

Security 3134
July 8, 2024

(Start of Electronic Provision Measures: July 4, 2024)

To Our Shareholders

2-12-10, Sakaecho, Odawara City, Kanagawa

H a m e e C o r p .

P r e s i d e n t a n d C E O Ikuhiro Mizushima

Notice of Convocation of the 26th Ordinary General Meeting of Shareholders

Dear Shareholders, we would like to express my sincere gratitude for your continued support.

Our 26th Ordinary General Meeting of Shareholders will be held as follows.

Electronic provision measures are taken when convening this General Meeting of Shareholders, and the items to be electronically provided are posted in the "Notice of Convocation of the 26th Ordinary General Meeting of Shareholders" on the website below.

Our website

<https://hamee.co.jp/ir>



Tokyo Stock Exchange website

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



Please access the above website and enter "Hamee" in "Brand name (corporate name)" or enter our securities code "3134" in "Code." After searching, select "Basic information" and "Information on /PR of the inspection document" in order, and check it in the "Notice of General Meeting of Shareholders/Shareholders' Meeting Materials" column in "Public Reference Document."

Regarding the exercise of voting rights in advance, please refer to the reference documents for the General Meeting of Shareholders listed in the Electronic Provision Measures Item. We request that you exercise the voting rights by 6:00 p.m. on Wednesday, July 24, 2024, in accordance with the guidance on the method of exercising voting rights.

Best regards,

Notes

1. **Date and time** Thursday, July 25, 2024, 10:00 a.m.
(Acceptance start at 9:15 a.m.)
2. **Location** 8-10, Jounai Odawara City, Kanagawa Prefecture
Hotoku Ninomiya Shrine Hotoku Kaikan
3. **Objectives**
 1. Business Report, Consolidated Financial Statements, and Report of Audit Results of Consolidated Financial Statements of the Accounting Auditor and the Board of Corporate Auditors for the 26th Fiscal Period (May 1, 2023 to April 30, 2024)
 2. Financial Statement Report for the 26th Fiscal Period (May 1, 2023 to April 30, 2024)

Matters to be resolved

Proposal

- | | |
|---------------|---|
| Proposal No.1 | Dividend of surplus |
| Proposal No.2 | Appointment of 2 directors (excluding directors serving on the Audit and Supervisory Committee) |
| Proposal No.3 | Appointment of 3 Directors as Audit and Supervisory Committee Members |

End

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- If you will be attending the Meeting in person, please submit the voting form enclosed herewith to the receptionist at the place of the Meeting. There is no souvenir for shareholders who attend the General Meeting of Shareholders.
 - The shareholder who has received the request for delivery of the document will be sent with the document stating the matters to be dealt with in the electronic provision, but the said document excludes the following matters in accordance with the provisions of the law and the Articles of Incorporation of the Company Article 14. Accordingly, such documents are part of the documents audited by the Audit & Supervisory Committee members and the accounting auditor when preparing the audit report. "System for Ensuring Appropriateness of Operation," "Summary of System for Ensuring Appropriateness of Business," "Consolidated Statement of Changes in Shareholders' Equity," "Consolidated Notes," "Statement of Changes in Shareholders' Equity," and "Non-consolidated Notes"
 - If there is a modification to the Electronic Provision Measures Items, the corrections will be posted on each of the websites listed.

Referential materials for meetings of shareholders

Proposal No.1: Dividend of surplus

We consider the return of incomes to shareholders to be an important management issue.

The year-end dividend for the current fiscal year will be as follows, taking into account the business performance of the current fiscal year and future business development, etc.

(1)Type of assets to be distributed

We will make money.

(2)Matters concerning the allocation of dividend assets and the total amount thereof

JPY22.5 per share of our common stock is JPY358,443,563 in total

(3)The date on which the said distribution of surplus will take effect

July 26, 2024

Proposal No. 2: Appointment of 2 directors (excluding directors serving on the Audit and Supervisory Committee)

All of the 3 current representative directors (excluding the directors that are auditing committees) will expire at the end of the general meeting. Mr. Junya Suzuki will retire to concentrate on the chairman of NE Inc., our consolidated subsidiary. Therefore, we request the appointment of 2 directors (excluding directors serving as members of the Audit and Supervisory Committee). The Audit and Supervisory Committee has expressed its opinion that each candidate is qualified to serve as a director of us based on the status of nomination procedures at the Nominating Committee and the status of business execution and business performance of each candidate in the current fiscal year.

Candidates for directors (excluding directors who are Audit and Supervisory Committee members) are as follows:

No.	Name	Current position in us		Attendance at meetings of the Board of Directors
1	Atsushi Higuchi	Chairman	Reappointment	13/13
2	Ikuhiro Mizushima	President and CEO	Reappointment	13/13

Candidate No.

1 Atsushi Higuchi

Date of birth: March 24, 1977 (age 47)

Reappointment

The number of our shares owned: 2,533,400 shares

Length of service as director: 26 years

Attendance at meetings of the Board of Directors: 13/13

Brief history, our position and responsibilities (status of important concurrent positions)

1998	Year	5	Month	Established Macrowil Limited (currently Hamee Corp.), President and CEO	2016	Year	5	Month	President and CEO and COO
2015	Year	7	Month	Founding director of Hamee Taiwan, Corp.	2018	Year	5	Month	President and CEO
					2021	Year	7	Month	Chairman
					2023	Year	2	Month	Chairman and Officer (current)

Status of important concurrent positions)

Not applicable.

Prospective director Reasons for this

Since our establishment, Atsushi Higuchi has supported our growth as a business promotion manager. We decided to enter into the Platform Business in addition to its foundation, the Commerce Business. As a result, our profitability increased, and in April 2015, we listed on the Mothers market of the Tokyo Stock Exchange, and in July 2016, we changed our listing to the First Section of the Tokyo Stock Exchange. This is because we have determined that we will continue to be responsible for the management and oversight functions of the group's overall management and will be able to properly perform our duties as a director.

Candidate No.

2 Ikuhiro Mizushima

Date of birth: November 30, 1982 (age 41)

Reappointment

The number of our shares owned: 120,400 shares

Length of service as director: 11 years

Attendance at meetings of the Board of Directors: 13/13

Brief history, our position and responsibilities (status of important concurrent positions)

2005	Year	4	Month	Joined The Yokohama Bank, Ltd.	2016	Year	5	Month	Representative director and CFO/General Manager of CAO Corporate Group
2008	Year	4	Month	Joining us					
2009	Year	5	Month	Manager, Corporate Administration Dept.	2017	Year	5	Month	Director, CFO/ CAO Legal Department Manager
2011	Year	5	Month	Officer, Manager of Corporate Administration Dept.	2018	Year	5	Month	Representative director and General Manager, Business Planning Dept.
2013	Year	5	Month	Director and Manager, Corporate Administration Department	2019	Year	5	Month	Director, Officer, General Manager of Commerce Division, and Manager of Commerce Business Promotion Department
2014	Year	12	Month	Director, General Manager of Corporate Administration Division					
2015	Year	7	Month	Founding director of Hamee Taiwan, Corp.	2020	Year	4	Month	Director, Officer and Hamee Global Inc. Executive Director
					2021	Year	7	Month	President and CEO, Hamee Global Inc. Executive Director
					2023	Year	2	Month	President and CEO, Officer, Hamee Global Inc. Executive Director (current)

Status of important concurrent positions)

Hamee Global Inc. Executive Director

Prospective director Reasons for this

Ikuhiro Mizushima has been involved mainly in the administration department for many years and has been committed to improving the internal control system. He has served as an officer in May 2011 and a director since May 2013 and has extensive experience in the group's businesses, including playing an important role in the Company's listing on the Mothers market in April 2015 and the Company's listing on the First Section of the Tokyo Stock Exchange in July 2016. This is because we judged that, utilizing this experience, we will continue to be responsible for the management and oversight functions of the Group's overall management, and will be able to properly perform our duties as a director.

(NOTE)1. There are no special interests between each director candidate and us.

2. We have entered into liability insurance contracts with insurance companies, the outline of the insurance contract is as described in the "Outline of the Executive Liability Insurance Contract" in the Business Report.. In the event each candidate is elected, such candidate will be included in the insured under the applicable insurance contract. The policy is scheduled to be renewed in August 2024 with similar content.

Proposal No. 3: Appointment of 3 Directors as Audit and Supervisory Committee Members

All of the 3 current representative directors (excluding the directors that are auditing committees) will expire at the end of the general meeting. Therefore, we request the appointment of 3 directors as Audit and Supervisory Committee Members.

In addition, we have obtained the consent of the Board of Corporate Auditors for this proposal.

The candidates for director serving on the Audit and Supervisory Committee are as follows.

Candidate No.	Name	Current position in us				Attendance at meetings of the Board of Directors	Attendance at meetings of the Board of Corporate Auditors
1	Tomohiro Somehara	Director	Reapp ointm ent	Outside compa ny	Indepen dent	13/13	14/14
2	Saiko Kumaou	Director	Reapp ointm ent	Outside compa ny	Indepen dent	13/13	14/14
3	Jiro Yoshino	Director	Reapp ointm ent	Outside compa ny	Indepen dent	13/13	14/14

Candidate No.

1

Tomohiro Somehara

■ Date of birth: August 2, 1978 (age 45)

■ The number of our shares owned: -Shares

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Years of service as Outside Director 2 years
Years of service as Audit and Supervisory Committee 2 years

Attendance at meetings of 13/13times the Board of Directors

Attendance at meetings of 14/14times the Board of Corporate Auditors

Brief history, our position and responsibilities (status of important concurrent positions)

2002 Year	10	Month	Joined Yusei & Co. (currently Taiyo LLC)	2021 Year	3	Month	Representative Director of Office Somehara Co., Ltd. (current position)
2004 Year	4	Month	Became Certificated Public Accountant	2021 Year	7	Month	Audit & Supervisory Board Member of Reiwa Travel Co., Ltd. (current position)
2006 Year	11	Month	Joined Nomura Securities Co., Ltd.				Audit & Supervisory Board Member of HashPort Co., Ltd. (current position)
2012 Year	8	Month	Somehara Certified Public Accountant Firm Opened (current position)	2021 Year	10	Month	Audit & Supervisory Board Member of Popo Will Co., Ltd. (current position)
2016 Year	1	Month	Representative director and CFO of Nowcast Co., Ltd.	2022 Year	3	Month	Audit & Supervisory Board Member of Trinity Technology Co., Ltd. (current position)
2018 Year	11	Month	Representative director and CFO of Fashion Pocket Co., Ltd. (currently Neural Group Inc.)	2022 Year	6	Month	Appointed Member of the Outside Director of Iridge Co., Ltd. (Audit and Supervisory Committee)(current position)
				2022 Year	7	Month	Appointed Member of the Outside Director of us(Audit and Supervisory Committee) (current position)

Status of important concurrent positions)

Representative, Dyehara CPA Office
Audit & Supervisory Board Member, Reiwa Travel Co., Ltd.
Corporate Auditor of HashPort Co., Ltd.
Audit & Supervisory Board Member, Popo Will Co., Ltd.

Audit & Supervisory Board Member, Trinity Technology Corporation
Ailidge Co., Ltd. Audit and Supervisory Committee member
Outside Director of Iridge Co., Ltd. (Audit and Supervisory Committee)

Be Audit and Supervisory Committee members
Outside director candidates
Reasons for this

Tomohiro Somehara has a high level of expertise and abundant experience as a certified public accountant, as well as experience in venture company management. As an Outside Director serving as an Audit and Supervisory Committee member, we have appointed an Outside Director candidate to serve as an Audit and Supervisory Committee member, with the expectation that he will audit and supervise our overall management from an independent standpoint.

Candidate No.

2

Saiko Kumaou

■ Date of birth: February 27, 1970 (age 54)

■ The number of our shares owned: -Shares

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Years of service
as Outside
Director 2 years
Years of service
as Audit and
Supervisory
Committee 2 years

Attendance at meetings of the 13/13 times
Board of Directors

Attendance at meetings of the 14/14 times
Board of Corporate Auditors

Brief history, our position and responsibilities (status of important concurrent positions)

2017	Year	12	Month	Registration as a practicing attorney Joined Legal Plus, an attorney at law	2020	Year	3	Month	Member of Outside Director of Sailor Fountain Pen Co., Ltd. (Audit and Supervisory Committee) (current position)
2018	Year	6	Month	Joined Shimamura Accounting Firm (current position)	2021	Year	6	Month	Member of Outside Director of COLOWIDE CORPORATION Audit and Supervisory Committee (current position)
					2022	Year	7	Month	Appointed Member of the Outside Director of us (Audit and Supervisory Committee); (current position)
					2022	Year	11	Month	Appointed Member of the Outside Director of Meiko Network Japan Co., Ltd. (Audit and Supervisory Committee) (current position)

Status of important concurrent positions)

Partner, Shimamura Law & Accounting Firm
 Member of Outside Director (Audit and Supervisory Committee) of Sailor Fountain Pen Co., Ltd.
 Member of Outside Director (Audit and Supervisory Committee) of COLOWIDE CORPORATION.
 Member of Outside Director (Audit and Supervisory Committee) of Meiko Network Japan Co., Ltd.

Be Audit and
Supervisory
Committee
members
Outside director
candidates
Reasons for this

Saiko Kumaou has been certified as an attorney while working at a general business, has bright corporate practices, and possesses a high level of specialized knowledge as an attorney. He was appointed as a candidate for an outside director who is an Audit and Supervisory Committee member in the hope that he will audit and supervise our overall management from an independent standpoint.

Candidate
No.

