

Consolidated Financial Results

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

July 29, 2022

Company name ZOSO, Inc. Listed stock exchanges Tokyo
 Code 3092 URL <https://corp.zozo.com/en>
 Representative Representative Director, President & CEO Kotaro Sawada
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 Scheduled date to file the financial report August 15, 2022 Scheduled date of dividend payment -
 Supplementary material 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 first quarter of fiscal year ending March 31, 2023 (April 1, 2022 to June 30, 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	%
First quarter of fiscal year ending March 31, 2023	42,590	9.6	14,312	13.7	14,296	14.1	9,960	14.1
First quarter of fiscal year ended March 31, 2022	38,866	15.4	12,591	20.8	12,534	19.7	8,731	19.3

(NOTE) Comprehensive income First Quarter of Fiscal Year Ending March 2023 10,048 Million yen (14.3%)
First Quarter of Fiscal Year Ended March 2022 8,790 Million yen (19.7%)

	Net profit per share	Net profit per share after adjusting dilutive shares
	Yen	Yen
First quarter of fiscal year ending March 2023	33.23	-
First quarter of fiscal year ended March 2022	28.91	-

(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	%
First quarter of fiscal year ending March 31, 2023	119,810	54,391	45.3
Fiscal year ended March 31, 2022	127,276	55,099	43.2

(Reference) Shareholders' equity First quarter of fiscal year ending March 31, 2023 54,240 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	-				
Fiscal year ending March 31, 2023 (Forecast)		24.00	-	36.00	60.00

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	51,500	3.7	51,500	3.7	35,900	4.1	119.74

(NOTE) Revisions to the consolidated forecasts most recently announced None

※ 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 revision of accounting standards : None

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)

Q1 of fiscal year ending March 2023	311,644,285Shares	Fiscal year Ended March 2022	311,644,285Shares
Q1 of fiscal year ending March 2023	11,847,304Shares	Fiscal year Ended March 2022	11,840,467Shares
Q1 of fiscal year ending March 2023	299,801,526Shares	Q1 of fiscal year ended March 2022	302,021,058Shares

② Number of year-end treasury stocks

③ Average number of shares during the period (cumulative)

※ 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 first quarter ended June 30, 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 a financial results briefing for institutional investors and analysts on July 29, 2022. 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.

Table of contents of the appendix

1. Qualitative information on results for the first quarter ended June 30, 2022	5
(1) Overview of business results.....	5
(2) Overview of financial position	11
(3) Explanation of consolidated business forecast and other forward-looking statements.....	11
2. Consolidated financial statements	12
(1) Quarterly consolidated balance sheets.....	12
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	14
(3) Notes to quarterly consolidated financial statements	16
(Notes on the going concern assumption).....	16
(Notes on significant changes in shareholders' equity).....	16

1. Qualitative information on results for the first quarter ended June 30, 2022

(1) Overview of business results

Business results for the current fiscal year

[Table 1] YoY comparison

(Unit: Million yen)

	Consolidated cumulative first quarter of previous fiscal year (April 1 to June 30, 2021)		Consolidated cumulative first quarter of current fiscal year (April 1 to June 30, 2022)		YoY basis
Gross merchandise value	116,812	(109.5%)	127,928	(110.3%)	9.5%
Gross merchandise value (excluding other GMV)	106,700	(100.0%)	115,948	(100.0%)	8.7%
Net sales	38,866	(36.4%)	42,590	(36.7%)	9.6%
Gross profit	36,924	(34.6%)	40,341	(34.8%)	9.3%
Operating profit	12,591	(11.8%)	14,312	(12.3%)	13.7%
Ordinary profit	12,534	(11.7%)	14,296	(12.3%)	14.1%
Profit attributable to owners of parent	8,731	(8.2%)	9,960	(8.6%)	14.1%

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: Japan's largest fashion eCommerce website ZOZOTOWN and a fashion media WEAR.

During the consolidated cumulative first quarter of the current fiscal year, the apparel industry (especially at physical stores) thrived due to increased opportunities to go 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 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 the sale event "ZOZOWEEK" (10 days in total from May 14 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 600 cosmetics brands, both domestic and overseas brands, as of the end of June 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 color using "ZOZOGLASS", a device that can measure skin color with high precision. This enables users to have new purchasing experiences.

