



# Presentation Materials for the 1<sup>st</sup> Quarter of FY2024



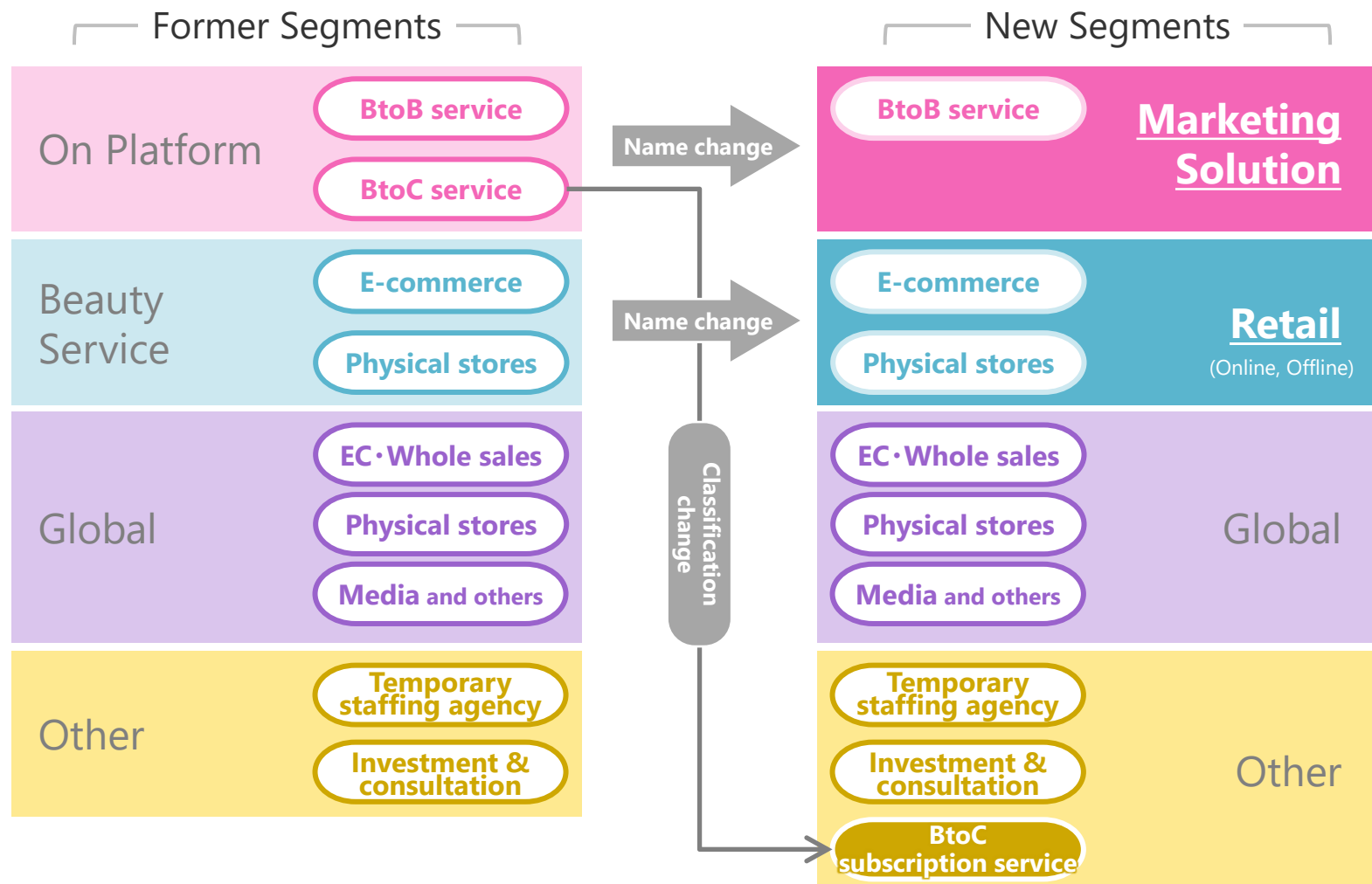
Nov. 9, 2023

istyle Inc.

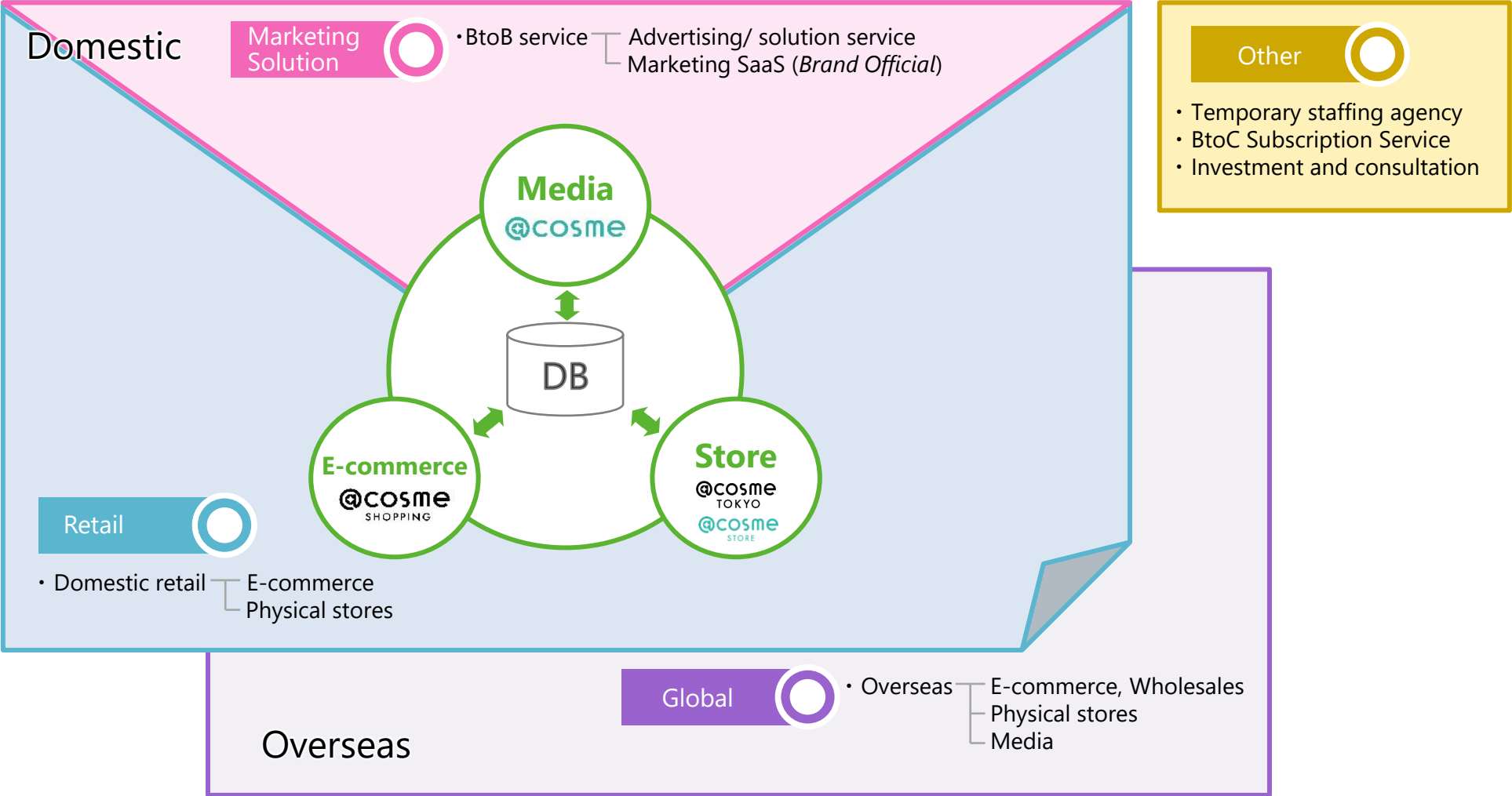
Stock code: 3660

## 【Reference】 Changes in segment names and classification of specific services.

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



# 【Reference】 Business segment



## Overview of Financial Results for the 1<sup>st</sup> Quarter of FY2024



- Q1 net sales marked **record-high quarterly sales at 12.4 billion yen (+35.3% YoY)**.
- Q1 operating income at **370 million yen (+55.4% YoY)**.

### Marketing Solution

**Record-high quarterly sales, +13.5% YoY growth and +45% increased profit.**

### Retail (Online, Offline)

**Sales increased by 49% YoY due in part to new store opening, and profit increased 128% YoY due in part to increased sales in EC.**

- ↳ Stores: **Sales increased by 65%** due to store opening of *@cosme OSAKA*, a large flagship store in western Japan.
- ↳ EC: **Sales increased by 24%** due to new customer acquisitions from stores and sales of limited-edition products in collaboration with stores, etc.

### Global

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

65-million-yen loss due to poor performance in Korea business and inventory write-downs in China's cross-border EC business.

# The 1<sup>st</sup> quarter / Highlight

Consolidated  
Results



**Increased sales in all segments, especially retail. Domestic business drove profit increase.**

Net sales	:	<b>12,449</b>	Million yen	YoY	:	<b>135.3</b>	%
OP	:	<b>368</b>	Million yen	YoY	:	<b>155.4</b>	%

Marketing  
Solution



**Achieved double-digit growth and record-high quarterly sales. Increased profit, offsetting increased labor costs and other expenses.**

Net sales	:	<b>2,094</b>	Million yen	YoY	:	<b>113.5</b>	%
OP	:	<b>484</b>	Million yen	YoY	:	<b>144.9</b>	%

Retail



**Increased sales and profit, with store sales growing by 65%, partly due to new store opening, and EC sales growing by 24% due to EC-store collaboration.**

Net sales	:	<b>8,820</b>	Million yen	YoY	:	<b>149.4</b>	%
OP	:	<b>517</b>	Million yen	YoY	:	<b>228.3</b>	%

Global



**Hong Kong stores contributed to sales increase.** Losses due to poor performance in Korea and inventory write-downs in China cross-border EC.

Net sales	:	<b>1,101</b>	Million yen	YoY	:	<b>107.5</b>	%
OP	:	<b>-65</b>	Million yen	YoY	:	<b>-60</b>	Million yen

Other



Stable performance as temporary staffing remained strong.

