



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

March 15, 2024

Name of listed company Hamee Corp. Listed stock exchanges Tokyo Stock Exchange
 Code Number 3134 URL <https://hamee.co.jp/>
 Representative (Title) President and CEO (Name) Ikuhiro Mizushima
 Contact (Title) Officer (Name) Yukihiro Tomiyama (TEL) +81-465-25-0260
 Scheduled date to file March 15, 2024 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.FY04/24 Q3 consolidated results (May 1, 2023 to January 31, 2024)

(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 FY04/24 | 12,782 | 21.3 | 1,362 | 16.4 | 1,441 | 18.9 | 693 | (14.9) |
| Q3 FY04/23 | 10,542 | 5.6 | 1,169 | (37.6) | 1,212 | (37.1) | 814 | (43.7) |

(NOTE) Comprehensive income Q3 FY04/24 JPY1,009million 4.8% Q3 FY04/23 JPY963million (33.1%)

| | Earnings Per share | Diluted Earnings Per share |
|------------|--------------------|----------------------------|
| | Yen | Yen |
| Q3 FY04/24 | 43.56 | 43.54 |
| Q3 FY04/23 | 51.25 | 51.19 |

(2)Consolidated Financial Position

| | Total assets | Net assets | Equity Ratio |
|------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| Q3 FY04/24 | 14,209 | 9,643 | 67.2 |
| FY04/23 | 12,320 | 8,960 | 72.0 |

(Reference) Shareholders' equity Q3 FY04/24 JPY9,550million FY04/23 JPY8,864million

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 | - | 0.00 | - | | |
| FY04/24 (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 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 | 17,292 | 23.2 | 1,868 | 47.0 | 1,942 | 38.8 | 1,053 | 11.4 | 64.68 |

(NOTE) Revisions to the consolidated forecasts most recently announced : Yes

(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 : 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) | Q3 FY04/24 | 16,280,000Shares | FY04/23 | 16,280,000Shares |
| ② Number of treasury shares at the end of the period | Q3 FY04/24 | 355,555Shares | FY04/23 | 363,737Shares |
| ③ Average number of shares during the period (quarterly consolidated cumulative period) | Q3 FY04/24 | 15,919,946Shares | Q3 FY04/23 | 15,902,468Shares |

※ 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.

○Accompanying Materials – Contents

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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 third quarter of the fiscal year under review, DI for all large enterprises (Business Conditions Index) improved for three consecutive quarters in the manufacturing sector and improved for seven consecutive quarters in the non-manufacturing sector. As a result, there were signs of a recovery in consumer spending due to normalization of economic activity. On the other hand, due to factors such as the prolonged situation in Ukraine and the unstable situation in the Middle East, the future outlook remains unclear due to soaring raw material, fuel and energy prices and rapid fluctuations in foreign exchange rates.

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

① Commerce segment

a. Mobile Life Business

We focused on sales activities to secure sales at levels exceeding results of the same period last year by developing new products, mainly iFace brands, as a product for the new iPhone. We also continued to roll out new products for popular models other than the new iPhone, launching new MagSafe compliant iFace "Reflection Neo Magnetic in the popular Reflection series, and continuously launching iFace MagSynq Card Wallet and other products that incorporate market trends. As a result, both EC and wholesale steadily expanded, and net sales increased 3.9% year on year.

b. Gaming Accessories Business

Sales recovered steadily in Q3. Until the first half of the fiscal year under review, competition with competitors' products intensified. In particular, sales of Amazon Black Friday and other malls expanded during the year-end sales season, driven by white-model gaming monitors and peripheral equipment such as monitor arms. In addition, Pixio, a gaming monitor brand, was awarded Amazon.co.jp Retailer Award 2023 Time Sale Award in January 2024, and the situation improved again to attract attention in the marketplace. As a result, net sales increased 16.5% year on year.

c. Cosmetics Business

Sales of the cosmetics brand ByUR continued to perform well in Q4 of the previous fiscal year, and sales were more than double the initial plan. ByUR won various cosmetics awards so far. It won 51 awards (Achieved 118 awards in total as the brand) in 2023. It has grown to become a top-selling winner in various EC malls. Our presence has grown more than ever, and contracts with new wholesale customers have significantly increased. As a result, number of stores handling ByUR is more than 2,000. At the same time, we launched new base makeup and skincare products. As a result, net sales increased 888.1% year on year.

