



START TODAY CO.,LTD.

FY2017 3Q
CONSOLIDATED BUSINESS RESULTS

FY2017 3Q HIGHLIGHTS

01

Overview	• Total Transaction Value	: 196,987 million yen	(+33.0% ,Yoy)
	• Operating Profit	: 23,551 million yen	(+22.1% ,Yoy)
	→ Steady growth in both transaction value and operating profit.		

Total	ZOZOTOWN Business		
Transaction Value	Total Transaction Value	: 191,502 million yen	(+34.0% ,Yoy)
	Consignment Business	: 180,002 million yen	(+34.8% ,Yoy)
	Purchased Stock Business	: 129 million yen	(- 10.9% ,Yoy)
	ZOZOUSED Business	: 11,370 million yen	(+22.7% ,Yoy)
	Average Retail Price	: 4,858 yen	(- 7.2% ,Yoy)
	Average Purchase Amount per Shipment	: 9,043 yen	(+10.9% ,Yoy)
	BtoB Business	: 5,398 million yen	(+19.4% ,Yoy)

Profitability	• Operating profit margin (to the total transaction value)	: 12.0%	(13.0% for FY2016 Q3).
	Factors improving profitability	: Improvement in GPM, Decrease in the rate of fixed cost burden	
	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 charge from the carrier, Outsourcing expenses incurred from PB launch preparation	

Topic	• Announcement of launch and pre-order of the body measurement suit “ZOZOSUIT” (Nov 2017)		
	• Announcement of the private brand “ZOZO” (Nov 2017)		
	• Resolution of acquiring of Colorcle, a venture business from Kyushu Institute of Technology (Dec 2017)		
	• Expansion of logistics center “ZOZOBASE” in the fall of 2019 (Dec 2017)		



BUSINESS RESULTS

OVERVIEW OF THE FY2017 3Q

03

(million¥)

Item	FY2016 3Q	FY2017 3Q	YoY Change(%)	Target	Progress Rate(%)
Transaction value	148,090	196,987	33.0%	270,000	73.0%
Net sales	53,694	70,915	32.1%	100,000	70.9%
Gross profit	48,659	65,575	34.8%	-	-
(% Transaction Value)	32.9%	33.3%	0.4%	-	-
SG & A	29,367	42,023	43.1%	-	-
(% Transaction Value)	19.8%	21.3%	1.5%	-	-
Operating profit	19,291	23,551	22.1%	32,000	73.6%
(% Transaction Value)	13.0%	12.0%	-1.0%	11.9%	-
Recurring profit	19,433	23,600	21.4%	32,000	73.8%
Profit attributable to owners of parent	14,117	16,285	15.4%	22,200	73.4%

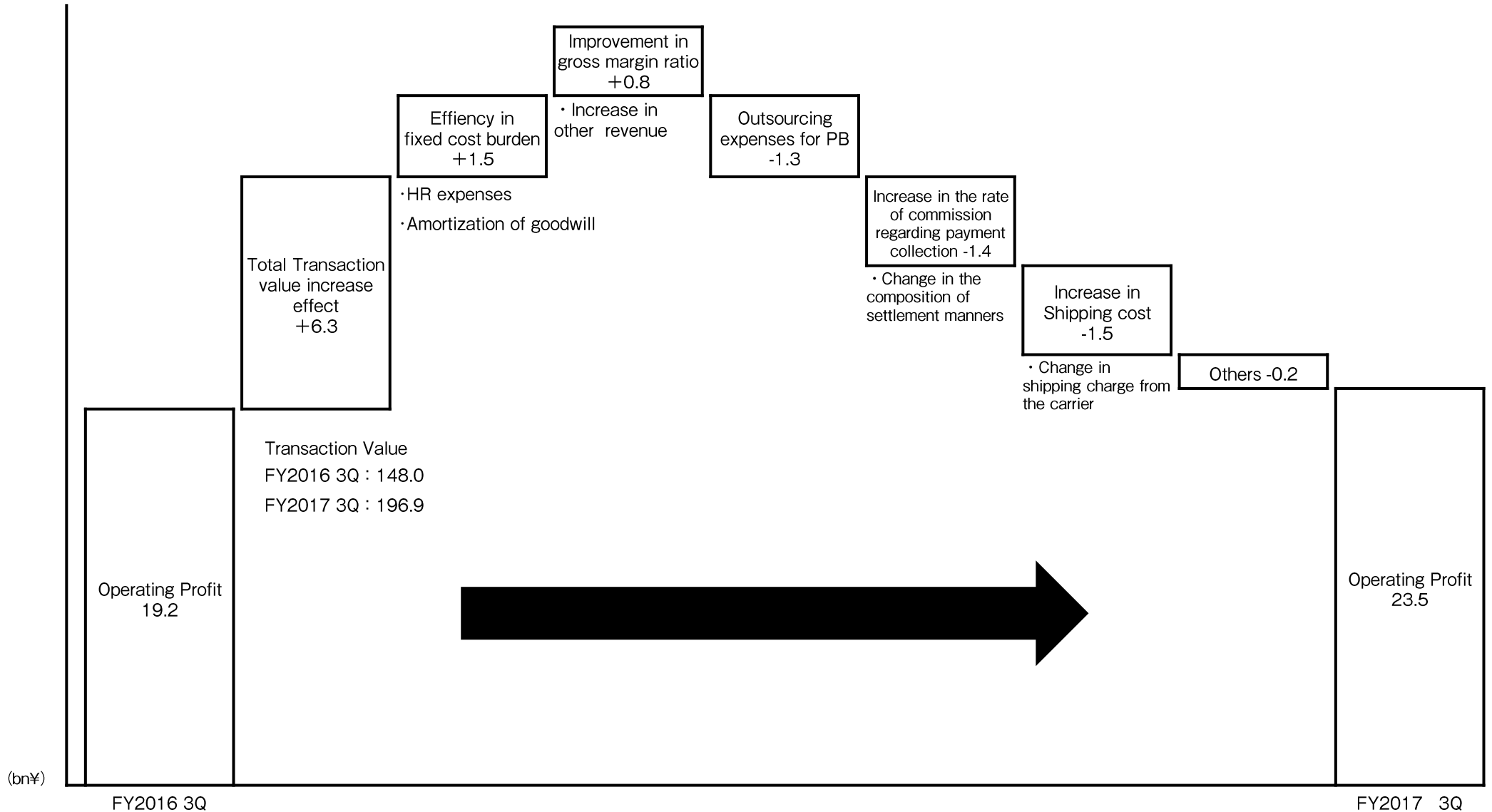
OVERVIEW OF EACH QUARTER

04

(million¥)

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

INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)



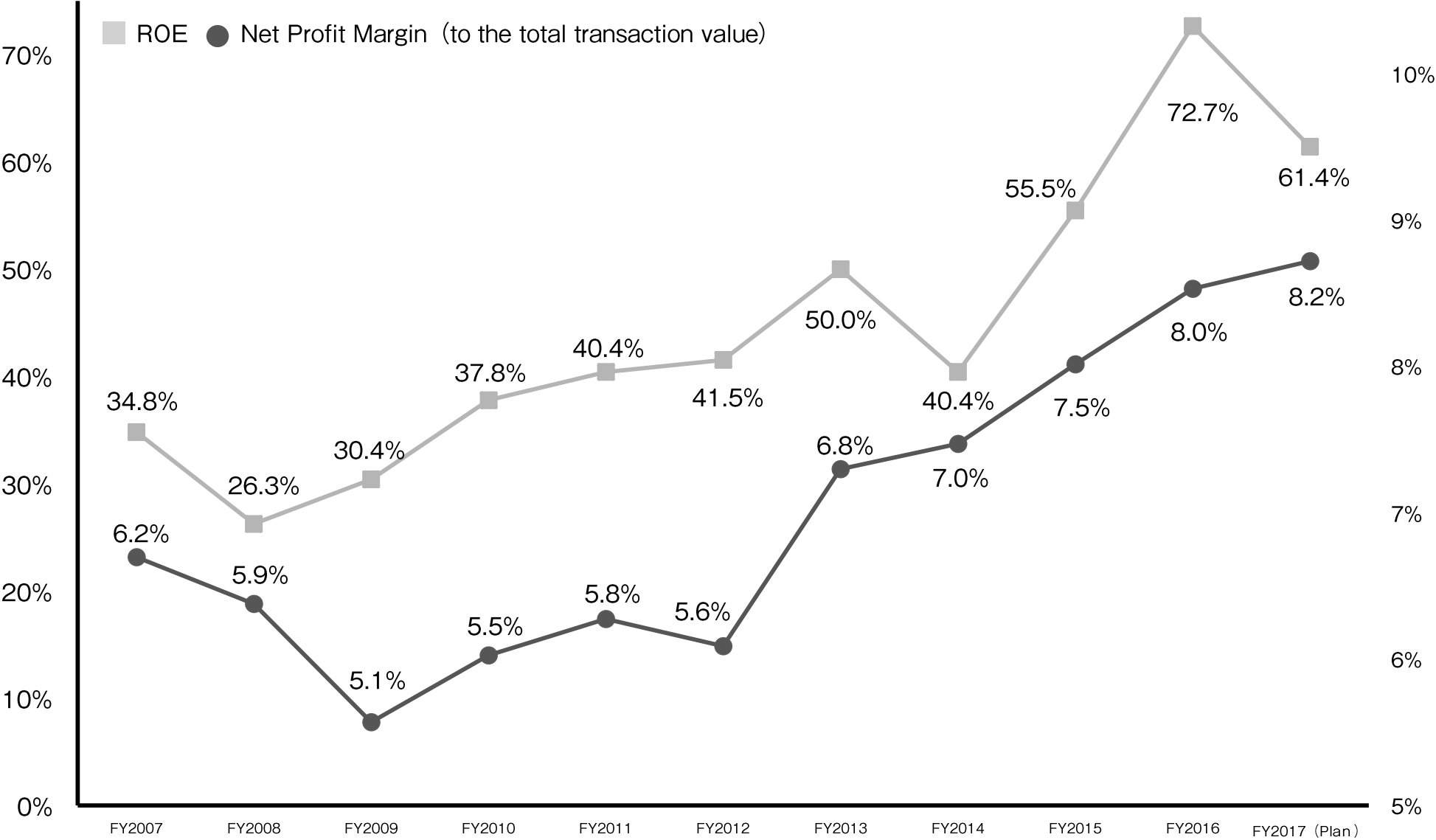
CONSOLIDATED BALANCE SHEET

06

(million¥)

	FY2016 (as of March 31, 2017)	FY2017 3Q (as of December 31, 2017)		FY2016 (as of March 31, 2017)	FY2017 3Q (as of December 31, 2017)
Current assets	45,641	50,572	Current liabilities	23,906	26,586
Cash and deposits	22,068	15,579	Deposit received for consignment sales	11,536	15,842
Merchandise inventory	1,177	2,177	Noncurrent liabilities	1,945	2,088
Noncurrent assets	10,079	15,201	Total liabilities	25,851	28,675
Tangible assets	3,364	5,762	Shareholders' equity	29,461	37,021
Intangible assets	1,075	2,631	Treasury stock	-11,758	-
Investments and other assets	5,639	6,808	Total net assets	29,868	37,098
Total assets	55,720	65,773	Total liabilities and net assets	55,720	65,773

