



## Consolidated Financial Results for the First Quarter FY04/24 [Japanese GAAP]

September 14, 2023

Name of listed company Hamee Corp.	Listed stock exchanges	East
Code Number 3134	URL <a href="https://hamee.co.jp/">https://hamee.co.jp/</a>	
Representative (Title) President and CEO	(Name) Ikuhiro Mizushima	
Contact person (Title) Officer	(Name) Yukihiro Tomiyama(TEL) +81-465-42-9181	
Scheduled date to file September 14, 2023	Scheduled date of commencement of dividend payment	-
Quarterly Securities Report	Preparation of supplementary material on quarterly financial results: Yes	
Quarterly results briefing : None (On September 15, 2023, we plan to post a video explaining our financial results on <a href="https://hamee.co.jp/ir/library/video/">https://hamee.co.jp/ir/library/video.</a> ) (Millions of yen are rounded down.)		

### 1.FY04/24 Q1 consolidated results (May 1, 2023 to July 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	%
Q1 FY04/24	3,316	6.8	174	△29.9	203	△31.4	△132	-
Q1 FY04/23	3,106	18.7	248	△24.3	296	△14.7	206	△18.7

(NOTE) Comprehensive income Q1 FY04/24 147Millions of yen (△57.5%) Q1 FY04/23 346Millions of yen 37.0%)

	Earnings Per share	Diluted Earnings Per share
	Yen	Yen
Q1 FY04/24	△8.33	-
Q1 FY04/23	13.02	13.01

### (2)Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
Q1 FY04/24	12,350	8,741	70.0
FY04/23	12,320	8,960	72.0

(Reference) Shareholders' equity Q1 FY04/24 8,648Millions of yen FY04/23 8,864Millions of yen

### 2.Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of the third quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY04/23	-	0.00	-	22.50	22.50
FY04/24	-	-	-	-	-
FY04/24 (Forecast)	-	0.00	-	22.50	22.50

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

### 3.Forecast of Consolidated Financial Results for the Year Ending April 2024 (May 1, 2023 to April 30, 2024)

(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	16,813	19.8	2,086	64.1	2,069	47.8	1,537	62.7	94.46

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

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

※ Notes

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

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

New - Exclusion -

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

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

① Changes in accounting policies caused by revision of accounting standards : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

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

① Number of shares outstanding at the end of the period (including treasury stock)	Q1 FY04/24	16,280,000Shares	FY04/23	16,280,000Shares
② Number of treasury shares at the end of the period	Q1 FY04/24	363,737Shares	FY04/23	363,737Shares
③ Average number of shares during the period (quarterly consolidated cumulative period)	Q1 FY04/24	15,916,263Shares	Q1 FY04/23	15,899,284Shares

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

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

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

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

### (1) Explanation of Operating Results

As for Japan's economy in the first quarter of the fiscal year under review, DI of all large enterprises (business condition judgment index) was plus 13 according to the Japan Bank Short View in June, and it increased by 3 points from the previous survey (March). As a result, the normalisation of socioeconomic activities progressed further. However, the worry about the deterioration of business performance in manufacturing industries due to high prices of raw materials and energy has not been cleared against the background of the cheap yen and Ukraine, and the uncertainty in the future has remained unclear.

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

#### ① Commerce segment

##### a. Mobile Life Business

In addition to working to improve the speed of developing products for models other than iPhone and new products that incorporate market trends, we aggressively implemented various measures based on the initial plan of focusing on expanding sales of its mainstay iFace series, such as collaborative planning with leading IP. Specifically, in addition to releasing a iFace exclusively for Google Pixel in May, we also launched collaborative products with popular characters and iFace. We also continued to introduce new products, including the release in June of Reflection Neo, a new design for the popular iFace Reflection series. As a result of these measures, although retail sales remained sluggish, wholesale sales showed a recovery trend with a year-on-year increase of 10.1%.

##### b. Gaming accessories business

Sales expanded steadily in the previous fiscal year because of an evaluation of the balance between price and performance. However, competition with competitors' products intensified in the first quarter of the fiscal year under review. To overcome this situation, we released new gaming monitors and introduced new products, such as original product arms, in an effort to improve top-line performance. However, net sales decreased 4.6% year on year.

##### c. Cosmetics Business

This business continued to perform well in the fourth quarter of the previous fiscal year, when it was introduced at a TV program in April 2023. Sales on a monthly basis exceeded JPY100 million and surpassed forecasts. The concentration of orders resulted in inventory shortages from the end of the previous fiscal year, resulting in back orders until mid-June. However, net sales grew significantly to JPY317 million, 13.3 times higher than the same period of the previous fiscal year. In addition, wholesale transactions are also increasing against the backdrop of dramatic improvement in attention in EC malls. In the future, we expect to improve margins by obtaining a license to manufacture and sell cosmetics, so we will focus on this business as the second incomes pillar after the Mobile Life Business.

##### d. Global Business

Sales outside the Group in both the Korean, U.S. and Chinese markets increased (up 17.3% year on year), but gross profit margin declined due to factors such as changes in product mix (sales of products with a high cost of sales ratio are increasing).

