

4Q FY2014

**CONSOLIDATED
BUSINESS RESULTS
APRIL1,2014-MARCH31,2015**



START TODAY CO.,LTD.

FY2014 HIGHLIGHTS

1

Overview

- Total Transaction Value : 129.0 billion yen (+12.5%, Yoy) Operating Profit : 15.0 billion yen (+21.8%, Yoy)
- We have achieved :
97% for Total Transaction Value, 110% for Operating Profit, of our original forecast for FY 2014

Total Transaction Value

- Mall Business : 111.3 billion yen (+12.2%, Yoy)
 - Purchased Stock Business (Select Items) : 766 million yen (-85.8%, Yoy)
 - Purchased Stock Business (Used Items) : 4.4 billion yen (+94.5%, Yoy)
 - Consignment Business : 106.1 billion yen (+15.9%, Yoy)
 - Even though we had cut back on promotion fees, UU has grown firmly.
 - The reserve of inventory to match the market potential as well as progress in CVR did not move accordingly to expectations.
 - The ZOZOUSED business has grown, overachieving our corporate plan.
- E-commerce Consulting Business : 17.7 billion yen (+14.8%, Yoy)
 - Remained in line with expectations, compared to the company's original forecast for FY 2014

Profitability

- Operating profit margin (to total transaction value) : 11.7% (10.8% for FY2013).
 - Factors improving profitability : Cutting back on promotion fees, as well as improvement in gross profit margins due to the change in the sales mix.
 - Factors worsening profitability : Rent and packing fees caused an increase in cost burden

Topics

- We have decided to welcome Aratana inc., a company which develops EC websites, as a wholly owned subsidiary company. (March, 2015)
- We have created an official ZOZOTOWN LINE account, applying the LINE business connect functions. (March, 2015)
- As an opportunity of WEAR reaching 5 million downloads, we have fully renewed the smart phone site and app. (April, 2015)

FY2015 Corporate Plan

- Total transaction value : 168.2 billion yen (+30.3%, Yoy), Operating profit : 19.1 billion yen (+26.9%, Yoy)
- Dividend per share : ¥47 (¥13 increase from FY2014)

**BUSINESS
PERFORMANCE
FY2014 4Q
CONSOLIDATED
BUSINESS RESULTS
APRIL1,2014-
MARCH31,2015**

OVERVIEW OF THE FY2014

3

(¥ / million)

Item	FY2013	FY2014	YoY Change(%)	Target	Progress Rate(%)
Transaction value	114,674	129,059	+12.5%	132,400	97.5%
Net sales	38,580	41,182	+6.7%	41,700	98.8%
Gross profit	33,453	38,777	+15.9%	-	-
(% Transaction Value)	29.2%	30.0%	+0.8%	-	-
SG & A	21,064	23,693	+12.5%	-	-
(% Transaction Value)	18.4%	18.4%	-0.0%	-	-
Operating profit	12,388	15,084	+21.8%	13,710	110.0%
(% Transaction Value)	10.8%	11.7%	+0.9%	10.4%	-
Recurring profit	12,429	15,139	+21.8%	13,720	110.3%
Net income	7,797	8,999	+15.4%	8,430	106.7%

OVERVIEW OF EACH QUARTER

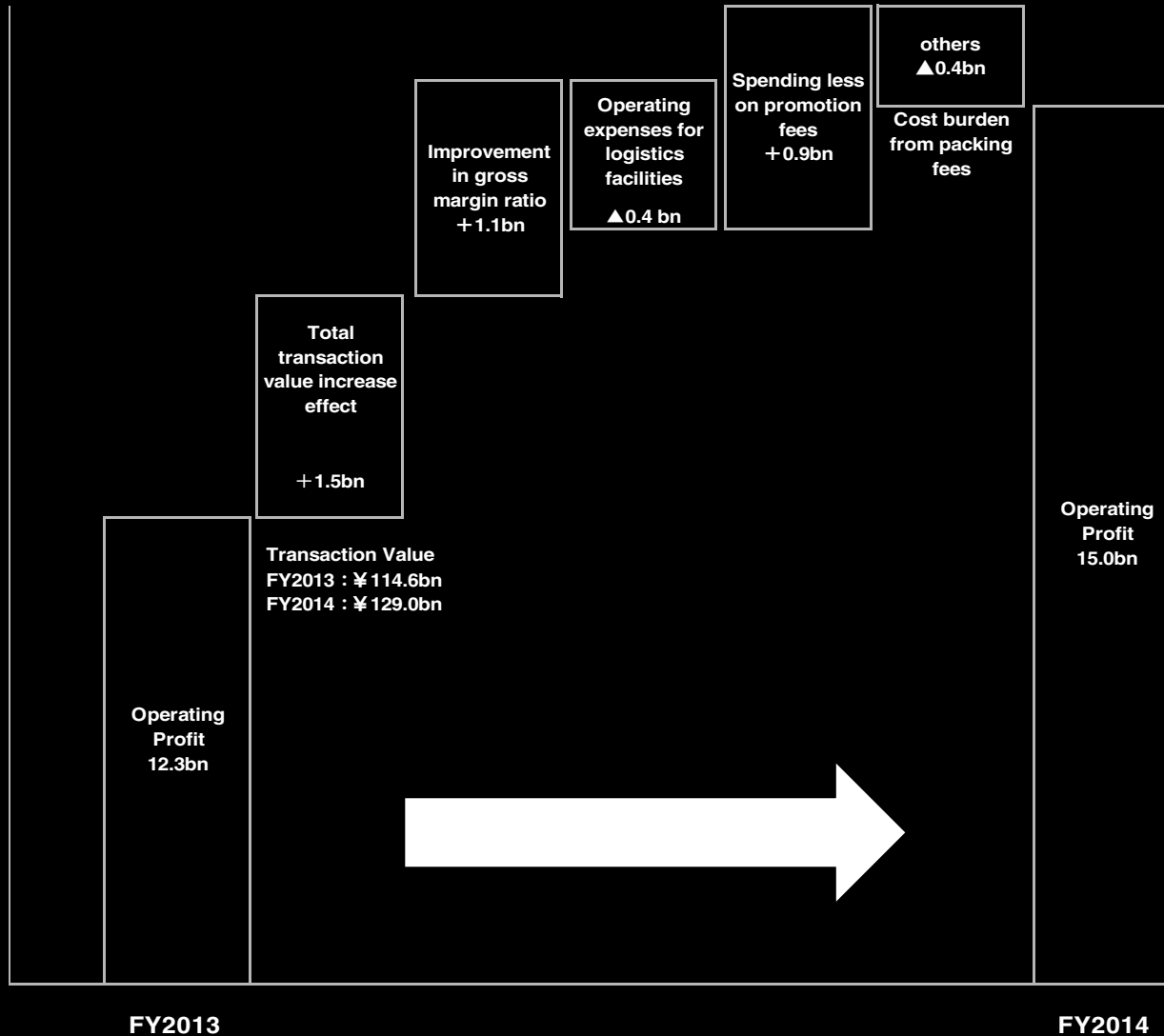
4

(¥ / million)

Item	FY2013				FY2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Transaction value	24,309	25,263	31,567	33,534	27,224	28,849	36,039	36,946
YoY (%)	27.0%	16.6%	15.8%	20.4%	12.0%	14.2%	14.2%	10.2%
Net sales	8,536	8,931	10,308	10,804	8,401	9,218	11,633	11,929
SG&A	4,183	4,813	5,945	6,122	5,167	5,585	6,267	6,672
YoY (%)	1.3%	-8.6%	12.4%	23.9%	23.5%	16.0%	5.4%	9.0%
(% Transaction Value)	17.2%	19.1%	18.8%	18.3%	19.0%	19.4%	17.4%	18.1%
Operating profit	2,873	2,568	3,198	3,748	2,883	3,160	4,609	4,431
YoY (%)	75.7%	104.7%	24.2%	22.3%	0.3%	23.1%	44.1%	18.2%
(% Transaction Value)	11.8%	10.2%	10.1%	11.2%	10.6%	11.0%	12.8%	12.0%

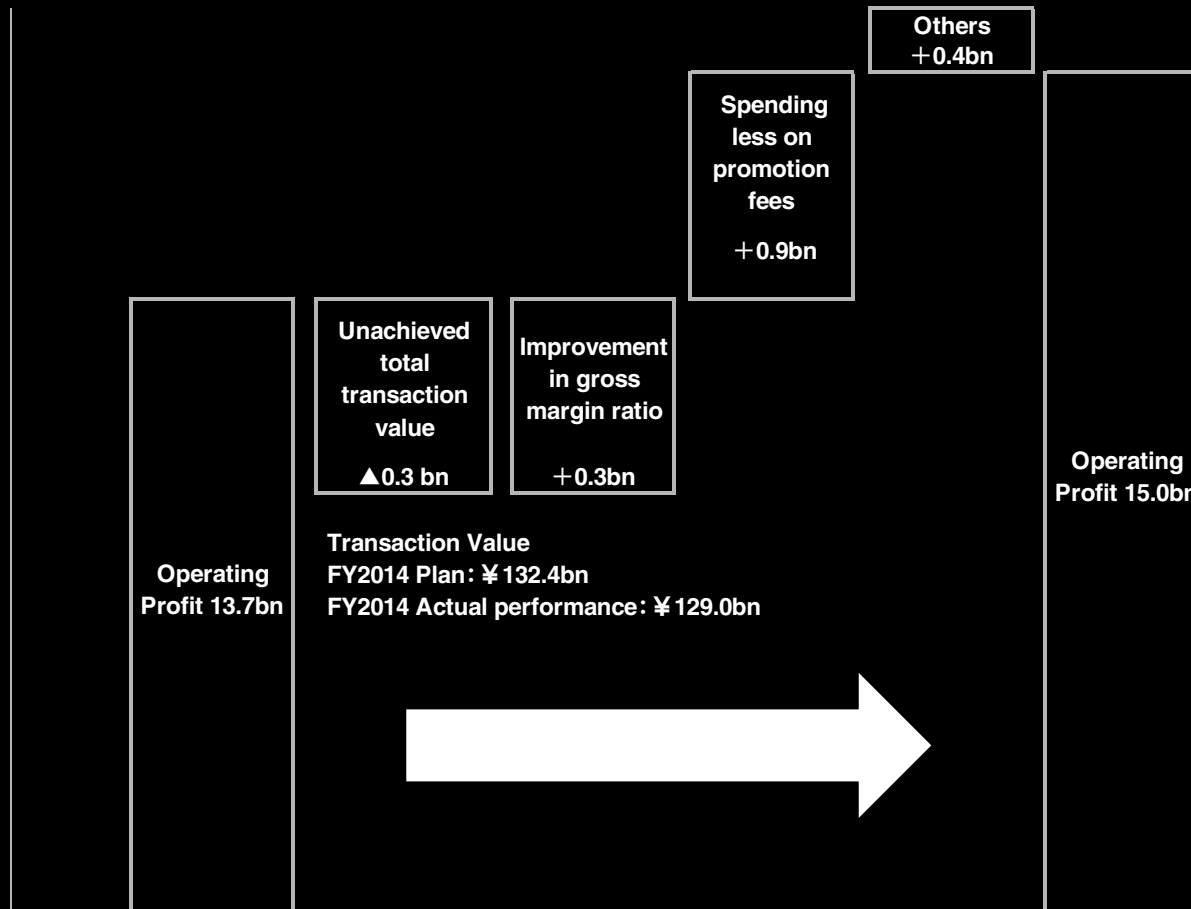
INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (Y_oY COMPARISON)

5



INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (PLAN COMPARISON)

