2Q FY2025 ZOZO, Inc. CONSOLIDATED BUSINESS RESULTS

ZOZO

HIGHLIGHTS

2Q FY2025 ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS

FY2025 2Q HIGHLIGHTS

Gross Merchandise Value	**312.4 billion yen** (+11.9% YoY / Achievement rate 46.4%)
Gross Merchandise Value (excluding other GMV)	**292.6 billion yen** (+12.2% YoY / Achievement rate 44.8%)
EBITDA	**34.7 billion yen** (+5.8% YoY / Achievement rate 45.3%)
EBITDA Margin	**11.9 %** (-0.7 point YoY)

*EBITDA margin is calculated by dividing EBITDA by the Gross Merchandise Value (excluding other GMV).
*The achievement rate is based on a comparison between the revised plan announced on July 31, 2025, and the actual results.

OVERVIEW OF EACH QUARTER

(million¥)

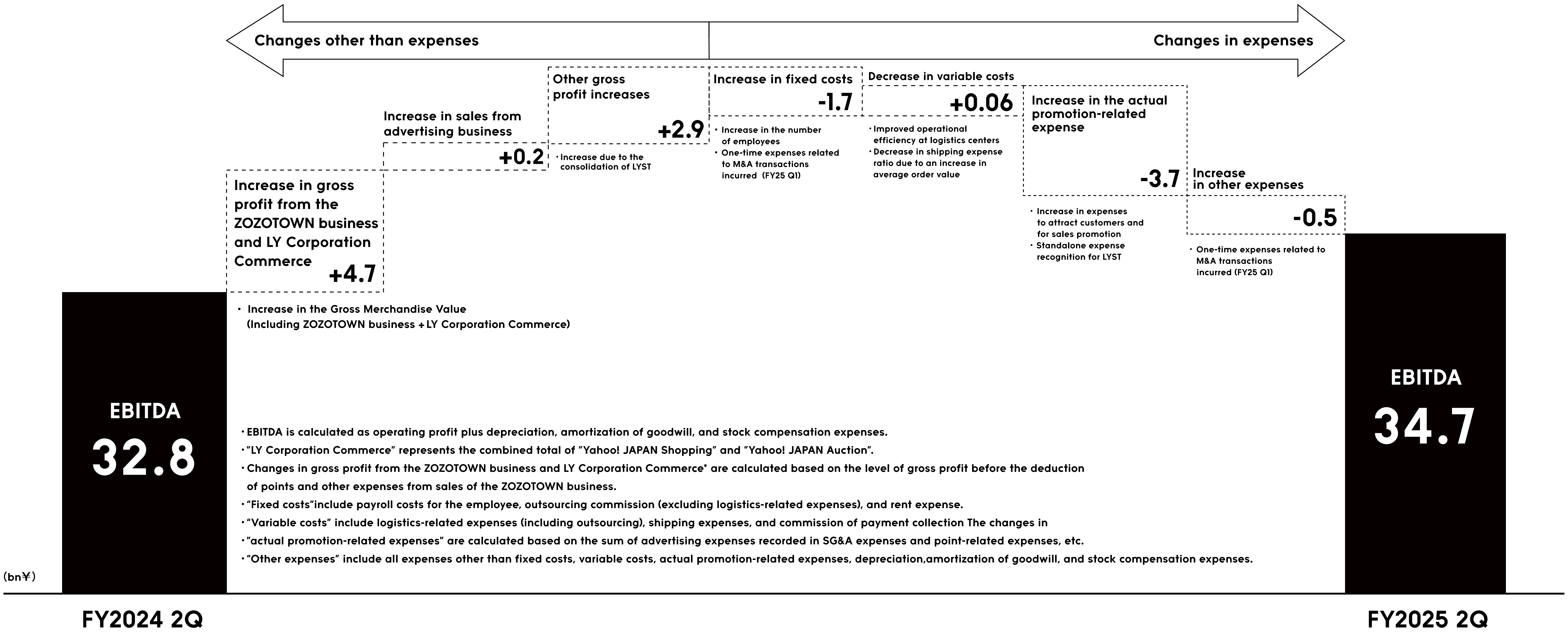
	FY2024				FY2025	
	1Q	2Q	3Q	4Q	1Q	2Q
Gross Merchandise Value	141,885	137,267	182,018	153,190	159,263	153,210
Gross Merchandise Value (excluding other GMV)	132,631	128,193	171,089	142,752	149,100	143,587
YoY (%)	7.5%	8.3%	8.4%	3.9%	12.4%	12.0%
Net sales	50,387	48,414	62,274	52,054	54,028	51,220
SG&A	31,060	30,477	36,763	35,254	33,845	33,529
YoY (%)	14.3%	8.5%	1.2%	12.1%	9.0%	10.0%
(% to the Gross Merchandise Value)	23.4%	23.8%	21.5%	24.7%	22.7%	23.4%
Operating profit	15,895	14,580	21,285	12,994	16,920	14,153
YoY (%)	0.2%	11.6%	26.9%	-9.6%	6.4%	-2.9%
(% to the Gross Merchandise Value)	12.0%	11.4%	12.4%	9.1%	11.3%	9.9%
EBITDA	17,060	15,797	22,562	14,367	18,577	16,175
YoY (%)	3.3%	13.9%	25.3%	-9.0%	8.9%	2.4%
(% to the Gross Merchandise Value)	12.9%	12.3%	13.2%	10.1%	12.5%	11.3%

* The percentages are calculated by dividing each item by the Gross Merchandise Value (excluding other GMV).

BUSINESS RESULTS

2Q FY2025 ZOZO, Inc.
CONSOLIDATED BUSINESS RESULTS

INCREASE-DECREASE ANALYSIS OF EBITDA (YoY COMPARISON)



・EBITDA is calculated as operating profit plus depreciation, amortization of goodwill, and stock compensation expenses.
・"LY Corporation Commerce" represents the combined total of "Yahoo! JAPAN Shopping" and "Yahoo! JAPAN Auction".
・Changes in gross profit from the ZOZOTOWN business and LY Corporation Commerce* are calculated based on the level of gross profit before the deduction of points and other expenses from sales of the ZOZOTOWN business.
・"Fixed costs"include payroll costs for the employee, outsourcing commission (excluding logistics-related expenses), and rent expense.
・"Variable costs" include logistics-related expenses (including outsourcing), shipping expenses, and commission of payment collection The changes in
・"actual promotion-related expenses" are calculated based on the sum of advertising expenses recorded in SG&A expenses and point-related expenses, etc.
・"Other expenses" include all expenses other than fixed costs, variable costs, actual promotion-related expenses, depreciation,amortization of goodwill, and stock compensation expenses.

