

## Consolidated Financial Results For the fiscal year ended March 31, 2021 [JGAAP]

April 27, 2021

Company Name: ZOZO, Inc.	Listed stock exchange: Tokyo
Code: 3092	URL <a href="https://corp.zozo.com/en">https://corp.zozo.com/en</a>
Representative: Representative Director, President & CEO	Kotaro Sawada
Contact Person: Director, Executive Vice President & CFO	Koji Yanagisawa (TEL) 043(213)5171
Scheduled date of the ordinary general shareholders' meeting: June 25, 2021	Scheduled date of dividend payment: June 28, 2021
Scheduled date to file the financial report: June 14, 2021	
Supplementary materials for quarterly financial results: Yes	
Quarterly results briefing: Yes	(For analysts and institutional investors)

(Rounded down to million yen)

Consolidated results for the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated business results

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	147,402	17.4	44,144	58.3	44,386	60.6	30,932	64.5
Fiscal year ended March 31, 2020	125,517	6.0	27,888	8.7	27,644	7.5	18,804	17.6

(NOTE) Comprehensive income Fiscal year ended March 31, 2021 30,806 Million yen (64.7%)  
Fiscal year ended March 31, 2020 18,706 Million yen (16.3%)

	Net profit per share	Net profit per share after adjusting dilutive shares	ROE	ROA	Operating profit margin to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2021	101.30	-	68.8	40.4	29.9
Fiscal year ended March 31, 2020	61.60	-	65.9	31.9	22.2

(NOTE) Fully diluted net profit per share is not presented because there are no potential shares with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2021	125,656	55,507	44.1	181.53
Fiscal year ended March 31, 2020	94,186	34,534	36.7	113.11

(Reference) Shareholders' equity Fiscal year ended March 31, 2021 55,433 Million yen  
Fiscal year ended March 31, 2020 34,533 Million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2021	44,790	-4,648	-12,117	61,648
Fiscal year ended March 31, 2020	24,789	-5,987	-6,771	33,602

## 2.Dividends

	Annual dividends					Total dividend	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2020	-	12.00	-	18.00	30.00	9,158	48.7	32.1
Fiscal year ended March 31, 2021	-	15.00	-	26.00	41.00	12,519	40.5	27.8
Fiscal year ending March 31, 2022 (Forecast)	-	22.00	-	33.00	55.00		50.4	

## 3. Consolidated business forecasts for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2022	162,600	10.3	47,800	8.3	47,800	7.7	33,300	7.7	109.05

※ Notes

(1) Changes of important subsidiaries during the period : None

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

New - , Exclusion -

(2) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies caused by revision of accounting standards : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatements : None

(3) Number of shares outstanding (Ordinary stock)

① Year-end shares outstanding (including treasury stocks)

② Number of year-end treasury stocks

③ Average number of shares during the period

Fiscal year ended March 31, 2021	311,644,285 Shares	Fiscal year ended March 31, 2020	311,644,285 Shares
Fiscal year ended March 31, 2021	6,279,914 Shares	Fiscal year ended March 31, 2020	6,349,103 Shares
Fiscal year ended March 31, 2021	305,343,395 Shares	Fiscal year ended March 31, 2020	305,295,182 Shares

\* This financial results report is not subject to the audit by a certified public accountant or an auditing firm.

\* Explanations and other special notes concerning the appropriate use of financial forecasts

-The financial forecasts and other statements related to the future contained in this material are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ materially from these forecasts due to various factors. Please refer to "1. Qualitative information on results for the fiscal year ended March 31, 2021 (4) Future outlook" on page 13 for the assumptions underlying the forecasts and cautionary statements regarding the use of the forecasts.

-We are scheduling to hold a financial result briefing for institutional investors and analysts on April 27, 2021. We plan to post the content of the briefing and the materials used on the day on its website promptly after the briefing.

## Table of contents of appendix

1. Qualitative information on results for the fiscal year ended March 31, 2021 .....	5
(1) Overview of business results .....	5
(2) Overview of financial position .....	11
(3) Overview of cash flows .....	13
(4) Future outlook .....	13
2. Basic principle of accounting standards selection .....	15
3. Consolidated financial statements .....	16
(1) Consolidated balance sheets .....	16
(2) Consolidated statements of income and consolidated statements of comprehensive income .....	18
(3) Consolidated statements of change in net assets .....	21
(4) Consolidated statements of cash flows .....	23
(5) Notes on consolidated financial statements .....	25
(Notes on going concern assumptions) .....	25
(Segment information and other) .....	25
(Per share information) .....	26
(Significant subsequent events) .....	28

## 1. Qualitative information on results for the fiscal year ended March 31, 2021

### (1) Overview of business results

Business results for the current fiscal year

[Table 1] YoY comparison

(Unit: Million yen)

	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)		Current consolidated fiscal year (April 1, 2020 to March 31, 2021)		YoY basis
Gross merchandise value	345,085	(100.0%)	419,438	(102.9%)	21.5%
Gross merchandise value (excluding other GMV)	345,085	(100.0%)	407,774	(100.0%)	18.2%
Net sales	125,517	(36.4%)	147,402	(36.1%)	17.4%
Gross profit	113,721	(33.0%)	140,033	(34.3%)	23.1%
Operating profit	27,888	(8.1%)	44,144	(10.8%)	58.3%
Ordinary profit	27,644	(8.0%)	44,386	(10.9%)	60.6%
Profit attributable to owners of parent	18,804	(5.4%)	30,932	(7.6%)	64.5%

Figures in parentheses are percentages to gross merchandise value (excluding other GMV)

Under the corporate philosophy of "Inspire the world. Deliver joy every day," we mainly operate the following businesses: Japan's largest fashion eCommerce website ZOZOTOWN and a fashion media WEAR.

The current consolidated fiscal year remained extremely challenging for the apparel industry in Japan. The whole industry faced impacts from the continuous expansion of COVID-19, while a new living standard is gradually establishing. Under this circumstance, our group has been focusing even stronger on creating ZOZOTOWN more attractive to both users and brands, with the aim of increasing the number of unique users and improving the conversion rate (the purchasing rate of unique users). To maximize sales at ZOZOTOWN, we have implemented measures such as sales events ZOZOWEEK (10 days from May 15 to 24, 2020, 10 days in total from September 9 to 13 and 18 to 22, 2020, and 17 days in total from November 6 to 15 and 19 to 25) and broadcasted TV commercial at the same time of sales events in November and January 2021. In addition, we proactively welcomed new brands in a wide range of genres to meet diversifying needs of users.

