

ZOZO

FY2018 3Q

**The highest operating profit
ever in the company's history**

10.5 billion yen

Business Forecast Revision

	Original Target	Full-year Forecast
GMV	360 billion yen	327 billion yen
Operating Profit	40 billion yen	26.5 billion yen

Background of revision to business forecast

- **12.5 billion yen deficit from
PB business**
- **Push up effect to the whole
business from ZOZOSUIT was weak**
- **Good start of ZOZOARIGATO**
- **Delay in advertisement business
development**

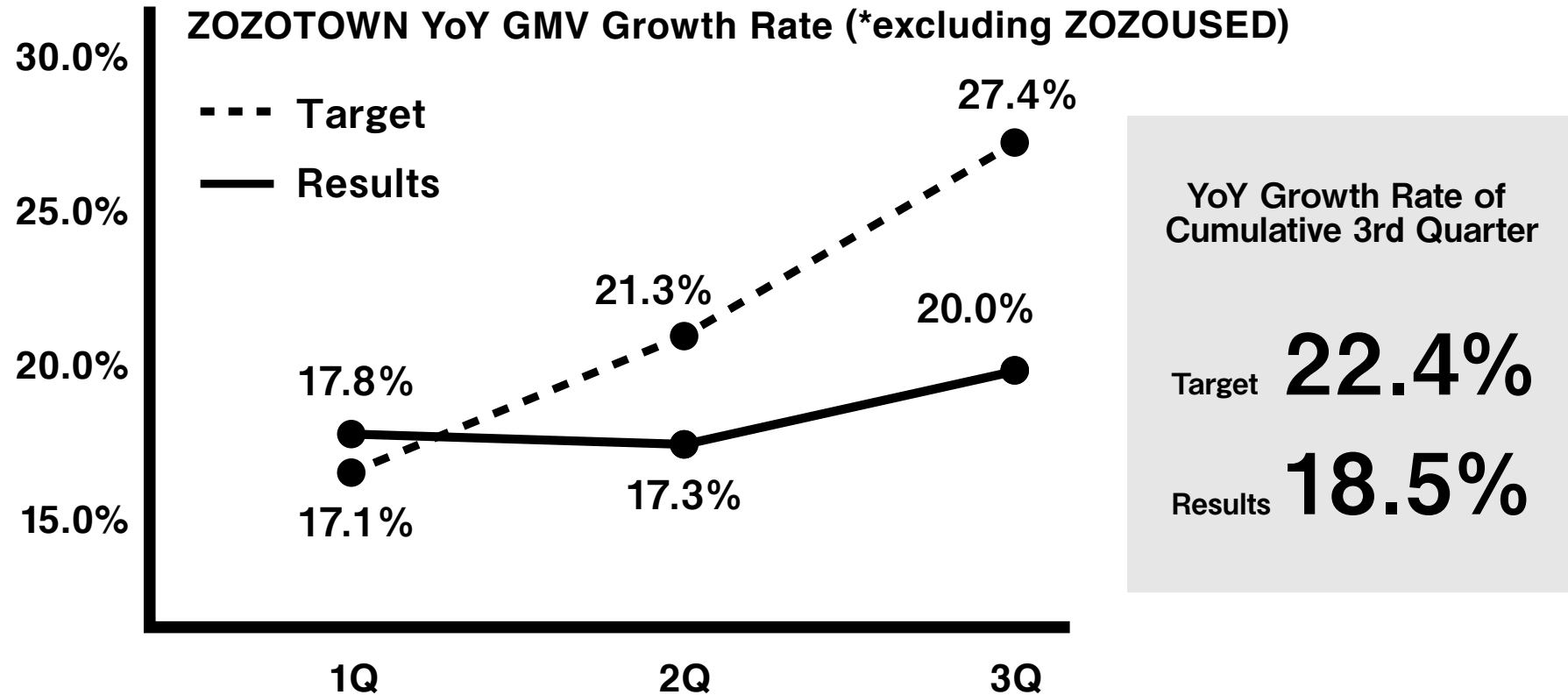
PB Business

**Deficit from PB Business will be 12.5 billion yen
(full-year forecast)**

	Original Target	Full-year Forecast
GMV	20 billion yen	3 billion yen
ZOZOSUIT Distribution Units	6-10 million units	2.3 million units

