

Results of Operations for FY4/24 (Fiscal year ended April 30, 2024)

YA-MAN LTD.

June 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 FY4/24

| (Millions of yen) | FY4/23 | FY4/24 | YoY | Remarks on major changes |
|--|-------------------|---------------------------------|----------|--|
| Net sales | 42,996 | 32,023 | (10,972) | 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 81%; cosmetics 15%; and others 4% |
| Gross profit (Gross profit ratio) | 26,147 (60.8%) | 19,128 (59.7%) | (7,018) | Gross profit slightly decreased due to the impact of valuation losses on some inventory procured to secure stock at the beginning of the COVID-19 pandemic. |
| Selling, general and administrative expenses | 20,012 | 18,712 | (1,299) | R&D expenses increased due to initial expenses for the flagship store, expansion of the business in the U.S., and expansion of the activities of the HYOJO Science Lab. Investment in domestic advertisement expense was more efficiency oriented. |
| Operating profit (Operating margin) | 6,134 (14.3%) | 416 (1.3%) | (5,718) | While a conservative and precautionary allowance for doubtful accounts for a portion of accounts receivable from China of 980 million yen has been recorded, cumulative operating profit remained profitable. |
| Ordinary profit | 5,917 | 1,010 | (4,906) | Foreign exchange gains recorded due to yen depreciation. |
| Profit attributable to owners of parent | 3,913 | 398 | (3,514) | |
| Net income per share (Yen) | 71.12 | 7.24 | (63.88) | |

YAMAN Segment Profits and Losses

Results of Operations
for FY4/24

Overseas, although profit declined due to the impact caused by factors such as refraining from buying Japanese products triggered by the ALPS treated water issue and market turmoil caused by RF regulations as well as the recording of a conservative and precautionary allowance for doubtful accounts for a portion of accounts receivable from China, the Company has continued to maintain 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 | | |
|---------------------|-----------|---------------|----------|------------------|----------------|---------|
| | FY4/23 | FY4/24 | YoY | FY4/23 | FY4/24 | YoY |
| Home shopping sales | 6,666 | 4,215 | (2,451) | 2,299 | 911 | (1,387) |
| Store sales | 7,953 | 7,473 | (480) | 1,826 | 994 | (831) |
| Direct sales | 9,922 | 8,498 | (1,423) | 4,587 | 2,672 | (1,915) |
| Overseas sales | 17,894 | 11,256 | (6,637) | 6,870 | 3,067 | (3,803) |
| Others | 559 | 580 | +21 | 268 | 301 | +32 |
| Adjustment* | — | — | — | (9,717) | (7,531) | +2,186 |
| Total | 42,996 | 32,028 | (10,972) | 6,134 | 416 | (5,718) |

(Millions of yen)

| | April 30, 2023 | April 30, 2024 | Change | | April 30, 2023 | April 30, 2024 | Change |
|---|-------------------|------------------------------|----------------|-----------------------------------|-------------------|-------------------|---------|
| Current assets | 28,566 | 26,016 | (2,550) | Liabilities | 5,543 | 3,976 | (1,567) |
| Cash and deposits | 16,146 | 16,605 | +459 | Trade payables | 1,521 | 782 | (738) |
| Accounts receivables Allowance for doubtful accounts | 4,935 — | 4,834 (980) | (101) (980) | Interest-bearing debt | 1,351 | 729 | (622) |
| Inventories | 5,132 | 4,056 | (1,075) | | | | |
| Non-current assets | 2,412 | 3,073 | +660 | Net assets | 25,435 | 25,113 | (322) |
| Total assets | 30,979 | 29,090 | (1,889) | Liabilities and net assets | 30,979 | 29,090 | (1,889) |
| | | | | Equity ratio | 82.1% | 86.3% | +4.2pt |

