



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

March 15, 2021

Name of listed company Hamee Corp. Listed stock exchanges East
Code Number 3134 URL <https://hamee.co.jp/>
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Scheduled date to file Quarterly Securities Report March 15, 2021 Scheduled date of commencement of dividend payment -
Preparation of supplementary material on quarterly financial results : Yes
Quarterly results briefing : None Video distribution at
(<https://hamee.co.jp/ir/library/video>)

(Millions of yen are rounded down)

FY04/2021 Q3 consolidated result (May 1, 2020 to January 31, 2021)

(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	%
Q3 FY04/21	9,055	4.6	1,654	21.6	1,610	17.3	1,145	21.8
Q3 FY04/20	8,660	13.0	1,360	54.2	1,373	55.9	940	48.9

(NOTE) Comprehensive income Q3 FY04/21 1,291 Millions of yen 43.9%) Q3 FY04/20 897 Millions of yen 45.3%)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
Q3 FY04/21	72.45	71.84
Q3 FY04/20	59.27	58.83

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
Q3 FY04/21	9,561	6,032	62.0
FY04/20	8,096	4,824	57.9

(Reference) Shareholders' equity Q3 FY04/21 5,926 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
	Yen	Yen	Yen	Yen	Yen
FY04/20	-	0.00	-	7.00	7.00
FY04/21	-	0.00	-	-	-
FY04/21 (Forecast)	-	-	-	8.00	8.00

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

3. Forecasts for the fiscal year ended April 30, 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)

3Q FY04/21	16,214,400Shares	FY04/20	16,135,600Shares
3Q FY04/21	377,523Shares	FY04/20	343,925Shares
3Q FY04/21	15,808,571Shares	3Q FY04/20	15,860,809Shares

② Number of treasury shares at the end of the period

③ Average number of shares during the period

※ 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.

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1. Qualitative information on the current quarter's performance

(1) Explanation of Operating Results

During the third quarter of current fiscal year under review, the Japanese economy experienced a severe situation due to the rapid stagnation of social and economic activities when an emergency declaration was issued due to the impact of COVID-19. Despite the gradual resumption of economic activities, due to the reoccurrence of emergency declaration, emergency declaration was signs of convergence of COVID-19 were not visible. As a result, both domestic and overseas economic conditions remain to have downside risks .

In this operating environment, Next Engine's earnings grew significantly in the Platform Business as the e-commerce market continued to grow due to changes in consumer behavior. In the Commerce Business, between retail (EC) and wholesale in the sales channel is well balanced. As a result, we continued to take advantage of changes in consumer purchasing channels, the results was over the previous year.

As a result of the above, sales in the cumulative third quarter of current fiscal year under review were JPY9,055,834 thousand (up 4.6% YoY), operating income was JPY1,654,761 thousand (up 21.6%), ordinary income was JPY1,610,454 thousand (up 17.3%), and quarterly net profit attributable to owners of parent was JPY1,145,286 thousand (up 21.8%).

Results by business segment are as follows.

① Commerce Business

In the third quarter of current fiscal year, new iPhone was launched October and November and sales of new iPhone related products were favorable. In addition, sales of First Class and Reflection, the main products of iFace series, increased steadily. In wholesale, although consumers continued to restrain from going out due to the expansion of COVID-19, economic activities resumed with keeping a balance between infection prevention measures and the economy began to recover gradually. However, after the emergency declaration in January 2021, orders slowed and downward trend in sales again. Meanwhile, in domestic retailing, we continued our efforts to establish iFace series as a strong brand with strong support from users. As a result, we won the "Rakuten Shop of the Year 2020" smartphone, tablet and peripheral Genre Award at the Double Year Awards. We also released iFace apps for the aim of ensuring continuous contact with customers and improving customer satisfaction. We will challenge to establish subscription DX model in the commerce business, including the distribution of app-only content and the development of new services.