In terms of product expansion, we aggressively strengthened the D2C business and product categories. In the current consolidated fiscal year, sales of 18 new brands from "YOUR BRAND PROJECT Powered by ZOZO" started from October 22, 2020. This project is the D2C business that we create fashion brands together with individuals who have brilliant talents and senses. New popular influencers participated in March 2021 and spring/summer products are now available. Merchandise value of the D2C business is mostly recorded in purchase stock shops. As the first step of categories enhancement, we expanded merchandise value of the shoe category in ZOZOTOWN by using the "ZOZOMAT". The "ZOZOMAT" distribution started from February 27, 2020, which allows users to measure multiple parts of their feet in 3D and provides necessary data for selecting shoes. It has already been used by many users. Of the shoes sold in ZOZOTOWN at present, the number of shoes covered by the ZOZOMAT exceeds 2,500 styles, and sales in the shoe category are growing steadily. In addition, on March 18, 2021, we renewed ZOZOTOWN; launched ZOZOCOSME to strengthen the cosmetics category, and ZOZOVILLA, which offers a lineup of domestics and overseas luxury brands. ZOZOCOSME handles more than 500 cosmetics brands both from domestic and overseas at the time of the launch, with a female active member ratio of over 70%, and it aims to expand merchandise value of the cosmetics category in ZOZOTOWN. Furthermore, we have implemented a purchase assist function that recommend the color of the foundation that is closest to the measured skin color using "ZOZOGLASS," a device that can measure skin color with high precision. This enables users to have new purchasing experiences. ZOZOVILLA is a luxury and designer brands zone in ZOZOTOWN, with more than 90 luxury brands domestically and overseas. As we have grown together with fashion ever since our foundation, we have again started the zone with strong mind to provide opportunities for "fashion-lovers." We are expecting improvement of ZOZOTOWN branding through the operation of ZOZOVILLA.

On August 20, 2020 we introduced PayPay, a cashless payment service operated by PayPay Corporation, as a new way of payment in ZOZOTOWN. PayPay is a payment method used by more than 35 million users mainly at offline, and we expected the introduction will improve convenience for existing users and drive acquisition of new users. We participated the online campaigns sponsored by PayPay Corporation to actively promote awareness of our services.

On December 17, 2019, we opened ZOZOTOWN in PayPay Mall, an online shopping mall operated by Yahoo Japan Corporation. Approximately 90% of the shops in ZOZOTOWN also sell in PayPay Mall and their sales are expanding gradually. From the opening date, we have been successfully expanding our customer base. We achieved this by increasing contact points with users who are different from conventional ZOZOTOWN users, through leveraging the mall's strength in price competitiveness from dynamic reward points. In the current consolidated fiscal year, Yahoo Japan Corporation proactively deployed promotional expenses to PayPay Mall: large-scale sales and bonus returns event "Super PayPay Festival" (from October 17 to November 15, 2020 and March 1 to 28, 2021). We will continue to work closely with parent companies to maximize synergies by all means necessary.

In other businesses, we continued to sell the MSP (Multi-Size Platforms) business, which we launched in the fall of 2019, by leveraging the know-how we have cultivated in the PB business, by expanding the number of participating brands and items. Regarding the BtoB business, we have been focusing on "Fulfillment by ZOZO" which started in October 2019. The service is specialized in fulfillment support for brands in ZOZOTOWN. The main objective of this service is to minimize sales opportunity loss by centralizing inventory of ZOZOTOWN and brands' own eCommerce websites. In the current consolidated fiscal year, we saw tailwind to business environment, where brands were actively enhancing their own eCommerce websites through the digital transformation following the COVID-19 expansion.

With all the measures and the initiatives, the gross merchandise value for the current consolidated fiscal year was 419,438 million yen (+21.5% YoY), and the gross merchandise value (excluding other GMV) was 407,774 million yen (+18.2% YoY). Net sales were 147,402 million yen (+17.4% YoY), and gross profit was 140,033 million yen (+23.1% YoY).

As for the gross merchandise value, the result exceeded both the initial forecast and the revised forecast, as positive impact of the digital shift from the beginning of the fiscal year triggered by the COVID-19 epidemic. In the fourth quarter consolidated accounting period of the current fiscal year, in addition to the negative impact of the warm winter in the previous fiscal year, a significant impact from digital shift counterbalanced the negative impact from the slowdown in consumer spending deriving from the epidemic. Also, strong performance of PayPay Mall contributed significantly to the whole gross merchandise value growth.

As for net sales, YoY growth was lower than that of the gross merchandise value. The growth rate of consignment shop exceeded that of gross merchandise value, due to absence of discount measures that we took the costs, such as ZOZOARIGATO (the paid-membership service until the end of May 2019), active implementation of personalized discount services for registered members, etc. In contrast, downsizing of ZOZOUSUED and PB business impacted negatively. The amount of the gross merchandise value was represented in the amount before deductions of the discount services. On the other hand, net sales are represented was the amount after the discounts.

The gross profit margin to the gross merchandise value (excluding other GMV) was 34.3%, 1.3% points improvement from the previous consolidated fiscal year. The improvement of the margin was mainly due to 1) a decrease in discount measures that we took costs in the current consolidated fiscal year compared with the previous consolidated fiscal year, 2) an improvement in the consignment sales commission rate to the gross merchandise value, and 3) an increase in advertisement business and other sales.

Selling, general and administrative expenses was 95,889 million yen (+11.7% YoY) and the SG&A ratio to the gross merchandise value (excluding other GMV) was 23.5%, down 1.4% points from the previous consolidated fiscal year. The main reasons for the decline in the SG&A ratio were as follows. All the percentages to the gross merchandise value are calculated by dividing SG&A expenses the gross merchandise value (excluding other GMV):

#### Improving factors

1. Reward-point related expenses to the gross merchandise value declined by 0.8% points, from the cessation of 1% worth of ZOZO points reward for items users purchased in ZOZOTOWN from April 1, 2020,

2. Logistics related expenses in personnel expenses to the gross merchandise value declined by 0.3% points, from operation efficiency improvement inside logistics bases,
3. Rent to the gross merchandise value declined by 0.2% points, from the expiration of some logistics bases with objectives of the gross merchandise value growth and logistics bases consolidation, and
4. Other expenses to the gross merchandise value declined by 0.5% points, from a decrease in on-the-spot expenses in the previous consolidated fiscal year.

#### Worsening factors

1. Packaging and freight to the gross merchandise value rose by 0.4% points, from a decline in the average order value.

Consequently, operating profit for the current consolidated fiscal year was 44,144 million yen (+58.3% YoY), and operating profit margin to the gross merchandise value (excluding other GMV) was 10.8%, increased 2.7% points YoY. Ordinary profit was 44,386 million yen (+60.6% YoY), and profit attributable to owners of parent was 30,932 million yen (+64.5% YoY).

