



START TODAY CO.,LTD.

First Nine Months, FY2008
(April 1, 2008~December 31, 2008)
Consolidated Business Results



FY2008 Third Quarter Highlights

1. Large Growth in Sales and Operating Profits

- Sales ¥7,888 million (+23.8% Year-on-Year)
- Operating Profit ¥1,647 million (+21.4% Year-on-Year)

2. Addition of Restocking Notification Email Function

- Total number of email applications: 313,706
(As of the end of December 2008)

3. New SHOP Openings

- Loree Rodkin (October 22, 2008)
- SHIPS KIDS (November 5, 2008)
- LOVE&PEACE&MONEY (November 5, 2008)
- n° 44 (November 5, 2008)
- Paul Smith JEANS (December 4, 2008)

4. Initiation of New “ZOZOPEOPLE” Service

- Launch of new information web site specializing in the distribution of information regarding “people, journal and items”

5. Proposal for Large Advertising Campaign for National Clients

- ① *Suntory Limited (Lipton : October 2008)*
Lipton THE ROYAL 「ZOZORESORT STATIONERY COLLECTION」
Implementation of On Back Campaign
- ② *NTT Docomo, Inc. (Nov. 2008~end Jan. 2009)*
Implementation of large-scale “docomo collection” in
commemoration of the debut of four new NTT Docomo
product series at the 「ZOZORESORT」

Highlights of Performance in the Third Quarter of FY2008



Restocking Notification Email

(From October 1, 2008)



Email function that notifies users requesting a re-stocking of products out-of-stock when the products are again available

1.Number of Applicants	Members	92,465	64.2%
	Non-Members	51,479	35.8%
	Total	143,944	100.0%
2.Number of Applications	313,706		
3.Total Value of Products Requested (Pre-Tax)	¥5,057,259,287		

(October 1 to December 31, 2008)



Highlights of Performance in the Third Quarter of the FY2008



ZOZOPEOPLE is an information web site specializing in the distribution of information regarding “people, journal (diary) and items(From December 10, 2008)



Characteristics

- Person-to-person online interaction that is not as intimate as SNS nor as distant as blogs
- Working to increase the level of satisfaction among existing members

Functionality

- Detailed profile of ZOZOPEOPLE members.
- Posting of Journal (Diary),Items (Things) articles
- Article posting by themes creates shared interests

Log-in Ratio (Recent 3 Days)	53%
Number of ZOZOPEOPLE user members that do not make online purchases (October 1 to December 31, 2008)	36%



Overview of 3Q of the FY2008

(¥million)

Item	FY2008 First Nine Months	FY2007 First Nine Months	YoY Change	Budget for Full FY2008	Percent Completion of Budget For Full Fiscal Year	Reasons for Increase/Decrease
Net Sales	7,888	6,371	+ 23.8%	10,400	75.9%	"Others" and B2B sales were below targets in 3Q, but largely in line with budgeted levels
Operating income	1,647	1,357	+ 21.4%	2,080	79.2%	Cost declines due to reduced stock issue costs and in-house conversion of consulting fees
Ordinary income	1,661	1,315	+ 26.3%	2,080	79.9%	Receipt of interest
Net income	952	760	+ 25.4%	1,165	81.8%	—

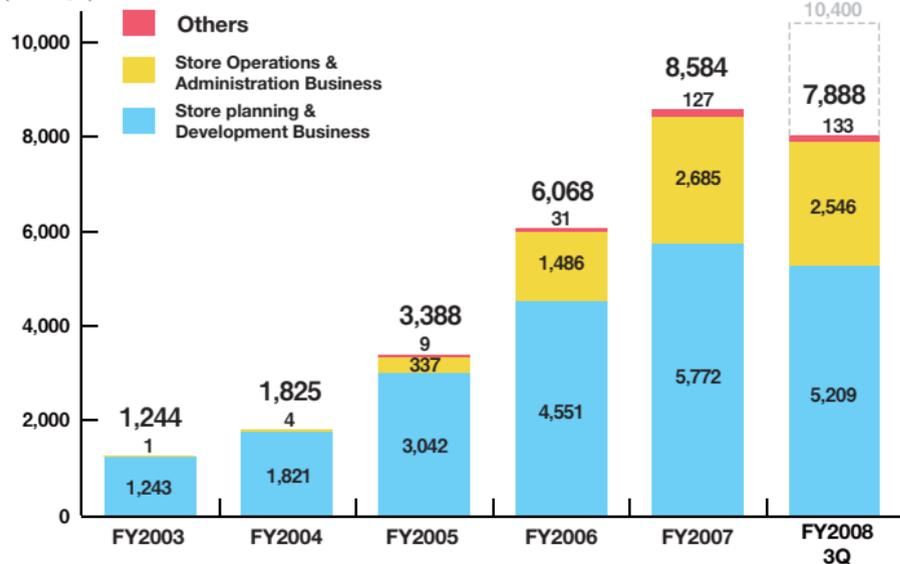
Previous year numbers are non-consolidated

Business performance



Net sales

(¥ million)



