



3Q FY2020 ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS

HIGHLIGHTS



3Q FY2020 ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS

FY2019 3Q HIGHLIGHTS

Gross Merchandise Value **304.2** billion yen
(+19.8% YoY / Progress Rate 78.6%)

Gross Merchandise Value **300.7** billion yen
(excluding other GMV) (+18.5% YoY)

Operating Profit **33.7** billion yen
(+74.3% YoY / Progress Rate 85.5%)

Operating Profit Margin **11.2%**
(+3.6 points YoY)

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

*Progress rate is compared with the numbers of the original forecasts before the revision

OVERVIEW OF EACH QUARTER



(million¥)

	FY2019				FY2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Gross Merchandise Value	79,743	79,845	94,278	91,218	95,330	90,301	118,611
Gross Merchandise Value (excluding other GMV)	79,743	79,845	94,278	91,218	95,330	90,195	115,247
YoY (%)	13.1%	12.6%	0.3%	3.2%	19.5%	13.0%	22.2%
Net sales	28,197	29,045	34,645	33,629	33,674	32,818	41,987
SG&A	18,483	20,683	25,382	21,283	21,860	21,571	25,742
YoY (%)	0.6%	0.6%	18.1%	12.7%	18.3%	4.3%	1.4%
(%Gross Merchandise Value)	23.2%	25.9%	26.9%	23.3%	22.9%	23.9%	22.3%
Operating profit	7,786	5,467	6,131	8,503	10,423	9,482	13,880
YoY (%)	32.6%	30.8%	-42.0%	69.3%	33.9%	73.4%	126.4%
(%Gross Merchandise Value)	9.8%	6.8%	6.5%	9.3%	10.9%	10.5%	12.0%

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

•Growth acceleration factor of the gross merchandise value : stabilization of new users acquired during the first half, an increase of visits by existing users.
Positive factors (digital shift) continues to exceed negative factors (lowering demand) of COVID-19.

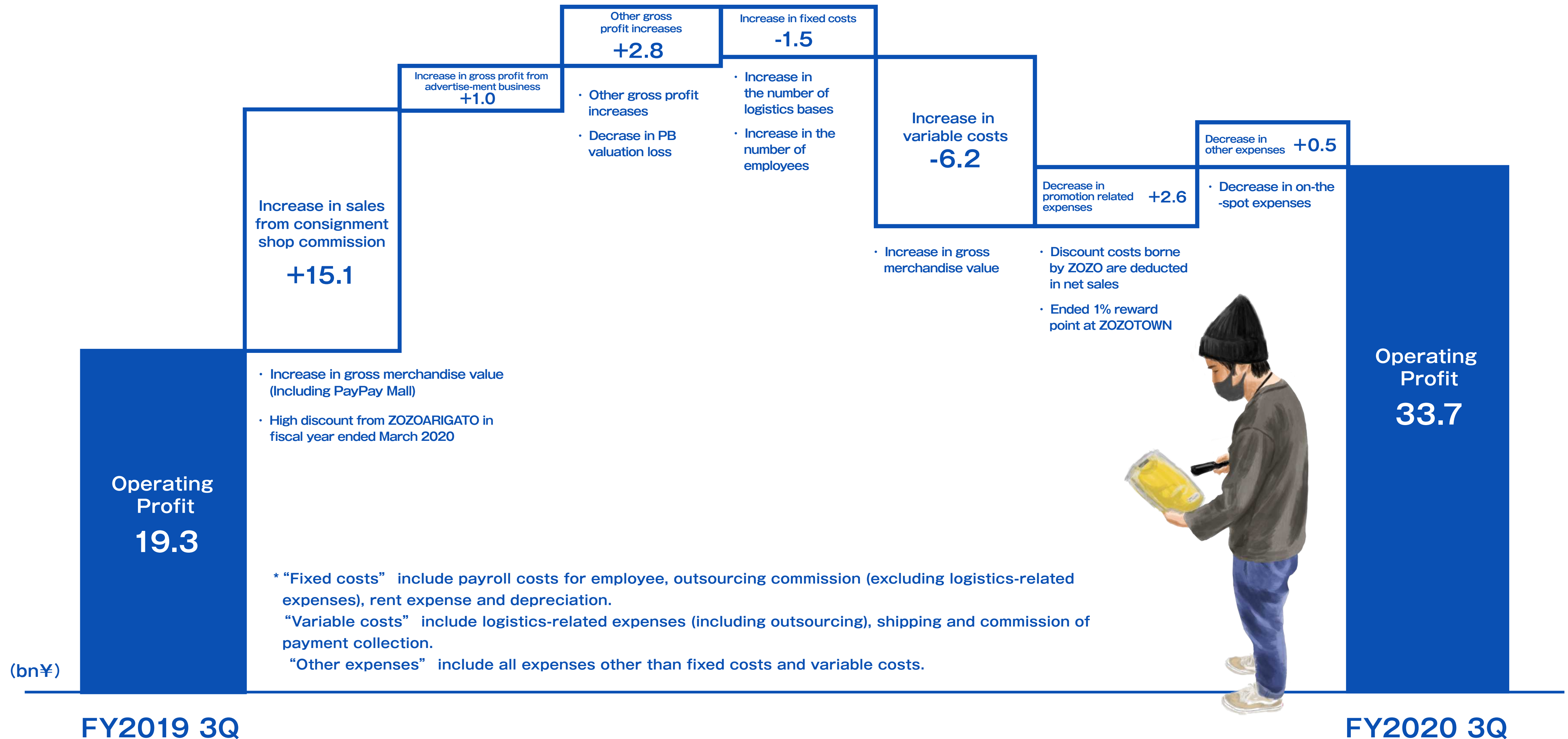
•Operating profit improving factors : increase of gross profit in tandem with growth of the gross merchandise value, decrease in the number of discount measures, a decrease in promotion related expenses,
a decrease in logistics-related expenses ratio from operation efficiency improvement inside warehouses

BUSINESS RESULTS

3Q FY2020 ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS

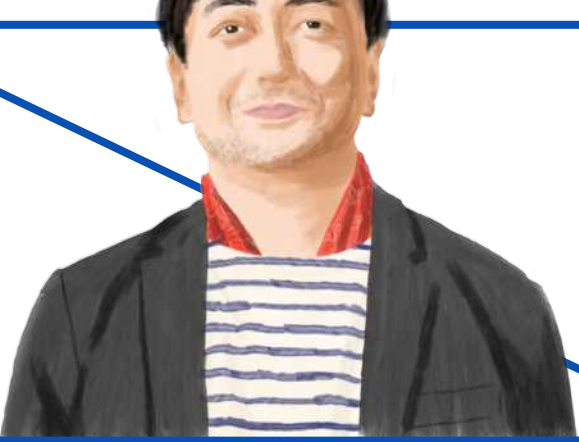


INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT(YoY COMPARISON)



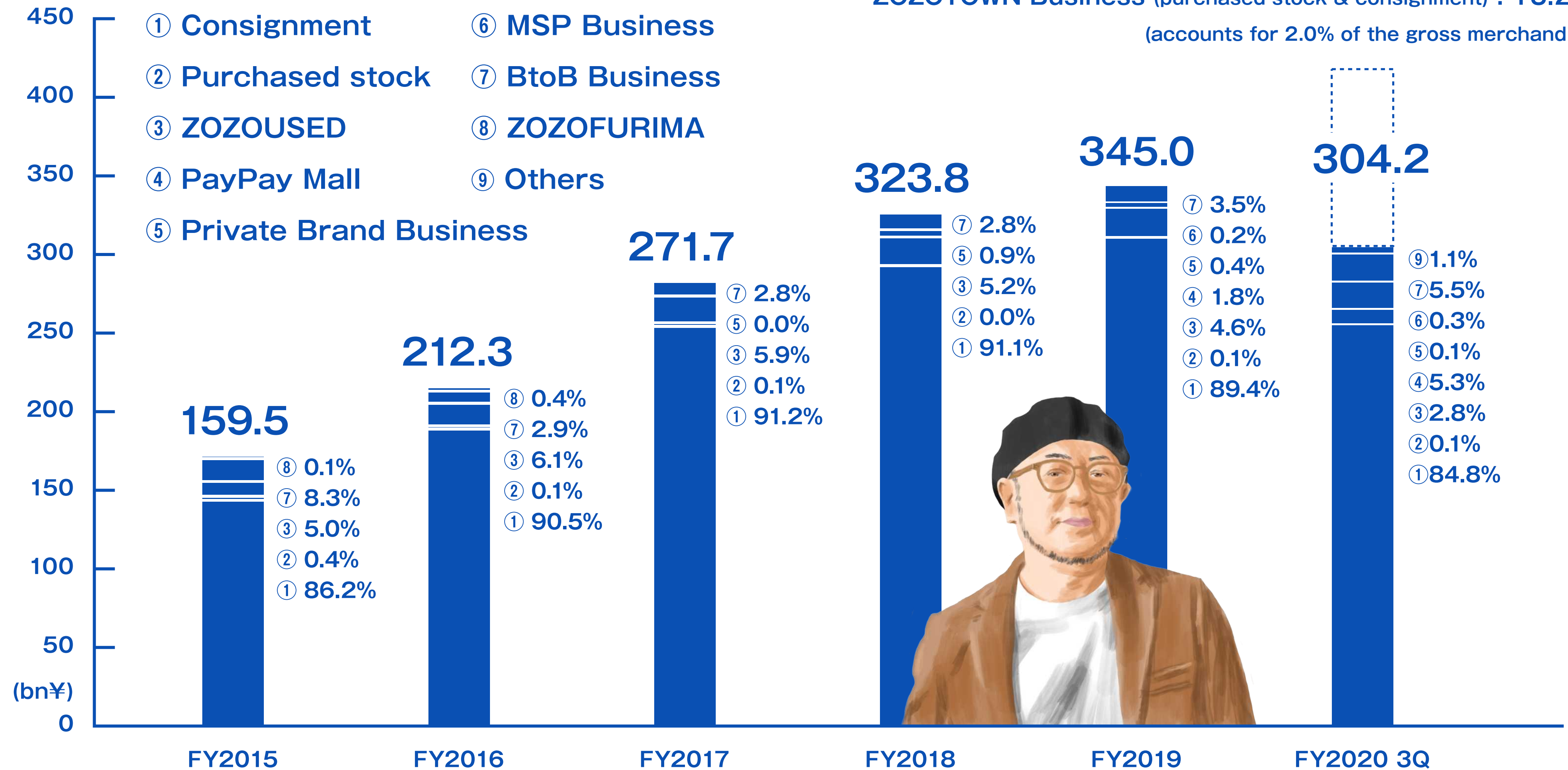
CONSOLIDATED BALANCE SHEET

(million¥)

	FY2019 (as of March 31, 2020)	FY2020 (as of December 31, 2020)		FY2019 (as of March 31, 2020)	FY2020 (as of December 31, 2020)
Current assets	70,429	90,634	Current liabilities	56,126	63,859
Cash and deposits	33,602	42,609	Short-term borrowing	22,000	20,000
Merchandise and finished products	1,664	1,829	Noncurrent liabilities	3,525	4,158
Noncurrent assets	23,756	25,848	Total liabilities	59,651	68,017
Tangible assets	10,493	12,442	Shareholders' equity	34,616	48,444
Intangible assets	2,968	3,036	Treasury stock	-24,412	-24,146
Investments and other assets	10,295	10,369	Total net assets	34,534	48,464
Total assets	94,186	116,482	Total liabilities and net assets	94,186	116,482

GROSS MERCHANDISE VALUE

Gross merchandise value of new shops opened in FY2020 3Q
 ZOZOTOWN Business (purchased stock & consignment) : ¥5.2 billion
 (accounts for 2.0% of the gross merchandise value)



* ZOZO FURIMA Business ended on June 30, 2017.

