



Consolidated Financial Results FY 04/20 [Japanese GAAP]

June 12, 2020

Name of listed company Hamee Corp. Listed stock exchanges East
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at(<https://hamee.co.jp/ir/library/video>)

(Millions of yen are rounded down)

FY04/2020 consolidated results (May 1, 2019 to April 30, 2020)

(1) Consolidated operating results (Percentages indicate year-on-year changes)

	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	%
FY 04/20	11,325	9.9	1,744	50.0	1,756	49.0	1,064	29.5
FY 04/19	10,302	9.9	1,163	△15.7	1,179	△6.9	821	△5.9

(NOTE) Comprehensive income FY 04/20 923 Millions of yen 16.5% FY 04/19 792 Millions of yen (△8.5%)

	Earnings Per Share	Diluted Earning Per Share	Shareholders' equity Net income margin	Total assets Profit ratio	Net sales Operating income
	Yen	Yen	%	%	%
FY 04/20	67.07	66.60	24.4	25.4	15.4
FY 04/19	51.16	50.59	21.9	21.8	11.3

(Reference) Equity in earnings of affiliates FY 04/20 17 Millions of yen FY 04/19 7 Millions of yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 04/20	8,091	4,818	57.8	296.40
FY 04/19	5,760	4,188	70.3	254.13

(Reference) Shareholders' equity FY 04/20 4,680 Millions of yen FY 04/19 4,047 Millions 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
FY 04/20	1,967	△1,053	932	3,453
FY 04/19	650	△670	△7	1,660

2. Dividends

	Annual dividend per share					Total dividends (Total)	Dividend payout ratio (Consolidated)	Net assets Dividend ratio (Consolidated)
	End of first quarter	End of second quarter	End of the third quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 04/19	-	0.00	-	6.50	6.50	103	12.7	2.8
FY 04/20	-	0.00	-	7.00	7.00	110	10.4	2.5
FY 04/21 (Forecast)	-	0.00	-	8.00	8.00		10.0	

(NOTE) Cash dividends forecast per share for the fiscal year ended April 30, 2020 are JPY0.5 higher than initially projected. For details, please refer to " Notice of Difference between last Financial Forecast and Actual Results, and Revision of Dividend Forecast " announced today.

Forecast of consolidated results for FY 04/2021 (May 1, 2020 to April 30, 2021)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net profit attributable to owners of parent		Earning Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	12,832	13.3	1,778	1.9	1,764	0.4	1,260	18.5	79.84

(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) : Yes

New - Company Removed 1 Company Hamee Taiwan, Corp.

(2) 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

(3) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)	FY 04/20	16,135,600Shares	FY 04/19	16,087,600Shares
② Number of treasury stock at the end of the period	FY 04/20	343,925Shares	FY 04/19	159,875Shares
③ Average number of shares during the period	FY 04/20	15,864,058Shares	FY 04/19	16,054,875Shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Performance for the Fiscal Year Ended April 1, 2020 (May 1, 2019-April 30, 2020)

(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	%
FY 04/20	10,270	16.2	1,275	92.8	1,268	88.3	752	77.2
FY 04/19	8,836	2.0	661	△24.4	673	△21.6	424	△9.0
	Earnings Per Share		Diluted Earnings Per Share					
	Yen		Yen					
FY 04/20	47.40		47.07					
FY 04/19	26.43		26.14					

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 04/20	6,747	3,564	50.8	216.93
FY 04/19	4,544	3,105	65.2	186.10

(Reference) Shareholders' equity FY 04/20 3,425 Millions of yen FY 04/19 2,964 Millions 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

(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 2 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>).

(Reference only)

In case of any discrepancies between Japanese version and English version, Japanese Language version shall prevail.

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1. 1. Overview Operating Results.

(1) Explanation of General conditions of current Overview of Operating Results.

During the fiscal year under review, the global economy and the Japanese economy were on a moderate recovery trend as uncertainty grew due to the U.S.-China trade crisis and the United Kingdom's decision to leave the EU. However, the worldwide spread of the new coronavirus, which occurred just before the effects of the consumption tax increment that began to materialize in October last year, seriously damaged the global economy, and it is currently very difficult to forecast the timing and scope of the convergence. Consequently, the prolonged period of contagion, the worsening of the situation, and the consequent global economic trends could have an impact on the Group's operating results and financial position.

The Group is making various efforts to continue its business in a situation where the impact of the new type of coronaviral infectious disease is expanding. Specifically, the Group takes measures according to the situation, such as securing liquidity on hand to ensure management stability, implementing telecommuting, strengthening restrictions on business trips and travel to Japan domestic and abroad, thoroughly disseminating measures to prevent infections, and ascertaining trends in each region through the Group's domestic and overseas networks. We will continue to place the highest priority on the safety of our group employees and stakeholders. In order to fulfill our social responsibilities as a group, we will work to prevent infectious diseases and spread infectious diseases based on the government's policies, action plans and requests, and at the same time strive to grow our business.

