



Consolidated Financial Results FY04/23 [Japanese GAAP]

June 14, 2023

Name of listed company Hamee Corp.

Listed stock exchanges

East

Code Number 3134

URL <https://hamee.co.jp/>

Representative (Title) President and CEO

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Scheduled date of Annual General Meeting July 27, 2023

Date of dividends payment July 28, 2023

Date to file Securities Report July 28, 2023

Supplementary materials for financial Result: Yes

Results briefing : Yes (Scheduled to be held for institutional investors and analysts on June 15,2023)
(Millions of yen are rounded down)

FY04/2023 consolidated results (May 1, 2022-April 30, 2023)

(1)Consolidated operating results (Percentages indicate year-on-year change.)

	Net sales		Operating income		Ordinary income		Attributable to owners of parent Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY04/23	14,038	4.7	1,271	△42.3	1,399	△39.9	945	△45.8
FY04/22	13,413	8.5	2,202	1.0	2,329	8.4	1,743	12.0

(NOTE) Comprehensive income FY04/23 1,008Millions of yen (△46.0%) FY04/22 1,865Millions of yen (5.3%)

	Earnings Per share	Diluted Earning Per Share	Shareholders' equity Net income margin	Total assets Profit ratio	Operating income
	Yen	Yen	%	%	%
FY04/23	59.44	59.39	11.1	12.3	9.1
FY04/22	109.72	109.43	23.9	24.7	16.4

(Reference) Equity in earnings of affiliates FY04/23 2Millions of yen FY04/22 5Millions of yen

(2)Consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY04/23	12,320	8,960	72.0	556.97
FY04/22	10,518	8,252	77.6	513.06

(Reference) Shareholders' equity FY04/23 8,864Millions of yen FY04/22 8,157Millions of yen

(3)Consolidated Cash Flows

	Cash Flows from operating activities	Cash Flows from investing activities	Cash Flows from financing activities	Cash and cash equivalents Balance at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY04/23	695	△1,507	262	3,535
FY04/22	1,186	△886	298	4,025

2.Dividends

	Annual dividend per share					Total dividends (Total)	Dividend payout ratio (Consolidated)	Net assets Dividend rate (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY04/22	-	0.00	-	22.50	22.50	357	20.5	4.9
FY04/23	-	0.00	-	22.50	22.50	358	37.9	4.2
FY04/24 (Forecast)	-	0.00	-	22.50	22.50		23.8	

Forecast of consolidated results for FY04/24 (May 1, 2023 to April 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Attributable to owners of parent Net income		Earning Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,813	19.8	2,086	64.1	2,069	47.8	1,537	62.7	94.46

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

※ Notes

(1) Significant Changes in Subsidiaries during the Fiscal Year (Changes in specified subsidiaries affecting the scope of consolidation) :None

New 1 NE Inc. , Removed 1 Hamee Consulting Corp.

(2) 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

(3) Number of shares outstanding (common stock)

- ① Number of shares outstanding at the end of the period (including treasury stock)
- ② Number of treasury stock at the end of the period
- ③ Average number of shares during the period

FY04/23	16,280,000Shares	FY04/22	16,268,800Shares
FY04/23	363,737Shares	FY04/22	369,516Shares
FY04/23	15,904,503Shares	FY04/22	15,893,560Shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Performance for the Fiscal Year Ended FY04/23 (May 1, 2022-April 30, 2023)

(1) Explanation of Non-Consolidated Results of Operation (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY04/23	9,005	△21.4	△17	-	34	△97.9	△8	-
FY04/22	11,451	5.6	1,488	12.7	1,667	32.2	1,208	41.5
	Earnings Per Share		Diluted Earning Per Share					
	Yen		Yen					
FY04/23	△0.55		-					
FY04/22	76.04		75.85					

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY04/23	5,597	3,583	62.3	219.16
FY04/22	7,459	5,416	71.3	334.69

(Reference) Shareholders' equity FY04/23 3,488Millions of yen FY04/22 5,321Millions of yen

※ This financial summary is not subject to the audit by a certified public accountant or auditing firm.

※ Disclaimer regarding to Forward Looking Statements

< Reasons for the difference in non-consolidated performance from the previous fiscal year >

In the fiscal year under review, We succeed our platform business to NE Inc., a 100% subsidiary established by us as the successor company in the company split by the method of company split. As a result, sales fell below the results of the previous fiscal year.

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※ Disclaimer regarding to Forward Looking Statements

(Precautions on forward-looking statements)

The earnings forecasts and other forward-looking statements presented in these materials reflect information available to the company and assumptions as of the date of this announcement that are based on uncertain factors that may affect future results, and the Company does not guarantee the achievement of these targets. Actual results may differ significantly as a consequence of numerous factors. Please refer to "1. Overview of Operating Results, (4) Future Outlook" on page 7 of the attachments for the assumptions used in the forecasts and cautionary statements regarding the use of the forecasts.

(Video for financial briefing)

We plan to distribute a video on our financial results on our website (<https://hamee.co.jp/ir/library/video>).

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1. Overview of Operating Results.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, the Japanese economy saw an improvement in business conditions in the non-manufacturing sector, particularly in the service industry for individuals, due to the easing of action restrictions associated with the spread of COVID-19. On the other hand, the outlook remained uncertain due to the emergence of risks such as inflation caused by soaring raw material and energy prices worldwide and a sudden depreciation of the yen against the backdrop of the Ukrainian situation.

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

From the fiscal year under review, we have changed the business segments listed as reportable segments. Comparisons and analysis with the previous fiscal year are based on the classification after the change. For details of the changes, please refer to "(5) Notes to Consolidated Financial Statements (Segment Information)" of "3. Consolidated Financial Statements and Major Notes."

① Commerce segment

a. Mobile Life Business

In the fiscal year under review, the impact of changes in the external environment was significant, including a change in consumer behavior from the consumption of manufacturing products linked to the expansion of COVID-19 to the consumption of experience, for example, food service, travel and other events, which continued for the past several years, to the consumption of products related to the "Nesting demand"; a decline in household spending capacity due to rising raw material and energy prices; and a slump in demand for iPhone14 series due to rising prices, which continued to be sluggish compared to expectations, resulting in a lack of sales of products for new iPhone models. As a result, both wholesale sales and retail sales struggled in the domestic market.

