



START TODAY CO.,LTD.

FY2008 First-Half
Consolidated Business Results



Highlights of First-Half FY2008

1. High growth in net sales and operating income

- Net sales ¥4,857million (+28.1%YoY)
- Operating income ¥983million (+30.0%YoY)

2. Number of members exceeded one million

- Results from magazine ad

3. Strengthen cooperation with the fashion magazine

- Collaboration with fashion magazine 「PS」
- Setting up new site working with magazine
- Increasing use of 「Arrival Alert Services」

4. ZOZOWALKER 1st anniversary

- Increase of bloggers in ZOZOWALKER
(Men 26, Female 22, Total 48)

5. Summer sales strong

- Store Operating & Administration Business 539million (+13.9%YoY)
- Store Planning & Development Business 182million (+21.2%YoY)



Consolidated Business Results, FY2008 First Half

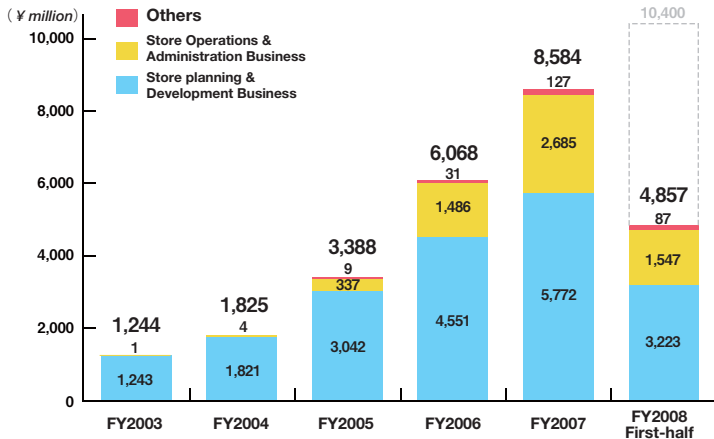
(¥ million)

	FY2008 First Half	FY2007 First Half	YoY (%)	Initial forecast	Amended forecast	Vs Amended Forecast (%)	Contributing factors
Net Sales	4,857	3,792	+ 28.1%	4,660	4,800	+ 1.2%	steady growth as planned
Operating income	983	756	+ 30.0%	800	920	+ 6.9%	Reduction in outsourcing costs
Ordinary income	993	754	+ 31.6%	800	930	+ 6.8%	Increase in deposit interest
Net income	563	457	+ 23.0%	450	530	+ 6.3%	—

Business performance



Net sales



High growth in net sales

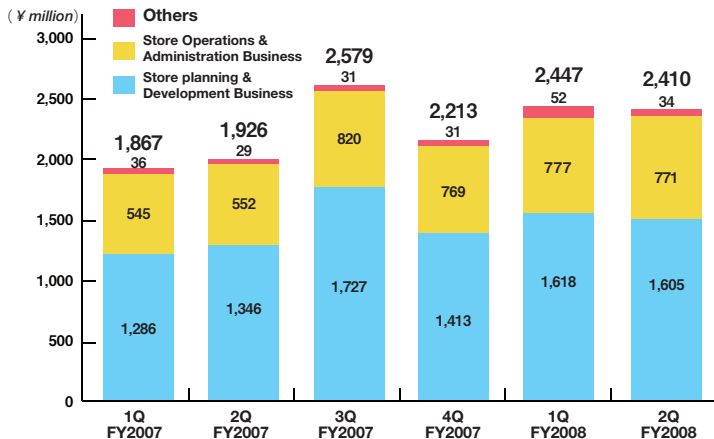
-46.7% progress to full-year forecast



Business performance



Net sales (quarterly)



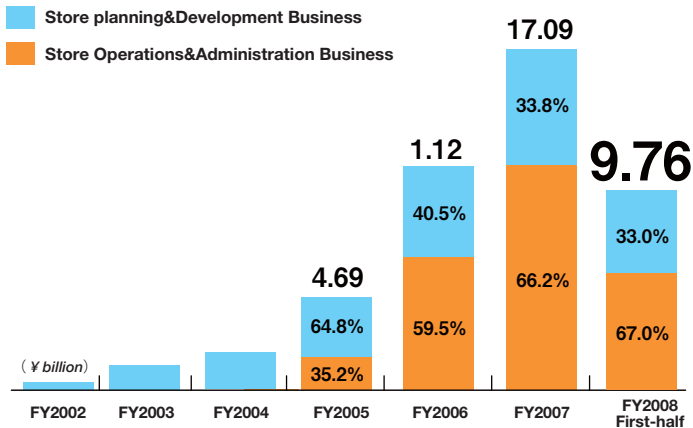
Net sales +25.1% (YoY)

