



# FY2020 ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS

# HIGHLIGHTS



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CONSOLIDATED BUSINESS RESULTS

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Gross Merchandise Value **419.4** billion yen  
( +21.5% YoY / Achievement Rate 102.6% )

Gross Merchandise Value **407.7** billion yen  
(excluding other GMV)  
( +18.2% YoY / Achievement Rate 101.4% )

Operating Profit **44.1** billion yen  
( +58.3% YoY / Achievement Rate 106.4% )

Operating Profit Margin **10.8%**  
( +2.7 points YoY )

\*Operating profit margin is calculated by operating profit divided by the gross merchandise value (excluding other GMV)

\*The achievement rates are calculated based on the figures in the revised plan disclosed on January 29, 2021.



# OVERVIEW OF EACH QUARTER



(million¥)

	FY2019				FY2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Gross Merchandise Value</b>	<b>79,743</b>	<b>79,845</b>	<b>94,278</b>	<b>91,218</b>	<b>95,330</b>	<b>90,301</b>	<b>118,611</b>	<b>115,194</b>
Gross Merchandise Value (excluding other GMV)	79,743	79,845	94,278	91,218	95,330	90,195	115,247	106,999
YoY (%)	13.1%	12.6%	0.3%	3.2%	19.5%	13.0%	22.2%	17.3%
<b>Net sales</b>	<b>28,197</b>	<b>29,045</b>	<b>34,645</b>	<b>33,629</b>	<b>33,674</b>	<b>32,818</b>	<b>41,987</b>	<b>38,922</b>
<b>SG&amp;A</b>	<b>18,483</b>	<b>20,683</b>	<b>25,382</b>	<b>21,283</b>	<b>21,860</b>	<b>21,571</b>	<b>25,742</b>	<b>26,714</b>
YoY (%)	0.6%	0.6%	18.1%	12.7%	18.3%	4.3%	1.4%	25.5%
(%Gross Merchandise Value)	23.2%	25.9%	26.9%	23.3%	22.9%	23.9%	22.3%	25.0%
<b>Operating profit</b>	<b>7,786</b>	<b>5,467</b>	<b>6,131</b>	<b>8,503</b>	<b>10,423</b>	<b>9,482</b>	<b>13,880</b>	<b>10,358</b>
YoY (%)	32.6%	30.8%	-42.0%	69.3%	33.9%	73.4%	126.4%	21.8%
(%Gross Merchandise Value)	9.8%	6.8%	6.5%	9.3%	10.9%	10.5%	12.0%	9.7%

\* %Gross Merchandise Value are represented in percentages after division by gross merchandise value (excluding other GMV)

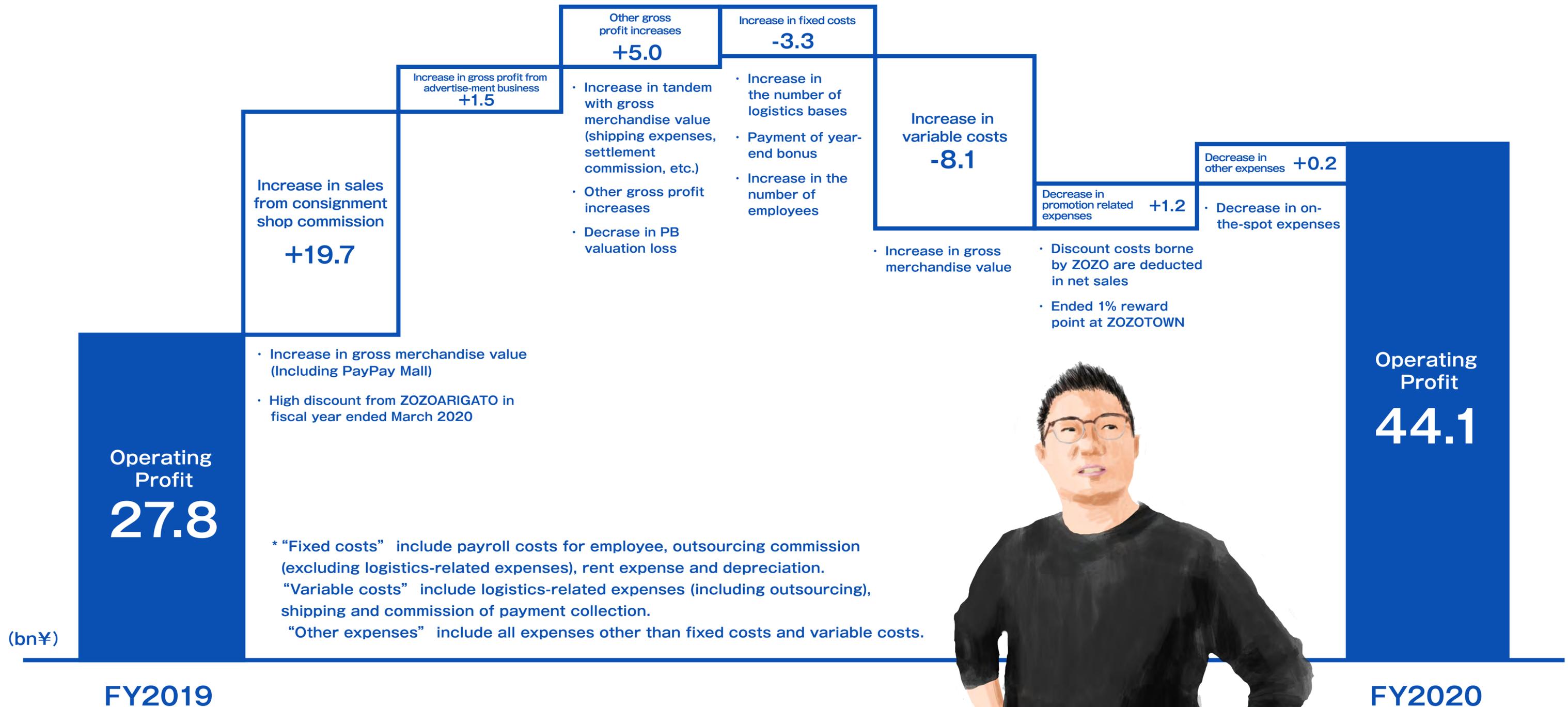
- Growth acceleration factor of the gross merchandise value : stabilization of new users acquired up to 3Q and an increase of visits by existing users. Positive factors (digital shift) continued to exceed negative factors (lowering demand) of COVID-19.
- Operating profit improving factors : increase of gross profit in tandem with growth of the gross merchandise value, decrease in the number of discount measures, decrease in logistics-related expenses ratio from operation efficiency improvement inside warehouses

