

Consolidated Financial Results
for the second quarter (semi-annual period) of the fiscal year
ending March 31, 2025 [JGAAP]

October 31, 2024

Company name:	ZOZO, 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 semi-annual financial report	November 14, 2024	Scheduled date of dividend payment	November 25, 2024
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 second quarter (semi-annual period) of fiscal year ending March 31, 2025 (April 1, 2024 to September 30, 2024)

(1) Consolidated business results (cumulative) (Percentages indicate YoY changes for the semi-annual period.)

	Net sales		Operating profit		Ordinary profit		Semi-annual profit attributable to owners of parents	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Semi-annual period of the fiscal year ending March 31, 2025	98,801	9.5	30,475	5.3	30,513	4.8	21,130	4.0
Semi-annual period of the fiscal year ended March 31, 2024	90,217	7.7	28,931	6.3	29,104	6.1	20,314	6.5

(Note) Comprehensive income	Semi-annual period of Fiscal Year Ending March 2025	21,021 Million yen	(2.2%)
	Semi-annual period of Fiscal Year Ended March 2024	20,578 Million yen	(6.6%)

	Semi-annual net profit per share	Semi-annual net profit per share after adjusting dilutive shares
	Yen	Yen
Semi-annual period of the fiscal year ending March 31, 2025	71.16	-
Semi-annual period of the fiscal year ended March 31, 2024	67.73	-

(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	%
Semi-annual period of the fiscal year ending March 31, 2025	164,561	89,583	54.4
Fiscal year ended March 31, 2024	161,862	84,744	52.4

(Reference) Shareholders' equity	Semi-annual period of fiscal year ending March 31, 2025	89,583 Million yen	
	Fiscal year ended March 31, 2024	84,744 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, 2024	-	49.00	-	55.00	104.00
Fiscal year ending March 31, 2025	-	53.00			
Fiscal year ending March 31, 2025 (Forecast)			-	54.00	107.00

(Note) Revisions to the dividends forecasts most recently announced : None

3. Consolidated business forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Per share Net Income
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2025	214,400	8.8	64,200	6.9	64,200	7.4	45,200	1.9	152.21

(Note) Revisions to the consolidated business forecasts most recently announced :None

※ Notes

(1) Significant changes in the scope of consolidation during the semi-annual period of the current fiscal year : None
 New - Exclusion -

(2) Application of particular accounting procedures to the preparation of the semi-annual 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 : 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)	Semi-annual period of the fiscal year ending March 2025	300,474,181Shares	Fiscal year ended March 2024	300,474,181Shares
② Number of year-end treasury stocks	Semi-annual period of the fiscal year ending March 2025	3,509,303Shares	Fiscal year ended March 2024	3,523,250Shares
③ Average number of shares during the period (semi-annual period)	Semi-annual period of the fiscal year ending March 2025	296,956,098Shares	Semi-annual period of the fiscal year ended March 2024	299,947,287Shares

※ Review of the second quarter (semi-annual period) consolidated financial statements by a certified public accountant or auditing firm: None

※ Explanations and other special notes concerning the appropriate use of business performance 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 the semi-annual financial results ended September 30, 2024, (3) Explanation of consolidated business forecast and other forward-looking statements” 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 October 31, 2024. We will 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 the semi-annual financial results ended September 30, 2024

(1) Overview of business results

Business results for the current fiscal year

[Table 1] YoY comparison

(Unit: Million yen)

	Semi-annual consolidated accounting period of the previous fiscal year (April 1 to September 30, 2023)		Semi-annual consolidated accounting period of the current fiscal year (April 1 to September 30, 2024)		YoY basis
Gross merchandise value	258,791	(107.1%)	279,153	(107.0%)	7.9%
Gross merchandise value (excluding other GMV)	241,644	(100.0%)	260,824	(100.0%)	7.9%
Net sales	90,217	(37.3%)	98,801	(37.9%)	9.5%
Gross profit	84,213	(34.9%)	92,013	(35.3%)	9.3%
Operating profit	28,931	(12.0%)	30,475	(11.7%)	5.3%
Ordinary profit	29,104	(12.0%)	30,513	(11.7%)	4.8%
Semi-annual profit attributable to owners of parent	20,314	(8.4%)	21,130	(8.1%)	4.0%

(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: the largest fashion e-commerce website in Japan, "ZOZOTOWN," and an outfit-sharing app, "WEAR."

