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Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending April 30, 2024
(Six Months Ended October 31, 2023)
[Japanese GAAP]



December 13, 2023

Company name: YA-MAN LTD.
Listing: Tokyo Stock Exchange
Stock code: 6630
URL: <https://www.ya-man.co.jp/>
Representative: Kimiyo Yamazaki, President and Representative Director
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Scheduled date of filing of Quarterly Report: December 13, 2023
Scheduled date of payment of dividend: January 5, 2024
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended October 31, 2023 (May 1, 2023 – October 31, 2023)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Oct. 31, 2023	18,802	(29.2)	2,246	(58.2)	2,627	(61.4)	1,608	(64.6)
Six months ended Oct. 31, 2022	26,568	27.1	5,367	36.7	6,799	65.4	4,542	62.4

Note: Comprehensive income (million yen) Six months ended Oct. 31, 2023: 1,642 (down 64.2%)
Six months ended Oct. 31, 2022: 4,589 (up 63.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Oct. 31, 2023	29.24	-
Six months ended Oct. 31, 2022	82.56	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Oct. 31, 2023	33,061	26,579	80.4
As of Apr. 30, 2023	30,979	25,435	82.1

Reference: Shareholders' equity (million yen) As of Oct. 31, 2023: 26,579
As of Apr. 30, 2023: 25,435

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Apr. 30, 2023	-	4.25	-	8.75	13.00
Fiscal year ending Apr. 30, 2024	-	4.25			
Fiscal year ending Apr. 30, 2024 (Forecast)			-	4.25	8.50

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. Breakdown of the year-end dividend for the fiscal year ended Apr. 30, 2023:

Ordinary dividend: 4.25 yen Commemorative dividend for the 45th founding anniversary: 4.50 yen

3. Consolidated Earnings Forecast for the Fiscal Year Ending April 30, 2024 (May 1, 2023 – April 30, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	45,000	4.7	6,500	6.0	6,200	4.8	4,350	11.2	79.06

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

*** Notes:**

- (1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None
Newly added: - Excluded: -
- (2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and accounting-based estimates, and restatements
- 1) Changes in accounting policies due to revisions in accounting standards, others: None
 - 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 stock)
- 1) Number of shares outstanding at the end of the period (including treasury shares)
As of Oct. 31, 2023: 58,348,880 shares As of Apr. 30, 2023: 58,348,880 shares
 - 2) Number of treasury shares at the end of the period
As of Oct. 31, 2023: 3,327,668 shares As of Apr. 30, 2023: 3,327,668 shares
 - 3) Average number of shares outstanding during the period
Six months ended Oct. 31, 2023: 55,021,212 shares Six months ended Oct. 31, 2022: 55,021,212 shares

*** The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.**

*** Cautionary statement with respect to forward-looking statements and other special items**

Cautionary statement with respect to forecasts

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. For assumptions for financial forecasts and notes of caution for using the forecasts, please refer to “Qualitative Information on Quarterly Consolidated Financial Performance” on page 2 of the attachments.

How to view supplementary materials for financial results

Supplementary materials for the financial results will be available on YA-MAN website on Wednesday, December 13, 2023.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half (May 1, 2023 to October 31, 2023) of the current fiscal year, the Japanese economy saw gradual movement towards recovery, as COVID-19 was reclassified as a Class 5 infectious disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases, with a normalization of socioeconomic activity.

Meanwhile, uncertainty regarding the future of economy remained due to soaring global resource prices and rising commodity prices caused by unstable exchange rates.

Under these circumstances, the YA-MAN Group has worked to optimize its sales channels comprising home shopping sales, store sales, direct sales, and overseas operations, while actively engaging in front-loaded investment in R&D and advertising, etc., led by its intent to achieve its five-year numerical target of 70.0 billion yen in net sales in its new medium-term management plan, “Going Global Strategy,” which was announced in June 2023.

The Group was affected by the recent rising of commodity prices, which led to a downturn in consumer confidence, continuous front-loaded investment in hair care/shavers and other new categories, and refraining from advertising in China in response to recent social developments. As a result, for the six months under review, net sales decreased 29.2% year-on-year to 18,802 million yen, ordinary profit decreased 61.4% year-on-year to 2,627 million yen, and profit attributable to owners of parent decreased 64.6% year-on-year to 1,608 million yen. Thus, each result fell short of the same period of the previous fiscal year.

Business segment performance was as follows.

1) Home shopping sales

Sales in this segment represent sales to TV shopping companies, sales to catalog sales companies, and sales to companies that sell products exclusively on the Internet.

