



START TODAY CO.,LTD.

Business Outline



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**



Business Outline



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 22,000 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

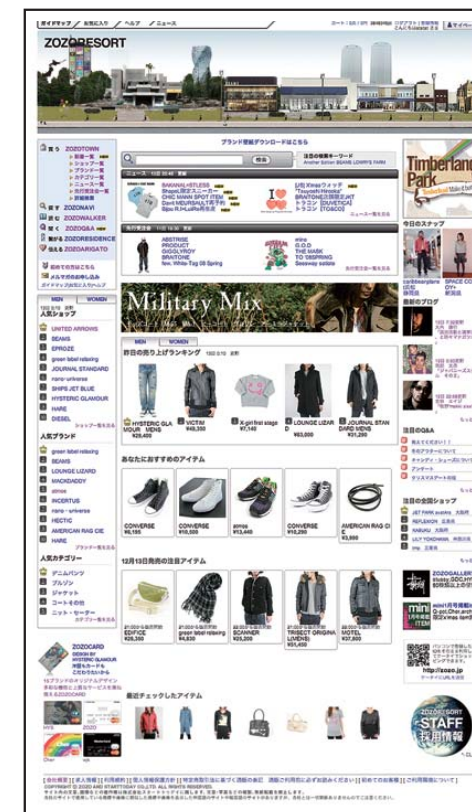
- Fashion & art industry leaders' blogs

ZOZOARIGATO

- “Thank you” message service
- ¥10 / message donation

ZOZOGALLERY

- PC wallpaper & screen saver download service



Business Outline – Our Mission



Corporate Principles

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





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**

Structure of corporate profits



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



Structure of corporate profits



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





FY2007 Highlight

1. High growth in net sales /operating income

- Net sales ¥8,584 million (41.5% increase from the previous year)
- Operating income ¥1,764 million (114.1% increase from the previous year)

2. EC business expansion

- Increase of ZOZO members
- Adding famous brands –ex. STUSSY
- Increase of ZOZO handling portion in brands sales

3. Built other profit source

- Start advertisement service

4. Expanded media services

- April 2007, July 2007, October 2007, March 2008

5. Launched “ZOZORESORT” (October 2007)

- Integration/re-formation of the each services
- Strengthen EC function –ex. recommend engine



Business for FY2008

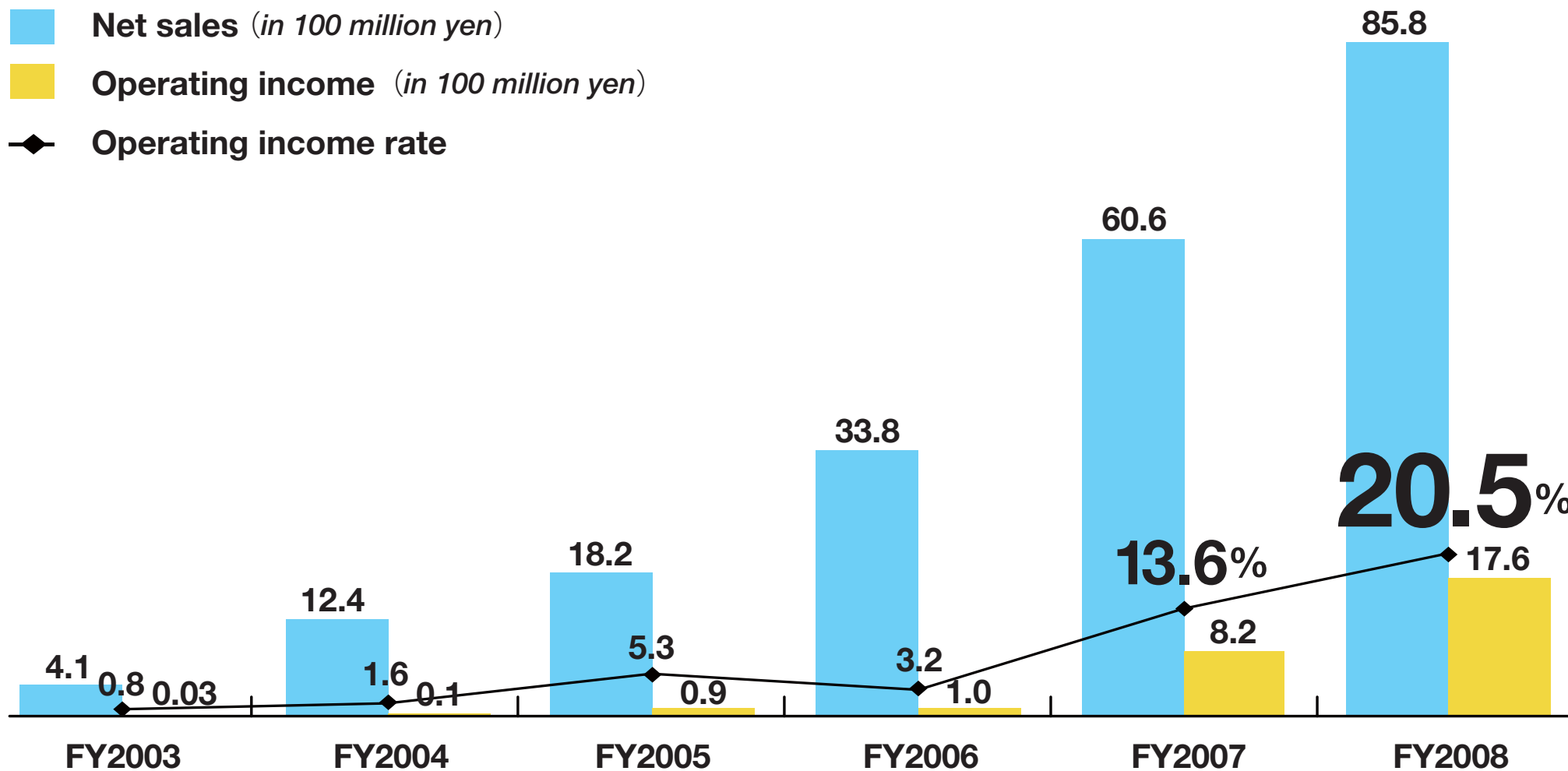
	Current FY (2007.4.1-2008.3.31)			Achievement - estimation FY2007 (%)	Previous FY (2006.4.1-2007.3.31)	
	Amount (in thousand yen)	%	Chance from the previous year (%)		Amount (in thousand yen)	%
Net sales	8,584,565	100.0	141.5	103.8	6,068,444	100.0
Gross profit	5,117,572	59.6	153.9	103.9	3,326,040	54.8
Operating income	1,764,087	20.5	214.1	129.2	823,838	13.6
Net income	1,039,434	12.1	225.3	133.6	461,399	7.6

Segment		Current FY (2007.4.1-2008.3.31)			Achievement - estimation FY2007 (%)	Previous FY (2006.4.1-2007.3.31)	
		Amount (in thousand yen)	Composition rate (%)	Chance from the previous year (%)		Amount (in thousand yen)	Composition rate (%)
EC business	Store Operation business unit <i>(Sales on commission)</i>	5,771,755	67.2	126.9	105.1	4,550,776	75.0
	Store Development business unit <i>(Purchase and Sales)</i>	2,685,761	31.3	180.9	101.7	1,486,450	24.5
Others		127,049	1.5	407.0	92.8	31,216	0.5
Total		8,584,565	100	141.5	103.8	6,068,444	100.0