*-Net sales down (QoQ)
due to early summer sale*





Transaction Value/EC Business





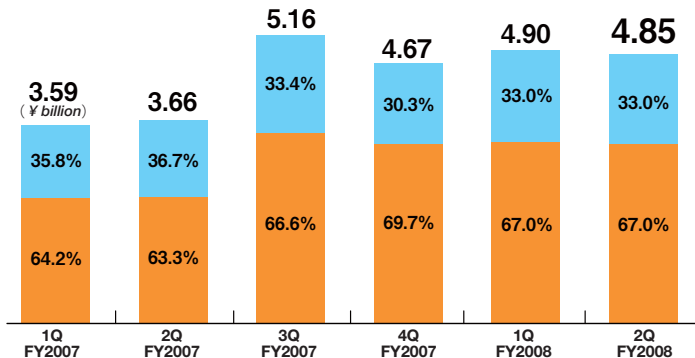
Transaction Value/EC Business (quarterly)

- Store planning&Development Business
- Store Operations&Administration Business

Transaction value

+¥1.19billion (YoY)

+32.5% (YoY)





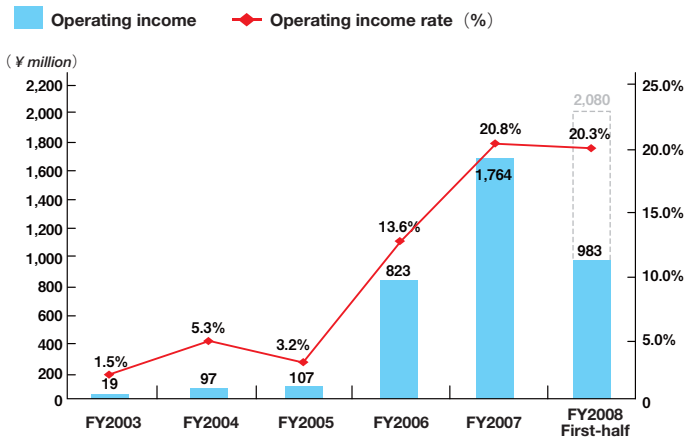
Selling General and Administrative Costs

(¥ million)

	First- Half FY2008		First- Half FY2007		Charge (A-B)	2Q FY2008		1Q FY2008		Charge (C-D)	Contributing factors
	Amount	Vs NetSales (A)	Amount	Vs NetSales (B)		Amount	Vs NetSales (C)	Amount	Vs NetSales (D)		
Selling genel and administrative costs	1,940	40.0%	1,457	38.4%	+ 1.5%	978	40.6%	962	39.3%	+1.3%	—
Personnel costs	427	8.8%	286	7.6%	+ 1.2%	216	9.0%	211	8.6%	+0.3%	Increase in personnel (+13 compared to Jun)
Delivery costs	252	5.2%	191	5.1%	+ 0.1%	125	5.2%	126	5.2%	0%	—
Collection costs	225	4.6%	163	4.3%	+ 0.3%	112	4.6%	113	4.6%	0%	—
Advertising costs	169	3.5%	151	4.0%	▲ 0.5%	81	3.4%	88	3.6%	▲0.2%	Efficiency of advertising
Outsourcing costs	149	3.1%	137	3.6%	▲ 0.5%	75	3.1%	74	3.1%	+0.1%	—
Others	715	14.7%	526	13.9%	+ 0.9%	368	15.3%	347	14.2%	+1.1%	Payroll outsourcing +0.5% (YoY) Depreciation and amontization+0.5% (YoY)



Operating Income and Operating Income Rate

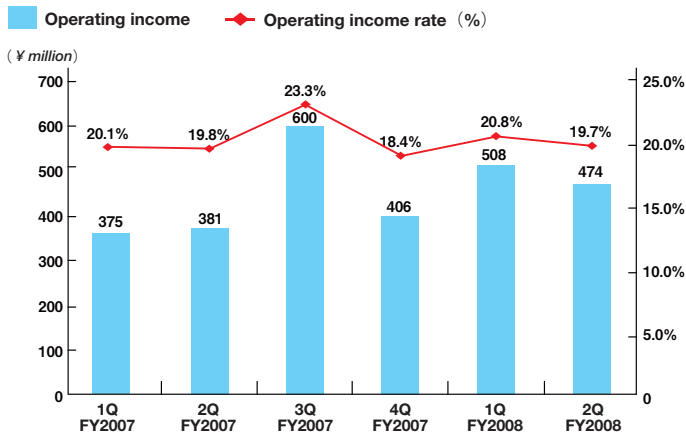


High growth in operating income

-47.3% progress to full-year forecast



Operating Income and Operating Income Rate (quarterly)