SELLING, GENERAL AND ADMINISTRATIVE(SG&A) EXPENSES

(million¥)

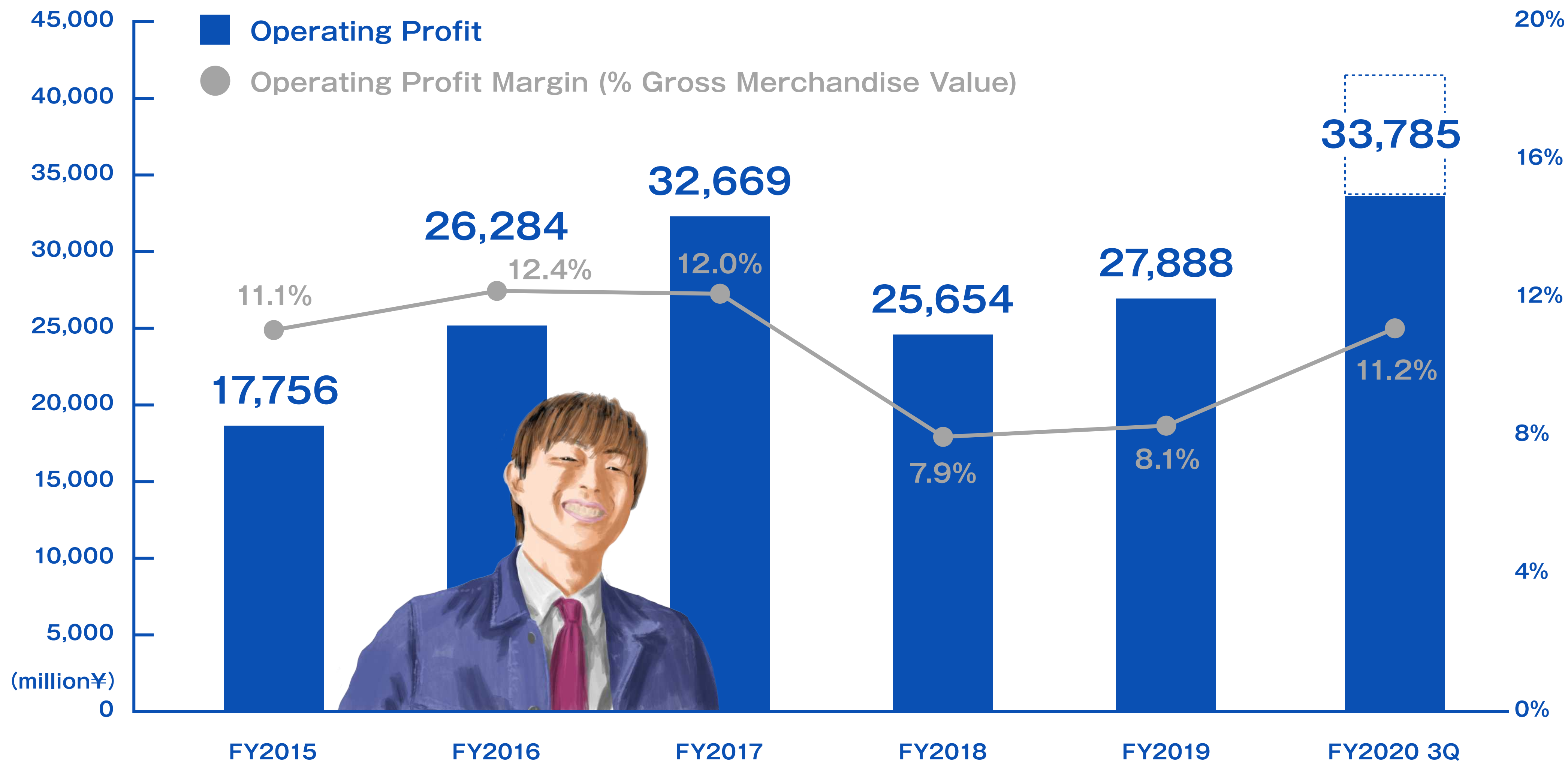
	FY2019 3Q		FY2020 3Q		YOY	Increase decrease factors
	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	%Gross Merchandise Value	
Payroll and staff costs(*)	17,228	6.8%	19,400	6.5%	-0.3%	
Payroll costs for employee	6,265	2.5%	7,392	2.5%	0.0%	Transition of the number of employees on consolidated basis: FY2019 3Q 1,161 → FY2020 3Q 1,280
Logistics-Related Expenses (Including Outsourcing)	10,962	4.3%	12,008	4.0%	-0.3%	Operation efficiency improvements inside warehouses
Outsourcing Commission (Excluding Logistics-Related Expenses)	3,318	1.3%	3,667	1.2%	-0.1%	
Shipping	16,184	6.4%	20,393	6.8%	0.4%	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	7,080	2.8%	8,105	2.7%	-0.1%	
Promotion related expenses	7,788	3.1%	5,134	1.7%	-1.4%	
Advertising	4,288	1.7%	3,706	1.2%	-0.5%	Decrease in on-the-spot initiatives (Sponsorship of Basquiat Exhibition, free distribution of ZOZOHEAT)
Reward points related expenses	3,499	1.4%	1,428	0.5%	-0.9%	Ended 1% reward point (April 2020~) Decrease in the number of reward point programs
Rent expense	3,709	1.5%	3,740	1.2%	-0.3%	Cancellation of logistic bases. Limited time free-rent of Chiba 5, the logistic base which started its operation from March 2020
Depreciation	1,410	0.6%	1,502	0.5%	-0.1%	
Amortization of goodwill	362	0.1%	274	0.1%	0.0%	
Stock Compensation Expenses	-103	0.0%	31	0.0%	0.0%	
Others	7,572	3.0%	6,924	2.3%	-0.7%	Decrease in on-the-spot expenses
Total SG&A	64,549	25.4%	69,174	23.0%	-2.4%	

* 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.

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



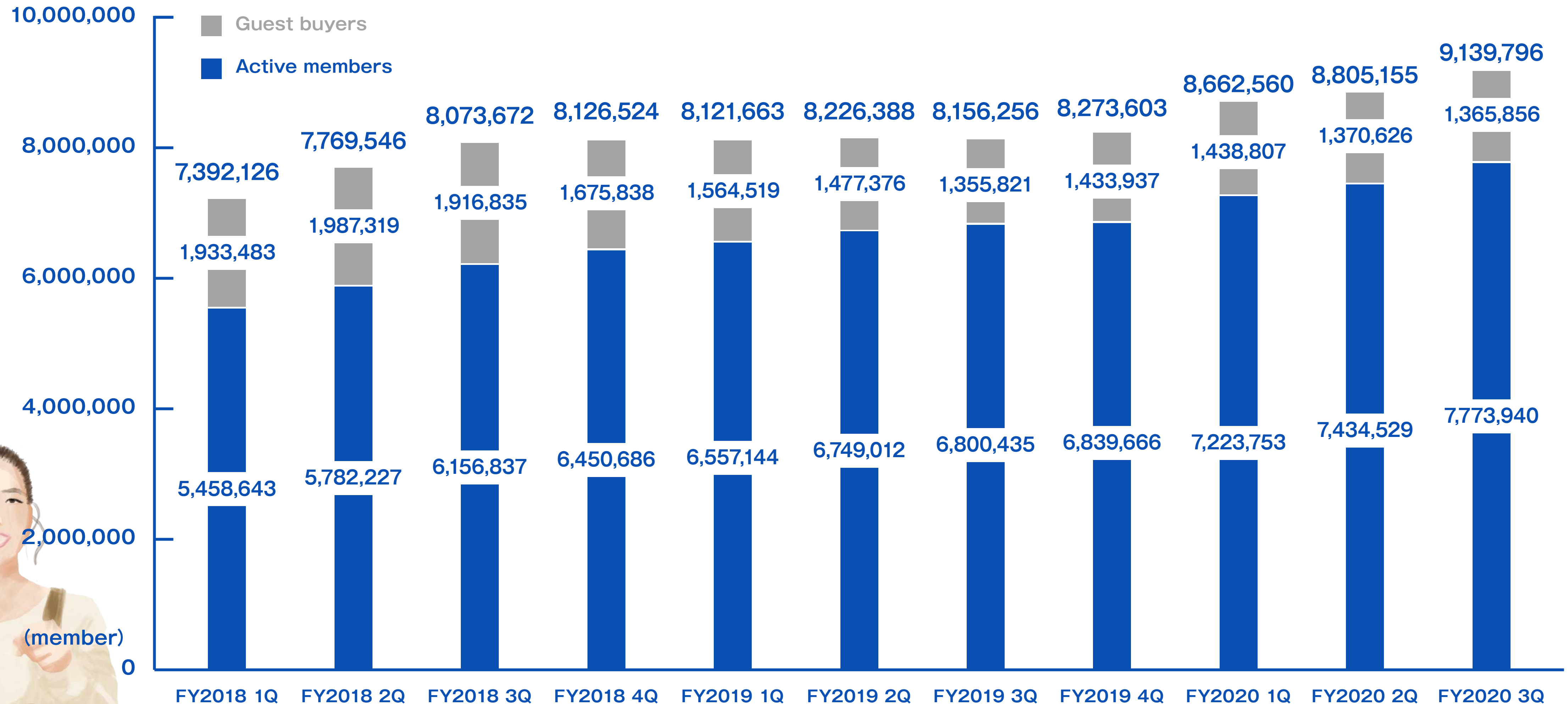
OPERATING PROFIT AND OPERATING PROFIT MARGIN