# BUSINESS RESULTS

FY2020 ZOZO, Inc.  
CONSOLIDATED BUSINESS RESULTS



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



# CONSOLIDATED BALANCE SHEET

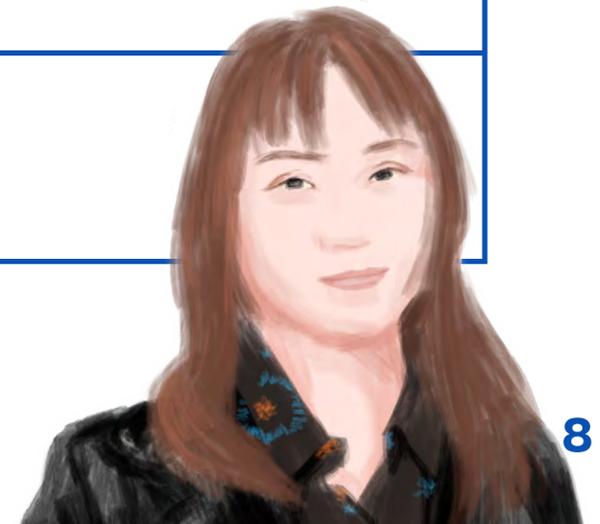
(million¥)

	FY2019 (as of March 31, 2020)	FY2020 (as of March 31, 2021)		FY2019 (as of March 31, 2020)	FY2020 (as of March 31, 2021)
<b>Current assets</b>	<b>70,429</b>	<b>99,796</b>	<b>Current liabilities</b>	<b>56,126</b>	<b>65,180</b>
Cash and deposits	33,602	61,648	Short-term borrowing	22,000	20,000
Merchandise and finished products	1,664	1,792	Noncurrent liabilities	3,525	4,968
<b>Noncurrent assets</b>	<b>23,756</b>	<b>25,860</b>	<b>Total liabilities</b>	<b>59,651</b>	<b>70,149</b>
Tangible assets	10,493	12,019	Shareholders' equity	34,616	55,651
Intangible assets	2,968	2,915	Treasury stock	-24,412	-24,146
Investments and other assets	10,295	10,925	<b>Total net assets</b>	<b>34,534</b>	<b>55,507</b>
<b>Total assets</b>	<b>94,186</b>	<b>125,656</b>	<b>Total liabilities and net assets</b>	<b>94,186</b>	<b>125,656</b>

# CASH FLOWS

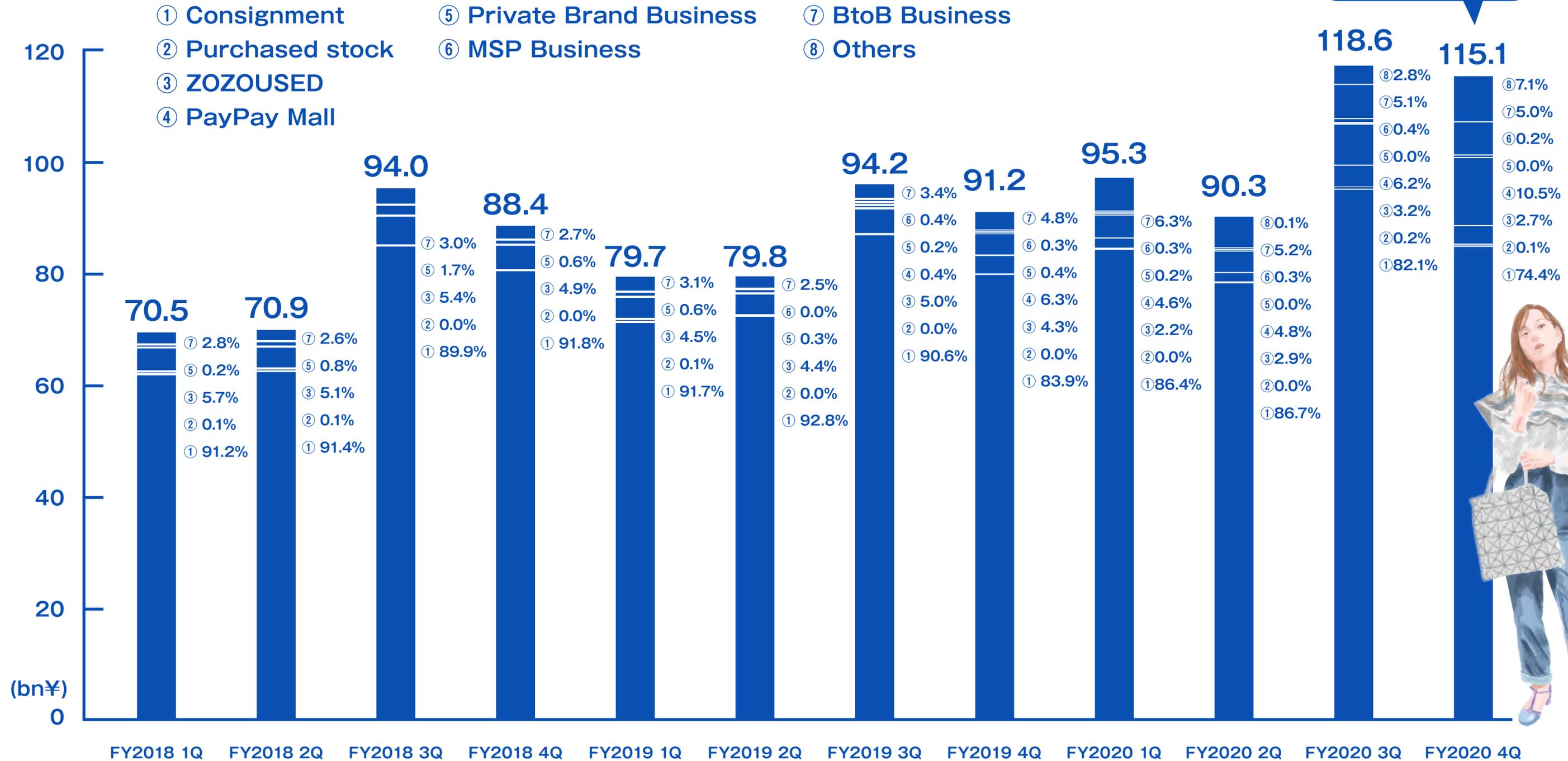
(million¥)

	FY2019	FY2020	YoY	Reasons for change
Cash flows from operating activities	24,789	44,790	20,001	
Cash flows from investing activities	-5,987	-4,648	1,339	Acquisition of yutori inc. shares Expenditure from the new office and new logistics bases expansion
Cash flows from financing activities	-6,771	-12,117	-5,346	Repayment of short-term borrowings
Cash and cash equivalents at the end of the year	33,602	61,648	28,045	