Net sales	:	<b>434</b>	Million yen	YoY	:	<b>101.2</b>	%
OP	:	<b>60</b>	Million yen	YoY	:	<b>100.1</b>	%

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

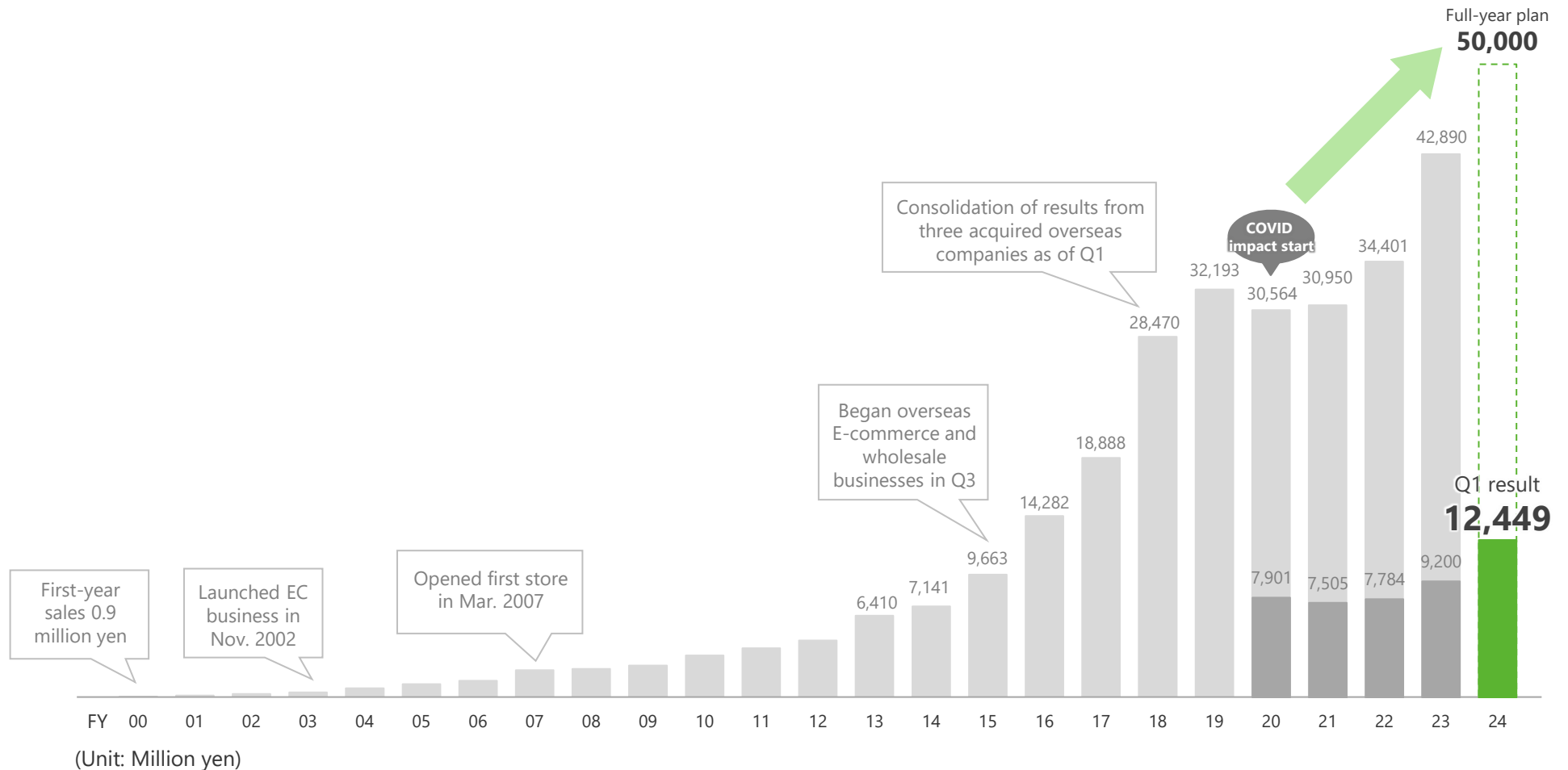
# The 1<sup>st</sup> quarter / Overview of operating results (Progress to our target)

- Exceeding expectation, **driven by Retail store performance.**

(Unit: Million yen)	<b>Q1/FY24 (Jul.-Sep.)</b>	<b>FY24 plan</b>	<b>% of Target</b>	Q1/FY23 (Jul.-Sep.)	YoY
Net sales	<b>12,449</b>	<b>50,000</b>	<b>24.9%</b>	9,200	135.3%
Gross point	5,612	-	-	4,336	129.4%
SG&A	5,244	-	-	4,100	127.9%
Operating income	<b>368</b>	<b>1,200</b>	<b>30.7%</b>	237	155.4%
Ordinary Income	<b>349</b>	<b>1,000</b>	<b>34.9%</b>	158	220.5%
Net income attributable to owners of the parent company	<b>171</b>	<b>700</b>	<b>24.5%</b>	101	169.1%

# Trend in net sales

- Record-high quarterly sales.

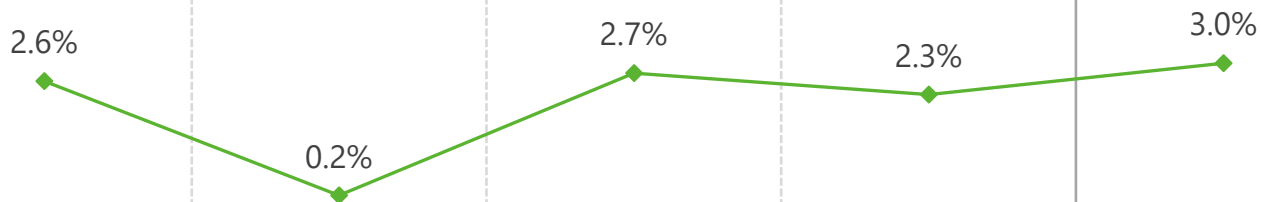




# Trends in segment sales (Quarterly)

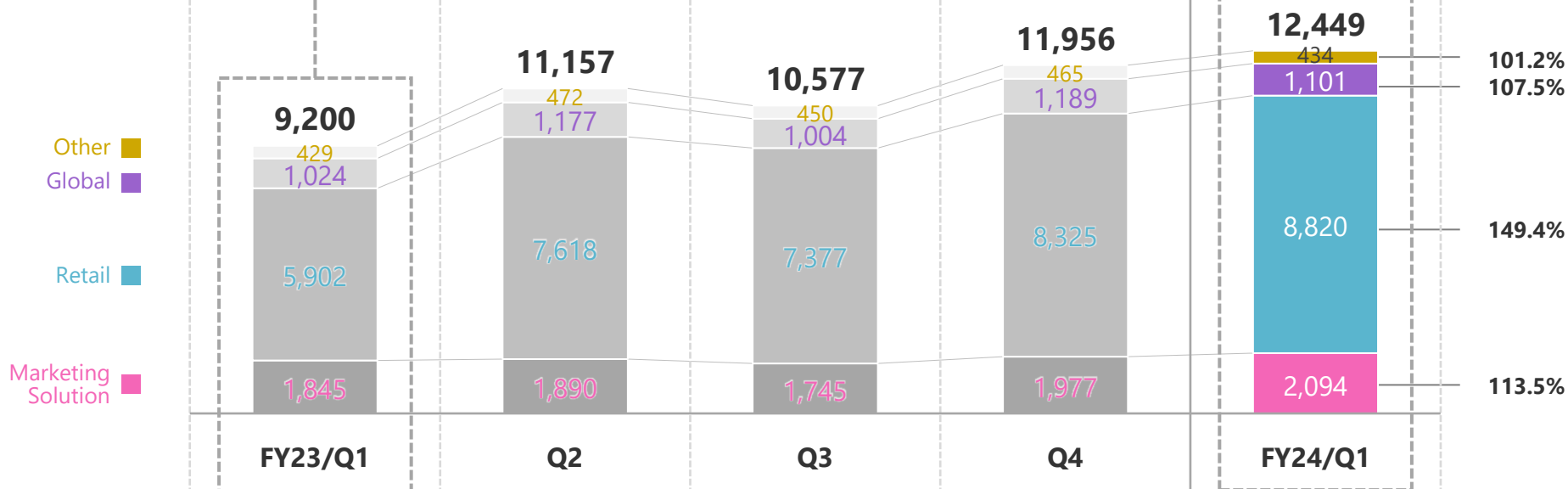
- **Record-high quarterly sales** driven by Retail segment's increased sales and profit.

