

Presentation Materials for the 2nd Quarter of FY2024



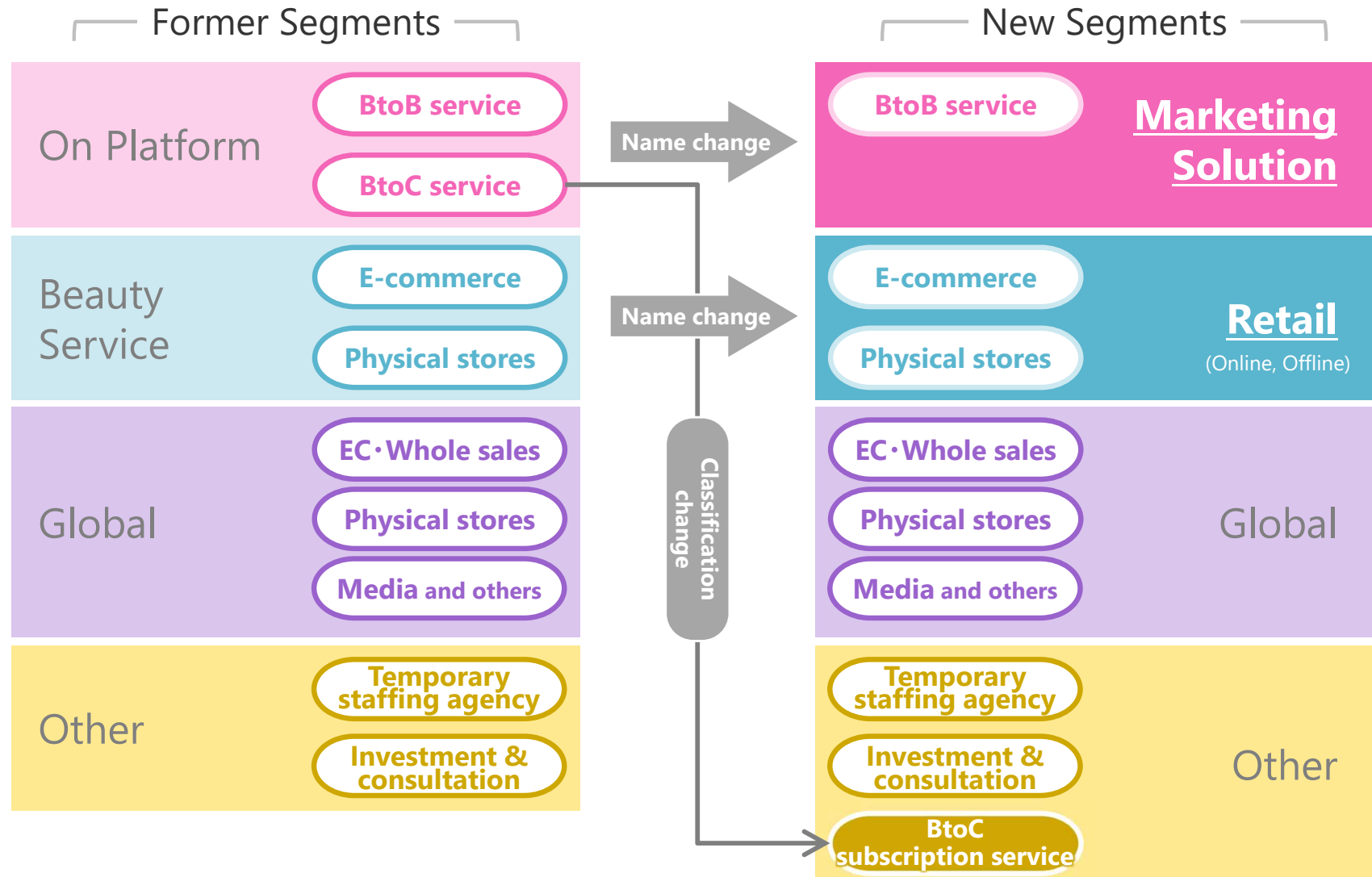
Feb. 14, 2024

istyle Inc.

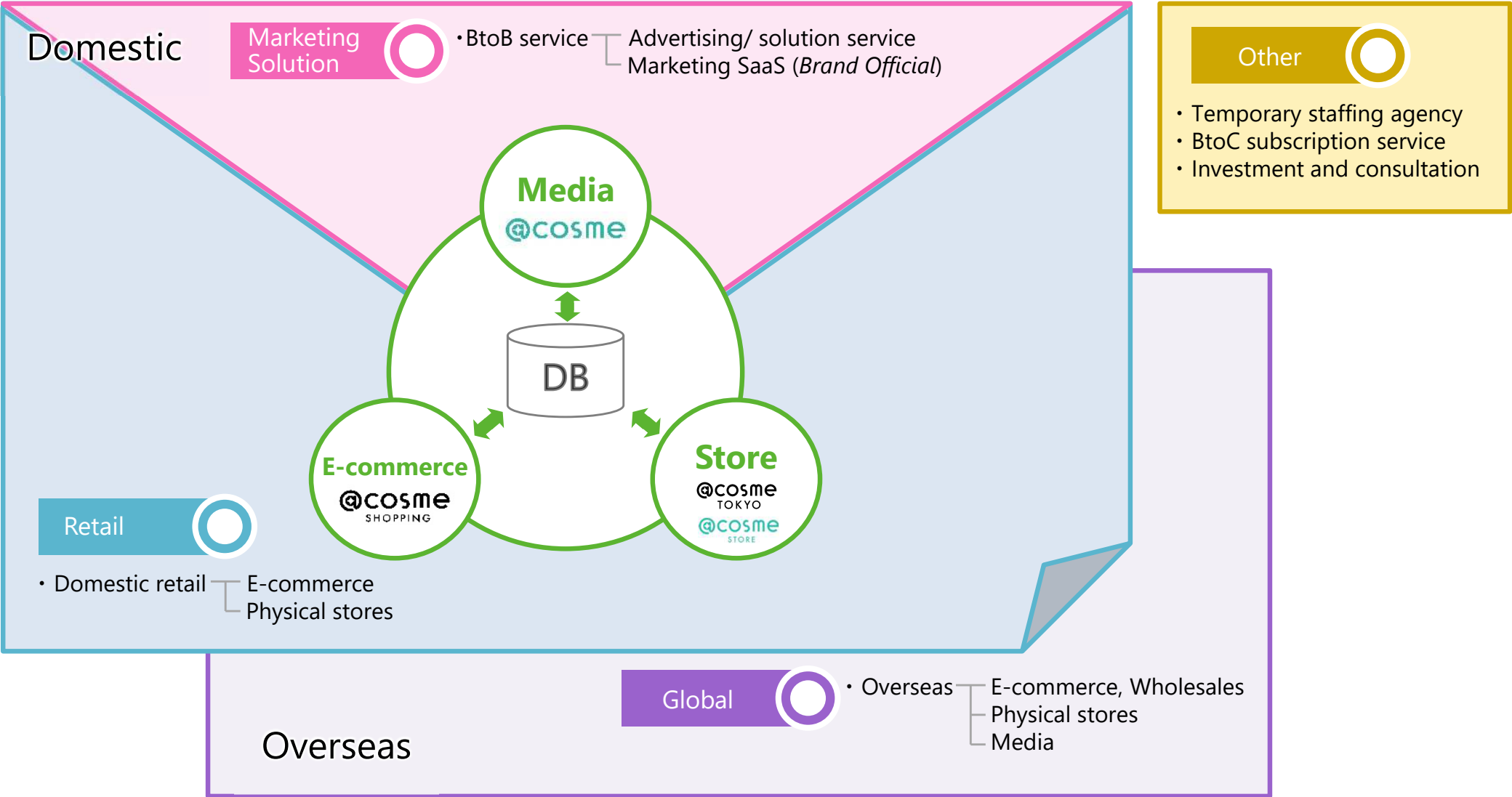
Stock code: 3660

【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 2nd Quarter of FY2024



Businesses in Japan, such as Retail and Marketing Solution, drove increase in sales and profit.

- **Consolidated net sales reached 27.1 billion yen, a record high** for a half-year (YoY+33.2%).
- **Consolidated operating income increased by 600 million yen YoY to 850 million yen.**

Marketing Solution

Sales continued to grow by +12.8% YoY and profit increased by +56%.

Retail (Online/Offline)

Sales increased by 47% YoY due to growth in both EC and stores.

└ Stores: **Sales increased by 60%** due to the contribution of the new store, *@cosme OSAKA*, as well as steady growth in existing stores.

└ EC: **Sales increased by 29%** as Special Event, *@cosme BEAUTY DAY*, ended in a great success.

Profit increased 173%, absorbing 140 million yen in promotion costs in EC.

(200 million yen in the previous year)

Global

Sales declined only 4.2% YoY due to strong performance of Hong Kong stores, etc., despite challenging cross-border EC business in China.

Profit fell to a loss of 76 million yen due to the above-mentioned challenges in China.

Consolidated Results



Businesses in Japan, such as Retail and Marketing Solution, drove increase in sales and profit.

Net sales	:	27,117	Million yen	YoY	:	133.2	%
OP	:	851	Million yen	YoY	:	335.5	%

Marketing Solution



Achieved double-digit growth and record-high quarterly sales. Increase in profit, covering increased costs such as personnel expenses.

Net sales	:	4,215	Million yen	YoY	:	112.8	%
OP	:	948	Million yen	YoY	:	156.3	%

Retail



Increase in sales and profit due to growth in Stores and EC, such as the success of @cosme BEAUTY DAY.

Net sales	:	19,928	Million yen	YoY	:	147.4	%
OP	:	1,032	Million yen	YoY	:	272.6	%

Global



Decline in sales and profit due to challenging conditions in China cross-border EC and Korea business.

Net sales	:	2,108	Million yen	YoY	:	95.8	%
OP	:	-76	Million yen	YoY	:	-87	Million yen

Other



Slight decline in sales due to industry-wide shortage of beauty professionals in temporary staffing.

Net sales	:	865	Million yen	YoY	:	96.0	%
OP	:	102	Million yen	YoY	:	82.5	%

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

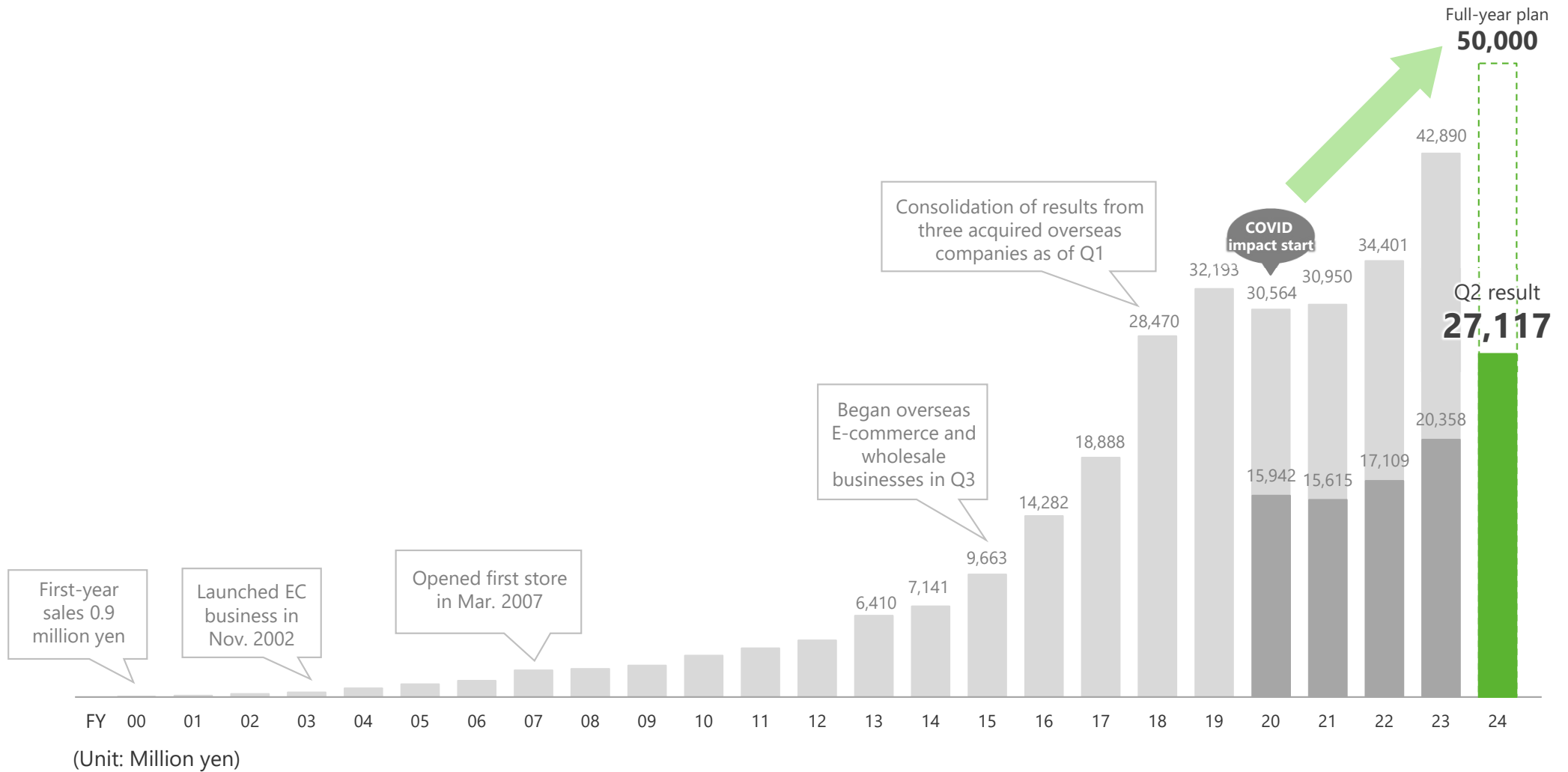
H1 / Overview of operating results (Progress to our target)

- **Actual results ahead of initial plan.** (See P30 for full-year forecast.)

(Unit: Million yen)	Q2/FY24 (Jul.-Dec.)	FY24 plan	% of Target	Q2/FY23 (Jul.-Dec.)	YoY
Net sales	27,117	50,000	54.2%	20,358	133.2%
Gross point	11,842	-	-	9,232	128.3%
SG&A	10,991	-	-	8,978	122.4%
Operating income	851	1,200	70.9%	254	335.5%
Ordinary Income	808	1,000	80.8%	18	+791
Net income attributable to owners of the parent company	482	700	68.8%	-36	+517

Trend in net sales

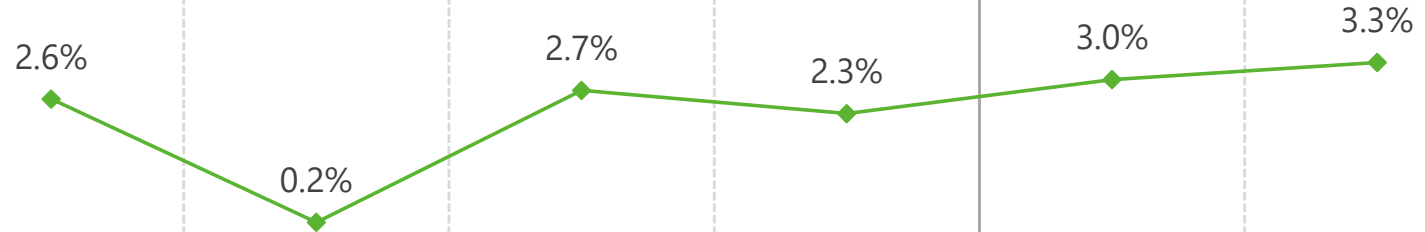
- Breaking previous records, to record-high sales.



