



Presentation Materials for FY2023 & Business Plans for FY2024



Aug. 14. 2023

istyle Inc.

Stock code: 3660

【Reference】Business segment

* Scheduled changes in Segment names and classification of specific services to be made from FY ending June 30, 2024 (see p. 46 for details).

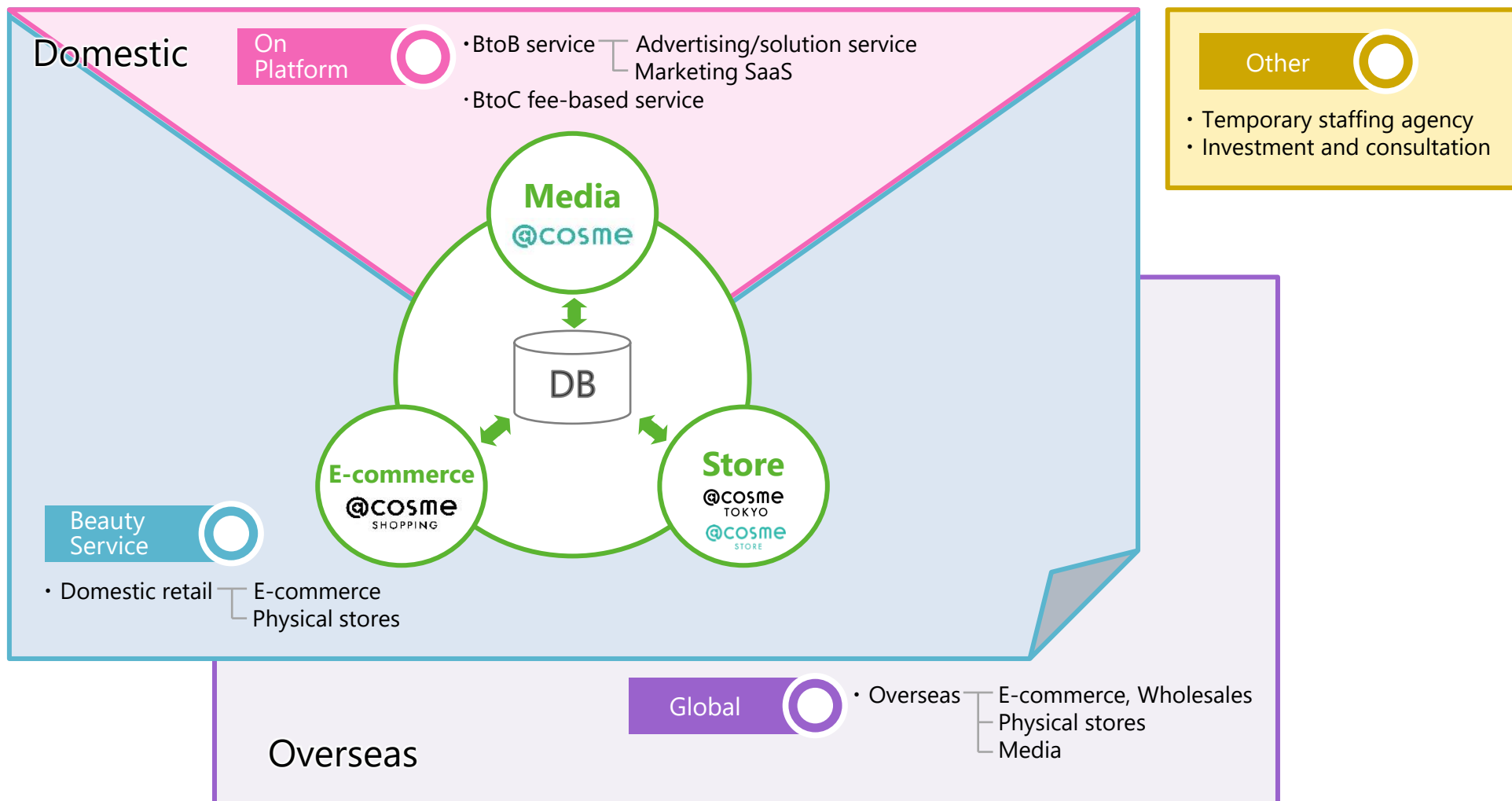


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Overview of Financial Results for FY2023



Full Year Financial Results / Summary

- **Full-year net sales at a record-high of 42.9 billion yen (+24.7% YoY).**
- **Full-year operating income at 817 million yen, + 1.3 billion yen YoY.**

On Platform

BtoB services including sales promotion grew, **and sales reached a record-high for the full year, +8% YoY.**

Increased **profit by 500 million yen YoY.**

Beauty Service

Sales increased significantly by 46% YoY. Latest Q4 increase by **9%** compared to Q3.

Steady growth in **EC** as well, **maintaining double-digit growth of +16% YoY.**

As a result, **sales reached a record-high and profit improved by 1 billion yen YoY.**

Global

Sales increased 3.5% YoY due to strong performance of Hong Kong stores.

Profit improved by 120 million yen YoY despite a loss due to poor performance in Korea.

TOPICS :

Monthly Unique Users (MAU) reached a record-high of 19 million.

Overview of full-year earnings results / Highlight

Consolidated
Results



Stores continued to drive performance. Record sales and improved profit by 1.3 billion yen.

Net sales	:	42,890	Million yen	YoY	:	124.7	%
OP	:	817	Million yen	YoY	:	+1,270	Million yen

On
Platform



BtoB services performed well, recording record quarterly sales in Q4.

Net sales	:	7,935	Million yen	YoY	:	108.4	%
OP	:	1,373	Million yen	YoY	:	152.1	%

Beauty
Service



Achieved double-digit YoY growth in store sales (46%) and EC sales (16%). Increased sales in stores contributed significantly to increased profit.

Net sales	:	29,222	Million yen	YoY	:	133.4	%
OP	:	1,397	Million yen	YoY	:	+1,059	Million yen

Global



Increased sales due to strong performance of Hong Kong stores. Losses narrowed due to continuous cost control.

Net sales	:	4,395	Million yen	YoY	:	103.5	%
OP	:	-86	Million yen	YoY	:	+123	Million yen

Other



Increased sales due to increased headcount in temporary staffing business. Temporary loss due to impairment loss on operational investment securities.

Net sales	:	1,338	Million yen	YoY	:	143.1	%
OP	:	-13	Million yen	YoY	:	-30	Million yen

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

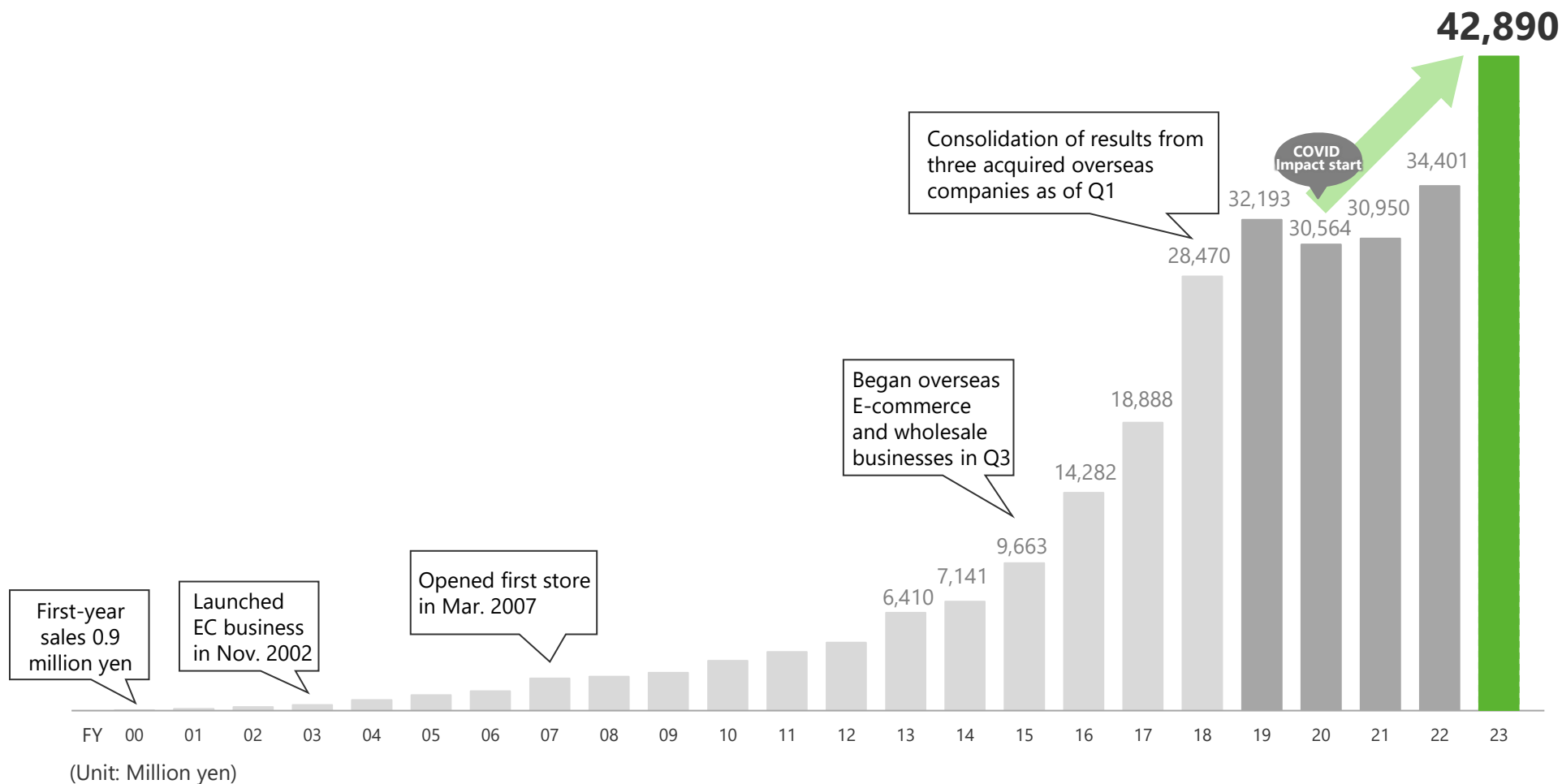
Overview of full-year earnings results / Overview of operating results (results relative to earnings forecasts)

- Results largely in line with the upwardly revised May 12 forecast.

(Unit: Million yen)	Results in fiscal year ended in June 2023	FY23 plan (Revised May 12)	% of Target	FY22	YoY
Net sales	42,890	42,500	100.9%	34,401	124.7%
Gross point	19,171	-	-	15,838	121.0%
SG&A	18,353	-	-	16,291	112.7%
Operating income	817	800	102.2%	-453	+1,270
Ordinary Income	410	400	102.6%	-593	+1,004
Net income attributable to owners of the parent company	275	100	275.2%	-571	+847

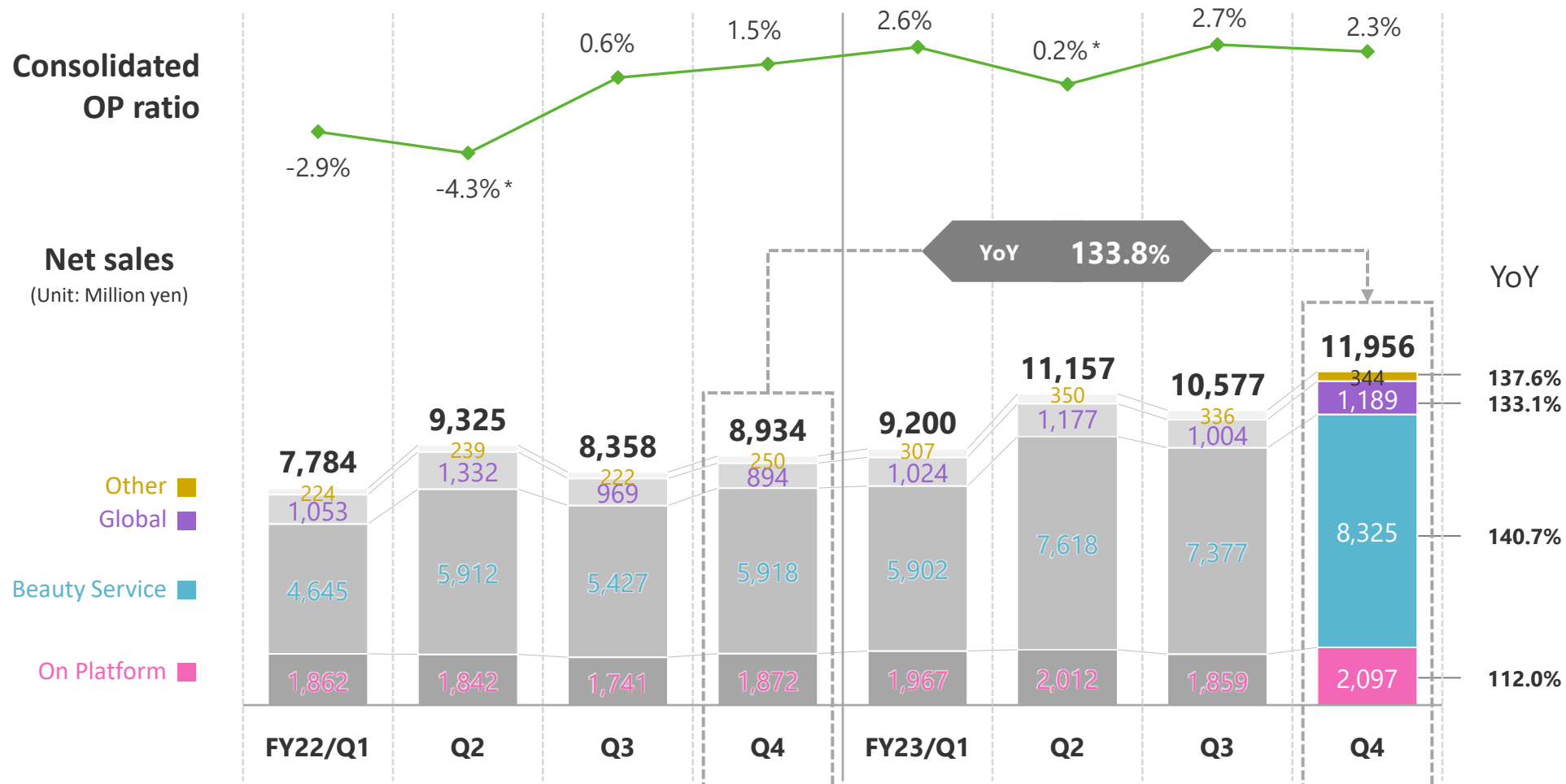
Trend in net sales

- Record sales for the full year.



Trends in segment sales (Quarterly)

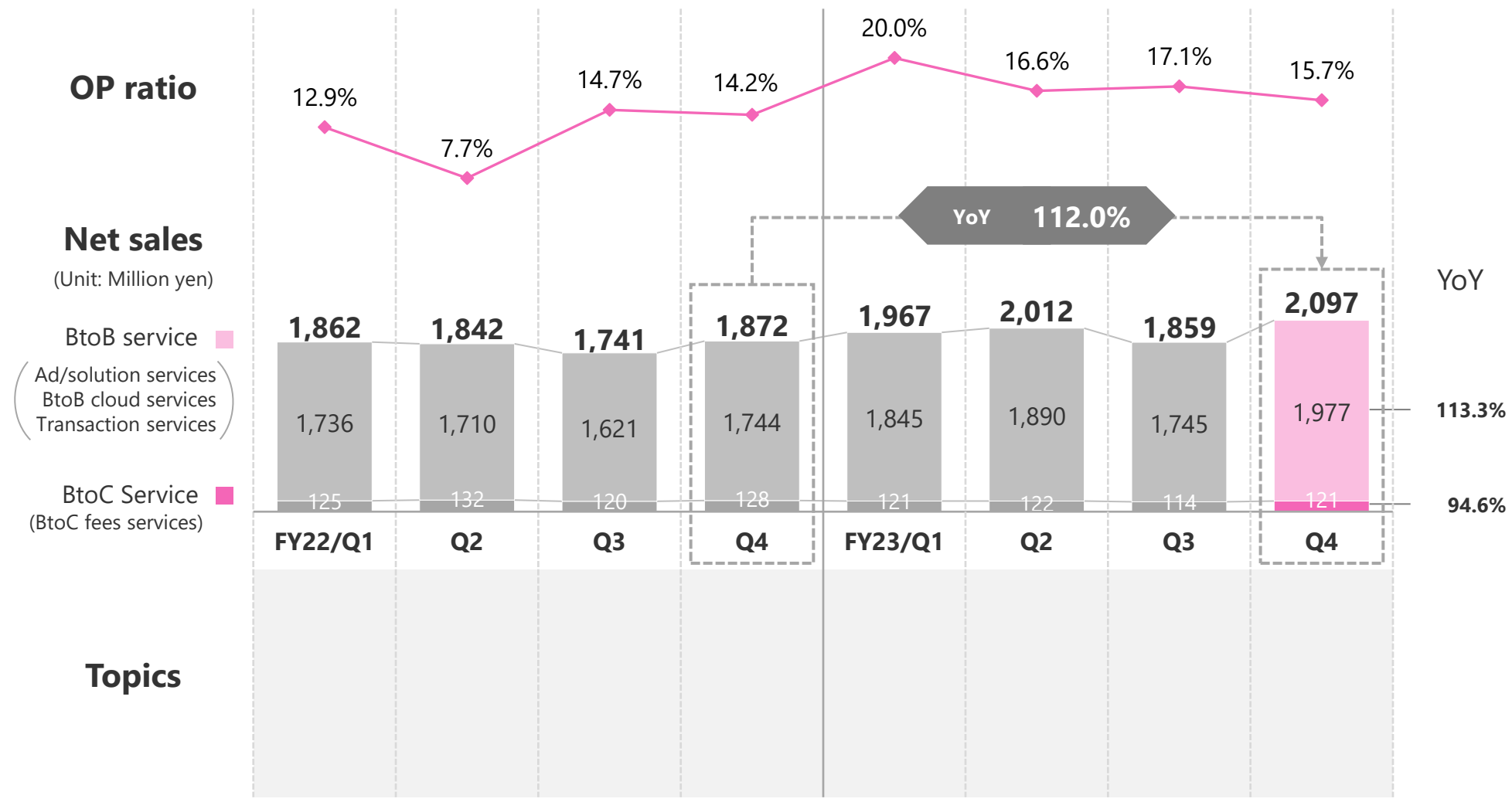
- Beauty Service led increased sales and increased profit, recording the highest quarterly sales.