Others

	Media	Card	Others
Net Sales (in thousand yen)	83,978	31,655	11,415

Business performance

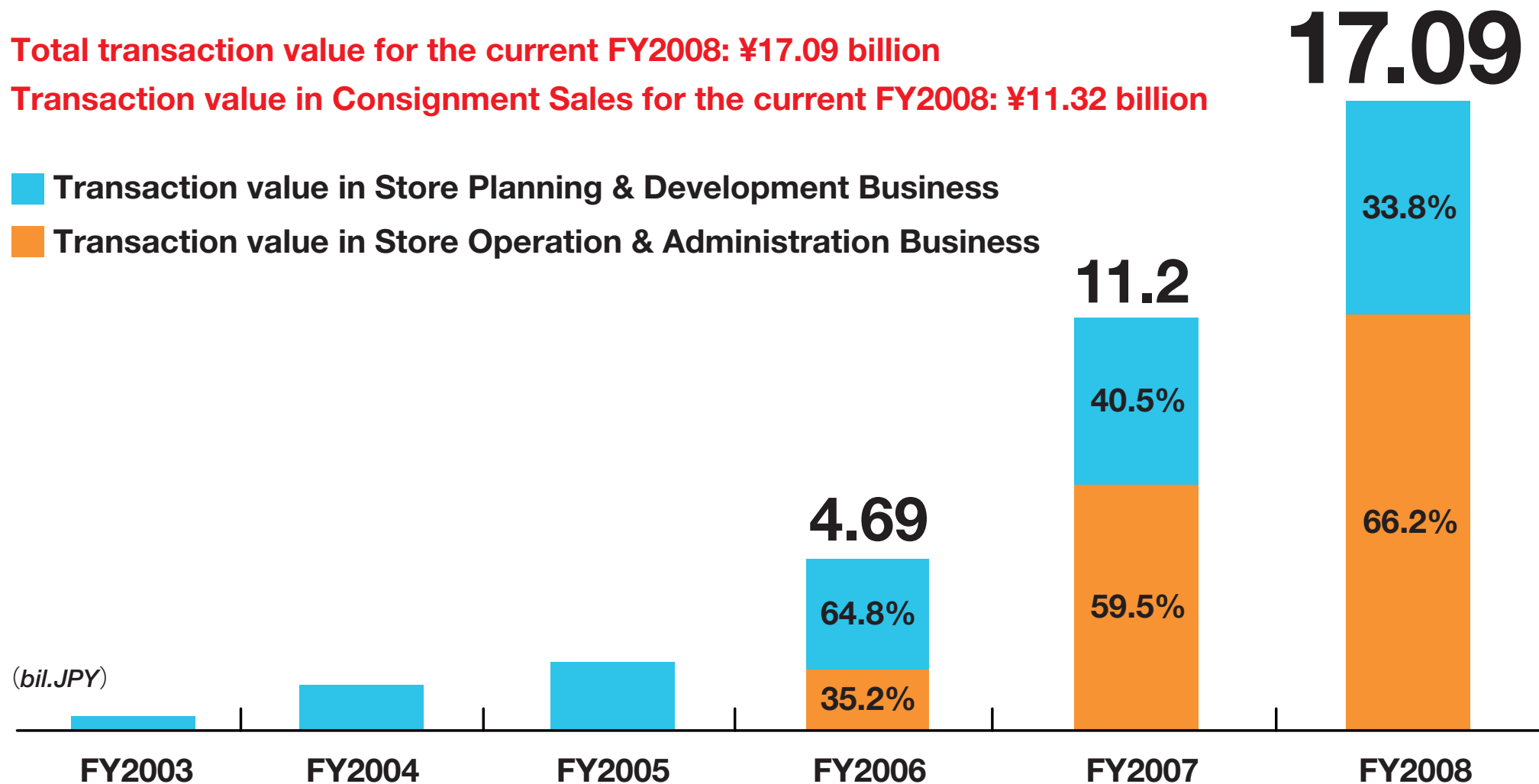


Achievement transition – Transaction Value / EC business

Total transaction value for the current FY2008: ¥17.09 billion

Transaction value in Consignment Sales for the current FY2008: ¥11.32 billion

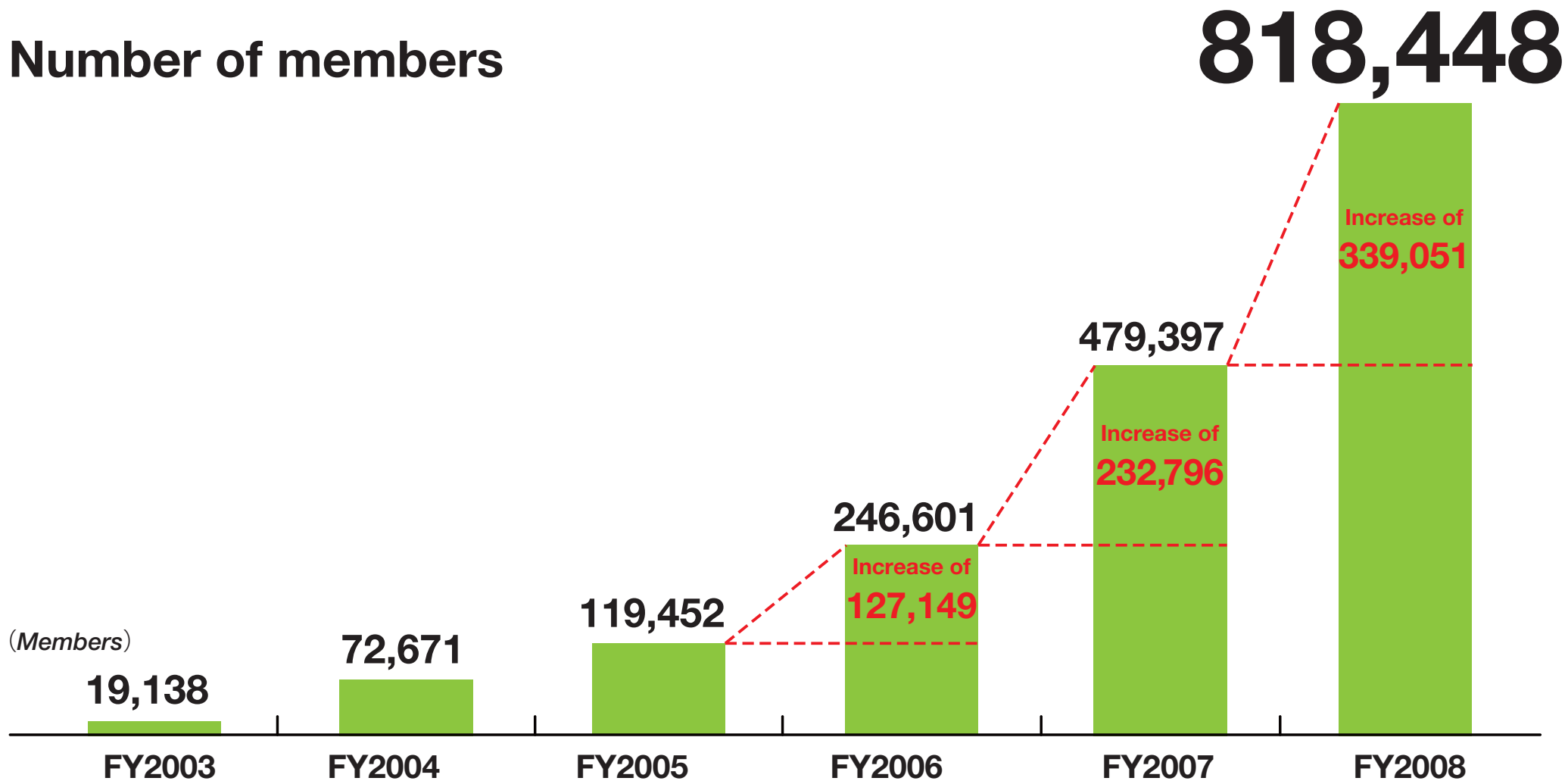
- Transaction value in Store Planning & Development Business
- Transaction value in Store Operation & Administration Business



Achievement transition – Members



Number of members

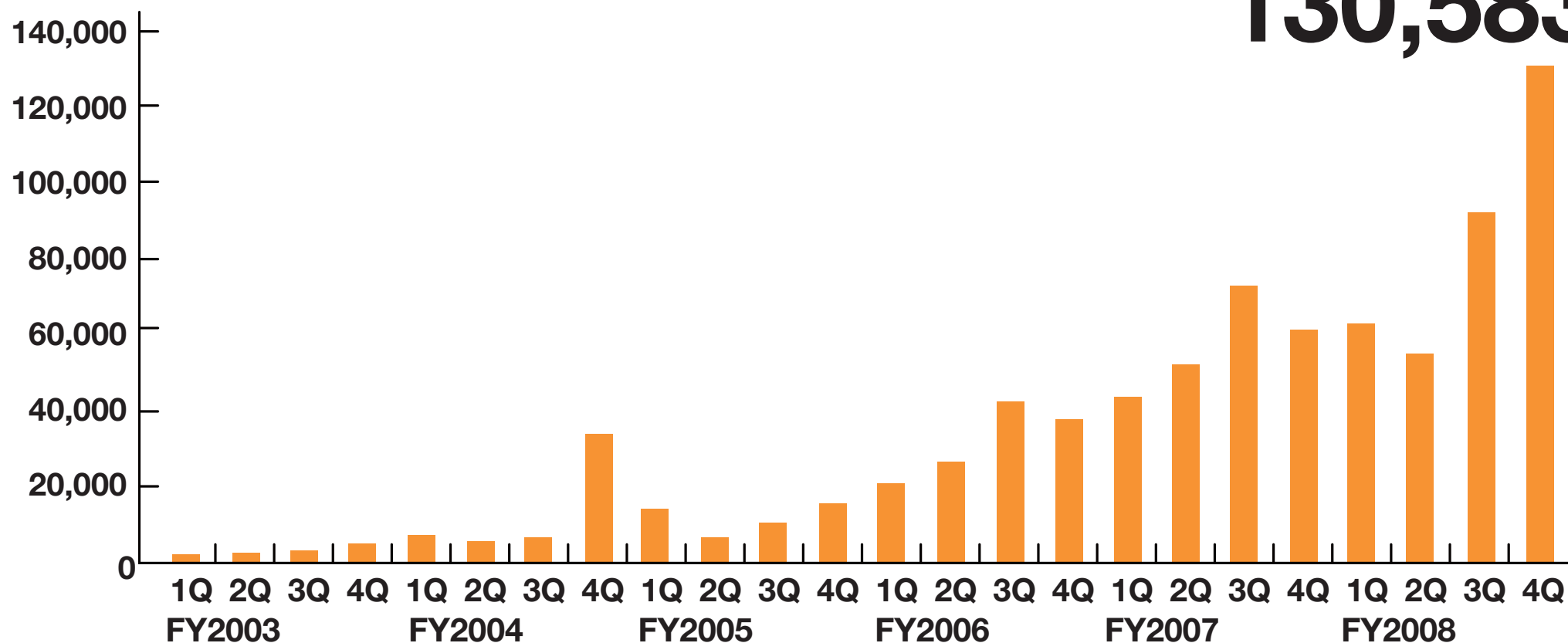


Achievement transition – Members



Net increase of members (quarterly)

