



Consolidated Financial Results FY04/21 [Japanese GAAP]

June 14, 2021

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 person (Title)	Officer, Accounting & Finance Manager	(Name)	Tatsuya Sakurai (TEL) +81-465-42-9181
Scheduled date of Annual General Meeting	July29, 2021	Date of dividends payment	July 30, 2021
Date to file Securities Report	July30, 2021		
Supplementary materials for financial	Result: Yes		

Results briefing : Yes (Scheduled to be held for institutional investors and analysts on June 15, 2021 and June 17, 2021)

(Millions of yen are rounded down)

1. FY04/2021 consolidated results (May 1, 2020-April 30, 2021)

(1) Consolidated operating results (Percentages indicate year-on-year change.)

	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	%
FY04/21	12,363	9.2	2,179	24.9	2,148	22.3	1,556	45.5
FY04/20	11,325	9.9	1,744	50.0	1,756	49.0	1,069	30.2

(NOTE) Comprehensive income FY04/21 1,771Millions of yen (90.7%) FY04/20 928Millions of yen (17.1%)

	Earnings Per share	Diluted Earning Per Share	Shareholders' equity Net income margin	Total assets Profit ratio	Operating income %
	Yen	Yen	%	%	%
FY04/21	98.38	97.62	28.0	26.1	17.6
FY04/20	67.41	66.94	24.5	25.4	15.4

(Reference) Equity in earnings of affiliates FY04/21 0Millions of yen FY04/20 17Millions of yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY04/21	8,338	6,528	77.1	404.97
FY04/20	8,096	4,824	57.9	296.74

(Reference) Shareholders' equity FY04/21 6,429Millions of yen FY04/20 4,685Millions 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
FY04/21	1,941	△412	△1,736	3,354
FY04/20	1,934	△1,019	932	3,453

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	%	%
FY04/20	-	0.00	-	7.00	7.00	110	10.4	2.5
FY04/21	-	0.00	-	10.00	10.00	158	10.2	2.9
FY04/22 (Forecast)	-	0.00	-	20.50	20.50		20.1	

3. Forecast of consolidated results for FY04/22 (May 1, 2021 to April 30, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Attributable to owners of parent Net income		Earning Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	14,000	13.2	2,250	3.2	2,248	4.6	1,612	3.6	101.53

(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 1Company Hamee Shanghai Tech & Trading Co., Ltd. Removed -Company

(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)	FY04/21	16,255,200Shares	FY04/20	16,135,600Shares
② Number of treasury stock at the end of the period	FY04/21	377,523Shares	FY04/20	343,925Shares
③ Average number of shares during the period	FY04/21	15,819,780Shares	FY04/20	15,864,058Shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Performance for the Fiscal Year Ended FY04/21 (May 1, 2020-April 30, 2021)

(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	%
FY04/21	10,840	5.6	1,320	3.5	1,261	△0.6	854	13.6
FY04/20	10,270	16.2	1,275	92.8	1,268	88.3	752	77.2

	Earnings Per Share.		Diluted Earning Per Share	
	Yen		Yen	
FY04/21	53.99		53.57	
FY04/20	47.40		47.07	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY04/21	5,731	4,350	74.2	267.81
FY04/20	6,747	3,564	50.8	216.93

(Reference) Shareholders' equity FY04/21 4,252Millions of yen FY04/20 3,425Millions 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 5 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>).

○Accompanying Materials – Contents

1. Overview of Operating Results.....	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	4
(3) Overview of Cash Flows for the Fiscal Year under Review.....	4
(4) Future Outlook.....	5
2. Basic Approach to the Selection of Accounting Standards.....	7
3. Consolidated Financial Statements and Major Notes.....	8
(1) Consolidated Balance Sheets.....	8
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.....	10
(3) Consolidated Statements of Changes in Net Assets.....	12
(4) Consolidated Statements of Cash Flows.....	14
(5) Notes to consolidated financial statements.....	16
(Notes on the Going Concern Assumption).....	16
(Basis of Presenting Consolidated Financial Statements).....	16
(Changes in Accounting Policies).....	16
(Segment Information, etc.).....	16
(Per Share Information).....	20
(Significant Subsequent Events)	20

1. Overview of Operating Results.

(1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year under review, the global economy and the Japanese economy experienced a prolonged unprecedented situation in which economic activities were severely restricted due to the continued spread of the new Corona Virus from the previous fiscal year and thereafter, consumption demand declined and production activities stagnated. In addition, the outlook remains uncertain, as evidenced by the issuance of the third Emergency Declaration.

