



START TODAY CO.,LTD.

FY2017
CONSOLIDATED BUSINESS RESULTS

FY2017 HIGHLIGHTS

01

Overview	• Total Transaction Value	:	270,543	million yen	(+27.6% ,Yoy)
	• Operating Profit	:	32,669	million yen	(+24.3% ,Yoy)
	→ Both transaction value and operating profit achieved the original targets				

Total Transaction Value	ZOZOTOWN BUSINESS				
	Total Transaction Value	:	262,920	million yen	(+28.3% ,Yoy)
	Consignment Business	:	246,803	million yen	(+28.6% ,Yoy)
	Purchased Stock Business	:	166	million yen	(- 14.0% ,Yoy)
	ZOZOUSED Business	:	15,951	million yen	(+23.9% ,Yoy)
	Average Retail Price	:	4,203	yen	(- 6.1% ,Yoy)
	Average Purchase Amount per Shipment	:	8,611	yen	(- 3.8% ,Yoy)
	B to B Business	:	7,536	million yen	(+21.2% ,Yoy)

Profitability	• Operating profit margin (to the total transaction value)	:	12.1%	(12.4% for FY2016)
	Factors improving profitability	:	Increase in GPM, Decrease in the rate of fixed cost burden, Restrain promotion expenses	
	Factors worsening profitability	:	Increase in the rate of commission regarding payment collection(Change in the composition of settlement manners) Increase in the rate of shipping cost due to the change of shipping from the carrier Outsourcing expenses incurred from PB launch preparation	

Topic	• Launch of the new project research team "Start Today Research" (Jan 2018)
	• Launch of new service "Personal Styling Subscription Service"(Feb 2018)
	• Establishment of "Start Today Technologies Inc."(Apr 2018)
	• Spec Change of "ZOZOSUIT"(Apr 2018)

BUSINESS RESULTS

NEW A PRICELESS SECRET



OVERVIEW OF THE FY2017

03

(million¥)

Item	FY2016	FY2017	YoY Change(%)	Target	Progress Rate(%)
Transaction value	212,090	270,543	27.6%	270,000	100.2%
Net sales	76,393	98,432	28.8%	100,000	98.4%
Gross profit	69,213	90,464	30.7%	-	-
(% Transaction Value)	32.6%	33.4%	0.8%	-	-
SG & A	42,928	57,794	34.6%	-	-
(% Transaction Value)	20.2%	21.4%	1.2%	-	-
Operating profit	26,284	32,669	24.3%	32,000	102.1%
(% Transaction Value)	12.4%	12.1%	-0.3%	11.9%	-
Recurring profit	26,442	32,740	23.8%	32,000	102.3%
Profit attributable to owners of parent	17,035	20,156	18.3%	22,200	90.8%

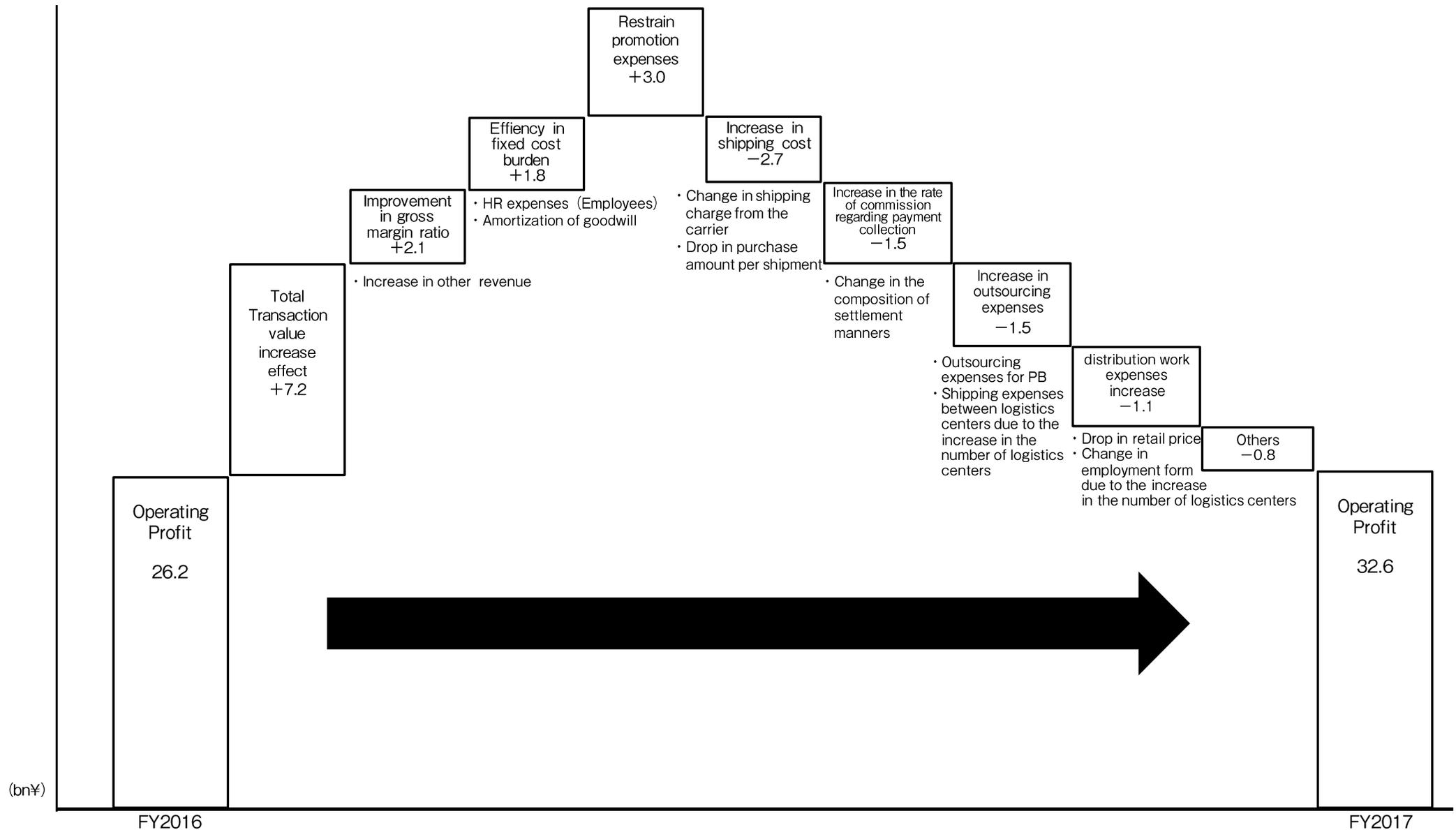
OVERVIEW OF EACH QUARTER

04

(million¥)

Item	FY2016				FY2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Transaction value	42,284	44,210	61,595	64,000	59,574	60,082	77,331	73,555
YoY (%)	27.1%	29.5%	38.3%	34.6%	40.9%	35.9%	25.5%	14.9%
Net sales	15,386	16,180	22,127	22,699	21,451	21,242	28,220	27,517
SG&A	8,788	9,228	11,350	13,561	11,863	13,684	16,476	15,770
YoY (%)	36.2%	24.0%	23.5%	46.8%	35.0%	48.3%	45.2%	16.3%
(% Transaction Value)	20.8%	20.9%	18.4%	21.2%	19.9%	22.8%	21.3%	21.4%
Operating profit	5,011	5,576	8,703	6,992	7,981	5,850	9,720	9,118
YoY (%)	34.2%	70.2%	83.8%	16.3%	59.3%	4.9%	11.7%	30.4%
(% Transaction Value)	11.9%	12.6%	14.1%	10.9%	13.4%	9.7%	12.6%	12.4%

INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)



CONSOLIDATED BALANCE SHEET

06

(million¥)

	FY2016 (as of March 31, 2017)	FY2017 (as of March 31, 2018)		FY2016 (as of March 31, 2017)	FY2017 (as of March 31, 2018)
Current assets	45,641	55,278	Current liabilities	23,906	27,243
Cash and deposits	22,068	24,571	Deposit received for consignment sales	11,536	13,671
Merchandise inventory	1,177	2,194	Noncurrent liabilities	1,945	2,664
Noncurrent assets	10,079	15,439	Total liabilities	25,851	29,907
Tangible assets	3,364	5,668	Shareholders' equity	29,461	40,892
Intangible assets	1,075	3,222	Treasury stock	-11,758	—
Investments and other assets	5,639	6,548	Total net assets	29,868	40,810
Total assets	55,720	70,718	Total liabilities and net assets	55,720	70,718

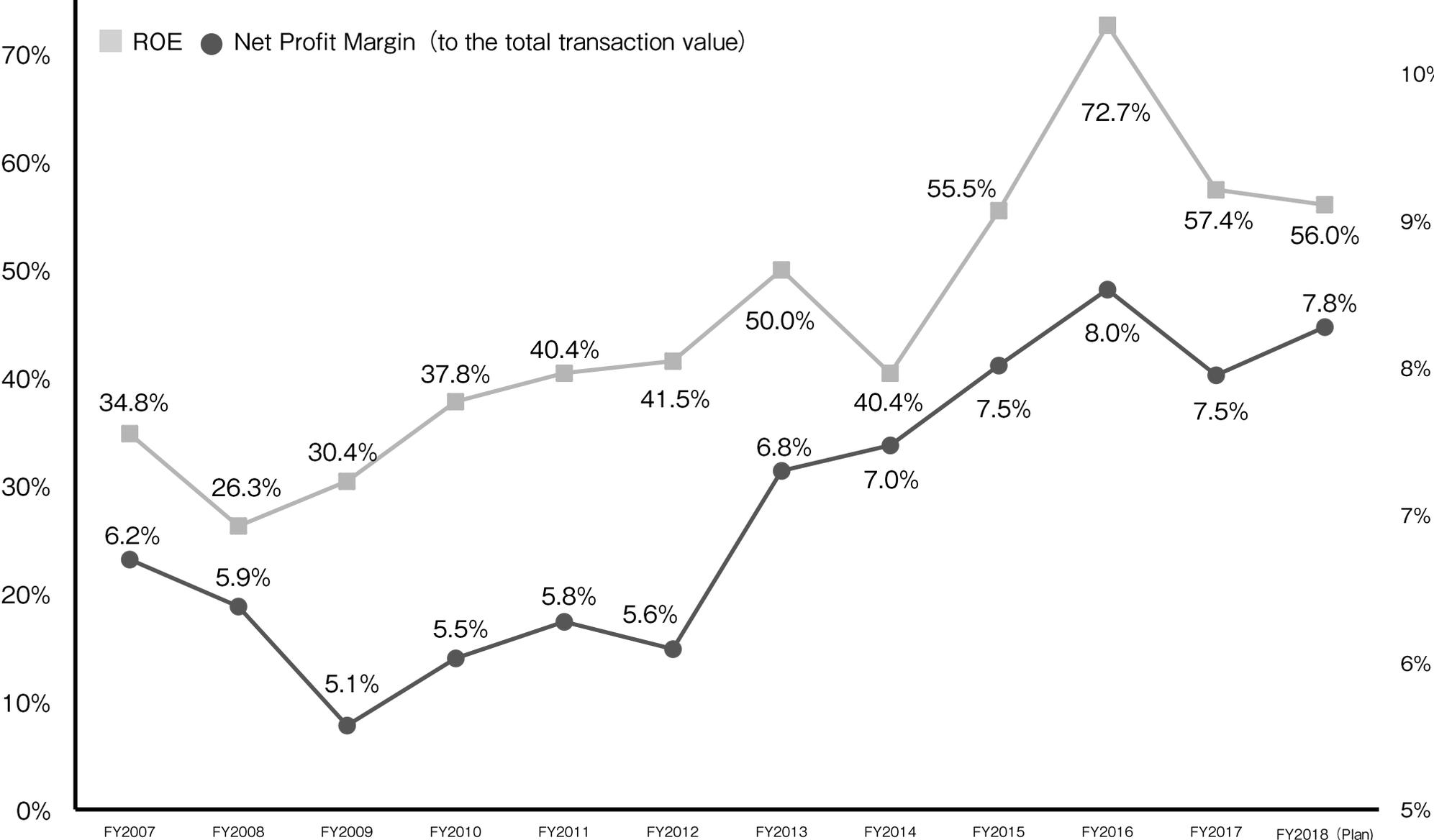
CASH FLOWS

07

(million¥)

