

Results of Operations for the Third Quarter of FY4/24 (Nine months ended January 31, 2024)

YA-MAN LTD.

March 14, 2024

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.

Overview of Results of Operations

YAMAN Summary of Profits and Losses

Results of Operations
for 3Q FY4/24

(Millions of yen)

	Nine months ended January 31, 2023	Nine months ended January 31, 2024	YoY	Remarks on major changes
Net sales	35,389	25,604	(9,784)	China was affected by the ALPS treated water and the RF regulations. Japan saw delay in contribution to sales by new categories due to the front-loaded investment. Sales composition: beauty equipment 83%; cosmetics 15%; and others 2%
Gross profit (Gross profit ratio)	21,543 (60.9%)	15,661 (61.2%)	(5,881)	The gross profit ratio slightly improved.
Selling, general and administrative expenses	15,831	13,813	(2,017)	The Company saw an increase in initial expenses due to the opening of the flagship store, as well as in R&D expenses due to the expansion of the business in the U.S. and the activities of HYOJO Science Lab, while significantly reducing the investment in domestic advertisement expenses due to the impact of the China market.
Operating profit (Operating margin)	5,711 (16.1%)	1,848 (7.2%)	(3,863)	The Company significantly reduced the investment in domestic advertisement expenses and thus maintained the black in cumulative operating profit.
Ordinary profit	5,452	2,071	(3,381)	
Profit attributable to owners of parent	3,574	1,159	(2,414)	
Net income per share (Yen)	64.96	21.07	(43.89)	

Overseas, the Company saw a decrease in profit due in part to impacts of the ALPS treated water and the RF regulations. However, the Company has maintained the position as the top facial care device brand in China. In Japan, front-loaded investment in shavers/hair care and other new categories as well as in measures to increase repeat direct sales still continued, resulting in the failure to contribute to sales growth.

(Millions of yen)

	Net sales			Operating profit		
	3Q FY4/23	3Q FY4/24	YoY	3Q FY4/23	3Q FY4/24	YoY
Home shopping sales	5,604	3,098	(2,506)	2,021	758	(1,263)
Store sales	6,328	5,810	(518)	1,584	847	(736)
Direct sales	8,045	6,971	(1,074)	3,893	2,167	(1,725)
Overseas operations	15,360	9,554	(5,805)	6,067	3,837	(2,229)
Others	50	170	+120	29	106	+77
Adjustment*	—	—	—	(7,884)	(5,869)	+2,014
Total	35,389	25,604	(9,784)	5,711	1,848	(3,863)