Under above situation, iFace Reflection, a transparent iFace series that utilizes reinforced glass, continued to drive the overall Commerce Business by capturing market demand in the sales of mobile (smartphones and mobile phones) accessories. Products for the new iPhone launched in September 2019 also remained strong. We also actively focused on expanding sales by continually releasing original products such as mobile accessories using a variety of popular characters, as well as developing new products under salisty mobile accessory brand for women. In addition, with the aim of creating products that can be developed globally and reducing manufacturing costs, consolidated subsidiaries in South Korea acquired the product manufacturing business (including brand planning and design planning personnel) from one existing of their main suppliers, and solidified their position as a global product supply base. In these ways, the Group accelerated strategies based on the Medium-Term Management Plan.

We implemented various measures to strengthen our operating foundation for our in house cloud (SaaS) e-commerce platform "Next Engine" in order to achieve the goals of the Medium-Term Management Plan. In order to maintain and improve the level of service and effectively utilize our own resources, in addition to transferring call center operations, which we have been working on since the fiscal year ended April 2019, we have also actively strengthened functions to improve the reliability and safety of our services. In addition, we continued to work with a wide range of partners to increase the added value of Next Engine, such as to connection with Logizard Zero, a cloud-based warehousing control system offered by Logizard Co., Ltd., through fully automated linkage.

As a result, for the fiscal year under review, the Company recorded net sales of JPY11,325,198 thousand (up 9.9% year on year), operating income of JPY1,744,951 thousand (up 50.0%), ordinary income of JPY1,756,964 thousand (up 49.0%), and profit attributable to owners of parent of JPY1,064,038 thousand (up 29.5%).

As a reference indicator, year-on-year changes based on EBITDA, an indicator of profitability that takes into account growth-oriented investments, are shown below.

(Thousands of yen)					
		FY 04/19	FY 04/20	Year-on-year change Increase (decrease)	Year-on-year change Rate of change
	Income before income taxes	1,179,325	1,582,472	403,146	34.2%
	Interest expenses	2,078	3,326	1,247	60.0%
	Depreciation and amortization	361,450	481,875	120,424	33.3%
EBITDA		1,542,855	2,067,674	524,818	34.0%
RESEARCH AND DEVELOPMENT COSTS		120,649	192,061	71,411	59.2%

Results by business segment are as follows.

a. Commerce Business

In addition to "iFace Reflection" series, sales of "iFace First Class" series, the mainstay series, remained strong both at domestic retail and wholesale stores. This was attributable to increased demand for iFace series in both iPhone11 series, which was launched in September 2019, and the previous iPhone series, for which price reductions are becoming more pronounced. In particular, sales to major mobile carrier shops grew in the domestic wholesale market. In January of this year, we were highly evaluated for our high product capabilities and store operation capabilities, and Hamee Rakuten Market Store for Smartphone Cases, which opens up in the Rakuten Market on-line mall, won the "Smartphone, Tablet, and Peripheral Devices Grand Prize for the Rakuten Market Shop of the Year 2019", which is selected from more than 40000 stores (eighth award in total).

Regarding the impact of the outbreak of the new type of coronaviral infections in the fourth quarter, domestic wholesale performed well until March, as stable product supply was highly evaluated and inquiries from existing retailers strengthened, despite concerns about the impact of a decrease in retailers visiting physical stores by consumers. However, an increase in the number of retailers who refrain from business operation due to the issuance of the Declaration of Emergency resulted in a slowdown in orders received in April, resulting in a decline in sales of JPY78 million compared with the same period of the previous year.

Meanwhile, domestic retail sales increased by JPY247 million compared with the same period of the previous year, offsetting a decline in domestic wholesale sales. This was due to the effects of market expansion caused by changes in consumer behavior, such as the conspicuous increase in "consumption at home" caused by changes in daily lives and the "digital shift" to e-commerce.

Global, a Korean consolidated subsidiary acquired the product manufacturing business in October 2019. In addition to enhancing product supply capabilities and reducing costs in the Commerce Business, this has put in place a framework for realizing the creation of products for the global market. In April 2020, we changed the name from Hamee Korea Co, Ltd. to Hamee Global Inc, taking into account the importance of the company in the global development of our group in the future. In the U.S., retail sales, which continued to be strong in general merchandise, exceeded the results for the corresponding period of the previous fiscal year, but wholesale sales, which received a large order in the previous fiscal year, declined as a reaction to this.

As a result in the Commerce Business, net sales increased 7.8% year on year to JPY9,208,911 thousand and operating income increased 34.3% to JPY2,198,680 thousand as a result of significant growth in domestic sales, which have a higher profit margin than in overseas markets, which drove company overall profit growth.

b. Platform Business

With regard to our in-house developed cloud (SaaS) e-commerce platform "Next Engine," we worked to increase added value as a platform by promoting collaboration with a wide range of partners and utilizing the merits of platforms, such as strengthening various collaborations with our inventory management software "Logicra," e-commerce website production platforms "Shopify," and "Rakuten Super Logistics." We also made efforts to increase the number of contracted companies by steadily capturing the chance to switch to Next Engine due to the termination of services by competitors, and by increasing the number of contracted companies.

In the fourth quarter, as with the commerce business, sales of Next Engine, which is a pay-as-you-go billing system linked to EC transactions by client, were not negatively affected by the growing number of Next Engine client companies' orders due to changes in consumer behavior, such as the "consumption at home" due to changes in daily life and the "digital shift" to the use of e-commerce, as well as the effects of market expansion due to changes in consumer behavior.