Trends in segment sales (Quarterly)

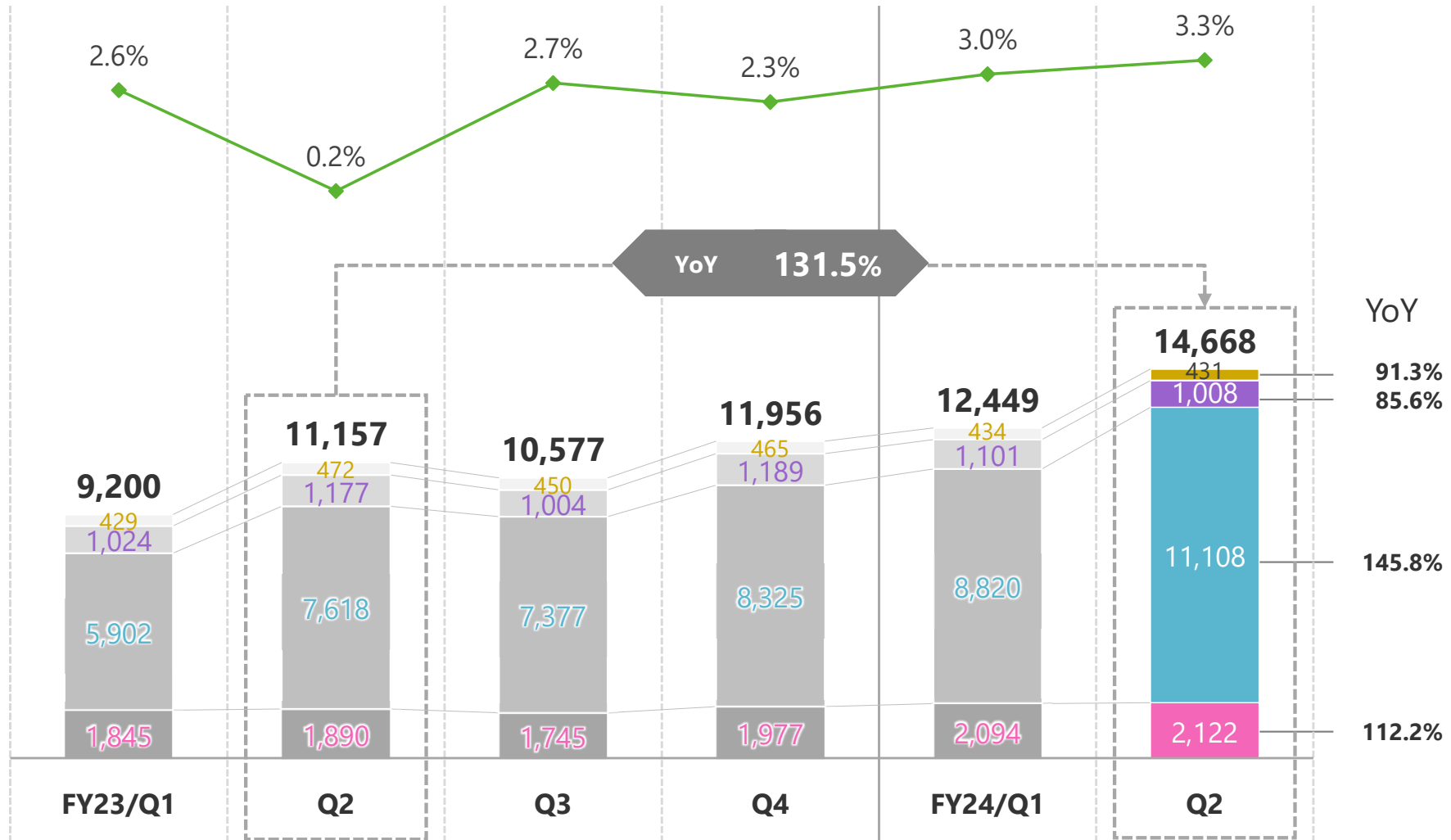
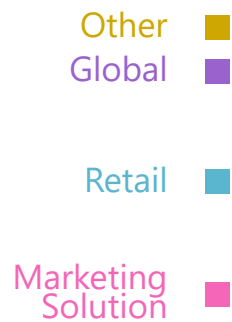
- Record-high quarterly sales with Retail driving consolidated results.

Consolidated OP ratio



Net sales

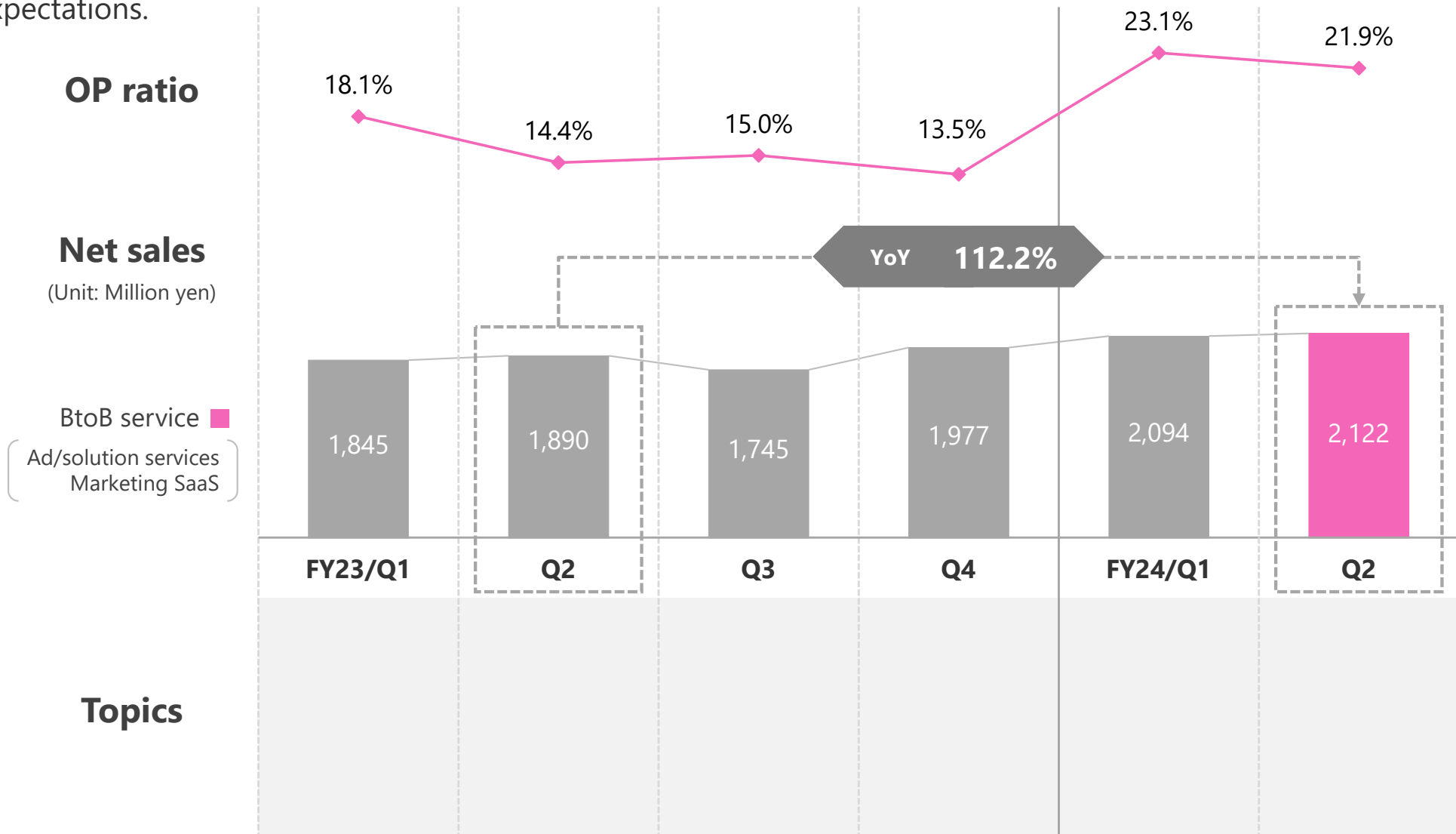
(Unit: Million yen)





Trends in segment sales (Quarterly)

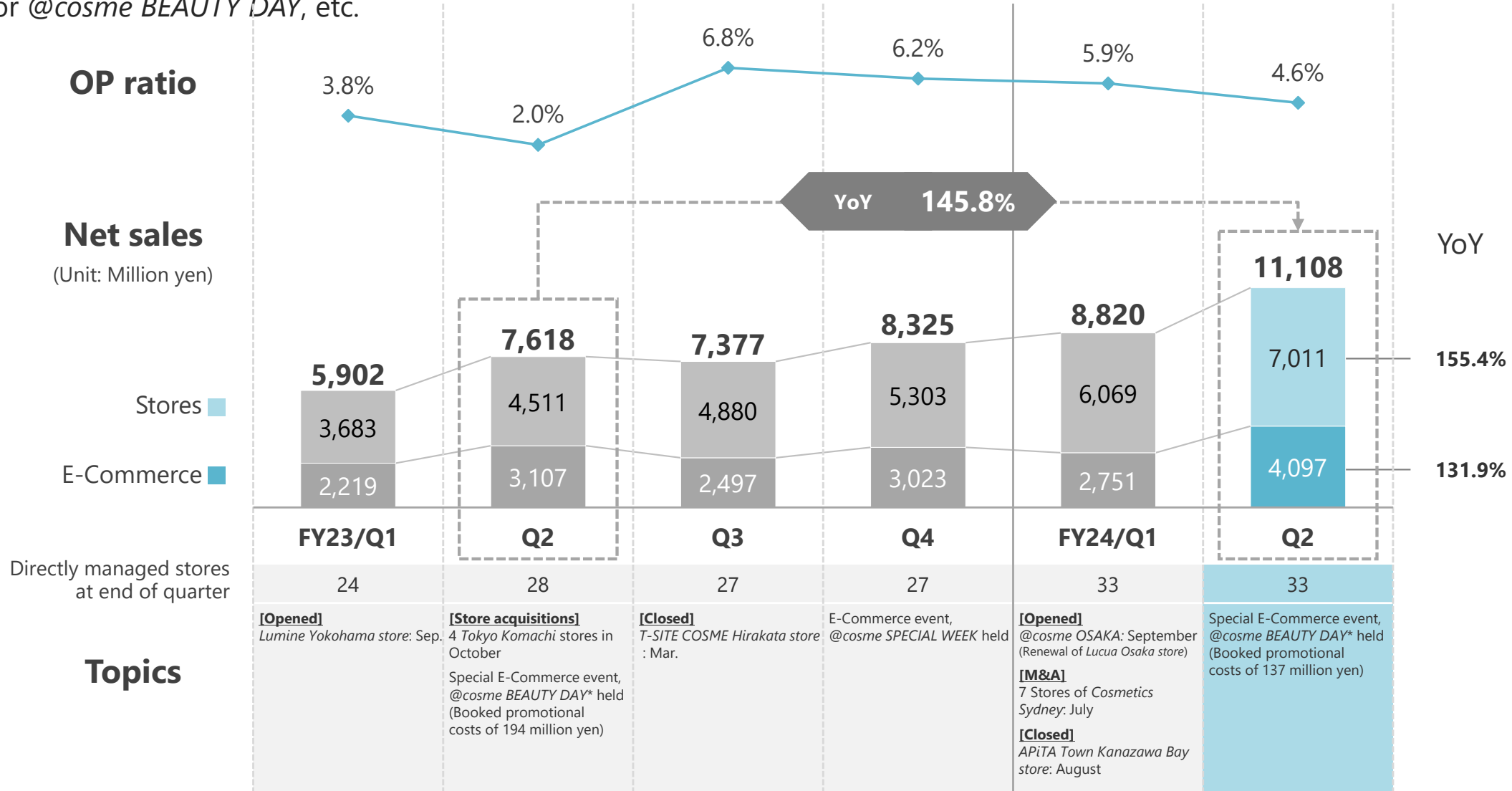
- Net Sales: **Record-high quarterly sales** due to continued growth in retail sales promotion and advertising and solutions linked to it.
- OP ratio: YoY improved due to increased sales. QoQ decline due to matters such as recruitment but in line with expectations.





Trends in segment sales (Quarterly)

- Net Sales: Stores **significantly increased sales due to contribution from new stores and growth of existing stores** (3 months of @cosme OSAKA recorded in Q2).
- EC **exceeded 4 billion yen quarterly sales for the first time** due to the success of @cosme BEAUTY DAY.
- OP ratio: YoY improved due to increase in sales, despite a QoQ decline due to promotional expenses of 137 million yen for @cosme BEAUTY DAY, etc.

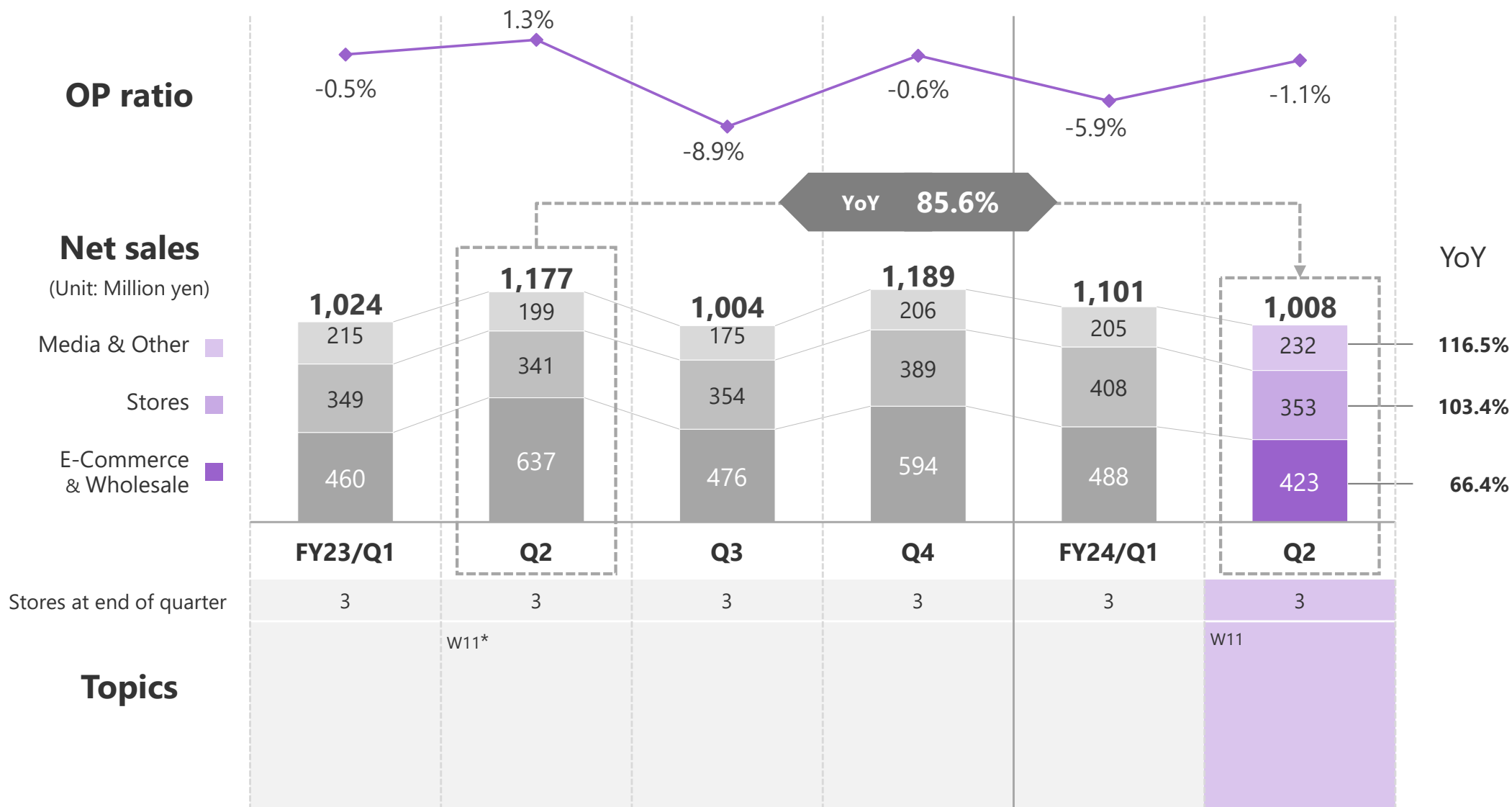


* A special E-commerce event for three days only.