d. Global Business

Sales increased as planned, up 35.1% year on year. Sales outside the group were strong in the Korean market, the U.S. market and the Chinese market. Because of favorable sales of Otamatone, a music toys business acquired in January last year, in the U.S. market. Although the consolidated elimination of net sales increased due to an increase in inter-group transactions of products related to the cosmetics Business, for which sales were favorable, net sales after consolidation adjustments increased 17.2% year on year.

As a result, net sales in the Commerce segment for the third quarter of the fiscal year under review were JPY9,921,854 thousand (up 25.6% from the same quarter of the previous fiscal year) and segment income (operating income) was JPY667,531 thousand.(down 0.2%)

② Platform segment

a. Next Engine Business

The pace of contract acquisition recovered. The revision of service prices implemented in June 2023 made it easier to reflect in user charges the increase in the number of orders processed as the basis for pay-as-you-go billing. At the same time, the reduction in the basic usage fee from JPY10,000 to JPY3,000 per month resulted in an expansion of the transaction value in EC sales to small businesses. The net increase in contracts was 117 clients in Q3.

The number of contract clients has steadily increased because of the collaboration with Mercari Shops operated by Mercari and NextEngine last December and the implementation of the accompanying campaign etc. Net sales in the Next Engine Business increased by 15.3% year on year, a double-digit growth. This was mainly due to improved ARPU business with rate revisions and incentive-based sales associated with the marketing collaboration with Mercari Shops, which started collaboration in December.

In addition, although there have been a certain number of cases of withdrawal from EC following the previous fiscal year, the number of cancellations themselves remained low, and the churn rate in the third quarter was 0.92%.

b. Consulting Business

Exceed our initial plan for operating income in Q3 despite a continued decline in sales attributable to a shortage of consultants, we are focusing on activities that emphasize profitability. At the same time as continuing to tackle the management issue of securing the resources of consultants, we promoted a new growth strategy aimed at improving our business performance. However, in January 2024, we resumed sales activities for new contracts.

c. Localco Business

Sales grew significantly in September because of the last-minute surge in demand following the system change related to the hometown tax payment in October. However sales in Q3 increased 0.3% year-on-year due to the impact of the fall after October. We will continue to focus on providing added value to existing contract municipalities and acquiring contracts with new municipalities.

As a result, net sales in the Platform segment for the third quarter of the fiscal year under review were JPY2,869,179 thousand (up 8.5% from the same quarter of the previous fiscal year) and segment income (operating income) was JPY1,478,364 thousand.(up 23.8%)

As a result, for the third quarter under review, net sales were JPY12,782,724 thousand (up 21.3% from the same quarter of the previous fiscal year), operating income was JPY1,362,055 thousand (down 16.4%), ordinary income was JPY1,441,350 thousand (down 18.9%), and Net profit attributable to owners of parent was JPY693,467 thousand (down 14.9%)

(2) Explanation of Financial Position

Assets at the end of the third quarter of the current fiscal year increased by JPY1,889,014 thousand from the end of the previous fiscal year to JPY14,209,501 thousand. This was mainly due to a JPY974,496 thousand increase in merchandise, JPY528,454 thousand increase in other current assets, JPY311,976 thousand increase in notes and accounts receivable-trade due to an increase in net sales, JPY305,981 thousand increase in shares of subsidiaries and affiliates, JPY140,042 thousand decrease in deferred tax assets due to a change in the dividend policy from a consolidated subsidiary to ours, and JPY105,938 thousand decrease in cash and deposits.

Liabilities increased by JPY1,205,780 thousand from the end of the previous fiscal year to JPY4,565,766 thousand. This was mainly due to an increase of JPY679,440 thousand in accounts payable-other, an increase of JPY337,500 thousand in long-term loans payable, an increase of JPY200,000 thousand in short-term loans payable, and an increase of JPY90,000 thousand in current portion of long-term loans payable, partially offset by a decrease of JPY151,141 thousand in income taxes payable.

