

Results of Operations for the
First Quarter of FY4/23
(Three months ended July 31, 2022)

YA-MAN LTD.

September 13, 2022

A new beautiful.

Exceptional manufacturing that transforms beauty into reality

is achieved through inexhaustible ideas and outstanding product development.

We will continue to renew our definition of “beautiful” to help attain perfect beauty

and bring delight and inspiration to the world.

Income Statement Highlights

Topics

➤ Increase in sales, decrease in profit

- Net sales: ¥11.6 billion
- Operating profit: ¥1.7 billion; Ordinary profit: ¥2.1 billion; Profit: ¥1.3 billion

➤ Main factor behind the increase in sales

- Sales through e-commerce in China remained strong, especially for events such as the 6.18 shopping festival.

➤ Main factors behind the decrease in profit

- Costs increased due to the depreciation of the yen, the sharp rise in resource prices, and higher import/export costs associated with increased overseas sales.
- We made investments in advertising for the hair care and shaver categories, which are expected to expand significantly later in the fiscal year.

(Millions of yen)

Fiscal years	1Q FY4/21	1Q FY4/22	1Q FY4/23	Reference FY4/22
	(May 1, 2020 – July 31, 2020)	(May 1, 2021 – July 31, 2021)	(May 1, 2022 – July 31, 2022)	(May 1, 2021 – April 30, 2022)
Net sales	8,754	10,639	11,688	40,943
Operating profit	1,666	2,929	1,784	6,880
Operating margin (%)	19.0	27.5	15.3	16.8
Ordinary profit	1,591	2,955	2,104	8,063
Profit attributable to owners of parent	961	2,021	1,381	5,586
Net income per share (Yen)	17.48	36.75	25.11	101.54

Segment Information

Topics

➤ Overseas sales are strong

- Sales through e-commerce in China remained strong, especially for events such as the 6.18 shopping festival.
- Ongoing sales promotion and advertising activities have established our image as a luxury brand.
- We have successfully developed products that are popular in local areas.

➤ Each sales channel in Japan failed to reach the level of the same period of the previous fiscal year when sales had increased significantly

- Domestic consumption faced a temporary decline due to price escalations due to the rapid depreciation of the yen.
- Customers' consumption behavior changed with the establishment of lifestyles to coexist with COVID-19, and during this period, they moved away from product-oriented consumption and towards service-oriented consumption.
- Although the number of members on the YA-MAN direct sales website is steadily increasing, measures to enhance sales of repeat products are taking longer than expected.

Net Sales

(Millions of yen)

Fiscal years	1Q FY4/21 (May 1, 2020 – July 31, 2020)	1Q FY4/22 (May 1, 2021 – July 31, 2021)	1Q FY4/23 (May 1, 2022 – July 31, 2022)	Reference FY4/22 (May 1, 2021 – April 30, 2022)
Home shopping sales	1,495	1,608	1,354	5,202
Store sales	1,451	2,466	1,917	8,398
Direct sales	3,291	3,120	2,625	11,566
Overseas sales	2,385	3,148	5,770	14,522
Others	130	296	20	1,253
Total	8,754	10,639	11,688	40,943

Operating Profit

(Millions of yen)

Fiscal years	1Q FY4/21 (May 1, 2020 – July 31, 2020)	1Q FY4/22 (May 1, 2021 – July 31, 2021)	1Q FY4/23 (May 1, 2022 – July 31, 2022)	Reference FY4/22 (May 1, 2021 – April 30, 2022)
Home shopping sales	629	743	487	2,132
Store sales	401	966	532	2,508
Direct sales	1,425	1,847	1,254	5,844
Overseas sales	839	1,105	2,271	4,385
Others	(58)	156	(3)	499
Adjustment*	(1,571)	(1,889)	(2,758)	(8,489)
Total	1,666	2,929	1,784	6,880

*Adjustment includes corporate expenses, such as product development and administrative expenses.

