

Presentation Materials for the 2nd Quarter of FY2023

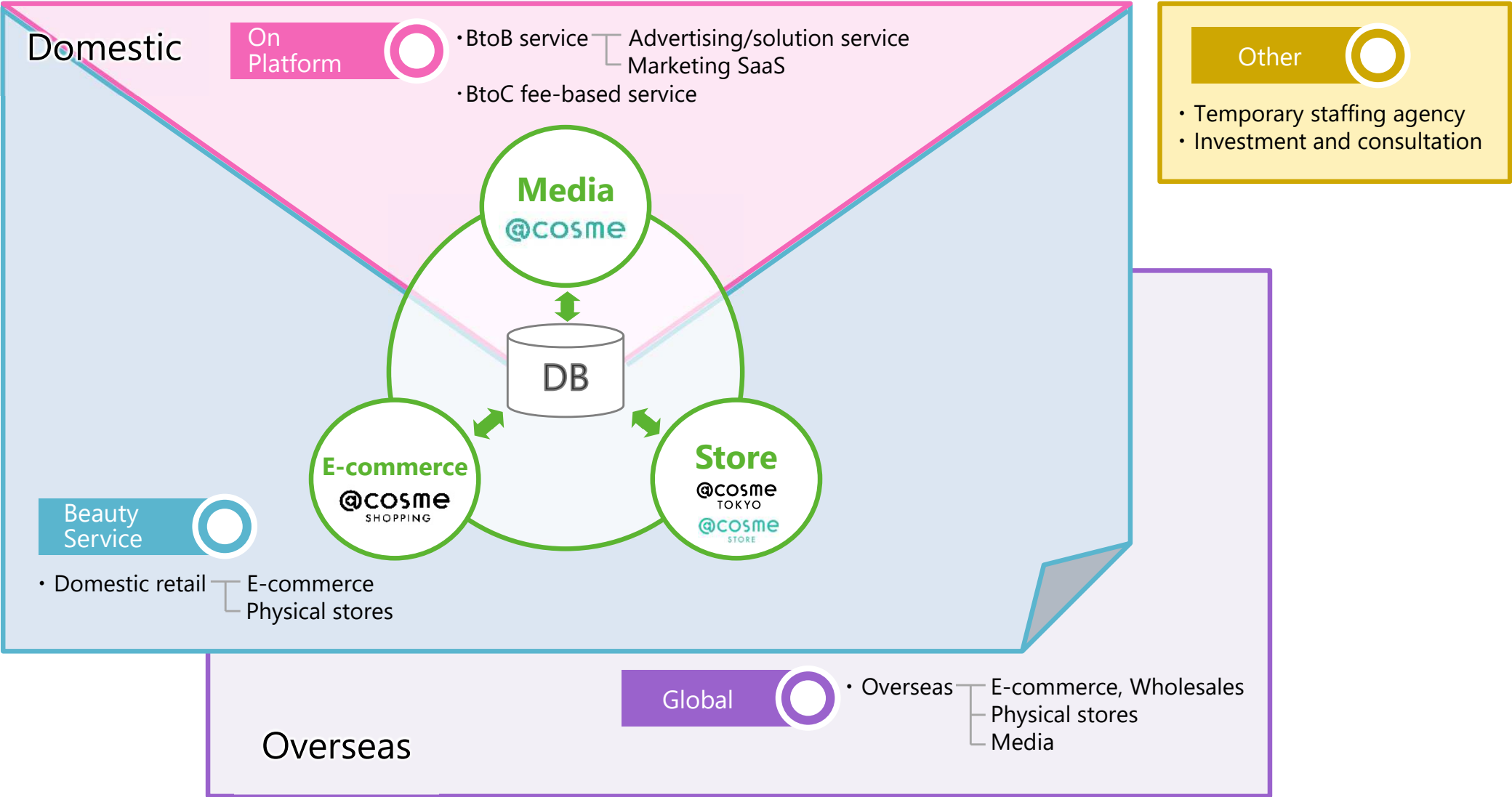


Feb. 13. 2023

istyle Inc.

Stock code: 3660

【Reference】Business segment



Overview of Financial Results for the 2nd Quarter of FY2023



H1 sales reached 20.4 billion yen, a record high for a half-year and +19% YoY. Operating income improved by 0.9 billion yen YoY to a positive 250 million yen in H1.

On Platform

Net sales grew by +7% YoY and **operating income increased by 350 million yen YoY** due to the growth of BtoB services including sales promotion, while the market environment is still in the process of recovery.

Beauty Service

Net sales of stores continued to drive performance, **up 40% YoY**, while **EC achieved +13% YoY thanks to the success of @cosme BEAUTY DAY**. As a result, operating income improved by **490 million yen YoY**, and the segment **was profitable**.

Global

Net sales declined slightly YoY due to the impact of the infection spread in China but **posted a profit** due to improved profitability.

H1 Totals / Highlights

Consolidated Results



Beauty Service (stores and EC) drove sales, and increased sales led to a 900 million yen improvement to post a profit.

| | | | | | | | |
|-----------|---|---------------|-------------|-----|---|--------------|-------------|
| Net sales | : | 20,358 | Million yen | YoY | : | 119.0 | % |
| OP | : | 254 | Million yen | YoY | : | +886 | Million yen |

On Platform



Increased sales and profit due to increased brand campaigns including sales promotions integrating online and offline activities.

| | | | | | | | |
|-----------|---|--------------|-------------|-----|---|--------------|---|
| Net sales | : | 3,979 | Million yen | YoY | : | 107.4 | % |
| OP | : | 727 | Million yen | YoY | : | 190.4 | % |

Beauty Service



Achieved double-digit YoY growth with store sales of 40% and EC sales of 13%. Increased sales in stores contributed significantly to profit increase.

| | | | | | | | |
|-----------|---|---------------|-------------|-----|---|--------------|-------------|
| Net sales | : | 13,520 | Million yen | YoY | : | 128.1 | % |
| OP | : | 379 | Million yen | YoY | : | +490 | Million yen |

Global



Net sales declined slightly due to the spread of COVID in China but **was profitable due to an improved profit structure.**

| | | | | | | | |
|-----------|---|--------------|-------------|-----|---|-------------|-------------|
| Net sales | : | 2,201 | Million yen | YoY | : | 92.3 | % |
| OP | : | 10 | Million yen | YoY | : | +82 | Million yen |

Other



Increased sales due to increased number of staff in operation in the Temporary Staffing business.

| | | | | | | | |
|-----------|---|------------|-------------|-----|---|--------------|-------------|
| Net sales | : | 658 | Million yen | YoY | : | 141.9 | % |
| OP | : | 4 | Million yen | YoY | : | -12 | Million yen |

* Sales and profit figures are expressed in units of millions of yen(rounded)

H1 Totals / Overview of operating results (Progress to our target)

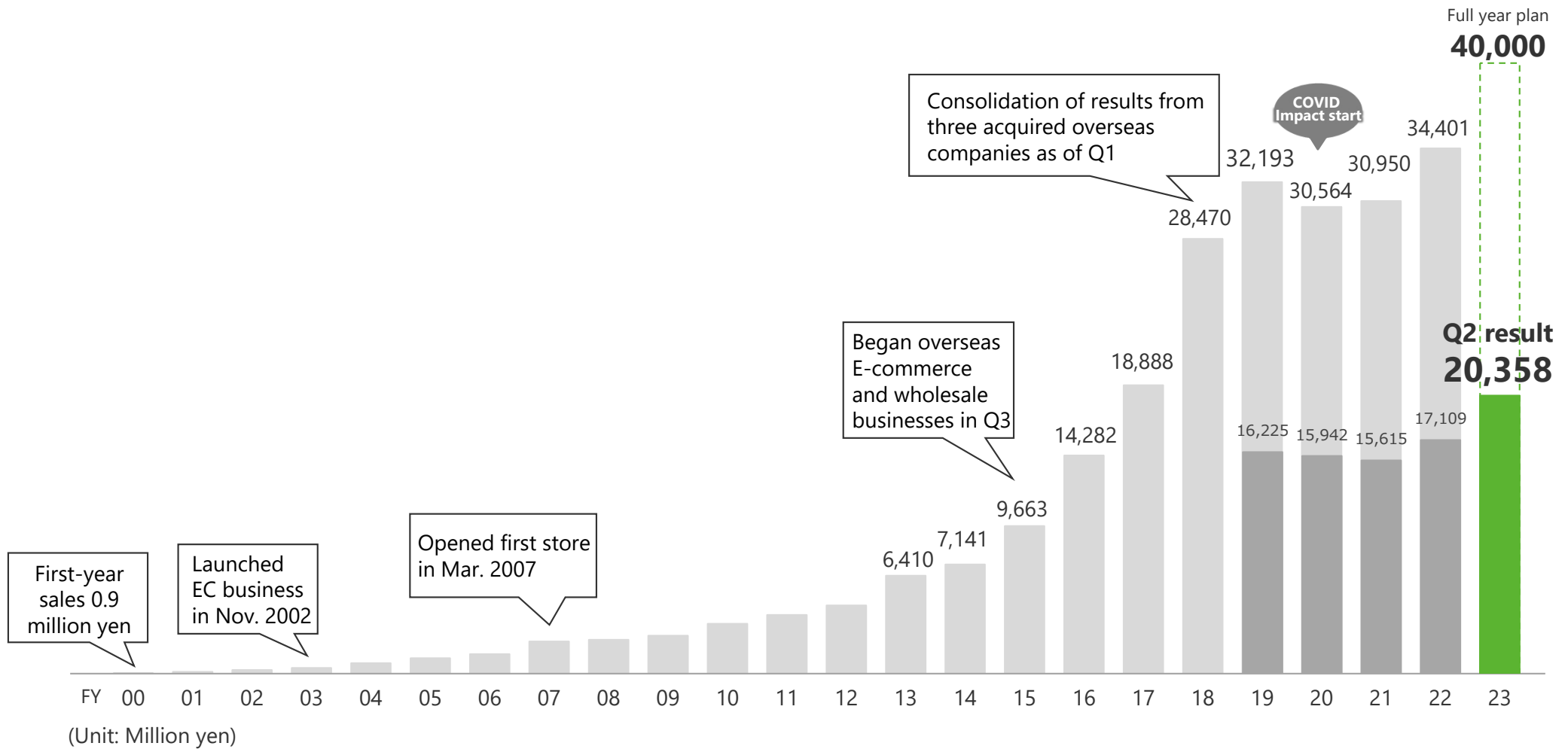
- Sales and profit both in line with internal plans.

| (Unit Million yen) | Q2/FY23 (Jul.-Dec.) | FY23 plan * | % of Target | Q2/FY22 (Jul.-Dec.) | YoY |
|---|--------------------------------|--------------------|--------------------|------------------------|--------|
| Net sales | 20,358 | 40,000 | 50.9% | 17,109 | 119.0% |
| Gross point | 9,232 | - | - | 7,827 | 118.0% |
| SG&A | 8,978 | - | - | 8,459 | 106.1% |
| Operating income | 254 | 500 | 50.7% | -633 | +886 |
| Ordinary Income | 18 | 170 | 10.5% | -693 | +711 |
| Net income attributable to owners of the parent company | -36 | 30 | - | -603 | +567 |

* Business alliances with Amazon.com, Inc. and Mitsui & Co., Ltd. and the acquisition of Tokyo Komachi's business announced on August 15, 2022 are not included in this plan.

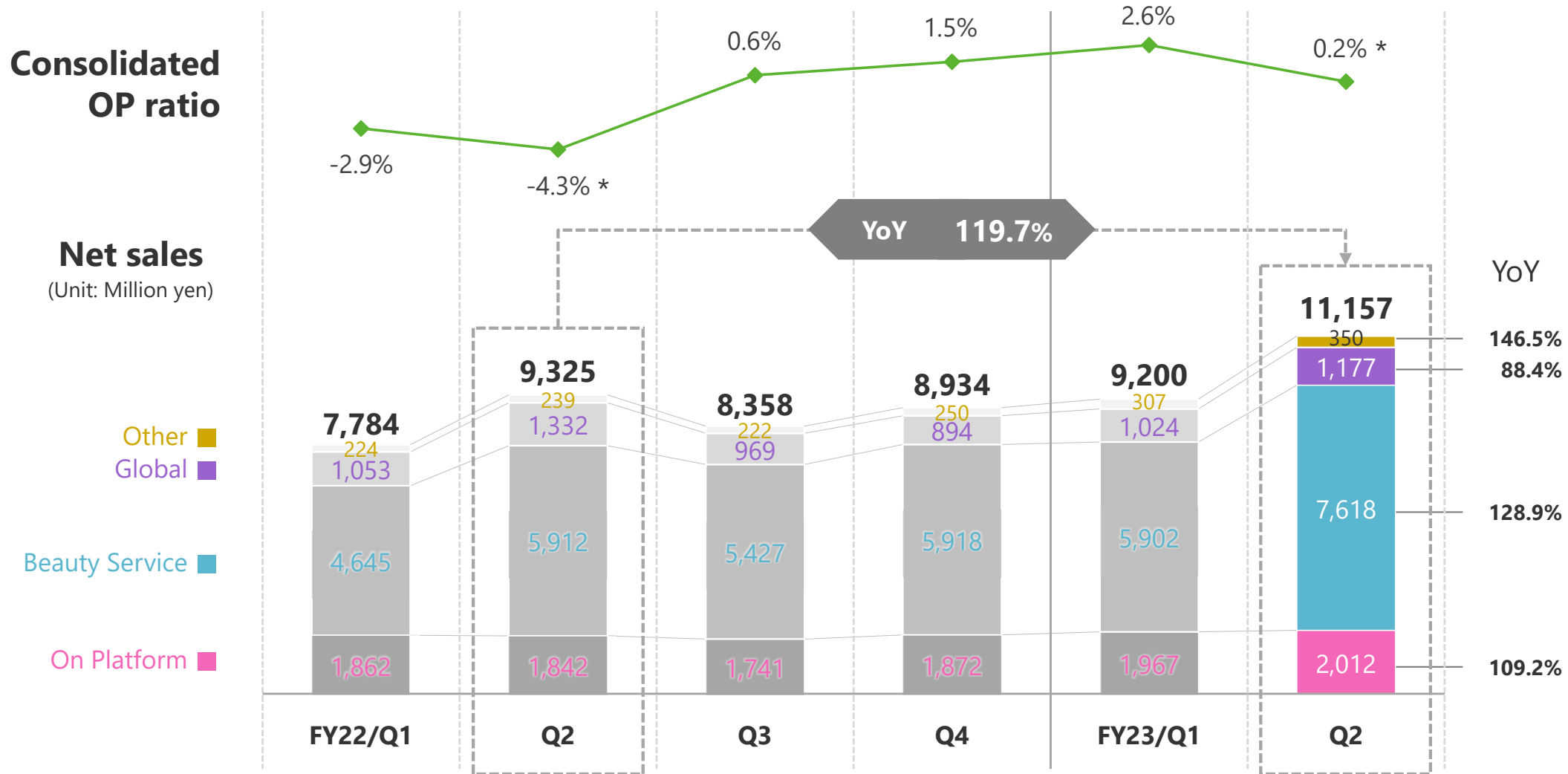
Trend in net sales (Yearly)

- **Record half-year sales** exceeding pre-COVID levels.



