

February 14, 2022

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending June 30, 2022
(Six Months Ended December 31, 2021)

[Japanese GAAP]

Company name: istyle Inc.	Stock exchange listings: TSE First Section
Securities code: 3660	URL: https://www.istyle.co.jp/en
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Scheduled date of filing of Quarterly Report:	February 14, 2022
Scheduled date of dividend payment:	-
Preparation of supplementary materials for financial results:	Yes
Holding of financial results briefing:	Yes

(All amounts are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended December 31, 2021 (July 1, 2021 – December 31, 2021)**(1) Consolidated results of operations**

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended December 31, 2021	17,109	9.6	(633)	-	(693)	-	(603)	-
Six months ended December 31, 2020	15,615	(2.0)	(544)	-	(602)	-	(777)	-

Note: Comprehensive income (million yen) Six months ended December 31, 2021: (384) (-%)
Six months ended December 31, 2020: (727) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended December 31, 2021	(8.44)	-
Six months ended December 31, 2020	(11.67)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2021	23,450	7,740	32.1
As of June 30, 2021	22,235	8,109	35.5

Reference: Total equity As of December 31, 2021: 7,534 million yen
As of June 30, 2021: 7,902 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2021	-	0.00	-	0.00	0.00
Fiscal year ending June 30, 2022	-	0.00	-	-	-
Fiscal year ending June 30, 2022 (forecasts)	-	-	-	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending June 30, 2022 (July 1, 2021 – June 30, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	39,200	26.7	500	-	400	-	300	(20.9)	4.20

Note: Revisions to the most recently announced earnings forecast: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in the scope of consolidation): None
- (2) Application of special accounting methods for presenting quarterly consolidated financial statements: None
- (3) Changes in accounting policies and accounting-based estimates, and restatements
- | | |
|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | Yes |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |
- (4) Number of shares outstanding (common shares)
- 1) Number of shares issued (including treasury shares) at end of period
- | | |
|--------------------------|-------------------|
| As of December 31, 2021: | 74,146,800 shares |
| As of June 30, 2021: | 74,146,800 shares |
- 2) Number of treasury shares at end of period
- | | |
|--------------------------|------------------|
| As of December 31, 2021: | 2,693,567 shares |
| As of June 30, 2021: | 2,693,567 shares |
- 3) Average number of shares outstanding during the period
- | | |
|-------------------------------------|-------------------|
| Six months ended December 31, 2021: | 71,453,233 shares |
| Six months ended December 31, 2020: | 66,578,519 shares |

* The current quarterly summary report is not subject to the quarterly review procedures by certified public accountants or auditing corporations.

* Cautionary statement with respect to forecasts and other matters

(Note concerning forward-looking statements)

- Earnings forecasts and other forward-looking statements in this report are based on assumptions judged to be valid and information available to the Company at the time of this report's preparation. Actual performance may differ significantly from these forecasts for a number of reasons. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "1. Operating Results and Financial Position (3) Consolidated Operating Results Forecast and Information about Future Predictions" on page 5 in the accompanying material.
- The Company is scheduled to hold a briefing for analysts and institutional investors on February 15, 2022.

** This financial report is solely a translation of the original Japanese "Kessan Tanshin" document, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*

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1. Operating Results and Financial Position

(1) Analysis of Operating Results

Business sentiment in the cosmetics industry remains deeply negative due to the impact of the novel coronavirus (COVID-19), which has resulted in reduced consumer willingness to make purchases, fewer opportunities to wear cosmetics as consumers refrain from outings to prevent the spread of the virus, and the disappearance of demand from overseas visitors to Japan. In response, there has been a clear tendency among cosmetics manufacturer to pursue digital transformation (DX)^{*1}, with a shift to the use of digital advertising channels and strengthening of E-Commerce. As a result, we expect to see increased opportunities for business growth as a company providing a platform for integrated services combining media, E-Commerce, and retail stores.

In the current fiscal year, Group targets sales growth and a return to operating profitability based on expected E-Commerce growth in the core revenue-earning segments On Platform and Beauty Service, and the assumptions that the impact of the pandemic will gradually diminish in the second half of this fiscal year and that domestic and overseas retail stores will begin to see a recovery.

The consolidated operating performance for this second quarter ended December 31, 2021, was as follows.

In this second quarter, net sales reached a record high. The state of emergency declared in July 2021 was lifted in October, which led to a recovery in cosmetics demand and the movement of people. This resulted in growth of E-Commerce, including expanded sales during the @cosme Beauty Day E-Commerce event, and an increase in retail store sales in the Beauty Service segment. Increased sales of advertising and solutions in the On Platform segment also contributed.

