



Consolidated Financial Results for the Second Quarter FY04/21 [Japanese GAAP]

December 14, 2020

Name of listed company	Hamee Corp.	Listed stock exchanges	East
Code Number	3134	URL	https://hamee.co.jp/
Representative (Title)	President	(Name)	Atsushi Higuchi
Contact (Title)	Officer, Accounting & Finance Manager	(Name)	Tatsuya Sakurai (TEL) +81-465-42-9083
Scheduled date to file Quarterly Securities Report	December 14, 2020	Scheduled date of commencement of dividend payment -	
Preparation of supplementary material on quarterly financial results	:	Yes	
Quarterly results briefing	:	Yes	

(Millions of yen are rounded down)

FY04/2021 Q2 consolidated result(May 1, 2020 to October 31, 2020)

(1) Consolidated Operating results (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	%
Q2 FY04/21	5,621	3.8	992	17.8	968	10.4	671	11.5
Q2 FY04/20	5,413	16.7	842	80.5	877	86.8	602	78.5

(NOTE) Comprehensive income Q2 FY04/21 712 Millions of yen (48.3%) Q2 FY04/21 480 Millions of yen (34.2%)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
Q2 FY04/21	42.54	42.16
Q2 FY04/20	38.02	37.73

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
Q2 FY04/21	8,682	5,451	61.5
FY04/20	8,096	4,824	57.9

(Reference) Shareholders' equity Q2 FY04/21 5,344 Millions of yen FY04/20 4,685 Millions of yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of the third quarter	Year end	Total
FY04/20	Yen -	Yen 0.00	Yen -	Yen 7.00	Yen 7.00
FY04/21	Yen -	Yen 0.00	Yen -	Yen 8.00	Yen 8.00
FY04/21 (Forecast)					

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

3. Forecasts for the fiscal year ended April 31, 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		Earnings 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	17.9	79.84

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

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

※ Notes

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

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

New -

Exclusion -

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

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

- | | | |
|---|---|------|
| ① Changes in accounting policies caused by revision of accounting standards | : | None |
| ② Changes in accounting policies other than ① | : | None |
| ③ Changes in accounting estimates | : | None |
| ④ Restatement | : | None |

(4) Number of shares outstanding (common stock)

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

Q2 FY04/21	16,212,400Shares	FY04/20	16,135,600Shares
Q2 FY04/21	377,502Shares	FY04/20	343,925Shares
Q2 FY04/21	15,794,423Shares	Q2 FY04/20	15,852,574Shares

- ※ 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 forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts due to various factors. Please refer to "1. Qualitative information on the current quarter's performance, (3) Explanation of future forecasts such as Consolidated performance Forecasts" on page 3 of the attached material for the assumptions on the performance forecast and notes on the use of the performance forecast.

(Reference only)

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

○ Accompanying Materials – Contents

1. Qualitative information on the current quarter's performance.	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	3
(3) Explanation of future forecasts such as Consolidated performance Forecasts	4
 2. Quarter Consolidated Financial Statements.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	7
(3) Quarterly Consolidated Statements of Cash Flows	9
(4) Notes to Quarterly Consolidated Financial Statements.....	11
(Notes on the Going Concern Assumption)	11
(Notes on Significant Changes in the Amount of Shareholders' Equity)	11
(Segment information, etc.)	12
(Significant Subsequent Events)	13

1. Qualitative information on the current quarter's performance

(1) Explanation of Operating Results

During the second quarter of current fiscal year under review, Japanese economy continued to be uncertain despite a gradual recovery trend from April 2020, when an emergency declaration was issued due to the impact of COVID-19 .

In this operating environment, domestic wholesale in the Commerce Business continued to be challenging due to the spread of COVID-19 from the first quarter of the current fiscal year, in addition to consumers' self-restraint on going out, short time or suspension of operations by real shops, as well as the change of launch time of new iPhone to October and November from usual year. Nevertheless, the business grew significantly in the Retail (EC) and Platform Businesses due to the change of consumer lifestyles shifted to EC and EC market expansion. Then, we were able to continue to capture market demand in the Retail and Platform Businesses.

As a result of the above, sales in the cumulative second quarter of current fiscal year under review were JPY5,621,882 thousand (up 3.8% YoY), operating income was JPY992,825 thousand (up 17.8%), ordinary income was JPY968,920 thousand (up 10.4%), and quarterly net profit attributable to owners of parent was JPY671,902 thousand (up 11.5%).

