



FY2011

April 1,2011-June 30,2011

Consolidated Business Results

Business Performance



Highlights for the first quarter of FY2011



1. Achieved Target Transaction Value and Net sales

- Transaction value for 1Q : ¥ 16,974 million (+ 51.1 % year on year)
- Net sales for 1Q: ¥ 6,749 million (+ 38.0 % year on year)
- Operating profit for 1Q: ¥ 1,722 million (+ 53.0 % year on year)

2. Exceeded 3.39million in total members and 1.37million in active members

- Members : 3,390,827 (+ 257,736 Q on Q)
- Active members : 1,370,295 (+ 153,597 Q on Q)

3. New store opening

Number of stores as of June 30, 2011

- Store Operations & Administration Business (Consignment Sales) : 212 stores
(+14 stores Q on Q)
- Store Planning & Development Business (Purchased Stock) : 42 stores
(- 8 stores Q on Q)

4. B to B Business : Begun supporting 3 new shop openings in 1Q

- nano universe Online store
- HYSTERIC MINI ONLINE STORE
- AMERICAN RAG CIE SHOP

5. Implemented CFM measures

- Began accepting returns
- Changed the point program percentage from 1 % to 3 %
- Began incorporating mixi IDs and system to accept purchase as a guest without registration

6. Implemented EFM measures

Employees as close friends

Conducted an organizational diagnosis as part of a measurement of EFM (Employment Friendship Management).

In the quantifying survey of measuring the employees' " importance level " and " satisfaction level , " we have acquired one of the nation's top level for employee's work motivation (work incentives). The former is the priority factor which employees most desire towards their company, and the latter is the factor which shows the employees' satisfactions.

7. Launched the global site, "ZOTOTOWN.com"

- Launch date: May 18, 2011
- Number of brands offered as of end of June 2011: 700

8. Acquired additional shares of Crown Jewel, Inc. (making it a wholly-owned subsidiary). Further reinforced and expanded business activities in apparel's secondary distribution market.

- Shares owned before transfer : 9,515 share (ownership percentage 30.0 %)
- Acquired shares : 22,200 shares (amount paid 699 million yen)
- Shares owned after transfer : 31,715 shares (ownership percentage 100.0 %)

9. Business tie-up with START TODAY and eBay Gmarket CO., LTD along with eBay Auction CO., LTD which run two of the largest online shopping websites in Korea.

- Scheduled to open at the end of August
- Number of the brands at the time of the grand opening : over 130



Overview of First Quarter of FY2011

(¥ million)

Item	FY2011 1Q	FY2010 1Q	YoY Change (%)
Transaction Value	16,974	11,233	+ 51.1%
Net sales	6,749	4,891	+ 38.0%
Operating profit	1,722	1,125	+ 53.0%
Recurring profit	1,714	1,121	+ 52.9%
Net income	1,166	613	+ 90.1%



Transaction Value

Transaction value for 1Q FY2011: ¥16.9 billion

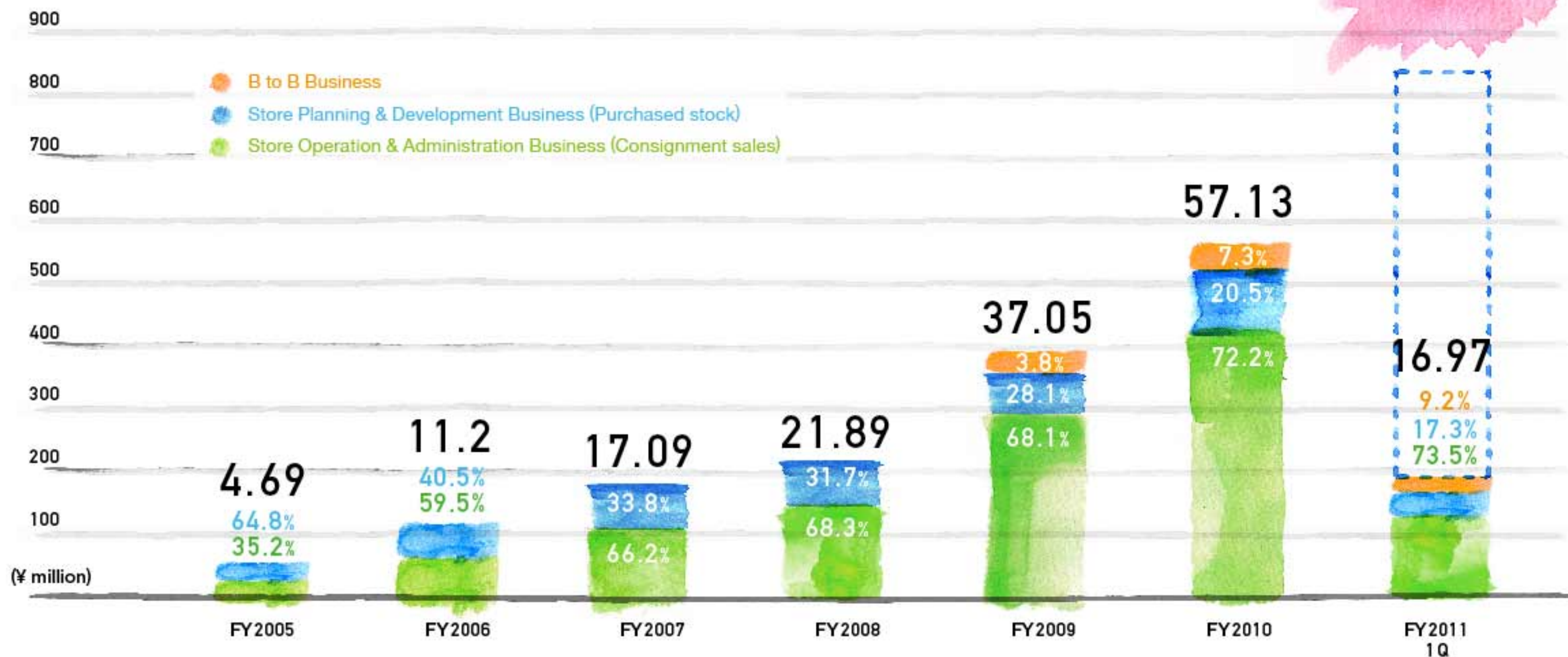
Consignment transaction value for 1Q FY2011: ¥12.4 billion

BtoB business transaction value for 1Q FY2011: ¥1.5 billion

Target for transaction value for 1Q FY2011 was achieved

Gross transaction value of new shops for 1Q FY2011

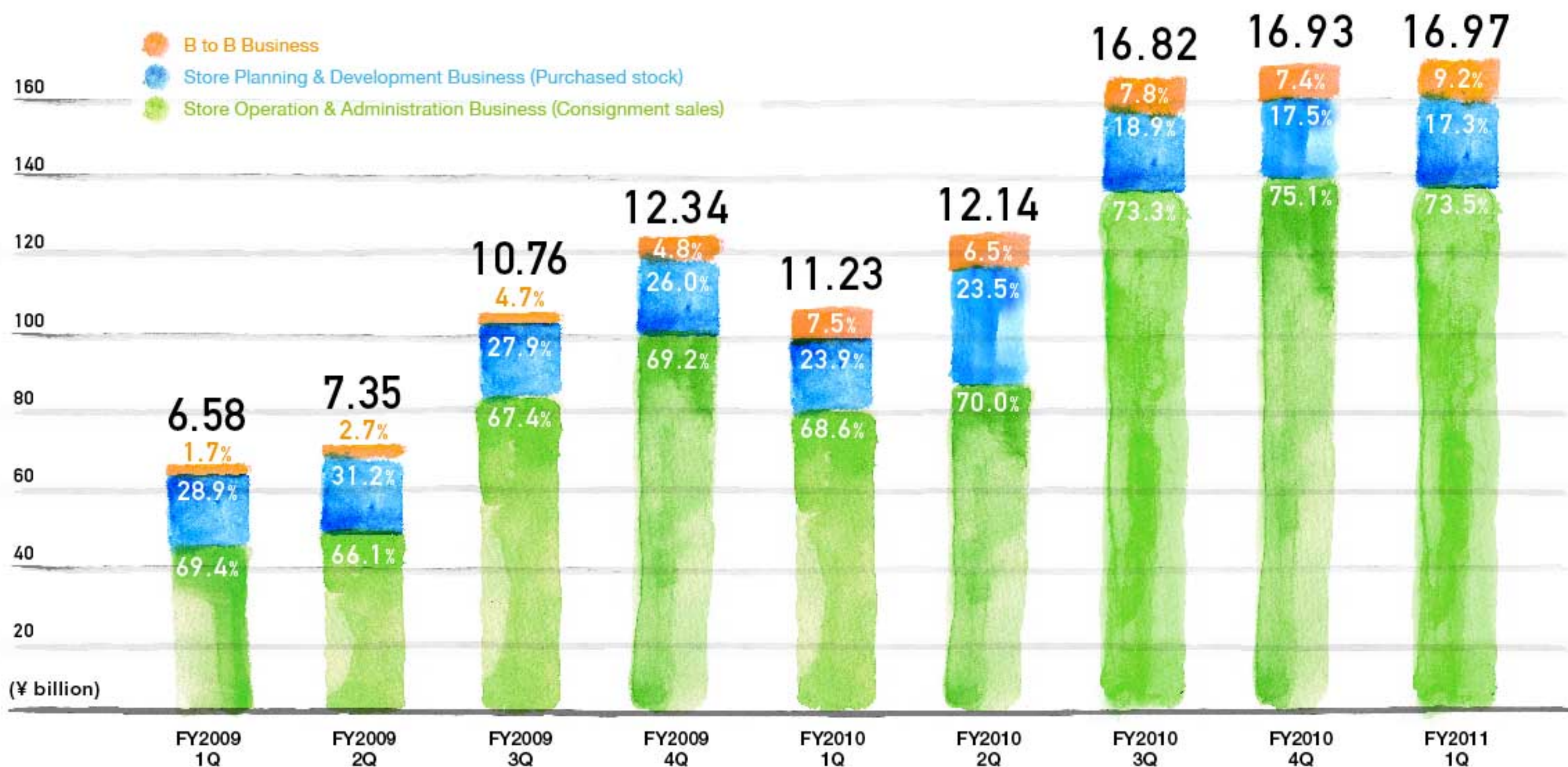
- ZOZOTOWN: ¥150 million, 0.9% of the transaction value
- BtoBbusiness : ¥30 million, 0.2% of the transaction value





Transaction Value (Quarterly)

