



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

March 16, 2023

Name of listed company Hamee Corp. Listed stock exchanges Tokyo Stock Exchange  
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 Scheduled date to file March 16, 2023 Scheduled date of commencement\_ of dividend payment  
 Quarterly Securities Report  
 Preparation of supplementary material on quarterly financial results : Yes  
 Quarterly results briefing : None

(Millions of yen are rounded down.)

### 1.FY04/23 Q3 consolidated results (May 1, 2022 to January 31, 2023)

#### (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                             | %     |
| Q3 FY04/23 | 10,542          | 5.6  | 1,169            | △37.6 | 1,212           | △37.1 | 814   | △43.7 |
| Q3 FY04/22 | 9,979           | 10.2 | 1,874            | 13.3  | 1,928           | 19.7  | 1,448                                       | 26.5  |

(NOTE) Comprehensive income Q3 FY04/23 JPY963million (△33.1%) Q3 FY04/22 JPY1,439million (11.4%)

|            | Earnings Per share | Diluted Earnings Per share |
|------------|--------------------|----------------------------|
|            | Yen                | Yen                        |
| Q3 FY04/23 | 51.25              | 51.19                      |
| Q3 FY04/22 | 91.15              | 90.88                      |

#### (2)Consolidated Financial Position

|            | Total assets    | Net assets      | Equity Ratio |
|------------|-----------------|-----------------|--------------|
|            | Millions of yen | Millions of yen | %            |
| Q3 FY04/23 | 12,374          | 8,913           | 71.3         |
| FY04/22    | 10,518          | 8,252           | 77.6         |

(Reference) Shareholders' equity Q3 FY04/23 JPY8,818million FY04/22 JPY8,157million

### 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            | -                    | 0.00                  | -                        |          |       |
| FY04/23 (Forecast) |                      |                       |                          | 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 | 14,098          | 5.1 | 1,014            | △53.9 | 1,145           | △50.8 | 764   | △56.1 | 48.10              |

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

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

※ Notes

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

(Changes in specified subsidiaries resulting in changes in the 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)

|            |                  |            |                  |
|------------|------------------|------------|------------------|
| Q3 FY04/23 | 16,268,800Shares | FY04/22    | 16,268,800Shares |
| Q3 FY04/23 | 363,716Shares    | FY04/22    | 369,516Shares    |
| Q3 FY04/23 | 15,902,468Shares | Q3 FY04/22 | 15,892,214Shares |

② Number of treasury shares at the end of the period

③ Average number of shares during the period (quarterly consolidated cumulative period)

※ 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 5 of the attached material for the assumptions underlying the earnings forecasts and notes on the use of the earnings forecasts.

## ○Accompanying Materials – Contents

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## 1. Qualitative Information on the current quarter's performance

### (1) Explanation of Operating Results

In the first three quarters of the fiscal year under review, the Bank of Japan's economic outlook improved in the non-manufacturing sector, particularly in the personal service sector, reflecting the trend toward easing of behavioral restrictions associated with the spread of COVID-19, as evidenced by the positive 13, 2 point increase in the DI (Business Conditions Index) for all large enterprises according to the Bank of Japan Tankan from the previous survey (September). On the other hand, concerns about deterioration in business performance in the manufacturing sector, etc. due to rising raw material and energy prices have not been dispelled against the background of the yen's depreciation and the Ukrainian situation, and the sense of uncertainty about the future remains unclear.

In this business environment, our operating results by segment for the third quarter of the fiscal year under review were as follows.

From the first quarter of the current fiscal year, we have changed the business segments to be reported as reportable segments. The comparison and analysis for the third quarter of the current fiscal year are based on the classification after the change. For details of the changes, see "3. Changes in reportable segments" in "2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Segment Information etc.)"

