



Romantic Nishi-Chiba

— A story that can never be calculated —



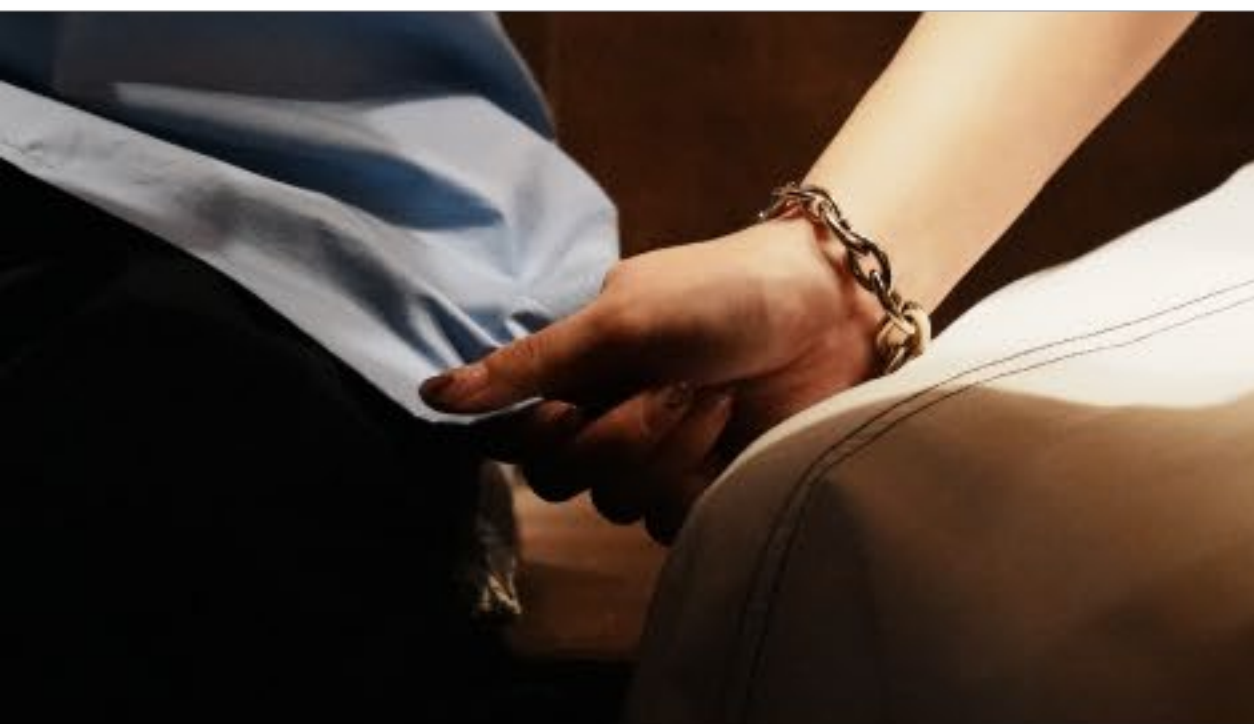
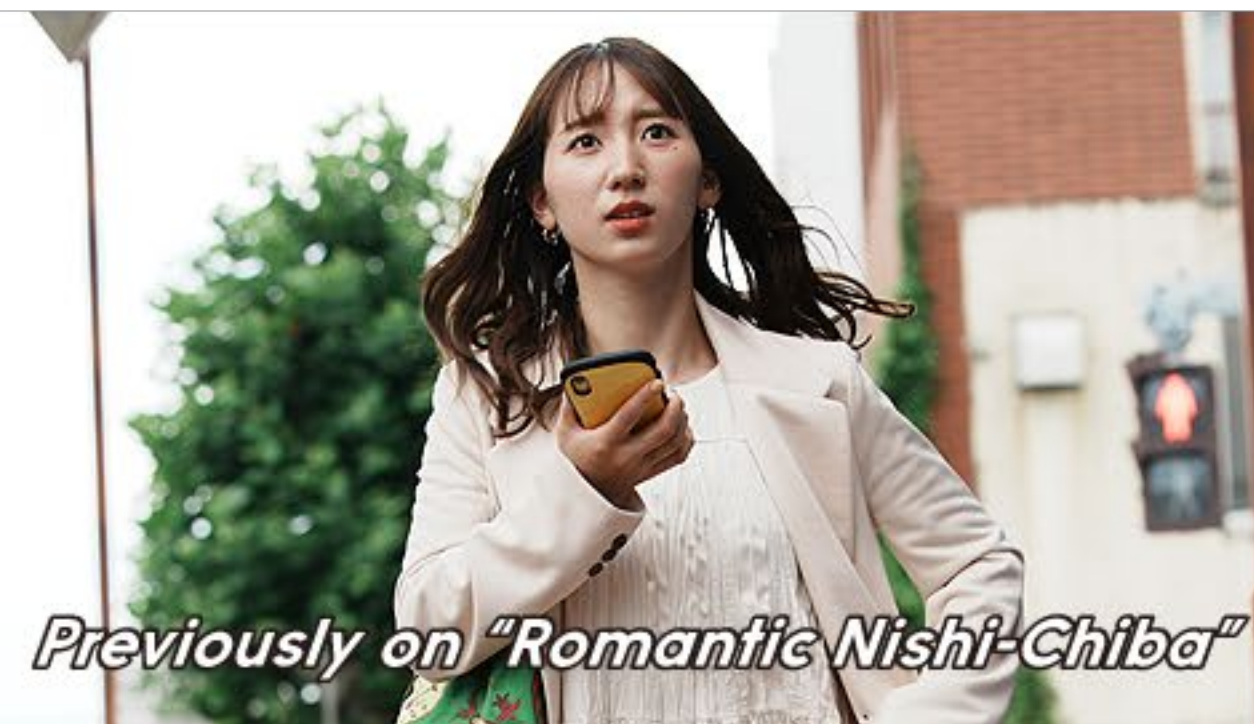
FY2022 2Q ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS

※This is a work of fiction. It is not related to any real person or organization.
Masks are removed only during filming to prevent COVID-19 infection.

Financial results material drama

HIGHLIGHTS

FY2022 2Q ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS



FY2022 2Q HIGHLIGHTS

Gross Merchandise Value

251.1 billion yen

(+9.4% YoY / Achievement rate 46.2%)

Gross Merchandise Value

(excluding other GMV)

227.4 billion yen

(+8.8% YoY/Achievement rate 45.9%)

Operating Profit

27.2 billion yen

(+14.4% YoY / Achievement rate 52.8%)

Operating Profit Margin

12.0%

(+0.6 points YoY)

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

OVERVIEW OF EACH QUARTER

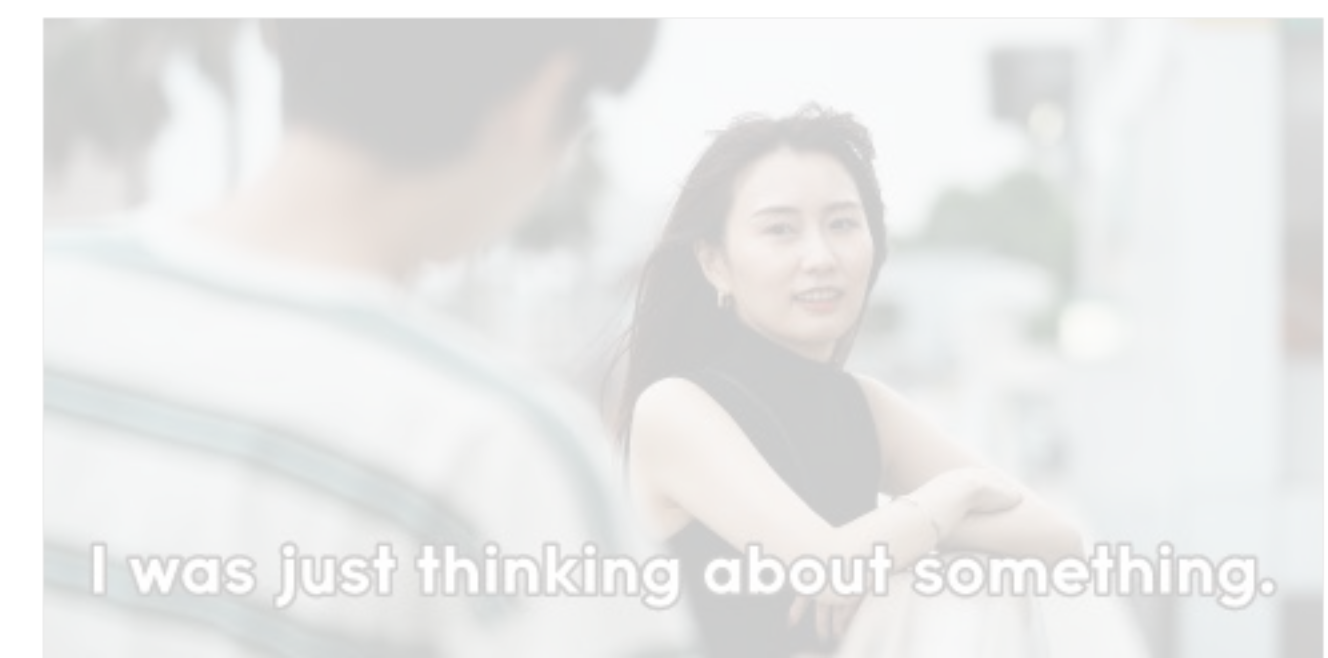


(million¥)

	FY2021				FY2022	
	1Q	2Q	3Q	4Q	1Q	2Q
Gross Merchandise Value	116,812	112,695	145,999	133,369	127,928	123,210
Gross Merchandise Value (excluding other GMV)	106,700	102,367	132,519	120,587	115,948	111,533
YoY (%)	11.9%	13.5%	15.0%	12.7%	8.7%	9.0%
Net sales	38,866	37,346	47,565	42,420	42,590	41,176
SG&A	24,333	23,851	29,656	28,675	26,028	25,667
YoY (%)	11.3%	10.6%	15.2%	7.3%	7.0%	7.6%
(% to the Gross Merchandise Value)	22.8%	23.3%	22.4%	23.8%	22.4%	23.0%
Operating profit	12,591	11,200	14,987	10,876	14,312	12,897
YoY (%)	20.8%	18.1%	8.0%	5.0%	13.7%	15.2%
(% to the Gross Merchandise Value)	11.8%	10.9%	11.3%	9.0%	12.3%	11.6%

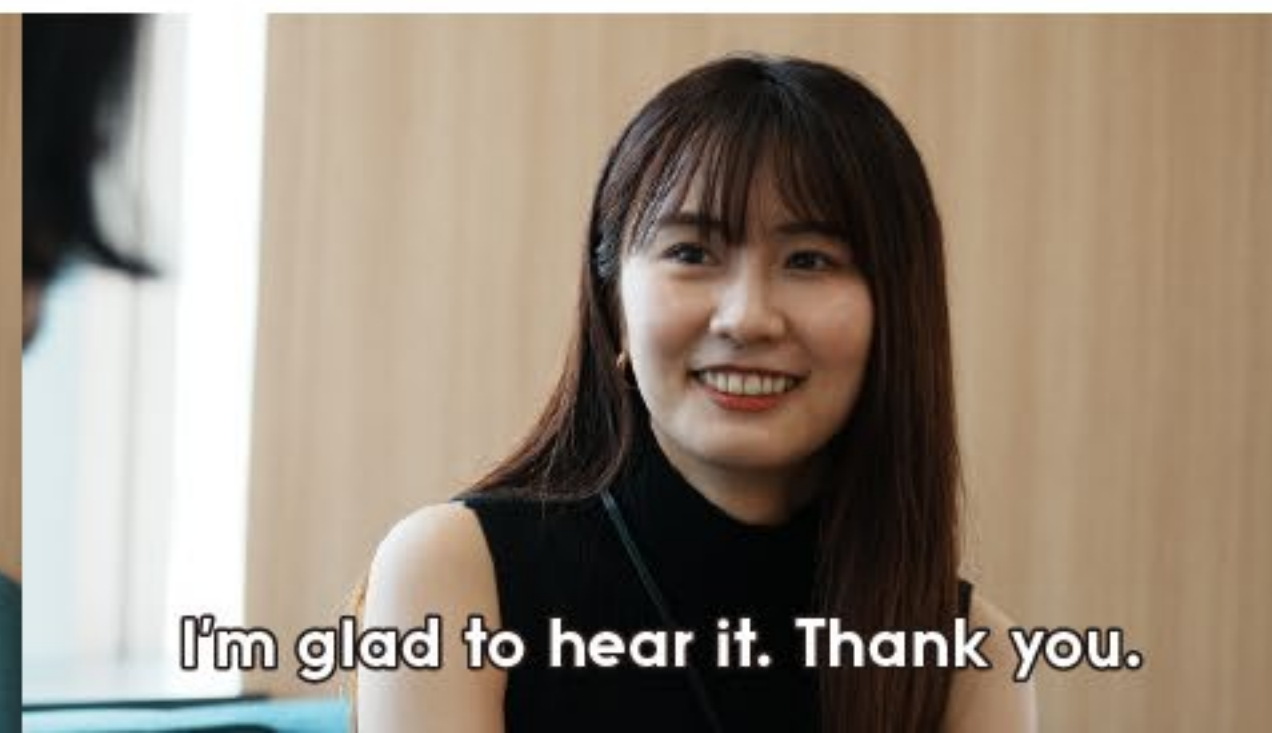
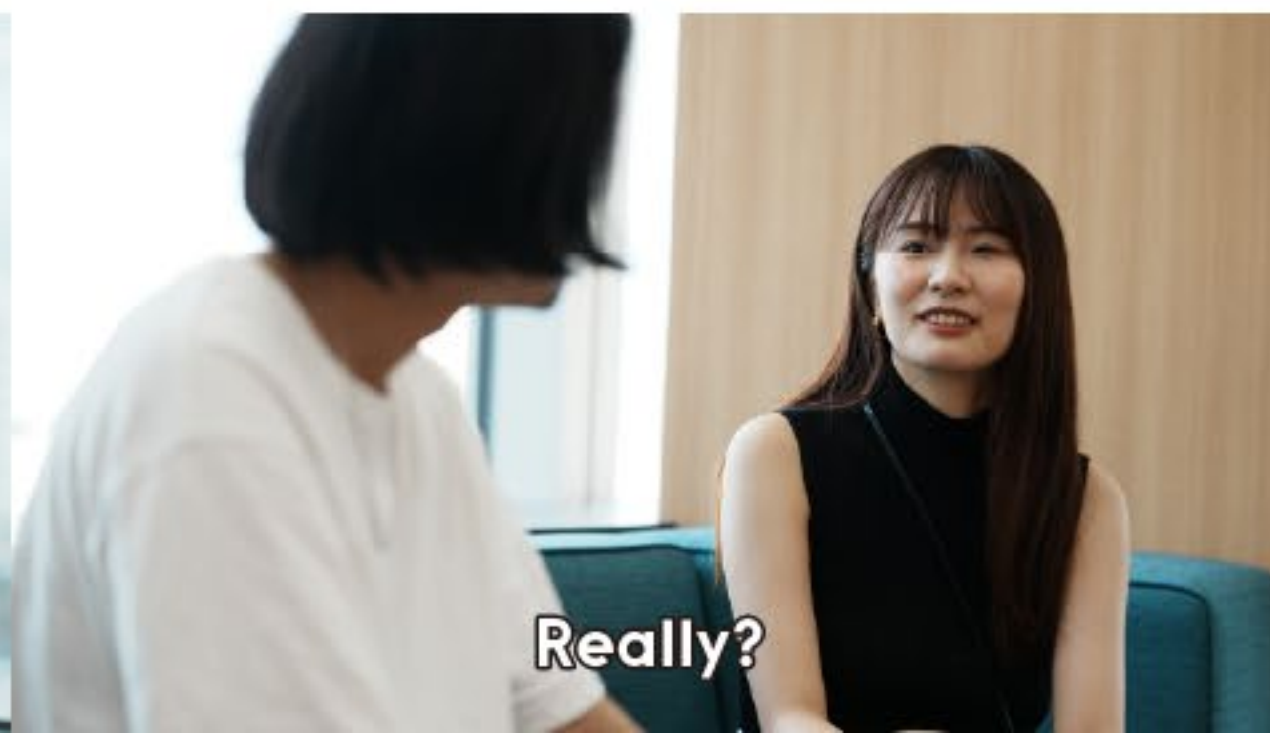
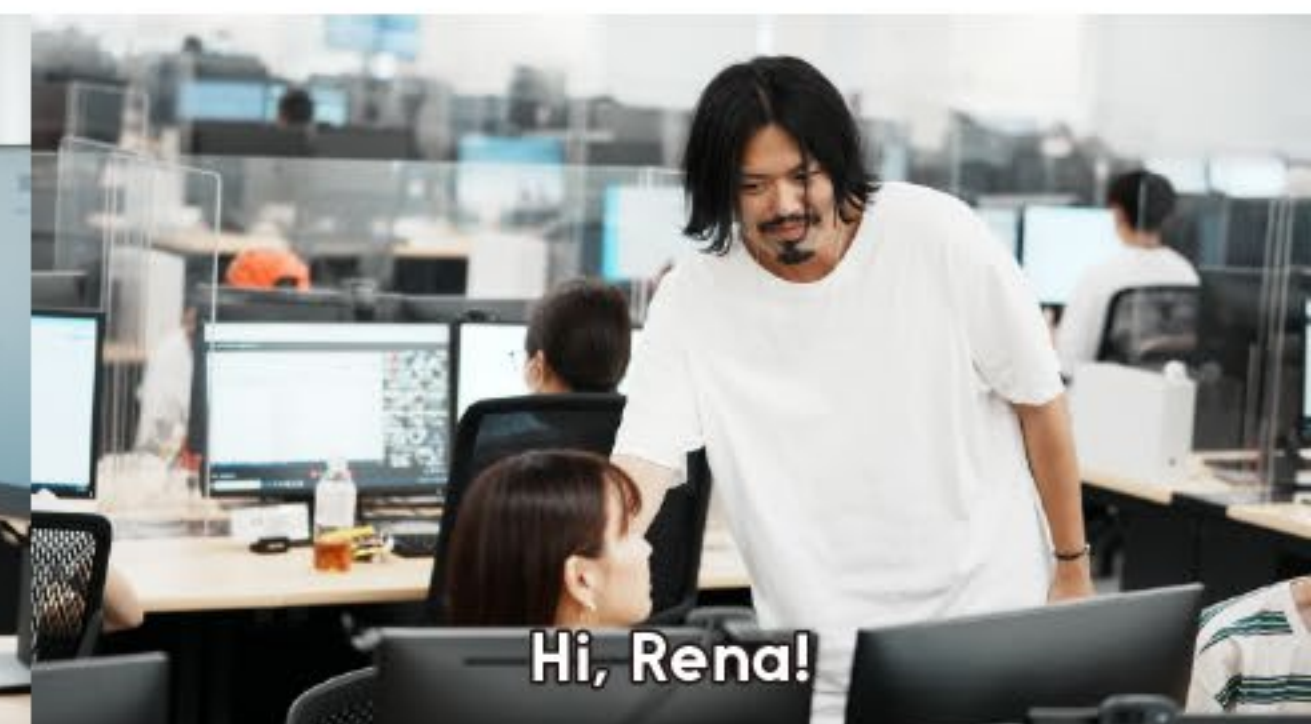
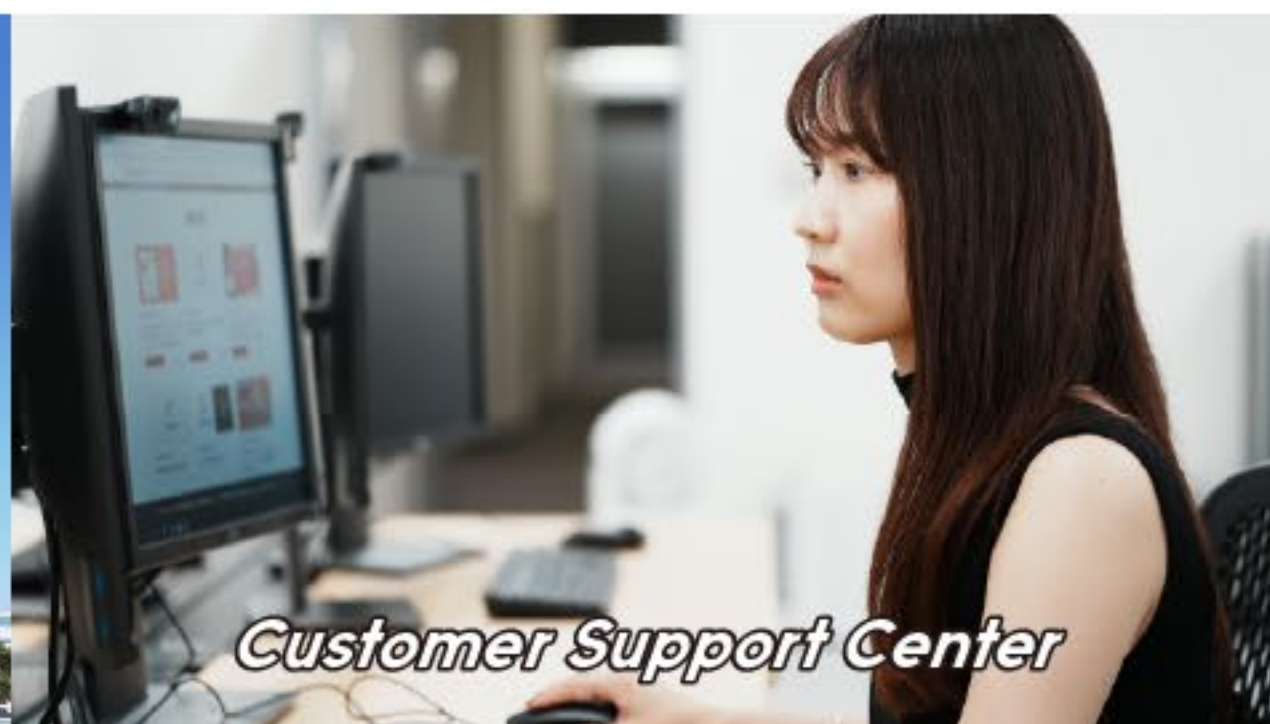
* % to the Gross Merchandise Value are represented in percentages after division by gross merchandise value (excluding other GMV).

