



# 2Q FY2020 ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS

# HIGHLIGHTS



2Q FY2020 ZOZO, Inc.  
CONSOLIDATED BUSINESS RESULTS

# FY2020 2Q HIGHLIGHTS

Gross Merchandise Value

**185.6** billion yen

( +16.3% YoY / Progress Rate 47.9% )

Operating Profit

**19.9** billion yen

( +50.2% YoY / Progress Rate 50.4% )

Operating Profit Margin

**10.7 %**

( +2.4 points YoY )

# OVERVIEW OF EACH QUARTER



(million¥)

	FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Gross Merchandise Value	79,743	79,845	94,278	91,218	95,330	90,301
YoY (%)	13.1%	12.6%	0.3%	3.2%	19.5%	13.1%
Net sales	28,197	29,045	34,645	33,629	33,674	32,818
SG&A	18,483	20,683	25,382	21,283	21,860	21,571
YoY (%)	0.6%	0.6%	18.1%	12.7%	18.3%	4.3%
(%Gross Merchandise Value)	23.2%	25.9%	26.9%	23.3%	22.9%	23.9%
Operating profit	7,786	5,467	6,131	8,503	10,423	9,482
YoY (%)	32.6%	30.8%	-42.0%	69.3%	33.9%	73.4%
(%Gross Merchandise Value)	9.8%	6.8%	6.5%	9.3%	10.9%	10.5%

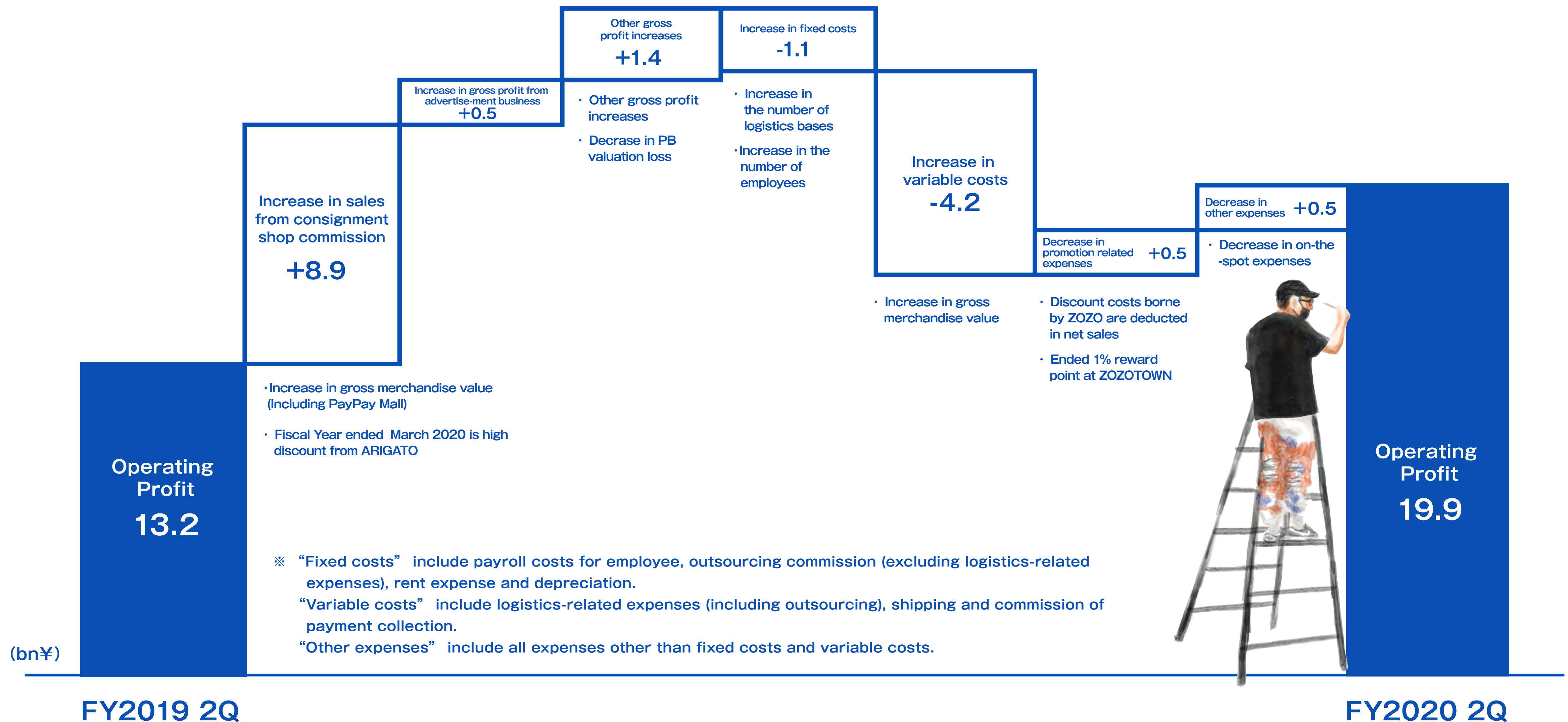
- Growth acceleration factor of the gross merchandise value : Within impact from COVID-19, the positive factor (digital shift) exceeded the negative factor (lowering of demand)
- Operating profit improving factors: Increase of gross profit in tandem with growth of the gross merchandise value, decrease in the number of discount measures and a decrease in on-the spot expenses.

# BUSINESS RESULTS

2Q FY2020 ZOZO, Inc.  
CONSOLIDATED BUSINESS RESULTS




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



# CONSOLIDATED BALANCE SHEET

(million¥)

	FY2019 (as of March 31, 2020)	FY2020 (as of September 30, 2020)		FY2019 (as of March 31, 2020)	FY2020 (as of September 30, 2020)
<b>Current assets</b>	<b>70,429</b>	<b>76,368</b>	<b>Current liabilities</b>	<b>56,126</b>	<b>53,925</b>
Cash and deposits	33,602	40,270	Short-term borrowing	22,000	20,000
Merchandise and finished products	1,664	1,951	Noncurrent liabilities	3,525	3,959
<b>Noncurrent assets</b>	<b>23,756</b>	<b>24,774</b>	<b>Total liabilities</b>	<b>59,651</b>	<b>57,885</b>
Tangible assets	10,493	10,451	Shareholders' equity	34,616	43,243
Intangible assets	2,968	3,133	Treasury stock	-24,412	-24,146
Investments and other assets	10,295	11,189	<b>Total net assets</b>	<b>34,534</b>	<b>43,258</b>
<b>Total assets</b>	<b>94,186</b>	<b>101,143</b>	<b>Total liabilities and net assets</b>	<b>94,186</b>	<b>101,143</b>

