



FY2021 3Q ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS

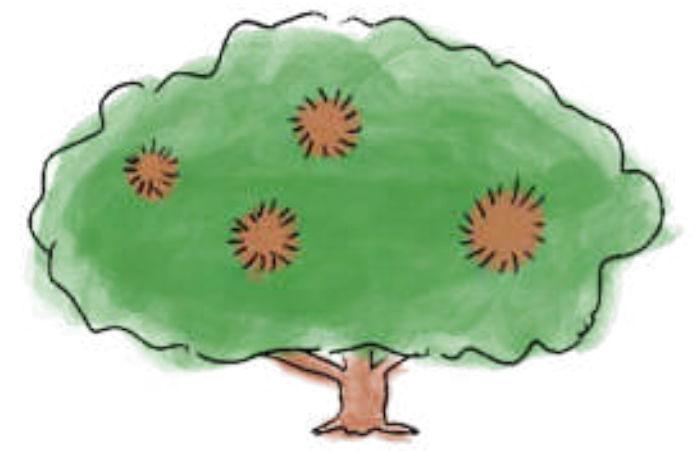


HIGHLIGHTS

FY2021 3Q ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS



FY2021 3Q HIGHLIGHTS



Overview

○ Gross Merchandise Value : 375,506 million yen (+23.4%,YoY)

○ Gross Merchandise Value (excluding other GMV) : 341,587 million yen (+13.6%,YoY)

The number of active members increased as a result of steady growth in the traffic and acquisition of new members. YoY growth rate was maintained at over 10%. Regardless of the recovery of people's mobility, brands continued to proactively send us inventories.

○ Operating Profit : 38,779 million yen (+14.8%,YoY)

Operating profit increased due to an increase in gross profit resulting from growth in gross merchandise value and advertising business, as well as cost reductions (mainly in logistics-related expenses and payment collection commission), although the advertising activities, such as TV commercial and point promotion, were more actively conducted on YoY basis.

Gross Merchandise Value

○ ZOZOTOWN BUSINESS

Gross Merchandise Value : 289,572 million yen (+8.0%,YoY)

Consignment sales : 277,644 million yen (+7.6%,YoY)

Outright Purchase / Production & Sales : 2,147 million yen (+53.6%,YoY)

USED sales : 9,779 million yen (+14.4%,YoY)

○ PayPay Mall : 31,568 million yen (+95.7%,YoY)

○ BtoB Business : 20,447 million yen (+23.0%,YoY)

○ Others* : 33,919 million yen

○ Average Order Value : 8,592 yen (+0.9%,YoY)

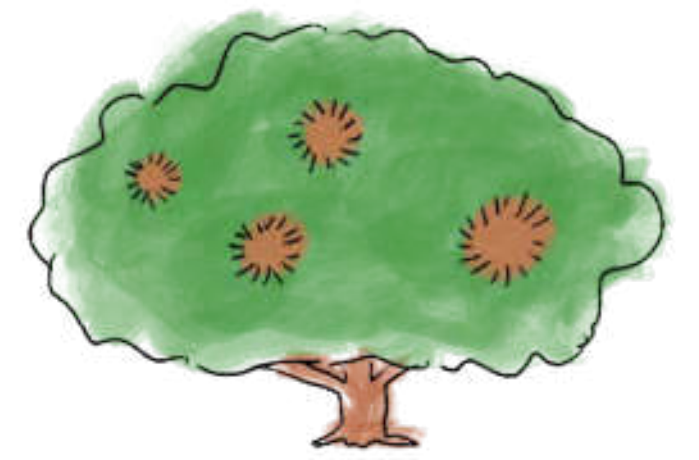
○ Average Retail Price : 4,167 yen (-3.1%,YoY)

*1 From the 3rd quarter of the fiscal year ended March 2021, GMV for ZOZO Option stores at PayPay Mall are recorded.

ZOZO Option: Option contracts which enables fashion category stores outside of ZOZOTOWN PayPay Mall, to participate special events produced by ZOZO and enjoy merits such as sales support

*2 From the fiscal year ending March 2022, we are disclosing the GMV and net sales in new business segmentation. For detail, please refer "Change of business segments" in P.34.

FY2021 3Q HIGHLIGHTS



Profitability

- Operating profit margin* (to the total gross merchandise value) : 11.4% (11.2% for FY2020 3Q)
 - Factors improving profitability : Improvement of gross profit margin due to the growth of advertisement business etc., a decline in logistics-related expenses ratio from improvement of operation efficiency improvement in logistics bases and a decline in payment collection commission due to the change of the vendor.
 - Factors worsening profitability : Sponsorship of PGA TOUR tournament (held in Japan with limited spectators), an increase in expenses for measures to attract customers such as TV commercial and point promotion.

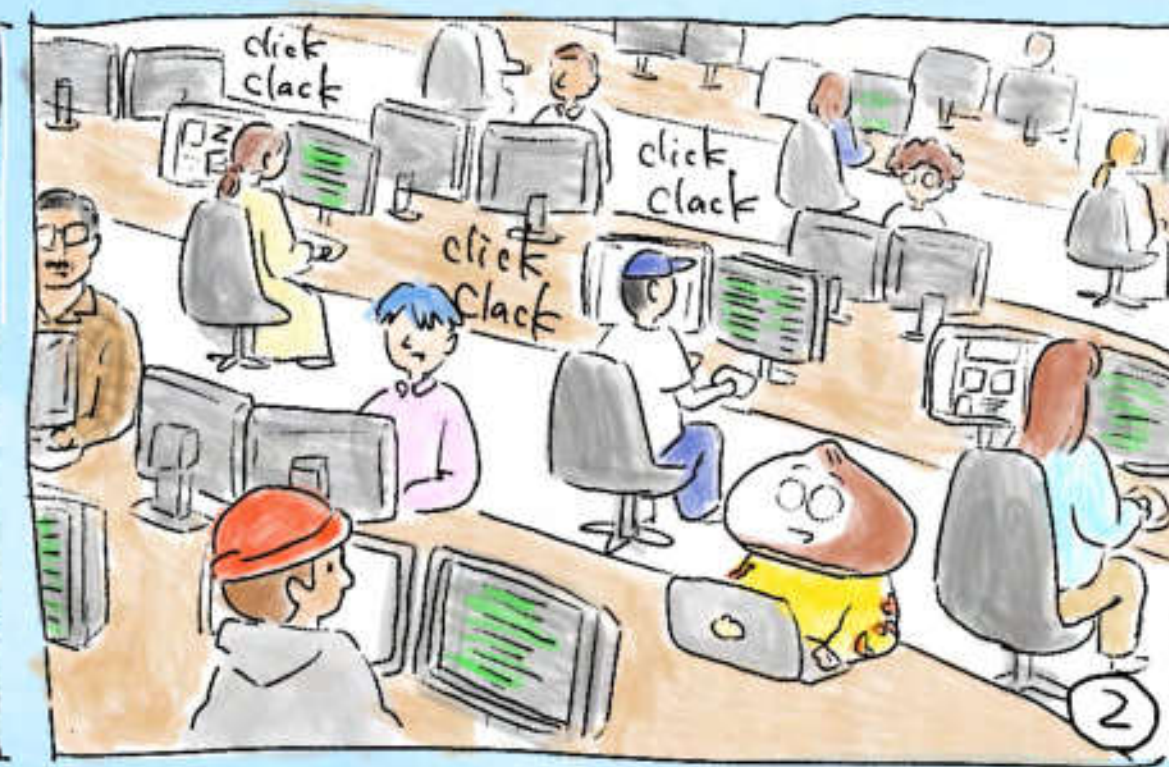
*Operating profit margin is calculated by operating profit divided by the gross merchandise value (excluding other GMV).

Topic

- PGA TOUR tournament "ZOZO CHAMPIONSHIP" was held in Japan for the first time in 2 years, and Mr. Hideki Matsuyama won the tournament (October, 2021)
- The company received the highest rating "Gold" in PRIDE Index 2021, which evaluates LGBTQ initiatives in the workplace (November 2021)
- The company sponsored the founder of ZOZO, Inc, Mr. Yusaku Maezawa's (the first Japanese space tourist) project to stay at the ISS (November 2021)
- ZOZOTOWN participated in "LINE GIFT" which enables users to use ZOZO Point (November 2021)
- Ms. Christine Edman was appointed as a new executive director (December 2021)
- The number of total buyers exceeded 10 million (December 2021)
- The company announced the transfer to "Prime Market" which is the new market segment by Tokyo Stock Exchange (January 2022)

BUSINESS RESULTS

FY2021 3Q 2020, Inc.
CONSOLIDATED BUSINESS RESULTS



OVERVIEW OF THE FY2021 3Q



(million¥)

	FY2020 3Q	FY2021 3Q	YoY	Target	Progress Rate(%)
Gross Merchandise Value	304,243	375,506	23.4%	472,800	79.4%
Gross Merchandise Value (excluding other GMV)	300,774	341,587	13.6%	450,400	75.8%
Net sales	108,480	123,778	14.1%	162,600	76.1%
Gross profit	102,960	116,620	13.3%	-	-
(%Gross Merchandise Value)	34.2%	34.1%	-0.1%	-	-
SG&A	69,174	77,841	12.5%	-	-
(%Gross Merchandise Value)	23.0%	22.8%	-0.2%	-	-
Operating profit	33,785	38,779	14.8%	47,800	81.1%
(%Gross Merchandise Value)	11.2%	11.4%	0.2%	10.6%	-
Ordinary profit	33,891	38,756	14.4%	47,800	81.1%
Profit attributable to owners of parent	23,725	26,653	12.3%	33,300	80.0%

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

* From the fiscal year ending March 2022, we are disclosing the GMV and net sales in new business segmentation. For detail, please refer "Change of business segments" in P.34.

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

Until the fiscal year ended March 2021, points-related expenses, which had been recorded in SG&A expenses, were reduced from sales in the respective businesses, and the results are disclosed as net sales.

OVERVIEW OF EACH QUARTER

(million¥)

	FY2020				FY2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Gross Merchandise Value	95,330	90,301	118,611	115,194	116,812	112,695	145,999
Gross Merchandise Value (excluding other GMV)	95,330	90,195	115,247	106,999	106,700	102,367	132,519
YoY (%)	19.5%	13.0%	22.2%	17.3%	11.9%	13.5%	15.0%
Net sales	33,674	32,818	41,987	38,922	38,866	37,346	47,565
SG&A	21,860	21,571	25,742	26,714	24,333	23,851	29,656
YoY (%)	18.3%	4.3%	1.4%	25.5%	11.3%	10.6%	15.2%
(%Gross Merchandise Value)	22.9%	23.9%	22.3%	25.0%	22.8%	23.3%	22.4%
Operating profit	10,423	9,482	13,880	10,358	12,591	11,200	14,987
YoY (%)	33.9%	73.4%	126.4%	21.8%	20.8%	18.1%	8.0%
(%Gross Merchandise Value)	10.9%	10.5%	12.0%	9.7%	11.8%	10.9%	11.3%

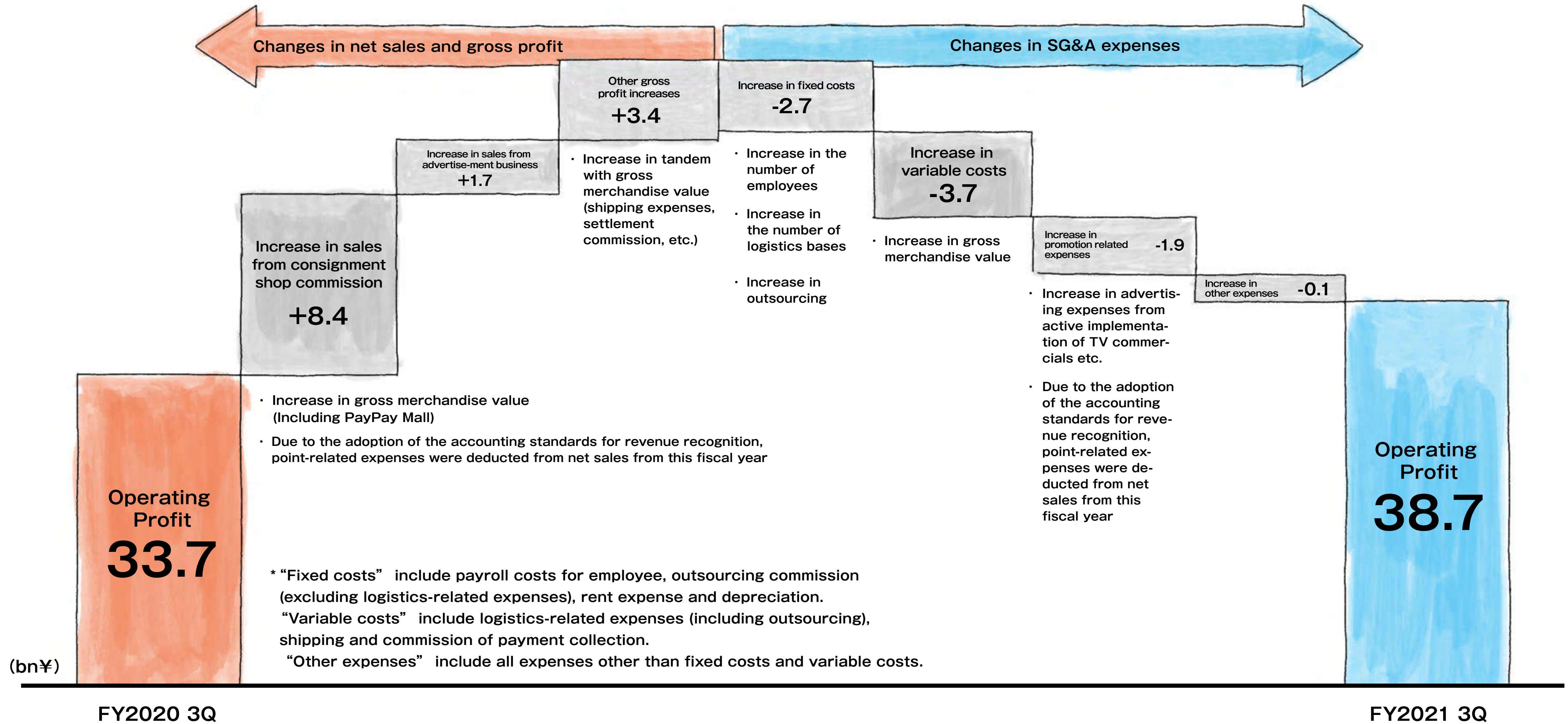
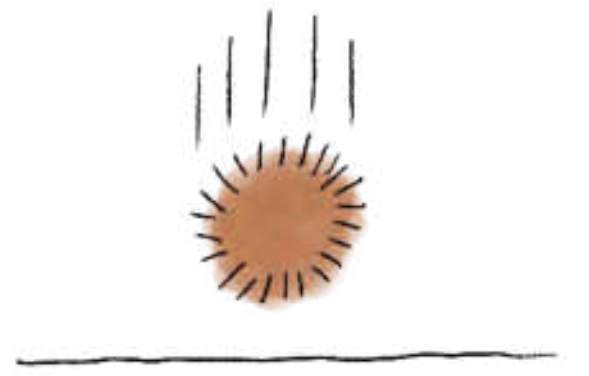
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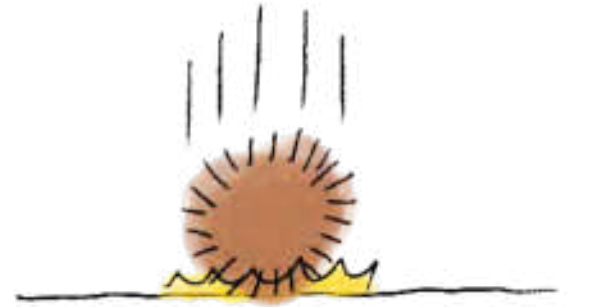
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INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YOY COMPARISON)



