

FY2013 4Q

Consolidated Business Results

April 1, 2013 - March 31, 2014



STARTTODAY CO.,LTD.

FY2013 Highlights

Overview

- Total transaction value: 114.6 billion yen (+19.6% increase / yoy) Operating profit 12.38 billion yen (+45.2% increase / yoy). Reached the highest level of profit.
- Relative to the initial corporate plan, total transaction value and operating profit achieved 105.8% and 120.0% of the target, respectively.

Online Shopping Mall Business

- Transaction value of the mall business: 99.2 billion yen (+17.4% increase / yoy)
- The number of shops : 621 shops (492 shops / March 2013)
- Annual number of purchasers (April 2013~March 2014): 3.21 million (2.48 million / FY2012 total)
- UU and CVR were up supported by website construction focusing on our original roots as well as by enhancing product supply.
- Steady increase in sales of ZOZOUSED Business operated by Crown Jewel Inc. (0.9 billion yen / previous term→2.3 billion yen / present term)
- Encourage client brands switching from purchased stock business to consignment sales business

E-commerce Consulting Business

- Transaction value of e-commerce consulting business: 15.4 billion yen (+35.7% increase / yoy)
- The number of clients' websites entrusted: 24 sites (25 sites / March, 2013)
- Steady performance of existing website entrusted. The sales volume derived from clients' websites that have been entrusted since the preceding term contributed entirely to this term's transaction value.

Profitability

- Operating profit margin (to total transaction value): 10.8% (the year-earlier period: 8.9%)
- Negative factors: Free shipping service offering and starting-up of new logistics facilities caused the increase in the degree of fixed cost burden.
- Positive factors: Revision of the promotion strategies

FY2014 Corporate Plan

- Total transaction value: 132.4 billion yen (+15.5% increase / yoy) Operating profit: 13.71 billion yen (+10.7% increase / yoy)
- We are pleased to say that ZOZOTOWN marks its 10th anniversary this year.

FY2013 4Q

**Consolidated Business Results
STARTTODAY CO.,LTD.**

Business Performance

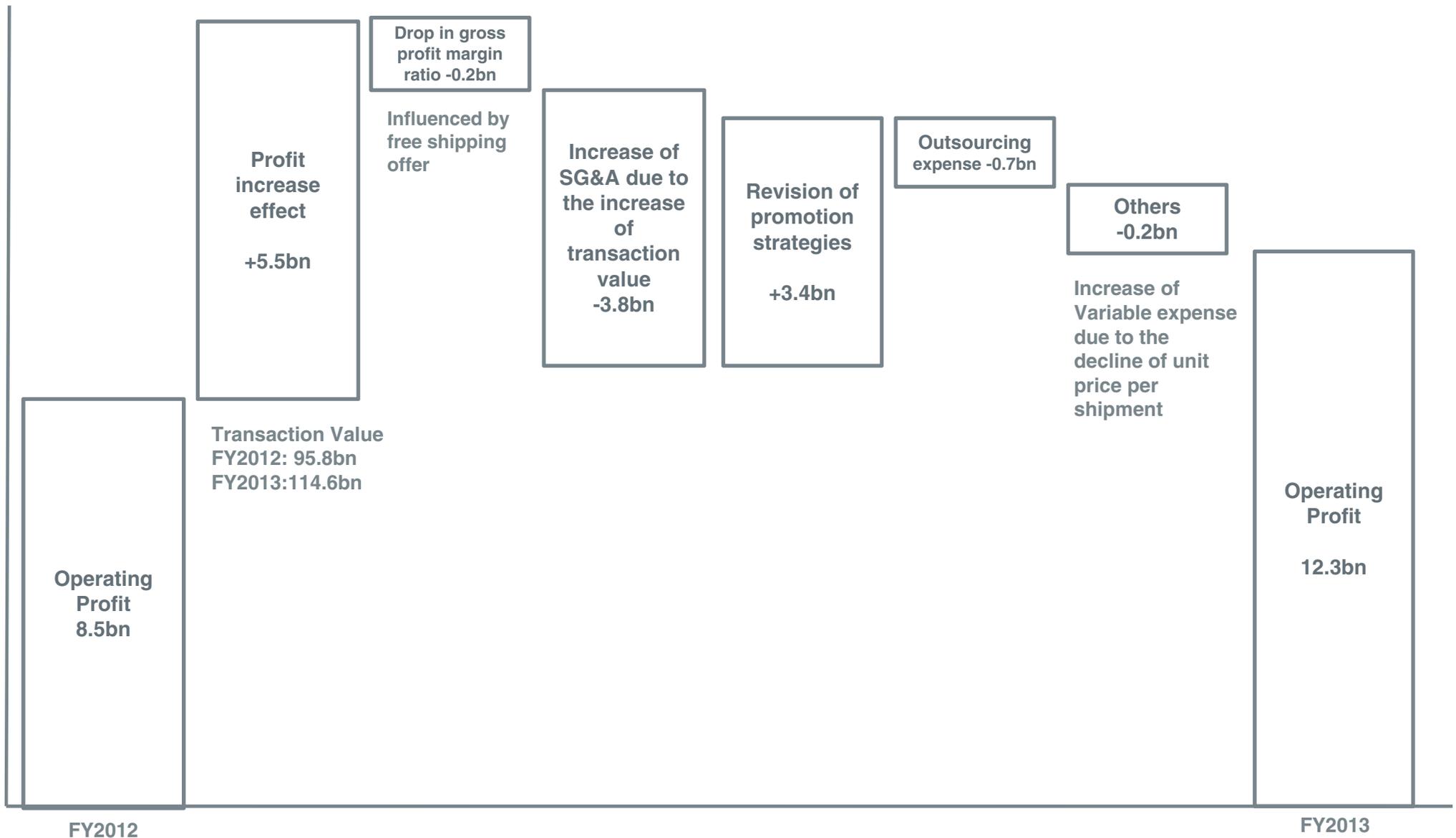
Overview of the FY2013

Consolidated income statement (includes transaction value)

(million)

Item	FY2013	FY2012	YoY Change(%)	Target(※)	Progress Rate(%)
Transaction value	114,674	95,897	+19.6%	108,400	105.8%
Net sales	38,580	35,050	+10.1%	36,800	104.8%
Gross profit	33,453	28,159	+18.8%	-	-
(% Transaction Value)	29.2%	29.4%	-0.2%	-	-
SG & A	21,064	19,629	+7.3%	-	-
(% Transaction Value)	18.4%	20.5%	-2.1%	-	-
Operating profit	12,388	8,529	+45.2%	10,320	120.0%
(% Transaction Value)	10.8%	8.9%	+1.9%	9.5%	-
Recurring profit	12,429	8,570	+45.0%	10,320	120.4%
Net income	7,797	5,360	+45.5%	6,320	123.4%

Increase-decrease analysis of operating profit (YoY comparison)



Consolidated balance sheet

(million)

	FY2012	FY2013		FY2012	FY2013
Current assets	20,655	26,970	Current liabilities	10,426	12,710
cash and deposits	12,037	17,711	Deposit received for consignment sales	5,444	7,071
Merchandise inventory	1,276	321	Noncurrent liabilities	673	1,250
Noncurrent assets	3,217	6,217	Total liabilities	11,099	13,961
Tangible assets	1,538	3,232	Shareholders' equity	12,385	18,695
Intangible assets	725	1,150	Treasury stock	-3,660	-3,276
Investments and other assets	953	1,834	Total net assets	12,773	19,227
Total assets	23,873	33,188	Total liabilities and net assets	23,873	33,188

Cash flows

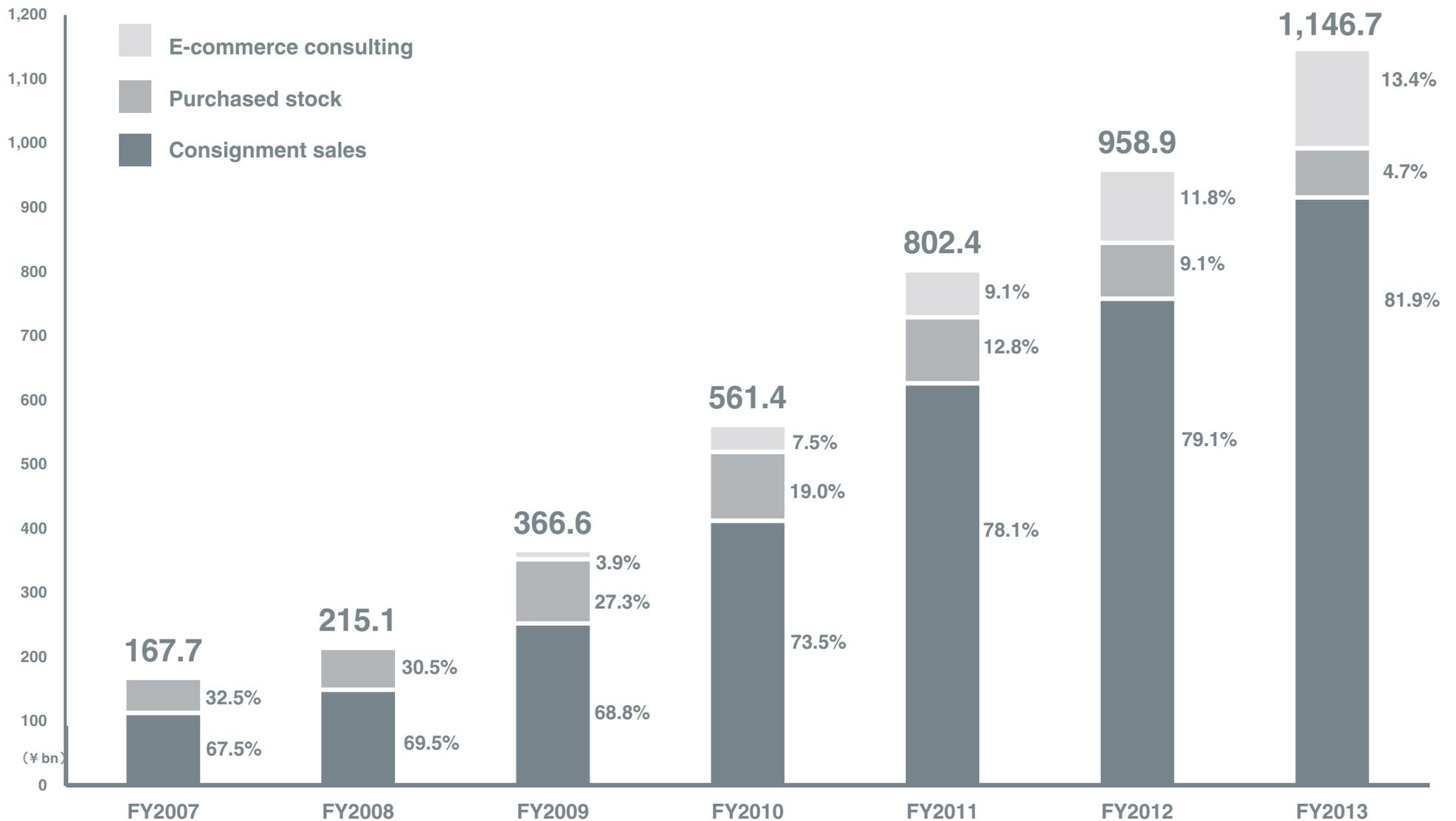
(million)