3

Jiro Yoshino

■ Date of birth: June 11, 1971 (age 53)

■ The number of our shares owned: -Shares

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■ Years of service
as Outside
Director 4 years
■ Years of service
as Audit and
Supervisory
Committee 2 years

■ Attendance at meetings of the 13/13 times
Board of Directors

■ Attendance at meetings of the 14/14 times
Board of Corporate Auditors

Brief history, our position and responsibilities (status of important concurrent positions)

1997	Year	4	Month	Joined Dentsu Research Institute, Inc. (currently Dentsu Inc.)	2016	Year	3	Month	Director, Lekio Power Technology Co., Ltd. (current position)
2013	Year	5	Month	Established Moon Shot Project Co., Ltd. Representative Director (current position)	2018	Year	11	Month	Representative Director, Drone Pilots Association (current position)
2014	Year	4	Month	Center for Asia Leadership, Country Director for Japan (current position)	2020	Year	7	Month	Outside Director of us
					2021	Year	7	Month	Director, Hack Technologies Corporation (current position)
					2022	Year	7	Month	Director, BORDER Corporation (current position) Appointed Member of the Outside Director of us (Audit and Supervisory Committee) (current position)

Status of important concurrent positions)

Representative Director, Moon Shot Project Co., Ltd.
Representative Director of the drone pilots association

Be Audit and
Supervisory
Committee
members
Outside director
candidates
Reasons for this

Jiro Yoshino has broad knowledge of marketing and branding cultivated through his work at a major advertising agency, as well as advisory experience in a wide variety of business models, and a broad network of contacts spanning industry, government, and academia. In addition, as a director of us since July 2020, he has been utilizing his experience and knowledge from various perspectives to supervise the management of the Company. We expect that the Audit & Supervisory Committee will continue to audit and supervise the overall management of the Company from an independent standpoint, and have made us a candidate for an outside director as an Audit & Supervisory Committee member.

- (NOTE)1. There are no special interests between the candidates for director who are members of the Audit and Supervisory Committee and us.
2. Tomohiro Somehara, Saiko Kumaou and Jiro Yoshino are candidates for outside directors who are Audit and Supervisory Committee members.
 3. We have entered into an agreement with Tomohiro Somehara, Saiko Kumaou and Jiro Yoshino to limit our liability for damages under Paragraph 1 of Article 423 of the Companies Act in accordance with the provisions of Paragraph 1 of Article 427 of the same Act. The maximum amount of liability for damages under the applicable contract shall be the amount stipulated by law. If Tomohiro Somehara, Saiko Kumaou and Jiro Yoshino's reappointment are approved, we plan to continue the said contract with them.

4. We have concluded an officer liability insurance contract with the insurance company. The outline of the insurance contract is as described in the "Outline of the Executive Liability Insurance Contract" in the Business Report. In the event each candidate is appointed, such candidate shall be included in the insured under the applicable insurance contract. The insurance contract is scheduled to be renewed in August 2024 with the same content.
5. We have notified Tomohiro Somehara, Saiko Kumaou and Jiro Yoshino as an independent director in accordance with the provisions of the Tokyo Stock Exchange.

Business Report

(May 1,2023 to April 30,2024)

1.Current status of our group

(1)Status of Business for the Current Consolidated Fiscal Year

① Business performance and results

In the fiscal year under review, the outlook for the Japanese economy remains uncertain due to factors such as the prolonged situation in Ukraine and soaring raw material and energy prices caused by the Israeli and Palestinian situations, as well as sudden fluctuations in foreign exchange rates and rising wages and interest rates.

In this business environment, by segment of our group in the current fiscal year results by business were as follows.

1. Commerce Segment

(i)Mobile Life Business

In the fiscal year under review, the shift to Category 5 of COVID-19 from May 8, 2023 has transformed consumer behavior into consumption of experience such as food service, travel and participation in other events. In addition, the rise in prices of daily necessities and other items has led to a stronger desire to save money and personal consumption continued to be sluggish. As a result, profits at each stage fell short of the initial plan. However, sales exceeded the results of the previous fiscal year because of the rollout of new products for new iPhone and popular models, particularly for iFace brands. The market of various IP collaborative products, such as popular characters, and the securing of new wholesalers. In addition, increased in sales 3.2% year-on-year because of sales of accessories such as Air Pods cases, shoulder straps, and strap holders, as well as smartphone cases, were strong.

(ii)Gaming Accessories Business

Until the cumulative second quarter, competition with competitors' products intensified, but sales recovered steadily from the third quarter of the fiscal year under review. In particular, sales of peripheral equipment such as white models, pastel color models monitors and monitor arms drove sales expansion in various malls, the

year-end sales, and new lifestyle demand. Gaming monitor brand Pixio won Amazon.co.jp Business Award 2023 Time Sale Award in January 2024, contributing significantly to sales. In addition, we increased exposure through measures such as return gift of hometown tax payment, rental of monitors, and sponsorship of e-sports events. We also worked to raise awareness among users who had not been able to reach. As a result, net sales increased 45.0% year on year.

(iii)Cosmetics Business

Sales of the cosmetics brand ByUR remained strong throughout the year, and net sales for the current fiscal year exceeded the initial target by twice. To date, we have won various cosmetic awards, and we have received a cumulative total of 118 brand-name awards. We have also grown to become a topselling winner in various EC malls, and our presence has further increased. As a result, contracts with new wholesalers have increased significantly, and the number of stores that have introduced ByUR has exceeded 5,000. Net sales increased 652.3% year on year because of the launch of new base makeup and skincare products in spring and autumn, while implementing tie-ups with influencers and measures to increase various exposures, such as TV interviews.

(iv)Global Business

Sales in the U.S., Korea and China were significantly higher than the previous fiscal year, and sales increased 33.7% year on year, exceeding the plan. This was mainly because of favorable sales of Otamatone, a music toy business acquired in January last year, in the U.S. market. In addition, sales increased 23.1% year on year, thanks to aggressive sales activities in squeezes that we collaborate with popular characters.

As a result, net sales in the Commerce segment for the fiscal year under review were JPY13,855,855 thousand, an increase of 30.0% year on year, and operating income was JPY1,069,579 thousand , an increase of 53.7%.

2. Platform Segment

(i)Next Engine Business

The pace of contract acquisition was recovering compared to the previous fiscal year, when it slowed down due to the reaction to COVID-19. The revision of service prices implemented in June 2023 made it easier to reflect in user charges the increase in the number of orders processed as the basis for pay-as you-go billing. At the same time, the reduction in the basic usage fee from JPY10,000 to JPY3,000 per month resulted in an expansion of the transaction value in EC sales to small businesses. The number of contracted clients increased steadily to 6,256 (up 484 from the end of the previous fiscal year) because of the collaboration with Mercari Shops operated by Mercari and Next Engine last December and the implementation of the companying campaign etc. In November 2023, the application of revised service prices to existing customers also improved ARPU, and incentive-based sales associated with the marketing collaboration with Mercari Shops, which was launched in December, resulted in double-digit growth in net sales in the Next Engine Business, up 17.5% year on year. In addition, the results of the sales collaboration also boosted earnings in this business. In addition, although there have been a certain number of cases of withdrawal from EC following the previous fiscal year, the number of cancellations remained low. In the fourth quarter under review, the churn rate was 0.84% and the average churn rate for the full year was 0.88%, both maintaining a low level.

(ii)Consulting Business

Operating income results were able to greatly exceed the plan because of focusing on initiatives that emphasize profitability, such as profitability management for each project, improvement in the utilization rate of consultants, and cost reviews. The management issue of continuing to secure the resources of consultants (recruiting and improving the retention rate), sales struggled and decreased 12.2% year on year.

(iii)Localco Business

Sales grew significantly in September because of the last-minute surge in demand following the system change related to the hometown tax payment in October. However, from October onward, a reactionary decline was recognized following this

last-minute increase in demand. In addition, negative factors such as a decline in the amount of donations due to the withdrawal of popular return gifts manufacturer from contracted municipalities overlapped. However, sales increased 2.2% year on year as a result of efforts to provide added value, including the implementation of various measures to improve the amount of donations to existing contracted local governments. We will continue to focus on acquiring contracts with new local governments.

As a result of the above, net sales in the Platform segment for the fiscal year under review were JPY3,768,153 thousand(up 11.2% year on year) and operating income was JPY 1,925,183 thousand(up 27.5%).

As a result of the above, for the fiscal year under review, net sales were JPY 17,612,068 thousand(up 25.5% year on year), operating income was JPY1,917,193 thousand(up 50.8%), ordinary income was JPY 2,018,905 thousand(up 44.2%), and net income attributable to owners of parent net income was JPY1,121,626 thousand (up 18.6%).

Net Sales by Industry Segment

Business Segment	25th (FY04/23) (Previous consolidated fiscal year)		26th (FY04/24) (Current consolidated fiscal year)		Change from the previous consolidated fiscal year	
	Amount	%	Amount	%	Amount	Rate of change
Commerce	10,655,603 ^{Thousands of yen}	75.9%	13,855,855 ^{Thousands of yen}	78.7%	3,200,251 ^{Thousands of yen}	30.0%
Platform	3,389,421	24.1	3,768,153	21.4	378,732	11.2
Intersegment sales	(6,586)	(0.0)	(11,940)	(0.1)	(5,353)	81.3
Total	14,038,437	100.0	17,612,068	100.0	3,573,630	25.5

② Capital Expenditures

The total amount of major capital expenditures, including the acquisition of goodwill and intangible assets of our group during the fiscal year under review, was JPY476,682 thousand. The details are acquisition of intangible fixed assets totaling JPY167,942 thousand, including development to strengthen the functions of Next Engine, and acquisition of property, plant and equipment totaling JPY308,740 thousand, including the purchase of dies for the Mobile Life Business of a subsidiary in Korea. Since our group does not allocate assets by business segment, the presentation by business segment is omitted.

③ Financing Activities

There are no special notes.

④ Status of transfer of business, absorption-type demerger or incorporation-type demerger

Not applicable.

⑤ Status of acquisition of business of other companies

There are no special notes.

⑥ Status of succession of rights and obligations in connection with the business of another

Not applicable.

⑦ Status of acquisition or disposition of shares or other equity interests or Stock Options, etc. of other companies

On November 2, 2023, we acquired 80 shares of common stock of anea design Inc.

(2) Financial position and results of operations

① Status of our group's assets and profits and losses

Category	23rd (FY 04 / 21)	24th (FY 04 / 22)	25th (FY 04 / 23)	26th (Current consolidated fiscal year) (FY 04 / 24)
Net sales (thousands of yen)	12,363,688	13,413,481	14,038,437	17,612,068
Ordinary income (thousands of yen)	2,148,786	2,329,611	1,399,637	2,018,905
Attributable to owners of parent Net income for the year (thousands of yen)	1,556,327	1,743,821	945,375	1,121,626
Net income per share (yen)	98.38	109.72	59.44	70.45
Total assets (thousands of yen)	8,338,753	10,518,193	12,320,486	14,512,472
Net assets (thousands of yen)	6,528,052	8,252,916	8,960,501	10,157,139
Net assets per share (yen)	404.97	513.06	556.97	631.69

② Our assets and profit and loss position

Category	23rd (FY 04 / 21)	24th (FY 04 / 22)	25th (FY 04 / 23)	26th (Current fiscal year) (FY 04 / 24)
Net sales (thousands of yen)	10,840,693	11,451,711	9,005,609	10,992,707
Ordinary income (thousands of yen)	1,261,189	1,667,633	34,478	338,387
Net income or Net loss (thousands of yen)	854,152	1,208,590	(8,777)	284,085
Net income per share or Net loss per share (Yen)	53.99	76.04	(0.55)	17.84
Total assets (thousands of yen)	5,731,632	7,459,090	5,597,924	6,592,600
Net assets (thousands of yen)	4,350,357	5,416,948	3,583,887	3,580,848
Net assets per share (Yen)	267.81	334.69	219.16	218.89

(3) Status of significant parent company and subsidiaries

① Status of the parent company

Not applicable.

② Status of significant subsidiaries

Company	Common stock	Rate of our voting right	Major Business
Hamee Global Inc.	600,000,000 Korean won	100.0%	Product planning, manufacturing, purchasing and sales of mobile accessories
Hamee US, Corp.	900,000 US dollars	100.0% (100.0%)	Sales of mobile accessories and general merchandise
Hamee Shanghai Tech & Trading Co., Ltd.	6,000,000 CNY	100.0% (100.0%)	Sales of mobile accessories and general merchandise
NE Inc.	100,000,000 Yen	100.0%	EC support and SaaS business

(NOTE) Percentage of voting rights in parentheses is the percentage of indirect ownership.

(4) Challenges to be Addressed

We are aware of the following issues as each segment aims for further business expansion and growth in future business development. Our group will respond quickly to these issues.

① Company-wide issues

(i) Promotion of decarbonization

From the viewpoint of promoting ESG, we have newly established the Carbon-free Promotion Project in order to take concrete actions. Mission will be changed to "By your side, Balance between creation and decarbonization for enriching our lives." In addition to business expansion, we will further focus on environmental issues. We have set a goal of reducing CO₂ emissions by approximately half by 2030, and we will review supply chain emissions at all our business divisions and divisions and focus on this as a company-wide effort. As measures, we are considering packaging some products for paper, changing to specifications that can be sorted, and strengthening reuse services to reduce waste. We will work to expand specific action plans.

(ii) Promotion of ESG

In the land of Odawara, where our group headoffice is located, the idea of the "Hotoku philosophy" born by Sontoku Ninomiya, a thought family of the Edo era, is rooted. Based on this teaching, we are aware of our status as a public entity of society. In addition to striving to evolve and grow our business activities, we have identified materiality related to ESG in order to tackle comprehensive solutions to issues related to the environment, society, and the economy. We have published on our website our targets and action plans for achieving materiality through our business activities. To give specific examples, we are developing Parallel Plastics, a sustainable project that fulfills SDGs's goal 12, "Responsibilities for manufacturing" and developing recycling services that create new products from defective plastic products and surplus inventories. In addition, we are expanding Next Engine to provide consumers with a variety of EC consumption opportunities. We are also working to bring "rewarding economic growth" and "create a foundation for industrial and technological innovation" to businesses involved in EC that will provide them with a time-consuming experience. However, we recognize that there are some aspects of the action plan that are inadequate, so we will continue to work to expand the action plan.

