

# Consolidated Financial Results

## For the third quarter of fiscal year ending March 31, 2023 [JGAAP]

January 31, 2023

Company name: ZOZO, Inc. Listed stock exchanges Tokyo  
 Code 3092 URL <https://corp.zozo.com/en>  
 Representative Representative Director, President & CEO Kotaro Sawada  
 Contact person Director, Executive Vice President & CFO Koji Yanagisawa (TEL) 043(213)5171  
 Scheduled date to file the financial report February 14, 2023 Scheduled date of dividend payment —  
 Supplementary material on quarterly financial results: Yes  
 Quarterly results briefing : Yes ( For analysts and institutional investors )

(Rounded down to million yen)

1. Consolidated business results for the third quarter of fiscal year ending March 31, 2023 (April 1, 2022 to December 31, 2022)

(1) Consolidated business results (cumulative) (Percentages indicate YoY changes.)

|  | Net sales   |      | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parents |      |
|--|-------------|------|------------------|------|-----------------|------|--|------|
|  | Million yen | %    | Million yen      | %    | Million yen     | %    | Million yen                              | %    |
| Third quarter of fiscal year ending March 31, 2023 | 136,467     | 10.3 | 44,635           | 15.1 | 44,872          | 15.8 | 31,213                                   | 17.1 |
| Third quarter of fiscal year ended March 31, 2022  | 123,778     | 14.1 | 38,779           | 14.8 | 38,756          | 14.4 | 26,653                                   | 12.3 |

(NOTE) Comprehensive income Third Quarter of Fiscal Year Ending March 2023 31,268 Million yen (16.8%)  
Third Quarter of Fiscal Year Ended March 2022 26,762 Million yen (12.6%)

|  | Net profit per share after adjusting dilutive shares |       |
|--|--|-------|
|  | Yen  | Yen   |
| Third quarter of fiscal year ending March 2023 | 104.10   | -     |
| Third quarter of fiscal year ended March 2022  | 88.87  | 88.87 |

(NOTE) Net profit per share after adjusting dilutive shares is not presented because there are no potential shares with dilutive effects.

(2) Consolidated financial position

|  | Total assets | Net assets  | Equity Ratio |
|--|--------------|-------------|--------------|
|  | Million yen  | Million yen | %            |
| Third quarter of fiscal year ending March 31, 2023 | 143,760      | 68,507      | 47.5         |
| Fiscal year ended March 31, 2022                   | 127,276      | 55,099      | 43.2         |

(Reference) Shareholders' equity Third quarter of fiscal year ending March 31, 2023 68,350 Million yen  
Fiscal year ended March 31, 2022 54,932 Million yen

2. Dividends

|  | Annual dividends |           |           |          |       |
|--|------------------|-----------|-----------|----------|-------|
|  | End of Q1        | End of Q2 | End of Q3 | Year-end | Total |
|  | Yen              | Yen       | Yen       | Yen      | Yen   |
| Fiscal year ended March 31, 2022             | -                | 22.00     | -         | 36.00    | 58.00 |
| Fiscal year ending March 31, 2023            | -                | 24.00     | -         |          |       |
| Fiscal year ending March 31, 2023 (Forecast) |                  |           |           | 41.00    | 65.00 |

(NOTE) Revisions to the most recently announced dividend forecasts Yes

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

(Percentages indicate year-on-year changes)

|                                   | Net sales   |     | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Net profit per share |
|-----------------------------------|-------------|-----|------------------|------|-----------------|------|---|------|----------------------|
|                                   | Million yen | %   | Million yen      | %    | Million yen     | %    | Million yen                             | %    | Yen                  |
| Fiscal year ending March 31, 2023 | 181,300     | 9.1 | 55,000           | 10.8 | 55,200          | 11.2 | 38,400                                  | 11.3 | 128.07               |

(NOTE) Revisions to the consolidated forecasts most recently announced Yes

※ 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) Application of particular accounting procedures to the preparation of quarterly consolidated financial statements : None