In the six months under review, sales did not increase in each sales channel such as terrestrial TV shopping. Segment sales decreased 45.0% year-on-year to 2,298 million yen and segment profit decreased 60.4% year-on-year to 682 million yen.

2) Store sales

Sales in this segment represent mainly sales of products at home appliance stores, major department stores and variety shops.

In the six months under review, sales of new categories fell short of the plan, although we strengthened the sales system and advertising. As a result, segment sales decreased 1.9% year-on-year to 3,720 million yen, and segment profit decreased 30.2% year-on-year to 644 million yen.

3) Direct sales

Sales in this segment are derived from sales of products to individuals by using infomercials, magazines, newspapers, the Internet and other channels.

In the six months under review, customers had a strong intention to refrain from buying and save money, although we strived to expand sales by increasing advertisements mainly for new categories and repeat sales. Segment sales decreased 11.5% year-on-year to 4,537 million yen and segment profit decreased 44.7% year-on-year to 1,435 million yen.

The direct sales segment is currently renewing the direct sales EC system to improve and streamline customer management, needs analysis, and sales promotion.

4) Overseas operations

Sales in this segment represent mainly sales to overseas home shopping companies, wholesale companies and individuals.

In the six months under review, this year's Double Eleven, one of the main events in China (China's "Singles' Day"), was affected by recent social developments. As a result, segment sales decreased 39.0% year-on-year to 8,196 million yen and segment profit decreased 37.1% year-on-year to 3,530 million yen.

We will continuously build an effective system to approach the market as overseas operations are an important management issue for the Group.

(2) Explanation of Financial Position

Total assets as of October 31, 2023 increased by 2,081 million yen from the end of the previous fiscal year to 33,061 million yen.

This is mainly attributable to an increase in notes and accounts receivable - trade, and contract assets of 1,298 million yen, an increase in cash and deposits of 1,016 million yen, and a decrease in merchandise and finished goods of 42 million yen.

Total liabilities as of October 31, 2023 increased by 938 million yen from the end of the previous fiscal year to 6,481 million yen.

This is mainly attributable to an increase in income taxes payable of 559 million yen, an increase in liabilities from application of equity method of 446 million yen, and a decrease in long-term borrowings of 306 million yen.

Total net assets as of October 31, 2023 increased by 1,143 million yen from the end of the previous fiscal year to 26,579 million yen.

This is mainly attributable to an increase in retained earnings of 1,127 million yen resulting from the recording of 1,608 million yen in profit attributable to owners of parent, despite the payment of 481 million yen in dividends from surplus.

(3) Consolidated Financial Forecasts and Other Forward-looking Statements

In the third quarter and beyond, the YA-MAN Group is planning to bolster domestic sales channels by increasing measures for the year-end shopping season, and aim to expand sales channels and recover sales by launching new products and strengthening advertising campaigns in overseas markets such as China and the United States.

The Group will also focus on the provision of information and branding, with "YA-MAN the store GINZA," a flagship store opened in Ginza, Tokyo, in November 2023, and "HYOJO Science Lab," an internal development site, at its center.

The consolidated earnings forecasts for the fiscal year ending April 30, 2024 are: a net sales increase of 4.7% year-on-year to 45,000 million yen, an operating profit increase of 6.0% to 6,500 million yen, an ordinary profit increase of 4.8% to 6,200 million yen, and a profit attributable to owners of parent increase of 11.2% to 4,350 million yen.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of April 30, 2023	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	16,146,142	17,162,552
Notes and accounts receivable - trade, and contract assets	4,935,153	6,234,046
Merchandise and finished goods	4,018,266	3,976,190
Work in process	8,030	25,495
Raw materials and supplies	1,106,204	1,104,718
Accounts receivable - other	936,297	930,010
Income taxes refund receivable	1,291	-
Other	1,415,310	965,069
Total current assets	28,566,696	30,398,082
Non-current assets		
Property, plant and equipment	543,594	804,763
Intangible assets	590,776	602,790
Investments and other assets		
Investment securities	300,000	300,000
Shares of subsidiaries and associates	77,981	80,042
Other	900,477	875,475
Total investments and other assets	1,278,459	1,255,517
Total non-current assets	2,412,829	2,663,072
Total assets	30,979,525	33,061,154
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,521,045	1,255,582
Current portion of long-term borrowings	624,000	618,000
Accounts payable - other	1,421,382	1,529,581
Income taxes payable	494,696	1,054,259
Provision for bonuses	112,565	119,079
Other	508,062	907,674
Total current liabilities	4,681,752	5,484,178
Non-current liabilities		
Long-term borrowings	706,000	400,000
Liabilities from application of equity method	143,326	589,412
Other	12,500	8,301
Total non-current liabilities	861,827	997,713
Total liabilities	5,543,580	6,481,891
Net assets		
Shareholders' equity		
Share capital	1,813,796	1,813,796
Capital surplus	1,432,431	1,432,431
Retained earnings	25,004,092	26,131,315
Treasury shares	(2,887,118)	(2,887,118)
Total shareholders' equity	25,363,201	26,490,424
Accumulated other comprehensive income		
Foreign currency translation adjustment	72,743	88,838
Total accumulated other comprehensive income	72,743	88,838
Total net assets	25,435,945	26,579,262
Total liabilities and net assets	30,979,525	33,061,154