•+¥ 57.4 billion (+ 51.1%) year on year



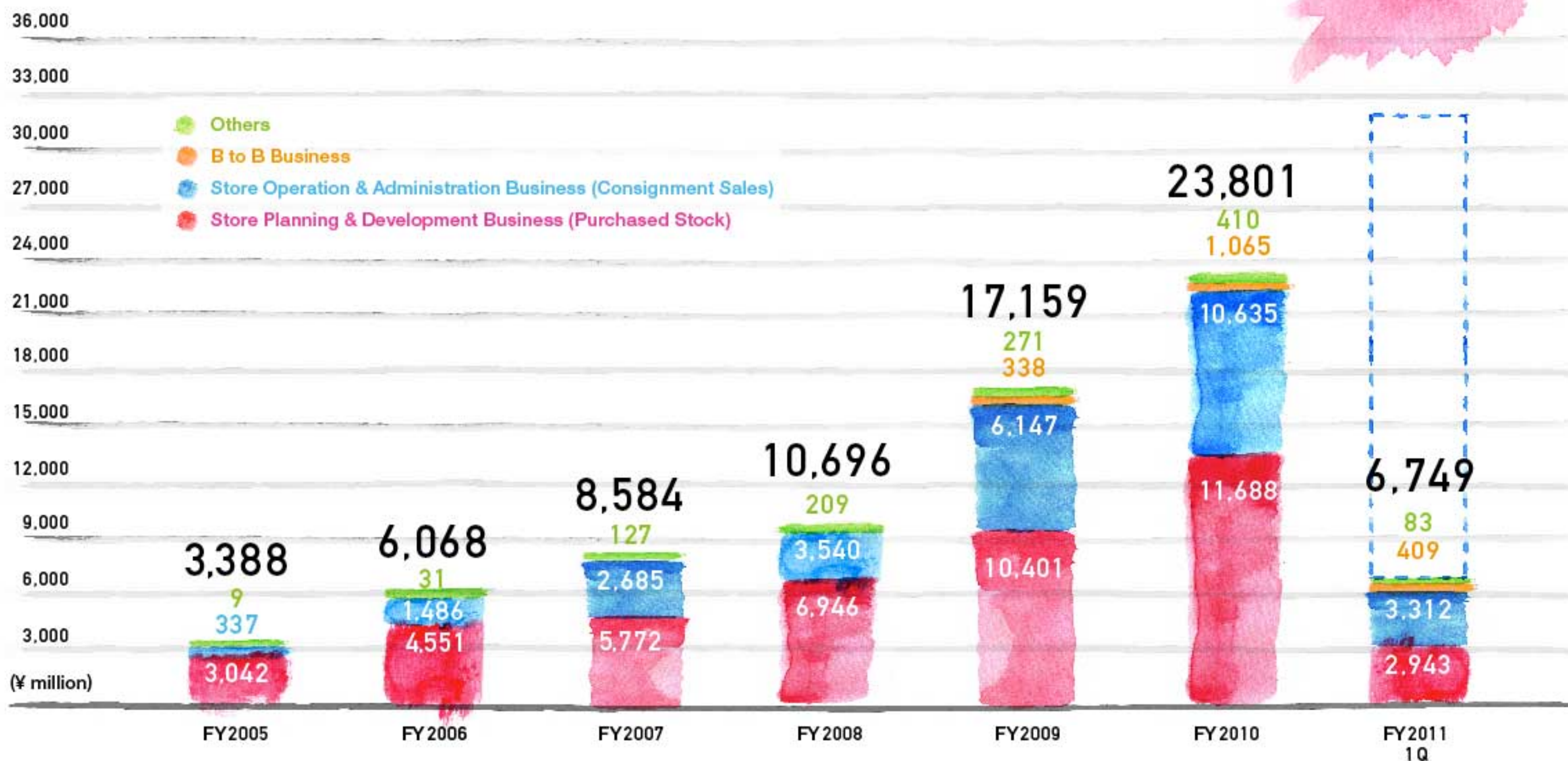


Net Sales

Target for net sales for 1Q FY2011 was achieved as well

•Significant growth of 38.0 % year on year

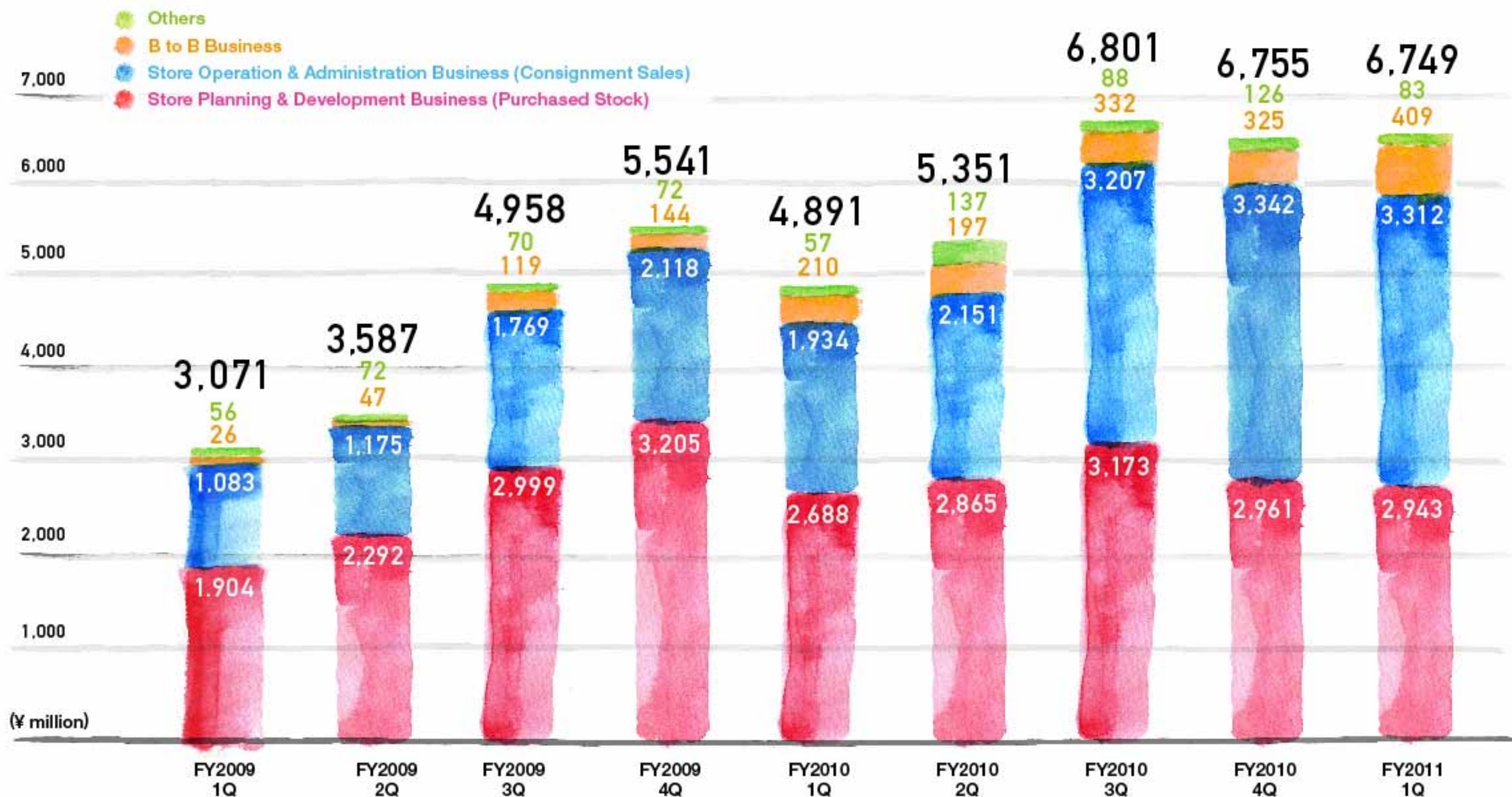
32,200





Net Sales (Quarterly)

- Store Planning & Development Business (Purchased Stock): + 9.5 % year on year
- Store Operations & Administration Business (Consignment Sales): + 71.2 % , B to B Business + 94.4 % year on year





Selling, General and Administrative (SG&A) Expenses



(¥ million)

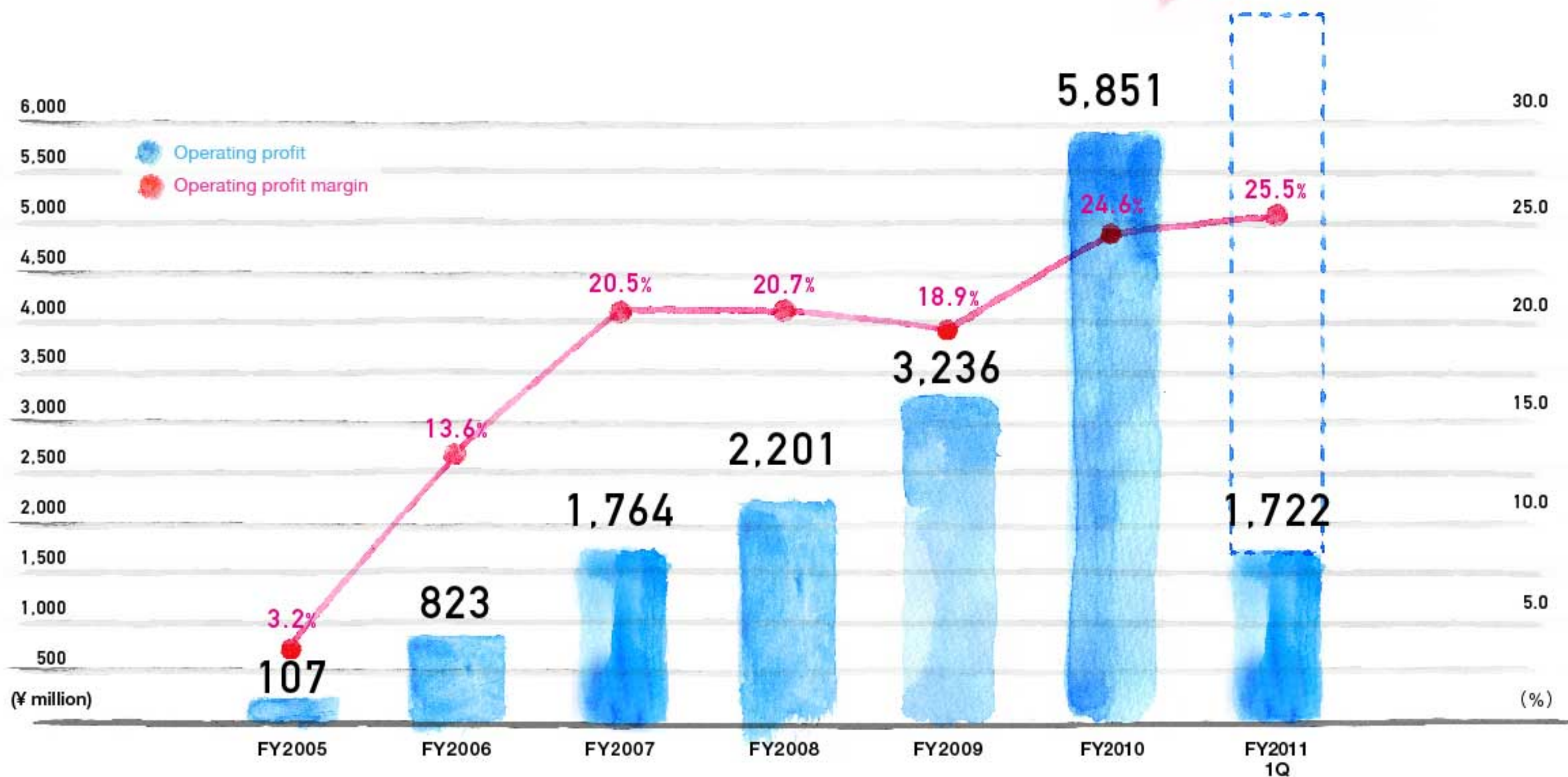
Item	FY2011 1Q			FY2010 1Q			YoY change	
	Amount	% Transaction value	% Sales	Amount	% Transaction value	% Sales	% Transaction value	% Sales
Total SG&A	3,255	19.2%	48.2%	1,872	16.7%	38.3%	2.5%	9.9%
Payroll	611	3.6%	9.1%	439	3.9%	9.0%	-0.3%	0.1%
Shipping	480	2.8%	7.1%	282	2.5%	5.8%	0.3%	1.3%
Payment collection	372	2.2%	5.5%	238	2.1%	4.9%	0.1%	0.6%
Advertising	270	1.6%	4.0%	184	1.6%	3.8%	0.0%	0.2%
point sales promotion	598	3.5%	8.9%	140	1.3%	2.9%	2.3%	6.0%
Outsourcing	244	1.4%	3.6%	98	0.9%	2.0%	0.6%	1.6%
Others	677	4.0%	10.0%	488	4.3%	10.0%	-0.4%	0.0%

※Payroll includes subcontracting payroll.



