

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending June 30, 2016
(Nine Months Ended March 31, 2016)

Company name:	istyle Inc.	Stock exchange listings:	TSE First Section
Securities code:	3660	URL:	http://www.istyle.co.jp/
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Scheduled date of filing of Quarterly Report:	May 2, 2016		
Scheduled date of dividend payment:	-		
Preparation of supplementary materials for financial results:	None		
Holding of financial results briefing:	None		

1. Consolidated Financial Results for the Nine Months Ended March 31, 2016 (July 1, 2015 – March 31, 2016)

(1) Consolidated results of operations					(2) Stockholders' equity (all amounts in yen unless otherwise indicated)			
	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended March 31, 2016	10,609	54.7	1,346	151.0	1,293	141.9	1,016	303.8
Nine months ended March 31, 2015	6,859	33.5	536	137.0	534	148.5	252	438.8

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended March 31, 2016	17.64	17.25
Nine months ended March 31, 2015	4.37	4.29

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2016	9,432	5,231	55.0
As of June 30, 2015	6,926	4,465	64.2

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2015	-	0.00	-	2.00	2.00
Fiscal year ending June 30, 2016	-	0.00	-		
Fiscal year ending June 30, 2016 (forecasts)				0.50	0.50

Note: The Company carried out a share split dated October 1, 2015 and February 1, 2016, whereby each common share was divided into 2 shares. The projected dividend per share for the fiscal year ending June 30, 2016 is the amount after the share split.

3. Consolidated Forecast for the Fiscal Year Ending June 30, 2016 (Jul. 1, 2015 – Jun. 30, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,475	39.4	1,520	138.4	1,485	129.4	1,120	219.6	19.44

Note: Revisions to the most recently announced earnings forecast: None

The Company carried out a share split dated October 1, 2015 and February 1, 2016, whereby each common share was divided into 2 shares. Net income per share is hereby indicated, assuming the said share split has been executed at the beginning of the current fiscal year ending June 2016.

* Notes

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury shares) at end of period

As of March 31, 2016: 60,508,400 shares As of June 30, 2015: 60,100,000 shares

2) Number of treasury shares at end of period

As of March 31, 2016: 2,709,672 shares As of June 30, 2015: 2,734,536 shares

3) Average number of shares outstanding during the period

Nine months ended March 31, 2016: 57,568,476 shares Nine months ended March 31, 2015: 57,593,264 shares

Note: The Company carried out a share split dated October 1, 2015 and February 1, 2016, whereby each common share was divided into 2 shares. Number of shares issued at end of period, Number of treasury shares at end of period, and Average number of shares outstanding during the period are indicated in the split-adjusted figures, based on the assumption that the share split was executed at the beginning of the previous fiscal year.

* Information regarding the implementation of quarterly review procedures

The current quarterly summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act. As of this report's publication, the audit procedures for the quarterly consolidated financial statements have not been completed.

* Cautionary statement with respect to forecasts and other matters

(Note concerning forward-looking statements)

- Earnings forecasts and other forward-looking statements in this report are based on assumptions judged to be valid and information available to the Company at the time of this report's preparation. Actual performance may differ significantly from these forecasts for a number of reasons. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "(3) Consolidated Operating Results Forecast and Information about Future Predictions" on page 4 in the accompanying material.

* This financial report is solely a translation of "Kessan Tanshin" (in Japanese), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

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1. Operating Results and Financial Position

(1) Analysis of Operating Results

The consolidated operating performance for the nine months ended March 31, 2016 was as follows:

Net Sales:	10,609 million yen (54.7% year-on-year increase)
Operating Income:	1,346 million yen (151.0% year-on-year increase)
Ordinary Income:	1,293 million yen (141.9% year-on-year increase)
Income before income taxes:	1,467 million yen (204.7% year-on-year increase)
Net Income attributable to owners of the parent company:	1,016 million yen (303.8% year-on-year increase)

Note: The Company recorded an extraordinary income of 177 million yen in the first quarter of the year from the sale of shares in a subsidiary.

The operating results for each segment were as follows.

1) Marketing

The Marketing segment comprises the domestic and overseas marketing business, services for premium members, and other initiatives.

During the nine months ended March 31, 2016, *@cosme* advertising sales were solid, and sales of solution services such as brand fan club were brisk.

B-to-C fee-based services such as premium fee-based service and *BLOOMBOX* were also brisk.