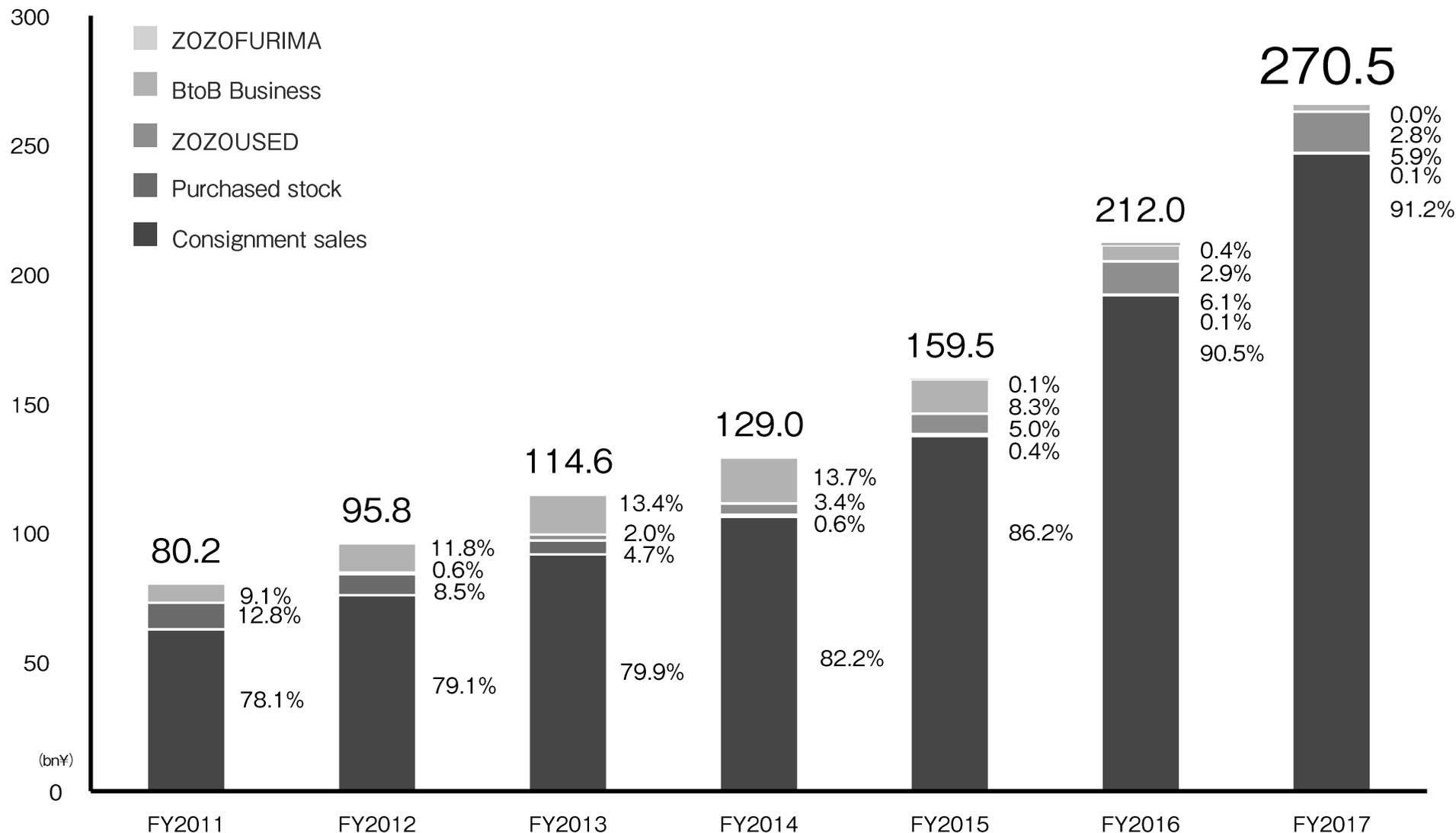
Item	FY2016	FY2017	YoY	Reasons for change
Cash flows from operating activities	18,294	19,882	1,587	
Cash flows from investing activities	-2,725	-8,219	-5,493	(FY2017) Expenditure on stock acquisition of the domestic subsidiary (FY2017) CAPEX regarding PB product (FY2017) Investment in establishment of overseas subsidiaries
Cash flows from financing activities	-4,995	-9,215	-4,220	(FY2017) Increased amount of dividends
Cash and cash equivalents at the end of the year	22,151	24,571	2,419	

ROE AND NET PROFIT MARGIN



TRANSACTION VALUE

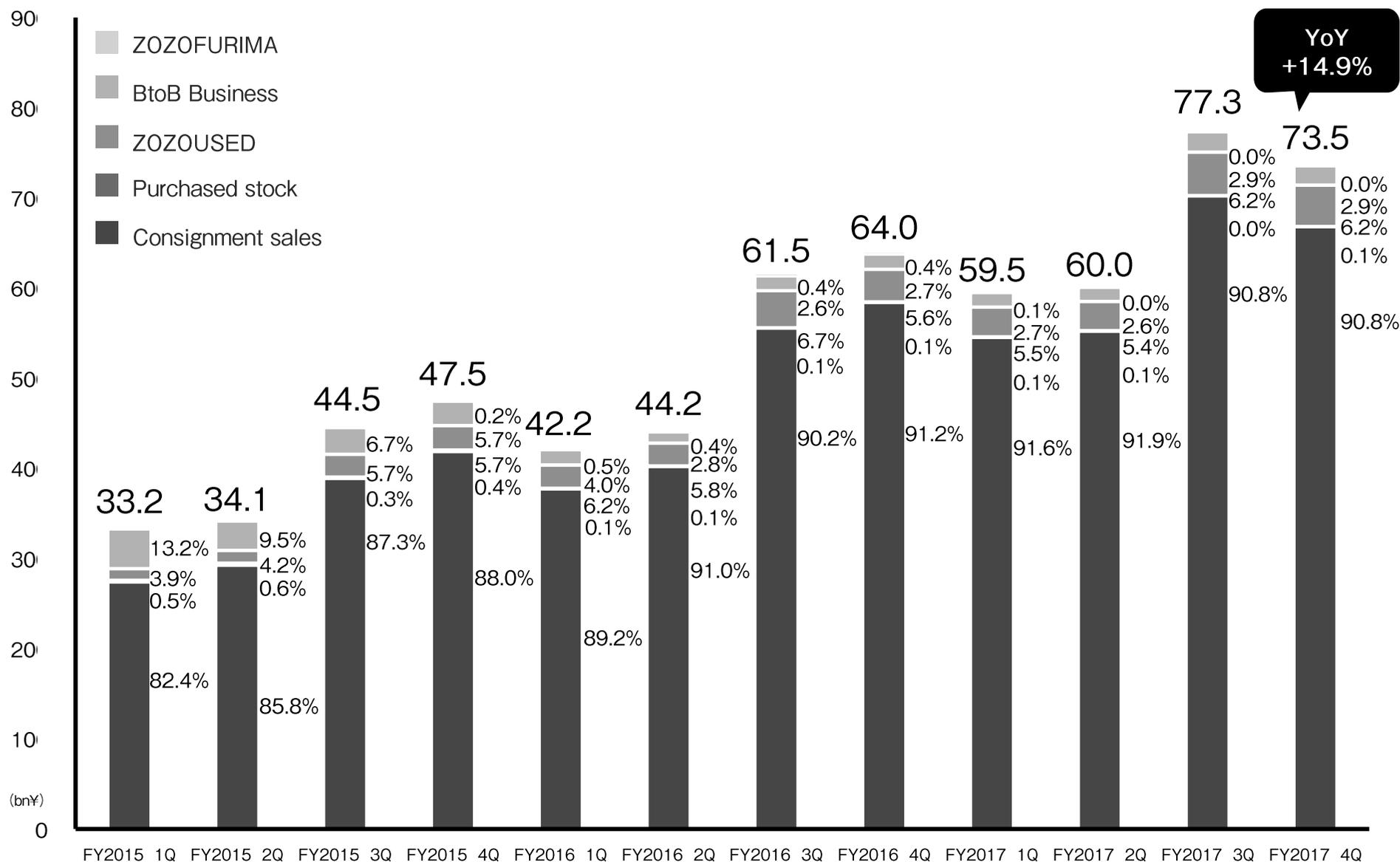
• Gross transaction value of new shops opened in FY2017
 ZOZOTOWN Business (purchased stock & consignment sales) : ¥ 10.8 billion (accounts for 4.1% of the total transaction value)



*ZOZO FURIMA Business ended on June 30, 2017.

*Transaction value of the private brand "ZOZO" is included to that of purchased stock shop

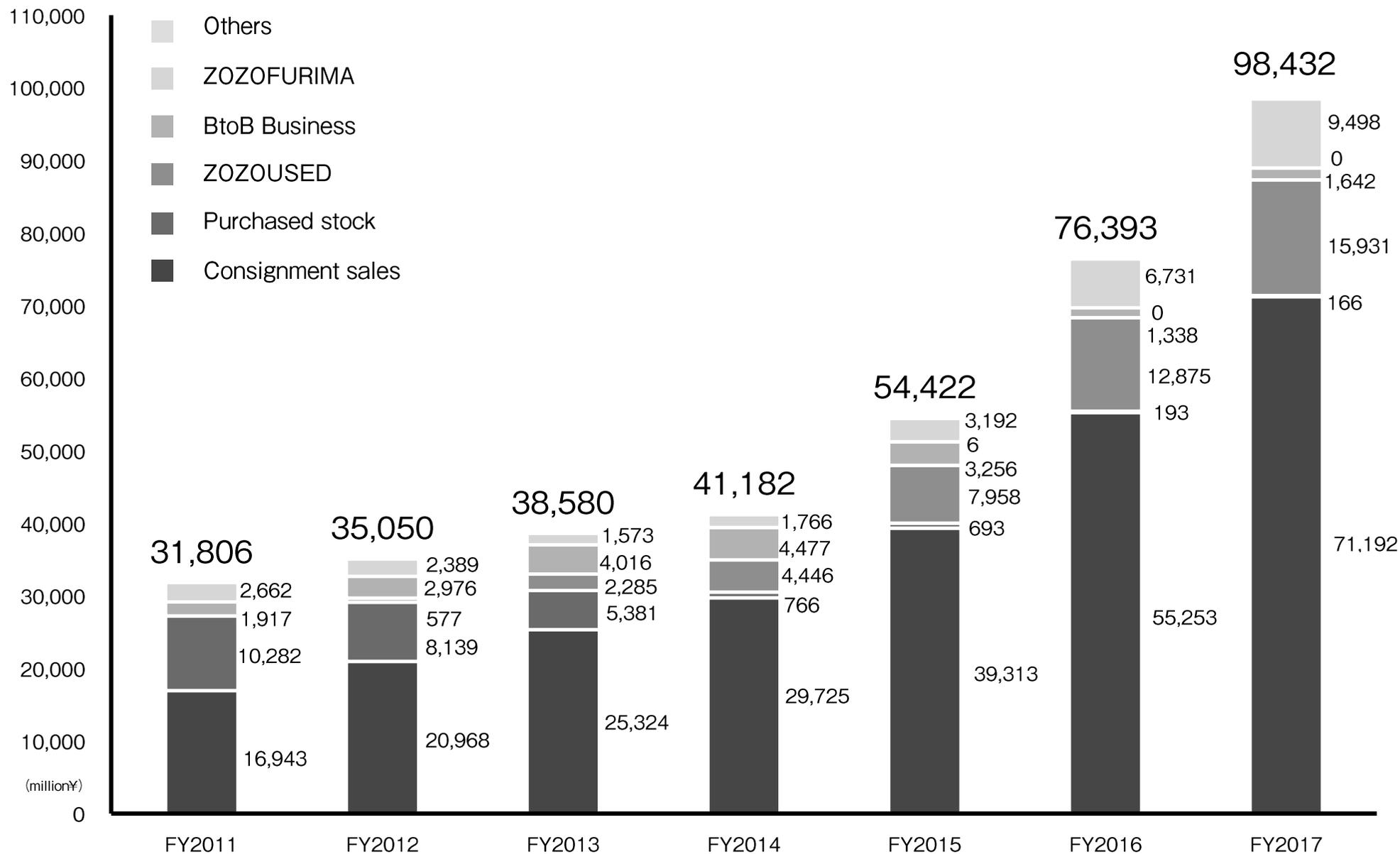
TRANSACTION VALUE (QUARTERLY)



※ZOZO FURIMA Business ended on June 30, 2017.

※Transaction value of the private brand "ZOZO" is included to that of purchased stock shop

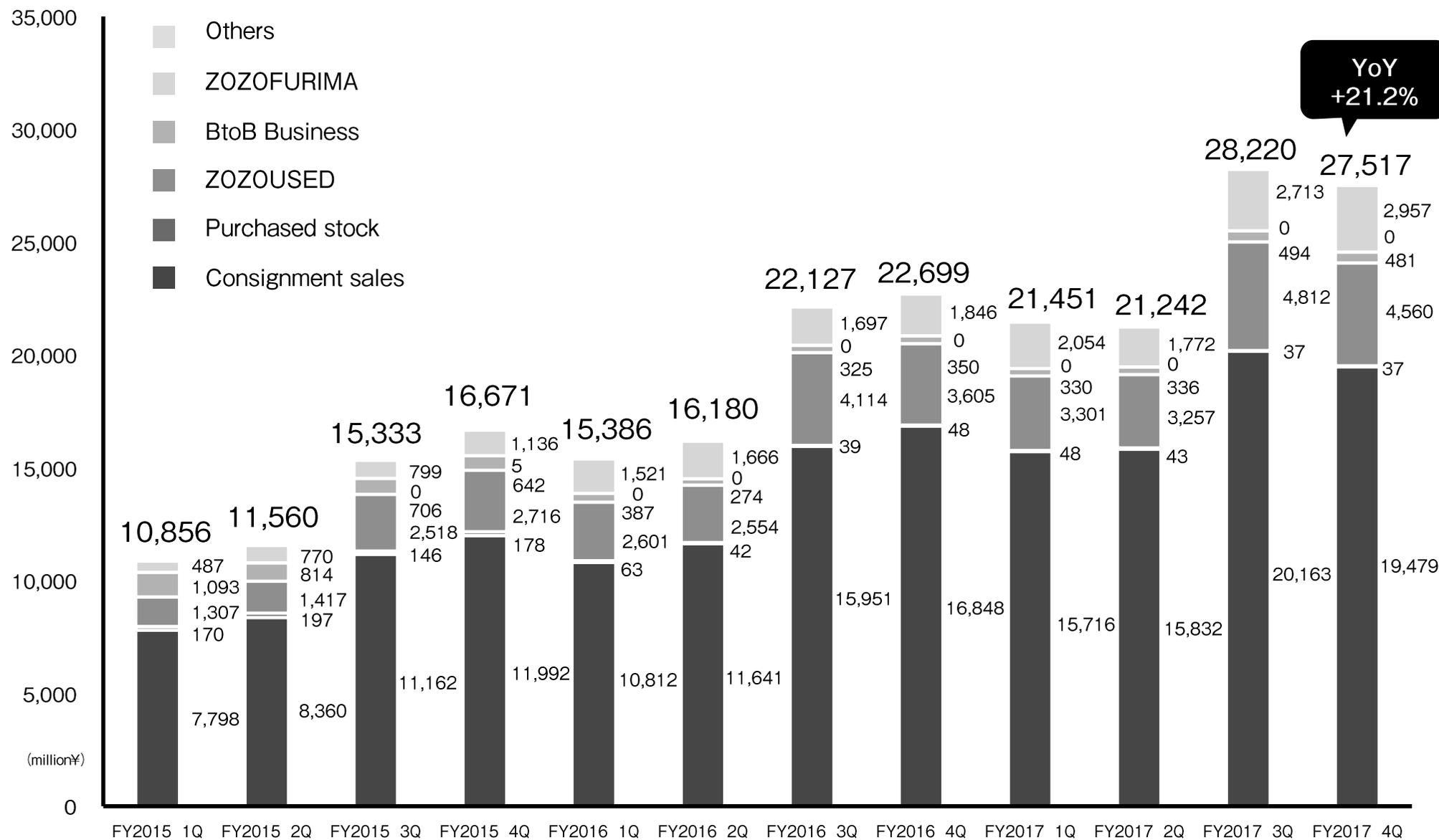
NET SALES



※ZOZO FURIMA Business ended on June 30, 2017.