# GROSS MERCHANDISE VALUE(QUARTERLY)

YoY  
+17.3%\*



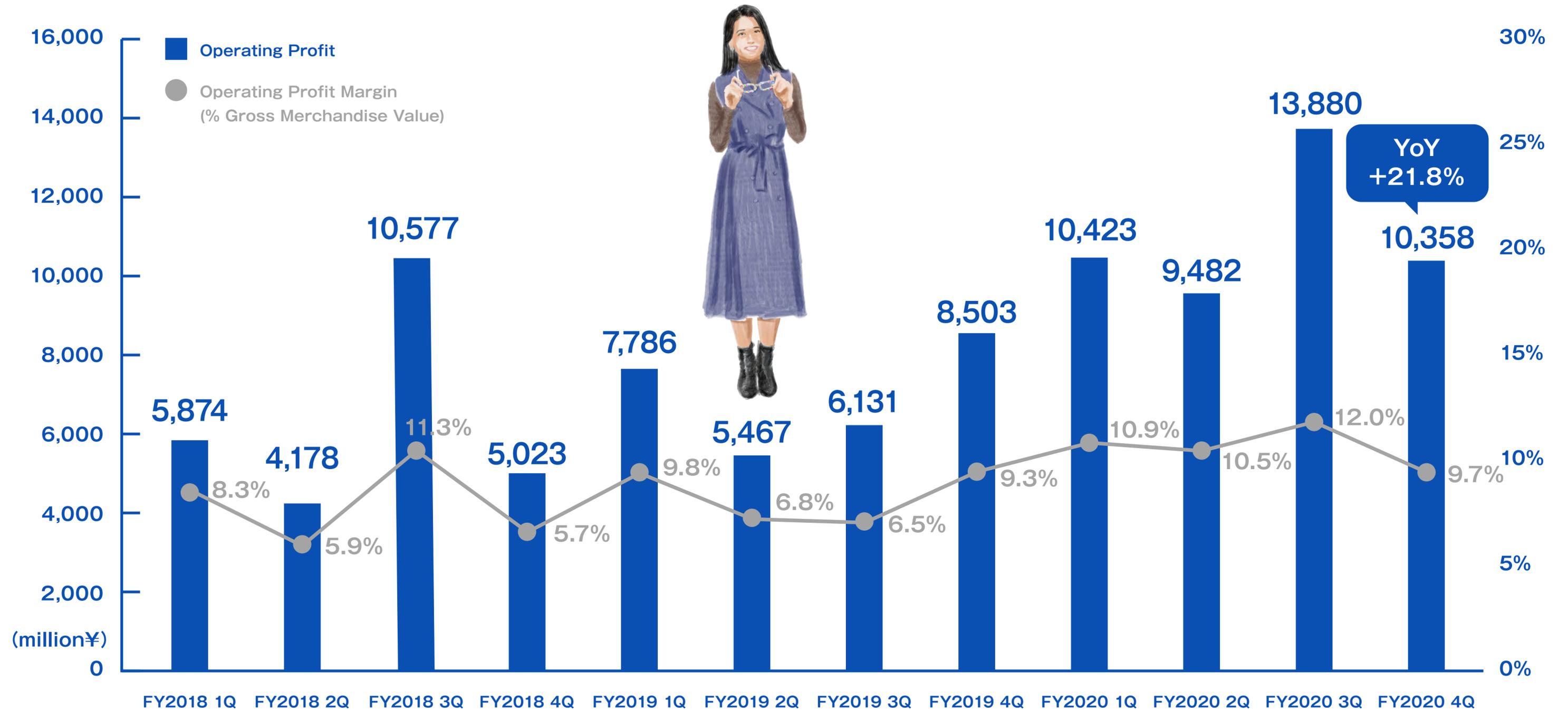
\* YoY are calculated with GMV excluding “ ⑧ Others” .

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



※ Promotion related expenses ratios are calculated by related items divided by gross merchandise value (excluding other GMV).

# OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



\* Operating profit margins are calculated by operating profit divided by gross merchandise value (excluding other GMV)

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

(million¥)

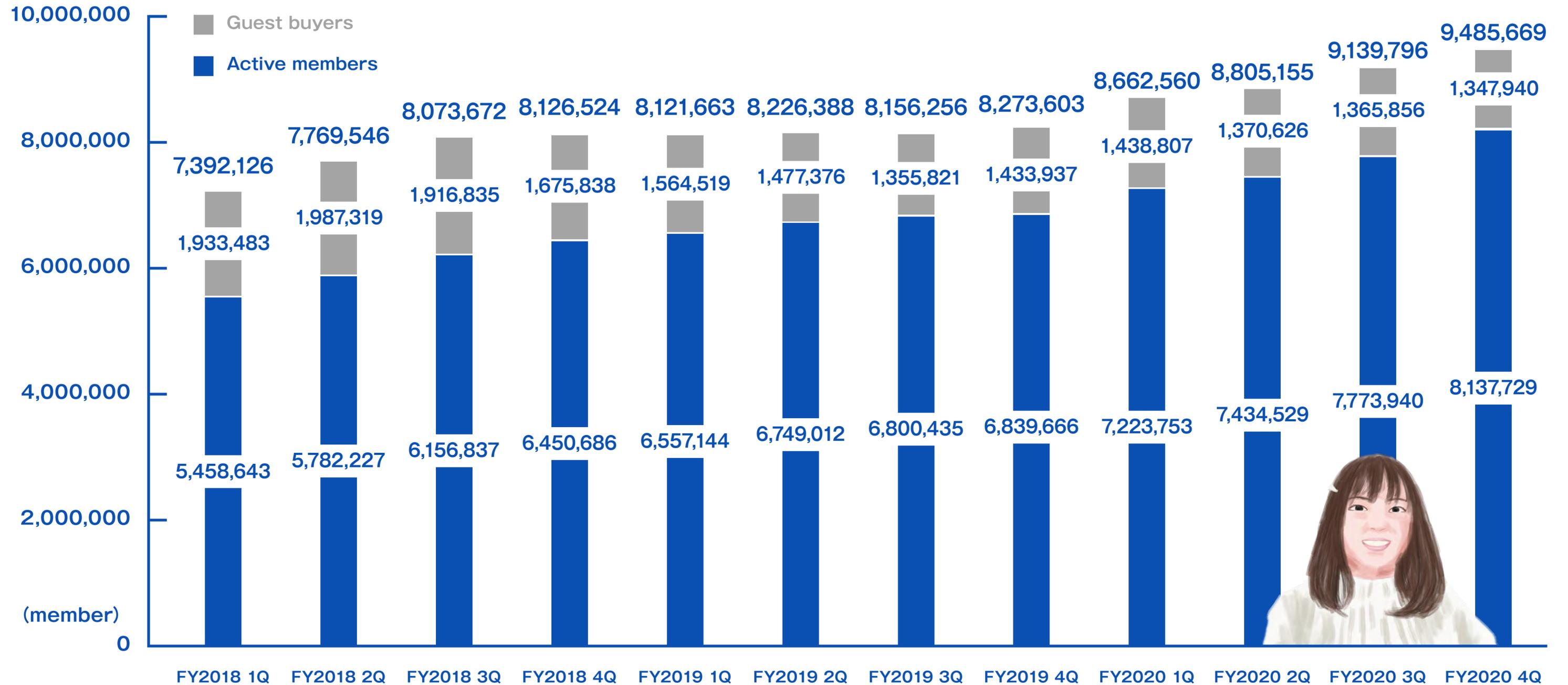
	FY2019		FY2020		YOY	Increase decrease factors
	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	%Gross Merchandise Value	
Payroll and staff costs(*)	23,320	6.8%	27,244	6.7%	-0.1%	
Payroll costs for employee	8,417	2.4%	11,058	2.7%	0.3%	Transition of the number of employees on consolidated basis: FY2019 1,158 → FY2020 1,297 / Payment of year-end bonus(4Q)
Logistics-Related Expenses (Including Outsourcing)	14,902	4.3%	16,185	4.0%	-0.3%	Operation efficiency improvements inside warehouses
Outsourcing Commission (Excluding Logistics-Related Expenses)	4,551	1.3%	5,086	1.2%	-0.1%	
Shipping	21,993	6.4%	27,578	6.8%	0.4%	Increase in ratio due to a decrease in the average order value
Commission of Payment collection	9,526	2.8%	10,840	2.7%	-0.1%	
Promotion related expenses	9,344	2.7%	8,101	2.0%	-0.7%	Hold down of promotional/customer attraction activities (First half)
Advertising	4,812	1.4%	5,934	1.5%	0.1%	
Reward points related expenses	4,531	1.3%	2,167	0.5%	-0.8%	Ended 1% reward point (April 2020~) Decrease in the number of reward point programs
Rent expense	5,019	1.5%	5,224	1.3%	-0.2%	Rent start and cancellation of logistics bases. Limited time free-rent of Chiba 5, the logistic base which started its operation from March 2020
Depreciation	2,045	0.6%	2,051	0.5%	-0.1%	Undepreciated expense of the old office was recorded as extraordinary loss in Q4
Amortization of goodwill	444	0.1%	375	0.1%	0.0%	
Stock Compensation Expenses	-109	0.0%	47	0.0%	0.0%	
Others	9,695	2.8%	9,338	2.3%	-0.5%	Decrease in on-the-spot expenses
<b>Total SG&amp;A</b>	<b>85,832</b>	<b>24.9%</b>	<b>95,889</b>	<b>23.5%</b>	<b>-1.4%</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.  
\* Numbers of % Gross Merchandise Value are calculated by each expense divided by gross merchandise value (excluding other GMV).