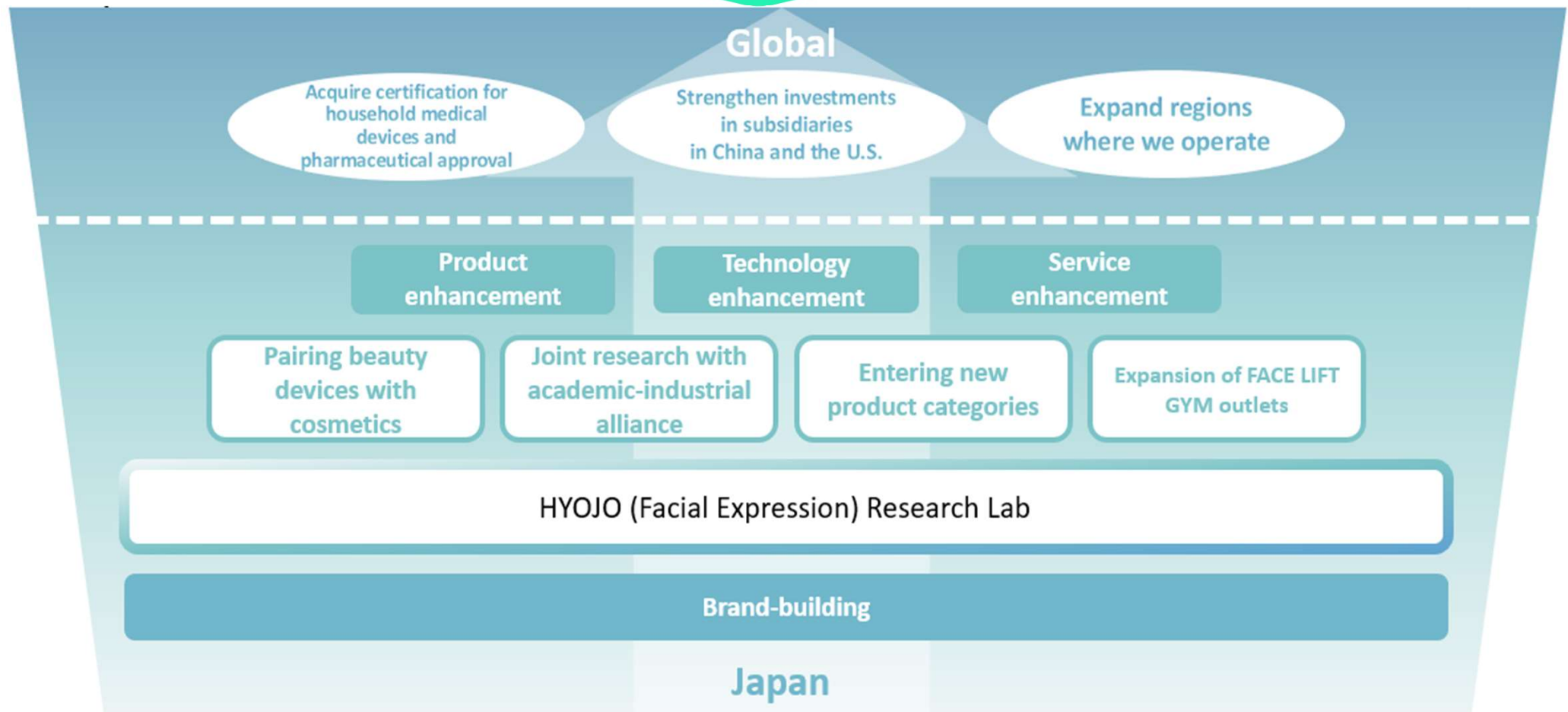
(Millions of yen)

	April 30, 2023	January 31, 2024	Change		April 30, 2023	January 31, 2024	Change
Current assets	28,566	27,833	(733)	Liabilities	5,543	4,781	(761)
Cash and deposits	16,146	16,917	+771	Trade payables	1,521	1,032	(488)
Accounts receivables	4,935	4,643	(291)	Interest-bearing debt	1,351	878	(473)
Inventories	5,132	4,850	(282)				
Non-current assets	2,412	2,835	+423	Net assets	25,435	25,887	+451
Total assets	30,979	30,669	(309)	Liabilities and net assets	30,979	30,669	(309)
				Equity ratio	82.1%	84.4%	+2.3 pts