* Effective from the fiscal year ended March 2022, we have adopted the new accounting standards for revenue recognition.

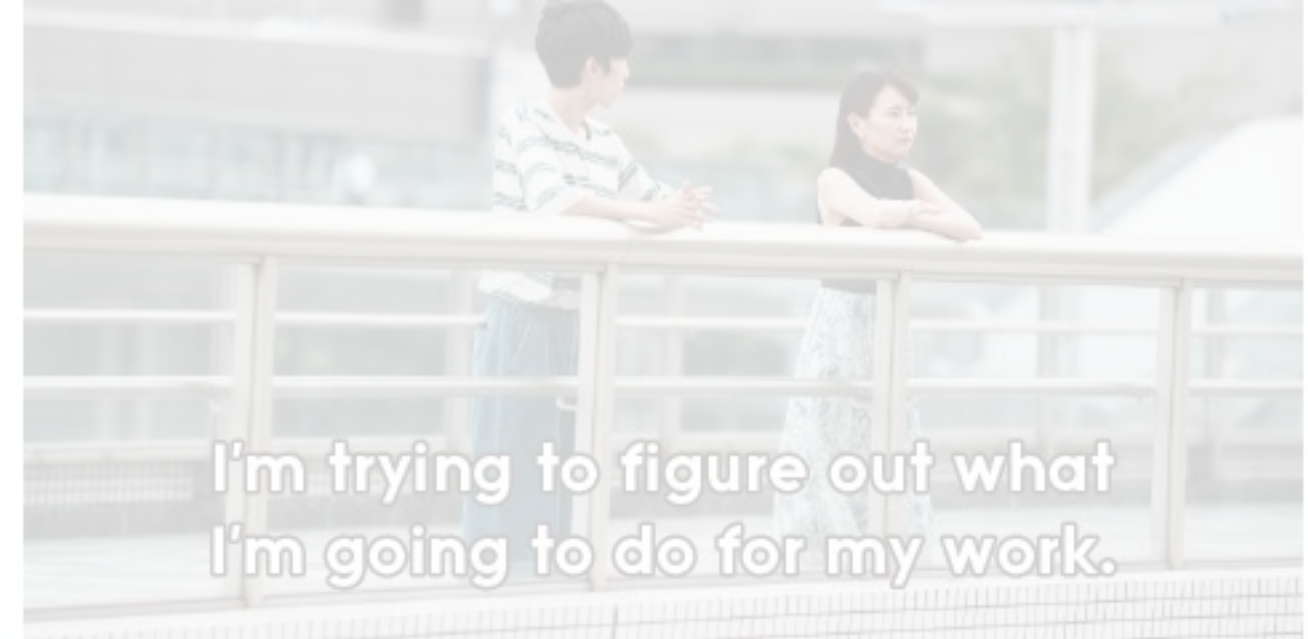
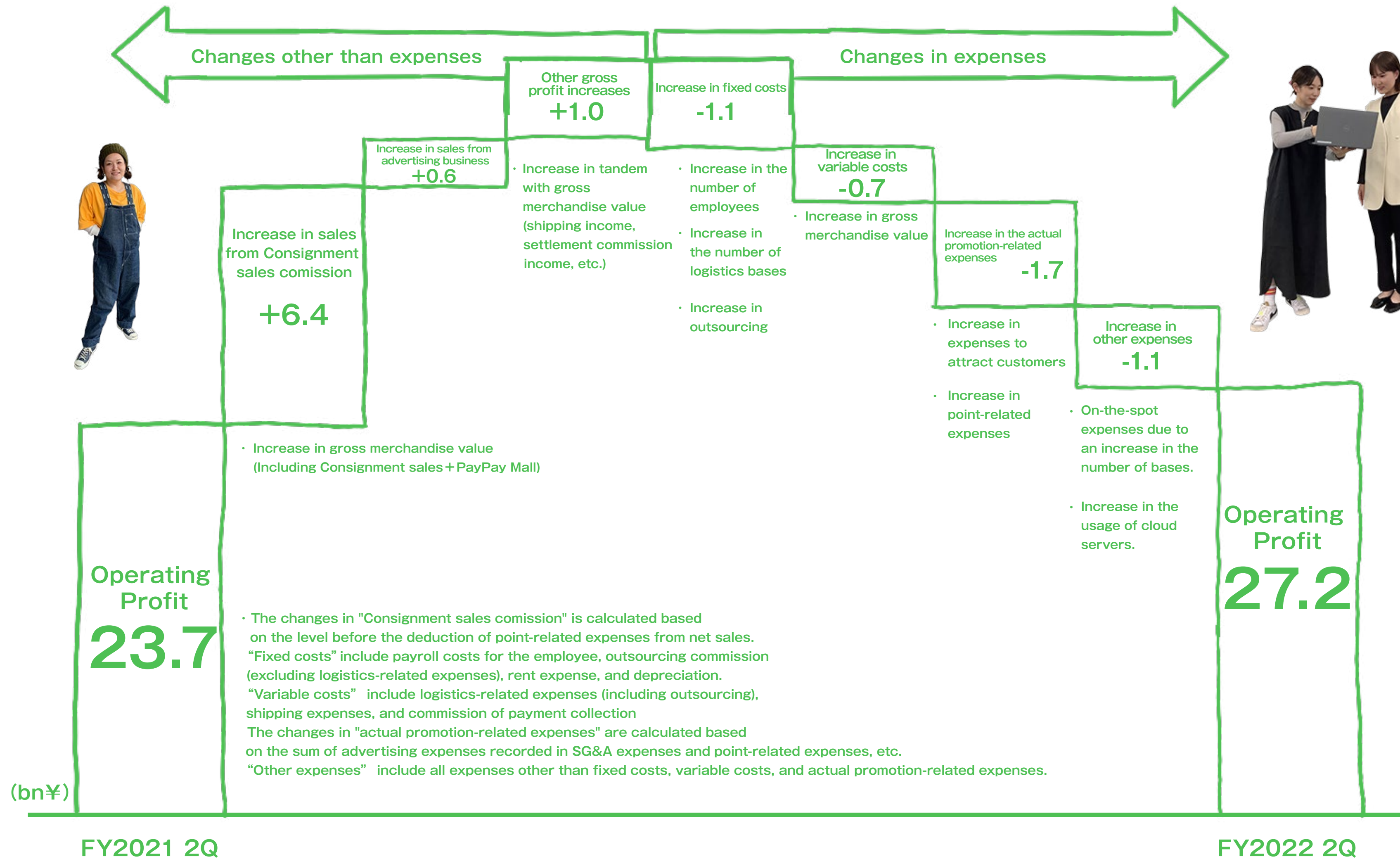


BUSINESS RESULTS

FY2022 2Q ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS



INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT(YOY COMPARISON)



CONSOLIDATED BALANCE SHEET

(million¥)

	FY2021 (as of March 31, 2022)	FY2022 2Q (as of September 30, 2022)		FY2021 (as of March 31, 2022)	FY2022 2Q (as of September 30, 2022)
Current assets	102,305	103,775	Current liabilities	66,172	58,946
Cash and deposits	65,520	66,888	Short-term borrowing	20,200	20,200
Merchandise and finished products	2,060	3,178	Noncurrent liabilities	6,005	6,487
Noncurrent assets	24,971	25,367	Total liabilities	72,177	65,434
Tangible assets	11,284	13,783	Shareholders' equity	55,100	63,464
Intangible assets	2,621	2,383	Treasury stock	-44,784	-44,558
Investments and other assets	11,065	9,200	Total net assets	55,099	63,707
Total assets	127,276	129,142	Total liabilities and net assets	127,276	129,142

I'm also getting more and more eager to challenge myself in a new environment.

It's so much fun working with you!

But if you want to take on a new challenge, I'd like to support your decision.

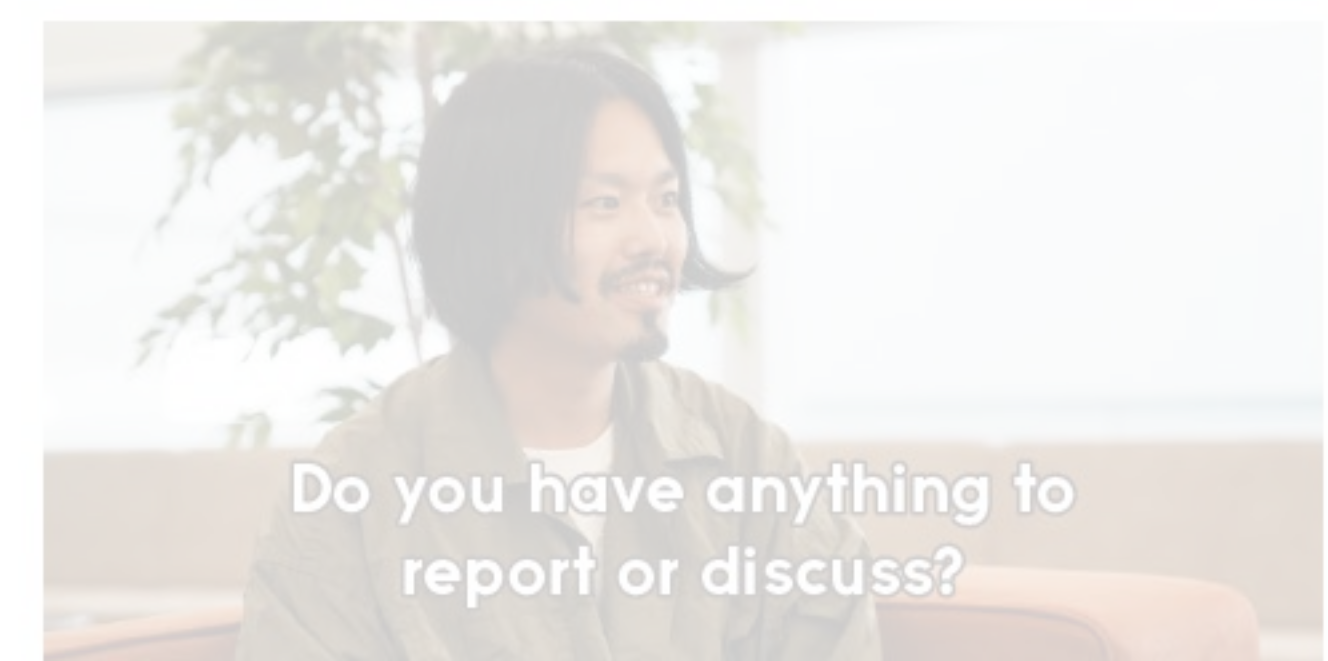
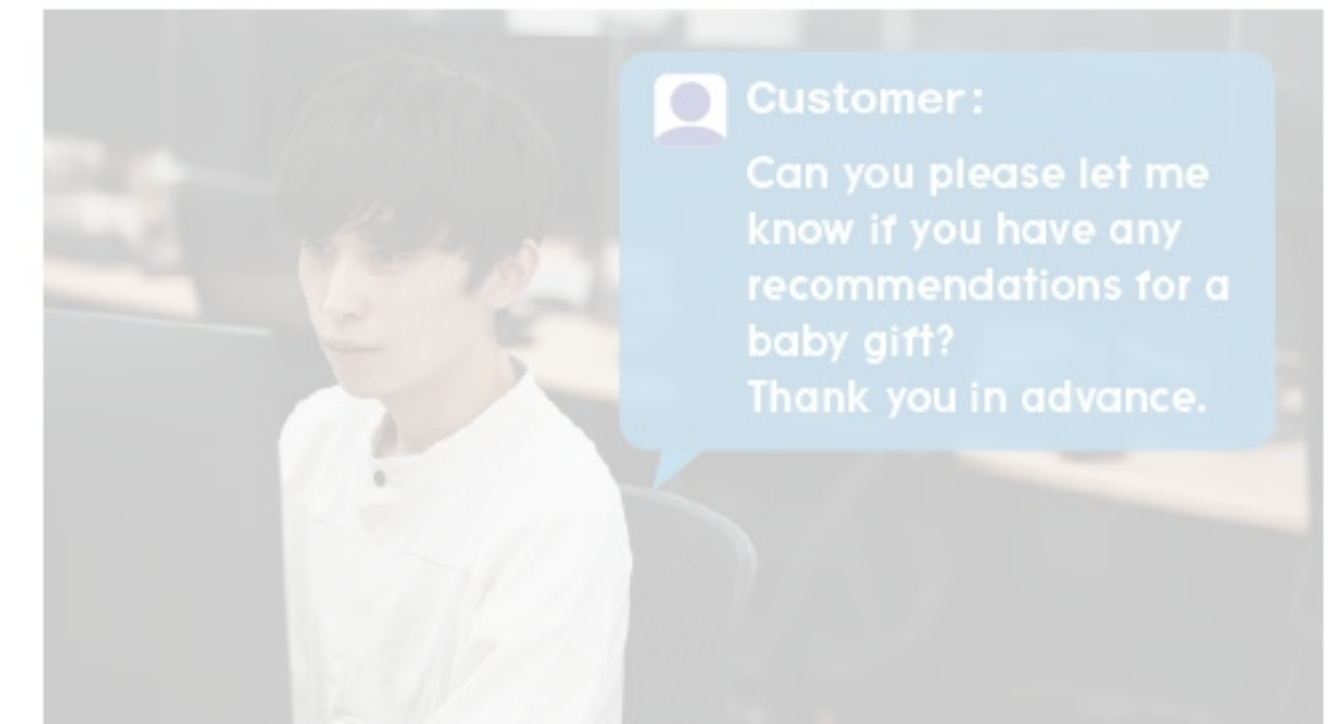
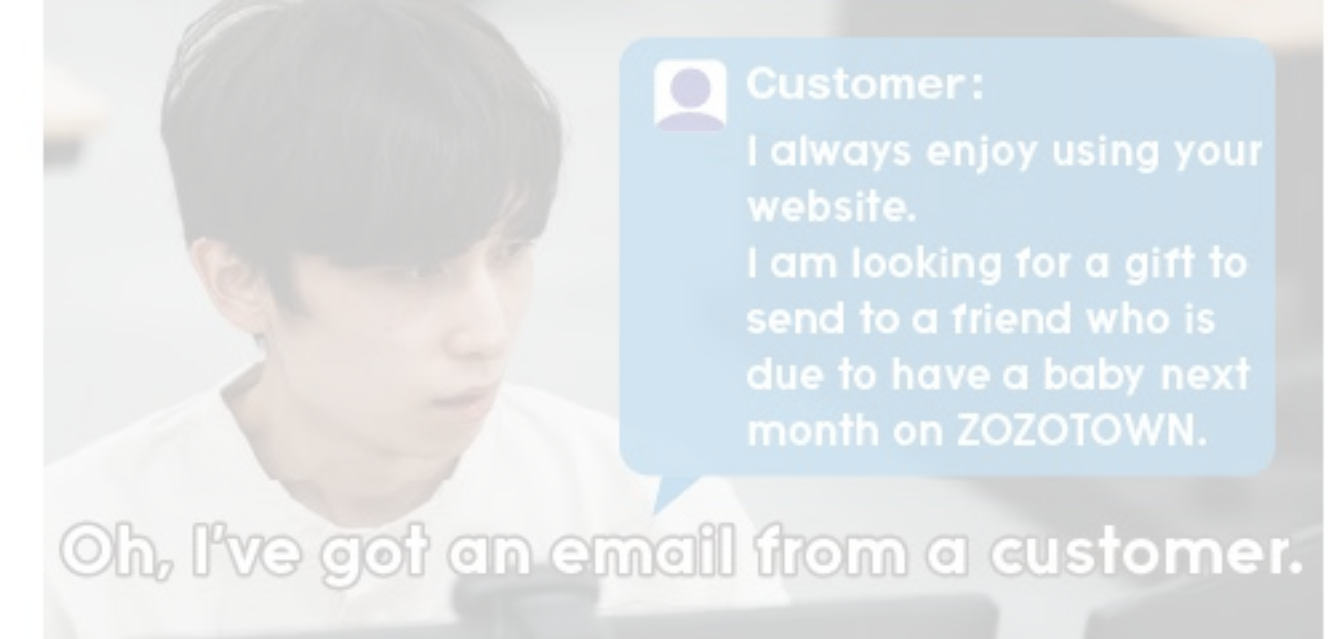
Thank you!