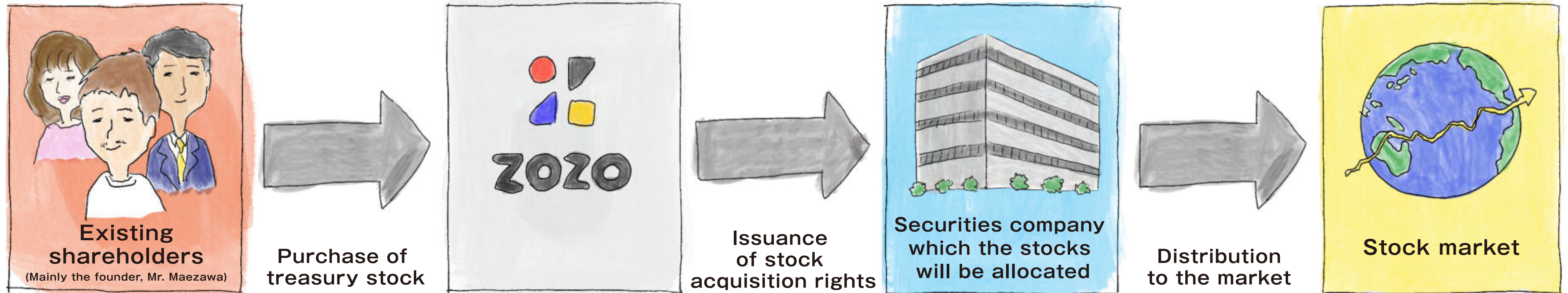
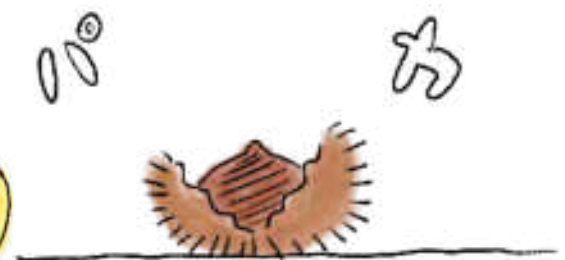
CONSOLIDATED BALANCE SHEET



(million¥)

	FY2020 (as of March 31, 2021)	FY2021 3Q (as of December 31, 2021)		FY2020 (as of March 31, 2021)	FY2021 3Q (as of December 31, 2021)
Current assets	99,796	95,035	Current liabilities	65,180	66,725
Cash and deposits	61,648	50,937	Short-term borrowing	20,000	20,100
Merchandise and finished products	1,792	2,050	Noncurrent liabilities	4,968	5,732
Noncurrent assets	25,860	24,677	Total liabilities	70,149	72,457
Tangible assets	12,019	11,673	Shareholders' equity	55,651	47,268
Intangible assets	2,915	2,560	Treasury stock	-24,146	-44,784
Investments and other assets	10,925	10,443	Total net assets	55,507	47,255
Total assets	125,656	119,713	Total liabilities and net assets	125,656	119,713

OUTLINE OF INITIATIVES TO COMPLY WITH THE NEW TSE MARKET SEGMENTS (PRIME MARKET)



Date of acquisition: May 25, 2021
 Total number of shares acquired: 8,544,000 shares
 Ratio to the number of shares issued: Approx. 2.7%
 Method of acquisition: ToSTNeT-3

Date of resolution to determine conditions: May 27, 2021
 Total number of issuable shares: 6,780,000 shares
 Ratio to the number of shares issued: Approx. 2.2%
 Date of Allotment: June 15, 2021
 Exercise period of stock acquisition rights:
 June 16 2021 to June 15, 2023

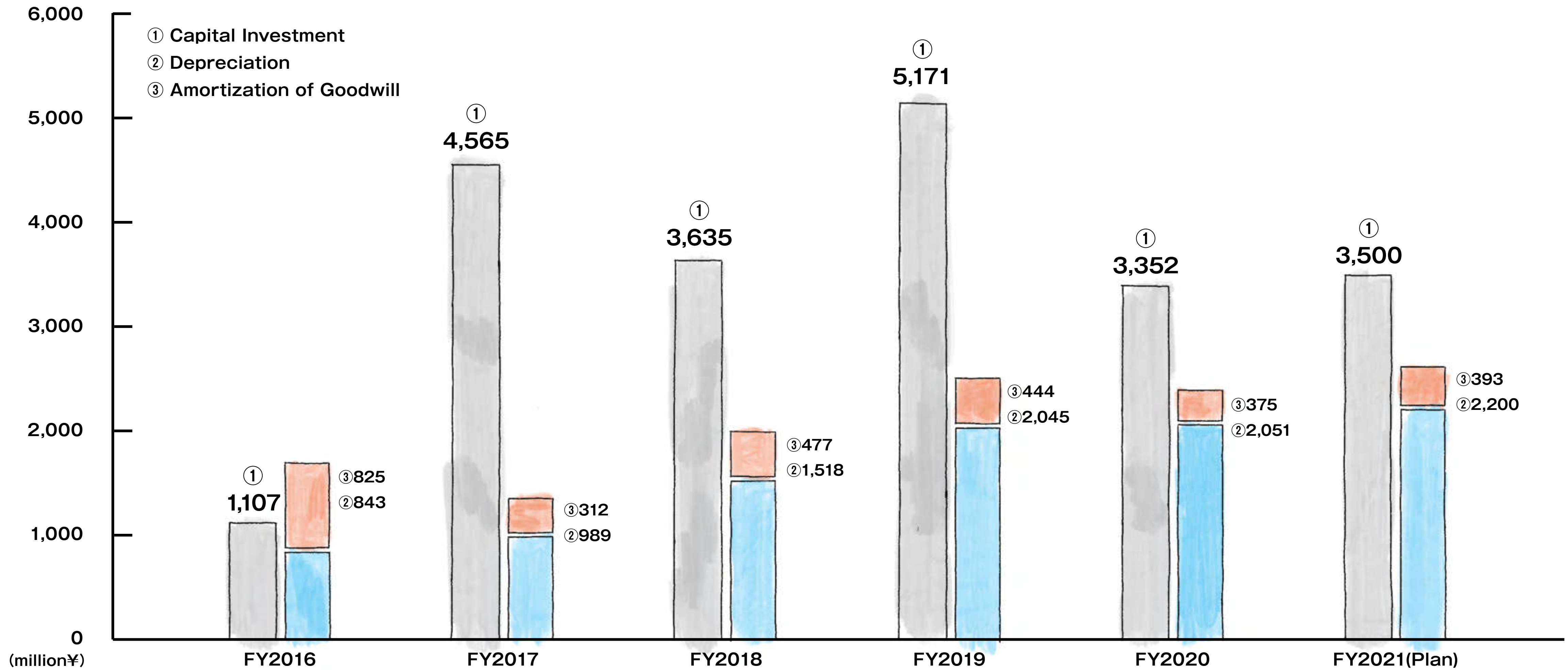
We are considering to move to the new market segments (Prime Market) of the Tokyo Stock Exchange that is scheduled to open in April 2022.

We are implementing the above measures in order to meet one of the requirements of the Prime Market; the ratio of tradable shares must be at least 35%.

When the distribution to the market is completed, the ratio of tradable shares is expected to exceed 35%.

※As it was disclosed in JPX website on January 11, 2022, we met the criteria for the prime market and chose it.

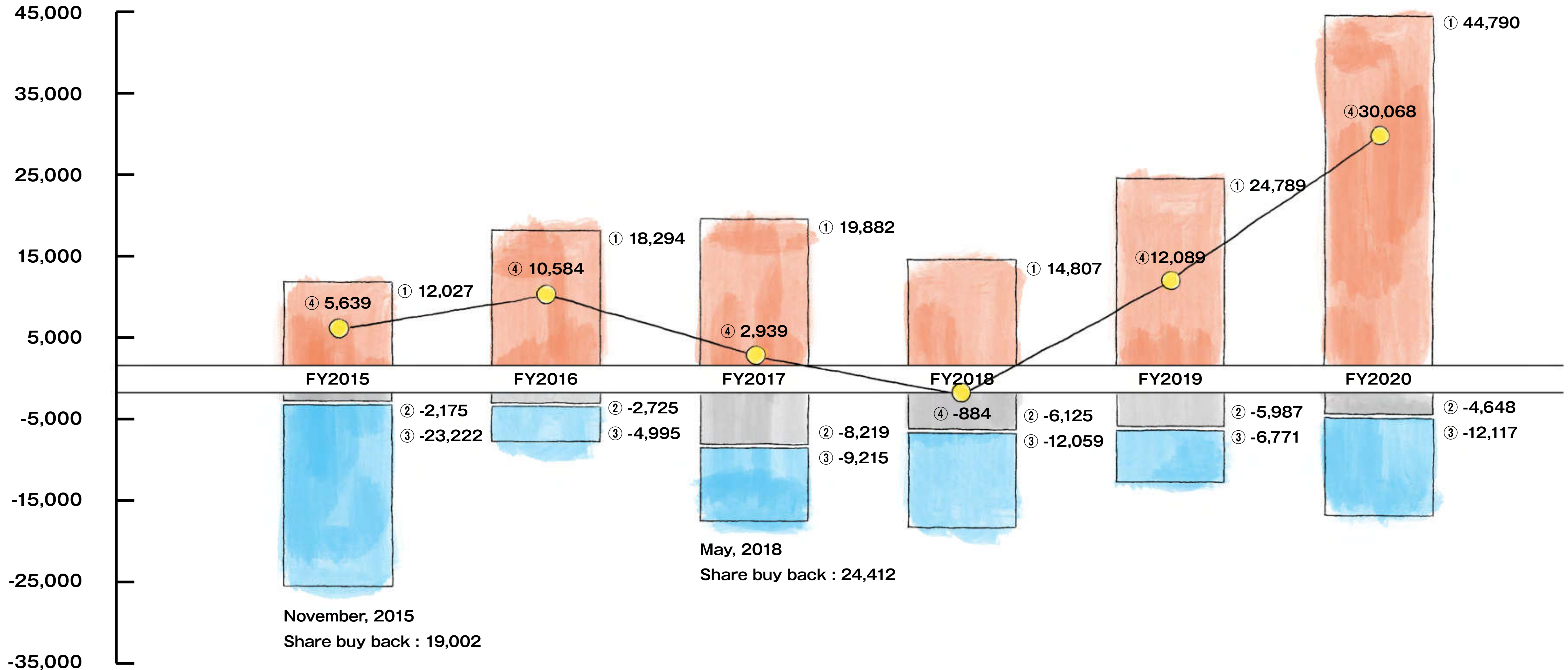
CAPITAL INVESTMENT



CASH FLOWS

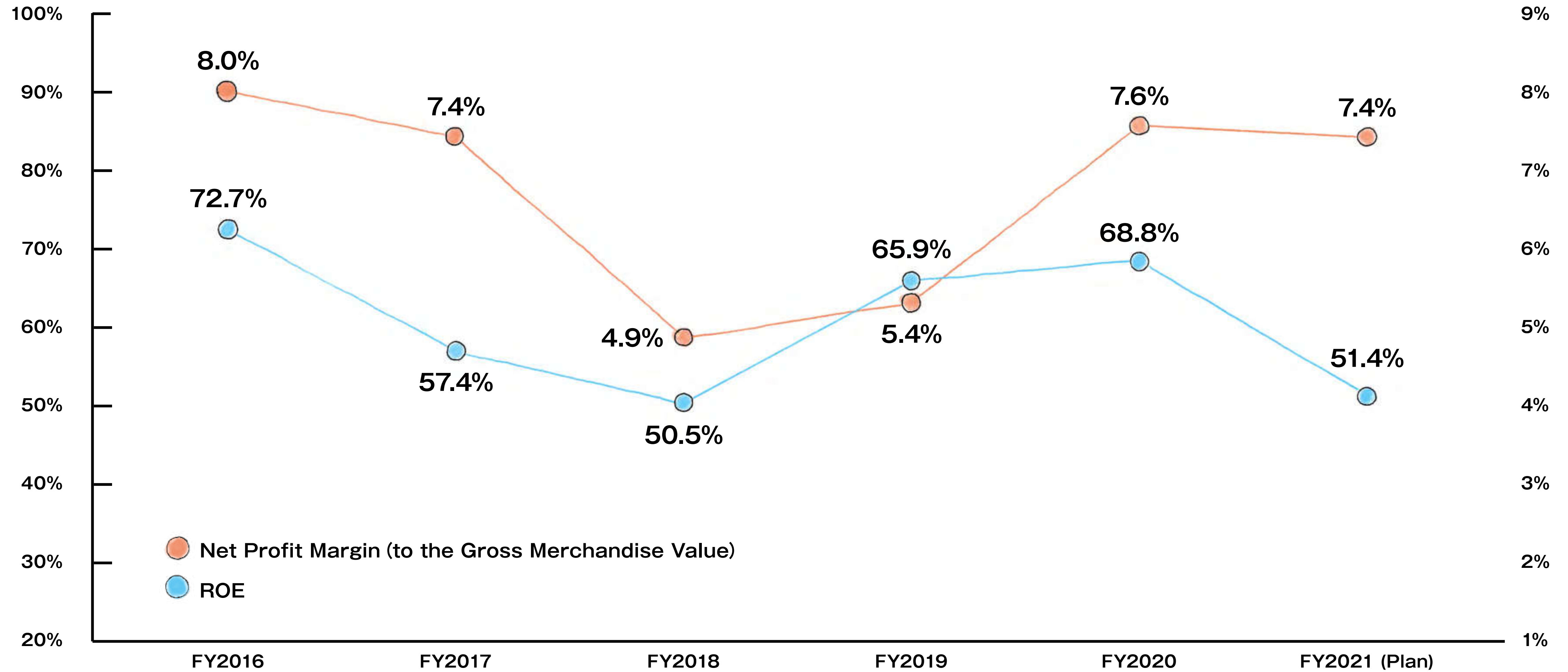
- ① Cash flows from operating activities
- ② Cash flows from investing activities

- ③ Cash flows from financing activities
- ④ Substantial free cash flows
- ① + ② - Expenditure from dividends



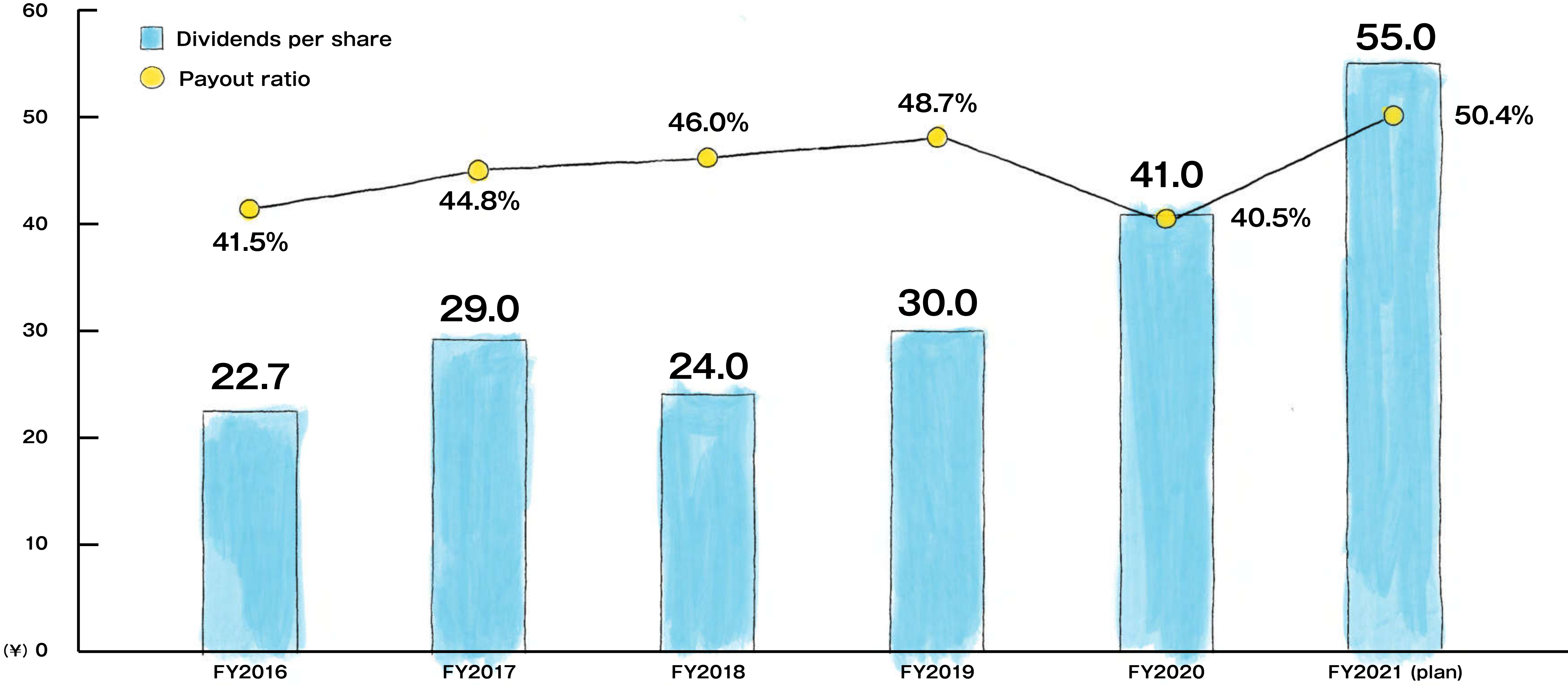
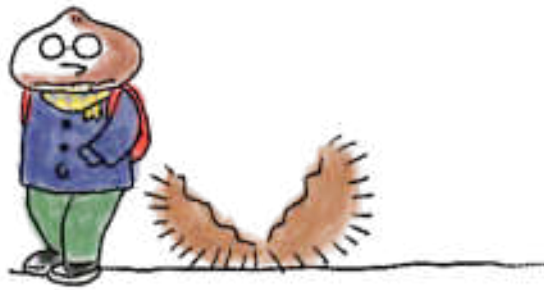
(million¥)

ROE AND NET PROFIT MARGIN



* Net Profit margin are calculated by net profit divided by gross merchandise value (excluding other GMV).