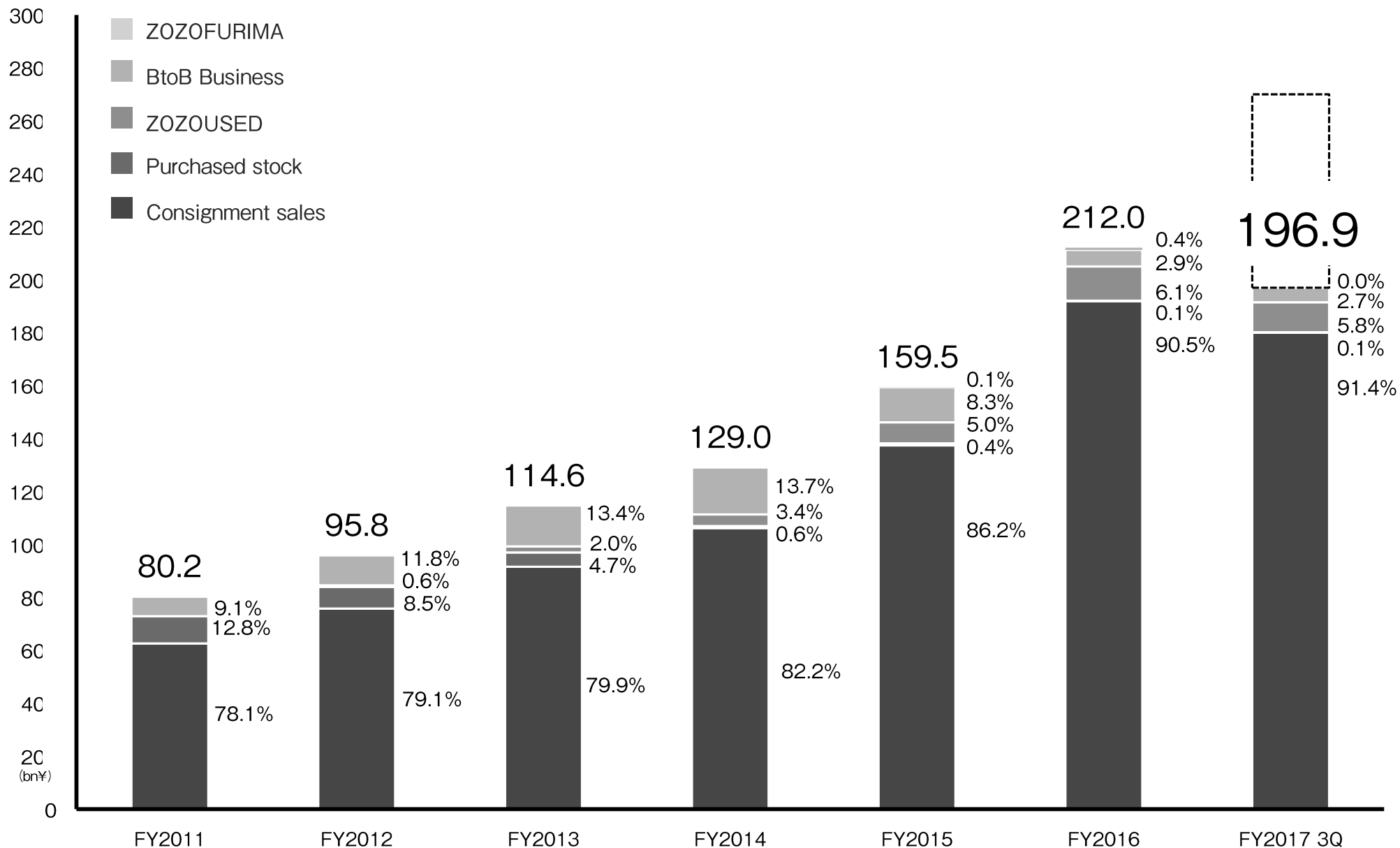
ROE AND NET PROFIT MARGIN



TRANSACTION VALUE

Gross transaction value of new shops opened in FY2017 3Q

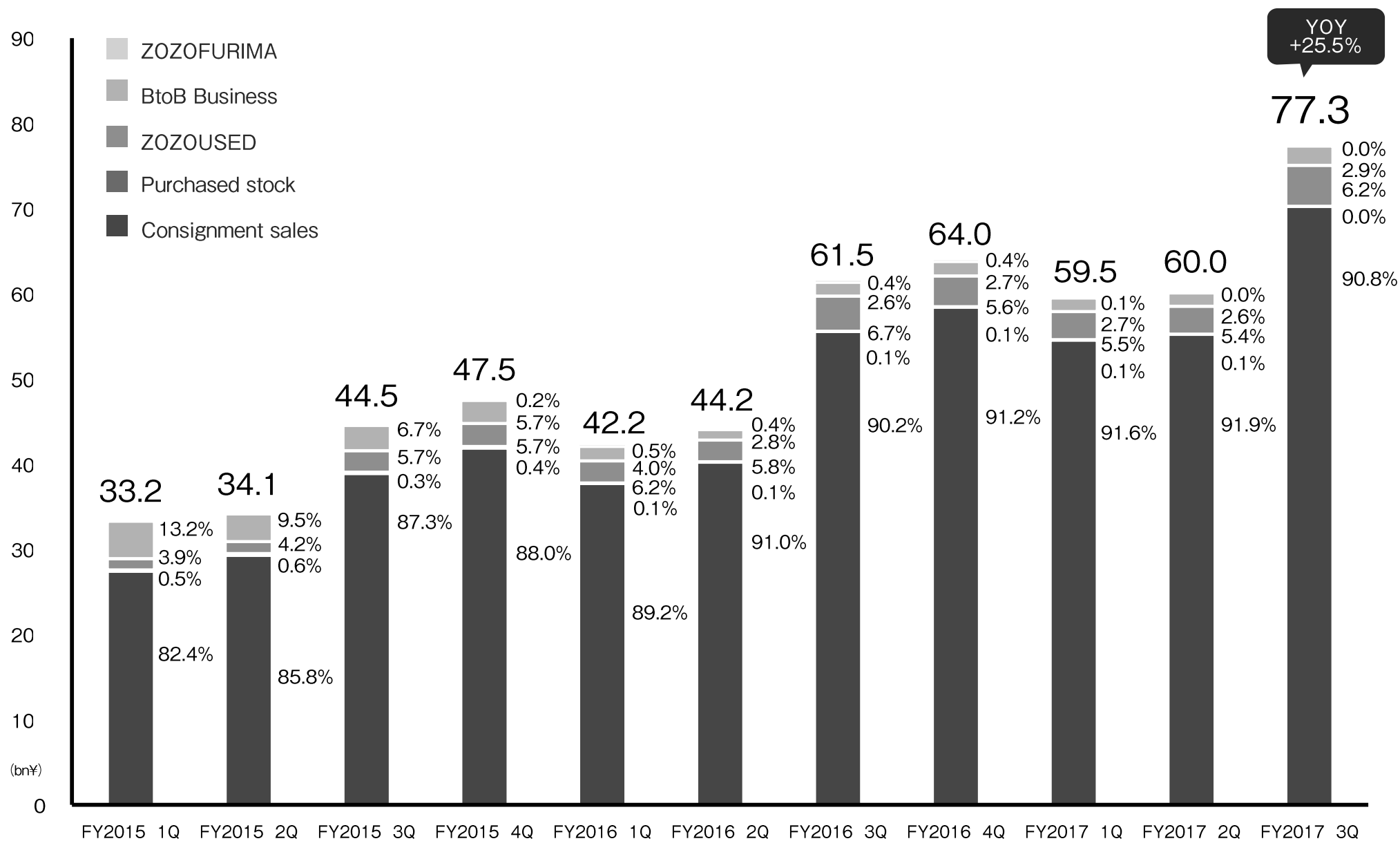
ZOZOTOWN Business (purchased stock & consignment sales) : ¥ 6.0 billion (accounts for 3.1% of the total transaction value)



※ZOZO FURIMA Business ended on June 30, 2017.

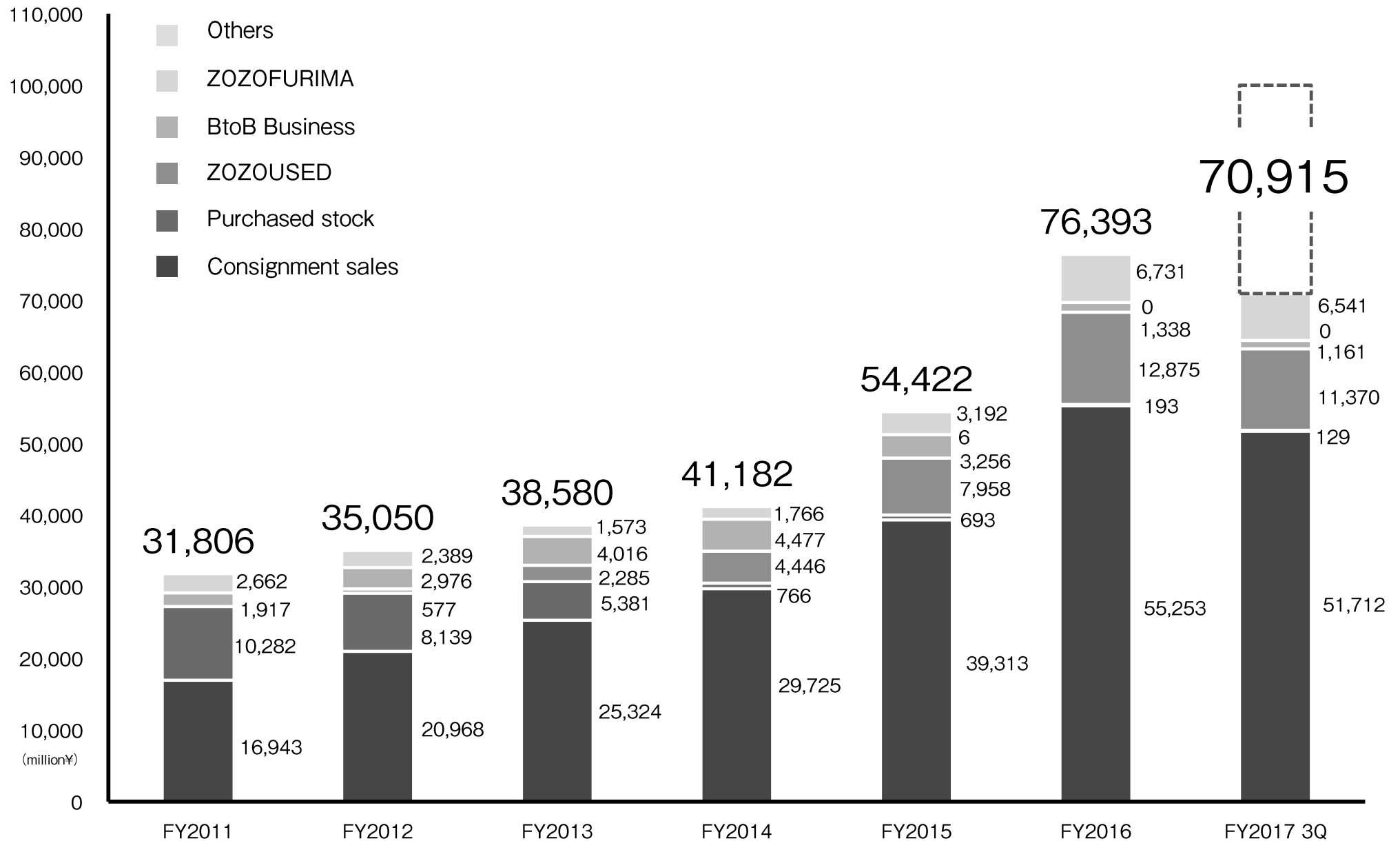
TRANSACTION VALUE (QUARTERLY)

09



※ZOZO FURIMA Business ended on June 30, 2017.

NET SALES

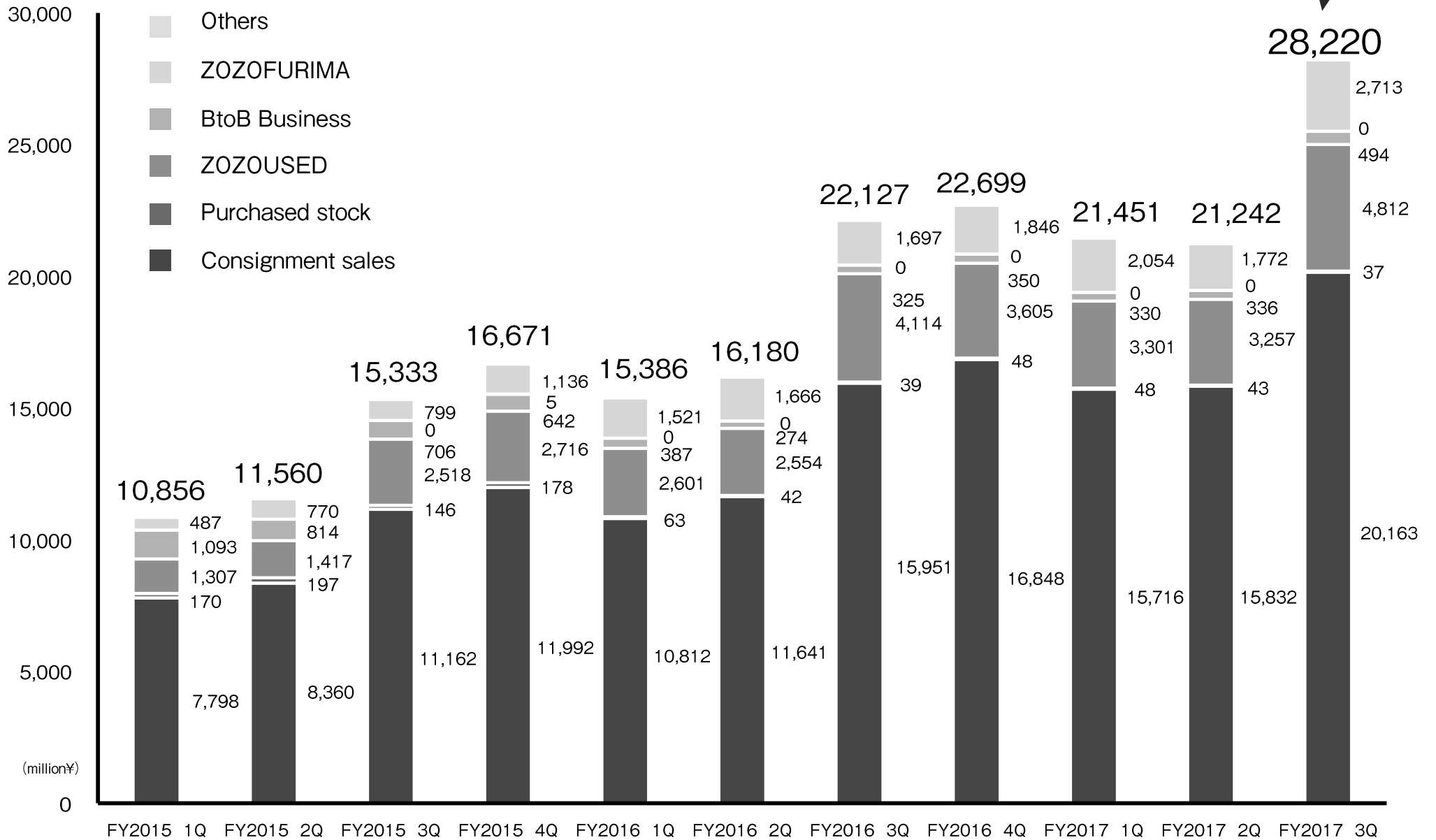


※ZOZO FURIMA Business ended on June 30, 2017.