Item	FY2013	FY2012	YOY	Reasons for the change
Cash flows from operating activities	10,138	5,661	4,476	Second quarter net profit increased (current term)
Cash flows from investing activities	-2,590	-1,249	-1,340	Investment in the new logistic facilities (current term)
Cash flows from financing activities	-2,139	-6,369	4,229	Treasury stock acquisition (preceding term)
Cash and cash equivalents at the end of year	17,711	12,037	5,673	-

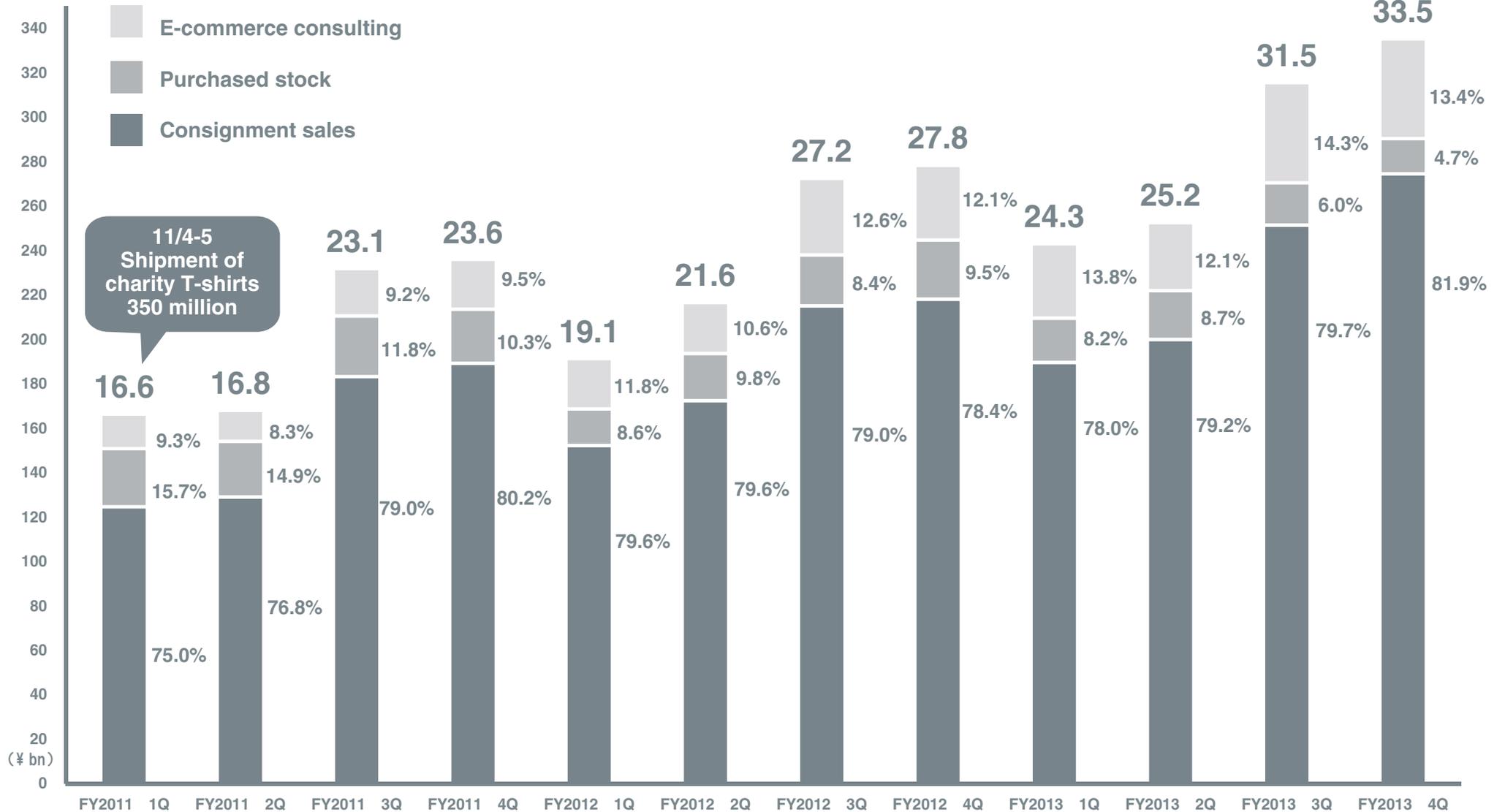
Transaction Value

Gross transaction value of new shops opened in FY2013

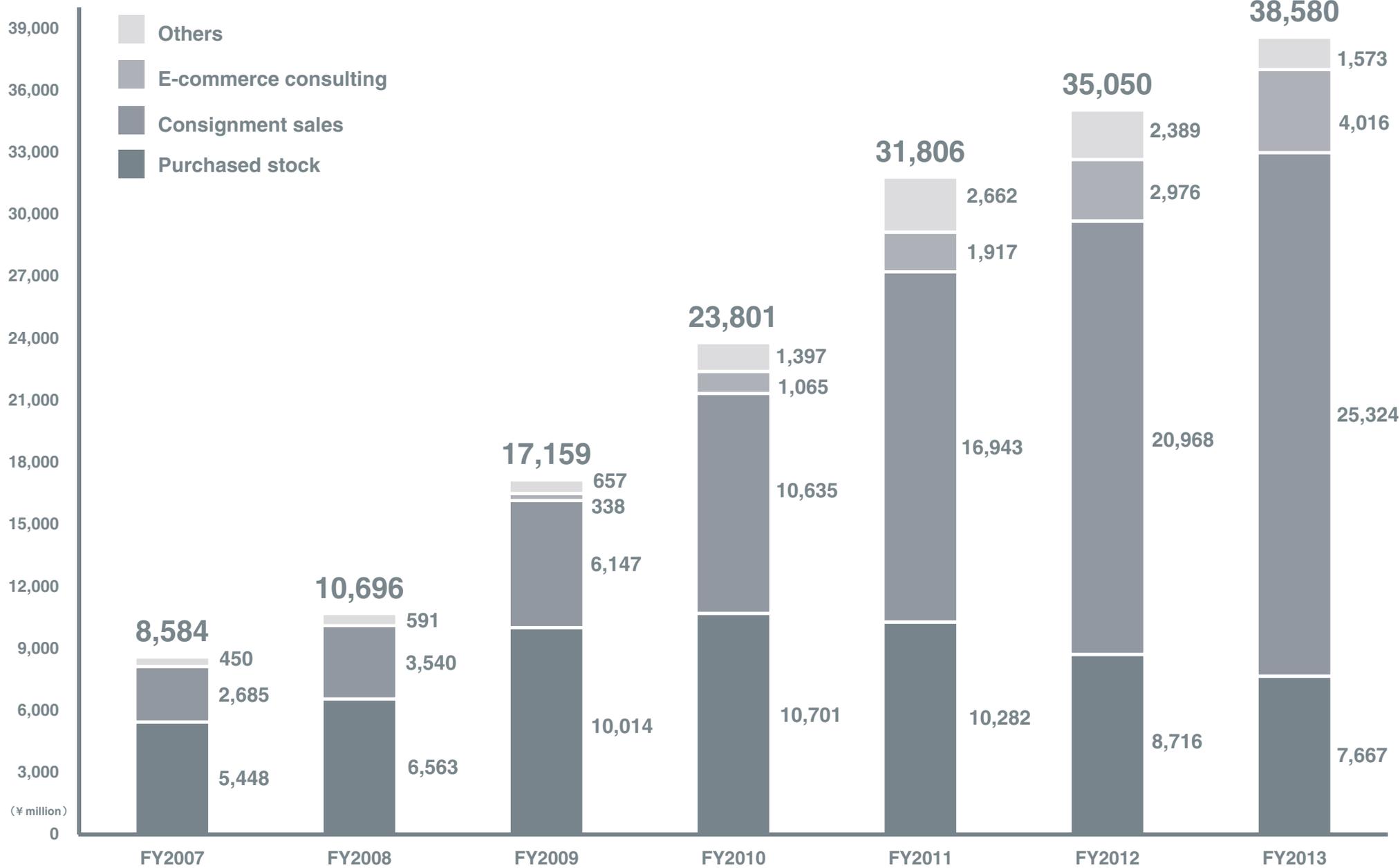
Online mall business (purchased stock & consignment sales) : ¥ 5.0 billion, (accounts for 4.4% of the total)