6



FY 2014 Plan

FY 2014 Actual Performance

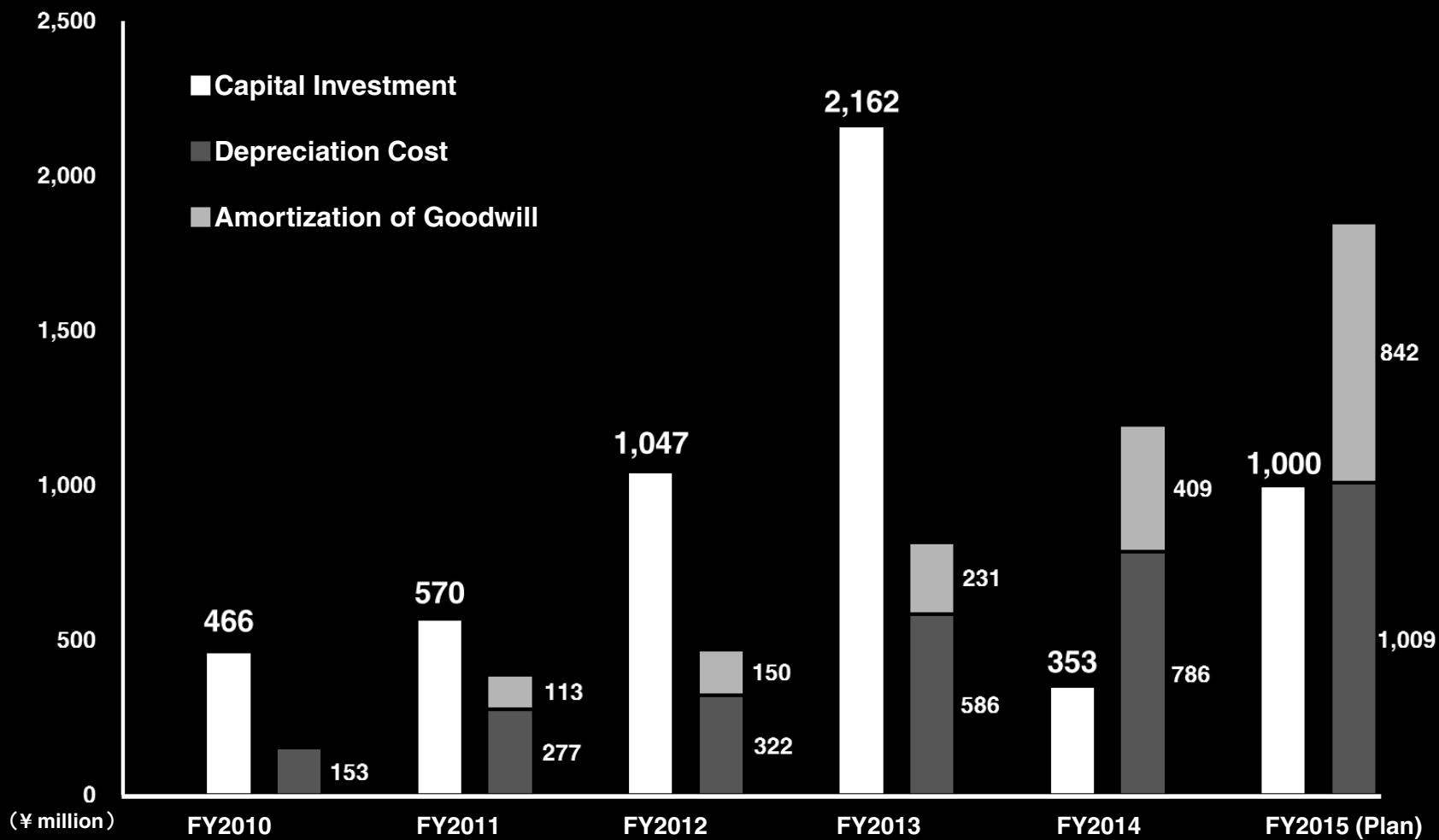
CONSOLIDATED BALANCE SHEET

7

(¥ / million)

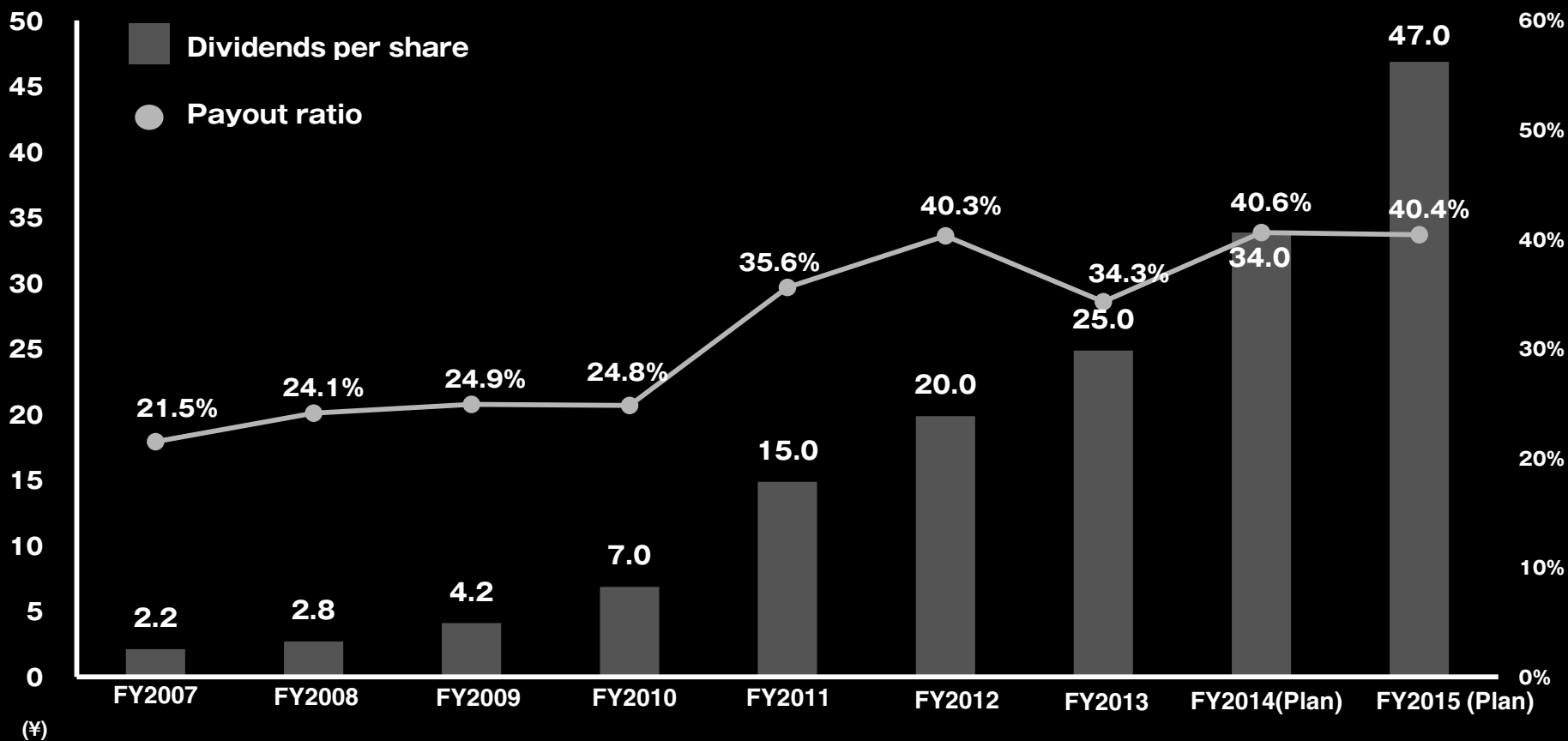
	FY2013	FY2014		FY2013	FY2014
Current assets	26,970	35,296	Current liabilities	12,710	13,744
cash and deposits	17,711	24,713	Deposit received for consignment sales	7,071	6,719
Merchandise inventory	321	530	Noncurrent liabilities	1,250	1,362
Noncurrent assets	6,217	6,055	Total liabilities	13,961	15,106
Tangible assets	3,232	2,819	Shareholders' equity	18,695	25,504
Intangible assets	1,150	1,440	Treasury stock	-3,276	-2,817
Investments and other assets	1,834	1,795	Total net assets	19,227	26,244
Total assets	33,188	41,351	Total liabilities and net assets	33,188	41,351

CAPITAL INVESTMENT



DIVIDENDS PER SHARE AND PAYOUT RATIO

9



※ Number of shares after adjustment

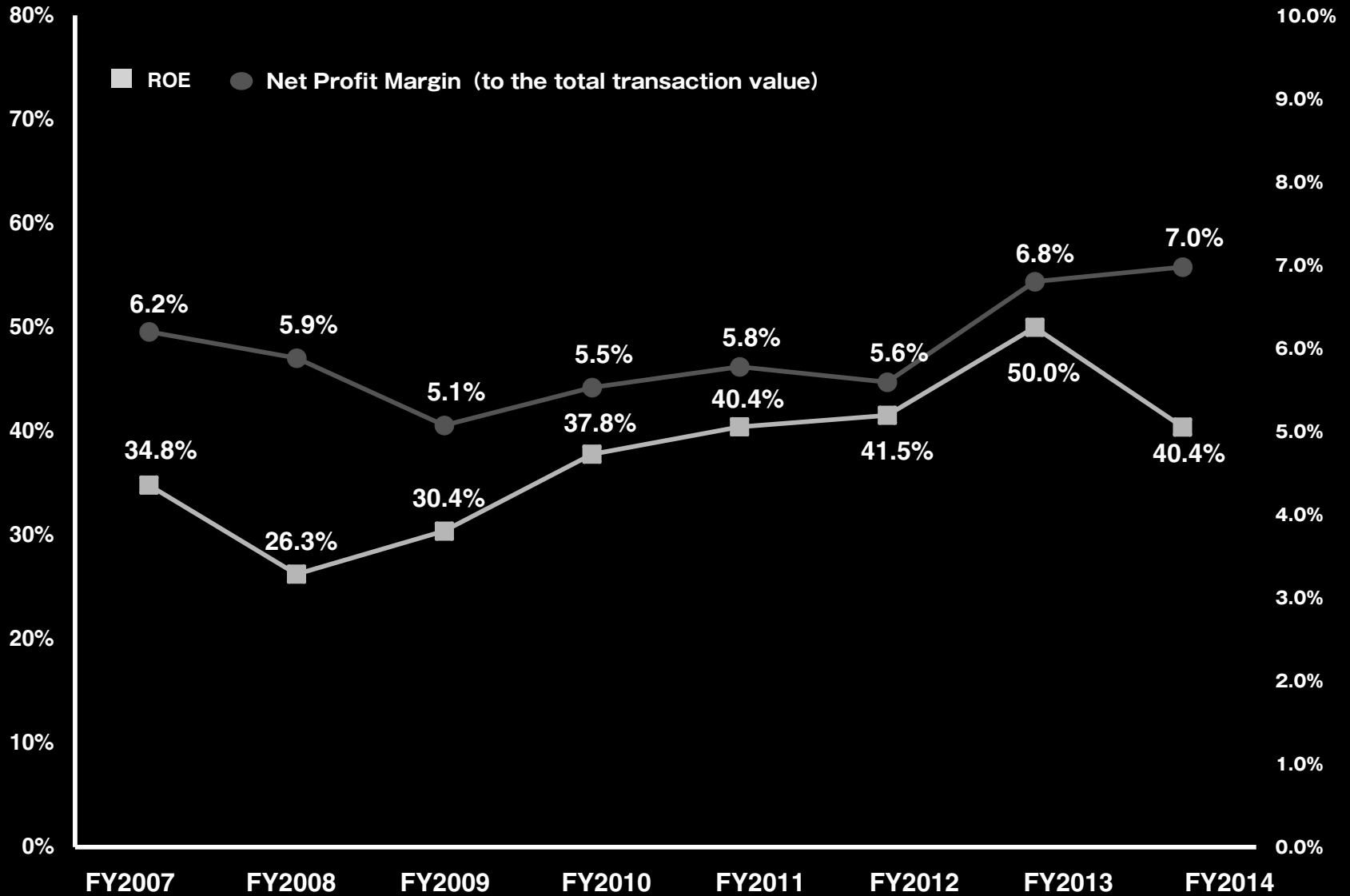
CASH FLOWS

10

(¥ / million)

Item	FY2013	FY2014	YOY	Reasons for change
Cash flows from operating activities	10,138	10,487	349	
Cash flows from investing activities	-2,590	-501	2,089	(FY2013) Capital investment for our new logistics center
Cash flows from financing activities	-2,139	-3,109	-969	(FY2014) Increase in dividend
Cash and cash equivalents at the end of the year	17,711	24,713	7,001	

