

4Q FY2015

**CONSOLIDATED
BUSINESS RESULTS
APRIL 1, 2015 - MARCH 31, 2016**

Overview	· Total Transaction Value	:	159,500 million yen	(+23.6%, Yoy)
	· Operating Profit	:	17,756 million yen	(+17.7%, Yoy)

→ With high growth ,we overachieved the expectations from the market side, who thought we were slowing down. (Though, did not reach the corporate guidance)

Total Transaction Value	ZOZOTOWN BUSINESS			
	Total Transaction Value	:	146,105 million yen	(+31.2%, Yoy)
	Consignment Business	:	137,452 million yen	(+29.5%, Yoy)
	Purchased Stock Business	:	693 million yen	(-9.5%, Yoy)
	ZOZOUSED Business	:	7,958 million yen	(+79.0%, Yoy)
	Average retail price	:	5,099 yen	(-8.8%, Yoy)
	Average purchase amount	:	9,669 yen	(-7.0%, Yoy)
	B to B Business	:	13,280 million yen	(-25.0%, Yoy)

Profitability	· Operating profit margin	:	11.1% (11.7% for FY2014).
			(to the total transaction value)
	Factors improving profitability	:	Effect of increased sales, as well as increase in the gross margin ratio due to change in sales mix.
	Factors worsening profitability	:	Restarted promotional activities, as well as the burden of shipping expenses have gone up.

Topics	· Restarted active promotions (still, only spent less than 3% of the total transaction value)
	→ Opportunities to learn and discover
	· Began minor investments to overseas EC's, with an eye to the future (in Thailand, Malaysia, and the U.S.)
	· Established Start Today Engineering, by gathering all of our engineers.

**BUSINESS
PERFORMANCE
FY2015 4Q
CONSOLIDATED
BUSINESS RESULTS
APRIL 1, 2015-
MARCH 31, 2016**

OVERVIEW OF THE FY2015

(million¥)

Item	FY2014	FY2015	YoY Change(%)	Target	Progress Rate(%)
Transaction value	129,059	159,500	23.6%	168,200	94.8%
Net sales	41,182	54,422	32.1%	53,800	101.2%
Gross profit	38,777	50,085	29.2%	-	-
(% Transaction Value)	30.0%	31.4%	1.4%	-	-
SG&A	23,693	32,328	36.4%	-	-
(% Transaction Value)	18.4%	20.3%	1.9%	-	-
Operating profit	15,084	17,756	17.7%	19,140	92.8%
(% Transaction Value)	11.7%	11.1%	-0.6%	11.4%	-
Recurring profit	15,139	17,883	18.1%	19,160	93.3%
Profit attributable to owners of parent	8,999	11,988	33.2%	12,520	95.8%
ROE	40.4%	55.5%	-	-	-
Dividends per share	¥34	¥47	-	-	-

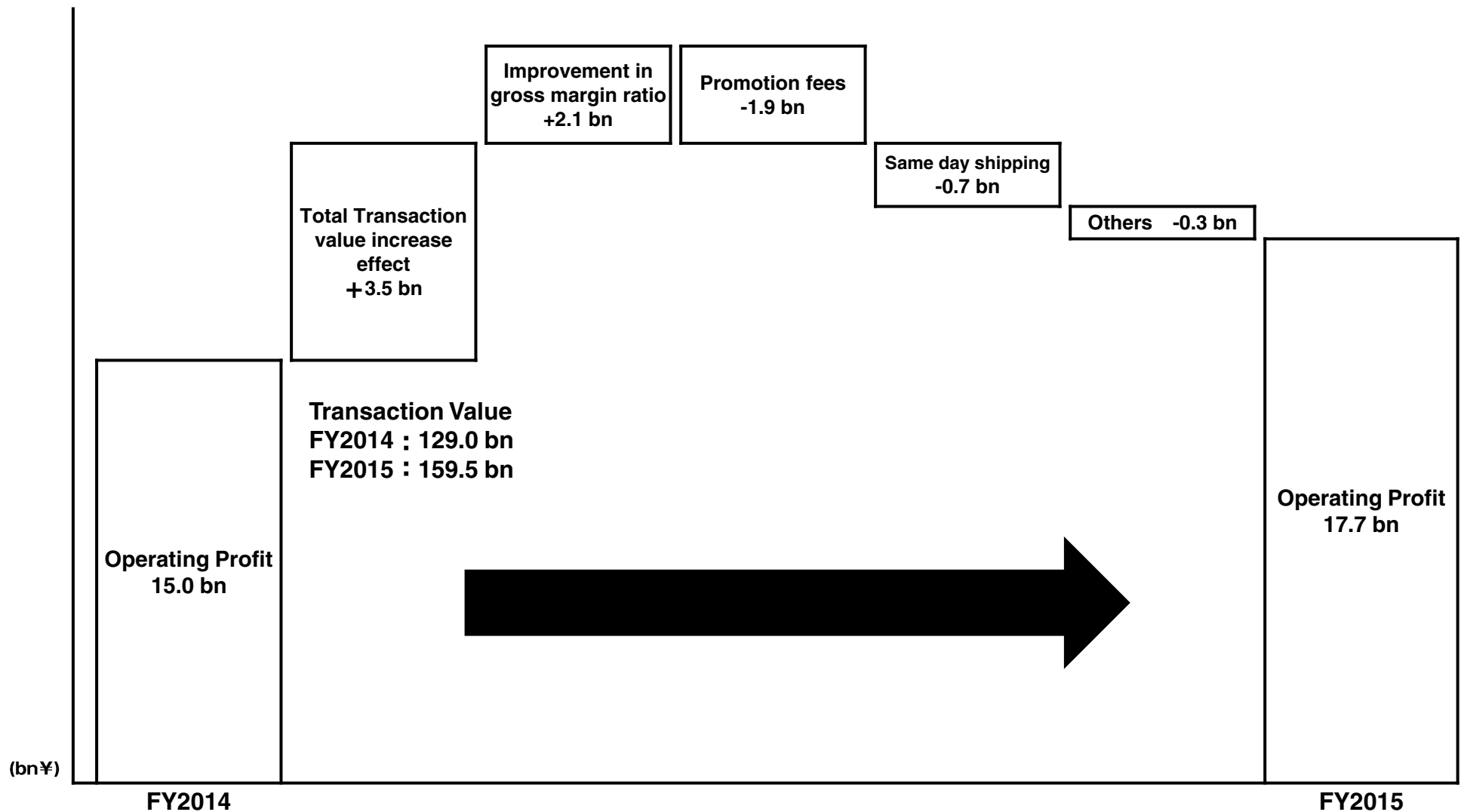
OVERVIEW OF EACH QUARTER

(million¥)

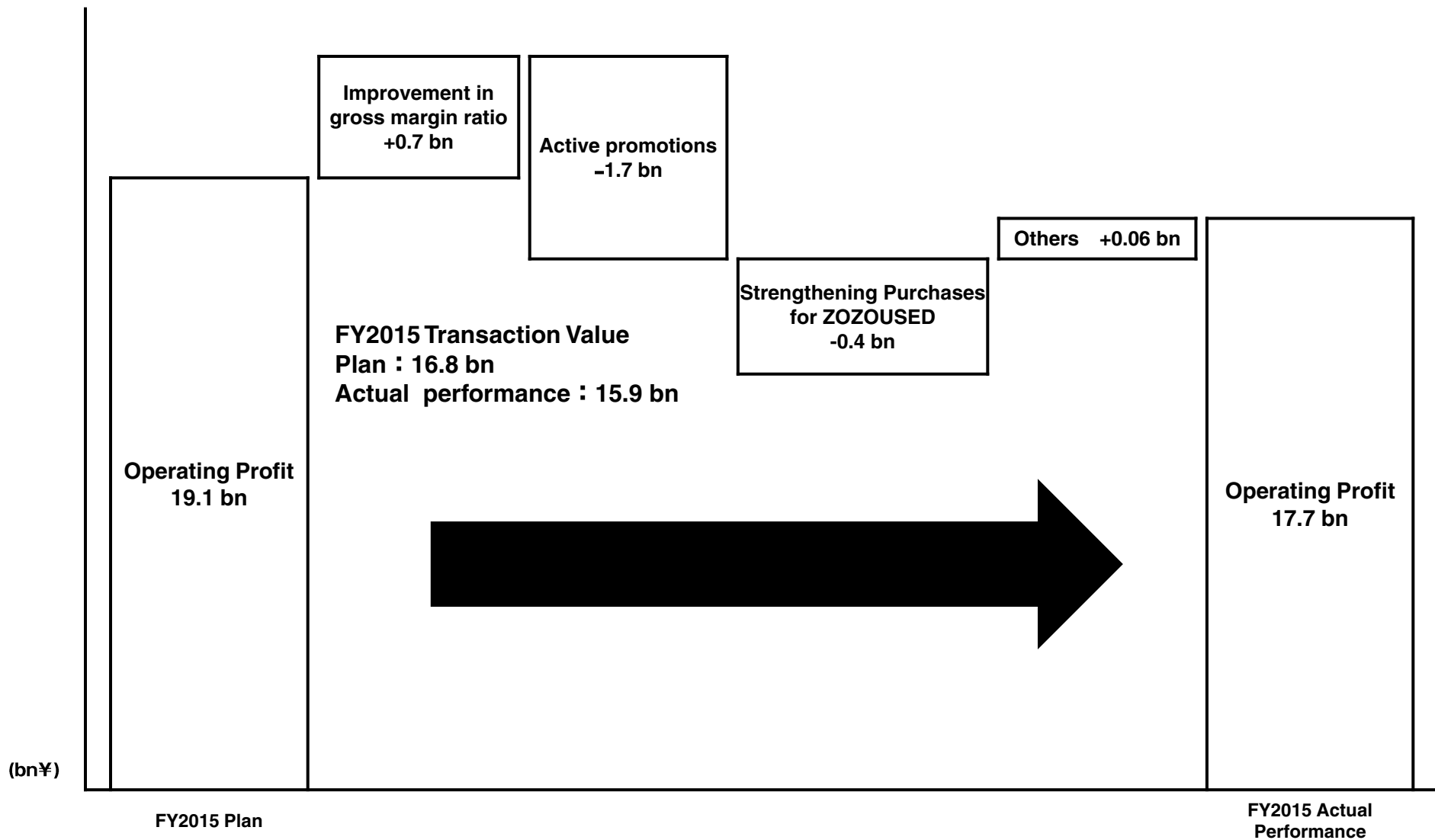
Item	FY2014				FY2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Transaction value	27,224	28,849	36,039	36,946	33,271	34,142	44,526	47,559
YoY (%)	12.0%	14.2%	14.2%	10.2%	22.2%	18.4%	23.5%	28.7%
Net sales	8,401	9,218	11,633	11,929	10,856	11,560	15,333	16,671
SG&A	5,167	5,585	6,267	6,672	6,453	7,444	9,193	9,236
YoY (%)	23.5%	16.0%	5.4%	9.0%	24.9%	33.3%	46.7%	38.4%
(% Transaction Value)	19.0%	19.4%	17.4%	18.1%	19.4%	21.8%	20.6%	19.4%
Operating profit	2,883	3,160	4,609	4,431	3,733	3,276	4,735	6,011
YoY (%)	0.3%	23.1%	44.1%	18.2%	29.5%	3.7%	2.7%	35.7%
(% Transaction Value)	10.6%	11.0%	12.8%	12.0%	11.2%	9.6%	10.6%	12.6%

INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)

05



INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (PLAN COMPARISON)



CONSOLIDATED BALANCE SHEET

(million¥)