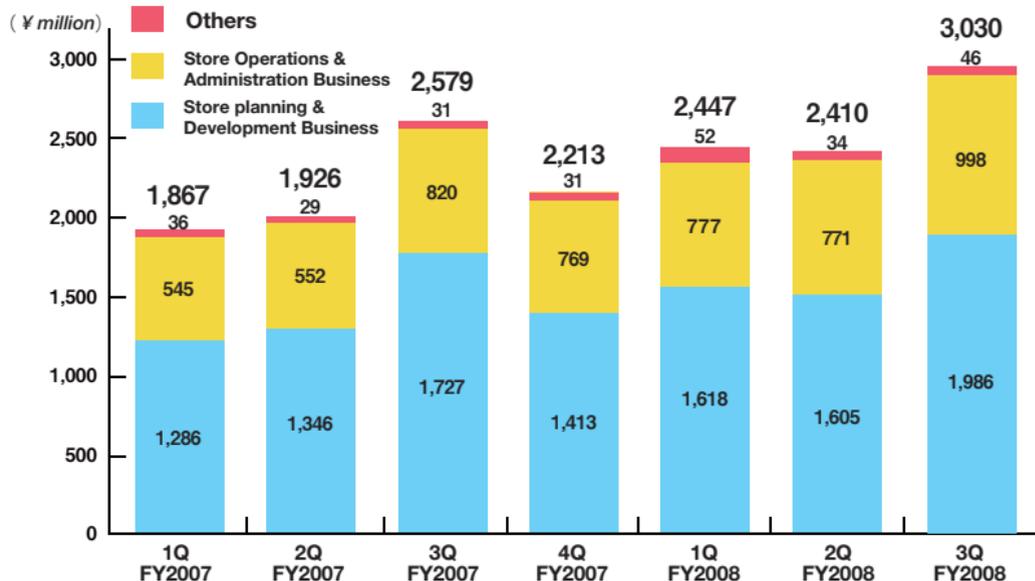
Favorable Growth in Full Fiscal Year Sales

- Budget achievement rate 75.9%
- Large 23.8% year-on-year revenue increase achieved





Net sales (quarterly)



EC (Electronic Commerce) sales above budget, other sales under budget

-Other sales versus budget:
minus ¥30 million

(Advertising business sales under budget)

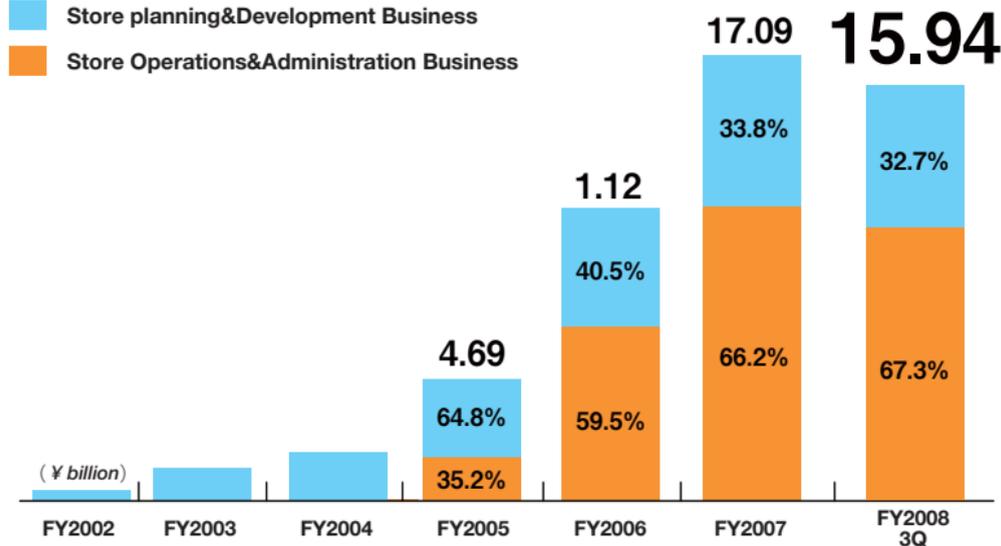
-Delays in B2B business



Transaction Value/EC Business

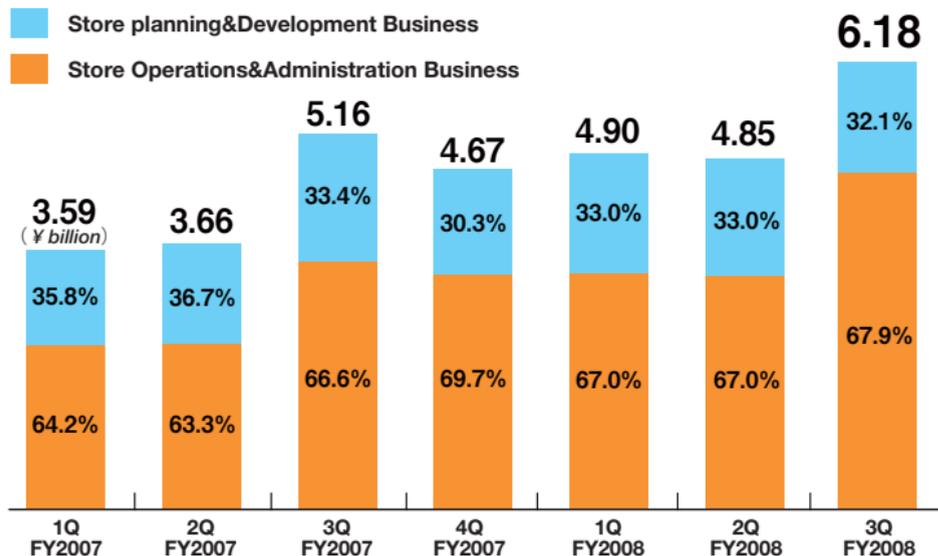
Store planning&Development Business

Store Operations&Administration Business





Transaction Value/EC Business (quarterly)