Although operating income declined year on year due to increases in depreciation and amortization of software in the On Platform segment and provisions for bonuses, it was still in line with internal targets.

In addition, we recorded an extraordinary profit of 128 million yen, including a 114 million yen gain on step acquisitions due to acquisition of shares in South Korean company Glowdayz Inc., which became a subsidiary in August 2021. We also recorded an extraordinary loss of 182 million yen, including a 123 million yen impairment loss associated with lower profitability of overseas retail stores.

As a result, the consolidated operating performance for this second quarter ended December 31, 2021, was as follows:

Net sales:	17,109 million yen (15,615 million yen in previous fiscal year: 9.6% year-on-year increase)
Operating loss:	633 million yen (544 million yen loss in the previous fiscal year)
Ordinary loss:	693 million yen (602 million yen loss in the previous fiscal year)
Loss before income taxes:	747 million yen (698 million yen loss in the previous fiscal year)
Net loss attributable to owners of the parent company:	603 million yen (777 million yen loss in the previous fiscal year)

*1 Digital transformation (DX): Company reforms leveraging data and digital technologies, of products, services, business models, work flows, organizational structures, processes, and company culture, with the aim of increasing adaptability to sudden changes in the business environment, better responding to the needs of customers and society, and establishing competitive advantages.

1) On Platform segment

The On Platform segment comprises services based on the beauty portal site @cosme, including B-to-B services and B-to-C services.

Although clients continued to tighten their budgets in response to the pandemic, sales were up year on year in the six-month period ended 31 December, 2021 due to the positive impact of proposals relating to advertising, promotional measures, and sales via our E-Commerce channels, all based on analysis conducted by the marketing service *Brand Official*.

The operating income margin fell temporarily due to increases in provision for bonuses and depreciation and amortization of software, as well as expenses relating to initiatives to stimulate user activity on @cosme. However, operating income was in line with internal targets. Initiatives to stimulate user activity proved effective, resulting in record-high levels for monthly active users (MAU), annual number of reviews posted, and app downloads.

As a result, the consolidated operating performance for this second quarter was as follows:

Net Sales:	3,704 million yen (3,418 million yen in the previous fiscal year; 8.4% year-on-year increase)
Operating income:	382 million yen (671 million yen in the previous fiscal year; 43.1% year-on-year decrease)

2) Beauty Service segment

The Beauty Service segment comprises mainly retail services in Japan, such as the operation of the domestic E-Commerce site @cosme SHOPPING, and the operation of cosmetics specialty shop @cosme STORE, including the large flagship store.

E-Commerce maintained a high growth rate because of increased demand as consumers continued to stay home to prevent the spread of COVID-19, as well as record GMV recorded during the @cosme Beauty Day E-Commerce event, with sales up 26.3% year on year. Retail stores in Japan posted a 6.5% year-on-year sales increase as the large flagship store recorded its highest sales since opening in January 2020, helped by the lifting of the state of emergency in October 2021, and other factors. As a result, sales were up 14.5% year on year in the Beauty Service segment.

Despite booking similar promotional expenses for the @cosme Beauty Day E-Commerce event as in 2020 (290 million yen in 2020 and 240 million yen in 2021), the operating loss contracted by around 200 million yen year on year thanks to the strong growth of E-Commerce and higher retail store sales.

As a result, the consolidated operating performance for this second quarter was as follows:

Net sales:	10,557 million yen (9,220 million yen in the previous fiscal year; 14.5% year-on-year increase)
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Operating loss: 111 million yen (321 million yen loss in the previous fiscal year)

3) Global segment

The Global segment comprises business operations outside Japan, such as E-Commerce & Wholesale, retail stores, and media and other services.

Net sales increased year on year, because the statements of income of South Korea's Glowdayz Inc., which became a subsidiary in August 2021, was consolidated from this second quarter.

With regard to stores in Hong Kong, although we closed two stores in July and August 2021 due to the ongoing local impact of the pandemic, sales were roughly the same as the previous year's level because of sales growth at the four remaining stores.

As a result, the consolidated operating performance for this second quarter was as follows:

Net sales: 2,385 million yen (2,417 million yen in the previous fiscal year; 1.3% year-on-year decrease)

Operating loss: 71 million yen (66 million yen loss in the previous fiscal year)

4) Others

The Others segment consists of a temporary staffing agency for beauty consultants and salespersons, and investment and consulting projects for companies in various stages of development, including new startups.