[Table2] Comparison with the revised consolidated business forecast disclosed on January 29, 2021

(Unit: Million yen)

	Current consolidated fiscal year (Revised forecast)		Current consolidated fiscal year (Actual)		Comparison to forecast
Gross merchandise value	409,000	(101.7%)	419,438	(102.9%)	2.6%
Gross merchandise value (excluding other GMV)	402,000	(100.0%)	407,774	(100.0%)	1.4%
Net sales	145,000	(36.1%)	147,402	(36.1%)	1.7%
Operating profit	41,500	(10.3%)	44,144	(10.8%)	6.4%
Ordinary profit	41,600	(10.3%)	44,386	(10.9%)	6.7%
Profit attributable to owners of parent	28,500	(7.1%)	30,932	(7.6%)	8.5%

Figures in parentheses are percentages to gross merchandise value (excluding other GMV)

Compared to the revised consolidated business forecast disclosed on January 29, 2021, the gross merchandise value, the gross merchandise value (excluding other GMV), net sales, operating profit, ordinary profit, and profit attributable to owners of parent exceeded 2.6%, 1.4%, 1.7%, 6.4%, 6.7% and 8.5% respectively. The main reason for achieving the targets was generating high GMV and operating profit, because of the digital shift of users and brands triggered by the COVID-19 expansion continued in the fourth quarter consolidated accounting period of the current fiscal year.

Since our group is a single segment of the eCommerce business, information by segment is omitted; however, performance of each business segment within the single segment is shown below:

[Table 3] YoY comparison by business segment

By business segment	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)			Current consolidated fiscal year (April 1, 2020 to March 31, 2021)			Merchandise Value YoY (%)	Net sales YoY (%)
	Merchandise value (Million yen)	Compositi on (%)	Net sales (Million yen)	Merchandise Value (Million yen)	Compositi on (%)	Net sales (Million yen)		
ZOZOTOWN Business (Consignment shop)	308,888	89.4	87,312	343,828	82.0	100,970	11.3	15.6
(Purchased stock shop)	204	0.1	200	308	0.1	308	51.4	54.4
(ZOZOUSSED)	15,753	4.6	15,004	11,625	2.8	11,564	-26.2	-22.9
Subtotal	324,846	94.1	102,517	355,761	84.9	112,843	9.5	10.1
PayPay Mall	6,199	1.8	1,774	28,199	6.7	8,218	354.8	363.2
PB business	1,255	0.4	1,245	188	0.0	188	-85.0	-84.8

MSP business	752	0.2	749	1,260	0.3	1,260	67.6	68.0
BtoB business	12,032	3.5	2,365	22,362	5.3	4,264	85.9	80.3
Advertisement business	-	-	2,716	-	-	4,121	-	51.7
Subtotal excluding Others	345,085	100.0	111,368	407,774	97.2	130,896	18.2	17.5
Others	-	-	14,148	11,664	2.8	16,506	-	16.7
Total	345,085	100.0	125,517	419,438	100.0	147,402	21.5	17.4

Figures in parentheses are percentages to gross merchandise value (excluding other GMV)

### ① ZOZOTOWN Business

ZOZOTOWN Business consists of three business forms: consignment shop, purchased stock shop, and ZOZOUSED.

"Consignment shop" handles consignment inventory of merchandise from each brand and sells them on consignment basis. "Purchased stock shop" purchases fashion merchandise from each brand and sells them as in-house inventory. "ZOZOUSED" mainly buys and sells used fashion-related merchandise from individual users.

We recognize that increasing the number of buyers and the rate of ZOZOTOWN use in fashion consumption are the key factors in achieving sustainable growth. To this end, we are working to create websites that are attractive to both users and brands.

Transition of major KPIs for the ZOZOTOWN Business are as follows.

(The number of shops, etc.)

[Table 4] Changes in number of shops and brands

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Shops in ZOZOTOWN (Note) 1	1,297	1,312	1,345	1,337	1,348	1,404	1,433	1,468
Purchased Stock Shop (Note) 2	5	5	5	5	5	5	6	18
Consignment Shop	1,292	1,307	1,340	1,332	1,343	1,399	1,427	1,450
Number of brands (Note) 1,2	7,349	7,305	7,462	7,643	7,989	7,953	8,109	8,227

(NOTE)

1. Figures are as of the end of quarter accounting period.
2. Private brand "ZOZO" and "Multi-size" are not included.

The number of shops opened in the current consolidated fiscal year was 225 (a net increase of 131). Within above, the number of shops opened in the fourth quarter consolidated accounting period was 79 (a net increase of 35). Major new shops opened were cosmetics brands such as POLA, Estee Lauder, JO MALONE LONDON, luxury brands such as Chloe, MAISON MARGIELA, JILSANDER, and jumille, the brand directed by twin influencers.

(Number of annual buyers)

[Table 5] Changes in number of annual buyers

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Number of annual buyers (Note) 1,2,4	8,121,663	8,226,388	8,156,256	8,273,603	8,662,560	8,805,155	9,139,796	9,485,669
(YoY)	729,537	456,842	82,584	147,079	540,897	578,767	983,540	1,212,066
(QoQ)	-4,861	104,725	-70,132	117,347	388,957	142,595	334,641	345,873
Number of active members (Note) 1,3,4	6,557,144	6,749,012	6,800,435	6,839,666	7,223,753	7,434,529	7,773,940	8,137,729
(YoY)	1,098,501	966,785	643,598	388,980	666,609	685,517	973,505	1,298,063
(QoQ)	106,458	191,868	51,423	39,231	384,087	210,776	339,411	363,789
Number of guest buyers (Note) 1,4	1,564,519	1,477,376	1,355,821	1,433,937	1,438,807	1,370,626	1,365,856	1,347,940
(YoY)	-368,964	-509,943	-561,014	-241,901	-125,712	-106,750	10,035	-85,997



(QoQ)	-111,319	-87,143	-121,555	78,116	4,870	-68,181	-4,770	-17,916
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(NOTE)

1. The calculating period is the most recent one-year period prior to the end of the accounting periods.
2. Numbers of annual buyers are sum of active members and guest buyers who purchased more than once within the past year from each quarter.
3. Numbers of active members are members who purchased more than once within the past year from each quarter.
4. Buyers of "PayPay Mall" are not included.

In the fourth quarter consolidated accounting period of the current fiscal year, the number of annual buyers increased as a result of increases in the numbers of active members in both YoY and QoQ. Steady growth in the number of active members was attributable to acquisition of new active members from the digital shift following the expansion of COVID-19. Furthermore, the acquisition was boosted by strengthening of customer attraction through broadcasting TV commercial in January 2021's new-year sale, as well as all kinds of promotions including TV commercial in March 2021 pertain to ZOZOCOSME, ZOZOVILLA opening and the ZOZOTOWN renewal. The number of guest buyers were decreasing in both YoY and QoQ. This was mainly because of enhancement of membership services over the last several years; we expect this downward trend to continue in the future.

