

**FY2023 2Q ZOZO, Inc.  
CONSOLIDATED BUSINESS RESULTS**

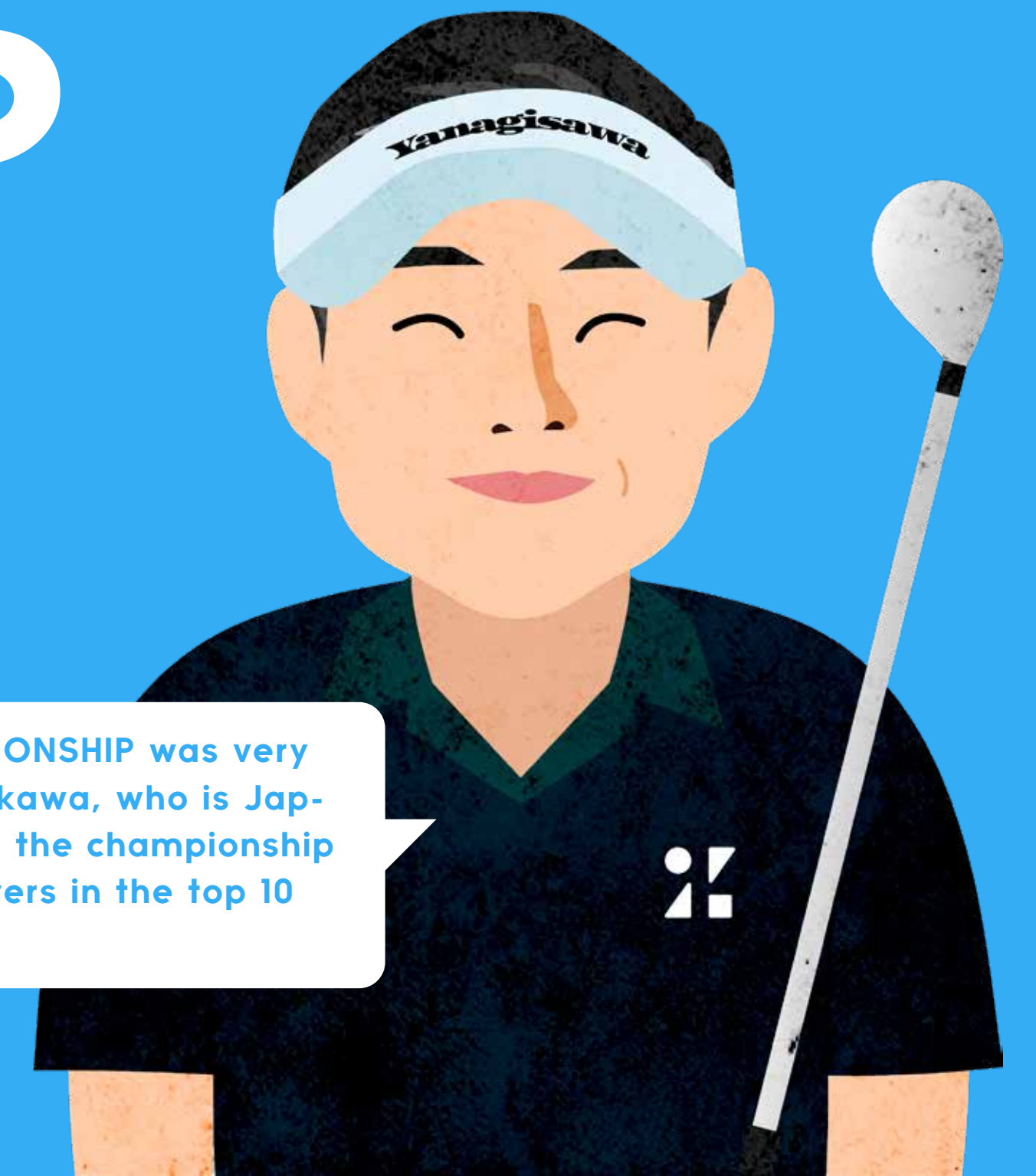


With an  
easy-to-understand  
explanation  
by CFO Yanagisawa  
and VP of IR!

# HIGHLIGHTS



This year's ZOZO CHAMPIONSHIP was very exciting, with Collin Morikawa, who is Japanese American, winning the championship and three Japanese players in the top 10 as well!





# FY2023 2Q HIGHLIGHTS

Both GMV and operating profit reached new highs in the first half of the year.

## Overview

- Gross Merchandise Value : 258,791 million yen (+3.0%,YoY)

Gross Merchandise Value (excluding other GMV) : 241,644 million yen (+6.2%,YoY)

Business performance is generally in line with plans. Severe late summer heat has caused weak sales during the start-up period of fall/winter products. Inventory supply continues to increase.

- Operating Profit : 28,931 million yen (+6.3%,YoY)

Business performance is better than planned. Increased in SG&A expense, mainly customer acquisition and sales promotion expenses, was exceeded by an increase in gross profit due to growth in commission fees and advertising business in line with growth in GMV.

## Results by business segment

- ZOZOTOWN BUSINESS

Gross Merchandise Value : 211,749 million yen (+7.2%,YoY)

Consignment sales : 201,627 million yen(+6.8%,YoY)

Outright Purchase / Production & Sales : 2,360 million yen (+31.8%,YoY)

USED sales : 7,761 million yen (+14.2%,YoY)

- Yahoo! JAPAN Shopping\* : 23,265 million yen (+2.3%,YoY)

- BtoB Business : 6,629 million yen (-9.2%,YoY)

- Others\* : 17,146 million yen

- Average Order Value : 7,894 yen (+4.3%,YoY)

- Average Retail Price : 3,590 yen (+3.0%,YoY)

- Advertising business

Net sales : 4,273 million yen (+22.3%,YoY)

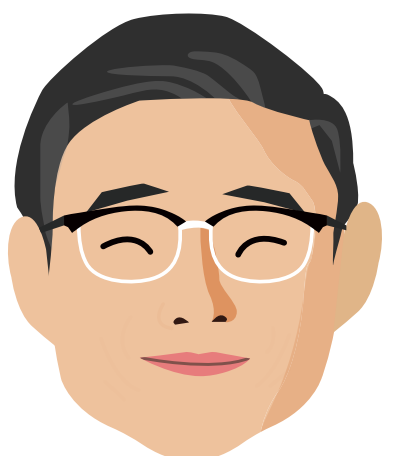
\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

\* From the 2nd quarter of the fiscal year ended March 2021, GMV from the e-commerce website run by our consolidated subsidiary, "yutori, Inc.", stores contracting ZOZO option at Yahoo! JAPAN Shopping, ZOZOMO, and ZOZOSUIT (for paid sales) are recorded.

ZOZO Option : Option contracts which enables fashion category stores outside of ZOZOTOWN Yahoo! JAPAN Shopping, to participate in special events produced by ZOZO and get benefits from sales support.

ZOZOMO : The system which enables ZOZOTOWN users to place a layaway order of the merchandise at the physical stores.

Although GMV was slightly lower than planned in 2Q as in 1Q due to the unusually warm weather, operating income exceeded the plan due to cost reductions.





# FY2023 2Q HIGHLIGHTS

## Profitability

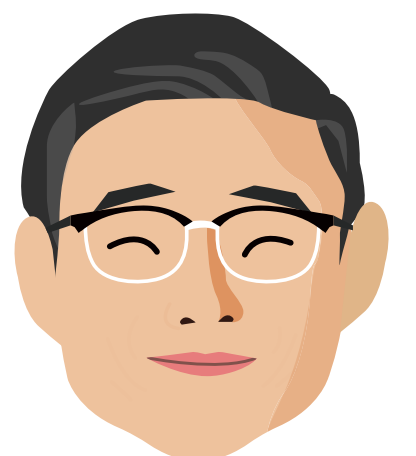
- Operating profit margin (to the total gross merchandise value) : 12.0%(12.0% for FY2022 2Q)
  - Factors improving profitability : A growth of the advertising business and a decline in shipping expenses ratio due to higher order value.
  - Factors worsening profitability : An increase in expenses to attract customers and expenses for the point program.

\*Operating profit margin is calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV).

## Topics

- Integrated Report Portal FY2022 has been released. (August, 2023)
- A new distribution base ZOZOBASE TSUKUBA3 has started operating. (August, 2023)
- In collaboration with the University of Tokyo, ZOZOSUIT® has succeeded in detecting scoliosis of moderate or greater severity. (August, 2023)
- MUJI has opened on ZOZOTOWN. (September, 2023)
- 「Prada Beauty」, 「RMK」 opened at ZOZOCOSME. (September, 2023)
- PGA TOUR ZOZO CHAMPIONSHIP was held in 2023. (October, 2023) Event dates: October 19th to 22nd, 2023
- The company decided to raise the dividend payout ratio, repurchase and retire treasury stock to achieve management that is conscious of the cost of capital and stock price. Going forward, the company aims to achieve a total return ratio of more than 80% on 5-year average over the medium to long term. (October, 2023)

Please see pages 6 to 8 for details on action to implement management that is conscious of cost of capital and stock price.

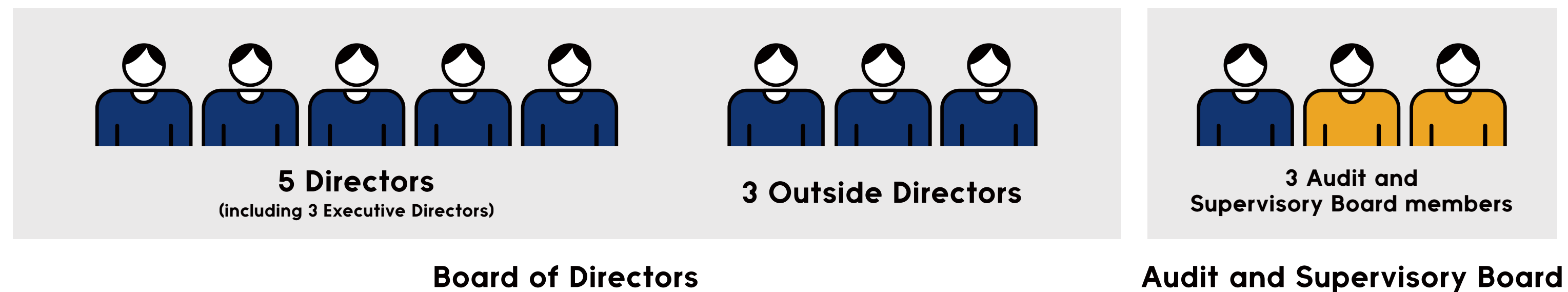




# Initiatives for the governance

Effective June 28, 2023, the Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. Accordingly, Directors and Audit and Supervisory Board members resigned, and new Directors were appointed.

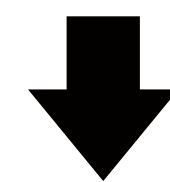
## A company with an Audit and Supervisory Board



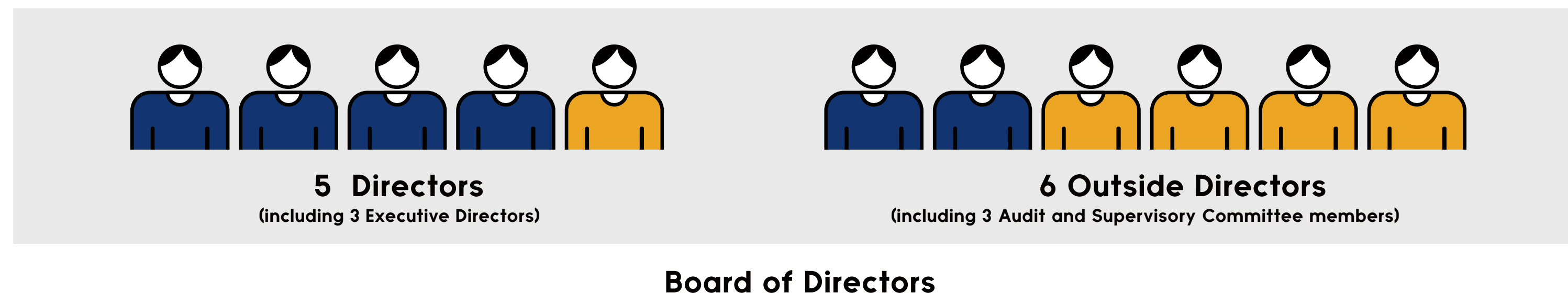
Ratio of Outside Directors : 37.5% (3/8)

Ratio of female Officers : 18.1% (2/11)

※including Audit and Supervisory Board members



## A company with an Audit and Supervisory Committee (After June 28, 2023)



Ratio of Outside Directors : 54.5% (6/11)

Ratio of female Directors : 45.4% (5/11)



# Action to Implement Management that is Conscious of Cost of Capital and Stock Price

## Background and Current Issues

As for profit return to shareholders, our group has the basic policy for deliberating and implementing profit return by balancing internal reserve through comprehensive consideration of the followings: business performance, financial status, future business and investment plans.

We re-examined based on the analysis of current situation and future forecasts, as requested by Tokyo Stock Exchange, Inc. in the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” announced on March 31, 2023.

Our Group’s ROE has remained high at 60.1% (actual results for the fiscal year ended March 31, 2023), compared to the lower limit of 30% which is the external target.

On the other hand, our group’s equity capital has been increasing due to the accumulation of internal reserve, and in consideration of future business and investment plans, etc., it is expected that ROE and other indicators of return on capital will gradually deteriorate.



# **Action to Implement Management that is Conscious of Cost of Capital and Stock Price**

## **Response Policy and Goals**

**We deemed that maintaining the current level of consolidated dividend payout ratio will lower capital efficiency in the future. Thus, we set out a policy to return surplus funds to shareholders more proactively than ever before.**

**In addition to raising the consolidated dividend payout ratio, we will consider the share repurchases on an ongoing basis, taking into account stock liquidity and stock price conditions.**

**Our goal is to maintain a total return ratio, including share buybacks, of more than 80% on 5-year average over the medium to long term.**

**In addition to increasing dividends and share buybacks, we will also explore fundamental initiatives to achieve capital returns exceeding the cost of capital consistently, to attain sustainable growth of the company.**



# Action to Implement Management that is Conscious of Cost of Capital and Stock Price

## Specific measures

The specific measures decided on October 31, 2023 are as follows.

As a result of this action, ROE for the fiscal year ending March 31, 2024 is expected to be 53.1%\*.

\*When (2) is acquired up to the limit

### (1) Raise the consolidated dividend payout ratio

Raise the consolidated dividend payout ratio target from 50% to 70%

Details of the revision for the fiscal year ending March 31, 2024    End of Q2: 49yen    Year-end: 49yen    Total: 98yen

Previous forecast (Announced on April 27, 2023)    End of Q2: 28yen    Year-end: 43yen    Total: 71yen

### (2) Repurchase of own shares

Up to 10 billion yen or 5 million shares to be acquired through market purchase

Period of acquisition: November 1, 2023 to March 1, 2024 (Plan)

### (3) Cancellation of treasury stock

Cancelled of 11,170,104 shares    (3.58% of the total number of shares outstanding before the cancellation)

Scheduled date of the cancellation: November 9, 2023



# BUSINESS RESULTS



The new "ZOZO WORKSTYLE" started this April. Many employees are working vigorously because of the updated personnel system, benefits, and work style.





# OVERVIEW OF THE FY2023 2Q

(million¥)

|  | FY2022 2Q | FY2023 2Q | YoY  | Target  | Achievement Rate(%) |
|--|-----------|-----------|------|---------|---------------------|
| Gross Merchandise Value                          | 251,138   | 258,791   | 3.0% | 580,800 | 44.6%               |
| Gross Merchandise Value<br>(excluding other GMV) | 227,481   | 241,644   | 6.2% | 535,200 | 45.2%               |
| Net sales  | 83,767    | 90,217    | 7.7% | 200,700 | 45.0%               |
| Gross profit                                     | 78,906    | 84,213    | 6.7% | -       | -                   |
| (% to the Gross Merchandise Value)               | 34.7%     | 34.9%     | 0.2% | -       | -                   |
| SG&A   | 51,696    | 55,282    | 6.9% | -       | -                   |
| (% to the Gross Merchandise Value)               | 22.7%     | 22.9%     | 0.2% | -       | -                   |
| Operating profit                                 | 27,210    | 28,931    | 6.3% | 60,000  | 48.2%               |
| (% to the Gross Merchandise Value)               | 12.0%     | 12.0%     | 0.0% | 11.2%   | -                   |
| Ordinary profit                                  | 27,433    | 29,104    | 6.1% | 60,000  | 48.5%               |
| Profit attributable to owners of parent          | 19,067    | 20,314    | 6.5% | 42,000  | 48.4%               |

\* The percentages are calculated by dividing each item by the Gross Merchandise Value (excluding other GMV).