**Operating income rate
as planned**

+0.2% (YoY)



Cash Flows

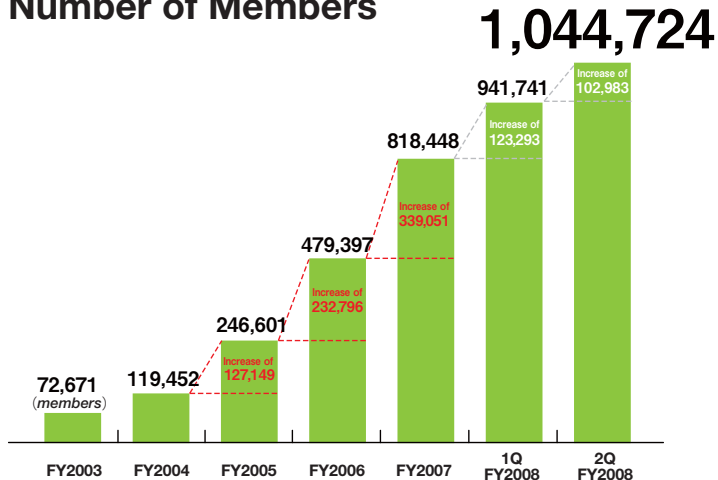
(¥ million)

	2Q FY2008	2Q FY2007	YoY	1Q FY2008	QoQ	Contributing factors
Cash flows from operating activities	312	636	▲ 324	▲ 133	445	—
Cash flows from investing activities	▲ 169	▲ 64	▲ 104	▲ 80	▲ 88	Aquisition of tangible fixed assets
Cash flows from financing activities	▲ 240	▲ 150	▲ 90	▲ 240	—	Dividend payments
Cash and cash equivalents at end of quarter	4,295	2,054	2,241	3,937	357	—

Achievement transition - Members



Number of Members



Topped one million member

-Resulting from magazine ad 「ZOZOGALLERY」

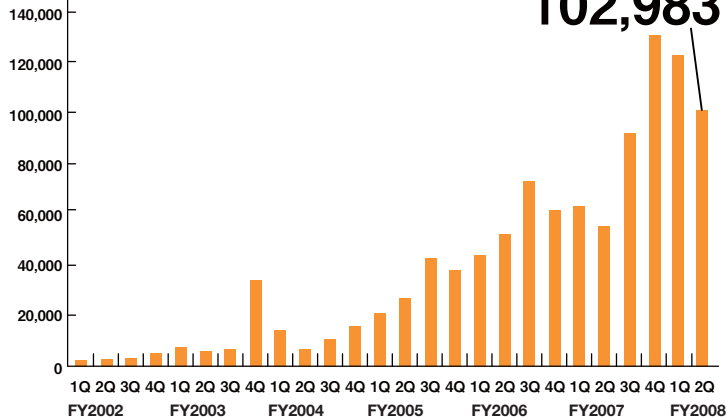


Achievement transition - Members



Net Increase in Members (quarterly)

(members)



102,983

Steady net increase of 100,000 Members during quarter

-Mainly through 「ZOZOGALLERY」



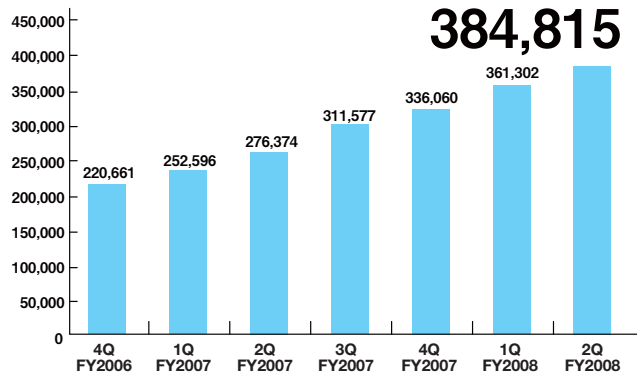
Achievement transition - Members



Number of Active Members (quarterly)