# CASH FLOWS

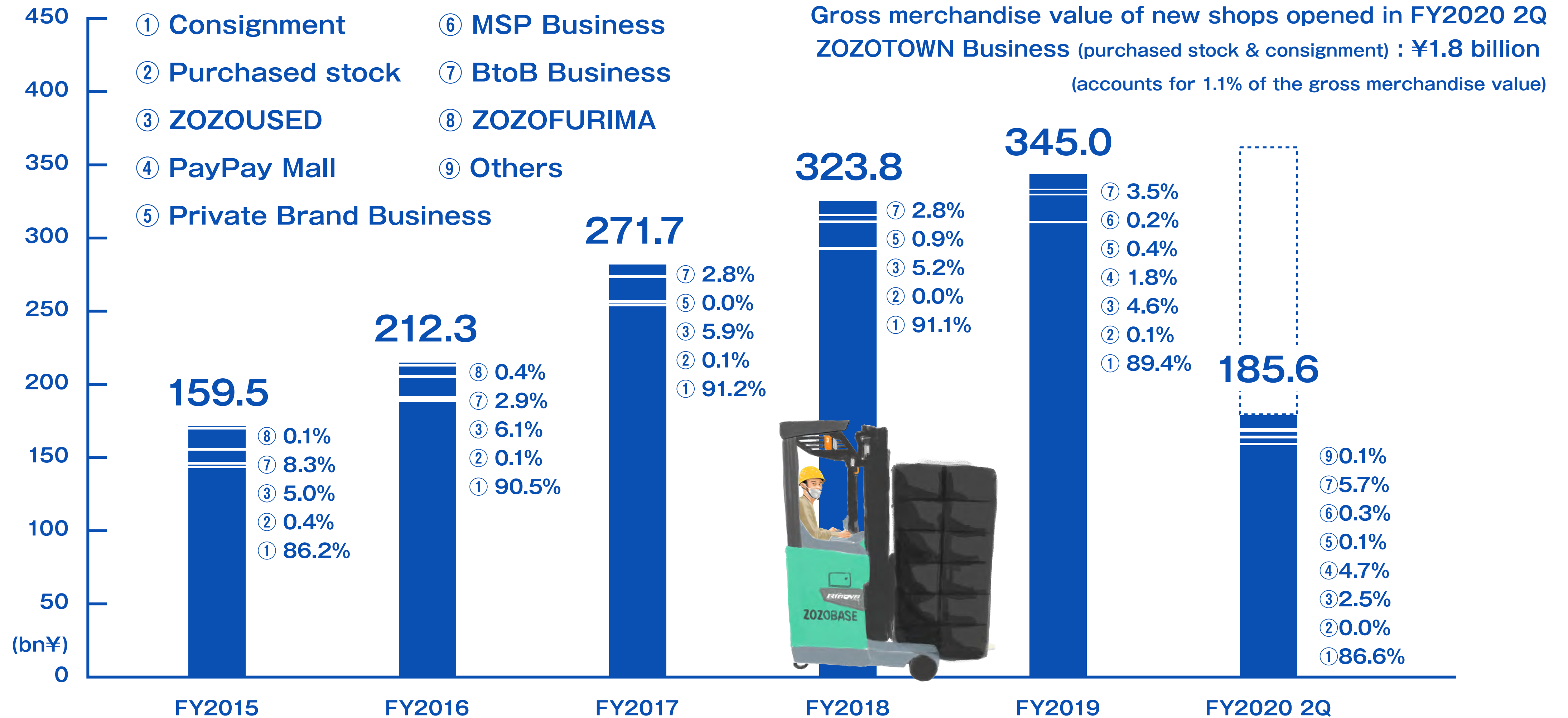
(million¥)

	FY2019 2Q	FY2020 2Q	YoY	Reasons for change
Cash flows from operating activities	6,947	15,663	8,715	
Cash flows from investing activities	-3,055	-1,463	1,591	Acquisition of yutori inc. shares Expenditure from the new office and new logisticsbases expansion
Cash flows from financing activities	-3,053	-7,530	-4,476	Repayment of short-term borrowings
Cash and cash equivalents at the end of the year	22,400	40,270	17,869	





# GROSS MERCHANDISE VALUE



\* ZOZO FURIMA Business ended on June 30, 2017.

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

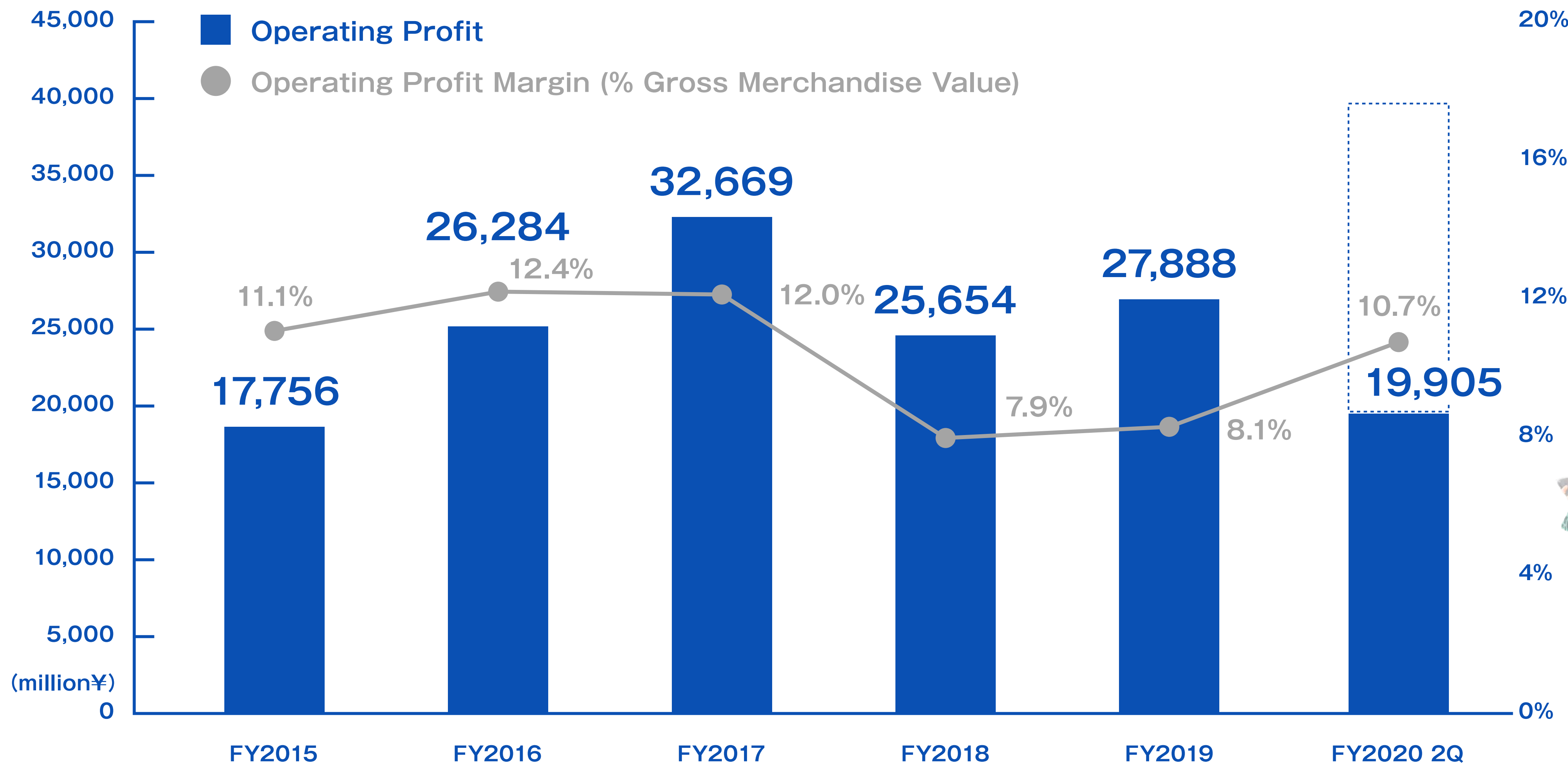
(million¥)

