

Consolidated Financial Results

for the fiscal year ended March 31, 2025 [JGAAP]

April 30, 2025

Company name: ZOZO, Inc. Listed stock exchanges: Tokyo
 Code: 3092 URL: <https://corp.zozo.com/en>
 Representative: Representative Director, President & CEO Kotaro Sawada
 Contact: Director, Executive Vice President & CFO Koji Yanagisawa (TEL) 043(213)5171
 Scheduled date of the General Meeting of Shareholders: June 26, 2025 Scheduled date of dividend payment: June 9, 2025
 Scheduled date to file the annual security report: June 13, 2025
 Supplementary materials for the financial results: Yes
 Results briefing: Yes (For analysts and institutional investors)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated business results

(Percentages indicate YoY changes)

| | Net sales | | Operating profit | | EBITDA | | Ordinary profit | | Profit attributable to owners of parents | |
|----------------------------------|-------------|-----|------------------|-----|-------------|-----|-----------------|-----|--|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended March 31, 2025 | 213,131 | 8.2 | 64,756 | 7.8 | 69,788 | 8.7 | 64,888 | 8.6 | 45,346 | 2.3 |
| Fiscal year ended March 31, 2024 | 197,016 | 7.4 | 60,079 | 6.5 | 64,183 | 8.7 | 59,764 | 5.4 | 44,341 | 12.2 |

(Note)

1. Comprehensive income
 Fiscal year ended March 2025 45,806 Million yen (2.2%)
 Fiscal year ended March 2024 44,801 Million yen (13.6%)

2. EBITDA = Operating profit + stock compensation expenses + depreciation + amortization of goodwill

| | Earnings per share | Diluted earnings per share | ROE | ROA | Operating profit margin to net sales |
|----------------------------------|--------------------|----------------------------|------|------|--------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2025 | 50.90 | - | 49.4 | 37.1 | 30.4 |
| Fiscal year ended March 31, 2024 | 49.40 | - | 55.0 | 37.6 | 30.5 |

(Note)

- Fully diluted earnings per share are not presented because there were no dilutive potential shares.
- On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Earnings per share have been calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| Fiscal year ended March 31, 2025 | 187,810 | 98,719 | 52.6 | 110.81 |
| Fiscal year ended March 31, 2024 | 161,862 | 84,744 | 52.4 | 95.13 |

(Reference) Shareholders' equity
 Fiscal year ended March 31, 2025 98,719 Million yen
 Fiscal year ended March 31, 2024 84,744 Million yen

(Note) On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Net assets per share have been calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Ending balance of cash and cash equivalents |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended March 31, 2025 | 60,114 | -6,285 | -32,081 | 91,486 |
| Fiscal year ended March 31, 2024 | 42,589 | -9,879 | -37,138 | 69,748 |

2.Dividends

| | Annual dividends | | | | | Total dividend | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|--|------------------|-----------|-----------|----------|--------|----------------|-----------------------------|--|
| | End of Q1 | End of Q2 | End of Q3 | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Fiscal year ended March 31, 2024 | - | 49.00 | - | 55.00 | 104.00 | 31,036 | 70.2 | 38.5 |
| Fiscal year ended March 31, 2025 | - | 53.00 | - | 54.00 | 107.00 | 31,774 | 70.1 | 34.6 |
| Fiscal year ending March 31, 2026 (Forecast) | - | 19.00 | - | 20.00 | 39.00 | | 71.6 | |

(Note) On April 1, 2025, the Company conducted a three-for-one stock split of common stock. The annual dividend for the fiscal year ending March 31, 2026 (forecast) is based on the amount after the stock split.

3. Consolidated business forecasts for the fiscal year ending March 31, 2026 (April 1, 2025, to March 31, 2026)

(Percentages indicate YoY changes)

| | Net sales | | Operating profit | | EBITDA | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------------------------------|-------------|-----|------------------|-----|-------------|------|-----------------|-----|---|-------------|--------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen | Million yen | % |
| Fiscal year ending March 31, 2026 | 224,100 | 5.1 | 69,800 | 7.8 | 76,900 | 10.2 | 69,800 | 7.6 | 48,500 | 7.0 | 54.44 |

(Note) On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Earnings per share (forecast) have been calculated based on the average number of shares outstanding during the period, reflecting the stock split.

※ Notes

(1) Significant changes in the scope of consolidation during the current fiscal year : None

New - Exclusion -

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

① Changes in accounting policies caused by the revision of accounting standards : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement of revisions : None

(3) Number of shares outstanding (Common stock)

① Year-end shares outstanding (including treasury stocks)

| | | | |
|--|--------------------|--|--------------------|
| Fiscal year Ended March 31, 2025 | 901,422,543 Shares | Fiscal year Ended March 31, 2024 | 901,422,543 Shares |
| Fiscal year Ended March 31, 2025 | 10,560,621 Shares | Fiscal year Ended March 31, 2024 | 10,569,750 Shares |
| Fiscal year Ended March 31, 2025 | 890,870,670 Shares | Fiscal year Ended March 31, 2024 | 897,642,881 Shares |

② Number of year-end treasury stocks

③ Average number of shares during the current fiscal year

(Note) On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Shares outstanding (common stock) have been calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

※ Review of the 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 results for the fiscal year ended March 31, 2025, (4) Future outlook" on page 12 for the assumptions underlying the forecasts and cautionary statements regarding the use of the forecasts.

-We are scheduling a financial results briefing for institutional investors and analysts on April 30, 2025. We will post the content of the briefing and the materials used on the day on the website promptly after the briefing.

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1. Qualitative information on results for the fiscal year ended March 31, 2025

(1) Overview of business results

Business results for the current fiscal year

[Table 1] YoY comparison

(Unit: Million yen)

| | Previous consolidated fiscal year (April 1, 2023 to March 31, 2024) | | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) | | YoY basis |
|---|--|----------|---|----------|-----------|
| Gross merchandise value | 574,373 | (107.0%) | 614,361 | (106.9%) | 7.0% |
| Gross merchandise value (excluding other GMV) | 536,907 | (100.0%) | 574,666 | (100.0%) | 7.0% |
| Net sales | 197,016 | (36.7%) | 213,131 | (37.1%) | 8.2% |
| Gross profit | 183,147 | (34.1%) | 198,312 | (34.5%) | 8.3% |
| Operating profit | 60,079 | (11.2%) | 64,756 | (11.3%) | 7.8% |
| Ordinary profit | 59,764 | (11.1%) | 64,888 | (11.3%) | 8.6% |
| Profit attributable to owners of parent | 44,341 | (8.3%) | 45,346 | (7.9%) | 2.3% |

(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 by ZOZO.”