CASH FLOWS

(million¥)

	FY2024 2Q	FY2025 2Q	YoY	Reason for change
Cash flows from operating activities	23,350	17,246	-6,104	Increase in payments of corporate income taxes,etc. Increase in amortization of goodwill due to the consolidation of LYST,etc.
Cash flows from investing activities	-4,091	-25,945	-21,853	Previous fiscal year : Investment in DPL Tsukuba Chuo and replacement of equipment at existing logistics centers Current fiscal year : Expenditures associated with the acquisition of LYST and replacement of equipment at existing logistics centers
Cash flows from financing activities	-16,338	-28,772	-12,434	Expenditures related to the acquisition of treasury stock
Cash and cash equivalents at the end of the quarter	72,651	53,938	-18,712	

SELLING, GENERAL AND ADMINISTRATIVE(SG&A) EXPENSES

○The consolidation of LYST led to an increase in total GMV, resulting in lower SG&A-to-GMV ratio for certain SG&A items that are limited in amount at LYST on a standalone basis.

○This primarily contributed to a decline in the ratios of shipping expenses, logistics-related expenses, commission of payment collection, and rent expenses.

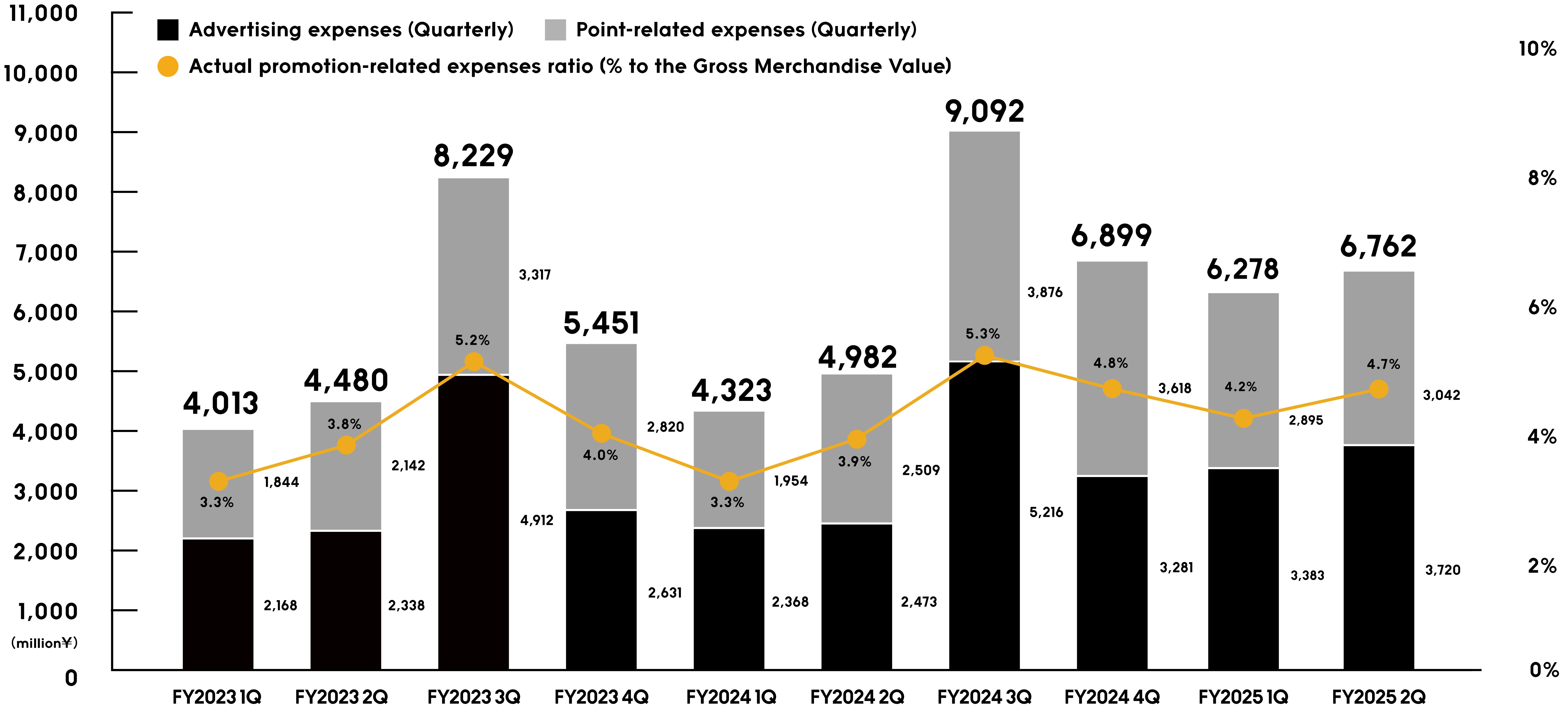
(million¥)

	FY2024 2Q		FY2025 2Q		YoY	Increase / decrease factors
	Amount	% to the Gross MerchandiseValue	Amount	% to the Gross MerchandiseValue	% to the Gross MerchandiseValue	
Payroll and staff costs*	16,100	6.2%	16,437	5.6%	-0.6%	
Payroll costs for employee	7,346	2.8%	8,371	2.9%	0.1%	Transition of the number of employees on a consolidated basis：FY2024 2Q 1,745 → FY2025 2Q 1,915 Increase in headcount associated with the consolidation of LYST since May 2025
Logistics-Related Expenses (Including Outsourcing)	8,753	3.4%	8,066	2.8%	-0.6%	Improved operational efficiency resulting from better inventory storage conditions and cost reductions achieved through the implementation of equipment designed for labor-saving
Outsourcing Commission (Excluding Logistics-Related Expenses)	3,442	1.3%	4,118	1.4%	0.1%	One-time recognition of M&A-related expenses (FY25 Q1)
Shipping	17,968	6.9%	18,454	6.3%	-0.6%	Cost ratio declined due to an increase in the average order value (for the first half) compared to the same period of the previous fiscal year
Commission of Payment collection	6,063	2.3%	6,202	2.1%	-0.2%	
Advertising	4,842	1.9%	7,103	2.4%	0.5%	Increase in web advertising costs for ZOZOTOWN and commencement of expense recognition for LYST
Rent expense	4,234	1.6%	4,322	1.5%	-0.1%	
Depreciation	2,110	0.8%	2,528	0.9%	0.1%	Increase due to the acquisition of LYST
Amortization of goodwill	125	0.0%	1,006	0.3%	0.3%	Increase due to the acquisition of LYST
Stock Compensation Expenses	146	0.1%	144	0.0%	-0.1%	
Others	6,502	2.5%	7,056	2.4%	-0.1%	One-time recognition of M&A-related expenses (FY25 Q1)
Total SG&A	61,537	23.6%	67,374	23.0%	-0.6%	

* Payroll includes directors' remuneration, employee salaries,bonuses, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonuses, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation. "Employee" includes directors, full-time employees and personnel engaged in operations other than logistics operation, "Logistics-Related Expenses" includes part-timers, dispatched workers(subcontracting payroll) and substantial personnel expenses within outsourcing commission of staff working for logistics operations.
* The percentages to the Gross Merchandise Value are calculated by dividing each expense by the Gross Merchandise Value (excluding other GMV).

