

February 8, 2019

To whom it may concern

istyle, Inc.
Tetsuro Yoshimatsu, President and CEO
(Stock Exchange Code: 3660)
Kei Sugawara, Director and CFO

Notice of Revision to Full-Year Consolidated Earnings Forecast

In light of recent performance trends, istyle, Inc. has revised its consolidated earnings forecast for the fiscal year ending June 30, 2019 (announced on August 3, 2018) as follows:

1. Revision of consolidated earnings forecast for current fiscal year (July 1, 2018 – June 30, 2019)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent company	Net income per share
Previous forecast (A)	Million yen 36,100	Million yen 1,800	Million yen 1,735	Million yen 925	Yen 14.39
Revised forecast (B)	33,000	250 to 600	180 to 500	0 to 100	0.00 to 1.55
Difference (B – A)	(3,100)	(1,550) to (1,200)	(1,555) to (1,235)	(925) to (825)	
Rate of increase/decrease (%)	(8.6%)	(86.1%) to (66.7%)	(89.6%) to (71.2%)	(100.0%) to (89.2%)	
Reference: Consolidated operating results of previous fiscal year (ended June 30, 2018)	28,470	2,125	2,147	1,184	18.62

2. Reasons for revision

We are revising our full-year earnings forecast for the fiscal year ending June 30, 2019 in light of first half operating results and the following trends.



(1) Company-wide costs

We initially budgeted 200 million yen for major promotions of *@cosme Beauty Day*, a special E-Commerce event that we held in the first half of the current fiscal year (December 2018). However, we invested 460 million yen in total on promotions with the additional goals of revitalizing the platform as a whole and encouraging brands to sign up for the new *Brand Official* service outlined above. This investment was made with the expectation that it will contribute to enhancement of corporate value in the medium term, rather than having an effect on our short-term operating performance. This additional spending on promotions has been reflected in our earnings forecast revision.

(2) On Platform segment

We expect operating performance to fall short of our initial forecast, because progress with orders for the new service *Brand Official* (positioned as a future earnings pillar) has been slower than expected. We are thus revising our earnings plan for this service.

(3) Global segment

China's E-Commerce Law was promulgated in August 2018 and took effect on January 1, 2019. The purpose of the law is to enable the Chinese government to tighten regulation of *Daigou** shoppers. *Daigou* shoppers targeted by the law sold off merchandise at a discount to avoid inventory risk, resulting in disruption not only to the C-to-C market, but the overall cross-border E-Commerce market in China. Our wholesalers have also been affected by these developments and are curtailing their purchases. We are therefore carefully weighing current trends and revising our earnings forecast for the Global segment.

**Daigou* is a channel of commerce in which a person outside of China purchases commodities for a customer in mainland China.

While we are already taking steps to address the above challenges, in light of operating performance through the second quarter, we have revised our earnings forecast for the fiscal year ending June 30, 2019 as shown above.

Our profit forecasts at operating income level and beyond are presented in a range format, because results are likely to vary significantly depending on the progress of each business segment, personnel recruitment, and other conditions.