(Annual purchase amount and annual purchase pieces)

[Table 6] Changes in annual purchase amount and annual purchase pieces

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Annual purchase amount (Total) (Note) 1, 2, 3, 4	46,934	47,506	47,593	46,519	45,128	44,341	43,809	42,845
(YoY)	0.1%	3.0%	3.4%	0.4%	-3.8%	-6.7%	-8.0%	-7.9%
(QoQ)	1.3%	1.2%	0.2%	-2.3%	-3.0%	-1.7%	-1.2%	-2.2%
Annual purchase pieces (Total) (Note) 1, 2, 3	11.3	11.6	11.7	11.8	11.8	11.8	11.7	11.6
(YoY)	-0.4%	3.5%	5.1%	6.5%	4.9%	1.4%	0.1%	-1.8%
(QoQ)	2.0%	2.9%	0.8%	0.7%	0.4%	-0.6%	-0.5%	-1.2%
Annual purchase amount (Existing members) (Note) 1, 2, 3, 4	55,048	54,750	54,092	53,027	52,175	51,523	51,066	50,139
(YoY)	-7.6%	-4.9%	-3.9%	-5.0%	-5.2%	-5.9%	-5.6%	-5.4%
(QoQ)	-1.3%	-0.5%	-1.2%	-2.0%	-1.6%	-1.2%	-0.9%	-1.8%
Annual purchase pieces (Existing members) (Note) 1, 2, 3	13.3	13.4	13.4	13.4	13.6	13.6	13.6	13.5
(YoY)	-6.2%	-2.7%	-1.6%	-0.1%	2.4%	1.5%	2.1%	1.0%
(QoQ)	-0.8%	0.6%	-0.3%	0.4%	1.6%	-0.3%	0.3%	-0.7%

(NOTE)

1. The calculating period is the most recent one-year before the end of the accounting periods.
2. Indexes for each active member.
3. Buyers of "PayPay Mall" are not included.
4. The amounts are in yen.

During the fourth quarter consolidated accounting period of the current fiscal year, the annual purchase amount (Total) decreased in both YoY and QoQ. This was due to an increase in the composition of new members to the total, as a result of the steady acquisition of new members from the digital shift in line with the expansion of COVID-19. YoY and QoQ decreases in the annual purchase amounts of existing members were reflecting an increase in the percentage of existing active members with short membership history (annual purchase amounts tends to increase according to length of membership). Annual purchase pieces (total) decreased in both YoY and QoQ due to the same reason of decreases in annual purchase amount as stated in above. Contrarily, annual purchase pieces of existing members increased from the decrease of the average retail price.

(Average retail price etc.)

[Table 7] Changes in average retail price, average order value and number of shipments

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average retail price (Note) 1, 2, 3 (YoY)	3,903 -1.4%	3,516 -3.9%	4,501 -5.6%	3,909 -10.7%	3,443 -11.8%	3,381 -3.8%	4,301 -4.5%	3,748 -4.1%
Average order value (Note) 1, 2, 3 (YoY)	8,390 3.2%	7,529 -3.3%	8,973 -6.3%	8,304 -12.5%	7,409 -11.7%	7,370 -2.1%	8,516 -5.1%	7,991 -3.8%
Average purchase pieces per order (Note) 1, 3 (YoY)	2.15 4.6%	2.14 0.6%	1.99 -0.8%	2.12 -1.9%	2.15 0.1%	2.18 1.8%	1.98 -0.7%	2.13 0.4%
Number of shipments (Note) 1, 3 (YoY)	9,209,344 9.3%	10,347,938 16.7%	10,101,875 6.2%	9,757,344 7.6%	11,472,548 24.6%	11,011,990 6.4%	11,960,223 18.4%	11,162,186 14.4%

(NOTE)

1. Figures for quarter accounting period are used.
2. The amounts are in yen.
3. "PayPay Mall" is not included.

The average retail price of the fourth quarter consolidated accounting period decreased YoY, primarily due to strong sales of merchandises in relatively low price point. The average purchase pieces per order increased YoY whereas the average order value decreased YoY due to the decline in the average retail price.

Results for ZOZOTOWN business (consignment shop, purchased stock shop and ZOZOUSED) are as follows:

a. Consignment shop

In the current consolidated fiscal year, the merchandise value was 343,828 million yen (+11.3% YoY), accounting for 82.0% of the gross merchandise value (89.4% in the previous consolidated fiscal year). Net sales were 100,970 million yen (+15.6% YoY). As of the end of March 2021, the number of consignment shops was 1,450 (1,427 as of the end of December 2020).

b. Purchased stock shop

In the current consolidated fiscal year, the merchandise value was 308 million yen (+51.4% YoY), accounting for 0.1% of the gross merchandise value (0.1% in the previous consolidated fiscal year). Net sales were 308 million yen (+54.4% YoY). As of the end of March 2021, the number of purchased stock shops was 18 (6 as of the end of December 2020).

c. ZOZOUSED

In the current consolidated fiscal year, the merchandise value was 11,625 million yen (-26.2% YoY), accounting for 2.8% of the gross merchandise value (4.6% in the previous consolidated fiscal year). Net sales were 11,564 million yen (-22.9% YoY).

d. PayPay Mall

ZOZOTOWN opened a shop on PayPay Mall an online shopping mall operated by Yahoo Japan Corporation. In the current consolidated fiscal year, the merchandise value was 28,199 million yen (+354.8% YoY), accounting for 6.7% of the gross merchandise value (1.8% in the previous consolidated fiscal year). Net sales were 8,218 million yen (+363.2% YoY).

e. PB business

In the PB business, we sell in-house designed apparel products tailored to individual bodies of users. In the current consolidated fiscal year, the merchandise value was 188 million yen (-85.0% YoY), accounting for 0.0% of

the gross merchandise value (0.4% in the previous consolidated fiscal year). Net sales were 188 million yen (-84.8% YoY).

f. MSP business

The MSP business manufactures a portion of item line-up from shops with strong user demands and sell them on ZOZOTOWN, by combining the know-how of manufacturing clothes in a variety of sizes; accumulated from the PB business, sales capability and planning ability of shops on ZOZOTOWN. We offer products in recommending sizes by users providing their height and weight data. In the current consolidated fiscal year, merchandise value was 1,260 million yen (+67.6% YoY), accounting for 0.3% of the gross merchandise value (0.2% in the previous consolidated fiscal year). Net sales were 1,260 million yen (+68.0% YoY).

g. BtoB business

The B2B business is a business model which we are commissioned to build and operate brands' own eCommerce sites. In the current consolidated fiscal year, merchandise value was 22,362 million yen (+85.9% YoY), accounting for 5.3% of the gross merchandise value (3.5% in the previous consolidated fiscal year). Net sales (consignment sales commission) were 4,264 million yen (+80.3% YoY). As of the end of March 2021, the number of consigned websites was 53 (55 as of the end of December 2020).

h. Advertisement business

The advertisement business is a business model that generates advertising revenue by providing advertising space to client brands and group companies in SoftBank Group, by utilizing the user reach base of ZOZOTOWN. In the current consolidated fiscal year, net sales were 4,121 million yen (+51.7% YoY).

