

# 3Q

# FY2015

**CONSOLIDATED  
BUSINESS RESULTS  
APRIL1,2015-DECEMBER31,2015**



START TODAY CO.,LTD.

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# FY2015 3Q HIGHLIGHTS

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- Overview**
- Total Transaction Value : 111,941 million yen (+21.5%, Yoy)
  - Operating Profit : 11,744 million yen (+10.3%, Yoy)
- We are not giving up.
- 

- Total Transaction Value**
- ZOZOTOWN Business Total Transaction Value 101,341 million yen (+27.7%, Yoy)
- We were not effected by the external environment.
- Consignment Business: 95,582 million yen (+25.9%, Yoy)
  - Purchased Stock Business : 515 million yen (+4.4%, Yoy)
  - ZOZOUSED Business: 5,242 million yen (+76.2%, Yoy)
- Average retail price is 5,939 yen ( -12.5%,Yoy)
- Average purchase amount is 10,651 yen (-12.2%Yoy)
- B to B Business : 10,593 million yen (-16.8%, Yoy) → In-line with the corporate plan.
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- Profitability**
- Operating profit margin (to total transaction value) : 10.5% (11.6% for FY2014 3Q).
- Factors improving profitability : Increase in gross margin ratio,  
as well as the declined ratio of fixed costs.
- Factors worsening profitability : Increase in the percentage of same day shipping volume,  
as well as spending more on promotions.
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- Topics**
- Launched the fee-based membership services, "ZOZO Premium" and "ZOZO Platinum" (November,2015)
  - Start-up of our new company, "Start Today Engineering" (December,2015)
  - Launched the fashion flea-market App, "ZOZO FURIMA" (December,2015)

**BUSINESS  
PERFORMANCE  
FY2015 3Q  
CONSOLIDATED  
BUSINESS RESULTS  
APRIL1,2015-  
DECEMBER31,2015**

# OVERVIEW OF THE FY2015 3Q

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(million¥)

Item	FY2014 3Q	FY2015 3Q	YoY Change(%)	Target	Progress Rate(%)
<b>Transaction value</b>	<b>92,112</b>	<b>111,941</b>	<b>+21.5%</b>	<b>168,200</b>	<b>66.6%</b>
<b>Net sales</b>	<b>29,253</b>	<b>37,750</b>	<b>+29.0%</b>	<b>53,800</b>	<b>70.2%</b>
<b>Gross profit</b>	<b>27,672</b>	<b>34,836</b>	<b>+25.9%</b>	-	-
(% Transaction Value)	<b>30.0%</b>	<b>31.1%</b>	<b>+1.1%</b>	-	-
<b>SG&amp;A</b>	<b>17,020</b>	<b>23,092</b>	<b>+35.7%</b>	-	-
(% Transaction Value)	<b>18.5%</b>	<b>20.6%</b>	<b>+2.1%</b>	-	-
<b>Operating profit</b>	<b>10,652</b>	<b>11,744</b>	<b>+10.3%</b>	<b>19,140</b>	<b>61.4%</b>
(% Transaction Value)	<b>11.6%</b>	<b>10.5%</b>	<b>-1.1%</b>	<b>11.4%</b>	-
<b>Recurring profit</b>	<b>10,699</b>	<b>11,898</b>	<b>+11.2%</b>	<b>19,160</b>	<b>62.1%</b>
<b>Profit attributable to owners of parent</b>	<b>6,879</b>	<b>7,927</b>	<b>+15.2%</b>	<b>12,520</b>	<b>63.3%</b>

# OVERVIEW OF EACH QUARTER

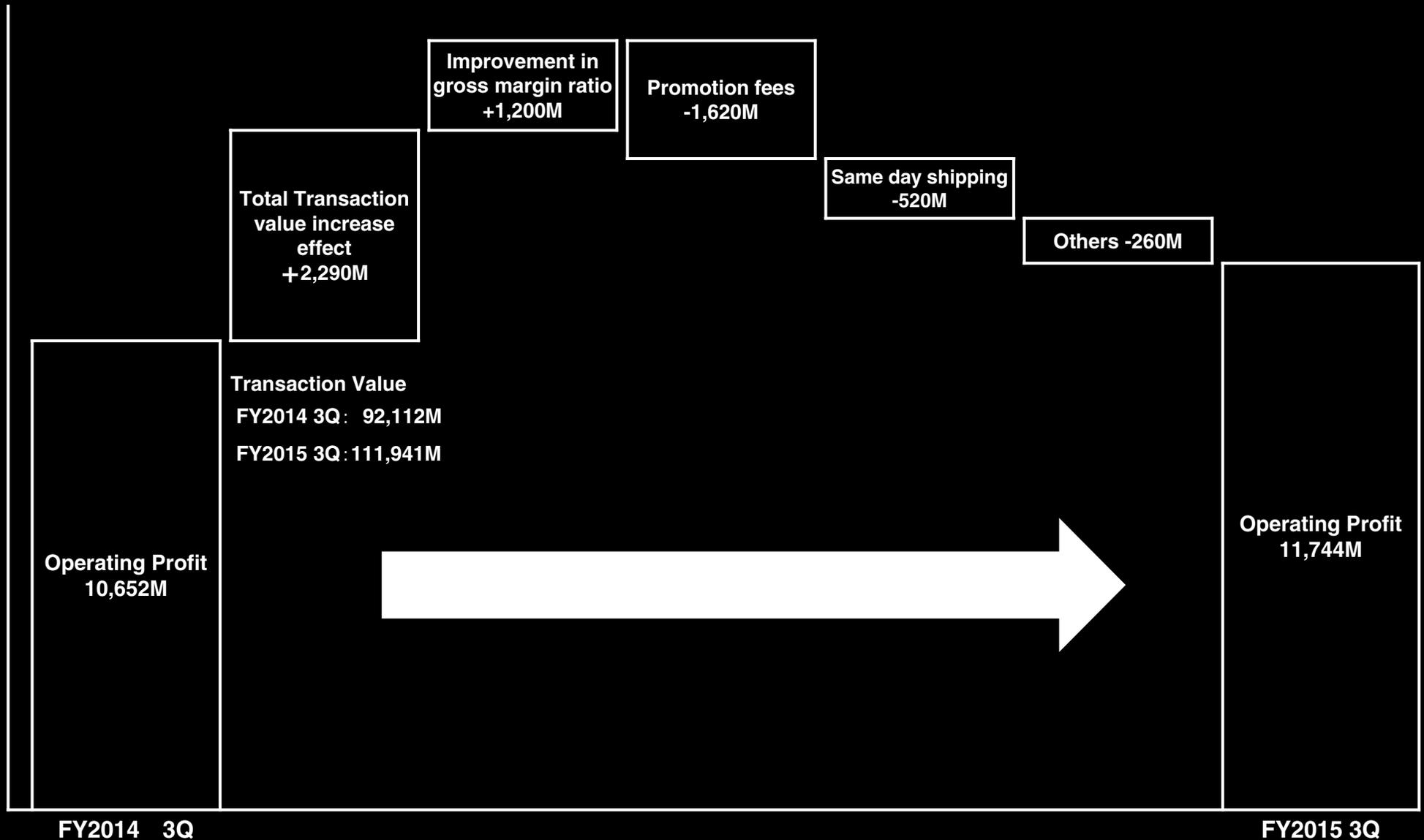
4

(million¥)

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

# INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)

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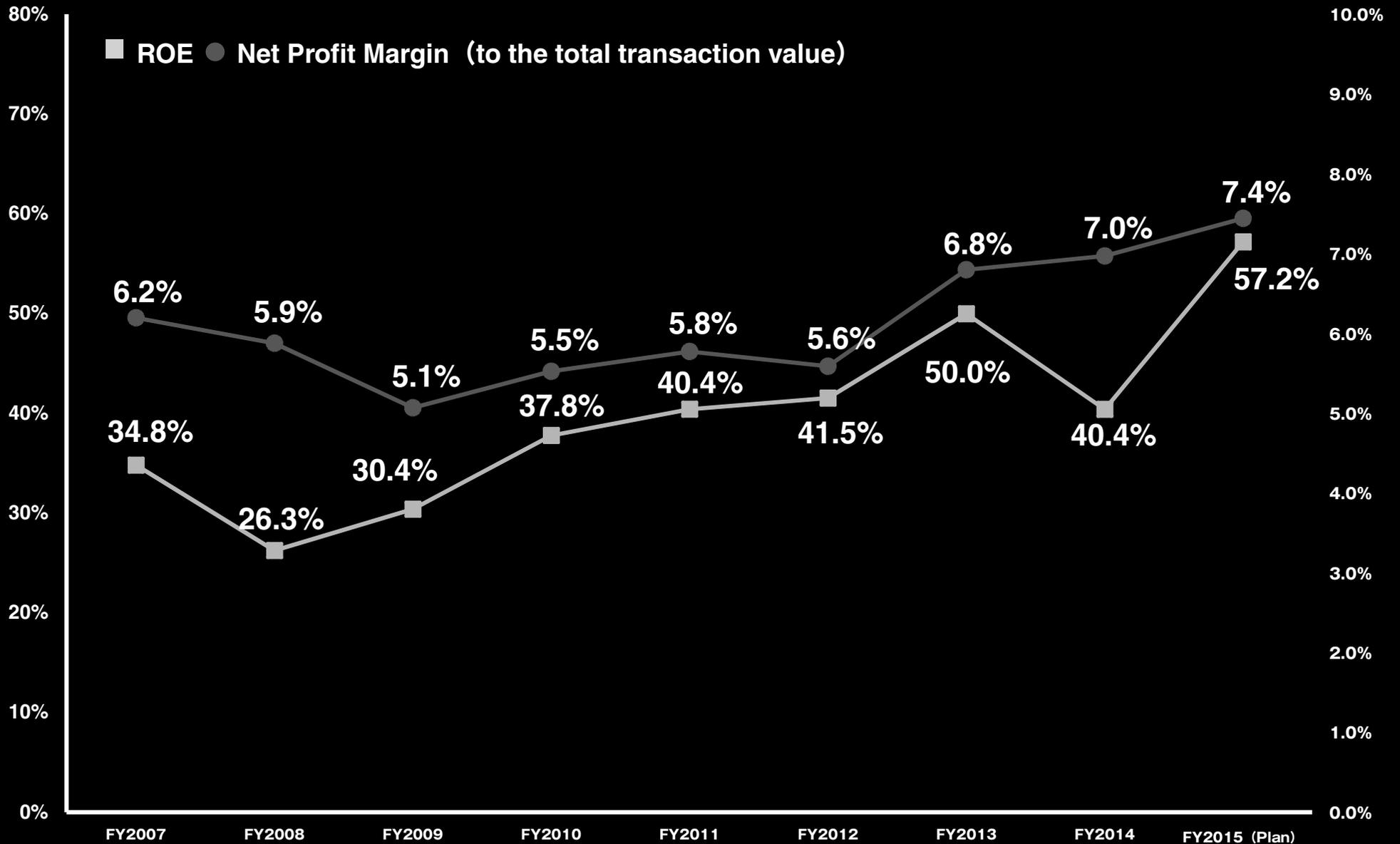
# CONSOLIDATED BALANCE SHEET

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(million¥)

	FY2014 (as of March 31, 2015)	FY2015 3Q (as of December 31, 2015)		FY2014 (as of March 31, 2015)	FY2015 3Q (as of December 31, 2015)
<b>Current assets</b>	<b>35,296</b>	<b>22,390</b>	<b>Current liabilities</b>	<b>13,744</b>	<b>16,141</b>
Cash and deposits	24,713	6,243	Deposit received for consignment sales	6,719	10,333
Merchandise inventory	530	1,319	<b>Noncurrent liabilities</b>	<b>1,362</b>	<b>1,613</b>
<b>Noncurrent assets</b>	<b>6,055</b>	<b>9,281</b>	<b>Total liabilities</b>	<b>15,106</b>	<b>17,755</b>
Tangible assets	2,819	3,285	Shareholders' equity	25,504	13,351
Intangible assets	1,440	3,513	Treasury stock	-2,817	-12,647
Investments and other assets	1,795	2,482	<b>Total net assets</b>	<b>26,244</b>	<b>13,917</b>
<b>Total assets</b>	<b>41,351</b>	<b>31,672</b>	<b>Total liabilities and net assets</b>	<b>41,351</b>	<b>31,672</b>