ACTUAL PROMOTION-RELATED EXPENSES

Actual promotion-related expenses: The sum of advertising expenses and point-related expenses



* The actual promotion-related expenses ratio is calculated by dividing the actual promotion-related expenses by the Gross Merchandise Value (excluding other GMV)

POINT 03

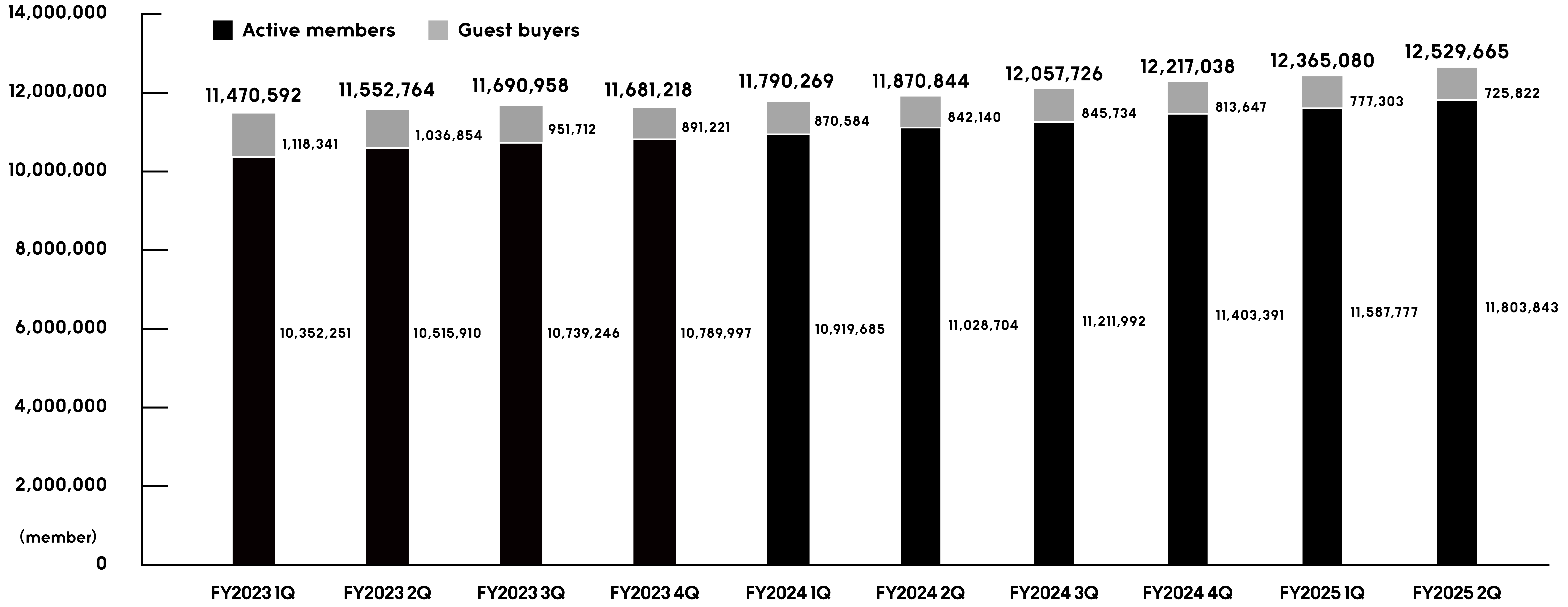
The year-on-year increase was mainly due to higher advertising expenses resulting from active investment in web advertisements and the consolidation impact of LYST, as well as an increase in point-related expenses driven by initiatives to re-engage inactive members and the increased frequency of free-shipping measures. The full-year budget for actual promotion-related expenses in the current fiscal year is 4.7% of GMV, excluding other GMV.

NUMBER OF TOTAL BUYERS

Number of total buyers = Active members and guest buyers who made at least one purchase within a year

