

Consolidated Financial Results

For the third quarter of the fiscal year ending March 31, 2025 [JGAAP]

January 31, 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 person | Director, Executive Vice President & CFO | Koji Yanagisawa | (TEL) 043(213)5171 |
| Scheduled date of dividend payment | - | | |
| Supplementary material for quarterly financial results | : Yes | | |
| Quarterly results briefing | : Yes (For analysts and institutional investors) | | |

(Rounded down to million yen)

1. Consolidated business results for the third quarter of the fiscal year ending March 31, 2025 (April 1, 2024 to December 31, 2024)

(1) Consolidated business results (cumulative)

(Percentages indicate YoY changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parents | |
|--|-------------|-----|------------------|------|-----------------|------|--|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Third quarter of fiscal year ending March 31, 2025 | 161,076 | 9.2 | 51,761 | 13.3 | 51,829 | 12.9 | 35,943 | 10.7 |
| Third quarter of fiscal year ended March 31, 2024 | 147,568 | 8.1 | 45,698 | 2.4 | 45,906 | 2.3 | 32,470 | 4.0 |

| | | | |
|-----------------------------|--|--------------------|---------|
| (Note) Comprehensive income | Third quarter of fiscal year ending March 2025 | 36,013 Million yen | (10.3%) |
| | Third quarter of fiscal year ended March 2024 | 32,639 Million yen | (4.4%) |

| | Net profit per share | Net profit per share after adjusting dilutive shares |
|---|----------------------|--|
| | Yen | Yen |
| Third quarter of fiscal year ending March, 2025 | 121.04 | - |
| Third quarter of fiscal year ended March, 2024 | 108.31 | - |

(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 | % |
| Third quarter of fiscal year ending March 31, 2025 | 178,318 | 88,880 | 49.8 |
| Fiscal year ended March 31, 2024 | 161,862 | 84,744 | 52.4 |

| | | | |
|----------------------------------|--|--------------------|--|
| (Reference) Shareholders' equity | Third quarter of fiscal year ending March 31, 2025 | 88,880 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 dividend 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 | | Net profit per share |
|-----------------------------------|-------------|-----|------------------|-----|-----------------|-----|---|-----|----------------------|
| | 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 consolidated cumulative third quarter of the current fiscal year : None
 New - Exclusion -
- (2) Application of particular accounting procedures to the preparation of quarterly consolidated financial statements : None
- (3) Changes in accounting policies and changes or restatement of accounting estimates
- ① Changes in accounting policies caused by 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) | Q3 of fiscal year ending March 2025 | 300,474,181 Shares | Fiscal year Ended March 2024 | 300,474,181 Shares |
| ② Number of year-end treasury stocks | Q3 of fiscal year ending March 2025 | 3,520,203 Shares | Fiscal year Ended March 2024 | 3,523,250 Shares |
| ③ Average number of shares during the period (cumulative) | Q3 of fiscal year ending March 2025 | 296,957,840 Shares | Q3 of fiscal year ended March 2024 | 299,800,950 Shares |

- ※ Review of the quarterly 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

(Regarding the review of the quarterly consolidated financial statements by a certified public accountant or auditing firm)

The Company plans to disclose the quarterly financial statements with the review report attached after the review is completed.

Scheduled date of disclosure: February 12, 2025

-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 third quarter ended December 31, 2024, (3) Explanation of consolidated business forecast and other forward-looking statements" on page 11 for the assumptions underlying the forecasts and cautionary statements regarding the use of the forecasts.

-We are scheduling a financial results briefing for institutional investors and analysts on January 31, 2025. We will post the content of the briefing and the materials used on the day on its website promptly after the briefing.

-The quarterly consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of the Rules for Preparing Quarterly Financial Statements, etc., of the Tokyo Stock Exchange, as well as the accounting standards for quarterly financial statements generally accepted in Japan (with certain disclosures omitted in accordance with Article 4, Paragraph 2 of the Rules for Preparing Quarterly Financial Statements, etc.).

