



April 30, 2026

Minutes of Q&A Session
FYE 2026 Results Briefing

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

[Company participants]

Kotaro Sawada (Representative Director, President & CEO)

Koji Yanagisawa (Director, Executive Vice President & CFO)

Fuminori Hirose (Director & COO)

Yusaku Kobayashi (General Manager of Corporate Planning Office)

【About the Medium-Term Business Plan】

Q. Why did you decide to disclose a Medium-Term Business Plan at this time? Also, why is it a four-year plan?

A. (Answer: Sawada) We believe that, over the next few years, the business environment will undergo significant changes, driven in particular by the impact of AI. While continuing to focus solely on fashion e-commerce, as we have in the past, may cause us to miss the next major growth opportunity, failing to adequately address our existing business could, at the same time, lead to a gradual decline in the fashion e-commerce business itself. In light of these anticipated changes, we determined that it is necessary to advance our business with a clear roadmap, and therefore formulated this Medium-Term Business Plan. We chose a four-year timeframe because we consider it to be a reasonable period over which we can make projections at this point, and, as some initiatives aligned with this policy have already been underway since the previous fiscal year, we are effectively operating with a five-year perspective.

Q. How do you view the path of profit growth over the next four years toward achieving Adjusted EBITA of ¥90 billion for the fiscal year ending March 2030? While the average annual growth rate (CAGR) appears to be around 5%, do you expect steady, step-by-step growth, or a temporary decline followed by acceleration?

A. (Answer: Sawada) In the ZOZOTOWN business and “More Fashion” domain, including LY Corporation Commerce, we plan to steadily increase Gross Merchandise Value by more than ¥20 billion each year, and expect stable, consistent growth. On the other hand, the “Near Fashion” and “Global” domains are not yet profitable at this stage, and we expect them to gradually build up profit contributions over the next few years.

Q. In the Medium-Term Business Plan, does the annual increase of ¥20 billion in the “More Fashion” domain apply only to the ZOZOTOWN business, or does it also include LY Commerce?

A. (Answer: Sawada) This is based on the overall existing business, including LY Corporation Commerce. In addition, the ¥20 billion represents a minimum level, and we are assuming a scale that exceeds this amount.

Q. Adding amortization of goodwill to operating profit of ¥69.4 billion for the fiscal year ended March 2026 still leaves a gap of approximately ¥1.0 billion compared to Adjusted EBITA of ¥72.6 billion. What does this difference consist of? Also, how much M&A-related expenses are assumed in the plan for the fiscal year ending March 2027?

A. (Answer: Kobayashi) Of the approximately ¥1.0 billion difference, about ¥0.7 billion consists of financial advisory



fees and due diligence–related expenses associated with the acquisition of LYST. The remaining approximately ¥0.3 billion represents expenses recorded as depreciation, following the purchase price allocation (PPA). For the fiscal year ending March 2027, in addition to an increase in amortization of goodwill, we expect approximately ¥0.4 billion in depreciation related to PPA for LYST and HIGH LINK, INC. (hereinafter, referred to as “HIGH LINK”)

Q. How do you view the contribution of the “Near Fashion” and “Global” domains to Adjusted EBITA in the plan for the fiscal year ending March 2027?

A. (Answer: Sawada) At this stage, we do not disclose detailed figures by domain; however, we assume that the impact of the “Near Fashion” and “Global” domains on overall performance will not be significant.

Q. Of the ¥72.6 billion in Adjusted EBITA for the fiscal year ended March 2026, were the “Global” and “Near Fashion” domains profitable or operating at a loss? Is the increase from ¥72.6 billion in the fiscal year ended March 2026 to the forecast of ¥77.9 billion for the fiscal year ending March 2027 mainly driven by the “More Fashion” domain, or does it also reflect improvements in other domains?

A. (Answer: Yanagisawa) For the fiscal year ended March 2026, the “Global domain” incurred a loss while the “Near Fashion” domain was approximately breakeven. Under the plan for the fiscal year ending March 2027, the “Near Fashion” domain may turn profitable, supported by the contribution of HIGH LINK, which will be consolidated through M&A. At the same time, however, it could operate at a loss if new M&A transactions are undertaken or new businesses are launched during the fiscal year. The “Global” domain remains in an investment phase, and we expect it to incur a modest loss. On a combined basis, the “Near Fashion” and “Global” domains are expected to be in a loss position.