To improve these conditions, in the fiscal year under review we aggressively worked to develop products for models other than new iPhone and new products that incorporate market trends. We launched Hang and, a new iFace series with shoulder straps, on the market in February. However, this initiative did not contribute to results in the fiscal year under review. In addition to First Class series, which has become a popular firefighter, and Reflection series and other standard products that have penetrated the market at a faster pace, the previous iFace series, including Look in Clear series, which is a full clearcase that was newly released in the previous fiscal year, also focused on strengthening sales, such as by developing promotional campaigns through collaborative plans with popular VTuber groups in order to reaffirm its name to the market. However, the above-mentioned negative factors were not eliminated, and sales declined significantly.

b. Gaming Accessories Business

In recognition of the balance between price and performance, sales expanded steadily in the fiscal year under review. In October, Pixio, a gaming monitor business, was awarded the Category Award (personal computers and office supplies category) in Amazon.co.jp Retailer Award 2022. In addition, we invested in TechnoBlood eSports Inc., eSports cafe to create synergies. We also focused on sales promotions in real-world locations, such as demonstrations of actual sales. In addition, although EC sales were operated only by own EC site and Amazon 1 stores in the previous fiscal year, we accelerated the opening of PayPay Mall in May 2022 and Rakuten Ichiba and Yahoo Auction! in July, as well as improved appeal through the renewal of the own EC site and the development of peripheral accessories such as monitoring arms, resulting in a significant increase in sales compared with the previous fiscal year.

c. Cosmetics Business

The release of skin care products (toner pads, beauty serums, creams, etc.) that had been developed as one of the mainstay products of ByUR brand was significantly higher than the full-year forecast due to a substantial delay from April 2022 to September, which was originally planned. However, because of the expansion of the product line through the launch of this product line and the effects of the advertising and promotional investments that had been continued since the beginning of the fiscal year, sales grew from the third quarter of the fiscal year, and the awareness of the products steadily increased, including 40 awards for various types of awards sponsored by media companies as noteworthy cosmetics. In April 2023, the base makeup series was introduced to TV program. As a result, we were able to steadily accumulate results, with a result of 200% of the monthly budget for April.

In terms of sales channels, as of the end of the fiscal year under review, we have expanded to seven wholesales (260 stores handled) and 5 EC stores (own EC site, Amazon, Qoo10, Yahoo!, Rakuten). We will continue to attract EC stores through promotional campaigns centered on SNS and cultivate wholesale customers, thereby achieving further top-line growth.

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 where 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.

In the first half of the fiscal year, 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, which was implemented as part of measures to expand sales, and an increase in advertising and promotion expenses. However, the U.S. subsidiary made progress in improving profit in the second half of the fiscal year, thanks to measures to improve profitability, such as a review of sales prices and thorough cost management, and favorable sales in the Christmas season.

On January 1, 2023, Hamee Global Inc., a consolidated subsidiary of us, entered into a business transfer agreement with Cube Co., Ltd. for the acquisition of the Company's product manufacturing and sales business for Otamatone, a music toys that has maintained particularly strong sales. On the same date, we acquired this business. 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 fiscal year under review was JPY10,655,603 thousand (up 3.3% from the same quarter of the previous fiscal year) and operating income was JPY696,068 thousand. (down 62.8%)

② Platform segment

a. Next Engine Business

We recognize that there were changes in the business environment in the current fiscal year as shown below.

(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) Rebound in consumer behavior during COVID-19 pandemic

Digital shifts in consumer behavior progressed due to COVID-19, but the rebound to the digital shift became pronounced, as consumption at real 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 consumption of goods to consumption of experience (travel, events, etc.) became more pronounced after self-restraint period.

(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 background, the number of free trial clients, which had previously been able to secure a certain number of free trial clients due to natural inflows, has been sluggish. Although the conversion rate from free trial to formal contracts itself has not fluctuated significantly, the number of contracts increased by 38 in the second quarter of the fiscal year. As a result, the number of contracts slowed down. In order to improve this situation, from the third quarter of the fiscal year under review, we have been able to recover from a net increase in contracts to 53 clients in the third quarter of the fiscal year under review and a net increase in subscribers to 121 clients in the fourth quarter of the fiscal year under review by investing resources in acquiring subscribers as much as possible while maintaining our basic policy of incorporating customer success into our business and supporting user growth while demonstrating our strengths as a platform.

Businesses that continue to withdraw from EC are also on the rise, and the churn rate has tended to deteriorate slightly from 0.80% in the first quarter to 1.04% in the second quarter. However, the average monthly churn rate has remained low at 0.95%.

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. Despite strong inquiries, such as orders from major corporations for projects related to site construction, the group will continue to focus on strengthening its structure to return to a growth trajectory, considering securing resources and establishing a foundation as priority issues.

c. Localco Business

This business continued to perform well in the current fiscal year, 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 of the above, net sales in the Platform segment for the fiscal year under review were JPY3,389,421 thousand(up 9.3% year on year) and operating income was JPY1,509,819 thousand(up 23.2%).

As a result of the above, for the fiscal year under review, net sales were JPY14,038,437 thousand(up 4.7% year on year), operating income was JPY1,271,159 thousand(down 42.3%), ordinary income was JPY1,399,637 thousand(down 39.9%), and net income attributable to owners of parent net income was JPY945,375

thousand(down 45.8%).

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets, Liabilities and Net Assets)

① Current assets

The balance of current assets at the end of the fiscal year under review increased by JPY423,741 thousand to JPY8,581,977 thousand(up 5.2% year on year). This was mainly due to an increase of JPY129,937 thousand in notes and accounts receivable-trade and an increase of JPY237,062 thousand in product, mainly due to an increase in net sales, and JPY543,924 thousand in other, despite a decrease of JPY490,088 thousand in cash and deposits.