Results by business segment are as follows.

① Commerce Business

In the second quarter of current fiscal year, because economic activities began to gradually resumed to balance economic and prevention of COVID-19 measures, domestic wholesale business is getting recovered compared to current first quarter, even though tough business environment by COVID-19 has been kept such as restraints on the outings of consumers due to spread of COVID-19, short time or suspension of operations by real shops, and the change of launch time of new iPhone to October and November from usual year. Meanwhile, in the domestic retail business, although sales stabilized compared to first quarter, when COVID-19 rapidly expanded, the EC market has kept to expand and realize substantial increase in sales, up 16.9% YoY. Balanced portfolio of sales channels led to stable business operations. Under such situation, iFace Reflection, the mainstay product of iFace series, which sells approximately 3 million pcs annually, was ranked first in the smartphone and tablet category in 2020 Rakuten Annual Ranking, so showing its presence in the market. In addition, even in the new iPhone sales season, although the launch was changed to October and November, initial sales of the new iPhone related products exceeded expectations, showing favorable aspects.

As for global markets, in the U.S., retail sales continued to be strong and better sales than last year, same as domestic market, due to COVID-19. We also acquired character license of globally popular artists in Japan and North America, and steadily prepared for collaborative products in order to boost up recognition of iFace in North America.

As a result, the Commerce Business posted sales of JPY4,425,659 thousand (down 0.4% YoY) and segment profit (operating income) of JPY1,223,658 thousand (up 14.5% YoY) for second quarter of current fiscal year due to the significant growth in retail, which has a relatively high segment profit margin, and the update supply chain in group overall.

② Platform Business

Similar to the domestic retail business above in the Commerce Business, due to expansion of EC market, transaction number processed on Next Engine clients also trended upward, and sales of Next Engine, which are pay-per-use linked to these transactions, continued to be strong. The acquisition of new clients also progressed favorably, contributing to an increase in revenues. Under these circumstances, outsourcing of call center operations which we worked on in the previous fiscal year, then enabled us to engage in customer success activities for more than 90% of our internal resources that originally engaged in customer support, and changed our organizational structure to improve the contract rate from free to paid and churn rate.

As a result of activities above, the total number of contracts was 4,351 (up 354 companies from the end of the previous fiscal year, according to in-house survey).

Segment profit increased significantly by 56.3% compared with the same quarter of the previous fiscal year due to high marginal profit.

With regard to Hamee Consulting which provides EC consulting, the recruitment of consultants has improved, then existing consultants have been able to focus on responding to clients. As a result, we have been able to continuously increase the number of clients. Expenses associated with recruiting activities also decreased due to restrained spending on new recruitments. As a result, sales and profits increased in the second quarter.

As a result, sales in the Platform Business increased 21.1% YoY to JPY1,087,403 thousand and segment profit increased 68.0% to JPY452,685 thousand.

③ Others

This is related to new businesses that cannot be clearly categorized into either Commerce Business or Platform Business, and includes services for hometown tax payment support services and e-commerce businesses that are not linked to the main functions of Next Engine, Hamic POCKET, and RUKAMO, an ethical net shop.

In particular, sales of hometown tax payment support services continued to grow, resulting in a JPY109,477 thousand (up 39.1% YoY) in the second quarter of this fiscal year. On the other hand, segment profit (operating loss) amounted to negative JPY168,467 thousand (negative JPY81,929 thousand for the same quarter of the previous fiscal year) due to upfront expenditures in Hamic POCKET scheduled to be launched in January 2021.

(2) Explanation of Financial Position

① Financial position

Total assets at the end of the second quarter increased by JPY586,402 thousand from the end of the previous fiscal year to JPY8,682,928 thousand. This was mainly attributable to an increase of JPY598,395 thousand in notes and accounts receivable-trade due to an increase in sales and an increase of JPY102,647 thousand in tools, furniture and fixtures due to the acquisition of tools for new iPhone related products and other new products. On the other hand, cash and deposits decreased by JPY90,704 thousand mainly due to dividends paid and the acquisition of treasury stock.

Liabilities decreased by JPY40,484 thousand from the end of the previous fiscal year to JPY3,231,676 thousand. This was mainly due to a decrease of JPY57,412 thousand in income taxes payable. Continuing from the previous fiscal year, in order to ensure management stability against the spread of COVID-19, increased liquidity on hand through loans from financial institutions, then short-term loans amounted to JPY1,611,637 thousand.