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

Trends in segment sales (Quarterly)

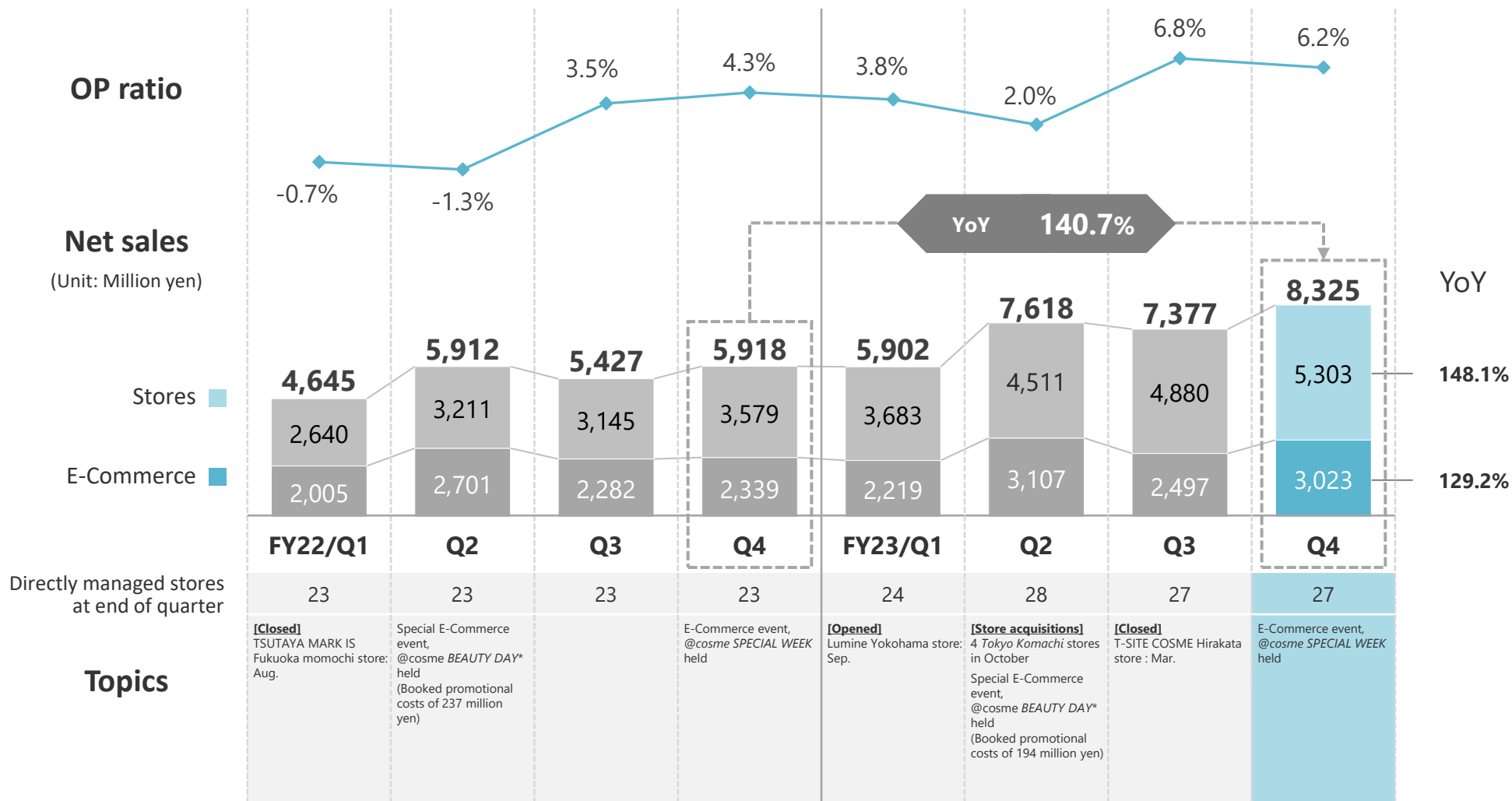
- Net Sales: **Double-digit growth in BtoB YoY** due to synergistic linkages with stores (retail).
- OP ratio: QoQ decrease due to additional bonuses, etc.





Trends in segment sales (Quarterly)

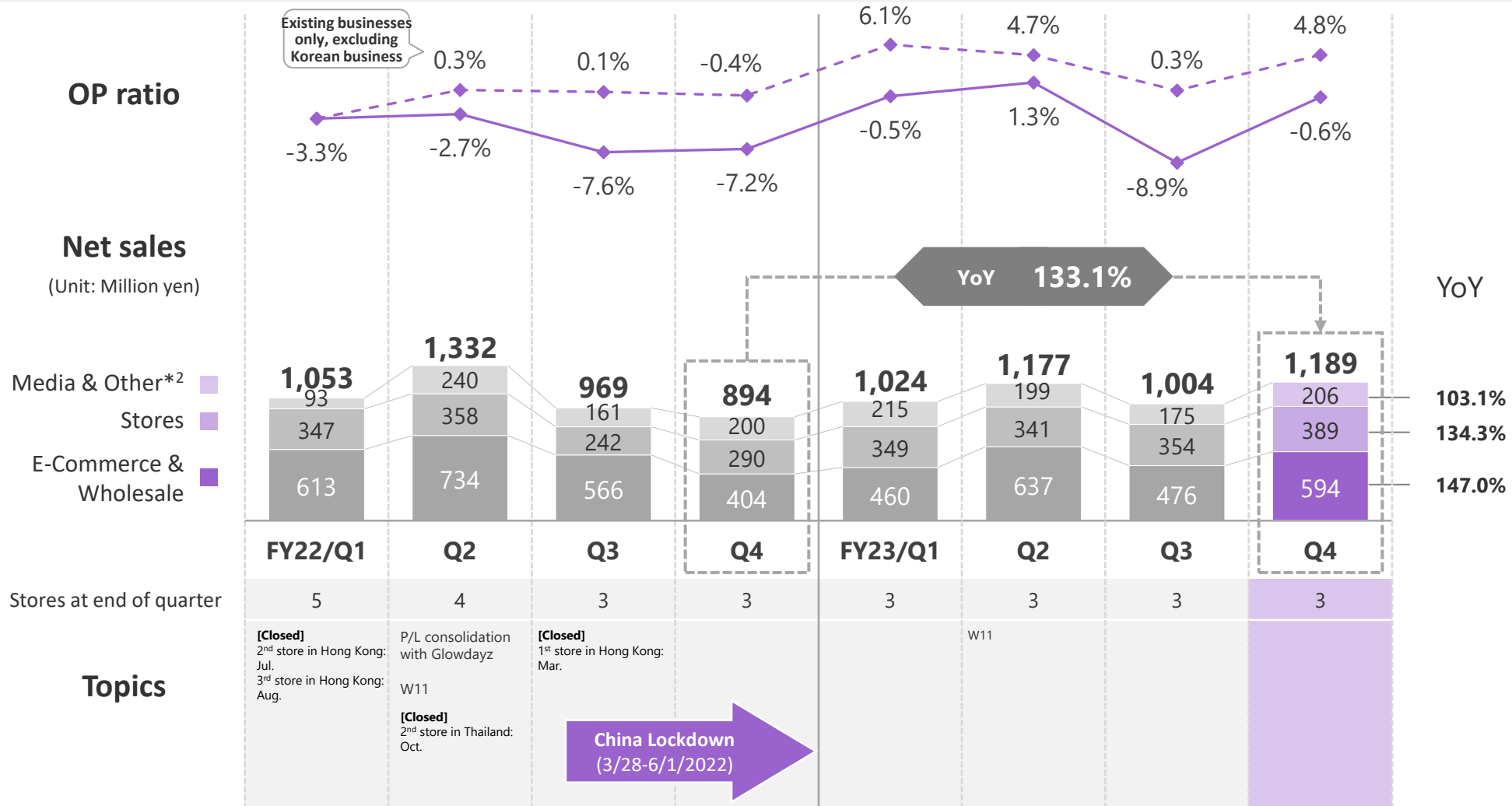
- Net Sales: **Significantly increase in store sales** due in part to inbound sales. **EC grew by 30%** YoY due to the Q4 event.
- OP ratio: Kept exceeding pre-COVID levels, with a slight decrease QoQ due to upfront expenses for @cosme OSAKA, etc.



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

Trends in segment sales (Quarterly)

- Net Sales: **Stable growth in Hong Kong stores.** China cross-border EC (EC and wholesale) sales increased YoY, compared to the lockdown period.
- OP ratio: Losses narrowed due to cost control.



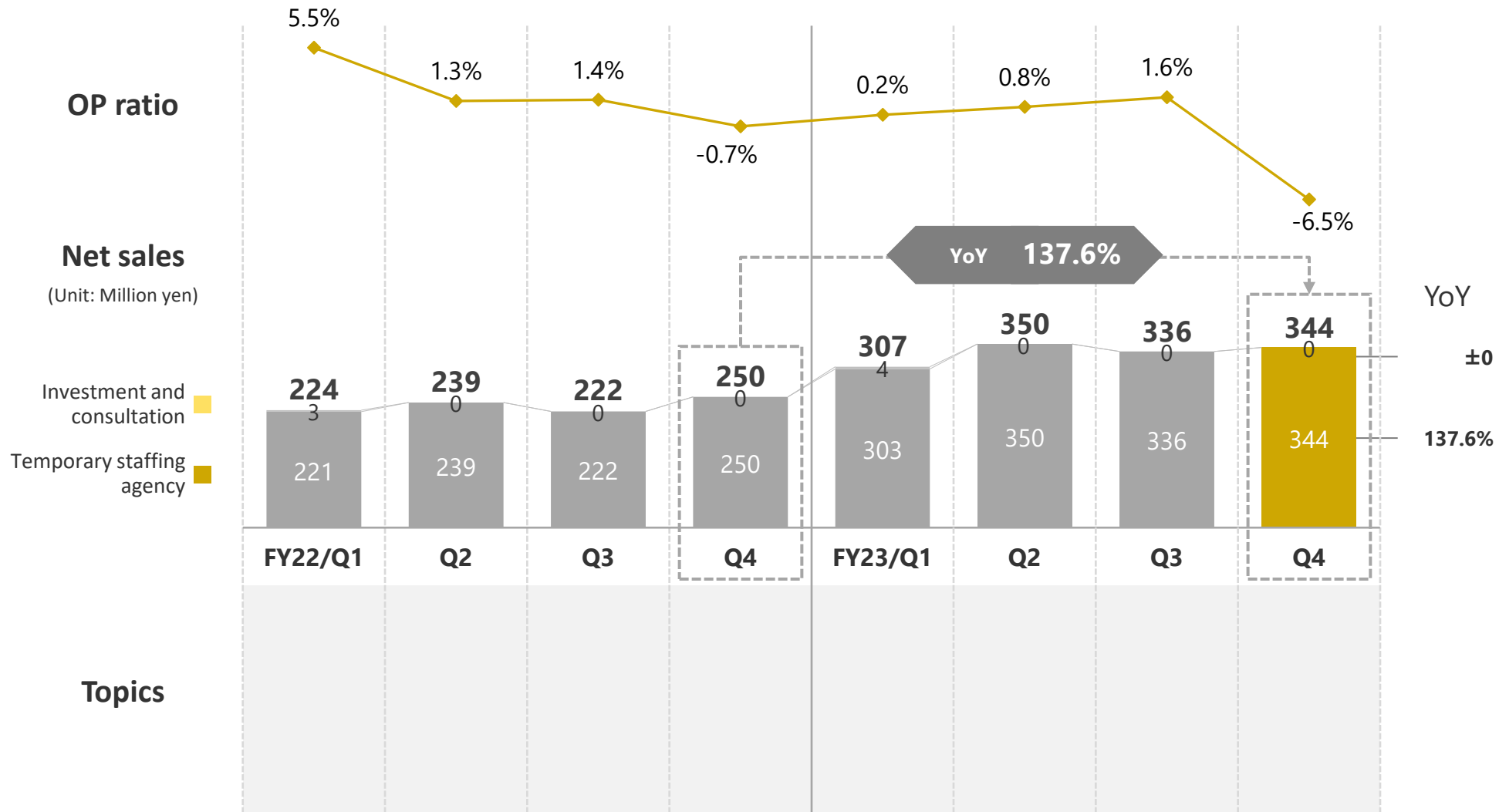
*1 A major E-Commerce sale held on November 11 in China (Singles day)

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



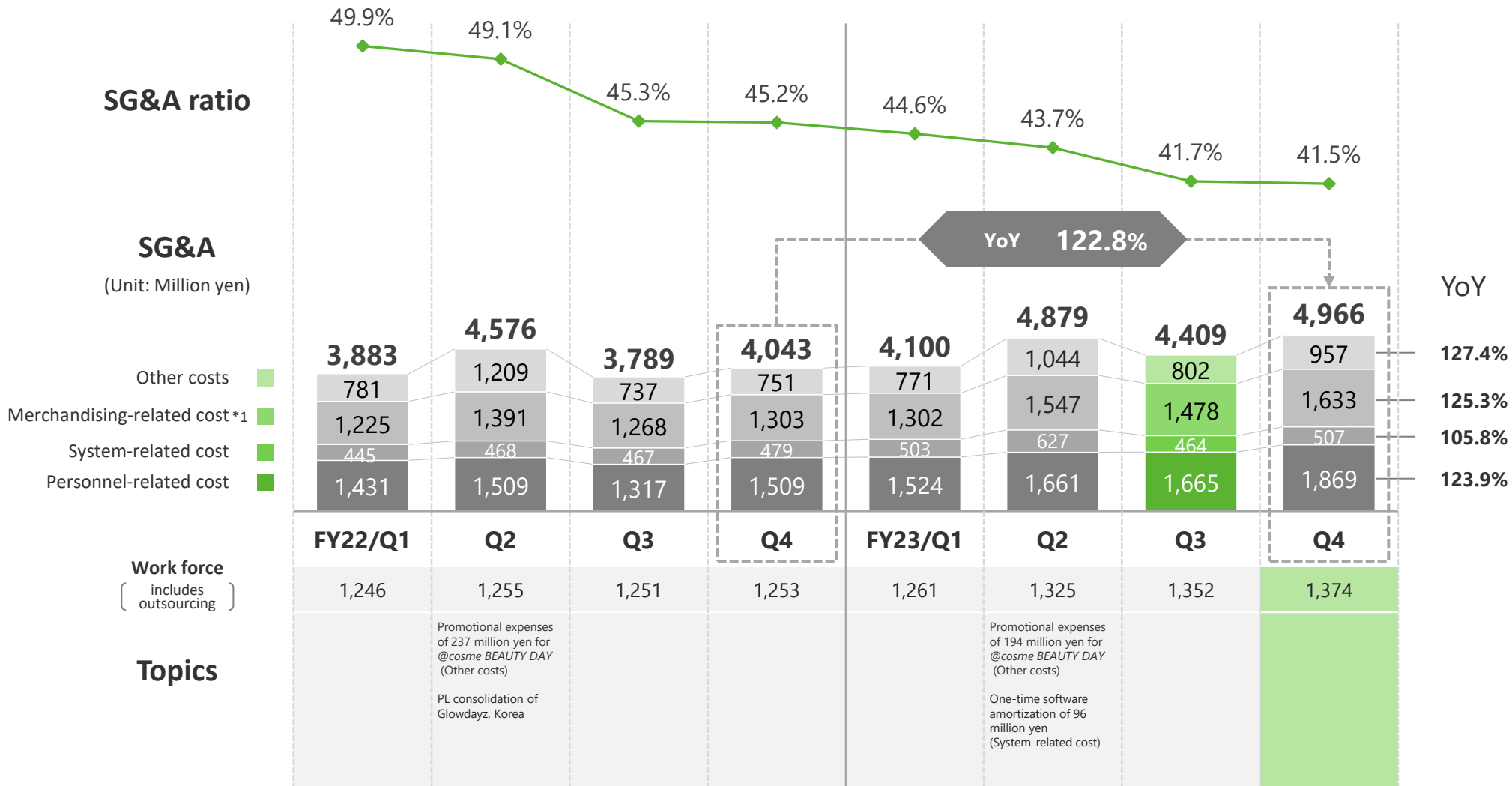
Trends in segment sales (Quarterly)

- **Increased sales in temporary staffing business.** Temporary loss due to impairment loss on investment securities in the investment development business.