② Fixed assets

The balance of non-current assets at the end of the fiscal year under review increased by JPY1,378,552 thousand from the end of the previous fiscal year to JPY3,738,509 thousand(up 58.4%). This was mainly due to increases of JPY517,727 thousand in investment securities, JPY354,583 thousand in goodwill, and JPY232,679 thousand in assets for right of use.

③ Current liabilities

The balance of current liabilities at the end of the fiscal year under review increased by JPY1,003,943 thousand from the end of the previous fiscal year to JPY3,236,260 thousand(up 45.0%). This was mainly due to increases of JPY800,000 thousand in short-term loans payable, JPY129,205 thousand in other payables, and JPY77,180 thousand in income taxes payable, while there were decreases of JPY43,853 thousand in current portion of long-term loans payable and JPY7,531 thousand in accounts payable.

④ Long-term liabilities

The balance of non-current liabilities at the end of the fiscal year under review increased by JPY90,764 thousand from the end of the previous fiscal year to JPY123,725 thousand (up 275.4%). This was mainly due to a decrease of JPY19,000 thousand in net defined benefit liability and an increase of JPY109,566 thousand in other.

⑤ Net assets

The balance of net assets at the end of the fiscal year under review increased by JPY707,584 thousand to JPY8,960,501 thousand(up 8.6%). This was mainly due to an increase of JPY636,134 thousand in retained earnings and an increase of JPY60,236 thousand in foreign currency translation adjustment.

(3) Overview of Cash Flows for the Fiscal Year under Review

(Cash Flows)

Cash and cash equivalents (hereinafter "cash") at the end of the current fiscal year decreased by JPY490,089 thousand from the end of the previous fiscal year to JPY3,535,669 thousand.

The status of each cash flow for the current consolidated fiscal year and its factors are as follows.

Cash flows from operating activities

Net cash provided by operating activities was JPY695,036 thousand(compared with net cash provided by operating activities of JPY1,186,178 thousand in the previous fiscal year). This was mainly attributable to income before income taxes and minority interests of JPY1,395,911 thousand, depreciation and amortization of goodwill of JPY627,115 thousand, amortization of goodwill of JPY164,245 thousand, and other cash inflows including income taxes paid of JPY666,693 thousand, other expenses of JPY451,085

thousand, and an increase in inventories of JPY210,711 thousand.

Cash flows from investing activities

Net cash used in investing activities was JPY1,507,314 thousand (JPY886,457 thousand in the previous fiscal year). This was mainly due to the purchase of investment securities of JPY544,194 thousand, the purchase of business of JPY520,277 thousand, the purchase of property, plant and equipment of JPY290,064 thousand, the payments of loans receivable of JPY272,000 thousand, and the purchase of intangible assets of JPY196,468 thousand, in contrast to the proceeds of JPY272,000 thousand from the collection of loans and JPY32,428 thousand from the sale of investment securities.

Cash flows from financing activities

Net cash provided by financing activities was JPY262,789 thousand (compared with net cash provided by financing activities of JPY298,055 thousand in the previous fiscal year). This was mainly due to the payment of cash dividends of JPY357,734 thousand, the repayment of lease obligations of JPY136,521 thousand, and the repayment of long-term loans payable of JPY43,853 thousand, despite the increase in short-term loans payable of JPY800,000 thousand.

(Reference) Cash flow indicators

	FY04/19	FY04/20	FY04/21	FY04/22	FY04/23
Equity Ratio (%)	70.3	57.9	77.1	77.6	72.0
Equity ratio based on market value (%)	213.7	256.7	302.2	171.5	129.5
Ratio of interest-bearing debt to cash flow(years)	0.8	0.9	0.1	0.5	1.9
Interest coverage ratio (Times)	313.0	581.6	202.9	400.6	65.4

Equity ratio : Equity capital/Total assets

Equity ratio based on market capitalization: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flows/Interest payments

(NOTE) 1. All figures are calculated based on consolidated financial figures.

2. Market capitalization is calculated based on the number of shares outstanding.

3. Cash flows from operating activities are used for cash flows.

4. Interest-bearing debt includes all debt on the consolidated balance sheet for which interest is paid.

(4)Future Outlook

(Future Outlook)

① Reviewed Mid-Term Management Plan

Based on the economic environment surrounding our group and our most recent business condition and the various policies mentioned above, we reviewed the medium-term management plan announced on June 13, 2022 (from the fiscal year ending April 2023 to the fiscal year ending April 2025).

(Millions of yen)

		FY04/24	% YoY	FY04/25	% YoY	FY04/26	% YoY
Commer ce Business	Net sales	13,032	22.3%	14,897	14.3%	17,128	15.0%
	Segment profit	1,665	139.3%	1,898	14.0%	2,364	24.5%
	Profit ratio	12.8%		12.7%		13.8%	
Pratt Corporati on Form Business	Net sales	3,780	11.7%	4,511	19.3%	5,387	19.4%
	Segment profit	1,577	4.5%	2,201	39.5%	2,438	10.8%
	Profit ratio	41.7%		48.8%		45.3%	
Consolid ated	Net sales	16,813	19.8%	19,408	15.4%	22,515	16.0%
	Segment profit	3,243	47.0%	4,100	26.4%	4,802	17.1%
	Adjusted amount ※	△1,157	23.8%	△1,346	16.3%	△1,479	9.9%
	Operating income	2,086	64.1%	2,754	32.0%	3,323	20.7%
	Profit ratio	12.4%		14.2%		14.8%	

※ Adjustments: Corporate headquarters expenses are reported as "Adjustments."

Assumptions for the plan are as follows.

• Commerce segment

(i)Mobile Life Business

In addition to products for new iPhone that will be announced in September every year, we will continue to aggressively take various measures, such as improving the speed of development of products for models other than iPhone and new products that incorporate market trends. In addition, we will focus on expanding sales of our mainstay iFace series, such as collaborative planning with leading IP, and for the fiscal year ending April 2024, we are aiming to recover to the same level as the fiscal year ended April 2022, and thereafter grow sales at an annual rate of around 5%.

(ii)Gaming Accessories Business

We plan to further increase awareness through the launch of our branded official SNS and the sponsorship of e-sporting events. At the same time, we plan to increase top-line sales by about 10-30% annually through the planning, development, and sales of peripheral equipment other than monitors, and to grow net sales to JPY1,300 million in the fiscal year ending April 2026. In addition, we will strive to reduce costs and expand sales regions by strengthening ties through investment in Pixio USA Inc., a manufacturer.