In response to this infectious disease, the Group has been implementing initiatives at an early stage in line with the new normal way of working, including the introduction of a telecommuting system to ensure the safety of employees and to continue business operations. Even after the introduction of the telecommuting system, our work was carried out without delay, and we were able to confirm that we were able to achieve the same level of End results as before the spread of this infectious disease. On the other hand, we recognize that there were challenges in terms of the speed at which we can create new businesses. Since the impact of COVID-19 could be prolonged, we implemented large-scale office renovations to address this issue. In the telework era, I believe that the role of the office will change not to a "workplace" but to a "gathering place" for employees to gather. At the same time, we believe that real communication, which can only be created there, is a necessary element in creating an organization with a greater sense of unity, and is also a necessary element in creating new businesses. In order to achieve continuous business growth in the future, we intend to pursue further growth by combining telecommuting with real-world communication, aggressively taking on the challenge of new businesses while promoting existing operations.

Furthermore, in order to accelerate the pace of business development and maximize corporate value, we have decided to change our management structure, with the current President and Representative Director, Atsushi Higuchi, appointed Chairman and Chief Executive Officer, and the current Director, Mizushima Ikuhiro, appointed. Going forward, we will pursue Mission "ignite the creative soul" by advancing Corporate Transformation tailored to the new era and producing numerous managers.

Results by business segment were as follows:

① Commerce Business

a. Domestic business

Looking back over the past year, wholesale was constantly affected by this infectious disease, resulting in a weak fiscal year. As a precondition for the full-year earnings forecast at the beginning of the fiscal year under review, we assumed that the infectious diseases converged in the summer of FY04/21 and will recover thereafter. However, actual consumer spending at actual stores did not recover to the expected End due to the announcement and cancellation of repeated contingency declarations, and shipments to wholesale customers declined 13.6% year on year, falling below the full-year earnings forecast. Meanwhile, in the retail business, we were able to successfully capture changes in consumer purchasing channels due to the expansion of this infectious disease, which resulted in a substantial 19.9% increase in sales compared to the previous fiscal year.

On Inventory front, sales continued to be firm for "distinctive designs that also take into account the expressions of individuality, such as unique curvature beauty and abundant color valuations," "strong recognition as a brand specializing in mobile accessories," and "iFace," which is a strength of strong support from younger customers. In addition to iFace First Class, which continues to be a long-hit, iFace Reflection introduced in 2019 grew steadily and became a new symbol in iFace. In addition, sales of the new iPhone related Inventory, which was launched in October and November 2020, were firm. As a result of these efforts, we achieved significant growth as a smartphone case brand. For example, we ranked first in the smartphone and tablet genre category of the "2020 Rakuten Annual Ranking," won the "Rakuten Shop of the Year 2020" smartphone, tablet and peripheral equipment genre award, and in the "au PAY Market" online mall, won the "BEST SHOP AWARD 2020" smartphone, tablet and mobile communications category award, which determines the best shop from approximately 20000 stores. Furthermore, we aggressively took on the challenge of DX in the Commerce Business by releasing

official iFace apps with the aim of securing continuous contact with users and improving customer satisfaction.

b. International Business

In the U.S., which is the largest market in the world, the impact of this infectious disease led to continued strong retail sales, as in the domestic market, resulting in a significant year-on-year increase. Meanwhile, overseas exports are still recovering, and we are currently working toward a recovery in business performance. In addition, we worked to improve our supply chain by increasing the ratio of in-house production, strengthening sourcing functions, and other initiatives, mainly at Hamee Global Inc. This strengthened the foundations of the entire commerce business and contributed to improved earnings.