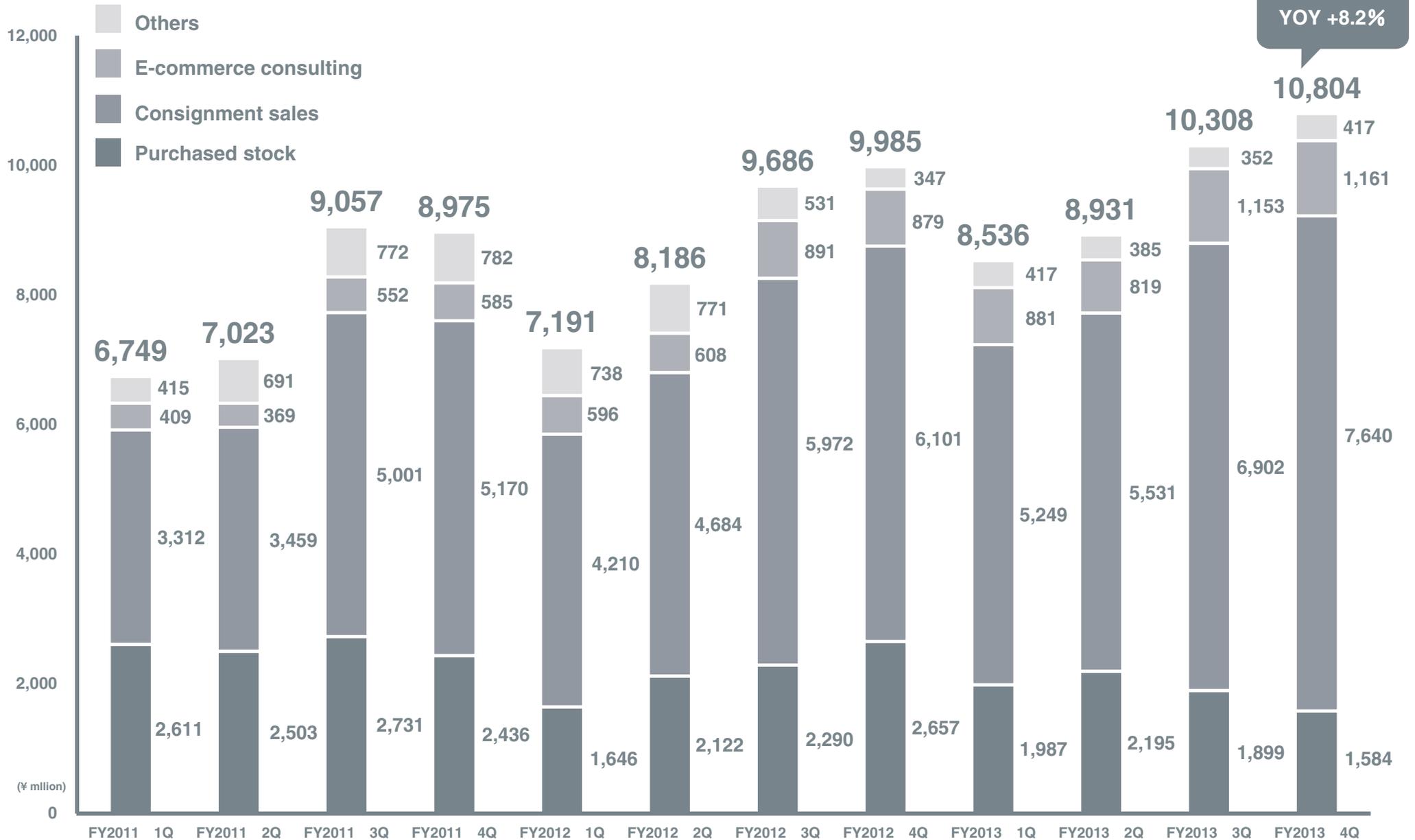
Transaction Value (Quarterly)



Net Sales



Net Sales(Quarterly)

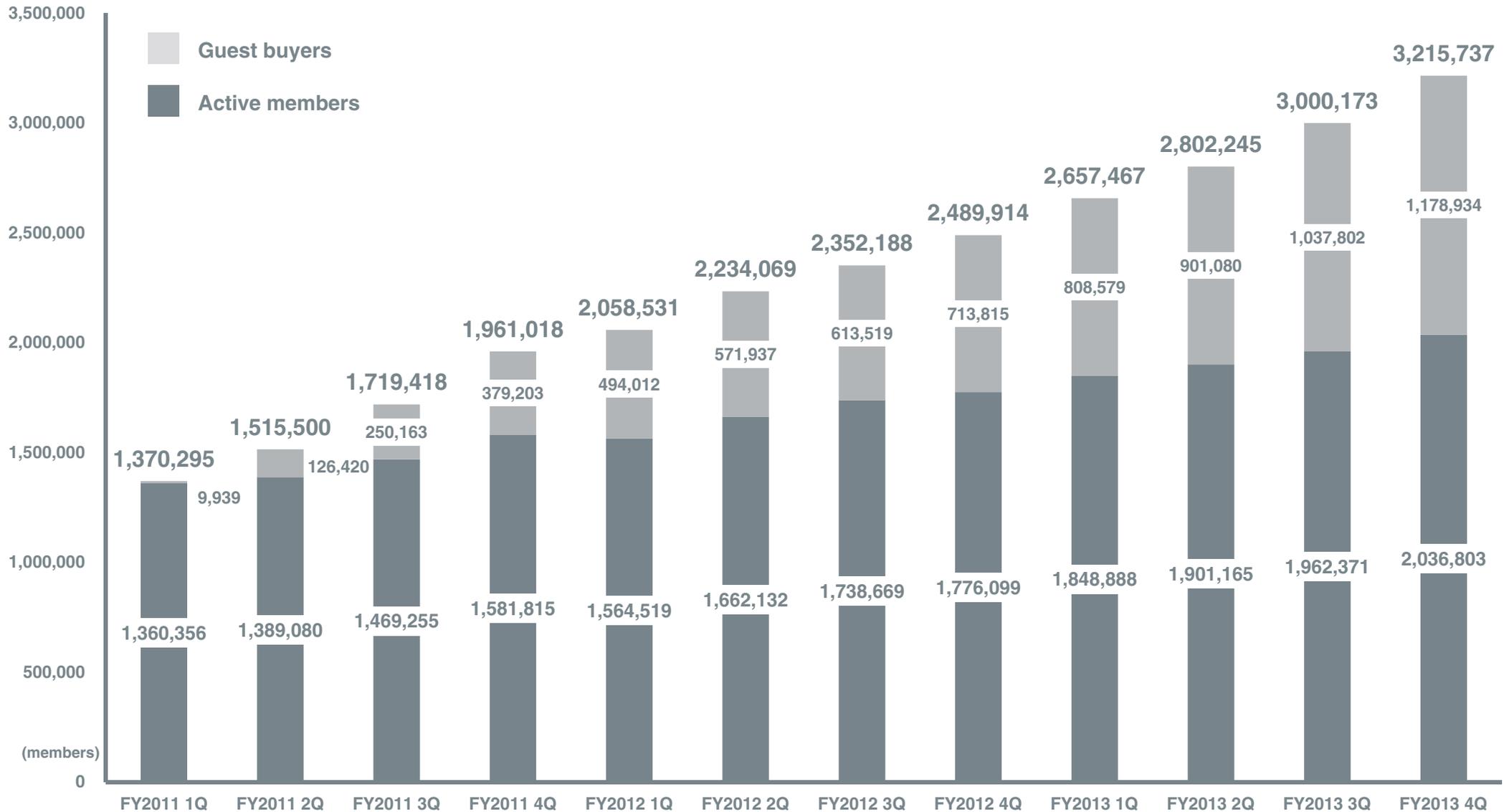


Number of Total Buyers

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

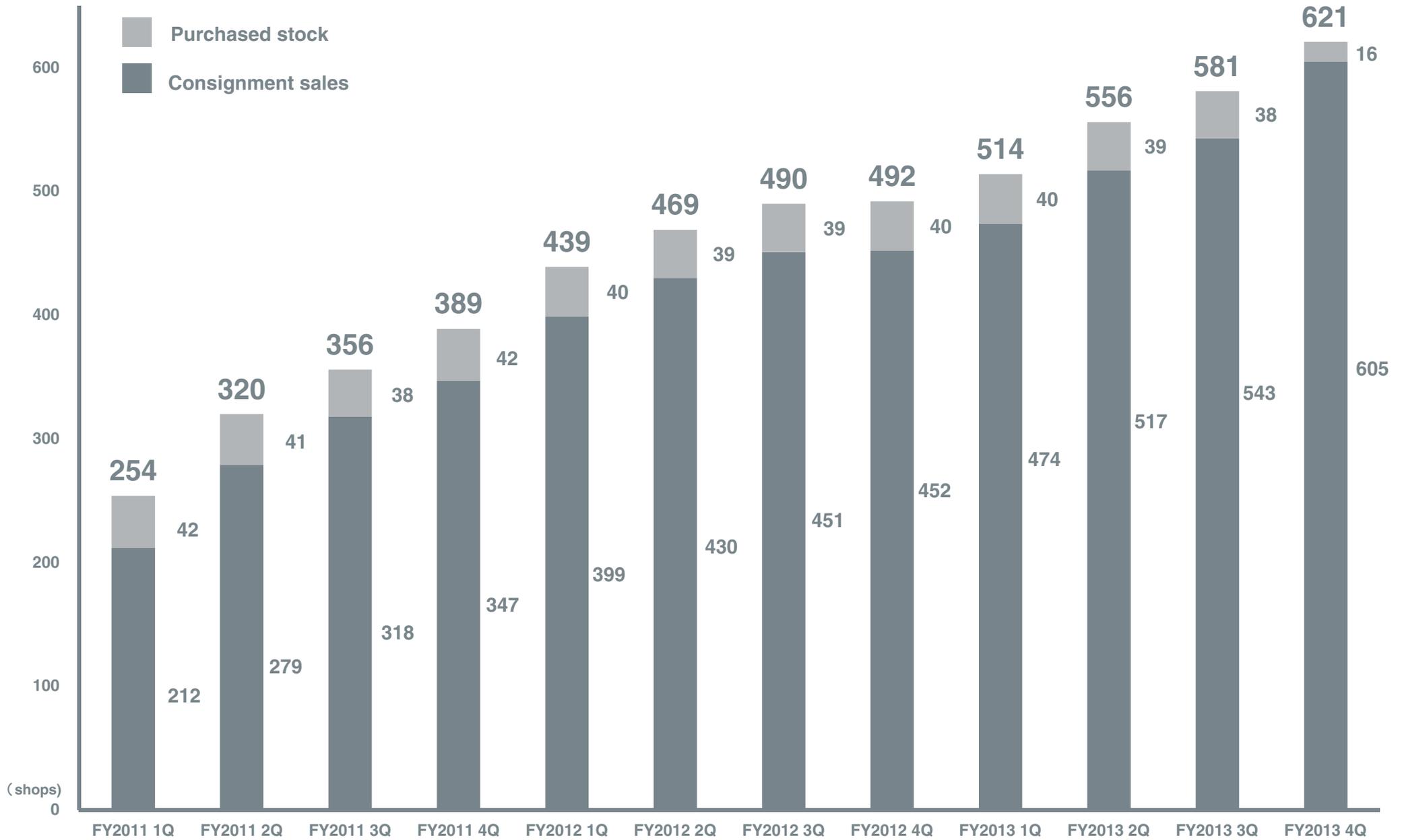
Guest buyers = Unique buyers who made a purchase without registering as a member