Trends in SG&A expenses (Quarterly)

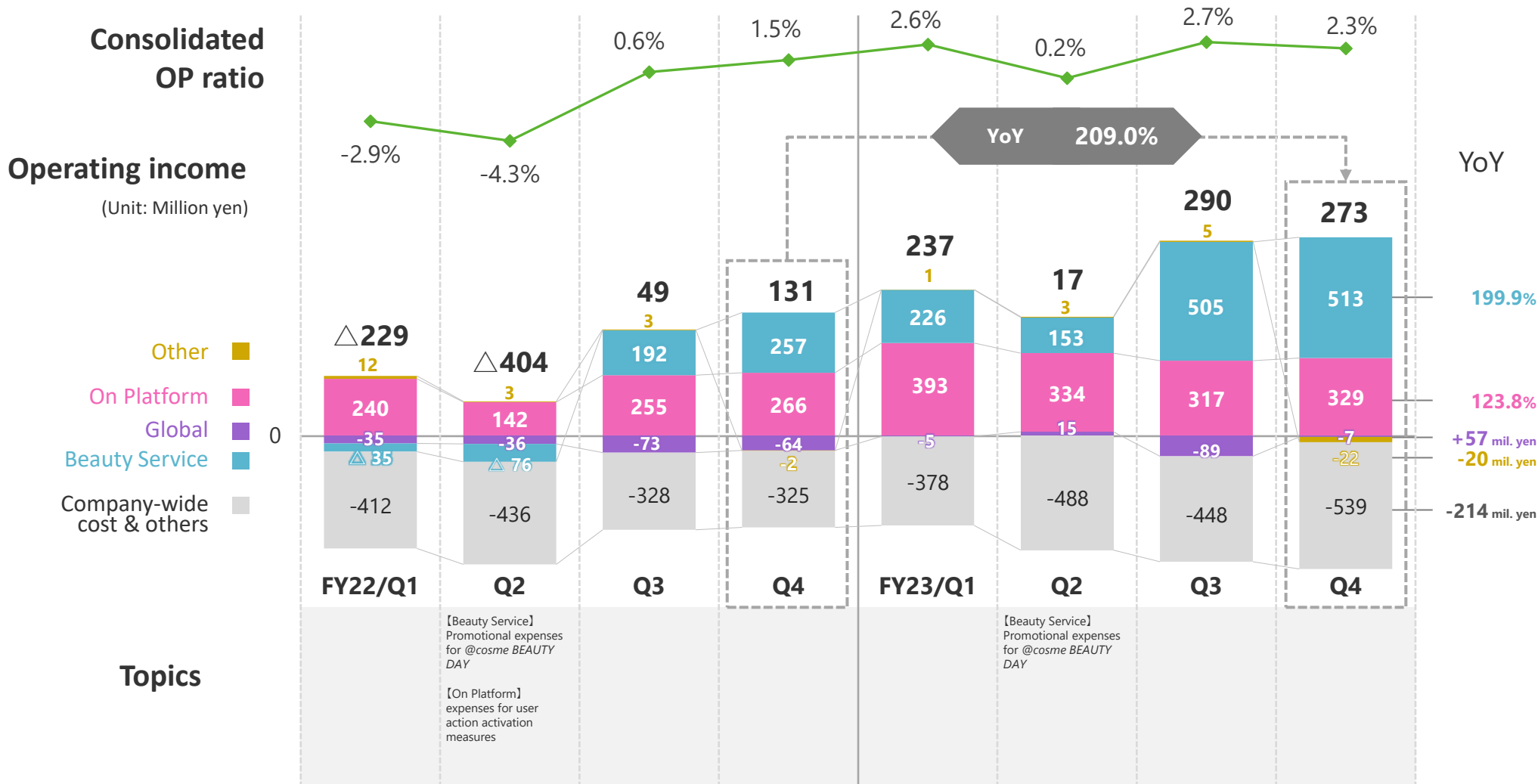
- **Increased sales** exceeded increased expenses, **improving SG&A ratio.**



*1 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)

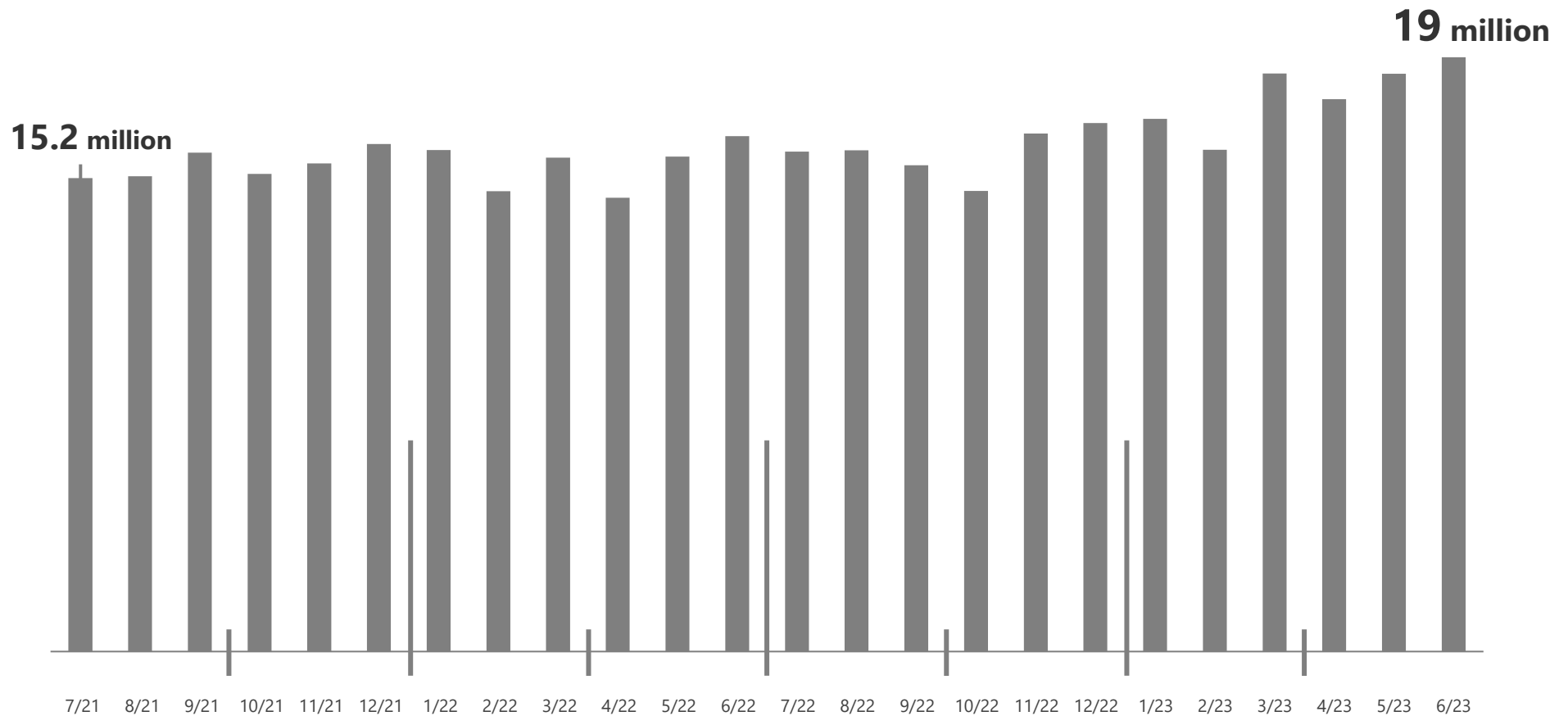
- **Beauty Service stores** drove consolidated profit, **absorbing increased expenses** to turn increased profit.



○ Status of Operating Services

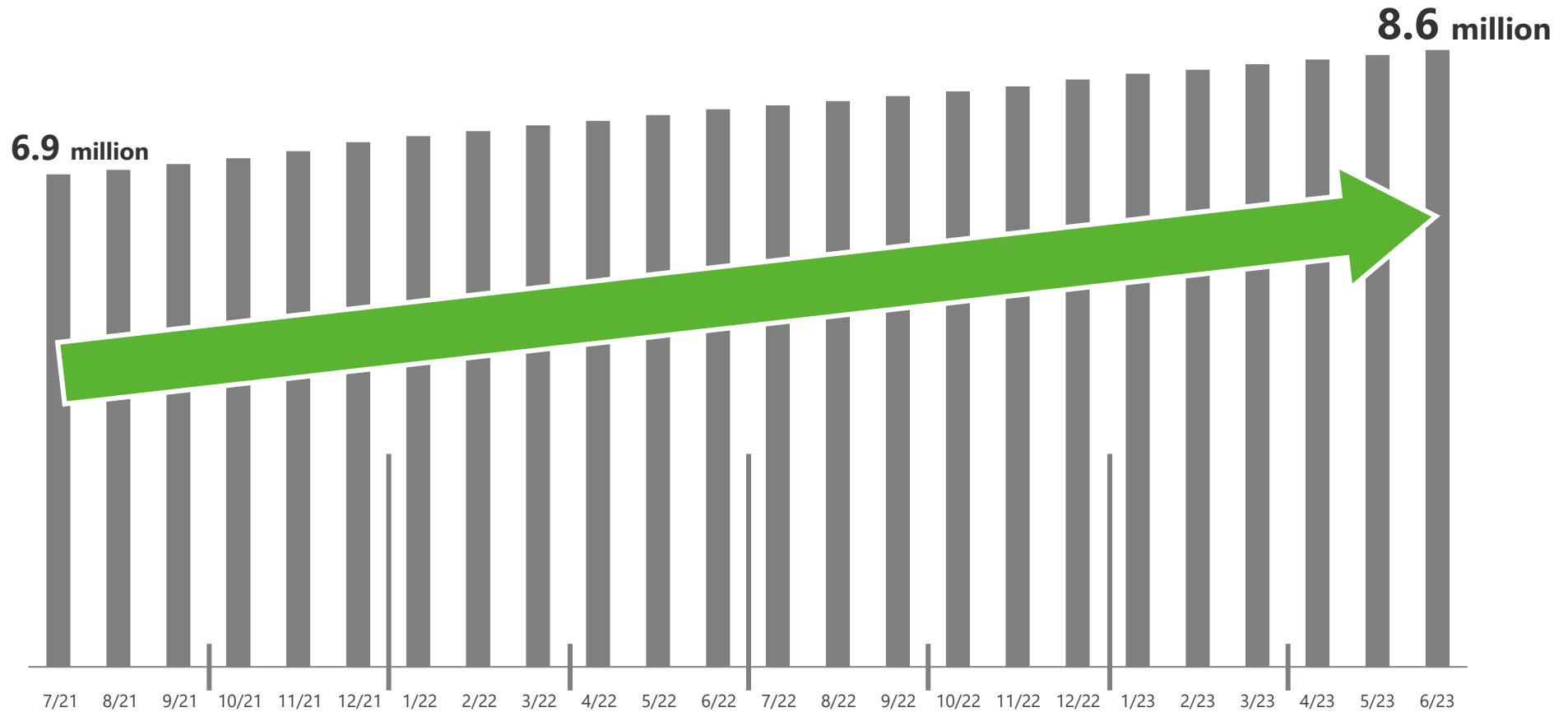
Trend in number of @cosme's monthly unique users

- **Record-high MAU** continued from March.



Trend in number of @cosme's members*

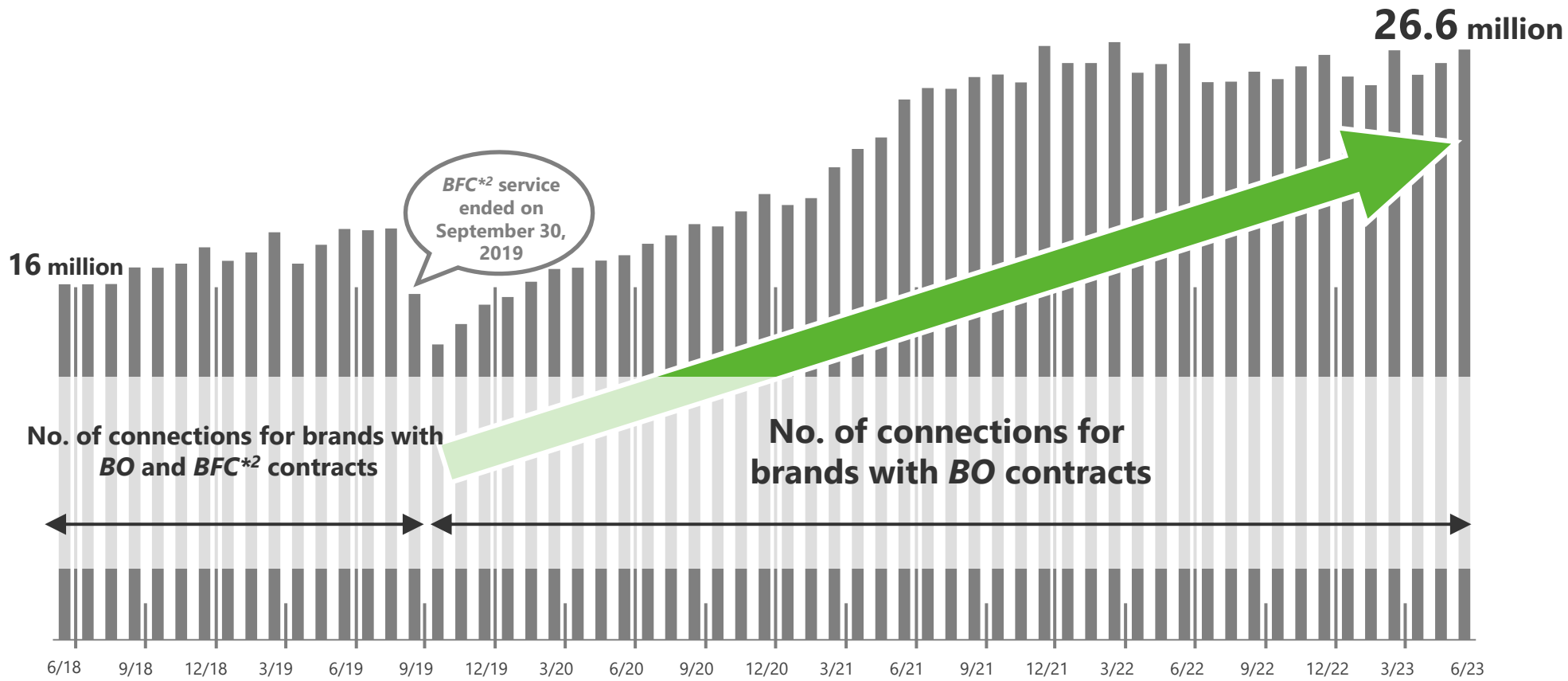
- Membership continues to trend up



* 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.



Update on @cosme OSAKA, the second large-scale flagship store

- Scheduled opening on **September 1, 2023**, with Kansai region's largest selection of **500 brands**.

【Store Overview】



Name	: @cosme OSAKA
Scheduled Opening	: September 1, 2023
Location	: 3F Western LUCUA 1100 (ihre) Osaka (direct access from JR Osaka Station) 3-1-3 Umeda, Kita-ku, Osaka
Sales Floor	: Approx. 893m ²

Next Trend Zone, a new setup

- Strengthening setups to create "encounters" between emerging domestic and international brands and consumers.
- The store to offer first-to-market items, limited-edition items, foreign brands not yet introduced in Japan, and high-potential items.

Kansai region's largest selection of 500 brands.

Chanel and **athletia** debut for @cosme, **SUQQU** opening first semi-self-serve counter.

RMK, LANCÔME, ADDICTION, Jo MALONE LONDON, KANEBO, M·A·C, shu uemura, TAKAMI, CLARINS, Clé de Peau Beauté, clinique, Estee Lauder, TOM FORD BEAUTY, PAUL & JOE BEAUTE, Bobbi Brown, LUNASOL, DECORTÉ, SHISEIDO, &be, KATE, MAQuillage, CANMAKE, excel, CEZANNE, LA ROCHE-POSAY, AESTURA, Wonjungyo, Innisfree, 花西子Florasis, HERA, Perfect Diary, TIRTIR, rom&nd etc.

* Relocation and expansion of @cosme STORE LUCUA OSAKA, closed end of July 2023.

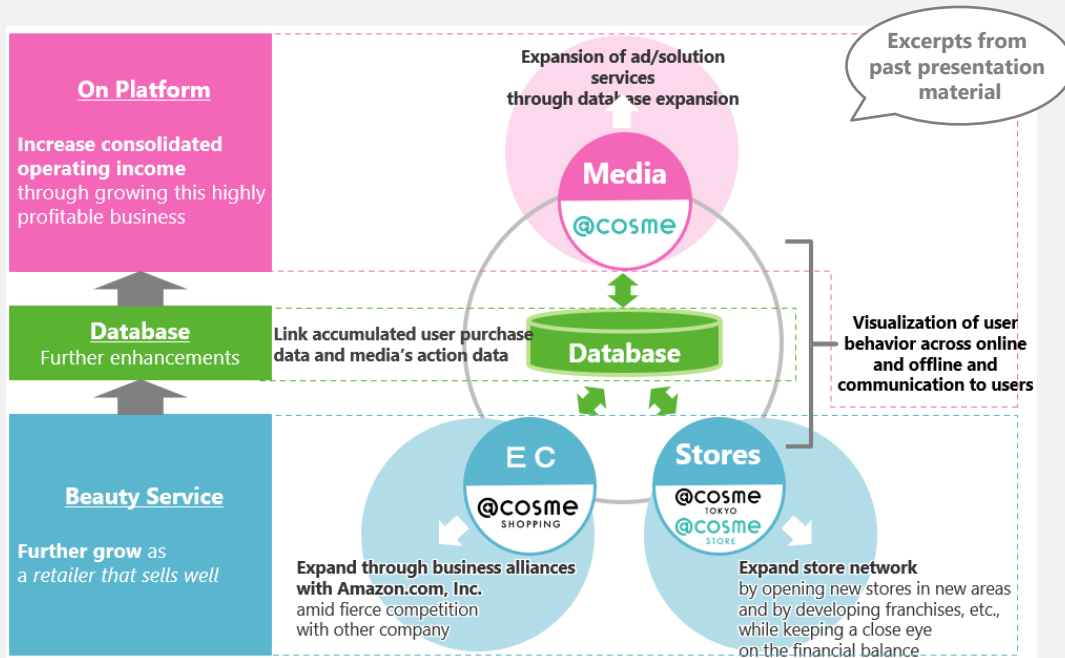
Review of COVID period (2020-)



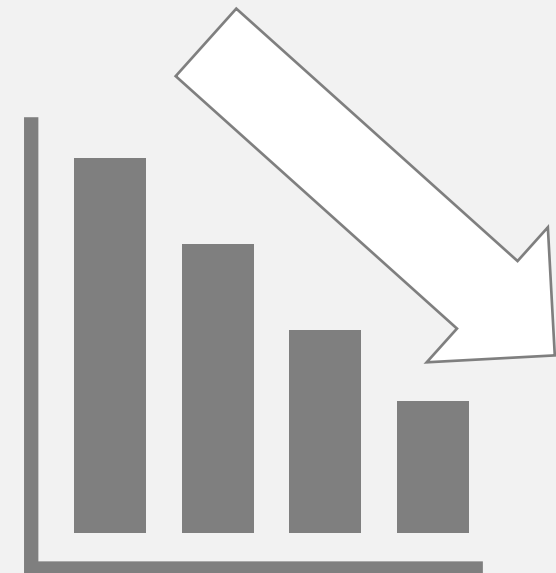
Business Policy during COVID period

- Build a **foundation for growth** and a **lean organization** by thoroughly implementing the following two measures.

