Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

August 18, 2026

To whom it may concern,


| | |
|---|---|
| Company name | istyle Inc. |
| Representative | Tetsuro Yoshimatsu, Representative Director and Chairperson, CEO (Stock Exchange Code: 3660 Prime Market) |
| Contact | Kei Sugawara, Director and Vice Chairperson, CFO (TEL. +81-3-6161-3660) |


# Q&A at the Financial Results Briefing for the Fiscal Year Ended June 2026

## ■ Consolidated / Overall Management

**1. Regarding the renewal of commercial agreement with Amazon.com, Inc., are there any new items to be updated or added beyond maintaining the current partnership?**

- We intend to include additional new items rather than simply maintaining the status quo. However, as this may potentially involve timely disclosure requirements, we will refrain from providing specific details at this time.

**2. Given istyle's history of creating new demand by challenging industry conventions, what new value will @cosme create in the AI era?**

- Cosmetics marketing has historically been centered on the brand's perspective—specifically, which media placements to secure. What @cosme aims to achieve is the process design through which consumers become fans of a brand.
- In the AI era, AI will be optimized as a personalized partner for individual consumers. In response, @cosme has established a new organization called "@cosme Design Lab" to study fundamental shifts in consumer behavior.
- We are updating @cosme beyond its traditional role as a review site, evolving it into a globally applicable platform—a unique service tailored to dedicated beauty enthusiasts.

**3. As individual brands increasingly highlight J-Beauty in their communications, what role and outlook does istyle have for the further leap and revitalization of J-Beauty, and what are the current challenges?**

- While individual brands are actively communicating the appeal of their products, the single largest challenge is the lack of a global distribution infrastructure (platform) to deliver Japanese products to the world. Currently, there is a lack of Japanese players leading global distribution.
- istyle's core assets—data, media, and retail store networks—hold significant potential to serve as a distribution platform delivering products worldwide.
- To strengthen Japanese brands, companies, and capital, we believe an essential part of our role is to collaborate with government authorities to enhance the value of Japanese brands and foster capital support environments.

**4. Compared to the rapidly growing K-Beauty (Korean cosmetics) sector, what is currently missing or lacking in J-Beauty?**

- From a financial and industry perspective, the most substantial difference lies in the capital market (investment) ecosystem. In South Korea, venture capital firms actively invest in emerging brand startups with substantial capital resources. Furthermore, numerous private equity funds exist to acquire and re-accelerate growth even if a business hits a plateau, completing a healthy cycle from funding to exit and turnaround.
- In Japan, the ecosystem for nurturing emerging brands remains underdeveloped. We aim to create successful transaction precedents ourselves to encourage financial market support and infrastructure development.

**5. Could you elaborate on the concept behind "building an organization from a consumer perspective" mentioned in the presentation?**

- Our vision of "Creating consumer-centric markets" has been deeply rooted since our founding. However, as our business expanded, there were instances where business optimization was temporarily prioritized.
- To address this, starting this fiscal year, we reorganized our structure into a unified, pseudo-company system that manages @cosme, E-Commerce, and physical stores seamlessly from a consumer

perspective. By deeply integrating online and offline touchpoints, we are evolving into an organization that fosters new encounters between consumers and brands.

## ■ Marketing Solution Business

**6. Net sales growth for the Marketing Solution Business for the current fiscal year is targeted at around 12% YoY. Given Q4 growth was 20% YoY, this forecast appears conservative despite strong demand. Does this assume strong H1 performance followed by a slowdown in H2, or does it fully factor in current market conditions?**

- This plan does not assume a deceleration in H2. Rather, we established these targets as a mandatory floor that must be achieved. While some degree of conservatism was reflected during planning discussions, we are not slowing our operational momentum.
- Regarding operating profit, growth appears modest because company-wide infrastructure investments, including security and database upgrades, are currently allocated to this segment. Our highest priority is to reliably achieve this plan and significantly exceed it.
- We continue discussions regarding how growth investments should be allocated across segments. Although all infrastructure costs are currently centralized under Marketing Solution, we do not intend to alter segment divisions significantly; however, we are reviewing investment evaluation methods and profitability reporting to ensure greater appropriateness.

**7. Is the profit contribution from data consulting expected in H2 FY27, and to what extent will it contribute in FY28?**

- Full-fledged profit contribution is anticipated in the fiscal year ending June 2028 (FY28) rather than the current period. Through client projects over the past year, we have confirmed that @cosme data is highly effective for marketing strategy formulation, leading to repeat orders.
- Furthermore, driven by government initiatives to establish the beauty industry as a globally competitive sector, new entrants from non-beauty industries are increasing. We aim to expand our market share by targeting these new players as well.