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



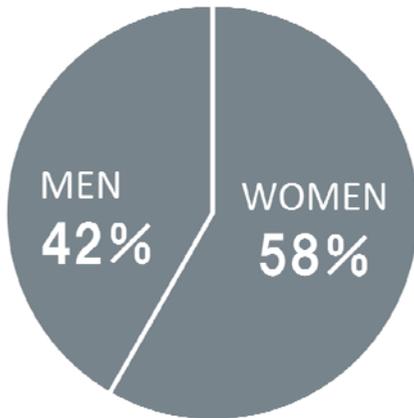
Number of shops of Mall business

12

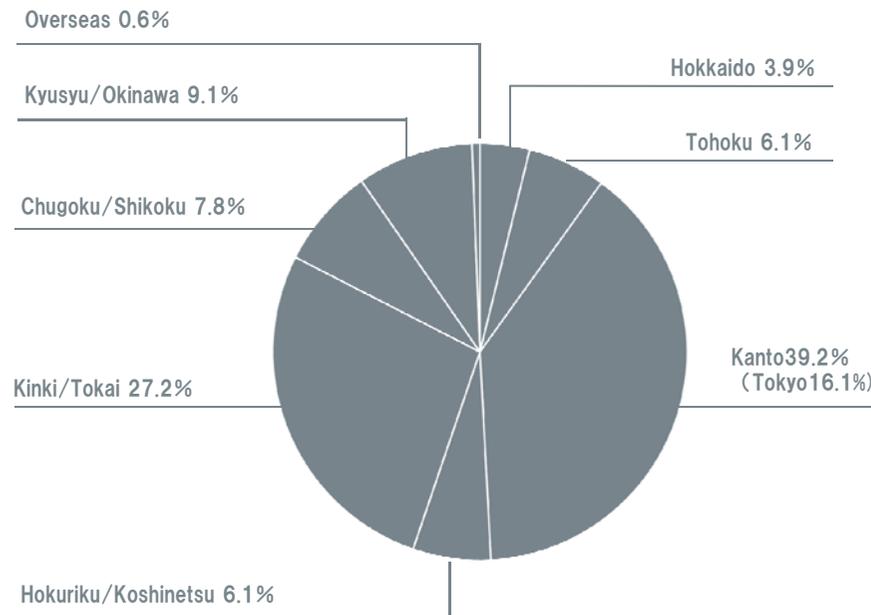


Member Distribution

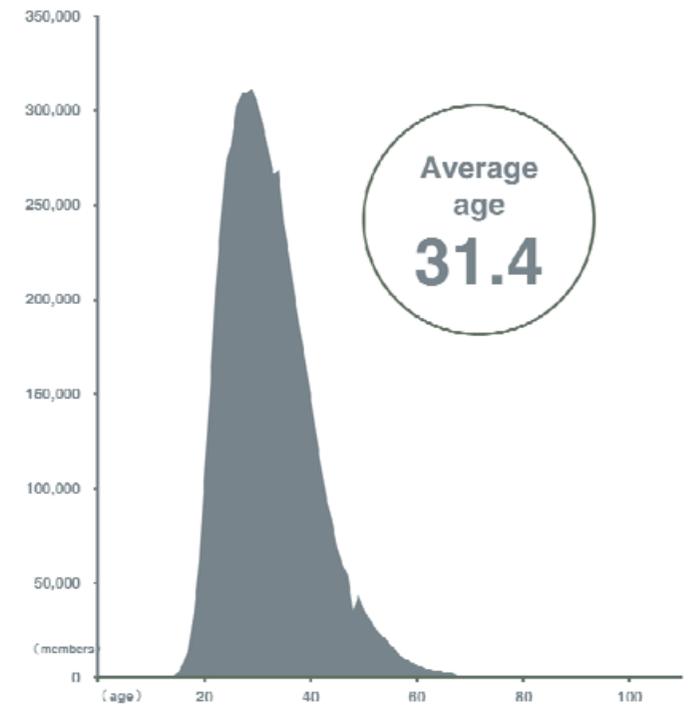
■ Gender ratio



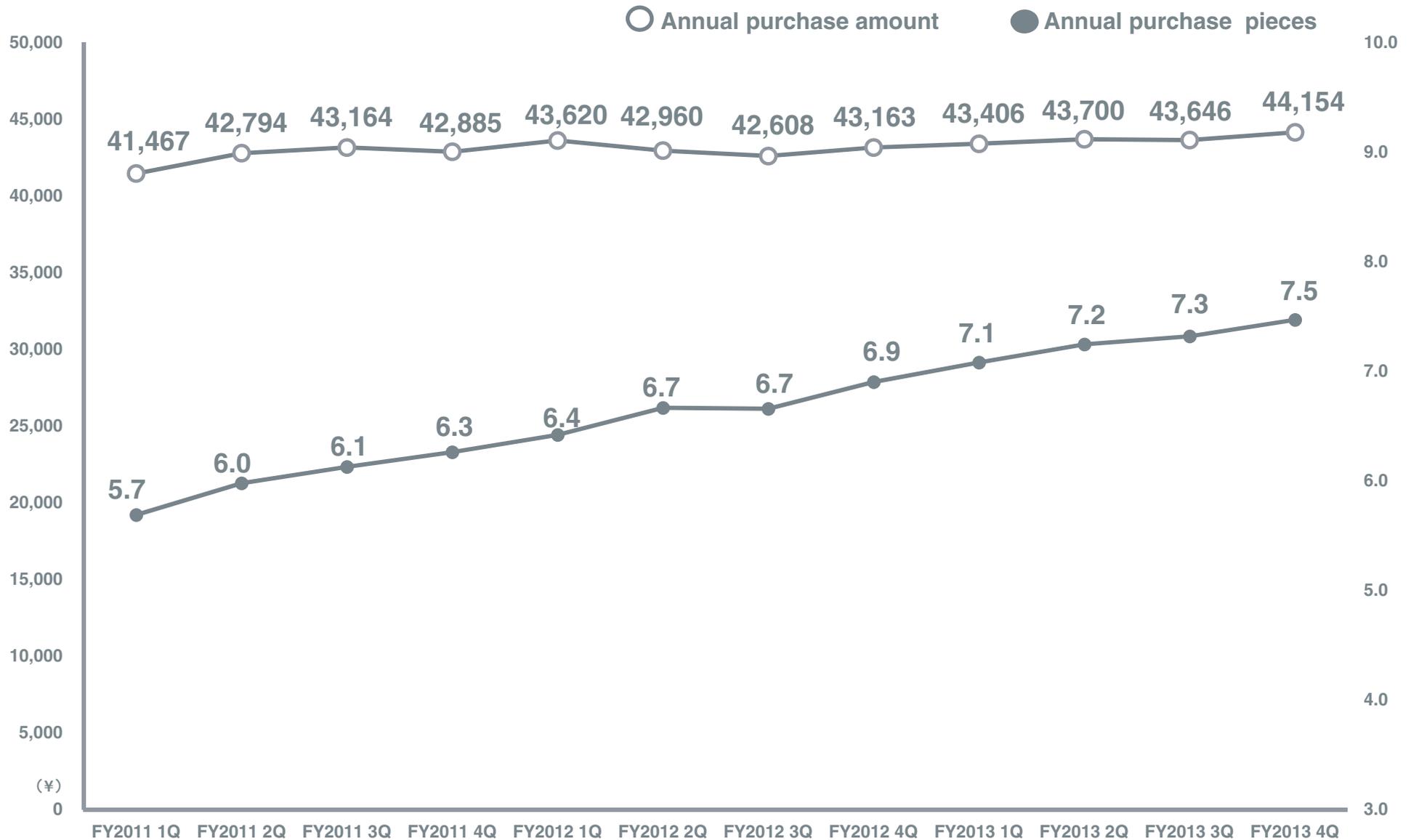
■ Geographical distribution



■ Age distribution

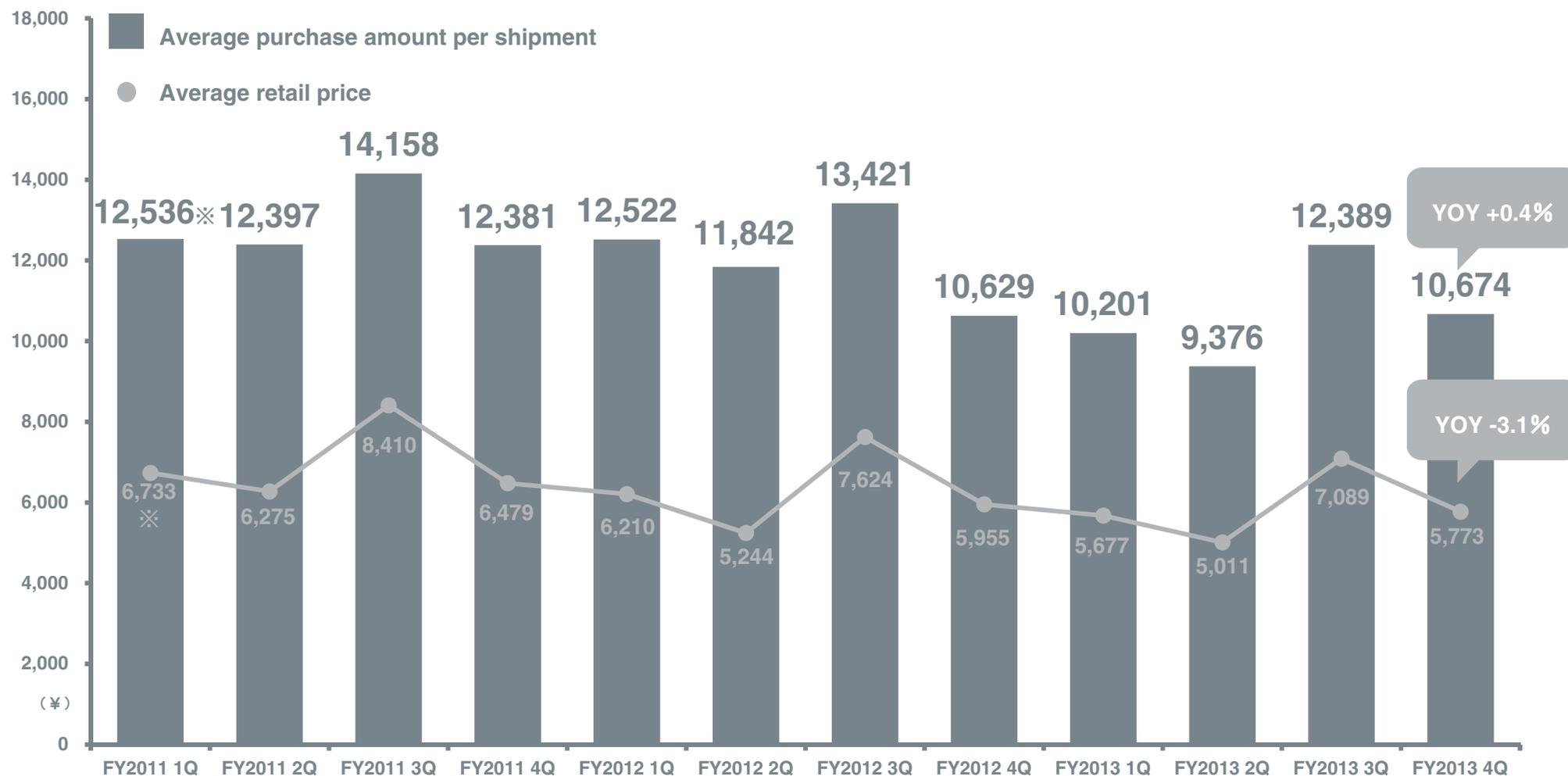


Annual Purchase Amount and pieces per Active Member