# OVERVIEW OF EACH QUARTER

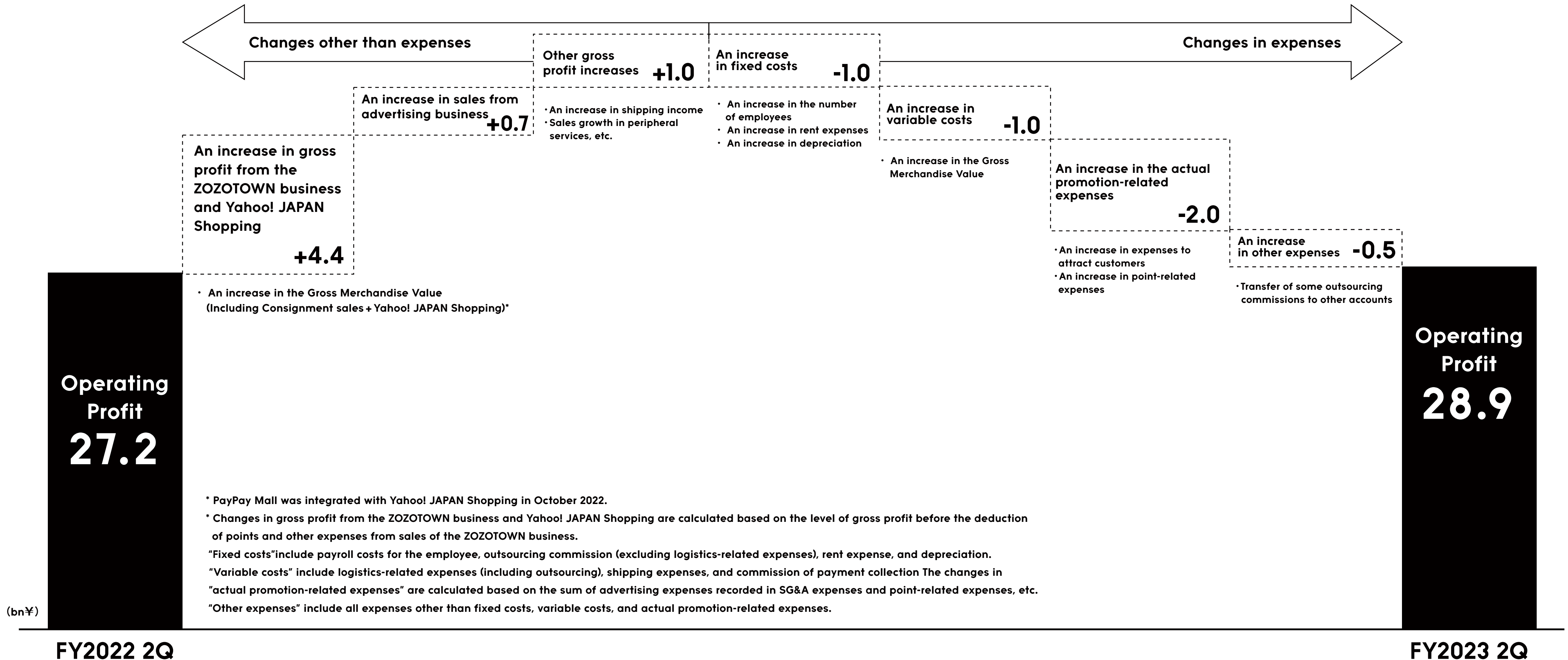
(million¥)

|  | FY2022  |         |         |         | FY2023  |         |
|--|---------|---------|---------|---------|---------|---------|
|  | 1Q      | 2Q      | 3Q      | 4Q      | 1Q      | 2Q      |
| Gross Merchandise Value                          | 127,928 | 123,210 | 155,358 | 137,820 | 131,920 | 126,870 |
| Gross Merchandise Value<br>(excluding other GMV) | 115,948 | 111,533 | 144,540 | 129,085 | 123,327 | 118,317 |
| YoY (%)  | 8.7%    | 9.0%    | 9.1%    | 7.0%    | 6.4%    | 6.1%    |
| Net sales  | 42,590  | 41,176  | 52,699  | 46,956  | 45,871  | 44,345  |
| SG&A   | 26,028  | 25,667  | 31,328  | 31,895  | 27,182  | 28,100  |
| YoY (%)  | 7.0%    | 7.6%    | 5.6%    | 11.2%   | 4.4%    | 9.5%    |
| (% to the Gross<br>Merchandise Value)            | 22.4%   | 23.0%   | 21.7%   | 24.7%   | 22.0%   | 23.8%   |
| Operating profit                                 | 14,312  | 12,897  | 17,425  | 11,785  | 15,862  | 13,068  |
| YoY (%)  | 13.7%   | 15.2%   | 16.3%   | 8.4%    | 10.8%   | 1.3%    |
| (% to the Gross<br>Merchandise Value)            | 12.3%   | 11.6%   | 12.1%   | 9.1%    | 12.9%   | 11.0%   |

\* The percentages are calculated by dividing each item by the Gross Merchandise Value (excluding other GMV).



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



\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

\* Changes in gross profit from the ZOZOTOWN business and Yahoo! JAPAN Shopping are calculated based on the level of gross profit before the deduction of points and other expenses from sales of the ZOZOTOWN business.

"Fixed costs" include payroll costs for the employee, outsourcing commission (excluding logistics-related expenses), rent expense, and depreciation.

"Variable costs" include logistics-related expenses (including outsourcing), shipping expenses, and commission of payment collection. The changes in

"actual promotion-related expenses" are calculated based on the sum of advertising expenses recorded in SG&A expenses and point-related expenses, etc.

"Other expenses" include all expenses other than fixed costs, variable costs, and actual promotion-related expenses.

(bn¥)

FY2022 2Q

FY2023 2Q

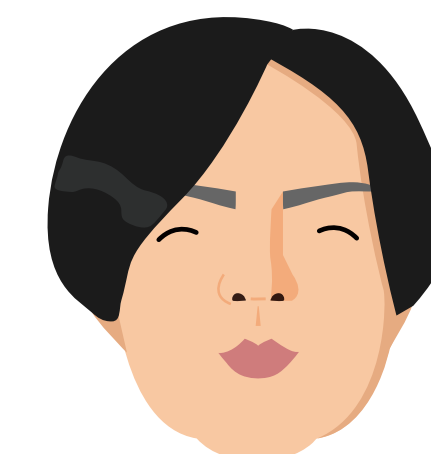


# CONSOLIDATED BALANCE SHEET

(million¥)

|                                   | <b>FY2022</b><br>(as of March 31, 2023) | <b>FY2023 2Q</b><br>(as of September 30, 2023) |   | <b>FY2022</b><br>(as of March 31, 2023) | <b>FY2023 2Q</b><br>(as of September 30, 2023) |
|-----------------------------------|---|--|---|---|--|
| <b>Current assets</b>             | <b>123,493</b>                          | <b>122,489</b>                                 | <b>Current liabilities</b>              | <b>72,204</b>                           | <b>64,095</b>                                  |
| Cash and deposits                 | 69,126                                  | 68,048   | Short-term borrowing                    | 20,400                                  | 20,500   |
| Merchandise and finished products | 3,155                                   | 4,141  | Non-current liabilities                 | 6,844                                   | 9,029  |
| <b>Non-current assets</b>         | <b>32,248</b>                           | <b>35,962</b>                                  | <b>Total liabilities</b>                | <b>79,048</b>                           | <b>73,125</b>                                  |
| Tangible assets                   | 18,796                                  | 22,402   | Shareholders' equity                    | 76,771                                  | 85,153   |
| Intangible assets                 | 2,381                                   | 2,664  | Treasury stock                          | -44,558                                 | -43,571  |
| Investments and other assets      | 11,070                                  | 10,895   | <b>Total net assets</b>                 | <b>76,693</b>                           | <b>85,326</b>                                  |
| <b>Total assets</b>               | <b>155,742</b>                          | <b>158,452</b>                                 | <b>Total liabilities and net assets</b> | <b>155,742</b>                          | <b>158,452</b>                                 |

Investments in the new distribution warehouse, which began operations in August, proceeded as planned.



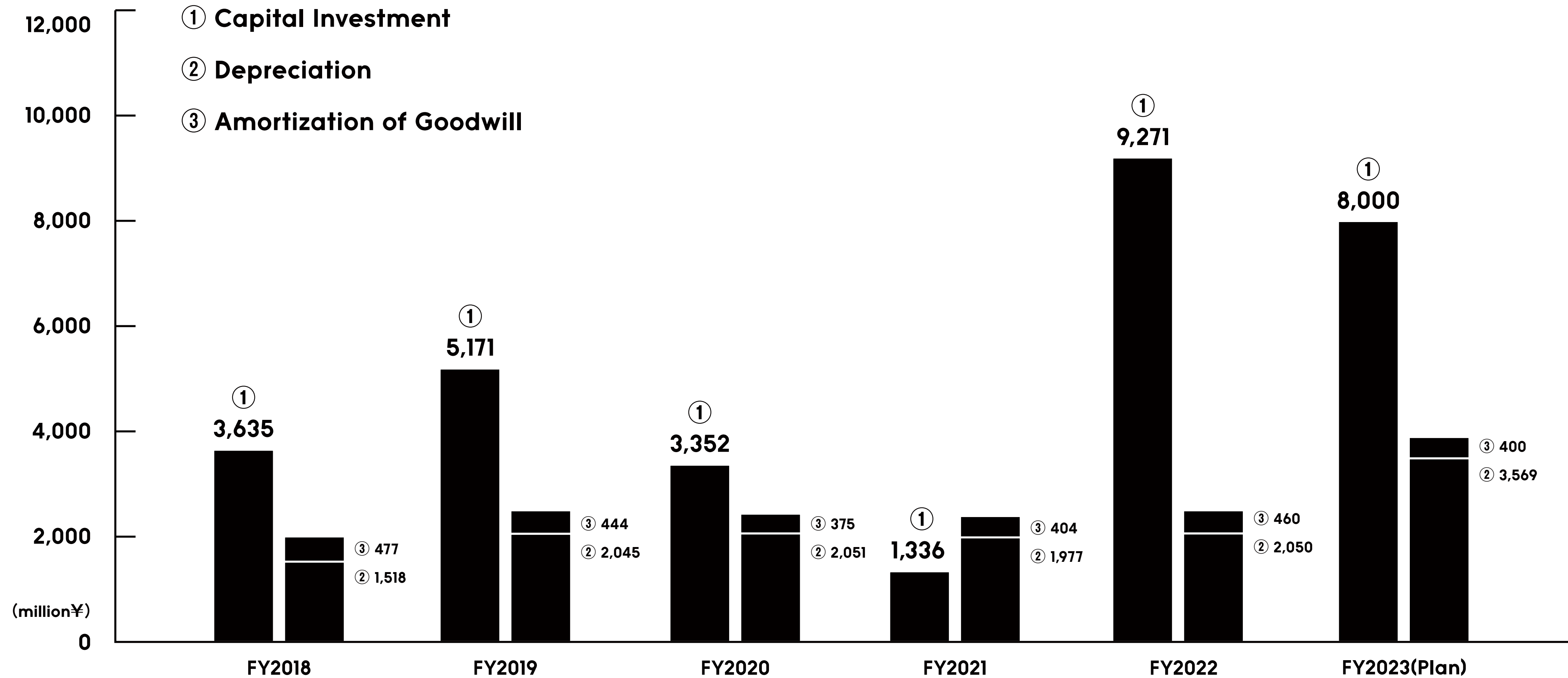


# CASH FLOWS

|   | FY2022 2Q | FY2023 2Q | YoY    | Reason for change  |
|---|-----------|-----------|--------|--|
| Cash flows from operating activities                | 15,605    | 15,605    | 0      | Increase in income taxes paid<br>Increase in prepaid expenses                                  |
| Cash flows from investing activities                | -3,896    | -4,604    | -707   | Expenditures for opening a new distribution base in both the previous and current fiscal years |
| Cash flows from financing activities                | -10,630   | -12,077   | -1,447 | Increase in dividends paid   |
| Cash and cash equivalents at the end of the quarter | 66,888    | 73,091    | 6,202  |  |



# CAPITAL INVESTMENT



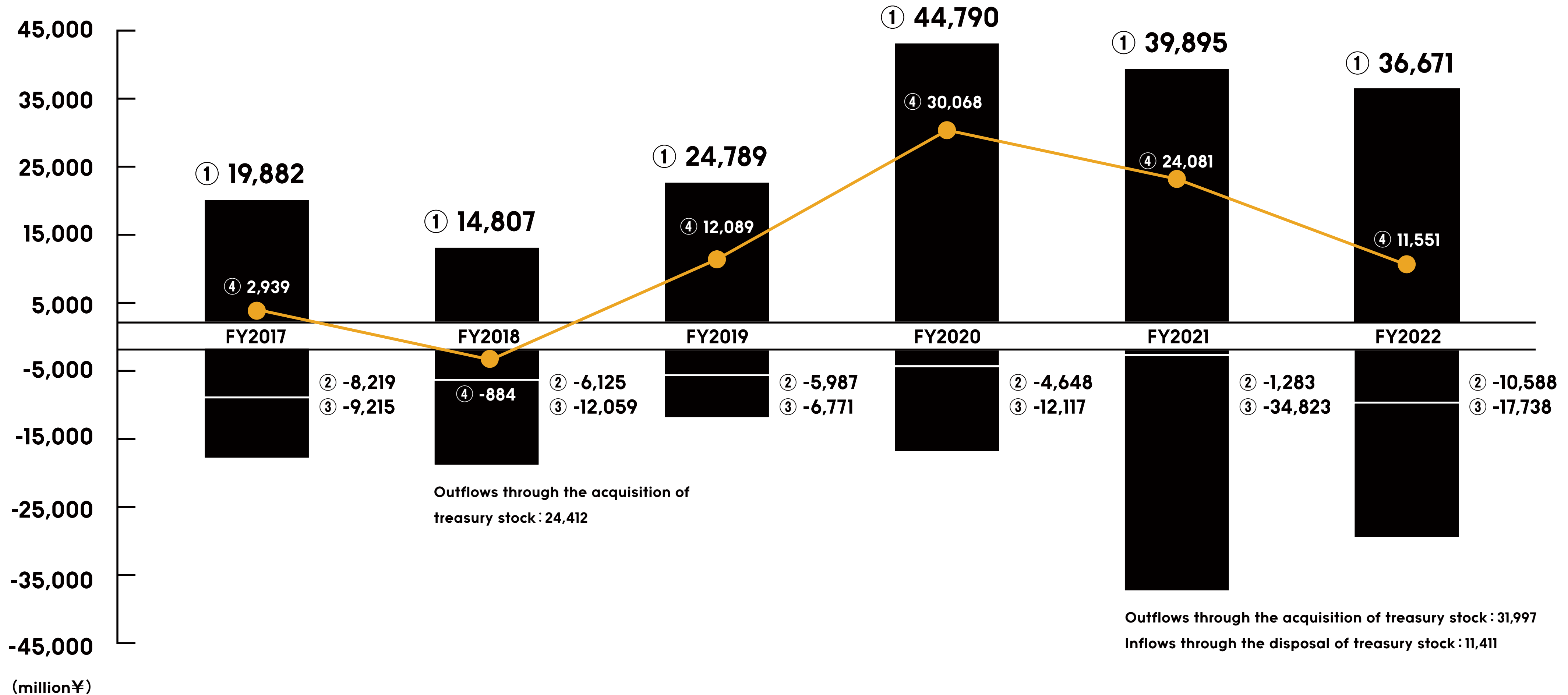
As of the end of 2Q, capital investment is proceeding as planned.





# CASH FLOWS

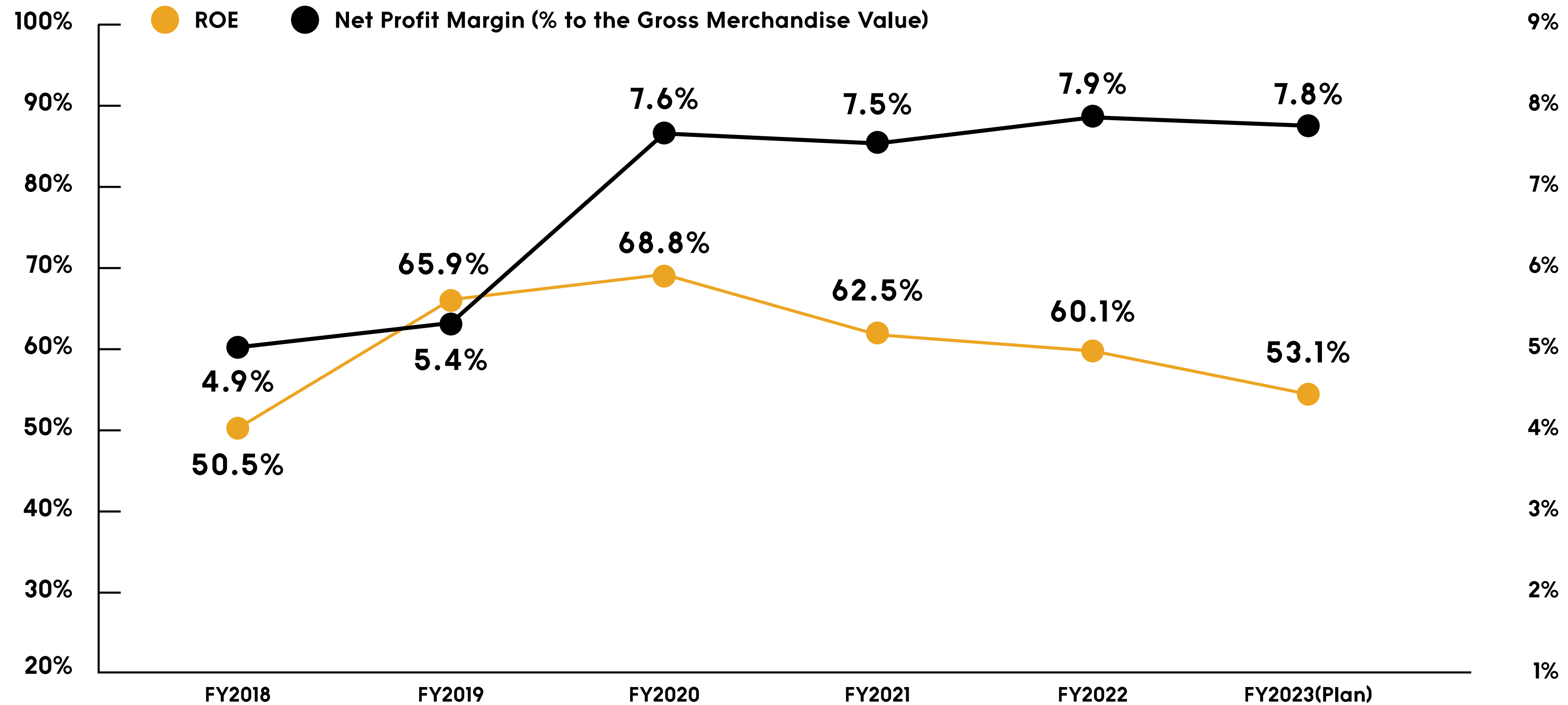
- ① Cash flows from operating activities
- ② Cash flows from investing activities
- ③ Cash flows from financing activities
- ④ Substantial free cash flows
- (① + ② - Expenditure from dividends)



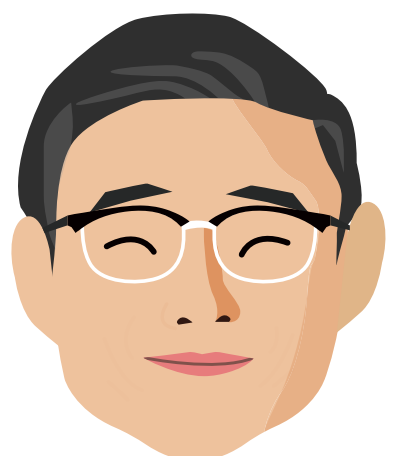




# ROE AND NET PROFIT MARGIN



The planned values reflect the results of actions taken to action to implement management that is conscious of cost of capital and stock price as described on pages 6 to 8.

