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Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending April 30, 2023
(Three Months Ended July 31, 2022)
[Japanese GAAP]



September 13, 2022

Company name: YA-MAN LTD.
Listing: Tokyo Stock Exchange
Stock code: 6630
URL: <https://www.ya-man.co.jp/>
Representative: Kimiyo Yamazaki, President and Representative Director
Contact: Masaya Miyazaki, Director, General Manager of Administration Division
Tel: +81-(0) 3-5665-7330
Scheduled date of filing of Quarterly Report: September 13, 2022
Scheduled date of payment of dividend: -
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended July 31, 2022 (May 1, 2022 – July 31, 2022)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jul. 31, 2022	11,688	9.9	1,784	(39.1)	2,104	(28.8)	1,381	(31.7)
Three months ended Jul. 31, 2021	10,639	21.5	2,929	75.8	2,955	85.7	2,021	110.2

Note: Comprehensive income (million yen) Three months ended Jul. 31, 2022: 1,403 (down 30.6%)
Three months ended Jul. 31, 2021: 2,022 (up 110.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jul. 31, 2022	25.11	-
Three months ended Jul. 31, 2021	36.75	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jul. 31, 2022	33,493	23,139	69.1
As of Apr. 30, 2022	30,552	22,093	72.3

Reference: Shareholders' equity (million yen) As of Jul. 31, 2022: 23,139
As of Apr. 30, 2022: 22,093

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Apr. 30, 2022	Yen -	Yen 2.00	Yen -	Yen 6.50	Yen 8.50
Fiscal year ending Apr. 30, 2023	-				
Fiscal year ending Apr. 30, 2023 (Forecast)		4.25	-	4.25	8.50

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. Breakdown of the year-end dividend for the fiscal year ended Apr. 30, 2022: Ordinary dividend: 2.00 yen
Special dividend: 4.50 yen

3. Consolidated Earnings Forecast for the Fiscal Year Ending April 30, 2023 (May 1, 2022 – April 30, 2023)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	22,000	5.2	4,400	12.1	4,200	2.2	2,909	4.1	52.89
Full year	50,000	22.1	10,000	45.3	9,600	19.1	6,652	19.1	120.90

Note: Revisions to the most recently announced consolidated earnings forecast: None

*** Notes:**

- (1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None
Newly added: - Excluded: -
- (2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and accounting-based estimates, and restatements
- 1) Changes in accounting policies due to revisions in accounting standards, others: None
 - 2) Changes in accounting policies other than 1) above: Yes
 - 3) Changes in accounting-based estimates: None
 - 4) Restatements: None
- (4) Number of shares outstanding (common stock)
- 1) Number of shares outstanding at the end of the period (including treasury shares)
As of Jul. 31, 2022: 58,348,880 shares As of Apr. 30, 2022: 58,348,880 shares
 - 2) Number of treasury shares at the end of the period
As of Jul. 31, 2022: 3,327,668 shares As of Apr. 30, 2022: 3,327,668 shares
 - 3) Average number of shares outstanding during the period
Three months ended Jul. 31, 2022: 55,021,212 shares Three months ended Jul. 31, 2021: 55,021,212 shares

*** The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.**

*** Cautionary statement with respect to forward-looking statements and other special items**

Cautionary statement with respect to forecasts

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. For assumptions for financial forecasts and notes of caution for using the forecasts, please refer to “Qualitative Information on Quarterly Consolidated Financial Performance” on page 2 of the attachments.

How to view supplementary materials for financial results

Supplementary materials for the financial results will be available on YA-MAN website on Tuesday, September 13, 2022.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter (May 1, 2022 to July 31, 2022) of the current fiscal year, the Japanese economy showed a gradual recovery trend along with the establishment of lifestyles to coexist with COVID-19, although there remained the risk of a resurgence in infections.

However, the economic outlook in Japan and overseas remained uncertain due to such factors as the sharp rise in global resource prices, the rapid depreciation of the yen, and price escalations.

