

Consolidated Financial Results

For the fiscal year ended March 31, 2022 [JGAAP]

April 27, 2022

Company name ZOSO, Inc. Listed stock exchanges Tokyo
 Code 3092 URL <https://corp.zozo.com/en>
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 Scheduled date of the General Meeting of Shareholders June 28, 2022 Scheduled date of dividend payment: June 29, 2022
 Scheduled date to file the financial report June 14, 2022
 Supplementary materials for quarterly financial results : Yes
 Quarterly results briefing : Yes (For analysts and institutional investors)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended March 31, 2022 (April 1, 2021, to March 31, 2022)

(1) Consolidated business results

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	166,199	12.8	49,656	12.5	49,655	11.9	34,492	11.5
Fiscal year ended March 31, 2021	147,402	17.4	44,144	58.3	44,386	60.6	30,932	64.5

(NOTE) Comprehensive income Fiscal year ended March 31, 2022 34,615 Million yen (12.4%)
 Fiscal year ended March 31, 2021 30,806 Million yen (64.7%)

	Net profit per share	Net profit per share after adjusting dilutive shares	ROE	ROA	Operating profit margin to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	115.02	115.01	62.5	39.3	29.9
Fiscal year ended March 31, 2021	101.30	-	68.8	40.4	29.9

(NOTE) Fully diluted net profit per share for the fiscal year ended March 31, 2021 (consolidated cumulative period) is not presented because there are no potential shares with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2022	127,276	55,099	43.2	183.23
Fiscal year ended March 31, 2021	125,656	55,507	44.1	181.53

(Reference) Shareholders' equity Fiscal year ended March 31, 2022 54,932 Million yen
 Fiscal year ended March 31, 2021 55,433 Million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2022	39,895	-1,283	-34,823	65,520
Fiscal year ended March 31, 2021	44,790	-4,648	-12,117	61,648

2. Dividends

	Annual dividends					Total dividend Million yen	Payout ratio (consolidated) %	Dividends to net assets (consolidated) %
	End of Q1 Yen	End of Q2 Yen	End of Q3 Yen	Year-end Yen	Total Yen			
Fiscal year ended March 31, 2021	-	15.00	-	26.00	41.00	12,519	40.5	27.8
Fiscal year ended March 31, 2022	-	22.00	-	36.00	58.00	17,387	50.4	31.8
Fiscal year ending March 31, 2023 (Forecast)	-	24.00	-	36.00	60.00		50.1	

3. Consolidated business forecasts for the fiscal year ending March 31, 2023 (April 1, 2022, to March 31, 2023)

(Percentages indicate YoY changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share Yen
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Fiscal year ending March 31, 2023	181,300	9.1	51,500	3.7	51,500	3.7	35,900	4.1	119.74

※ Notes

(1) Changes of important subsidiaries during the period : None

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

New - Exclusion -

(2) Changes in accounting policies and changes or restatement of accounting estimates

- ① Changes in accounting policies caused by the revision of accounting standards : Yes
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement of revisions : None

(3) Number of shares outstanding (Common Stock)

- ① Year-end shares outstanding (including treasury stocks)
- ② Number of year-end treasury stocks
- ③ Average number of shares during the period

Fiscal year ended March 31, 2022	311,644,285Shares	Fiscal year ended March 31, 2021	311,644,285Shares
Fiscal year ended March 31, 2022	11,840,467Shares	Fiscal year ended March 31, 2021	6,279,914Shares
Fiscal year ended March 31, 2022	299,891,989Shares	Fiscal year ended March 31, 2021	305,343,395Shares

※ This financial results report is not subject to an audit by a certified public accountant or an auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

- The financial forecasts and other statements related to the future contained in this material are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ materially from these forecasts due to various factors. Please refer to "1. Qualitative information on results for the fiscal year ended March 31, 2022 (4) Future outlook" on page 12 for the assumptions underlying the forecasts and cautionary statements regarding the use of the forecasts.

- We are scheduling a financial results briefing for institutional investors and analysts on April 27, 2022. We plan to post the content of the briefing and the materials used on the day on its website promptly after the briefing.

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1. Qualitative information on results for the fiscal year ended March 31, 2022

(1) Overview of business results

Business results for the current fiscal year

[Table 1] YoY comparison

(Unit: Million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)		Current consolidated fiscal year (April 1, 2021 to March 31, 2022)		YoY basis
Gross merchandise value	419,438	(102.9%)	508,876	(110.1%)	21.3%
Gross merchandise value (excluding other GMV)	407,774	(100.0%)	462,175	(100.0%)	13.3%
Net sales	147,402	(36.1%)	166,199	(36.0%)	12.8%
Gross profit	140,033	(34.3%)	156,172	(33.8%)	11.5%
Operating profit	44,144	(10.8%)	49,656	(10.7%)	12.5%
Ordinary profit	44,386	(10.9%)	49,655	(10.7%)	11.9%
Profit attributable to owners of parent	30,932	(7.6%)	34,492	(7.5%)	11.5%

Figures in parentheses are percentages to gross merchandise value (excluding other GMV)

Under the corporate philosophy of "Inspire the world. Deliver joy every day.", we mainly operate the following businesses: Japan's largest fashion eCommerce website ZOZOTOWN and a fashion media WEAR.

During the current consolidated fiscal year, it was challenging for the apparel industry under the continuous expansion of COVID-19. Under this circumstance, our group has been focusing even stronger on creating ZOZOTOWN more attractive to both users and brands with the aim of increasing the number of unique users and improving the conversion rate (the purchasing rate of unique users). To maximize sales at ZOZOTOWN, we have implemented measures such as sales events "ZOZOWEEK" (10 days in total from May 14 to 23, 2021, 10 days in total from September 15 to 20 and 23 to 26, 17 days in total from November 5 to 14 and 17 to 23) and broadcasted TV commercials to attract customers in the period of summer and winter sales. In addition, we continued to proactively welcome new brands in a wide range of genres to meet diversifying needs of users.