As for WEAR, we continue to focus on expanding the number of users and contents. As of the end of March 2021, the number of app downloads exceeded 15 million, and the number of monthly active users is growing steadily.

i. Others

The other segment of the gross merchandise value includes 1) the merchandise value of shops concluded "ZOZO Option" contracts in the fashion category stores excluding ZOZOTOWN in PayPay Mall (service that enables those shops enjoy merits through sales support such as to participate special events by ZOZO) which was recorded from the third quarter consolidated accounting period of the current fiscal year, and 2) the merchandise value of a consolidated subsidiary's own eCommerce website which was recorded from the second quarter consolidated accounting period of the current fiscal year. In the current consolidated fiscal year, the merchandise value was 11,664 million yen, accounting for 2.8% of the gross merchandise value.

Within the others segment of net sales, net sales generated from businesses related to ZOZOTOWN (shipping income, settlement commission, paid-membership program etc.), and other sales related to the aforementioned other GMV are included. Net sales were 16,506 million yen (+16.7% YoY).

## (2) Overview of financial position

### Overview of Total Assets, Liabilities and Net Assets

(Unit: Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year	Increase/ decrease rate
Total assets	94,186	125,656	33.4%
Liabilities	59,651	70,149	17.6%
Net assets	34,534	55,507	60.7%

#### (Total Assets)

Total assets amounted to 125,656 million yen, an increase of 31,470 million yen (+33.4% from the previous consolidated fiscal year end). Current assets increased by 29,366 million yen, or 41.7%, compared with the previous consolidated

fiscal year end, amounted to 99,796 million yen. Major components are an increase of 28,045 million yen in cash and deposits and an increase of 1,234 million yen in accounts receivable. Non-current assets increased by 2,103 million yen, or 8.9%, compared with the previous consolidated fiscal year end, amounted to 25,860 million yen. Major components are an increase of 4,825 million yen in buildings, a decrease of 2,908 million yen in construction in progress, an increase of 165 million yen in investment securities and an increase of 304 million yen in deferred tax assets.

(Liabilities)

Liabilities amounted to 70,149 million yen, an increase of 10,497 million yen (+17.6% from the previous consolidated fiscal year end). Current liabilities increased by 9,054 million yen, or 16.1%, amounted to 65,180 million yen compared with the previous consolidated fiscal year end. Major components are an increase of 2,536 million yen in deposits received for consignment sales, an increase of 1,661 million yen in accounts payable – other, and an increase of 6,167 million yen in income taxes payable. Non-current liabilities increased by 1,442 million yen, or 40.9%, amounted to 4,968 million yen compared with the previous consolidated fiscal year end. Major components are an increase of 679 million yen in retirement benefit liability and an increase of 739 million yen in asset retirement obligations.

(Net Assets)

Net assets amounted to 55,507 million yen, an increase of 20,973 million yen (+60.7% from the previous consolidated fiscal year end). Major components are an increase of 30,932 million yen due to the recognition of profit attributable to owners of parent and a decrease of 10,075 million yen due to cash dividends

### (3) Overview of cash flows

#### Overview of cash flows

Cash and cash equivalents ("cash") at the end of the current consolidated fiscal year amounted to 61,648 million yen, an increase of 28,045 million yen from the previous consolidated fiscal year end.

Descriptions of each cash flow are as follows:

	(Unit: Million yen)		
	Previous consolidated fiscal year	Current consolidated fiscal year	Increase/ decrease rate
Cash flows from operating activities	24,789	44,790	80.7%
Cash flows from investing activities	-5,987	-4,648	-22.4%
Cash flows from financing activities	-6,771	-12,117	79.0%

#### (Cash flows from operating activities)

The net cash provided by operating activities was 44,790 million yen. The major increasing factor is the recognition of profit before income taxes of 43,665 million yen. The major decreasing factors are an increase of 1,161 million yen in provision for bonuses, an increase of 1,223 million yen in accounts receivable and an increase of 6,986 million yen in income taxes paid.

#### (Cash flows from investing activities)

The net cash used in investing activities was 4,648 million yen. This was mainly due to the recognition of purchase of property, plant and equipment of 3,224 million yen and payments for leasehold and guarantee deposits of 648 million yen.

#### (Cash flows from financing activities)

The net cash used in financing activities was 12,117 million yen. This was mainly due to cash dividends paid of 10,073 million yen.

### (4) Future outlook

#### (Prospect for the next fiscal year)

[Table 8] Consolidated business forecast

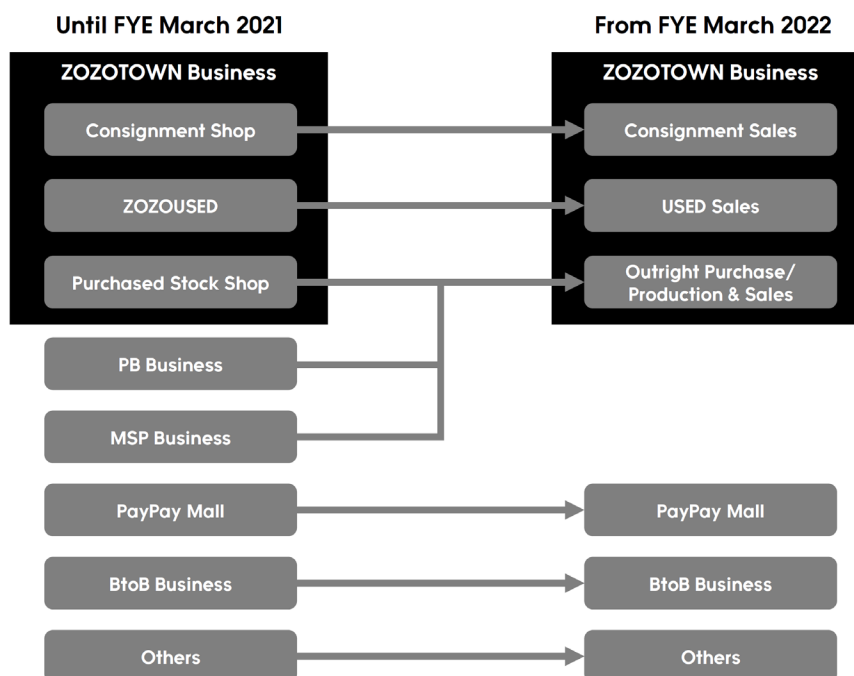
	(Unit: Million yen)				
	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)		Next consolidated fiscal year (April 1, 2021 to March 31, 2022)		YoY
Gross merchandise value	419,438	(102.9%)	472,800	(105.0%)	12.7%
Gross merchandise value (excluding other GMV)	407,774	(100.0%)	450,400	(100.0%)	10.5%
Net sales	147,402	(36.1%)	162,600	(36.1%)	10.3%
Operating profit	44,144	(10.8%)	47,800	(10.6%)	8.3%
Ordinary profit	44,386	(10.9%)	47,800	(10.6%)	7.7%
Profit attributable to owners of parent	30,932	(7.6%)	33,300	(7.4%)	7.7%