Trends in segment sales (Quarterly)

- Net Sales: [EC/Wholesale] Sales decline in China cross-border EC due to challenging local market situation.
- OP ratio: Losses improved QoQ despite challenges in China and Korea.



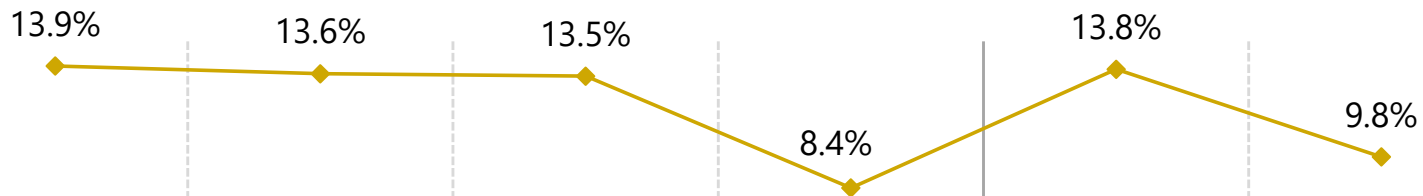
* A major E-Commerce sale held on November 11 in China (Singles day)



Trends in segment sales (Quarterly)

- Decline in sales and profit due to industry-wide shortage of beauty professionals in temporary staffing.

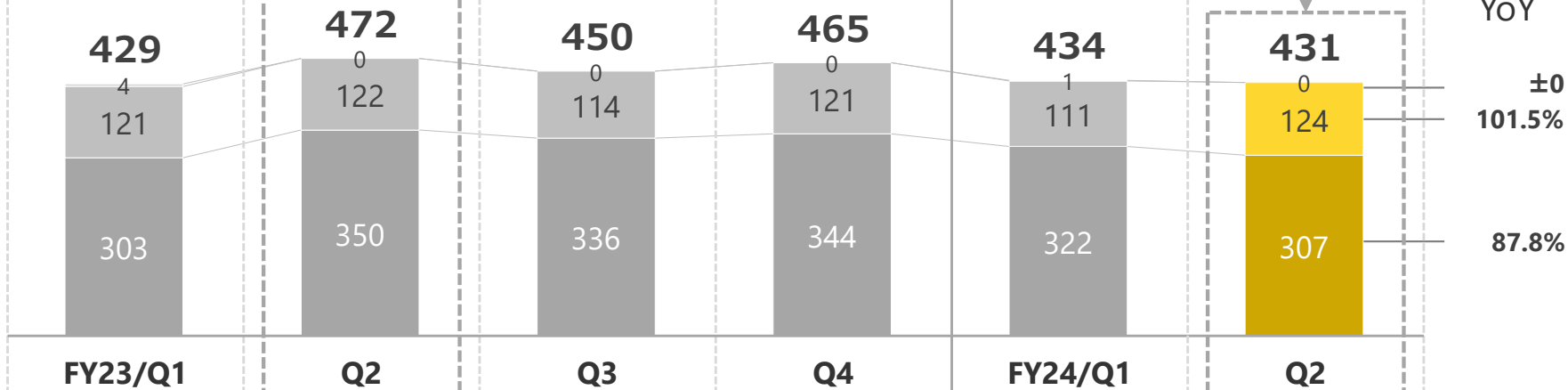
OP ratio



Net sales

(Unit: Million yen)

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

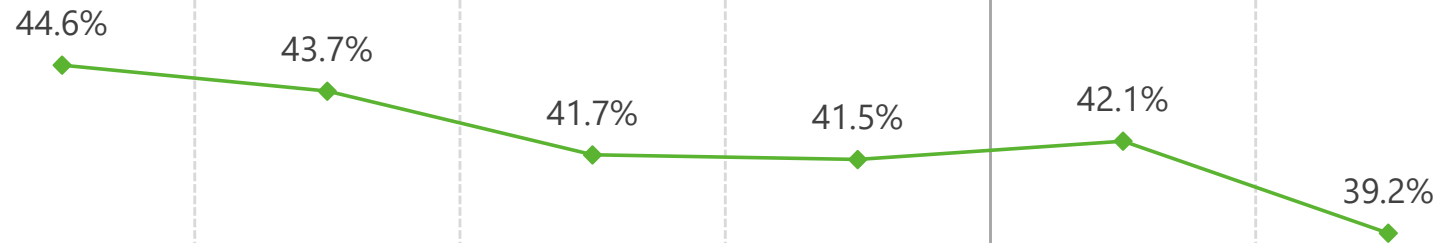


Topics

Trends in SG&A expenses (Quarterly)

- SG&A ratio decreased due to rapid growth in Retail business.

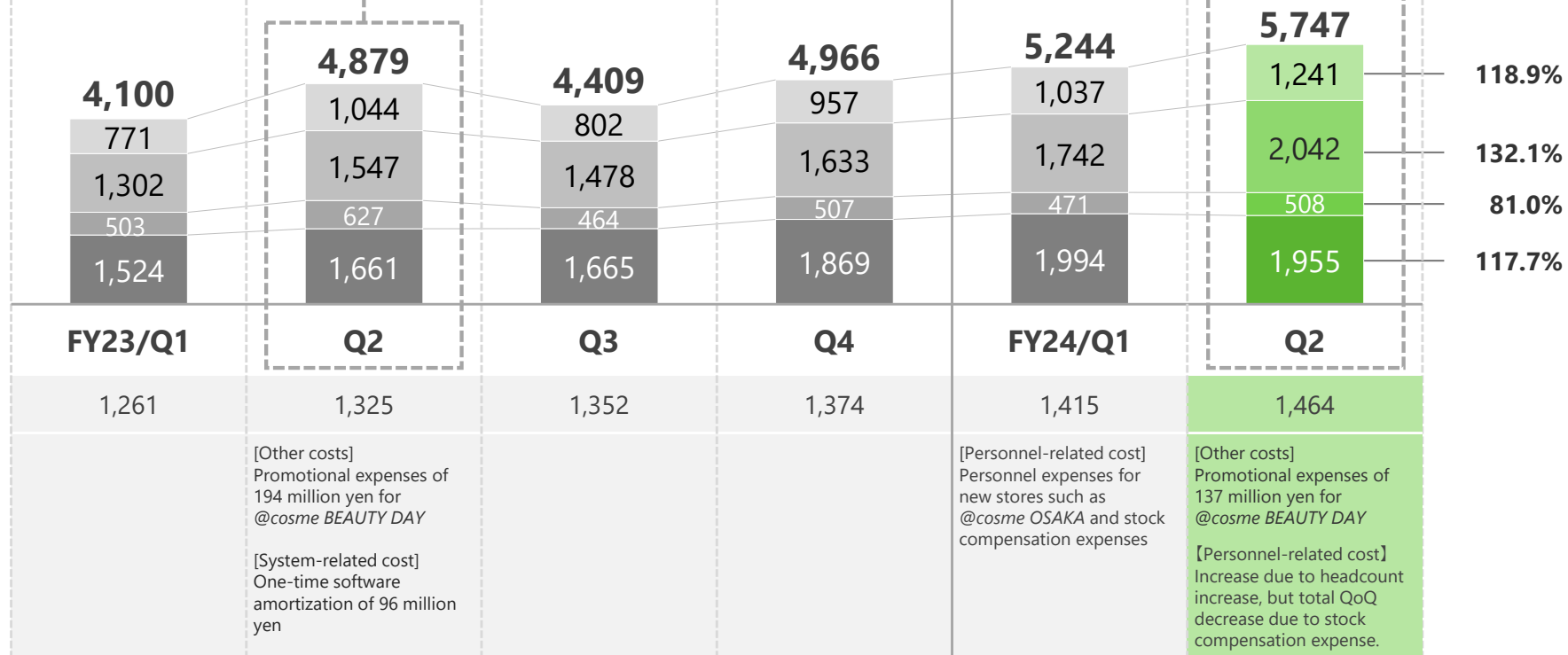
SG&A ratio



SG&A

(Unit: Million yen)

- Other costs
- Merchandising-related cost*1
- System-related cost
- Personnel-related cost



Work force

(includes outsourcing)

Topics

[Other costs]
Promotional expenses of 194 million yen for @cosme BEAUTY DAY

[System-related cost]
One-time software amortization of 96 million yen

[Personnel-related cost]
Personnel expenses for new stores such as @cosme OSAKA and stock compensation expenses

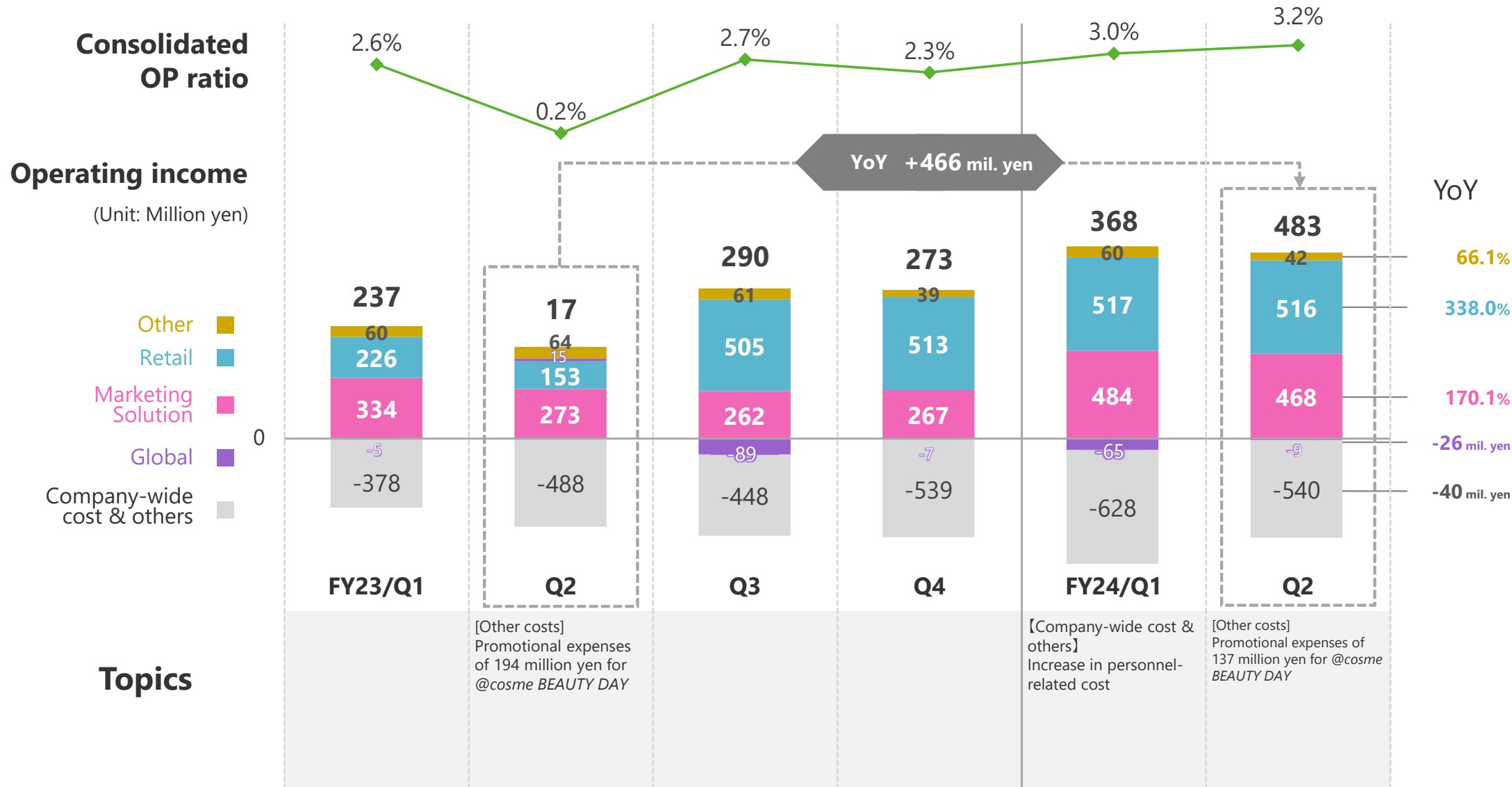
[Other costs]
Promotional expenses of 137 million yen for @cosme BEAUTY DAY

[Personnel-related cost]
Increase due to headcount increase, but total QoQ decrease due to stock compensation expense.