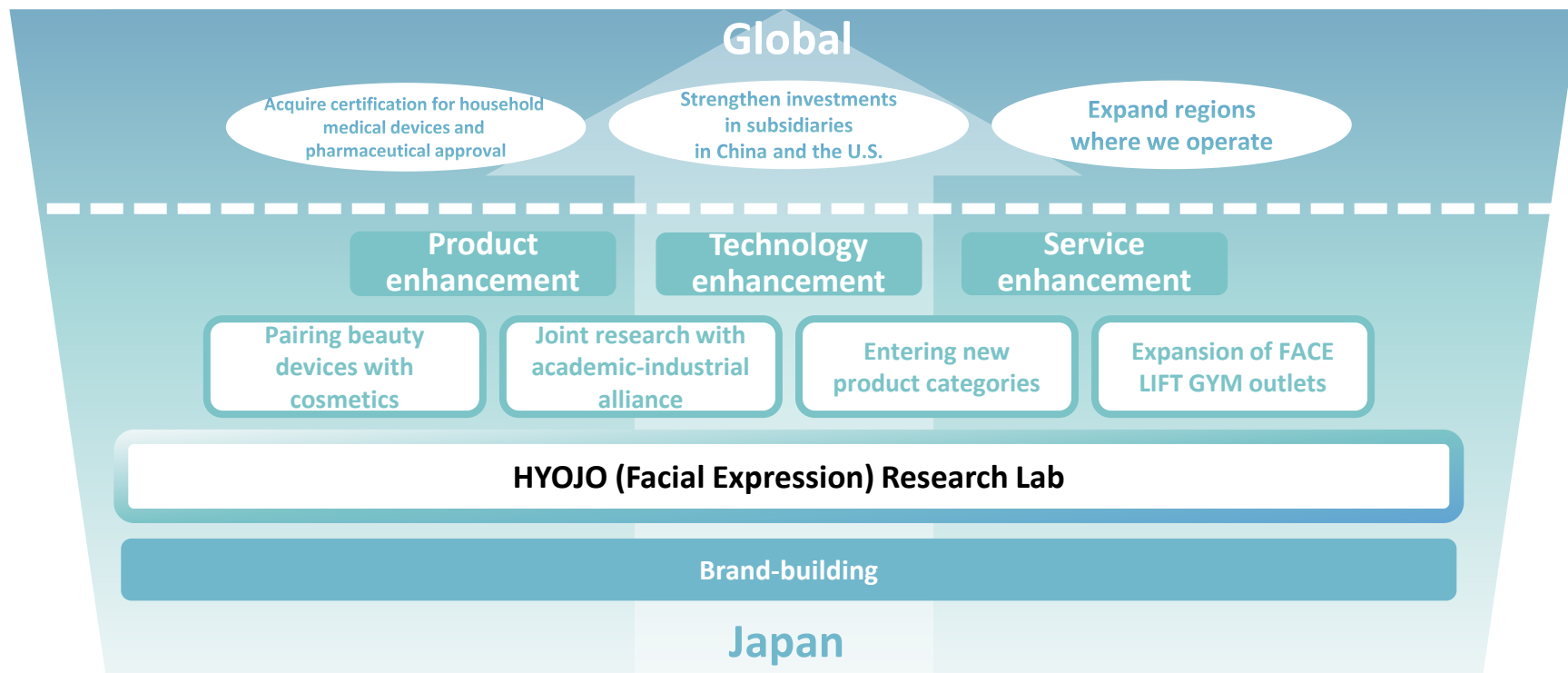
(Millions of yen)

| | FY4/23 | FY4/24 | Change | YoY |
|--|----------------|----------------|--------------|--|
| Cash flows from operating activities | 986 | 1,931 | +945 | Although profit before income taxes decreased, income increased due to an improvement in working capital, including lower inventory due to inventory reduction, and lower income tax payments. |
| Cash flows from investing activities | (632) | (950) | (318) | Expenses increased due to more aggressive investments than the previous fiscal year such as the initial investment for the opening of the Ginza flagship store in November 2023 and the replacement of the e-commerce system in February 2024. |
| Free cash flows | 354 | 980 | +626 | Despite aggressive investments, factors including improvements in working capital led to an increase in income. |
| Cash flows from financing activities | (1,223) | (1,347) | (123) | Expenditures increased due to the payment of a commemorative dividend for the 45th founding anniversary. |
| Net increase (decrease) in cash and cash equivalents | (502) | 459 | +962 | |
| Cash and cash equivalents at end of period | 15,691 | 16,151 | +459 | |

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.