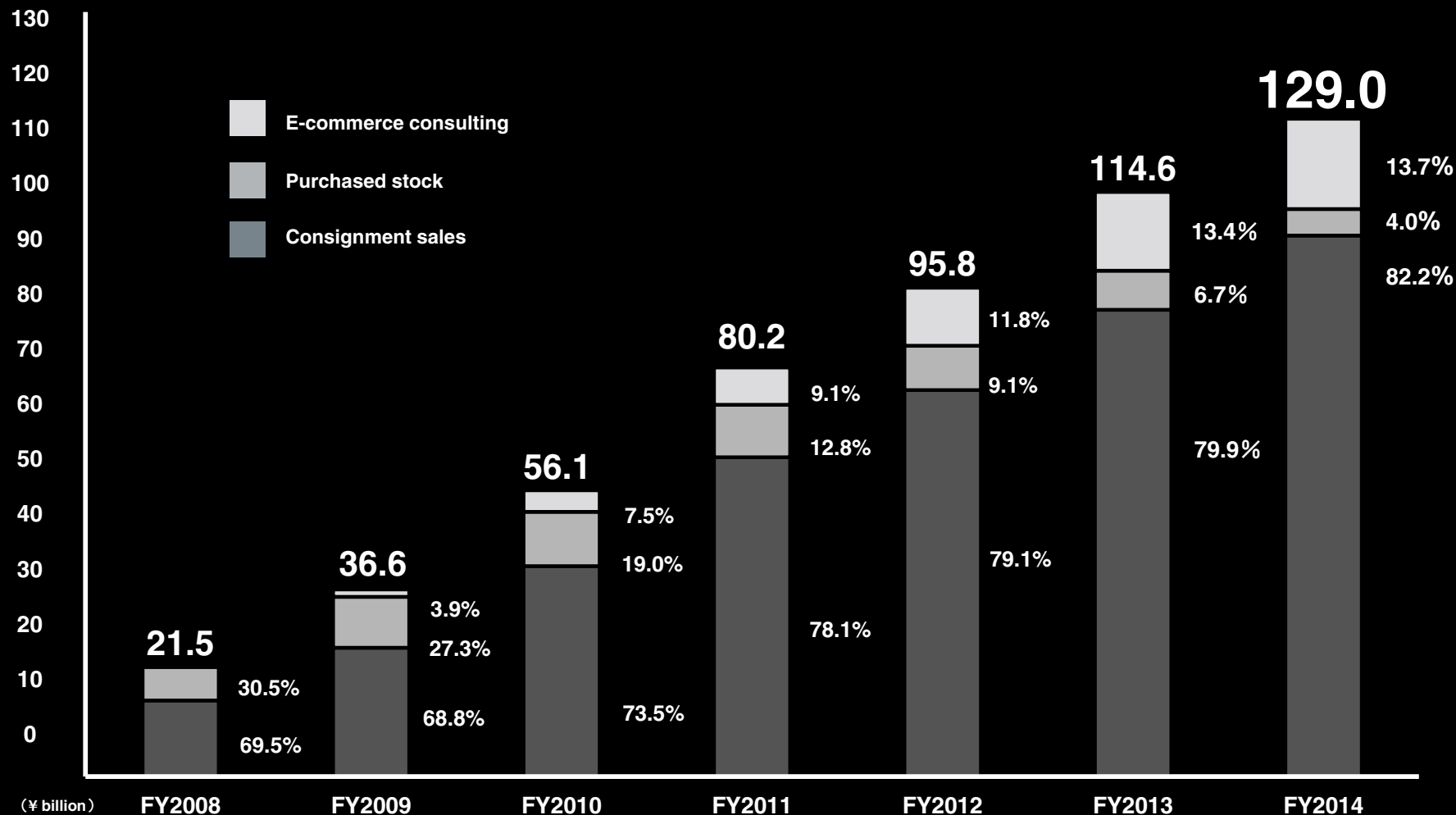
ROE AND NET PROFIT MARGIN



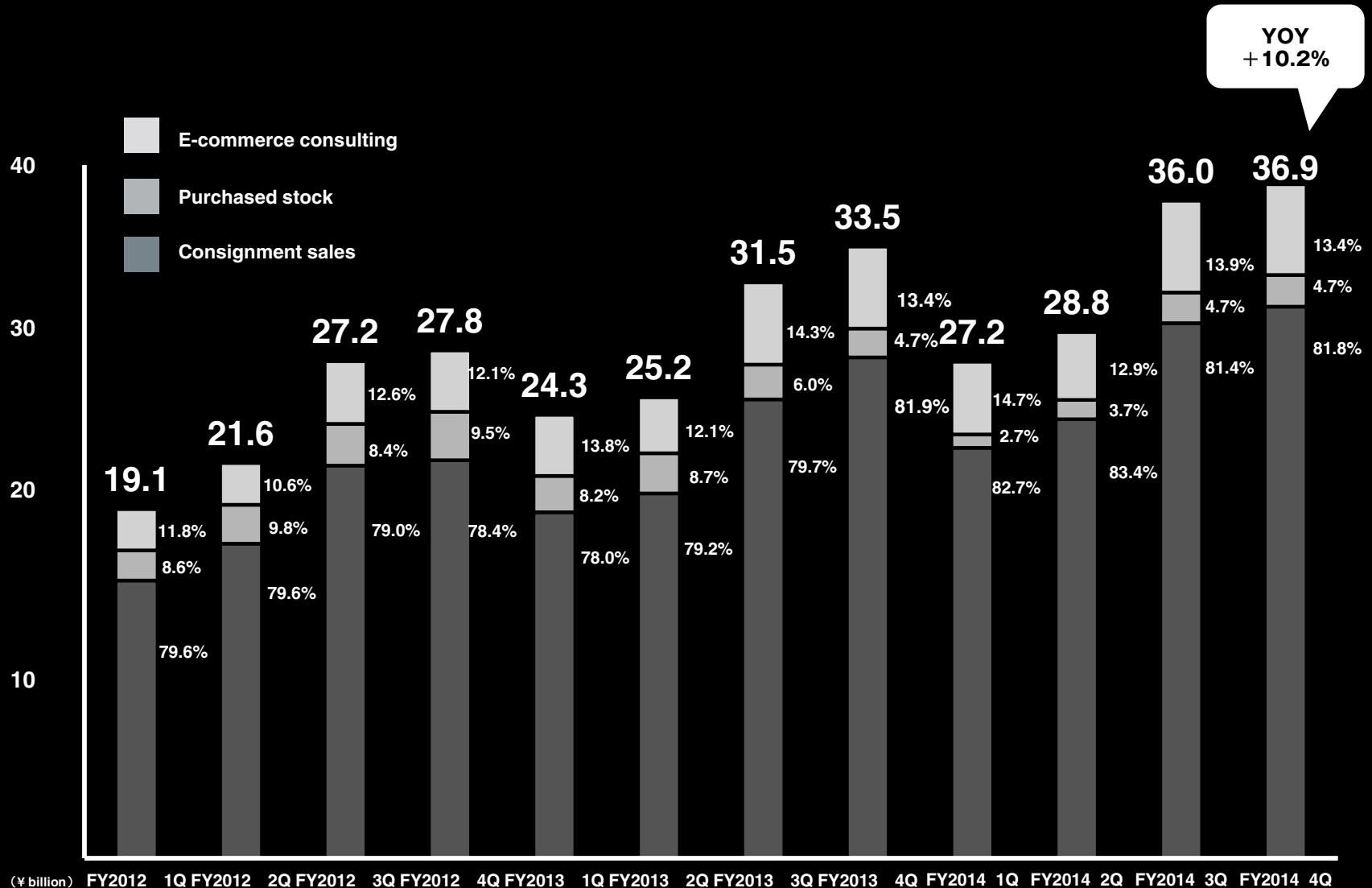
TRANSACTION VALUE

Gross transaction value of new shops opened in FY2014

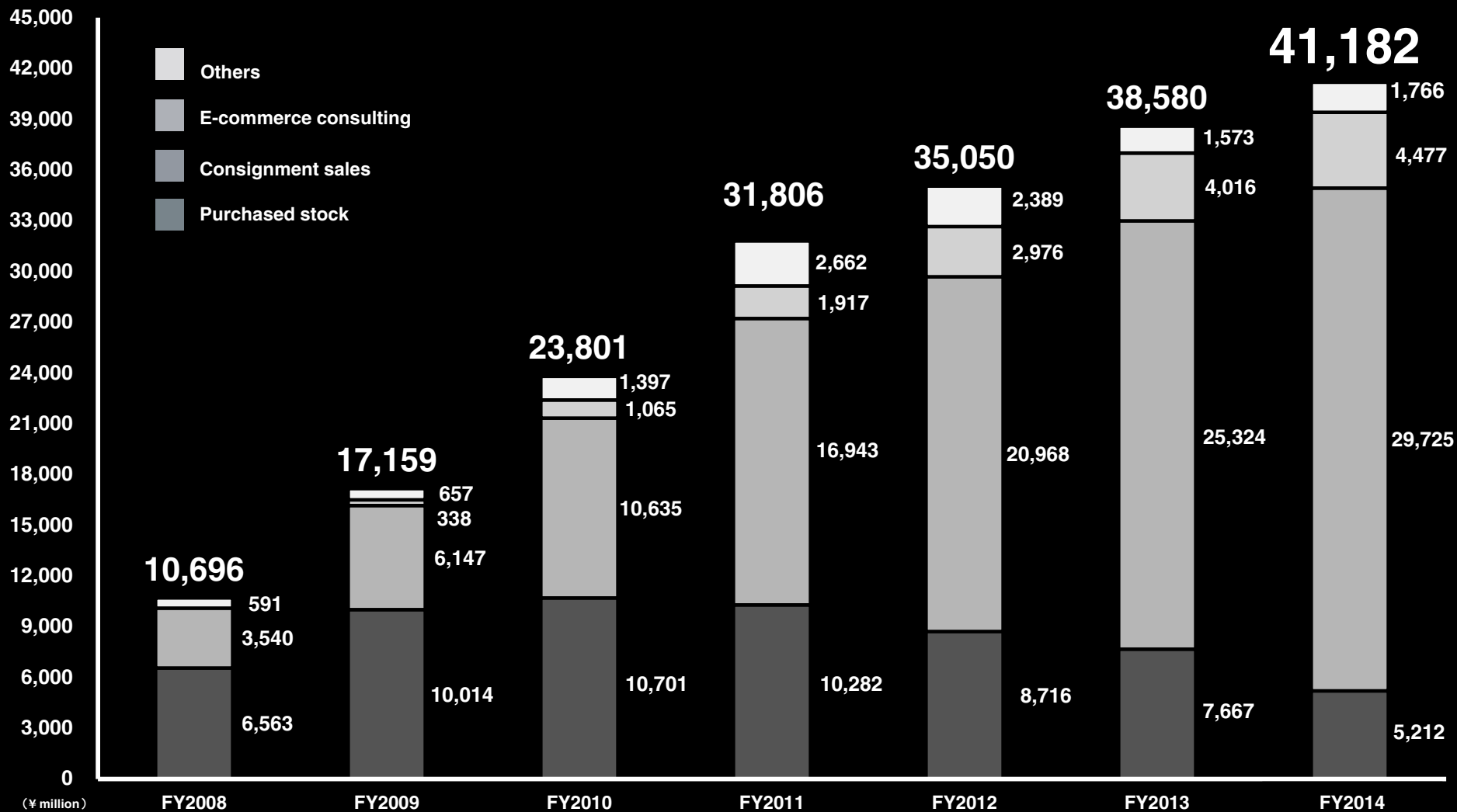
Online mall business (purchased stock & consignment sales) : ¥ 2.65billion (accounts for 2.4% of the total)



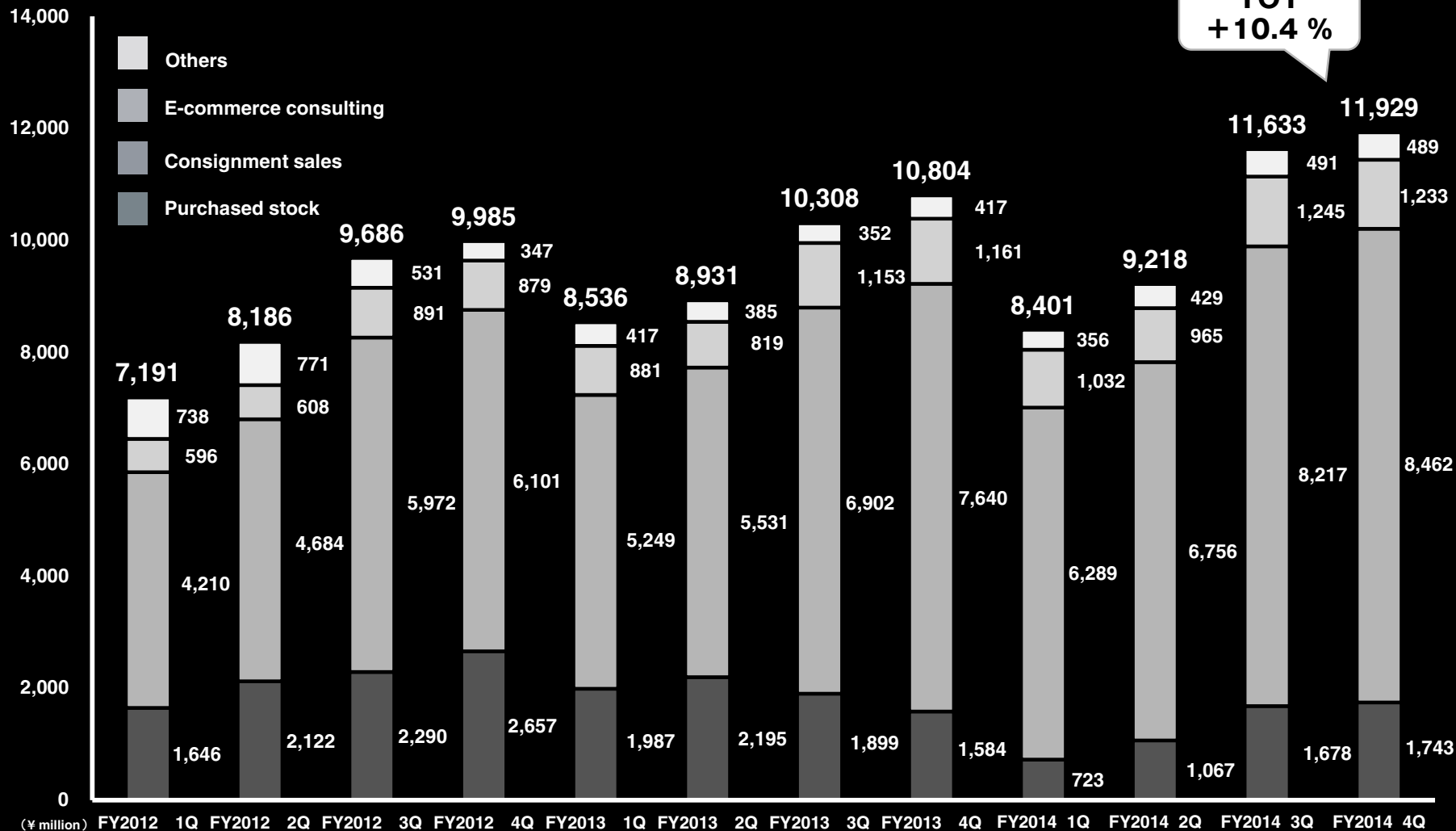
TRANSACTION VALUE (QUARTERLY)



