

Results of Operations for the  
Third Quarter of FY4/20  
(Nine months ended January 31, 2020)

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.

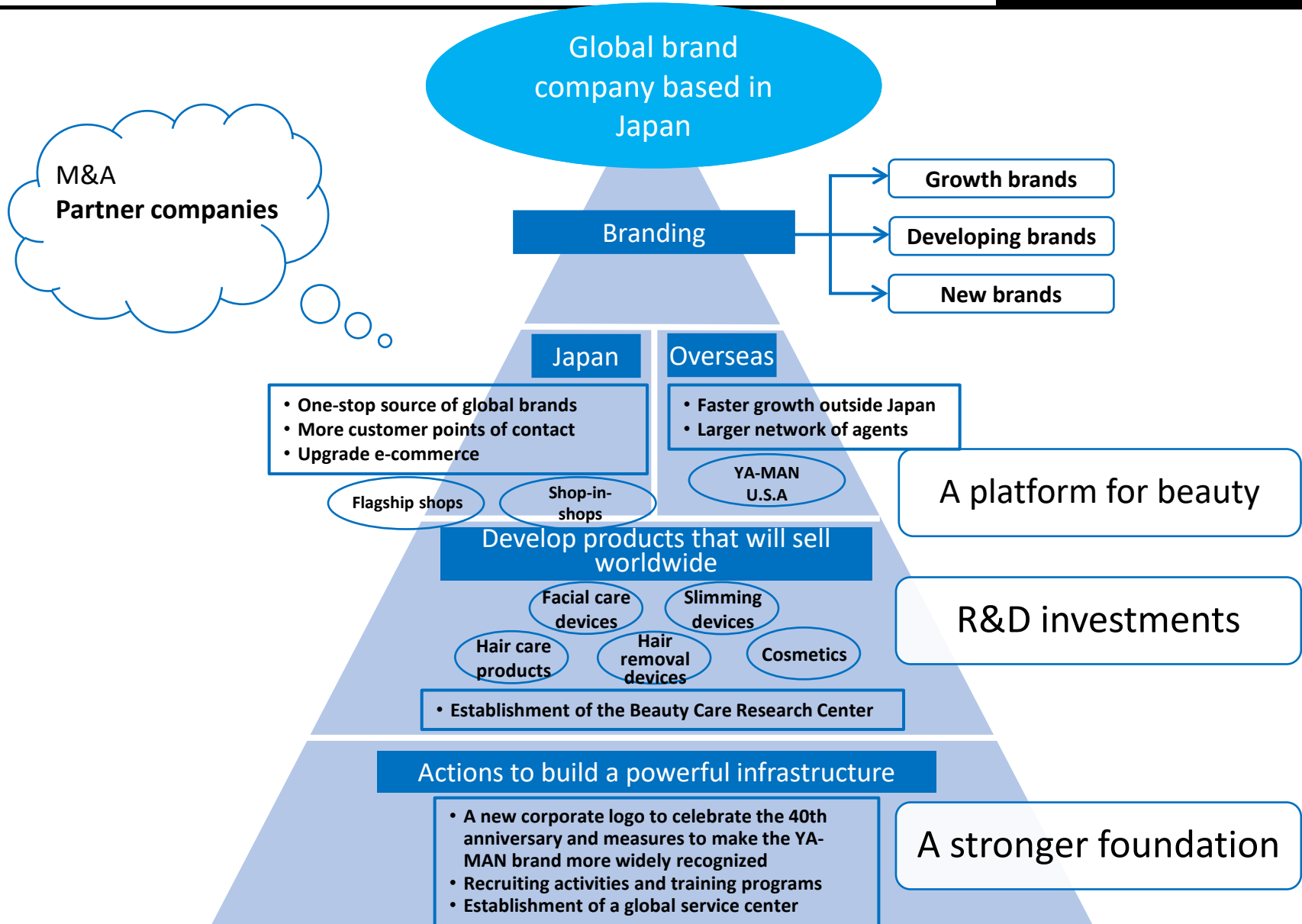
We will continue to renew our definition of “beautiful” to help attain perfect beauty

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 nine months, the YA-MAN Group is making substantial investments for future growth, particularly for R&D programs to create new products, advertising and marketing activities for establishing and strengthening brands, and measures to reinforce the corporate infrastructure. At the same time, there were activities for increasing sales in all sales channels in order to offset the negative impact on sales of sluggish demand associated with foreign tourists in Japan. Although sales to customers in Japan remained firm, performance was affected by limitations on the movements of people and goods due to the rapid spread of COVID-19 that started in January. As a result, net sales and earnings decreased year-on-year.