CASH FLOWS

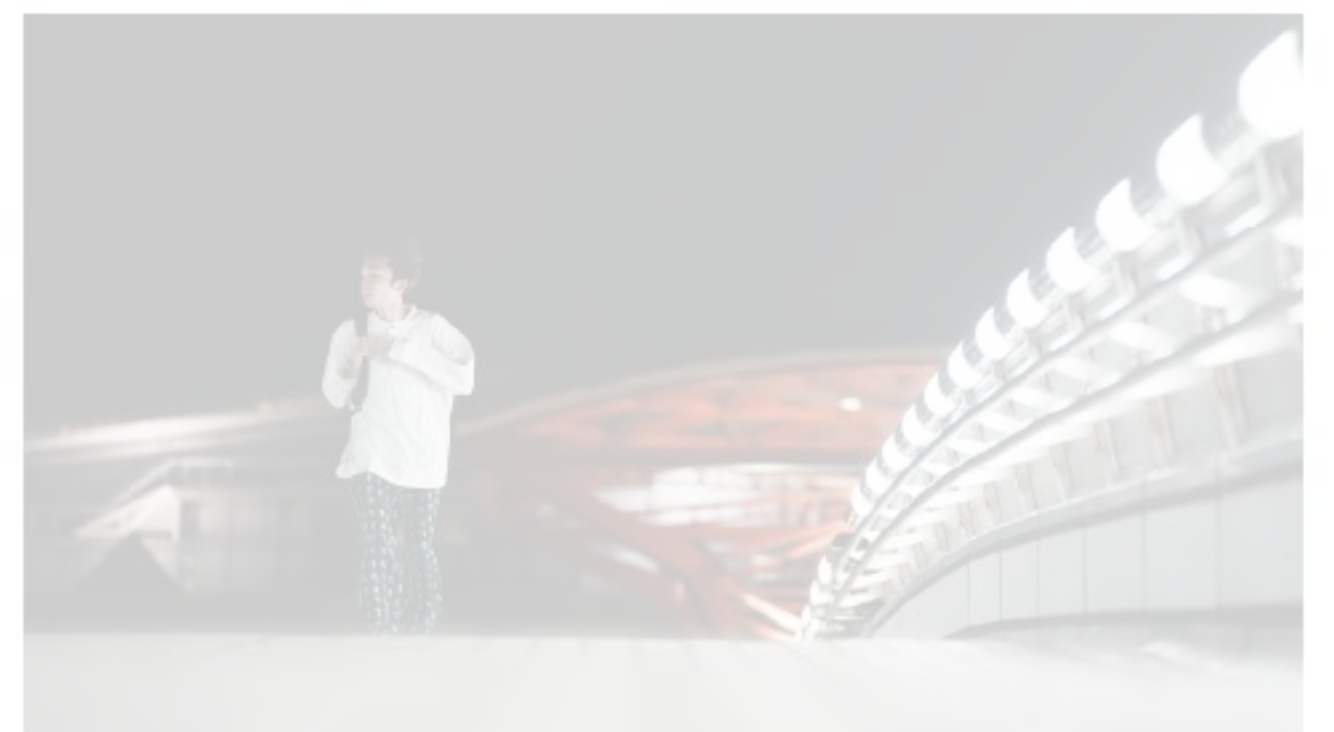
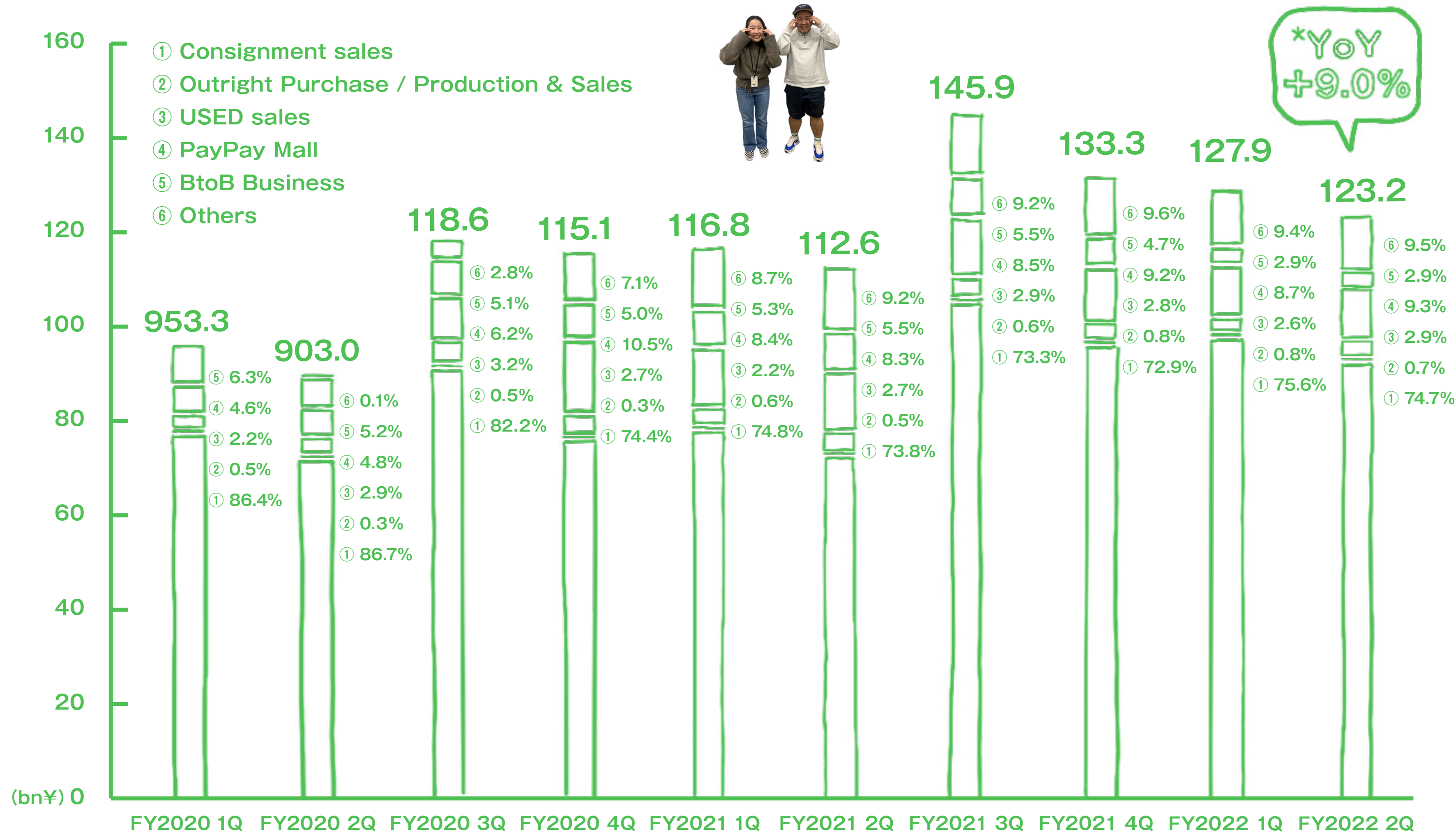


(million¥)

	FY2021 2Q	FY2022 2Q	YoY	Reason for change
Cash flows from operating activities	15,278	15,605	326	
Cash flows from investing activities	-558	-3,896	-3,337	(FY2022) Expense for the expansion of the new distribution center
Cash flows from financing activities	-28,571	-10,630	17,941	(FY2021) Gains and losses from the purchase and disposal of treasury stock
Cash and cash equivalents at the end of the quarter	47,810	66,888	19,078	



GROSS MERCHANDISE VALUE(QUARTERLY)



* YoY is the comparison of GMV excluding "⑥ Others"

SELLING, GENERAL AND ADMINISTRATIVE(SG&A)EXPENSES (Cumulative amount as of FY2022 2Q)

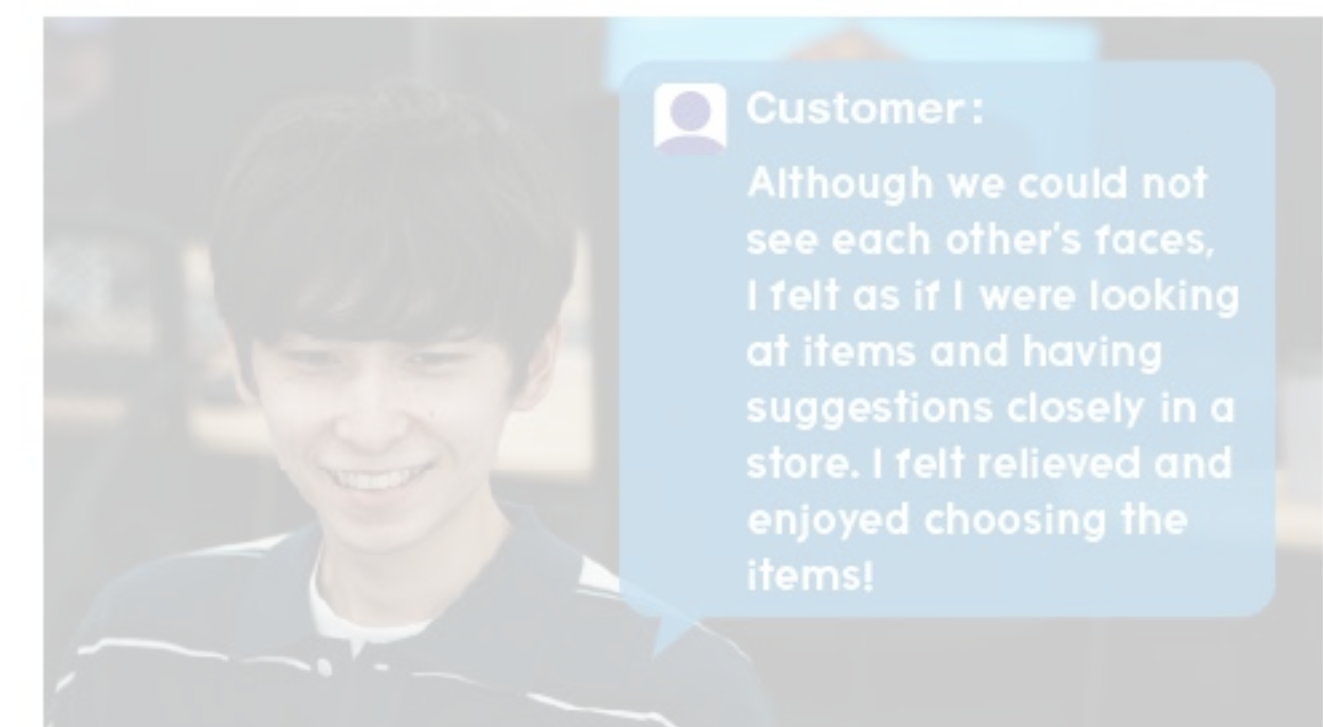


(million¥)

	FY2021 2Q		FY2022 2Q		YoY	Increase / decrease factors
	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	% to the Gross Merchandise Value	
Payroll and staff costs(*)	13,770	6.6%	14,087	6.2%	-0.4%	
Payroll costs for employee	5,606	2.7%	6,226	2.7%	0.0%	Transition of the number of employees on consolidated basis: FY2021 2Q 1,359 → FY2022 2Q 1,485
Logistics-Related Expenses (Including Outsourcing)	8,164	3.9%	7,860	3.5%	-0.4%	Efficient operations continued with an increase in inventory storage capacity due to the re-leasing of the warehouses of CHIBA 3.
Outsourcing Commission (Excluding Logistics-Related Expenses)	2,929	1.4%	3,303	1.5%	0.1%	An increase in outsourcing of system development, maintenance, etc.
Shipping	15,084	7.2%	15,705	6.9%	-0.3%	The shipping expenses ratio to the Gross Merchandise Value declined as the impact of higher order value compared to the previous year exceeded the effect of cost increases due to the acceptance of the fuel surcharge.
Commission of Payment collection	5,059	2.4%	5,443	2.4%	0.0%	
Advertising	3,009	1.4%	3,512	1.5%	0.1%	Expenses for ZOZOGLASS decreased. Measures to attract customers, such as Web advertisements, increased.
Rent expense	2,863	1.4%	3,028	1.3%	-0.1%	An increase in a distribution center (resumption of the lease at the warehouse CHIBA 3 from April 2022).
Depreciation	932	0.4%	938	0.4%	0.0%	
Amortization of goodwill	201	0.1%	212	0.1%	0.0%	
Stock Compensation Expenses	51	0.0%	45	0.0%	0.0%	
Others	4,281	2.0%	5,416	2.4%	0.4%	An Increase in cloud server usage for the system replacement. Purchase of equipment due to an increase in the distribution centers. (1Q)
Total SG&A	48,184	23.0%	51,696	22.7%	-0.3%	

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

* Numbers of % to the Gross Merchandise Value are calculated by each expense divided by gross merchandise value (excluding other GMV).

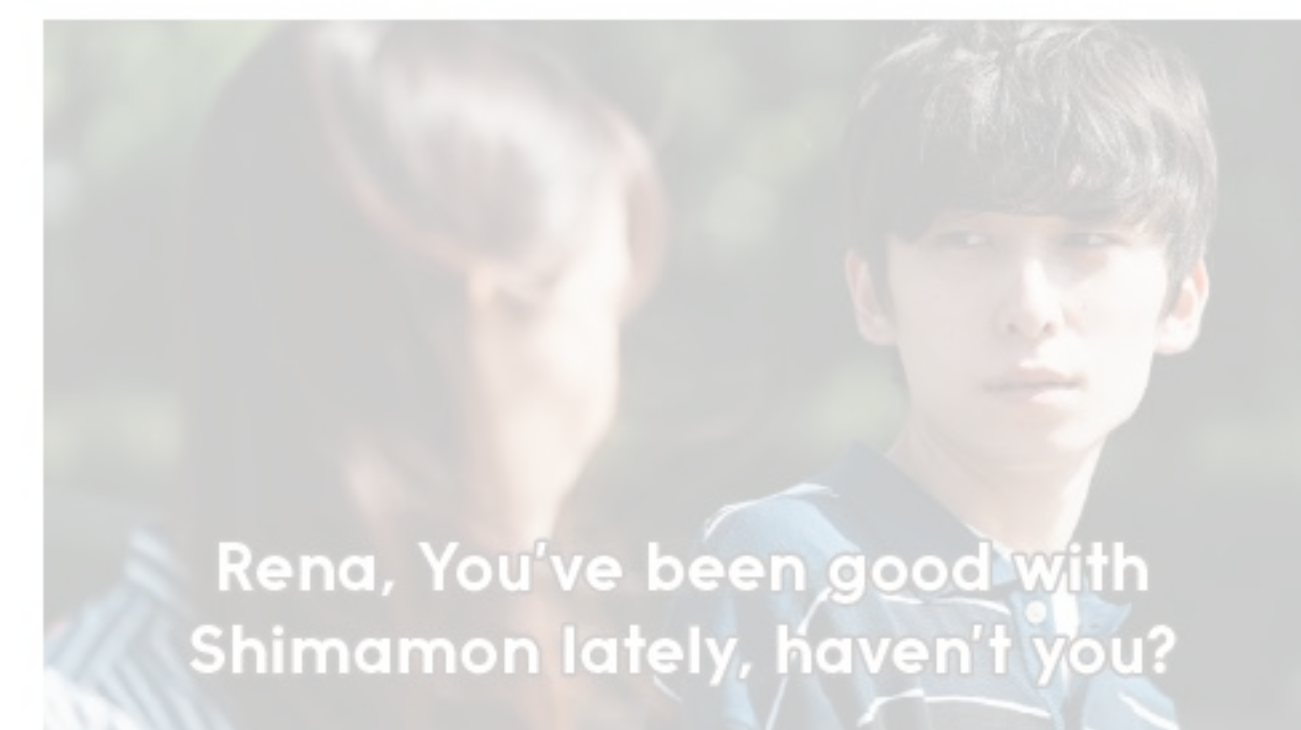


OVERVIEW OF SG&A BY EACH QUARTER

(million¥)

