

FY2012

April 1,2012-June 30,2012

Consolidated Business Results



Highlights for the 1Q of FY2012

- Transaction value for the 1Q of March 2013 grew 15% YoY basis. (when it is compared to this year's annual target, it accounts for 17% of it). In comparison with the previous year's growth rate which ran up 43%, the growth potential seemed to slow down. However, we consider there were not significant changes concerning our growth rate, as such a downturn was caused by not selling charity T-shirts (4/2011 - 6/2011) on this year and the change with regards to the commencement of summer bargain for approximately 3 weeks later.
- Operating profit for the 1Q declined 5% on a YoY basis (except the influence of the charity T-shirts sales from consideration, the figure shifts over 10% growth) and was able to be in line with our projection. The profit ratio to the total amount of transaction showed a downward trend compared to that of the previous year. However, such decline was because of diversified promotion activities and consolidations of our company structure to deal with a huge amount of future transaction which will reach 500 billion yen. Take these things into consideration, we believe that we will be able to catch up the previous year's figures from the aspect of annual indication.
- Annual number of purchasers has exceeded 2.05 million. 50 shops were newly launched during the 1Q, in addition, existing shops tend to further allocate their in-stock items to us. These factors led to a steady increase of purchasers.

Although the annual purchase amount per total buyer (member who has made at least one purchase within a year) is still in a downward trend, observing the figures of existing members, their purchase amount ended up with an increase compared to the previous quarter. The average unit price per shipment has remained unchanged compared to the corresponding period on the last year. We presume that such results represent the achievements of CFM (Customer Friendship Management) which we have been engaged in from the last year.

In our forecasts for fiscal 2012, which ends in March 2013, we anticipate that net sales and operating profit will increase, on a year-on-year basis, by 31% and 36% respectively, DPS is planned to be 20 yen. We will continuously make concerted efforts to achieve our long-term objective (net transaction value 500 billion yen).

Business Performance



Overview of the first quarter FY2012

(¥ million)

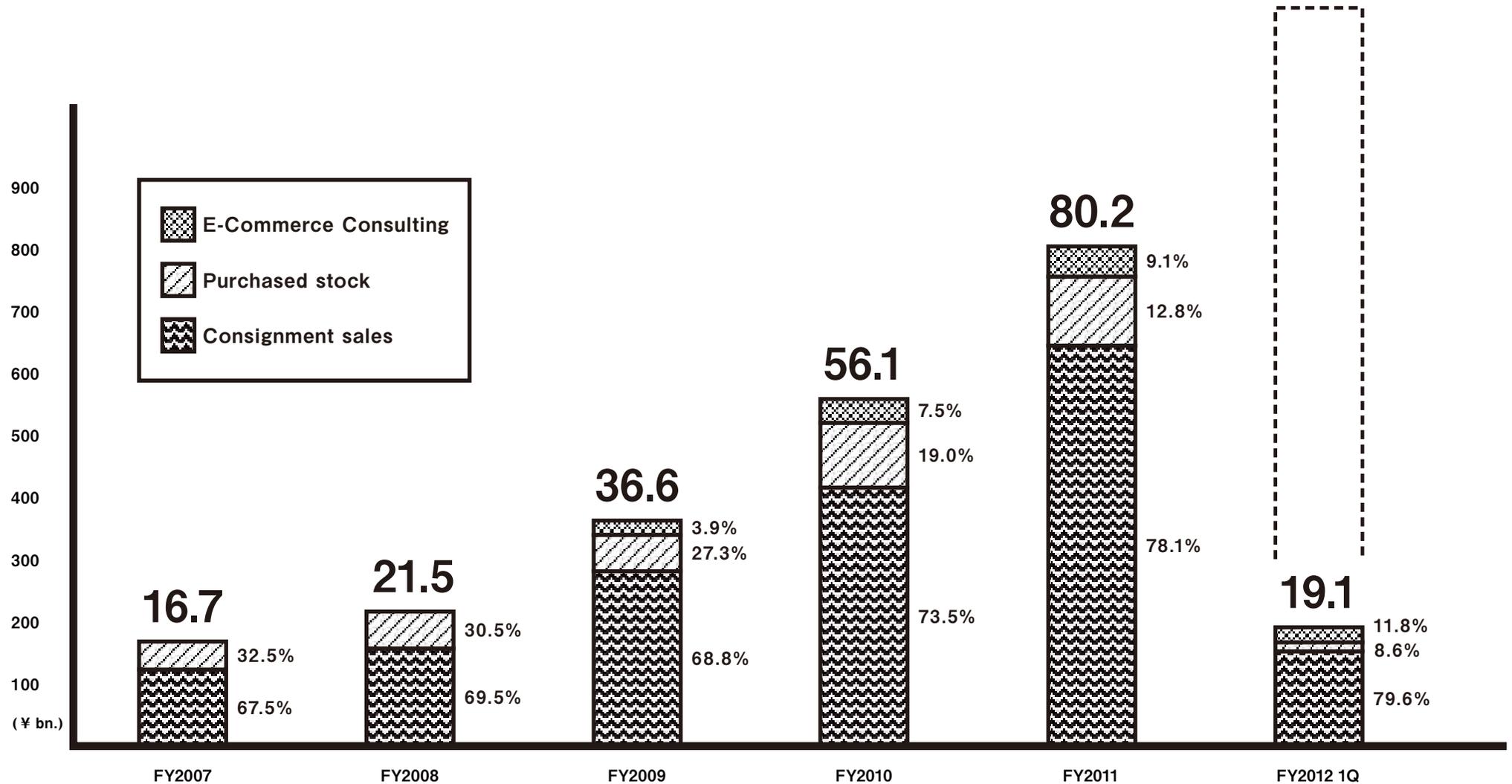
| Item | FY2012 1Q | FY2011 1Q | YoY Change(%) | Target | Percent completion |
|-------------------|-----------|-----------|---------------|---------|--------------------|
| Transaction Value | 19,140 | 16,641 | + 15.0% | 111,500 | 17.2% |
| Net sales | 7,191 | 6,749 | + 6.6% | 41,700 | 17.2% |
| Operating profit | 1,635 | 1,722 | △ 5.0% | 10,440 | 15.7% |
| Recurring profit | 1,630 | 1,714 | △ 4.9% | 10,450 | 15.6% |
| Net income | 997 | 1,166 | △ 14.5% | 6,370 | 15.7% |



Transaction Value

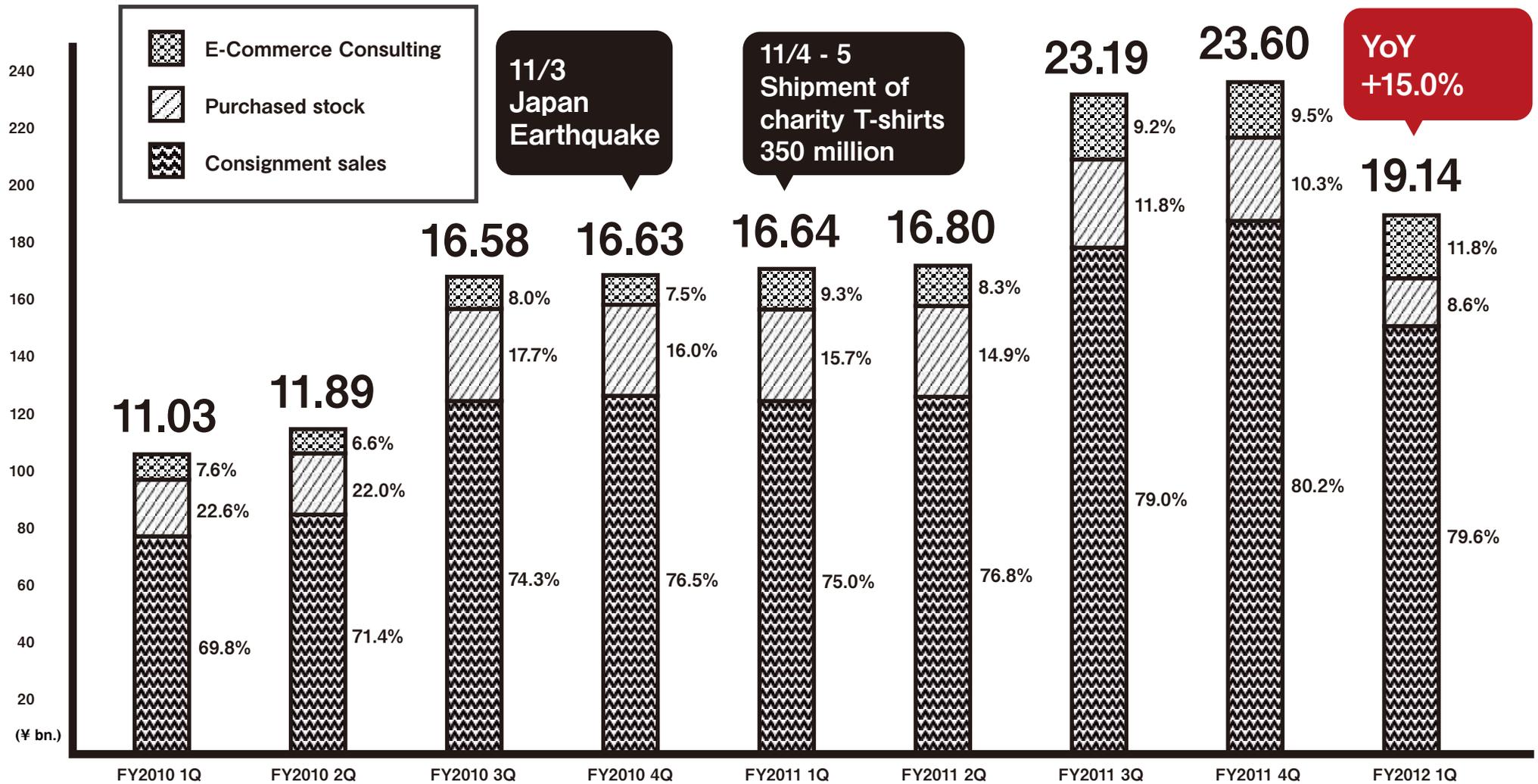
Gross transaction value of new shops for 1Q FY2012
ZOZOTOWN: ¥340million, 1.8% of the transaction value