Link the growth of **Beauty Service** (retail) to the growth of **On Platform** (BtoB) to achieve **increased sales and increased profit.**



Selection and concentration of businesses and thorough cost control across the entire group



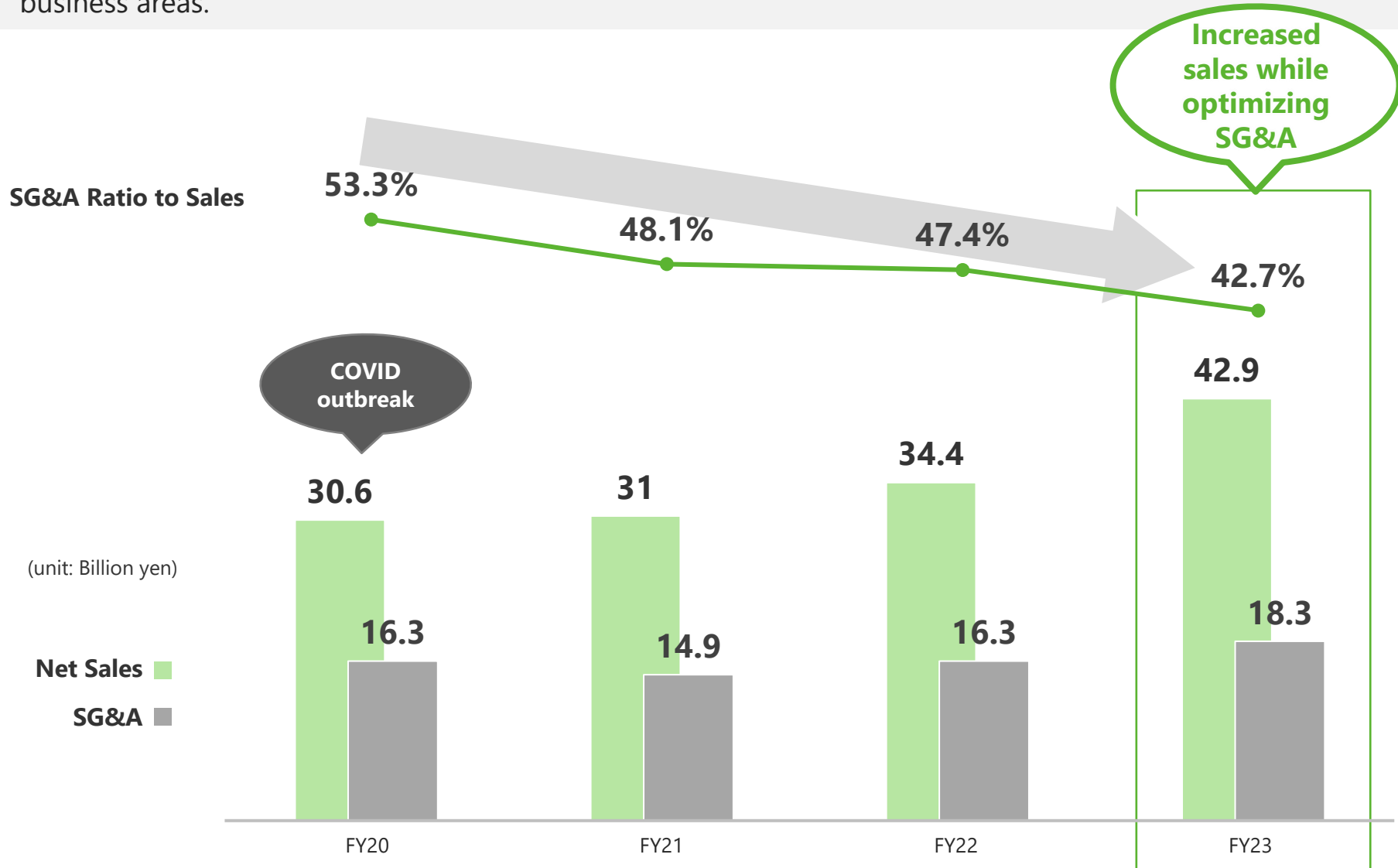
Outcome by going through COVID period

- Values and strengths built up over the three years from 2020

1. **Lean organization**
2. **Further growth of retail (EC and stores)**
3. **Stronger market position**
4. **Foundation for mid- to long-term growth** (business alliances)
5. **Increased organizational strength** (Company in good shape)

1. Lean organization

- Priority in improving profitability and reducing expenses to the minimum, such as suspending investments in new business areas.

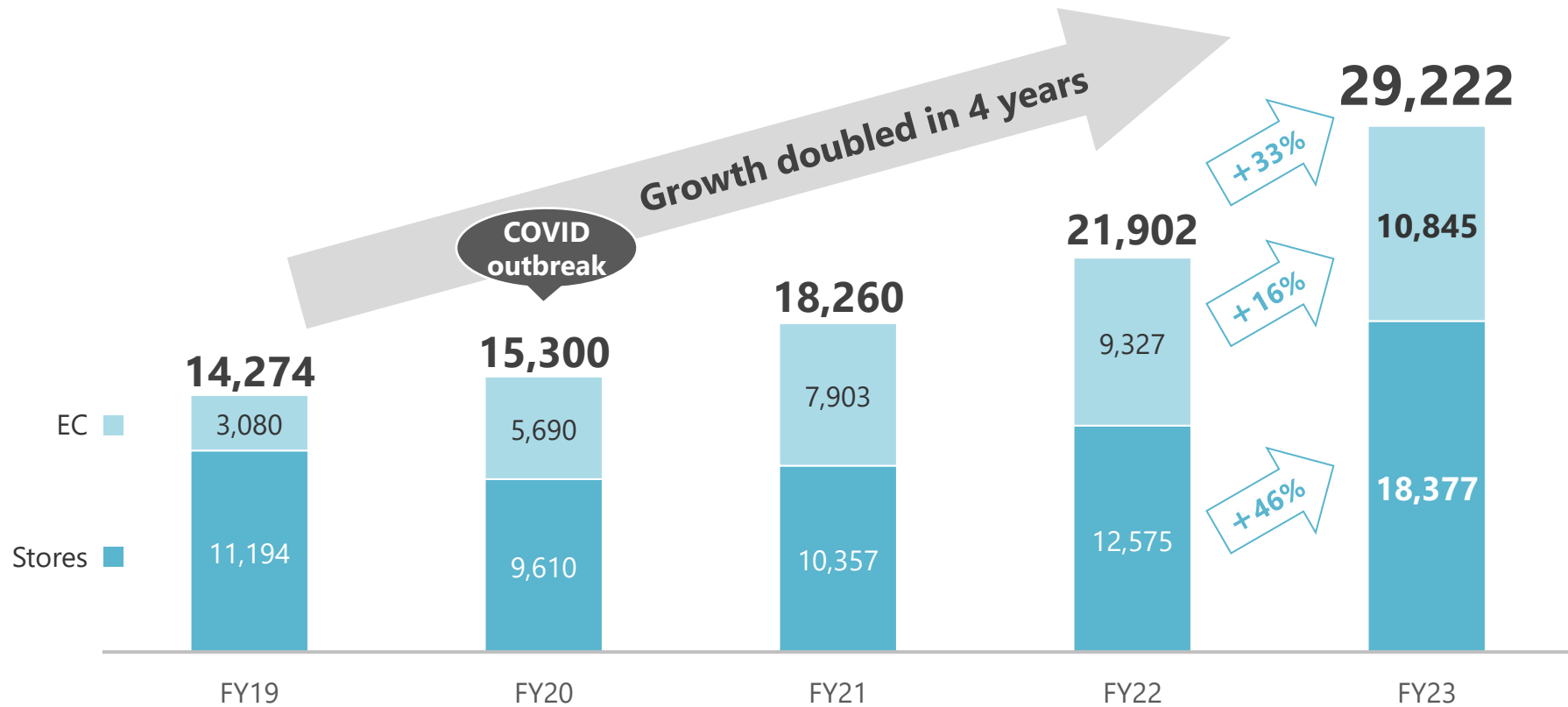


2. Further growth of retail (EC and stores)

- **EC** grew significantly after COVID. **Double-digit growth despite adverse market conditions** in the recent past.
- **Stores** grew significantly after COVID by **+46% YoY**.

Sales of Beauty Service

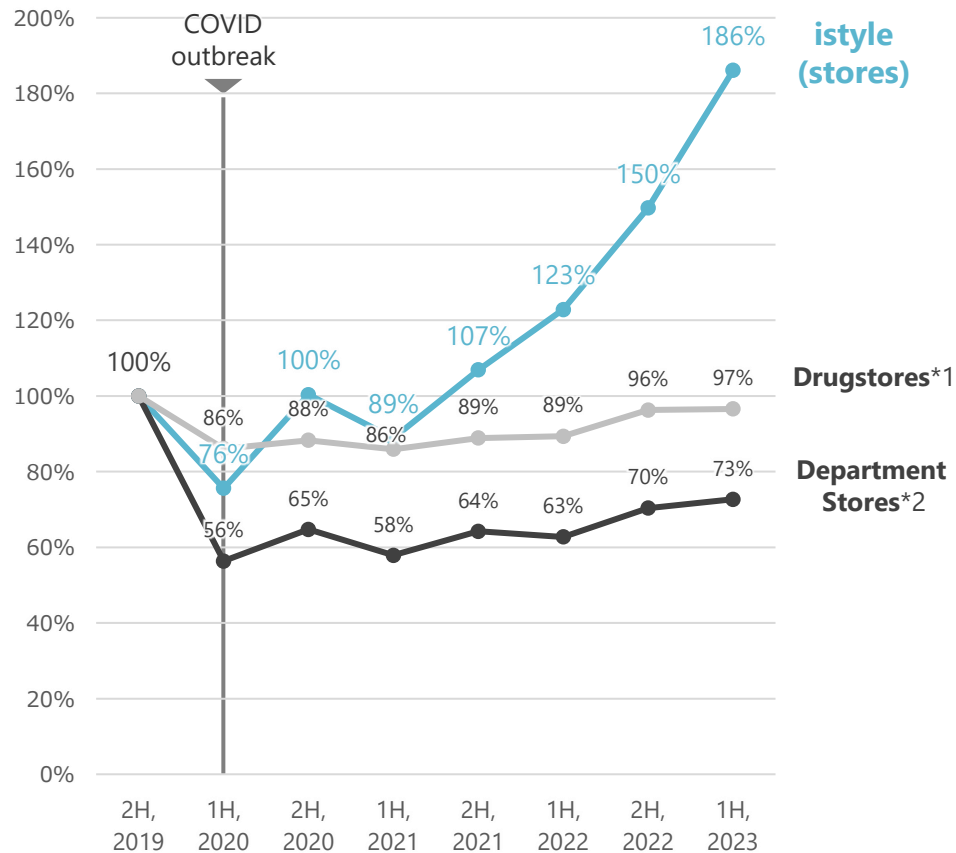
(unit: Million yen)



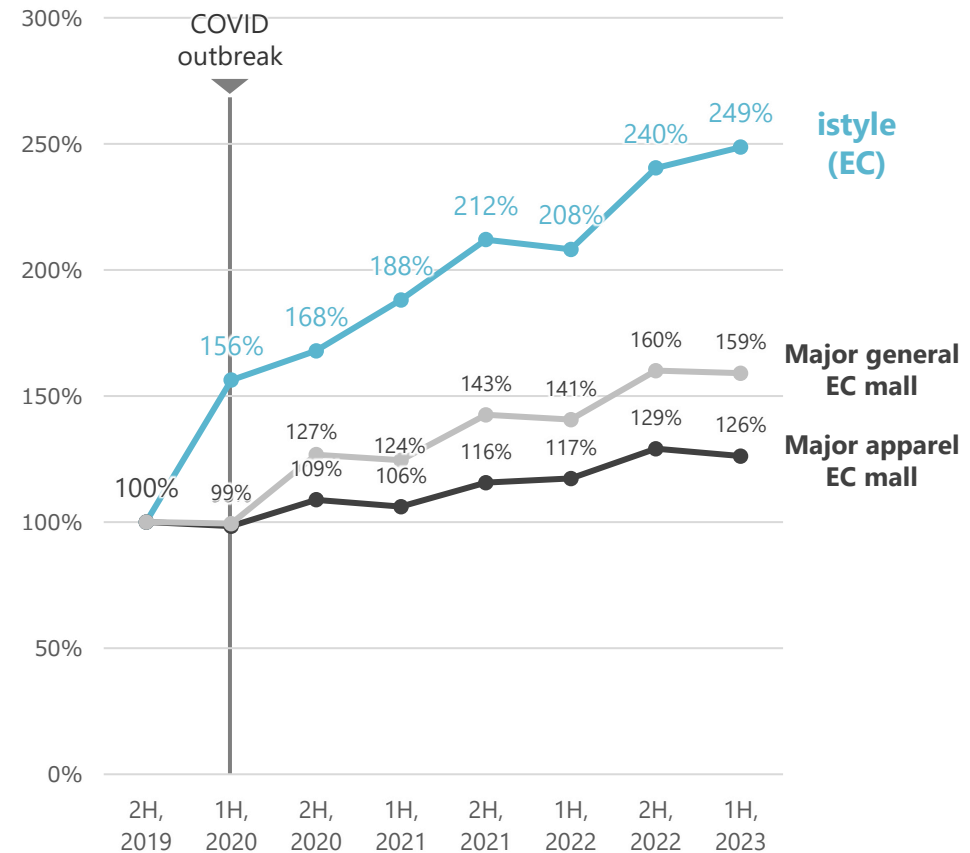
3. Stronger Market Position

- **Overwhelming growth rate compared to other companies and channels**
- Breakthrough through synergies with On Platform business. Outstanding growth strengthens presence in the industry.

Offline Channel Sales Growth Rate Comparison



Online Channel Sales Growth Rate Comparison

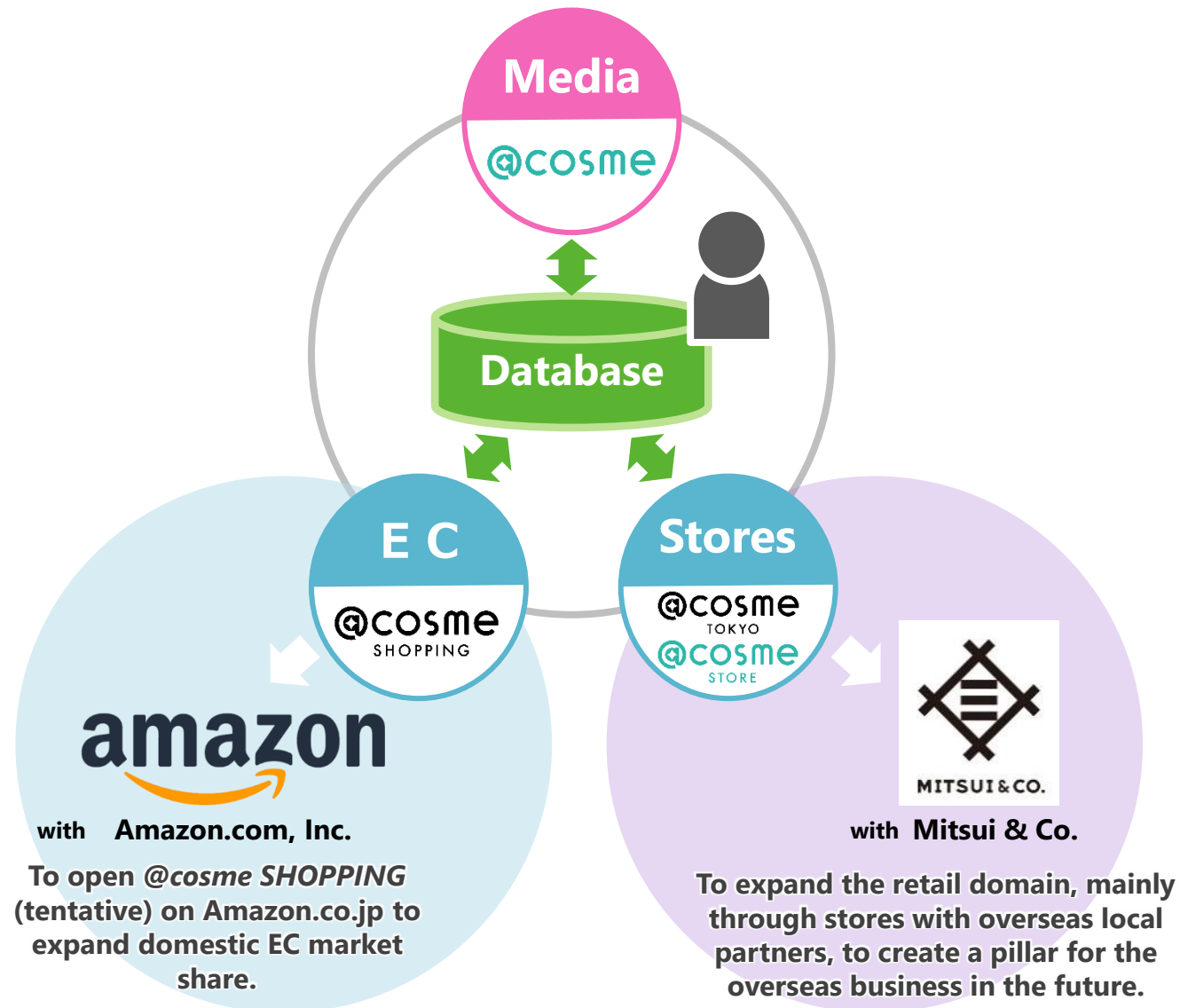


*1 Source: Beauty care (cosmetics and accessories) sales by product at drugstores, extracted from the "Current Survey of Commerce" by the Ministry of Economy, Trade and Industry.