Active member=Member who had purchased more than once per year

(members)



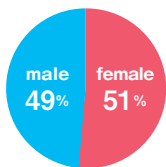
**Steady QoQ growth
in active members**

*-More than 20% of active members are
5 times + shoppers*

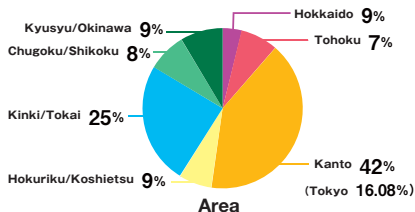




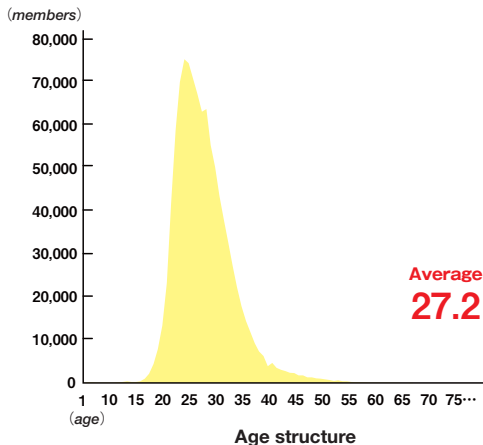
Member Demographics



Male / female



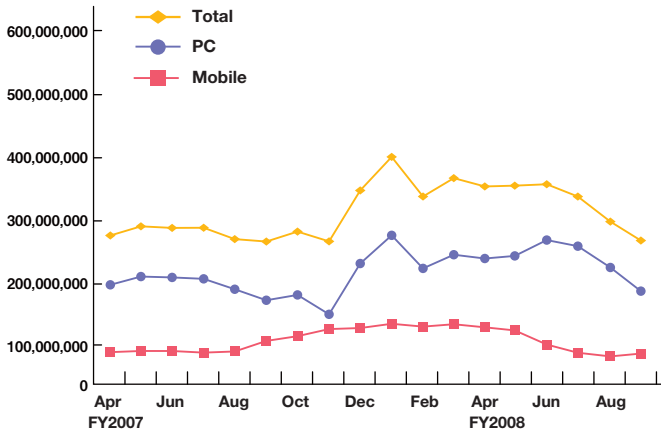
Area



Achievement transition - Members



Page Views per Month (total)



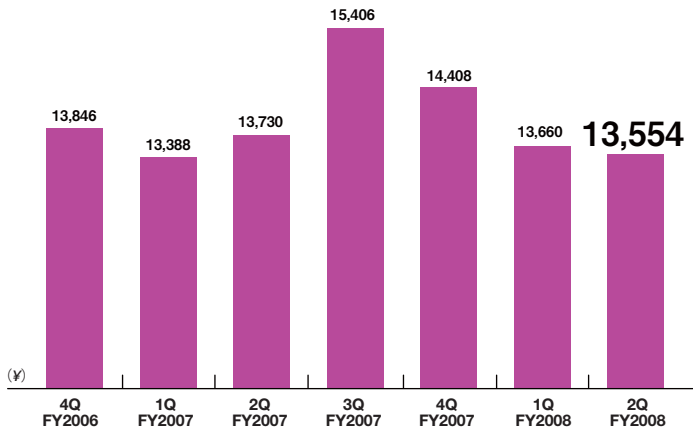
Page Views down in line with Improving usability

Achievement transition - Members



Average purchase unit price (quarterly)

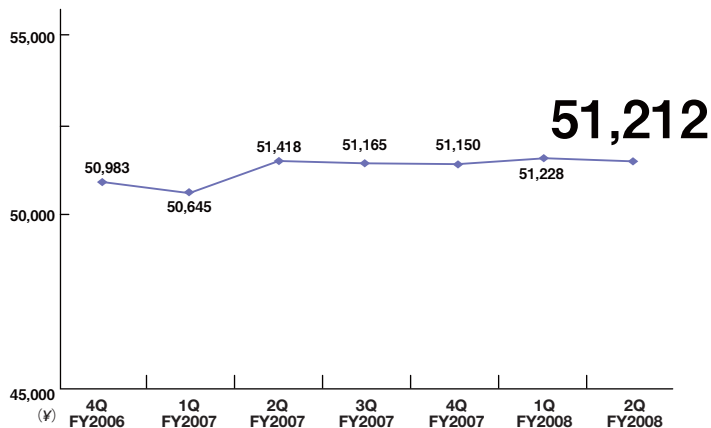
Average purchase unit price: Transaction value/Number of shipments



