

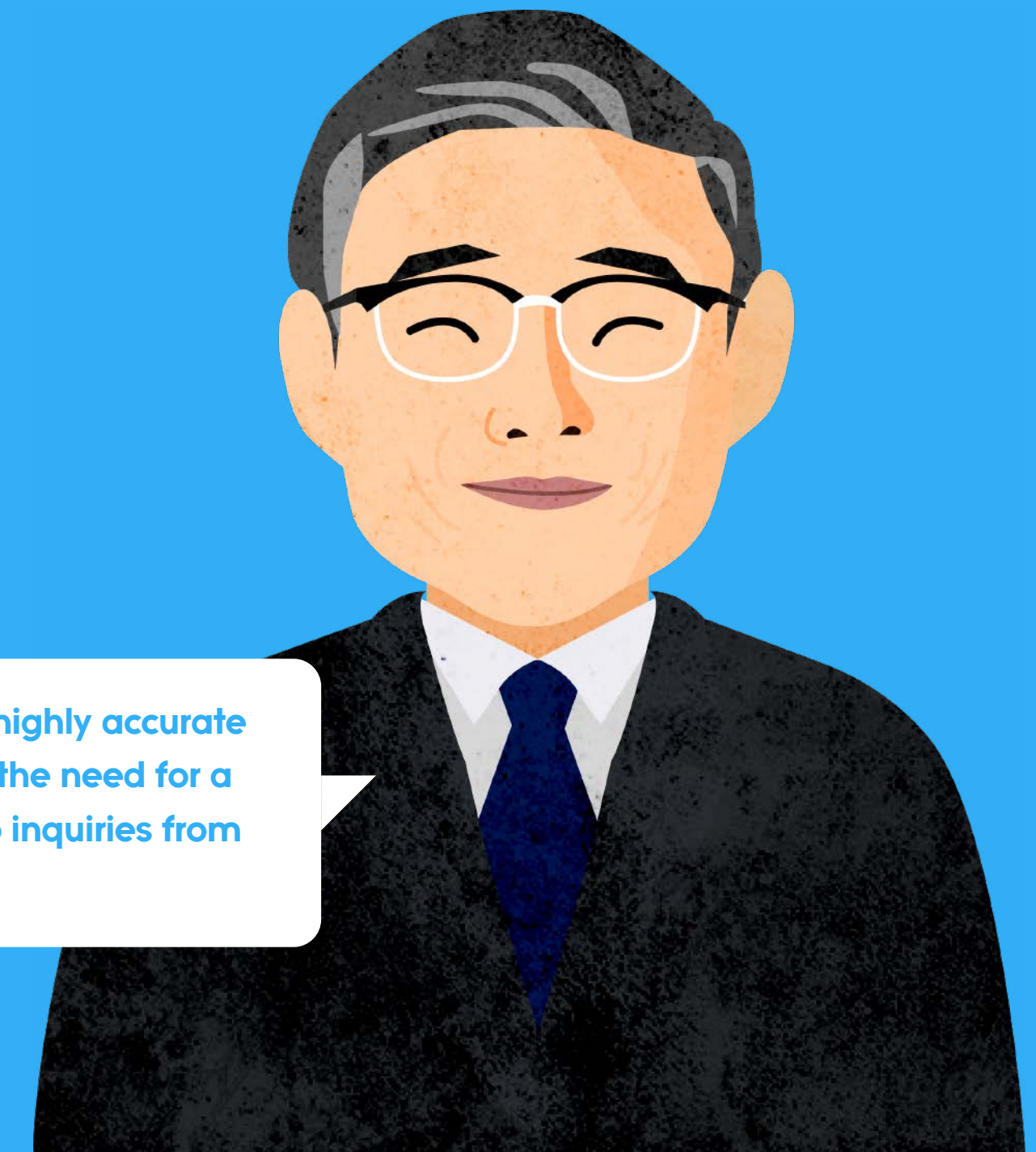
# **FY2024 2Q (Semi-annual) ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS**



# HIGHLIGHTS



"ZOZOMETRY" now allows for highly accurate body measurements without the need for a ZOTOSUIT! We look forward to inquiries from interested businesses!





## FY2024 2Q HIGHLIGHTS

**Gross Merchandise Value**

**279.1 billion yen**

(+7.9% YoY / Achievement rate 45.8%)

**Gross Merchandise Value**

(excluding other GMV)

**260.8 billion yen**

(+7.9% YoY / Achievement rate 45.6%)

**Operating Profit**

**30.4 billion yen**

(+5.3% YoY / Achievement rate 47.5%)

**Operating Profit Margin**

**11.7 %**

(-0.3 point YoY)

※Operating profit margin is calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV).



# OVERVIEW OF EACH QUARTER

(million¥)

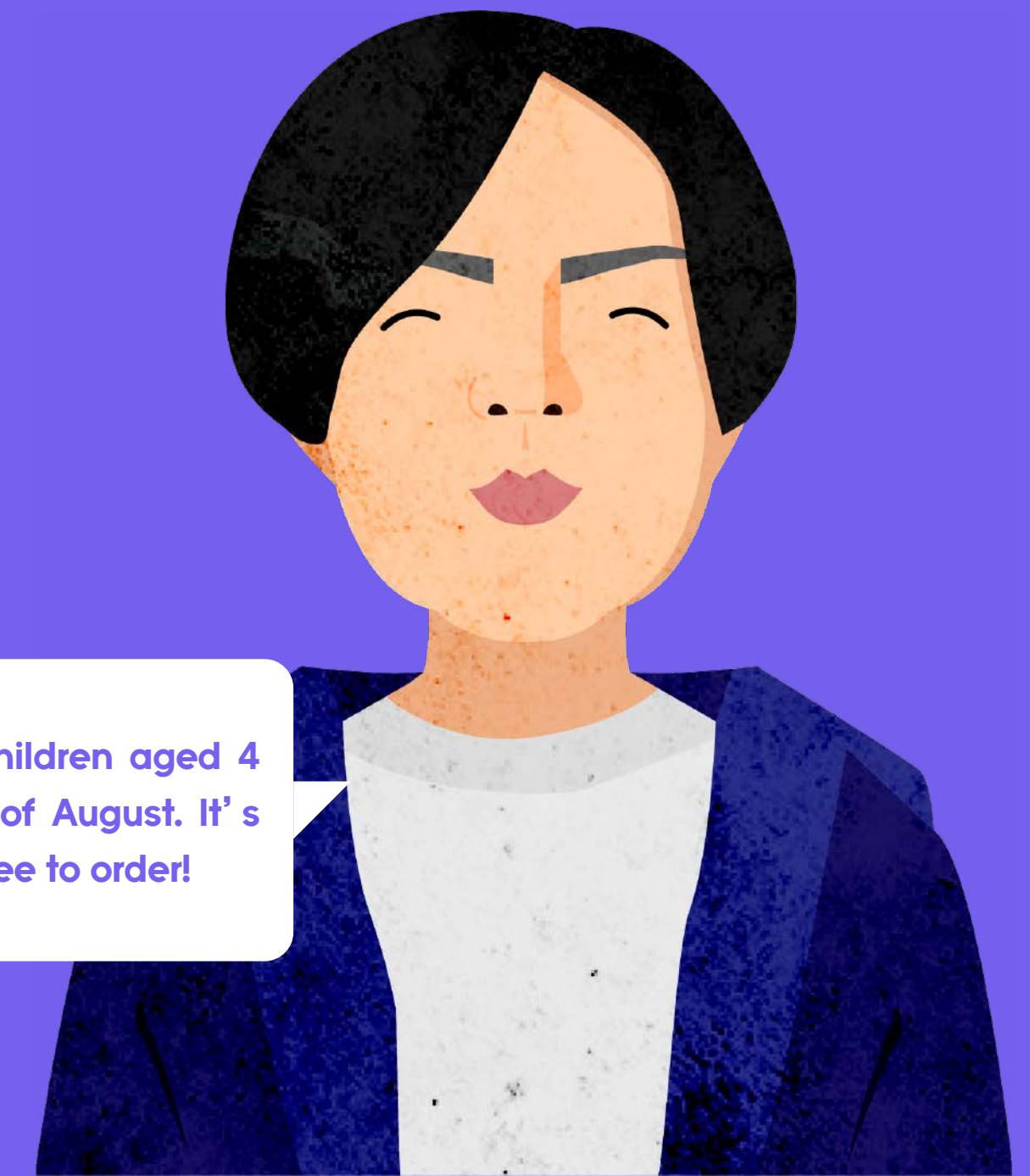
	FY2023				FY2024	
	1Q	2Q	3Q	4Q	1Q	2Q
Gross Merchandise Value	131,920	126,870	168,354	147,227	141,885	137,267
Gross Merchandise Value (excluding other GMV)	123,327	118,317	157,851	137,411	132,631	128,193
YoY (%)	6.4%	6.1%	9.2%	6.4%	7.5%	8.3%
Net sales	45,871	44,345	57,351	49,448	50,387	48,414
SG&A	27,182	28,100	36,332	31,452	31,060	30,477
YoY (%)	4.4%	9.5%	16.0%	-1.4%	14.3%	8.5%
(% Gross Merchandise Value)	22.0%	23.8%	23.0%	22.9%	23.4%	23.8%
Operating profit	15,862	13,068	16,767	14,381	15,895	14,580
YoY (%)	10.8%	1.3%	-3.8%	22.0%	0.2%	11.6%
(% Gross Merchandise Value)	12.9%	11.0%	10.6%	10.5%	12.0%	11.4%

\* The percentages are calculated by dividing each item by the Gross Merchandise Value (excluding other GMV).

