



Consolidated Financial Results for the First Quarter FY04/23 [Japanese GAAP]

September 14, 2022

Name of listed company Hamee Corp.	Listed stock exchanges	East
Code Number 3134	URL https://hamee.co.jp/	
Representative (Title) President and CEO	(Name) Ikuhiro Mizushima	
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Scheduled date to file Quarterly Securities Report	Scheduled date of commencement of dividend payment	-
Preparation of supplementary material on quarterly financial results: Yes		
Quarterly results briefing : None (On October 3, 2022, we plan to post a video explaining our financial results on https://hamee.co.jp/ir/library/video.) (Millions of yen are rounded down.)		

1. FY04/23 Q1 consolidated results (May 1, 2022 to July 31, 2022)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1 FY04/23	3,106	18.7	248	△24.3	296	△14.7	206	△18.7
Q1 FY04/22	2,617	△2.5	327	△21.2	347	△13.2	254	△2.4

(NOTE) Comprehensive income Q1 FY04/23 346 Millions of yen (37.0%) Q1 FY04/22 252 Millions of yen △10.0%)

	Earnings Per share	Diluted Earnings Per share
	Yen	Yen
Q1 FY04/23	13.02	13.01
Q1 FY04/22	16.02	15.96

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
Q1 FY04/23	10,457	8,287	78.3
FY04/22	10,518	8,252	77.6

(Reference) Shareholders' equity Q1 FY04/23 8,192 Millions of yen FY04/22 8,157 Millions of yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of the third quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY04/22	-	0.00	-	22.50	22.50
FY04/23	-	-	-	-	-
FY04/23 (Forecast)	-	0.00	-	22.50	22.50

(NOTE) Revisions to the most recently announced dividend forecasts None

3. Forecast of Consolidated Financial Results for the Year Ending April 2023 (May 1, 2022 to April 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net profit attributable to owners of parent		Earnings Per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	15,932	18.8	2,293	4.1	2,295	△1.5	1,575	△9.6	99.10

(NOTE) Revisions to the consolidated forecasts most recently announced :None

(NOTE) Because we manage our performance on an annual basis, our earnings forecasts are only for the full fiscal year.

※ Notes

(1) Changes of important subsidiaries during the period : None

(changes in specified subsidiaries resulting in change in scope of consolidation)

New - Exclusion -

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements : None

(3) Changes in accounting policies and changes or restatement of accounting estimates

- ① Changes in accounting policies caused by revision of accounting standards : Yes
- ② Changes in accounting policies other than ① : Yes
- ③ Changes in accounting estimates : None
- ④ Restatement : None

(4) Number of shares of outstanding (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)	Q1 FY04/23	16,268,800Shares	FY04/22	16,268,800Shares
② Number of treasury shares at the end of the period	Q1 FY04/23	369,516Shares	FY04/22	369,516Shares
③ Average number of shares during the period (quarterly consolidated cumulative period)	Q1 FY04/23	15,899,284Shares	Q1 FY04/22	15,885,335Shares

※ This quarterly financial report is not subject to quarterly review by a certified public accountant or auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on the current quarter's performance, (3) Explanation of future forecasts such as Consolidated performance Forecasts" on page 4 of the attached material for the assumptions underlying the earnings forecasts and notes on the use of the earnings forecasts.

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1. Qualitative Information on the current quarter's performance

(1) Explanation of Operating Results

In the first quarter of the fiscal year under review, despite the ongoing recovery trend toward normalization due to the impact of COVID-19, conditions remained challenging due to the lack of prospects for convergence of infectious diseases due to the emergence of new, highly infectious stocks. In addition, the outlook is extremely uncertain due to the impact of sudden exchange rate fluctuations and other factors.

Under these circumstances, the status of each business segment in the first quarter of the fiscal year under review was as follows.

From the first quarter of the current fiscal year, the business segments listed as reportable segments have been changed. Comparison and analysis for the first quarter of the current fiscal year are based on the new classification. For details of the changes, please refer to "3. Changes in reportable segments" under "2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Quarterly Consolidated Financial Statements (Segment information, etc.) Segment information."