	FY2019 2Q		FY2020 2Q		YOY	Increase decrease factors
	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	%Gross Merchandise Value	
<b>Payroll and staff costs(*)</b>	<b>10,734</b>	<b>6.7%</b>	<b>12,760</b>	<b>6.9%</b>	<b>0.2%</b>	
Payroll costs for employee	3,958	2.5%	4,894	2.6%	0.1%	Transition of the number of employees on consolidated basis: FY2019 2Q 1,139 → FY2020 2Q 1,265
Logistics-Related Expenses (Including Outsourcing)	6,776	4.2%	7,866	4.2%	0.0%	
Outsourcing Commission (Excluding Logistics-Related Expenses)	2,136	1.3%	2,347	1.3%	0.0%	
<b>Shipping</b>	<b>10,522</b>	<b>6.6%</b>	<b>13,197</b>	<b>7.1%</b>	<b>0.5%</b>	Increase in ratio due to a decrease in the average order value (Increase in the discount sales ratio to the gross merchandise value and the reverse impact from ZOZOARIGATO in the previous fiscal year)
Commission of Payment collection	4,530	2.8%	5,026	2.7%	-0.1%	
Promotion related expenses	2,921	1.8%	2,355	1.3%	-0.5%	
Advertising	717	0.4%	1,475	0.8%	0.4%	Recorded shop opening commission move in tandem with sales of PayPay Mall (Dec. 2019~) Recorded costs incurred from the change in venue of PGA TOUR (Sep. 2020)
Reward points related expenses	2,204	1.4%	880	0.5%	-0.9%	Ended 1% reward point (April 2020~) Decrease in the number of reward point programs
Rent expense	2,373	1.5%	2,224	1.2%	-0.3%	Cancellation of logistic bases Newly contracted logistics bases are free-rent for limited time
Depreciation	854	0.5%	1,004	0.5%	0.0%	Increase due to an increase in the number of logistics bases
Amortization of goodwill	279	0.2%	175	0.1%	-0.1%	
Stock Compensation Expenses	-100	-0.1%	18	0.0%	0.1%	
Others	4,913	3.1%	4,321	2.3%	-0.8%	Decrease in on-the-spot expenses
<b>Total SG&amp;A</b>	<b>39,167</b>	<b>24.5%</b>	<b>43,431</b>	<b>23.4%</b>	<b>-1.1%</b>	

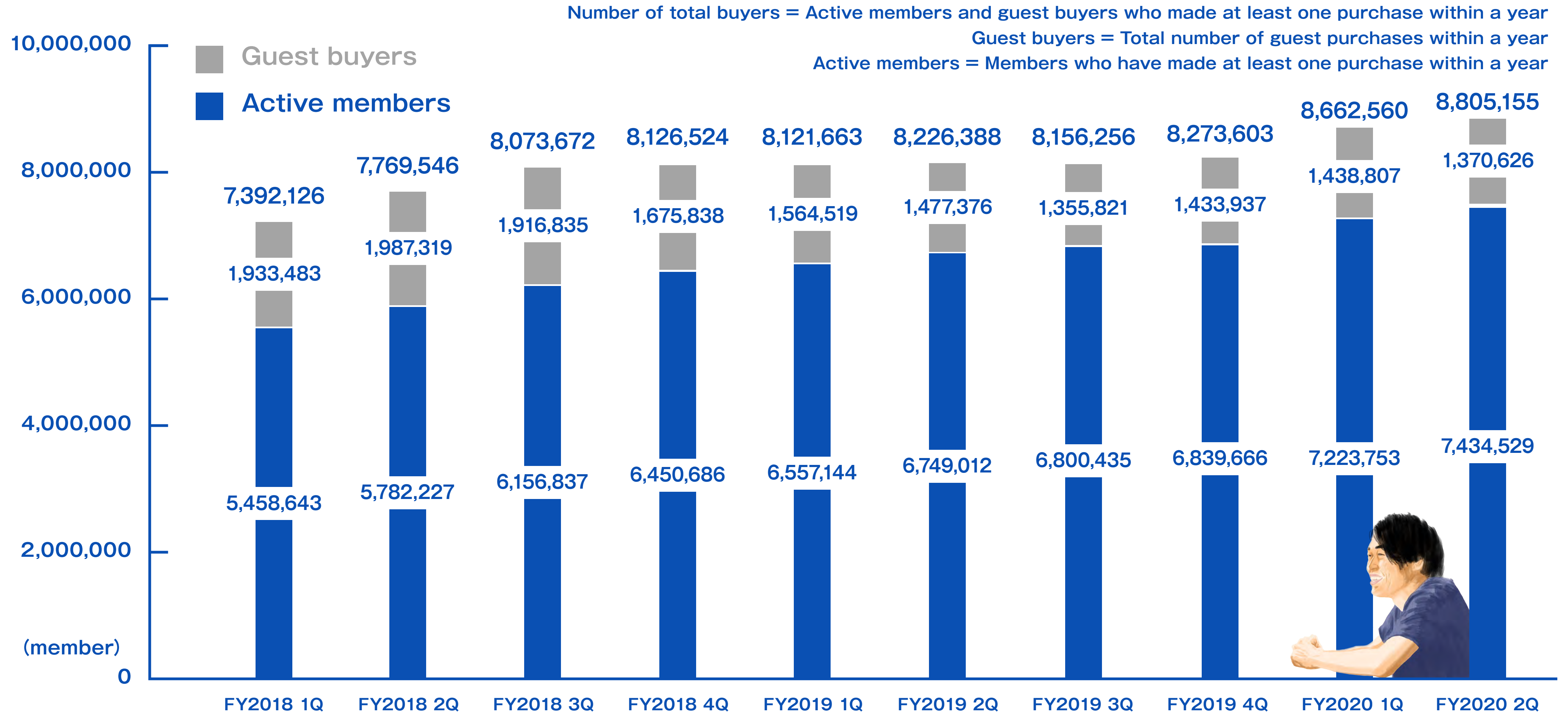
\* Payroll includes directors' remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation. "Employee" includes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