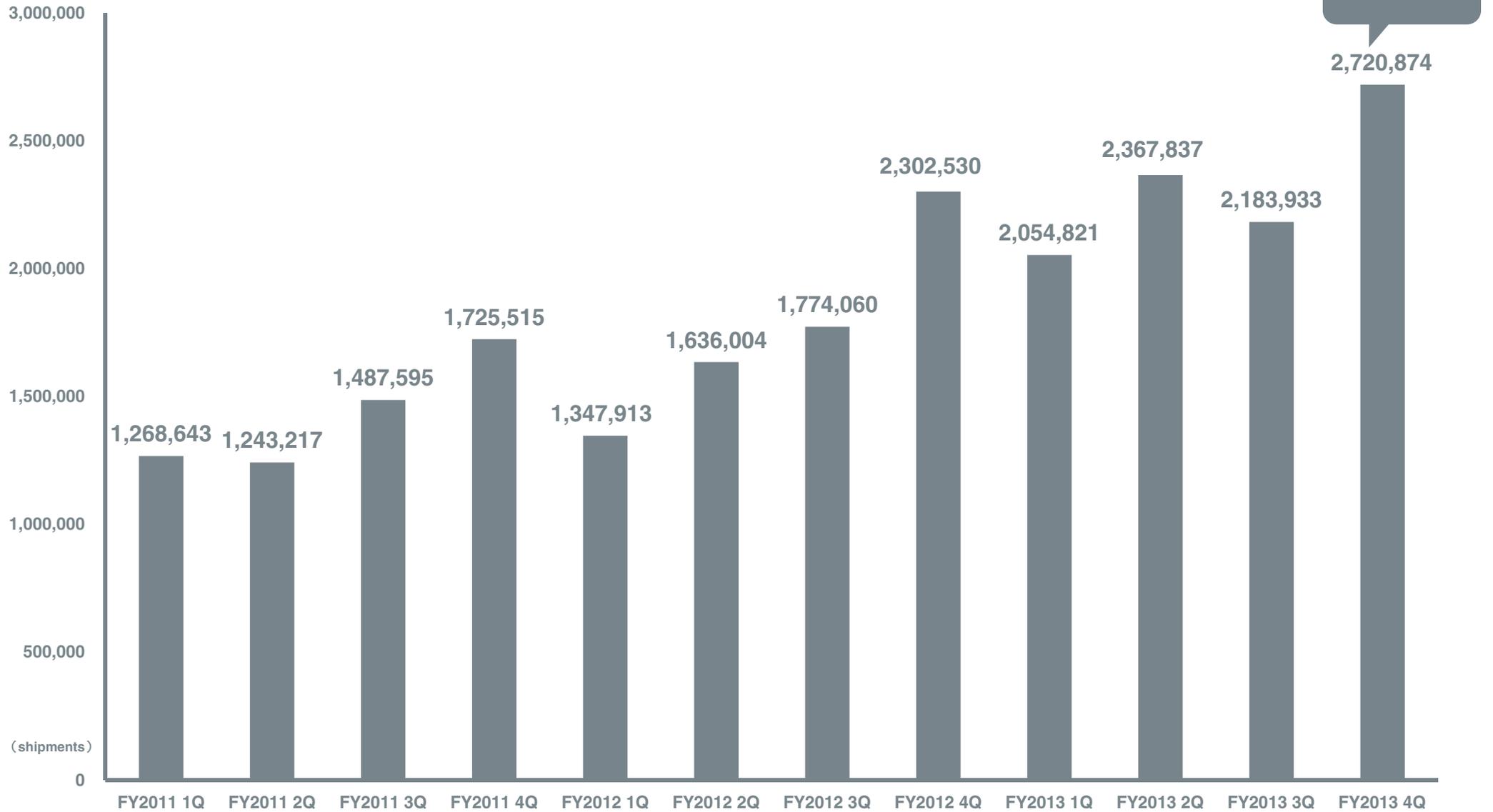
Average Purchase Amount per Shipment and Average Retail Price

Average purchase amount per shipment = Transaction value / Number of shipments

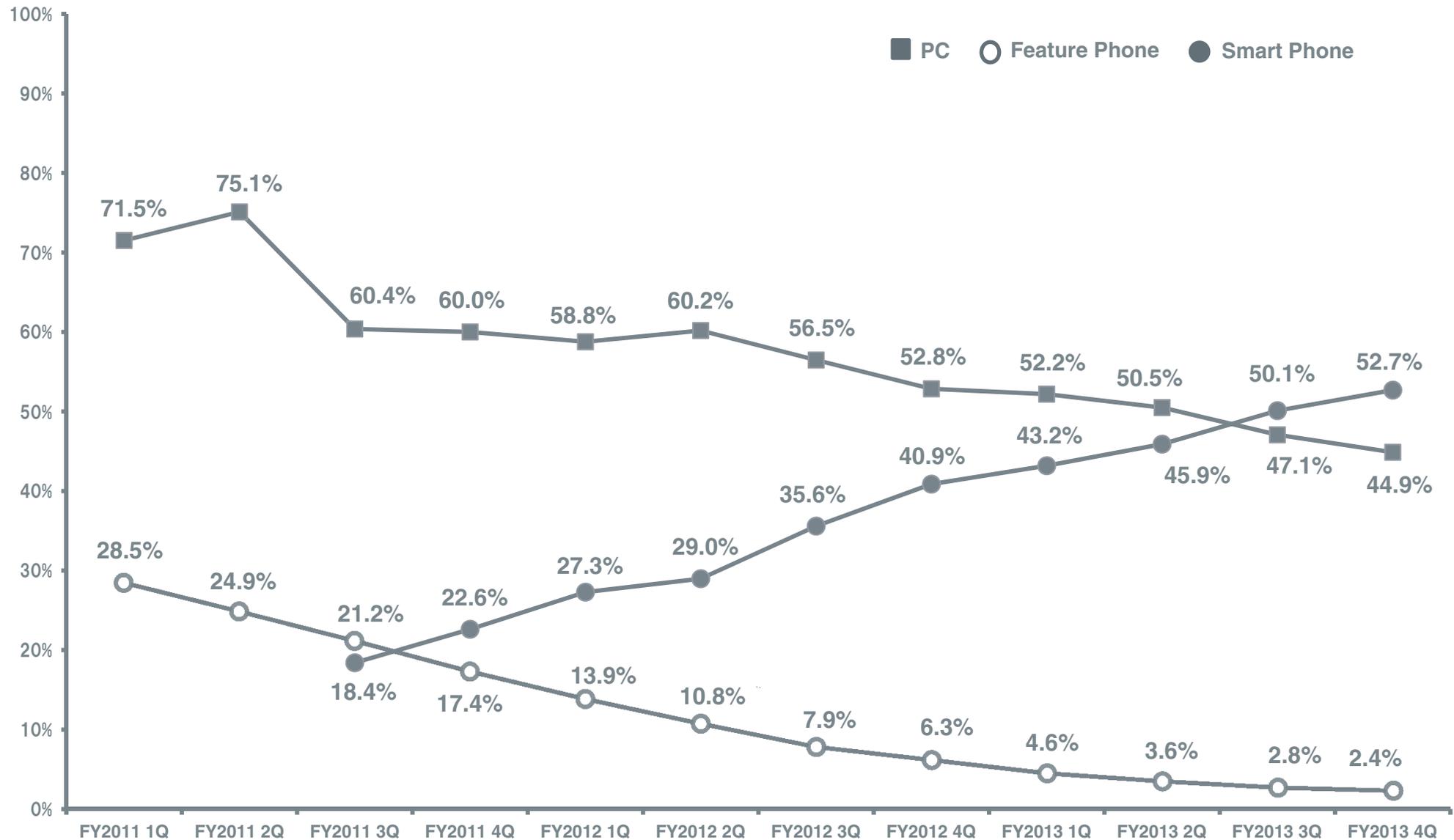


*The transaction value and the number of shipments for ZOZOTOWN charity T-shirts in FY2011 1Q are not included.
With this point in consideration, average purchase amount per shipment when above is included: ¥11,891; average retail price: ¥6,379

