



January 30, 2026

Minutes of Q&A Session
FYE 2026 Q3 Results Briefing

This is a summary of the questions received
at the financial results briefing held on January 30, 2026. Some details are revised.

[Company participants]

Koji Yanagisawa (Director, Executive Vice President & CFO)
Fuminori Hirose (Director & COO)
Yusaku Kobayashi (General Manager of Corporate Planning Office)

【About the business performance of the third quarter and outlook】

Q. The GMV of consignment sales appeared weak. What were the factors behind the sluggish sales of fall/winter items?

A. (Answer: Hirose) In the third quarter, performance was affected by a high comparison base following the strong results recorded in the same period of the previous fiscal year. In the same period of the previous fiscal year, although inventories of outerwear were at relatively low levels, favorable weather conditions supported demand, leading to steady inventory sell-through driven by sale events such as ZOZOWEEK and Black Friday. In contrast, during the third quarter of the current fiscal year, outerwear inventory levels were sufficient; however, discounts did not progress as expected during the November and December sale events, resulting in inventories being carried over to the winter sale period.

Q. How were sales in January, and is it possible to achieve the full-year plan?

A. (Answer: Hirose) With ample inventories of fall/winter items, particularly outerwear, the winter sale event that began on New Year's Day has been performing well. We expect a recovery from the shortfall against the plan through the third quarter, and from a combined perspective of the ZOZOTOWN business and LY Corporation Commerce, we will continue to aim to achieve the GMV target for the full fiscal year.

Q. How did GMV trend on a monthly basis?

A. (Answer: Hirose) GMV in October was generally in line with the plan, while performance in November and December fell short of expectations. In November, the primary factor was that the impact of sale events such as ZOZOWEEK and Black Friday was weaker than anticipated. In December, although performance improved in the latter half of the month, sales for the month as a whole were below plan due to higher-than-usual temperatures in the early part of the month.

Q. Were there any structural changes observed in consumer behavior or the product lineup?

A. (Answer: Hirose) Compared with the same period of the previous fiscal year, the volume of merchandise supplied by brands increased, while the number of SKUs declined. We understand that many brands adopted a strategy of narrowing the number of SKUs while increasing inventory depth per SKU.



Q. How is ZOZOCOSME performing?

A. (Answer: Hirose) Performance has been strong, exceeding the plan set at the beginning of the fiscal year. In the third quarter, in addition to solid sales of new products for the holiday season, brands further deepened their understanding of sales approaches for cosmetics on ZOZOTOWN and actively engaged in various sales promotions, the effects of which were reflected in our results.

Q. The Advertising business appears to be making steady progress. Is there potential to further accelerate its growth rate going forward?

A. (Answer: Yanagisawa) In the third quarter, placements by brands progressed steadily, and performance was broadly in line with the plan. On the other hand, the number of advertising slots is operating close to its structural limit within the current interface, and we recognize that further revenue growth will require the development of new ad formats. While we are currently considering various options, there are no specific initiatives that have been finalized at this stage.

【About costs】

Q. What were the factors behind the decline in the cost ratio of shipping expense, and is this trend expected to continue in the fourth quarter?

A. (Answer: Yanagisawa, Kobayashi) Following initiatives to improve delivery efficiency at the delivery outsourcing partner that led to cost reductions, economic terms were improved effective October 2025. Specifically, in addition to allowing the delivery outsourcing partner to utilize material-handling equipment in which the Company had invested at our logistics centers, we also supported reviews of transportation routes and improvements in load efficiency, which contributed to reductions in the partner's costs. We expect the impact of these measures to continue into the fourth quarter.

Q. Is the efficiency improvement in logistics-related expense expected to continue into the fourth quarter and beyond?

A. (Answer: Kobayashi) We expect this improvement to continue. With the continued understanding and cooperation of brands, we are further strengthening the return of slow-moving inventory. By maintaining a low inventory fill rate at our logistics centers, we believe we can sustain an operating environment that supports operational efficiency.