Turnover growth also favorable

-+¥1.02 billion year-on-year

Business performance



Overview of 3Q of the FY2008

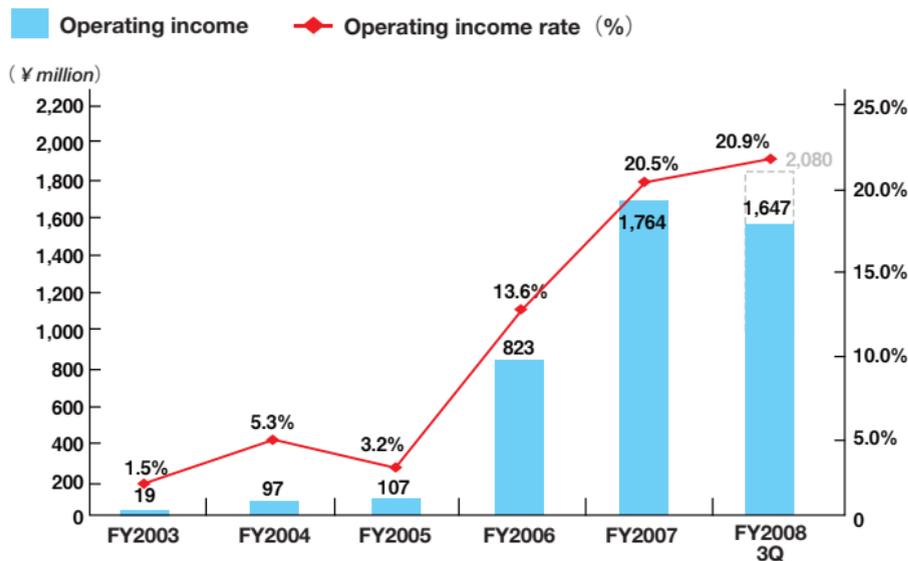
(¥ million)

Item	FY2008 First Nine Months		FY2007 First Nine Months		YoY Change (in ratios to Sales)	End 3Q of FY2008		End 2Q of FY2008		Chang from 2Q (in ratio to Sales)	Reasons for Increase/ Decrease
	Value	% Sales	Value	% Sales		Value	% Sales	Value	% Sales		
Total S.G. & A	3,074	39.0%	2,389	37.5%	+ 1.5%	1,134	37.4%	978	40.6%	▲ 3.2%	—
Personnel Expenses	652	8.3%	463	7.3%	+ 1.0%	225	7.4%	216	9.0%	▲ 1.5%	Large increase in personnel in 2Q
Shipping & Transportation	386	4.9%	306	4.8%	+ 0.1%	134	4.4%	125	5.2%	▲ 0.8%	—
Payment collection fees	361	4.6%	276	4.3%	+ 0.2%	136	4.5%	112	4.6%	▲ 0.1%	—
Advertising & Promotion	278	3.5%	280	4.4%	▲ 0.9%	108	3.6%	81	3.4%	+ 0.2%	—
Outsourcing Fees	234	3.0%	235	3.7%	▲ 0.7%	84	2.8%	75	3.1%	▲ 0.3%	—
Others	1,160	14.7%	826	13.0%	+ 1.7%	445	14.7%	368	15.3%	▲ 0.6%	Increased outsourcing personnel fees and depreciation charges





Operating Income and Operating Income Rate

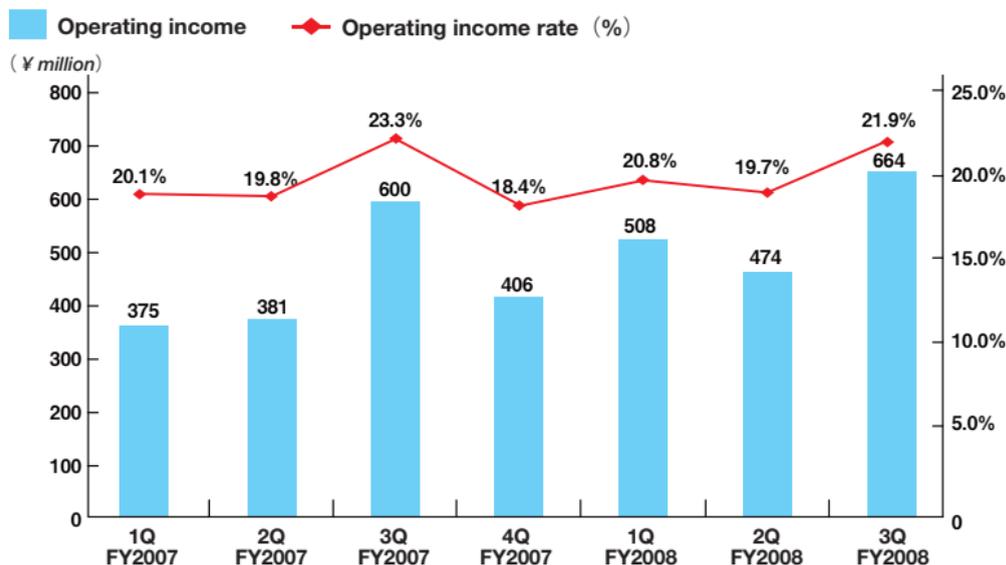


Strong Growth in Operating Profit

-79.2% achievement rate of budget consolidated operating profit for the full fiscal year



Operating Income and Operating Income Rate (quarterly)



Slight decline in operating profit margin versus the previous year

-Slight decline in operating profit margin due to lower-than budgeted advertising and B2B revenues which lowered gross margin



