

**FY2023 3Q ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS**



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

HIGHLIGHTS



ZOZO was selected as a component of the DJSI Asia Pacific Index* in December 2023! We will continue our efforts to achieve sustainable growth and solve environmental and social challenges.



※The DJSI is a leading equity index for ESG investment, jointly developed by S&P Dow Jones Indices LLC of the United States and RobecoSAM AG of Switzerland in 1999. Companies are evaluated in the three areas of governance and economy, environment, and society, and companies that excel in sustainability are selected as constituent stocks.



FY2023 3Q HIGHLIGHTS

Both GMV and operating income reached record highs for the end of 3Q.

Overview

- Gross Merchandise Value : 427,146 million yen (+5.1%,YoY)

Gross Merchandise Value (excluding other GMV) : 399,496 million yen (+7.4%,YoY)

Business performance is generally in line with plans. Despite the strong impact of the extreme weather, promotions that were implemented at the right time to meet the rising demand were effective.

- Operating Profit : 45,698 million yen (+2.4%,YoY)

Business performance is better than planned. Although profits declined in the 3Q accounting period due to the full-fledged recognition of expenses related to the new distribution center, that had already been factored into the plan.

Results by business segment

- ZOZOTOWN BUSINESS

Gross Merchandise Value : 348,545 million yen (+7.4%,YoY)

Consignment sales : 331,580 million yen(+7.2%,YoY)

Outright Purchase / Production & Sales : 3,647 million yen (+2.3%,YoY)

USED sales : 13,317 million yen (+13.4%,YoY)

- Yahoo! JAPAN Shopping* : 40,250 million yen (+12.8%,YoY)

- BtoB Business : 10,700 million yen (-9.7%,YoY)

- Others* : 27,650 million yen

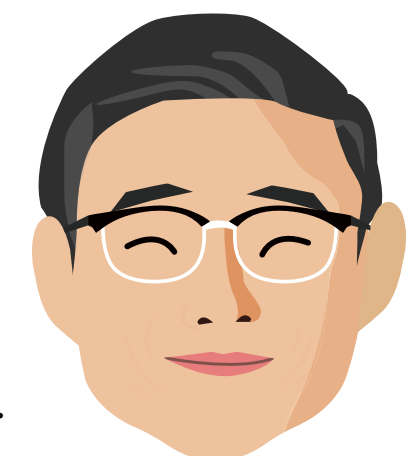
- Average Order Value : 9,119 yen (+1.8%,YoY)

- Average Retail Price : 4,360 yen (-1.7%,YoY)

- Advertising business

Net sales : 7,056 million yen (+23.5%,YoY)

ZOZOTOWN business fell slightly short of the plan due to the warm winter and other unusual weather conditions. On the other hand, Yahoo! Shopping exceeded the plan thanks to the positive effects of aggressive promotions. We are focusing on achieving our full-year plan on a combined basis. Operating profit continues to be above the plan.



* 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.



FY2023 3Q HIGHLIGHTS

Profitability

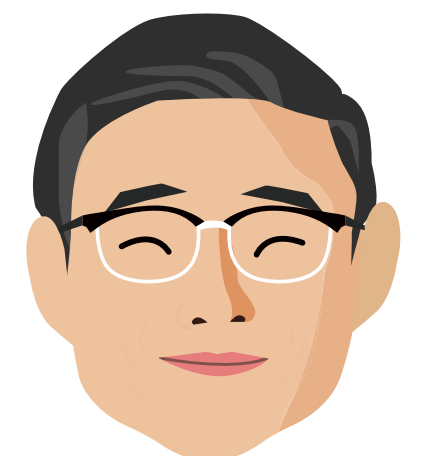
- Operating profit margin (to the total gross merchandise value) : 11.4%(12.0% for FY2022 3Q)
 - Factors improving profitability : A growth of the advertising business and a decline in shipping expenses ratio due to higher order value.
 - Factors worsening profitability : Rent and depreciation expenses related to the new distribution center began to be recorded, cost ratio of measures to attract customers and sales promotion increased, and logistics-related cost ratio increased due to lower work efficiency.

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

Topics

- ZOZOBASE Tsukuba 3, a new logistics base that has succeeded in reducing manpower by 30% through automation, will begin full-scale operations (November 2023).
- Received "Gold" certification, the highest rating in the PRIDE Index 2023, which evaluates LGBTQ+ initiatives in the workplace, for the third consecutive year (November 2023)
- Start offering "item review function" on ZOZOTOWN (November 2023)
- Received "Best Workplace" certification for the second consecutive year in the D&I Award 2023, Japan's largest award recognizing leading D&I companies. (December 2023)
- Selected as a constituent of the Dow Jones Sustainability Asia Pacific Index, an ESG investment index, for the first time (December 2023)
- Group company Yutori Co., Ltd. is listed on the Growth Market of the Tokyo Stock Exchange (December 2023).

I expect the item review function to be effective in the future, especially for cosmetics. While the number of inventories supplied by brands continued to increase, sales of fall and winter items were sluggish due to the warm winter. As a result, inventory storage conditions tightened as inventory turnover worsened, and work efficiency at distribution centers declined.





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

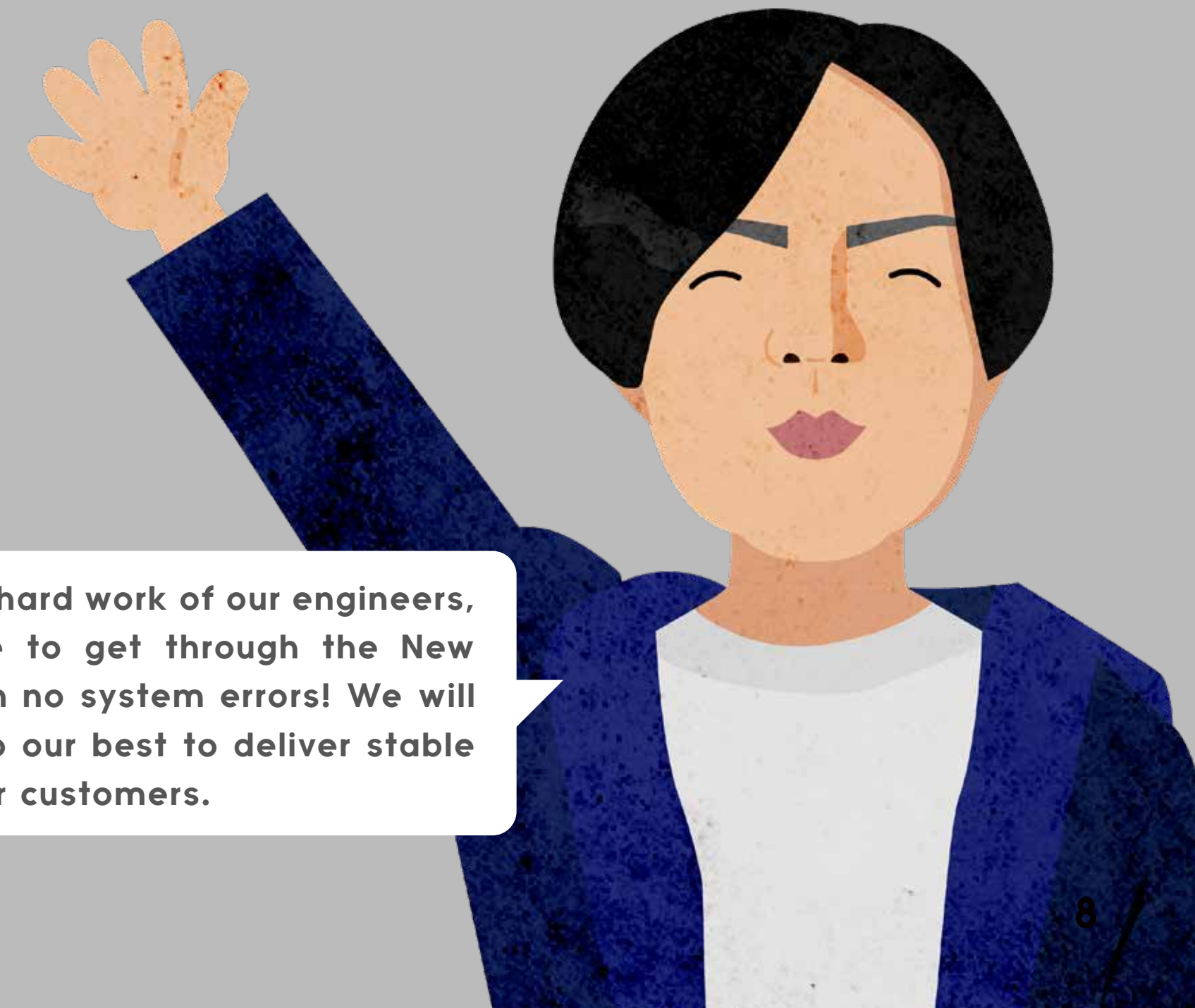
Cancelled of 11,170,104 shares (3.58% of the total number of shares outstanding before the cancellation)

Scheduled date of the cancellation: November 9, 2023

BUSINESS RESULTS



Thanks to the hard work of our engineers, we were able to get through the New Year Sale with no system errors! We will continue to do our best to deliver stable services to our customers.





OVERVIEW OF THE FY2023 3Q

(million¥)

	FY2022 3Q	FY2023 3Q	YoY	Target	Achievement Rate(%)
Gross Merchandise Value	406,497	427,146	5.1%	580,800	73.5%
Gross Merchandise Value (excluding other GMV)	372,022	399,496	7.4%	535,200	74.6%
Net sales	136,467	147,568	8.1%	200,700	73.5%
Gross profit	127,660	137,313	7.6%	-	-
(% to the Gross Merchandise Value)	34.3%	34.4%	0.1%	-	-
SG&A	83,024	91,614	10.3%	-	-
(% to the Gross Merchandise Value)	22.3%	22.9%	0.6%	-	-
Operating profit	44,635	45,698	2.4%	60,000	76.2%
(% to the Gross Merchandise Value)	12.0%	11.4%	-0.6%	11.2%	-
Ordinary profit	44,872	45,906	2.3%	60,000	76.5%
Profit attributable to owners of parent	31,213	32,470	4.0%	42,000	77.3%

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



OVERVIEW OF EACH QUARTER

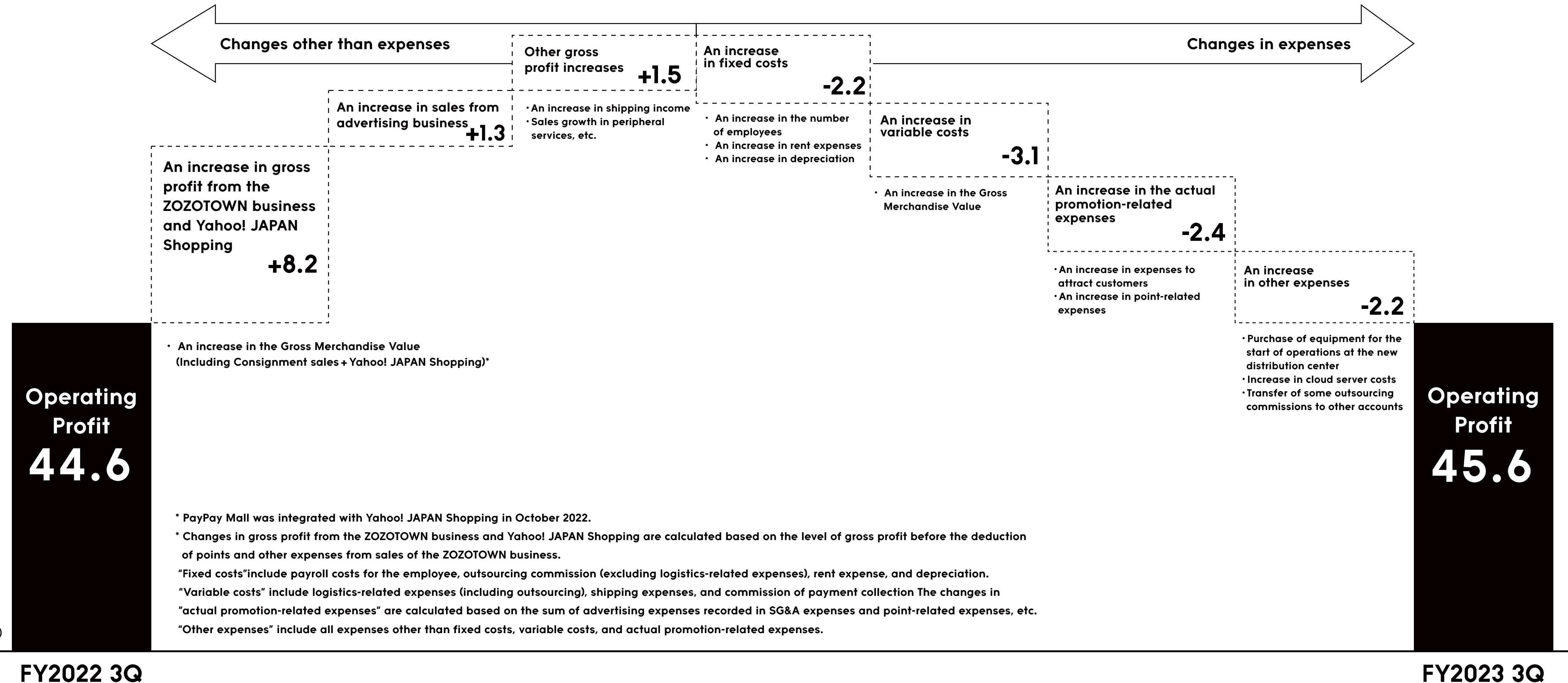
(million¥)

	FY2022				FY2023		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Gross Merchandise Value	127,928	123,210	155,358	137,820	131,920	126,870	168,354
Gross Merchandise Value (excluding other GMV)	115,948	111,533	144,540	129,085	123,327	118,317	157,851
YoY (%)	8.7%	9.0%	9.1%	7.0%	6.4%	6.1%	9.2%
Net sales	42,590	41,176	52,699	46,956	45,871	44,345	57,351
SG&A	26,028	25,667	31,328	31,895	27,182	28,100	36,332
YoY (%)	7.0%	7.6%	5.6%	11.2%	4.4%	9.5%	16.0%
(% to the Gross Merchandise Value)	22.4%	23.0%	21.7%	24.7%	22.0%	23.8%	23.0%
Operating profit	14,312	12,897	17,425	11,785	15,862	13,068	16,767
YoY (%)	13.7%	15.2%	16.3%	8.4%	10.8%	1.3%	-3.8%
(% to the Gross Merchandise Value)	12.3%	11.6%	12.1%	9.1%	12.9%	11.0%	10.6%

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



INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)



(bn¥)

