

Results of Operations for the First Quarter of FY4/20 (Three months ended July 31, 2019)

YA-MAN LTD.

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Our Vision for YA-MAN of the Future (Slogan)

A new beautiful.

(Mission Statement)

Exceptional manufacturing that transforms beauty into reality

is achieved through inexhaustible ideas and outstanding product development.

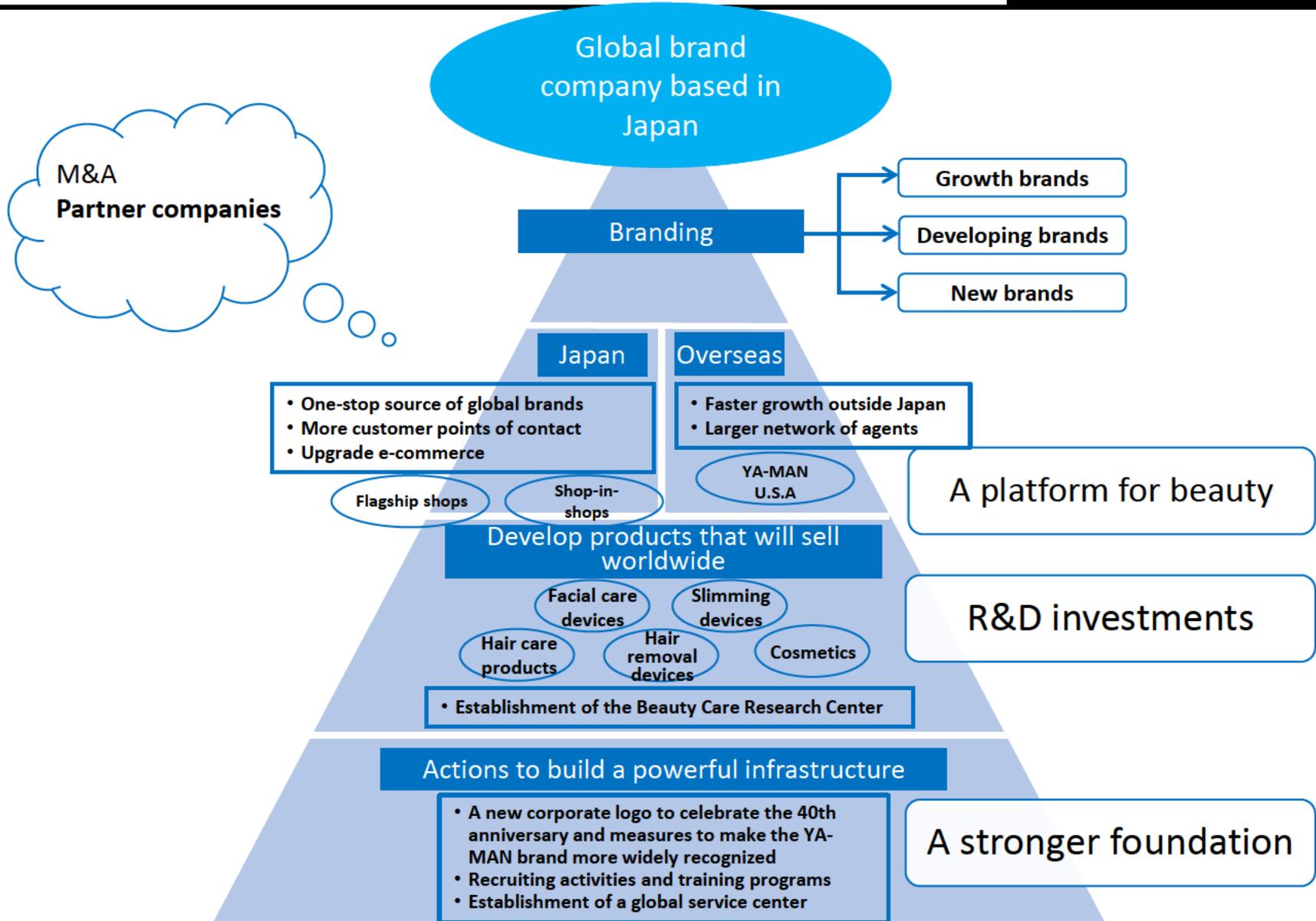
We will continue to renew our definition of “beautiful” to help attain perfect beauty

and bring delight and inspiration to the world.