*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)

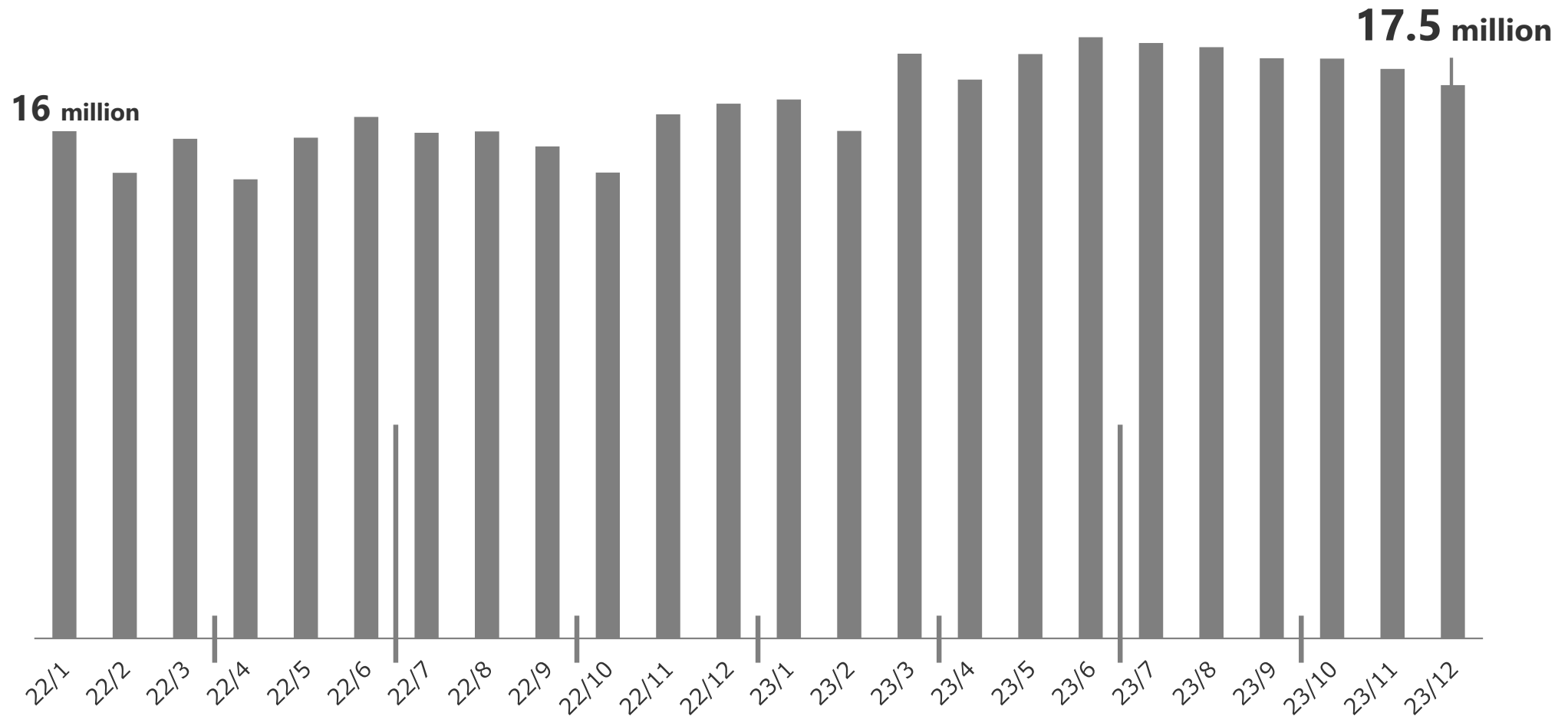
- **Significant improvement YoY** due to improved profitability.
- **Increase in profit QoQ even including promotion expenses (137 million yen) spent in Q2.**



○ Status of Operating Services

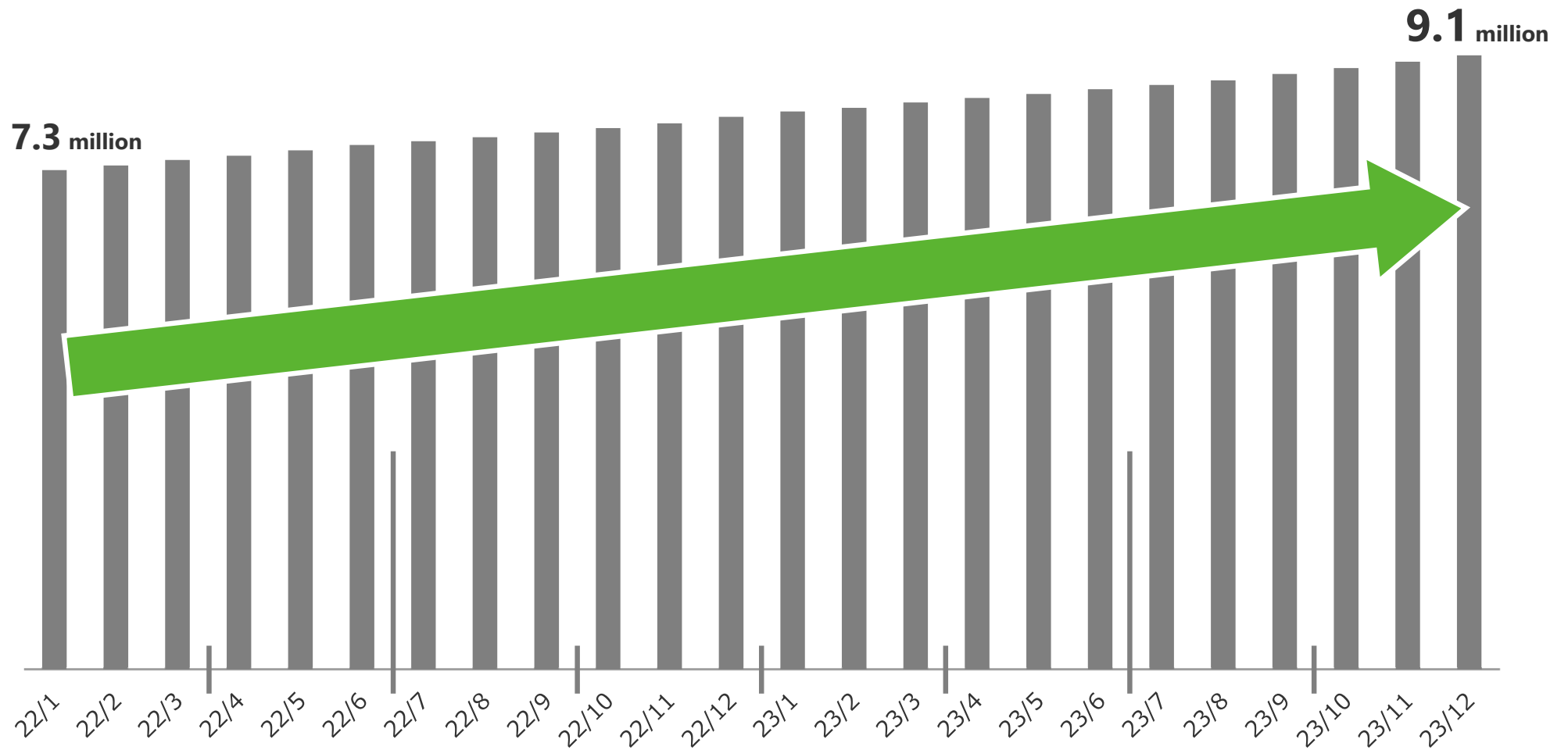
Trend in number of @cosme's monthly unique users

- Remained at a high level with an increase YoY despite a slight decline QoQ.



Trend in number of @cosme's members*

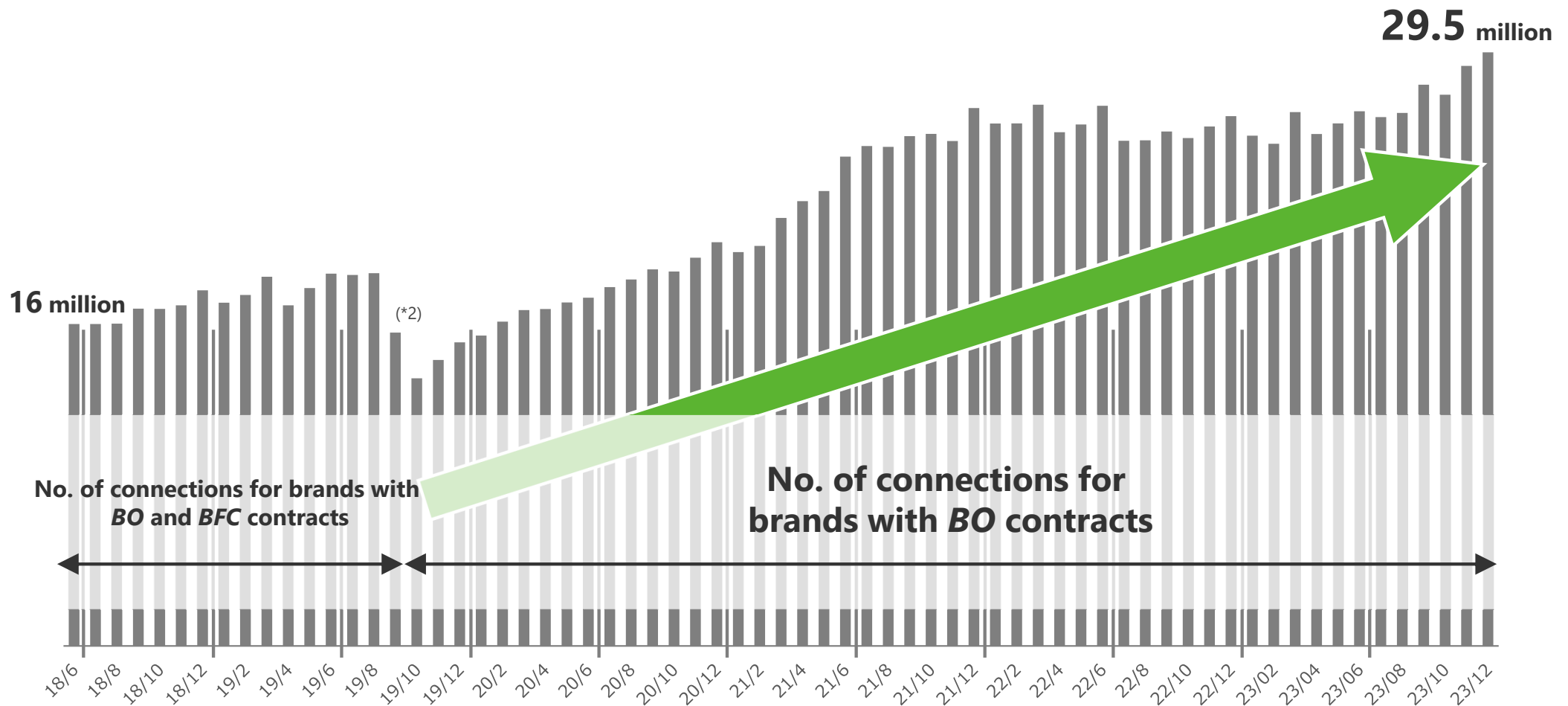
- Membership continues to trend up.



* 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

- While MAU slightly decreasing, **dramatic increase due to user action activation.**
- Accelerate monetization as it is a medium- to long-term growth driver (see P32 for details).

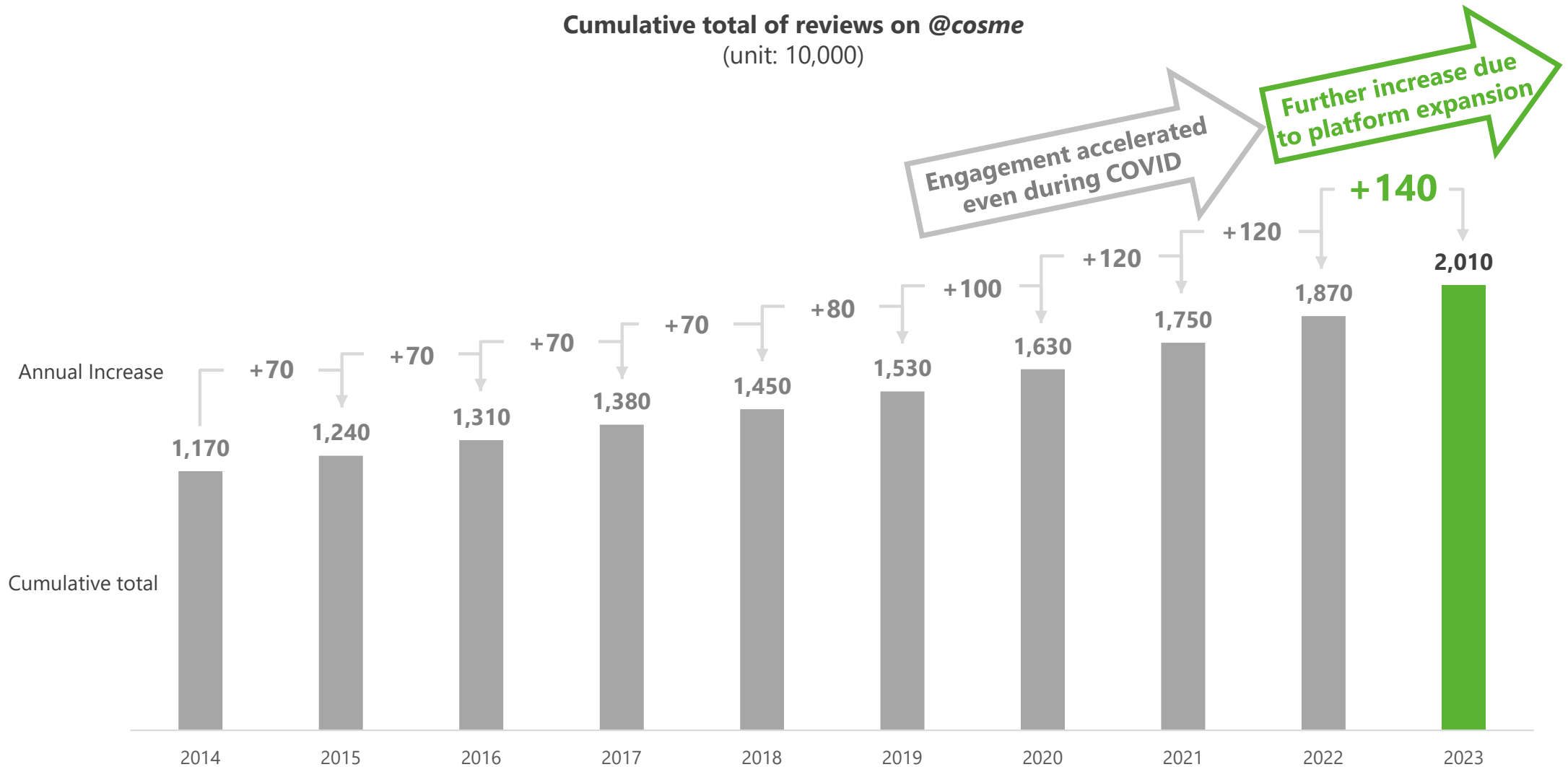


*1 Total for actions by users towards contracting brands or brand products (if there are multiple follows, likes, and hases towards the same brand, it is counted as one connection)

*2 Decrease due to termination of former *Brand Fan Club* service, predecessor of *Brand Official*, at the end of September 2019.

Reviews on @cosme exceed 20 million

- **Upward trend in annual number of reviews** as @cosme expands as a platform to create encounters between users and brands.
- Even in the social media era, **the value of a fair, neutral, and trust-based media remains unchanged.**



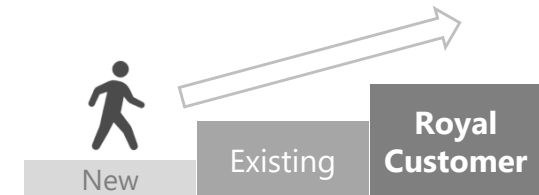
@cosme 25th ANNIVERSARY

- **Event for users** planned from March 2024 to **celebrate @cosme's 25th anniversary.**
- Create encounters between users and brands and **accelerate engagement.**



Provide a new experience while showing gratitude to users

An opportunity to reach new users in addition to existing users and **provide a gateway to a user experience that makes them want to visit every day.**



Users can engage with brands going beyond just looking at the site.