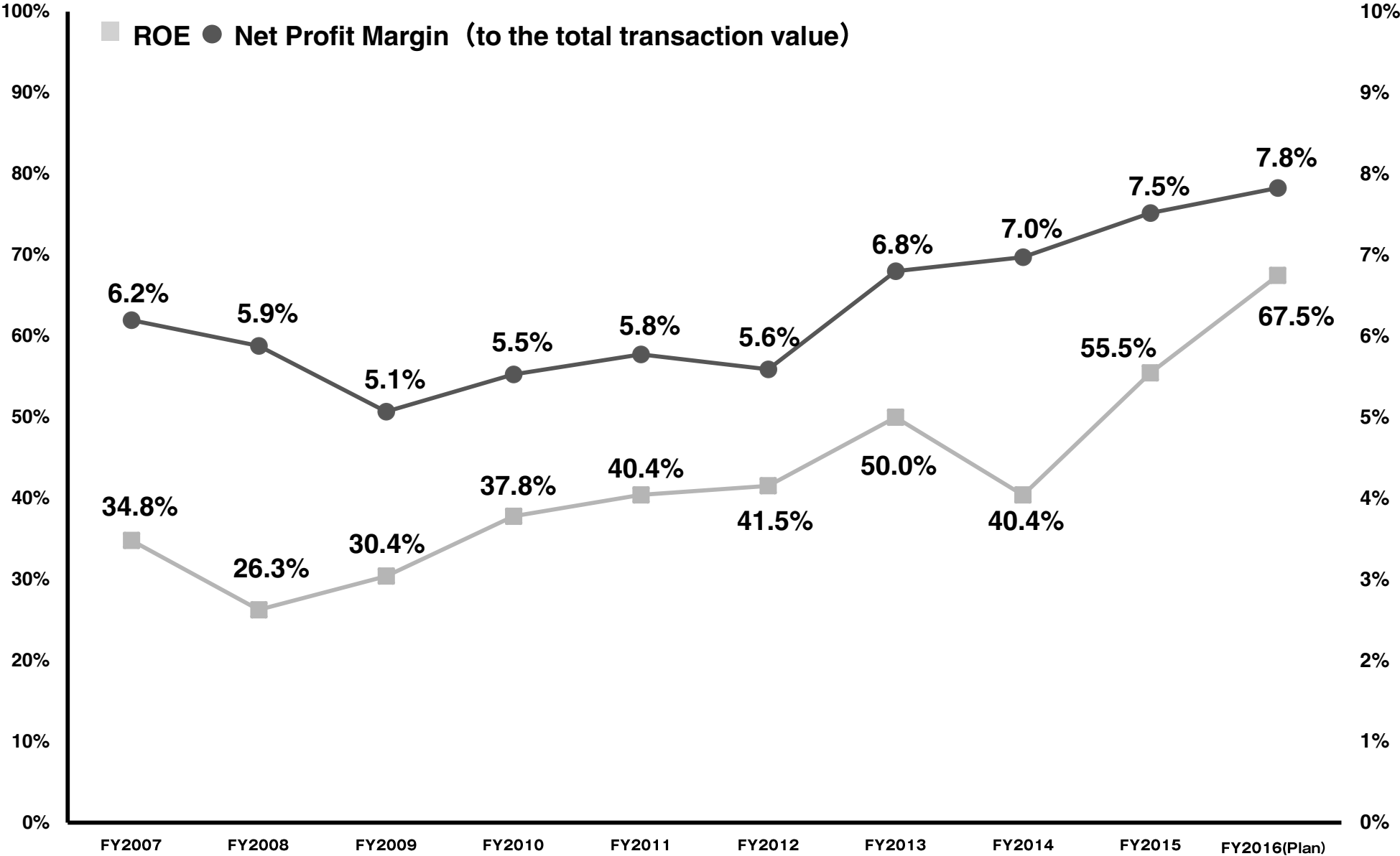
	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)		FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Current assets	35,296	24,822	Current liabilities	13,744	15,374
Cash and deposits	24,713	11,343	Deposit received for consignment sales	6,719	7,901
Merchandise inventory	530	1,191	Noncurrent liabilities	1,362	1,610
Noncurrent assets	6,055	10,094	Total liabilities	15,106	16,984
Tangible assets	2,819	3,157	Shareholders' equity	25,504	17,413
Intangible assets	1,440	3,272	Treasury stock	-2,817	-11,757
Investments and other assets	1,795	3,664	Total net assets	26,244	17,932
Total assets	41,351	34,916	Total liabilities and net assets	41,351	34,916

CASH FLOWS

(million¥)

Item	FY2014	FY2015	YOY	Reasons for change
Cash flows from operating activities	10,487	12,027	1,539	
Cash flows from investing activities	-501	-2,175	-1,674	Minor investments to overseas EC's.
Cash flows from financing activities	-3,109	-23,222	-20,113	Increase in dividend Buy back of treasury stock
Cash and cash equivalents at the end of the year	24,713	11,495	-13,217	

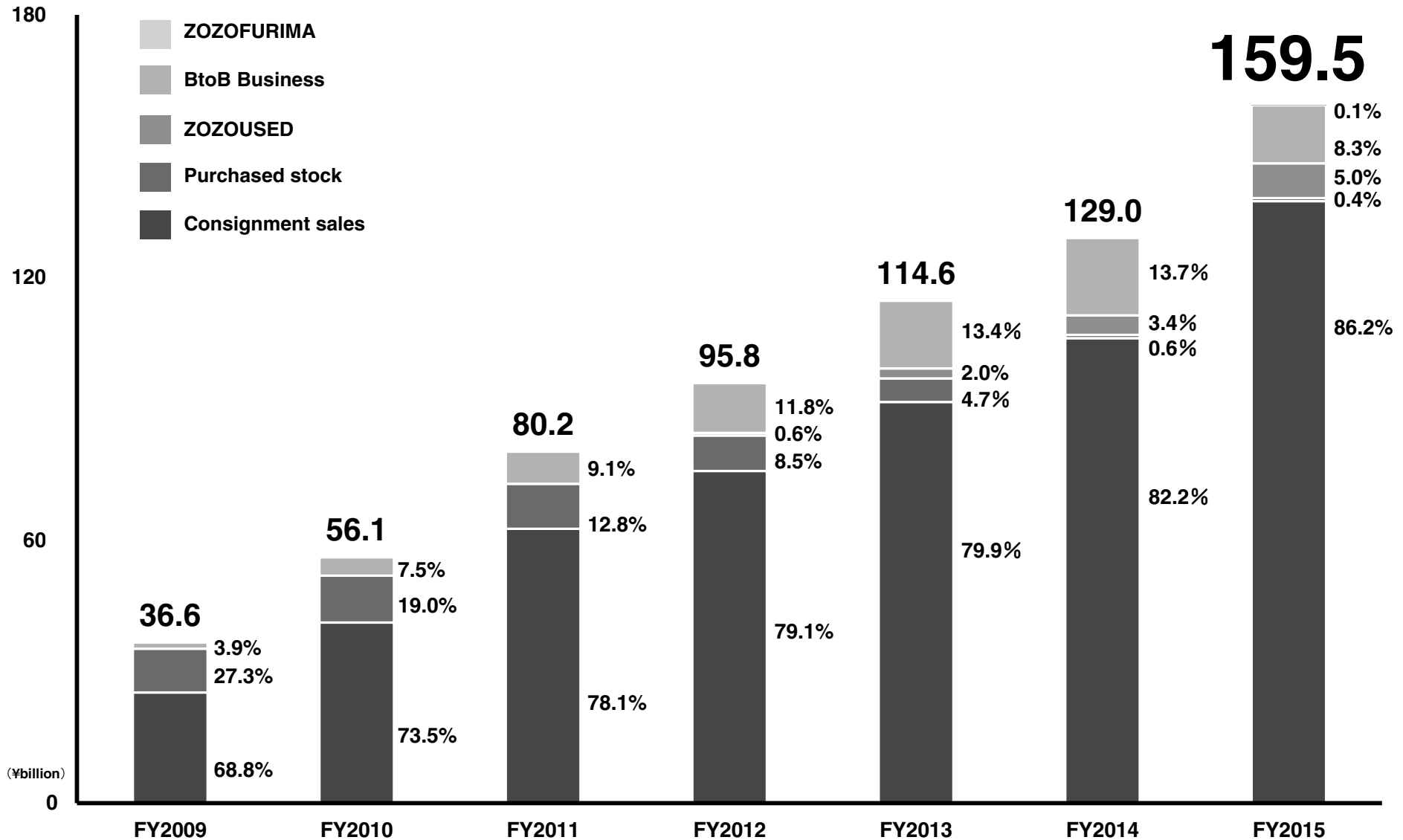
ROE AND NET PROFIT MARGIN



TRANSACTION VALUE

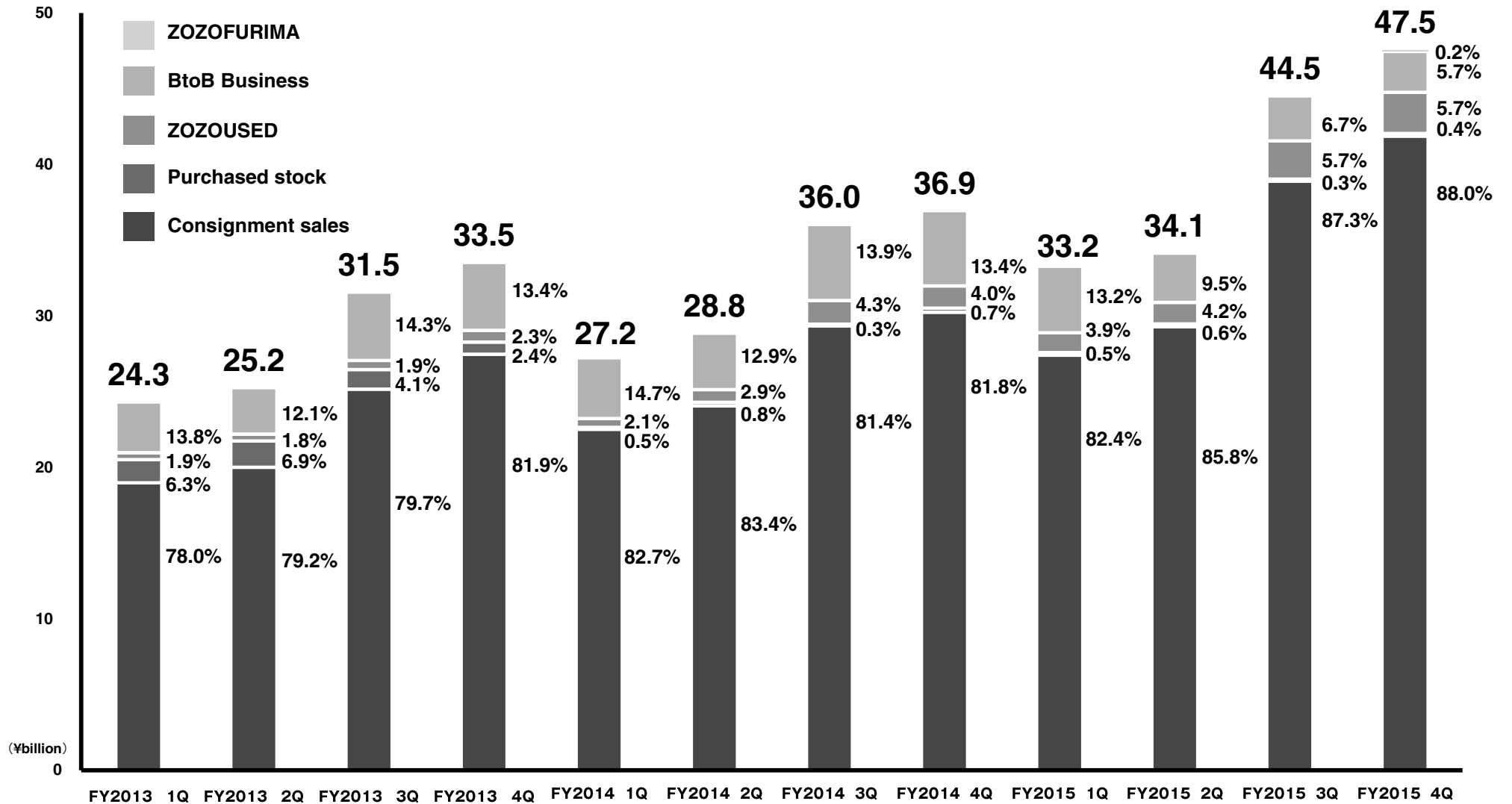
Gross transaction value of new shops opened in FY2015

ZOZOTOWN Business (purchased stock & consignment sales) : ¥ 8,380 million (accounts for 5.7% of the total transaction value)

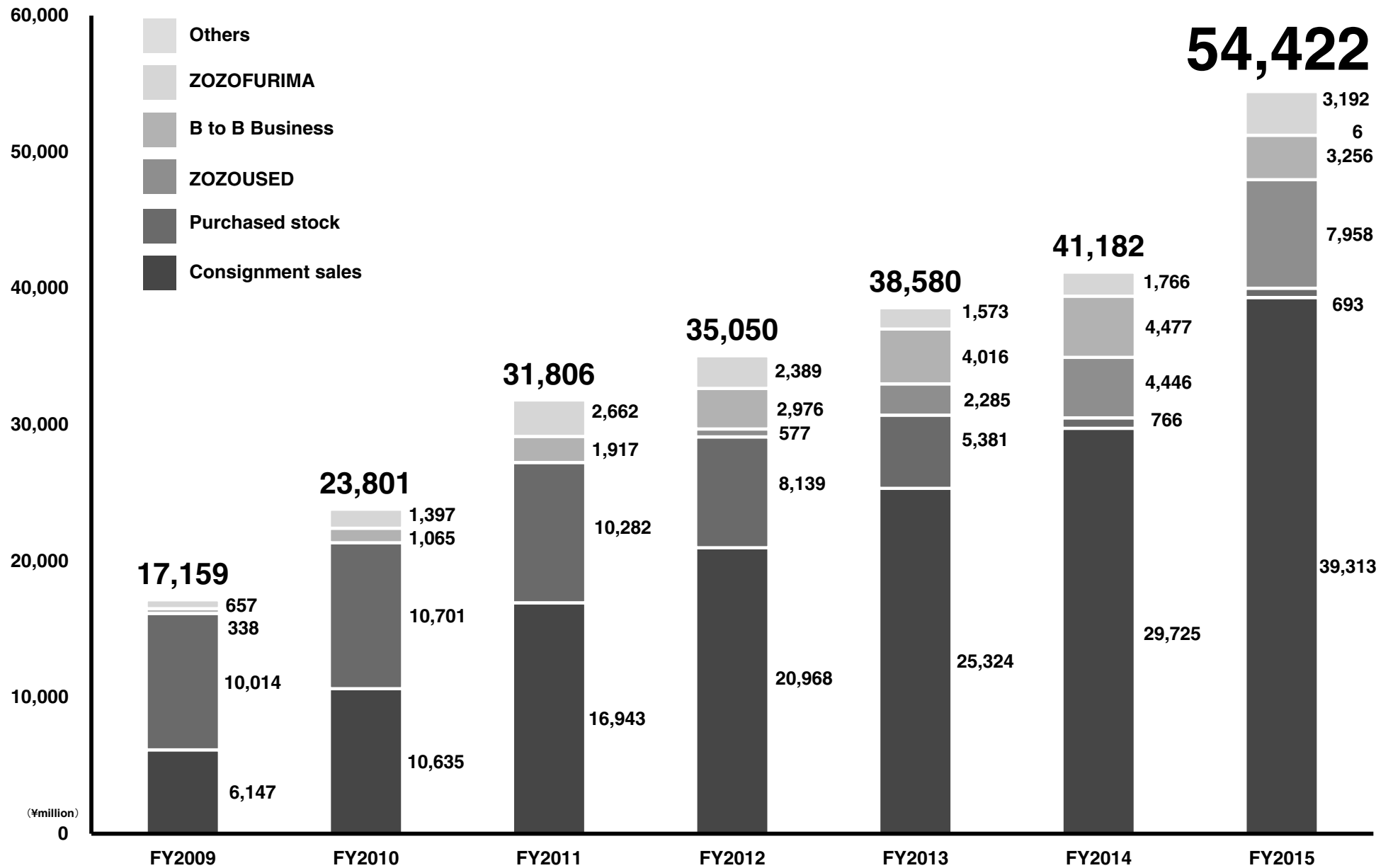


TRANSACTION VALUE (QUARTERLY)