Sales of ZOZOTOWN PayPay Mall Shop have been growing steadily due to the good retention rate of new customers acquired by the previous fiscal year through the continued active sales promotion spending by Yahoo Japan Corporation which operates PayPay Mall.

Regarding the BtoB business, brands are actively continuing to enhance their own eCommerce 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 first quarter of the current fiscal year was 127,928 million yen (+9.5% YoY), and the gross merchandise value (excluding other GMV) was 115,948 million yen (+8.7% YoY). Net sales were 42,590 million yen (+9.6% YoY), and gross profit was 40,341 million yen (+9.3% YoY). The ratio of gross profit to the gross merchandise value (excluding other GMV) (gross profit margin) was 34.8%, 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 have 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.

The main factor behind the increase in gross profit margin was, as mentioned in the sales part, due to growth in Outright

purchase/production & sales, USED sales, and the advertising business, and a decrease in the composition ratio of the BtoB business, which has a low gross profit margin.

Selling, general and administrative expenses were 26,028 million yen (+7.0% YoY). Its ratio to the gross merchandise value (excluding other GMV) was 22.4%, a decrease of 0.4% 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 0.3% due to the operational efficiency improvement inside logistics bases.
2. Shipping expenses to the gross merchandise value declined by 0.2% due to a higher average order value on a YoY basis.
3. Advertising expenses to the gross merchandise value declined by 0.2 % since the start date of the summer sale was later than the previous year, and a part of the expenses to attract customers were recorded in the second quarter of the current fiscal year.

Worsening factors

1. Expenses for others to the gross merchandise value rose 0.4% due to the recognition of on-the-spot expenses for the expansion of the logistics base and an increase in communication expenses for the increased usage of cloud servers.

Consequently, the operating profit of the consolidated cumulative first quarter of the current fiscal year was 14,312 million yen (+13.7% YoY) and the operating profit margin was 12.3% toward the gross merchandise value (excluding other GMV), an increase of 0.5% compared with the same quarter of the previous year. Ordinary profit was 14,296 million yen (+14.1% YoY) and net profit attributable to owners of parent was 9,960 million yen (+14.1% YoY).

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.

[Table 2] YoY comparison by business segment

By business segment	Consolidated cumulative first quarter of previous fiscal year (April 1 to June 30, 2021)			Consolidated cumulative first quarter of current fiscal year (April 1 to June 30, 2022)			Merchandise Value YoY (%)	Net sales YoY (%)
	Merchandise value (Million yen)	Compositi on (%)	Net sales (Million yen)	Merchandise Value (Million yen)	Compositi on (%)	Net sales (Million yen)		
ZOZOTOWN Business	90,648	77.6	28,812	101,043	79.0	32,001	11.5	11.1
(Outright purchase/ production & sales)	720	0.6	716	972	0.8	938	34.9	31.1
(Consignment Sales)	87,346	74.8	25,549	96,807	75.6	27,818	10.8	8.9
(USED Sales)	2,581	2.2	2,546	3,263	2.6	3,244	26.4	27.4
PayPay Mall	9,805	8.4	2,872	11,227	8.7	3,283	14.5	14.3
BtoB business	6,246	5.3	1,190	3,677	2.9	620	-41.1	-47.9
Advertising business	-	-	1,382	-	-	1,751	-	26.7
Subtotal excluding Others	106,700	91.3	34,258	115,948	90.6	37,657	8.7	9.9
Others	10,111	8.7	4,608	11,979	9.4	4,933	18.5	7.1
Total	116,812	100.0	38,866	127,928	100.0	42,590	9.5	9.6

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 MS (Multi-Size). "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 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	-	-	-
Outright purchase/production & sales (Note) 2	20	24	24	24	25	-	-	-
Consignment sales	1,468	1,478	1,492	1,486	1,498	-	-	-
Number of brands (Note) 1,2	8,490	8,451	8,481	8,433	8,512	-	-	-

(NOTE)

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

The number of new shops opened during the consolidated cumulative first quarter of the current fiscal year was 21 (net increase of 13 shops). The major new stores are "Maison Margiela Fragrances", which sells the perfume "REPLICA" by the French fashion brand Maison Margiela, and "BURBERRY", a leading British luxury brand.