* Operating profit margins are calculated by operating profit divided by 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

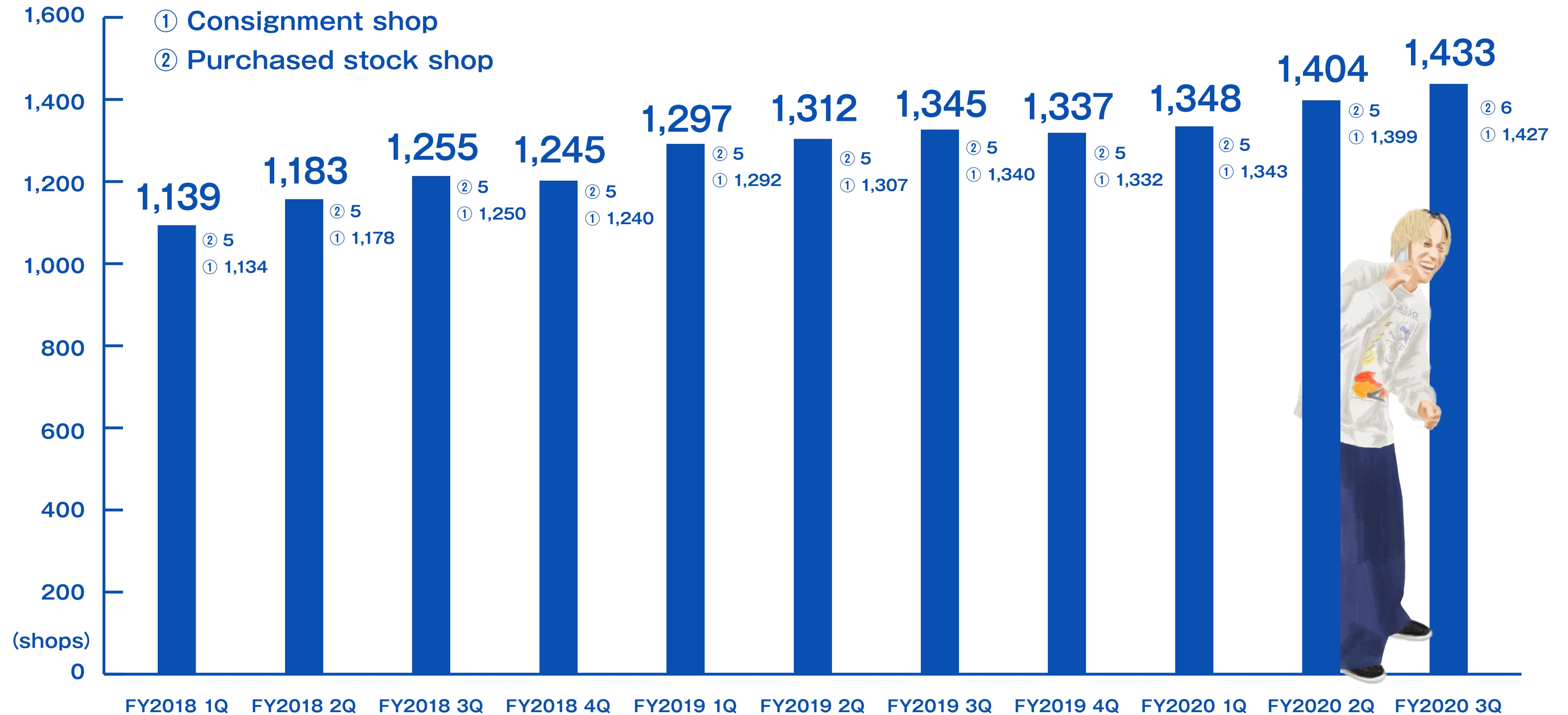


(member)

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

* PayPay Mall is not included

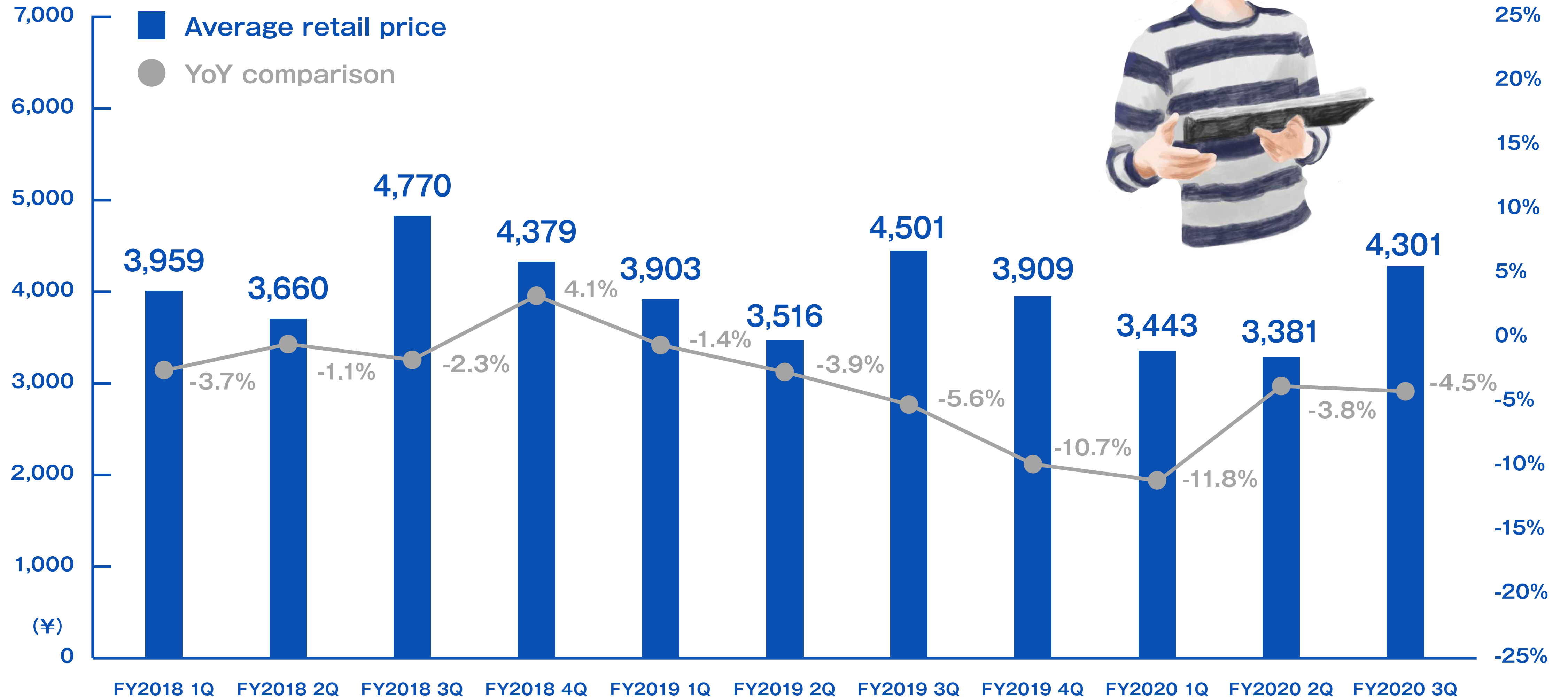
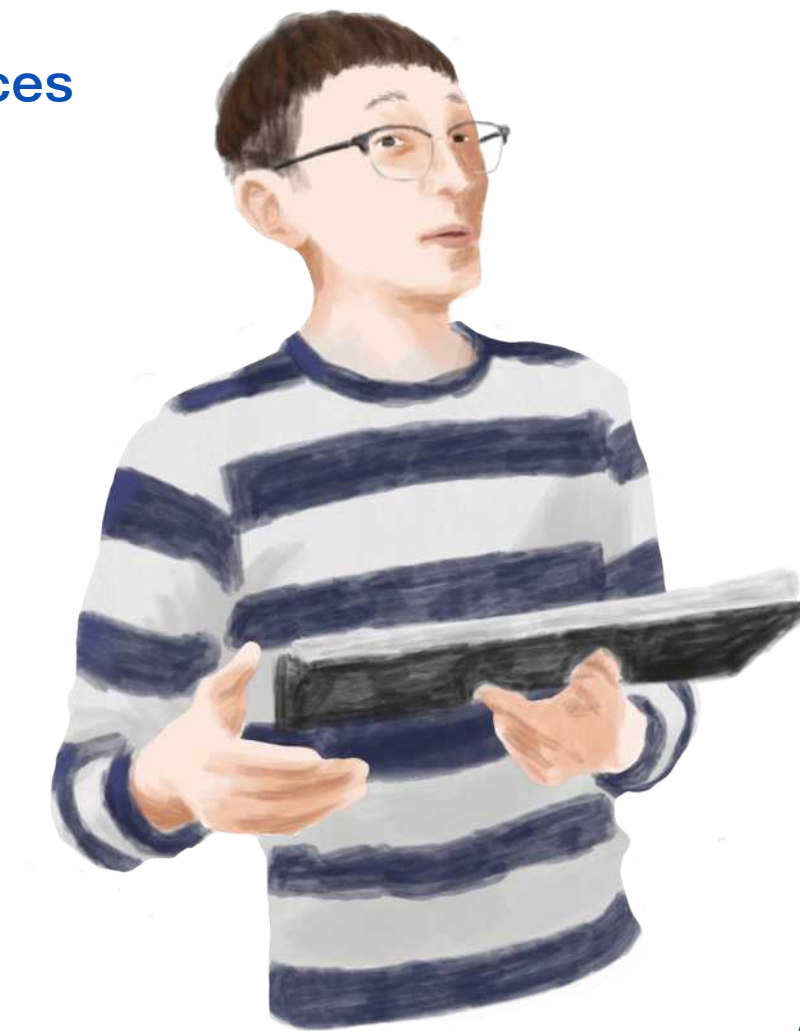
NUMBER OF SHOPS ON ZOZOTOWN