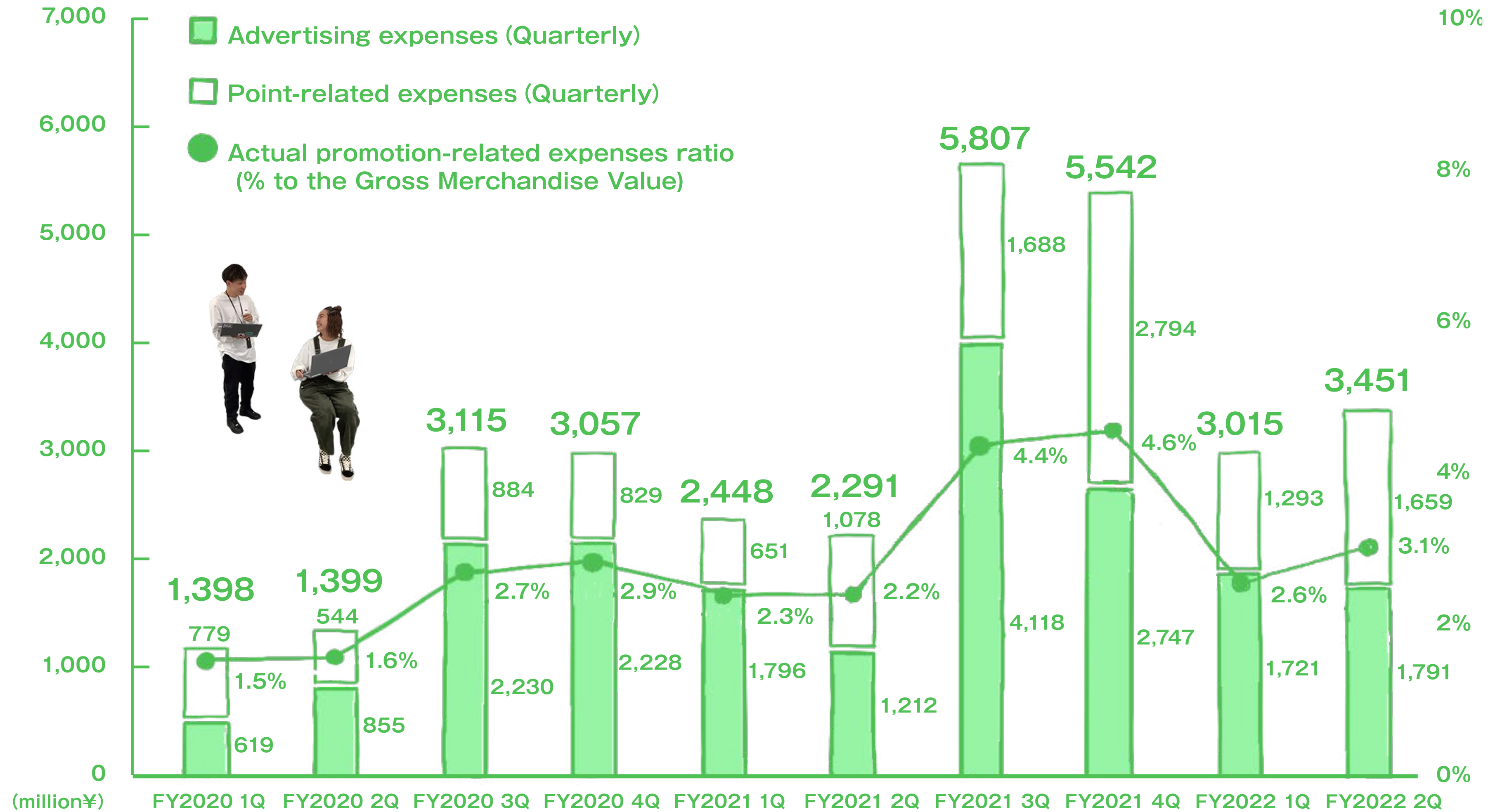
	FY2021								FY2022			
	1Q		2Q		3Q		4Q		1Q		2Q	
	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value
Payroll and staff costs(*)	6,883	6.5%	6,887	6.7%	7,860	5.9%	8,542	7.1%	7,132	6.2%	6,955	6.2%
Payroll costs for employee	2,831	2.7%	2,774	2.7%	3,300	2.5%	4,146	3.4%	3,115	2.7%	3,111	2.8%
Logistics-Related Expenses (Including Outsourcing)	4,051	3.8%	4,112	4.0%	4,559	3.4%	4,396	3.6%	4,016	3.5%	3,844	3.4%
Outsourcing Commission (Excluding Logistics-Related Expenses)	1,429	1.3%	1,499	1.5%	1,458	1.1%	1,649	1.4%	1,646	1.4%	1,657	1.5%
Shipping	7,597	7.1%	7,486	7.3%	8,275	6.2%	8,021	6.7%	7,996	6.9%	7,708	6.9%
Commission of Payment collection	2,580	2.4%	2,478	2.4%	3,146	2.4%	2,771	2.3%	2,733	2.4%	2,710	2.4%
Advertising	1,796	1.7%	1,212	1.2%	4,118	3.1%	2,747	2.3%	1,721	1.5%	1,791	1.6%
Rent expense	1,431	1.3%	1,432	1.4%	1,432	1.1%	1,432	1.2%	1,514	1.3%	1,513	1.4%
Depreciation	454	0.4%	478	0.5%	503	0.4%	541	0.4%	465	0.4%	473	0.4%
Amortization of goodwill	101	0.1%	100	0.1%	101	0.1%	101	0.1%	106	0.1%	106	0.1%
Stock Compensation Expenses	13	0.0%	38	0.0%	25	0.0%	9	0.0%	10	0.0%	35	0.0%
Others	2,043	1.9%	2,237	2.2%	2,733	2.1%	2,858	2.4%	2,702	2.3%	2,714	2.4%
Total SG&A	24,333	22.8%	23,851	23.3%	29,656	22.4%	28,675	23.8%	26,028	22.4%	25,667	23.0%

* 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, full 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.
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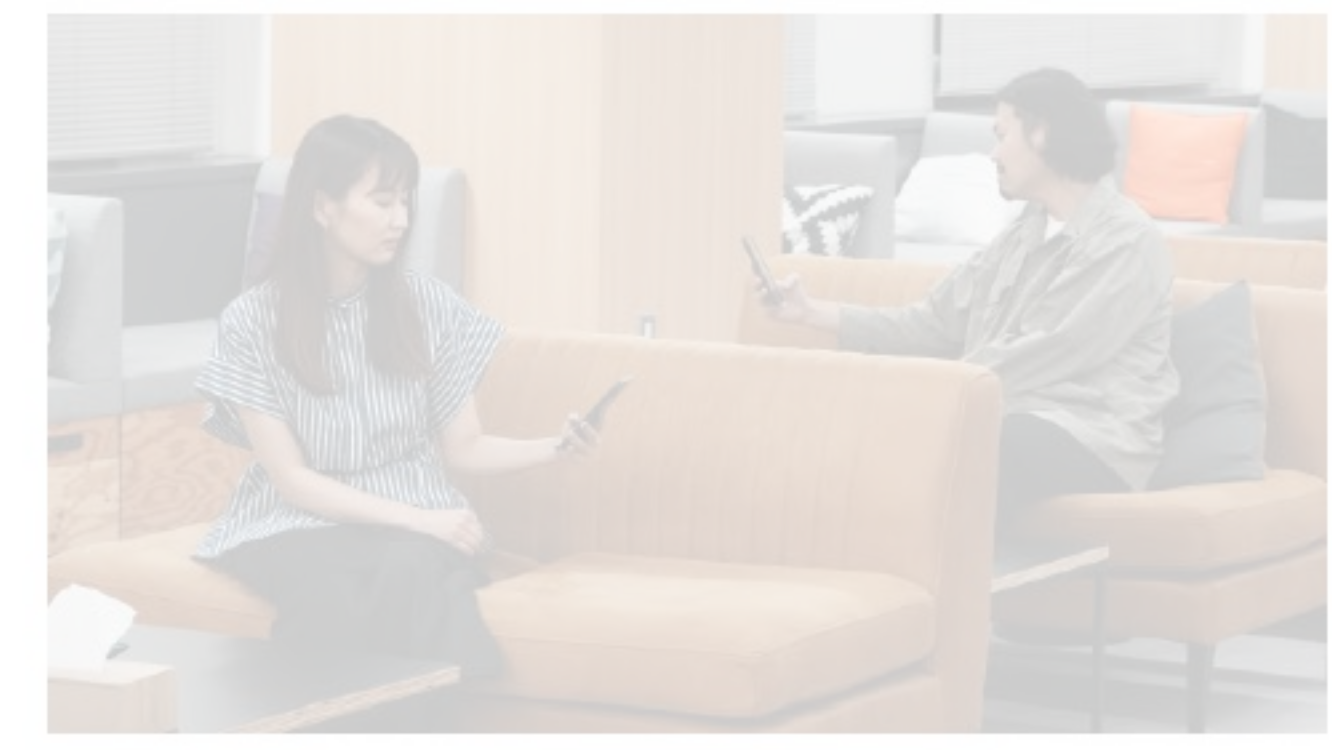


Actual promotion-related expenses (QUARTERLY)

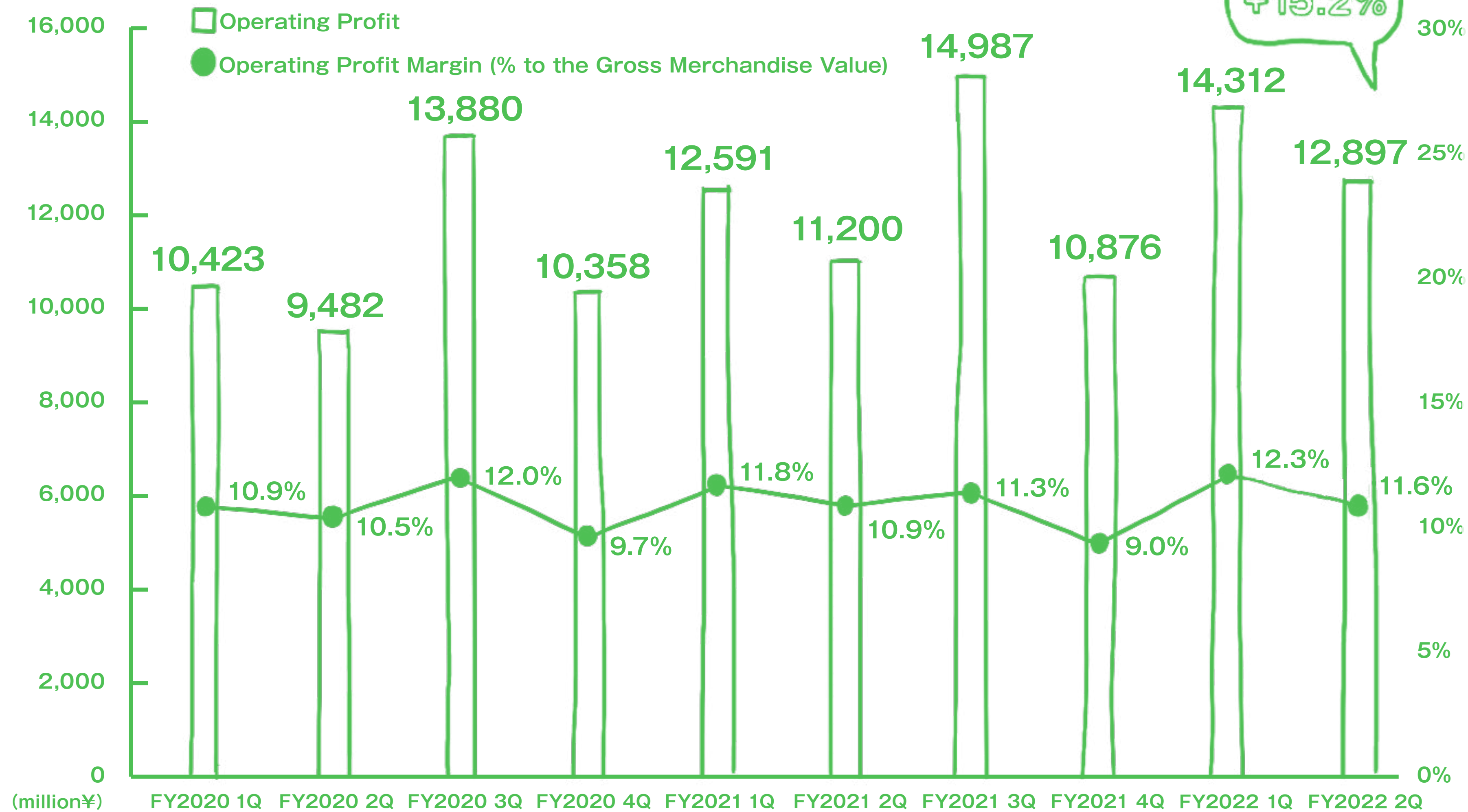
Actual promotion-related expenses: The sum of advertising expenses and point-related expenses



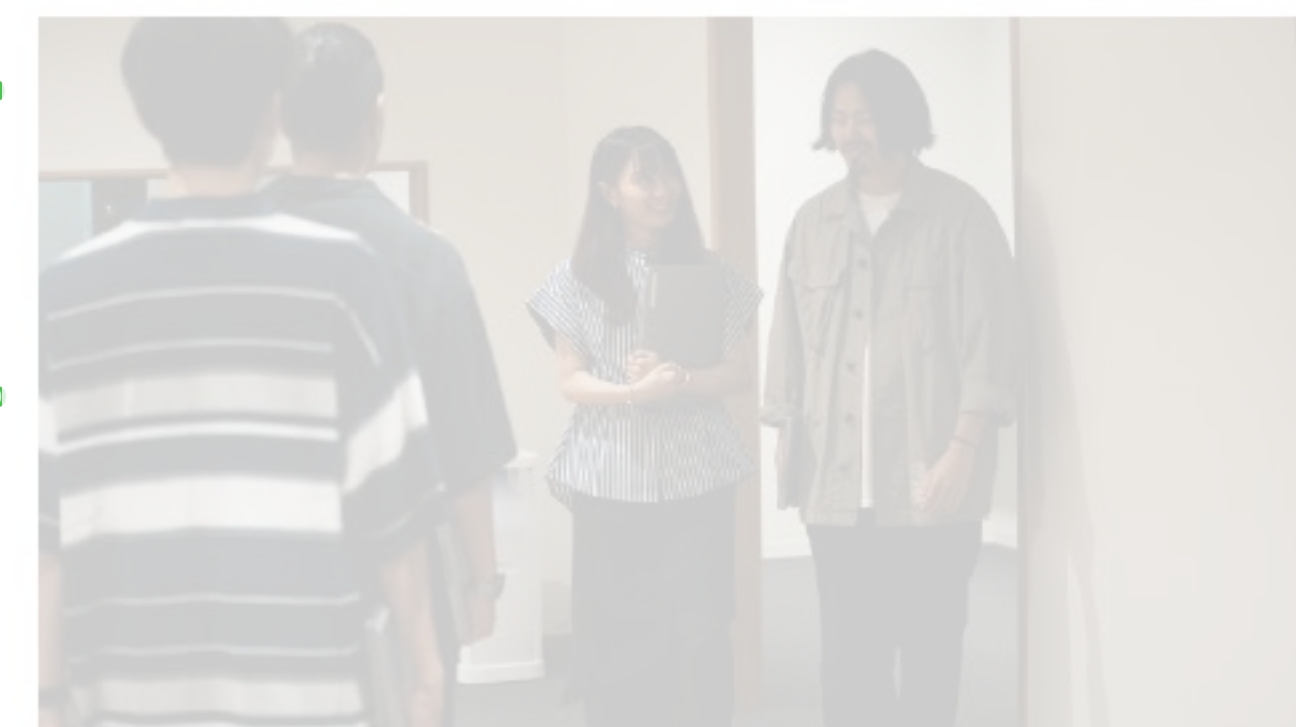
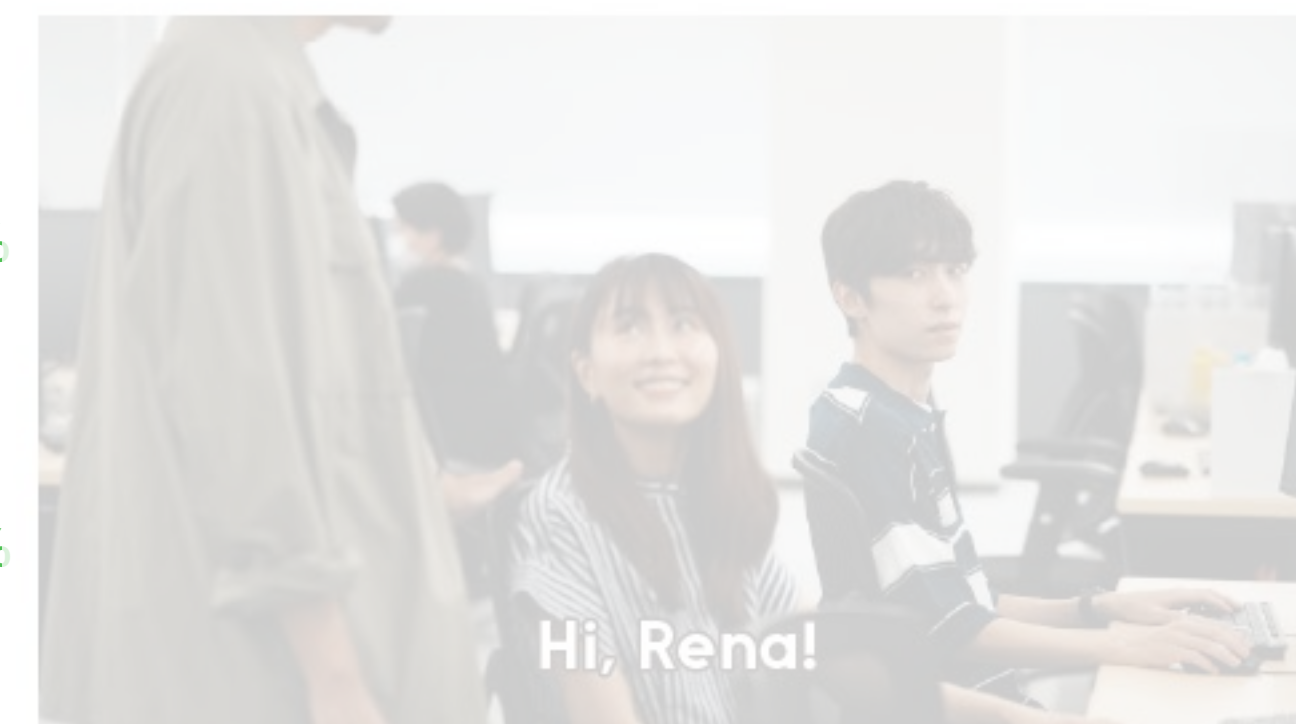
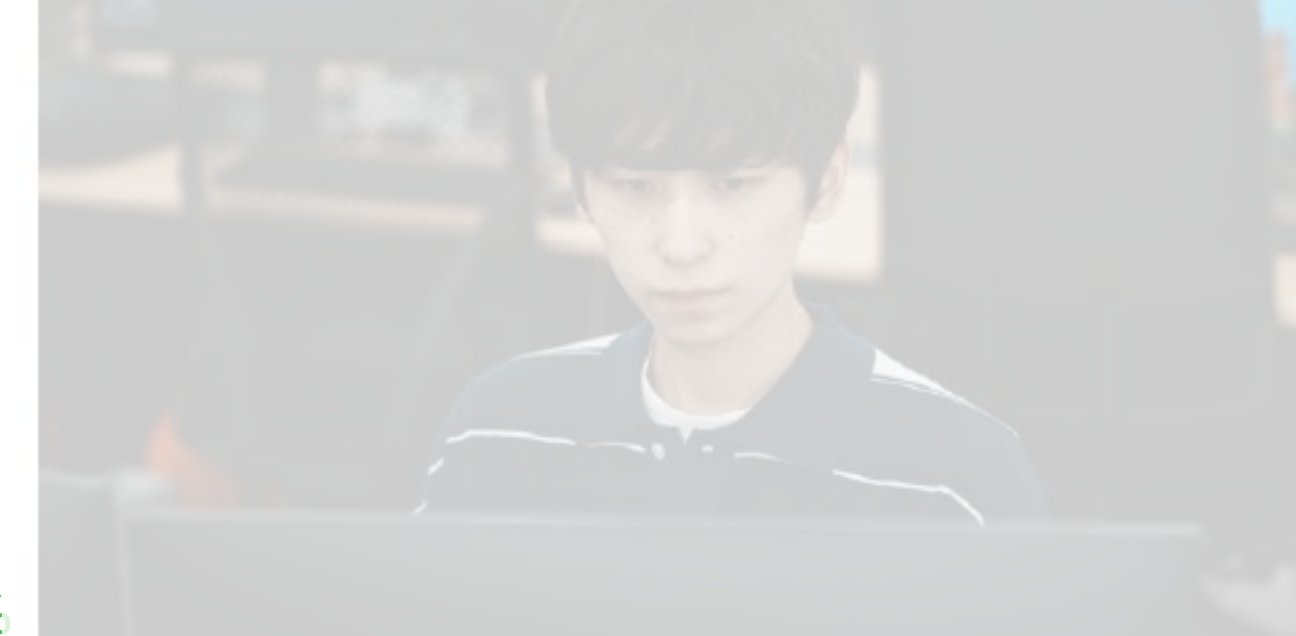
*The actual promotion-related expenses ratio is calculated by the actual promotion-related expenses divided by the Gross Merchandise Value (excluding other GMV)