111.5





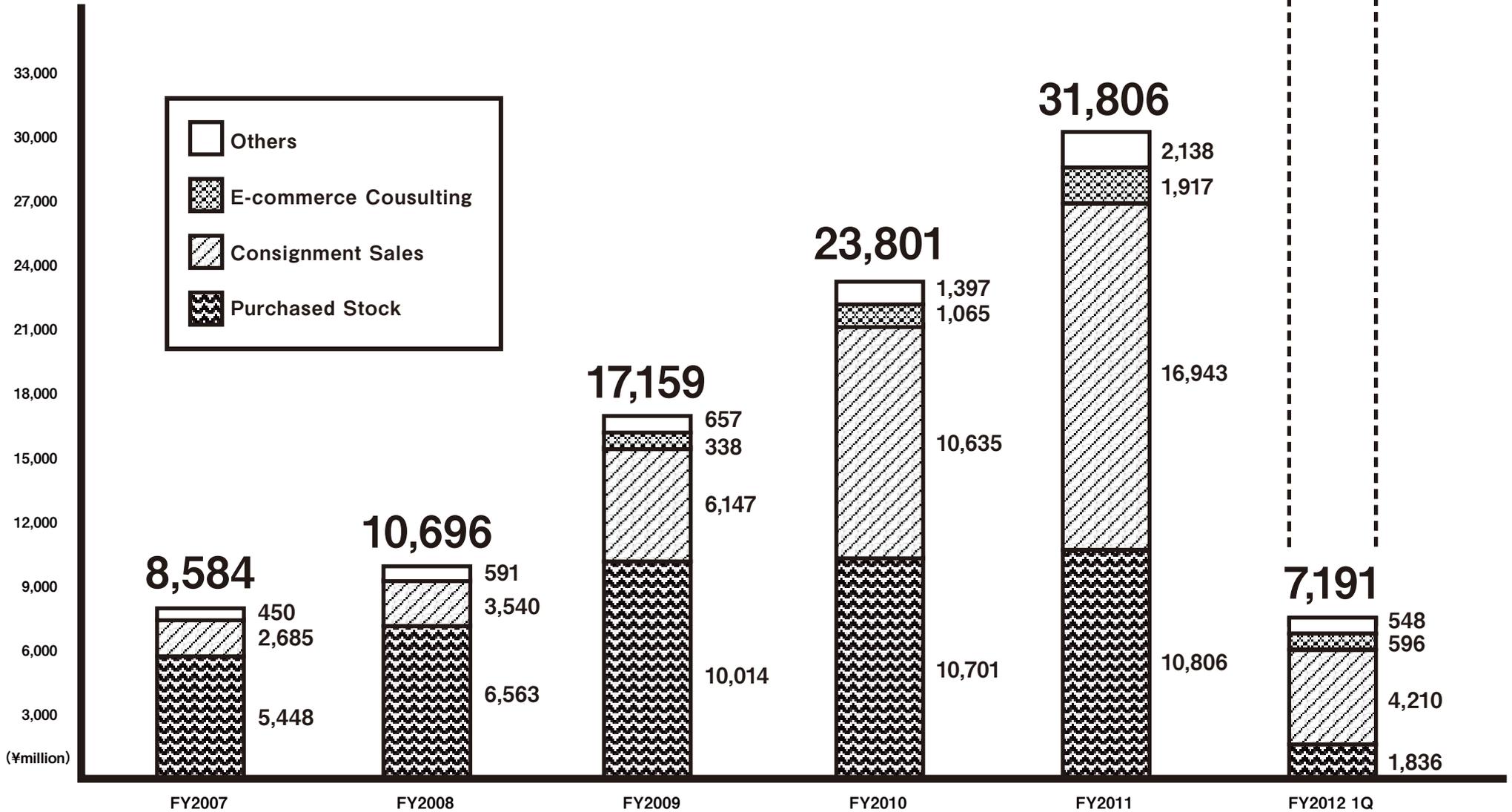
Transaction Value(Quarterly)





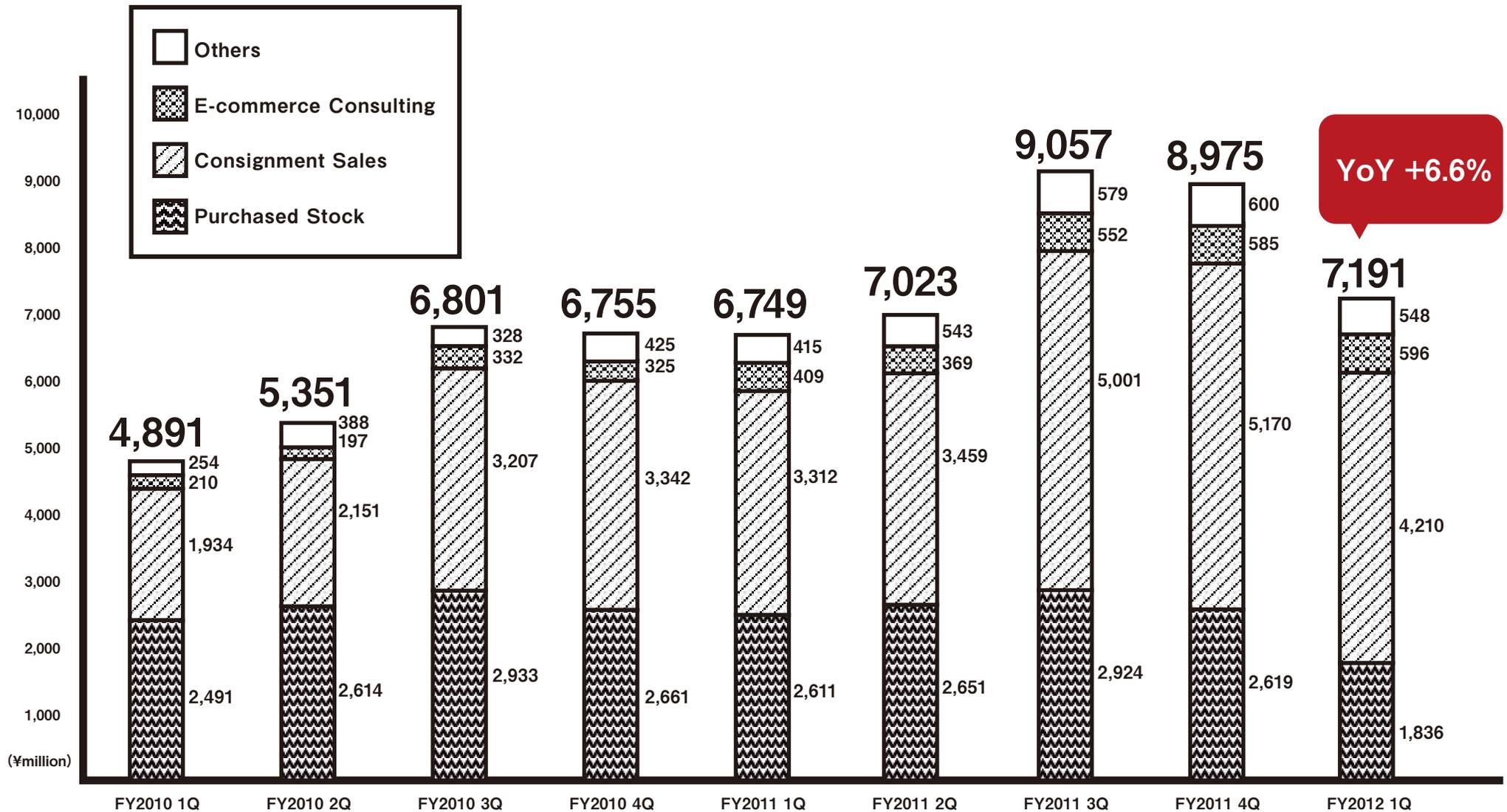
Net Sales

41,700





Net Sales(Quarterly)





Selling, General and Administrative(SG&A) Expenses

(¥ million)

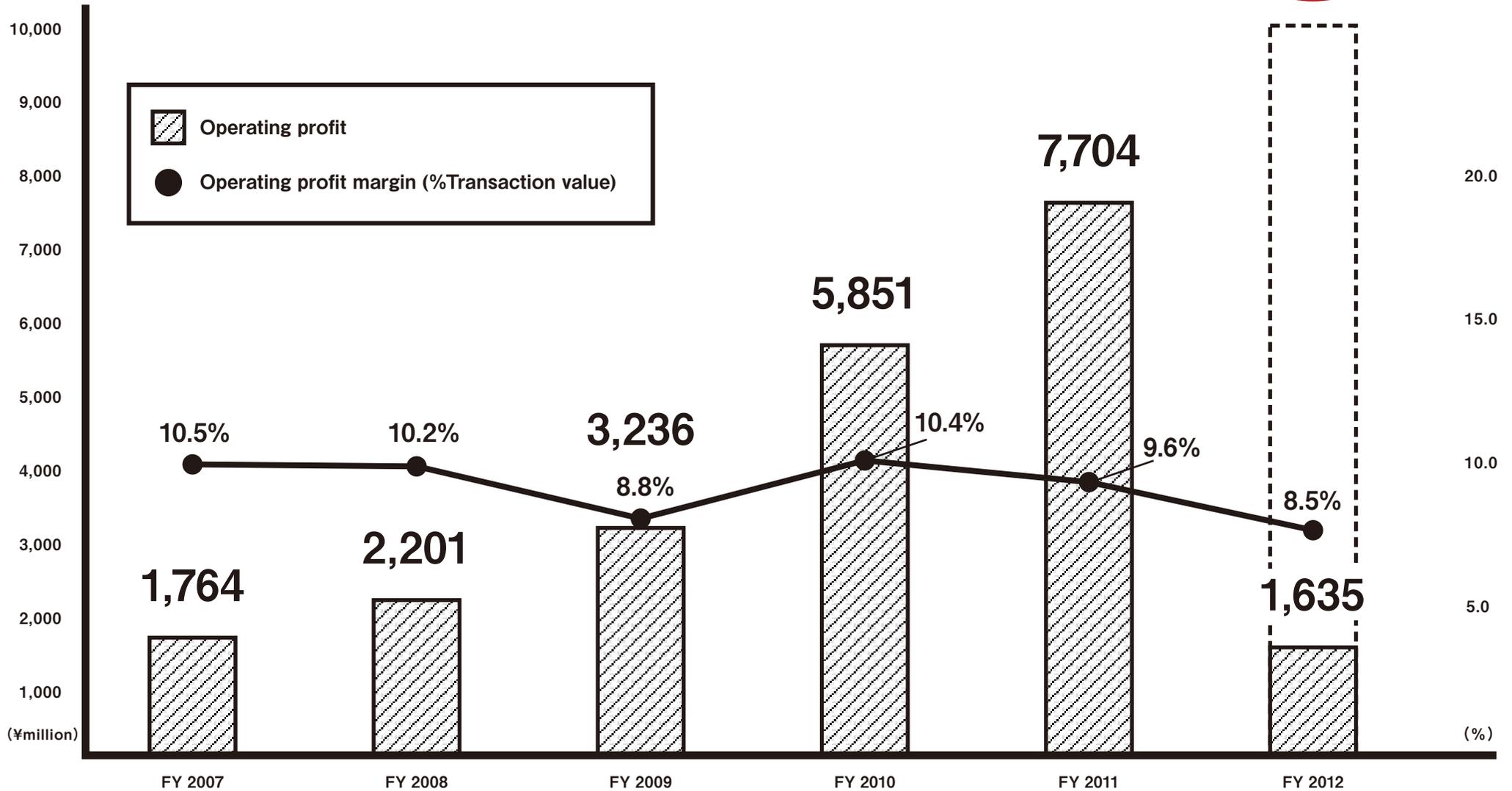
| Item | 2012 1Q | | | 2011 1Q | | | YoY change | |
|-----------------------|---------|---------------------|------------|---------|---------------------|------------|---------------------------|------------------|
| | Amount | % Transaction value | % of total | Amount | % Transaction value | % of total | % Transaction value (PPT) | % of total (PPT) |
| Payroll | 821 | 4.3 | 19.9 | 611 | 3.7 | 18.8 | 0.6 | 1.1 |
| Shipping | 552 | 2.9 | 13.4 | 480 | 2.9 | 14.8 | 0.0 | -1.4 |
| Payment collection | 433 | 2.3 | 10.5 | 372 | 2.2 | 11.5 | 0.0 | -1.0 |
| Advertising | 592 | 3.1 | 14.4 | 270 | 1.6 | 8.3 | 1.5 | 6.0 |
| point sales promotion | 294 | 1.5 | 7.1 | 598 | 3.6 | 18.4 | -2.1 | -11.3 |
| Outsourcing | 584 | 3.1 | 14.1 | 244 | 1.5 | 7.5 | 1.6 | 6.6 |
| Others | 851 | 4.5 | 20.6 | 677 | 4.1 | 20.8 | 0.4 | -0.2 |
| Total SG&A | 4,130 | 21.6 | 100.0 | 3,255 | 19.6 | 100.0 | 2.0 | — |