During the current consolidated 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 these circumstances, 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, 10 days in total from September 11 to 16, and 19 to 23, 15 days in total from November 1 to 10, and 13 to 17, 2024) and broadcasted TV commercials to attract customers during the summer/winter sale event and Black Friday event (5 days in total from November 27 to December 1, 2024). 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, including domestic and overseas brands, as of the end of March 2025. We will proactively continue to open new brand shops and expand the product lineup 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 upstream processes in the purchasing journey.

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, October 20, November 17, December 22, 2024, and January 1, February 16, March 21 to 22, 2025) by LY Corporation which operates Yahoo! JAPAN Shopping.

Consequently, the gross merchandise value in the current consolidated fiscal year was 614,361 million yen (+7.0% YoY), and the gross merchandise value (excluding other GMV) was 574,666 yen (+7.0% YoY). Net sales were 213,131 million yen (+8.2% YoY), and gross profit was 198,312 million yen (+8.3% YoY). The gross profit ratio to the gross merchandise value (excluding other GMV) (gross profit margin) was 34.5%, an increase of 0.4% from the previous fiscal year.

As for net sales, the YoY growth rate exceeded that of the gross merchandise value (excluding other GMV), mainly due to growth in the advertising business and an increase in sales of “Others” resulting from increased shipping income (The shipping policy was revised, increasing the shipping fee paid by customers to 330 yen (including tax) starting April 1,

2024.).

As mentioned in the sales part, 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 133,556 million yen (+8.5% YoY). The ratio to the gross merchandise value (excluding other GMV) was 23.2%, an increase of 0.3% compared with 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 0.3%, due to an increase in shipping fees by YAMATOTRANSPORT CO., LTD. starting April 1, 2024, despite the average order value exceeding that of the same period of the previous fiscal year.
2. Payroll costs for employee within payroll and staff costs as a percentage of gross merchandise value rose by 0.2%, due to year-end bonuses paid to staff in line with the achievement of gross merchandise value and operating profit targets.
3. Depreciation expenses as a percentage of gross merchandise value rose by 0.1%, due to the start of depreciation for material handling equipment and other assets associated with the launch of ZOZOBASETSUKUBA 3.
4. Rent expenses as a percentage of gross merchandise value rose by 0.1%, 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 0.3%, due to improved operational efficiency achieved through optimizing inventory storage levels at logistics centers and manpower savings from initiatives to promote automation at logistics centers, etc.
2. Expenses of the “Others” segment as a percentage of gross merchandise value declined by 0.2%, due to reduced one-time costs related to ZOZOBASETSUKUBA3, launched in the previous fiscal year.

Consequently, the operating profit of the current consolidated fiscal year was 64,756 million yen (+7.8% YoY), and the operating profit margin was 11.3% to the gross merchandise value (excluding other GMV), an increase of 0.1% compared with the previous fiscal year. Ordinary profit was 64,888 million yen (+8.6% YoY), and profit attributable to owners of parent was 45,346 million yen (+2.3% YoY).

[Table2] Comparison with the consolidated business forecast

(Unit: Million yen)

| | Current consolidated fiscal year (consolidated business forecast) | | Current consolidated fiscal year (Results) | | Comparison to the business forecast |
|---|--|----------|---|----------|--|
| Gross merchandise value | 609,200 | (106.5%) | 614,361 | (106.9%) | 0.8% |
| Gross merchandise value (excluding other GMV) | 572,200 | (100.0%) | 574,666 | (100.0%) | 0.4% |
| Net sales | 214,400 | (37.5%) | 213,131 | (37.1%) | -0.6% |
| Operating profit | 64,200 | (11.2%) | 64,756 | (11.3%) | 0.9% |
| Ordinary profit | 64,200 | (11.2%) | 64,888 | (11.3%) | 1.1% |
| Profit attributable to owners of parent | 45,200 | (7.9%) | 45,346 | (7.9%) | 0.3% |

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

Compared to the initial consolidated business forecast disclosed on April 30, 2024, the gross merchandise value and gross merchandise value (excluding other GMV) exceeded by 0.8% and 0.4%, respectively. Although some months were affected by unfavorable weather conditions, for the gross merchandise value (excluding other GMV), we were able to

achieve the initial forecast due to our flexible promotional activities.

On the other hand, net sales fell short of the forecast by 0.6%, mainly due to the underperformance of the advertising business during the fourth quarter consolidated accounting period, which resulted in lower-than-expected sales in that segment, as well as higher-than-planned recognition of point-related expenses—classified as deductions from net sales—as a part of actual promotion-related expenses. For the profit part, operating profit, ordinary profit, and profit attributable to owners of parent exceeded 0.9%, 1.1%, and 0.3%, respectively. Operating profit met the target, driven by various cost control efforts, including improved operational efficiency through optimization of inventory storage at logistics centers and labor savings through the promotion of automation, which contributed to a reduction in logistics-related expenses (as a percentage of GMV). In line with the achievement of the operating profit target, both ordinary profit and profit attributable to owners of parent also surpassed the initial plan.

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 3] YoY comparison by business segment

| By business segment | Previous consolidated fiscal year (April 1, 2023 to March 31, 2024) | | | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) | | | 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 | 464,734 | 80.9 | 143,859 | 491,943 | 80.1 | 151,977 | 5.9 | 5.6 |
| (Outright purchase/ production & sales) | 4,429 | 0.8 | 4,263 | 3,692 | 0.6 | 3,484 | -16.6 | -18.3 |
| (Consignment Sales) | 442,214 | 77.0 | 121,965 | 468,606 | 76.3 | 129,651 | 6.0 | 6.3 |
| (USED Sales) | 18,090 | 3.1 | 17,630 | 19,643 | 3.2 | 18,841 | 8.6 | 6.9 |
| LY Corporation Commerce | 57,696 | 10.1 | 17,136 | 69,610 | 11.3 | 21,329 | 20.6 | 24.5 |
| BtoB business | 14,477 | 2.5 | 2,271 | 13,112 | 2.1 | 2,145 | -9.4 | -5.6 |
| Advertising business | - | - | 9,737 | - | - | 11,209 | - | 15.1 |
| Subtotal excluding Others | 536,907 | 93.5 | 173,004 | 574,666 | 93.5 | 186,660 | 7.0 | 7.9 |
| Others | 37,465 | 6.5 | 24,012 | 39,695 | 6.5 | 26,470 | 6.0 | 10.2 |
| Total | 574,373 | 100.0 | 197,016 | 614,361 | 100.0 | 213,131 | 7.0 | 8.2 |

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 inventory, bear inventory risks, and make sales. This corresponds to purchasing fashion merchandise from each brand, or 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 merchandise.