(iii)Cosmetics Business

In the Mid-Term Management Plan (from April 2023 to April 2025), we are reviewing the multi-brand development that had been a premise for sales growth. We are focusing on the "ByUR" brand, which has become increasingly recognized, and by promoting SNS to attract EC stores and cultivate wholesalers, we are aiming for net sales of JPY924 million for the fiscal year ending April 2024 and JPY2,625 million for the fiscal year ending April 2026, the final year of the Mid-Term Management Plan.

(iv)Others

This includes Hamic Businesses and New Business development. We plan to secure a certain level of sales, taking into account current sales results and other factors.

(v)Global Business

We will realize top-line growth by focusing on sales in Europe in addition to the current U.S. in Otamatone, the music general merchandise that we acquired in the product manufacturing and sales business. The acquisition of this business has enabled us to conduct direct transactions with manufacturers, and we aim to contribute to incomes while also demonstrating the effects of cost reductions.

• Platform segment

In the fiscal year ending April 2025, we plan to increase the sales growth rate to the 19% range from the fiscal year ending April 2024, taking into consideration factors such as the improvement in the contract conversion rate of next engines and the return to the growth track of the consulting business. An overview of each business is as follows.

(i)Next Engine Business

The revision of service prices implemented in June 2023 will broaden the scope of transactions in EC sales to small businesses. At the same time, the increase in the number of orders processed, which is the basis for pay-as-you-go billing, will become easier to reflect in usage fees. This is expected to contribute to results in terms of both increasing customers and revenue. In addition, in order to embody the newly established Purpose of "Frenzy into Commerce," the group will establish a solid customer base by continuing to accompany customers through initiatives that utilize the data base of the Next Engine, etc.

Based on these various measures, we estimate the number of contracted companies, average customer unit price, etc., and have formulated a plan with a sales growth rate of 11% to 18%.

(ii)Localco Business

The amount of hometown tax payments received is increasing year by year, and local governments are also facing increasing needs for attractive returns and improvement of their websites. By leveraging our expertise in EC management, we plan to focus on providing added value to existing contracted local governments and acquiring new contracts with local governments, with the aim of achieving a sales growth rate of 25% or more.

(iii)Consulting Business

Inquiries themselves are performing well, and we anticipate that we will aggressively conduct sales activities to achieve sales growth at a stage in which we have secured the resources of consultants. However, for the time being, we will focus on strengthening our structure, considering securing personnel and establishing a foundation as priority issues. Based on this assumption, the sales growth rate is projected to be flat (0.3% year-on-year) in the fiscal year ending April 2024, and 17% to 40% from the fiscal year ending April 2025 onward.

②FY04/24 full-year forecast

In accordance with the aforementioned Mid-Term Management Plan, we are currently forecasting consolidated results for the fiscal year ending April 2024 as follows.

Net sales	JPY16,813million	(up 19.8% YoY)
Operating income	JPY2,086million	(up 64.1% YoY)
Ordinary income	JPY2,069million	(up 47.8% YoY)
Profit attributable to owners of parent	JPY1,537million	(up 62.7% YoY)

※Cautionary Statement with Respect to Forward-Looking Statements

The forecasts of consolidated financial results for the fiscal year described in this document are based on the assumptions and beliefs in light of the information available at the time of the date of this document. Actual results may differ from these forecasts for a variety of reasons.

2. Basic Approach to Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements between periods and between businesses, our policy for the time being is to prepare consolidated financial statements in accordance with Japanese GAAP.

With regard to the application of International Financial Reporting Standards, the group will take appropriate measures in consideration of various domestic and overseas circumstances.

3.Consolidated Financial Statements and Major Notes

(1)Consolidated Balance Sheets

	(Thousands of yen)	
	End of previous fiscal year As of April 30, 2022	Current Consolidated Fiscal Year As of April 30, 2023
Assets		
Current assets		
Cash and deposits	4,025,758	3,535,669
Notes and accounts receivable	1,667,063	1,797,001
Inventory	1,428,407	1,665,469
Work in process	9,556	10,658
Supplies	5,507	13,952
Others	1,053,437	1,597,362
Allowance for doubtful accounts	△31,493	△38,135
Total current assets	8,158,236	8,581,977
Fixed assets		
Property, plant and equipment		
Buildings and structures	738,271	745,514
Accumulated depreciation	△90,409	△129,270
Buildings and structures, net	647,862	616,243
Automotive equipment	2,370	3,604
Accumulated depreciation	△712	△863
Vehicles, net	1,657	2,740
Tools, furniture and fixtures	859,869	1,040,999
Accumulated depreciation	△628,646	△722,982
Tools, furniture, and fixtures, net	231,223	318,016
Right-of-use asset	-	355,894
Accumulated depreciation	-	△123,214
Assets for right of use, net	-	232,679
Land	331,201	337,086
Construction in progress	664	1,564
Total property, plant and equipment	1,212,610	1,508,332
Intangible assets		
Goodwill	136,347	490,930
Software	302,343	305,312
Trademark right	15,424	15,219
Others	3,093	14,098
Total intangible assets	457,208	825,562
Investments and other assets		
Investment securities	32,302	550,030
Stocks of subsidiaries and affiliates	39,232	45,018
Net defined benefit asset	-	143,447
Deferred tax assets	473,990	563,817
Others	144,611	118,340
Allowance for doubtful accounts	-	△16,039
Total investments and other assets	690,137	1,404,614
Total noncurrent assets	2,359,956	3,738,509
Total assets	10,518,193	12,320,486

(Thousands of yen)