Trends in segment sales (Quarterly)

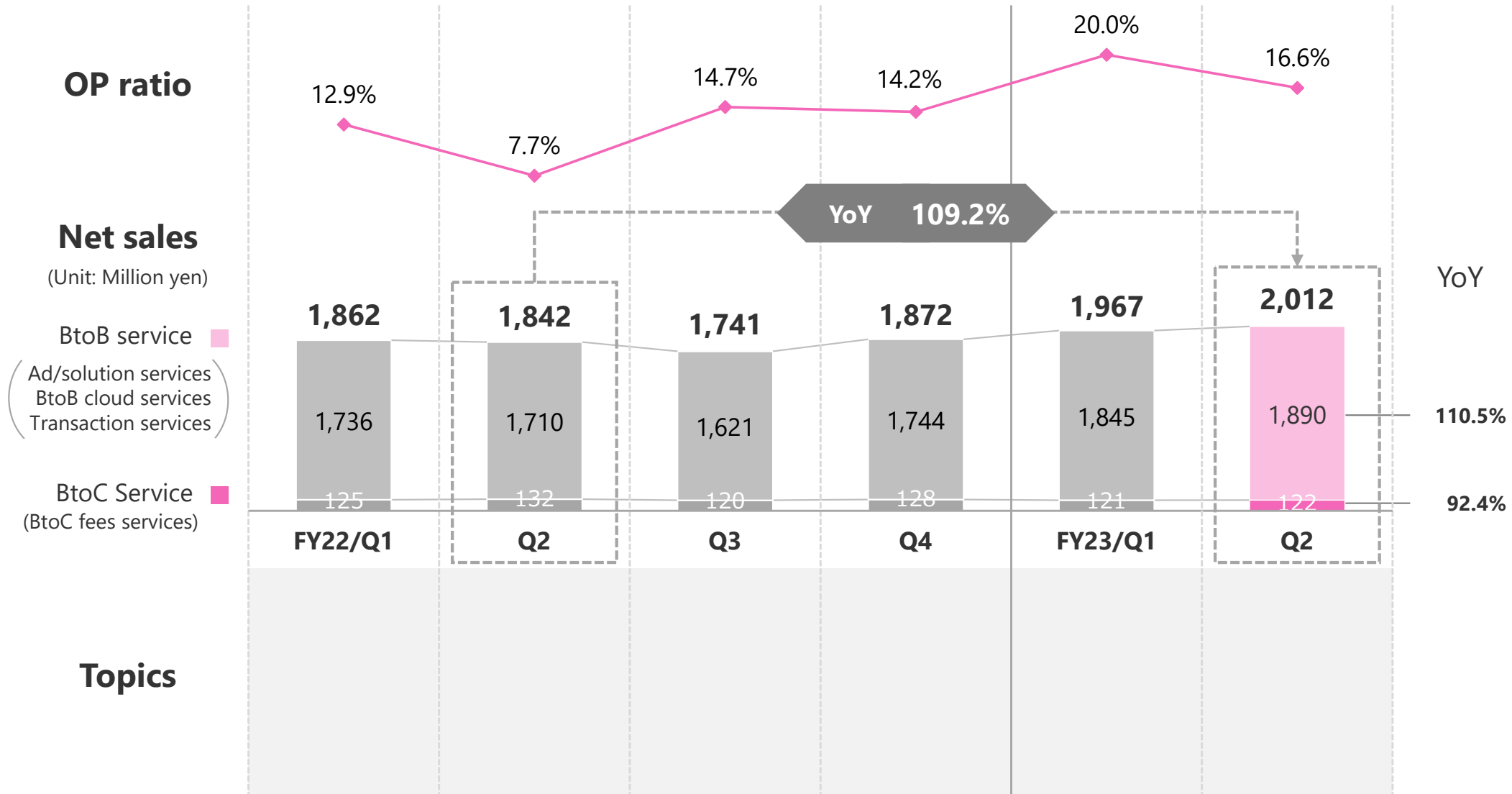
- Despite promotional expenses associated with EC special event in Q2, **the company was profitable due to increased sales in stores and EC.**



* OP ratio excluding the impact of @cosme BEAUTY DAY promotional expenses Q2 FY22: -1.8% / Q2 FY23: 1.7%

Trends in segment sales (Quarterly)

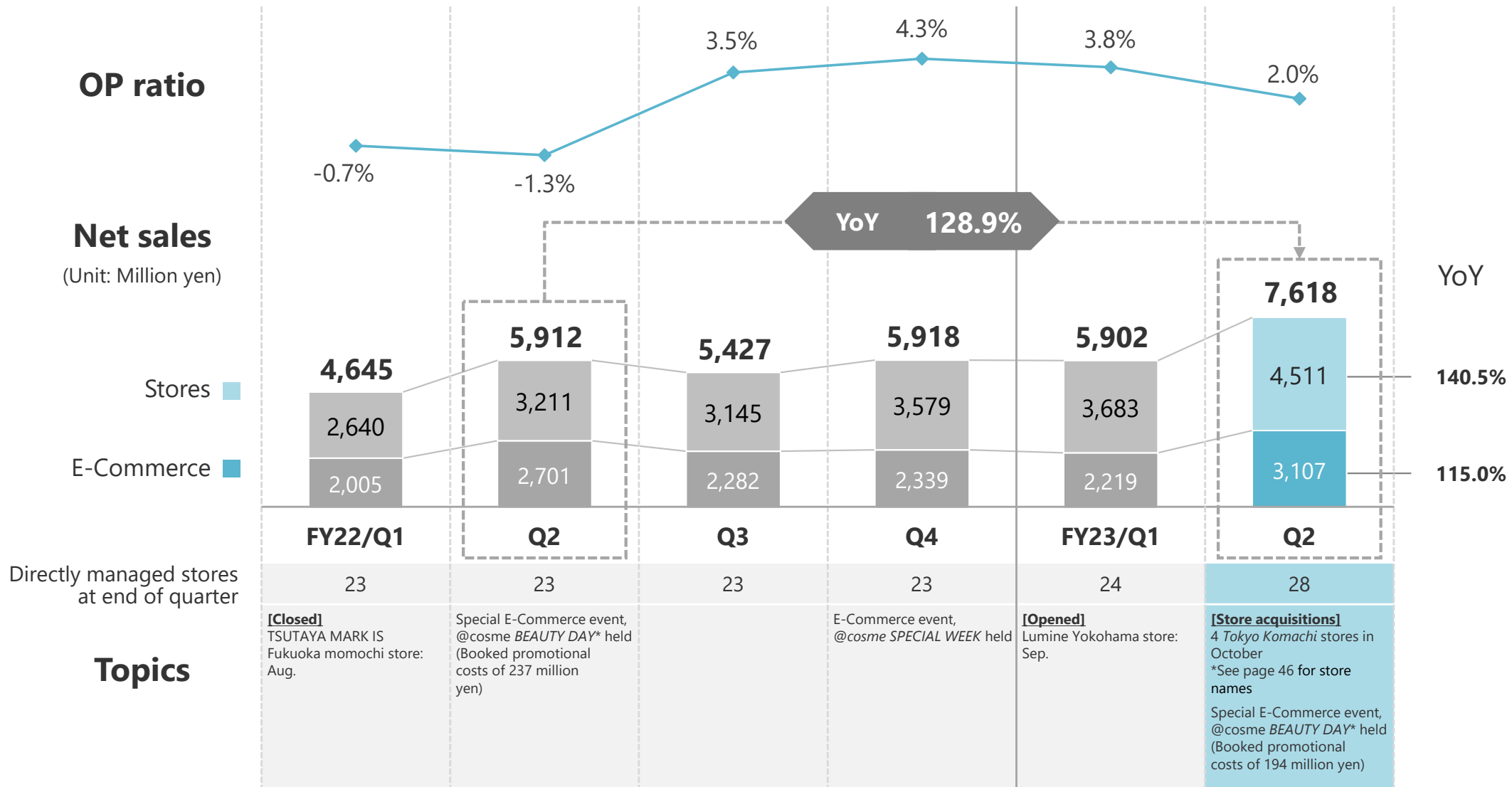
- Net Sales: **Double-digit YoY growth in BtoB** driven by brand campaigns including sales promotions, driving the top line.
- OP ratio: Slight decrease QoQ due to one-time software amortization expenses.





Trends in segment sales (Quarterly)

- Net Sales: Significant growth due to **store sales growth**, consolidation of *Tokyo Komachi*, and **EC special event, @cosme BEAUTY DAY**.
- OP ratio: **Q2 profitable** navigating promotional expenses for EC special event.

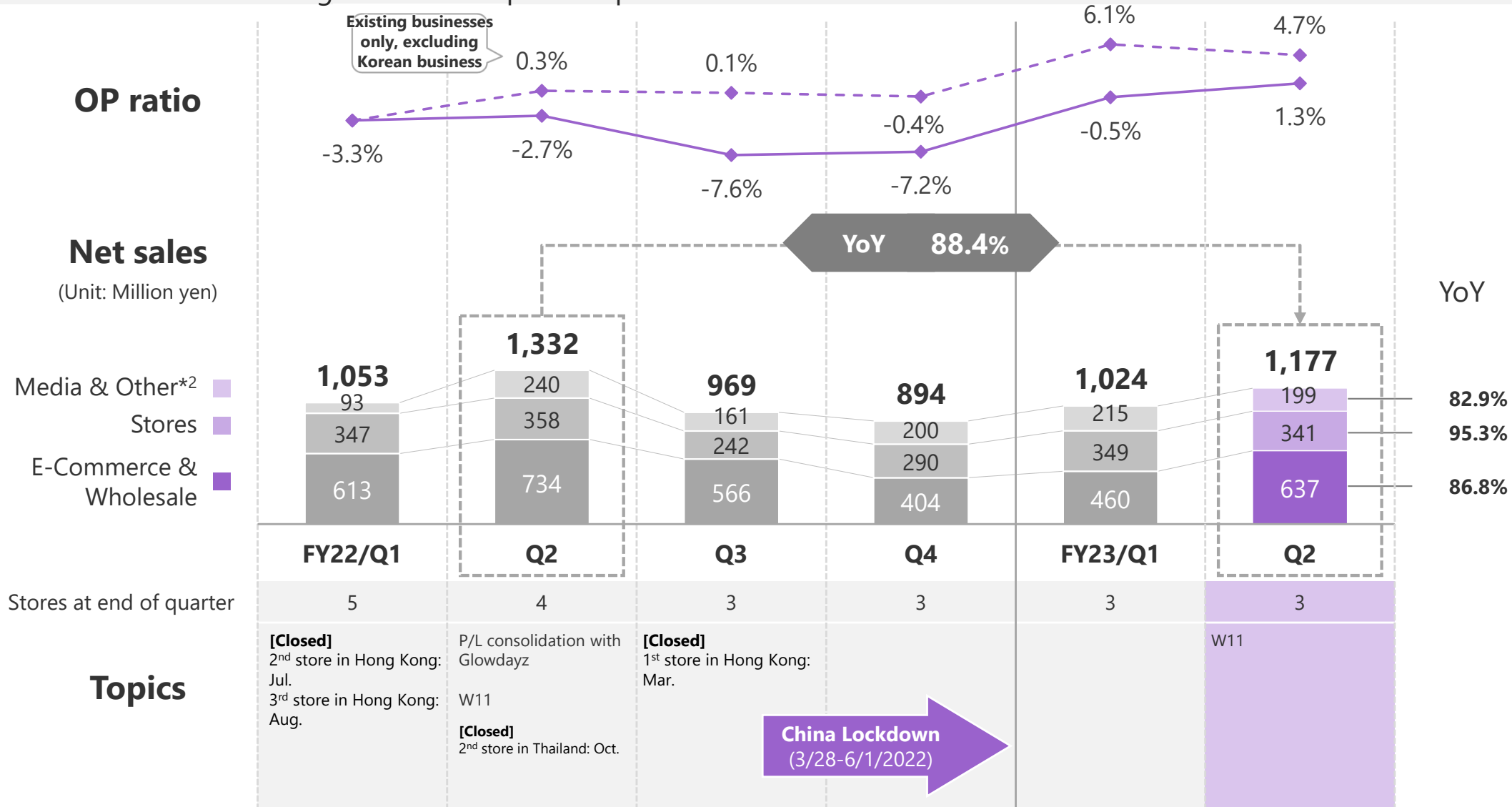


* A special E-commerce event for three days only.



Trends in segment sales (Quarterly)

- Net Sales: Increased QoQ sales due in part to W11*1, despite YoY sales decline in EC and wholesale in China's cross-border EC market, which remain in a challenging environment.
- OP ratio: **Profitable** through continuous profit improvement.



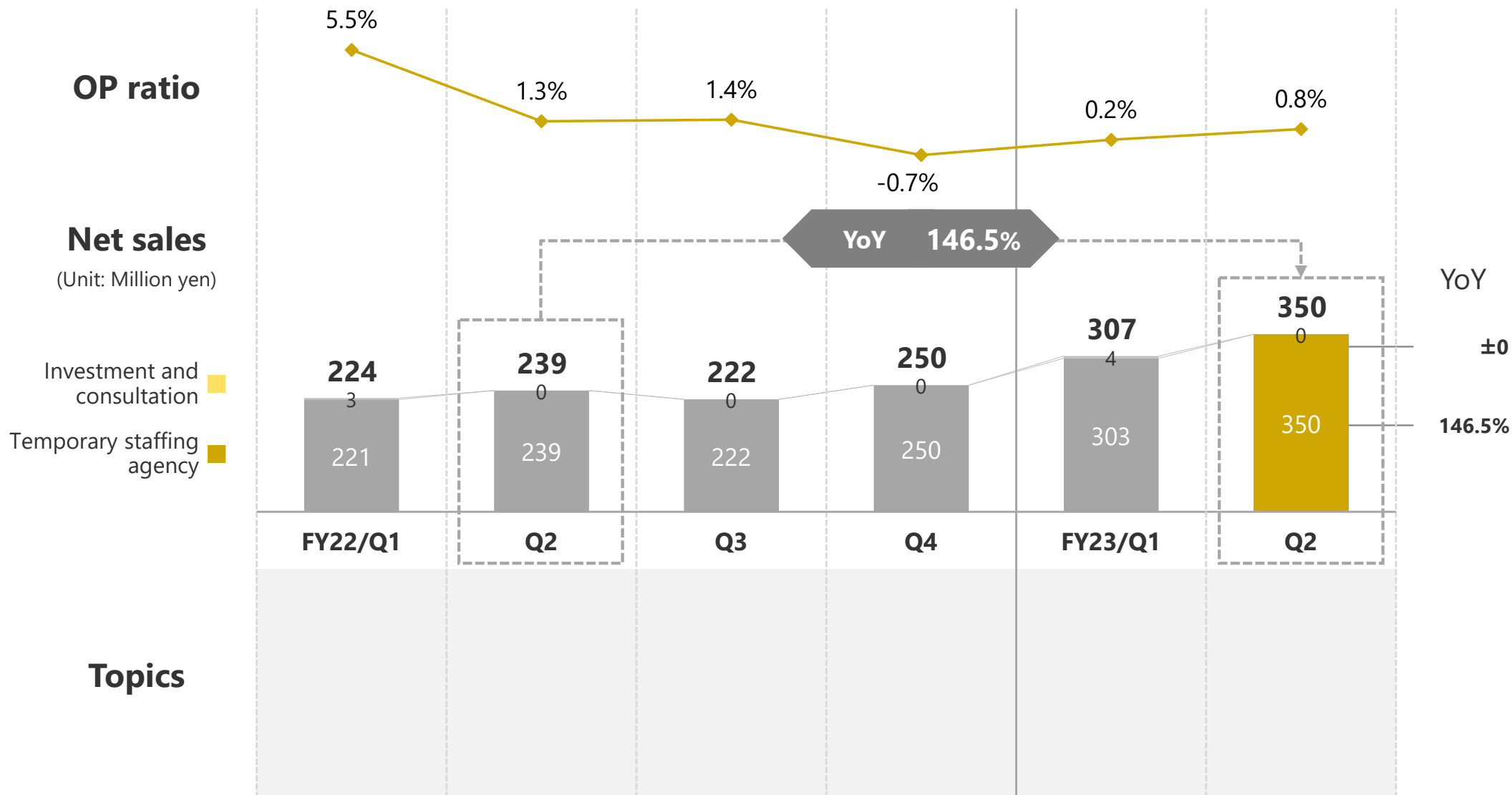
*1 A major E-Commerce sale held on November 11 in China (Singles day)

*2 P/L consolidation with Glowdayz(Korea) from FY22.Q2



Trends in segment sales (Quarterly)

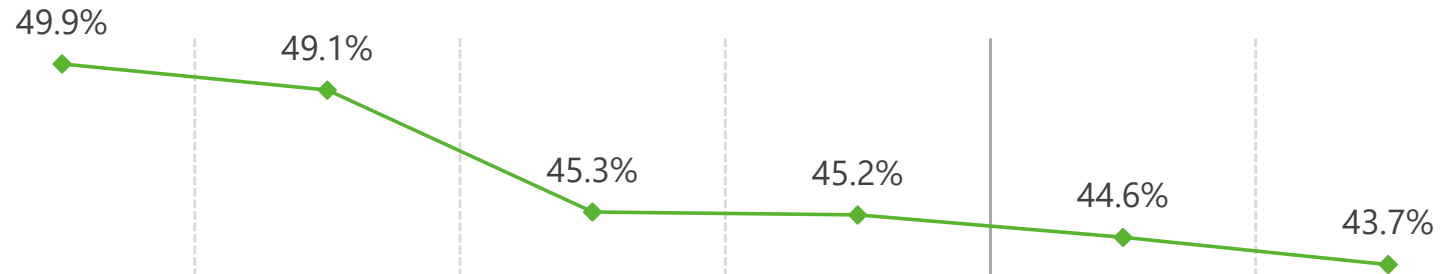
- **Increased sales** as the Temporary Staffing business grew due to a continued increase in the number of staff in operation and a gradual recovery in the market, and the segment was profitable.