As a result, net sales in the Commerce Business were JPY9,726,740 thousand (up 5.6% Y on Y) and operating income was JPY2,498,624 thousand (up 13.7%).

② Platform Business

a. Next Engine

The e-commerce market for Next Engine, a cloud-based (SaaS) EC Attractions developed in-house, grew significantly due to changes in consumer behavior caused by the spread of this infectious disease. The number of orders processed by Next Engine clients also increased, and sales of Next Engine, which is a pay-as-you-go system linked to this transaction, also grew significantly. In addition, EC is becoming increasingly important as a sales channel, and in order to take this trend to the fullest extent, we strengthened support for businesses starting the EC business, such as the "Summary of COVID-19 Support Measures," and led to the acquisition of new customers. With the completion of the transfer of call center operations outside the Company, we have established a system that allows internal resources to focus more on customer success activities. We will work to improve the contract rate and churn rate in order to achieve the target of 5,500 clients in the medium-term management plan. In addition, we continued to improve added value as a platformer, including "B to B Order" app and "Facebook Shop Link" app. In addition, we worked to expand services by making EC backyards more efficient, such as inventory control and order management, and by working to automate sales through such means as "AI Auto Recommendation" app and "manekine" app. As a result of these activities, the total number of clients was 4,739 (an increase of 742 from the end of the previous fiscal year) and the number of stores using these services was 36,004 (an increase of 5,169 from the end of the previous fiscal year, both according to an in-house reserch).

b. Hamee Consulting Co., Ltd.

Hamee Consulting Co., Ltd., which provides sales support consulting for e-commerce businesses, improved its organizational structure significantly, and steady growth in the acquisition of new customers led to a significant improvement in earnings.

As a result, net sales in the Platform Business were JPY2,308,050 thousand (up 24.4% Y on Y) and operating income was JPY954,876 thousand (up 63.0%).

③ Others

This is related to new services that cannot be clearly categorized into either the Commerce Business or the Platform Business, and includes Hometown Tax Payment Support Service, Hamic POCKET mobile device for elementary school students, and RUKAMO ethical net shop. Hometown tax payment support Service achieved a 16.7% Y on Y increase in sales and continued growth thanks to efforts to expand sales (donations) and strengthen partnerships. In addition, Hamic POCKET was released in February 2021.

In the fiscal year under review, net sales were JPY329,577 thousand (up 22.9% Y on Y), and segment income (loss) was JPY273,208 thousand (compared with an operating loss of JPY179,200 thousand in the previous fiscal year) due to factors other than "Hometown Tax Payment Support Service" and the upfront investment phase.

End resulted in consolidated net sales of JPY12,363,688 thousand (up 9.2% Y on Y), operating income of JPY2,179,708 thousand (up 24.9%), ordinary income of JPY2,148,786 thousand (up 22.3%), and profit attributable to owners of parent of JPY1,556,327 thousand (up 45.5%).

(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 JPY197,985 thousand from the end of the previous fiscal year to JPY6,456,733 thousand (up 3.2% Y on Y). This was mainly due to a JPY360,100 thousand increase in notes and accounts receivable-trade due to an increase in net sales, and a JPY48,322 thousand increase in other current assets mainly due to an increase in advances paid. On the other hand, cash and deposits decreased by JPY98,680 thousand mainly due to repayments of Short-term loans.

② Fixed assets

The balance of non-current assets at the end of the fiscal year under review increased by JPY44,242 thousand from the end of the previous fiscal year to JPY1,882,020 thousand (up 2.4%). This was mainly due to an increase of JPY128,859 thousand in deferred tax assets.

③ Current liabilities

The balance of current liabilities at the end of the fiscal year under review decreased by JPY1,399,988 thousand from the end of the previous fiscal year to JPY1,746,062 thousand (down 44.5%). This was mainly due to a decrease in Short-term loans by JPY1,587,822 thousand, while accounts payable-other increased by JPY69,074 thousand, income taxes payable increased by JPY25,487 thousand, and provision for bonuses increased by JPY48,306 thousand. As a measure to expand COVID-19, we temporarily increased our liquidity in order to stabilize our management, but even after COVID-19 crisis, we were able to confirm that we would be able to achieve the same level of End performance as before the spread of the contagious disease, so we repaid Short-term loans.