Achievement transition - Members



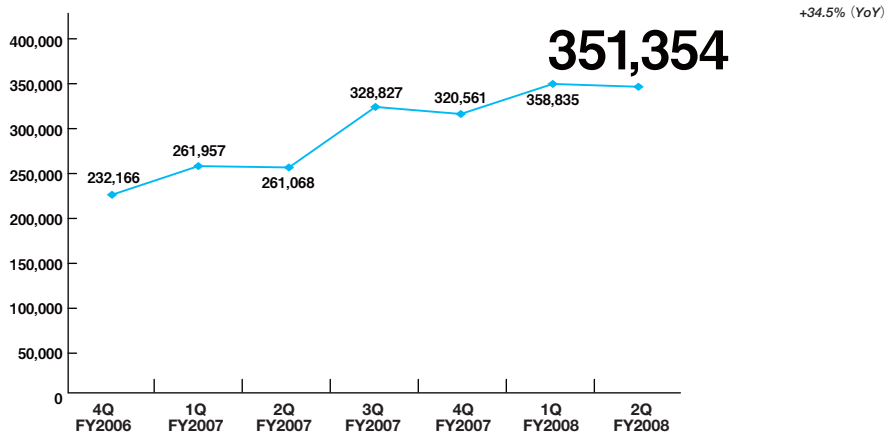
Yearly average purchased price per an active member (quarterly)



Achievement transition - Members



Number of Shipping (quarterly)





Consolidated Business Forecasts for FY2008

		YoY (%)
Net sales	¥ 10.40 billion	21.1
Operating income	¥ 2.08 billion	17.9
Ordinary income	¥ 2.08 billion	20.6
Net income	¥ 1.16 billion	12.1
Net income per share	¥ 9,748.95	-
Dividend per share	¥ 2,410	-

Breakdown of net sales

Segment			YoY (%)
EC business	Store Planning & Development Business	¥ 6.56 billion	13.7
	Store Operation & Administration Business	¥ 3.51 billion	30.7
Others		¥ 0.33 billion	159.7
Total		¥ 10.40 billion	21.1



Key Points of Second-Half FY2008

1. Beginnig 「Arrival Alert Service」

2. Opening new shops

- 「Loree Rodkin」, scheduled to open on Oct.22
- 「SHIPS KIDS」, scheduled to open on Nov.5
- 「Love&Peace&Money」, scheduled to open on Nov.5

3. Establishing new SNS

4. Acquiring large-scale advertising

5. Acquiring new projects in BtoB business

Key Points of Second-Half FY2008



What is 「Arrival Alert Service」?

(Starting from Oct.2008)



Customers request items out of stock.



When the stock arrives, notifications

Oct.1 to Oct.20

1.Number of people who request	Member	22,444	65.6%
	No member	11,770	34.4%
	Total	34,214	100.0%
2.Number of requests	58,540		
3.Total value of items requested (excluding tax)	¥ 907,498,224		



Reference data



START TODAY CO.,LTD.

WBG WEST 16F 2-6 NAKASE MIHAMA-KU CHIBA 261-7116 JAPAN

Present problems



Possible to expand the demand

(ZOZO member and purchaser are increasing)

Current issues Product supply

- Possible for expanding of demand.
(Steadily increasing ZOZO members and purchasers)
- Product supply to satisfy demand is necessary



Need the continuous product supply from brands carried by ZOZOTOWN and the reinforcement of a fulfillment function

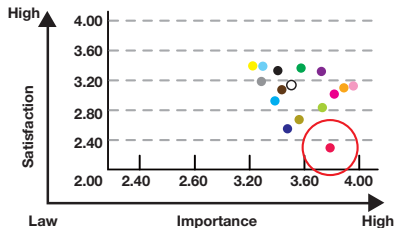
Number of the apparel brands

- Limitation for the expansion of handling brands in ZOZOTOWN because of adaptability with ZOZO brand



Need to explore business opportunities with the brands in other fashion areas or markets which are not covered by ZOZO

ZOZO user questionnaire



Period of questionnaire
06/22/2007-07/25/2007
Number of respondents
27,321

Display example of out of stock items



Future strategies



1. Expansion of EC business



Increase ZOZO members

- Reinforce ZOZO' s media value : Start open-network SNS service (autumn 2008)
- Renewal of mobile website

Reinforce the merchandising

Expand business with the brands carried by ZOZO

- Increase product supply from the brands (especially sales on commission type)
- Cooperate inventory information

2. Diversification of the earnings model (B to B business)



Support apparel brand' s original EC site (system development, site design, fulfillment etc.)