	End of previous fiscal year As of April 30, 2022	Current Consolidated Fiscal Year As of April 30, 2023
Liabilities		
Current liabilities		
Accounts payable	173,579	166,048
Short-term loans	500,000	1,300,000
Current portion of long-term loans payable	43,853	-
Accounts payable-other	821,281	862,932
Accrued expenses	221,240	245,155
Income taxes payable	361,473	438,653
Provision for bonuses	41,824	25,201
Others	69,063	198,268
Total current liabilities	2,232,316	3,236,260
Long-term liabilities		
Obligations for retirement pay	19,000	-
Asset retirement obligations	11,143	11,341
Others	2,817	112,384
Total long-term liabilities	32,960	123,725
Total liabilities	2,265,277	3,359,985
Net assets		
Shareholders' equity		
Common stock	597,803	598,262
Capital surplus	541,753	543,737
Retained earnings	7,198,228	7,834,362
Treasury stock	△355,971	△349,636
Total shareholders' equity	7,981,813	8,626,725
Other accumulated comprehensive income		
Valuation difference on securities	727	3,163
Adjustments on foreign currency statement translation	174,767	235,004
Total other accumulated comprehensive income	175,494	238,167
Stock Option	95,608	95,608
Total net assets	8,252,916	8,960,501
Total liabilities and net assets	10,518,193	12,320,486

(2)Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated income statement

	(Thousands of yen)	
	End of previous fiscal year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Net sales	13,413,481	14,038,437
Cost of sales	4,891,728	5,562,792
Gross profit	8,521,753	8,475,644
Selling, general and administrative expenses	6,319,367	7,204,485
Operating income	2,202,385	1,271,159
Non-operating income		
Interest income	1,290	9,998
Equity in earnings of associated companies	5,337	2,451
Consumption tax difference	-	49,899
Foreign exchange gains	90,158	52,732
Advertising revenue	1,759	25,099
Others	52,885	28,329
Total non-operating income	151,432	168,511
Non-operating expenses		
Interest expenses	2,960	10,633
Payment Guarantee Fee	7,527	7,367
Bad debt loss	-	20,636
Others	13,718	1,395
Total non-operating expenses	24,207	40,033
Ordinary income	2,329,611	1,399,637
Extraordinary income		
Gain on sales of noncurrent assets	917	1,866
Gain on sales of investment securities	-	28,478
Gain on sales of stock of affiliates	172,307	-
Others	18,006	-
Total extraordinary income	191,231	30,345
Extraordinary loss		
Loss on retirement of noncurrent assets	3,166	8,058
Loss on valuation of investment securities	54,696	26,013
Total extraordinary loss	57,862	34,072
Income before income taxes	2,462,979	1,395,911
Income taxes	768,136	456,183
Income taxes-deferred	△48,977	△5,648
Total income taxes	719,158	450,535
Net income	1,743,821	945,375
Net Profit attributable to owners of parent	1,743,821	945,375

Consolidated Comprehensive Income Statement

	(Thousands of yen)	
	End of previous fiscal year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Net income	1,743,821	945,375
Other comprehensive income		
Valuation difference on securities	727	2,436
Foreign currency translation adjustments	120,758	60,236
Total other comprehensive income	121,485	62,672
Comprehensive income	1,865,306	1,008,048
(Details)		
Comprehensive income attributable to owners of the parent	1,865,306	1,008,048
Comprehensive income attributable to noncontrolling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (May 1, 2021, to April 30, 2022)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	594,043	532,785	5,612,726	△363,636	6,375,918
Cumulative effect of changes in accounting policies			△1,826		△1,826
Balance at the beginning of the period reflecting changes in accounting policies	594,043	532,785	5,610,899	△363,636	6,374,092
Change during the year					
Issuance of new shares	3,759	3,759			7,519
Dividends			△158,776		△158,776
Net profit attributable to owners of parent			1,743,821		1,743,821
Purchase of treasury stock				△135	△135
Disposal of treasury stock		5,208		7,800	13,008
Change in scope of equity method			1,685		1,685
Net change in items other than shareholders' equity			599		599
Total changes in current term	3,759	8,967	1,587,328	7,665	1,607,721
Closing balance	597,803	541,753	7,198,228	△355,971	7,981,813

	Other accumulated comprehensive income			Stock Option	Total net assets
	Other securities Variance from valuation	Foreign currency translation Adjustment account	Other Comprehensive income Total accumulated amount		
Opening balance	-	54,009	54,009	98,124	6,528,052
Cumulative effect of changes in accounting policies					△1,826
Balance at the beginning of the period reflecting changes in accounting policies	-	54,009	54,009	98,124	6,526,225
Change during the year					
Issuance of new shares					7,519

	Other accumulated comprehensive income			Stock Option	Total net assets
	Other securities Variance from valuation	Foreign currency translation Adjustment account	Other Comprehensive income Total accumulated amount		
Dividends					△158,776
Net profit attributable to owners of parent					1,743,821
Purchase of treasury stock					△135
Disposal of treasury stock					13,008
Change in scope of equity method					1,685
Net change in items other than shareholders' equity	727	120,758	121,485	△2,516	119,568
Total changes in current term	727	120,758	121,485	△2,516	1,726,690
Closing balance	727	174,767	175,494	95,608	8,252,916

Current fiscal year (from May 1, 2022 to April 30, 2023)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	597,803	541,753	7,198,228	△355,971	7,981,813
Cumulative effect of changes in accounting policies			49,495		49,495
Balance at the beginning of the period reflecting changes in accounting policies	597,803	541,753	7,247,723	△355,971	8,031,308
Change during the year					
Issuance of new shares	459	459			918
Dividends			△357,734		△357,734
Net profit attributable to owners of parent			945,375		945,375
Purchase of treasury stock				△20	△20
Disposal of treasury stock		1,524		6,355	7,880
Decrease due to corporate split-off type			△1,002		△1,002
Net change in items other than shareholders' equity					
Total changes in current term	459	1,983	586,638	6,335	595,417
Closing balance	598,262	543,737	7,834,362	△349,636	8,626,725

	Other accumulated comprehensive income			Stock Option	Total net assets
	Other securities Variance from valuation	Foreign currency translation Adjustment account	Other Comprehensive income Total accumulated amount		
Opening balance	727	174,767	175,494	95,608	8,252,916
Cumulative effect of changes in accounting policies					49,495
Balance at the beginning of the period reflecting changes in accounting policies	727	174,767	175,494	95,608	8,302,411
Change during the year					
Issuance of new shares					918
Dividends					△357,734