① Commerce segment

a. Mobile Life Business

Domestic wholesale sales increased due to the normalization of socioeconomic activities following the relaxation of behavioral restrictions caused by COVID-19. Domestic retail (EC) sales were affected by the relaxation of behavioral restrictions. In iFace, our mainstay product, sales of First Class series, which has been the norm since its launch, were sluggish, while sales of Look in Clear series, which is a full-clear case newly released in the previous fiscal year, grew. As a result, performance was at the same level as the same period of the previous fiscal year.

b. Gaming accessories business

In the previous fiscal year, there was a continuation of a period in which procurement was not targeted due to problems in the semiconductor supply chain and other factors. However, this issue was largely resolved and sales continued steadily in the first quarter of the fiscal year under review. In the previous fiscal year, only own store and Amazon 1 store were operated, but we accelerated the opening of PayPay malls in May 2022 and Rakuten Ichiba and YAHUOKU! in July.

c. Cosmetics Business

We made tough progress compared to the full-year plan. To a certain extent, we have successfully entered the cosmetics industry by aggressively implementing PR advertising centered on influencer marketing and significantly increasing brand recognition. As a result, in the distribution sector, in addition to stores in the Tokyo metropolitan area, stores handling mid-size-sized products expanded, and the number of stores handling sheet masks expanded further from July on the occasion of the release of sheet masks. On the other hand, due to variations in merchandise handled at each store and issues related to sales capabilities, we were unable to reach our expectations. Currently, we are working to strengthen sales for distribution in response to the sales issues that we are seeing.

In retail (EC), where we had projected a large amount of sales in the plan, sales fell short of expectations due to CPA's failure to meet expected levels and shipment volumes falling short of expectations. Currently, we have strengthened our workforce in web advertising, and in line with this, we have changed to an advertising agency that specializes in more management advertising. In terms of products, we plan to introduce a trial set of skincare products in the future, and aim to increase the purchase rate. In addition, we opened stores in Amazon in July and Qoo10 in August in order to link the awareness that increased through PR advertising to purchasing, and we plan to continue opening stores in major malls thereafter. Through these measures, we aim to improve CPA.

d. Global Business

The Korean subsidiary posted a decrease in profit due to higher costs resulting from the weaker yen and rising raw material costs, as well as an increase in local personnel and advertising expenses associated with the development of the cosmetics brand in the Korean market. At the U.S. subsidiary, the sales growth trend from the previous fiscal year continued firmly in the first quarter of the fiscal

year under review, and the categories of Otamatone, low-rebound general merchandise Squishy, and iFace grew firmly.

As a result, the Commerce Segment posted net sales of JPY2,331,870 thousand (up 21.4% from the same quarter of the previous year) and segment income (operating income) of JPY159,748 thousand (down 44.1 %).

② Platform segment

a. Next Engine Business

Although contract acquisition settled compared to the previous quarter, the pace of acquisition remained high compared to the period before COVID-19. In addition, the churn rate improved due to strengthened follow-up with customers during on-boarding. In addition, as a result of the smooth progress of projects in the server cloud infrastructure investment that we have been working on since the previous year, we have strengthened our responsiveness in business continuity, etc. in the event of a disaster. In addition, server costs began to decline after peaking in the fourth quarter of the previous fiscal year, which led to an improvement in the profit margin.

b. Consulting Business

In addition to trends in EC consulting as planned, growth in design and construction boosted the overall consulting business. In securing consultant resources, which is an ongoing issue, outsourcing expenses increased due to outsourcing, while recruitment expenses were not incurred, resulting in an increase in profits.

c. Localco Business

As a result of sales activities in the previous year, transactions with new municipalities contributed from the fiscal year under review, resulting in net sales of 111.6% compared to the previous fiscal year. We are also strengthening sales by promoting collaboration with external partners in order to acquire new local governments for the next fiscal year.

As a result, the Platform segment recorded sales of JPY774,269 thousand (up 11.3% from the same quarter of the previous year) and segment profit (operating income) of JPY322,841 thousand (up 23.8% from the same quarter of the previous year) for the first quarter of the current fiscal year.