※Payroll includes subcontracting payroll.



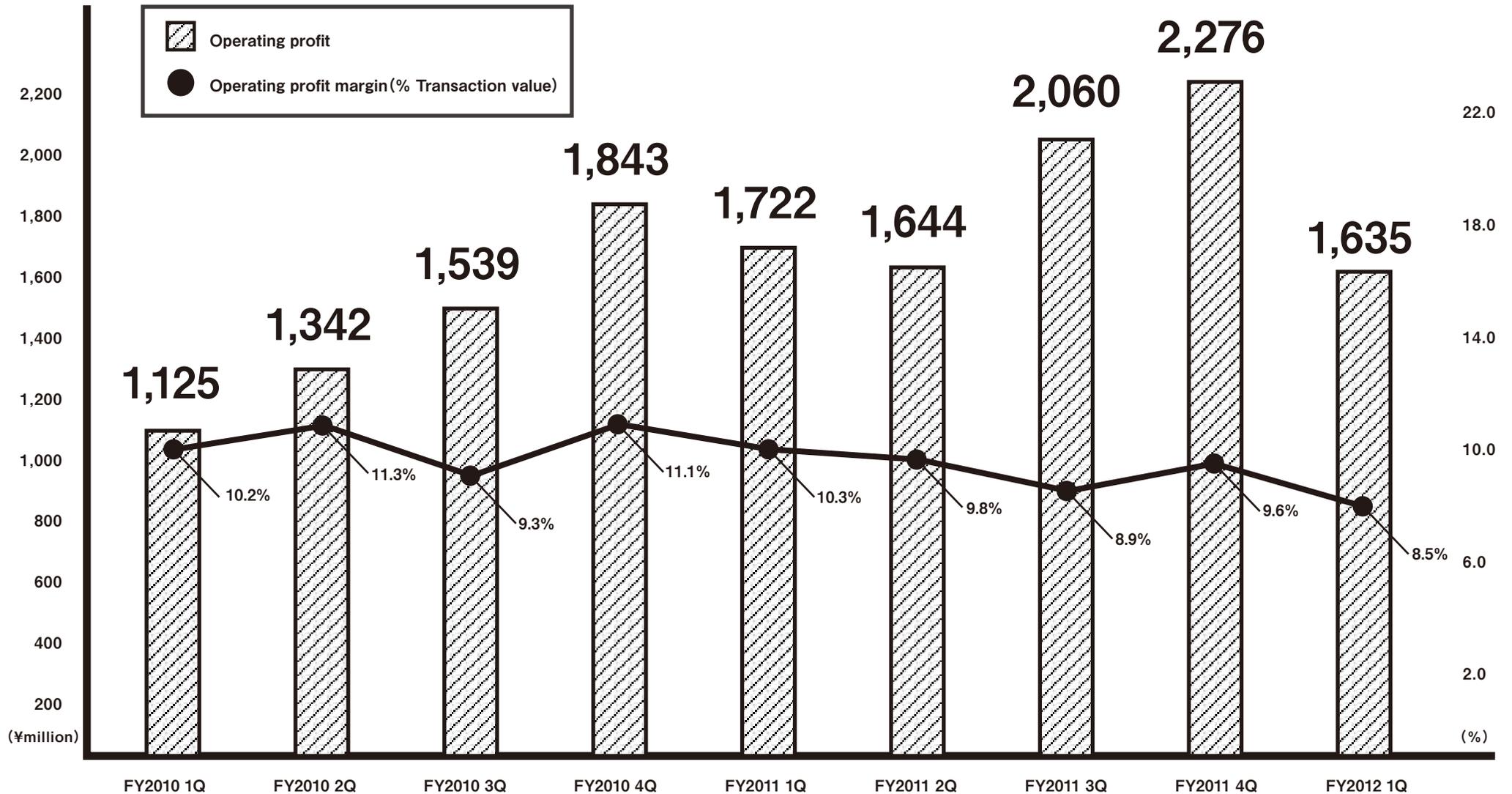
Operating Profit and Operating Profit Margin (%Transaction value)

10,440





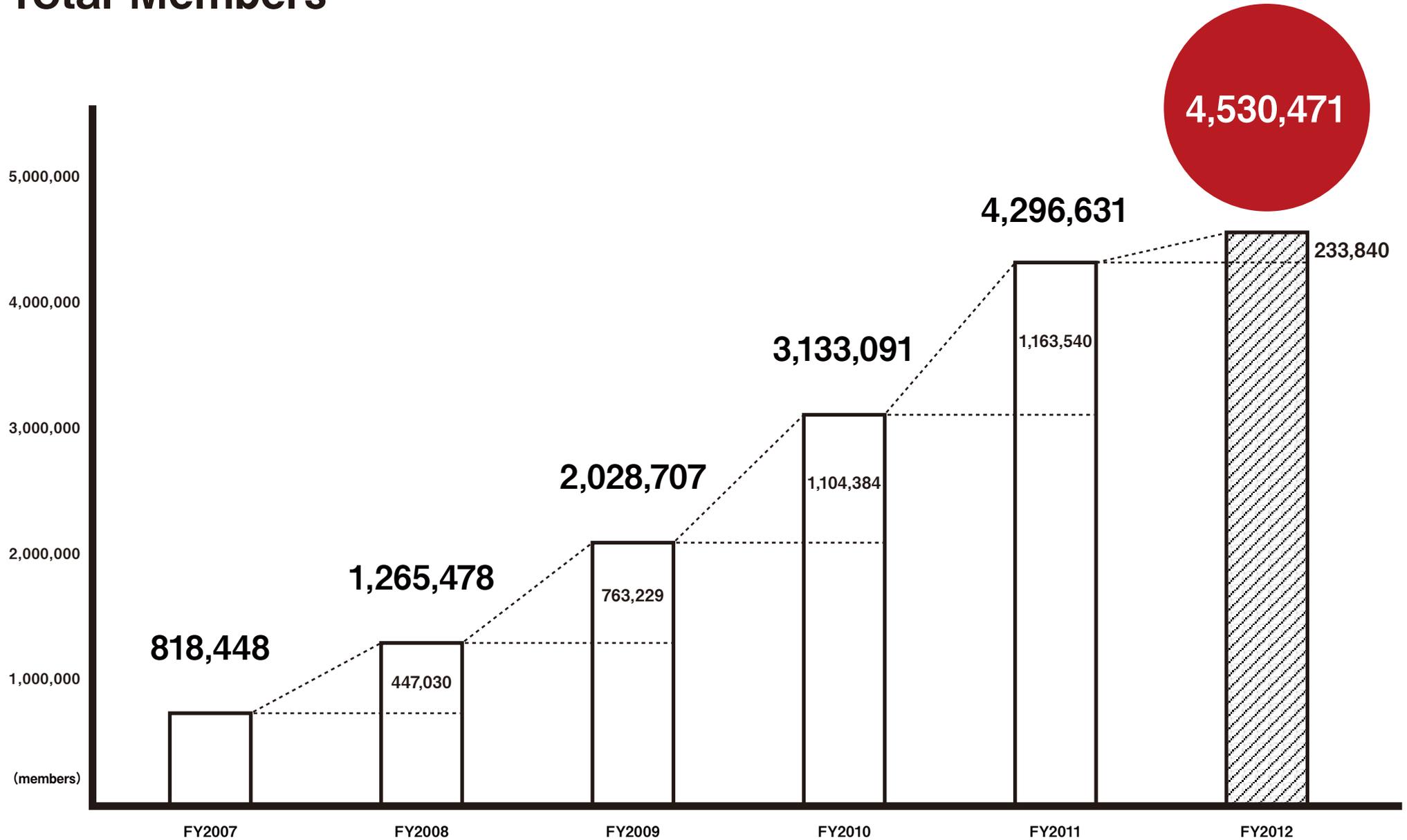
Operating Profit and Operating Profit Margin(Quarterly) (%Transaction value)