* 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

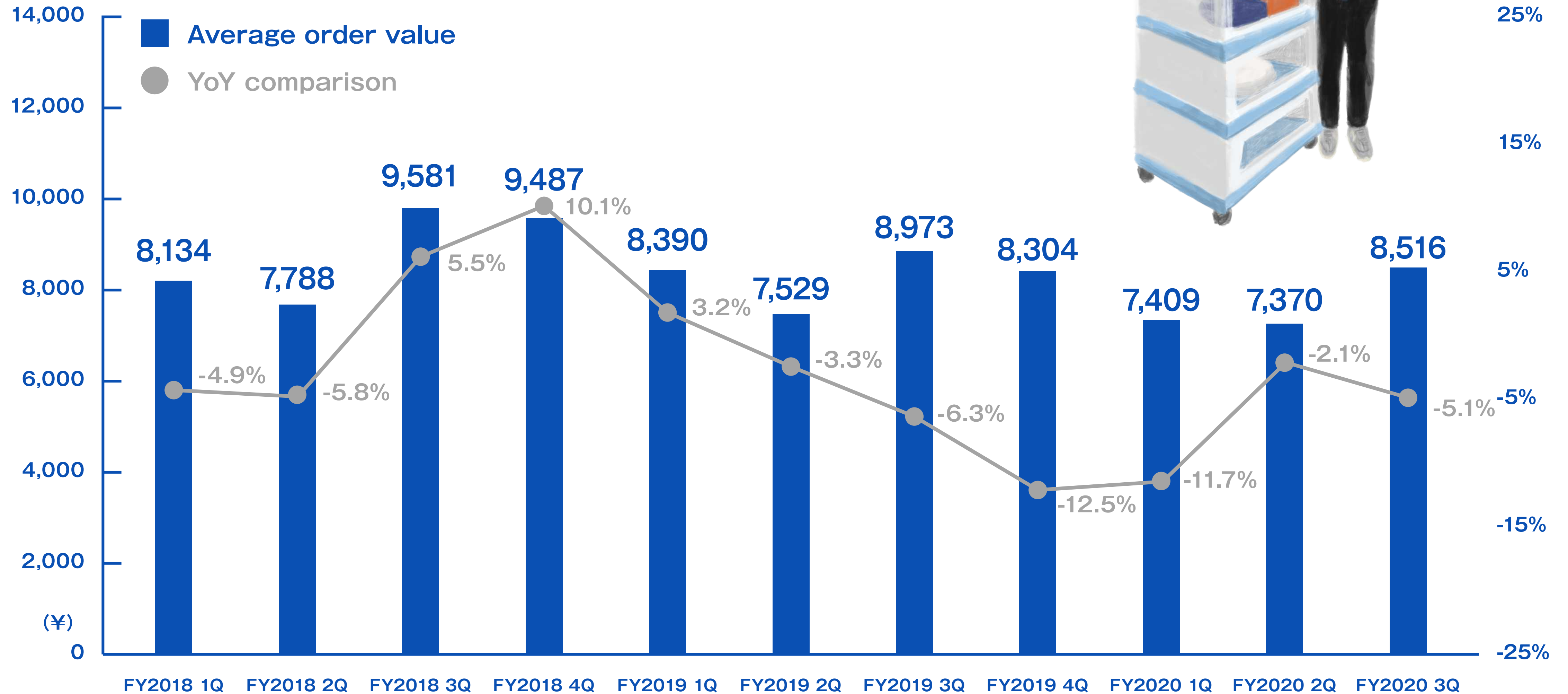


* The numbers of average retail price are averages calculated from combined results of the ZOZOTOWN business, the PB business and the MSP business

* 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

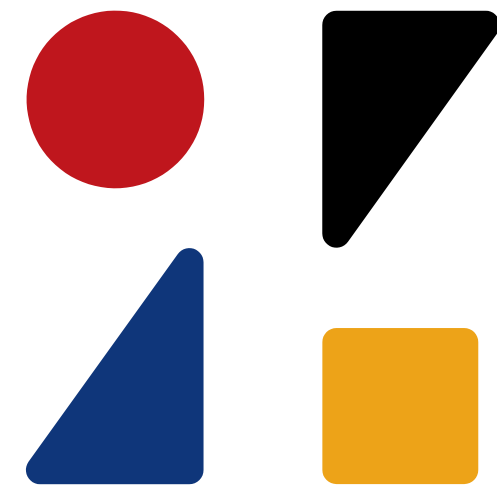
CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2020

	FY2020 Plan*	YoY
Gross Merchandise Value	409.0 billion yen	18.5%
Gross Merchandise Value (excluding other GMV)	402.0 billion yen	16.5%
Net sales	145.0 billion yen	15.5%
Operating profit	41.5 billion yen	48.8%
Operating Profit Margin (% Gross Merchandise Value)	10.3%	—
Ordinary profit	41.6 billion yen	50.5%
Profit attributable to owners of parent	28.5 billion yen	51.6%
Net profit per share	93.3 yen	—
Estimated dividends per share (Plan)	38.0 yen	—



* The company made a timely disclosure “Notice concerning revision of consolidated business forecast and year-end dividend” on January 29, 2021. The numbers in above are the numbers after the revision.

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

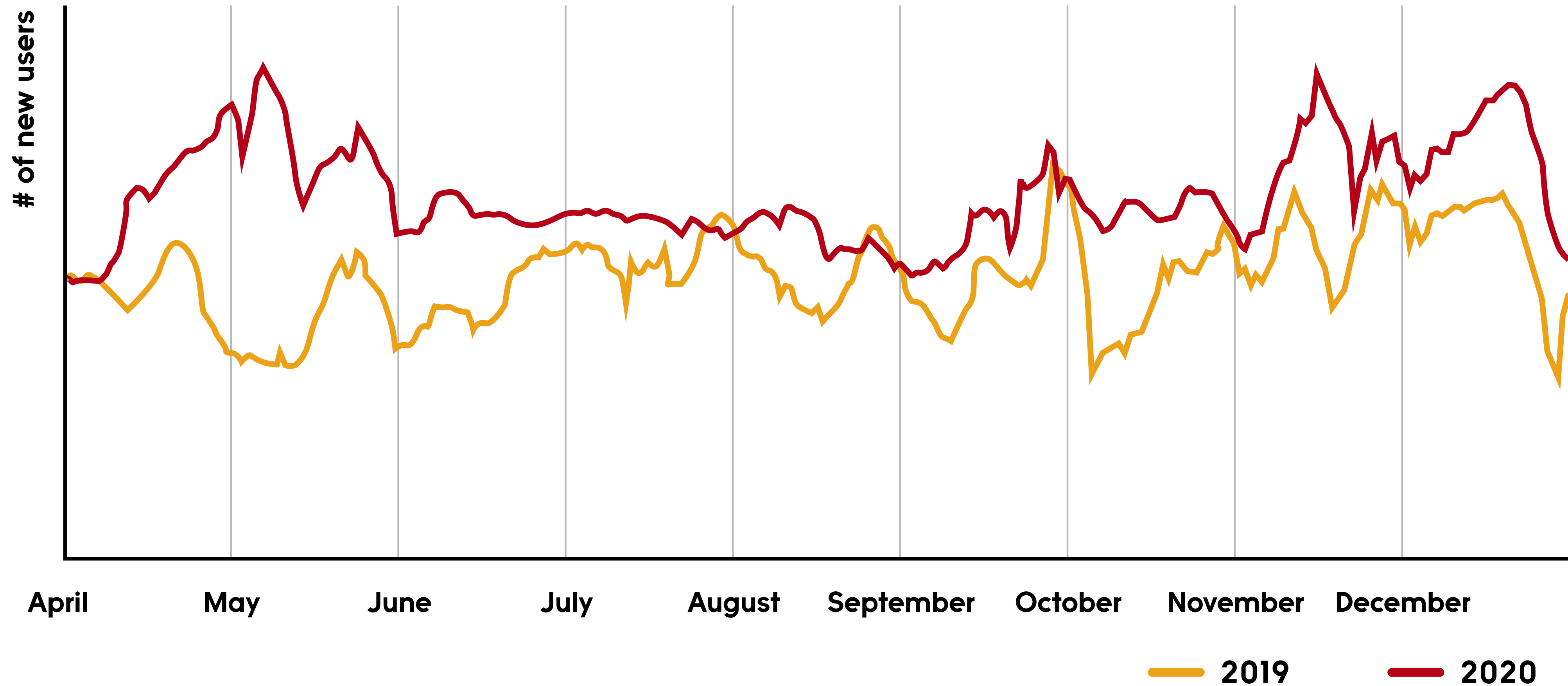


ZOZO

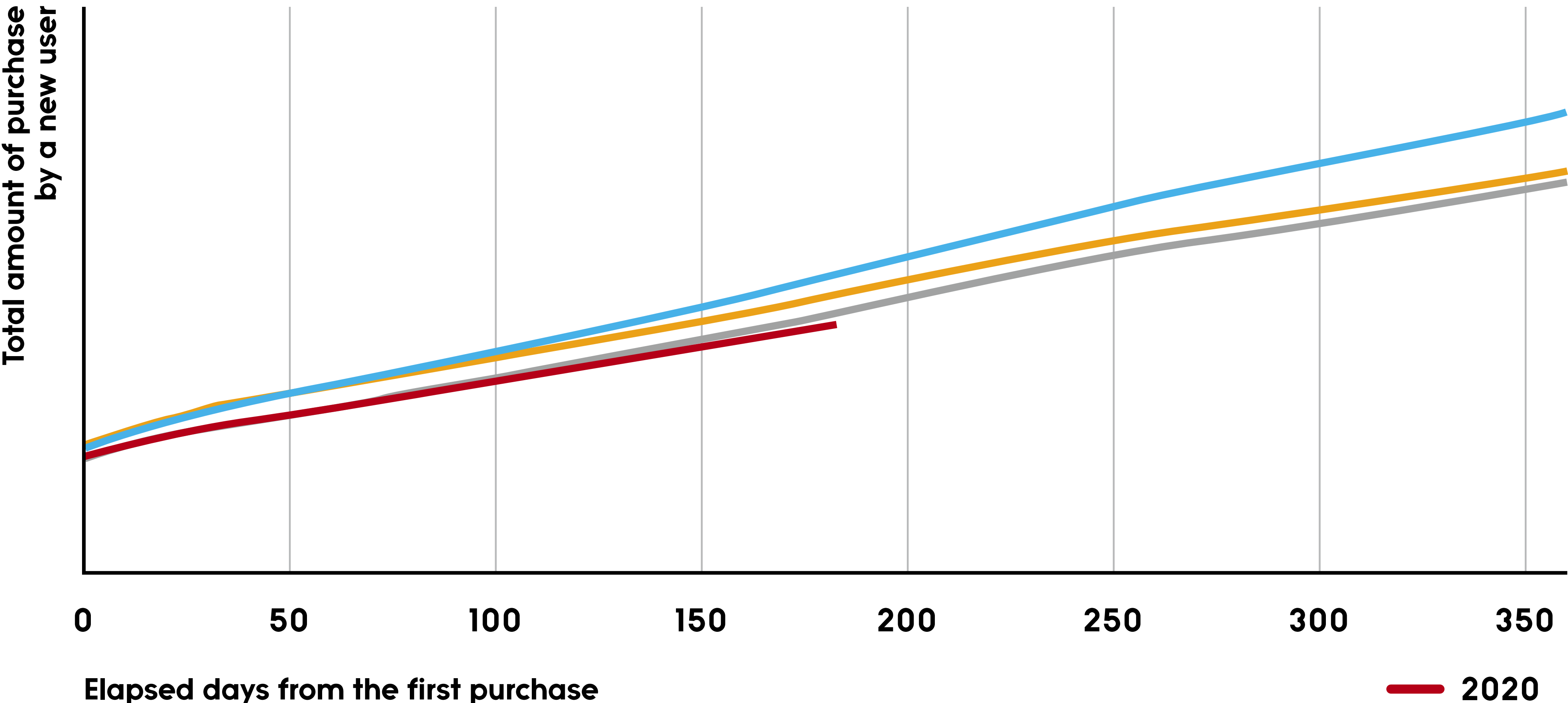
Impact from declaration of emergency state