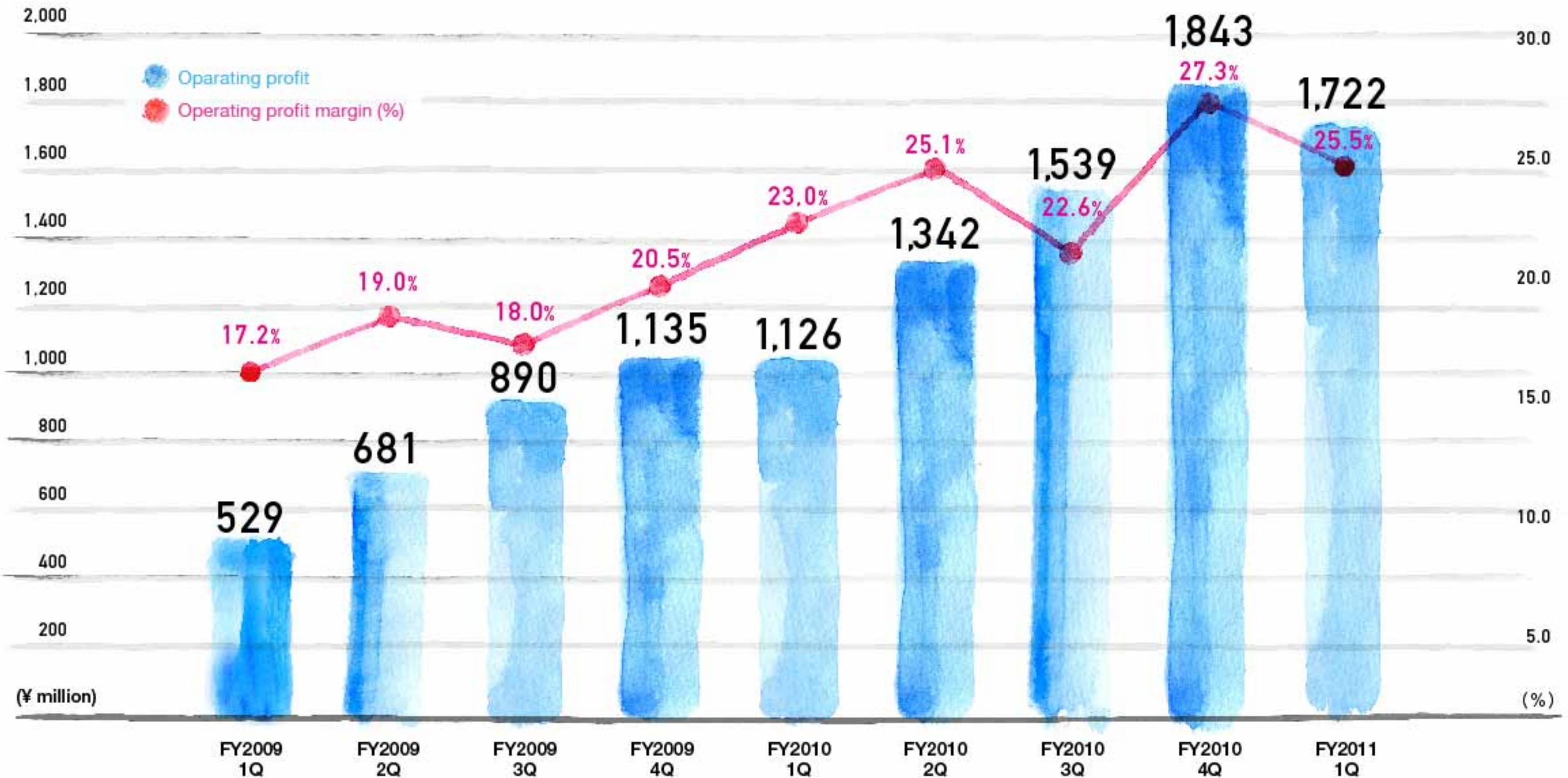
Operating Profit and Operating Profit Margin

• Operating profit : + 53.0 % year on year





Operating Profit and Operating Profit Margin (Quarterly)





Cash Flows

(¥ million)

Item	FY2011 1Q	FY2010	YoY	Reasons for the change
Cash flows from operating activities	101	-200	301	Increase of net income and tax payment
Cash flows from investing activities	-687	-106	-581	Acquisition of additional shares of an affiliate (Crown Jewel Co.,Ltd)
Cash flows from financing activities	-517	-389	-127	Dividend payment
Cash cash equivalents at end of periodating activities	8,932	6,456	2,457	—

The background is a watercolor-style wash. The top half is dominated by various shades of pink and magenta, with some darker, more saturated areas. The bottom right corner features a large, vibrant green wash that blends into the pink. The overall texture is soft and painterly.

Fact Data Analysis

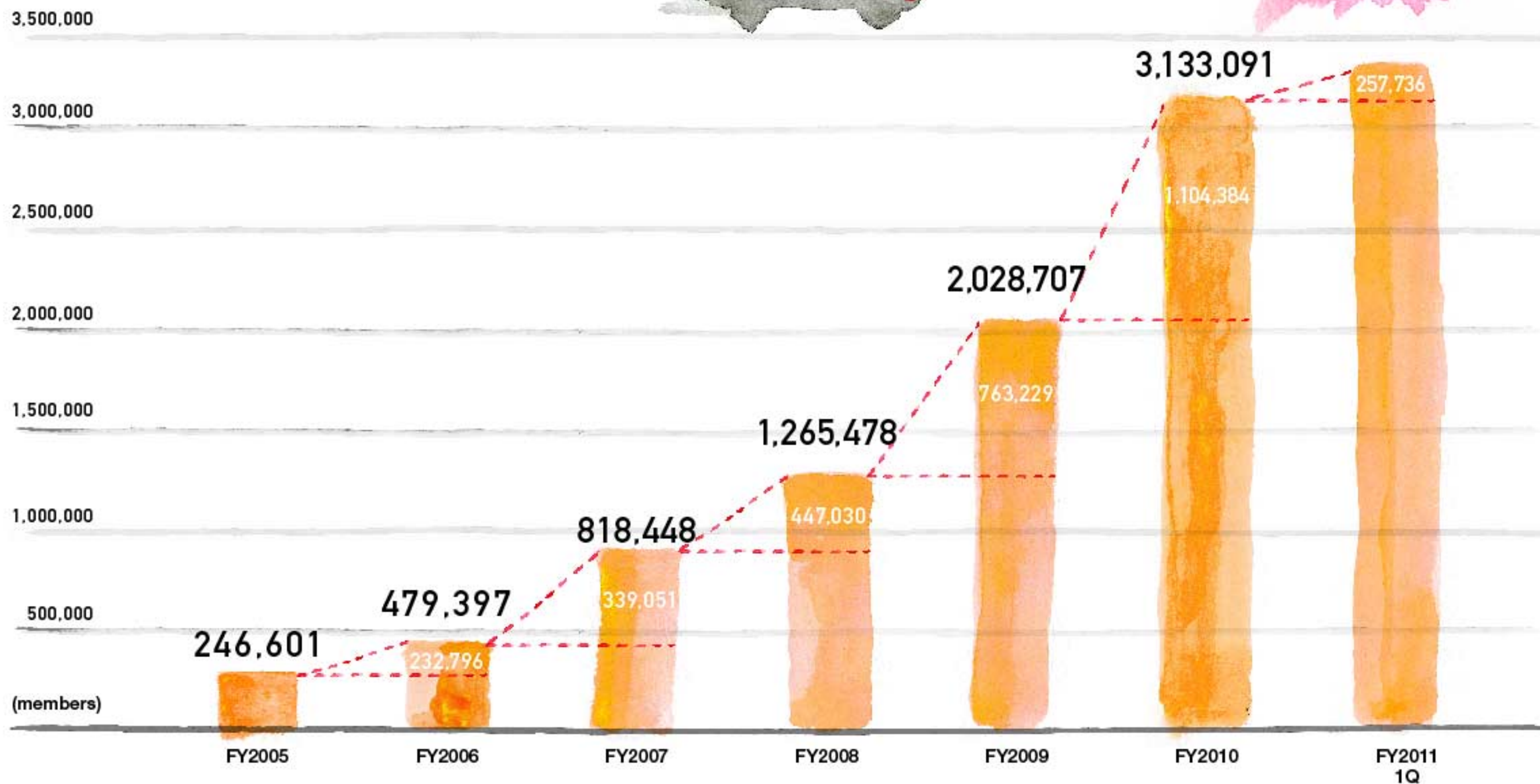


Total Members

- New members for 1Q FY2011 : 257,736 members
- + 1,193,680 members year on year



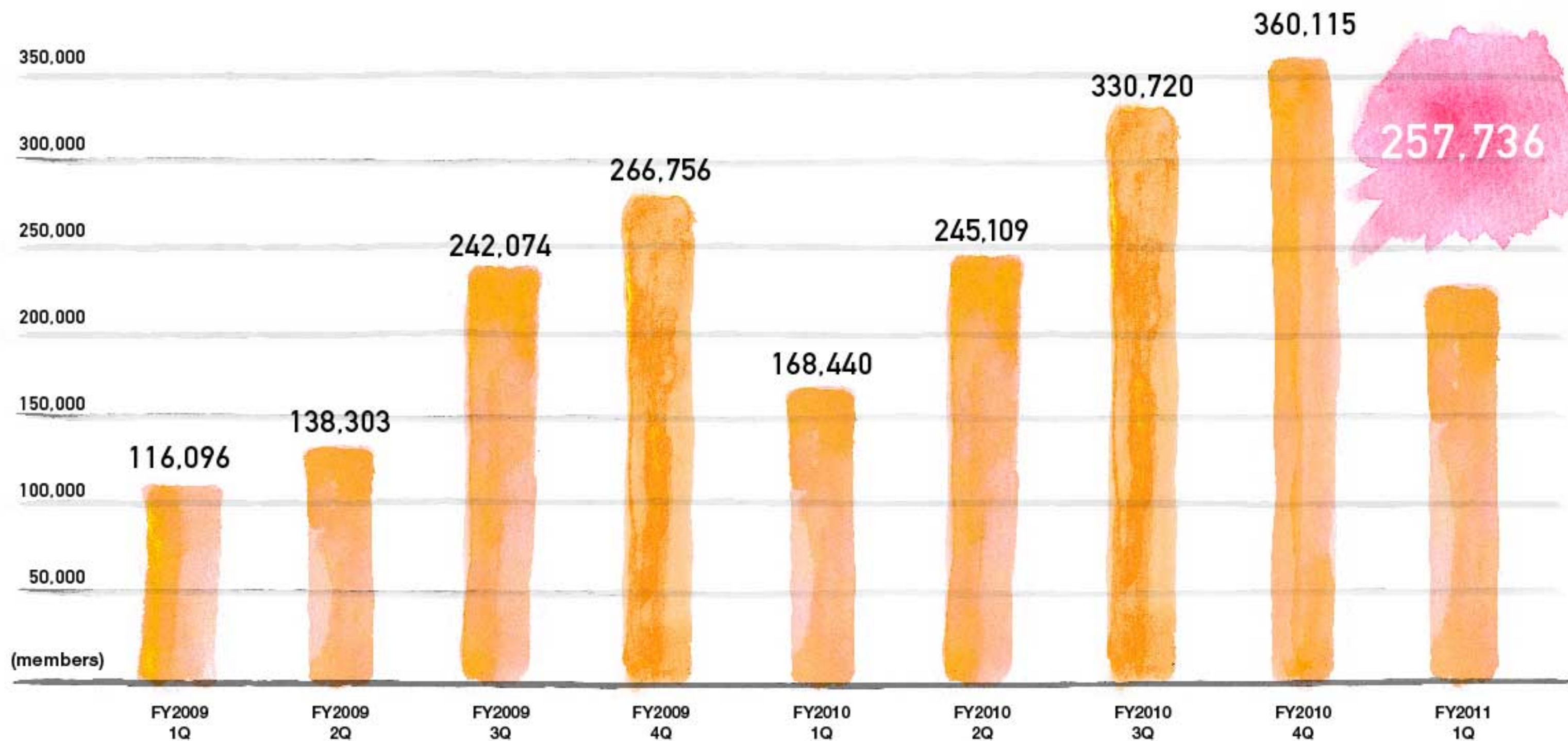
3,390,827





New Members (Quarterly)