As a result, the consolidated operating performance for the nine months ended March 31, 2016 was as follows:

Net Sales:	3,879 million yen (14.8% year-on-year increase)
Segment Profit:	679 million yen (146.5% year-on-year increase)

2) Retail

The Retail segment comprises the operation of the domestic and overseas cosmetics E-Commerce site, the operation of the cosmetics specialty shop *@cosme store*, and the cosmetics wholesale business targeting overseas customers.

During the nine months ended March 31, 2016, in the cosmetics specialty shop business in Japan, same-store sales remained brisk and the Group's first brand-focused store *in harmony by @cosme store Kyoto THE CUBE store* opened on March 11, 2016. We also provided a consultation for creating a cosmetics and beauty products floor at *Yamada Denki Ikebukuro Outlet/Reuse & Tax-free House*, which opened on January 30, 2016.

We expected a temporary slowdown in sales of the overseas E-commerce and wholesale business, because many logistics services shut down over the Lunar New Year holiday. However, sales were unexpectedly steady, due in part to campaigns that we ran in each sales channel.

As a result, the consolidated operating performance for the nine months ended March 31, 2016 was as follows:

Net Sales:	6,158 million yen (103.6% year-on-year increase)
Segment Profit:	619 million yen (129.2% year-on-year increase)

3) Beauty Business Support

The Beauty Business Support segment comprises beauty salon information provider *isport*, *@cosme career*, which provides a job recruiting service specializing in the beauty industry, and other initiatives.

During the nine months ended March 31, 2016, existing services recorded solid growth.

As a result, the consolidated operating performance for the nine months ended March 31, 2016 was as follows:

Net Sales:	572 million yen (25.9% year-on-year increase)
Segment Profit:	62 million yen (3 million yen segment profit in the nine months ended March 31, 2015)

4) Investment and Consultation

The Investment and Consultation segment is engaged in investment and consulting service that invests in companies in various stages of growth, including companies which have just recently been founded.

The segment did not record any sales of shares in the third quarter of the fiscal year.

As a result, the consolidated operating performance for the nine months ended March 31, 2016 was as follows:

Net Sales:	Zero (no comparable year-ago data)
Segment Loss:	23 million yen (34 million yen segment loss in the nine months ended March 31, 2015)

(2) Consolidated Financial Position

(Assets)

Total assets as of March 31, 2016, were 9,432 million yen, an increase of 2,506 million yen from June 30, 2015.

Current assets were 7,000 million yen, an increase of 2,252 million yen from June 30, 2015. The increase was mainly attributable to a 1,102 million yen increase in cash and deposits, a 527 million yen rise in notes and accounts receivable – trade, a 277 million yen increase in operational investment securities, and other factors.

Fixed assets were 2,432 million yen, an increase of 254 million yen from June 30, 2015. This was mainly attributable to a 151 million yen increase in investments and other assets, a 67 million yen increase in goodwill, and other factors.

(Liabilities)

Total liabilities as of March 31, 2016, were 4,201 million yen, an increase of 1,740 million yen from June 30, 2015.

Current liabilities were 2,631 million yen, an increase of 798 million yen from June 30, 2015. The main factors included a 251 million yen increase in accounts payable - trade, a 150 million yen increase in short-term debt, a 279 million yen increase in the current portion of long-term debt, and other factors.

Fixed liabilities were 1,570 million yen, an increase of 943 million yen from June 30, 2015. The increase was primarily attributable to the 965 million yen increase in long-term debt, as well as other factors.

(Net Assets)

Total net assets as of March 31, 2016, were 5,231 million yen, an increase of 766 million yen from June 30, 2015. This was primarily due to a 989 million yen increase in retained earnings, and other factors.

(3) Consolidated Operating Results Forecast and Information about Future Predictions

We have made no revisions to the consolidated operating results forecast for the full fiscal year ending June 30, 2016, as announced on February 2, 2016.

2. Other Information

(1) Changes affecting the status of material subsidiaries (scope of consolidation) during the period

Not applicable

(2) Accounting procedures specific to preparation of quarterly consolidated financial statements

Not applicable

(3) Changes in accounting principles, changes in accounting estimates and retrospective restatements

(Changes in accounting policies, etc.)

