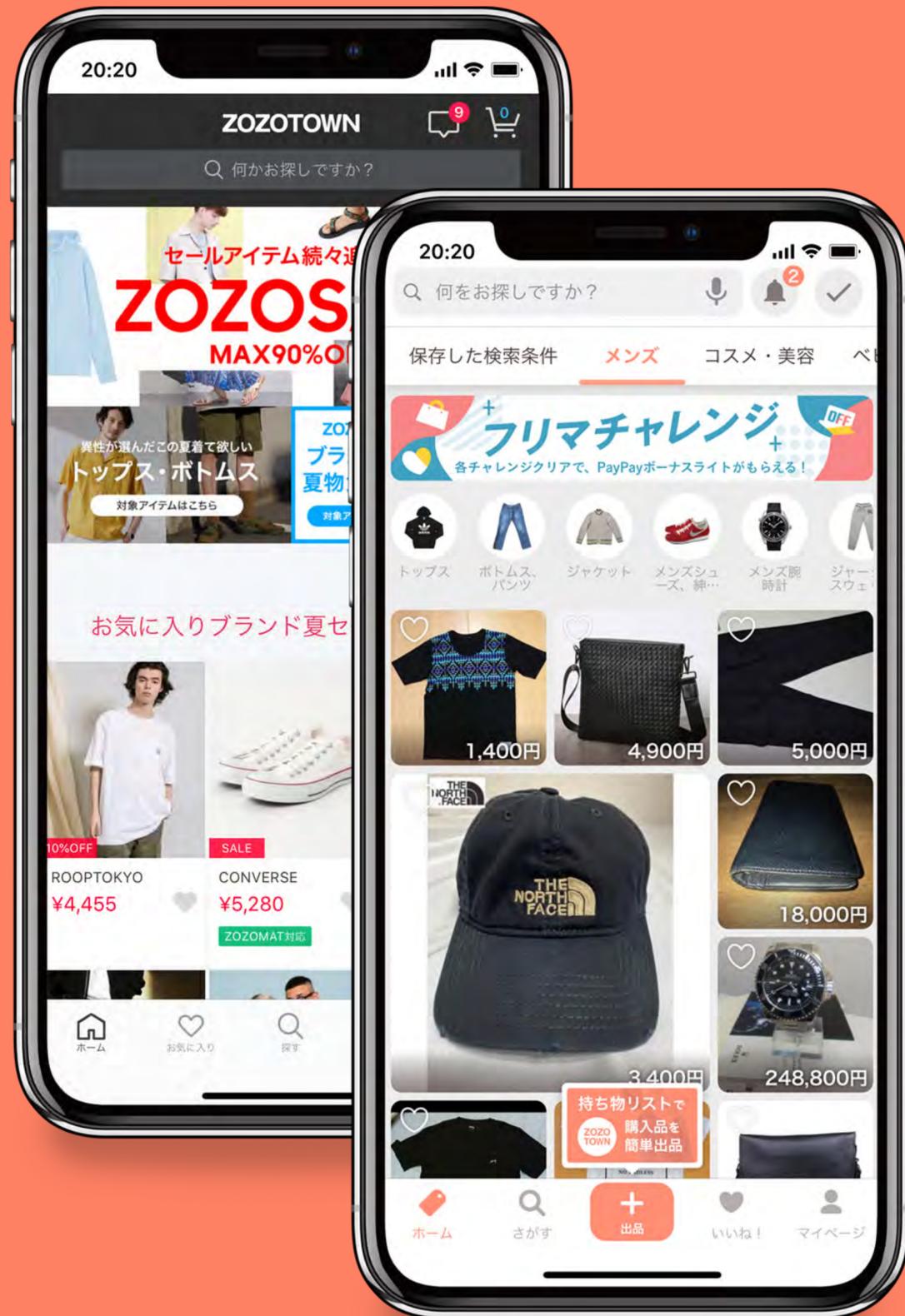
**Selling space expansion**

# **Synergies related to PayPay**



No.1

# Opening of ZOZOTOWN in PayPay Mall



No.2

# Linkage of PayPay Furima

Started from July 1.

By connecting Yahoo! JAPAN ID  
and ZOZO ID, users can sell items  
purchased from ZOZOTOWN!