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1. Qualitative information on results for the third quarter ended December 31, 2024

(1) Overview of business results

Business results for the current fiscal year

[Table 1] YoY comparison

(Unit: Million yen)

| | Consolidated cumulative third quarter of previous fiscal year (April 1 to December 31, 2023) | | Consolidated cumulative third quarter of current fiscal year (April 1 to December 31, 2024) | | YoY basis |
|---|---|----------|--|----------|-----------|
| Gross merchandise value | 427,146 | (106.9%) | 461,171 | (106.8%) | 8.0% |
| Gross merchandise value (excluding other GMV) | 399,496 | (100.0%) | 431,914 | (100.0%) | 8.1% |
| Net sales | 147,568 | (36.9%) | 161,076 | (37.3%) | 9.2% |
| Gross profit | 137,313 | (34.4%) | 150,062 | (34.7%) | 9.3% |
| Operating profit | 45,698 | (11.4%) | 51,761 | (12.0%) | 13.3% |
| Ordinary profit | 45,906 | (11.5%) | 51,829 | (12.0%) | 12.9% |
| Profit attributable to owners of parent | 32,470 | (8.1%) | 35,943 | (8.3%) | 10.7% |

(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 consolidated cumulative third quarter 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, 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 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 December 2024. 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 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, October 20, November 17, December 22, 2024) by LY Corporation which operates Yahoo! JAPAN Shopping.

Consequently, the gross merchandise value in the consolidated cumulative third quarter of the current fiscal year was 461,171 million yen (+8.0% YoY), and the gross merchandise value (excluding other GMV) was 431,914 million yen (+8.1% YoY). Net sales were 161,076 million yen (+9.2% YoY), and gross profit was 150,062 million yen (+9.3% YoY). The gross profit ratio to the gross merchandise value (excluding other GMV) (gross profit margin) was 34.7%, an increase of 0.3% 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 revised, increasing the shipping fee paid by customers to 330 yen (including tax) starting April 1,

2024.).

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 98,301 million yen (+7.3% YoY). The ratio to the gross merchandise value (excluding other GMV) was 22.8%, a decrease of 0.1% compared with the same period of the previous fiscal year. The main reasons for the YoY decrease 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 YAMATO TRANSPORT CO., LTD. starting April 1, 2024, despite the average order value exceeding that of the same period of the previous fiscal year.
2. Depreciation expenses as a percentage of gross merchandise value rose by 0.2%, 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 0.1%, 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 0.5%, 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” category as a percentage of gross merchandise value declined by 0.3%, due to reduced one-time costs related to ZOZOBASETSUKUBA3, launched in the previous fiscal year.

Consequently, the operating profit of the consolidated cumulative third quarter of the current fiscal year was 51,761 million yen (+13.3% YoY), and the operating profit margin was 12.0% to the gross merchandise value (excluding other GMV), an increase of 0.6% compared with the same period of the previous fiscal year. Ordinary profit was 51,829 million yen (+12.9% YoY), and net profit attributable to owners of parent was 35,943 million yen (+10.7% 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 | Consolidated cumulative third quarter of previous fiscal year (April 1 to December 31, 2023) | | | Consolidated cumulative third quarter of current fiscal year (April 1 to December 31, 2024) | | | Merchandise Value YoY (%) | Net sales YoY (%) |
|--|---|-----------------|----------------------------|--|-----------------|----------------------------|---------------------------|-------------------|
| | Merchandise value (Million yen) | Composition (%) | Net sales (Million yen) | Merchandise Value (Million yen) | Composition (%) | Net sales (Million yen) | | |
| ZOZOTOWN Business | 348,545 | 81.6 | 108,304 | 371,667 | 80.6 | 115,366 | 6.6 | 6.5 |
| (Outright purchase/ production & sales) | 3,647 | 0.9 | 3,504 | 3,026 | 0.7 | 2,876 | -17.0 | -17.9 |
| (Consignment Sales) | 331,580 | 77.6 | 91,830 | 354,104 | 76.7 | 98,562 | 6.8 | 7.3 |
| (USED Sales) | 13,317 | 3.1 | 12,969 | 14,535 | 3.2 | 13,927 | 9.2 | 7.4 |
| LY Corporation Commerce | 40,250 | 9.4 | 11,935 | 50,156 | 10.9 | 15,365 | 24.6 | 28.7 |
| BtoB business | 10,700 | 2.5 | 1,670 | 10,090 | 2.2 | 1,642 | -5.7 | -1.7 |
| Advertising business | - | - | 7,056 | - | - | 8,534 | - | 21.0 |
| Subtotal excluding Others | 399,496 | 93.5 | 128,967 | 431,914 | 93.7 | 140,909 | 8.1 | 9.3 |
| Others | 27,650 | 6.5 | 18,601 | 29,256 | 6.3 | 20,166 | 5.8 | 8.4 |
| Total | 427,146 | 100.0 | 147,568 | 461,171 | 100.0 | 161,076 | 8.0 | 9.2 |