In this environment, as the culminating period of the medium-term management plan announced in November 2020, the YA-MAN Group strived to optimize its sales channels such as home shopping sales, store sales, direct sales, and overseas operations, while addressing various management issues to accomplish the goals of sales of 50 billion yen and an operating margin of 20% or more.

Although each sales channel in Japan failed to reach the level of the same period of the previous fiscal year when sales had increased significantly, sales in China remained strong. As a result, net sales increased 9.9% year-on-year to 11,688 million yen, exceeding those of the same period of the previous fiscal year.

In terms of profit, ordinary profit decreased 28.8% year-on-year to 2,104 million yen and profit attributable to owners of parent decreased 31.7% year-on-year to 1,381 million yen due to increased cost of goods sold resulting from higher procurement costs caused by the depreciation of the yen, sales promotion and advertising activities focused on new categories such as hair care/shavers, and active upfront investments in research and development, securing and training human resources, and other activities.

Since this trend of yen depreciation is expected to continue for the time being, we plan to review our supply chain and reduce costs by shifting to a planned production system for our main products.

Business segment performance was as follows.

1) Home shopping sales

Sales in this segment represent sales to TV shopping companies, sales to catalog sales companies, and sales to companies that sell products exclusively on the Internet.

In the first quarter, due to struggling sales of products by terrestrial TV shopping channels, segment sales decreased 16.3% year-on-year to 1,345 million yen and segment profit decreased 34.9% year-on-year to 483 million yen.

2) Store sales

Sales in this segment represent mainly sales of products at home appliance stores, major department stores and variety shops.

In the first quarter, major department stores were on the recovery track, but home appliance stores and variety shops handling make-up were affected by a decline in the number of customers. As a result, segment sales decreased 22.8% year-on-year to 1,904 million yen and segment profit decreased 45.3% year-on-year to 528 million yen.

From the second quarter onward, we plan to expand sales of hair care/shavers, a new category, mainly at home appliance stores, in order to recover sales in the fall and winter sales season.

3) Direct sales

Sales in this segment are derived from sales of products to individuals by using infomercials, magazines, newspapers, the Internet and other channels.

In the first quarter, we continued to focus activities on sales of products using our direct sales website, online shopping malls and other e-commerce platforms.

Although the ratio of e-commerce sales grew steadily, sales decreased 16.4% year-on-year to 2,608 million yen and segment profit decreased 32.7% year-on-year to 1,243 million yen as a result of focusing on efficiency and increasing upfront investment in repeat sales.

4) Overseas operations

Sales in this segment represent mainly sales to overseas home shopping companies, wholesale companies and individuals.

In the first quarter, e-commerce sales in China remained very strong, especially for events such as the 6.18 shopping festival. As a result, sales increased 84.5% year-on-year to 5,809 million yen and segment profit increased 107.2% year-on-year to 2,290 million yen.

(2) Explanation of Financial Position

Total assets as of July 31, 2022 increased by 2,941 million yen from the end of the previous fiscal year to 33,493 million yen. This is mainly attributable to an increase in notes and accounts receivable – trade, and contract assets of 2,068 million yen, an increase in accounts receivable – other of 1,623 million yen and an increase in merchandise and finished goods of 1,379 million yen, despite a decrease in cash and deposits of 2,959 million yen.

Total liabilities as of July 31, 2022 increased by 1,895 million yen from the end of the previous fiscal year to 10,354 million yen. This is mainly attributable to an increase in notes and accounts payable – trade of 2,730 million yen, despite a decrease in income taxes payable of 1,029 million yen.

Total net assets as of July 31, 2022 increased by 1,045 million yen from the end of the previous fiscal year to 23,139 million yen. This is mainly attributable to an increase in retained earnings of 1,023 million yen resulting from the recording of 1,381 million yen in profit attributable to owners of parent, despite the payment of 357 million yen in dividends from surplus.

(3) Consolidated Financial Forecasts and Other Forward-looking Statements

In the second quarter and beyond, we will continue to actively invest mainly in sales promotion and advertising and research and development to raise the level of sales in each sales channel, develop new sales channels and create new categories, and strive to accomplish our goals of sales of 50 billion yen and an operating margin of 20% or more as stated in our medium-term management plan.

