

**News Release Dated August 16, 2018**

Company: YA-MAN LTD.  
Stock code: 6630, TSE (1st section)  
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and Representative Director  
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## **Acquisition of D-FIT and Private Placement of Treasury Shares for Partial Payment of the Acquisition**

The Board of Directors of YA-MAN LTD. approved a resolution on August 16, 2018 to purchase all of the stock of D-FIT Co., Ltd. The directors also approved a resolution to sell treasury shares through a private placement in order to cover part of the cost of purchasing this D-FIT stock.

### **I. Overview of the D-FIT Acquisition**

#### **1. Reason for the acquisition**

D-FIT sells Makanai Cosmetics products primarily by using its network of about 10 stores. There are stores in Kagurazaka in Tokyo's Shinjuku-ku, where the company's head office is also located, Kanazawa in Ishikawa prefecture, which is where the company started operations, the GRANSTA shopping arcade at Tokyo Station, Tokyo Skytree Town Solamachi, Haneda and Narita airports, and other locations.

YA-MAN and D-FIT both operate in the beauty and health care sector. This acquisition is expected to contribute to growth through collaboration involving existing and new businesses by utilizing the sales channels, sales methods and other strengths of each company. As a result, YA-MAN has signed a contract to purchase all the shares of D-FIT, which will make this company a subsidiary.

Sales to foreign tourists in Japan are expected to increase significantly. One reason is the steady growth in the number of these tourists in recent years. The 2020 Tokyo Olympics will draw even more visitors to Japan from other countries.

D-FIT differentiates itself from competitors by offering products that incorporate traditional Japanese beauty secrets. Acquiring this company is expected to contribute to the growth of its own business operations as well as produce synergies with YA-MAN's operations across a broad spectrum of activities. Based on this outlook, YA-MAN believes that this acquisition will make a big contribution to the YA-MAN Group's growth and to increasing the Group's corporate value.

#### **2. Method of acquisition**

In accordance with the stock purchase contract signed on August 16, 2018 with D-FIT President Mayumi Tachikawa and CEO Ryusuke Tachikawa, YA-MAN will purchase 350 shares of D-FIT stock from these individuals. As a result, D-FIT will become a wholly owned subsidiary of YA-MAN on August 31, 2018, the planned date for the transfer of ownership of the shares.

In addition, as part of the payment for the acquisition of this stock, YA-MAN plans to sell treasury shares to these two D-FIT executives.

More information about this sale of treasury shares is in section "II. Sale of Treasury Shares Using a Private Placement."

## 2. Profile of D-FIT Co., Ltd.

(1) Name	D-FIT Co., Ltd.	
(2) Location	3-1 Kagurazaka, Shinjyuku-ku, Tokyo	
(3) Representative	Mayumi Tachikawa, President	
(4) Business	Planning, development and sale of cosmetics, e-commerce sales, and other activities	
(5) Capital	20 million yen	
(6) Established	December 3, 1999	
(7) Major shareholders and shareholding ratios	Mayumi Tachikawa: 71.4% Ryusuke Tachikawa: 28.6% (As of August 16, 2018)	
(8) Relationships between YA-MAN and D-FIT	Capital	Not applicable.
	Personnel	Not applicable.
	Business	Not applicable.

Note: Some information about D-FIT has been omitted due to the confidentiality obligation included in the contract for the acquisition of D-FIT stock.

## 3. Overview of sellers

(1) Name	Mayumi Tachikawa
(2) Address	Chuo-ku, Tokyo
(3) Relationships between YA-MAN and Ms. Tachikawa	Not applicable.

(1) Name	Ryusuke Tachikawa
(2) Address	Chuo-ku, Tokyo
(3) Relationships between YA-MAN and Mr. Tachikawa	Not applicable.

## 4. Number of shares to be acquired and status of ownership before and after acquisition

(1) Number of shares held before acquisition	-
(2) Number of shares to be acquired	350 (Number of voting rights: 350)
(3) Number of shares to be held after acquisition	350 (Number of voting rights: 350) (Percentage of voting rights: 100%)

## 5. Acquisition price

The acquisition price of D-FIT stock is based on calculations of the value of this stock by an independent, third-party organization in accordance with D-FIT's past performance, current financial condition, outlook for business operations and the results of due diligence. YA-MAN believes this is a proper price of D-FIT stock.

In accordance with the confidentiality obligation included in the contract for the acquisition of D-FIT stock, the acquisition price is not disclosed as requested by D-FIT.