(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	-	-	-
(YoY)	1,067,602	1,085,629	963,555	932,662	889,772	-	-	-
(QoQ)	244,493	160,622	212,567	314,980	201,603	-	-	-
Number of active members (Note) 3	8,367,073	8,507,997	8,711,879	9,043,194	9,269,080	-	-	-
(YoY)	1,143,320	1,073,468	937,939	905,465	902,007	-	-	-
(QoQ)	229,344	140,924	203,882	331,315	225,886	-	-	-
Number of guest buyers (Note)	1,363,089	1,382,787	1,391,472	1,375,137	1,350,854	-	-	-
(YoY)	-75,718	12,161	25,616	27,197	-12,235	-	-	-
(QoQ)	15,149	19,698	8,685	-16,335	-24,283	-	-	-

(NOTE)

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

In the first 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 strengthening customer attraction through broadcasting TV commercials and online advertisement of "ZOZOWEEK" held in May, the summer sale in June.

(Annual purchase amount and annual purchase pieces)

[Table 5] 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	42,363	42,343	42,549	42,403	42,559	-	-	-
(YoY)	-6.1%	-4.5%	-2.9%	-1.0%	0.5%	-	-	-
(QoQ)	-1.1%	-0.0%	0.5%	-0.3%	0.4%	-	-	-
Annual purchase pieces (Total) (Note) 1, 2, 3	11.4	11.5	11.6	11.6	11.6	-	-	-
(YoY)	-3.6%	-2.0%	-0.7%	0.1%	1.5%	-	-	-
(QoQ)	-1.3%	1.0%	0.9%	-0.4%	0.0%	-	-	-
Annual purchase amount (Existing members) (Note) 1, 2, 3, 4	49,257	49,037	49,064	49,254	49,407	-	-	-
(YoY)	-5.6%	-4.8%	-3.9%	-1.8%	0.3%	-	-	-
(QoQ)	-1.8%	-0.4%	0.1%	0.4%	0.3%	-	-	-
Annual purchase pieces (Existing members) (Note) 1, 2, 3	13.2	13.3	13.4	13.4	13.4	-	-	-
(YoY)	-2.8%	-2.2%	-1.7%	-0.7%	1.3%	-	-	-
(QoQ)	-2.2%	0.3%	0.8%	0.4%	-0.3%	-	-	-

(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 first quarter consolidated accounting period of the current fiscal year, the annual purchase amount (Total) and the annual purchase amount (Existing members) increased in YoY. This was due to an increase in the annual purchase pieces. Also, the annual purchase amount (Total) and the annual purchase amount (Existing members) increased in QoQ. This was due to an increase in the average retail price in the first quarter consolidated accounting period of the current fiscal year.

(Average retail price etc.)

[Table 6] Changes in the 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	3,490	3,264	4,167	3,752	3,552	-	-	-
(YoY)	1.4%	-3.5%	-3.1%	0.1%	1.8%	-	-	-
Average order value (Note) 1, 2, 3	7,501	7,346	8,592	7,974	7,699	-	-	-
(YoY)	1.2%	-0.3%	0.9%	-0.2%	2.6%	-	-	-
Average purchase pieces per order (Note) 1, 3	2.15	2.25	2.06	2.13	2.17	-	-	-
(YoY)	-0.1%	3.2%	4.1%	-0.3%	0.9%	-	-	-
Number of shipments (Note) 1, 3	12,085,053	11,816,663	13,049,762	12,800,550	13,123,988	-	-	-
(YoY)	5.3%	7.3%	9.1%	14.7%	8.6%	-	-	-

(NOTE)

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

The average retail price in the first quarter consolidated accounting period of the current fiscal year increased in YoY. The major factor was a decrease in the ratio of merchandise on sale. Also, the average order value increased in YoY due to an increase in the average retail price and the 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 consolidated cumulative first quarter of the current fiscal year, the merchandise value was 972 million yen (+34.9% YoY), accounting for 0.8% of the gross merchandise value (0.6% in the same quarter of the previous fiscal year). Net sales were 938 million yen (+31.1% YoY). As of the end of June 2022, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 25 (24 as of the end of March 2022).