(Credo)

The YA-MAN Code of Conduct

- Transform goals into accomplishments
 - Aim for originality
 - Create your own opportunities
 - Always put customers first
- Work as a team for innovation and progress



Income Statement Highlights

During the first quarter, YA-MAN channeled regular amounts of its management resources to investments for future growth, particularly advertising and R&D activities. There were also measures for responding to the slowdown in sales to overseas customers that started in the second half of FY4/19 and for strengthening sales activities for customers in Japan, mainly in the store sales and direct sales segments.

Although sales to customers in Japan were firm, sales to overseas customers fell by almost half. As a result, sales and earnings significantly decreased compared to the first quarter of FY4/19 when sales were stronger than expected.

Fiscal years	1Q FY4/18 (May 1, 2017 – July 31, 2017)	1Q FY4/19 (May 1, 2018 – July 31, 2018)	1Q FY4/20 (May 1, 2019 – July 31, 2019)	Reference FY4/19 (May 1, 2018 – April 30, 2019)
Net sales (Thousands of yen)	6,097,458	7,616,358	5,450,607	27,252,371
Operating profit (Thousands of yen)	1,648,784	2,242,383	750,924	5,705,084
Operating margin (%)	27.0	29.4	13.8	20.9
Ordinary profit (Thousands of yen)	1,626,880	2,254,602	649,602	5,715,275
Profit attributable to owners of parent (Thousands of yen)	1,048,852	1,423,770	365,501	3,539,647
Net income per share (Yen)	18.39	24.97	6.53	62.65

Note: YA-MAN conducted a ten-for-one common stock split effective on November 1, 2017. Net income per share is calculated as if this stock split had taken place at the beginning of FY4/18.

Sales by Segment

YA-MAN is aiming for sales growth in all four channels: mail-order sales, stores sales, direct sales and overseas sales. In addition, the basic policy is to maintain the most suitable composition of sales in order to reflect changes in market conditions.

Mail-order sales and earnings increased mainly because of strong sales via terrestrial TV shopping channels. Store and overseas sales and earnings fell sharply. In the store sales segment, wholesale sales to duty-free shops were severely impacted by the decline in sales to foreign tourists in Japan. In the overseas sales segment, sales in South Korea declined significantly and sales in China were less than the level recorded one year earlier. In the direct sales segment, sales and earnings decreased because of lower sales caused by the ongoing shift from infomercials and printed media to internet advertising.

Fiscal years	1Q FY4/18 (May 1, 2017 – July 31, 2017)	1Q FY4/19 (May 1, 2018 – July 31, 2018)	1Q FY4/20 (May 1, 2019 – July 31, 2019)	Reference FY4/19 (May 1, 2018 – April 30, 2019)
Mail-order sales (Thousands of yen)	1,318,989	988,928	1,297,364	3,383,094
Store sales (Thousands of yen)	2,554,128	3,227,627	1,931,080	9,644,014
Direct sales (Thousands of yen)	1,554,917	1,411,510	1,084,114	5,914,429
Overseas sales (Thousands of yen)	662,975	1,975,298	919,387	7,545,161
Other (Thousands of yen)	6,447	12,994	218,661	765,671
Total (Thousands of yen)	6,097,458	7,616,358	5,450,607	27,252,371