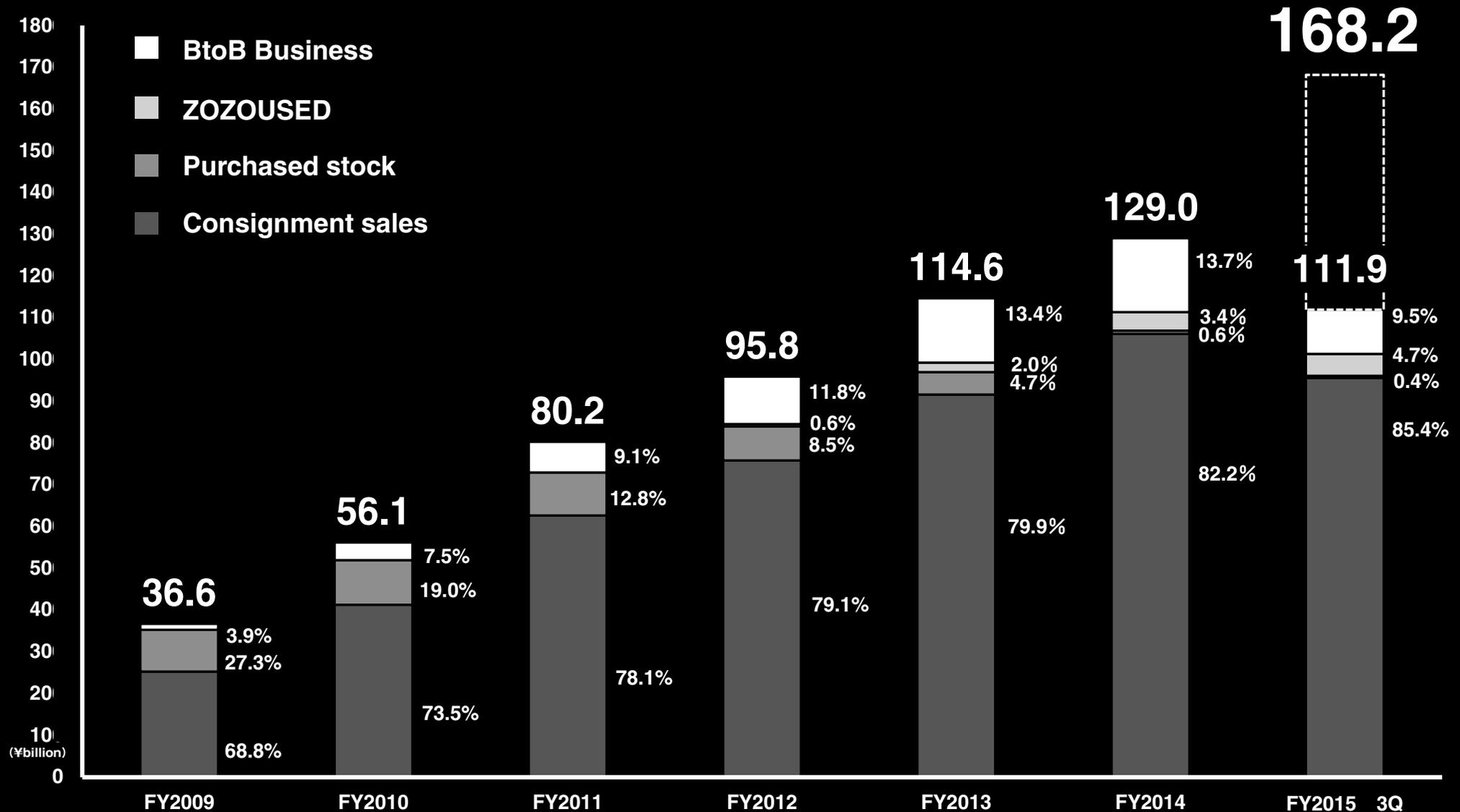
# ROE AND NET PROFIT MARGIN



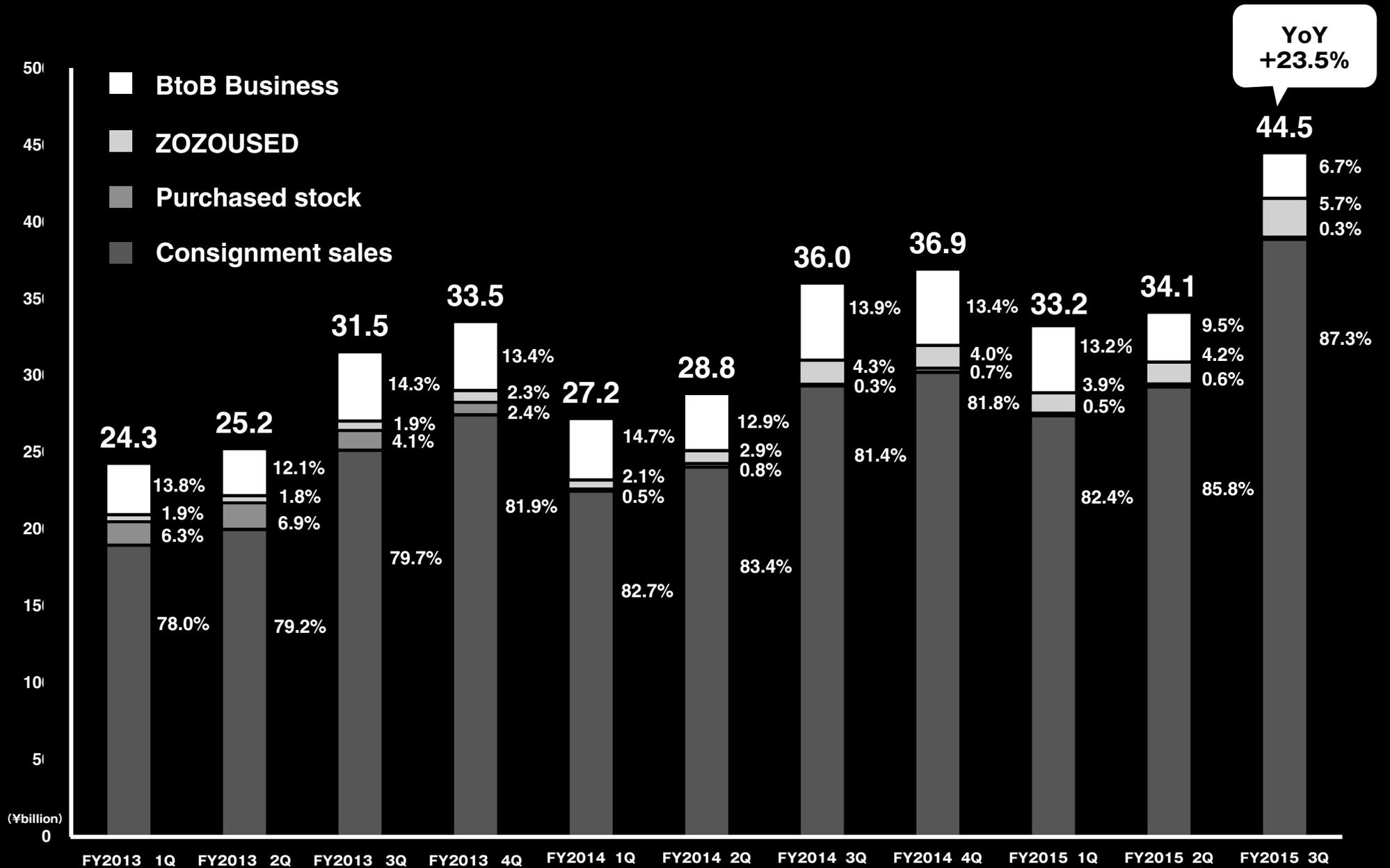
# TRANSACTION VALUE

## Gross transaction value of new shops opened in FY2015

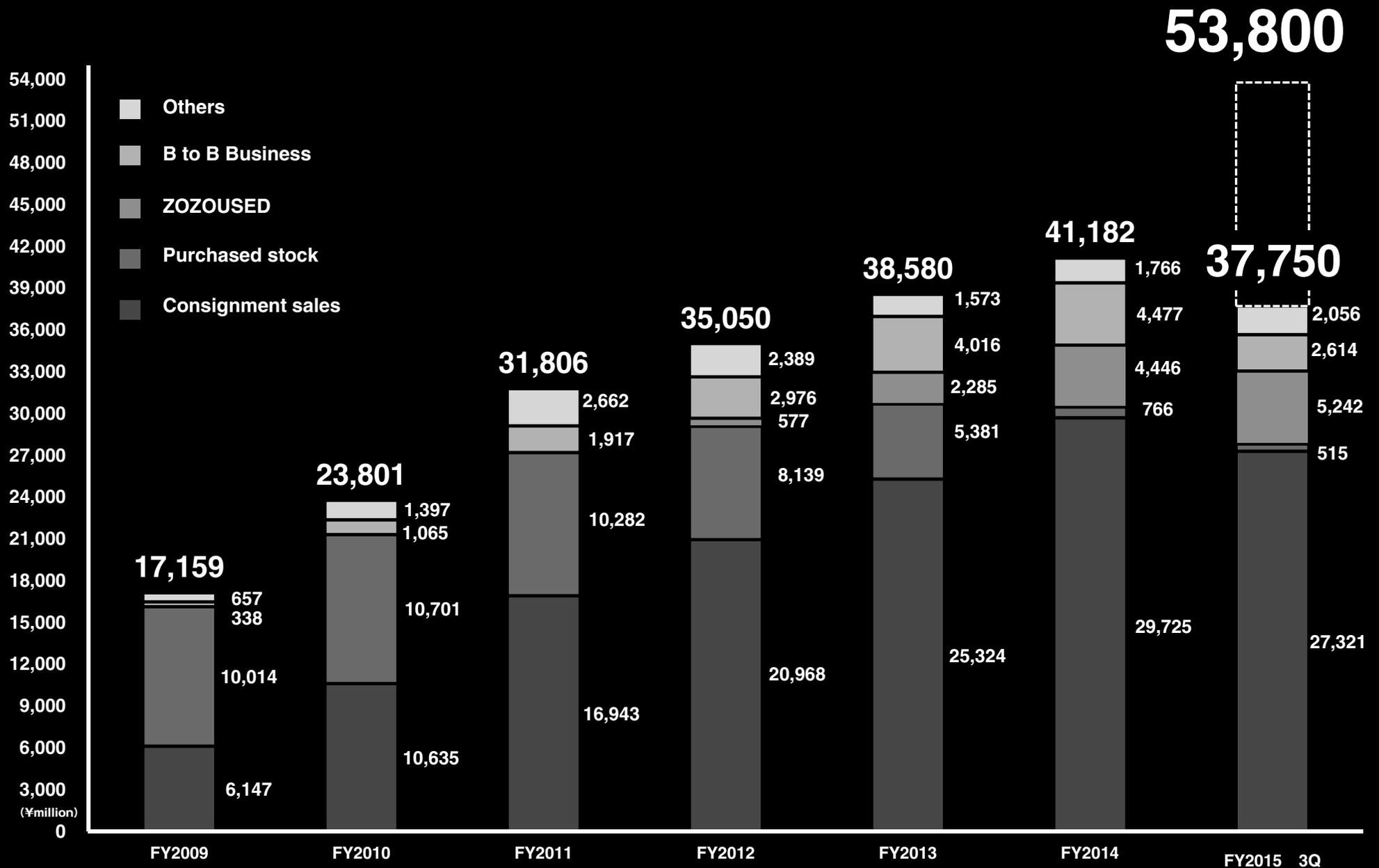
ZOZOTOWN Business ( purchased stock & consignment sales ) : ¥ 4,033 million (accounts for 4.0% of the total)