**YOY
+28.7%**



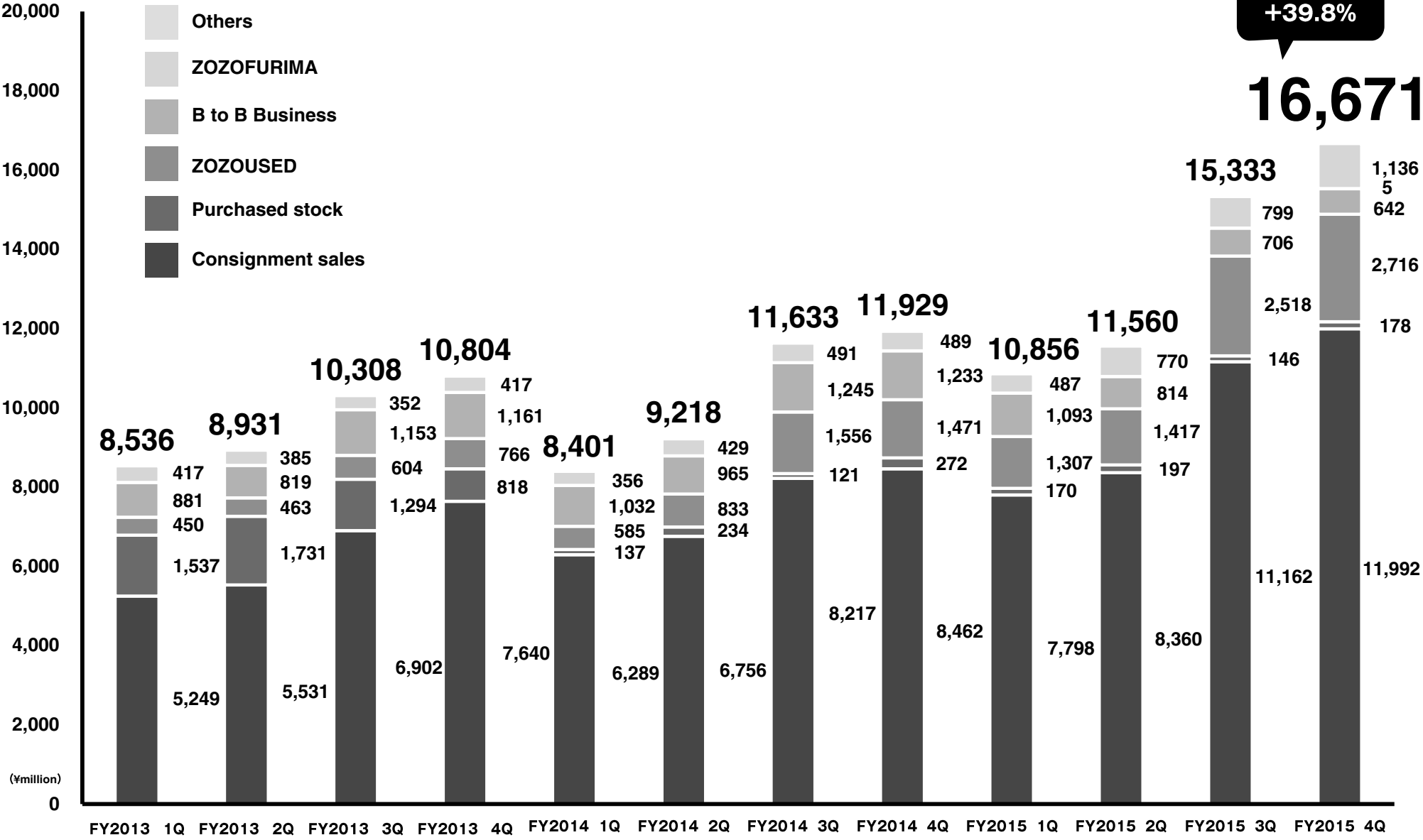
NET SALES



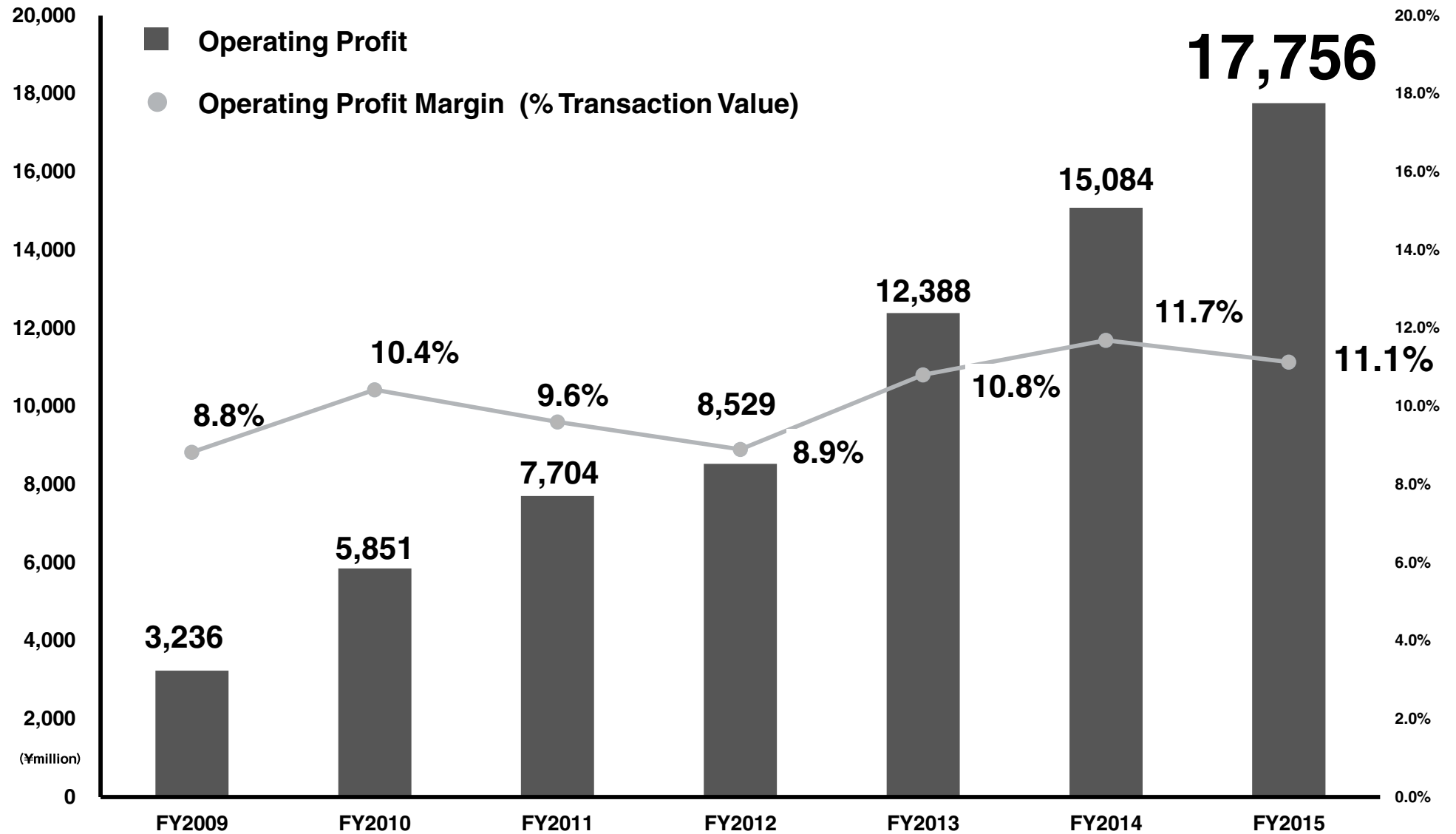
NET SALES (QUARTERLY)

YOY
+39.8%

16,671



OPERATING PROFIT AND OPERATING PROFIT MARGIN



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES

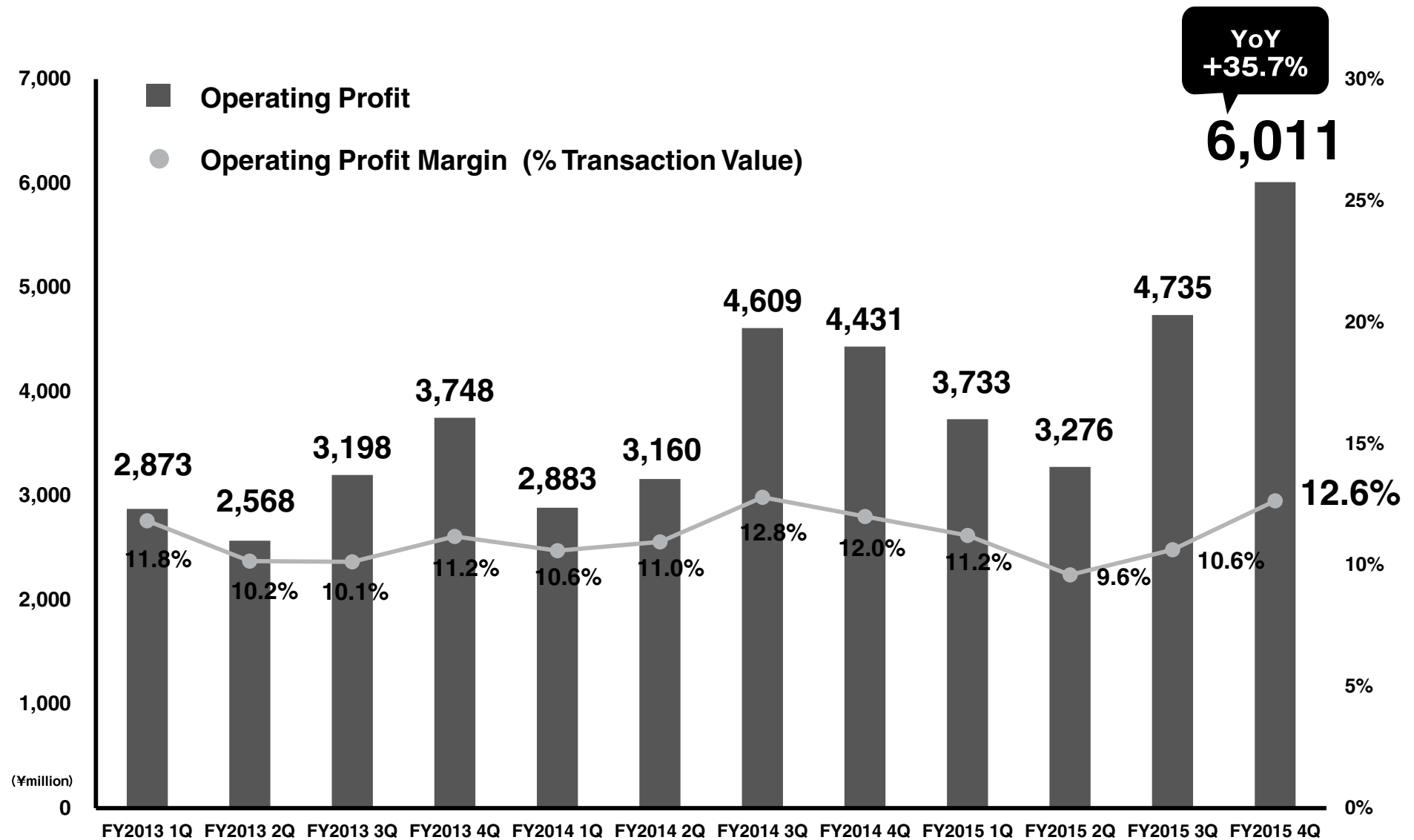
15

(million¥)