## 6. Schedule

(1) Board of Directors' resolution	August 16, 2018
(2) Contract signing	August 16, 2018
(3) Stock acquisition date	August 31, 2018 (tentative)

## 7. Outlook

Following the acquisition of this stock, D-FIT is expected to become a consolidated subsidiary of YA-MAN.

The acquisition of D-FIT will not have a significant effect on consolidated results of operations. An announcement will be made if there is any additional information that requires disclosure.

## II. Sale of Treasury Shares Using a Private Placement

### 1. Summary of disposal

(1) Deadline	August 31, 2018
(2) Treasury shares to be sold	Common stock: 76,000 shares
(3) Price	1,783 yen per share
(4) Total proceeds	135,508,000 yen
(5) Transfer method	Sale of treasury shares through a private placement
(6) Buyers	Mayumi Tachikawa and Ryusuke Tachikawa
(7) Other items	The preceding items are subject to effective registration of this transaction under the Financial Instruments and Exchange Act.

### 2. Purpose and reason for the sale of treasury shares

The purpose of the acquisition of D-FIT stock is to make this company a subsidiary.

More information about the acquisition of this stock is in section “I. Overview of the D-FIT Acquisition.”

The sale of treasury shares will take place along with a cash payment for the purchase of D-FIT stock. YA-MAN selected D-FIT President Mayumi Tachikawa and CEO Ryusuke Tachikawa as buyers for this private placement based on the belief that making these two executives YA-MAN shareholders and having them continue to manage D-FIT with the goal of achieving more growth in sales and earnings will contribute to the long-term growth of the corporate value of YA-MAN and D-FIT.

### 3. Amount procured, use of funds and estimated time of expenditures

#### (1) Amount procured

1) Total amount paid	- yen
2) Estimated issuing expenses	144,000 yen
3) Estimated net proceeds	- yen

Notes: 1. Estimated issuing expenses do not include consumption tax.

2. Issuing expenses include expenses for creating the Securities Registration Statement.

#### (2) Specific use of funds procured

No funds will be procured through the sale of treasury shares because YA-MAN will receive D-FIT common stock from Mayumi Tachikawa and Ryusuke Tachikawa rather than cash in exchange for these treasury shares.

### 4. Reasonableness of the use of funds

YA-MAN believes this sale of treasury shares through private placement is reasonable due to the expectation that using treasury shares to acquire D-FIT stock and make this company a subsidiary will strengthen the YA-MAN Group and help increase corporate value.

## **5. Reasonableness of the terms of the sale of treasury shares**

### **(1) Basis of calculation of amount to be paid and details**

The sale price of the treasury shares is 1,783 yen per share. This price is the simple average of the closing prices of YA-MAN stock on the first section of the Tokyo Stock Exchange during the two week period (August 1 to August 14) prior to August 15, 2018, which is the last business day before the date of the YA-MAN Board of Directors resolution to sell the treasury shares.

The decision to use a two-week average for YA-MAN stock was made because of the recent volatility of the company's stock price. Using an average price over a short period rather than a single date as the standard results in a more objective basis for the calculation. Furthermore, YA-MAN believed that the use of a two-week period after July 27, 2018, when the Company's Securities Report was submitted, would be reasonable. Both of these decisions were made after discussions with all parties involved.

The price of 1,783 yen per share is 1.7% higher than the closing price of 1,754 yen of YA-MAN common stock on August 15, 2018, the last business day before the Board of Directors resolution concerning the sale of treasury shares through private placement. The price is a 0.3% discount in relation to 1,788 yen, which is the simple average (fractions rounded down) of the closing prices of YA-MAN stock during the month that ended on August 15, 2018 (July 16 to August 15), a 14.1% discount in relation to 2,075 yen, which is the simple average (fractions rounded down) of the closing prices of YA-MAN stock during the preceding three-month period (May 16 to August 15), and a 16.4% discount in relation to 2,134 yen, which is the simple average (fractions rounded down) of the closing prices of YA-MAN stock during the preceding six-month period (February 16 to August 15). Consequently, YA-MAN believes that the price per share is not particularly advantageous from the standpoint of the Company.

In addition, this price per share conforms to the Guidelines Concerning Treatment of Capital Increases by Allotment to a Third Party of the Japan Securities Dealers Association. As a result, YA-MAN believes that this price is reasonable.