- Merchandise** **Inventories shifting from physical stores.
Ample space in ZOZOBASEs.**
- Demand** **Expecting the digital shift will continue in 2021,
which started from 2020.**
- Work style** **Continue the same work style from April 2020.
Office: full remote
Logistics warehouses & customer support:
operate under various measures to prevent infections**

New user acquisition is keep growing



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



Progress of each service

Selling space expansion

Product expansion

Growth model of ZOZO in the past

Customer attraction	WEAR	WEAR	PayPay	Various promotion	ZOZO MAT	?	Influencer	?	Welfare program for companies
Website	WEAR	ZOZO CHINA	PayPay Mall	ZOZOTOWN	ZOZO TOWN	ZOZO TOWN	ZOZO TOWN	ZOZO TOWN	ZOZO TOWN
Product	830,000 items 7,600 brands			830,000 items 7,600 brands	SHOES	COSME	D2C Product	Luxury Brands	Business & Casual

Progress of each service

Selling space expansion

Upward trend again with ZHD's active promotion from the second half

- # of measure: over 1.3 million people
- # of items purchasable: over 2,000
- Secured more than 30% of sales in shoe category

New famous influencers will participate from 2021 Spring/Summer

Growth model of ZOZO in the past



- Introduction of know-how from Japan site
- Promotion of app download

Open in March 2021

Opening of over 70 luxury brands

There are brands opening their official shops to EC mall in Japan for the first time.

Luxury zone in ZOZOTOWN will be open in March

Excerpts from line-up

Chloé

DRIES VAN NOTEN

kolor /
BEACON

JUNYA WATANABE
COMME des GARÇONS
MAN

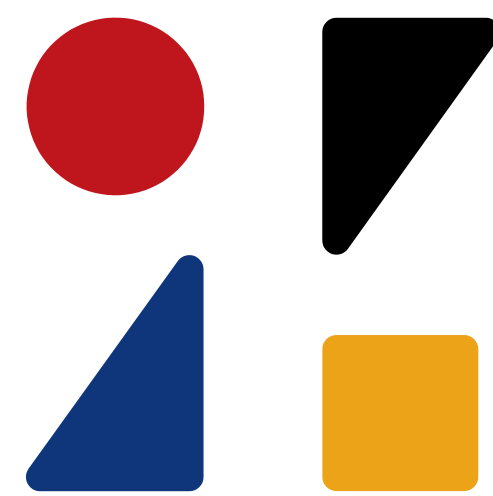
JWANDERSON

MONTBLANC 

RAF SIMONS

TAKAHIROMIYASHITA
TheSoloist.

THOM BROWNE.
NEW YORK



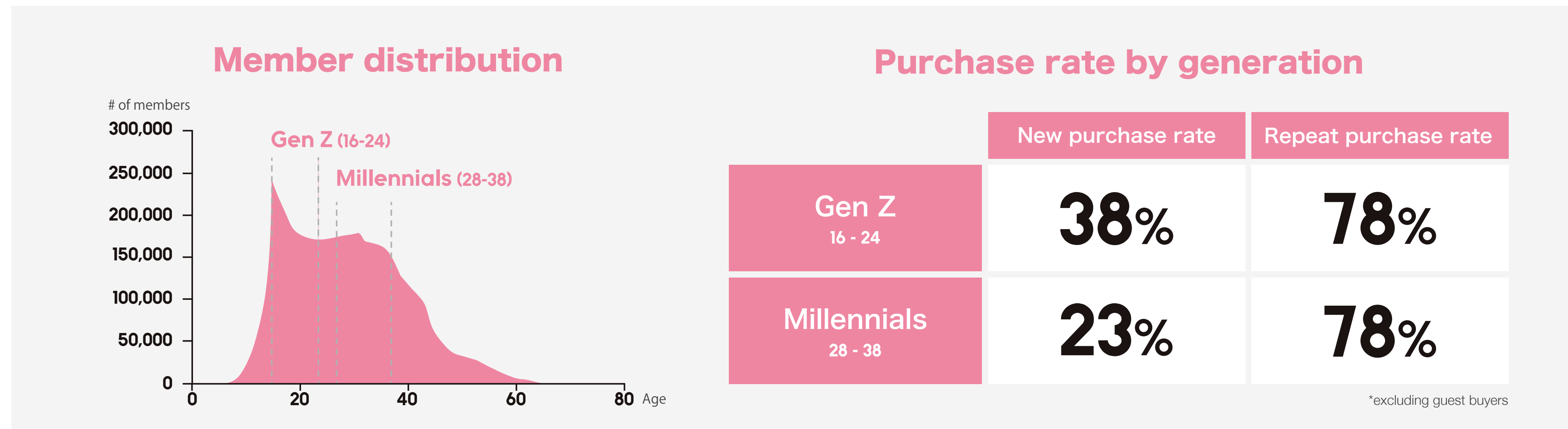
ZOZO

ZOZOCOSME

Service starts on March 18, 2020 (scheduled)

ZOZOTOWN has high engagement from members centered at Gen Z and millennials

<p>Average age</p> <p>34</p>	<p>Male/female ratio</p> <p>30% Men</p> <p style="border-left: 1px dashed black; width: 1px; height: 100px; margin: 0 auto;"></p> <p>70% Women</p>	<p>Average annual purchase amount</p> <p>43,809 yen (AOV: 7,897 yen)</p>
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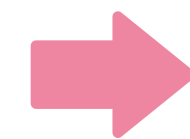
ZOZOTOWN members data = numbers of account registered members only. Guest buyers without accounts are excluded. Purchase rate by generation = LTM purchasers from December 2020. New: New purchasers/all purchasers, Repeat: purchasers who bought more than twice in the period/all purchasers

Over 5 million female active users and cosmetics spending is 2.2x of the general average

The number of female active members at ZOZOTOWN*

5.33 million

Within the above, F1 (Women between age of 20-34) takes up about a half



Cosmetics consumption trend indicator of female active members

Average annual spending of cosmetics

82,200 yen/year

Utilization rate of cosmetics EC

73.7%

2.2x of general average

37,794yen

82,200yen

Family income and expenditure 2019

ZOZO member

(Two-or-more-person households)

Spending rate at EC

36%

*all female active members (not limited to cosmetics buyers)

Female active members = members who bought more than once in a year

Source: Cosmetics usage survey to ZOZOTOWN members conducted in August 2020 (N=4,823)

Note: analysis from survey data of 4,403 women and calculated the tendency of generation by weight-back based on composition of active members.

3 characteristics of ZOZOCOSME

LINEUP

Highly-selected

500+

brands

Extensive item line-up

INNOVATION

Update to UI
supporting cosmetics

New cosmetics
experience using
ZOZOGLASS

TRAFFIC

No.1 apparel EC
in Japan*

+

Traffic support
across the group

*Source: Fuji Keizai Management Co., Ltd. "Reality and Future of Mail Order and e-Commerce Business 2020", 2019 results in amount base of apparel e-Commerce market share

LINEUP

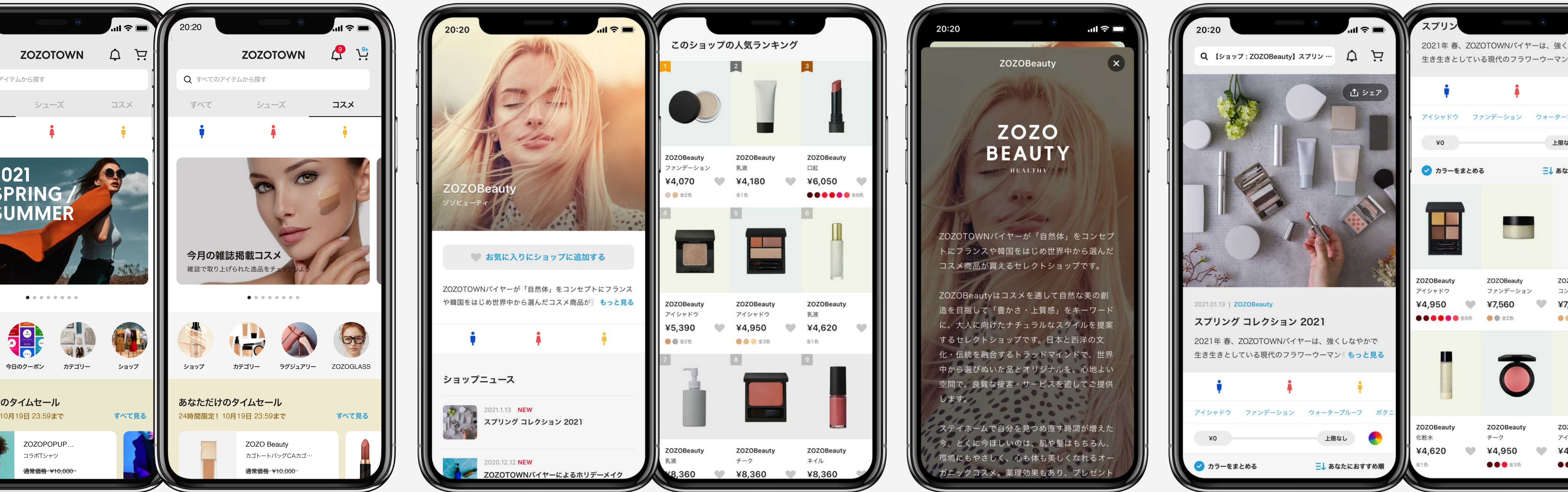
Over 500 highly-selected domestic and global brands will participate

We are planning to host a cosmetics conference in March.

In addition to detail of brands line-up, we will introduce ambassadors, promotion plan, UI/UX, etc.