#### ① Commerce segment

##### a. Mobile Life Business

In the third quarter of the fiscal year under review, as in the second quarter of the fiscal year under review, demand for iPhone14 series was more sluggish than anticipated due to the rise in prices, and products for new iPhone remained sluggish. In addition, changes in consumer behavior were seen due to the rise in raw material and energy prices. As a result, both wholesale and retail sales continued to struggle, resulting in a significant decline in sales.

To improve this situation, in the third quarter of the fiscal year under review, we actively took various measures, including improving the speed of developing products for models other than new iPhone and new products that incorporate market trends. As a result, we launched "Hang And", a new iFace series with shoulder straps, in February. In addition to standard products such as the First Class series, which has become a popular igniter, and the Reflection series, which has penetrated the market at a faster pace than this, we expect it to be the next new series after the Look in Clear series, which is a full clear case newly released in the previous fiscal year. In addition, the group focused on strengthening sales in the previous series by developing promotional campaigns through collaborative plans with popular VTuber group in order to reaffirm its name in the marketplace.

##### b. Gaming Accessories Business

Sales grew steadily in the cumulative third quarter as the balance between prices and performance was evaluated. In October, Pixio, a gaming monitor brand, won the Category Award (personal computers and office supplies category) in Amazon.co.jp Retailer Award 2022. In addition, we focused on delivering products to eSports cafes operated by TechnoBlood eSports Inc., which were invested in our business to create synergies, and promoting real-world sales activities such as exhibitions of actual machines. Sales of EC increased significantly from the same period of the previous fiscal year because of the accelerated opening of PayPay Mall in May 2022, Rakuten Ichiba and Yahoo Auction! in July, despite the operation of only the own EC site and Amazon 1 store in the previous fiscal year.

##### c. Cosmetics Business

The release of skin care products (toner pad, beauty salon, cream, etc.), which had been positioned as a mainstay product group, was significantly delayed compared to the full-year plan due to the substantial delay from April to September, which was originally planned. However, sales began to grow from the cumulative second quarter due to the release of this product group, and recognition is

expanding with the recognition of 24 awards sponsored by various media companies as cosmetics that attract attention.

Sales channels have also expanded to include five wholesalers and EC5 stores (own EC site, Amazon, Qoo10, Yahoo! and Rakuten) as of the end of 3Q. Meanwhile, in response to the increase in sales channels, the group's policy is to improve ROAS by maintaining a certain level of investment in advertising and promotion. However, depending on the timing of the implementation of promotional measures, investment in advertising and promotion may advance.

Although we were able to launch and expand sales of our mainstay product lineup, which is a prerequisite for the formulation of our business plan, it will take time to dispel the business results compared to the initial plan. Therefore, the Cosmetics Business continued to record an operating loss in the first three quarters of the fiscal year under review.

Although the domestic cosmetics industry as a whole is a mature market and competition for market share is fierce, particularly among major companies, the Ministry of Finance trade statistics indicate that the value of imports from South Korea has increased rapidly in recent years in terms of the value of domestic cosmetics imports, and the South Korean cosmetics (K-beauty) market is likely to grow rapidly. At the moment, there are few major companies entering the market, so we judge that it is an area in which we can take advantage of the group's strengths to take advantage of initiatives at an early stage.

#### d. Global Business

At our South Korean subsidiary, although purchased products such as otamatone performed well, our proprietary mobile accessories struggled similarly in the domestic market. As a result, gross profit margin declined due to a change in the product mix.

The U.S. subsidiary saw a significant deterioration in its profit margin due to an increase in expenses related to operations, such as discount sales implemented as part of measures to expand sales in the cumulative second quarter and an increase in advertising expenses. However, the U.S. subsidiary made progress in improving its profit due to strong sales during the Christmas holiday season in the third quarter of the fiscal year under review.

On January 1, 2023, Hamee Global Inc, a quarter subsidiary of us, entered into a business transfer agreement with Cube Co., Ltd. for the transfer of the Company's product manufacturing and sales business, and on the same date, Hamee Global Inc, a consolidated subsidiary of us, acquired the Otamatone business, which is maintaining particularly strong sales. As a result, we expect to reduce cost of sales and reduce royalty payments related to sales, which will enable us to improve our profit margin.