As a result, in the first quarter of the current fiscal year, net sales were JPY3,106,139 thousand (up 18.7% year on year), operating income was JPY248,322 thousand (down 24.3%), ordinary income was JPY296,620 thousand (down 14.7%), and profit attributable to owners of parent was JPY206,986 thousand (down 18.7%).

(2) Explanation of Financial Position

Assets at the end of the first quarter of the current fiscal year decreased by 61,036 thousand from the end of the previous fiscal year to JPY10,457,157 thousand. This was mainly due to an increase of JPY141,427 thousand in product and an increase of JPY168,306 thousand in right-of-use assets at overseas consolidated subsidiaries, as described in "Changes in Accounting Policies", as a result of the adoption of International Financial Reporting Standards, which were partially offset by a decrease of JPY705,425 thousand in cash and deposits due to dividend payments and income taxes paid.

Liabilities decreased by JPY95,736 thousand from the end of the previous fiscal year to JPY2,169,540 thousand. This was mainly due to an increase of JPY149,123 thousand in other current liabilities and JPY79,798 thousand in other non-current liabilities as a result of the adoption of International Financial Reporting Standards at overseas consolidated subsidiaries, as well as a decrease of JPY261,581 thousand in income taxes payable due to the payment of income taxes.

Net assets increased by JPY34,700 thousand from the end of the previous fiscal year to JPY8,287,616 thousand. This was mainly due to a decrease of JPY104,800 thousand in retained earnings, while there was an increase of JPY139,262 thousand in foreign currency translation adjustment.

(3) Explanation of future forecasts such as Consolidated performance Forecasts

There are no changes to the full-year consolidated earnings forecast announced on June 13, 2022.

2. Quarter Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2022)	End of 1st quarter of the fiscal year under review (As of July 31, 2022)
Assets		
Current assets		
Cash and deposits	4,025,758	3,320,332
Notes and accounts receivable	1,667,063	1,526,434
Inventory	1,428,407	1,569,834
Work in process	9,556	20,798
Raw materials and supplies	5,507	11,307
Advance payments	551,987	402,284
Others	501,449	1,020,543
Allowance for doubtful accounts	△31,493	△37,102
Total current assets	8,158,236	7,834,431
Fixed assets		
Property, plant and equipment		
Buildings	738,271	759,645
Accumulated depreciation	△90,409	△85,309
Buildings, net	647,862	674,336
Automotive equipment	2,370	2,462
Accumulated depreciation	△712	△451
Automotive equipment, net	1,657	2,010
Tools, furniture and fixtures	859,869	900,832
Accumulated depreciation	△628,646	△618,381
Tools, furniture, and fixtures, net	231,223	282,450
Right-of-use asset	-	449,859
Accumulated depreciation	-	△281,552
Right-of-use assets, net	-	168,306
Land	331,201	343,952
Construction in progress	664	849
Total property, plant and equipment	1,212,610	1,471,906
Intangible assets		
Goodwill	136,347	84,641
Software	302,343	306,147
Trademark right	15,424	14,951
Others	3,093	6,711
Total intangible assets	457,208	412,451
Investments and other assets		
Investment securities	32,302	43,543
Stocks of subsidiaries and affiliates	39,232	41,283
Net defined benefit asset	-	55,942
Deferred tax assets	473,990	507,845
Others	144,611	89,752
Total investments and other assets	690,137	738,367
Total noncurrent assets	2,359,956	2,622,725
Total assets	10,518,193	10,457,157

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2022)	End of 1st quarter of the fiscal year under review (As of July 31, 2022)
Liabilities		
Current liabilities		
Accounts payable	173,579	215,650
Short-term loans	500,000	500,000
Current portion of long-term loans payable	43,853	31,844
Accounts payable-other	821,281	762,625
Accrued expenses	221,240	240,287
Income taxes payable	361,473	99,891
Provision for bonuses	41,824	6,865
Others	69,063	218,187
Total current liabilities	2,232,316	2,075,352
Noncurrent liabilities		
Obligations for retirement pay	19,000	-
Asset retirement obligations	11,143	11,572
Others	2,817	82,616
Total Noncurrent liabilities	32,960	94,188
Total liabilities	2,265,277	2,169,540
Net assets		
Shareholders' equity		
Paid-in Capital	597,803	597,803
Capital surplus	541,753	541,753
Retained earnings	7,198,228	7,093,428
Treasury stock	△355,971	△355,971
Total shareholders' equity	7,981,813	7,877,013
Other accumulated comprehensive income		
Valuation difference on securities	727	964
Adjustments on Foreign currency statement translation	174,767	314,030
Total other accumulated comprehensive income	175,494	314,995
Stock Option	95,608	95,608
Total net assets	8,252,916	8,287,616
Total liabilities and net assets	10,518,193	10,457,157