NET SALES

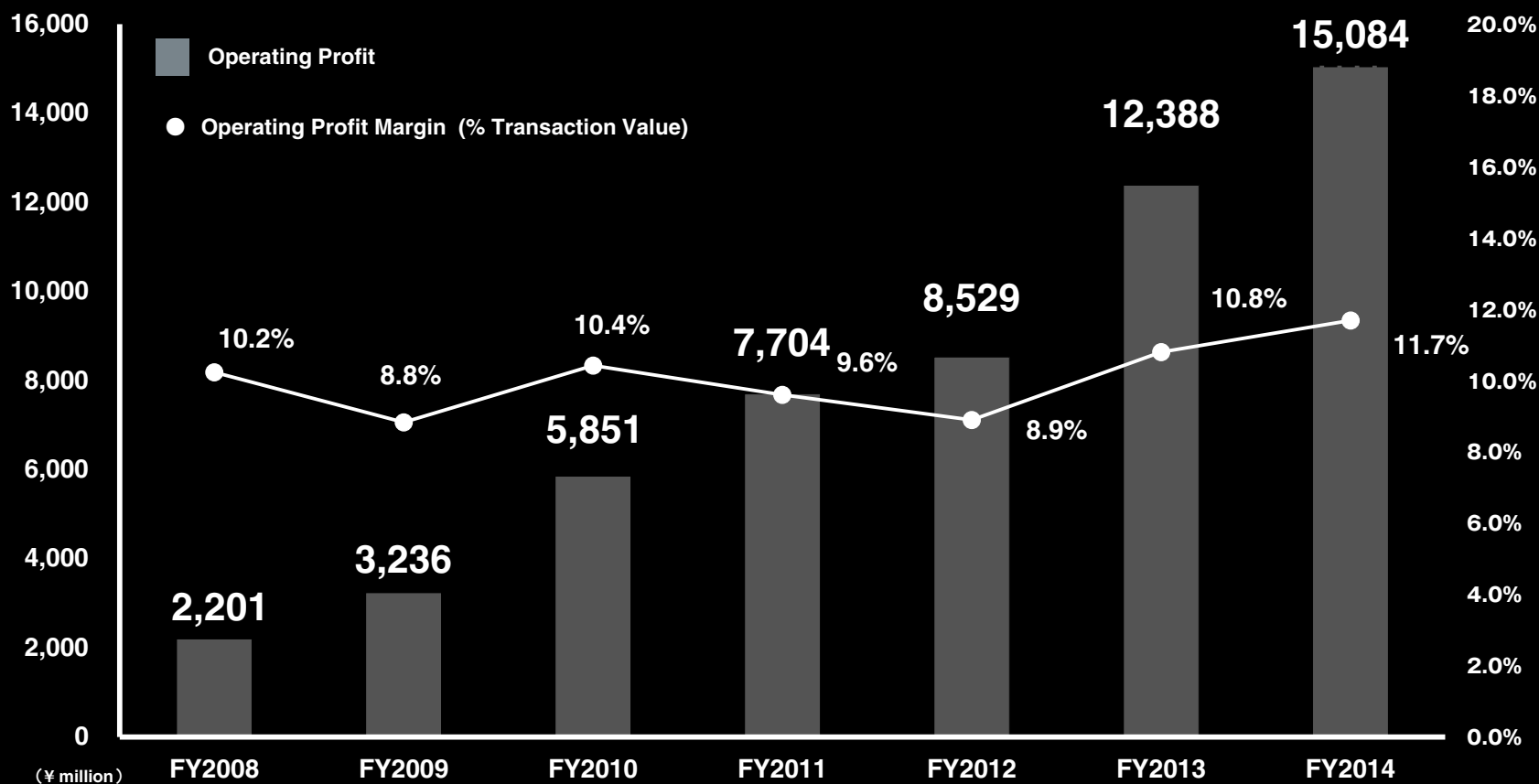


NET SALES (QUARTERLY)



OPERATING PROFIT AND OPERATING PROFIT MARGIN

16



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES

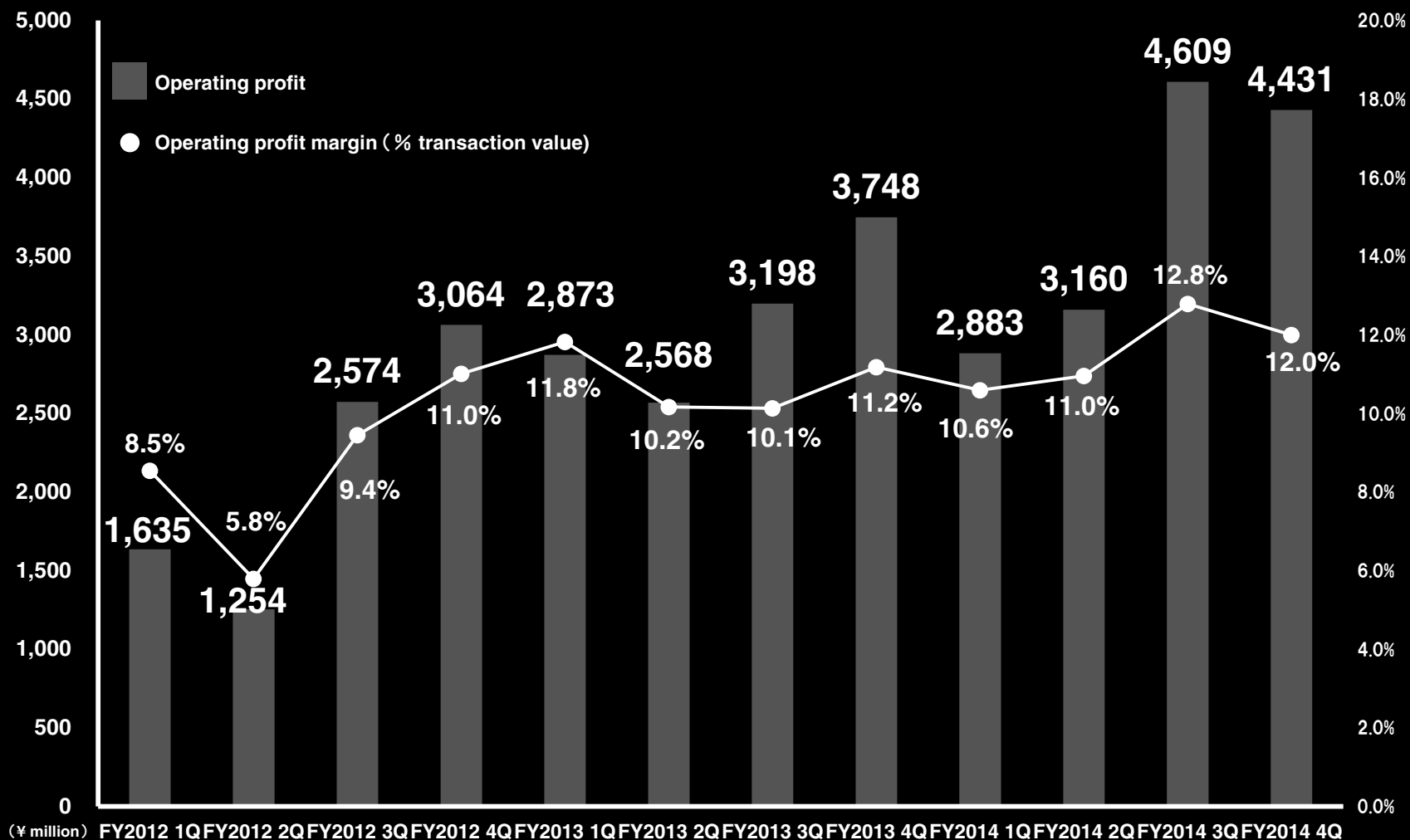
17

(¥ / million)

Item	FY2013		FY2014		YoY change	Increase decrease factors
	Amount	%Transaction value	Amount	%Transaction value	%Transaction value	
Payroll(*)	5,652	4.9%	6,351	4.9%	0.0%	The number of employees in our group has grown from 579 as of March, 2014 to 642 as of March, 2015. (Grouping YAPPA Corporation)
Shipping	3,704	3.2%	4,729	3.7%	0.5%	Due to same day shipping services, unit price per shipment has decreased.
Commission of Payment collection	2,669	2.3%	3,119	2.4%	0.1%	
Promotion related expenses	2,335	2.0%	1,651	1.3%	-0.7%	No significant promotion activities.
Advertising	1,520	1.3%	641	0.5%	-0.8%	
Reward points related expenses	814	0.7%	1,009	0.8%	0.1%	
Outsourcing	2,424	2.1%	2,558	2.0%	-0.1%	Part of the sublease contract concerning our logistics center has terminated. Also, cost burden for WEAR has increased.
Rent expense	1,212	1.1%	1,691	1.3%	0.2%	Annual lease expense for our new logistics center cost 1.25 billion yen for the full year. (Started lease in September, 2013)
Depreciation	586	0.5%	786	0.6%	0.1%	Cost burden for operating our new logistics center has increased.
Goodwill	231	0.2%	409	0.3%	0.1%	Consolidation of YAPPA Corporation.
Others	2,246	2.0%	2,395	1.9%	-0.1%	
Total SG&A	21,064	18.4%	23,693	18.4%	0.0%	

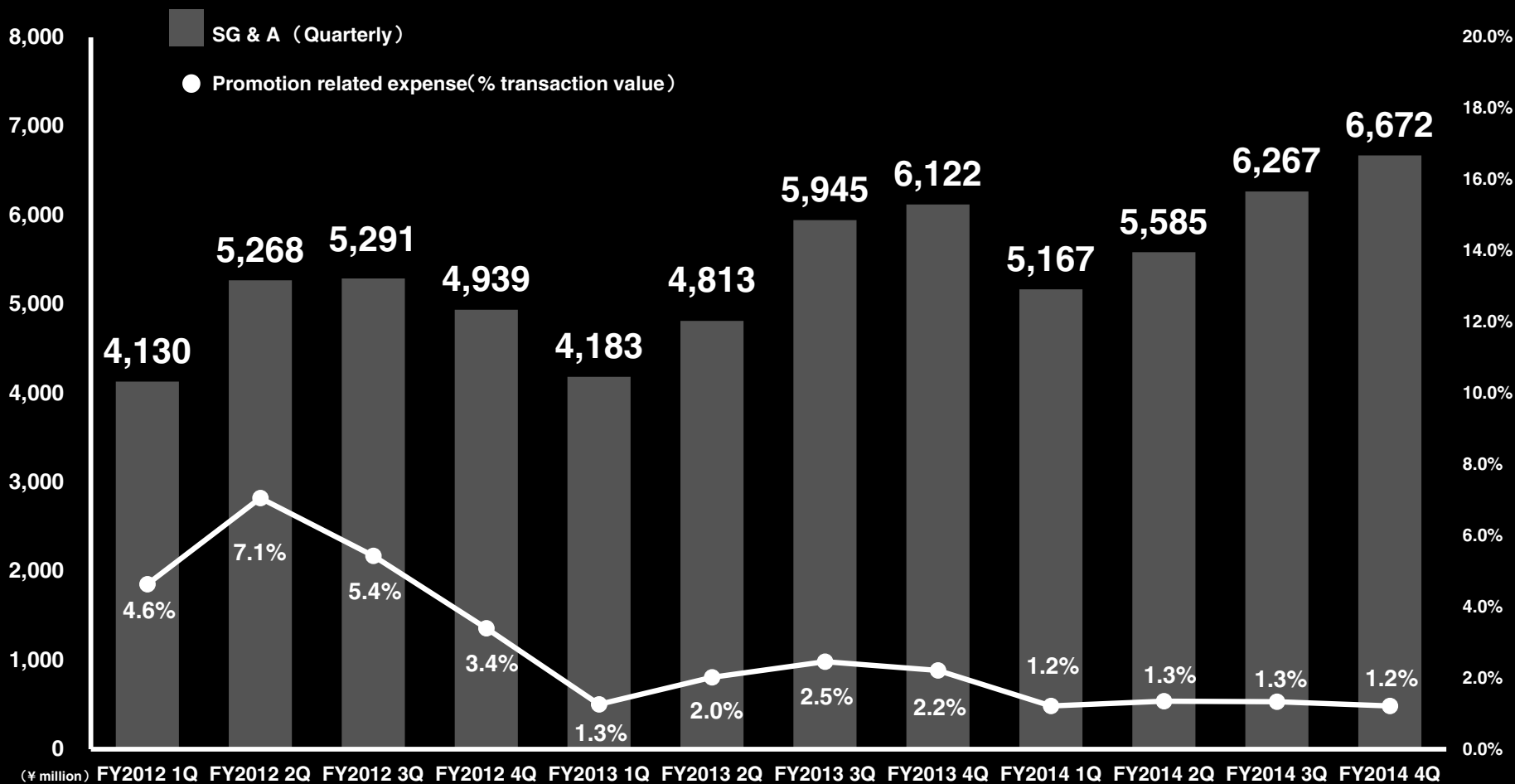
※Payroll includes salaries, bonuses, legal welfare expenses, welfare expenses, provision for retirement benefits, provision for bonuses, provision for directors' retirement benefits and subcontracting payroll

OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES

19



(¥ million) FY2012 1Q FY2012 2Q FY2012 3Q FY2012 4Q FY2013 1Q FY2013 2Q FY2013 3Q FY2013 4Q FY2014 1Q FY2014 2Q FY2014 3Q FY2014 4Q

OVERVIEW OF SG & A BY EACH QUARTER

20

(¥ / million)

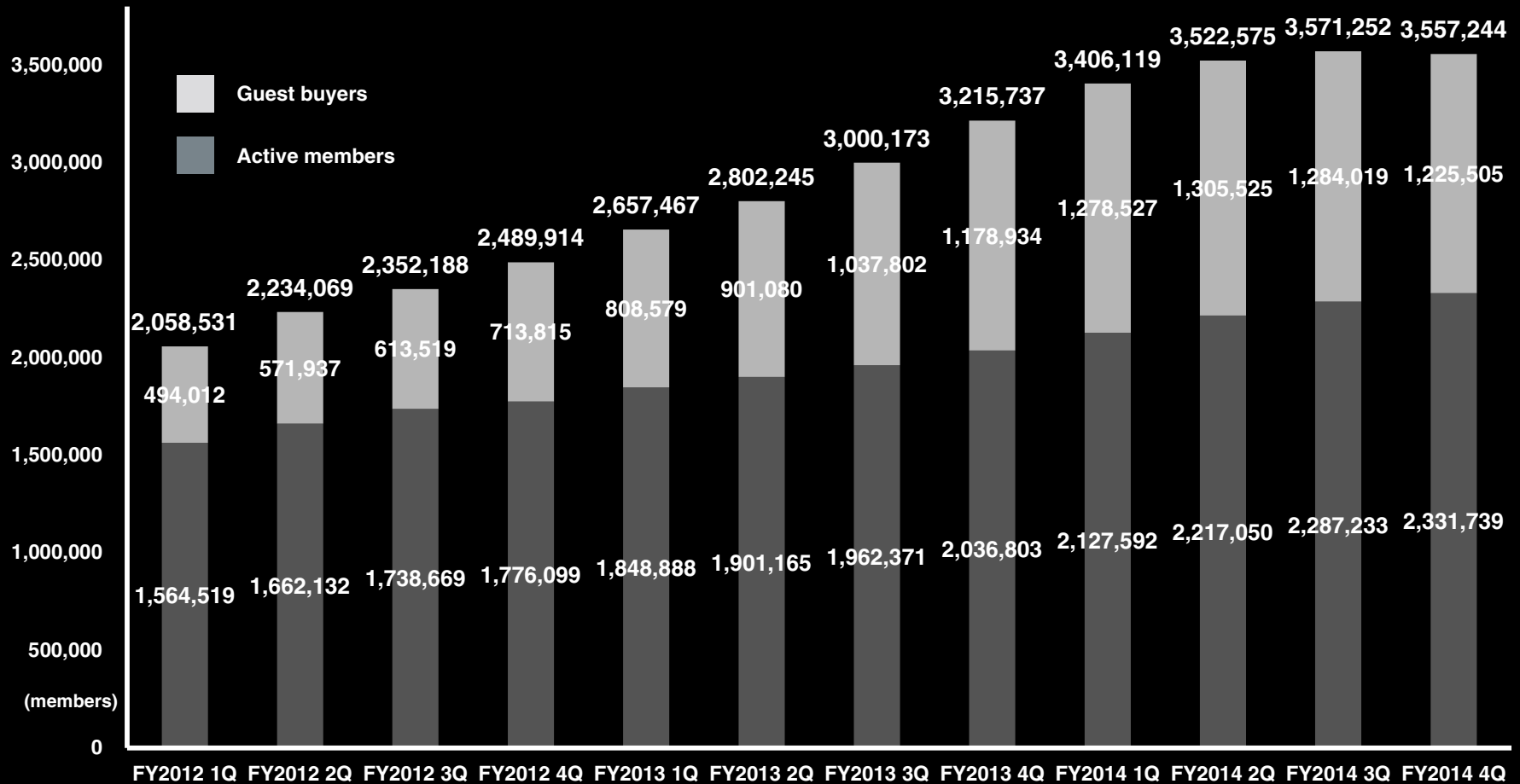
FY2013									FY2014							
Item	1Q		2Q		3Q		4Q		1Q		2Q		3Q		4Q	
	Amount	% Transaction value	Amount	% Transaction value	Amount	% Transaction value	Amount	% Transaction value	Amount	% Transaction value	Amount	% Transaction value	Amount	% Transaction value	Amount	% Transaction value
Payroll(*)	1,204	5.0%	1,247	4.9%	1,495	4.7%	1,704	5.1%	1,414	5.2%	1,447	5.0%	1,587	4.4%	1,901	5.1%
Shipping	807	3.3%	912	3.6%	889	2.8%	1,094	3.3%	1,003	3.7%	1,166	4.0%	1,192	3.3%	1,367	3.7%
Commission of Payment	566	2.3%	607	2.4%	724	2.3%	771	2.3%	663	2.4%	719	2.5%	849	2.4%	887	2.4%
Promotion related	305	1.3%	510	2.0%	777	2.5%	741	2.2%	331	1.2%	389	1.3%	481	1.3%	449	1.2%
Advertising	122	0.5%	376	1.5%	538	1.7%	483	1.4%	123	0.5%	142	0.5%	213	0.6%	160	0.4%
Reward points related	183	0.8%	134	0.5%	238	0.8%	258	0.8%	207	0.8%	246	0.9%	267	0.7%	288	0.8%
Outsourcing	636	2.6%	637	2.5%	616	2.0%	534	1.6%	586	2.2%	607	2.1%	713	2.0%	651	1.8%
Rent expense	124	0.5%	226	0.9%	437	1.4%	424	1.3%	422	1.6%	424	1.5%	425	1.2%	418	1.1%
Depreciation	78	0.3%	88	0.4%	208	0.7%	210	0.6%	183	0.7%	192	0.7%	201	0.6%	208	0.6%
Goodwill	37	0.2%	49	0.2%	72	0.2%	72	0.2%	72	0.3%	72	0.3%	132	0.4%	132	0.4%
Others	422	1.7%	533	2.1%	723	2.3%	567	1.7%	488	1.8%	567	2.0%	682	1.9%	655	1.8%
Total SG&A	4,183	17.2%	4,813	19.1%	5,945	18.8%	6,122	18.3%	5,167	19.0%	5,585	19.4%	6,267	17.4%	6,672	18.1%

NUMBER OF TOTAL BUYERS

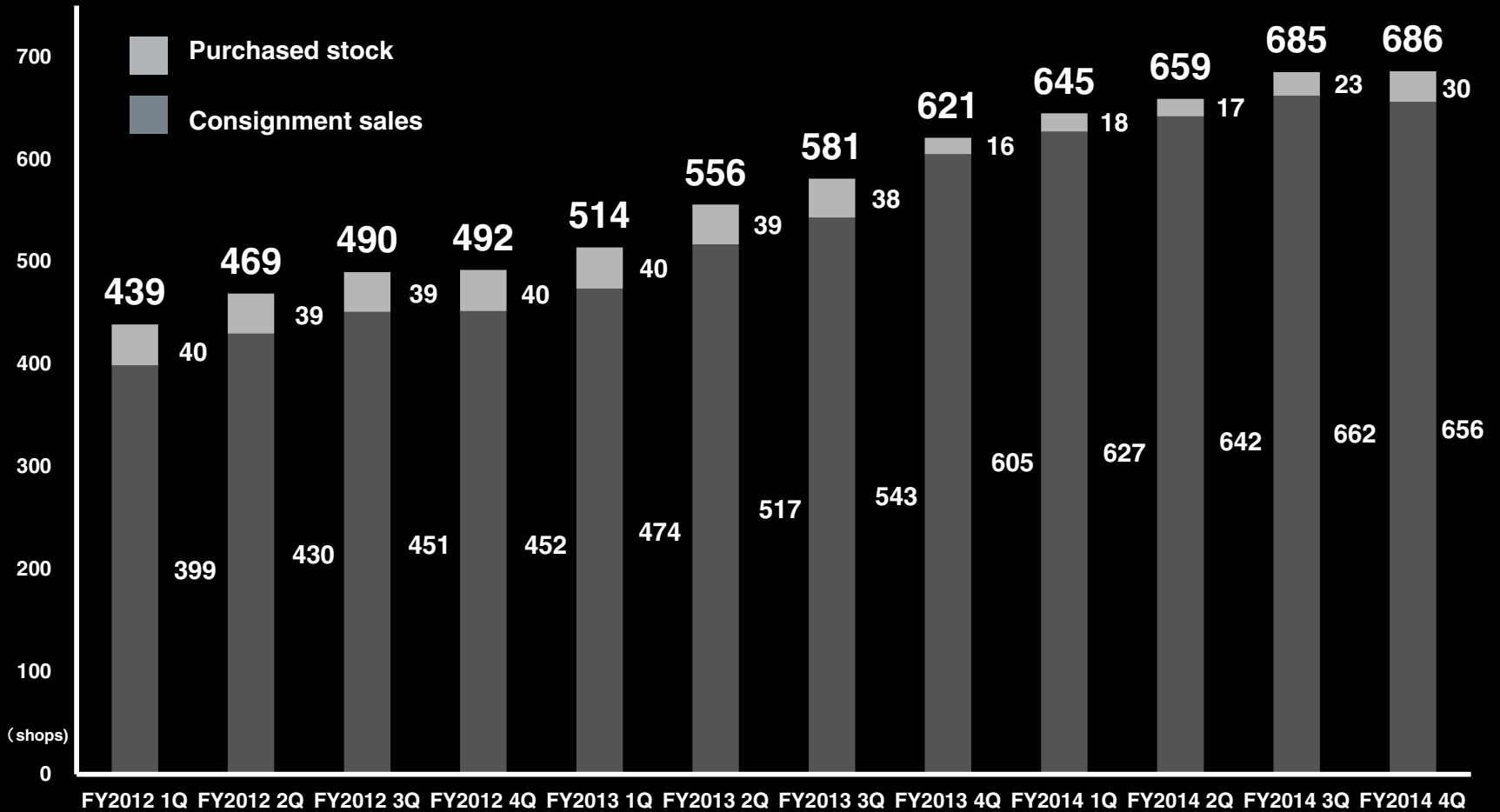
Number of total buyers = Active members and guest buyers who made at least one purchase within a year