Progress on Our Medium-Term Management Plan and Medium-Term Investment Plan

**As a beauty equipment manufacturer,
we aim to become a “global brand company” based in Japan.**

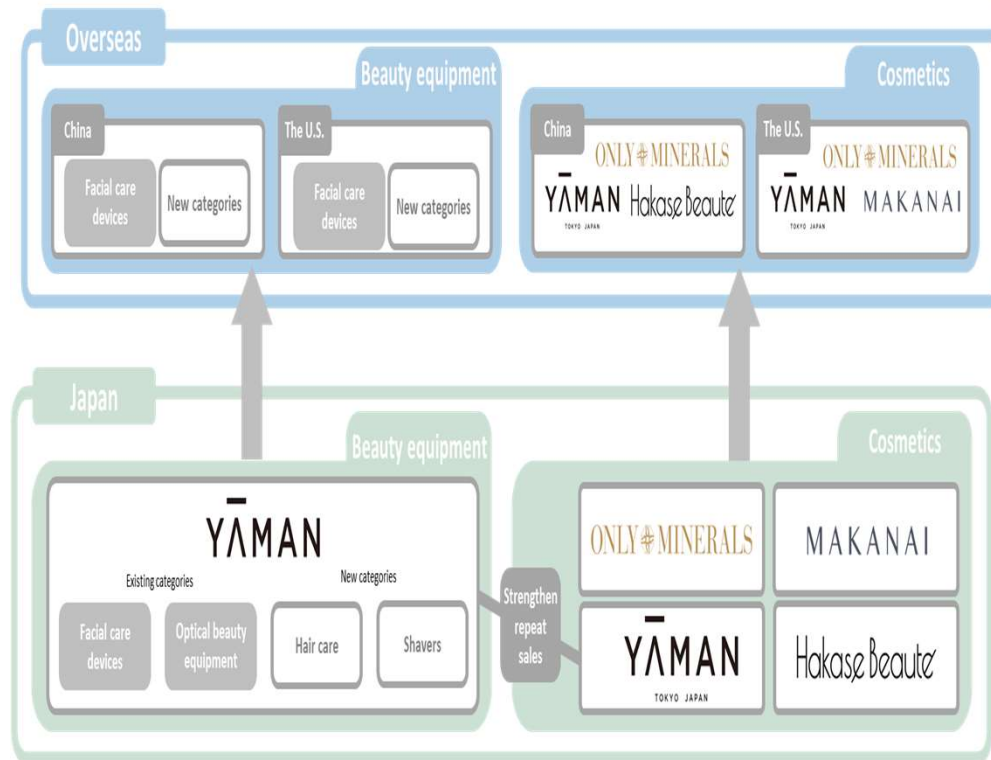
Growth investment to achieve targets



Medium-term investment plan

New categories will be first launched in Japan and then progressively launched in overseas countries as well.

We will especially focus on the new hair care/shavers categories as the brands to be developed.



Progress in the fiscal year under review

➤ Overseas

- Launch of hair care products in the U.S.
- Launch of FDA-approved Medi Lift



➤ Japan

- Launch of oral irrigator Jet Floss



- Received the Best Cosmetics 106 Award
- Expansion of the hair care product lineup



Medium-term investment plan

We intend to build the foundation for repeat sales by enhancing the Company's original functional cosmetics that would improve the functions of our beauty equipment further.

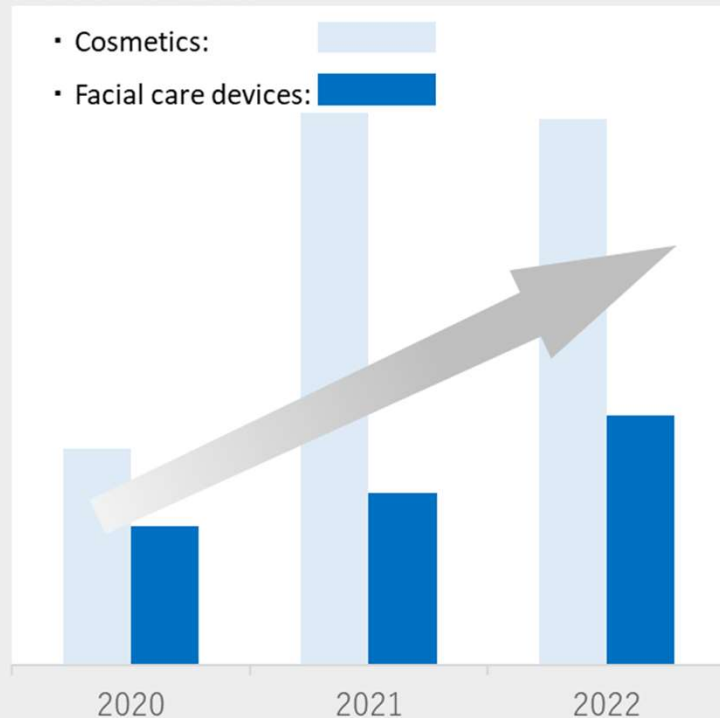


Progress in the fiscal year under review

- ✓ The initial production portion of Design Lift has been sold out.
Electrode pad repeat business model
The Company plans to enhance the product lineup in the future.