INNOVATION

Update to UI supporting cosmetics



ZOZOTOWN、Cosme Top

Shop Top

Concept

Shop News

INNOVATION

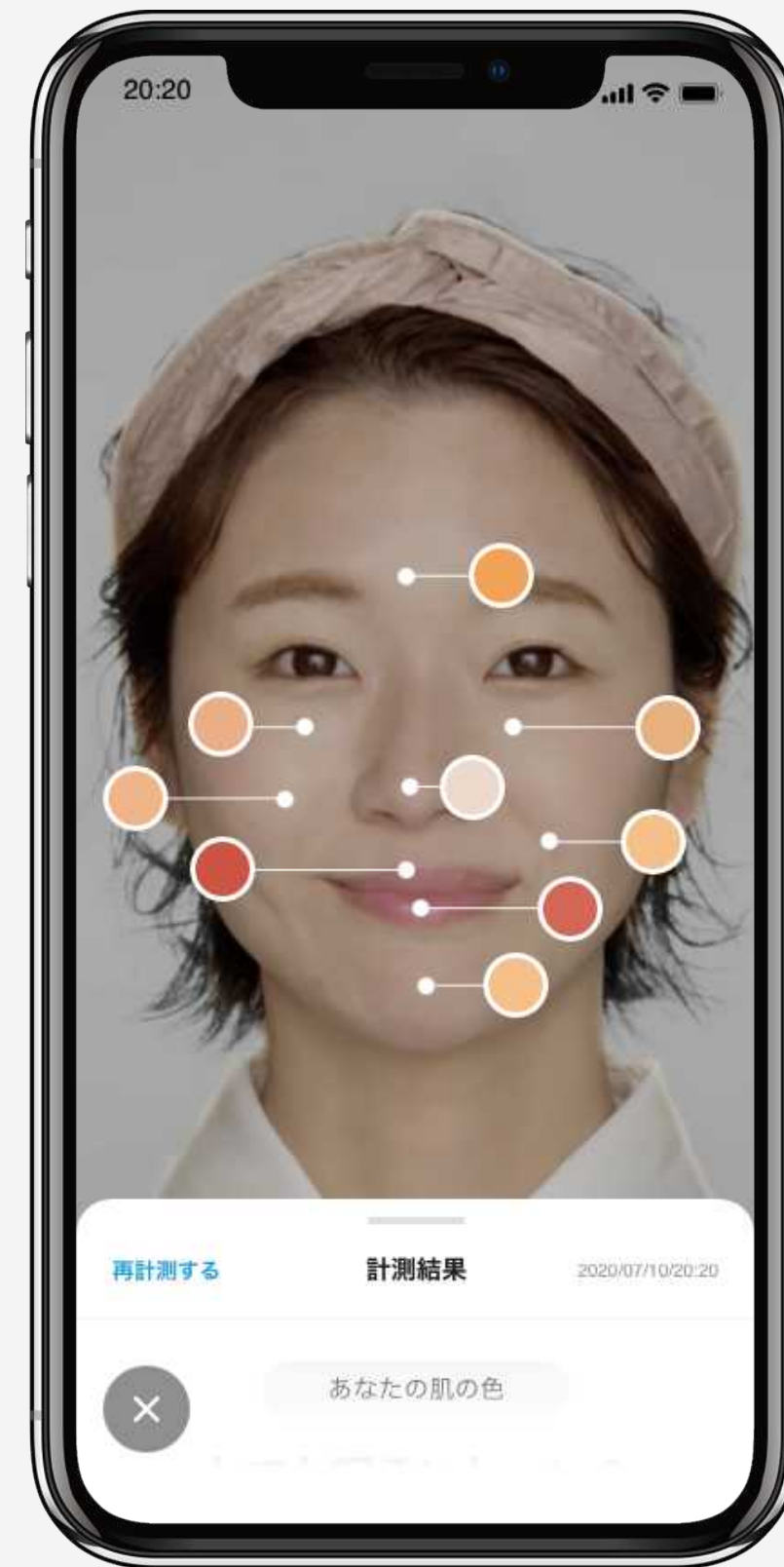
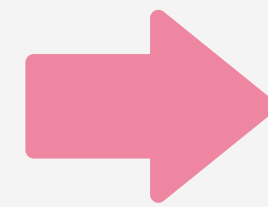
ZOZOGLASS

肌の色がわかる。
わたしのコスメが見つかる。

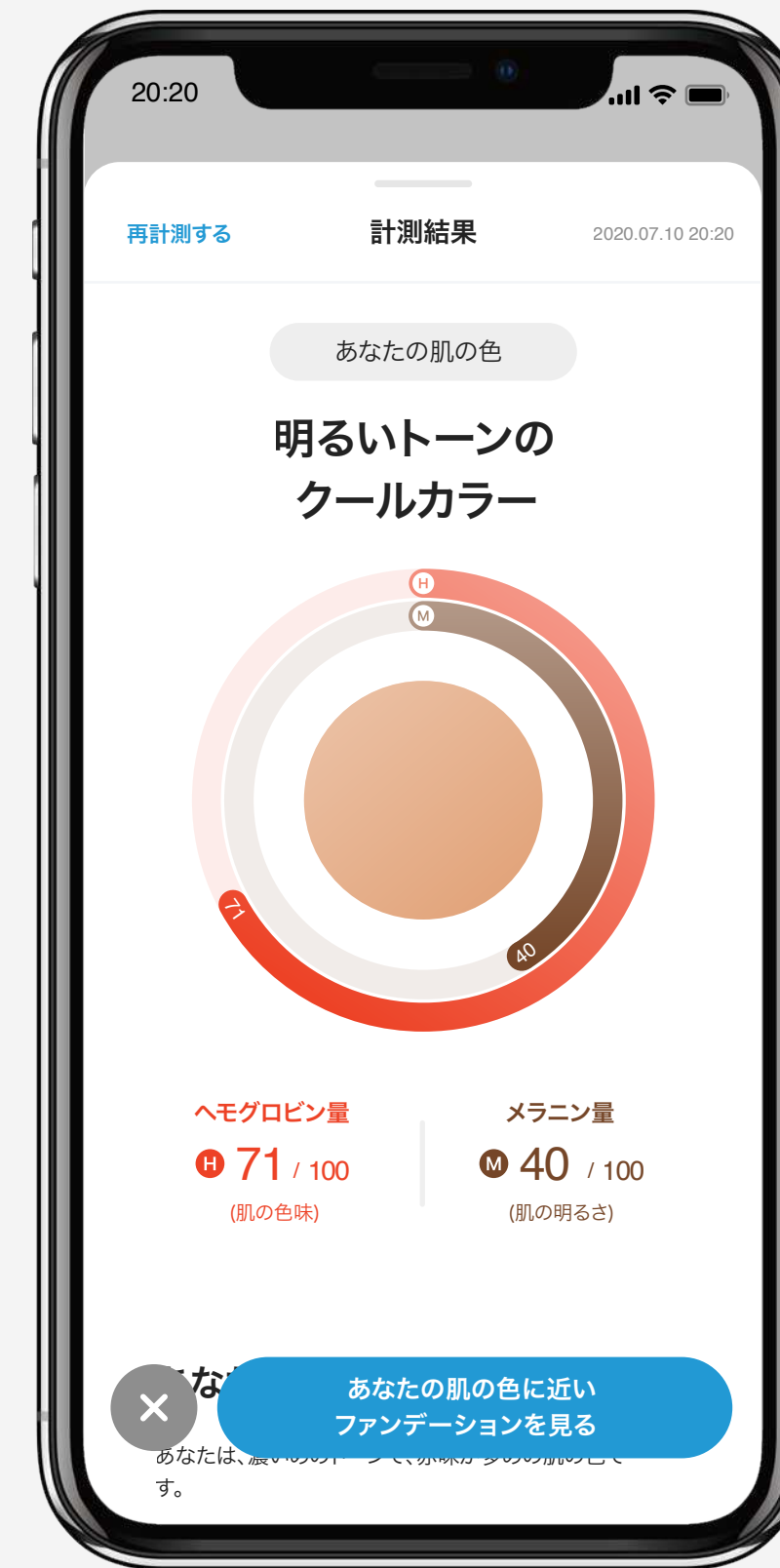
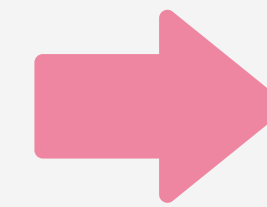
ZOZOGLASS measurement flow



Face measurement



Skin color measurement result



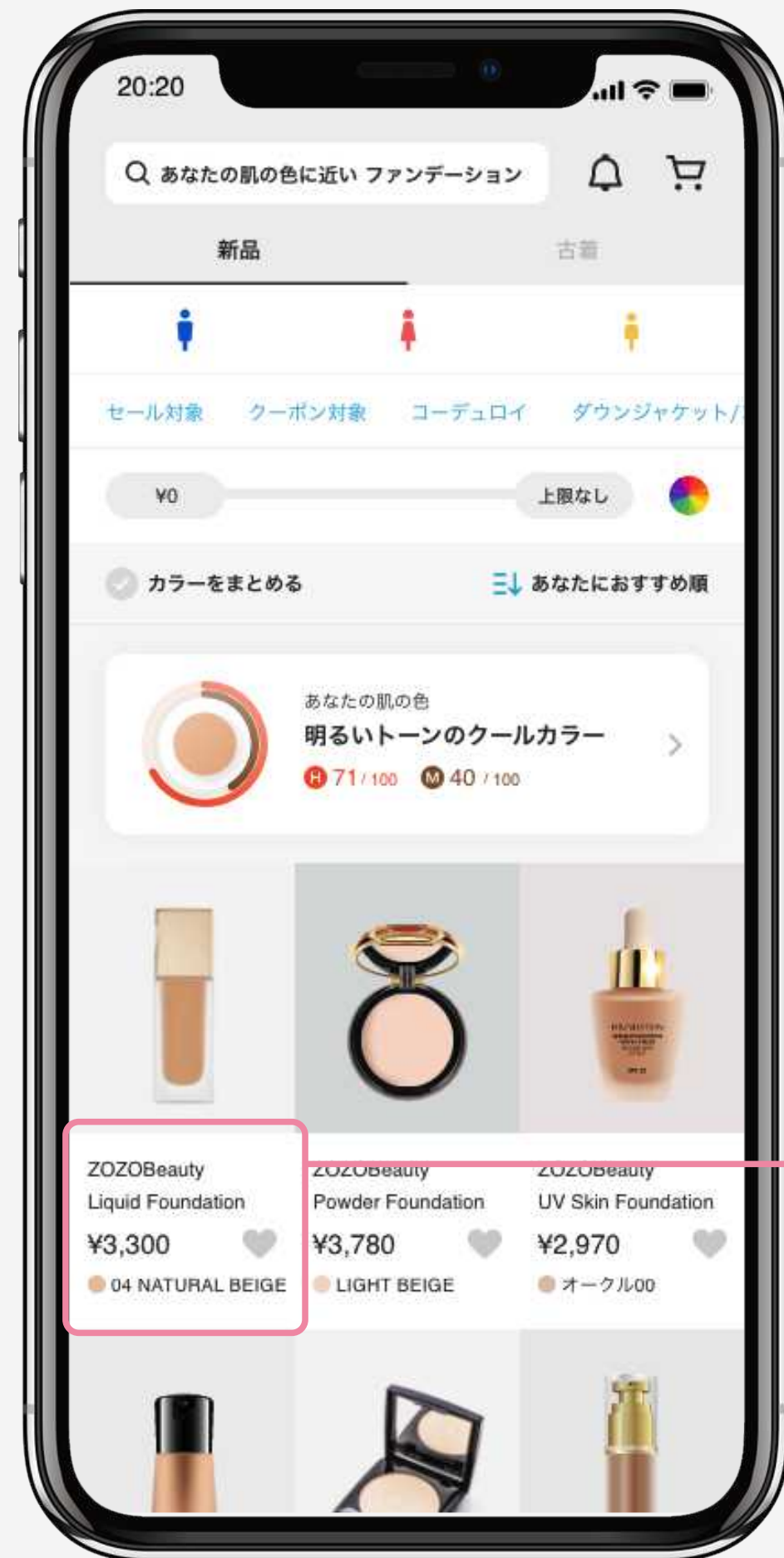
Detection of melanin and hemoglobin



Personal color diagnosis

Assist function of foundation purchase using ZOZOGLASS

Recommend the closest foundation color based on measurement.
Enable users to purchase the best-matching base make on EC.



