



Consolidated Financial Results for the First Quarter FY04/25 [Japanese GAAP]

September 13, 2024

Name of listed company Hamee Corp.	Listed stock exchanges	East
Code Number 3134	URL https://hamee.co.jp/	
Representative (Title) President and CEO	(Name) Ikuhiro Mizushima	
Contact person (Title) Corporate Planning Dept. Manager	(Name) Toshiki Kunii	(TEL) +81-465-25-0260
Scheduled date of commencement of dividend payment	-	

Preparation of supplementary material on quarterly financial results: Yes

Quarterly results briefing : None (On September 17, 2024, we plan to post a video explaining our financial results on <https://hamee.co.jp/ir/library/video/>)
(Millions of yen are rounded down.)

1.Q1 FY04/25 consolidated results (May 1, 2024 to July 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	%
Q1 FY04/25	4,578	38.1	223	28.3	196	(3.7)	101	-
Q1 FY04/24	3,316	6.8	174	(29.9)	203	(31.4)	(132)	-

(NOTE) Comprehensive income Q1 FY04/25 248Millions of yen 68.8% Q1 FY04/24 147Millions of yen (57.5%)

	Earnings Per share	Diluted Earnings Per share
	Yen	Yen
Q1 FY04/25	6.37	6.37
Q1 FY04/24	(8.33)	-

(2)Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
Q1 FY04/25	15,294	10,052	65.2
FY04/24	14,512	10,157	69.3

(Reference) Shareholders' equity Q1 FY04/25 9,967Millions of yen FY04/24 10,063Millions 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
FY04/24	-	0.00	-	22.50	22.50
FY04/25	-	-	-	-	-
FY04/25 (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 2025 (May 1, 2024 to April 30, 2025)

(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	19,745	12.1	2,084	8.7	2,051	1.6	1,362	21.5	83.69

(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

New - company, Removed - company

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

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

- ① Changes in accounting policies caused by revision of accounting standards : Yes
- ② Changes in accounting policies other than ① : 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 FY04/25	16,294,400Shares	FY04/24	16,286,400Shares
② Number of treasury shares at the end of the period	Q1 FY04/25	355,575Shares	FY04/24	355,575Shares
③ Average number of shares during the period (quarterly consolidated cumulative period)	Q1 FY04/25	15,935,346Shares	Q1 FY04/24	15,916,263Shares

※ Review of the accompanying quarterly consolidated financial statements by a certified public accountant or an auditing firm : None

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on the current quarter's performance, (3) Explanation of future forecasts such as Consolidated performance Forecasts" on page 5 of the attached material for the assumptions underlying the earnings forecasts and notes on the use of the earnings forecasts.

○Accompanying Materials – Contents

1. Qualitative Information on the current quarter’s performance.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	5
(3) Explanation of future forecasts such as Consolidated performance Forecasts.....	5
2. Quarter Consolidated Financial Statements and Major Notes.....	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarter Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	8
(3) Notes to Quarterly Consolidated Financial Statements.....	10
(Notes on the Going Concern Assumption).....	10
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	10
(Changes in accounting policies).....	10
(Segment Information, etc.)	11
(Notes to Statements of Cash Flows)	13

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, DI of all large enterprises (business condition judgment index) improved in 2 quarters in the manufacturing sector to the Japan Bank Short View in June, and worsened in 4 years in the non-manufacturing sector since June 2020. As a result, the overall economic outlook was mixed. On the other hand, in addition to high raw material costs due to the historic depreciation of the yen and rising labor costs, in overseas economies, risk factors such as the U.S. presidential election trends, Russia's invasion of Ukraine and the Israeli civil war have also become protracted, and the sense of uncertainty about the future remains to be dispelled.

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

Beginning with the first quarter of the current fiscal year, the allocation method for certain expenses in the Global Business has been changed to more appropriately reflect the performance of each reportable segment. Comparison and analysis for the first quarter of the current fiscal year are based on the new calculation method.

① Commerce segment

a. Mobile Life Business

Continuing from the previous fiscal year, in addition to launching products for models other than iPhone and mobile-related accessories that incorporate market trends, we focused on expanding sales of its mainstay iFace series, such as collaborative planning with popular IP contents. Specifically, in May we launched a smartphone case exclusively for Google Pixel8a and a collaborative product between popular characters and iFace. In June, we shipped a total of 7 million units of Reflection series, which combines the beauty and impact resistance of transparent glass. The cumulative shipment of Look in Clear series, which was made from completely clear materials, exceeded 1 million units. In July, we launched a shoulder strap for the fall and winter market based on the popular beige color from Hang and series. Hang and series has a cumulative total of over 220,000 hit products. As a result of these measures, although wholesale sales were sluggish, retail sales increased 9.3% year on year, showing a recovery trend. As a result, net sales increased 1.6% year on year.