	Other accumulated comprehensive income			Stock Option	Total net assets
	Other securities Variance from valuation	Foreign currency translation Adjustment account	Other Comprehensive income Total accumulated amount		
Net profit attributable to owners of parent					945,375
Purchase of treasury stock					△20
Disposal of treasury stock					7,880
Decrease due to corporate split-off type					△1,002
Net change in items other than shareholders' equity	2,436	60,236	62,672	-	62,672
Total changes in current term	2,436	60,236	62,672	-	658,089
Closing balance	3,163	235,004	238,167	95,608	8,960,501

(4) Consolidated Statements of Cash Flows

	(Thousands of yen)	
	End of previous fiscal year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Net cash provided by operating activities		
Income before income taxes	2,462,979	1,395,911
Depreciation and amortization	432,421	627,115
Amortization of goodwill	205,197	164,245
Loss on retirement of noncurrent assets	3,166	8,058
Loss (gain) on sales of property, plant and equipment (△are gains)	△917	△1,866
Gain on sales of stock of affiliates	△172,307	-
Unrealized gains (losses) on available-for-sale securities. (△are gains)	54,696	26,013
Loss (Gain) on Sales of Investment Securities. (△are gains)	-	△28,478
Increase (decrease) in allowance for doubtful accounts (△decrease)	△8,072	22,672
Increase (decrease) in provision for point card certificates (△decrease)	△217	-
Increase (decrease) in provision for sales returns (△decrease)	△6,938	-
Increase (decrease) in accrued bonuses	△10,618	△17,483
Increase (decrease) in net defined benefit asset and liability	33,232	△163,890
Interest and dividend income	△1,290	△9,998
Interest expenses	2,960	10,633
Equity in earnings (△) of affiliates	△5,337	△2,451
Foreign exchange gains (losses) (△are gains)	△469	-
Decrease (increase) in notes and accounts receivable-trade (△increase)	△54,340	△115,550
Decrease (increase) in inventories (△increase)	△425,444	△210,711
Increase (decrease) in notes and accounts payable-trade (△decrease)	△44,108	△12,053
Increase (decrease) in advances paid (△increased)	△356,306	107,500
Increase (decrease) in accounts payable-other (△decrease)	111,433	1,492
Increase (decrease) in accrued expenses (△decrease)	34,333	23,582
Others	△146,317	△451,085
Subtotal	2,107,734	1,373,654
Interest and dividend received	1,290	1,269
Interest expenses paid	△3,214	△13,194
Income taxes paid	△919,631	△666,693
Net cash provided by operating activities	1,186,178	695,036
Cash flow from investing activities		
Payments for transfer of business	-	△520,277
Purchase of property, plant and equipment	△824,443	△290,064
Proceeds from sales of property, plant and equipment	276	942
Purchase of intangible assets	△193,183	△196,468
Purchase of investment securities	△45,815	△544,194
Proceeds from sale of investment securities	-	32,428
Lending of loans receivable	-	△272,000
Collection of loans receivable	-	272,000
Proceeds from sale of investments in subsidiaries	182,354	-
Others	△5,646	10,320

	(Thousands of yen)	
	End of previous fiscal year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Cash flow from investing activities	△886,457	△1,507,314

(Thousands of yen)		
	End of previous fiscal year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings (△decrease)	500,000	800,000
Repayment of long-term loans payable	△48,036	△43,853
Repayments of lease obligations	-	△136,521
Proceeds from issuance of common stock	5,003	918
Purchase of treasury stock	△135	△20
Cash dividends paid	△158,776	△357,734
Cash flow from financing activities	298,055	262,789
Effect of exchange rate change on cash and cash equivalents	73,364	59,399
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	671,141	△490,089
Cash and cash equivalents at beginning of term	3,354,616	4,025,758
Cash and cash equivalents at end of term	4,025,758	3,535,669

(5)Notes fo consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Basis of Presenting Consolidated Financial Statements)

Scope of consolidation

1. Number of consolidated subsidiaries: 6

Names of consolidated subsidiaries

Hamee Global Inc.

Hamee US,Corp.

Hamee India Pvt.Ltd.

Hamee Shanghai Tech & Trading Co., Ltd.

Hamee Shanghai Trade Co.,Ltd.

NE Inc.(Note)

(NOTE)From the fiscal year under review, the newly established NE Inc. has been included in the scope of consolidation. In addition, Hamee Consulting Corp., which was a consolidated subsidiary of us, was extinguished in the consolidated fiscal year under review due to an absorption-type merger in which NE Inc., a consolidated subsidiary of us, was the surviving company, and therefore was excluded from the scope of consolidation.

2.Application of the equity method

(1) Number of affiliates accounted for by the equity method: 1

Name of equity-method affiliate

Root Co., Ltd

(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 referred to as the "Guidance on Accounting Standard for Market Value Calculation") from the beginning of the fiscal year under review, 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. The Company does not hold any financial instruments with fair value in the consolidated balance sheets, and there is no impact on the 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. (Global), Hamee US, Corp. (US), Hamee Shanghai Tech & Trading Co., Ltd. Each of the three companies (Shanghai) prepared their financial statements in accordance with local accounting standards. However, the two companies in US, Shanghai became 100% subsidiaries of Global (our 100% subsidiary) by the end of the previous fiscal year. As a result, the three companies in Global, US, Shanghai have standardized accounting standards, and have adopted IFRS from the beginning of the current fiscal year in order to promote standardization of accounting treatment and strengthen performance management.

In addition, from the beginning of the fiscal year under review, 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 based on financial statements applying Japanese accounting standards. From the fiscal year under review, the three Global, US, Shanghai consolidated subsidiaries utilize the financial statements prepared in accordance with IFRS. The application of Practical Issues Task Force (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 fiscal year under review.

As a result, the impact on retained earnings, profit and loss, and per share information at the beginning of the fiscal year under review is immaterial.

(Business Combinations)

(Transactions Under Common Control)

On August 1, 2022, we transferred our Platform Business to NE Inc. through a corporate split.

