

Results of Operations for the First Half of FY4/20 (Six months ended October 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.

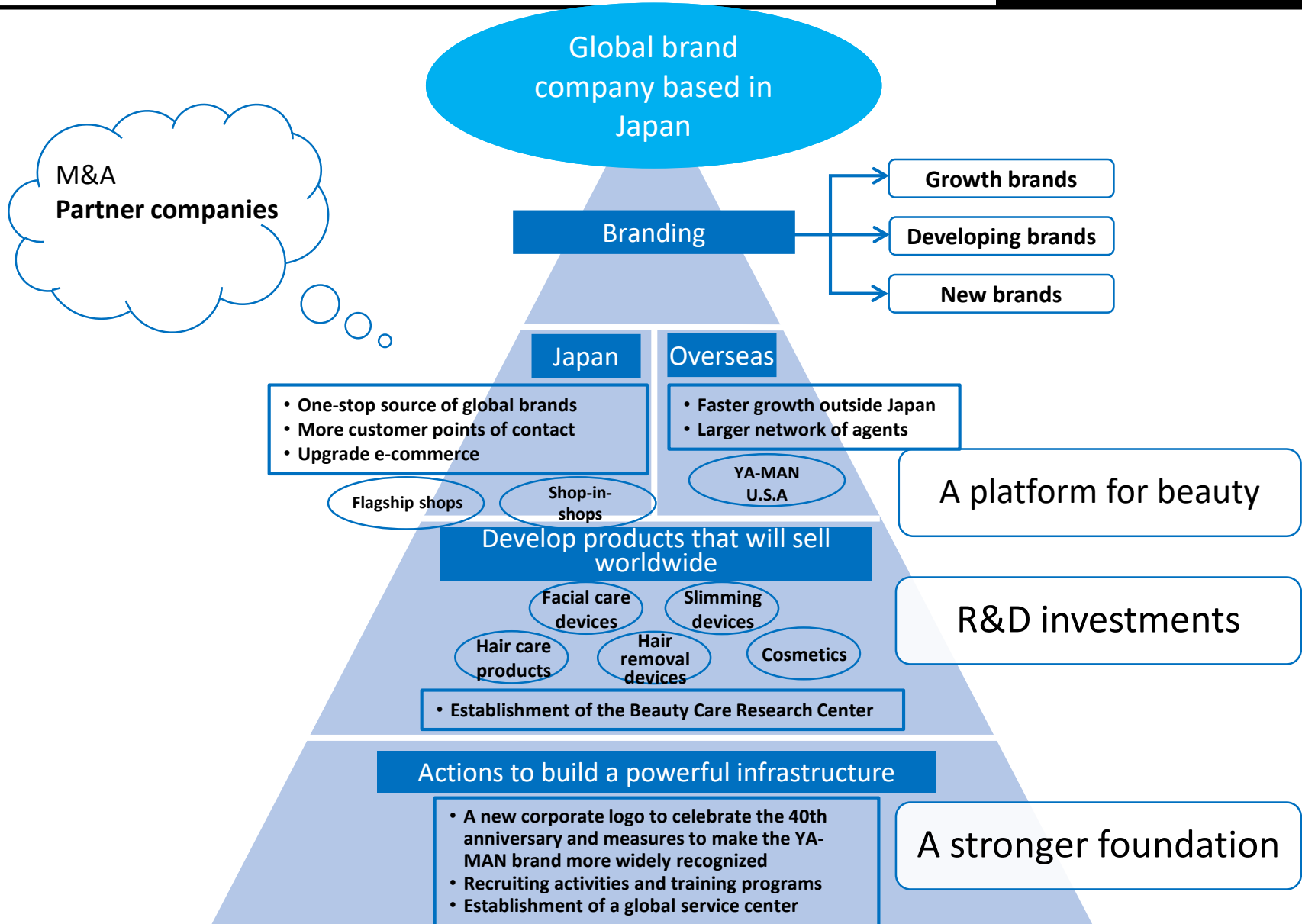
We will continue to renew our definition of “beautiful” to help attain perfect beauty

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 half, YA-MAN has made substantial investments for future growth, particularly for R&D programs to create new products, advertising and marketing activities centered on the YA-MAN brand and measures to reinforce the corporate infrastructure. The objective was sales growth in all four channels: mail-order sales, stores sales, direct sales and overseas sales.

Although sales to customers in Japan remained firm, sales to customers outside Japan, except in China, declined significantly. This downturn is caused by a decrease in sales to foreign tourists in Japan, which were a major source of the significant growth in sales and earnings in the past two fiscal years, political instability in Hong Kong and South Korea, and other factors.

Fiscal years	1H FY4/18 <small>(May 1, 2017 – October 31, 2017)</small>	1H FY4/19 <small>(May 1, 2018 – October 31, 2018)</small>	1H FY4/20 <small>(May 1, 2019 – October 31, 2019)</small>	Reference FY4/19 <small>(May 1, 2018 – April 30, 2019)</small>
Net sales (Thousands of yen)	12,158,570	15,241,530	11,516,777	27,252,371
Operating profit (Thousands of yen)	3,312,045	4,233,342	1,721,229	5,705,084
Operating margin (%)	27.2	27.8	14.9	20.9
Ordinary profit (Thousands of yen)	3,315,163	4,266,593	1,634,560	5,715,275
Profit attributable to owners of parent (Thousands of yen)	2,117,114	2,626,652	952,763	3,539,647
Net income per share (Yen)	37.12	46.16	17.03	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.