NET SALES (QUARTERLY)

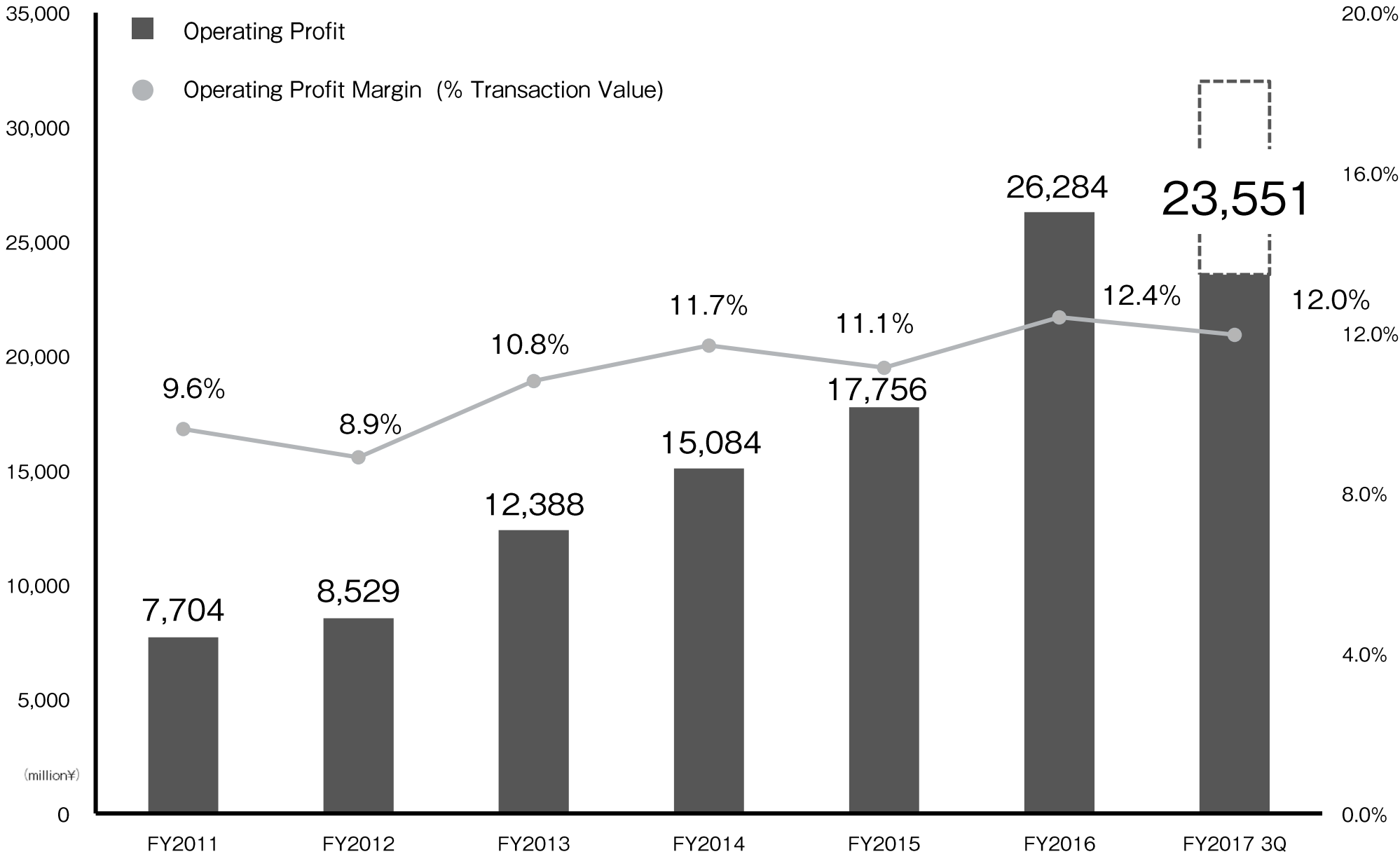
11

YOY
+27.5%



※ZOZO FURIMA Business ended on June 30, 2017.

OPERATING PROFIT AND OPERATING PROFIT MARGIN



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES

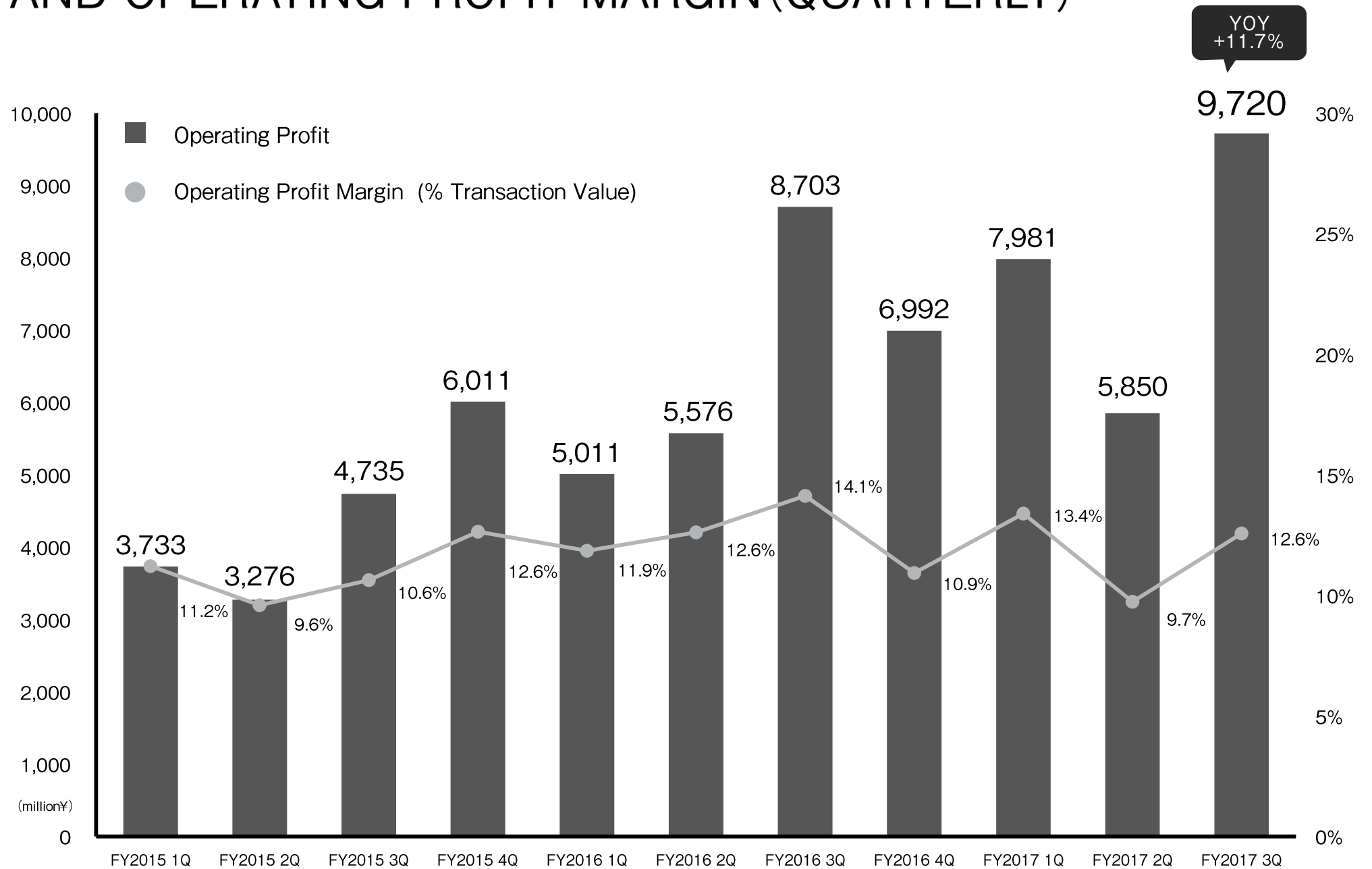
13

(million¥)

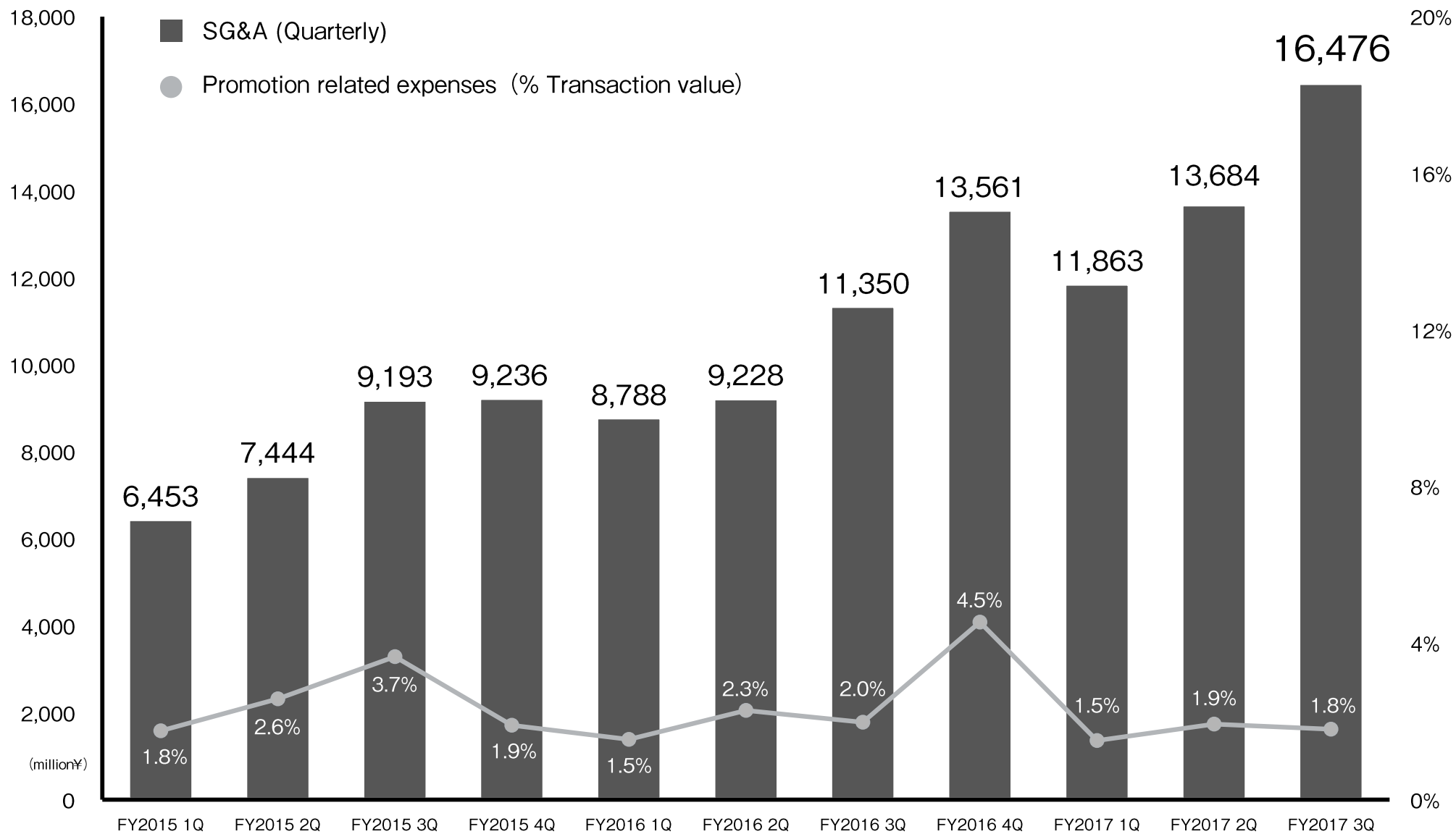
Item	FY2016 3Q		FY2017 3Q		YoY	Increase decrease factors
	Amount	%Transaction value	Amount	%Transaction value	%Transaction value	
Payroll(*)	7,791	5.3%	9,230	4.7%	-0.6%	The number of employees in our group has grown from 811 as of December, 2016 to 872 as of December, 2017. Due to increase in the number of bases, a portion of operations has been transferred to outsourcing cost
Shipping	6,233	4.2%	9,831	5.0%	0.8%	Change in shipping fees (Sep 2017~)
Commission of Payment collection	3,729	2.5%	6,394	3.2%	0.7%	Changes in the composition ratio of settlement means
Promotion related expenses	2,873	1.9%	3,451	1.8%	-0.1%	
Advertising	1,229	0.8%	1,268	0.6%	-0.2%	
Reward points related expenses	1,644	1.1%	2,182	1.1%	0.0%	
Outsourcing	2,609	1.8%	5,470	2.8%	1.0%	Outsourcing expenses incurred from PB launch preparation. Due to increase in the number of bases, a portion of operation has been transferred from payroll
Rent expense	1,512	1.0%	2,183	1.1%	0.1%	The amount increased with the number of bases increased
Depreciation	610	0.4%	686	0.3%	-0.1%	
Amortization of goodwill	648	0.4%	199	0.1%	-0.3%	Impairment of goodwill in the end of last fiscal year (aratana Inc)
Others	3,358	2.3%	4,576	2.3%	0.0%	
Total SG&A	29,367	19.8%	42,023	21.3%	1.5%	