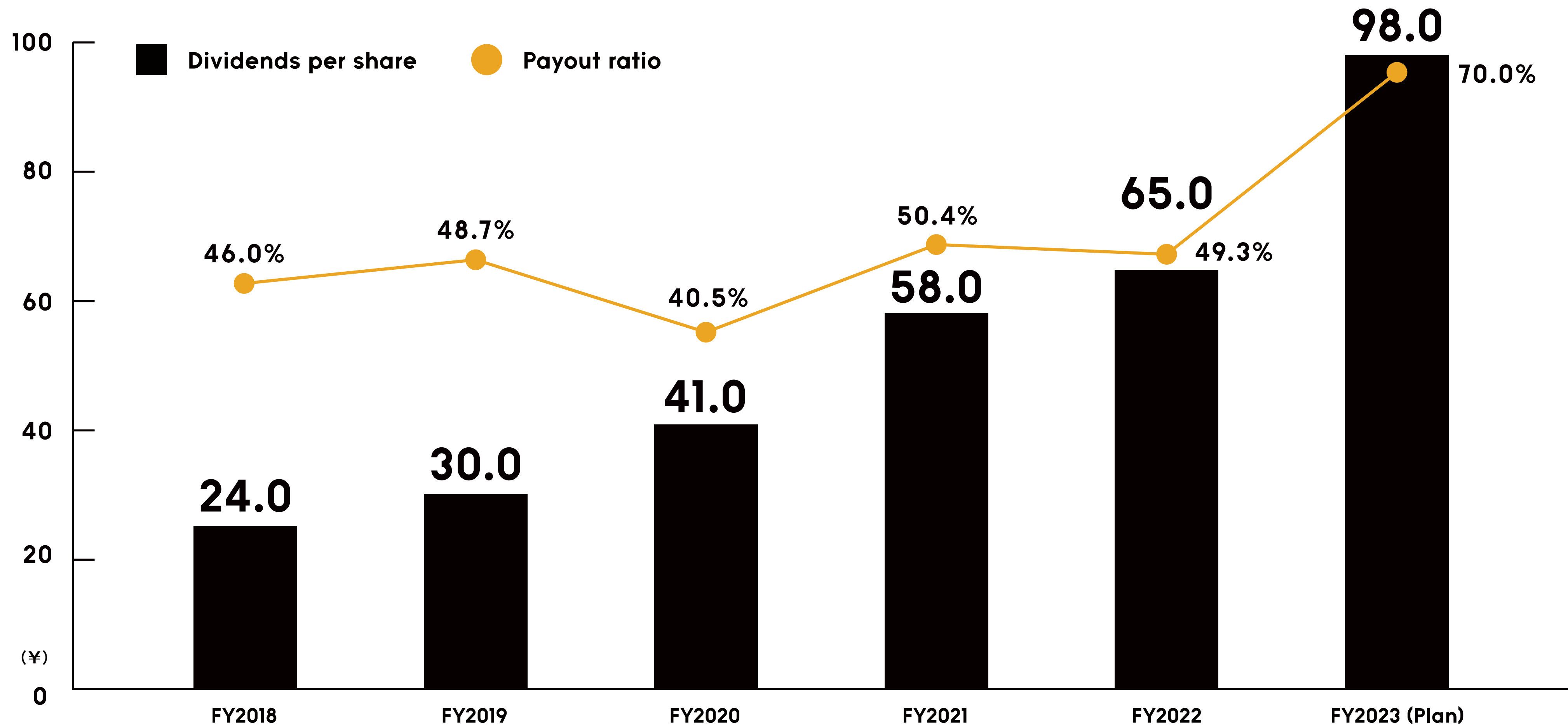


\* Net profit margins are calculated by dividing net profit by the Gross Merchandise Value (excluding other GMV).

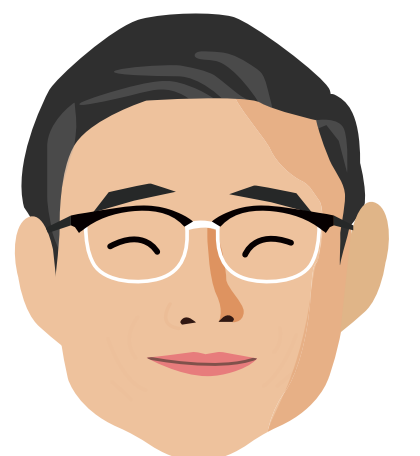
\* Please note that the "Notice concerning revision of year-end dividend forecast and decision of dividend from surplus (interim dividend)", "Notice concerning repurchase of own shares" and "Notice concerning cancellation of treasury stock" were released on October 31, 2023. The figures mentioned above reflect these revisions.



# DIVIDENDS PER SHARE AND PAYOUT RATIO



As disclosed today, we will raise the dividend payout ratio to 70%.

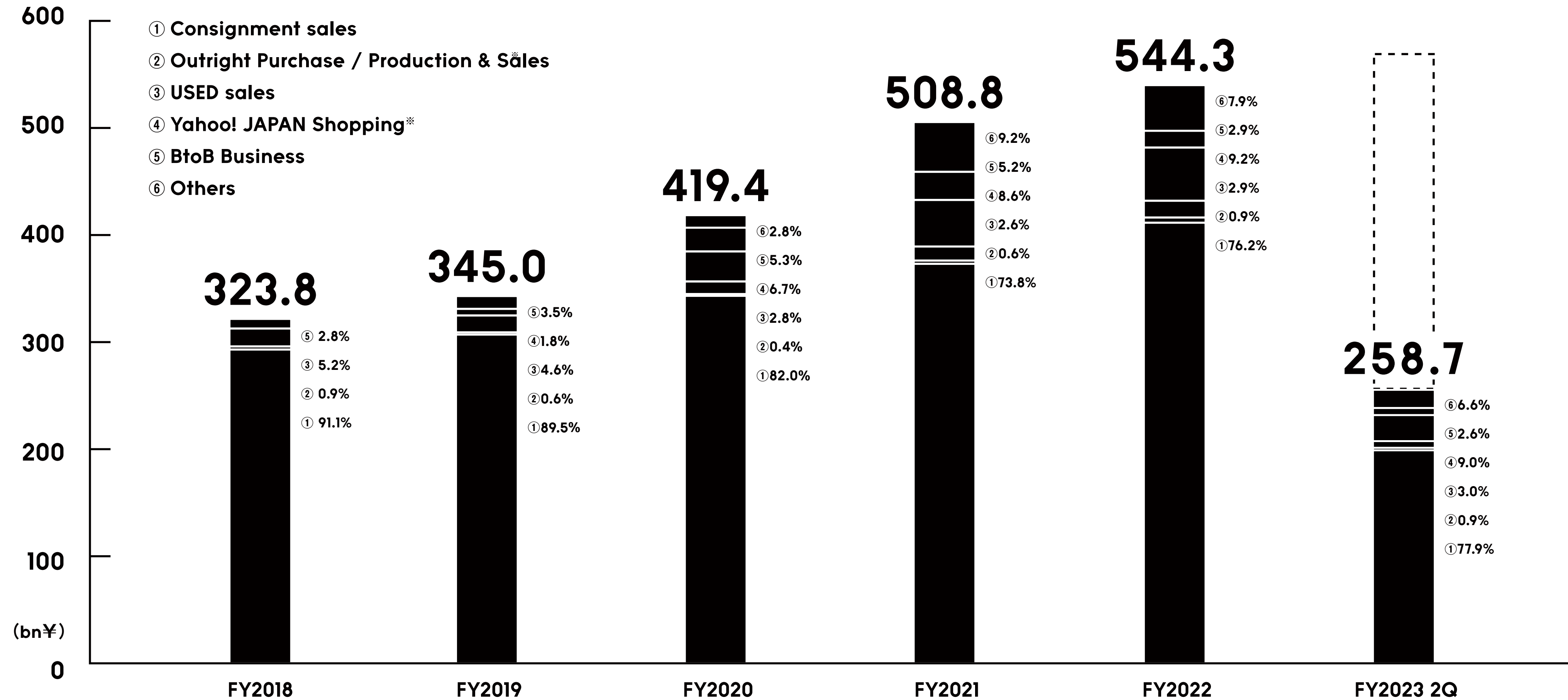


\* Please note that the "Notice concerning revision of year-end dividend forecast and decision of dividend from surplus (interim dividend)" was released on October 31, 2023. The figures mentioned above reflect these revisions.



# GROSS MERCHANDISE VALUE

The Gross Merchandise Value of new shops opened in FY2023 2Q (ZOZOTOWN Business)  
 FY2023 2Q : 1.2 billion yen (accounts for 0.6% of the Gross Merchandise Value)

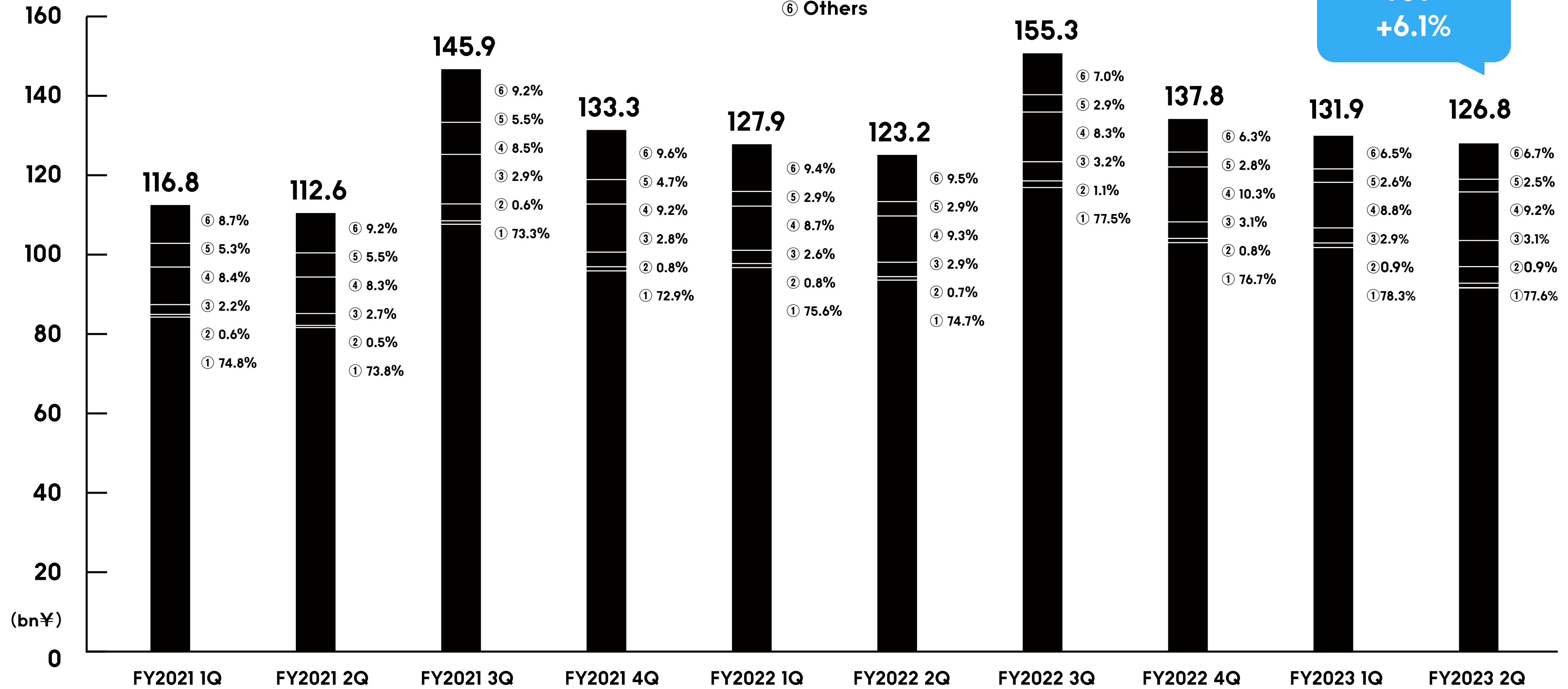


\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.



# GROSS MERCHANDISE VALUE (QUARTERLY)

- ① Consignment sales
- ② Outright Purchase / Production & Sales
- ③ USED sales
- ④ Yahoo! JAPAN Shopping\*
- ⑤ BtoB Business
- ⑥ Others



YoY\*  
+6.1%

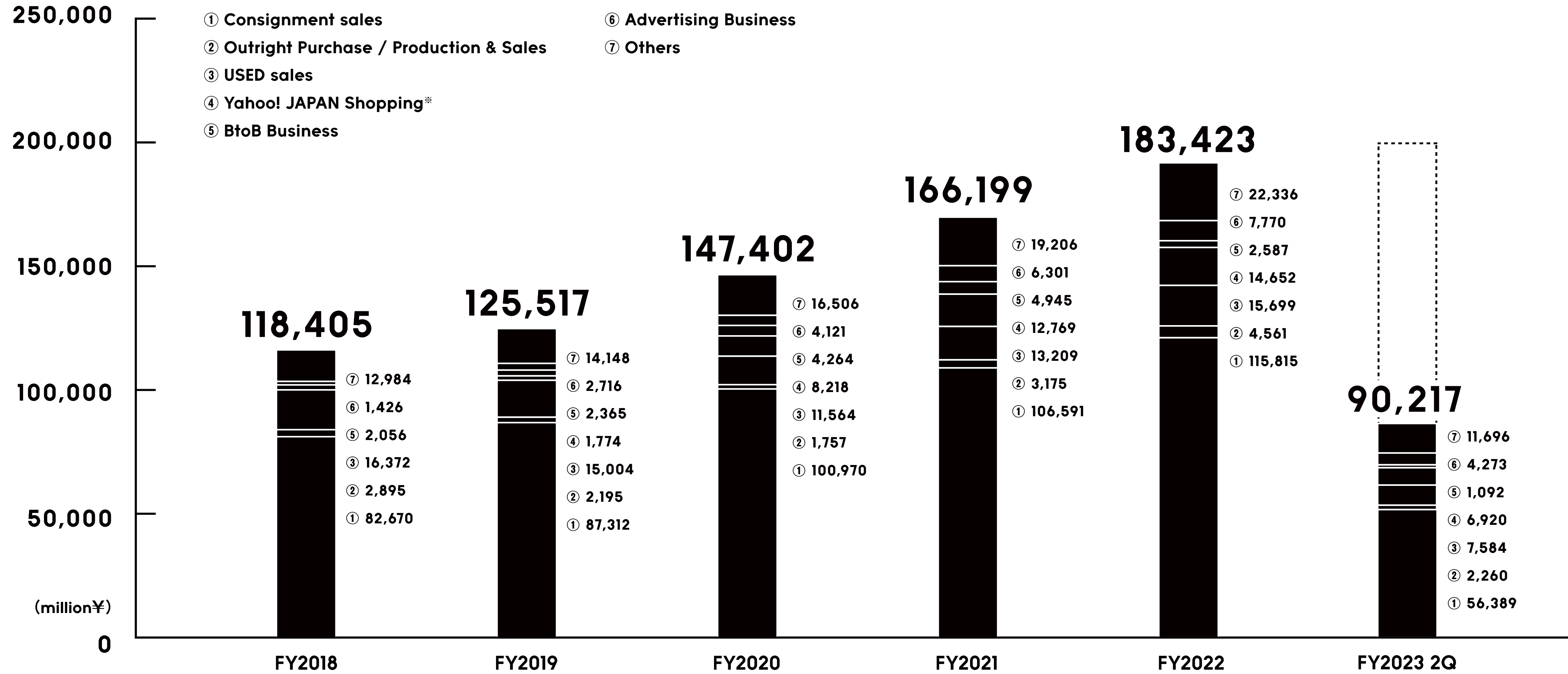
Initial sales of fall/winter items were weak compared to previous years due to the intense lingering summer heat.