Fact Data



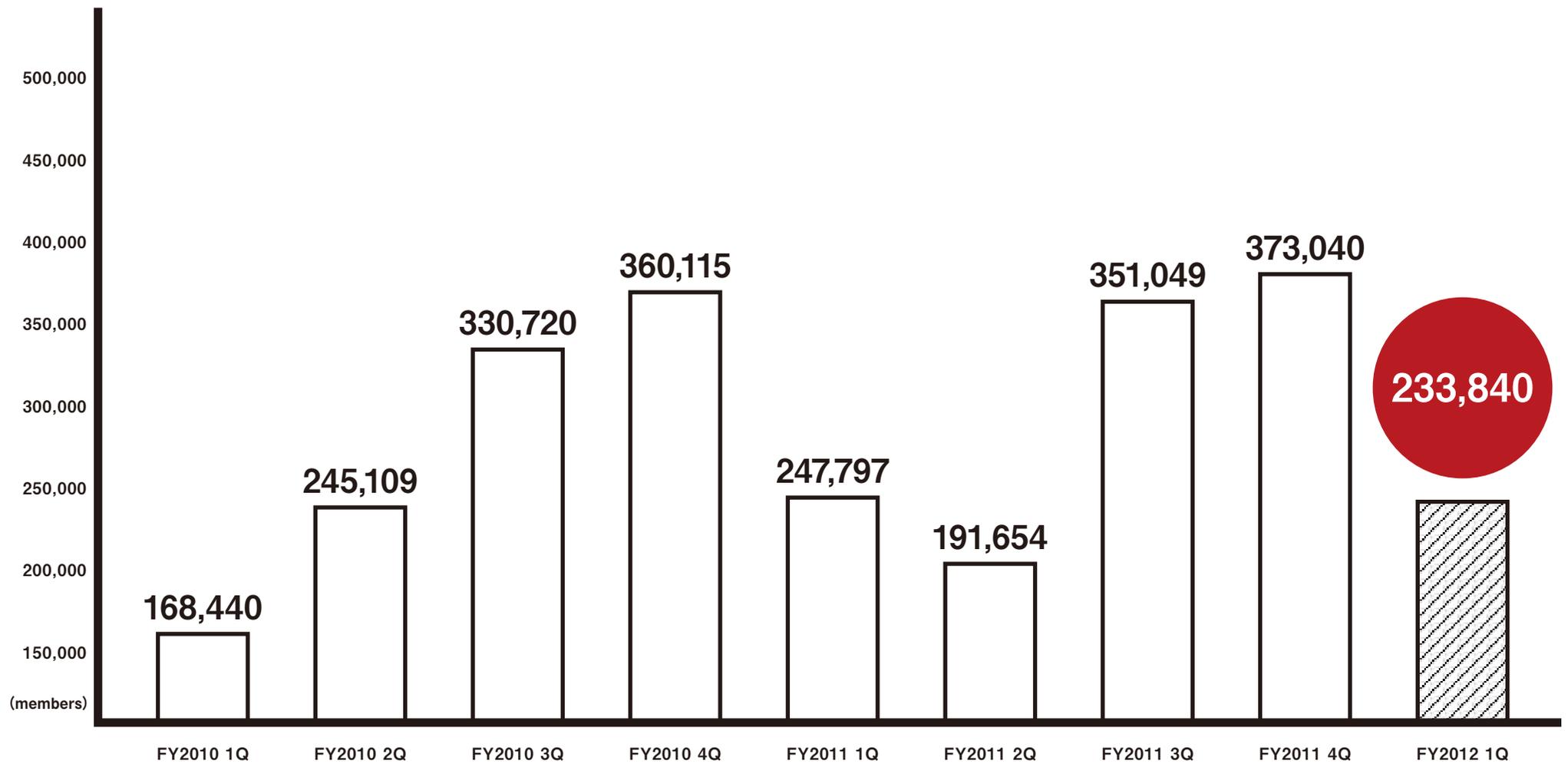
Total Members*



*Guest buyers are excluded



New Members (Quarterly)





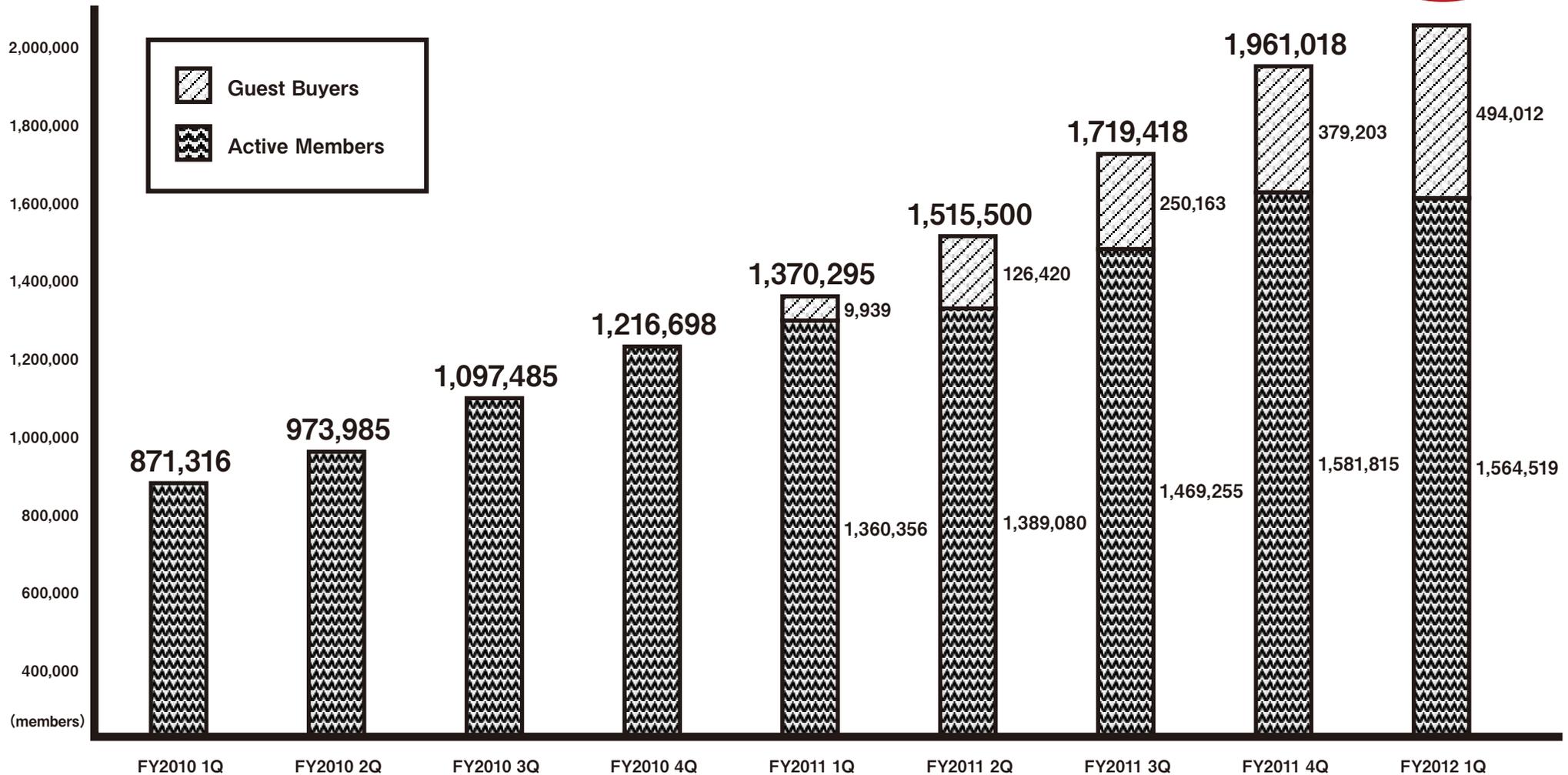
Number of Total Buyers

Number of Total Buyers = Active members and Guest Buyers who had purchased more than once per year.

Guest Buyers = Number of unique buyers who have purchased without registering as a member.

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

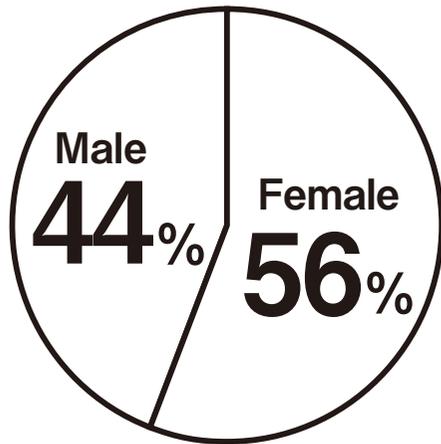
2,058,531



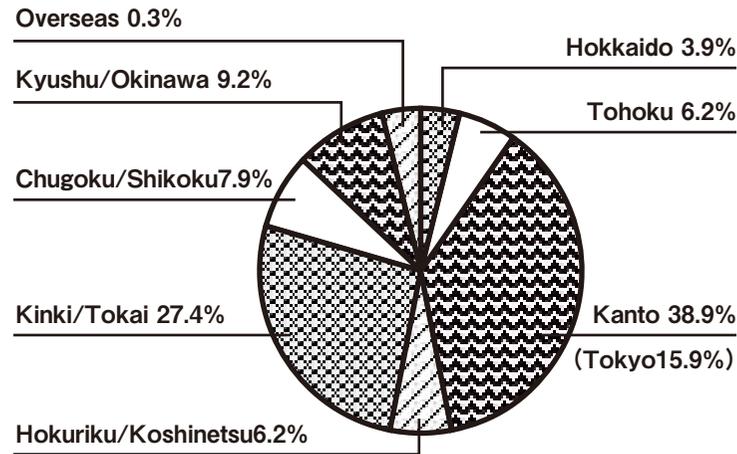


Member Distribution (As of June 30,2012)