*2 Source: Japan Department Stores Association, Net Sales by Product (Table 2).



4. Foundation for mid- to long-term growth (business alliances) 1/2

- Working with Amazon.com, Inc. and Mitsui & Co. for further opportunities.



4. Foundation for mid- to long-term growth (business alliances) 2/2

- Working with Amazon.com, Inc. and Mitsui & Co. for further opportunities.

Partner	Initiative	Progress	
 Amazon.com, Inc.	Open @cosme SHOPPING on Amazon.co.jp	<div style="background-color: #555; color: white; padding: 2px; text-align: center; font-weight: bold;">Brands</div> <ul style="list-style-type: none"> - Time required for brands to obtain HQ approval as Amazon is a global platformer. - Coordination required to secure inventory, to avoid running out of stock. - Discussions to align understanding of Amazon's regulations. <div style="background-color: #555; color: white; padding: 2px; text-align: center; font-weight: bold;">System development</div> <ul style="list-style-type: none"> - Generally complete: issues solved. 	➔
	Other collaborative initiatives	<ol style="list-style-type: none"> 1) First collaboration event with Amazon [Prime Day] Amazon Beauty @cosme (July 2023) <ul style="list-style-type: none"> - Product info by popular influencers and live streaming by @cosme beauty staff - In-store events at @cosme TOKYO 2) Joint advertising service with Amazon (May 2023) 3) Test-open content page, Beauty trend by @cosme on Amazon (Apr 2023) 	○
 Mitsui & Co.	Mainly overseas collaboration	<ul style="list-style-type: none"> - Specific local partners identified in East Asia and Southeast Asia. - Discussions underway on how to expand the business but require time to coordinate related parties. 	➔

5. Increased Internal Engagement ⇒ Growth of People and Organization

- Overcoming COVID improved internal engagement and individual capabilities. Promote organizational growth by transitioning decision-making authority.

2020 | **Temporarily suspended new recruitment** to reduce losses due to COVID.



2021
~
2022 | - **Internal engagement increased** as the company overcame COVID period together.
- **Employees who stayed with the company grew significantly** as a result of the experience.



2023 | Separate management and business execution, and transition decision-making authority by introducing a new COO and Corporate Officer System to further promote organizational growth, in response to the results of improved individual capabilities.



Organization's driving force increased with employees with more broad and high perspectives. Continue to maximize their value and experience.



Future Business Policy

“Don't you think *@cosme* is already well-recognized and has matured?”

“Performance has improved because the stores are back in business,
but what about the future?”

“What kind of possibilities do you see for the future?”



istyle is not a company that just runs *@cosme*.

Mission

**“To update the world of beauty
while bringing happiness to many.”**



**We see further opportunities.
There is so much more we can do with
the foundation of @cosme.**

Cosmetics Industry Challenges



Cosmetics Companies

- ✓ Intensifying competition due to growing number of cosmetics brands.
- ✓ Information not reaching consumers due to too complex touchpoints.
- ✓ Digital Transformation (DX, including EC and social media) not being fully utilized.



Retail

- ✓ Department stores: Difficult attracting customers. Shrinking in regional areas.
- ✓ Drugstores: Self-service stores hard to sell high-priced products.
- ✓ Specialty stores: Shrinking and unable to invest in Digital Transformation (DX).
- ✓ A new system anticipated due to increasing labor costs.



Consumers

- ✓ Unable to find what really suits me due to too many brands and products.
- ✓ Uneasy to trust information on social media as it is so diversified and detailed.
- ✓ Less likely to find more desired items, high-priced items on EC sites.

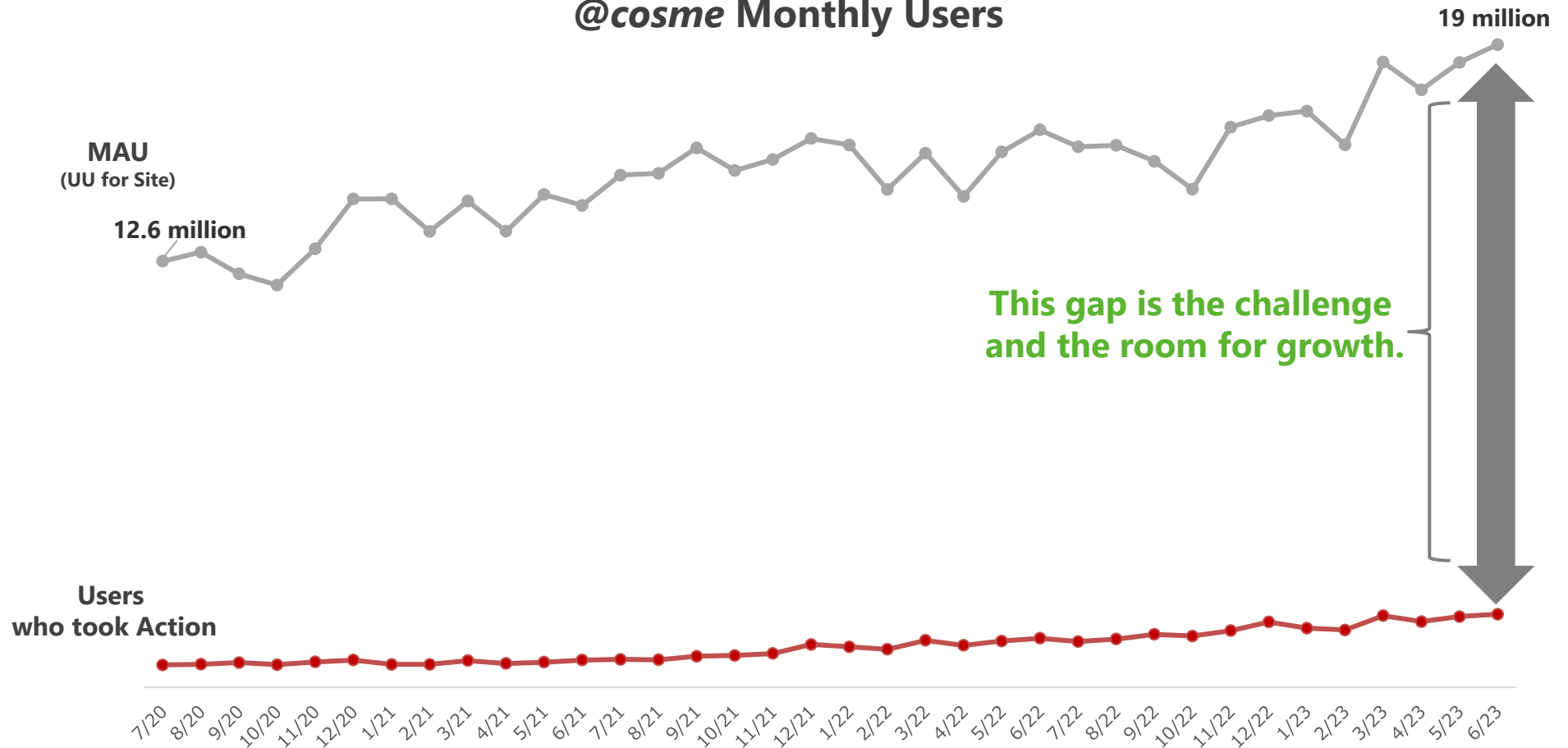
Explore Five Business Opportunities to be built on the foundation of @cosme.

- 1. Expand user actions**
- 2. Expand cosmetics specialty store distribution**
- 3. Provide beauty advisors new ways to work**
- 4. Create new opportunities for brands to meet users**
- 5. Develop new toC businesses based on trust**

1. Expand User Actions

- **Brands invest in user actions** such as purchasing and ordering samples **as they have value.**
- Furthermore, the platform is not only for young women, but also for all people who enjoy cosmetics and anti-aging care, including men and all women.

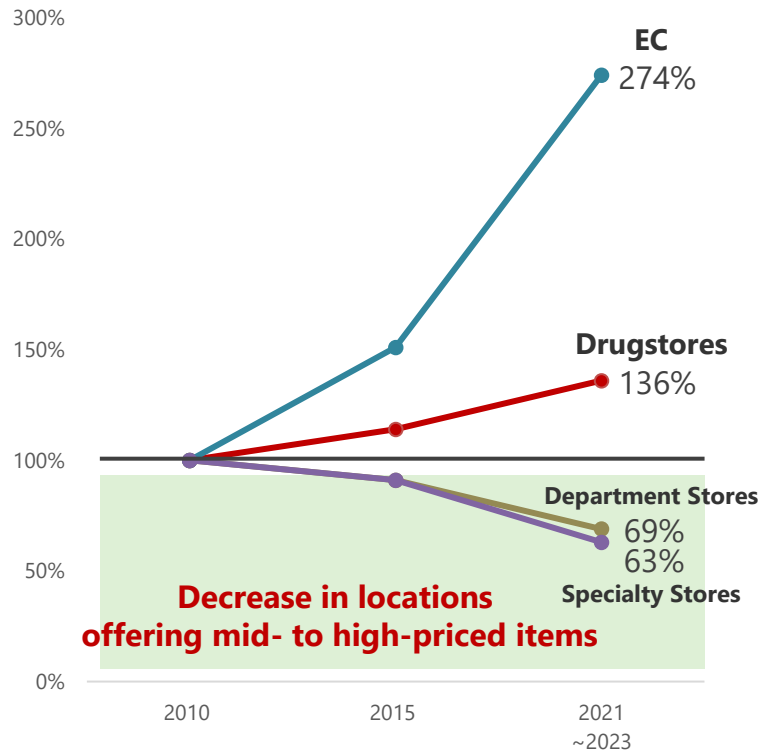
@cosme Monthly Users



2. Expand Cosmetics Specialty Store Distribution

- **Establish market position by creating new value for stores beyond sales** as an alternative to existing distribution.

Trends by channel from 2010



Sources:
 EC: EC market size for cosmetics and pharmaceuticals from "Market Survey on Electronic Commerce" by Ministry of Economy, Trade and Industry.
 Drugstores: Number of drugstores from data published by Japan Chain Drugstores Association.
 Department stores: Number of stores from data published by Japan Department Stores Association.
 Specialty stores: Sales value of cosmetics stores, etc. from "Cosmetics Marketing Handbook" by Fuji Keizai Inc.

1) Establish next-generation channel to replace department stores and drugstores

EC	Rapid growth, but still limited mid- to high-end product sales.
Drugstores	Mainly low-priced items, stores not engaging.
Department Stores	Recent recovery, but fewer stores and weak EC linkages.
Specialty Stores	Mainly individual stores, declining due to business succession issues, etc.

Limited companies able to actively invest in in-store digital transformation (DX).

2) Link EC and brands through in-store DX

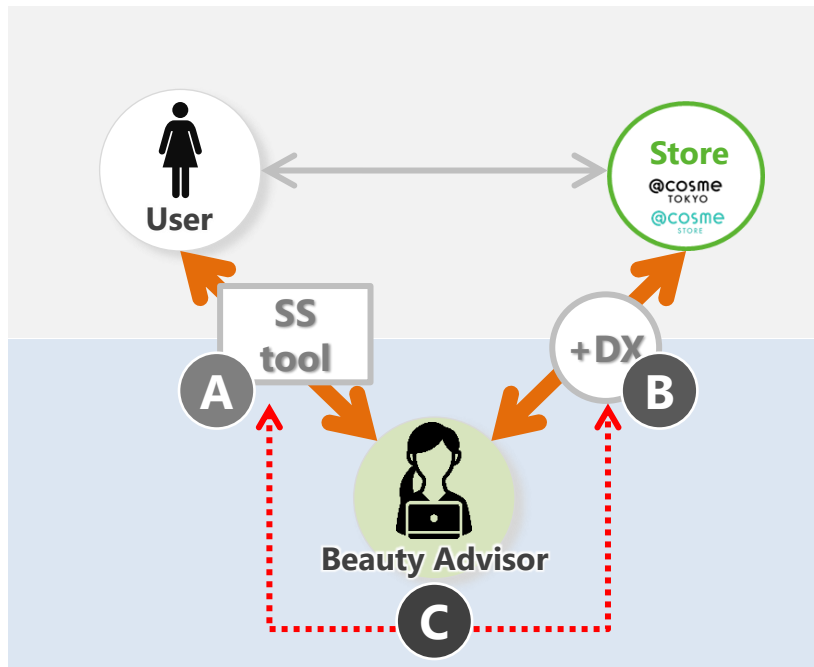
- **Create value unable by other channels** through proactive investment in system development to link online and offline.
- **Increase LTV through EC & store co-sales**, by realizing a seamless purchasing experience linking EC.

3) Support other cosmetics specialty stores

- Support other stores through in-store DX and *@cosme STORE* know-how.

3. Provide Beauty Advisors New Ways to Work

- Beauty Advisors, who could only work full-time in-store (offline), are now able to serve customers online.
- **To keep attracting good talent and to bring out their potential, we will provide Beauty Advisors new and flexible ways to work.**



A Develop tools for social sellers*

Develop a system for communicating with customers via tools, regardless of time or location. (SS tool: "Sekkyaku-san").

B Enable BA to meet customers in-store when necessary

Create a workable environment where BA can provide in-store service when necessary.

Work without being restricted to conventional shifts (DX in Stores).

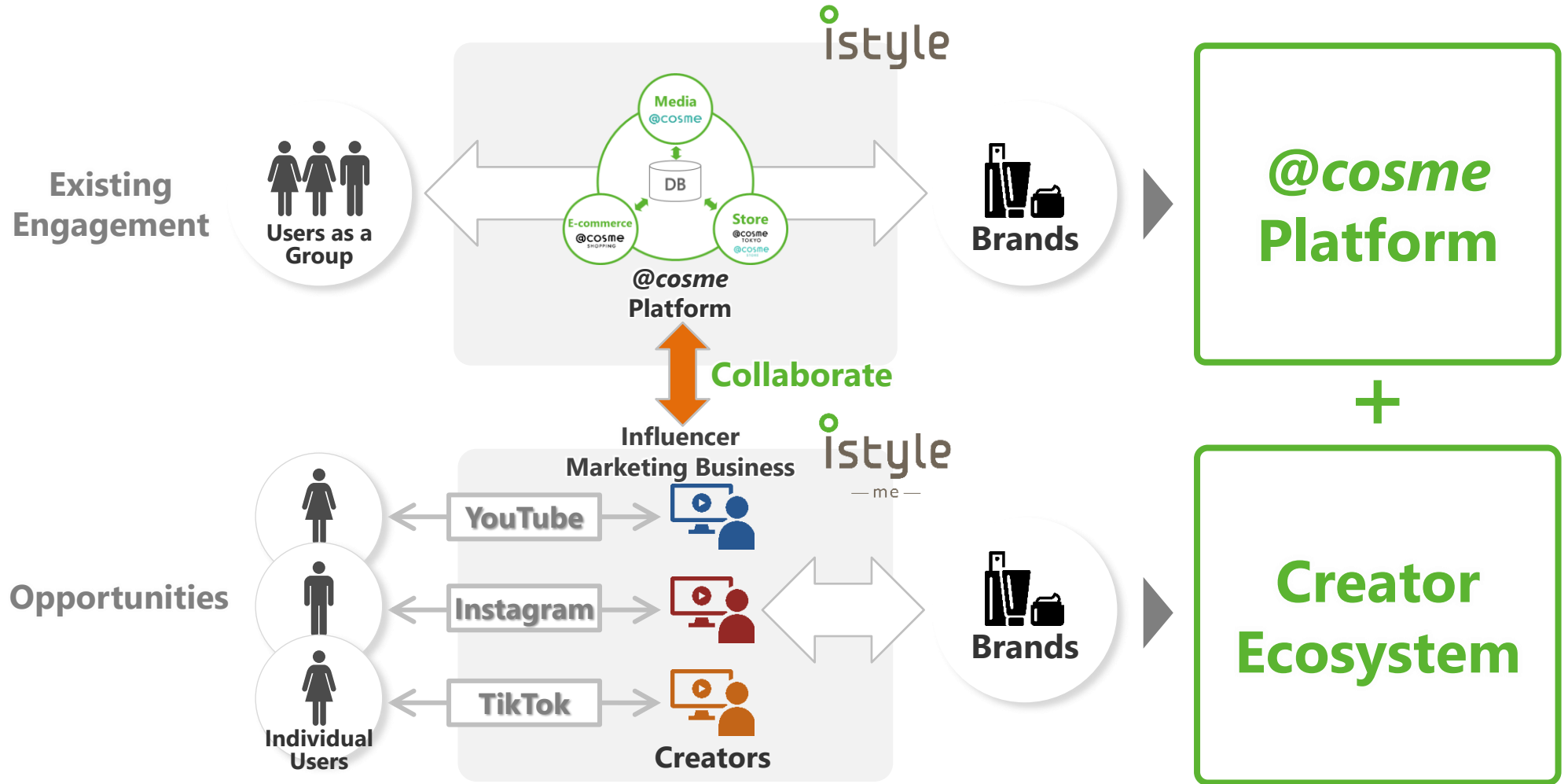
C Establish a sales model utilizing AI

Store online communication such as consultation in AI and utilize in the future.

* Social sellers: Name for Beauty Advisors who actively use online communication, not just in stores as in the past.