Product list

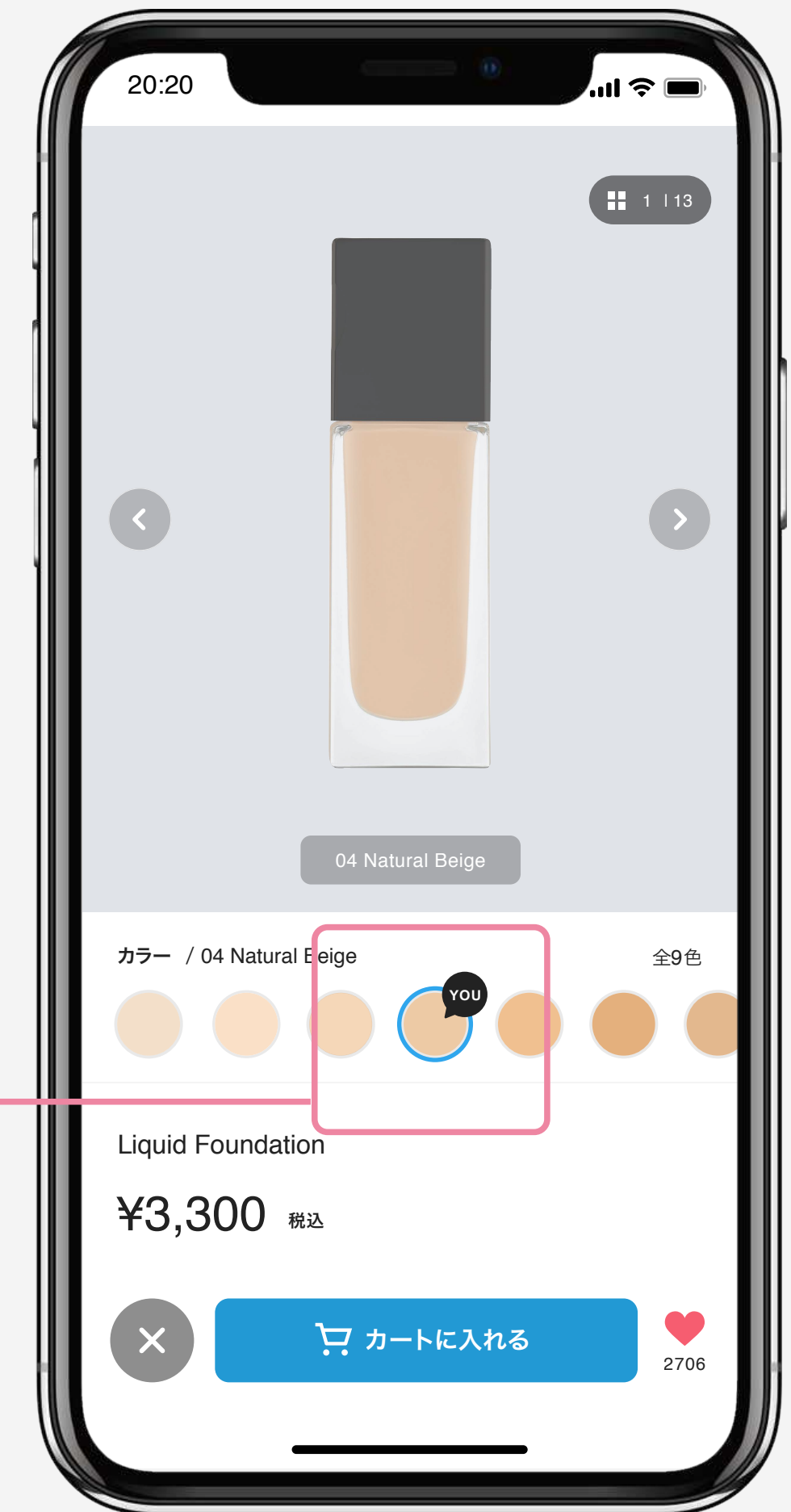
ZOZOBeauty
Liquid Foundation

¥3,300

04 NATURAL BEIGE

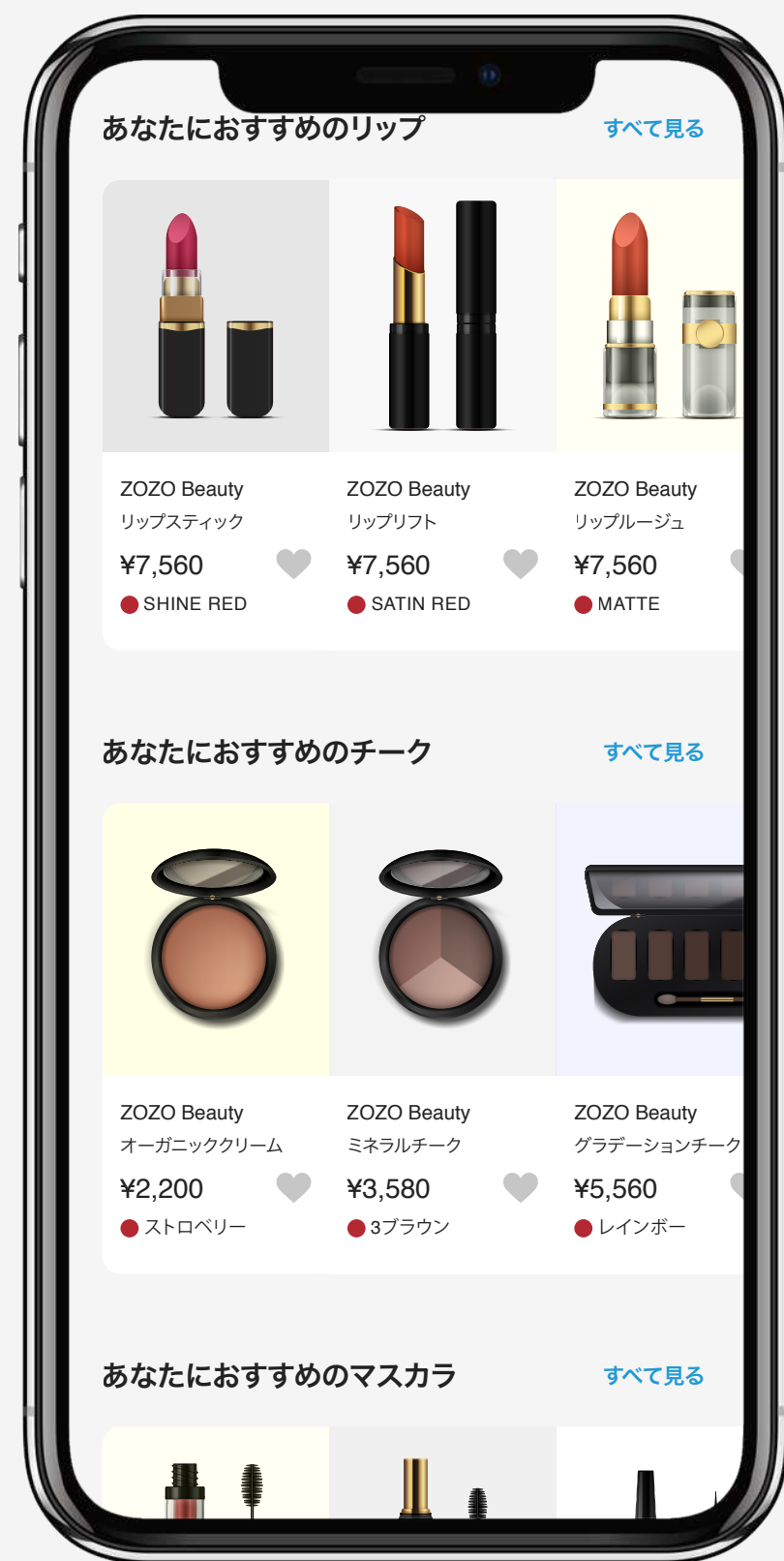
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YOU