④ Liabilities liabilities

The balance of liabilities liabilities at the end of the fiscal year under review decreased by JPY61,470 thousand from the end of the previous fiscal year to JPY64,638 thousand (down 48.7%). This was mainly due to a decrease of JPY48,036 thousand in long-term loans payable.

⑤ Net assets

The balance of net assets at the end of the fiscal year under review increased by JPY1,703,687 thousand from the end of the previous fiscal year to JPY6,528,052 thousand (up 35.3%). This was mainly due to both increasing of JPY1,445,785 thousand in retained earnings and increasing of JPY215,202 thousand in exchange translation adjustment account and so on.

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

(Cash Flows)

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review decreased by JPY98,680 thousand from the end of the previous fiscal year to JPY3,354,616 thousand.

The status of each cash flow for the current consolidated fiscal year and their factors are as follows.

Cash flows from operating activities

Net cash provided by operating activities was JPY1,941,111 thousand (compared with JPY1,934,338 thousand provided in the previous fiscal year). This was mainly due to income factors of Net income before income taxes of JPY2,143,813 thousand, depreciation of JPY316,546 thousand and goodwill amortization of JPY197,554 thousand against expenditure factors of payment of corporate tax of 682,509 thousand .

Cash flows from investing activities

Net cash used in investing activities was JPY412,081 thousand (compared with JPY1,019,906 thousand used in the previous fiscal year). This was mainly attributable to expenditure factors such as purchase of property, plant and equipment of JPY181,581 thousand and purchase of intangible assets of JPY169,897 thousand.

Cash flows from financing activities

Net cash used in financing activities was JPY1,736,346 thousand (compared with JPY932,631 thousand provided in the previous fiscal year). This was mainly due to decreasing of short-term loans of JPY1,588,347 thousand and cash dividends paid of JPY110,541 thousand.

(Reference) Cash flow indicators

	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21
Equity Ratio (%)	63.6	68.8	70.3	57.9	77.1
Equity ratio based on market value (%)	385.1	530.7	213.7	256.7	302.2
Ratio of interest-bearing debt to cash flow(years)	0.8	0.2	0.8	0.9	0.1
Interest coverage ratio (Times)	215.7	450.2	313.0	581.6	202.9

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

(Future Outlook)

The impact of COVID-19 is likely to be prolonged, as described in (1) Overview of Operating Results for the Fiscal Year under Review, and the impact is expected to continue in the next fiscal year. Against this backdrop, in the next fiscal year, we will work together to achieve the goals of the Medium-Term Management Plan. With "1 for "X (Transformation)" as a company-wide Objective, we will work together toward the various X (Digital Transformation, Corporate Transformation, Sustainable Transformation, etc.) that we aim to pursue, with the aim of further accelerating business development and achieving continuous evolutionary growth.

① Commerce Business

a. Domestic market

During the next fiscal year, the impact of this infectious disease will continue, and the level of spending at physical stores will not return prior to the spread of this infectious disease, and wholesale expects

performance to be approximately the same as in the current fiscal year. In the retail sector, on the other hand, the domestic e-commerce market is continuing to expand, although not as large as in the fiscal year under review, and we expect results to improve continuously. In addition, we will accelerate the development of new businesses that leverage our existing management resources and take on the challenge of expanding our business into the gaming monitor market and the cosmetics market. Furthermore, we will progressively promote new sustainable programs in order to promote SXs (Sustainable Transformation), which are indispensable for the ongoing development of our business.

b. Overseas markets

In the expanding U.S., we will continue to strengthen retailing while improving profitability by increasing the ratio of in-house Inventory handled from other companies' centers on Inventory. In addition, we will take on the challenge of building a D to C business model centered on our consolidated subsidiary, Hamee Global Inc, and further accelerate business development by entering the cosmetics business in the South Korean market.