Fiscal years	1Q-3Q FY4/18	1Q-3Q FY4/19	1Q-3Q FY4/20	Reference FY4/19
	(May 1, 2017 – January 31, 2018)	(May 1, 2018 – January 31, 2019)	(May 1, 2019 – January 31, 2020)	(May 1, 2018 – April 30, 2019)
Net sales (Thousands of yen)	17,597,715	21,213,699	<b>17,285,754</b>	27,252,371
Operating profit (Thousands of yen)	4,583,453	5,013,704	<b>2,291,222</b>	5,705,084
Operating margin (%)	26.0	23.6	<b>13.3</b>	20.9
Ordinary profit (Thousands of yen)	4,531,326	4,957,154	<b>2,208,669</b>	5,715,275
Profit attributable to owners of parent (Thousands of yen)	2,879,235	3,011,296	<b>1,212,217</b>	3,539,647
Net income per share (Yen)	50.49	53.13	<b>21.67</b>	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

- Mail-order sales: Sales and earnings increased because sales via terrestrial TV shopping channels increased significantly.
- Store sales: Sales and earnings declined. Although sales to customers in Japan remained firm, sales to foreign tourists in Japan, chiefly at duty-free shops, were lower because of sluggish demand in this sector.
- Direct sales: Sales decreased because of the ongoing shift in emphasis to Web-based sales because this channel makes it possible to reduce expenses. Due to this shift, there was an increase in the share of advertising expenditures used for infomercials and paper media. Although there were signs of a recovery in sales, the lower efficiency of advertising activities exerted downward pressure on earnings.
- Overseas sales: Sales and earnings decreased. Sales in China increased but sales in Hong Kong and South Korea continue to be far below the levels of the previous fiscal year.

Fiscal years	1Q-3Q FY4/18 <small>(May 1, 2017 – January 31, 2018)</small>	1Q-3Q FY4/19 <small>(May 1, 2018 – January 31, 2019)</small>	1Q-3Q FY4/20 <small>(May 1, 2019 – January 31, 2020)</small>	Reference FY4/19 <small>(May 1, 2018 – April 30, 2019)</small>
Mail-order sales (Thousands of yen)	3,026,590	2,632,771	<b>3,299,288</b>	3,383,094
Store sales (Thousands of yen)	7,687,244	7,653,056	<b>5,871,757</b>	9,644,014
Direct sales (Thousands of yen)	4,347,059	4,197,197	<b>3,927,764</b>	5,914,429
Overseas sales (Thousands of yen)	2,491,817	6,213,687	<b>3,379,385</b>	7,545,161
Other (Thousands of yen)	45,003	516,987	<b>807,559</b>	765,671
Total (Thousands of yen)	17,597,715	21,213,699	<b>17,285,754</b>	27,252,371



