

# Results of Operations for the First Half of FY4/21 (Six months ended October 31, 2020)

YA-MAN LTD.

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## Corporate Slogan

# A new beautiful.

The power to radiate beauty lies in every person.

We wish to help awaken that power, and create a more beautiful tomorrow.

Our history of developing professional beauty equipment began in 1978.

Since then, we have applied our technology to recreate the authentic salon experience at home, with exceptional quality that has been recognized both within Japan and worldwide.

As leading professionals of beauty, we will continue to harness revolutionary ideas and latest technologies to offer delight and inspiration for becoming even more 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.

# Income Statement Highlights

In Japan, the purchasing behavior of consumers has shifted. Despite lower sales at physical stores due to COVID-19, e-commerce and other sales are higher due to purchasing by people staying home for safety.

Sales and earnings were much higher than one year earlier. One reason is the ability to meet customers' needs by selling a large variety of products. Another contributor to growth is the diversification of risk exposure resulting from many years of activities to establish numerous sales channels. Measures that targeted demand associated with the economic benefits of government payments and subsidies involving the COVID-19 pandemic were another reason.

Fiscal years	1H FY4/19 (May 1, 2018 – October 31, 2018)	1H FY4/20 (May 1, 2019 – October 31, 2019)	1H FY4/21 (May 1, 2020 – October 31, 2020)	Reference FY4/20 (May 1, 2019 – April 30, 2020)
Net sales (Thousands of yen)	15,241,530	11,516,777	<b>18,727,992</b>	22,975,758
Operating profit (Thousands of yen)	4,233,342	1,721,229	<b>4,026,493</b>	2,504,326
Operating margin (%)	27.8	14.9	<b>21.5</b>	10.9
Ordinary profit (Thousands of yen)	4,266,593	1,634,560	<b>3,948,475</b>	2,310,752
Profit attributable to owners of parent (Thousands of yen)	2,626,652	952,763	<b>2,354,895</b>	1,322,586
Net income per share (Yen)	46.16	17.03	<b>42.80</b>	23.66

## Sales by Segment

YA-MAN is aiming for sales growth in all four channels: mail-order sales, store 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.

Store sales and earnings decreased as sales at home appliance stores and other channels were not enough to offset the decline in sales at duty-free stores. There were big increases in sales and earnings in the direct sales and overseas sales segments because of higher e-commerce sales linked to people staying home for safety during the COVID-19 crisis. Sales and earnings were higher in the mail-order sales segment too.

Fiscal years	1H FY4/19 (May 1, 2018 – October 31, 2018)	1H FY4/20 (May 1, 2019 – October 31, 2019)	1H FY4/21 (May 1, 2020 – October 31, 2020)	Reference FY4/20 (May 1, 2019 – April 30, 2020)
Mail-order sales (Thousands of yen)	1,944,749	2,455,129	<b>2,733,898</b>	4,418,156
Store sales (Thousands of yen)	5,826,087	4,064,717	<b>3,497,742</b>	6,827,885
Direct sales (Thousands of yen)	2,587,531	2,258,861	<b>6,657,120</b>	5,844,244
Overseas sales (Thousands of yen)	4,688,729	2,258,775	<b>5,491,269</b>	4,903,788
Other (Thousands of yen)	194,432	479,293	<b>347,961</b>	981,682
Total (Thousands of yen)	15,241,530	11,516,777	<b>18,727,992</b>	22,975,758