② Platform Business

a. Next Engine

To achieve the target of the medium-term management plan of 5500 contracted companies, we will continue to strengthen customer success activities by promoting the digitization of standard operations, deepening analog communications, and holding websites to enhance operational proficiency. In addition, we will actively utilize Group resources to maximize synergies, such as by starting a set-up agency through Hamee consulting. Furthermore, we will take on the challenge of upselling by charging for Recommendation Mail, which enables customers to automate sales, reciprocal customer referrals with business partners and various collaborative services, and other new measures.

b. Hamee Consulting Co., Ltd.

Aiming for further business expansion, we will accelerate business development by implementing the aforementioned Next Engine setup agency, accelerating customer acquisition by strengthening advertising activities, and implementing consulting upsell plans by strengthening services.

③ Others

In Hometown Tax Payment Support Service, we aim to increase the amount of donations by accelerating the acquisition of new local governments by increasing the number of sales staff and refining the portal sites of existing contract local governments by strengthening the number of web designers. In Hamic POCKET business, we will continue to focus on dedicated sites, while aiming to achieve a product market fit during the next fiscal year. While continuing to improve functions and performance, we will work to expand sales channels and aggressively promote the product after confirming the product market fit.

In light of this business environment, the Company forecasts consolidated financial results for the fiscal year ending April 2022 as follows.

Net sales	14,000Millions of yen	YOY change Up 13.2%)
Operating income	2,250Millions of yen	YOY change Up 3.2%)
Ordinary income	2,248Millions of yen	YOY change Up 4.6%)
Net profit attributable to owners of parent	1,612Millions of yen	YOY change Up 3.6%)

※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.Consolidated Financial Statements and Major Notes

(1)Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2020)	End of current fiscal year (As of April 30, 2021)
Assets		
Current assets		
Cash and deposits	3,453,297	3,354,616
Notes and accounts receivable	1,230,062	1,590,162
Inventory	1,054,844	962,612
Work in process	3,382	4,674
Supplies	5,207	5,800
Others	523,676	571,999
Allowance for doubtful accounts	△11,723	△33,133
Total current assets	6,258,748	6,456,733
Fixed assets		
Property, plant and equipment		
Buildings and structures	204,725	208,420
Accumulated depreciation	△45,517	△60,667
Buildings and structures, net	159,208	147,753
Tools, furniture and fixtures	440,696	638,447
Accumulated depreciation	△329,805	△501,983
Tools, furniture, and fixtures, net	110,891	136,464
Construction in progress	299,015	334,921
Total property, plant and equipment	569,114	619,139
Intangible assets		
Goodwill	514,544	340,255
Software	230,164	235,794
Trademark right	16,577	14,002
Others	28	13,720
Total intangible assets	761,315	603,772
Investments and other assets		
Investment securities	15,342	34,407
Stocks of subsidiaries and affiliates	43,200	46,749
Net defined benefit asset	-	15,197
Deferred tax assets	289,000	417,860
Others	159,803	150,945
Allowance for doubtful accounts	-	△6,052
Total investments and other assets	507,347	659,108
Total noncurrent assets	1,837,777	1,882,020
Total assets	8,096,525	8,338,753

(Thousands of yen)

	End of previous fiscal year (As of April 30, 2020)	End of current fiscal year (As of April 30, 2021)
Liabilities		
Current liabilities		
Accounts payable	166,127	208,741
Short-term loans	1,600,000	12,177
Current portion of long-term loans payable	48,036	48,036
Accounts payable-other	660,915	729,990
Accrued expenses	182,402	185,142
Income taxes payable	453,119	478,607
Provision for bonuses	2,789	51,096
Reserve for sales returns	6,716	6,938
Provision for discount points	2,414	217
Others	23,529	25,114
Total current liabilities	3,146,051	1,746,062
Non current liabilities		
Long-term loans	91,889	43,853
Obligations for retirement pay	9,365	-
Others	24,853	20,785
Total Non current liabilities	126,108	64,638
Total liabilities	3,272,160	1,810,701
Net assets		
Shareholders' equity		
Common stock	536,677	594,043
Capital surplus	456,677	532,785
Retained earnings	4,166,941	5,612,726
Treasury stock	△313,117	△363,636
Total shareholders' equity	4,847,178	6,375,918
Other accumulated comprehensive income		
Adjustments on foreign currency statement translation	△161,192	54,009
Total other accumulated comprehensive income	△161,192	54,009
Share Option	138,380	98,124
Total net assets	4,824,365	6,528,052
Total liabilities and net assets	8,096,525	8,338,753