In this second quarter, the temporary staffing agency remained profitable, although sales were down because of the impact of the pandemic.

As a result, the consolidated operating performance for this second quarter was as follows:

Net sales: 463 million yen (560 million yen in the previous fiscal year; 17.2% year-on-year decrease)

Operating income: 15 million yen (38 million yen loss in the previous fiscal year)

(2) Consolidated Financial Position

(Assets)

Total assets as of December 31, 2021 were 23,450 million yen, an increase of 1,215 million yen from June 30, 2021.

Current assets as of December 31, 2021 totaled 14,118 million yen, an increase of 694 million yen from June 30, 2021. This was mainly due to increases of 1,185 million in “notes and accounts receivable – trade, and contract assets” (in the previous fiscal year this was “notes and accounts receivable – trade”) and 166 million yen in merchandise, which offset a decrease of 563 million in cash and deposits.

Fixed assets as of December 31, 2021 totaled 9,332 million yen, an increase of 521 million yen from June 30, 2021. This was mainly due to a 1,077 million yen increase in goodwill, which offset a 418 million yen decrease in tangible assets.

(Liabilities)

Total liabilities as of December 31, 2021 were 15,710 million yen, an increase of 1,583 million yen from June 30, 2021.

Current liabilities increased by 7,862 million yen from June 30, 2021 to 13,744 million yen. This was largely due to increases of 1,000 million yen in short-term debt, 5,710 million yen in the current portion of long-term debt, and 215 million yen in provision for bonuses.

Fixed liabilities decreased by 6,279 million yen from June 30, 2021 to 1,966 million yen. This was mainly due to a 6,276 million yen decrease in long-term debt.

(Net Assets)

Net assets as of December 31, 2021 were 7,740 million yen, a decrease of 369 million yen from June 30, 2021.

This was primarily due to a 572 million yen decrease in retained earnings.

(3) Consolidated Operating Results Forecast and Information about Future Predictions

Our consolidated operating results forecast for the fiscal year ending June 30, 2022 released in the Summary of Consolidated Financial Results released on August 16, 2021, was predicated on the assumptions that the impact of the COVID-19 pandemic would come to an end in the second quarter and that earnings would begin improving from that quarter. The impact of COVID-19 has not, however, diminished in line with the assumptions on which our initial forecast was based. In addition, the nature of the correlations between COVID-19-related trends and economic trends is also changing, making it increasingly difficult to properly examine potential impacts. Despite this, business performance in the first half of this fiscal year was in line with our internal targets. In light of the above factors, we have opted to leave our full-year consolidated earnings forecast unchanged. We will disclose revisions to the forecast promptly, should any revisions become necessary.

2. Consolidated Financial Statements and Relevant Notes

(1) Consolidated Balance Sheets

(Millions of yen)

Assets	Current assets	
	As of June 30, 2021	As of Dec. 31, 2021
	Amount	Amount
Cash and deposits	7,205	6,643
Notes and accounts receivable - trade	2,707	-
Notes and accounts receivable - trade and contract assets	-	3,891
Merchandise	2,146	2,312
Operational investment securities	893	918
Other	540	425
Allowance for doubtful receivables	(2)	(7)
Allowance for investment loss	(65)	(65)
Total current assets	13,424	14,118
Fixed assets		
Tangible assets	1,932	1,515
Intangible assets		
Goodwill	384	1,461
Software	2,663	2,564
Other	282	294
Total intangible assets	3,329	4,319
Investments and other assets		
Investment securities	1,338	929
Lease and guarantee deposits	1,845	1,832
Other	367	766
Allowance for doubtful receivables	-	(28)
Total investments and other assets	3,550	3,499
Total fixed assets	8,811	9,332
Total assets	22,235	23,450

(Millions of yen)

	As of June 30, 2021	As of Dec. 31, 2021
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable – trade	1,194	1,756
Short-term debt	1,500	2,500
Current portion of long-term debt	965	6,676
Income taxes payable	95	256
Provision for bonuses	94	309
Provision for business structure improvement	3	1
Provision for loss on liquidation of affiliated companies	45	31
Other	1,985	2,215
Total current liabilities	5,881	13,744
Fixed liabilities		
Long-term debt	8,156	1,880
Other	89	86
Total fixed liabilities	8,245	1,966
Total liabilities	14,126	15,710
Net assets		
Shareholders' equity		
Capital stock	4,756	4,756
Capital surplus	3,937	3,937
Retained earnings	(443)	(1,014)
Treasury stock	(280)	(280)
Total shareholders' equity	7,970	7,398
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	(59)	(47)
Foreign currency translation adjustments	(8)	183
Total accumulated other comprehensive income	(67)	136
Subscription rights to shares	59	45
Non-controlling interests	148	161
Total net assets	8,109	7,740
Total liabilities and net assets	22,235	23,450