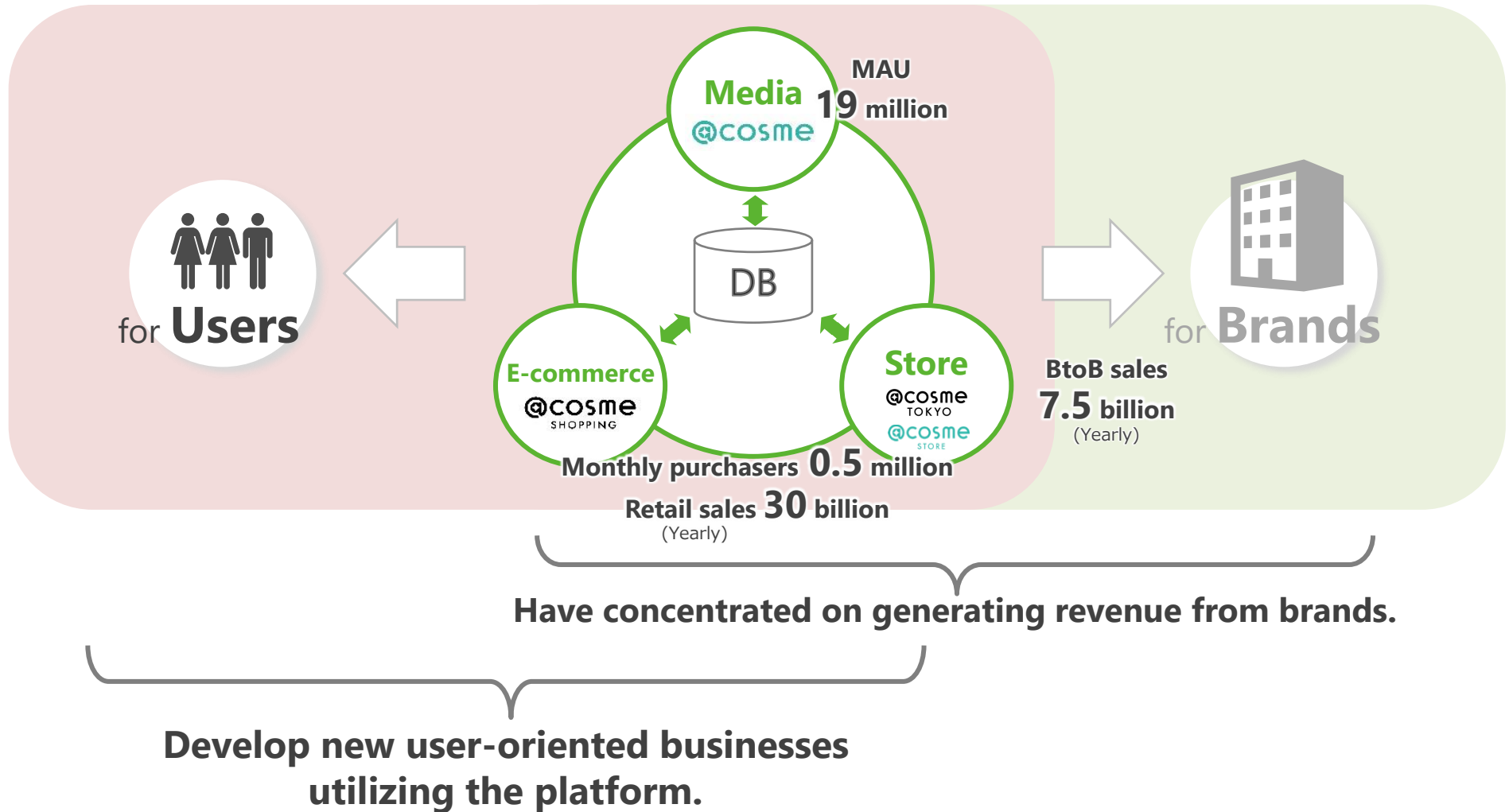
4. Create Opportunities for Brands to Meet Users

- **Expand influence by collaborating with external media**, in addition to existing engagement.



5. Develop New toC Businesses based on Trust

- **Develop new revenue streams** based on the @cosme brand using untapped assets.



Explore Five Business Opportunities to be built on the foundation of @cosme.

1. **Expand user actions**
2. **Expand cosmetics specialty store distribution**
3. **Provide beauty advisors new ways to work**
4. **Create new opportunities for brands to meet users**
5. **Develop new toC businesses based on trust**



“To update the world of beauty while bringing happiness to many.”

Medium- to Long-Term Aim (Volume)

1. Action Users

2 million users

2+3. Stores

50~80 stores

2+3. Retail GMV

100 billion yen

4. BtoB Sales
(Create Opportunities for Brands to Meet Users)

12~15 billion yen

5. New Revenue Streams (toC)

**To Be Developed
(from FY24)**

“What about overseas business?”



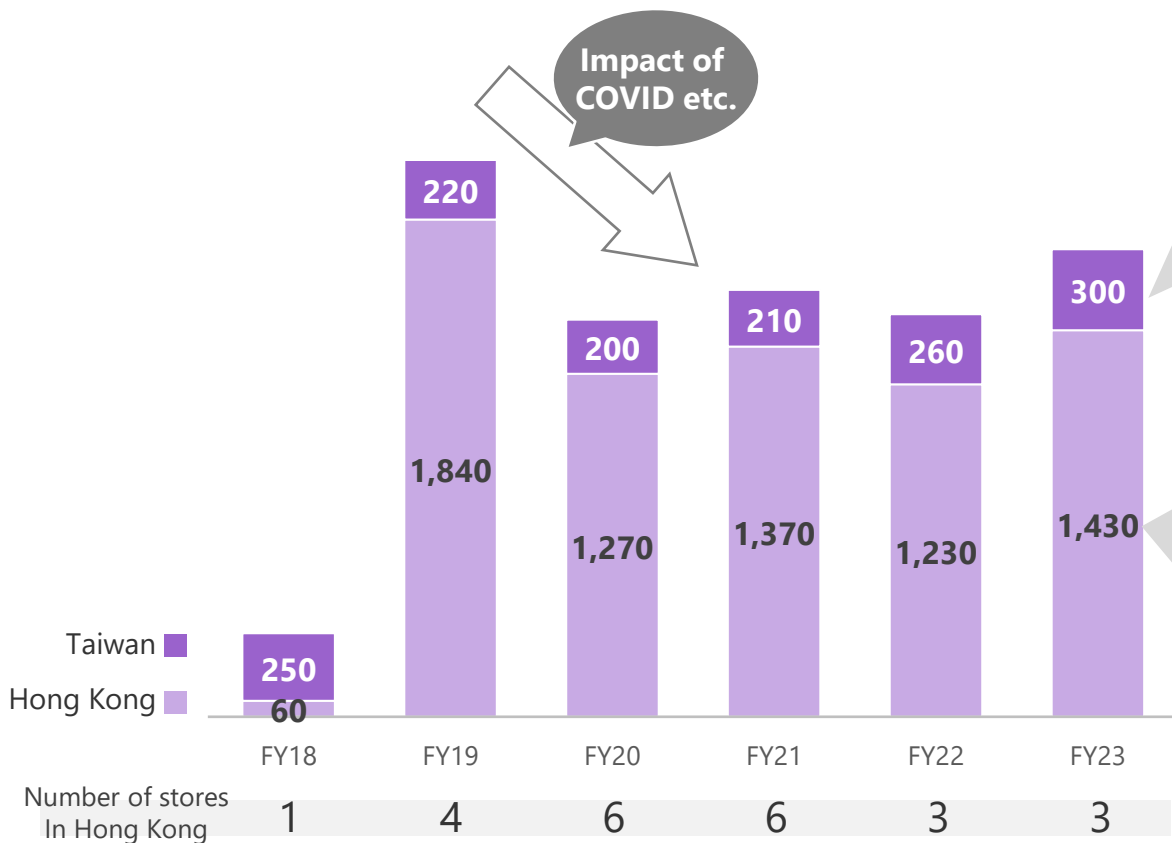
**Concentrate on East Asia,
from Taiwan and Hong Kong,
while maintaining good financial governance.**

Achievements in Taiwan and Hong Kong

- Expand the platform concept established in Japan, starting from Taiwan and Hong Kong, where we have stable profits.

Net Sales of Taiwan and Hong Kong Operations

(Unit: Million yen)



Taiwan Media

MAU 1,000,000

30% of young women* in Taiwan

HK Stores & Media

Monthly # of store visitors 230,000

23% of young women* in Hong Kong

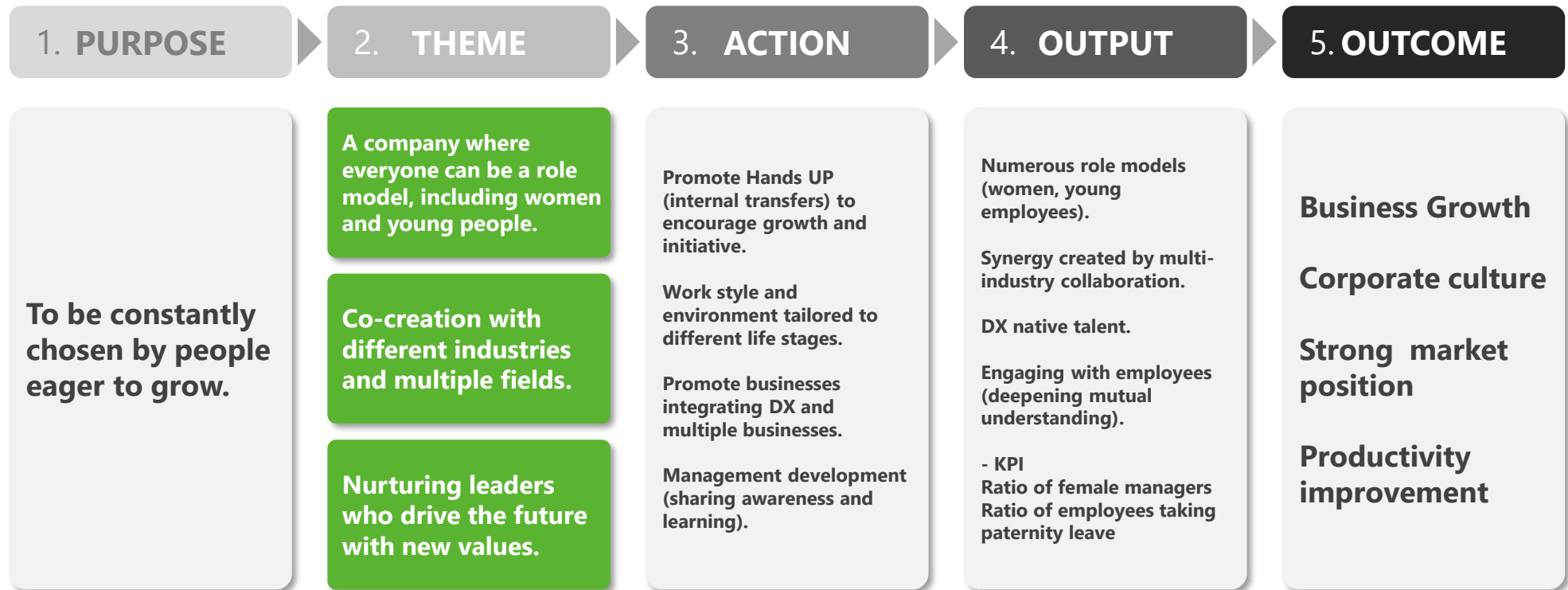
MAU 140,000

14% of young women* in Hong Kong

* The term "young women" here refers to individuals 20 to 39 years old © istyle Inc. 42

Increase Corporate Value by Growing Next-Generation Industry Leaders (Human Capital Management).

- Establish a new Human Resources Committee led by Directors, Corporate Officers, and Human Resource Managers to **strengthen human capital in the a medium- to long-term.**
- Focus on human resource development based on "role models for women and young people," "synergy among multiple businesses," and "innovation through DX" that are symbolic of istyle corporate culture.



* Details in the Annual Securities Report to be disclosed in September 2023.

Business Plans for FY2024



Business plan for FY24 / Outline

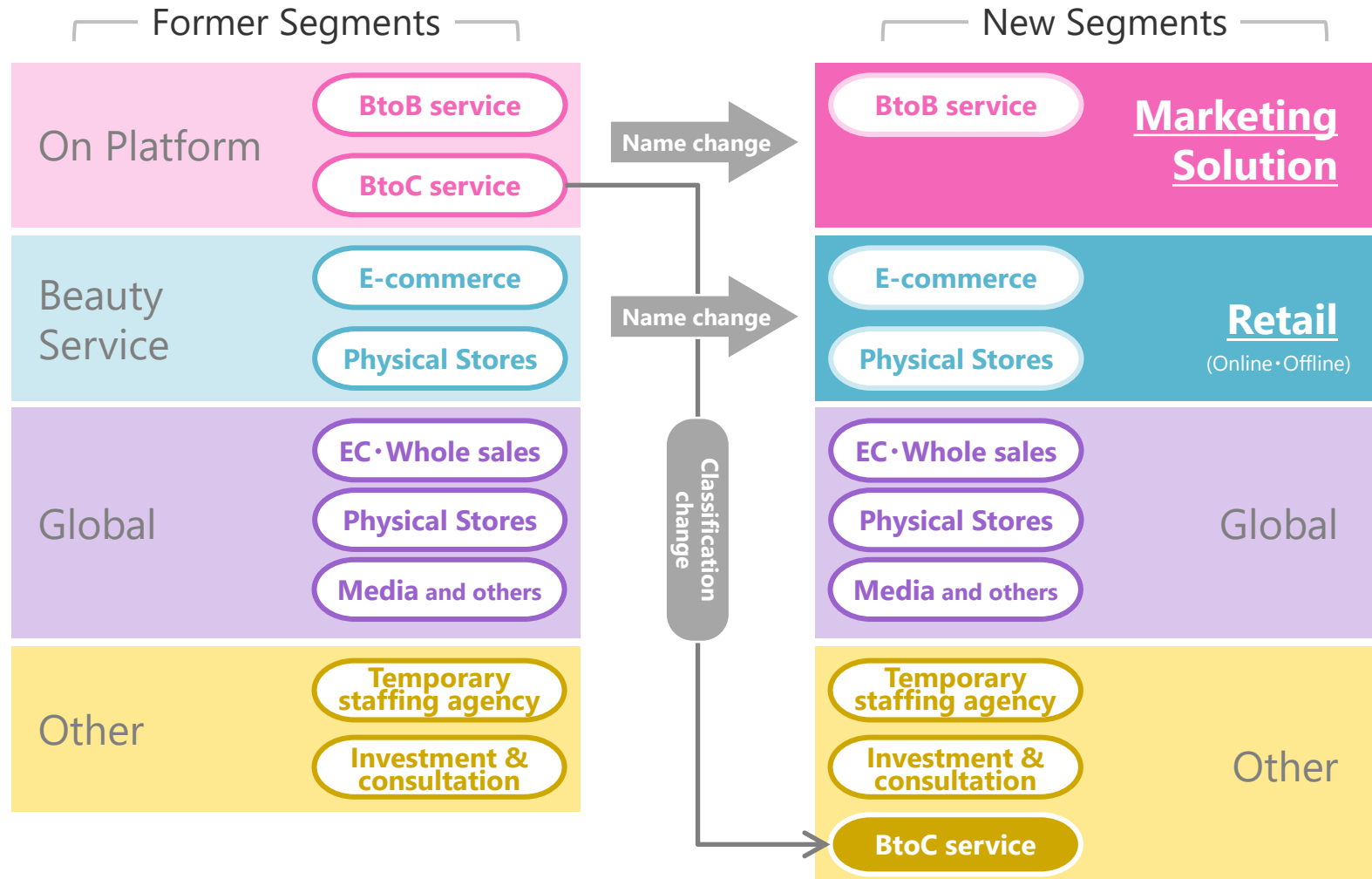
- **Aiming for increased profit by further increasing sales** to make up for increased expenses.

(Unit: Million yen)

	FY24 (Plan)	YoY	FY23 (Result)
Net sales	50,000	116.6%	42,890
Operating Income	1,200	146.8%	817
Ordinary Income	1,000	243.7%	410
Net income attributable to the owners of the parent company	700	254.3%	275

Scheduled to changes in segment names and classification of specific services.

- From FY ending June 30, 2024, schedule changes in Segment names, etc. to be made to disclose information more in line with strategies and to reorganize business domain classifications.



Business plan for FY24 / By segment (New)

(Unit: Million yen)	Net sales			Operating income		
	FY24 (Plan)	YoY	FY23 (Result)	FY24 (Plan)	YoY	FY23 (Result)
Total	50,000	116.6%	42,890	1,200	146.8%	817
Marketing Solution	8,300	111.3%	7,457	1,600	140.8%	1,136
Retail	35,500	121.5%	29,222	1,450	103.8%	1,397
Global	4,400	100.1%	4,395	50	+136	-86
Other	1,800	99.1%	1,816	200	89.4%	224
Company-wide cost & others	-	-	-	-2,100	-247	-1,853

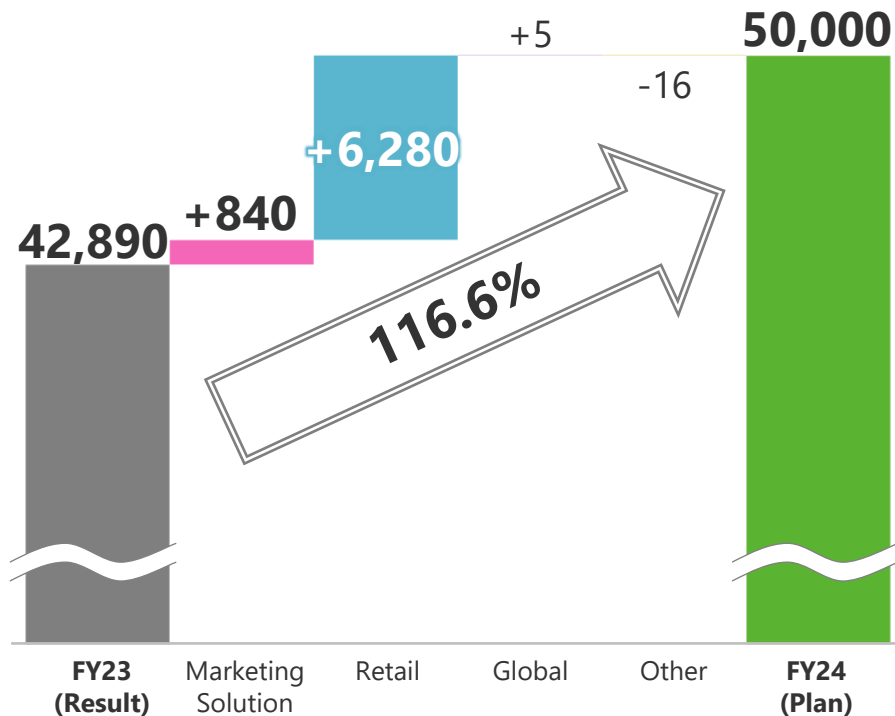
* We are currently conducting a thorough analysis of the impact due to segment changes, so there is a possibility of slight adjustments to the figures.