## Consolidated OP ratio



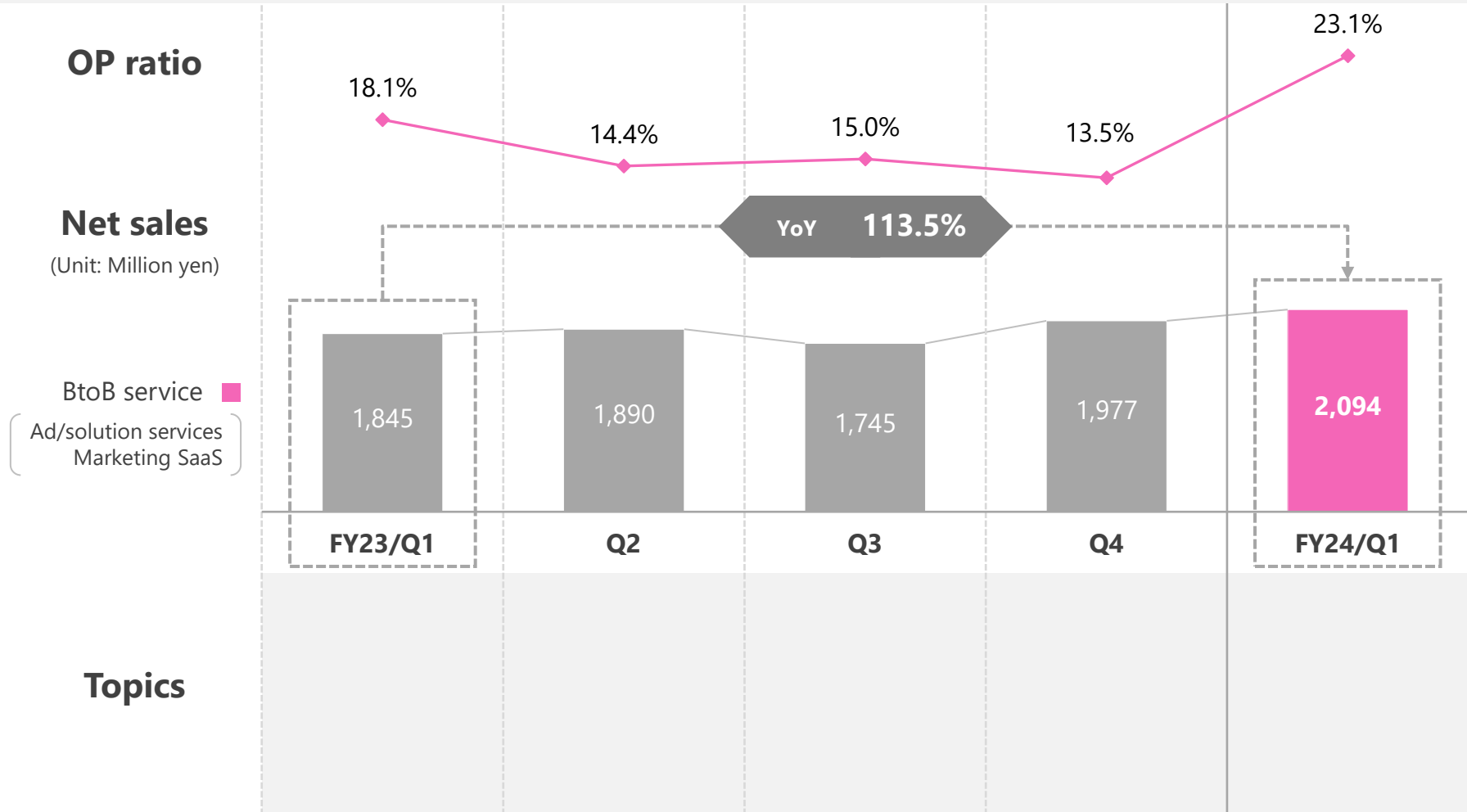
## Net sales

(Unit: Million yen)



# Trends in segment sales (Quarterly)

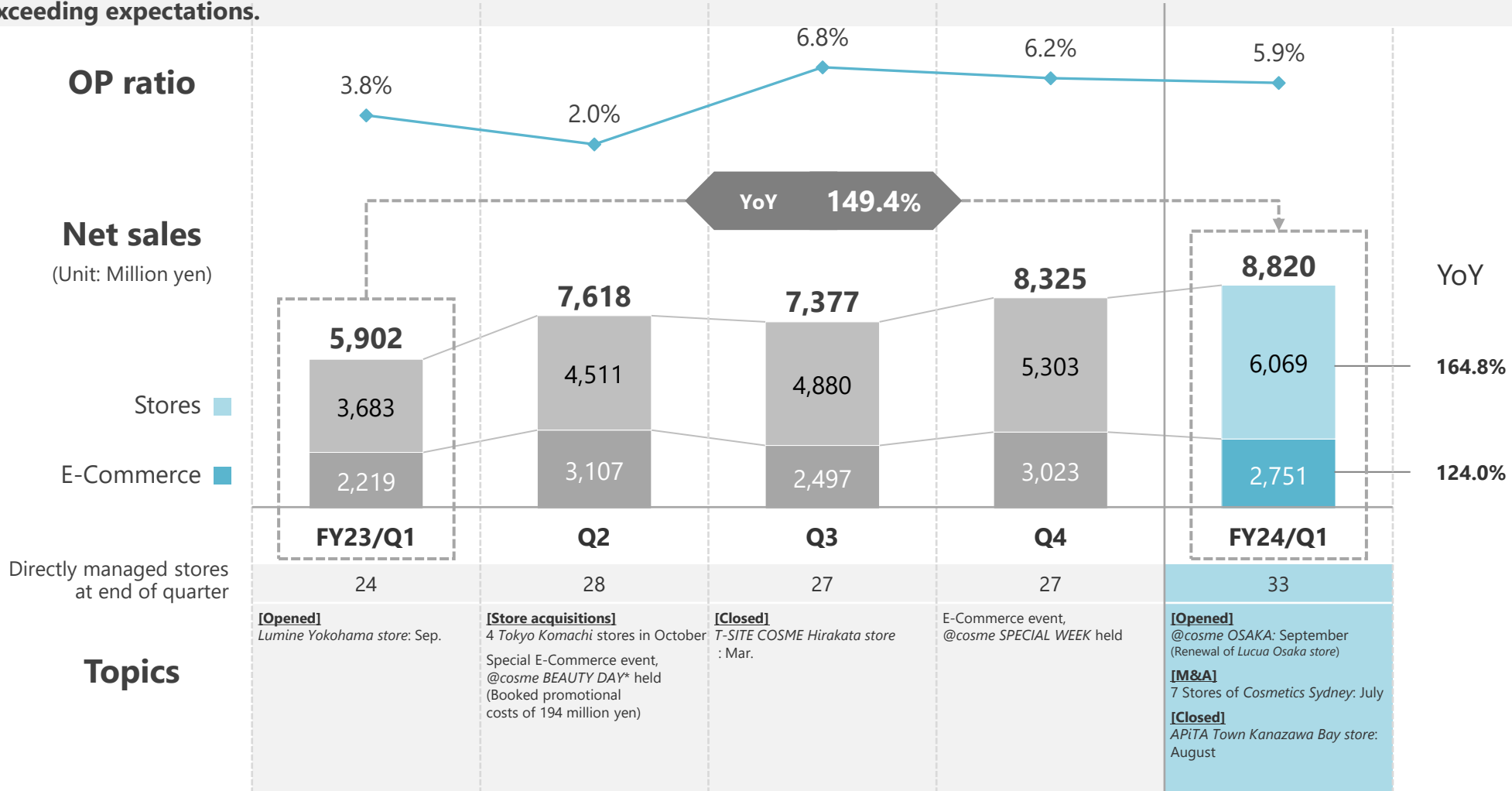
- Net Sales: **Record-high quarterly sales** due to growth in in-store sales promotions and advertising solutions linked to those promotions.
- OP ratio: **Rapid profit growth due to business model with high marginal profit ratio**; expecting impact of increased labor costs from Q2 onward.





# Trends in segment sales (Quarterly)

- Net Sales: **Store sales increased significantly** due to the contribution of **@cosme OSAKA, opened in September**, and 7 stores acquired through M&A, as well as **growth of existing stores. Increased sales in EC through new customer acquisition and sales of limited-edition products in collaboration with stores, etc.**
- OP ratio: Despite a slight QoQ decline due to pre-opening expenses for **@cosme OSAKA, the store turned profitable from the first month, exceeding expectations.**

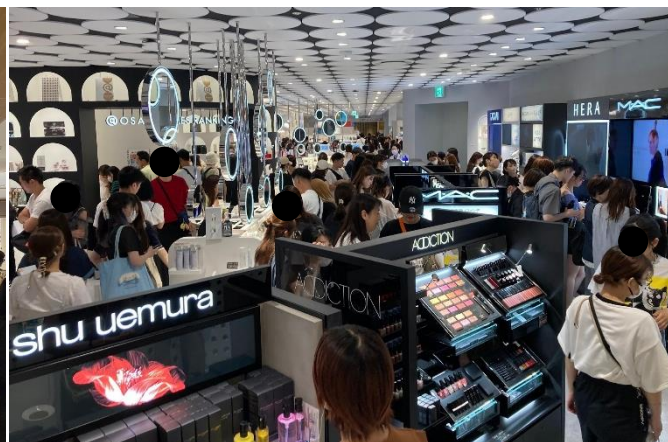


\* A special E-commerce event for three days only.



# Opened @cosme OSAKA, the largest flagship store in western Japan.

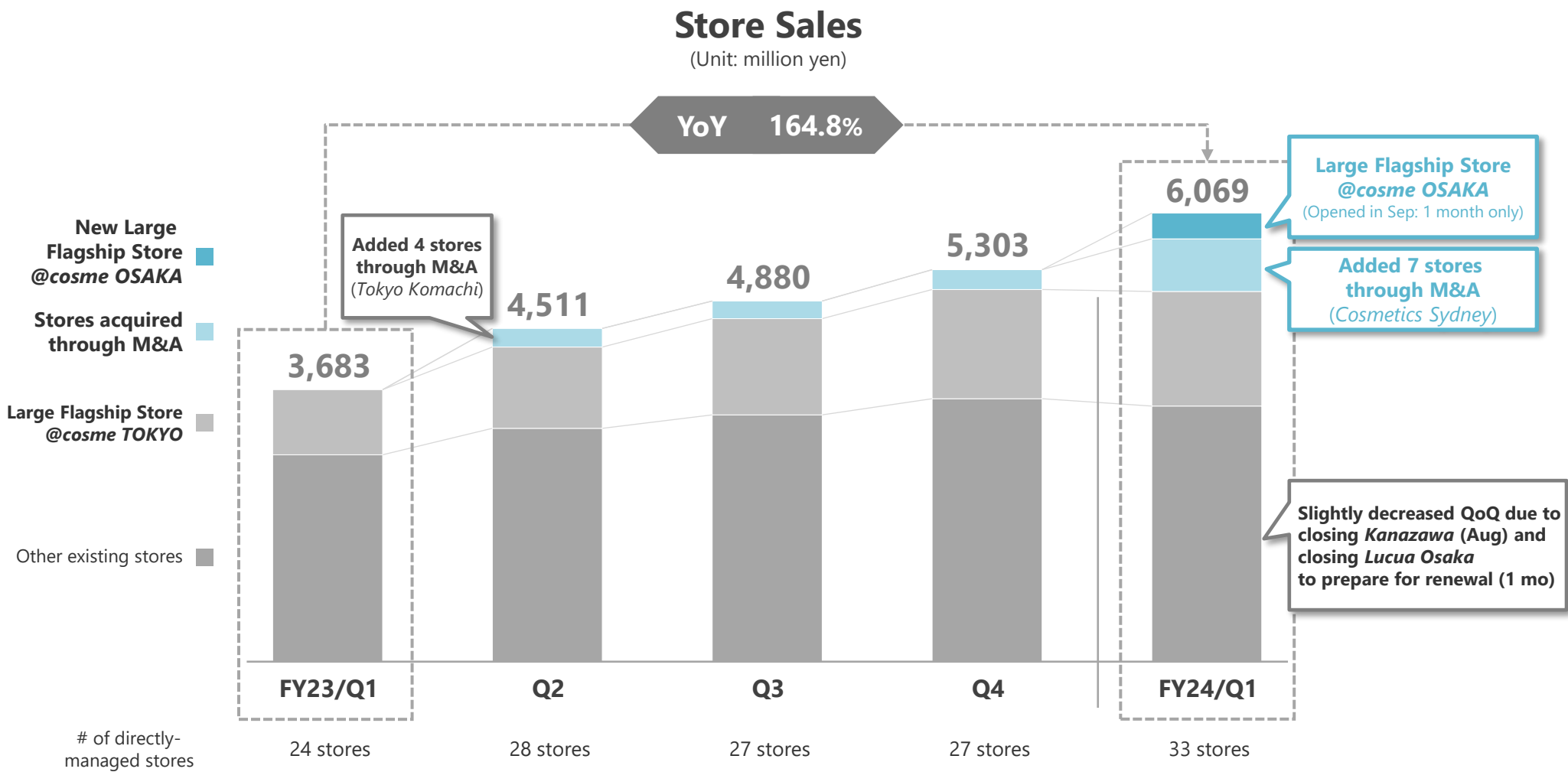
- The store opened on September 1 and **got off to a better-than-expected start, significantly boosting the number of customers not only at the store but also on the whole mall floor.**