In overseas markets, in the U.S., due to the impact of this infectious disease, retail sales remained strong in the same manner as in the domestic market, resulting in a quarter-on-year increase. We also worked to improve our supply chain, centered on Hamee Global Inc. In addition, Hamee Global Inc, which plans, develops and manufactures original products and supplies products worldwide, including to the Japanese market, has acquired a subsidiary (our sub-subsidiary) in China to further enhance its product development and manufacturing functions based on its global strategy. As a result of the above, the functions of Hamee Shanghi Trade Co, Ltd., our 100% owned subsidiary, will be converted to this entity (our sub-subsidiary) and going to be liquidated.

As a result of the above, Commerce Business sales in the cumulative third quarter of current fiscal year JPY7,095,257 thousand (up 0.3% YoY) and segment income (operating income) was JPY1,875,624 thousand (up 12.6%) due to growth in retail sales, which have relatively higher margins, and progress in improving the supply chain through Hamee Global Inc .

② Platform Business

During the third quarter of current fiscal year under review, in addition to growth as a seasonal trend (such as Christmas and New Year), the full-year forecast of GMV (order processing amount) for Next Engine is expected to increase significantly, including about JPY1 trillion due to the impact of the expanding e-commerce market, similar to the domestic retail in the Commerce Business described above. In line with

this, the forecast of the number of orders processed for the full fiscal year exceeded 100 million, and sales of Next Engine which are pay-per-use system linked to these transactions, were also favorable. In addition, the acquisition of new contracts has progressed due to the strengthening of customer success activities, and the churn rate has remained stable at a low level. We will continue to focus on upsell measures, including releasing manekine, a marketing solution that utilizes Next Engine data. In this way, we will work to continuously strengthen earnings .

As a result of the above, the total number of clients was 4,513 (up 162 clients from the second quarter, according to an in-house survey). In addition, the high marginal profit ratio boosted profits, resulting in a substantial increase of 59.5% over the same quarter of the previous fiscal year.

With regard to Hamee Consulting Co., Ltd., which provides sales support consulting for e-commerce businesses, the turnover rate of consultants improved due to organizational improvements. Due in part to the acquisition of a large customer, both sales and profits continued to improve compared with the same quarter of the previous fiscal year.

As a result of the above, in the Platform Business, the sales were JPY1,690,049 thousand (up 24.0% YoY) and segment profit (operating profit) was JPY711,397 thousand (up 71.7%) .

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, Hamic POCKET mobile device for elementary school students and RUKAMO ethical net shop.

Hometown tax payment support remained strong with sales up 22.5% year-on-year. Hamic POCKET was released in February 2021, and we will work toward profitability in order to achieve our mid-term plan.

As a result of the above, the sales were JPY271,299 thousand (up 17.1% YoY). On the other hand, segment loss (operating loss) amounted to JPY174,497 thousand (compared with a loss of JPY90,010 thousand in the same quarter of the previous fiscal year) due to prior investments in Hamic POCKET and other assets.

(2) Explanation of Financial Position

Total assets at the end of the third quarter increased by JPY1,465,143 thousand from the end of the previous fiscal year to JPY9,561,669 thousand. This was mainly attributable to an increase of JPY784,402 thousand in cash and deposits due to an increase in Quarterly net income attributable to owners of parent, an increase of JPY277,175 thousand in notes and receivable-trade due to an increase in net sales, and an increase of JPY346,662 thousand in other current assets due to an increase in advance payment, etc.

Liabilities increased by JPY257,303 thousand from the end of the previous fiscal year to JPY3,529,464 thousand. This was mainly due to a decrease of JPY115,949 thousand in income taxes payable, while accounts payable-other increased by JPY264,731 thousand. Continuing on from the previous fiscal year, as a measure to expand COVID-19, in order to stabilize management, the Company has increased its liquidity on hand through borrowings from financial institutions, and short-term borrowings amounted to JPY1,611,384 thousand.

Net assets increased by JPY1,207,839 thousand from the end of the previous fiscal year to JPY6,032,205 thousand. This was mainly due to the recording of Quarterly net income attributable to owners of parent of JPY1,145,286 thousand, an increase of JPY45,655 thousand in capital stock and additional paid-in capital due to the exercise of stock options, an increase of JPY110,541 thousand in dividends from surplus, and an increase of JPY50,519 thousand in treasury stock.