Net assets increased by JPY626,886 thousand from the end of the previous fiscal year to JPY5,451,251 thousand. This was mainly attributable to the recording of profit attributable to owners of parent of JPY671,902 thousand, an increase of JPY43,876 thousand each in common stock and additional paid-in capital due to the exercise of stock options, dividends of JPY110,541 thousand from retained earnings, and an increase of JPY50,478 thousand in treasury stock.

② Cash Flow

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the second quarter of the current fiscal year decreased by JPY90,704 thousand from the end of the previous fiscal year to JPY3,362,592 thousand.

The status of each cash flow at the end of the second quarter of the current fiscal year and their factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was JPY181,545 thousand (JPY321,834 thousand, same quarter of the previous fiscal year). This was mainly due to outflow factors such as an increase in notes and accounts receivable-trade of JPY589,232 thousand, an increase in advances paid of JPY61,611 thousand, and income taxes paid of JPY421,268 thousand, and inflow factors such as income before income taxes of JPY964,515 thousand and depreciation and amortization expenses of JPY140,957 thousand.

(Cash flows from investing activities)

Net cash used in investing activities was JPY155,100 thousand (JPY159,716 thousand used in the same quarter of the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment of JPY91,350 thousand and purchase of intangible assets of JPY57,683 thousand.

(Cash flows from financing activities)

Net cash used in financing activities was JPY130,419 thousand (JPY509,459 thousand used in the same quarter of the previous fiscal year). This was mainly attributable to outlays of JPY24,018 thousand for repayment of long-term loans payable, JPY65,116 thousand for purchase of treasury stock, and JPY110,541 thousand for dividend payments.

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

There are no changes to the full-year consolidated earnings forecast announced on June 12, 2020.

2. Quarter Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2020)	End of 2nd quarter of the year (As of October 31, 2020)
Assets		
Current assets		
Cash and deposits	3,453,297	3,362,592
Notes and accounts receivable	1,230,062	1,828,458
Inventory	1,054,844	1,012,169
Work in process	3,382	18,393
Raw materials and supplies	5,207	7,116
Others	523,676	624,928
Allowance for doubtful accounts	△11,723	△21,481
Total current assets	6,258,748	6,832,177
Fixed assets		
Property, plant and equipment		
Buildings and structures	204,725	205,782
Accumulated depreciation	△45,517	△54,465
Buildings and structures, net	159,208	151,317
Tools, furniture and fixtures	440,696	543,344
Accumulated depreciation	△329,805	△382,951
Tools, furniture, and fixtures, net	110,891	160,392
Construction in progress	299,015	305,478
Total property, plant and equipment	569,114	617,189
Intangible assets		
Goodwill	514,544	422,517
Software	230,164	200,557
Trademark rights	16,577	15,054
Others	28	28
Total intangible assets	761,315	638,158
Investments and other assets		
Investment securities	15,342	18,677
Stocks of subsidiaries and affiliates	43,200	46,244
Deferred tax assets	289,000	362,808
Others	159,803	179,307
Allowance for doubtful accounts	-	△11,635
Total investments and other assets	507,347	595,402
Total noncurrent assets	1,837,777	1,850,750
Total assets	8,096,525	8,682,928

	(Thousands of yen)	
	End of previous fiscal year (As of April 30, 2020)	End of 2nd quarter of the fiscal year (As of October 31, 2020)
Liabilities		
Current liabilities		
Accounts payable	166,127	145,689
Short-term loans	1,600,000	1,611,637
Current portion of long-term loans payable	48,036	48,036
Accounts payable-other	660,915	645,832
Accrued expenses	182,402	211,996
Income taxes payable	453,119	395,707
Provision for bonuses	2,789	3,008
Reserve for sales returns	6,716	3,986
Provision for discount points	2,414	2,630
Others	23,529	43,657
Total current liabilities	3,146,051	3,112,183
Noncurrent liabilities		
Long-term loan	91,889	67,871
Obligations for retirement	9,365	29,315
Others	24,853	22,306
Total Noncurrent liabilities	126,108	119,492
Total liabilities	3,272,160	3,231,676
Net assets		
Shareholders' equity		
Common stock	536,677	580,553
Capital surplus	456,677	519,295
Retained earnings	4,166,941	4,728,302
Treasury stock	△313,117	△363,596
Total shareholders' equity	4,847,178	5,464,555
Other accumulated comprehensive income		
Adjustments on Foreign currency statement translation	△161,192	△120,233
Total other accumulated comprehensive income	△161,192	△120,233
Stock Option	138,380	106,930
Total net assets	4,824,365	5,451,251
Total liabilities and net assets	8,096,525	8,682,928