Guest buyers = Total number of guest purchases within a year

Active members = Members who have made at least one purchase within a year

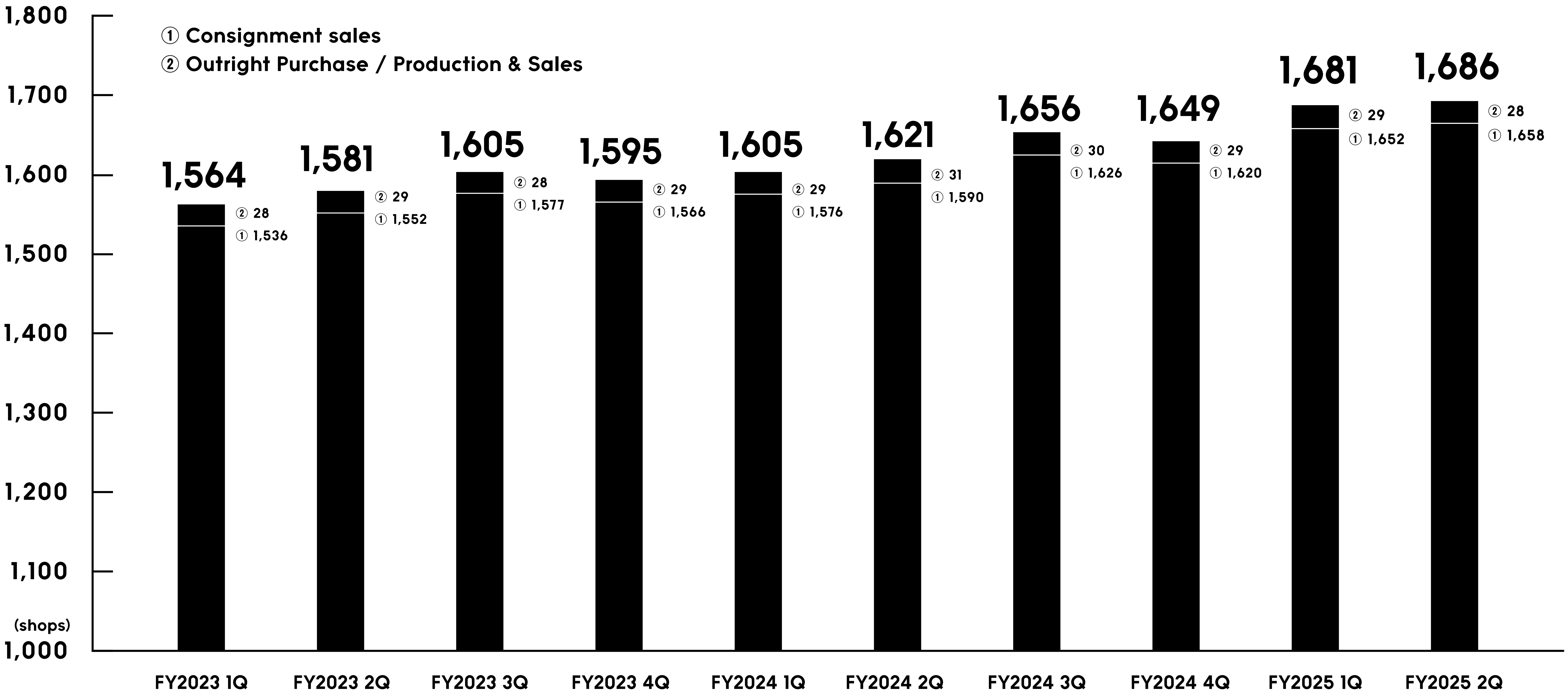


* The results are only from the ZOZOTOWN business. LY Corporation Commerce, LYST and BtoB Business are not included.
* Excluding the users who only purchased the body measurement device “ZOZOSUIT” “ZOZOMAT” and “ZOZOGLASS”.

POINT 04

New member acquisition has been progressing steadily through web advertisements and initiatives within ZOZOTOWN. In particular, investment in web advertising has increased year on year to strengthen customer acquisition. In addition, initiatives to re-engage inactive members have been successful, leading to a steady increase in reactivated members.

NUMBER OF SHOPS ON ZOZOTOWN



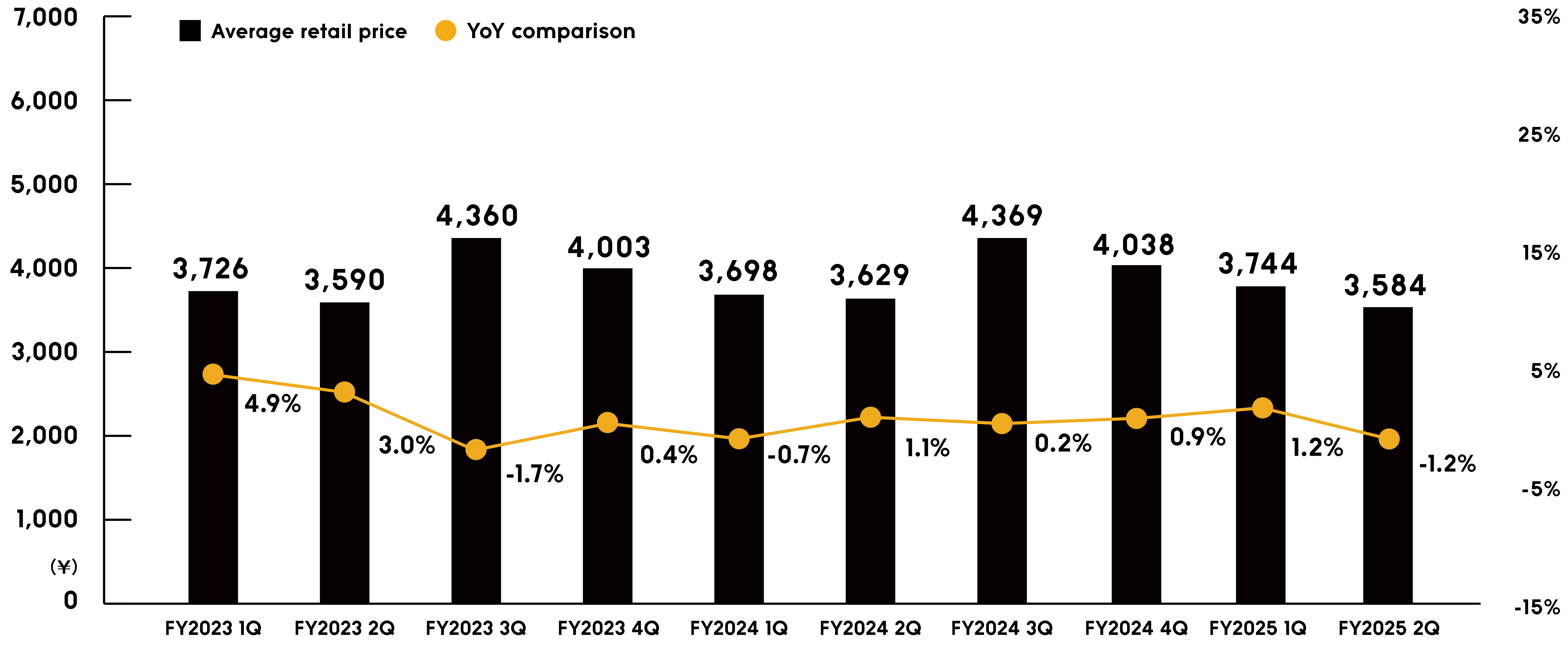
* Shops of the private brand "ZOZO" and "Multi-Size" are not included to the number of shops.

POINT
05

New store openings with a diverse lineup across a wide range of categories have continued, showing steady progress against the plan.