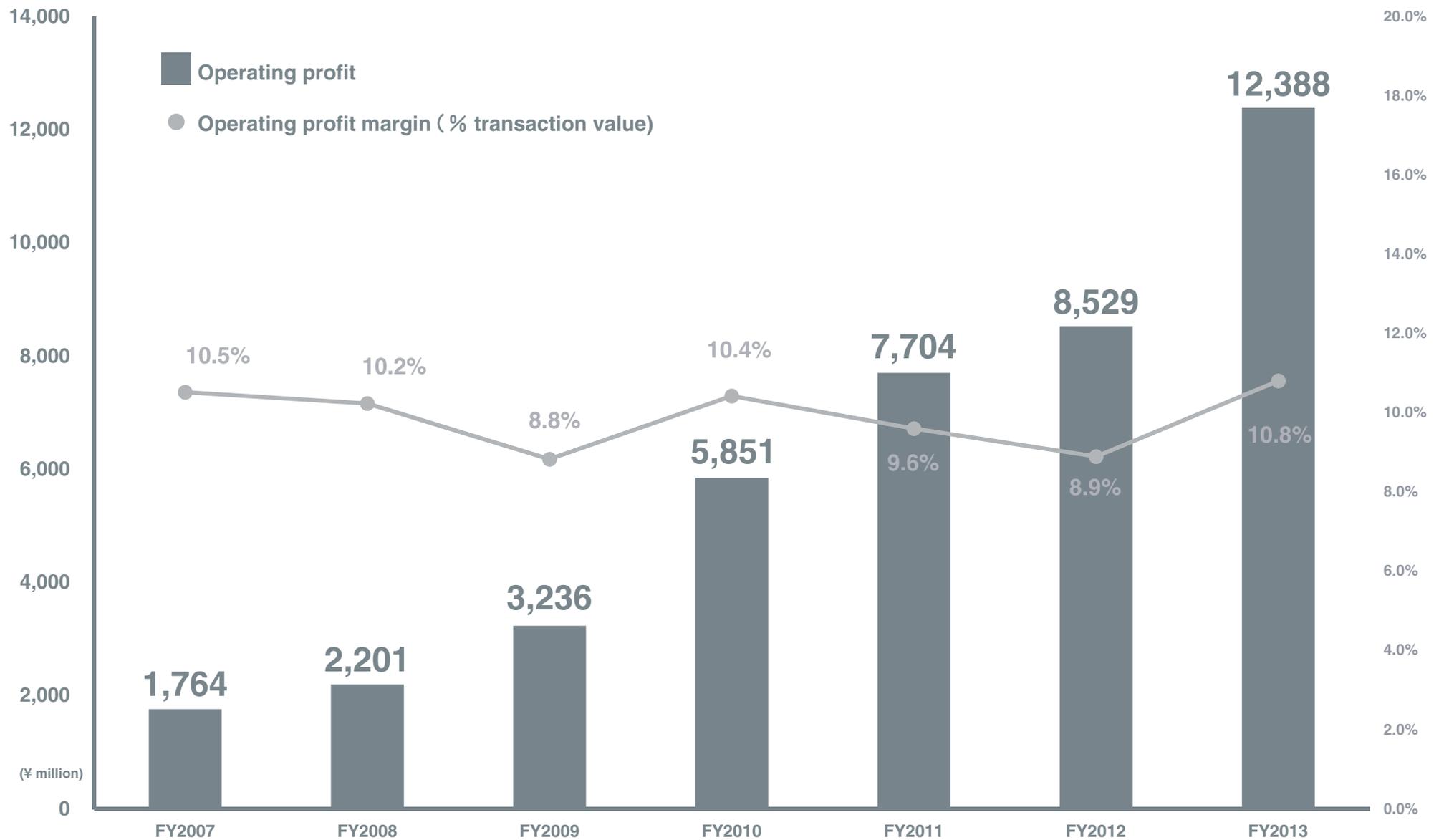
Number of Shipments



The Ratio of Shipping Volume to the Total Purchase Volume (by access terminals)



Operating Profit and Operating Profit Margin



Selling, General and Administrative (SG&A) Expenses

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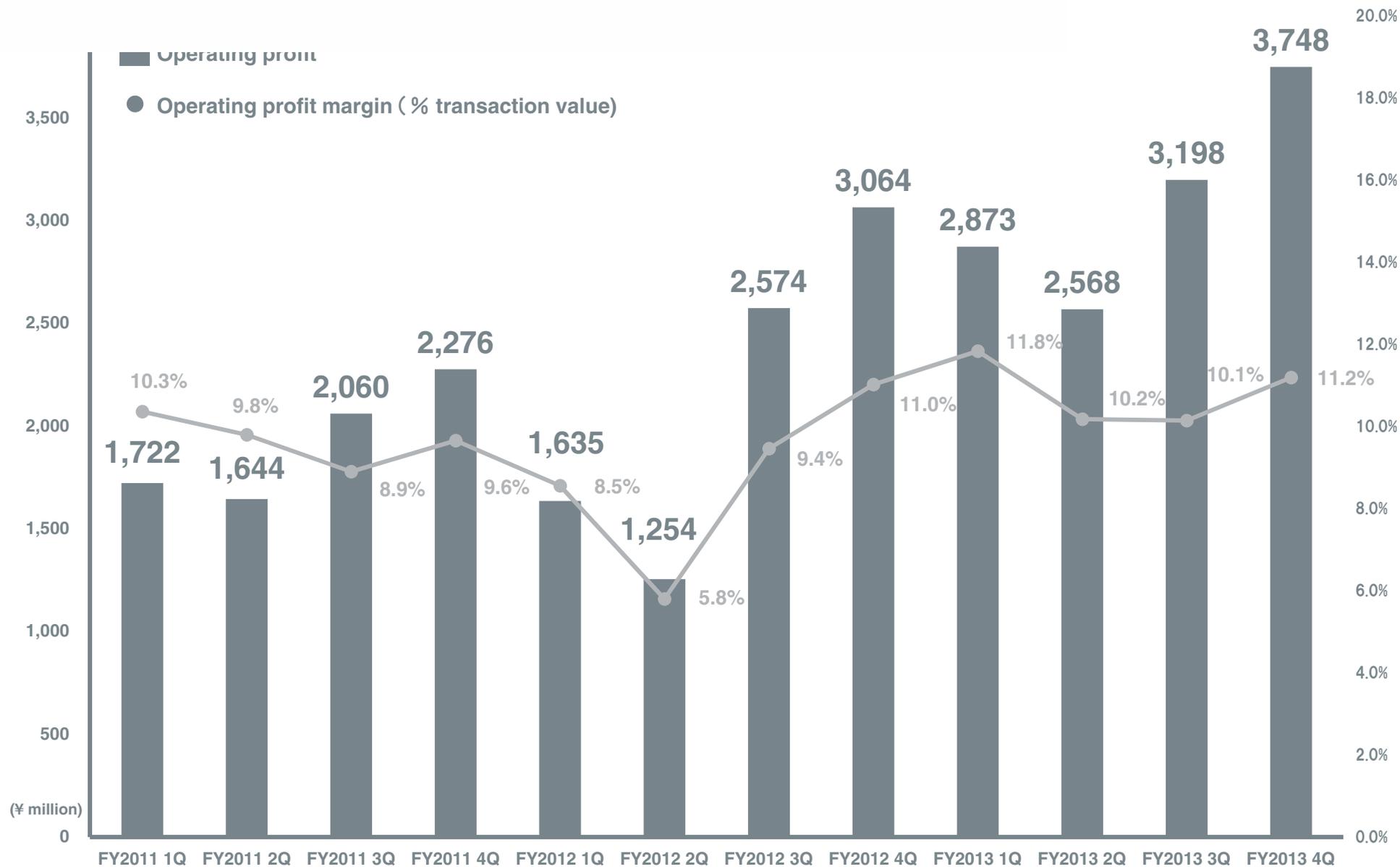
(million)

Item	FY2013		FY2012		YoY change	Increase decrease factors
	Amount	%Transaction value	Amount	%Transaction value	%Transaction value	
Payroll(*)	5,652	4.9%	4,259	4.4%	0.5%	The number of employees in our group 480 as of March 2013⇒579 as of March 2014
Shipping	3,704	3.2%	2,801	2.9%	0.3%	Due to the drop of merchandise price and decreased unit price per shipment (-11.1%, yoy) arising from free shipping service offer, burden ratio of shipping costs has risen.
Payment collection	2,669	2.3%	2,151	2.2%	0.1%	
Promotion related expenses	2,335	2.0%	4,844	5.1%	-3.1%	Moving in line with the initial budget for the whole financial year (2.0% to the total transaction value)
Advertising	1,520	1.3%	2,555	2.7%	-1.4%	Promotional activities for WEAR and LABOO
Reward points related expenses	814	0.7%	2,288	2.4%	-1.7%	Not taking noteworthy measures (1% reward point only)
Outsourcing	2,424	2.1%	2,771	2.9%	-0.8%	Changed outsourcing scope required transfer of journal voucher to payroll
Rent expense	1,212	1.1%	517	0.5%	0.6%	Annual lease expense for new logistics facilities is 1.25 billion yen (Accrues from Sep 2013)
Depreciation	586	0.5%	322	0.3%	0.2%	Increase of depreciation burden due to the new logistics facilities' operation
Others	2,478	2.2%	1,961	2.0%	0.2%	
Total SG&A	21,064	18.4%	19,629	20.5%	-2.1%	