Sales via TV shopping channels were strong and catalog sales also showed a steady performance.

Store sales: Sales and earnings declined.

Sales to customers in Japan were firm but sales to overseas customers, including duty-free shops, fell sharply.

Direct sales: Sales and earnings decreased.

The plan was to gradually shift from sales generated from channels such as infomercials and printed media advertising towards Web-based sales, focused on our direct sales website, that would make it possible to reduce costs. However, sales failed to increase in this process.

Overseas sales: Sales and earnings decreased.

Sales in China remained strong but could not offset a decline in sales in Hong Kong and South Korea.

Fiscal years	1H FY4/18 (May 1, 2017 – October 31, 2017)	1H FY4/19 (May 1, 2018 – October 31, 2018)	1H FY4/20 (May 1, 2019 – October 31, 2019)	Reference FY4/19 (May 1, 2018 – April 30, 2019)
Mail-order sales (Thousands of yen)	2,338,618	1,944,749	2,455,129	3,383,094
Store sales (Thousands of yen)	5,210,326	5,826,087	4,064,717	9,644,014
Direct sales (Thousands of yen)	2,972,751	2,587,531	2,258,861	5,914,429
Overseas sales (Thousands of yen)	1,617,262	4,688,729	2,258,775	7,545,161
Other (Thousands of yen)	19,610	194,432	479,293	765,671
Total (Thousands of yen)	12,158,570	15,241,530	11,516,777	27,252,371

Operating Profit by Segment

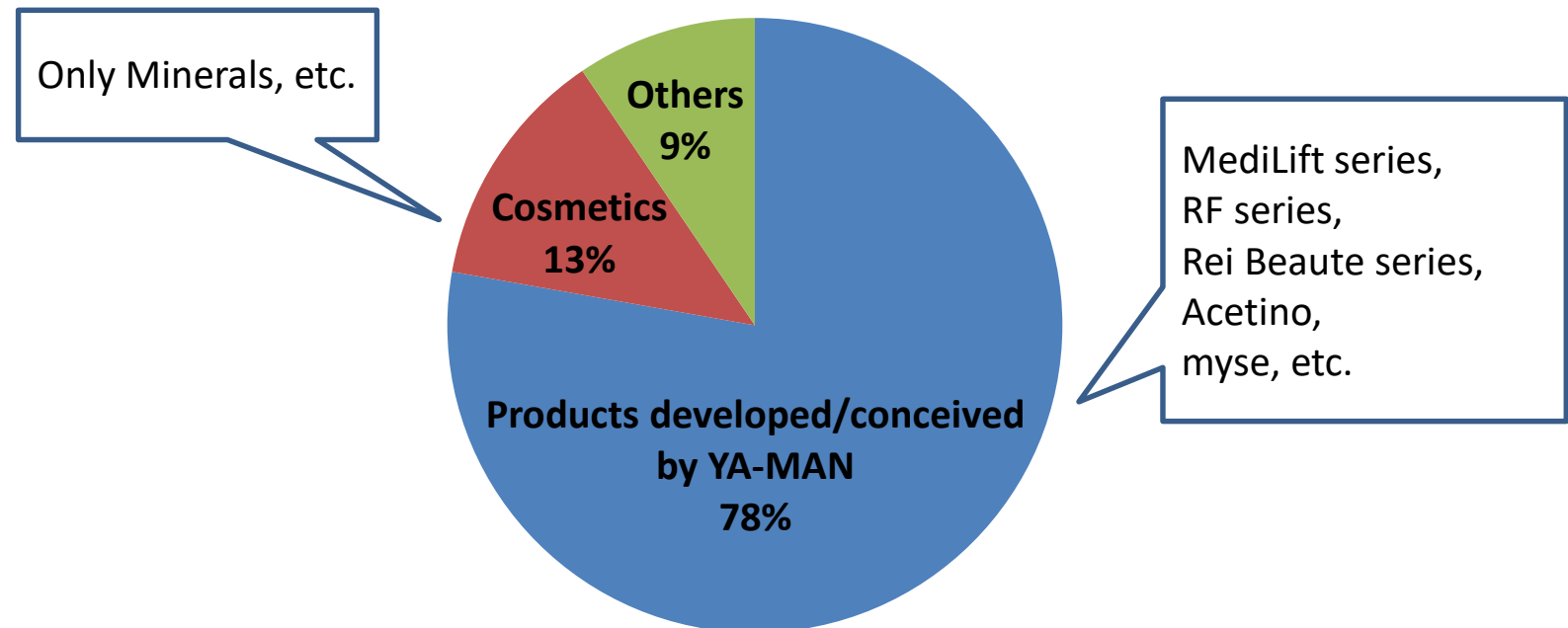
Fiscal years	1H FY4/18 <small>(May 1, 2017 – October 31, 2017)</small>	1H FY4/19 <small>(May 1, 2018 – October 31, 2018)</small>	1H FY4/20 <small>(May 1, 2019 – October 31, 2019)</small>	Reference FY4/19 <small>(May 1, 2018 – April 30, 2019)</small>
Mail-order sales (Thousands of yen)	979,853	862,161	997,483	1,407,829
Store sales (Thousands of yen)	2,332,020	2,697,426	1,471,460	3,687,255
Direct sales (Thousands of yen)	1,078,486	1,156,161	931,955	2,740,345
Overseas sales (Thousands of yen)	635,123	2,311,018	687,550	3,353,396
Other (Thousands of yen)	7,508	(3,585)	(63,982)	(20,839)
Adjustment (Thousands of yen)	(1,720,947)	(2,789,840)	(2,303,236)	(5,462,902)
Total (Thousands of yen)	3,312,045	4,233,342	1,721,229	5,705,084