\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.  
\* YoY is the comparison of GMV excluding "⑥ Others"



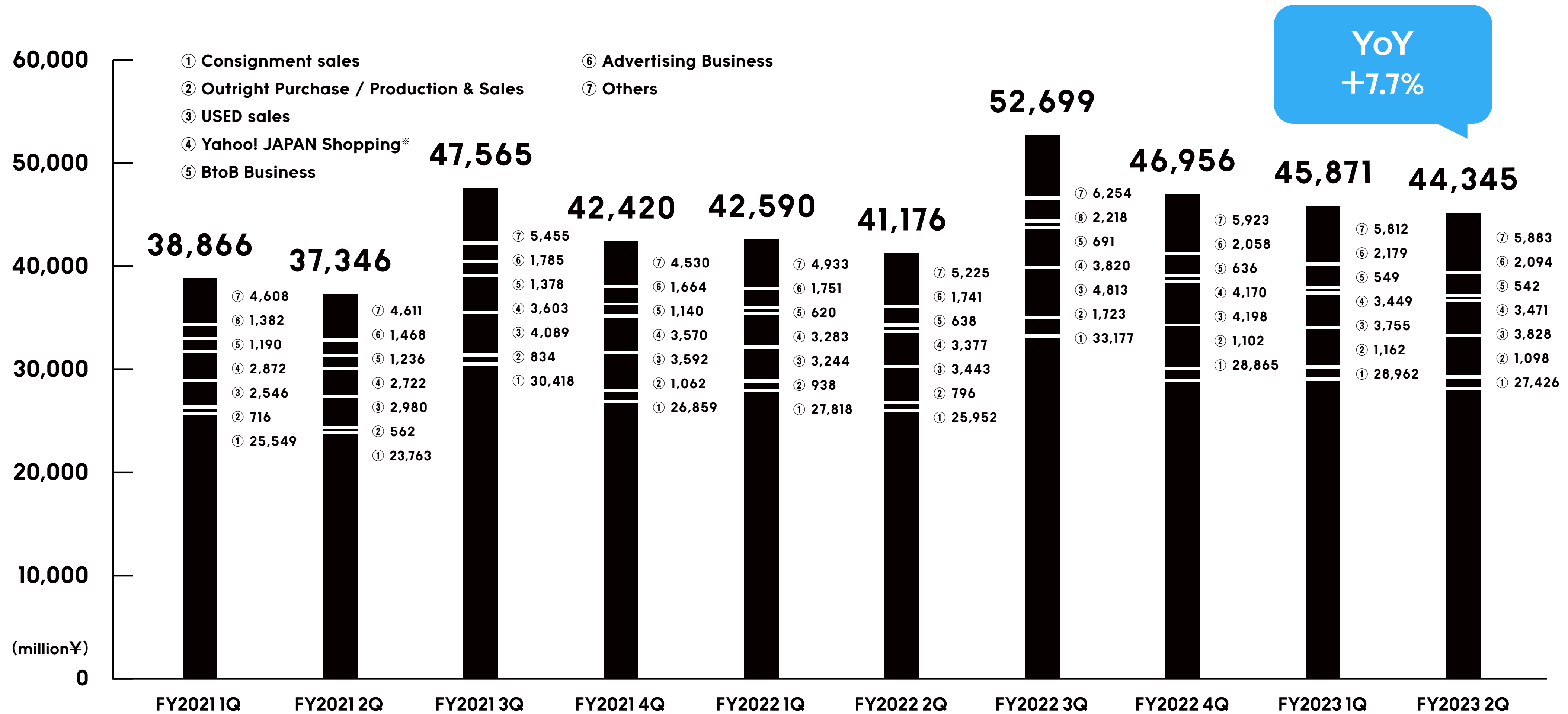
# NET SALES



\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.



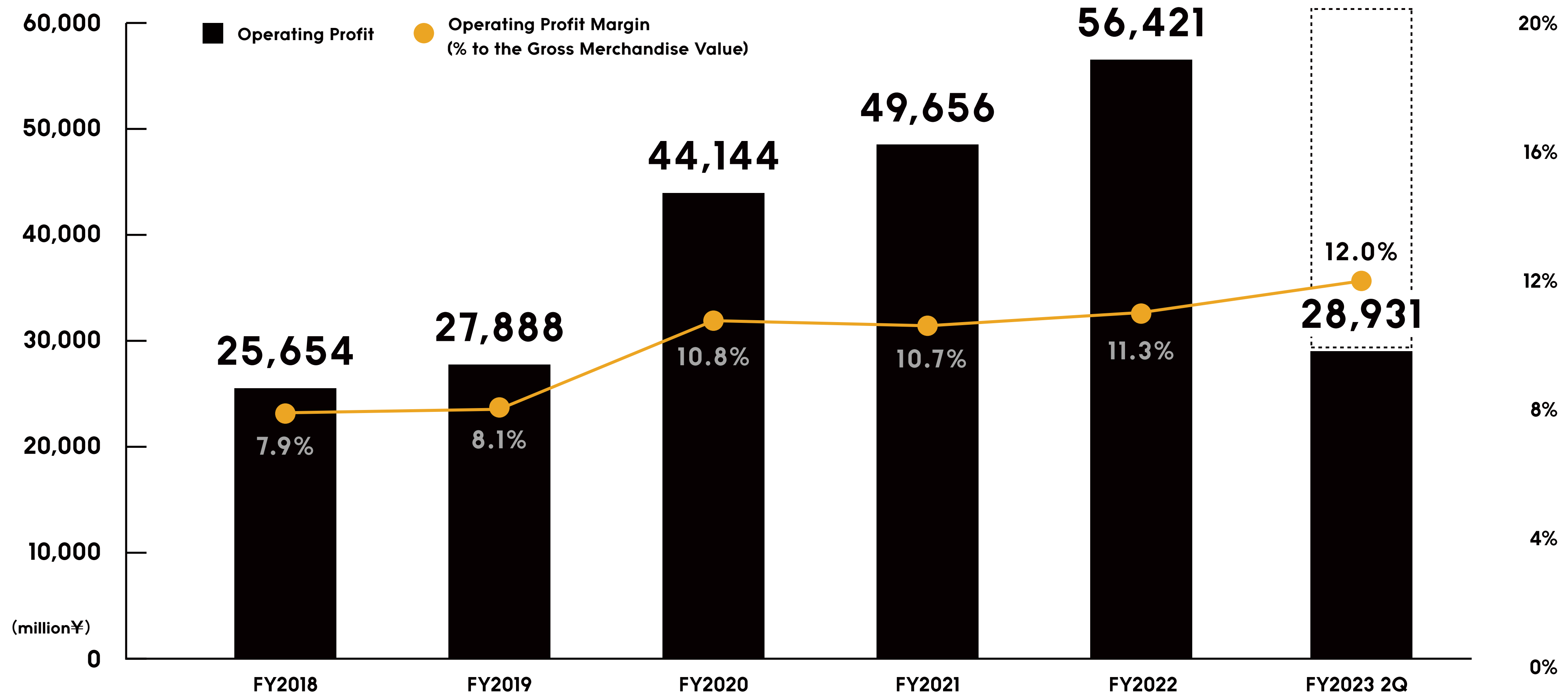
# NET SALES (QUARTERLY)



\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.



# OPERATING PROFIT AND OPERATING PROFIT MARGIN



\* Operating profit margins are calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV)

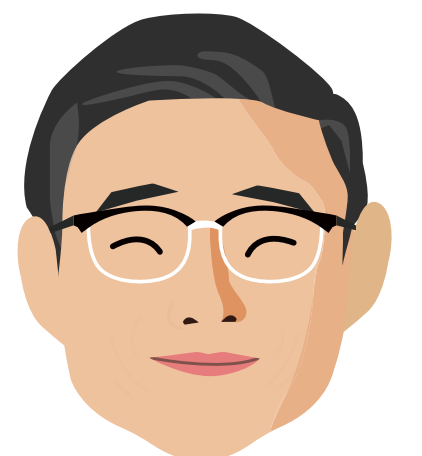


# SELLING, GENERAL AND ADMINISTRATIVE(SG&A) EXPENSES

(million¥)

|   | FY2022 2Q     |                                  | FY2023 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(*)                                    | 14,087        | 6.2%                             | 15,293        | 6.3%                             | 0.1%                             |   |
| Payroll costs for employee                                    | 6,226         | 2.7%                             | 6,767         | 2.8%                             | 0.1%                             | Transition of the number of employees on consolidated basis : FY2022 2Q 1,485 → FY2023 2Q 1,677   |
| Logistics-Related Expenses (Including Outsourcing)            | 7,860         | 3.5%                             | 8,525         | 3.5%                             | 0.0%                             |   |
| Outsourcing Commission (Excluding Logistics-Related Expenses) | 3,303         | 1.5%                             | 3,176         | 1.3%                             | -0.2%                            | A decrease due to the transfer of accounts<br>Some expenses that were recognized as outsourcing commissions in the previous fiscal year are now recognized as others                                    |
| Shipping  | 15,705        | 6.9%                             | 15,800        | 6.5%                             | -0.4%                            | The ratio of shipping expenses to the Gross Merchandise Value decreased due to the impact of higher order value   |
| Commission of Payment collection                              | 5,443         | 2.4%                             | 5,699         | 2.4%                             | 0.0%                             |   |
| Advertising   | 3,512         | 1.5%                             | 4,507         | 1.9%                             | 0.4%                             | An increase in the measures to attract customers through web advertising<br>Recognition of expenses related to the advertising expenses for ZOZOFIT and niaulab   |
| Rent expense  | 3,028         | 1.3%                             | 3,448         | 1.4%                             | 0.1%                             | An increase in a logistics center (Started the lease of IBARAKI 4 from March 2023)  |
| Depreciation  | 938           | 0.4%                             | 1,148         | 0.5%                             | 0.1%                             | With the start of operations of IBARAKI4 in August 2023, the company began to record depreciation expenses for each piece of equipment, etc., sequentially according to the timing of the start of use. |
| Amortization of goodwill                                      | 212           | 0.1%                             | 192           | 0.1%                             | 0.0%                             |   |
| Stock Compensation Expenses                                   | 45            | 0.0%                             | 107           | 0.0%                             | 0.0%                             |   |
| Others  | 5,416         | 2.4%                             | 5,907         | 2.4%                             | 0.0%                             | An increase due to the transfer of accounts<br>Some expenses that were recognized as outsourcing commissions in the previous fiscal year are now recognized as others                                   |
| <b>Total SG&amp;A</b>   | <b>51,696</b> | <b>22.7%</b>                     | <b>55,282</b> | <b>22.9%</b>                     | <b>0.2%</b>                      |   |

Full-scale recording of expenses for rent and depreciation of the new distribution center, which started operation in August, began in the middle of 2Q.



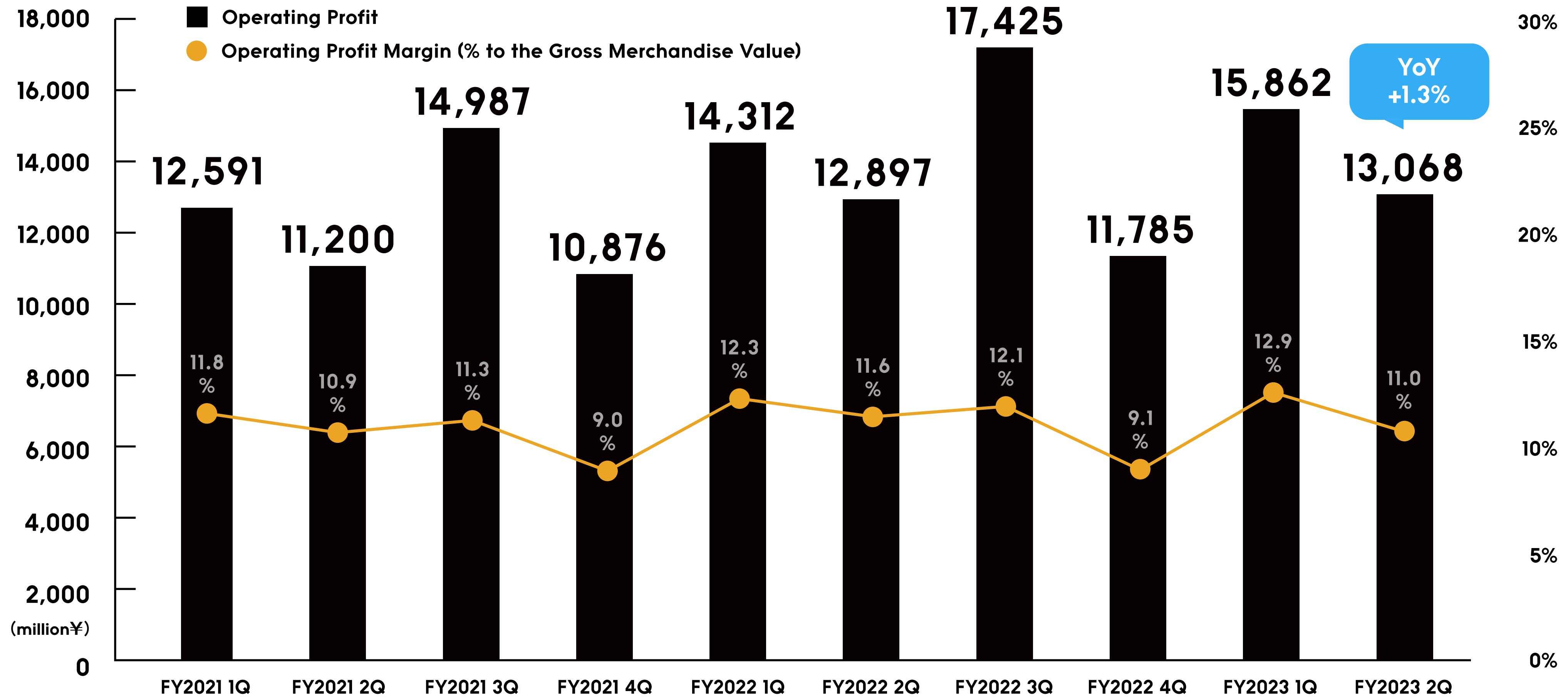
\* Payroll includes directors' remuneration, employee salaries, bonuses, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonuses, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation. "Employee" includes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

\* The percentages to the Gross Merchandise Value are calculated by dividing each expense by the Gross Merchandise Value (excluding other GMV).





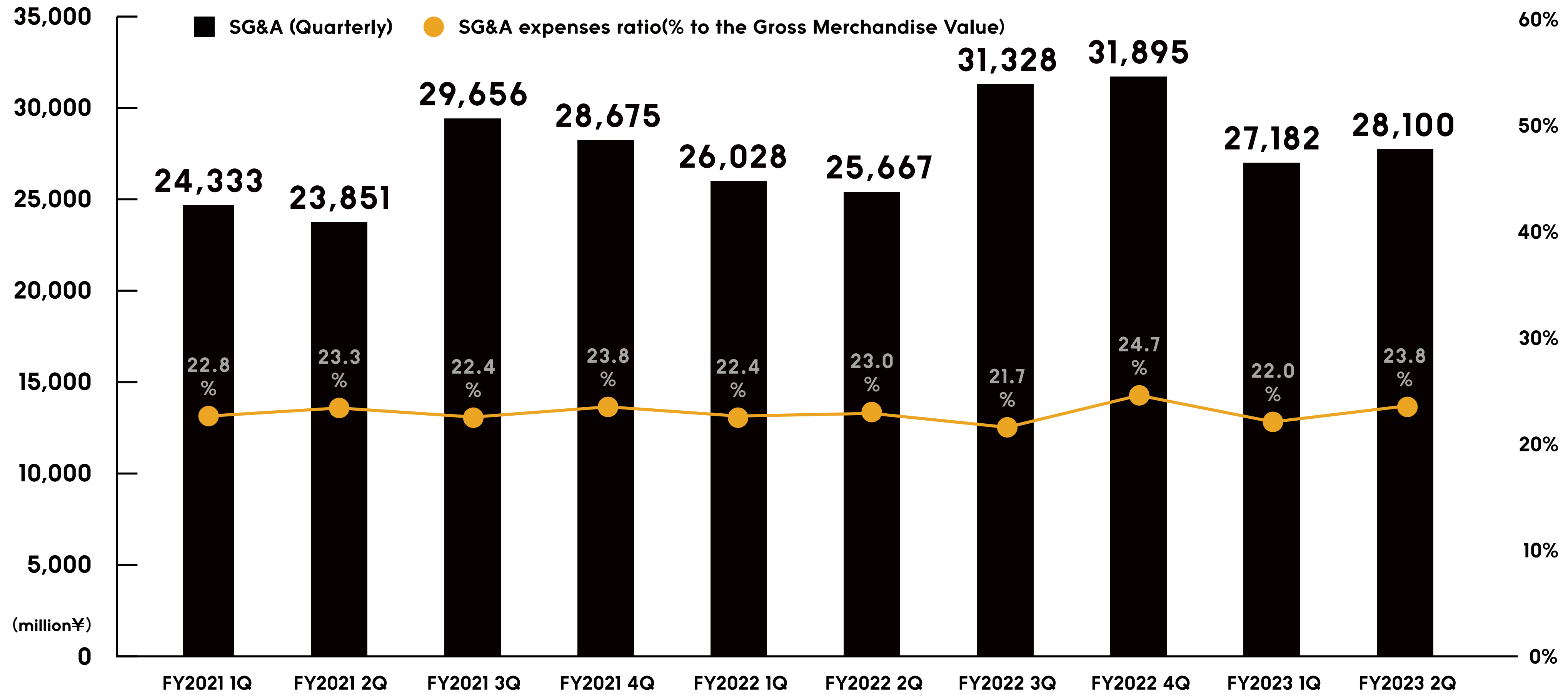
# OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



\* Operating profit margins are calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV)