AVERAGE RETAIL PRICE

Average retail price
= Gross Merchandise Value of the ZOZOTOWN Business / Number of pieces shipped



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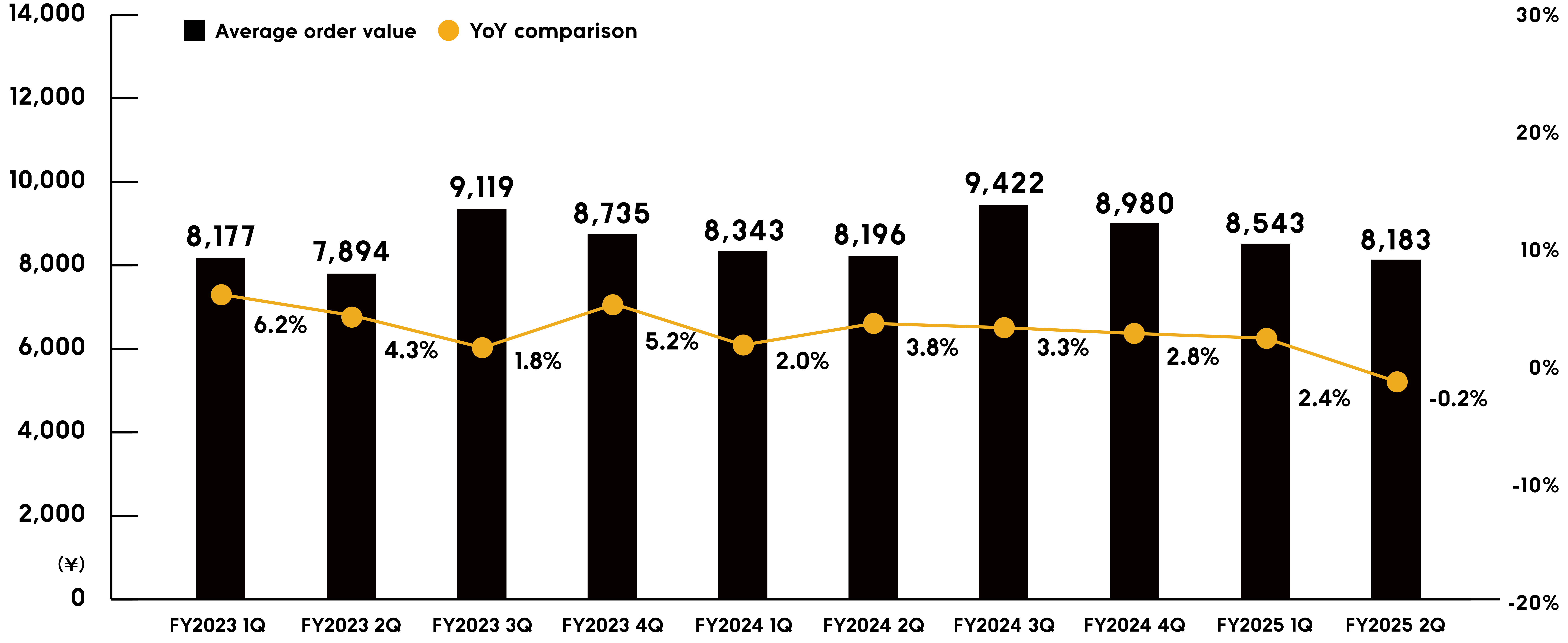
POINT 06

Among new merchandise, the hikes in list prices by brands have stabilized. Meanwhile, the ratio of discounted items during the summer sale event increased due to the longer sale period compared with the same period of the previous year, resulting in a decline in the average retail price.

AVERAGE ORDER VALUE

Average order value
= Gross Merchandise Value of the ZOZOTOWN Business / Number of shipments



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* Excluding the users who only purchased the body measurement device “ZOZOSUIT” “ZOZOMAT” and “ZOZOGLASS”.

POINT 07

The number of times the free-shipping measures for purchases of 12,000 yen or more were implemented increased compared with the same quarter of the previous year, leading to a rise in com-bined purchases. However, the impact of the decline in the average retail price outweighed this increase, resulting in a slight decrease in the average order value.

CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2025

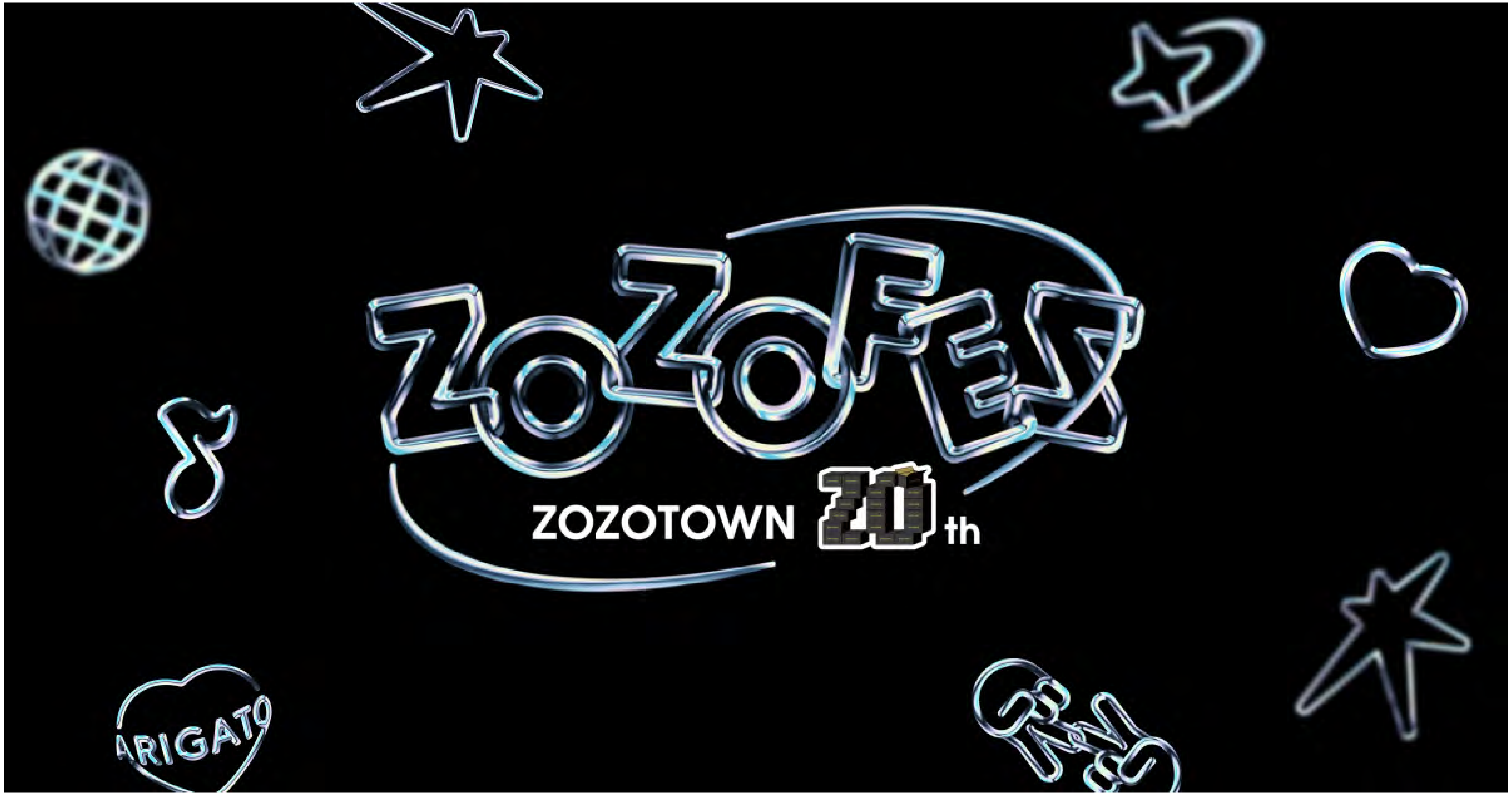
- ○ Gross Merchandise Value (excluding other GMV) is expected to increase by 13.8% year over year, and EBITDA by 9.9%.
- ○ LYST has been consolidated since May 2025, and on July 31, 2025, we disclosed a revised plan reflecting the consolidation of LYST's business plan and progress in the Purchase Price Allocation (PPA) process.
- ○ To better reflect the actual earning power after the consolidation of LYST, we have begun disclosing EBITDA and EBITDA margin as key performance indicators.
- ○ Regarding "other GMV," the inclusion of GMV from stores using "ZOZO Option" on Yahoo! JAPAN Shopping has ended at the end of the first half of the current fiscal year.
- ○ Accordingly, from the fiscal year ending March 2027 onward, we plan to discontinue disclosing GMV (excluding other GMV).