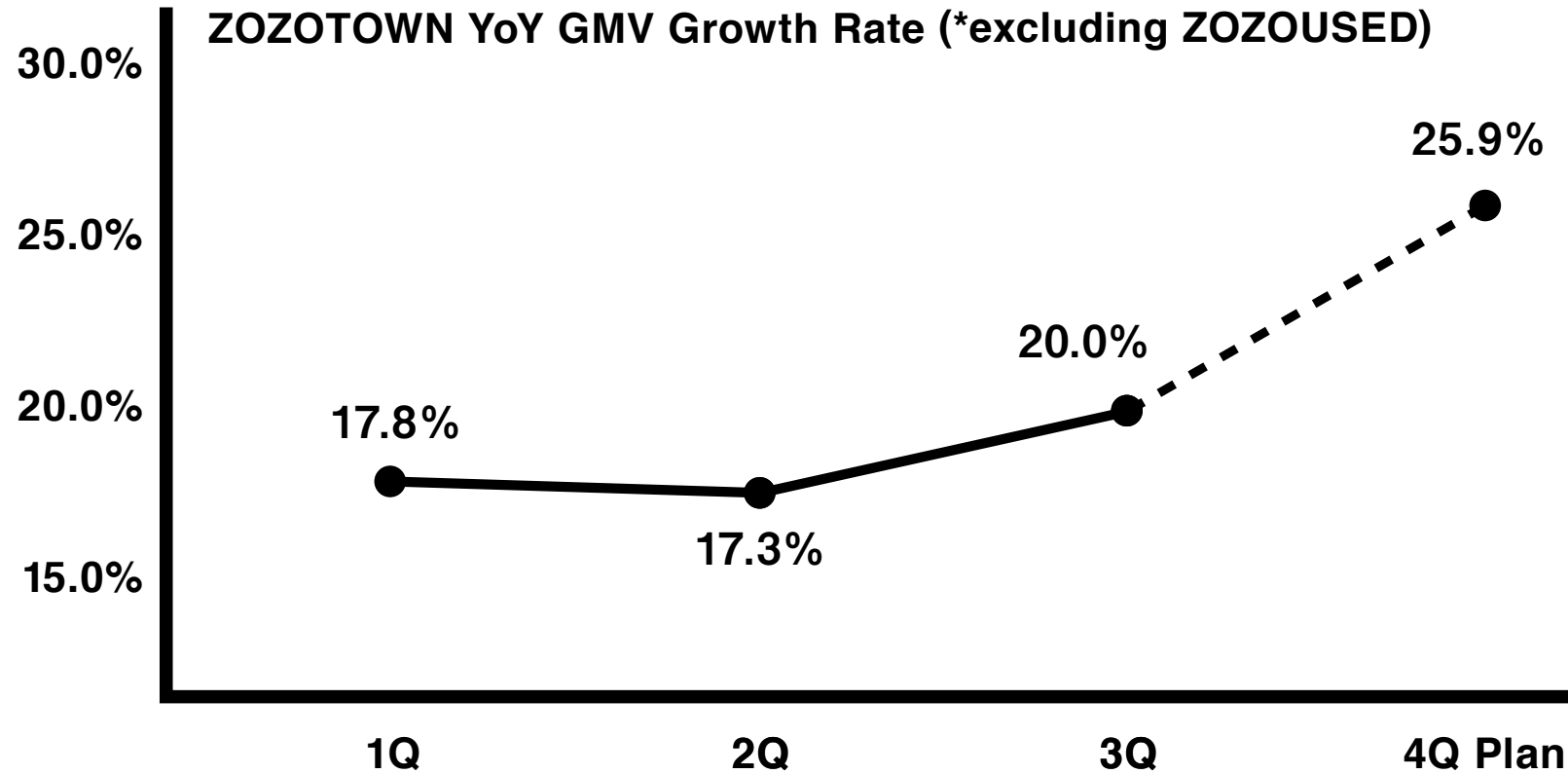
- Measurement and purchase CVR from ZOZOSUIT distribution fell below the expectation
- Problems of delay and quality during the manufacturing process

ZOZOTOWN Business



Push up effect to the whole business from ZOZOSUIT was not visible

ZOZOTOWN Business



Good start of ZOZOARIGATO

Advertisement Business

Net Sales

Original target : 3 billion yen

Full-year forecast : 1.7 billion yen

Delay in development

What's next?

PB Business

Continue using ZOZOSUIT with limited purposes

- Only use for formal items such as business suits
- Body measurement data acquisition in new markets
- Considering kids size

Utilization of body measurement estimation engine for casual items

- Utilizing more than a million body measurement big data acquired through ZOZOSUIT
- Planning to implement around the end of this fiscal year
- After implementation, all casual items will be purchasable without ZOZOSUIT

Product Line-up

- Pivoting from making a grand slam to hits; expansion of product line-up

PB Business

Up to now

- High risk/high return
- Aiming at grand slam
- Strong tendency of self-handling principle

Big deficit

From now

- Low risk/mid return
- Aiming at hits
- Open innovation

Breakeven

Future

- Mid risk/high return
- Investment to classic and huge hit products
- Investment to shoes and ladies' underwear

Become high profitability business

ZOZOARIGATO

Truth about what is called “Draw away from ZOZO”

Number of shops refraining sales of
all of their products (As of today)

42 out of 1,255 shops

Percentage in number of shops basis:3.3%

Percentage in GMV basis:1.1% (last fiscal year results)

ZOZOARIGATO

In consideration of opinions from partnering brands, ARIGATO price display will be selectable!

***Planning to implement in February**

ZOZOARIGATO

- **Planning to add various member benefits in the future as a subscription service**
- **Lower the hurdle for the first purchase to incentivize new customers to use the service**
- **Expecting improvement effects on purchase frequency and purchase amount**

SUMMARY

PB Business

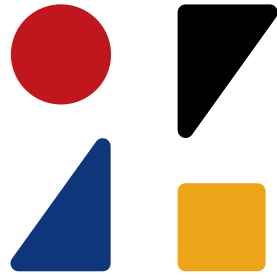
- **The year of trial and error**
- **Expensive learning cost worth 12.5 billion yen**
- **At least breakeven in profitability with low risk/mid Return**

ZOZOTOWN Business

- **Going very well**
- **Further acceleration with ZOZOARIGATO**

Enhancement of other sales

- **Subscription revenue**
- **Advertisement revenue**
- **Other revenue**



ZOZO