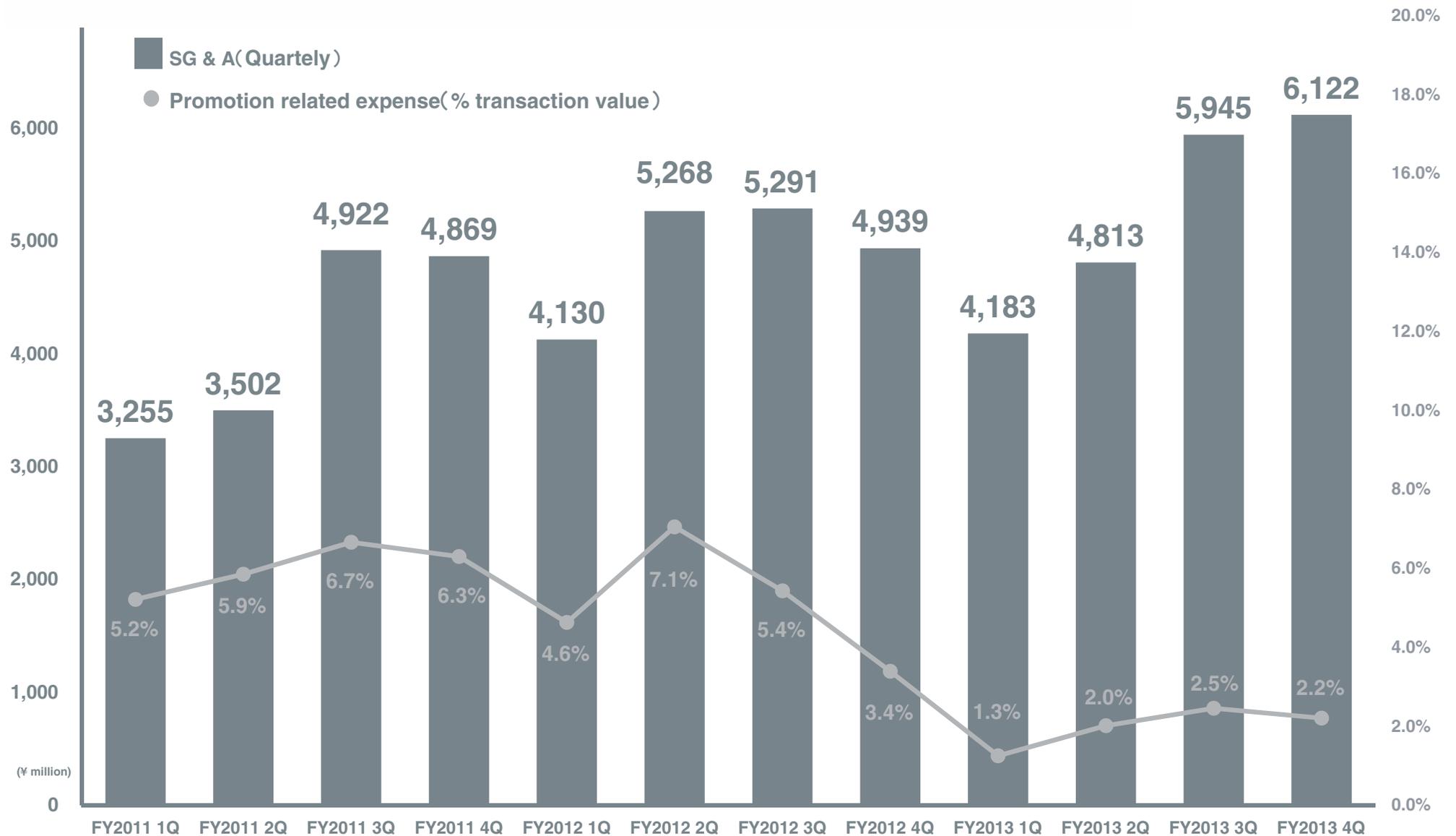
※Payroll includes salaries, bonuses, legal welfare expenses, welfare expenses, provision for retirement benefits, provision for bonuses, provision for directors' retirement benefits and subcontracting payroll

Operating Profit and Operating Profit Margin (Quarterly)

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Selling, General and Administrative Expenses (Quarterly)



FY2013 4Q

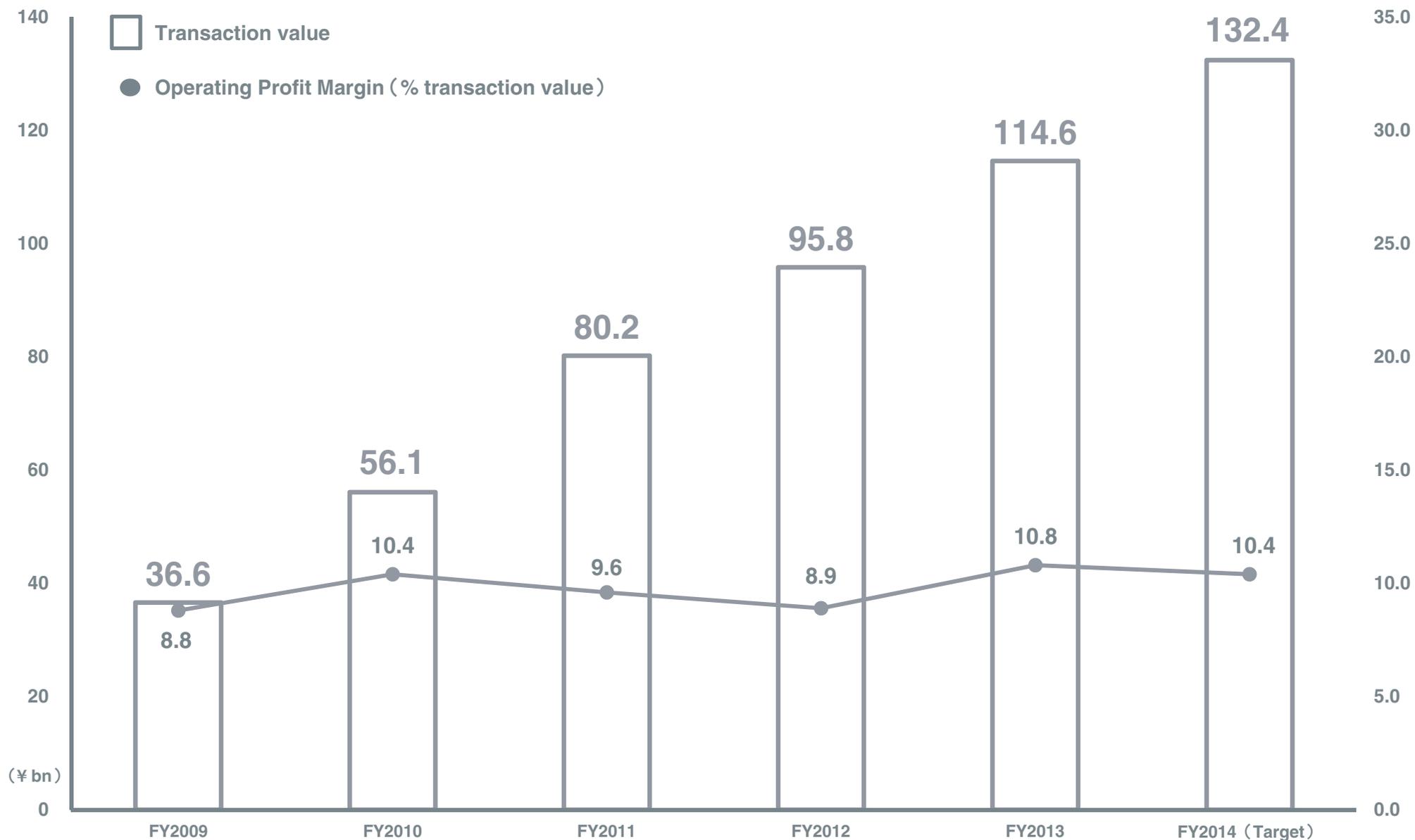
**Consolidated Business Results
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Business Plan For FY2014

Consolidated Business Forecast and Dividend Forecast for FY2014

	Business Plan for FY2014	YoY change(%)
Transaction value (¥million)	132,400	15.5
Net sales (¥million)	41,700	8.1
Operating profit (¥million)	13,710	10.7
Recurring profit (¥million)	13,720	10.4
Net income (¥million)	8,430	8.1
Earnings per share (¥)	78.6	-
Estimated dividends per share (¥)	28	-

Transaction Value



Breakdown of the Total Transaction Value and Each Policy

Start Today

Group Total Transaction Value Target : ¥132,400 million (+ 15.5% year on year)

Mall Business

Transaction Value Target : ¥114,900 million (+ 15.8% year on year)

- Consignment Sales Business: ¥110,000 million (+20.1%, yoy),
Purchased Stock Business ¥4,900million (-36.1% yoy)
- Further improve the availability of inventories
- Further growth of ZOZOUSUED Business (Sales target: 4,000 million yen)

E-Commerce Consulting Business

Transaction Value Target : ¥17,500 million (+ 13.5% year on year)

- Improve satisfaction level of the existing brand partners
- Not including the impact of Stores.jp PRO Business

Operating Profit Margin

**The ratio of consolidated operating profit : 10.4 %
(to the total transaction value, FY2013 10.8%)**

- Increase of fixed cost burden arising from full-year new logistics facilities operation
- Increase in personnel (37 new graduates)
- Investment relating to promotional activities is planned to be about 2.0% of the total transaction value
- Investment relating to fulfillment and system to enrich website functions