Business plan for FY24 / Increases/decreases in each segment

- Sales driven by Retail, profit driven by Marketing Solution.

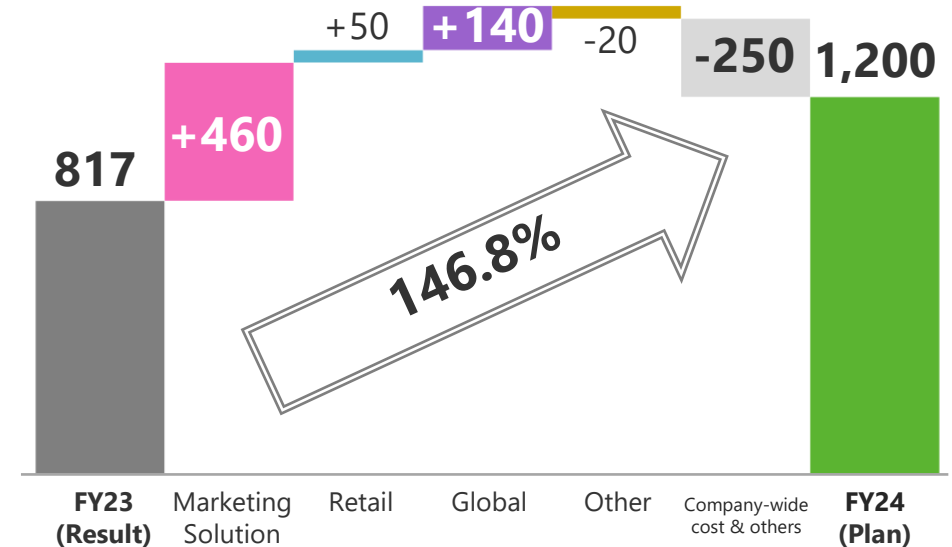
Net sales

(Unit: Million yen)



Operating income

(Unit: Million yen)

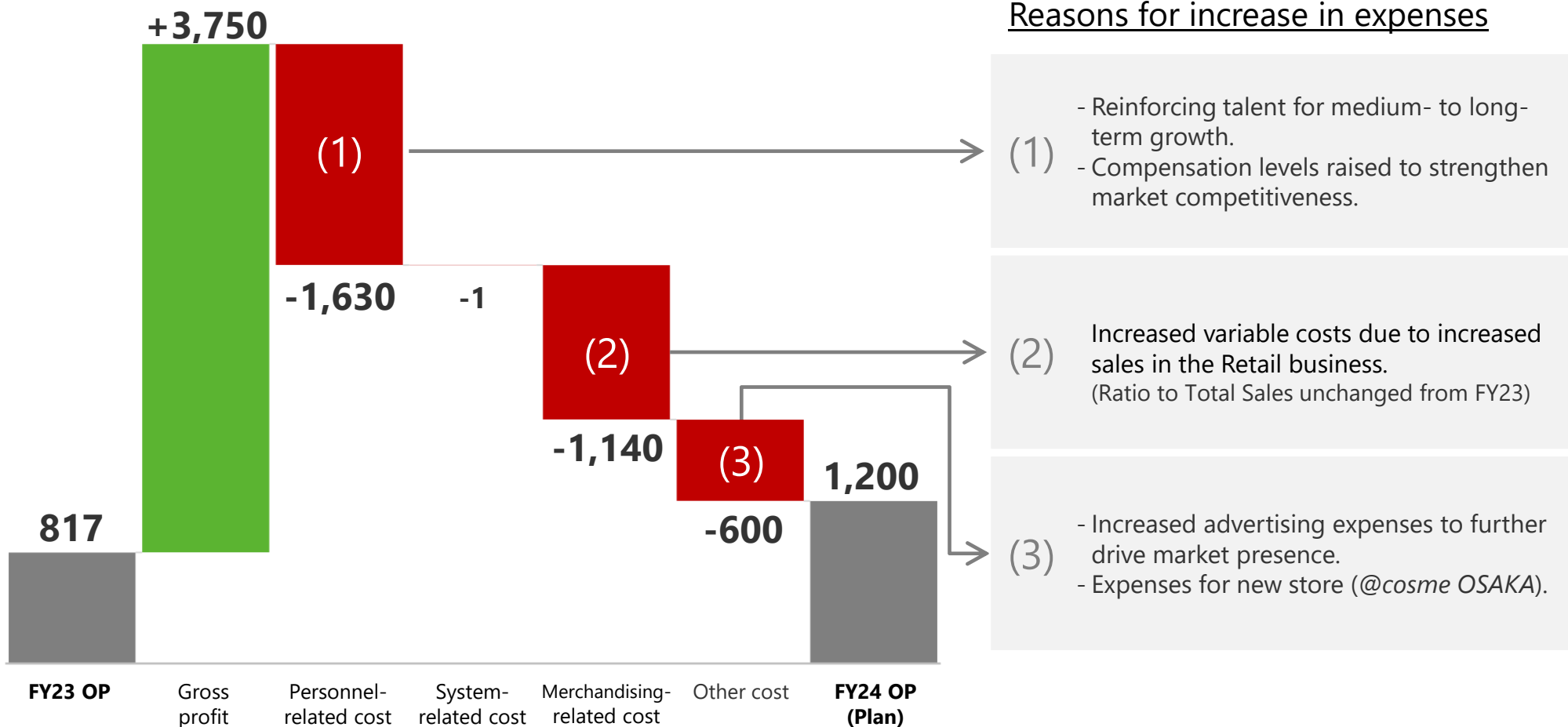


* We are currently conducting a thorough analysis of the impact due to segment changes, so there is a possibility of slight adjustments to the figures.

Reasons for Increase/Decrease in Operating Income

- Have been investing in future growth drivers while increasing profitability (Gross Net Sales).

(Unit: Million yen)



Business plan for FY24 / Assumptions (Policy Summary)

- Continued growth plan centered on domestic business.

	Net Sales	Operating Income
Marketing Solution	Increased sales through linking EC and stores.	Increased profit due to increased sales offsetting increased personnel expenses.
Retail	Plan for +20% growth in both EC and stores.	Flat due to increased profit invested in personnel expenses.
	EC	EC
	- Increased sales through linking media and stores. - Store launch on Amazon.	Increased profit due to increased sales.
	Stores	Stores
	- Increased sales by continuing to capture domestic and external demand. - Increase due to contribution of new stores such as @cosme OSAKA and Cosmetics Sydney.	-Advance expenses incurred for @cosme OSAKA. -Decline in profit due to increased expenses resulting from reinforcing personnel and stabilizing store operations.
Global	Flat due to focus on profitability improvement.	Return to profitability by reducing deficit mainly from Korea business.
Company-wide cost & others	-	Increase in personnel and associated acquisition costs, etc.

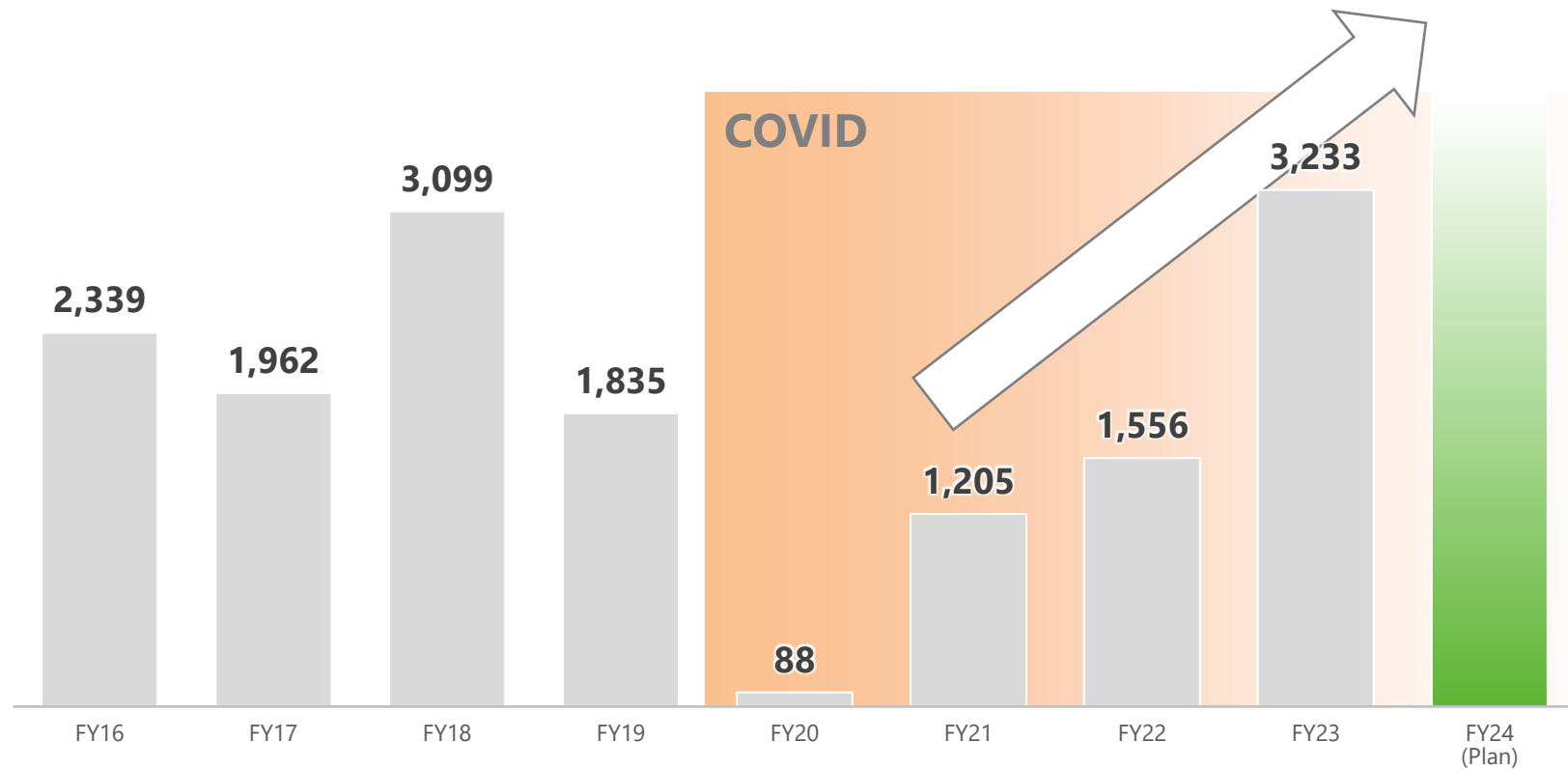
Trends in EBITDA

- Strengthen earnings base by improving profitability and making medium- to long-term investments.

EBITDA

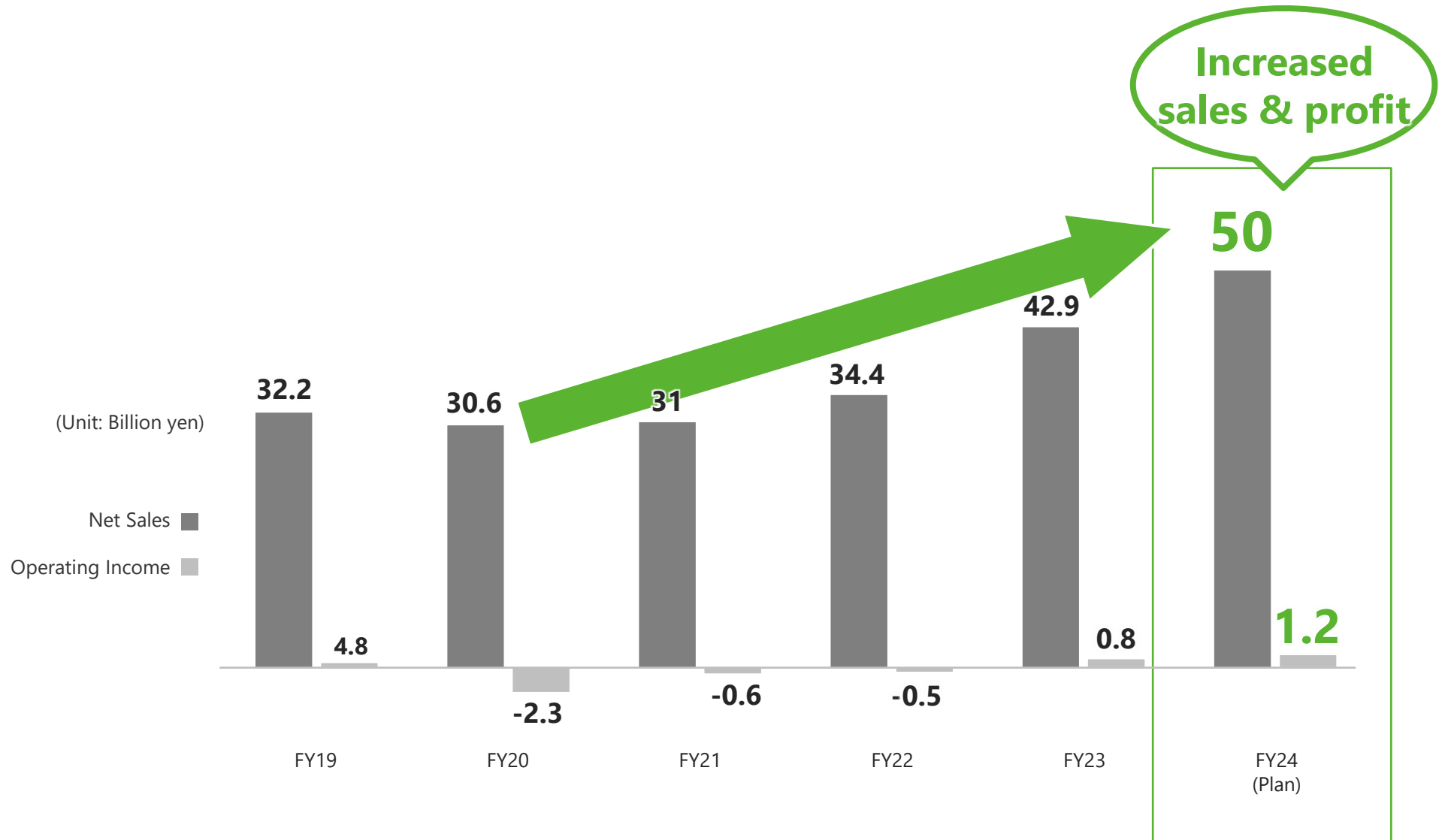
(Operating income + Depreciation, amortization of goodwill and stock-based compensation expenses)

(Unit: Million yen)



Taking the First Step Toward the Next Stage of Growth

- Moving beyond COVID to the next stage of medium- to long-term growth.



Appendix



Company information *As of end of Jun. 2023

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	5,467 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	996 (consolidated)

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	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
2023	Sep	@cosme OSAKA is scheduled to open