	Previous forecast (as of April 30, 2025)		Revised forecast (as of July 31, 2025)		
	FY2025 Plan	YoY	FY2025 Plan	Changes from the previous forecast	YoY
Gross Merchandise Value	623.6 billion yen	1.5%	673.9 billion yen	+50.3 billion yen	9.7%
Gross Merchandise Value (excluding other GMV)	603.4 billion yen	5.0%	653.7 billion yen	+50.3 billion yen	13.8%
Net sales	224.1 billion yen	5.1%	231.5 billion yen	+7.4 billion yen	8.6%
Operating profit	69.8 billion yen	7.8%	69.2 billion yen	-0.6 billion yen	6.9%
Operating Profit Margin (% to the Gross Merchandise Value)	11.6 %	-	10.6 %	-1.0 %	-
EBITDA	76.9 billion yen	10.2%	76.7 billion yen	-0.2 billion yen	9.9%
EBITDA Margin (% to the Gross Merchandise Value)	12.7 %	-	11.7 %	-1.0 %	-
Ordinary profit	69.8 billion yen	7.6%	69.1 billion yen	-0.7 billion yen	6.5%
Profit attributable to owners of parent	48.5 billion yen	7.0%	47.8 billion yen	-0.7 billion yen	5.4%
Net profit per share	54.44 yen	-	53.66 yen	-	-
Estimated dividends per share (Plan)	39.0 yen	-	39.0 yen	-	-

* As of July 31, 2025, we disclosed the "Notice Concerning the Revision of Consolidated Business Forecast For the Fiscal Year Ending March 2026."
* EBITDA is calculated as operating profit plus depreciation, amortization of goodwill, and stock compensation expenses.
* Operating profit margin and EBITDA margin are calculated by dividing operating profit and EBITDA by the Gross Merchandise Value (excluding other GMV).
* The Company implemented a three-for-one stock split effective April 1, 2025. Dividend per share is presented on a post-stock-split basis.

“ZOZOFES,” Fashion × Music event held

Attracting a total of 40,000 visitors over two days (October 12-13) @K-Arena Yokohama



“K-FASHION” zone to launch on ZOZOTOWN

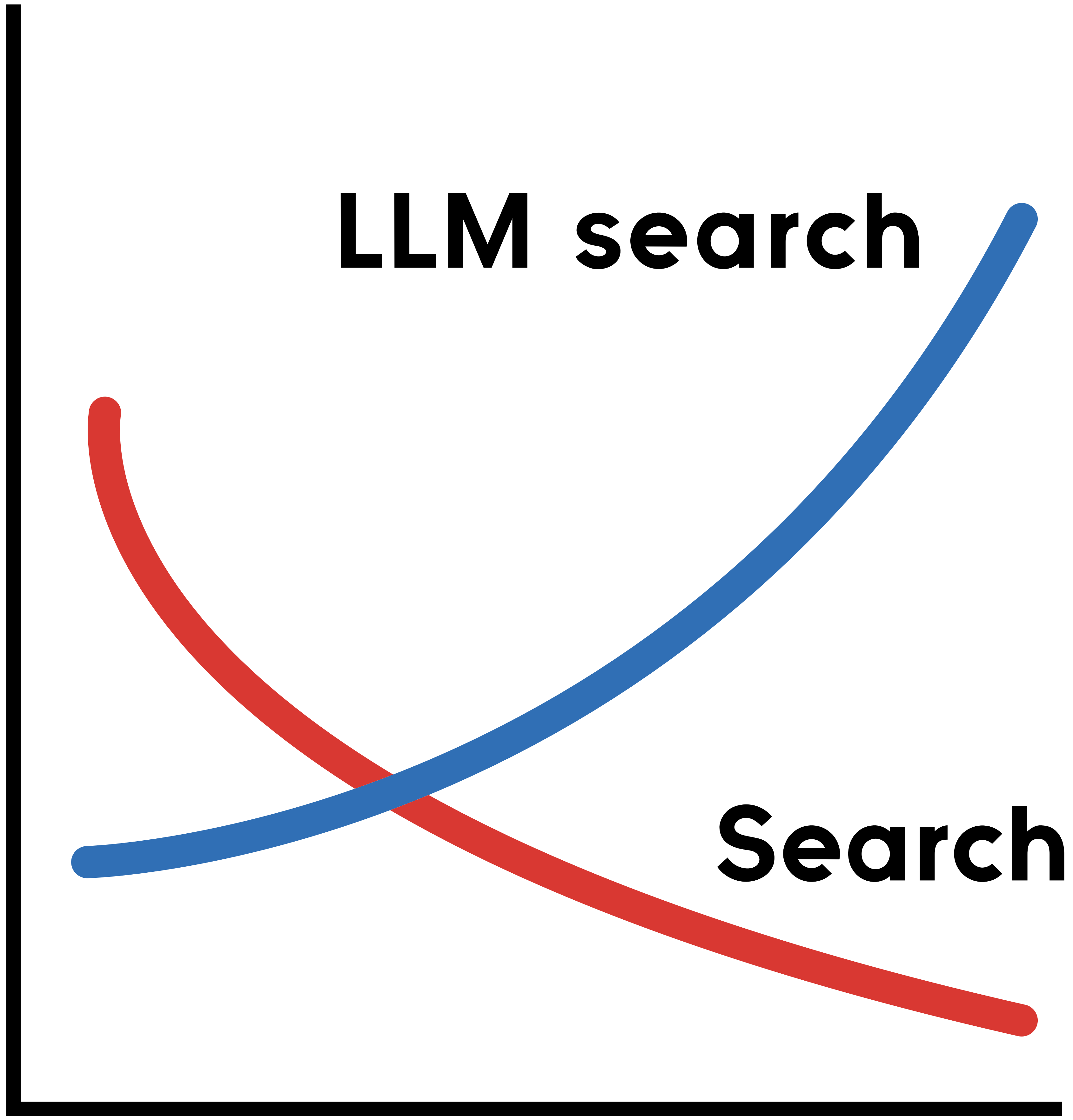
Korea’s leading fashion platform “MUSINSA” to open shop on November 6