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

Consolidated income statement for the quarter

First Quarter

	(Thousands of yen)	
	First quarter of previous fiscal year (May 1, 2021 to July 31, 2021)	First quarter of fiscal year under review (May 1, 2022 to July 31, 2022)
Net sales	2,617,227	3,106,139
Cost of sales	952,799	1,208,075
Gross profit	1,664,428	1,898,064
Selling, general and administrative expenses	1,336,563	1,649,742
Operating income	327,864	248,322
Non-operating income		
Interest income	395	1,879
Gain from forgiveness of debt	12,073	-
Foreign exchange gains	2,701	41,051
Others	9,014	11,736
Total non-operating income	24,183	54,667
Non-operating expenses		
Interest expenses	55	2,198
Payment Guarantee Fee	1,680	1,853
Equity in losses of affiliates	1,730	1,832
Others	890	485
Total non-operating expenses	4,357	6,369
Ordinary profit	347,690	296,620
Extraordinary gains		
Gain on sales of noncurrent assets	-	307
Total extraordinary profit	-	307
Extraordinary loss		
Loss on valuation of investment securities	3,472	-
Total extraordinary loss	3,472	-
Quarter net profit before income taxes and minority interests	344,218	296,928
Income taxes	98,045	29,242
Income taxes-deferred	△8,307	60,698
Total income taxes	89,738	89,941
Quarterly net profit	254,480	206,986
Quarterly net profit attributable to owners of parent	254,480	206,986

Quarterly Consolidated Statements of Comprehensive Income
 First Quarter

(Thousands of yen)

	First quarter of previous fiscal year (May 1, 2021 to July 31, 2021)	First quarter of fiscal year under review (May 1, 2022 to July 31, 2022)
Quarterly net profit	254,480	206,986
Other comprehensive income		
Valuation difference on securities	△111	237
Adjustment on foreign currency statement translation	△1,431	139,262
Total other comprehensive income	△1,542	139,500
Quarterly comprehensive income	252,937	346,486
(Details)		
Quarterly comprehensive income attributable to owners of the parent	252,937	346,486
Comprehensive income attributable to noncontrolling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Calculation of Fair Value)

We have applied the "Implementation Guidance on Accounting Standard for Calculation of Fair Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Implementation Guidance on Accounting Standard for Market Value Calculation") from the beginning of the first quarter of the current fiscal year, and will apply the new accounting policy stipulated by the Implementation Guidance on Market Value Accounting Standard in accordance with the transitional treatment stipulated in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Market Value Calculation in the future. We do not hold any financial instruments whose fair value is presented as the quarterly consolidated balance sheet value, and there is no impact on the quarterly consolidated financial statements.

(Adoption of Accounting Practices Based on International Financial Reporting Standards ("IFRS") in Overseas Subsidiaries and the Immediate Treatment of Accounting Practices for Overseas Subsidiaries in the Preparation of Consolidated Financial Statements)

Formerly, foreign consolidated subsidiaries, Hamee Global Inc. (hereafter, "Global"), Hamee US, Corp. (hereafter, "US"), Hamee Shanghai Tech & Trading Co., Ltd. (hereafter, "Shanghai"), each of the three companies, prepared their financial statements in accordance with local standards. However, the two companies of US and Shanghai became 100% subsidiaries of Hamee Global Inc. (our 100% subsidiaries) by the end of the previous consolidated fiscal year. Taking this opportunity, the three companies of Global, US, and Shanghai adopted IFRS from the beginning of the current consolidated fiscal year in order to standardize their accounting procedures and strengthen their performance management.