In order to strengthen a specific category, we are expanding the merchandise value of the shoe category in ZOZOTOWN with "ZOZOMAT". Of the shoes available in ZOZOTOWN at present, the number of shoes covered by ZOZOMAT exceeds 4,581 styles, and sales in the shoe category are growing steadily. In addition, on March 18, 2021, we renewed ZOZOTOWN; launched ZOZOCOSME to strengthen the cosmetics category, and ZOZOVILLA, which offers a lineup of domestic and overseas luxury brands. ZOZOCOSME handles more than 600 cosmetics brands, both domestic and overseas brands as of the end of March 2022, with a female active member ratio of over 70%. It aims to expand the merchandise value of the cosmetics category in ZOZOTOWN. Furthermore, we have implemented a purchase assist function that recommends the best foundation and concealer color closest to the measured skin color using "ZOZOGLASS", a device that can measure skin color with high precision. This enables users to have new purchasing experiences. ZOZOVILLA is a luxury and designer brands zone in ZOZOTOWN, with more than 120 domestic and overseas luxury brands. As we have grown together with fashion ever since our foundation, we have again started the zone with a strong mind to provide opportunities for "fashion-lovers". We are expecting an improvement in branding as ZOZOTOWN through the operation of ZOZOVILLA.

Sales of ZOZOTOWN PayPay Mall Shop have been growing steadily due to the good retention rate of new customers acquired through the large-scale "Super PayPay Festival" and other measures implemented in the second half of the previous consolidated fiscal year, as well as the continuous and active deploy of promotional expenses by Yahoo Japan Corporation which operates PayPay Mall in the current consolidated fiscal year. Also, "Summer PayPay Festival" (25 days in total from July 1 to 25, 2021) and "Super PayPay Festival" (42 days in total from October 18 to November 28, and 56 days in total from February 1 to March 28) were implemented in the current consolidated fiscal year.

Regarding BtoB business, brands are actively continuing to enhance their own eCommerce websites, due to the impact of COVID-19.

Consequently, the gross merchandise value in the current consolidated fiscal year was 508,876 million yen (+21.3% YoY), and the gross merchandise value (excluding other GMV) was 462,175 million yen (+13.3% YoY). Net sales were 166,199 million yen (+12.8% YoY), and gross profit was 156,172 million yen (+11.5% YoY). The ratio of gross profit to the gross merchandise value (excluding other GMV) (gross profit margin) was 33.8%, a decrease of 0.5% point from the previous fiscal year.

As for net sales, the YoY growth rate exceeded that of the gross merchandise value (excluding other GMV), mainly due to growth in Outright purchase/production & sales, USED sales, and advertising business. From the beginning of the current consolidated fiscal year, we adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "New Accounting Standard") etc. For details, please refer to 3. Consolidated financial statements (5) Notes on consolidated financial statements (Changes in accounting policies).

The main factor behind the decline in gross profit margin was, although there was an increase in growth of the advertising business and improvement of gross profit margin by reducing the cost ratio of USED sales, the negative impact of the New Accounting Standard which exceeded the increasing factors.

Selling, general and administrative expenses were 106,516 million yen (+11.1% YoY). Its ratio to the gross merchandise value (excluding other GMV) was 23.0%, a decrease of 0.5% points compared with the previous fiscal year. The main reasons for the decline in the SG&A-to-GMV ratio on a YoY basis are as follows. All the percentages to the gross merchandise value are calculated by dividing SG&A expenses by the gross merchandise value (excluding other GMV):

Improving factors

1. Promotion-related expenses to the gross merchandise value declined by 0.5% points, from the change in accounting treatment following the adoption of the New Accounting Standard etc. (point-related expenses that were recorded in selling, general and administrative expenses in the previous fiscal year are recorded in the sales item).
2. Logistics-related expenses in personnel expenses to the gross merchandise value declined by 0.3% points, from operation efficiency improvement inside logistics bases.
3. Payment collection commission to the gross merchandise value declined by 0.3% points, from the better economic contract terms due to the change of payment collection agency for credit card payments.
4. Other expenses to the gross merchandise value declined by 0.2% points, from a change in packaging materials (consumables), etc.

Worsening factors

1. Advertising expenses to the gross merchandise value rose by 0.6% points, from the active measures to attract customers, such as TV commercials, online advertisement, and the free distribution of ZOZOGLASS.

Consequently, the operating profit of the current consolidated fiscal year was 49,656 million yen (+12.5% YoY) and the operating profit margin was 10.7% toward the gross merchandise value (excluding other GMV), a decrease of 0.1% points compared with the previous year. Ordinary profit was 49,655 million yen (+11.9% YoY) and net profit attributable to owners of parent was 34,492 million yen (+11.5% YoY). In the current consolidated fiscal year, we decided to withdraw from ZOZOTOWN business in China, where the company was offering cross-border eCommerce services, as a result of a business review. Accordingly, we recorded 81 million yen as an impairment loss on non-current assets and 218 million yen as a loss on business liquidation.

Since our group is a single segment of the eCommerce business, information by segment is omitted. However, the performance of each business segment within the single segment is shown below.

[Table2] Comparison with the initial forecast

(Unit: Million yen)

	Current consolidated fiscal year (Initial forecast)		Current consolidated fiscal year (Results)		Comparison to the initial forecast
Gross merchandise value	472,800	(105.0%)	508,876	(110.1%)	7.6%
Gross merchandise value (excluding other GMV)	450,400	(100.0%)	462,175	(100.0%)	2.6%
Net sales	162,600	(36.1%)	166,199	(36.0%)	2.2%
Operating profit	47,800	(10.6%)	49,656	(10.7%)	3.9%
Ordinary profit	47,800	(10.6%)	49,655	(10.7%)	3.9%
Profit attributable to owners of parent	33,300	(7.4%)	34,492	(7.5%)	3.6%

Figures in parentheses are percentages to gross merchandise value (excluding other GMV).

Compared to the initial consolidated business forecast disclosed on April 27, 2021, the gross merchandise value, the gross merchandise value (excluding other GMV), net sales exceeded the plan by 7.6%, 2.6%, and 2.2%, respectively. The major factor was that the brands continued to participate in promotions as well as send us inventories proactively, and active measures to attract and promote customers helped boost the number of new members acquired, the traffic, and buyers.