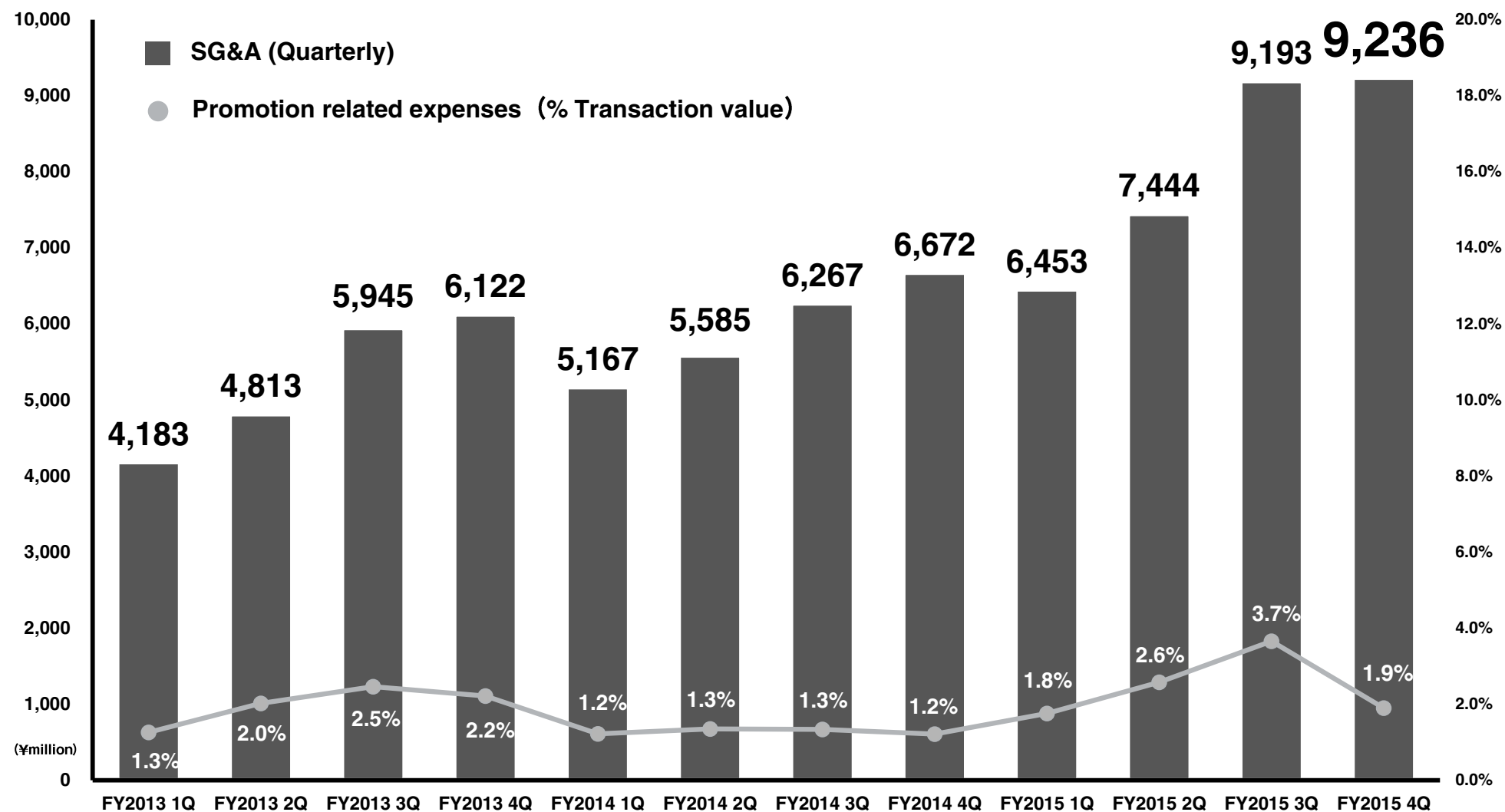
item	FY2014		FY2015		YoY change	Increase decrease factors
	Amount	%Transaction value	Amount	%Transaction value	%Transaction value	
Payroll(*)	6,351	4.9%	8,166	5.1%	0.2%	The number of employees in our group has grown from 642 as of March, 2015 to 783 as of March, 2016, due to the grouping of aratana Inc, and the expansion of ZOZOUSED.
Shipping	4,729	3.7%	6,596	4.1%	0.4%	Burden of shipping expenses increased, due to same day shipping services as well as the drop in the average purchase amount .
Commission of Payment collection	3,119	2.4%	3,867	2.4%	0.0%	
Promotion related expenses	1,651	1.3%	3,992	2.5%	1.2%	
Advertising	641	0.5%	1,932	1.2%	0.7%	TV commercials and WEB Ads
Reward points related expenses	1,009	0.8%	2,059	1.3%	0.5%	Held point promotion campaigns on a timely basis, Linkage with WEAR
Outsourcing	2,558	2.0%	2,860	1.8%	-0.2%	
Rent expense	1,691	1.3%	1,802	1.1%	-0.2%	
Depreciation	786	0.6%	765	0.5%	-0.1%	
Amortization of goodwill	409	0.3%	744	0.5%	0.2%	Crown Jewel, Inc, YAPPA Corporatin (October, 2014~) aratana Inc.(July, 2015~)
Others	2,395	1.9%	3,534	2.2%	0.3%	Increasing purchase requests for ZOZOUSED, and Improving the quality of shipping boxes
Total SG&A	23,693	18.4%	32,328	20.3%	1.9%	

※Payroll includes salaries, bonuses, legal welfare expenses, welfare expenses, provision for retirement benefits, provision for bonuses, provision for directors' retirement benefits and subcontracting payroll

OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES



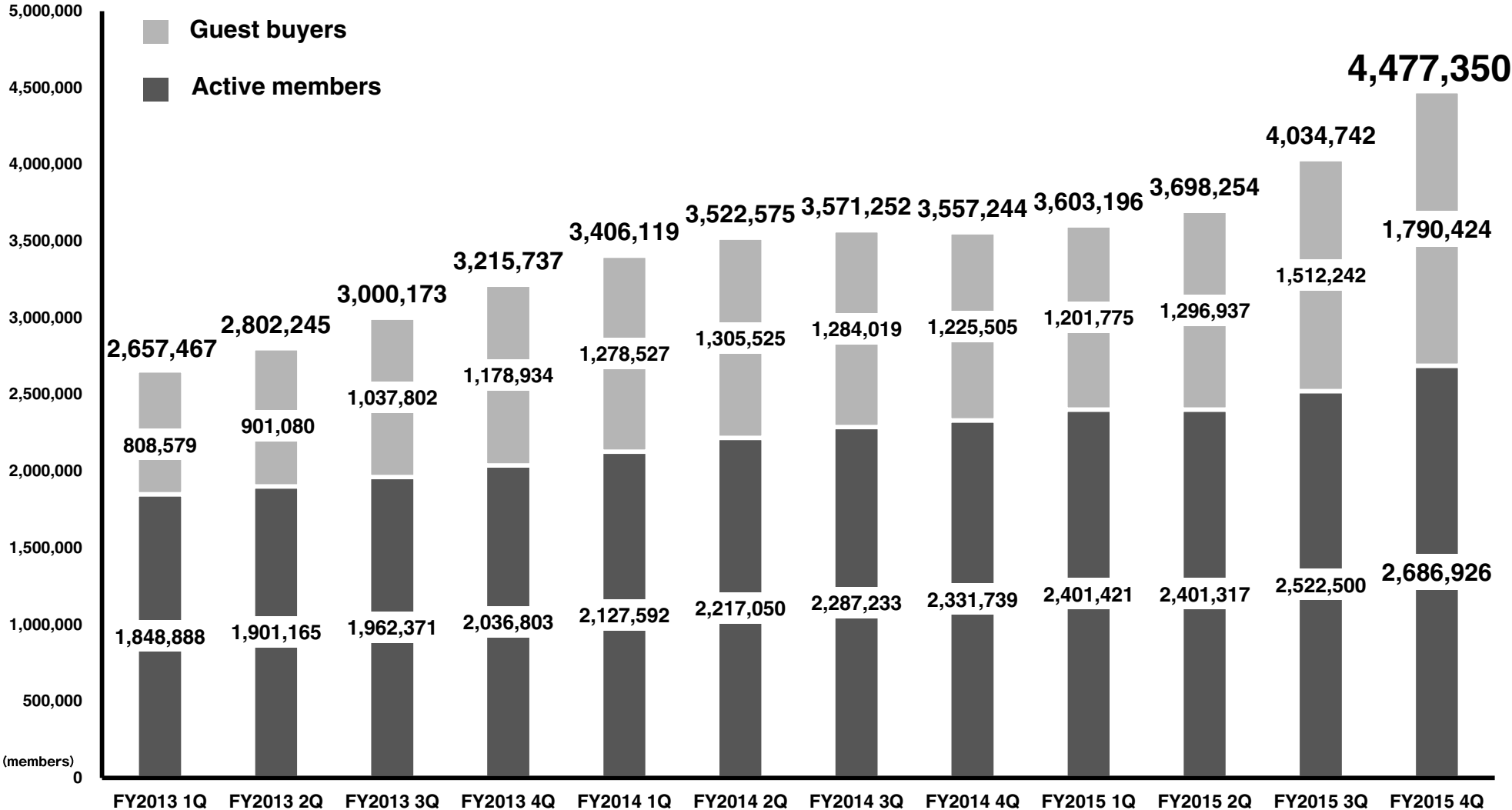
OVERVIEW OF SG & A BY EACH QUARTER

(million ¥)

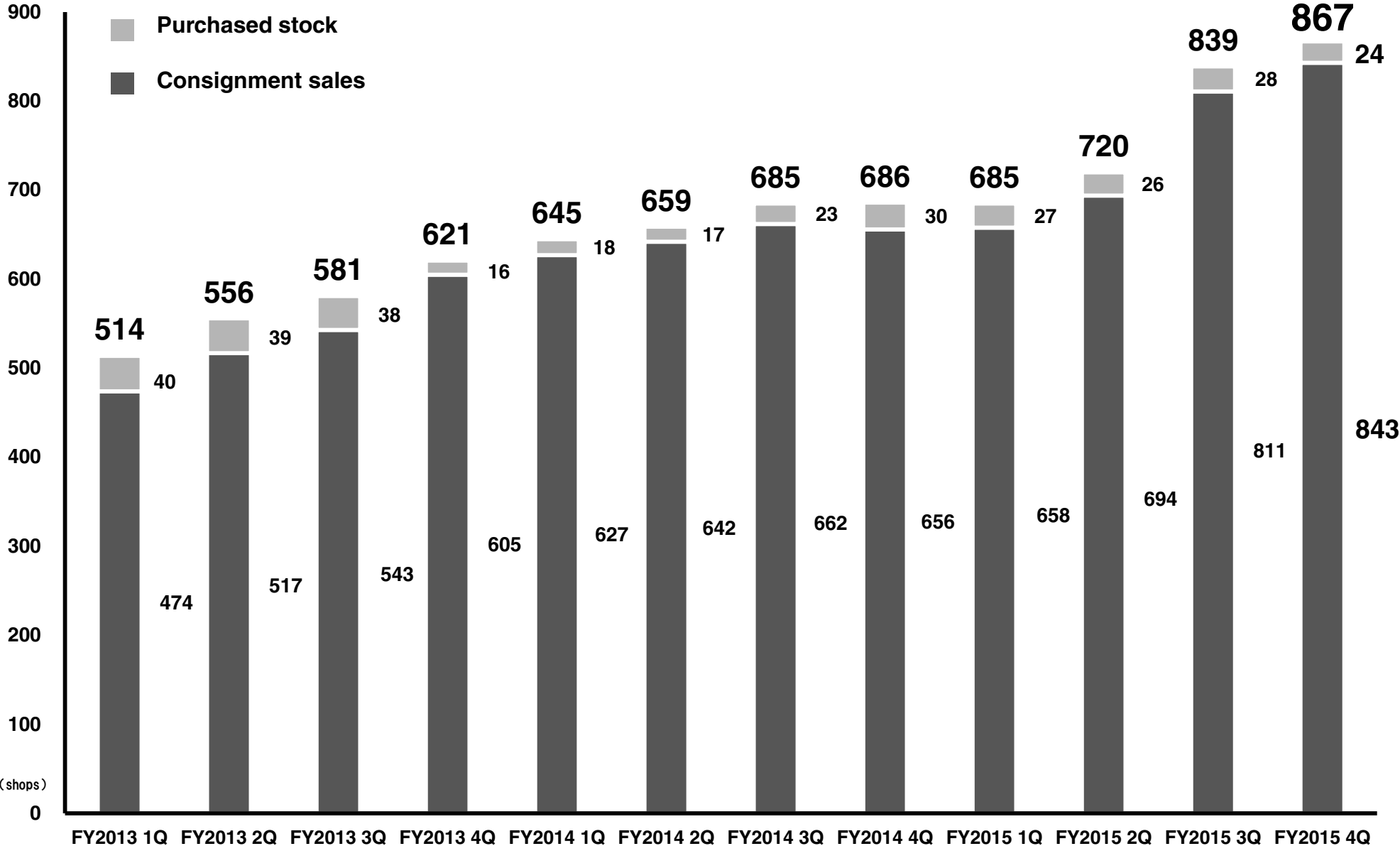
Item	FY2014								FY2015							
	1Q		2Q		3Q		4Q		1Q		2Q		3Q		4Q	
	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value
Payroll(*)	1,414	5.2%	1,447	5.0%	1,587	4.4%	1,901	5.1%	1,643	4.9%	1,835	5.4%	2,209	5.0%	2,477	5.2%
Shipping	1,003	3.7%	1,166	4.0%	1,192	3.3%	1,367	3.7%	1,393	4.2%	1,521	4.5%	1,692	3.8%	1,988	4.2%
Commission of payment collection	663	2.4%	719	2.5%	849	2.4%	887	2.4%	810	2.4%	846	2.5%	1,053	2.4%	1,157	2.4%
Promotion related expenses	331	1.2%	389	1.3%	481	1.3%	449	1.2%	583	1.8%	878	2.6%	1,625	3.7%	903	1.9%
Advertising	123	0.5%	142	0.5%	213	0.6%	160	0.4%	183	0.6%	148	0.4%	1,109	2.5%	490	1.0%
Reward points related expenses	207	0.8%	246	0.9%	267	0.7%	288	0.8%	399	1.2%	730	2.1%	516	1.2%	412	0.9%
Outsourcing	586	2.2%	607	2.1%	713	2.0%	651	1.8%	646	1.9%	655	1.9%	738	1.7%	819	1.7%
Rent expense	422	1.6%	424	1.5%	425	1.2%	418	1.1%	415	1.2%	433	1.3%	469	1.1%	484	1.0%
Depreciation	183	0.7%	192	0.7%	201	0.6%	208	0.6%	165	0.5%	176	0.5%	202	0.5%	220	0.5%
Amortization of goodwill	72	0.3%	72	0.3%	132	0.4%	132	0.4%	98	0.3%	217	0.6%	214	0.5%	214	0.5%
Others	488	1.8%	567	2.0%	682	1.9%	655	1.8%	696	2.1%	880	2.6%	987	2.2%	970	2.0%
Total SG&A	5,167	19.0%	5,585	19.4%	6,267	17.4%	6,672	18.1%	6,453	19.4%	7,444	21.8%	9,193	20.6%	9,236	19.4%