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

 **Forbes**
WOMEN
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

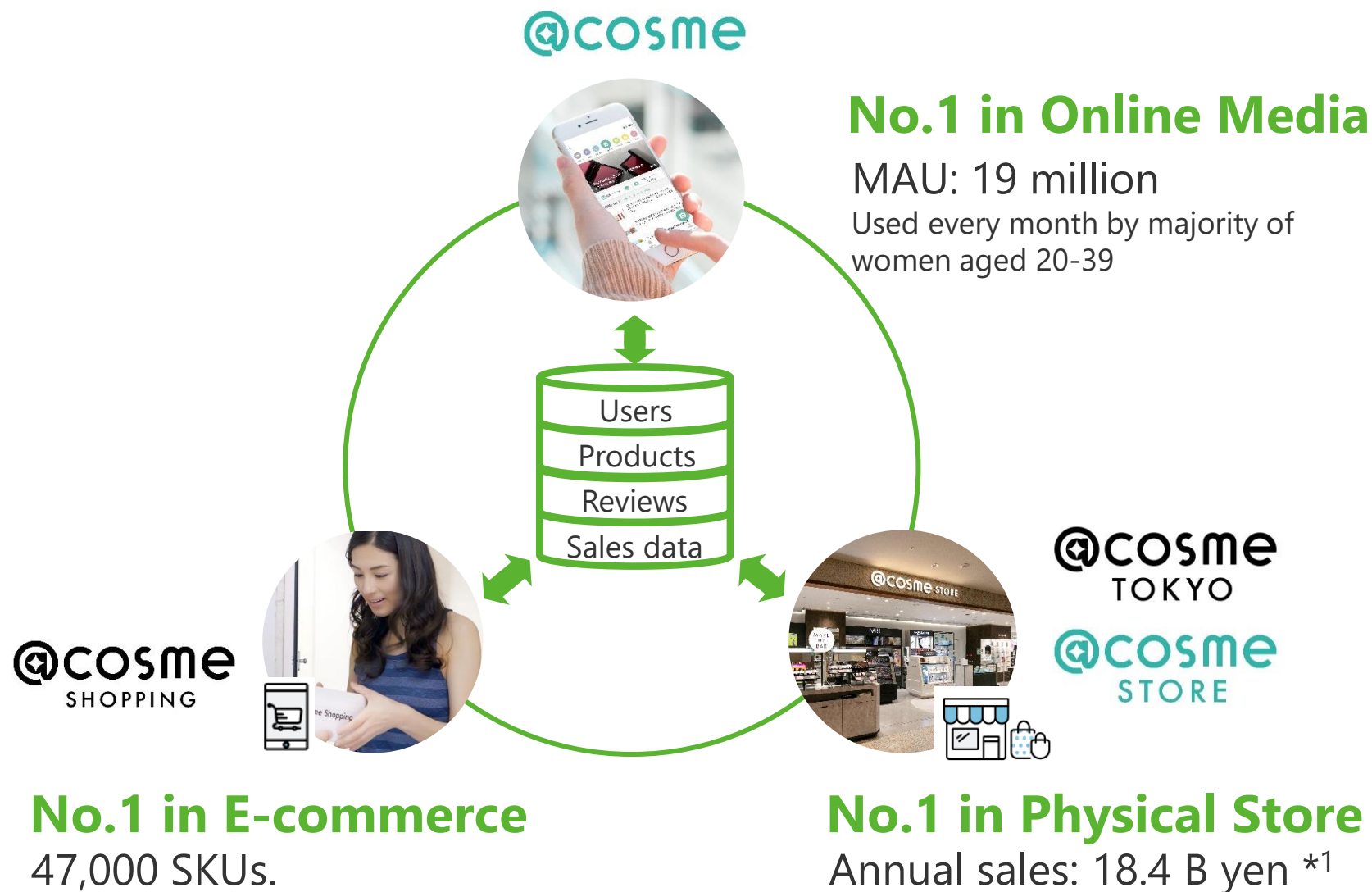

2014 Michael Porter Prize Japan

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

 **GOOD DESIGN AWARD**
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 FY23

*2 Figures are as of Jun. 2023

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

19 million

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

Registered
members

8.6 million

Covers almost every
brand marketed in
Japan

Registered
brands

43 thousand

Expanding beyond
cosmetics into all beauty-
related categories

Registered
products

390 thousand

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

Registered
reviews

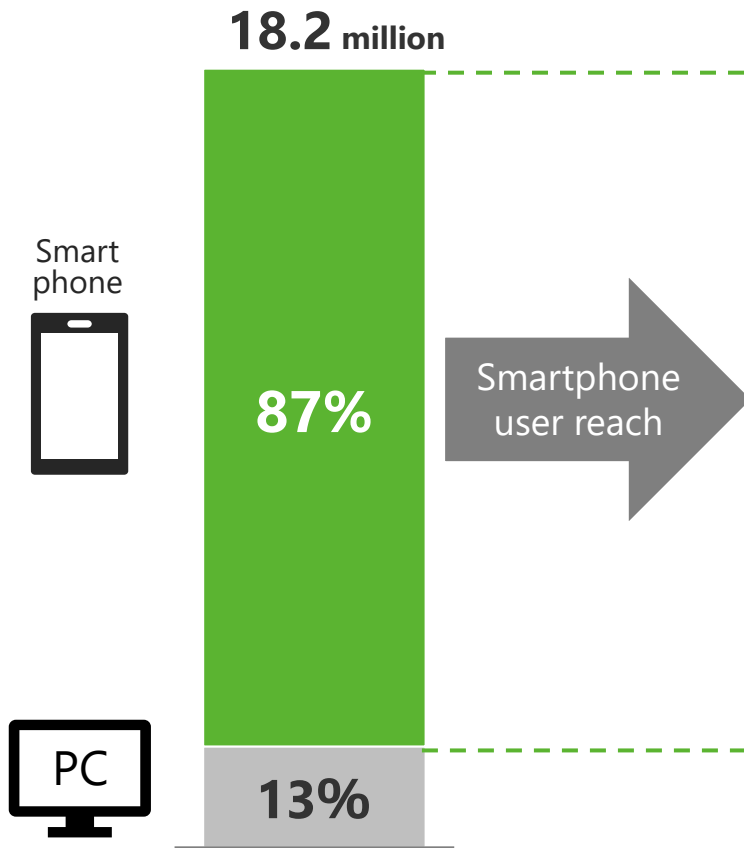
19.4 million

* Figures are as of Jun. 2023

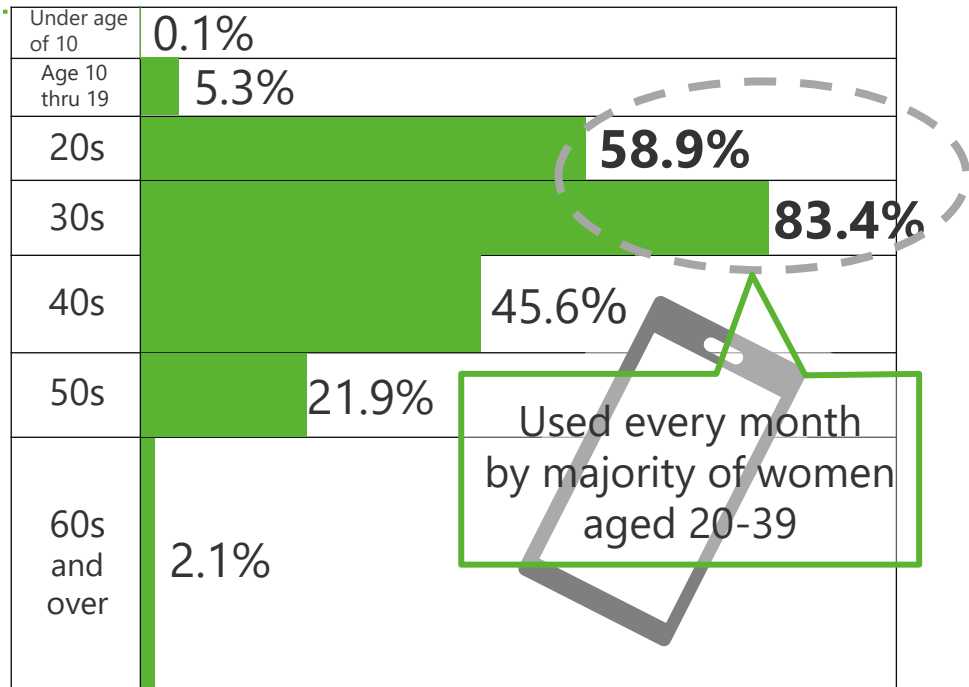
@cosme / Overwhelming usage ratio by female members

- Roughly 19 million monthly unique users use @cosme portal site. (As of Jun. 2023)
- 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. 2023)
Calculations based on the number of unique users of PC, smart phone and feature phone as well as member distribution. (figures determined on Jun. 2023)

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

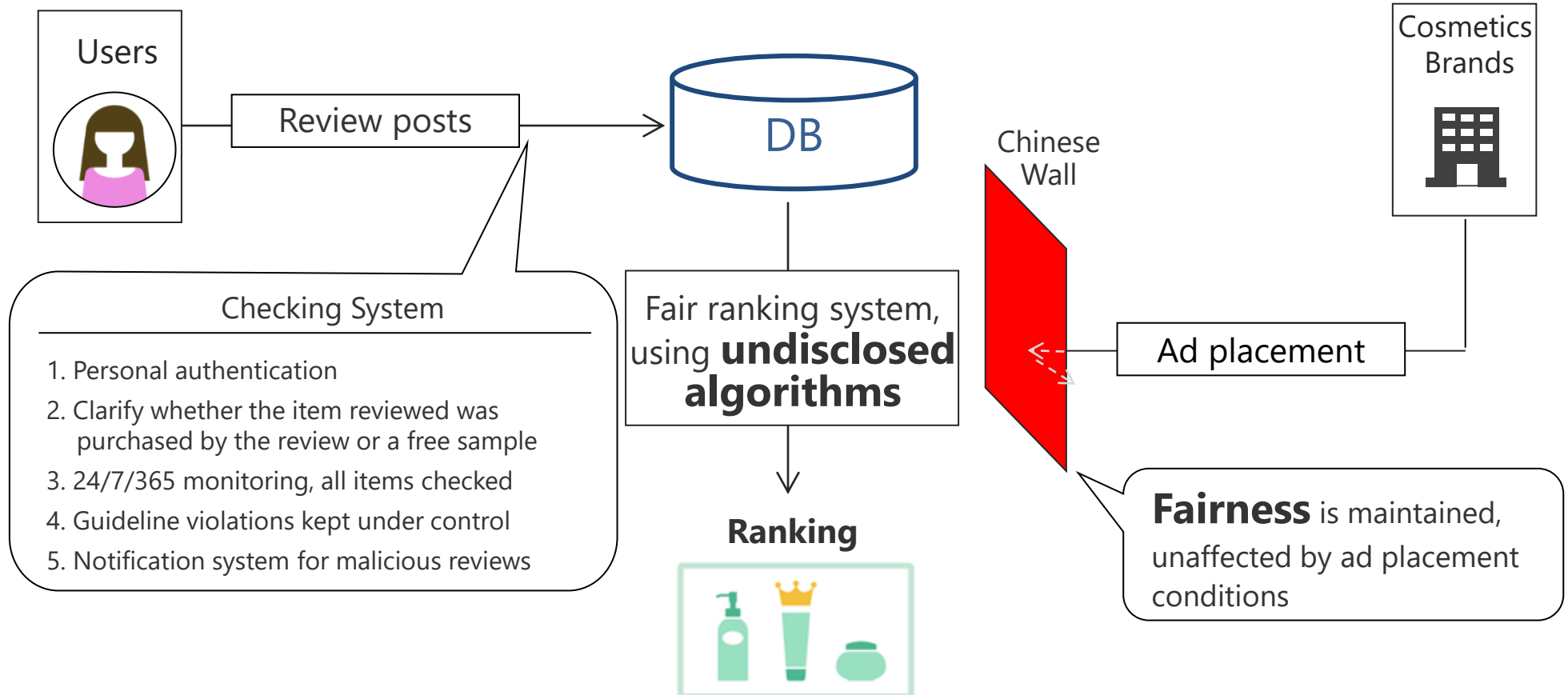
Database soundness

- Each measure ensures that the database is sound

User

@cosme

Cosmetics Brands



Effect of the Change in Segmentation (FY23) * Figures changed due to the change in the reporting categories shown in red.

(Unit: Million yen)

	Net sales		Operating profit	
	New segments	Former segments	New segments	Former segments
Total	42,890	42,890	817	817
Marketing Solution	7,457	7,935	1,136	1,373
Retail	29,222	29,222	1,397	1,397
Global	4,395	4,395	-86	-86
Other	1,816	1,338	224	-13
Company-wide cost & others	-	-	-1,853	-1,853

* We are currently conducting a thorough analysis of the impact due to segment changes, so there is a possibility of slight adjustments to the figures.

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

B to C

Premium service & Bloombox
 Convenient, value-for-money services for consumers

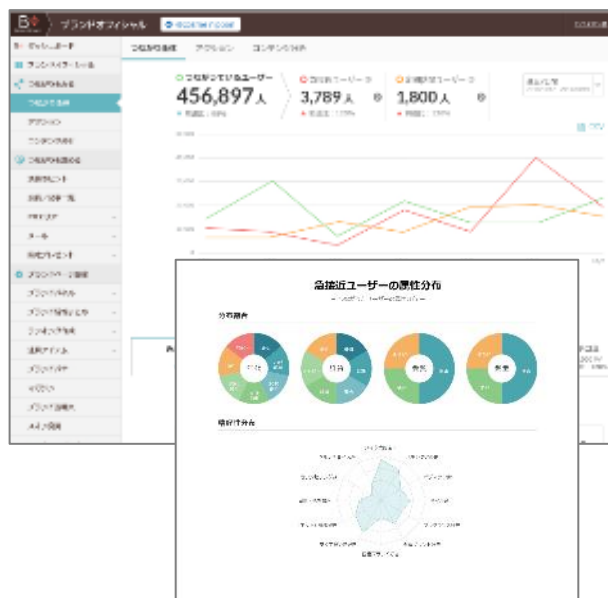
Monthly fee

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

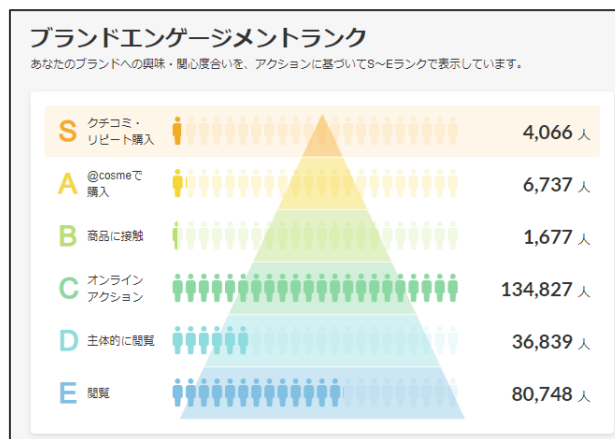
Marketing SaaS "Brand Official"

- 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

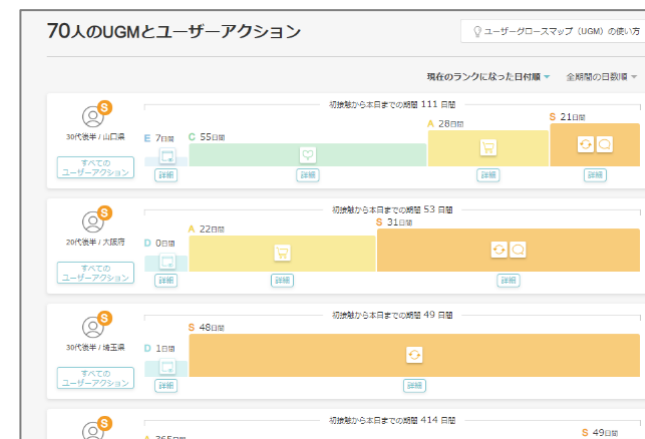
Connections between brands and users can be analyzed using indicators and graphs



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 36 stores
(As of Sep. 2023)



Online retail (E-commerce)

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



Flagship stores : 2stores

Kanto	@cosme TOKYO	Opened in Jan. 2020	1,300㎡
Kinki	@cosme OSAKA	Open scheduled for Sep. 2023	893㎡

@cosme STORE (21 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㎡
	Lalport Fujimi store	Opened in Mar. 2018	244㎡
	NEWoMan Yokohama store	Opened in Jun. 2020	323㎡

Kanto	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㎡
Kyushu	Kobe Marui store	Opened in May 2016	162㎡
	TSUTAYA Kumamoto Sannenzaka store	Opened in Jun. 2016	228㎡
	Amu Est Hakata store	Opened in Mar. 2017	142㎡

東京小町 (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㎡

COSMETICS SYDNEY (7 directly managed stores, Japan) *2

Kanto	SYDNEY/ATELIER ALBION atré Kichijoji store	P/L consolidation from Q1 FY24	59㎡
	SYDNEY Kitasenju store	P/L consolidation from Q1 FY24	162㎡
	SYDNEY Kinshi store	P/L consolidation from Q1 FY24	97㎡
	SYDNEY atré Kameido store	P/L consolidation from Q1 FY24	141㎡
	SYDNEY Koiwa store	P/L consolidation from Q1 FY24	98㎡
	SYDNEY atré Omori store	P/L consolidation from Q1 FY24	53㎡
	SYDNEY atré Matsudo store	P/L consolidation from Q1 FY24	71㎡

@cosme STORE (2 franchise stores)

Kinki	MiSUGI KEIHAN CITY MALL store	Franchised in Mar. 2022	137㎡
	MiSUGI NAMBA WALK store	Franchised in Sep. 2023	289㎡

@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㎡








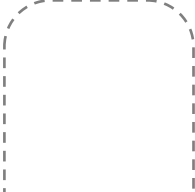




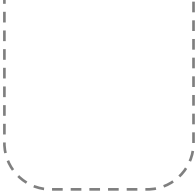


@cosme STORE (1 duty free shop, overseas) *3

China	Haikou International Duty Free City store (Hainan Island)	Opened in Oct. 2022	291㎡
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*1 Included in consolidated income statement from Q2 FY23 / *2 included in consolidated income statement from Q1 FY24

*3 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)



- 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

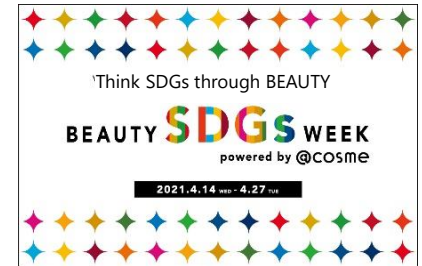


Sustainable Beauty through "Joint Development"

- 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.

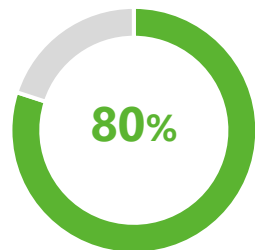


Materiality 03

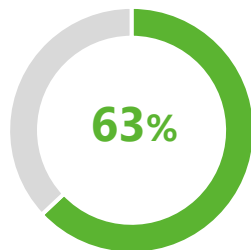


Employee empowerment

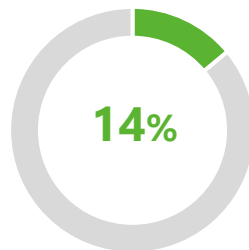
- Provide various options for ways to work (WFH/childcare leave)
- Substantial HR training system that promotes career development
- Promote diversity in human resources



Female employees



Female managers



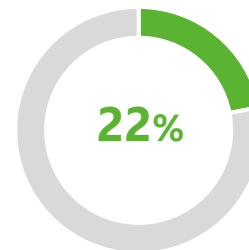
Foreign employees

Materiality 04

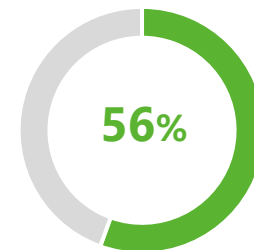


Enhancement of governance

- 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 2023



MARKET DESIGN COMPANY

The purpose of this document is to provide information on our financial results and does not constitute an offer to sell or solicitation of an offer to purchase any investment security issued by *istyle*. The information and outlook contained in this document have been compiled, based on *istyle's* judgment, using information available at the time of preparation. As a result, we do not guarantee the accuracy of the information contained herein which may differ from the Company's actual performance and/or results due to various factors going forward.