# NUMBER OF TOTAL BUYERS

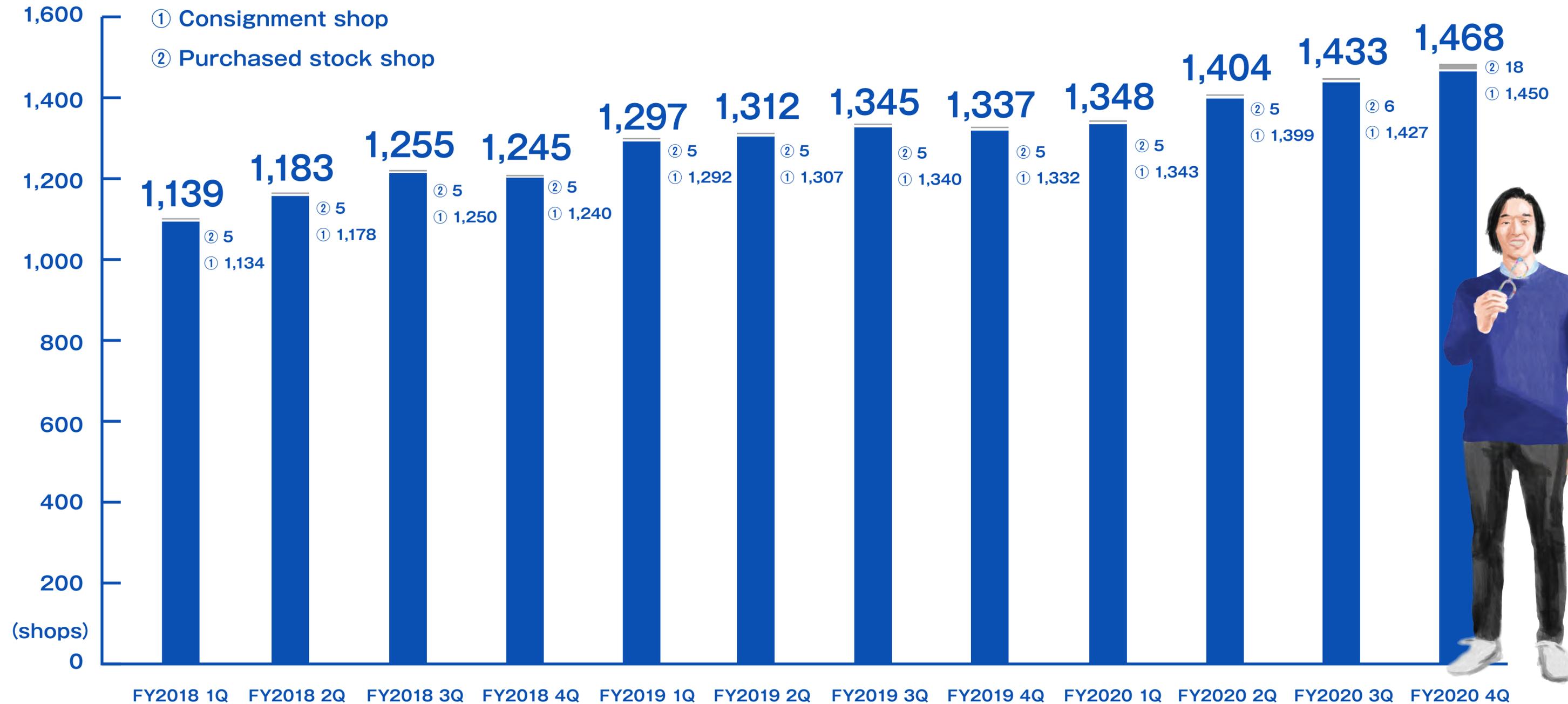
Number of total buyers = Active members and guest buyers who made at least one purchase within a year  
 Guest buyers = Total number of guest purchases within a year  
 Active members = Members who have made at least one purchase within a year



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

\* 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

# BUSINESS PLAN FOR FY2021

FY2020 ZOZO, Inc.  
CONSOLIDATED BUSINESS RESULTS



# CONSOLIDATED BUSINESS FORCAST AND DIVIDEND FORECAST FOR FY2021

	FY2021 Plan*	YoY
Gross Merchandise Value	472.8 billion yen	12.7%
Gross Merchandise Value (excluding other GMV)	450.4 billion yen	10.5%
Net sales	162.6 billion yen	10.3%
Operating profit	47.8 billion yen	8.3%
Operating Profit Margin (% Gross Merchandise Value)	10.6%	—
Ordinary profit	47.8 billion yen	7.7%
Profit attributable to owners of parent	33.3 billion yen	7.7%
Net profit per share	109.05 yen	—
Estimated dividends per share (Plan)	55 yen	—