■ Number of shipment of facial care devices and cosmetics in the China market

- Cosmetics:
- Facial care devices:



Repeat sales of electrode pads

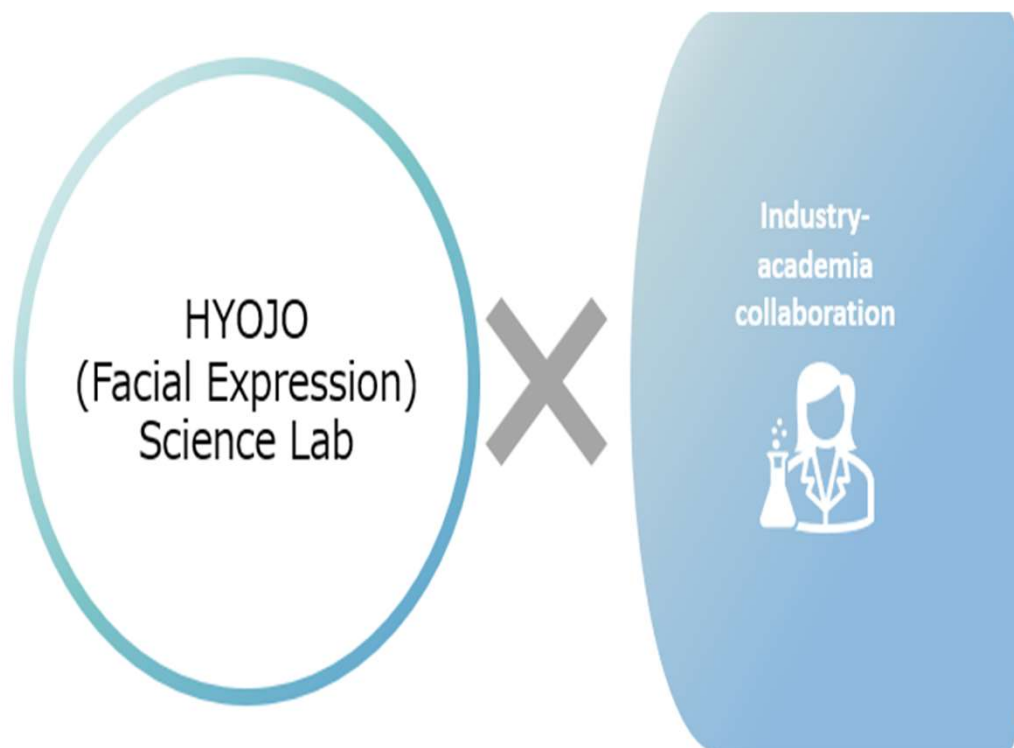
- ✓ The Company will enhance the product lineup of the needle cosmetics series, the cumulative sales of which in Japan have surpassed one million units.



Medium-term investment plan

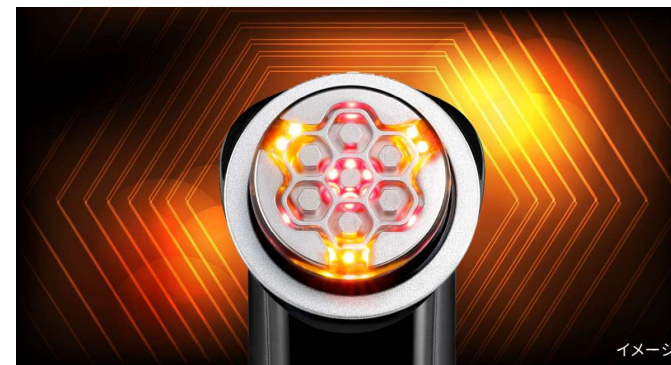
Through joint research with universities, we will verify the specific efficacy and safety of products of the Company and aim to elucidate unique mechanisms that will lead to future product development.