\* Photos from Store Opening (as of September 2023)

# Sales by Store Type

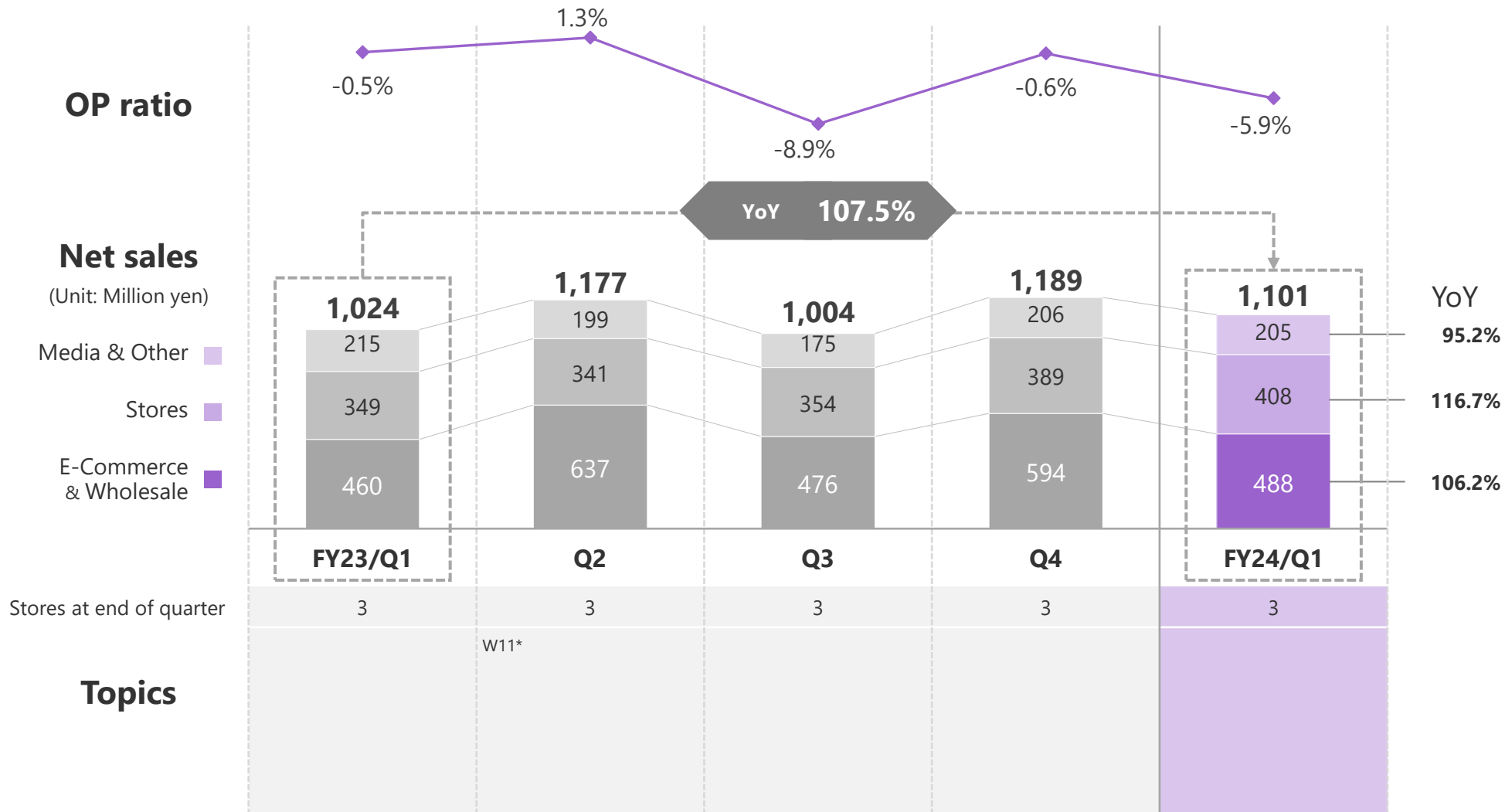
- Make large-scale flagship stores, such as @cosme TOKYO and @cosme OSAKA, **core pillar for sales. Maximize value as physical touchpoints.**
- Draw out the potential of commercial areas around stores obtained through M&A and **expand their value as the next user/brand contact points.**





# Trends in segment sales (Quarterly)

- Net Sales: **[Stores]** Steady increase in sales at Hong Kong stores.
- OP ratio: Loss due to poor performance of Korea business and inventory write-downs in China cross-border EC.



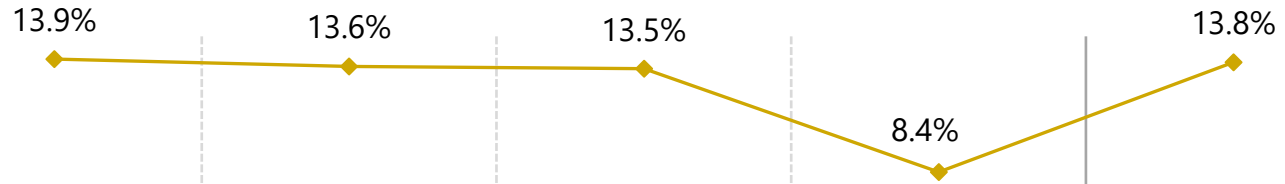
\* A major E-Commerce sale held on November 11 in China (Singles day)



# Trends in segment sales (Quarterly)

- Stable performance as temporary staffing business remained strong.

## OP ratio

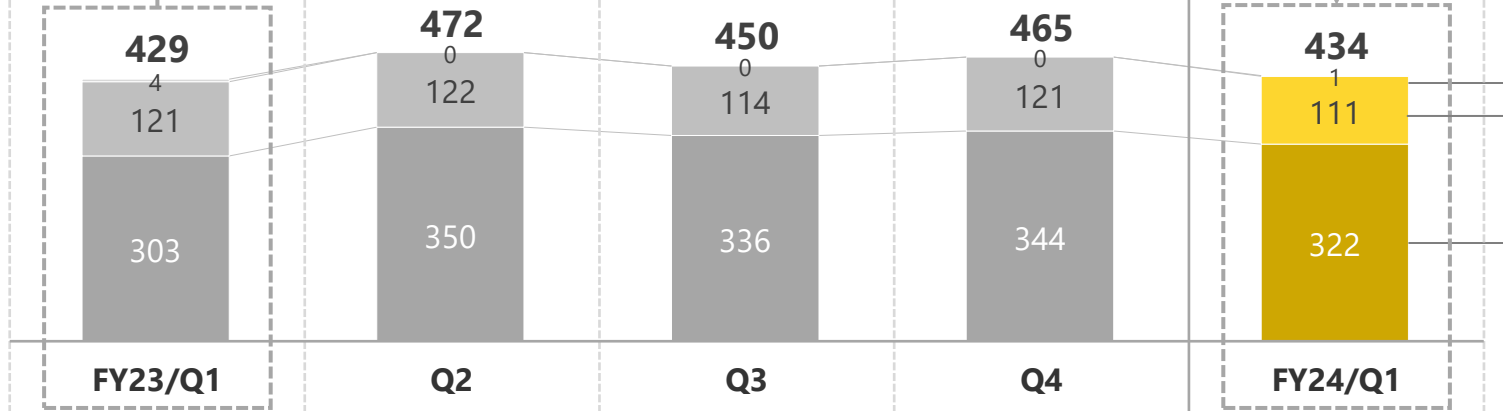


YoY 101.2%

## Net sales

(Unit: Million yen)

- Investment & consultation
- BtoC Subscription Service
- Temporary Staffing agency