(iii) Creating an environment in which excellent human resources can work easily

We recognize that human resources, which are the source of continuous growth, are our most important management resources for the group. To maintain and continue to develop and strengthen the group's product development capabilities and other operational capabilities, we will need to continue to hire talented employees and provide them with growth opportunities. It is important for our group to continuously recruit designers, development engineers, and other creative personnel to respond to user needs by improving product quality, improving development speed, and so on. In 2020, we established a personnel system that enables full telework and introduced various telework-related tools. In 2021, we created an environment that makes it easier for employees to work, such as switching to an office that is optimal for both office work and telework. After COVID-19 moved to Category 5, the renewed recognition of the importance of communication in the real world, our group will continue to maintain a work style that allows employees to freely

choose between telework and going to work, and respond to the diversity of working styles that combine real and digital.

(iv) Enhancing Corporate Governance

In July 2022, we transitioned to a company with an Audit and Supervisory Committee to establish a governance system and accelerate decision-making by delegating authority and the Nomination and Compensation Committee was established in October 2022. To further enhance corporate governance, we aim to increase the ratio of outside directors and build a more sophisticated governance system at the Board of Directors meetings.

(v) Maintain and improve compliance system

In recent years, corporate activities have required a high level of ethics, and we believe that compliance issues have a material impact on our business foundation. The group has established a compliance manual, appointed an officer in charge of compliance, established a legal department, and other measures to strengthen its system to ensure thorough compliance. We intend to maintain and improve our compliance system through in-house education in order to improve the credibility of our customers.

② Commerce segment

(i) Dependence on specific categories (smartphone accessories)

In the Commerce segment, more than 80% of sales are from the Japanese domestic market, and most of them are from the smartphone accessories category. Taking into account the penetration rate of smartphones and the outlook for the domestic population in the future, we recognize that accelerating global expansion and category expansion and the creation of new businesses are essential management issues in order to further stabilize our business base. To address this issue, we are actively expanding categories and creating new businesses, while continuing to accelerate our global expansion efforts, leveraging our strengths in areas such as EC management knowledge, wholesale sales through in-house planning, development, and manufacturing to maintain a balanced balance between

two sales channels of EC and retail, and our highly recognized iFace brands. Specifically, as a base business for the mobile life business, centered on smartphone accessories, we actively invested in the cosmetics business, centered on the cosmetics brand ByUR, the gaming accessories business, centered on gaming monitor brand Pixio, and the global business, which handles products that are popular overseas, such as Otamatone and squeezes. As a result of these efforts, sales growth was recognized in each business in the fiscal year under review and we will aim for further growth.

(ii) Maintain and improve brand power

The smartphone accessory market to which this segment belongs is expected to continue to undergo significant changes and competition is expected to intensify. In this environment, we will further strengthen our branding in order to increase the value of our core brands, core competencies, and iFace, which is the cornerstone of our category extensions, including cosmetics, so that we can continue to be the brand of choice for our customers. We aim to achieve further growth by making maximum use of our unique strengths, which we have built up over a decade of history as a smartphone accessory brand.

(iii) Improving profitability

Over the past few years, consumer spending shifted from manufacturing to consumption of experience, food service, travel, and participation in other events. consumer spending also declined due to rising raw material and energy prices, which had a significant impact on the external environment. demands in the Mobile Life Business were covered by sales in new focus areas, such as the Gaming Accessories, Cosmetics, and Global Businesses. This resulted in a reduction in business risk as a result of the formation of a business portfolio. However, these three businesses continue to be areas in which we are continuing to invest, and we are aware of the challenges in profitability. We will continue to implement measures to reduce costs by reducing procurement prices, expanding sales regions, and enhancing in-house production and strengthening relationships with manufacturers, in order to realize the contribution of incomes to the Otamatone business, which we acquired in the overseas manufacturing and sales business in January of last year, as soon as

possible.

③ Platform segment

(i) Ongoing Initiatives to Expand Next Engine Contracts

Next Engine is a service that is primarily supported by mid-sized businesses (EC transaction value), and is used by more than 6,200 clients. We will continue to promote the following initiatives and aim to increase the total number of clients by growing EC business by clients.

- Promotional activities to strengthen free inbound clients
- The outsourcing of call center operations to maintain customer satisfaction, reduce churn rate by enhancing in-house support system
- Smooth data-linkage and shorter working hours for EC businesses
- Further expand the scope of linkage with other companies' services by developing a wealth of API

(ii) Building a solid customer base that is unaffected by market conditions

As in the previous fiscal year, the following changes in the business environment continued.

(a) Structural changes in EC marketplace

Although the number of businesses entering EC industry increased due to the COVID-19, the intensification of competition due to the increase in players has widened the gap between EC businesses with brand power and financial capacity and those who do not, and the polarization of the industry is advancing.

(b) Reaction to Consumption Behavior Advanced by the COVID-19

Digital shifts in consumer behavior have progressed due to the COVID-19, but the reaction to the digital shift has become pronounced, as the tendency to shift from consumption of goods to consumption of experience (such as travel and events) has intensified after the self-restraint period. In addition, consumer purchasing power in EC marketplace has declined due to soaring energy-related prices and prices.

(c) Shifting of urgent management issues by EC businesses against the backdrop of the above, the management priorities of EC businesses are shifting from streamlining back-office operations to maximizing sales and securing incomes,

and it is considered that the willingness to introduce various business efficiency improvement services is temporarily declining.

In light of these conditions, in order for Next Engine to further accelerate growth, we will not only leverage our strengths in EC businesses that were previously mid-size-sized or larger, but also expand and enhance services that support growth along with all commerce operators, including micro businesses. By doing so, we aim to strengthen our client base and further expand the total number of clients.

(iii) Realization of a virtuous cycle business structure

In addition, to address the issue of expanding sales, which is of interest to micro businesses that approach the establishment of a solid customer base mentioned above, we will provide EC consulting and other services that utilize data owned by Next Engine to businesses that have similar issues, and further pursue synergies with the Consulting Business, which provides initial-setting agency services for Next Engine. We will build an integrated service system for both front-end and administration, and aim to realize a "virtuous cycle of business structure" in order to grow into a platform that can drive customer growth over the long term.

We would like to ask for the continued support of our shareholders.

(5) Major Businesses (As of April 30, 2024)

Our group consists of 8 companies, 5 consolidated subsidiaries, 1 non-consolidated subsidiary and 1 related company. In EC market, which continues to grow worldwide, we have evolved and grown in response to market changes. Purpose, Ignite your creativity, aims to spark our creative soul, maximize the value of our customers' experiences through our products and services.

The main businesses are the Commerce Segment, which plans, develops, and manufactures products for mobile accessories such as smartphone cases, chargers for mobile devices, and earphones, and wholesales those products to Internet-based sales and major general merchandise stores, and the Platform Segment, which develops and provides cloud-based (SaaS) business management platforms for EC businesses. The contents of each are as follows.

① Commerce segment

In this segment, the main business is the Mobile Life Business, which handles smartphone accessories centered on iFace brands, which have a strong awareness among young people. One of the characteristics of us is that it has a well-balanced sales channel for a wide range of customers, including the younger generation, in EC it has more points of contact with customers by developing multiple stores, and also has points of contact in brick-and-mortar sales areas, such as general merchandise stores, electronics stores, and career shops. Another major advantage is that our group has built a supply chain from planning and development to manufacturing and sales. In addition, we leverage these strengths, including EC management knowledge, to extend our product categories. Our core businesses are the gaming accessories business, which handles gaming monitor brand Pixio, the cosmetics business, which is developed under ByUR brand, and the global business, which is centered on the U.S.

② Platform segment

In this segment, we develop and provide Next Engine, a cloud-based (SaaS) EC Attractions for EC businesses that engage in mail-order sales through its own sites and EC shopping malls. We automate the day-to-day operations related to the operation of online shops as much as possible and at the same time enables us to centrally manage the order processing and inventory status of multiple stores across malls.

(6)Major Sales Offices (As of April 30, 2024)

① Our company

H e a d O f f i c e	Odawara City, Kanagawa Prefecture
S a l e s O f f i c e s	Tokyo Sales Office (Koto-ku, Tokyo) Osaka Sales Office (Kita-ku, Osaka City, Osaka)

② Major subsidiaries

Hamee Global Inc.	Head Office (Seoul, Korea)
Hamee US, Corp.	Head Office (California, U.S.A.)
Hamee Shanghai Tech & Trading Co., Ltd.	Head Office (Shanghai, China)
NE Inc.	Head Office (Odawara City, Kanagawa Prefecture)

(7)Status of Employees (As of April 30, 2024)

① Status of our group's employees

Business Segment	Number of employees	Change from the end of the previous fiscal year
C o m m e r c e	242 (14)	Increase of 7 (Increase of 4)
P l a t f o r m	139 (11)	Increase of 1 (-)
Company-wide (common)	82 (7)	Increase of 27 (Increase of 1)
Total	463 (32)	Increase of 35 (Increase of 5)

(NOTE)1.The number of employees is the number of employed people, and the number of temporary employees (including part-time and part-time employees, excluding temporary employees) is the average number of employees per year shown in parentheses.

2.The number of employees listed as "Company-wide(common)" is the number of employees in administrative divisions that cannot be classified into specific business segments.

② Employees of us

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of employment
150(20)	Increase 6 (Increase 4)	37.8Age	6.8Year

(NOTE)1. The number of employees is the number of employees at work (excluding employees seconded from us to external companies and including employees seconded from external companies to us). The average number of part-time and contract employees per year is shown in parentheses.

(8)Status of Major Borrowers (As of April 30, 2024)

Lenders	Amount borrowed
M i z u h o B a n k , L t d .	700,000Thousands of yen
M U F G B a n k , L t d .	500,000
The Bank of Yokohama, Ltd.	483,320
Sumitomo Mitsui Banking Corporation	405,000
R e s o n a B a n k , L i m i t e d	96,660

(9)Other important matters related to the current status of our group

Not applicable.

2.Current status of us

(1)Investor information (as of April 30, 2024)

- ① Total Number of Authorized Shares 48,000,000Shares
- ② Total number of shares issued 16,286,400Shares
- ③ Number of Shareholders 7,412People
- ④ Major Shareholders

Name of Shareholders	Number of shares held	Percentage of Shares Held
A O I C o r p o r a t i o n	5,312,000Shares	33.34%
A t s u s h i H i g u c h i	2,533,400	15.90
The Master Trust Bank of Japan, Ltd. (Trust Account)	798,400	5.01
K a z u y o r i K i t a m u r a	473,700	2.97
The Custody Bank of Japan, Ltd. (Trust Account)	322,100	2.02
Nomura Securities Co.,Ltd.	302,956	1.90
STATE STREET BANK AND TRUST C O M P A N Y 5 0 5 1 0 3	234,500	1.47
NORTHERN TRUST CO.(AVFC) RE NON TREATY CLIENTS ACCOUNT	209,442	1.31
B o f A S e c u r i t i e s	207,300	1.30
B N Y G C M C L I E N T A C C O U N T J P R D A C I S G (F E - A C)	199,708	1.25

(NOTE) Although not included in the above, we hold 355,575 shares of treasury stock. The shareholding ratio is calculated after deducting treasury stock.

- ⑤ Status of shares issued to company officers as compensation for the execution of duties during the current fiscal year

We grant restricted stock to directors, excluding outside directors, in exchange for the execution of their duties. For the policy, please refer to "(3) Status of Company Officers,

- ④ Compensation, etc. of Directors and Audit & Supervisory Board Members, and (b) Matters Relating to the Policy for Determining the Content of Individual Compensation, etc. for Directors."

	Number of shares	Number of persons eligible for issuance
Directors (excluding Audit and Supervisory Committee members and outside directors)	4,600Shares	1People

(NOTE) We disposes of treasury stock and grants such stock-based compensation.

(2) Stock option

- ① Status of stock option granted as compensation for the execution of duties held by our officers at the end of the current fiscal year

	5th Stock Option	
Date of resolution of issuance	July 28, 2016	
Number of stock option	126,000	
Be the object of the stock acquisition rights Class and number of shares	Common stock	252,000Shares (2 shares per stock option)
Amount to be paid for stock option	No payment is required in exchange for stock option	
Upon the exercise of Stock option Value of the property to be invested	Per stock option	JPY2,300 (JPY1,150 per share)
The exercise period	July 29,2018 to July 27,2026	
Conditions for exercising	(NOTE)1.	
Officers Ownership status	Director (excluding Outside Directors)	Number of stock option 20,000 Number of shares for the purpose 40,000Shares Qualified employees 3People

(NOTE)1. The terms of the exercise of stock option are as follows:

- (i) The person to whom the rights to subscribe for new shares (hereinafter referred to as the "holder of the rights to subscribe for new shares") may, at the time of exercising the rights, exercise the rights to subscribe for new shares only if he/she holds the position of a director, auditor and employee of us or our group company (according to the working regulations or the equivalent provisions of our group company to which we or belong). Provided, however, that this shall not apply where the Board of Directors finds that there are justifiable grounds.
- (ii) In cases where a holder of Stock option dies, the Stock option may be exercised only in cases where the heir is the spouse or child of the holder of Stock option.
- (iii) Holders of Stock option may not exercise their Stock option in violation of the Stock option Allotment Agreement concluded between us and holders of Stock options with respect to the Stock option to be exercised.

2. We conducted a 2-for-1 stock split of common stock on November 1, 2016, in accordance with a resolution approved at a meeting of the Board of Directors held on September 9, 2016. As a result, the "number of shares for subscription rights to shares," "value of assets to be invested upon exercise of subscription rights to shares," and "number of shares for purpose" in "ownership of directors" have been

adjusted.