# OPERATING PROFIT AND OPERATING PROFIT MARGIN



# NUMBER OF TOTAL BUYERS



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

\* PayPay Mall is not included

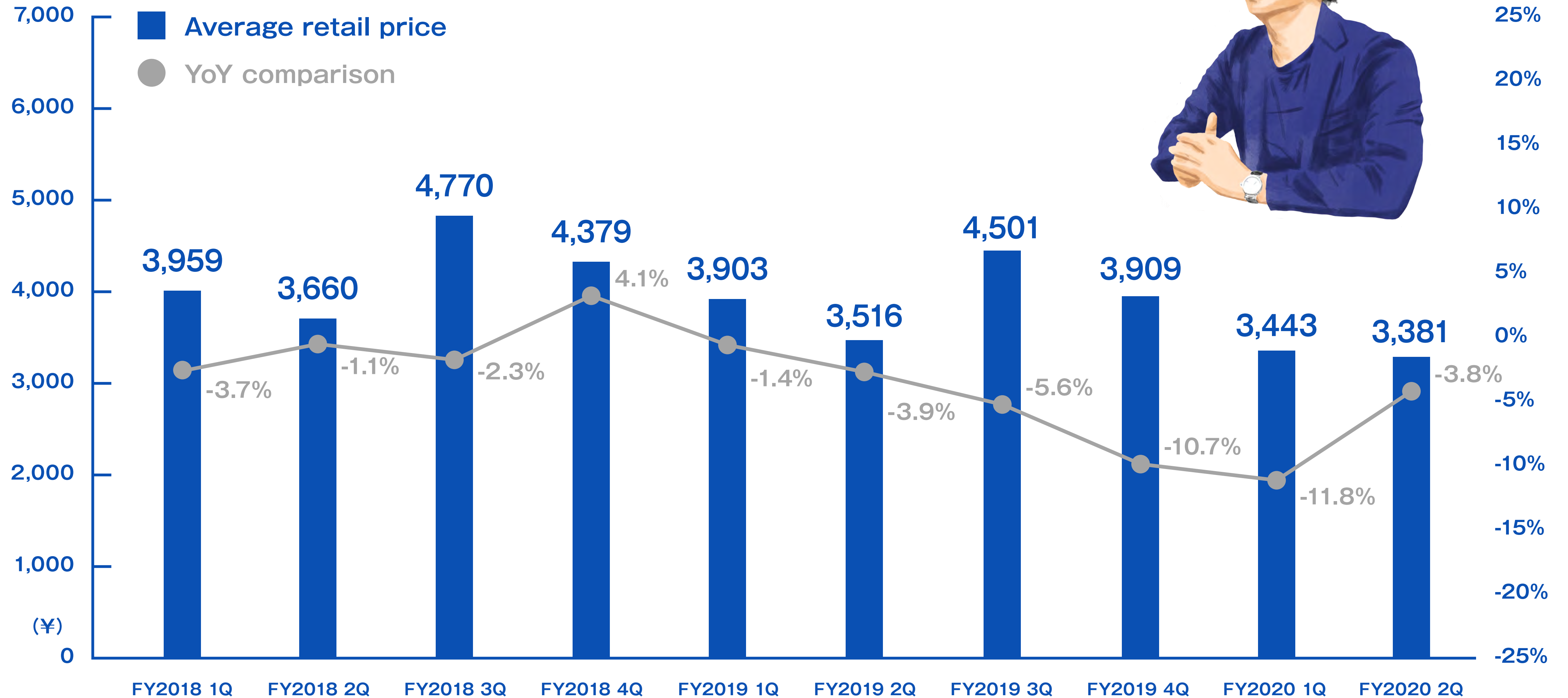
# NUMBER OF SHOPS ON ZOZOTOWN



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

# AVERAGE RETAIL PRICE

Average retail price =  
Gross Merchandise Value / Number of pieces

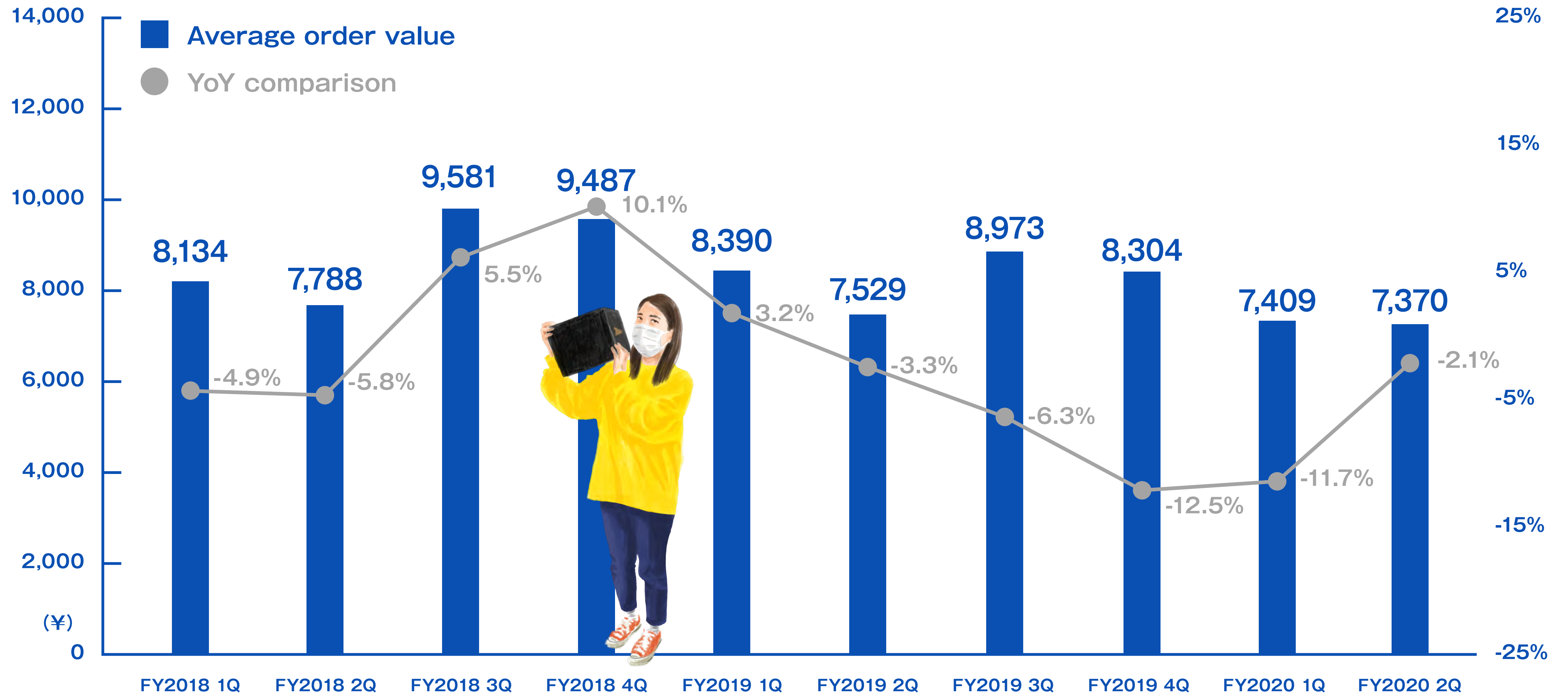


\* The numbers of average retail price are averages calculated from combined results of the ZOZOTOWN business, the PB business and the MSP business

\* PayPay Mall is not included

# AVERAGE ORDER VALUE


Average order value = Gross Merchandise Value / Number of shipments



\* The numbers of Average Order Value are averages calculated from combined results of the ZOZOTOWN business, the PB business and the MSP business

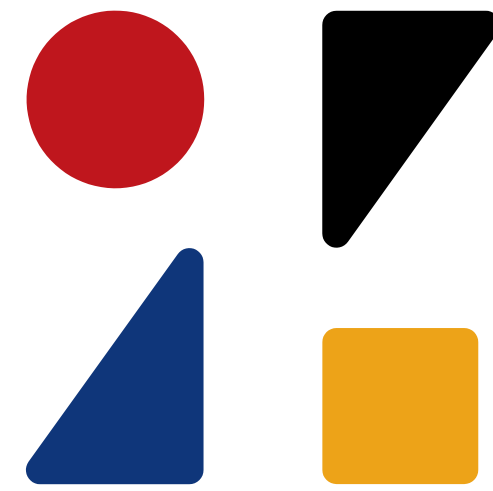
\* PayPay Mall is not included

# CONSOLIDATED BUSINESS FORCAST AND DIVIDEND FORECAST FOR FY2020



	FY2020 Plan	YoY
Gross Merchandise Value	387.3 billion yen	12.2%
Net sales	143.7 billion yen	14.5%
Operating profit	39.5 billion yen	41.6%
Operating Profit Margin (% Gross Merchandise Value)	10.2%	—
Ordinary profit	39.5 billion yen	42.9%
Profit attributable to owners of parent	27.6 billion yen	46.8%
Net profit per share	90.4 yen	—
Estimated dividends per share (Plan)	37.0 yen	—