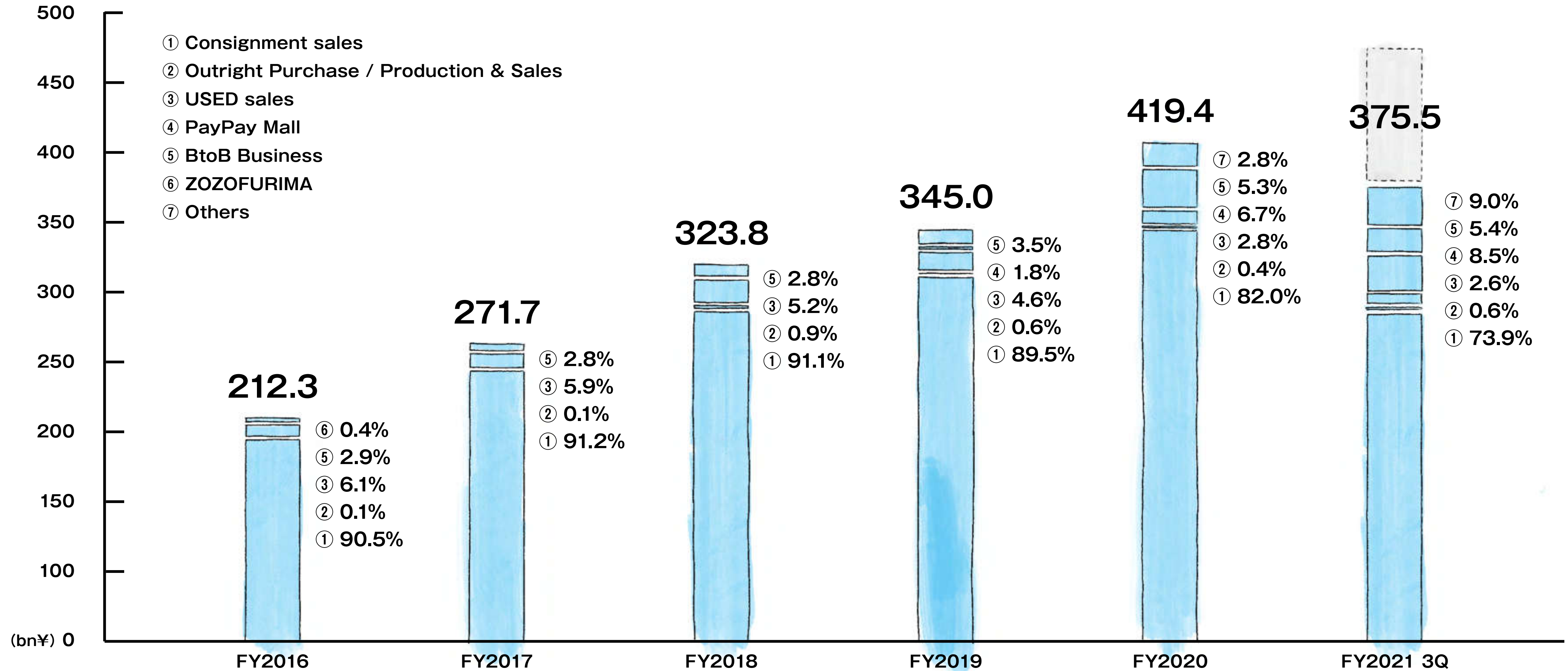
DIVIDENDS PER SHARE AND PAYOUT RATIO



GROSS MERCHANDISE VALUE



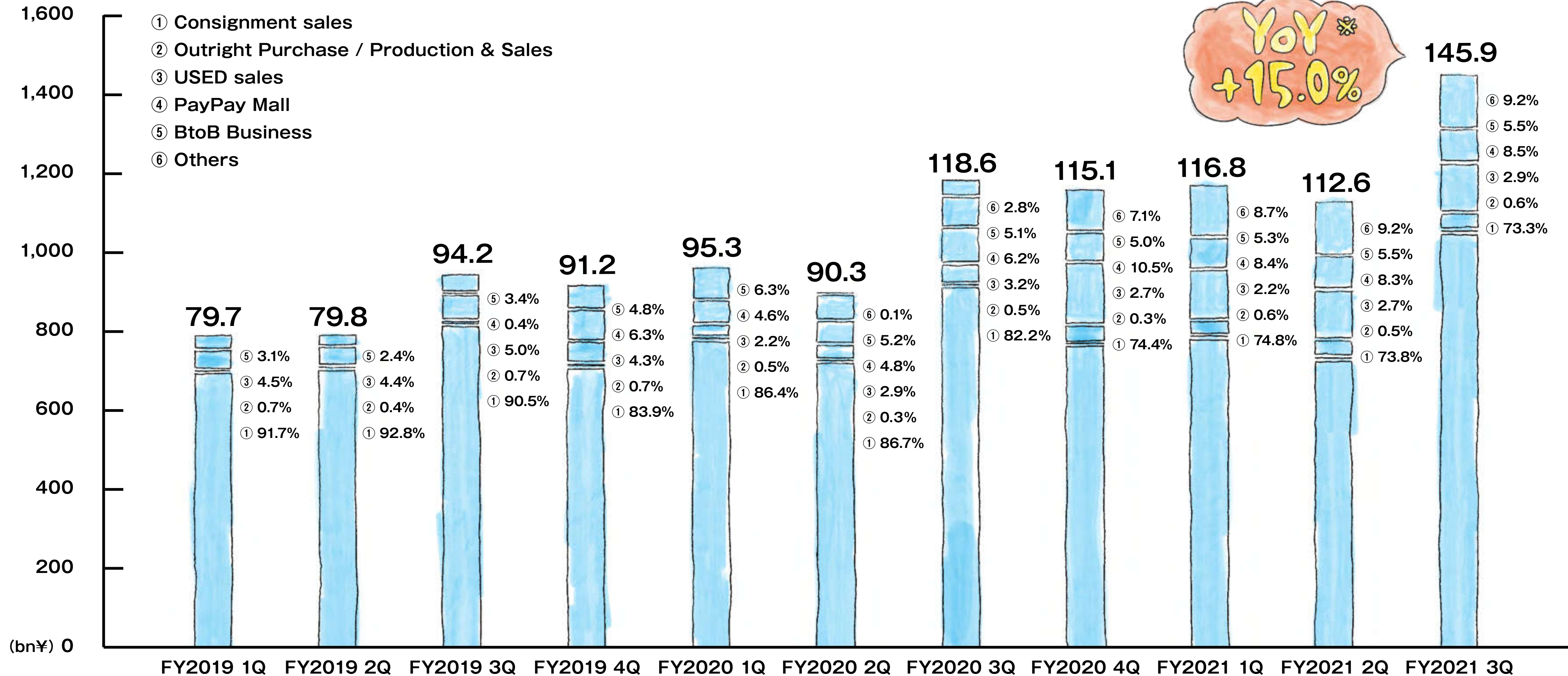
Gross merchandise value of new shops opened in FY2021 3Q ZOZOTOWN Business : ¥5.3 billion (accounts for 1.8% of the gross merchandise value)



* ZOZO FURIMA Business ended on June 30, 2017.

* From the fiscal year ending March 2022, we are disclosing the GMV and net sales in new business segmentation. For detail, please refer "Change of business segments" in P.34. Figures in above are after the change.

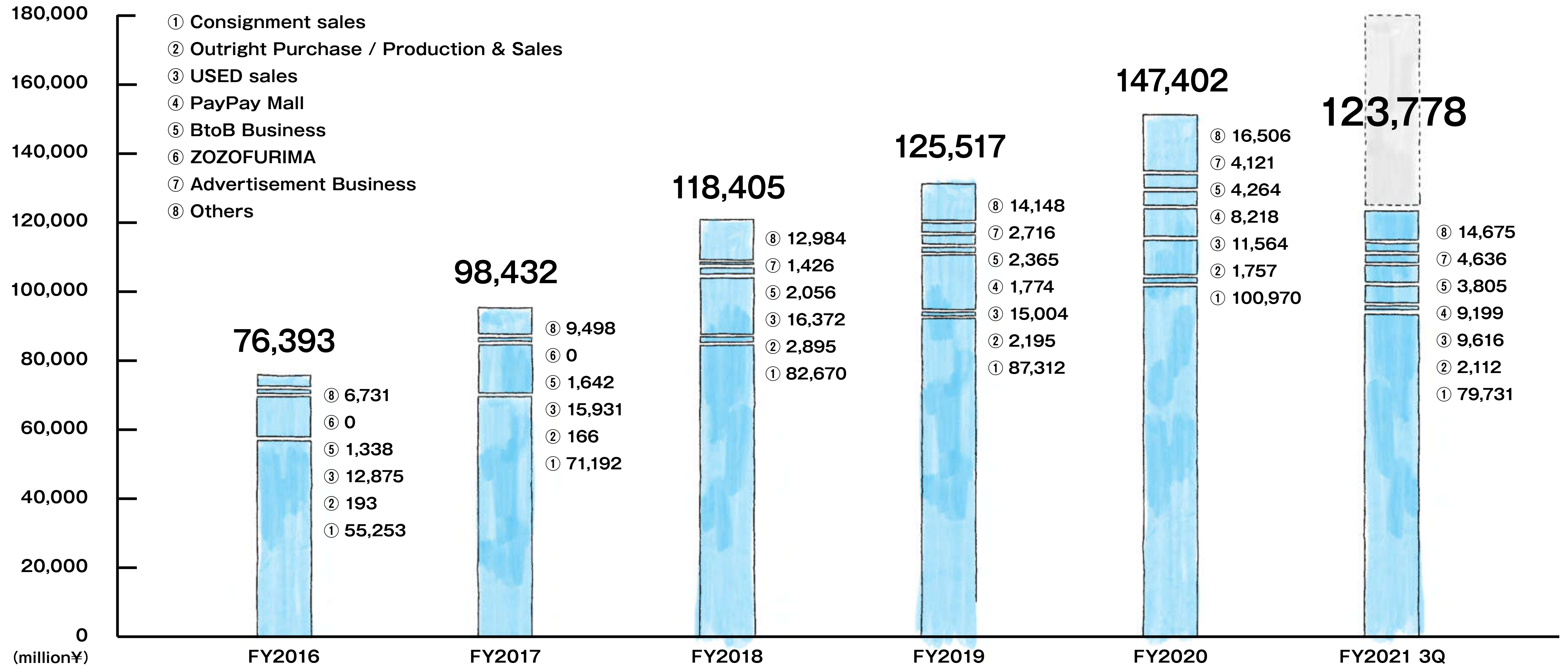
GROSS MERCHANDISE VALUE (QUARTERLY)



* YoY are calculated with GMV excluding “⑥ Others”.

* From the fiscal year ending March 2022, we are disclosing the GMV and net sales in new business segmentation. For detail, please refer “Change of business segments” in P.34. Figures in above are after the change.

NET SALES



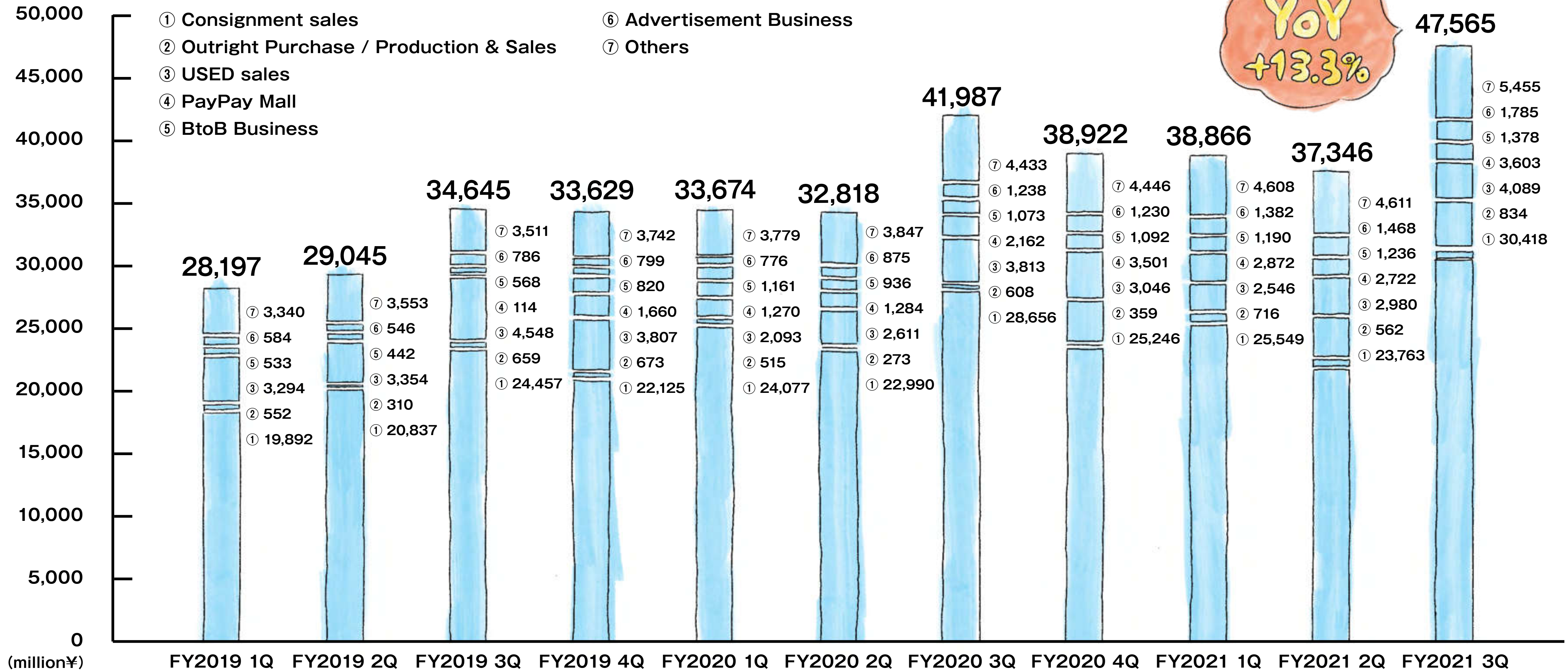
* ZOZO FURIMA Business ended on June 30, 2017.