# TRANSACTION VALUE (QUARTERLY)



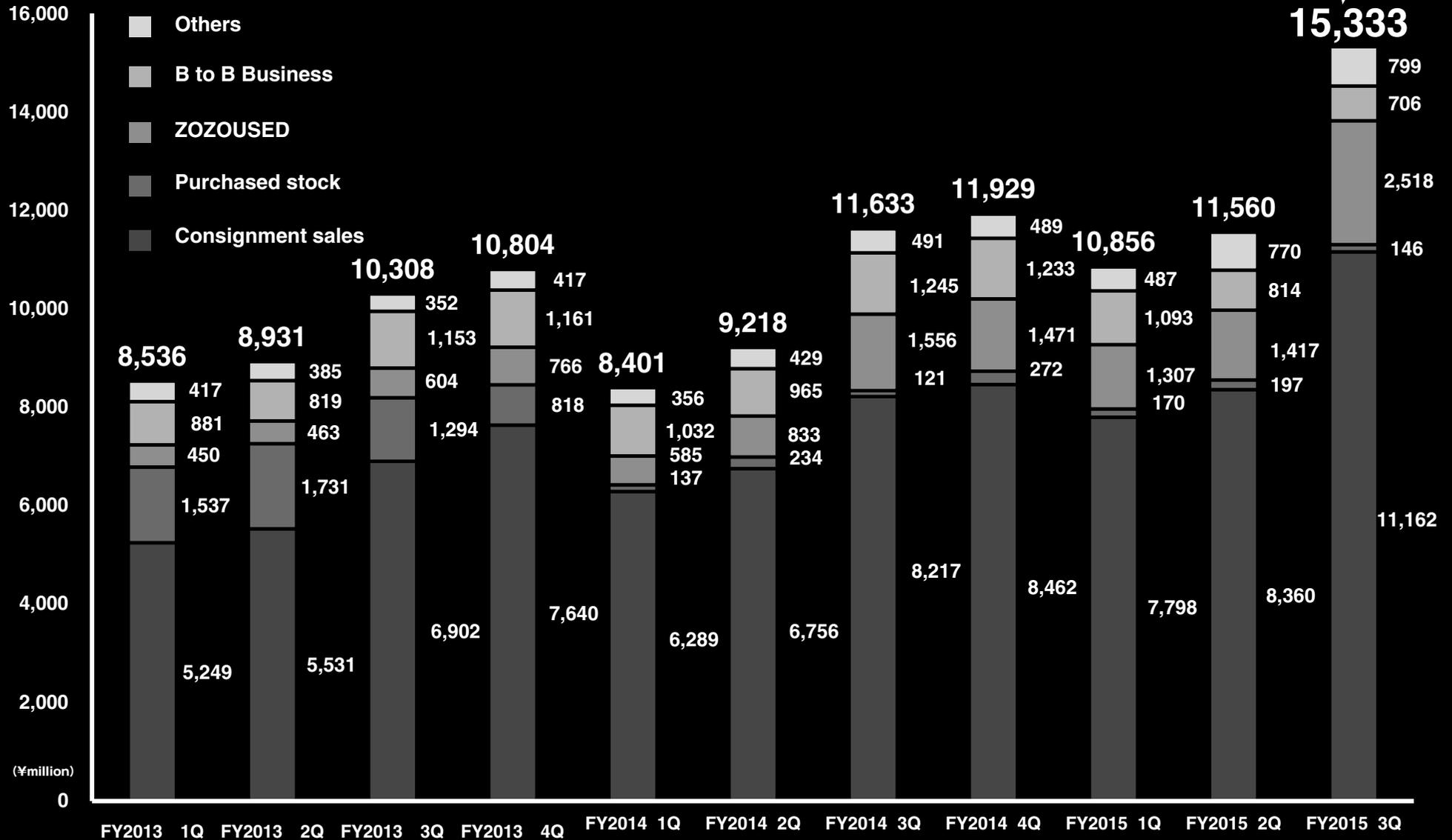
# NET SALES



# NET SALES (QUARTERLY)

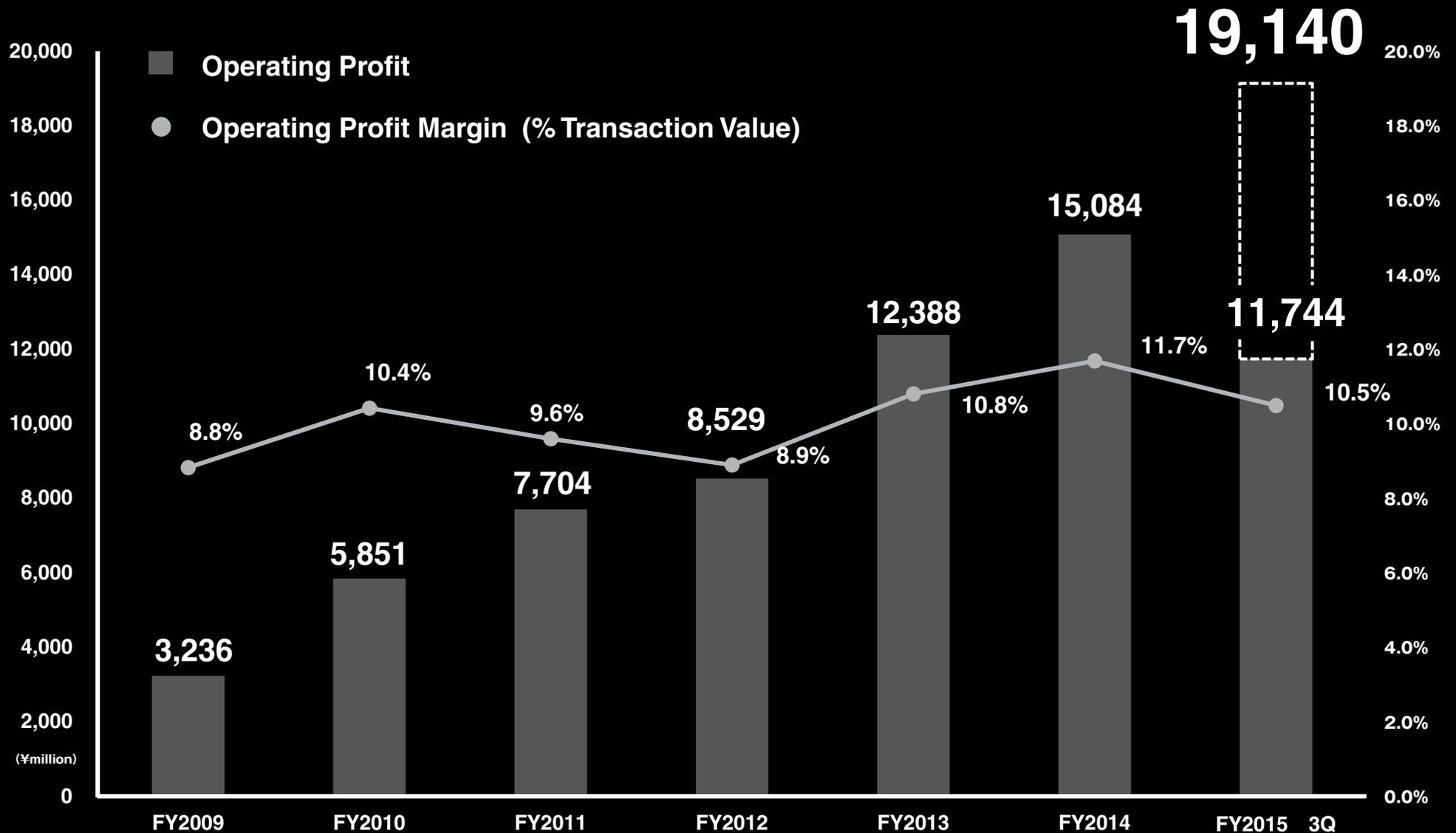
11

YoY  
+31.8%



# OPERATING PROFIT AND OPERATING PROFIT MARGIN

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# SELLING, GENERAL AND ADMINISTRATIVE (SG & A ) EXPENSES

13

(million ¥)

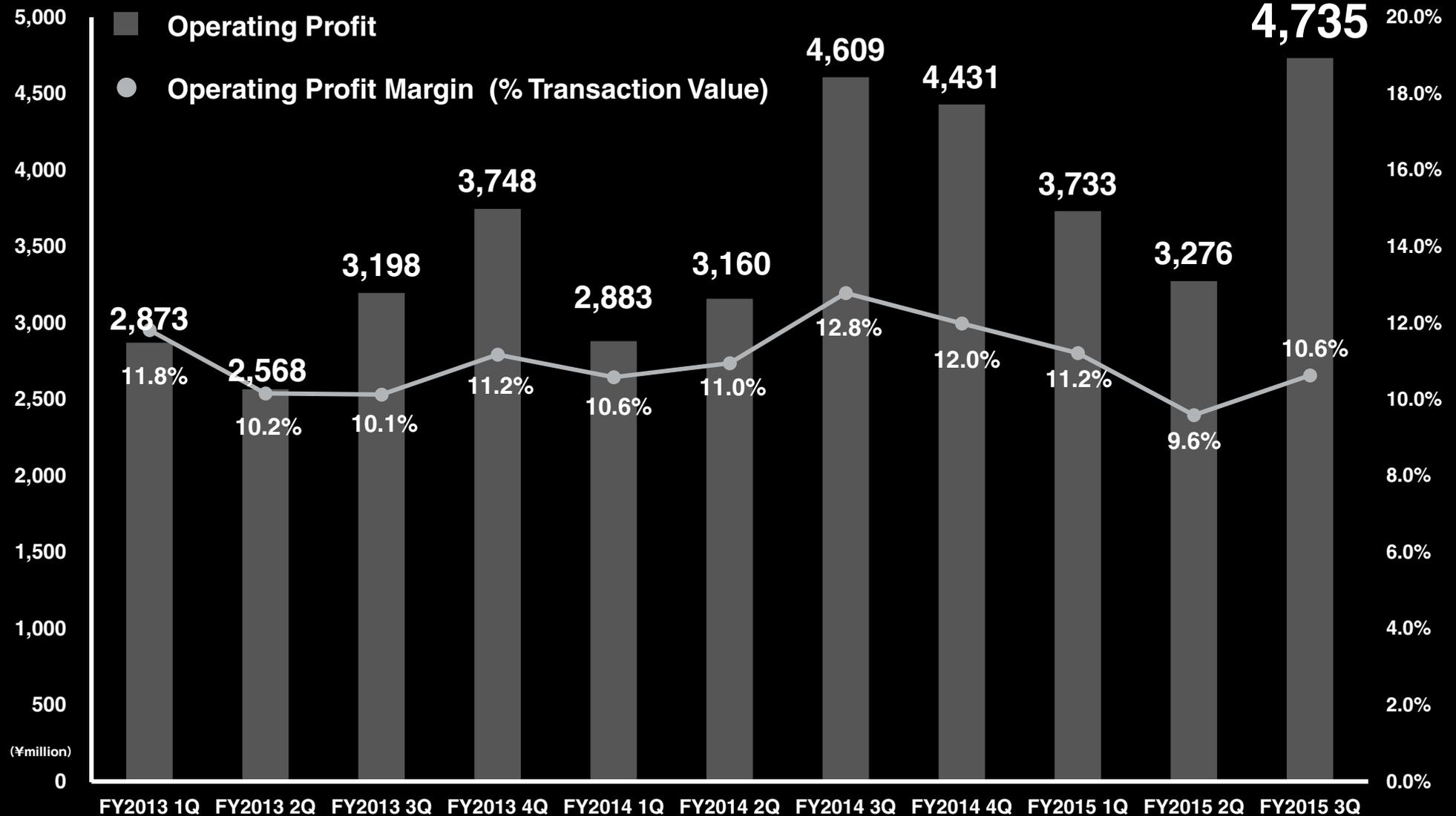
item	FY2014 3Q		FY2015 3Q		YoY change	Increase decrease factors
	Amount	%Transaction value	Amount	%Transaction value	%Transaction value	
Payroll(*)	4,449	4.8%	5,689	5.1%	0.3%	The number of employees in our group has grown from 631 as of December, 2014 to 786 as of December, 2015, due to the grouping of YAPPA Corporation and aratana Inc, as well as corresponding to the increased amount of inventory received.
Shipping	3,362	3.6%	4,607	4.1%	0.5%	Increase of cost burden from same day shipping services. Increase in the amount of purchase assessments for the ZOZOUSED business.
Commission of Payment collection	2,231	2.4%	2,710	2.4%	0.0%	
Promotion related expenses	1,202	1.3%	3,088	2.8%	1.5%	
Advertising	480	0.5%	1,441	1.3%	0.8%	TV commercials, Retargeting Ads
Reward points related expenses	721	0.8%	1,646	1.5%	0.7%	Holding efficient point typed promotions.
Outsourcing	1,906	2.1%	2,040	1.8%	-0.3%	
Rent expense	1,273	1.4%	1,317	1.2%	-0.2%	
Depreciation	577	0.6%	544	0.5%	-0.1%	
Amortization of goodwill	277	0.3%	529	0.5%	0.2%	Crown Jewel, Inc, YAPPA Corporatin (October, 2014~) aratana Inc. (July, 2015~)
Others	1,739	1.9%	2,563	2.3%	0.4%	Cost burden from the black box packaging. Increase in the amount of purchase assessments for the ZOZOUSED business.
<b>Total SG&amp;A</b>	<b>17,020</b>	<b>18.5%</b>	<b>23,092</b>	<b>20.6%</b>	<b>2.1%</b>	