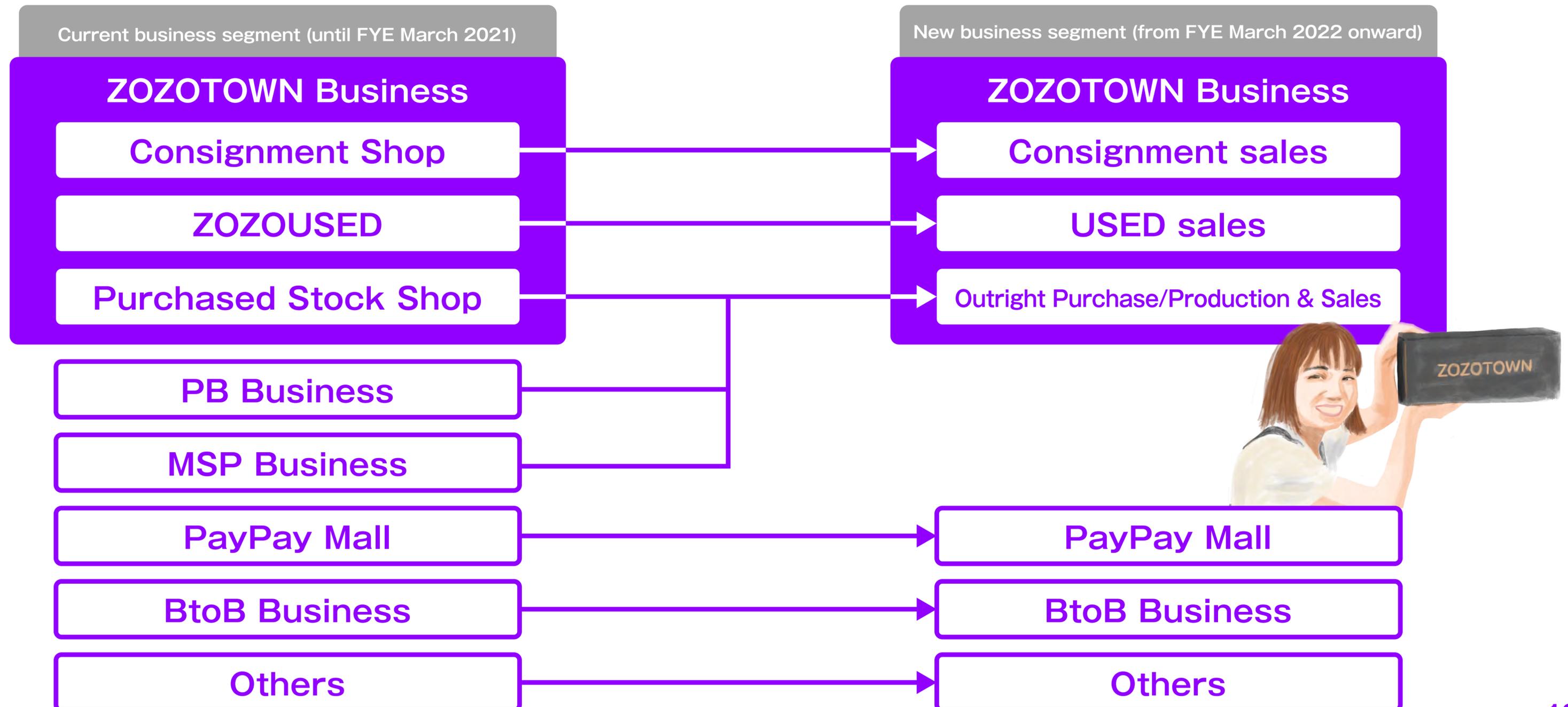
\* Operating profit margin is calculated by operating profit divided by gross merchandise value (excluding other GMV)

\* The revenue recognition standard has been changed from fiscal year ending March 2022.

Previously, reward point related expenses were recorded as SG&A, but the expenses will be deducted from each businesses' net sales.

# CHANGES IN BUSINESS SEGMENT

We will disclose the gross merchandise value and net sales in the following business segment from the fiscal year ending March 2022. In addition, we will retrospectively reclassify and disclose the results for the fiscal year ended March 31, 2021 and earlier.

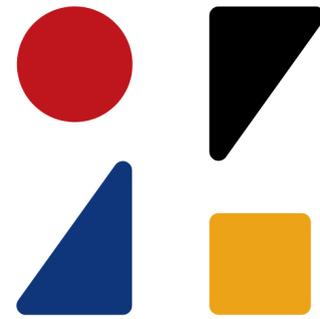


# FY2021 TARGET BY BUSINESS SEGMENT

	Target for Gross Merchandise Value	YoY
<b>ZOZOTOWN Business</b>	<b>393.4</b> billion yen	<b>+10.1%</b>
Outright Purchase/Production & Sales	<b>3.6</b> billion yen	<b>+104.7%</b>
Consignment sales	<b>378.0</b> billion yen	<b>+9.9%</b>
USED sales	<b>11.8</b> billion yen	<b>+1.5%</b>
PayPay mall	<b>33.0</b> billion yen	<b>+17.0%</b>
BtoB Business	<b>24.0</b> billion yen	<b>+7.3%</b>
<b>Gross Merchandise Value</b> (excluding others)	<b>450.4</b> billion yen	<b>+10.5%</b>
Others	<b>22.4</b> billion yen	<b>+92.0%</b>
<b>Gross Merchandise Value</b>	<b>472.8</b> billion yen	<b>+12.7%</b>