FY2022 3Q

FY2023 3Q

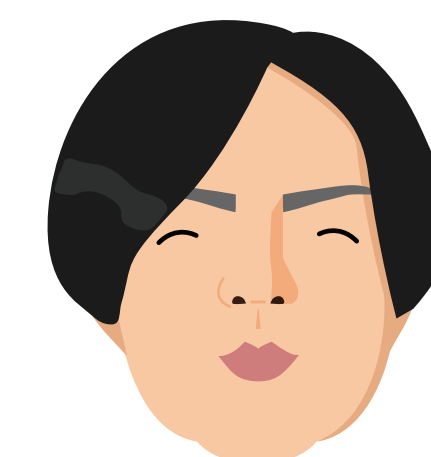


CONSOLIDATED BALANCE SHEET

(million¥)

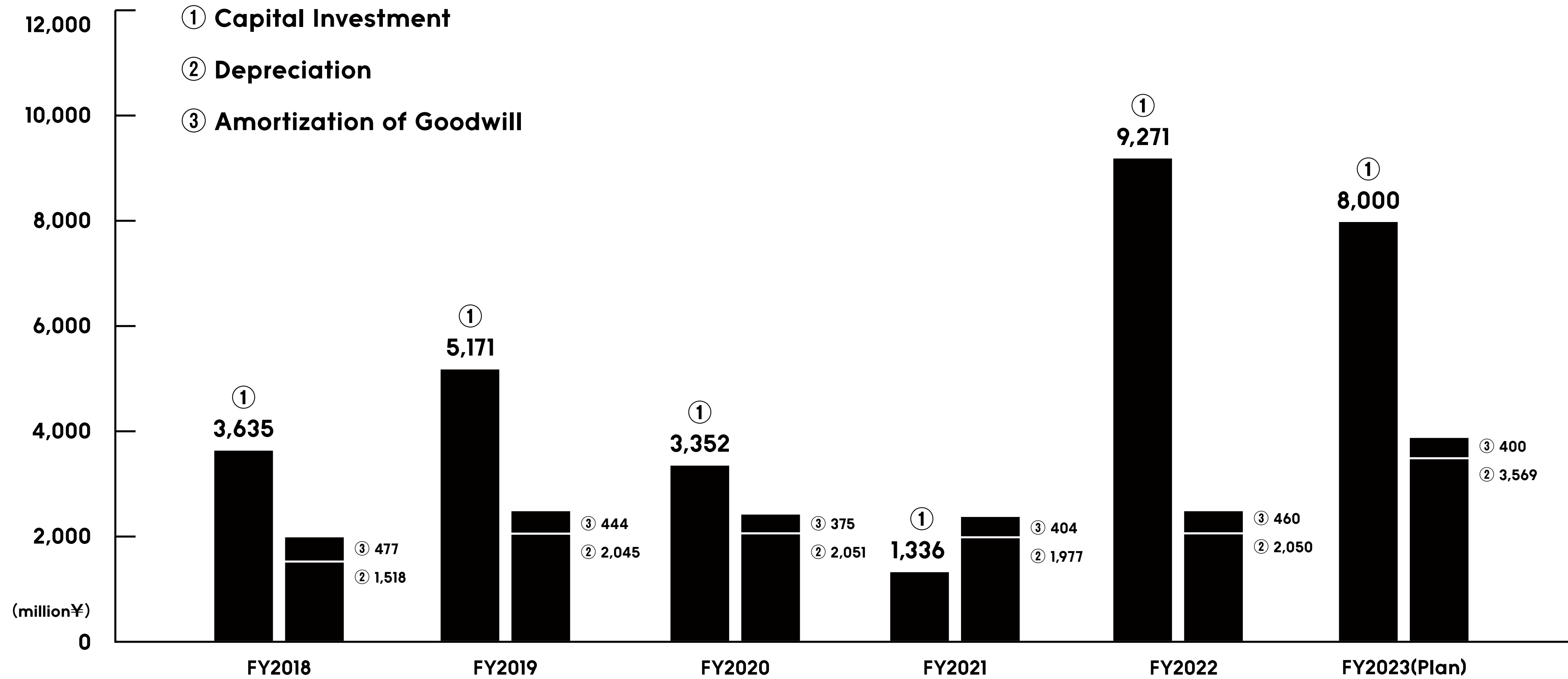
	FY2022 (as of March 31, 2023)	FY2023 3Q (as of December 31, 2023)		FY2022 (as of March 31, 2023)	FY2023 3Q (as of December 31, 2023)
Current assets	123,493	119,602	Current liabilities	72,204	72,353
Cash and deposits	69,126	45,510	Short-term borrowing	20,400	20,000
Merchandise and finished products	3,155	3,376	Non-current liabilities	6,844	8,919
Non-current assets	32,248	38,955	Total liabilities	79,048	81,273
Tangible assets	18,796	25,548	Shareholders' equity	76,771	77,405
Intangible assets	2,381	2,403	Treasury stock	-44,558	-6,879
Investments and other assets	11,070	11,003	Total net assets	76,693	77,285
Total assets	155,742	158,558	Total liabilities and net assets	155,742	158,558

Treasury stock was partially retired in November 2023, and purchases began in the same month.

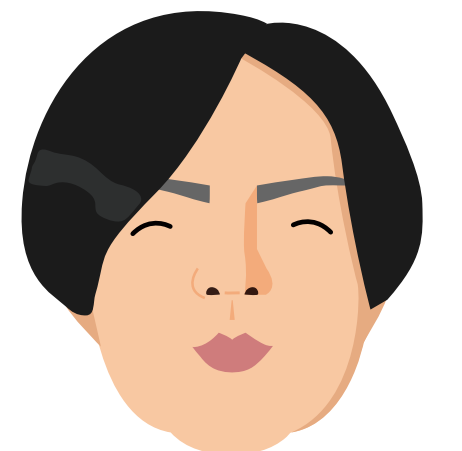




CAPITAL INVESTMENT



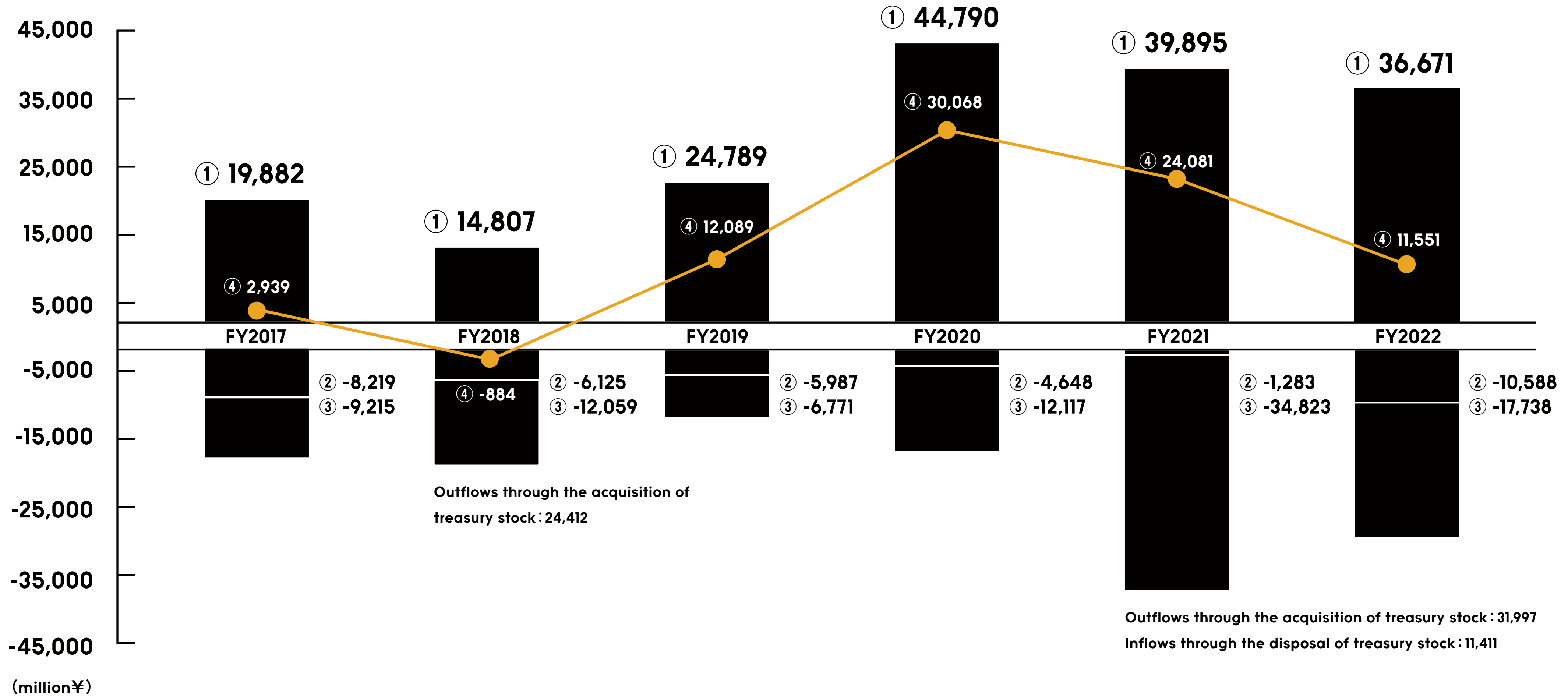
Capital investment is proceeding as planned.





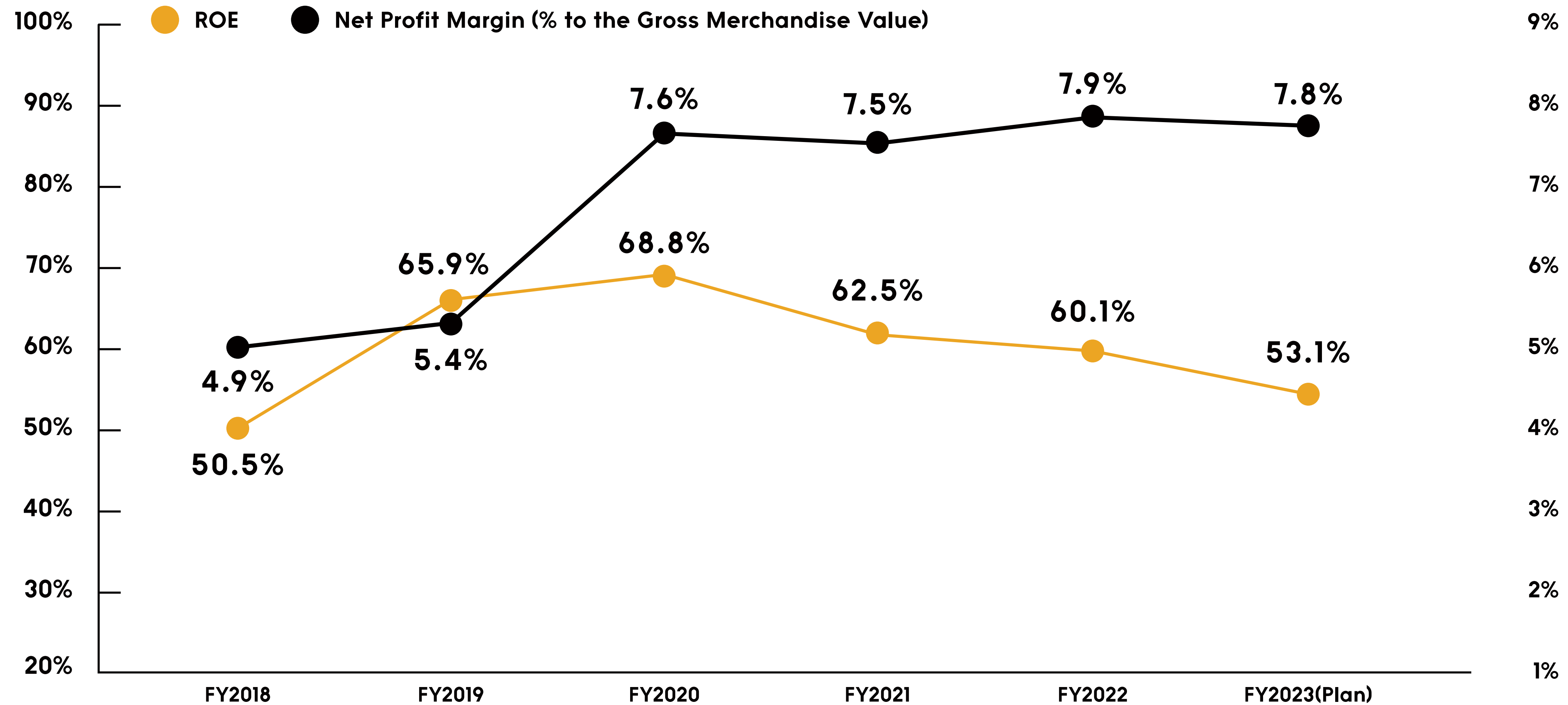
CASH FLOWS

- 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)

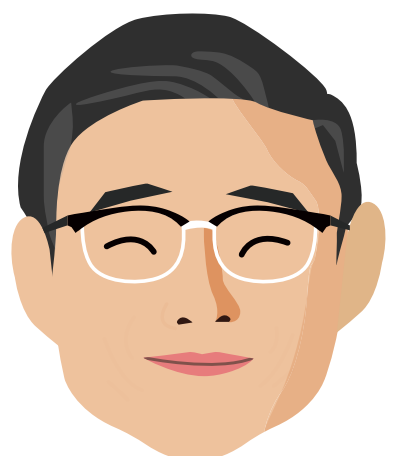




ROE AND NET PROFIT MARGIN



The purchase of treasury stock, which began in November 2023, is progressing.