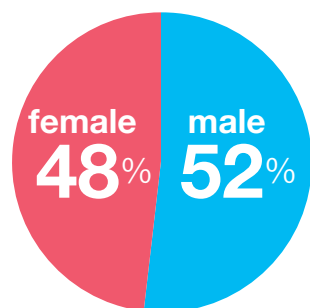
(Members)



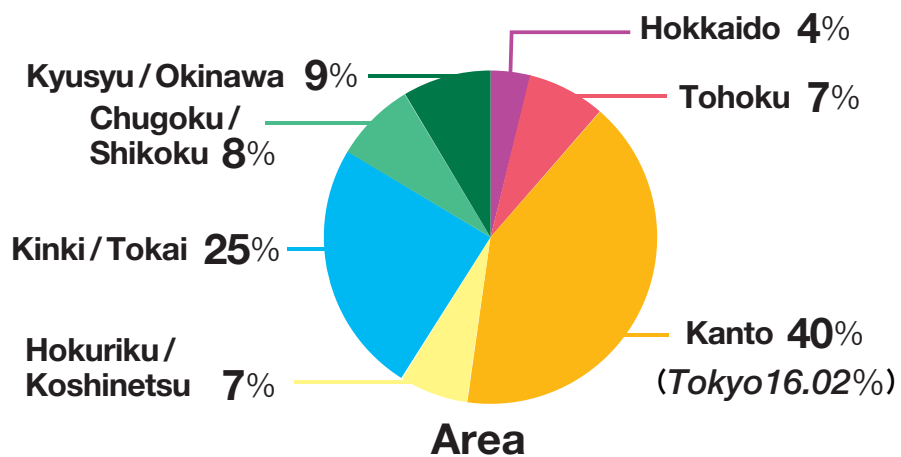
Achievement transition – Members



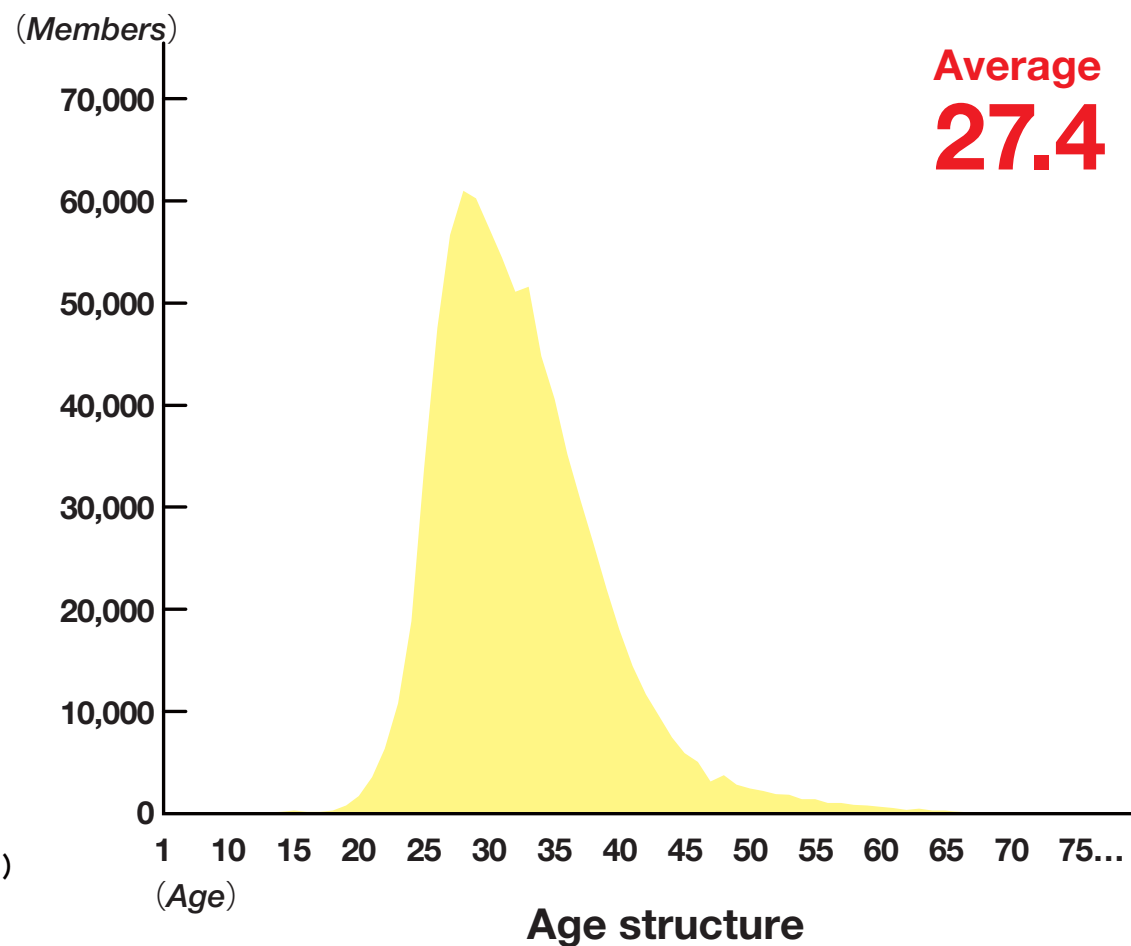
Member demographics



Male/female



Area



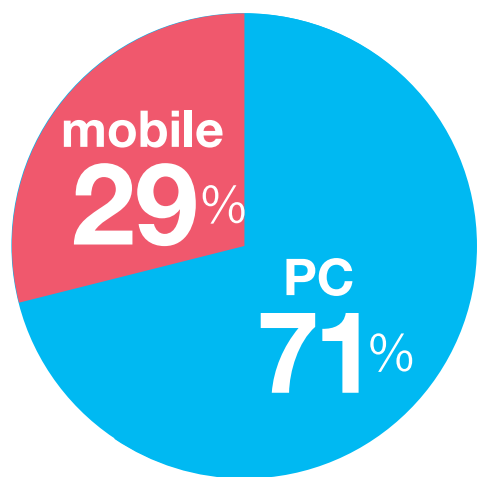
Age structure