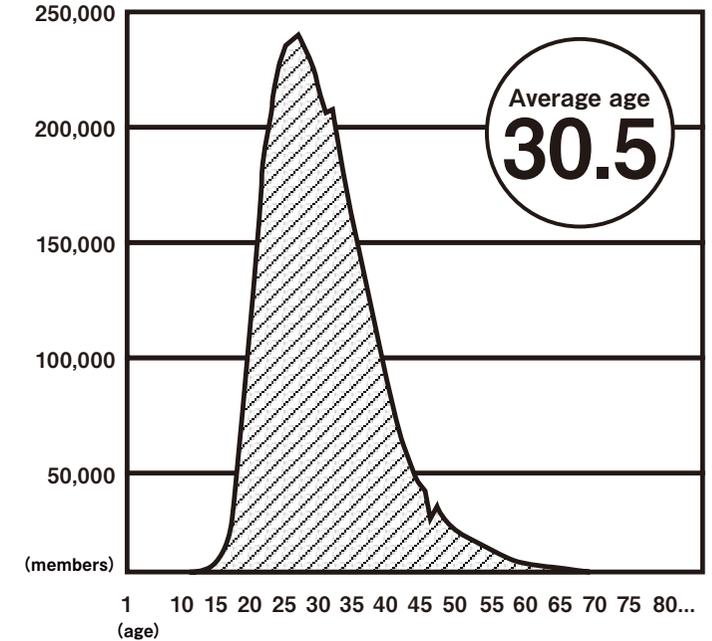
Gender ratio



Geographical distribution



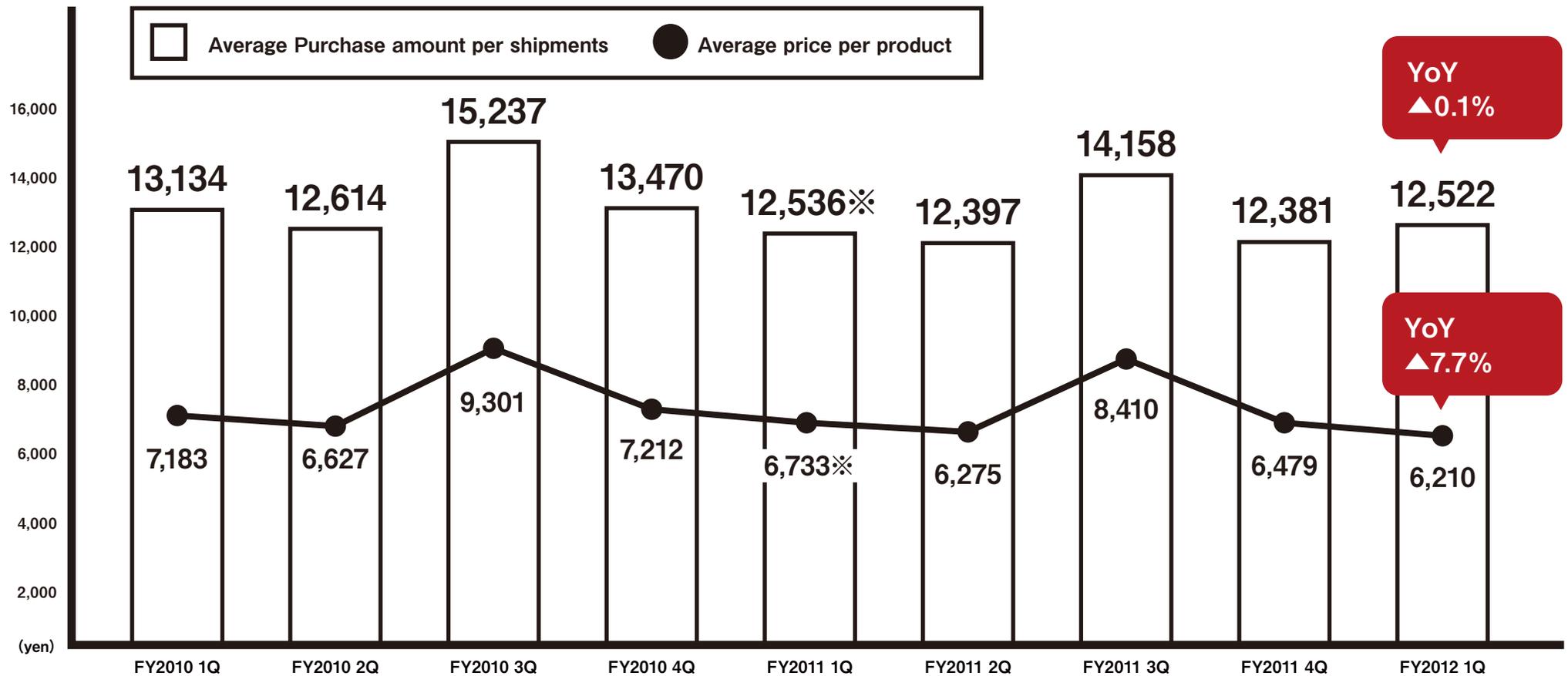
Age distribution





Average Purchase Amount per Shipment and Average Price per Product

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

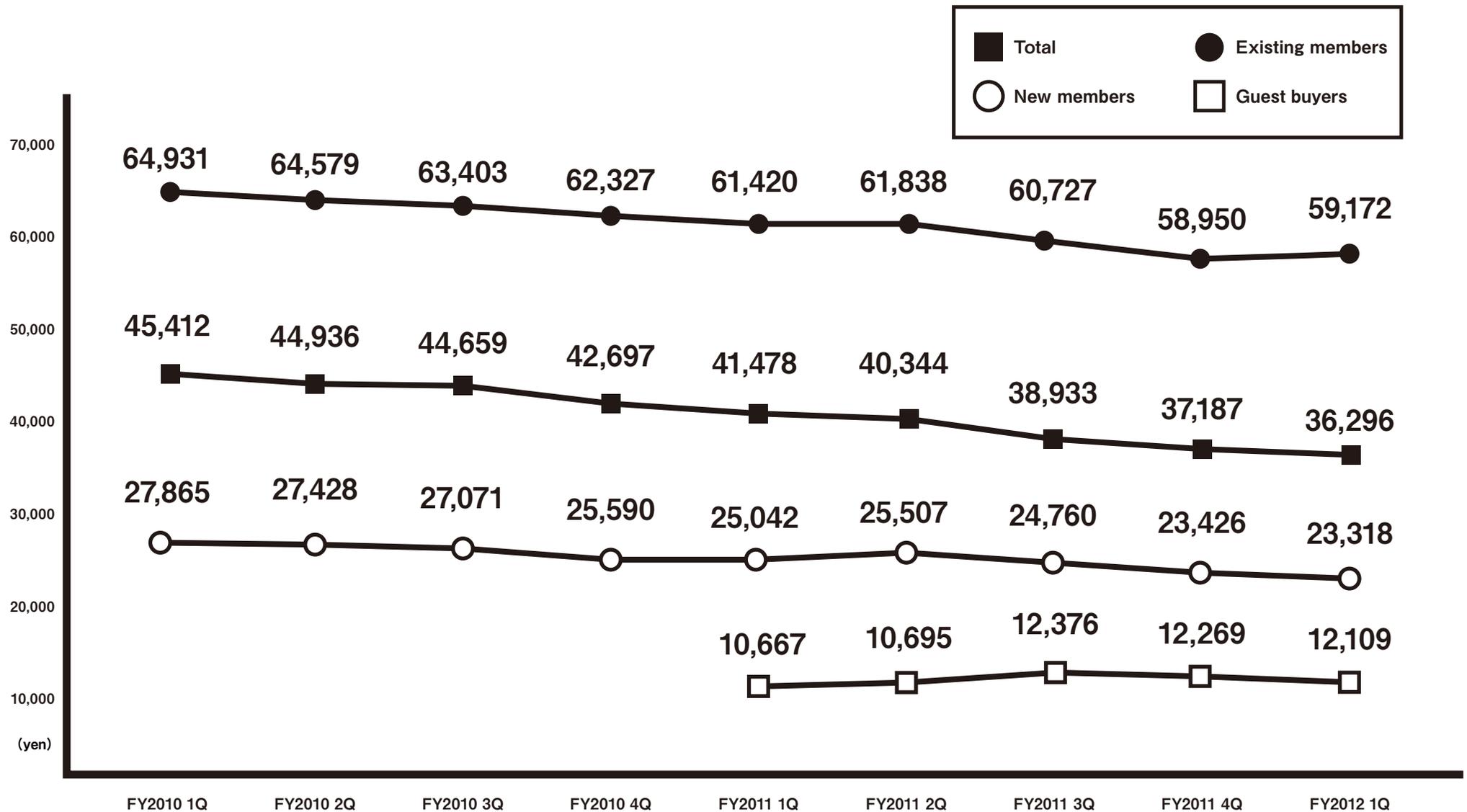


*Q1 FY2011 Transaction value and number of shipments for ZOZOTOWN-charity T-shirts are excluded

(Reference: Average purchase amount per shipment including the charity T-shirts: ¥11,891/average price per product: ¥6,379)