- ② Status of stock option issued to employees, etc. as compensation for the execution of duties during the current fiscal year
Not applicable

(3) Status of corporate officers

① Status of Directors (As of April 30, 2024)

Position in the company	Name	Status of Responsibility and Significant Concurrent Positions
C h a i r m a n	Atsushi Higuchi	Officer
President and CEO	Ikuhiro Mizushima	Officer, Hamee Global Inc. Executive Director
D i r e c t o r	Junya Suzuki	NE Inc. chairman
D i r e c t o r Audit and Supervisory Committee Member	Tomohiro Somehara	Representative, Somehara CPA Office Audit & Supervisory Board Member, Reiwa Travel Co., Ltd. Corporate Auditor of HashPort Co., Ltd. Audit & Supervisory Board Member, Posiwill, Inc. Audit & Supervisory Board Member, Trinity Technology Corporation Outside Director(Audit and Supervisory Committee)of Ailidge Co., Ltd.
D i r e c t o r Audit and Supervisory Committee Member	Saiko Kumaou	Partner, Shimamura Law & Accounting Firm Outside Director(Audit and Supervisory Committee)of Sailor Fountain Pen Co., Ltd. Outside Director(Audit and Supervisory Committee)of COLOWIDE CORPORATION Outside Director(Audit and Supervisory Committee)of MEIKO NETWORK JAPAN CO., LTD.
D i r e c t o r Audit and Supervisory Committee Member	Jiro Yoshino	Representative Director, Moon Shot Project Co., Ltd. Representative Director of the drone pilots association

(NOTE)1.Directors (Audit and Supervisory Committee) Tomohiro Somehara, Saiko Kumaou and Jiro Yoshino are outside directors.

2.Since the Audit and Supervisory Committee is the primary body under the Company with Audit and Supervisory Committee and conducts organizational audits through the internal control system, it does not necessarily require the selection of full-time employees. Therefore, full-time Audit and Supervisory Committee members are not selected.

3.Audit and Supervisory Committee Member Tomohiro Somehara qualifies as a certified public accountant and has considerable knowledge of finance and accounting.

4.We have designated Tomohiro Somehara, director, Saiko Kumaou, director, and Jiro

Yoshino, director, as independent officers based on the provisions of the Tokyo Stock Exchange, Inc. and have notified them.

5. At the conclusion of the 25th Ordinary General Meeting of Shareholders held on July 27, 2023, Noriyoshi Higo resigned as a director because of the expiration of his term.

6. We have introduced an officer system. Officers as of April 30, 2024 were as follows:

Position	Name	In charge of
Officer	Atsushi Higuchi	
Officer	Ikuhiro Mizushima	
Officer	Junya Suzuki	Development Department
Officer	Tatsuya Tobari	
Officer	Yukihiro Tomiyama	Manager, Corporate Planning Department
Officer	Naoki Morohoshi	Mobile Life Division · Global Business Promotion Department PJ reader, IP project
Officer	Kazuki Sawano	DX Promotion Department
Officer	Yoshio Toyoda	General Affairs and Legal Department Manager, Human Resources and Public Relations Department
Officer	Ryo Takagi	Manager, President's office

② Summary of the contents of the limited liability agreement

We and each outside director have entered into an agreement to limit their liability for damages as stipulated in Paragraph 1 of Article 423 of the Companies Act in accordance with the provisions of Paragraph 1 of Article 427 of the same Act.

The maximum amount of liability for damages under the said contract is the amount stipulated by law.

③ Outline of the contents of the officer's liability insurance contract

We have entered into liability insurance policies for directors, statutory auditors, officers, and officers with managerial employees who are insured by us and our subsidiaries' directors (including directors serving on the Audit and Supervisory Committee). The insurance premiums, including the rider portion, are fully borne by us. The insurance contract stipulates that damages incurred as a result of a claim for

damages made during the period of insurance due to the execution of business as an officer shall be covered within the total payment limit (maximum amount of insurance benefits) during the period of insurance. Provided, however, that we shall not be compensated for any damages arising from an act committed in violation of laws and regulations, and there are certain exclusions.

④ Remunerations for Directors and Corporate Auditors

(1) Total amount of remuneration, etc. related to the current fiscal year

Classification	Total amount of remuneration	Amount of Compensation by Type		Be subject to Number of officers
		Basic Compensation	Restricted stock	
Directors (excluding Audit and Supervisory Committee members) (Outside Directors)	56,054 ^{Thousands of yen} (-)	49,950 ^{Thousands of yen} (-)	6,104 ^{Thousands of yen} (-)	4 (-)
Director (Audit and Supervisory Committee Member) (Outside Directors)	16,800 (16,800)	16,800 (16,800)	- (-)	3 (3)

(NOTE) 1.Restricted stock is the amount of restricted stock that is expensed in the current fiscal year.

2. The number of directors (excluding Audit and Supervisory Committee members) paid does not include 2 non-compensated directors.

(2) We have a policy for determining the individual compensation of our directors, which is outlined below.

(i)Basic Policy

Our basic policy is that remuneration for directors is linked to shareholder profits so that they function sufficiently as an incentive to increase corporate value. When determining remuneration for individual directors, the basic policy is to ensure that the remuneration is at an appropriate level based on the responsibilities of each position after receiving reports from the Nomination and Compensation Committee, which has a majority of independent outside directors. Specifically, remuneration for executive directors consists of base remuneration as fixed remuneration and share remuneration, and for outside directors who are responsible for supervisory functions, only base remuneration is paid in light of their duties.

(ii)Policy on determining the amount of remuneration, etc. for individual basic

remuneration (monetary remuneration) (including policy on determining the timing or conditions of remuneration, etc.)

The basic remuneration for our directors is fixed monthly and is determined based on a comprehensive consideration of our business performance and economic conditions, each person's position, background, and performance.

(iii) Reasons for the Board of Directors' judgment that the contents of individual remuneration, etc. are in line with the said policy

The Nomination and Compensation Committee confirms the consistency of the contents of individual remuneration and the policy for determining remuneration, etc. for directors and reports to them. Therefore, the Board of Directors basically respects the report and believes that the details of individual remuneration, etc. for directors are in line with the policy for determining remuneration, etc.

(iv) Policy on determining the content and amount or number of performance-linked remuneration, etc. and non-monetary remuneration, etc.

Non-monetary remuneration, etc. shall be restricted stock and shall be paid with the aim of providing an incentive for the sustainable improvement of our corporate value by further strengthening the linkage between the remuneration of our directors (excluding directors serving as Audit & Supervisory Committee members and outside directors; hereinafter referred to as "target directors") and shareholder value, as well as promoting further value sharing between target directors and shareholders. The conditions and timing of the payment are determined by comprehensively taking into account the progress of the medium-term management plan and our share price trends.

(v) Policy on determining the amount of monetary remuneration, the amount of performance-linked remuneration, etc. or the amount of non-monetary remuneration, etc. as a percentage of the amount of individual remuneration, etc. for directors (excluding directors who are Audit and Supervisory Committee members)

With regard to the policy for determining the percentage of monetary remuneration and non-monetary remuneration, our policy is to provide an appropriate percentage of remuneration in order to share the interests of eligible directors and shareholders and contribute to the sustained improvement of corporate value.

- (vi) Matters concerning decisions on the contents of remuneration, etc. for each individual director

The amount of remuneration for individual directors (excluding directors who are Audit and Supervisory Committee members) is determined by Ikuhiro Mizushima, President and CEO, who is authorized by the Board of Directors meetings attended by several independent outside directors, comprehensively considering our business performance and economic conditions, each person's position, background, and performance. In making the decisions, we consult with the Nomination and Compensation Committee on the compensation proposal formulated by the Representative Director, and the Nomination and Compensation Committee examines the appropriateness of the proposal in consideration of our performance and economic conditions, and receives a report from the Nomination and Compensation Committee. The reason for delegating the content of remuneration, etc. to the Representative Director was that we determined that the Representative Director was appropriate for evaluating each director while taking into account the overall performance, etc. Remuneration for directors serving on the Audit and Supervisory Committee shall be determined after consultation with the Audit and Supervisory Committee.

3. Resolutions at Shareholders Meetings Regarding Remunerations for Directors

At the 24th Ordinary General Meeting of Shareholders held on July 28, 2022, the maximum amount of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee) was approved as an annual amount of no more than JPY120 million (excluding employees' salaries). At the end of the General Meeting of Shareholders, the number of Directors was 4.

In addition, at the 24th Ordinary General Meeting of Shareholders held on July 28, 2022, as a monetary compensation receivable for the acquisition of restricted stock under the Plan, eligible directors are approved to be paid monetary compensation receivables of up to JPY30 million yen per year, the total number of shares of common stock to be issued or disposed of by the eligible directors is limited to 25,000 shares per year, and the period of restricted stock to be fixed by our Board of Directors is 3 to 5 years. The number of Director at the close of the General Meeting of Shareholders was 1.

In addition, the maximum amount of remuneration for Audit and Supervisory Committee members was approved at the 24th Ordinary General Meeting of Shareholders held on July 28, 2022, to be no more than JPY25 million per year. The number of Audit and Supervisory Committee members at the close of the General Meeting of Shareholders was 3.

⑤ Information on Outside Officers

1. Status of significant concurrent positions held by other corporations, etc. and the relationship between us and such other corporations, etc.
 - Outside Director (Audit and Supervisory Committee Member) Tomohiro Somehara is the representative of the Somehara Certified Public Accounting Firm, the auditor of Reiwa Travel Co., Ltd., HashPort Co., Ltd., Posiwill, Inc. and Trinity Technology Corporation., and Outside Director (Audit and Supervisory Committee member) of Ailidge Co., Ltd. There is no special relationship between us and concurrent positions.
 - Outside Director (Audit and Supervisory Committee Member) Saiko Kumaou,, is an Outside Director (Audit and Supervisory Committee member) of the Shimamura Legal Accounting Firm's partner, Sailor Fountain Pen Co., Ltd, COLOWIDE CORPORATION. and MEIKO NETWORK JAPAN CO., LTD. There is no special relationship between us and concurrent positions.
 - Outside Director (Audit and Supervisory Committee Member) Jiro Yoshino, is the Representative Director of Moon Shot Project Co., Ltd. and Representative Director

of the Drone Pilots Association. There is no special relationship between us and concurrent positions.

2. Major activities during the year

	Outline of duties performed in relation to attendance, statements made, and expected roles of outside directors
Director (Audit and Supervisory Committee Member) Tomohiro Somehara	He attended all 13 Board of Directors meetings held during the fiscal year under review. Based on his professional perspective as a certified public accountant and his abundant experience and insight as a corporate manager, he plays an appropriate role in ensuring the appropriateness and appropriateness of decision-making, including making necessary comments as appropriate. The Audit and Supervisory Committee also attended all 14 meetings of the Audit and Supervisory Committee held during the fiscal year under review, exchanging opinions on the results of audits and making comments as necessary from a professional perspective. In addition, as a member of the Nomination and Compensation Committee, he assumes the supervisory function in the process of determining executive compensation from an objective and neutral standpoint.
Director (Audit and Supervisory Committee Member) Saiko Kumaou	She attended all 13 Board of Directors meetings held during the fiscal year under review. From a professional perspective as an attorney, she plays an appropriate role in ensuring the appropriateness and appropriateness of decision-making, mainly by making statements necessary for deliberations on legal affairs and compliance agendas. The Audit and Supervisory Committee also attended all 14 meetings of the Audit and Supervisory Committee held during the fiscal year under review, exchanging opinions on the results of audits and making comments as necessary from a professional perspective. In addition, as a member of the Nomination and Compensation Committee, we assume the supervisory function in the process of determining executive compensation from an objective and neutral standpoint.
Director (Audit and Supervisory Committee Member) Jiro Yoshino	He attended all 13 Board of Directors meetings held during the fiscal year under review. He played the expected role by making statements to ensure the appropriateness of decisions made by the Board of Directors, taking advantage of the wide-ranging knowledge gained from working as a major advertising agency, as well as our advisory experience and expertise in a wide variety of business models in various aspects of our management from an independent standpoint. The Audit and Supervisory Committee also attended all 14 meetings of the Audit and Supervisory Committee held during the fiscal year under review, exchanging opinions on the results of audits and making comments as necessary from a professional perspective. In addition, as a member of the Nomination and Compensation Committee, he assumes the

	supervisory function in the process of determining executive compensation from an objective and neutral standpoint.
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(4) Status of Accounting Auditors

① Name Ernst & Young ShinNihon LLC

② Amount of Remuneration, etc.

	Amount of remuneration
Amount of Remuneration, etc. of Accounting Auditors for the Current Fiscal Year	41,072 ^{Thousands of yen}
The aggregate amount of money and other property incomes payable by us and our subsidiaries to the independent auditors	65,072 ^{Thousands of yen}

(NOTE)1.As the audit contract between us and the accounting auditor does not clearly distinguish the amount of audit fees, etc. for the audit based on the Corporate Law from that for the audit based on the Financial Instruments and Exchange Law and cannot be substantially distinguished, the total amount of the remuneration, etc. of the accounting auditor for the current fiscal year is stated.

2.The Board of Corporate Auditors agreed on the amount of the accounting auditor's remuneration, etc. after conducting necessary verification to determine whether the content of the accounting auditor's audit plan, the status of execution of duties by the accounting auditor, and the basis for calculating the remuneration estimate, etc. are appropriate.

3. Our subsidiary, Hamee Global Inc., Hamee US, Corp. is audited by an audit corporation other than our accounting auditor.

③ Policy for Determining Dismissal or Non-reappointment of Accounting Auditors

With reference to the "Practical Guidelines for Audit & Supervisory Board Members, etc. Concerning the Establishment of Evaluation and Selection Standards for Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, our Audit & Supervisory Board confirms that the status, independence and expertise of the accounting auditor, and the audit system are in place, that specific audit plans and audit fees are reasonable and appropriate, and management evaluates the accounting auditor and makes judgments regarding the selection based on audit results and other factors.

In the event that the execution of duties by the accounting auditor is hindered or it is deemed necessary, our Board of Corporate Auditors shall determine the contents of proposals regarding the dismissal or non-reappointment of accounting auditors to be

submitted to the general meeting of shareholders.

In addition, the Board of Corporate Auditors shall dismiss the accounting auditor with the consent of all Corporate Auditors in the event that the accounting auditor is deemed to fall under any of the items set forth in each item of Paragraph 1 of Article 340 of the Companies Act. In this case, the Audit & Supervisory Board Members selected by the Audit & Supervisory Board report on the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

(5) Arrangements for ensuring the propriety of operations

Our group have established the Basic Policy on Internal Control Systems as a system to ensure the appropriateness of operation operations, and currently operates an internal control system based on that basic policy. The details of this scheme are outlined in the table below.