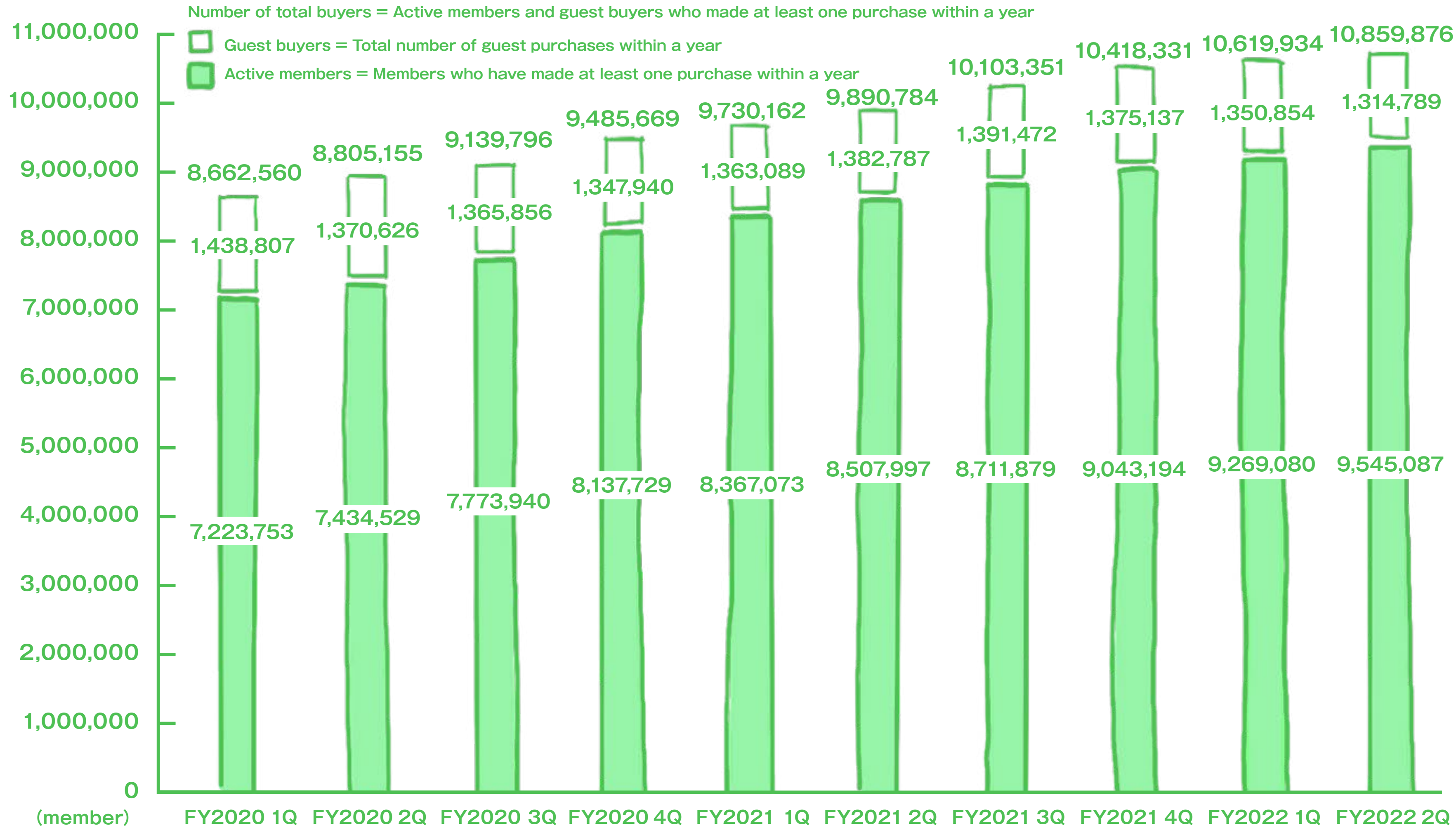
OPERATING PROFIT AND OPERATING PROFIT MARGIN(QUARTERLY)



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

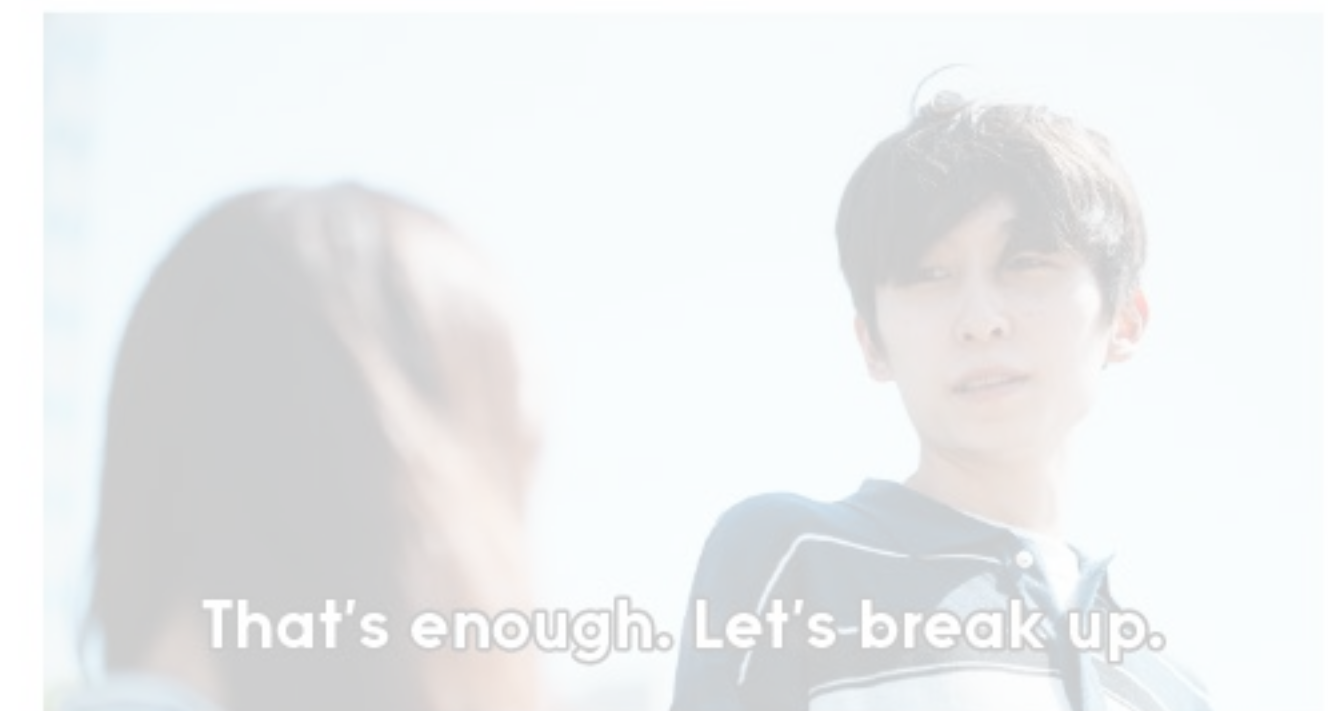


NUMBER OF TOTAL BUYERS

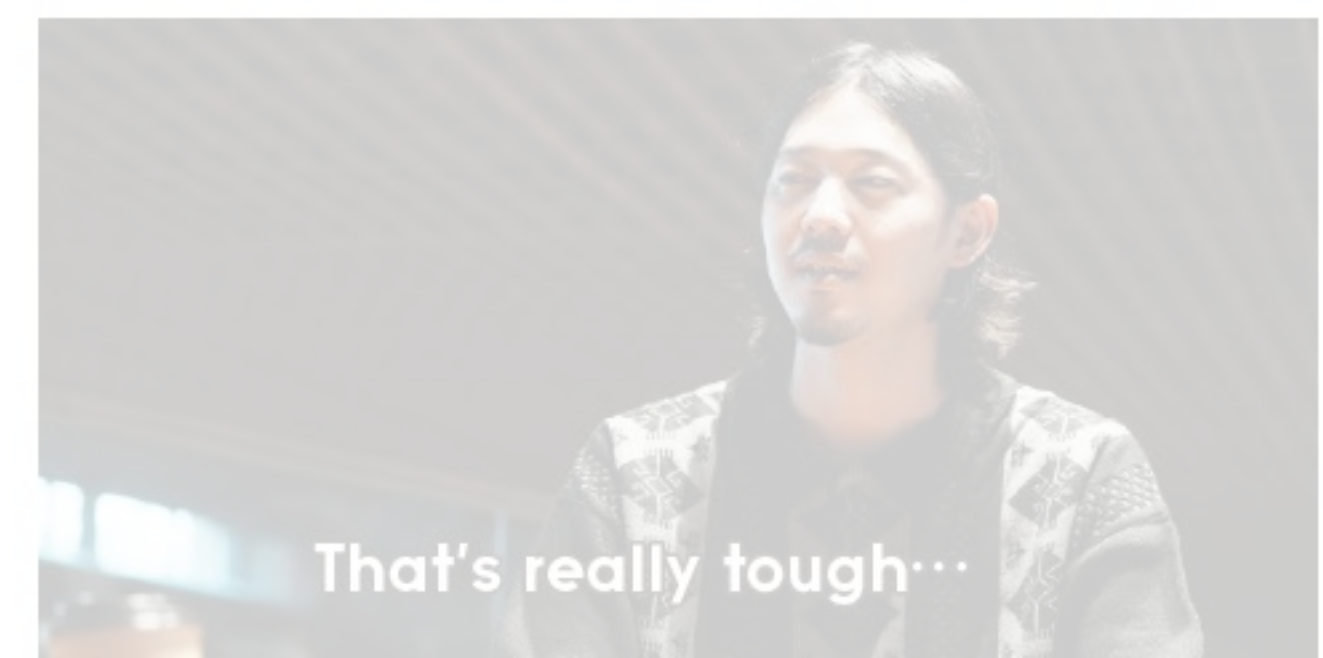
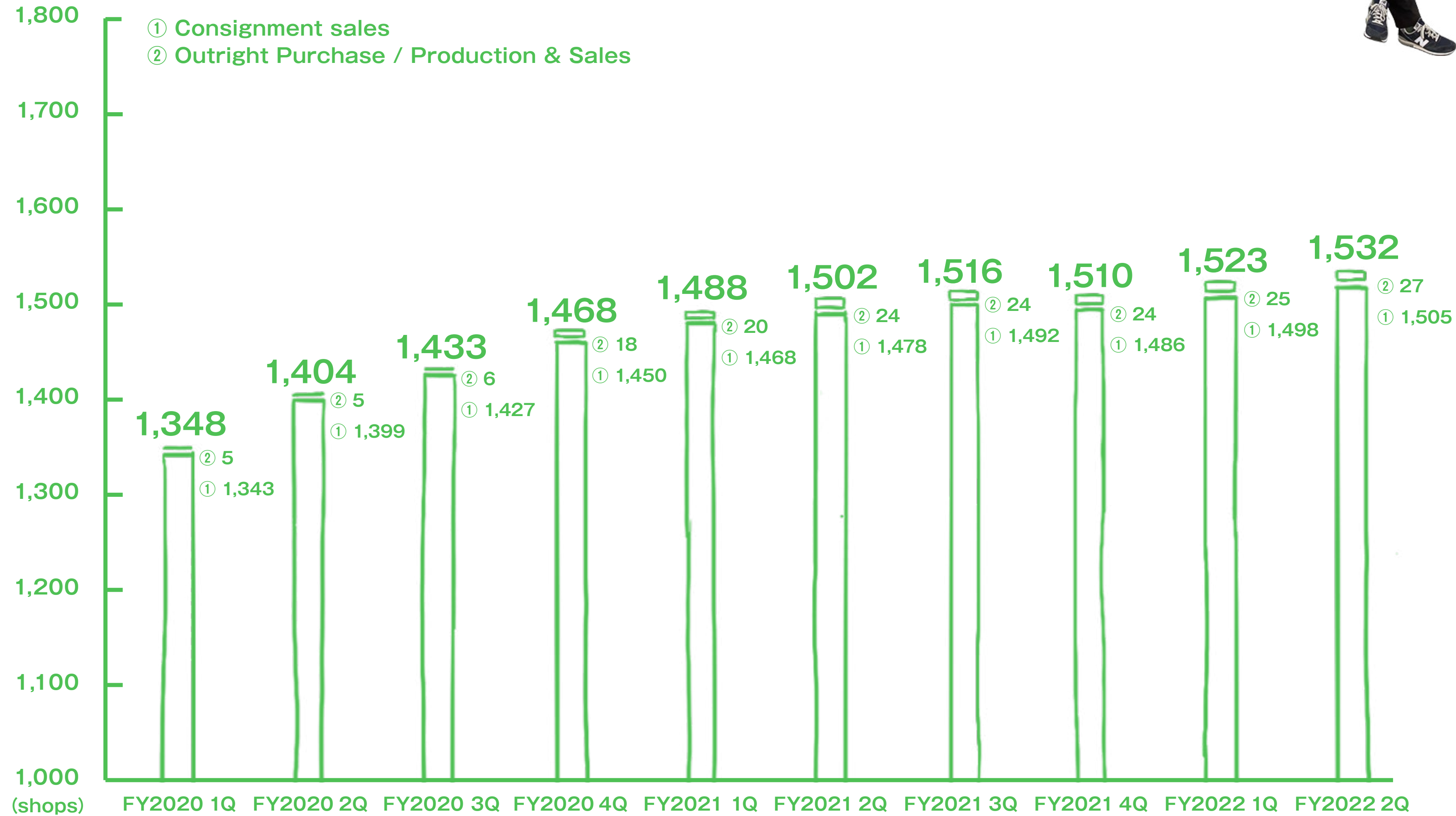
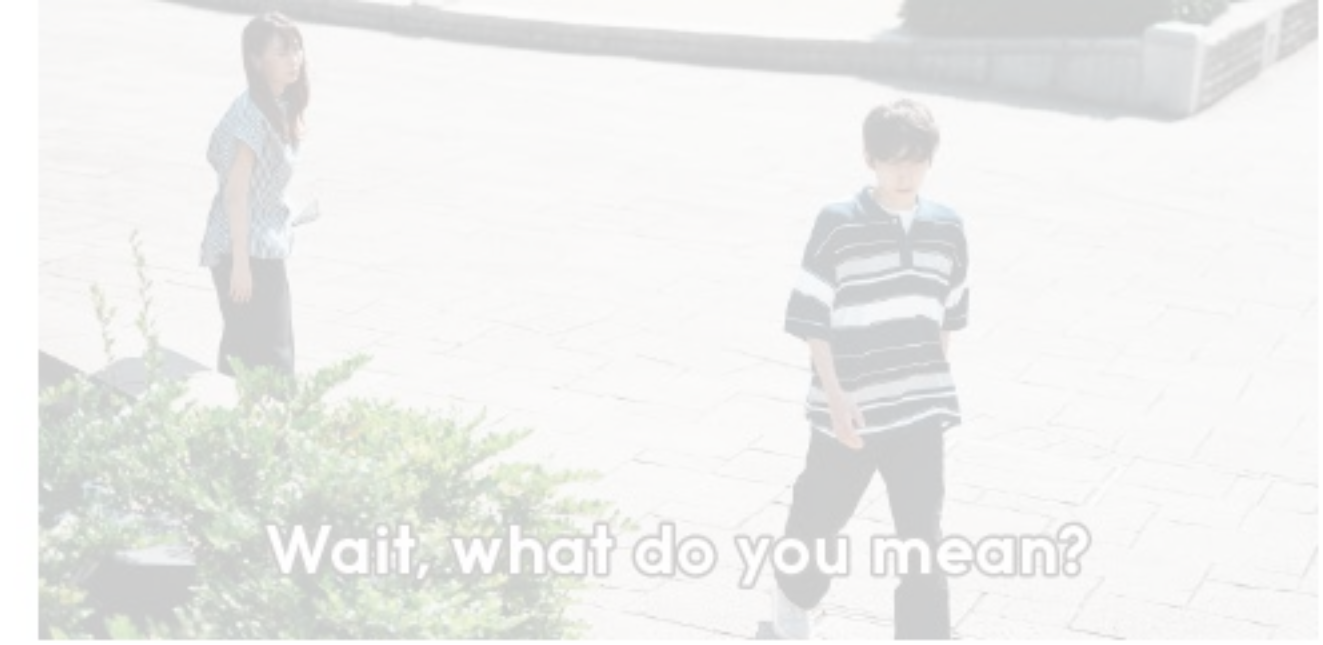


* The results are only from the ZOZOTOWN business (<https://zozo.jp>). PayPay Mall" is not included.

