May 13, 2022

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending June 30, 2022 (Nine Months Ended March 31, 2022)

[Japanese GAAP]

Company name: istyle Inc.
Stock exchange listings: Prime Market of the TSE
Securities code: 3660
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Scheduled date of filing of Quarterly Report: May 13, 2022
Scheduled date of dividend payment: -
Preparation of supplementary materials for financial results: Yes
Holding of financial results briefing: Yes (For analysts and institutional investors)

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

1. Consolidated Financial Results for the Nine Months Ended March 31, 2022 (July 1, 2021 – March 31, 2022)

(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	%
Nine months ended March 31, 2022	25,467	9.8	(584)	-	(635)	-	(620)	-
Nine months ended March 31, 2021	23,186	(1.8)	(624)	-	(822)	-	(1,392)	-

Note: Comprehensive income (million yen) Nine months ended March 31, 2022: 179 (- %)
Nine months ended March 31, 2021: (1,230) (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended March 31, 2022	(8.68)	-
Nine months ended March 31, 2021	(20.42)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2022	22,724	8,304	35.6
As of June 30, 2021	22,235	8,109	35.5

Reference: Total equity As of March 31, 2022: 8,087 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	34,700	12.1	(450)	-	(560)	-	(600)	-	(8.40)

Note: Revisions to the most recently announced earnings forecast: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in 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 March 31, 2022:	74,146,800 shares
As of June 30, 2021:	74,146,800 shares

2) Number of treasury shares at end of period

As of March 31, 2022:	2,693,567 shares
As of June 30, 2021:	2,693,567 shares

3) Average number of shares outstanding during the period

Nine months ended March 31, 2022:	71,453,233 shares
Nine months ended March 31, 2021:	68,179,702 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 May 13, 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.*

Accompanying Materials – Contents

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 manufacturers 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.

The istyle Group posted record net sales in the nine-month period ended March 31, 2022 despite the negative impact of the Omicron variant of COVID-19 in January and February 2022. 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.

Despite a rise in SG&A expenses, including increases in depreciation and amortization of software in the On Platform segment and provision for bonuses, operating income improved year on year due to sales growth.

In addition, we recorded an extraordinary profit of 141 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 186 million yen, including a 184 million yen impairment loss associated with an impairment charge on lower profitability of overseas retail stores.

As a result, the consolidated operating performance for this third quarter ended March 31, 2022, was as follows:

Net sales:	25,467 million yen (23,186 million yen in previous fiscal year: 9.8% year-on-year increase)
Operating loss:	584 million yen (624 million yen loss in previous fiscal year)
Ordinary loss:	635 million yen (822 million yen loss in previous fiscal year)
Loss before income taxes:	681 million yen (1,238 million yen loss in previous fiscal year)
Net loss attributable to owners of the parent company:	620 million yen (1,392 million yen loss in 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 nine-month period ended 31 March, 2022 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.

Operating income was down year on year. 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*. These initiatives 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 third quarter was as follows:

Net Sales:	5,445 million yen (5,130 million yen in the previous fiscal year; 6.1% year-on-year increase)
Operating income:	637 million yen (980 million yen in the previous fiscal year; 35.0% 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 21.6% year on year. Retail stores in Japan posted a 12.1% year-on-year sales increase as the large flagship store recorded its highest sales since opening in January 2020 and customer traffic recovered at other stores, because consumer spending began to recover, helped by the lifting of the state of emergency in October 2021, progress with vaccinations, and other factors. As a result, net sales were up 16.1% 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 segment turned profitable at the operating income level thanks to the strong growth of E-Commerce and higher retail store sales.

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

Net Sales:	15,984 million yen (13,772 million yen in previous fiscal year; 16.1%year-on-year increase)
Operating income:	81 million yen (290 million yen loss in 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 declined 3.6% year on year because of the closure of three stores in Hong Kong between July 2021 and March 2022, the increasing impact of COVID-19 in mainland China and Hong Kong, and other factors.

Despite recording an operating loss and goodwill amortization for Glowdayz, Inc., the operating loss was roughly the same as the previous year's level, as scaling back and withdrawing from unprofitable businesses helped to improve profitability.

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

Net Sales:	3,353 million yen (3,478 million yen in previous fiscal year; 3.6% year-on-year decrease)
Operating loss:	145 million yen (146 million yen loss in 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 third 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 third quarter was as follows:

Net Sales:	685 million yen (806 million yen in the previous fiscal year; 15.0% year-on-year decrease)
Operating income:	18 million yen (20 million yen loss in the previous fiscal year)

(2) Consolidated Financial Position

(Assets)

Total assets as of March 31, 2022 were 22,724 million yen, an increase of 488 million yen from June 30, 2021.