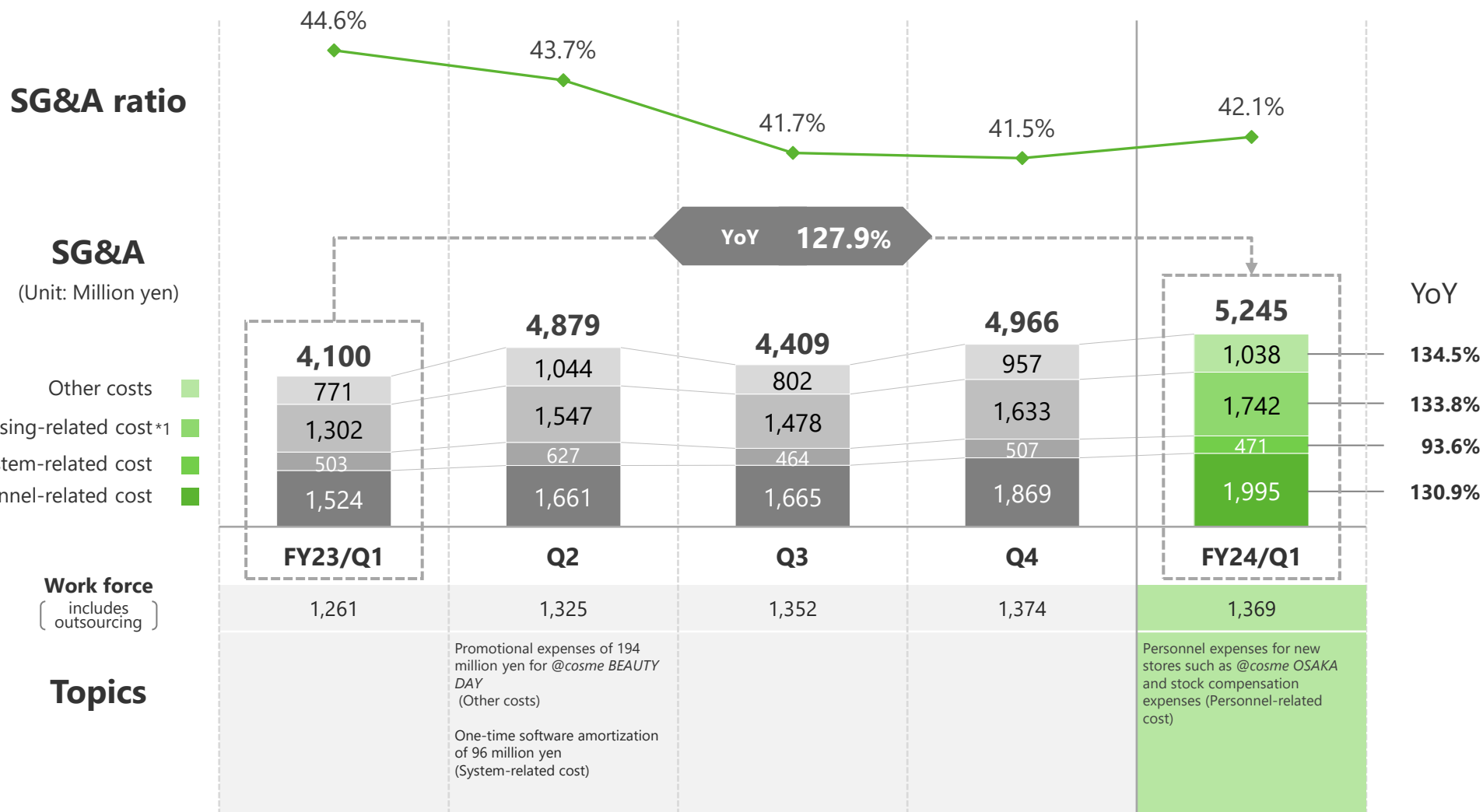


YoY 7.5%  
91.6%  
106.4%

## Topics

# Trends in SG&A expenses (Quarterly)

- Although personnel and outsourcing expenses increased due to mid- to long-term organizational reinforcement, **SG&A ratio remained unchanged due to increased sales.**

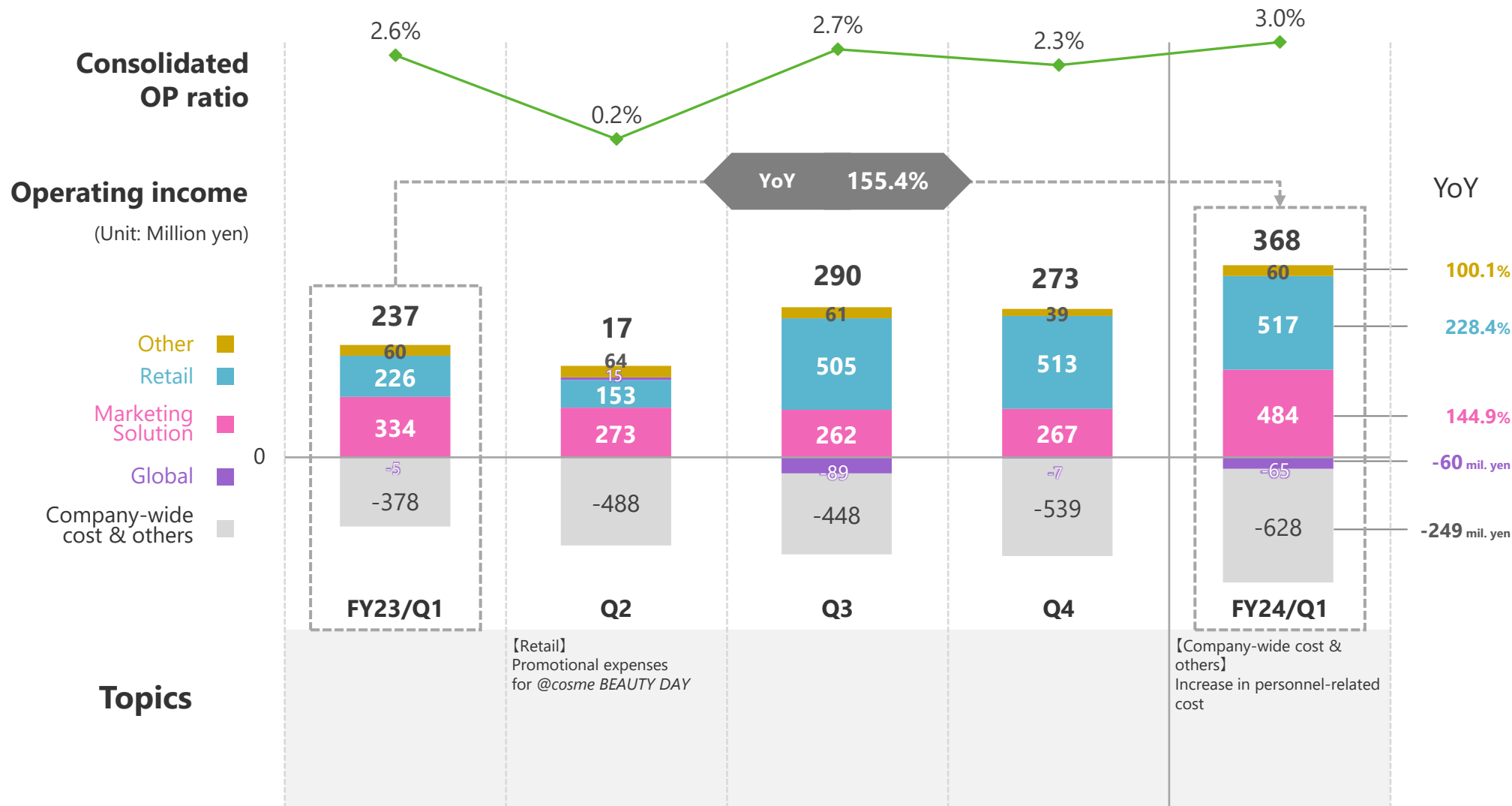


\*1 Total cost linked to the amount of sales in E-Commerce and store business, such as delivery fee or rent fee



# Trends in operating income by segment (Quarterly)

- Increased profit driven by domestic business (Marketing Solution & Retail) offsetting increased expenses.