(3) 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

(4) Number of shares outstanding (Common stock)

|   |                                     |                   |                                    |                   |
|---|-------------------------------------|-------------------|------------------------------------|-------------------|
| ① Year-end shares outstanding (including treasury stocks) | Q3 of fiscal year ending March 2023 | 311,644,285Shares | Fiscal year Ended March 2022       | 311,644,285Shares |
| ② Number of year-end treasury stocks                      | Q3 of fiscal year ending March 2023 | 11,787,504Shares  | Fiscal year Ended March 2022       | 11,840,467Shares  |
| ③ Average number of shares during the period (cumulative) | Q3 of fiscal year ending March 2023 | 299,831,863Shares | Q3 of fiscal year ended March 2022 | 299,918,547Shares |

※ 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 forecasts

-The business 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 third quarter ended December 31, 2022, (3) Explanation of consolidated business forecast and other forward-looking statements" on page 11 for the assumptions underlying the forecasts and cautionary statements regarding the use of the forecasts.

-We are scheduling financial results briefing for institutional investors and analysts on January 31, 2023. We plan to post the content of the briefing and the materials used on the day on the Company's website promptly after the briefing.

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# 1. Qualitative information on results for the third quarter ended December 31, 2022

## (1) Overview of business results

### Business results for the current fiscal year

[Table 1] YoY comparison

(Unit: Million yen)

|   | Consolidated cumulative third quarter of previous fiscal year<br>(April 1 to December 31, 2021) |          | Consolidated cumulative third quarter of current fiscal year<br>(April 1 to December 31, 2022) |          | YoY basis |
|---|---|----------|--|----------|-----------|
| Gross merchandise value                       | 375,506   | (109.9%) | 406,497  | (109.3%) | 8.3%      |
| Gross merchandise value (excluding other GMV) | 341,587   | (100.0%) | 372,022  | (100.0%) | 8.9%      |
| Net sales                                     | 123,778   | (36.2%)  | 136,467  | (36.7%)  | 10.3%     |
| Gross profit                                  | 116,620   | (34.1%)  | 127,660  | (34.3%)  | 9.5%      |
| Operating profit                              | 38,779  | (11.4%)  | 44,635   | (12.0%)  | 15.1%     |
| Ordinary profit                               | 38,756  | (11.3%)  | 44,872   | (12.1%)  | 15.8%     |
| Profit attributable to owners of parent       | 26,653  | (7.8%)   | 31,213   | (8.4%)   | 17.1%     |

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

Under the corporate philosophy of "Inspire the world. Deliver joy every day.", we mainly operate the following businesses: The largest fashion e-commerce website in Japan, "ZOZOTOWN"; and an outfit-sharing app "WEAR".

During the consolidated cumulative third quarter of the current fiscal year, the apparel industry, particularly at physical stores, experienced growth due to increased opportunities for going out and increased demand for clothing as the spread of COVID-19 subsided. Under this circumstance, our group has been focusing even stronger on creating ZOZOTOWN more attractive to both users and brands with the goal 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 the sale event "ZOZOWEEK" (10 days in total from May 14 to 23, 2022, 11 days in total from September 13 to 19, and 22 to 25, 2022, and 18 days in total from November 3 to 13, and 17 to 23, 2022) and broadcasted TV commercials to attract customers during the summer sale. In addition, we continued to proactively welcome new brands in a wide range of genres to meet diversifying needs of users.

As an initiative to strengthen a specific category, we have been concentrating on "ZOZOCOSME". ZOZOCOSME handles more than 700 cosmetics brands, which includes both domestic and overseas brands, as of the end of December 2022. We will proactively continue to open new brand shops to expand the merchandise value of the cosmetics category in ZOZOTOWN. Furthermore, we implemented a purchase assist function that recommends the best foundation and concealer color closest to the measured skin tone using "ZOZOGLOSS", a device that can measure skin tone with high precision. This enables users to have new purchasing experiences.

Sales of ZOZOTOWN on Yahoo! JAPAN Shopping (which integrated with PayPay Mall in October, 2022) have been growing steadily due to the high retention rate of new customers acquired in the previous fiscal year through the continued active sales promotion by Yahoo Japan Corporation which operates Yahoo! JAPAN Shopping.

Regarding the BtoB business, brands are actively continuing to enhance their own e-commerce websites, although there was a withdrawal of a brand that accounted for a large portion of the merchandise value during the fourth quarter consolidated accounting period of the previous fiscal year.