- Brands carried by ZOZO

Establish media business

Support apparel brand' s original EC site (system development, site design, fulfillment etc.)

- Brands not carried by ZOZO

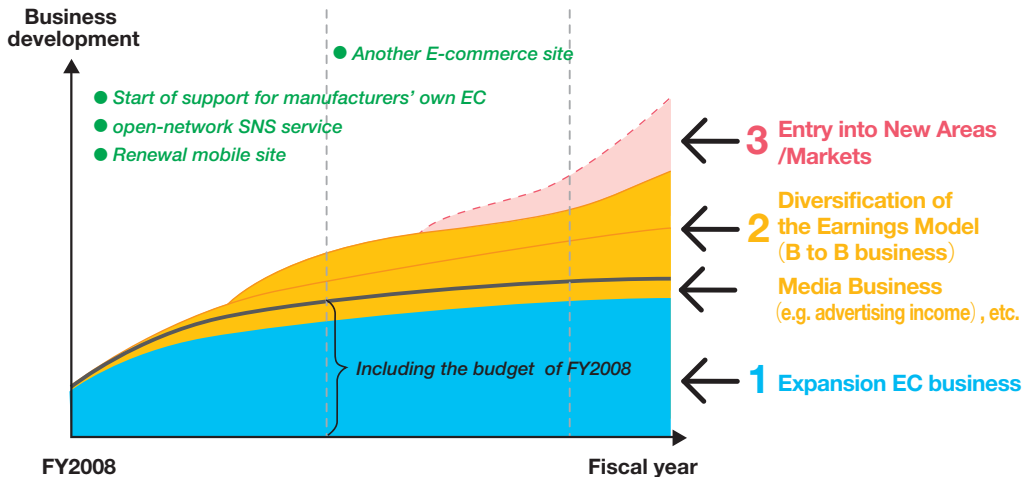
3. Entry into new areas /markets



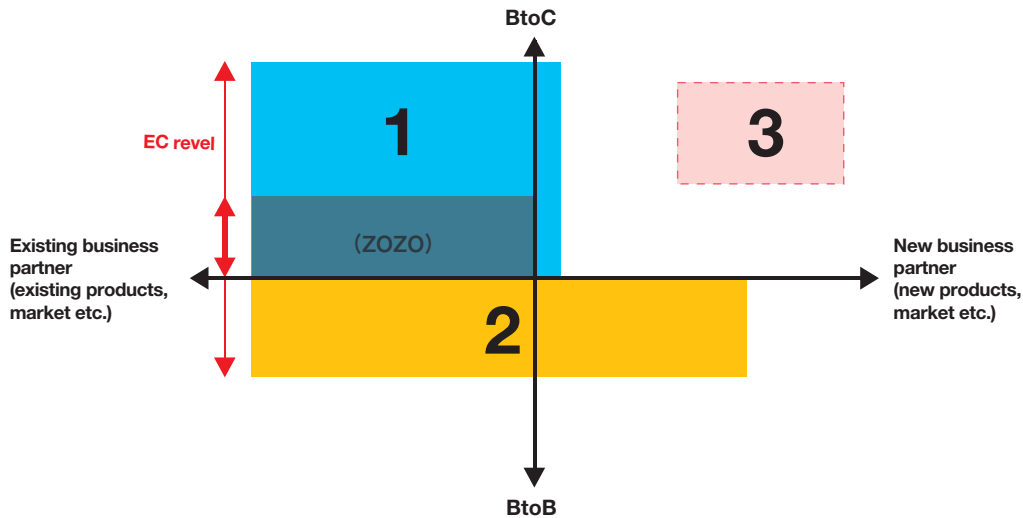
Feasibility study

- Another EC site (non-apparel products, overseas markets etc.)