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

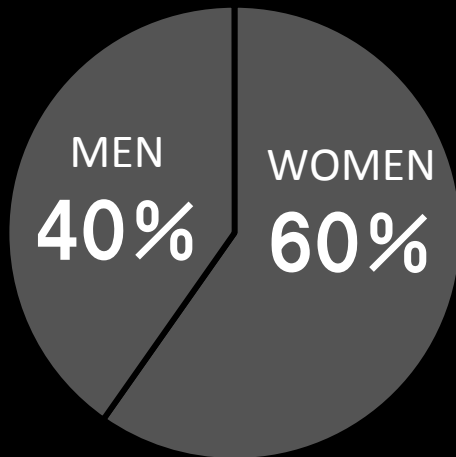


NUMBER OF SHOPS OF MALL BUSINESS

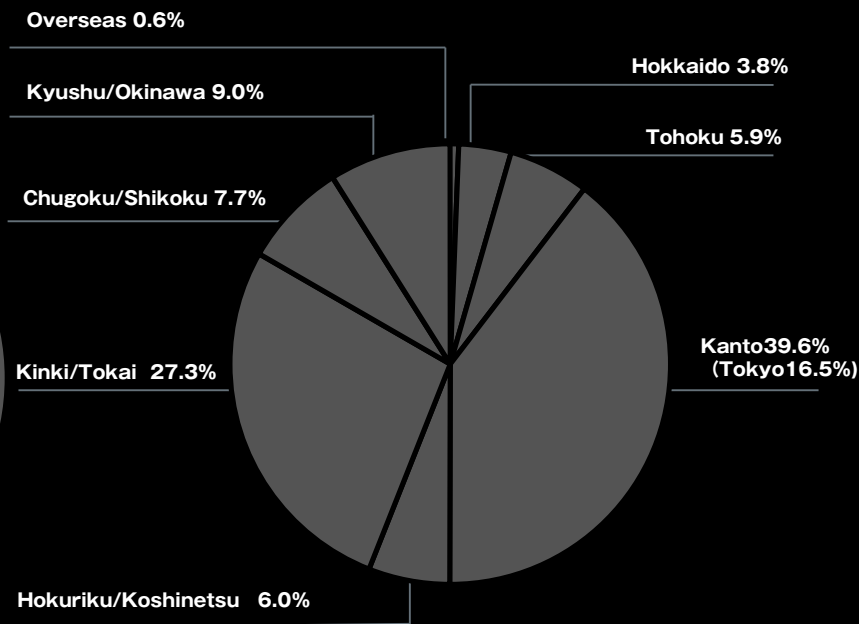


MEMBER DISTRIBUTION

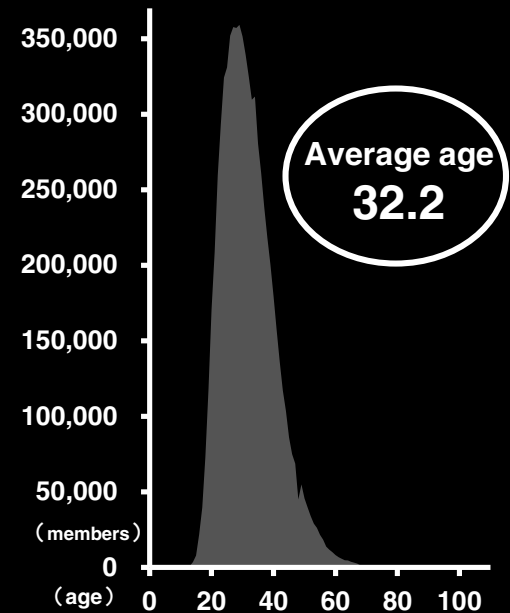
Gender ratio



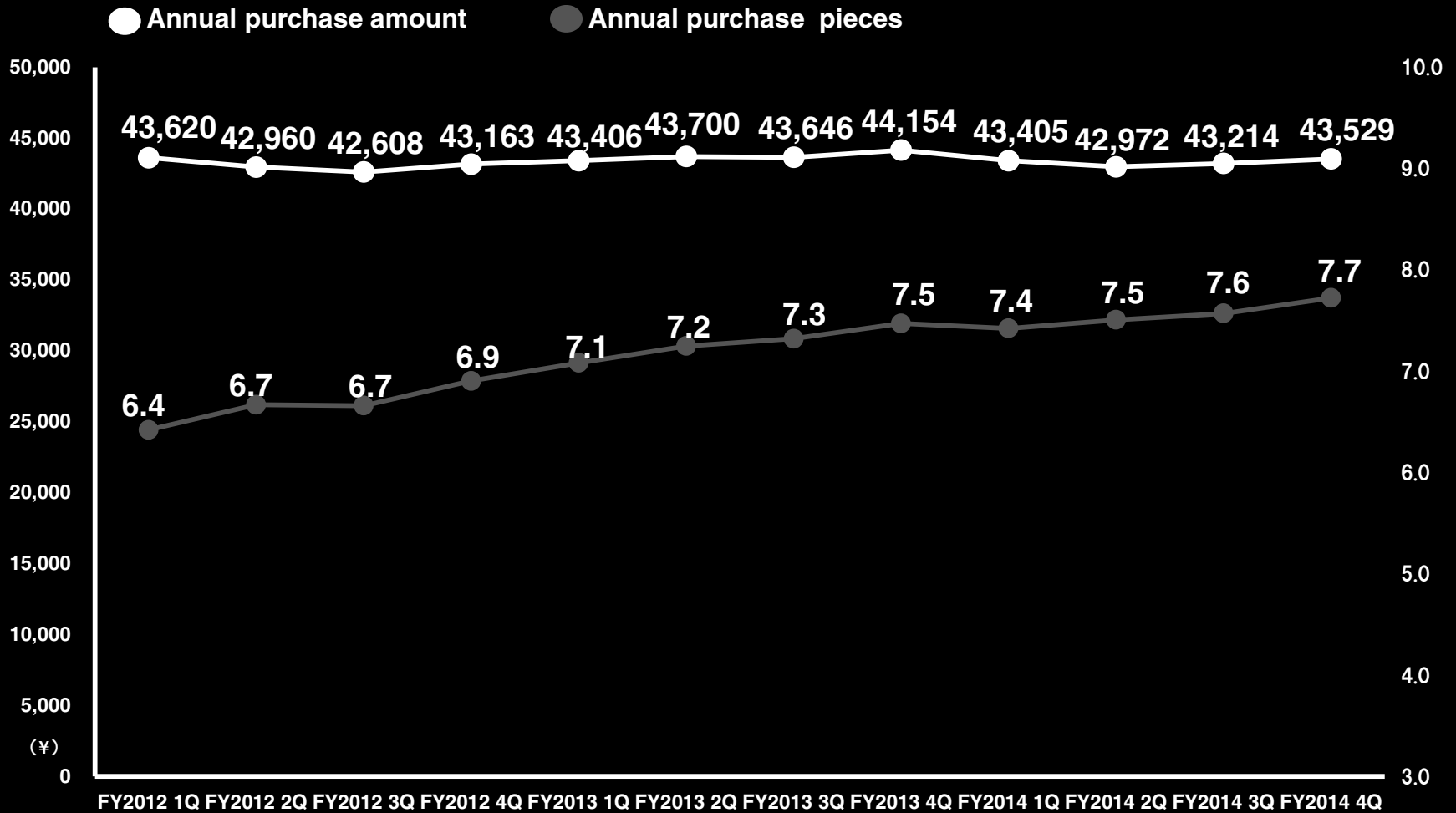
Geographical distribution



Age distribution

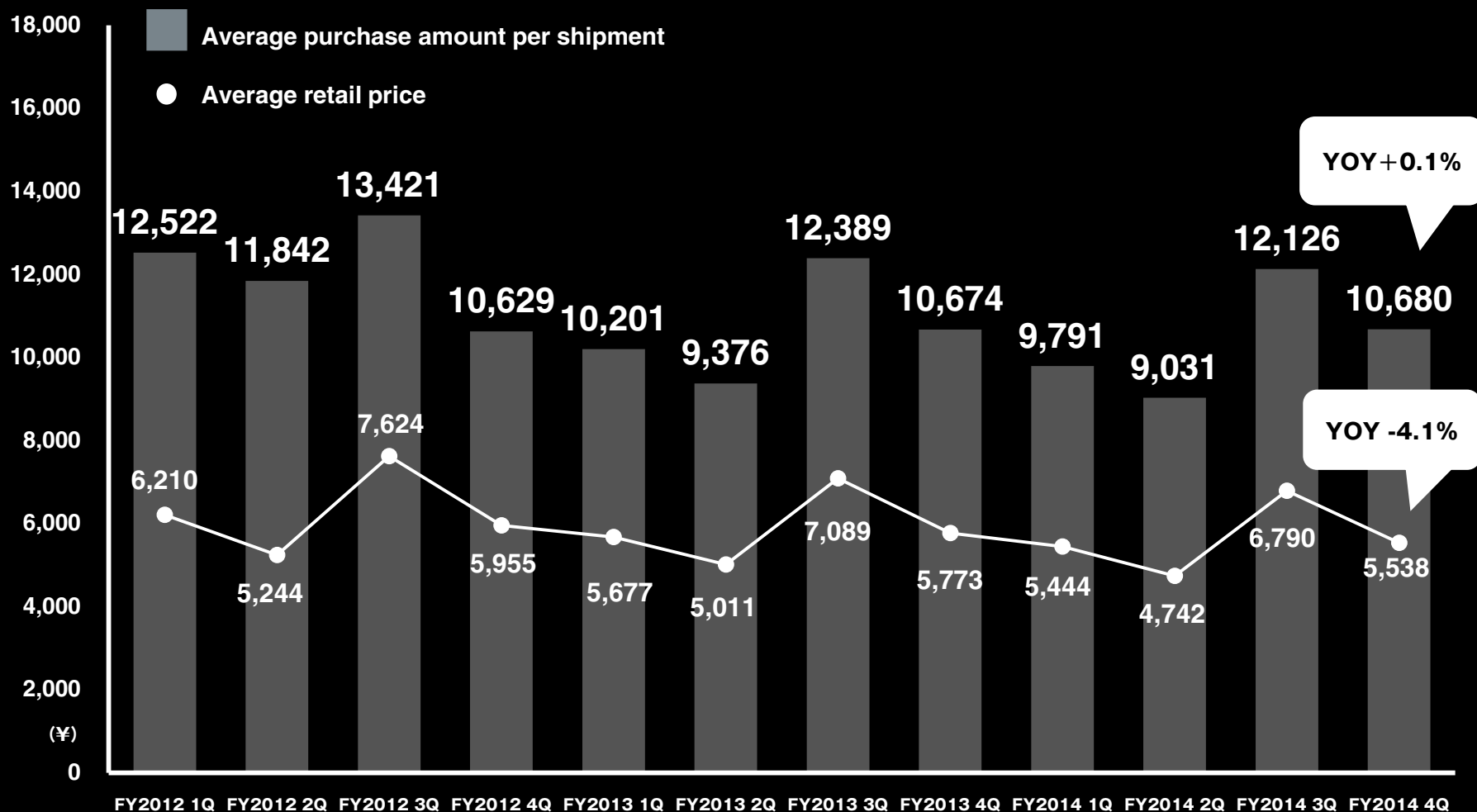


ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER

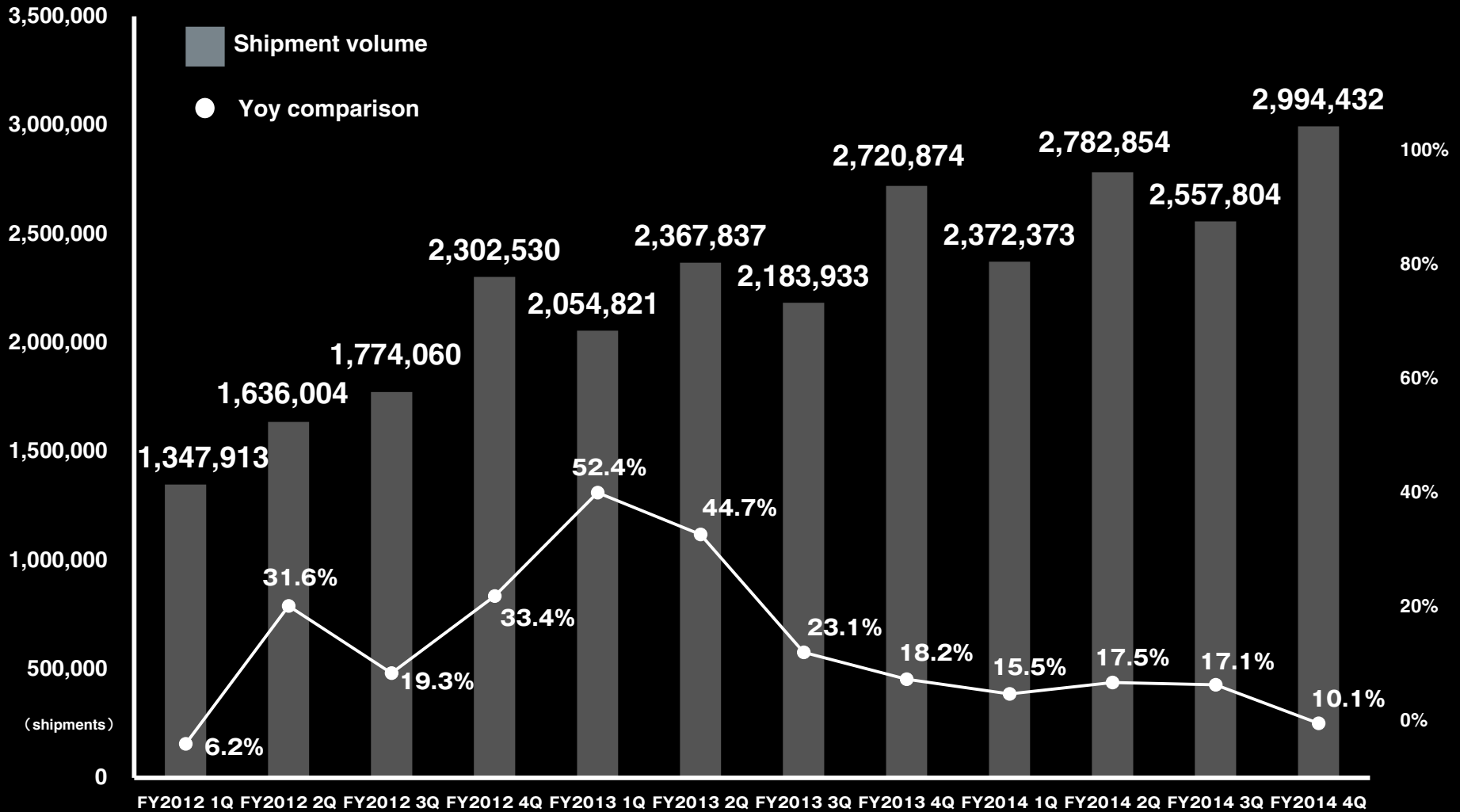


AVERAGE PURCHASE AMOUNT PER SHIPMENT AND AVERAGE RETAIL PRICE

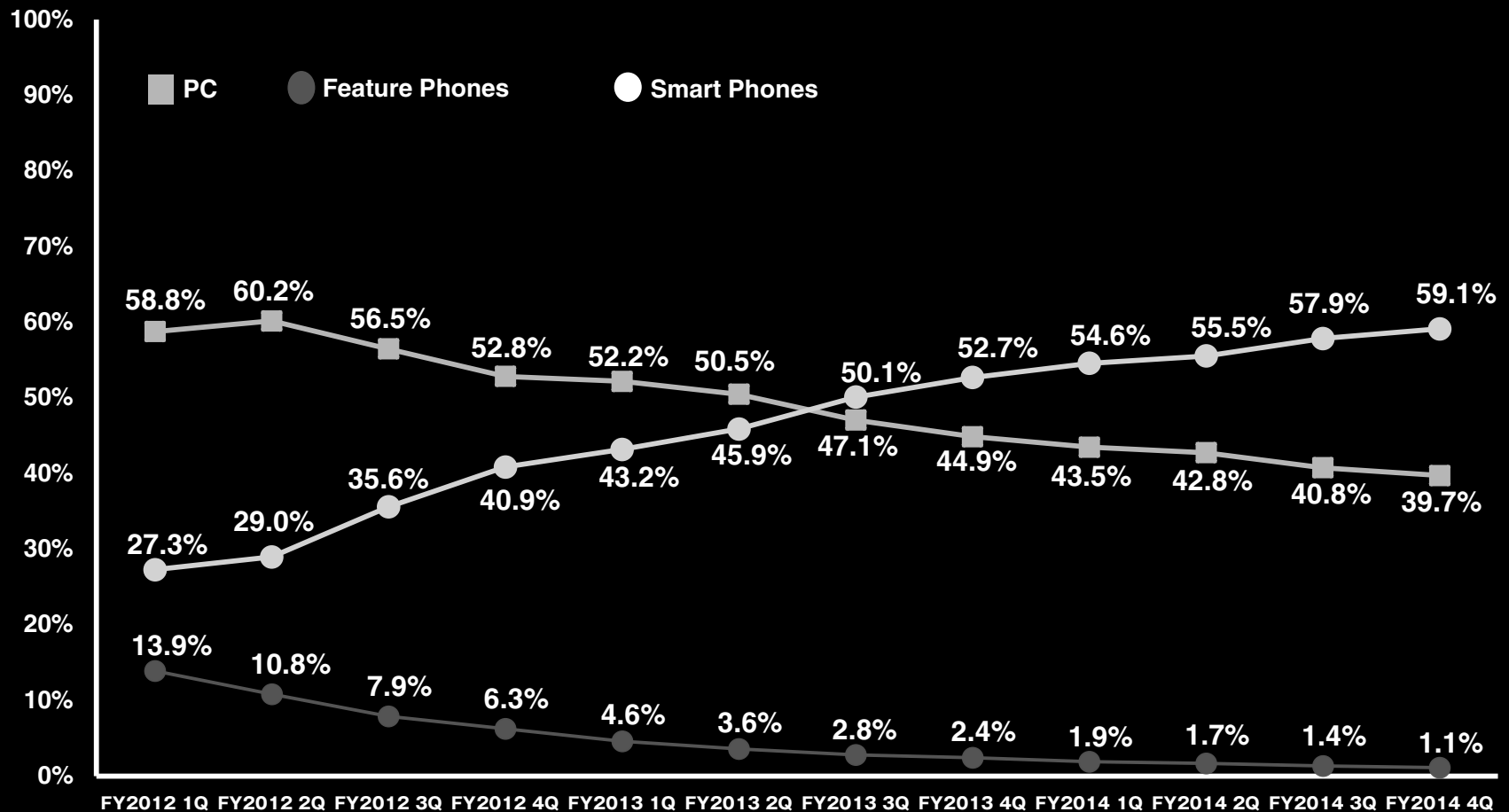
Average purchase amount per shipment = Transaction value / Number of shipments



NUMBER OF SHIPMENTS



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



10th YEAR ANNIVERSARY PROMOTION FOR ZOZOTOWN

28

**Welcoming the 10th year anniversary of ZOZOTOWN,
(established on December 15th, 2004)**

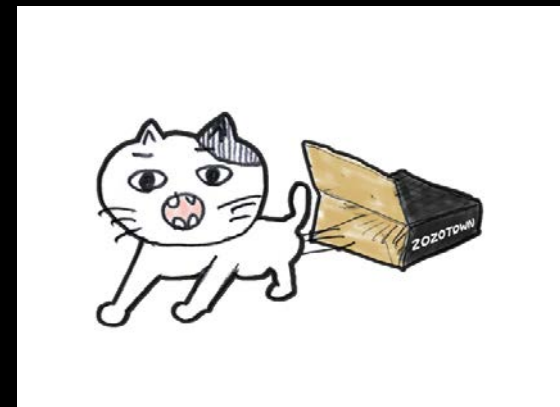
We plan to have special exhibitions throughout the year.

Main Projects

【Website Renewal】

- Selling magazines to our customers on ZOZOTOWN, as well as offering magazine news.
- ZOZOVILLA(Our High-end fashion shopping website) is now integrated into ZOZOTOWN.
- The new notification function is designed to give individual pop up suggestions to each of our customers.
- The ZOZOTOWN Lottery.
- Reformed our smart phone website.

**Our 10th year anniversary movie.
New delivery packages (for a limited period)