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Six months ended Dec. 31, 2020	Six months ended Dec. 31, 2021
	Amount	Amount
Net sales	15,615	17,109
Cost of sales	8,468	9,282
Gross profit	7,147	7,827
Selling, general and administrative expenses	7,691	8,459
Operating income (loss)	(544)	(633)
Non-operating income		
Interest income	1	1
Dividend income	3	3
Income from subsidiaries	73	16
Other	44	16
Total non-operating income	121	36
Non-operating expenses		
Interest expenses	34	27
Foreign exchange losses	101	49
Loss on investments in partnership	2	3
Equity in losses of affiliates	25	7
Other	17	10
Total non-operating expenses	179	96
Ordinary income (loss)	(602)	(693)
Extraordinary income		
Gain on reversal of share acquisition rights	30	14
Gain on step acquisitions	-	114
Total extraordinary income	30	128
Extraordinary loss		
Impairment loss	9	182
Loss on cancellation of office contract	50	-
Provision for loss on liquidation of affiliated companies	68	-
Total extraordinary loss	127	182
Income (loss) before income taxes	(698)	(747)
Total income taxes	75	(152)
Net income (loss)	(773)	(594)
Net income (loss) attributable to non-controlling interests	4	9
Net income (loss) attributable to owners of the parent company	(777)	(603)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended Dec. 31, 2020	Six months ended Dec. 31, 2021
	Amount	Amount
Net income (loss)	(773)	(594)
Other comprehensive income (loss)		
Net unrealized gain on available-for-sale securities	1	13
Foreign currency translation adjustments	45	197
Total other comprehensive income	46	210
Comprehensive income (loss)	(727)	(384)
Comprehensive income (loss) attributable to		
Owners of the parent	(731)	(399)
Non-controlling interests	4	15

(3) Notes on Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied effective from the beginning of the first quarter. Consequently, revenue is recognized when control of promised goods or services has been transferred to the customer at the amount expected to be received in exchange for those goods or services. As to those transactions in which the Group’s role in providing goods and services to the customer is that of an agent, we previously recognized revenue at the total amount of consideration received from the customer, but the Group now recognizes revenue on a net basis, which is the amount received from customers less the amount paid to third parties. The revenue recognition of advertising production expenses used to be conducted at the point in time of delivery of advertisement materials. The method, however, has now been changed to recognizing revenues over time in line with advertisement placement. Points program expenses, related to customer loyalty programs managed by other companies, used to be reported as selling, general and administrative expenses, but revenue recognition is now based on amounts after deduction of points program-related expenses.

The Group’s application of the Accounting Standard for Revenue Recognition, etc. is in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effects of retrospectively applying the new accounting policy prior to the beginning of the first quarter have been reflected in the balance of retained earnings at the beginning of the first quarter, and the new accounting policy has thereby been applied to the balance of retained earnings at the beginning of the first quarter. Note, however, that the new accounting policy was not applied retrospectively to contracts in which almost all of the revenue amounts were recognized in accordance with the previous procedures before the beginning of the first quarter, pursuant to the provision of Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, pursuant to the method set forth in note (1) of Paragraph 86 of the Accounting Standard for Revenue Recognition, contractual changes that were made prior to the beginning of the first quarter have been accounted for with cumulative effects being reflected in the balance of retained earnings at the beginning of the first quarter in accordance with the new terms and conditions reflecting all contractual changes.

As a result, net sales decreased by 116 million yen, cost of sales declined by 17 million yen, and selling, general and administrative expenses decreased by 127 million yen during the six months ended December 31, 2021. Consequently, operating loss, ordinary loss, and loss before income taxes each decreased by 28 million yen respectively. In addition, the balance of retained earnings at the beginning of the first quarter increased by 31 million yen.

As a result of applying the Accounting Standard for Revenue Recognition, etc., notes and accounts receivable – trade, which was presented under current assets in the balance sheet in the previous fiscal year, is, effective from the first quarter, now presented under notes and accounts receivable - trade and contract assets. It should be noted that, in accordance with the transitional treatment set forth in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, the previous fiscal year’s statements have not been reclassified to conform to the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue generated from contracts with customers for the six months ended December 31, 2020 is not presented.

(Application of Accounting Standard for Fair Value Measurement, etc.)