(1) Summary of Transactions

① The name of the business to be succeeded to and the contents of such business

Name of business: Platform Business

Description of business: EC support and SaaS business

② Date of business combination

August 1, 2022

③ Legal form of business combination

Absorption-type company split in which we became a spin-off company and NE Inc. (our consolidated subsidiary) as a successor company

④ Name following business combination

NE Inc. (our consolidated affiliate)

⑤ Business Results of the Successor Division (Fiscal Year Ended April 2022)

Net sales JPY2,639 million

⑥ Other matters related to the outline of transactions

Our group's original business is the Commerce Business, which started as a EC specializing in mobile phone straps (Note 1). Next Engine of the Platform Business is the services we created to resolve the various issues that arise in operating EC stores in this business.

The fact that Next Engine was born from the field of EC operations, namely the Commerce Business, has been the biggest differentiator from services provided by other companies. On the other hand, the use of Next Engine by a large number of users based on the trust of customers has enabled us to incorporate EC management know-how other than ours. This has enabled us to realize groupwide growth while leveraging the mutual synergies between the Commerce Business and Platform Business.

Nevertheless, the number of users of Next Engine in the Platform Business currently exceeds 5,400 clients, and it is growing into an infrastructure that supports the distribution of a wide variety of products and the businesses of EC businesses of various sizes. Although the Commerce Business continues to be a Next Engine user, the perspective of realizing improved functions of services themselves by solving the issues of a single company is fading. More than 5,400 clients, and beyond, all Japanese EC businesses are required to develop services to solve the issues.

Meanwhile, in the Commerce Business, in contrast to the initial focus on purchasing and sales of other companies' products, our own products now account for approximately 90% of total sales. Our products have the functions of planning, developing, and manufacturing products within the group, and it has evolved into a business model that enables us to complete everything from upstream to downstream in the supply chain.

In light of these facts, we have come to recognize that the growth phases of both the Platform and Commerce businesses have changed significantly. On the premise of this, we believe that various issues will arise as the two businesses grow as a single organization, including the increasing complexity and inefficiency of management operations and the difficulty of maintaining and improving employee motivation through a single personnel system.

Hamee's mission is to "Ignite your creativity" We believe that this will be achieved by creating an environment where every member of Hamee can continue to maintain high-calorie levels. We have concluded that the means to maintain and realize our mission in the super-long term is the spin-off of our platform-based business.

As a concrete effect of the spin-off, we expect to be able to realize agile and flexible decision-making by streamlining each organization. Generally speaking, there are no cases in which there are concerns that a sense of unity as a group will be lost as a result of the spin-off. Nevertheless, we will continue to maintain our ability to grow with a sense of unity as a group by maintaining a common mission of "Ignite your creativity" and a culture that strongly links it with the entire group.

(Note 1) EC is an abbreviation for electronic commerce (Electronic Commerce), which refers to all transactions involving the purchase and sale or distribution of goods and services through electronic communications over computer networks.

(2) Accounting method

In accordance with the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," the transaction is treated as a transaction under common control.

(Transactions Under Common Control)

On September 5, 2022, we implemented an absorption-type merger in which NE Inc. (our consolidated subsidiary) became the surviving company and Hamee Consulting Corp. (a consolidated subsidiary of NE Inc.) became an extinguished company.

(1) Summary of Transactions

① Combined entity's name and business

- Combined company (surviving company)
Name NE Inc.
Description of business EC support and SaaS business
- Combined company (extinguished company)
Name Hamee Consulting Corp.
Business description Consulting business for EC sites

② Date of business combination

September 5, 2022

③ Legal form of business combination

Absorption-type merger in which NE Inc. (our consolidated subsidiary) is the surviving company and Hamee Consulting Corp. (a consolidated subsidiary of NE Inc.) is the extinguished company

④ Name following business combination

NE Inc. (our consolidated affiliate)

⑤ Other matters related to the outline of transactions

This merged with the aim of further strengthen support services for EC operators, which are our main customers in the Platform Business, while at the same time streamlining business operations and strengthening sales capabilities.

(2) Accounting method

In accordance with the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," the transaction is treated as a transaction under common control.

(Business Combination through Acquisition)

On January 1, 2023, Hamee Global Inc., a consolidated subsidiary of us, entered into a business transfer agreement with Cube Co., Ltd. for the transfer of the Otamatone series product manufacturing and sales business for regions outside Japan. On the same date, the business was acquired.

(1) The outline of the Business Combination

① Name and business of the other company

Name of partner: Cube Co., Ltd.

Business Activities: Manufacturing and sales of Otamatone series products targeting regions other than Japan

② Main reasons for the business combination

We decided to acquire this business with the aim of expanding sales channels for music toys (Otamatone series) targeting regions outside Japan and reducing manufacturing costs for these products.

③ Date of business combination

January 1, 2023

④ Legal form of business combination

Acquisition of business for cash consideration

⑤ Name following business combination

There is no change.

⑥ Main rationale for determining the other business

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

(2) Period of performance of acquired businesses included in the consolidated statements of income

January 1, 2023 through March 31, 2023

(3) Acquisition cost of acquired businesses and breakdown by type of consideration

Consideration for

acquisition	Cash	JPY520,277 thousand
Acquisition cost		JPY520,277 thousand

(4) Details and amount of major acquisition-related expenses

Advisory fees JPY5,690 thousand

(5) Goodwill, reason for recognizing goodwill, amortization method and amortization term

① Amount of goodwill arising

JPY520,277 thousand

② Cause of occurrence

This is generated from the future excess earnings power expected from future business development.

③ Method and term to amortize goodwill

Straight-line method over 5 years

(6) The amount of assets accepted and liabilities assumed on the date of the Business Combination, and major breakdown thereof

Not applicable.

(7) The estimated amount of influence that would be exerted on the consolidated profit and loss statement for the current Consolidated Fiscal Year if the Business Combination is assumed to have been completed on the day of commencement of the Consolidated Fiscal Year, and the calculation method thereof

This information is omitted because the estimated amount of the impact is immaterial

(Segment Information, etc.)