Holding ¥0 sales on ZOZOTOWN
(20,000 items, worth ¥200 million)**



ACQUISITION OF ARATANA INC.

29

**We have decided to obtain 100% shares of Aratana inc.,
welcoming it as a wholly owned subsidiary company.**

(Released on March 25th, 2015)



Start Today
Operational knowhow of the EC business



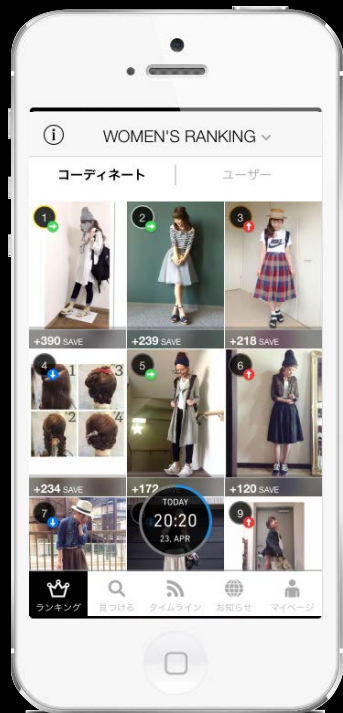
Aratana
Solutions based on technology
and specialized support



By teaming, we will be able to answer towards
the brand' s and supplier' s diversifying needs.

PROGRESS IN “ WEAR ”

30



- Full renewal of the App and smart phone site. (April, 2015)
- Popular functions such as “Coordinate searches”, and “Popular coordinate searches” have been expanded.
- To operate and select functions, we have shifted to a global standard UI.
- Reaching 5 million downloads for the App (April, 2015)
- More than 2 million coordinate pics, posted world wide.
- Now available in all geographic areas.

BUSINESS PLAN FOR FY2015

CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2015

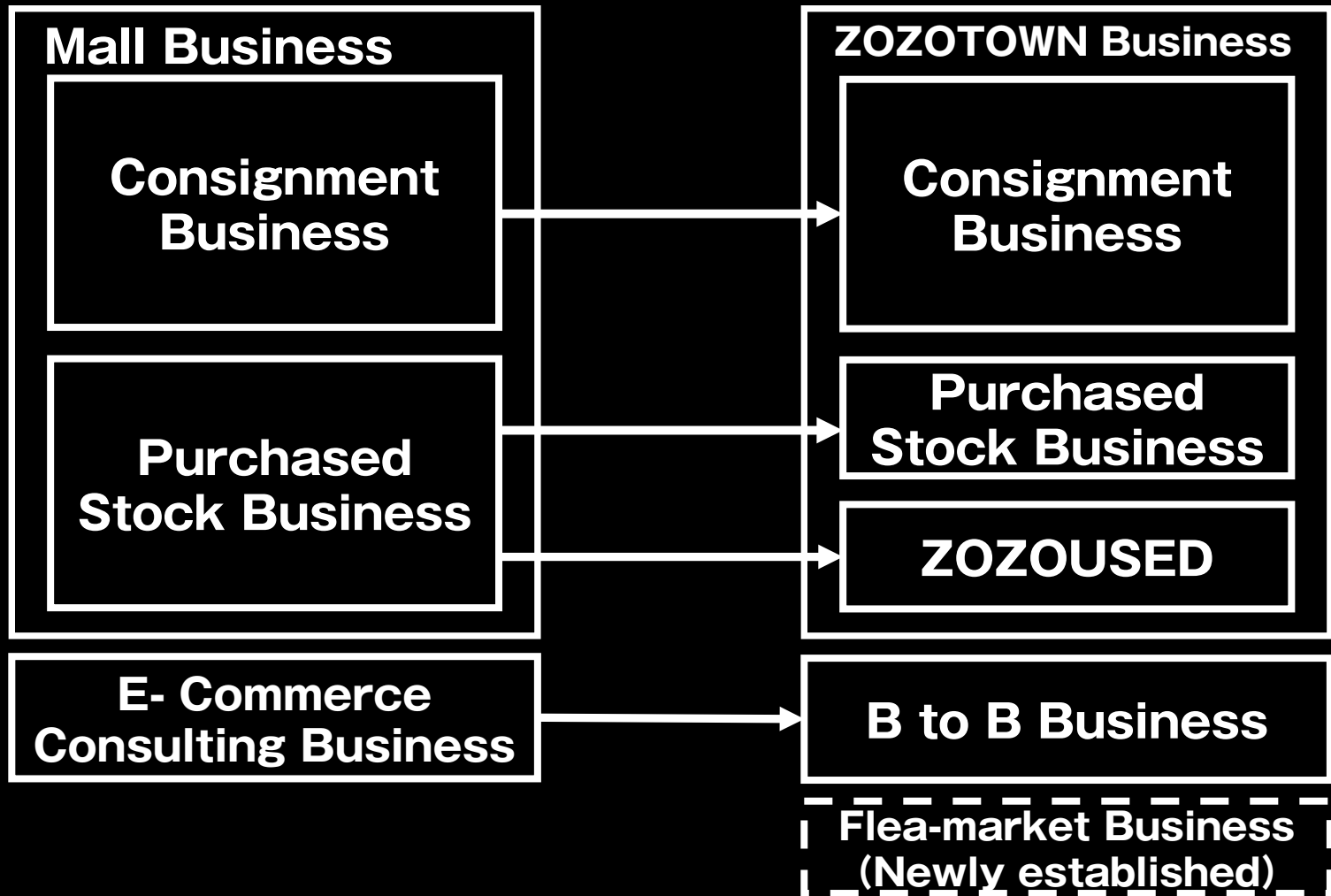
32

(¥ / million)

	FY2015 PLAN	Growth Rate (%)
Transaction value	168,200 (¥ million)	30.3%
Net sales	53,800(¥ million)	30.6%
Operating profit	19,140(¥ million)	26.9%
Recurring profit	19,160(¥ million)	26.6%
Net income	12,520(¥ million)	39.1%
Earnings per share	116.4 (¥)	-
Estimated dividends per share	47 (¥)	-

