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Company Hamee Corp.

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Notice Regarding Revisions to Full-Year Earnings Forecasts

We have announced the following revisions to our consolidated earnings forecasts for the fiscal year ending April 2023, which were announced on June 13, 2022, in light of recent performance trends.

1.Contents of revision

Revisions to forecasts for the full year ending April 2023 (May 1, 2022-April 30, 2023)

	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
Initial forecast(A)	15,932	2,293	2,295	1,575	99.10
Revised forecast(B)	14,098	1,014	1,145	764	48.10
Change(B-A)	△1,833	△1,278	△1,149	△810	
Change (%)	△11.5%	△55.7%	△50.1%	△51.5%	
[Reference] Consolidated results for the previous fiscal year(FY04/22)	13,413	2,202	2,329	1,743	109.72

2.Reasons for the revisions

Considering the results in the second quarter consolidated cumulative period, we revised the full-year consolidated earnings forecast. The following is a summary of the results forecasts, which are considered for each segment.

(1)Commerce Business

Within the domestic Commerce Business, in the Mobile Life Business, demand for the iPhone 14 series launched in September 2022 was sluggish than expected, products for the new iPhone did not perform well. Due to the concentrated investment of human resources such as product development resources and sales resources for the new iPhone shopping sales, manufacture of products for models other than the new iPhone and development of new products incorporating market trends behind schedule. As a result, both wholesale sales and retail sales fell short of initial forecasts.

In the Cosmetics Business, the launch of skin care products (toner pads, serum, cream, etc.), which had been developed with positioning as a mainstay product group, was significantly delayed from April to September, which resulted in a significant comparison to the full-year plan.

In the Global Business, the U.S. subsidiary saw significant growth in sales of Otamatone, a music toys, and squeezes for low-rebound general merchandise. However, gross profit margin declined as a result of discount sales implemented as part of sales expansion measures and inventory valuation losses, and operating expenses increased, such as an increase in advertising expenses. As a result, there was a deviation from the initial forecast on a profit basis.

In light of these conditions, conservative earnings forecasts are forecast to result in net sales of JPY10,717 million (down 15.5% from the previous forecast) and segment income of JPY694 million (down 71.2%).

Regarding issues in the Mobile Life Business, we have already implemented organizational changes aimed at improving product development and the speed of market introduction, and we will work on recovery from the third quarter onward on a company-wide basis. In the Cosmetics Business, orders have steadily increased since the launch of skincare products, and market recognition has progressed, including by winning various awards sponsored by the media. Accordingly, the group will continue to invest in advertising and promotion while improving profitability. In the Global Business, from the third quarter onward, the group will revise sales prices and revise sales promotion measures in an effort to improve profitability.

(2)Platform Business

We have conservatively revised our estimates of growth in the number of contracted clients and ARPU trends in light of current conditions and changes in the business environment, including structural changes in EC marketplace, a reaction to advanced consumer behavior (digital shift) due to COVID-19, and a shift in urgent management issues for EC businesses. While there is no change in our policy of maintaining recurring revenue based on a solid customer base and high profitability by continuing to thoroughly manage costs, as a result of the above estimates, net sales are expected to be JPY3,383 million (down 7.6% year on year) and segment income is expected to be JPY1,337 million(down 5.6% year on year).

(3) Adjusted amount (administrative expenses)

Thorough cost control is expected to reduce expenses by JPY121 million, resulting in △JPY1.017 million (up 13.6% year on year).

(NOTE)The above forecasts are based on information available as of the announcement date, and actual results may differ from the forecasts due to various factors going forward.

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