In this environment, the Group compiled support measures provided by partner companies and focused on the development of the EC industry as a whole in order to support companies wishing to enter the EC business and support companies that have already entered the EC business in introducing various services and tools. As a result of these activities, the total number of subscribers was 3,997 (up 375 from the end of the previous fiscal year) and the number of subscribing shops was 30,835 (up 2,829 from the end of the previous fiscal year, according to our own research).

Hamee Consulting Co., Ltd., which provides EC consulting services for e-commerce operators, is focusing on acquiring new customers to grow its business by offering free EC Forward, a management support tool for Rakuten Ichiba and Yahoo! Shopping, with the aim of further supporting e-commerce operators. However, operating income continues to be restrained due to the impact of human resource investment, such as recruitment costs, labor costs, and goodwill amortization costs associated with the expansion of the number of consultants essential to achieving business growth.

As a result, net sales in the Platform Business were JPY1,855,457 thousand (year-on-year increase of 7.7%), and operating income was JPY585,726 thousand (year-on-year increase of 10.9%).

c. Others

This service relates to new services that cannot be clearly classified into either the commerce business or the platforms business. It includes services for e-commerce businesses that are not tied to the main functions of Hometown Tax Payment Support Services, services for e-commerce businesses that are not tied to the main functions of Next Engine, the voice-messaging robot "Hamic BEAR" for children who do not have smartphones, and the ethical net shop "RUKAMO" opened in March 2020. In particular, sales and operating income of the Hometown tax payment support service grew significantly thanks to an increase in the market (donations), sale collaboration with partners, and shift to consumption at home trend.

Net sales for the fiscal year under review amounted to JPY268,236 thousand (up 635.5% year on year). Segment income (operating loss) was JPY179.2 million (compared with an operating loss of JPY161,837 thousand in the previous fiscal year) due to the upfront investment phase other than the Hometown Tax Payment Support Service.

(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 JPY1.885 billion from the end of the previous fiscal year to JPY6.258 billion, an increase of 43.1% from the end of the previous fiscal year. This was mainly due to an increase of JPY1.792 billion in cash and deposits resulting from increased liquidity on hand through borrowings from financial institutions in order to ensure business stability as a countermeasure against the spread of the new coronavirus infectious disease.

② Fixed assets

The balance of fixed assets at the end of the fiscal year under review increased JPY445 million, up 32.1%, from the end of the previous fiscal year to JPY1.832 billion. This was mainly attributable to an increase of JPY296 million in construction in progress due to the acquisition of real estate by a consolidated subsidiary in South Korea, an increase of JPY155 million in goodwill due to the acquisition of a manufacturing business by the consolidated subsidiary, a decrease of JPY86 million in customer-related assets due to the impairment losses of the mobile accessory brand by the consolidated subsidiary, and an increase of JPY63 million in deferred tax assets.

③ Current liabilities

At the end of the fiscal year under review, current liabilities increased JPY1.764 billion, up 127.7%, from the previous fiscal year-end to JPY3.146 billion. This was mainly attributable to an increase of JPY1.3 billion in short-term loans payable as a result of enhanced liquidity by borrowing from financial institutions to ensure business stability, and an increase of JPY326 million in accounts payable-other due to the conclusion of contingent consideration for the acquisition of manufacturing business by a consolidated subsidiary in South Korea.

④ Non currentliabilities

The balance of non-current liabilities at the end of the fiscal year under review was JPY126 million, a decrease of JPY64 million, up 33.8%, compared with the end of the previous fiscal year. This was mainly due to a JPY48 million decrease in long-term loans payable.

⑤ Net assets

The balance of net assets at the end of the fiscal year under review increased JPY630 million, up 15.1%, from the previous fiscal year-end to JPY4.818 billion. This was mainly attributable to an increase in retained earnings of JPY958 million and an increase in treasury stock of JPY187 million resulting from the acquisition of treasury stock as a return policy to shareholders from April 1 to May 31, 2020.

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

(Cash Flows)

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review increased by JPY1.792 billion from the end of the previous fiscal year to JPY3.453 billion.

The status of each type of cash flow in the current consolidated fiscal year and the factors thereof are as follows.

Cash flows from operating activities

Net cash provided by operating activities was JPY1.967 billion (compared with JPY650 million provided in the previous fiscal year). Major cash inflows included income before income taxes of JPY1.582 billion, depreciation and amortization of JPY332 million, impairment loss of JPY175 million, amortization of goodwill of JPY149 million, and income taxes paid of JPY324 million.

Cash flows from investing activities

Net cash used in investing activities was JPY1.053 billion (compared with JPY670 million used in the previous fiscal year). This was mainly attributable to the acquisition of property, plant and equipment of JPY494 million, the purchase of intangible assets of JPY155 million, and the acquisition of businesses of JPY394 million.

Cash flows from financing activities

Net cash provided by financing activities was JPY932 million (compared with JPY7 million used in the previous fiscal year). This was mainly attributable to repayments of long-term loans payable of JPY60 million, purchase of treasury stock of JPY205 million, and cash dividends paid of JPY103 million, despite an increase in short-term loans payable of JPY1.3 billion.