Trends in SG&A expenses (Quarterly)

- Despite the increase in personnel, systems, and other expenses QoQ*1, the SG&A to net sales ratio remained flat due to sales growth.

SG&A ratio



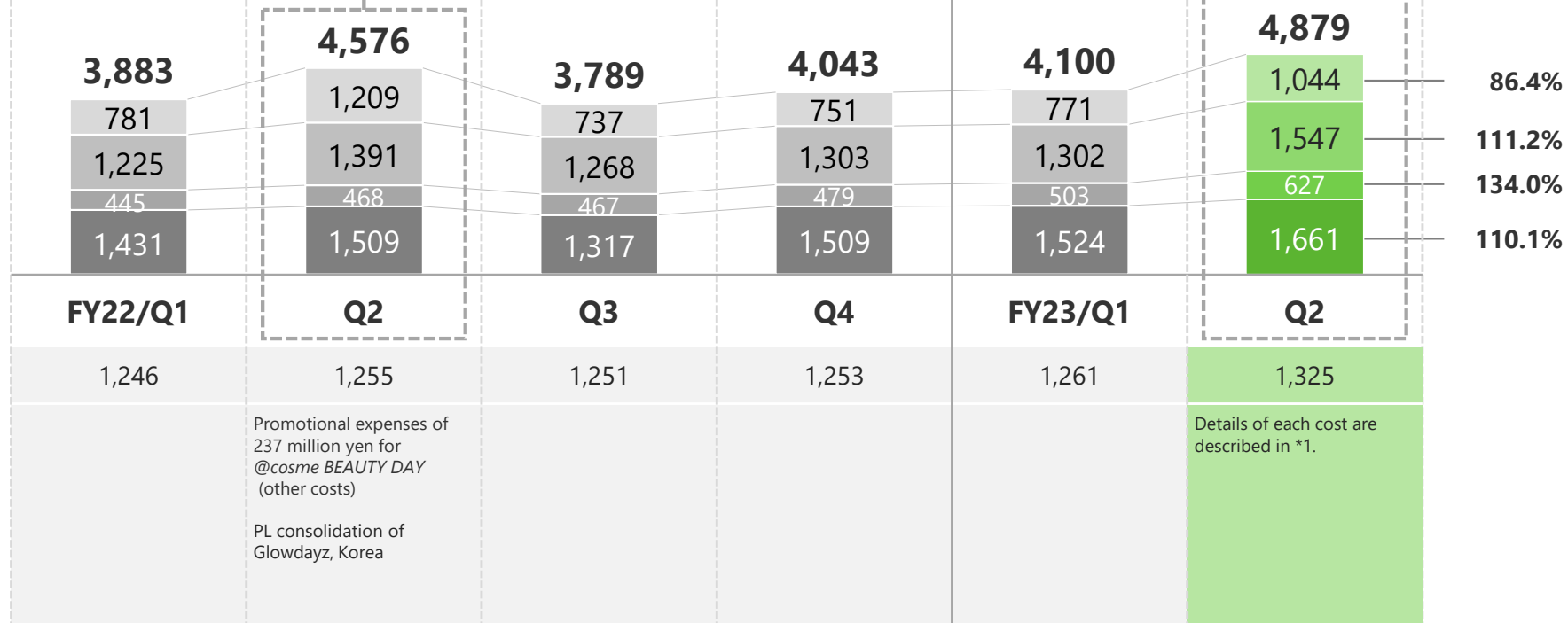
SG&A

(Unit: Million yen)

YoY 106.6%

YoY

- Other costs
- Merchandising-related cost*2
- System-related cost
- Personnel-related cost

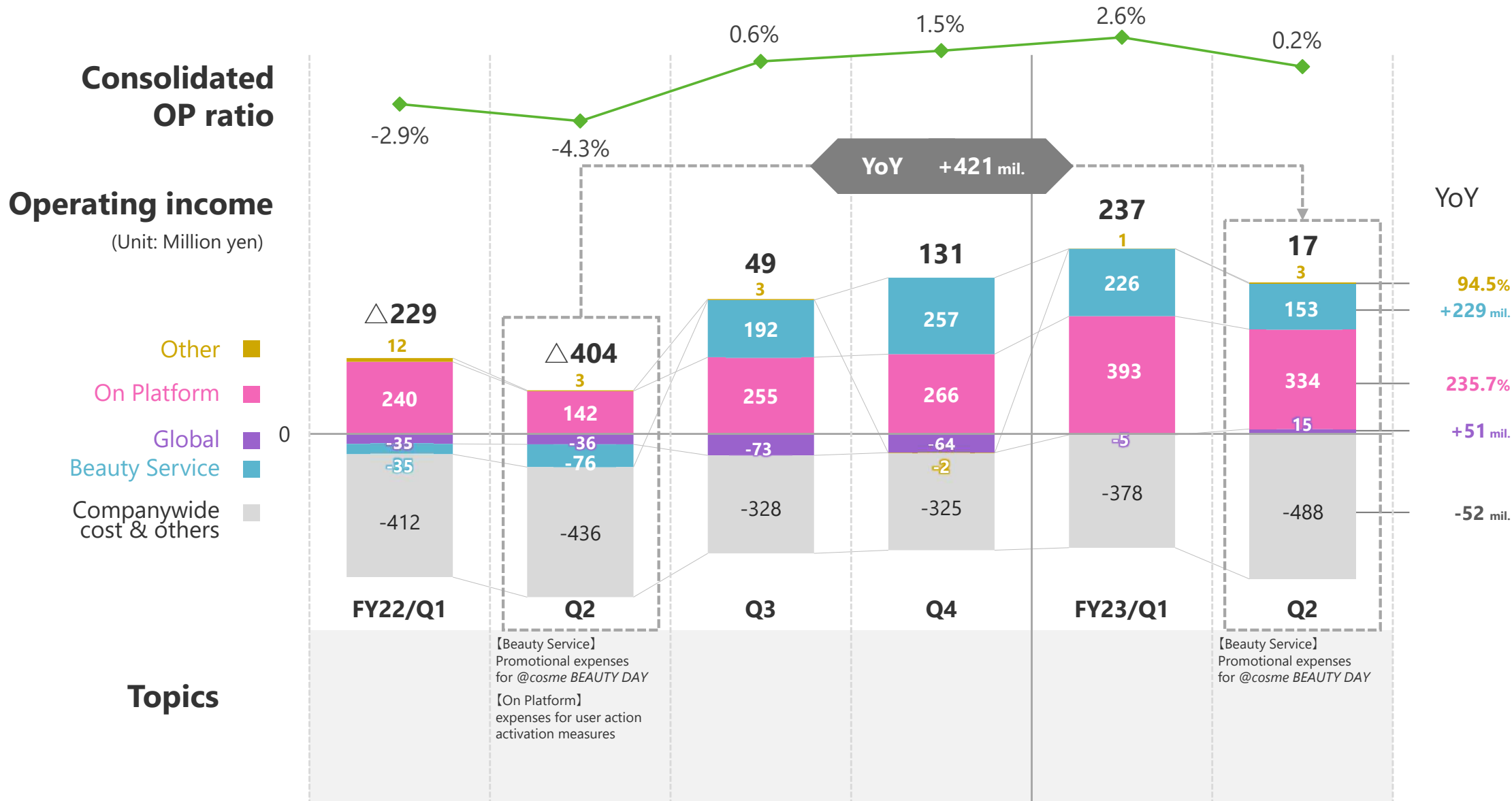


*1 Personnel-related: stock compensation expense of 104 million yen / System-related: one-time software amortization in On Platform business of 96 million yen / Other: promotional expenses for @cosme BEAUTY DAY of 194 million yen.

*2 Total cost linked to the amount of sales in E-Commerce and store business, such as delivery fee or rent fee

Trends in operating income by segment (Quarterly)

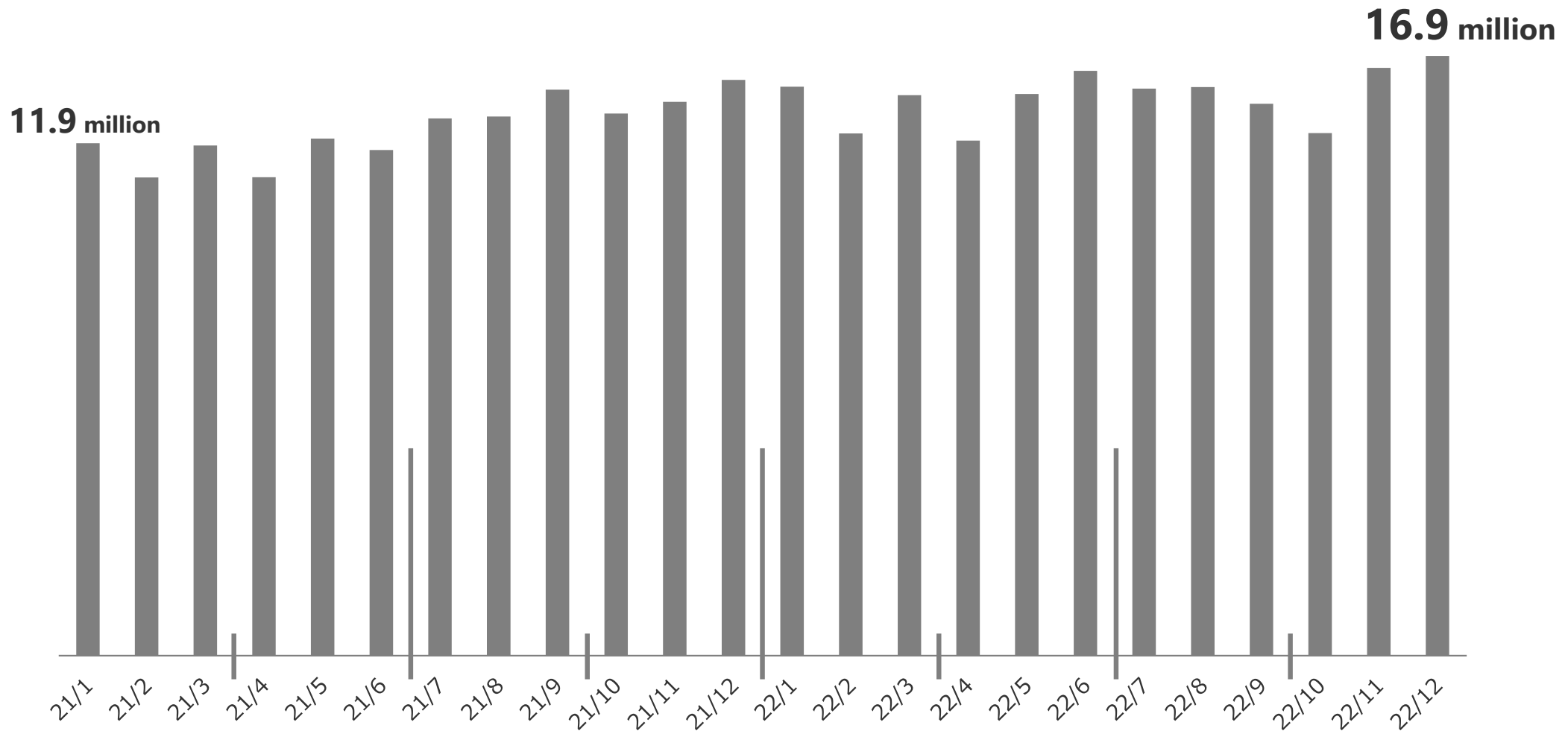
- Despite promotional expenses for EC special event, consolidated and all segments were profitable.



○ Status of Operating Services

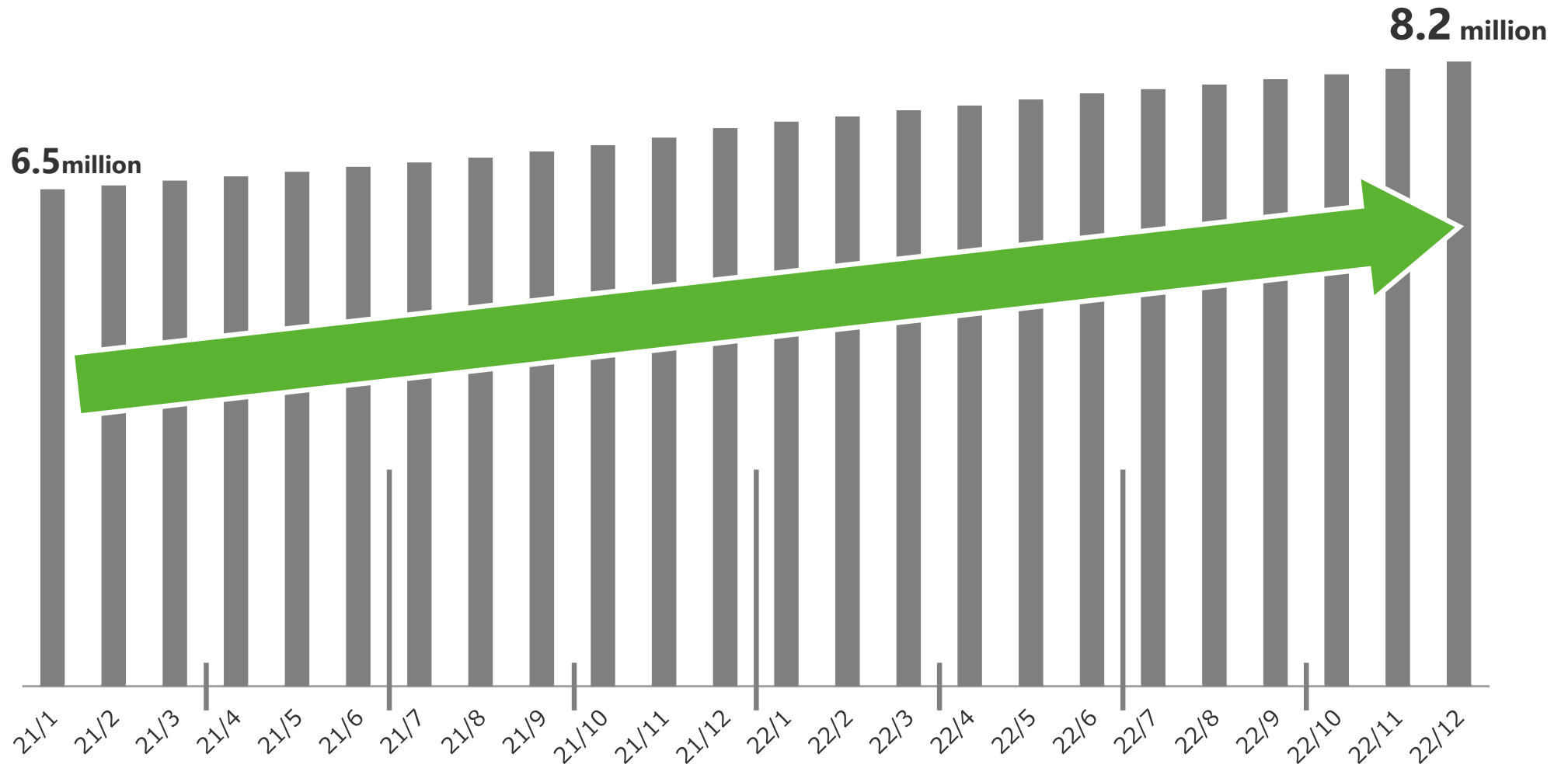
Trend in number of @cosme's monthly unique users

- EC special event contributed to record high levels.