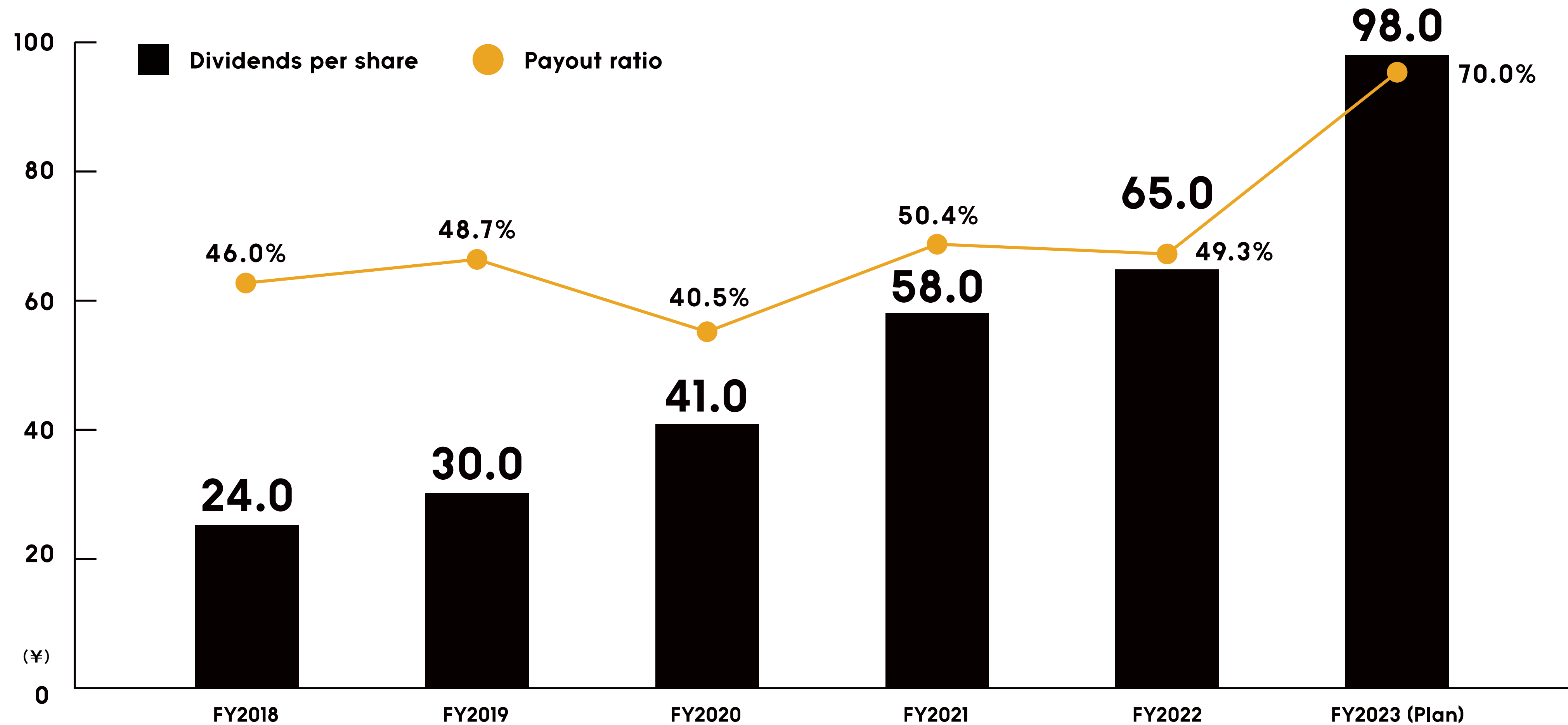


* Net profit margins are calculated by dividing net profit by the Gross Merchandise Value (excluding other GMV).

* 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

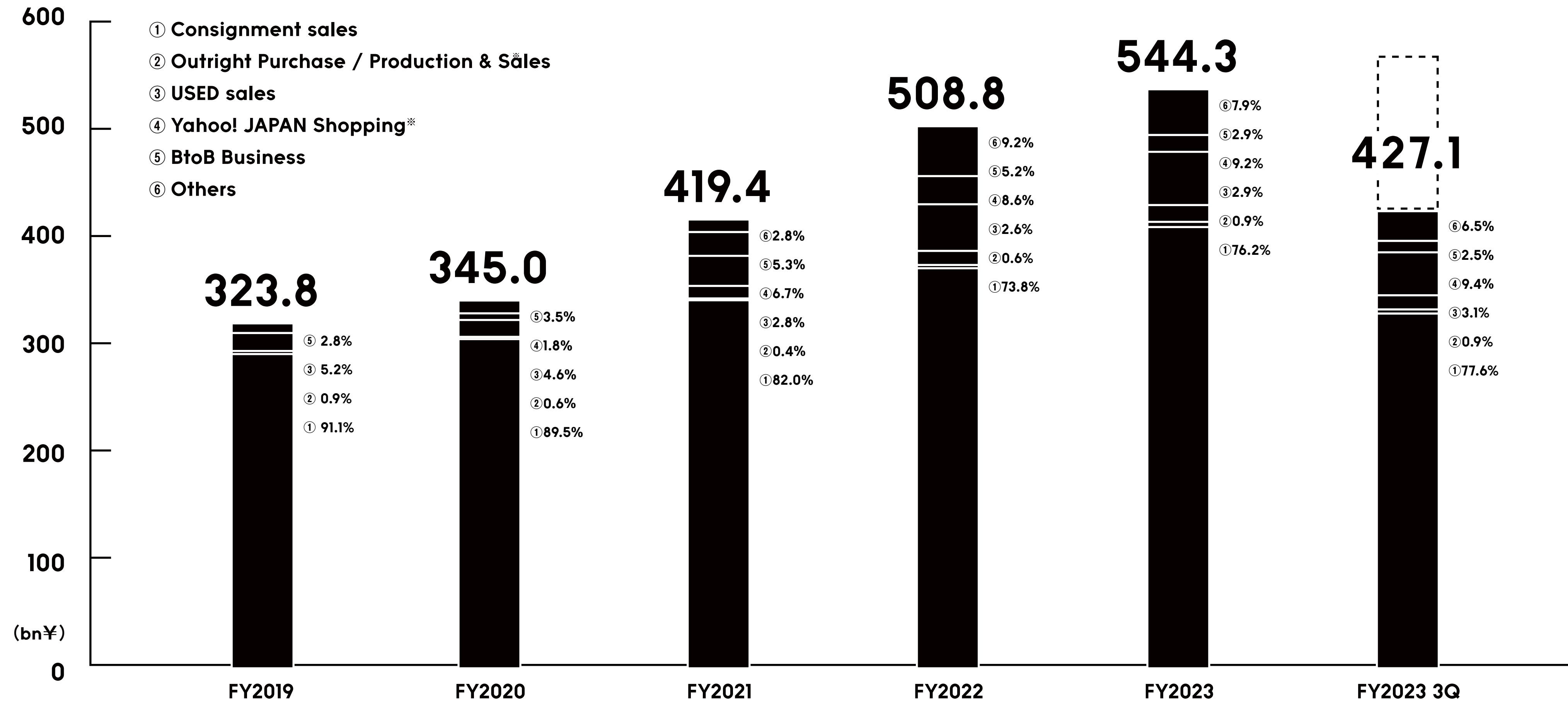


* Please note that the "Notice concerning revision of year-end dividend forecast and decision of dividend from surplus (interim dividend)" was released on October 31, 2023. The figures mentioned above reflect these revisions.



GROSS MERCHANDISE VALUE

The Gross Merchandise Value of new shops opened in FY2023 3Q (ZOZOTOWN Business)
 FY2023 3Q : 3.4 billion yen (accounts for 1.0% of the Gross Merchandise Value)

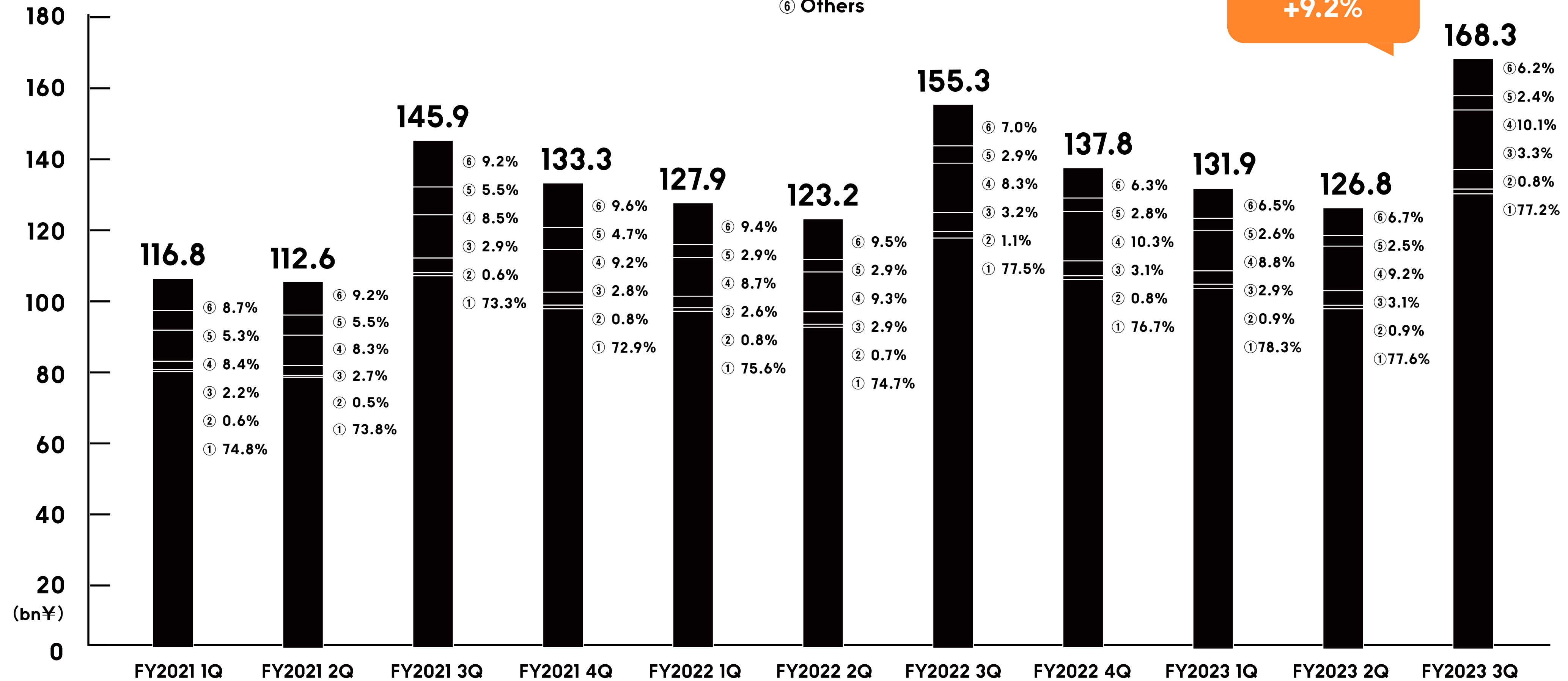


* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.



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*
+9.2%

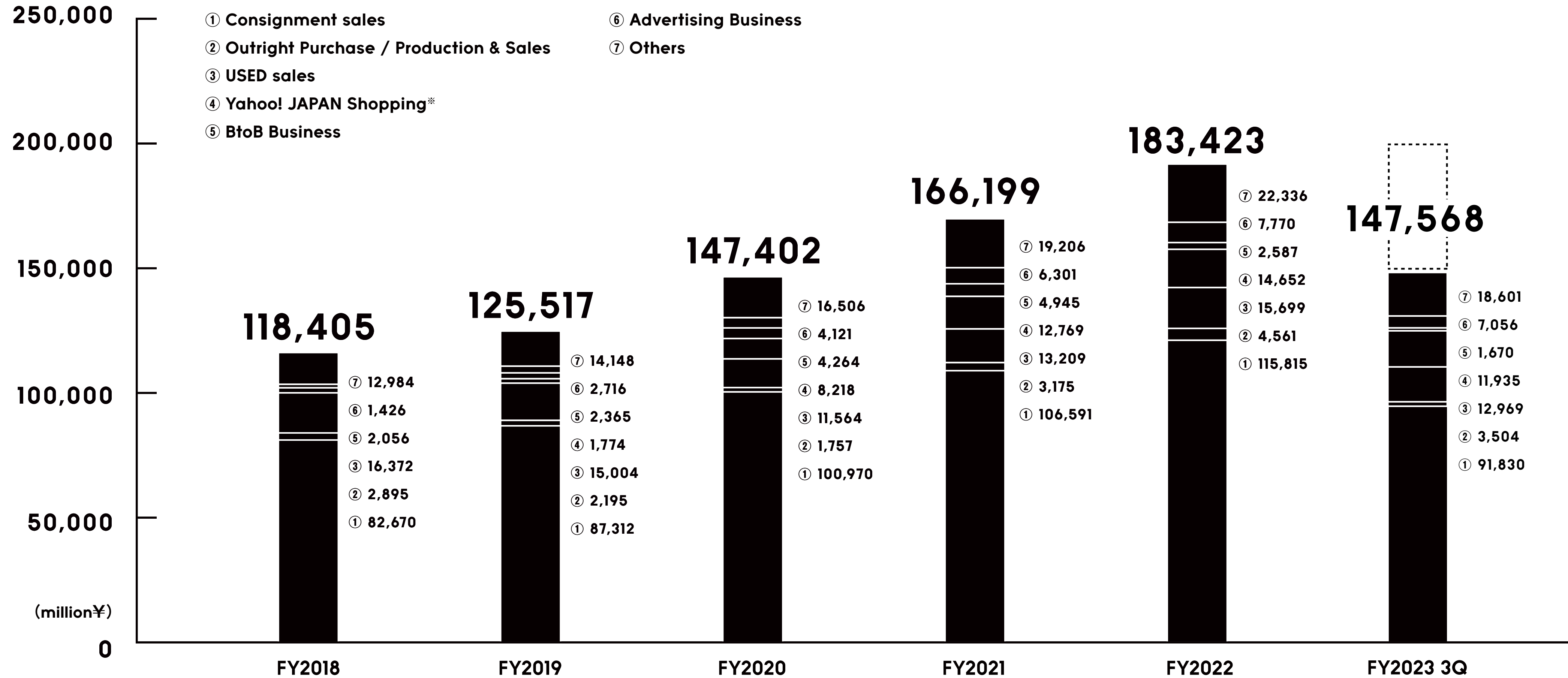
Although sales of outerwear and other winter apparel were sluggish due to the impact of the warm winter, this was the highest year-on-year performance within the current period.