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 conduct sales. This corresponds to purchasing fashion merchandise from each brand and 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 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 | 1,656 | - |
| Outright purchase/production & sales (Note) 2 | 28 | 29 | 28 | 29 | 29 | 31 | 30 | - |
| Consignment sales | 1,536 | 1,552 | 1,577 | 1,566 | 1,576 | 1,590 | 1,626 | - |
| Number of brands (Note) 1, 2 | 8,981 | 8,940 | 9,109 | 9,021 | 9,194 | 9,128 | 9,162 | - |

(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 third quarter consolidated accounting period of the current fiscal year was 50 (a net increase of 35 shops), and the number of new shops opened during the consolidated cumulative third quarter of the current fiscal year was 114 (a net increase of 61). Major new stores include the streetwear brand “WIND AND SEA,” the bag brand “TUMI,” “GUCCI Beauty,” a makeup and fragrance collection from GUCCI, and “LUNASOL” from the Kao Group.

(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 | 12,057,726 | - |
| (YoY) | 850,658 | 692,888 | 479,575 | 269,506 | 319,677 | 318,080 | 366,768 | - |
| (QoQ) | 58,880 | 82,172 | 138,194 | -9,740 | 109,051 | 80,575 | 186,882 | - |
| Number of active members (Note) 3 | 10,352,251 | 10,515,910 | 10,739,246 | 10,789,997 | 10,919,685 | 11,028,704 | 11,211,992 | - |
| (YoY) | 1,083,171 | 970,823 | 803,477 | 597,664 | 567,434 | 512,794 | 472,746 | - |
| (QoQ) | 159,918 | 163,659 | 223,336 | 50,751 | 129,688 | 109,019 | 183,288 | - |
| Number of guest buyers | 1,118,341 | 1,036,854 | 951,712 | 891,221 | 870,584 | 842,140 | 845,734 | - |
| (YoY) | -232,513 | -277,935 | -323,902 | -328,158 | -247,757 | -194,714 | -105,978 | - |
| (QoQ) | -101,038 | -81,487 | -85,142 | -60,491 | -20,637 | -28,444 | 3,594 | - |

(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 third 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 sale event. The Black Friday event, in particular, gained even greater recognition from both users and brands, achieving strong customer acquisition results for the second consecutive year.

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

(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 third 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 | 4,369 | - |
| (YoY) | 4.9% | 3.0% | -1.7% | 0.4% | -0.7% | 1.1% | 0.2% | - |
| Average order value (Note) 1, 2, 3 | 8,177 | 7,894 | 9,119 | 8,735 | 8,343 | 8,196 | 9,422 | - |
| (YoY) | 6.2% | 4.3% | 1.8% | 5.2% | 2.0% | 3.8% | 3.3% | - |
| Average purchase pieces per order (Note) 1, 2 | 2.19 | 2.20 | 2.09 | 2.18 | 2.26 | 2.26 | 2.16 | - |
| (YoY) | 1.3% | 1.3% | 3.6% | 4.8% | 2.8% | 2.7% | 3.1% | - |
| 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 | - |
| (YoY) | 0.9% | 2.9% | 5.8% | -0.6% | 4.1% | 2.8% | 3.5% | - |