Figures in parentheses are percentages to gross merchandise value (excluding other GMV)

The domestic fashion eCommerce market, which is the axis and focus of our group, is still at low level compared to the fashion eCommerce ratio of the West and China. However, with the digital shift in both users and brands due to the COVID-19 epidemic as the tailwind, it is expected that overall trend of expansion will continue in the future. Under such circumstance, in addition to continuous focus on making of a more attractive site for both users and brands, we are aiming to increase the gross merchandise value with sum of 2 malls; ZOZOTOWN and ZOZOTOWN PayPay Mall Shop. We aim at growing our gross merchandise value (excluding other GMV) by 10% or more in comparison to the current consolidated fiscal year.

Due to the adoption of the accounting standard related to revenue recognition from the next consolidated fiscal year, point-related expenses recorded in selling, general and administrative expenses will be represented by deducting the expenses from net sales in the next consolidated fiscal year.

In addition, we will change our business segment from the next consolidated fiscal year onward as follows.



The reason behind the change in the business segment is to 1) concentrate the gross merchandise value in ZOZOTOWN and 2) clarify segments based on inventory risk and the nature of products. As a result of the change, merchandise plan by business segment in the next consolidated fiscal year will be presented in the new segmentation. Also, the current consolidated fiscal year results have been reclassified retrospectively as well.

The breakdown of the next consolidated fiscal year by new business segment is as follows:

[Table 9] Merchandise value forecast by business units

By business segment	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)		Next consolidated fiscal year (April 1, 2021 from March 31, 2022)		YoY (%)
	Merchandise value (million yen)	Ratio (%)	Merchandise value (million yen)	Ratio (%)	
ZOZOTOWN Business	357,211	85.2	393,400	83.2	10.1
(Outright Purchase/Production & Sales)	1,758	0.4	3,600	0.8	104.7
(Consignment Sales)	343,828	82.0	378,000	79.9	9.9
(USED Sales)	11,625	2.8	11,800	2.5	1.5
PayPay Mall	28,199	6.7	33,000	7.0	17.0
BtoB Business	22,362	5.3	24,000	5.1	7.3
Subtotal excluding Others	407,774	97.2	450,400	95.3	10.5
Others	11,664	2.8	22,400	4.7	92.0
Total	419,438	100.0	472,800	100.0	12.7

Regarding Consignment Sales and PayPay Mall within ZOZOTOWN Business, we will aim to grow the gross merchandise value by “increasing the number of purchasing users” and “increasing ZOZOTOWN utilization rate in fashion-related consumption”. Specifically, we will acquire new active users, expand the range of items, brands and categories to meet diversifying needs of users, and expansion of services that are unique and value-added. As for ZOZOTOWN PayPay Mall

shop, on top of the same initiatives as consignment shop, we will focus on acquiring new customer segments that differ from conventional ZOZOTOWN users. Focus area for categories expansion will continue to be shoes, cosmetics, and luxury brands. Regarding Outright Purchase/Production & Sales segment in ZOZOTOWN Business, we will focus on attracting new shops with outright purchase basis for certain shops, and building a made-to-order foundation and improving gross profit margin for MSP/D2C. As for USED Sales within ZOZOTOWN Business, we will continue to improve usability as a value-added service for ZOZOTOWN users to purchase new products. In B2B business, we will continue to support the operation of the existing commissioned websites and to expand new contracts of "Fulfillment by ZOZO" depending on demand from brands.

Other focus area will include 1) expansion of Advertisement business through refining existing advertisement menu and adding new advertising product, 2) seeking mid to long term profit growth drivers that do not rely on the gross merchandise value growth, and 3) pursuing sustainability initiatives which are unique to ZOZO.

As for selling, general and administrative expenses, we expect increases in promotional expenses and packaging and freight for ZOZOTOWN when compared to the gross merchandise value (excluding other GMV). As a result, operating profit margin growth for the next consolidated fiscal year is expected to be lower than the growth of the gross merchandise value, but we will maintain steady profit growth.

## **2. Basic principle of accounting standards selection**

Our policy is to prepare consolidated financial statements on Japanese basis by taking comparability of periods and in between companies into consideration. With regard to the application of IFRS, our policy is to respond appropriately after contemplating various domestic and international situations.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

(Unit: million yen)

	Previous consolidated fiscal year (As of March 31, 2020)	Current consolidated fiscal year (As of March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	33,602	61,648
Accounts receivable	31,547	32,781
Merchandise and finished products	1,664	1,792
Raw materials and supplies	106	79
Others	3,508	3,494
Total current assets	70,429	99,796
Non-current assets		
Property, plant and equipment		
Buildings	5,323	9,915
Accumulated depreciation	-1,739	-1,506
Buildings, net	3,583	8,408
Vehicles	31	28
Accumulated depreciation	-12	-16
Vehicles, net	19	12
Tools, furniture and fixtures	8,538	9,052
Accumulated depreciation	-4,704	-5,602
Tools, furniture and fixtures, net	3,833	3,449
Construction in progress	3,056	148
Total property, plant and equipment	10,493	12,019
Intangible assets		
Goodwill	2,148	2,190
Software	386	345
Others	434	378
Total intangible assets	2,968	2,915
Investments and other assets		
Investment securities	519	685
Deferred tax assets	6,969	7,273
Others	3,009	3,201
Allowance for doubtful accounts	-204	-235
Total investments and other assets	10,295	10,925
Total non-current assets	23,756	25,860
Total assets	94,186	125,656



(Unit: million yen)