Results obtained through research will be given back to the development of beauty technologies through the publication of papers, etc., leading to the further development of the beauty equipment industry.

**Progress in the
fiscal year under review**

Promotion and results of the joint research by the Company's research site "HYOJO Science Lab" and the University of Tokyo

- ✓ Establishment and demonstration of reliable beauty technologies
Two papers published and three papers posted
- ✓ Development of new facial care technology "CERTEC"
(Launch of YA-MAN THE MIYABI)



- ✓ Strengthening of investment in HYOJO Science Lab
HYOJO Science Lab commenced research on the cell system.
Strengthening of R&D in collaboration with universities

Medium-term investment plan

Beauty medical care

The market size of beauty medical care (based on revenues of medical institutions) has reached approximately 400.0 billion yen. This is a promising new category expected to continue expanding.

In addition to “medical equipment” used in medical institutions such as beauty dermatology clinics, we aim to sell beauty equipment for home use and cosmetics solely sold within medical institutions.

There are about **6,000** beauty clinics nationwide.

Beauty dermatology clinics: About 4,500 clinics

Beauty surgical clinics: About 1,500 clinics



Oral care

Starting with oral irrigators, we will enter into the oral care category where growth is observed both in Japan and overseas.

In Japan, we will develop dental clinic routes and enhance product lineups. Based on the sales results in Japan, we aim for global sales expansion.

Oral irrigator: Jet Floss



Direct sales,
newspapers, EC
and infomercials

Dental care sections
of home appliance
stores

Mail-order
wholesale, TV
mail order

Dentists

Progress in the fiscal year under review

Beauty medical care

- Execution of consultation agreements with physicians to develop sales channels and products
- The first products for medical institutions are to be released soon.

Oral care

Jet Floss is on sale.

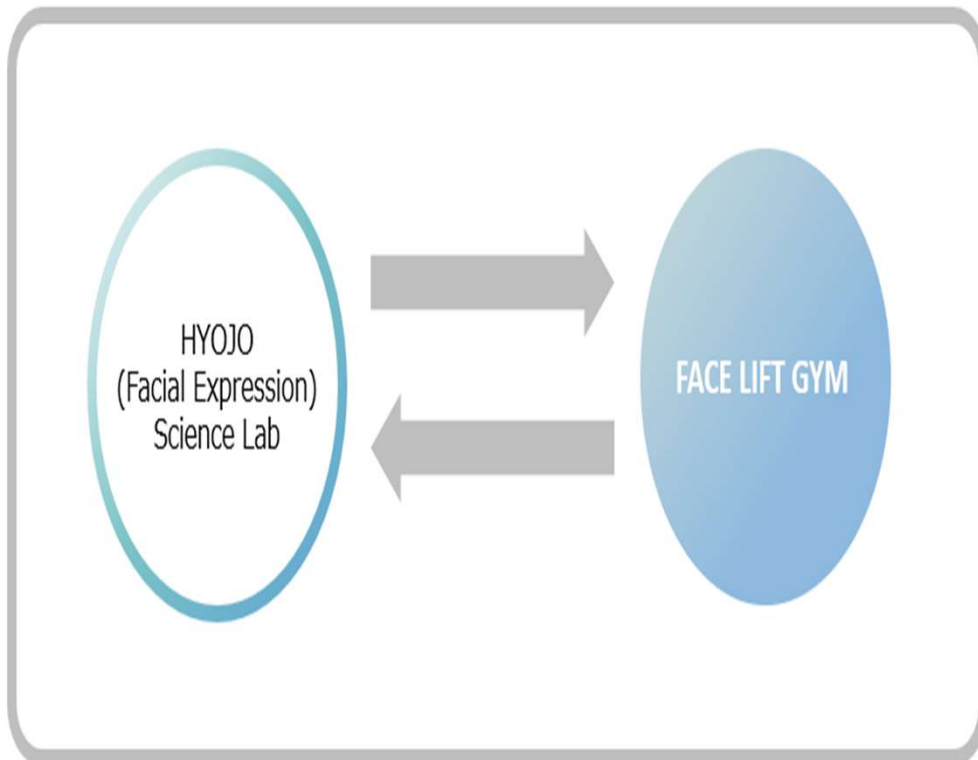
Sales channels are expanded for domestic home appliance stores in the future.