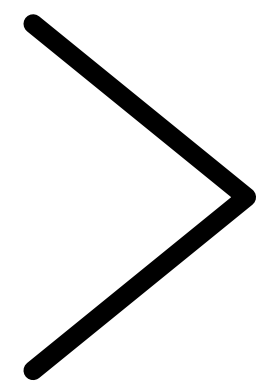




**ZOZO**

## Impact from COVID-19 expansion

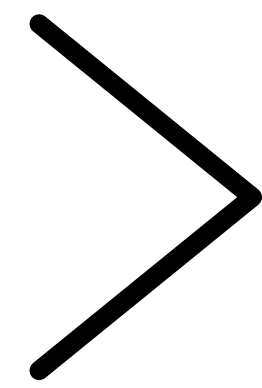
**Digital Shift**



**Sluggish demand of apparel  
consumption from less  
opportunities of going out**

After the emergency state declaration was lifted

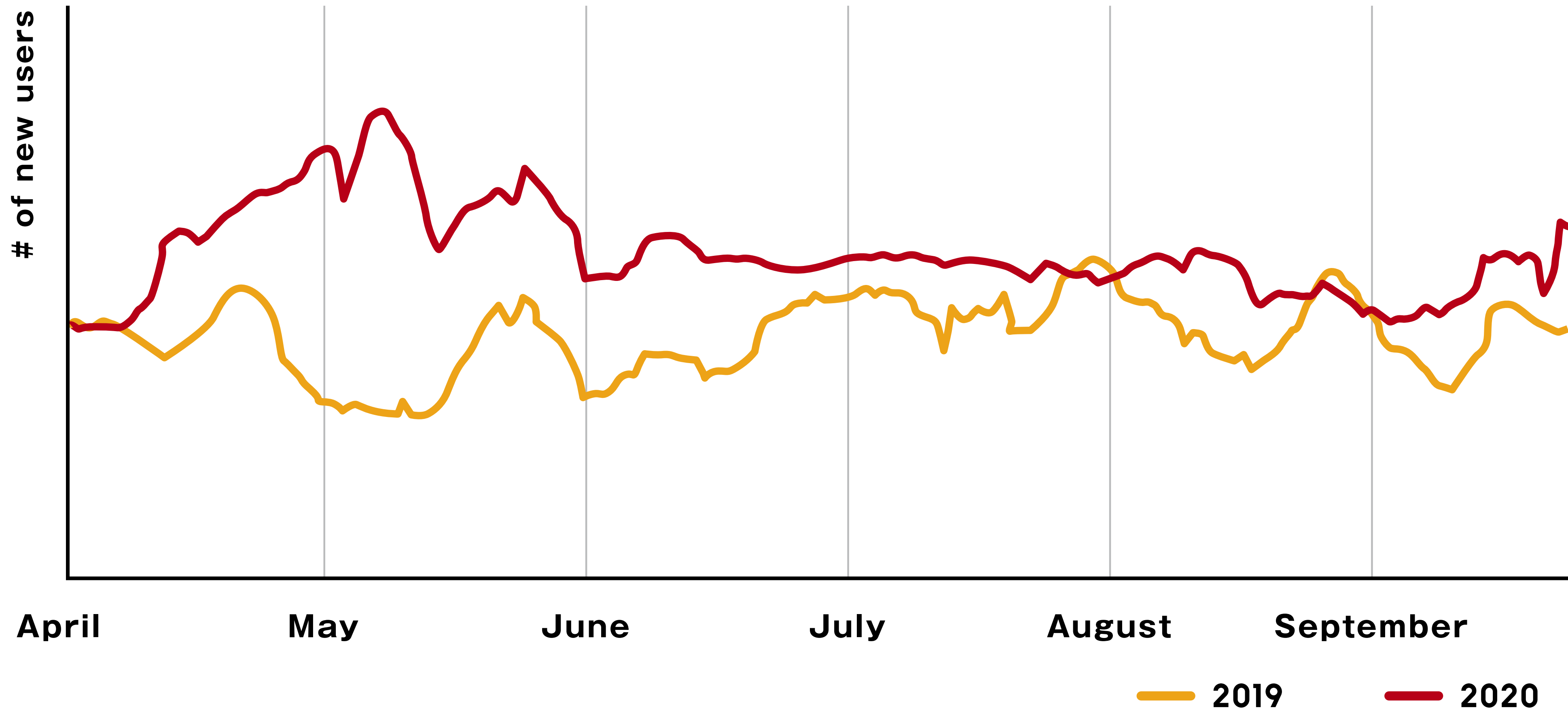
**Digital Shift**



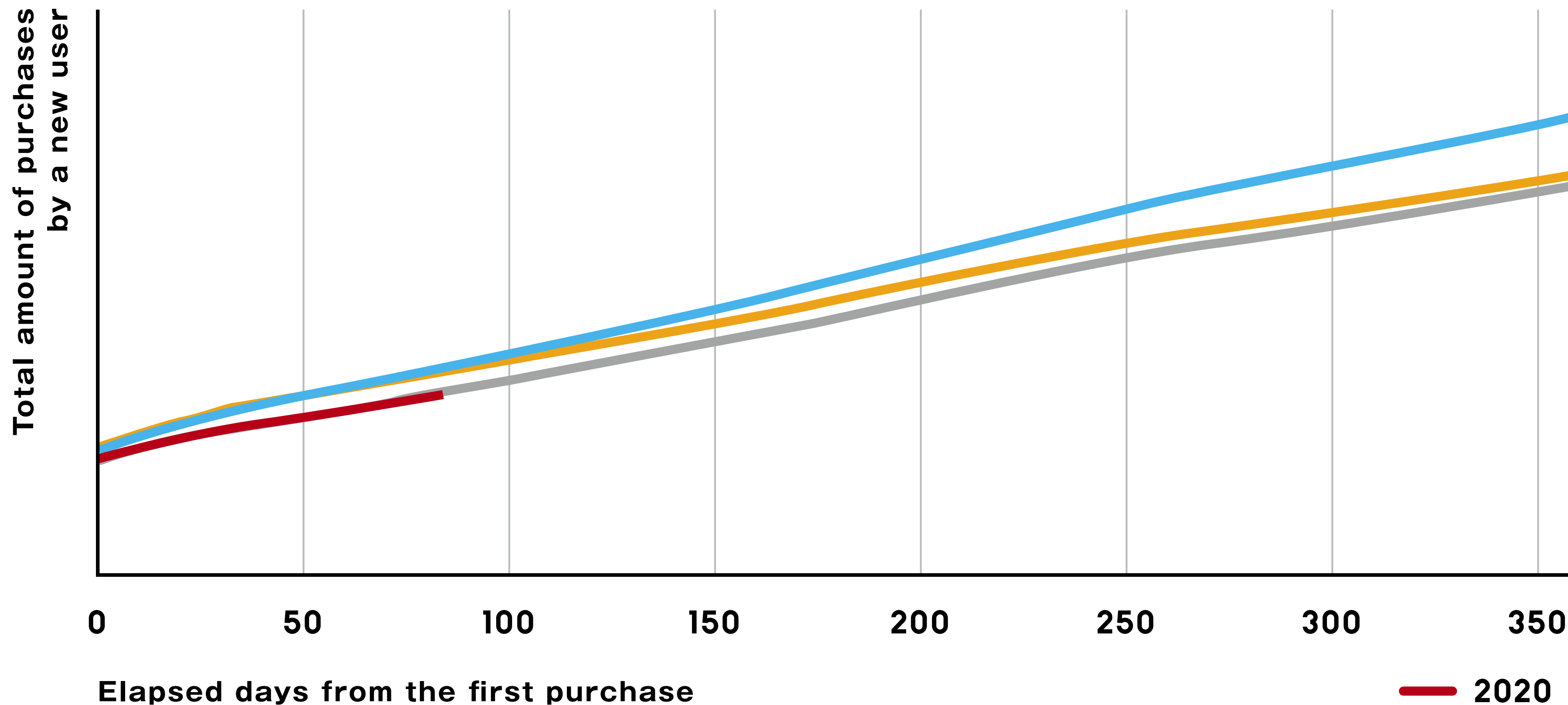
**Sluggish demand of apparel  
consumption from less  
opportunities of going out**