# BUSINESS RESULTS

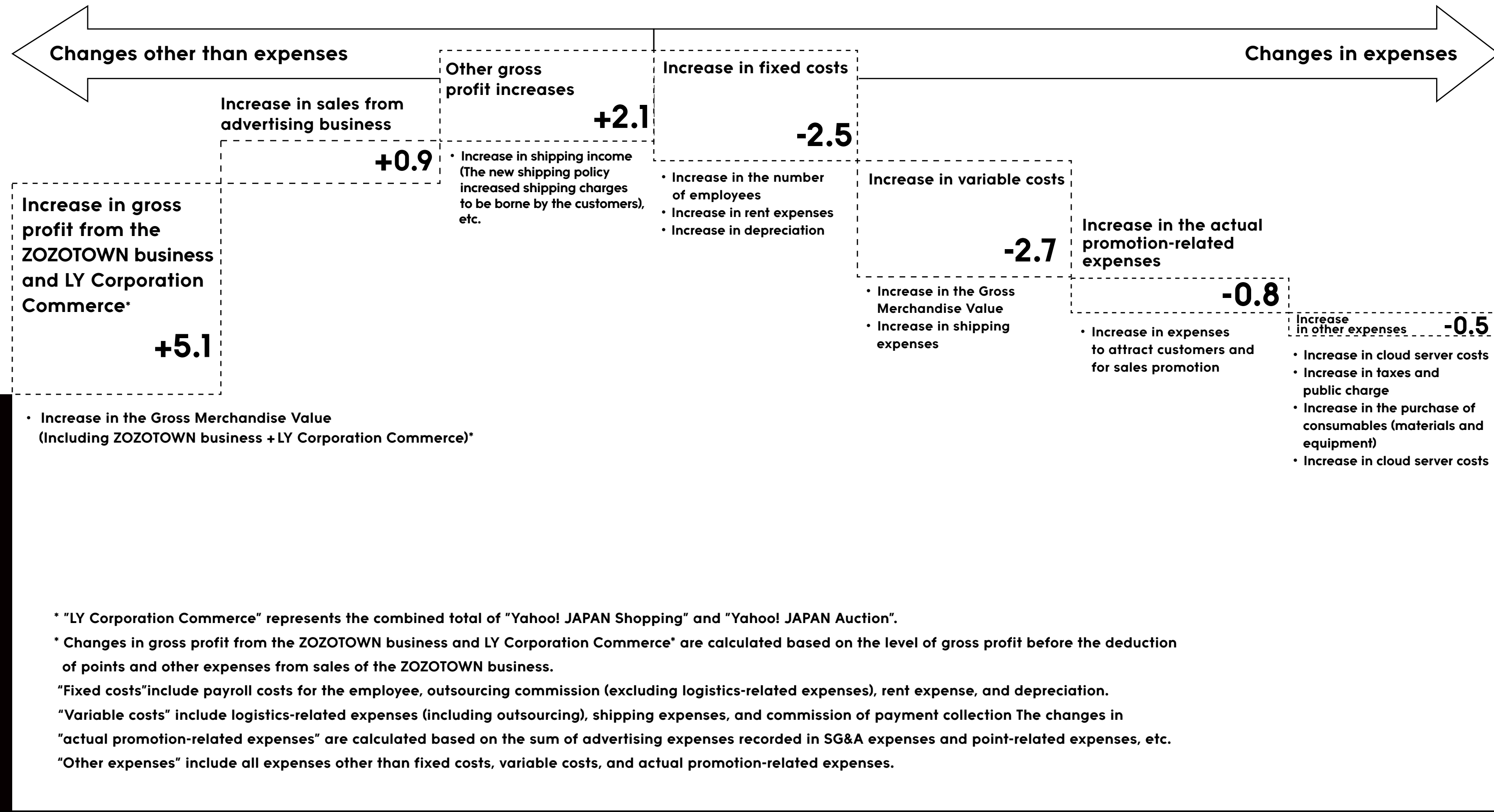


ZOZOMAT for Kids, designed for children aged 4 and up, was released at the end of August. It's available for free delivery, so feel free to order!





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



(bn¥)

FY2023 2Q

FY2024 2Q



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

(million¥)

	FY2023 2Q		FY2024 2Q		YoY	Increase / decrease factors
	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	% to the Gross Merchandise Value	
<b>Payroll and staff costs(*)</b>	<b>15,293</b>	<b>6.3%</b>	<b>16,100</b>	<b>6.2%</b>	<b>-0.1%</b>	
<b>Payroll costs for employee</b>	<b>6,767</b>	<b>2.8%</b>	<b>7,346</b>	<b>2.8%</b>	<b>0.0%</b>	Transition of the number of employees on consolidated basis: FY2023 2Q 1,677 → FY2024 2Q 1,745
<b>Logistics-Related Expenses (Including Outsourcing)</b>	<b>8,525</b>	<b>3.5%</b>	<b>8,753</b>	<b>3.4%</b>	<b>-0.1%</b>	Increase in costs due to the expansion of logistics centers, including expenses for inter-base transportation, and a decrease in costs due to investments in warehouse facilities to reduce manpower
<b>Outsourcing Commission (Excluding Logistics-Related Expenses)</b>	<b>3,176</b>	<b>1.3%</b>	<b>3,442</b>	<b>1.3%</b>	<b>0.0%</b>	
<b>Shipping</b>	<b>15,800</b>	<b>6.5%</b>	<b>17,968</b>	<b>6.9%</b>	<b>0.4%</b>	Increase in the cost ratio due to a rise in shipping fees by YAMATO TRANSPORT CO., LTD. starting from April 1.
<b>Commission of Payment collection</b>	<b>5,699</b>	<b>2.4%</b>	<b>6,063</b>	<b>2.3%</b>	<b>-0.1%</b>	
<b>Advertising</b>	<b>4,507</b>	<b>1.9%</b>	<b>4,842</b>	<b>1.9%</b>	<b>0.0%</b>	
<b>Rent expense</b>	<b>3,448</b>	<b>1.4%</b>	<b>4,234</b>	<b>1.6%</b>	<b>0.2%</b>	Increase in the number of logistics centers (Increase in expenses related to ZOZOBASE TSUKUBA 3, which was leased from March 2023, and DPL Tsukuba Chuo, which was leased from April 2024)
<b>Depreciation</b>	<b>1,148</b>	<b>0.5%</b>	<b>2,110</b>	<b>0.8%</b>	<b>0.3%</b>	Increase in the number of logistics centers
<b>Amortization of goodwill</b>	<b>192</b>	<b>0.1%</b>	<b>125</b>	<b>0.0%</b>	<b>-0.1%</b>	
<b>Stock Compensation Expenses</b>	<b>107</b>	<b>0.0%</b>	<b>146</b>	<b>0.1%</b>	<b>0.1%</b>	
<b>Others</b>	<b>5,907</b>	<b>2.4%</b>	<b>6,502</b>	<b>2.5%</b>	<b>0.1%</b>	
<b>Total SG&amp;A</b>	<b>55,282</b>	<b>22.9%</b>	<b>61,537</b>	<b>23.6%</b>	<b>0.7%</b>	

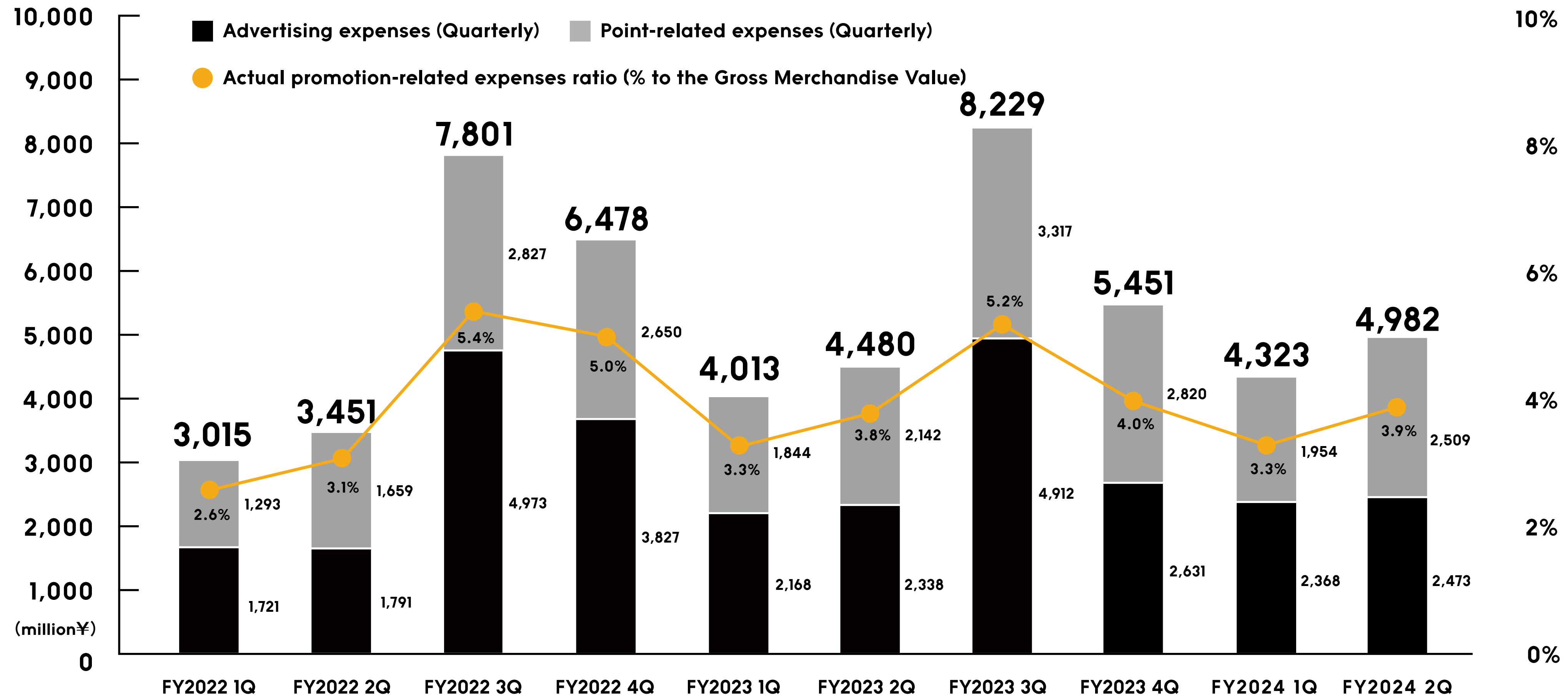
\* Payroll includes directors' remuneration, employee salaries, bonuses, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonuses, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation. "Employee" includes directors, full-time employees and personnel engaged in operations other than logistics operation, "Logistics-Related Expenses" includes part-timers, dispatched workers(subcontracting payroll) and substantial personnel expenses within outsourcing commission of staff working for logistics operations.

\* The percentages to the Gross Merchandise Value are calculated by dividing each expense by the Gross Merchandise Value (excluding other GMV).



# ACTUAL PROMOTION-RELATED EXPENSES

Actual promotion-related expenses: The sum of advertising expenses and point-related expenses



Compared to the same quarter of the previous fiscal year, the main factors contributing to the cost increase are the free shipping measures and web advertising on social media, etc.