Balance Sheet Highlights

Topics

➤ Increase in inventories

- Aiming to reduce costs, we are converting production of our main products from a make-to-order process to a planned production system.
- In order to respond to the current shortages of electronic components and the sharp rise in resource prices, we are maintaining inventories in accordance with our plan.

➤ Measures for adequate liquidity

- We are maintaining adequate liquidity for speedy and flexible implementation of active investment.

(Millions of yen)

Fiscal years	1Q FY4/21 (May 1, 2020 – July 31, 2020)	1Q FY4/22 (May 1, 2021 – July 31, 2021)	1Q FY4/23 (May 1, 2022 – July 31, 2022)	Reference FY4/22 (May 1, 2021 – April 30, 2022)
Total assets	22,955	27,151	33,493	30,552
Net assets	14,221	18,569	23,139	22,093
Equity ratio (%)	62.0	68.4	69.1	72.3
Cash and deposits	11,249	11,368	13,689	16,649
Trade receivables	4,118	5,204	7,262	5,194
Inventories	2,801	5,154	6,167	4,118
Trade payables	3,175	3,248	4,601	1,870
Interest-bearing debt	2,974	2,448	1,811	1,970

Upcoming Initiatives

➤ Focus on expanding sales in new categories

- Full-scale entry will be made into new categories by launching new products in hair care and shavers.
- We plan to invest actively in sales promotion and advertising with TV commercials, etc. for the fall/winter season.



■ Hair care

<https://www.ya-man-tokyo-japan.com/products/hair.html>



■ Shaver (HOT SHAVE)

<https://www.ya-man-tokyo-japan.com/special/shaver/rfshaver2022/>

Note: "Japan's first" based on research by JMRO
FY4/22 study to investigate and verify status as "Japan's first"

➤ Initiatives to reduce costs

- For some of our main products, we shift our production from the conventional make-to-order process to a planned production system.
- Our supply chain will be reviewed in order to reduce costs.

➤ Acquisition of various certifications

- Strengthen investments for accelerating the acquisition of certifications such as FDA and NMPA.
- More people will be assigned to the quality management department.

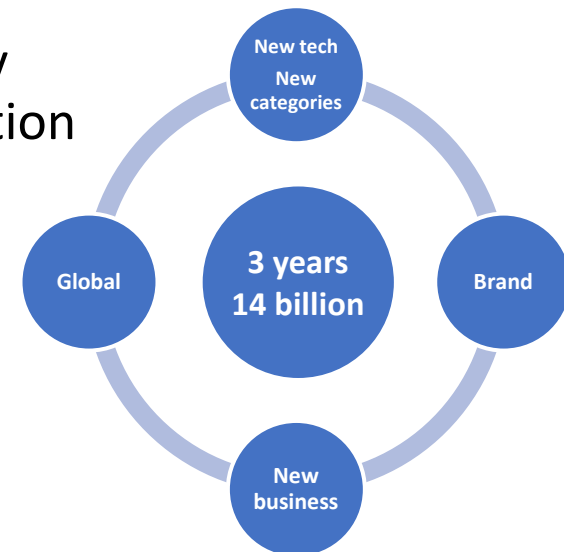


➤ Implement various investments in accordance with the medium-term investment plan

- Focus investment in new categories.
- For existing categories, undertake active investment in sales promotion and advertising to expand domestic sales.
- Continue investment to strengthen corporate branding.
- For research and development, focus on investment toward developing products unique to YA-MAN that meet customer needs.
- Accelerate further growth overseas by enhancing investment in sales promotion and advertising and in overseas subsidiaries and affiliates to expand global markets.