(Reference) Cash flow indicators

	FY04/16	FY04/17	FY04/18	FY 04/19	FY 04/20
Equity Ratio (%)	66.1	63.6	68.8	70.3	57.8
Equity ratio based on market value(%)	303.9	385.1	530.7	213.7	256.8
Ratio of interest-bearing debt to cash flow (years)	5.3	0.8	0.2	0.8	0.9
Interest Coverage Ratio (times)	19.3	215.7	450.2	313.0	591.6

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 as cash flows.

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

(4) Future Outlook

(Outlook)

In order to achieve the goals of the Mid-Term Management Plan, the Group will work as one team to "take on the challenge of the future," and take on the challenge of transforming the business model (from flow to stock) in order to maximize the use of management resources acquired in existing businesses and pursue value from the experience of customers.

Regarding the impact of the spread of the new type of coronaviral infections, we assume that sales of domestic wholesale products in the Commerce Business will be restrained until August 2020 based on information that we have currently identified. In addition, new services included in other businesses will be delayed to FY 04/21 due to the impact of the closure of a plant in China resulting from the outbreak of a new type of coronaviral infectious disease, and development costs and other expenses will also be delayed as well. In the retail (EC) and platform businesses, which were able to sustain favorable results by capturing market needs due to the impact of the new type of coronaviral infections, the assumption is that we will maintain growth potential based on our performance.

① Commerce Business

In retail sales in Japan, we expect a variety of business opportunities, including digital shifts due to the effects of new coronavirus infections, launches of iPhone SE2 in May 2020, new iPhone sales in September, and 5G terminal releases. Meanwhile, in domestic wholesale sales, growth is expected to be restrained due to the impact of the recent outbreak of a new type of coronavirus infectious disease, including the restraint at business operation at actual stores. In light of these conditions, we will aim for further growth by capturing business opportunities while utilizing existing management resources. In terms of global development, we will utilize the planning and manufacturing functions of products acquired by our consolidated subsidiary in South Korea to accelerate further development. Specifically, in addition to reducing the cost of existing products, we will strengthen our ability to respond to the new models announced by mobile phone manufacturers and aim to fully develop global products that incorporate the needs of each country where we are developing our products. In addition, we aim to transform our business model in accordance with the Medium-Term Management Plan. We will focus on developing new products and services that increase the value of our customers' experiences by strengthening our relationships with customers, centered on iFace, which are our mainstay products and have a track record of annual sales of approximately 2 million units.

② Platform Business

The Japanese e-commerce market was approximately JPY20 trillion in FY2019 (source: Nomura Research Institute, Ltd.'s "IT Navigator 2020 Edition"), and the target market for Next Engine, which is the main service in the Platform Business, continued to grow. We expect continued growth in the future, thanks in part to the tailwind of the digital shift caused by the spread of coronaviral infections. In addition to enhancing the added value of Next Engine by continuing to strengthen collaboration with various partners, we will take on the challenge of creating new services by utilizing the management resources of existing businesses such as Next Engine data.

③ Others

In addition to the Hometown Tax Payment Business Support Service, we are accelerating up-front investment in the development of new stock-type services using management resources acquired in existing businesses in accordance with our medium-term management strategy. Segment profit is expected to be negative as a result of the large amount of R&D investment prior to the launch of the service and the transfer of the services scheduled for release in the fiscal year under review to the next fiscal year due to the impact of the new coronavirus infectious disease, including the expenses incurred.

In light of this business environment, the Company forecasts consolidated financial results for the fiscal year ending April 2021 as follows.

Net sales	12,832Millions of yen	(YOY change	13.3% up)
Operating income	1,778Millions of yen	(YOY change	1.9% up)
Ordinary income	1,764Millions of yen	(YOY change	0.4% up)
Net profit attributable to owners of parent	1,260Millions of yen	(YOY change	18.5% up)

※ Cautionary Statement with Respect to Forward-Looking Statements

The assumptions of the Group's consolidated financial forecast contained in this document are based on judgments and assumptions made based on information available as of the date of this document. Actual results may differ from these forecasts for a number of reasons.

2. Basic Approach to the Selection of Accounting Standards

The Group's policy for the time being is to prepare consolidated financial statements based on Japanese accounting standards in consideration of the comparability of consolidated financial statements among periods and among companies.

In addition, with regard to the application of International Accounting Standards, we intend to take appropriate measures in consideration of various conditions in Japan and overseas.

3. 3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2019)	End of current fiscal year (As of April 30, 2020)
Assets		
Current assets		
Cash and deposits	1,660,313	3,453,297
Notes and accounts receivable	1,283,232	1,230,062
Inventory	1,032,246	1,054,844
Raw materials and supplies	-	-
Work in process	-	3,382
Supplies	191	5,207
Others	419,149	523,676
Allowance for doubtful accounts	△21,460	△11,723
Total current assets	4,373,671	6,258,748
Fixed assets		
Property, plant and equipment		
Buildings and structures	196,036	204,725
Accumulated depreciation	△31,854	△45,517
Buildings and structures, net	164,182	159,208
Tools, furniture and fixtures	335,619	440,696
Accumulated depreciation	△225,210	△329,805
Tools, furniture, and fixtures, net	110,409	110,891
Construction in progress	2,058	299,015
Total property, plant and equipment	276,651	569,114
Intangible assets		
Goodwill	358,755	514,544
Software	246,232	230,164
Trademark rights	16,372	16,577
Technology assets	7,758	-
Customer related asset	86,936	-
Others	28	28
Total intangible assets	716,085	761,315
Investments and other assets		
Investment securities	177	15,342
Stocks of subsidiaries and affiliates	30,119	43,200
Insurance reserve	36,114	-
Deferred tax assets	219,847	283,616
Others	108,130	159,803
Total investments and other assets	394,390	501,963
Total noncurrent assets	1,387,127	1,832,393
Total assets	5,760,799	8,091,141