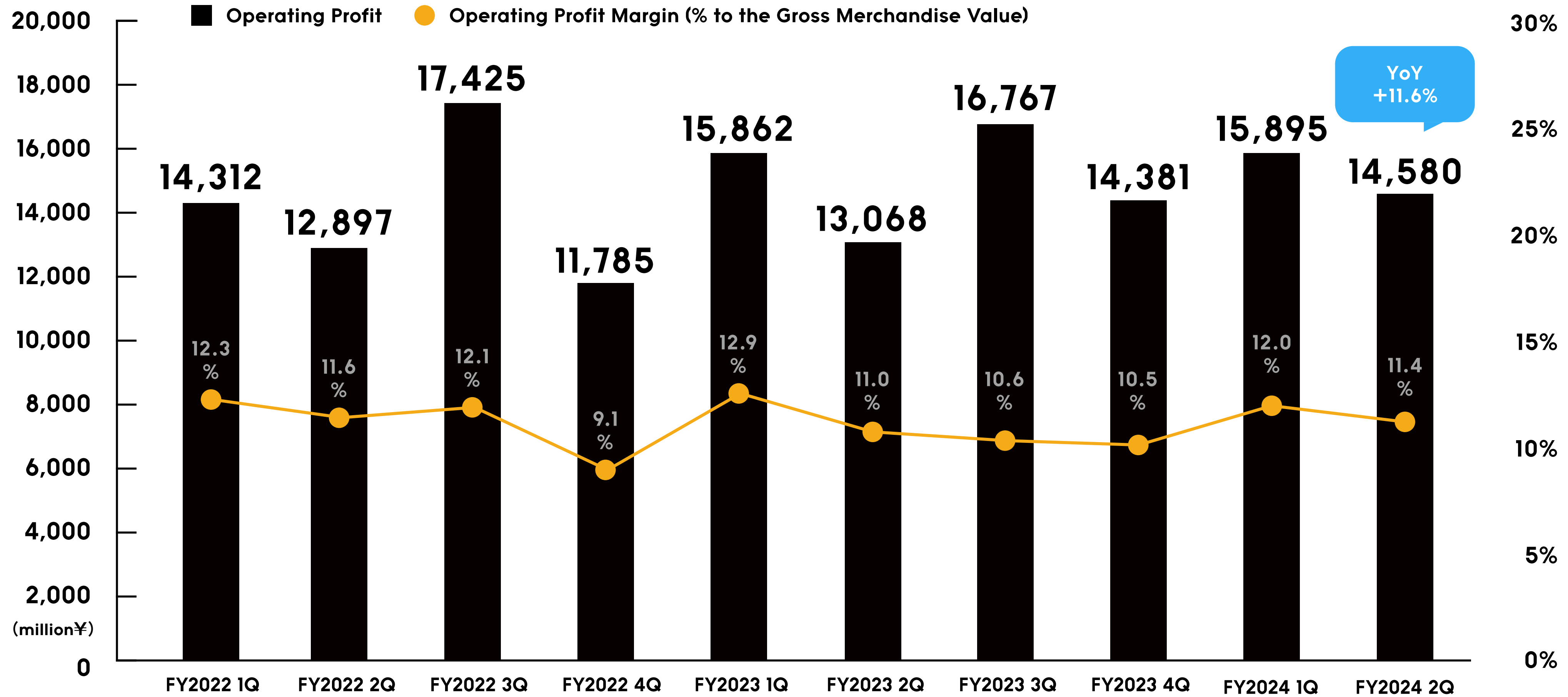


\* The actual promotion-related expenses ratio is calculated by dividing the actual promotion-related expenses by the Gross Merchandise Value (excluding other GMV)





# OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



\* Operating profit margins are calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV)

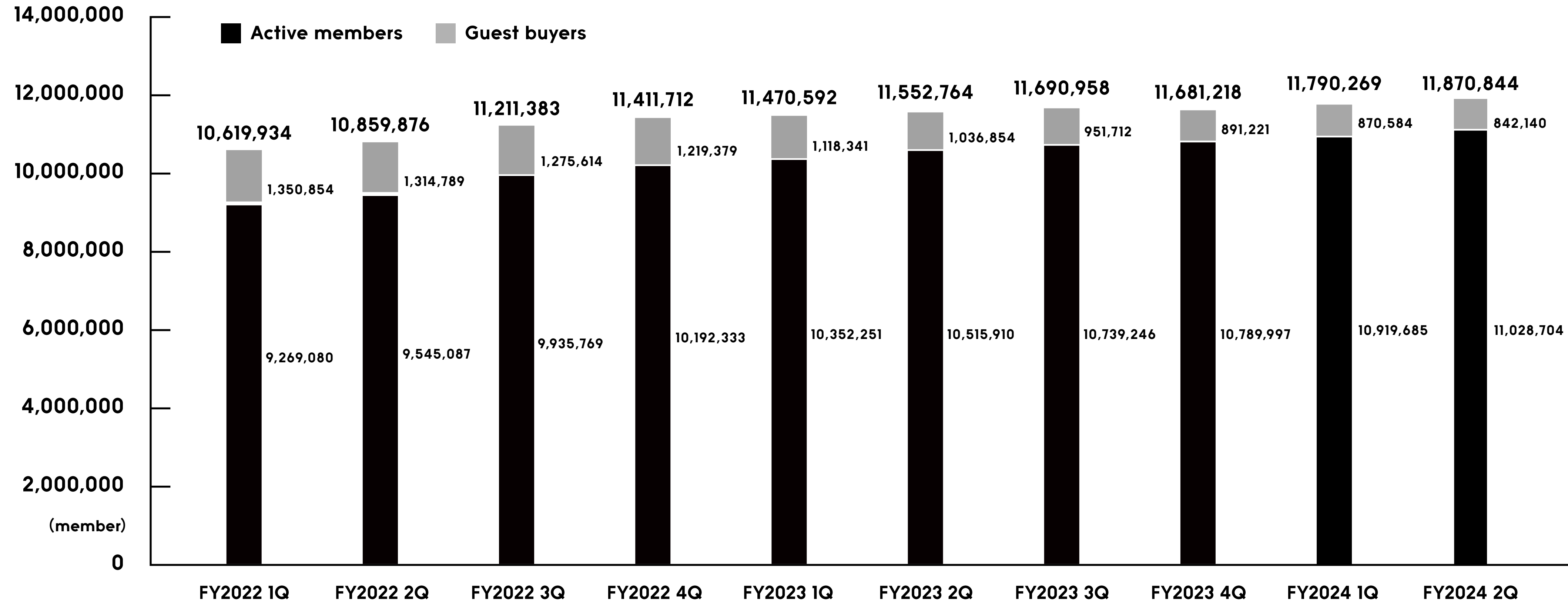


# NUMBER OF TOTAL BUYERS

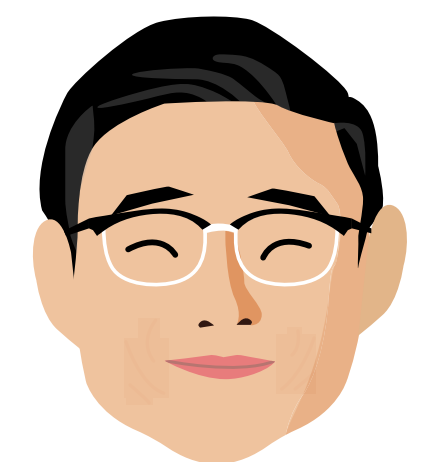
Number of total buyers = Active members and guest buyers who made at least one purchase within a year

Guest buyers = Total number of guest purchases within a year

Active members = Members who have made at least one purchase within a year



In Q2, growth in September was sluggish, heavily impacted by the severe lingering summer heat. However, the number of annual buyers increased steadily compared to Q1.

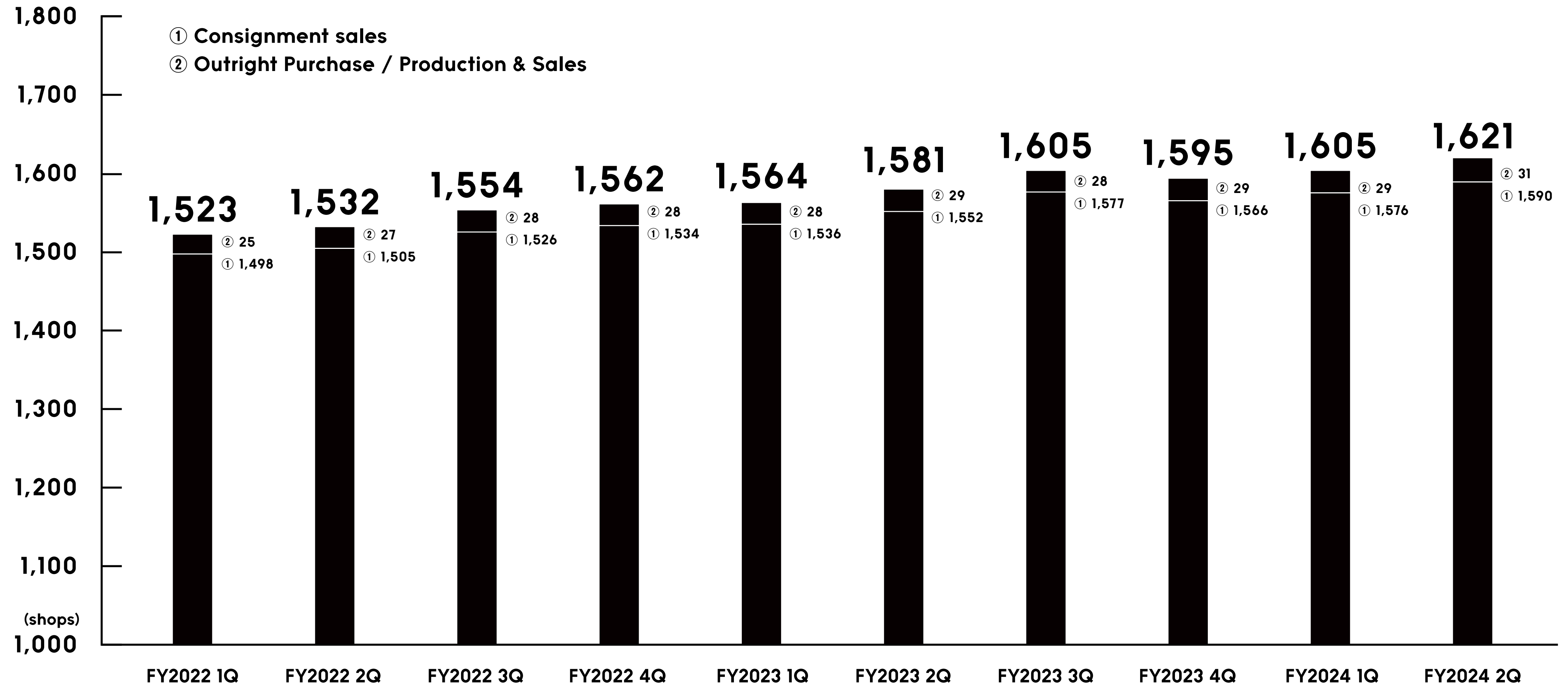


\* The results are only from the ZOZOTOWN business. LY Corporation Commerce is not included.