+53.0% year on year





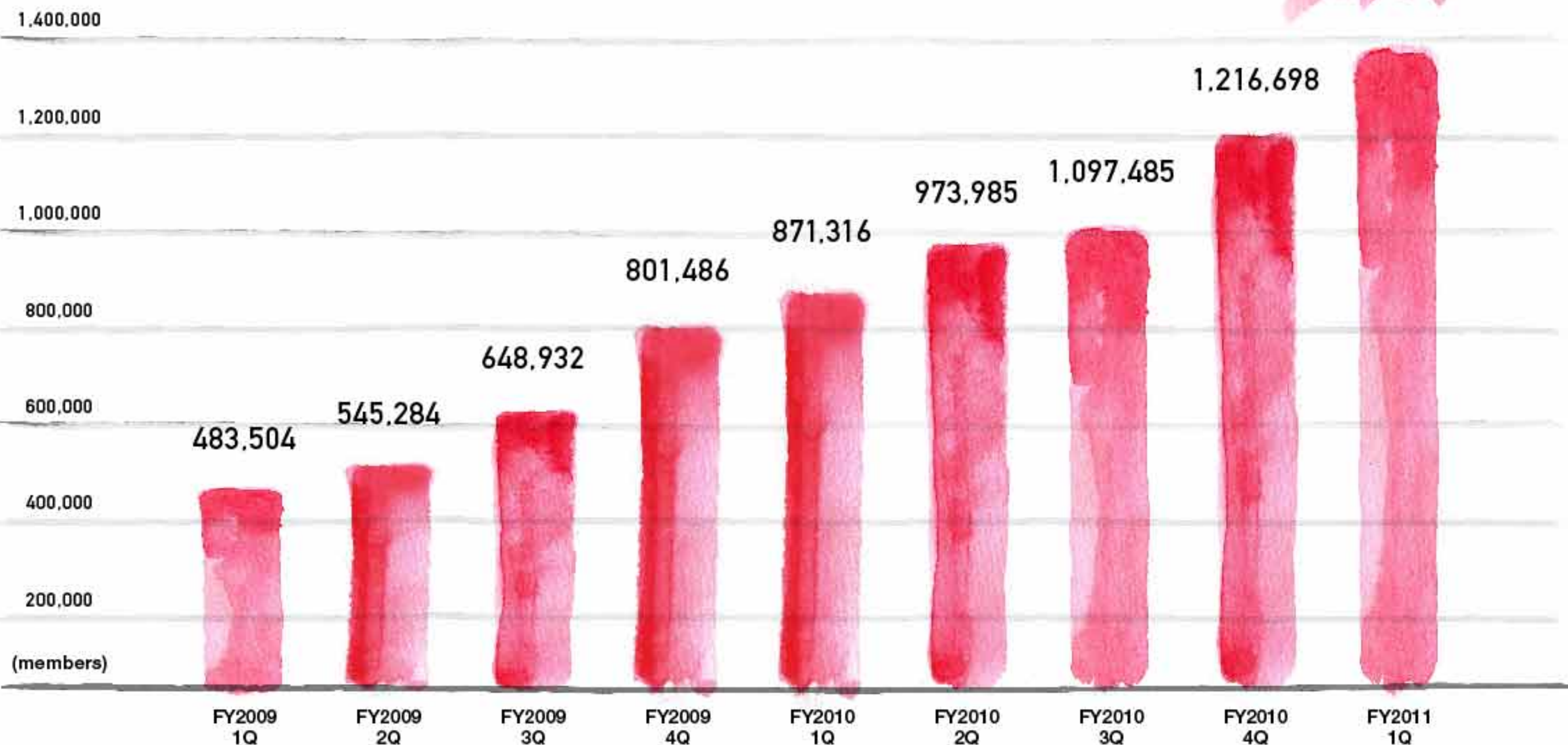
Active Members (Quarterly)

Active members = Members who have made at least one purchase within a year

+ 498,979 members year on year (+153,597 members quarter on quarter)