Review of H1, FY2024 (July-December 2023)



Key Summary of H1, FY 2024

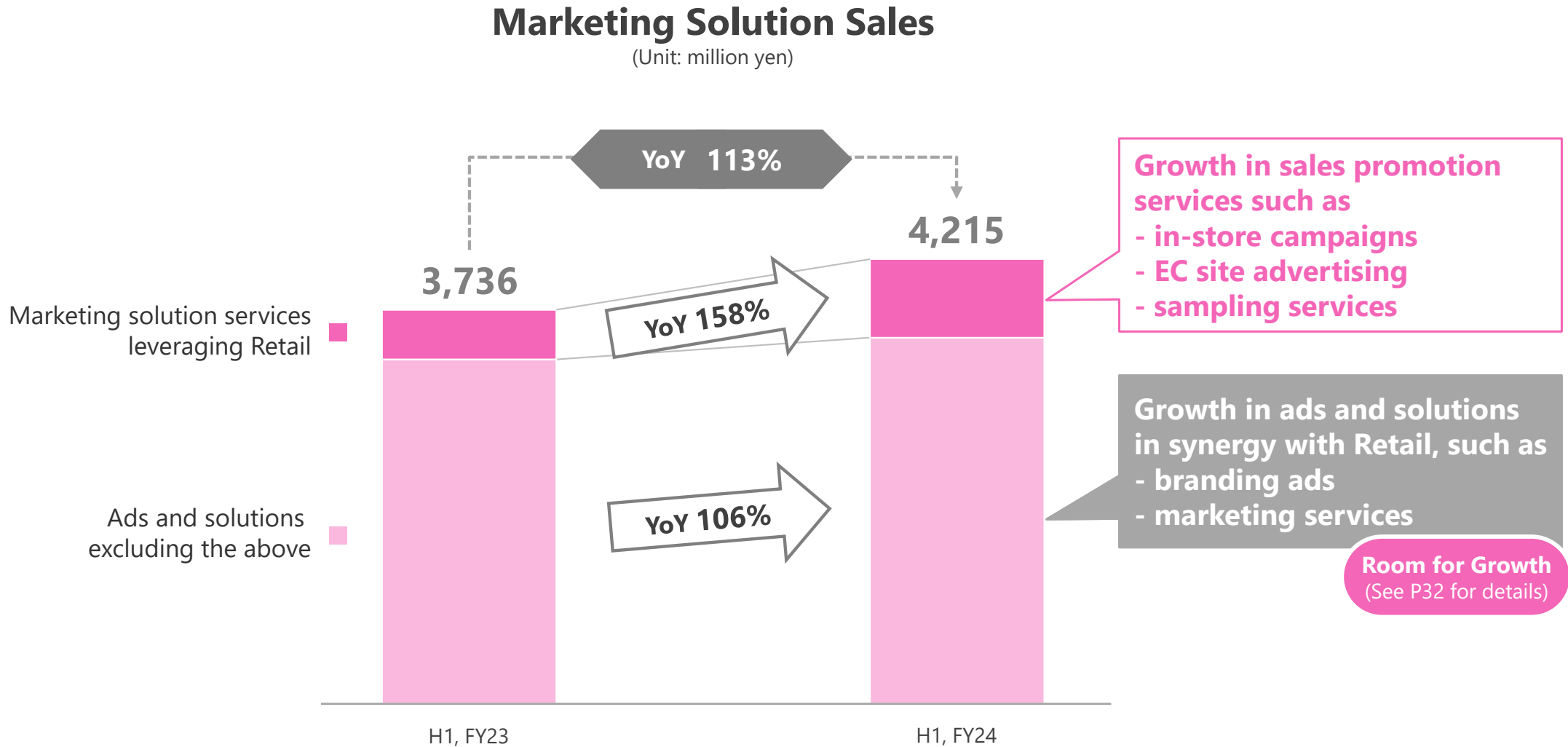
- Results and issues seen through H1, organized by segment.

Marketing Solution	<ul style="list-style-type: none">- Record-high sales.- Platform collaboration progressing and its value reflected in business results.
Retail	<ul style="list-style-type: none">- Stores: Established a new flagship store model with <i>@cosme OSAKA</i>. Existing stores also performed well YoY.- EC: Growing with <i>@cosme BEAUTY DAY</i> as a driver. Store opened on Amazon.co.jp and off to a good start
Global	<ul style="list-style-type: none">- China cross-border EC: Managing challenging market conditions.- HK and Taiwan: Steadily growing as <i>@cosme</i> brand penetration progresses.
KPI	<ul style="list-style-type: none">- Platform expansion and marketing strategies successful, resulting in increased user actions and contributing to business results. (See p16 – 20 for details)



Market position strengthened by synergy with Retail business

- Growth in marketing solution services leveraging Retail. Established value that only istyle can provide.



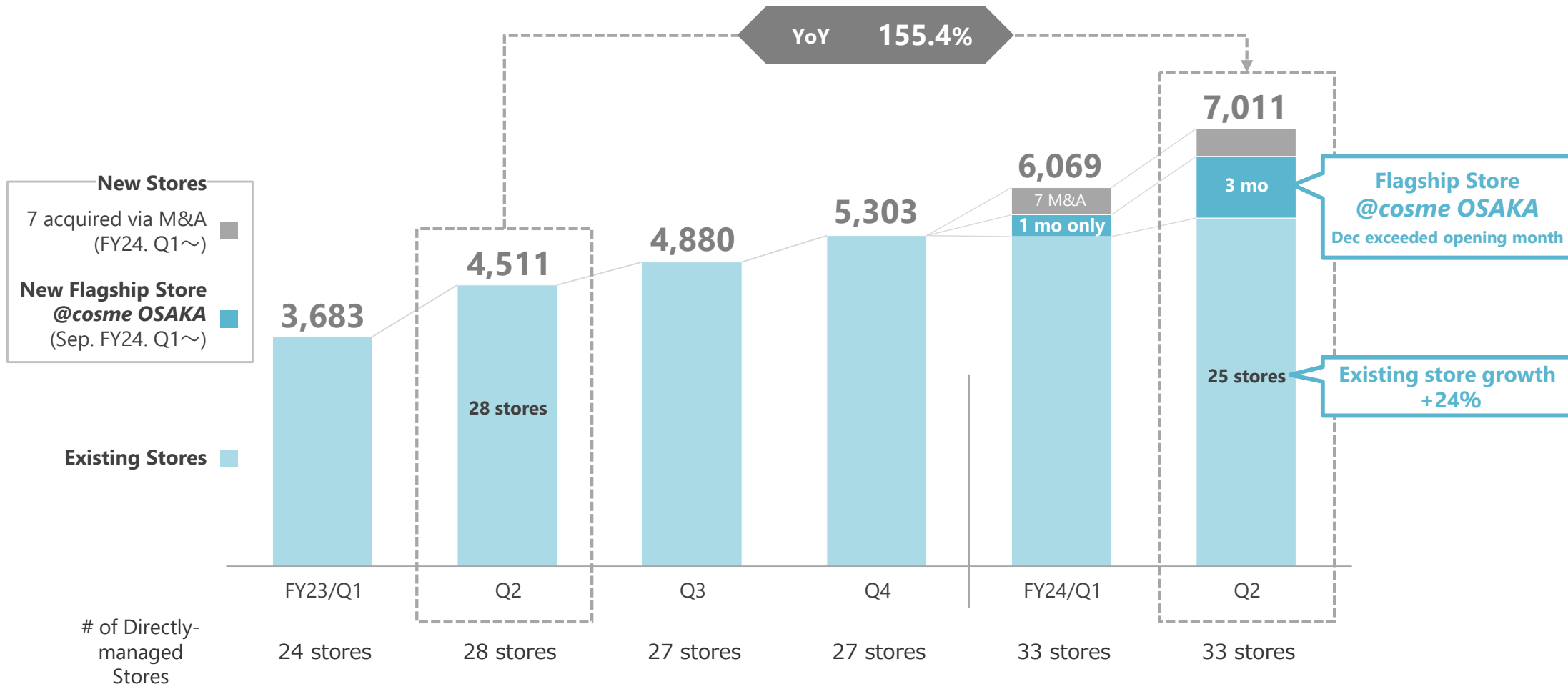


Stores: General improvement of new stores such as @cosme OSAKA and growth of existing stores

- Monthly sales of @cosme OSAKA exceeded the opening month sales. **Established a successful model as a large flagship store in a commercial facility.**
- Existing stores grew as well, and market share and presence expanded.

Store Sales

(Unit: million yen)



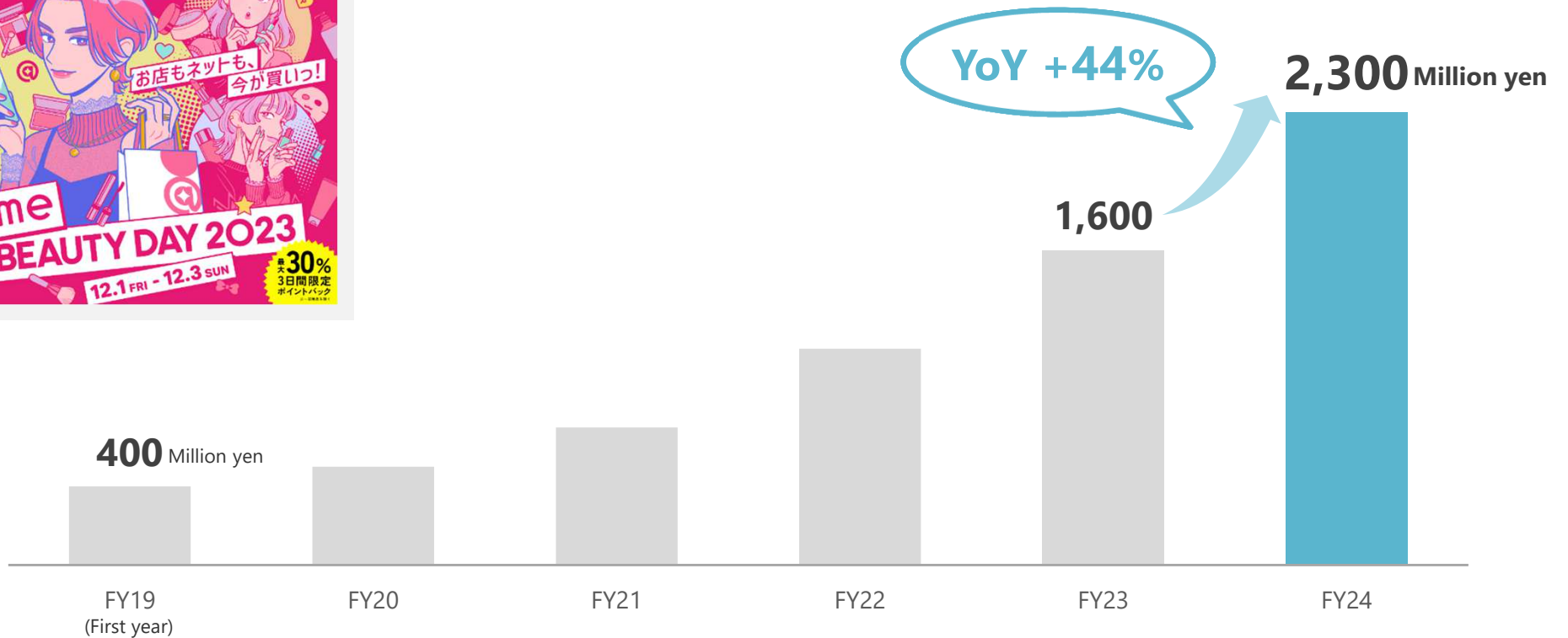


General improvement of the entire platform with @cosme BEAUTY DAY

- Special EC event held in Q2 (Dec), **achieving record high GMV*** (held simultaneously at Stores).
- **Promoted new member acquisition and user action activation** through the event.

@cosme BEAUTY DAY GMV (including Stores)

【Event Key Visual】



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

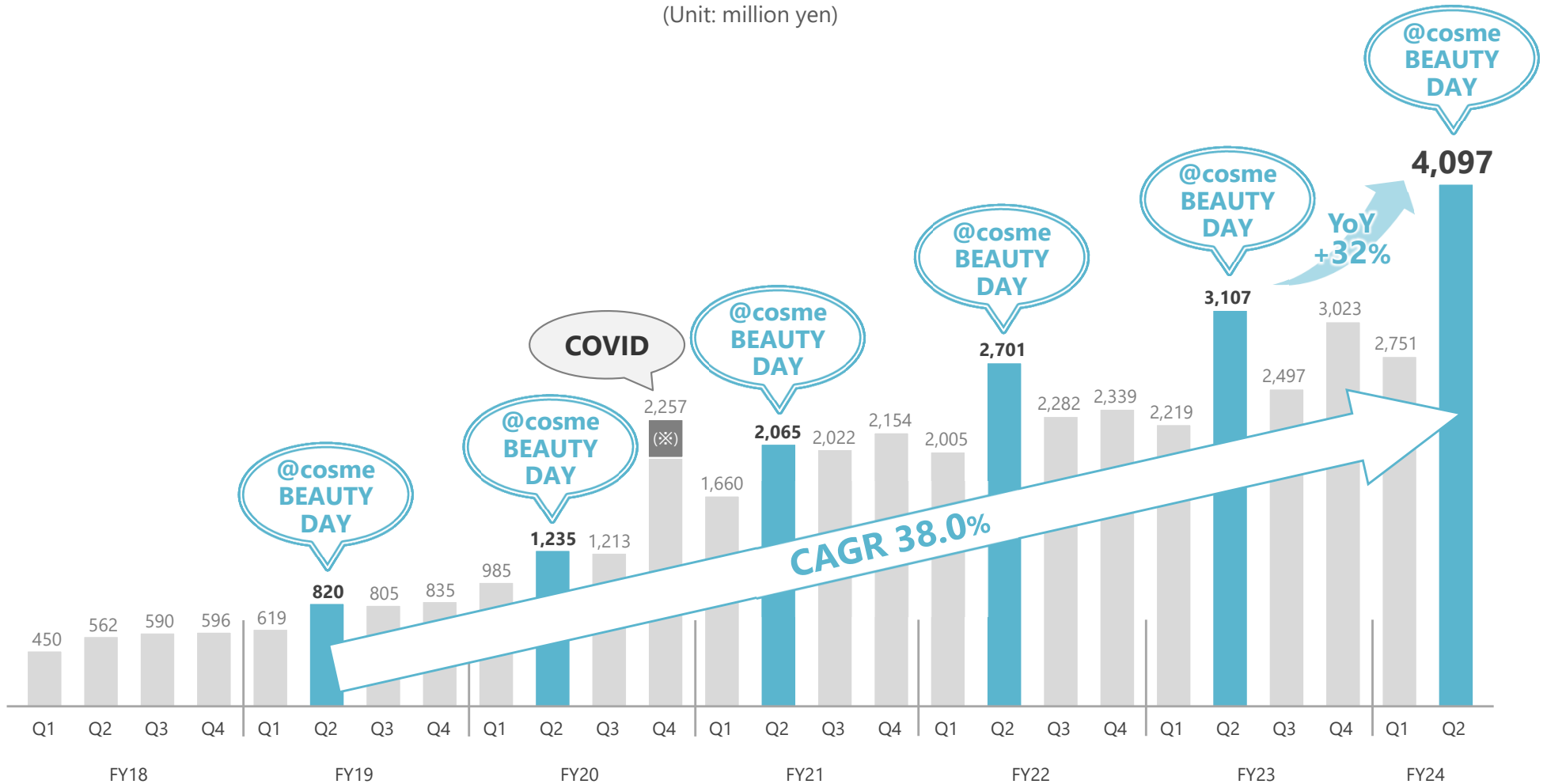


EC: Accelerated growth with @cosme BEAUTY DAY as a driver

- **Stunning growth in a red ocean EC market** through events and store synergy.
- Events planned annually, positioned as clear purchasing opportunities, **operated as a driver to expand sales in the long term.**