Achievement transition – Members

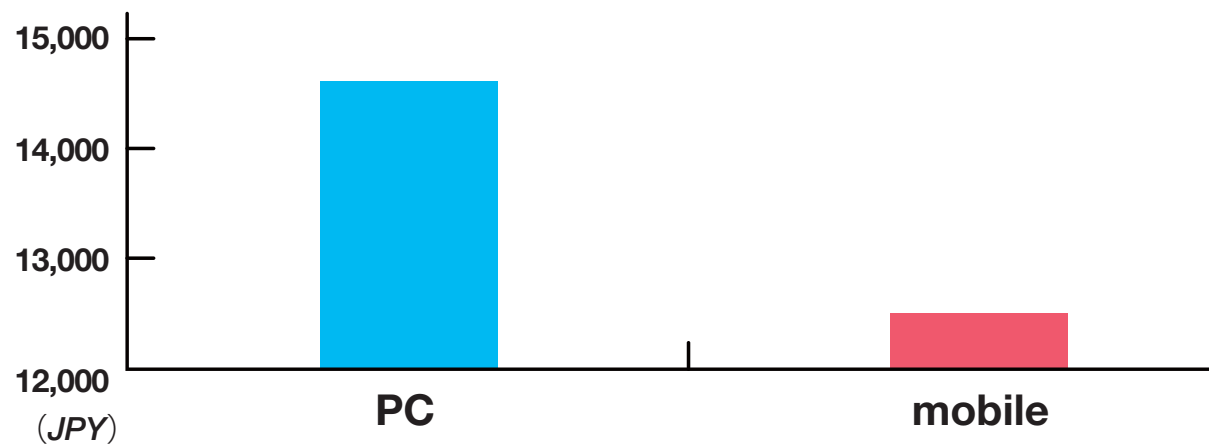


PC vs mobile

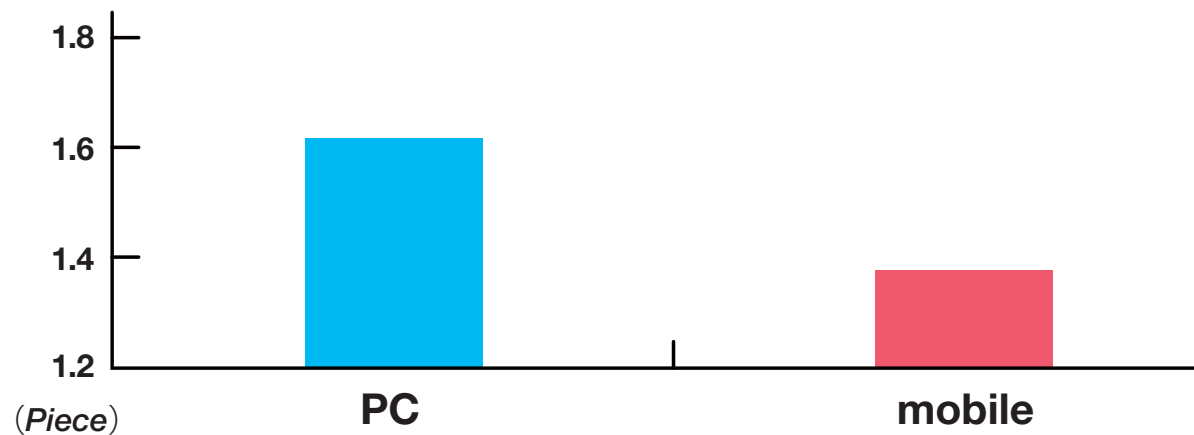


Sales structure via PC/mobile

Average purchasing price



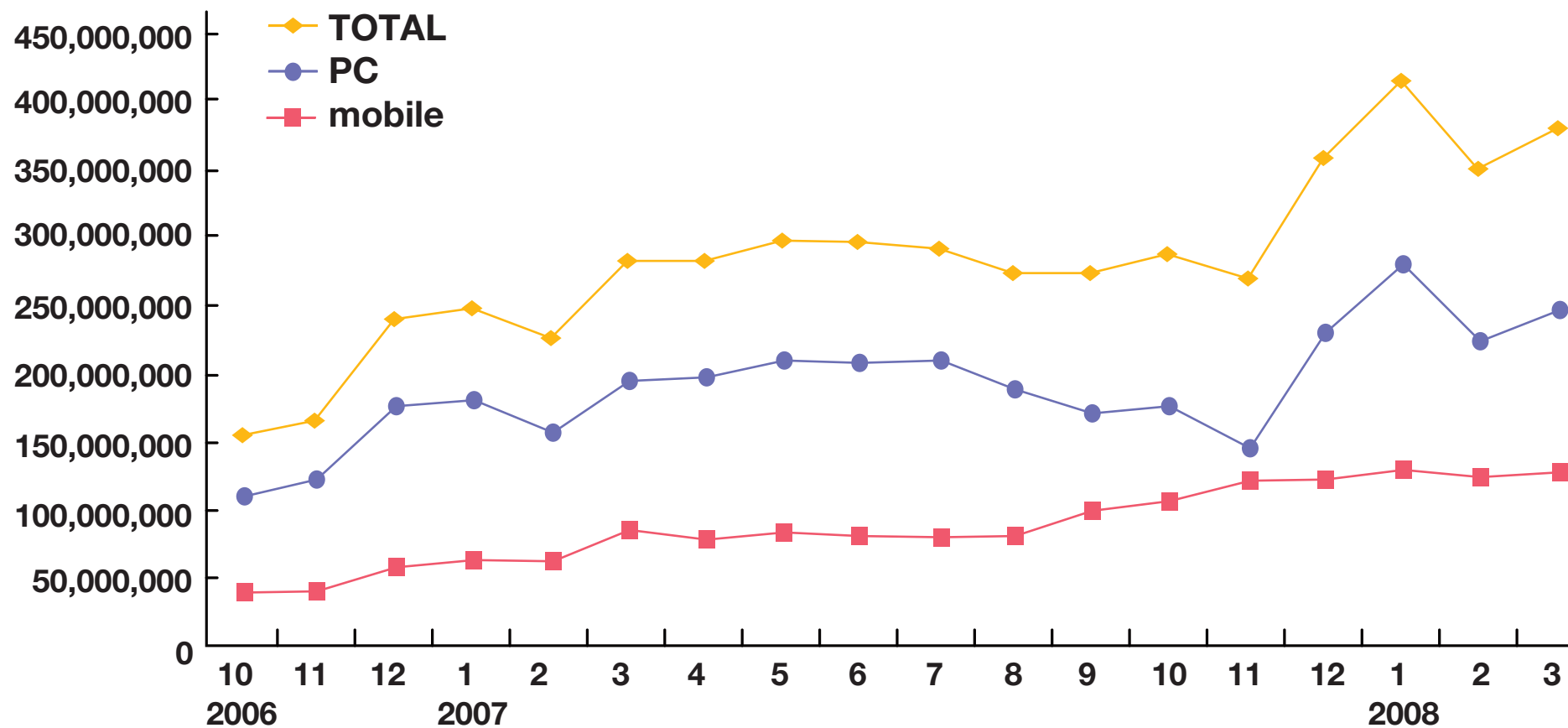
Pieces per order



Achievement transition – Members



PV (total)