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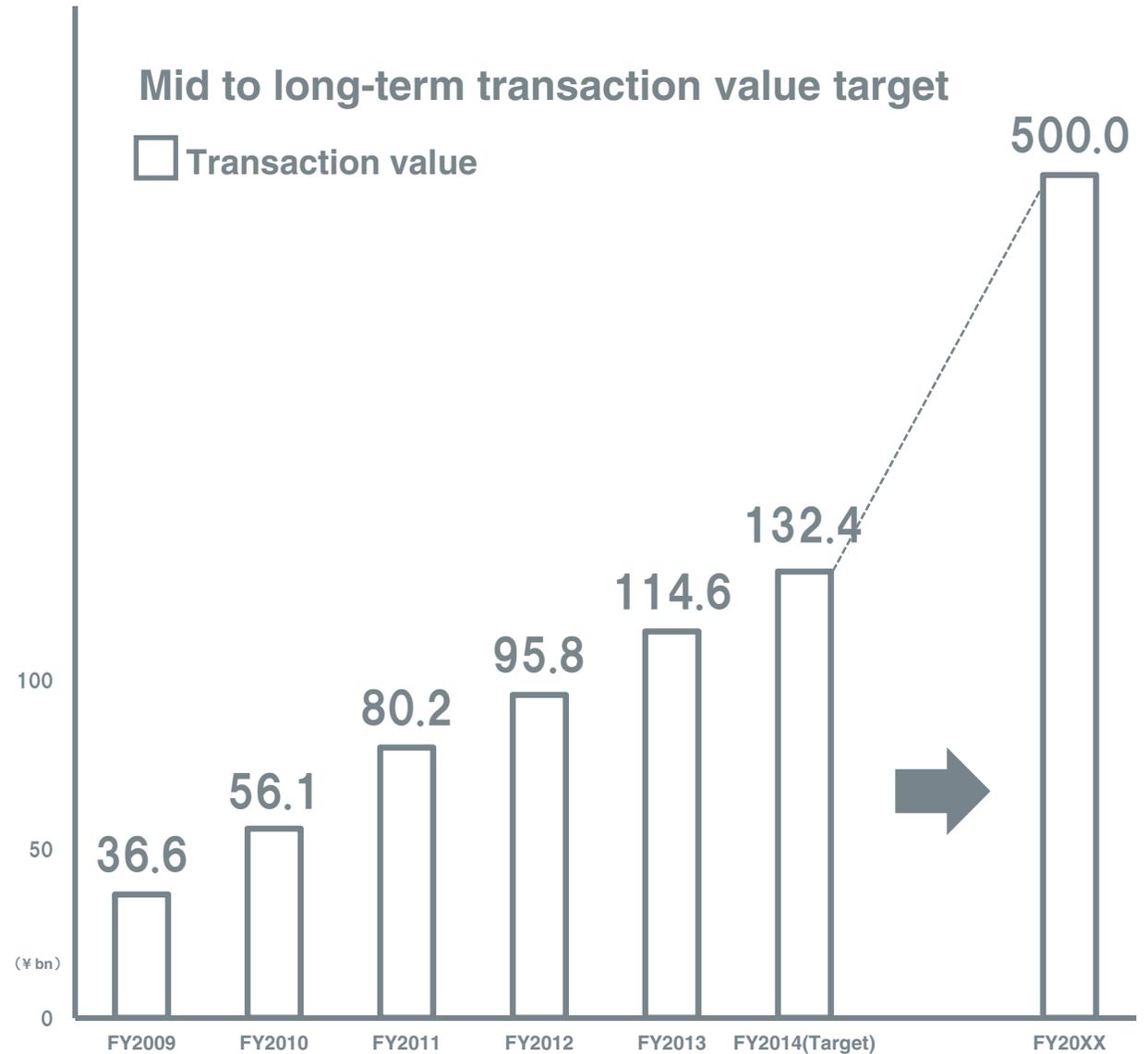
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Future Strategies

Mid to Long-term Vision

Start Today's mid to long-term target
FY20XX term

Transaction value **500** billion
Operating profit **50** billion



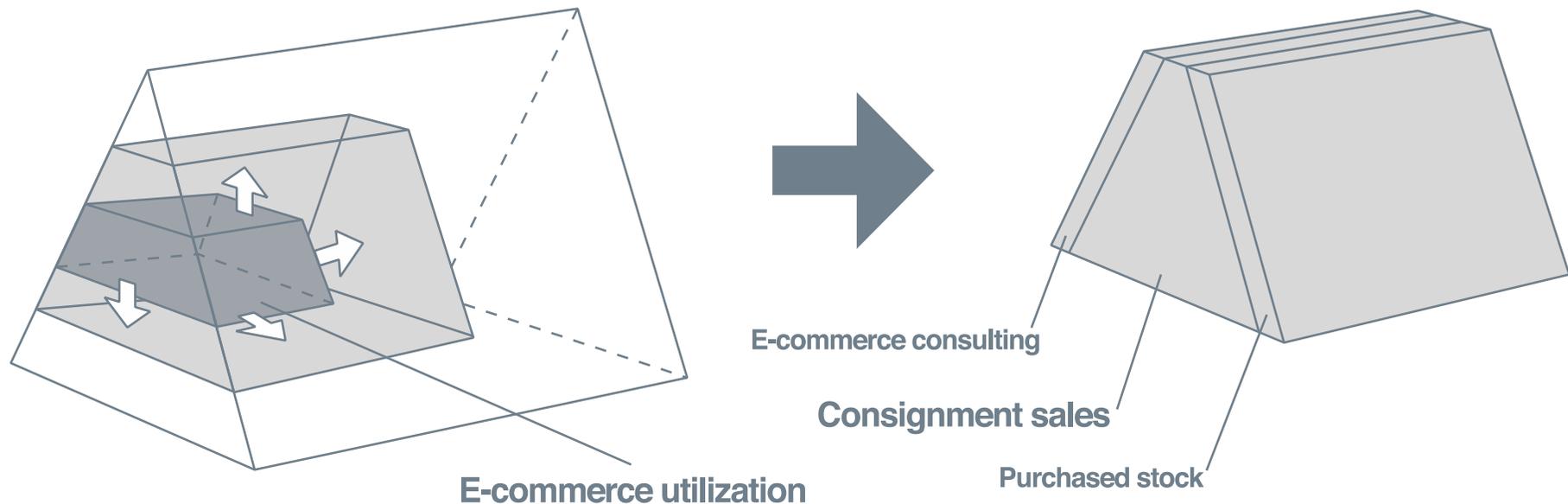
Market Expansion Strategy

While ZOZOTOWN will continue to focus on the fashion e-commerce market, we will expand the depth and breadth of the areas of fashion we cover by continuing to offer e-commerce support to fashion brands.

- Entire apparel market
- ▒ START TODAY's market (mid to long-term target)
- START TODAY's current market

Mid to long-term transaction value target

¥500 billion



About our new service 「WEAR」

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- Fashion-specific mobile app services with the concept “WEAR FOR CONNECTION”, enables people enjoying communication about fashion and referring to posted styling images.
- Opened on Thursday 31th of October, 2013.

Launch “Same day shipping”



- Same day shipping service started from 24th March 2014
- The order accepted before 9am is delivered in the night of the order date. The order accepted before 9pm (21:00) is delivered in the next midmorning.
- Same day shipping costs 500 yen (tax included) per order.
- This service is available in Tokyo, Kanagawa, Chiba and Saitama Prefecture (Accounts for 35% of total shipments).

About our new service “STORES.jp PRO”

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- Launched in March 2014
- STORES.jp PRO enables to develop online shopping website easily and at low cost.
- A series of fulfillment operations are conducted at ZOZOBASE (This service enables to integrate inventory information between retailer's own e-commerce sites and ZOZOTOWN)

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Reference Data

2,026
high fashion brands

579
employees
(average age 28.7)

6,481
shareholders

Corporate Principles

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

6,057
across Japan

3.21 million
fashion savvy consumers

Major Online Mall

Japan's Largest Online Retailer of Apparel and Accessories - ZOZOTOWN

ZOZOTOWN <http://zozo.jp/>

- One of Japan's largest online shopping sites for fashion items
621 stores offering 2,026 brands. At any given time, more than 210,000 items are available with 1,300 plus new items added a day on average.
- Store finder function for several boutiques in Japan is also available
- Users can comment on merchandise and share information via social networking sites such as Twitter, Mixi, GREE and Facebook.
- Systems, design, logistics and other e-commerce functions retained in house.

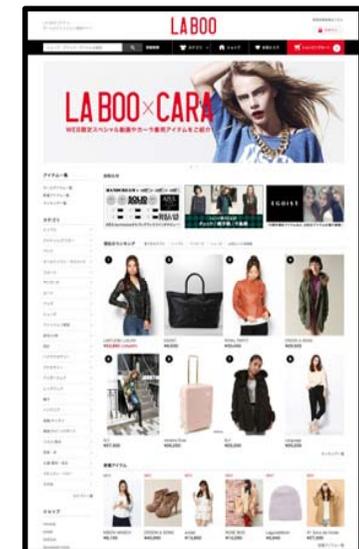


ZOZOTOWN トップページ

The new online shopping mall “LA BOO” targeting the teens-to-20s girls fashion market

LA BOO <http://la-boo.jp/>

LA BOO is a mall-styled online shopping website where more than 100 online stores of apparel brands that are popular among women in teens and twenties such as “moussy”, “snidel”, “EMODA”, “CECIL McBEE” and “TOPSHOP” gather. Opened on Wednesday 25th of September, 2013



LA BOO トップページ

Store Planning & Development Business (Purchased Stock)

We operate 16 original stores such as “ZOZOEPROZE” and “ZUZOPHAGGE” on ZOZOTOWN, which offer products we purchase from various brands.

Sales = Transaction value generated by each store

Store Operation & Administration Business (Consignment Sales)

We operate 605 online stores such as “United Arrows” and “BEAMS” on ZOZOTOWN , “MARC JACOBS” on ZOZOVILLA and LA BOO on a consignment basis. This does not involve any inventory risks.

Sales = Transaction value of each store x commission rate

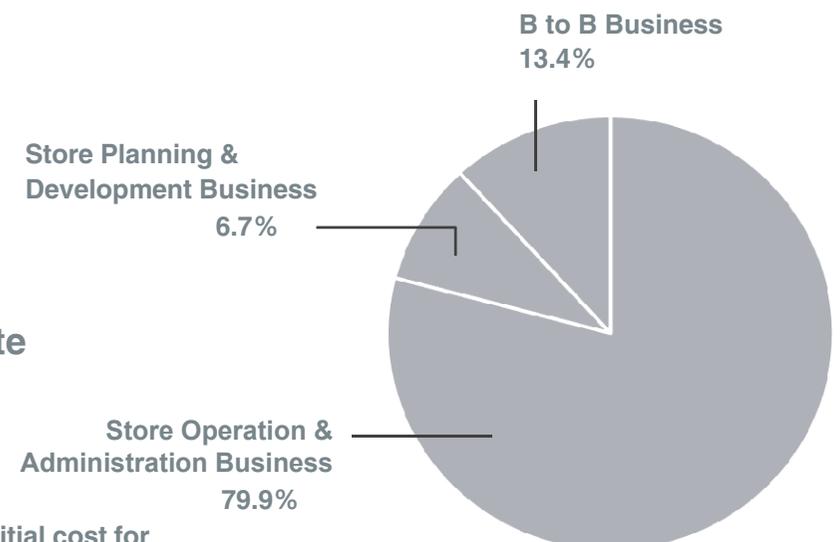
B to B Business

We help develop and operate online shops on behalf of various brands

such as “United Arrows” and “Onward.”

We currently provide back-end service for 24 stores.

Sales = Transaction value of these online shops x commission rate



(Transaction value for FY2013)

*Our total sales volume consist of above sales and that of other businesses including the initial cost for brands consignment shop opening, “ZOZOPREMIUM” (premium membership fee based services), and “ZOZOCARD” (partner credit card fee revenues).

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

The business forecasts and the future outlook herein described are based on information currently available.

They are subject to uncertainties and therefore change, thus actual results may differ.



ZOZOTOWN

Thank you 10years