# Operating Profit by Segment

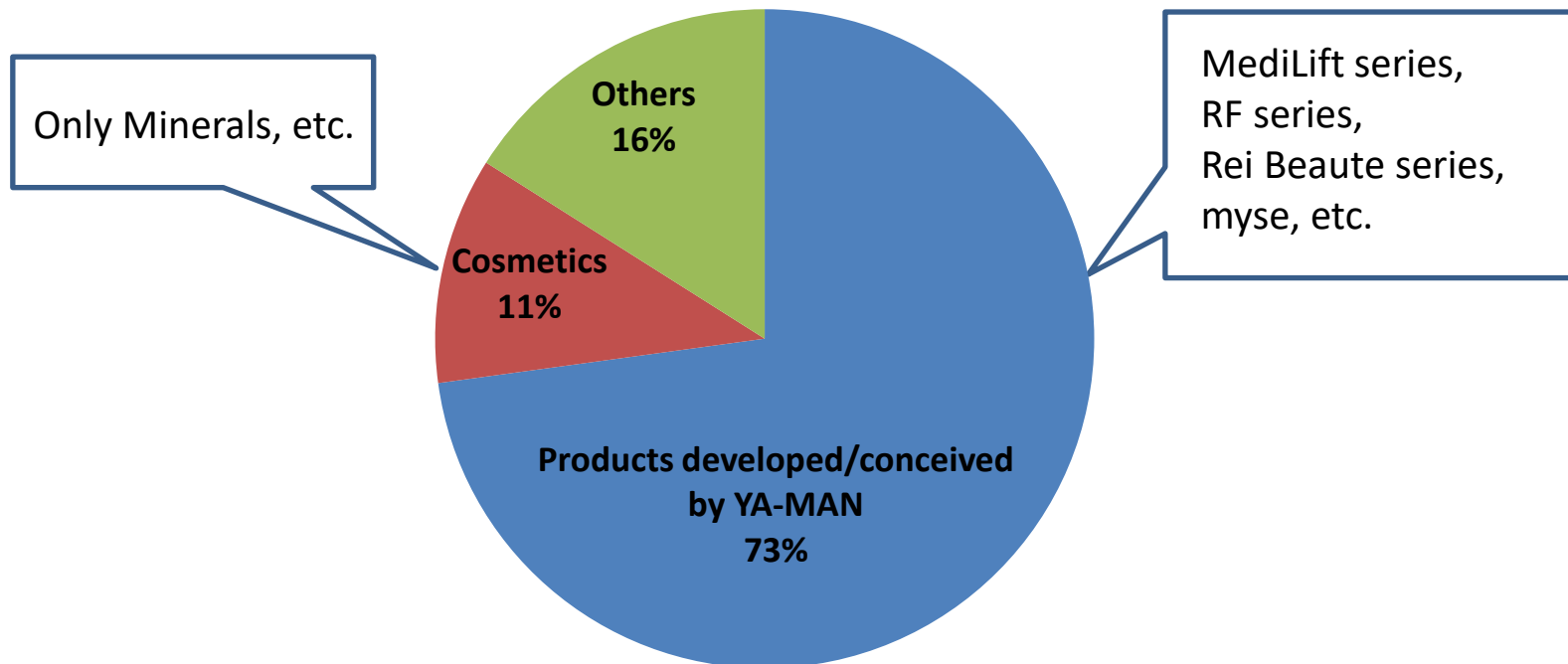
Fiscal years	1H FY4/19 <small>(May 1, 2018 – October 31, 2018)</small>	1H FY4/20 <small>(May 1, 2019 – October 31, 2019)</small>	1H FY4/21 <small>(May 1, 2020 – October 31, 2020)</small>	Reference FY4/20 <small>(May 1, 2019 – April 30, 2020)</small>
Mail-order sales (Thousands of yen)	862,161	997,483	<b>1,190,028</b>	1,678,352
Store sales (Thousands of yen)	2,697,426	1,471,460	<b>1,017,393</b>	2,045,803
Direct sales (Thousands of yen)	1,156,161	931,955	<b>3,011,411</b>	2,131,251
Overseas sales (Thousands of yen)	2,311,018	687,550	<b>2,078,950</b>	1,631,437
Other (Thousands of yen)	(3,585)	(63,982)	<b>(81,611)</b>	(141,994)
Adjustment (Thousands of yen)	(2,789,840)	(2,303,236)	<b>(3,189,678)</b>	(4,840,524)
Total (Thousands of yen)	4,233,342	1,721,229	<b>4,026,493</b>	2,504,326

# Composition of Sales

In the first half of FY4/21, products developed by YA-MAN and products conceived by YA-MAN and made by other companies accounted for 73% of sales. Cosmetics were 11% of sales and other purchased products were 16%.

Sales of the RF series (radio frequency facial care devices) remained stable and there was significant growth in sales of the Rei Beaute series of optical beauty devices.

The MediLift series of wearable beauty devices and Only Minerals and other cosmetics performed well.





## Balance Sheet Highlights

YA-MAN borrowed 2.5 billion yen from banks in May 2020 in order to increase working capital. This better prepares the YA-MAN Group for any unexpected events and other challenges associated with the prolonged effects of the COVID-19 pandemic. As a result, cash and deposits and interest-bearing debt increased. Inventories, trade receivables and trade payables increased due to sales growth.

Fiscal years	1H FY4/19 (October 31, 2018)	1H FY4/20 (October 31, 2019)	1H FY4/21 (October 31, 2020)	Reference FY4/20 (April 30, 2020)
Total assets (Thousands of yen)	19,421,125	17,842,681	<b>24,966,195</b>	17,292,977
Net assets (Thousands of yen)	13,299,165	13,669,024	<b>15,616,792</b>	13,361,715
Equity ratio (%)	68.5	76.6	<b>62.6</b>	77.3
Cash and deposits (Thousands of yen)	9,890,117	8,938,657	<b>12,733,155</b>	7,632,507
Trade receivables (Thousands of yen)	3,148,398	3,264,744	<b>4,056,274</b>	3,022,126
Inventories (Thousands of yen)	2,236,601	2,178,957	<b>3,234,954</b>	2,034,177
Trade payables (Thousands of yen)	2,383,335	1,453,072	<b>3,335,254</b>	1,622,527
Interest-bearing debt (Thousands of yen)	793,563	625,248	<b>2,926,805</b>	534,409

## Upcoming Initiatives

First half sales were far higher than one year earlier because YA-MAN benefited from a dramatic shift in the behavior of consumers caused by the COVID-19 crisis. The business climate for YA-MAN is still changing. We plan to continue making substantial investments that reflect these changes in order to aim for more sales growth.