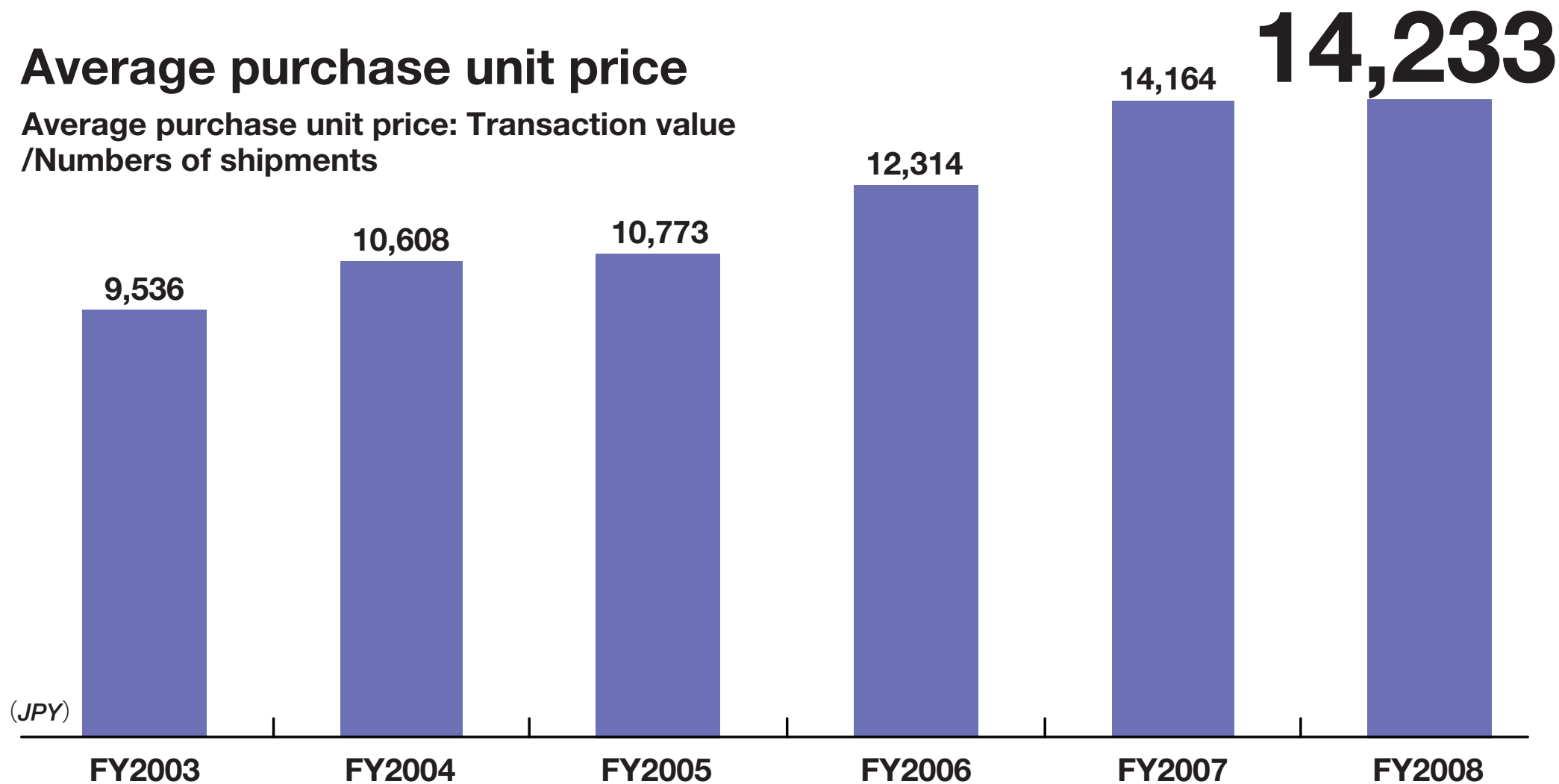


Achievement transition – Members



Average purchase unit price

Average purchase unit price: Transaction value / Numbers of shipments



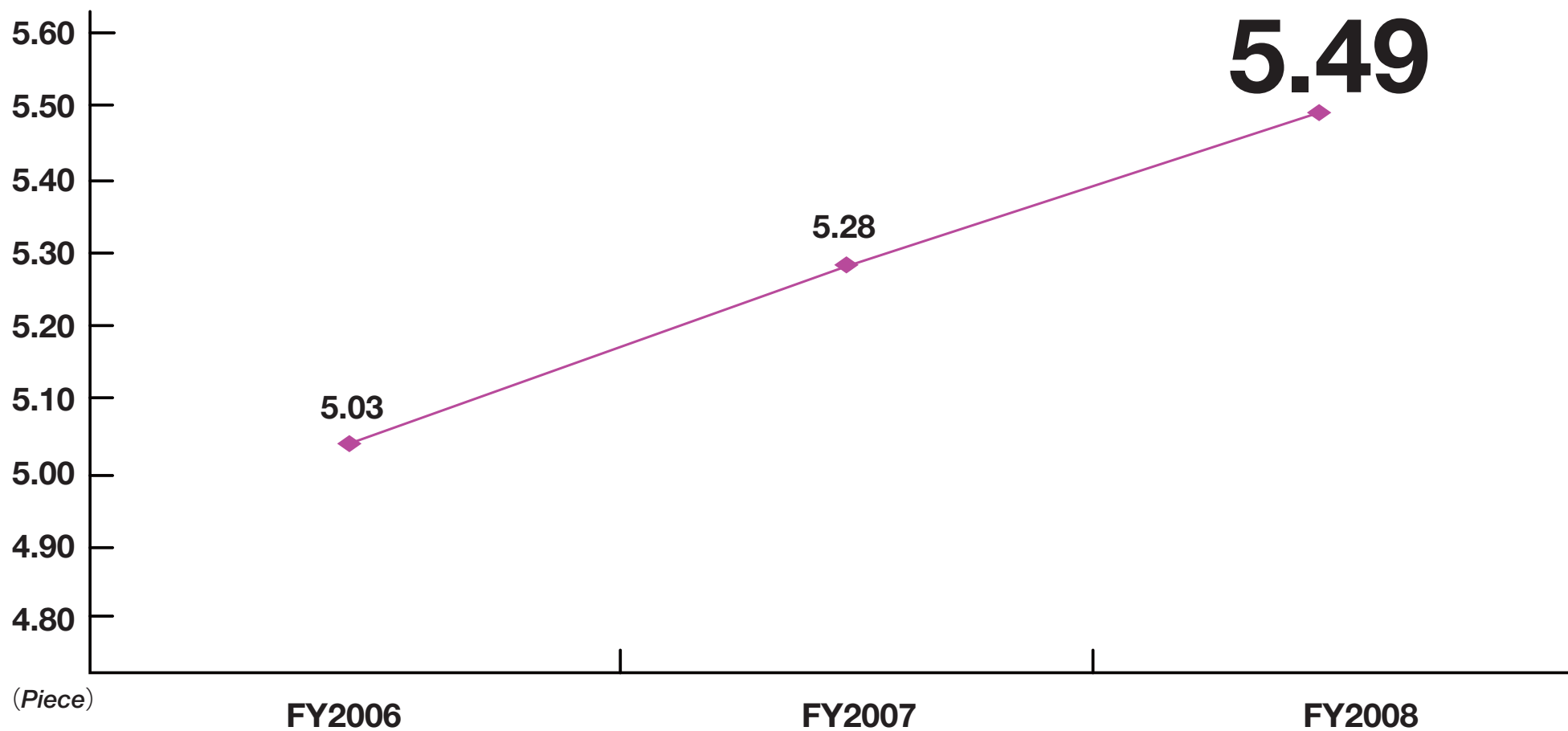
(JPY)



Achievement transition – Members



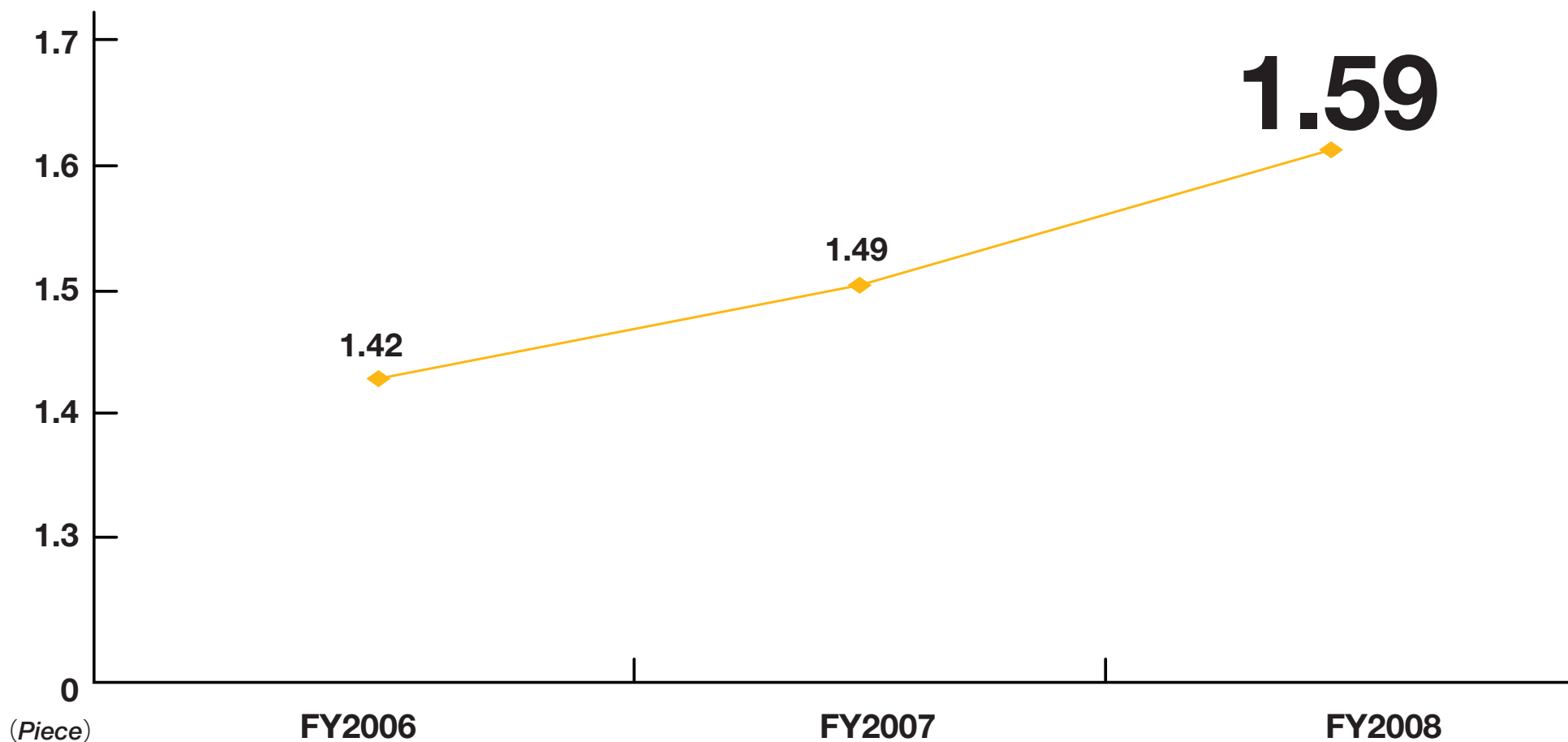
Number of purchased pieces per an active member