Current assets as of March 31, 2022 totaled 13,310 million yen, a decrease of 114 million yen from June 30, 2021. This was mainly due to a decrease of 646 million in cash and deposits, an increase of 378 million in “notes and accounts receivable – trade, and contract assets” (in the previous fiscal year this was “notes and accounts receivable – trade”), and an increase of 198 million yen in merchandise.

Fixed assets as of March 31, 2022 totaled 9,414 million yen, an increase of 603 million yen from June 30, 2021. This was mainly due to a 1,086 million yen increase in goodwill, which offset a 497 million yen decrease in tangible assets.

(Liabilities)

Total liabilities as of March 31, 2022 were 14,420 million yen, an increase of 294 million yen from June 30, 2021.

Current liabilities increased by 6,652 million yen from June 30, 2021 to 12,533 million yen. This was largely due to increases of 500 million yen in short-term debt and 5,587 million yen in the current portion of long-term debt.

Fixed liabilities decreased by 6,358 million yen from June 30, 2021 to 1,887 million yen. This was mainly due to a 6,352 million yen decrease in long-term debt.

(Net Assets)

Net assets as of March 31, 2022 were 8,304 million yen, an increase of 195 million yen from June 30, 2021. This was primarily due to increases of 357 million yen in net unrealized gain on available-for-sale securities and 416 million yen in foreign currency translation adjustments, which offset a 589 million yen decrease in retained earnings.

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

We revised our full-year consolidated operating results forecast as stated in the “Notice Concerning Revision of the Full-Year Consolidated Earnings Forecast” dated May 13, 2022. Reasons for the revision are outlined below.

The consolidated operating results forecast for the fiscal year ending June 30, 2022 was based on the assumptions that the impacts of the novel coronavirus (COVID-19) would begin to fade in this third quarter and earnings performance would improve as we returned to a growth trajectory. However, results did not match our forecast in this third quarter as COVID-19 case numbers increased sharply from January 2022 onward due to the spread of the Omicron variant, which led to clients keeping tight control of their budgets and consumers becoming less willing to make purchases amid widespread economic uncertainty. Performance of both our domestic and overseas businesses fell short of our forecast, because the impact of Omicron was evident in China, Hong Kong, and South Korea as well as in Japan.

We revised our full-year forecast to reflect the above impacts and recent earnings trends. Although further negative impacts from the pandemic are possible depending on case number trends, our current forecast is for record consolidated net sales driven by the On Platform and Beauty Service segments, with consolidated operating income returning to the black from the second half of the current fiscal year for a smaller full-year operating loss than in the previous fiscal year.

<Revised full-year consolidated operating results forecast for fiscal year ending June 30, 2022>

Net sales:	34,700 million yen
Operating loss:	450 million yen
Ordinary loss:	560 million yen
Net loss attributable to owners of the parent company:	600 million yen

2. Consolidated Financial Statements and Relevant Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2021	As of Mar. 31, 2022
Assets	Amount	Amount
Current assets		
Cash and deposits	7,205	6,559
Notes and accounts receivable - trade	2,707	-
Notes and accounts receivable - trade and contract assets	-	3,085
Merchandise	2,146	2,344
Operational investment securities	893	963
Other	540	430
Allowance for doubtful receivables	(2)	(6)
Allowance for investment loss	(65)	(65)
Total current assets	13,424	13,310
Fixed assets		
Tangible assets	1,932	1,436
Intangible assets		
Goodwill	384	1,470
Software	2,663	2,393
Other	282	415
Total intangible assets	3,329	4,278
Investments and other assets		
Investment securities	1,338	1,378
Lease and guarantee deposits	1,845	1,819
Other	367	533
Allowance for doubtful receivables	-	(30)
Total investments and other assets	3,550	3,700
Total fixed assets	8,811	9,414
Total assets	22,235	22,724

(Millions of yen)

	As of June 30, 2021	As of Mar. 31, 2022
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable – trade	1,194	1,842
Short-term debt	1,500	2,000
Current portion of long-term debt	965	6,552
Income taxes payable	95	228
Provision for bonuses	94	10
Provision for business structure improvement	3	-
Provision for loss on liquidation of affiliated companies	45	9
Other	1,985	1,891
Total current liabilities	5,881	12,533
Fixed liabilities		
Long-term debt	8,156	1,804
Other	89	83
Total fixed liabilities	8,245	1,887
Total liabilities	14,126	14,420
Net assets		
Shareholders' equity		
Capital stock	4,756	4,756
Capital surplus	3,937	3,937
Retained earnings	(443)	(1,031)
Treasury stock	(280)	(280)
Total shareholders' equity	7,970	7,381
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	(59)	298
Foreign currency translation adjustments	(8)	408
Total accumulated other comprehensive income	(67)	706
Subscription rights to shares	59	45
Non-controlling interests	148	172
Total net assets	8,109	8,304
Total liabilities and net assets	22,235	22,724