(Application of Accounting Standards for Business Combinations)

Effective from the first quarter of the consolidated fiscal year under review, we began applying standards such as the “Accounting Standard for Business Combinations” (ASBJ Statement No.21, September 13, 2013, hereinafter, “Business Combinations Accounting Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter, “Consolidated Accounting Standard”), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereinafter, “Business Divestitures Accounting Standard”). The purpose of applying these standards was to adopt a method in which the difference made by changes in our ownership interest in subsidiaries in which we retain a controlling interest is recorded as capital surplus, and acquisition-related costs are treated as expenses in the consolidated fiscal year in which they are incurred. In addition, for business combinations carried out at or after the beginning of the first quarter of the fiscal year under review, we adopted a method in which the reallocation of acquisition costs, as determined after reviewing provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the period in which the business combination took place. We also changed the manner in which quarterly net income and other items are presented, and changed “minority interests” to “non-controlling interests.” To reflect these changes, we reclassified the quarterly consolidated financial statements for the third quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

We applied these standards in accordance with the transitional treatment specified in Section 58-2 (3) of the Business Combinations Accounting Standard, Section 44-5 (3) of the Consolidated Accounting Standard, and Section 57-4 (3) of the Business Divestitures Accounting Standard. The cumulative effects arising from the retroactive application of these new accounting policies to all the previous fiscal years were added to or deducted from capital surplus and retained earnings as of July 1, 2015.

As a result, goodwill decreased by 17 million yen and the capital surplus decreased by 20 million yen, while retained earnings increased by 2 million yen as of July 1, 2015. In addition, operating income, ordinary income, and income before income taxes each increased by 3 million yen for the nine months ended March 31, 2016.

(4) Additional Information

(Impact of Changes, etc. to Corporate Tax Rates)

In conjunction with the promulgation of the Act for Partial Revision of the Income Tax Act, etc. (Act No. 15 of 2016) and the Act for Partial Revision of the Local Tax Act, etc. (Act No. 13 of 2016) on March 31, 2016, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities for the nine months ended March 31, 2016 was reduced from 32.3% to 30.9% for items for which collection or payment is expected between July 1, 2016 and June 30, 2017, and to 30.6% for items for which collection or payment is expected on or after July 1, 2018.

As a result, the amount of deferred tax assets (after offsetting deferred tax liabilities) decreased by 3 million yen, income taxes – deferred posted for the nine months ended March 31, 2016 increased by 3 million yen, while net unrealized gain on available-for-sale securities posted for the nine months ended March 31, 2016 increased by 0 million yen.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2015	As of Mar. 31, 2016
	Amount	Amount
Assets		
Current assets		
Cash and deposits	2,566	3,668
Notes and accounts receivable – trade	1,238	1,765
Merchandise	412	683
Operational investment securities	362	639
Other	215	288
Allowance for doubtful receivables	(45)	(43)
Total current assets	4,748	7,000
Fixed assets		
Tangible assets	368	397
Intangible assets		
Goodwill	77	144
Software	590	587
Other	89	100
Total intangible assets	756	831
Investments and other assets		
Investment securities	743	608
Other	311	596
Total investments and other assets	1,054	1,204
Total fixed assets	2,178	2,432
Total assets	6,926	9,432

(Millions of yen)

	As of June 30, 2015	As of Mar. 31, 2016
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable – trade	498	749
Short-term debt	-	150
Current portion of long-term debt	321	600
Income taxes payable	141	305
Provision for bonuses	73	93
Other	801	734
Total current liabilities	1,834	2,631
Fixed liabilities		
Long-term debt	595	1,560
Other	32	10
Total fixed liabilities	627	1,570
Total liabilities	2,461	4,201
Net assets		
Shareholders' equity		
Capital stock	1,591	1,607
Capital surplus	1,528	1,541
Retained earnings	1,235	2,224
Treasury stock	(284)	(281)
Total shareholders' equity	4,070	5,091
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	259	18
Foreign currency translation adjustments	116	82
Total accumulated other comprehensive income	375	100
Subscription rights to shares	20	33
Non-controlling interests	-	7
Total net assets	4,465	5,231
Total liabilities and net assets	6,926	9,432

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Nine months ended Mar. 31, 2015	Nine months ended Mar. 31, 2016
	Amount	Amount
Net sales	6,859	10,609
Cost of sales	2,802	4,546
Gross profit	4,057	6,063
Selling, general and administrative expenses	3,521	4,717
Operating income	536	1,346
Non-operating income		
Interest income	1	1
Gain on investments in partnership	-	1
Income from subsidies	0	3
Penalty income	-	5
Other	5	3
Total non-operating income	6	13
Non-operating expenses		
Interest expenses	3	5
Foreign exchange losses	1	32
Loss on investments in partnership	1	-
Equity in losses of affiliates	-	27
Commission for purchase of treasury stock	2	-
Other	1	2
Total non-operating expenses	8	66
Ordinary income	534	1,293
Extraordinary income		
Gain on sale of shares of affiliated companies	-	177
Total extraordinary income	-	177
Extraordinary loss		
Impairment loss	47	-
Loss on valuation of investment securities	5	3
Other	1	-
Total extraordinary loss	53	3
Income before income taxes	481	1,467
Total income taxes	228	449
Net income	253	1,018
Net income attributable to non-controlling interests	1	2
Net income attributable to owners of the parent company	252	1,016

