



Dear All,

**Notice Concerning Issuance of Stock Compensation-type  
Stock Options with Stock Price Condition**

START TODAY CO., LTD. (hereinafter, the "Company") made a resolution at the Board of Directors held on June 26, 2018 to allocate stock acquisition rights for the stock compensation-type stock options with stock price conditions (hereinafter, the "Stock Options").

**1. Purpose and Reason for Allocating Stock Acquisition Rights**

The Company announced its Medium-Term Management Plan (hereinafter, the "MTP") targeting 3 years from the fiscal year ending 2019 March to the fiscal year ending 2021 March (hereinafter, the "MTP Period") on April 27, 2018. Within the MTP, in addition to continuous growth of the existing business mainly from ZOZOTOWN Business (Gross merchandise value target of the existing business at the last year of the MTP Period is 515 billion yen), the Company initiated the private brand business (hereinafter, the "PB Business") as its second pillar from January 2018, aiming for exponential growth of gross merchandise value (Gross merchandise value target of the PB Business at the last year of the MPT Period is 200 billion yen).

To increase motivation of achieving the MTP and continuously enhance corporate value and expand business performance after the MTP Period, the Company believes that granting the Stock Options would contribute to enhancement of corporate value from increasing motivation and morale of the Directors, and bring stronger solidarity to the Company by corresponding directors' remuneration and increment of shareholders' value to share profit consciousness of the directors and shareholders.

**2. Outline of START TODAY CO., LTD. 1<sup>st</sup> Allocation of Stock Acquisition Rights**

- (1) Name of stock acquisition rights  
START TODAY CO., LTD. 1<sup>st</sup> Allocation of Stock Acquisition Rights
- (2) Total number of stock acquisition rights  
154,000 unit (This total number is a projected number, and in such cases where reduction in the number for allocation is unfulfilled applications for acceptance and so on occur, the total number of effective allocation shall be regarded as the total number of stock acquisition rights issued)
- (3) Eligible persons and its number, and number of allocating stock acquisition rights  
Directors of the Company                      8 Directors                      (Total 154,000 unit)
- (4) The type and number of stock acquisition rights  
The number of shares to be issued upon exercise of each stock acquisition rights (hereinafter, the "Number of Shares") shall be 100 shares of the common stock of the Company. However, if the Company implemented a stock split (including gratis allocation of common stock; the same shall apply hereinafter) or a reverse stock split after the date of allocation of the stock acquisition rights, the number of Shares will be adjusted based on the following formula:

$$\text{Number of Shares to be issued after adjustment} = \text{Number of Shares to be issued before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

In addition, if there is an unavoidable ground requiring adjustment of the Number of Shares to be issued such as the Company's merger, company split and capital reduction, the Number of Shares to be issued may be adjusted to the extent necessary.

- (5) Value of assets financed upon the exercise  
The value of assets to be financed upon the exercise of the stock acquisition rights shall be 1 yen (the paid-in amount per share to be delivered upon the exercise of the stock acquisition rights) multiplied by the number of shares granted.
- (6) Period for exercise stock acquisition rights  
The period for exercising the stock acquisition rights (hereinafter, the "Exercising Period") shall be from July 14, 2018 to July 13, 2031.
- (7) Conditions of exercising rights of stock acquisition rights  
Persons whom the stock acquisition rights are allotted can exercise their rights within the exercising period complying any of the following conditions. However, the Eligible Directors must be in position of business executing directors continuously at the time of exercising the rights; as for Mr. Yusaku Maezawa the president and the representative director of the Company must be in the position of the representative director.