	Previous consolidated fiscal year (As of March 31, 2020)	Current consolidated fiscal year (As of March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable- trade	60	147
Deposits received for consignment sales	18,998	21,535
Accounts payable- other	5,296	6,958
Short-term borrowings	22,000	20,000
Income taxes payable	3,812	9,980
Provision for bonuses	459	1,622
Provision for bonuses for directors	-	81
Provision for point certificates	1,387	361
Provision for sales returns	107	139
Others	4,003	4,354
<b>Total current liabilities</b>	<b>56,126</b>	<b>65,180</b>
Non-current liabilities		
Deferred tax Liabilities	10	12
Retirement benefit liability	2,007	2,686
Asset retirement obligations	1,497	2,237
Others	9	31
<b>Total non-current liabilities</b>	<b>3,525</b>	<b>4,968</b>
<b>Total liabilities</b>	<b>59,651</b>	<b>70,149</b>
<b>Net assets</b>		
Shareholders' equity		
Capital Stock	1,359	1,359
Capital surplus	1,328	1,328
Retained earnings	56,340	77,109
Treasury shares	-24,412	-24,146
<b>Total shareholders' equity</b>	<b>34,616</b>	<b>55,651</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	4
Foreign currency translation adjustment	-11	-9
Remeasurements of defined benefit plans	-71	-213
<b>Total accumulated other comprehensive income</b>	<b>-83</b>	<b>-217</b>
Share acquisition rights	1	3
Non-controlling interests	-	70
<b>Total net assets</b>	<b>34,534</b>	<b>55,507</b>
<b>Total liabilities and net assets</b>	<b>94,186</b>	<b>125,656</b>

## (2) Consolidated statements of income and consolidated statements of comprehensive income

### Consolidated statements of income

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Net sales	125,517	147,402
Cost of sales	11,780	7,338
Gross profit	113,737	140,064
Reversal of provision for sales returns	92	107
Provision for sales returns	107	139
Gross profit- net	113,721	140,033
<b>Selling, general and administrative expenses</b>		
Point promotion expenses	4,531	2,167
Outsourcing expenses	8,947	7,461
Packing and transportation expenses	21,993	27,578
Payment collection commission	9,526	10,840
Advertising expenses	4,812	5,934
Payroll and allowances	11,800	15,239
Provision for bonuses	459	1,161
Provision for bonuses for directors	-	81
Retirement benefit expenses	358	515
Share-based compensation expenses	-109	47
Depreciation	2,045	2,051
Amortization of goodwill	444	375
Others	21,021	22,434
Total selling, general and administrative expenses	85,832	95,889
Operating profit	27,888	44,144
<b>Non-operating income</b>		
Interest income	2	6
Received rent	-	263
Foreign exchange gain	-	23
Operations support fee	45	9
Income from recycling	40	36
Subsidy income	44	215
Gain on unused points	43	52
Others	33	25
Total non-operating income	208	632
<b>Non-operating expenses</b>		
Interest expenses	92	71
Provision for allowance for doubtful accounts	204	33
Rent expense	-	251
Commission expenses	59	10
Foreign exchange losses	68	-
Loss on investments in partnerships	28	22
Total non-operating expenses	453	390
Ordinary profit	27,644	44,386

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2018 to March 31, 2020)	Current consolidated fiscal year (April 1, 2019 to March 31, 2021)
<b>Extraordinary income</b>		
Reversal of Provision for loss on business liquidation	130	-
Reversal of Provision for foreign currency translation adjustment	-	22
Gain on sales of non-current assets	15	0
Gain on sales of Investment securities	50	10
Total extraordinary income	196	33
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	29	554
Loss on valuation of investment securities	1,697	-
Office transfer expenses	-	198
Total extraordinary losses	1,726	753
Profit before income taxes	26,113	43,665
Income taxes- current	7,828	12,963
Income taxes- deferred	-519	-239
Total income taxes	7,308	12,724
Net Profit	18,804	30,941
Profit attributable to non-controlling interests	-	9
Profit attributable to owners of parent	18,804	30,932

Consolidated statements of comprehensive income

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Net Profit	18,804	30,941
Other comprehensive income		
Valuation difference on available-for-sale securities	-76	4
Foreign currency translation adjustment	-27	2
Remeasurements of defined benefit plans, net of tax	6	-141
Total other comprehensive income	-98	-134
Comprehensive income	18,706	30,806
(Breakdown)		
Comprehensive income attributable to owners of parent	18,706	30,797
Comprehensive income attributable to non-controlling interests	-	9

### (3) Consolidated statements of change in net assets

Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)

(Unit: million yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2019	1,359	1,328	44,252	-24,412	22,528
Changes of items during the current fiscal year					
Cash dividends			-6,716		-6,716
Profit attributable to owners of parent			18,804		18,804
Transfer from retained earnings to capital surplus					-
Changes in retained earnings from newly consolidated subsidiary			-0		-0
Disposal of treasury stock					-
Net changes of items other than Shareholders' equity, net					
Total changes of items during the current fiscal year	-	-	12,087	-	12,087
Balance as of March 31, 2020	1,359	1,328	56,340	-24,412	34,616

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of March 31, 2019	77	18	-77	17	110	-	22,656
Changes of items during the current fiscal year							
Cash dividends							-6,716
Profit attributable to owners of parent							18,804
Transfer from retained earnings to capital surplus							-
Changes in retained earnings from newly consolidated subsidiary							-0
Disposal of Treasury stock							-
Net changes of items other than Shareholders' equity, net	-76	-30	6	-101	-109	-	-210
Total changes of items during the current fiscal year	-76	-30	6	-101	-109	-	11,877
Balance as of March 31, 2020	0	-11	-71	-83	1	-	34,534

Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)

(Unit: million yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2020	1,359	1,328	56,340	-24,412	34,616
Changes of items during the current fiscal year					
Cash dividends			-10,075		-10,075
Profit attributable to owners of parent			30,932		30,932
Transfer from retained earnings to capital surplus		87	-87		-
Changes in retained earnings from newly consolidated subsidiary					-
Disposal of Treasury stock		-87		266	178
Net changes of items other than Shareholders' equity, net					
Total changes of items during the current fiscal year	-	-	20,768	266	21,034
Balance as of March 31, 2021	1,359	1,328	77,109	-24,146	55,651

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of March 31, 2020	0	-11	-71	-83	1	-	34,534
Changes of items during the current fiscal year							
Cash dividends							-10,075
Profit attributable to owners of parent							30,932
Transfer from retained earnings to capital surplus							-
Changes in retained earnings from newly consolidated subsidiary							-
Disposal of Treasury stock							178
Net changes of items other than Shareholders' equity, net	4	2	-141	-134	2	70	-61
Total changes of items during the current fiscal year	4	2	-141	-134	2	70	20,973
Balance as of March 31, 2021	4	-9	-213	-217	3	70	55,507