Cash Flows

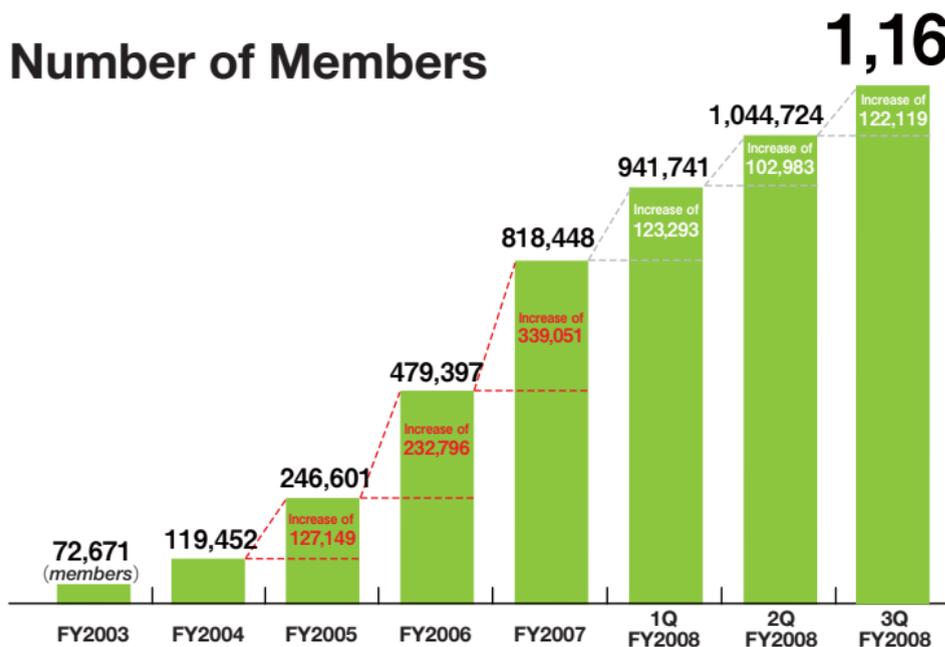
(¥ million)

Item	FY2008 First Nine Months	FY2007 First Nine Months	YoY Change	FY2008 First-half	Change From FY2008 First-half	Reasons for Increase/Decrease
Cash flows from operating activities	598	1,073	▲ 474	312	286	—
Cash flows from investing activities	▲ 226	▲ 76	▲ 150	▲ 169	▲ 57	Acquisition of tangible fixed assets
Cash flows from financing activities	▲ 230	1,408	▲ 1,639	▲ 240	9	—
End of period cash and cash equivalents	4,533	4,037	496	4,295	238	—

Achievement transition - Members



Number of Members



**Total Members
Surpass 1.1 Million**

- Member increase from first anniversary
- ZOZORESORT** present campaign
- Lucky bag promotion in December effective in drawing new members

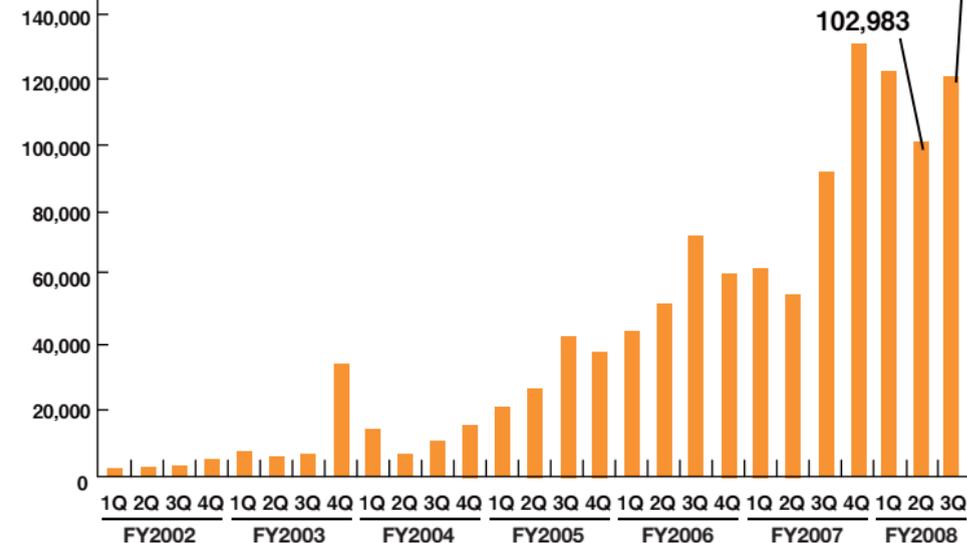


Achievement transition - Members



Net Increase in Members (quarterly)

(members)



122,119

Second consecutive year of 100,000-plus new member growth

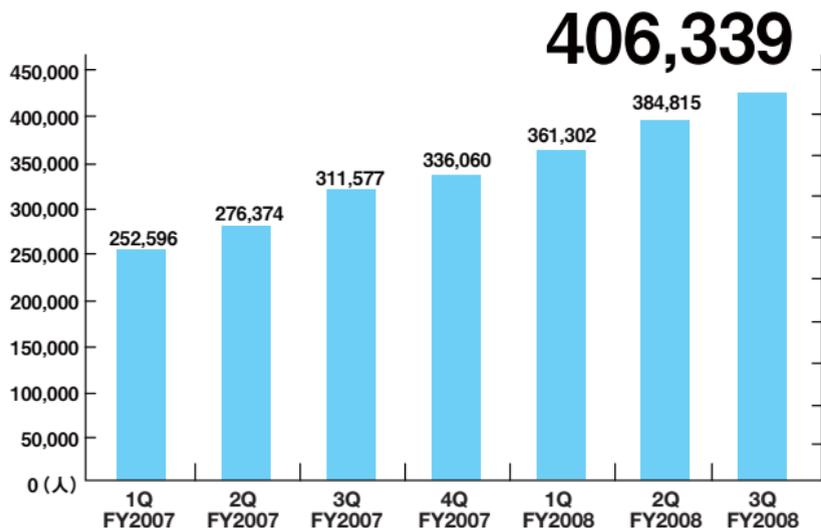


Achievement transition - Members



Number of Active Members (quarterly)

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



Second consecutive year of strong growth in active members

-Number of active members increases by 94,762 members (+21,524 quarter-on-quarter)
-Continued magazine and listing advertising, mail magazine distribution promotes active members

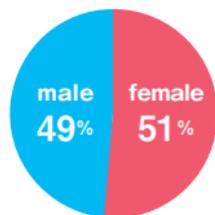
-Active Member Profile

- ▶ Average Age: 27.7 years
- ▶ Male/Female Ratio: Male 51% Female 49%
- ▶ All members have essentially the same geographical distribution
- ▶ Ratio of members making over five purchases/year: approximately 25%