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NET SALES(QUARTERLY)

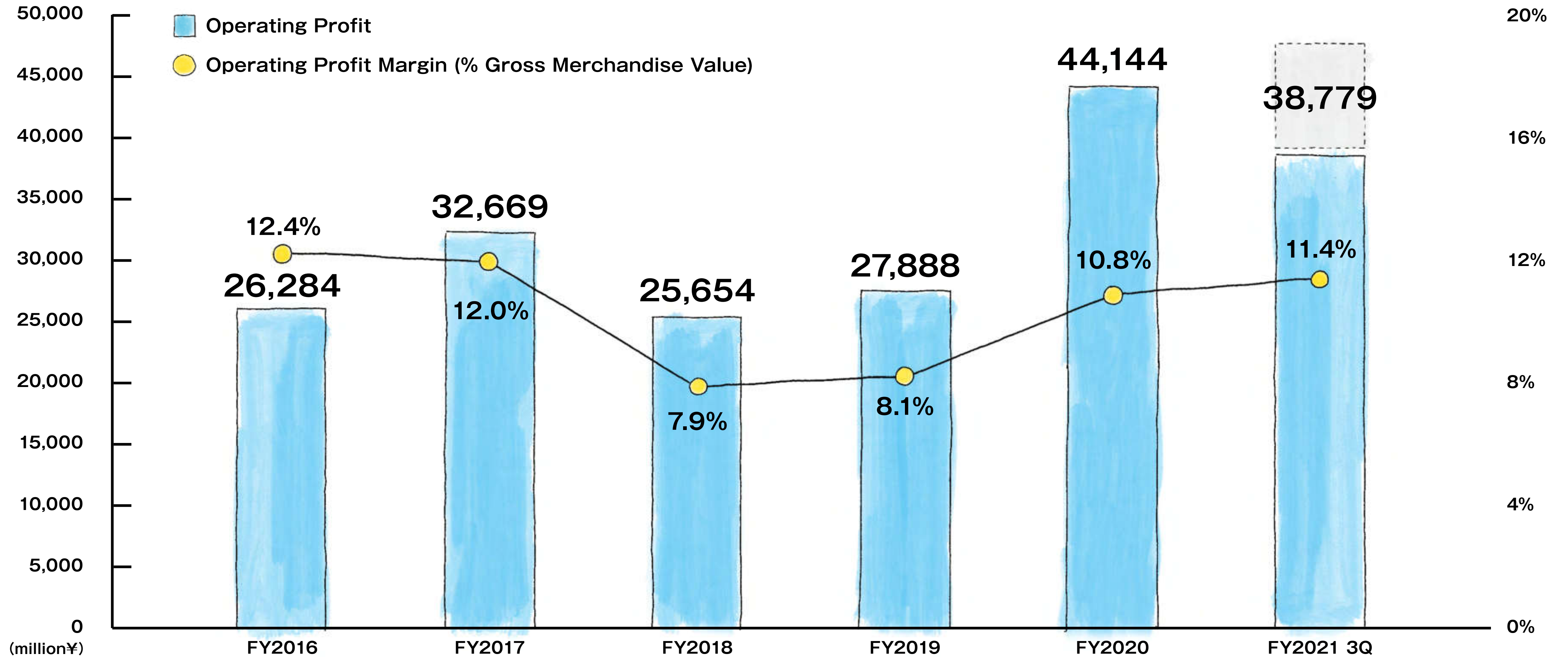


YoY
+13.3%



* Effective from the fiscal year ending March 2022, we have adopted the new accounting standards for revenue recognition. Until the fiscal year ended March 2021, points-related expenses, which had been recorded in SG&A expenses, were reduced from sales in the respective businesses, and the results are disclosed as net sales.

OPERATING PROFIT AND OPERATING PROFIT MARGIN



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

SELLING, GENERAL AND ADMINISTRATIVE(SG&A) EXPENSES

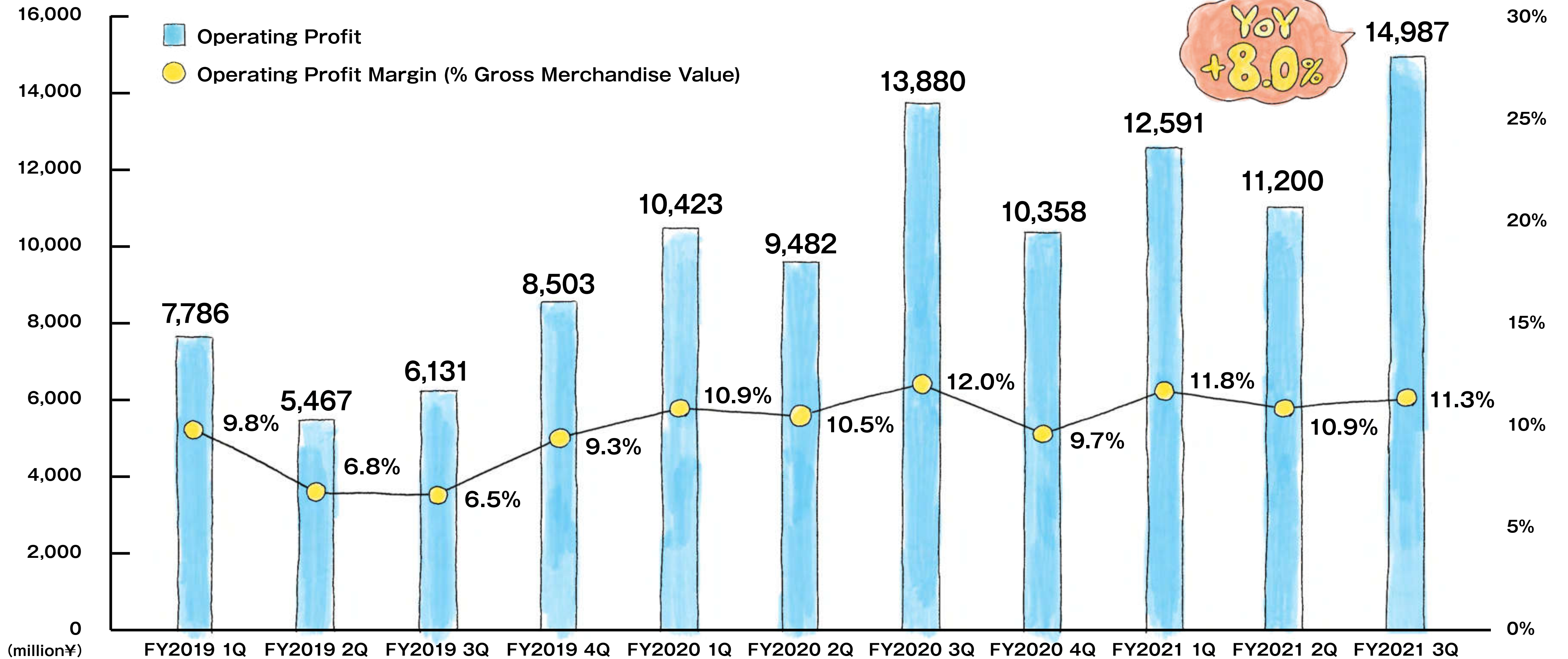


(million¥)

	FY2020 3Q		FY2021 3Q		YOY	Increase / decrease factors
	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	%Gross Merchandise Value	
Payroll and staff costs(*)	19,400	6.5%	21,631	6.3%	-0.2%	
Payroll costs for employee	7,392	2.5%	8,906	2.6%	0.1%	Transition of the number of employees on consolidated basis: FY2020 3Q 1,280 → FY2021 3Q 1,381
Logistics-Related Expenses (Including Outsourcing)	12,008	4.0%	12,724	3.7%	-0.3%	Previous fiscal year: (1st quarter) Disruptions caused by the large volume of inventory received (2nd quarter) Efficiency reduced due to tight storage space for inventories. Current fiscal year: There were no major disruptions and operated efficiently. *Expanded logistics bases in the third quarter of the previous fiscal year
Outsourcing Commission (Excluding Logistics-Related Expenses)	3,667	1.2%	4,387	1.3%	0.1%	
Shipping	20,393	6.8%	23,359	6.8%	0.0%	Packaging and freight to the gross merchandise value remained at the same level as the previous fiscal year, as there was no significant decline in order value.
Commission of Payment collection	8,105	2.7%	8,206	2.4%	-0.3%	Decrease in expenses from the change of vendor
Promotion related expenses	5,134	1.7%	7,128	2.1%	0.4%	
Advertising	3,706	1.2%	7,128	2.1%	0.9%	Implemented proactive measures to attract customers such as TV commercials, and Web and SNS advertising.
Reward points related expenses	1,428	0.5%	-	-	-	Deduction from net sales instead of recording to the SG&A expense, due to the adoption of the accounting standards for revenue recognition
Rent expense	3,740	1.2%	4,295	1.3%	0.1%	Increase in the number of logistics bases
Depreciation	1,502	0.5%	1,436	0.4%	-0.1%	Undepreciated expenses of the old office were recorded as extraordinary loss in the 4th quarter of the last fiscal year
Amortization of goodwill	274	0.1%	303	0.1%	0.0%	
Stock Compensation Expenses	31	0.0%	77	0.0%	0.0%	
Others	6,924	2.3%	7,014	2.1%	-0.2%	Decrease in expenses due to the change of packaging materials (cardboard for delivery)
Total SG&A	69,174	23.0%	77,841	22.8%	-0.2%	

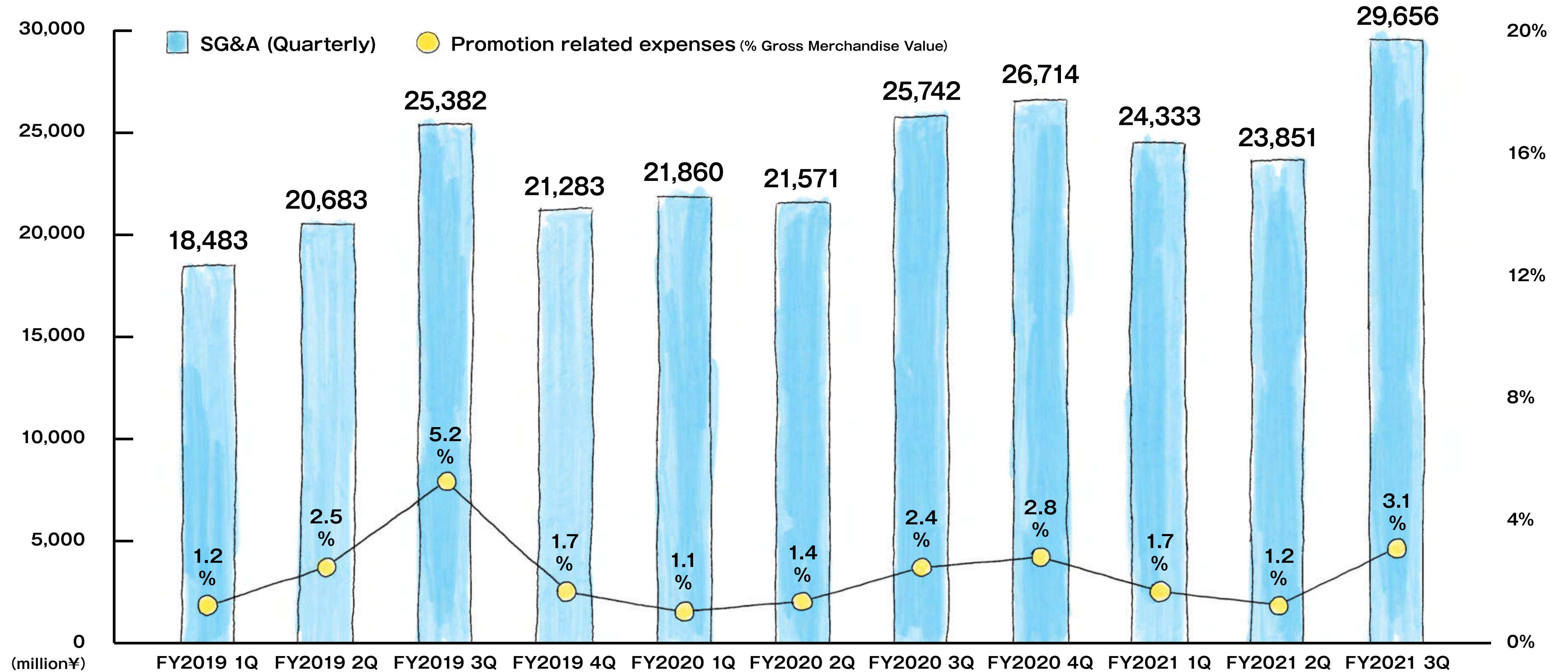
* Payroll includes directors' remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation. "Employee" includes 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 % Gross Merchandise Value are calculated by each expense divided by 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).

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



* Promotion related expenses ratios are calculated by related items divided by gross merchandise value (excluding other GMV).

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OVERVIEW OF SG&A BY EACH QUARTER

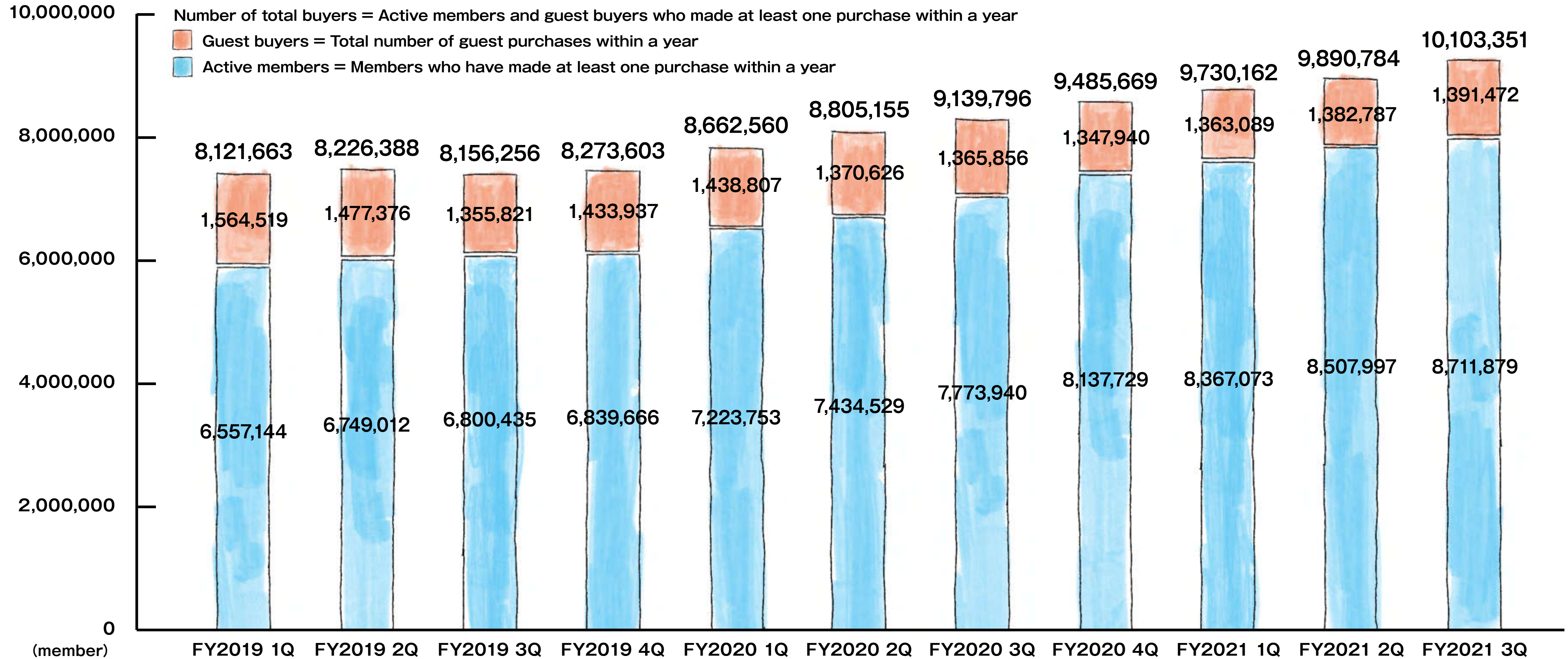
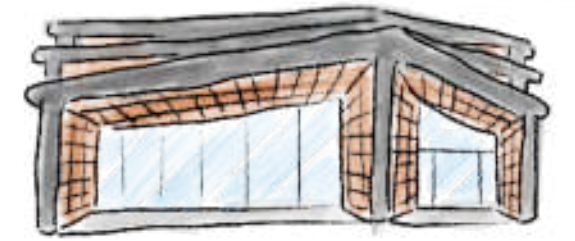


(million¥)

	FY2020								FY2021					
	1Q		2Q		3Q		4Q		1Q		2Q		3Q	
	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value	Amount	%Gross Merchandise Value
Payroll and staff costs(*)	6,465	6.8%	6,294	7.0%	6,639	5.8%	7,844	7.3%	6,883	6.5%	6,887	6.7%	7,860	5.9%
Payroll costs for employee	2,409	2.5%	2,484	2.8%	2,497	2.2%	3,666	3.4%	2,831	2.7%	2,774	2.7%	3,300	2.5%
Logistics-Related Expenses (Including Outsourcing)	4,056	4.3%	3,809	4.2%	4,141	3.6%	4,177	3.9%	4,051	3.8%	4,112	4.0%	4,559	3.4%
Outsourcing Commission (Excluding Logistics-Related Expenses)	1,197	1.3%	1,149	1.3%	1,320	1.1%	1,418	1.3%	1,429	1.3%	1,499	1.5%	1,458	1.1%
Shipping	6,655	7.0%	6,542	7.3%	7,195	6.2%	7,185	6.7%	7,597	7.1%	7,486	7.3%	8,275	6.2%
Commission of Payment collection	2,561	2.7%	2,464	2.7%	3,078	2.7%	2,734	2.6%	2,580	2.4%	2,478	2.4%	3,146	2.4%
Promotion related expenses	1,075	1.1%	1,279	1.4%	2,779	2.4%	2,967	2.8%	1,796	1.7%	1,212	1.2%	4,118	3.1%
Advertising	619	0.7%	855	0.9%	2,230	1.9%	2,228	2.1%	1,796	1.7%	1,212	1.2%	4,118	3.1%
Reward points related expenses	455	0.5%	424	0.5%	548	0.5%	739	0.7%	-	-	-	-	-	-
Rent expense	1,232	1.3%	992	1.1%	1,515	1.3%	1,484	1.4%	1,431	1.3%	1,432	1.4%	1,432	1.1%
Depreciation	553	0.6%	450	0.5%	497	0.4%	548	0.5%	454	0.4%	478	0.5%	503	0.4%
Amortization of goodwill	81	0.1%	93	0.1%	99	0.1%	100	0.1%	101	0.1%	100	0.1%	101	0.1%
Stock Compensation Expenses	0	0.0%	17	0.0%	13	0.0%	15	0.0%	13	0.0%	38	0.0%	25	0.0%
Others	2,035	2.1%	2,285	2.5%	2,602	2.3%	2,414	2.3%	2,043	1.9%	2,237	2.2%	2,733	2.1%
Total SG&A	21,860	22.9%	21,571	23.9%	25,742	22.3%	26,714	25.0%	24,333	22.8%	23,851	23.3%	29,656	22.4%

* 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, 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 % Gross Merchandise Value are calculated by each expense divided by gross merchandise value (excluding other GMV). * Effective from the fiscal year ending March 2022, we have adopted the new accounting standards for revenue recognition. Until the fiscal year ended March 2021, points-related expenses, which had been recorded in SG&A expenses, were reduced from sales in the respective businesses, and the results are disclosed as net sales.