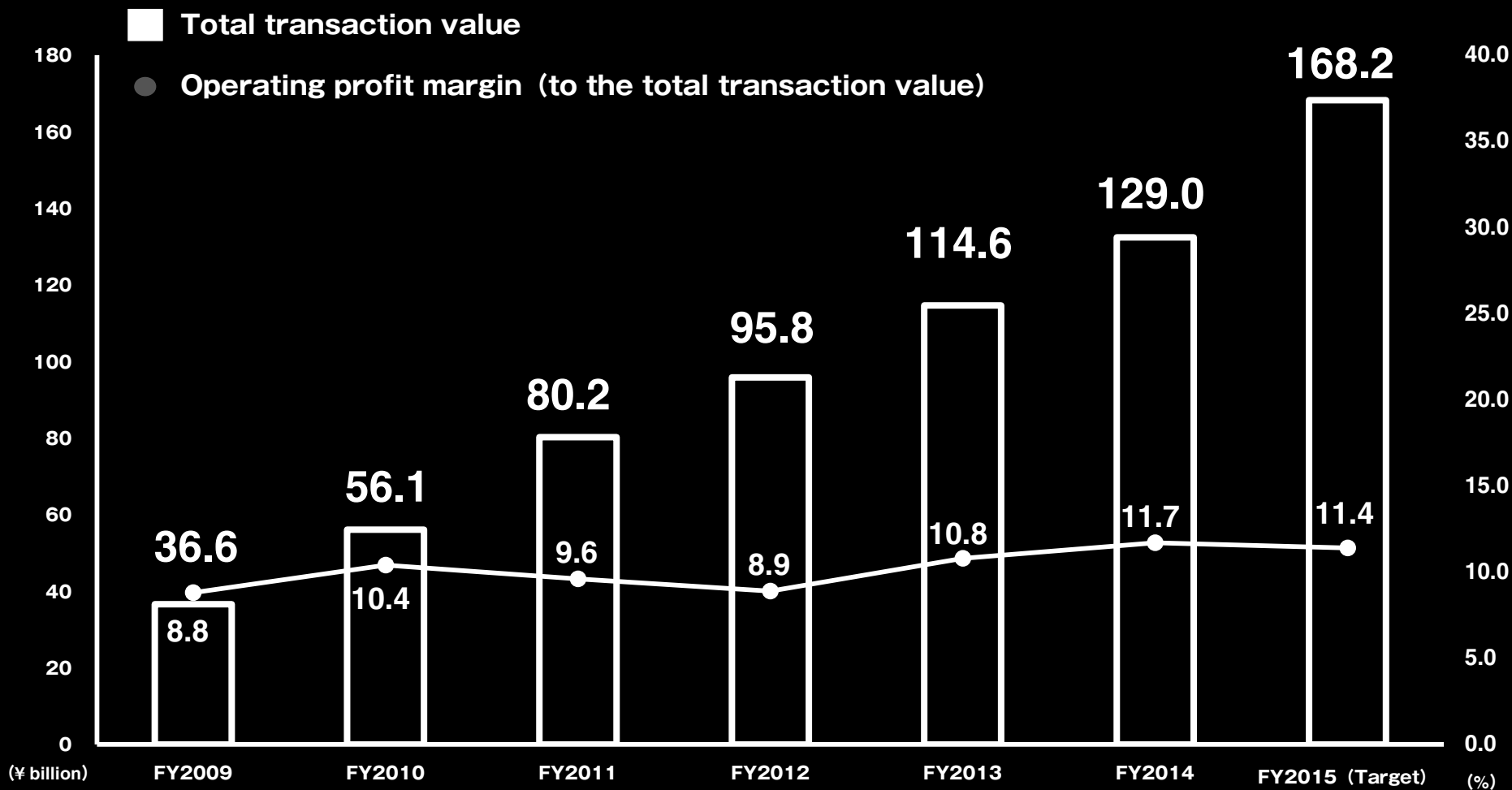
CHANGE OF BUSINESS SEGMENT

33



TRANSACTION VALUE

34



BREAKDOWN OF THE TOTAL TRANSACTION VALUE AND EACH POLICY

35

Start Today Group

Target for Total Transaction Value : 168.2 billion yen
(+30.3%, Yoy)

ZOZOTOWN Business

Target for Total Transaction Value : 153.7 billion yen
(+38.0%, Yoy)

- Consignment Business 145.9 billion yen (+37.5%, Yoy)
- Purchased Stock Business 0.8 billion yen (+2.4%, Yoy)
- ZOZO USED Business 7 billion yen (+57.4%, Yoy)

B to B Business

Target for Total Transaction Value : 11.0 billion yen (-37.9%, Yoy)

Flea Market Business (Newly established)

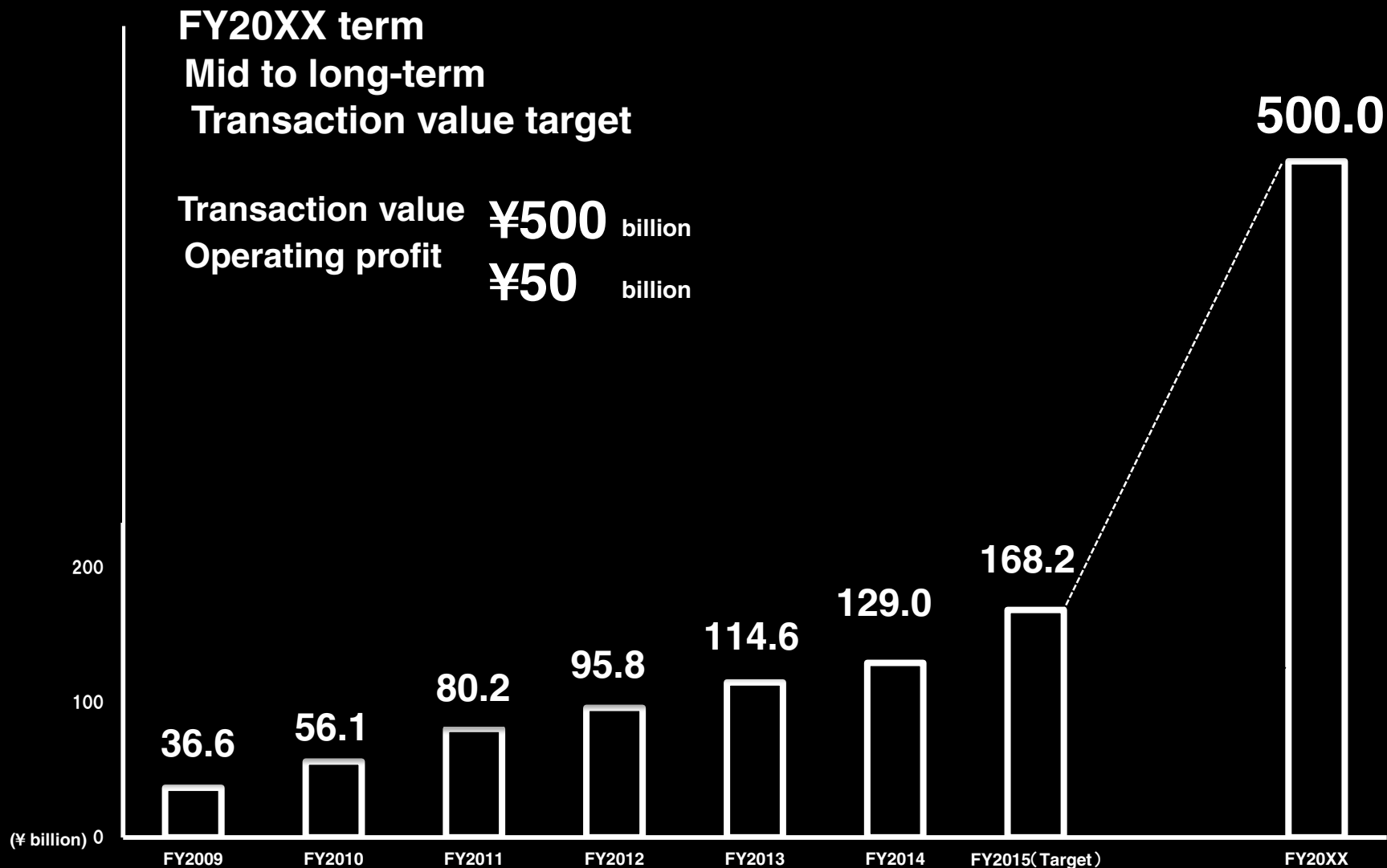
Target for Total Transaction Value : 3.5 billion yen

Operating Profit Margin(to the total transaction value)

The target ratio of consolidated operating profit : 11.4%
(11.7% for FY2013)

FUTURE STRATEGIES

MID TO LONG-TERM VISION



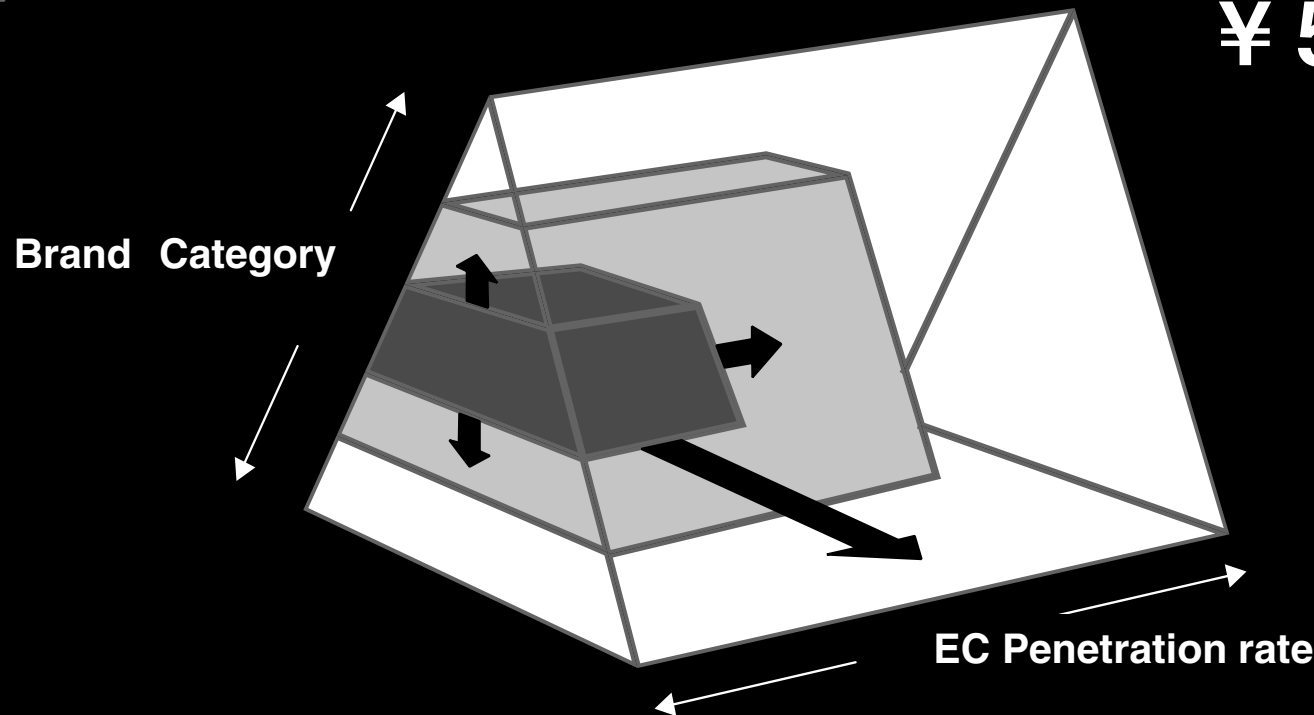
MARKET EXPANSION STRATEGY

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

Transaction Value
mid to long term

¥ 500 billion



PLANS TO ACHIEVE OUR LONG-TERM VISION

- We are not satisfied with a natural growth rate of 10%.
Therefore, plan to work towards solving bottle neck problems of the original business, as well as create new businesses in the fashion area, wanting to achieve our mid to long term target in a shorter period.
- We plan to act accordingly to the Japanese Stewardship Code and the Corporate Governance Code, believing it is a system which will improve corporate value and sustainable growth.
- Rates which shall create new values towards shareholders'

Consolidated ROE : 30%

Consolidated DOE : 15%

**Our policy will value active investments for future growth,
as well as premium redemption to our shareholders.**

REFERENCE DATE

2,628
Brands

642
Employees
(average age 29.3 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.

4,162
Share Holders

3.55 million
Total Buyers
(1 year basis)

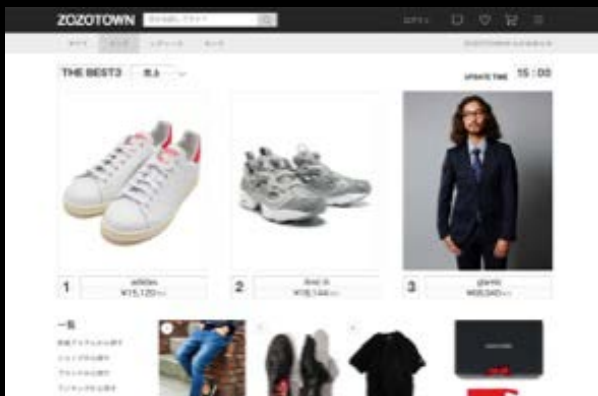
MAJOR SERVICES

42

ZOZOTOWN

Japan's Largest Online Retailer of Apparel and Accessories

- 686 stores offering 2,628 brands.
- At any given time, more than 300,000 items are available with an average of 1,600 new items added each day.
- System, design, to fulfillment, all functions are built in house.



ZOZOTOWN <http://zozo.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 system 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 5 million downloads, as well as 2million coordinate pics uploaded.
- Now available all over the world.



BUSINESS MODEL

ZOZOTOWN Business

Consignment Sales

We operate 656 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 30 original stores within ZOZOTOWN, which offer products we purchase from brands.

Sales include = Transaction value generated by each store

ZOZOUSED

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

Sales include

= Transaction value generated by each store

B to B Business

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

We currently provide back-end service to 33 stores.

Sales include

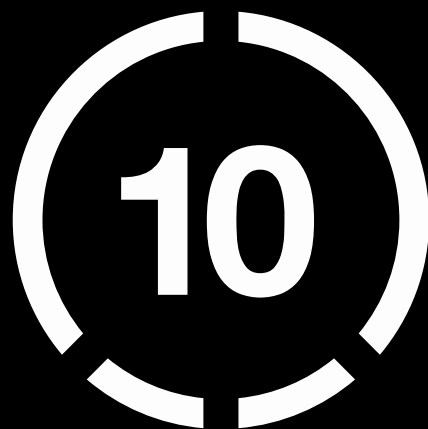
= Transaction value of these online shops x commission rate

*Our total sales volume consists including fee revenues from others, (such as shipping and costs for opening).

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.



ZOZOTOWN

Thank you 10 years