During the semi-annual consolidated accounting period of the current fiscal year, although prices continued to rise, domestic demand was supported by wage hikes, inbound consumption (especially at physical stores), and other factors, and consumer willingness to spend on fashion remained strong. In contrast, the economic outlook remains uncertain due to the unstable exchange rates, the protracted situation in Ukraine and the Middle East, and soaring resource and energy prices. Under this circumstance, our group has been focusing on making ZOZOTOWN even 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" (12 days in total from May 15 to 26, 2024, 10 days in total from September 11 to 16 and 19 to 23, 2024) 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 the diversifying needs of users. As an initiative to strengthen a specific category, we have been concentrating on "ZOZOCOSME": ZOZOCOSME deals in more than 750 cosmetics brands, which includes both domestic and overseas brands, as of the end of September 2024. We will proactively continue to open new brand shops to increase the merchandise value of the cosmetics category in ZOZOTOWN. In addition, as our unique value-added service, we have launched "niaulab," an ultimate personalized-styling service that utilizes our AI technologies. We are aiming to provide solutions to help find one's "style" that approaches the upper stream of purchasing in the value chain.

Sales of LY Corporation Commerce (combined sales of "Yahoo! JAPAN Shopping" and "Yahoo! JAPAN Auction") have been growing steadily due to the retention of new customers acquired in the previous consolidated fiscal year, and promotion activities such as "Serious ZOZO Festival" (May 19, July 21, September 23, 2024) by LY Corporation which operates Yahoo! JAPAN Shopping.

Consequently, the gross merchandise value in the semi-annual consolidated accounting period of the current fiscal year was 279,153 million yen (+7.9% YoY), and the gross merchandise value (excluding other GMV) was 260,824 yen (+7.9% YoY). Net sales were 98,801 million yen (+9.5% YoY), and gross profit was 92,013 million yen (+9.3% YoY). The gross profit ratio to the gross merchandise value (excluding other GMV) (gross profit margin) was 35.3%, an increase of 0.4% from the same period 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 the advertising business and an increase in sales of "Others" resulting from increased shipping income (the shipping policy was changed, and the shipping fee the customers pay was raised to 330 yen (including tax)).

As mentioned in the sales section, the main factors in the increased gross profit margin were growth in the advertising

business and an increase in sales of “Others” resulting from increased shipping income.

Selling, general and administrative expenses were 61,537 million yen (+11.3% YoY). The ratio to the gross merchandise value (excluding other GMV) was 23.6%, an increase of 0.7% compared with the same period of the previous fiscal year. The main reasons for the YoY increase in the SG&A ratio to gross merchandise value 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):

Increasing (worsening) factors

1. Shipping expenses as a percentage of gross merchandise value rose by 0.4%, due to an increase in shipping fees by YAMATOTRANSPORT CO., LTD. starting April 1, despite the average order value exceeding that of the same period in the previous fiscal year.
2. Depreciation expenses as a percentage of gross merchandise value rose by 0.3%, due to the start of depreciation for material handling equipment and other assets associated with the launch of ZOZOBASETSUKUBA 3.
3. Rent expenses as a percentage of gross merchandise value rose by 0.2%, due to the start of new leases at ZOZOBASETSUKUBA 3 and DPL Tsukuba Chuo.

Decreasing (improving) factors

1. Logistics-related expenses as a percentage of gross merchandise value declined by 0.1%, due to manpower savings from initiatives to promote automation at logistics centers, etc.
2. Commission of payment collection as a percentage of gross merchandise value declined by 0.1%, due to changes in the composition of payment methods.

Consequently, the operating profit of the semi-annual consolidated accounting period of the current fiscal year was 30,475 million yen (+5.3% YoY), and the operating profit margin was 11.7% to the gross merchandise value (excluding other GMV), a decrease of 0.3% compared with the same period of the previous fiscal year. Ordinary profit was 30,513 million yen (+4.8% YoY), and semi-annual net profit attributable to owners of parent was 21,130 million yen (+4.0% 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	Semi-annual consolidated accounting period of the previous fiscal year (April 1 to September 30, 2023)			Semi-annual consolidated accounting period of the current fiscal year (April 1 to September 30, 2024)			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	211,749	81.8	66,234	225,452	80.8	70,671	6.5	6.7
(Outright purchase/ production & sales)	2,360	0.9	2,260	2,263	0.8	2,153	-4.1	-4.7
(Consignment Sales)	201,627	77.9	56,389	214,727	77.0	60,382	6.5	7.1
(USED Sales)	7,761	3.0	7,584	8,462	3.0	8,134	9.0	7.3
LY Corporation Commerce	23,265	9.0	6,920	29,108	10.4	8,927	25.1	29.0
BtoB business	6,629	2.6	1,092	6,263	2.2	1,047	-5.5	-4.1
Advertising business	-	-	4,273	-	-	5,254	-	22.9
Subtotal excluding Others	241,644	93.4	78,521	260,824	93.4	85,900	7.9	9.4
Others	17,146	6.6	11,696	18,328	6.6	12,901	6.9	10.3
Total	258,791	100.0	90,217	279,153	100.0	98,801	7.9	9.5