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

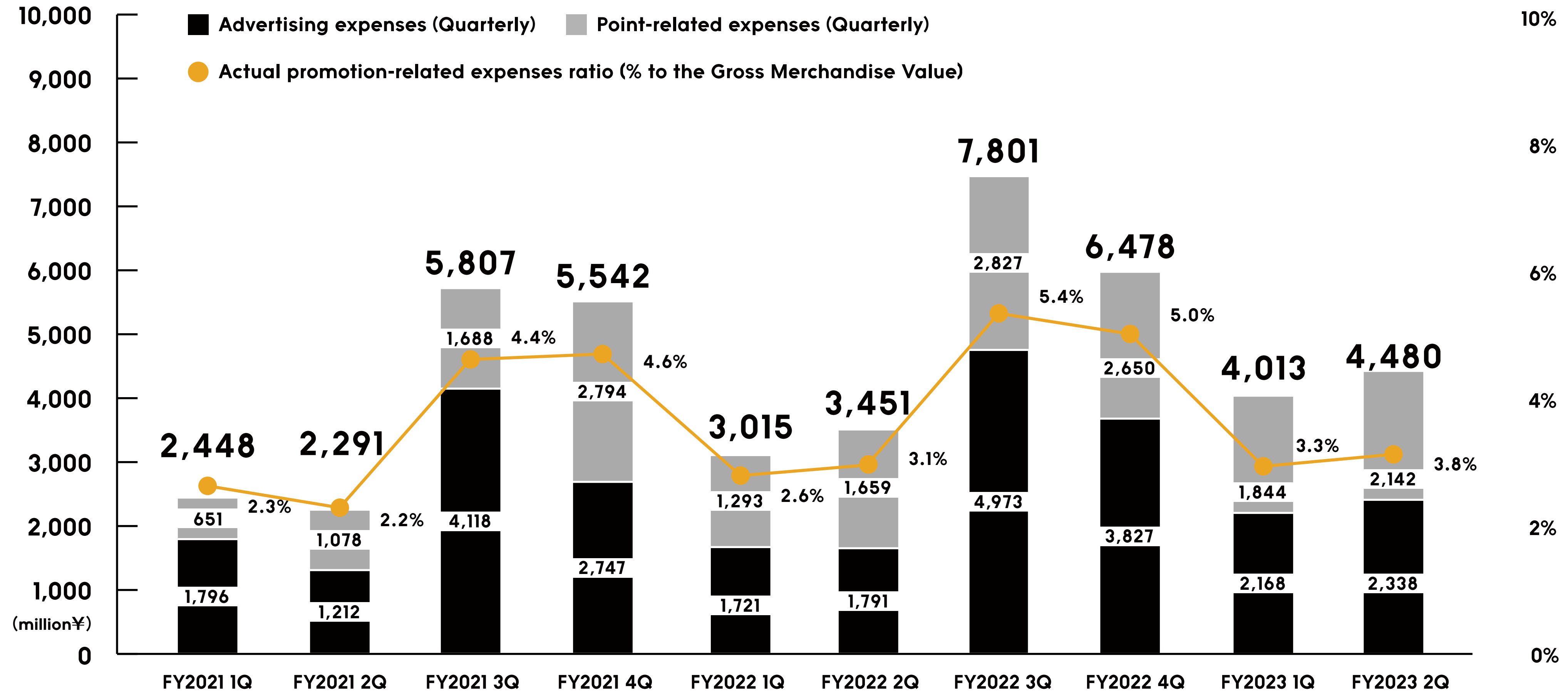


\* SG&A expenses ratio is calculated by dividing related items by the Gross Merchandise Value (excluding other GMV).



# ACTUAL PROMOTION-RELATED EXPENSES

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



Continuing from 1Q, the number of reward point programs and web advertising increased compared to last year.



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



# OVERVIEW OF SG&A BY EACH QUARTER

(million¥)

|   | FY2022        |                                  |               |                                  |               |                                  |               |                                  | FY2023        |                                  |               |                                  |
|---|---------------|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|
|   | 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 |
| <b>Payroll and staff costs(*)</b>                             | 7,132         | 6.2%                             | 6,955         | 6.2%                             | 7,771         | 5.4%                             | 9,513         | 7.4%                             | 7,562         | 6.1%                             | 7,731         | 6.5%                             |
| Payroll costs for employee                                    | 3,115         | 2.7%                             | 3,111         | 2.8%                             | 3,295         | 2.3%                             | 4,804         | 3.7%                             | 3,353         | 2.7%                             | 3,413         | 2.9%                             |
| Logistics-Related Expenses (Including Outsourcing)            | 4,016         | 3.5%                             | 3,844         | 3.4%                             | 4,476         | 3.1%                             | 4,709         | 3.6%                             | 4,208         | 3.4%                             | 4,317         | 3.6%                             |
| Outsourcing Commission (Excluding Logistics-Related Expenses) | 1,646         | 1.4%                             | 1,657         | 1.5%                             | 1,720         | 1.2%                             | 1,750         | 1.4%                             | 1,591         | 1.3%                             | 1,585         | 1.3%                             |
| <b>Shipping</b>   | 7,996         | 6.9%                             | 7,708         | 6.9%                             | 8,577         | 5.9%                             | 8,139         | 6.3%                             | 7,920         | 6.4%                             | 7,880         | 6.7%                             |
| Commission of Payment collection                              | 2,733         | 2.4%                             | 2,710         | 2.4%                             | 3,428         | 2.4%                             | 3,004         | 2.3%                             | 2,921         | 2.4%                             | 2,777         | 2.3%                             |
| <b>Advertising</b>  | 1,721         | 1.5%                             | 1,791         | 1.6%                             | 4,973         | 3.4%                             | 3,827         | 3.0%                             | 2,168         | 1.8%                             | 2,338         | 2.0%                             |
| <b>Rent expense</b>   | 1,514         | 1.3%                             | 1,513         | 1.4%                             | 1,517         | 1.0%                             | 1,530         | 1.2%                             | 1,568         | 1.3%                             | 1,880         | 1.6%                             |
| <b>Depreciation</b>   | 465           | 0.4%                             | 473           | 0.4%                             | 515           | 0.4%                             | 595           | 0.5%                             | 522           | 0.4%                             | 626           | 0.5%                             |
| <b>Amortization of goodwill</b>                               | 106           | 0.1%                             | 106           | 0.1%                             | 124           | 0.1%                             | 123           | 0.1%                             | 96            | 0.1%                             | 96            | 0.1%                             |
| <b>Stock Compensation Expenses</b>                            | 10            | 0.0%                             | 35            | 0.0%                             | 35            | 0.0%                             | 33            | 0.0%                             | 33            | 0.0%                             | 74            | 0.1%                             |
| <b>Others</b>   | 2,702         | 2.3%                             | 2,714         | 2.4%                             | 2,663         | 1.8%                             | 3,377         | 2.6%                             | 2,797         | 2.3%                             | 3,110         | 2.6%                             |
| <b>Total SG&amp;A</b>   | <b>26,028</b> | <b>22.4%</b>                     | <b>25,667</b> | <b>23.0%</b>                     | <b>31,328</b> | <b>21.7%</b>                     | <b>31,895</b> | <b>24.7%</b>                     | <b>27,182</b> | <b>22.0%</b>                     | <b>28,100</b> | <b>23.8%</b>                     |

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

"Employee" includes directors, full-time 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.

\* The percentages to the Gross Merchandise Value are calculated by dividing each expense by the Gross Merchandise Value (excluding other GMV).

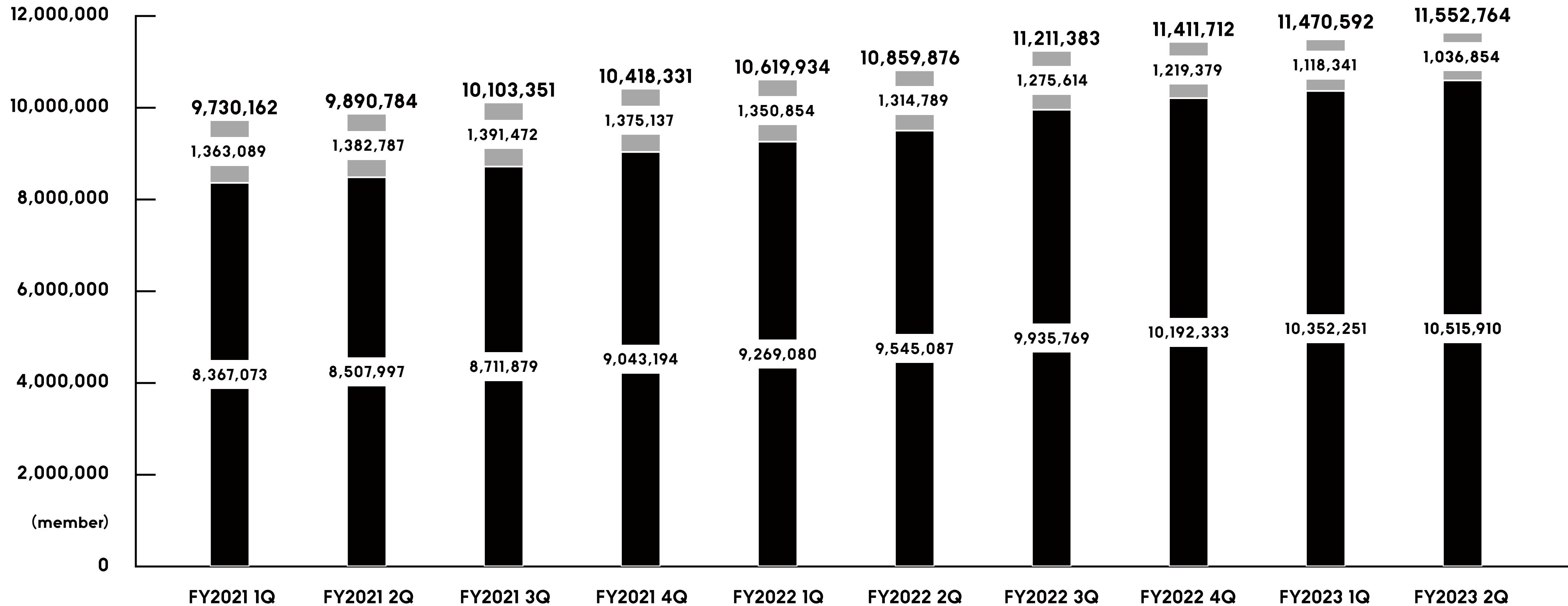


# NUMBER OF TOTAL BUYERS

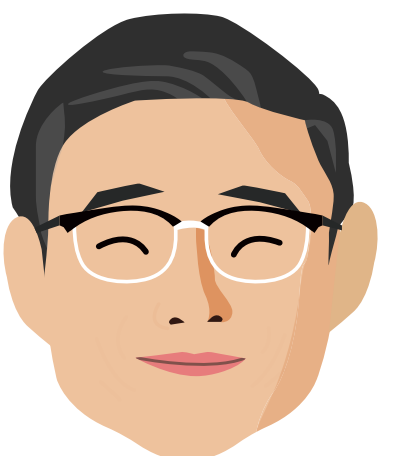
Number of total buyers = Active members and guest buyers who made at least one purchase within a year

■ Guest buyers = Total number of guest purchases within a year

■ Active members = Members who have made at least one purchase within a year



We are focusing more energy on promotions based on detailed customer segmentation.



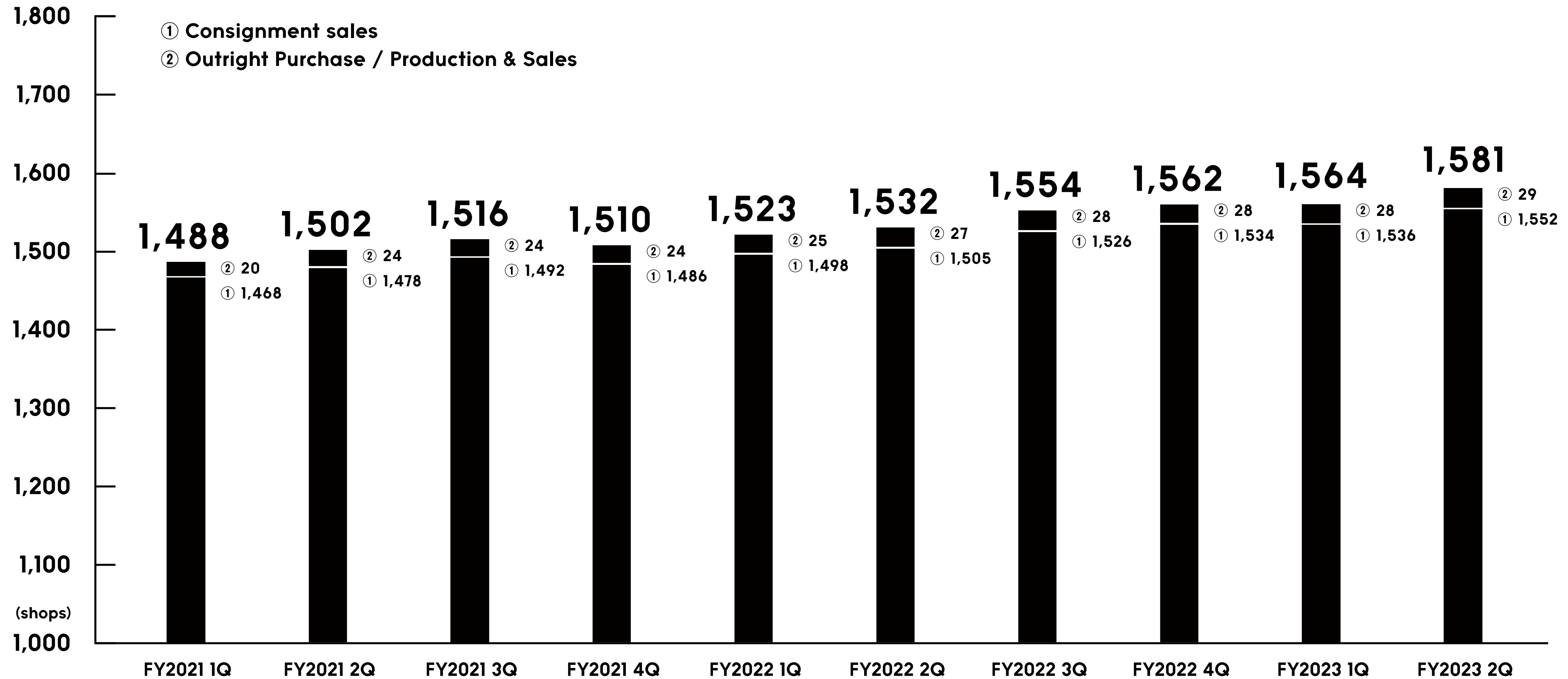
\* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

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



# NUMBER OF SHOPS ON ZOZOTOWN



There was a wide variety of store openings in 2Q, including cosmetics, luxury, and home.

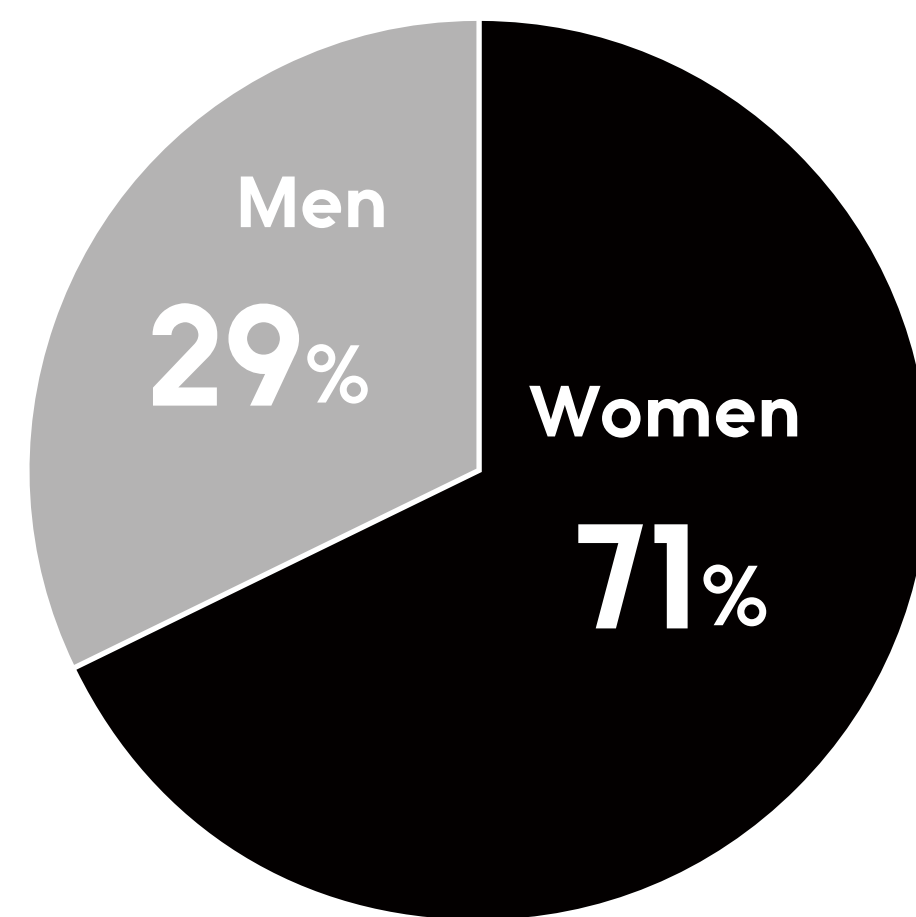


\* Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops.