■ Medium-Term Investment Plan

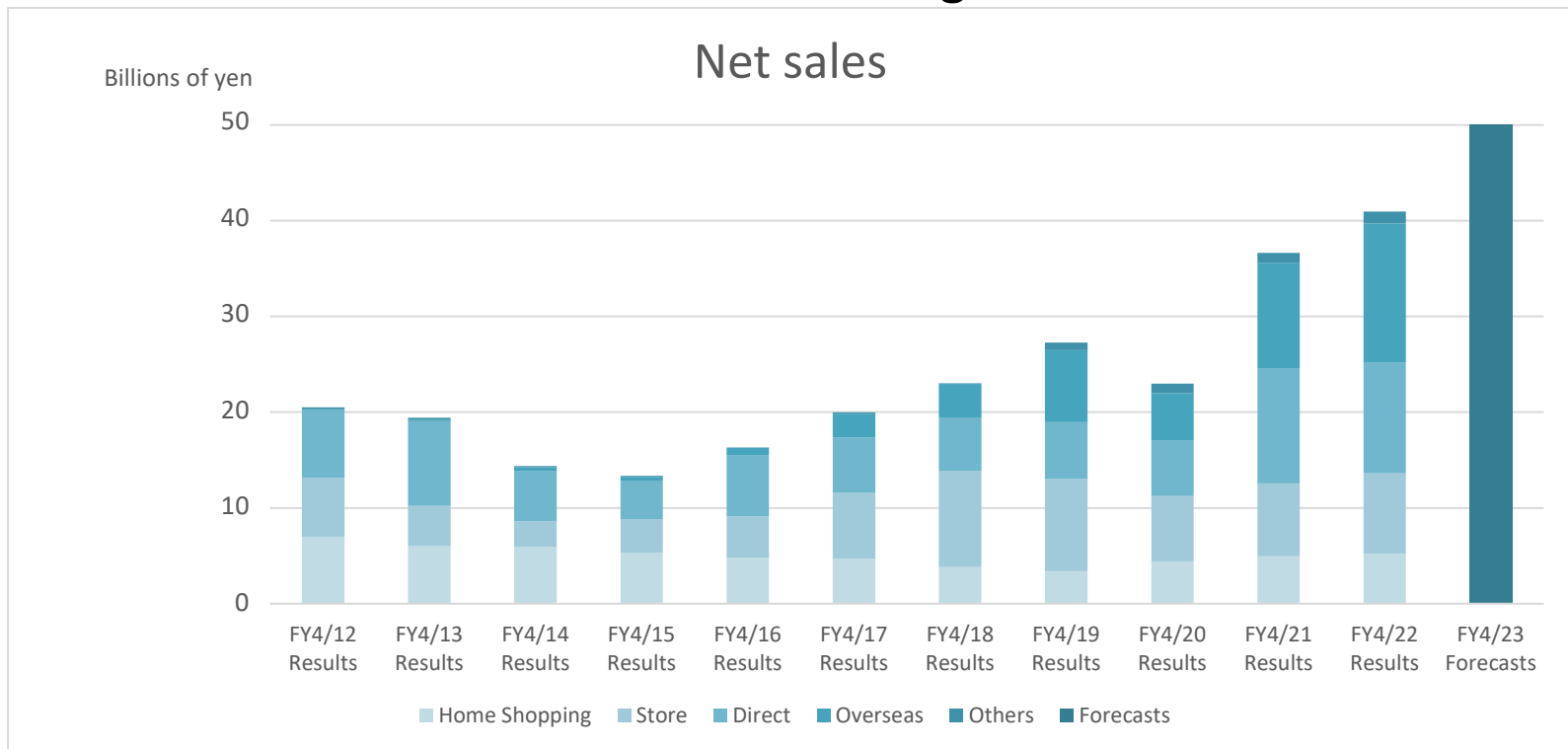
https://www.ya-man.co.jp/wp/wp-content/uploads/investment_plan_20220614.pdf