① ZOZOTOWN business

The ZOZOTOWN Business consists of three business forms: “Outright purchase/production & sales,” “Consignment sales,” and “USED sales.” In Outright purchase/production & sales, we purchase fashion merchandise from each brand and sell 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), etc. In Consignment sales, we deal in consignment inventories of merchandise from each brand and sell them on a consignment basis. In USED sales, we mainly buy and sell used fashion-related merchandise from individual users, and it 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	1,564	1,581	1,605	1,595	1,605	1,621	-	-
Outright purchase/production & sales (Note) 2	28	29	28	29	29	31	-	-
Consignment sales	1,536	1,552	1,577	1,566	1,576	1,590	-	-
Number of brands (Note) 1,2	8,981	8,940	9,109	9,021	9,194	9,128	-	-

(NOTE)

1. Numbers as of the end of the quarterly accounting period are shown.
2. Private brand “ZOZO” and “Multi-size” are not included.

The number of new shops opened during the second quarter consolidated accounting period was 34 (a net increase of 16 shops), and the number of new shops opened during the semi-annual consolidated accounting period was 64 (a net increase of 26). The major new stores are the Swedish fashion brand “Acne Studios,” the cosmetics brand “KANEBO” from Kao Group, and the luxury brand “BYREDO,” etc.

(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	11,470,592	11,552,764	11,690,958	11,681,218	11,790,269	11,870,844	-	-
(YoY)	850,658	692,888	479,575	269,506	319,677	318,080	-	-
(QoQ)	58,880	82,172	138,194	-9,740	109,051	80,575	-	-
Number of active members (Note) 3	10,352,251	10,515,910	10,739,246	10,789,997	10,919,685	11,028,704	-	-
(YoY)	1,083,171	970,823	803,477	597,664	567,434	512,794	-	-
(QoQ)	159,918	163,659	223,336	50,751	129,688	109,019	-	-
Number of guest buyers	1,118,341	1,036,854	951,712	891,221	870,584	842,140	-	-
(YoY)	-232,513	-277,935	-323,902	-328,158	-247,757	-194,714	-	-
(QoQ)	-101,038	-81,487	-85,142	-60,491	-20,637	-28,444	-	-

(NOTE)

1. The calculation period is the most recent one-year period prior to the end of the accounting periods.
2. The number of annual buyers includes the sum of active members and guest buyers who made more than one purchase within the past year from each quarter.
3. The number of active members includes those who made more than one purchase within the past year from each quarter.
4. Buyers of “LY Corporation Commerce” are not included.

In the second quarter consolidated accounting period of the current fiscal year, the number of annual buyers increased, resulting from an increase in the number of active members YoY and QoQ. The growth in the number of active members is due to the retention of new members acquired in the previous fiscal year as well as the strengthening of customer attraction through broadcasting TV commercials and web advertising of “Zozoweeek” held in May and September, 2024 and the summer sale event held in June 2024. On the other hand, in September 2024, the more severe lingering summer heat than last year resulted in lower demand for autumn and winter items, and the acquisition of new members remained sluggish compared to the previous quarter. The number of guest buyers continued to decline YoY and QoQ due to enhanced services for members, but the decrease rate is becoming more limited.