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Nine months ended Mar. 31, 2021	Nine months ended Mar. 31, 2022
	Amount	Amount
Net sales	23,186	25,467
Cost of sales	12,529	13,803
Gross profit	10,657	11,665
Selling, general and administrative expenses	11,280	12,249
Operating income (loss)	(624)	(584)
Non-operating income		
Interest income	2	2
Dividend income	3	3
Income from subsidies	102	21
Equity in gains of affiliates	-	112
Other	50	23
Total non-operating income	157	160
Non-operating expenses		
Interest expenses	49	41
Foreign exchange losses	75	115
Loss on investments in partnership	13	3
Equity in losses of affiliates	193	-
Idle asset expenses	-	42
Other	25	10
Total non-operating expenses	356	212
Ordinary income (loss)	(822)	(635)
Extraordinary income		
Compensation income	-	13
Gain on reversal of share acquisition rights	38	14
Gain on step acquisitions	-	114
Total extraordinary income	38	141
Extraordinary loss		
Impairment loss	174	184
Loss on sale of shares of affiliated companies	173	-
Loss on cancellation of office contract	38	-
Loss on liquidation of affiliated companies	14	-
Provision for loss on liquidation of affiliated companies	55	-
Other	-	2
Total extraordinary loss	453	186

Income (loss) before income taxes	(1,238)	(681)
Total income taxes	146	(75)
Net income (loss)	(1,384)	(606)
Net income (loss) attributable to non-controlling interests	9	14
Net income (loss) attributable to owners of the parent company	(1,392)	(620)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended Mar. 31, 2021	Nine months ended Mar. 31, 2022
	Amount	Amount
Net income (loss)	(1,384)	(606)
Other comprehensive income (loss)		
Net unrealized gain on available-for-sale securities	25	35
Foreign currency translation adjustments	129	427
Share of other comprehensive income of associates accounted for using equity method	-	322
Total other comprehensive income	154	785
Comprehensive income (loss)	(1,230)	179
Comprehensive income (loss) attributable to		
Owners of the parent	(1,246)	153
Non-controlling interests	16	26

(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 214 million yen, cost of sales declined by 25 million yen, and selling, general and administrative expenses decreased by 184 million yen during the nine months ended March 31, 2022. Consequently, operating loss, ordinary loss, and loss before income taxes each increased by 5 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 nine months ended March 31, 2021 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 during the second quarter of this fiscal year 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 (Additional Information) 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)

Nine months ended March 31, 2021 (July 1, 2020 through March 31, 2021)

1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment					Adjustments	Amounts on the consolidated statements of income
	On Platform	*Beauty Service*	*Global*	*Others*	Total	(note 1)	(note 2)
Net sales							
Sales to outside customers	5,130	13,772	3,478	806	23,186	-	23,186
Inter-segment sales and transfers	164	46	43	5	259	(259)	-
Total	5,294	13,818	3,522	811	23,445	(259)	23,186
Segment profit (loss)	980	(290)	(146)	(20)	525	(1,149)	(624)

Notes: 1. Adjustments in Segment profit (loss) in the amount of (1,149) million yen include 13 million yen elimination of inter-segment transactions and (1,162) 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 On Platform segment, impairment losses have been recorded on some asset groups, as the segment's revenue is expected to fall below initial forecasts. Said impairment losses during the first nine months of this fiscal year amount to 71 million yen.

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 nine months of this fiscal year amount to 94 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 nine months of this fiscal year amount to 9 million yen.

(Significant changes in goodwill amounts)

In the On Platform segment, we conducted a review of consolidated subsidiary Eat Smart, Inc.'s progress towards its business targets as well as its earnings forecast. As a result of the review, the full unamortized balance of the goodwill recorded at the time of the Company's acquisition of the shares of Eat Smart, Inc. (42 million yen in total), has been recorded as an impairment loss under extraordinary loss during the first nine months of this fiscal year.

Note that this goodwill impairment is also included in "(Significant impairment losses related to fixed assets)" above.

(Significant gain on negative goodwill)

Not applicable

Nine months ended March 31, 2022 (July 1, 2021 through March 31, 2022)

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)
	On Platform	*Beauty Service*	*Global*	*Others*	Total		
Net sales							
Goods transferred at a point in time	-	15,984	2,932	3	18,919	-	18,919
Goods transferred over time	5,445	-	421	682	6,548	-	6,548
Revenue generated from contracts with customers	5,445	15,984	3,353	685	25,467	-	25,467
Sales to outside customers	5,445	15,984	3,353	685	25,467	-	25,467
Inter-segment sales and transfers	297	11	7	8	323	(323)	-
Total	5,742	15,995	3,360	693	25,790	(323)	25,467
Segment profit (loss)	637	81	(145)	18	592	(1,176)	(584)

Notes: 1. Adjustments in Segment profit (loss) in the amount of (1,176) million yen include 2 million yen elimination of inter-segment transactions and (1,178) 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 nine months of this fiscal year amount to 126 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 nine months 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.

(Significant gain on negative goodwill)

Not applicable