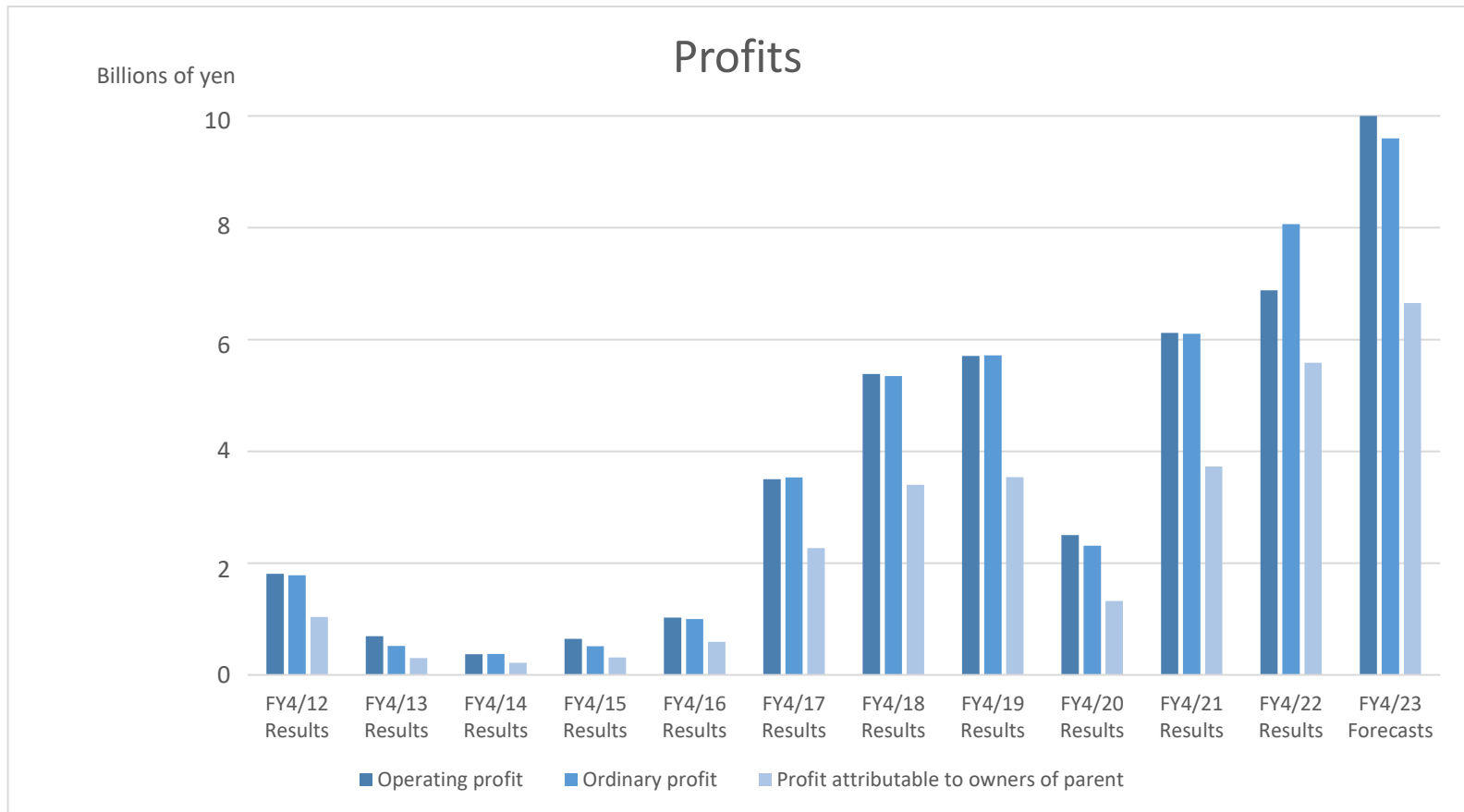


Earnings Forecasts

➤ Full-year forecasts: Net sales of ¥50 billion and operating margin of 20%

This fiscal year is the culminating period of our medium-term management plan released in November 2020, and we will strive to achieve these numerical targets.