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



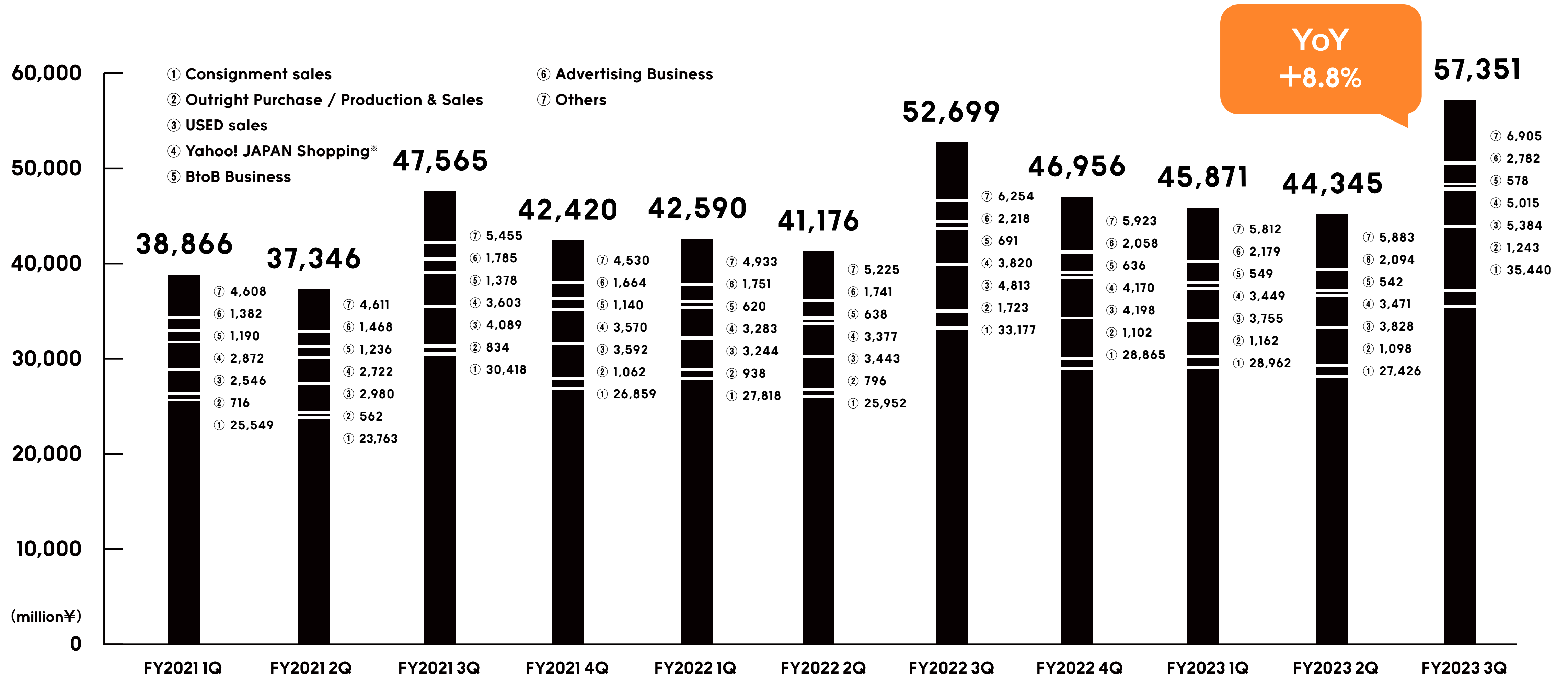
NET SALES



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



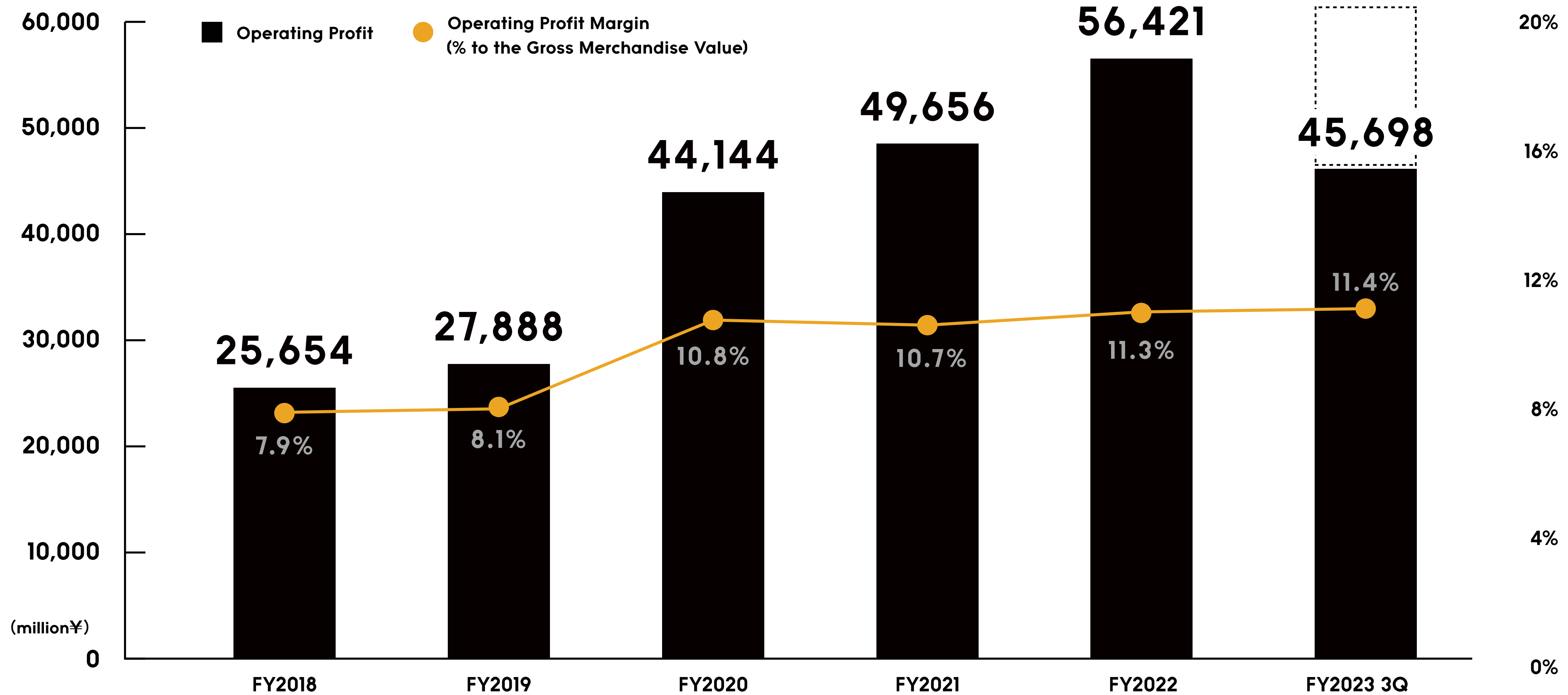
NET SALES (QUARTERLY)



* 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¥)

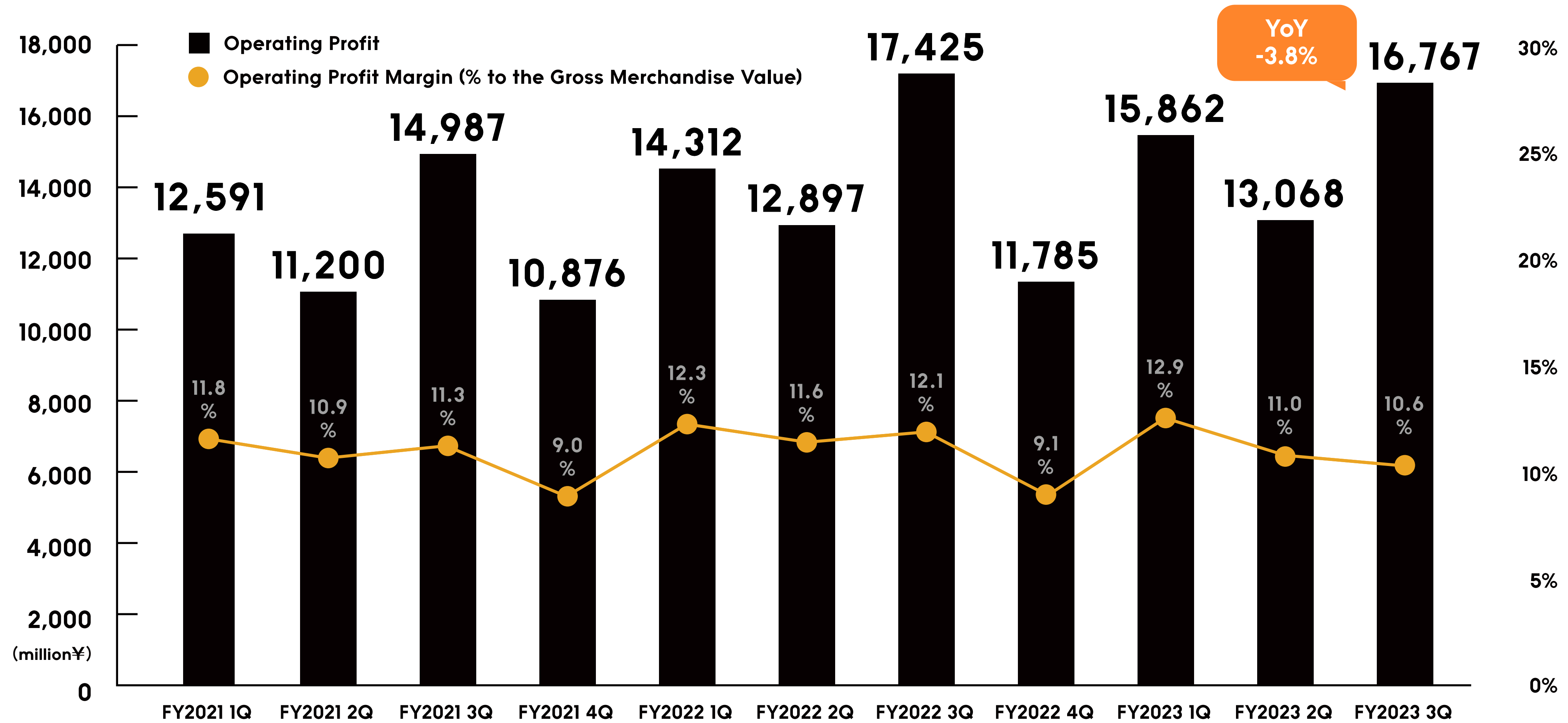
	FY2022 3Q		FY2023 3Q		YoY	Increase / decrease factors
	Amount	% to the Gross Merchandise Value	Amount	% to the Gross Merchandise Value	% to the Gross Merchandise Value	
Payroll and staff costs(*)	21,859	5.9%	24,541	6.1%	0.2%	
Payroll costs for employee	9,521	2.6%	10,291	2.6%	0.0%	Transition of the number of employees on consolidated basis : FY2022 3Q 1,513 → FY2023 3Q 1,718
Logistics-Related Expenses (Including Outsourcing)	12,337	3.3%	14,250	3.6%	0.3%	Increased inventory supply and a warm winter have caused inventory turnover to deteriorate, resulting in lower operating efficiency at distribution centers.
Outsourcing Commission (Excluding Logistics-Related Expenses)	5,024	1.4%	4,862	1.2%	-0.2%	A decrease due to the transfer of accounts Some expenses that were recognized as outsourcing commissions in the previous fiscal year are now recognized as others
Shipping	24,282	6.5%	25,102	6.3%	-0.2%	The ratio of shipping expenses to the Gross Merchandise Value decreased due to the impact of higher order value
Commission of Payment collection	8,872	2.4%	9,298	2.3%	-0.1%	
Advertising	8,486	2.3%	9,419	2.4%	0.1%	An increase in the measures to attract customers through web commercial Recognition of expenses related to the advertising expenses for ZOZOFIT and niaulab
Rent expense	4,546	1.2%	5,418	1.4%	0.2%	An increase in a logistics center (Started the lease of IBARAKI 4 from March 2023)
Depreciation	1,454	0.4%	2,211	0.6%	0.2%	Increase in the number of distribution centers (depreciation on almost all facilities began in November 2023)
Amortization of goodwill	337	0.1%	289	0.1%	0.0%	
Stock Compensation Expenses	81	0.0%	191	0.0%	0.0%	
Others	8,080	2.2%	10,281	2.6%	0.4%	Large purchase of equipment for new distribution center Some expenses that were recognized as outsourcing commissions in the previous fiscal year are now recognized as others
Total SG&A	83,024	22.3%	91,614	22.9%	0.6%	

* 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).



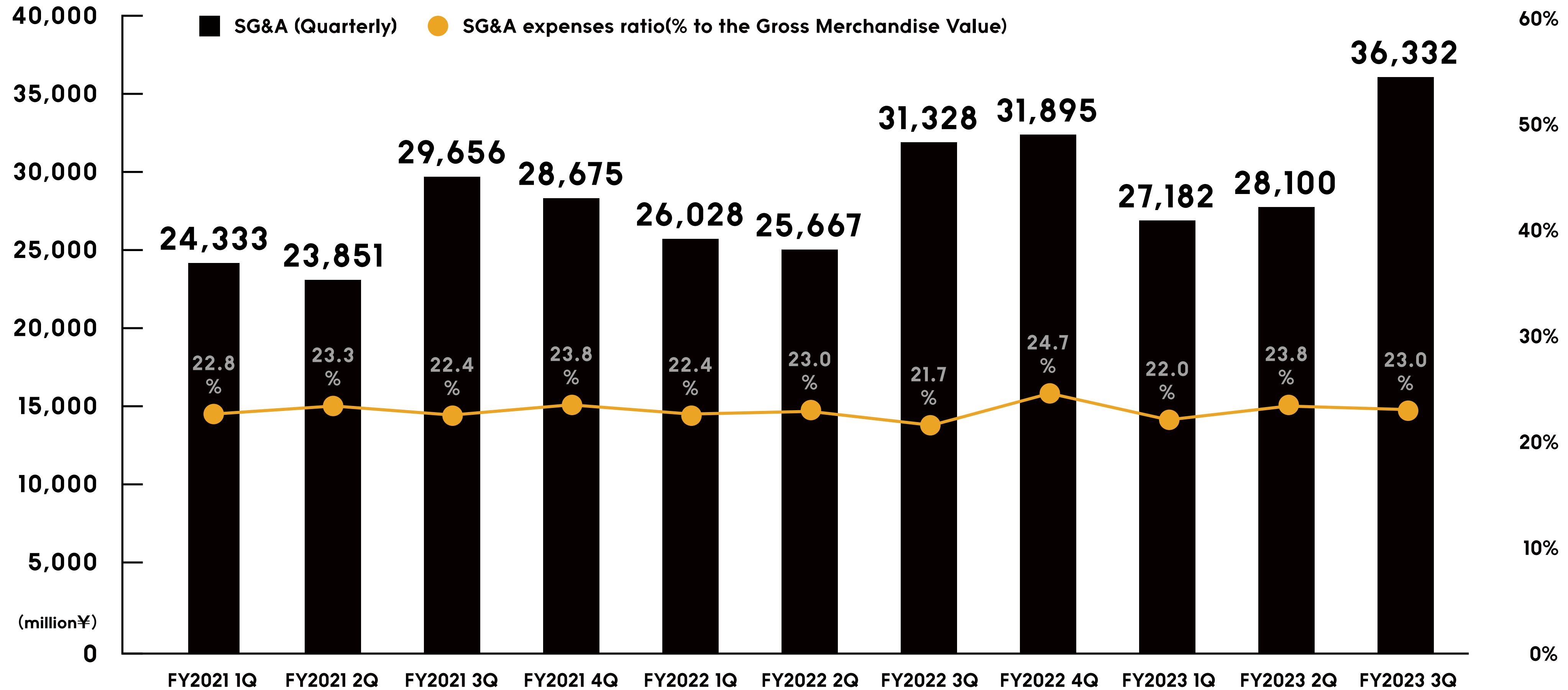
OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



* 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)