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

Consolidated income statement

(Thousands of yen)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal Year (May 1, 2020 to April 30, 2021)
Net sales	11,325,198	12,363,688
Cost of sales	4,894,205	4,801,731
Gross profit	6,430,993	7,561,956
Reversal of provision for sales returns	6,807	6,716
Provision for sales returns	6,716	6,938
Gross profit after adjustment of reserve for sales returns	6,431,083	7,561,735
Selling, general and administrative expenses	4,686,132	5,382,026
Operating income	1,744,951	2,179,708
Non-operating income		
Interest income	1,084	1,021
Refund on insurance	19,351	-
Equity in earnings of affiliates	17,223	244
Compensation income	7,181	15,466
Others	2,967	4,352
Total non-operating income	47,809	21,086
Non-operating expenses		
Interest expenses	3,326	9,564
Payment Guarantee Fee	6,814	6,839
Foreign exchange losses	17,992	24,013
Others	7,662	11,590
Total non-operating expenses	35,795	52,008
Ordinary income	1,756,964	2,148,786
Extraordinary income		
Gain on retirement of noncurrent assets	-	372
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	6,630
Extraordinary loss		
Impairment loss	175,238	-
Loss on retirement of noncurrent assets	1,770	489
Loss on sales of noncurrent assets	-	80
Loss on valuation of investment securities	-	10,164
Loss on reversal of foreign currency translation adjustments	-	868
Total extraordinary loss	177,008	11,602
Income before income taxes and minority interests	1,582,472	2,143,813
Income taxes	588,260	705,987
Income taxes-deferred	△75,210	△118,500
Total income taxes	513,050	587,486
Net income	1,069,422	1,556,327
Net profit attributable to owners of parent	1,069,422	1,556,327

Consolidated Comprehensive Income statement

(Thousands of yen)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal Year (May 1, 2020 to April 30, 2021)
Net income	1,069,422	1,556,327
Other comprehensive income		
Adjustments on foreign currency statement translation	△140,648	215,202
Total other comprehensive income	△140,648	215,202
Comprehensive income	928,774	1,771,529
(Details)		
Comprehensive income attributable to owners of parent	928,774	1,771,529
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (May 1, 2019, 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			1,069,422		1,069,422
Purchase of treasury stock				△205,079	△205,079
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	964,282	△187,070	778,958
Closing balance	536,677	456,677	4,166,941	△313,117	4,847,178

	Other accumulated comprehensive income		Stock acquisition	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				1,069,422
Purchase of treasury stock				△205,079
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	635,794
Closing balance	△161,192	△161,192	138,380	4,824,365

Current fiscal year (May 1, 2020 to April 30, 2021)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	536,677	456,677	4,166,941	△313,117	4,847,178
Change during the year					
Issuance of new shares	57,366	57,366			114,733
Dividends			△110,541		△110,541
Net profit attributable to owners of parent			1,556,327		1,556,327
Purchase of treasury stock				△65,156	△65,156
Disposal of treasury stock		18,741		14,637	33,379
Net change in items other than shareholders' equity					
Total changes during the year	57,366	76,108	1,445,785	△50,519	1,528,740
Closing balance	594,043	532,785	5,612,726	△363,636	6,375,918

	Other accumulated comprehensive income		Stock acquisition	Total net assets
	Foreign Currency Translation Adjustment account	In addition Comprehensive income Total accumulated amount		
Opening balance	△161,192	△161,192	138,380	4,824,365
Change during the year				
Issuance of new shares				114,733
Dividends				△110,541
Net profit attributable to owners of parent				1,556,327
Purchase of treasury stock				△65,156
Disposal of treasury stock				33,379
Net change in items other than shareholders' equity	215,202	215,202	△40,256	174,946
Total changes during the year	215,202	215,202	△40,256	1,703,687
Closing balance	54,009	54,009	98,124	6,528,052