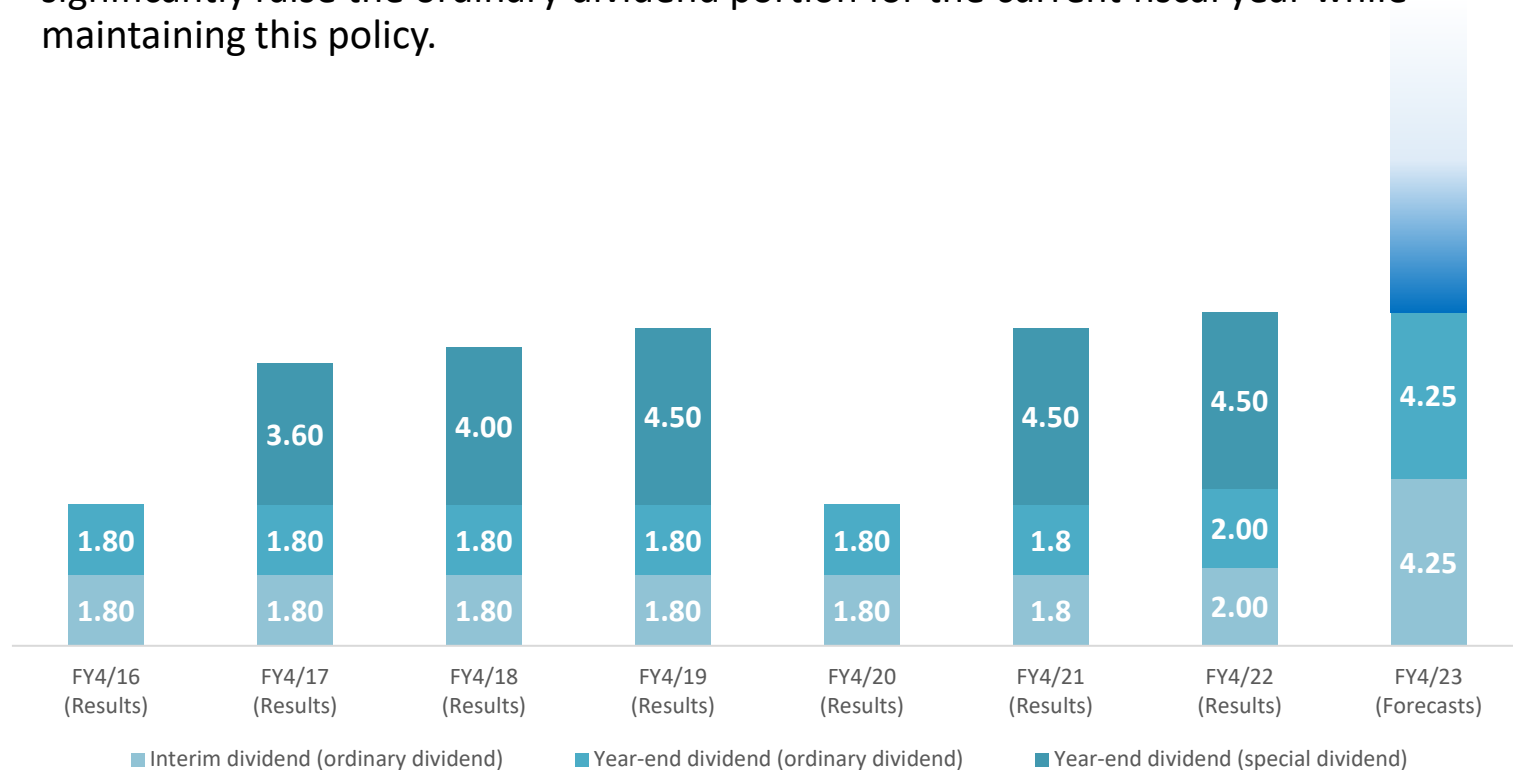


Dividend Policy

➤ Dividend forecast for the current fiscal year: ordinary dividend to be raised

Annual dividend of ¥8.5 (¥4.25 interim and year-end dividends)

The dividend policy in previous years was to determine the final amount of the annual dividend by taking into account the full-year results and other factors. We expect to significantly raise the ordinary dividend portion for the current fiscal year while maintaining this policy.



- Forecasts regarding future performance in these materials are based on certain assumptions judged to be valid and information currently available to YA-MAN. Actual performance may differ significantly from these forecasts for a number of reasons.
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