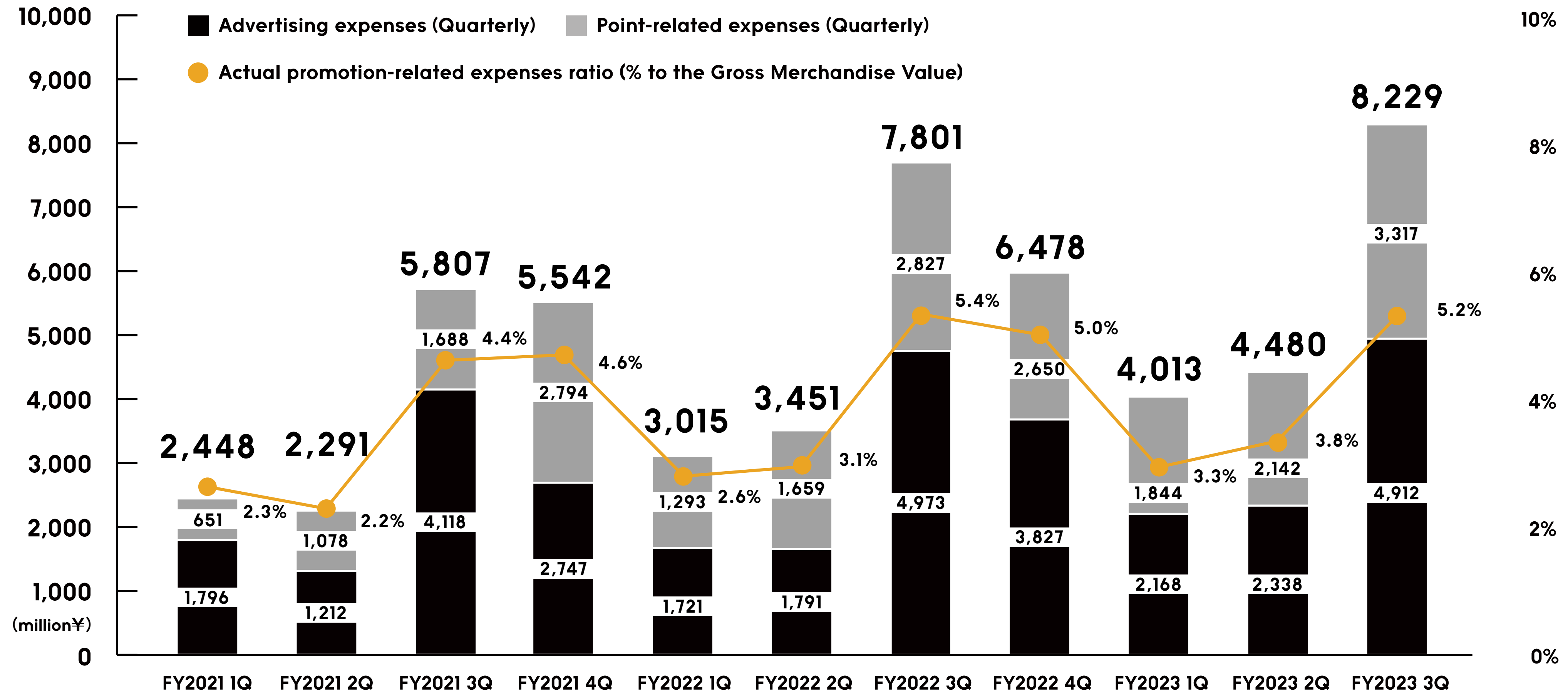


* SG&A expenses ratio is calculated by dividing related items by the Gross Merchandise Value (excluding other GMV).



ACTUAL PROMOTION-RELATED EXPENSES

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



As of the end of the 3Q, expenses were generally in line with plans.



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

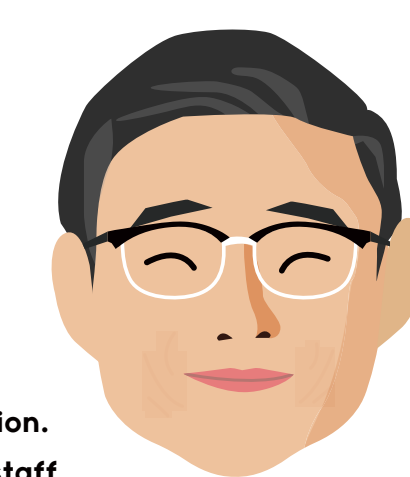


OVERVIEW OF SG&A BY EACH QUARTER

(million¥)

	FY2022								FY2023					
	1Q		2Q		3Q		4Q		1Q		2Q		3Q	
	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	Amount	% to the Gross Merchandise Value
Payroll and staff costs(*)	7,132	6.2%	6,955	6.2%	7,771	5.4%	9,513	7.4%	7,562	6.1%	7,731	6.5%	9,248	5.9%
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%	3,523	2.2%
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%	5,724	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%	1,685	1.1%
Shipping	7,996	6.9%	7,708	6.9%	8,577	5.9%	8,139	6.3%	7,920	6.4%	7,880	6.7%	9,302	5.9%
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%	3,598	2.3%
Advertising	1,721	1.5%	1,791	1.6%	4,973	3.4%	3,827	3.0%	2,168	1.8%	2,338	2.0%	4,912	3.1%
Rent expense	1,514	1.3%	1,513	1.4%	1,517	1.0%	1,530	1.2%	1,568	1.3%	1,880	1.6%	1,969	1.2%
Depreciation	465	0.4%	473	0.4%	515	0.4%	595	0.5%	522	0.4%	626	0.5%	1,062	0.7%
Amortization of goodwill	106	0.1%	106	0.1%	124	0.1%	123	0.1%	96	0.1%	96	0.1%	96	0.1%
Stock Compensation Expenses	10	0.0%	35	0.0%	35	0.0%	33	0.0%	33	0.0%	74	0.1%	83	0.1%
Others	2,702	2.3%	2,714	2.4%	2,663	1.8%	3,377	2.6%	2,797	2.3%	3,110	2.6%	4,373	2.8%
Total SG&A	26,028	22.4%	25,667	23.0%	31,328	21.7%	31,895	24.7%	27,182	22.0%	28,100	23.8%	36,332	23.0%

The ratio of logistics-related costs to GMV has been rising as a result of tight inventory storage conditions due to a deteriorating inventory turnover ratio. Depreciation expenses for all equipment installed in conjunction with the start of full-scale operations at the new distribution center in November have begun to be recorded.



* 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).

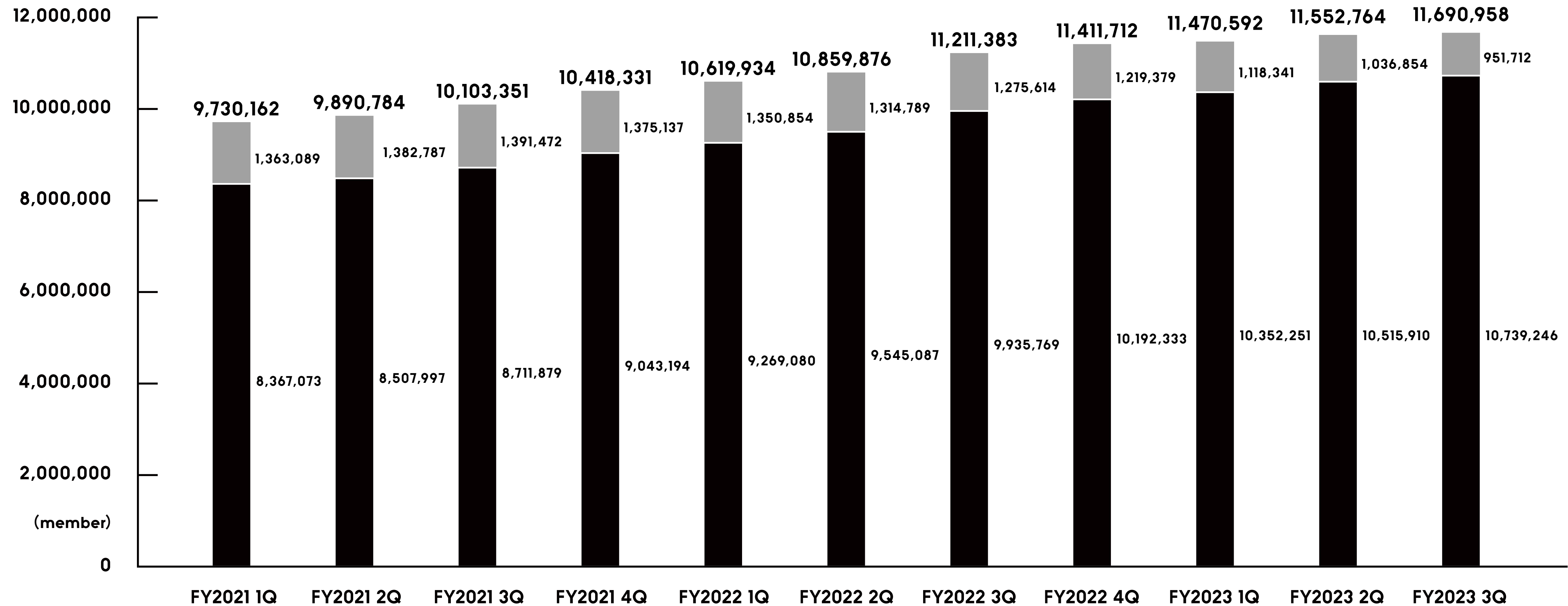


NUMBER OF TOTAL BUYERS

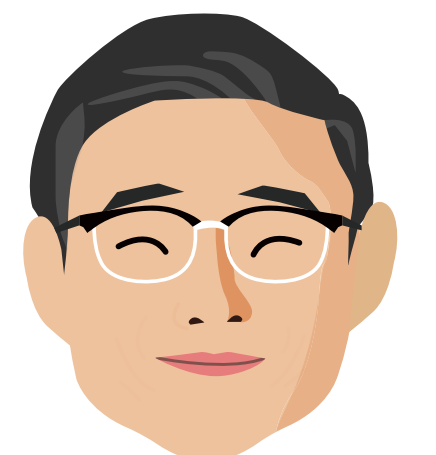
Number of total buyers = Active members and guest buyers who made at least one purchase within a year

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

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



Increased steadily due to the effect of enhanced promotions.



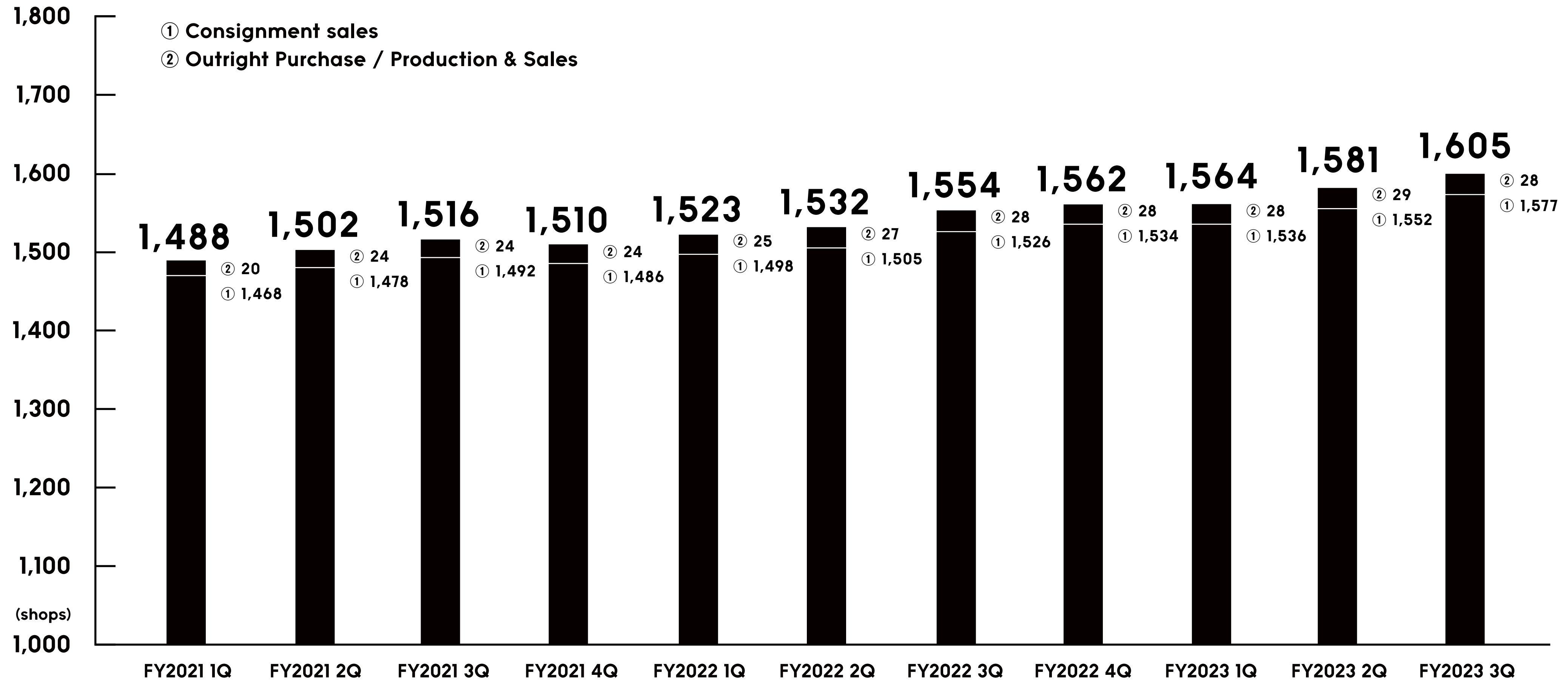
* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

* 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 SHOPS ON ZOZOTOWN

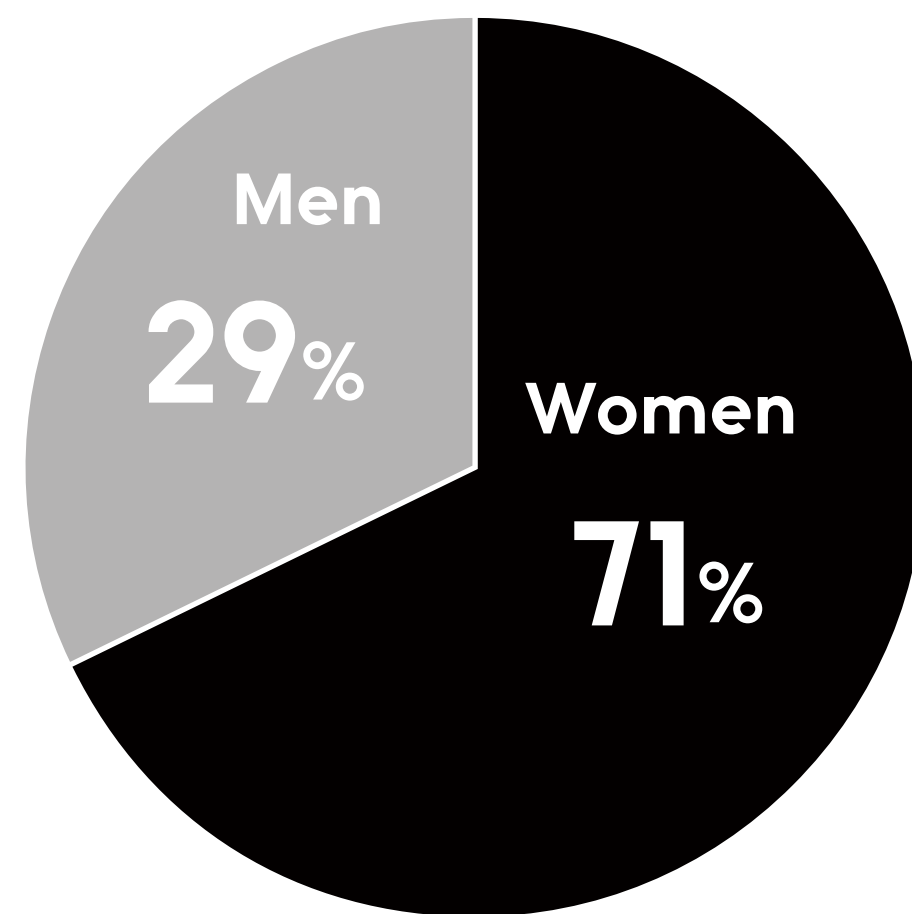


* Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops.