#### (4) Consolidated statements of cash flows

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	26,113	43,665
Depreciation	2,045	2,051
Amortization of goodwill	444	375
Share-based compensation expenses	-109	47
Reversal of Provision for foreign currency translation adjustment	-	-22
Loss on valuation of investment securities	1,697	-
Office transfer expenses	-	198
Provision for allowance for doubtful accounts	204	33
Loss (gain) on investments in partnership	28	22
Loss (gain) on sales of Investment securities (- is gain)	-50	-10
Loss (gain) on asset retirement obligation	13	554
Increase (decrease) in provision for bonuses	63	1,161
Increase (decrease) in provision for bonuses for directors	-	81
Increase (decrease) in provision for point certificates	44	-1,025
Increase (decrease) in provision for sales returns	15	31
Increase (decrease) in retirement benefit liability	285	477
Interest and dividend income	-2	-6
Interest expenses	92	71
Commission expenses	59	10
Foreign exchange losses (gains)	26	-35
Decrease (increase) in accounts receivable- trade	-4,143	-1,223
Decrease (increase) in inventories	4,083	-38
Decrease (increase) in prepaid expenses	-260	-62
Increase (decrease) in notes and accounts payable – trade	-1,628	75
Increase (decrease) in deposits received for consignment sales	2,688	2,536
Increase (decrease) in accounts payable- other	812	1,425
Increase (decrease) in accrued expenses	316	248
Increase (decrease) in accrued consumption taxes	1,830	737
Others	-2,061	455
<b>Subtotal</b>	<b>32,611</b>	<b>51,838</b>
Interest and dividend income received	1	5
Interest expenses paid	-95	-66
Income taxes paid	-7,727	-6,986
<b>Net cash provided by (used in) operating activities</b>	<b>24,789</b>	<b>44,790</b>

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-4,976	-3,224
Purchase of intangible assets	-194	-128
Proceeds from sales of property, plant and equipment	18	1
Payments for leasehold and guarantee deposits	-798	-648
Proceeds from collection of lease and guarantee deposits	124	618
Purchase of investment securities	-83	-159
Proceeds from sales of Investment securities	7	10
Payments for investments in capital of subsidiaries and associates	-76	-22
Payment for establishment of subsidiary	-	-639
Payments of loans receivable	-4	-2
Collection of loans receivable	1	4
Others	-5	-458
Net cash provided by (used in) investing activities	-5,987	-4,648
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	600	17,500
Decrease in short-term loans payable	-600	-19,530
Repayments of long-term loans payable	-	-2
Commission expenses paid	-59	-10
Purchase of treasury stocks	-	-0
Cash dividends paid	-6,711	-10,073
Net cash provided by (used in) financing activities	-6,771	-12,117
Effect of exchange rate change on cash and cash equivalents	-10	20
Net increase (decrease) in cash and cash equivalents	12,019	28,045
Cash and cash equivalents at beginning of period	21,560	33,602
Increase in cash and cash equivalents from newly consolidated subsidiary	22	-
Cash and cash equivalents at end of period	33,602	61,648



## **(5) Notes on consolidated financial statements**

### **(Notes on going concern assumptions)**

None

### **(Segment information and other)**

#### **[Segment information]**

Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)

The company group operates in a single segment of e-commerce business, descriptions are omitted.

Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)

The company group operates in a single segment of e-commerce business, descriptions are omitted.

**(Per share information)**

Item	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Net assets per share	113.11 yen	181.53 yen
Net income per share	61.60 yen	101.30 yen

(NOTE) 1. Net profit per share after adjusting dilutive shares are not filled in since there are no dilutive shares in the fiscal year ended March 2020.

2. The basis for computation of net assets per share is as follows.

Item	Previous consolidated fiscal year (April 1, 2019 To March 31, 2020)	Current consolidated fiscal year (April 1, 2020 To March 31, 2021)
Profit attributable to owners of parent (million yen)	18,804	30,932
Amount not allocated to common stock (million yen)	-	-
Profit attributable to owners of parent (million yen) related to Ordinary stock	18,804	30,932
Average number of shares of common stock outstanding during the fiscal year (shares)	305,295,182	305,343,395
Summary of potential shares not included in the calculation of fully diluted net income per share due to lack of dilutive potential with significant changes from previous fiscal year end	<p>Stock acquisition rights by resolution of the Board of Directors on June 26, 2018</p> <p>1<sup>st</sup> stock acquisition right                      5,847 units (Ordinary stock 584,700)</p> <p>2<sup>nd</sup> stock acquisition right                      3,510 units (Ordinary stock 351,000)</p> <p>3<sup>rd</sup> stock acquisition right                      2,340 units (Ordinary stock 234,000)</p> <p>The number of the first, second and third stock acquisition rights decreased due to the retirement of the persons eligible for allocation.</p> <p>Stock acquisition rights by resolution of the Board of Directors on June 25, 2019</p> <p>4<sup>th</sup> stock acquisition rights                      995 units (Ordinary stock 99,500)</p> <p>5<sup>th</sup> stock acquisition rights                      597 units (Ordinary stock 59,700)</p> <p>6<sup>th</sup> stock acquisition rights                      398 units (Ordinary stock 39,800)</p> <p>Stock acquisition rights by resolution of the Board of Directors on October 18, 2019</p> <p>7<sup>th</sup> stock acquisition rights                      2,500 units (Ordinary stock 250,000)</p> <p>8<sup>th</sup> stock acquisition rights                      1,500 units (Ordinary stock 150,000)</p>	<p>Stock acquisition rights by resolution of the Board of Directors on June 26, 2018</p> <p>On July 20, 2020, the rights were extinguished due to the waiver of rights by the persons eligible for allocation.</p>

	9 <sup>th</sup> stock acquisition rights (Ordinary stock 100,000)	1,000 units	
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**(Significant subsequent events)**

ZOZO made a resolution at the Board of Directors held on April 19, 2021, to conclude a fixed-term building lease agreement between Iwaki Special Purpose Company.

1. Reason for entering into the agreement

We believe that investment in logistic base is essential for the continued growth of ZOZO's business and to maintain its service level. Therefore, we decided to enter into this agreement after deliberating gross merchandise volume growth in medium to long term.

2. Name of the lessor

Iwaki Special Purpose Company

3. Date of conclusion of the agreement

May 13, 2021 (Scheduled)

4. Description of the agreement

1. Name of the facility	Prologis Park Tsukuba 3	
2. Address	34 Miyukigaoka, Tsukuba City, Ibaraki	
3. Description	Structure	Steel-Framed / 5-Storeyed
	Site area	68,500m <sup>2</sup>
	Total floor area	156,500m <sup>2</sup>

5. Effect on business performance

As the commencement date of the lease will be February 1, 2023 (Scheduled), it will have no impact on ZOZO's consolidated business results for the fiscal period ending March 31, 2022.

**DISCLAIMER:**

This document is summary translation of Japanese version. All readers are recommended to refer the original Japanese version for complete information. In the event of any discrepancy, errors and/or omissions, the Japanese version shall prevail.