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 4] Changes in the number of shops and brands

| | Previous consolidated fiscal year | | | | Current consolidated fiscal year | | | |
|---|-----------------------------------|-------|-------|-------|----------------------------------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Shops in ZOZOTOWN (Note) 1 | 1,564 | 1,581 | 1,605 | 1,595 | 1,605 | 1,621 | 1,656 | 1,649 |
| Outright purchase/production & sales (Note) 2 | 28 | 29 | 28 | 29 | 29 | 31 | 30 | 29 |
| Consignment sales | 1,536 | 1,552 | 1,577 | 1,566 | 1,576 | 1,590 | 1,626 | 1,620 |
| Number of brands (Note) 1, 2 | 8,981 | 8,940 | 9,109 | 9,021 | 9,194 | 9,128 | 9,162 | 9,049 |

(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 current consolidated fiscal year was 142 (a net increase of 54 shops), and the number of new shops opened during the fourth quarter consolidated accounting period was 28 (a net decrease of 7). Major new shops include cosmetics brands such as “SEKKISEI” and “Visse” operated by KOSÉ Corporation, and “TOM FORD BEAUTY” operated by The Estée Lauder Companies Inc.

While new shop openings progressed as planned, the total number of shops declined compared to the previous quarter, due to a higher number of shop closures resulting from brand terminations and other factors.

(Number of annual buyers)

[Table 5] Changes in the number of annual buyers

| | Previous consolidated fiscal year | | | | Current consolidated fiscal year | | | |
|--|-----------------------------------|------------|------------|------------|----------------------------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Number of annual buyers (Note) 1, 2, 4 | 11,470,592 | 11,552,764 | 11,690,958 | 11,681,218 | 11,790,269 | 11,870,844 | 12,057,726 | 12,217,038 |
| (YoY) | 850,658 | 692,888 | 479,575 | 269,506 | 319,677 | 318,080 | 366,768 | 535,820 |
| (QoQ) | 58,880 | 82,172 | 138,194 | -9,740 | 109,051 | 80,575 | 186,882 | 159,312 |
| Number of active members (Note) 1, 3, 4 | 10,352,251 | 10,515,910 | 10,739,246 | 10,789,997 | 10,919,685 | 11,028,704 | 11,211,992 | 11,403,391 |
| (YoY) | 1,083,171 | 970,823 | 803,477 | 597,664 | 567,434 | 512,794 | 472,746 | 613,394 |
| (QoQ) | 159,918 | 163,659 | 223,336 | 50,751 | 129,688 | 109,019 | 183,288 | 191,399 |
| Number of guest buyers (Note) 1, 4 | 1,118,341 | 1,036,854 | 951,712 | 891,221 | 870,584 | 842,140 | 845,734 | 813,647 |
| (YoY) | -232,513 | -277,935 | -323,902 | -328,158 | -247,757 | -194,714 | -105,978 | -77,574 |
| (QoQ) | -101,038 | -81,487 | -85,142 | -60,491 | -20,637 | -28,444 | 3,594 | -32,087 |

(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 represents the number of members who have made at least one purchase within the past year.

4. Buyers of “LY Corporation Commerce” are not included.

In the fourth 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 “ZOZOWEEK” held in May, September, and November 2024, Black Friday event, and the summer/winter sale event. During the fourth quarter consolidated accounting period, new member acquisition was challenging in January and February, primarily due to a shortage of inventory. However, from March onward, the situation improved as a result of active promotional efforts, including web advertising, and increased demand for spring and summer merchandise.

(Annual purchase amount and annual purchase pieces)

[Table 6] 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 | 43,307 | 42,953 |
| (YoY) | -0.5% | 0.0% | 0.4% | 1.4% | 1.4% | 1.8% | 1.9% | 0.3% |
| (QoQ) | 0.3% | 0.1% | 0.2% | 0.7% | 0.3% | 0.5% | 0.3% | -0.8% |
| Annual purchase pieces (Total) (Note) 1, 2, 3 | 10.8 | 10.8 | 10.8 | 10.9 | 10.9 | 11.0 | 11.0 | 10.9 |
| (YoY) | -6.6% | -5.3% | -2.6% | -0.2% | 1.2% | 2.0% | 1.6% | 0.0% |
| (QoQ) | -0.8% | -0.4% | 0.4% | 0.6% | 0.6% | 0.4% | 0.0% | -1.0% |

(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 fourth quarter consolidated accounting period of the current fiscal year, the annual purchase amount (Total) and annual purchase pieces (Total) increased YoY, but decreased QoQ. The backdrop for the YoY increase 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 7] 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 (Note) 1, 2, 3 | 3,726 | 3,590 | 4,360 | 4,003 | 3,698 | 3,629 | 4,369 | 4,038 |
| (YoY) | 4.9% | 3.0% | -1.7% | 0.4% | -0.7% | 1.1% | 0.2% | 0.9% |
| Average order value (Note) 1, 2, 3 | 8,177 | 7,894 | 9,119 | 8,735 | 8,343 | 8,196 | 9,422 | 8,980 |
| (YoY) | 6.2% | 4.3% | 1.8% | 5.2% | 2.0% | 3.8% | 3.3% | 2.8% |
| Average purchase pieces per order (Note) 1, 2 | 2.19 | 2.20 | 2.09 | 2.18 | 2.26 | 2.26 | 2.16 | 2.22 |
| (YoY) | 1.3% | 1.3% | 3.6% | 4.8% | 2.8% | 2.7% | 3.1% | 1.9% |
| Number of shipments (Note) 1, 2 | 13,240,721 | 13,107,431 | 15,000,816 | 13,302,151 | 13,788,498 | 13,471,252 | 15,518,943 | 13,393,189 |
| (YoY) | 0.9% | 2.9% | 5.8% | -0.6% | 4.1% | 2.8% | 3.5% | 0.7% |

(Note)

1. Figures are based on quarterly accounting periods.
2. Buyers of "LY Corporation Commerce" are not included.
3. The amounts are in yen.

Regarding the average retail price during the fourth quarter consolidated accounting period of the current fiscal year, it increased slightly compared to the same quarter of the previous fiscal year. In January and February, although it was the timing for the winter sale event, many brands experienced inventory shortages for sale items, which also impacted our business. Possibly due to concerns over early stockouts, the proportion of discounted items during the sale event declined year over year, resulting in a positive impact on the average retail price.

The average order value increased YoY due to a rise in the number of items purchased per order. This increase was primarily attributed to the higher frequency of free shipping measures for purchases of 12,000 yen or more compared to the same quarter of the previous year, which led to a greater proportion of combined purchases on the days the measures were implemented.

i. Outright Purchase/Production & Sales

In the current consolidated fiscal year, the merchandise value was 3,692 million yen (-16.6% YoY), accounting for 0.6% of the gross merchandise value (0.8% in the previous fiscal year). Net sales were 3,484 million yen (-18.3% YoY). As of the end of March 2025, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 29 (30 as of the end of December 2024).

ii. Consignment Sales

In the current consolidated fiscal year, the merchandise value was 468,606 million yen (+6.0% YoY), accounting for 76.3% of the gross merchandise value (77.0% in the previous fiscal year). Net sales (consignment sales commission) were 129,651 million yen (+6.3% YoY). As of the end of March 2025, the number of shops opened on ZOZOTOWN for consignment sales was 1,620 (1,626 as of the end of December 2024).

iii. USED Sales

In the current consolidated fiscal year, the merchandise value was 19,643 million yen (+8.6% YoY), accounting for 3.2% of the gross merchandise value (3.1% in the previous fiscal year). Net sales were 18,841 million yen (+6.9% YoY).