Although there are no revisions to the consolidated earnings forecast announced on June 14, 2022, we will promptly announce revisions if we determine in the future that such revisions are necessary.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of April 30, 2022	As of July 31, 2022
Assets		
Current assets		
Cash and deposits	16,649,109	13,689,441
Notes and accounts receivable – trade, and contract assets	5,194,903	7,262,935
Merchandise and finished goods	2,887,195	4,266,396
Work in process	45,227	60,545
Raw materials and supplies	1,186,405	1,840,368
Accounts receivable – other	933,772	2,557,537
Other	1,011,026	1,320,489
Allowance for doubtful accounts	(128)	–
Total current assets	27,907,512	30,997,713
Non-current assets		
Property, plant and equipment	541,324	580,132
Intangible assets	624,268	586,920
Investments and other assets		
Investment securities	300,000	300,000
Shares of subsidiaries and associates	424,436	287,962
Other	754,631	740,890
Total investments and other assets	1,479,067	1,328,853
Total non-current assets	2,644,661	2,495,906
Total assets	30,552,173	33,493,620
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,870,634	4,601,404
Current portion of long-term borrowings	624,000	624,000
Accounts payable - other	2,225,917	2,257,174
Income taxes payable	1,804,934	775,863
Provision for bonuses	80,092	42,167
Other	514,770	872,799
Total current liabilities	7,120,349	9,173,409
Non-current liabilities		
Long-term borrowings	1,330,000	1,174,000
Other	8,614	7,182
Total non-current liabilities	1,338,614	1,181,182
Total liabilities	8,458,964	10,354,592
Net assets		
Shareholders' equity		
Share capital	1,813,796	1,813,796
Capital surplus	1,432,431	1,432,431
Retained earnings	21,678,982	22,702,680
Treasury shares	(2,887,118)	(2,887,118)
Total shareholders' equity	22,038,091	23,061,789
Accumulated other comprehensive income		
Foreign currency translation adjustment	55,117	77,238
Total accumulated other comprehensive income	55,117	77,238
Total net assets	22,093,208	23,139,027
Total liabilities and net assets	30,552,173	33,493,620

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

(Thousand yen)

	For the three months ended July 31, 2021	For the three months ended July 31, 2022
Net sales	10,639,958	11,688,001
Cost of sales	3,890,800	4,532,558
Gross profit	6,749,158	7,155,443
Selling, general and administrative expenses		
Advertising expenses	2,005,903	3,356,461
Provision of allowance for doubtful accounts	–	(136)
Salaries and allowances	298,005	357,282
Provision for bonuses	38,514	42,167
Depreciation	47,078	56,982
Research and development expenses	106,248	129,790
Other	1,324,389	1,428,780
Total selling, general and administrative expenses	3,820,140	5,371,328
Operating profit	2,929,018	1,784,115
Non-operating income		
Interest income	14	142
Dividend income	–	10,781
Foreign exchange gains	30,902	460,826
Other	2,428	677
Total non-operating income	33,345	472,427
Non-operating expenses		
Interest expenses	3,522	5,550
Guarantee commission	–	315
Loss on sale of trade receivables	1,519	68
Share of loss of entities accounted for using equity method	1,457	146,036
Other	291	489
Total non-operating expenses	6,790	152,460
Ordinary profit	2,955,572	2,104,081
Extraordinary losses		
Loss on retirement of non-current assets	7,169	–
Total extraordinary losses	7,169	–
Profit before income taxes	2,948,403	2,104,081
Income taxes	926,548	722,745
Profit	2,021,854	1,381,335
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	2,021,854	1,381,335

Quarterly Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the three months ended July 31, 2021	For the three months ended July 31, 2022
Profit	2,021,854	1,381,335
Other comprehensive income		
Foreign currency translation adjustment	626	13,227
Share of other comprehensive income of entities accounted for using equity method	99	8,892
Total other comprehensive income	725	22,120
Comprehensive income	2,022,580	1,403,456
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,022,580	1,403,456
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the event of significant changes in shareholders' equity)

There is no relevant information.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the first quarter under review and multiplying quarterly profit before income taxes by such an estimated effective tax rate.