b. Cosmetics Business

ByUR, a cosmetics brand, continued to perform well in the previous fiscal year, and sales have exceeded the initial plan, continuing to grow into a core business. We have also achieved a cumulative total of 137 brand cosmetics awards, and recognition has expanded even further. In addition, contracts with new wholesalers remain strong. We use marketing strategies to carefully consider which stores to introduce our products to and now. As a result, the number of stores selling ByUR totaled approximately 5,500. Net sales increased 186.5% year on year because of measures such as the development of brand-first UV care products and EC mall sales.

c. Gaming Accessories Business

Sales of Pixio, a gaming monitor brand, are expanding in EC mall sales such as Amazon Prime day. The driving force behind this was products white monitor, pastel colors monitor and monitor arm, which have been selling well since the previous consolidated fiscal year. In addition, contracts with new EC store customers and transactions with electronics retailers and electronics retailers expanded, resulting in a 284.5% year-on-year increase in net sales.

d. Global Business

In the U.S., Korean and Chinese markets, sales of popular cosmetics and inter-group transactions for new products increased. As a result, net sales after elimination of consolidated increased 2.7% year on year. Net sales outside the group increased 23.9% year on year as a result of strong sales.

Operating income declined, but this was mainly due to an increase in the amount of deduction for unrealized profit associated with the increase in inventories in the Mobile Life Business and the Cosmetics Business, which engage in new product development, and marketing and logistics costs related to the expansion of sales in the Cosmetics Business in Korea and Otamatone in the U.S.

As a result, net sales in the Commerce segment for the first quarter of the current fiscal year were JPY3,678,025 thousand (up 44.9% year on year) and segment income (operating income) was JPY134,117 thousand (down 14.1% year on year.)

② Platform segment

a. Next Engine Business

The new charging plan have been applied since June 2023 and reduced the basic usage fee from JPY10,000 to JPY3,000 per month. This resulted in an expansion of the transaction value for EC sales to small businesses. At the same time, the increase in the number of orders processed, which is the basis of pay-as-you-go billing, became easier to reflect in usage fees. As a result, ARPU of the new charging plan has continued to improve since the new charging plan was applied to existing clients in November 2023. There are signs of consumption returning to the EC market. The shift in consumer behavior toward consumption of experience from consumption of goods as a backlash against the COVID-19 has started to calm down.

On the other hand, as the number of customer targets expanded in line with the reduction in basic usage fees, marketing methods that differ from the past were required. As a result, the efficiency of acquiring leads declined in the first quarter of the fiscal year under review, and the actual number of net contract increases was slightly behind the target of 88 clients. As a result, the number of clients remained challenging. However, by improving the conversion rate from free trial to contract clients and focusing on maintaining the low cancellation rate, the total number of clients increased to 6,329 clients (up 73 from the end of the previous fiscal year). As a result, net sales in the NextEngine Business increased 18.6% year on year.

b. Localco Business

Because of the contributions from local governments that acquired new contracts in the previous fiscal year, the Hometown Tax Payment Support Service in the first quarter of the fiscal year exceeded the results of the previous fiscal year. In EC sales of traditional handicrafts business, which we acquired in April of this year through a business acquisition, we worked to expand sales through steady activities, such as finding suppliers within the contracted local governments of Hometown Tax Payment Support Service, despite the suppliers(craftsmen) have the challenge of ensuring a stable supply of inventory. As a result, net sales in the Localco Business increased 28.6% year on year.

c. Consulting Business

Because the continuing management issue of securing consultant resources (recruitment and improving retention rates), we are continuing activities with an awareness of maximizing the utilization rate of existing resources and thoroughly managing profitability. As a result, sales decreased 12.8% year-on-year. However, as a result of focusing on initiatives that emphasize profitability, such as profitability management for each project, improving the utilization rate of consultants, and cost reviews, operating profits were significantly higher than the previous year.

c. encer mall Business

This is a business related to the operation of encer mall, a new wholesale marketplace linking manufacturers and retailers, which was released as β in the previous fiscal year as a result of New Business development. In the first quarter of the fiscal year, the main content of this business is marketing activities, such as solicitation by member companies toward the official release, and R&D activities.