EC Sales

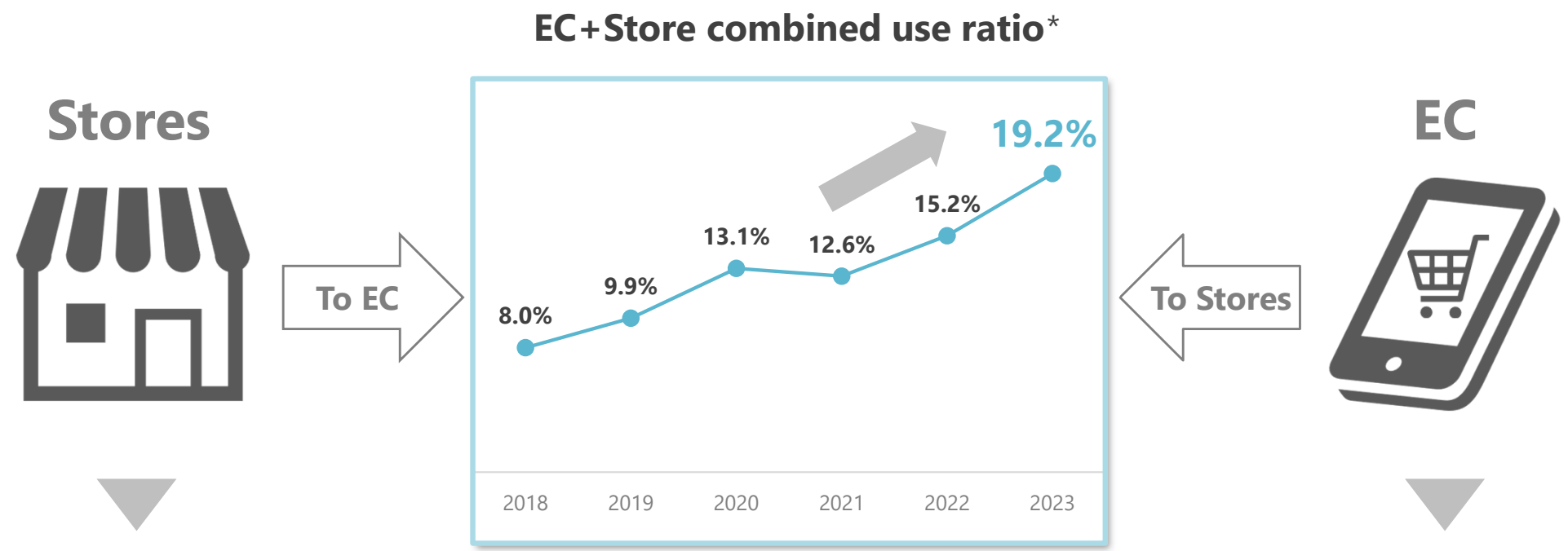
(Unit: million yen)



* 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.

Significant growth in both EC and Stores through integrated online/offline measures

- **Effect** of long-standing **online/offline product experience seen in overall Retail performance.**
- App user promotions in stores, media and EC traffic to stores, brand cross-media (media-EC-stores) campaigns, etc.



YoY +55%
(FY24.Q2)

**Significant growth in both EC and Stores
due to further collaboration**

YoY +32%
(FY24.Q2)

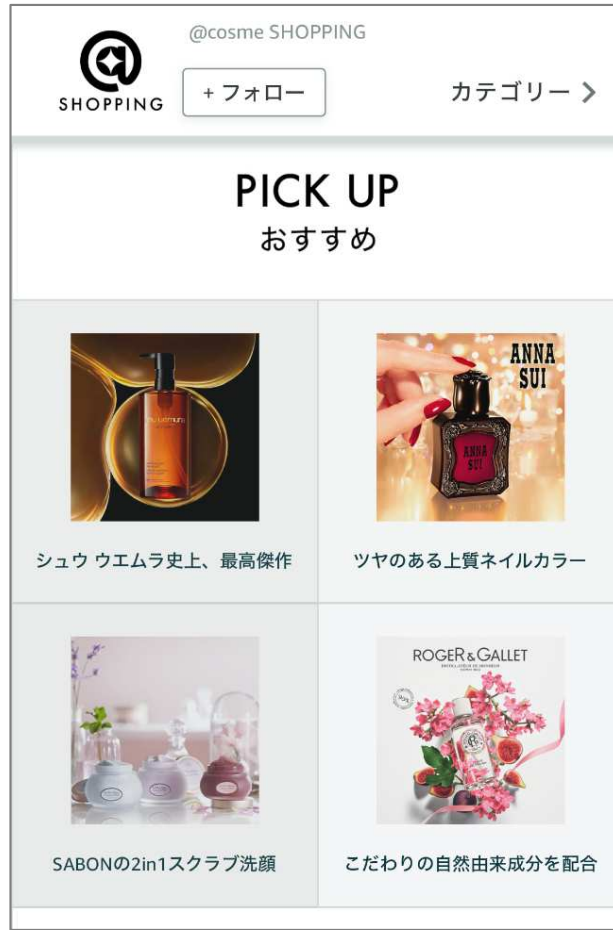
* The percentage of users who used either EC or stores and used the other within the past year, out of the total number of EC and stores users in December of the relevant fiscal year.



Opened @cosme SHOPPING on Amazon.co.jp

- Opened on November 22, 2023, and **off to a good start** (results recorded in EC of Retail business).
- **Continue to expand brands and products offering** to deliver a richer product experience to more customers.

【From Website】



【Participating Brands】 * In Japanese syllabary order

ANNA SUI



shu uemura



PARFUMS DE LA BASTIDE
Aix en Provence

HERA

RENE
FURTERER
PARIS

ROGER & GALLET
RUE SAINT-HONORÉ • PARIS

* Link : <https://www.amazon.co.jp/atcosmeshopping>



Steadily establishing @cosme brand in Hong Kong and Taiwan

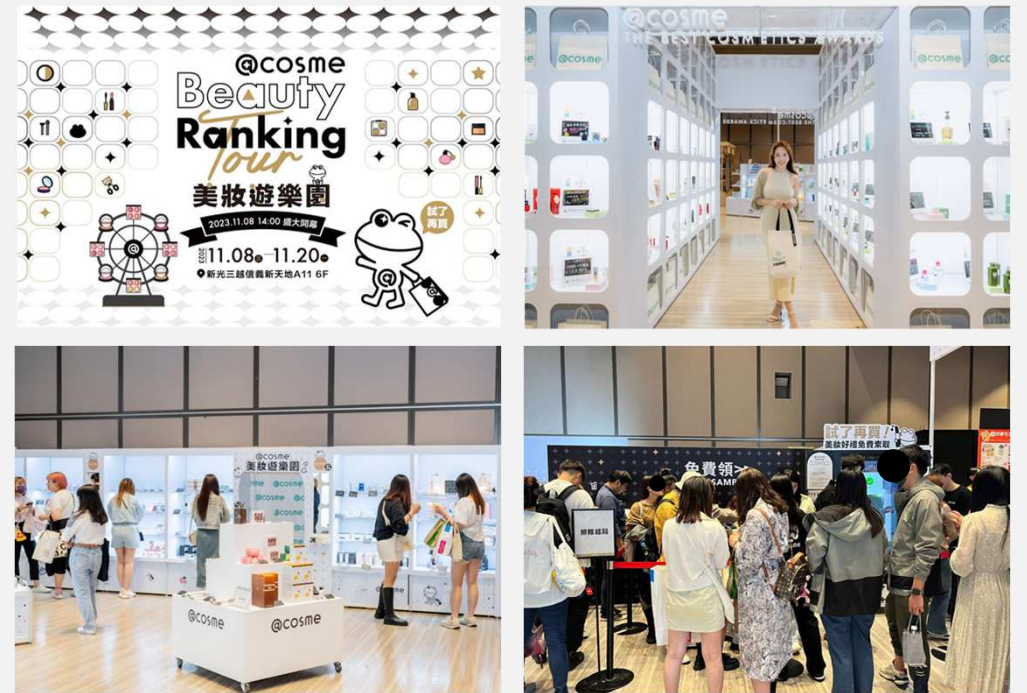
- Steady penetration of the @cosme brand in the local market and strong performance in both Hong Kong stores and Taiwanese media.
- To further expand the brand, open pop-up stores to convey the brand and product experiences achieved in Japan.

Hong Kong



Held at K11 Art Mall in Tsim Sha Tsui, Hong Kong (2024/1/19-2/1)

Taiwan



Held at Shin Kong Mitsukoshi in Taipei, Taiwan (2023/11/8-11/20)

View on current FY consolidated earnings forecast

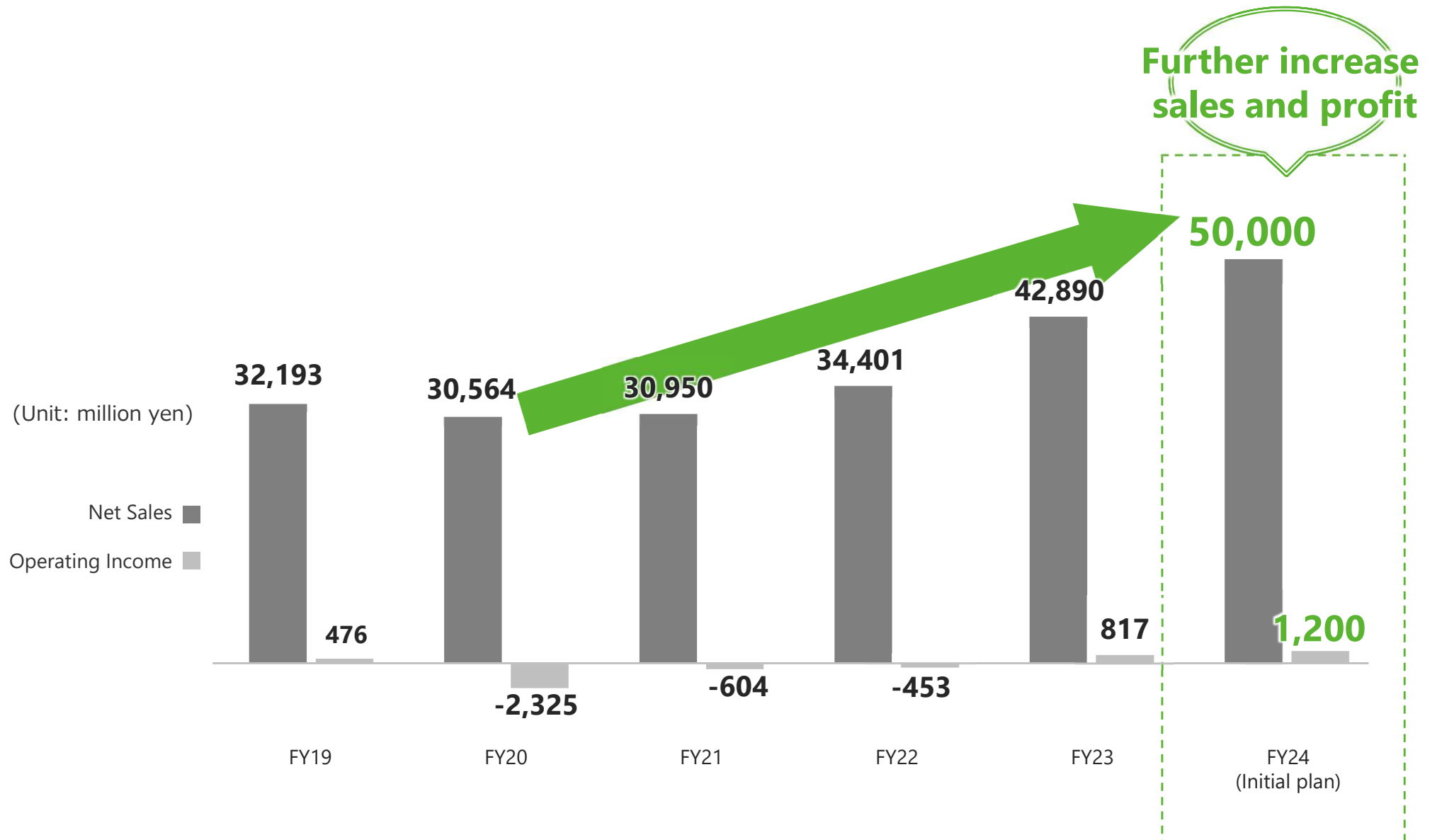
- **H1 results are ahead of initial plan.** On the other hands, investments being made for medium- to long-term growth.

	Major differences from initial plan	Timing	Current view
Factors for upward revision	Dramatic growth of Retail business through @cosme OSAKA and @cosme BEAUTY DAY.	Q1~	Continued growth expected ahead of initial plan.
Unplanned costs	Additional stock compensation expense due to stock option exercise conditions met as a result of EBITDA upswing.	Q1~	Strong performance expected covering such expenses.
	BPR expenses due to operational restructuring for mid- to long-term growth.	Q3~	<ul style="list-style-type: none"> - Amount under evaluation. - Expected to recover in the medium term through cost reduction by improving operational efficiency.

Overall, sales and profit both progressed favorably, but the company is **examining its guidance for current FY** as it looks into items such as **BPR expenses.**

Net Sales and Operating Income by Year

- Strive to increase Net Sales as well as Operating Income and OP ratio.