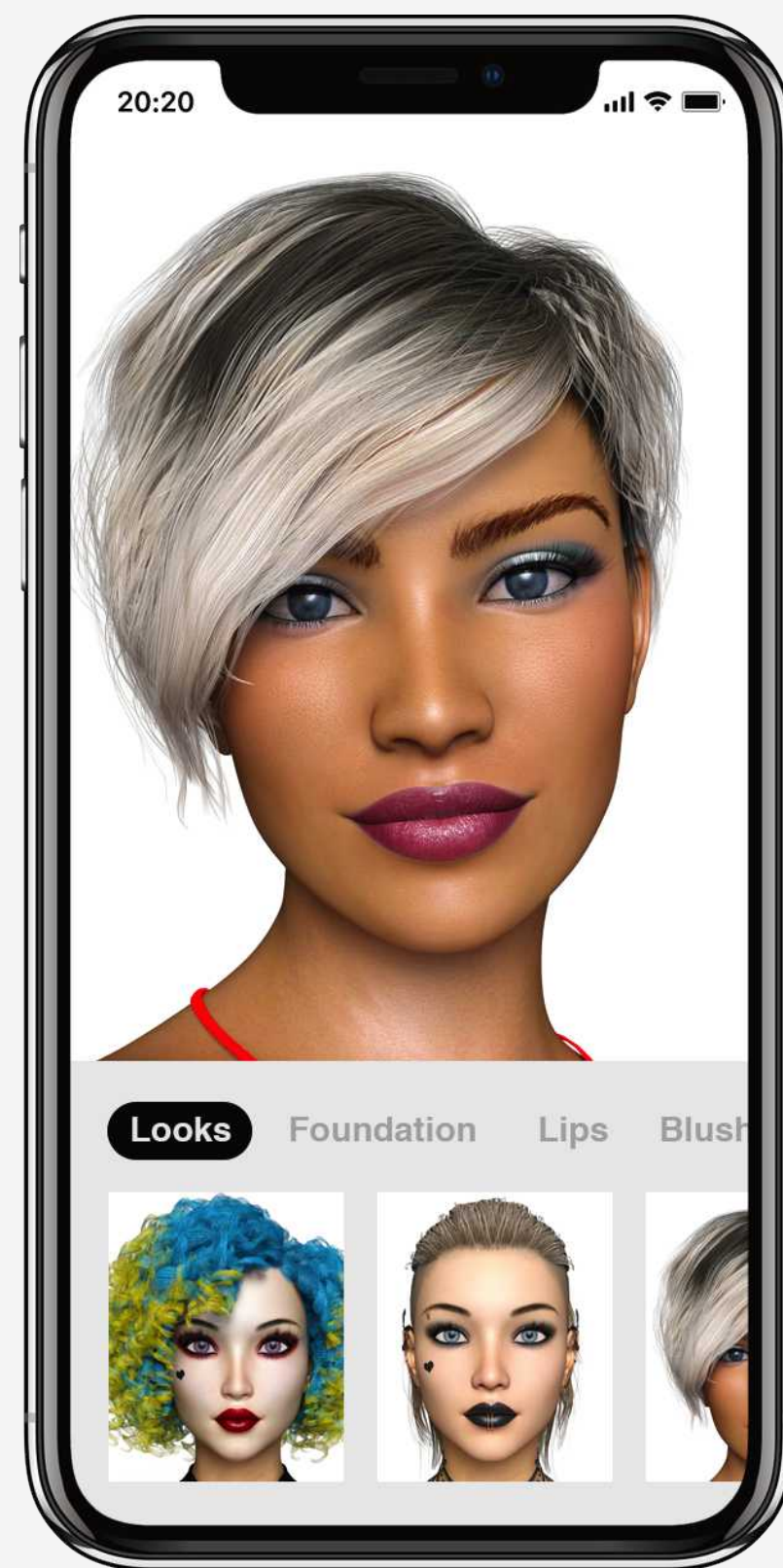


Product

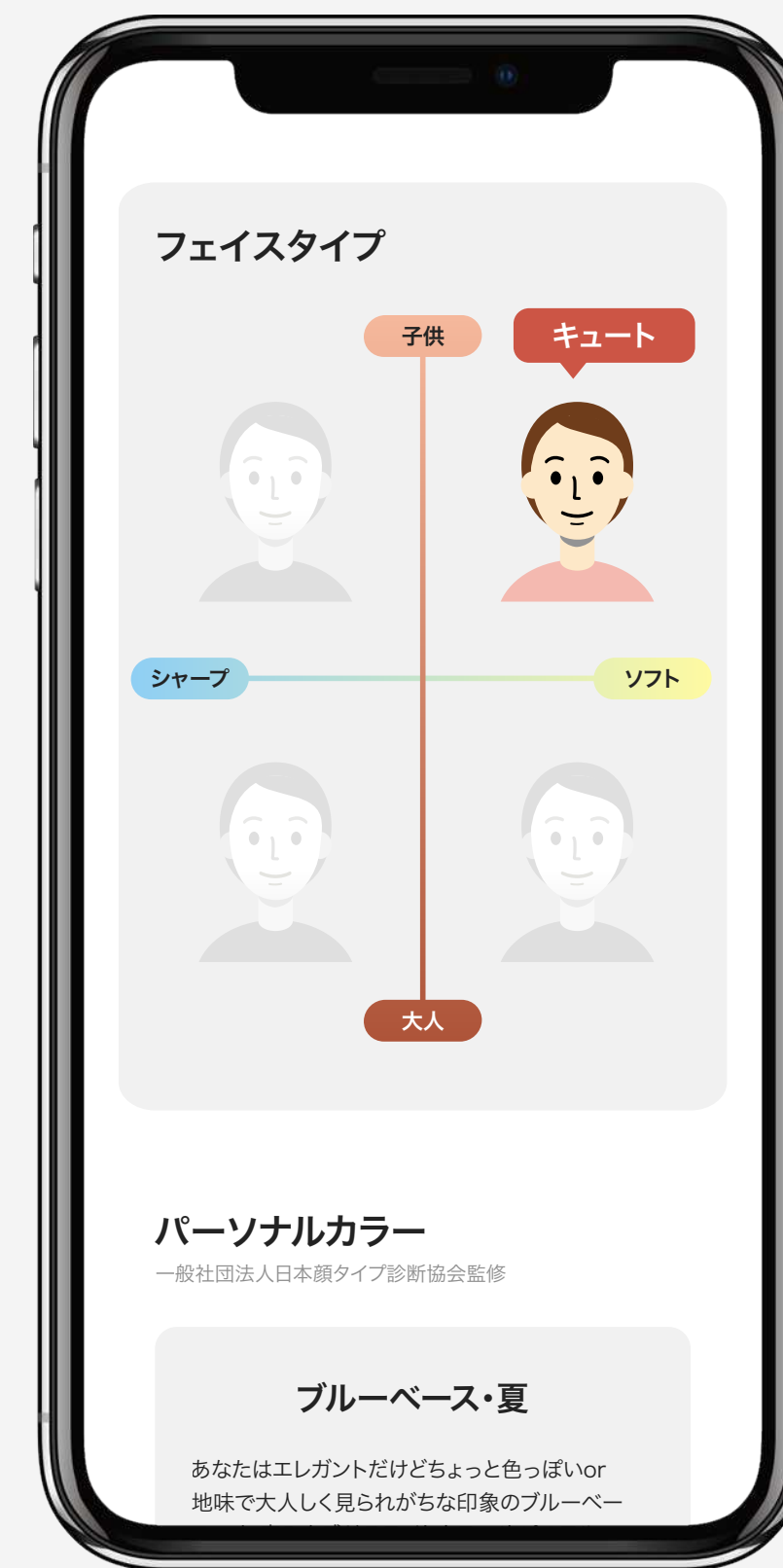
Future expansion of function



Recommendation of lipstick, blush, etc.



AR Makeup



Face type diagnosis



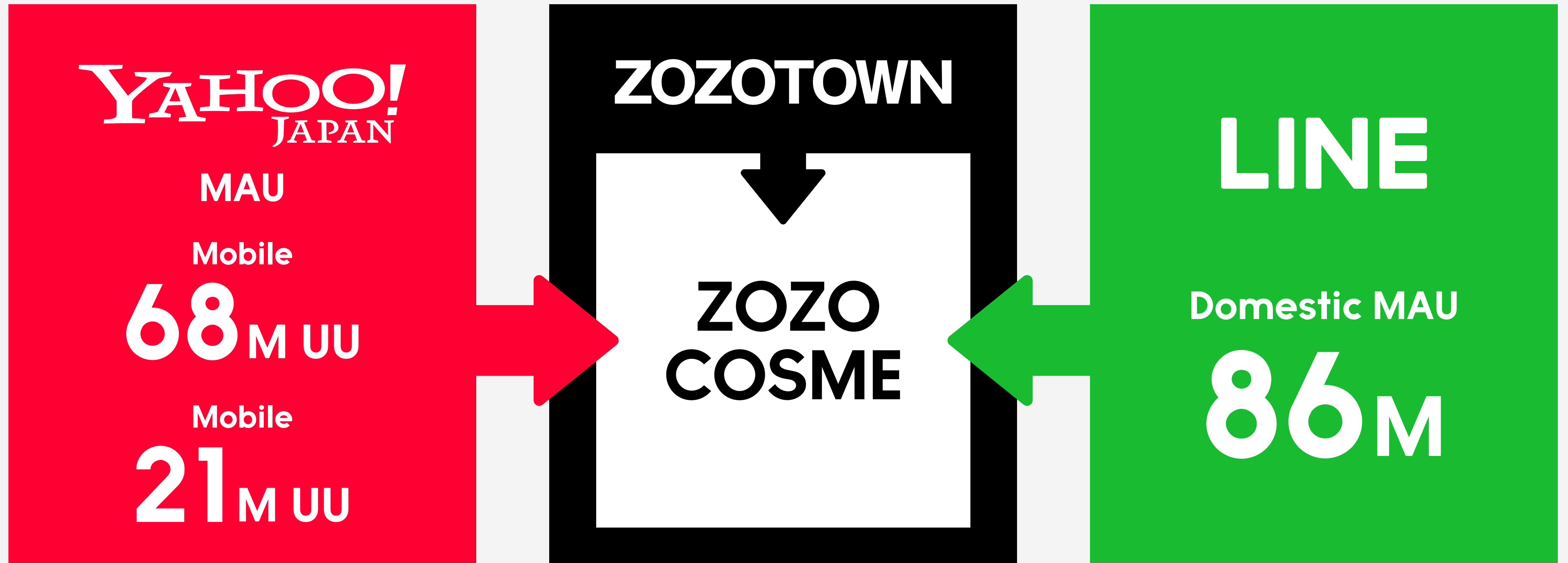
Delivery pre-order starts today, January 29

ZOZOGLASS

- Pre-order is free-of-charge.
- Delivery will start from March 13 onward.
- For detailed pre-order conditions, please check the pre-order page inside ZOZOTOWN.

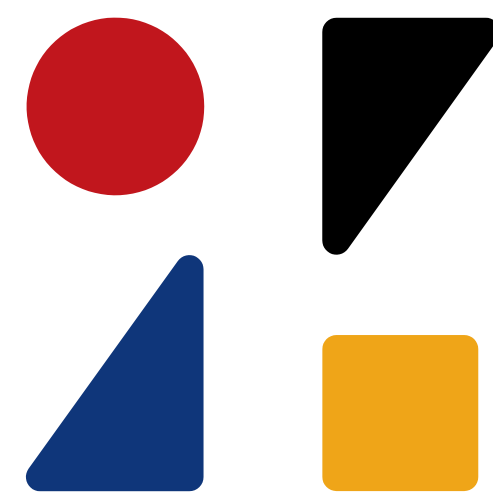
TRAFFIC

Considering user attraction across the group,
in addition to high affinity users of ZOZO



Source: company releases

ZOZOCOSME



ZOZO