As a result of the above, the Platform segment recorded sales of JPY904,654 thousand (up 15.7% year on year) and segment income (operating income) of JPY482,447 thousand (up 38.2% 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 JPY4,578,874 thousand (up 38.1% year on year), operating income was JPY223,417 thousand (up 28.3% year on year), ordinary income was JPY196,175 thousand (down 3.7% year on year), and quarterly net profit attributable to owners of parent was JPY101,477 thousand (quarterly net loss attributable to owners of parent of JPY132,514 thousand in the first quarter of the previous fiscal year.)

(2) Explanation of Financial Position

Assets at the end of the first quarter of the current fiscal year increased by JPY782,208 thousand from the end of the previous fiscal year to JPY15,294,680 thousand. This was mainly due to JPY818,058 thousand increase in inventories, JPY498,419 thousand increase in other current assets, JPY379,318 thousand decrease in cash and deposits, JPY183,677 thousand decrease in notes and accounts receivable-trade, and JPY39,947 thousand decrease in goodwill, despite JPY69,740 thousand increase in deferred tax assets.

Liabilities increased by JPY886,492 thousand from the end of the previous fiscal year to JPY5,241,826 thousand. This was mainly due to an increase of JPY1,100,000 thousand in short-term loans payable, an increase of JPY84,201 thousand in accounts payable-other, a decrease of JPY247,116 thousand in income taxes payable, and a decrease of JPY52,530 thousand in long-term loans payable.

Net assets decreased by JPY104,284 thousand from the end of the previous fiscal year to JPY10,052,854 thousand. This was mainly due to JPY256,969 decrease thousand in retained earnings, while there was a JPY159,734 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, 2024.

2. Quarter Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year (April 30, 2024)	End of first quarter of the fiscal year (July 31, 2024)
Assets		
Current assets		
Cash and deposits	4,021,675	3,642,356
Notes and accounts receivable	2,367,883	2,184,205
Inventory	2,791,349	3,609,407
Work in process	4,544	12,163
Raw materials and supplies	80,037	101,062
Others	1,410,988	1,909,408
Allowance for doubtful accounts	(44,017)	(45,700)
Total current assets	10,632,462	11,412,904
Fixed assets		
Property, plant and equipment		
Buildings and structures	830,184	867,702
Accumulated depreciation	(202,805)	(228,724)
Buildings and structures, net	627,378	638,977
Automotive equipment	3,932	4,068
Accumulated depreciation	(1,729)	(1,992)
Vehicles, net	2,203	2,076
Tools, furniture and fixtures	1,074,720	1,163,037
Accumulated depreciation	(770,248)	(868,015)
Tools, furniture, and fixtures, net	304,471	295,021
Right-of-use asset	408,754	428,966
Accumulated depreciation	(268,590)	(316,907)
Assets for right of use, net	140,164	112,059
Land	367,820	383,918
Construction in progress	7,860	1,281
Total property, plant and equipment	1,449,898	1,433,335
Intangible assets		
Goodwill	496,487	456,540
Software	285,097	283,830
Trademark right	20,372	22,684
Others	29,171	28,688
Total intangible assets	831,129	791,743
Investments and other assets		
Investment securities	643,592	645,689
Stocks of subsidiaries and affiliates	349,106	345,188
Long-term loans receivable	16,418	15,879
Net defined benefit asset	170,367	146,431
Deferred tax assets	324,775	394,516
Others	123,231	139,824
Allowance for doubtful accounts	(28,510)	(30,832)
Total investments and other assets	1,598,982	1,656,697
Total noncurrent assets	3,880,010	3,881,776
Total assets	14,512,472	15,294,680

(Thousands of yen)

	End of previous fiscal year (April 30, 2024)	End of first quarter of the fiscal year (July 31, 2024)
Liabilities		
Current liabilities		
Accounts payable	369,736	349,673
Short-term loans	1,200,000	2,300,000
Current portion of long-term loans	210,120	210,120
Accounts payable-other	935,374	1,019,576
Accrued expenses	226,482	232,434
Income taxes payable	362,724	115,607
Provision for bonuses	18,093	16,112
Others	190,093	213,216
Total current liabilities	3,512,623	4,456,740
Long-term liabilities		
Long-term loans	774,860	722,330
Asset retirement obligations	12,375	12,804
Others	55,474	49,951
Total noncurrent liabilities	842,709	785,085
Total liabilities	4,355,333	5,241,826
Net assets		
Shareholders' equity		
Common stock	598,524	605,640
Capital surplus	545,014	552,130
Retained earnings	8,599,706	8,342,737
Treasury stock	(341,799)	(341,799)
Total shareholders' equity	9,401,446	9,158,709
Other accumulated comprehensive income		
Valuation difference on securities	66,665	54,189
Foreign currency translation adjustments	595,305	755,040
Total other accumulated comprehensive income	661,971	809,229
Stock Option	93,721	84,915
Total net assets	10,157,139	10,052,854
Total liabilities and net assets	14,512,472	15,294,680