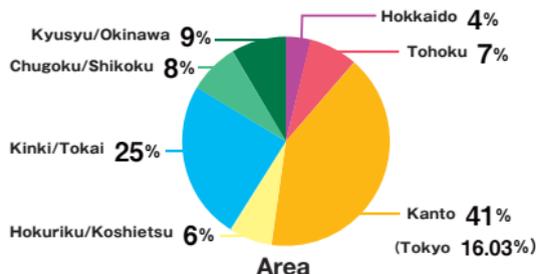




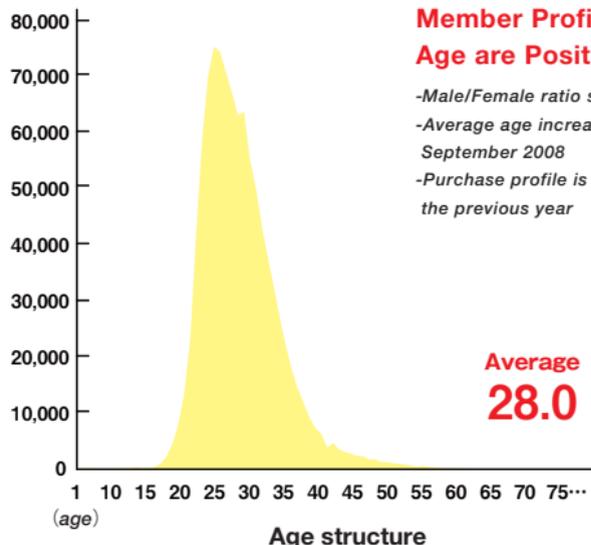
Member Demographics



Male / female



(members)



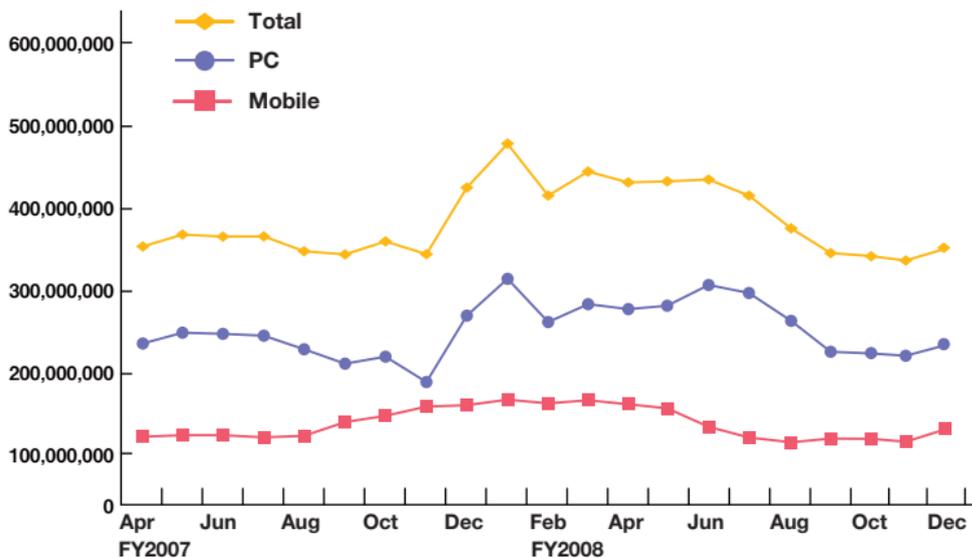
Member Profile and Average Age are Positives

- Male/Female ratio same as previous year
- Average age increased by 0.8 years from September 2008
- Purchase profile is essentially same as the previous year

Achievement transition - Members



Page Views per Month



Decrease in PC-based page views

-PC top page view count method reduced by half

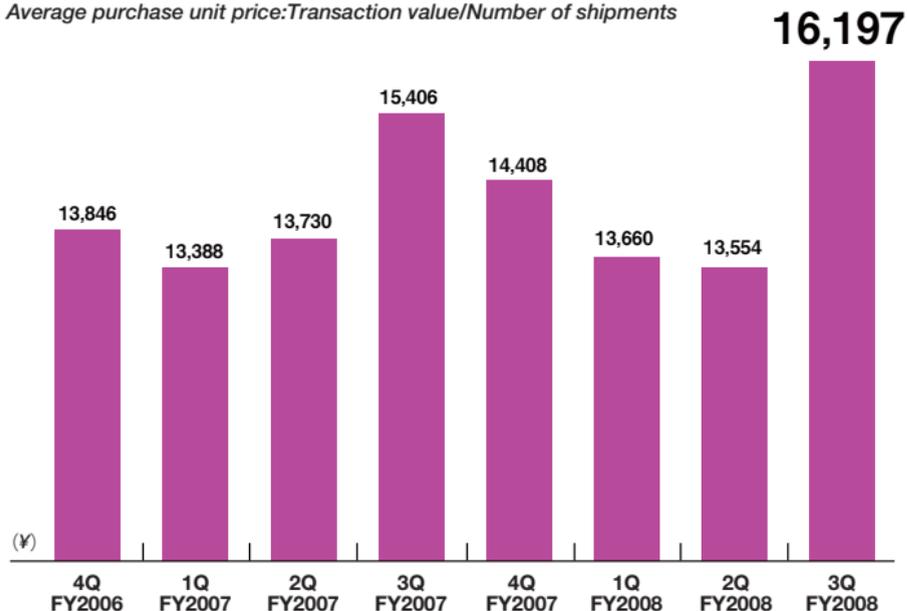
Mobile page views are gradually increasing

Achievement transition - Members



Average purchase unit price (quarterly)

Average purchase unit price: $\text{Transaction value} / \text{Number of shipments}$