(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 3rd quarter of the year (As of January 31, 2021)
Assets		
Current assets		
Cash and deposits	3,453,297	4,237,700
Notes and accounts receivable	1,230,062	1,507,237
Inventory	1,054,844	1,063,368
Work in process	3,382	12,702
Raw materials and supplies	5,207	7,526
Others	523,676	870,339
Allowance for doubtful accounts	△11,723	△26,120
Total current assets	6,258,748	7,672,753
Fixed assets		
Property, plant and equipment		
Buildings and structures	204,725	207,441
Accumulated depreciation	△45,517	△56,274
Buildings and structures, net	159,208	151,167
Tools, furniture and fixtures	440,696	605,781
Accumulated depreciation	△329,805	△440,703
Tools, furniture, and fixtures, net	110,891	165,077
Construction in progress	299,015	328,978
Total property, plant and equipment	569,114	645,223
Intangible assets		
Goodwill	514,544	385,061
Software	230,164	211,593
Trademark rights	16,577	14,706
Others	28	3,344
Total intangible assets	761,315	614,706
Investments and other assets		
Investment securities	15,342	18,657
Stocks of subsidiaries and affiliates	43,200	44,945
Deferred tax assets	289,000	413,221
Others	159,803	160,643
Allowance for doubtful accounts	-	△8,482
Total investments and other assets	507,347	628,985
Total noncurrent assets	1,837,777	1,888,915
Total assets	8,096,525	9,561,669

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2020)	End of 3rd quarter of the year (As of January 31, 2021)
Liabilities		
Current liabilities		
Accounts payable	166,127	213,596
Short-term loans	1,600,000	1,611,384
Current portion of long-term loans payable	48,036	48,036
Accounts payable-other	660,915	925,647
Accrued expenses	182,402	202,663
Income taxes payable	453,119	337,170
Provision for bonuses	2,789	35,997
Reserve for sales returns	6,716	7,901
Provision for discount points	2,414	2,812
Others	23,529	32,665
Total current liabilities	3,146,051	3,417,876
Noncurrent liabilities		
Long-term loan	91,889	55,862
Obligations for retirement	9,365	38,246
Others	24,853	17,479
Total Noncurrent liabilities	126,108	111,588
Total liabilities	3,272,160	3,529,464
Net assets		
Shareholders' equity		
Common stock	536,677	582,332
Capital surplus	456,677	521,074
Retained earnings	4,166,941	5,201,685
Treasury stock	△313,117	△363,636
Total shareholders' equity	4,847,178	5,941,456
Other accumulated comprehensive income		
Adjustments on Foreign currency statement translation	△161,192	△14,923
Total other accumulated comprehensive income	△161,192	△14,923
Stock Option	138,380	105,672
Total net assets	4,824,365	6,032,205
Total liabilities and net assets	8,096,525	9,561,669

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

Quarterly Consolidated income statement
third quarter of the fiscal year

(Thousands of yen)

	First 3rd quarter of previous fiscal year (From May 1, 2019 to January 31, 2020)	First 3rd quarter of fiscal year (From May 1, 2020 to January 31, 2021)
Net sales	8,660,163	9,055,834
Cost of sales	3,887,041	3,444,390
Gross profit	4,773,122	5,611,443
Reversal of reserve for sales returns	6,807	6,716
Provision for reserve for sales returns	8,154	7,901
Gross profit after adjustment of reserve for sales returns	4,771,774	5,610,259
Selling, general and administrative expenses	3,411,209	3,955,497
Operating income	1,360,564	1,654,761
Non-operating income		
Interest income	721	635
Refund on insurance	19,351	-
Compensation income	4,484	10,737
Equity in earnings of associated companies	14,458	1,176
Others	1,679	2,425
Total non-operating income	40,696	14,975
Non-operating expenses		
Interest expenses	1,569	7,846
Payment Guarantee Fee	5,194	4,932
Foreign exchange losses	16,526	36,444
Others	4,743	10,059
Total non-operating expenses	28,033	59,282
Ordinary profit	1,373,227	1,610,454
Extraordinary income		
Gain on sales of noncurrent assets	-	379
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	6,637
Extraordinary losses		
Loss on retirement of noncurrent assets	1,776	489
Loss on valuation of investment securities	-	10,164
Loss on reversal of foreign currency translation adjustments	-	868
Total extraordinary loss	1,776	11,522
Quarter net profit before income taxes and minority interests	1,373,966	1,605,570
Income taxes	463,350	576,855
Income taxes-deferred	△29,413	△116,571
Total income taxes	433,936	460,283
Quarterly net profit	940,029	1,145,286
Quarterly net profit attributable to owners of parent	940,029	1,145,286