(Changes in accounting policies)

(Change in inventory valuation method)

Effective from the beginning of the first quarter under review, the Company has changed its inventory valuation method from the cost method based on the weighted average method to the cost method based on the moving average method.

The purpose of this change is to calculate periodic profit and loss more promptly and appropriately in conjunction with the construction of a new core system.

Since it is practically impossible to calculate the cumulative effect of retrospective application of the moving average method for past fiscal years, the book value at the end of the previous fiscal year is deemed to be the balance at the beginning of the fiscal year under review.

The effect of this change in accounting policy is immaterial.

(Additional information)

(Accounting estimates regarding the impact of the COVID-19 pandemic)

There have been no material changes to the assumptions regarding the impact of the COVID-19 pandemic described in (Additional Information) (Accounting estimates regarding the impact of the COVID-19 pandemic) of the Annual Securities Report for the previous fiscal year.

(Segment information, etc.)

(Segment information)

I. For the three months ended July 31, 2021

Information on net sales and profit, and information on disaggregation of revenue, by reportable segment

(Thousand yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Home shopping sales	Store sales	Direct sales	Overseas operations	Total				
Net sales									
Revenue from contracts with customers	1,608,175	2,466,786	3,120,152	3,148,223	10,343,338	296,620	10,639,958	–	10,639,958
Revenue from other sources	–	–	–	–	–	–	–	–	–
Net sales to outside customers	1,608,175	2,466,786	3,120,152	3,148,223	10,343,338	296,620	10,639,958	–	10,639,958
Intersegment net sales or transfers	–	–	–	–	–	9,724	9,724	(9,724)	–
Total	1,608,175	2,466,786	3,120,152	3,148,223	10,343,338	306,345	10,649,683	(9,724)	10,639,958
Segment profit	743,480	966,116	1,847,172	1,105,245	4,662,015	156,892	4,818,908	(1,889,889)	2,929,018

(Notes) 1. “Others” is a business segment not included in the reportable segment and includes the advanced electronics division.

2. The adjustment for segment profit of (1,889,889) thousand yen includes the elimination of intersegment transactions of 10,437 thousand yen, corporate expenses of (1,898,696) thousand yen that are not allocated to each reportable segment, and elimination of unrealized profit of (1,630) thousand yen. Corporate expenses mainly consist of selling, general and administrative expenses that do not belong to any reportable segment.

3. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

II. For the three months ended July 31, 2022

Information on net sales and profit, and information on disaggregation of revenue, by reportable segment

(Thousand yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Home shopping sales	Store sales	Direct sales	Overseas operations	Total				
Net sales									
Revenue from contracts with customers	1,345,434	1,904,502	2,608,379	5,809,586	11,667,903	20,098	11,688,001	–	11,688,001
Revenue from other sources	–	–	–	–	–	–	–	–	–
Net sales to outside customers	1,345,434	1,904,502	2,608,379	5,809,586	11,667,903	20,098	11,688,001	–	11,688,001
Intersegment net sales or transfers	–	–	–	–	–	–	–	–	–
Total	1,345,434	1,904,502	2,608,379	5,809,586	11,667,903	20,098	11,688,001	–	11,688,001
Segment profit	483,709	528,365	1,243,714	2,290,214	4,546,003	14,147	4,560,151	(2,776,036)	1,784,115

(Notes) 1. “Others” is a business segment not included in the reportable segment and includes the advanced electronics division.

2. The adjustment for segment profit of (2,776,036) thousand yen includes the elimination of intersegment transactions of 7,800 thousand yen, corporate expenses of (2,763,251) thousand yen that are not allocated to each reportable segment, and elimination of unrealized profit of (20,584) thousand yen. Corporate expenses mainly consist of selling, general and administrative expenses that do not belong to any reportable segment.

3. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.