② LY Corporation Commerce

LY Corporation Commerce is a combined sales of Yahoo! JAPAN Shopping and Yahoo! JAPAN Auction. We opened the ZOZOTOWN store on Yahoo! JAPAN Shopping, an online shopping mall, and the ZOZOUSED store was also opened on Yahoo! JAPAN Auction, an online auction service, in March 2024. LY Corporation operates both.

In the current consolidated fiscal year, the merchandise value was 69,610 million yen (+20.6% YoY), accounting for 11.3% of the gross merchandise value (10.1% in the previous fiscal year). Net sales (consignment sales commission) were 21,329 million yen (+24.5% YoY).

③ BtoB business

The BtoB business model includes building and operating brands' e-commerce websites and providing logistics services. In the current consolidated fiscal year, the merchandise value was 13,112 million yen (-9.4% YoY), accounting for 2.1% of the gross merchandise value (2.5% in the previous fiscal year). Net sales (consignment sales commission) were 2,145 million yen (-5.6% YoY). As of the end of March 2025, the number of consigned websites was 32 (31 as of the end of December 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 by ZOZO. In the current consolidated fiscal year, net sales were 11,209 million yen (+15.1% YoY). As for WEAR by ZOZO, 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 current consolidated fiscal year was 39,695 million yen (+6.0% YoY), accounting for 6.5% of the gross merchandise value (6.5% in 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 current consolidated fiscal year, net sales were 26,470 million yen (+10.2% YoY).

(2) Overview of financial position for the current fiscal year

Overview of total assets, liabilities, and net assets

(Unit: Million yen)

| | Previous consolidated fiscal year | Current consolidated fiscal year | Increase/ decrease rate |
|--------------|-----------------------------------|----------------------------------|-------------------------|
| Total assets | 161,862 | 187,810 | 16.0% |
| Liabilities | 77,117 | 89,090 | 15.5% |
| Net assets | 84,744 | 98,719 | 16.5% |

(Total assets)

Total assets amounted to 187,810 million yen, an increase of 25,947 million yen (+16.0% from the previous consolidated fiscal year end). Current assets increased by 24,257 million yen, or 19.7%, compared with the previous consolidated fiscal year end, amounted to 147,394 million yen. Major components are an increase of 26,738 million yen in cash and deposits, an increase of 3,663 million yen in accounts receivable, and a decrease of 1,178 million yen in merchandise and finished products, a decrease of 5,000 million yen in marketable securities, etc. Non-current assets increased by 1,690 million yen, or 4.4%, compared with the previous consolidated fiscal year end, amounted to 40,415 million yen. Major components are an increase of 786 million yen in tangible assets, an increase of 825 million yen in intangible assets, etc.

(Liabilities)

Liabilities amounted to 89,090 million yen, an increase of 11,972 million yen (+15.5% from the previous consolidated fiscal year end). Current liabilities increased by 11,566 million yen, or 16.9%, compared with the previous consolidated fiscal year end, amounted to 79,828 million yen. Major components are an increase of 2,182 million yen in deposits received for consignment sales, an increase of 588 million yen in accounts payable-other, an increase of 3,702 million yen in income taxes payable, and an increase of 1,758 million yen in the provision for bonuses, etc. Non-current liabilities increased by 406 million yen, or 4.6%, and amounted to 9,262 million yen compared with the previous consolidated fiscal year end. Major components are an increase of 335 million yen in asset retirement obligation, a decrease of 54 million yen in retirement benefit liability, etc.

(Net assets)

Net assets amounted to 98,719 million yen, an increase of 13,974 million yen (+16.5% from the previous consolidated fiscal year end). Major components are an increase of 45,346 million yen due to the recognition of profit attributable to owners of parent, and a decrease of 32,071 million yen due to cash dividends.

(3) Overview of cash flows for the current fiscal year

Overview of cash flows

Cash and cash equivalents ("cash") at the end of the current consolidated fiscal year amounted to 91,486 million yen, an increase of 21,738 million yen from the previous consolidated fiscal year end.

Descriptions of each cash flow are as follows:

(Unit: Million yen)

| | Previous consolidated fiscal year | Current consolidated fiscal year | Increase/ decrease rate |
|--------------------------------------|-----------------------------------|----------------------------------|-------------------------|
| Cash flows from operating activities | 42,589 | 60,114 | 41.2% |
| Cash flows from investing activities | -9,879 | -6,285 | -36.4% |
| Cash flows from financing activities | -37,138 | -32,081 | -13.6% |

(Cash flows from operating activities)

The net cash provided by operating activities was 60,114 million yen. The major increasing factor was the recognition of profit before income taxes of 64,710 million yen. The major decreasing factors were an increase of 3,664 million yen in accounts receivable, an increase of 159 million yen in prepaid expenses, and the payment of 16,127 million yen in income taxes, etc.

(Cash flows from investing activities)

The net cash used in investing activities was 6,285 million yen. This was mainly due to the outflow from purchasing tangible assets of 4,799 million yen, and the acquisition of intangible assets of 1,486 million yen, etc.

(Cash flows from financing activities)

The net cash used in financing activities was 32,081 million yen. This was mainly due to the dividends paid of 32,069 million yen.

(4) Future outlook

Prospect for the next fiscal year

[Table 8] Consolidated business forecast

(Unit: Million yen)

| | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) | | Next consolidated fiscal year (April 1, 2025 to March 31, 2026) | | YoY |
|---|---|----------|--|----------|-------|
| Gross merchandise value | 614,361 | (106.9%) | 623,600 | (103.3%) | 1.5% |
| Gross merchandise value (excluding other GMV) | 574,666 | (100.0%) | 603,400 | (100.0%) | 5.0% |
| Net sales | 213,131 | (37.1%) | 224,100 | (37.1%) | 5.1% |
| Operating profit | 64,756 | (11.3%) | 69,800 | (11.6%) | 7.8% |
| EBITDA (Note 2) | 69,788 | (12.1%) | 76,900 | (12.7%) | 10.2% |
| Ordinary profit | 64,888 | (11.3%) | 69,800 | (11.6%) | 7.6% |
| Profit attributable to owners of parent | 45,346 | (7.9%) | 48,500 | (8.0%) | 7.0% |

(Note)

1. Figures in parentheses are percentages to gross merchandise value (excluding other GMV)
2. EBITDA = Operating profit + stock compensation expenses + depreciation + amortization of goodwill

The domestic fashion e-commerce market in Japan, where our group primarily operates, remains at a relatively low level in terms of EC penetration compared to more advanced markets such as the United States, Europe, China, and South Korea. While the tailwinds for e-commerce driven by the COVID-19 pandemic have largely subsided, we believe the market will continue its gradual expansion. Currently, the domestic fashion e-commerce market is estimated to be growing at an annual rate of approximately 3- 4%. Amid such a market environment, our group remains committed to enhancing the appeal of our platform for both users and brands. By doing so, we aim to achieve gross merchandise value growth that outpaces overall market growth.