Consequently, the gross merchandise value in the consolidated cumulative third quarter of the current fiscal year was 406,497 million yen (+8.3% YoY), and the gross merchandise value (excluding other GMV) was 372,022 million yen (+8.9% YoY). Net sales were 136,467 million yen (+10.3% YoY), and gross profit was 127,660 million yen (+9.5% YoY). The ratio of gross profit to the gross merchandise value (excluding other GMV) (gross profit margin) was 34.3%, an increase of 0.2% from the same quarter of 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 the advertising business, which has high sales ratio to the gross merchandise value, and a decrease in the composition ratio of the BtoB business, which has a low sales ratio to the gross merchandise value.

As mentioned in the sales part, the main factor of increased gross profit margin was growth in Outright purchase/production & sales, USED sales, and the advertising business. Also, a decrease in the composition ratio of the BtoB business, which has a low gross profit margin, to the gross merchandise value (excluding other GMV) contributed to it.

Selling, general and administrative expenses were 83,024 million yen (+6.7% YoY). Its ratio to the gross merchandise value (excluding other GMV) was 22.3%, a decrease of 0.5% compared with the same quarter of 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 each SG&A expense by the gross merchandise value (excluding other GMV):

#### Improving factors

1. Logistics-related expenses in personnel expenses to the gross merchandise value declined by 0.4% due to the operational efficiency improvement inside logistics bases.
2. Shipping expenses to the gross merchandise value declined by 0.3% due to a higher average order value on a YoY basis, and the optimization of the cardboard box size and other materials used for delivery.

#### Worsening factors

1. Advertising expenses to the gross merchandise value rose 0.2% due to the increased investment in the web advertising and commercials.

Consequently, the operating profit of the consolidated cumulative third quarter of the current fiscal year was 44,635 million yen (+15.1% YoY) and the operating profit margin was 12.0% to the gross merchandise value (excluding other GMV), an increase of 0.6% compared with the same quarter of the previous year. Ordinary profit was 44,872 million yen (+15.8% YoY), and net profit attributable to owners of parent was 31,213 million yen (+17.1% YoY).

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

[Table 2] YoY comparison by business segment

| By business segment                        | Consolidated cumulative third quarter of previous fiscal year<br>(April 1 to December 31, 2021) |                 |                            | Consolidated cumulative third quarter of current fiscal year<br>(April 1 to December 31, 2022) |                 |                            | Merchandise Value YoY (%) | Net sales YoY (%) |
|--|---|-----------------|----------------------------|--|-----------------|----------------------------|---------------------------|-------------------|
|  | Merchandise value<br>(Million yen)  | Composition (%) | Net sales<br>(Million yen) | Merchandise Value<br>(Million yen)   | Composition (%) | Net sales<br>(Million yen) |                           |                   |
| ZOZOTOWN Business                          | 289,572   | 77.1            | 91,461                     | 324,498  | 79.8            | 101,909                    | 12.1                      | 11.4              |
| (Outright purchase/<br>production & sales) | 2,147   | 0.6             | 2,112                      | 3,564  | 0.9             | 3,458                      | 65.9                      | 63.7              |
| (Consignment Sales)                        | 277,644   | 73.9            | 79,731                     | 309,188  | 76.0            | 86,949                     | 11.4                      | 9.1               |
| (USED Sales)                               | 9,779   | 2.6             | 9,616                      | 11,746   | 2.9             | 11,500                     | 20.1                      | 19.6              |
| Yahoo! JAPAN Shopping                      | 31,568  | 8.5             | 9,199                      | 35,668   | 8.8             | 10,482                     | 13.0                      | 13.9              |
| BtoB business                              | 20,447  | 5.4             | 3,805                      | 11,855   | 2.9             | 1,950                      | -42.0                     | -48.7             |
| Advertising business                       | -   | -               | 4,636                      | -  | -               | 5,711                      | -                         | 23.2              |
| Subtotal excluding<br>Others               | 341,587   | 91.0            | 109,102                    | 372,022  | 91.5            | 120,053                    | 8.9                       | 10.0              |
| Others                                     | 33,919  | 9.0             | 14,675                     | 34,475   | 8.5             | 16,413                     | 1.6                       | 11.8              |
| Total                                      | 375,506   | 100.0           | 123,778                    | 406,497  | 100.0           | 136,467                    | 8.3                       | 10.3              |

#### 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 sells them as in-house inventory with 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 MS (Multi-Size). "Consignment sales" handles consignment inventory of merchandise from each brand and sells 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 usage rate of ZOZOTOWN in fashion consumption are the key factors in achieving sustainable growth. To realize this, we are working on creating a website that is attractive to both users and brands.