*Payroll includes director's remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, provision for directors' bonus, and subcontracting payroll.

OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



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



OVERVIEW OF SG & A BY EACH QUARTER

16

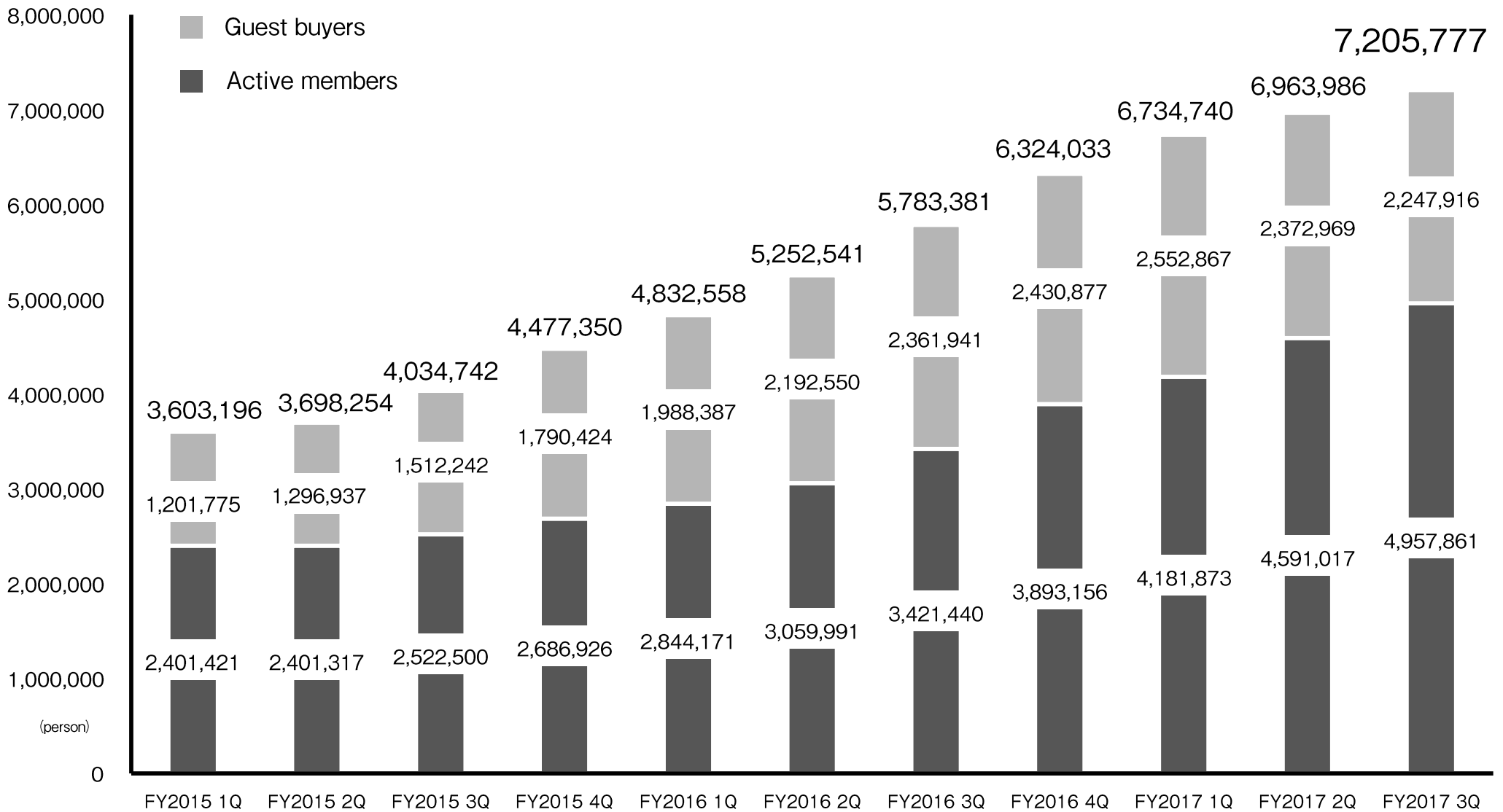
(million¥)

item	FY2016								FY2017					
	1Q		2Q		3Q		4Q		1Q		2Q		3Q	
	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value
Payroll(*)	2,472	5.8%	2,383	5.4%	2,935	4.8%	2,845	4.4%	2,896	4.9%	3,065	5.1%	3,267	4.2%
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%
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%
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%
Advertising	223	0.5%	454	1.0%	551	0.9%	1,770	2.8%	345	0.6%	393	0.7%	529	0.7%
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%
Outsourcing	807	1.9%	798	1.8%	1,003	1.6%	1,231	1.9%	1,384	2.3%	2,020	3.4%	2,065	2.7%
Rent expense	478	1.1%	468	1.1%	565	0.9%	601	0.9%	597	1.0%	757	1.3%	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%
Amortization of goodwill	214	0.5%	256	0.6%	176	0.3%	176	0.3%	56	0.1%	56	0.1%	86	0.1%
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%
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%

※Payroll includes director's remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, provision for directors' bonus, and subcontracting payroll.

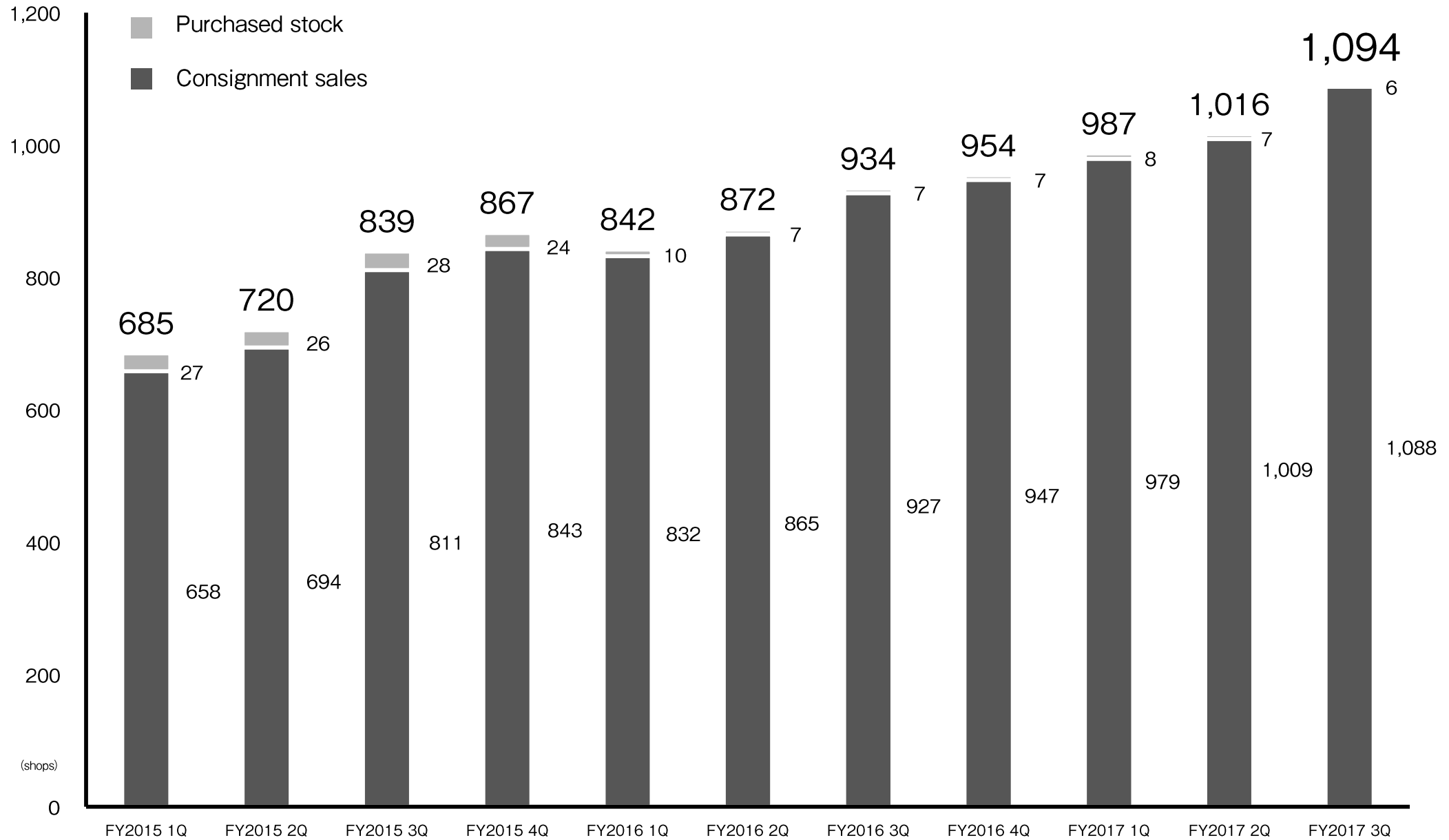
NUMBER OF TOTAL BUYERS

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 ON ZOZOTOWN

18

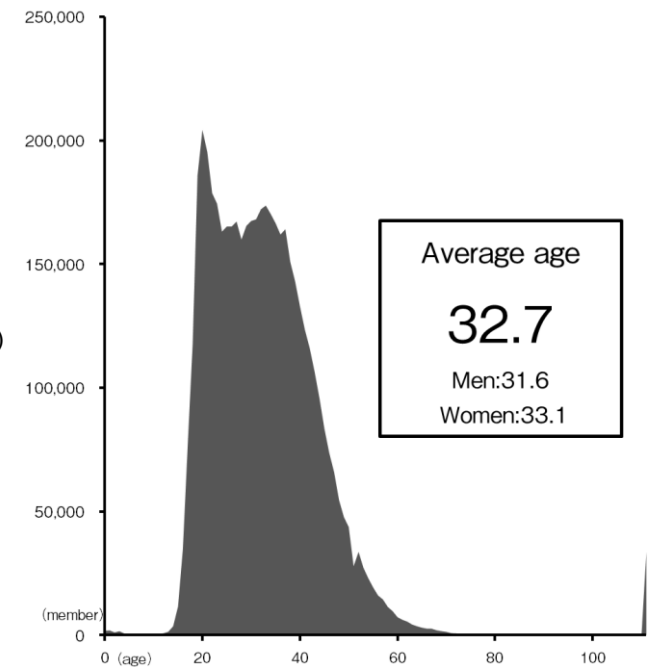
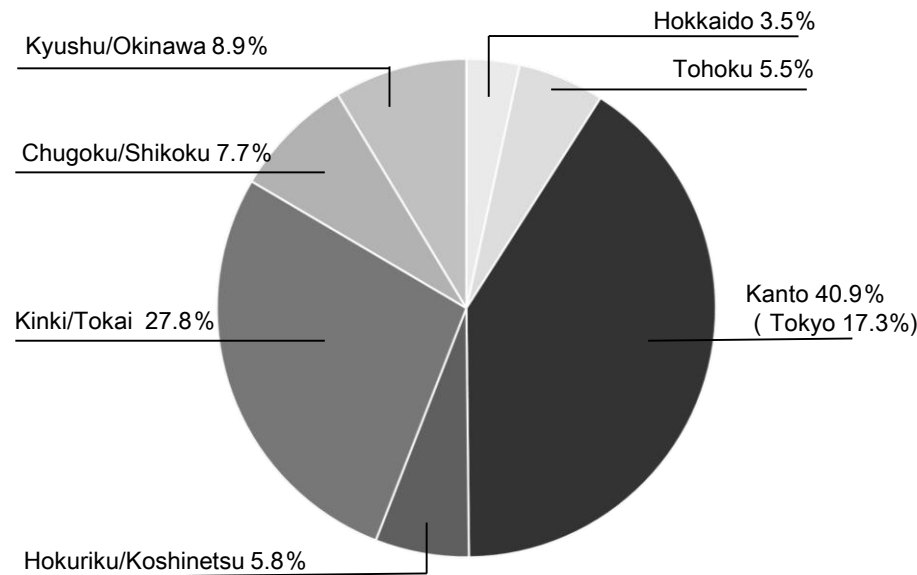
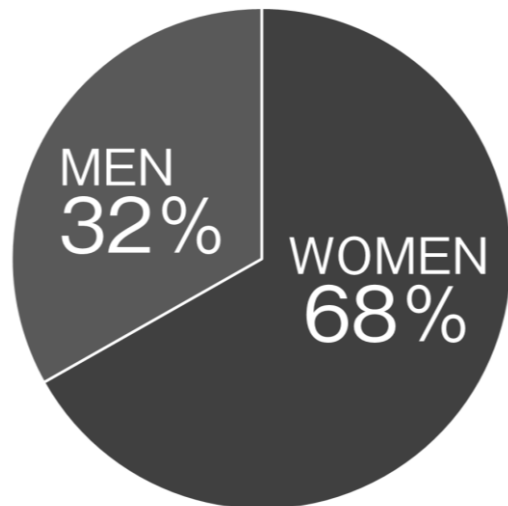