In line with the achievement of the initial plan for the gross merchandise value and sales, operating income, ordinary income, and profit attributable to owners of parent exceeded the plan by 3.9%, 3.9%, and 3.6%, respectively.

[Table 3] YoY comparison by business segment

By business segment	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)			Current consolidated fiscal year (April 1, 2021 to March 31, 2022)			Merchandise Value YoY (%)	Net sales YoY (%)
	Merchandise value (Million yen)	Composi tion (%)	Net sales (Million yen)	Merchandise Value (Million yen)	Composi tion (%)	Net sales (Million yen)		
ZOZOTOWN Business	357,211	85.2	114,292	391,647	77.0	122,976	9.6	7.6
(Outright purchase/ production & sales)	1,758	0.4	1,757	3,233	0.6	3,175	83.9	80.7
(Consignment Sales)	343,828	82.0	100,970	374,966	73.8	106,591	9.1	5.6
(USED Sales)	11,625	2.8	11,564	13,448	2.6	13,209	15.7	14.2
PayPay Mall	28,199	6.7	8,218	43,844	8.6	12,769	55.5	55.4
BtoB business	22,362	5.3	4,264	26,682	5.2	4,945	19.3	16.0
Advertisement business	-	-	4,121	-	-	6,301	-	52.9
Subtotal excluding Others	407,774	97.2	130,896	462,175	90.8	146,993	13.3	12.3
Others	11,664	2.8	16,506	46,701	9.2	19,206	300.4	16.4
Total	419,438	100.0	147,402	508,876	100.0	166,199	21.3	12.8

Figures in parentheses are percentages to gross merchandise value (excluding other GMV)

① ZOZOTOWN Business

The ZOZOTOWN Business consists of three business forms: Outright purchase/production & sales, Consignment sales, and USED sales. "Outright purchase/production & sales" purchases fashion merchandise from each brand and sell them as in-house inventory with the inventory risk. This corresponds to the form of purchasing fashion merchandise from each brand and the form of ordering merchandise by our group, such as MSP (Multi-Size Platform). "Consignment sales" handles consignment inventory of merchandise from each brand and sell them on a consignment basis. "USED sales" mainly buys and sells used fashion-related merchandise from individual users and is positioned as a value-added service to promote the purchase of new products.

We recognize that increasing the number of buyers and the rate of ZOZOTOWN use in fashion consumption are the key factors in achieving sustainable growth. To realize this we are working to create the websites that are attractive to both

users and brands.

The transition of major KPIs for the ZOZOTOWN Business is as follows.

(The number of shops, etc.)

[Table 4] Changes in the number of shops and brands

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Shops in ZOZOTOWN (Note) 1	1,348	1,404	1,433	1,468	1,488	1,502	1,516	1,510
Outright purchase/production & sales (Note) 2	5	5	6	18	20	24	24	24
Consignment sales	1,343	1,399	1,427	1,450	1,468	1,478	1,492	1,486
Number of brands (Note) 1,2	7,989	7,953	8,109	8,227	8,490	8,451	8,481	8,433

(NOTE)

1. Figures are as of the end of quarter accounting period.
2. Private brand "ZOZO" and "Multi-size" are not included.

The number of new shops opened in the current consolidated fiscal year was 127 (net increase of 42 shops). The number of shops opened in the fourth quarter consolidated accounting period was 23. The major new stores are "GIVENCHY BEAUTY," a well-known luxury cosmetics brand, "THREE," which handles many items that are made mainly from natural ingredients and domestically produced raw materials, "VT COSMETICS," a Korean brand whose skincare items are popular, and "COMME des GARCONS HOMME," whose designs are advanced and strong, unaffected by the trends of the times.

(Number of annual buyers)

[Table 5] Changes in the number of annual buyers

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Number of annual buyers (Note) 2	8,662,560	8,805,155	9,139,796	9,485,669	9,730,162	9,890,784	10,103,351	10,418,331
(YoY)	540,897	578,767	983,540	1,212,066	1,067,602	1,085,629	963,555	932,662
(QoQ)	388,957	142,595	334,641	345,873	244,493	160,622	212,567	314,980
Number of active members (Note) 3	7,223,753	7,434,529	7,773,940	8,137,729	8,367,073	8,507,997	8,711,879	9,043,194
(YoY)	666,609	685,517	973,505	1,298,063	1,143,320	1,073,468	937,939	905,465
(QoQ)	384,087	210,776	339,411	363,789	229,344	140,924	203,882	331,315
Number of guest buyers (Note)	1,438,807	1,370,626	1,365,856	1,347,940	1,363,089	1,382,787	1,391,472	1,375,137
(YoY)	-125,712	-106,750	10,035	-85,997	-75,718	12,161	25,616	27,197
(QoQ)	4,870	-68,181	-4,770	-17,916	15,149	19,698	8,685	-16,335

(NOTE)

1. The calculating period is the most recent one-year period prior to the end of the accounting periods.
2. Numbers of annual buyers are sum of active members and guest buyers who purchased more than once within the past year from each quarter.
3. Numbers of active members are members who purchased more than once within the past year from each quarter.
4. Buyers of "PayPay Mall" are not included.

In the fourth quarter consolidated accounting period of the current fiscal year, the number of annual buyers increased as a result of an increase in the number of active members in both YoY and QoQ. The steady growth in the number of active members was attributable to the retention of new members acquired in the previous fiscal year. Furthermore, the acquisition was boosted by strengthening customer attraction through broadcasting TV commercials and online advertisement in "ZOZOWEEK" held in May, September, November 2021, the summer sales in June 2021, and the winter sales in January 2022.