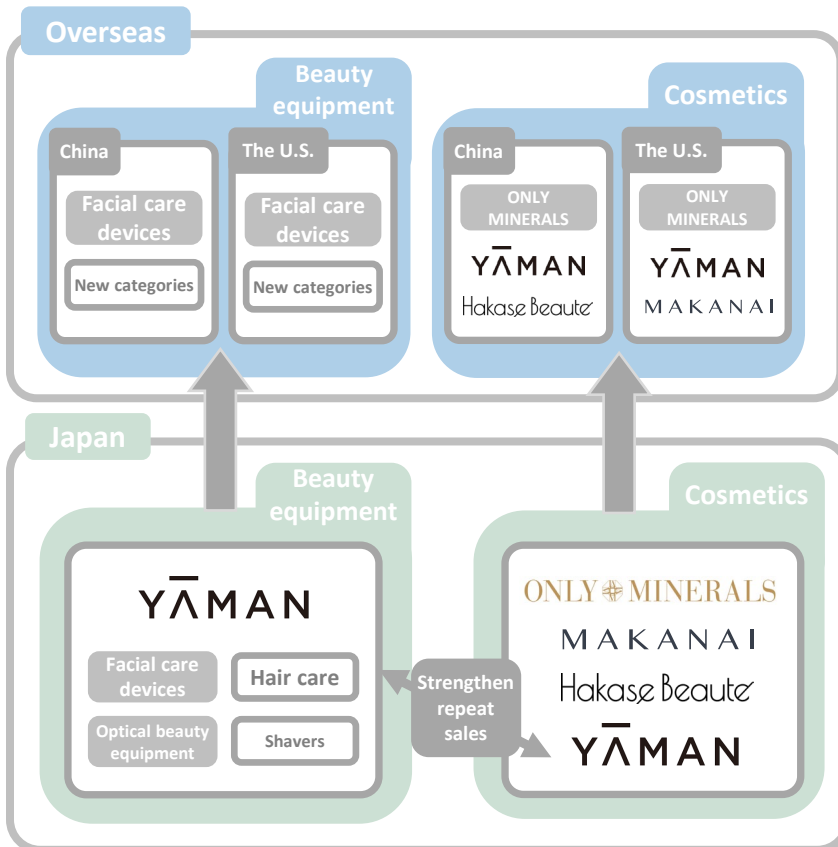
Growth investment to achieve targets



Medium-term investment plan

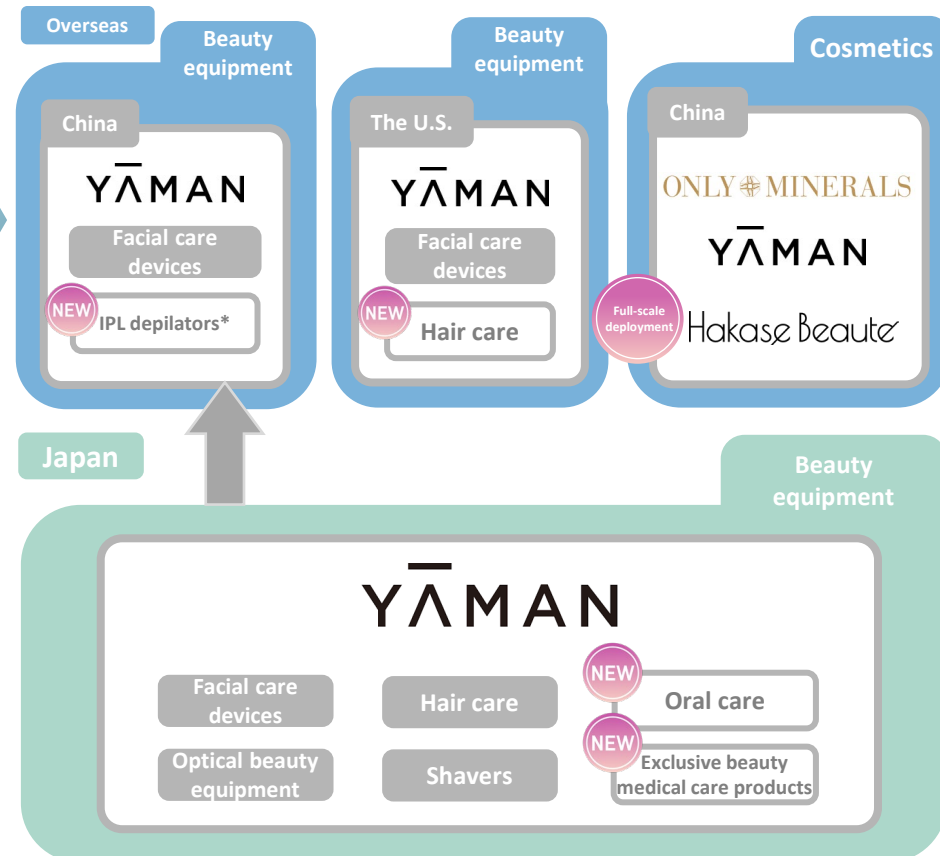
New categories will be first launched in Japan and then progressively launched in overseas countries as well.