① System to ensure that the execution of duties by directors and employees in our group complies with laws and regulations and the articles of incorporation

Our group will take the following actions in order not only to comply with laws and regulations, but also to operate our business with the highest ethical standards.

1. In order to properly and efficiently operate business in the Working Regulations, we shall stipulate the obligation to faithfully comply with laws, regulations, and notices, and to devote all efforts to the performance of its duties.
2. With regard to corporate ethics, we will formulate a Compliance Manual and make it a concrete code of conduct for all executives and employees regarding corporate ethics.
3. In order to clarify responsibilities for business ethics, establish corporate ethics, foster compliance awareness, and maintain discipline, the Chief Compliance Officer, who oversees compliance throughout our group, reports to the Officers' Meeting. Report important matters, if any, to the Board of Directors.
4. We will strive to foster a corporate culture that is more open to the public. We will set up an internal whistle-blowing hotline inside of us and a compliance consultation and whistle-blowing hotline outside of us, with the Legal Department serving as the contact point, and will strive to detect violations of laws and regulations or any facts that may cause such violations at an early stage.
5. The Basic Transaction Agreement stipulates that anti-social forces shall be excluded and that no transactions shall be conducted with anti-social forces. In addition, the department in charge of anti-social forces shall be designated as the Legal Department, and the "Anti-Social Force Response Manual" shall be established and, as necessary, the department shall cooperate closely with the police and other external specialist organizations.

② Our group's Risk Management Regulations and Other Systems

We take the following steps to appropriately manage the risks of our group.

1. Formulate risk management rules in order to establish basic matters of risk management and conduct business operations appropriately and efficiently.
 2. The executive officer in charge of risk management, who oversees risk management for the entire group, reports to the Officers' Meeting. Report important matters, if any, to the Board of Directors.
 3. In order to carry out risk management, the Legal Division shall classify emerging cases as risks, and discuss how to manage such risks at the Officers' Meeting.
- ③ System to ensure the efficient execution of duties by directors in our group
- Our group will take the following measures to ensure efficient business operations through the appropriate division of responsibilities among directors and a supervisory system.
1. Formulate the Administrative Authority Regulations that stipulate the organization structure, organizational management regulations that stipulate the operations of each organization, and the division of authority.
 2. For the purpose of contributing to the efficient management of our Board of Directors, we have established the Officers Meeting, which is composed of directors, officers, etc., to report or discuss the status of the execution of business of our group and important matters related to management, to share information and coordinate opinions among concerned parties, and to ensure the efficiency and appropriateness of management decision-making.
 3. Regulations of the Board of Directors are established and, in principle, the Board of Directors meets once a month to make decisions on important management-related matters based on relevant laws and regulations, principles of management judgment, and the duty of care of good managers.

④ System for storing and managing information related to the execution of duties by directors

We implement the following initiatives in order to manage information related to the execution of duties by directors and to contribute to proper and efficient business operations.

1. Documents and forms related to the duties of directors and employees shall be appropriately prepared, stored, and managed in accordance with applicable laws

and the Document Retention Control Rules.

2. Personal information shall be strictly managed in accordance with laws and the Personal Information Protection Rules.

⑤ System to ensure the appropriateness of business operations within our group

We will not only conduct transactions between our group companies appropriately in accordance with laws and regulations, but also implement the following initiatives in order for our group to conduct appropriate business operations and contribute to the growth and development of the group.

1. Establish the Crisis Management Manual and establish a system for communicating with the head office in the event of a crisis based on the manual.
2. Conduct employee education to prevent misconduct, etc.
3. Establish an Information Security Policy and develop a system for information security.
4. Establish a system to take appropriate measures to protect personal information based on the Privacy Mark.
5. Periodically report financial status, etc. to the head office.
6. The Internal Audit Department of the head office conducts audits by the Internal Audit Department and reports the results to the President and Representative Director, the Board of Directors, the Audit and Supervisory Committee members, and the Audit and Supervisory Committee.

⑥ Matters concerning employees to assist the Audit & Supervisory Committee in the duties of the Audit & Supervisory Committee and matters concerning the independence of those employees from directors (excluding directors serving as Audit & Supervisory Committee members)

In order to ensure that audits by the Audit and Supervisory Committee are conducted effectively, we will take the following actions with respect to employees who should assist the Audit and Supervisory Committee in its duties.

1. In the event that the Audit & Supervisory Committee is required to appoint an employee to assist the Audit & Supervisory Committee in its duties, the Audit & Supervisory Committee shall, after consultation with the Audit & Supervisory Committee, assign an employee with the ability and knowledge to assist the Audit

& Supervisory Committee in its duties as necessary.

2. Employees who have been instructed or ordered by the Audit and Supervisory Committee shall not be instructed or ordered by the Directors in so far as they are related to such instructions, and the personnel matters shall be decided upon obtaining the consent of the Audit and Supervisory Committee.

- ⑦ System to ensure that the directors and employees of our group report to the Audit and Supervisory Committee and other systems to ensure that the Audit and Supervisory Committee audits are conducted effectively

To ensure that audits by the Audit and Supervisory Committee are conducted effectively, we will make the following efforts, including reporting to the Audit and Supervisory Committee on important matters concerning the execution of duties by the directors and employees of our group.

1. We report on the status of the execution of duties, etc., from the directors, etc. of our group on the following items.
 - (i)Matters reported by the Officers Meeting
 - (ii)Matters that have caused substantial damage to us and matters that are likely to cause damage
 - (iii)Monthly Settlement Reports
 - (iv)Internal Audit Status
 - (v)Matters that may violate laws and regulations, articles of incorporation, etc.
 - (vi)Status of Reporting to Internal and External Reporting Desks
 - (vii)Other important compliance-related matters
2. We shall not be subject to adverse treatment by reason of such reporting to the directors and employees of our group who have reported to our Audit and Supervisory Committee.
3. At the request of the Audit & Supervisory Committee, the Representative Director, the Accounting Auditor, and the Internal Audit Division, etc. shall exchange opinions with the Audit & Supervisory Committee on a regular basis and on an as-needed basis.
4. Audit and Supervisory Committee members selected by the Audit and Supervisory Committee may attend meetings of the Board of Directors and other important meetings.

5. The Audit and Supervisory Committee can independently contract with outside experts to obtain advice on audit operations.
6. When the Audit & Supervisory Committee requests the payment of reasonable expenses for the execution of duties, it shall respond to the request.

(6) Outline of the Status of Operation of the System to Ensure the Appropriateness of Operations

Since the establishment of the system to ensure the appropriateness of the above operations, we have continuously checked and investigated the development and operation of the internal control system, and reported the contents to the Board of Directors. In addition, for problems found as a result of verification investigations, we are taking corrective measures and striving to operate a more appropriate internal control system. The status of the main operation of our internal control system in the group during the fiscal year under review is as follows.

- ① System to ensure that the execution of duties by Directors of our Group complies with laws and regulations and the Articles of Incorporation
 1. The Employment Regulations, etc. stipulate the obligation to sincerely observe laws, regulations, and notices and to devote all efforts to the performance of their duties.
 2. We have formulated a compliance manual and are working to foster awareness of compliance by regularly disseminating the content to all employees.
 3. The director in charge of compliance reports to the Officers' Meeting or the Board of Directors if there are important matters.
 4. We have established an internal whistle-blowing hotline and a compliance consultation and whistle-blowing hotline outside the company and operate it appropriately.
 5. We strive to prevent transactions with antisocial forces at the border by using a check system at the time of commencement of transactions. In addition, we will work closely with the police and other external specialist organizations to respond to anti-social forces in a firm, company-wide manner.

- ② Our group's Risk Management Regulations and Other Systems
 - 1. We have formulated and implemented risk management regulations.
 - 2. The director in charge of risk management reports on risk management at the Officers' Meeting or the Board of Directors if there are important matters.
 - 3. Risk classification and management by risk type are carried out.

- ③ System to ensure the efficient execution of duties by directors in our group
 - 1. We have formulated organizational management rules and administrative authority rules and are operating them appropriately.
 - 2. We have established the Officers' Meeting, which is composed of directors, executive officers, etc., to report and discuss the status of the group's business execution and important matters related to management, to share information and coordinate opinions among concerned parties, and to ensure the efficiency and appropriateness of management decision-making.
 - 3. Regulations of the Board of Directors have been established. In principle, the Board of Directors, which meets once a month, makes decisions on important management-related matters based on relevant laws and regulations, principles of management judgment, and the duty of care of good managers.

- ④ System for storing and managing information related to the execution of duties by directors
 - 1. Documents and forms related to the duties of directors and employees are appropriately prepared, stored, and managed in accordance with applicable laws and the Document Retention Control Regulations.
 - 2. Personal information is strictly managed in accordance with laws and regulations and the Personal Information Protection Regulations.

- ⑤ System to ensure the appropriateness of business within our group
 - 1. We have established a system that ensures constant communication through the group's internal communication tool.
 - 2. Administrative departments provide thorough guidance to representatives of group companies on employee education.

3. We have established an Information Security Policy and have established a system for information security.
 4. We have acquired the Privacy Mark as part of our efforts to establish a system for information security and personal information protection.
 5. We report on its financial condition and other matters at monthly meetings of the officers.
 6. The Internal Audit Department of the head office conducts audits and reports the results to the President and Representative Director, the Board of Directors, the Audit and Supervisory Committee members, and the Audit and Supervisory Committee.
- ⑥ Matters concerning the employees to assist the Audit and Supervisory Committee in their duties and matters concerning the independence of the employees from the directors
1. In the event that the Audit & Supervisory Committee requires an employee to assist in their duties, an employee will be assigned to assist the Audit & Supervisory Committee in its duties as necessary after consultation with the Audit & Supervisory Committee.
 2. Employees who assist the Audit and Supervisory Committee in their duties are not directed or ordered by directors. Personnel affairs are determined with the consent of the Audit and Supervisory Committee.
- ⑦ System to ensure that the directors and employees of our group report to the Audit and Supervisory Committee and other systems to ensure that the Audit and Supervisory Committee audits are conducted effectively
1. The status of execution of duties, etc. is reported by directors, etc. on a regular basis or on an as-needed basis in the following items.
 - (i)Matters reported by the Officers Meeting
 - (ii)Matters that have caused substantial damage to us and matters that are likely to cause damage
 - (iii)Monthly Settlement Reports

(iv) Internal Audit Status

(v) Matters that may violate laws and regulations, articles of incorporation, etc.

(vi) Status of Reporting to Internal and External Reporting Desks

(vii) Other important compliance-related matters

2. We make sure that we do not treat any unfavorable matters as a result of reporting to the Audit and Supervisory Committee to the directors and employees of our group.
3. At the request of the Audit & Supervisory Committee, the Representative Director, the Accounting Auditor, and the Internal Audit Division, etc. regularly and from time to time exchange opinions with the Audit & Supervisory Committee.
4. The Audit and Supervisory Committee members selected by the Audit and Supervisory Committee attend important meetings such as the Officers' Meeting in addition to the Board of Directors.
5. The Audit and Supervisory Committee independently contracts with outside experts to obtain advice on audit services.
6. When the Audit & Supervisory Committee requires the payment of reasonable expenses for the execution of duties, the payment is made by the approval of the application for approval, as is the case with employees.

Consolidated Balance Sheets

(As of April 30, 2024)

Thousands of yen

Account title	Amount	Account title	Amount
Assets		Liabilities	
Current assets	10,632,462	Current liabilities	3,512,623
Cash and deposits	4,021,675	Accounts payable	369,736
Trade notes and a c c o u n t s	2,367,883	Short-term loans p a y a b l e	1,200,000
Inventories	2,791,349	Current portion of long-term loans p a y a b l e	210,120
Work in process	4,544	Accounts payable- o t h e r	935,374
Raw materials and s u p p l i e s	80,037	Accrued expenses	226,482
O t h e r s	1,410,988	Income taxes p a y a b l e	362,724
Allowance for doubtful accounts	(44,017)	Provision for b o n u s e s	18,093
Fixed assets	3,880,010	O t h e r s	190,093
Property, plant and e q u i p m e n t	1,449,898	Long-term liabilities	842,709
B u i l d i n g s	627,378	Long-term debt	774,860
A u t o m o t i v e e q u i p m e n t	2,203	Asset retirement o b l i g a t i o n s	12,375
Tools, furniture and f i x t u r e s	304,471	O t h e r s	55,474
Right-of-use asset	140,164	Total liabilities	4,355,333
L a n d	367,820	(Net Assets)	
Construction in p r o g r e s s	7,860	Shareholders' equity	9,401,446
Intangible assets	831,129	Common stock	598,524
G o o d w i l l	496,487	Capital surplus	545,014
S o f t w a r e	285,097	Retained earnings	8,599,706
Trademark right	20,372	Treasury stock	(341,799)
O t h e r s	29,171	Other accumulated c o m p r e h e n s i v e	661,971
		i n c o m e	

Investments and other assets	1,598,982	Valuation difference on securities	66,665
Investment securities	643,592	Foreign currency translation adjustments	595,305
Stocks of subsidiaries and affiliates	349,106	Stock Option	93,721
Long-term loans receivable	16,418		
Net defined benefit asset	170,367		
Deferred tax assets	324,775		
Others	123,231		
Allowance for doubtful accounts	(28,510)	Total net assets	10,157,139
Total assets	14,512,472	Total liabilities and net assets	14,512,472

Consolidated Statements of Income

(May 1,2023 to April 30,2024)