ACTIVE MEMBER DISTRIBUTION

■ Gender ratio

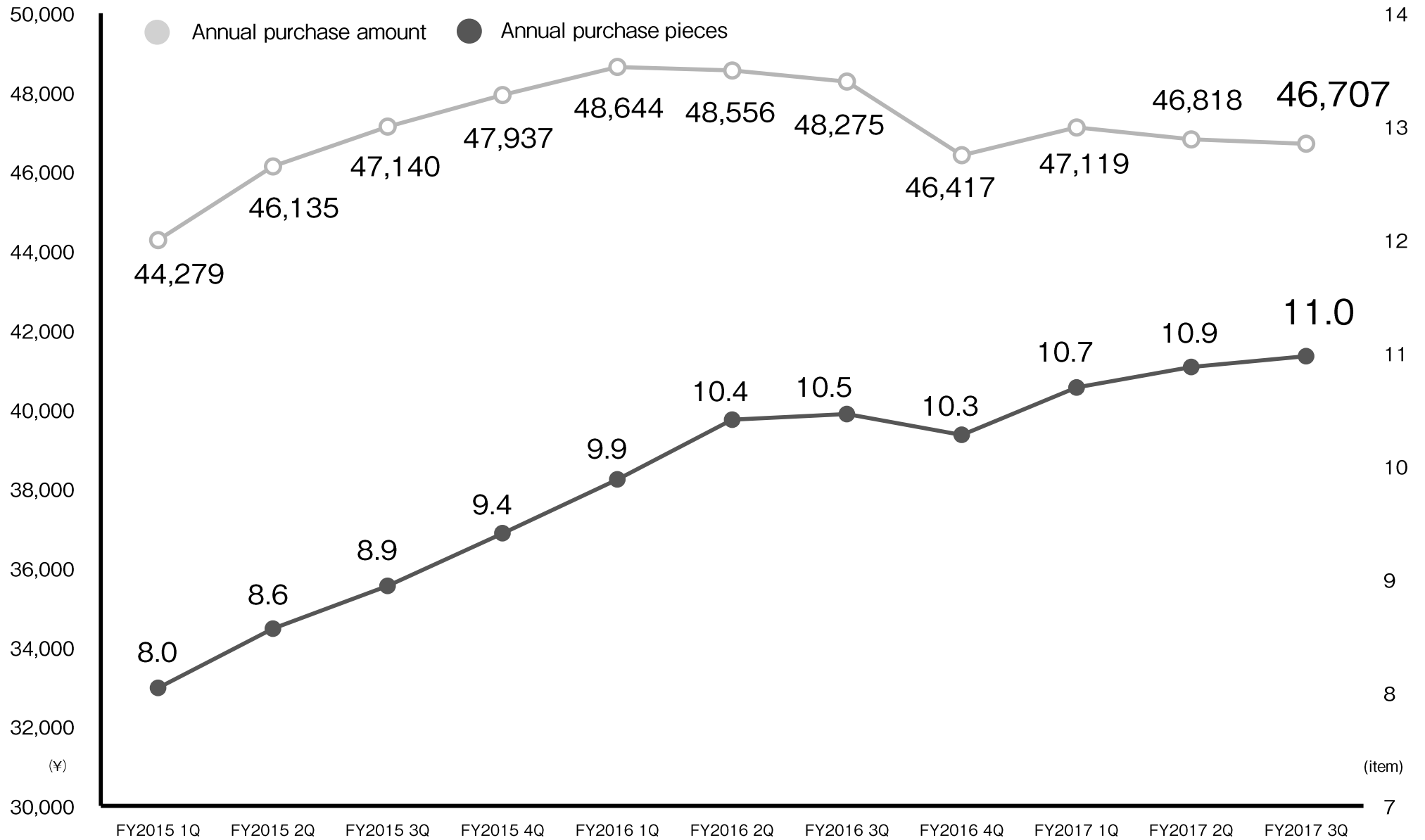
■ Geographical distribution

■ Age distribution

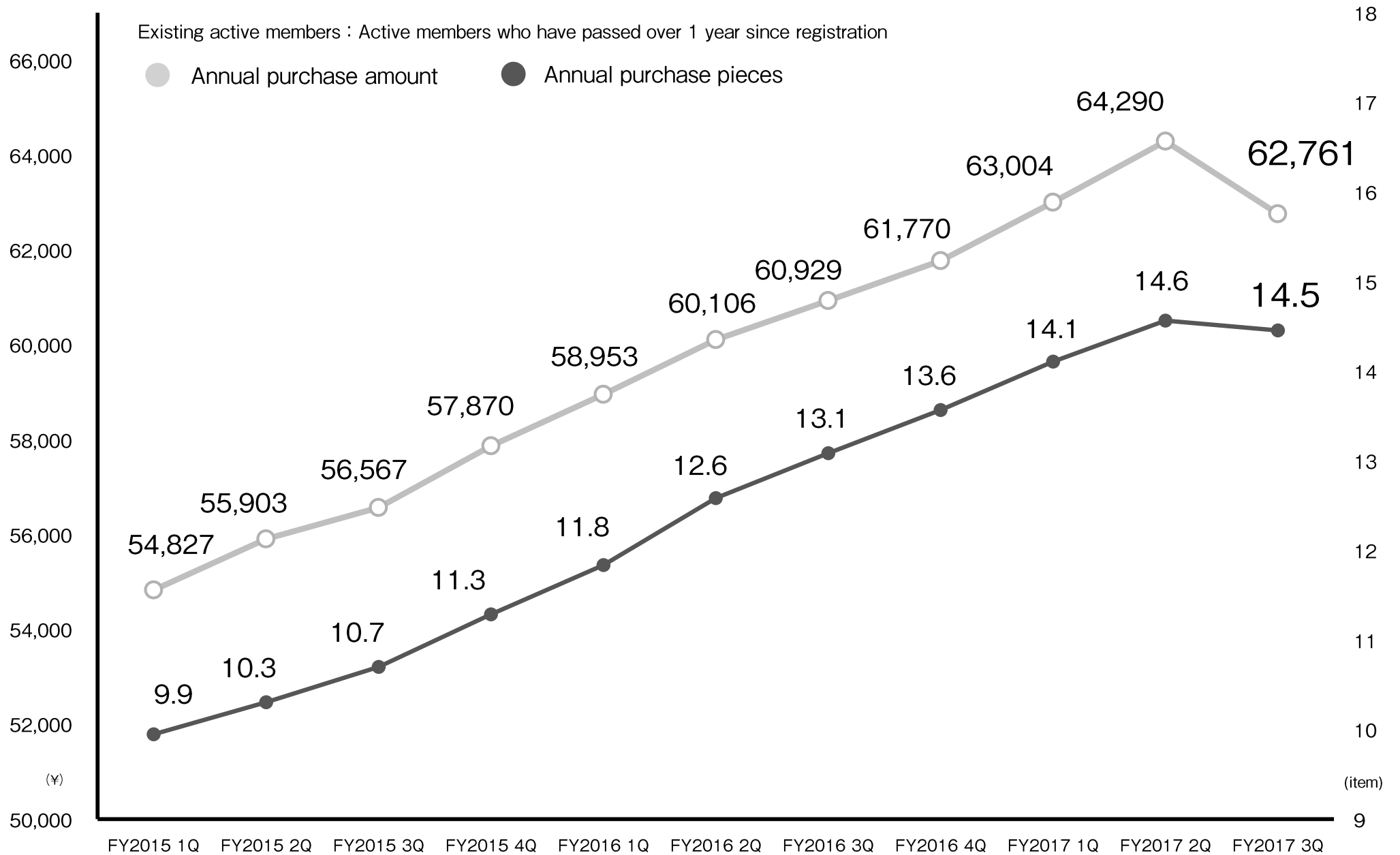


ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER

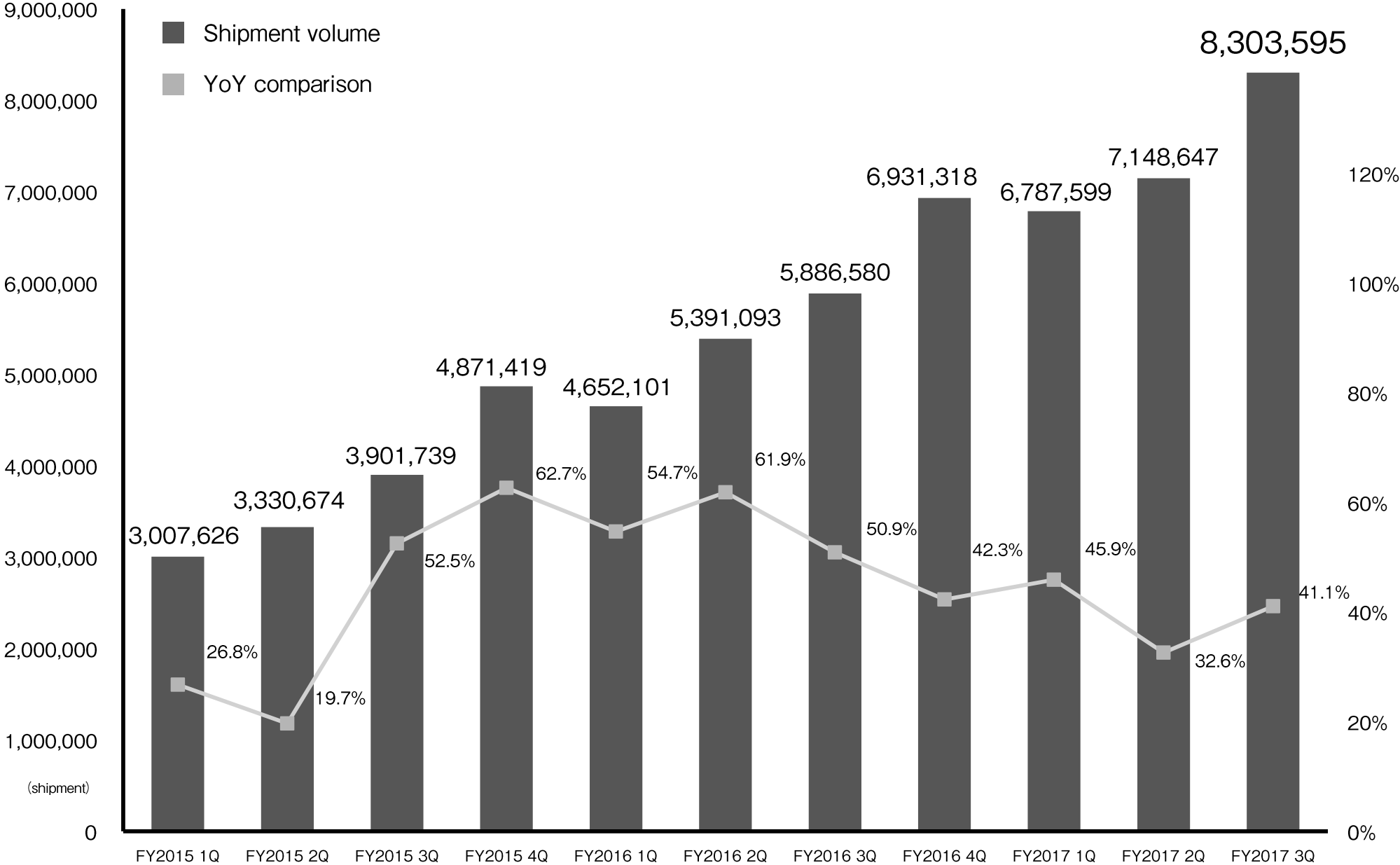
20



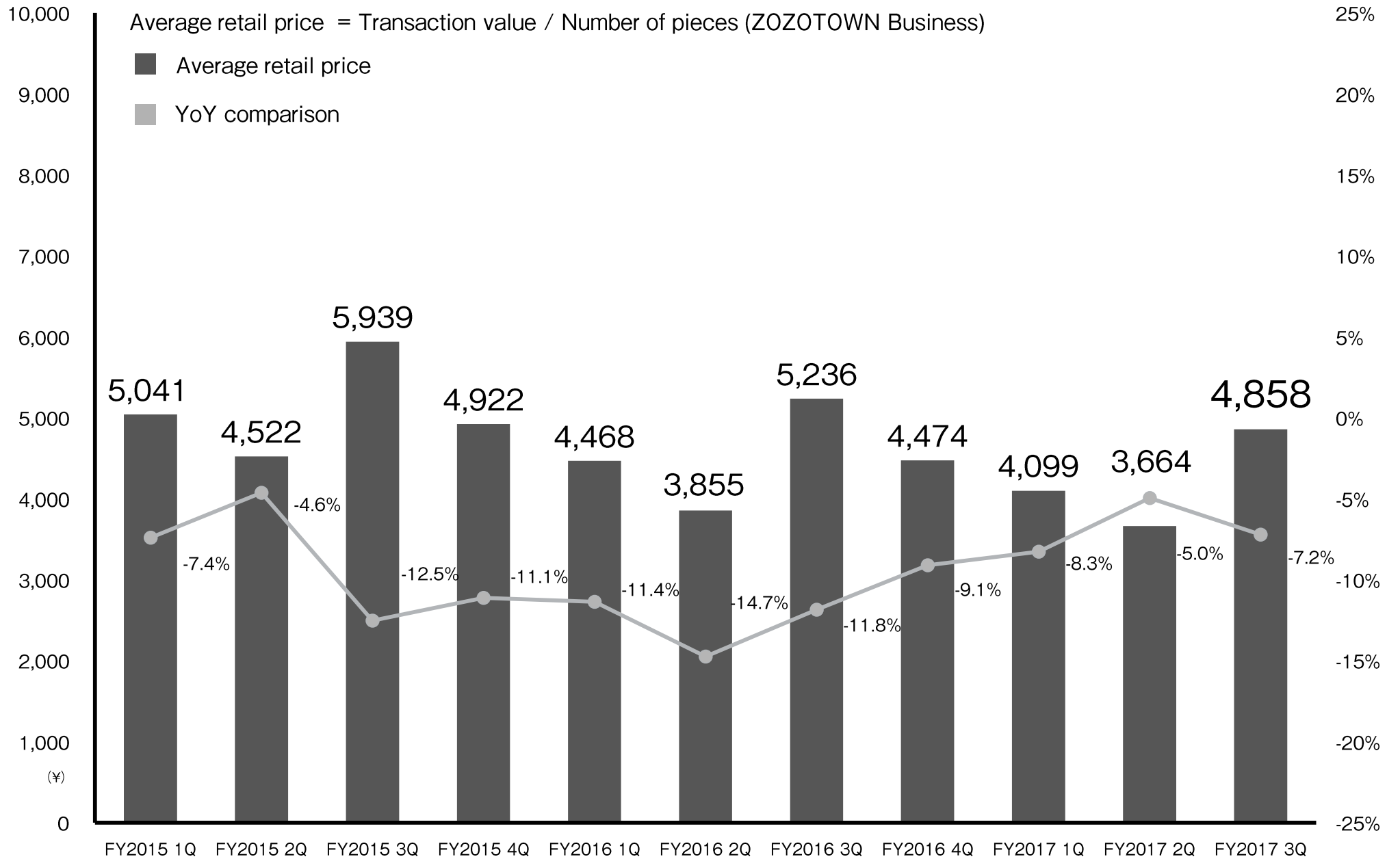
ANNUAL PURCHASE AMOUNT AND PIECES PER EXISTING ACTIVE MEMBER



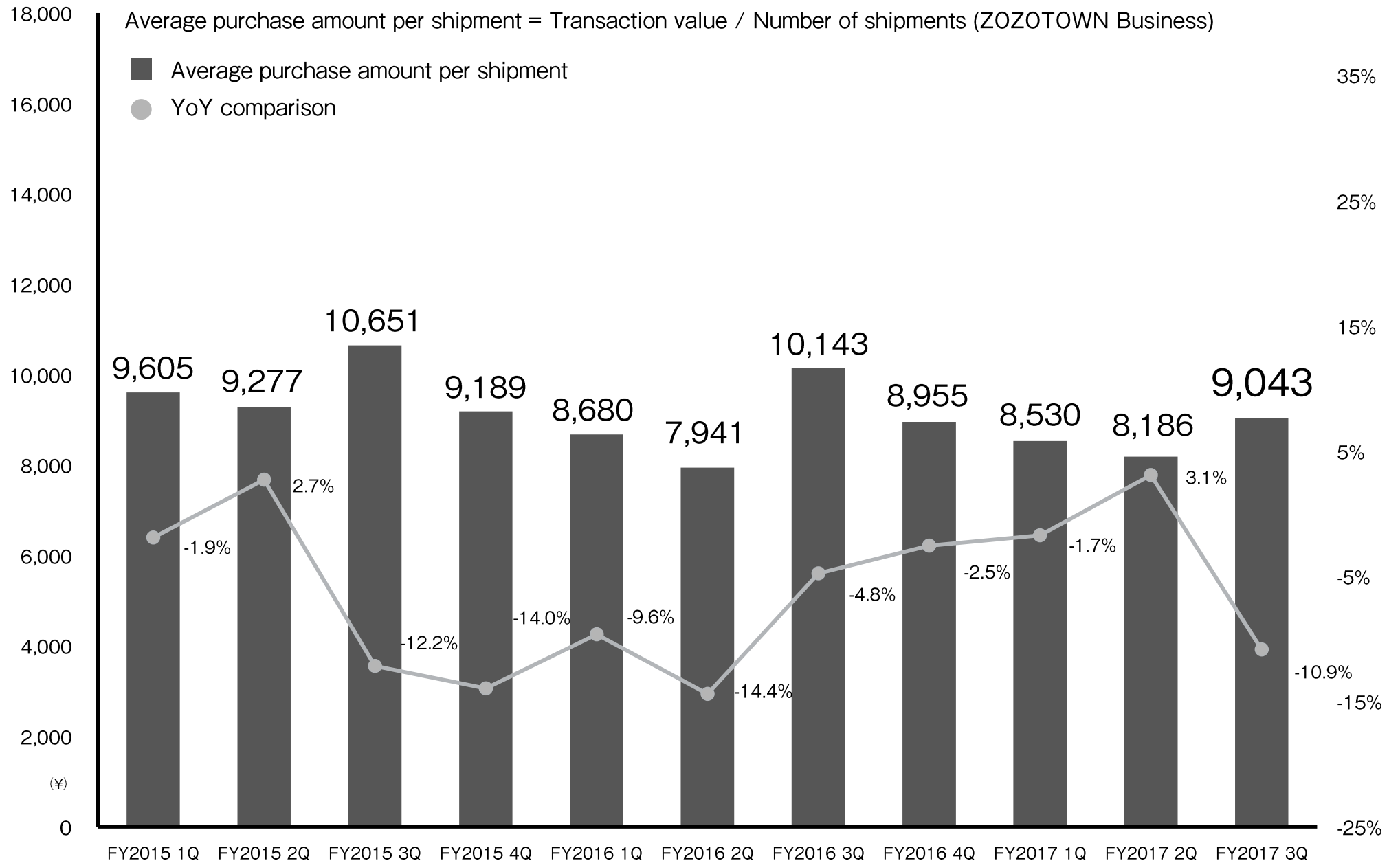
NUMBER OF SHIPMENT



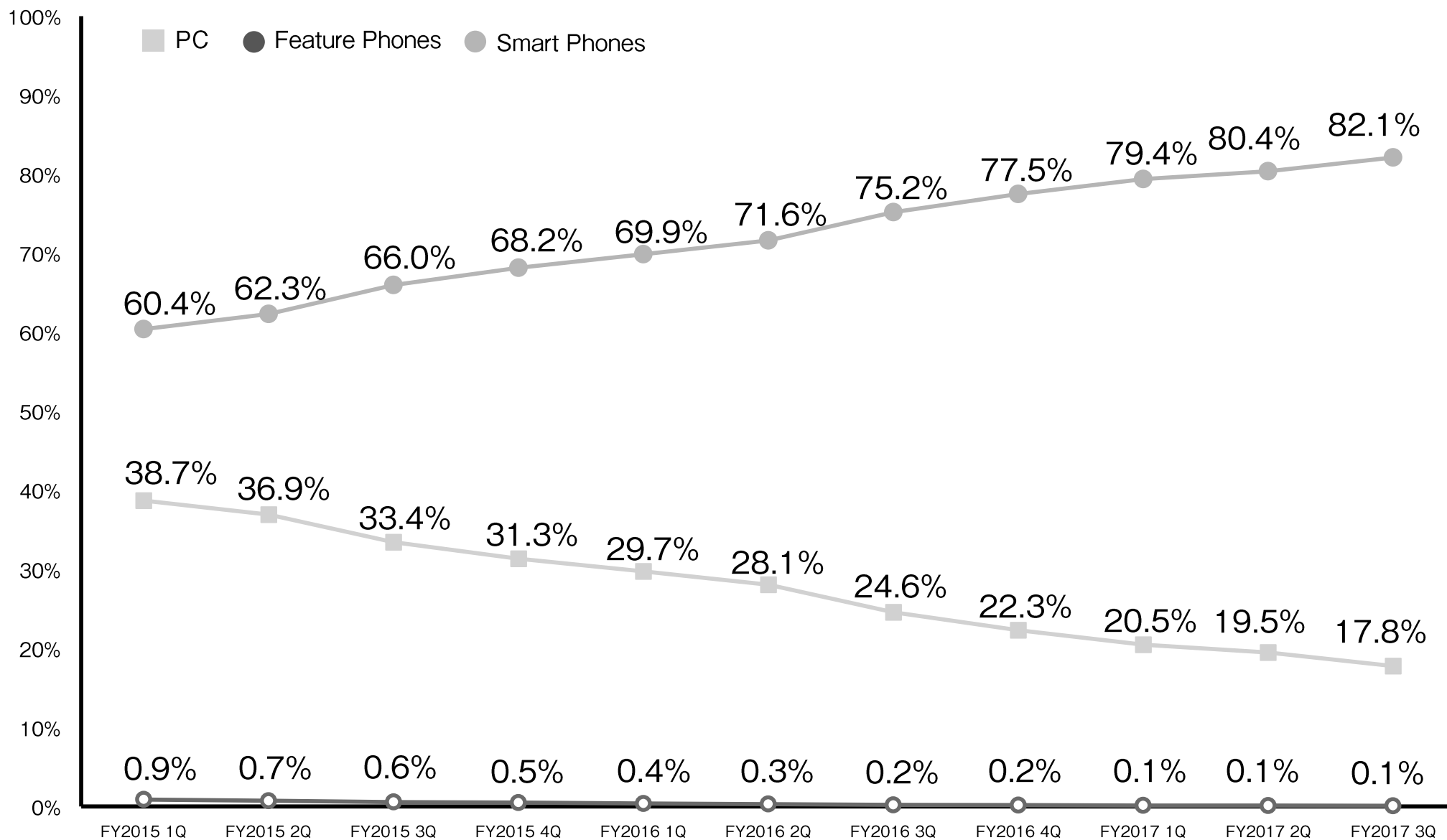
AVERAGE RETAIL PRICE



AVERAGE PURCHASE AMOUNT PER SHIPMENT



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