No.3

# Introduction of PayPay payment

Planning to introduce  
in mid August.  
Bring in PayPay users  
to ZOZOTOWN



## Full leverage of synergies

Short-term

**Cooperation with  
SoftBank**

Increase SoftBank user usage by store promotion and offering of special benefit

**Media and  
ad business**

Operate ad business in cooperation with Yahoo! JAPAN using ZOZOTOWN and WEAR

**Collaboration of  
engineers**

Use data science  
Improvement of product recommendation

**Cooperation of  
logistics**

Use ZOZOBASE

Mid-term

**Product expansion**

# **Shop opening of luxury brands**



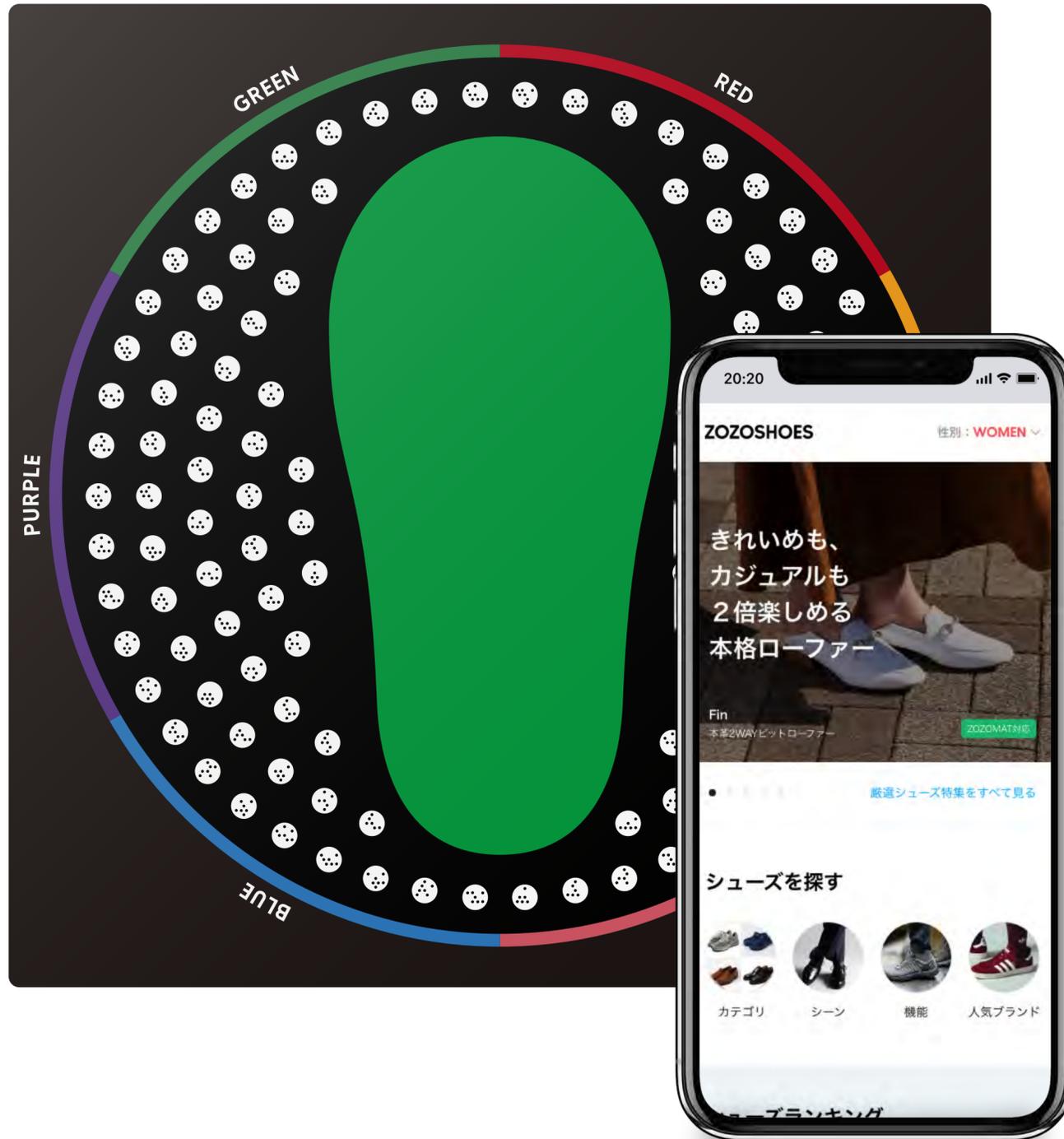
- **LOEWE (LVMH Group)**  
**STELLA McCARTNEY**  
**MARNI (OTB Group) opened**  
**their shops**