Medium-term investment plan

Technologies accumulated by “HYOJO Science Lab” and new products will be disseminated through Face Lift Gym, and obtained customer data will be accumulated for feedback, leading to further advancement of technologies.

It is planned that Face Lift Gym will be adjacently established in YA-MAN’s first large-scale flagship store to be opened in Tokyo in 2023.



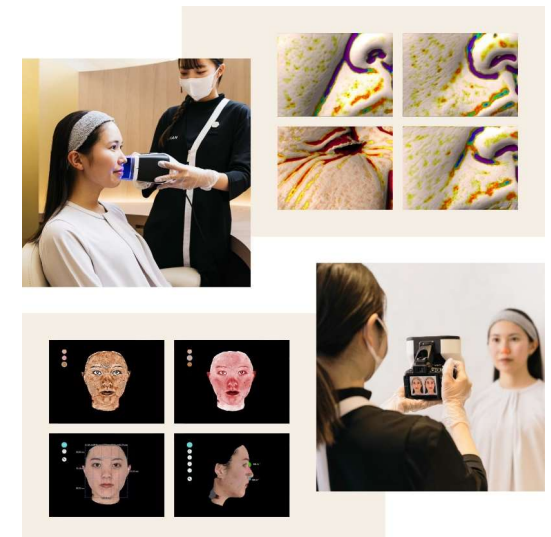
Progress in the fiscal year under review

The Company opened the flagship store “YA-MAN THE STORE GINZA” in Ginza, Tokyo in November 2023.

Face Lift Gym was adjacently established in the store in January 2024, where dedicated trainers help “create beautiful people” using beauty equipment, according to customers’ concerns.

Measured skin data is fed back to “HYOJO Science Lab.”

The skin data will be accumulated for future products and services to improve beauty technologies.



Medium-term investment plan

Obtain pharmaceutical certification for medical equipment for home use

[China]

We will promote NMPA certification registration so we can sell our products as medical equipment for home use.

[The U.S.]

We will promote FDA certification registration for facial care devices.

Strengthen investment in subsidiaries in China and the U.S.

[China]

We will continue to strengthen sales through live commerce, etc., leveraging YA-MAN's brand strength and work to deploy new categories.

[The U.S.]

We will actively sell FDA-certified products and beauty equipment for home use and aim to increase the recognition of our brand in the Europe and the U.S. markets.



Progress in the fiscal year under review

[China]

- ✓ NMPA applications for facial care devices and depilators compliant with pharmaceutical regulations in China has already been made. They will be launched in the next fiscal year.
- ✓ YA-MAN (ZHEJIANG) E-COMMERCE CO.,LTD was established in January 2024. In addition to existing sales channels through agencies in China, the Company develops its unique direct sales channel.

[The U.S.]

- ✓ In September 2023, FDA-approved Medi Lift PLUS was launched. The Company commenced the application for the subsequent model.
- ✓ Hair care products
The Company strengthened measures to raise the recognition of dryers and hair irons.



Changes in the Earnings and Dividend Forecasts

Net sales are expected to decline from the plan due to impacts of the ALPS treated water and the RF regulations in China and the delay in contribution to sales of new categories due to the front-loaded investment in Japan.

Accordingly, profits are also expected to be lower than planned despite our efforts to reduce costs; therefore the Company revises the full-year earnings forecasts.

(100 million yen)

	Previously announced	Recently announced	Changes from the previous announcement	FY4/23 Results
Net sales	450.0	324.3	(125.7)	429.9
Operating profit	65.0	16.6	(48.4)	61.3
Ordinary profit	62.0	18.3	(43.7)	59.1
Profit attributable to owners of parent	43.5	9.5	(34.0)	39.1

Upcoming Actions

Although the slowdown of the China market is expected to continue for the time being, **the recognition of the YA-MAN brand in the country is high**, and we regard this is a **temporary drop** that would continue until the circumstances change. We aim to recover sales through **channel development by newly established YA-MAN (ZHEJIANG) E-COMMERCE CO.,LTD and review of product lineups**, among other efforts.