The Eligible Directors can exercise their rights from the next day of when all the following conditions are fulfilled:

- a) The Eligible Directors continued to be in the position of the business executing director for 3 years from the date of allocation of the stock acquisition rights,
- b) net sales of the consolidated financial statements of the Company exceeds 393 billion yen in the audited securities report for fiscal year ending 2021 March,
- c) the average market capitalization (calculated by the following formula; the same shall apply hereinafter) of the Company exceeds 2 trillion yen of preceding 30 business days from the specified date between the date of allocation to June 30, 2021 (including the specified date, but excluding the days on which ordinary transactions of the Company's common stock cannot take place), and
- d) the average stock price (calculated by the following formula; the same shall apply hereinafter) of the Company exceeds 1.3x of preceding 30 business days from the specified date (This should be the exact same day which stated in c); the same shall apply hereinafter) between the date of allocation to June 30, 2021 (including the specified date, but excluding the days on which ordinary transactions of the Company's common stock cannot take place).

$$\text{Market Capitalization} = \left( \text{Total number of outstanding stocks of the Company (*)} - \text{Treasury stocks the Company holds (*)} \right) \times \text{Closing price of ordinary transactions of the Company's common stocks on the Tokyo Stock Exchange}$$

(\*) Both shall be numerical values on the aforementioned specified date

$$\text{Stock Price} = \text{Closing price of ordinary transactions of the Company's common stocks on the Tokyo Stock Exchange (*)}$$

(\*) If stock split or reverse stock split is implemented after the date of allocation, this shall be adjusted by the following formula (rounded up to the nearest yen unit)

$$\text{Adjusted stock price} = \text{Stock price before adjustment} \times \text{Ratio of split (or reverse split)}$$

- (8) Capital stock and capital reserve to be contributed in the event of new share issuance by the exercise of proposed stock acquisition rights.  
In the event of new share issuance by exercising stock acquisition rights, the amount to be contributed

to capital stock shall be half the upper limit amount of an increase in capital stock and capital reserve calculated in accordance with Corporate Accounting Rules Article 17 (1), with any fractions less than one yen resulting from such calculation rounded up. In this case, the amount to be contributed to capital reserve shall be the amount subtracting the amount to be contributed to capital stock from the upper limit of an increase in capital stock and capital reserve calculated in the aforementioned manner.

(9) Matters concerning the acquisition of stock acquisition rights

- I. In events such as a merger agreement in which will make the Company a disappearing company, a corporate split agreement or a corporate split plan that will make the Company a split company, a share exchange agreement or a share transfer plan that will make the Company become a wholly-owned subsidiary of another company, and an event where requiring a change in the Articles of Incorporation pertain to acquisition/transfer of shares, is approved at a General Meeting of Shareholders of the Company (in either case, if no resolution at a General Meeting of Shareholders is needed, it will be resolved by the Board of Directors of the Company), the Company may acquire back all the stock acquisition rights without compensation on the day specified by the Board of Directors of the Company.
- II. If the conditions aforementioned in (7) b., c., d. are not satisfied before the time of exercising rights, the Company may acquire back all the stock acquisition rights without compensation at arrival of July 14, 2021 from those persons whom the stock acquisition rights are issued.
- III. If those person(s) whom the stock acquisition rights is(are) issued is(are) dead, the Company may acquire back all the stock acquisition rights without compensation at the time of death.
- IV. If the condition aforementioned in (7) a. is not satisfied before the time of exercising rights, the Company may acquire back all the stock acquisition rights without compensation.

(10) Restriction on acquisition of stock acquisition rights by transfer

Approval by the Board of Directors of the Company shall be required for the acquisition of the stock acquisition rights by transfer.

(11) Treatment of stock acquisition rights upon restructuring

If the Company is to engage in a merger (limited to cases where the Company is to be dissolved as a result of the merger), separated and absorbed, separated and newly incorporated, or subject to a share exchange or share transfer (hereinafter, all of which are collectively referred as the "Restructuring Transaction"), stock acquisition rights in the entity specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter, such entity referred as the "Restructured Company") are, in accordance with applicable items below, to be issued to holders of stock acquisition rights that remain in effect as of the time of the Restructuring Transaction. However, the foregoing shall be limited to cases where it is indicated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company separation agreement, incorporation-type company separation plan, share exchange agreement or share transfer plan that stock acquisition rights of the Restructured Company are to be granted in accordance with the following conditions:

- I. Number of stock acquisition rights of the restructured company  
Holders of stock acquisition rights are to be given, in exchange for those rights, the same number of stock acquisition rights of the Restructured Company.
- II. Type of shares of the restructure company to be acquired upon exercise of stock acquisition rights  
The above share shall be common stock of the Restructured Company.
- III. Number of shares of the restructured company to be acquired upon exercise of stock acquisition rights  
The number of shares is to be set by aforementioned (4), based on a consideration of conditions

of the Restructuring Transaction

IV. Value of assets to be contributed at exercise of stock acquisition rights

The value of assets to be contributed at exercise of stock acquisition rights shall be the amount calculated through adjustments by aforementioned (5), taking into consideration of the conditions for the Restructuring Transactions, multiplied by the number of shares subject to the stock acquisition rights as decided in III. above.

V. Effective period during which the stock acquisition rights are exercisable

Stock acquisition rights are exercisable over the period that begins on a) the first day of the execution period specified in (6) on the above or the effective date of the Restructuring Transaction, whichever is later, and ends on b) the last day of the execution period specified in (6) on the above.

VI. Matters relating to increments of capital stock and additional paid-in capital that would increase stock issuance

To be determined in accordance with (8) on the above.

VII. Restriction on acquisition of the stock acquisition rights by transfer

Approval by the Board of Directors of the Company shall be required for the acquisition of the stock acquisition rights by transfer.

VIII. Other conditions for the exercise of stock acquisition rights

To be determined in accordance with (7) on the above.

IX. Events and conditions for acquisition of stock acquisition rights by the restructured company

To be determined in accordance with (9) on the above.

(12) Amount paid for the stock acquisition rights

Amount paid for the stock acquisition rights will be equivalent to the fair evaluation value of the stock acquisition rights calculated by the Black-Scholes model at the date of allocation of stock acquisition rights. Persons whom the stock acquisition rights are allotted can offset their payment obligations to be paid for the stock acquisition rights with their monetary compensation claims; thus, persons will not be required to make payment.

(13) Granting date of stock acquisition rights

July 13, 2018

**3. Outline of START TODAY CO., LTD. 2<sup>nd</sup> Allocation of Stock Acquisition Rights**

(1) Name of stock acquisition rights

START TODAY CO., LTD. 2<sup>nd</sup> Allocation of Stock Acquisition Rights

(2) Total number of stock acquisition rights

92,400 unit (This total number is a projected number, and in such cases where reduction in the number for allocation is unfulfilled applications for acceptance and so on occur, the total number of effective allocation shall be regarded as the total number of stock acquisition rights issued)

(3) Eligible persons and its number, and number of allocating stock acquisition rights

Directors of the Company      8 Directors      (Total 92,400 unit)

(4) The type and number of stock acquisition rights

Same as stated in above 2. (4).

(5) Value of assets financed upon the exercise

Same as stated in above 2. (5).

(6) Period for exercise stock acquisition rights

The period for exercising the stock acquisition rights (hereinafter, the "Exercising Period") shall be from

July 14, 2018 to June 13, 2034.