Future strategies



Future strategies



Future strategies

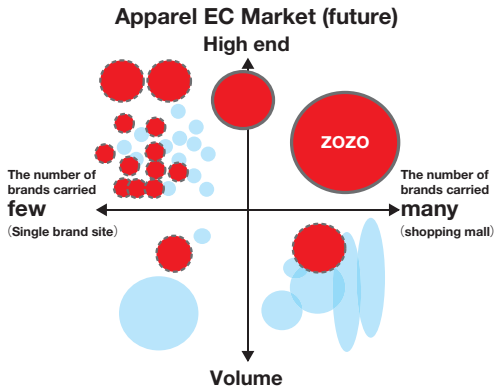
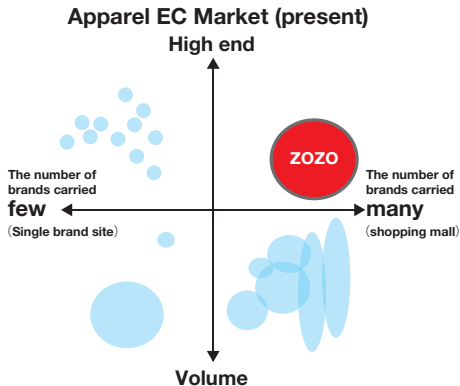


Positioning of START TODAY in the Apparel EC Market

Vertical axis: *brands*

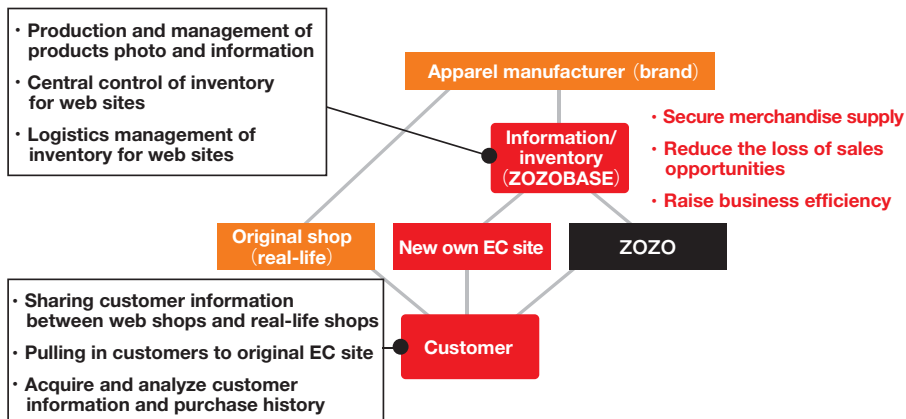
Horizontal axis: *EC site characteristics*
(number of brands carried)

○ BtoC ○ BtoB





The significance of support business for manufacturers' own EC site





想像 (SOZO: Imagination) & 創造 (SOZO: Creation) + Internet

ZOZO RESORT

Business Domain: High-sense Fashion

**7 Services: EC, Navigation, Q&A, Blog, SNS (Social Networking Service),
CSR (Corporate Social Responsibility), GALLERY**





A summary and a characteristic of each service.

ZOZOTOWN

- *The largest hi-sense fashion shopping mall*
- *System, design, logistics*
— *originally developed and operated*
- *Solid relationship with the brands carried*

ZOZONAVI

- *Over 3100 real-life apparel shops introduction*
- *Variety of information from shops*
— *ex. over 44,000 photos of coordinated styles recommended by shops*
- *Gathering customers from real-life shops*