【About LYST】

Q. Could you explain the specific factors behind LYST's GMV falling short of plan? Is there a possibility that the operating loss could expand beyond the plan?

A. (Answer: Yanagisawa) The luxury industry as a whole continues to face a challenging environment, and among global e-commerce platform operators, there are players that are experiencing difficulties. LYST has also been affected by these industry-wide conditions. In addition, revisions to tariff rates applied to cross-border individual shipments from regions such as Europe to the United States have had a negative impact, and we expect this impact to continue going forward. As a result, GMV has fallen short of plan, and we believe that conditions will remain challenging in the next fiscal year as well, compared with the assumptions made at the time of the acquisition. On the other hand, by controlling selling, general and administrative expenses, particularly advertising expenses, we aim to achieve an operating loss in line with the plan.



Q. What is the current status of the implementation of the checkout functionality at LYST?

A. (Answer: Yanagisawa) During the third quarter, we were able to increase the number of partners for which the newly introduced checkout functionality has been implemented. As this initiative is still in its early stages, we plan to continue expanding it steadily into the next fiscal year and beyond.

Q. Has there been any change from the assumptions made at the time of the acquisition regarding the timing of LYST's breakeven?

A. (Answer: Yanagisawa) There has been no change to our assumptions. We expect operating losses on the order of several hundred million yen to continue through the next fiscal year.

【About MUSINSA's opening on our platform】

Q. Is it correct to understand that MUSINSA is a strategic area of focus for the Company?

A. (Answer: Hirose) Category expansion is one of the Company's strategic priorities, and the opening of MUSINSA on our platform is positioned as part of this initiative.

Q. Has MUSINSA contributed sufficiently to lifting the growth rate of GMV? While the number of brands has been expanding rapidly, can we expect sales growth in the fourth quarter?

A. (Answer: Hirose) While MUSINSA carries a large number of brands, it represents a single shop, and its scale has not yet reached a level that would materially lift the overall GMV growth rate. As the shop has only recently opened, we are still in the early stages of operations. Going forward, while taking into account differences in business practices between Korea and Japan, we believe it will be necessary to work toward maximizing sales through initiatives such as increasing awareness via social media, promotional activities, and improvements to the user interface. From the next fiscal year onward, we aim to achieve further sales growth.

Q. Can we expect MUSINSA to achieve a larger scale of sales in the next fiscal year?

A. (Answer: Yanagisawa) This depends on the level of sales scale being assumed. As a reference point, ZOZOCOSME reached a sales scale of approximately 15 billion yen after around five years since its launch. With respect to MUSINSA, as it represents a single shop within a single category, we believe it would be difficult to aim for a sales scale of several tens of billions of yen within a short period of time.

Q. Approximately how many brands does MUSINSA carry?

A. (Answer: Yanagisawa) At the time of its opening, MUSINSA carried approximately 140 brands. As of the end of December 2025, this has expanded to 2,015 brands.

【Others】

Q. Has rising inflation had any impact on consumer behavior? In Japan, consumption tax cuts are also being discussed—what kind of impact should we anticipate?

A. (Answer: Yanagisawa) We believe that, fundamentally, a rise in real wages is necessary to address the effects of inflation. To date, we have not observed any clear negative impact from rising prices on our business; however, we are beginning to see early signs that the impact could extend to younger consumers. While there are no pronounced changes evident in the data at this stage, we have the impression that purchase sensitivity—such as responsiveness to promotions—has been softening slightly, which gives rise to a certain level of concern. Looking ahead, if a consumption tax cut were to be introduced, we believe it could have a positive impact on our business.



Q. Do you often see cross-selling between cosmetics and apparel?

A. (Answer: Hirose) As we have been strengthening promotions designed to encourage cross-selling, the rate of combined purchases remains at a relatively high level. At present, cross-selling is primarily driven from apparel to cosmetics; going forward, we would like to work on expanding the number of users who visit the platform with cosmetics as their primary purpose.

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