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal Year (May 1, 2020 to April 30, 2021)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,582,472	2,143,813
Depreciation and amortization	332,336	316,546
Impairment loss	175,238	-
Amortization of goodwill	149,539	197,554
Loss on retirement of property, plant and equipment	1,770	489
Loss (gain) on sales of property, plant and equipment (△are gains)	-	△291
Refund on insurance	△19,351	-
Increase (decrease) in allowance for doubtful accounts (△decreased)	△8,635	25,813
Increase (decrease) in provision for point card certificates (△decreased)	1,573	△2,197
Increase (decrease) in provision for sales returns (△decreased)	△90	221
Increase (decrease) in accrued bonuses (△decreased)	△74,475	45,172
Increase (decrease) in net defined benefit asset and liability	3,597	△23,308
Interest and dividend income	△1,084	△1,021
Interest expenses	3,326	9,564
Share of profit (loss) of entities accounted for using equity method (△are gains)	△17,223	△244
Decrease (increase) in notes and accounts receivable (△increased)	22,057	△318,805
(Increase) decrease in inventories (△increased)	△41,916	118,543
Increase (decrease) in notes and accounts payable-trade (△decreased)	△28,088	27,008
Loss (gain) on sales of marketable equity securities (△are gains)	-	△4,999
Loss (gain) on revaluation of marketable securities (△are gains)	-	10,164
Increase (decrease) in advances paid (△increased)	1,711	△26,458
Decrease (increase) in deposits paid (△increased)	32,800	950
Increase (decrease) in accounts payable (△decreased)	211,928	96,604
Increase (decrease) in accrued expenses (△decreased)	12,458	760
Others	△77,520	15,430
Subtotal	2,262,422	2,631,310
Interest and dividend received	539	1,021
Interest expenses paid	△3,975	△8,711
Income taxes paid	△324,648	△682,509
Net cash provided by (used in) operating activities	1,934,338	1,941,111
Cash flow from investing activities		
Payments for transfer of business	△394,081	-
Payments for contingent consideration for acquisition of business	△1,918	△50,490
Purchase of property, plant and equipment	△494,105	△181,581
Proceeds from sales of property, plant and equipment	-	313
Purchase of intangible assets	△155,336	△169,897
Purchase of investment securities	△15,164	△29,450

(Thousands of yen)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal Year (May 1, 2020 to April 30, 2021)
Proceeds from sale of investment securities	-	5,000
Proceeds from cancellation of insurance funds	56,850	-
Others	△16,151	14,023
Cash flow from investing activities	△1,019,906	△412,081
Cash flow from financing activities		
Increase (decrease) in short-term borrowings, net (△decreased)	1,300,000	△1,588,347
Repayment of long-term loans payable	△60,506	△48,036
Proceeds from issuance of common stock	1,747	75,735
Purchase of treasury stock	△205,079	△65,156
Dividends paid	△103,530	△110,541
Cash flow from financing activities	932,631	△1,736,346
Effect of exchange rate change on cash and cash equivalents	△54,078	108,636
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (△decreased)	1,792,984	△98,680
Cash and cash equivalents at beginning of term	1,660,313	3,453,297
Cash and cash equivalents at end of period	3,453,297	3,354,616

(5)Notes to 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: 6

Names of consolidated subsidiaries

Hamee Global Inc.

Hamee US,Corp.

Hamee Shanghai Trade Co.,Ltd

Hamee Shanghai Tech & Trading Co., Ltd. (Note)

Hamee India Pvt.Ltd.

Hamee Consulting Co., Ltd.

(NOTE)On February 9, 2021, the Company Establishment as a subsidiary of Hamee Global Inc, a consolidated subsidiary (a sub-subsidiary of the Company). In conjunction with Hamee Shanghai Tech & Trading Co, Ltd. Establishment, the functions of Hamee Shanghai Trade Co, Ltd. will be transferred to Hamee Shanghai Tech & Trading Co, Ltd., which is scheduled to be liquidated.