NUMBER OF TOTAL BUYERS

Number of total buyers = Active members and guest buyers who made at least one purchase within a year
 Guest buyers = Unique buyers who made a purchase without registering as a member
 Active members = Members who have made at least one purchase within a year



NUMBER OF SHOPS OF MALL BUSINESS

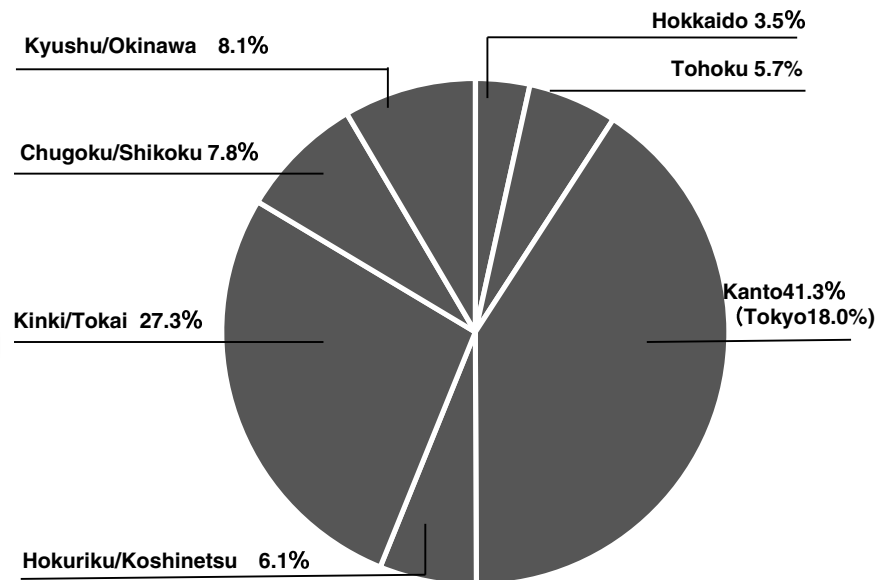


ACTIVE MEMBER DISTRIBUTION

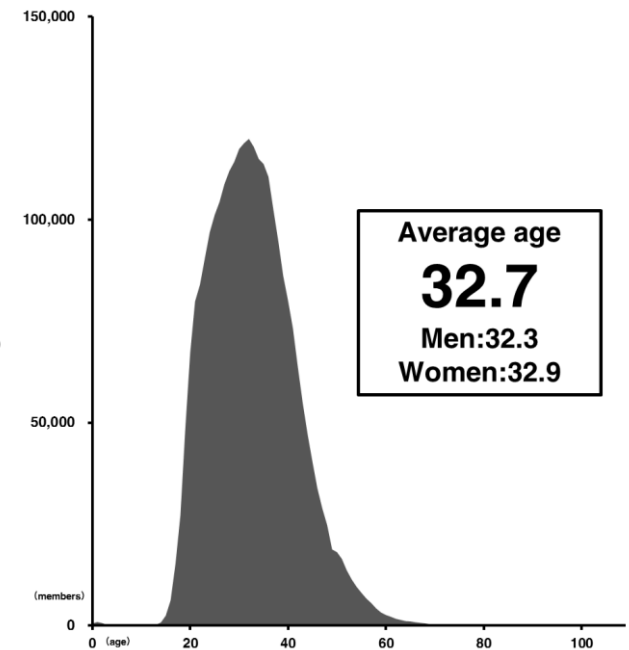
■ Gender ratio



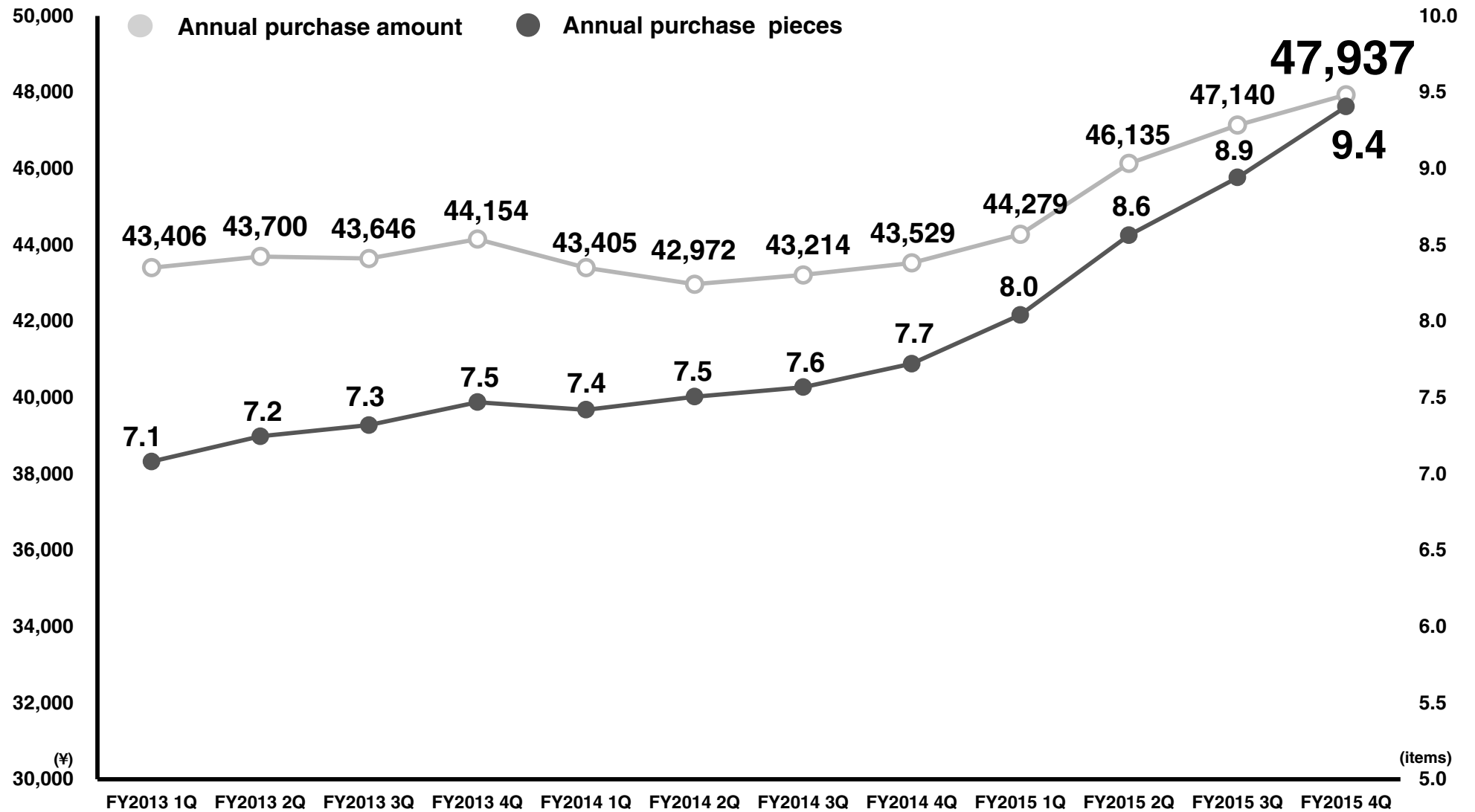
■ Geographical distribution



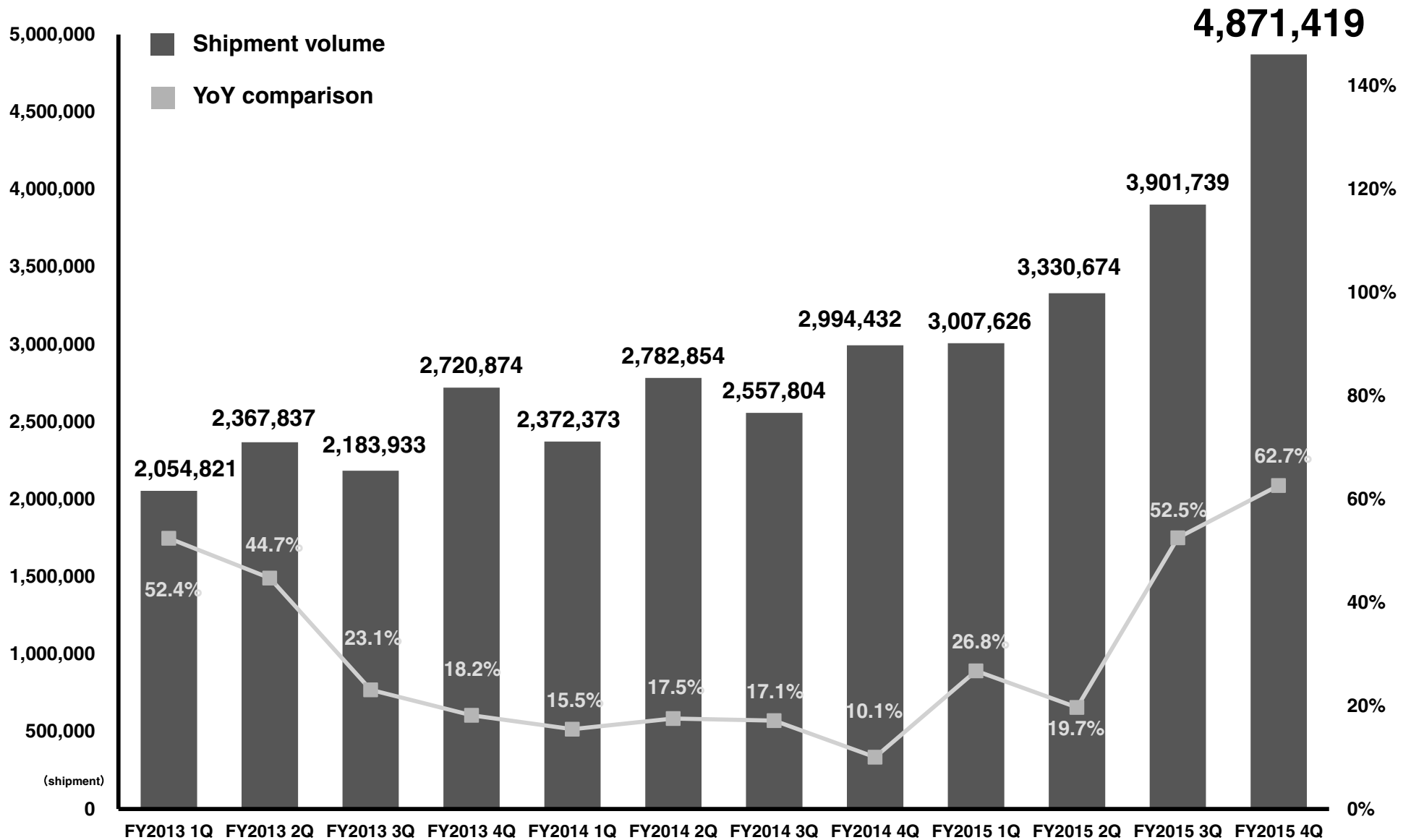
■ Age distribution



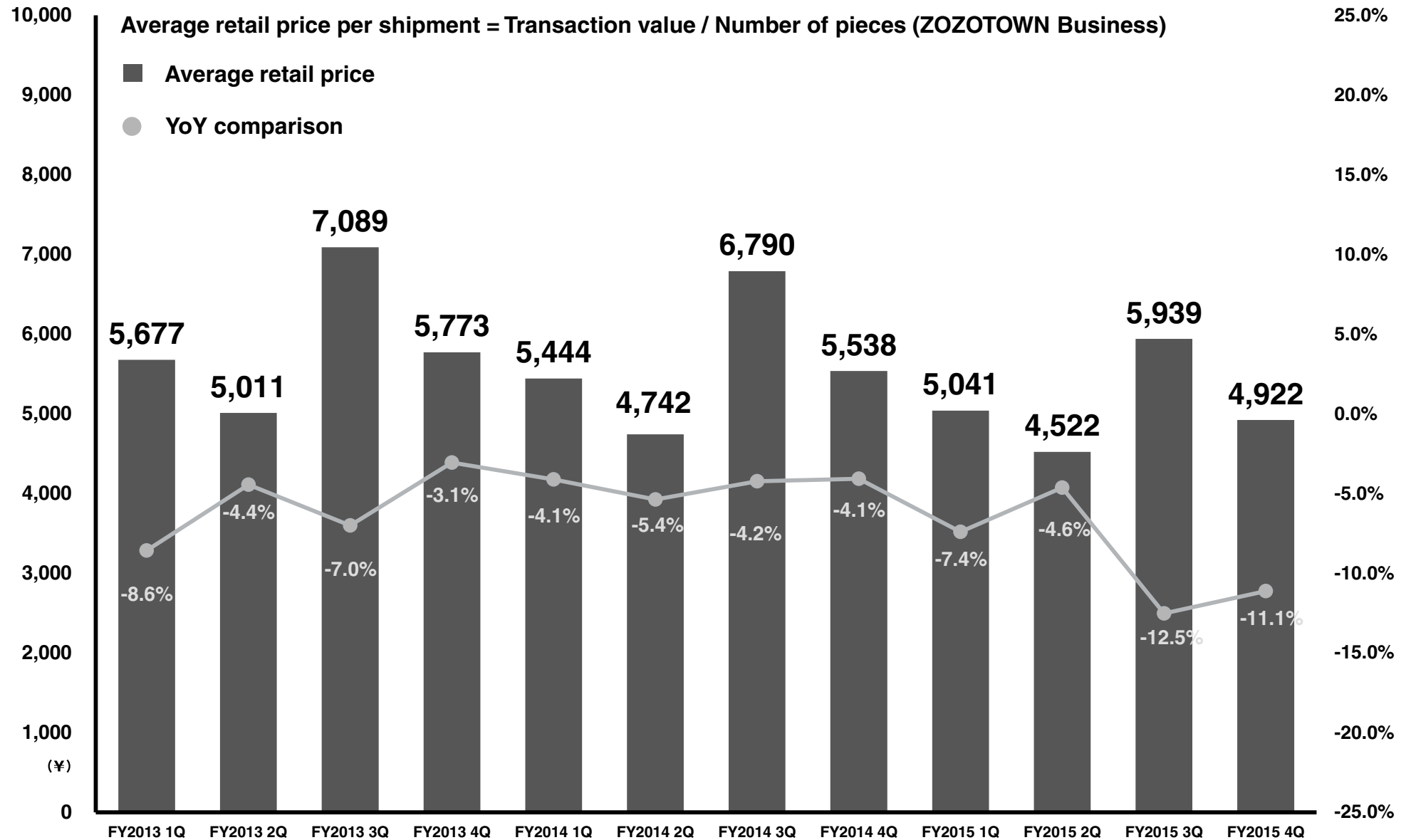
ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER



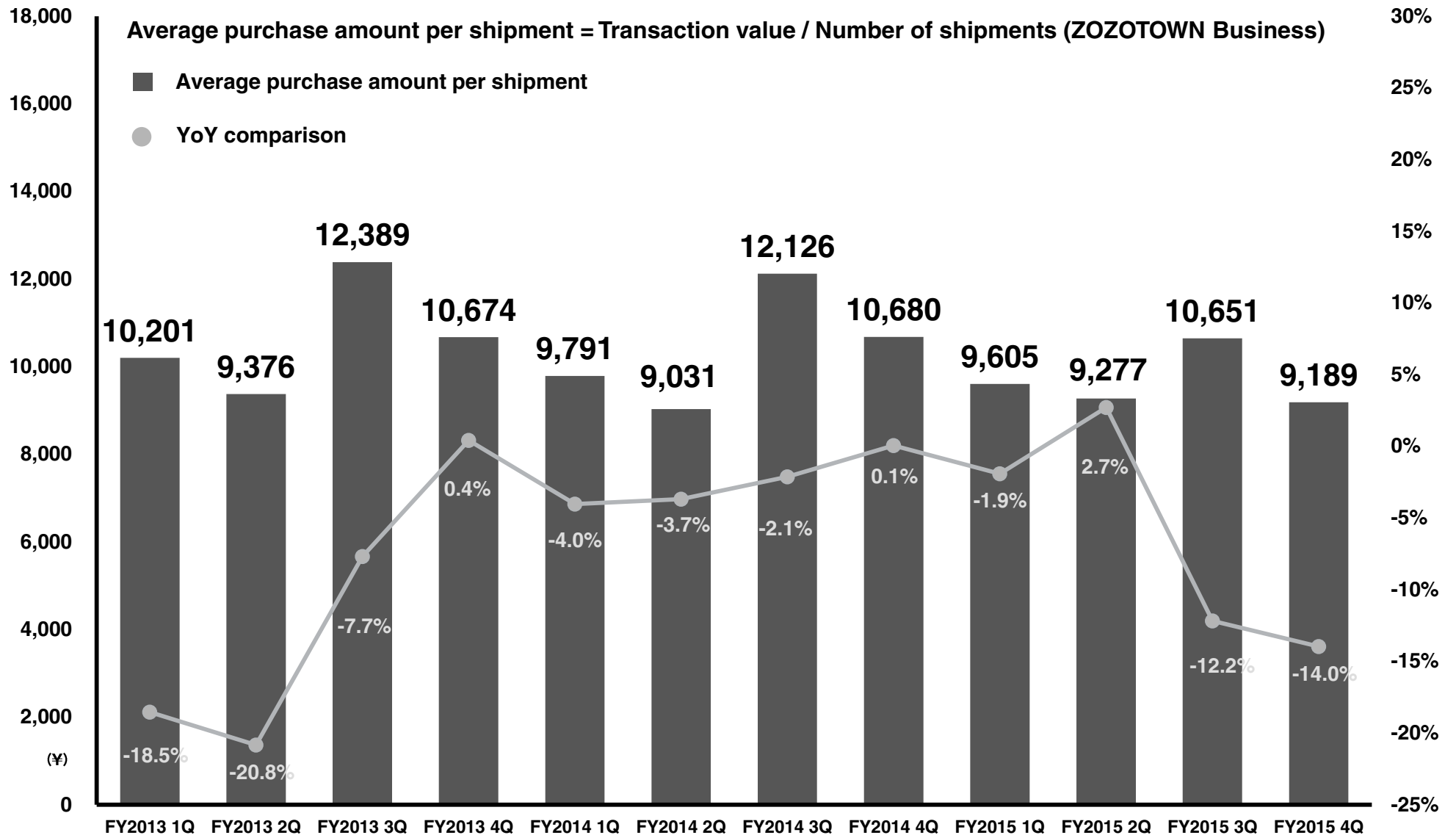
NUMBER OF SHIPMENT



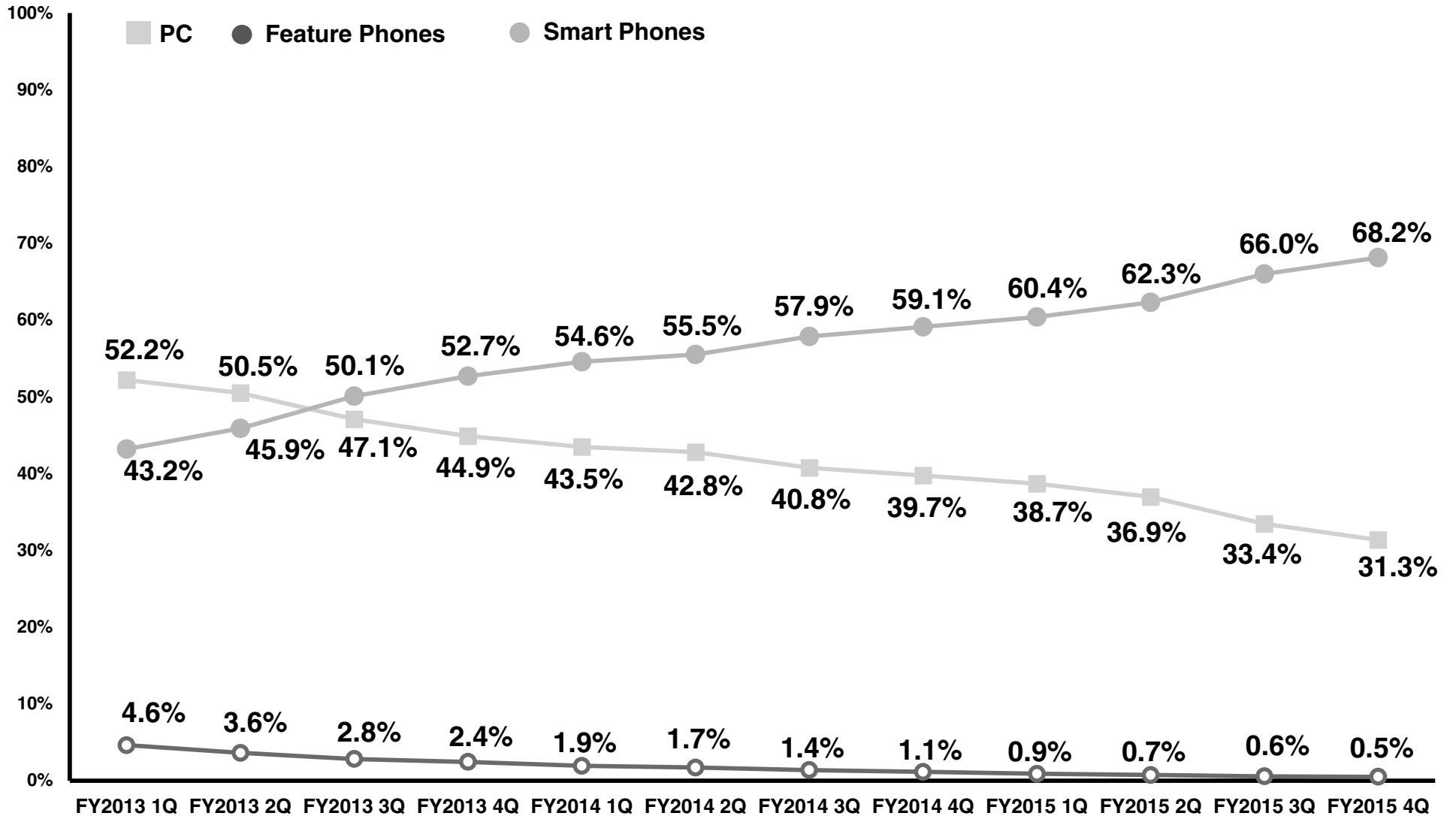
AVERAGE RETAIL PRICE



AVERAGE PURCHASE AMOUNT PER SHIPMENT



THE RATIO OF SHIPMENT VOLUME TO THE TOTAL PURCHASE VOLUME (by access terminal)



EFFORTS TOWARDS ACCELARATING THE TOTAL TRANSACTION VALUE

Contents	Going Forward
New shop openings	We will continue opening shops based on what suits our user's needs.
Strengthening the worn item reviews	Upgrading the coverage amount of items that have review comments.
Improving the CVR	Strengthening the linkage with curation media, as well as reviewing the UI periodically.
CFM2.0	Multi channels, multi devices, with real time communication tools.
Brand coupons	Will be continued, due to the popular demand.
TVCM	Opportunities to learn and discover.
Web promotions	Planning to continue the retargeting Ads.
Point campaigns	A mixture of good and bad.



U.S. New York

「Material Wrld.com」

A fashion EC platform which provides high-end second hand apparel, using prepaid debit cards.

Thai

「WearYouWant.com」

One of the leading drop shipping typed fashion EC platform in Thailand.