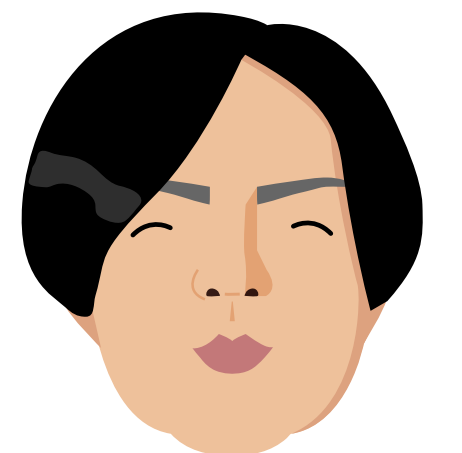
\* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".



# NUMBER OF SHOPS ON ZOZOTOWN



Attracting new brands is going well.



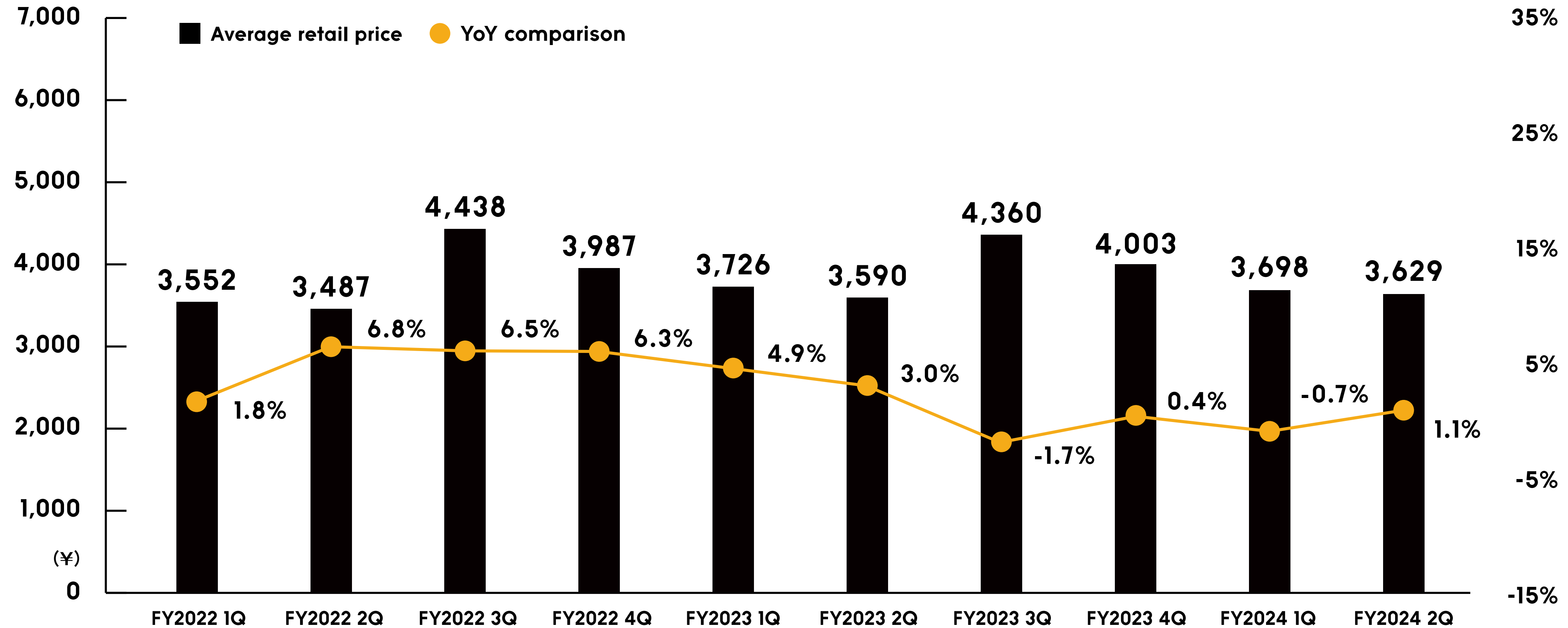
\* Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops.



# AVERAGE RETAIL PRICE

Average retail price

= Gross Merchandise Value of the ZOZOTOWN Business / Number of pieces shipped



Due to more severe lingering summer heat compared to last year, demand for higher-priced new autumn and winter items did not increase, leading to a limited rise in the average retail price.



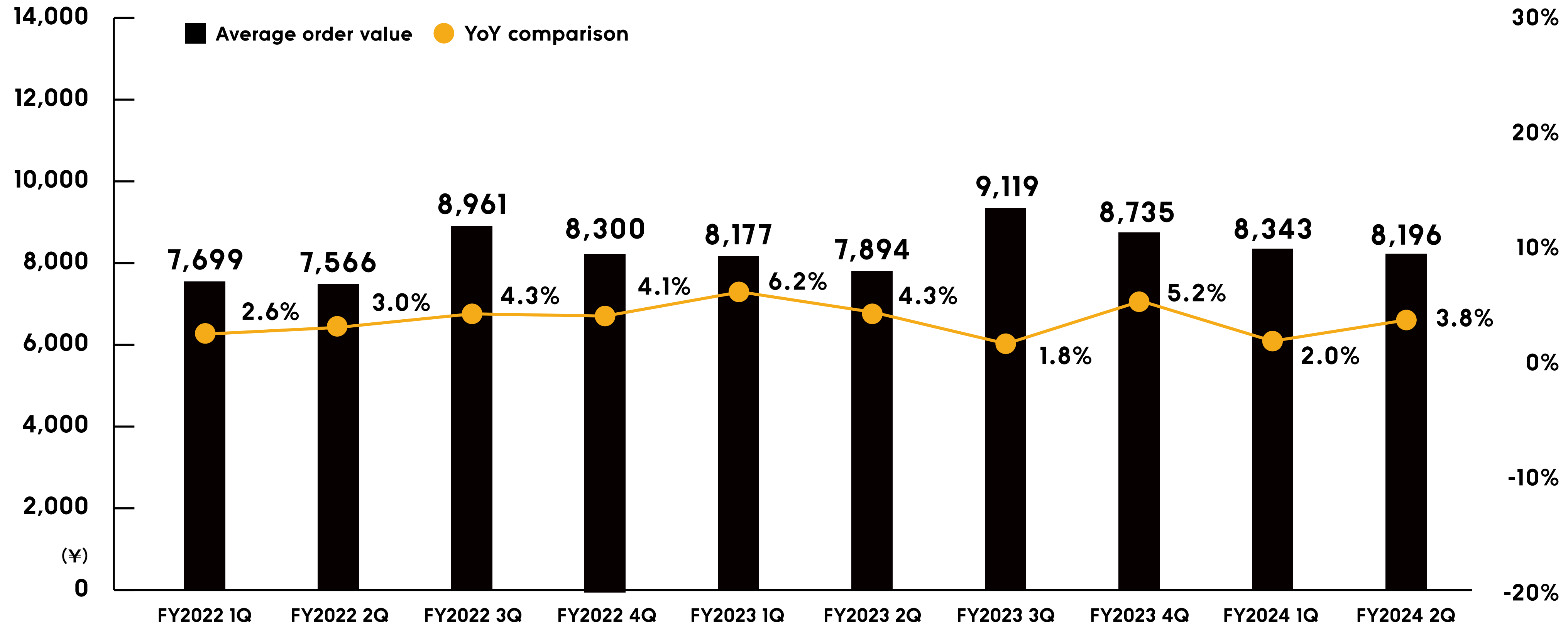
\* The results are only from the ZOZOTOWN business. LY Corporation Commerce is not included.

\* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".

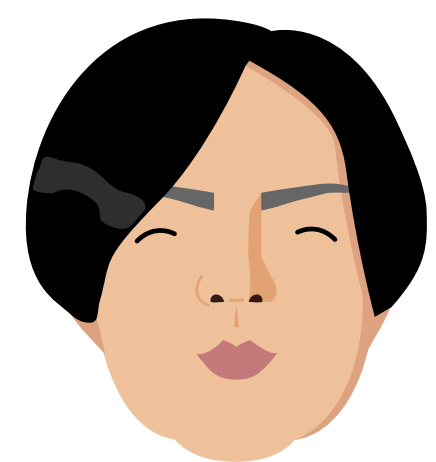


# AVERAGE ORDER VALUE

Average order value  
= Gross Merchandise Value of the ZOZOTOWN Business / Number of shipments



The growth rate of average order value outpaced that of average retail price, driven by an increase in combined purchases due to more frequent free-shipping measures for orders of 12,000 yen or more, which were well received by customers compared to last year



\* The results are only from the ZOZOTOWN business. LY Corporation Commerce is not included.

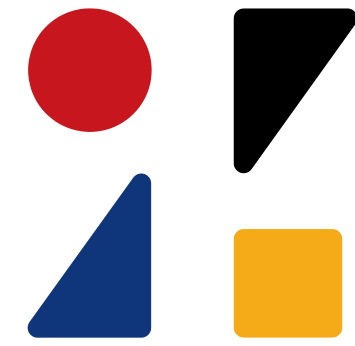
\* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".



# CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2024

	FY2024 Plan	YoY
Gross Merchandise Value	609.2 billion yen	6.1%
Gross Merchandise Value (excluding other GMV)	572.2 billion yen	6.6%
Net sales	214.4 billion yen	8.8%
Operating profit	64.2 billion yen	6.9%
Operating Profit Margin (% to the Gross Merchandise Value)	11.2%	-
Ordinary profit	64.2 billion yen	7.4%
Profit attributable to owners of parent	45.2 billion yen	1.9%
Net profit per share	152.21 yen	-
Estimated dividends per share (Plan)	107 yen	-

\* Operating profit margin is calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV).



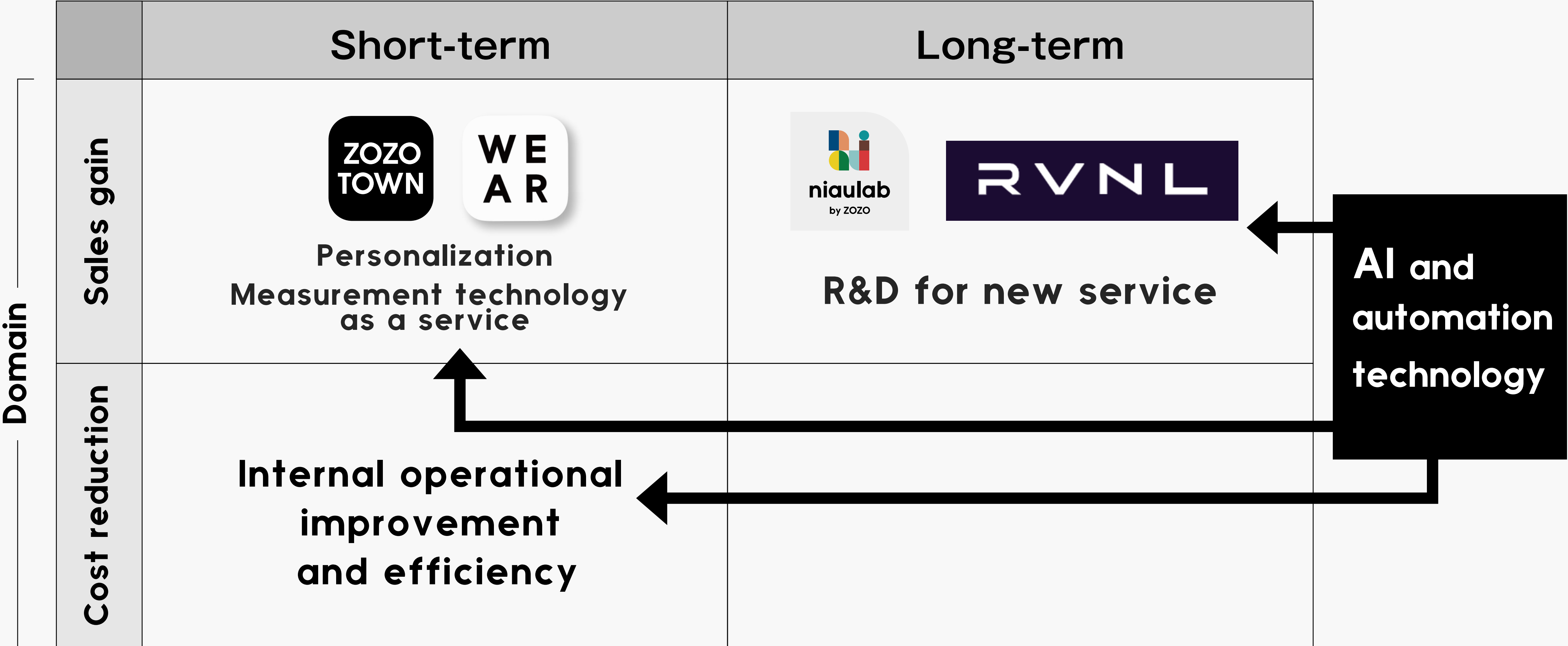
**ZOZO**

# **Use of AI technology / automation initiatives**



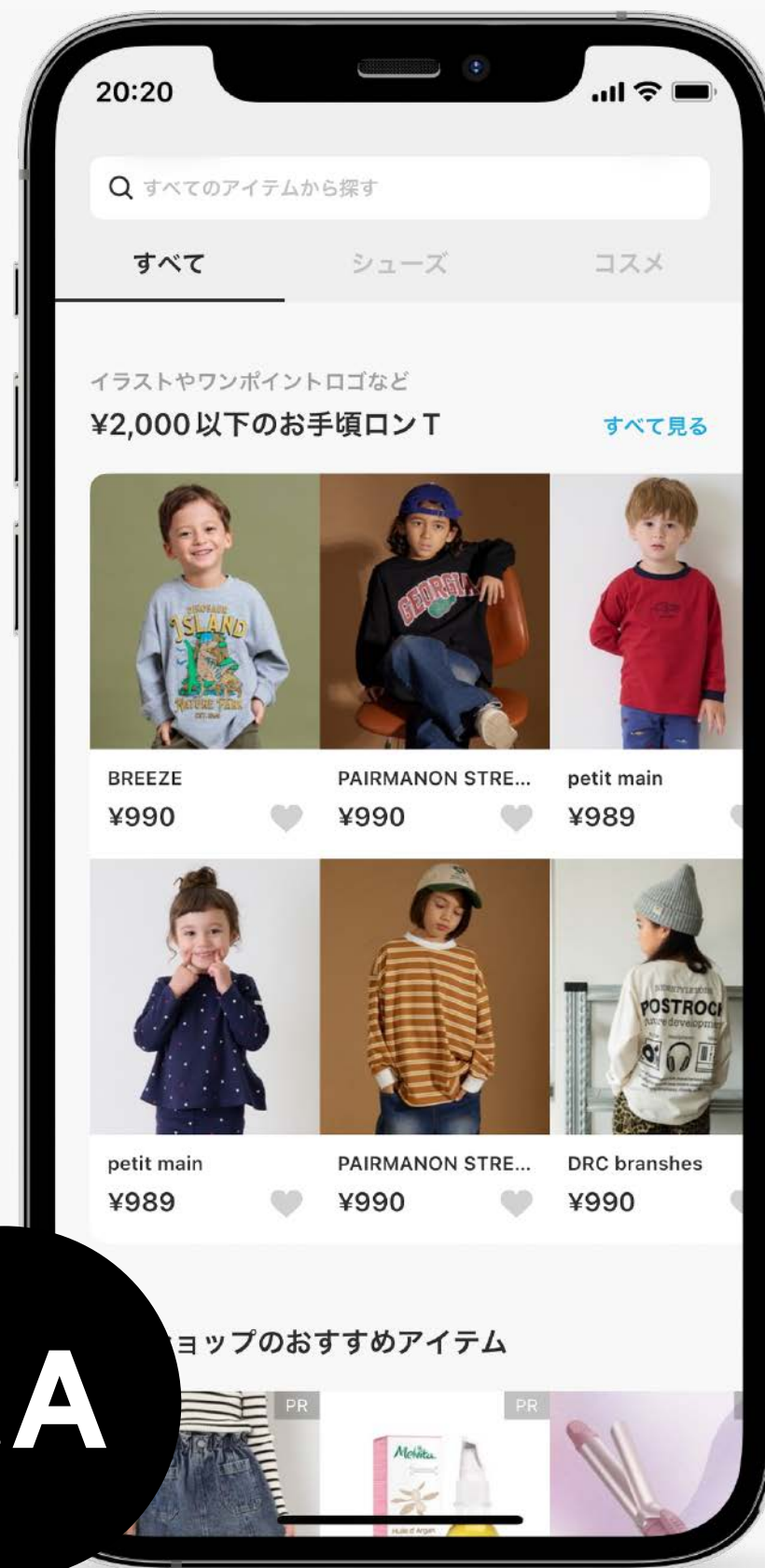
# Use of AI technology/automation initiatives

## Expected impact

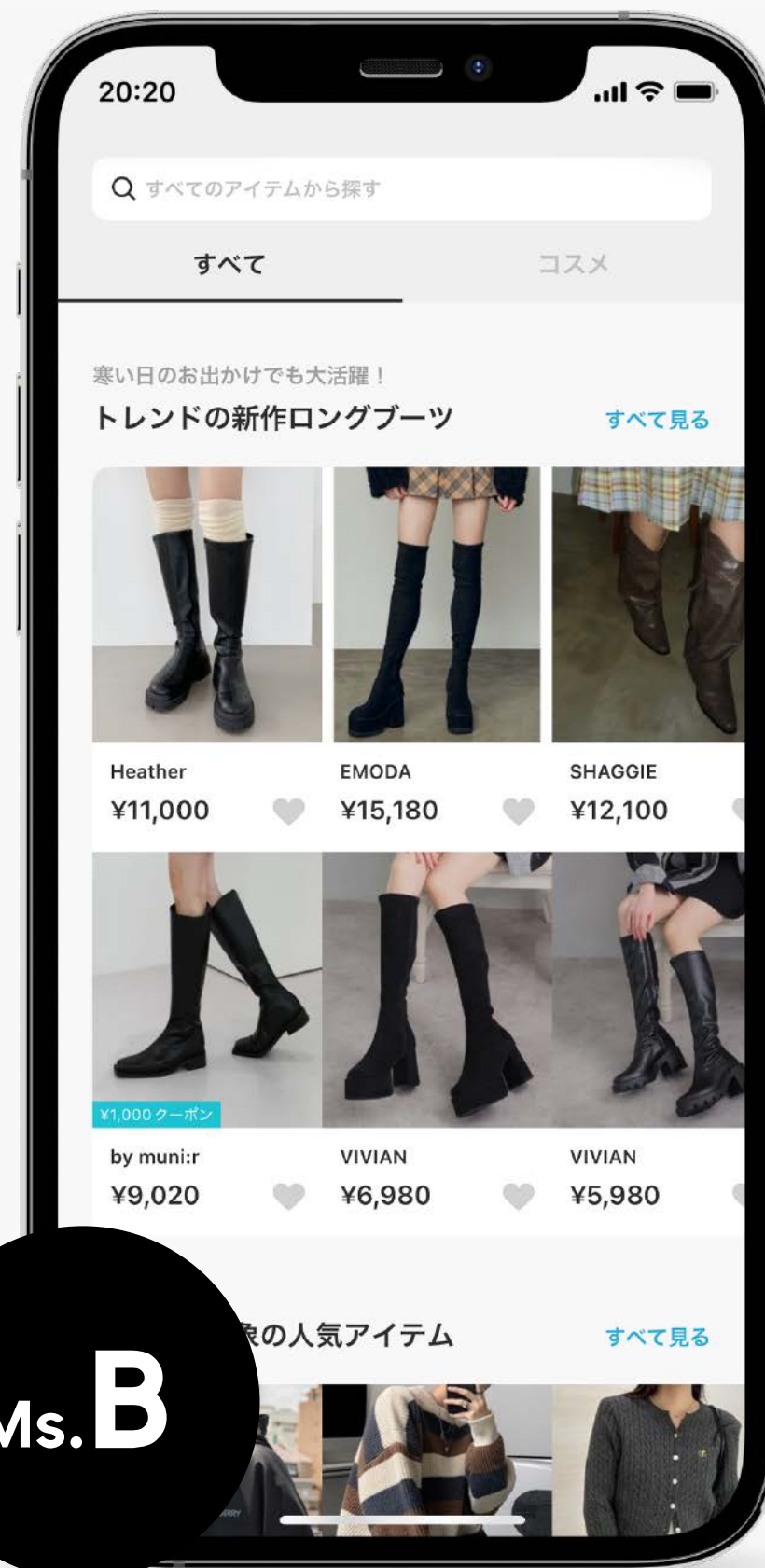


# Personalization for ZOZOTOWN and WEAR

## ZOZOTOWN Home page module\* layout



Ms. A



Ms. B

Even within the group of women in their 30s, the displayed module content and order will be adjusted based on factors such as browsing history and purchase history.