(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, 2023 To July 31, 2023)	First quarter of fiscal year (May 1, 2024 To July 31, 2024)
Net sales	3,316,762	4,578,874
Cost of sales	1,279,197	1,841,348
Gross profit	2,037,564	2,737,526
Selling, general and administrative expenses	1,863,400	2,514,108
Operating income	174,163	223,417
Non-operating income		
Interest income	202	353
Foreign exchange gain	11,164	-
Advertising revenue	1,385	10,700
Reversal of allowance for doubtful accounts	-	9,277
Others	23,056	5,916
Total non-operating income	35,809	26,248
Non-operating expenses		
Interest expenses	3,405	6,285
Payment Guarantee Fee	1,826	1,741
Equity in losses of affiliates	595	5,207
Foreign exchange losses	-	30,187
Others	527	10,068
Total non-operating expenses	6,354	53,489
Ordinary income	203,618	196,175
Extraordinary income		
Gain on reversal of stock option	1,887	3,774
Total extraordinary income	1,887	3,774
Extraordinary losses		
Loss on retirement of noncurrent assets	887	-
Total extraordinary loss	887	-
Current net income for the quarter before income taxes and minority interests	204,617	199,949
Income taxes	77,164	128,503
Income taxes-deferred	259,967	(30,031)
Total income taxes	337,132	98,472
Quarter net income	(132,514)	101,477
Quarter net income attributable to owners of parent	(132,514)	101,477

Quarterly Consolidated Statements of Comprehensive Income
 First quarter consolidated cumulative accounting period

(Thousands of yen)

	First quarter of previous fiscal year (May 1, 2023 To July 31, 2023)	First quarter of fiscal year (May 1, 2024 To July 31, 2024)
Quarter net profit	(132,514)	101,477
Other comprehensive income		
Valuation difference on securities	19,197	(12,476)
Foreign currency translation adjustments	260,674	159,734
Total other comprehensive income	279,871	147,258
Quarterly comprehensive income	147,357	248,736
(Details)		
Quarterly comprehensive income attributable to owners of parent	147,357	248,736
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.

(Changes in accounting policies)

(Application of Accounting Standard for Income Taxes, Inhabitant Taxes and Business Taxes, etc.)

"Accounting Standard for Income Taxes, Resident Taxes and Business Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard, 2022") has been applied from the beginning of the first quarter of the current fiscal year.

Revisions to the classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Article 20-3 of the Revised Accounting Standard for 2022 and the transitional treatment stipulated in Article 65-2 (2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Implementation Guidance"). This change had no impact on the quarterly consolidated financial statements.

In addition, we have applied the revised guidance for 2022 from the beginning of the first quarter of the current fiscal year with regard to the amendments related to the revision to the treatment in the consolidated financial statements for deferring gain or loss on sales of shares of subsidiaries, etc. arising from sales of subsidiaries, etc. among consolidated companies for tax purposes. This change in accounting policy is applied retroactively, and the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year and for the previous fiscal year have been retroactively applied. This change had no impact on the quarterly consolidated financial statements for the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

[Segment Information]

I Previous 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	156,057	349,116	505,174	(331,010)	174,163

(NOTE)1. The adjusted amount of segment profit, (JPY331,010 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, 2024 to July 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	3,678,025	900,849	4,578,874	–	4,578,874
Sales to customers	3,678,025	900,849	4,578,874	–	4,578,874
Inter-segment sales or reclasses	–	3,805	3,805	(3,805)	–
Total	3,678,025	904,654	4,582,680	(3,805)	4,578,874
Segment profit	134,117	482,447	616,564	(393,146)	223,417

(NOTE)1. The adjusted amount of segment profit, (JPY393,146 thousand) is mainly corporate expenses that are not allocated to each reportable segment, and is mainly general and administrative expenses.

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

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

Not applicable.

3. Changes in reportable segments

From the first quarter of the current fiscal year, the allocation method of certain expenses for the Global Business has been changed to more appropriately reflect the performance of each reportable segment.

Segment information for the first quarter of the previous fiscal year has been prepared using the new calculation method.

(Notes to Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year have not been prepared. Depreciation and amortization related to the first quarter cumulative period (including amortization related to intangible assets excluding goodwill) and amortization of goodwill are as follows:

	First quarter of previous fiscal year (May 1, 2023 To July 31, 2023)	First quarter of fiscal year (May 1, 2024 To July 31, 2024)
Depreciation and amortization	164,037Thousands of yen	172,810Thousands of yen
Amortization of goodwill	26,439	29,587