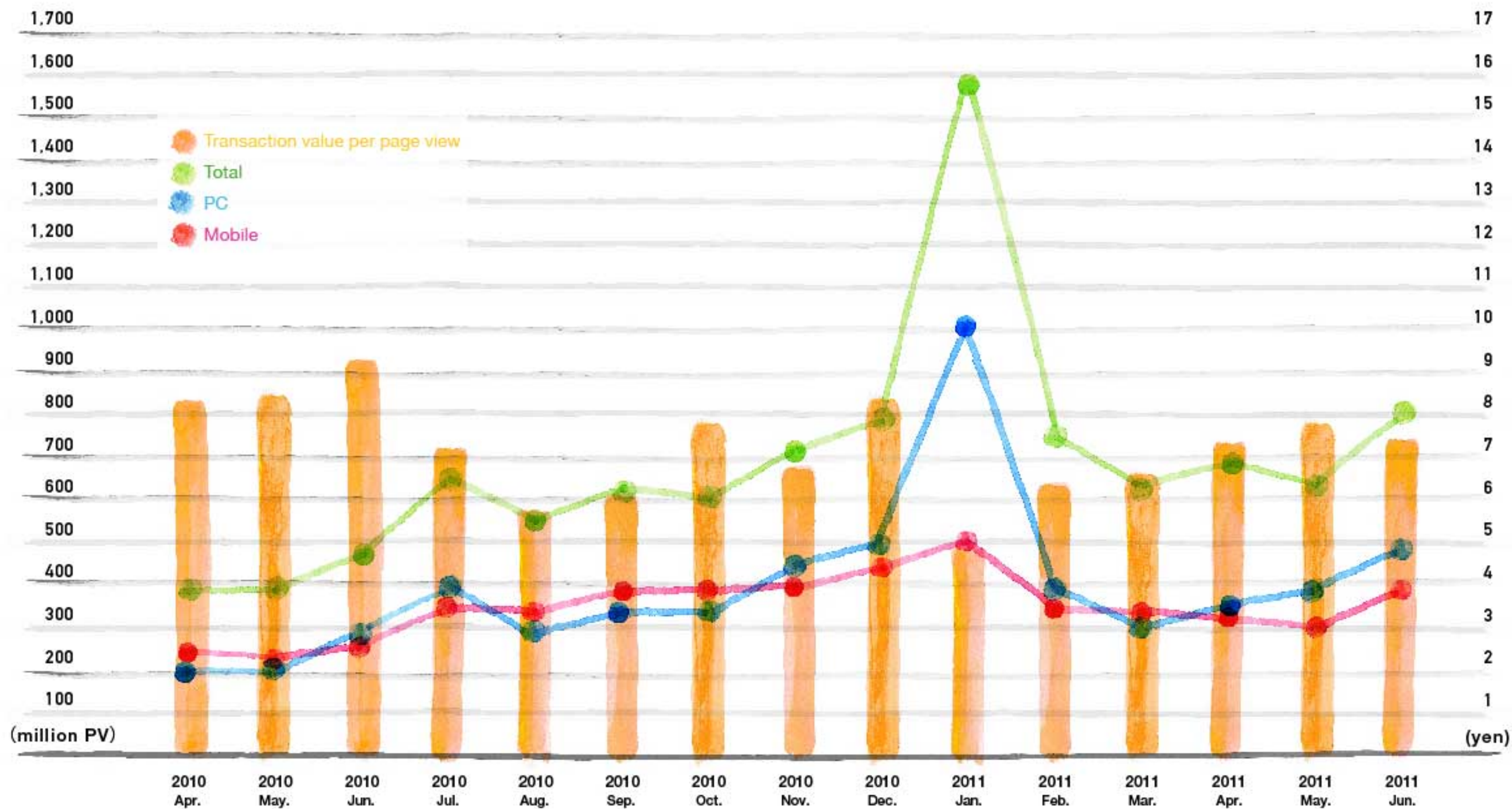


1,370,295



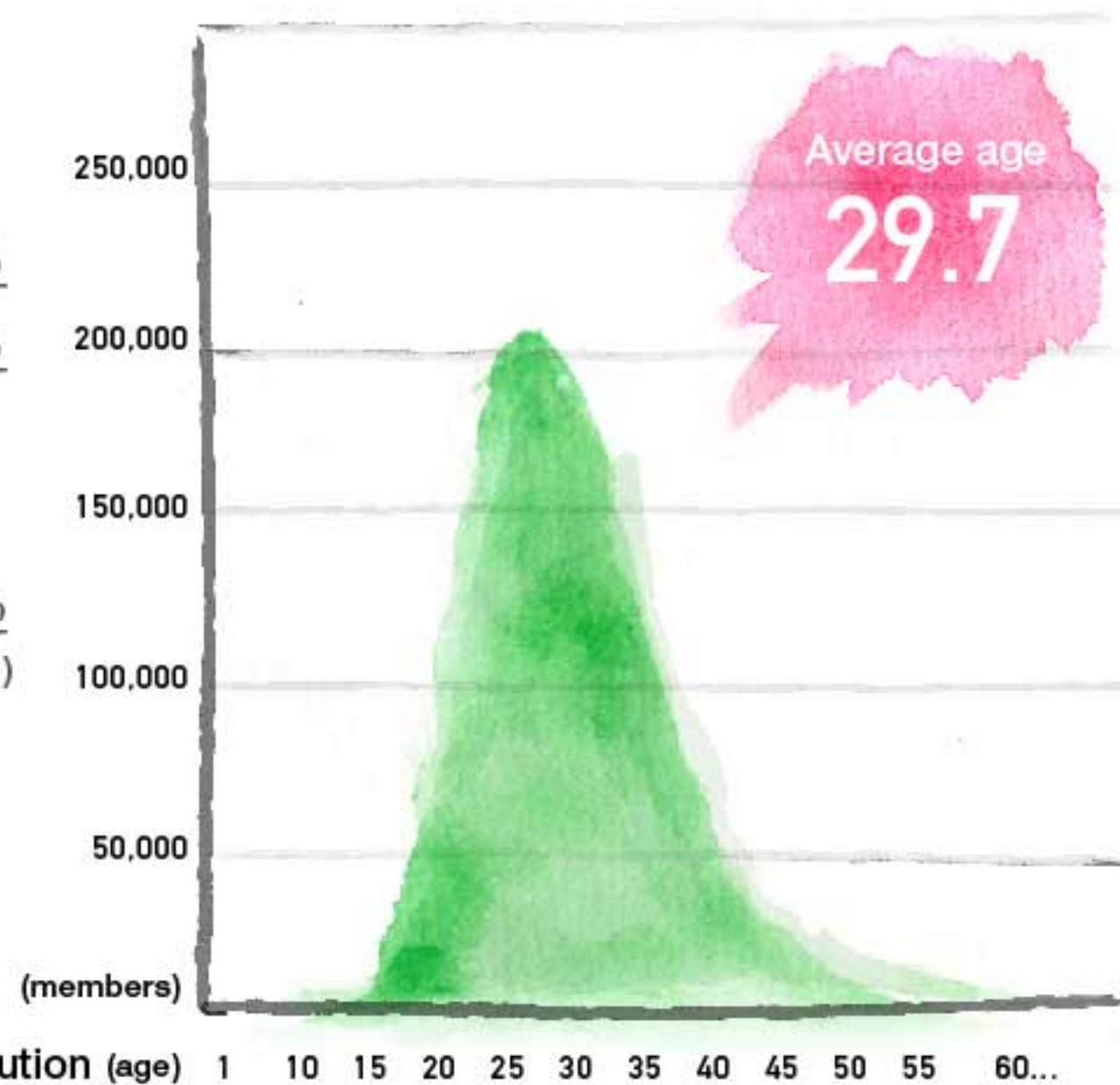
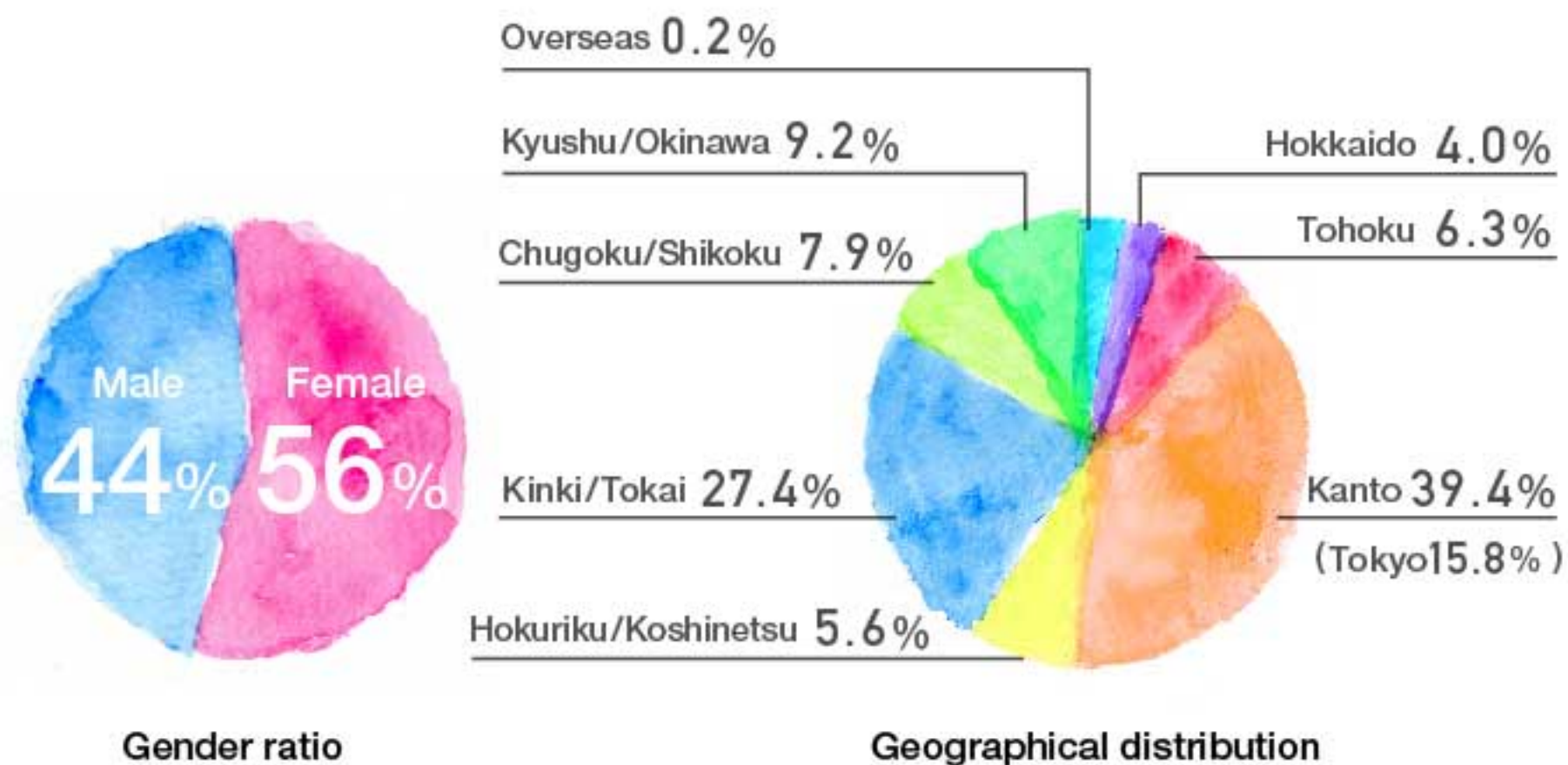


Total Page Views per Month





Member Distribution (As of June 30,2011)





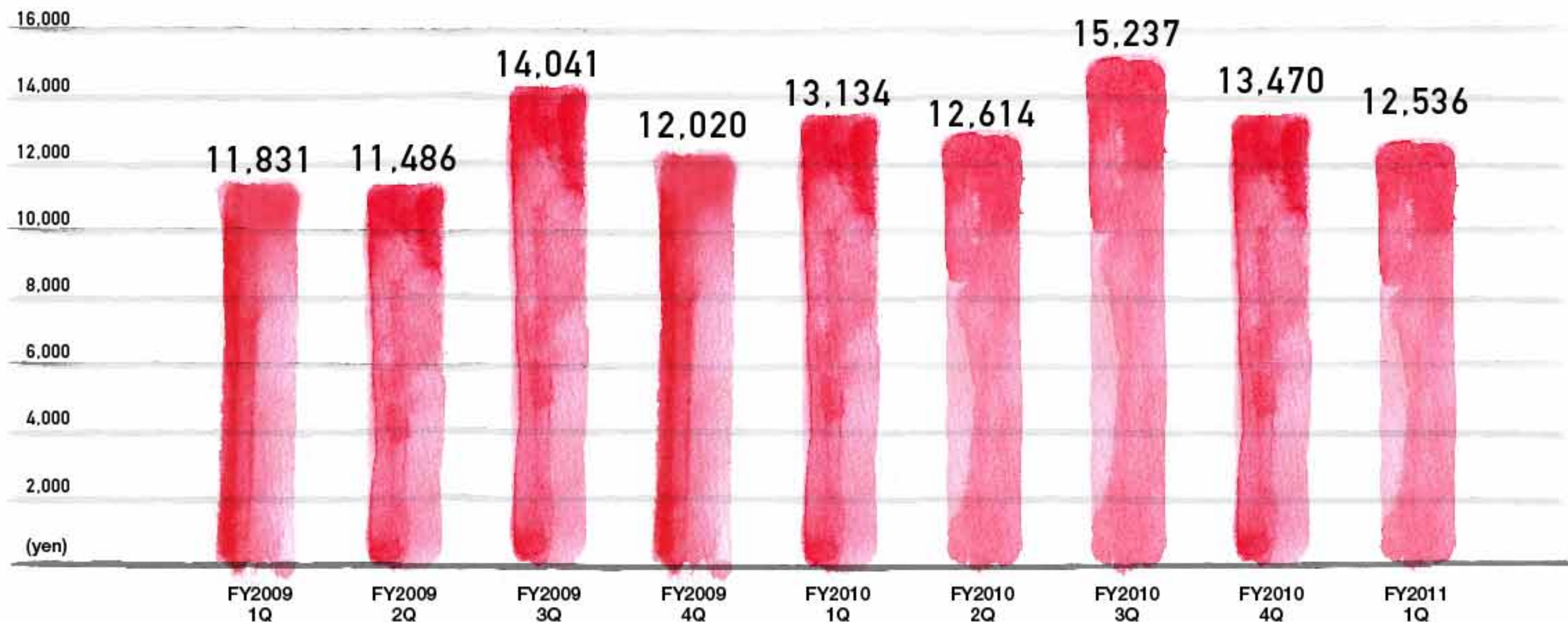
Average Purchase Amount per Shipment

Average purchase amount per shipment = Transaction value / Number of shipments

•Average Purchase amount per shipment Q1 FY2011: ¥ 12,536 (- 4.6 % year on year)

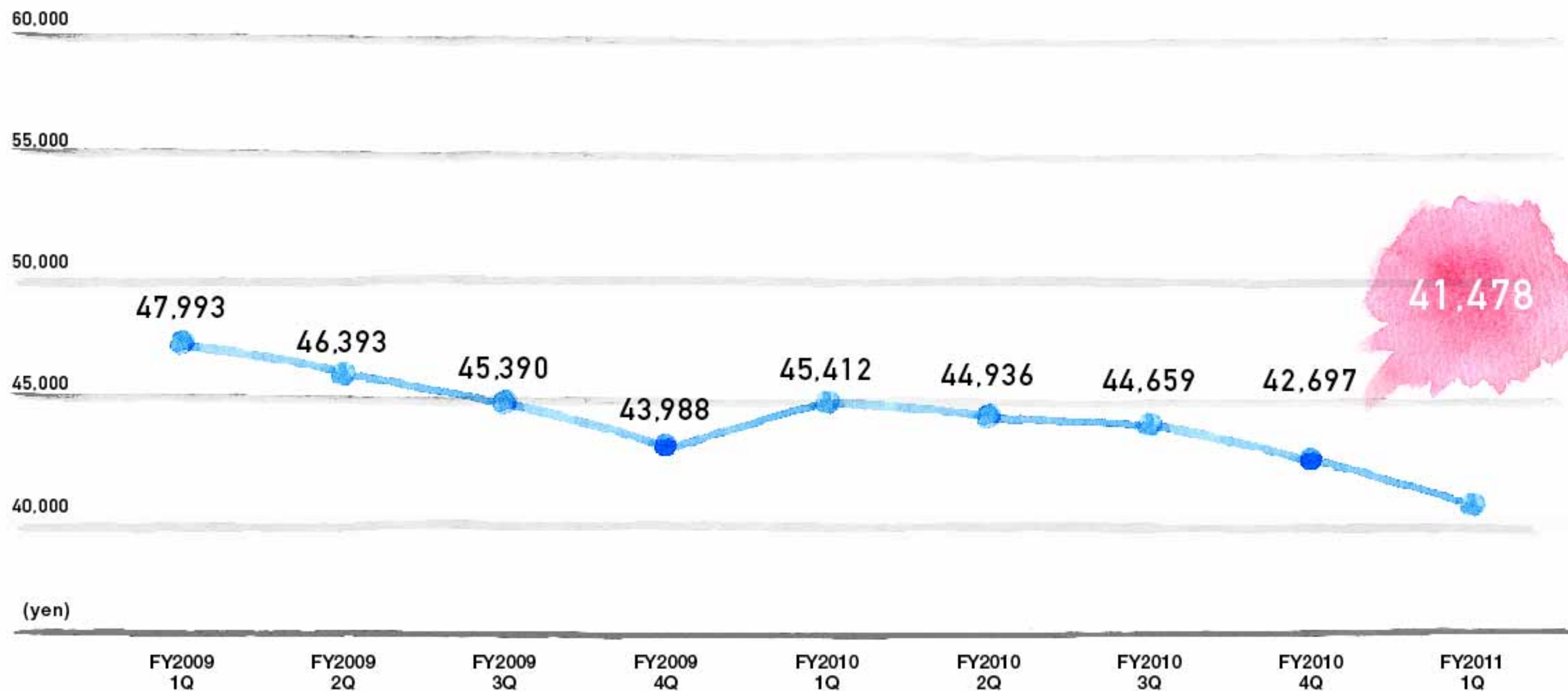
•Average price per product Q1 FY2011 : ¥ 6,733 (Q1 FY2010 ¥7,183)