**8. How will growth materialize from the next fiscal year onward? Is it correct to assume that top-line growth and margin expansion in this segment are essential to achieving a consolidated operating margin of 8% in FY28?**

- Your understanding is correct; increasing the sales contribution of the Marketing Support Business is essential. Beyond expanding our experience-based content services, we are currently developing a new advertising service that delivers personalized brand discovery based on user attributes and behavioral data.
- This new service is scheduled for release toward the end of the current fiscal year and is expected to deliver tangible financial impact and revenue growth in FY28. This represents a key leverage point for achieving our 8% consolidated operating margin target.

**9. K-Beauty was described as a leading indicator. Given its reliance on influencer marketing and OEM production, what specific strategies will you adopt? Can we expect further enhancement of AI-driven marketing consulting?**

- K-Beauty exhibits diverse characteristics, including active influencer utilization. While we do not have concrete operational announcements today, we are in a trial phase of reconfiguring and leveraging our existing assets across Japan, Hong Kong, Taiwan, and other regions.

## ■ Retail Business

**10. Previous targets suggested expanding store count to around 80 stores. Has the strategy shifted from chasing store count toward expanding sales floor area in Japan?**

- It is not a binary choice between store count and total sales area. Rather than focusing solely on store count, we prioritize the integration of online and offline channels. We determine optimal locations and sales floor sizes based on user distribution data from @cosme's digital platforms.
- Going forward, we will focus on filling unpenetrated geographic gaps and expanding the footprint of existing smaller stores in the Greater Tokyo area. To maximize market coverage, we will combine direct store openings with franchising and M&A opportunities.

**11. Beyond expanding product assortment, what specific initiatives are being undertaken during domestic store expansions and renovations to enhance experiential value?**

- We are strengthening seamless online-offline navigation, encouraging store visitors to engage deeply with @cosme digital services and @cosme SHOPPING (E-commerce) to discover new products.

- In an era of advancing AI and digital tools, consumers increasingly seek trusted human advice to validate their choices. Consequently, we are reinvesting in human capital—specifically the consulting and proposal capabilities of store beauty advisors—to elevate store experiential value.

## ■ Global Business

**12. Regarding the flagship store "@cosme HONG KONG," could you break down the internal and external factors behind its initial slow ramp-up, and explain how you will achieve profitability against local competitors?**

- **Internal Factors**: Simply replicating Japanese success models proved insufficient for local consumer understanding and experience design. Room for improvement existed in integrating stores with mobile apps and social media, alongside initial operational challenges. As operational issues were resolved over the past six months, our focus has shifted toward enhancing consumer-facing experience design.
- **External Factors**: Severe weather conditions, including typhoons and heavy rain, significantly impacted customer traffic due to the flagship store's walking location. We are counteracting this by strengthening digital and social media communication to drive visit intent.

**13. What are the key characteristics of Hong Kong consumers compared to Japan, and what analysis or strategic perspective are you applying?**

- Hong Kong consumers differ from Japanese consumers in three key aspects:

1. **Climate Differences:** Significant climate variations lead to distinct product preferences regarding texture and functionality.
2. **High Information Sensitivity & Influencer Impact:** Higher social media usage makes consumers highly responsive to influencer trends.
3. **Preference for High-Density Visual Merchandising (VMD):** Rather than orderly store environments, consumers are drawn to high-density layouts packed with product assortment that evoke excitement and a sense of treasure hunting.

- Rather than designing quiet, minimalist retail spaces, we are focusing on core retail strengths—delivering excitement and serendipitous product discovery upon entering the store—and systematically refining store formats this fiscal year.

**14. What are the key drivers behind the continued strong performance of the China Cross-Border EC business?**

- Rather than treating the Chinese market as a monolithic entity, we targeted specific consumer segments with strong interest in Japanese beauty products. By continuously analyzing domestic user data alongside overseas social media trends, we precisely sourced and offered in-demand products in a timely manner, yielding consistent results.

**15. The regional focus seems skewed toward the Greater China region. Given rapid E-Commerce adoption and K-Beauty expansion across Asia, why not expand into Southeast Asia (e.g., Indonesia, Philippines) to mitigate country risk?**

- Our focus on East Asia is driven by established brand awareness for @cosme, where we have operated since 2012, rather than an over-reliance on Greater China. Spreading resources too thinly across too many regions would weaken competitive advantage.
- Once our foundation in East Asia is firmly consolidated—using Hong Kong's store growth and online-offline integration as a key stepping stone—we will naturally evaluate tailored market entry strategies for Southeast Asia (such as Indonesia), North America, and Europe.

**16. How will cross-border platform integration be executed? If platforms are not integrated, why not connect high-awareness countries individually rather than grouping them as East Asia?**

- Data Monetization: We operate local web media across Japan, South Korea, Taiwan, and Hong Kong to capture consumer reviews. We plan to translate and synthesize this user voice to create unified value, as exemplified by our simultaneous multi-region launch of the "Best Cosmetics Awards."
- Merchandising Integration: We are building cross-border procurement frameworks to identify and source globally attractive brands from South Korea and China, distributing them across our regional networks.