(Annual purchase amount and annual purchase pieces)

[Table 6] Changes in annual purchase amount and annual purchase pieces

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Annual purchase amount (Total) (Note) 1, 2, 3, 4	45,128	44,341	43,809	42,845	42,363	42,343	42,549	42,403
(YoY)	-3.8%	-6.7%	-8.0%	-7.9%	-6.1%	-4.5%	-2.9%	-1.0%
(QoQ)	-3.0%	-1.7%	-1.2%	-2.2%	-1.1%	-0.0%	0.5%	-0.3%
Annual purchase pieces (Total) (Note) 1, 2, 3	11.8	11.8	11.7	11.6	11.4	11.5	11.6	11.6
(YoY)	4.9%	1.4%	0.1%	-1.8%	-3.6%	-2.0%	-0.7%	0.1%
(QoQ)	0.4%	-0.6%	-0.5%	-1.2%	-1.3%	1.0%	0.9%	-0.4%
Annual purchase amount (Existing members) (Note) 1, 2, 3, 4	52,175	51,523	51,066	50,139	49,257	49,037	49,064	49,254
(YoY)	-5.2%	-5.9%	-5.6%	-5.4%	-5.6%	-4.8%	-3.9%	-1.8%
(QoQ)	-1.6%	-1.2%	-0.9%	-1.8%	-1.8%	-0.4%	0.1%	0.4%
Annual purchase pieces (Existing members) (Note) 1, 2, 3	13.6	13.6	13.6	13.5	13.2	13.3	13.4	13.4
(YoY)	2.4%	1.5%	2.1%	1.0%	-2.8%	-2.2%	-1.7%	-0.7%
(QoQ)	1.6%	-0.3%	0.3%	-0.7%	-2.2%	0.3%	0.8%	0.4%

(NOTE)

1. The calculating period is the most recent one-year before the end of the accounting periods.
2. Indexes for each active member.
3. Buyers of "PayPay Mall" are not included.
4. The amounts are in yen.

During the fourth quarter consolidated accounting period of the current fiscal year, the annual purchase amount (total) decreased in both YoY and QoQ. This was due to an increase in the composition of active members with short membership history among all members as a result of the steady acquisition of new members after the expansion of COVID-19. The annual purchase amount for existing members also decreased in YoY. This was due to an increase of the composition of the active members with short membership as described above (annual purchase amount and annual purchase pieces tend to increase according to the length of membership). There is not a big change in annual purchase pieces for all the members and existing members

(Average retail price etc.)

[Table 7] Changes in average retail price, average order value and number of shipments

	Previous consolidated fiscal year				Current consolidated fiscal year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average retail price (Note) 1, 2, 3	3,443	3,381	4,301	3,748	3,490	3,264	4,167	3,752
(YoY)	-11.8%	-3.8%	-4.5%	-4.1%	1.4%	-3.5%	-3.1%	0.1%
Average order value (Note) 1, 2, 3	7,409	7,370	8,516	7,991	7,501	7,346	8,592	7,974
(YoY)	-11.7%	-2.1%	-5.1%	-3.8%	1.2%	-0.3%	0.9%	-0.2%
Average purchase pieces per order (Note) 1, 3	2.15	2.18	1.98	2.13	2.15	2.25	2.06	2.13
(YoY)	0.1%	1.8%	-0.7%	0.4%	-0.1%	3.2%	4.1%	-0.3%
Number of shipments (Note) 1, 3	11,472,548	11,011,990	11,960,223	11,162,186	12,085,053	11,816,663	13,049,762	12,800,550
(YoY)	24.6%	6.4%	18.4%	14.4%	5.3%	7.3%	9.1%	14.7%

(NOTE)

1. Figures for quarter accounting period are used.
2. The amounts are in yen.
3. "PayPay Mall" is not included.

The average retail price in the fourth quarter consolidated accounting period of the current fiscal year increased in YoY. The major factor was a decrease of the ratio of merchandise on sales. Also, the average order value decreased in YoY due

to a decrease in the number of average purchase pieces per order.

Results for ZOZOTOWN Business (Outright purchase/production & sales, consignment sales and USED sales) are as follows:

i. Outright Purchase/Production & Sales

In the current consolidated fiscal year, the merchandise value was 3,233 million yen (+83.9% YoY), accounting for 0.6% of the gross merchandise value (0.4% in the previous fiscal year). Net sales were 3,175 million yen (+80.7% YoY). As of the end of March 2022, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 24 (24 as of the end of December 2021).

ii. Consignment Sales

In the current consolidated fiscal year, the merchandise value was 374,966 million yen (+9.1% YoY), accounting for 73.8% of the gross merchandise value (82.0% the previous fiscal year). Net sales (consignment sales commission) were 106,591 million yen (+5.6% YoY). As of the end of March 2022, the number of shops opened on ZOZOTOWN for consignment sales was 1,486 (1,492 as of the end of December 2021).

iii. USED Sales

In the current consolidated fiscal year, the merchandise value was 13,448 million yen (+15.7% YoY), accounting for 2.6% of the gross merchandise value (2.8% in the previous fiscal year). Net sales were 13,209 million yen (+14.2% YoY).

② PayPay Mall

ZOZOTOWN opened a shop on "PayPay Mall", an online shopping mall operated by Yahoo Japan Corporation. In the current consolidated fiscal year, the merchandise value was 43,844 million yen, (+55.5% YoY), accounting for 8.6% of the gross merchandise value (6.7% in the previous fiscal year). Net sales (consignment sales commission) were 12,769 million yen (+55.4% YoY).

③ BtoB business

The BtoB business is a business model in which we are commissioned to build and operate brands' own eCommerce sites. In the current consolidated fiscal year, the merchandise value was 26,682 million yen (+19.3% YoY), accounting for 5.2% of the gross merchandise value (5.3% in the previous fiscal year). Net sales (consignment sales commission) were 4,945 million yen (+16.0% YoY). As of the end of March 2022, the number of consigned sites was 42 (48 as of the end of December 2021).

④ Advertising business

The advertising business is a business model that generates advertising revenue by providing advertising space to client brands by utilizing the user reach base of ZOZOTOWN and WEAR. In the current consolidated fiscal year, net sales were 6,301 million yen (+52.9% YoY). As for WEAR, we continue to focus on expanding the number of users and contents. As of the end of March 2022, the number of app downloads exceeded 16 million, and monthly active users are growing steadily.

⑤ Others

The other segment of the gross merchandise value includes 1) the merchandise value of the shops that contracted "ZOZO Option" in the fashion category stores excluding ZOZOTOWN in PayPay Mall (service that enables those shops to get benefits from sales support such as participation in the special events by ZOZO), which was recorded from the third quarter consolidated accounting period of the previous fiscal year, 2) the merchandise value of a consolidated subsidiary's own eCommerce website, which was recorded from the second quarter consolidated accounting period of the previous fiscal year, 3) the merchandise value from ZOZOMO, the system to support for sending customers to the physical stores, which was recorded from the fourth quarter consolidated accounting period. In the current consolidated fiscal year, the merchandise value was 46,701 million yen (+300.4% YoY), accounting for 9.2% of the gross merchandise value (2.8% in the previous fiscal year).