Malaysia

「FashionValet.com」

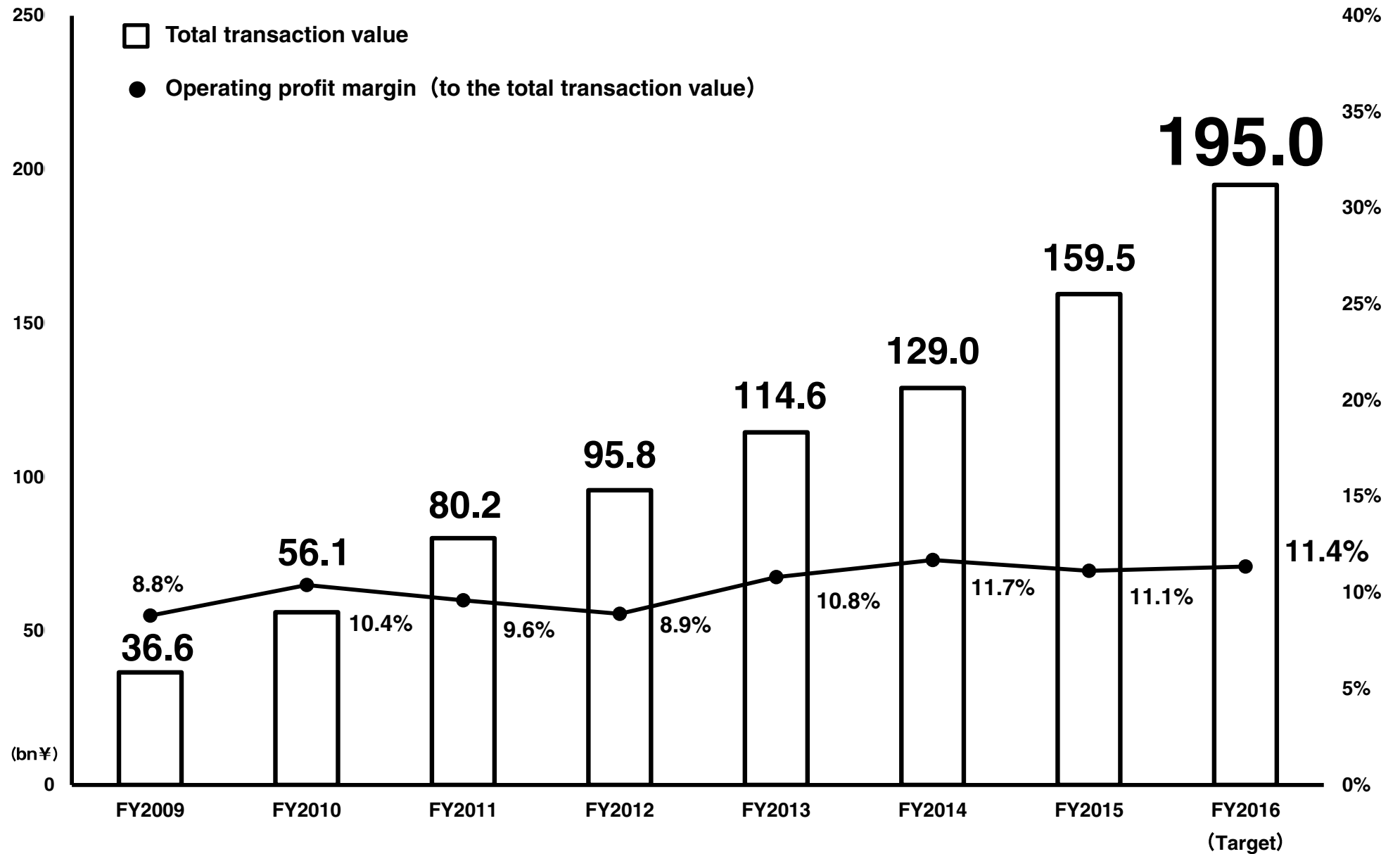
A fashion EC platform with the largest range of local products in Malaysia.

BUSINESS PLAN FOR FY2016

CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2016

	FY2016 PLAN	Growth Rate(%)
Transaction value	195,000 (¥million)	22.3%
Net sales	69,000 (¥million)	26.8%
Operating profit	22,140 (¥million)	24.7%
Recurring profit	22,150 (¥million)	23.9%
Profit attributable to owners of parent	15,260 (¥million)	27.3%
Earnings per share	146.9 (¥)	-
Estimated dividends per share	60 (¥)	-

TRANSACTION VALUE



BREAKDOWN OF THE TOTAL TRANSACTION VALUE AND EACH POLICY

Start Today Group

Target for Total Transaction Value : 195.0 billion yen (+22.3%, Yoy)

ZOZOTOWN Business

Target for Total Transaction Value : 185.0 billion yen (+26.6%, Yoy)

- Consignment Business 172.8 billion yen (+25.7%, Yoy)
- Purchased Stock Business 0.2 billion yen (-71.2%, Yoy)
- ZOZOUSED Business 12 billion yen (+50.8%, Yoy)

B to B Business

Target for Total Transaction Value : 5 billion yen (-62.4%, Yoy)

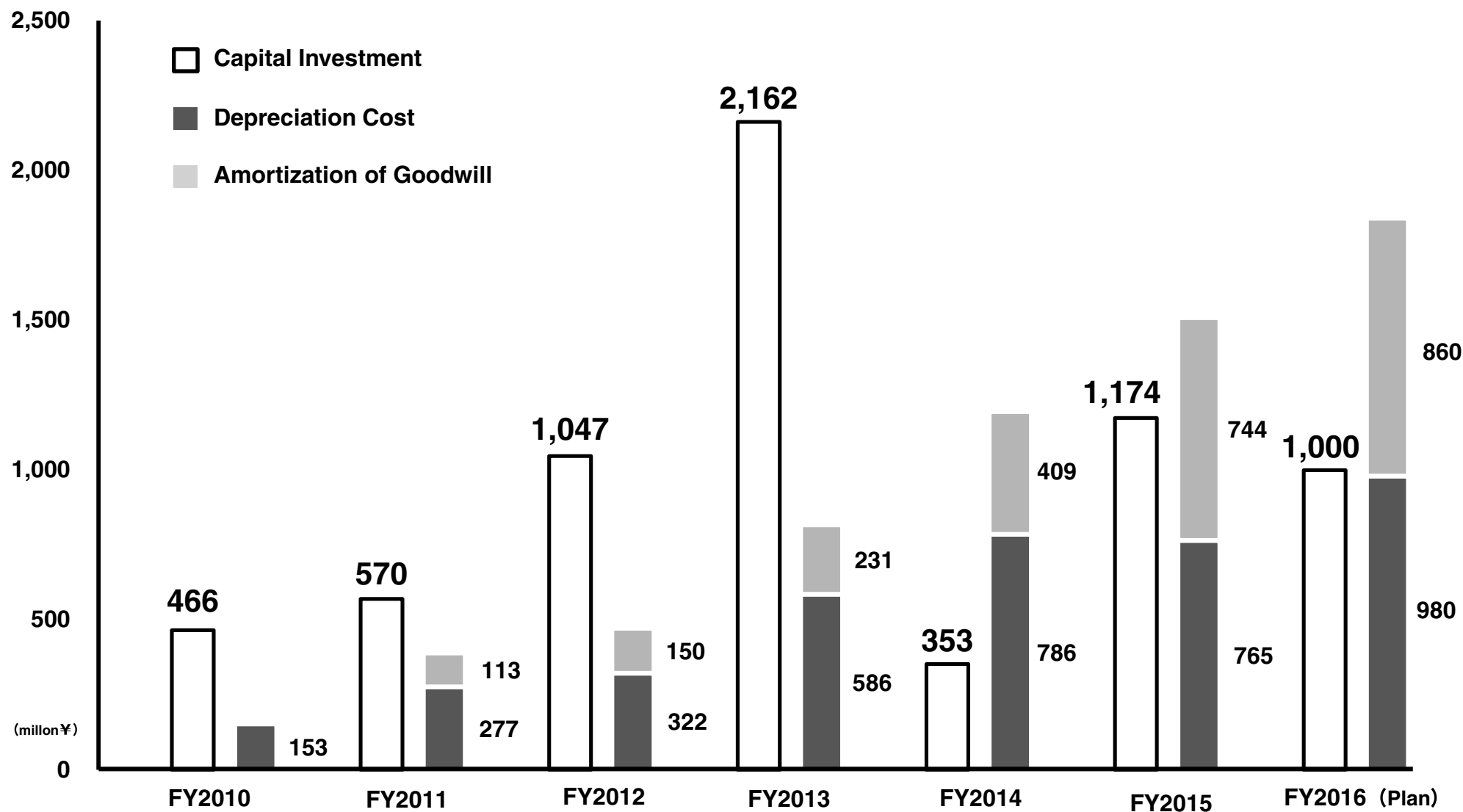
ZOZO FURIMA

Target for Total Transaction Value : 5 billion yen

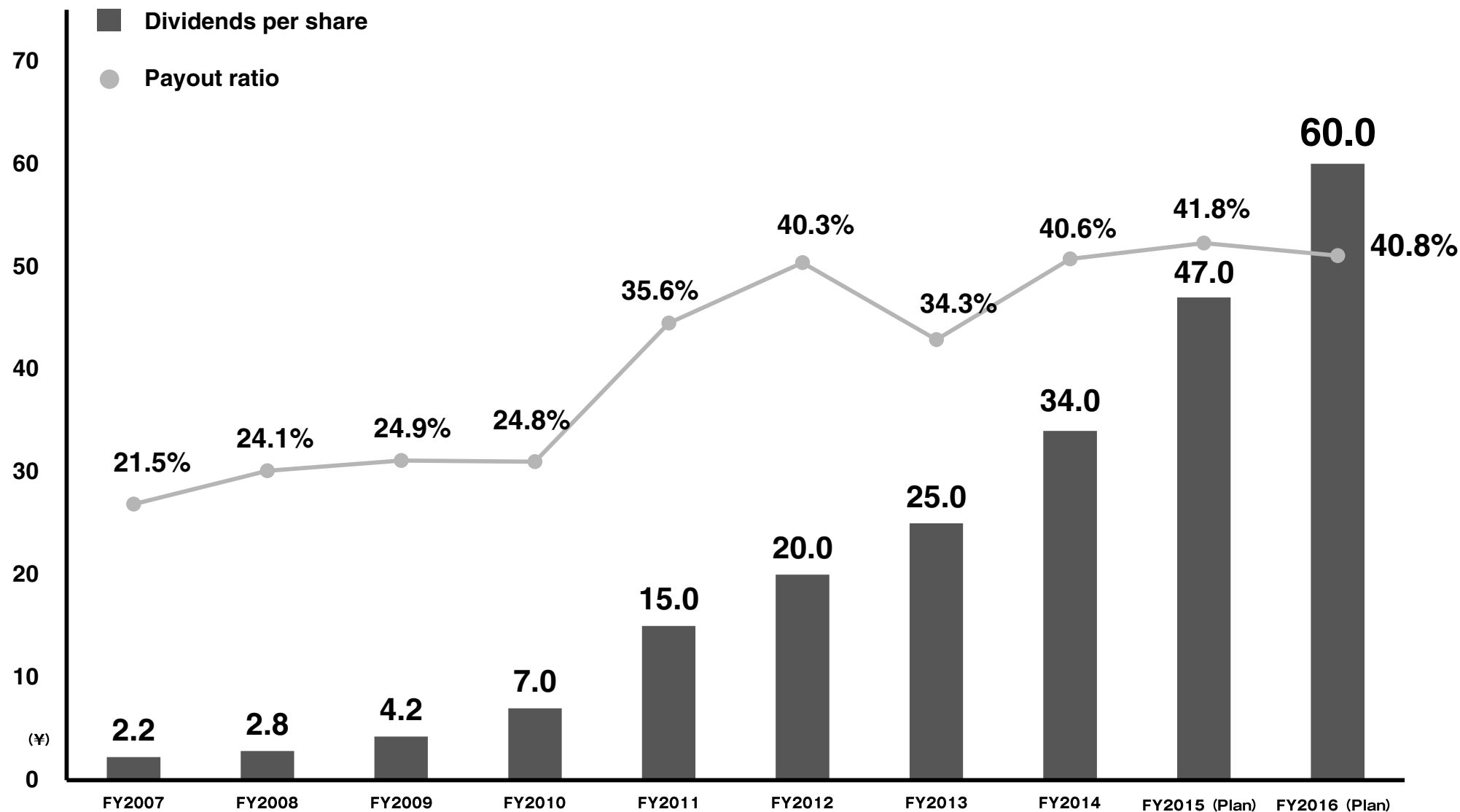
Operating Profit Margin(to the total transaction value)

The target ratio of consolidated operating profit : 11.4% (11.1% for FY2014)