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

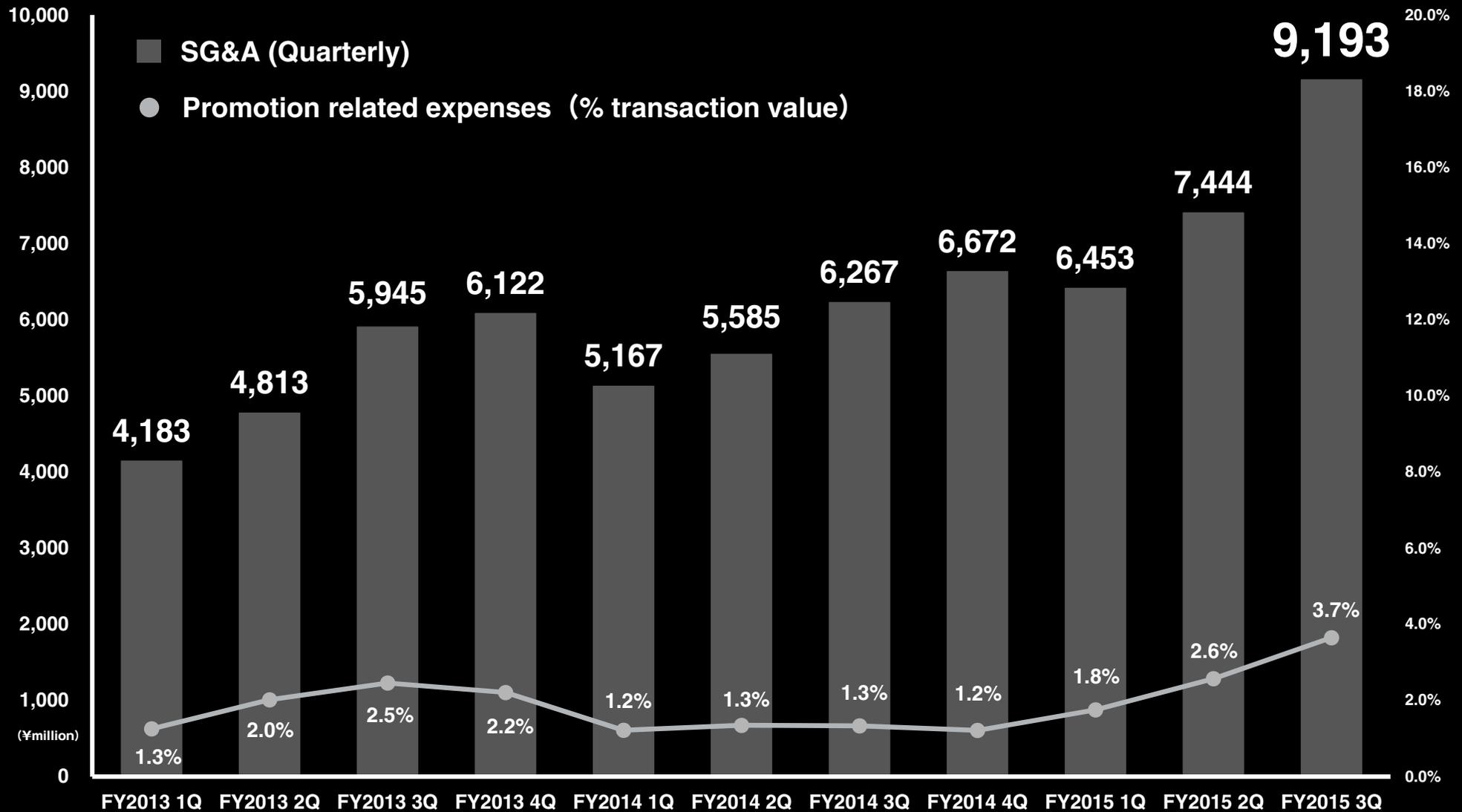
# OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)

14

YoY  
+2.7%



# SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES



# OVERVIEW OF SG & A BY EACH QUARTER

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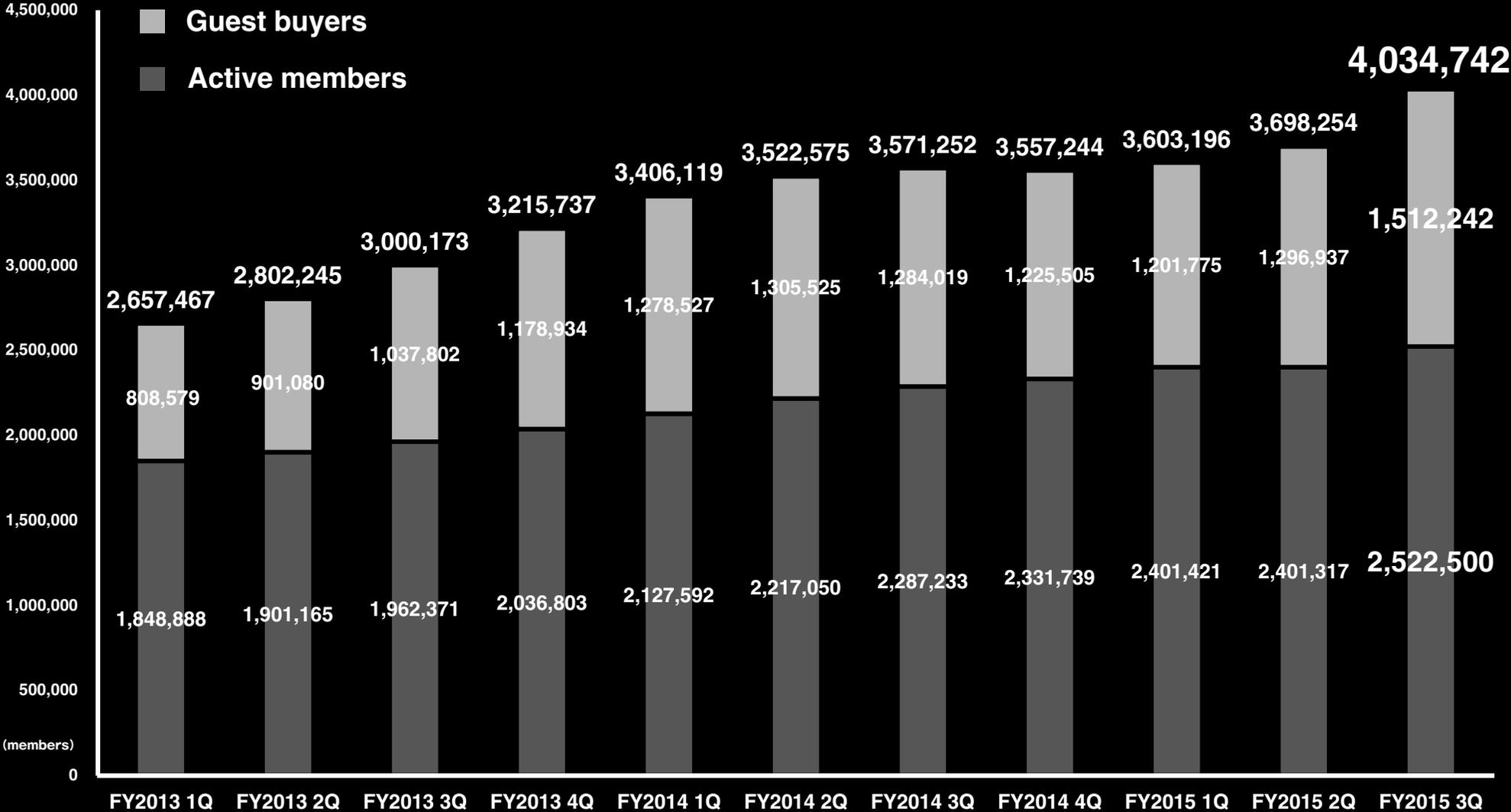
(million ¥)

Item	FY2014								FY2015					
	1Q		2Q		3Q		4Q		1Q		2Q		3Q	
	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%
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%
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%
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%
Advertising	123	0.5%	142	0.5%	213	0.6%	160	0.4%	183	0.6%	148	0.4%	1,109	2.5%
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%
Outsourcing	586	2.2%	607	2.1%	713	2.0%	651	1.8%	646	1.9%	655	1.9%	738	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%
Depreciation	183	0.7%	192	0.7%	201	0.6%	208	0.6%	165	0.5%	176	0.5%	202	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%
Others	488	1.8%	567	2.0%	682	1.9%	655	1.8%	696	2.1%	880	2.6%	987	2.2%
<b>Total SG&amp;A</b>	<b>5,167</b>	<b>19.0%</b>	<b>5,585</b>	<b>19.4%</b>	<b>6,267</b>	<b>17.4%</b>	<b>6,672</b>	<b>18.1%</b>	<b>6,453</b>	<b>19.4%</b>	<b>7,444</b>	<b>21.8%</b>	<b>9,193</b>	<b>20.6%</b>

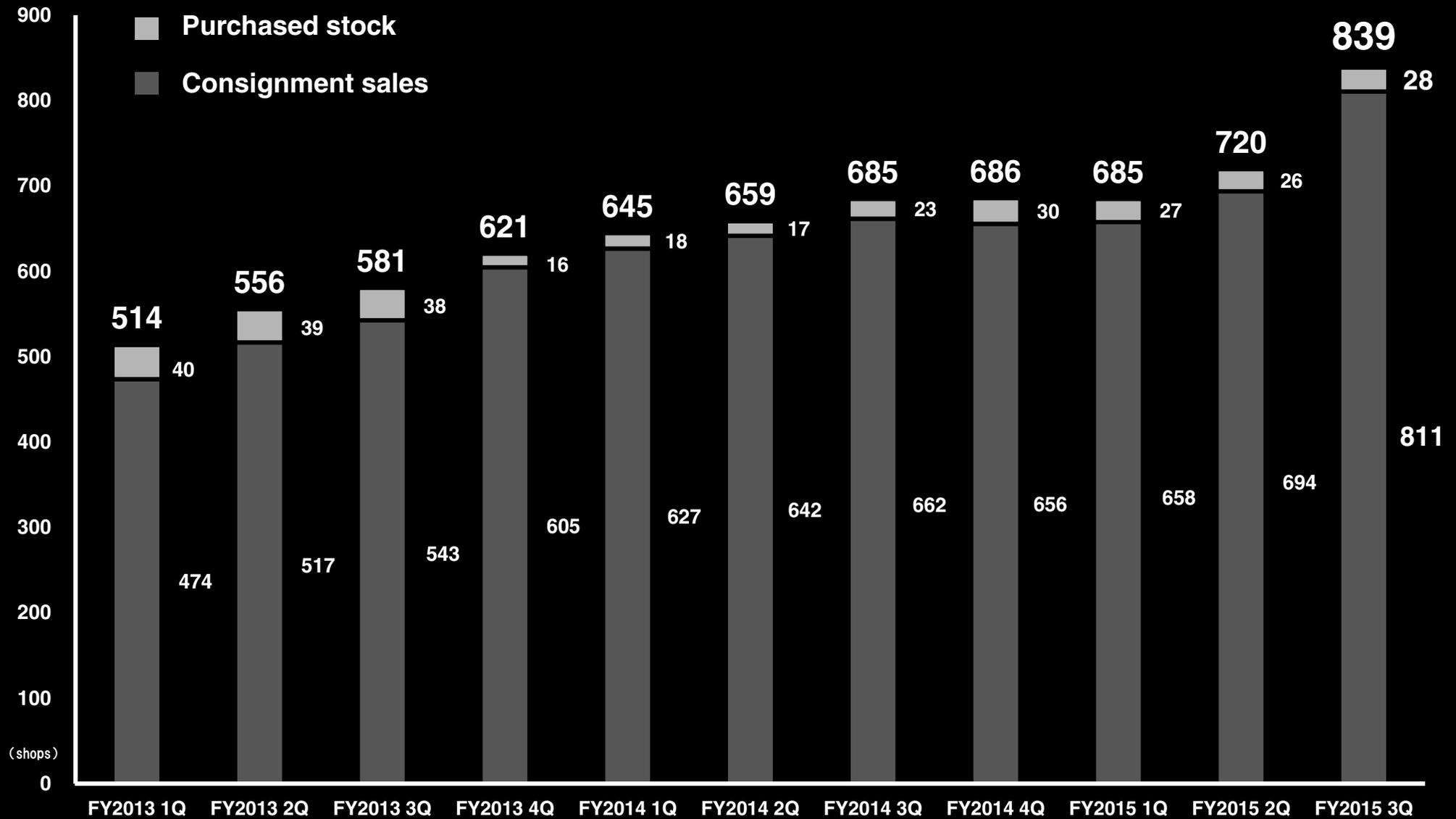
※Payroll includes salaries, bonuses, legal welfare expenses, welfare expenses, provision for retirement benefits, provision for bonuses, provision for directors' retirement benefits and subcontracting payroll