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

(Number of shops, etc.)

[Table 3] 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                    | 1,488                             | 1,502 | 1,516 | 1,510 | 1,523                            | 1,532 | 1,554 | -  |
| Outright purchase/production & sales (Note) 2 | 20                                | 24    | 24    | 24    | 25                               | 27    | 28    | -  |
| Consignment sales                             | 1,468                             | 1,478 | 1,492 | 1,486 | 1,498                            | 1,505 | 1,526 | -  |
| Number of brands (Note) 1,2                   | 8,490                             | 8,451 | 8,481 | 8,433 | 8,512                            | 8,455 | 8,545 | -  |

(NOTE)

1. Figures are as of the end of the quarterly accounting period.

2. Private brand "ZOZO" and "Multi-size" are not included.

The number of new shops opened during the consolidated cumulative third quarter of the current fiscal year was 35 (a net increase of 22 shops). The major new stores are "UNIVERSAL OVERALL," the American workwear brand, the French luxury bag brand "LONGCHAMP," and the Australian skincare brand "Aesop," which is loved around the world.

(Number of annual buyers)

[Table 4] 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  | 9,730,162                         | 9,890,784 | 10,103,351 | 10,418,331 | 10,619,934                       | 10,859,876 | 11,211,383 | -  |
| (YoY)                             | 1,067,602                         | 1,085,629 | 963,555    | 932,662    | 889,772                          | 969,092    | 1,108,032  | -  |
| (QoQ)                             | 244,493                           | 160,622   | 212,567    | 314,980    | 201,603                          | 239,942    | 351,507    | -  |
| Number of active members (Note) 3 | 8,367,073                         | 8,507,997 | 8,711,879  | 9,043,194  | 9,269,080                        | 9,545,087  | 9,935,769  | -  |
| (YoY)                             | 1,143,320                         | 1,073,468 | 937,939    | 905,465    | 902,007                          | 1,037,090  | 1,223,890  | -  |
| (QoQ)                             | 229,344                           | 140,924   | 203,882    | 331,315    | 225,886                          | 276,007    | 390,682    | -  |
| Number of guest buyers (Note)     | 1,363,089                         | 1,382,787 | 1,391,472  | 1,375,137  | 1,350,854                        | 1,314,789  | 1,275,614  | -  |
| (YoY)                             | -75,718                           | 12,161    | 25,616     | 27,197     | -12,235                          | -67,998    | -115,858   | -  |
| (QoQ)                             | 15,149                            | 19,698    | 8,685      | -16,335    | -24,283                          | -36,065    | -39,175    | -  |

(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 the 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 "Yahoo! JAPAN Shopping" are not included.

In the third 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 YoY and QoQ. The steady growth in the number of active members is attributable to strengthening customer attraction through broadcasting TV commercials and online advertising of "ZOZOWEEK" held in May, September, and November, and the summer sale which started in June.

(Annual purchase amount and annual purchase pieces)

[Table 5] Changes in the 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)<br>(Note) 1, 2, 3, 4            | 42,363                            | 42,343 | 42,549 | 42,403 | 42,559                           | 42,401 | 42,331 | -  |
| (YoY)  | -6.1%                             | -4.5%  | -2.9%  | -1.0%  | 0.5%                             | 0.1%   | -0.5%  | -  |
| (QoQ)  | -1.1%                             | -0.0%  | 0.5%   | -0.3%  | 0.4%                             | -0.4%  | -0.2%  | -  |
| Annual purchase pieces (Total)<br>(Note) 1, 2, 3               | 11.4                              | 11.5   | 11.6   | 11.6   | 11.6                             | 11.4   | 11.1   | -  |
| (YoY)  | -3.6%                             | -2.0%  | -0.7%  | 0.1%   | 1.5%                             | -1.4%  | -4.5%  | -  |
| (QoQ)  | -1.3%                             | 1.0%   | 0.9%   | -0.4%  | 0.0%                             | -1.8%  | -2.3%  | -  |
| Annual purchase amount (Existing members)<br>(Note) 1, 2, 3, 4 | 49,257                            | 49,037 | 49,064 | 49,254 | 49,407                           | 49,331 | 49,336 | -  |
| (YoY)  | -5.6%                             | -4.8%  | -3.9%  | -1.8%  | 0.3%                             | 0.6%   | 0.6%   | -  |
| (QoQ)  | -1.8%                             | -0.4%  | 0.1%   | 0.4%   | 0.3%                             | -0.2%  | 0.0%   | -  |
| Annual purchase pieces (Existing members)<br>(Note) 1, 2, 3    | 13.2                              | 13.3   | 13.4   | 13.4   | 13.4                             | 13.2   | 12.9   | -  |
| (YoY)  | -2.8%                             | -2.2%  | -1.7%  | -0.7%  | 1.3%                             | -0.9%  | -3.4%  | -  |
| (QoQ)  | -2.2%                             | 0.3%   | 0.8%   | 0.4%   | -0.3%                            | -1.9%  | -1.8%  | -  |