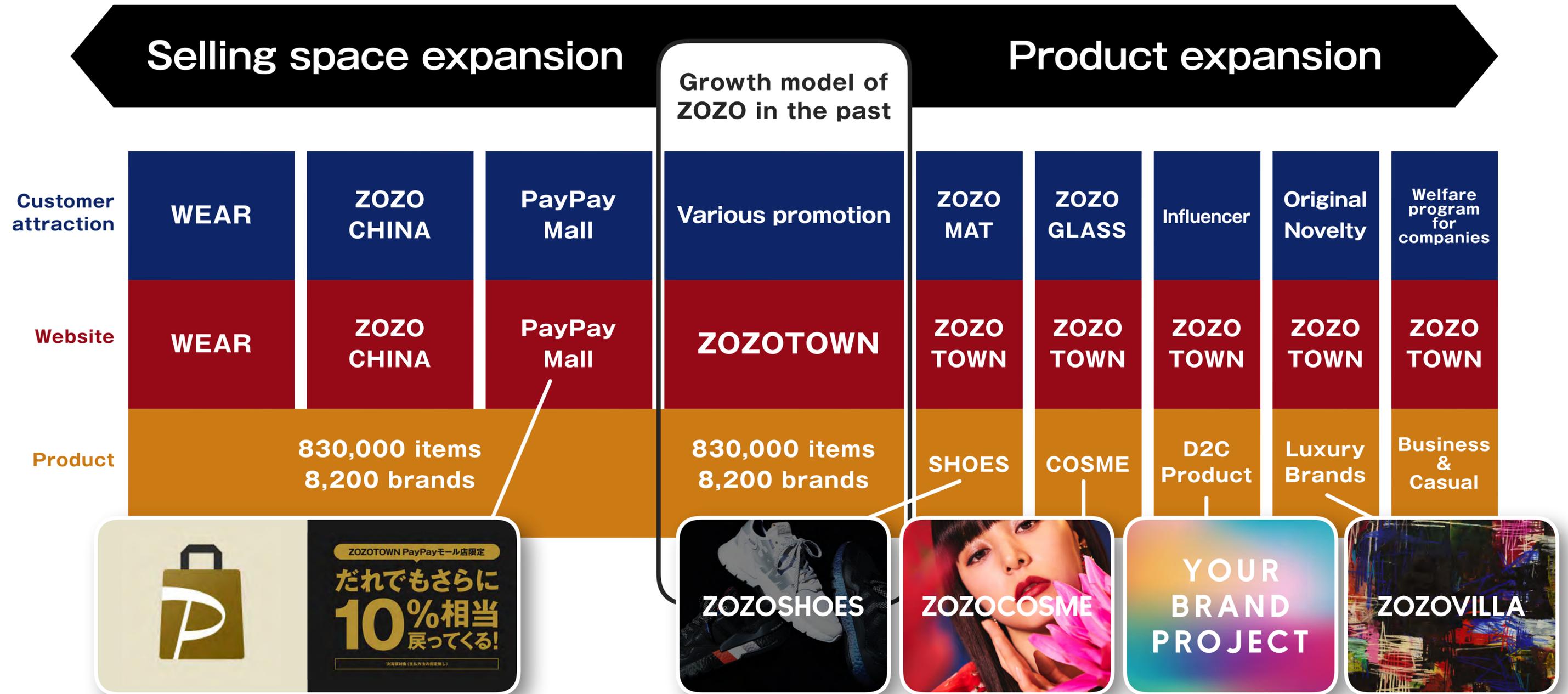
	Target for Net Sales	YoY
<b>Advertisement Business</b>	<b>4.9</b> billion yen	<b>+19.0%</b>



**ZOZO**

**Efforts in  
the previous fiscal year**

# Steady implementation of selling space expansion and product expansion



# ZOZOTOWN PayPay Mall Shop is selling well

Synergistic effect



Sales on  
3/28  
exceeded  
ZOZOTOWN

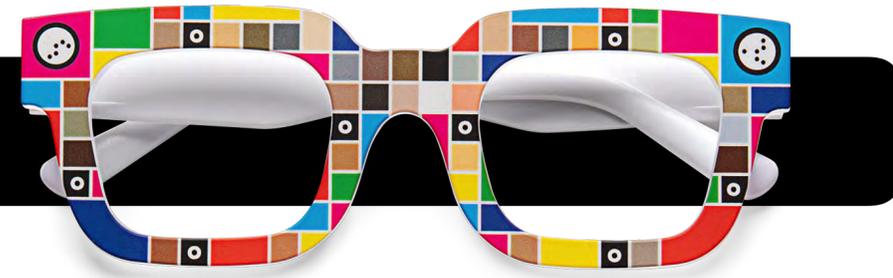


# ZOZOGLOSS / COSME

## ZOZOGLOSS Number of orders

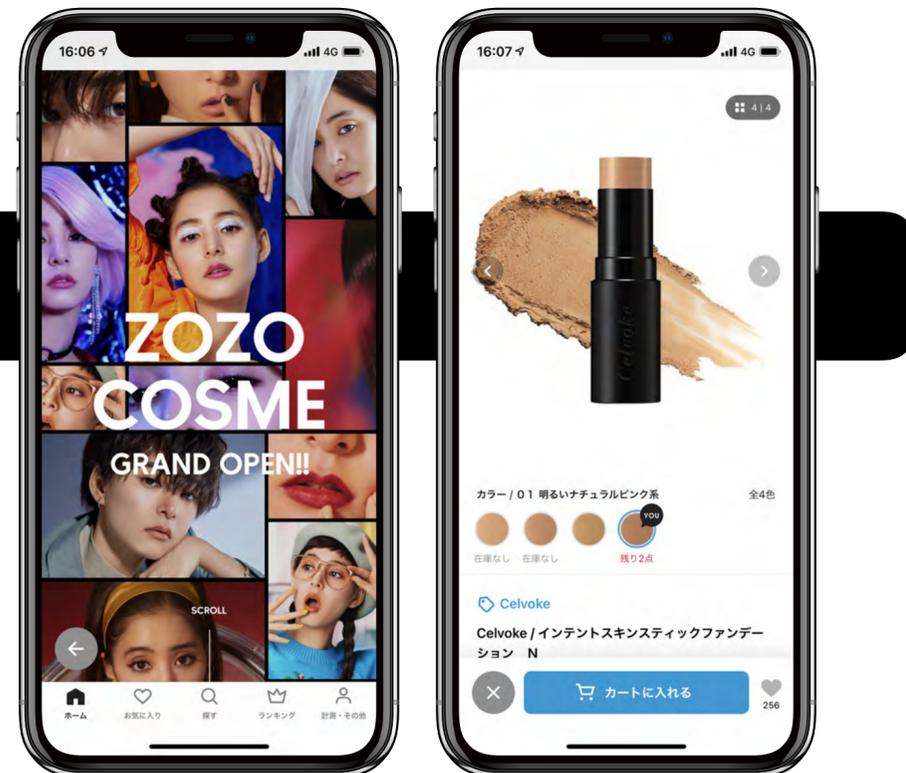
Cumulative as of April 27, 2021 (Today)

**900,000** orders



## Sales of cosmetics on the first day

**20x**



# ZOZOGLOSS / COSME

Number of new active members  
through ordering ZOZOGLOSS

From January 29 to March 31, 2021

**10** % increase



ZOZOGLOSS is great! It tells me I'm yellow-base autumn face.



ZOZOGLOSS is wonderful! It tells me cosmetics that match to me, even colors.



ZOZOGLOSS is so good! I tried 2 times and results were same.



ZOZO members can get it for free, so I ordered it right away.



**Strategy for  
the current fiscal year  
and beyond**

## 3 pillars of the strategy

**1**

Basic strategy on how to expand ZOZOTOWN

**Increase traffic from other than “BUY”**

**2**

How to increase revenue points other than eCommerce

**Step into the “Production Support”**

**3**

How to expand in overseas

**Try “technology licensing sales”**

↑ Domestic ↓

Overseas

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# 1. Increase traffic from other than “BUY”

Evolving ZOZO to the place “for” fashion,  
from the place “to buy” fashion.



Traffic increase

▶▶▶ Increase in other revenue source  
(affiliate, commission etc.)