- (7) Conditions of exercising rights of stock acquisition rights  
The Eligible Directors can exercise their rights from the next day of when all the following conditions are fulfilled:
  - a) The Eligible Directors continued to be in the position of the business executing director for 6 years from the date of allocation of the stock acquisition rights,
  - b) the average market capitalization of the Company exceeds 3 trillion yen of preceding 30 business days from the specified date between the date of allocation to June 30, 2024 (excluding the days on which ordinary transactions of the Company's common stock cannot take place), and
  - c) the average stock price of the Company exceeds 1.8x of preceding 30 business days from the specified date between the date of allocation to June 30, 2024 (excluding the days on which ordinary transactions of the Company's common stock cannot take place).
- (8) Capital stock and capital reserve to be contributed in the event of new share issuance by the exercise of proposed stock acquisition rights.  
Same as stated in above 2. (8).
- (9) Conditions for acquisition of stock acquisition rights
  - I. Same as stated in above 2. (9). I.
  - II. If the conditions aforementioned in (7) b., c., d. are not satisfied before the time of exercising rights, the Company may acquire back all the stock acquisition rights without compensation at arrival of July 14, 2024 from those persons whom the stock acquisition rights are issued.
  - III. Same as stated in above 2. (9). III.
  - IV. Same as stated in above 2. (9). IV.
- (10) Restriction on acquisition of stock acquisition rights by transfer  
Same as stated in above 2. (10).
- (11) Treatment of stock acquisition rights upon restructuring  
Same as stated in above 2. (11).
- (12) Amount paid for the stock acquisition rights  
Same as stated in above 2. (12).
- (13) Granting date of stock acquisition rights  
Same as stated in above 2. (13).

#### **4. Outline of START TODAY CO., LTD. 3<sup>rd</sup> Allocation of Stock Acquisition Rights**

- (1) Name of stock acquisition rights  
START TODAY CO., LTD. 3<sup>rd</sup> Allocation of Stock Acquisition Rights
- (2) Total number of stock acquisition rights  
61,600 unit (This total number is a projected number, and in such cases where reduction in the number for allocation is unfulfilled applications for acceptance and so on occur, the total number of effective allocation shall be regarded as the total number of stock acquisition rights issued)
- (3) Eligible persons and its number, and number of allocating stock acquisition rights  
Directors of the Company      8 Directors      (Total 61,600 unit)
- (4) The type and number of stock acquisition rights  
Same as stated in above 2. (4).

- (5) Value of assets financed upon the exercise  
Same as stated in above 2. (5).
- (6) Period for exercise stock acquisition rights  
The period for exercising the stock acquisition rights (hereinafter, the "Exercising Period") shall be from July 14, 2018 to July 13, 2038.
- (7) Conditions of exercising rights of stock acquisition rights  
The Eligible Directors can exercise their rights from the next day of when all the following conditions are fulfilled:
- a) The Eligible Directors continued to be in the position of the business executing director for 10 years from the date of allocation of the stock acquisition rights,
  - b) the average market capitalization of the Company exceeds 5 trillion yen of preceding 30 business days from the specified date between the date of allocation to June 30, 2028 (excluding the days on which ordinary transactions of the Company's common stock cannot take place), and
  - c) the average stock price of the Company exceeds 2.5x of preceding 30 business days from the specified date between the date of allocation to June 30, 2028 (excluding the days on which ordinary transactions of the Company's common stock cannot take place).
- (8) Capital stock and capital reserve to be contributed in the event of new share issuance by the exercise of proposed stock acquisition rights.  
Same as stated in above 2. (8).
- (9) Conditions for acquisition of stock acquisition rights
- I. Same as stated in above 2. (9). I.
  - II. If the conditions aforementioned in (7) b., c., d. are not satisfied before the time of exercising rights, the Company may acquire back all the stock acquisition rights without compensation at arrival of July 14, 2028 from those persons whom the stock acquisition rights are issued.
  - III. Same as stated in above 2. (9). III.
  - IV. Same as stated in above 2. (9). IV.
- (10) Restriction on acquisition of stock acquisition rights by transfer  
Same as stated in above 2. (10).
- (11) Treatment of stock acquisition rights upon restructuring  
Same as stated in above 2. (11).
- (12) Amount paid for the stock acquisition rights  
Same as stated in above 2. (12).
- (13) Granting date of stock acquisition rights  
Same as stated in above 2. (13).

**DISCLAIMER:**

This document is summary translation of Japanese version. All readers are recommended to refer the original Japanese version for complete information. In the event of any discrepancy, errors and/or omissions, the Japanese version shall prevail.