Trend in number of @cosme's members*

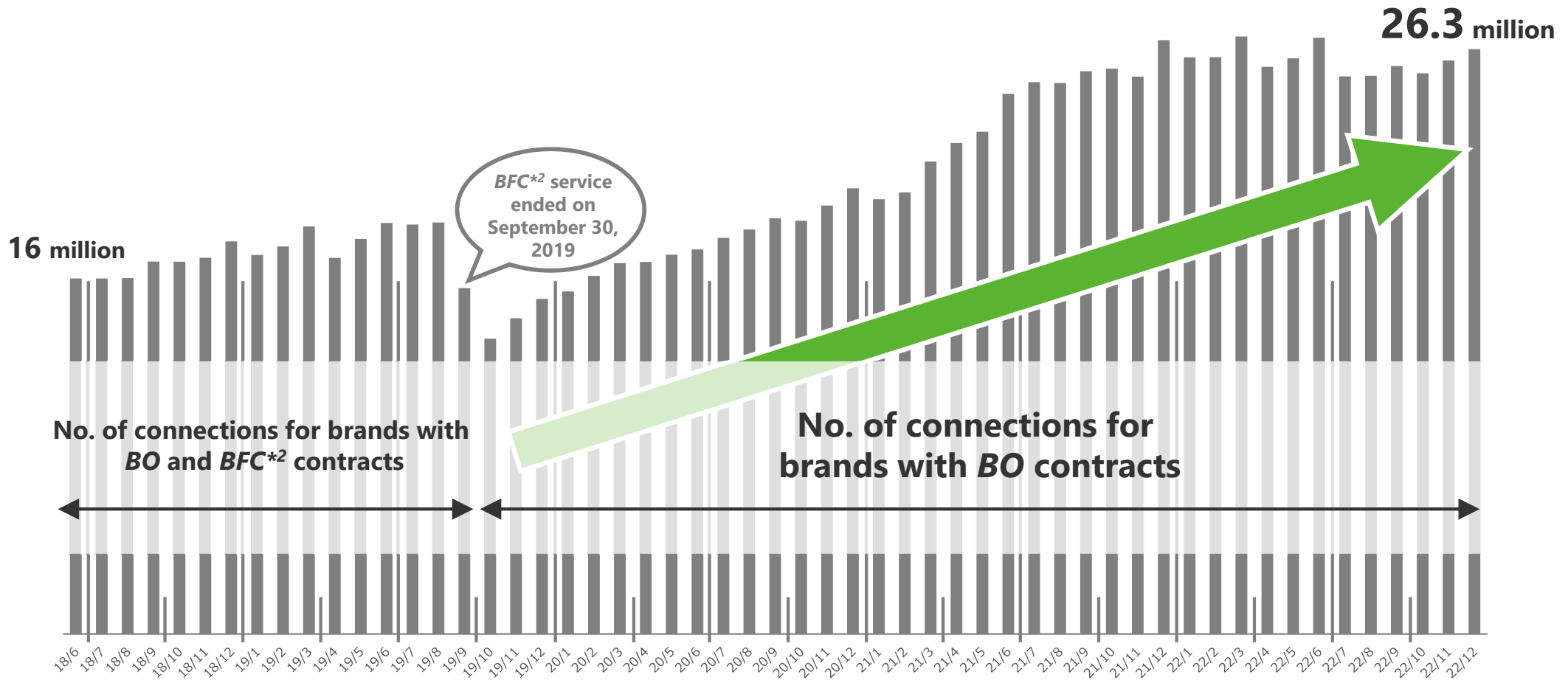
- Membership continues to trend up



* Number of members registered as users on @cosme, which is different from paid members such as premium members.

Trends in "connections," a marketing support service KPI*1

- We expect this KPI to contribute to performance over the medium to long term and will continue to focus on it as a growth driver.



*1 Total for actions by users towards contracting brands or brand products (if there are multiple follows, likes, and hases towards the same brand, it is counted as one connection)

*2 Brand Official's predecessor, Brand Fan Club service.



Review of H1, FY2023 (July-December 2022)

Good

Capital and Business Alliances with Amazon and Mitsui & Co. Entering the next stage of growth.

Achieved **record consolidated net sales for a half-year** although the alliances are yet to contribute to company's performance.

- **Beauty Service business** drove sales.
 - **Record top line for both stores and EC** due to return of traffic and *@cosme BEAUTY DAY*.
 - **Profitable H1** navigating promotional expenses.
 - **Large flagship store profitable for the first time** in Q2.
- **On Platform business recorded highest sales for a half-year**, thanks to BtoB services including sales promotion due to the growth of **retail sales. Operating income also increased by 90%**.
- **Global business** also profitable due to improved profitability despite sales decline.

As a result, **all segments turned profitable, operating income improved by 0.9 billion yen YoY and the company was profitable.**

Bad

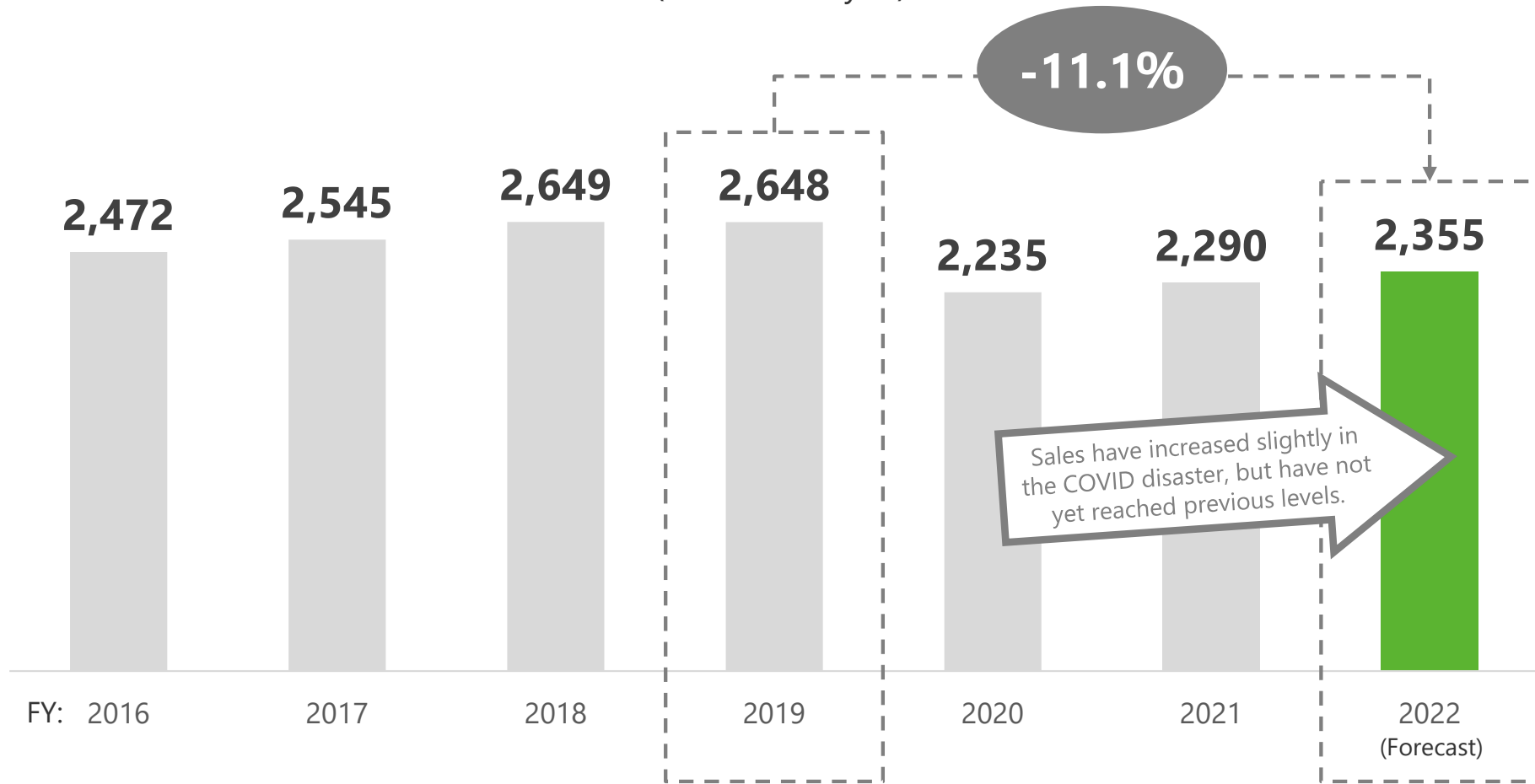
Domestic cosmetics market = **Recovery of business confidence in cosmetics brands slower than expected.**

Trends in the Domestic Market (1/3) / Cosmetics Market Trends

- Despite steady recovery, **cosmetics market remains at 89% of pre-COVID levels.**

Japanese Cosmetics Market

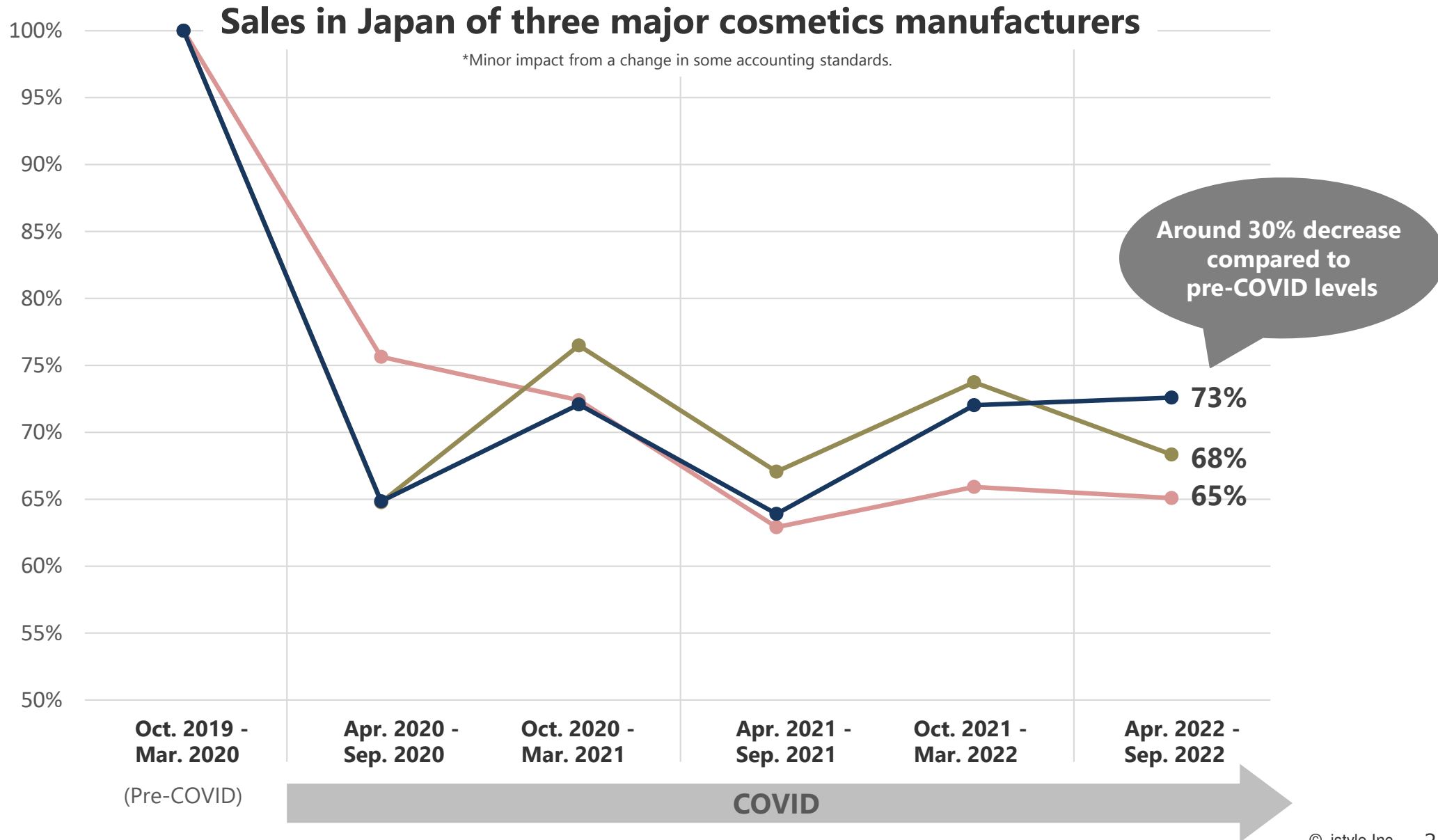
(Unit: Billion yen)



* Source: *Survey on Cosmetics Market (2022)* by Yano Research Institute Ltd.

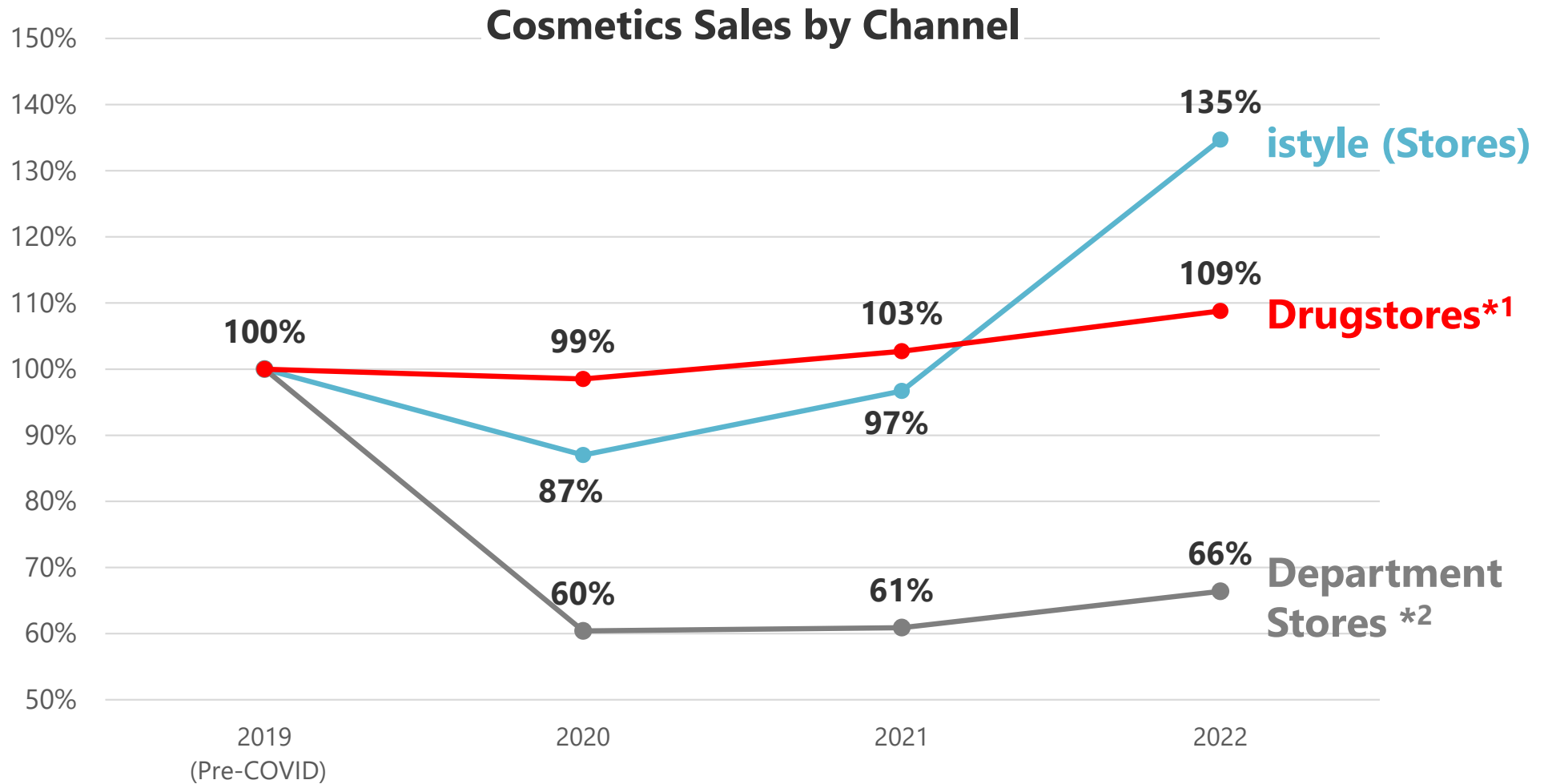
Trends in the Domestic Market (2/3) / Major Cosmetics Manufacturers

- Domestic sales of the three major listed cosmetics companies also gradually recovering, but not on par with pre-COVID levels.



Trends in the Domestic Market (3/3) / vs. Other Channels (Department Stores / Drugstores)

- **Significant growth** compared to other strong offline channels, **attracting customers through brand campaigns**.