As a result, net sales in the Commerce segment for the first quarter of the current fiscal year were JPY2,537,599 thousand (up 8.8% year on year) and segment income (operating income) was JPY87,001 thousand (down 45.5% year on year).

## ② Platform segment

### a. Next Engine Business

The following changes in the business environment recognized in the previous fiscal year did not show any significant improvement in the first quarter of the fiscal year under review, but there were signs of recovery in the inflow of new clients.

#### (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.

The revision of service prices implemented in June 2023 expanded the scope of transactions for small businesses in EC sales, while at the same time increasing the number of orders processed, which is the basis for pay-as-you-go billing, became more easily reflected in usage fees. In particular, a reduction in the basic usage fee from JPY10,000 to JPY3,000 per month resulted in an increase in applications for free subscriptions. As a result, the pace at which contract acquisition were obtained recovered, and the net number of clients increased to 145 clients in the first quarter under review. In July, the number of monthly contracts reached a record high of 142 clients.

Due to the recognition of a certain number of cases of withdrawal from EC following the previous fiscal year, the churn rate in the first quarter of the fiscal year under review was 0.94%.

Against this backdrop, net sales in the Next Engine Business increased 5.1% year on year.

### 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. For the time being, we will focus on strengthening our structure so that we can return to growth from the next fiscal year, considering securing personnel and establishing a foundation as priority issues.

### c. Localco Business

Sales decreased 5.7% year on year, despite efforts to offset the decline in sales attributable to the withdrawal of a manufacturer of reward products from a contract municipality in the Localco business, which had earned stable donations in a typical year, by means of value-added measures (such as proposals for reward products and site improvements) for other contract municipalities.

We will continue to focus on providing added value to existing contract municipalities and acquiring contracts with new municipalities.

As a result of the above, the Platform segment recorded sales of JPY781,711 thousand (up 1.0% year on year) and segment income (operating income) of JPY349,116 thousand (up 8.1% year on year) for the first quarter of the current fiscal year.

As a result of the above, in the first quarter of the current fiscal year, net sales were JPY3,316,762

thousand (up 6.8% year on year), operating income was JPY174,163 thousand (down 29.9%), ordinary income was JPY203,618 thousand (down 31.4%), and loss attributable to owners of parent was JPY132,514 thousand (compared with net income attributable to owners of parent of JPY206,986 thousand in the first quarter of the previous fiscal year) due to the recognition of deferred tax liabilities.

For the recognition of deferred tax liabilities, please refer to the " Notice of Recording Deferred Tax Liabilities " announced on September 14, 2023.

## (2) Explanation of Financial Position

Assets at the end of the first quarter of the current fiscal year increased by JPY29,734 thousand from the end of the previous fiscal year to JPY12,350,221 thousand. This was mainly due to JPY281,670 thousand increase in merchandise, JPY239,252 thousand increase in other current assets, JPY45,559 thousand increase in raw materials and supplies, JPY359,744 thousand decrease in cash and deposits, JPY230,768 thousand decrease in deferred tax assets due to a change in the dividend policy from a consolidated subsidiary to ours, and JPY15,182 thousand decrease in notes and accounts receivable-trade due to an increase in net sales.

Liabilities increased by JPY248,363 thousand from the end of the previous fiscal year to JPY3,608,349 thousand. This was mainly due to an increase of JPY400,000 thousand in short-term loans payable, an increase of JPY111,034 thousand in accounts payable-trade, an increase of JPY99,668 thousand in other current liabilities, a decrease of JPY360,795 thousand in income taxes payable, a decrease of JPY10,778 thousand in accrued expenses, and a decrease of JPY10,515 thousand in provision for bonuses.

Net assets decreased by JPY218,628 thousand from the end of the previous fiscal year to JPY8,741,872 thousand. This was mainly due to JPY496,613 thousand decrease in retained earnings, while there was JPY260,674 thousand increase in foreign currency translation adjustment.

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

There are no changes to the full-year consolidated earnings forecast announced on June 14, 2023.

## 2. Quarter Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2023)	End of first quarter of the fiscal year (July 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	3,535,669	3,175,924
Notes and accounts receivable	1,797,001	1,781,818
Inventory	1,643,852	1,925,522
Work in process	10,658	11,773
Supplies	35,569	81,128
Others	1,597,362	1,836,615
Allowance for doubtful accounts	△38,135	△44,253
Total current assets	8,581,977	8,768,529
Fixed assets		
Property, plant and equipment		
Buildings	745,514	789,167
Accumulated depreciation	△129,270	△149,771
Buildings, net	616,243	639,396
Automotive equipment	3,604	3,845
Accumulated depreciation	△863	△1,113
Vehicles, net	2,740	2,731
Tools, furniture and fixtures	1,040,999	1,149,508
Accumulated depreciation	△722,982	△839,665
Tools, furniture, and fixtures, net	318,016	309,843
Right-of-use asset	355,894	385,139
Accumulated depreciation	△123,214	△159,333
Assets for right of use, net	232,679	225,806
Land	337,086	359,646
Construction in progress	1,564	11,129
Total property, plant and equipment	1,508,332	1,548,553
Intangible assets		
Goodwill	490,930	496,218
Software	305,312	301,639
Trademark right	15,219	16,371
Others	14,098	13,299
Total intangible assets	825,562	827,528
Investments and other assets		
Investment securities	550,030	577,577
Stocks of subsidiaries and affiliates	45,018	45,308
Net defined benefit asset	143,447	140,233
Deferred tax assets	563,817	333,048
Others	118,340	126,496
Allowance for doubtful accounts	△16,039	△17,054
Total investments and other assets	1,404,614	1,205,610
Total noncurrent assets	3,738,509	3,581,692
Total assets	12,320,486	12,350,221