※Net sales of the private brand "ZOZO" is included to that of purchased stock shop

NET SALES (QUARTERLY)

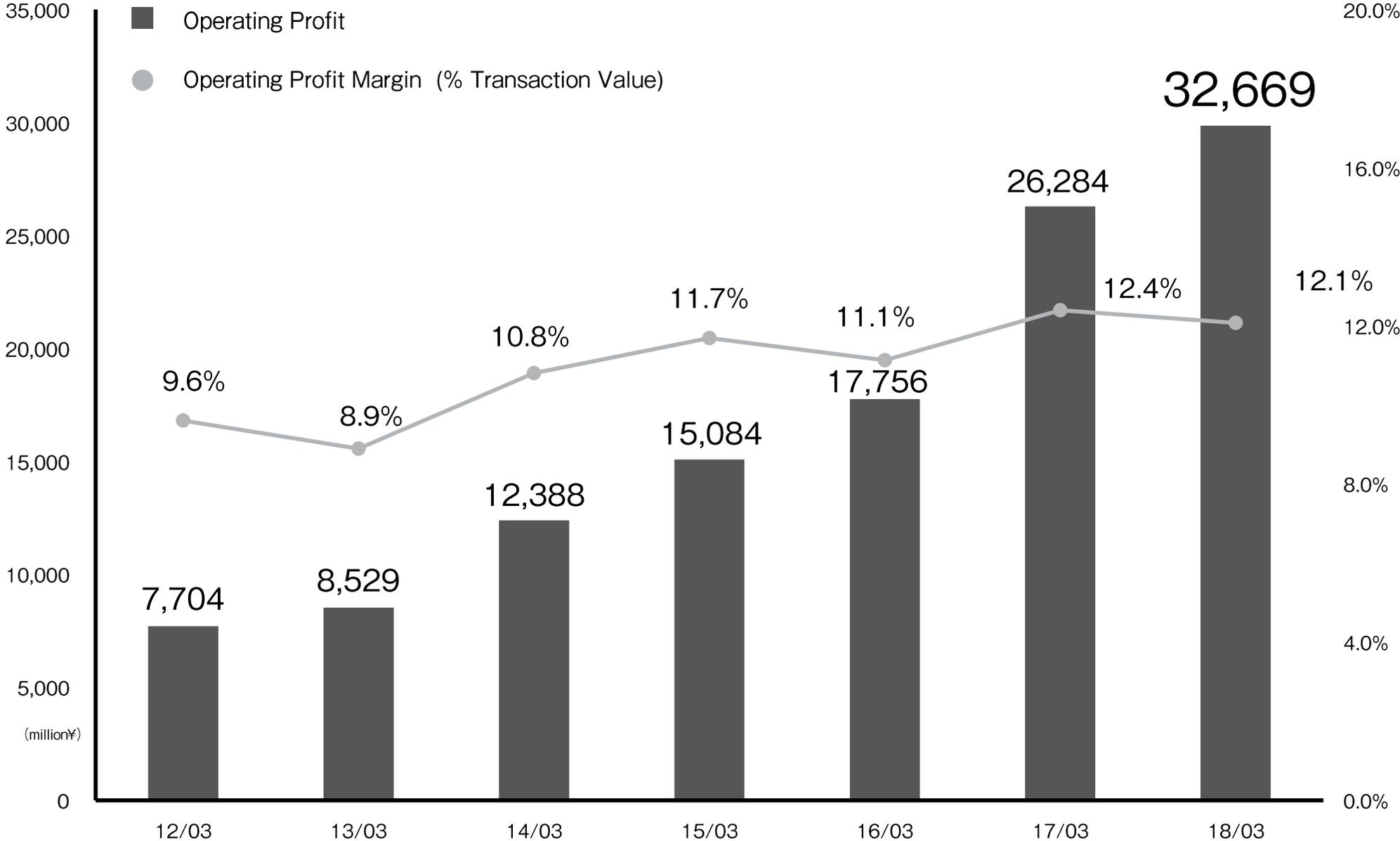


YoY
+21.2%

※ZOZO FURIMA Business ended on June 30, 2017.

※Net sales of the private brand "ZOZO" is included to that of purchased stock shop

OPERATING PROFIT AND OPERATING PROFIT MARGIN



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES

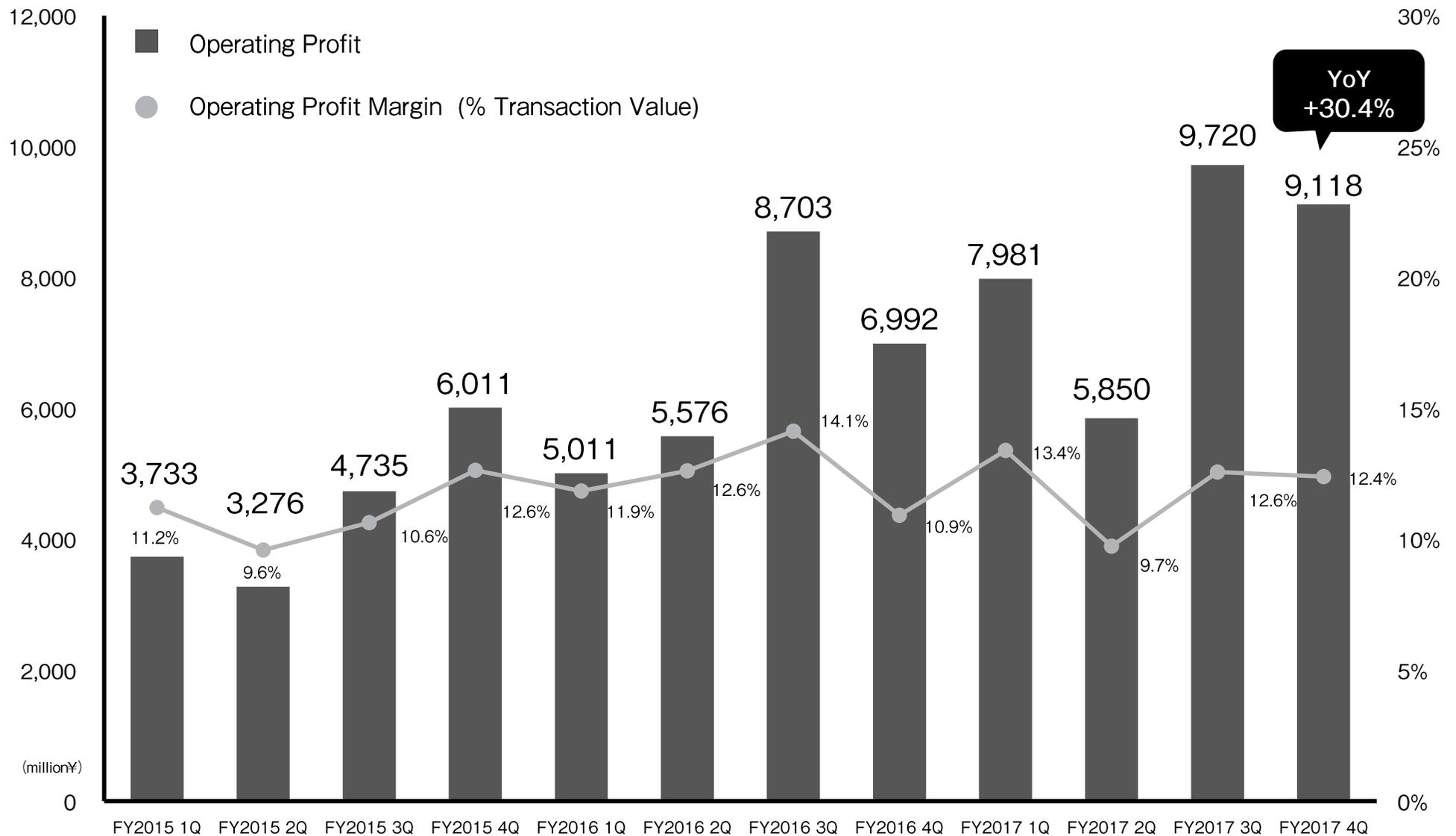
14

(million¥)

Item	FY2016		FY2017		YoY	Increase decrease factors
	Amount	%Transaction value	Amount	%Transaction value	%Transaction value	
Payroll(*)	12,573	5.9%	15,854	5.9%	0.0%	
Employee	5,485	2.6%	5,659	2.1%	-0.5%	The number of employees in our group has grown from 800 as of March, 2017 to 904 as of March, 2018.
Operation Staff (Including outsourcing)	7,088	3.3%	10,194	3.8%	0.5%	Increase in proportion of outsourced workers with higher unit price due to changes in logistics centers / Increase in proportion in line with the drop in retail price / Shipping expenses between logistics centers
Outsourcing commission (Excluding Operation)	1,903	0.9%	3,958	1.5%	0.6%	Increase in PB related outsourcing expenses
Shipping	8,918	4.2%	14,172	5.2%	1.0%	Change in shipping fees (Sep 2017~)
Commission of Payment collection	5,456	2.6%	8,521	3.1%	0.5%	Changes in the composition ratio of settlement manners
Promotion related expenses	5,775	2.7%	4,347	1.6%	-1.1%	Not deploying large-scale promotion such as TV commercial
Advertising	2,999	1.4%	1,552	0.6%	-0.8%	
Reward points related expenses	2,776	1.3%	2,794	1.0%	-0.3%	
Rent expense	2,114	1.0%	3,011	1.1%	0.1%	The amount increased with the number of bases increased
Depreciation	843	0.4%	989	0.4%	0.0%	
Amortization of goodwill	825	0.4%	312	0.1%	-0.3%	Impairment of goodwill in the end of last fiscal year (aratana Inc)
Others	4,518	2.1%	6,627	2.4%	0.3%	Increase in material costs such as racks due to the increase in the number of logistics centers/ Increase in packing material cost due to the drop in purchase amount per shipment
Total SG&A	42,928	20.2%	57,794	21.4%	1.2%	