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2019)	End of current fiscal year (As of April 30, 2020)
Liabilities		
Current liabilities		
Accounts payable	207,738	166,127
Short-term loans	300,000	1,600,000
Current portion of long-term loans payable	60,506	48,036
Accounts payable-other	334,664	660,915
Accrued expenses	172,300	182,402
Income taxes payable	187,296	453,119
Provision for bonuses	77,265	2,789
Reserve for sales returns	6,807	6,716
Provision for discount points	841	2,414
Others	34,415	23,529
Total current liabilities	1,381,834	3,146,051
Non currentliabilities		
Long-term loan	139,925	91,889
Obligations for retirement	7,042	9,365
Others	43,427	24,853
Total Non current liabilities	190,394	126,108
Total liabilities	1,572,229	3,272,160
Net assets		
Shareholders' equity		
Common stock	535,803	536,677
Capital surplus	455,803	456,677
Retained earnings	3,202,658	4,161,556
Treasury stock	△126,046	△313,117
Total shareholders' equity	4,068,219	4,841,793
Other accumulated comprehensive income		
Adjustments on foreign currency statement translation	△20,544	△161,192
Total other accumulated comprehensive income	△20,544	△161,192
Share Option	140,896	138,380
Total net assets	4,188,570	4,818,980
Total liabilities and net assets	5,760,799	8,091,141

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

Consolidated income statement

(Thousands of yen)

	Previous fiscal year (May 1, 2018 to April 30, 2019)	Current fiscal year (May 1, 2019 to April 30, 2020)
Net sales	10,302,812	11,325,198
Cost of sales	5,055,599	4,894,205
Gross profit	5,247,213	6,430,993
Reversal of provision for sales returns	3,615	6,807
Provision for sales returns	6,807	6,716
Gross profit after adjustment of reserve for sales returns	5,244,022	6,431,083
Selling, general and administrative expenses	4,080,378	4,686,132
Operating income	1,163,643	1,744,951
Non-operating income		
Refund on insurance	-	19,351
Interest income	1,027	1,084
Equity in earnings of affiliates	7,864	17,223
Compensation income	5,161	7,181
Foreign exchange gain	13,358	-
Others	3,455	2,967
Total non-operating income	30,867	47,809
Non-operating expenses		
Interest expenses	2,078	3,326
Sales discounts	3,713	4,157
Payment Guarantee Fee	6,826	6,814
Foreign exchange losses	-	17,992
Others	2,401	3,505
Total non-operating expenses	15,020	35,795
Ordinary income	1,179,490	1,756,964
Extraordinary income		
Gain on reversal of subscription rights to shares	6,290	2,516
Total extraordinary income	6,290	2,516
Extraordinary losses		
Impairment loss	6,308	175,238
Loss on retirement of noncurrent assets	146	1,770
Total extraordinary loss	6,454	177,008
Income before income taxes and minority interests	1,179,325	1,582,472
Income taxes	390,888	588,260
Income taxes-deferred	△32,941	△69,825
Total income taxes	357,946	518,434
Net income	821,379	1,064,038
Net profit attributable to owners of parent	821,379	1,064,038

Consolidated Comprehensive Income statement

(Thousands of yen)

	Previous fiscal year (May 1, 2018 to April 30, 2019)	Current fiscal year (May 1, 2019 to April 30, 2020)
Net income	821,379	1,064,038
Other comprehensive income		
Adjustments on foreign currency statement translation	△28,463	△140,648
Total other comprehensive income	△28,463	△140,648
Comprehensive income	792,916	923,390
(Details)		
Comprehensive income attributable to owners of parent	792,916	923,390
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (May 1, 2018, to April 30, 2019)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	533,442	453,442	2,472,446	△261	3,459,069
Change during the year					
Issuance of new shares	2,361	2,361			4,722
Dividends			△88,293		△88,293
Net profit attributable to owners of parent			821,379		821,379
Purchase of treasury stock				△125,785	△125,785
Earnings from equity method			△2,873		△2,873
Transfer of loss on disposal of treasury stock					-
Net change in items other than shareholders' equity					
Total changes during the year	2,361	2,361	730,212	△125,785	609,149
Closing balance	535,803	455,803	3,202,658	△126,046	4,068,219

	Other accumulated comprehensive income		Share Option	Total net assets
	Foreign Currency Translation Adjustment account	In addition Comprehensive income Total accumulated amount		
Opening balance	7,918	7,918	129,888	3,596,876
Change during the year				
Issuance of new shares				4,722
Dividends				△88,293
Net profit attributable to owners of parent				821,379
Purchase of treasury stock				△125,785
Earnings from equity method				△2,873
Transfer of loss on disposal of treasury stock				-
Net change in items other than shareholders' equity	△28,463	△28,463	11,007	△17,455
Total changes during the year	△28,463	△28,463	11,007	591,694
Closing balance	△20,544	△20,544	140,896	4,188,570