Net assets increased JPY683,233 thousand from the end of the previous fiscal year to JPY9,643,734 thousand. This was mainly due to an increase of JPY360,090 thousand in retained earnings and an increase of JPY278,499 thousand in foreign currency translation adjustment.

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

With regard to the full-year earnings forecast, we have revised the full-year consolidated earnings forecast announced on June 14, 2023, based on the progress of earnings in the third quarter of the current fiscal year and the recent business environment. For details of the revisions, please refer to the "Notice Regarding Revisions to Full-Year Earnings Forecasts" announced on March 15, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

| | Thousands of yen | |
|---------------------------------------|---|---|
| | End of previous fiscal year April 30, 2023 | End of 3rd quarter of the fiscal year under review January 31, 2024 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,535,669 | 3,429,730 |
| Trade notes and accounts | 1,797,001 | 2,108,977 |
| Inventory | 1,643,852 | 2,618,348 |
| Work in process | 10,658 | 13,420 |
| Raw materials and supplies | 35,569 | 62,441 |
| Others | 1,597,362 | 2,125,816 |
| Allowance for doubtful accounts | (38,135) | (48,663) |
| Total current assets | 8,581,977 | 10,310,072 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings | 745,514 | 817,009 |
| Accumulated depreciation | (129,270) | (183,304) |
| Buildings, net | 616,243 | 633,705 |
| Automotive equipment | 3,604 | 3,862 |
| Accumulated depreciation | (863) | (1,505) |
| Automotive equipment, net | 2,740 | 2,357 |
| Tools, furniture and fixtures | 1,040,999 | 1,323,583 |
| Accumulated depreciation | (722,982) | (983,207) |
| Tools, furniture, and fixtures, net | 318,016 | 340,376 |
| Right-of-use asset | 355,894 | 392,622 |
| Accumulated depreciation | (123,214) | (222,154) |
| Right of use asset, net | 232,679 | 170,467 |
| Land | 337,086 | 361,281 |
| Construction in progress | 1,564 | 1,676 |
| Total property, plant and equipment | 1,508,332 | 1,509,864 |
| Intangible assets | | |
| Goodwill | 490,930 | 443,088 |
| Software | 305,312 | 286,169 |
| Trademark right | 15,219 | 16,778 |
| Others | 14,098 | 30,317 |
| Total intangible assets | 825,562 | 776,353 |
| Investments and other assets | | |
| Investment securities | 550,030 | 598,989 |
| Stocks of subsidiaries and affiliates | 45,018 | 350,999 |
| Long-term loans receivable | - | 16,955 |
| Net defined benefit asset | 143,447 | 120,157 |
| Deferred tax assets | 563,817 | 423,775 |
| Others | 118,340 | 120,673 |
| Allowance for doubtful accounts | (16,039) | (18,339) |
| Total investments and other assets | 1,404,614 | 1,613,210 |
| Total noncurrent assets | 3,738,509 | 3,899,428 |
| Total assets | 12,320,486 | 14,209,501 |

| | Thousands of yen | |
|---|---|---|
| | End of previous fiscal year April 30, 2023 | End of 3rd quarter of the fiscal year under review January 31, 2024 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 166,048 | 232,988 |
| Short-term loans | 1,300,000 | 1,500,000 |
| Current portion of long-term loans payable | - | 90,000 |
| Accounts payable-other | 862,932 | 1,542,372 |
| Accrued expenses | 245,155 | 234,293 |
| Income taxes payable | 438,653 | 287,511 |
| Provision for bonuses | 25,201 | 44,595 |
| Others | 198,268 | 211,668 |
| Total current liabilities | 3,236,260 | 4,143,430 |
| Noncurrent liabilities | | |
| Long-term loans | - | 337,500 |
| Asset retirement obligations | 11,341 | 12,155 |
| Others | 112,384 | 72,681 |
| Total noncurrent liabilities | 123,725 | 422,336 |
| Total liabilities | 3,359,985 | 4,565,766 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 598,262 | 598,262 |
| Capital surplus | 543,737 | 544,751 |
| Retained earnings | 7,834,362 | 8,194,453 |
| Treasury stock | (349,636) | (341,773) |
| Total shareholders' equity | 8,626,725 | 8,995,693 |
| Other accumulated comprehensive income | | |
| Valuation difference on securities | 3,163 | 40,816 |
| Adjustments on Foreign currency statement translation | 235,004 | 513,503 |
| Total other accumulated comprehensive income | 238,167 | 554,319 |
| Stock Option | 95,608 | 93,721 |
| Total net assets | 8,960,501 | 9,643,734 |
| Total liabilities and net assets | 12,320,486 | 14,209,501 |