Achievement transition – Members



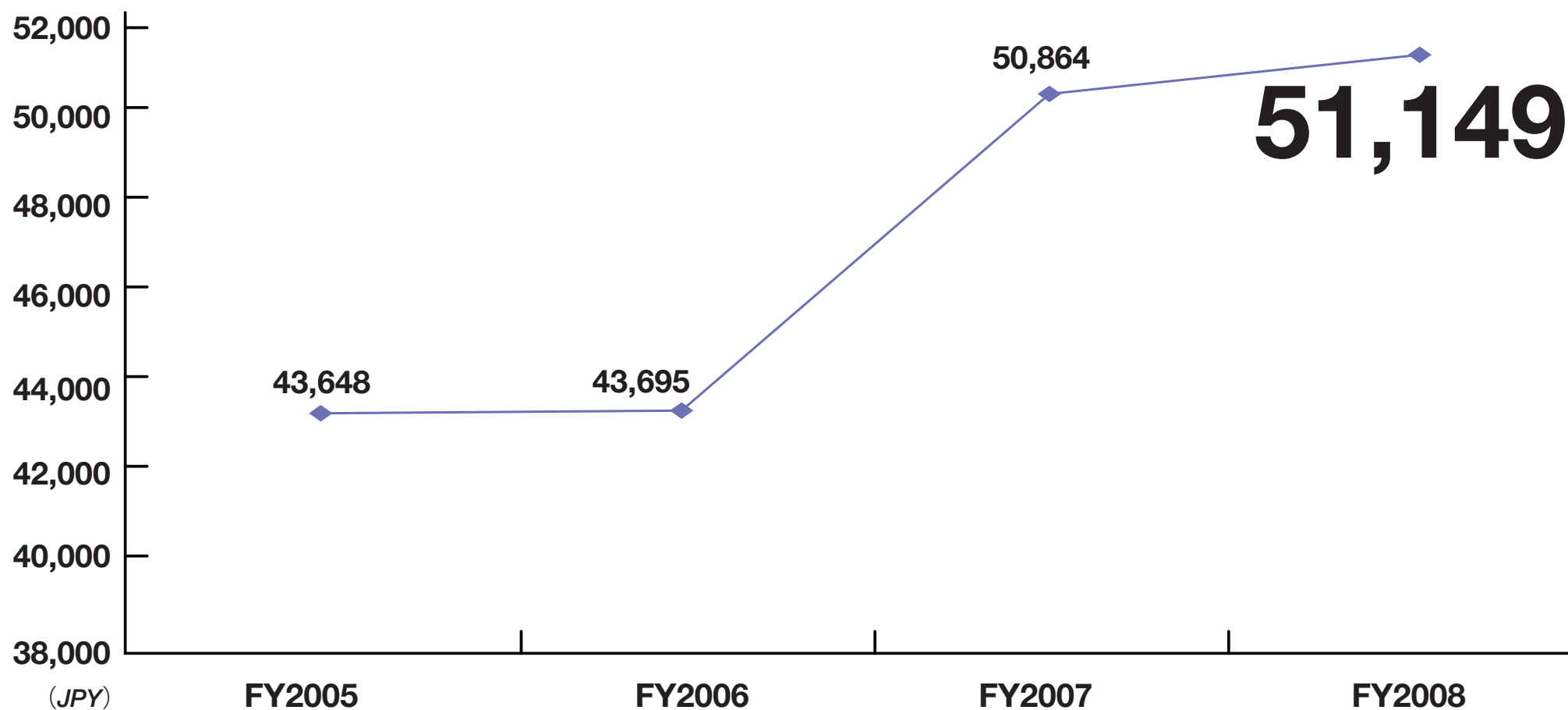
Average number of purchased pieces per an order



Achievement transition – Members



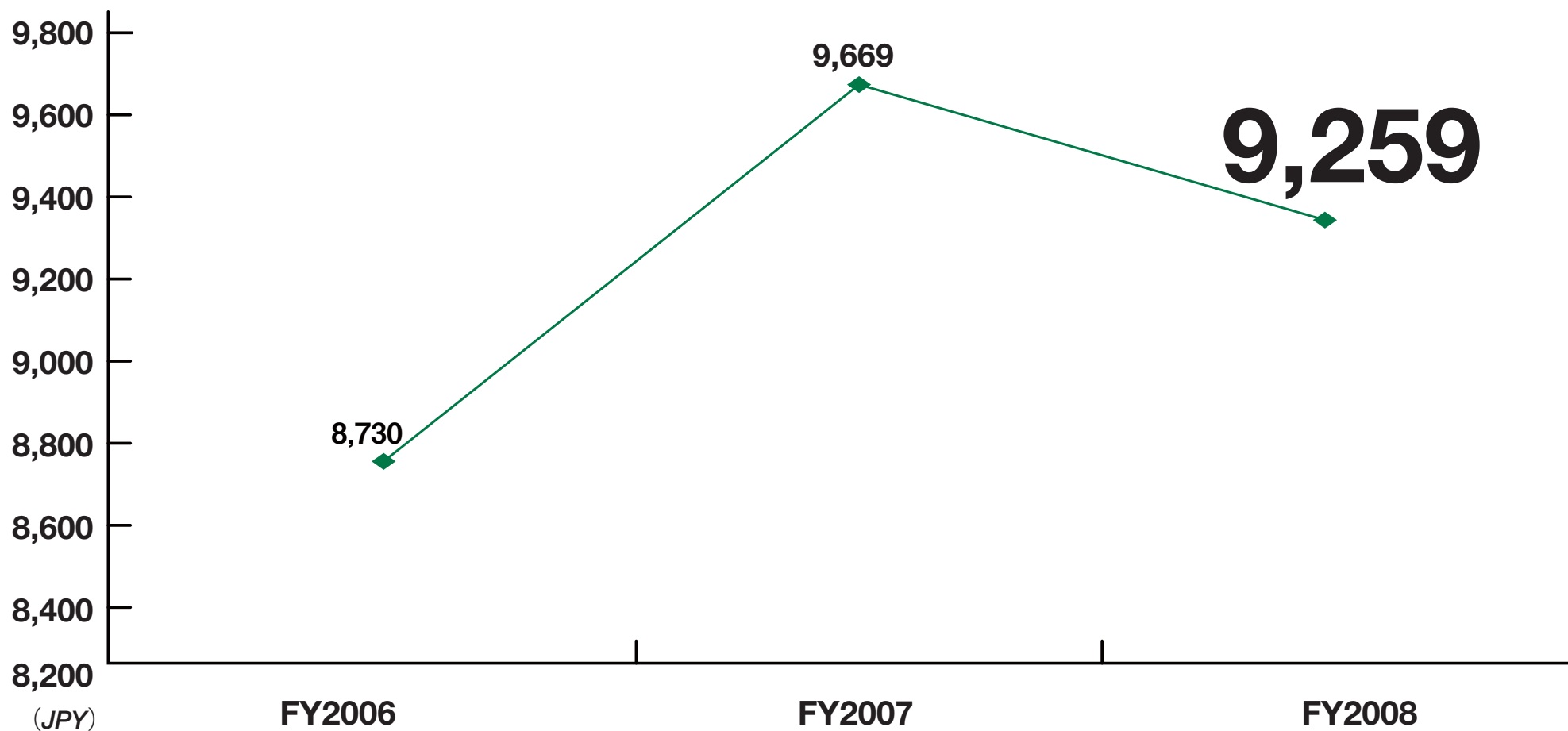
Yearly average purchased price per an active member