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended Mar. 31, 2015	Nine months ended Mar. 31, 2016
	Amount	Amount
Net income	253	1,018
Other comprehensive income		
Net unrealized gain on available-for-sale securities	74	(241)
Foreign currency translation adjustments	59	(33)
Total other comprehensive income	133	(274)
Comprehensive income	386	744
Comprehensive income attributable to		
Owners of the parent	385	742
Non-controlling interests	1	2

(3) Notes on Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Segment Information)

Nine months ended March 31, 2015 (July 1, 2014 through March 31, 2015)

1. Net sales and income/loss by reportable segment

	Reportable segment					(Millions of yen)	
	<i>Marketing</i>	<i>Retail</i>	<i>Beauty Business Support</i>	<i>Investment and Consultation</i>	Total	Adjustments (note 1)	Amounts on the consolidated statements of income (note 2)
Net sales							
Sales to outside customers	3,380	3,025	454	-	6,859	-	6,859
Inter-segment sales and transfers	11	-	1	-	12	(12)	-
Total	3,391	3,025	455	-	6,871	(12)	6,859
Segment profit (loss)	276	270	3	(34)	515	21	536

Notes: 1. Adjustments in Segment profit (loss) in the amount of 21 million yen include elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted to correspond with operating income reported on the consolidated statements of income for the corresponding period.

2. Information about impairment loss on fixed assets, goodwill, etc.

(Significant impairment losses related to fixed assets)

Beauty Business Support segment includes the impairment losses on fixed assets accrued as a result of the decline in profitability of *Chijimaru*-related businesses. The amount of impairment losses included in Beauty Business Support segment for the nine months ended March 31, 2015 is 47 million yen.

(Significant changes in goodwill amounts)

Information is omitted since it is immaterial.

(Significant gain on negative goodwill)

Note applicable

3. Changes in reportable segments

In order to review business management classification and disclose management information in a more appropriate manner, istyle group changed its business segmentation from four segments including “Media,” “E-commerce,” “Store,” and “Other Business” to four segments including “Marketing,” “Retail,” “Beauty Business Support” and “Investment and Consultation” starting from the three months ended September 30, 2014.

Nine months ended March 31, 2016 (July 1, 2015 through March 31, 2016)

1. Net sales and income/loss by reportable segment

	Reportable segment					(Millions of yen)	
	<i>Marketing</i>	<i>Retail</i>	<i>Beauty Business Support</i>	<i>Investment and Consultation</i>	Total	Adjustments (note 1)	Amounts on the consolidated statements of income (note 2)
Net sales							
Sales to outside customers	3,879	6,158	572	-	10,609	-	10,609
Inter-segment sales and transfers	96	0	3	-	99	(99)	-
Total	3,975	6,158	575	-	10,708	(99)	10,609
Segment profit (loss)	679	619	62	(23)	1,337	9	1,346

Notes: 1. Adjustments in Segment profit (loss) in the amount of 9 million yen include elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted to correspond with operating income reported on the consolidated statements of income for the corresponding period.

2. Information about impairment loss on fixed assets, goodwill, etc.

(Significant impairment losses related to fixed assets)

Not applicable

(Significant changes in goodwill amounts)

Goodwill in “Marketing Business” segment has increased by 44 million yen as a result of the acquisition of the shares of Media Globe as new consolidated subsidiary on September 11, 2015.

As stated in “(Changes in accounting principles) (Application of accounting standards for business combination),” Accounting Standard for Business Combination and other standards are applied starting from the first quarter of the consolidated fiscal year under review, and the transitional treatments specified in Section 58-2 (3) of the Business Combinations Accounting Standard, Section 44-5 (3) of the Consolidated Accounting Standard, and Section 57-4 (3) of the Business Divestitures Accounting Standard are used.

As a result, goodwill decreased by 17 million yen in “Beauty Business Support” segment during the nine months ended March 31, 2016.

(Significant gain on negative goodwill)

Not applicable