2.Application of the equity method

(1) Equity method affiliates: 2

Shippino Co., Ltd

Root Co., Ltd

(Changes in Accounting Policies)

Not applicable

(Segment information, etc.)

[Segment Information]

1.The outline of any Reporting Segment

The reportable segments of the Group are constituent units of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors in deciding how to allocate resources and in assessing performance. The Group consists of segments classified by Inventory and services based on business activities. The 2 reportable segments are "Commerce Business" and "Platform Business." Those related to new services that cannot be clearly classified into both businesses are presented as "Others." The Commerce segment plans, manufactures, purchases, and sells mobile accessory-related Inventory and services. The Platform Business provides Next Engine, a cloud (SaaS) type e-commerce platform that supports e-commerce operators' sales and inventory management, and sales support consulting services.

"Others" is a new service that cannot be clearly categorized into both existing businesses, such as "Hometown Tax Payment Support Service" and "Hamic POCKET" watch mobile devices for elementary students.

2.Methods of calculating net sales, income or loss, assets, liabilities, and other items by reportable segment

The accounting treatment of the reportable segments is generally the same as that described in "Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements."

Profits of reportable segments are figures based on operating income.

Inter-segment sales and transfers are based on prevailing market prices.

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

Previous fiscal year (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	158,971	141,772	300,743	116	300,860	31,476	332,336
Goodwill amortization	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.

Current fiscal year (May 1, 2020 to April 30, 2021)

(Thousands of yen)

	Reportable segments			Others	Total	Adjusted amount	Carrying value (NOTE)2
	Commerce Business	Platform Business	Total				
Net sales							
To external customers	9,726,740	2,307,370	12,034,110	329,577	12,363,688	-	12,363,688
Net sales							
Inter-segment							
Sales or	-	680	680	-	680	△680	-
Or reclasses							
Total	9,726,740	2,308,050	12,034,791	329,577	12,364,368	△680	12,363,688
Segment profit (Loss) (△)	2,498,624	954,876	3,453,501	△273,208	3,180,292	△1,000,584	2,179,708
Other items							
Depreciation and amortization	150,954	136,457	287,411	-	287,411	29,135	316,546
Amortization of goodwill	137,562	59,992	197,554	-	197,554	-	197,554

(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.

[Related Information]

Previous fiscal year (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 the segment information.

2.Information for each region

(1) Net sales

Disclosure is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(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.

Current fiscal year (from May 1, 2020 to April 30, 2021)

1.Information for each product and service

This information is omitted because the same information is disclosed in the 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
170,202	445,864	2,798	274	619,139

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 impairment loss on noncurrent assets and goodwill by reportable segment]

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

(Thousands of yen)

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

Current fiscal year (May 1, 2020 to April 30, 2021)

Not applicable.

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

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

Unamortized balance of goodwill JPY514,544 thousand

Amortization of goodwill is stated because only the consolidated balance sheet was consolidated with April 30, 2019 as the deemed acquisition date.

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

Current fiscal year (from May 1, 2020 to April 30, 2021)

Unamortized balance of goodwill JPY340,255 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, 2019 to April 30, 2020)	Current fiscal Year (May 1, 2020 to April 30, 2021)
Net assets per share	JPY296.74	JPY404.97
Earnings per share	JPY67.41	JPY98.38
Diluted earnings per share	JPY66.94	JPY97.62

(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, 2019 to April 30, 2020)	Current fiscal Year (May 1, 2020 to April 30, 2021)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	1,069,422	1,556,327
Amount not attributable to common stock (thousand yen)	-	-
Net income attributable to owners of the parent related to common stock (thousand yen)	1,069,422	1,556,327
Average number of shares of common stock outstanding during the period (shares)	15,864,058	15,819,780
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (thousand yen)	-	-
Increase in common stock (shares) (Subscription rights to shares)	112,206 (112,206)	122,470 (122,470)
Summary of potential shares not included in calculation of Diluted earnings per share	5th Share subscription rights 220 thousand shares	5th Share subscription rights 156 thousand shares

(Significant Subsequent Events)

Not applicable.