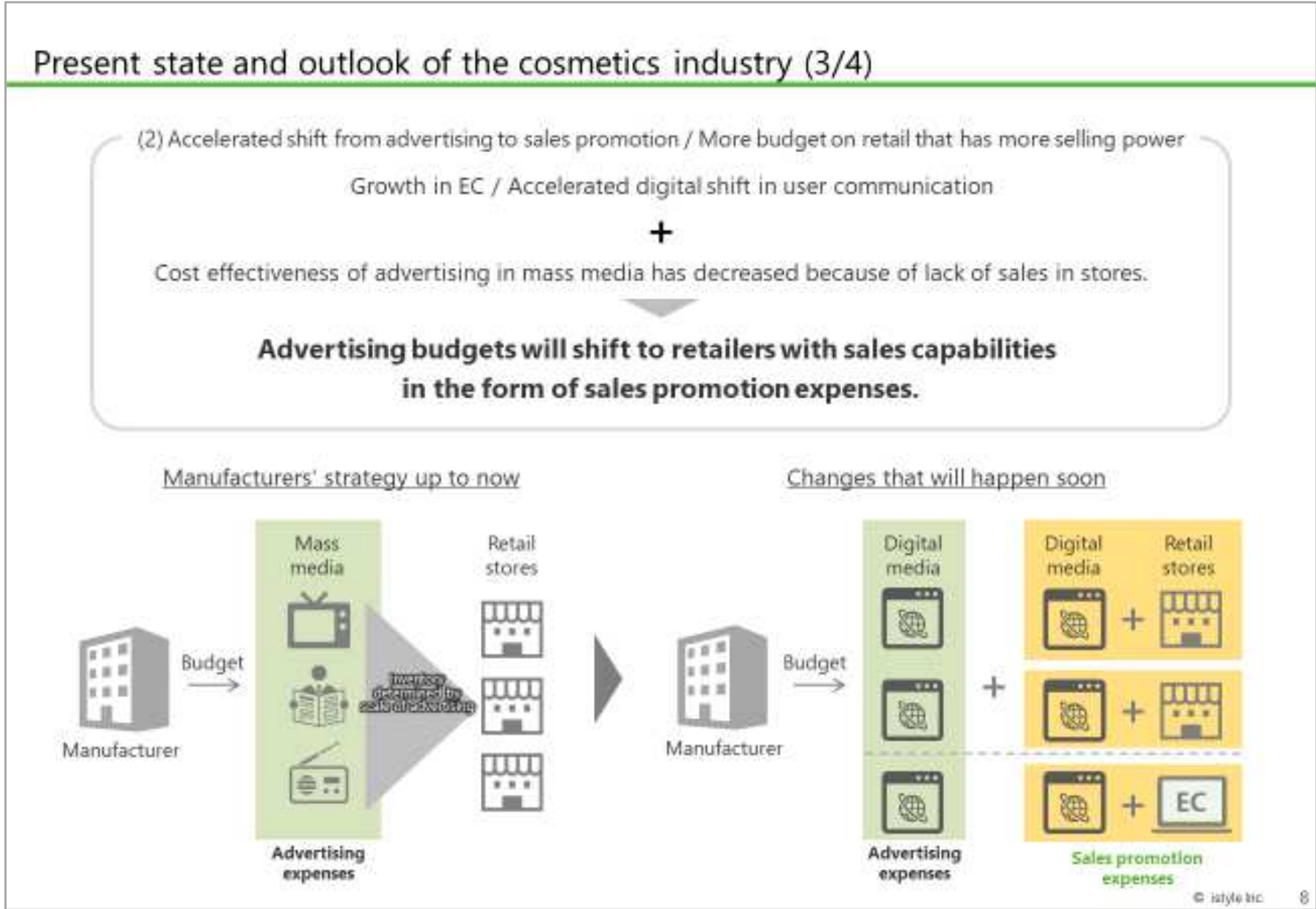


*1 Total sales of cosmetics at four listed companies operating drugstores.

*2 Source: *Recent Sales of Department Stores, Table 2, Sales by Product* (updated 2023/01/27), by Japan Department Stores Association.

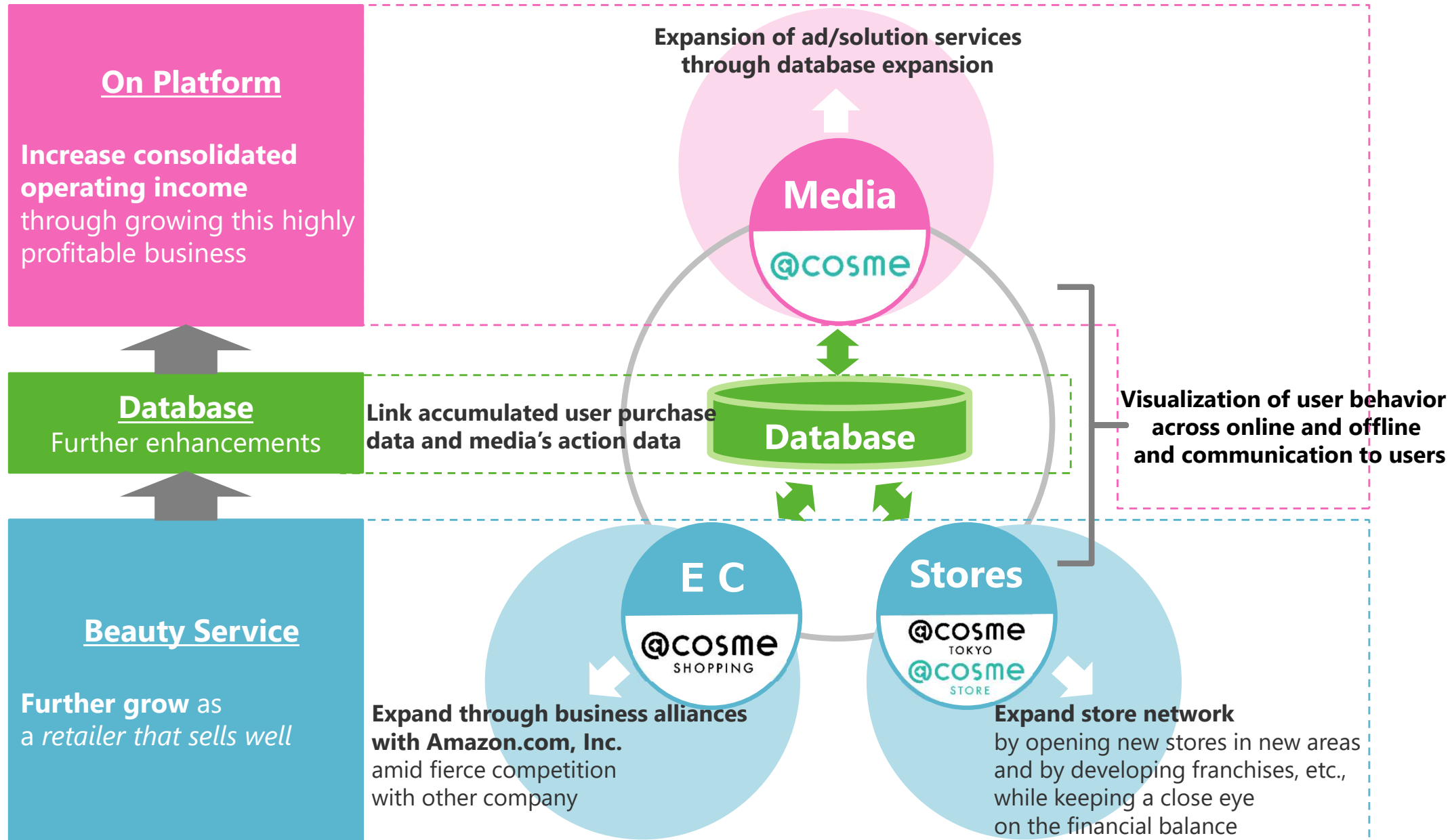
Brand promotion budgets shift from advertising to sales promotion

- In the cosmetics industry, a shift in marketing budgets from advertising to sales promotion is occurring.



Targeted direction

- Aim to increase both sales and operating income by linking the growth of Beauty Service business to the growth of On Platform business.



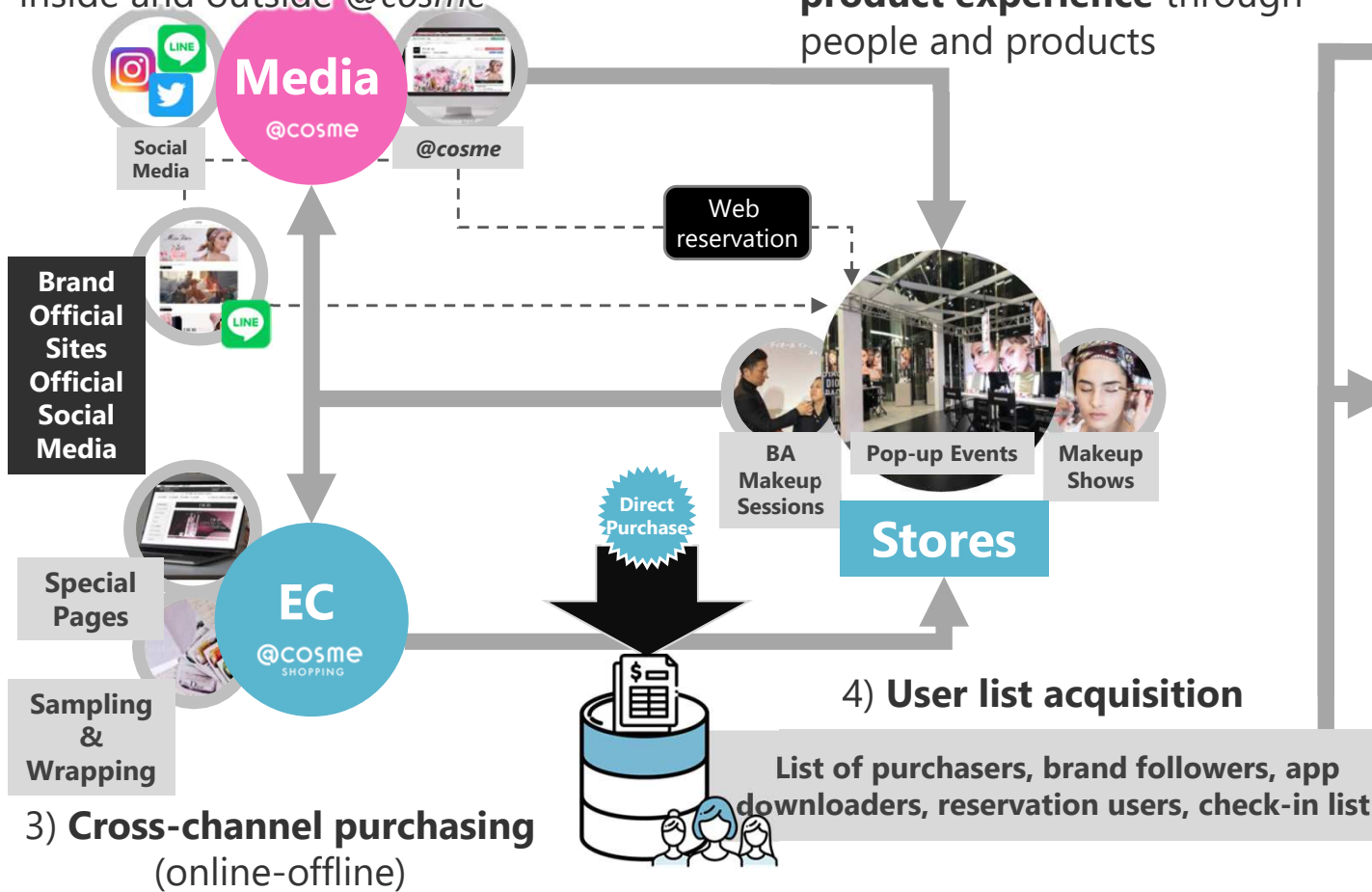
Brand Campaigns including Sales Promotion Integrating Online and Offline Activities

Pre- to During Campaigns

Post-Campaigns

1) **Engaging content** from inside and outside @cosme

2) **Brand experience / product experience** through people and products



Example of communication targets

- Not yet purchased after losing pre-order lottery
- Reserved but did not participate, not yet purchased
- Participated, experienced but not yet purchased
- Participated, taken action but not yet purchased
- Participated and purchased
- Participated, purchased and reviewed

Brand Official Sites

EC
@cosme SHOPPING

Stores
@cosme TOKYO

Indirect Purchase

5) **Targeted communication approach** based on the list

Brand and user engagement enabled by integrated data management on the platform

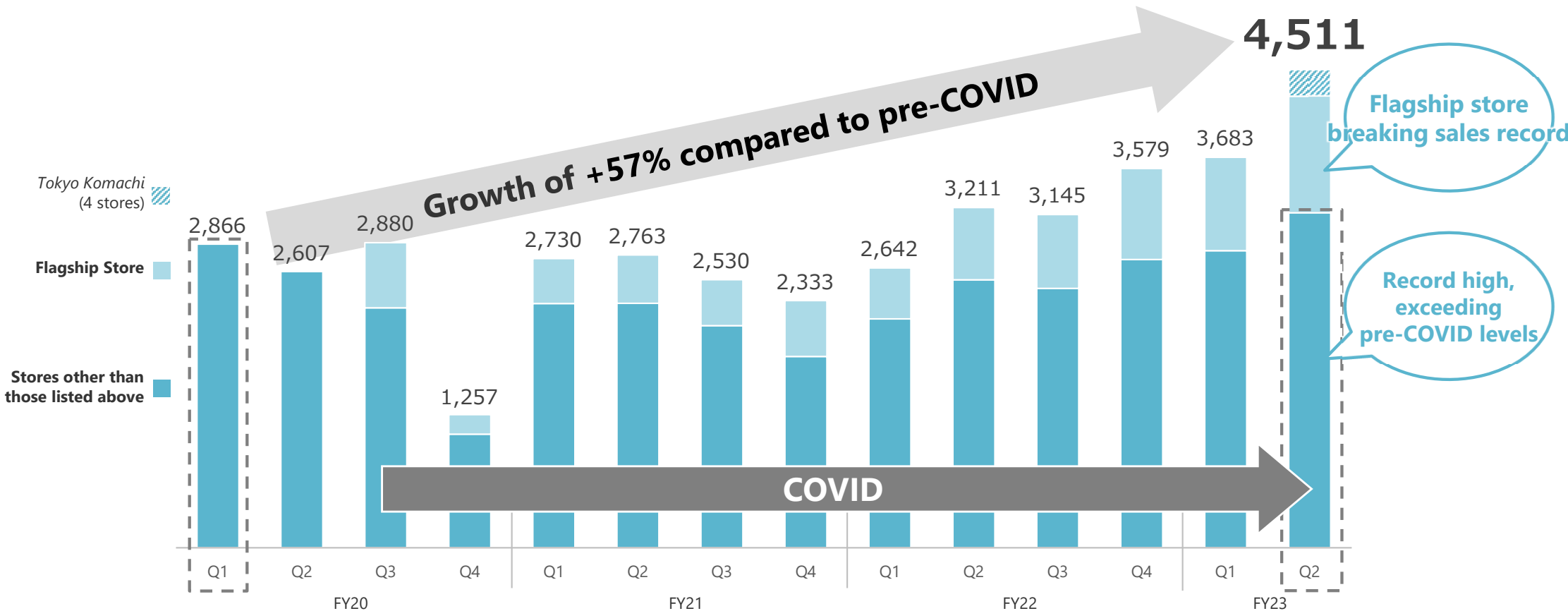


Stores: Record Sales, from Recovery to Growth

- **Record sales at both existing stores and large flagship store since pre-COVID.** Market share further expanded, partly due to contribution of *Tokyo Komachi* stores.