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

Quarterly Consolidated income statement

Second quarter of the fiscal year

	First six-month period of previous fiscal year (From May 1, 2019 to October 31, 2019)	First six-month period of fiscal year (From May 1, 2020 to October 31, 2020)	(Thousands of yen)
Net sales	5,413,485	5,621,882	
Cost of sales	2,461,272	2,155,876	
Gross profit	2,952,213	3,466,006	
Reversal of reserve for sales returns	6,807	6,716	
Provision for reserve for sales returns	5,234	3,986	
Gross profit after adjustment of reserve for sales returns	2,953,786	3,468,736	
Selling, general and administrative expenses	2,110,841	2,475,911	
Operating income	842,945	992,825	
Non-operating income			
Interest income	428	384	
Refund on insurance	19,351	-	
Compensation income	2,806	6,609	
Equity in earnings of associated companies	9,585	1,529	
Foreign exchange gains	8,976	-	
Others	1,170	1,572	
Total non-operating income	42,319	10,094	
Non-operating expenses			
Interest expenses	883	5,229	
Payment Guarantee Fee	3,191	2,749	
Foreign exchange losses	-	17,162	
Others	3,400	8,857	
Total non-operating expenses	7,475	33,999	
Ordinary Income	877,788	968,920	
Extraordinary income			
Gain on sales of noncurrent assets	-	370	
Gain on sales of investment securities	-	4,999	
Gain on reversal of subscription rights to shares	2,516	1,258	
Total extraordinary income	2,516	6,628	
Extraordinary losses			
Loss on retirement of noncurrent assets	1,272	-	
Loss on valuation of investment securities	-	10,164	
Loss on reversal of foreign currency translation adjustments	-	868	
Total extraordinary loss	1,272	11,032	
Quarter net profit before income taxes and minority interests	879,032	964,515	
Income taxes	322,392	364,888	
Income taxes-deferred	△46,008	△72,275	
Total income taxes	276,384	292,613	
Quarterly net profit	602,648	671,902	
Quarterly net profit attributable to owners of parent	602,648	671,902	

Quarterly Consolidated Statements of Comprehensive Income

2nd quarter of the fiscal year

(Thousands of yen)

	First six-month period of previous fiscal year (From May 1, 2019 to October 31, 2019)	First six-month period of fiscal year (From May 1, 2020 to October 31, 2020)
Quarterly net profit	602,648	671,902
Other comprehensive income		
Adjustments on foreign currency statement translation	△122,105	40,959
Total other comprehensive income	△122,105	40,959
Quarterly Comprehensive income	480,542	712,862
(Details)		
Quarterly Comprehensive income attributable to owners of parent	480,542	712,862
Comprehensive income attributable to noncontrolling interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