(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 third quarter consolidated accounting period of the current fiscal year, it remained on par with the same quarter of the previous fiscal year. While the impact of price increases implemented by brands over the past few years for new autumn/winter items has leveled off, the average list price on an in-stock basis declined by approximately 2% YoY due to changes in the composition of item categories. The change in the item category composition was due to the merchandising strategies of brands that anticipated lingering summer heat and a warm winter. This led to an increase in the proportion of relatively low-priced items, such as T-shirts, and a decrease in the proportion of higher-priced items, such as outerwear. On the other hand, the delayed start of brands' discounting due to the late arrival of autumn led to a lower proportion of items on sale compared to the same quarter of the previous year, which had a positive impact on the average retail price. Regarding the average order value, it 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 consolidated cumulative third quarter of the current fiscal year, the merchandise value was 3,026 million yen (-17.0% YoY), accounting for 0.7% of the gross merchandise value (0.9% in the same period of the previous fiscal year). Net sales were 2,876 million yen (-17.9% YoY). As of the end of December 2024, the number of shops opened on ZOZOTOWN for Outright purchase/production & sales was 30 (31 as of the end of September 2024).

ii. Consignment Sales

In the consolidated cumulative third quarter of the current fiscal year, the merchandise value was 354,104 million yen (+6.8% YoY), accounting for 76.7% of the gross merchandise value (77.6% in the same period of the previous fiscal year). Net sales (consignment sales commission) were 98,562 million yen (+7.3% YoY). As of the end of December 2024, the number of shops opened on ZOZOTOWN for consignment sales was 1,626 (1,590 as of the end of September 2024).

iii. USED Sales

In the consolidated cumulative third quarter of the current fiscal year, the merchandise value was 14,535 million yen (+9.2% YoY), accounting for 3.2% of the gross merchandise value (3.1% in the same period of the previous fiscal year). Net sales were 13,927 million yen (+7.4% 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 ZOZOUSUED store was also opened on Yahoo! JAPAN Auction, an online auction service, in March 2024. LY Corporation operates both.

In the consolidated cumulative third quarter of the current fiscal year, the merchandise value was 50,156 million yen (+24.6% YoY), accounting for 10.9% of the gross merchandise value (9.4% in the same period of the previous fiscal year). Net sales (consignment sales commission) were 15,365 million yen (+28.7% YoY).

③ BtoB business

The BtoB business model includes building and operating brands' e-commerce websites and providing logistics services.

In the consolidated cumulative third quarter of the current fiscal year, the merchandise value was 10,090 million yen (-5.7% YoY), accounting for 2.2% of the gross merchandise value (2.5% in the same period of the previous fiscal year). Net sales (consignment sales commission) were 1,642 million yen (-1.7% YoY). As of the end of December 2024, the number of consigned websites was 31 (31 as of the end of September 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 consolidated cumulative third quarter of the current fiscal year, net sales were 8,534 million yen (+21.0% 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 consolidated cumulative third quarter of the current fiscal year was 29,256 million yen (+5.8% YoY), accounting for 6.3% of the gross merchandise value (6.5% 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 consolidated cumulative third quarter of the current fiscal year, net sales were 20,166 million yen (+8.4% YoY).

(2) Overview of financial position

Overview of total assets, liabilities, and net assets

(Unit: Million yen)

| | Previous consolidated fiscal year | Third quarter consolidated accounting period | Increase/ decrease rate |
|--------------|-----------------------------------|--|-------------------------|
| Total assets | 161,862 | 178,318 | 10.2% |
| Liabilities | 77,117 | 89,438 | 16.0% |
| Net assets | 84,744 | 88,880 | 4.9% |

(Total assets)

Total assets amounted to 178,318 million yen, an increase of 16,456 million yen (+10.2% from the previous consolidated fiscal year end). Current assets increased by 15,219 million yen, or 12.4%, compared with the previous consolidated fiscal year end, amounted to 138,356 million yen. Major components are a decrease of 2,621 million yen in cash and deposits, a decrease of 556 million yen in merchandise and finished products, and an increase of 18,518 million yen in accounts receivable, etc. Non-current assets increased by 1,236 million yen, or 3.2%, compared with the previous consolidated fiscal year end, amounted to 39,961 million yen. Major components are an increase of 1,549 million yen in tangible assets, a decrease of 188 million yen in goodwill, and a decrease of 933 million yen in investments and other assets, etc.