Q. Given that the Adjusted EBITA target for the fiscal year ending March 2027 is ¥77.9 billion, while the target for the fiscal year ending March 2030 is ¥80.0 billion for the “More Fashion” domain, the profit growth in the “More Fashion” domain appears relatively limited. Is this a conservative plan that incorporates risks, or should we understand that future growth drivers will shift to other domains?

A. (Answer: Sawada) We do not assume that the “More Fashion” domain will achieve significant growth going forward, but neither do we expect a substantial decline. As we have formulated the ¥90.0 billion target with a certain level of buffer, we believe there is potential to exceed this plan if the “Near Fashion” and “Global” domains progress as expected.

Q. With regard to expansion into the “Near Fashion” domain, how do you approach areas where the path to monetization may not yet be clearly visible?

A. (Answer: Sawada) We believe our greatest strength lies in the fact that we already have a customer base of approximately 13 million ZOZOTOWN users. In general, while launching a new business itself is relatively easy, customer acquisition tends to be more challenging. In this context, the ability to direct users to new domains starting from our existing user base is a key differentiating factor. In addition, from the perspective of avoiding cannibalization with ZOZOTOWN, we intend to expand into items and services that we have not previously offered.

Q. The “Global” domain targets Adjusted EBITA of ¥5.0 billion for the fiscal year ending March 2030. How much traction do you have toward achieving profitability, and do you have an image of the scale of merchandise value required to reach this level of earnings?

A. (Answer: Sawada) We believe that the performance of LYST will be a key factor for the “Global” domain. While we position the fiscal year ending March 2027 as an important investment phase, we expect to steadily grow the business following the transformation of its business model. In addition, we do not intend to generate the full ¥5.0



billion solely through the structural transformation of LYST, but rather aim to achieve this target by accumulating contributions from new initiatives such as ZOZOFIT.

Q. What is the business model of ZOZOFIT, and how much do you expect it to contribute to the ¥5.0 billion target for the “Global” domain?

A. (Answer: Yanagisawa) ZOZOFIT is a subscription-based service that provides body measurement and additional features through a monthly fee. Going forward, we aim to incorporate an affiliate-based model, whereby we generate revenue by directing users from ZOZOFIT to related services. While we do not disclose the breakdown of the ¥5.0 billion target, we currently expect ZOZOFIT’s contribution to remain relatively limited.

Q. Has there been any change in your view that growth is driven by increasing the number of active members and purchase frequency?

A. (Answer: Sawada) Our overall approach has not changed significantly. However, through our efforts, we have recognized that increasing purchase frequency per user is relatively challenging. As a result, at this stage, we believe that focusing on acquiring new users is a more efficient way to build up Gross Merchandise Value and profits, and we are therefore prioritizing this approach.

Q. How do you position the advertising business within your Medium-Term Business Plan?

A. (Answer: Sawada) We consider the advertising business from two main perspectives. The first is advertising on ZOZOTOWN, primarily ZOZOAD, where brands act as advertisers. However, we believe that increasing advertising slots beyond the current level would negatively impact the UI/UX. As such, we consider the current level to be effectively the upper limit, and do not expect significant growth in this area. On the other hand, we see potential to expand advertising approaches that leverage our customer base of 13 million users, and we intend to continue exploring these opportunities. That said, we do not currently have specific initiatives that are expected to drive significant growth, and therefore view this as an exploratory phase for the time being.

Q. What level of budget do you assume for M&A investments under your Medium-Term Business Plan?

A. (Answer: Yanagisawa, Kobayashi) We do not set a uniform cap on M&A investments and instead evaluate each opportunity on a case-by-case basis. At the same time, from a profit and loss management perspective, we assume an operating framework under which losses of up to ¥2.0 billion per year are acceptable for new businesses as a whole, excluding amortization of goodwill.