# 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

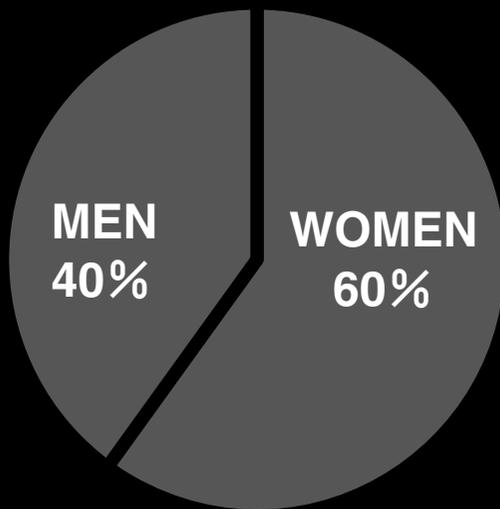


# NUMBER OF SHOPS OF MALL BUSINESS

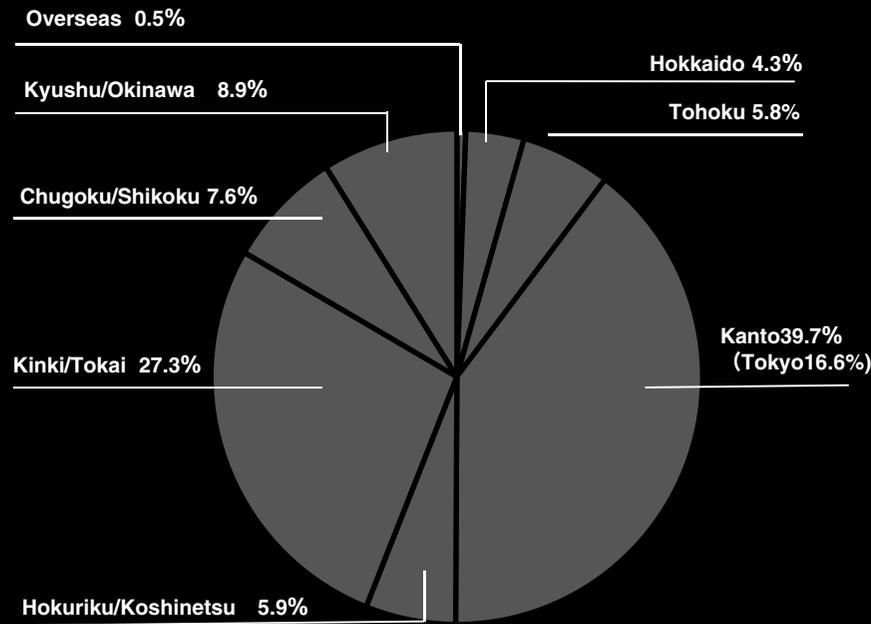


# MEMBER DISTRIBUTION

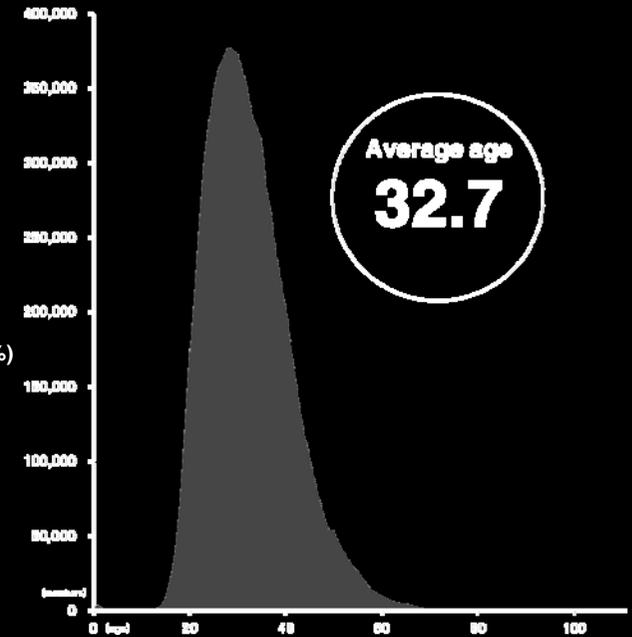
■ Gender ratio



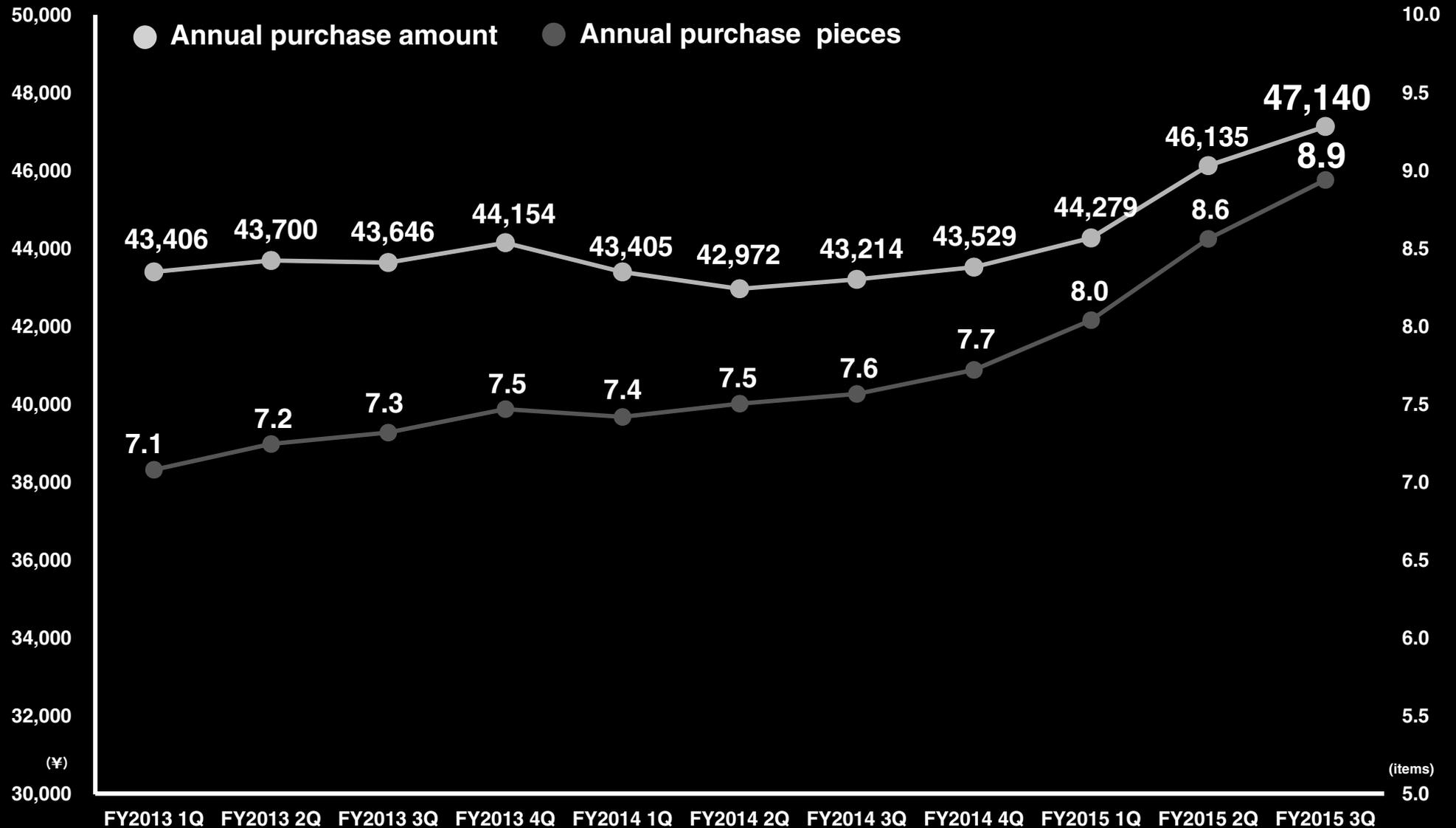
■ Geographical distribution



■ Age distribution

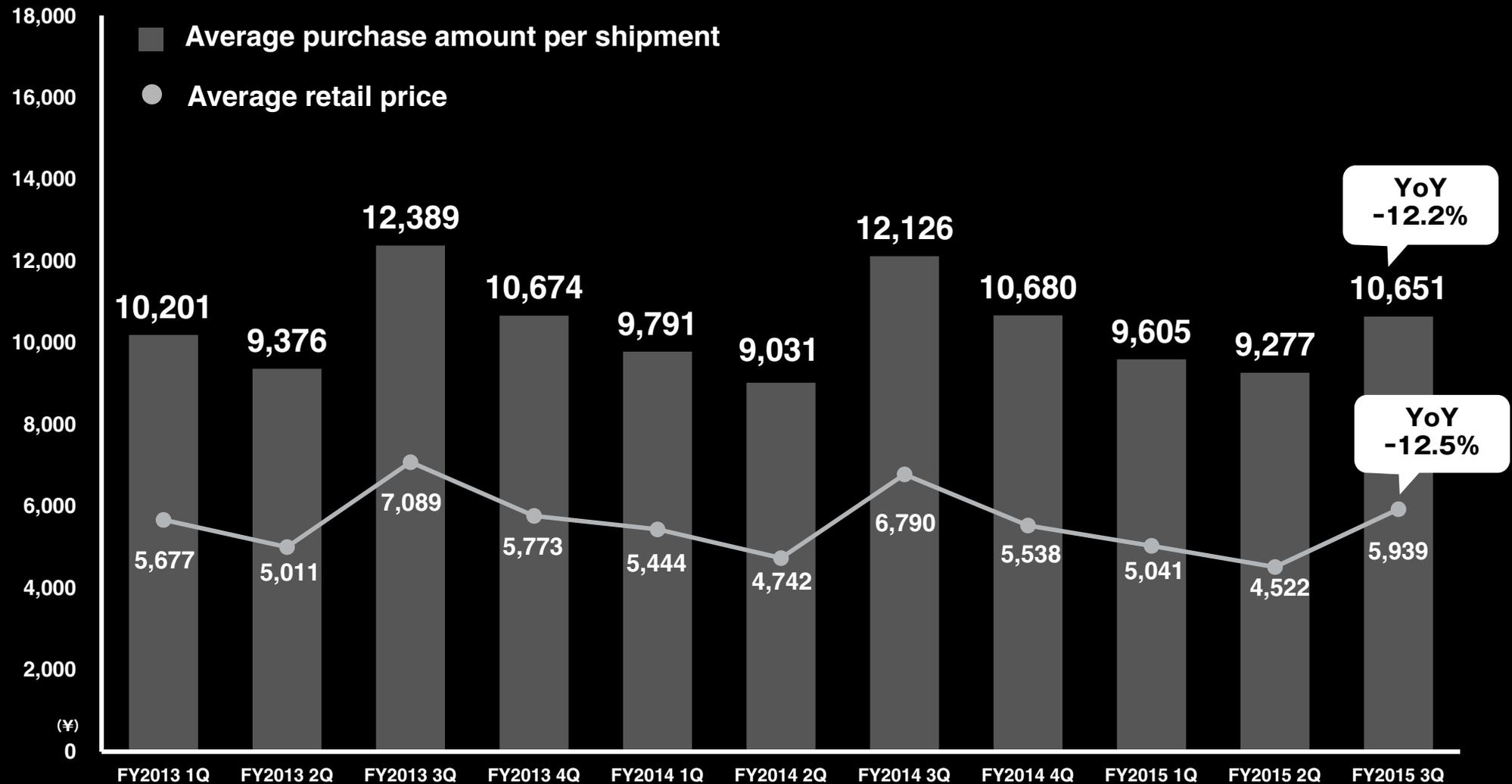


# ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER

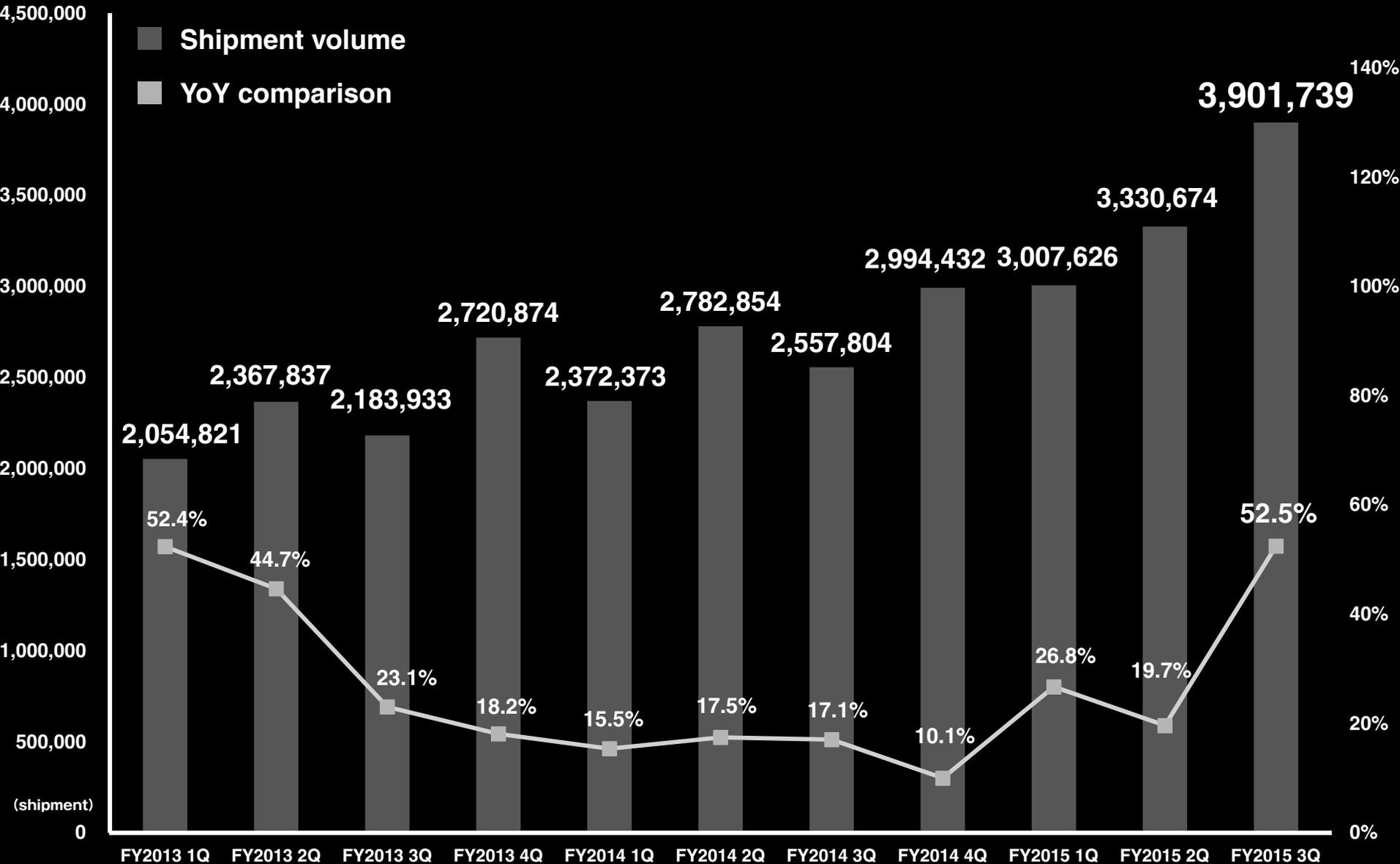


# AVERAGE PURCHASE AMOUNT PER SHIPMENT AND AVERAGE RETAIL PRICE

Average purchase amount per shipment = Transaction value / Number of shipments (ZOZOTOWN Business)