As a result, net sales in the Commerce segment for the first three quarters of the fiscal year under review were JPY7,902,665 thousand (up 3.8% from the same quarter of the previous fiscal year) and segment income (operating income) was JPY668,565 thousand.(down 57.7%)

### ② Platform segment

#### a. Next Engine Business

We recognize that there were changes in the business environment in the third quarter as follows.

##### (a) Structural changes in EC marketplace

Despite an increase in the number of businesses entering EC industry due to COVID-19, the increasingly competitive landscape brought about by an increase in players widened the gap between EC operators with brand power and financial capacity and those who did not, resulting in the polarization of the industry.

##### (b) Reaction to Consumption Behavior Advanced in COVID-19 pandemic

Digital shifts in consumer behavior progressed due to COVID-19, but the reaction to the digital shift became pronounced, as consumption at brick-and-mortar stores tended to increase against the backdrop of the penetration of vaccinations and the decline in the number of seriously injured people,

and a shift from consumer spending on goods to consumer spending (travel, events, etc.) became more pronounced after the period of self-restraint.

(c) Shifting urgent management issues for EC operators

Against the backdrop of the above, the management priorities of EC operators are shifting from streamlining back-office operations to maximizing sales and securing incomes, and it is thought that the willingness to introduce various business efficiency improvement services is temporarily declining.

Against this backdrop, the number of free subscribers, which had been secured in the past due to natural inflows, has been sluggish. Although there has been no significant change in the conversion rate from free subscribers to formal subscribers itself, growth in the number of contract clients slowed in the second quarter of the fiscal year under review, resulting in a net increase in subscribers to 38 clients in the same period. During the third quarter of the fiscal year under review, we maintained its basic policy of incorporating the concept of customer success into its business and supporting user growth while demonstrating its strengths as a platform, while investing resources to acquire contracts as much as possible. As a result, the net increase in subscribers for the same fiscal year was able to recover to 53 clients.

Businesses that continue to withdraw from the EC are also on the rise, and the churn rate has tended to worsen slightly from 0.80% in the first quarter to 1.04% in the second quarter. In the third quarter, however, it picked up to 0.95%, and the average monthly churn rate has remained low at 0.92%.

In addition, we were able to achieve steady year-on-year growth in both sales and operating income by thoroughly controlling costs, including the reduction of server costs, and by leveraging our strengths, which are our stock business.

b. Consulting business

We are continuously tackling the management issue of securing the resources of consultants. In addition to the decrease in sales attributable to the shortage of consultants, the increase in outsourcing costs due to the outsourcing of the shortage of resources and the increase in personnel expenses also resulted in a decrease in profits. We will continue to focus on acquiring consulting contracts, which are recurring revenue, despite strong inquiries, such as orders from major corporations for projects related to website construction.

c. Localco Business

This business continued to perform well in the third quarter of the fiscal year under review, as evidenced by the record-high handling of hometown taxes in December, the peak season for tax payment. In order to acquire new local governments for the next fiscal year, we will continue to maintain high growth potential by strengthening sales through collaboration with external partners.

As a result, net sales in the Platform segment for the first three quarters of the fiscal year under review were JPY2,643,787 thousand (up 11.7% from the same quarter of the previous fiscal year) and segment income (operating income) was JPY1,194,434 thousand.(up 24.6%)

As a result, for the first third quarters under review, net sales were JPY10,542,076 thousand (up 5.6% from the same quarter of the previous fiscal year), operating income was JPY1,169,715 thousand (down 37.6%), ordinary income was JPY1,212,538 thousand (down 37.1%), and Net profit attributable to owners of parent was JPY814,979 thousand.(down 43.7%)