Achievement transition – Members



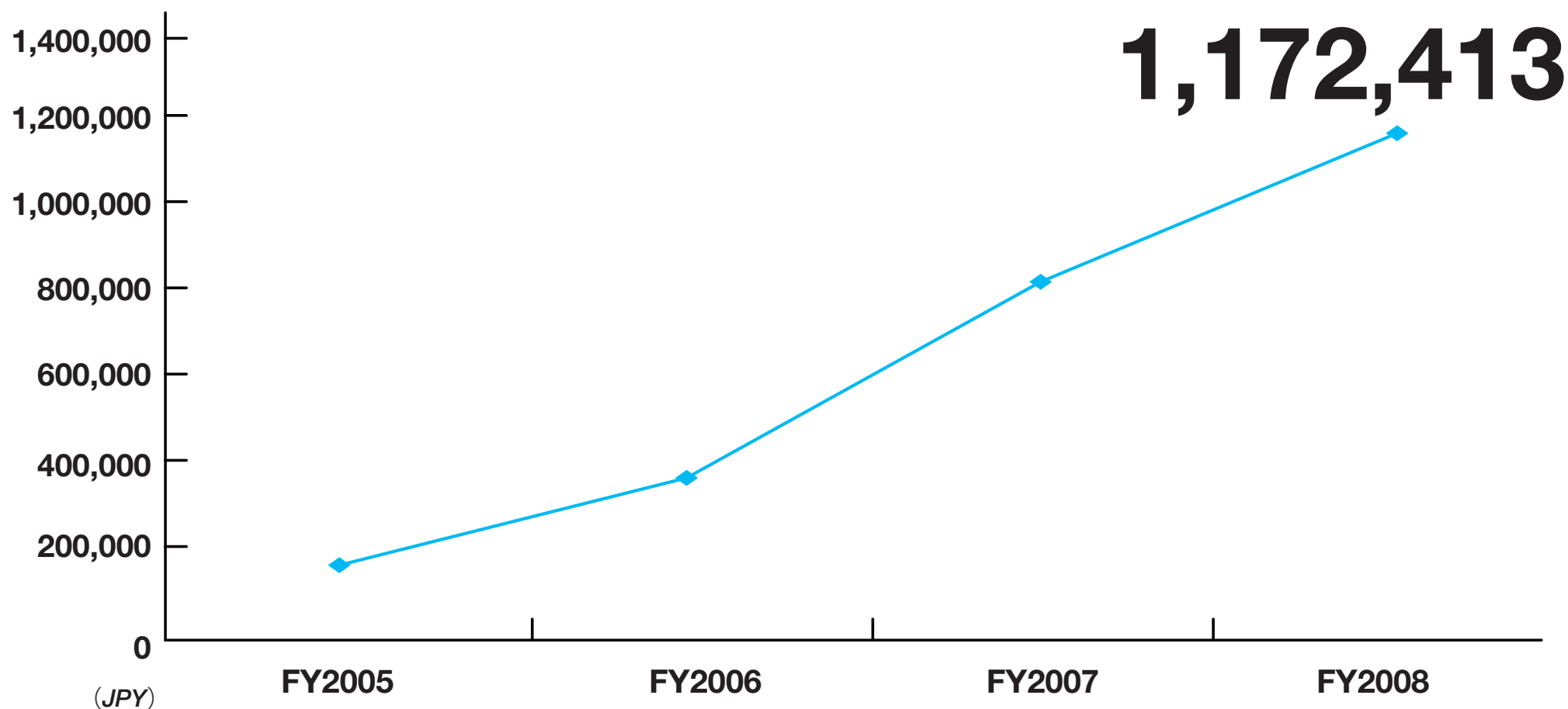
Average price per piece



Achievement transition – Members



Average price per piece



Earnings forecast for FY2009



Business forecasts for FY2009

		Grown rate (%)
Net sales	¥ 10.30 billion	20.0
Operating income	¥ 2.06 billion	16.8
Ordinary income	¥ 2.06 billion	19.4
Net income	¥ 1.15 billion	10.6
Net income per share	9,647.65 JPY	—
Dividend per share	2,410 JPY	—

Breakdown of net sales

Segment			Grown rate (%)
EC business	Store Planning & Development Business)	¥ 6.56 billion	13.7
	Store Operation & Administration Business	¥ 3.43 billion	28.1
Others		¥ 0.26 billion	108.4
Total		¥ 10.30 billion	20.0



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

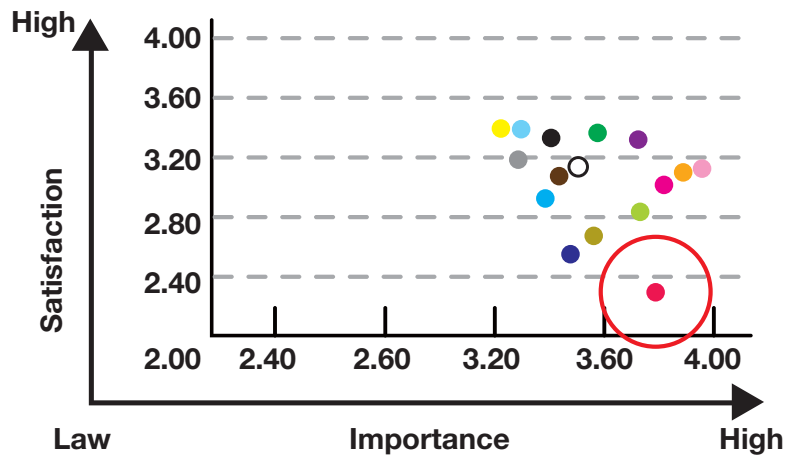
Number of the apparel brands

- 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



- Site design
- Goods variation
- Goods stock
- Size information
- Goods photo
- Convenience of the site
- Point saving rate
- Point usage
- Packing form
- Shipping charge
- Payment method
- Returning goods
- Customer support
- Site Q&A
- Mail magazine
- Convenience of the mobile site

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.)



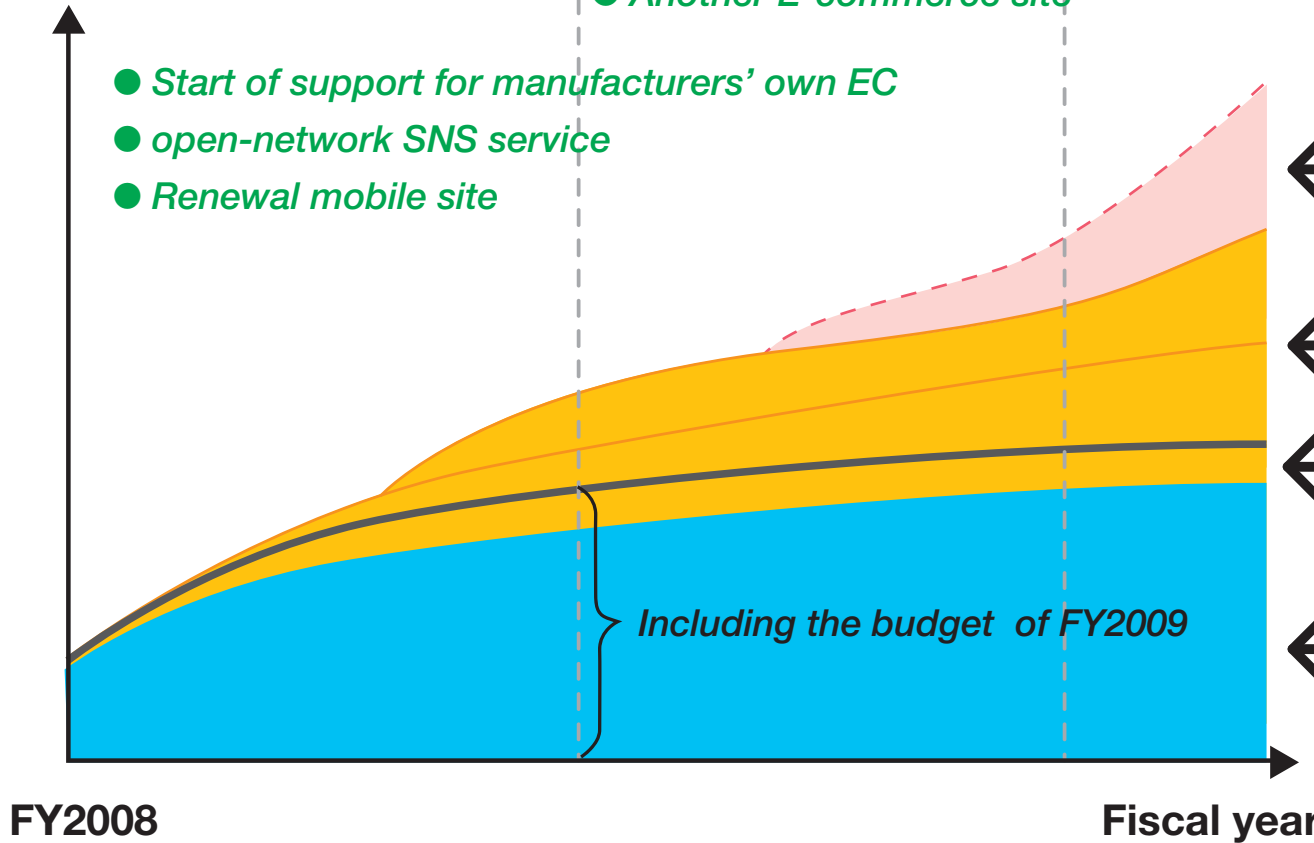
Future strategies



Business development

- Start of support for manufacturers' own EC
- open-network SNS service
- Renewal mobile site