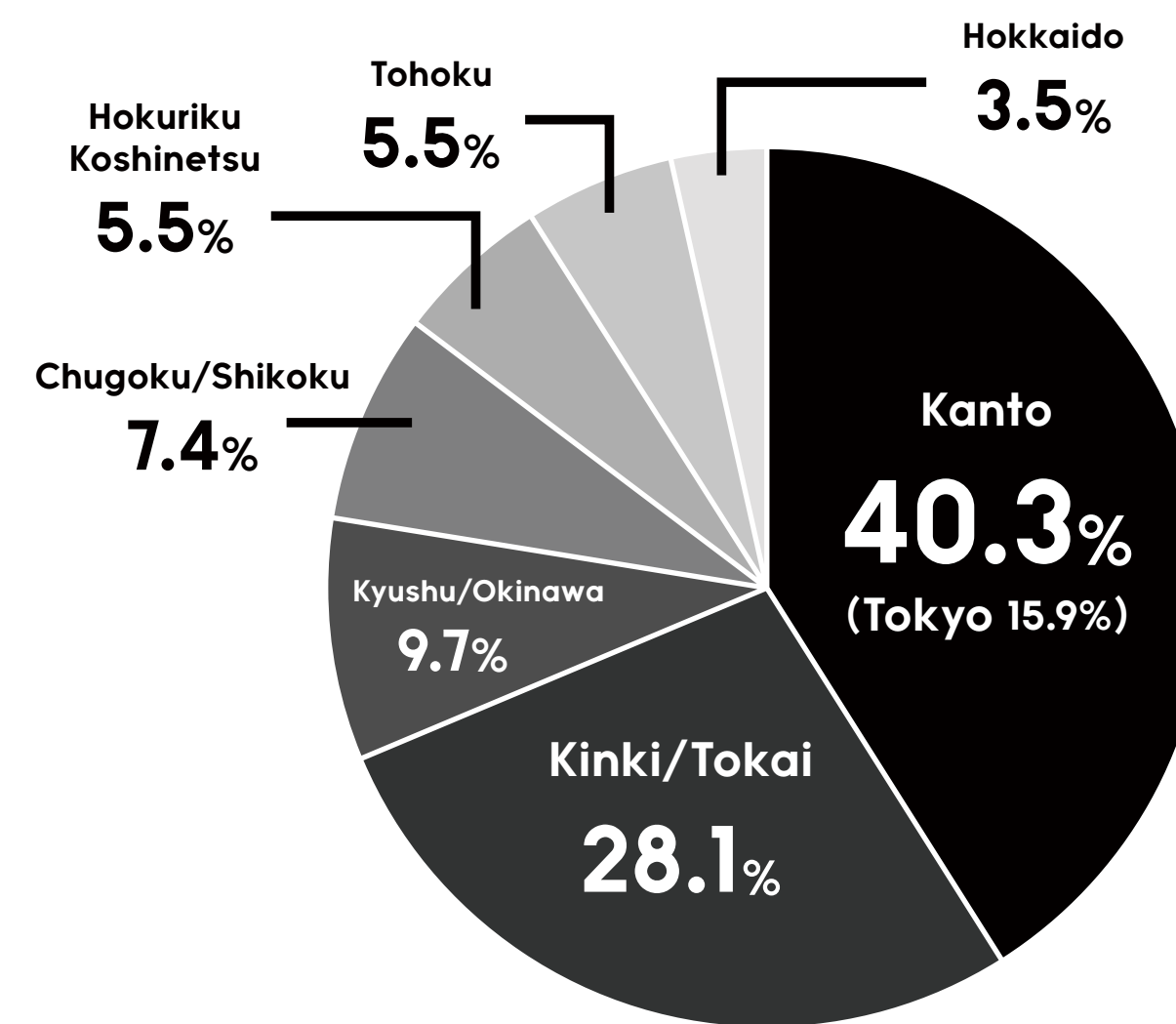


# ACTIVE MEMBER DISTRIBUTION

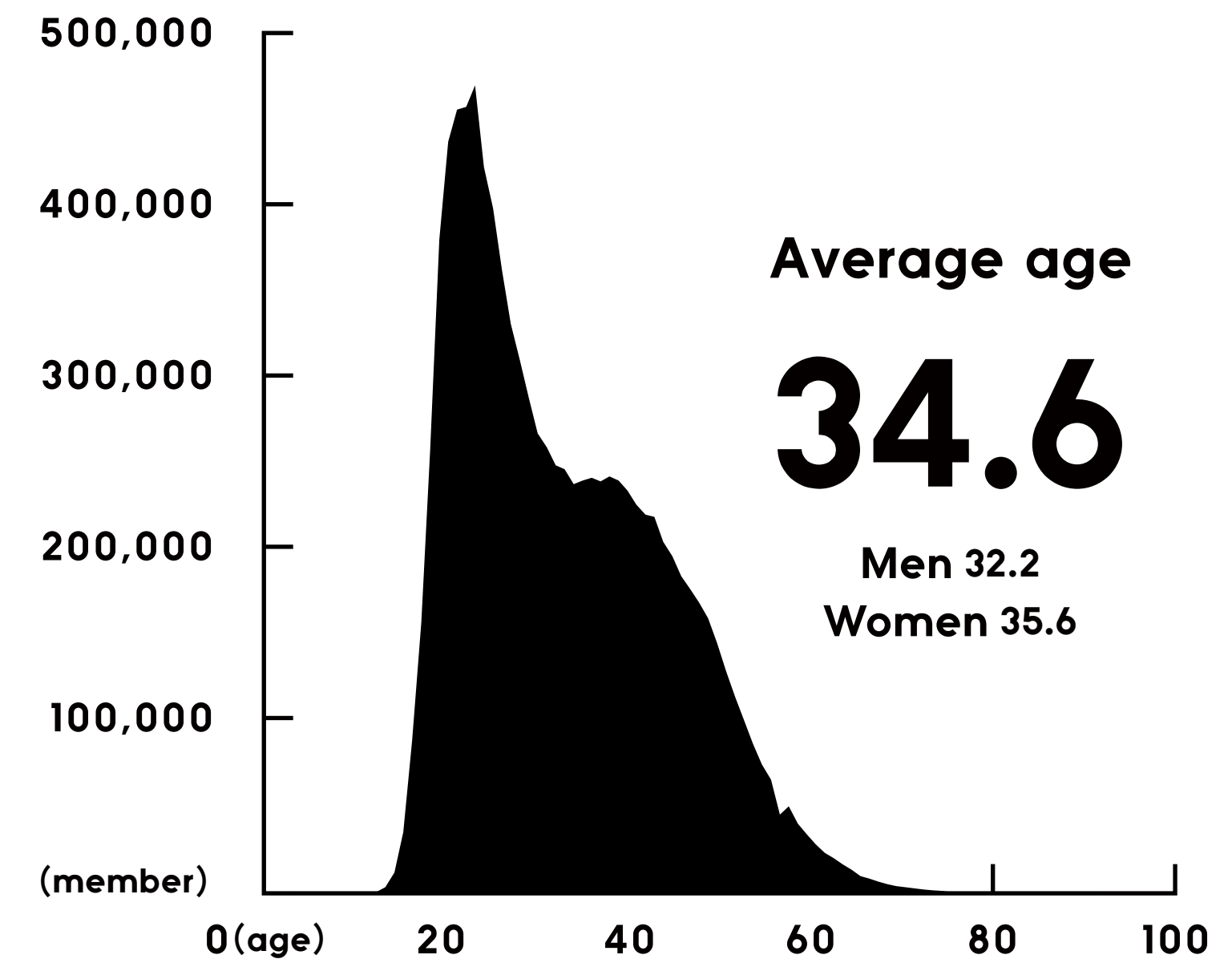
## Gender ratio



## Geographical distribution



## Age distribution

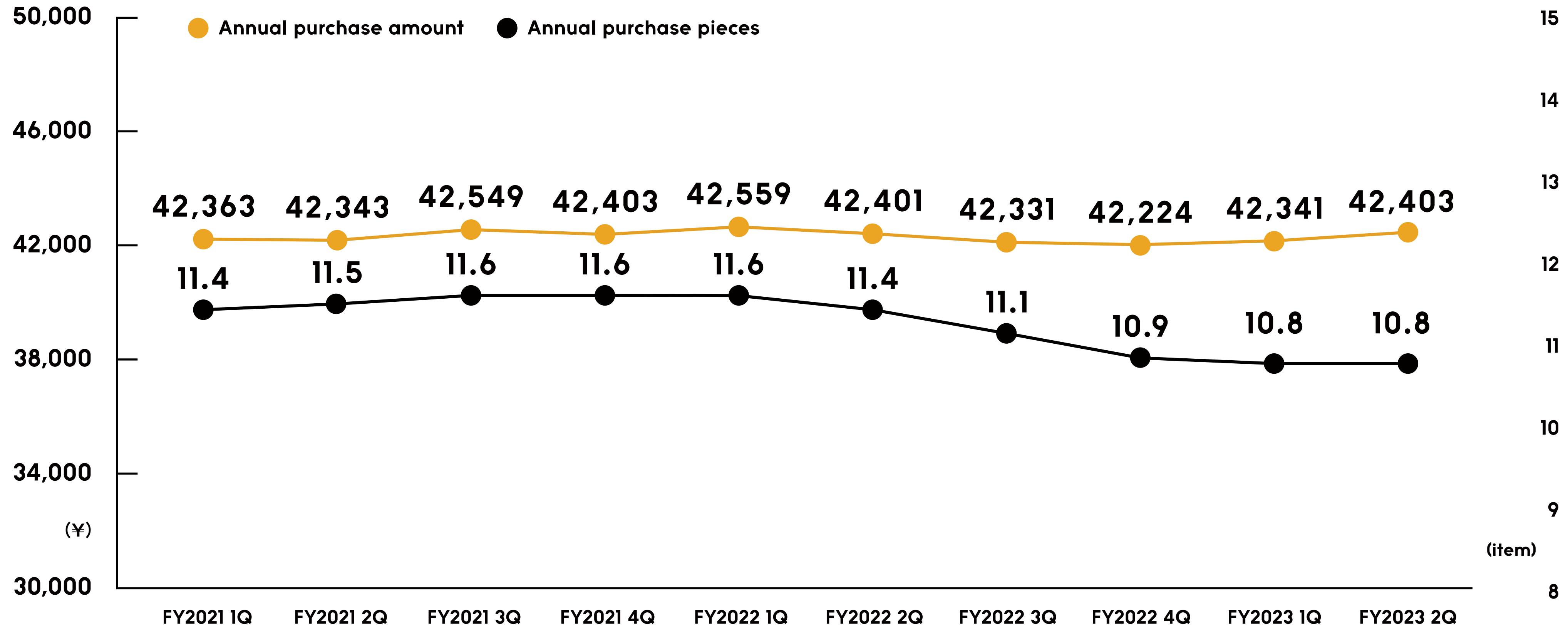


\* The shown data on Active Member Distribution is only based on the numbers from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

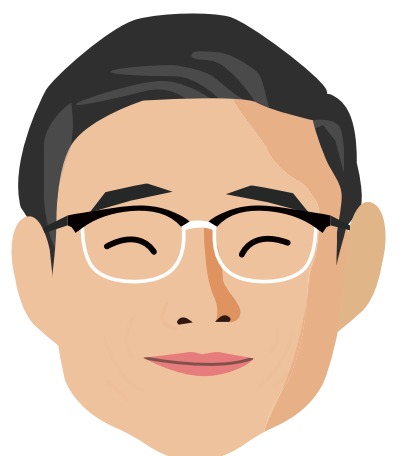
\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.



# ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER



The number of items purchased continues to decline in tandem with price increases and reduced discount rates on items, while the order value remains largely unchanged.



\* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

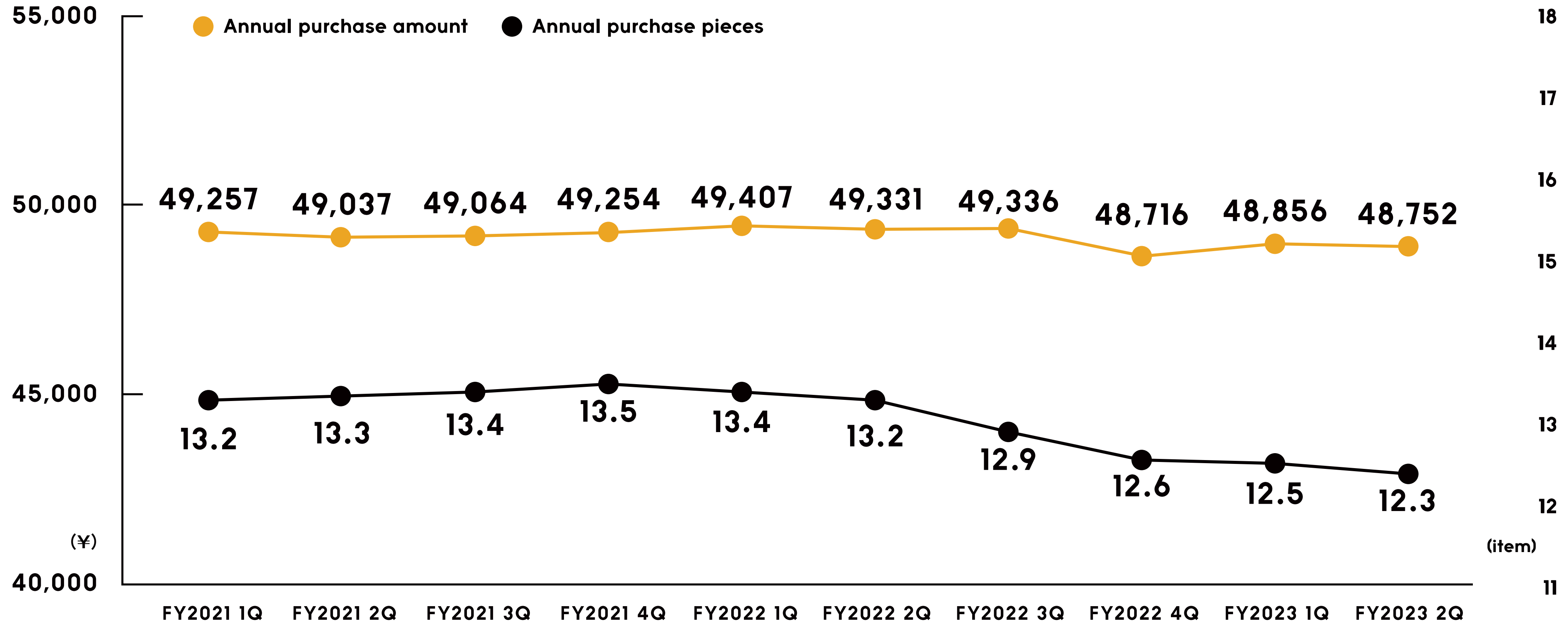
\* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".





# ANNUAL PURCHASE AMOUNT AND PIECES PER EXISTING ACTIVE MEMBER

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



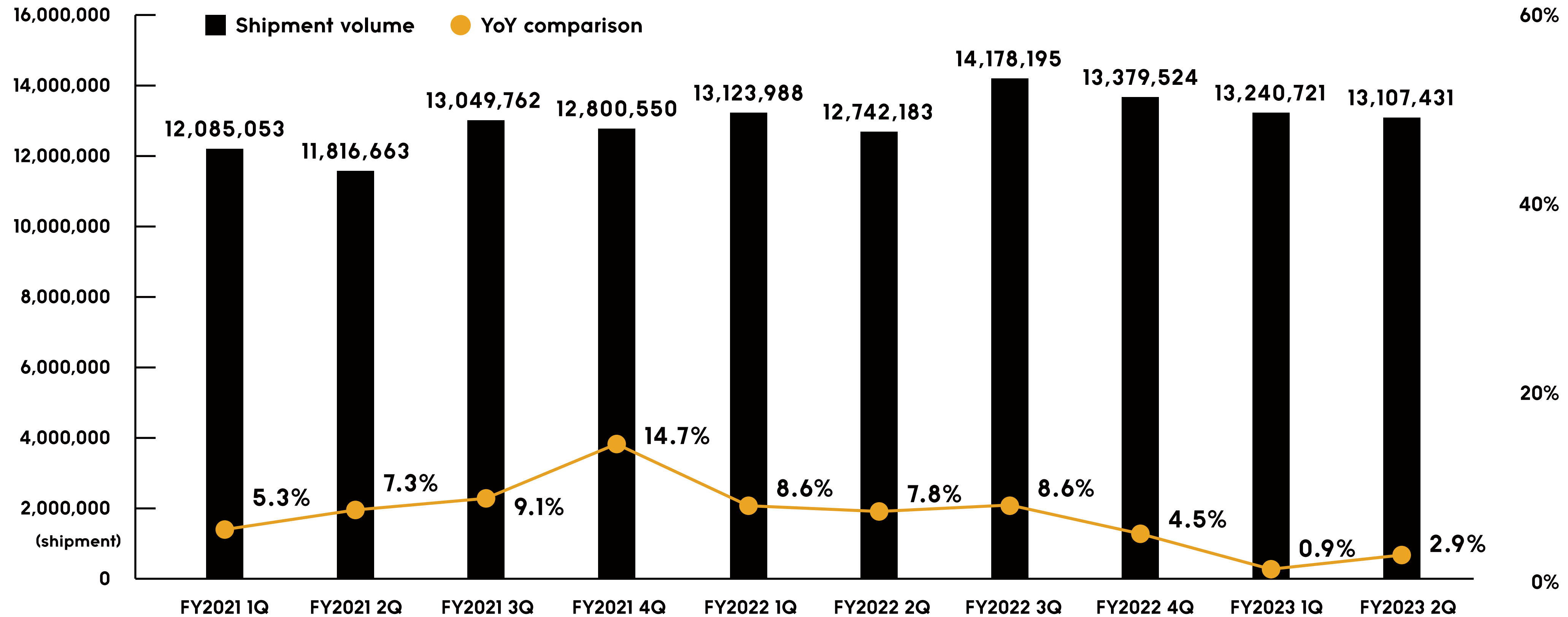
\* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