## (2)Explanation of Financial Position

Assets at the end of the third quarter of the current fiscal year increased by JPY1,855,915 thousand from the end of the previous fiscal year to JPY12,374,109 thousand. This was mainly due to an increase of JPY89,370 thousand in notes and accounts receivable-trade due to an increase in net sales, an increase

of JPY598,148 thousand in merchandise, an increase of JPY1,697,201 thousand in other current assets as a result of an increase in advances due to growth in the Hometown Tax Payment Support Service and an increase in short-term loans receivable at subsidiaries, and a decrease of JPY629,617 thousand in cash and deposits, despite an increase of JPY260,736 thousand in assets for right of use due to the application of International Financial Reporting Standards at overseas consolidated subsidiaries as described in (Changes in Accounting Policies).

Liabilities increased by JPY1,194,932 thousand from the end of the previous fiscal year to JPY3,460,209 thousand. This was mainly due to an increase of JPY500,000 thousand in short-term loans payable and an increase of JPY116,767 thousand in other current liabilities and JPY145,452 thousand in other non-current liabilities as a result of the application of International Financial Reporting Standards at overseas consolidated subsidiaries in the same manner as the factors behind the increase in assets.

Net assets increased JPY660,982 thousand from the end of the previous fiscal year to JPY8,913,899 thousand. This was mainly due to an increase of JPY504,415 thousand in retained earnings.

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

The amount of operating income in the third quarter cumulative period has exceeded the amount of operating income in the full-year consolidated earnings forecast announced on December 14, 2022. However, the full-year consolidated earnings forecast has not been revised because the cost of abandoning slow moving inventory and disposing of impairment losses, etc. that are normally implemented in the fourth quarter is expected.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

|                                       | End of previous fiscal year<br>As of April 30, 2022 | End of 3rd quarter of the<br>fiscal year under review<br>(January 31, 2023) |
|---------------------------------------|---|---|
| <b>Assets</b>                         |   |   |
| Current assets                        |   |   |
| Cash and deposits                     | 4,025,758   | 3,396,140   |
| Notes and accounts receivable         | 1,667,063   | 1,756,434   |
| Inventory                             | 1,428,407   | 2,026,555   |
| Work in process                       | 9,556   | 5,762   |
| Raw materials and supplies            | 5,507   | 14,922  |
| Advance payments                      | 551,987   | 324,654   |
| Others                                | 501,449   | 2,198,651   |
| Allowance for doubtful accounts       | △31,493   | △51,930   |
| Total current assets                  | 8,158,236   | 9,671,190   |
| Fixed assets                          |   |   |
| Property, plant and equipment         |   |   |
| Buildings                             | 738,271   | 758,631   |
| Accumulated depreciation              | △90,409   | △115,814  |
| Buildings(net)                        | 647,862   | 642,816   |
| Automotive equipment                  | 2,370   | 2,469   |
| Accumulated depreciation              | △712  | △699  |
| Automotive equipment(net)             | 1,657   | 1,769   |
| Tools, furniture and fixtures         | 859,869   | 1,026,688   |
| Accumulated depreciation              | △628,646  | △667,115  |
| Tools, furniture and fixtures(net)    | 231,223   | 359,573   |
| Right-of-use asset                    | –   | 363,262   |
| Accumulated depreciation              | –   | △102,525  |
| Right-of-use asset(net)               | –   | 260,736   |
| Land                                  | 331,201   | 344,933   |
| Construction in progress              | 664   | 1,601   |
| Total property, plant and equipment   | 1,212,610   | 1,611,430   |
| Intangible assets                     |   |   |
| Goodwill                              | 136,347   | 14,998  |
| Software                              | 302,343   | 310,633   |
| Trademark right                       | 15,424  | 12,887  |
| Others                                | 3,093   | 5,206   |
| Total intangible assets               | 457,208   | 343,725   |
| Investments and other assets          |   |   |
| Investment securities                 | 32,302  | 24,090  |
| Stocks of subsidiaries and affiliates | 39,232  | 41,908  |
| Net defined benefit asset             | –   | 64,431  |
| Deferred tax assets                   | 473,990   | 527,219   |
| Others                                | 144,611   | 90,112  |
| Total investments and other assets    | 690,137   | 747,762   |
| Total noncurrent assets               | 2,359,956   | 2,702,918   |
| Total assets                          | 10,518,193  | 12,374,109  |