Store Sales

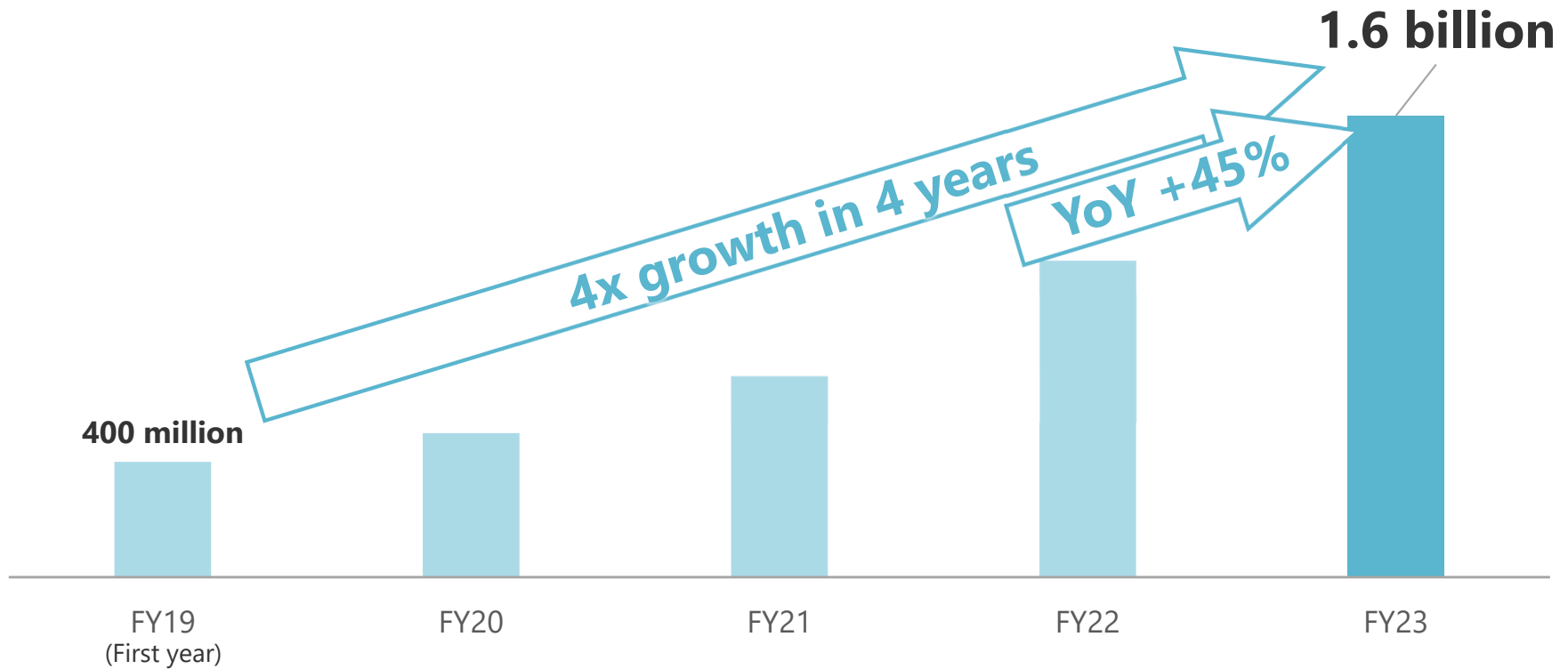
(Unit: Million yen)





- Significant growth of **+45% compared to last year** and **4 times compared to FY19**, the first year of the project.
- Accelerated retail growth through event as online shift and e-commerce demand moderates.

@cosme BEAUTY DAY GMV* (including stores)



* Sales are calculated by subtracting the amount for points issued from the total GMV, for accounting purposes.

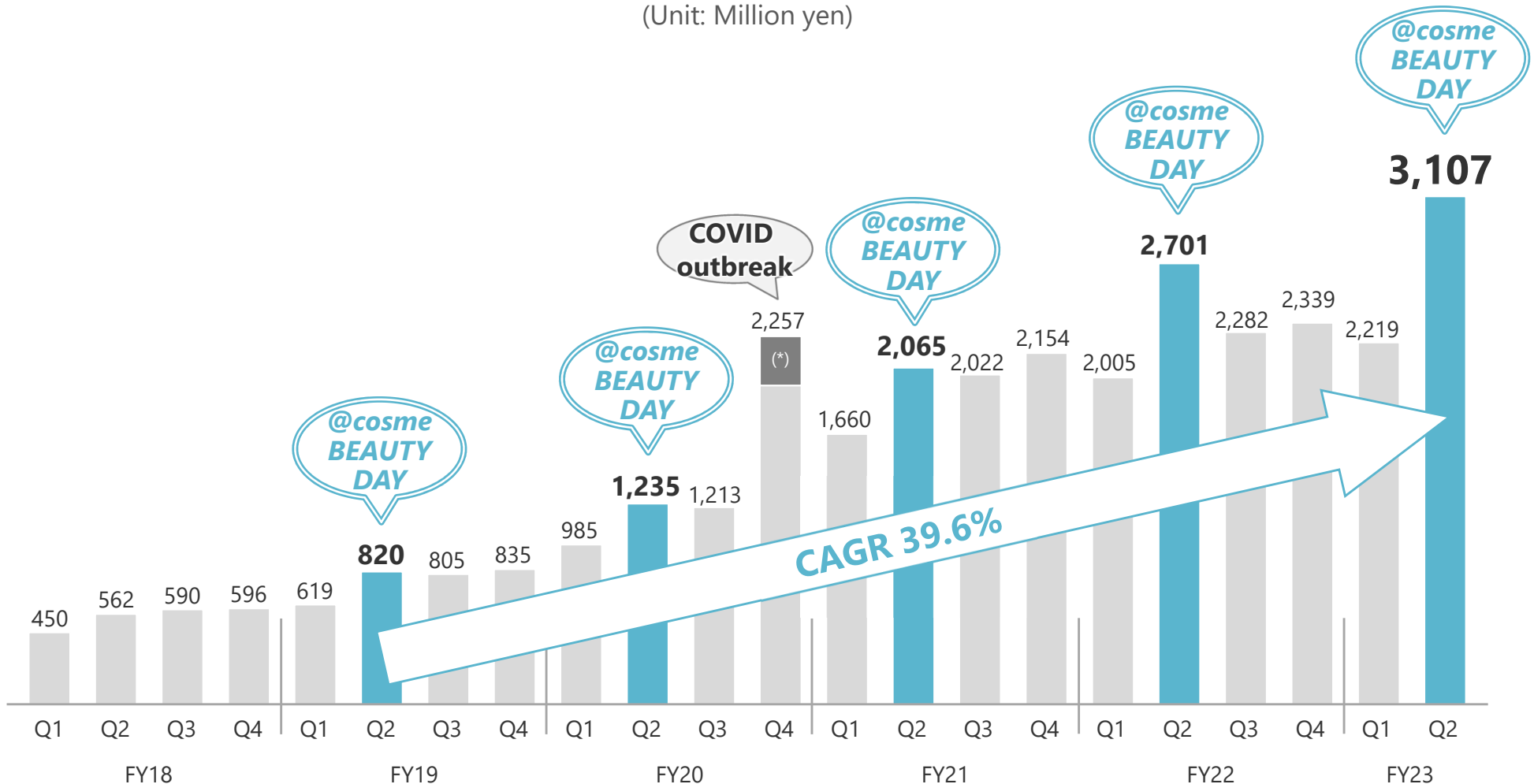


EC: Steady Growth with @cosme BEAUTY DAY as a Driver

- Turned new users into loyal customers, **using event as a starting point to increase sales levels.**

EC Sales

(Unit: Million yen)



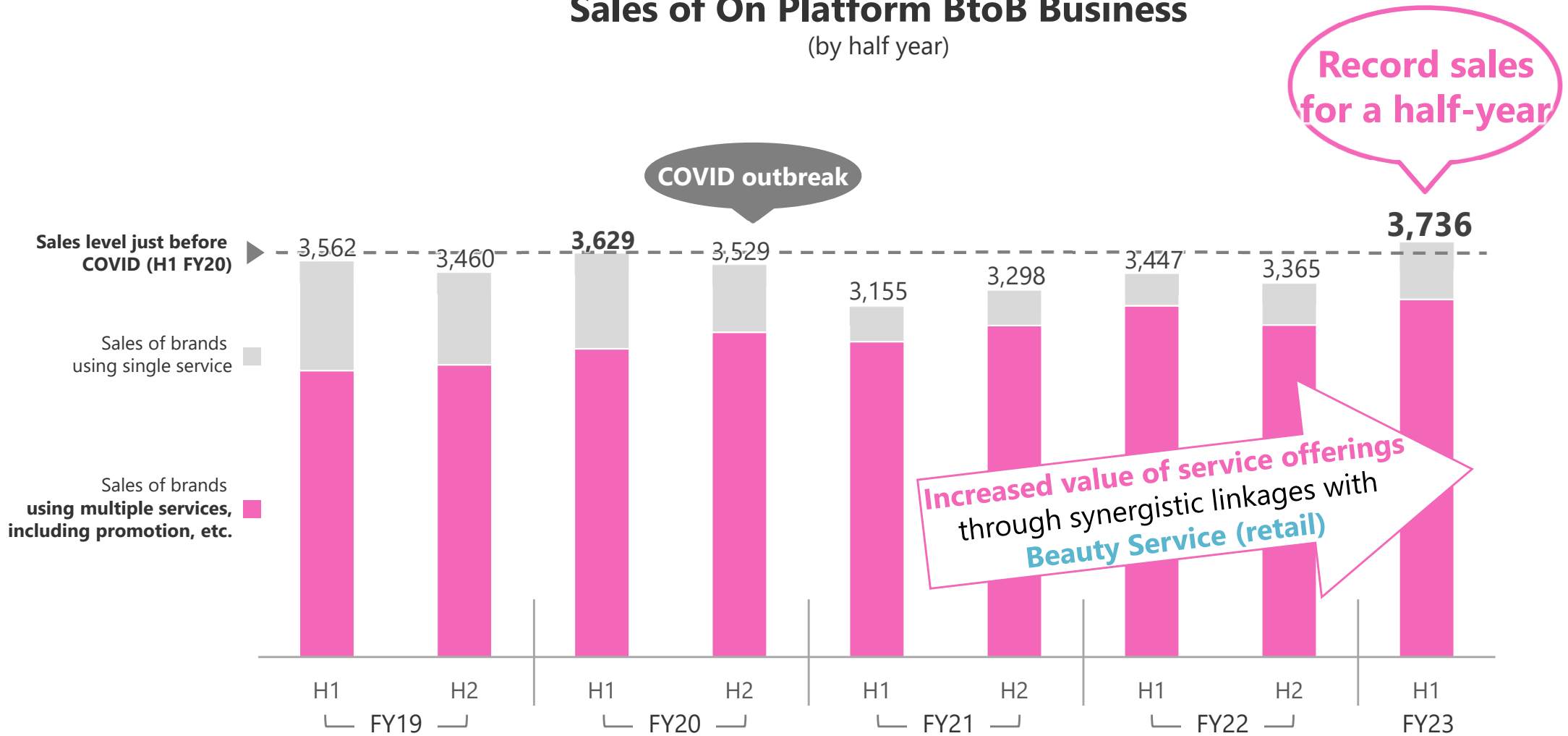
* During the state of emergency declaration, some manufacturers that do not normally wholesale enabled EC operated by companies that have stores. This is the sales from that channel.

Beauty Service (retail) growth leads to On Platform growth

- **Increased sales for On Platform as the value of sales promotion services increased** due to growth in Beauty Service (retail).
- On the other hand, the number of brands on the platform was lower than expected due to delays in cultivating new small- and medium-sized brands and reactivating dormant accounts.

Sales of On Platform BtoB Business

(by half year)



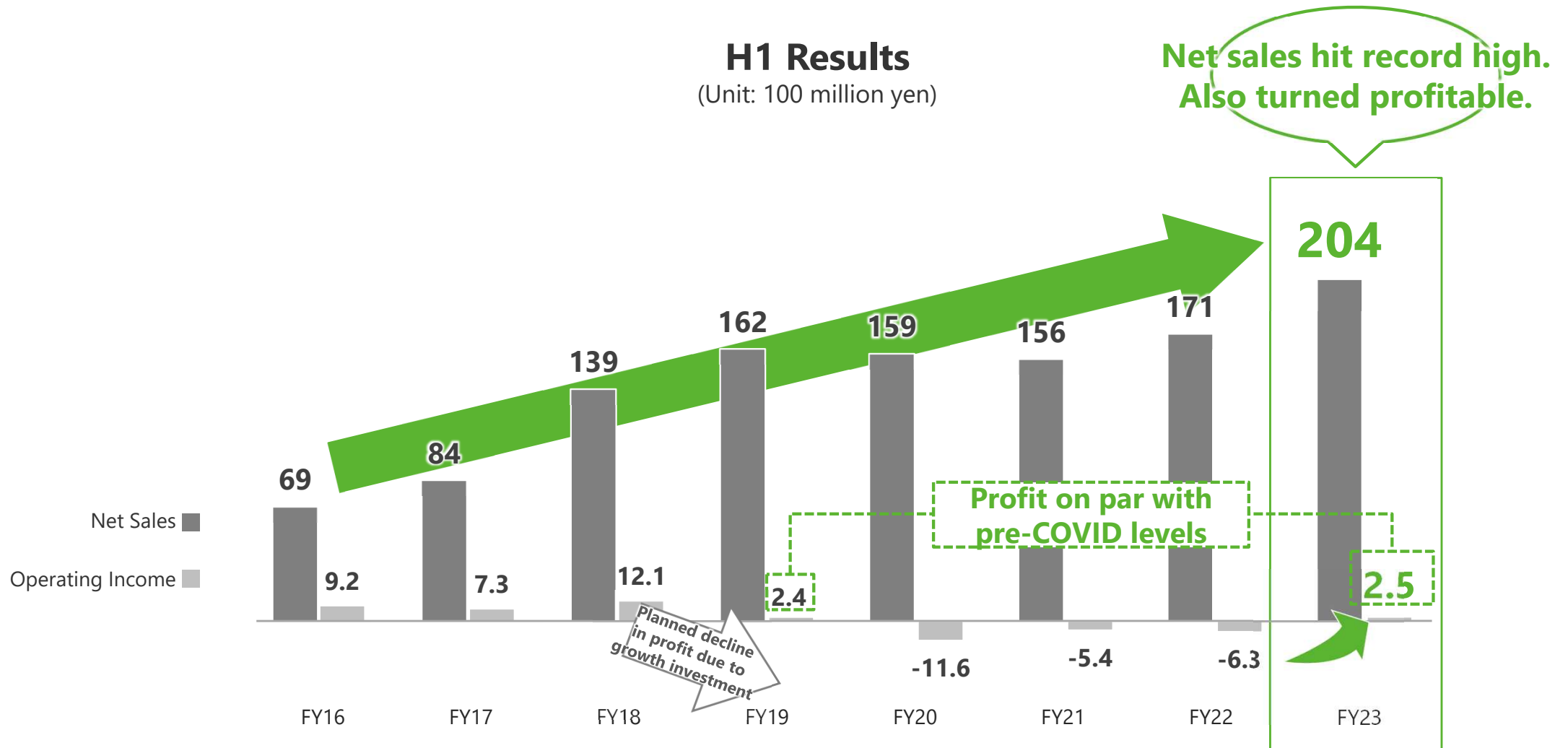
- Recent major trends in the external environment for *Global's* mainstay **China cross-border EC** and **Hong Kong stores**.

| | Recent Developments | |
|---|---------------------|---|
| China (including Hainan island) | Nov. 2022 | Chinese economy stagnated through zero-COVID policy lockdown restricting movement of people. |
| | Dec. 2022 | Chinese economy still not improved due to infection explosion despite drastic deregulation of zero-COVID policy. |
| | Jan. 2023 | Intensive quarantine measures for inbound travelers lifted . |
| Hong Kong | Dec. 2022 | <ul style="list-style-type: none"> - 3-day activities restrictions for inbound travelers lifted. - PCR testing for inbound travelers lifted. |
| | Jan. 2023 | <ul style="list-style-type: none"> - Intensive quarantine measures that had been mandatory for traffic to and from mainland China lifted. - Isolation measures for those infected with COVID lifted and those infected allowed to go out and be treated the same as for general illness. |

COVID regulations generally easing toward normalization.
Improvement underway but a full-scale recovery yet to come

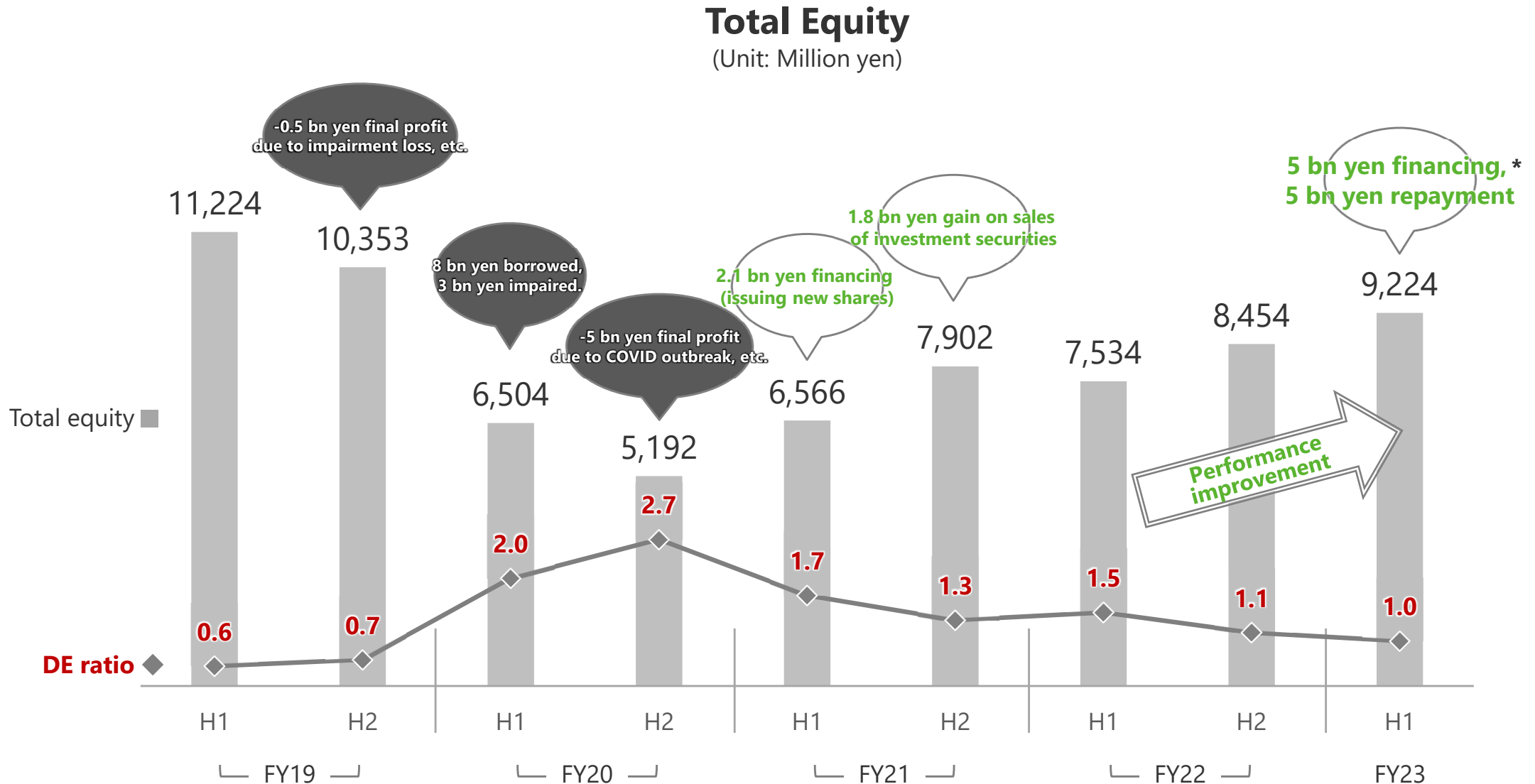
H1 Net Sales and Operating Income by Year

- As a result, **sales reached a record high** and **profits improved by 0.9 billion yen**, and **the company turned profitable**.