(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) (Note) 1, 2, 3, 4	42,341	42,403	42,502	42,817	42,947	43,171	-	-
(YoY)	-0.5%	0.0%	0.4%	1.4%	1.4%	1.8%	-	-
(QoQ)	0.3%	0.1%	0.2%	0.7%	0.3%	0.5%	-	-
Annual purchase pieces (Total) (Note) 1, 2, 3	10.8	10.8	10.8	10.9	10.9	11.0	-	-
(YoY)	-6.6%	-5.3%	-2.6%	-0.2%	1.2%	2.0%	-	-
(QoQ)	-0.8%	-0.4%	0.4%	0.6%	0.6%	0.4%	-	-

(NOTE)

1. The calculation period is the most recent one-year period prior to the end of the accounting periods.
2. Indexes for each active member.
3. Buyers of “LY Corporation Commerce” are not included.
4. The amounts are in yen.

In the second quarter consolidated accounting period of the current fiscal year, the annual purchase amount (Total) and annual purchase pieces (Total) increased YoY and QoQ. This was due to a slowdown in the acquisition of new members over the past few quarters, which resulted in a decreased percentage of new members among the total membership. (Generally, members with shorter membership histories have lower annual purchase amounts and fewer purchase pieces.)

(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	3,726	3,590	4,360	4,003	3,698	3,629	-	-
(YoY)	4.9%	3.0%	-1.7%	0.4%	-0.7%	1.1%	-	-
Average order value (Note) 1, 2, 3	8,177	7,894	9,119	8,735	8,343	8,196	-	-
(YoY)	6.2%	4.3%	1.8%	5.2%	2.0%	3.8%	-	-
Average purchase pieces per order (Note) 1, 2	2.19	2.20	2.09	2.18	2.26	2.26	-	-
(YoY)	1.3%	1.3%	3.6%	4.8%	2.8%	2.7%	-	-
Number of shipments (Note) 1, 2	13,240,721	13,107,431	15,000,816	13,302,151	13,788,498	13,471,252	-	-
(YoY)	0.9%	2.9%	5.8%	-0.6%	4.1%	2.8%	-	-

(NOTE)

1. Figures are based on quarterly accounting periods.
2. “LY Corporation Commerce” is not included.
3. The amounts are in yen.

The average retail price in the second quarter consolidated accounting period of the current fiscal year increased YoY. The main factor was the continued price increases by various brands for new products. On the other hand, in September 2024, the more severe lingering summer heat resulted in slow sales for autumn and winter items, and the increase in average retail price was limited. The average order value increased YoY, due to an increase in the number of purchase pieces per order. The increase in the number of purchase pieces per order was mainly due to the increased volume of the free shipping measures for purchases of 12,000 yen or more, which resulted in a higher proportion of combined purchases on days when the free shipping measures were applied compared to the same quarter period last year.

i. Outright Purchase/Production & Sales

In the semi-annual consolidated accounting period, the merchandise value was 2,263 million yen (-4.1% YoY), accounting for 0.8% of the gross merchandise value (0.9% in the same period of the previous fiscal year). Net sales were 2,153 million yen (-4.7% YoY). As of the end of September 2024, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 31 (29 as of the end of June 2024).

ii. Consignment Sales

In the semi-annual consolidated accounting period, the merchandise value was 214,727 million yen (+6.5% YoY), accounting for 77.0% of the gross merchandise value (77.9% in the same period of the previous fiscal year). Net sales (consignment sales commission) were 60,382 million yen (+7.1% YoY). As of the end of September 2024, the number of shops opened on ZOZOTOWN for consignment sales was 1,590 (1,576 as of the end of June 2024).

iii. USED Sales

In the semi-annual consolidated accounting period, the merchandise value was 8,462 million yen (+9.0% YoY), accounting for 3.0% of the gross merchandise value (3.0% in the same period of the previous fiscal year). Net sales were 8,134 million yen (+7.3% YoY).

② LY Corporation Commerce

LY Corporation Commerce is combined sales of Yahoo! JAPAN Shopping and Yahoo! JAPAN Auction. ZOZOTOWN store was on Yahoo! JAPAN Shopping, an online shopping mall, and ZOZOUSED store was opened on Yahoo! JAPAN Auction, an online auction service, since March 2024. Both are operated by LY Corporation.

In the semi-annual consolidated accounting period, the merchandise value was 29,108 million yen (+25.1% YoY), accounting for 10.4% of the gross merchandise value (9.0% in the same period of the previous fiscal year). Net sales (consignment sales commission) were 8,927 million yen (+29.0% YoY).