(Thousands of yen)

|   | End of previous fiscal year<br>As of April 30, 2022 | End of 3rd quarter of the<br>fiscal year under review<br>(January 31, 2023) |
|---|---|---|
| <b>Liabilities</b>                                    |   |   |
| Current liabilities                                   |   |   |
| Accounts payable                                      | 173,579   | 178,955   |
| Short-term loans                                      | 500,000   | 1,000,000   |
| Current portion of long-term loans payable            | 43,853  | 7,826   |
| Accounts payable-other                                | 821,281   | 1,388,255   |
| Accrued expenses                                      | 221,240   | 216,437   |
| Income taxes payable                                  | 361,473   | 303,934   |
| Provision for bonuses                                 | 41,824  | 19,095  |
| Others  | 69,063  | 185,830   |
| Total current liabilities                             | 2,232,316   | 3,300,334   |
| Noncurrent liabilities                                |   |   |
| Obligations for retirement pay                        | 19,000  | –   |
| Asset retirement obligations                          | 11,143  | 11,605  |
| Others  | 2,817   | 148,269   |
| Total Noncurrent liabilities                          | 32,960  | 159,874   |
| Total liabilities                                     | 2,265,277   | 3,460,209   |
| Net assets  |   |   |
| Shareholders' equity                                  |   |   |
| Paid-in Capital                                       | 597,803   | 597,803   |
| Capital surplus                                       | 541,753   | 543,277   |
| Retained earnings                                     | 7,198,228   | 7,702,643   |
| Treasury stock  | △355,971  | △349,615  |
| Total shareholders' equity                            | 7,981,813   | 8,494,109   |
| Other accumulated comprehensive income                |   |   |
| Valuation difference on securities                    | 727   | 89  |
| Adjustments on Foreign currency statement translation | 174,767   | 324,092   |
| Total other accumulated comprehensive income          | 175,494   | 324,182   |
| Stock Option  | 95,608  | 95,608  |
| Total net assets                                      | 8,252,916   | 8,913,899   |
| Total liabilities and net assets                      | 10,518,193  | 12,374,109  |

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

Consolidated income statement for the quarter

Third quarter

(Thousands of yen)

|   | Nine-month period of<br>previous fiscal year<br>(May 1, 2021 to<br>January 31, 2022) | Nine-month period of<br>fiscal year<br>(May 1, 2022 to<br>January 31, 2023) |
|---|--|---|
| Net sales   | 9,979,134  | 10,542,076  |
| Cost of sales   | 3,568,043  | 4,045,754   |
| Gross profit  | 6,411,091  | 6,496,321   |
| Selling, general and administrative expenses                    | 4,536,698  | 5,326,605   |
| Operating income  | 1,874,393  | 1,169,715   |
| Non-operating income  |  |   |
| Interest income   | 987  | 7,539   |
| Equity in earnings of associated companies                      | 2,517  | 482   |
| Foreign exchange gains  | 32,761   | 19,525  |
| Advertising revenue   | 108  | 18,507  |
| Others  | 41,915   | 16,540  |
| Total non-operating income                                      | 78,289   | 62,595  |
| Non-operating expenses  |  |   |
| Interest expenses   | 1,630  | 7,449   |
| Payment Guarantee Fee   | 5,674  | 5,770   |
| Bad debt loss   | –  | 4,516   |
| Settlement money  | 8,456  | –   |
| Others  | 8,477  | 2,036   |
| Total non-operating expenses                                    | 24,238   | 19,772  |
| Ordinary income   | 1,928,444  | 1,212,538   |
| Extraordinary income  |  |   |
| Gain on sales of noncurrent assets                              | 1,416  | 3,083   |
| Gain on sales of investment securities                          | –  | 28,478  |
| Gain on sales of stock of affiliates                            | 172,307  | –   |
| Total extraordinary income                                      | 173,723  | 31,562  |
| Extraordinary loss  |  |   |
| Loss on retirement of noncurrent assets                         | 3,664  | 8,106   |
| Loss on valuation of investment securities                      | 27,611   | 14,247  |
| Total extraordinary loss  | 31,275   | 22,353  |
| Quarterly net profit before income taxes and minority interests | 2,070,892  | 1,221,747   |
| Income taxes  | 667,689  | 362,602   |
| Income taxes-deferred   | △45,370  | 44,165  |
| Total income taxes  | 622,318  | 406,767   |
| Quarterly net profit  | 1,448,573  | 814,979   |
| Quarterly net profit attributable to owners of parent           | 1,448,573  | 814,979   |