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Thousand yen)

	For the six months ended October 31, 2022	For the six months ended October 31, 2023
Net sales	26,568,439	18,802,510
Cost of sales	10,515,044	7,132,236
Gross profit	16,053,394	11,670,274
Selling, general and administrative expenses		
Advertising expenses	6,664,110	4,972,256
Provision of allowance for doubtful accounts	(136)	–
Salaries and allowances	651,315	715,667
Provision for bonuses	90,982	119,079
Depreciation	114,160	93,958
Research and development expenses	299,525	514,872
Other	2,866,313	3,008,365
Total selling, general and administrative expenses	10,686,270	9,424,200
Operating profit	5,367,124	2,246,073
Non-operating income		
Interest income	705	763
Dividend income	10,781	12,000
Foreign exchange gains	1,717,078	837,387
Other	3,978	2,294
Total non-operating income	1,732,544	852,444
Non-operating expenses		
Interest expenses	15,145	8,585
Guarantee commission	3,915	3,609
Loss on sale of trade receivables	2,130	1,851
Share of loss of entities accounted for using equity method	277,870	451,172
Other	823	5,620
Total non-operating expenses	299,885	470,839
Ordinary profit	6,799,783	2,627,678
Extraordinary income		
Settlement income	1,350	–
Total extraordinary income	1,350	–
Extraordinary losses		
Contributions of loss	57,457	–
Loss on retirement of non-current assets	16,793	22,696
Total extraordinary losses	74,250	22,696
Profit before income taxes	6,726,882	2,604,981
Income taxes	2,184,427	996,323
Profit	4,542,454	1,608,658
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	4,542,454	1,608,658

Quarterly Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the six months ended October 31, 2022	For the six months ended October 31, 2023
Profit	4,542,454	1,608,658
Other comprehensive income		
Foreign currency translation adjustment	36,364	43,697
Share of other comprehensive income of entities accounted for using equity method	10,384	(9,976)
Total other comprehensive income	46,748	33,720
Comprehensive income	4,589,203	1,642,379
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,589,203	1,642,379
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended October 31, 2022	For the six months ended October 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,726,882	2,604,981
Depreciation	189,852	165,856
Contributions of loss	57,457	–
Share of loss (profit) of entities accounted for using equity method	277,870	451,172
Increase (decrease) in allowance for doubtful accounts	(137)	–
Increase (decrease) in provision for bonuses	10,889	6,514
Increase decrease in refund liabilities	264,967	51,851
Interest and dividend income	(11,487)	(12,763)
Interest expenses	15,145	8,585
Foreign exchange losses (gains)	(1,178,308)	(544,360)
Loss on retirement of non-current assets	16,793	22,696
Settlement income	(1,350)	–
Decrease (increase) in trade receivables	(3,946,446)	(1,296,907)
Decrease (increase) in consumption taxes refund receivable	(340,126)	463,151
Decrease (increase) in accounts receivable - other	(967,903)	6,503
Decrease (increase) in prepaid expenses	(21,858)	(153,591)
Decrease (increase) in inventories	(2,121,429)	38,820
Increase (decrease) in trade payables	1,010,371	(123,462)
Increase (decrease) in accounts payable - other	(354,064)	128,413
Increase decrease in contract liabilities	(86,398)	98,743
Other, net	(125,449)	260,464
Subtotal	(584,730)	2,176,669
Interest and dividends received	11,486	12,761
Interest paid	(15,405)	(8,548)
Settlement received	1,350	–
Income taxes paid	(1,712,253)	(453,065)
Income taxes refund	5,428	11,227
Net cash provided by (used in) operating activities	(2,294,124)	1,739,044
Cash flows from investing activities		
Purchase of property, plant and equipment	(119,485)	(395,328)
Purchase of intangible assets	(37,095)	(91,109)
Payments into time deposits	(236,046)	(236,046)
Proceeds from withdrawal of time deposits	236,046	236,046
Payments of leasehold and guarantee deposits	–	(3,281)
Other, net	(975)	2,951
Net cash provided by (used in) investing activities	(157,557)	(486,768)
Cash flows from financing activities		
Repayments of long-term borrowings	(312,000)	(312,000)
Repayments of lease liabilities	(4,161)	(4,169)
Dividends paid	(357,629)	(480,469)
Net cash provided by (used in) financing activities	(673,791)	(796,639)
Effect of exchange rate change on cash and cash equivalents	1,198,508	560,773
Net increase (decrease) in cash and cash equivalents	(1,926,965)	1,016,410
Cash and cash equivalents at beginning of period	16,194,952	15,691,984
Cash and cash equivalents at end of period	14,267,986	16,708,394