Improved Financial Health by Strengthening Financial Base

- Improved performance, increased capital adequacy, and DE ratio improved to 1.0x.



* Raised 5 bn yen as bonds with convertible bond type warrants (debt), of which 1 bn yen was converted to equity (equity capital).

Future Directions for Further Growth

- Focus on the following points to advance to the next stage of growth.

Existing Areas

| | |
|----------------|---|
| On Platform | Further promote brand campaigns including sales promotion services |
| Beauty Service | Continue to strengthen retail sales capabilities in both stores and EC |
| Global | Generate stable operating income |

+

New Areas

Promote business alliances with Amazon and Mitsui & Co.

- System development, brand negotiations, etc. in progress
- Contribution to earnings expected next fiscal year or later

**Working toward further growth
in both new and existing areas**

Appendix

Company information *As of end of Dec. 2022

| | |
|---|---|
| Corporate name | istyle Inc. |
| Listed stock exchange/ securities code | Listed on the Prime Market of the Tokyo Stock Exchange/3660 |
| Chairperson and CEO President and COO | Tetsuro Yoshimatsu Hajime Endo |
| Date of establishment | July 27, 1999 |
| Headquarters | 1-12-32 Akasaka, Minato-ku, Tokyo, Japan |
| Capital | 5,256 million yen |
| Accounting period | June 30 |
| Description of business | -Planning and operation of the beauty site <i>@cosme</i> -Provides the related advertising and marketing research services |
| Number of employees | 967 (consolidated) *As of end of Jun. 2022 |

Main subsidiaries and affiliates

【Domestic】



istyle retail Inc.

Operation of Cosmetics specialty store "*@cosme STORE*" and Cosmetics specialty E-commerce "*@cosme SHOPPING*"



istyle trading Inc.

Wholesale, retail, and import/export of beauty products, and proxy services for the same



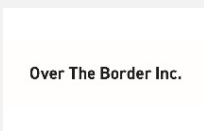
istyle career Inc.

Operating "*@cosme CAREER*", a job listing site for the cosmetics and beauty industries, and offering general worker temporary placement services



MEDIA GLOBE CO., LTD.

PR and other communication about cosmetics to women's magazines, beauty magazines, and women's websites



Over The Border Inc.

Operation of cross-border MCN



istyle me Inc.

Influencer marketing business and web advertising agency business



IS Partners Inc.

Creation, management, and editing of digital content specializing in the subject of beauty

【Overseas】



istyle China Co., Limited.

Import/export, sale, and marketing support for cosmetics manufacturers



istyle China Corporation Limited

Alliances, services, and business investments in Asian countries



istyle Retail (Hong Kong) Co., Limited

Shop planning, development, and operation; promotional support for the retail and logistics sectors



i-TRUE Communications Inc.

Operation of Taiwanese version of "*@cosme*"



istyle Global (Singapore) Pte. Limited

Alliances and business investments in southeast Asian countries



MUA Inc.

Operating beauty-related media outlets, etc.



Glowdayz, Inc.

Planning and operation of beauty platform "*GLOWPICK*" and provision of related advertising services

History

| | | |
|------|------|--|
| 1999 | Jul | Limited company I-Style Co., Ltd. founded |
| | Dec | Launched @cosme, a cosmetics portal site |
| 2000 | Apr | I-Style Co., Ltd. becomes istyle Inc., a joint-stock corporation |
| 2002 | Nov | Opened cosmetics online shopping site <i>cosme.com</i> (now @cosme SHOPPING) and started operating of E-Commerce |
| 2007 | Mar | Opened first @cosme STORE in Shinjuku Lumine Est, Tokyo by cosme next co.,Ltd. |
| 2008 | Jan | Launched online recruitment website @cosme CAREER |
| 2010 | Sep | cosme next Co., Ltd. becomes a wholly owned subsidiary |
| 2012 | Mar | istyle Inc. went public on the Tokyo Stock Exchange Mothers market |
| | May | Established istyle Global (Hong Kong)Co., Ltd. (now istyle China Corporation Limited) to kick start overseas business expansion |
| | | Acquired CyberStar Inc. (istyle Beauty Solutions Inc.), which runs <i>ispot</i> , and made it a consolidated subsidiary (Merged with istyle Inc. in July 2017) |
| | Aug | Established istyle Global (Singapore) Pte. Limited in Singapore |
| | Oct | Established istyle China Co., Limited in China |
| | Nov | Alteration of listing market from Mothers to Tokyo Stock Exchange First Section |
| 2014 | Jul | Acquired all shares in Beauty Trend Japan Co., Ltd., which runs <i>GLOSSYBOX</i> (now <i>BLOOMBOX</i>) |
| | Dec | Established istyle trading, Inc. to begin overseas E-Commerce and wholesale business in January 2015 |
| 2015 | Jul | Established istyle career Inc., a recruitment company specializing in the cosmetics and beauty businesses |
| | Sep | Acquired Media Globe Co., Ltd., a PR company specializing in the cosmetics business, and made it a subsidiary (Became wholly owned subsidiary via share swap in June 2018) |
| 2016 | Mar | Established IS Partners Inc. |
| | Sep | Acquired shares in cosmetics retailer United Cosme Inc. and made it a subsidiary (Merged with cosme Next Co. Ltd. in July 2018) |
| | Oct. | Established istyle Retail (Hong Kong) Co., Limited |
| 2017 | May | Acquired shares in i-TRUE Communications Inc., which operates beauty portal site in Taiwan, and made it a subsidiary |
| | | Established istyle USA Inc., thorough which company acquired U.S. beauty portal site MUA Inc. and made it a subsidiary in July |
| | Jun | Raised approximately ¥3.6 billion by the issue of new shares by international offering |
| 2020 | Jan | Opened a large flagship store "@cosme TOKYO" in Harajuku |
| | Nov | Raised approximately ¥2.1 billion by the issue of new shares by third-party allotment |
| 2022 | Apr | Moved to Tokyo Stock Exchange Prime market |
| | Sep | Raise 5 billion yen through convertible bonds |

Award History (Extract)

Nikkei Inc.
2002 Nikkei Internet Award
(Business Category)

World Economic Forum
2014 Global Growth Company

Organization for Small & Medium Enterprises and Regional Innovation

2003 Japan Venture Award



2017 Forbes Japan Women Award
(Grand-Prix 2nd Place)

50

Technology **Fast 50**
2017 Japan **WINNER**
Deloitte.

2014-2017 Japan Technology Fast50

**KOTLER
AWARD
JAPAN 2018**



2018 Philip Kotler Award Japan



2014 Michael Porter Prize Japan

World Assoc. of Overseas Jap. Entrepreneurs
2019 Global Business Award
(Grand-Prix)



2014 Japan Good Design Award
(Business Model Category)



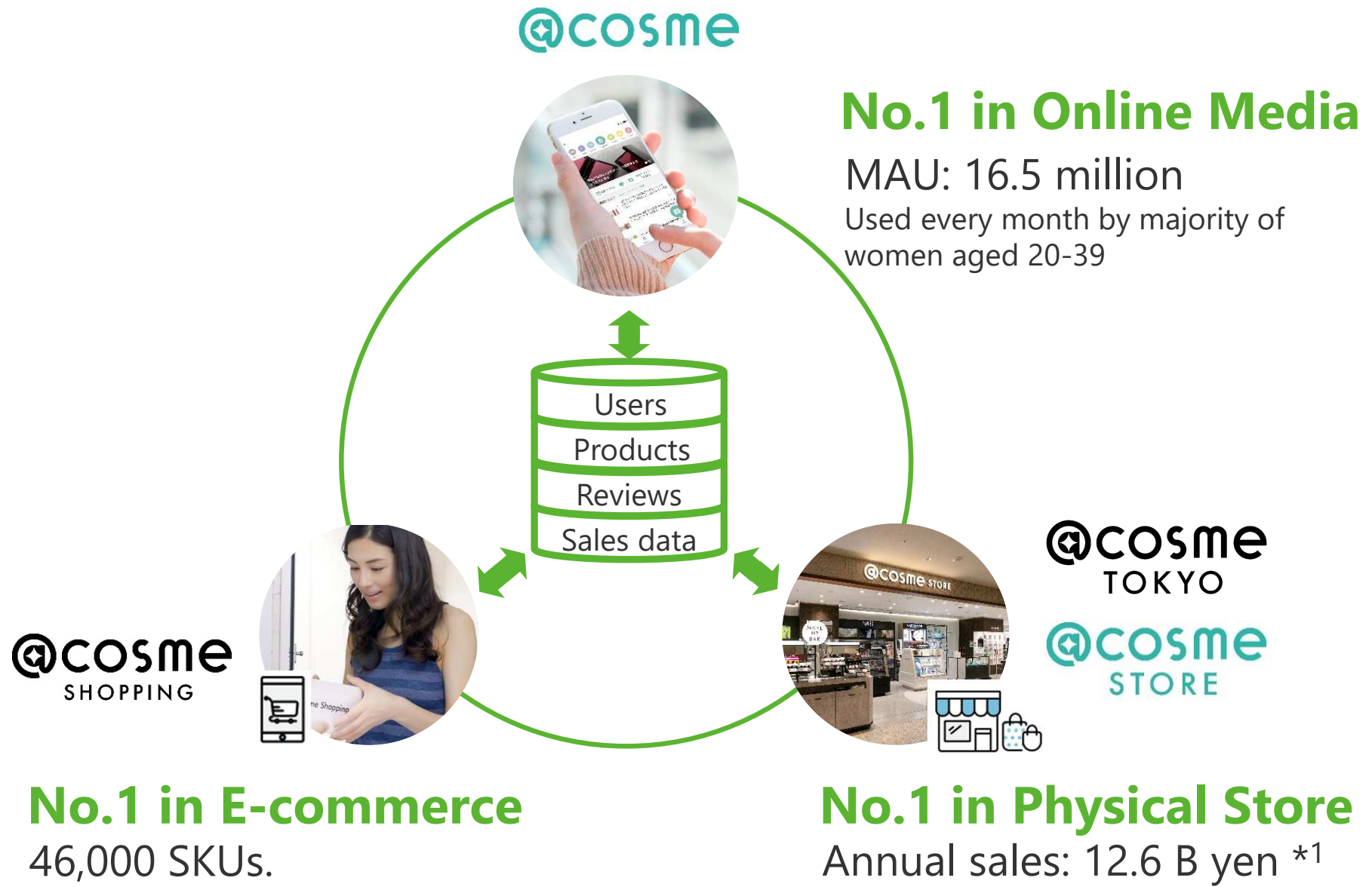
コスメ・香水
ジャンル賞
Rakuten



コスメ・香水
ジャンル賞
Rakuten

2020-2021 Rakuten Shop of The Year
(Beauty Category)

Launched *Brand Official*, positioned as second earnings pillar



*1 Annual sales of @cosme SHOPPING and @cosme STORE in FY22

*2 Figures are as of Jun. 2022

Japan's largest level comprehensive beauty site @cosme

- @cosme is one of the Japan's largest comprehensive beauty site supported not only by users, but many other stakeholders (e.g. brands) as well.



Used every month by many women in their 20s and 30s

Monthly unique users

16.5 million

Mainly women aged 20 – 39 who are sensitive to beauty trends

Registered members

7.8 million

Covers almost every brand marketed in Japan

Registered brands

42,000

Expanding beyond cosmetics into all beauty-related categories

Registered products

370,000

Japan's leading site specializing in beauty with largest number of reviews

Registered reviews

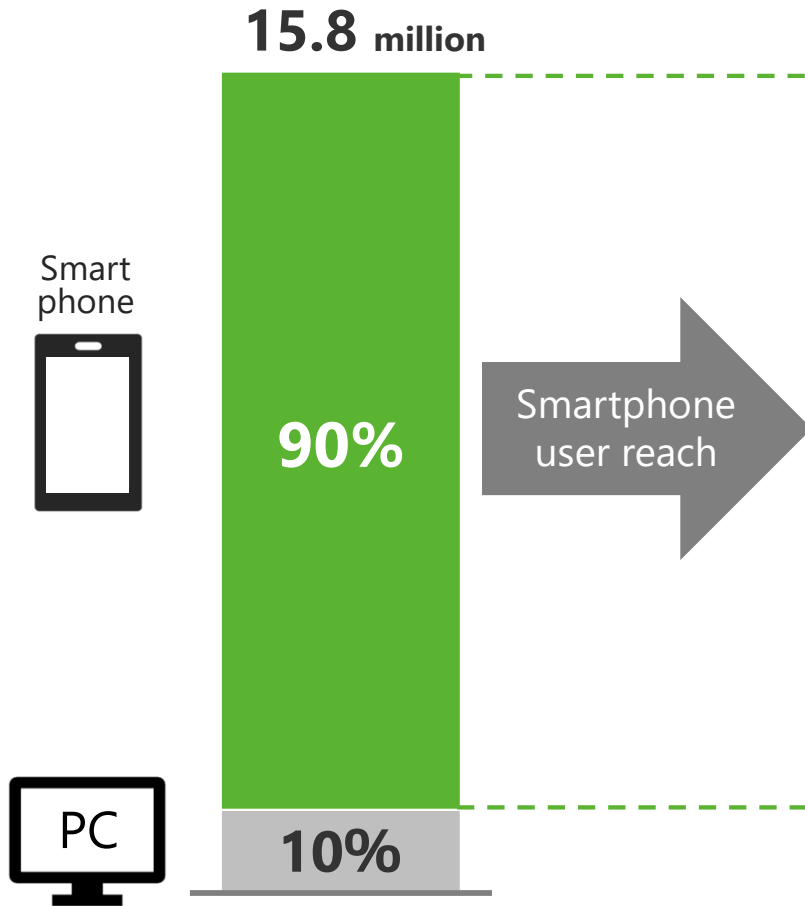
18.1 million

* Figures are as of Jun. 2022

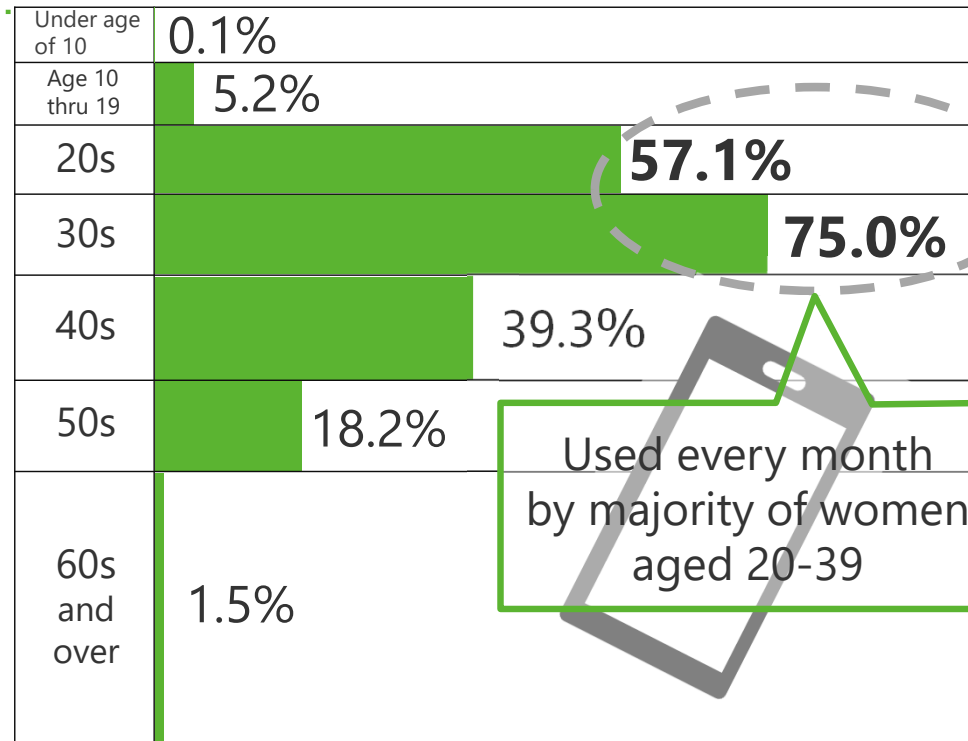
@cosme / Overwhelming usage ratio by female members

- Roughly 16.5 million monthly unique users use @cosme portal site. (As of Jun. 2022)
- Massive reach among Japanese female members in their 20s and 30s.