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



NUMBER OF SHOPS ON ZOZOTOWN

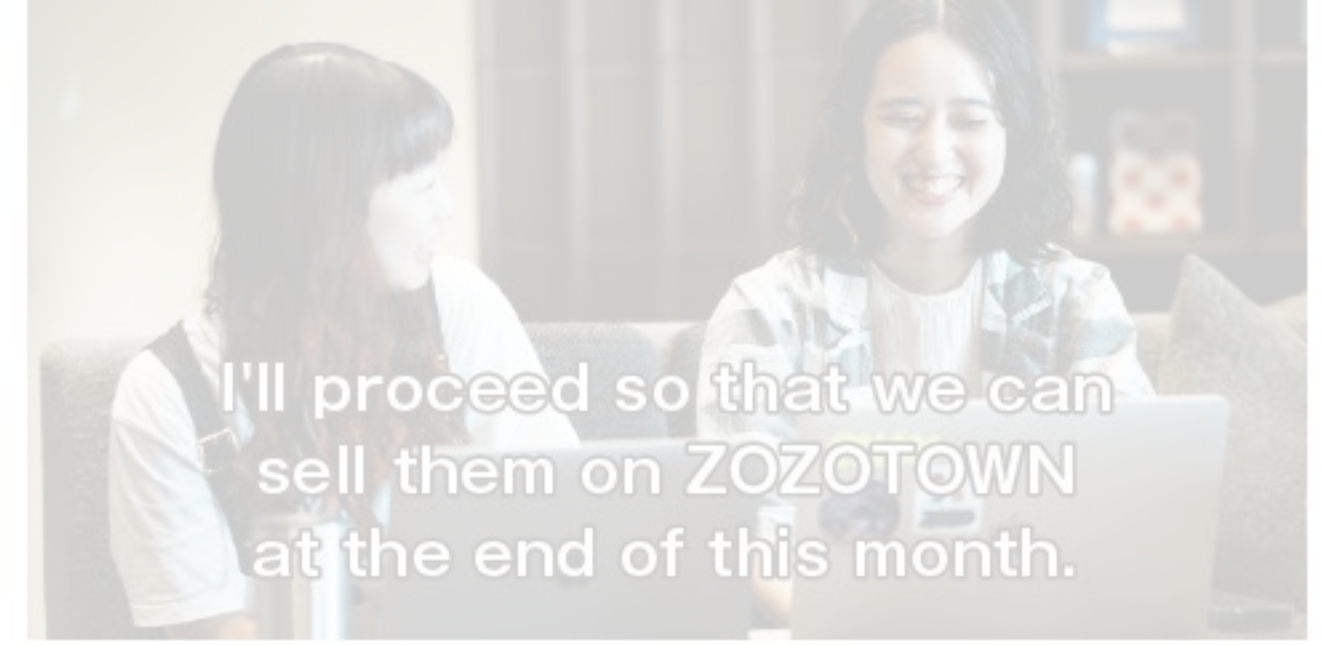
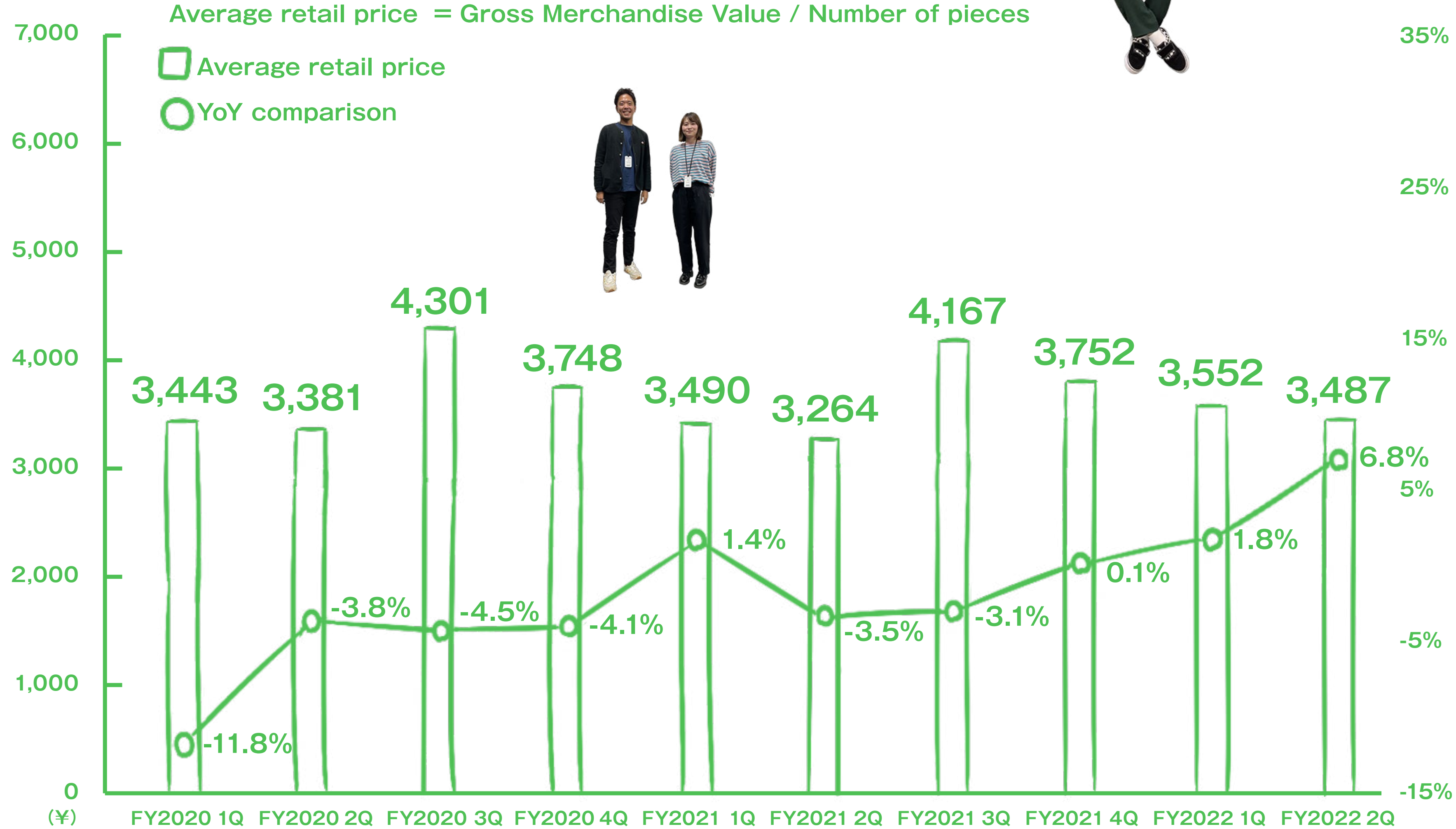


* Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops.

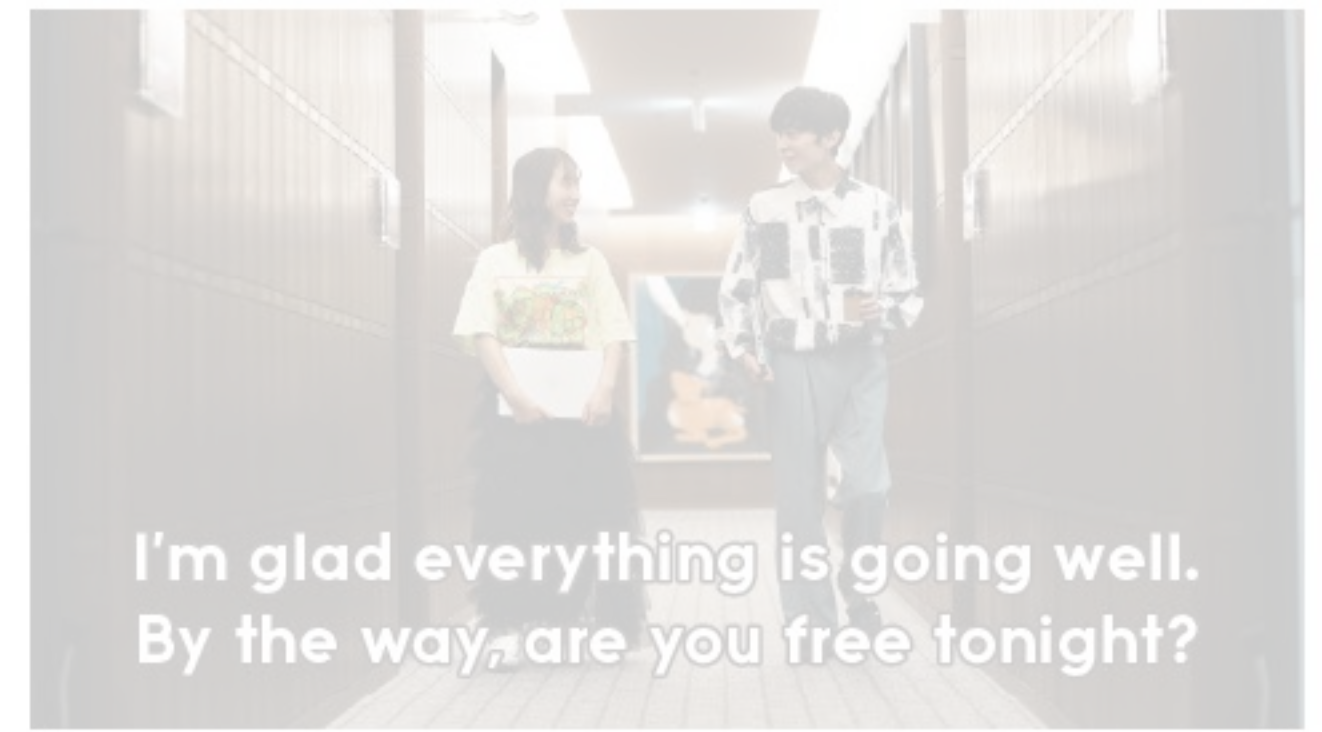
AVERAGE RETAIL PRICE



Average retail price = Gross Merchandise Value / Number of pieces



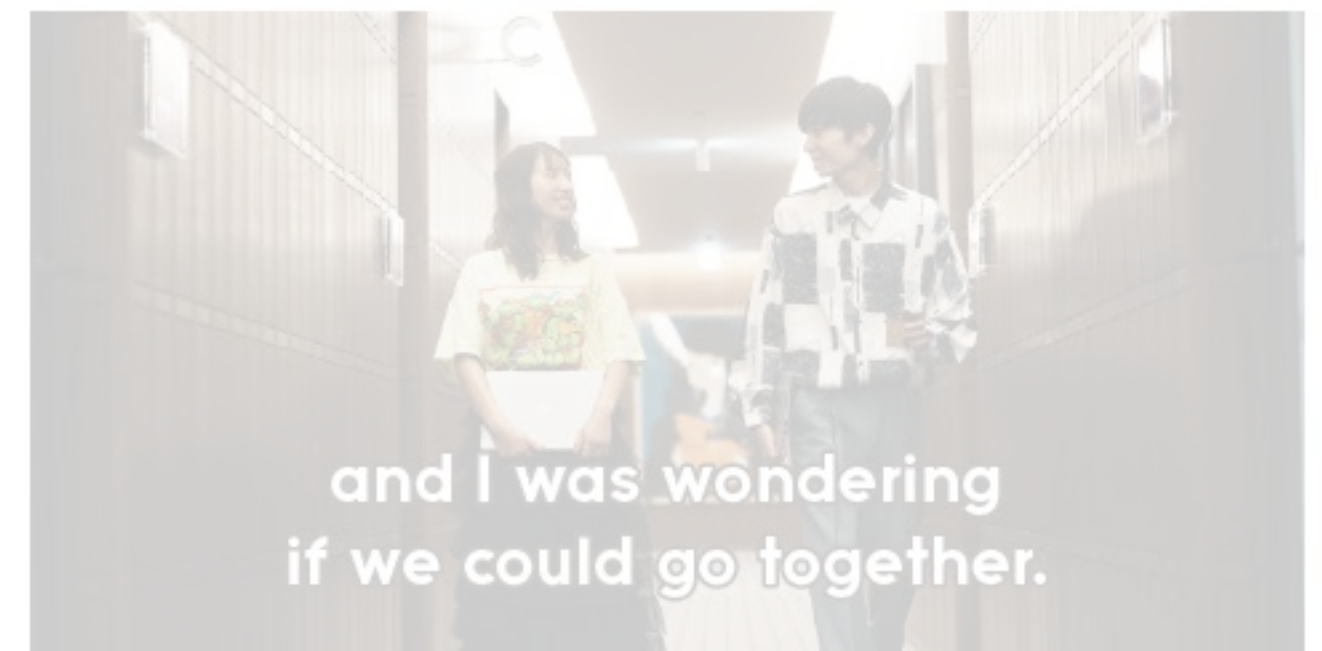
35%



25%



15%



-5%

-15%

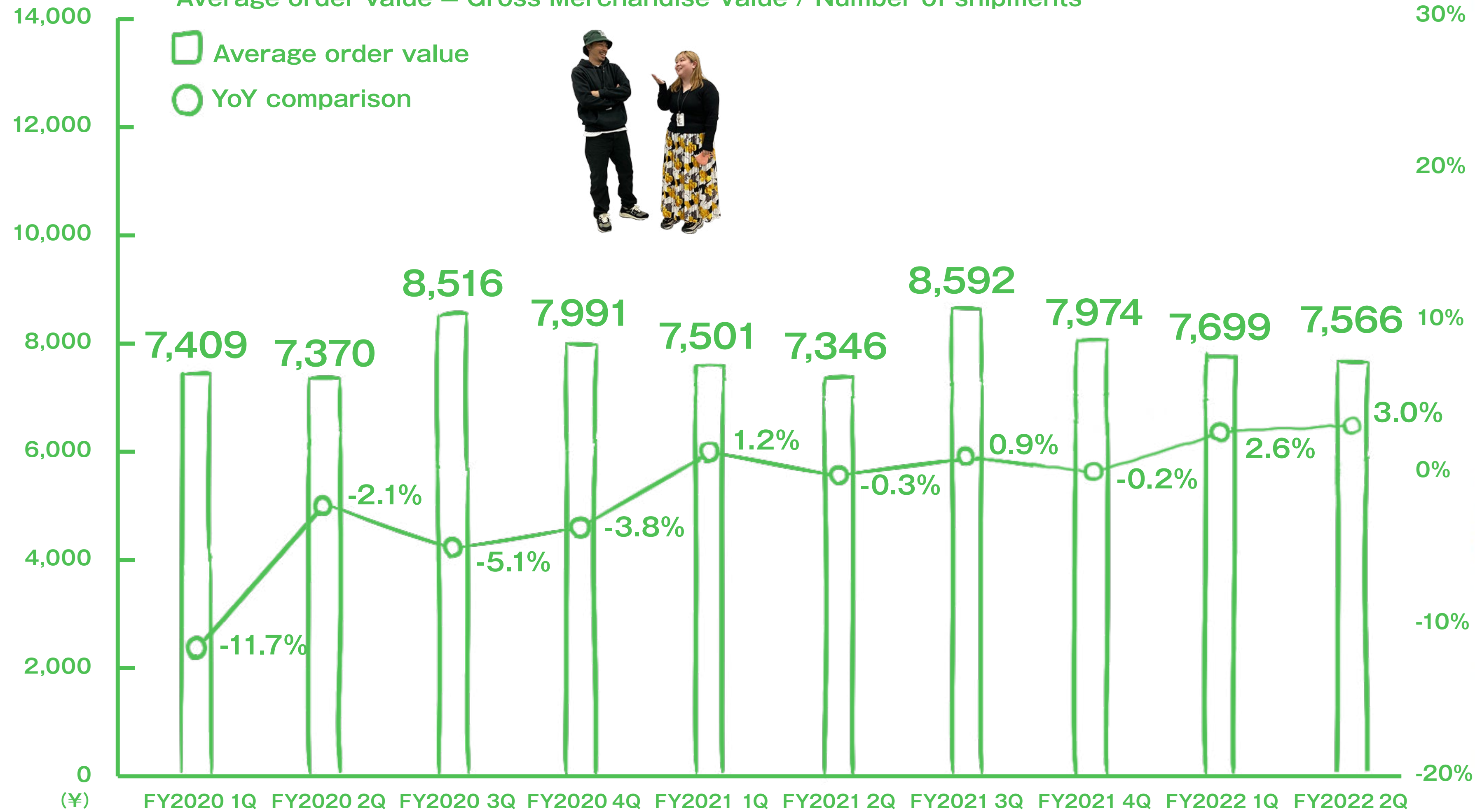
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AVERAGE ORDER VALUE

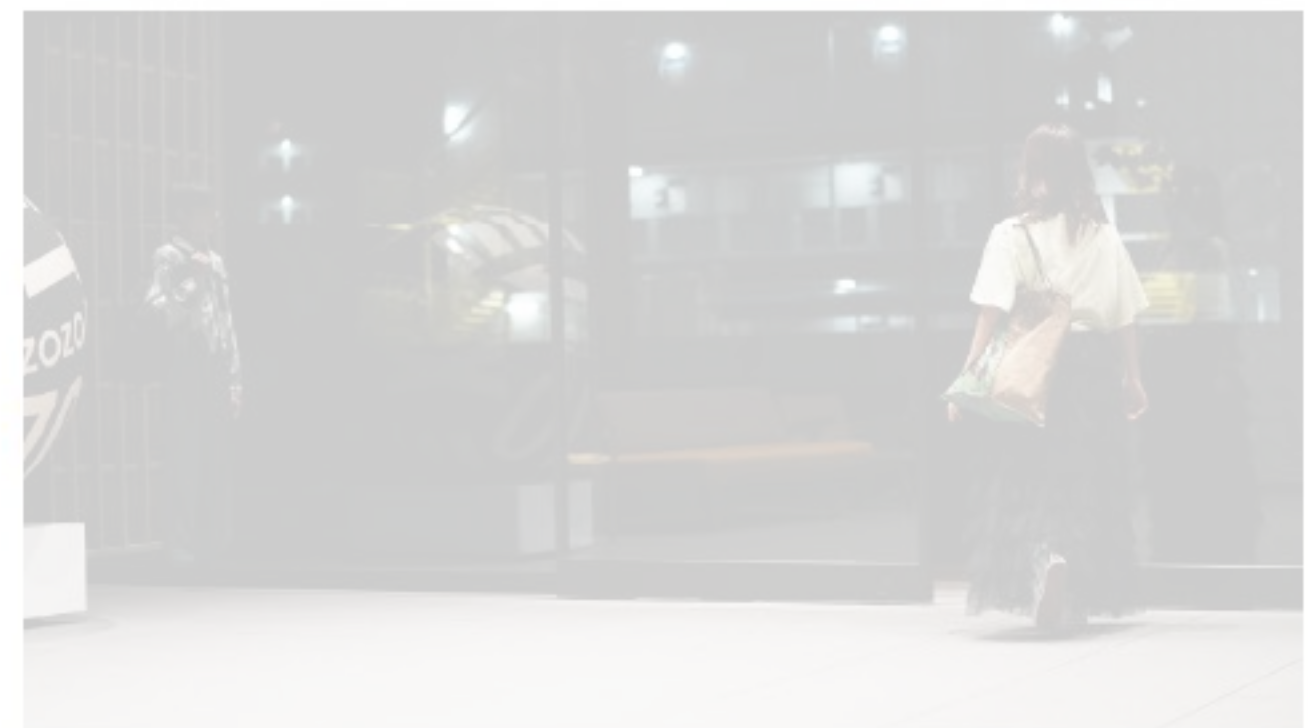
Average order value = Gross Merchandise Value / Number of shipments

□ Average order value
○ YoY comparison



* The results are only from the ZOZOTOWN business (<https://zozo.jp>). PayPay Mall" is not included.