ZOZORESIDENCE

- *Social networking service*
- *Virtual residence for users*

ZOZOQ&A

- *Q&A services among users*

ZOZOWALKER

- *Fashion & art industry leaders' blogs*

ZOZOARIGATO

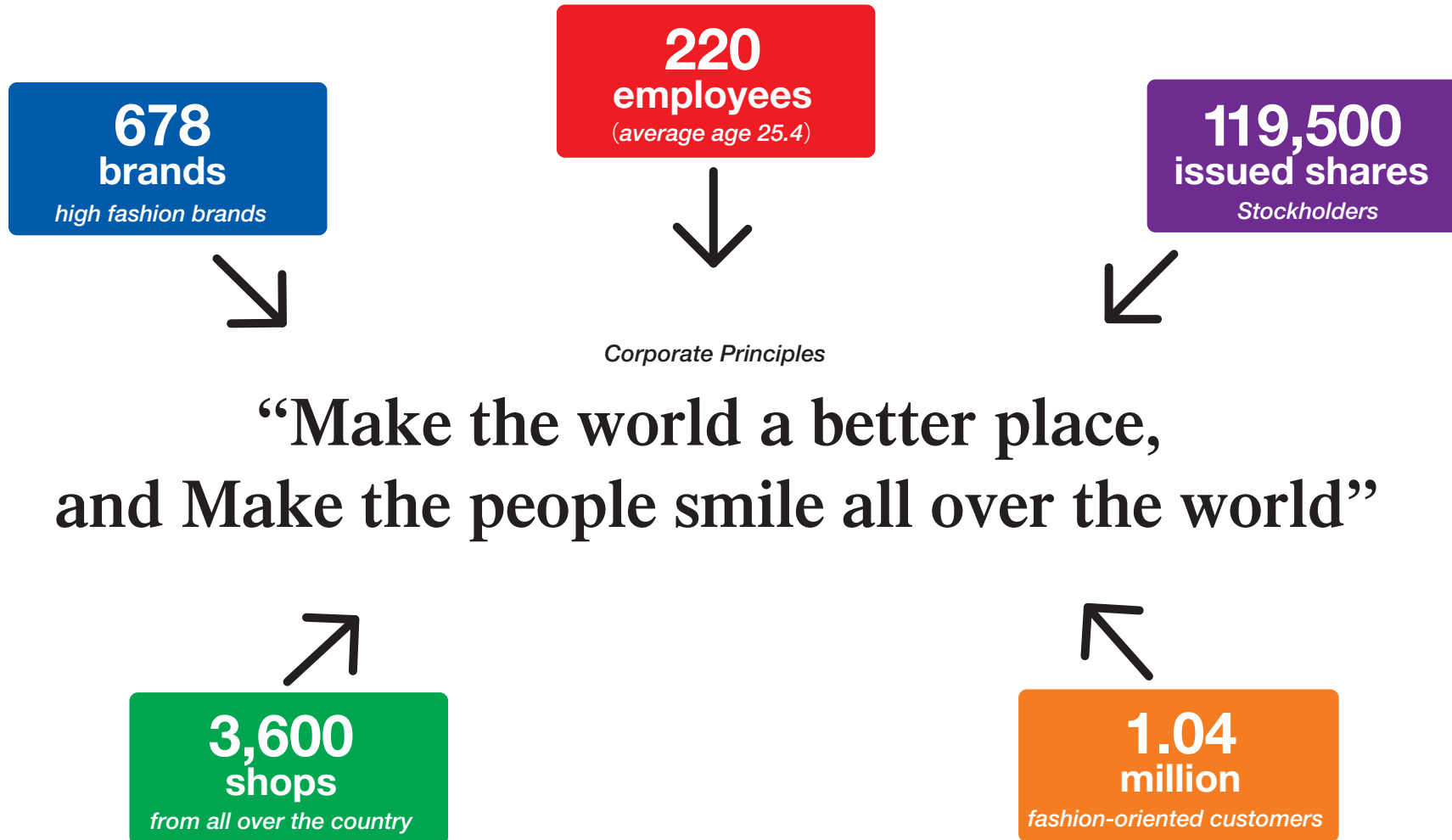
- *"Thank you" message service*
- *¥10 / message donation*

ZOZOGALLERY

- *PC wallpaper & screen saver download service*



Business Outline – Our Mission





Our Strengths

- **The largest apparel EC in Japan**
- **Dominant position in high-fashion field**
- **Holding of our own EC-related functions**
: System, Design, Logistics etc.
- **Accompanied by original fashion information media -**
ZOWALKER, ZOZORESIDENSE, ZOZONAVI, ZOZOQ&A, ZOZOARIGATO, ZOZOGALLERY...
- **Very loyal members with a fifty-fifty male-to-female ratio**
- **Solid relationship with business partners**
: ex. Inventory data connection



EC Business

Store Operation & Administration Business

Operating 59 online shops, such as "United Arrows," "BEAMS" etc., in ZOZOTOWN on commission basis without any inventory risk.

Sales = Transaction value on each shops × commission rate

Store Planning & Development Business

Operating 33 original online shops in ZOZOTOWN.

Sales = Transaction value on each shops



Others

Media Business

Sell internet advertising spots in ZOZORESORT.

Sales = Advertisement charge

Credit Card Business

Issue "ZOZOCARD" (tied-up with Pocketcard co., Ltd.)

Sales = cashing balance × commission rate + Shopping volume × commission rate

Others

Initial store opening charge

B to B business

Support for manufacturers' own EC May 2008: Established subsidiary (Start Today Consulting, Co., Ltd.)

Sales = Each manufacturer's product volume × consignment commission rate