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



# NUMBER OF SHIPMENTS



\* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

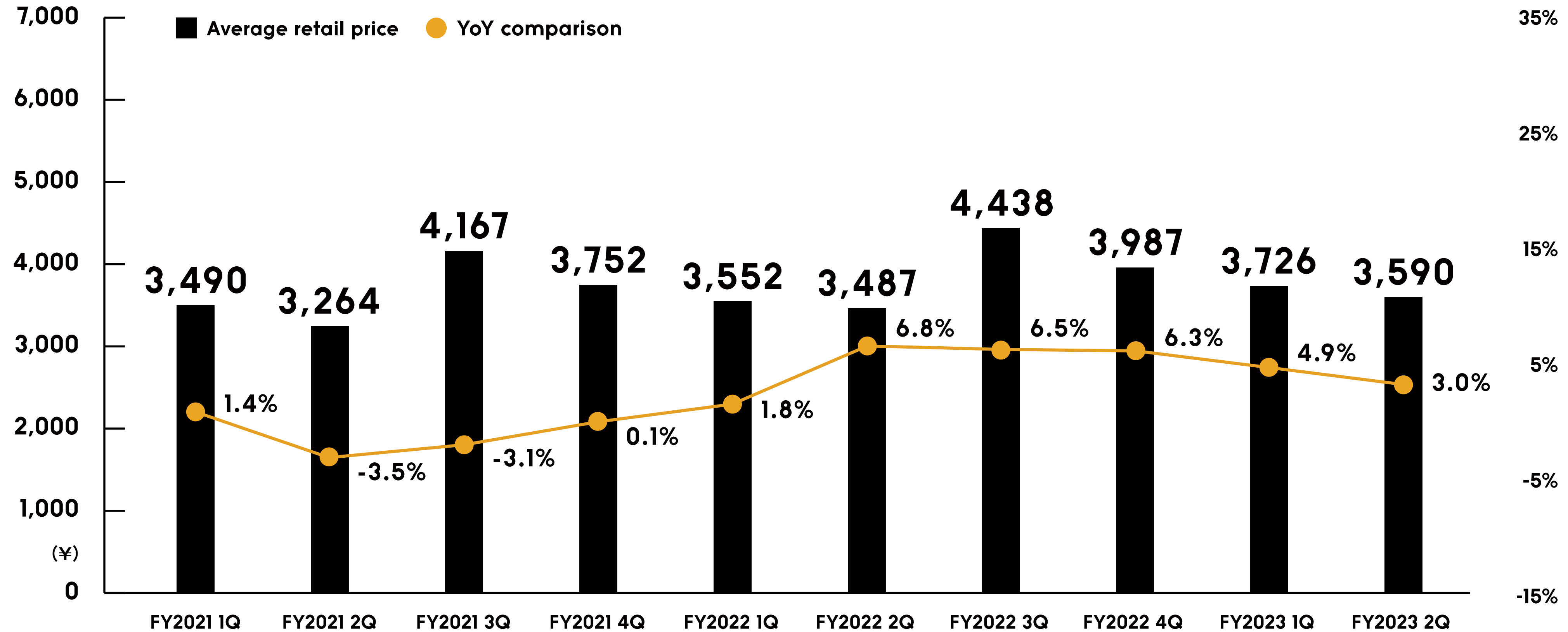
\* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".



# AVERAGE RETAIL PRICE

Average retail price

= Gross Merchandise Value of the ZOZOTOWN Business / Number of pieces shipped



The rate of increase was lower than in the last several quarters because sales of fall/winter items, which began selling in the latter half of 2Q due to the intense lingering in the summer heat, were weaker than in the previous year.



\* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

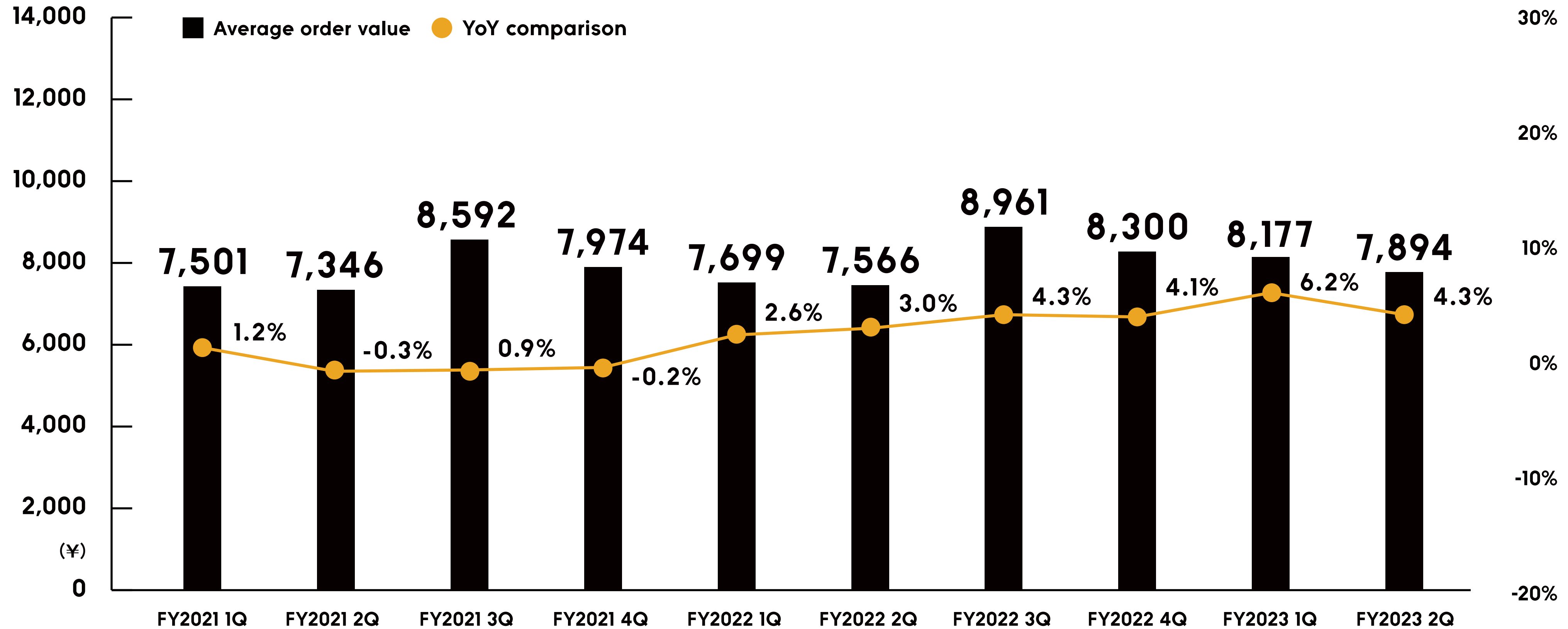
\* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".



# AVERAGE ORDER VALUE

Average order value

= Gross Merchandise Value of the ZOZOTOWN Business / Number of shipments



In addition to a continued increase in the average retail price in 1Q, the number of items purchased per order continued to increase.<sup>†</sup>



\* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

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

# BUSINESS PLAN FOR FY2023



I've been gaining weight lately, so I need to lose weight. I won't be able to wear my clothes...





# CONSOLIDATED BUSINESS FORCAST AND DIVIDEND FORECAST FOR FY2023

|  | FY2023 Plan       | YoY  |
|--|-------------------|------|
| Gross Merchandise Value                                    | 580.8 billion yen | 6.7% |
| Gross Merchandise Value (excluding other GMV)              | 535.2 billion yen | 6.8% |
| Net sales  | 200.7 billion yen | 9.4% |
| Operating profit   | 60.0 billion yen  | 6.3% |
| Operating Profit Margin (% to the Gross Merchandise Value) | 11.2%             | —    |
| Ordinary profit  | 60.0 billion yen  | 5.8% |
| Profit attributable to owners of parent                    | 42.0 billion yen  | 6.3% |
| Net profit per share                                       | 140.07 yen        | —    |
| Estimated dividends per share (Plan)                       | 98 yen            | —    |

\* Operating profit margin is calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV).

\* Please note that the "Notice concerning revision of year-end dividend forecast and decision of dividend from surplus (interim dividend)" was released on October 31, 2023. The figures mentioned above reflect these revisions.



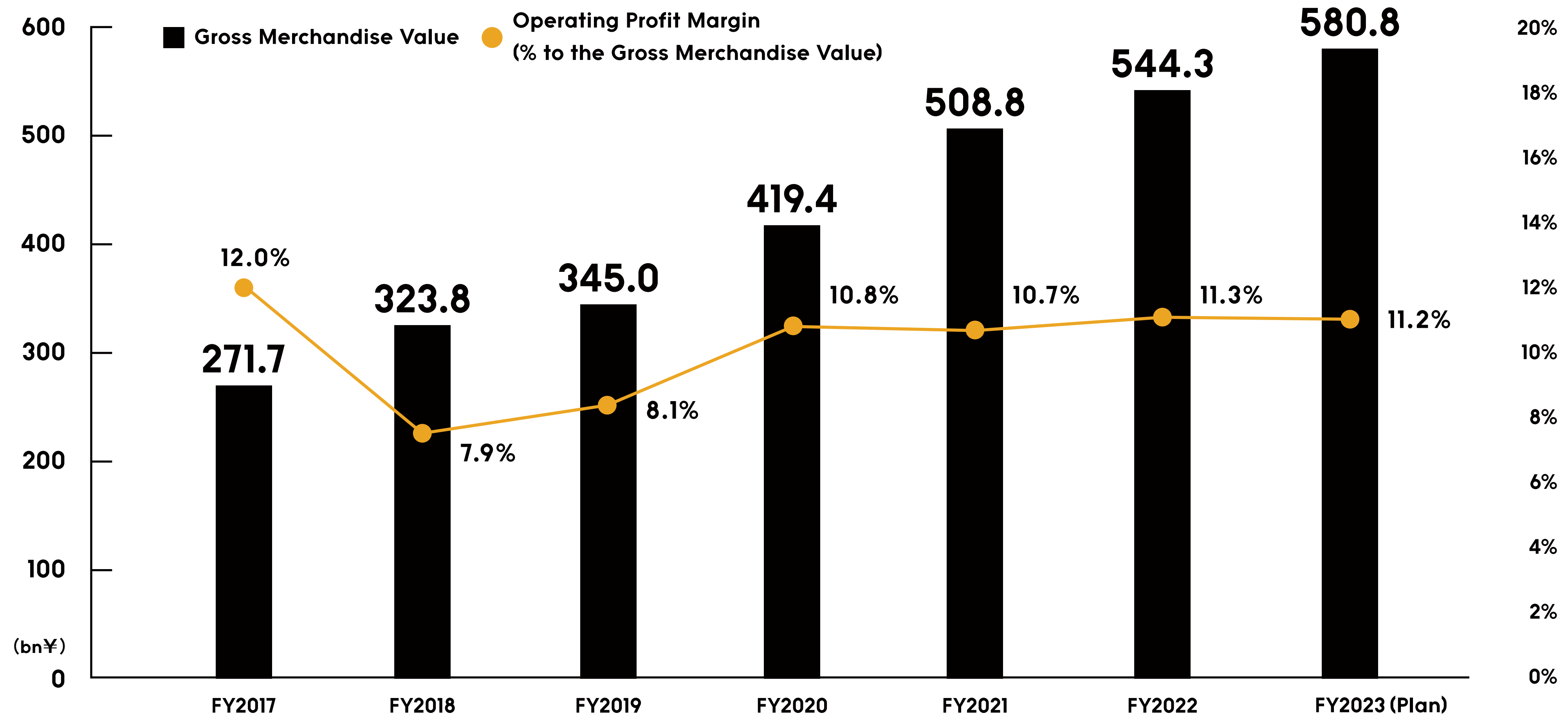
## FY2023 TARGET BY BUSINESS SEGMENT

|  | Target for Gross Merchandise Value | YoY           |
|--|------------------------------------|---------------|
| <b>ZOZOTOWN Business</b>                             | <b>470.4 billion yen</b>           | <b>+8.0%</b>  |
| Outright Purchase/Production & Sales                 | <b>3.7 billion yen</b>             | <b>-21.7%</b> |
| Consignment sales                                    | <b>449.1 billion yen</b>           | <b>+8.3%</b>  |
| USED sales   | <b>17.6 billion yen</b>            | <b>+9.7%</b>  |
| <b>Yahoo!JAPAN Shopping</b>                          | <b>49.8 billion yen</b>            | <b>0.0%</b>   |
| <b>BtoB Business</b>                                 | <b>15.0 billion yen</b>            | <b>-4.4%</b>  |
| <b>Gross Merchandise Value</b> (excluding other GMV) | <b>535.2 billion yen</b>           | <b>+6.8%</b>  |
| <b>Others</b>  | <b>45.6 billion yen</b>            | <b>+5.5%</b>  |
| <b>Gross Merchandise Value</b>                       | <b>580.8 billion yen</b>           | <b>+6.7%</b>  |

|                             | Target for Net Sales   | YoY           |
|-----------------------------|------------------------|---------------|
| <b>Advertising business</b> | <b>9.4 billion yen</b> | <b>+21.0%</b> |



# GROSS MERCHANDISE VALUE & OPERATING PROFIT MARGIN



\* Operating profit margins are calculated by dividing operating profit by the Gross Merchandise Value (excluding other GMV).



# REFERENCE DATA



My wife and newborn baby came back from my wife's parents' home, and we started living together.

So far, the baby's face looks too much like mine, which makes me happy, but since it's a girl, I always hope that she will look more like my wife, every time I change her diaper.





## STATISTICS OF ZOZO

NUMBER OF EMPLOYEES

**1,677**

(Average age 33.2 years old)

NUMBER OF SHAREHOLDERS

**14,305**

NUMBER OF BRANDS HANDLED

**8,940**

ZOZOTOWN TOTAL BUYERS

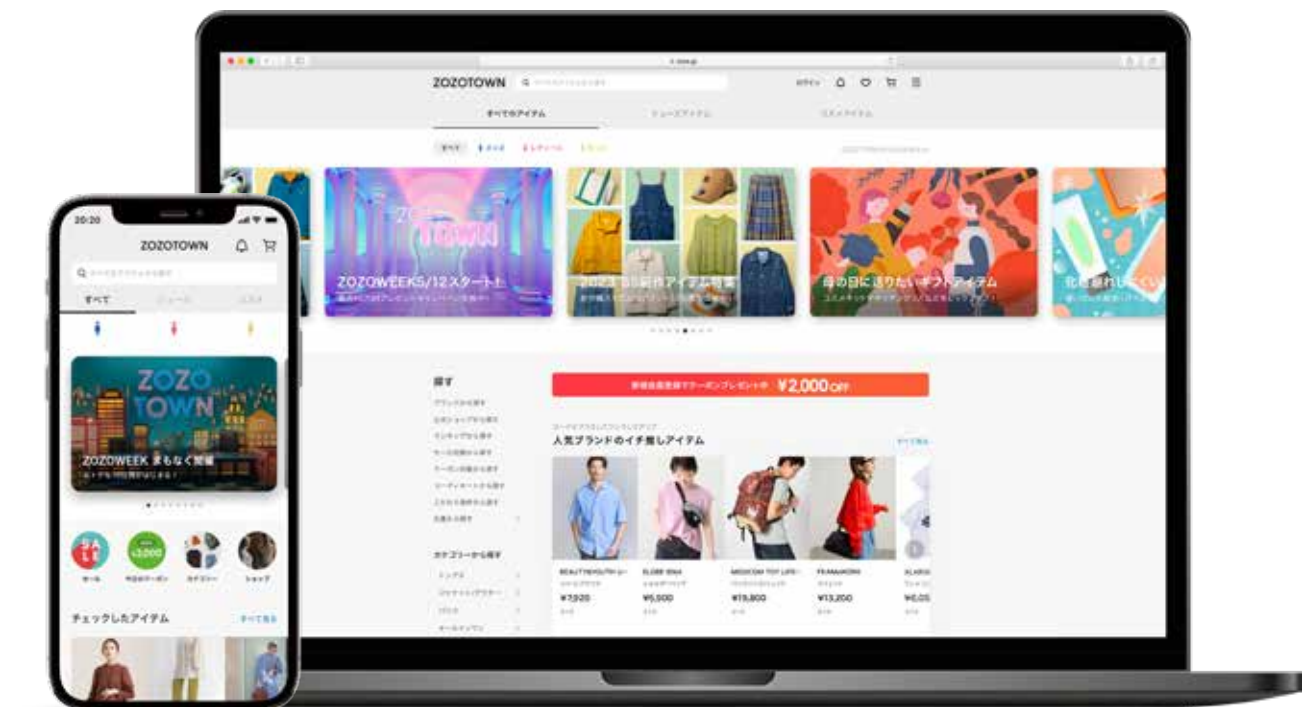
**11.5 million**  
(1 year basis)