Quarterly Consolidated Statements of Comprehensive Income
3rd Quarter of the fiscal year

(Thousands of yen)

	First 3rd quarter of previous fiscal year (From May 1, 2019 to January 31, 2020)	First 3rd quarter of fiscal year (From May 1, 2020 to January 31, 2021)
Quarterly net profit	940,029	1,145,286
Other comprehensive income		
Adjustments on foreign currency statement translation	△42,622	146,269
Total other comprehensive income	△42,622	146,269
Quarterly comprehensive income	897,407	1,291,555
(Details)		
Quarterly Comprehensive income attributable to owners of parent	897,407	1,291,555
Comprehensive income attributable to noncontrolling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

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

Not applicable.

(Segment information, etc.)

[Segment Information]

I Previous Third Quarter (From May 1, 2019 to January 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							
To external customers	7,072,321	1,356,122	8,428,444	231,718	8,660,163	-	8,660,163
Net sales							
Inter-segment Sales or reclasses	-	6,849	6,849	-	6,849	△6,849	-
Total	7,072,321	1,362,972	8,435,294	231,718	8,667,012	△6,849	8,660,163
Segment profit/loss (△)	1,665,486	414,384	2,079,870	△90,010	1,989,860	△629,295	1,360,564

(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 △JPY629,295 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.

(NOTE)4. In line with the significant revision of the initial allocation of the acquisition cost described in "Significant revision of the allocation of the acquisition cost in comparative information" under "Business Combinations, etc.", segment information for the previous third quarter of the consolidated fiscal year is presented after reflecting this revision.

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

Not applicable.

II Current Third Quarter (From May 1, 2020 to January 31, 2021)

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	7,095,257	1,689,277	8,784,534	271,299	9,055,834	-	9,055,834
Inter-segment Sales or reclasses	-	771	771	-	771	△771	-
Total	7,095,257	1,690,049	8,785,306	271,299	9,056,606	△771	9,055,834
Segment profit /loss (△)	1,875,624	711,397	2,587,021	△174,497	2,412,523	△757,762	1,654,761

(NOTE)1. The "Others" category is a business segment that is not included in reportable segments, and includes Hometown tax payment support, Hamic POCKET mobile device for elementary school students and RUKAMO ethical net shop.

(NOTE)2. Adjusted amount of △JPY757,762 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.

(Business Combinations)

Significant revision of the initial allocation of the acquisition cost in comparative information

The acquisition of business from JEI DESIGN WORKS Inc by our consolidated subsidiary, Hamee Korea Co, Ltd. (currently Hamee Global Inc.) on October 1, 2019 was accounted for on a provisional basis in the third quarter of the previous fiscal year, but was finalized at the end of the previous fiscal year.

In conjunction with the finalization of this provisional accounting treatment, the comparative information included in the quarterly consolidated financial statements for the third quarter of the current fiscal year reflects a significant revision to the initial allocation of the acquisition cost. The amortization of goodwill of goodwill calculated provisionally in the amount of JPY370,000 thousand is JPY414,450 thousand due to the finalization of the accounting treatment.

Consequently, Quarterly net income before operating income, ordinary profit and quarter net profit before income taxes and minority interests decreased by JPY23,115 thousand, total income taxes decreased by JPY5,085 thousand, quarterly net profit, quarterly net profit attributable to owners of parent decreased by JPY18,029 thousand, respectively, in the quarterly consolidated statements of income for the third quarter of the previous fiscal year.

(Significant Subsequent Events)

Not applicable.