Quarterly Consolidated Statements of Comprehensive Income

Third quarter

(Thousands of yen)

|   | Nine-month period of<br>previous fiscal year<br>(May 1, 2021 to<br>January 31, 2022) | Nine-month period of<br>fiscal year<br>(May 1, 2022 to<br>January 31, 2023) |
|---|--|---|
| Quarterly net profit  | 1,448,573  | 814,979   |
| Other comprehensive income  |  |   |
| Valuation difference on securities  | 179  | △637  |
| Adjustment on foreign currency statement<br>translation                     | △9,348   | 149,324   |
| Total other comprehensive income  | △9,169   | 148,687   |
| Quarterly comprehensive income  | 1,439,404  | 963,666   |
| (Details)   |  |   |
| Quarterly comprehensive income attributable<br>to owners of the parent      | 1,439,404  | 963,666   |
| Quarterly comprehensive income attributable<br>to non-controlling interests | -  | -   |

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Change in scope of consolidation or scope of application of the equity method)

Significant changes in the scope of consolidation

From the first quarter of the current fiscal year, the newly established NE Inc. has been included in the scope of consolidation. In the second quarter of the current fiscal year, Hamee Consulting Corp., which was a consolidated subsidiary of us, was extinguished as a result of an absorption-type merger in which NE Inc., a consolidated subsidiary of us, was the surviving company, and is therefore excluded from the scope of consolidation.

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

Not applicable.

(Changes in Accounting policies)

(Application of Accounting Standard for Calculation of Market Value)

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

(Application of Accounting in Accordance with International Financial Reporting Standards (IFRS) at Overseas Subsidiaries and Immediate Treatment of Accounting at Overseas Subsidiaries in the Preparation of Consolidated Financial Statements)

Previously, Hamee Global Inc. of overseas consolidated affiliates (hereinafter Global), Hamee US Corp., (hereinafter US), Hamee Shanghai Tech & Trading Co., Ltd. (hereinafter Shanghai) Each of the three companies prepared financial statements in accordance with local accounting standards. The two companies in US, Shanghai became 100% owned subsidiaries of Global (our 100% subsidiary) by the end of the previous fiscal year. As a result, the three companies in Global, US, Shanghai unified accounting standards to standardize accounting treatment and strengthen performance management, the IFRS has been applied from the beginning of the first quarter of the consolidated fiscal year under review.

In addition, from the first quarter of the current fiscal year, we have adopted the "Immediate Treatment of Accounting Treatment for Foreign Subsidiaries, etc. in the Preparation of Consolidated Financial Statements" (ASBJ PITF No. 18, September 14, 2018). In the past, three Global, US, Shanghai consolidated subsidiaries overseas used financial statements prepared in accordance with local accounting standards as a basis for accounting procedures in accordance with Japanese accounting standards. However, from the first quarter of the fiscal year under review, the three Global, US, Shanghai consolidated subsidiaries utilized the financial statements prepared in accordance with IFRS. The application of ASBJ PITF No. 18, etc. follows the transitional treatment, and the cumulative effect of a change in accounting policy is recorded in retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, the impact on retained earnings, income (loss) and per share information at the beginning

of the third quarter of the current fiscal year is immaterial.