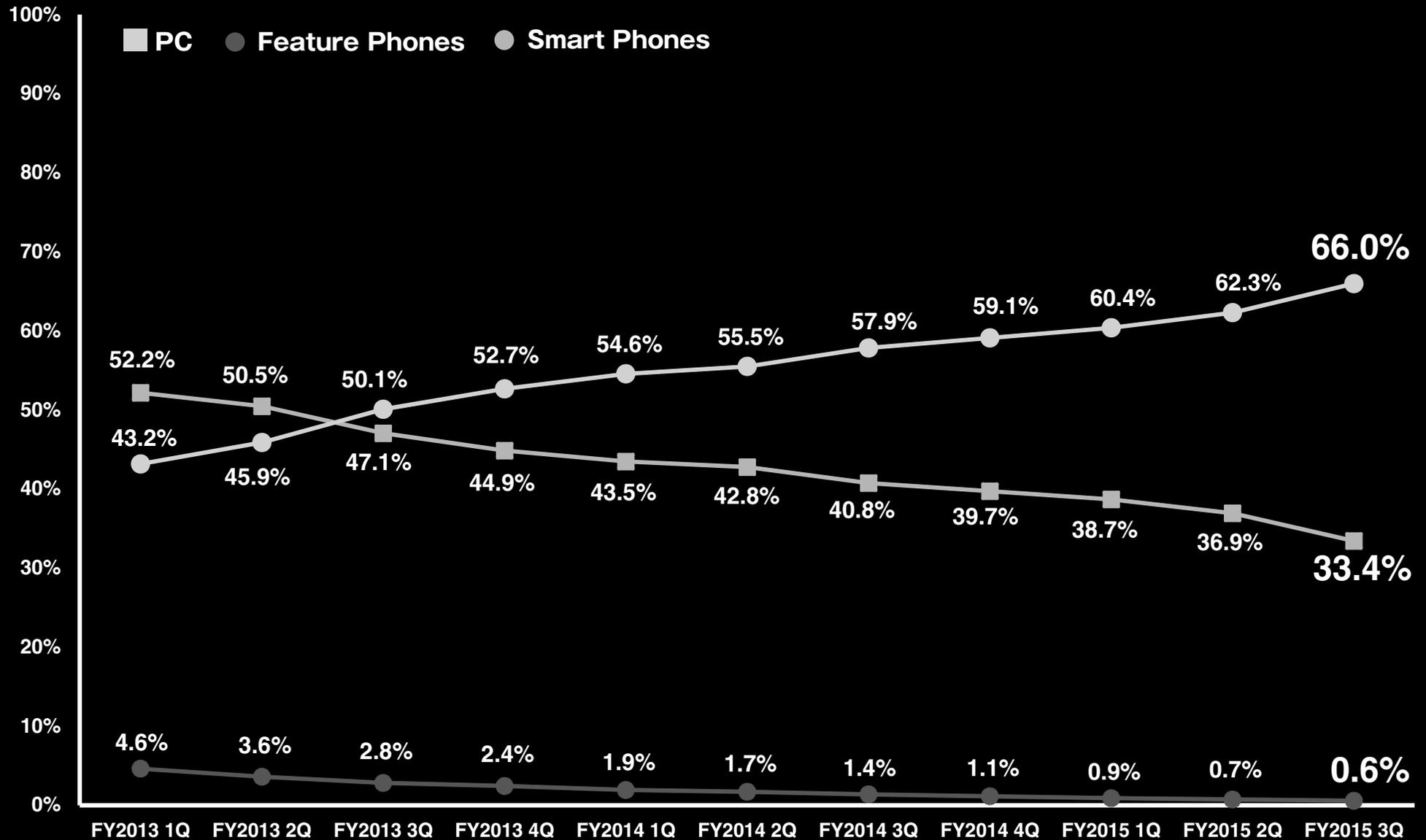


# NUMBER OF SHIPMENTS



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

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# EFFORTS TOWARDS ACCELARATING THE TOTAL TRANSACTION VALUE

	Contents	Going Forward
Demand Side	Enriching the coordinate reviews	Planning to increase the coverage of coordinate pics due to the favorable reputation
	Improving CVR	Improving the shopping cart, item recommend function, as well as the UI of main pages.
	Upgraded our strategy to CFM2.0	We have replaced the current system to a newer one that is based on the diversified life styles as well as usage scenes. by creating an on communication optimized system.
	Active promotions	Working with the brands by giving out coupons, as well as continuing the re-targeting web ads in a efficient method.
	Accelerating the number of shop openings	Planning to welcome 250 shops by March, 2015.
	Offering fee-based membership services	From November, 2015, we will start "ZOZO Premium/ZOZO Platinum" which are fee-based membership services. Same day shipping services will start in the Chukyo area, adding to the Tokyo and Osaka areas. (Covering 65% of our geographics)
Supply Side	Optimizing inventory	By creating a method based on the logic, we plan to search for advantages on the brand side as well.

# MAIN PROMOTION FOR FY2015

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## Main project

- Holding Hyper Sales
- Brand coupons every day in rotation
- TV commercials



11月21日  
日替わり  
クーポン

# 本日限り ¥1,000 OFF

利用期限：11月21日(土)23:59まで!

LOWRYS FARM / GLOBAL WORK / JEANASIS  
LEPSIM LOWRYS FARM / RAGEBLUE / HARE  
BLISS POINT / apart by lowrys / studio CLIP  
niko and... / BAYFLOW / Heather / Andemiu  
BARNYARDSTORM / BABYLONE  
Salon de la Trinite' / D'issy

(Ex) Daily special coupons



1,000ブランド以上の  
秋冬新作が最大半額!!!

# ハイパー セール開催

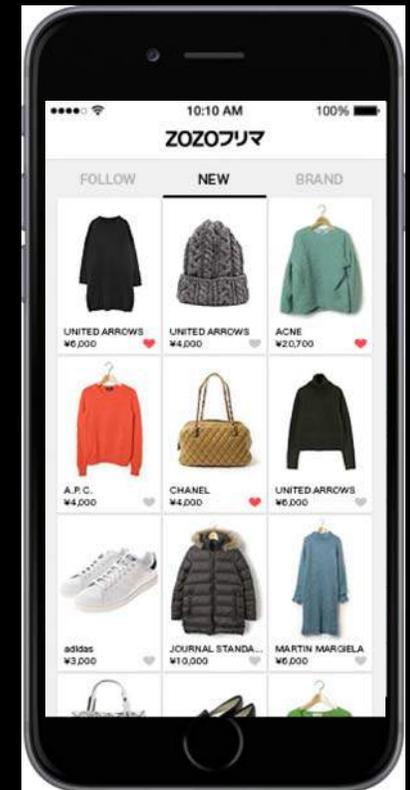
セール会場はこちら

Hyper Sales : November 17<sup>th</sup> ~ November 30<sup>th</sup>

# LAUNCHED THE FASHION FLEA MARKET APP “ZOZOFURIMA”

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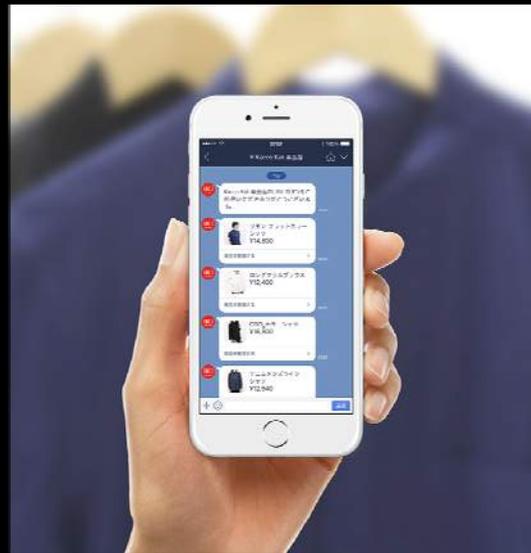
- Users are able to use the product information on ZOZOTOWN as well as WEAR to upload their items, without having to type in specific details.
- By linking ZOZOTOWN ID's and WEAR ID's, users are able to select items they would like to sell based on their purchase history or the closet function on WEAR, which adds a whole new convenience compared to the existing flea-market Apps.
- Items upload for sale by our users on the flea-market App, are also viewable on the ZOZOTOWN platform as “flea-market items”



# START TODAY AND LINE TIE-UP FOR THE FASHION BEACON BUSINESS

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- Offering collaborated services using the button shaped beacon and the LINE business account.
- Plans to offer services through LINE just by pressing the beacon button.



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# **RESTRUCTURING START TODAY ENGINEERING Co., Ltd**

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- **Gathering all of our 100 engineers and designers from START TODAY and YAPPA, we will make efforts towards building system structure/Web designing/enhancing CRM.**
- **Optimizing group projects, sharing know-how between the companies, improving technological strength, as well as enhancing recruitment.**
- **Focusing on research and development.**