③ BtoB business

The BtoB business model includes building and operating brands' e-commerce websites and providing logistics services, both of which are done on a commissioned basis. In the semi-annual consolidated accounting period, the merchandise value was 6,263 million yen (-5.5% YoY), accounting for 2.2% of the gross merchandise value (2.6% in the same period of the previous fiscal year). Net sales (consignment sales commission) were 1,047 million yen (-4.1% YoY). As of the end of September 2024, the number of consigned websites was 31 (32 as of the end of June 2024).

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 semi-annual consolidated accounting period, net sales were 5,254 million yen (+22.9% YoY). As for WEAR, which was updated in May 2024, we continue to focus on expanding the number of users and content.

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 from ZOZOMO, the system to support for sending customers to the physical stores from ZOZOTOWN, and 3) the merchandise value of "ZOZOSUIT" which is sold for a fee in the U.S. The merchandise value In the semi-annual consolidated accounting period was 18,328 million yen, accounting for 6.6% of the gross merchandise value (6.6% in the same period of the previous fiscal year). As to sales of "Others", sales from businesses related to ZOZOTOWN (shipping income and settlement commission income, etc.), and sales related to the gross merchandise value (Others), which is mentioned above, are included. In the semi-annual consolidated accounting period, net sales were 12,901 million yen (+10.3% YoY).

(2) Overview of financial position

① Overview of total assets, liabilities, and net assets

(Unit: Million yen)

	Semi-annual consolidated accounting period of the previous fiscal year	Semi-annual consolidated accounting period of the current fiscal year	Increase/ decrease rate
Total assets	161,862	164,561	1.7%
Liabilities	77,117	74,977	-2.8%
Net assets	84,744	89,583	5.7%

(Total assets)

Total assets amounted to 164,561 million yen, an increase of 2,698 million yen (+1.7% from the previous consolidated fiscal year end). Current assets increased by 1,432 million yen, or 1.2%, compared with the previous consolidated fiscal year end, amounted to 124,570 million yen. Major components are an increase of 2,903 million yen in cash and deposits, a decrease of 3,625 million yen in accounts receivable, and an increase of 163 million yen in merchandise and finished products, etc. Non-current assets increased by 1,266 million yen, or 3.3%, compared with the previous consolidated fiscal year end, amounted to 39,991 million yen. Major components are an increase of 1,740 million yen in tangible assets, a decrease of 125 million yen in goodwill, and a decrease of 890 million yen in investments and other assets, etc.

(Liabilities)

Liabilities amounted to 74,977 million yen, a decrease of 2,140 million yen (-2.8% from the previous consolidated fiscal year end). Current liabilities decreased by 2,803 million yen, or 4.1%, compared with the previous consolidated fiscal year end, amounted to 65,457 million yen. Major components are a decrease of 2,904 million yen in deposits received for consignment sales, an increase of 176 million yen in income taxes payable, and a decrease of 606 million yen in the provision for bonuses, etc. Non-current liabilities increased by 663 million yen, or 7.5%, and amounted to 9,519 million yen compared with the previous consolidated fiscal year end. Major components are an increase of 322 million yen in asset retirement obligation, an increase of 341 million yen in retirement benefit liability, etc.

(Net assets)

Net assets amounted to 89,583 million yen, an increase of 4,839 million yen (+5.7% from the previous consolidated fiscal year end). Major components are an increase of 21,130 million yen due to the recognition of semi-annual profit attributable to owners of parent, and a decrease of 16,332 million yen due to cash dividends.

② Overview of cash flows

Cash and cash equivalents ("cash") at the end of the semi-annual consolidated accounting period of the current fiscal year amounted to 72,651 million yen, an increase of 2,903 million yen from the previous consolidated fiscal year end.

Descriptions of each cash flow are as follows:

(Unit: Million yen)

	Semi-annual consolidated accounting period of the previous fiscal year	Semi-annual consolidated accounting period of the current fiscal year	Increase/ decrease rate
Cash flows from operating activities	15,605	23,350	49.6%
Cash flows from investing activities	-4,604	-4,091	-11.1%
Cash flows from financing activities	-12,077	-16,338	35.3%

(Cash flows from operating activities)

The net cash provided by operating activities was 23,350 million yen. The major increasing factor was the recognition of semi-annual profit before income taxes of 30,409 million yen. The major decreasing factors were a decrease of 2,904 million yen in deposits received for consignment sales, an increase of 2,372 million yen in prepaid expenses, and the payment of 8,168 million yen in income taxes, etc.

(Cash flows from investing activities)

The net cash used in investing activities was 4,091 million yen. This was mainly due to the outflow from purchasing tangible assets of 3,418 million yen, etc.