(Segment Information etc.)

[Segment Information]

I Previous Third Quarter(May 1, 2021-October 31, 2022)

1. Information on net sales and income (loss) by reportable segment and breakdown of revenue

(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 | 7,613,281           | 2,365,853 | 9,979,134 | -                        | 9,979,134  |
| Sales to customers                          | 7,613,281           | 2,365,853 | 9,979,134 | -                        | 9,979,134  |
| Inter-segment sales or reclasses            | -                   | -         | -         | -                        | -  |
| Total                                       | 7,613,281           | 2,365,853 | 9,979,134 | -                        | 9,979,134  |
| Segment profit/ loss (△)                    | 1,582,194           | 958,814   | 2,541,009 | △666,616                 | 1,874,393  |

(NOTE)1 The adjusted amount of segment loss,△JPY666,616 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 Third Quarter (May 1, 2022- January 31, 2023)

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 | 7,902,375           | 2,639,700 | 10,542,076 | -                       | 10,542,076   |
| Sales to customers                          | 7,902,375           | 2,639,700 | 10,542,076 | -                       | 10,542,076   |
| Inter-segment sales or reclasses            | 289                 | 4,086     | 4,376      | △4,376                  | -  |
| Total                                       | 7,902,665           | 2,643,787 | 10,546,452 | △4,376                  | 10,542,076   |
| Segment profit/ loss (△)                    | 668,565             | 1,194,434 | 1,862,999  | △693,283                | 1,169,715  |

(NOTE)1 The adjusted amount of segment loss,△JPY693,283 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 a resolution (written resolution in lieu of the resolution of the Board of Directors) pursuant to Article 370 of the Companies Act dated June 13, 2022, we decided to change a part of its reportable segments in accordance with the new management structure on the occasion of the spin-off of the Platform Business. Major changes are as follows.

|   | Hamic    | Localco<br>(Hometown Tax<br>Payment) | RUKAMO   | Next Engine<br>Korea (NOTE) |
|---|----------|--------------------------------------|----------|-----------------------------|
| Existing segments<br>(until the fiscal year<br>ended April 2022)      | Others   | Others                               | Others   | Platform                    |
| Segment after<br>change<br>(from the fiscal year<br>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 third quarter of the previous fiscal year is based on the new classification method.

#### (Significant Subsequent Events)

On January 1, 2023, our consolidated subsidiary, Hamee Global Inc (on December 31, the third quarter of the fiscal year), concluded a business transfer agreement with Cube Co., Ltd. regarding the acquisition of the manufacturing and sales business of Cube Co., Ltd. and acquired the business on the same date.

#### 1. Overview of the Business Combination

##### (1) Name and business of the acquired company

Name of acquisition company: Cube Co., Ltd.

Description of Business: Product Manufacturing and Sales Business

##### (2) Main reasons for the business combination

We have decided to acquire this business with the aim of expanding sales channels for music toys (Otamatone) overseas and reducing the manufacturing costs of its products.

##### (3) Date of business combination

January 1, 2023

##### (4) Legal form of business combination

Acquisition of business for cash consideration

##### (5) Name of the company after the combination

There is no change.

##### (6) Main rationale for determining the company to acquire

This is because Hamee Global Inc., a consolidated subsidiary of us, acquired the business in exchange for cash.

#### 2. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for

|                  |      |                     |
|------------------|------|---------------------|
| acquisition      | Cash | JPY522,235 thousand |
| Acquisition cost |      | JPY522,235 thousand |

#### 3. Details and amount of major acquisition-related expenses

Compensation and fees for advisory JPY5,679 thousand

4. Amount of goodwill arising, cause, depreciation method, and amortization period

It has not been determined at this time.

5. Amounts of assets acquired and liabilities assumed on the date of the business combination and their main breakdown

It has not been determined at this time.