Average shipment value reaches new historical high

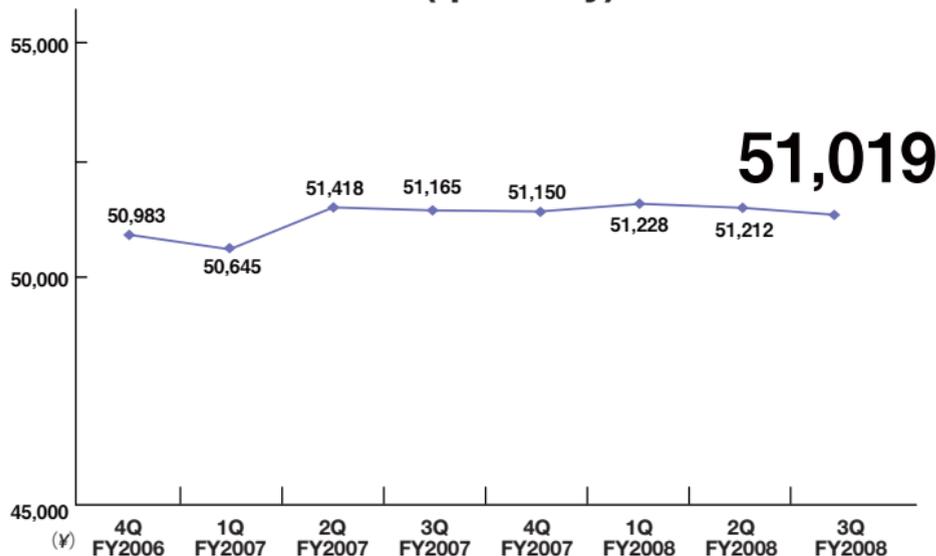
- Fall and winter selling season boosts average shipment value (+5.1% year-on-year)
- Expanded maker product supply and variation enhance customer purchase demand
- Economic recession encourages lot purchases by customers (Reduced shipping charges)



Achievement transition - Members



Yearly average purchased price per an active member (quarterly)



**Annual purchase amount
trending at ¥51,000 level**

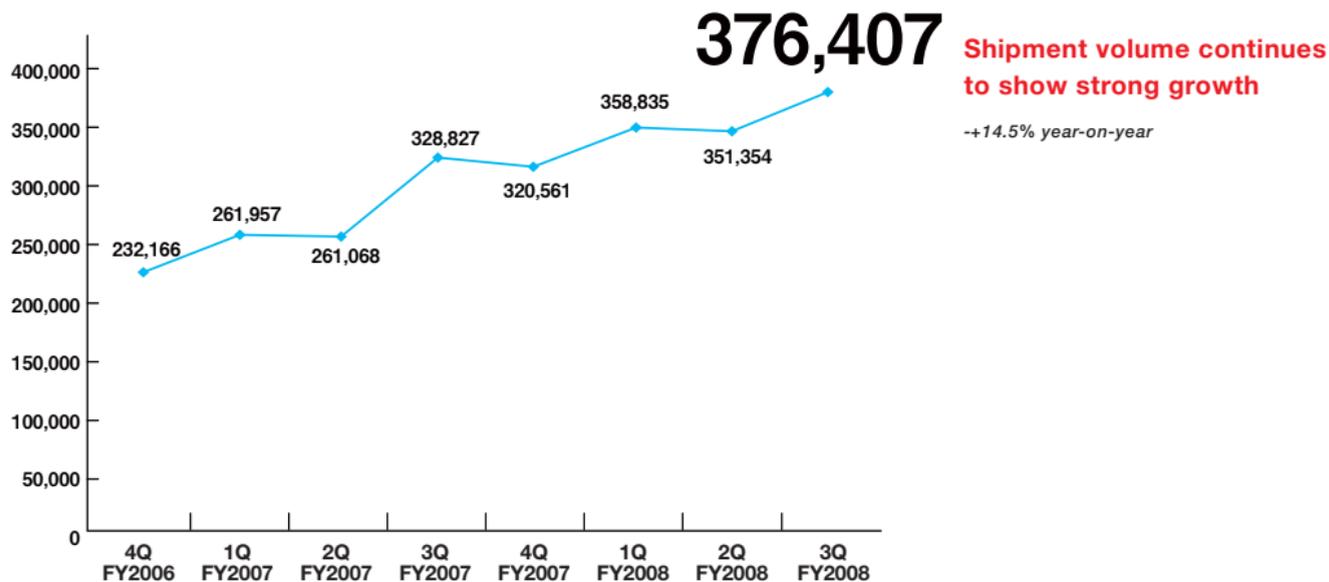
*-Annual purchase amount in 3Q down
slightly (-0.4% versus 2Q)*



Achievement transition - Members



Number of Shipping (quarterly)





Consolidated Business Forecasts for FY2008

		YoY (%)
Net sales		21.1
¥ 10.40 billion		
Operating income		17.9
¥ 2.08 billion		
Ordinary income		20.6
¥ 2.08 billion		
Net income		12.1
¥ 1.16 billion		
Net income per share (After Stock Split)		-
¥ 3,243.14		
Dividend per share	Before Stock Split	-
	After Stock Split	-
¥ 2,410		
¥ 804		

Breakdown of net sales

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



Forecast Highlights for the Forth Quarter of FY2008

1. Sale Results in the New Year

Sales	Approximately ¥1.1 billion (+36.3% year-on-year)
Number of Shipping	Approximately 40,000 (+40.0% year-on-year)

(from 2009, 1/1~1/5)

2. Scheduled New Shop Openings

-Three new shops in this fiscal year

3. New Projects in the B2B Business



Capital Management in the Forth Quarter of FY2008

1. Stock Split (Board of Directors Approved on January 29, 2009)

- Split Method *3 new shares for each 1 existing*
- Schedule *Stock Split reference date: February 28, 2009*
Effective date: March 1, 2009