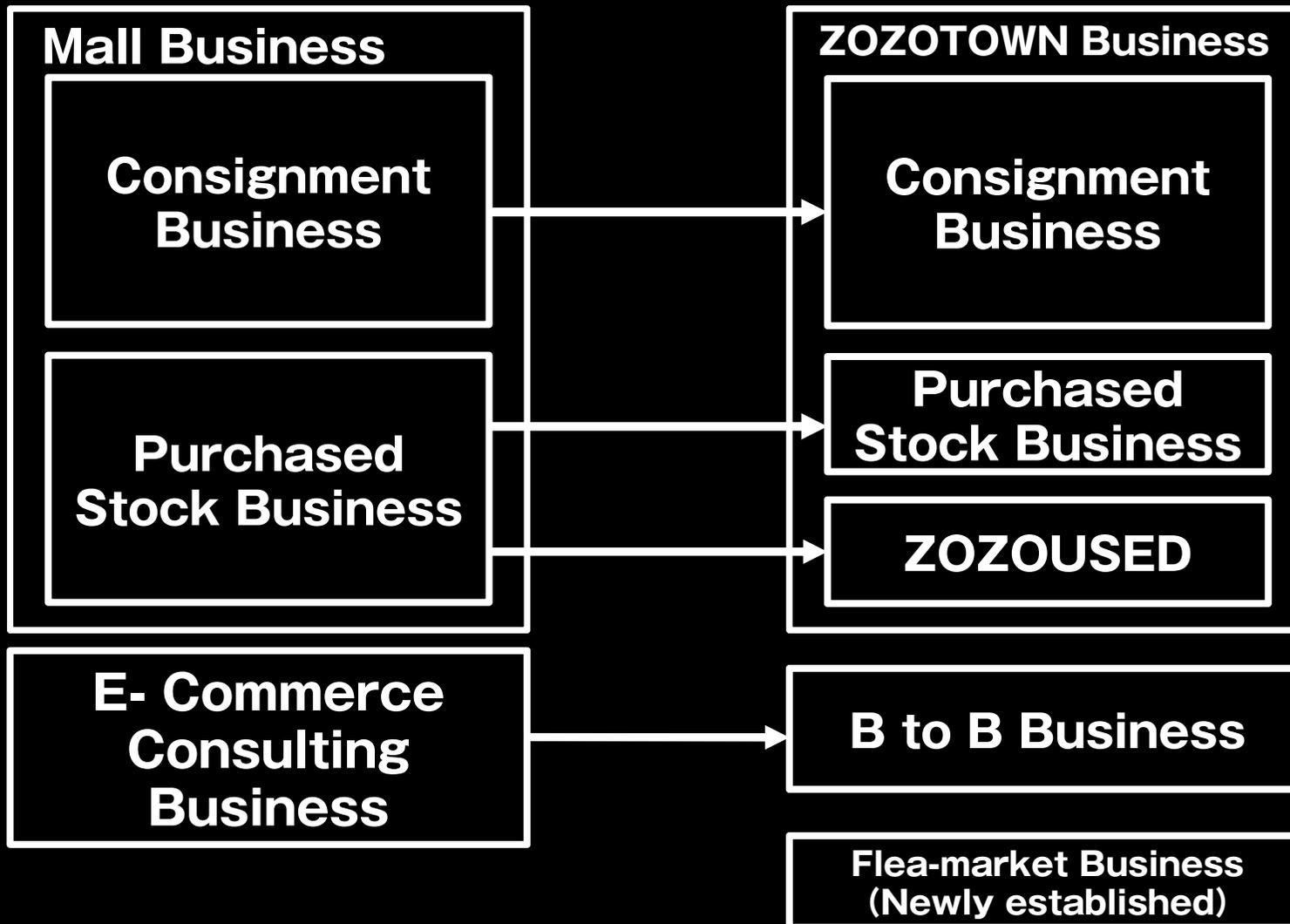
**BUSINESS PLAN  
FOR FY2015**

# CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2015

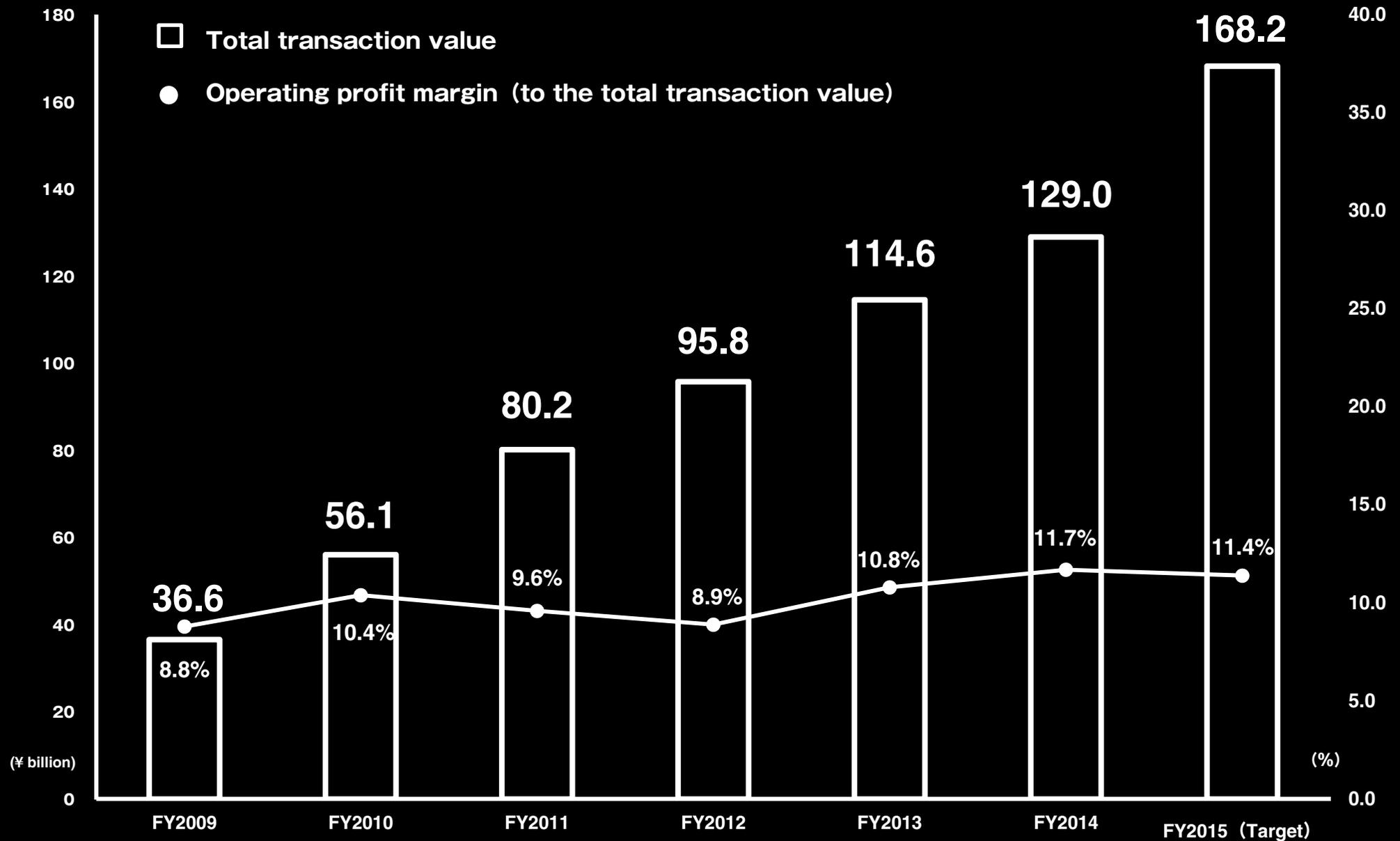
30

	<b>FY2015 PLAN</b>	<b>Growth Rate(%)</b>
<b>Transaction value</b>	<b>168,200(¥million)</b>	<b>30.3%</b>
<b>Net sales</b>	<b>53,800(¥million)</b>	<b>30.6%</b>
<b>Operating profit</b>	<b>19,140(¥million)</b>	<b>26.9%</b>
<b>Recurring profit</b>	<b>19,160(¥million)</b>	<b>26.6%</b>
<b>Profit attributable to owners of parent</b>	<b>12,520(¥million)</b>	<b>39.1%</b>
<b>Earning per share</b>	<b>117.4(¥)</b>	<b>-</b>
<b>Estimated dividends per share</b>	<b>47(¥)</b>	<b>-</b>

# CHANGE OF BUSINESS SEGMENT



# TRANSACTION VALUE



# BREAKDOWN OF THE TOTAL TRANSACTION VALUE AND EACH POLICY

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## 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)
- ZOZOUSED Business 7 billion yen (+57.4%, Yoy)

## B to B Business

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

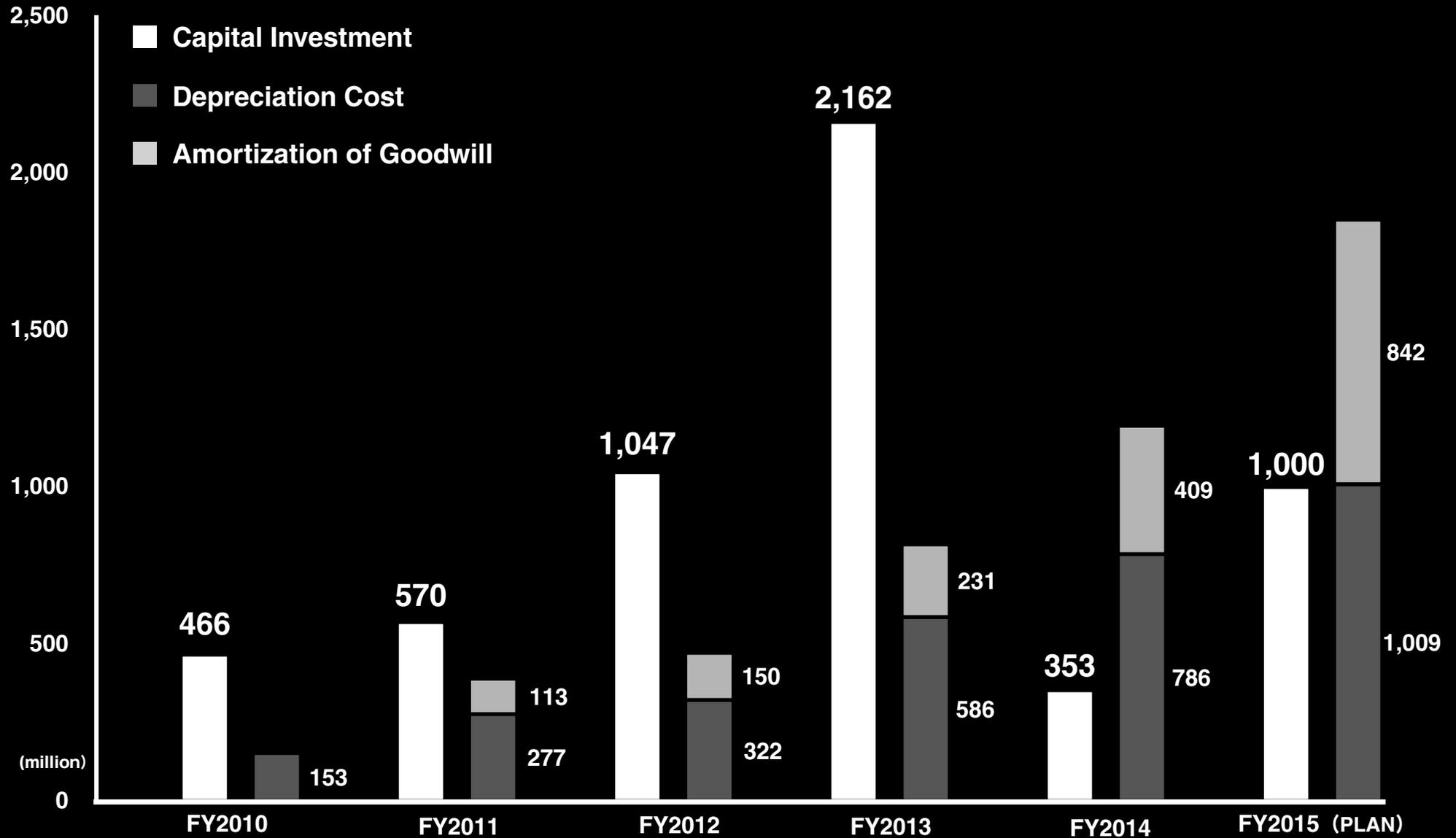
## Flea Market Business (Newly established)

Target for Total Transaction Value : 3.5 billion yen

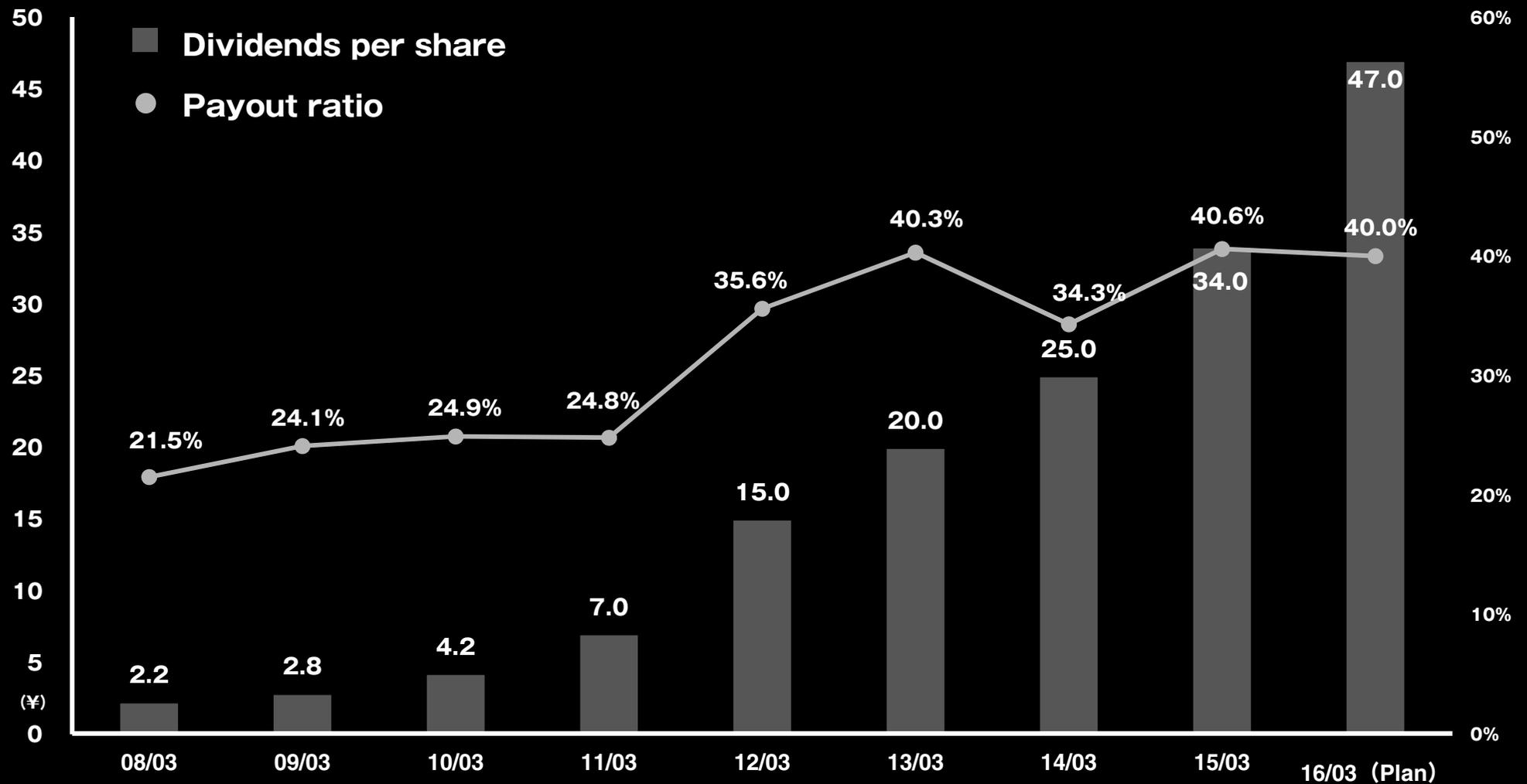
## Operating Profit Margin(to the total transaction value)

The target ratio of consolidated operating profit : 11.4% (11.7% for FY2014)