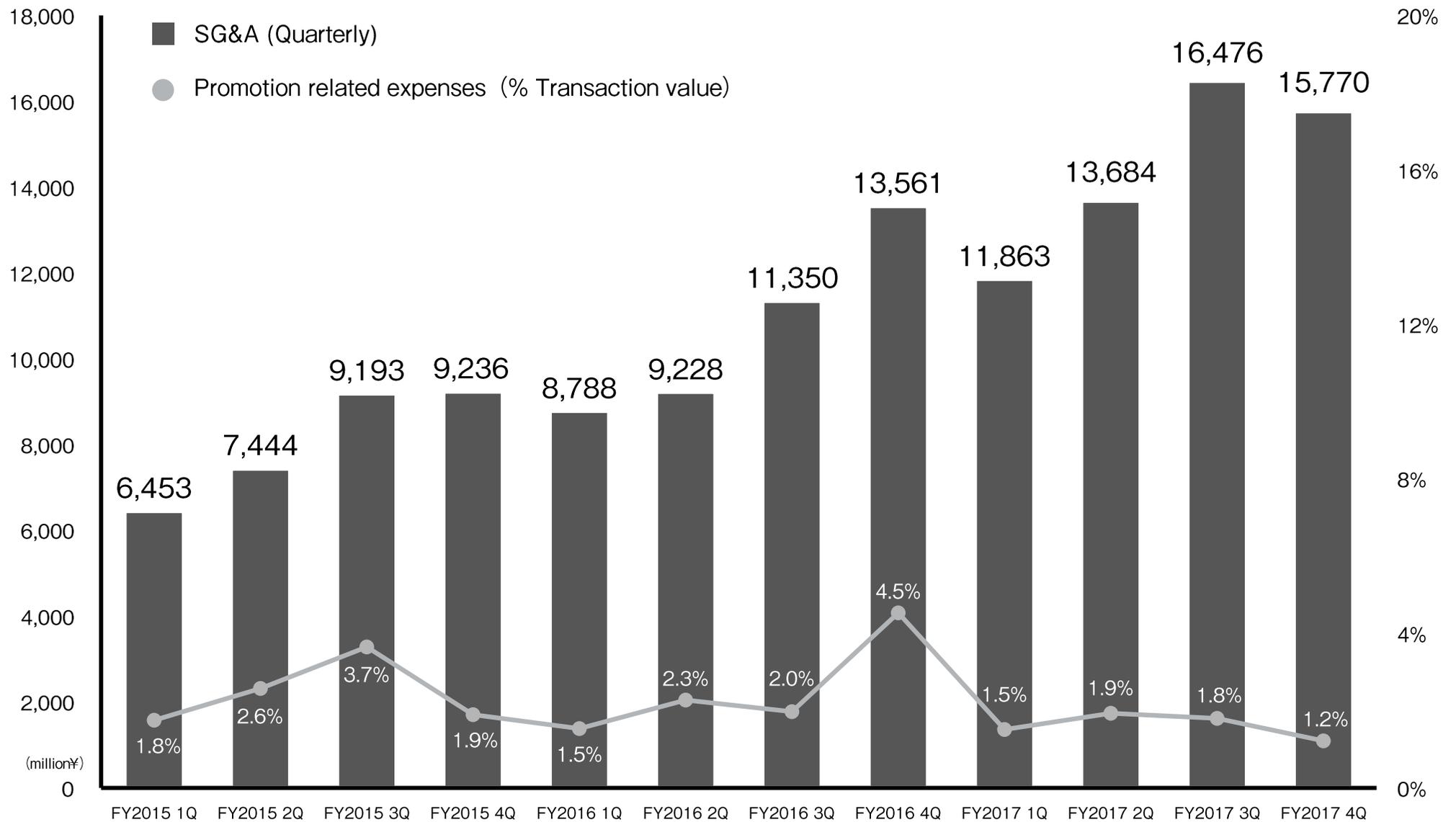
※*Payroll includes directors' remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, provision for directors' bonus, subcontracting payroll, a portion of expenses at logistics centers operation.
 "Employee" includes directors and employees, "Operation Staff" includes part-timers, dispatched workers(subcontracting payroll) and substantial personnel expenses within outsourcing commission of staff working for logistics operations.

OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



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

16



OVERVIEW OF SG & A BY EACH QUARTER

17

(million¥)

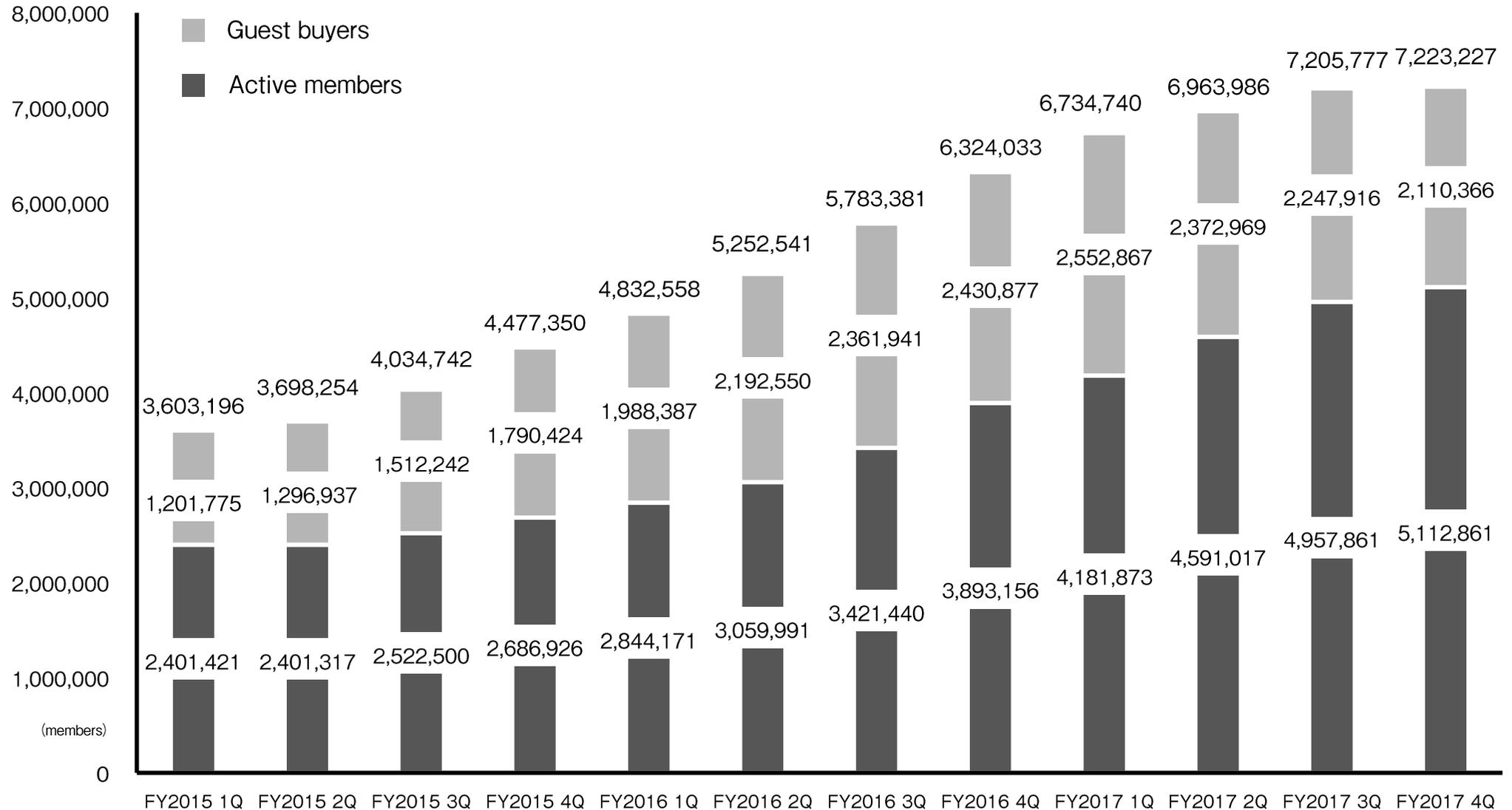
Item	FY2016								FY2017							
	1Q		2Q		3Q		4Q		1Q		2Q		3Q		4Q	
	Amount	%Transaction value														
Payroll(*)	2,854	6.7%	2,788	6.3%	3,449	5.6%	3,482	5.4%	3,534	5.9%	3,814	6.3%	4,307	5.6%	4,198	5.7%
Employee	1,362	3.2%	1,192	2.7%	1,531	2.5%	1,399	2.2%	1,423	2.4%	1,465	2.4%	1,469	1.9%	1,299	1.8%
Operation Staff (Including outsourcing)	1,491	3.5%	1,596	3.6%	1,917	3.1%	2,082	3.3%	2,110	3.5%	2,348	3.9%	2,837	3.7%	2,898	3.9%
Outsourcing commission (Excluding Operation)	425	1.0%	393	0.9%	490	0.8%	594	0.9%	746	1.3%	1,272	2.1%	1,025	1.3%	913	1.2%
Shipping	1,837	4.3%	2,073	4.7%	2,321	3.8%	2,684	4.2%	2,616	4.4%	2,931	4.9%	4,282	5.5%	4,341	5.9%
Commission of Payment collection	1,043	2.5%	1,108	2.5%	1,578	2.6%	1,726	2.7%	1,953	3.3%	2,037	3.4%	2,402	3.1%	2,126	2.9%
Promotion related expenses	650	1.5%	1,006	2.3%	1,216	2.0%	2,902	4.5%	899	1.5%	1,160	1.9%	1,391	1.8%	895	1.2%
Advertising	223	0.5%	454	1.0%	551	0.9%	1,770	2.8%	345	0.6%	393	0.7%	529	0.7%	283	0.4%
Reward points related expenses	427	1.0%	551	1.2%	665	1.1%	1,131	1.8%	554	0.9%	766	1.3%	861	1.1%	612	0.8%
Rent expense	478	1.1%	468	1.1%	565	0.9%	601	0.9%	597	1.0%	757	1.3%	828	1.1%	828	1.1%
Depreciation	194	0.5%	195	0.4%	220	0.4%	232	0.4%	197	0.3%	211	0.4%	278	0.4%	303	0.4%
Amortization of goodwill	214	0.5%	256	0.6%	176	0.3%	176	0.3%	56	0.1%	56	0.1%	86	0.1%	113	0.2%
Others	1,089	2.6%	936	2.1%	1,332	2.2%	1,160	1.8%	1,259	2.1%	1,442	2.4%	1,874	2.4%	2,050	2.8%
Total SG&A	8,788	20.8%	9,228	20.9%	11,350	18.4%	13,561	21.2%	11,863	19.9%	13,684	22.8%	16,476	21.3%	15,770	21.4%

※Payroll includes directors' remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, provision for directors' bonus, subcontracting payroll, a portion of expenses at logistics centers operation.

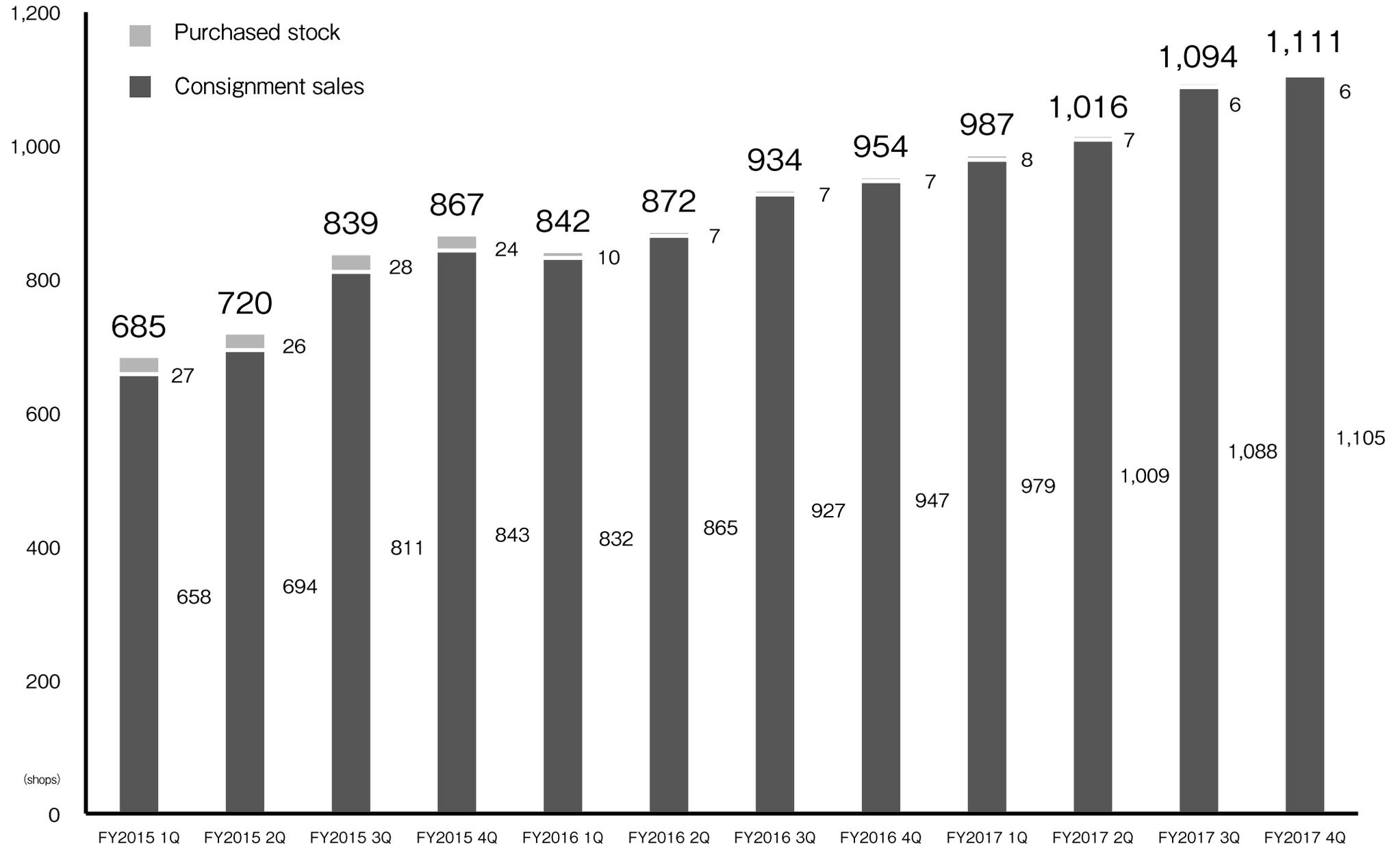
“Employee” includes directors and employees, “Operation Staff” includes part-timers, dispatched workers(subcontracting payroll) and substantial personnel expenses within outsourcing commission of staff working for logistics operations.