* Transaction value and number of shipments for ZOZOTOWN-charity T-shirts are excluded
(Reference: Average purchase amount per shipment including the charity t-shirts: ¥ 11,891 /
average price per product: ¥ 6,379)





Annual Purchase Amount per Active Member

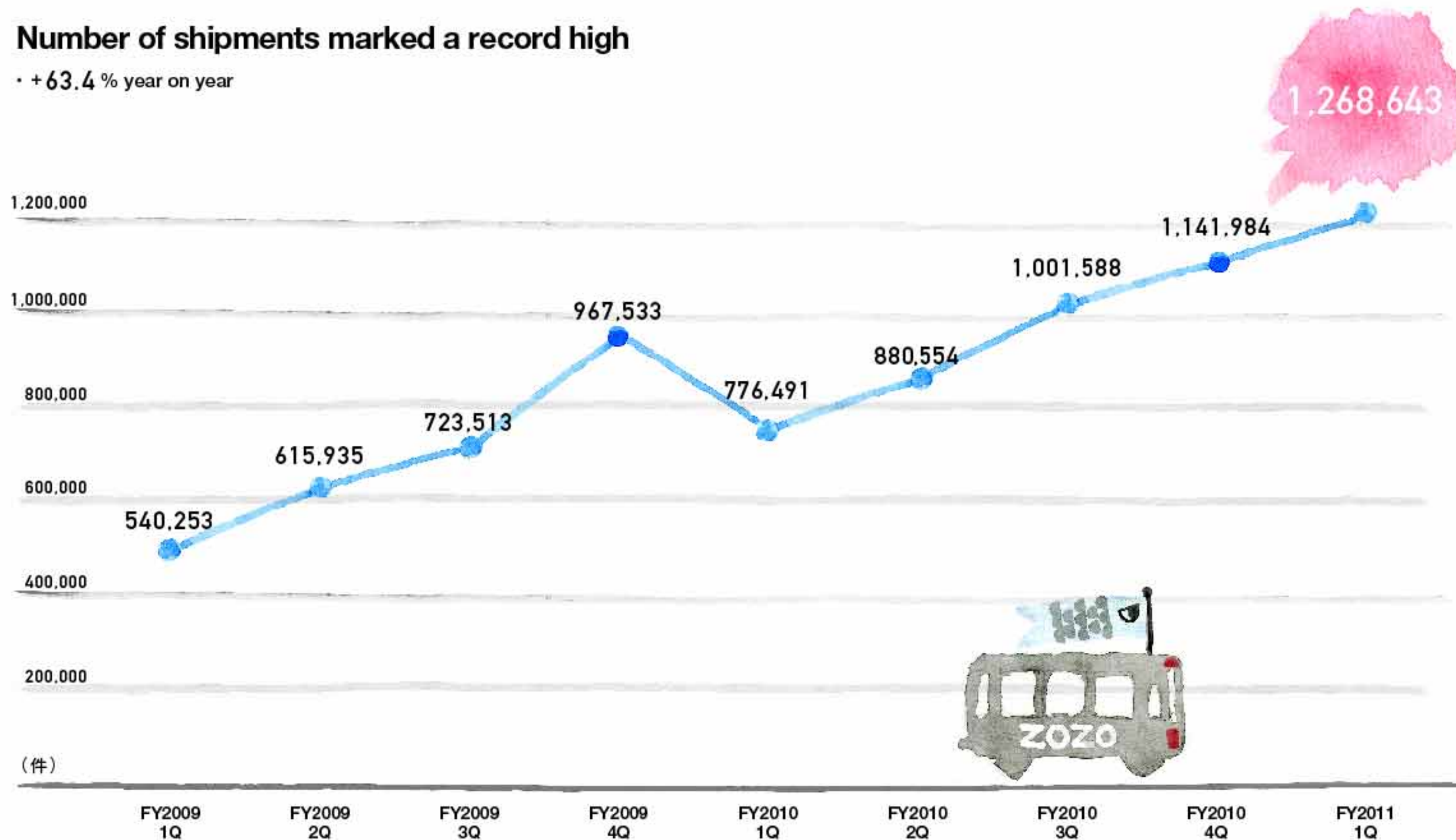




Number of Shipments

Number of shipments marked a record high

• +63.4% year on year





Transaction Value Target by Member Type

Transaction Value Target for New Members : ¥ 16.5 billion

New members	FY2011			Difference	Q1 FY2010
	Target	Result	(Of which are guest buyers)		
New members (person)	-	259,867	(9,939)	-	168,440
Active members (person)*	83,687	164,073	(9,939)	80,386	94,074
Ratio of active members to new members (%)	-	63.1%	(100.0%)	-	55.9%
Annual purchase amount per member (¥)	17,346	14,970	(10,597)	- 2,376	16,992
Total purchase amount (¥million)	1,452	2,456	(105)	1,004	1,598

Active members

- Higher than estimation

Purchase amount

- The purchase amount per member fell short of the target, but the total purchase amount remained nearly as planned.

Transaction Value Target for Existing Members : ¥ 60.0 billion

Existing members	FY2011		Difference	Q1 FY2010
	Target	Result		
Total members as of March 31, 2010 (resigned members included)	3,133,360	3,133,360	-	2,081,975
Active members (person)*	414,008	498,723	84,715	297,752
Ratio of active members to existing members (%)	13.2%	15.9%	2.7%	14.3%
Annual purchase amount per member (¥)	30,917	25,343	- 5,574	28,883
Total purchase amount (¥million)	12,800	12,639	- 161	8,600

※ The active members is the numbers of member who made a purchase during FY2011 (including withdrawn members as at Q1 end)

Forecasts for FY2011



Consolidated Business Forecast and Dividend Forecast for FY2011

		YoY change (%)
Transaction value	¥ 84.0 billion	47.0
Net sales	¥ 32.2 billion	35.3
Operating profit	¥ 8.5 billion	46.3
Recurring profit	¥ 8.5 billion	46.1
Net income	¥ 4.8 billion	54.7
Earning per share	¥ 43.7	—
Dividend per share (estimate)	¥ 10.5	—



Breakdown of net sales

	Business segment	Transaction value	YoYchange (%)	Net sales	YoYchange (%)
business	Store Operation & Administration Business (Consignment Sales)	67.0 billion	62.4	18.3 billion	72.2
	Store Planning & Development Business (Purchase stock)	9.5 billion	-18.7	11.4 billion	-1.7
	B toB Business	7.5 billion	78.8	2.0 billion	88.0
Others		—	—	0.39 billion	3.5
Total		84.0 billion	47.0	32.2 billion	35.3

An aerial photograph of a coastal area. The top left corner shows a patch of green grass. The rest of the image is dominated by a large body of blue water, which appears to be a bay or a large pond. The water has a textured, rippled surface. The bottom right corner shows a patch of green grass, similar to the one in the top left. The overall scene is bright and clear.

Business Plan for FY2011



Business Plan for FY2011

We have now started running towards...

840

STARTTODAY

CFM

(Customer Friendship Management)

Manage close relationships with customers.

- Accepting returns.
- 3% point reward.
- Former CRM department is re-named as "CFM department".



EFM

(Employee Friendship Management)

Stimulate close relationships among co-workers.

- Increase House Rent Allowance for employees living near the Makuhari area.
- Encourage and financially support employee wellness activities.(Planned)
- Provide personal Smartphones.(Planned)
- Planning to constitute a new department specializing in EFM



Store Operation & Administration Business (consignment sales)

Transaction Value Target : ¥67,000 million (+62.4% year on year)

- Continue to open new stores and expand fashion territory.
- Start the inventory-linked system with SHIPS Co.,Ltd.

Store Planning & Development Business (purchased stock)

Transaction Value Target : ¥9,500 million (-18.7% year on year)*

- Continue discovering, cultivating and delivering promising brands, expanding scale of each business.
- Re-categorize our original Men's select shops by style, combining 13 shops into 4 shops.

E-Commerce Support Business for Apparel Manufacturers

Transaction Value Target : ¥7,500 million (+78.8% year on year)

- FY2010 results [Consignor : 8 Acquired member : 376,128 Active members : 177,683]
- Upcoming launch sites include :
 - NANO-UNIVERSE Co., LTD (in April, 2011)
 - Little Anderson Co., LTD (in April, 2011)
 - American Rag Cie Co., LTD (in May, 2011) and more to follow
- Intensify service of consulting by reconstructing the existing personnel structure, officially setting up STARTTODAY CONSULTING up as a holding company.



Transaction Value Target by Member Category

ZOZO members

Number of estimated active members : 904,800 ×
Estimated annual purchase amount per member: ¥66,313=approx. ¥60.0billion

Number of estimated new members : 660,000 ×
Annual purchase amount per member : ¥25,000 = ¥16.5 billion



B to B business ¥ 7.5 billion



84.0 billion



Overseas Operations



ZOZOTOWN'S overseas sales transaction value of FY2010

¥ 100 million (approximately)



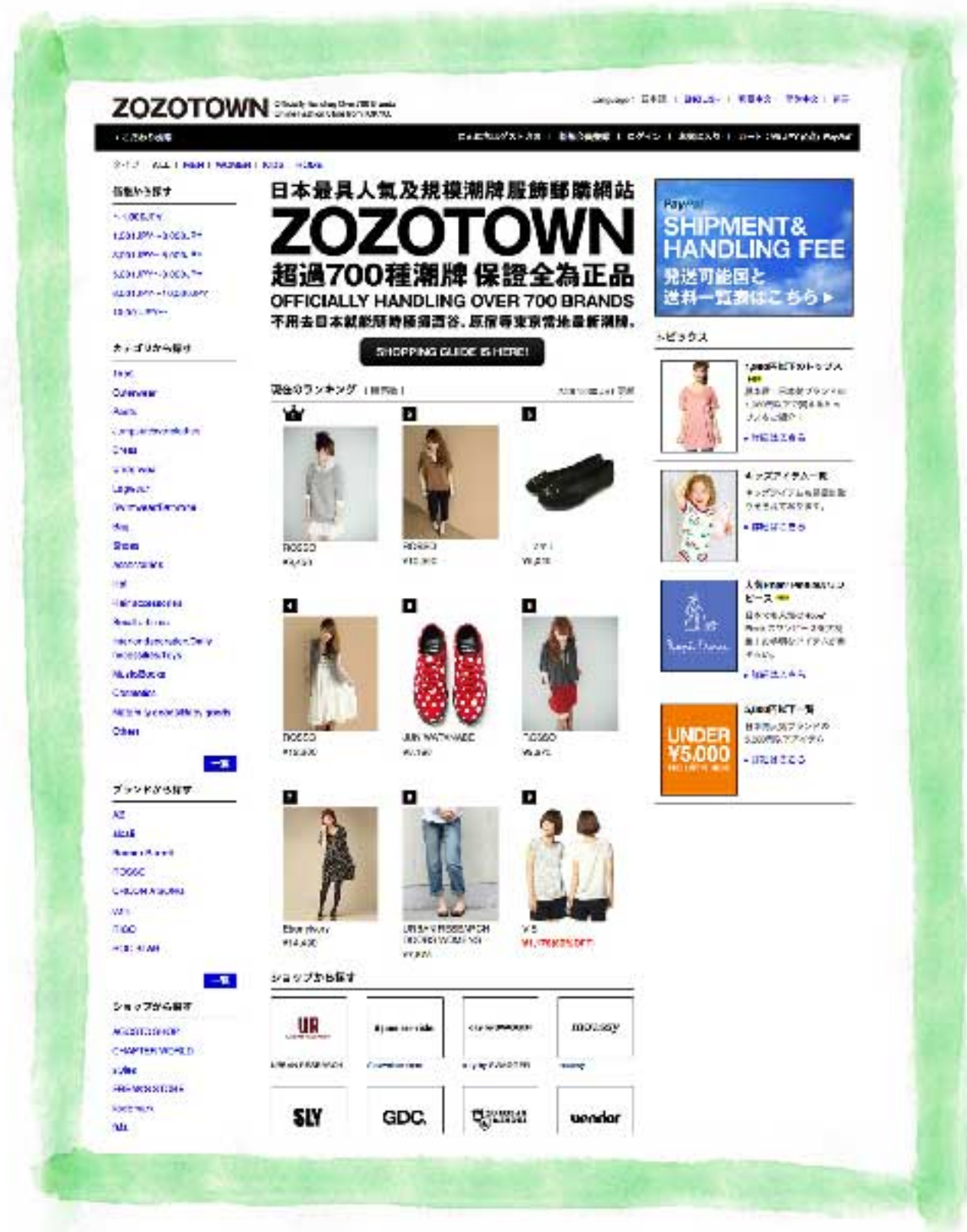
FY2011

- Grand opening of Global Website
- Fashion e-commerce website development in China