All three YA-MAN corporate auditors (all of whom are outside auditors) who attended the Board of Directors meeting that approved the sale of treasury shares through private placement submitted the following opinion concerning this transaction. The price objectively reflects recent results of operations and the market's valuation of YA-MAN stock. Also, the acquisition price of D-FIT stock is reasonable based on all applicable factors and was determined after performing the necessary and suitable procedures. As a result, the price per share is not particularly advantageous from the standpoint of the buyers and this price complies with applicable laws and regulations.

The acquisition price of D-FIT stock is based on calculations of the value of this stock by an independent, third-party organization in accordance with D-FIT's past performance, current financial condition, outlook for business operations and the results of due diligence. YA-MAN believes this is a proper price of D-FIT stock.

### **(2) Basis for judgment that the number of shares to be sold and the level of dilution are reasonable**

YA-MAN will sell 76,000 treasury shares (760 voting rights), which is 0.13% of the 58,348,880 shares of stock currently issued and 0.13% of the 570,221 voting rights as of April 30, 2018. As result, there will be some dilution.

However, YA-MAN believes that the sale of these treasury shares for the acquisition of D-FIT stock (making this company a subsidiary) will contribute to the medium to long-term growth of corporate value and shareholder value. Consequently, the judgment was made that the number of shares and level of stock dilution are reasonable.

## 6. Reasons for selection of buyers

### (1) Profile of buyers

1) Name	Mayumi Tachikawa
2) Address	Chuo-ku, Tokyo
3) Title	President of D-FIT Co., Ltd.
4) Relationships between YA-MAN and Ms. Tachikawa	Not applicable.

1) Name	Ryusuke Tachikawa
2) Address	Chuo-ku, Tokyo
3) Title	CEO of D-FIT Co., Ltd.
4) Relationships between YA-MAN and Mr. Tachikawa	Not applicable.

YA-MAN has signed contracts with Mayumi Tachikawa and Ryusuke Tachikawa stating that these individuals are not anti-social forces or members of anti-social organizations and have no intentional relationships with these organizations. Investigations were performed that included the use of Tokucho Co., Ltd. (Representative: Kazue Arakawa; Address: 3-2-1 Kanda-Surugadai, Chiyoda-ku, Tokyo), a third-party investigation company, searches of external databases and media articles, and other activities. These activities resulted in the conclusion that these individuals have no relationship with anti-social forces.

YA-MAN has submitted a confirmation of this conclusion to the Tokyo Stock Exchange.

### (2) Reason for selection of D-FIT

Please refer to “2. Purpose and reason for the sale of treasury shares.”

### (3) Policy of D-FIT concerning YA-MAN stock

YA-MAN has received a verbal confirmation from Mayumi Tachikawa and Ryusuke Tachikawa of their intent to be medium to long-term holders of the YA-MAN stock they receive as a result of this sale of treasury shares.

YA-MAN plans to receive a pledge in writing from these individuals regarding the following actions if either one transfers ownership of all or part of this YA-MAN stock within two years of the payment date of August 31, 2018: submit a report in writing to YA-MAN concerning the transaction; YA-MAN will report the information in this report to the Tokyo Stock Exchange; and the information in this report will be made available to the public.

### (4) Confirmation that D-FIT has the financial sources for the payment for the treasury shares

Not applicable because YA-MAN will receive D-FIT stock as payment for the treasury shares.

## 7. Major shareholders and shareholding ratios after the sale

Before (As of April 30, 2018)		After	
Yukiteru Yamazaki	14.56%	Yukiteru Yamazaki	14.54%
Kimiyo Yamazaki	10.87%	Kimiyo Yamazaki	10.86%
Shizuko Yamazaki	10.44%	Shizuko Yamazaki	10.42%
Japan Trustee Services Bank, Ltd. (Trust Account)	4.89%	Japan Trustee Services Bank, Ltd. (Trust Account)	4.88%
Mitsuhide Yamazaki	4.30%	Mitsuhide Yamazaki	4.29%
Victoria Yamazaki (Standing Proxy: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	3.64%	Victoria Yamazaki (Standing Proxy: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	3.64%
Tomomi Yamazaki (Standing Proxy: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	3.64%	Tomomi Yamazaki (Standing Proxy: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	3.64%
MSCO CUSTOMER SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	3.36%	MSCO CUSTOMER SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	3.35%
Iwao Yamazaki	2.58%	Iwao Yamazaki	2.58%
MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1.80%	MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1.80%

Notes: 1. Based on the shareholder register as of April 30, 2018.

2. In addition to the major shareholders in this table, there are 1,320,690 treasury shares (as of April 30, 2018) that will decrease to 1,244,690 shares after the D-FIT acquisition.