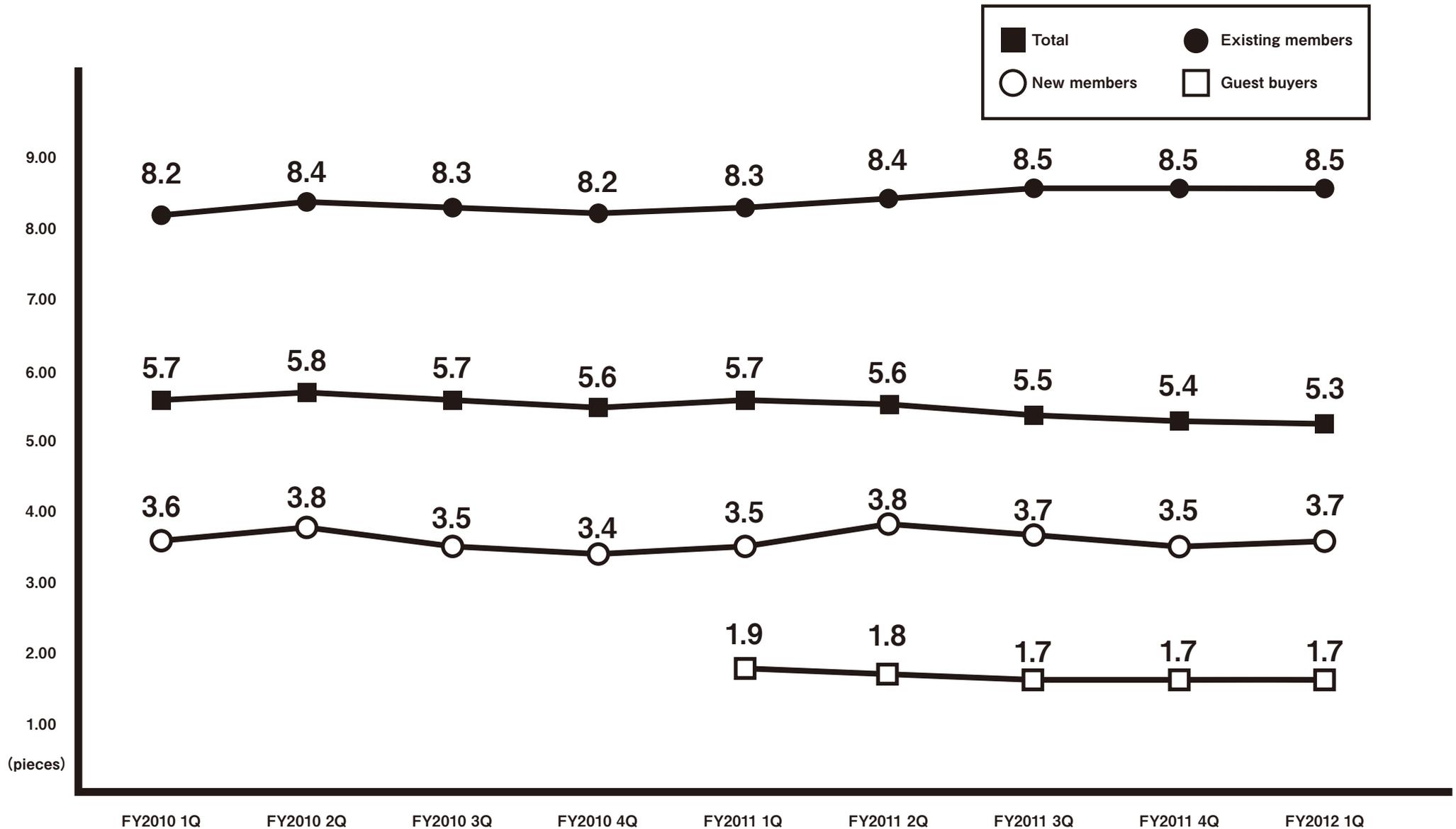


Annual Purchase Amount per Active Member and Guest Buyer



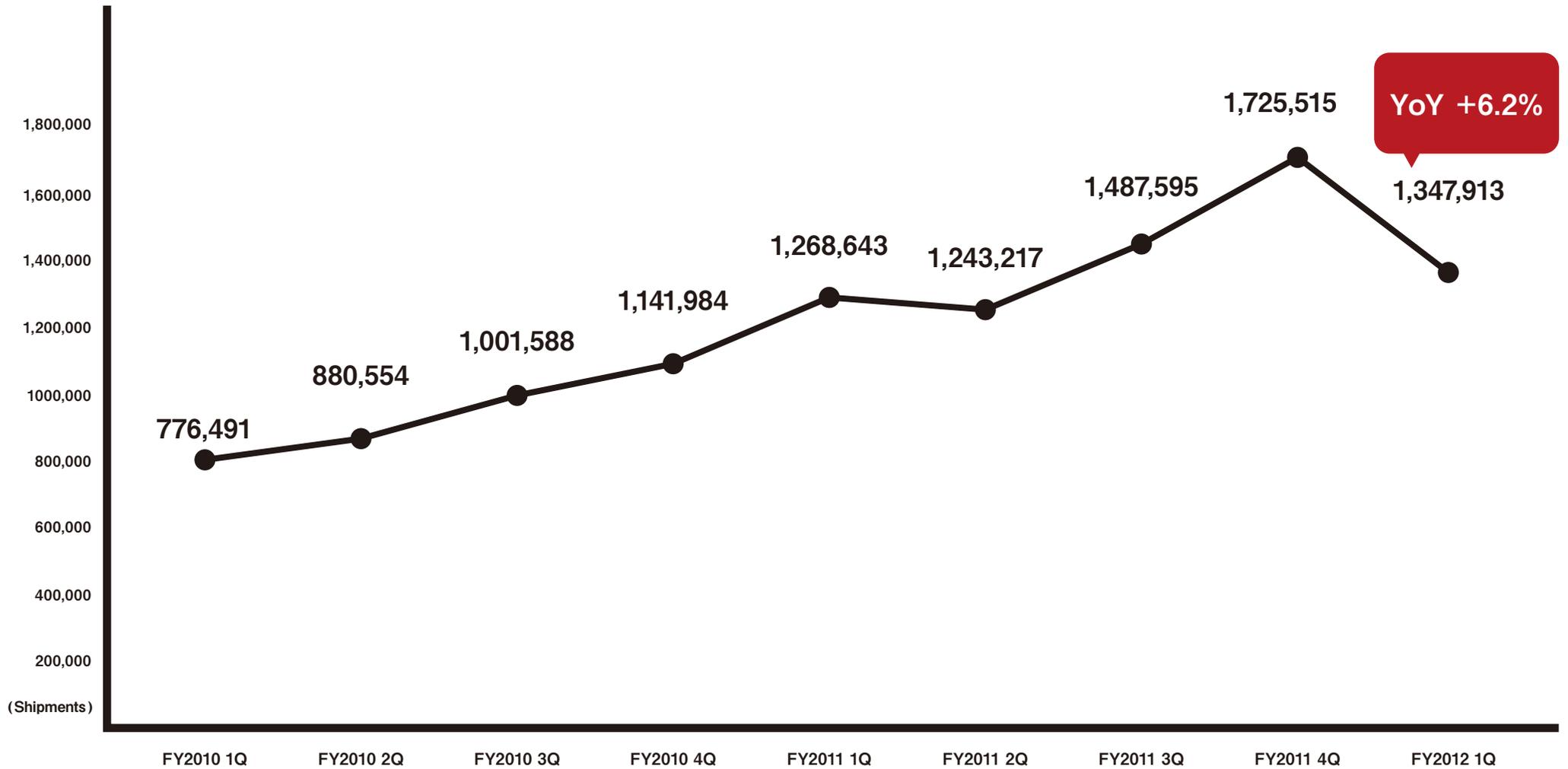


Annual Purchase Pieces per Active Member and Guest Buyer





Number of Shipments





Transaction Value Target by Member Type

| | FY 2012 1Q | | | FY2011 1Q | | |
|--------------------------------------|-------------|------------------|--------------|-------------|------------------|--------------|
| | New members | Existing members | Guest buyers | New members | Existing members | Guest buyers |
| Total members | 244,139 | 4,296,631 | 124,748 | 249,928 | 3,133,360 | 9,939 |
| Number of total buyers (person) | 115,693 | 530,800 | 124,748 | 154,134 | 498,723 | 9,939 |
| Ratio of purchase(%) | 47.4 | 12.4 | 100.0 | 61.7 | 15.9 | 100.0 |
| Annual purchase amount per member(¥) | 16,058 | 25,609 | 11,436 | 15,252 | 25,343 | 10,597 |
| Total purchase amount (¥million) | 1,857 | 13,593 | 1,426 | 2,350 | 12,639 | 105 |

*Number of total buyers is the numbers of member a who made a purchase during current business year(including withdrawn members as at FY2011 end)