(Cash flows from financing activities)

The net cash used in financing activities was 16,338 million yen. This was mainly due to the dividends paid of 16,332 million yen.

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

There is no change in the consolidated business forecast announced on April 30, 2024

2. Semi-annual consolidated financial statements

(1) Semi-annual consolidated balance sheets

(Unit: Million yen)

	Previous consolidated fiscal year (As of March 31, 2024)	Semi-annual consolidated accounting period of the current fiscal year (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	64,747	67,651
Accounts receivable-trade	45,789	42,164
Marketable securities	5,000	5,000
Merchandise	3,784	3,947
Raw materials and supplies	39	57
Others	3,777	5,749
Total current assets	123,137	124,570
Non-current assets		
Tangible assets	24,660	26,401
Intangible assets		
Goodwill	920	794
Others	1,691	2,234
Total intangible assets	2,611	3,028
Investments and other assets	11,452	10,561
Total non-current assets	38,724	39,991
Total assets	161,862	164,561
Liabilities		
Current liabilities		
Accounts payable-trade	259	259
Deposits received for consignment sales	26,668	23,764
Short-term borrowings	20,000	20,000
Income taxes payable	8,721	8,898
Provision for bonuses	1,275	669
Provision for bonuses for directors	95	60
Provision for loss on liquidation of affiliates	-	126
Others	11,240	11,679
Total current liabilities	68,261	65,457
Non-current liabilities		
Retirement benefit liability	4,841	5,182
Asset retirement obligations	4,004	4,326
Others	10	9
Total non-current liabilities	8,856	9,519
Total liabilities	77,117	74,977

(Unit: Million yen)

	Previous consolidated fiscal year (As of March 31, 2024)	Semi-annual consolidated accounting period of the current fiscal year (As of September 30, 2024)
Net assets		
Shareholders' equity		
Capital stock	1,359	1,359
Capital surplus	1,328	1,431
Retained earnings	93,512	98,311
Treasury stock	-11,627	-11,581
Total shareholders' equity	84,572	89,520
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90	61
Deferred gains or losses on hedges	54	-13
Foreign currency translation adjustment	187	155
Accumulated remeasurements of defined benefit plans	-161	-140
Total accumulated other comprehensive income	171	62
Stock acquisition rights	0	0
Total net assets	84,744	89,583
Total liabilities and net assets	161,862	164,561

(2) Semi-annual consolidated statements of income and semi-annual consolidated statements of comprehensive income

Semi-annual consolidated statements of income

(Unit: Million yen)

	Semi-annual consolidated accounting period of the previous fiscal year (April 1 to September 30, 2023)	Semi-annual consolidated accounting period of the current fiscal year (April 1 to September 30, 2024)
Net sales	90,217	98,801
Cost of sales	6,003	6,788
Gross profit	84,213	92,013
Selling, general and administrative expenses	55,282	61,537
Operating profit	28,931	30,475
Non-operating income		
Interest income	2	15
Received rent	1	1
Foreign exchange gains	100	5
Business support fee	6	2
Income from recycling	15	22
Subsidy income	1	2
Gain on unused points	51	78
Reversal of allowance for doubtful accounts	51	-
Others	30	7
Total non-operating income	261	136
Non-operating expenses		
Interest expenses	39	53
Rent expenses	1	1
Loss on investments in partnership	46	44
Total non-operating expenses	87	98
Ordinary profit	29,104	30,513
Extraordinary income		
Gain on sale of non-current assets	4	4
Gain on liquidation of affiliates	-	61
Total extraordinary income	4	66
Extraordinary losses		
Loss on sale and disposal of non-current assets	5	31
Loss on liquidation of affiliates	-	138
Total extraordinary losses	5	170
Semi-annual profit before income taxes	29,103	30,409
Income taxes-current	8,099	8,439
Income taxes-deferred	662	839
Total income taxes	8,762	9,278
Semi-annual net profit	20,341	21,130
Semi-annual net profit attributable to non-controlling interests	27	-
Semi-annual profit attributable to owners of parent	20,314	21,130

Semi-annual consolidated statements of comprehensive income

(Unit: Million yen)