- **Other brands are positive**  
**about shop opening as well**

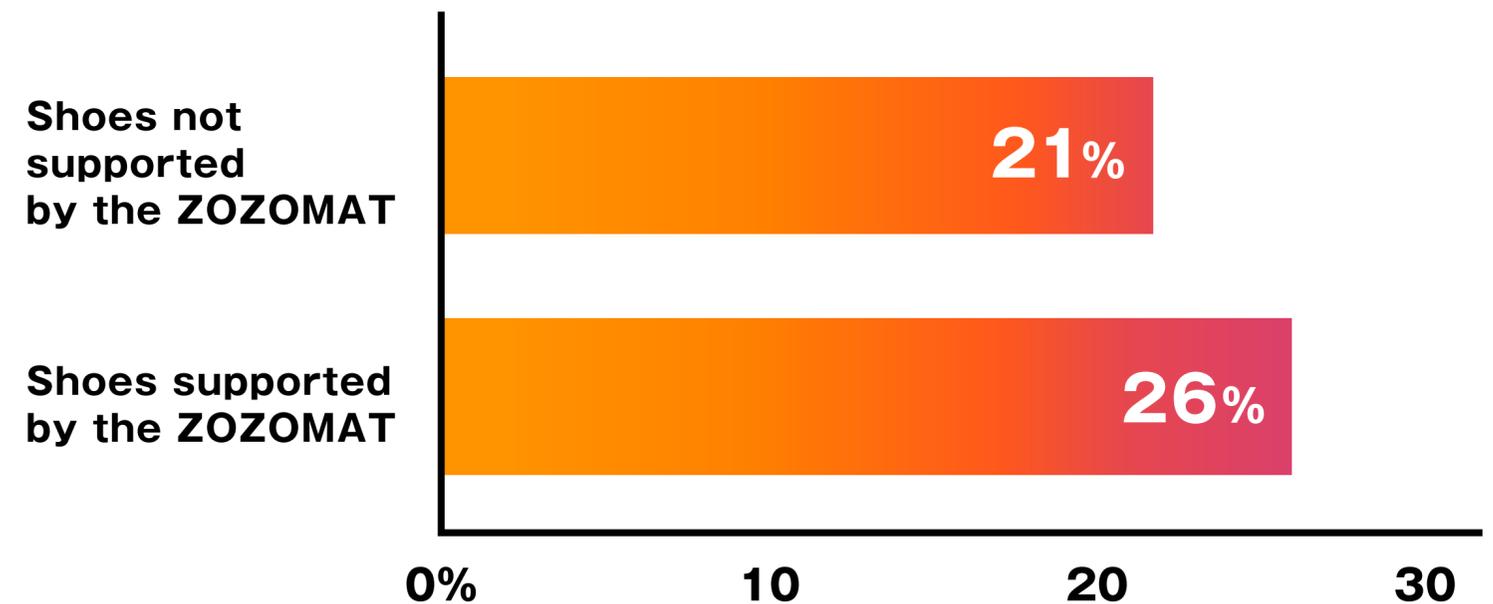
**Product expansion**

**Increase in  
shoes sales**



- **ZOZOMAT**  
 Number of deliveries: **1,285,449**  
 Number of people measured: **1,130,195**  
 Merchandise value of shoe category  
 grew by **18% YoY**

### Composition of new purchase users



- **Establishment of new technology for a new item category is in sight, after the rollout of the ZOZOMAT**

**Product expansion**

**YOUR  
BRAND  
PROJECT  
2020**

**Powered by ZOZO**

# ZOZO manufactures items produced by influencers; sell at ZOZOTOWN and brands' eCommerce sites



INFLUENCER



INFLUENCER



INFLUENCER

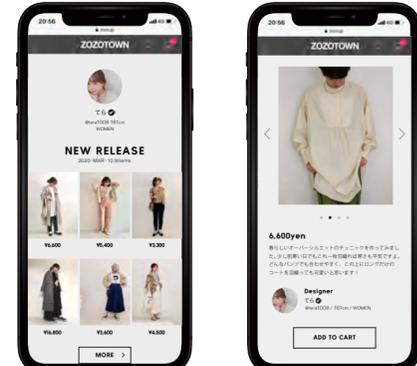
Consignment  
sales  
agreement  
+  
manufacturing  
consignment