Ms A: Appealing for affordable children's clothing

Ms B: Appealing for trendy items

\*Module: A collection of content that makes up the screen.

# Personalization for ZOZOTOWN and WEAR

## ZOZOTOWN Recommendation pages based on the weather (temperature)



By integrating with the high-precision weather data from Weathernews Inc., we are able to provide item recommendations based on the current weather (temperature) at the user's location.

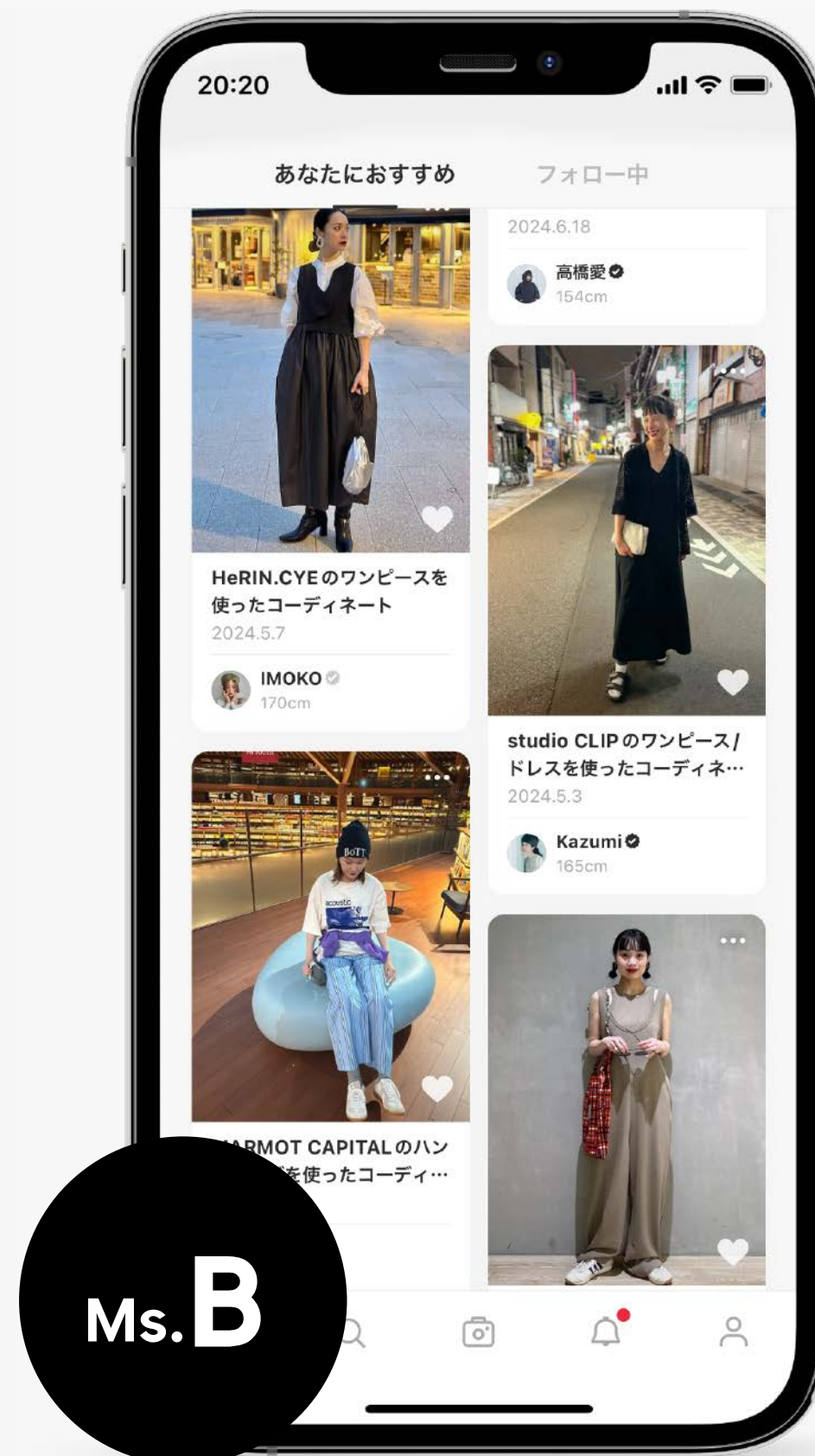
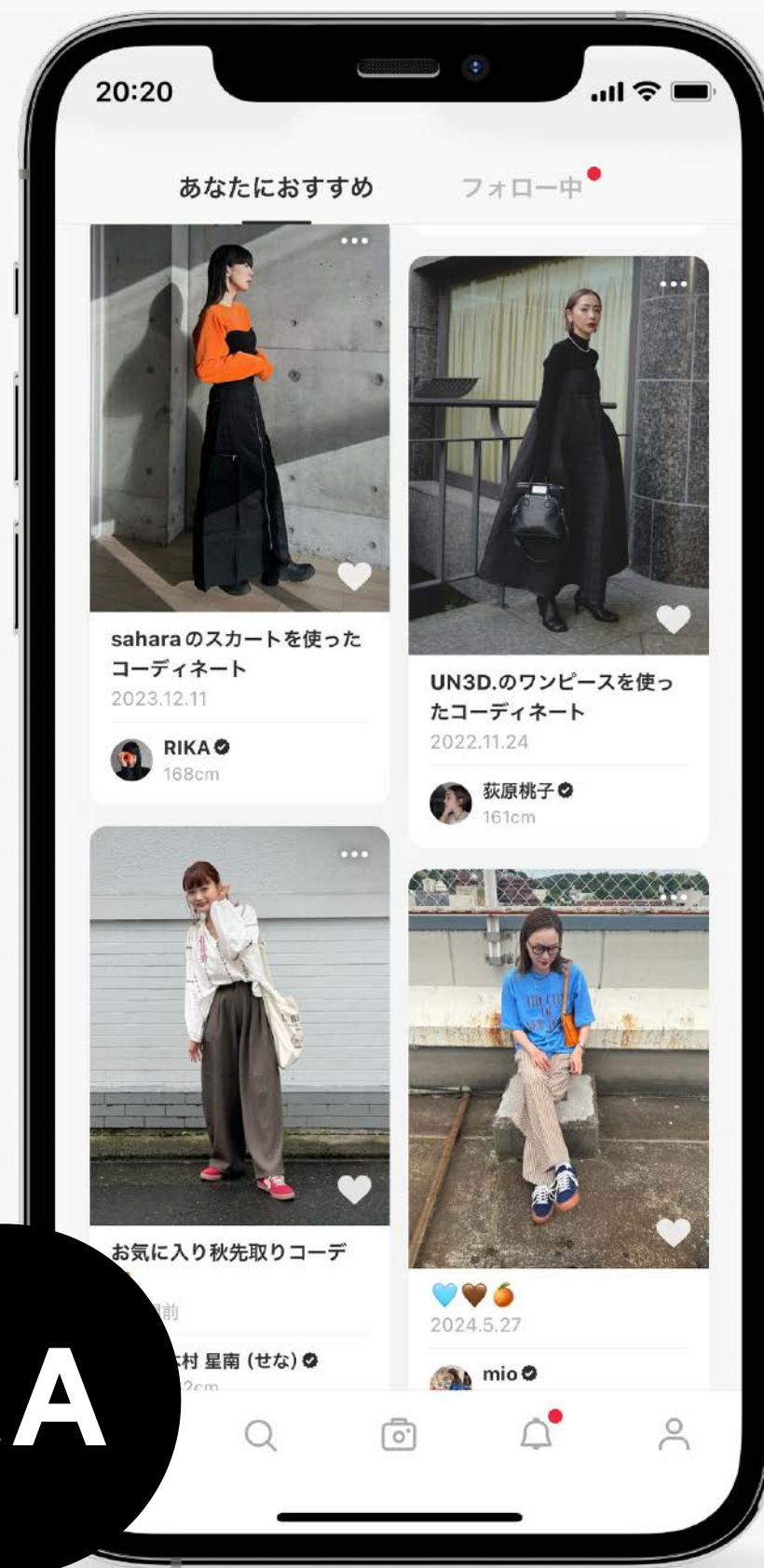


Leveraging the fact that fashion choices vary with weather (temperature), this service helps address the challenges posed by unpredictable weather.