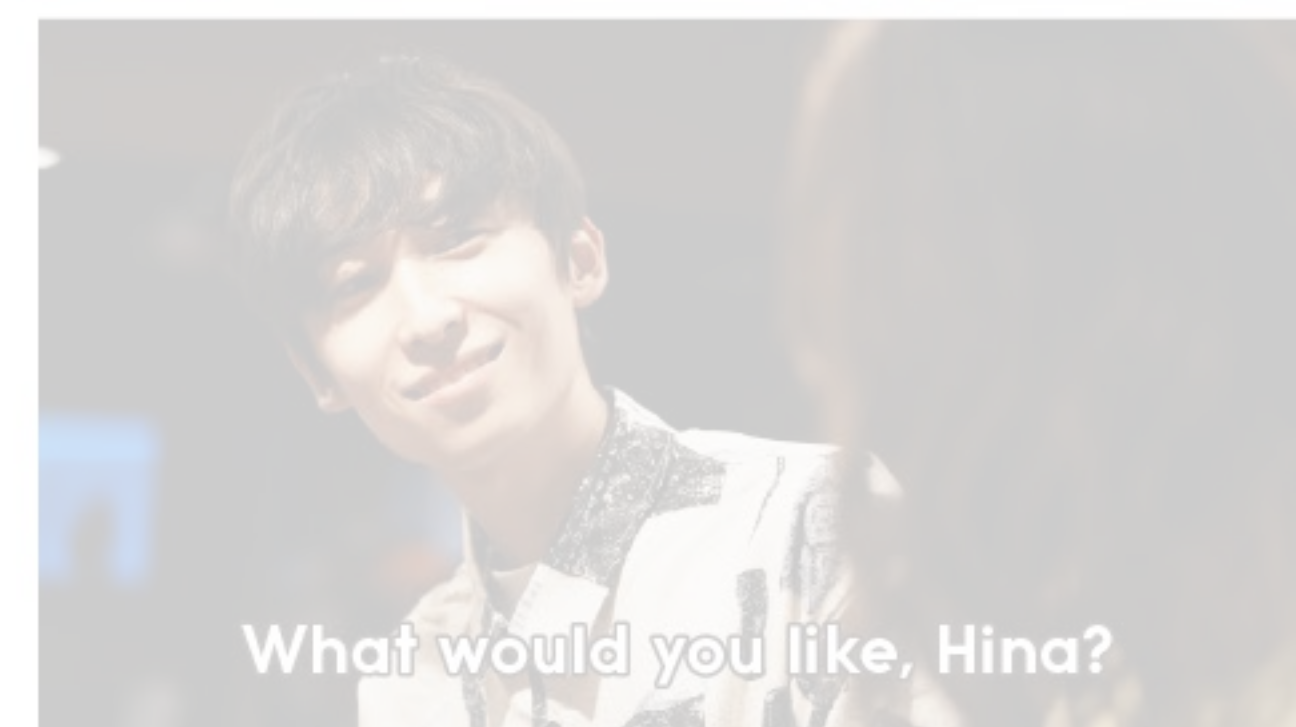
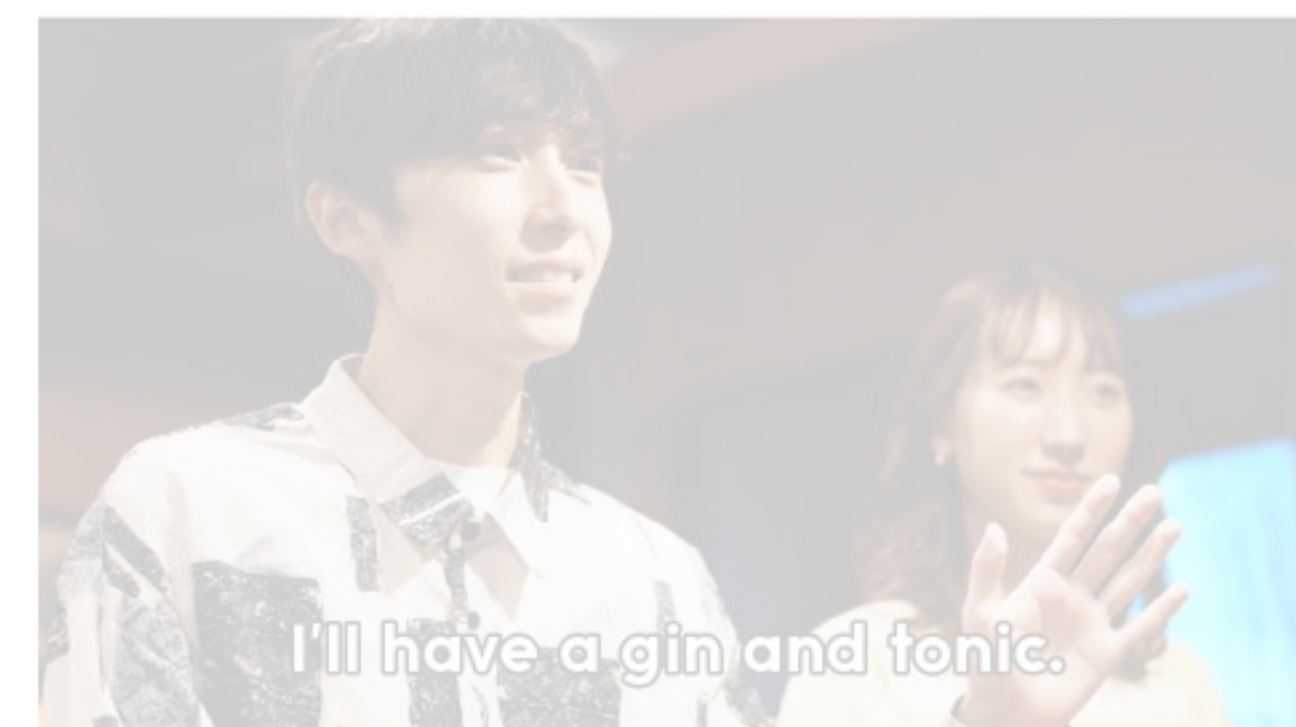
* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".

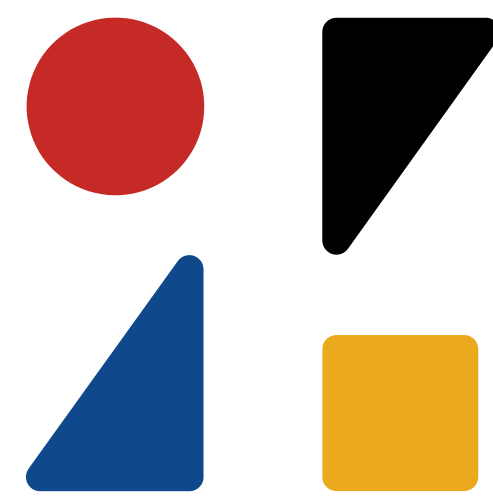


CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2022

	FY2022 Plan*	YoY
Gross Merchandise Value	543.8 billion yen	6.9%
Gross Merchandise Value (excluding other GMV)	495.8 billion yen	7.3%
Net sales	181.3 billion yen	9.1%
Operating profit	51.5 billion yen	3.7%
Operating Profit Margin (% to the Gross Merchandise Value)	10.4%	—
Ordinary profit	51.5 billion yen	3.7%
Profit attributable to owners of parent	35.9 billion yen	4.1%
Net profit per share	119.74 yen	—
Estimated dividends per share (Plan)	60 yen	—

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





ZOZO

Impact of retail price hike

There is no negative impact on the business,
while retail prices are rising.

Trends in retail
price increases



Prices for the latest
AW items increased by

3 - 5%

in YoY

depending on the category.

Average order
value increased



+ 3%

in YoY

Number of shipments
also increased



+ 7.8%

in YoY

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”

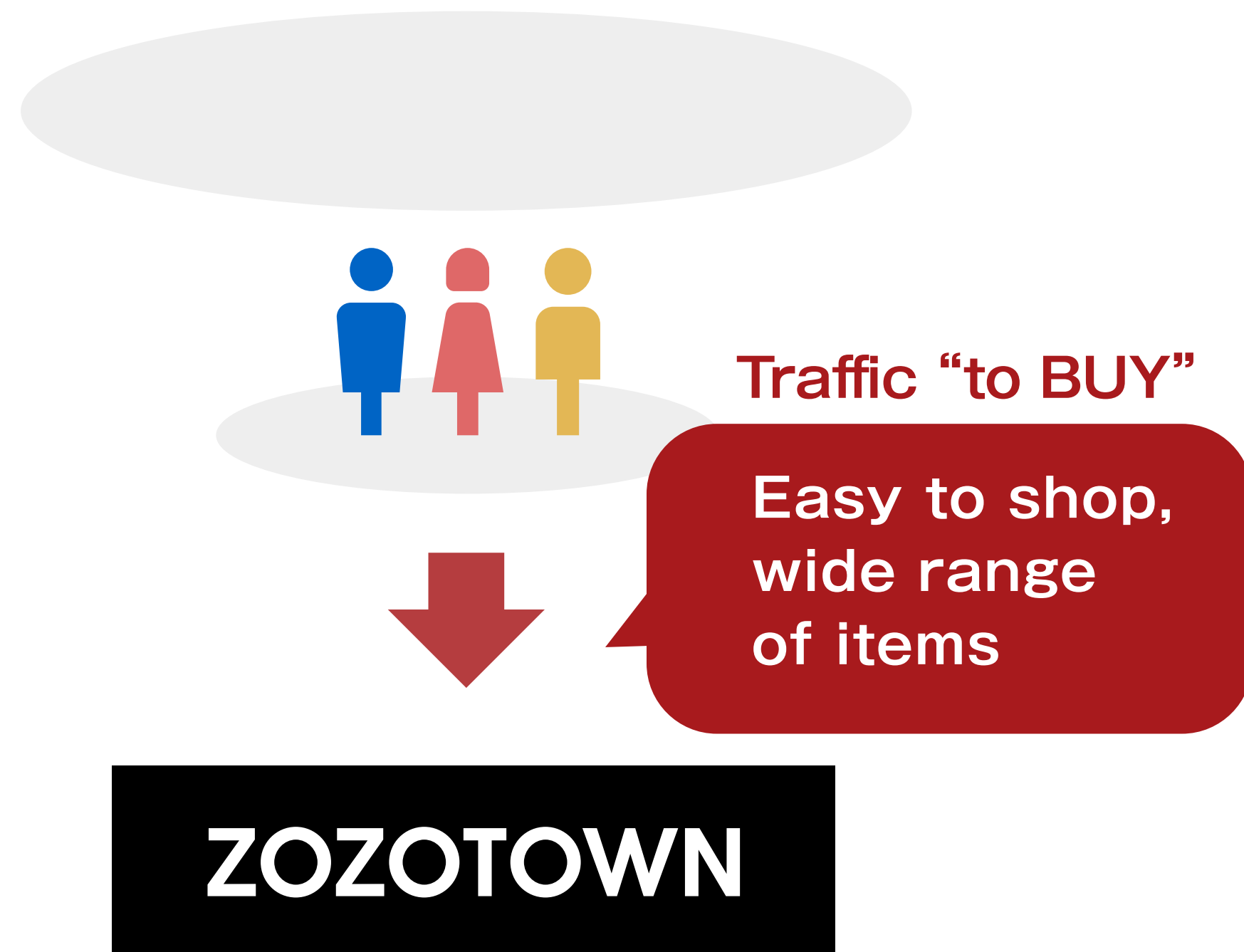
↑ Domestic ↓
Overseas

Increase traffic from other than “BUY”