ZOZO



Brands



ZOZOTOWN  
Brands' own  
eCommerce sites

ZOZOTOWN  
Brands' own  
eCommerce sites



INFLUENCER



- **Among 7,000 people from auditions and active sales activities, about 20 people made through**
  - Mom fashionista who caught on fire from WEAR and have more than 200,000 followers on Instagram
  - Sport-type YouTuber with more than 400 million views
  - Famous female comedian who established her style of comedy on social media and perform multilateral activities not only on TV but also on YouTube, twitter, Instagram, etc.
- **Planning to start selling merchandise from October 2020**
- **Big-star influencers are planning to participate the project as special entry**

# yutori

**Company name**  
**yutori**

**Address**  
**“beach” T.T.K Flat 301,**  
**24-3, Maruyamacho, Shibuya-ku, Tokyo**

**Establish**  
**April 4, 2018**

**Director**  
**Takanori Katashi, Kazuma Senokuchi**

**Business**  
**Fashion community business and**  
**IP business**



**Representative Director**  
**and CEO**  
**Takanori Kataishi**

Born in 1993. Graduated Meiji University School of Commerce and entered Akatsuki Inc. in 2016. Started “Furugi-joshi” on Instagram personally and exceeded 100,000 followers in 5 months after its account creation. In April 2018, established yutori with 0 yen investment.



**Director and COO**  
**Kazuma Senokuchi**

Born in Kagoshima in 1992. In 2016, while in Meiji University School of Business Administration, he participated in an establishment of web media targeting inbound tourists as a new business at the ad agency. In 2017, established a company komilog to support web marketing at the same time of his graduation. In June 2018, became a director of yutori.



**WHY**  
**Existence value of yutori**

**Create the first step for shy but brilliant people**

**yutori was born from a person's pure loving mind of "I love second-hand apparel without any particular reason"**

**There are not many members with experiences in the apparel industry.**

**But, there is surely a pure love of second-hand apparel and clothing; created a**

**business from the scratch with strong eagerness of loving something.**

**Expressing something you like and with objective outcome, we believe you can start liking yourself a bit more than what you used to be.**

**We produce people through brands.**



# Apparel brand business with "Furugi-joshi" as its axis and Producing virtual models

Operate several D2C brands such as 9090, spoon etc. with a media "Furugi-joshi" as its axis. Also, the company produces 2 virtual models.



## Furugi-joshi

**Followers: 342 thousand**

One of the largest second-hand apparel communities. "Furugi-joshi" (@furuzyo) is an Instagram account introducing second-hand apparel coordinates through repost. Exceeded 210 thousand followers in a year after from its account creation. Currently the number of followers is more than 342 thousand as of June 2020. Became a user-enroll-type empowerment media and established its unique world view and economics.

## D2C Brands

**Aggregated number of followers: 366 thousand**

Operate brands such as '90s street taste "9090" (@9090s\_), relaxed café girly "spoon" (@spoon\_store), vintage store "centimeter" (@centimeter\_store), etc.



## Virtual model agency "VIM"

**Models in the agency: Aoi Prism (right), uca (left)**

The world's first agency only with virtual models. Produces virtual influencers with various millennial creators.



# Brand business

Operate D2C type business for digital street brands focusing on 100% online sales



## 9090

Followers: 172 thousand

Revival of '90s street brands into 2020! Creating its original world view by mixing essential cultures for street such as hip hop, skateboard, etc. Sells not only t-shirts and hoodies but also original set-up suits and work shirts.

### Instagram posts



## spoon

Followers: 104 thousand

Love something that you have been loving for all the time. The concept is "Retro! Relax". With "2 by 1" as the theme, pair items are popular for couples. Produces original items by collaborating with nostalgic and retro cafes through "Café spoon" project.