Operating Profit by Segment

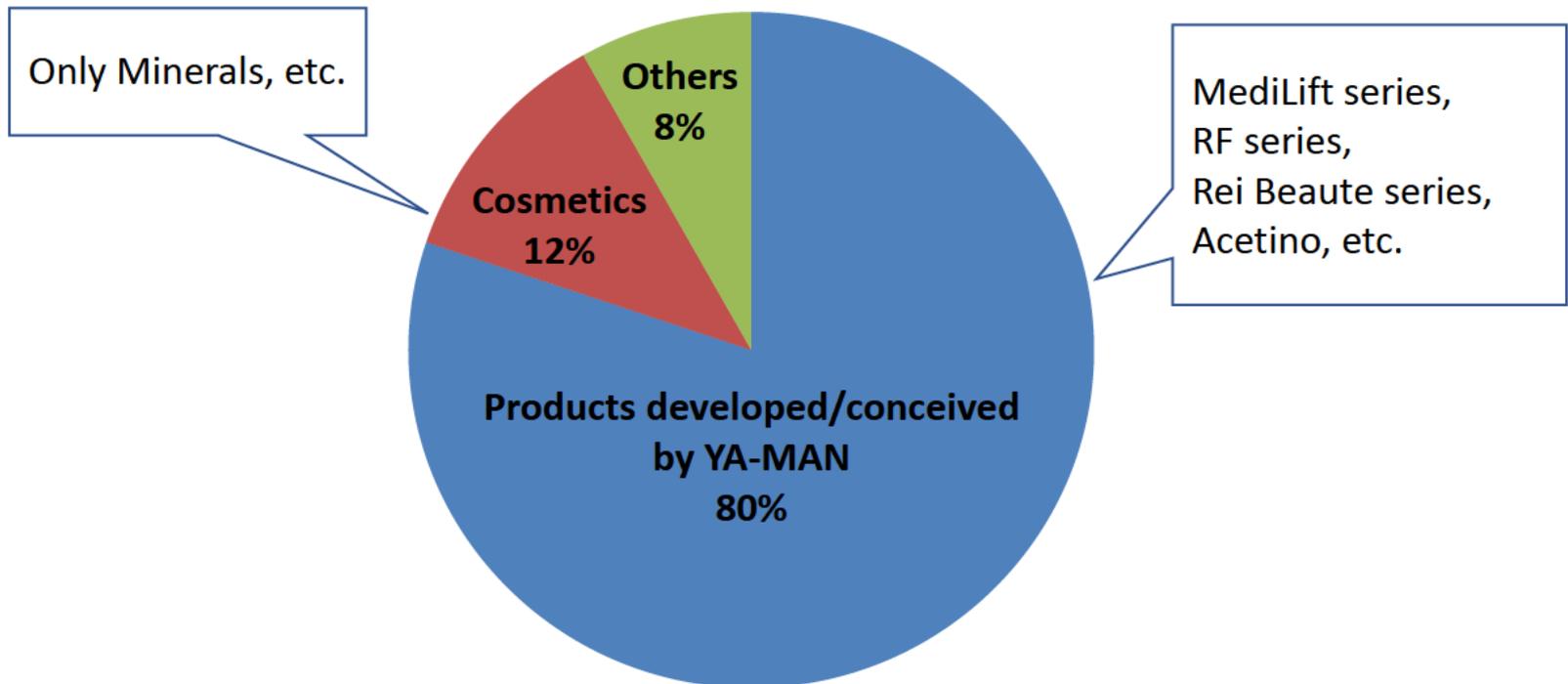
Fiscal years	1Q FY4/18 (May 1, 2017 – July 31, 2017)	1Q FY4/19 (May 1, 2018 – July 31, 2018)	1Q FY4/20 (May 1, 2019 – July 31, 2019)	Reference FY4/19 (May 1, 2018 – April 30, 2019)
Mail-order sales (Thousands of yen)	526,793	418,208	513,471	1,407,829
Store sales (Thousands of yen)	1,154,234	1,514,950	643,772	3,687,255
Direct sales (Thousands of yen)	574,368	625,188	486,037	2,740,345
Overseas sales (Thousands of yen)	200,708	959,313	256,013	3,353,396
Other (Thousands of yen)	3,123	4,430	(43,552)	(20,839)
Adjustment (Thousands of yen)	(810,444)	(1,279,707)	(1,104,816)	(5,462,902)
Total (Thousands of yen)	1,648,784	2,242,383	750,924	5,705,084

Composition of Sales

In the first quarter of FY4/20, products developed by YA-MAN and products conceived by YA-MAN and made by other companies accounted for 80% of sales. Cosmetics were 12% of sales and other purchased products were 8%.

Sales of a wearable facial massager MediLift were major component of sales growth. Sales of RF series, Rei Beaute series and other products remained strong.

Only Minerals and Genie cosmetics performed well.



Balance Sheet Highlights

Trade notes and accounts receivable and payable decreased due to lower sales.

Inventories increased but remain within a suitable range. Measures for reducing inventories will continue.

Cash and deposits remain relatively high. Investments for advertising, R&D and other activities for reinforcing the YA-MAN brand will continue along with measures for maintaining earnings at a sufficient level.

Fiscal years	1Q FY4/18 (July 31, 2017)	1Q FY4/19 (July 31, 2018)	1Q FY4/20 (July 31, 2019)	Reference FY4/19 (April 30, 2019)
Total assets (Thousands of yen)	14,578,824	18,654,517	16,762,057	17,959,780
Net assets (Thousands of yen)	9,627,568	12,971,349	13,082,018	13,072,242
Equity ratio (%)	66.0	69.5	78.0	72.8
Cash and deposits (Thousands of yen)	8,319,334	10,285,742	7,860,416	8,133,532
Notes and accounts receivable-trade (Thousands of yen)	2,445,041	3,386,718	2,726,737	3,394,343
Inventories (Thousands of yen)	1,519,502	2,061,638	2,414,635	2,284,919
Notes and accounts payable-trade (Thousands of yen)	1,993,097	2,762,216	1,224,342	1,414,620
Interest-bearing debt (Thousands of yen)	975,110	506,751	683,501	583,395

Upcoming Initiatives

Our priorities are the growth of the YA-MAN Group backed by increasing sales and the maintenance of a sufficient level of earnings.