Grand Opening of Global Website

(Global Website IMAGE)



Opened at the end of May, 2011.

Available in five different languages

- Japanese
- Chinese (Traditional)
- Chinese (Simplified)
- Korean
- English

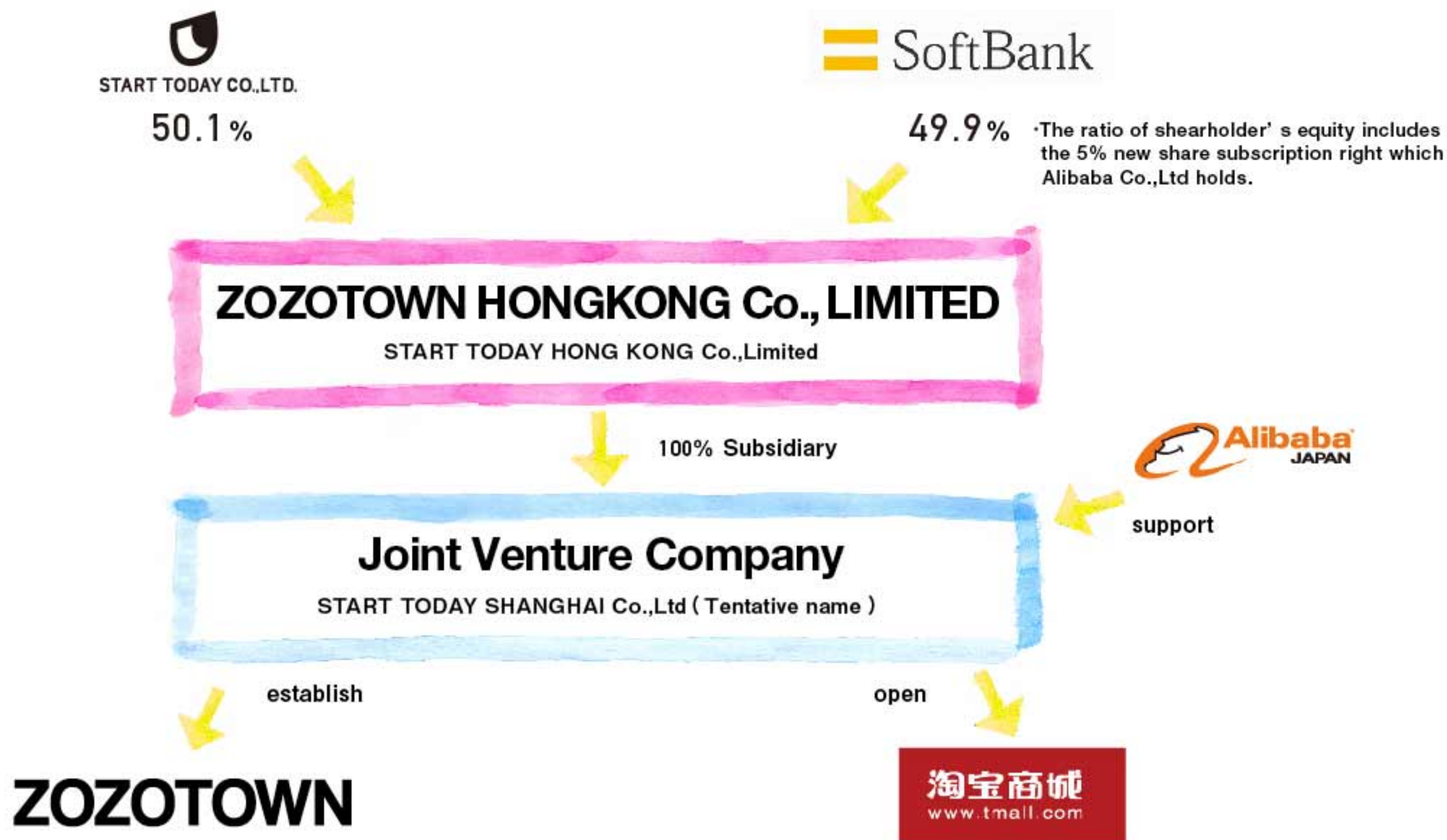
Number of brands at the time of the grand opening : over 600

Payment Method: Paypal only

Will be making deliveries to 82 countries worldwide.



Fashion Website Development in China



Developing ZOZOTOWN in China by using Taobao' s platform owned by Alibaba Group

Opening ZOZOTOWN on China' s largest online shopping website Taobao mall



Acquisition of additional Crown Jewel, Inc. shares (making Crown Jewel a wholly-owned subsidiary)

Crown Jewel, Inc.

Operates an auction site that specializes in highly sensitive fashion.

Crown Jewel has allocated new shares to Start Today on April 15, 2010 in order to reinforce its business operations in apparel's secondary distribution market*.

In order to deliver even greater group synergy, Crown Jewel became a wholly-owned subsidiary of Start Today in June 2011. Together, we will expand our market share and business activities in apparel's secondary distribution market.

*Apparel's secondary distribution market: A secondary distribution market for pre-owned apparel. Consumer trends have diversified, triggering a rise in consumer demand to purchase better products for cheaper prices. Hence this market is expected to undergo further growth.

Company name	Crown Jewel, Inc.
Main business	Auction business
Date established	July 15, 2005
Headquarters	6-7-2 Minami-aoyama, Minato-ku, Tokyo
Representative	President Takeyuki Fukumoto
Capital	227,575,000 yen
Total shares outstanding	31,715 shares
Beginning of the fiscal year	September

- Number of members : 100,981
- Number of active members : 15,059
- Male : 40.1 % Female : 59.9 %



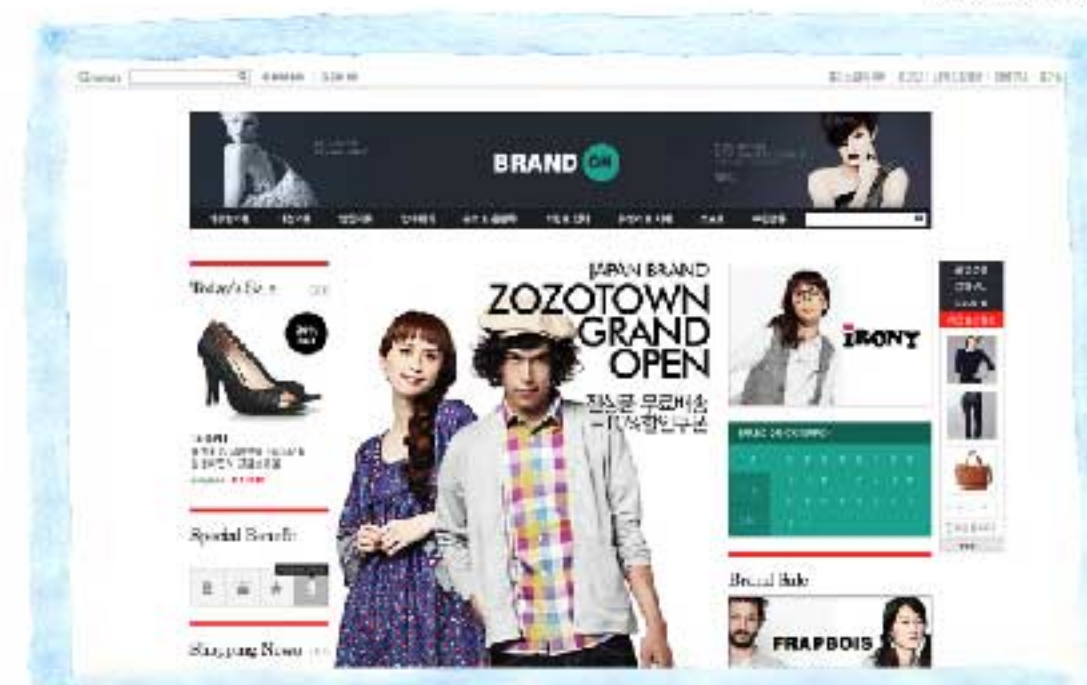


Business tie-up with START TODAY and eBay Gmarket CO.,LTD along with eBay Auction CO., LTD, which run two of the largest online shopping websites in Korea.

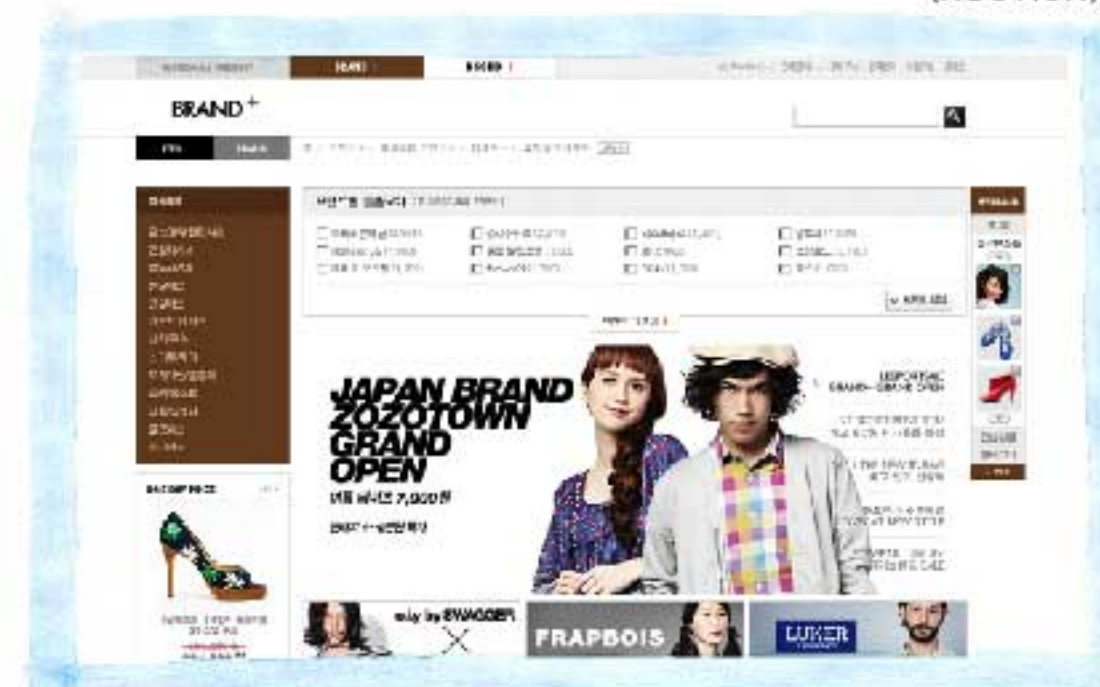
We plan to launch our EC site, "ZOZOTOWN" in the new category that will focus on "Japanese brands (name of category to be decided)", which will be added to Korea's largest shopping websites "eBay Gmarket" and "eBay Auction" in order to introduce Japanese fashion brands to Korean consumers.