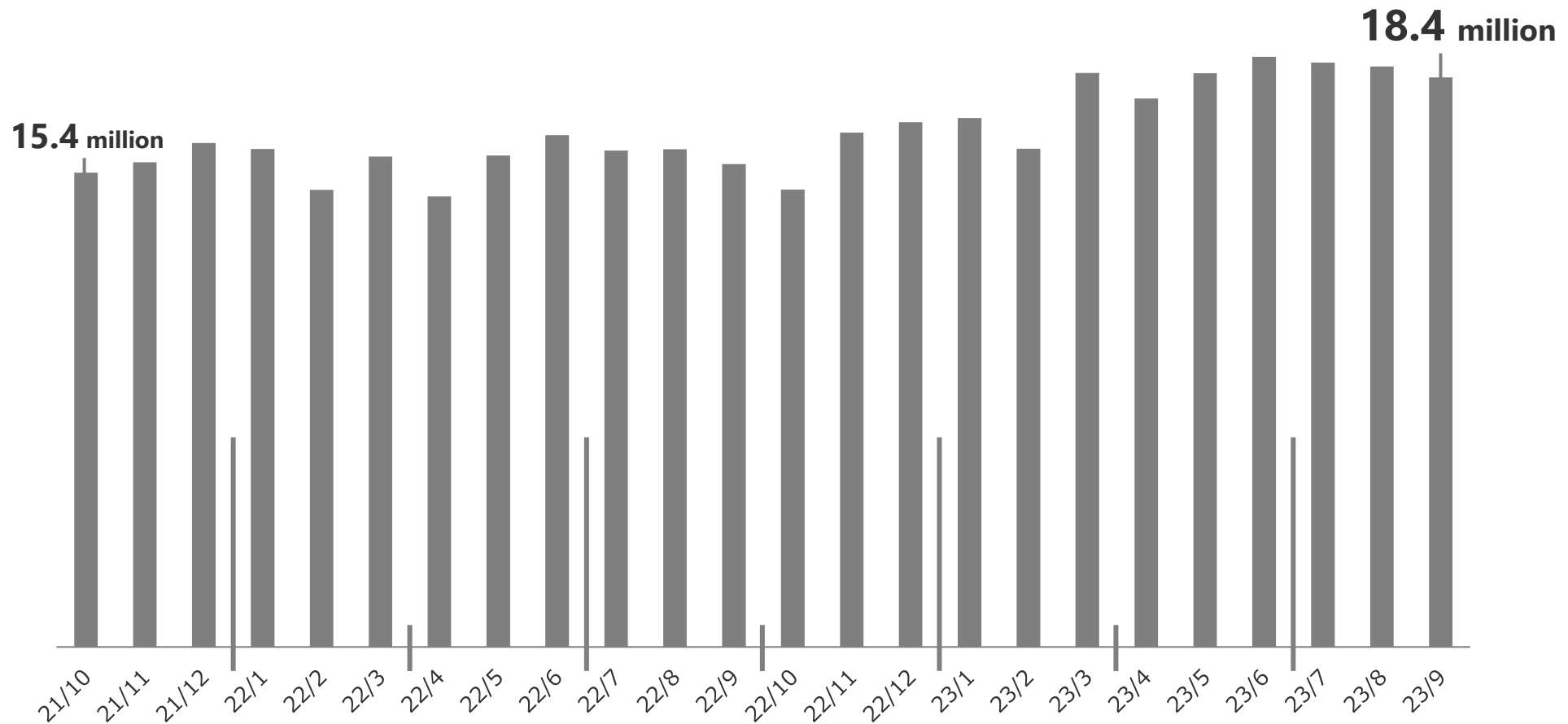


## ○ Status of Operating Services

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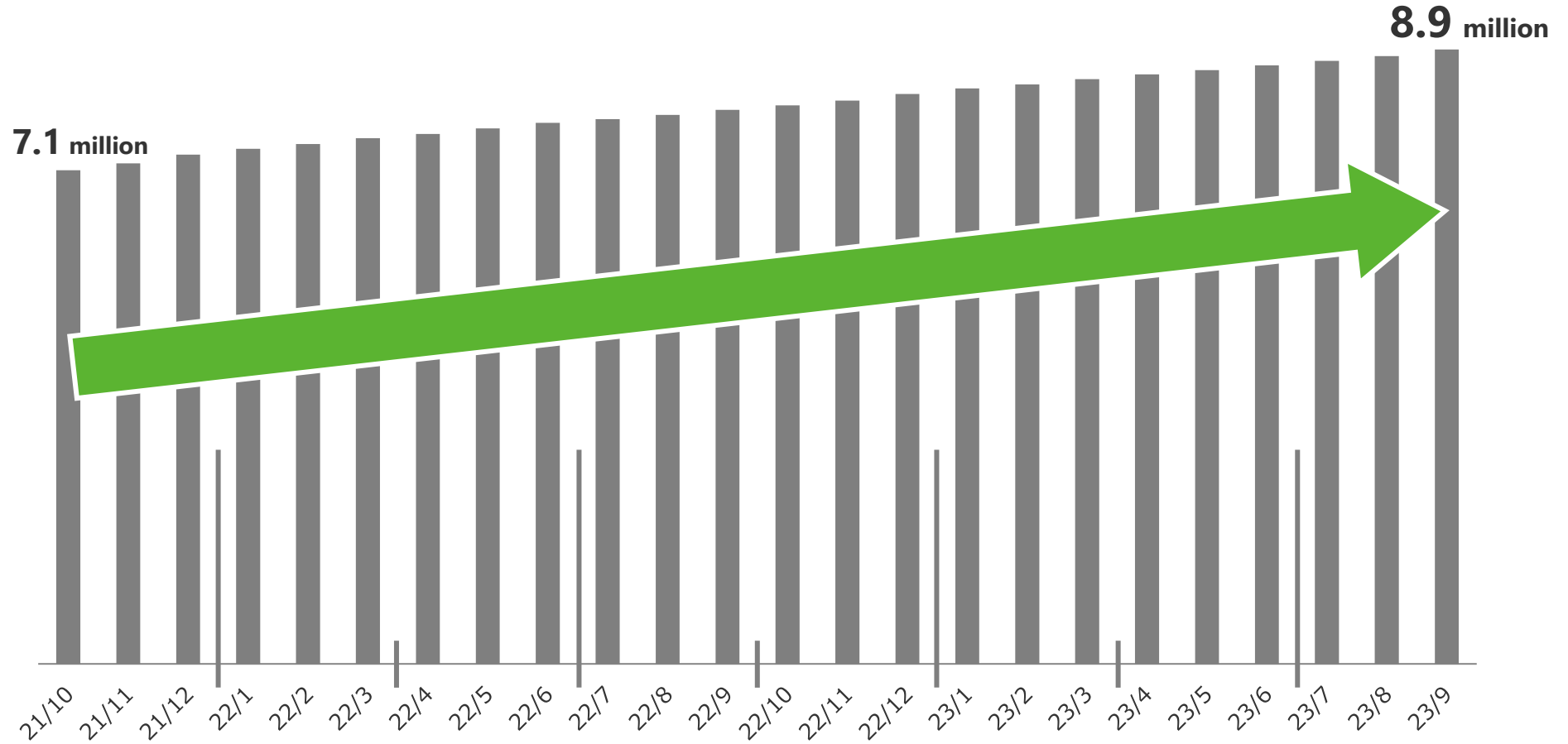
# Trend in number of @cosme's monthly unique users

- Remains at a high level due to continued efforts.



# Trend in number of @cosme's members\*

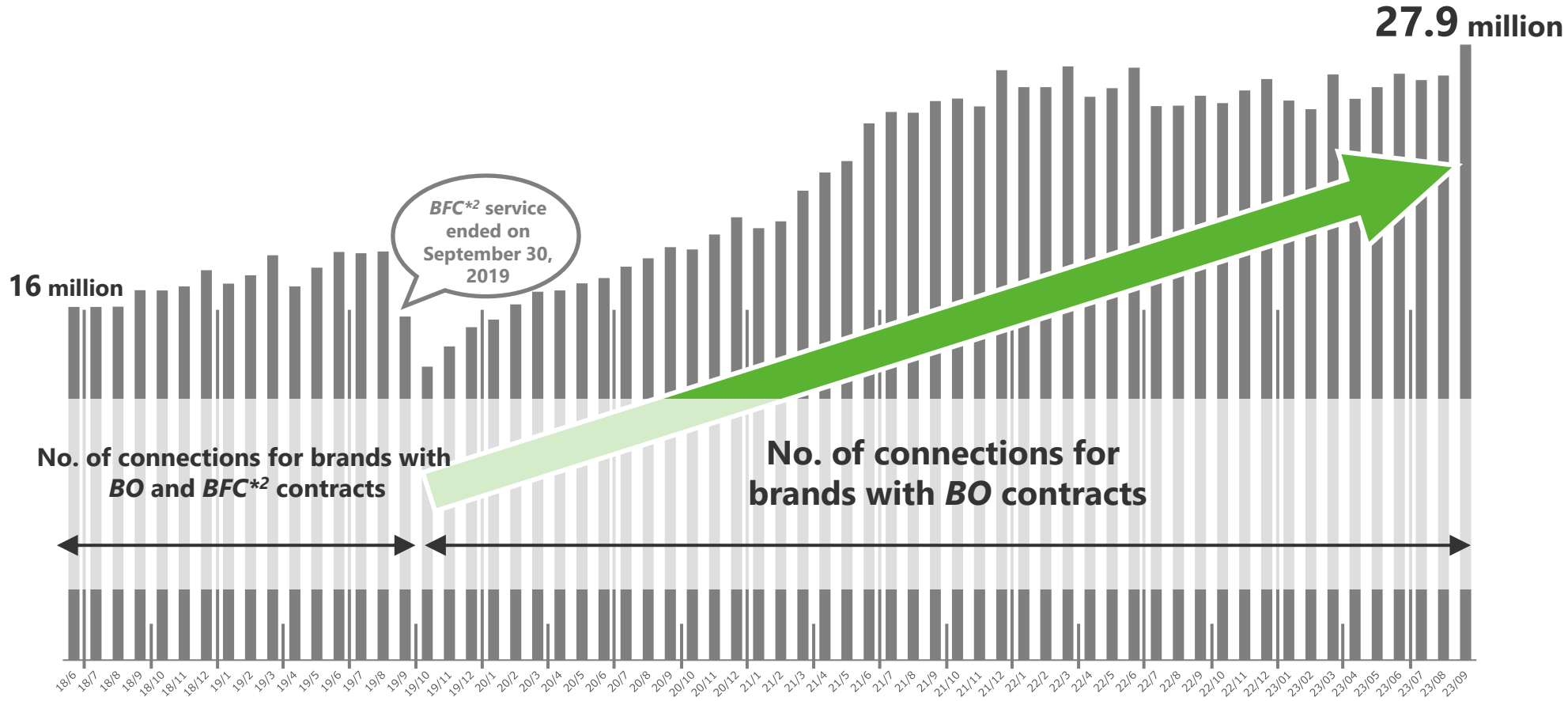
- Membership continues to trend up



\* 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.



- Once-a-year event, unleashing your Cosmetics Lust! Held for three days only from Dec. 1 to 3, with more than 400 brands participating.

## 【Overview】



## 【Participating Brands (selected)】



- **More than 400 brands**, the largest number ever, including first-time participating brands.
- **Many limited items only available at this event**, such as items not yet available in Japan, limited reissues, and the earliest pre-sale.
- **Reward points**; 10% or more on all products, **up to 30%**.
- **Simultaneously held in stores.**

## 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



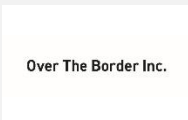
### **istyle career Inc.**

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	Opened 2 <sup>nd</sup> large flagship store @cosme OSAKA in OSAKA