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 ON ZOZOTOWN



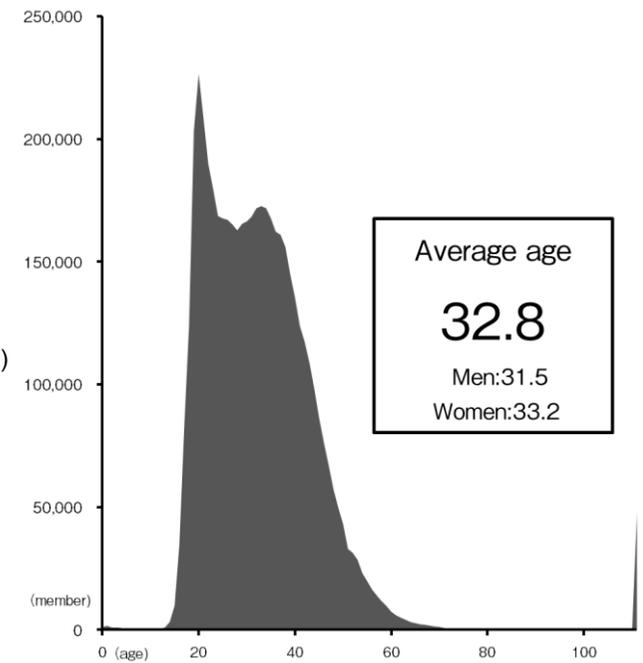
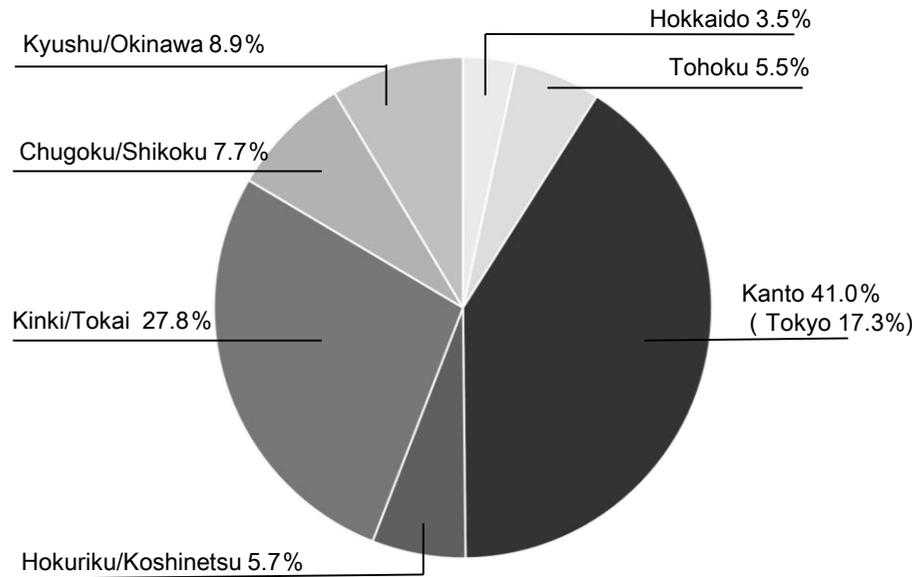
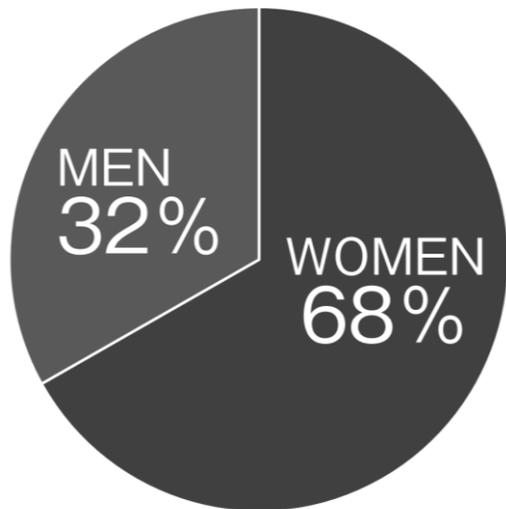
※Private brand "ZOZO" is not included to the number of shops