ZOZO

ZOZO’s competitive advantage in the age of AI agents

The challenge in the age of AI agents

As LLM-based search grows and evolves into AI agents,
traditional search may disappear. How should e-commerce respond?



AI agent

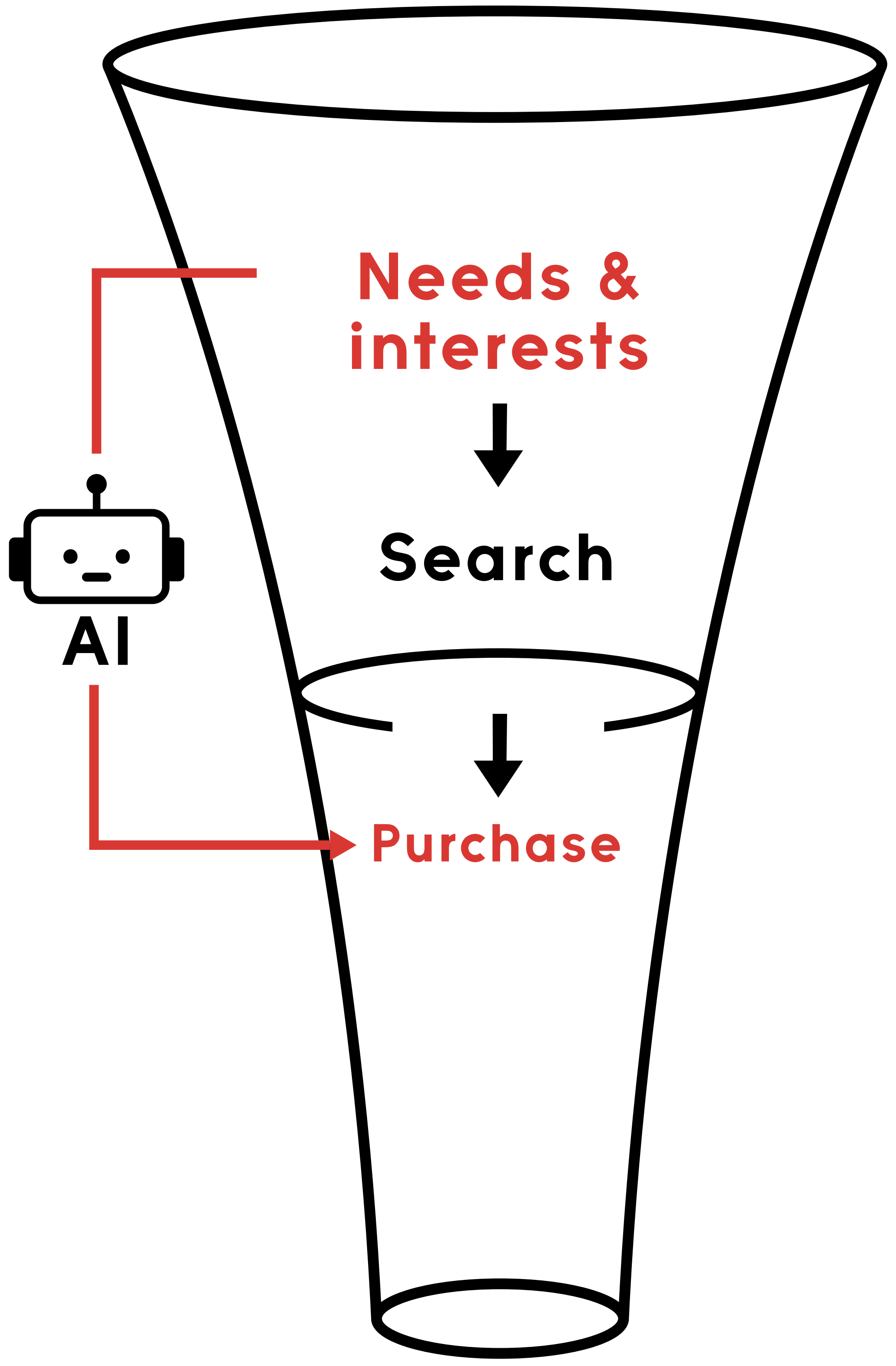
As AI agents emerge, search behavior may gradually decline.