We will enhance the level of mind awareness for the purchase

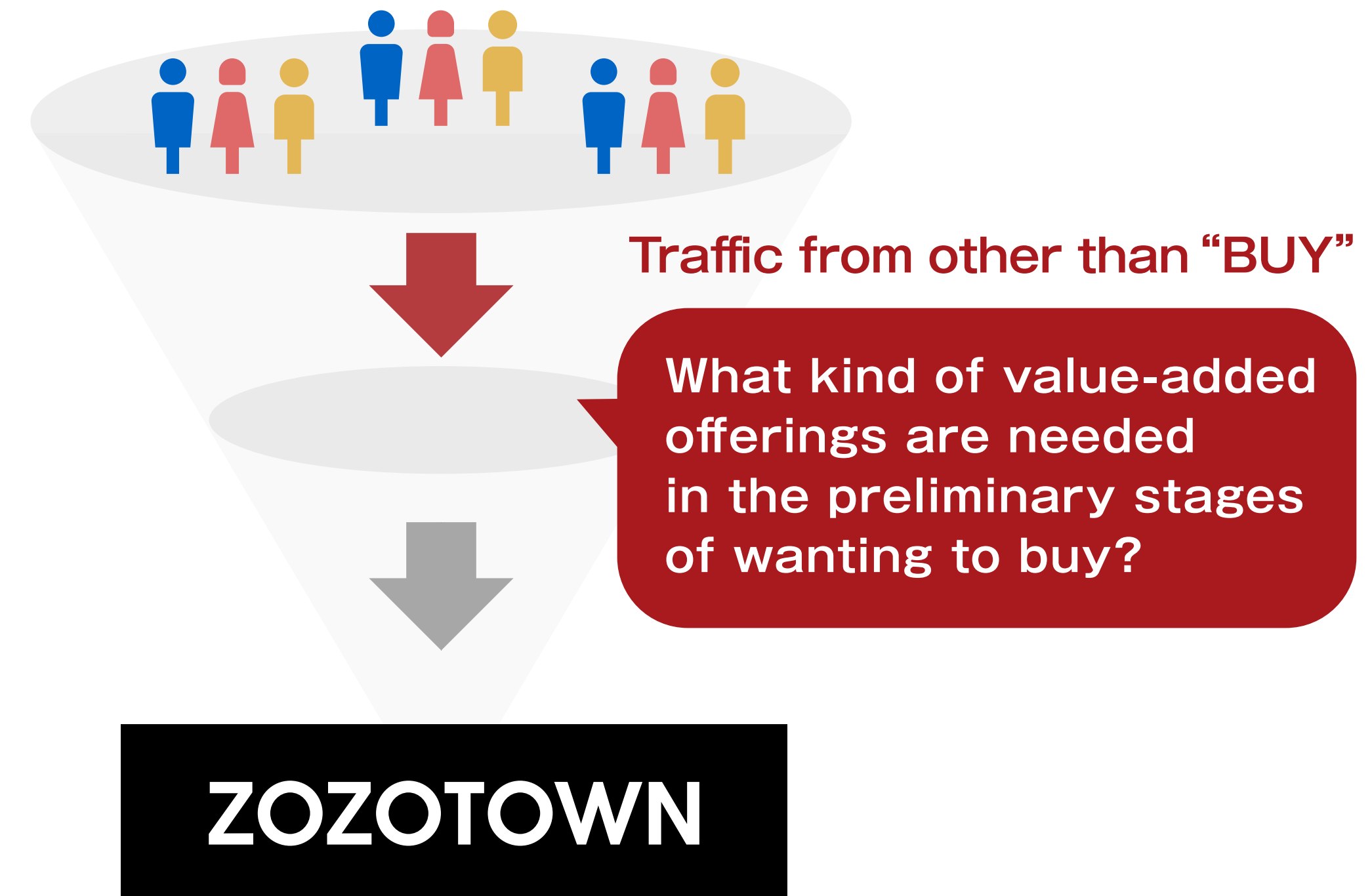
Present

ZOZO as the place “to buy” fashion



In the future

ZOZO as the place “for” fashion



**We added “Explore your style. Make you delighted”
to our management strategy.**

More Fashion

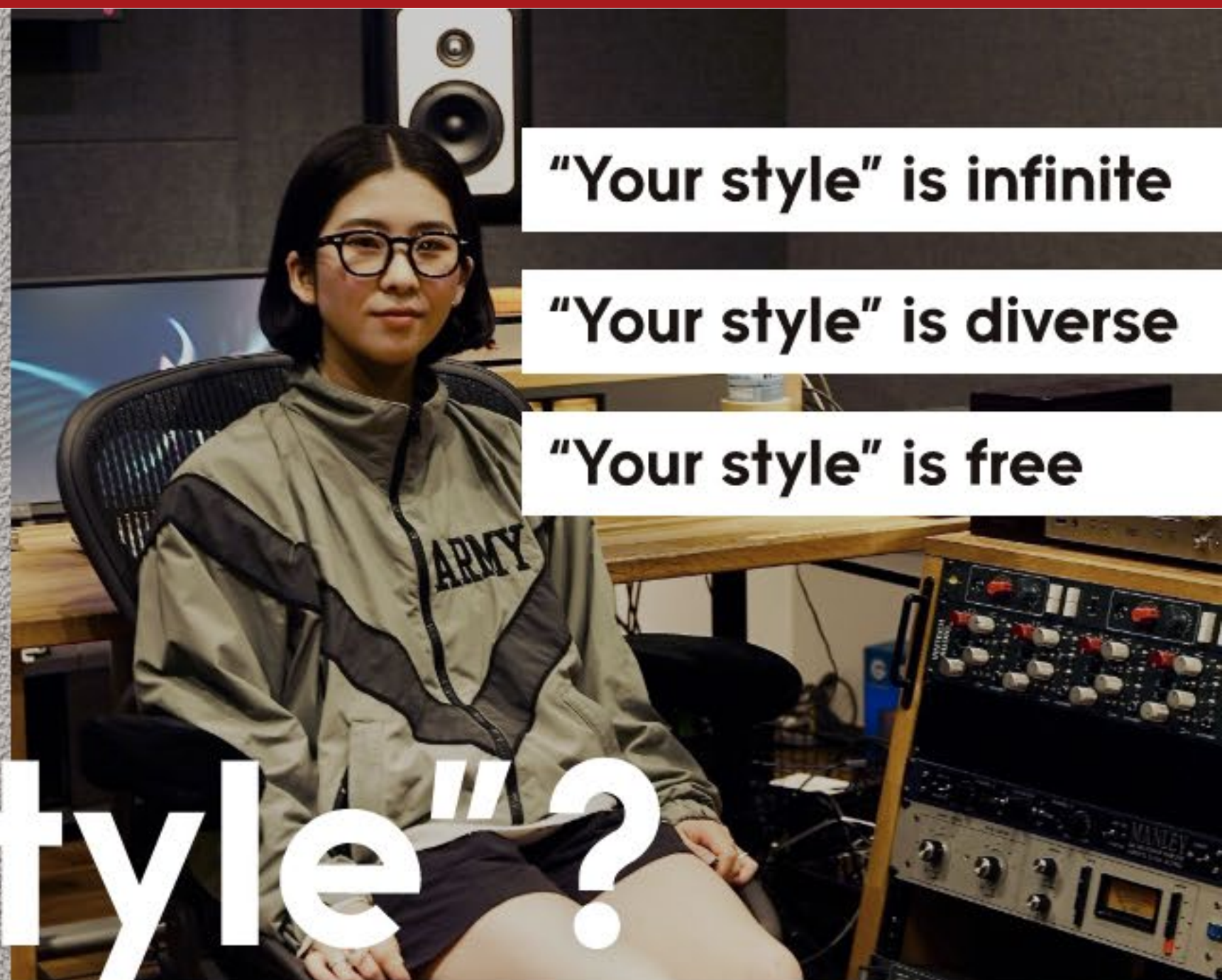
×

Better Fashion Tech

**– Explore your style.
Make you delighted. –**

**We will evolve
the awareness that
ZOZO is the place
“to buy” fashion
to
ZOZO is the place
“for” fashion.**

1. Increase traffic from other than "BUY"



"Your style" is infinite

"Your style" is diverse

"Your style" is free

What is "your style"?

by ZOZO



1. Increase traffic from other than “BUY”

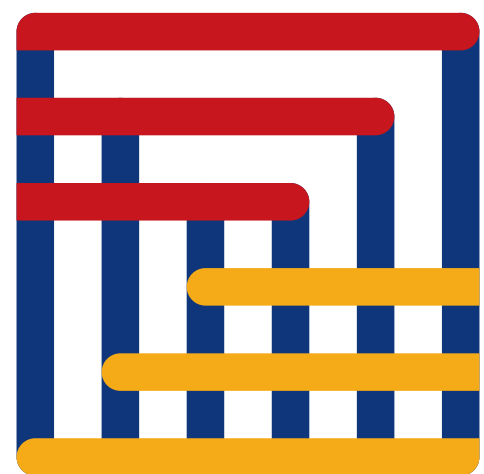


COMING SOON

Make inventory risk zero for the fashion industry

Production support service

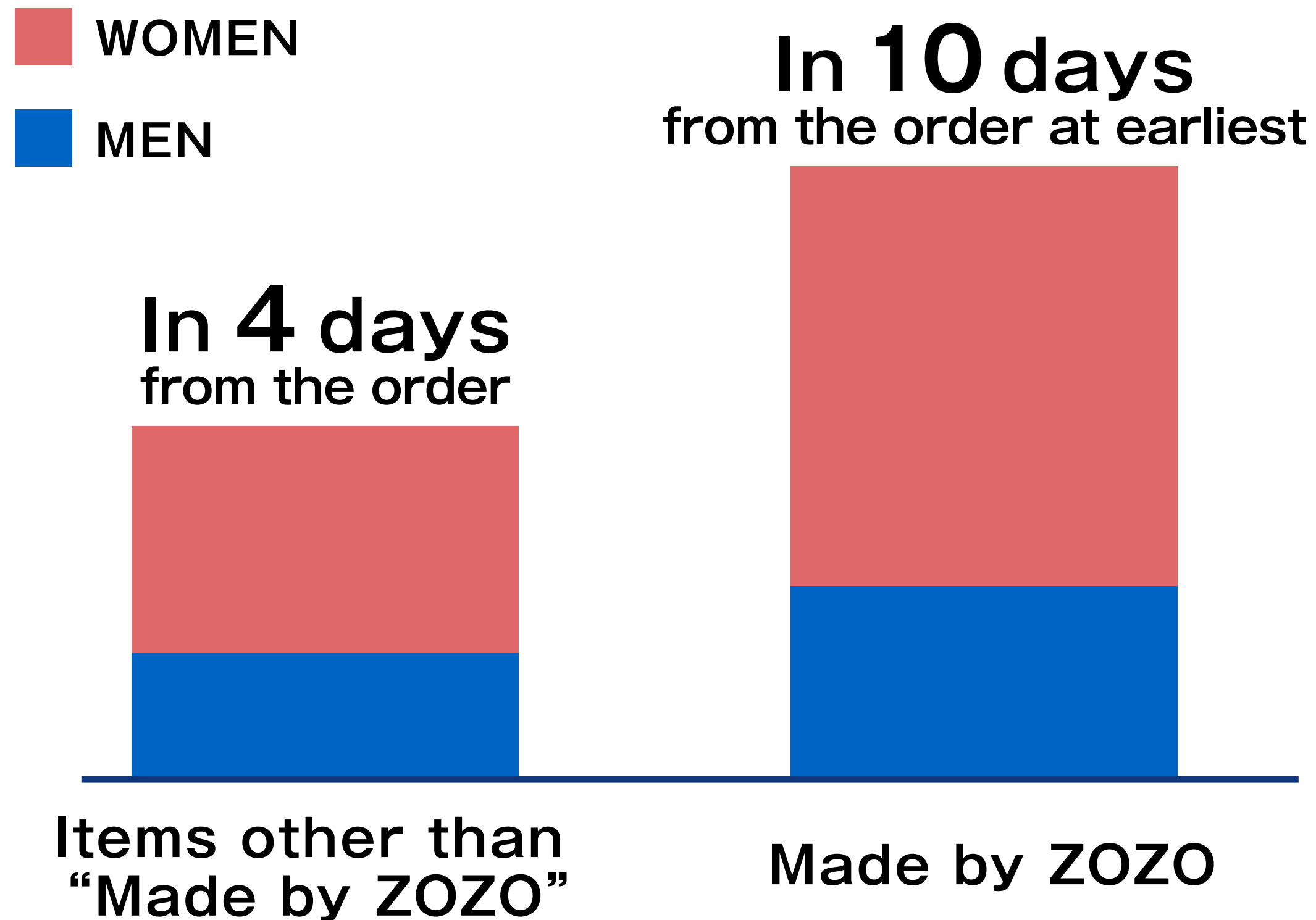
Made by ZOZO



“Made by ZOZO” started steadily.

We have found that even if it takes longer to deliver a product, customers are still willing to buy it.

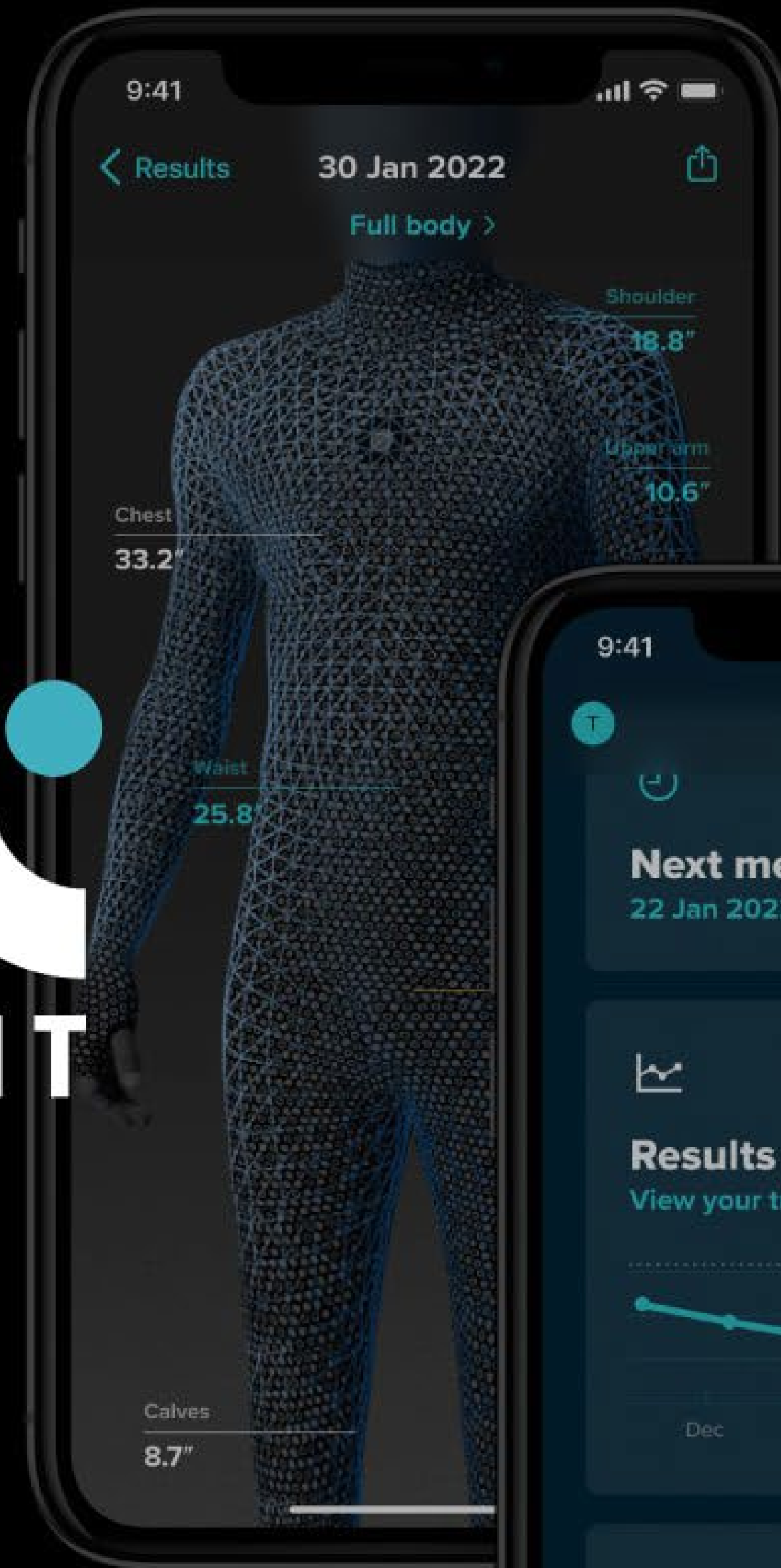
Comparison of the number of pieces sold per a model



The model for
Made by ZOZO sold
1.5 times
more than ordinary items.

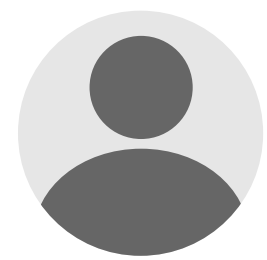
Target items: Compared within the same shop
Comparison period: 9/22/2022 - 10/18/2022

3. Try “technology licensing sales”

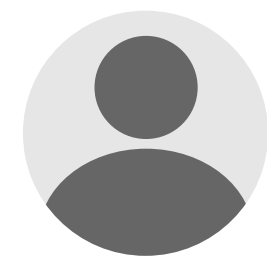


Reactions from social media to ZOZO FIT’s release

There were many positive reactions abroad.



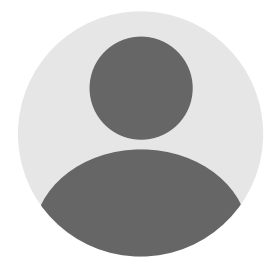
So dope!!! 🔥🔥🔥



YES. I thought it was
absolutely genius.
I hate measuring tapes.
Zozo was SO much easier.
Love that they’re doing
this now!



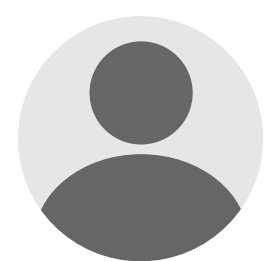
You’re back!!!!
Finally 😊



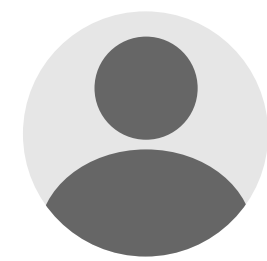
You’re back!!!



100%. I even reached
out to a few folks I knew
in the fitness world
to see if they’d be
interested in trying to
pick this up.
Really excited they saw
their true market.



Start again!
Congrats



Love this!! 🔥🔥🔥🔥

ALL-STAR-TURN 2022 CHAMPIONSHIP

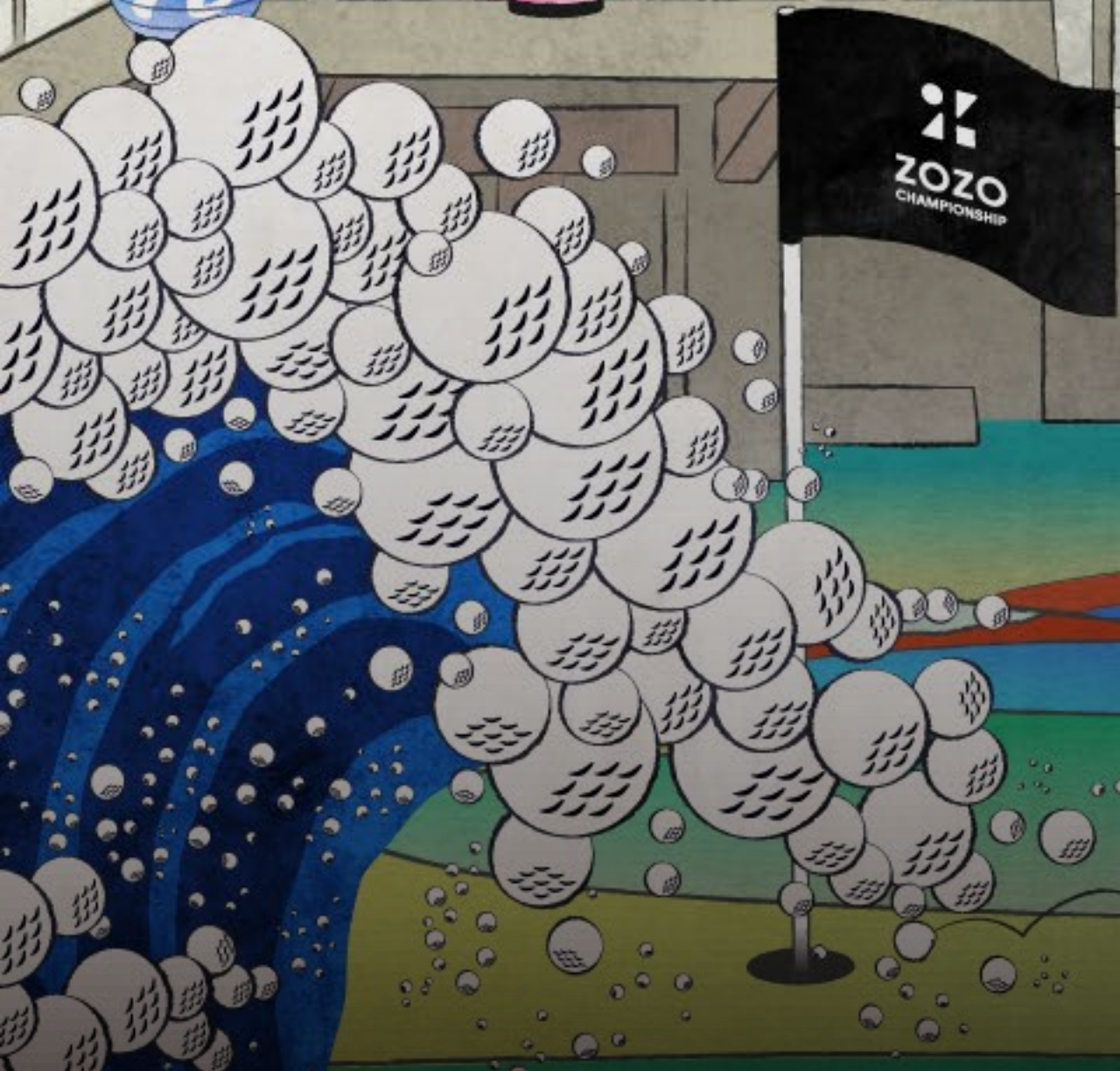
キーガン・ブラッドリー

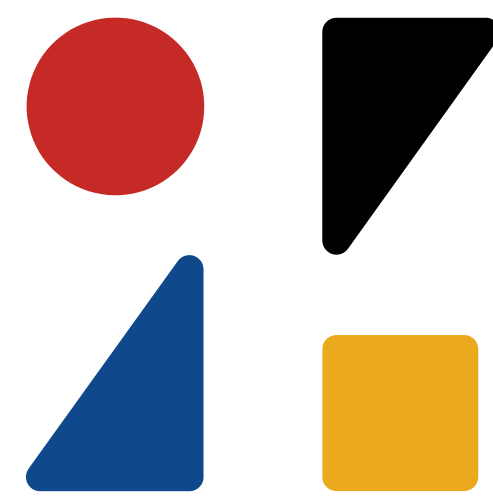
四代目王者



CONGRATULATIONS TO OUR
2022 CHAMPION

KEEGAN BRADLEY





ZOZO