2. Partial Gratis Award of the Company's Stock By CEO Maezawa Yusaku

- Number of Stocks Transferred: *Maximum 2,020 shares*
- Recipients: *Start Today Group managing directors, corporate auditors, employees, their families and some customers of the 「ZOZORESORT」web site managed by the Company, for a maximum of 2,020 recipients*
- Award Period: *Specified dates from April to June 2009*

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

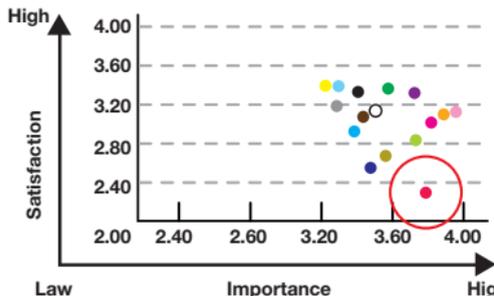
Number of the apparel brands

- 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

- Active Advertising Activities
- 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

3. Entry into new areas /markets



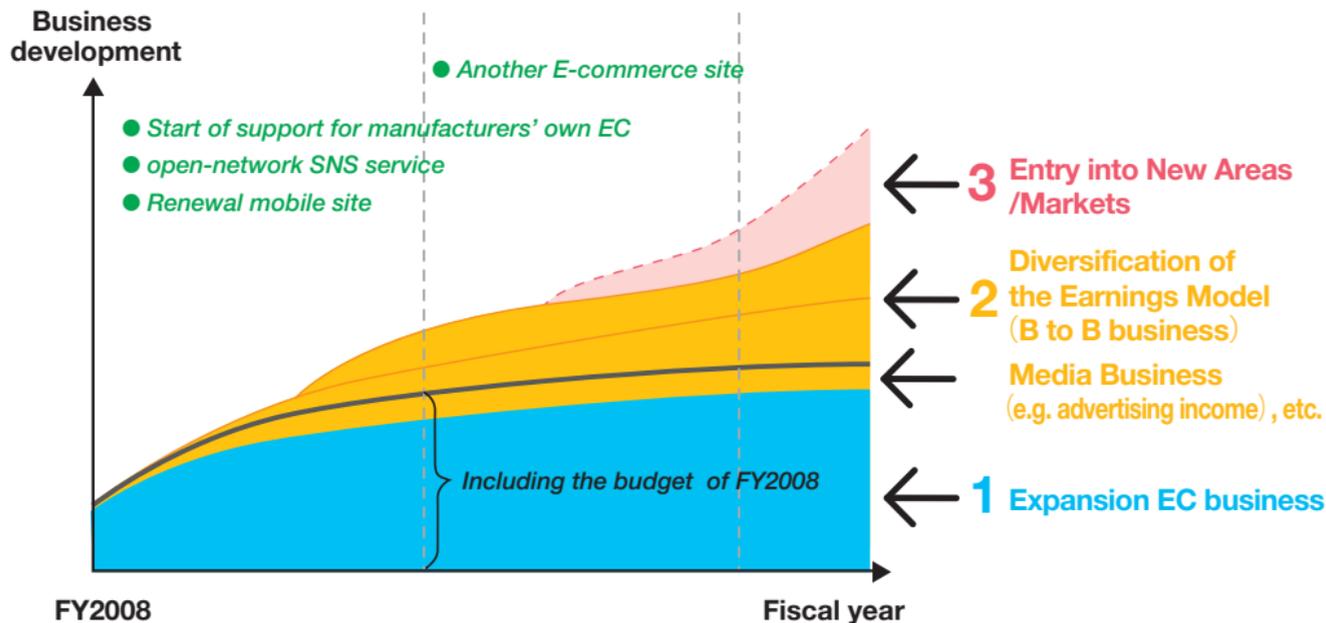
Support apparel brand' s original EC site (system development, site design, fulfillment etc.)