## 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 2<sup>nd</sup> Place)

**50** | **Technology Fast 50**  
2017 Japan **WINNER**  
**Deloitte.**  
**2014-2017 Japan Technology Fast50**

**KOTLER**  
**AWARD**  
**JAPAN 2018**   
**2018 Philip Kotler Award Japan**

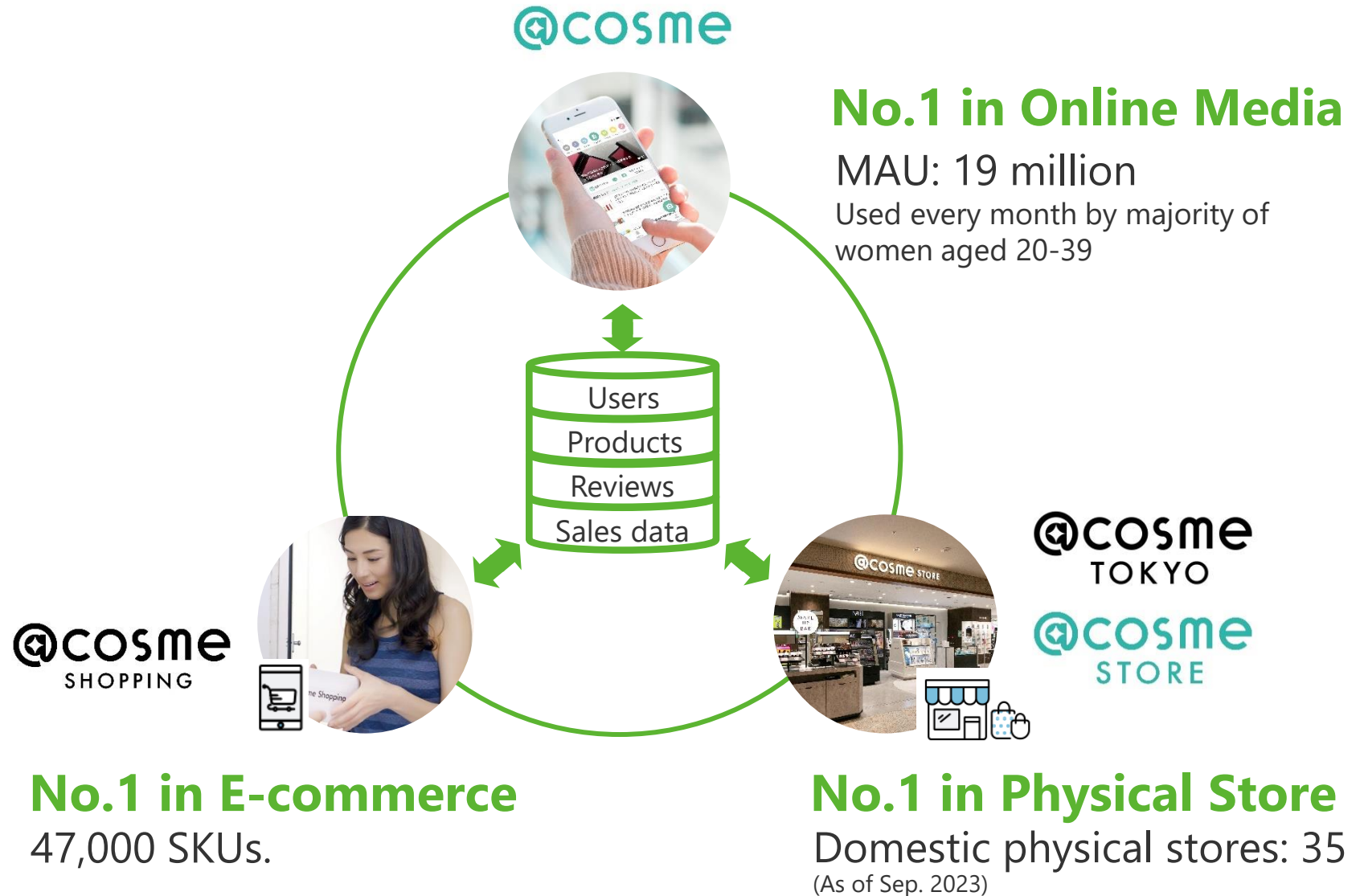
  
**2014 Michael Porter Prize Japan**

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



\* 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

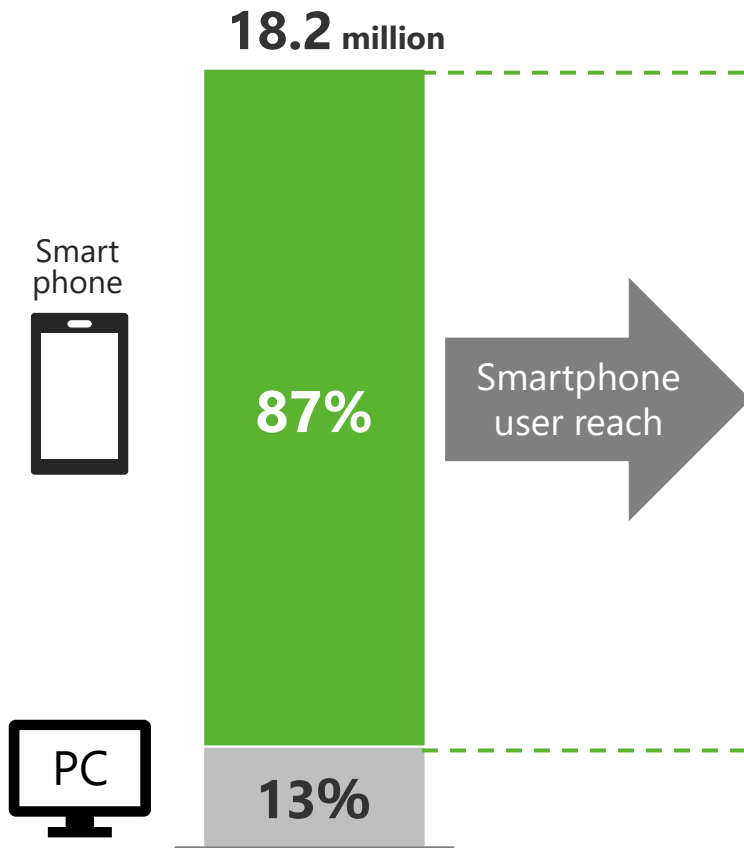
**19.4 million**

\* Figures are as of Jun. 2023

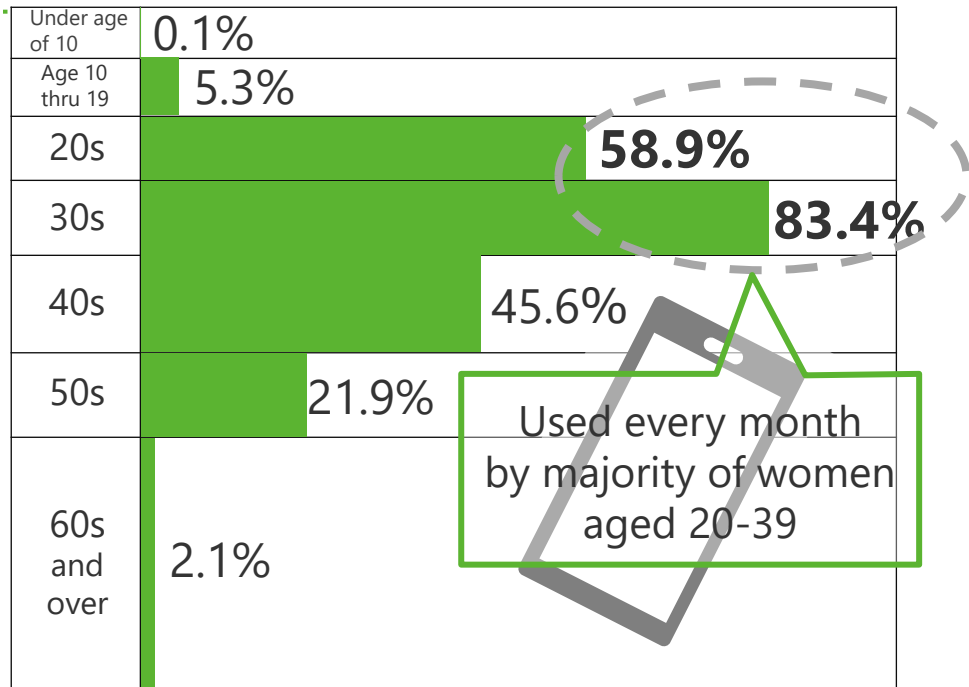
# @cosme / Overwhelming usage ratio by female members

- 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

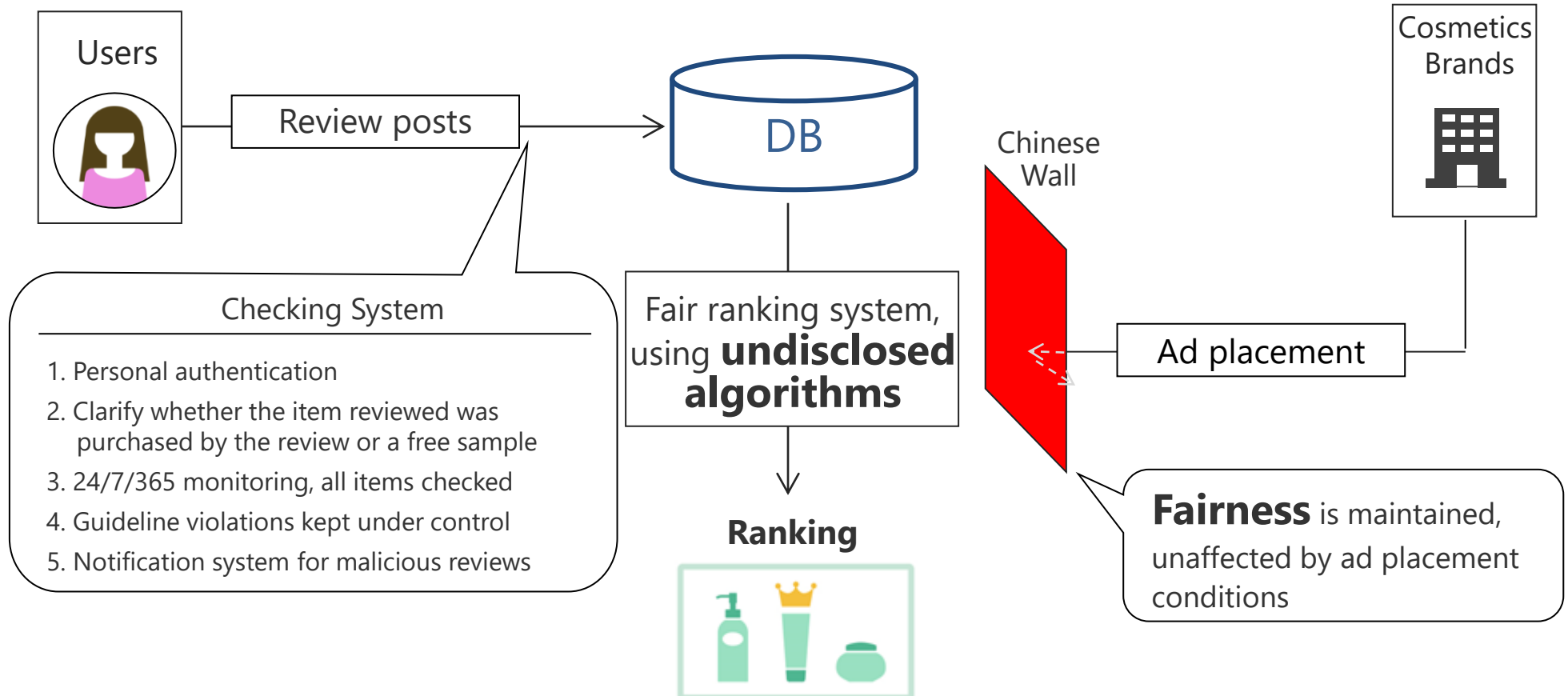
# Database soundness

- Each measure ensures that the database is sound

User

@cosme

Cosmetics Brands





## Advertising/ solution service (Example: Branding ads)

- Branding ads not for product recognition but for gaining a deeper understanding



2年連続ベスコス受賞<sup>※1</sup>

ロレアルパリ史上初<sup>※2</sup>  
そのまま花を閉じ込めた  
フレグランスヘアオイル誕生  
香水のように  
一日中香り立つ、うるツヤ髪へ<sup>※3</sup>