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



Progress in the fiscal year under review

In China, we launched IPL depilators* and started the full-scale roll out of HAKASE BEAUTE. In the U.S., we will strengthen the sales of Medi Lift PLUS, which has obtained FDA approval, along with the sales of hair care products.

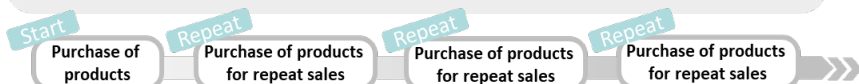
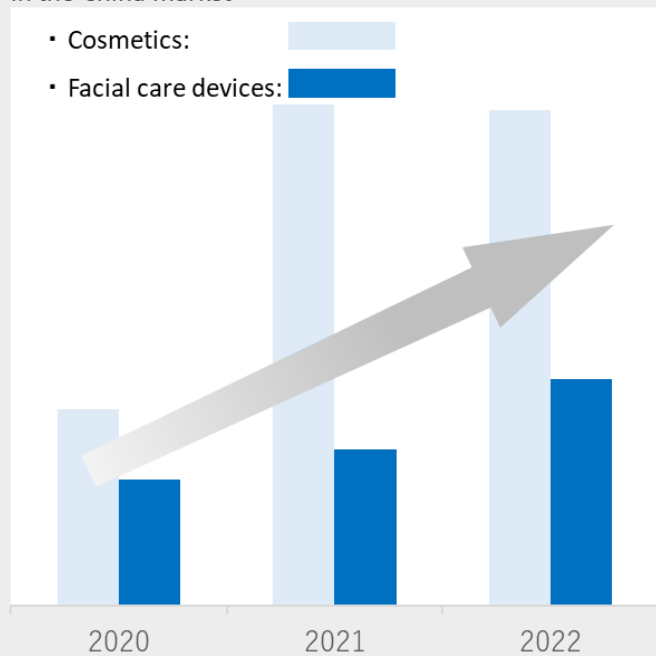


Medium-term investment plan

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.

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

- Cosmetics:
- Facial care devices:



Progress in the fiscal year under review

- ✓ **Design Lift**
Sales of electrode pad repeat business model to regular customer grew steadily



Repeat sales of electrode pads

- ✓ **Steady growth in the number of regular customers for the needle cosmetics series, the cumulative sales of which in Japan have surpassed one million units**



Medium-term investment plan

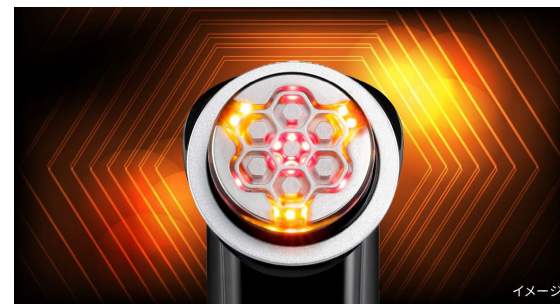
Through joint research with universities, we will verify the specific efficacy and safety of products of the Company and aim to elucidate unique mechanisms that will lead to future product development.