3. Percentages are rounded to the hundredths place.

## 8. Outlook

YA-MAN believes that the sale of these treasury shares will contribute to the medium to long-term growth of corporate value and shareholder value. However, there will not have a significant effect on YA-MAN's results of operations at this time.

## 9. Item concerning procedure with regard to corporate code of conduct

The sale of treasury shares does not require the receipt of an opinion from an independent third party or the confirmation of the wishes of shareholders as prescribed in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange. The reason is that this transaction 1) has a dilution ratio of less than 25% and 2) does not involve a change in the controlling shareholder.

## 10. Business results for and equity finance in the last three years

(1) Consolidated business results for the last three years

	FY4/16	FY4/17	FY4/18
Consolidated sales (million yen)	16,310	19,969	23,030
Consolidated operating profit (million yen)	1,028	3,503	5,385
Consolidated ordinary profit (million yen)	1,002	3,533	5,345
Profit attributable to owners of parent (million yen)	591	2,269	3,399
Consolidate net income per share	10.15 yen	39.79 yen	59.62 yen
Dividend per share	36.00 yen	72.00 yen	23.80 yen
Consolidated net assets	119.54 yen	155.80 yen	208.27 yen

Notes: 1. YA-MAN conducted a ten-for-one common stock split effective on November 1, 2017.

Consolidate net income per share and consolidated net assets are calculated as if this stock split had taken place at the beginning of FY4/16.

2. Dividends per share adjusted to reflect this stock split are as follows.

	FY4/16	FY4/17	FY4/18
Dividend per share	3.60 yen	7.20 yen	7.60 yen

(2) Current number of shares outstanding and dilutive shares (As of August 16, 2018)

	Number of shares	Ratio to total number of issued shares
Number of shares outstanding	58,348,880 shares (including treasury shares)	100%
Number of dilutive shares at current conversion price (exercise price)	- shares	- %
Number of dilutive shares at minimum conversion price (exercise price)	- shares	- %
Number of dilutive shares at maximum conversion price (exercise price)	- shares	- %

(3) Recent stock prices

1) Situation over the last three years

	FY4/16	FY4/17	FY4/18
Open	1,611 yen	1,980 yen	5,400 yen
High	2,333 yen	6,770 yen	14,030 yen * 2,765 yen
Low	1,350 yen	1,710 yen	5,270 yen * 1,253 yen
Close	2,050 yen	5,430 yen	* 2,385 yen

Note: YA-MAN conducted a ten-for-one common stock split effective on November 1, 2017. The share price with asterisk (\*) is ex-rights price of shares after the stock split.

2) Situation over the last six (6) months

	February	March	April	May	June	July
Open	1,835 yen	1,750 yen	2,420 yen	2,377 yen	2,578 yen	1,834 yen
High	1,883 yen	2,528 yen	2,765 yen	2,788 yen	2,631 yen	1,875 yen
Low	1,475 yen	1,632 yen	2,308 yen	2,275 yen	1,831 yen	1,690 yen
Close	1,776 yen	2,414 yen	2,385 yen	2,606 yen	1,858 yen	1,772 yen

3) Stock price as of the business day prior to the resolution for issuance

	August 15, 2018
Open	1,795 yen
High	1,802 yen
Low	1,748 yen
Close	1,754 yen

(4) Equity financing within the last three years

Not applicable.

## 11. Summary of disposal

(1) Type and number of shares	Common stock: 76,000 shares
(2) Price	1,783 yen per share
(3) Total proceeds	135,508,000 yen *All proceeds will be received as D-FIT stock
(4) Method	Private placement
(5) Payment date	August 31, 2018 (tentative)
(6) Buyers and number of shares to be sold	Mayumi Tachikawa: 38,000 shares Ryusuke Tachikawa: 38,000 shares
(7) Treasury shares remaining after sale	1,244,690 shares
(8) Other items	The preceding items are subject to effective registration of this transaction under the Financial Instruments and Exchange Act.

(Reference) Consolidated Forecasts for the Fiscal Year Ending April 30, 2019 (announced on June 13, 2018)  
and results for the previous fiscal year

	Consolidated sales (million yen)	Consolidated operating profit (million yen)	Consolidated ordinary profit (million yen)	Profit attributable to owners of parent (million yen)
Forecasts for the fiscal year ending April 30, 2019	25,101	5,015	4,999	3,150
Results for the fiscal year ended April 30, 2018	23,030	5,385	5,345	3,399