(Gmarket)

- Scheduled to open at the end of August
- Number of brands at the time of the grand opening: over 130
- Payment methods: Credit cards
- Products to be delivered to customers from Japan via EMS using the services of tenso.com.



(AUCTION)



Future Strategies



Mid-to and Long-term Vision

Mid-to and Long-term target of START TODAY

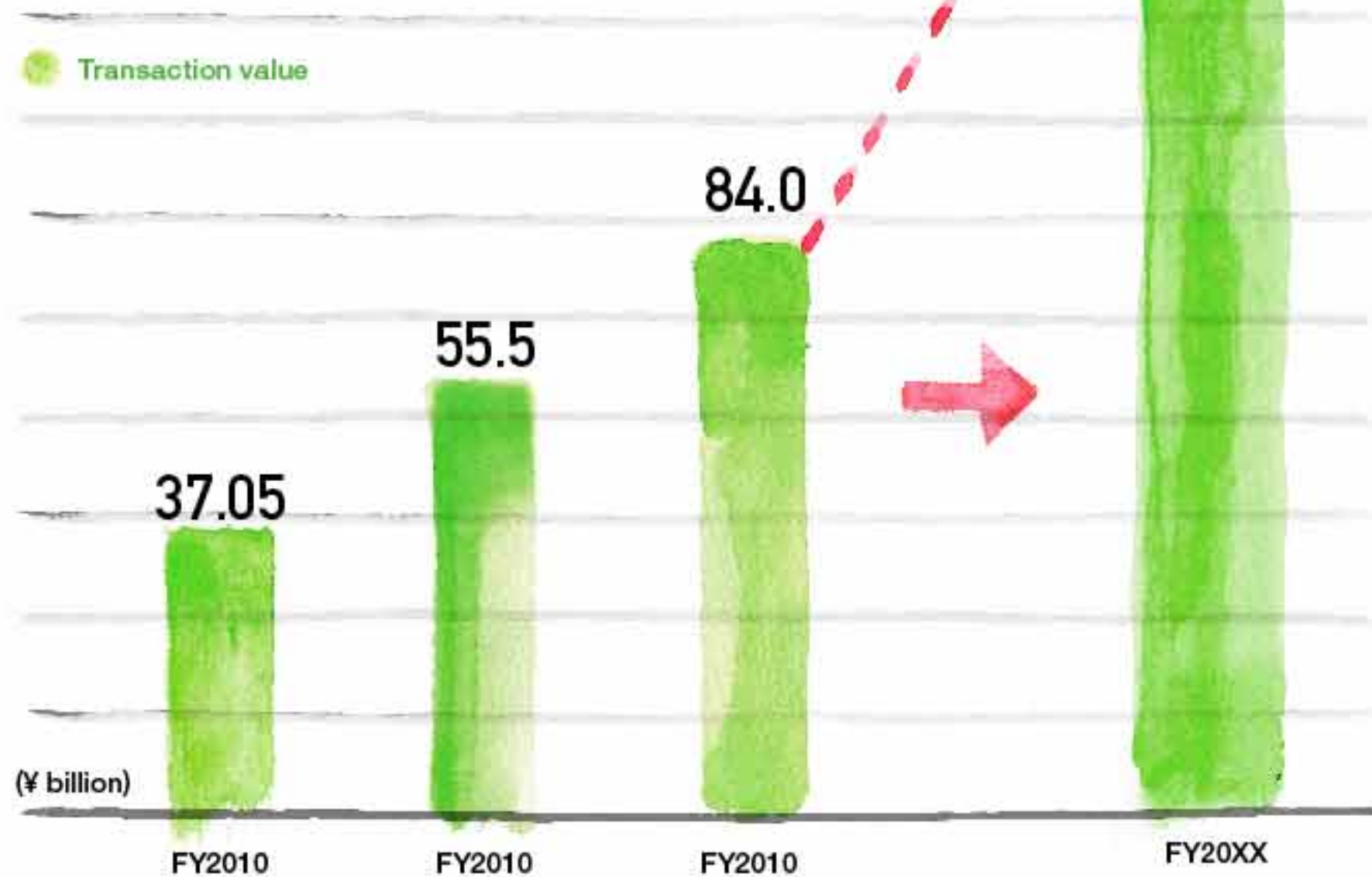
FY20XX term

Transaction value **500** billion

Recurring profit **50** billion



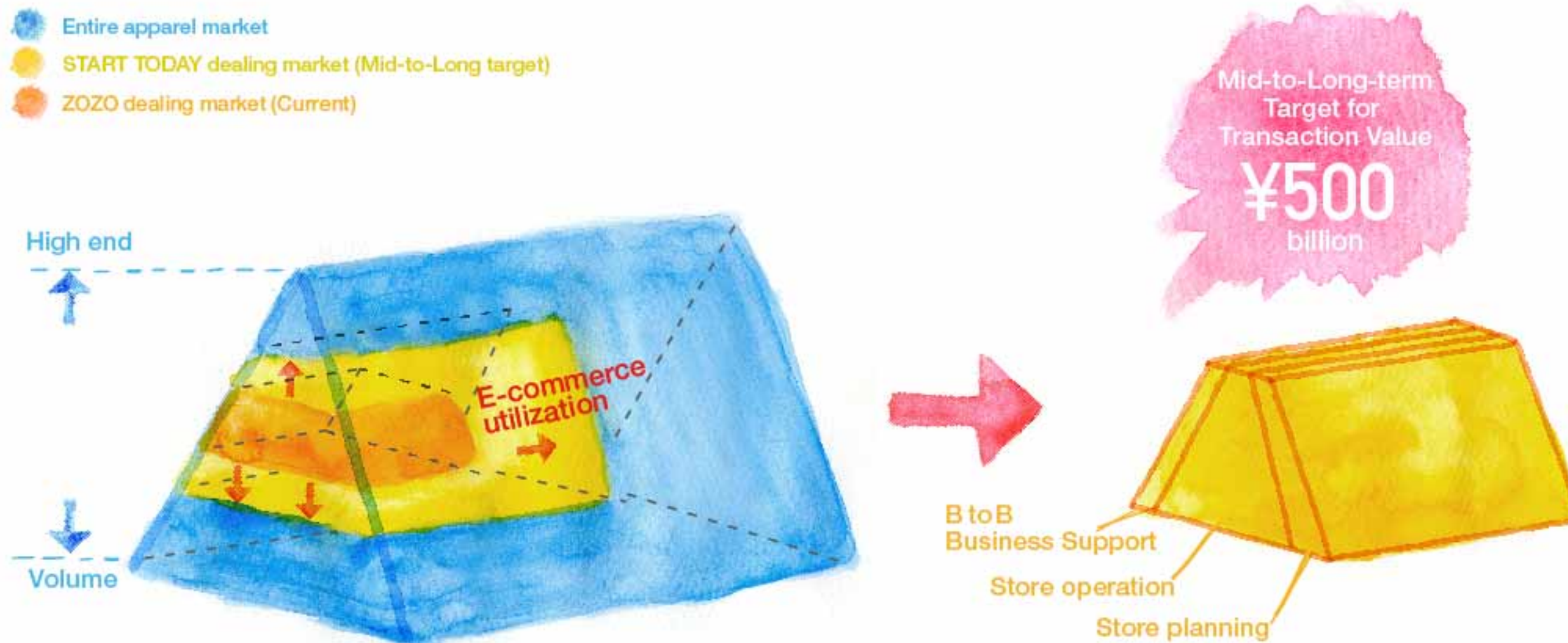
Mid-to and Long-term Target for Transaction Value





Strategy of Market Expansion

While ZOZOTOWN expansion is promoted focusing on the fashion e-commerce market, we accelerate the development of our business into various fashion areas through e-commerce support.



Reference Data



Japan's Largest Online Retailer of Apparel and Accessories – ZOZOTOWN

(ZOZOTOWN)

ZOZOTOWN <http://zozo.jp/>

- One of Japan's largest online shopping sites for fashion items
254 stores handling 1,620 brands. Always offering more than 130,000 items with more than 3,000 new items a day on average.
- Users can comment on merchandise and share information via social networking sites such as Twitter, Mixi, GREE and Facebook.
- Systems, design, logistics and other e-commerce functions retained in house.

ZOZOVILLA <http://zozo.jp/zozovilla/>

- Online shopping site handling Japanese and international designer brands and luxury brands.
- Based on the visual theme of islands, the uniqueness of each brand is communicated by operating a different store on each island.

ZOZOOUTLET <http://zozo.jp/outlet/>

- Offers items from United Arrows, BEAMS, TSUMORI CHISATO and other popular multi-label stores and brands.





A Summary and a Characteristic of Other Services

ZOZOPRESS <http://zozo.jp/zozopress/>

- Fashion news site offering the latest information focusing on three genres, including “casual” and “mode,” for men and women, respectively, in the form of 1-page magazine articles devoted to each genre.

ZOZONAVI <http://navi.zozo.jp/>

- Search site covering over 5,000 apparel stores throughout Japan.

ZOZOGALLERY <http://gallery.zozo.jp/>

- Download services of computer wallpaper and mobile phone standby screen image of popular brands.

ZOZOPEOPLE <http://people.zozo.jp/>

- Social networking service specializing in the distribution of information about people, journals and items.

ZOZOQ&A <http://qa.zozo.jp/>

- A bulletin board where fashion-sensitive people can exchange information through Q&A-style posting.

ZOZOARIGATO <http://arigato.zozo.jp/>

- “Thank you” message posting service to encourage people to express gratitude for the good things in life.
- Every time a “thank you” message is posted, START TODAY donates ¥10 to World Vision Japan, an NGO.





Store Planning & Development Business (Purchased Stock)

Operate 42 stores such as “ZOZOEPROZE” and “QUNIEE” in ZOZOTOWN.

Purchase from brand manufacturers and sell.

Sales = Transaction value on each store

Store Operation & Administration Business (Consignment Sales)

Operating 212 online stores, such as “United Arrows”, “BEAMS” in ZOZOTOWN and “MARCJACOBS” in ZOZOVILLA on commission basis without any inventory risk.

Sales = Transaction value of stores × consignment commission rate

B to B Business

E-Commerce Support Business for Apparel Manufacturers: Established a subsidiary Start Today Consulting, Co., Ltd. in May 2008
Consigning companies: 17 companies (as of June 30, 2011)

Sales = Transaction value of manufacturers × consignment commission rate

Others

Initial store opening charge, paid membership service “ZOZOPREMIUM”, handling fee of the allied credit card “ZOZOCARD”.

This material was made only for understanding the business of the company and not for offering to solicit investment.

The future outlook of the business results, etc. described in this material was judged by the company based on the information currently available, and include various uncertainties. Actual results may differ from the future outlook.