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.

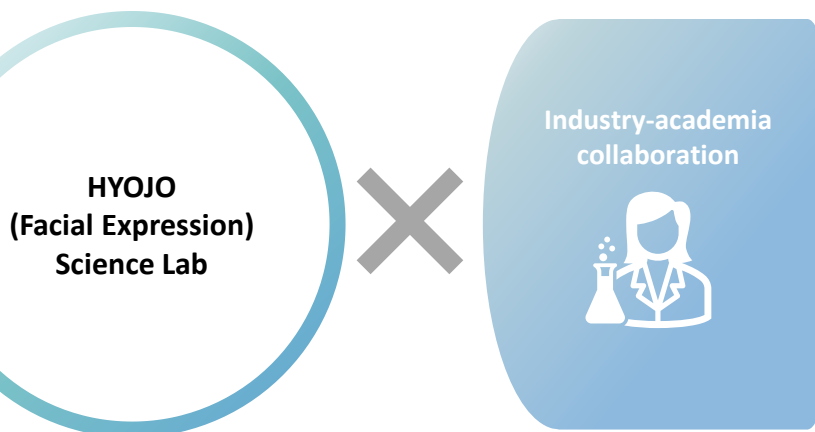
Progress in the
fiscal year under review

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
Three papers published and two papers posted (to be published during FY4/25)
- ✓ Development of new facial care technology "CERTEC"
(Launch of YA-MAN THE MIYABI)



- ✓ Strengthened investment at HYOJO Science Lab and commenced research on the cell system.
 - Verification of the beauty effect of blue-green light (505 nm)
 - Synergies from electricity and heat multiplication
 - Research on expression of beauty genes using new technologies



Medium-term investment plan

Beauty medical care

The market size of beauty 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.



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

- Launched the first product for medical institutions, Hydra Bright Skin

Signed a consulting contract with doctors to develop sales channels and products for medical institutions. Started developing beauty medical care devices.

Oral care

- Launched oral irrigator Jet Floss

Expanded to approximately 700 home appliance stores throughout Japan. Started sales through the dental channel.

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.

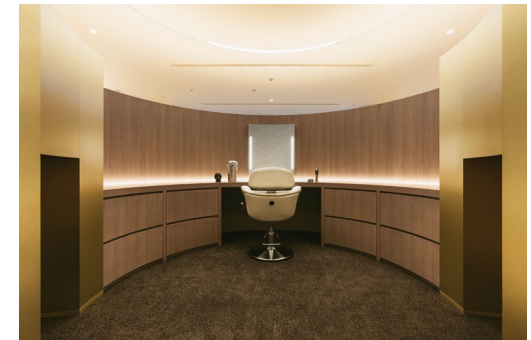
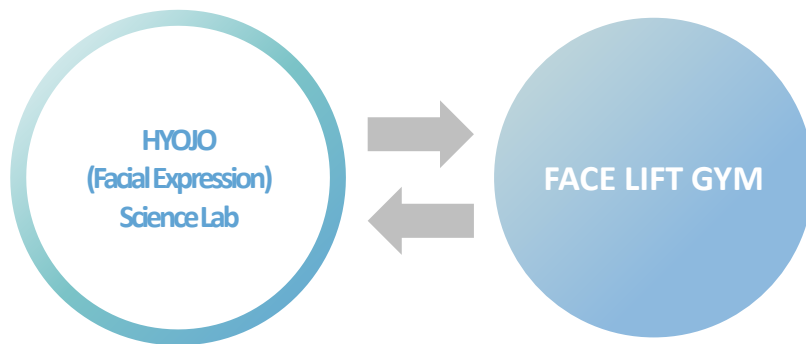
It is planned that Face Lift Gym will be adjacently established in YA-MAN’s first large-scale flagship store to be opened in Tokyo in 2023.

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.”

Sales of the flagship store and Face Lift Gym exceeded initial expectations and are widely featured in media such as television and magazines.