(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 "Yahoo! JAPAN Shopping" are not included.
4. The amounts are in yen.

During the third quarter consolidated accounting period of the current fiscal year, the annual purchase amount (Total) decreased YoY and QoQ. This was due to steady growth in the acquisition of new members (whose annual purchase amount is lower than the overall average). The annual purchase pieces (Total) also decreased YoY and QoQ. This was due to steady growth in the acquisition of new members (whose annual purchase pieces are lower than the overall average), and an increase in the average retail price.

The annual purchase pieces (Existing members) decreased, while the annual purchase amount (Existing members) remained the same YoY and QoQ. This was due to a decrease in the ratio of combined purchases resulting from a higher retail price.

(Average retail price etc.)

[Table 6] Changes in the average retail price, average order value, average purchase pieces per order, and number of shipments

|  | Previous consolidated fiscal year |            |            |            | Current consolidated fiscal year |            |            |    |
|--|-----------------------------------|------------|------------|------------|----------------------------------|------------|------------|----|
|  | Q1                                | Q2         | Q3         | Q4         | Q1                               | Q2         | Q3         | Q4 |
| Average retail price<br>(Note) 1, 2, 3           | 3,490                             | 3,264      | 4,167      | 3,752      | 3,552                            | 3,487      | 4,438      | -  |
| (YoY)  | 1.4%                              | -3.5%      | -3.1%      | 0.1%       | 1.8%                             | 6.8%       | 6.5%       | -  |
| Average order value<br>(Note) 1, 2, 3            | 7,501                             | 7,346      | 8,592      | 7,974      | 7,699                            | 7,566      | 8,961      | -  |
| (YoY)  | 1.2%                              | -0.3%      | 0.9%       | -0.2%      | 2.6%                             | 3.0%       | 4.3%       | -  |
| Average purchase pieces per order<br>(Note) 1, 3 | 2.15                              | 2.25       | 2.06       | 2.13       | 2.17                             | 2.17       | 2.02       | -  |
| (YoY)  | -0.1%                             | 3.2%       | 4.1%       | -0.3%      | 0.9%                             | -3.6%      | -2.1%      | -  |
| Number of shipments<br>(Note) 1, 3               | 12,085,053                        | 11,816,663 | 13,049,762 | 12,800,550 | 13,123,988                       | 12,742,183 | 14,178,195 | -  |
| (YoY)  | 5.3%                              | 7.3%       | 9.1%       | 14.7%      | 8.6%                             | 7.8%       | 8.6%       | -  |

(NOTE)

1. Figures for the quarter accounting period are used.
2. The amounts are in yen.
3. "Yahoo! JAPAN Shopping" is not included.

The average retail price in the third quarter consolidated accounting period of the current fiscal year increased YoY. The main factor was an increase in list prices for certain items and a decrease in the proportion of merchandise on sale. Additionally, the average order value increased YoY. This was due to the impact of the higher average retail price, which outweighed the effect of a decrease in the number of 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 consolidated cumulative third quarter of the current fiscal year, the merchandise value was 3,564 million yen (+65.9% YoY), accounting for 0.9% of the gross merchandise value (0.6% in the same quarter of the previous fiscal year). Net sales were 3,458 million yen (+63.7% YoY). As of the end of December 2022, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 28 (27 as of the end of September 2022).

ii. Consignment Sales

In the consolidated cumulative third quarter of the current fiscal year, the merchandise value was 309,188 million yen (+11.4% YoY), accounting for 76.0% of the gross merchandise value (73.9% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 86,949 million yen (+9.1% YoY). As of the end of December 2022, the number of shops opened on ZOZOTOWN for consignment sales was 1,526 (1,505 as of the end of September 2022).

iii. USED Sales

In the consolidated cumulative third quarter of the current fiscal year, the merchandise value was 11,746 million yen (+20.1% YoY), accounting for 2.9% of the gross merchandise value (2.6% in the same quarter of the previous fiscal year). Net sales were 11,500 million yen (+19.6% YoY).