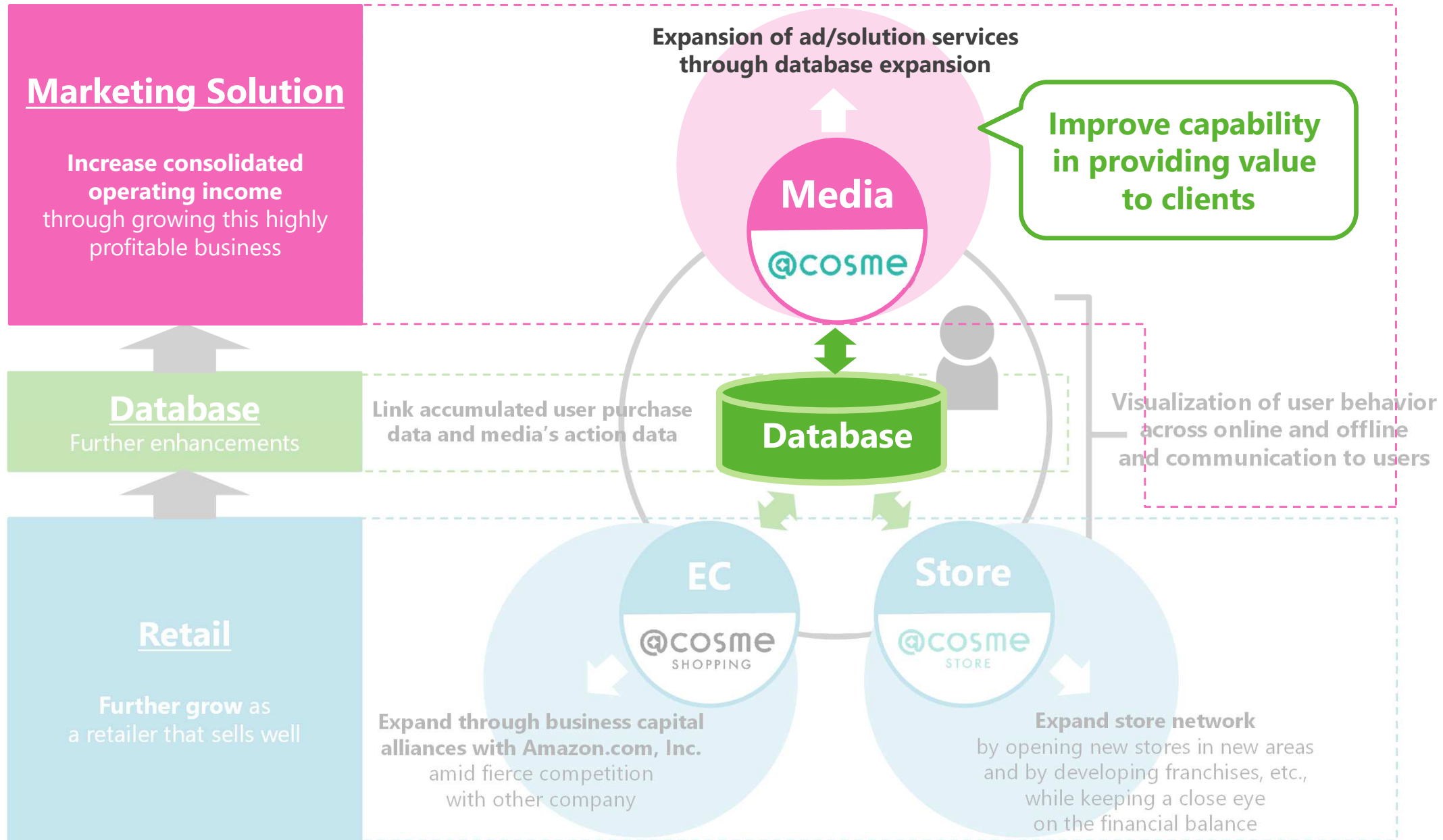




Future Initiatives

Direction for Medium- and Long-term Growth

- Maximize the potential of Marketing Solution business





- Next steps to accelerate growth in Marketing Solution business

Challenges

Measures

1. Untapped marketing domains
(Marketing areas that brands are in that are not yet covered by @cosme)

Capital and business alliance with Trender, Inc. to expand the scope of expertise to social media and create value beyond @cosme

2. Untapped value from accumulated data and user contacts

Work with external partners to further expand data-driven solutions

Expand the scope of expertise and maximize potential through collaboration with external partners to ensure clear growth potential is captured.



1. Strengthen social media marketing through capital and business alliance with **Trenders, Inc.**

- Create a new customer experience in the beauty industry through collaboration with Trenders, a fast-growing company in beauty social media marketing.

Bringing strengths together to create a new customer experience in the beauty industry

istyle × **Trenders** = **New customer experience in the beauty industry**

Develop and expand marketing solutions

Offer solutions to cosmetics brands that leverage the strengths of both companies in the @cosme platform and social media marketing, and develop new services that link them together.

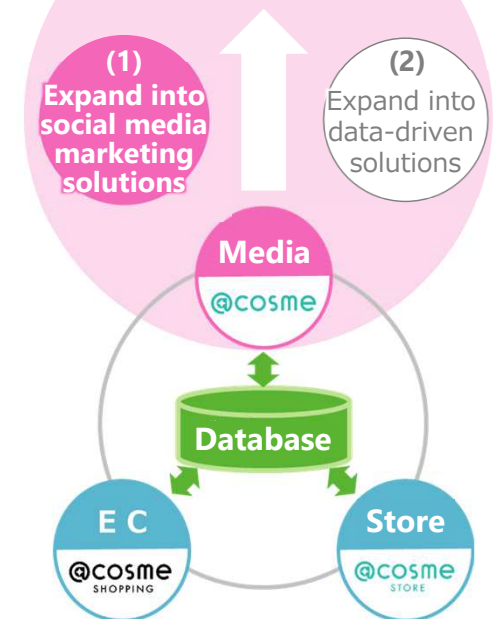
Develop global business

Develop joint services to support foreign brands entering Japan and Japanese brands entering international markets.

Expand beauty economy

Expand possibilities beyond cosmetics by combining company assets.

Expand solutions beyond @cosme, to social media



Trenders becomes an equity-method affiliate

Transferee	Okamoto, Chairperson	Treasury stock	Acquisition price per share	Acquisition price
Shares acquired	1,844,600	605,985	1,078 yen per share	Approx. 2.6B yen
	Total 2,450,585 shares (30.8%)			

As Trenders will become an equity-method affiliate, we plan to post as non-operating income a figure calculated by multiplying the company's net income by our shareholding ratio.

The amount equivalent to amortization of goodwill will be deducted from such income.

The alliance is not expected to have a significant impact on the company's consolidated financial results for the current fiscal year. (Completion upon payment on March 19, 2024)

* For details of the Capital and Business Alliance, please see timely disclosure release announced on February 14, 2024. <https://www.istyle.co.jp/en/ir/library/financial-results/>



1. (Ref) About Trenders, Inc.

About Trenders (Securities code: 6069) <https://www.trenders.co.jp/>

Trenders

【Main Services】

Providing a wide range of solutions in beauty social media

- **Trend analysis based on social media and own media**
- **Influencer marketing, social media advertising, etc.**

【Main Assets】

Beauty Social Media



5.7
million followers

(As of Oct. 2023, the total of Instagram, X, etc.)

Influencer Network

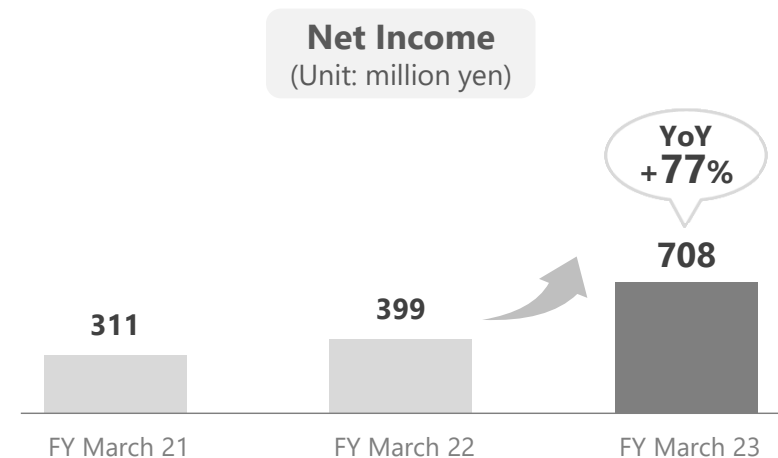
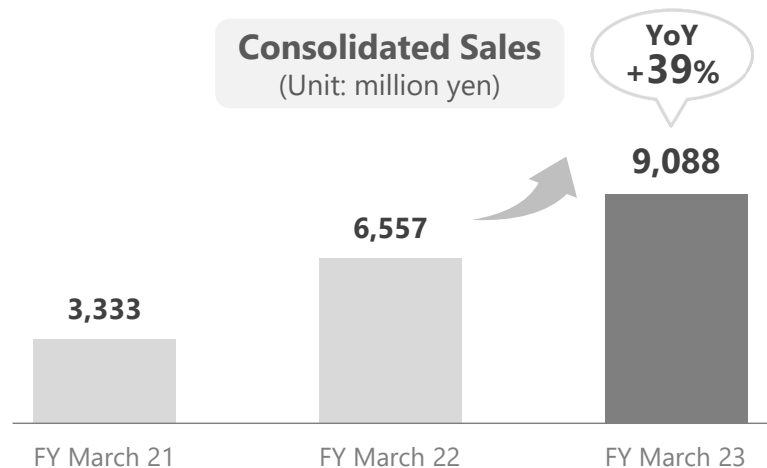
LIN

Life-Influencers Network

Approx.
13,000 influencers

【Main business results for the most recent FY (March 2023)】

Growing dramatically, specializing in social media and beauty





2. Work with external partners to further expand data-driven solutions

- Maximize istyle's assets of data and user contacts, and **further expand solutions**.

New data-driven services approach

- Consulting
- User research
- CX Prototyping etc.

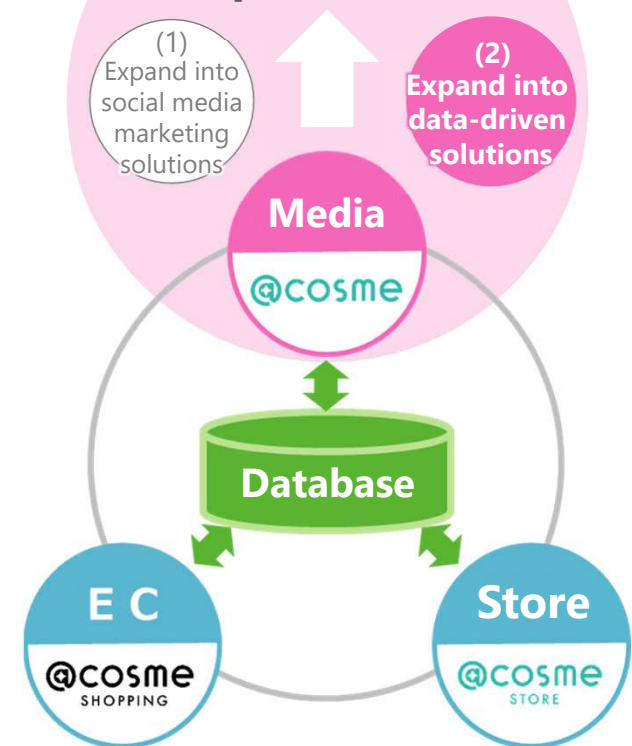


Create businesses where user contacts and actions lead to B2B revenue increase



First step: Work with NODE Co., Ltd. and explore opportunities with other external partners

Accelerate monetization of assets grown through the platform



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



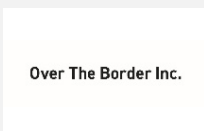
istyle career Inc.

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 nd 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 2nd Place)

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

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

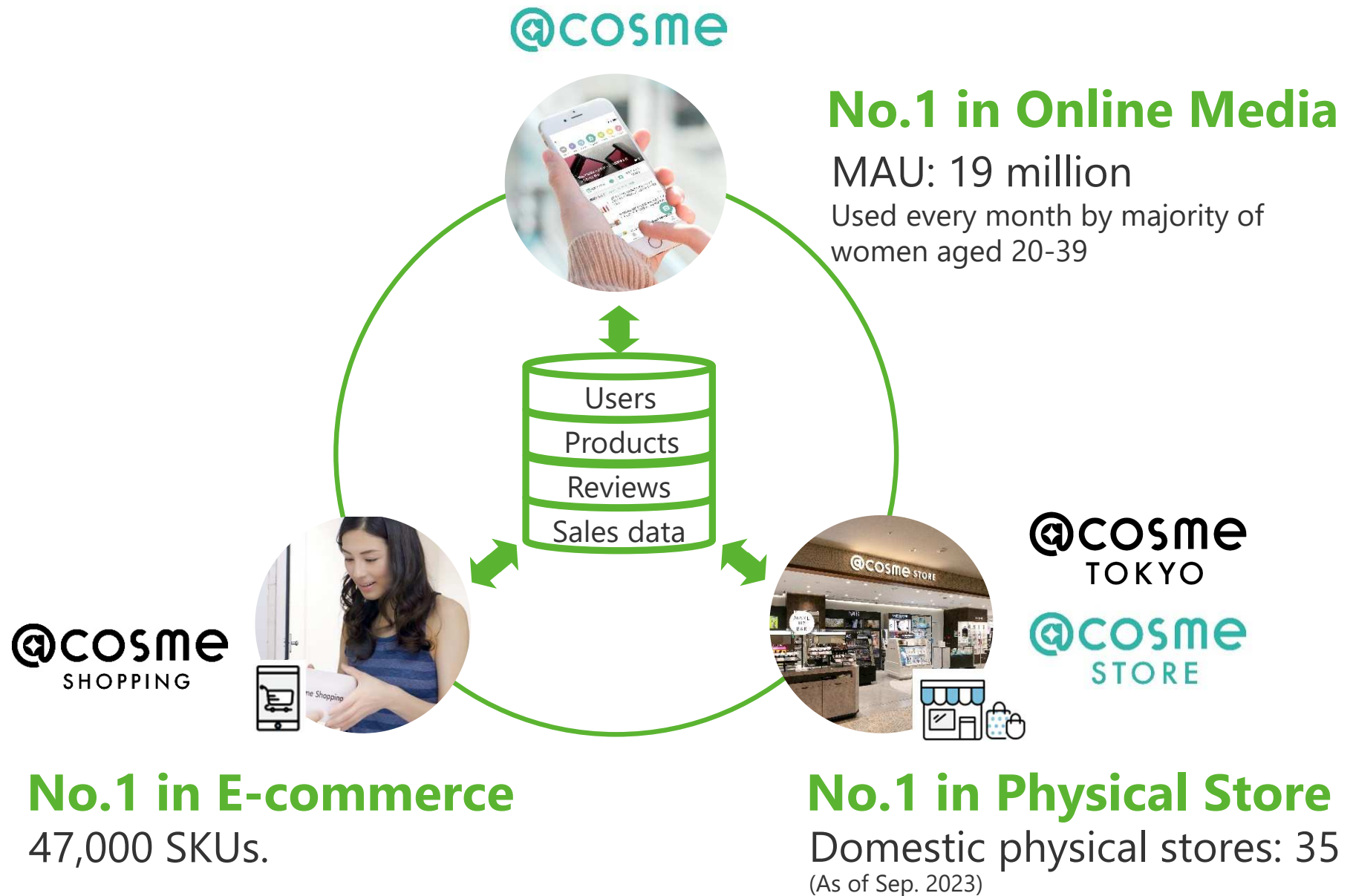
 **PORTER
PRIZE**
2014 Michael Porter Prize Japan

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**
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