売上 No.1<sup>※4</sup>

売上No.1<sup>※4</sup>の「ロレアルパリ」ヘアオイルシリーズから、まるで香水のような香りを楽しめるフレグランスヘアオイルが登場。人気シリーズの美髪作用はそのままに、ロレアルパリ史上初<sup>※2</sup>そのまま花を閉じ込めた見た目にもときめくヘアオイルで、一日中続く香りを手にいれて、ワンランク上の女子力を狙っちゃおう！

現品をセットで **400** 名様にプレゼント！

※1 『エクストラオーディナリー オイル エクストラordinary 髪型オイル』 @cosmeベストコスメアワード2016 ベストヘアケア 第1位、@cosmeベストコスメアワード2017 ベストヘアケア 第2位 ※2 ロレアルパリにおいて ※3 ロレアルパリ エルセーヴ エクストラオーディナリー オイル レザン フィジジョン ローズにおいて ※4 インターナショナルビューティフェア 第2位 ※5 インターナショナルビューティフェア 第1位



編集部O子 (28歳)

**O子:** 憧れちゃうな〜って最近思うのはいい香りがする人。それだけでおしゃれ感が高くなって思うし、同性でも“いい女”って感じますよね。すれ違う時や近づいた時に、ふわっと香るのが理想的♪



編集部S織 (32歳)

**S織:** わかる！ さりげなくいい香りがする人は清潔感があるし、それだけで好感度上がっちゃう。しかも、髪からいい香りがするとドキッとしちゃう。髪の香りって魅力約だね。

**O子:** そういえば、いつもいい香りがする先輩にどんな香水を使ってるか聞いてみたんです。そしたら、ヘアオイルをつけてるだけなんですって！

**S織:** ああの先輩の香り、私も覚えてたんだ〜。言われてみれば、いつもいい香りだし、髪もロングなのにツヤツヤでキレイだね♪ この間、帰る時一緒になったんだけど、夜なのにツヤツヤの髪で、ほのかにいい香りだった！私もそんな風になりたいなあ・・・♡

@cosme 編集部 CHECK

編集部O子とS織が「ロレアルパリ エクストラオーディナリー オイル インフュージョン」を実際に試してみました。

花を閉じ込めたビジュアルが素敵！



ボトルの中に花をそのまま閉じ込めたビジュアルが素敵でときめきます！そのまま飾っておいてもおもしろいので、思わず写真を撮ってSNSにアップしたくなります。

美髪が叶えられそうな予感♪



ちょっととろみのあるオイルはベタつかず、すると伸びてとっても使いやすい。ブローするのいい感じ！美髪がかなえられそうな予感♪ (S織)

「いい香りだね♪」って褒められた♡



オイルをつけた瞬間の香りはもちろん、ふわっとした上品な香りが一日中続いてくれるのが嬉しい！仕事帰りの女子会で「いい香り！香水何？」って聞かれたら、ぜひこのオイルをオススメしたいです。



- 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 35 stores  
(As of Sep. 2023)



## Online retail (E-commerce)

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

Products carried :  
**47,000 products**  
(As of Jun. 2023)

The screenshot shows the @cosme SHOPPING website interface. At the top, there is a search bar and navigation links. Below that is a product carousel featuring various cosmetics. A prominent blue banner in the carousel reads "夏を快適に！ ひんやりクール アイテム" (Cool items for a comfortable summer!). Below the carousel, there is a section titled "アイブリーコレクション" (EyeBreezy Collection) displaying five different cosmetic products with their respective prices and availability.

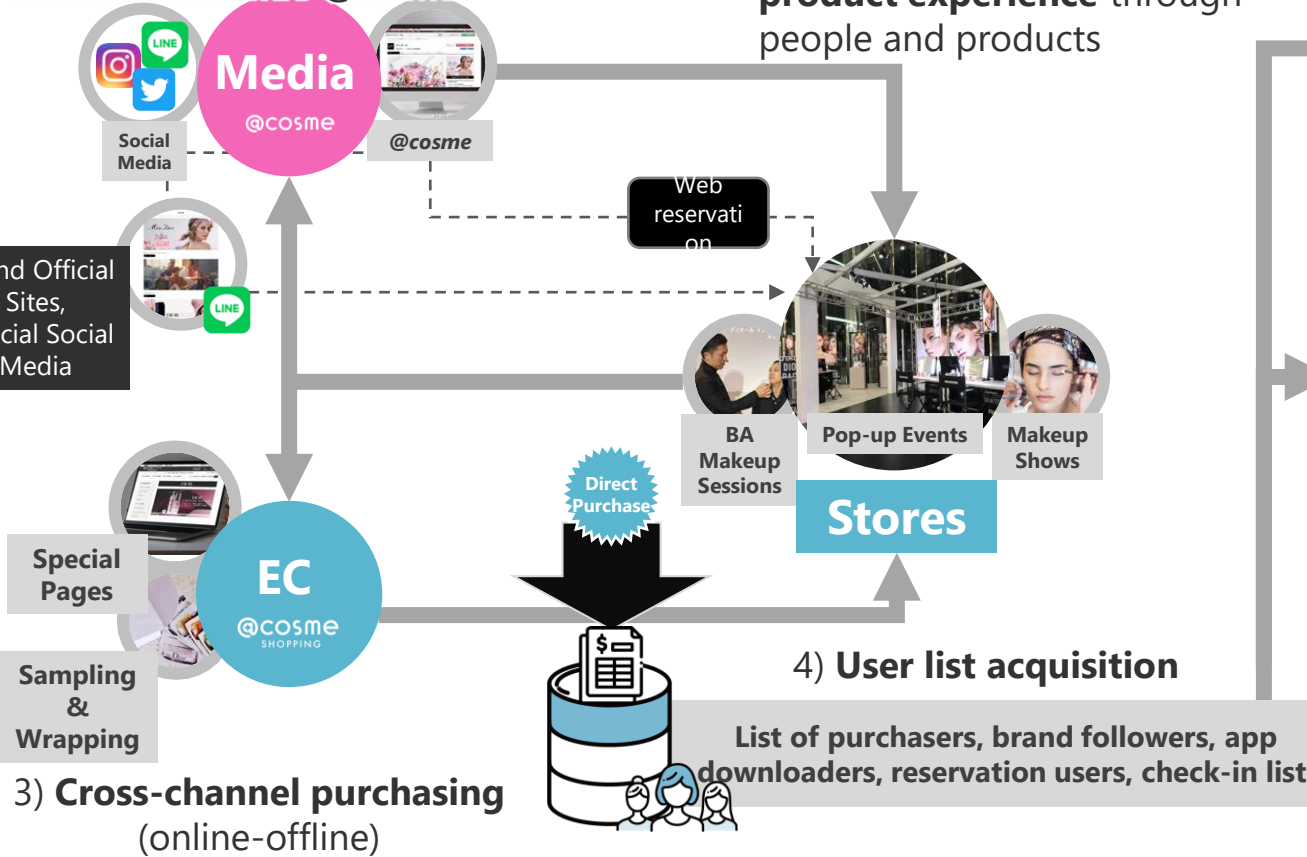
# Brand Campaigns including Sales Promotion Integrating Online and Offline Activities

## Pre- to During Campaigns

## Post-Campaigns

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

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



3) **Cross-channel purchasing** (online-offline)

4) **User list acquisition**

List of purchasers, brand followers, app downloaders, reservation users, check-in list

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

Indirect Purchase

EC @cosme SHOPPING

Stores @cosme TOKYO

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

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



# List of directly managed stores (Total: 39 in Japan and overseas) \*As of Sep. 2023

## Flagship stores : 2stores

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

## @cosme STORE (20 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㎡
Kanto	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㎡
	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㎡
	Nagoya Takashimaya Gate Tower Mall store	Opened in Apr. 2017	182㎡
Kinki	TSUTAYA EBISUBASHI store	Opened in Nov. 2014	297㎡
	Kobe Marui store	Opened in May 2016	162㎡
Kyushu	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) \*Consolidated from Q2 FY23

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) \*Consolidated from Q1 FY24

Kanto	SYDNEY/ATELIER ALBION atré Kichijoji store	Opened in Dec. 1969 Relocated in Dec. 2010	59㎡
	SYDNEY Kitasenju store	Opened in Mar. 1985 Relocated in Jul. 2009	162㎡
	SYDNEY Kinshi store	Opened in Mar. 1995 Relocated in Mar. 2019	97㎡
	SYDNEY atré Kameido store	Opened in Oct. 1978 Relocated in Oct. 2000	141㎡
	SYDNEY Koiwa store	Opened in Jul. 1972 Relocated in Mar. 2022	98㎡
	SYDNEY atré Omori store	Opened in Feb. 2015	53㎡
	SYDNEY atré Matsudo store	Opened in Apr. 1977 Relocated in Feb. 2017	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) \*1

China	Haikou International Duty Free City store (Hainan Island)	Opened in Oct. 2022	291㎡
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\*1 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	HK	Korea	US, EU
<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



### Co-creation through partnership

- 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.

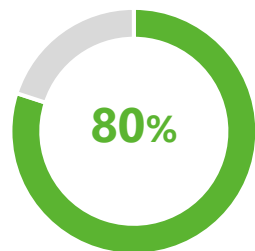


## Materiality 03

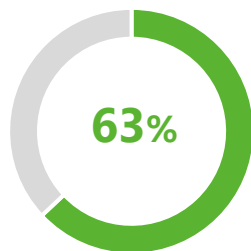


### Talent empowerment

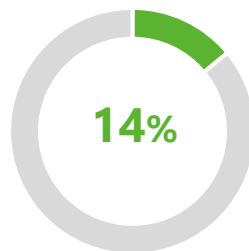
- Provide various options for ways to work (WFH/childcare leave)
- Substantial HR training system that promotes career development
- Promote diversity in human resources



Female employees



Female managers



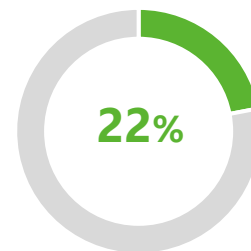
Foreign employees

## Materiality 04

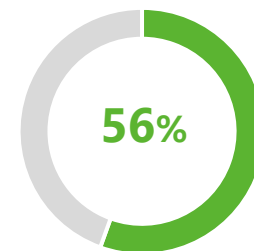


### Enhancement of governance

- 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

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