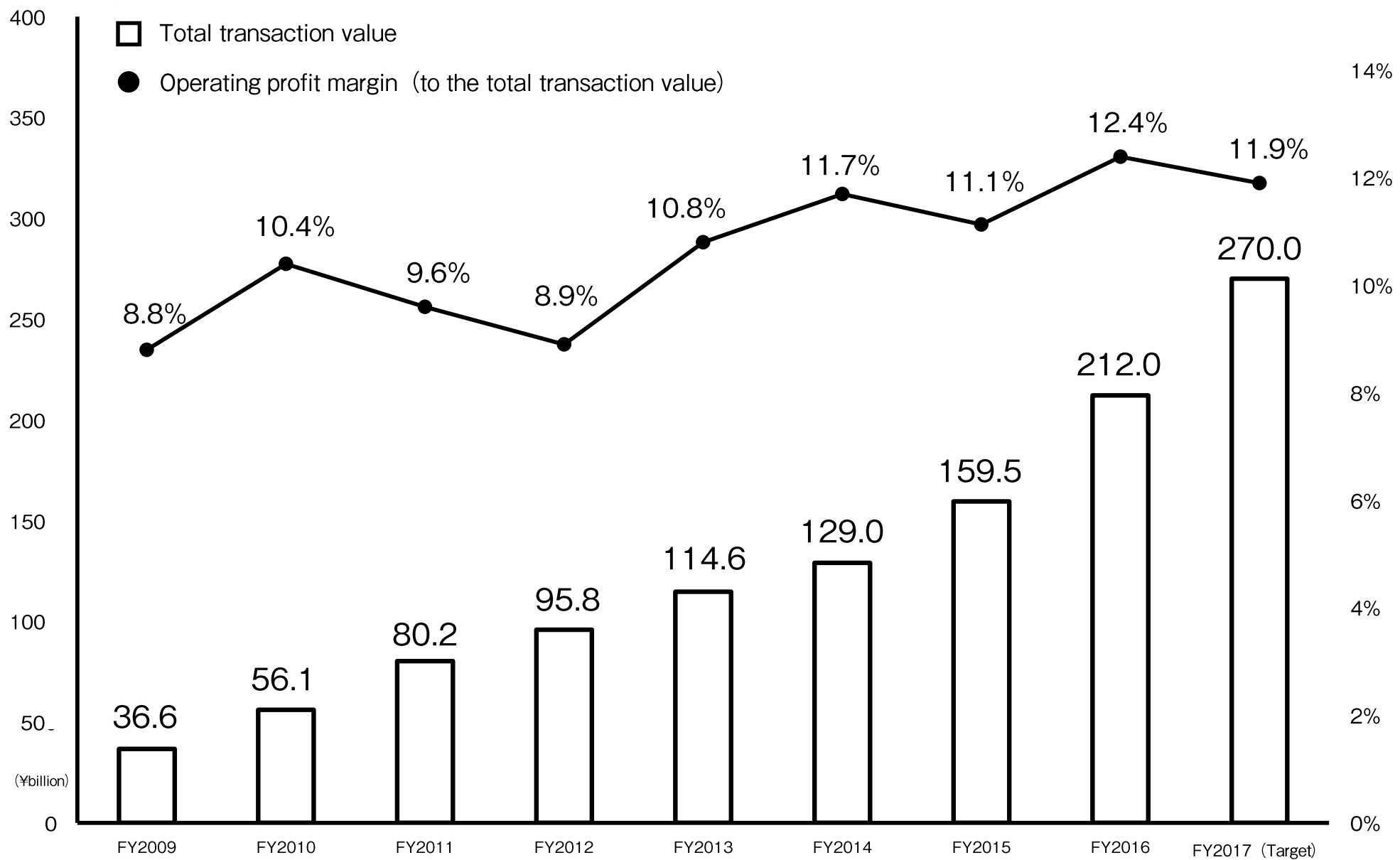
BUSINESS PLAN
FOR FY2017

CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2017

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	FY2017 PLAN	Growth Rate(%)
Transaction value	270,000 (¥million)	27.3%
Net sales	100,000 (¥million)	30.9%
Operating profit	32,000 (¥million)	21.7%
Recurring profit	32,000 (¥million)	21.0%
Profit attributable to owners of parent	22,200 (¥million)	30.3%
Earnings per share	71.2(¥)	-
Estimated dividends per share	29(¥)	-

TRANSACTION VALUE



BREAKDOWN OF THE TOTAL TRANSACTION VALUE AND EACH POLICY