Breakdown of monthly unique users
(women only)



@cosme smartphone users
as percentage of Japanese females (by age group)



Source: Population statistics published by Ministry of Internal Affairs and Communications. (figures determined on Jan. 2021)
Calculations based on the number of unique users of PC, smart phone and feature phone as well as member distribution. (figures determined on Jun. 2021)

* Width of bars representing age groups indicates the population of each group

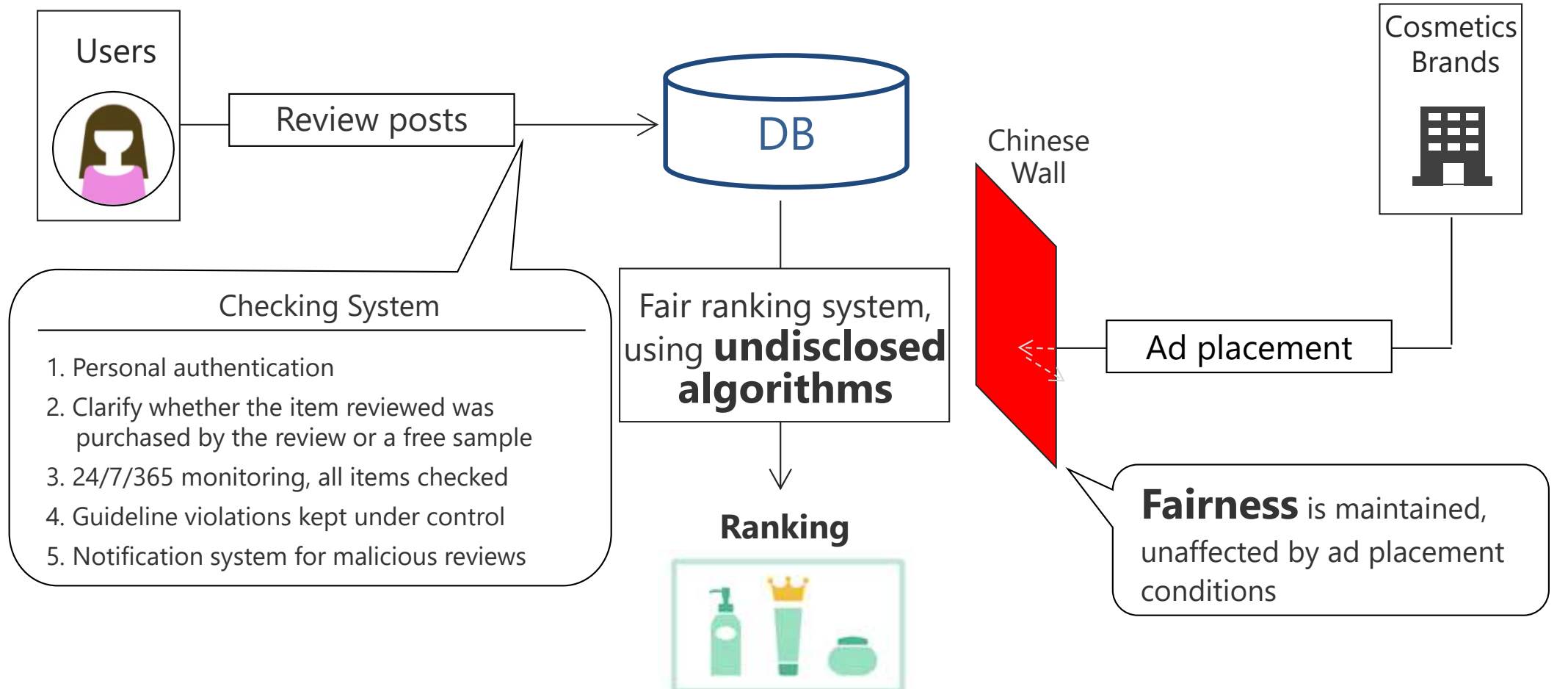
Database soundness

- Each measure ensures that the database is sound

User

@cosme

Cosmetics Brands



Our business portfolio (summary)

- **Provide a range of services via Beauty Platform @cosme**
- Launched new service utilizing database to grow into second earnings pillar after advertising

B to B

Advertising service

Ads and promotions published in @cosme

Tie-up ads

+

Banner ads

etc.

Marketing SaaS

Services that make use of database

Monthly fee

+

Price per volume

B to C

Premium service & Bloombox

Convenient, value-for-money services for consumers

Monthly fee

Database compiled by @cosme to be used to provide a new, cloud-based service that supports the entire marketing process

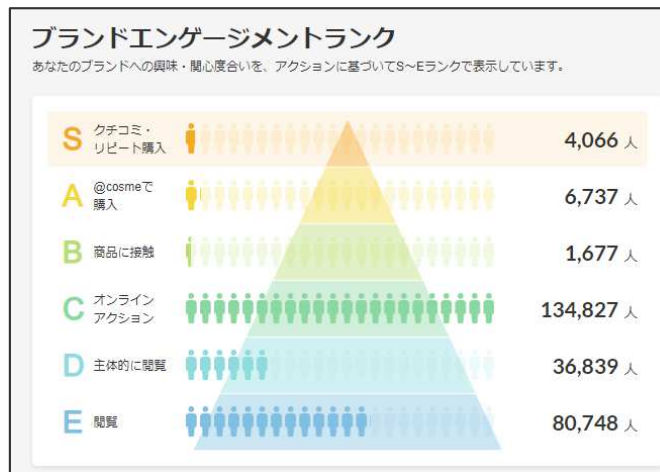
Marketing SaaS "Brand Official"

- Enables @cosme user trend analysis and publicity within @cosme
 - Monthly fee: 500,000 yen (1-year contract)
- We are also considering service under a price-per-volume system

Connections between brands and users can be analyzed using indicators and graphs



Categorize users by extent of engagement, which makes it possible to efficiently share information



Make the process for reinforcing brand engagement visible





- Become operator of service businesses that **utilize @cosme**

Offline retail (retail stores)

Has become Japan's leading cosmetics retail group by operating cosmetics retail stores *@cosme TOKYO*, *@cosme STORE* that utilize *@cosme* data in merchandising, etc.

Total 29 stores
(As of Oct. 2022)



Online retail (E-Commerce)

Operate cosmetics E-Commerce sites
@cosme SHOPPING linked to *@cosme*





List of directly managed stores (Total: 33 in Japan and overseas)

@cosme TOKYO (1 directory managed flagship store)

| | | | |
|-------|----------------------------------|---------------------|--------|
| Kanto | @cosme TOKYO (Harajuku store) | Opened in Jan. 2020 | 1,300㎡ |
|-------|----------------------------------|---------------------|--------|

@cosme STORE (23 directly managed stores, Japan)

| | | | |
|-----------------------|---|---|------|
| Hokkaido | TSUTAYA Sapporo Utsukushigaoka store | Opened in Sep. 2016 | 234㎡ |
| | TSUTAYA Hakodate store | Opened in Nov. 2016 | 264㎡ |
| Kanto | Aeon Mall Takasaki store | Opened in Oct. 2006 Expansion in Apr. 2020 | 254㎡ |
| | Lumine Est Shinjuku store | Opened in Mar. 2007 Renovated in Sep. 2016 | 238㎡ |
| | Ueno Marui store | Opened in Nov. 2008 Expansion in Feb. 2017 | 350㎡ |
| | Lumine Ikebukuro store | Opened in Apr. 2012 | 257㎡ |
| | Lumine Yurakucho store | Opened in Feb. 2014 | 224㎡ |
| | Mizonokuchi Marui Family store | Opened in Oct. 2015 | 271㎡ |
| | Ikebukuro Sunshine city store | Opened in Oct. 2016 | 162㎡ |
| Lumine Omiya store | Opened in Mar. 2018 | 241㎡ | |
| Lalaport Fujimi store | Opened in Mar. 2018 | 244㎡ | |

| | | | |
|--------|---|---|------|
| Kanto | NEWoMan Yokohama store | Opened in Jun. 2020 | 323㎡ |
| | Lumine Yokohama store | Opened in Sep. 2022 | 349㎡ |
| Chubu | Marie Toyama store | Opened in Sep. 1987 Expansion in Sep. 2018 | 191㎡ |
| | Aeon Mall Takaoka store | Opened in Sep. 2002 | 172㎡ |
| | Apita Town Kanazawa store | Opened in Nov. 2007 Renovated in Apr. 2017 | 228㎡ |
| Kinki | Nagoya Takashimaya Gate Tower Mall store | Opened in Apr. 2017 | 182㎡ |
| | TSUTAYA EBISUBASHI store | Opened in Nov. 2014 | 297㎡ |
| | Kobe Marui store | Opened in May 2016 | 162㎡ |
| | T-SITE COSME Hirakata store | Opened in May 2016 | 89㎡ |
| Kyushu | Lucua Osaka store | Opened in Mar. 2017 Expansion in Apr. 2020 | 181㎡ |
| | TSUTAYA Kumamoto Sannenzaka store | Opened in Jun. 2016 | 228㎡ |
| | Amu Est Hakata store | Opened in Mar. 2017 | 142㎡ |



(4 directly managed stores, Japan) *1

| | | | |
|-------|---|---------------------|------|
| Kanto | Tokyo Komachi LAZONA Kawasaki store | Opened in Sep. 2006 | 179㎡ |
| | Tokyo Komachi LaLaport TOYOSU store | Opened in Oct. 2006 | 202㎡ |
| | Tokyo Komachi LaLaport YOKOHAMA store | Opened in Mar. 2007 | 173㎡ |
| | Tokyo Komachi AEON MALL Urawamisono store | Opened in Oct. 2012 | 162㎡ |

@cosme STORE (1 franchise store)

| | | | |
|-------|---------------------------|--|------|
| Kinki | KEIHAN CITY MALL store | Opened in Mar. 2022 Franchised in Mar. 2022 | 137㎡ |
|-------|---------------------------|--|------|

@cosme STORE (3 directly managed stores, overseas)

| | | | |
|-----------|-------------------------------------|---------------------|------|
| Hong Kong | East Point City store (Hang Hau) | Opened in Dec. 2018 | 191㎡ |
| | Langham Place store (Mong Kok) | Opened in Oct. 2019 | 188㎡ |
| | Lee Theatre store (Causeway Bay) | Opened in Dec. 2019 | 231㎡ |







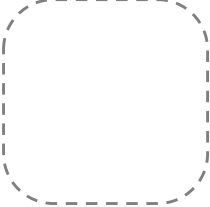
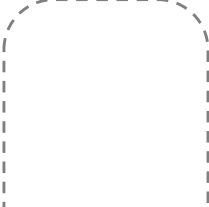




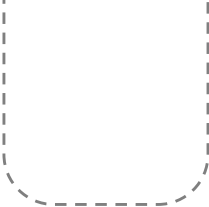


@cosme STORE (1 duty free shop, overseas) *2

| | | | |
|-------|---|---------------------|------|
| China | Haikou International Duty Free City store (Hainan Island) | Opened in Oct. 2022 | 291㎡ |
|-------|---|---------------------|------|

*1 Acquired from Miz Corporation in September 2022 (included in consolidated income statement from Q2 FY23)

*2 The products are not sold in this store but are purchased online by scanning the QR code in the product description of the displayed products.

- Adapt and extend business model established in Japan to other countries

| | China | Taiwan | US, EU | HK | Korea |
|-----------------------------|---|--|---|---|---|
| <u>Media</u> |  |  |  |  |  |
| <u>E-commerce Wholesale</u> |  |  |  |  |  |
| <u>Retail Stores</u> |  |  |  |  |  |

* Consolidated basis (does not include minor investments and business alliances)

SUSTAINABILITY MATERIALITY - Main Efforts

Materiality 01



Trusted platforms

- Operate sound and independent review media (@cosme Declaration)
- Strengthen information security
- Create new value through IT (DX promotion/database)



Declarations

- 1 Declaration 1: We work to help consumers find better ways to encounter beauty information.
- 2 Declaration 2: We maintain a fair and independent stance.
- 3 Declaration 3: We respect the opinions of @cosme members to the maximum extent possible.
- 4 Declaration 4: We operate the site with a high degree of transparency.
- 5 Declaration 5: We do not allow coerced posts or intentional manipulation of ratings.
- 6 Declaration 6: We comply with our legal and social responsibilities.

Materiality 02



Sustainable Beauty through "Joint Development"

- Foster awareness of sustainability among consumers
- Strive toward a recycling-oriented society with cosmetics brands (Show consideration for the environment by promoting recycling and reducing packaging materials.)

BEAUTY SDGs WEEK powered by @cosme

In order to realize a sustainable society, events will be held to increase awareness of sustainable activities of partner companies and increase the number of people interested in SDGs through the @cosme platform.

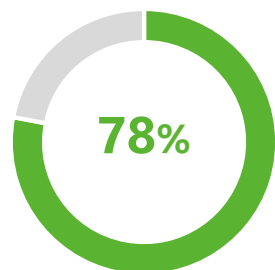


Materiality 03

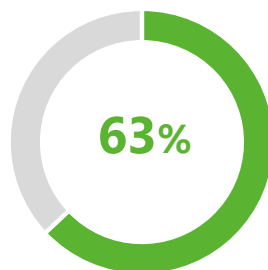


Employee empowerment

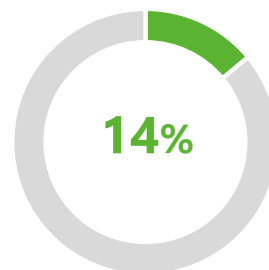
- Provide various options for ways to work (WFH/childcare leave)
- Substantial HR training system that promotes career development
- Promote diversity in human resources



Female employees



Female managers



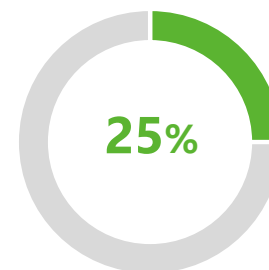
Foreign employees

Materiality 04

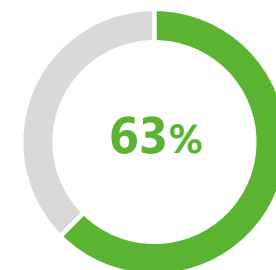


Enhancement of governance

- Strengthen corporate governance
- More thorough compliance (educating employees about laws and social ethics)
- Formulate business continuity plan (BCP)



Female officers



Independent officers

* Each numerical value is as of June 2022



MARKET DESIGN COMPANY

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