ACTIVE MEMBER DISTRIBUTION

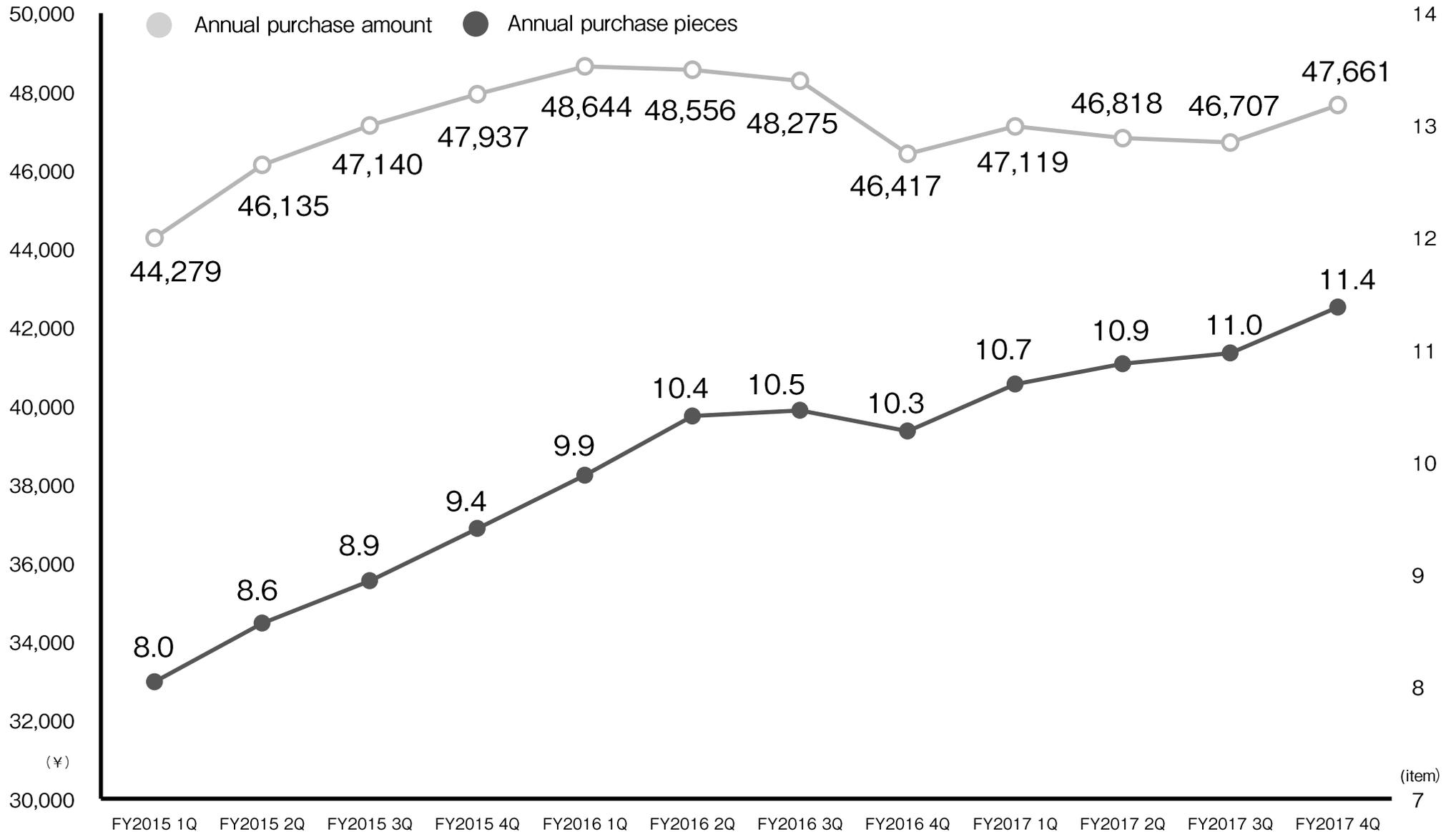
■ Gender ratio

■ Geographical distribution

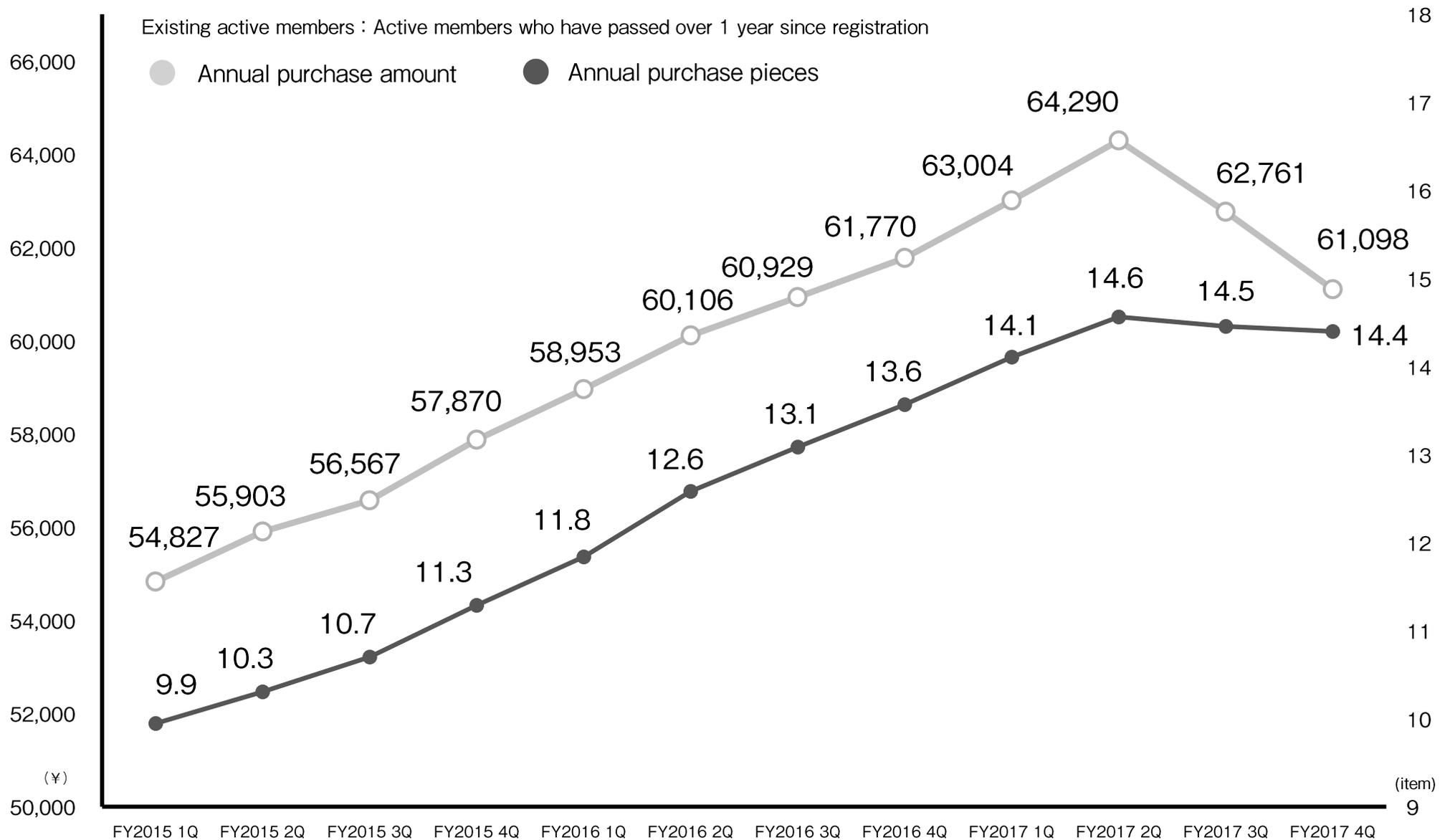
■ Age distribution



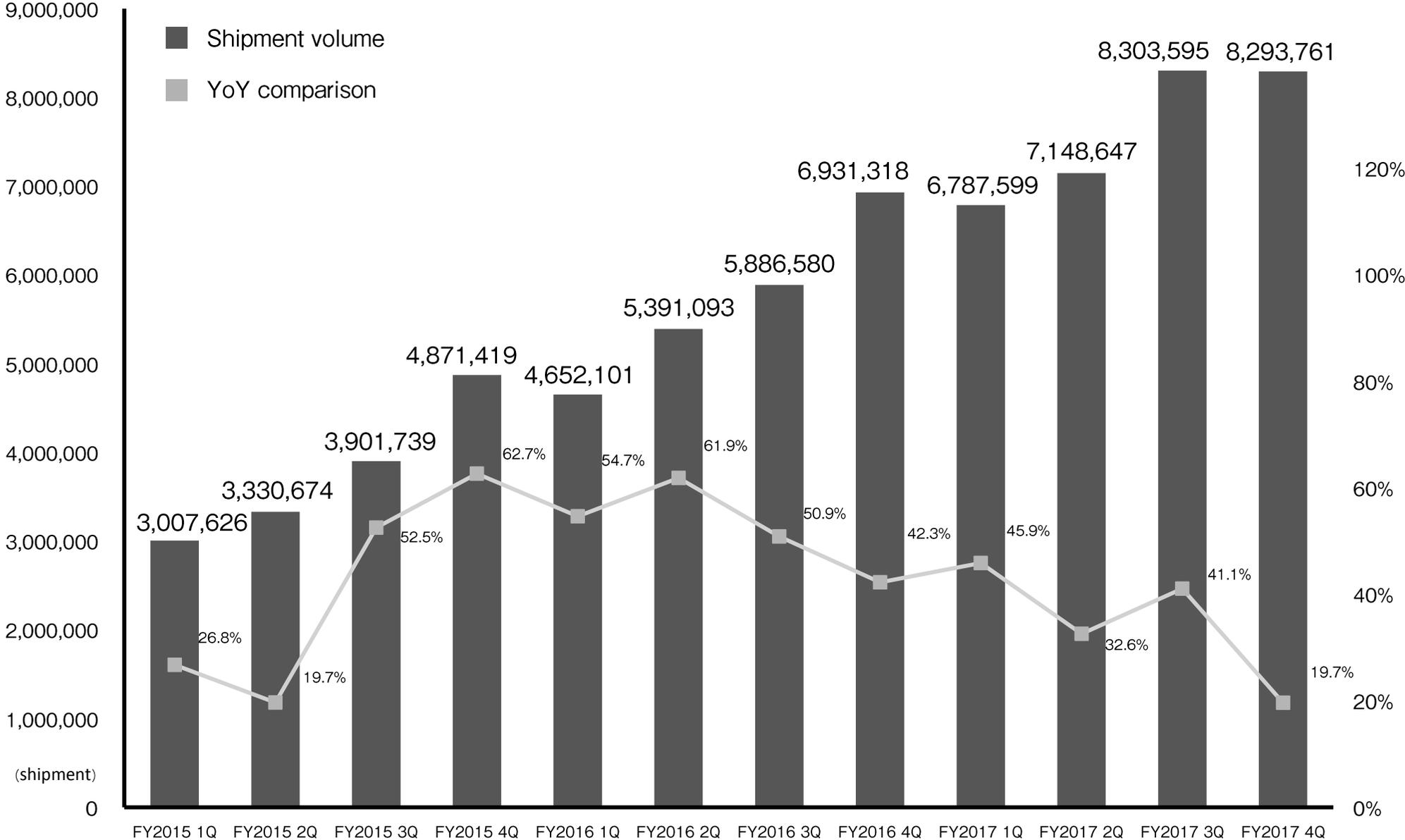
ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER



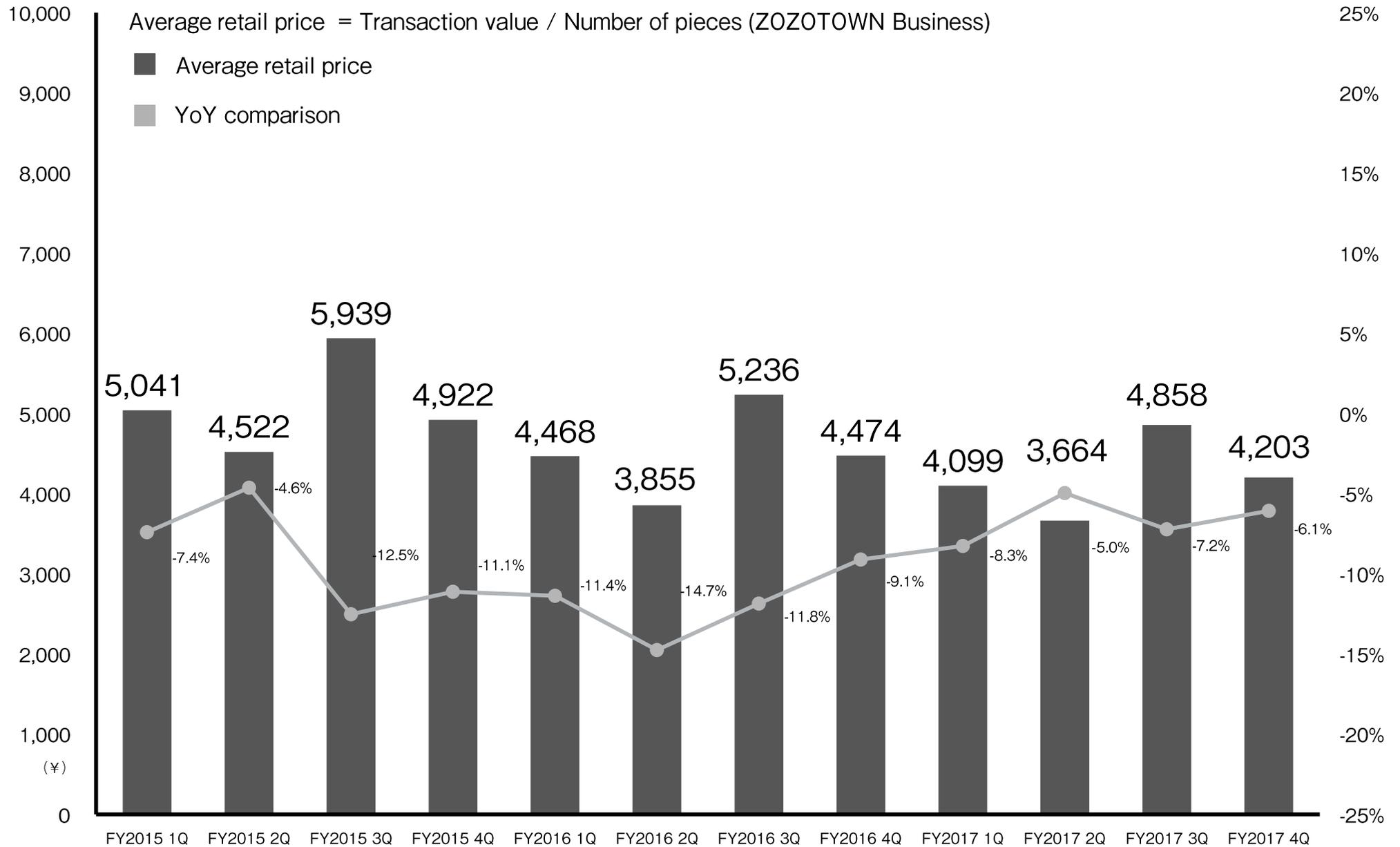
ANNUAL PURCHASE AMOUNT AND PIECES PER EXISTING ACTIVE MEMBER



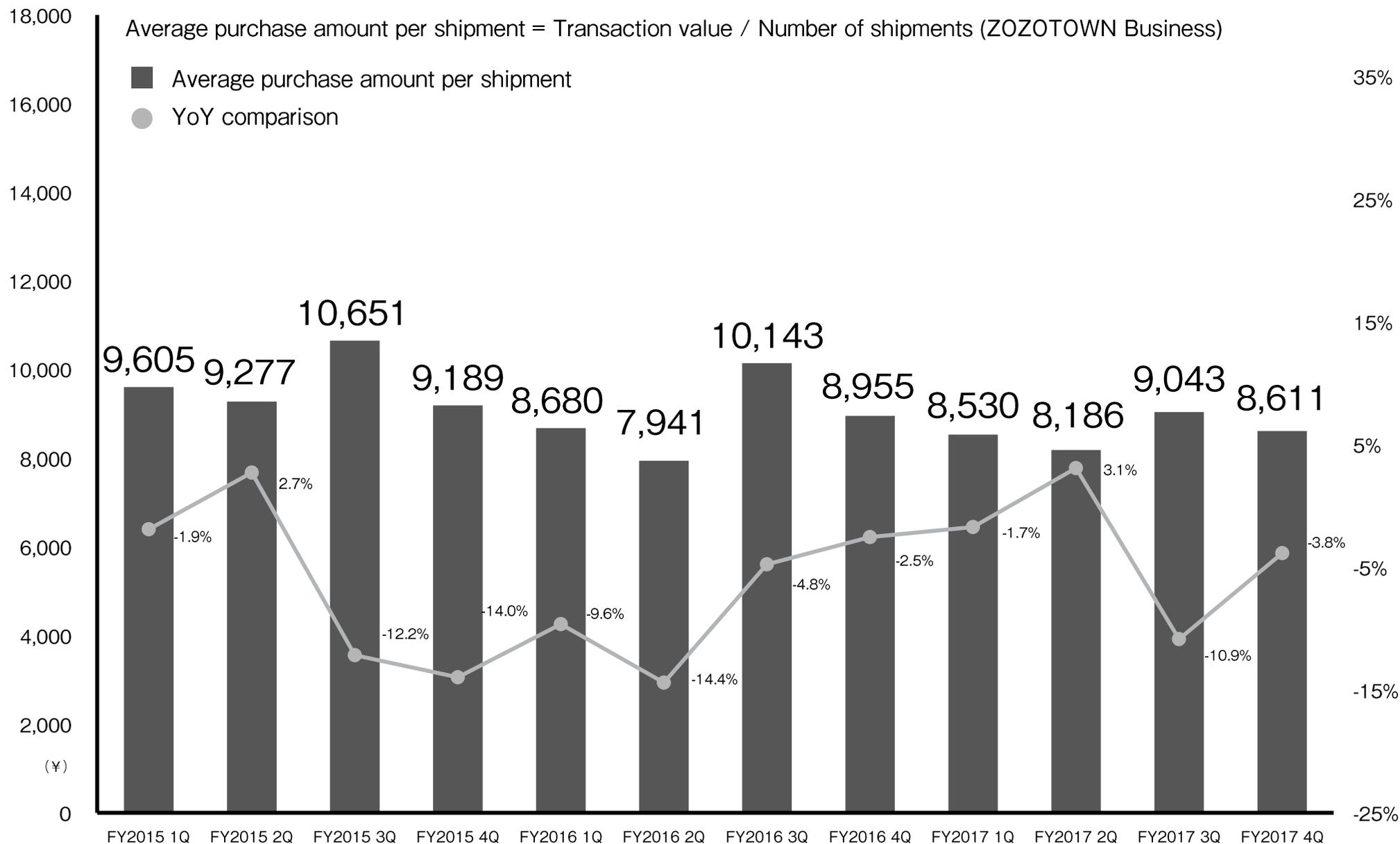
NUMBER OF SHIPMENT



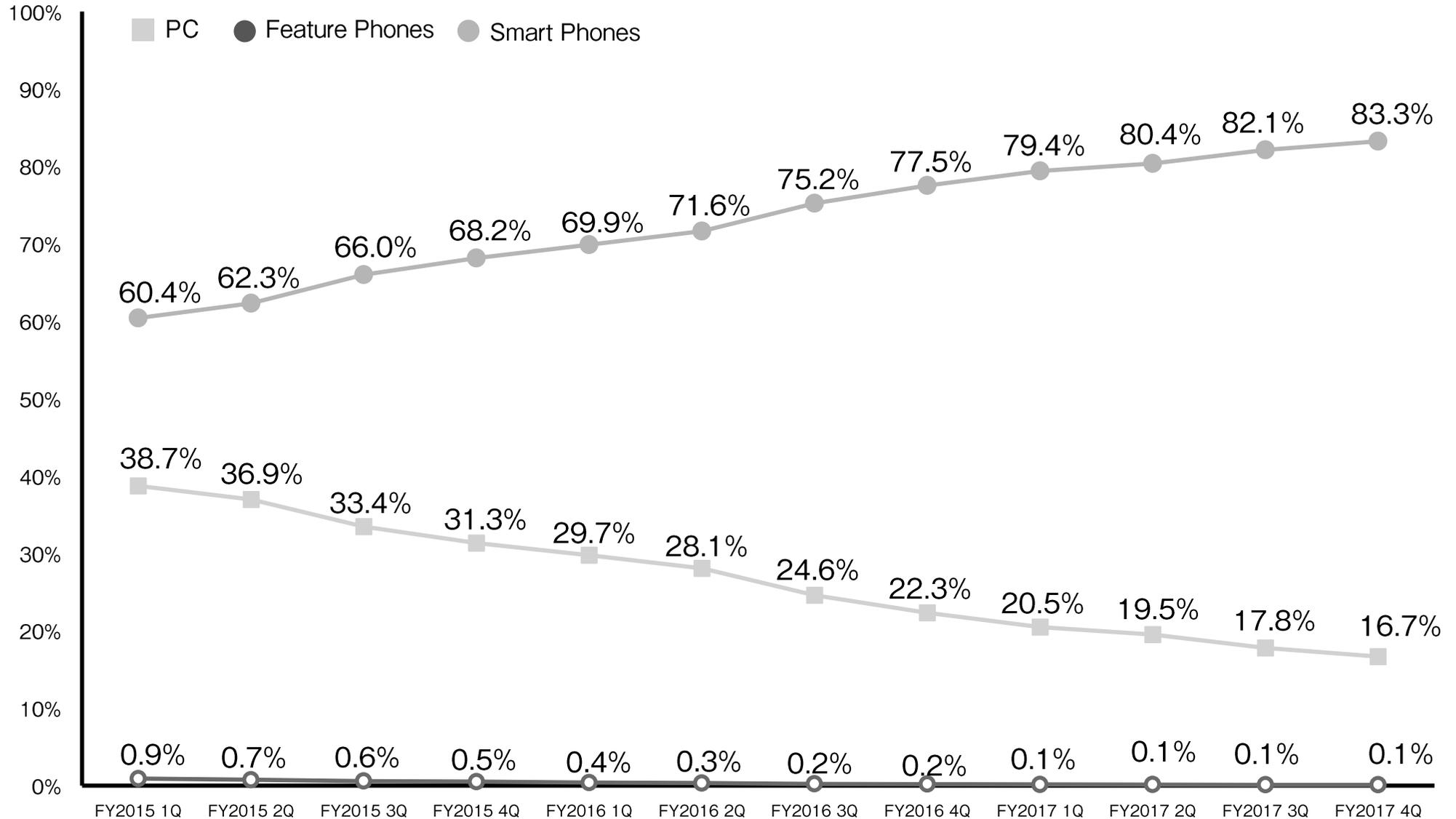
AVERAGE RETAIL PRICE



AVERAGE PURCHASE AMOUNT PER SHIPMENT



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





BUSINESS PLAN
FOR FY2018

CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2018

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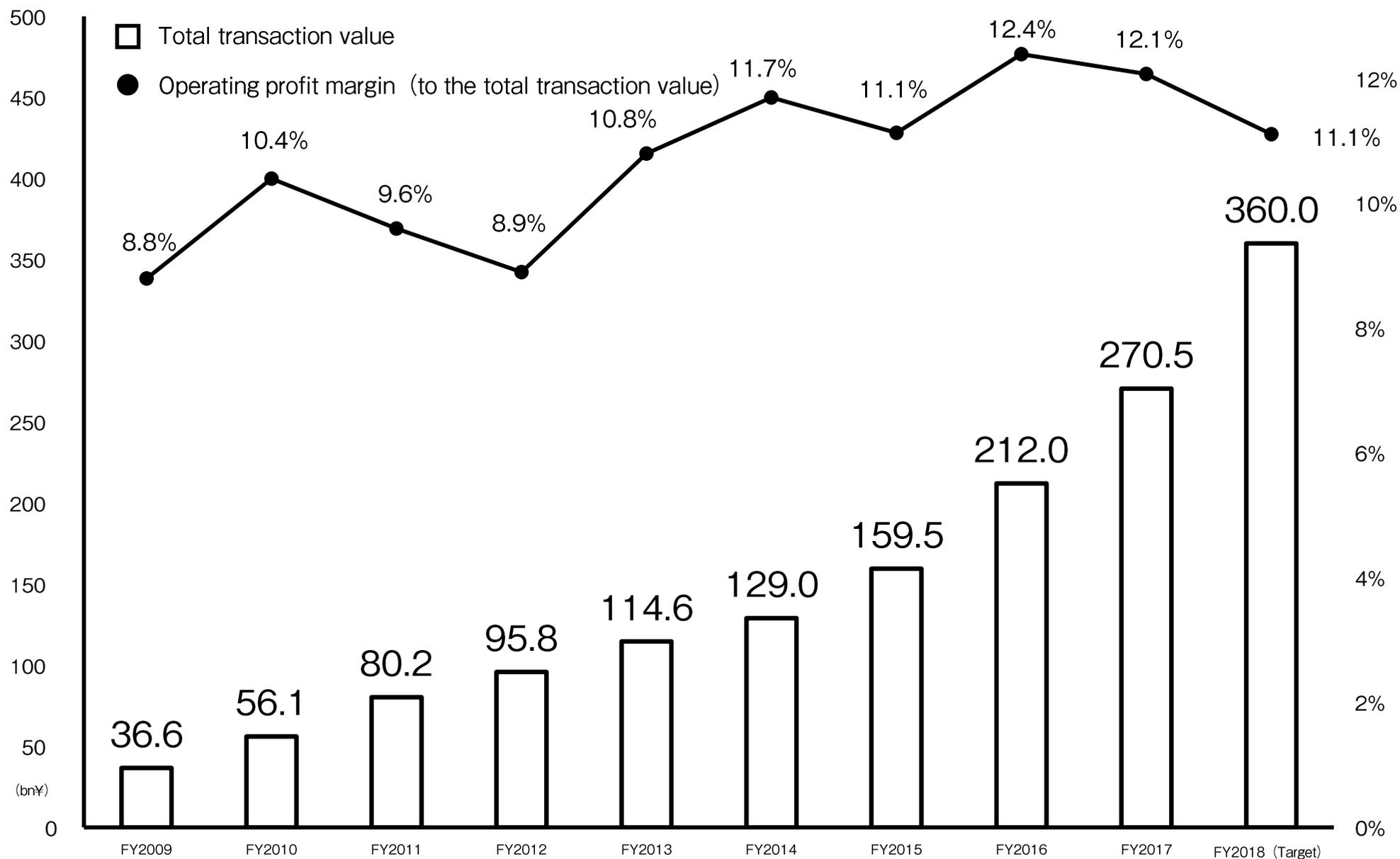
	FY2018 Plan	Growth Rate(%)
Transaction Value	360.0billion yen	33.1%
Net Sales	147.0billion yen	49.3%
Operating Profit	40.0billion yen	22.4%
Operating Profit Margin (to the total transaction value)	11.1 %	-
Recurring Profit	40.0billion yen	22.2%
Profit attributable to owners of parent	28.0billion yen	38.9%
Earnings per share	89.8yen	-
Estimated dividends per share	36.0yen	-

FY2018 TARGET BY BUSINESS SEGMENT

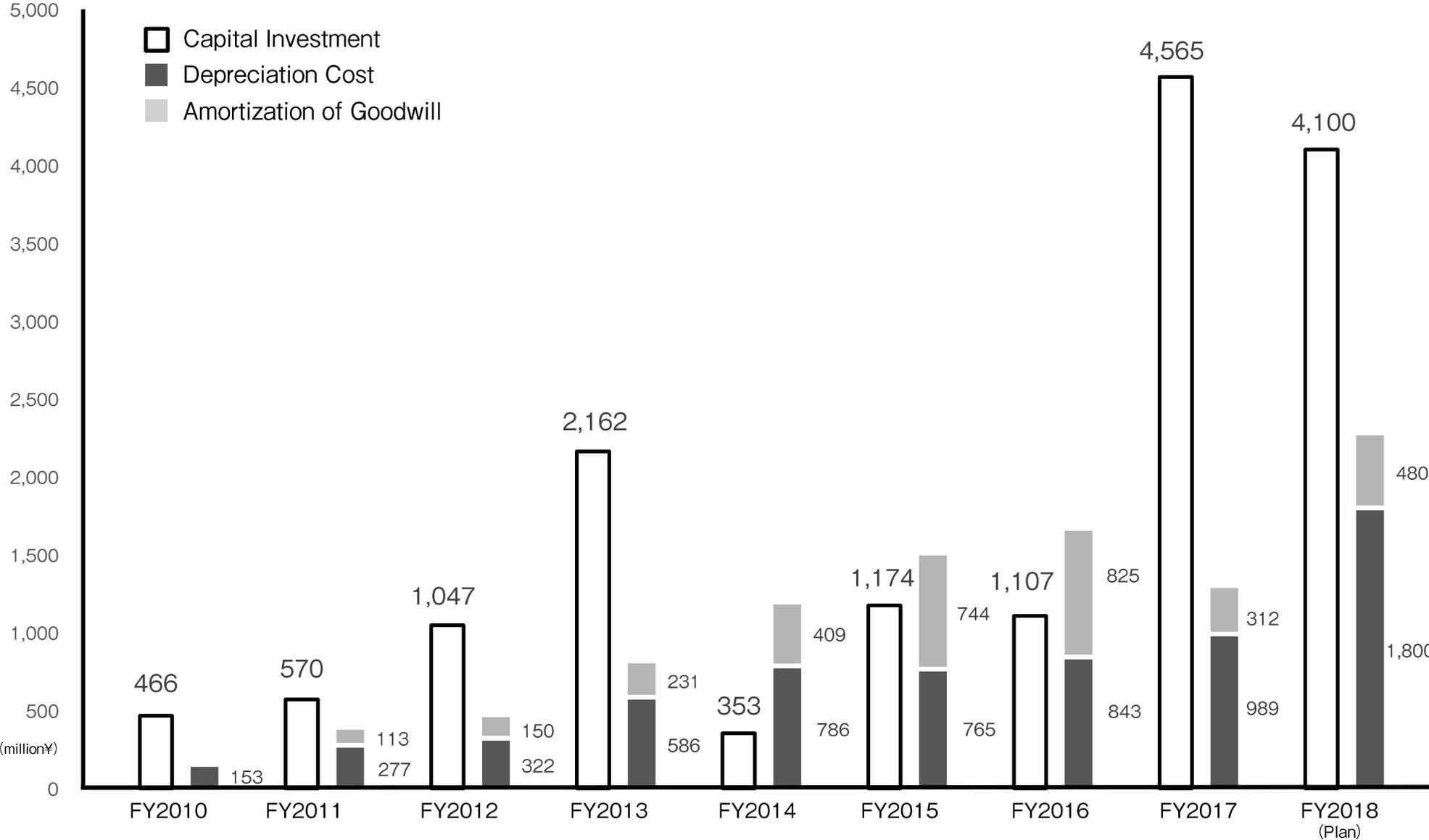
	Target for Total Transaction Value	Yoy
Start Today Group	360.0 billion yen	+33.1%
ZOZOTOWN Business	330.0 billion yen	+25.5%
• Consignment Business	309.0 billion yen	+25.2%
• ZOZOUSED	21.0 billion yen	+31.7%
Private Brand Business	20.0 billion yen	—
BtoB Business	10.0 billion yen	+32.7%