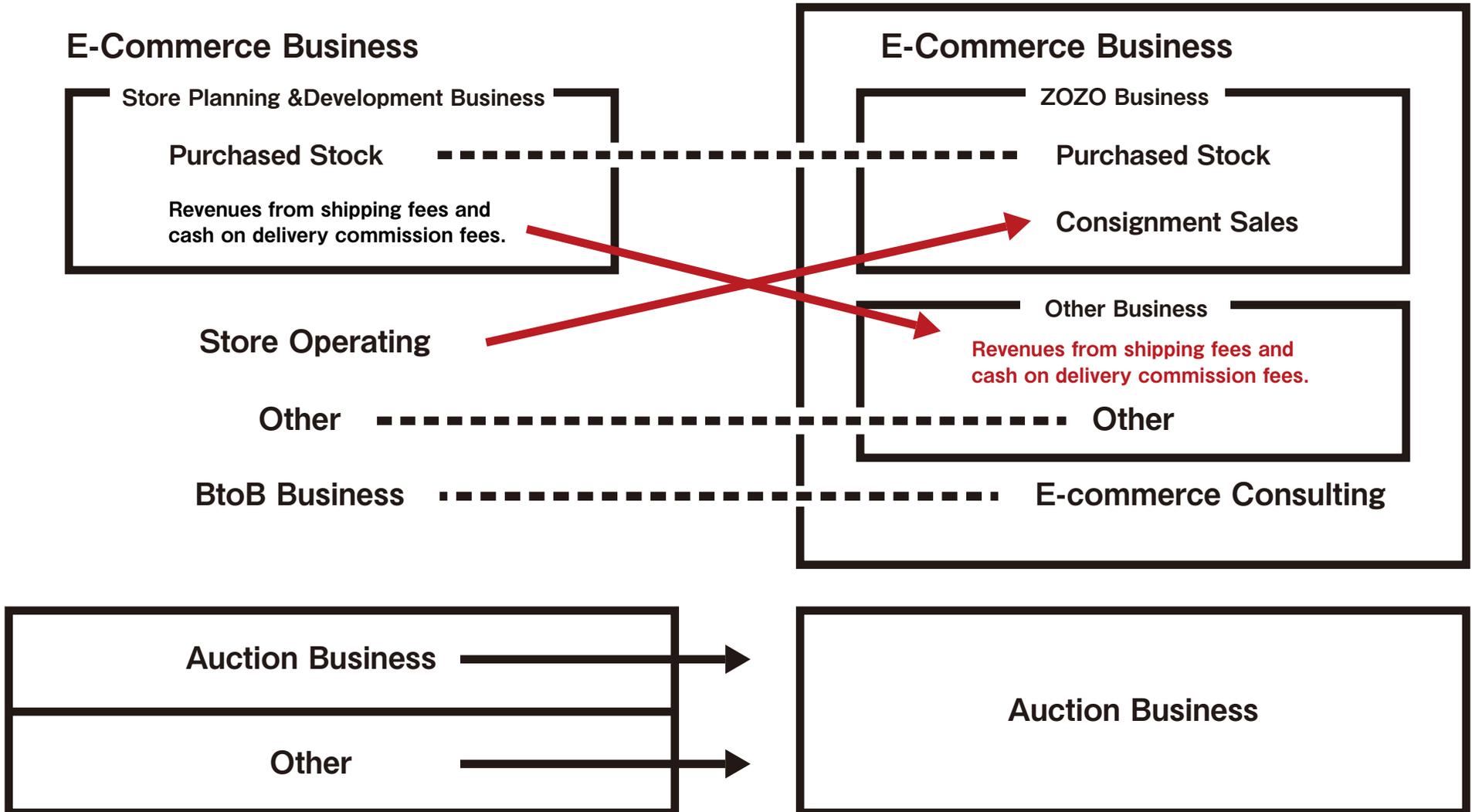
Business Plan For FY2012



Change in Business Segment

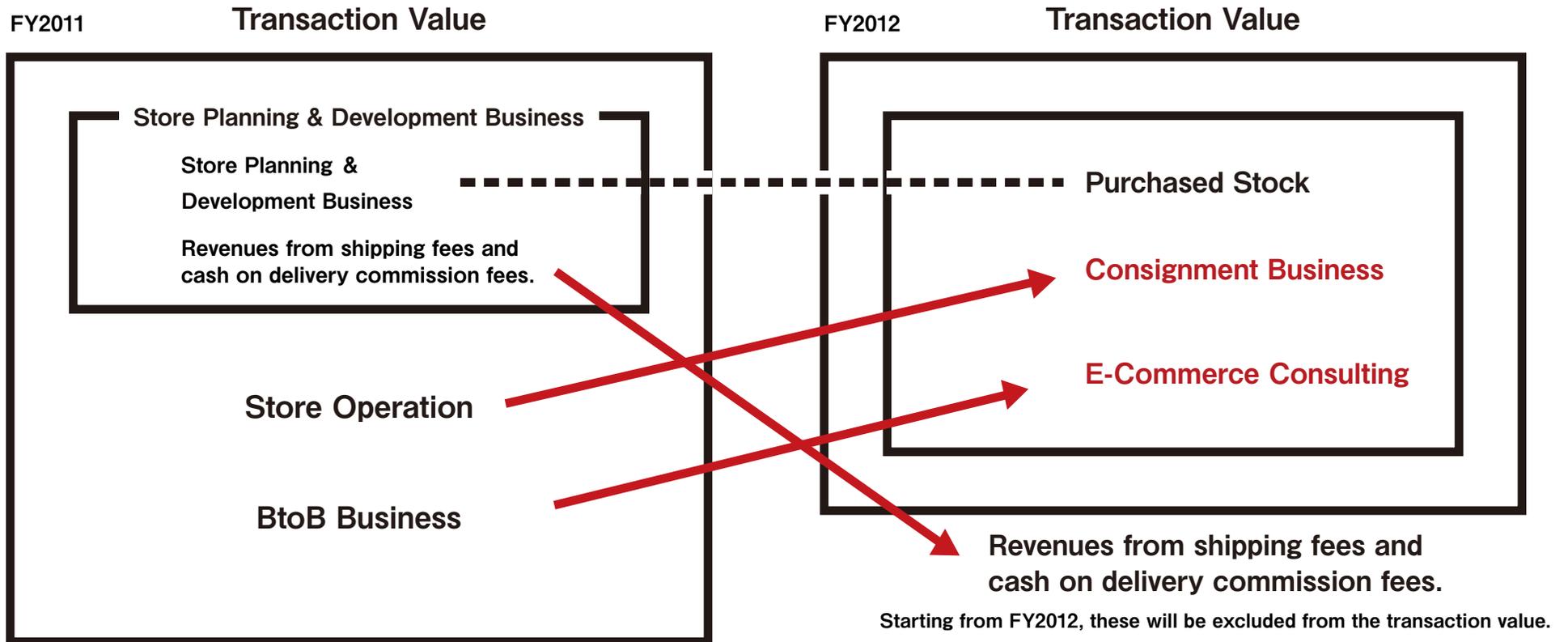
FY2011

FY2012





Range Change of Transaction Value





Consolidated Business Forecast and Dividend Forecast for FY2012

| | Business Plan for FY2012 | YoY change(%) |
|-------------------------------|--------------------------|---------------|
| Transaction value | ¥111.5 billion | 38.9 |
| Net sales | ¥41.7 billion | 31.1 |
| Operating profit | ¥10.4 billion | 35.5 |
| Recurring profit | ¥10.4 billion | 37.2 |
| Net income | ¥6.3 billion | 37.5 |
| Earning per share | ¥58.0 | — |
| Dividend per share (estimate) | ¥20.0 | — |



Consignment Sales

Transaction Value Target : ¥91,500million (+ 46.1% year on year)

- Continue to open new stores and expand fashion territory.
- Renewed the organization of E-Commerce Business Division and enhanced satisfaction of brands in ZOZOTOWN.

Purchased stock

Transaction Value Target : ¥8,500million (▲17.3% year on year)

- Continue discovering, cultivating and delivering promising brands, expanding scale of each business.

E-Commerce Consulting

Transaction Value Target : ¥11,500million (+57.0% year on year)

- Continue opening new consignment shops. Several contracts have already been confirmed.
- Enhance the scheme for interlocking actual stores and E-commerce.



Transaction Value Target by Member Category

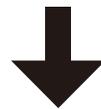
ZOZO members

Number of estimated active members : 1,182,500 ×
Estimated annual purchase amount per member: ¥ 57,451 = approx. ¥67.9billion

Number of estimated new members : 1,075,319 ×
Annual purchase amount per member : ¥23,008 = approx. ¥24.7 billion

Guest buyers : 676,394 ×
Estimated annual purchase amount per guest buyer : ¥10,836 = approx. ¥7.3 billion

+ E-Commerce Consulting ¥ 11.5 billion



111.5 billion



Overseas Operations

China

China's business made sales from Japanese fashion items imported from Japan.

From now on, we are planning to make sales by consignment from Japanese fashion brands who are developing business in China.

Korea

Establishing a branch office in Korea this fiscal year.

Aiming to develop aggressively in Korea to raise awareness of Japanese fashion brands.

Global Website

Sales are running smoothly mainly in Asia.

Continue marketing research to develop ZOZOTOWN in different countries.

Future Strategies

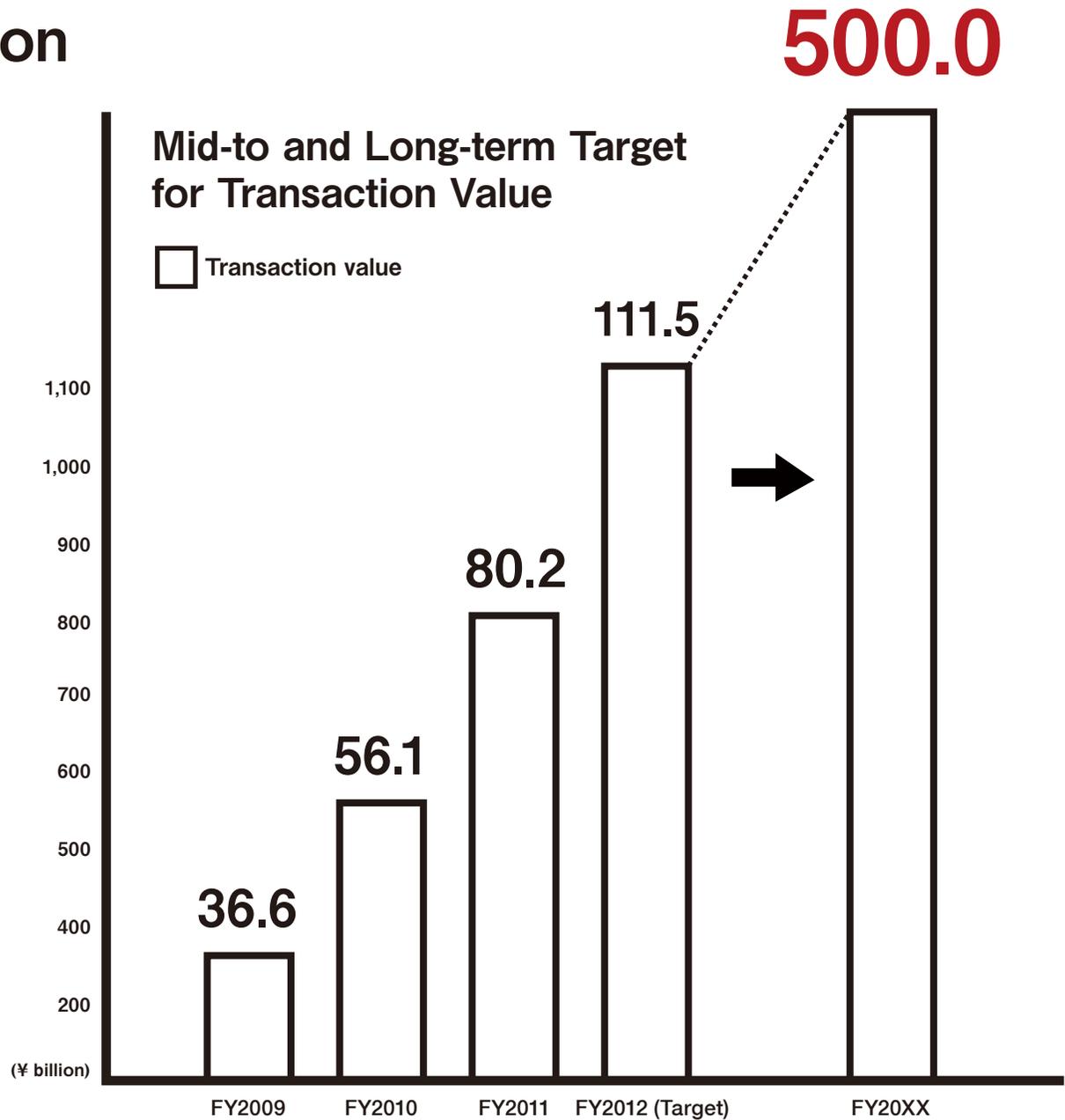


Mid-to and Long-term Vision

Mid-to and Long-term target of START TODAY

FY20XX term

| | |
|-------------------|--------------------|
| Transaction value | 500 billion |
| Recurring profit | 50 billion |

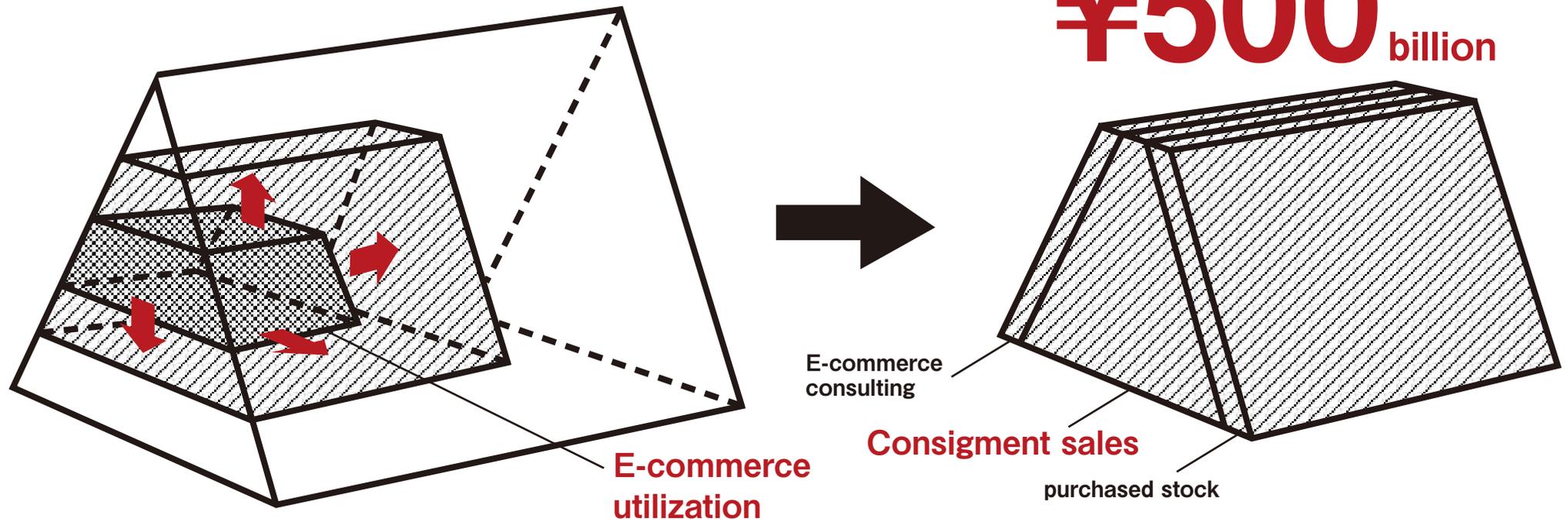




Strategy of Market Expansion

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.

-  Entire apparel market
-  START TODAY dealing market (Mid-to-Long target)
-  ZOZO dealing market (Current)



Reference Data



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

ZOZOTOWN <http://zozo.jp/>

- One of Japan's largest online shopping sites for fashion items
439 stores handling 1,972 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.





Global Website <http://zozotown.com/>

Opened on May, 2011 as a test marketing website to seek the possibility of developing ZOZOTOWN in different countries.