Within the others segment, net sales generated from businesses related to ZOZOTOWN (shipping income and

settlement commission etc.), and other revenues mentioned above are included. In the current consolidated fiscal year, net sales were 19,206 million yen (+16.4% YoY).

(2) Overview of financial position

Overview of total assets, liabilities and net assets

(Unit: Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year	Increase/ decrease rate
Total assets	125,656	127,276	1.3%
Liabilities	70,149	72,177	2.9%
Net assets	55,507	55,099	-0.7%

(Total Assets)

Total assets amounted to 127,276 million yen, an increase of 1,619 million yen (+1.3% from the previous consolidated fiscal year end). Current assets increased by 2,509 million yen, or 2.5%, compared with the previous consolidated fiscal year end, amounted to 102,305 million yen. Major components are an increase of 3,872 million yen in cash and deposits and a decrease of 2,172 million yen in accounts receivable. Non-current assets decreased by 889 million yen, or 3.4%, compared with the previous consolidated fiscal year end, amounted to 24,971 million yen. Major components are a decrease of 735 million yen in tangible assets, an increase of 339 million yen in investment securities and a decrease of 228 million yen in deferred tax assets.

(Liabilities)

Liabilities amounted to 72,177 million yen, an increase of 2,028 million yen (+2.9% from the previous consolidated fiscal year end). Current liabilities increased by 991 million yen, or 1.5%, amounted to 66,172 million yen compared with the previous consolidated fiscal year end. Major components are an increase of 1,911 million yen in deposits received for consignment sales, an increase of 257 million yen in accounts payable, and a decrease of 1,720 million yen in income taxes payable. Non-current liabilities increased by 1,037 million yen, or 20.9%, amounted to 6,005 million yen compared with the previous consolidated fiscal year end. Major components are an increase of 944 million yen in retirement benefit liability and an increase of 37 million yen in asset retirement obligations.

(Net Assets)

Net assets amounted to 55,099 million yen, a decrease of 408 million yen (-0.7% from the previous consolidated fiscal year end). Major components are an increase of 34,492 million yen due to the recognition of profit attributable to owners of parent, a decrease of 31,977 million yen due to the acquisition of treasury stock, an increase of 11,359 million yen due to the disposal of treasury stock, and a decrease of 14,533 million yen due to cash dividends

(3) Overview of cash flows

Overview of cash flows

Cash and cash equivalents ("cash") at the end of the current consolidated fiscal year amounted to 65,520 million yen, an increase of 3,872 million yen from the previous consolidated fiscal year end.

Descriptions of each cash flow are as follows:

(Unit: Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year	Increase/ decrease rate
Cash flows from operating activities	44,790	39,895	-10.9%
Cash flows from investing activities	-4,648	-1,283	-72.4%
Cash flows from financing activities	-12,117	-34,823	187.4%

(Cash flows from operating activities)

The net cash provided by operating activities was 39,895 million yen. The major increasing factor was the recognition of profit before income taxes of 49,286 million yen. The major decreasing factors were an increase of 862 million yen in retirement benefit liability, an increase of 2,172 million yen in accounts receivable and an increase of 16,585 million yen in income taxes paid.

(Cash flows from investing activities)

The net cash used in investing activities was 1,283 million yen. This was mainly due to the outflow by the purchase of tangible assets of 1,222 million yen, and the payment of guarantee deposits of 26 million yen.

(Cash flows from financing activities)

The net cash used in financing activities was 34,823 million yen. This was mainly due to the outflow from the acquisition of treasury stock of 31,977 million yen, the inflow from the disposal of treasury stock through the exercise of the stock acquisition right of 11,411 million yen, and cash dividends of 14,531 million yen.

(4) Future outlook

Prospect for the next fiscal year

[Table 8] Consolidated business forecast

(Unit: Million yen)

	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)		Next consolidated fiscal year (April 1, 2022 to March 31, 2023)		YoY
Gross merchandise value	508,876	(110.1%)	543,800	(109.7%)	6.9%
Gross merchandise value (excluding other GMV)	462,175	(100.0%)	495,800	(100.0%)	7.3%
Net sales	166,199	(36.0%)	181,300	(36.0%)	9.1%
Operating profit	49,656	(10.7%)	51,500	(10.4%)	3.7%
Ordinary profit	49,655	(10.7%)	51,500	(10.4%)	3.7%
Profit attributable to owners of parent	34,492	(7.5%)	35,900	(7.2%)	4.1%

Figures in parentheses are percentages to gross merchandise value (excluding other GMV)

The domestic fashion eCommerce market, which is the axis and focus of our group, is still at a low level compared to the fashion eCommerce ratio of the Western countries and China. However, with the digital shift in both users and brands due to the COVID-19 epidemic as the tailwind, we assume the overall expansion trend will continue. Under such circumstances, in addition to continuous focus on making more attractive websites for both users and brands, we aim to increase the gross merchandise value with the sum of 2 malls: ZOZOTOWN and ZOZOTOWN PayPay Mall Shop.