(Liabilities)

Liabilities amounted to 89,438 million yen, an increase of 12,320 million yen (+16.0% from the previous consolidated fiscal year end). Current liabilities increased by 11,493 million yen, or 16.8%, compared with the previous consolidated fiscal year end, amounted to 79,754 million yen. Major components are an increase of 9,667 million yen in deposits received for consignment sales, a decrease of 1,649 million yen in income taxes payable, and a decrease of 921 million yen in the provision for bonuses, etc. Non-current liabilities increased by 827 million yen, or 9.3%, and amounted to 9,683 million yen compared with the previous consolidated fiscal year end. Major components are an increase of 328 million yen in asset retirement obligation, an increase of 499 million yen in retirement benefit liability, etc.

(Net assets)

Net assets amounted to 88,880 million yen, an increase of 4,135 million yen (+4.9% from the previous consolidated fiscal year end). Major components are an increase of 35,943 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) 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. Consolidated financial statements

(1) Quarterly consolidated balance sheets

(Unit: Million yen)

| | Previous consolidated fiscal year (As of March 31, 2024) | Third quarter consolidated accounting period of current fiscal year (As of December 31, 2024) |
|---|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 64,747 | 62,125 |
| Accounts receivable-trade | 45,789 | 64,307 |
| Marketable securities | 5,000 | 5,000 |
| Merchandise and finished products | 3,784 | 3,227 |
| Raw materials and supplies | 39 | 58 |
| Others | 3,777 | 3,637 |
| Total current assets | 123,137 | 138,356 |
| Non-current assets | | |
| Tangible assets | 24,660 | 26,210 |
| Intangible assets | | |
| Goodwill | 920 | 731 |
| Others | 1,691 | 2,501 |
| Total intangible assets | 2,611 | 3,232 |
| Investments and other assets | 11,452 | 10,519 |
| Total non-current assets | 38,724 | 39,961 |
| Total assets | 161,862 | 178,318 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 259 | 200 |
| Deposits received for consignment sales | 26,668 | 36,336 |
| Short-term borrowings | 20,000 | 20,000 |
| Income taxes payable | 8,721 | 7,071 |
| Provision for bonuses | 1,275 | 354 |
| Provision for bonuses for directors | 95 | 54 |
| Provision for loss on liquidation of affiliates | - | 126 |
| Others | 11,240 | 15,611 |
| Total current liabilities | 68,261 | 79,754 |
| Non-current liabilities | | |
| Retirement benefit liability | 4,841 | 5,341 |
| Asset retirement obligations | 4,004 | 4,332 |
| Others | 10 | 9 |
| Total non-current liabilities | 8,856 | 9,683 |
| Total liabilities | 77,117 | 89,438 |

(Unit: Million yen)

| | Previous consolidated fiscal year (As of March 31, 2024) | Third quarter consolidated accounting period of current fiscal year (As of December 31, 2024) |
|---|--|---|
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 1,359 | 1,359 |
| Capital surplus | 1,328 | 1,476 |
| Retained earnings | 93,512 | 97,384 |
| Treasury stock | -11,627 | -11,581 |
| Total shareholders' equity | 84,572 | 88,639 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 90 | 110 |
| Deferred gains or losses on hedges | 54 | 46 |
| Foreign currency translation adjustment | 187 | 214 |
| Remeasurements of defined benefit plans | -161 | -130 |
| Total accumulated other comprehensive income | 171 | 240 |
| Stock acquisition rights | 0 | 0 |
| Total net assets | 84,744 | 88,880 |
| Total liabilities and net assets | 161,862 | 178,318 |