In addition, **the markets in China and other overseas countries are the important channels essential for achieving our medium-term management plan**; therefore, **we will continue to make investments at a certain level**. At the same time, we will strive to increase sales through creation of further added value through our efforts exemplified by **product development based on needs of customers in various countries, obtaining various certifications, and demonstration of efficacy mainly by “HYOJO Science Lab.”**

In Japan, we have made **front-loaded investments in new shavers/hair care categories**. However, because the market size for these categories is big, **we assume that it will take time until we can raise the recognition of them and generate sales**. We aim to expand the market share by implementing **advertisement measures and reviewing the product lineups**. In addition, the **direct sales segment has completed the replacement of in-house EC system in February** and plans to improve convenience and satisfaction of customers, leading to increased repeat sales.

On March 14, 2024, the Company revises the previous year-end ordinary dividend forecast from 4.25 yen per share to 4.75 yen per share, increasing it by 0.50 yen. As a result, annual ordinary dividend forecast will be increased from 8.50 yen per share to 9.00 yen per share.

(Yen/per share)

	Previously announced	Recently announced	Changes from the previous announcement	FY4/23 Results
Interim dividend	4.25	4.25	—	4.25
Year-end dividend	4.25	4.75	+0.5	4.25
Total annual ordinary dividend	8.50	9.00	+0.5	8.50

➤ Basic dividend policy

As a general rule, we pay stable, ongoing dividends every fiscal year, and the final amount will be determined by taking into account the full-year results and other factors.

In order to thank the daily support of our shareholders and to deepen their understanding of our products and business, we offer special benefits to them. Previously, we offered the shareholder discount coupons that can only be used at the Company's direct sales website (YA-MAN Online Store).

However, the revisions to the direct sales system in and after April 2024 will enable shareholders to use the shareholder discount coupons not only at YA-MAN Online Store but also at the Company's flagship store and directly-operated store(*) (including Face Lift Gym).

This improvement will increase the opportunity for shareholders to hold our products directly in their hands and use them at our flagship store and directly-operated store.

The details regarding the timing will be notified to you later on.

For the categories and details of shareholder benefits, please refer to the next page.