ii. Consignment Sales

In the consolidated cumulative first quarter of the current fiscal year, the merchandise value was 96,807 million yen (+10.8% YoY), accounting for 75.6% of the gross merchandise value (74.8% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 27,818 million yen (+8.9% YoY). As of the end of June 2022, the number of shops opened on ZOZOTOWN for consignment sales was 1,498 (1,486 as of the end of March 2022).

iii. USED Sales

In the consolidated cumulative first quarter of the current fiscal year, the merchandise value was 3,263 million yen (+26.4% YoY), accounting for 2.6% of the gross merchandise value (2.2% in the same quarter of the previous fiscal year). Net sales were 3,244 million yen (+27.4% YoY).

② PayPay Mall

ZOZOTOWN opened a shop on "PayPay Mall," an online shopping mall operated by Yahoo Japan Corporation. In the consolidated cumulative first quarter of the current fiscal year, the merchandise value was 11,227 million yen, (+14.5% YoY), accounting for 8.7% of the gross merchandise value (8.4% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 3,283 million yen (+14.3% 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 consolidated cumulative first quarter of the current fiscal year, the merchandise value was 3,677 million yen (-41.1% YoY), accounting for 2.9% of the gross merchandise value (5.3% in the same quarter of the previous fiscal year). Net sales (consignment sales commission) were 620 million yen (-47.9% YoY). As of the end of June 2022, the number of consigned sites was 40 (42 as of the end of March 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 first quarter of the current fiscal year, net sales were 1,751 million yen (+26.7% YoY). As for WEAR, we continue to focus on expanding the number of users and contents. As of the end of June 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 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 the Company), 2) the merchandise value of a consolidated subsidiary's own eCommerce website, 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 of the previous fiscal year, the merchandise value was 11,979 million yen, accounting for 9.4% of the gross merchandise value (8.7% 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 payment settlement commission etc.), and other revenues mentioned above are included. In the consolidated cumulative first quarter of the current fiscal year, net sales were 4,933 million yen (+7.1% YoY).

(2) Overview of financial position

Overview of total assets, liabilities and net assets

(Unit: Million yen)

	Previous consolidated fiscal year	First quarter consolidated accounting period	Increase/ decrease rate
Total assets	127,276	119,810	-5.9%
Liabilities	72,177	65,418	-9.4%
Net assets	55,099	54,391	-1.3%

(Total Assets)

Total assets amounted to 119,810 million yen, a decrease of 7,466 million yen (-5.9% from the previous consolidated fiscal year end). Current assets decreased by 7,486 million yen, or 7.3%, compared with the previous consolidated fiscal year end, amounted to 94,819 million yen. Major components are a decrease of 9,094 million yen in cash and deposits and an increase of 777 million yen in merchandise and finished products. Non-current assets increased by 19 million yen, or 0.1%, compared with the previous consolidated fiscal year end, amounted to 24,990 million yen. Major components are an increase of 725 million yen in tangible assets, a decrease of 65 million yen in goodwill and a decrease of 592 million yen in investments and other assets.

(Liabilities)

Liabilities amounted to 65,418 million yen, a decrease of 6,759 million yen (-9.4% from the previous consolidated fiscal year end). Current liabilities decreased by 7,097 million yen, or 10.7%, amounted to 59,074 million yen compared with the previous consolidated fiscal year end. Major components are a decrease of 1,059 million yen in deposits received for consignment sales, and a decrease of 4,312 million yen in income taxes payable. Non-current liabilities increased by 338 million yen, or 5.6%, amounted to 6,343 million yen compared with the previous consolidated fiscal year end. Major component is an increase of 130 million yen in retirement benefit liability.