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

[Table 9] Merchandise value forecast by business segment

| By business segment | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) | | Next consolidated fiscal year (April 1, 2025 to March 31, 2026) | | YoY |
|--|---|--------------|--|--------------|--------|
| | Merchandise value (Million yen) | Ratio (%) | Merchandise value (Million yen) | Ratio (%) | |
| ZOZOTOWN Business | 491,943 | 80.1 | 518,800 | 83.2 | 5.5% |
| (Outright Purchase/Production & Sales) | 3,692 | 0.6 | 4,100 | 0.7 | 11.1% |
| (Consignment Sales) | 468,606 | 76.3 | 493,700 | 79.1 | 5.4% |
| (USED Sales) | 19,643 | 3.2 | 21,000 | 3.4 | 6.9% |
| LY Corporation Commerce | 69,610 | 11.3 | 76,100 | 12.2 | 9.3% |
| BtoB Business | 13,112 | 2.1 | 8,500 | 1.4 | -35.2% |
| Subtotal excluding Others | 574,666 | 93.5 | 603,400 | 96.8 | 5.0% |
| Others | 39,695 | 6.5 | 20,200 | 3.2 | -49.1% |
| Total | 614,361 | 100.0 | 623,600 | 100.0 | 1.5% |

Regarding the ZOZOTOWN Business, we will aim to grow the gross merchandise value by “increasing the number of buyers” and “increasing ZOZOTOWN utilization rate in fashion-related consumption.” Specifically, we will expand the range of items, brands, and categories to meet users’ diversifying needs and broaden unique and value-added services. Regarding LY Corporation Commerce, we will aim to expand the range of items, brands, and categories linked to ZOZOTOWN and value-added services. We will continue to promote the acquisition of a buyer base that differs from conventional ZOZOTOWN members through promotion measures by LY Corporation.

Other focusing areas will include 1) seeking mid to long-term profit growth drivers that do not rely on the gross merchandise value growth, 2) pursuing sustainability initiatives that are unique to ZOZO, and 3) Pursuing expansion into global markets.

As announced on April 9, 2025, we have decided to acquire all shares of LYST LTD (“LYST”) and make it a wholly owned subsidiary. At present, we are still in the process of assessing the impact of LYST’s standalone performance, and therefore the forecast for the next consolidated fiscal year does not reflect the potential impact of this acquisition. We intend to promptly disclose any revisions to the forecast once the assessment is complete.

With regard to net sales, we expect growth to be in line with the growth rate of gross merchandise value (excluding other GMV).

As for selling, general and administrative (SG&A) expenses, we anticipate an increase primarily due to amortization of goodwill and other costs associated with the consolidation of LYST as a subsidiary. On the other hand, the expansion of our logistics centers in recent years has created sufficient storage capacity, and the fixed cost ratio is expected to remain stable.

Starting from the next consolidated fiscal year, we will begin disclosing EBITDA as a key performance indicator. This change is intended to provide a clearer picture of our underlying earning power following the acquisition of LYST, by excluding non-cash, recurring items. Both the operating profit margin and EBITDA margin for the next consolidated fiscal year are expected to exceed those of the current fiscal year, allowing us to maintain steady profit growth.

2. Basic principles for selecting accounting standards

Our policy is to prepare consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of data across periods and between companies. As for the potential application of IFRS, we intend to respond appropriately after carefully assessing various domestic and international circumstances.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Unit: million yen)

| | Previous consolidated fiscal year (As of March 31, 2024) | Current consolidated fiscal year (As of March 31, 2025) |
|-------------------------------------|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 64,747 | 91,486 |
| Accounts receivable-trade | 45,789 | 49,453 |
| Marketable securities | 5,000 | - |
| Merchandise and finished products | 3,784 | 2,605 |
| Raw materials and supplies | 39 | 44 |
| Others | 3,777 | 3,805 |
| Total current assets | 123,137 | 147,394 |
| Non-current assets | | |
| Tangible assets | | |
| Buildings | 15,060 | 16,346 |
| Accumulated depreciation | -3,536 | -4,621 |
| Buildings, net | 11,524 | 11,724 |
| Vehicles | 27 | 39 |
| Accumulated depreciation | -12 | -12 |
| Vehicles, net | 14 | 26 |
| Tools, furniture, and fixtures | 22,135 | 22,723 |
| Accumulated depreciation | -9,123 | -11,170 |
| Tools, furniture, and fixtures, net | 13,012 | 11,553 |
| Construction in progress | 109 | 2,143 |
| Total tangible assets | 24,660 | 25,447 |
| Intangible assets | | |
| Goodwill | 920 | 668 |
| Software | 741 | 1,520 |
| Others | 950 | 1,248 |
| Total intangible assets | 2,611 | 3,437 |
| Investments and other assets | | |
| Investment securities | 1,132 | 931 |
| Deferred tax assets | 5,950 | 6,167 |
| Others | 4,369 | 4,431 |
| Total investments and other assets | 11,452 | 11,530 |
| Total non-current assets | 38,724 | 40,415 |
| Total assets | 161,862 | 187,810 |

(Unit: million yen)

| | Previous consolidated fiscal year (As of March 31, 2024) | Current consolidated fiscal year (As of March 31, 2025) |
|---|---|--|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 259 | 189 |
| Deposits received for consignment sales | 26,668 | 28,850 |
| Accounts payable-other | 7,481 | 8,070 |
| Short-term borrowings | 20,000 | 20,000 |
| Income taxes payable | 8,721 | 12,423 |
| Provision for bonuses | 1,275 | 3,033 |
| Provision for bonuses for directors | 95 | 73 |
| Others | 3,759 | 7,187 |
| Total current liabilities | 68,261 | 79,828 |
| Non-current liabilities | | |
| Retirement benefit liability | 4,841 | 4,787 |
| Asset retirement obligations | 4,004 | 4,339 |
| Provision for loss on liquidation of affiliates | - | 126 |
| Others | 10 | 9 |
| Total non-current liabilities | 8,856 | 9,262 |
| Total liabilities | 77,117 | 89,090 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,359 | 1,359 |
| Capital surplus | 1,328 | 1,521 |
| Retained earnings | 93,512 | 106,787 |
| Treasury stock | -11,627 | -11,581 |
| Total shareholders' equity | 84,572 | 98,087 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 90 | 80 |
| Deferred gains or losses on hedges | 54 | -9 |
| Foreign currency translation adjustment | 187 | 171 |
| Accumulated remeasurements of defined benefit plans | -161 | 389 |
| Total accumulated other comprehensive income | 171 | 632 |
| Stock acquisition rights | 0 | 0 |
| Total net assets | 84,744 | 98,719 |
| Total liabilities and net assets | 161,862 | 187,810 |