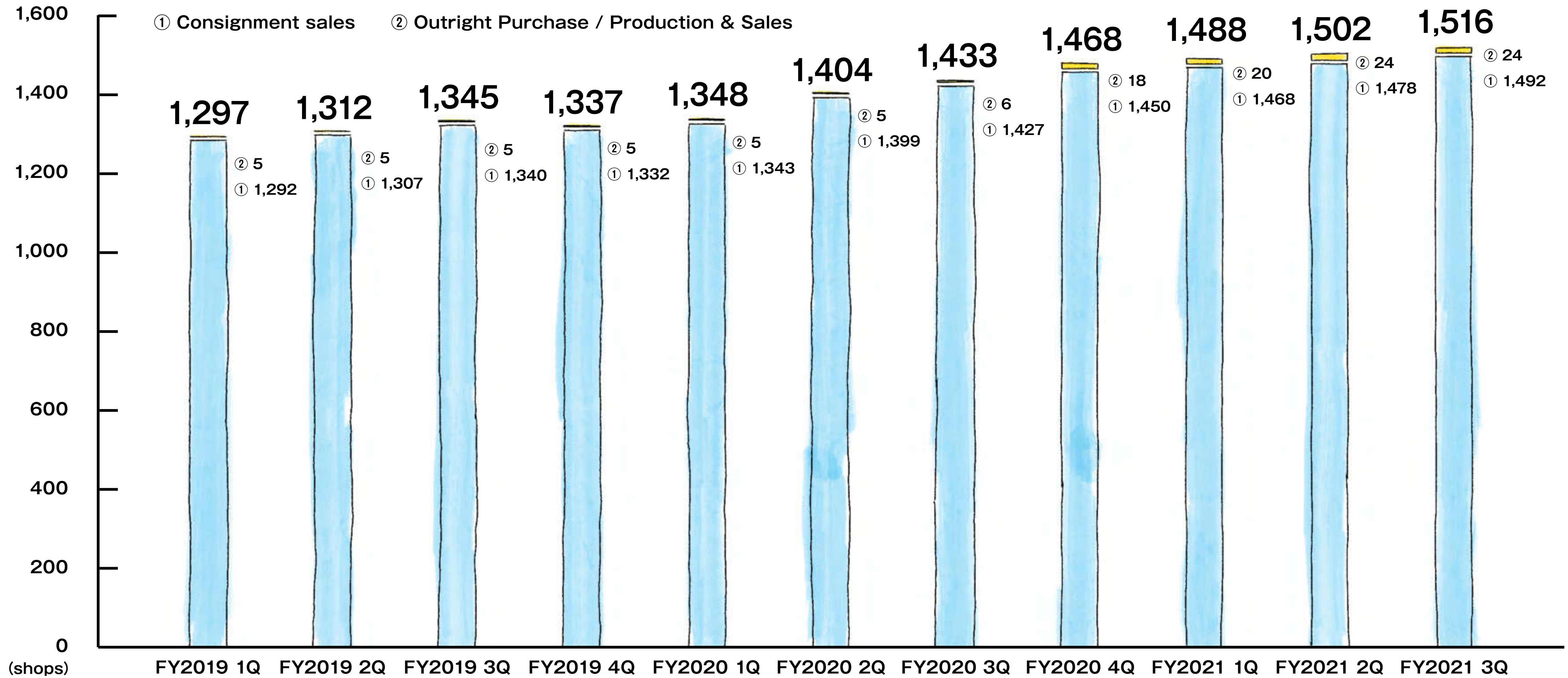
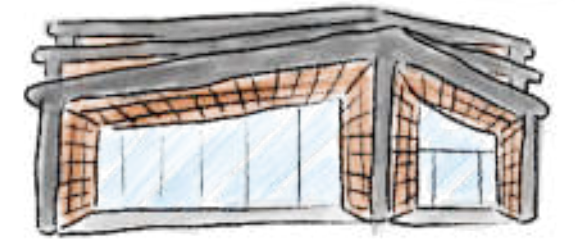
NUMBER OF TOTAL BUYERS



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

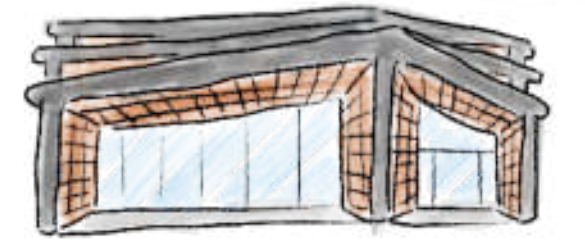
* PayPay Mall is not included.

NUMBER OF SHOPS ON ZOZOTOWN

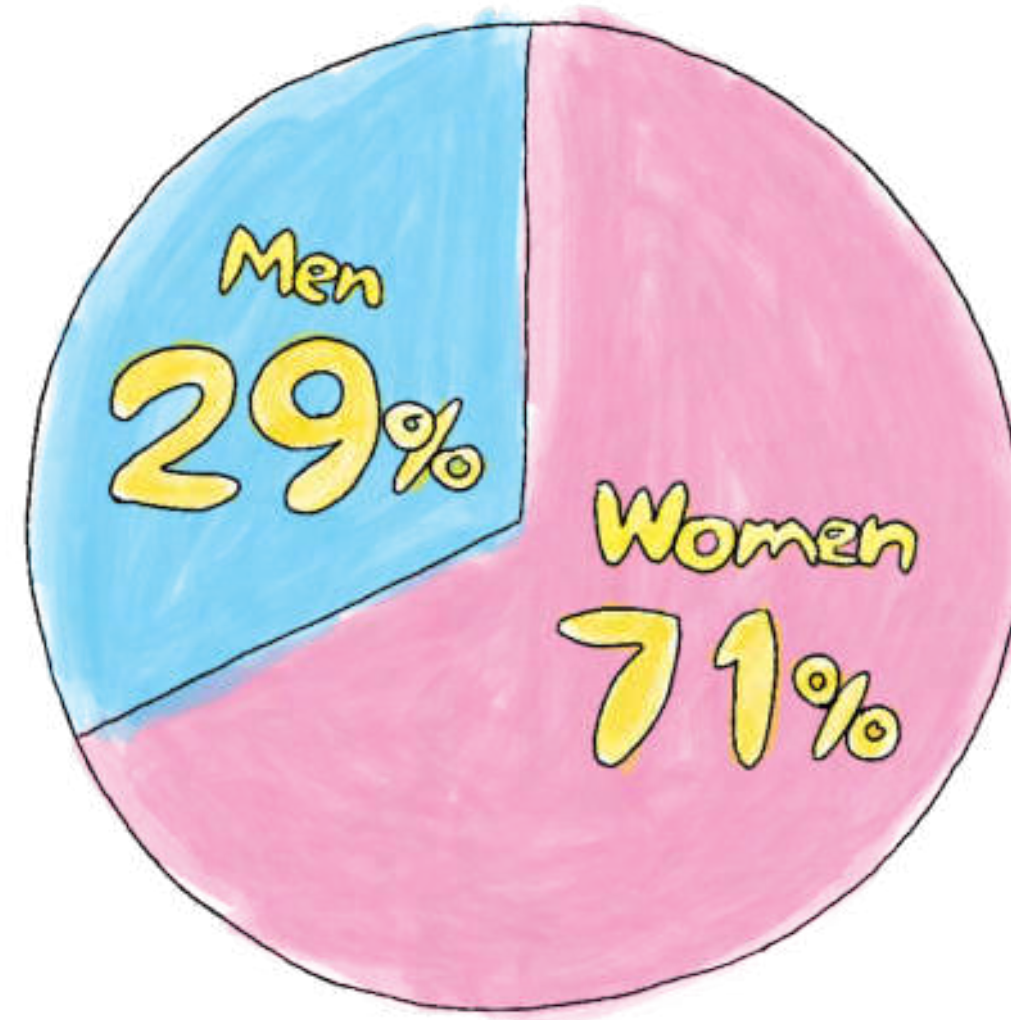


* Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops.