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Start Today Group

Target for Total Transaction Value : 270.0 billion yen (+27.3%, Yoy)

ZOZOTOWN Business

Target for Total Transaction Value : 264.0 billion yen (+28.8%, Yoy)

- Consignment Business 246 billion yen (+28.2%, Yoy)
- ZOZOUSED Business 18 billion yen (+39.8%, Yoy)

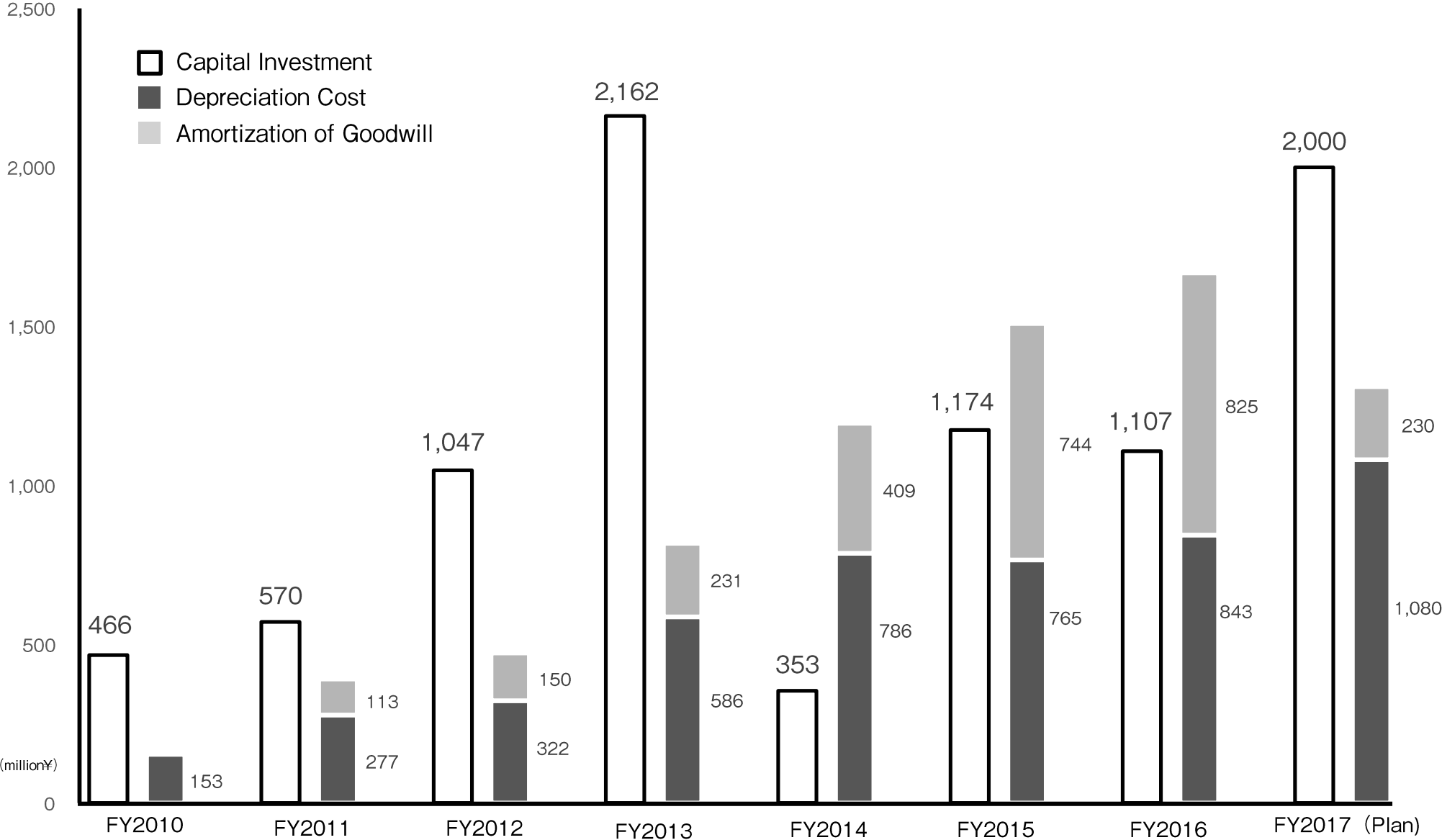
BtoB Business

Target for Total Transaction Value : 6 billion yen (-3.5%, Yoy)

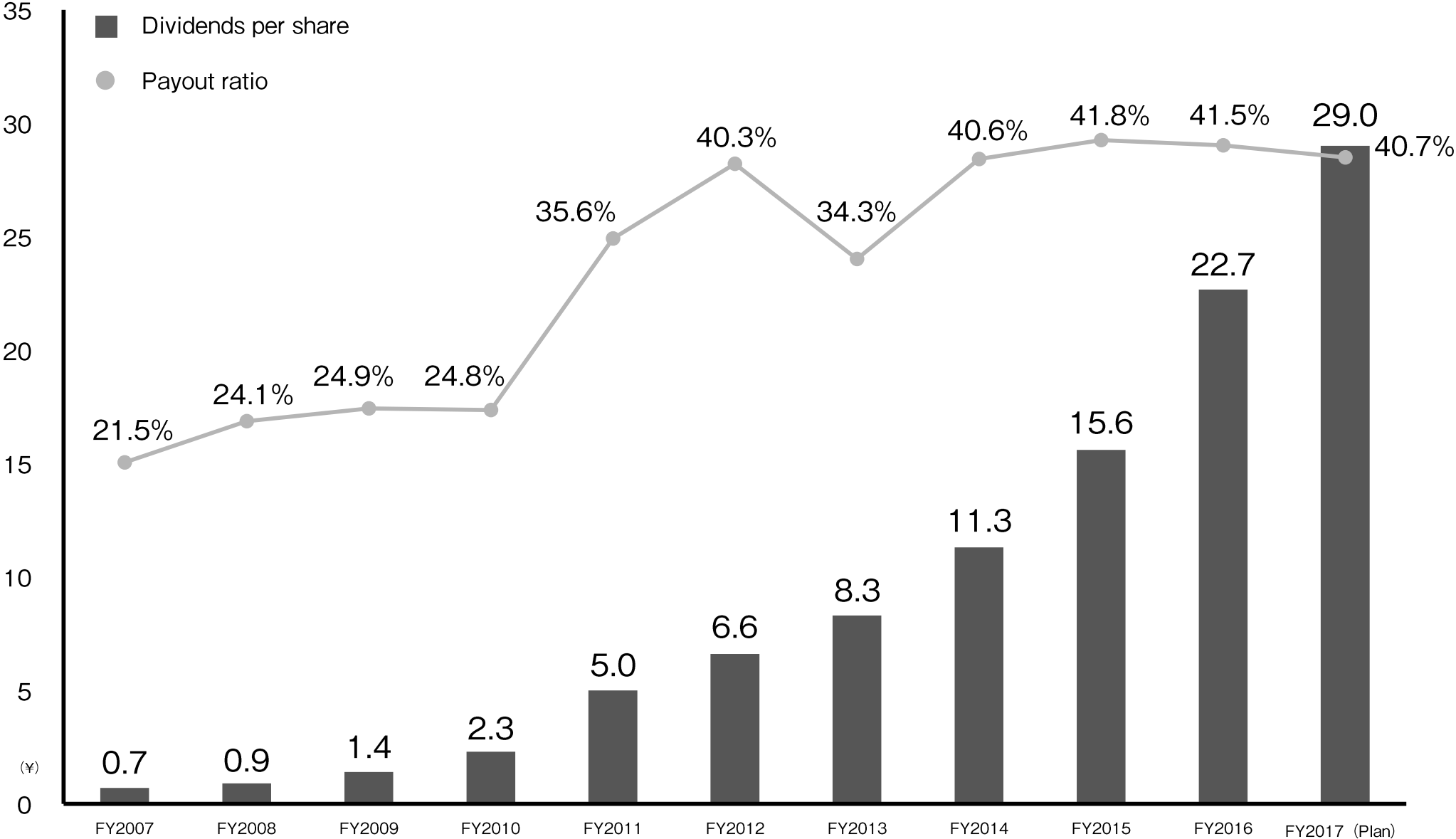
Operating Profit Margin(to the total transaction value)

The target ratio of consolidated operating profit : 11.9% (12.4% for FY2016)