	Target for Net Sales	Yoy
Advertisement Business	3.0 billion yen	—

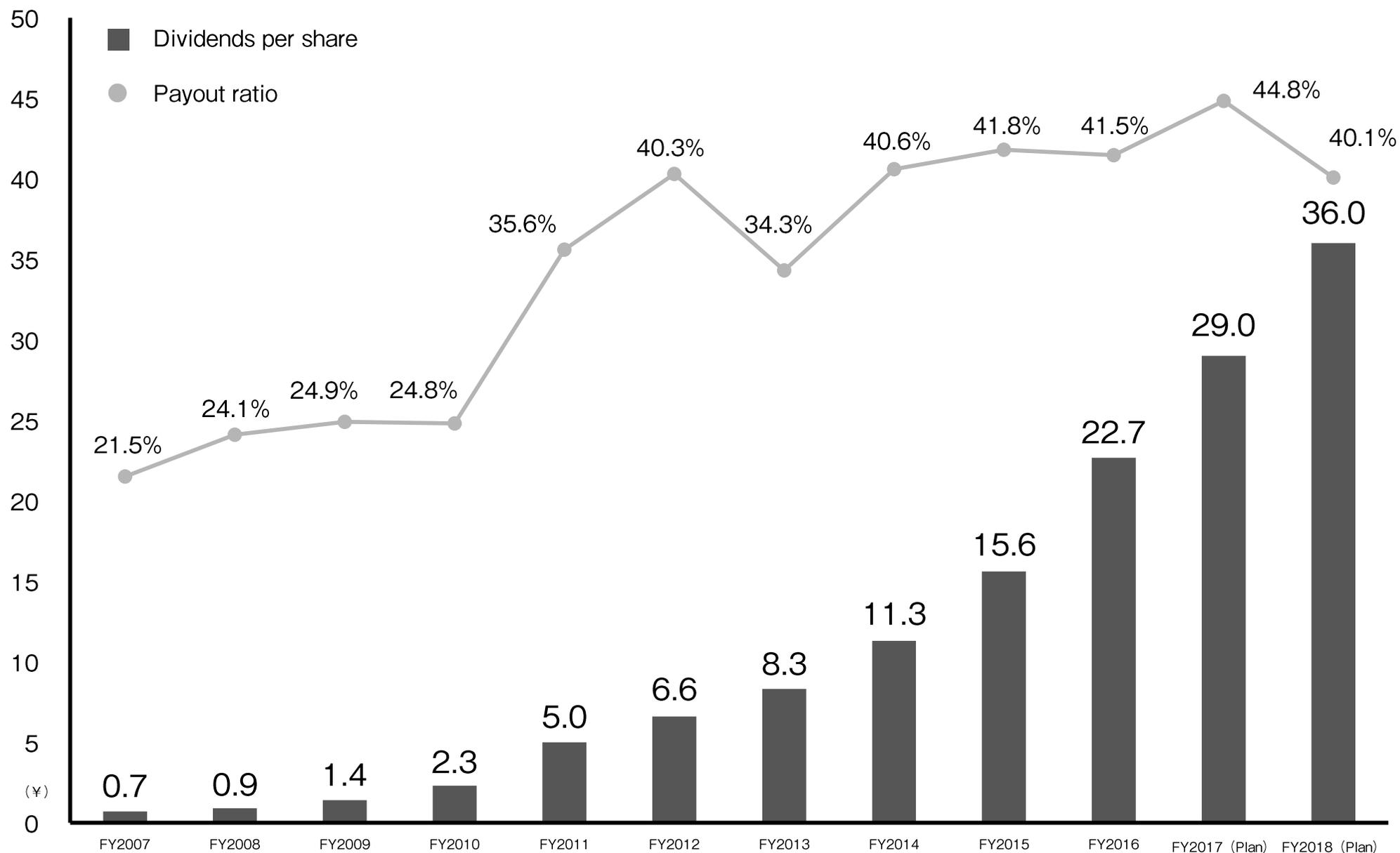
TRANSACTION VALUE



CAPITAL INVESTMENT



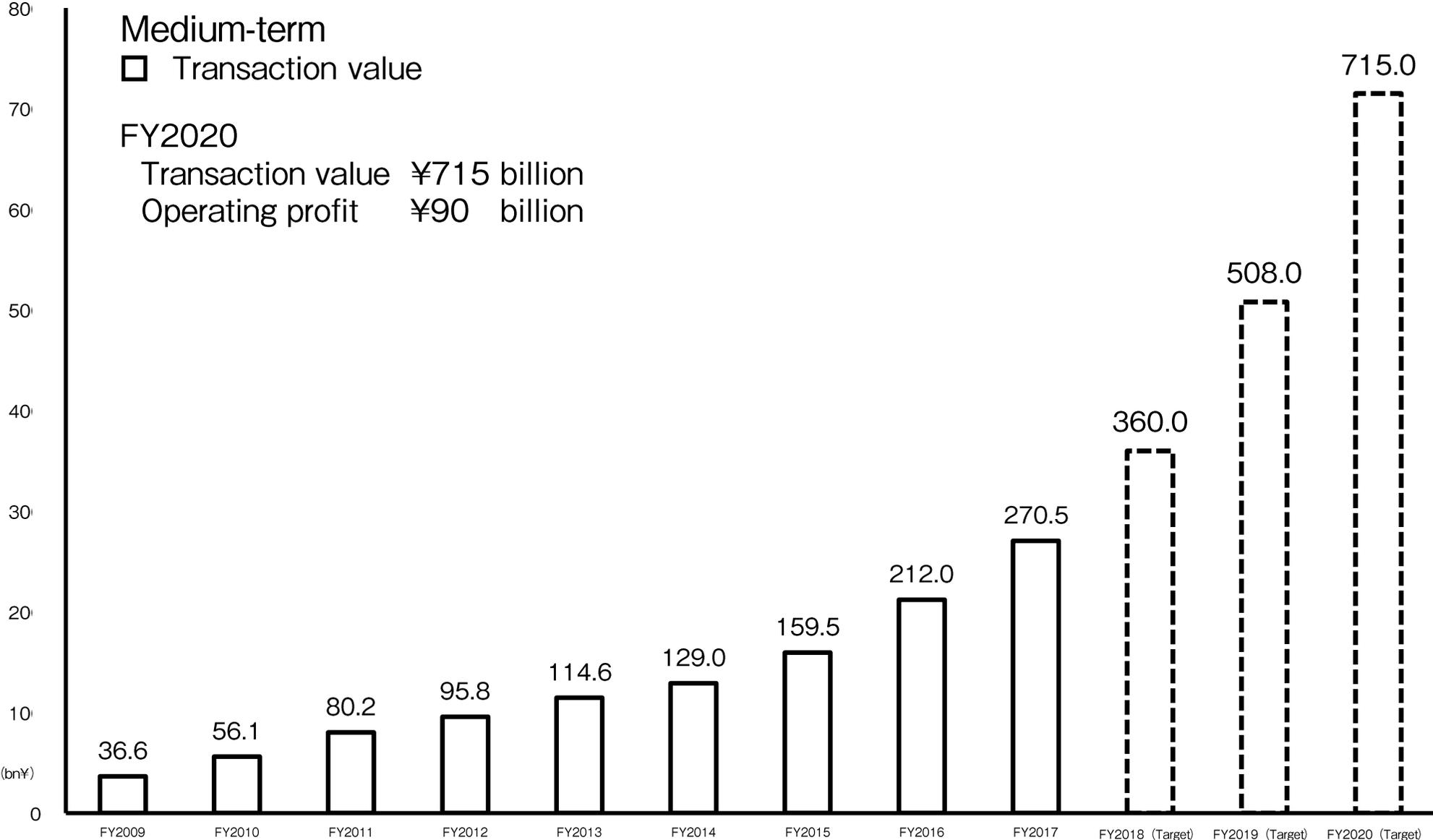
DIVIDENDS PER SHARE AND PAYOUT RATIO





FUTURE STRATEGIES

MEDIUM-TERM VISION

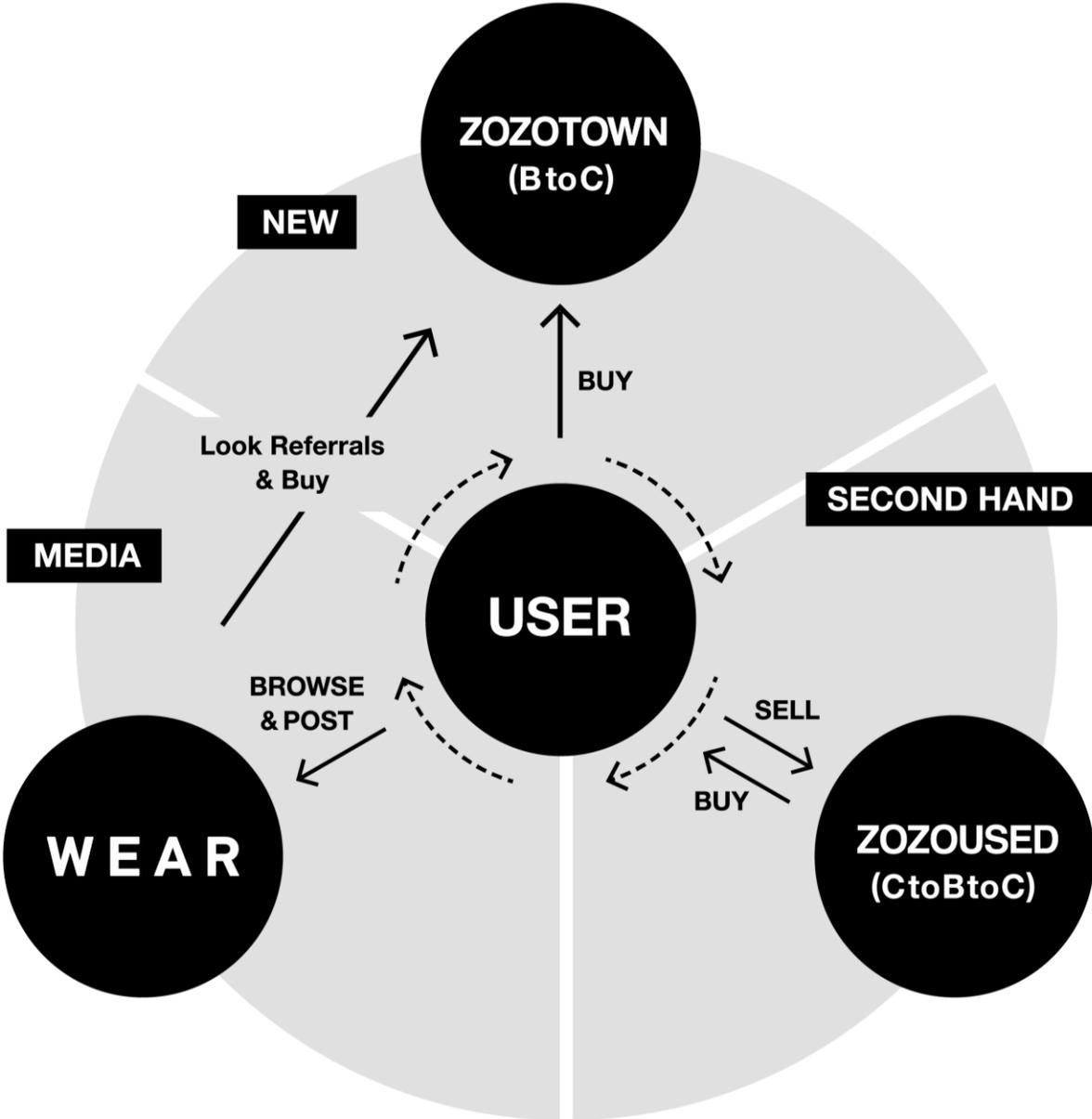


DETAIL OF MEDIUM-TERM VISION

(bn¥)

	FY2018		FY2019		FY2020	
	Target	Yoy	Target	Yoy	Target	Yoy
Transaction Value	360.0	33.1%	508.0	41.1%	715.0	40.7%
Net Sales	147.0	49.3%	241.0	63.9%	393.0	63.1%
Operating Profit	40.0	22.4%	58.0	45.0%	90.0	55.2%

MARKET EXPANSION STRATEGY





REFERENCE
DATA

6,443
POPULAR BRANDS

904
EMPLOYEES (average age 31.8 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.

20,798
SHARE HOLDERS

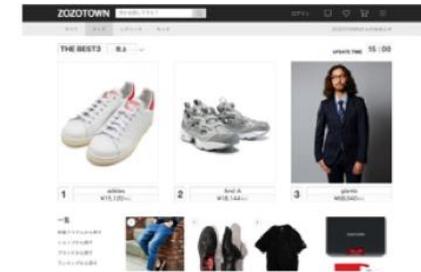
722 Million
TOTAL BUYERS (1year basis)

MAJOR SERVICES

ZOZOTOWN

Japan's Largest Online Retailer of Apparel and Accessories

- 1,111 stores offering 6,443 brands.
- At any given time, more than 650,000 items are available with an average of 3,100 new items added each day.
- Systems, 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 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 11.0 million DL
- 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.

aratanaInc.

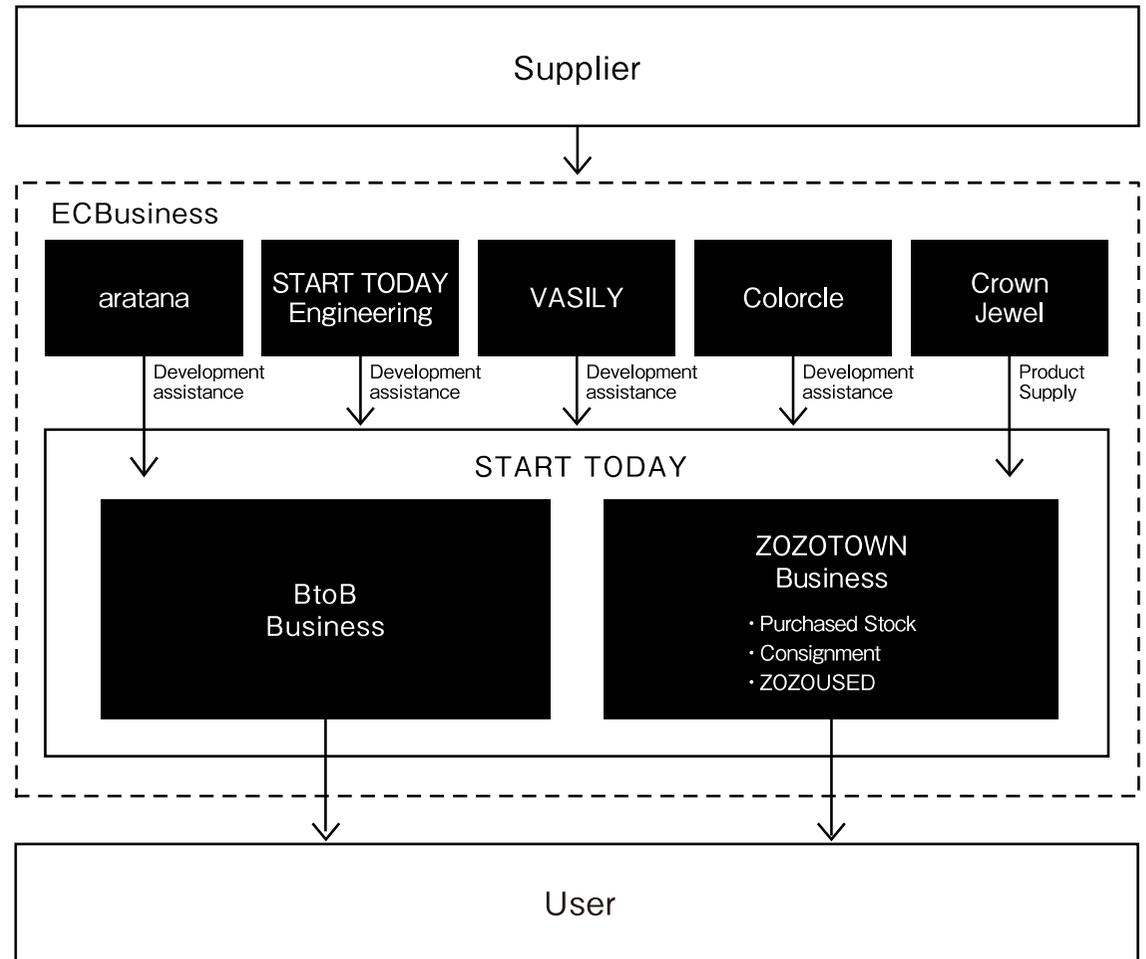
Specializes in building EC sites,web marketing,
web security systems,and EC rerated applications

VASILY ,Inc.

System development,web design,
Technological development, R&D

Colorcle ,Inc.

System development,web design,
Technological development, R&D



※ZOZO FURIMA Business ended on June 30, 2017.

MAJOR SERVICES

ZOZOTOWN Business

- **Consignment Sales**

We operate 1,105 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 = Transaction value of each store x commission rate

- **Purchased Stock**

We operate 6 stores within ZOZOTOWN, which offer products we purchase from brands.

Sales = 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 of purchase stock + Consignment commission of marketplace

Private Brand Business

The business model which manufacture and sell order-made basic items with best fit for each customer, by utilizing the data measured by the body measurement suit " ZOZOSUIT" developed by Start Today.

Items are sold at the private brand shop on ZOZOTOWN in Japan, and will be sold at dedicated sales websites at overseas.

Sales = transaction value of private brand items

BtoB Business

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

We currently provide back-end service to 8 stores.

Sales = Transaction value of these online shops x commission rate

※Above sales includes other sales such as initial shop opening commission, shipping income etc.

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.