Q. What level of capital investments is assumed under the Medium-Term Business Plan?

A. (Answer: Kobayashi) Based on our current business trajectory, we expect capital investments for the fiscal year ending March 2028 to be at a similar level to the fiscal year ending March 2027, at a little over ¥10.0 billion. Thereafter, as no expansion of logistics centers is planned, we expect capital investments to be in the range of ¥3.0 to 5.0 billion per year.

Q. In light of your future logistics center expansion plans, how do you expect logistics-related costs to change in the fiscal years ending March 2028 and March 2029?

A. (Answer: Kobayashi) ZOZOBASE NARASHINO 3 is scheduled to commence its lease in March 2027, with a six-month rent-free period. Thereafter, we expect to incur monthly rent of approximately ¥160 million. On the other hand, the lease for ZOZOBASE NARASHINO 2 is scheduled to expire at the end of March 2028, and accordingly, we expect that monthly rent of slightly over ¥100 million will no longer be incurred thereafter. ZOZOBASE NARASHINO 2 is dedicated to inventory storage and does not have shipping functions, and therefore associated depreciation



expenses are limited. ZOZOBASE NARASHINO 3 is planned to be a facility equipped with automated systems with a total investment exceeding ¥20.0 billion, and we expect depreciation expenses to increase in line with the commencement of operations.

【About earnings forecast for the fiscal year ending March 31, 2027】

Q. The growth rate of the ZOZOTOWN business appears relatively moderate. What assumptions underpin this outlook?

A. (Answer: Sawada) We believe that higher growth could be achieved by more aggressively increasing promotional spending. However, we place greater emphasis on long-term sustainability and have formulated our plan based on investment efficiency. On that basis, the figures in our plan represent what we consider to be the maximum achievable level under these assumptions.

Q. Compared with the growth rates of profit before tax and operating profit, the growth rate of profit attributable to owners of the parent appears relatively lower. What are the reasons for this?

A. (Answer: Kobayashi) For the fiscal year ended March 2026, we benefited from the application of tax credits, including those related to wage increases and research and development. In contrast, under our plan for the fiscal year ending March 2027, we expect the effective tax rate to increase by slightly less than one percentage point due to the impact of the Special Defense Corporate Tax. In addition, we do not assume the application of tax credits such as those related to wage increases. As a result, a gap arises between the growth rates of profit before tax and profit after tax.

Q. Aside from increases in costs such as rent for new logistics centers and higher goodwill amortization following the acquisition of HIGH LINK, are there any other significant cost increases expected year-on-year?

A. (Answer: Kobayashi) For the fiscal year ending March 2027, we plan to expand storage space at an existing logistics facility. However, as the rent-free period is relatively long, we do not expect a significant increase in costs associated with this for the current fiscal year. The increase in amortization of goodwill is attributable to the consolidation of HIGH LINK, and the full-year consolidation of LYST. Other than that, excluding costs that vary with revenue, we do not anticipate any major cost increases. However, given the situation in the Middle East, we have incorporated certain factors such as increases in fuel surcharges related to shipping costs.

Q. Depreciation is planned to increase significantly. Is this related to the new logistics center?

A. (Answer: Kobayashi) While there are several factors contributing to the year-on-year increase, the primary driver is the commencement of depreciation for newly introduced shipping-related automation equipment at an existing logistics center.

Q. Capital investments are planned at ¥11.5 billion. Could you provide a breakdown?

A. (Answer: Kobayashi) Approximately ¥8.0 billion is allocated to capital investments for ZOZOBASE NARASHINO 3, our new logistics center. In addition, we expect to allocate approximately JPY 2.5 billion for the replacement and maintenance of equipment at existing logistics centers, and around ¥1.0 billion for offices and system-related investments.

【About the acquisition of HIGH LINK】

Q. How is HIGH LINK incorporated into your plan in terms of Gross Merchandise Value and net sales?



A. (Answer: Kobayashi) For the subscription-based delivery service, we do not include it in Gross Merchandise Value, as its nature is primarily that of a service fee. On the other hand, online sales of products such as private label items are expected to be recorded under the “Others” category within Gross Merchandise Value. On a net sales basis, revenues from HIGH LINK, including subscription-based delivery service fees, will be recorded in the “Others” category and are already incorporated into the plan.