In addition, we have adopted the "Immediate Treatment of Accounting Practices for Overseas Subsidiaries, etc. in the Preparation of Consolidated Financial Statements" (ASBJ PITF No. 18, September 14, 2018) from the current fiscal year. Previously, the three overseas consolidated subsidiaries, Global, US, and Shanghai, had each reclassified their financial statements prepared in accordance with local accounting standards into financial statements prepared in accordance with Japanese accounting standards. From the fiscal year under review, financial statements prepared in accordance with IFRS by the three companies of Global, US, and Shanghai have been used for the purpose of our consolidated accounting procedures. The adoption of Practical Issues Task Force No. 18, etc. is in accordance with the transitional treatment, and the cumulative effect of the change in accounting policy is recorded in retained earnings at the beginning of the fiscal year under review.

As a result, the impact of retained earnings on the beginning balance of the current fiscal year, profit and loss for the current fiscal year, and per share information is insignificant.

(Segment information, etc.)

[Segment Information]

I Previous First Quarter (May 1, 2021 to July 31, 2021)

1.Information on net sales and profits or losses by reportable segment and revenue decomposition information
(Thousands of yen)

	Reportable segments			Adjusted amount (NOTE)1	Quarterly consolidated amount recorded in the income statement (NOTE)2
	Commerce	PlatForm	Total		
Net sales					
Arise from contracts with customers revenue	1,921,372	695,854	2,617,227	-	2,617,227
Sales to customers	1,921,372	695,854	2,617,227	-	2,617,227
Inter-segment sales or reclasses	-	-	-	-	-
Total	1,921,372	695,854	2,617,227	-	2,617,227
Segment profit/ loss (△)	285,545	260,717	546,263	△218,398	327,864

(NOTE)1. The adjusted amount of segment loss,△JPY218,398 thousand is mainly corporate expenses that are not allocated to each reportable segment, and is mainly general and administrative expenses.

(NOTE)2. Segment income is consistent with operating income in the quarterly consolidated statements of income.

2.Information on impairment loss on noncurrent assets and goodwill by reportable segment

Not applicable.

II Current First Quarter (May 1, 2022 to July 31, 2022)

1.Information on net sales and profits or losses by reportable segment and revenue decomposition information
(Thousands of yen)

	Reportable segments			Adjusted amount (NOTE)1	Quarterly consolidated amount recorded in the income statement (NOTE)2
	Commerce	PlatForm	Total		
Net sales					
Arise from contracts with customers revenue	2,331,870	774,269	3,106,139	-	3,106,139
Sales to customers	2,331,870	774,269	3,106,139	-	3,106,139
Inter-segment sales or reclasses	-	-	-	-	-
Total	2,331,870	774,269	3,106,139	-	3,106,139
Segment profit/ loss (△)	159,748	322,841	482,589	△234,267	248,322

(NOTE)1. The adjusted amount of segment loss,△JPY234,267 thousand is mainly corporate expenses that are not allocated to each reportable segment, and is mainly general and administrative expenses.

(NOTE)2. Segment income is consistent with operating income in the quarterly consolidated statements of income.

2.Information on impairment loss on noncurrent assets and goodwill by reportable segment

Not applicable.

3.Changes in reportable segments

In accordance with Article 370 of the Companies Act of June 13, 2022 (a written resolution in lieu of a resolution by the Board of Directors), we decided to change certain reportable segments in accordance with the new management structure upon the spin-off of the platform business. Major changes are as follows.

	Hamic	Localco (Hometown Tax Payment)	RUKAMO	Next Engine Korea (Note)
Existing segments (until the fiscal year ended April 2022)	Others	Others	Others	Platform
Segment after change (from the fiscal year ended April 2023)	Commerce	Platform	Platform	Commerce

(NOTE) Next Engine Korea plans to aggregate and disclose services suitable for the Korean EC market in the Commerce Segment in order to seek new forms of services while independently developing and developing them under Hamee Global Inc.

Segment information for the first quarter of the previous fiscal year is based on the new classification method.

(Significant Subsequent Events)

Not applicable.