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

Obtained medical
equipment certification

[China]

- ✓ The Company obtained NMPA approval for IPL depilators* in April 2024.
Will be launched in 2024 *This product is not sold in Japan.
- ✓ The Company Applied for NMPA approval for the RF facial care devices.
(Scheduled to be released during FY4/25)
- ✓ The Company Obtained NMPA approval for the ONLY MINERAL liquid foundation and color serum.

[The U.S.]

- ✓ In September 2023, FDA-approved Medi Lift PLUS was launched.
- ✓ The Company commenced the application for the subsequent model.

Strengthen global investment

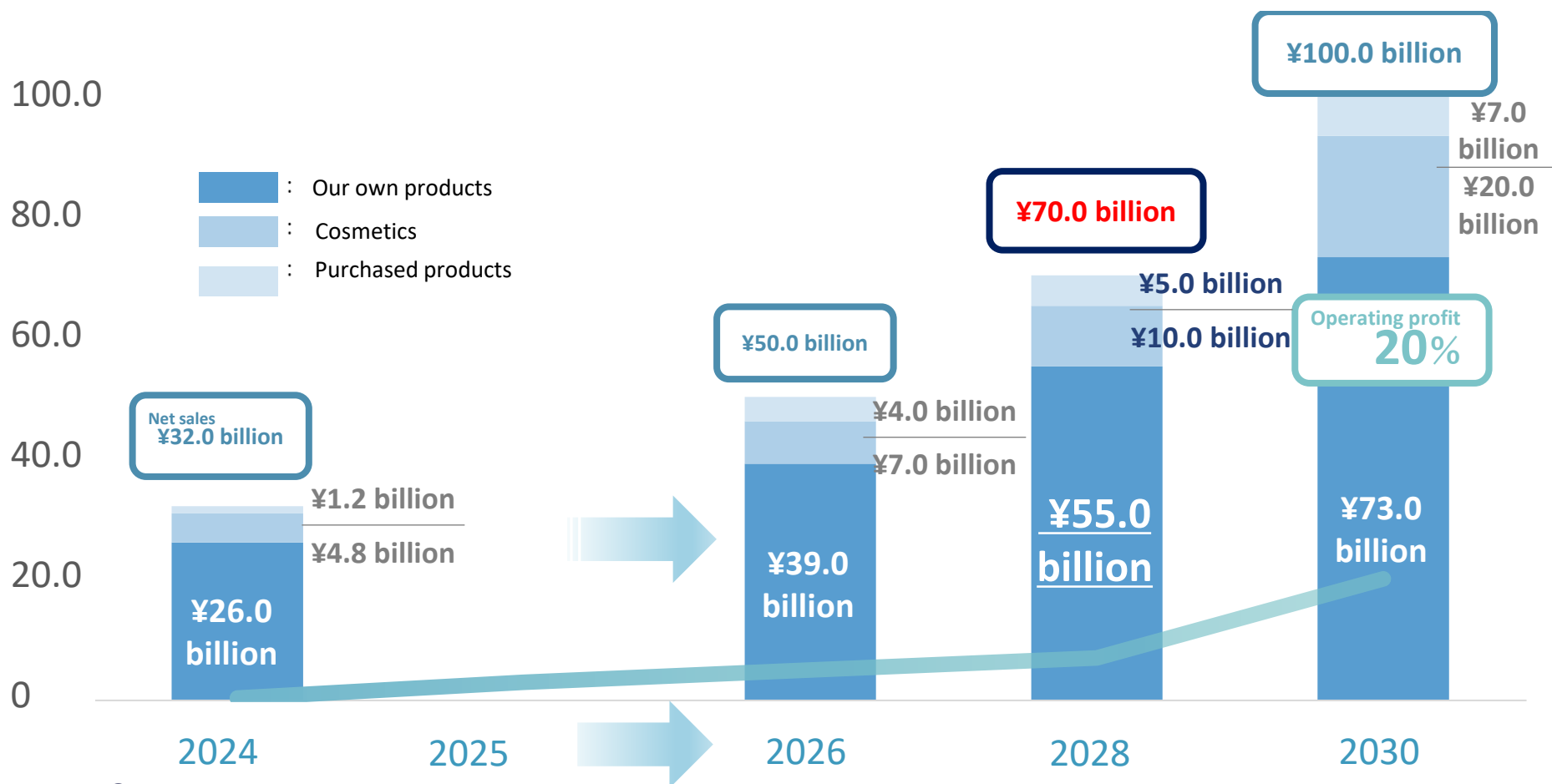
[China]

- ✓ 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.]