Composition of Sales

In the first half of FY4/20, products developed by YA-MAN and products conceived by YA-MAN and made by other companies accounted for 78% of sales. Cosmetics were 13% of sales and other purchased products were 9%.

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

Only Minerals and Genie 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	1H FY4/18 (October 31, 2017)	1H FY4/19 (October 31, 2018)	1H FY4/20 (October 31, 2019)	Reference FY4/19 (April 30, 2019)
Total assets (Thousands of yen)	15,466,939	19,421,125	17,842,681	17,959,780
Net assets (Thousands of yen)	10,697,854	13,299,165	13,669,024	13,072,242
Equity ratio (%)	69.2	68.5	76.6	72.8
Cash and deposits (Thousands of yen)	9,156,898	9,890,117	8,938,657	8,133,532
Notes and accounts receivable-trade (Thousands of yen)	2,533,973	3,148,398	3,264,744	3,394,343
Inventories (Thousands of yen)	1,717,138	2,236,601	2,178,957	2,284,919
Notes and accounts payable-trade (Thousands of yen)	1,289,886	2,383,335	1,453,072	1,414,620
Interest-bearing debt (Thousands of yen)	862,183	793,563	625,248	583,395

Upcoming Initiatives

The environment for sales to customers outside Japan, except in China, remains severe. In response YA-MAN intends to launch more products that match the needs of overseas customers and start operations in more countries in order to achieve a recovery in sales to customers outside Japan.

YA-MAN also plans to continue making substantial investments for activities that contribute to sales growth in third quarter and afterwards.

In the fiscal year's second half, YA-MAN plans to make large expenditures for advertising and marketing activities, chiefly TV commercials, in order to increase sales of MediLift electrical muscle stimulation facial masks and establish a market for wearable beauty care devices. Another goal is increasing customer satisfaction by improving services at directly operated stores, shop-in-shop locations and other sales channels.

Earnings Forecasts

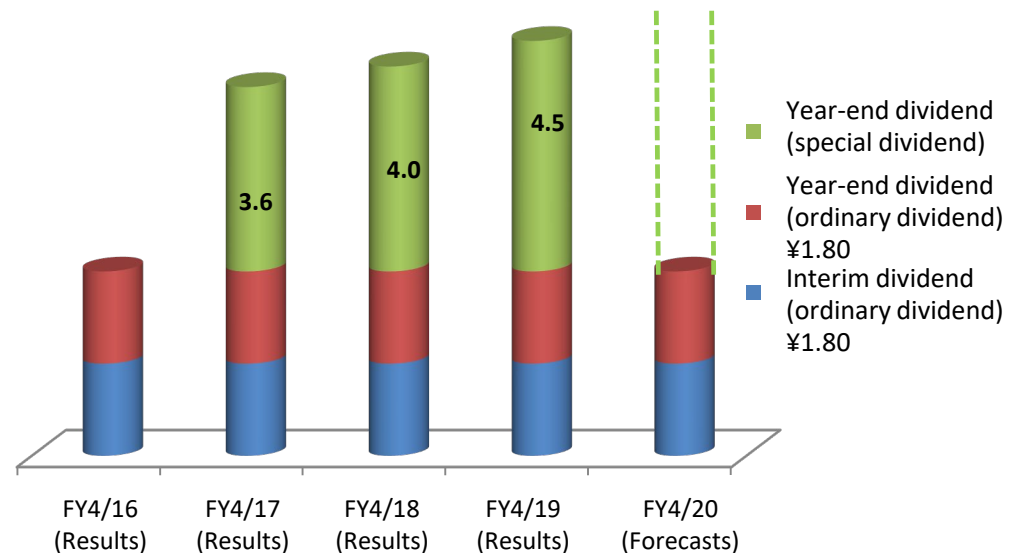
There are no revisions to the forecast announced on November 13, 2019. An announcement will be made promptly if a forecast revision is needed.

	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.

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 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 by comprehensively considering performance during the fiscal year as explained in the previous section.

* Record date	October 31, 2019
* Scheduled date of payment	January 7, 2020
* Dividend per share	1.80 yen
* Total dividends	100,699,000 yen

- 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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