(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 previous fiscal year May 1, 2022 to January 31, 2023 | Nine-month period of fiscal year May 1, 2023 to January 31, 2024 |
| Net sales | 10,542,076 | 12,782,724 |
| Cost of sales | 4,045,754 | 4,768,303 |
| Gross profit | 6,496,321 | 8,014,421 |
| Selling, general and administrative expenses | 5,326,605 | 6,652,365 |
| Operating income | 1,169,715 | 1,362,055 |
| Non-operating income | | |
| Interest income | 7,539 | 737 |
| Consumption tax difference | - | 50,665 |
| Equity in earnings of associated companies | 482 | 3,357 |
| Foreign exchange gain | 19,525 | 24,602 |
| Others | 35,048 | 30,673 |
| Total non-operating income | 62,595 | 110,037 |
| Non-operating expenses | | |
| Interest expenses | 7,449 | 20,703 |
| Payment Guarantee Fee | 5,770 | 5,801 |
| Bad debt loss | 4,516 | - |
| Others | 2,036 | 4,237 |
| Total non-operating expenses | 19,772 | 30,742 |
| Ordinary income | 1,212,538 | 1,441,350 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 3,083 | 104 |
| Gain on sales of investment securities | 28,478 | - |
| Gain on reversal of stock option | - | 1,887 |
| Total extraordinary income | 31,562 | 1,991 |
| Extraordinary losses | | |
| Loss on retirement of noncurrent assets | 8,106 | 2,118 |
| Loss on valuation of investment securities | 14,247 | 5,070 |
| Loss on liquidation of shares of subsidiaries | - | 3,238 |
| Total extraordinary loss | 22,353 | 10,427 |
| Quarterly net profit before income taxes and minority interests | 1,221,747 | 1,432,914 |
| Income taxes | 362,602 | 571,754 |
| Income taxes-deferred | 44,165 | 167,692 |
| Total income taxes | 406,767 | 739,446 |
| Quarterly net profit | 814,979 | 693,467 |
| Quarterly net profit attributable to owners of parent | 814,979 | 693,467 |

Quarterly Consolidated Statements of Comprehensive Income

Third quarter

| | Thousands of yen | |
|--|--|---|
| | Nine-month period of previous fiscal year May 1, 2022 to January 31, 2023 | Nine-month period of fiscal year May 1, 2023 to January 31, 2024 |
| Quarterly net profit | 814,979 | 693,467 |
| Other comprehensive income | | |
| Valuation difference on securities | (637) | 37,653 |
| Adjustment on foreign currency statement translation | 149,324 | 278,499 |
| Total other comprehensive income | 148,687 | 316,152 |
| Quarterly comprehensive income | 963,666 | 1,009,620 |
| Details | | |
| Quarterly comprehensive income attributable to owners of the parent | 963,666 | 1,009,620 |
| 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 Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information etc.)

[Segment Information]

I Previous Third Quarter(May 1, 2022-October 31, 2023)

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 | 7,902,375 | 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.

II Current Third Quarter (May 1, 2023- January 31, 2024)

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 | 9,921,854 | 2,860,869 | 12,782,724 | - | 12,782,724 |
| Sales to customers | 9,921,854 | 2,860,869 | 12,782,724 | - | 12,782,724 |
| Inter-segment sales or reclasses | - | 8,309 | 8,309 | (8,309) | - |
| Total | 9,921,854 | 2,869,179 | 12,791,034 | (8,309) | 12,782,724 |
| Segment profit/ loss (△) | 667,531 | 1,478,364 | 2,145,896 | (783,840) | 1,362,055 |

(NOTE)1 The adjusted amount of segment loss,(JPY783,840 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.