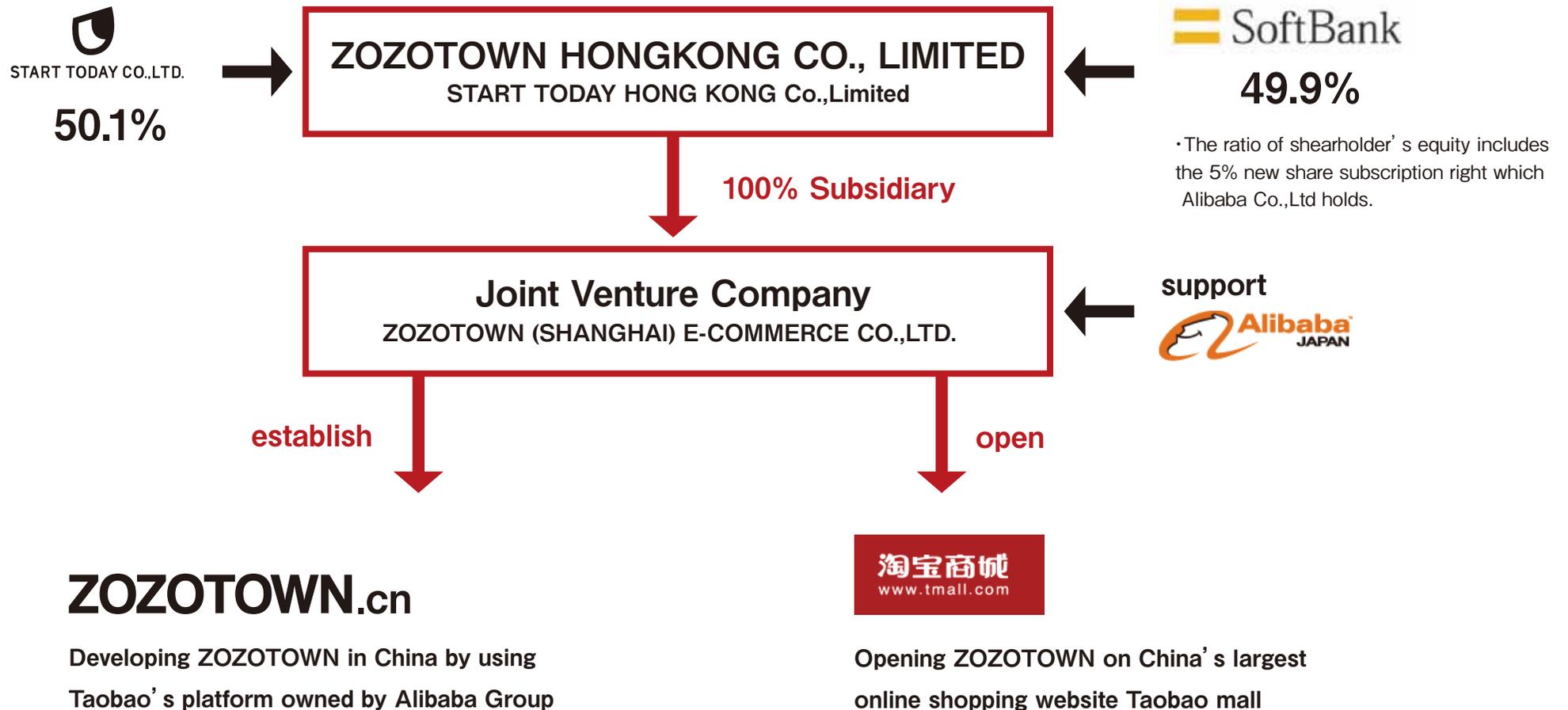
- Available in three different languages (Japanese, Chinese (Traditional) , English)
- Number of brands : over 600
- Will be making deliveries to 82 countries worldwide.
- Payment Method: PayPal



(Global Website IMAGE)



Fashion Website Development in China





Grand opening of ZOZOTOWN CHINA

Opened ZOZOTOWN in China’s largest shopping website “Taobao Mall,” as well as the grand opening of ZOZOTOWN’s own e-commerce website using the platform of “Taobao.”

- Grand opening date: October 31st, 2011
- Number of brands: Approximately 20brands
- Payment method: Alipay
- Logistics and customer support services are consigned to a partner company.



(ZOZOTOWN.cn)



(ZOZOTOWN.cn opening ceremony commemorative t-shirts)



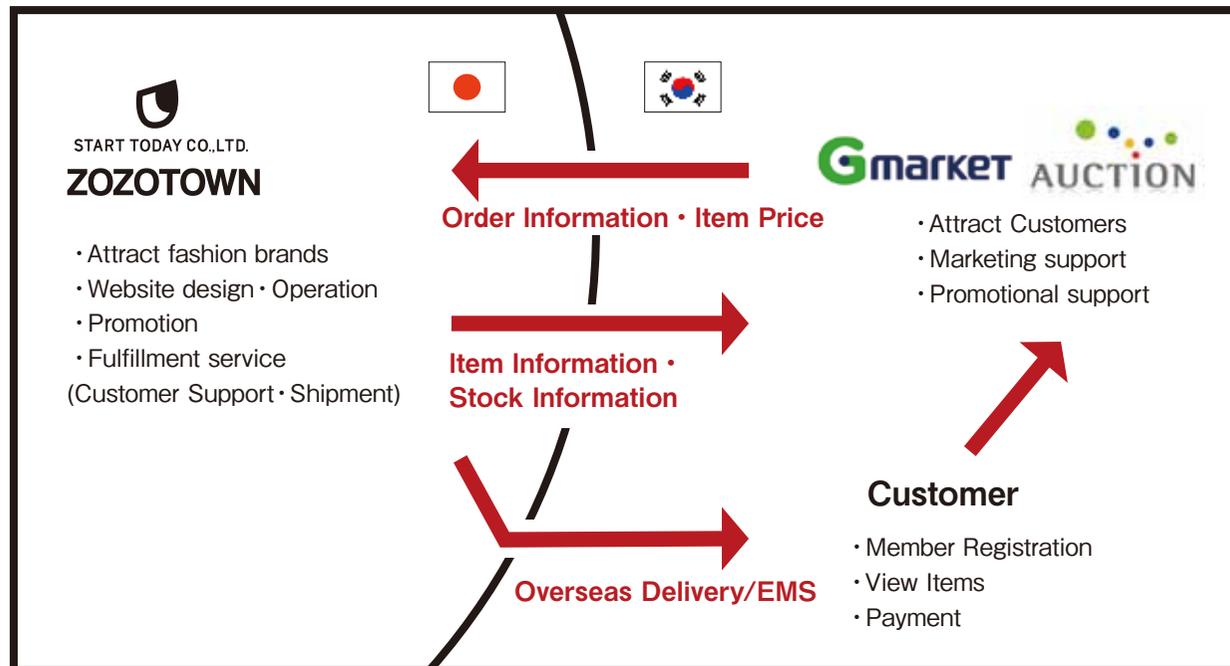


Developing Fashion E-Commerce Website in Korea

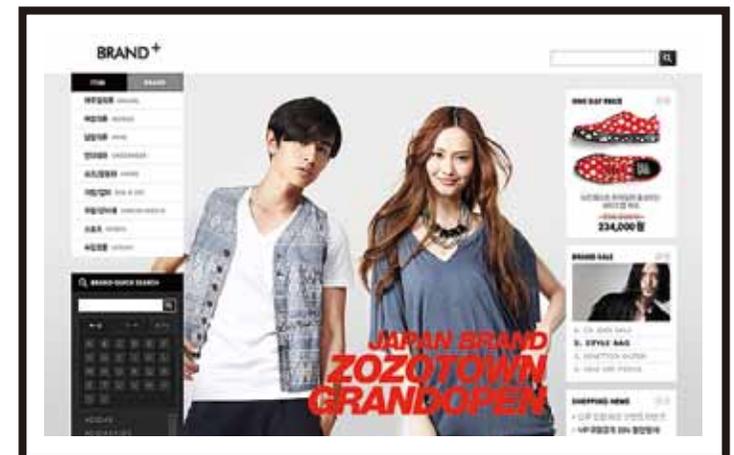
Opening “ZOZOTOWN” under a new category named “JAPAN BRAND” carrying Japanese fashion brands in Korea’s largest Shopping websites, “eBay Gmarket” and “eBay Auction.”

Website has opened on November of 2011, carrying approximately 120 fashion brands.

A branch office will be established in Korea on April, 2012.



(Gmarket)



(AUCTION)



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 | 99 million yen |
| Total shares outstanding | 31,715 shares |
| Beginning of the fiscal year | March |



(Crown Jewel)



(Crown Jewel)



A Summary and a Characteristic of Other Services

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.



458 employees
(average age 27.8)

1,972
high fashion brand

17,861
held by stockholders

Corporate Principles

**“Make the world a better place,
and make the people smile
all over the world”**

5,944 stores
all over the country

4.53 million
fashion-oriented customers



Store Planning & Development Business (Purchased Stock)

Operate 40 stores such as “ZOZOEPROZE” and “ZOZOPHAGGE” in ZOZOTOWN.

Purchase from brand manufacturers and sell.

Sales=Transaction value on each store

Store Operation & Administration Business (Consignment Sales)

Operating 399 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

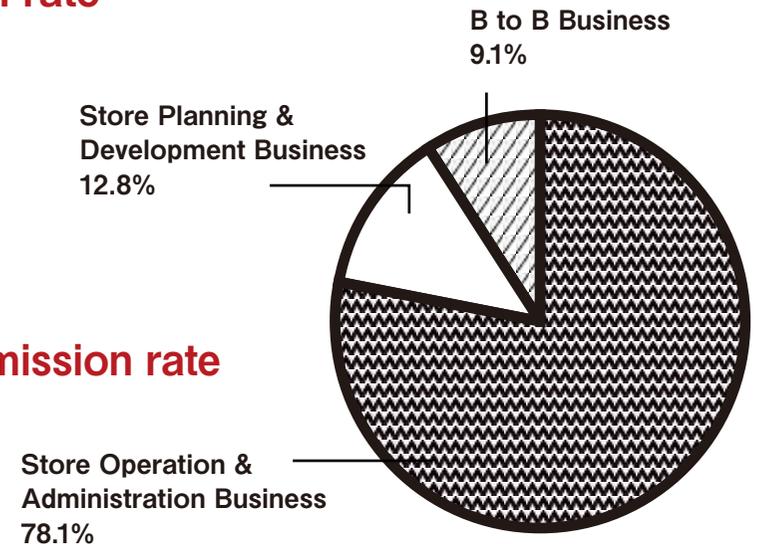
Start Today Consulting, Co., Ltd. in May 2008

Consigning companies: 22 companies

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”.



(Transaction value for FY2011)



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.