- Brands not carried by ZOZO

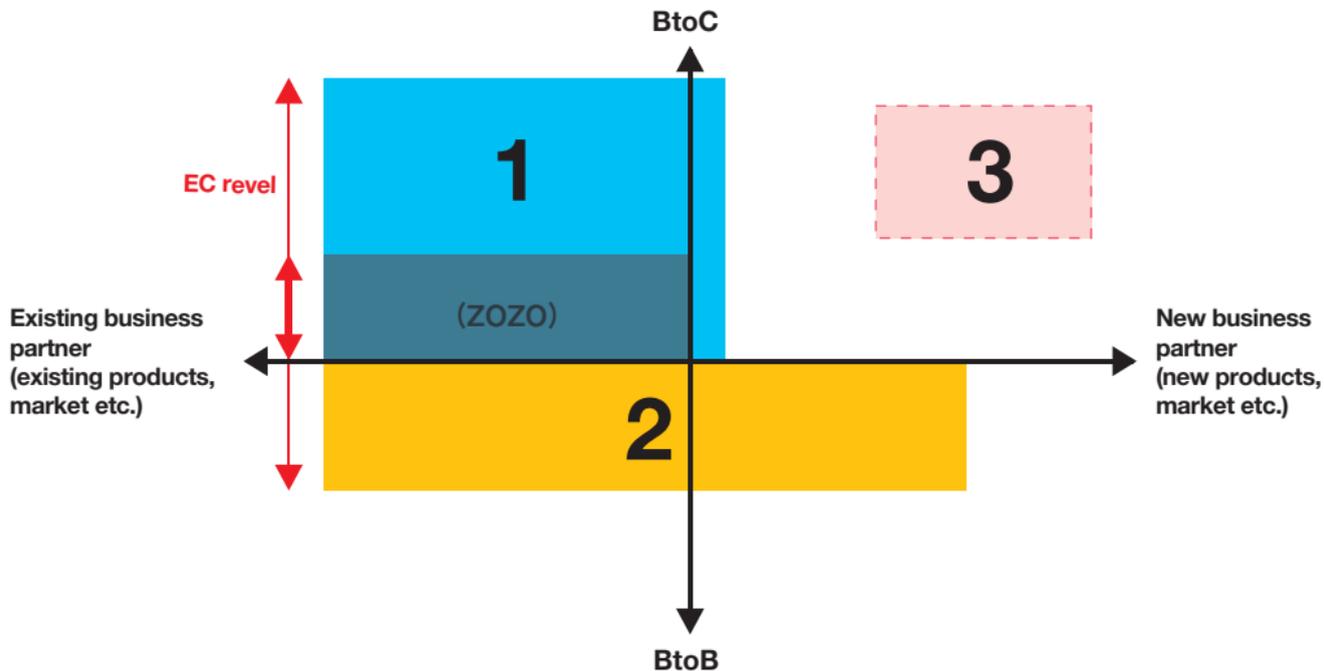
Feasibility study

- 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*

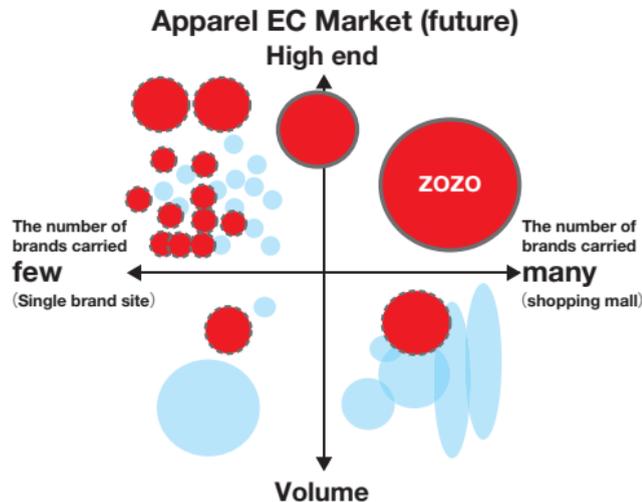
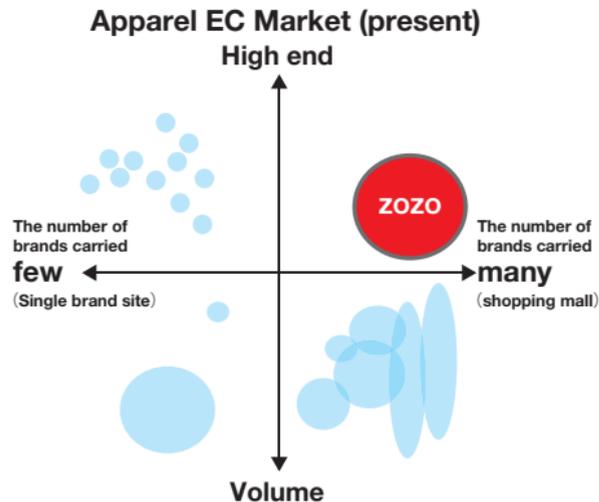
Horizontal axis: *EC site characteristics (number of brands carried)*



BtoC

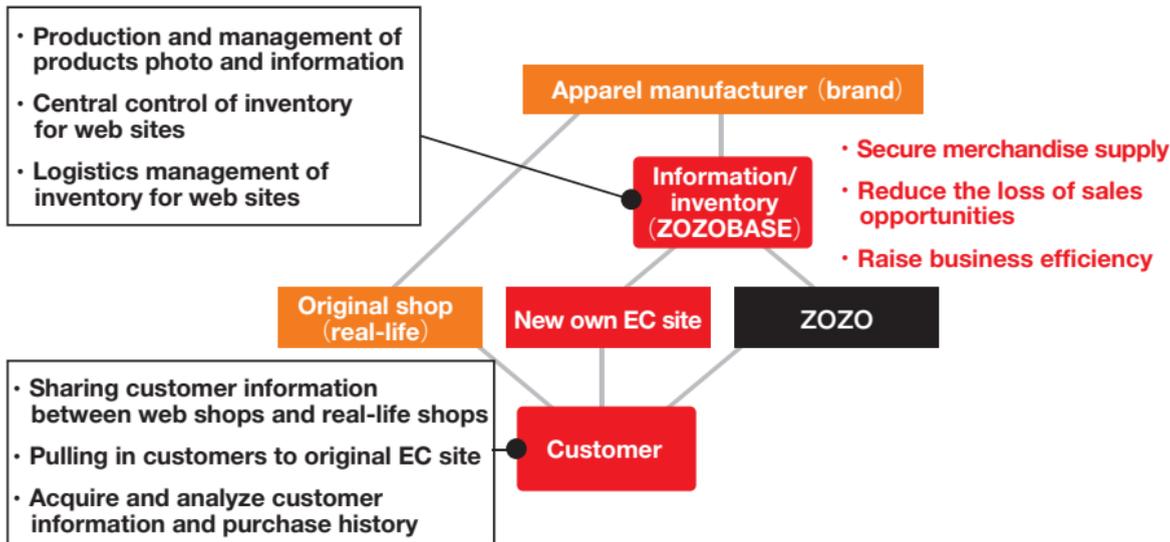


BtoB





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 3800 real-life apparel shops introduction*
- *Variety of information from shops*
 - *ex. over 54,000 photos of coordinated styles recommended by shops*
- *Gathering customers from real-life shops*

ZOZOGALLERY

- *PC wallpaper & screen saver download service*

ZOZOPEOPLE

- *Web site specializing in the distribution of information about people, journals and items*
- *Users can share information among themselves*

ZOZOQ&A

- *Everyday problems can be solved in a highly responsive way among users*

ZOZOARIGATO

- *Posted message contributions*



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 -**
ZOZOWALKER, 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 64 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 ZOZO RESORT

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