Q. What was the reason behind the acquisition of HIGH LINK, and how should we view its contribution to performance for the fiscal year ending March 2027?

A. (Answer: Hirose) HIGH LINK primarily operates a subscription-based business that delivers small portions of existing fragrances, and already possesses facilities and operational expertise for such products. We found this existing platform attractive, as building it from scratch would require significant time and cost. In addition, sales in the fragrance category on ZOZOCOSME have been performing well, and we expect synergies whereby customers can first try fragrances in smaller portions and then purchase full-size bottles on ZOZOTOWN if they like them. Furthermore, HIGH LINK also develops private label items such as room diffusers and has wholesale distribution channels for mass retailers, which we believe provide additional growth opportunities. In our plan for the fiscal year ending March 2027, we expect HIGH LINK to generate net sales of approximately ¥2.0 to 3.0 billion and operating profit in the low single-digit hundreds of millions of yen.

Q. Is it correct to understand that HIGH LINK will expand its business by leveraging ZOZOTOWN going forward?

A. (Answer: Hirose) Rather than directly operating on ZOZOTOWN, we envisage a model in which ZOZOTOWN users are directed to HIGH LINK’s service, where they can discover their preferred fragrances, and then purchase full-size bottles on ZOZOTOWN.

Q. How fast is HIGH LINK’s business growing?

A. (Answer: Hirose) HIGH LINK was established in 2017, and as it operates a subscription-based business, it is not expected to grow rapidly. However, we believe it has achieved steady growth to date.

【About the business performance of the fourth quarter for the fiscal year ended March 2026】

Q. Regarding Gross Merchandise Value in the ZOZOTOWN business, you mentioned that unused promotional budget was also utilized. Should we understand that this was used to boost short-term performance, rather than as an investment for the next fiscal year?

A. (Answer: Sawada) As Gross Merchandise Value had been below plan through the third quarter of the fiscal year ended March 2026, we focused on promotions aimed at increasing Gross Merchandise Value in the fourth quarter, resulting in a somewhat different approach from our usual operations.

【About the utilization of AI】

Q. How do you assess the impact of your AI-related initiatives on customer acquisition, including through ChatGPT and LINE? In addition, are there concerns that interactions through these channels could lead to the leakage of data that constitutes ZOZO’s competitive advantage to external LLMs?

A. (Answer: Sawada) At this stage, the impact on customer acquisition is quite limited. In the case of ChatGPT, users need to explicitly input commands in order to access the API, which creates constraints in terms of usability. In addition, our initiatives on LINE have not yet been fully rolled out. On the other hand, we believe that it is important to take a proactive approach to these initiatives, as improvements in quality cannot be achieved without advancing



them. We see value in continuing to learn from actual interaction data and refining our services accordingly. With regard to data leakage, we do not expect external LLMs to directly incorporate ZOZO's proprietary data. Rather, user inputs are interpreted on our side in the context of fashion-related terminology, and appropriate item recommendations or styling suggestions are provided. Therefore, we do not consider this to pose a significant risk.

Q. Regarding ZOZO's AI utilization metric, the "All ZOZO AI Readiness Score (AZARS)," where does the organization currently stand in terms of its level of utilization, and what level are you aiming to achieve in the current fiscal year?

A. (Answer: Sawada) We recognize that we are currently at Level 2, "Knowledge sharing," and aim to advance to Level 3, "Operational Adoption," within the current fiscal year.

*Definition of organizational AI utilization levels:

Level 2: Knowledge Sharing

Use cases are shared through internal chat and regular meetings, increasing visibility across the organization

Level 3: Operational Adoption

Prompts and templates are standardized and shared, enabling multiple members to use AI routinely

【Others】

Q. Is there any possibility that you will revise your shareholder return policy in order to achieve your Medium-Term Business Plan?

A. (Answer: Yanagisawa) At this stage, we have no intention of changing our shareholder return policy.

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