# Personalization for ZOZOTOWN and WEAR

## WEAR

Content display based on fashion genre assessment results

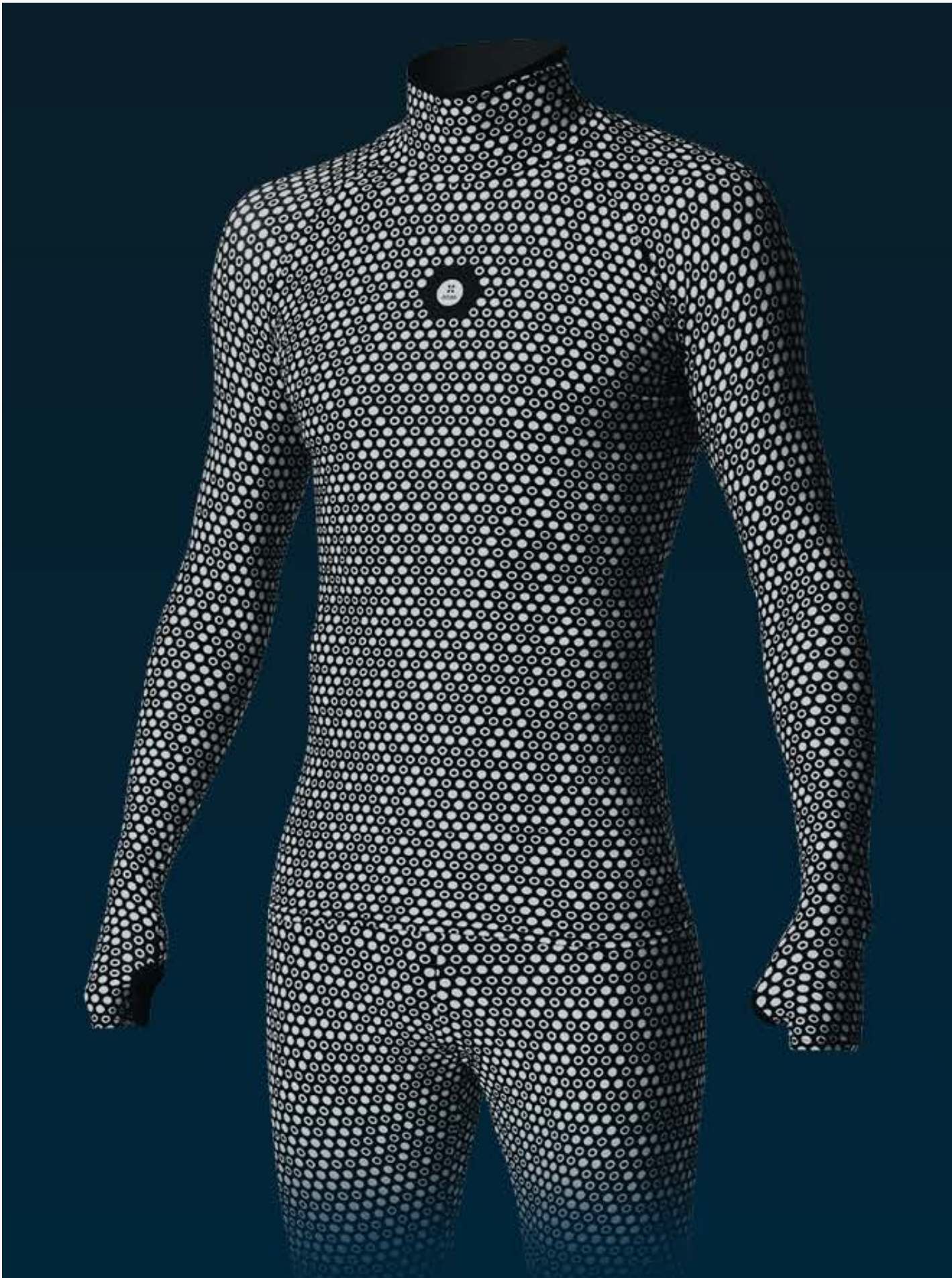


Content, such as outfit images, is displayed based on the results of the fashion genre assessment. Additionally, the system learns from the images the user clicks on, refining the content to better match the user's preferences.

Ms A: Edgy and mannish

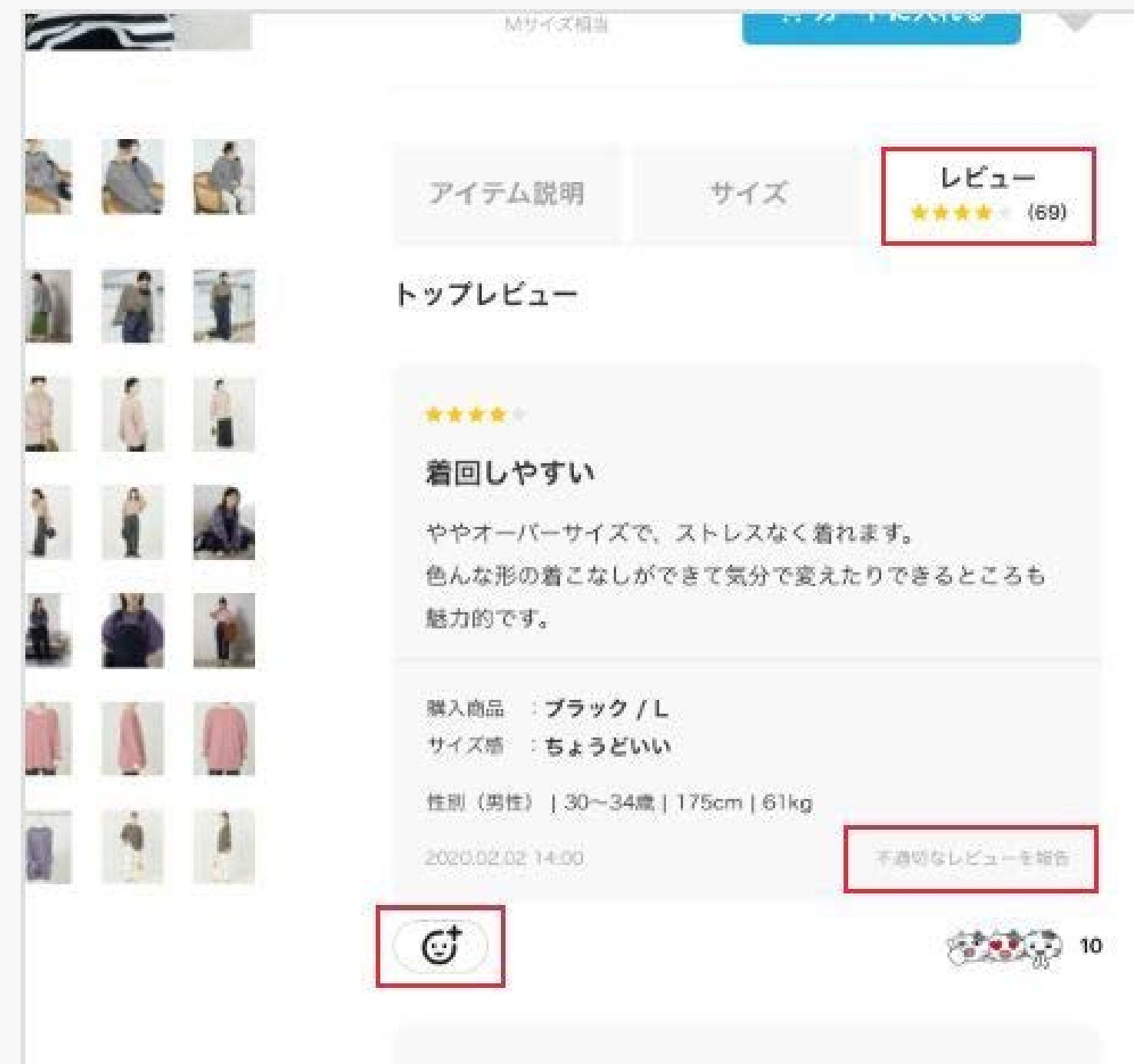
Ms B: Relaxed and polished

# Measurement technology as a service



# Internal operational improvement and efficiency

## Case 1 : A tool for monitoring violations of item review guidelines on ZOZOTOWN

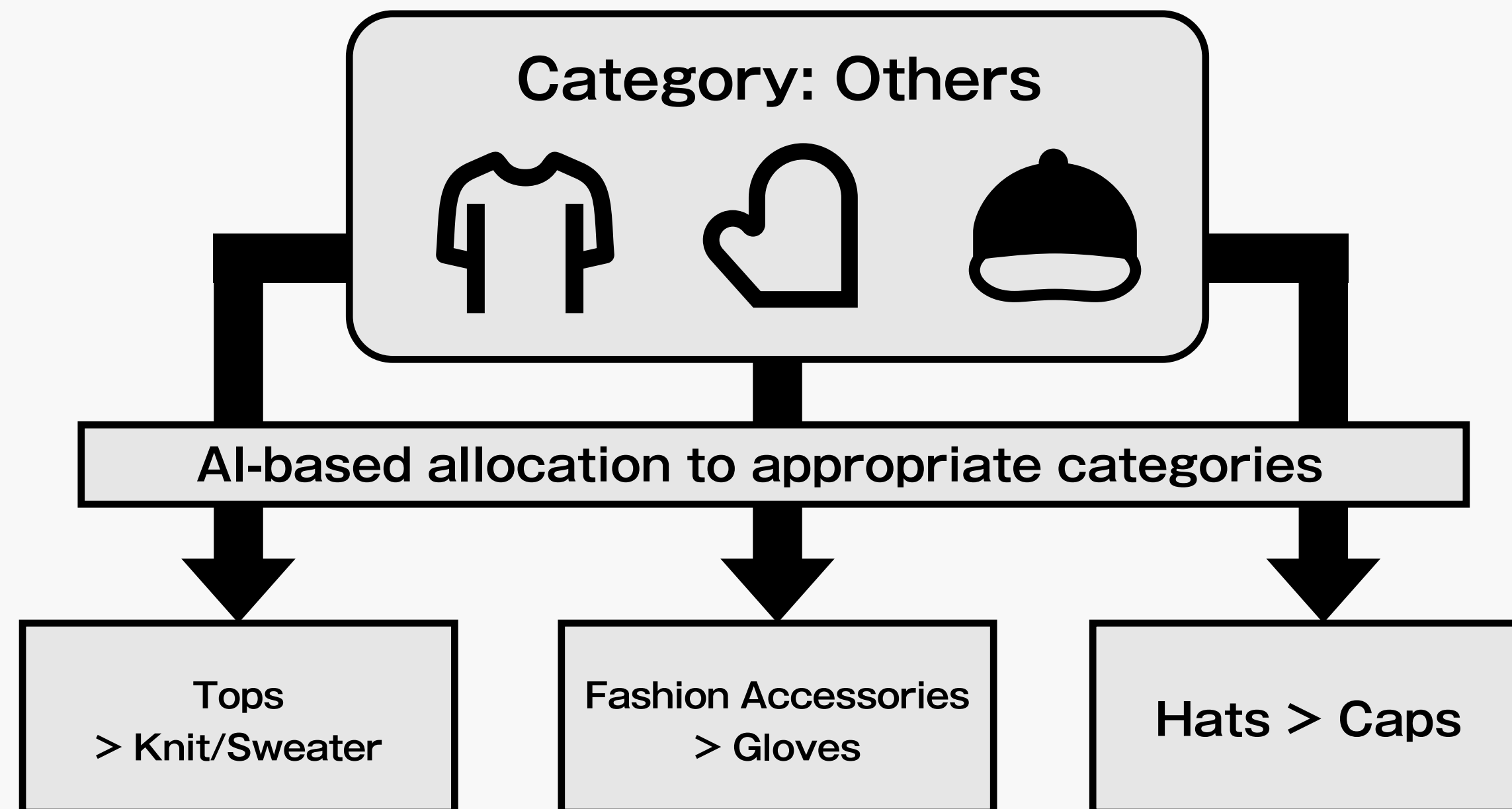


Developed a tool using generative AI to monitor the content of item reviews on ZOZOTOWN, checking for guideline violations that were previously done manually.