Thousands of yen

Account title	Amount	
Net sales		17,612,068
Cost of sales		6,745,367
Gross profit		10,866,700
Selling, general and administrative expenses		8,949,507
Operating income		1,917,193
Non-operating income		
Interest income	1,166	
Equity in earnings of associated companies	1,201	
Consumption tax difference	55,800	
Foreign exchange gain	44,189	
Others	45,439	147,797
Non-operating expenses		
Interest expenses	26,156	
Payment Guarantee Fee	7,465	
Provision for allowance for doubtful accounts	9,277	
Others	3,185	46,086
Ordinary income		2,018,905
Extraordinary income		
Gain on sales of noncurrent assets	2,623	
Gain on reversal of stock option	1,887	4,510
Extraordinary losses		
Loss on retirement of noncurrent assets	3,555	
Write-down of investment securities	7,558	
Loss on liquidation of subsidiaries	3,238	14,352
Income before income taxes		2,009,063
Income taxes	653,978	
Income taxes - deferred	233,458	887,436
Net Income		1,121,626
Profit attributable to owners of parent		1,121,626

Consolidated Statements of Changes in Net Assets

(May 1, 2023 to April 30, 2024)

Thousands of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury s t o c k	Total shareholders ' equity
Balance at May 1, 2023	598,262	543,737	7,834,362	(349,636)	8,626,725
Change during the term					
Issuance of new shares	262	262	-	-	524
Dividend of surplus	-	-	(358,116)	-	(358,116)
Profit attributable to owners of parent	-	-	1,121,626	-	1,121,626
Purchase of treasury stock	-	-	-	(44)	(44)
Increase (decrease) due to liquidation of consolidated subsidiaries	-	-	1,833	-	1,833
Disposal of treasury stock	-	1,014	-	7,882	8,897
Items other than shareholders' equity	-	-	-	-	-
Net changes during the fiscal year	-	-	-	-	-
Total change during the term	262	1,277	765,344	7,837	774,721
Balance at April 30, 2024	598,524	545,014	8,599,706	(341,799)	9,401,446

	Other accumulated comprehensive income			Stock option	Total net assets
	Other securities Variance from valuation	Foreign currency translation Adjustment account	Other Comprehensive income Total accumulated amount		
Balance at May 1, 2023	3,163	235,004	238,167	95,608	8,960,501
Change during the term					
Issuance of new shares	-	-	-	-	524
Dividend of surplus	-	-	-	-	(358,116)
Profit attributable to owners of parent	-	-	-	-	1,121,626
Purchase of treasury stock	-	-	-	-	(44)
Increase (decrease) due to liquidation of consolidated subsidiaries	-	-	-	-	1,833
Disposal of treasury stock	-	-	-	-	8,897
Items other than shareholders' equity Net changes during the fiscal year	63,502	360,301	423,803	(1,887)	421,916
Total change during the term	63,502	360,301	423,803	(1,887)	1,196,637
Balance at April 30, 2024	66,665	595,305	661,971	93,721	10,157,139

Table of Notes to Consolidated

(Important Matters Forming the Basis for Preparation of Consolidated Financial Statements)

1.Scope of consolidation

(1)The number of Consolidated Subsidiary Companies and the names of major Consolidated Subsidiary Companies

Number of consolidated subsidiaries: 5

Principal Consolidated Subsidiaries

Hamee Global Inc., Hamee US, Corp., Hamee Shanghai Tech & Trading Co., Ltd., NE Inc.

The liquidation of Hamee Shanghai Trade Co., Ltd., which was resolved at a meeting of the Board of Directors held on August 19, 2022, was completed on January 26, 2024.

(2)Names of Major Non-Consolidated Subsidiaries

Anea design Inc.

2.Application of the equity method

(1)Number of affiliates accounted for by the equity method and names of major companies
1 companie was accounted for by the equity method

Names of the major companies

ROOT Co., Ltd.

(2)Names of unconsolidated subsidiaries and affiliates not accounted for by the equity method

Anea design Inc.

(3)Items that should be specifically stated regarding the procedures for the application of the equity method

Equity-method affiliates use financial statements for the fiscal year of the company because the fiscal year-end differs from the consolidated fiscal year-end.

3.Accounting periods of consolidated subsidiaries

Hamee Global Inc., Hamee US, Corp., Hamee India Pvt. Ltd. of consolidated affiliates the fiscal year-end is March 31. The consolidated financial statements as of that date are used in the preparation of the consolidated financial statements.

The fiscal year-end of Hamee Shanghai Tech & Trading Co., Ltd. is December 31, but

the consolidated financial statements were made using the financial statements provisionally settled on March 31.

With necessary adjustments on consolidation for important transactions occurring between the above date and our consolidated fiscal year-end.

4. Matters concerning accounting policies

(1) Valuation basis and method for assets

① Marketable securities

Investment securities

Other securities

Other than shares, etc. without market price

Stated at fair value (all unrealized gains and losses are included in net assets and the cost of securities sold is determined by the moving-average method).

Stocks, etc. without market price

Stated at cost determined by the moving-average method.

② Inventories

The cost method (the balance sheet value is written down to reflect the decline in profitability).

Product: The average method is used.

Work in process: The average method is used.

Raw materials: The average method is used.

Supplies: The gross average method and the last purchase price method are used.

(2) Depreciation method of fixed assets

① Property, plant and equipment

We and our domestic consolidated subsidiaries use the declining-balance method. However, the straight-line method is used for facilities attached to buildings acquired on or after April 1, 2016. Overseas consolidated subsidiaries use the straight-line method. Useful life for primary assets is as follows:

Buildings and structures 5 to 30 years

Automotive equipment 5 years

Tools, furniture and fixtures 2 to 15 years

Right-of-use asset 2 to 6 years

② Intangible assets

Depreciation is computed by the straight-line method. Major depreciation periods are as follows.

Software	2 to 5 years
Trademark right	5 years

(3) Accounting for allowances

① Allowance for doubtful accounts

Allowance for doubtful accounts is provided at an amount equal to the estimated amount of uncollectible receivables based on the historical write-off ratio for general receivables and on an individual basis for specific receivables such as doubtful receivables.

② Provision for bonuses

In order to prepare for the payment of bonuses to employees, an amount to be borne in the current fiscal year is recorded based on the estimated amount to be paid.

(4) Accounting method for retirement benefits

① Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute estimated retirement benefits to the period up to the end of the current fiscal year.

② Amortization of actuarial differences

Actuarial gains and losses are charged to income in the year in which they are incurred.

(5) The amortization method and amortization period of goodwill

Goodwill is amortized on a straight-line basis over a period of 3 to 9 years based on a reasonable estimate of the period in which the investment effect is realized.

(6) Revenue Recognition

We and our consolidated subsidiaries adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021). The contents of major performance obligations in major businesses and the normal timing of revenue recognition are as follows:

① Commerce Business

This segment mainly sells general merchandise, mainly smartphone cases,

chargers for mobile devices, earphones and other mobile accessories, operates a gaming accessory business that handles gaming monitors and other products, and a cosmetics business that operates cosmetics. For such product sales, we have an obligation to fulfill its obligation to supply products to customers, and revenue is recognized at the time of shipment if the period between the time of shipment and the time control of the product is transferred to the customer is the normal period.

② Platform Business

This segment mainly handles sales of software that enables the centralized management and automation of operations related to online shop operations. For the sale of such software, the performance obligation is when application services are provided via the Internet, and revenue is recognized at the same time.

(Notes on Changes in Presentation Method)
(Consolidated Statements of Income)

"Advertising fee income" under "Non-operating income," which was stated separately in the previous fiscal year, has been included in "Other" from the current fiscal year due to its immateriality.

"Advertising revenue" for the previous fiscal year was JPY25,099 thousand.

"Bad debt loss" under "Non-operating expenses," which was stated separately in the previous fiscal year, has been included in "Other" from the current fiscal year due to its immateriality.

The amount of "Bad debt loss" for the previous fiscal year was JPY20,636 thousand.

(Notes on Accounting Estimates)
(Critical Accounting Estimates)

Valuation of slow moving inventory included in inventory

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Inventories 2,791,349 Thousands of yen

Among the above, products related to us and our
Hamee Global Inc. 2,423,165 Thousands of yen

(NOTE) During the fiscal year under review, we and Hamee Global Inc. recognized a JPY203,401 thousand valuation loss on merchandise.

(2) Information on the content of critical accounting estimates pertaining to identified items
For products that are outside the business cycle, our group calculates the turnover

ratio for each item after a certain period of time has passed since the final purchase date, etc., and uses the book value as the balance sheet value with a systematic devaluation ratio based on a certain valuation reduction ratio according to the classification of the turnover ratio.

However, mobile accessories products, which are our group's main inventory, are affected by the prevalence of smartphone models, and smartphones generally change their models every year. Therefore, it can be said that the life cycle tends to be short for products exclusively for specific models. As a result, changes in sales conditions, such as a bias toward specific models due to model trends and customer preferences, and any differences from the original demand forecast could have a significant impact on estimates of inventory valuation.

(Notes on Consolidated Balance Sheets)

1. The amounts of notes and accounts receivable arising from contracts with customers are as follows:

Notes receivable	-Thousands of yen
Accounts receivable	2,367,883Thousands of yen

2. Guarantee obligations

Loans from financial institutions of unconsolidated subsidiaries are guaranteed as follows.

anea design Inc.	50,000Thousands of yen
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3. Accumulated depreciation of tangible fixed assets 1,243,373Thousands of yen

4. We have entered into commitment line agreements with 2 banks and overdraft agreements with 6 banks in order to efficiently procure working capital. The balance of unused borrowings related to commitment line contracts and overdraft contracts at the end of the consolidated fiscal year is as follows.

Commitment Line Contracts and Total maximum amount of borrowings under overdraft agreements	3,450,000Thousands of yen
Loan balance	1,200,000Thousands of yen
Net amount	2,250,000Thousands of yen

(Notes to Consolidated Statements of Income)

Income from contracts with customers

Revenues from contracts with customers and other revenues are not separately presented. The amount of revenue arising from contracts with customers is presented in "Notes to Consolidated Statements of Revenue Recognition (Notes) 1. Information Breakdown of Revenue from Contracts with Customers."

(Notes to Consolidated Statements of Changes in Net Assets)

1. Type and total number of shares outstanding as of the last day of the current consolidated fiscal year

Common stock 16,286,400Shares

2. Matters relating to dividends from retained earnings

(1) Dividends paid

(Resolutions)	Class of shares	Total dividends (thousands of yen)	Per share Dividends (yen)	Record date	Effective date
July 27, 2023 Annual Shareholders' Meeting	Common stock	358,115	22.50	2023 April 30	2023 July 28

(2) Dividends for which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Scheduled resolution	Class of shares	Source of dividends	Total dividends (thousands of yen)	Per share Dividends (yen)	Record date	Effective date
July 25, 2024 Annual Shareholders' Meeting	Common stock	Retained earnings	358,443	22.50	2024 April 30	2024 July 26

3. The classes and the number of shares subject to the Stock Option (excluding those for which the first day of the exercise period has not yet arrived) as of the last day of the current Consolidated Fiscal Year

Common stock

149,000 Shares

(Notes on Financial Instruments)

1. Matters relating to financial instruments

(1) Policy for Financial Instruments

Our group invests funds in safe financial assets such as cashes, and procures funds by borrowing from banks and other financial institutions. We do not use derivative financial instruments.

(2) Details of financial products and risks associated with those financial products

Accounts receivable, which are trade receivables, are exposed to the credit risk of customers. Accounts payable, which are trade payables, are mostly due within 2 months. Borrowings consist primarily of working capital, capital expenditures and financing for share acquisitions and are exposed to liquidity risk.

(3) Risk management for financial instruments

① Management of credit risk (risk related to default by counterparties)

With regard to trade receivables, in accordance with internal regulations, our administrative division manages due dates and balances by customer and communicates the status of deposits to each business division from time to time. As a result, we are working to quickly identify and reduce concerns about collection due to deterioration in the financial condition of each customer.

② Liquidity risk related to funding (risk of inability to make payments when due)

Our management departments manage liquidity risk by preparing and updating cash plans in a timely manner.

③ Managing Market Risks (Risks Related to Exchange Rates, Interest Rates, etc.)

With regard to investment securities, we monitor the financial condition of issuers and other factors, and continuously reviews their holdings in consideration of relationships with client companies. In addition, the balance of cashes and trade receivables and payables denominated in foreign currencies is insignificant, and we consider it immaterial to manage market risk.

(4) Supplementary explanation of the fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since variable factors are incorporated in the calculation of such values, the use of different assumptions may cause such values to change.

2. Fair Value of Financial Instruments

The carrying amount, fair value and the difference between these amounts as of April 30, 2024 are as follows:

	Carrying amount	Market value	Difference
Investment securities			
Other securities	638,918 ^{Thousands of yen}	638,918 ^{Thousands of yen}	— ^{Thousands of yen}
Long-term loans receivable	16,418	16,068	(349)
Total assets	655,337	654,987	(349)
Long-term borrowings, including those due for repayment within one year	984,980	981,978	(3,001)
Total liabilities	984,980	981,978	(3,001)

(NOTE)1. Cash and cash equivalents, trade and other receivables, trade and other payables are omitted because their fair values approximate their carrying amounts because of their short maturities.

2. Stocks with no quoted market prices are not included in "Investment securities" in the above table. The carrying amounts of these financial instruments are as follows:

Category	Carrying amount
Unlisted stocks	4,232 ^{Thousands of yen}

3. Breakdown of Fair Value of Financial Instruments by Level

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the inputs for determining fair value:

Level 1 fair value: Fair value determined by quoted prices for assets or liabilities that are subject to valuation in active markets out of inputs related to the calculation of observable fair values

Level 2 fair value: Fair value calculated using inputs other than Level 1 inputs related to the calculation of fair value that are observable

Level 3 fair value: Market value calculated using inputs related to the calculation of unobservable fair values

If multiple inputs are used that have a significant impact on the calculation of fair value, then the fair value is categorized as the lowest priority level in determining fair value among the levels to which each of those inputs belongs.