# CAPITAL INVESTMENT



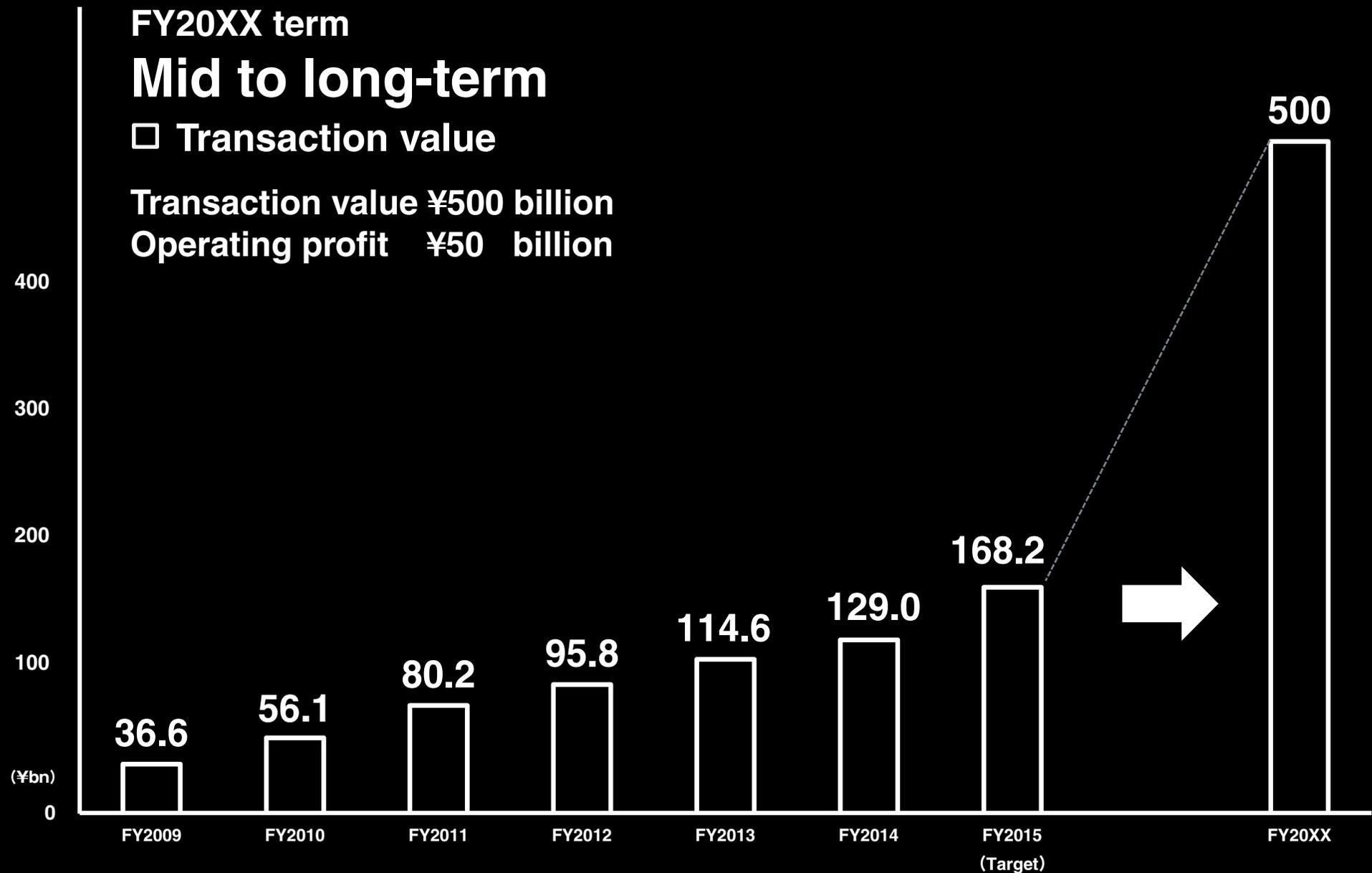
# DIVIDENDS PER SHARE AND PAYOUT RATIO



※ Number of shares after adjustment

# **FUTURE STRATEGIES**

# MID TO LONG-TERM VISION



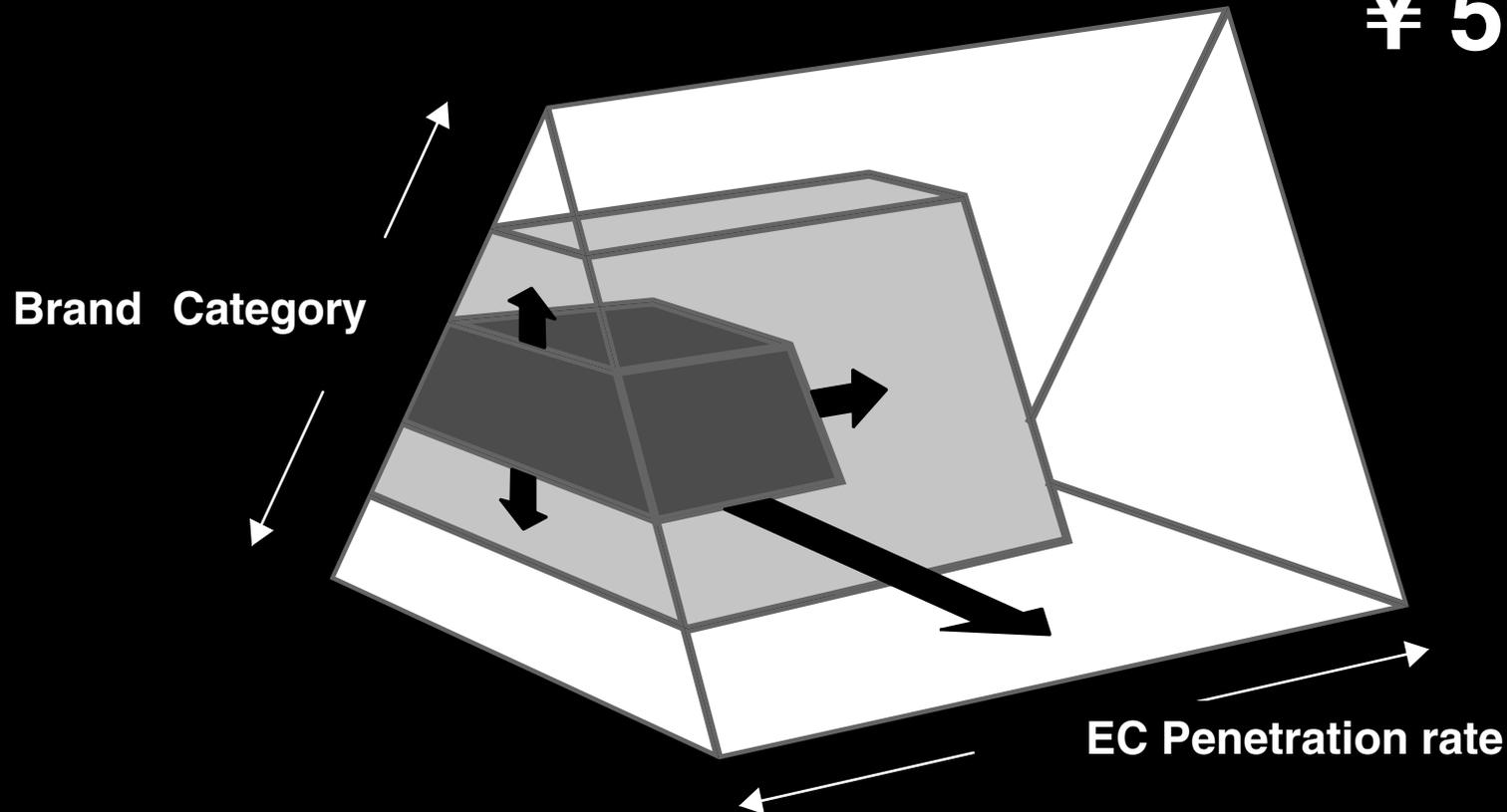
# MARKET EXPANSION STRATEGY

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



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# PLANS TO ACHIEVE OUR LONG-TERM VISION

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- We are not satisfied with a natural growth rate of 10%. Therefore, plan to work towards solving bottle neck problems of the existing 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%**

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

# REFERENCE DATA

**3,482**

POPULAR BRANDS

**786**

EMPLOYEES (average age 29.9 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.

**4,386**

SHARE HOLDERS

**4.03** Million

TOTAL BUYERS (1 year basis)

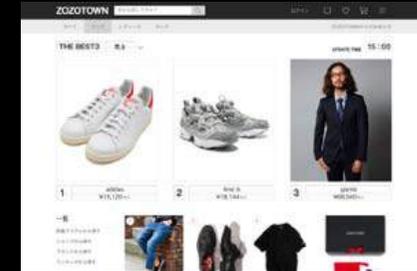
# MAJOR SERVICES

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## ZOZOTOWN

Japan's Largest Online Retailer of Apparel and Accessories

- 839 stores offering 3,482 brands.
- At any given time, more than 300,000 items are available with an average of 1,600 new items added each day.
- Systems, design, to fulfillment, all functions are built in house.



ZOZOTOWN <http://zozo.jp/>

## ZOZO FURIMA

- 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.
- Users are able to use the product information on ZOZOTOWN as well as WEAR to upload their items, without having to type in specific details.



ZOZO FURIMA <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 6.4 million DL & 3.7 million pics.
- Now available in all geographic areas.



WEAR <http://wear.jp/>



# SUBSIDIARY

## Crown Jewel, Inc.

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

## Bracket, Inc.

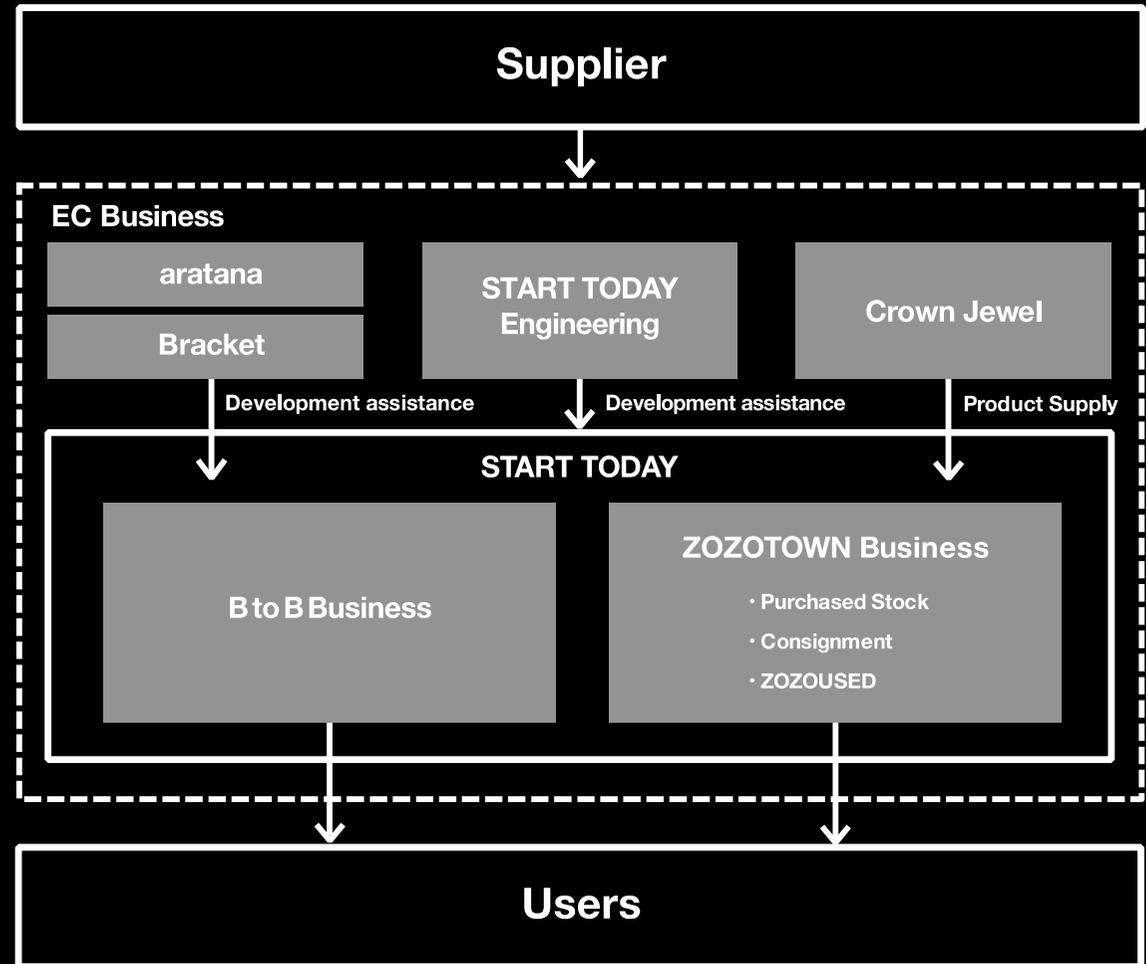
Operation, development, and planning of internet businesses.

## START TODAY Engineering Co., LTD.

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

## aratanaInc.

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



## ZOZOTOWN Business

### Consignment Sales

We operate 811 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 28 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 32 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.**



START TODAY CO.,LTD.