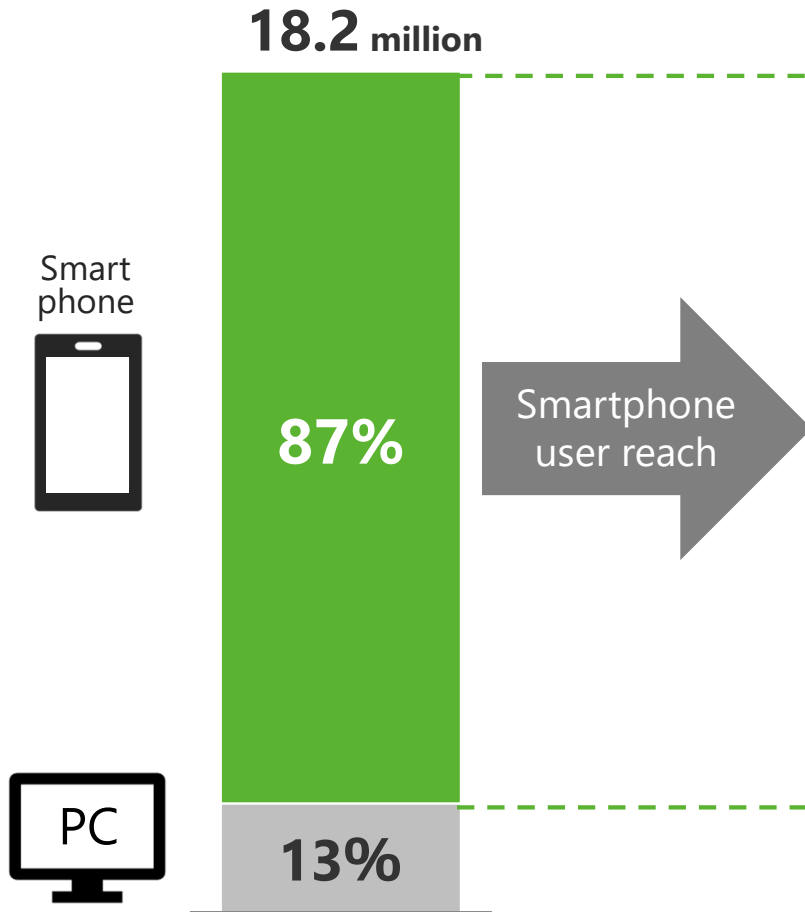
19.4 million

* Figures are as of Jun. 2023

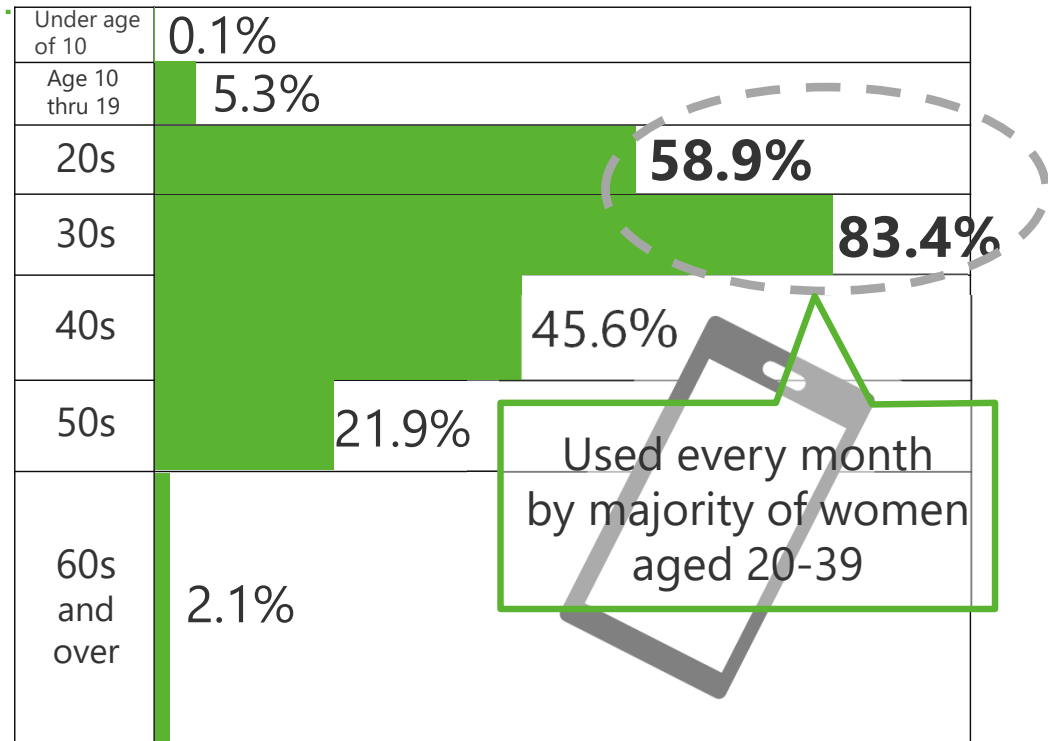
@cosme / Overwhelming usage ratio by female members

- 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

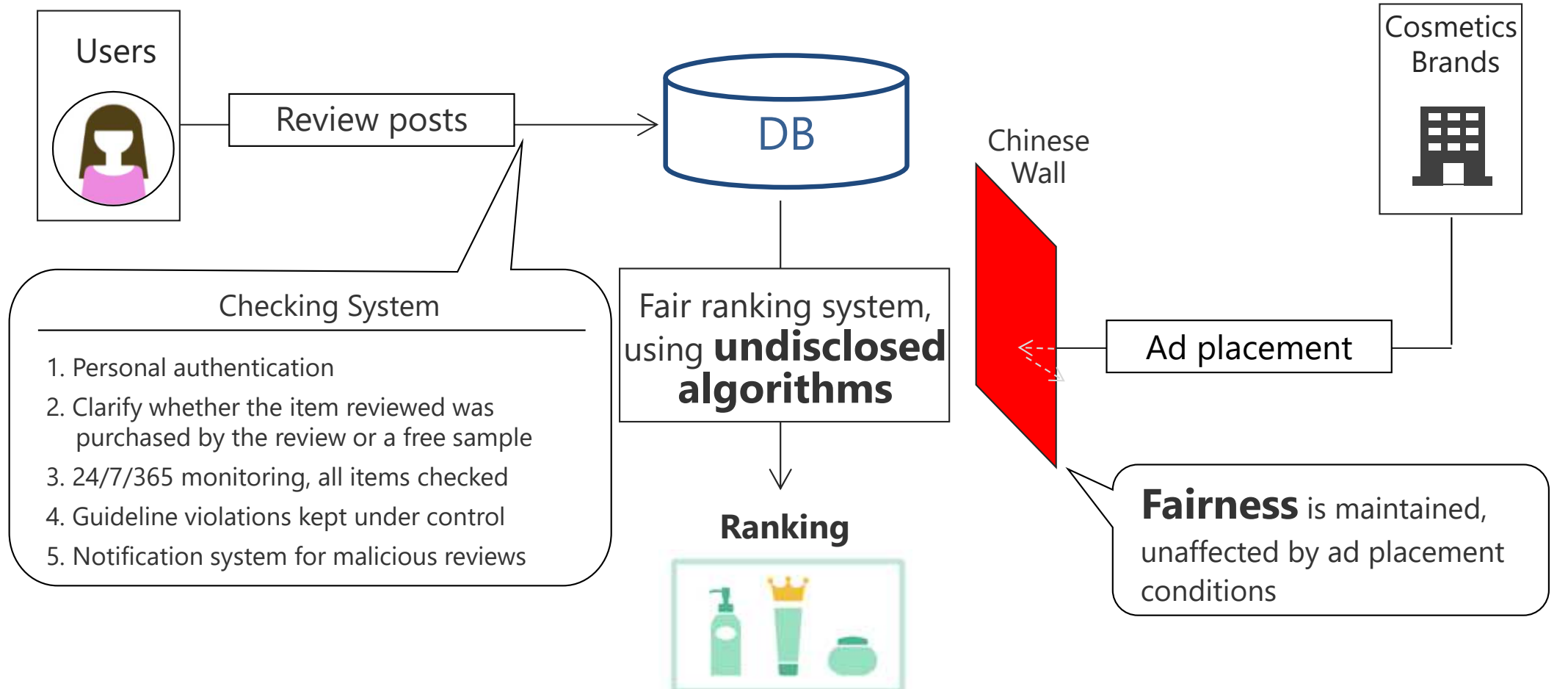
Database soundness

- 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

L'ORÉAL PARIS

2年連続ベスコス受賞^{※1}

ロレアルパリ史上初^{※2}
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^{※3}

売上 No.1^{※4}



売上No.1^{※4}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^{※2}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 エクラアンベリアル 艶髪オイル』@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 エルセーブ エクストラオーディナリー オイル レザン フィンラン ローズにおいて ※4 インターナショナル SRI調べ、アフトバスヘアケア内オイルトリートメント市場2012年1月～2018年7月累計販売金額（エルセーブシリーズ付）

@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。

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♪

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たり。髪の香りって魅力的だよな。

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ました。そしたら、ヘアオイルをつけてるだけなんですって！

S織: あの先輩の香り、私も憧れてたんだ～。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・・・♡

「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！香水何ついで？」と話題になったよ！

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しゃれで、思わず写真を撮ってSNSにアップしたよ！

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、するんと伸びてとっても使いやすい。ブローするといい感じ！美髪がかなえられそうな予感♪ (S織)



- 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)

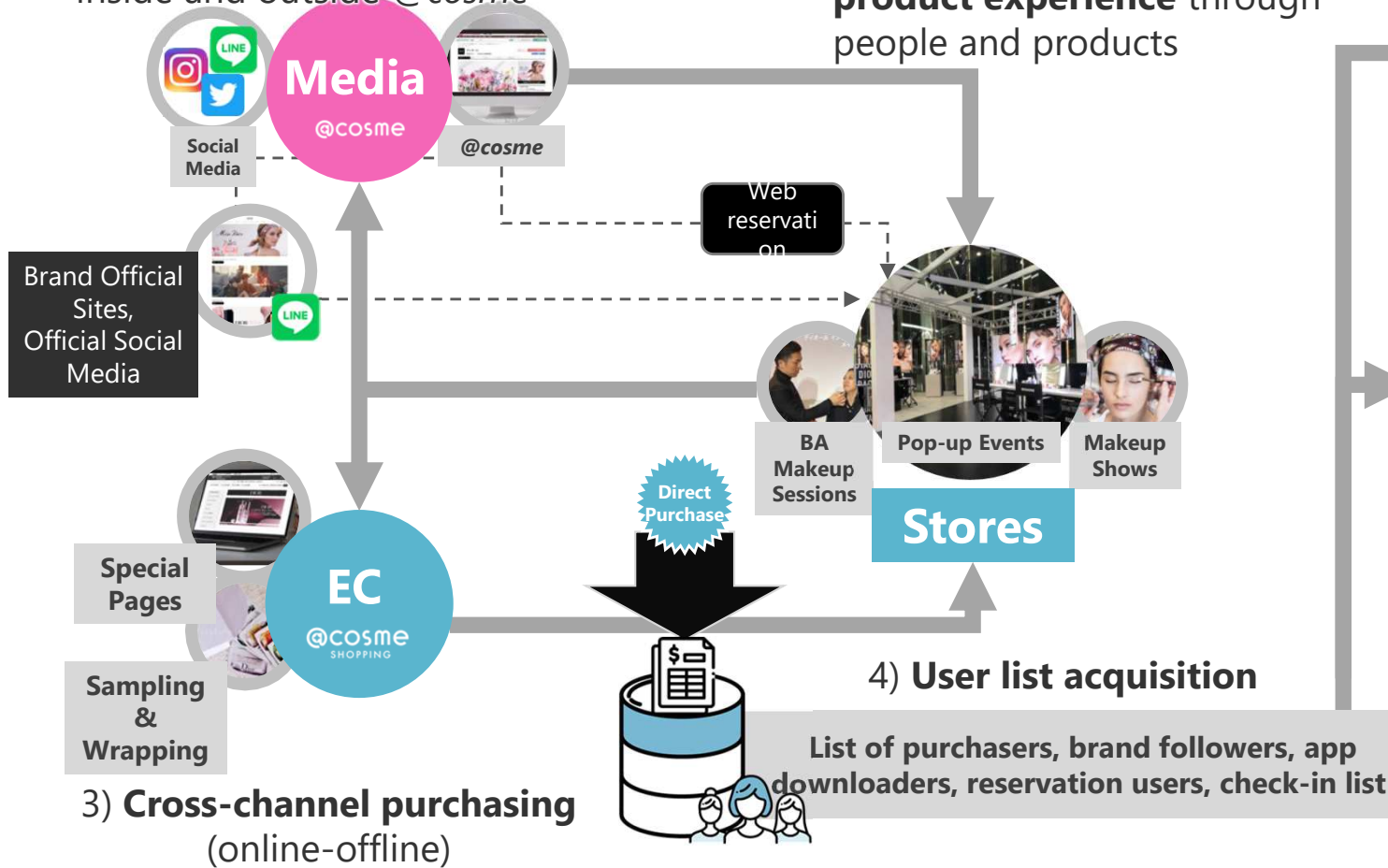
Brand Campaigns including Sales Promotion Integrating Online and Offline Activities

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**

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
Indirect Purchase

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㎡
	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.



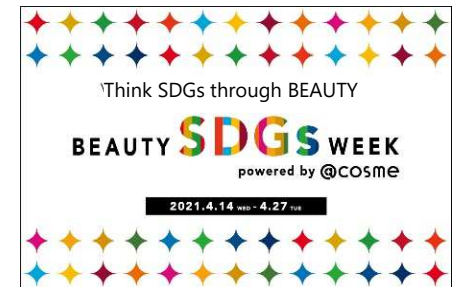
Materiality 02

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

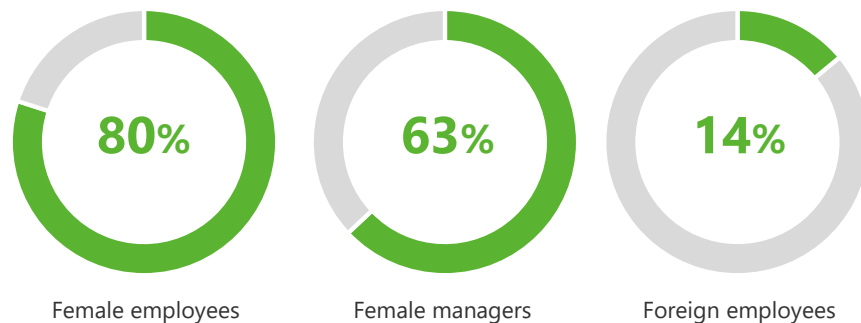
In order to realize a sustainable society, events will be held to increase awareness of sustainable activities of partner companies and increase the number of people interested in SDGs through the @cosme platform.



Materiality 03

Talent empowerment

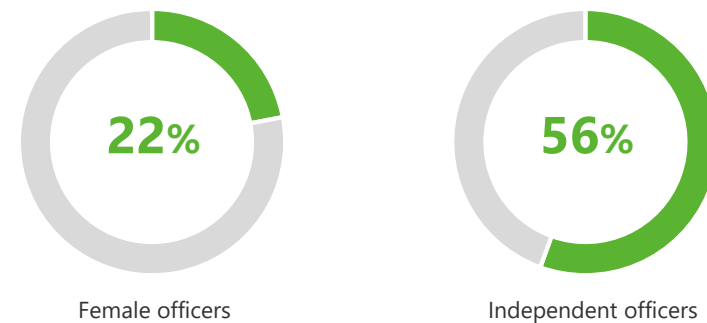
- Provide various options for ways to work (WFH/childcare leave)
- Substantial HR training system that promotes career development
- Promote diversity in human resources



Materiality 04

Enhancement of governance

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



* Each numerical value is as of June 2023



MARKET DESIGN COMPANY

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