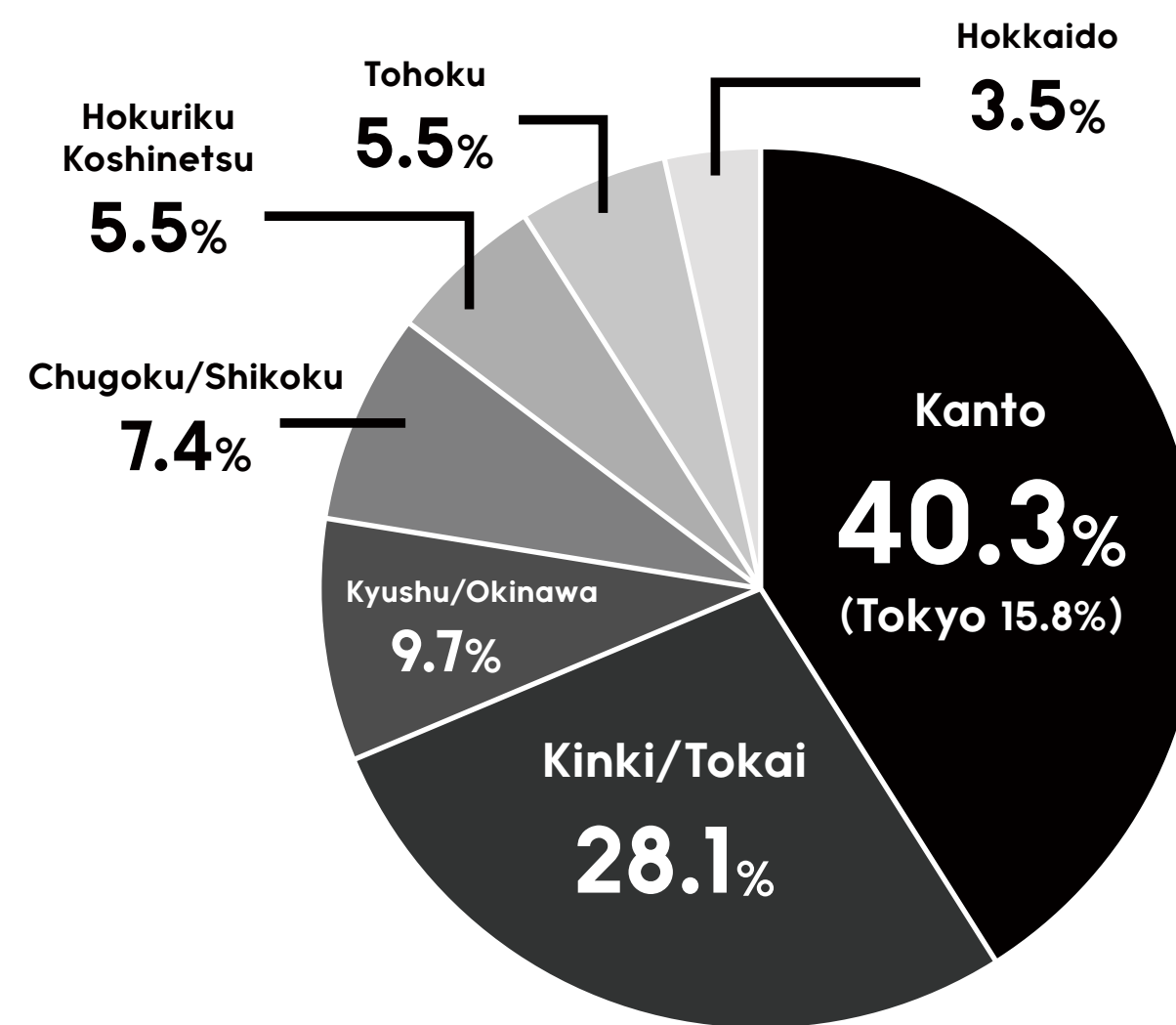


ACTIVE MEMBER DISTRIBUTION

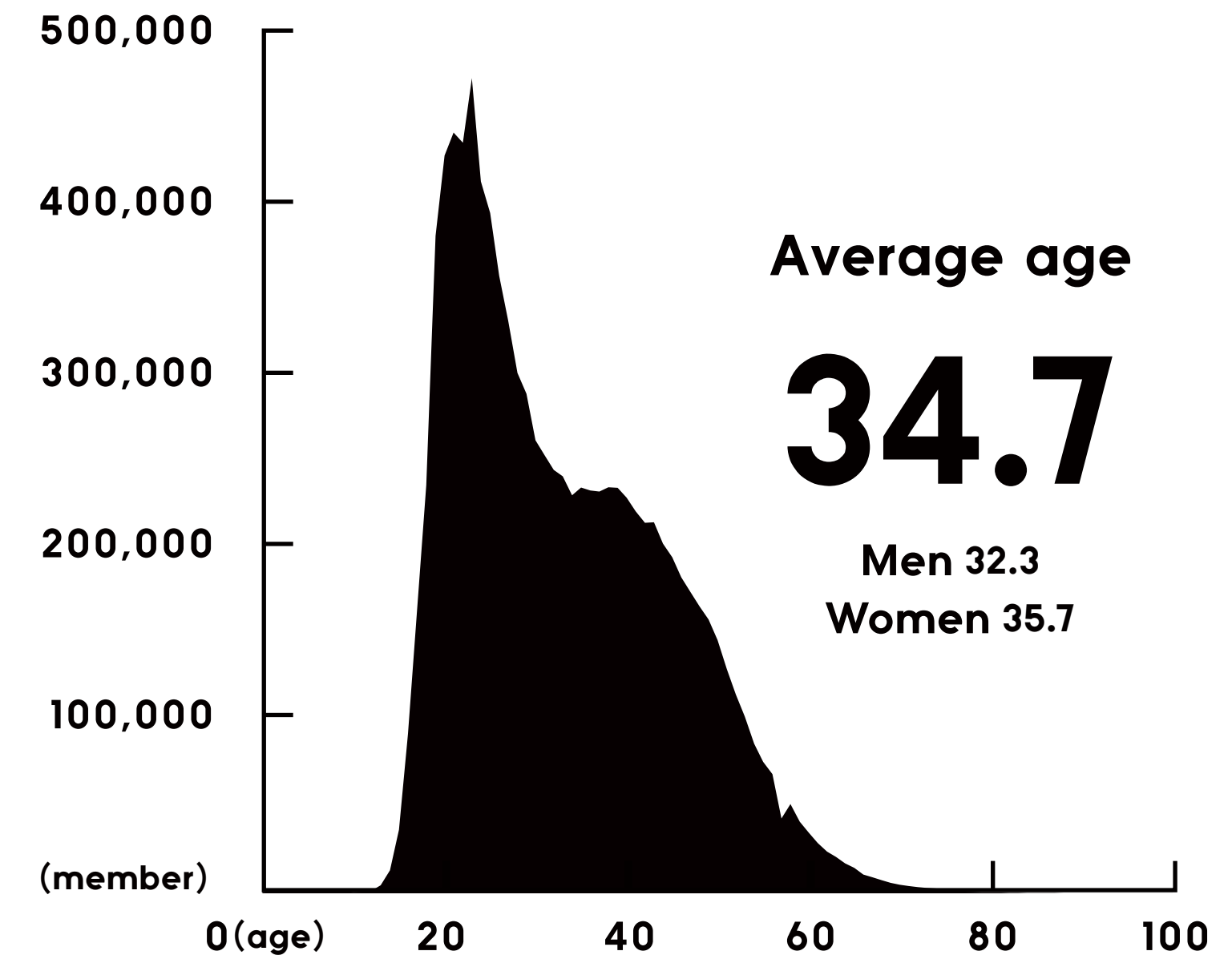
Gender ratio



Geographical distribution



Age distribution

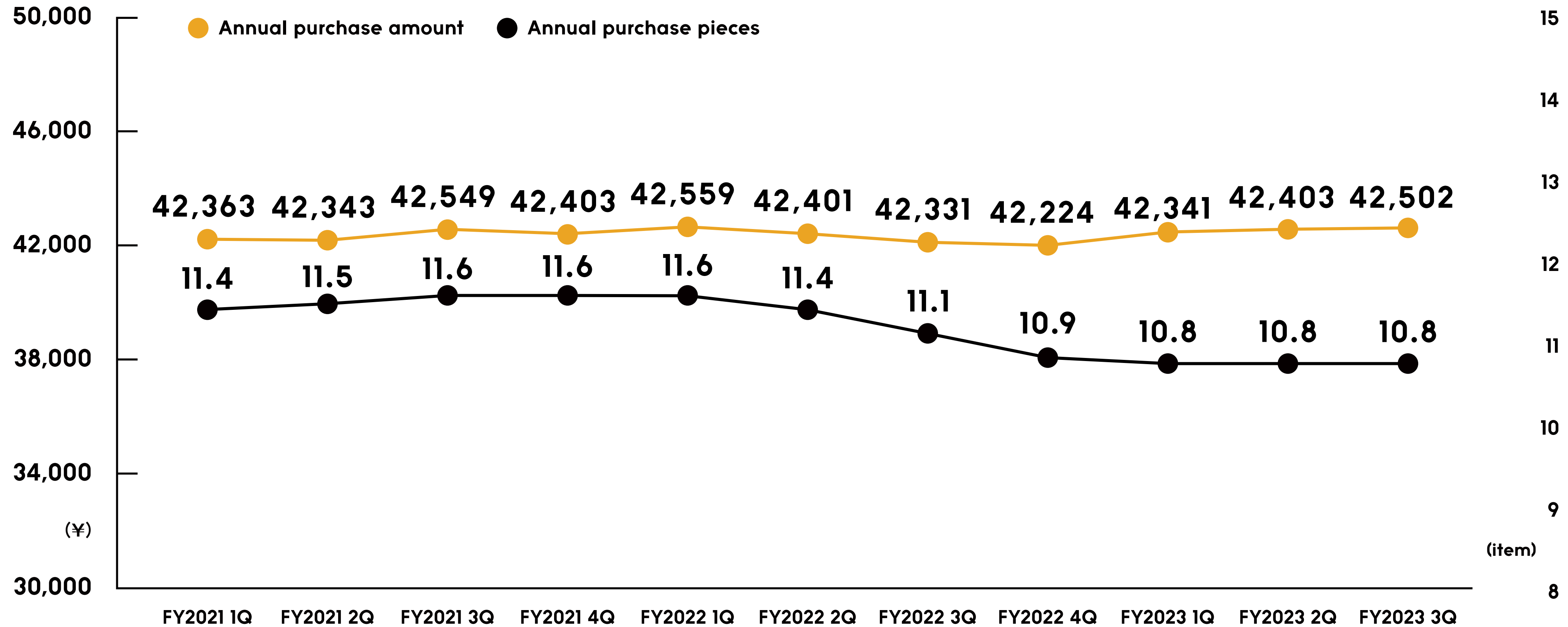


* The shown data on Active Member Distribution is only based on the numbers from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

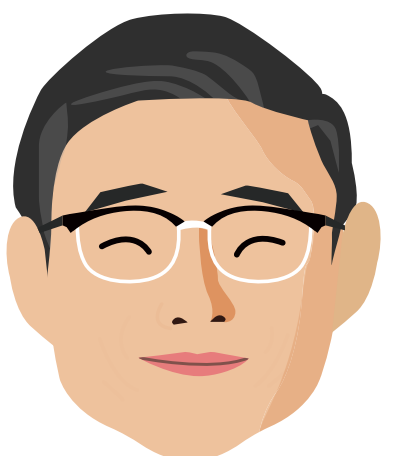
* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.



ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER



The results were almost unchanged from the previous quarter.



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

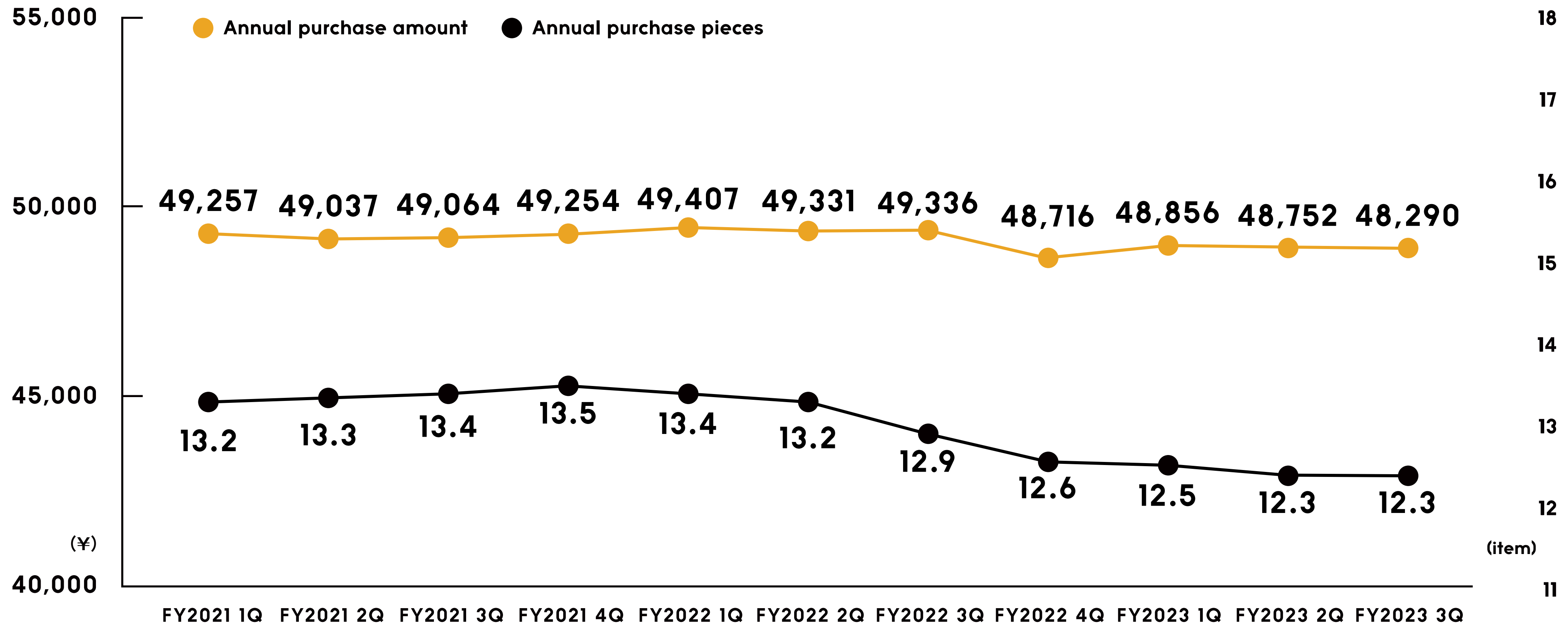
* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