### Instagram posts



## centimeter

Followers: 300 thousand

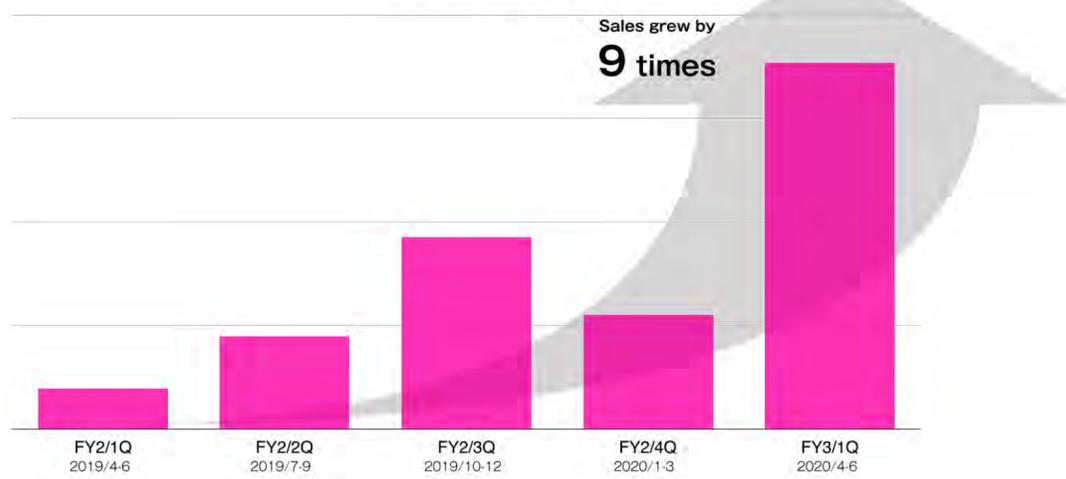
Opened in March 2020. The theme is "for Shimokitazawa city boy". Second-hand apparel select store for sentimental boys and girls. Targeting boys in 20s liking second-hand apparel, brand sells second-hand apparel items and original produced items. Collaborating with up and coming skaters and models.

### Instagram posts



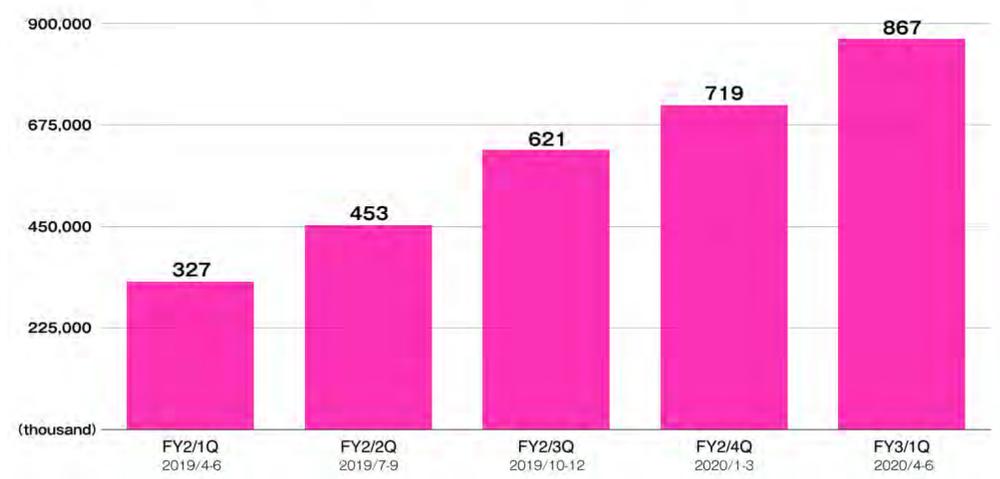
Sales grew by 9 times from 1Q of the second fiscal year to 1Q of the third fiscal year

Transition of sales

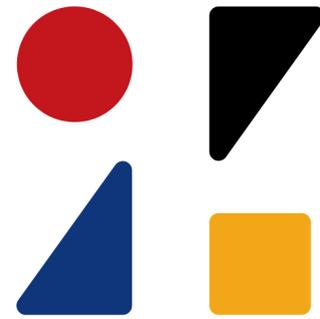


The total number of followers for the apparel business Instagram accounts exceed 860 thousand.

Followers of "Furugi-joshi" exceeds 340 thousand and that of "Furugi-danshi" exceeds 130 thousand.







**ZOZO**