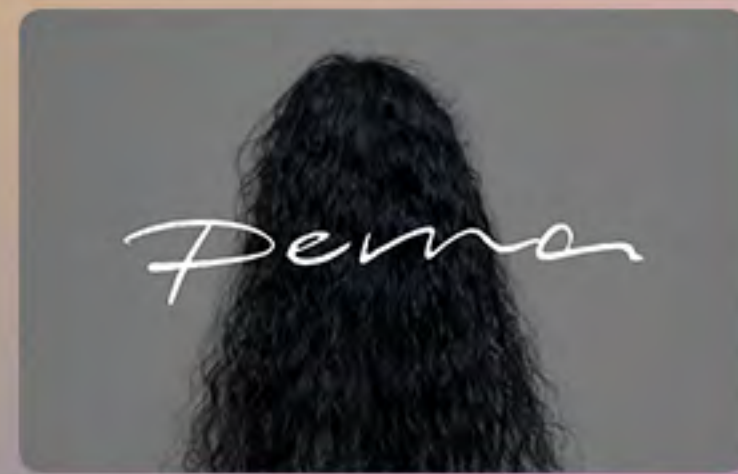
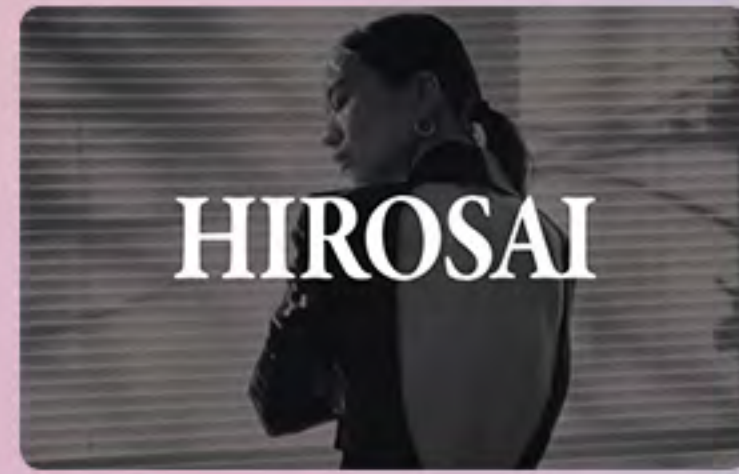
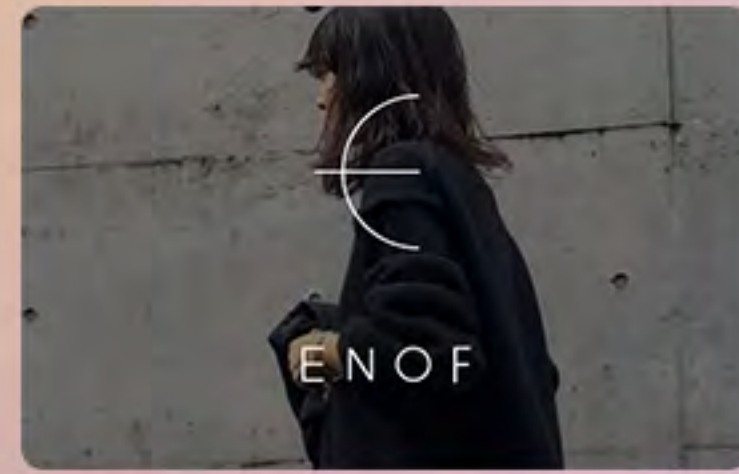
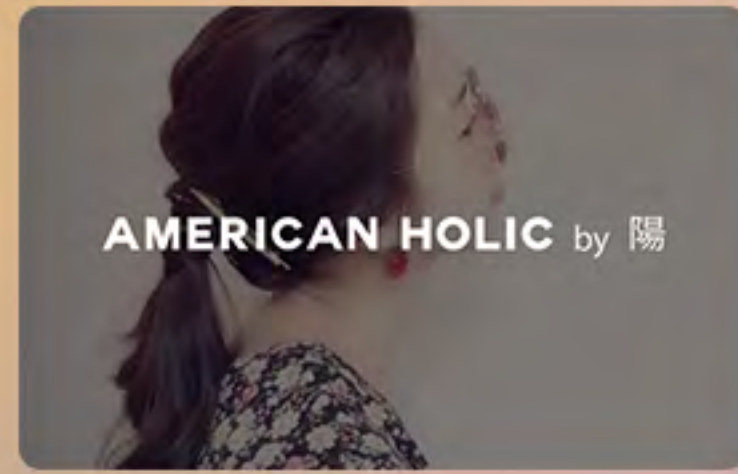
**Continues without changes**

# Growth of new user acquisition is keep going



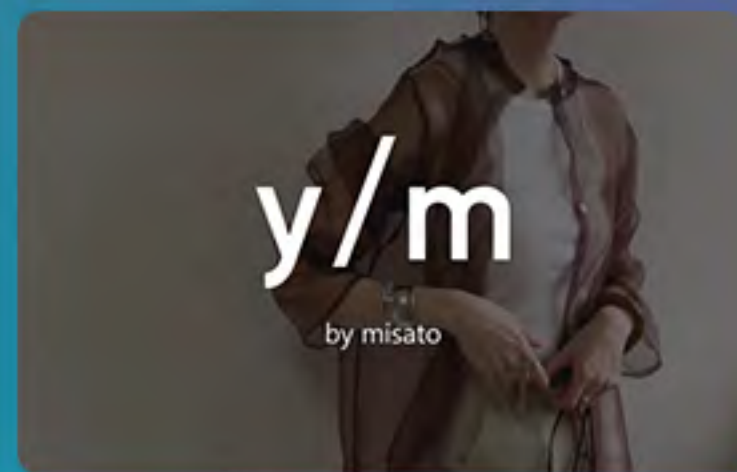
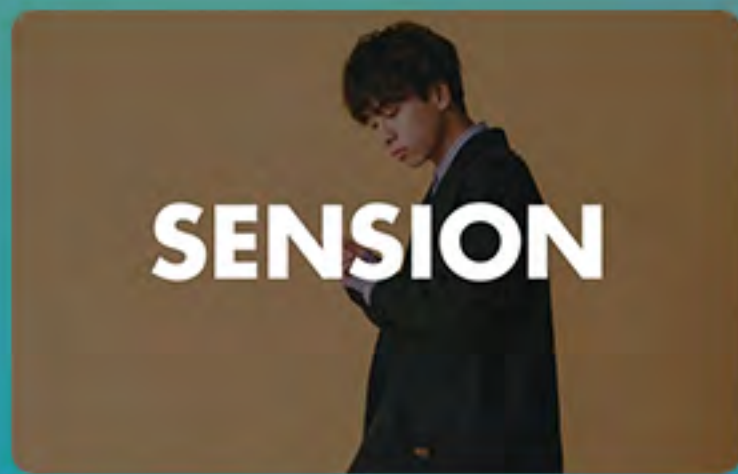
**Repeat purchase trend of new users  
is same as the past several years**





# YOUR BRAND PROJECT

23  
BRAND



9 brands started sales from October 22.  
There was a brand which sold all the inventory of a style in 5 minutes and a brand with complete sold-out.

No.1 sales brand

- sales 6x\*
- sales per style 200x\*

No.2 sales brand

- sales 3x\*
- sales per style 90x\*

\*Comparison to a new shop's 5-days sales average from its opening.



# Synergies with Z HOLDINGS



# Introduction of PayPay payment



ZOZOTOWN  
Users



PayPay

Users  
**33 million people**

As of October 19, 2020

PayPay became the most used payment methods among electronic payments as a result of promotions. Expecting inflow of PayPay users to ZOZOTOWN.