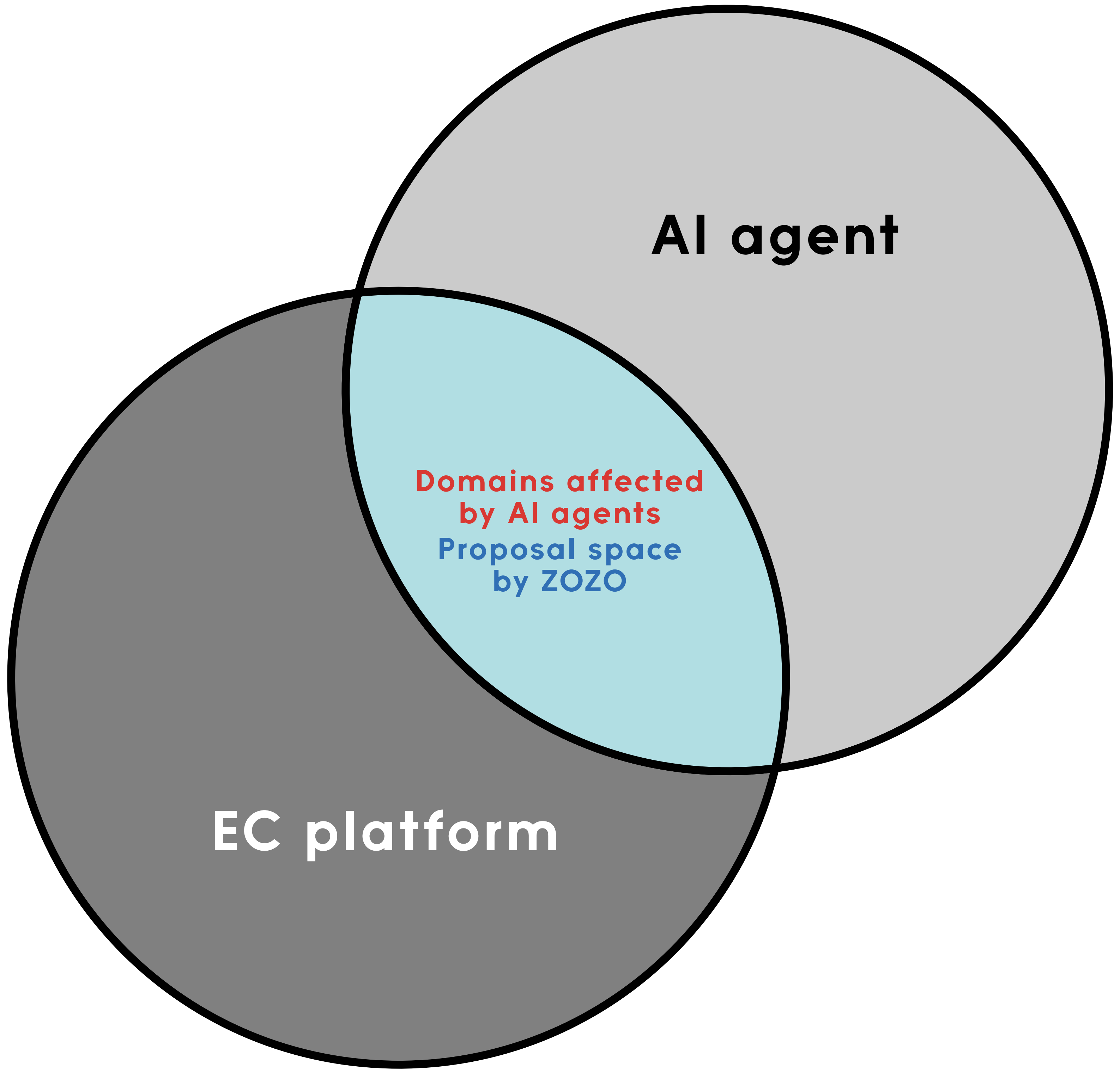
↓

How should EC adapt in such an environment?

The impact of AI agents on e-commerce

AI agents eliminate the traditional process of “searching → clicking links → gathering information → purchasing,” replacing it with a flow of “expressing a need → receiving recommendations → purchasing immediately.”





Our understanding of the environment and direction

- **Risk:Losing the search entry point**
  ZOZOTOWN searches may decline as AI-driven purchasing becomes mainstream.
- **Opportunity:Becoming the “proposal space”**
  By offering a ZOZO-tailored AI agent , the Company can own the “proposal space.”

↑

Advantage to leverage

Advantage as a product × Advantage as an EC platform

Advantage as a product

Apparel, with its ambiguity and constant product renewal, gives meaning to highly specialized, niche data. In contrast, functional or commoditized products are easier for AI agents to interpret, increasing the risk that upstream of purchasing processes will be overtaken by AI.

ZOZO's advantage

Product information such as specifications and price

Functional or commoditized products

Product information based on trends and emotional appeal

Ambiguous and seasonally renewed products

Advantage as a product

Specifications and pricing data

Questions like “Is this trendy?” or “Should I tuck it in?”

Advantage as an EC platform

Data obtained during e-commerce visits reflects users' interests more specifically and provides insights that directly contribute to better recommendations. Compared with "seeing news about a new product," data like "viewing this product page" is a few times more valuable in terms of information quality.

Fashion consumer

Customer information far from purchase

- Saw an ad for a new product
- Visited websites
- Past search history

Search and ad-viewing data

Advantage as an EC platform

ZOZO's advantage

Fashion EC user

Customer information close to purchase

- Viewed this product's page now
- Past purchased or favorited items
- User attributes and responsiveness to promotions

Data that are more likely to lead to purchases and reveal individual preferences

ZOZO’s competitive advantage in the age of AI agents

With highly detailed, fashion-specific data and information that are more likely to lead to purchases and reveal individual preferences, ZOZO is able to build higher-quality AI agents.

ZOZO’s advantage

Product information based on trends and emotional appeal

ZOZO’s advantage

Fashion EC user

Customer information close to purchase

→ AI training →

Our challenge

An AI agent that helps users find their own “style”

What we want to try next

Assessment-type experience

WEAR

Conversational experience

LINE

To be implemented in the future

ZOZOTOWN

Partially implemented on WEAR

WEAR: Fashion-focused AI evolved- new “Smart Styling” feature introduced.
AI explains styling points based on users’ preferred genres and body concerns.

WEAR
by ZOZO

AI suggests coordinated outfits (Smart Styling) tailored to each user’s preferences, starting from an item of interest.

Training AI to help users find their “style”

Smart Styling feature

Purchase on ZOZOTOWN

Potential for expansion

We see the upstream of online purchasing as an opportunity and are implementing various initiatives in this area, while also exploring AI agent optimization and seeking offline implementation opportunities through ZOZO Yokocho (alleyway) and ZOZOFES.

ZOZO's advantage

Product information based on trends and emotional appeal

ZOZO's advantage

Fashion EC user

Customer information close to purchase

→ AI training →

What we want to try next

Assessment-type experience

WEAR

Conversational experience

LINE

To be implemented in the future

ZOZOTOWN

Potential for expansion

Upstream of online purchasing (e.g. connecting with ChatGPT?)

Implementation in the offline space

ZOZO