CAPITAL INVESTMENT



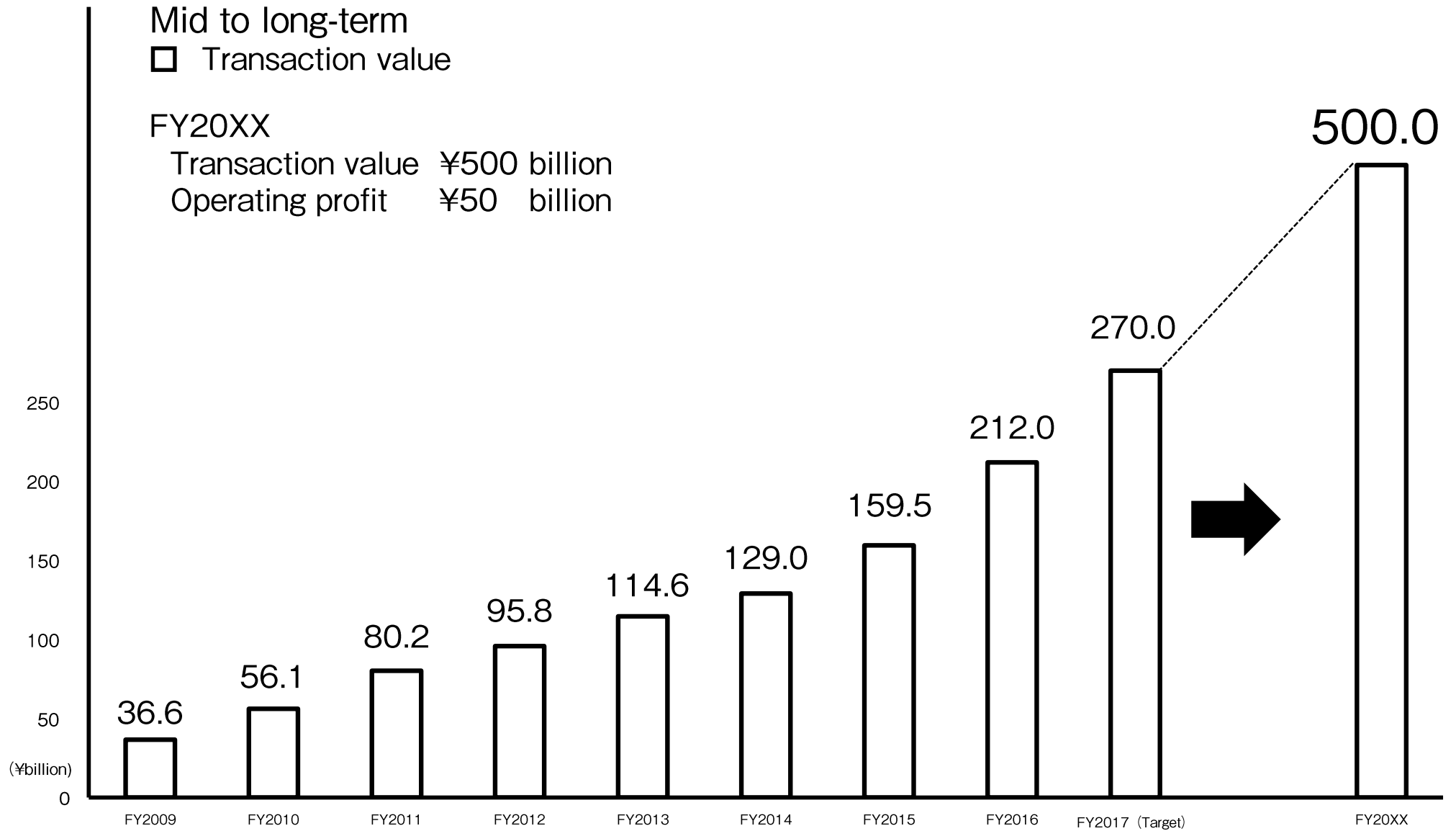
DIVIDENDS PER SHARE AND PAYOUT RATIO



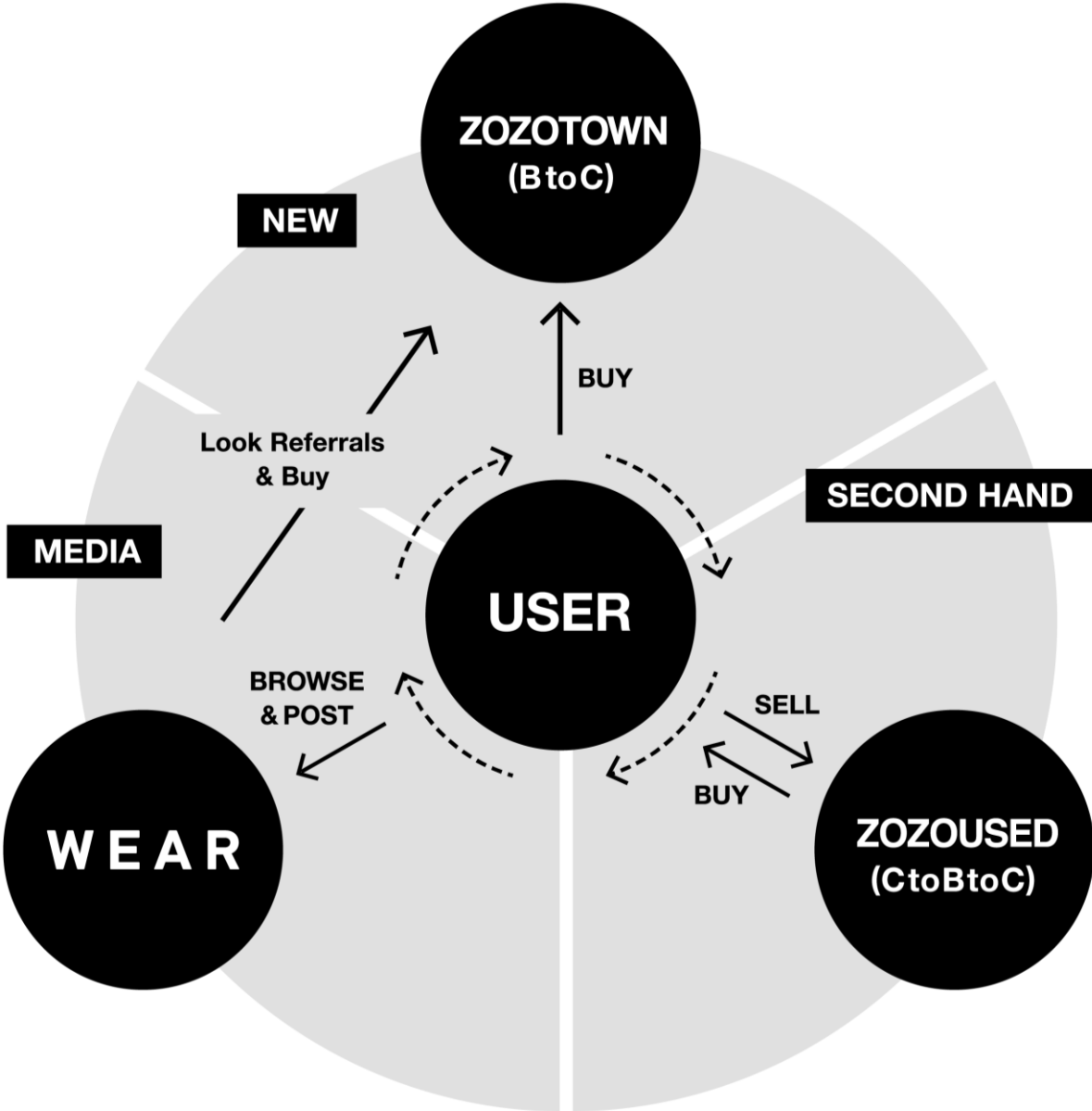
A modern, open-plan living and dining area with a large window, wooden floors, and contemporary furniture. The room features a long wooden dining table on the left, a dark wooden dining table on the right, and a red sofa in the background. The text "FUTURE STRATEGIES" is overlaid in white, sans-serif font across the center of the image.

FUTURE STRATEGIES

MID TO LONG-TERM VISION



MARKET EXPANSION STRATEGY





REFERENCE
DATA

6,346[※]

POPULAR BRANDS

※Changed the definition when we count the number of our handling brands from this fiscal year.

872

EMPLOYEES (average age 31.6 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.

13,812

SHARE HOLDERS

720_{Million}

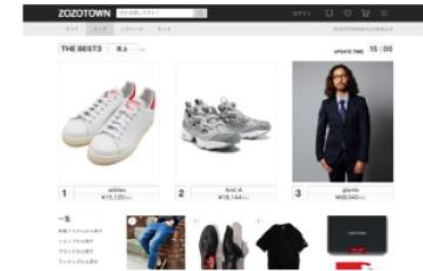
TOTAL BUYERS (1year basis)

MAJOR SERVICES

ZOZOTOWN

Japan's Largest Online Retailer of Apparel and Accessories

- 1,094 stores offering 6,346 brands.
- At any given time, more than 520,000 items are available with an average of 2,900 new items added each day.
- Systems, design, to fulfillment, all functions are built in house.

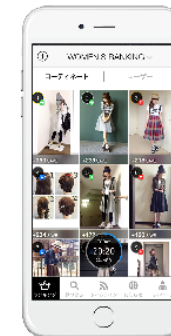


ZOZOTOWN <http://zozo.jp/>

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 10.0 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,

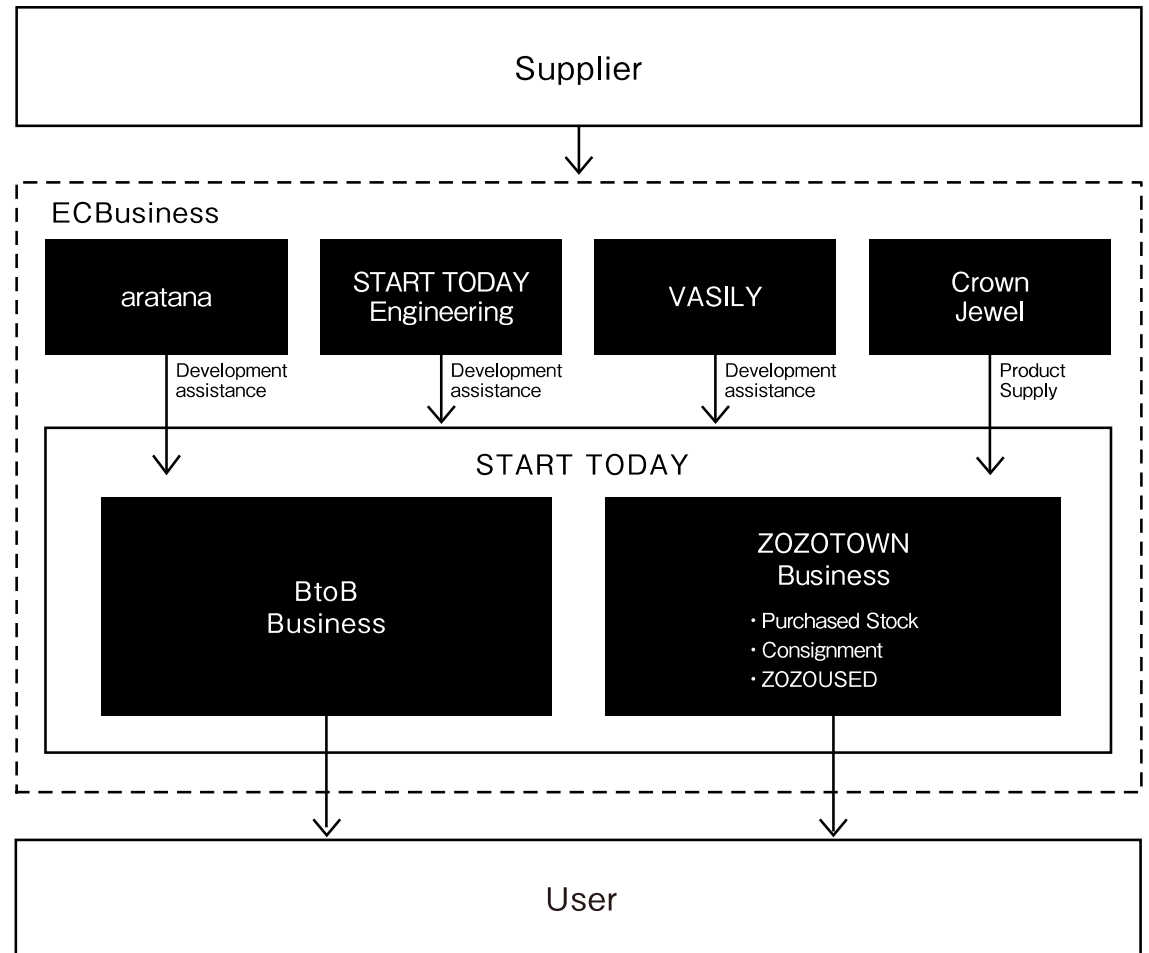
A business operated by reselling second hand
apparel items purchased from our users.

aratanaInc.

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

VASILY ,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 1,088 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 6 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.

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 7 stores.

Sales include = Transaction value of these online shops x commission rate

※Total Sales include, contents written above as well as other sales. (such as shipping fee revenues and fees from shop openings)

※ZOZO FURIMA Business ended on June 30, 2017.

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.