(1) Financial instruments recorded on the consolidated balance sheets at fair value

Category	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	- Thousands of yen	- Thousands of yen	638,918 Thousands of yen	638,918 Thousands of yen
Total assets	-	-	638,918	638,918

(2) Financial instruments other than financial instruments recorded on the consolidated balance sheets at fair value

Category	Market value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	- Thousands of yen	16,068 Thousands of yen	- Thousands of yen	16,068 Thousands of yen
Total assets	-	16,068	-	16,068
Long-term loans, including those due for repayment within 1 year	-	981,978	-	981,978
Total liabilities	-	981,978	-	981,978

(NOTE)1. Explanation of valuation techniques used to calculate market prices and inputs related to the calculation of market prices

Assets

Investment securities

We use the income approach for the market value of investments in securities other than shares, such as stock option of unlisted investees. We calculate shareholder value using the option-pricing method for cash flows. As significant unobservable inputs are used in the calculation, they are classified as Level 3 fair values.

Long-term loans receivable

The fair value of long-term loans receivable is calculated based on the present value of future cash flows discounted at an interest rate based on JGB yields and other appropriate indicators, and is classified as Level 2 fair value.

Liabilities

Long-term debt

The fair value of long-term loan is calculated based on the present value of the sum of principal and interest discounted at an interest rate calculated by adding a credit spread to an appropriate index such as the yield on government bonds. The fair value of long-term loan is classified as Level 2 fair value.

2.Information on the market value of Level 3 among financial assets with market value as the amount recorded on the consolidated balance sheet

(1)Quantitative information about significant unobservable inputs

Category	Valuation techniques	Significant unobservable inputs	Range of inputs	As applied Inputs
Investment securities Other securities	Option pricing method	Volatility	30.86%~ 46.70%	37.44%

The above table provides inputs related to the mark-to-market valuation of investments other than shares, such as stock option of major unlisted investees held by our group. Other information is omitted due to immateriality in monetary terms.

(2)Reconciliation from beginning balance to ending balance

	Investment securities
	Other securities
Balance at beginning of year	537,647 ^{Thousands of yen}
Record in profit or loss	-
Recognized in other comprehensive income (*1)	91,271
Net purchases, sales, issuances and settlements	10,000
Conversion of stock option, etc. of unlisted investees into shares	-
Balance at end of year	638,918

(*1) Included in "Valuation difference on available-for-sale securities" in "Other comprehensive income" in the Consolidated Statements of Comprehensive Income.

(3)Explanation of the valuation process for market value

For financial instruments classified as Level 3, the valuation personnel determine the valuation methodology for the underlying financial instruments to measure and analyze the fair value. The results of fair value measurements are approved by the appropriate manager.

(4)Explanation of the Effect on Market Value of Changing Significant Unobservable Inputs

Significant increases (decreases) in volatility would result in a significant decrease (increase) in the market value of investment securities.

(Notes on Revenue Recognition)

1.Information that breaks down the revenue generated by contracts with customers

	Reportable Segments			Others	Total
	Commerce Business	Platform Business	Total		
Net sales Revenue generated by contracts with customers	13,855,855 ^{Thousands of yen}	3,756,213 ^{Thousands of yen}	17,612,068 ^{Thousands of yen}	- ^{Thousands of yen}	17,612,068 ^{Thousands of yen}

2. Information on which to base an understanding of revenue arising from contracts with customers

As stated in "(Significant Items Forming the Basis for Preparation of Consolidated Financial Statements)(6) Accounting Standards for Revenues and Expenses."

(Notes on Per Share Information)

- | | |
|-------------------------|-----------|
| 1. Net assets per share | JPY631.69 |
| 2. Net income per share | JPY70.45 |

(Notes on Significant Post-Balance Sheet Events)

Not applicable.

Balance Sheet
(As of April 30, 2024)

Thousands of yen

Account title	Amount	Account title	Amount
Assets		Liabilities	
Current assets	4,979,265	Current liabilities	2,230,310
Cash and deposits	560,295	Accounts payable	208,700
Accounts receivable	1,074,348	Short-term loans p a y a b l e	1,200,000
Inventories	2,260,564	Current portion of long-term loans p a y a b l e	210,120
S u p p l i e s	64,575	Accounts payable- o t h e r	465,725
Advance payments	412,021	Accrued expenses	89,261
Prepaid expenses	74,337	Advances received	1,433
Accrued income	6,422	Deposits received	32,184
L o a n s t o a s u b s i d i a r y	313,800	O t h e r s	22,883
O t h e r s	218,290	Long-term liabilities	781,441
Allowance for doubtful accounts	(5,390)	Long-term debt	774,860
Fixed assets	1,613,334	O t h e r s	6,581
Property, plant and e q u i p m e n t	160,957	Total liabilities	3,011,751
B u i l d i n g s	127,184	Net Assets	
Tools, furniture and f i x t u r e s	33,772	Shareholders' equity	3,420,461
Intangible assets	51,084	Common stock	598,524
S o f t w a r e	36,739	Capital surplus	545,014
O t h e r s	14,344	Legal capital surplus	518,524
Investments and o t h e r a s s e t s	1,401,292	Other capital surplus	26,489
I n v e s t m e n t s e c u r i t i e s	643,150	Retained earnings	2,618,721
S t o c k s o f s u b s i d i a r i e s a n d a f f i l i a t e s	374,946	Legal reserve	2,500
Long-term loans	156,900	Other retained	2,616,221

receivable from subsidiaries and affiliates		e a r n i n g s	
Deferred tax assets	165,947	Retained earnings brought forward	2,616,221
O t h e r s	68,854	Treasury stock	(341,799)
Allowance for doubtful accounts	(8,507)	Valuation and translation adjustments	66,665
		Valuation difference on securities	66,665
		Stock option	93,721
		Total net assets	3,580,848
T o t a l a s s e t s	6,592,600	Total liabilities and net assets	6,592,600

Statement of Income
(May 1,2023 to April 30,2024)

Thousands of yen

Account title	Amount	
N e t s a l e s		10,992,707
C o s t o f s a l e s		6,064,860
G r o s s p r o f i t		4,927,847
Selling, general and administrative e x p e n s e s		4,968,226
O p e r a t i n g l o s s (△)		(40,379)
N o n - o p e r a t i n g i n c o m e		
I n t e r e s t i n c o m e	10,546	
D i v i d e n d s i n c o m e	268,150	
F o r e i g n e x c h a n g e g a i n	94,283	
O t h e r s	34,193	407,173
N o n - o p e r a t i n g e x p e n s e s		
I n t e r e s t e x p e n s e s	10,768	
P a y m e n t G u a r a n t e e F e e	7,465	
P r o v i s i o n f o r a l l o w a n c e f o r d o u b t f u l a c c o u n t s	10,171	28,406
O r d i n a r y i n c o m e		338,387
E x t r a o r d i n a r y i n c o m e		
G a i n o n r e v e r s a l o f s t o c k o p t i o n	1,887	1,887
E x t r a o r d i n a r y l o s s e s		
L o s s o n r e t i r e m e n t o f n o n c u r r e n t a s s e t s	1,222	
V a l u a t i o n l o s s o n s h a r e s o f a f f i l i a t e s	614	
W r i t e - d o w n o f i n v e s t m e n t s e c u r i t i e s	2,487	
L o s s o n l i q u i d a t i o n o f s u b s i d i a r i e s	3,238	7,563
I n c o m e b e f o r e i n c o m e t a x e s		332,710
I n c o m e t a x e s	22,278	
I n c o m e t a x e s - d e f e r r e d	26,347	48,625
N e t I n c o m e		284,085

Statement of Changes in Shareholders Equity

(May 1,2023 to April 30,2024)

Thousands of yen

	Shareholders' equity						
	Common stock	Capital surplus			Legal reserve	Retained earnings	
		Legal capital surplus	Others Capital surplus	Capital surplus Total		Others Retained earnings Retained earnings brought forward Retained earnings	Retained earnings Total
Balance at May 1, 2023	598,262	518,262	25,474	543,737	2,500	2,690,252	2,692,752
Changes of items during the period							
Issuance of new shares	262	262	-	262	-	-	-
Dividend of surplus	-	-	-	-	-	(358,116)	(358,116)
Net Income	-	-	-	-	-	284,085	284,085
Purchase of treasury stock	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	1,014	1,014	-	-	-
Items other than shareholders' equity Net changes during the year	-	-	-	-	-	-	-
Total change during the period	262	262	1,014	1,277	-	(74,030)	(74,030)
Balance at April 30, 2024	598,524	518,524	26,489	545,014	2,500	2,616,221	2,618,721

	Shareholders' equity		Valuation and translation adjustments		Stock option	Total net assets
	Treasury stock	Shareholders' equity Total	Other securities Variance from valuation	Evaluation and translation Total difference		
Balance at May 1, 2023	(349,636)	3,485,115	3,163	3,163	95,608	3,583,887
Changes of items during the period						
Issuance of new shares	-	524	-	-	-	524
Dividend of surplus	-	(358,116)	-	-	-	(358,116)
Net Income	-	284,085	-	-	-	284,085
Purchase of treasury stock	(44)	(44)	-	-	-	(44)
Disposal of treasury stock	7,882	8,897	-	-	-	8,897
Items other than shareholders' equity Net changes during the year	-	-	63,502	63,502	(1,887)	61,615
Total change during the period	7,837	(64,653)	63,502	63,502	(1,887)	(3,038)
Balance at April 30, 2024	(341,799)	3,420,461	66,665	66,665	93,721	3,580,848

Individual notes

(Explanatory Notes Concerning Matters Pertaining to Significant Accounting Policies)

1. Valuation basis and method for assets

(1) Marketable securities

Equity securities issued by subsidiaries and affiliates: Stated at cost determined by the moving average method.

Other securities

Other than shares, etc. without market price

Stated at fair value (all unrealized gains and losses are included in net assets and the cost of securities sold is determined by the moving-average method).

Stocks, etc. without market price

Stated at cost determined by the moving-average method.

(2) Inventories

The cost method (the balance sheet value is written down to reflect the decline in profitability).

Product: The average method is used.

Supplies: The gross average method and the last purchase price method are used.

2. Depreciation method of fixed assets

(1) Property, plant and equipment

Depreciation is computed by the declining-balance method. However, the straight-line method is used for facilities attached to buildings acquired on or after April 1, 2016.

Useful life for primary assets is as follows:

Buildings	5 to 26 years
Tools, furniture and fixtures	2 to 15 years

(2) Intangible assets

Depreciation is computed by the straight-line method.

Major depreciation periods are as follows.

Software	5 years
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3. Basis of accruing allowances

Allowance for doubtful accounts

Allowance for doubtful accounts is provided at an amount equal to the estimated amount of uncollectible receivables based on the historical write-off ratio for general

receivables and on an individual basis for specific receivables such as doubtful receivables.

4.Revenue Recognition

We adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021). The contents of major performance obligations in major businesses and the normal timing of revenue recognition are as follows:

This segment mainly sells general merchandise, mainly smartphone cases, chargers for mobile devices, earphones and other mobile accessories, operates a gaming accessory business that handles gaming monitors and other products, and a cosmetics business that operates cosmetics. For such product sales, we have an obligation to fulfill its obligation to supply products to customers, and revenue is recognized at the time of shipment if the period between the time of shipment and the time control of the product is transferred to the customer is the normal period.

(Notes on Changes in Presentation Method)

(Notes to the Balance Sheet)

"Income taxes refundable" and "Consumption taxes receivable," which had been stated separately in the previous fiscal year, have been included in "Other" from the current fiscal year due to their immateriality in amount. "Income taxes refundable" for the previous fiscal year was JPY264,827 thousand and "Consumption taxes receivable" was JPY162,060 thousand.

(Notes to Statements of Income)

"Advertising fee income" under "Non-operating income," which was stated separately in the previous fiscal year, has been included in "Other" from the current fiscal year due to its immateriality. "Advertising revenue" for the previous fiscal year was JPY7,891 thousand.

(Notes on Accounting Estimates)

(Critical Accounting Estimates)

Valuation of slow moving inventory included in inventory

(1)Amount recorded in the balance sheet for the current business year

Commodities	2,260,564Thousands of yen
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(NOTE)During the fiscal year under review, we recorded a JPY83,263 thousand valuation loss on merchandise.

(2)Information on the content of critical accounting estimates pertaining to identified items

We calculate the turnover ratio for each individual item for products outside the business cycle that have passed a certain period of time from the final purchase date,

etc. The balance sheet value is the carrying value regularly written down based on a fixed write-down ratio according to the classification of the turnover ratio.

However, mobile accessories products, which are our main inventory, are affected by the prevalence of smartphone models, and smartphones generally change their models every year, so it can be said that the life cycle tends to be shorter for products exclusively for specific models. As a result, changes in sales conditions, such as a bias toward specific models due to model trends and customer preferences, and any differences from the original demand forecast could have a significant impact on estimates of inventory valuation.

(Explanatory Notes Concerning the Balance Sheet)

1. Accumulated depreciation of tangible fixed assets	131,213Thousands of yen
2. Guarantee obligations	
Loans from financial institutions of unconsolidated subsidiaries are guaranteed as follows.	
area design Inc.	50,000Thousands of yen
3. Monetary claims and liabilities to affiliated companies	
Short-term monetary claims	336,551Thousands of yen
Long-term monetary receivables	156,900Thousands of yen
Short-term loans payable	157,979Thousands of yen
Long-term debt	-Thousands of yen
4. We have entered into commitment line agreements with 2 banks and overdraft agreements with 6 banks in order to efficiently procure working capital. The unused balance of short-term loans related to commitment line contracts and overdraft contracts at the end of the fiscal year is as follows.	
Commitment Line Contracts and	
Total maximum amount of borrowings	3,450,000Thousands of yen
under overdraft agreements	
Loan balance	1,200,000Thousands of yen
Net amount	<u>2,250,000Thousands of yen</u>

(Notes on the Income Statement)

Transactions with Affiliates

Net sales	7,128Thousands of yen
Purchases	4,909,116Thousands of yen
Selling, general and administrative expenses	11,940Thousands of yen
Non-operating transaction	278,388Thousands of yen

(Notes on Statement of Changes in Net Assets)

Type and number of shares of treasury stock at the end of the current fiscal year	
Common stock	355,575Shares

(Notes on Tax Effect Accounting)

Deferred tax assets mainly arise from the excess of depreciation of software, loss on valuation of shares of subsidiaries and associates, loss carryforwards, and adjustment of shares of subsidiaries due to company splits. A valuation allowance of JPY554,106 thousand was deducted from deferred tax assets.