- ✓ The Company began exhibiting Medi Lift PLUS hair care products (hair dryers and hair irons) at various trade shows.

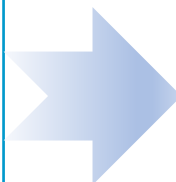
The net sales target of 50.0 billion yen planned for the fiscal year ending April 30, 2025 in the Medium-Term Management Plan is expected to be delayed by one year. There is no change to the target of net sales of 70.0 billion yen for the fiscal year ending April 30, 2028.



Reasons for delaying the initial net sales target of 50.0 billion yen for the fiscal year ending April 30, 2025 to the fiscal year ending April 30, 2026

- In China, due to the impact of the ALPS treated water issue, market turmoil related to RF regulations, and the stagnation of China's domestic economic environment, the initial net sales target of 50.0 billion yen for the fiscal year ending April 30, 2025 has been delayed to the fiscal year ending April 30, 2026, as the Company expects some time for recovery.

- Considering these circumstances, to strengthen financial resilience to cope with environmental changes, a conservative and precautionary provision of allowance for doubtful accounts for a portion of accounts receivable from China has been recorded. (No specific losses from bad debts or uncollected amounts have occurred at this time.)



Additional measures due to partial changes in the plan

Acceleration of global expansion

- Diversifying access to the Chinese market (Entry into the B2C business through the establishment of YA-MAN (ZHEJIANG) E-COMMERCE CO., LTD.)
- Accelerate the development of overseas markets outside China

Strengthen competitiveness in Japanese market

- Strengthen lineups in new categories (oral care and beauty medical care).
- Consider expansion into the healthcare field.

Earnings and Dividend Forecasts

Net sales are expected to increase by 3.0 billion yen to 35.0 billion yen compared to the previous fiscal year. Operating profit is also expected to increase by 2.08 billion yen to 2.5 billion yen compared to the previous fiscal year.

(An increase of 1.1 billion yen in operating profit compared to the previous fiscal year is expected, even excluding the impact of the allowance for doubtful accounts in FY4/24.)

(Billions of yen)

| | FY4/24 Results | FY4/25 Forecast | YoY Change | Change (%) | Contents of major changes |
|------------------|-------------------|--------------------|---------------|---------------|--|
| Net sales | 32.0 | 35.0 | +3.0 | +9.3% | Japan: Increase sales at the Ginza flagship store, increased sales in new categories Overseas: Increase sales at YA-MAN (ZHEJIANG) |
| Operating profit | 0.42 | 2.5 | +2.08 | +500.6% | Cost reduction through the review of advertisement measures and a decrease in inventory valuation losses and provisions for doubtful accounts recorded in the previous fiscal year |
| Ordinary profit | 1.02 | 2.2 | +1.08 | +117.6% | Increase in operating profit despite decrease in foreign exchange gains |
| Profit | 0.39 | 1.55 | +1.16 | +289.1% | |

The year-end dividend for the current fiscal year will be 4.75 yen per share, as announced on March 14, 2024.

As a result, the annual ordinary dividend for the current fiscal year will be 9.00 yen per share.

The dividend forecast for the next fiscal year is also expected to be 9.00 yen per share, the same as the current fiscal year.

The final amount will be determined based on factors including the full-year performance.

(Yen/per share)

| | FY4/25 Forecast | FY4/24 Results |
|--------------------------------|--------------------|-------------------|
| Interim dividend | 4.25 | 4.25 |
| Year-end dividend | 4.75 | 4.75 |
| Total annual ordinary dividend | 9.00 | 9.00 |

➤ 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 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)** from July 27, 2024.

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.

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.