(4) Notes to Quarterly Consolidated Financial Statements
(Notes on going concern assumption)

There is no relevant information.

(Notes in the event of significant changes in shareholders' equity)

There is no relevant information.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the second quarter under review and multiplying quarterly profit before income taxes by such an estimated effective tax rate.

(Additional information)

(Accounting estimates regarding the impact of the COVID-19 pandemic)

There have been no material changes to the assumptions regarding the impact of the COVID-19 pandemic described in (Additional Information) (Accounting estimates regarding the impact of the COVID-19 pandemic) of the Annual Securities Report for the previous fiscal year.

(Segment information, etc.)

(Segment information)

I. For the six months ended October 31, 2022

Information on net sales and profit, and information on disaggregation of revenue, by reportable segment

(Thousand yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Home shopping sales	Store sales	Direct sales	Overseas operations	Total				
Net sales									
Revenue from contracts with customers	4,181,217	3,791,948	5,130,482	13,435,038	26,538,687	29,751	26,568,439	–	26,568,439
Revenue from other sources	–	–	–	–	–	–	–	–	–
Net sales to outside customers	4,181,217	3,791,948	5,130,482	13,435,038	26,538,687	29,751	26,568,439	–	26,568,439
Intersegment net sales or transfers	–	–	–	–	–	–	–	–	–
Total	4,181,217	3,791,948	5,130,482	13,435,038	26,538,687	29,751	26,568,439	–	26,568,439
Segment profit	1,722,915	924,023	2,593,828	5,609,683	10,850,451	15,949	10,866,400	(5,499,276)	5,367,124

- (Notes) 1. “Others” is a business segment not included in the reportable segment and includes the advanced electronics division.
2. The adjustment for segment profit of (5,499,276) thousand yen includes the elimination of intersegment transactions of 15,600 thousand yen, corporate expenses of (5,460,034) thousand yen that are not allocated to each reportable segment, and elimination of unrealized profit of (54,841) thousand yen. Corporate expenses mainly consist of selling, general and administrative expenses that do not belong to any reportable segment.
3. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

II. For the six months ended October 31, 2023

Information on net sales and profit, and information on disaggregation of revenue, by reportable segment

(Thousand yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Home shopping sales	Store sales	Direct sales	Overseas operations	Total				
Net sales									
Revenue from contracts with customers	2,298,316	3,720,643	4,537,996	8,196,098	18,753,054	49,456	18,802,510	–	18,802,510
Revenue from other sources	–	–	–	–	–	–	–	–	–
Net sales to outside customers	2,298,316	3,720,643	4,537,996	8,196,098	18,753,054	49,456	18,802,510	–	18,802,510
Intersegment net sales or transfers	–	–	–	–	–	–	–	–	–
Total	2,298,316	3,720,643	4,537,996	8,196,098	18,753,054	49,456	18,802,510	–	18,802,510
Segment profit	682,257	644,951	1,435,225	3,530,031	6,292,467	37,295	6,329,762	(4,083,689)	2,246,073

(Notes) 1. “Others” is a business segment not included in the reportable segment and includes the advanced electronics division.

2. The adjustment for segment profit of (4,083,689) thousand yen includes the elimination of intersegment transactions of 15,600 thousand yen, corporate expenses of (4,099,619) thousand yen that are not allocated to each reportable segment, and elimination of unrealized profit of 330 thousand yen. Corporate expenses mainly consist of selling, general and administrative expenses that do not belong to any reportable segment.

3. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.