Current fiscal year (From May 1, 2,019 to April 30, 2020)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	535,803	455,803	3,202,658	△126,046	4,068,219
Change during the year					
Issuance of new shares	873	873			1,747
Dividends			△103,530		△103,530
Net profit attributable to owners of parent			1,064,038		1,064,038
Purchase of treasury stock				△205,079	△205,079
Earnings from equity method					-
Disposal of treasury stock		△1,610		18,009	16,399
Transfer of loss on disposal of treasury stock		1,610	△1,610		-
Net change in items other than shareholders' equity					
Total changes during the year	873	873	958,897	△187,070	773,574
Closing balance	536,677	456,677	4,161,556	△313,117	4,841,793

	Other accumulated comprehensive income		Share Option	Total net assets
	Foreign Currency Translation Adjustment account	In addition Comprehensive income Total accumulated amount		
Opening balance	△20,544	△20,544	140,896	4,188,570
Change during the year				
Issuance of new shares				1,747
Dividends				△103,530
Net profit attributable to owners of parent				1,064,038
Purchase of treasury stock				△205,079
Earnings from equity method				-
Disposal of treasury stock				16,399
Transfer of loss on disposal of treasury stock				-
Net change in items other than shareholders' equity	△140,648	△140,648	△2,516	△143,164
Total changes during the year	△140,648	△140,648	△2,516	630,410
Closing balance	△161,192	△161,192	138,380	4,818,980

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous fiscal year (May 1, 2018 to April 30, 2019)	Current fiscal year (May 1, 201 to April 30, 2020)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,179,325	1,582,472
Depreciation and amortization	284,781	332,336
Amortization of goodwill	76,668	149,539
Loss on retirement of property, plant and equipment	146	1,770
Impairment loss	6,308	175,238
Charges for stock compensation	18,555	-
Refund on insurance	-	△19,351
Increase (decrease) in allowance for doubtful accounts (△ decreased)	12,542	△8,635
Increase (decrease) in provision for point card certificates (△ decreased)	△320	1,573
Increase (decrease) in accrued bonuses	△5,079	△74,475
Increase (decrease) in provision for sales returns (△ decreased)	3,191	△90
(Decrease) increase in liability for retirement benefits	△2,193	3,597
Interest and dividend income	△1,027	△1,084
Interest expenses	2,078	3,326
Share of profit (loss) of entities accounted for using equity method (△ indicates gain)	△7,864	△17,223
Foreign exchange gains (losses) (△ are gains)	192	△401
Decrease (increase) in notes and accounts receivable-trade (△ increased)	△25,672	22,057
(Increase) decrease in inventories	△229,463	△41,916
Increase (decrease) in notes and accounts payable-trade (△ decreased)	△86,461	△28,088
Increase (decrease) in advances paid (△ increased)	△82,332	1,711
Decrease (increase) in deposits paid (△ increased)	△45	32,800
Increase (decrease) in accounts payable (decrease in △)	69,647	211,928
Increase (decrease) in accrued expenses (△ is a decrease)	14,607	12,458
Others	△80,415	△43,685
Subtotal	1,147,170	2,295,856
Interest and dividend received	521	539
Interest expenses paid	△2,176	△3,975
Income taxes paid	△494,708	△324,648
Net cash provided by (used in) operating activities	650,806	1,967,771
Cash flow from investing activities		
Payments for contingent consideration for acquisition of shares of subsidiaries	△110,000	-
Payments for transfer of business	△247,185	△394,081
Payments for contingent consideration for acquisition of business	△6,173	△1,918
Purchase of property, plant and equipment	△125,045	△494,105
Purchase of intangible assets	△165,916	△155,336
Purchase of investment securities	-	△15,164
Payment on insurance reserve fund	△3,156	-
Proceeds from cancellation of insurance funds	-	56,850
Others	△13,032	△49,585
Cash flow from investing activities	△670,508	△1,053,340

(Thousands of yen)

	Previous fiscal year (May 1, 2018 to April 30, 2019)	Current fiscal year (May 1, 2019 to April 30, 2020)
Cash flow from financing activities		
Increase (decrease) in short-term borrowings, net (Δ decreased)	300,000	1,300,000
Repayment of long-term loans payable	Δ97,376	Δ60,506
Proceeds from issuance of common stock	3,464	1,747
Purchase of treasury stock	Δ125,785	Δ205,079
Dividends paid	Δ87,525	Δ103,530
Cash flow from financing activities	Δ7,222	932,631
Effect of exchange rate change on cash and cash equivalents	Δ7,879	Δ54,078
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	Δ34,804	1,792,984
Cash and cash equivalents at beginning of term	1,695,117	1,660,313
Cash and cash equivalents at end of period	1,660,313	3,453,297

(5) Notes on Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Basis of Presenting Consolidated Financial Statements)

Scope of consolidation

1, Number of group companies : 5 (Note 1)

Hamee Global Inc. (Note 2)

Hamee US, Corp.

Hamee Shanghai Trade Co., Ltd

Hamee India Pvt. Ltd.