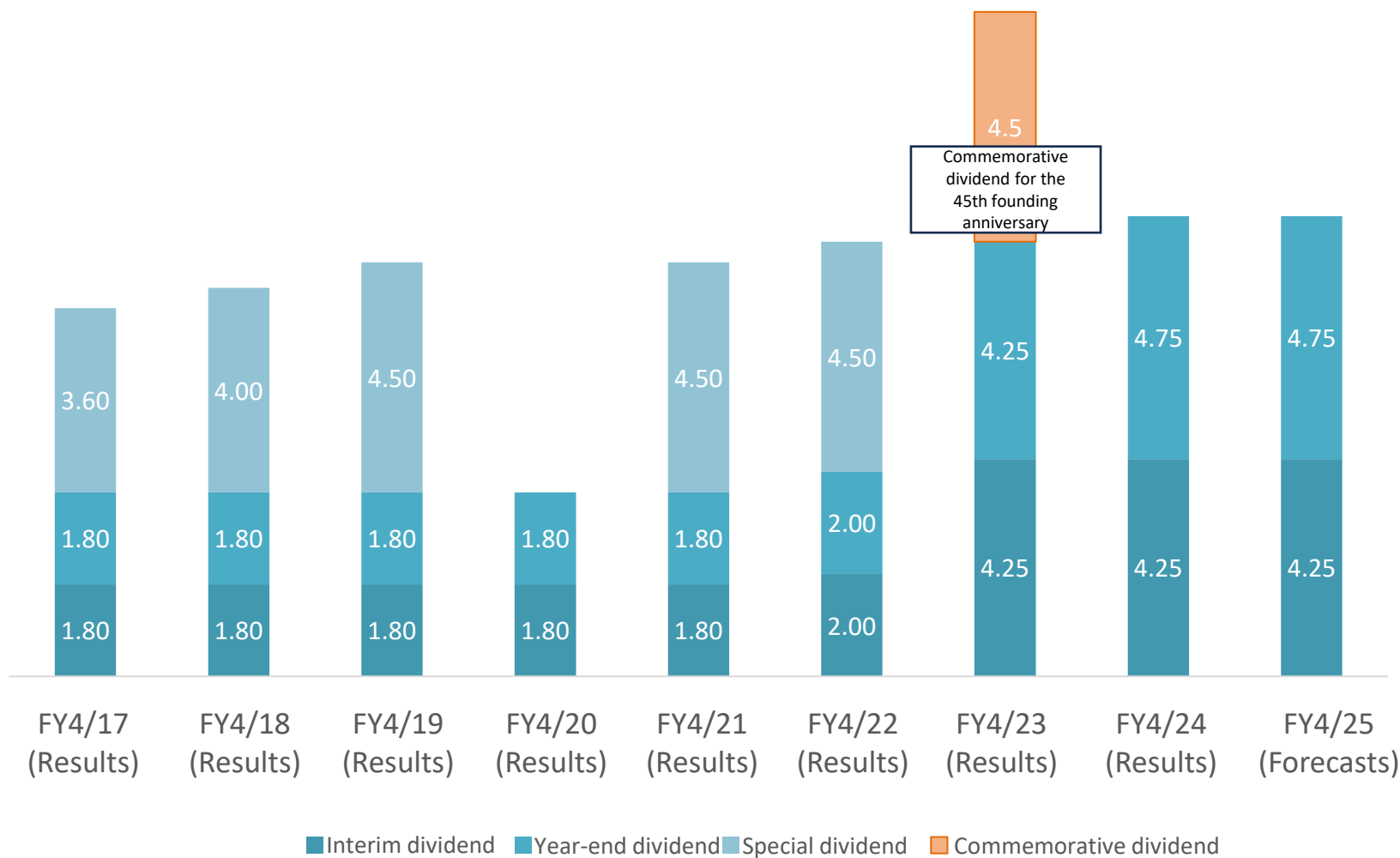
| Number of shares held | Holding period | | | |
|------------------------------------|--|--|--|--|
| | Less than one year | One year or more but less than two years | Two years or more but less than five years | Five years or more |
| 100 shares to less than 500 shares | One shareholder discount coupon 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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