# Personalization

Create contents that users want to see everyday by utilizing ZOZO's proprietary data



## Measurement technology

Capturing skeletal structure and color type based on the measurement results of each measurement tool



## Database

Linking coordinate data of the same skeletal and color type



## ZOZOTOWN

Personalizing items that match to users, based on search results, product details and contents.

# Brand contents

Product (service) for sales staff to serve customers digitally

# FAANS<sup>※</sup>

Fashion Advisors Are Neighbors

※images and name of services are tentative



# Expansion of other profit drivers

Advertisement/recruit support/store opening loan etc.



## 3 pillars of the strategy

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2

How to increase revenue points other than eCommerce

**Step into the “Production Support”**

3

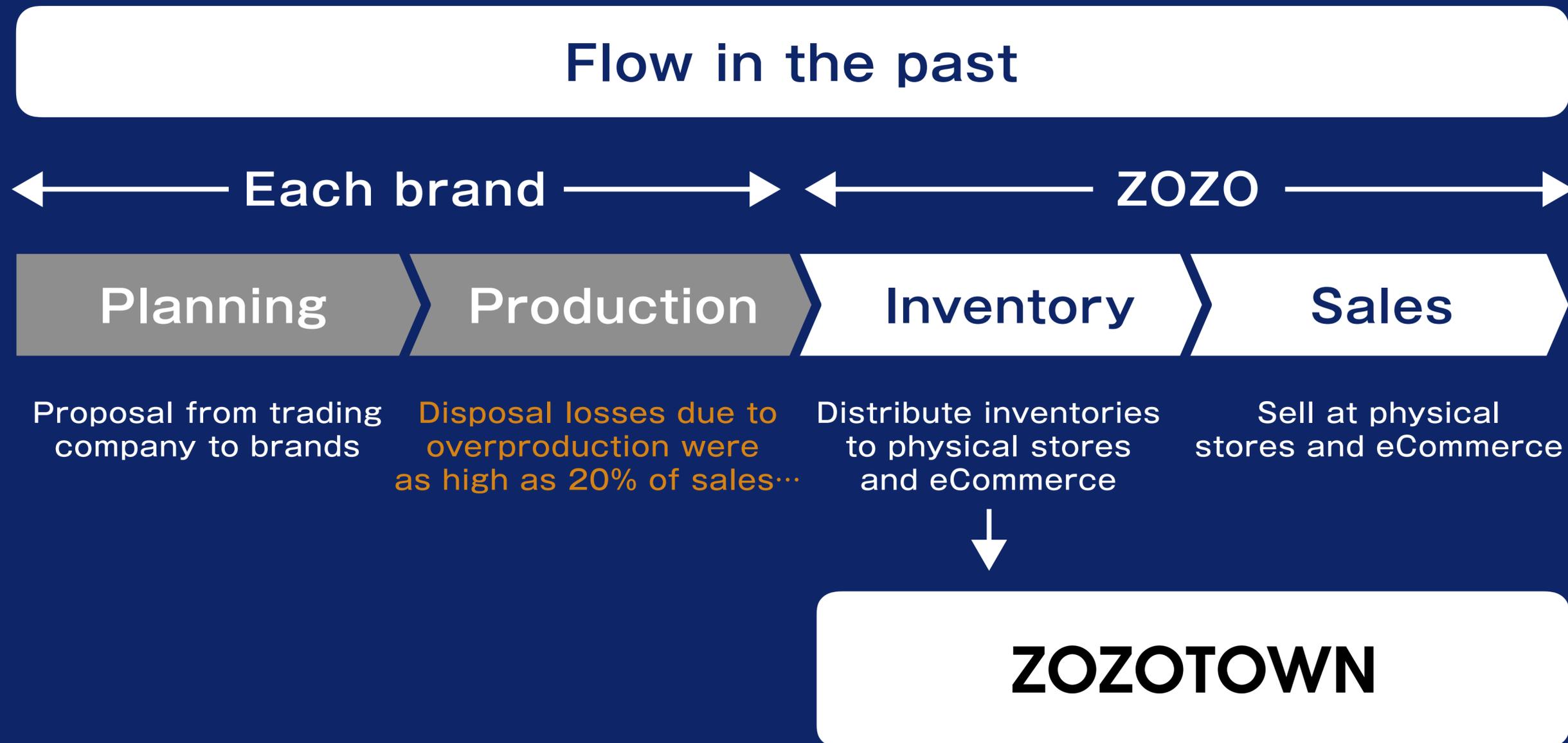
How to expand in overseas

**Try “technology licensing sales”**

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Overseas

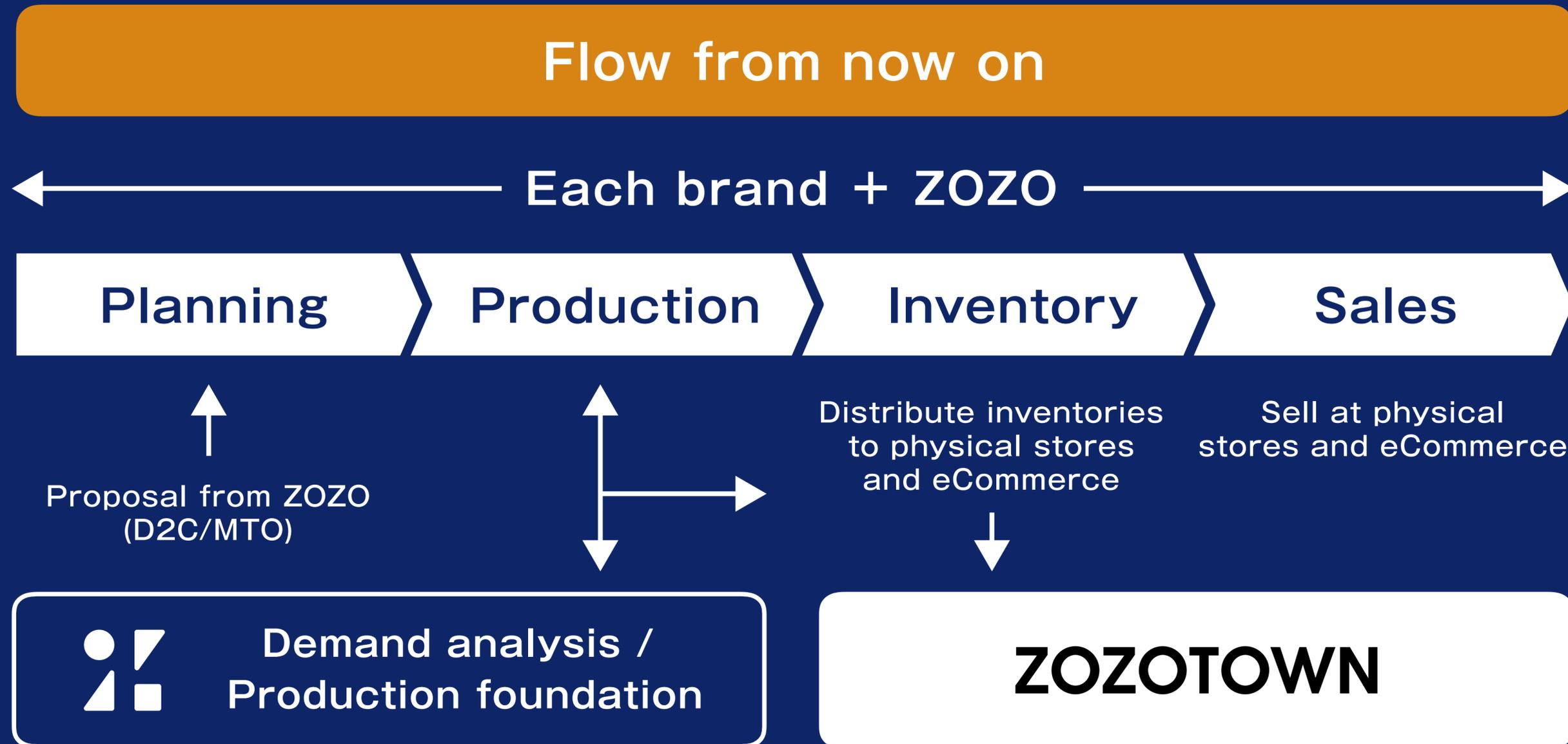
## 2. Step into the “Production Support”