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

Consolidated statements of income

(Unit: million yen)

| | Previous consolidated fiscal year (April 1, 2023 to March 31, 2024) | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) |
|--|--|---|
| Net sales | 197,016 | 213,131 |
| Cost of sales | 13,869 | 14,819 |
| Gross profit | 183,147 | 198,312 |
| Selling, general and administrative expenses | | |
| Outsourcing expenses | 9,485 | 10,661 |
| Packing and transportation expenses | 33,439 | 37,363 |
| Payment collection commissions | 12,360 | 13,127 |
| Advertising expenses | 12,050 | 13,340 |
| Payroll and allowances | 18,045 | 18,834 |
| Provision for bonuses | 1,244 | 2,995 |
| Provision for bonuses for directors | 82 | 91 |
| Retirement benefit expenses | 788 | 829 |
| Share-based compensation expenses | 260 | 288 |
| Depreciation | 3,491 | 4,491 |
| Amortization of goodwill | 352 | 251 |
| Others | 31,466 | 31,279 |
| Total selling, general and administrative expenses | 123,067 | 133,556 |
| Operating profit | 60,079 | 64,756 |
| Non-operating income | | |
| Interest income | 5 | 66 |
| Received rent | 2 | 2 |
| Foreign exchange gains | 91 | - |
| Operations support fee | 8 | 5 |
| Income from recycling | 41 | 53 |
| Subsidy income | 11 | 15 |
| Gain on unused points | 101 | 145 |
| Reversal of allowance for doubtful accounts | 51 | - |
| Others | 72 | 20 |
| Total non-operating income | 386 | 309 |
| Non-operating expenses | | |
| Interest expenses | 77 | 126 |
| Rent expenses | 2 | 2 |
| Commission expenses | 27 | 1 |
| Foreign exchange losses | - | 2 |
| Loss on investments in partnership | 594 | 44 |
| Total non-operating expenses | 701 | 177 |
| Ordinary profit | 59,764 | 64,888 |

(Unit: million yen)

| | Previous consolidated fiscal year (April 1, 2023 to March 31, 2024) | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) |
|--|--|---|
| Extraordinary income | | |
| Gain on sale of non-current assets | 5 | 6 |
| Gain on sale of investment securities | 139 | - |
| Gain on sale of shares of subsidiaries and associates | 735 | - |
| Gain on liquidation of affiliates | - | 61 |
| Total extraordinary income | 880 | 68 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 70 | 107 |
| Loss on valuation of investment securities | 148 | - |
| Loss on liquidation of affiliates | - | 138 |
| Total extraordinary loss | 218 | 246 |
| Profit before income taxes | 60,426 | 64,710 |
| Income taxes-current | 16,087 | 19,792 |
| Income taxes-deferred | -76 | -429 |
| Total income taxes | 16,010 | 19,363 |
| Net profit | 44,415 | 45,346 |
| Profit or loss attributable to non-controlling interests | 74 | - |
| Profit attributable to owners of parent | 44,341 | 45,346 |

Consolidated statements of comprehensive income

(Unit: million yen)

| | Previous consolidated fiscal year (April 1, 2023 to March 31, 2024) | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) |
|--|--|---|
| Net profit | 44,415 | 45,346 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 51 | -9 |
| Deferred gains or losses on hedges | 14 | -63 |
| Foreign currency translation adjustment | 94 | -16 |
| Adjustments for retirement benefits | 224 | 550 |
| Total other comprehensive income | 385 | 460 |
| Comprehensive income | 44,801 | 45,806 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of the parent | 44,727 | 45,806 |
| Comprehensive income attributable to non-controlling interests | 74 | - |

(3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (April 1, 2023, to March 31, 2024)

(Unit: million yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|---|------------------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges |
| Balance as of March 31, 2023 | 1,359 | 1,349 | 118,620 | -44,558 | 76,771 | 39 | 40 |
| Changes during the previous fiscal year | | | | | | | |
| Cash dividends | | | -26,998 | | -26,998 | | |
| Profit attributable to owners of parent | | | 44,341 | | 44,341 | | |
| Purchase of treasury stock | | 137 | | -10,137 | -9,999 | | |
| Disposal of treasury stock | | -672 | | 1,124 | 452 | | |
| Cancellation of treasury stock | | -41,943 | | 41,943 | - | | |
| Changes due to the scope of consolidation | | | 5 | | 5 | | |
| Transfer from retained earnings to capital surplus | | 42,456 | -42,456 | | - | | |
| Net changes in items other than shareholders' equity | | | | | | 51 | 14 |
| Total changes during the previous fiscal year | - | -21 | -25,107 | 32,931 | 7,801 | 51 | 14 |
| Balance as of March 31, 2024 | 1,359 | 1,328 | 93,512 | -11,627 | 84,572 | 90 | 54 |

| | Accumulated other comprehensive income | | | Stock acquisition rights | Non-controlling interests | Total net assets |
|--|--|---|--|--------------------------|---------------------------|------------------|
| | Foreign currency translation adjustments | Accumulated remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance as of March 31, 2023 | 92 | -386 | -214 | 18 | 117 | 76,693 |
| Changes during the previous fiscal year | | | | | | |
| Cash dividends | | | | | | -26,998 |
| Profit attributable to owners of parent | | | | | | 44,341 |
| Purchase of treasury stock | | | | | | -9,999 |
| Disposal of treasury stock | | | | | | 452 |
| Cancellation of treasury stock | | | | | | - |
| Changes due to the scope of consolidation | | | | | | 5 |
| Transfer from retained earnings to capital surplus | | | | | | - |
| Net changes in items other than shareholders' equity | 94 | 224 | 385 | -18 | -117 | 249 |
| Total changes during the previous fiscal year | 94 | 224 | 385 | -18 | -117 | 8,050 |
| Balance as of March 31, 2024 | 187 | -161 | 171 | 0 | - | 84,744 |

Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Unit: million yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|---|------------------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges |
| Balance as of March 31, 2024 | 1,359 | 1,328 | 93,512 | -11,627 | 84,572 | 90 | 54 |
| Changes during the current fiscal year | | | | | | | |
| Cash dividends | | | -32,071 | | -32,071 | | |
| Profit attributable to owners of parent | | | 45,346 | | 45,346 | | |
| Purchase of treasury stock | | | | -0 | -0 | | |
| Disposal of treasury stock | | 193 | | 46 | 239 | | |
| Cancellation of treasury stock | | | | | - | | |
| Changes due to the scope of consolidation | | | | | - | | |
| Transfer from retained earnings to capital surplus | | | | | - | | |
| Net changes in items other than shareholders' equity | | | | | | -9 | -63 |
| Total changes during the current fiscal year | - | 193 | 13,275 | 45 | 13,514 | -9 | -63 |
| Balance as of March 31, 2025 | 1,359 | 1,521 | 106,787 | -11,581 | 98,087 | 80 | -9 |

| | Accumulated other comprehensive income | | | Stock acquisition rights | Non-controlling interests | Total net assets |
|--|--|---|--|--------------------------|---------------------------|------------------|
| | Foreign currency translation adjustments | Accumulated remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance as of March 31, 2024 | 187 | -161 | 171 | 0 | - | 84,744 |
| Changes during the current fiscal year | | | | | | |
| Cash dividends | | | | | | -32,071 |
| Profit attributable to owners of parent | | | | | | 45,346 |
| Purchase of treasury stock | | | | | | -0 |
| Disposal of treasury stock | | | | | | 239 |
| Cancellation of treasury stock | | | | | | - |
| Changes due to the scope of consolidation | | | | | | - |
| Transfer from retained earnings to capital surplus | | | | | | - |
| Net changes in items other than shareholders' equity | -16 | 550 | 460 | -0 | | 460 |
| Total changes during the current fiscal year | -16 | 550 | 460 | -0 | - | 13,974 |
| Balance as of March 31, 2025 | 171 | 389 | 632 | 0 | - | 98,719 |

(4) Consolidated statements of cash flows

(Unit: million yen)

| | Previous consolidated fiscal year (April 1, 2023 to March 31, 2024) | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) |
|--|--|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 60,426 | 64,710 |
| Depreciation | 3,491 | 4,491 |
| Amortization of goodwill | 352 | 251 |
| Share-based compensation expenses | 260 | 288 |
| Loss on liquidation of affiliates | - | 138 |
| Loss on valuation of investment securities | 148 | - |
| Gain on liquidation of affiliates | - | -61 |
| Reversal of allowance for doubtful accounts | -51 | - |
| Loss (gain) on investments in partnership (- is a gain) | 594 | 44 |
| Loss (gain) on sale of investment securities (- is a gain) | -139 | - |
| Loss (gain) on sale of shares of subsidiaries (- is a gain) | -735 | - |
| Loss (gain) on sale or disposal of non-current assets (- is a gain) | 64 | 101 |
| Increase (decrease) in provision for bonuses (- is a decrease) | -1,119 | 1,760 |
| Increase (decrease) in provision for bonuses for directors (- is a decrease) | 15 | -22 |
| Increase (decrease) in retirement benefit liability (- is a decrease) | 772 | 738 |
| Interest and dividend income | -5 | -66 |
| Interest expenses | 77 | 126 |
| Commissions paid | 27 | 1 |
| Foreign exchange gains (losses) (- is a gain) | -58 | 1 |
| Increase (decrease) in accounts receivable-trade (- is an increase) | -2,985 | -3,664 |
| Increase (decrease) in inventories (- is an increase) | -1,202 | 1,174 |
| Increase (decrease) in prepaid expenses (- is an increase) | -478 | -159 |
| Increase (decrease) in accounts payable-trade (- is a decrease) | 32 | -70 |
| Increase (decrease) in deposits received for consignment sales (- is a decrease) | 1,078 | 2,182 |
| Increase (decrease) in accounts payable-other (- is a decrease) | -593 | 620 |
| Increase (decrease) in accrued expenses (- is a decrease) | -120 | 286 |
| Increase (decrease) in accrued consumption taxes (- is a decrease) | -1,033 | 3,327 |
| Others | 936 | 103 |
| Subtotal | 59,754 | 76,305 |
| Interest and dividends income received | 6 | 66 |
| Interest expenses paid | -78 | -129 |
| Income taxes paid | -17,093 | -16,127 |
| Net cash provided by (used in) operating activities | 42,589 | 60,114 |

(Unit: million yen)

| | Previous consolidated fiscal year (April 1, 2023 to March 31, 2024) | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) |
|--|--|---|
| Cash flows from investing activities | | |
| Purchase of tangible assets | -7,997 | -4,799 |
| Purchase of intangible assets | -1,366 | -1,486 |
| Proceeds from sale of tangible assets | 5 | 29 |
| Payments for establishment of subsidiaries | -187 | - |
| Payments for leasehold and guarantee deposits | -449 | -41 |
| Proceeds from collection of leasehold and guarantee deposits | 70 | 3 |
| Purchase of investment securities | -91 | -97 |
| Proceeds from sale of investment securities | 184 | - |
| Proceeds from liquidation of subsidiaries | - | 107 |
| Payments for investments in capital of subsidiaries and associates | -291 | - |
| Proceeds from sale of shares of subsidiaries with change in the range of consolidation | 559 | - |
| Payments of loans receivable | -115 | -1 |
| Collection of loans receivable | 54 | 1 |
| Others | -255 | -0 |
| Net cash provided by (used in) investing activities | -9,879 | -6,285 |
| Cash flows from financing activities | | |
| Increase in short-term loans payable | 100 | - |
| Repayment of short-term loans payable | -300 | - |
| Proceeds from long-term debt | 168 | - |
| Repayment of long-term loans payable | -61 | - |
| Commissions paid | -27 | -1 |
| Purchase of treasury stock | -9,999 | -0 |
| Cash dividends paid | -26,992 | -32,069 |
| Purchase of treasury stock acquisition rights | -17 | - |
| Others | -9 | -10 |
| Net cash provided by (used in) financing activities | -37,138 | -32,081 |
| Effect of exchange rate change on cash and cash equivalents | 32 | -9 |
| Net increase (decrease) in cash and cash equivalents (- is a decrease) | -4,396 | 21,738 |
| Cash and cash equivalents at the beginning of the period | 74,145 | 69,748 |
| Cash and cash equivalents at the end of the period | 69,748 | 91,486 |

(5) Notes on consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Segment Information)

[Segment Information]

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

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

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

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

(Per share information)

| Item | Previous consolidated fiscal year (April 1, 2023 to March 31, 2024) | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) |
|----------------------|--|---|
| Net assets per share | 95.13 yen | 110.81 yen |
| Earnings per share | 49.40 yen | 50.90 yen |

(Note)