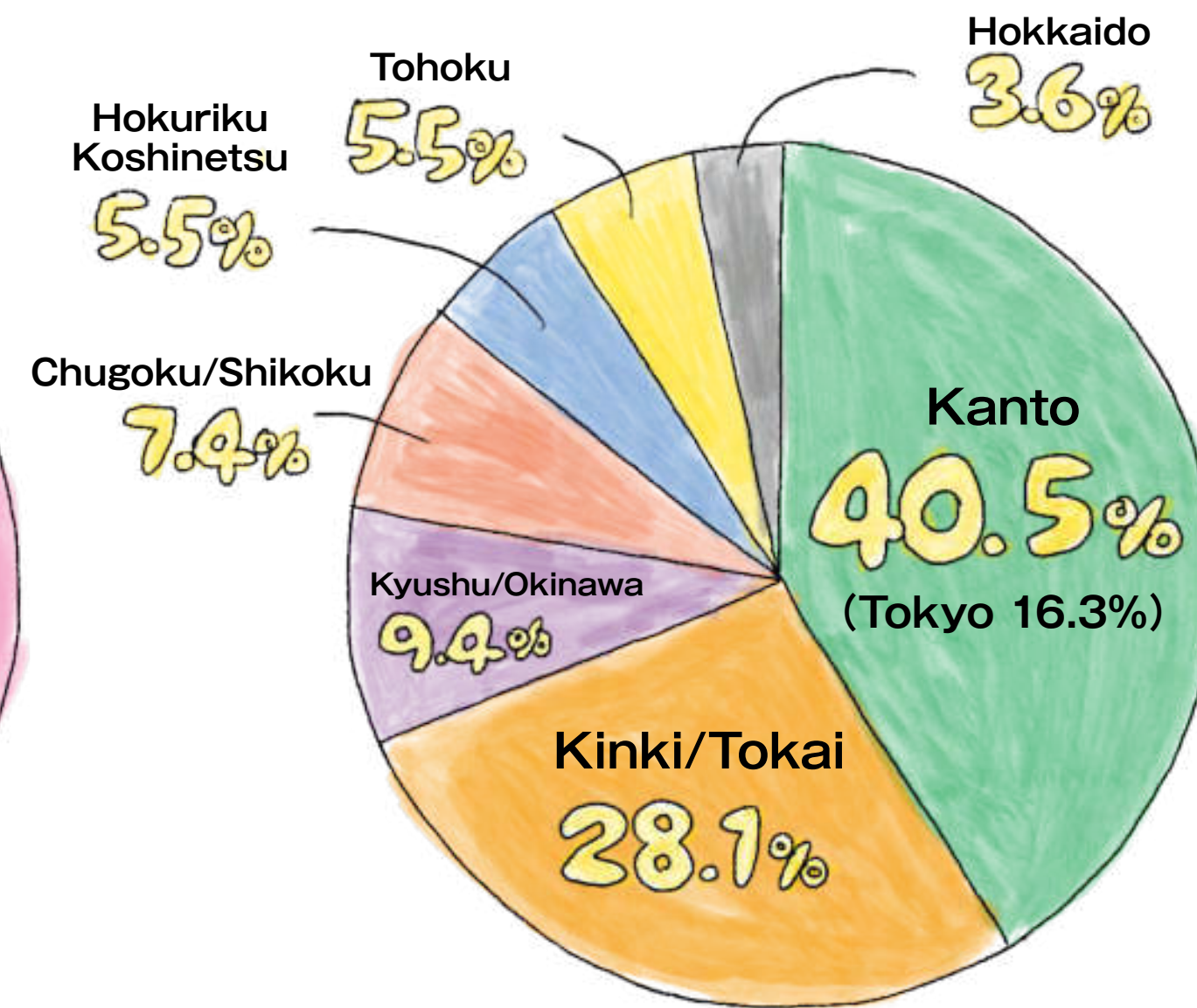
ACTIVE MEMBER DISTRIBUTION



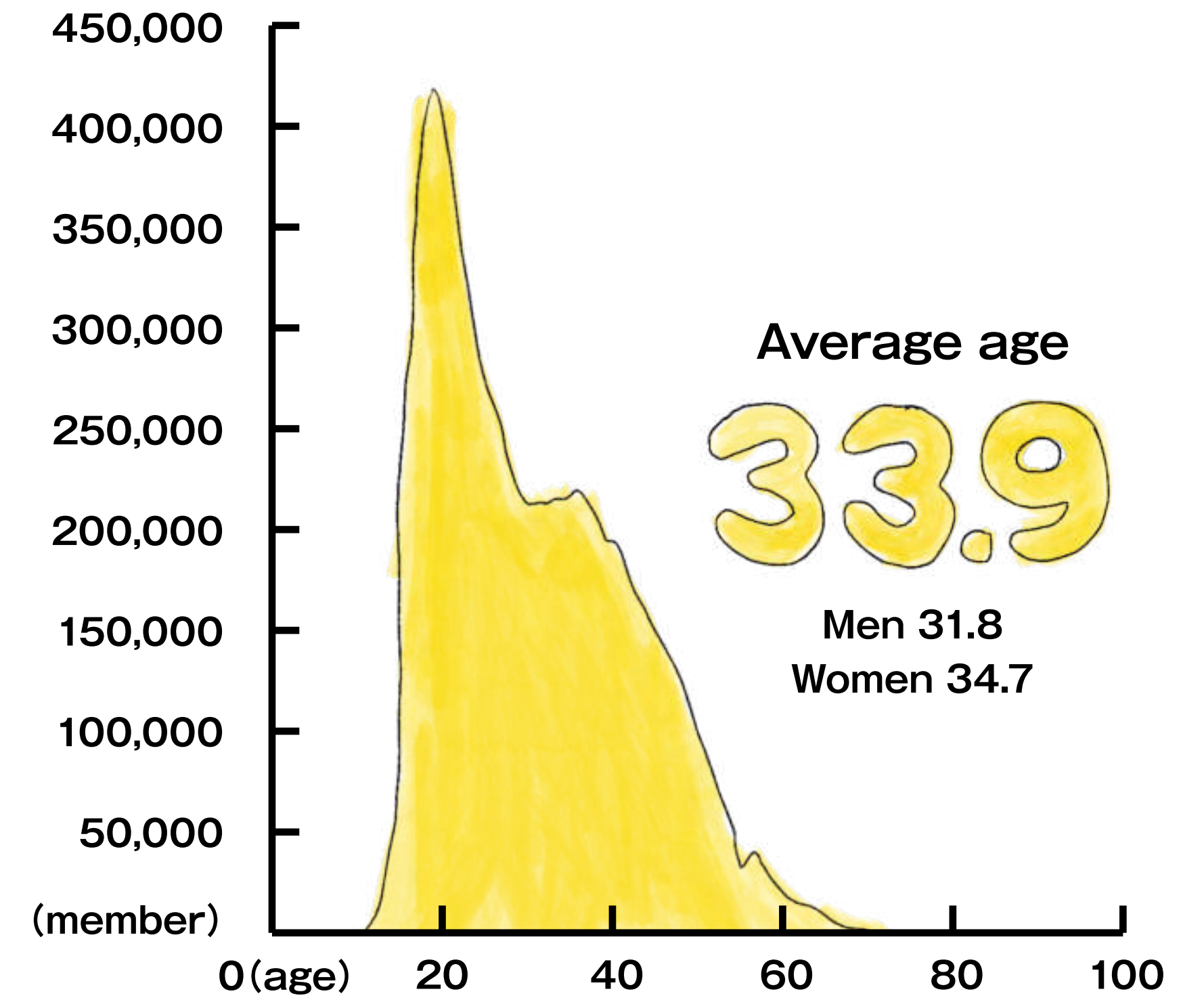
Gender ratio



Geographical distribution

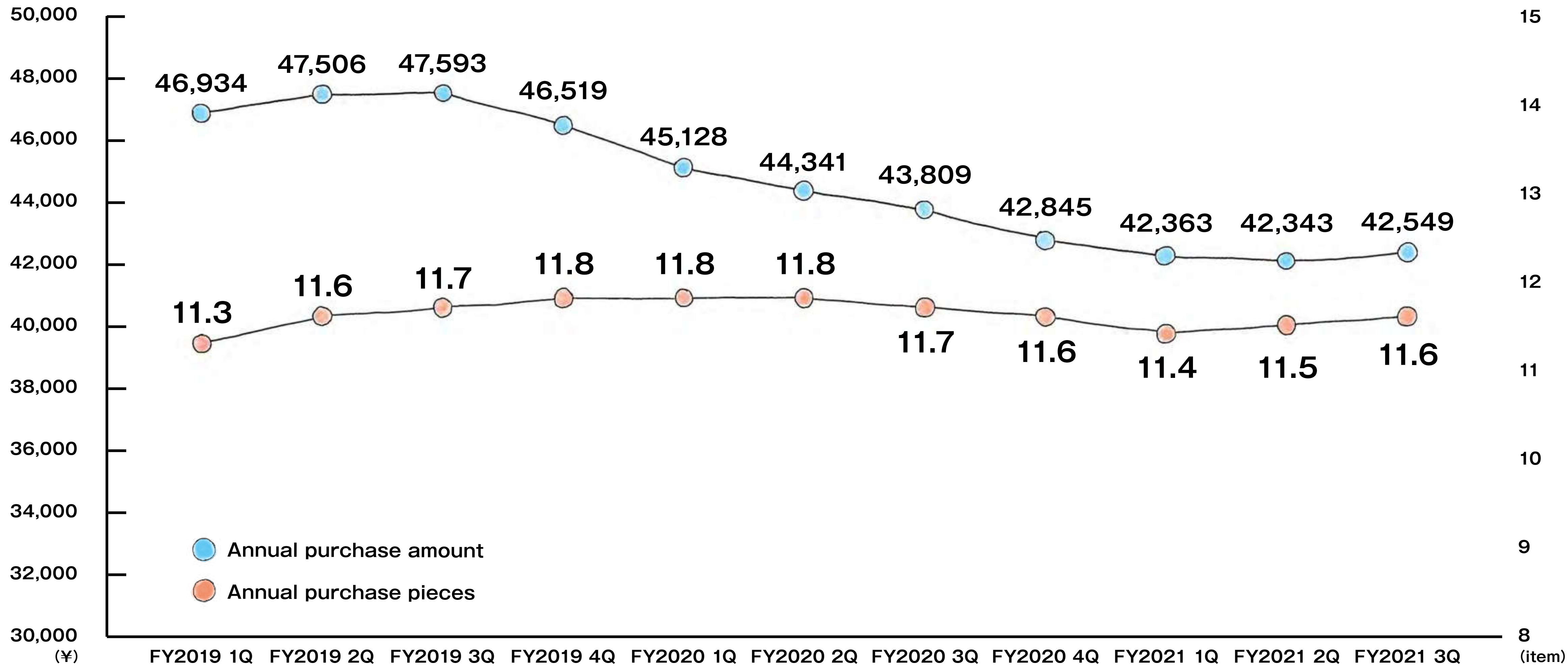
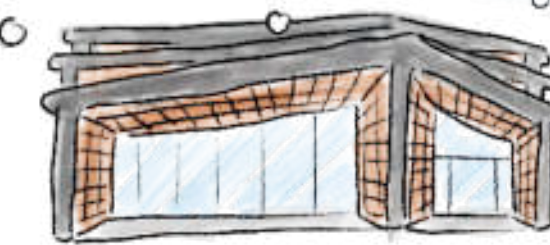


Age distribution



* PayPay Mall is not included

ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER



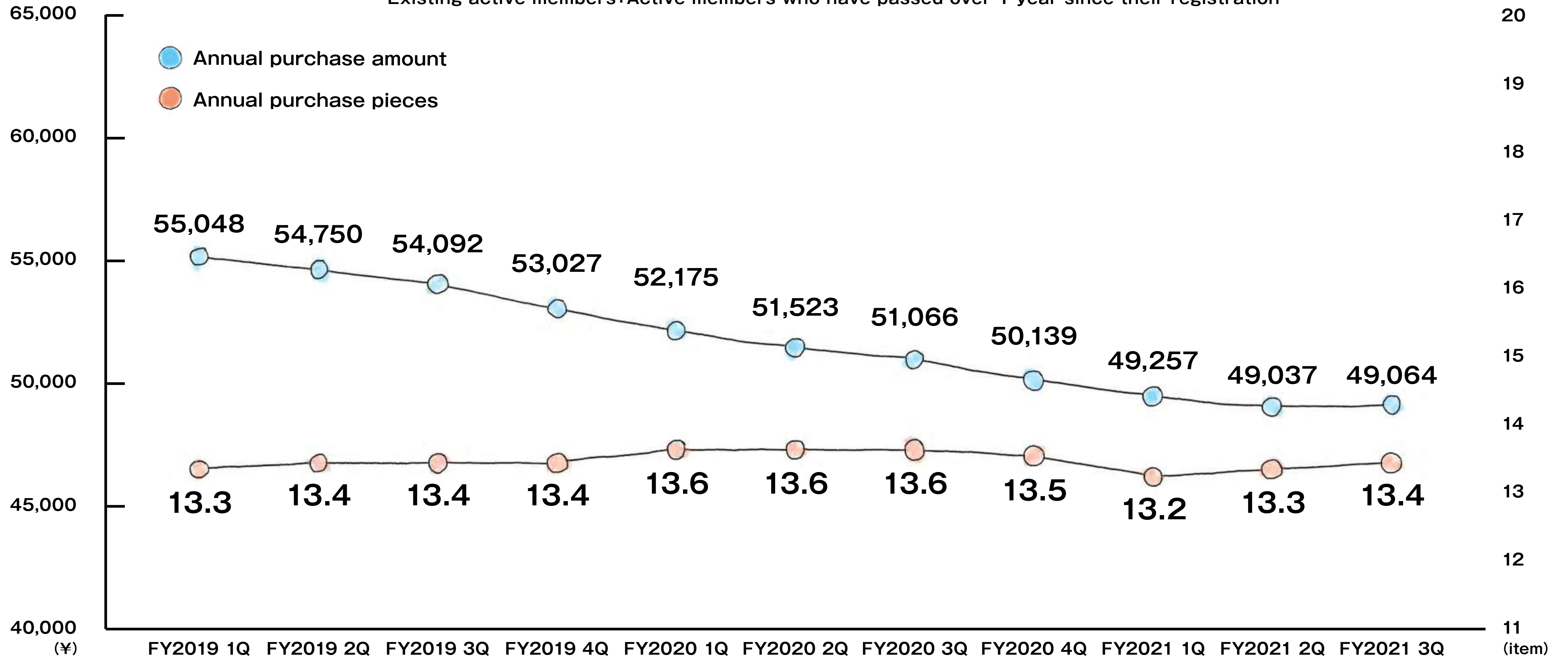
* Excluding the users only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS"

* PayPay Mall is not included.

ANNUAL PURCHASE AMOUNT AND PIECES PER EXISTING ACTIVE MEMBER



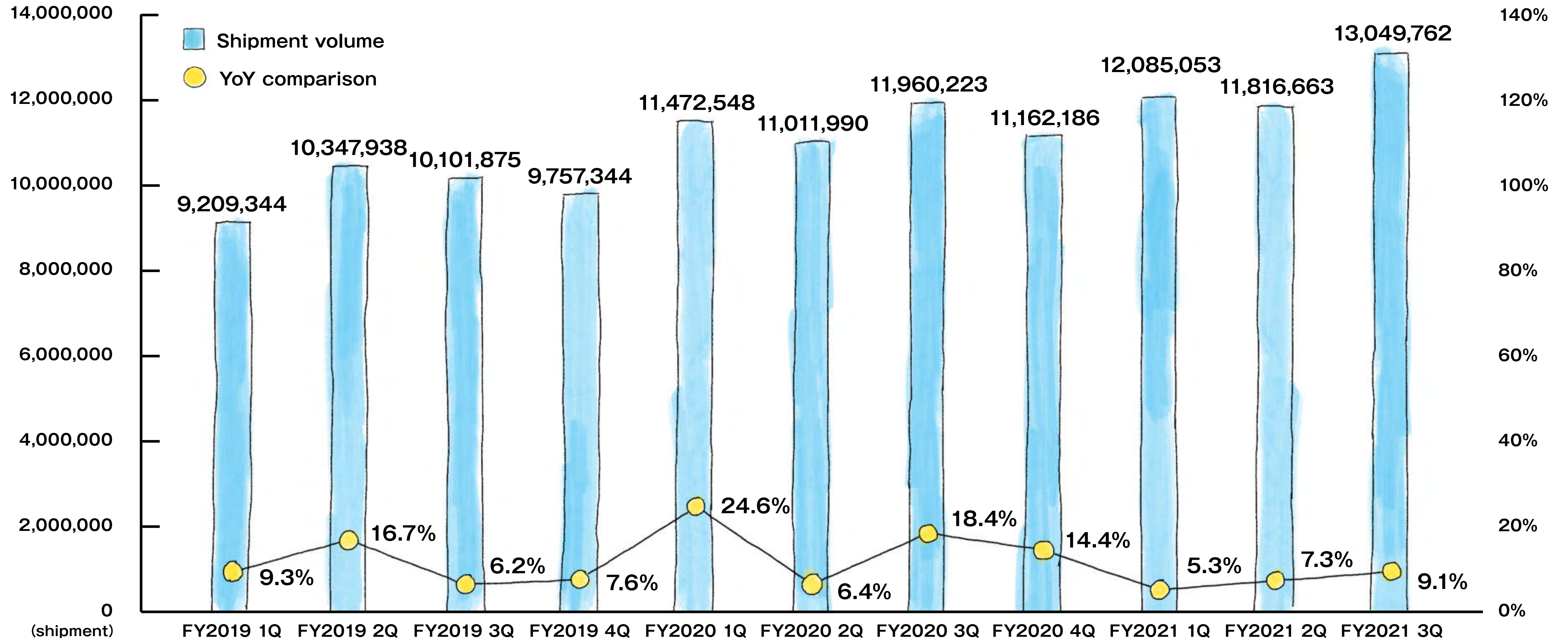
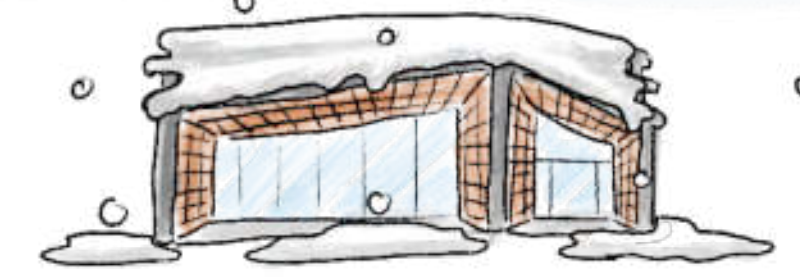
Existing active members: Active members who have passed over 1 year since their registration



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

* PayPay Mall is not included.

NUMBER OF SHIPMENTS

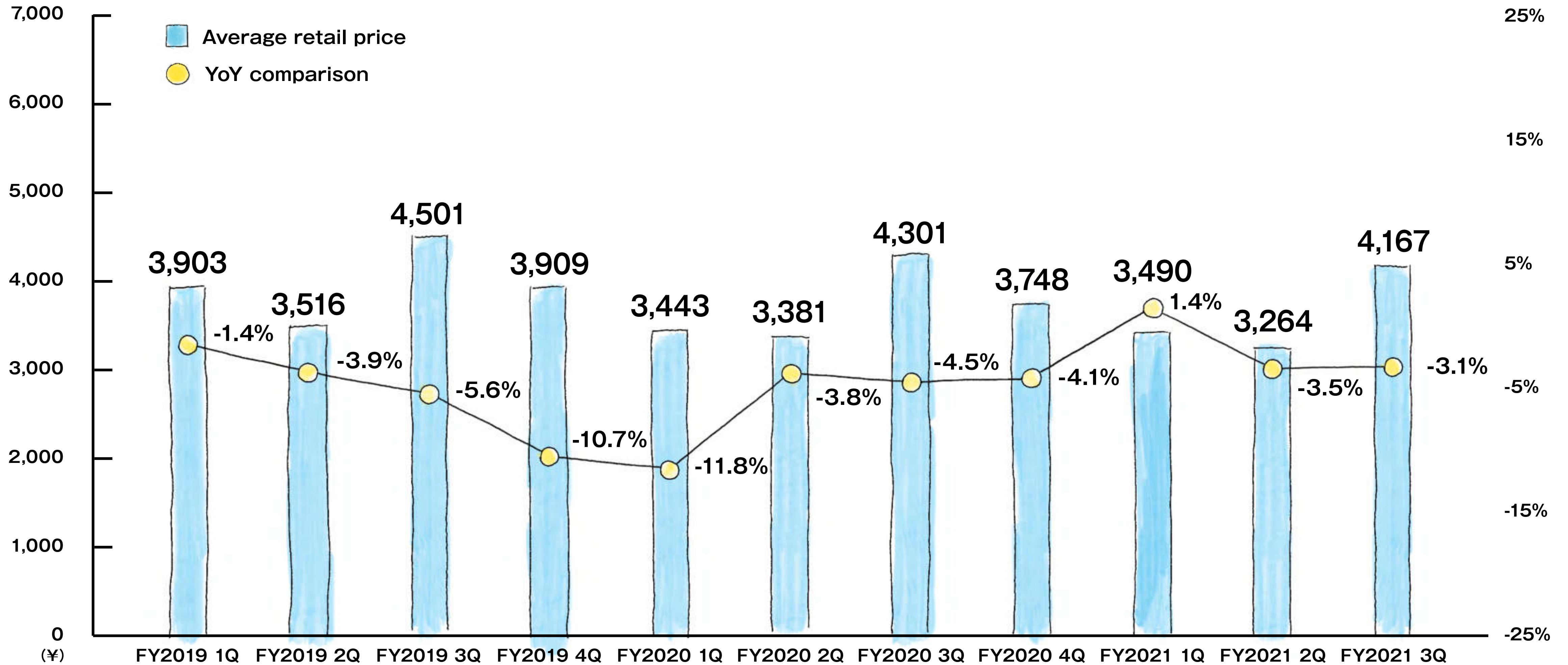
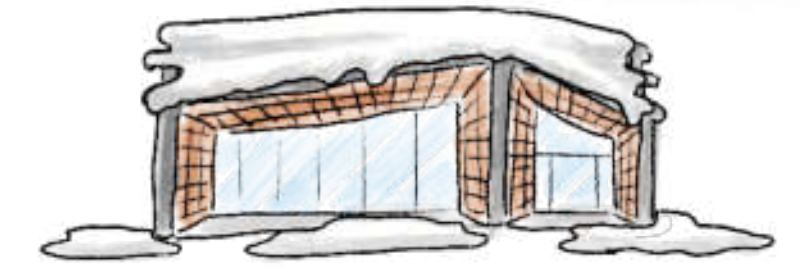


* Excluding the users only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS"

* PayPay Mall is not included * The numbers of shipments are the combined results of the ZOZOTOWN business.