***Our flagship store and directly-operated store** refer to YA-MAN the store GINZA and Namba SkyO Store.

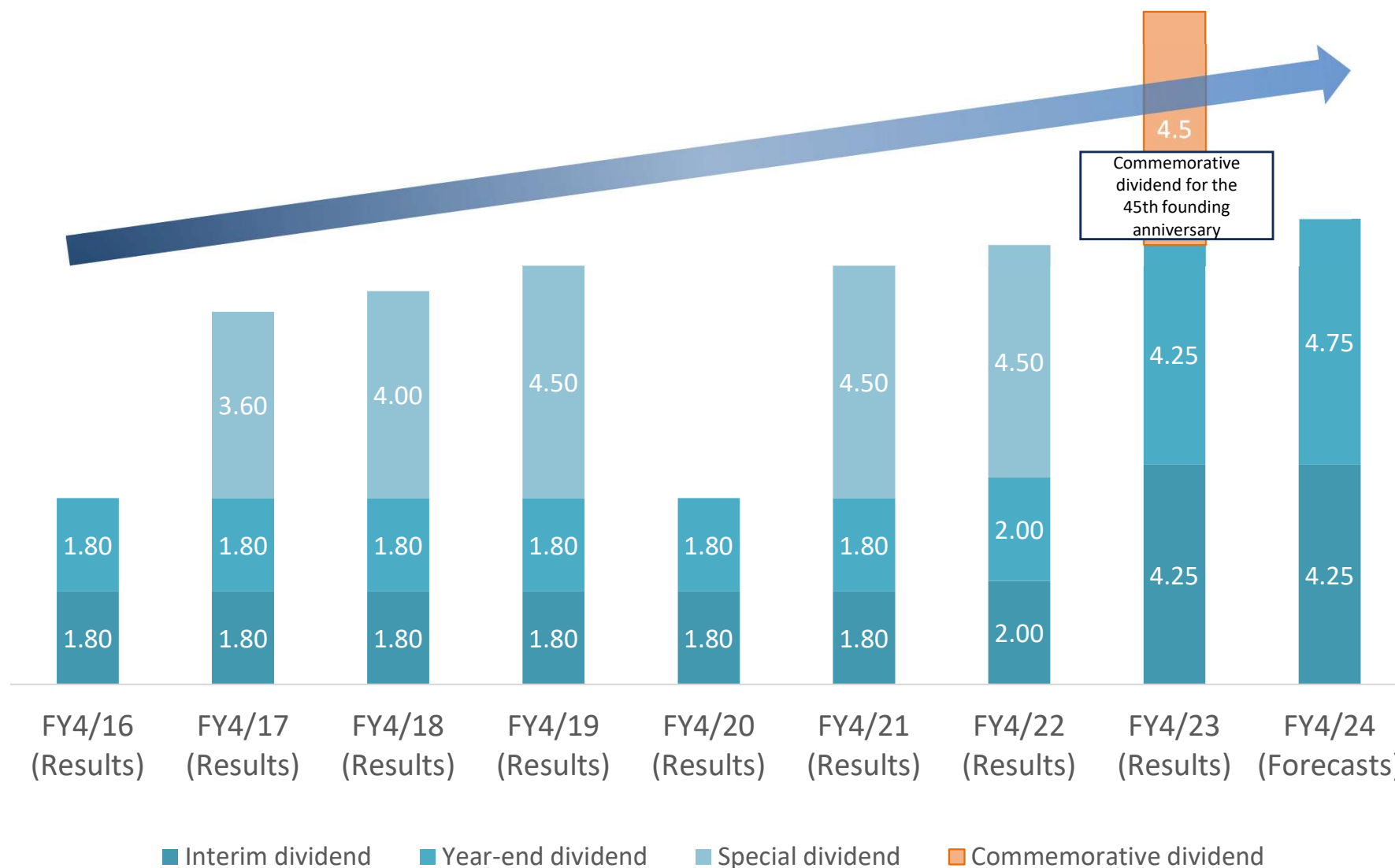
Number of shares held	Holding period			
	Less than one year	One year or more but less than two years	Two years or more but less than five years	Five years or more
100 shares to less than 500 shares	One shareholder discount coupon worth 5,000 yen	One shareholder discount coupon worth 7,000 yen	One shareholder discount coupon worth 10,000 yen	One shareholder discount coupon worth 13,000 yen
500 shares or more	One shareholder discount coupon worth 14,000 yen	One shareholder discount coupon worth 17,000 yen	One shareholder discount coupon worth 20,000 yen	One shareholder discount coupon worth 23,000 yen

(Note) The holding period refers to the period during which shareholders held shares continuously from the date on which the acquisition of the relevant number of shares was registered or recorded in the shareholder register to the reference date.

* “One year or more” is conditioned upon that, as of the reference date of April 30, 2024, the holding of the relevant number of shares is registered or recorded at least three consecutive times under the same shareholder number in the shareholder register on October 31 and April 30 of each year.

* “Two years or more” is conditioned upon that, as of the reference date of April 30, 2024, the holding of the relevant number of shares is registered or recorded at least five consecutive times under the same shareholder number in the shareholder register on October 31 and April 30 of each year.

* “Five years or more” is conditioned upon that, as of the reference date of April 30, 2024, the holding of the relevant number of shares is registered or recorded at least 11 consecutive times under the same shareholder number in the shareholder register on October 31 and April 30 of each year.



Note: Dividends per share are adjusted to reflect the stock split on November 1, 2017.

- 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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