The breakdown of the gross merchandise value plan for the next consolidated fiscal year by the business segment is as follows:

[Table 9] Merchandise value forecast by business units

By business segment	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)		Next consolidated fiscal year (April 1, 2022 from March 31, 2023)		YoY (%)
	Merchandise value (million yen)	Ratio (%)	Merchandise value (million yen)	Ratio (%)	
ZOZOTOWN Business	391,647	77.0	423,200	77.8	8.1
(Outright Purchase/Production & Sales)	3,233	0.6	4,000	0.7	23.7
(Consignment Sales)	374,966	73.8	404,400	74.4	7.8
(USED Sales)	13,448	2.6	14,800	2.7	10.1
PayPay Mall	43,844	8.6	56,600	10.5	29.1
BtoB Business	26,682	5.2	16,000	2.9	-40.0
Subtotal excluding Others	462,175	90.8	495,800	91.2	7.3
Others	46,701	9.2	48,000	8.8	2.8
Total	508,876	100.0	543,800	100.0	6.9

Regarding Consignment Sales and PayPay Mall within ZOZOTOWN Business, we will aim to grow the gross merchandise value by “increasing the number of purchasing users” and “increasing ZOZOTOWN utilization rate in fashion-related consumption.” Specifically, we will acquire new active users, expand the range of items, brands, and categories to meet users’ diversifying needs, and broaden unique and value-added services. As for ZOZOTOWN PayPay Mall shop, we will focus on acquiring new customer segments that differ from conventional ZOZOTOWN users. The Focus area for category expansion will continue to be shoes and cosmetics. Regarding Outright Purchase/Production & Sales segment in ZOZOTOWN Business, we will focus on attracting new shops with outright purchase basis for certain shops, building a made-to-order foundation for MSP/D2C. As for USED Sales within ZOZOTOWN Business, we will continue to improve usability as a value-added service for ZOZOTOWN users to purchase new products. In BtoB business, we will continue to support the operation of the existing commissioned websites and expand new contracts of “Fulfillment by ZOZO” depending on the demand from brands. Other focusing areas will include 1) expansion of Advertising business through refining the existing advertising menu, 2) seeking mid to long-term profit growth drivers that do not rely on the gross merchandise value growth, and 3) pursuing sustainability initiatives that are unique to ZOZO. As for selling, general and administrative expenses, we assume increases in promotion-related expenses, logistics-related expenses, outsourcing commission, and packaging and freight expenses for ZOZOTOWN compared to the gross merchandise value (excluding other GMV). As a result, the growth of operating profit margin for the next consolidated fiscal year is expected to be lower than the growth of gross merchandise value, but we will maintain steady profit growth.

2. Basic principle of accounting standards selection

Our policy is to prepare consolidated financial statements on a Japanese basis by taking the comparability of periods and in between companies into consideration. With regard to the application of IFRS, our policy is to respond appropriately after contemplating various domestic and international situations.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Unit: million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	61,648	65,520
Accounts receivable-trade	32,781	30,609
Merchandise and finished products	1,792	2,060
Raw materials and supplies	79	27
Others	3,494	4,086
Total current assets	99,796	102,305
Non-current assets		
Property, plant and equipment		
Buildings	9,915	10,143
Accumulated depreciation	-1,506	-2,123
Buildings, net	8,408	8,020
Vehicles	28	25
Accumulated depreciation	-16	-18
Vehicles, net	12	7
Tools, furniture and fixtures	9,052	9,862
Accumulated depreciation	-5,602	-6,612
Tools, furniture and fixtures, net	3,449	3,250
Construction in progress	148	6
Total property, plant and equipment	12,019	11,284
Intangible assets		
Goodwill	2,190	1,796
Software	345	546
Others	378	278
Total intangible assets	2,915	2,621
Investments and other assets		
Investment securities	685	1,025
Deferred tax assets	7,273	7,045
Others	3,201	3,257
Allowance for doubtful accounts	△235	-261
Total investments and other assets	10,925	11,065
Total non-current assets	25,860	24,971
Total assets	125,656	127,276

(Unit: million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	147	373
Deposits received for consignment sales	21,535	23,447
Accounts payable - other	6,958	7,215
Short-term borrowings	20,000	20,200
Income taxes payable	9,980	8,259
Provision for bonuses	1,622	1,726
Provision for bonuses for directors	81	59
Provision for point certificates	361	-
Provision for sales returns	139	-
Provision for loss on business liquidation	-	231
Others	4,354	4,657
Total current liabilities	65,180	66,172
Non-current liabilities		
Deferred tax Liabilities	12	-
Retirement benefit liability	2,686	3,631
Asset retirement obligations	2,237	2,274
Others	31	98
Total non-current liabilities	4,968	6,005
Total liabilities	70,149	72,177
Net assets		
Shareholders' equity		
Capital stock	1,359	1,359
Capital surplus	1,328	1,457
Retained earnings	77,109	97,067
Treasury stock	-24,146	-44,784
Total shareholders' equity	55,651	55,100
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	23
Foreign currency translation adjustment	-9	79
Remeasurements of retirement benefit plan	-213	-270
Total accumulated other comprehensive income	-217	-168
Stok acquisition rights	3	22
Non-controlling interests	70	144
Total net assets	55,507	55,099
Total liabilities and net assets	125,656	127,276

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net sales	147,402	166,199
Cost of sales	7,338	10,026
Gross profit	140,064	156,172
Reversal of provision for sales returns	107	-
Provision for sales returns	139	-
Gross profit-net	140,033	156,172
Selling, general and administrative expenses		
Point promotion expenses	2,167	-
Outsourcing expenses	7,461	8,673
Packing and transportation expenses	27,578	31,380
Payment collection commission	10,840	10,978
Advertising expenses	5,934	9,876
Payroll and allowances	15,239	16,398
Provision for bonuses	1,161	1,723
Provision for bonuses for directors	81	59
Retirement benefit expenses	515	936
Share-based compensation expenses	47	86
Depreciation	2,051	1,977
Amortization of goodwill	375	404
Others	22,434	24,021
Total selling, general and administrative expenses	95,889	106,516
Operating profit	44,144	49,656
Non-operating income		
Interest income	6	11
Received rent	263	286
Foreign exchange gain	23	3
Operations support fee	9	17
Income from recycling	36	35
Subsidy income	215	46
Gain on unused points	52	43
Others	25	27
Total non-operating income	632	473
Non-operating expenses		
Interest expenses	71	74
Provision for allowance for doubtful accounts	33	25
Rent expense	251	273
Commission expenses	10	21
Foreign exchange losses	22	79
Loss on investments in partnerships	390	474
Ordinary profit	44,386	49,655