② Yahoo! JAPAN Shopping

ZOZOTOWN opened a shop on "Yahoo! JAPAN Shopping," an online shopping mall operated by Yahoo Japan Corporation. In the consolidated cumulative third quarter of the current fiscal year, the merchandise value was 35,668 million yen, (+13.0% YoY), accounting for 8.8% of the gross merchandise value (8.5% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 10,482 million yen (+13.9% YoY).

③ BtoB business

The BtoB business is a business model in which we are commissioned to build and operate brands' own e-commerce websites. In the consolidated cumulative third quarter of the current fiscal year, the merchandise value was 11,855 million yen (-42.0% YoY), accounting for 2.9% of the gross merchandise value (5.4% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 1,950 million yen (-48.7% YoY). As of the end of December 2022, the number of consigned websites was 37 (39 as of the end of September 2022).

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 consolidated cumulative third quarter of the current fiscal year, net sales were 5,711 million yen (+23.2% YoY). As for WEAR, we continue to focus on expanding the number of users and content. As of the end of December 2022, the number of app downloads exceeded 16 million, and monthly active users are growing steadily.

⑤ Others

The segment for others within the gross merchandise value includes 1) the merchandise value of the stores that contracted "ZOZO Option" in the fashion category stores excluding ZOZOTOWN on Yahoo! JAPAN Shopping (service that enables

those stores to get benefits from sales support such as participation in the special events by the Company), 2) the merchandise value of a consolidated subsidiary's own e-commerce website, 3) the merchandise value from ZOZOMO, the system to support for sending customers to the physical stores from ZOZOTOWN, which was recorded from the fourth quarter consolidated accounting period of the previous fiscal year, and 4) the merchandise value of "ZOZOSUIT" which is sold for a fee in the U.S. The merchandise value during the consolidated cumulative third quarter of the current fiscal year was 34,475 million yen, accounting for 8.5% of the gross merchandise value (9.0% in the same quarter of the previous fiscal year). Within the segment for others, net sales generated from businesses related to ZOZOTOWN (shipping income and settlement commission income, etc.) and other revenues mentioned above are included. In the consolidated cumulative third quarter of the current fiscal year, net sales were 16,413 million yen (+11.8% YoY).

## (2) Overview of financial position

### ① Overview of total assets, liabilities and net assets

(Unit: Million yen)

|              | Previous consolidated fiscal year | Third quarter consolidated accounting period | Increase/ decrease rate |
|--------------|-----------------------------------|--|-------------------------|
| Total assets | 127,276                           | 143,760                                      | 13.0%                   |
| Liabilities  | 72,177                            | 75,253                                       | 4.3%                    |
| Net assets   | 55,099                            | 68,507                                       | 24.3%                   |

#### (Total Assets)

Total assets amounted to 143,760 million yen, an increase of 16,483 million yen (+13.0% from the previous consolidated fiscal year end). Current assets increased by 13,387 million yen, or 13.1%, compared with the previous consolidated fiscal year end, amounted to 115,692 million yen. Major components are an increase of 8,008 million yen in accounts receivable, an increase of 5,000 million yen in marketable securities, and an increase of 1,040 million yen in merchandise and finished products. Non-current assets increased by 3,096 million yen, or 12.4%, compared with the previous consolidated fiscal year end, amounted to 28,067 million yen. Major components are an increase of 5,506 million yen in tangible assets, and a decrease of 2,367 million yen in investments and other assets.

#### (Liabilities)

Liabilities amounted to 75,253 million yen, an increase of 3,075 million yen (+4.3% from the previous consolidated fiscal year end). Current liabilities increased by 2,506 million yen, or 3.8%, amounted to 68,678 million yen compared with the previous consolidated fiscal year end. Major components are an increase of 6,324 million yen in deposits received for consignment sales, a decrease of 3,514 million yen in income taxes payable, and a decrease of 1,428 million yen in provision for bonuses. Non-current liabilities increased by 569 million yen, or 9.5%, amounted to 6,575 million yen compared with the previous consolidated fiscal year end. Major component is an increase of 393 million yen in retirement benefit liability.