CAPITAL INVESTMENT



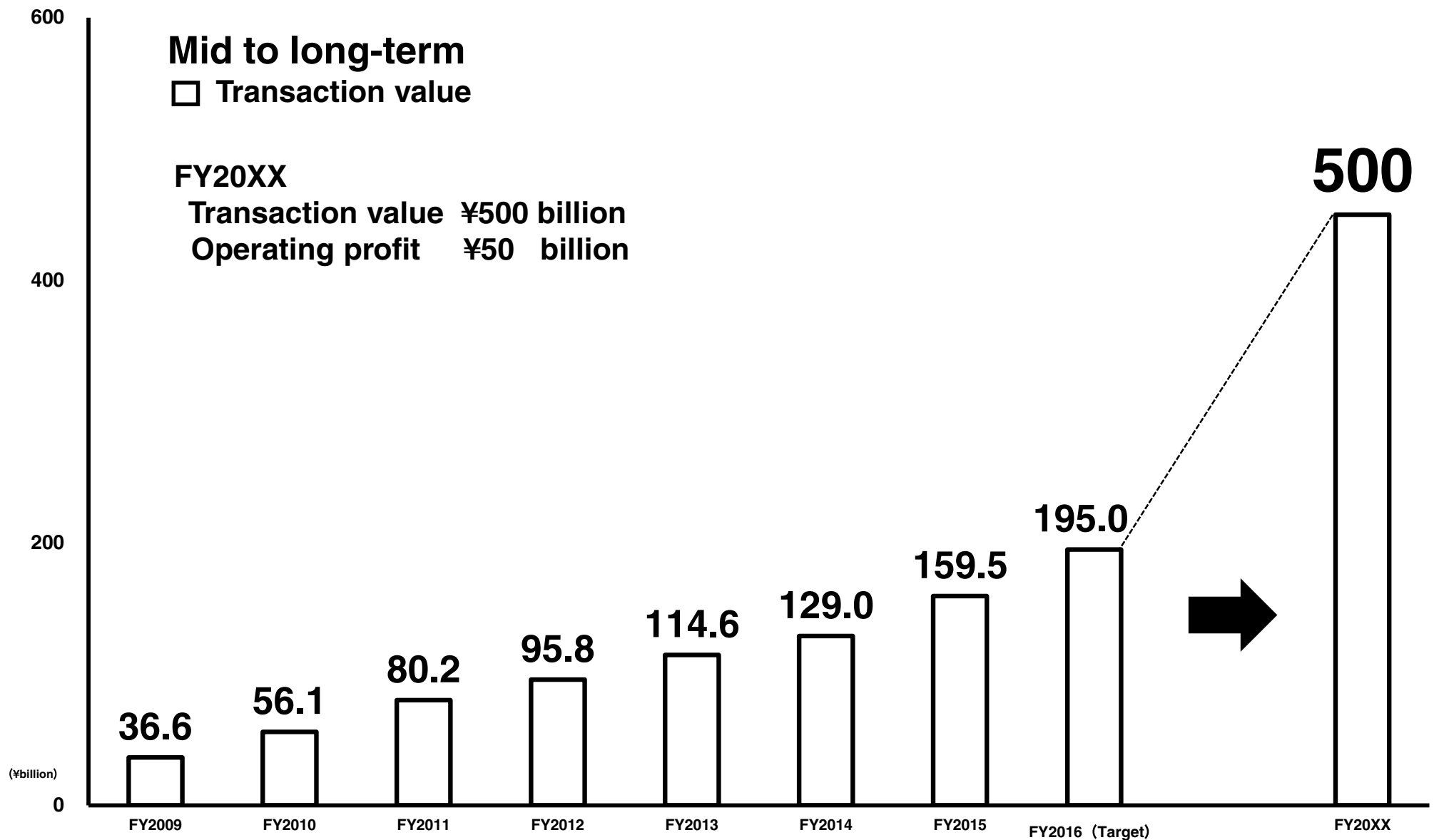
DIVIDENDS PER SHARE AND PAYOUT RATIO



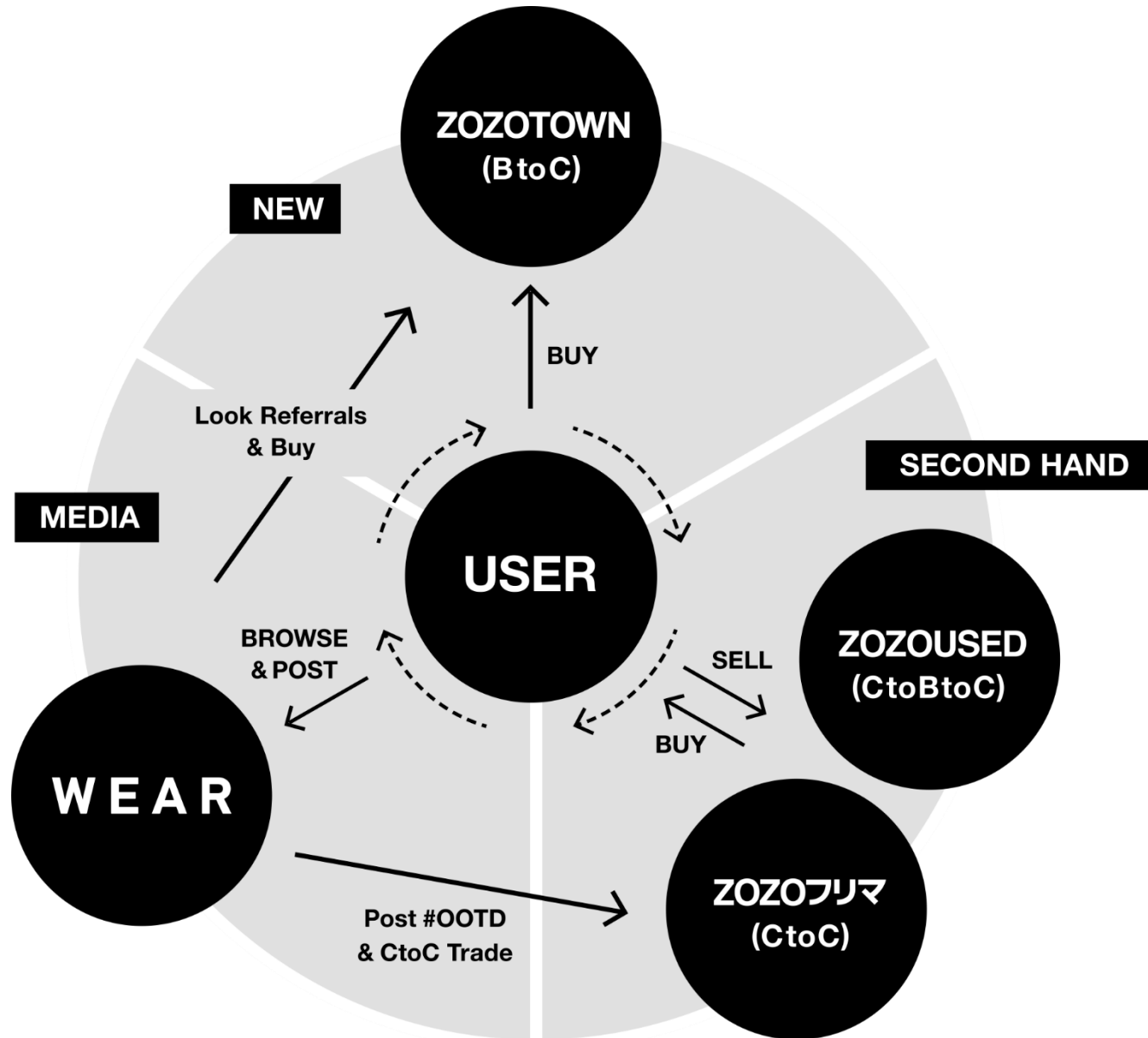
※Number of shares after adjustment

FUTURE STRATEGIES

MID TO LONG-TERM VISION



MARKET EXPANSION STRATEGY



REFERENCE DATA

3,531

POPULAR BRANDS

783

EMPLOYEES (average age 30.0 years old)

世界中をカッコよく、世界中に笑顔を。

Make the world a better place Bring smiles to the world.

3,788

SHARE HOLDERS

4.47

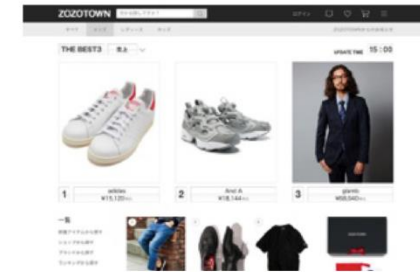
Million

TOTAL BUYERS (1 year basis)

ZOZOTOWN

Japan's Largest Online Retailer of Apparel and Accessories

- 867 stores offering 3,531 brands.
- At any given time, more than 410,000 items are available with an average of 2,700 new items added each day.
- Systems, design, to fulfillment, all functions are built in house.



ZOZOTOWN <http://zozo.jp/>

ZOZO FURIMA

- By linking with ZOZOTOWN and WEAR, users are able to sell their items easily without having to type in specific details.
- By linking IDs from both services, users are able to select items they would like to sell based on their purchase history or the closet function on WEAR, which adds a whole new convenience compared to the existing flea-market Apps.



ZOZOFURIMA <https://zozo-f.jp/>

WEAR

Japan's largest fashion coordination app

- When uploading coordinate pics, tag each item worn in the look, using information on our data base. The systems allows anyone to search for coordinates and items by various queries.
- Official users who we call WEARISTAs, include popular models, singers, actors and actresses
- Over 6.5 million DL & 7.0 million MAU.
- Now available in all geographic areas.



WEAR <http://wear.jp/>

OUR SUBSIDIARIES

START TODAY Engineering Co.,LTD.

System development, WEB design, CRM,
Technological development, R&D

Crown Jewel, Inc.

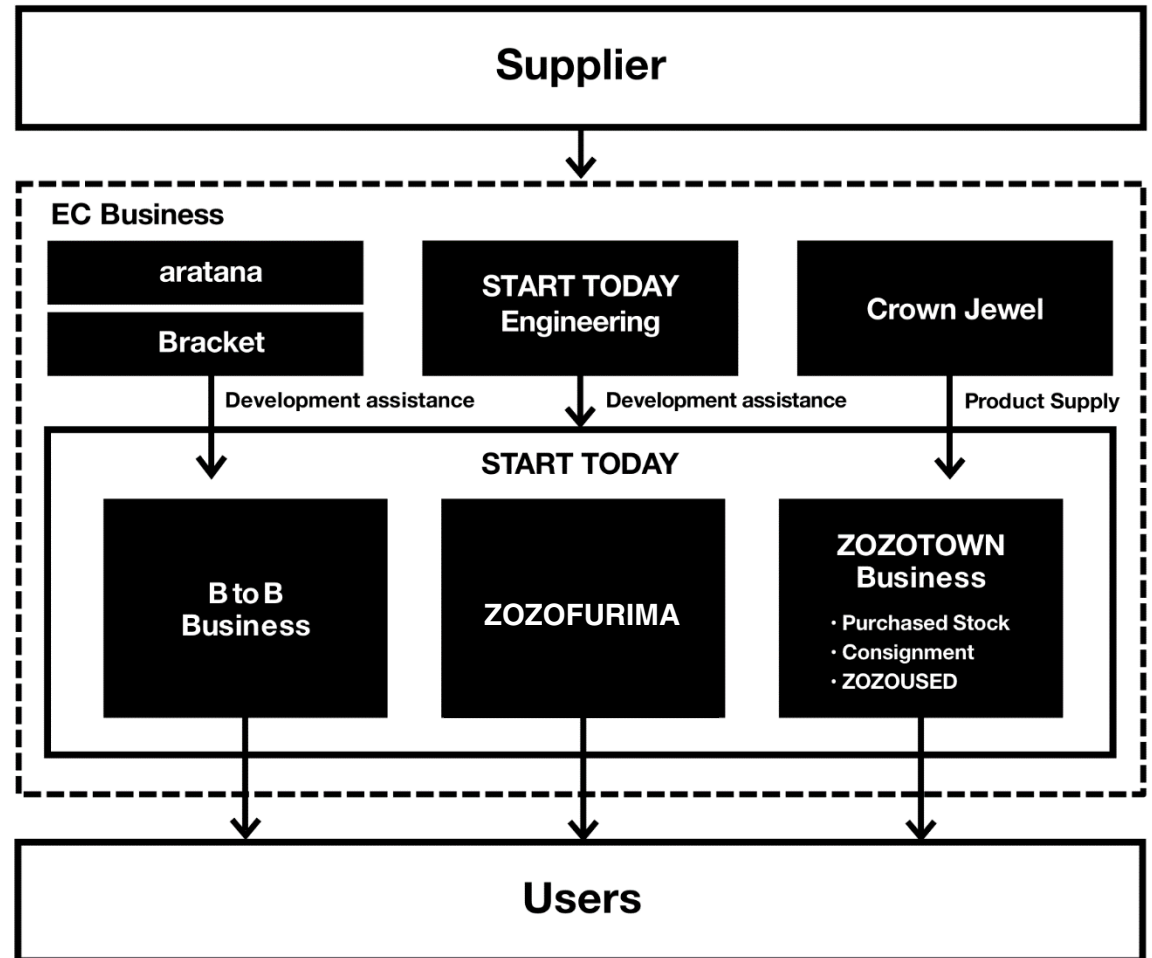
A business operated by reselling second hand
apparel items purchased from our users.

Bracket, Inc.

Operation, development, and planning of
Internet businesses.

aratana Inc.

Specializes in building EC sites, web marketing,
web security systems, and EC related
applications



ZOZOTOWN BUSINESS

• Consignment Sales

We operate 843 shops as consignment sales businesses.

This business model allows us to carry a certain amount of products from the brands, while giving us low inventory risk.

Sales include = Transaction value of each store x commission rate

• Purchased Stock

We operate 24 stores within ZOZOTOWN, which offer products we purchase from brands.

Sales include = Transaction value generated by each store

• ZOZOUSED Business

We purchase used fashion products from our users, and resell them as a second hand business.

Sales = Transaction value

※Total transaction value and Net sales from ZOZOUSED are included in the purchased stock business.

ZOZO FURIMA Business

Our smartphone App where users are able to sell and purchase personal fashion items.

Sales = Transaction Value × Take rate for the flea-market business

※Net Sales from the flea-market business is included in “Others”

B to B Business

We help develop and operate online shops on behalf of various brands, such as “United Arrows”.

We currently provide back-end service to 35 stores.

Sales include = Transaction value of these online shops x commission rate

*Total Sales include, contents written above as well as other sales (such as shipping fee revenues and fees from shop openings).

This material has been created for the sole purpose of introducing the company's business activities, and not for soliciting investments.

The business forecasts and the future outlook described in the material is based on information currently available.

The forecast includes uncertainties such as sudden changes, therefore actual results may differ.



START TODAY CO.,LTD.