# Operating Profit by Segment

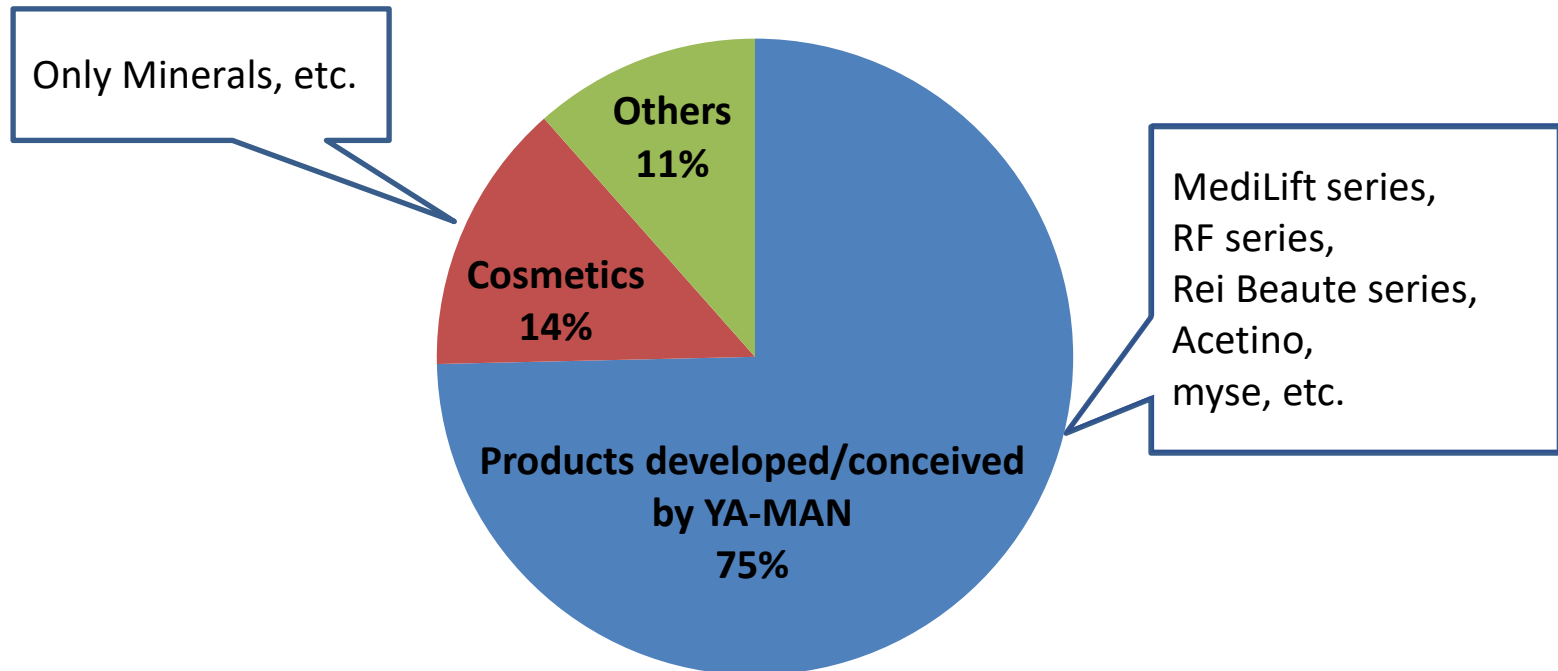
Fiscal years	1Q-3Q FY4/18	1Q-3Q FY4/19	1Q-3Q FY4/20	Reference FY4/19
	(May 1, 2017 – January 31, 2018)	(May 1, 2018 – January 31, 2019)	(May 1, 2019 – January 31, 2020)	(May 1, 2018 – April 30, 2019)
Mail-order sales (Thousands of yen)	1,205,492	1,129,833	<b>1,298,545</b>	1,407,829
Store sales (Thousands of yen)	3,471,222	3,139,710	<b>1,985,416</b>	3,687,255
Direct sales (Thousands of yen)	1,671,421	2,011,131	<b>1,508,824</b>	2,740,345
Overseas sales (Thousands of yen)	1,022,169	2,920,638	<b>1,031,805</b>	3,353,396
Other (Thousands of yen)	10,556	(878)	<b>(80,305)</b>	(20,839)
Adjustment (Thousands of yen)	(2,797,410)	(4,186,730)	<b>(3,453,065)</b>	(5,462,902)
Total (Thousands of yen)	4,583,453	5,013,704	<b>2,291,222</b>	5,705,084

# Composition of Sales

In the first nine months of FY4/20, products developed by YA-MAN and products conceived by YA-MAN and made by other companies accounted for 75% of sales. Cosmetics were 14% of sales and other purchased products were 11%.

Sales of wearable facial massager MediLift series and Rei Beaute series of hair removal products remained strong.

Only Minerals and other cosmetics performed well.



# Balance Sheet Highlights

Trade notes and accounts receivable and payable and inventories were about the same level as the end of FY4/19.

YA-MAN plans to finance R&D programs and advertising and marketing activities through funds on hand as cash and deposits remain relatively high. However, YA-MAN will secure funds actively and flexibly in preparation for M&A and other opportunities.

Fiscal years	3Q FY4/18 <small>(January 31, 2018)</small>	3Q FY4/19 <small>(January 31, 2019)</small>	3Q FY4/20 <small>(January 31, 2020)</small>	Reference FY4/19 <small>(April 30, 2019)</small>
Total assets (Thousands of yen)	16,082,707	17,013,947	<b>17,459,469</b>	17,959,780
Net assets (Thousands of yen)	11,358,511	12,548,635	<b>13,827,982</b>	13,072,242
Equity ratio (%)	70.6	73.8	<b>79.2</b>	72.8
Cash and deposits (Thousands of yen)	9,774,154	8,314,907	<b>8,406,650</b>	8,133,532
Notes and accounts receivable-trade (Thousands of yen)	2,160,749	2,213,128	<b>3,134,982</b>	3,394,343
Inventories (Thousands of yen)	2,054,050	2,727,435	<b>2,425,591</b>	2,284,919
Notes and accounts payable-trade (Thousands of yen)	1,582,728	1,542,066	<b>1,439,729</b>	1,414,620
Interest-bearing debt (Thousands of yen)	740,555	715,548	<b>594,079</b>	583,395

## Upcoming Initiatives

The COVID-19 outbreak is having an enormous impact on the global economy and this crisis is likely to become even more serious. In response to these events, we will continue to enhance advertising and marketing activities and customer services in Japan in the fourth quarter and afterward for the optimization of every sales channel.