	Semi-annual consolidated accounting period of the previous fiscal year (April 1 to September 30, 2023)	Semi-annual consolidated accounting period of the current fiscal year (April 1 to September 30, 2024)
Semi-annual net profit	20,341	21,130
Other comprehensive income		
Valuation difference on available-for-sale securities	46	-29
Deferred gains or losses on hedges	83	-68
Foreign currency translation adjustment	78	-32
Remeasurements of retirement benefits	27	20
Total other comprehensive income	237	-108
Semi-annual comprehensive income	20,578	21,021
(Comprehensive income attributable to)		
Semi-annual comprehensive income attributable to owners of the parent	20,551	21,021
Semi-annual comprehensive income attributable to non-controlling interests	27	-

(3) Semi-annual consolidated statements of cash flows

(Unit: Million yen)

	Semi-annual consolidated accounting period of the previous fiscal year (April 1 to September 30, 2023)	Semi-annual consolidated accounting period of the current fiscal year (April 1 to September 30, 2024)
Cash flows from operating activities		
Semi-annual profit before income taxes	29,103	30,409
Depreciation	1,148	2,110
Amortization of goodwill	192	125
Share-based compensation expenses	107	146
Loss on liquidation of affiliates	-	138
Gain on liquidation of affiliates	-	-61
Reversal of allowance for doubtful accounts	-51	-
Loss (gain) on investments in partnership (- is a gain)	46	44
Loss (gain) on sale and disposal of non-current assets (- is a gain)	1	27
Increase (decrease) in provision for bonuses (- is a decrease)	-1,770	-606
Increase (decrease) in provision for bonuses for directors (- is a decrease)	-19	-35
Increase (decrease) in retirement benefit liability (- is a decrease)	382	370
Interest and dividends income	-2	-15
Interest expenses	39	53
Foreign exchange gains (losses) (- is a gain)	-57	0
Increase (decrease) in accounts receivable-trade (- is an increase)	3,086	3,625
Increase (decrease) in inventories (- is an increase (- is an increase))	-948	-195
Increase (decrease) in prepaid expenses (- is an increase)	-2,067	-2,372
Increase (decrease) in accounts payable-trade (- is a decrease)	50	-0
Increase (decrease) in deposits received for consignment sales (- is a decrease)	-2,536	-2,904
Increase (decrease) in accounts payable-other (- is a decrease)	-1,323	-351
Increase (decrease) in accrued consumption taxes (- is a decrease)	-1,172	1,169
Others	556	-121
Subtotal	24,765	31,557
Interest and dividends income received	4	15
Interest expenses paid	-40	-53
Income taxes paid	-9,124	-8,168
Net cash provided by (used in) operating activities	15,605	23,350
Cash flows from investing activities		
Purchase of property, plant and equipment	-3,305	-3,418
Purchase of intangible assets	-577	-732
Proceeds from collection of leasehold and guarantee deposits	2	3
Payments for leasehold and guarantee deposits	-37	-1
Purchase of investment securities	-56	-57
Payments for investments in capital of subsidiaries and associates	-291	-
Acquisition of newly consolidated subsidiaries	-71	-
Proceeds from liquidation of subsidiaries	-	107
Payments of loans receivable	-56	-0
Collection of loans receivable	54	0
Others	-263	6
Net cash provided by (used in) financing activities	-4,604	-4,091

(Unit: Million yen)

	Semi-annual consolidated accounting period of the previous fiscal year (April 1 to September 30, 2023)	Semi-annual consolidated accounting period of the current fiscal year (April 1 to September 30, 2024)
Cash flows from financing activities		
Increase in short-term loans payable	180	-
Proceeds from long-term debt	167	-
Decrease in short-term loans payable	-80	-
Repayment of long-term loans payable	-34	-
Purchase of treasury stock	-	-0
Purchase of stock acquisition rights	-17	-
Cash dividends paid	-12,291	-16,332
Others	-	-5
Net cash provided by (used in) financing activities	-12,077	-16,338
Effect of exchange rate change on cash and cash equivalents	21	-16
Increase (decrease) in cash and cash equivalents (- is a decrease)	-1,053	2,903
Cash and cash equivalents at beginning of period	74,145	69,748
Cash and cash equivalents at the end of the semi-annual period	73,091	72,651

(4) Notes on semi-annual consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Notes on segment Information)

Disclosure is omitted because our group is a single segment of the e-commerce business.

DISCLAIMER:

This document is a summary translation of the Japanese version. All readers are recommended to refer to the original Japanese version for complete information. The Japanese version shall prevail in any discrepancies, errors, or omissions.