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. have been applied effective from the beginning of the first quarter. In accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Group has opted to apply the new accounting policies set forth in the Accounting Standard for Fair Value Measurement, etc. prospectively. Note that this has no impact on the Company’s quarterly financial statements.

(Additional Information)

(Accounting-based estimates relating to the spread of COVID-19)

Although the stores in Hong Kong had anticipated a major easing of travel restrictions into Hong Kong in time for the Chinese New Year in February 2022, such easing of travel restrictions can no longer be expected due to the spread of the omicron variant within Hong Kong. Accordingly, estimates have been calculated on the assumption that demand from inbound travelers will not recover. As a result, impairment losses have been recorded, as a portion of the amounts invested in each Hong Kong store will not be recovered.

As for the stores in Japan, there have been no significant changes to the assumptions outlined under (Significant Accounting Estimates) in the Securities Report for the fiscal year ended June 30, 2021, including assumptions regarding the spread of COVID-19 going forward and when the pandemic might end.

(Segment Information)

Six months ended December 31, 2020 (July 1, 2020 through December 31, 2020)

1. Net sales and income/loss by reportable segment

	Reportable segment				Total	Adjustments (note 1)	(Millions of yen) Amounts on the consolidated statements of income (note 2)
	<i>On Platform</i>	<i>Beauty Service</i>	<i>Global</i>	<i>Others</i>			
Net sales							
Sales to outside customers	3,418	9,220	2,417	560	15,615	-	15,615
Inter-segment sales and transfers	118	8	40	2	168	(168)	-
Total	3,536	9,228	2,457	562	15,783	(168)	15,615
Segment profit (loss)	671	(321)	(66)	(38)	246	(790)	(544)

Notes: 1. Adjustments in Segment profit (loss) in the amount of (790) million yen include 3 million yen elimination of inter-segment transactions and (793) million yen corporate expense not allocated to any reportable segment.

2. Segment profit (loss) is adjusted to correspond with operating loss reported on the consolidated statements of income for the corresponding period.

2. Information about Impairment Loss on Fixed Assets, Goodwill, etc.

(Significant impairment losses related to fixed assets)

In corporate assets not allocated to any reportable segment, impairment losses have been recorded due to the discontinuation of the use of certain assets. Said impairment losses during the first half of this fiscal year amount to 9 million yen.

(Significant changes in goodwill amounts)

Not applicable

(Significant gain on negative goodwill)

Not applicable

Six months ended December 31, 2021 (July 1, 2021 through December 31, 2021)

1. Net sales and income/loss by reportable segment and information on disaggregate revenue

(Millions of yen)

	Reportable segment					Adjustments (note 1)	Amounts on the consolidated statements of income (note 2)
	<i>On Platform</i>	<i>Beauty Service</i>	<i>Global</i>	<i>Others</i>	Total		
Net sales							
Goods transferred at a point in time	-	10,557	2,100	3	12,660	-	12,660
Goods transferred over time	3,704	-	284	460	4,449	-	4,449
Revenue generated from contracts with customers	3,704	10,557	2,385	463	17,109	-	17,109
Sales to outside customers	3,704	10,557	2,385	463	17,109	-	17,109
Inter-segment sales and transfers	201	5	6	7	219	(219)	-
Total	3,905	10,562	2,391	470	17,328	(219)	17,109
Segment profit (loss)	382	(111)	(71)	15	215	(848)	(633)

Notes: 1. Adjustments in Segment profit (loss) in the amount of (848) million yen include 2 million yen elimination of inter-segment transactions and (849) million yen corporate expense not allocated to any reportable segment.

2. Segment profit (loss) is adjusted to correspond with operating loss reported on the consolidated statements of income for the corresponding period.

2. Information about Impairment Loss on Fixed Assets, Goodwill, etc.

(Significant impairment losses related to fixed assets)

In the Global segment, impairment losses have been recorded on some stores and asset groups, as the segment's revenue is expected to fall below initial forecasts. Said impairment losses during the first half of this fiscal year amount to 123 million yen.

In corporate assets not allocated to any reportable segment, impairment losses have been recorded due to the discontinuation of the use of certain assets. Said impairment losses during the first half of this fiscal year amount to 59 million yen.

(Significant changes in goodwill amounts)

As a result of acquiring additional shares in Glowdayz, Inc. and converting it into a consolidated subsidiary in the first quarter, the amount of goodwill in the Global segment increased by 1,092 million yen. Note that since the allocation of acquisition cost had not been completed as of the end of the second quarter, the amount of goodwill is calculated on a tentative basis.

(Significant gain on negative goodwill)

Not applicable