* 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



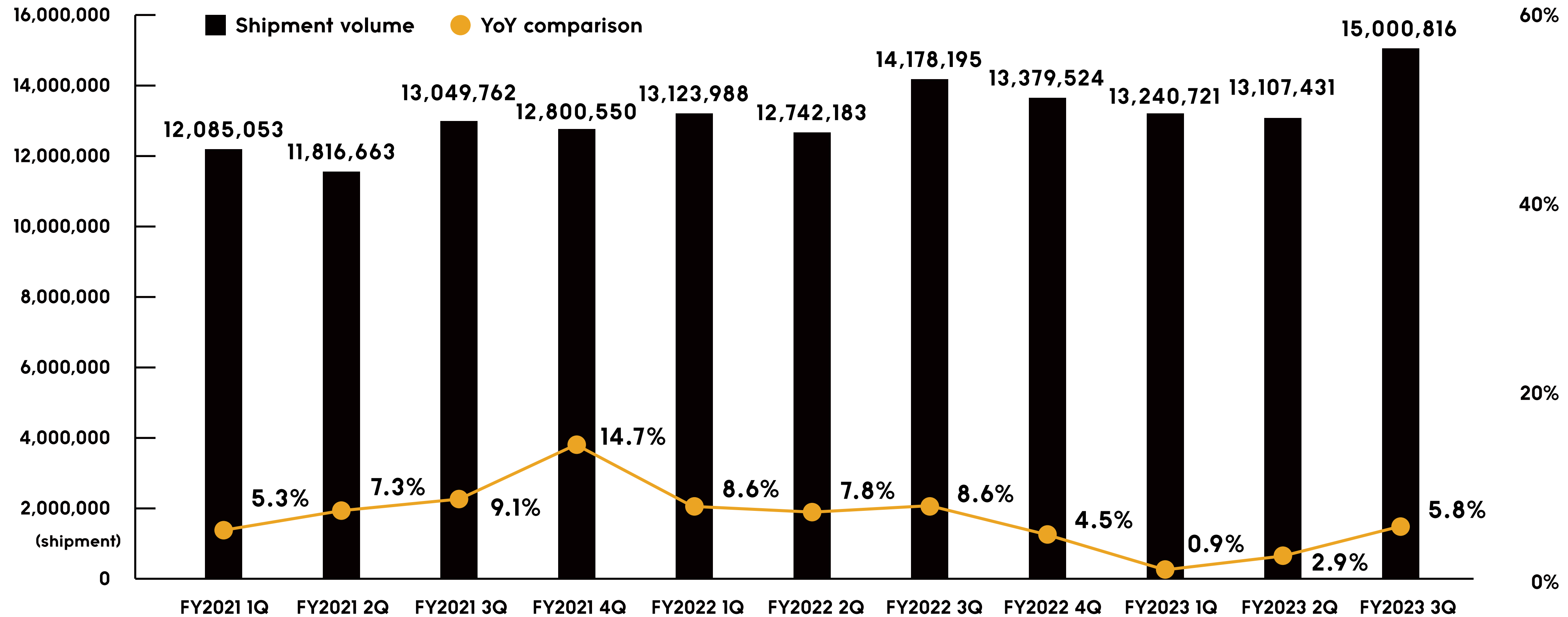
* The results are only from the ZOZOTOWN business (<https://zozo.jp>). Yahoo! JAPAN Shopping is not included.

* 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.

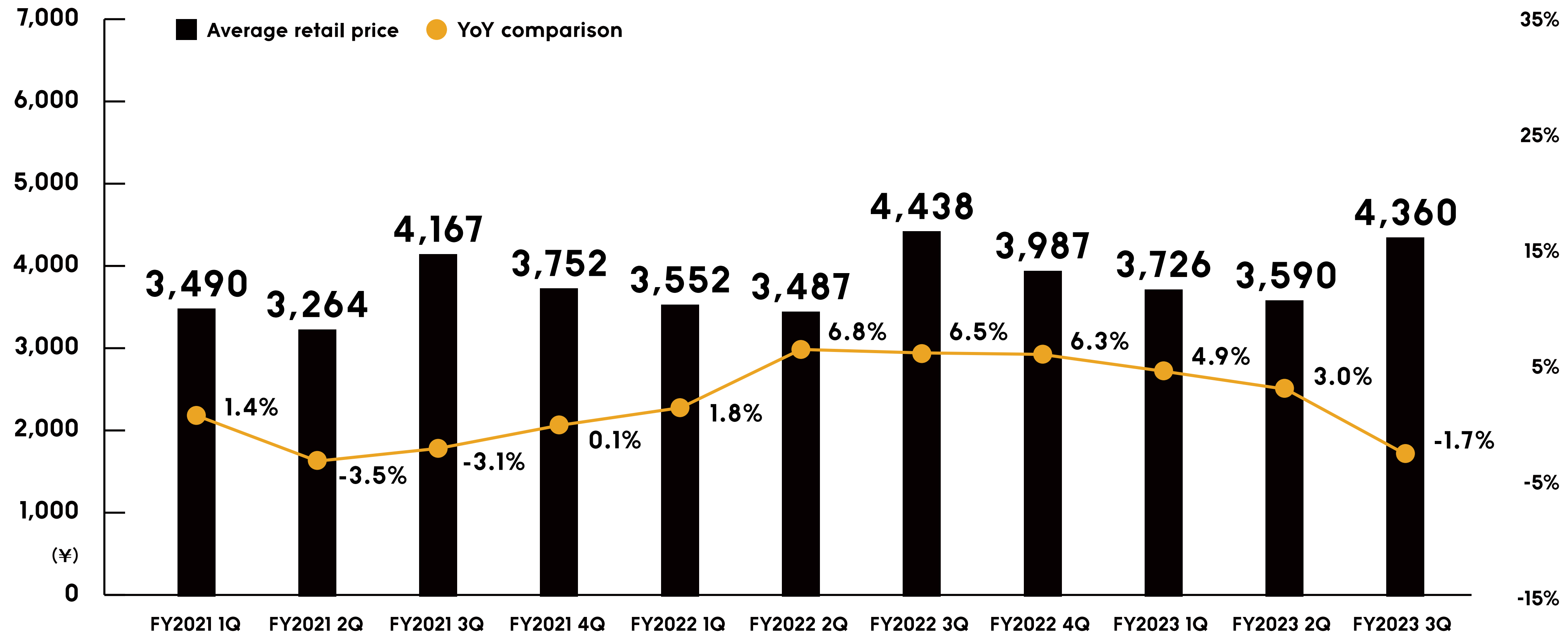
* Excluding the users who only purchased the body measurement device "ZOZOSUIT" "ZOZOMAT" and "ZOZOGLASS".



AVERAGE RETAIL PRICE

Average retail price

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



Sales of high-priced items, such as outerwear did not grow due to the warm winter, and the sales ratio increased, resulting in a year-on-year decline.



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

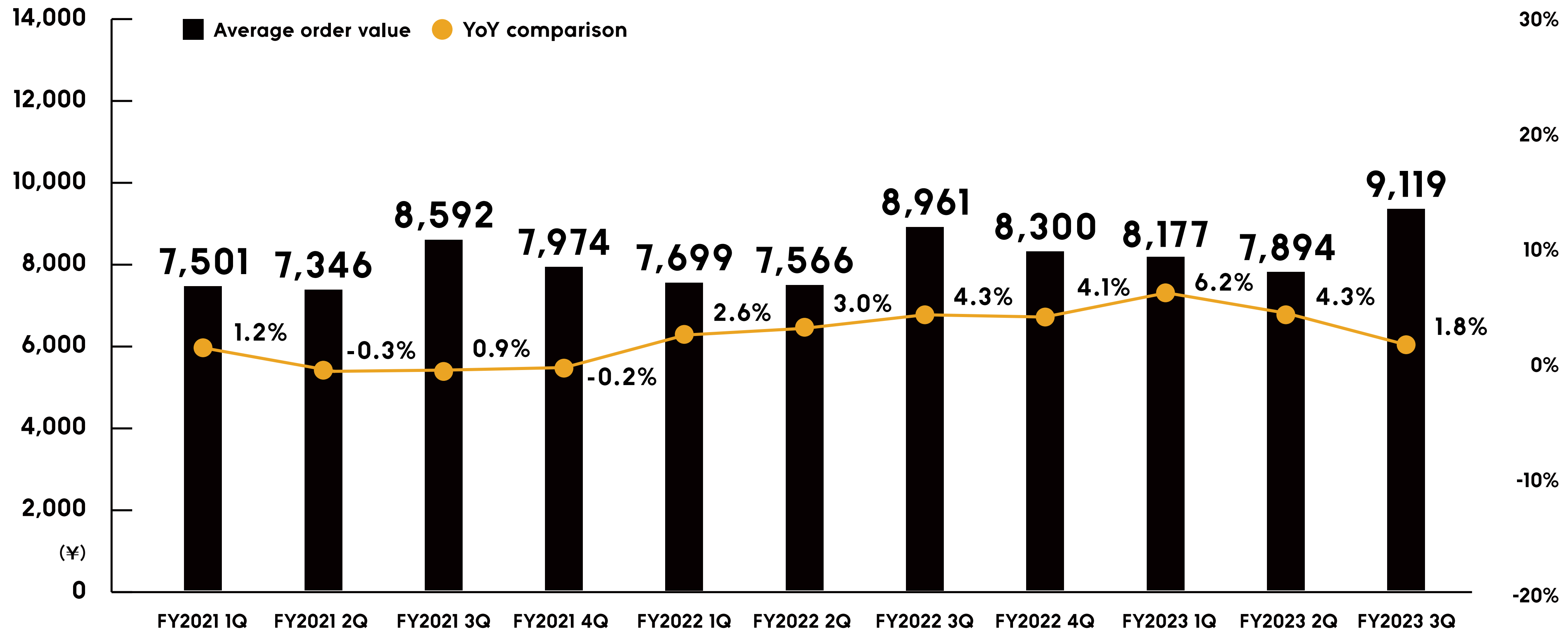
* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

* 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



The number of items purchased per order exceeded that of the previous period, resulting in a higher unit shipment cost per order than in the previous period.



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

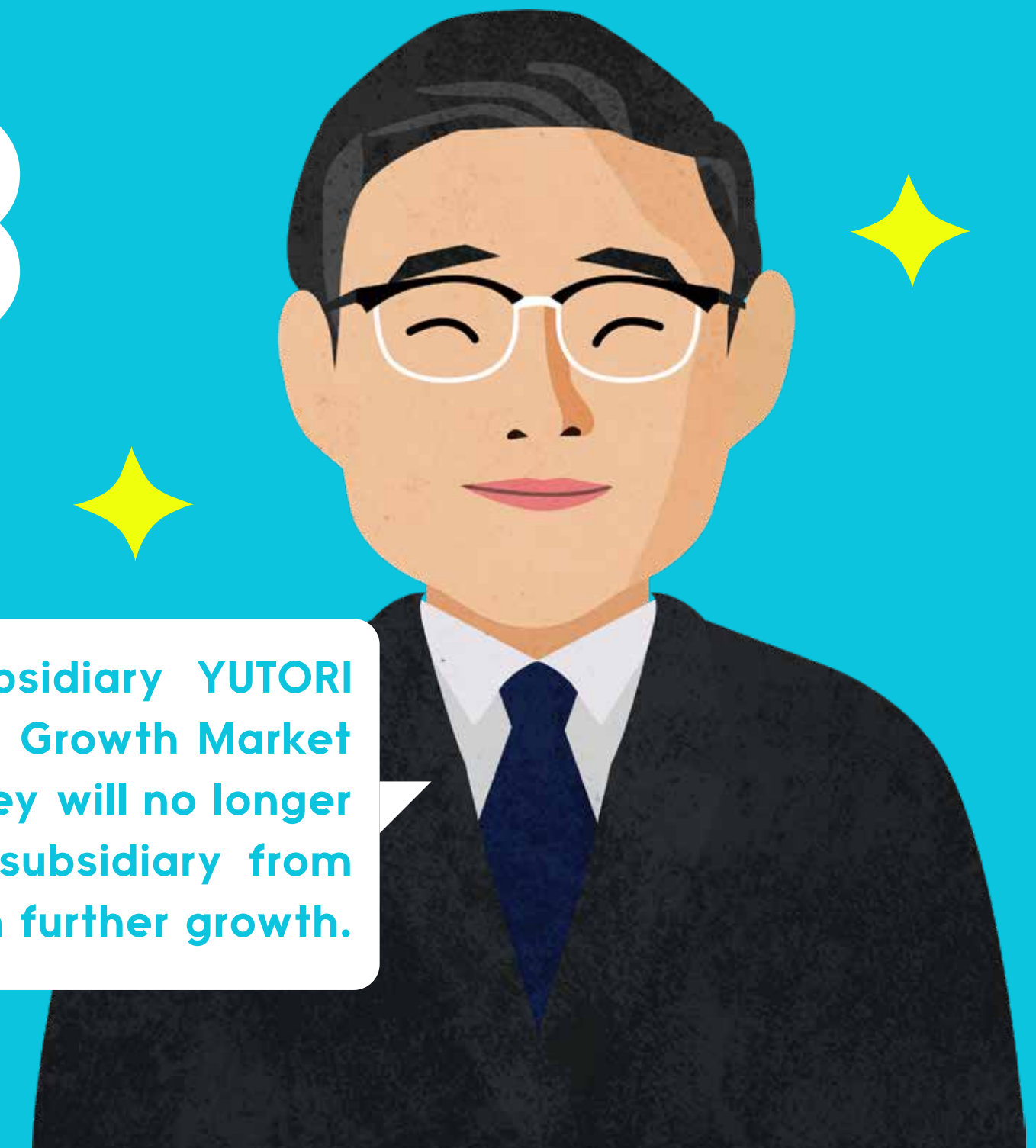
* PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

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

BUSINESS PLAN FOR FY2023



Our consolidated subsidiary YUTORI was listed on the TSE Growth Market in December 2023. They will no longer be our consolidated subsidiary from 4Q, but we wish them further growth.





CONSOLIDATED BUSINESS FORECAST 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.