	First six-month period of previous fiscal year (From May 1, 2019 to October 31, 2019)	First six-month period of fiscal year (From May 1, 2020 to October 31, 2020)	(Thousands of yen)
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	879,032	964,515	
Depreciation and amortization	147,458	140,957	
Amortization of goodwill	43,823	96,604	
Loss on retirement of property, plant and equipment	1,272	-	
Loss on sales of property, plant and equipment (△ gains)	-	△370	
Refund on insurance	△19,351	-	
Loss on revaluation of marketable securities (△ gains)	-	10,164	
Loss on sales of marketable equity securities (△ gains)	-	△4,999	
Increase (decrease) in allowance for doubtful accounts (△ decreased)	△415	20,929	
Increase (decrease) in provision for point for discount (△ decreased)	345	215	
Increase (decrease) in accrued bonuses	△3,528	219	
Increase (decrease) in provision for sales returns (△ decreased)	△1,572	△2,730	
Increase (Decrease) in liability for retirement benefits(△: decrease)	13,787	19,367	
Interest and dividend income	△428	△384	
Interest expenses	883	5,229	
Share of profit (loss) of entities accounted for using equity method (△:profit)	△9,585	△1,529	
Foreign exchange gains (△are gains)	△239	△183	
Loss on reversal of foreign currency translation adjustments due to liquidation of a foreign subsidiary	-	868	
Increase (decrease) in notes and accounts receivable trade (△ increased)	△361,540	△589,232	
Increase (decrease) in inventories	△75,012	24,775	
Increase (decrease) in notes and accounts payable- trade (△decreased)	△52,251	△22,065	
Increase (decrease) in advances paid (△ increased)	△46,899	△61,611	
Increase (decrease) in deposits paid (△ increased)	37,879	687	
Increase (decrease) in accounts payable (△ decreased)	63,643	15,972	
Increase (decrease) in accrued expenses (△ decreased)	△14,597	29,115	
Others	△123,487	△39,065	
Subtotal	479,215	607,450	
Interest and dividend received	310	384	
Interest expenses paid	△705	△5,019	
Income taxes paid	△156,985	△421,268	
Net cash provided by (used in) operating activities	321,834	181,545	
Cash flow from investing activities			
Payments for contingent consideration for acquisition of business	△1,916	-	
Purchase of property, plant and equipment	△98,793	△91,350	
Proceeds from sales of property, plant and equipment	-	370	
Purchase of intangible assets	△83,577	△57,683	
Purchase of investment securities	△10,000	△14,250	
Proceeds from sale of investment securities	-	5,000	
Proceeds from cancellation of insurance funds	56,850	-	
Others	△22,278	2,812	
Cash flow from investing activities	△159,716	△155,100	
Cash flow from financing activities			
Increase (decrease) in short-term borrowings, net (△ decreased)	△300,000	11,694	
Repayment of long-term loans payable	△36,488	△24,018	

		(Thousands of yen)
	First six-month period of previous fiscal year (From May 1, 2019 to October 31, 2019)	First six-month period of fiscal year (From May 1, 2020 to October 31, 2020)
Proceeds from issuance of common stock	704	57,561
Purchase of treasury stock	△70,145	△65,116
Dividends paid	△103,530	△110,541
Cash flow from financing activities	△509,459	△130,419
Effect of exchange rate change on cash and cash equivalents	△55,706	13,269
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (△ decreased)	△403,048	△90,704
Cash and cash equivalents at beginning	1,660,313	3,453,297
Period-end balance of cash and cash equivalents	1,257,264	3,362,592

(4) 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 2nd Quarter (From May 1, 2019 to October 31, 2019)

1. Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable segments			Others (NOTE) 1	Total	Adjusted amount (NOTE) 2	Quarterly consolidated amount recorded in the income statement (NOTE) 3
	Commerce Business	Platform Business	Total				
Net sales							
To external customers							
Net sales	4,443,230	891,527	5,334,757	78,727	5,413,485	-	5,413,485
Inter-segment Sales or reclasses	-	6,235	6,235	-	6,235	△6,235	-
Total	4,443,230	897,762	5,340,993	78,727	5,419,721	△6,235	5,413,485
Segment profit / loss (△)	1,068,294	269,412	1,337,706	△81,929	1,255,776	△412,831	842,945

(NOTE) 1. The "Others" category is a business segment that is not included in reportable segments, and includes Hometown Tax Payment support services, services for EC businesses that are not linked to the main functions of the Next Engine, etc.

(NOTE) 2. Adjusted amount of △JPY412,831 thousand are mainly corporate expenses that are not allocated to each reportable segment, and are mainly general and administrative expenses.

(NOTE) 3. Segment profit 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 Second Quarter (From May 1, 2020 to October 31, 2020)

1. Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable segments			Others (NOTE) 1	Total	Adjusted amount (NOTE) 2	Quarterly consolidated amount recorded in the income statement (NOTE) 3
	Commerce Business	Platform Business	Total				
Net sales							
Sales to customers	4,425,659	1,086,745	5,512,404	109,477	5,621,882	-	5,621,882
Inter-segment Sales or reclasses	-	658	658	-	658	△658	-
Total	4,425,659	1,087,403	5,513,062	109,477	5,622,540	△658	5,621,882
Segment profit / loss (△)	1,223,658	452,685	1,676,344	△168,467	1,507,877	△515,052	992,825

(NOTE)1. The "Others" category is a business segment that is not included in reportable segments, and includes Hometown Tax Payment support services, services for EC businesses that are not linked to the main functions of the Next Engine, etc.

(NOTE)2. Adjusted amount of △JPY515,052 thousand is mainly corporate expenses that are not allocated to reportable segments, and mainly general and administrative expenses.

(NOTE)3. Segment profit is consistent with operating profit 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.