Hamee Consulting Co., Ltd

Note 1 Hamee Taiwan, Corp. was liquidated on Apr 24, 2020.

Note 2 Hamee Korea Co., Ltd. changed company name to Hamee Global Inc. on Apr 1 2020.

2, Equity method affiliates: 2

Shippino Co., Ltd

Root Co., Ltd.

(Changes in accounting policies)

Not applicable.

(Notes to Consolidated Income Statements)

Impairment loss

Previous fiscal year (May 1, 2018, to April 30, 2019)

The Group recognized impairment losses on the following asset groups.

Location	Applications	Type	Impairment loss (thousand yen)
Seoul, Korea	Idle assets	Tools, furniture and fixtures	2,148
Taipei-city, Taiwan	Business facilities, etc.	Buildings	1,787
		Tools, furniture and fixtures	165
India	Business facilities, etc.	Tools, furniture and fixtures	2,206

In principle, the Group categorizes business assets based on management accounting categories in which the Group continues to recognize profits and losses, while idle assets are grouped by individual assets.

For idle assets located in Seoul, South Korea, the book value of tools, furniture and fixtures held by our consolidated subsidiary, Hamee Global Inc, was written down to the memorandum value, and the reduction was recorded as an impairment loss (JPY2,148 thousand) in extraordinary loss.

For business facilities in Taipei, Taiwan, the Company recognized an impairment loss of JPY1,952 thousand on buildings, tools, furniture and fixtures as the carrying amount of Hamee Taiwan, Corp was written down to the memorandum value as the recoverability was not deemed probable as a result of the determination of the recoverability based on future cash flows. Discount rate information is omitted because undiscounted cash flow is negative.

Hamee India Pvt, company consolidated subsidiaries for business facilities in India's Gurgaon Province. The Company recognized an impairment loss of JPY2,206 thousand on tools, furniture and fixtures, which was written down to the book value based on memorandum value, because the assessment of the recoverability of Ltd. based on future cash flows showed no recoverability. Discount rate information is omitted because undiscounted cash flow is negative.

Current fiscal year (From May 1, 2,019 to April 30, 2020)

The Group recognized impairment losses on the following asset groups.

Location	Applications	Type	Impairment loss (thousand yen)
Seoul, Korea	Business assets	Tools, furniture and fixtures	22,611
		Goodwill and intangible assets	142,614

In principle, the Group categorizes business assets based on management accounting categories in which the Group continues to recognize profits and losses, while idle assets are grouped by individual assets.

In the fiscal year under review, the Company recorded an impairment loss of JPY165,226 thousand for business assets located at Seoul, South Korea. This was due to, on top of weak sales trend, COVID-19 made sales down further, then sales figures were much less than originally expected. According to future cashflow estimation, Hamee Global Inc. recorded impairment loss and down value to collectable due to making loss for a while because of sales down trend and original business risk of mobile accessories industry. 1.6% is used as discount rate.

(Business Combinations)

On October 1, 2019, Hamee Global Inc., our consolidated subsidiary, entered into a business transfer agreement with JEI DESIGN WORKS Inc for the transfer of the manufacturing business of the company's products. On the same date, the company acquired the business.

1. The outline of the Business Combination

(1) Name and contents of business of the partner company

Name of partner company: JEI DESIGN WORKS Inc.

Content of Business: Product Manufacturing Business

(2) Main reasons for the business combination

The decision was made to acquire this business with the aim of creating products that can be developed globally and reducing the manufacturing costs of our group's products.

(3) Date of business combination

October 1, 2019

(4) Legal form of business combination

Transfer of business in consideration of cash

(5) Company name after combination

No change.

(6) Main reasons for determining the partner company

This was because Hamee Global Inc., our consolidated subsidiaries, took over the business in exchange for cash.

2. Period of business results of acquired businesses included in the quarterly consolidated statements of income for this financial period

From October 1, 2,019 to April 30, 2020

3. Acquisition cost of acquired business and breakdown by type of consideration

Consideration at the time of acquisition and contingent	Cash or Payable	JPY440,131 thousand
Acquisition cost (total)		JPY440,131 thousand

4. Cost for acquisition related.

Advisory fee etc : JPY 3,201 thousand.

5. Goodwill, reason for recognizing goodwill, amortization method and amortization term

(1) Amount of goodwill incurred

JPY 414,450 thousand

(2) Causes of occurrence

This is attributable to the future excess earning power expected from future business development.

(3) Method and term to amortize goodwill

Straight-line method over 3 years

6. Breakdown of Asset or Liability on acquisition

Current Asset JPY24,739 thousand

Fix Asset JPY 941 thousand

Asset Total JPY 25,681 thousand

Liability –

Liability Total –

7. Contents of the contingent consideration for acquisition stipulated in the business combination agreement and the finalized accounting treatment thereof

(1) Content of Conditional Consideration for Acquisition

15 months after the closing, the calculation is based on the level of achievement of the business results, etc.

(2) Accounting method for current year onward

Regarding to Conditional consideration for acquisition, this is regarded as payment on acquisition, and modify acquisition cost and amortization expenses.

(Segment Information, etc.)

[Segment Information]

1. The outline of any Reporting Segment

The reportable segments of the Group are components of the Group for which separate financial information is available and which the Board of Directors regularly reviews to determine the allocation of management resources and assess performance.