# MAJOR SERVICES

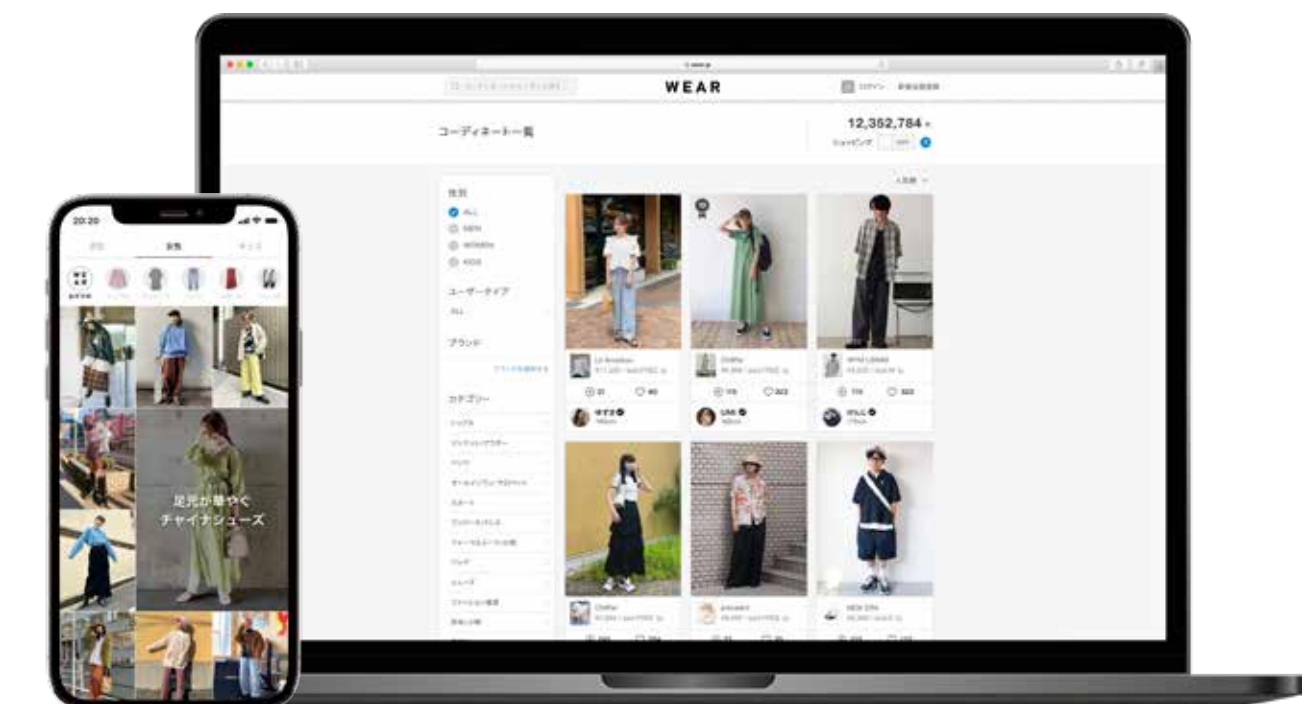
## ZOZOTOWN The largest fashion e-commerce website in Japan

- The Company offers 8,940 brands across 1,581 stores, with more than 950,000 items available at any given time.  
On average, 2,900 new items are added every day.
- All functions from systems design to fulfillment are built in-house.
- Same-day delivery service, gift-wrapping service, deferred payment, etc., are available.
- Opened ZOZOTOWN shop on Yahoo! JAPAN Shopping\*, which is operated by LY Corporation.



## WEAR The largest outfit-sharing app in Japan

- Users can post their outfits and search from posted outfits, using various filtering options.
- Several celebrities, including Ai Takahashi, Tadanobu Asano, and Kumikki, have participated as official users (WEARISTA).
- Over 16 million downloads have been achieved, and now it is expanding globally.



\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.



# DIFFERENCES BETWEEN ZOZOTOWN AND ZOZOTOWN SHOP ON Yahoo! JAPAN Shopping\*

|                                   | ZOZOTOWN   | ZOZOTOWN Yahoo! JAPAN Shopping* Shop  |
|-----------------------------------|--|---|
| <b>Overview</b>                   | One of the largest fashion e-commerce websites in Japan providing original services specialized in fashion   | E-commerce website for wide range of users also expecting cross-category shopping other than the fashion category |
| <b>Number of shops</b>            | 1,581 (As of September 30, 2023)   | 1,451 (As of September 30, 2023)  |
| <b>Selling items</b>              | Full line-up   | Freely selected by each shop  |
| <b>Detail of consignment</b>      | All the operations needed for EC business such as shooting, measurement, logistics, customer support, operation support etc.                                 | Same as the left  |
| <b>Original services provided</b> | 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  |
| <b>Payment methods</b>            | Credit cards, cash on delivery, convenience store payment, deferred payment, LINE Pay, PayPay  | PayPay, credit cards, cash on delivery  |
| <b>Reward points</b>              | No<br>ZOZO point of 5% of product price (excluding tax) will be granted only for ZOZOCARD  | PayPay points based on PayPay campaign  |
| <b>Revenue</b>                    | Consignment sales commission from brands   | Same as the left<br>(Commission rate is same as ZOZOTOWN)   |
|                                   | Shipping revenue from customers  | 250 yen (including tax)   |
| <b>Expenses borne by ZOZO</b>     | Shop opening commission  | NO  |
|                                   | Payment collection commission  | YES   |
|                                   | Customer attraction cost   | YES   |
|                                   | Reward points cost   | YES   |

\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.



# BUSINESS MODEL

## ZOZOTOWN Business

### ○ Outright Purchase / Production & Sales

We currently operate 29 stores on ZOZOTOWN.

In addition to purchasing inventory from brand manufacturers, we also manufacture and sell merchandise by utilizing the planning abilities of influencers such as brand manufacturers and celebrities.

Sales = Gross merchandise value generated by each store

### ○ Consignment Sales

We operate 1,552 shops as a consignment business, which allows us to carry a certain amount of products from various brands while minimizing inventory risk.

Sales = Gross merchandise value of each store × commission rate

### ○ USED Sales

We offer a second-hand business by purchasing used fashion products from our users.

Sales = Gross merchandise value

## Yahoo! JAPAN Shopping\*

We opened ZOZOTOWN shop on Yahoo! JAPAN Shopping\* which is operated by LY 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 34 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.

## Advertising Business

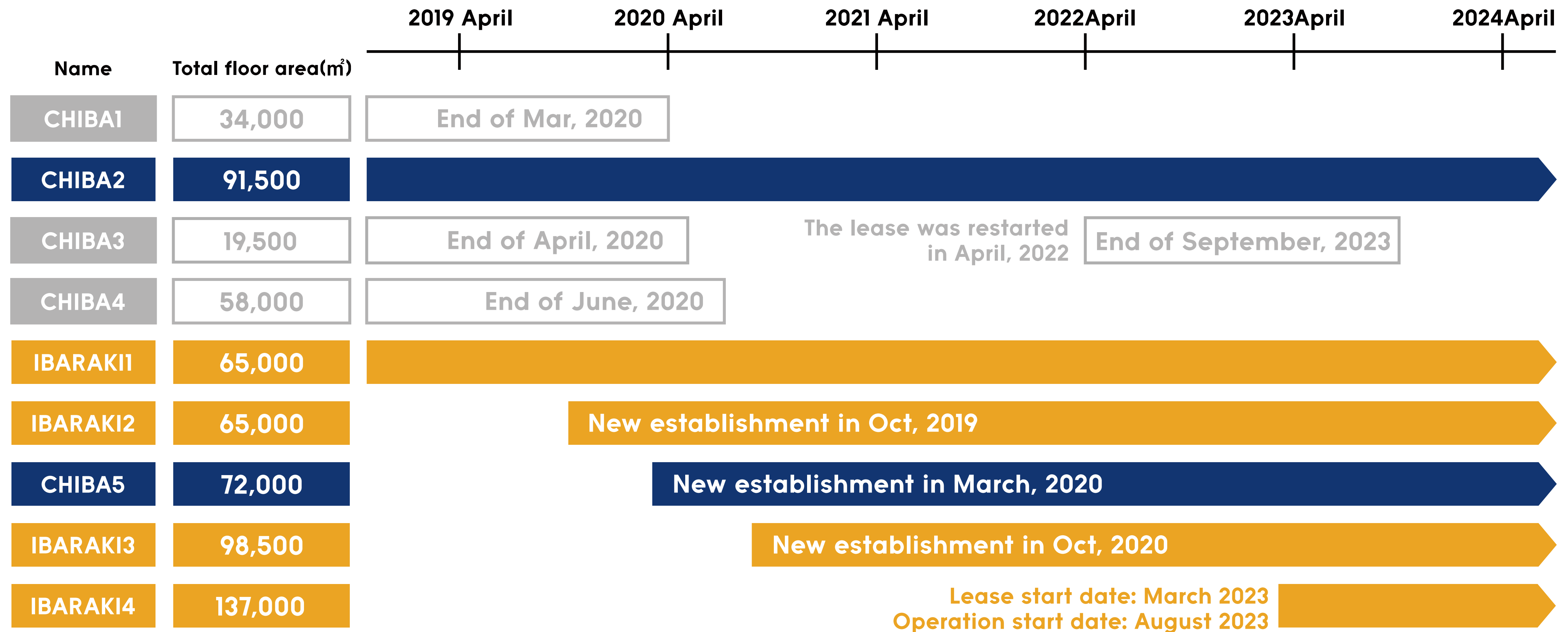
The advertising business will generate advertising income from client companies, including brands, by utilizing the user base of ZOZOTOWN and WEAR to provide advertising spots.

Sales = Advertisement income

\* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.



# LOGISTICS BASES EXPANSION PLAN



CHIBA2, IBARAKI1 and IBARAKI4 are warehouses with shipping function.



# APPENDIX

## Our corporate website    The information below is available on our corporate website.

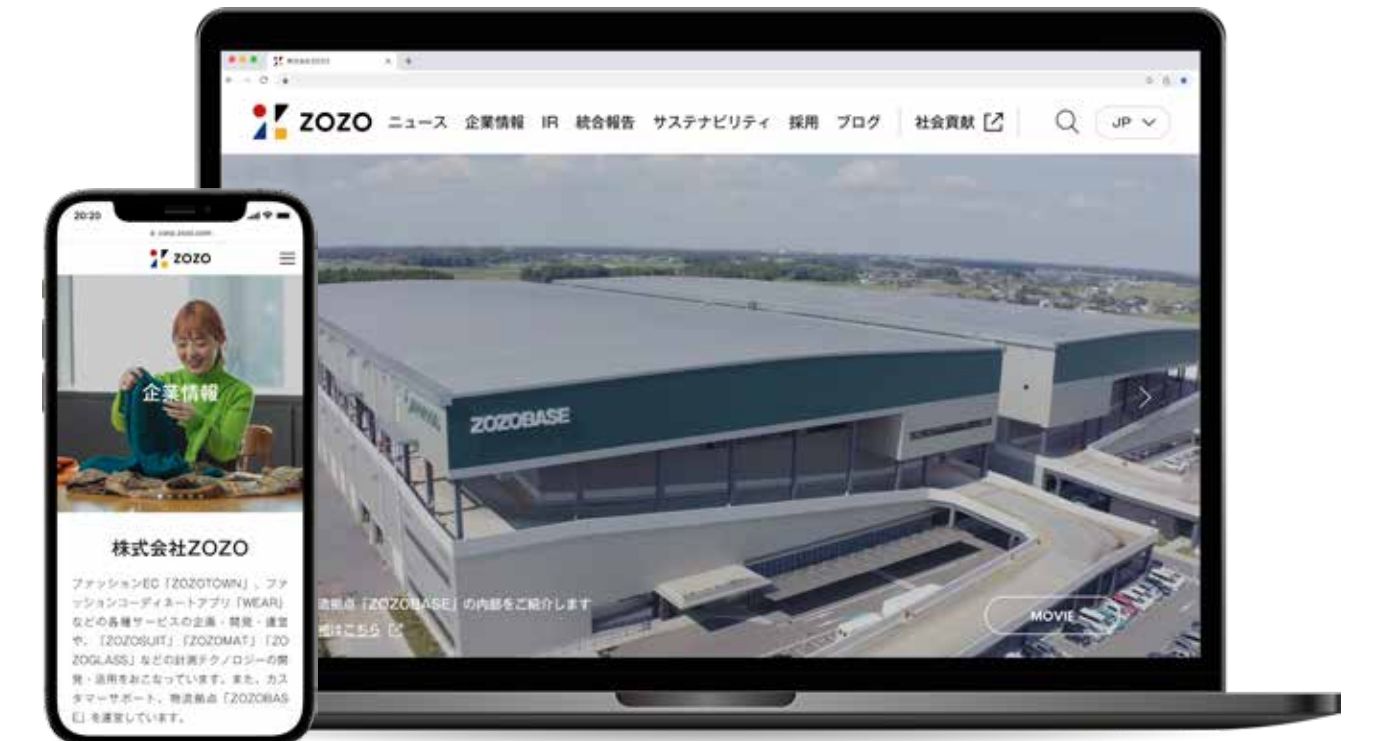
IR News    ... The latest IR information is posted in a timely manner.

Financial Highlights    ... Past financial data is available. Data can be downloaded in excel format.

Integrated Report Portal    ... We are disclosing integrated data on financial and non-financial information.

ESG/CSR    ... We are introducing our initiatives on ESG/CSR

- ESG Data
- External Evaluation



## Subscription of IR Mail

By registering your email address with our IR Mail service, we will send you information related to our IR, such as the latest news releases. If you wish to register, please access the following link.

### IR Mail Subscription



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

**The business forecasts and future outlook described in this material are based on information currently available.**

**Please note that the forecast includes uncertainties such as sudden changes, and actual results may differ.**





# Postscript

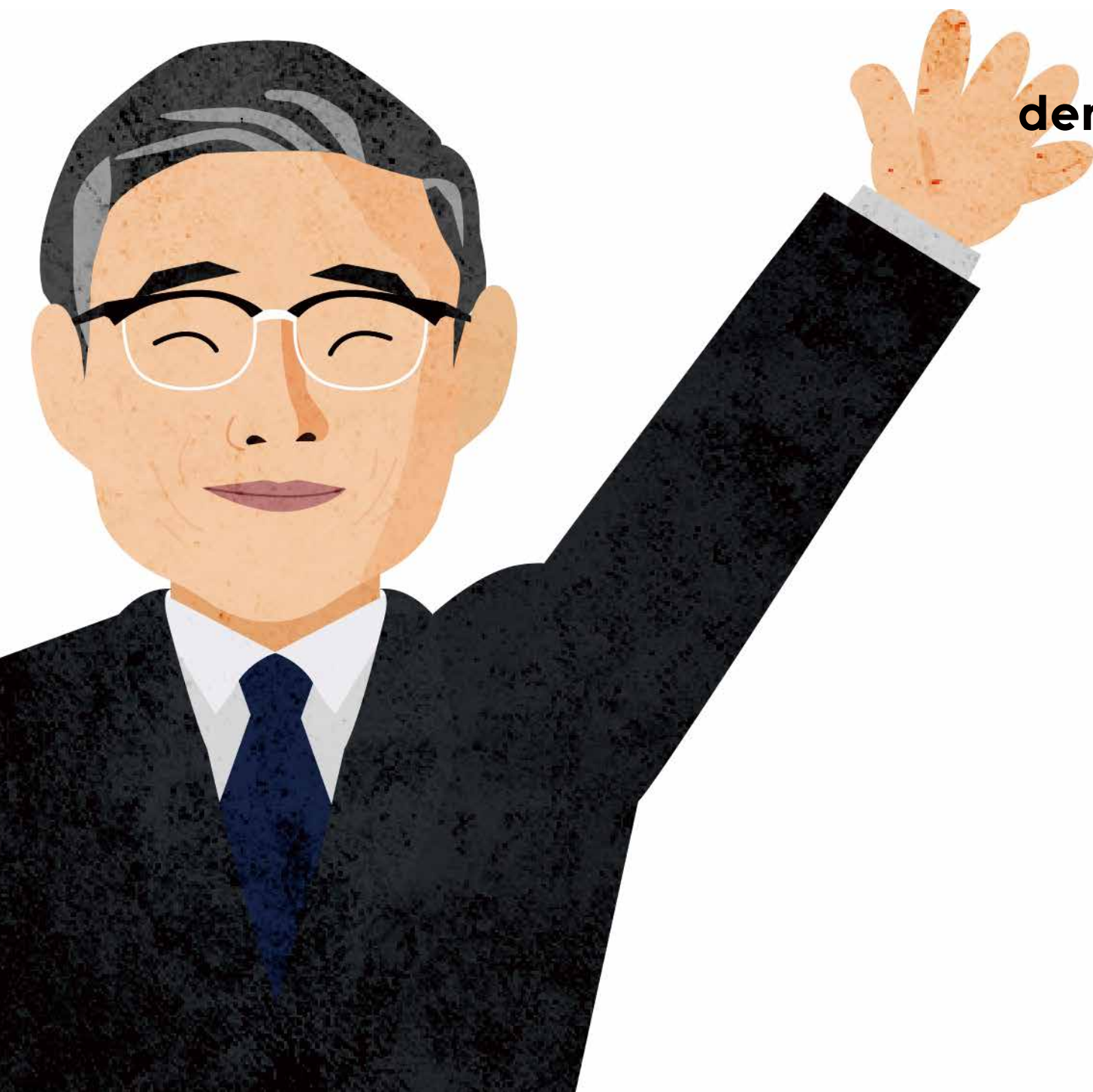
**In the second quarter, people went out more than expected during the summer vacation period and there was severe lingering summer heat, but we were able to achieve record-high results in both GMV and operating profit!**

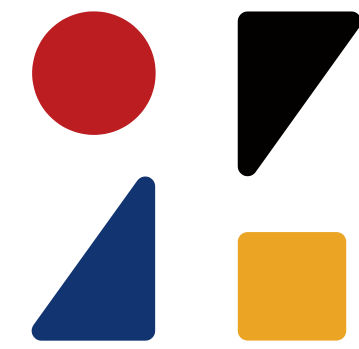
**As for the third quarter's start-up period, demand for fall/winter items is catching up with the drop in temperature.**

**We plan to increase sales firmly at ZOZOWEEK, which is scheduled to be implemented in November, and at the end of the year,**

**when the need for heavy clothing increases.**

**Please look forward to our continued growth!**





**ZOZO**