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

Quarterly consolidated statements of income

Consolidated cumulative third quarter

(Unit: Million yen)

| | Consolidated cumulative third quarter of previous fiscal year (April 1, 2023 to December 31, 2023) | Consolidated cumulative third quarter of current fiscal year (April 1, 2024 to December 31, 2024) |
|---|--|---|
| Net sales | 147,568 | 161,076 |
| Cost of sales | 10,255 | 11,014 |
| Gross profit | 137,313 | 150,062 |
| Selling, general and administrative expenses | 91,614 | 98,301 |
| Operating profit | 45,698 | 51,761 |
| Non-operating income | | |
| Interest income | 4 | 21 |
| Received rent | 2 | 2 |
| Foreign exchange gains | 97 | - |
| Operation support fee | 7 | 4 |
| Income from recycling | 30 | 40 |
| Subsidy income | 10 | 13 |
| Gain on unused points | 76 | 113 |
| Reversal of allowance for doubtful accounts | 51 | - |
| Others | 50 | 15 |
| Total non-operating income | 330 | 210 |
| Non-operating expenses | | |
| Interest expenses | 59 | 85 |
| Rent expenses | 2 | 2 |
| Foreign exchange losses | - | 10 |
| Loss on investments in partnership | 61 | 44 |
| Total non-operating expenses | 123 | 142 |
| Ordinary profit | 45,906 | 51,829 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 5 | 4 |
| Gain on sale of investment securities | 10 | - |
| Gain on sale of shares of subsidiaries and affiliates | 735 | - |
| Gain on liquidation of affiliates | - | 61 |
| Total extraordinary income | 751 | 66 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 39 | 104 |
| Loss on liquidation of affiliates | - | 138 |
| Total extraordinary loss | 39 | 243 |
| Profit before income taxes | 46,617 | 51,652 |
| Income taxes-current | 13,318 | 14,729 |
| Income taxes-deferred | 753 | 979 |
| Total income taxes | 14,072 | 15,708 |
| Net profit | 32,544 | 35,943 |
| Net profit attributable to non-controlling interests | 74 | - |
| Net profit attributable to owners of parent | 32,470 | 35,943 |

Quarterly consolidated statements of comprehensive income
Consolidated cumulative third quarter

(Unit: Million yen)

| | Consolidated cumulative third quarter of previous fiscal year (April 1, 2023 to December 31, 2023) | Consolidated cumulative third quarter of current fiscal year (April 1, 2024 to December 31, 2024) |
|--|--|---|
| Net profit | 32,544 | 35,943 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 22 | 20 |
| Deferred gains or losses on hedges | -15 | -8 |
| Foreign currency translation adjustment | 45 | 27 |
| Remeasurements of retirement benefit plans | 41 | 30 |
| Total other comprehensive income | 94 | 69 |
| Comprehensive income | 32,639 | 36,013 |
| (Comprehensive income attributable to) | | |
| Quarterly comprehensive income attributable to owners of parent | 32,565 | 36,013 |
| Quarterly comprehensive income attributable to non-controlling interests | 74 | - |

(3) Notes on quarterly 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.

(Notes on statements of cash flows)

Quarterly consolidated statements of cash flows for the consolidated cumulative third quarter of the current fiscal year have not been prepared. Depreciation and amortization (including amortization related to intangible assets excluding goodwill), and amortization of goodwill for the consolidated cumulative third quarter of the current fiscal year are as follows:

| | Consolidated cumulative third quarter of previous fiscal year (April 1, 2023 to December 31, 2023) | Consolidated cumulative third quarter of current fiscal year (April 1, 2024 to December 31, 2024) |
|-------------------------------|--|---|
| Depreciation and amortization | 2,211 Million yen | 3,253 Million yen |
| Amortization of goodwill | 289 Million yen | 188 Million yen |

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.