# X Shopping

(Cross)

Store inventory display and pick up are available at ZOZOTOWN PayPay Mall Shop

Search inventory at stores when they are sold out online

Users can pick up items at stores

Starting from  
**November**





● ▸  
▴ ■

**ZOZO**  
**CHAMPIONSHIP**  
at **SHERWOOD**

Thursday, October 22 to Sunday October 25, 2020

**CONGRATULATIONS  
TO OUR 2020 CHAMPION**

# **Patrick Cantlay**

**Number of players / 78 Global  
top players were gathering**

**Prize pool / 8 million USD**

**Winning prize / 1.44 million USD**

## **Charity Project**

**Japan / A part of proceed from tour official  
items will be donated / A part of proceed from  
ZOGOLF during the tournament will be donated**

**/ Proceed from charity items with autographs will be donated**

**Global / Donation through Sherwood Cares**

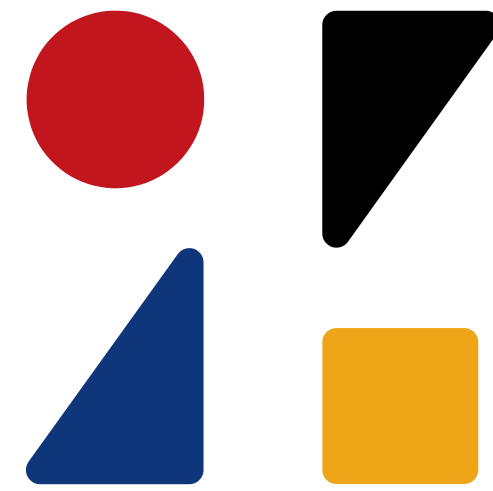


## ZOZO WORK STYLE

- **Current office will be shrinking gradually & employees will come to the office 2 days a week**

- **Nishi-Chiba office is planning to be completed in January 2021**

- **Work styles for customer support and ZOZOBASE staffs are under consideration**



**ZOZO**

**ZOZOSUIT**

# ZOZOSUIT 2





# Accuracy close to a laser scanner

Result of accuracy comparison  
with a laser scanner

Average difference is 3.7mm

\*Test results by ZOZO. The average of surface difference calculation between 3D data obtained from the laser scanner and 3D data generated by the ZOTOSUIT 2.



# Evolution 01

# About 50x

# measurement resolution

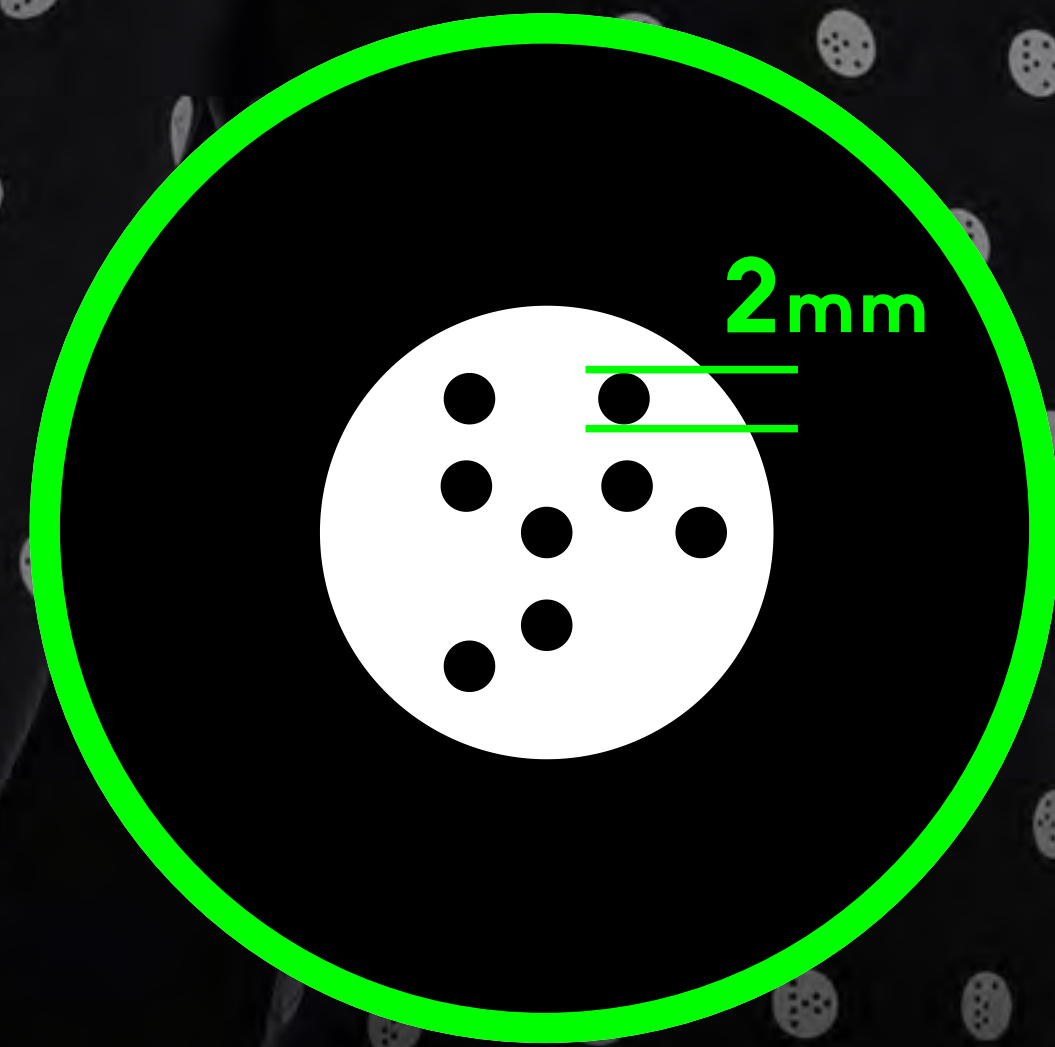
**There are about 50x markers on the new ZOZOSUIT, which leads to the drastic improvement of measurement resolution.**

**More accurate 3D data is generatable by capturing body shape information in detail.**

\*Images are recognition of markers with the actual algorithm under a controlled testing environment.