#### (Net Assets)

Net assets amounted to 68,507 million yen, an increase of 13,407 million yen (+24.3% from the previous consolidated fiscal year end). Major components are an increase of 31,213 million yen due to the recognition of profit attributable to owners of parent, a decrease of 17,989 million yen due to cash dividends.

## (3) Explanation of consolidated business forecast and other forward-looking statements

We have revised the consolidated business forecast announced on April 27, 2022, for the fiscal year ending March 2023. For details, please refer to " Notice concerning revision of consolidated business forecast and year-end dividend " announced separately today.

## 2. Consolidated financial statements

### (1) Quarterly consolidated balance sheets

(Unit: Million yen)

|  | Previous consolidated<br>fiscal year<br>(As of March 31, 2022) | Third quarter consolidated accounting<br>period of current fiscal year<br>(As of December 31, 2022) |
|--|--|---|
| <b>Assets</b>                              |  |   |
| Current assets                             |  |   |
| Cash and deposits                          | 65,520   | 66,018  |
| Accounts receivable-trade                  | 30,609   | 38,618  |
| Marketable securities                      | -  | 5,000   |
| Merchandise and finished products          | 2,060  | 3,101   |
| Raw materials and supplies                 | 27   | 48  |
| Others                                     | 4,086  | 2,906   |
| <b>Total current assets</b>                | <b>102,305</b>   | <b>115,692</b>  |
| Non-current assets                         |  |   |
| Property, plant and equipment              | 11,284   | 16,790  |
| Intangible assets                          |  |   |
| Goodwill                                   | 1,796  | 1,852   |
| Others                                     | 824  | 725   |
| <b>Total intangible assets</b>             | <b>2,621</b>   | <b>2,578</b>  |
| Investments and other assets               | 11,065   | 8,698   |
| <b>Total non-current assets</b>            | <b>24,971</b>  | <b>28,067</b>   |
| <b>Total assets</b>                        | <b>127,276</b>   | <b>143,760</b>  |
| <b>Liabilities</b>                         |  |   |
| Current liabilities                        |  |   |
| Accounts payable-trade                     | 373  | 607   |
| Deposits received for consignment sales    | 23,447   | 29,772  |
| Short-term borrowings                      | 20,200   | 20,400  |
| Income taxes payable                       | 8,259  | 4,745   |
| Provision for bonuses                      | 1,726  | 297   |
| Provision for bonuses for directors        | 59   | 58  |
| Provision for loss on business liquidation | 231  | -   |
| Others                                     | 11,873   | 12,797  |
| <b>Total current liabilities</b>           | <b>66,172</b>  | <b>68,678</b>   |
| Non-current liabilities                    |  |   |
| Retirement benefit liability               | 3,631  | 4,025   |
| Asset retirement obligations               | 2,274  | 2,280   |
| Others                                     | 98   | 269   |
| <b>Total non-current liabilities</b>       | <b>6,005</b>   | <b>6,575</b>  |
| <b>Total liabilities</b>                   | <b>72,177</b>  | <b>75,253</b>   |

(Unit: Million yen)

|   | Previous consolidated<br>fiscal year<br>(As of March 31, 2022) | Third quarter consolidated accounting<br>period of current fiscal year<br>(As of December 31, 2022) |
|---|--|---|
| <b>Net assets</b>                                     |  |   |
| Shareholders' equity                                  |  |   |
| Capital stock   | 1,359  | 1,359   |
| Capital surplus                                       | 1,457  | 1,328   |
| Retained earnings                                     | 97,067   | 110,306   |
| Treasury stock  | -44,784  | -44,558   |
| Total shareholders' equity                            | 55,100   | 68,435  |
| Accumulated other comprehensive income                |  |   |
| Valuation difference on available-for-sale securities | 23   | 40  |
| Deferred gains or losses on hedges                    | -  | 5   |
| Foreign currency translation adjustment               | 79   | 110   |
| Remeasurements of defined benefit plans               | -270   | -241  |
| Total accumulated other comprehensive income          | -168   | -85   |
| Stock acquisition rights                              | 22   | 19  |
| Non-controlling interests                             | 144  | 136   |
| Total net assets                                      | 55,099   | 68,507  |
| Total liabilities and net assets                      | 127,276  | 143,760   |