There are several significant events in the fourth quarter. In February, we opened the first Face Lift Gym in the Aoyama district of Tokyo. This new business format is structured as a “fitness center” exclusively for the face. The same month we opened a store for Only Minerals, our cosmetics brand, at the JR Kyoto Isetan shopping mall. In March, we released new spring and summer products, including three products in the Rei Beauté series of hair removal devices with high-speed flash technology.

In the wearable beauty care product category, which is a priority of ours, MediLift and MediLift Eye have been very successful. We plan to add MediLift Neck to the MediLift series early in the summer of 2020 in order to enlarge the market for these innovative medical silicone masks with electrical muscle stimulation.

## Earnings Forecasts

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

	Full Year	
	Amount	YoY change (%)
Net sales (Thousands of yen)	23,206,206	(14.8)
Operating profit (Thousands of yen)	3,007,405	(47.3)
Ordinary profit (Thousands of yen)	2,914,345	(49.0)
Profit attributable to owners of parent (Thousands of yen)	1,760,314	(50.3)
Net income per share (Yen)	31.47	-

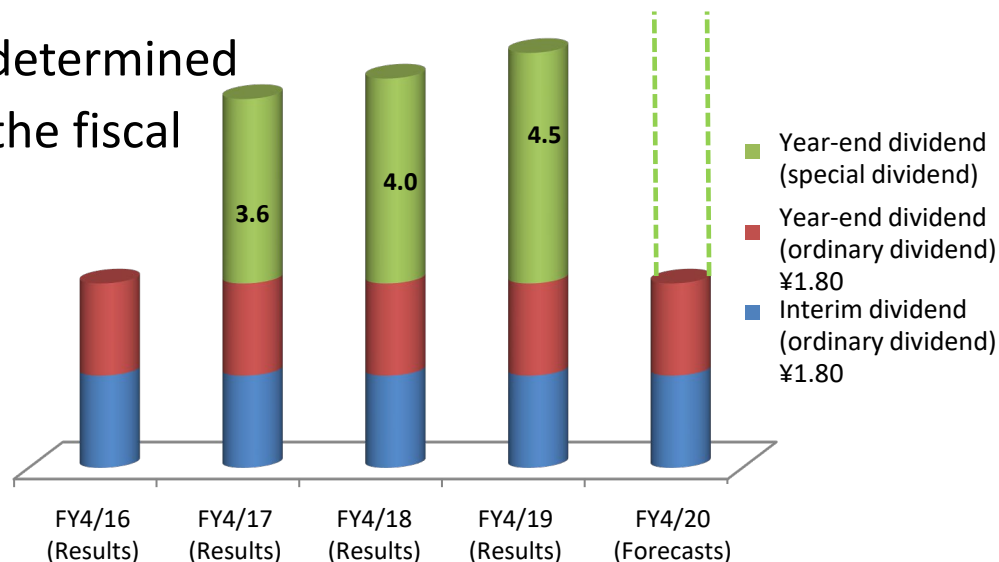
### Dividends

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.

Following the Board of Directors' resolution on December 13, 2019, YA-MAN plans to pay an interim dividend of 1.8 yen per share for the fiscal year ending April 30, 2020, as planned.

The year-end dividend will be determined based on performance during the fiscal year as explained above.



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.

# Purchase of Treasury Shares

The Board of Directors of YA-MAN approved a resolution on March 13, 2020 to purchase its own shares pursuant to Article 156 of the Companies Act which is applicable in lieu of Article 165, Paragraph 3 of the same act.

## 1. Reason for share repurchase

Repurchasing shares facilitated flexible actions involving equity in response to changes in the business climate, contributed to the efficient use of capital, and returned more earnings to shareholders.

## 2. Details of repurchase

- |  |  |
|--|--|
| (1) Type of shares to be repurchased         | Common stock   |
| (2) Total number of shares to be repurchased | Up to 2 million shares<br>(3.57% of total number of shares outstanding, excluding treasury shares) |
| (3) Total value of shares to be repurchased  | Up to 1 billion yen  |
| (4) Acquisition period                       | March 16, 2020 to June 30, 2020  |
| (5) Acquisition method                       | Purchase on the Tokyo Stock Exchange   |

- 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.
- Individuals are responsible for how information in these materials is used. YA-MAN assumes no responsibility whatsoever for any losses resulting from errors or other problems involving this information, revisions to numerical goals, or any other issue concerning the use of these materials.