(Net Assets)

Net assets amounted to 54,391 million yen, a decrease of 707 million yen (-1.3% from the previous consolidated fiscal year end). Major components are an increase of 9,960 million yen due to the recognition of profit attributable to owners of parent, a decrease of 10,792 million yen due to cash dividends

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

There is no change in the consolidated financial forecast announced on April 27, 2022

2. Consolidated financial statements

(1) Quarterly consolidated balance sheets

(Unit: Million yen)

	Previous consolidated fiscal year (As of March 31, 2022)	First quarter consolidated accounting period of current fiscal year (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	65,520	56,426
Accounts receivable-trade	30,609	30,813
Merchandise and finished products	2,060	2,837
Raw materials and supplies	27	67
Others	4,086	4,674
Total current assets	102,305	94,819
Non-current assets		
Property, plant and equipment	11,284	12,009
Intangible assets		
Goodwill	1,796	1,730
Others	824	776
Total intangible assets	2,621	2,507
Investments and other assets	11,065	10,473
Total non-current assets	24,971	24,990
Total assets	127,276	119,810
Liabilities		
Current liabilities		
Accounts payable-trade	373	302
Deposits received for consignment sales	23,447	22,387
Short-term borrowings	20,200	20,200
Income taxes payable	8,259	3,947
Provision for bonuses	1,726	768
Provision for bonuses for directors	59	18
Provision for loss on business liquidation	231	245
Others	11,873	11,204
Total current liabilities	66,172	59,074
Non-current liabilities		
Retirement benefit liability	3,631	3,761
Asset retirement obligations	2,274	2,276
Others	98	305
Total non-current liabilities	6,005	6,343
Total liabilities	72,177	65,418

(Unit: Million yen)

	Previous consolidated fiscal year (As of March 31, 2022)	First quarter consolidated accounting period of current fiscal year (As of June 30, 2022)
Net assets		
Shareholders' equity		
Capital stock	1,359	1,359
Capital surplus	1,457	1,463
Retained earnings	97,067	96,250
Treasury stock	-44,784	-44,784
Total shareholders' equity	55,100	54,290
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23	52
Deferred gains or losses on hedges	-	26
Foreign currency translation adjustment	79	133
Remeasurements of retirement benefit plan	-270	-261
Total accumulated other comprehensive income	-168	-49
Stock acquisition rights	22	18
Non-controlling interests	144	132
Total net assets	55,099	54,391
Total liabilities and net assets	127,276	119,810

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
Quarterly consolidated statements of income
Consolidated cumulative first quarter

(Unit: Million yen)

	Consolidated cumulative first quarter of previous fiscal year (April 1, 2021 to June 30, 2021)	Consolidated cumulative first quarter of current fiscal year (April 1, 2022 to June 30, 2022)
Net sales	38,866	42,590
Cost of sales	1,942	2,249
Gross profit	36,924	40,341
Selling, general and administrative expenses	24,333	26,028
Operating profit	12,591	14,312
Non-operating income		
Interest income	1	2
Received rent	71	0
Foreign exchange gains	1	-
Operations support fee	3	3
Income from recycling	8	7
Subsidy income	6	11
Gain on unused points	11	34
Others	12	13
Total non-operating income	115	73
Non-operating expenses		
Interest expenses	18	19
Provision for allowance for doubtful accounts	0	4
Rent expenses	68	0
Commissions expenses	10	3
Foreign exchange losses	-	3
Loss on investments in partnerships	76	59
Total non-operating expenses	173	89
Ordinary profit	12,534	14,296
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	3
Total extraordinary loss	1	3
Profit before income taxes	12,532	14,293
Income taxes-current	3,011	3,774
Income taxes-deferred	790	569
Total income taxes	3,802	4,344
Net profit	8,730	9,949
Loss attributable to non-controlling interests	-1	-11
Profit attributable to owners of parent	8,731	9,960

Quarterly consolidated statements of comprehensive income
 Consolidated cumulative first quarter

(Unit: Million yen)

	Consolidated cumulative first quarter of previous fiscal year (April 1, 2021 to June 30, 2021)	Consolidated cumulative first quarter of current fiscal year (April 1, 2022 to June 30, 2022)
Net profit	8,730	9,949
Other comprehensive income		
Valuation difference on available-for-sale securities	-2	29
Deferred gains or losses on hedges	-	26
Foreign currency translation adjustment	54	33
Remeasurements of retirement benefit plan	7	9
Total other comprehensive income	59	99
Comprehensive income	8,790	10,048
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	8,791	10,059
Quarterly comprehensive income attributable to non-controlling interests	-1	-11

(3) Notes to quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

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.