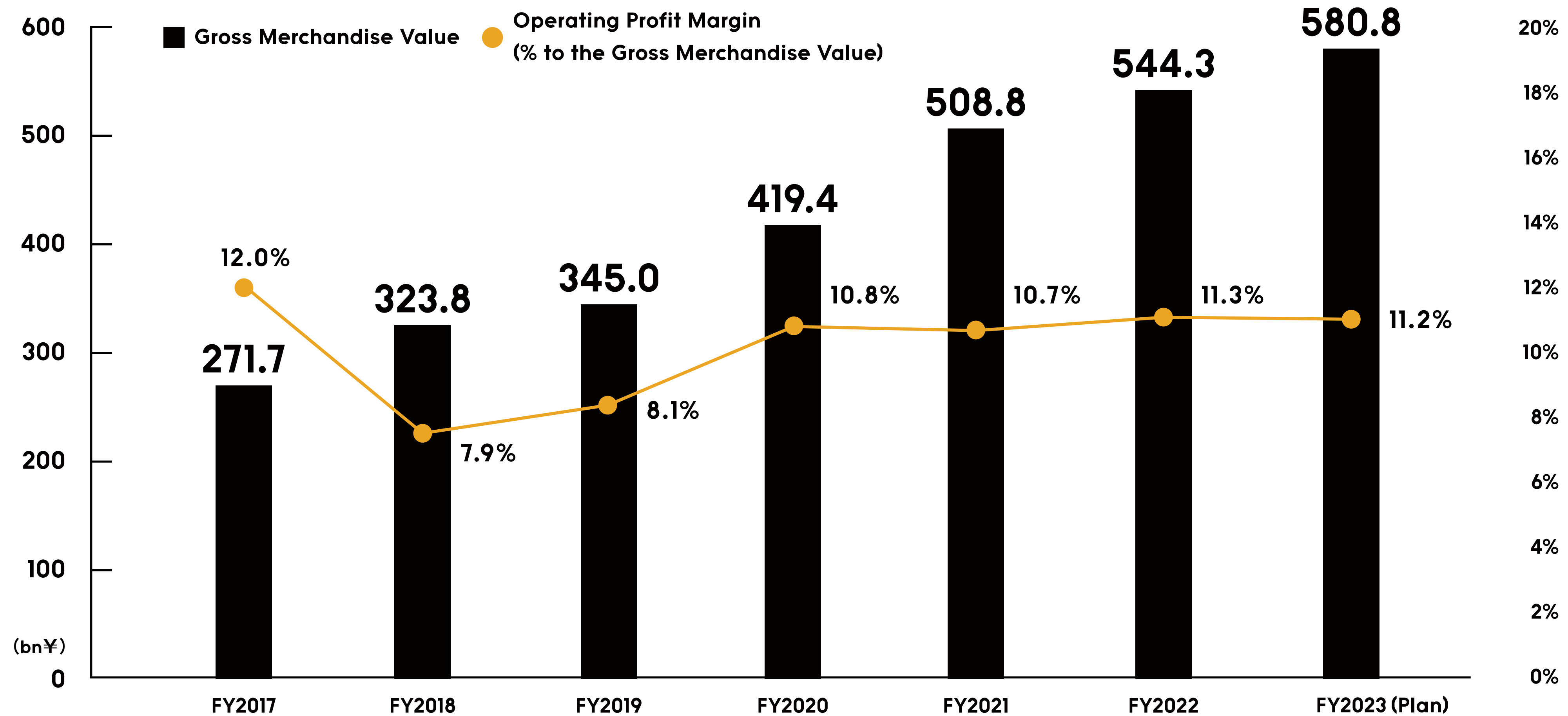
FY2023 TARGET BY BUSINESS SEGMENT

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

	Target for Net Sales	YoY
Advertising business	9.4 billion yen	+21.0%



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



I gained weight during the New Year holidays and went straight to the end of January...
I'm going to start exercising seriously to get back into shape and make it a good year.





STATISTICS OF ZOZO

NUMBER OF EMPLOYEES

1,718

(Average age 33.3 years old)

NUMBER OF SHAREHOLDERS

12,082

NUMBER OF BRANDS HANDLED

9,109

ZOZOTOWN TOTAL BUYERS

11.6 million
(1 year basis)



MAJOR SERVICES

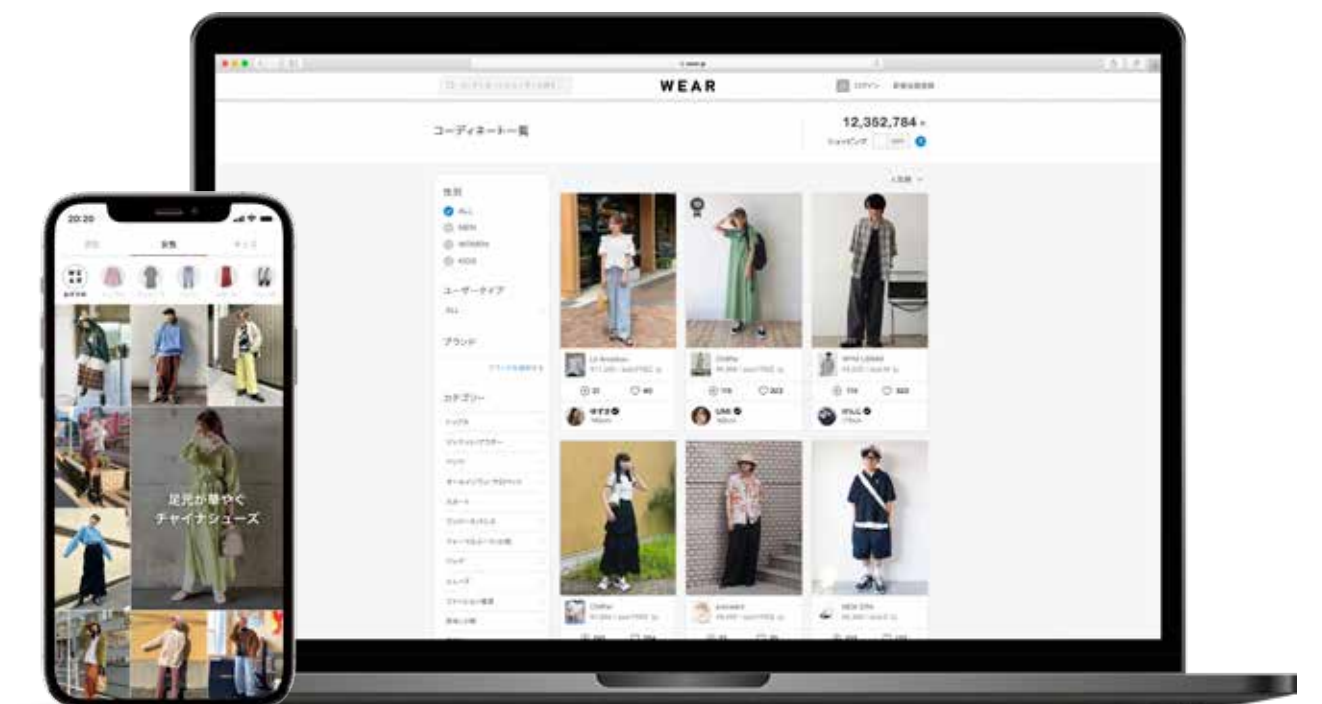
ZOZOTOWN The largest fashion e-commerce website in Japan

- The Company offers 9,109 brands across 1,605 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 17 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	
Overview	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	
Number of shops	1,605 (As of December 31, 2023)	1,470 (As of December 31, 2023)	
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 points based on PayPay campaign	
Revenue	Commission rate stipulated in each contract with brands	Same as the left (Commission rate is same as ZOZOTOWN)	
Consignment sales commission from brands			
Shipping revenue from customers	250 yen (including tax)	Same as the left	
Expenses borne by ZOZO	Shop opening commission	NO	Yes (rate is undisclosed)
	Payment collection commission	YES	No (yes for only cash on delivery)
	Customer attraction cost	YES	No
	Reward points cost	YES	No

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



BUSINESS MODEL

ZOZOTOWN Business

○ Outright Purchase / Production & Sales

We currently operate 28 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 1,577 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 33 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

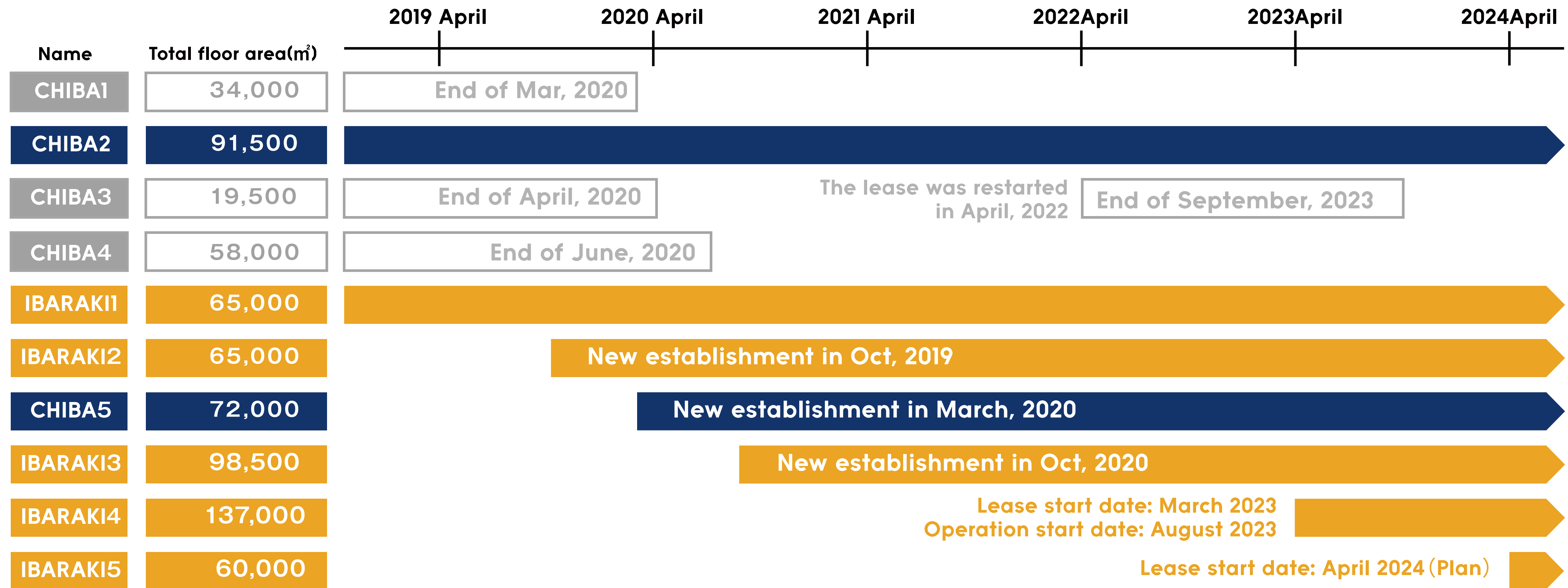
The advertising business will generate advertising income from client companies, including brands, by utilizing the user base of ZOZOTOWN and WEAR to provide advertising spots.

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.

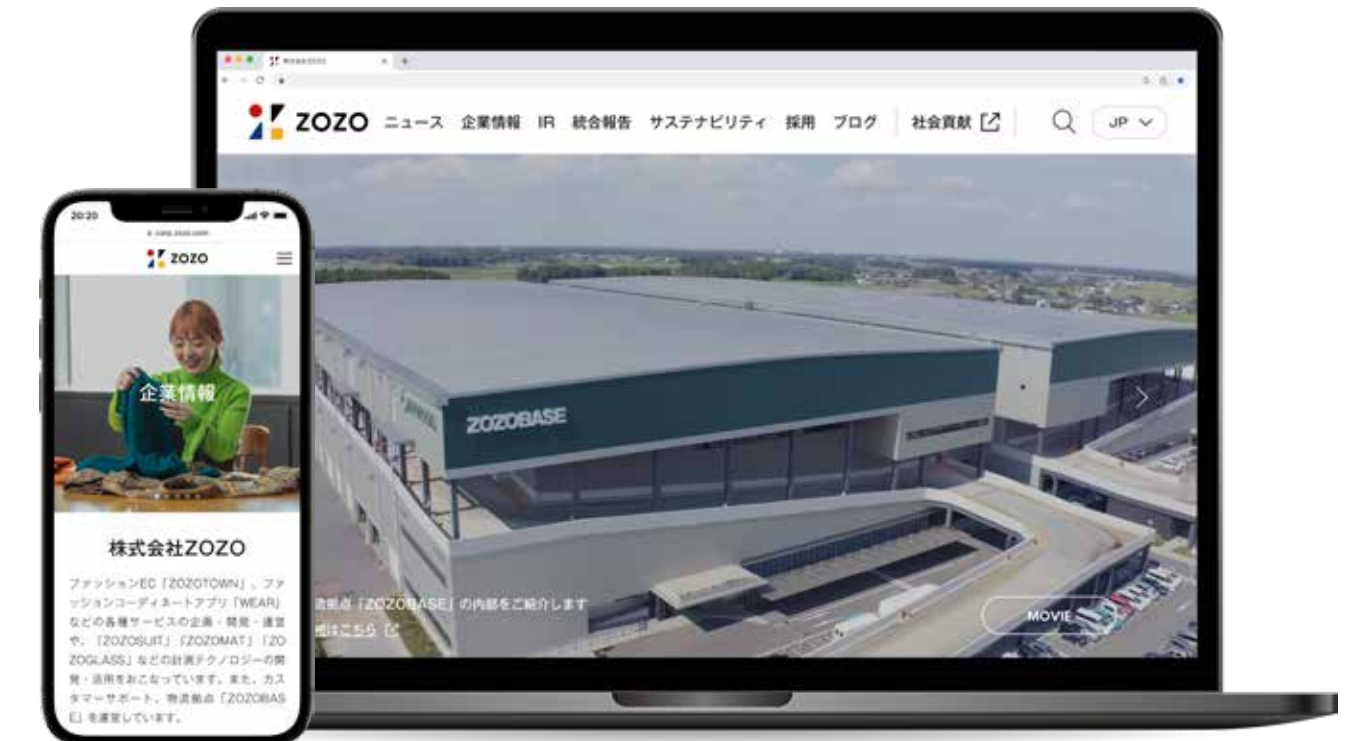
IR News ... The latest IR information is posted in a timely manner.

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



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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

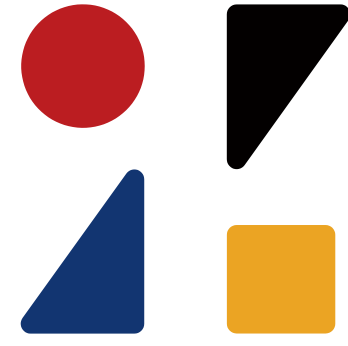
Although sales of down coats and other heavy clothing remained sluggish in the third quarter due to the warm winter, the number of purchasers increased steadily as existing customers became more established!

In particular, the Black Friday event held at the end of November was well-received by many customers.

In the fourth quarter, we will focus on achieving our full-year performance targets.

We will do our best to achieve good full-year financial results!





ZOZO