The Group consists of segments classified by products and services based on business activities. The 2 reportable segments are Commerce Business and Platform Business, and those related to new services that cannot be clearly classified into the 2 segments are presented as "Others."

The Commerce Business purchases and sells mobile phones and smartphone peripheral equipments. In the Platform Business, the Group provides services to support the sales and inventory management of Internet shopping operators, such as Next Engine. "Others" is a new service that cannot be clearly classified into the existing 2 businesses, such as hometown tax payment business.

2. Calculation method for net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting treatment for reportable business segments is generally the same as described in "Significant Accounting Policies for the Preparation of Consolidated Financial Statements."

Profits of reportable segments are figures based on operating income.

Intersegment revenues and transfers are based on market prices.

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

Previous fiscal year (May 1, 2018, to April 30, 2019)

(Thousands of yen)

	Reportable segments			Others	Total	Adjusted amount	Carrying value (NOTE) 2
	Commerce Business	Platform business	Total				
Net sales							
To external customers	8,544,304	1,722,035	10,266,340	36,472	10,302,812	-	10,302,812
Net sales							
Inter-segment Sales or	-	-	-	-	-	-	-
Or reclasses							
Total	8,544,304	1,722,035	10,266,340	36,472	10,302,812	-	10,302,812
Segment profit (loss) (△)	1,637,512	527,920	2,165,433	△161,837	2,003,596	△839,952	1,163,643
Other items							
Depreciation	132,868	122,216	255,085	1,131	256,217	28,564	284,781
Goodwill amortization	16,676	59,992	76,668	-	76,668	-	76,668

(NOTE) 1. 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, 2019 to April 30, 2020)

(Thousands of yen)

	Reportable segments			Others	Total	Adjusted amount	Carrying value (NOTE) 2
	Commerce Business	Platform business	Total				
Net sales							
To external customers	9,208,911	1,848,050	11,056,961	268,236	11,325,198	-	11,325,198
Net sales							
Inter-segment Sales or	-	7,407	7,407	-	7,407	△7,407	-
Or reclasses							
Total	9,208,911	1,855,457	11,064,368	268,236	11,332,605	△7,407	11,325,198
Segment profit (loss) (△)	2,198,200	585,726	2,783,927	△179,200	2,604,726	△859,775	1,744,951
Other items							
Depreciation and amortization	158,971	141,772	300,743	116	300,860	31,476	332,336
Amortization of goodwill	89,546	59,992	149,539	-	149,539	-	149,539

(NOTE) 1. 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.

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

Previous fiscal year (May 1, 2018, to April 30, 2019)

	Reportable segments			Others	Total	Adjusted amount	Total
	Commerce Business	Platform business	Total				
Impairment loss	6,308	-	6,308	0	6,308	-	6,308

Current fiscal year (May 1, 2019, to April 30, 2020)

	Reportable segments			Others	Total	Adjusted amount	Total
	Commerce Business	Platform business	Total				
Impairment loss	175,238	-	175,238	-	175,238	-	175,238

[Related Information]

Previous fiscal year (May 1, 2018, to April 30, 2019)

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
9,089,367	771,576	440,456	1,411	10,302,812

(2) Property, plant and equipment

(Thousands of yen)

Japan	South Korea	United States	Other Asian countries	Total
186,063	88,142	1,685	759	276,651

3. Information for each major customer

This information is omitted because no external customer accounts for 10% or more of net sales on the consolidated statements of income.

Current fiscal year (From May 1, 2019 to April 30, 2020)

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

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated financial statements.

(2) Property, plant and equipment

(Thousands of yen)

Japan	South Korea	United States	Other Asian countries	Total
181,320	386,075	1,125	593	569,114

3. Information for each major customer

This information is omitted because no external customer accounts for 10% or more of net sales on the consolidated statements of income.

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

Previous fiscal year (May 1, 2018, to April 30, 2019)

Unamortized balance of goodwill JPY358,755 thousand

Amortization of goodwill is stated because only the consolidated balance sheet was consolidated with April 30, 2018 as the deemed acquisition date.

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

Current fiscal year (From May 1, 2019 to April 30, 2020)

Unamortized balance of goodwill JPY514,544 thousand

Amortization of goodwill is omitted because the same information is disclosed in 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)

	Previous fiscal year (May 1, 2018 to April 30, 2019)	Current fiscal year (May 1, 2019 to April 30, 2020)
Net assets per share	254.13 yen	296.40 yen
Earnings per share	51.16 yen	67.07 yen
Diluted earnings per share	50.59 yen	66.60 yen

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

	Previous fiscal year (May 1, 2018 to April 30, 2019)	Current fiscal year (May 1, 2019 to April 30, 2020)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	821,379	1,064,038
Amount not attributable to common stock (thousand yen)	-	-
Net income attributable to owners of the parent related to common stock (thousand yen)	821,379	1,064,038
Average number of shares of common stock outstanding during the period (shares)	16,054,875	15,864,058
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (thousand yen)	-	-
Increase in common stock (shares) (Subscription rights to shares)	180,853 (180,853)	112,206 (112,206)
Summary of potential shares not included in calculation of Diluted earnings per share	-	5th Share subscription rights 220 thousand Shares

(Significant Subsequent Events)

Not applicable.