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Extraordinary income		
Reversal of Provision for foreign currency translation adjustment	22	-
Gain on sales of non-current assets	0	0
Gain on sales of Investment securities	10	-
Total extraordinary income	33	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	554	67
Impairment loss	-	81
Loss on valuation of investment securities	-	218
Office transfer expenses	198	-
Total extraordinary losses	753	368
Profit before income taxes	43,665	49,286
Income taxes - current	12,963	14,499
Income taxes - deferred	-239	221
Total income taxes	12,724	14,720
Net profit	30,941	34,566
Profit attributable to non-controlling interests	9	73
Profit attributable to owners of parent	30,932	34,492

Consolidated statements of comprehensive income

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net profit	30,941	34,566
Other comprehensive income		
Valuation difference on available-for-sale securities	4	18
Foreign currency translation adjustment	2	88
Remeasurements of retirement benefit plan	-141	-57
Total other comprehensive income	-134	49
Comprehensive income	30,806	34,615
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	30,797	34,541
Comprehensive income attributable to non-controlling interests	9	73

(3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (April 1, 2020, to March 31, 2021)

(Unit: million yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2020	1,359	1,328	56,340	-24,412	34,616
Changes of items during the current fiscal year					
Cash dividends			-10,075		-10,075
Profit attributable to owners of parent			30,932		30,932
Purchase of treasury stock					-
Transfer from retained earnings to capital surplus		87	-87		-
Disposal of treasury stock		-87		266	178
Net changes of items other than Shareholders' equity, net					
Total changes of items during the current fiscal year	-	-	20,768	266	21,034
Balance as of March 31, 2021	1,359	1,328	77,109	-24,146	55,651

	Accumulated other comprehensive income				Stock acquisition right	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of March 31, 2020	0	-11	-71	-83	1	-	34,534
Changes of items during the current fiscal year							
Cash dividends							-10,075
Profit attributable to owners of parent							30,932
Purchase of treasury stock							-
Transfer from retained earnings to capital surplus							-
Disposal of treasury stock							178
Net changes of items other than Shareholders' equity, net	4	2	-141	-134	2	70	-61
Total changes of items during the current fiscal year	4	2	-141	-134	2	70	20,973
Balance as of March 31, 2021	4	-9	-213	-217	3	70	55,507

Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2021	1,359	1,328	77,109	-24,146	55,651
Changes of items during the current fiscal year					
Cash dividends			-14,533		-14,533
Profit attributable to owners of parent			34,492		34,492
Purchase of treasury stock				-31,997	-31,997
Transfer from retained earnings to capital surplus					-
Disposal of treasury stock		129		11,359	11,489
Net changes of items other than Shareholders' equity, net					
Total changes of items during the current fiscal year	-	129	19,958	-20,638	-550
Balance as of March 31, 2022	1,359	1,457	97,067	-44,784	55,100

	Accumulated other comprehensive income				Stock acquisition right	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of March 31, 2021	4	-9	-213	-217	3	70	55,507
Changes of items during the current fiscal year							
Cash dividends							-14,533
Profit attributable to owners of parent							34,492
Purchase of treasury stock							-31,997
Transfer from retained earnings to capital surplus							-
Disposal of treasury stock							11,489
Net changes of items other than Shareholders' equity, net	18	88	-57	49	18	73	141
Total changes of items during the current fiscal year	18	88	-57	49	18	73	-408
Balance as of March 31, 2022	23	79	-270	-168	22	144	55,099

(4) Consolidated statements of cash flows

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	43,665	49,286
Depreciation	2,051	1,977
Amortization of goodwill	375	404
Share-based compensation expenses	47	86
Loss on business reorganization	-	218
Impairment loss	-	81
Reversal of Provision for foreign currency translation adjustment	-22	-
Office transfer expenses	198	-
Provision for allowance for doubtful accounts	33	25
Loss (gain) on investments in partnership	22	79
Loss (gain) on sales of Investment securities (- is gain)	-10	-
Loss (gain) on asset retirement obligation	554	67
Increase (decrease) in provision for bonuses	1,161	100
Increase (decrease) in provision for bonuses for directors	81	-21
Increase (decrease) in provision for point certificates	-1,025	-361
Increase (decrease) in provision for sales returns	31	-139
Increase (decrease) in retirement benefit liability	477	862
Interest and dividends income	-6	-11
Interest expenses	71	74
Commissions expenses	10	21
Foreign exchange losses (gains)	-35	-25
Decrease (increase) in accounts receivable-trade	-1,223	2,172
Decrease (increase) in inventories	-38	-215
Increase (decrease) in prepaid expenses	-62	-533
Increase (decrease) in accounts payable-trade	75	226
Increase (decrease) in deposits received for consignment sales	2,536	1,911
Increase (decrease) in accounts payable-other	1,425	133
Increase (decrease) in accrued expenses (-)	248	17
Increase (decrease) in accrued consumption taxes	737	-376
Others	455	481
Subtotal	51,838	56,545
Interest and dividends income received	5	10
Interest expenses paid	-66	-74
Income taxes paid	-6,986	-16,585
Net cash provided by (used in) operating activities	44,790	39,895

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Cash flow from investing activities		
Purchase of property, plant and equipment	-3,224	-1,222
Purchase of intangible assets	-128	-114
Proceeds from sales of property, plant and equipment	1	0
Proceeds from Sale of Intangible Fixed Assets	-	4
Payments for leasehold and guarantee deposits	-648	-26
Proceeds from collection of lease and guarantee deposits	618	473
Purchase of investment securities	-159	-362
Proceeds from sales of investment securities	10	-
Payments for investments in capital of subsidiaries and associates	-22	-29
Payment for establishment of subsidiary	-639	-
Payments of loans receivable	-2	-2
Collection of loans receivable	4	5
Others	-458	-8
Net cash provided by (used in) investing activities	-4,648	-1,283
Cash flow from financing activities		
Increase in short-term loans payable	17,500	300
Decrease in short-term loans payable	-19,530	-100
Proceeds from long-term debt	-	100
Repayments of long-term loans payable	-2	-13
Commission expenses paid	-10	-22
Purchase of treasury stock	-0	-31,997
Cash dividends paid	-10,073	-14,531
Proceeds from issuance of stock acquisition rights	-	31
Proceeds from disposal of treasury stock by exercise of stock acquisition rights	-	11,411
Net cash provided by (used in) financing activities	-12,117	-34,823
Effect of exchange rate change on cash and cash equivalents	20	83
Net increase (decrease) in cash and cash equivalents	28,045	3,872
Cash and cash equivalents at beginning of period	33,602	61,648
Cash and cash equivalents at end of term	61,648	65,520

(5) Notes on consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Adoption of Accounting Standard for Revenue Recognition)

The New Accounting Standard is adopted from the beginning of the current consolidated fiscal year, and it recognizes revenue when (or as) it satisfies a performance obligation by transferring promised goods or services (i.e., a goods) to a customer. Goods are transferred when (or as) the customer obtains control of the goods. It recognizes revenue as the amount expected to be received upon exchange of goods or services.