One goal is to upgrade our R&D operations in order to create new product categories that reflect emerging consumer needs and can contribute to sales growth. As part of these measures, we will also place emphasis on joint R&D activities with research organizations in Japan and other countries.

Maintaining and further enhancing our quality assurance capabilities is another priority. This is essential in order to ensure that customers worldwide continue to recognize YA-MAN as a global brand for products that can be used with confidence.

We will use many TV commercials, advertisements in trains, stations and other transportation locations, and e-commerce advertisements for individual products. From a long-term perspective, advertising activities will also be used to increase awareness of the YA-MAN brand.

Our plans also include creating brands in Japan and other countries that we can use for operations as a sales agent in addition to YA-MAN Brand. Marketing research is another important component of our advertising and marketing activities.

Market conditions are extremely challenging, in part because of worries about a third wave of COVID-19 infections. We will continue to seek opportunities for M&A, equity alliances and other actions that can increase our corporate value. Our goal is to become a corporate group with powerful global brands that is capable of achieving sustained sales growth along with an operating margin of 20%.

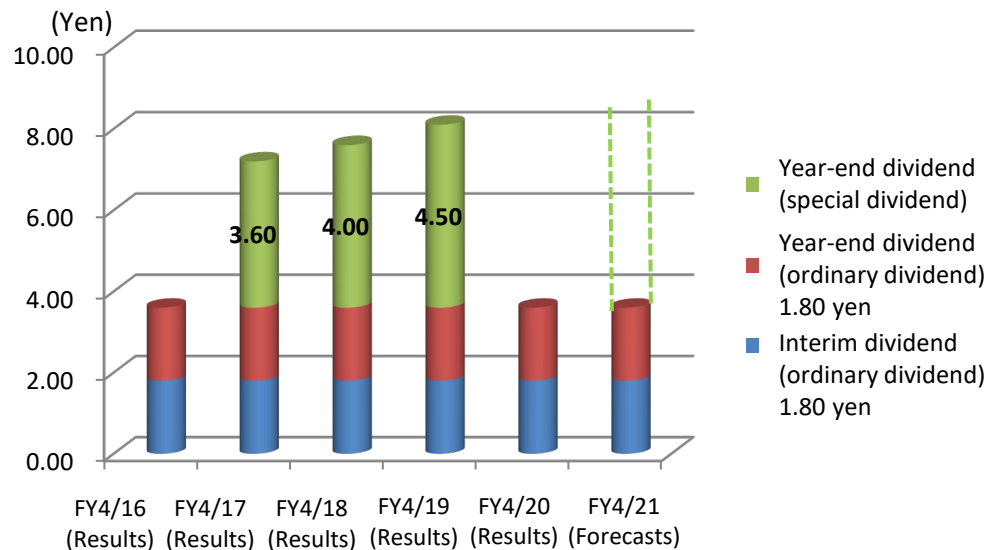
## Earnings Forecasts

There are no revisions to the forecast announced on November 17, 2020. An announcement will be made promptly if a forecast revision is needed.

	Full Year	
	Amount	YoY change (%)
Net sales (Millions of yen)	35,000	52.3
Operating profit (Millions of yen)	5,800	131.6
Ordinary profit (Millions of yen)	5,631	143.7
Profit attributable to owners of parent (Millions of yen)	3,420	158.6
Net income per share (Yen)	62.17	-

### Dividends

Distributing earnings to shareholders is a key priority of YA-MAN. Our policy is to pay a stable and consistent dividend every year and to determine the dividend by taking into consideration results of operations and all other applicable factors in each 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.

Following the Board of Directors' resolution on December 11, 2020, YAMAN plans to pay an interim dividend of 1.8 yen per share for the fiscal year ending April 30, 2021, as planned.

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

* Record date	October 31, 2020
* Scheduled date of payment	January 5, 2021
* Dividend per share	1.80 yen
* Total dividends	99,038,000 yen

## Transfer of Business of a Subsidiary and Liquidation of the Subsidiary

The YA-MAN Board of Directors approved a resolution on October 17, 2020 to transfer to YA-MAN all business activities of consolidated subsidiary D-FIT Co., Ltd. and liquidate this subsidiary after the completion of this transfer.

In accordance with the contract concluded for this transfer, the operations of D-FIT were transferred to YA-MAN on December 1, 2020.

YA-MAN acquired all of the stock of D-FIT on August 31, 2018. Since then, both companies worked together for the operation of D-FIT's stores, the expansion of its sales channels and other activities. Investments were made for rebranding products using the Makaanai Cosmetics brand and preparations were made for the launch of the new MAKANAI brand.

The COVID-19 crisis caused sales at stores, the primary sales channel of D-FIT, to fall sharply. Furthermore, it is impossible to determine an outlook for the operations of this company at this time. Consequently, we decided to take over all of the operations of D-FIT and then liquidate this company. We believe that using the brand of this company as one of YA-MAN's cosmetics brands is the best course of action from the standpoint of the efficiency of the YA-MAN Group's business operations.

An extraordinary loss of 485 million yen was recorded in the first half of this fiscal year to reflect the estimated losses resulting from this business transfer and liquidation. This loss is also incorporated in the fiscal year forecast.



- 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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