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2023)	End of first quarter of the fiscal year (July 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable	166,048	277,083
Short-term loans	1,300,000	1,700,000
Accounts payable-other	862,932	860,086
Accrued expenses	245,155	234,376
Income taxes payable	438,653	77,858
Provision for bonuses	25,201	14,686
Others	198,268	297,936
Total current liabilities	3,236,260	3,462,028
Long-term liabilities		
Asset retirement obligations	11,341	12,100
Deferred tax liabilities	-	21,689
Others	112,384	112,530
Total long-term liabilities	123,725	146,320
Total liabilities	3,359,985	3,608,349
<b>Net assets</b>		
Shareholders' equity		
Common stock	598,262	598,262
Capital surplus	543,737	543,737
Retained earnings	7,834,362	7,337,749
Treasury stock	△349,636	△349,636
Total shareholders' equity	8,626,725	8,130,112
Other accumulated comprehensive income		
Valuation difference on securities	3,163	22,361
Foreign currency translation adjustments	235,004	495,678
Total other accumulated comprehensive income	238,167	518,039
Stock Option	95,608	93,721
Total net assets	8,960,501	8,741,872
Total liabilities and net assets	12,320,486	12,350,221



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

Consolidated income statement for the quarter

First quarter consolidated cumulative accounting period

(Thousands of yen)

	First quarter of previous fiscal year (May 1, 2022 To July 31, 2022)	First quarter of fiscal year (May 1, 2023 To July 31, 2023)
Net sales	3,106,139	3,316,762
Cost of sales	1,208,075	1,279,197
Gross profit	1,898,064	2,037,564
Selling, general and administrative expenses	1,649,742	1,863,400
Operating income	248,322	174,163
Non-operating income		
Interest income	1,879	202
Consumption tax difference	4	12,466
Foreign exchange gains	41,051	11,164
Others	11,732	11,976
Total non-operating income	54,667	35,809
Non-operating expenses		
Interest expenses	2,198	3,405
Payment Guarantee Fee	1,853	1,826
Equity in losses of affiliates	1,832	595
Others	485	527
Total non-operating expenses	6,369	6,354
Ordinary income	296,620	203,618
Extraordinary income		
Gain on sales of noncurrent assets	307	-
Gain on reversal of stock option	-	1,887
Total extraordinary income	307	1,887
Extraordinary loss		
Loss on retirement of noncurrent assets	-	887
Total extraordinary loss	-	887
Current net income for the quarter before income taxes and minority interests	296,928	204,617
Income taxes	29,242	77,164
Income taxes-deferred	60,698	259,967
Total income taxes	89,941	337,132
Quarter net income (△)	206,986	△132,514
Quarter net income attributable to owners of parent (△)	206,986	△132,514

Quarterly Consolidated Statements of Comprehensive Income

First quarter consolidated cumulative accounting period

(Thousands of yen)

	First quarter of previous fiscal year (May 1, 2022 To July 31, 2022)	First quarter of fiscal year (May 1, 2023 To July 31, 2023)
Quarter net profit ( $\Delta$ )	206,986	$\Delta$ 132,514
Other comprehensive income		
Valuation difference on securities	237	19,197
Foreign currency translation adjustments	139,262	260,674
Total other comprehensive income	139,500	279,871
Quarterly comprehensive income	346,486	147,357
(Details)		
Quarterly comprehensive income attributable to owners of parent	346,486	147,357
Quarterly comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

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

Not applicable.

(Segment information, etc.)

[Segment Information]

I Previous First Quarter (May 1, 2022 to July 31, 2022)

1. Information on net sales and profits or losses by reportable segment and revenue decomposition information

(Thousands of yen)

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

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

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

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

Not applicable.

II Current First Quarter (May 1, 2023 to July 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	2,537,385	779,376	3,316,762	–	3,316,762
Sales to customers	2,537,385	779,376	3,316,762	–	3,316,762
Inter-segment sales or reclasses	213	2,335	2,548	△2,548	–
Total	2,537,599	781,711	3,319,311	△2,548	3,316,762
Segment profit	87,001	349,116	436,118	△261,954	174,163

(NOTE)1. The adjusted amount of segment profit, △JPY261,954 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.

(Significant Subsequent Events)  
Not applicable.