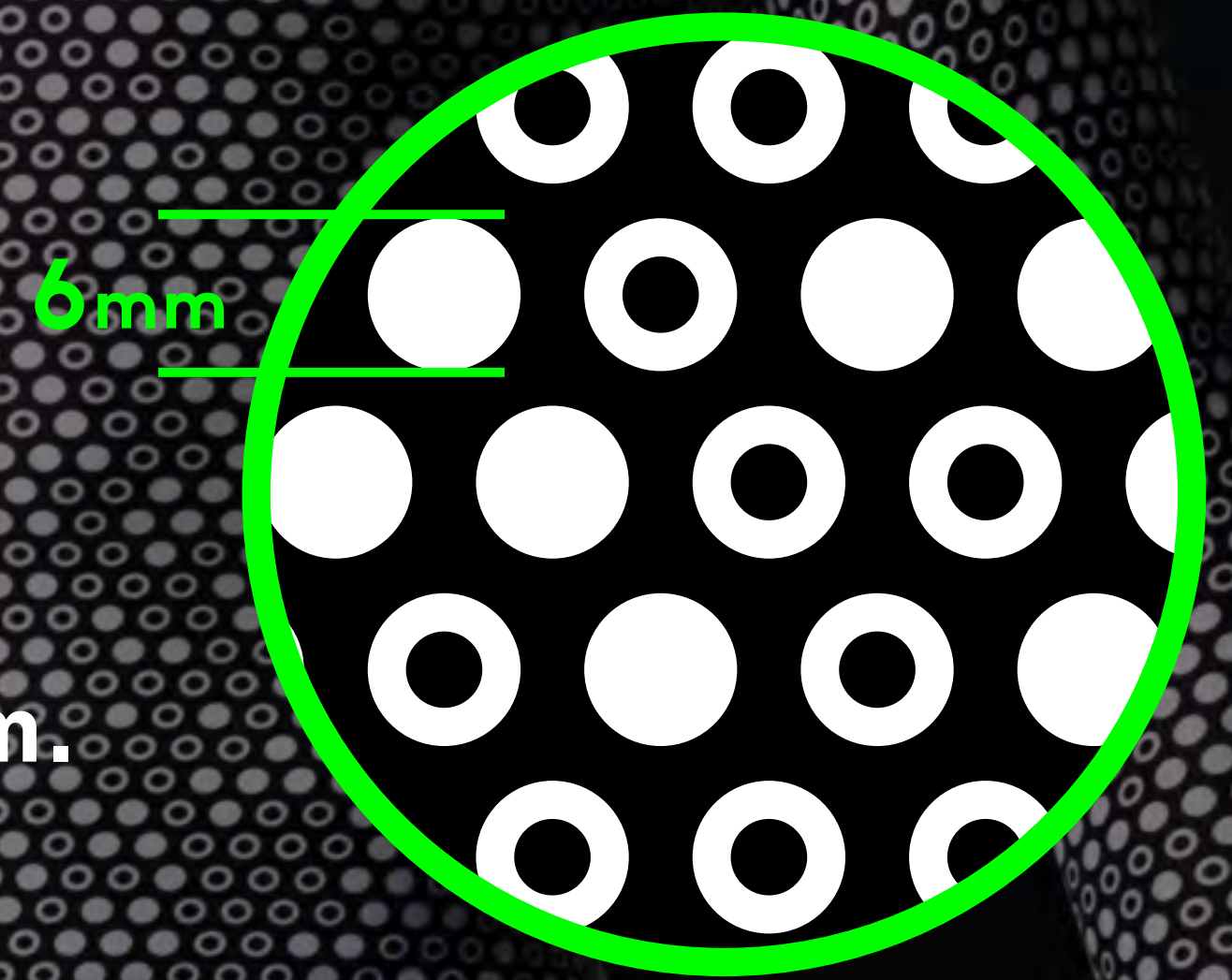
## Evolution 02

# Marker recognition improvement



Improved recognition by enlarging the size of a marker by 3x, from 2mm to 6mm.

Enabling to capture more information from markers with a smartphone camera.





## Evolution 03

# Dramatic improvement of the algorithm

In addition to the design of the ZOTOSUIT 2,  
we improved the algorithm to generate 3D data dramatically.

Introduced new technologies to improve accuracy,  
such as adjustments of movement during shooting,  
final adjustments with silhouette, etc.

# Looking for partners

**Apparel, health care, fitness, entertainment, AR etc.**

**We are looking for partnering companies who can utilize the measurement technology of the ZOZOSUIT 2.**

**If you are interested, please contact us through our website's "Inquiries Form".**

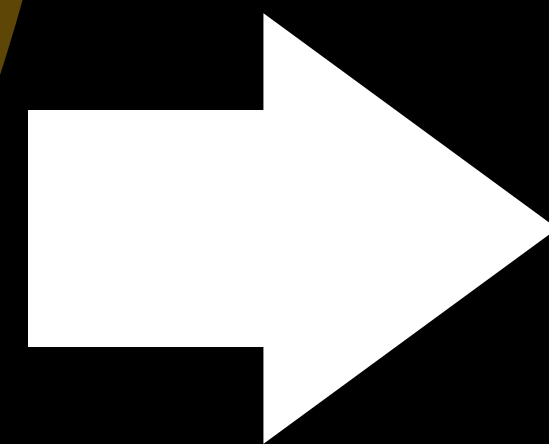
**ZOZOMAT**

# The number of shoe models covered by the ZOZOMAT exceeded 1,000

February 27, 2020  
(Service start)

As of October 29, 2020

**100** models



**1,173** models

# Impacts from the ZOZOMAT

Return rate

Decreased by **36.9%**

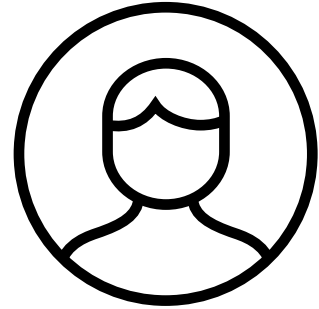
Comparison of return rates of shoe models covered  
by the ZOZOMAT and those not covered

New users

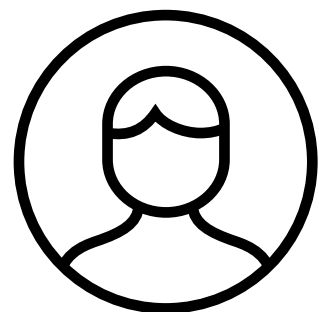
More than **130,000** people

The number of customers whose ZOZOMAT preorder  
date and ZOZOTOWN register date are same

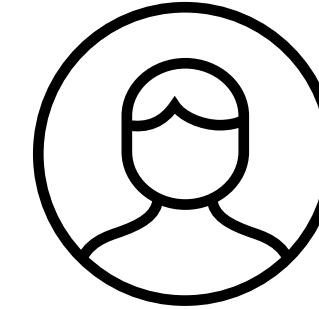




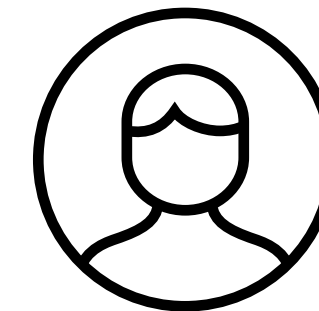
**I bought a pair of shoes at a store and realized how the ZOZOMAT is great. The recommendation was 28.5 cm and I thought “yeah right lol” but it was the perfect fit... it’s just great.**



**There was a pair of sneakers that I wasn’t sure to buy or not. I bought it believing the data from the ZOZOMAT and they fit perfectly. Glad that I didn’t buy them in my usual size!**



**ZOZOMAT is awesome. Shoes that I used to wear until they were worn out match my feet, but shoes that I bought and couldn’t wear because of pain are bad chemistry**



**My recommendation is the ZOZOMAT from ZOZOTOWN. This mat can be ordered free of charge and measurement requires only ZOZOTOWN app. So easy. And it tells you shoes that are compatible with your measurement data. It has been stressful because I couldn’t find the right ones online, but now stress is gone!**

# Looking for partners

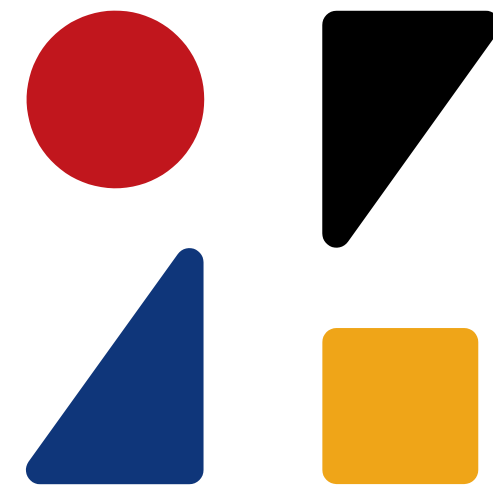
**Apparel, health care, fitness, entertainment, AR etc.**

**We are looking for partnering companies who can utilize the measurement technology of the ZOZOMAT.**

**If you are interested, please contact us through our website's "Inquiries Form".**

A woman with long dark hair and glasses is shown in profile, looking down and to the left. Her right hand is raised to her chin in a thoughtful pose. The background is dark with a blueish tint. The text is overlaid in white, bold, sans-serif font.

**We will continue to develop  
measurement technologies  
that can be used by our partners.**



**ZOZO**