[Segment Information]

1. The outline of any Reporting Segment

The reportable segments of the group are the constituent units of the group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business performance. Our group consists of segments by products and services based on our business activities. We have two reportable segments, the Commerce Business and the Platform Business, and those related to new services that cannot be clearly classified into both businesses are presented as other. The Commerce segment plans, manufactures, purchases, and sells mobile accessories-related products and services. The Platform Business provides the Next Engine cloud (SaaS) EC Attractions and sales support consulting services to support sales and inventory control by EC businesses. "Others" is a new service that cannot be clearly classified into the existing businesses, such as the "Hometown Tax Payment Support Service" and "Hamic POCKET," a mobile-watch device for elementary school students.

(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 (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) In the future, Next Engine Korea will develop and develop services suitable for the South Korean EC market independently under Hamee Global Inc., and will compile and disclose such services in the Commerce Segment in order to seek new service formats.

Segment information for the previous fiscal year has been prepared using the new segmentation method.

2. Methods of calculating net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting treatments for the reportable business segments are generally the same as those described in "Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements."

Income of reportable segments is based on operating income.

Intersegment sales and transfers are based on prevailing market prices.

3.Information on sales, income or loss, assets, liabilities and other items by reportable segment, and breakdown of revenue

Previous fiscal year (May 1, 2021, to April 30, 2022)

(Thousands of yen)

	Reportable Segments			Adjusted amount	Consolidated Financial Statements Amount recorded (NOTE)2
	Commerce Business	Platform Business	Total		
Net sales					
Income from contracts with customers	10,311,261	3,102,220	13,413,481	-	13,413,481
Sales to customers	10,311,261	3,102,220	13,413,481	-	13,413,481
Intersegment sales Or the amount transferred	-	-	-	-	-
Total	10,311,261	3,102,220	13,413,481	-	13,413,481
Segment profit	1,870,303	1,225,229	3,095,532	△893,146	2,202,385
Other items					
Depreciation and amortization	263,023	141,134	404,158	28,263	432,421
Amortization of goodwill	145,204	59,992	205,197	-	205,197

(NOTE) 1.The amounts of segment assets are omitted because we do not allocate assets to reportable segments.

2.Segment income is consistent with operating income in the consolidated financial statements.

Current fiscal year (from May 1, 2022 to April 30, 2023)

(Thousands of yen)

	Reportable Segments			Adjusted amount	Consolidated Financial Statements Amount recorded (NOTE)2
	Commerce Business	Platform Business	Total		
Net sales					
Income from contracts with customers	10,655,313	3,383,124	14,038,437	-	14,038,437
Sales to customers	10,655,313	3,383,124	14,038,437	-	14,038,437
Intersegment sales Or the amount transferred	289	6,297	6,586	△6,586	-
Total	10,655,603	3,389,421	14,045,024	△6,586	14,038,437
Segment profit	696,068	1,509,819	2,205,887	△934,728	1,271,159
Other items					
Depreciation and amortization	461,693	139,361	601,054	26,060	627,115
Amortization of goodwill	104,253	59,992	164,245	-	164,245

(NOTE) 1.The amounts of segment assets are omitted because we do not allocate assets to reportable segments.

2.Segment income is consistent with operating income in the consolidated financial statements.

[Related Information]

Previous fiscal year (May 1, 2021, to April 30, 2022)

1.Information for each product and service

This information is omitted because the same information is disclosed in Segment Information.

2.Information for each region

(1) Net sales

(Thousands of yen)

Japan	North America	Asia and Oceania	Other regions	Total
11,942,724	1,194,355	236,045	40,355	13,413,481

(NOTE) Net sales are classified by country or region based on the location of the customer.

(2) Property, plant and equipment

(Thousands of yen)

Japan	South Korea	United States	Other Asia	Total
169,847	1,025,381	16,977	404	1,212,610

3.Information for each major customer

This information is omitted because there are no external customers that account for 10% or more of net sales in the consolidated statements of income.

Current fiscal year (from May 1, 2022 to April 30, 2023)

1.Information for each product and service

This information is omitted because the same information is disclosed in Segment Information.

2.Information for each region

(1) Net sales

(Thousands of yen)

Japan	North America	Asia and Oceania	Other regions	Total
11,907,611	1,629,931	392,755	108,138	14,038,437

(NOTE) Net sales are classified by country or region based on the location of the customer.

(2) Property, plant and equipment

(Thousands of yen)

Japan	South Korea	United States	Other Asia	Total
162,436	1,245,374	99,846	675	1,508,332

3.Information for each major customer

This information is omitted because there are no external customers that account for 10% or more of net sales in the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

Previous fiscal year (May 1, 2021, to April 30, 2022)

Not applicable.

Current fiscal year (from May 1, 2022 to April 30, 2023)

Not applicable.

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

Previous fiscal year (May 1, 2021, to April 30, 2022)

Unamortized balance of goodwill JPY136,347 thousand

The amortization of goodwill is omitted because the same information is disclosed in the segment information.

The unamortized balance of goodwill is not allocated to reportable segments.

Current fiscal year (from May 1, 2022 to April 30, 2023)

Unamortized balance of goodwill JPY490,930 thousand

The amortization of goodwill is omitted because the same information is disclosed in the segment information.

The unamortized balance of goodwill is not allocated to reportable segments.

[Information on gain on negative goodwill by reportable segment]

Not applicable.

(Per Share Information)

	End of previous fiscal year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Net assets per share	JPY513.06	JPY556.97
Net income per share	JPY109.72	JPY59.44
Diluted per share Net Income for the Term	JPY109.43	JPY59.39

(NOTE) The basic facts underlying the calculation of Basic earnings per share and Diluted earnings per share are as follows:

	End of previous fiscal year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	1,743,821	945,375
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common stock Net income (thousands of yen)	1,743,821	945,375
Average number of shares of common stock outstanding during the period (shares)	15,893,560	15,904,503
Diluted EPS Net income for computation		
Adjustment to profit attributable to owners of parent (thousands of yen)	-	-
Increase in common stock (shares) (Stock option (shares))	41,265 (41,265)	14,794 (14,794)
Diluted per share due to anti-dilutive effect Summary of potential shares not included in the calculation of net income	—	5th Stock Option 152 thousand

(Significant Subsequent Events)

Not applicable.