● Another E-commerce site



3 Entry into New Areas /Markets

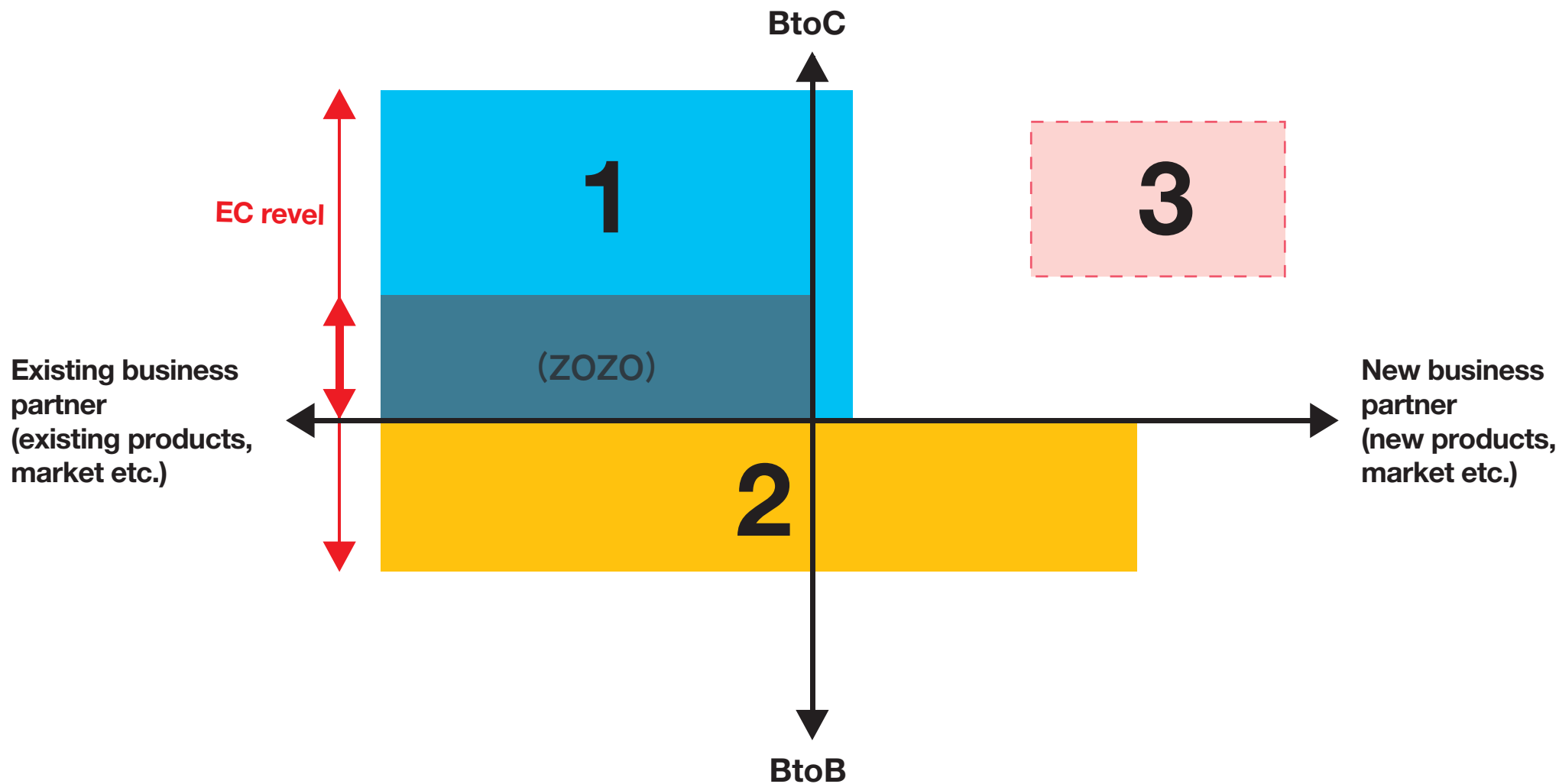
2 Diversification of the Earnings Model (B to B business)

Media Business (e.g. advertising income), etc.

1 Expansion EC business



Future strategies



Future strategies

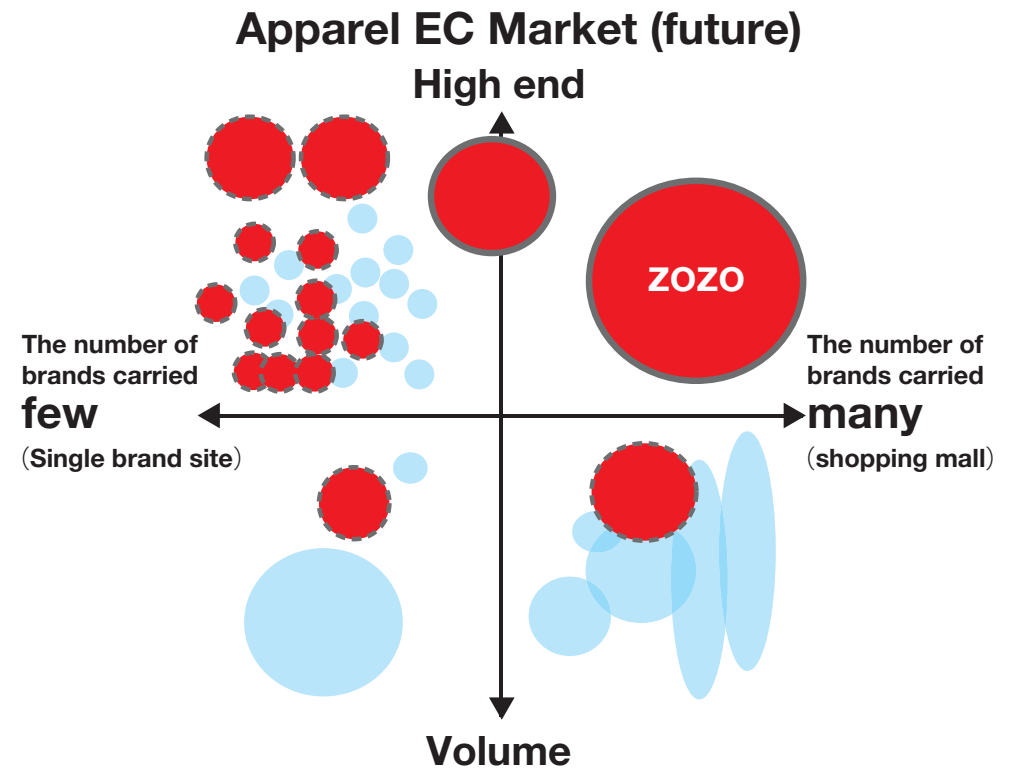
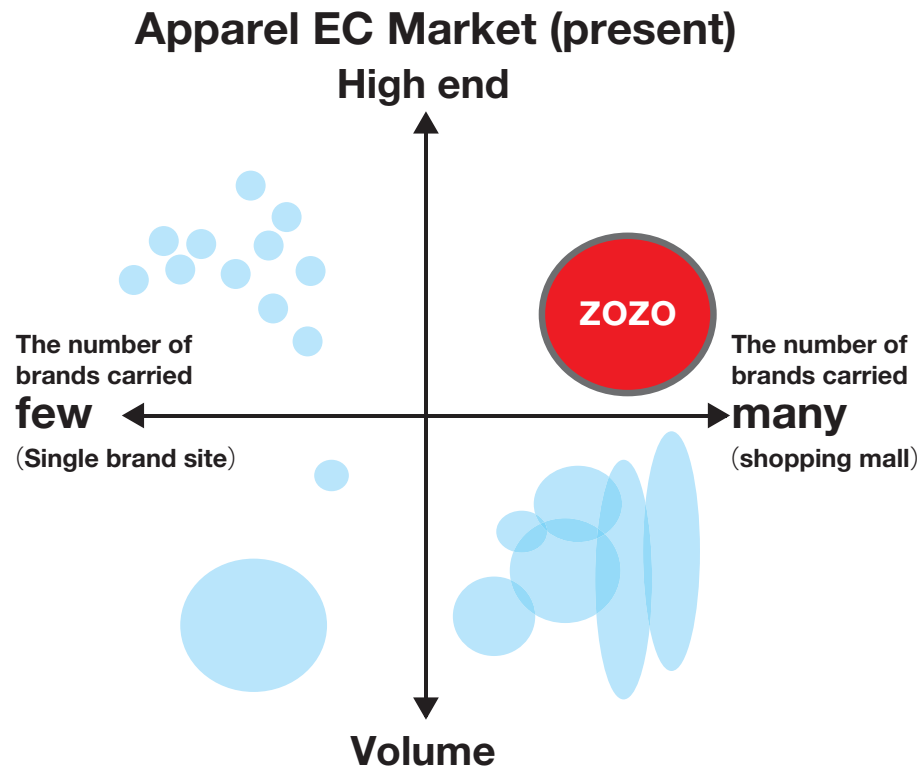


Positioning of START TODAY in the Apparel EC Market

Vertical axis: *brands*

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

○ BtoC ○ BtoB



Future strategies



The significance of support business for manufacturers' own EC site