1. Fully diluted earnings per share are not presented because there were no dilutive potential shares.
2. On April 1, 2025, the Company conducted a three-for-one stock split of common stock. Net assets per share and earnings per share have been calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.
3. Basic earnings per share and the basis for its calculation are as follows:

| Item | Previous consolidated fiscal year (April 1, 2023 to March 31, 2024) | Current consolidated fiscal year (April 1, 2024 to March 31, 2025) |
|--|--|--|
| (1) Earnings per share | 49.40 yen | 50.90 yen |
| (Basis of calculation) | | |
| Profit attributable to owners of parent (million yen) | 44,341 | 45,346 |
| Amount not allocated to common shareholders (million yen) | - | - |
| Profit attributable to owners of parent related to common stock (million yen) | 44,341 | 45,346 |
| Average number of shares of common stock outstanding during the fiscal year (shares) | 897,642,881 | 890,870,670 |
| Summary of potential shares excluded from the calculation of fully diluted earnings per share due to lack of dilutive effect, with significant changes from the previous fiscal year-end | <p>Stock acquisition rights by resolution of the Board of Directors on June 25, 2019</p> <p>5th stock acquisition rights 498 units (Common stock 149,400)</p> <p>6th Stock Acquisition rights 332 units (Common stock 99,600)</p> <p>Stock acquisition rights by resolution of the Board of Directors on October 18, 2019</p> <p>8th Stock Acquisition rights Expired due to non-vesting</p> <p>9th Stock Acquisition rights Expired due to non-vesting</p> <p>Stock acquisition rights by resolution of the Board of Directors on May 24, 2021</p> <p>10th Stock Acquisition rights All acquired on June 15, 2023 and expired due to the expiration of the exercise period.</p> | <p>Stock acquisition rights by resolution of the Board of Directors on June 25, 2019</p> <p>5th Stock Acquisition Rights Expired due to non-vesting</p> <p>6th Stock Acquisition rights 66 units (Common stock 19,800)</p> |

(Note) Fully diluted earnings per share are not presented because there were no dilutive potential shares.

(Significant subsequent events)

(Stock split and partial amendment to the Articles of Incorporation)

The Company implemented a stock split and a partial amendment to its Articles of Incorporation on April 1, 2025, based on a resolution of the Board of Directors adopted on March 14, 2025.

1. Stock split

(1) Purpose of the stock split

The Company aims to enhance stock liquidity and expand its investor base by lowering the investment unit through a stock split.

(2) Overview of the stock split

① Method of the stock split

A three-for-one stock split was carried out for each share of common stock held by shareholders recorded in the register of shareholders as of Monday, March 31, 2025.

② Number of shares increased by the stock split

| | |
|--|----------------------|
| Total number of shares issued before the stock split: | 300,474,181 shares |
| Number of shares increased due to the stock split: | 600,948,362 shares |
| Total number of shares issued after the stock split: | 901,422,543 shares |
| Total number of authorized shares after the stock split: | 3,605,690,172 shares |

③ Schedule for the stock split

Public notice of record date: March 15, 2025
Record date: March 31, 2025
Effective date: April 1, 2025

④ Others

The stock split will not result in any changes to the Company's stated capital.

2. Partial Amendment to the Articles of Incorporation

(1) Purpose of the amendment

In accordance with Article 184, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation was partially amended in connection with this stock split, with an effective date of April 1, 2025.

(2) Details of the amendment

(Underlining indicates changes)

| Previous Articles of Incorporation | After amendment |
|--|--|
| (Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>1,287,360,000</u> shares | (Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>3,605,690,172</u> shares |

(3) Schedule for the amendment

Effective date: April 1, 2025

3. Impact on per share information

The impact on per share information is reflected in "Per share information."

(Business combination through establishment of a subsidiary and acquisition of shares)

On April 9, 2025, by a written resolution of the Board of Directors, the Company resolved to establish a new wholly owned subsidiary and to acquire all shares of LYST LTD, thereby making it a subsidiary. A share transfer agreement was executed on the same date.

1. Overview of business combination through share acquisition

(1) Purpose of the business combination through the share acquisition

LYST is a leading global fashion shopping platform featuring over 27,000 brands and more than 97 million SKUs.

While we have focused on market expansion through licensing our in-house technology and partnerships with local companies to date, we have decided to take a bold step forward by acquiring LYST to accelerate our growth in the global market. This acquisition is the cornerstone of our international expansion strategy.

(2) Counterparty to the share acquisition

We will not disclose the information at the request of the selling shareholders.

(3) Name and business description of the acquired company

Company name: LYST LTD

Business description: Online fashion platform business

(4) Date of business combination

April 30, 2025

(5) Legal form of business combination

Acquisition of shares

(6) Name of the company after the business combination

LYST LTD

(7) Number of shares to be acquired and voting rights ratio

100%

(8) Basis for determining the acquiring company

This is due to the acquisition of 100% of the voting rights by a newly established subsidiary through a cash-based share acquisition.

(9) Date of agreement execution

April 9, 2025

2. Breakdown of acquisition cost and types of consideration

| | |
|---|--------------------|
| Consideration for acquisition | 22,094 million yen |
| Advisory related expenses, etc. (approximate amount) | 1,200 million yen |
| Total acquisition cost (approximate amount) | 23,294 million yen |

3. Amount, cause, amortization method, and period of goodwill

The amount, cause, amortization method, and amortization period of goodwill have not yet been determined.

4. Amount and major components of assets and liabilities accepted on the business combination date

The amount and breakdown of assets and liabilities accepted on the business combination date have not yet been determined.

5. Funding and payment method

The acquisition was funded using internal funds.

(Share repurchase and cancellation of treasury shares)

The Company resolved at the Board Meeting held on April 30, 2025, to acquire its own shares pursuant to Article 156 of the Companies Act, as applied by replacing terms pursuant to Article 165, Paragraph 3 of the same Act, and to cancel treasury shares pursuant to Article 178 of the Companies.

1. Purpose of share repurchase and cancellation of treasury shares

As for profit return to shareholders, our group has the basic policy for deliberating and implementing profit return by balancing internal reserve through comprehensive consideration of the following: business performance, financial status, future business, and investment plans.

In addition, with respect to the total return ratio including share buybacks, we aim to maintain an average of over 80% over the five-year period starting from the fiscal year ended March 2024. In line with this objective, we have decided to conduct share buybacks and cancellations to achieve the target total return ratio.

2. Details of the share repurchase

| | |
|---|---|
| (1) Class of shares to be acquired | Common stock |
| (2) Total number of shares to be acquired | Up to 10,000,000 shares |
| (3) Total amount to be paid for the acquisition | Up to 10 billion yen |
| (4) Period of acquisition | May 1, 2025, to September 1, 2025 (Plan) |
| (5) Method of acquisition | Market purchase on the Tokyo Stock Exchange, Inc. |

3. Details of the cancellation of treasury shares

| | |
|--|------------------|
| (1) Class of shares to be cancelled | Common stock |
| (2) Total number of shares to be cancelled | 9,390,171 shares |
| (3) Scheduled date of the cancellation | May 9, 2025 |

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 case of any discrepancy, errors, and/or omissions.