AVERAGE RETAIL PRICE

Average retail price =
Gross Merchandise Value / Number of pieces

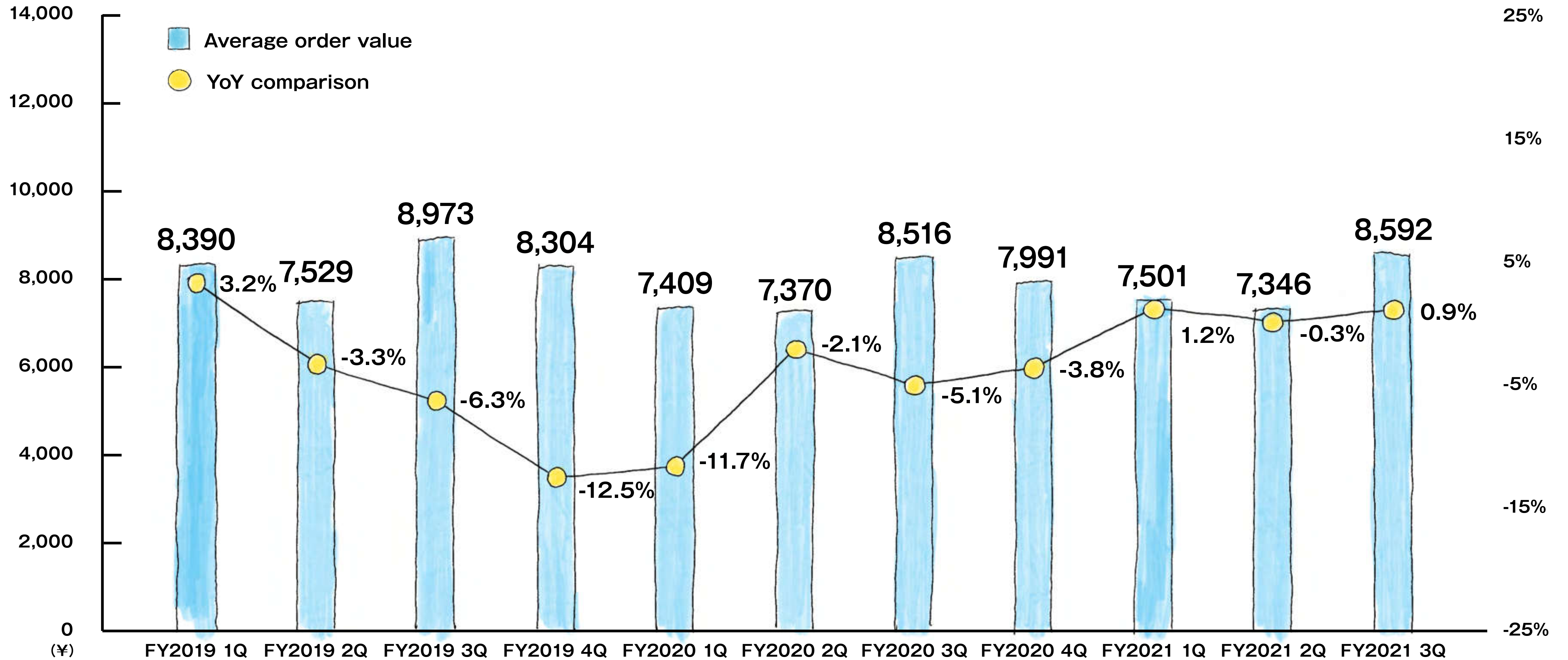
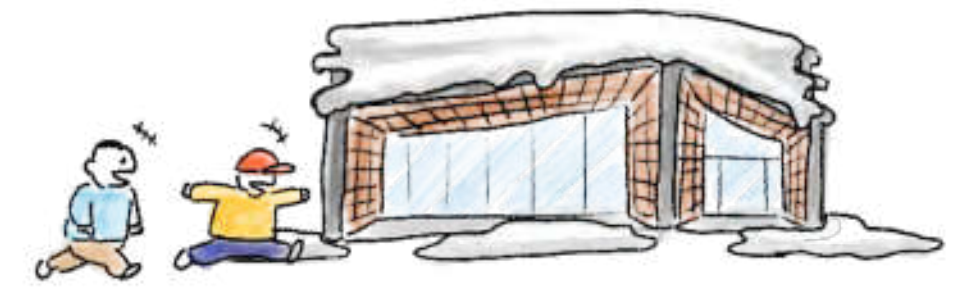


* The numbers of average retail price are averages calculated from combined results of the ZOZOTOWN business.

* PayPay Mall is not included.

AVERAGE ORDER VALUE

Average order value =
Gross Merchandise Value / Number of shipments

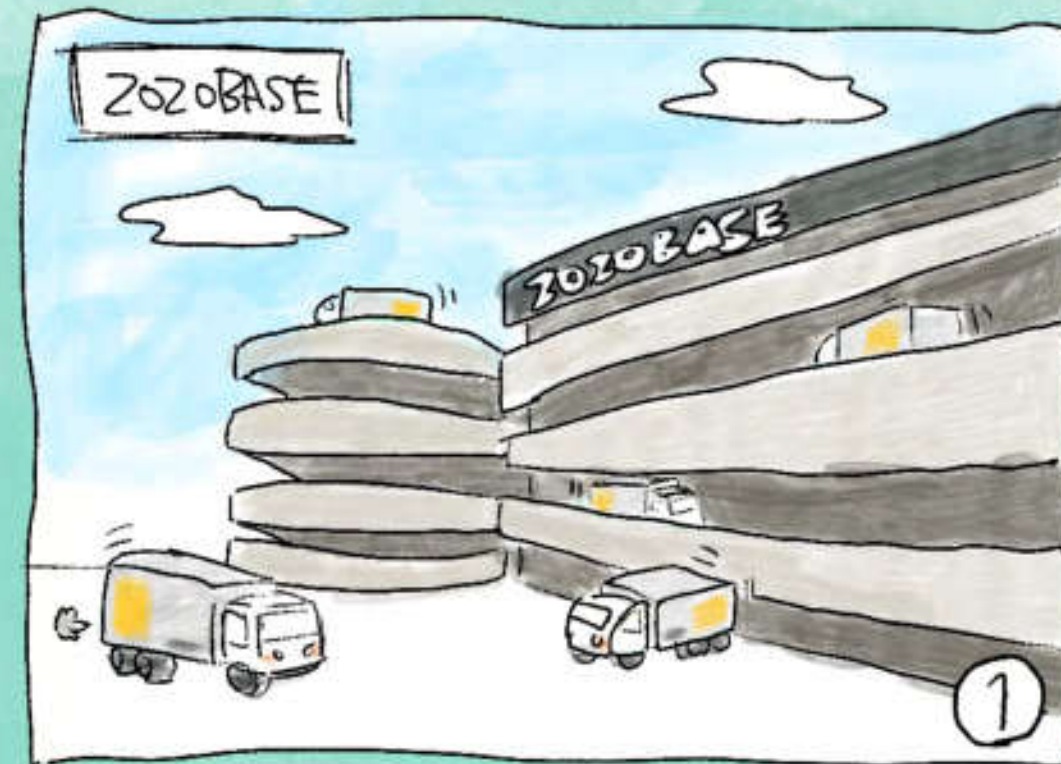


* The numbers of Average Order Value are averages calculated from combined results of the ZOZOTOWN business.

* PayPay Mall is not included.

BUSINESS PLAN FOR FY 2021

FY2021 3Q ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS



CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2021



	FY2021 Plan*	YoY
Gross Merchandise Value	472.8 billion yen	12.7%
Gross Merchandise Value (excluding other GMV)	450.4 billion yen	10.5%
Net sales	162.6 billion yen	10.3%
Operating profit	47.8 billion yen	8.3%
Operating Profit Margin (% Gross Merchandise Value)	10.6%	—
Ordinary profit	47.8 billion yen	7.7%
Profit attributable to owners of parent	33.3 billion yen	7.7%
Net profit per share	109.05 yen	—
Estimated dividends per share (Plan)	55 yen	—

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

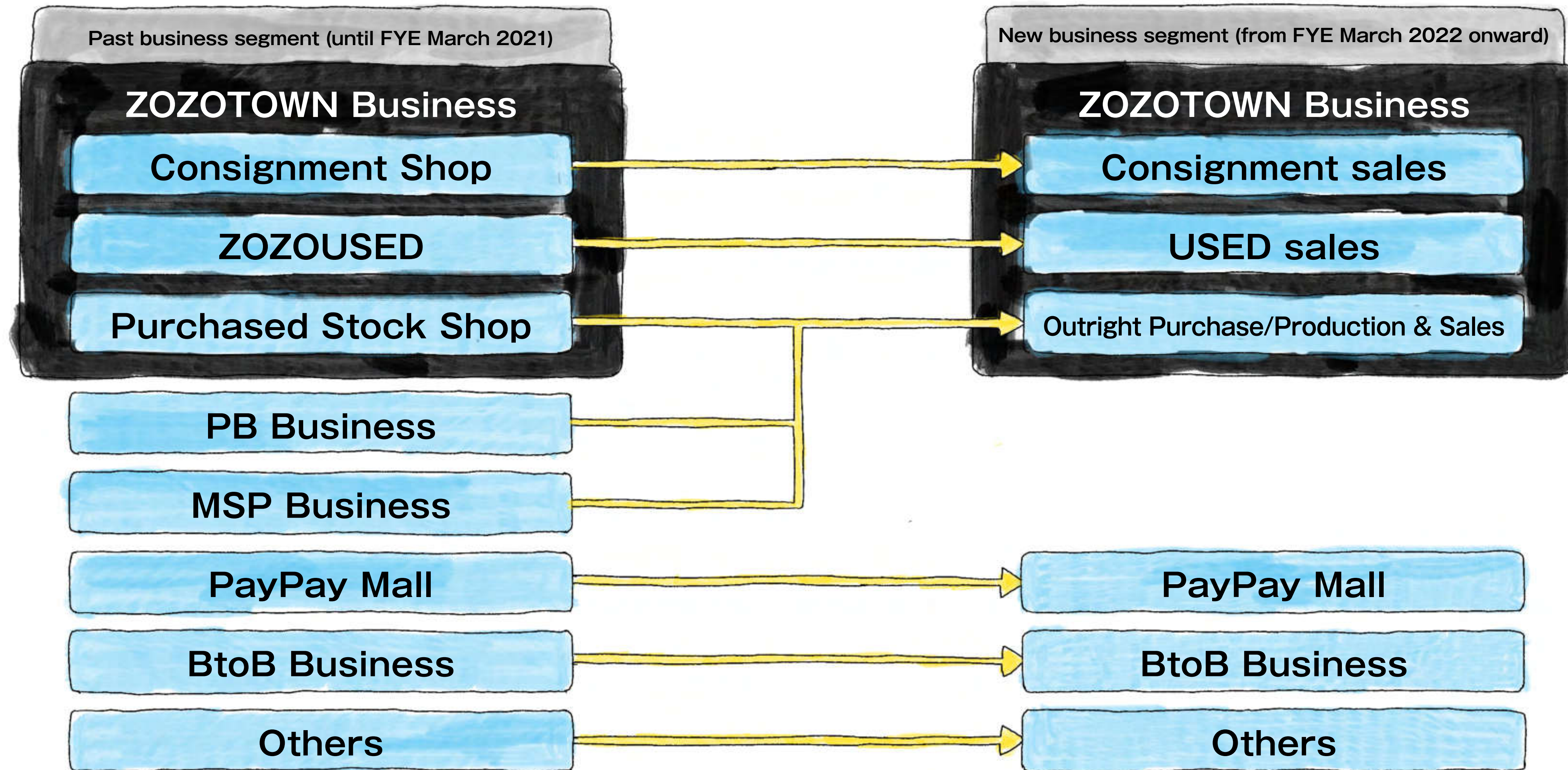
* Effective from the fiscal year ending March 2022, we have adopted the new accounting standards for revenue recognition.

Until the fiscal year ended March 2021, points-related expenses, which had been recorded in SG&A expenses, were reduced from sales in the respective businesses, and the results are disclosed as net sales.

CHANGES IN BUSINESS SEGMENT



We will disclose the gross merchandise value and net sales in the following business segment from the fiscal year ending March 2022. In addition, we will retrospectively reclassify and disclose the results for the fiscal year ended March 31, 2021 and earlier.



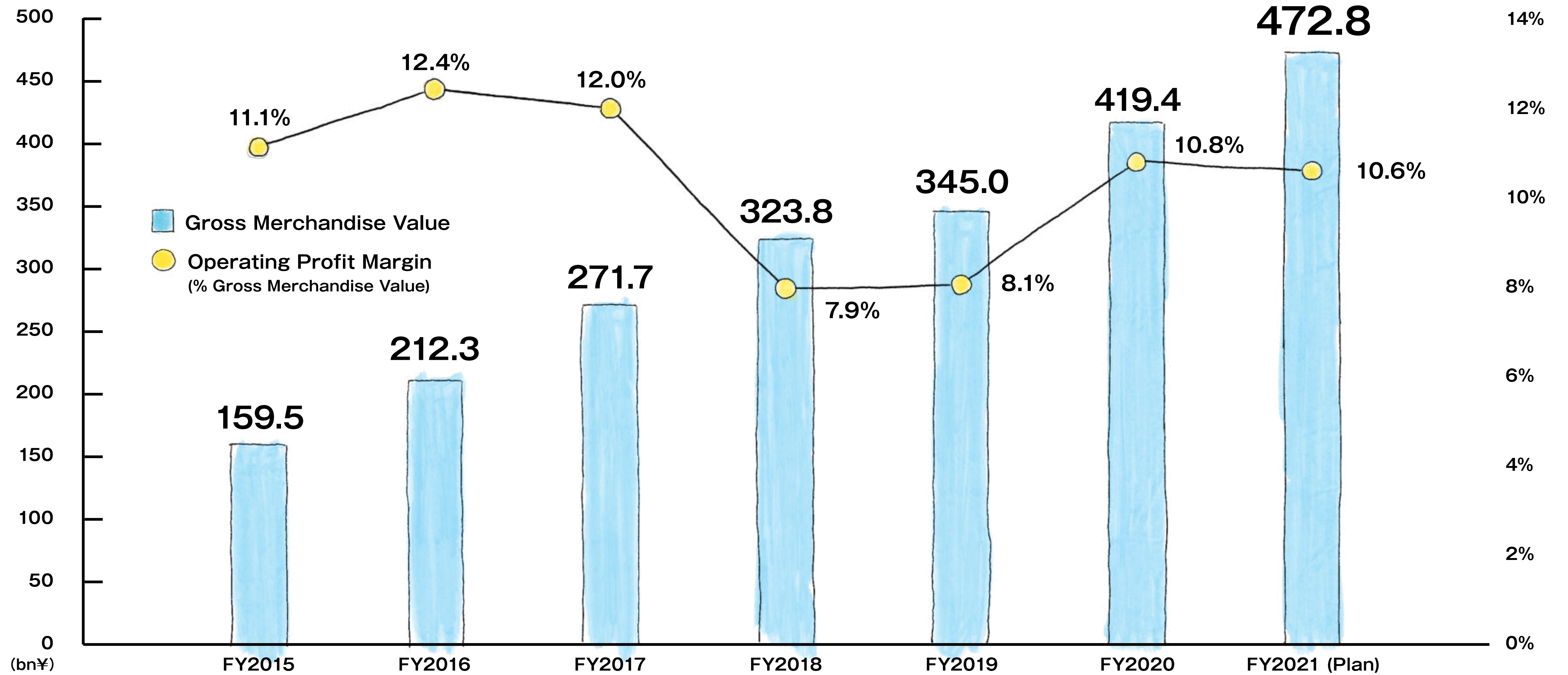
FY2021 TARGET BY BUSINESS SEGMENT



	Target for Gross Merchandise Value	YoY
ZOZOTOWN Business	393.4 billion yen	+10.1%
Outright Purchase/Production & Sales	3.6 billion yen	+104.7%
Consignment sales	378.0 billion yen	+9.9%
USED sales	11.8 billion yen	+1.5%
PayPay mall	33.0 billion yen	+17.0%
BtoB Business	24.0 billion yen	+7.3%
Gross Merchandise Value (excluding other GMV)	450.4 billion yen	+10.5%
Others	22.4 billion yen	+92.0%
Gross Merchandise Value	472.8 billion yen	+12.7%