As a result, regarding ZOZO points issued on users' purchases at our eCommerce website "ZOZOTOWN", the allowance method was previously adopted for the expenses which was assumed to be exchanged to points in the future and recorded as Point promotion expenses, or Provisions for point certificates. However, if such points provide significant rights to customers, these are identified as performance obligations (contract liabilities) and the recognition of revenue is deferred. Regarding coupon points that are borne by the company, such as sales promotion points for acquiring new customers, the amount equivalent to the points allocated for purchasing merchandise is reduced from the transaction prices, in accordance with the provision of consideration paid to customers stipulated in the New Accounting Standard etc. In addition, for sales with return rights, provision for sales returns was recorded based on the amount which is equivalent to gross profit. However, for merchandise or products that are assumed to be returned, revenue is not recognized at the time of sales in accordance with the provisions for variable consideration, and refund liabilities is recognized based on the amount of consideration received or merchandise or products received.

With respect to the implementation of the New accounting Standard, in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the New Accounting Standard, the cumulative effect of retrospective implementation of the new accounting policy prior to the beginning of current fiscal year is added to or deducted from retained earnings at the beginning of the current consolidated fiscal year and the new accounting policy is applied at the same timing. However, the new accounting policy has not been applied retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the current fiscal year, in accordance with the method prescribed in paragraph 86 of the New Accounting Standard.

Consequently, compared to the previous accounting treatment, in the consolidated balance sheets, current assets increased by 20 million yen and current liabilities increased by 20 million yen. The current consolidated fiscal year's net sales decreased by 3,934 million yen, cost of sales increased by 839 million yen, and selling, general and administrative expenses decreased by 4,705 million yen. Meanwhile, the impact on the consolidated cashflow statements for the current fiscal year is minimal and there is no impact on income before income taxes.

(Application of accounting standard for calculation of fair value)

The Accounting Standard for Calculation of Fair Value (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Accounting Standard for Calculation of Fair Value") and other standards have been applied from the beginning of current fiscal year, and in accordance with the transitional treatment set forth in paragraph 19 of the Accounting Standard for Calculation of Fair Value and paragraph 44-2 of the Accounting Standard for Financial Merchandise (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Accounting Standard for Calculation of Fair Value will be applied in the future. There was no impact on the consolidated financial statements.

(Segment information, etc.)

[Segment Information]

Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)

The company group operates in a single segment of eCommerce business, so descriptions are omitted.

Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)

The company group operates in a single segment of eCommerce business, so descriptions are omitted.

(Per share information)

Item	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net assets per share	181.53 yen	183.23 yen
Net profit per share	101.30 yen	115.02 yen
Diluted net profit per share	-	115.01 yen

(NOTE)

- Fully diluted net profit per share for the previous fiscal year is not presented because there were no dilutive potential shares.
- The basis for computation of net assets per share is as follows.

Item	Previous consolidated fiscal year (April 1, 2020 To March 31, 2021)	Current consolidated fiscal year (April 1, 2021 To March 31, 2022)
(1) Net profit per share	101.30yen	115.02yen
(Basis of calculation)		
Profit attributable to owners of parent (million yen)	30,932	34,492
Amount not allocated to common shareholders (million yen)	-	-
Profit attributable to owners of parent (million yen) related to common stock	30,932	34,492
Average number of shares of common stock outstanding during the fiscal year (shares)	305,343,395	299,891,989
(2) Diluted net profit per share	-	115.01 yen
(Basis of calculation)		
Adjustment of profit attributable to owners of parent (million yen)	-	-
Increase in common stock (shares)	-	10,885
Summary of potential shares not included in the calculation of fully diluted net profit per share due to lack of dilutive potential with significant changes from the previous fiscal year end	<p>Stock acquisition rights by resolution of the Board of Directors on June 26, 2018</p> <p>On July 20, 2020, the shares were extinguished due to the waiver of rights of the persons eligible for allocation.</p> <p>Stock acquisition rights by resolution of the Board of Directors on June 25, 2019</p> <p>4th stock acquisition rights 995 units (Ordinary stock 99,500)</p> <p>5th stock acquisition rights 597 units (Ordinary stock 59,700)</p> <p>6th stock acquisition rights 398 units (Ordinary stock 39,800)</p> <p>Stock acquisition rights by resolution of the Board of Directors on October 18, 2019</p>	<p>Stock acquisition rights by resolution of the Board of Directors on June 25, 2019</p> <p>The 4th stock acquisition rights have expired due to the non-vesting of the right.</p> <p>5th stock acquisition rights 498 units (Ordinary stock 49,800)</p> <p>6th stock acquisition rights 332 units (Ordinary stock 33,200)</p> <p>Stock acquisition rights by resolution of the Board of Directors on October 18, 2019</p> <p>The 7th stock acquisition rights have expired due to the non-vesting of the right.</p> <p>8th stock acquisition rights 1,500 units (Ordinary stock 150,000)</p>

	7 th stock acquisition rights 2,500 units (Ordinary stock 250,000)	9 th stock acquisition rights 1,000 units (Ordinary stock 100,000)
	8 th stock acquisition rights 1,500 units (Ordinary stock 150,000)	
	9 th stock acquisition rights 1,000 units (Ordinary stock 100,000)	

(NOTE) Fully diluted net profit per share for the previous fiscal year is not presented because there were no dilutive potential shares.

(Significant Subsequent Events)

Not applicable.

DISCLAIMER:

This document is summary translation of Japanese version. All readers are recommended to refer the original Japanese version for complete information. In the event of any discrepancy, errors and/or omissions, the Japanese version shall prevail.