## (2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

## Quarterly consolidated statements of income

## Consolidated cumulative third quarter

(Unit: Million yen)

|   | Consolidated cumulative third quarter of<br>previous fiscal year<br>(April 1, 2021 to December 31, 2021) | Consolidated cumulative third quarter of<br>current fiscal year<br>(April 1, 2022 to December 31, 2022) |
|---|--|---|
| Net sales   | 123,778  | 136,467   |
| Cost of sales   | 7,158  | 8,806   |
| Gross profit  | 116,620  | 127,660   |
| Selling, general and administrative expenses                | 77,841   | 83,024  |
| Operating profit  | 38,779   | 44,635  |
| Non-operating income  |  |   |
| Interest income   | 8  | 6   |
| Received rent   | 214  | 1   |
| Foreign exchange gains                                      | -  | 17  |
| Operations support fee                                      | 14   | 8   |
| Income from recycling                                       | 27   | 26  |
| Subsidy income  | 20   | 27  |
| Gain on unused points                                       | 33   | 85  |
| Reversal of allowance for doubtful accounts                 | -  | 171   |
| Others  | 22   | 30  |
| Total non-operating income                                  | 341  | 375   |
| Non-operating expenses                                      |  |   |
| Interest expenses   | 55   | 58  |
| Provision for allowance for doubtful accounts               | 5  | 2   |
| Rent expenses   | 205  | 1   |
| Commissions paid  | 17   | 6   |
| Foreign exchange losses                                     | 3  | -   |
| Loss on investments in partnership                          | 77   | 69  |
| Total non-operating expenses                                | 364  | 139   |
| Ordinary profit   | 38,756   | 44,872  |
| Extraordinary income  |  |   |
| Gain on sales of non-current assets                         | 0  | -   |
| Total extraordinary income                                  | 0  | -   |
| Extraordinary losses  |  |   |
| Loss on sales and retirement of non-current assets          | 10   | 58  |
| Impairment loss   | 55   | -   |
| Loss on business liquidation                                | 184  | -   |
| Total extraordinary loss                                    | 250  | 58  |
| Profit before income taxes                                  | 38,505   | 44,813  |
| Income taxes-current  | 11,162   | 11,256  |
| Income taxes-deferred                                       | 630  | 2,351   |
| Total income taxes  | 11,792   | 13,607  |
| Net profit  | 26,713   | 31,205  |
| Net profit / loss attributable to non-controlling interests | 59   | -7  |
| Net profit attributable to owners of parent                 | 26,653   | 31,213  |

Quarterly consolidated statements of comprehensive income  
 Consolidated cumulative third quarter

(Unit: Million yen)

|  | Consolidated cumulative third quarter of<br>previous fiscal year<br>(April 1, 2021 to December 31, 2021) | Consolidated cumulative third quarter of<br>current fiscal year<br>(April 1, 2022 to December 31, 2022) |
|--|--|---|
| Net profit   | 26,713   | 31,205  |
| Other comprehensive income   |  |   |
| Valuation difference on available-for-sale securities                    | 2  | 17  |
| Deferred gains or losses on hedges                                       | -  | 5   |
| Foreign currency translation adjustment                                  | 25   | 10  |
| Remeasurements of retirement benefit plan                                | 21   | 28  |
| Total other comprehensive income   | 49   | 63  |
| Quarterly comprehensive income   | 26,762   | 31,268  |
| (Comprehensive income attributable to)                                   |  |   |
| Quarterly comprehensive income attributable to owners of the parent      | 26,703   | 31,276  |
| Quarterly comprehensive income attributable to non-controlling interests | 59   | -7  |

(3) Notes to quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Implementation Guidance on Accounting Standards for Fair Value Measurement") from the beginning of the first quarter consolidated accounting period of the current fiscal year, and will apply the new accounting policies stipulated by the Implementation Guidance on Accounting Standards for Fair Value Measurement in accordance with the transitional treatment stipulated in paragraph 27-2 of the Implementation Guidance on Accounting Standards for Fair Value measurement in the future. There is no impact on the quarterly consolidated financial statements.

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.