	Target for Net Sales	YoY
Advertisement Business	4.9 billion yen	+19.0%

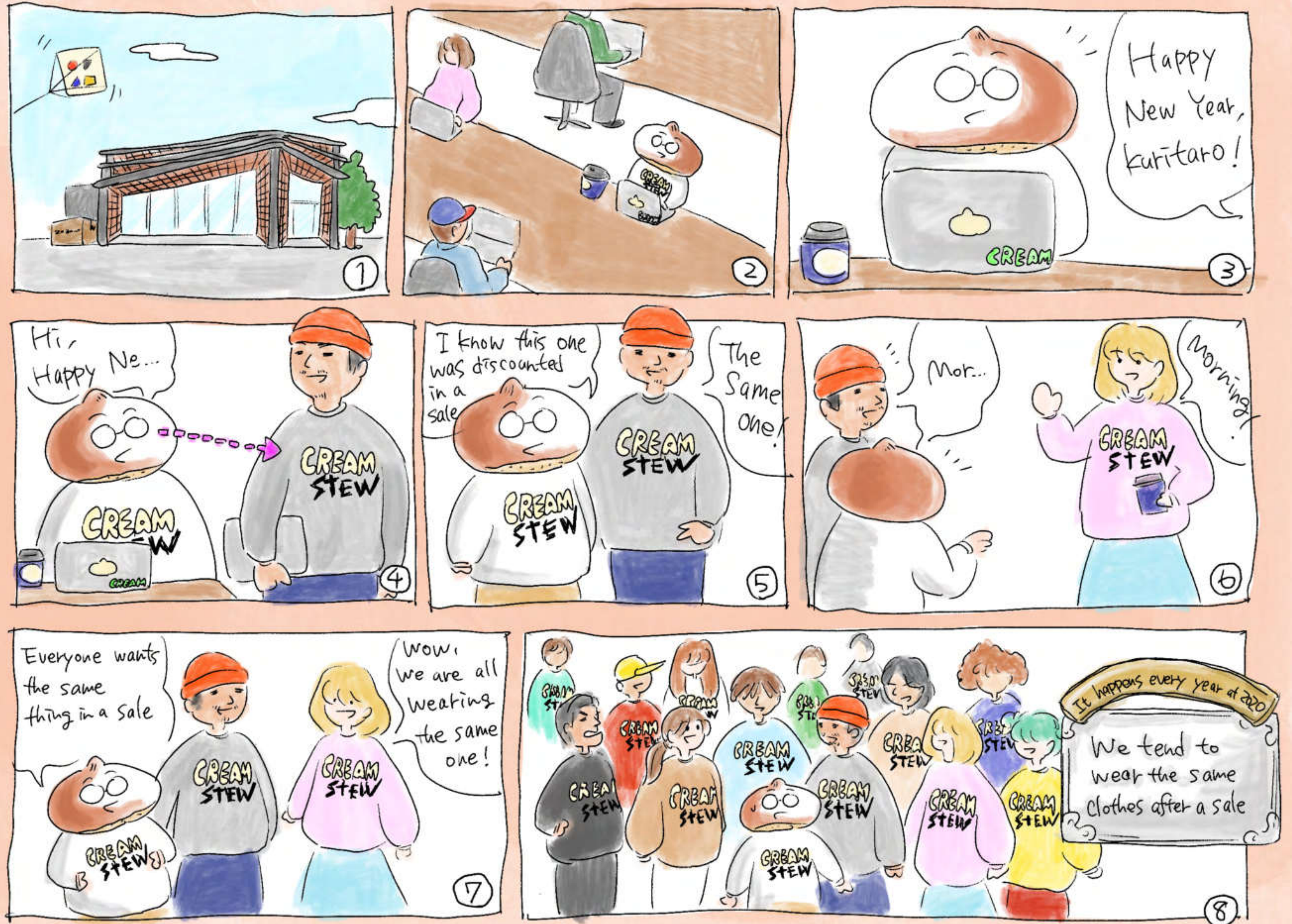
GROSS MERCHANDISE VALUE & OPERATING PROFIT MARGIN



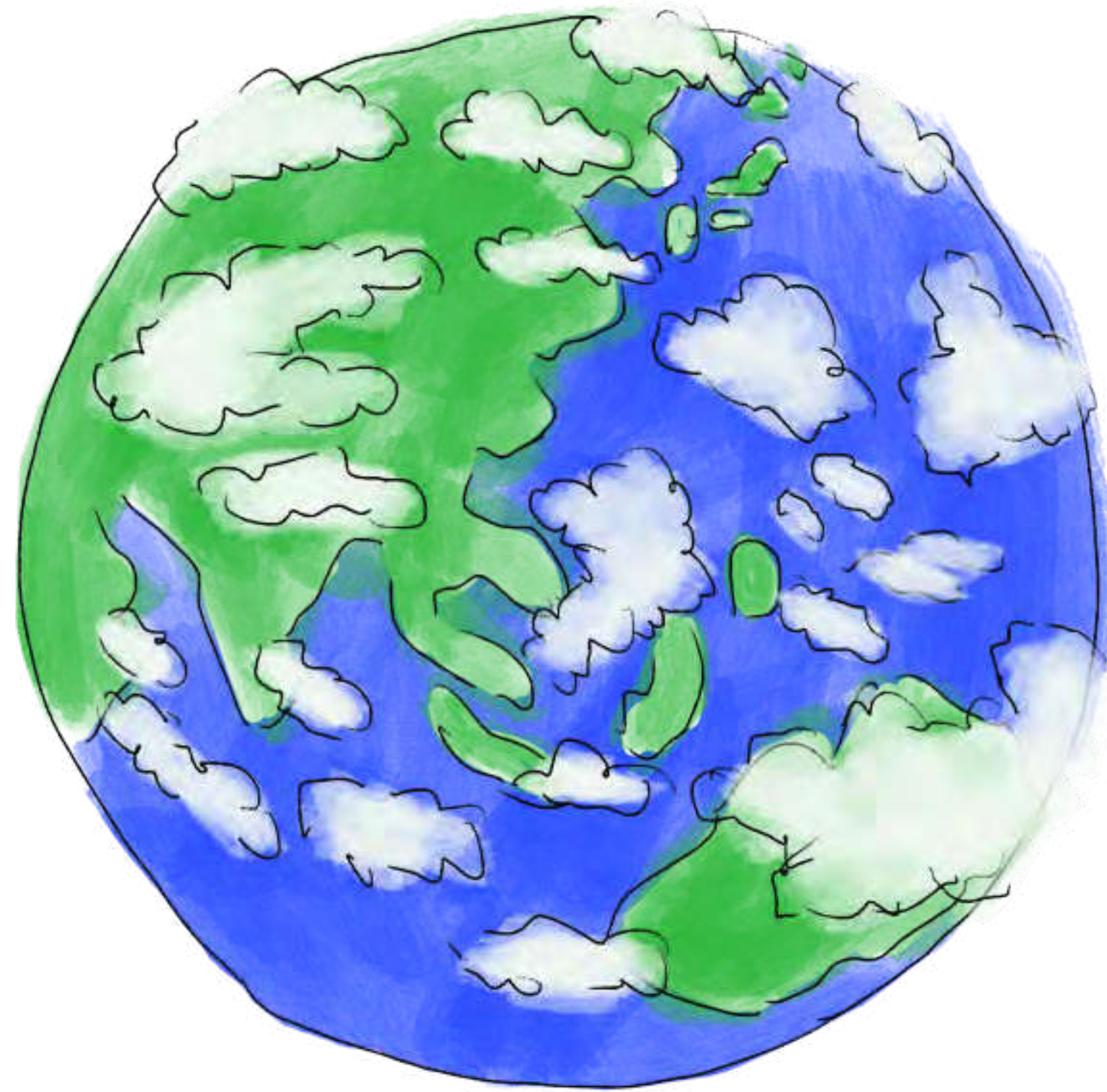
* Operating profit margins are calculated by operating profit divided by gross merchandise value (excluding other GMV).

REFERENCE DATA

FY2021 3Q ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS



CORPORATE PHILOSOPHY



Inspire the world. Deliver joy every day.

STATISTICS OF ZOZO



EMPLOYEES

1,381

(Average age 33.0 years old)

SHARE HOLDERS

13,481

NUMBER OF BRANDS HANDLED

8,481

ZOZOTOWN TOTAL BUYERS

(1 year basis)

10.1 million

MAJOR SERVICES



ZOZOTOWN Japan's Largest Online Retailer of Apparel and Accessories

- 1,516 stores offering 8,481 brands.
- At any given time, more than 830,000 items are available with an average of 2,900 new items added everyday.
- Systems, design, to fulfillment, all functions are built in house.
- Same-day delivery service/Gift-wrapping service/Deferred payment etc.
- Opened ZOZOTOWN shop on PayPay Mall which is operated by Yahoo Japan Corporation.

WEAR Japan's largest fashion coordination app

- When uploading coordinate pictures, tag each item worn in the look, using information on our data base. The systems allows anyone to search for coordinates and items by various queries.
- Official users who we call WEARISTAs, include popular models, singers, actors and actresses.
- Over 15.0 million downloads
- Now available in all geographic areas.



DIFFERENCES BETWEEN ZOZOTOWN AND ZOZOTOWN SHOP ON PAYPAY MALL



	ZOZOTOWN	ZOZOTOWN PayPay Mall Shop
Overview	One of the largest fashion e-commerce sites in Japan providing original services specialized in fashion	E-commerce site for wide range of users also expecting cross-category shopping other than the fashion category
Number of shops	1,516 (As of December 31, 2021)	1,394 (As of December 31, 2021)
Selling items	Full line-up	Freely selected by each shop
Detail of consignment	All the operations needed for EC business such as shooting, measurement, logistics, customer support, operation support etc.	Same as the left
Original services provided	Deferred payment, ZOZO Trade-in, same-day delivery, preorder, ZOZOCARD, brand coupons, gift-wrapping service, image search function, ZOZOMAT, ZOZOGLASS etc.	Brand coupons, same-day delivery, preorder
Payment methods	Credit cards, cash on delivery, convenience store payment, deferred payment, LINE Pay, PayPay	PayPay, credit cards, cash on delivery
Reward points	No *ZOZO point of 5% of product price (excluding tax) will be granted only for ZOZOCARD	PayPay bonus points or T points based on PayPay campaign
Revenue	Consignment sales commission from brands	Same as the left (Commission rate is same as ZOZOTOWN)
	Shipping revenue from customers	Same as the left
Expenses bear by ZOZO	Shop opening commission	Yes (rate is undisclosed)
	Payment collection commission	No (yes for only cash on delivery)
	Customer attraction cost	No
	Reward points cost	No

BUSINESS MODEL



ZOZOTOWN Business

○ Outright Purchase / Production & Sales

24 stores are operating on ZOZOTOWN. In addition to purchasing inventory from brand manufacturers and selling them on ZOZOTOWN, it manufactures and sells merchandise by utilizing the planning abilities of influencers such as brand manufacturers, celebrities etc.

Sales = Gross merchandise value generated by each store*

○ Consignment Sales

We operate 1,492 shops as consignment businesses.

This business model allows us to carry a certain amount of products from the brands, while giving us low inventory risk.

Sales = Gross merchandise value of each store × commission rate*

○ USED Sales

We purchase used fashion products from our users, and resell them as a second-hand business.

Sales = Gross merchandise value*

PayPay Mall

Opened ZOZOTOWN shop on PayPay Mall which is operated by Yahoo Japan Corporation.

Sales = Gross merchandise value of each store × commission rate

BtoB Business

We help developing and operating online shop and logistics operations, etc., on behalf of some brands which have stores on ZOZOTOWN.

We currently provide back-end service to 48 stores.

- In the case of providing all services from website development and operation to logistics operations, etc.

Sales = Gross merchandise value of these online shop × Commission rate

- In the case of providing logistics operations service but not website development and operation services

Sales = Commission fee based on the number of shipments and items

Both of the above sales include other sales such as initial shop opening commission, shipping fee etc.

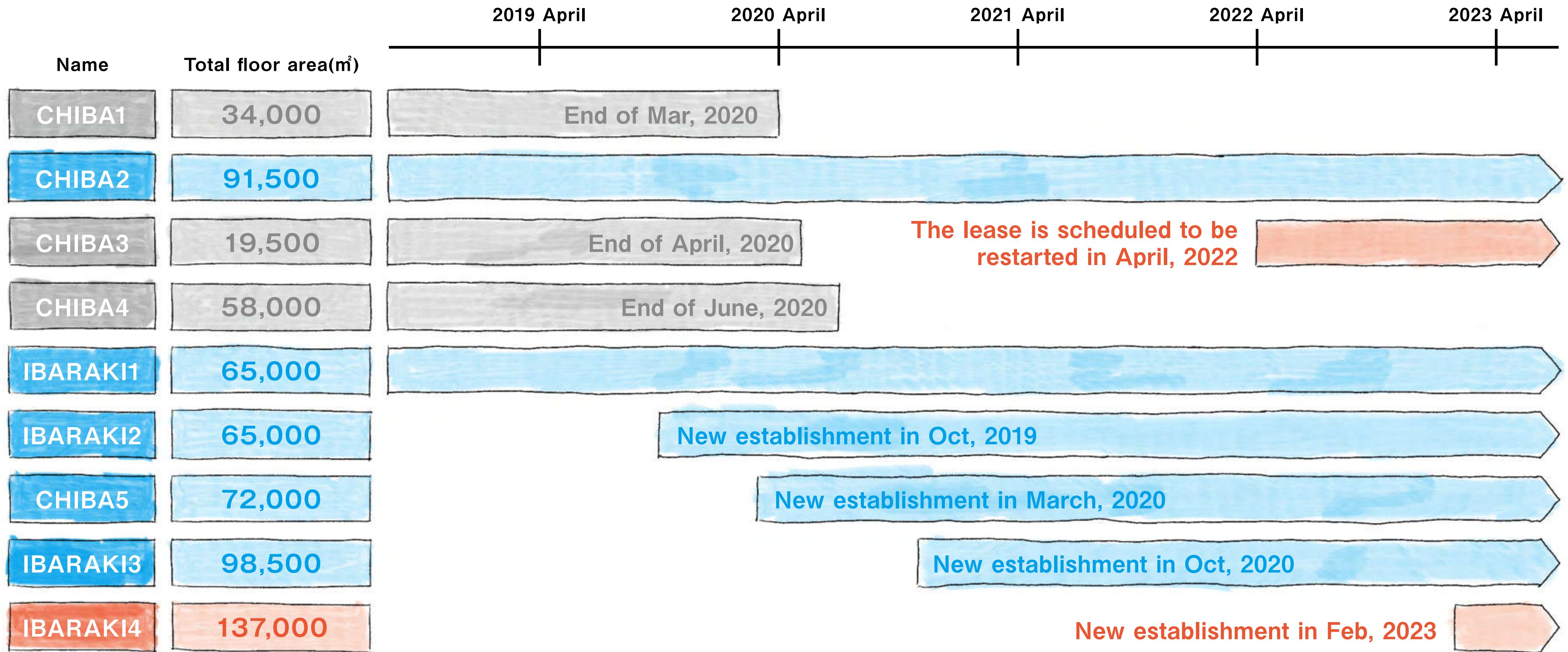
Advertisement Business

Advertisement business will gain advertisement income from client companies including brands by providing advertisement spots utilizing the user base of ZOZOTOWN and WEAR.

Sales = Advertisement income

* There are adjustments such as a reduction due to the adoption of the accounting standards for revenue recognition.

LOGISTICS BASES EXPANSION PLAN



CHIBA2 and IBARAKI1 are warehouses with shipping function and IBARAKI4 will also have the function in the future.

APPENDIX



Introduction of IR website <https://corp.zozo.com/en/ir-info/>

Information below are available at our IR website.

IR News ... The latest IR information are posted in a timely manner.

<https://corp.zozo.com/en/ir/>

ESG/CSR ... Introducing our initiatives on ESG/CSR.

<https://corp.zozo.com/en/sustainability/>

Financial Highlights ... Financials for the past 3 years are available.
Data can be downloaded in both PDF and excel format.

<https://corp.zozo.com/en/ir-info/financial-highlights/>

Introduction of IR Mail

By registering your email address to our IR Mail,
we will send you information pertain to our IR such as latest news releases.

If you wish to register, please make access to the following link.

* News and information will be sent through the service provided by Magical Pocket Corporation.

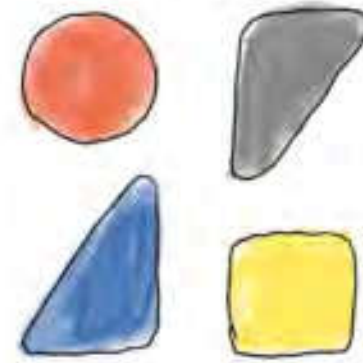
IR Mail Subscription <https://corp.zozo.com/ir-info/mail-magazine/>



This material has been created for
the sole purpose of introducing the company's business activities,
and not for soliciting investments.

The business forecasts and the future outlook described in the material
is based on information currently available.

The forecast includes uncertainties such as sudden changes,
therefore actual results may differ.



ZOZO

Postscript

Sorry to start out with this suddenly, but my baby was born last November.

As the company grows, I get to know many people but sadly at the same time, there are people who drifted apart.

Even so, they sent me congrats and best wishes for my baby, and I realized again how nice people at ZOZO are!

This made me feel that I would share their daily life and hard work through this.

New year holidays are the busiest season for ZOZO and there are many stories behind.

I made a manga based on the actual story as I did before.

I hope that you will feel close or empathy to us, and we always appreciate your support.

MOZZY 2022.1.28. 