**Impact** Work hours and the number of manual checks were reduced by almost **70%**.

## Internal operational improvement and efficiency

**Case2 : A tool for suggesting optimal categories for items listed under "Others" on ZOZOTOWN.**

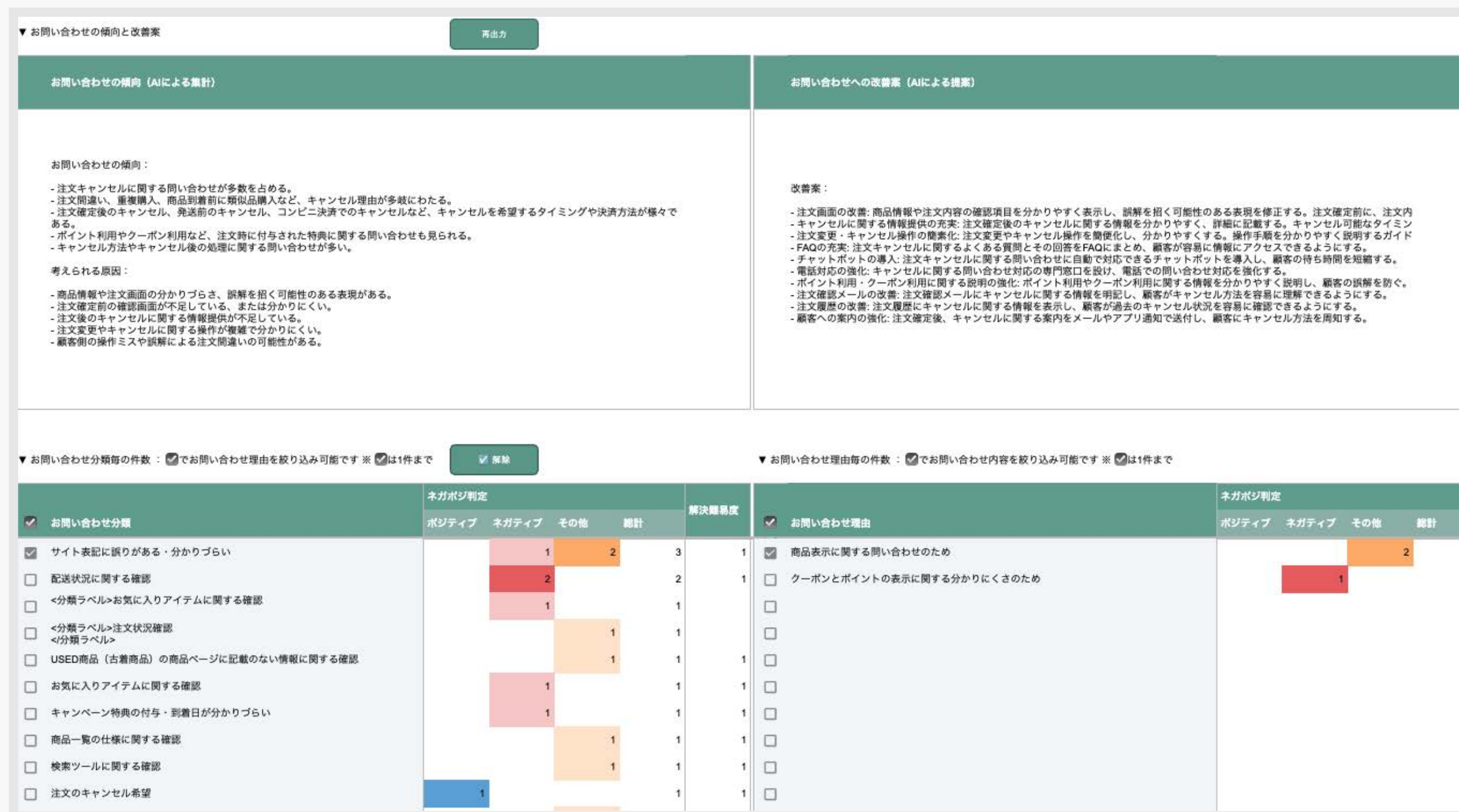


A tool was developed to automatically assign items categorized as "Others" due to brand specifications to the most appropriate category by analyzing the item name and description using AI.

**Impact** A total of **17.6** hours of work time are saved each month

# Internal operational improvement and efficiency

## Case3 : BI tool for managing customer support inquiries



A tool has been developed to analyze trends in inquiry content based on CSV data from the customer support center, with generative AI performing classification and aggregation.

### Impact

Quick analysis of the current situation achieved.  
Increased resources allocated for business improvements.



# R&D for new service

Lab to clarify \*"your style" : niaulab

**MORE FASHION**

×

**FASHION TECH**

More Fashion × Better Fashion Tech  
- Explore your style. Make you delighted. -



Providing ultimate personalized-styling services at the physical store as the best way to find your "style".



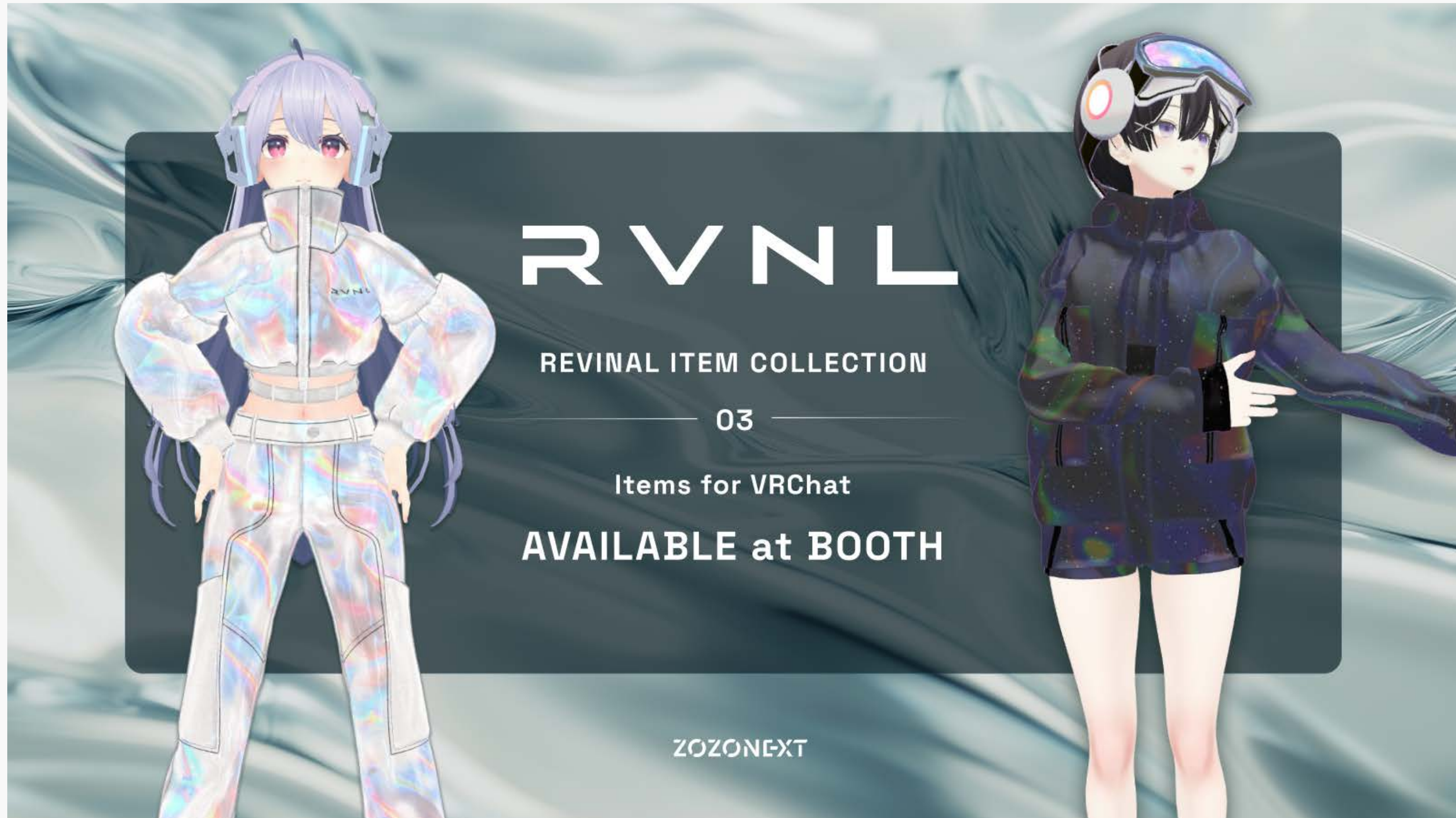
Evolution of ZOZOTOWN and WEAR



## R&D for new service



## R&D for new service



**RVNL**

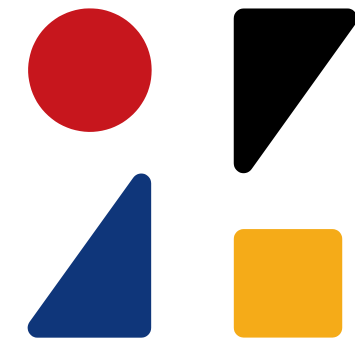
REVIVAL ITEM COLLECTION

03

Items for VRChat

**AVAILABLE at BOOTH**

ZOZONEXT



**ZOZO**