Become a platform of sales + **production**



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## 3 pillars of the strategy

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↑ Domestic ↓  
Overseas

### 3. Try “technology licensing sales”



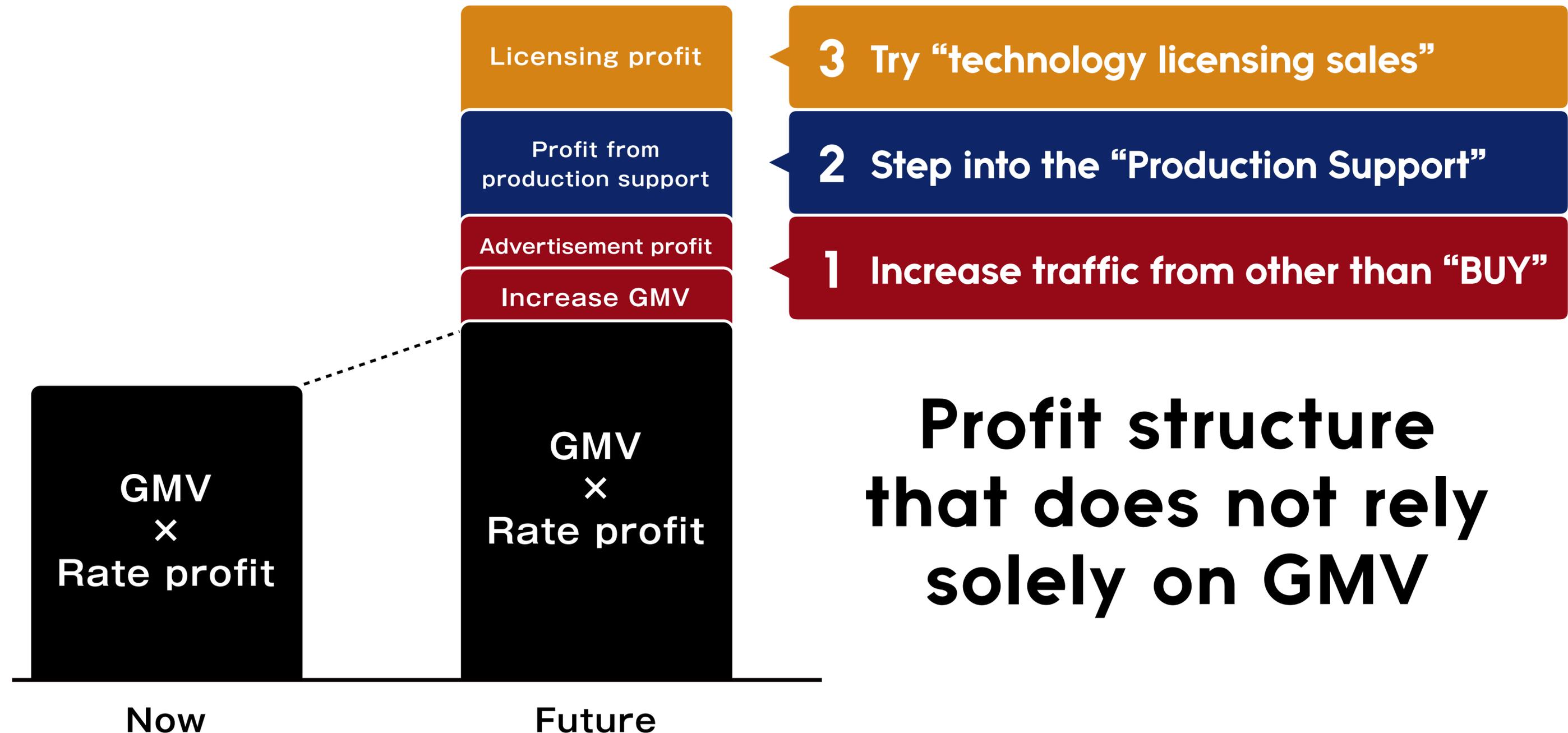
Unique core technology (patent pending) to generate 3D images from maker information in multiple photos /  
Technology to measure human skin color, etc.

### 3. Try “technology licensing sales”



Unique core technology (patent pending) to generate 3D images from maker information in multiple photos / Technology to measure human skin color, etc.

# To multiple profit drivers



# Sustainability

# Envision to Grow Business and to Solve the Challenges our Planet faces with Fashion and Technology



**MORE FASHION**  
×  
**FASHION TECH**

Strategy

**Inspire the world.  
Deliver joy every day.**

Philosophy



SDGs

# **Fashion Connects and Leads us to a Sustainable Future.**

**We at ZOZO envision a new era of fashion that will improve our environment and society.**

**Harnessing the power of imagination, creativity and innovative technologies,  
we will prioritize impact above individual gain.**

**We are committed to solving the challenges our planet faces by connecting people,  
technology and fashion in new ways.**

**We believe in creating a world where fashion enriches our lives, now and forever.**

# Four Key Actions to Sustainability

## 1

Highlight sustainable fashion choices to improve users' experience



## 2

Create a made-to-order platform for zero waste



## 3

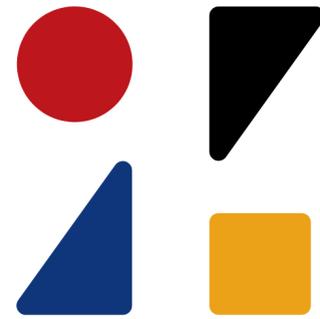
Promote diversity and inclusion among everyone involved in fashion



## 4

Contribute to sustainable community development





**ZOZO**