In the second quarter and remainder of this fiscal year, investments for growth will continue while maintaining earnings at a sufficient level. At the same time, we plan to continue strengthening sales activities for customers in Japan and rebuilding and reinvigorating the framework for sales to overseas customers.

The climate for sales to overseas customers remains extremely challenging because of instability and uncertainty concerning various events worldwide. Our goal is to reinforce joint activities with current sales agents and use other initiatives in order to achieve medium- and long-term growth.

Commercials on terrestrial TV stations will be used to raise awareness of YA-MAN in Japan

A platform for beauty

We will build a platform for beauty consisting of products created by YA-MAN as well as products created with overseas brands that are new to Japan

Establishing the YA-MAN brand

More R&D expenditures

More customer points of contact

More activities will be offered at existing directly operated stores such as by expanding services for lessons on tightening face muscles. We are also improving a loyalty point service on our direct sales website in order to increase customer satisfaction.

Following MediLift series, we will continue to make investments to create innovative products that delight and inspire our customers.

Earnings Forecasts

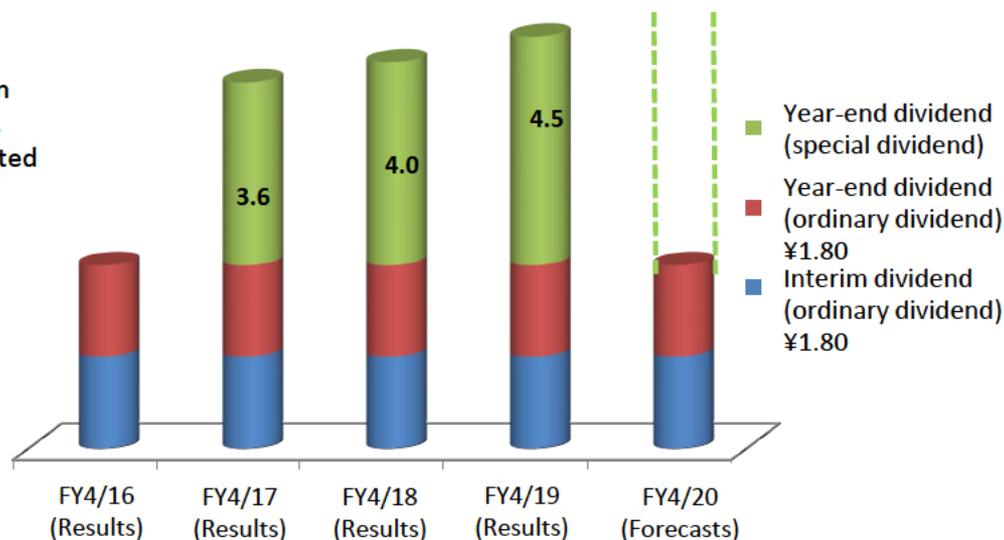
There are no revisions to the forecast announced on June 13, 2019. An announcement will be made promptly if a forecast revision is needed.

	First Half		Full Year	
	Amount	YoY change (%)	Amount	YoY change (%)
Net sales (Thousands of yen)	14,157,834	(7.1)	27,595,424	1.3
Operating profit (Thousands of yen)	2,893,177	(31.7)	5,840,338	2.4
Ordinary profit (Thousands of yen)	2,886,505	(32.3)	5,827,275	2.0
Profit attributable to owners of parent (Thousands of yen)	1,826,240	(30.5)	3,686,884	4.2
Net income per share (Yen)	32.64	-	65.90	-

Dividends

Distributing earnings to shareholders is a key priority of YA-MAN. Dividends are implemented on the principles of stability and sustainability in each fiscal year, and we will determine the final figures by comprehensively considering performance during the fiscal year.

Note: YA-MAN conducted a ten-for-one common stock split effective on November 1, 2017. Dividends per share on the right are adjusted to reflect this stock split.



- 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.
- These materials were prepared for the purpose of providing information. This is not a solicitation to purchase securities issued by YA-MAN.
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