(Notes on Transactions with Related Parties)

Subsidiaries and relateds

Thousands of yen

Type	Name	Voting rights Percentage (owned)	Relevant party Relationship with	Details of transactions	Transaction amount	Account title	Balance at end of year
Subsidiary	Hamee Global Inc.	Ownership Direct 100.0 %	Sales of products and concurrent purchase and executive positions	Product purchases (Note 1)	4,884,716	Accounts payable	149,959
Subsidiary	NE Inc.	Ownership Direct 100.0 %	Use of software and concurrent appointment of directors	Advance expenses Settlement of personnel expenses for employees on loan (Notes 4 and 5)	276,577	Advances paid	9,977
Subsidiary	Hamee US, Corp.	Ownership Indirect 100.0 %	Loan of funds and concurrent appointment of officers	Loaning of funds And collection Interest received (Notes 2 and 3)	162,324	Affiliated companies Short-term loans	313,800
						Affiliated companies Long-term loans receivable	156,900
					10,238	Accrued income	6,422

(NOTE) Transaction terms and policy for deciding transaction terms

(Note1) Purchases of merchandise are negotiated and determined in consideration of general transaction conditions.

(Note2) The interest rate is reasonably determined for loans of funds by taking market interest rates into consideration.

(Note3) Transaction amounts do not include foreign exchange gains and losses, while period-end balances include foreign exchange gains and losses.

(Note4) The reimbursement of advance expenses is mainly the actual cost reimbursement of server usage fees.

(Note5) This is an advance payment for personnel expenses for employees on loan of NE Inc.

(Notes on Revenue Recognition)

The notes are omitted because the same information is provided in the "Notes to Consolidated Financial Statements (Notes to income Recognition)" for the basis for understanding revenue arising from contracts with customers.

(Notes on Per Share Information)

Net assets per share	JPY218.89
Net income per share	JPY17.84

(Notes on Significant Post-Balance Sheet Events)

Not applicable.

Accounting audit report on consolidated financial statements

Independent Auditors' Report

June 27, 2024

Hamee Corp.
To the Board of Directors

EY Ernst & Young ShinNihon LLC
Tokyo Office

Designated
Limited Liability Certified
Partners Public
Partners Accountan
administering t

Yasuhiro Miki

Designated
Limited Liability Certified
Partners Public
Partners Accountan
administering t
the affairs

Yoichi Takanashi

Audit Opinion

Pursuant to Article 444-4 of the Companies Act, we have audited the accompanying consolidated financial statements of Hamee Corp. for the period from May 1, 2023 to April 30, 2024, which consist of the consolidated balance sheet, the consolidated statements of income, the consolidated statements of changes in stockholders' equity and the consolidated notes thereto.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of the operations of the group, consisting of Hamee Corp. and its consolidated subsidiaries, for the periods covered by such consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for audit opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are described in "Auditor's Responsibility in the Audit of Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in Japan and we fulfill our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

Other descriptions include business reports and supplementary schedules thereof. Management is responsible for preparing and disclosing other information. The responsibility of the Audit and Supervisory Committee is to monitor the execution of directors' duties in the development and operation of the reporting process for other descriptions.

Our opinion in the consolidated financial statements does not include any other statements, and we do not express an opinion on them.

Our responsibility in auditing the consolidated financial statements is to read the other statements and, in the course of reading it, to consider whether there are any material differences between the content of other statements and the consolidated financial statements or the knowledge we have acquired in the course of auditing, and to pay attention to whether there are any other indications of material error in the content of other statements other than such material differences.

We are required to report the fact that, based on the work performed, we determine that there are significant errors in other descriptions.

There are no other matters that should be reported by our auditing firm.

Responsibility of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes developing and operating such internal controls as management deems necessary for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the consolidated financial statements based on the assumption of a going concern and disclosing the matters related to a going concern in accordance with accounting principles generally accepted in Japan.

The responsibility of the Audit and Supervisory Committee is to monitor the execution of directors' duties in the development and operation of the financial reporting process.

Responsibility of Auditors for Auditing Consolidated Financial Statements

The auditor's responsibility is to express an opinion on the consolidated financial statements based on the audit conducted by the auditor on an independent basis in the audit report with reasonable assurance about whether the consolidated financial statements as a whole are significant from material misstatement due to fraud or error. A misstatement is considered material when it may occur due to fraud or error, and individually or when aggregated, is reasonably likely to affect the decisions of users of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, the auditor shall, through the course of the audit, make judgments as an professional expert and conduct the following with professional skepticism:

- Identify and assess material misstatement risks due to fraud or error. In addition, design and implement audit procedures in response to the risks of material misstatements. The selection and application of audit procedures are at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- Although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control, the auditor considers internal control related to the audit in order to design audit procedures that are appropriate in the circumstances when conducting a risk assessment.
- Assess the appropriateness of accounting policies adopted by management and their

application, as well as the reasonableness of accounting estimates made by management and the reasonableness of related notes.

- To conclude whether it is appropriate for management to prepare a consolidated financial statement on a going concern basis and whether, based on the audit evidence obtained, significant uncertainty exists with respect to events or circumstances that raise substantial doubt about the Company's ability to continue as a going concern. If there is any material uncertainty regarding the Company's ability to continue as a going concern, the Company is required to alert the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements regarding material uncertainty are not appropriate, to express an opinion on the excluded matters in the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes to the consolidated financial statements conform to the accounting principles generally accepted in Japan, the presentation, composition and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements present fairly the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising and implementing audits of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee on the scope and timing of planned audits, significant audit findings, including significant deficiencies in internal controls identified in the course of the audit, and other matters required by the audit criteria.

The auditor shall report to the Audit and Supervisory Committee on compliance with the provisions of professional ethics in Japan regarding independence, matters that are reasonably likely to affect the auditor's independence, and if measures are taken to eliminate impediments or safeguards are applied to reduce the impediments to an acceptable level.

Interest

There is no interest between the Company and its Consolidated Subsidiaries and the

Auditing Corporation or its Operation Partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

End

Accounting audit report on financial statements

Independent Auditors' Report

June 27, 2024

Hamee Corp.
To the Board of Directors

EY Ernst & Young ShinNihon LLC
Tokyo Office

Designated

Limited Liability

Partners

Partners

administering

the affairs

Designated

Limited Liability

Partners

Partners

administering

the affairs

Certified

Public

Accountant

Yasuhiro Miki

Certified

Public

Accountant

Yoichi Takanashi

Audit Opinion

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we audited the financial statements of Hamee Corp. for the 26th fiscal term from May 1, 2023, to April 30, 2024, namely, the balance sheet, the profit and loss statement, the statement of changes in net assets, the table of individual notes, and the supplementary schedules thereof (hereinafter referred to as the "Financial Statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and profits and losses for the period in which they relate in conformity with accounting principles generally accepted in Japan.

Basis for audit opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is described in the section entitled "Responsibility of Auditors for Audits of Financial Statements, etc." We are independent from the Company and fulfill our other ethical responsibilities as an auditor in accordance

with the provisions on professional ethics in our country. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

Other descriptions include business reports and supplementary schedules thereof. Management is responsible for preparing and disclosing other information. The responsibility of the Audit and Supervisory Committee is to monitor the execution of directors' duties in the development and operation of the reporting process for other descriptions.

Our opinion on the financial statements does not include any other information, and we do not express an opinion on any other information.

Our responsibility in auditing the financial statements, etc. is to review whether there are any material differences between the contents of other statements and the financial statements, etc. or the knowledge we have obtained in the course of auditing, and to pay attention to whether there are any other indications of material errors other than such material differences in the descriptions.

We are required to report the fact that, based on the work performed, we determine that there are significant errors in other descriptions.

There are no other matters that should be reported by our auditing firm.

Responsibility of Management and Audit Committee for Financial Statements, etc.

Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal controls deemed necessary by management for the preparation and fair presentation of financial statements, etc. that are significant from material misstatements due to fraud or error.

In preparing financial statements, etc., management is responsible for evaluating whether it is appropriate to prepare financial statements, etc. based on the premise of a going concern, and disclosing such matters when it is necessary to disclose matters concerning a going concern in accordance with accounting standards generally accepted in Japan.

The responsibility of the Audit and Supervisory Committee is to monitor the execution of directors' duties in the development and operation of the financial reporting process.

Responsibility of Auditors for Auditing Financial Statements, etc.

The auditor's responsibility is to express an opinion on the financial statements, etc. from an independent standpoint in the audit report with reasonable assurance about whether the financial statements as a whole are significant from material misstatement due to fraud or error, based on the audit conducted by the auditor. A misstatement may occur due to fraud or error, and if it is individually or aggregated, it is reasonably likely to affect the decision-making of the users of the financial statements, etc. It is judged to be material.

In accordance with auditing standards generally accepted in Japan, the auditor shall, through the course of the audit, make judgments as an professional expert and conduct the following with professional skepticism:

- Identify and assess material misstatement risks due to fraud or error. In addition, design and implement audit procedures in response to the risks of material misstatements. The selection and application of audit procedures are at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- While the purpose of audits of financial statements, etc. is not to express an opinion on the effectiveness of internal controls, the auditor considers internal controls related to audits in order to design audit procedures that are appropriate in the circumstances when conducting risk assessments.
- Assess the appropriateness of accounting policies adopted by management and their application, as well as the reasonableness of accounting estimates made by

management and the reasonableness of related notes.

- To conclude whether it is appropriate for management to prepare financial statements, etc. on a going concern basis, and whether, based on the audit evidence obtained, significant uncertainty can be found with respect to events or circumstances that raise substantial doubt about the going concern assumption. If there is any material uncertainty regarding the going concern assumption, the Company is required to alert the Company to the notes to the financial statements, etc. in the audit report, or if the notes to the financial statements, etc. related to material uncertainty are not appropriate, to express an opinion on excluded matters in the financial statements, etc. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
- Evaluate whether the presentation of financial statements, etc. and the notes comply with corporate accounting standards generally accepted in Japan, the presentation, composition and content of financial statements, etc. including related notes, and whether the financial statements, etc. fairly present the transactions and accounting events underlying the transactions.

The auditor reports to the Audit and Supervisory Committee on the scope and timing of planned audits, significant audit findings, including significant deficiencies in internal controls identified in the course of the audit, and other matters required by the audit criteria.

The auditor shall report to the Audit and Supervisory Committee on compliance with the provisions of professional ethics in Japan regarding independence, matters that are reasonably likely to affect the auditor's independence, and if measures are taken to eliminate impediments or safeguards are applied to reduce the impediments to an acceptable level.

Interest

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

End

Audit Report of the Audit & Supervisory Committee

Audit Report

The Audit and Supervisory Committee audited the execution of duties by directors during the 26th fiscal period from May 1, 2023 to April 30, 2024. The method and results are reported below.

1. Method and Content of Audit

The Audit and Supervisory Committee regularly received reports from directors and employees regarding the contents of the resolutions of the Board of Directors concerning the matters listed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and the status of the construction and operation of the system (internal control system) developed based on the said resolution. The Audit and Supervisory Committee requested explanations and expressed its opinions as necessary, and conducted audits using the following methods.

- ① In accordance with the audit policy and division of duties established by the Audit and Supervisory Committee, the Audit and Supervisory Committee participated in significant meetings in cooperation with the Company's internal control divisions, utilizing telephone lines and the Internet, etc. The Audit and Supervisory Committee received reports on matters concerning the execution of their duties from directors and employees, etc., requested explanations as necessary, inspected important approval documents, etc., and investigated the status of operations and assets at the Head Office and major business sites. In addition, for subsidiaries, the Company communicated and exchanged information with the directors and corporate auditors of the subsidiaries and received reports from the subsidiaries as necessary.
- ② With respect to the basic policies set forth in Article 118, Item 3, (a) of the Enforcement Regulations of the Companies Act and the initiatives set forth in (b) of the same Item contained in the business report, the matters noted in Article 118, Item 5, (a) of the Enforcement Regulations of the Companies Act, and the judgment and reason set forth in (b) of the same Item, the details of the deliberations of the Board of Directors and other organizations were examined.
- ③ The Audit & Supervisory Board monitored and verified whether the accounting auditor maintained an independent position and conducted appropriate audits. The

Audit & Supervisory Board received reports from the accounting auditor on the status of the execution of their duties and requested explanations as necessary. In addition, we received a notice from the accounting auditor to the effect that the "system for ensuring the proper performance of duties" (matters listed in each item of Article 131 of the Company Accounting Rules) has been prepared in accordance with the "Quality Control Standards for Auditing" (Business Accounting Council) and requested explanations as necessary. We held discussions with Ernst & Young ShinNihon LLC on major audit considerations, received reports on the implementation of these audits, and requested explanations as needed.

Based on the above method, the business report and the supplementary schedules thereof, financial statements (balance sheet, profit and loss statement, statement of changes in shareholders' equity, and notes to the non-consolidated financial statements) and the supplementary schedules thereof and the consolidated financial statements (consolidated balance sheet, consolidated profit and loss statement, consolidated statement of changes in shareholders' equity, and notes to the consolidated financial statements) for the relevant fiscal year were examined.

2.Results of the audit

(1)Audit results concerning business reports

- ① We acknowledge that the business report and the supplementary schedules thereof accurately represent the status of the Company in accordance with the laws and regulations and the Articles of Incorporation.
- ② No misconduct or material facts in violation of laws and ordinances or the Articles of Incorporation are found in connection with the execution of duties by the Directors.
- ③ The content of the resolution of the Board of Directors regarding the internal control system is deemed to be reasonable. In addition, we are not aware of any matters that should be pointed out with respect to the content of business reports related to such internal control systems and the execution of duties by directors.

(2)Audit results concerning non-consolidated financial statements and supplementary schedules

The auditing methods and outcomes of the independent auditor, EY Ernst & Young ShinNihon LLC, are deemed reasonable.

(3)Results of audit of consolidated financial statements

The auditing methods and outcomes of the independent auditor, EY Ernst & Young ShinNihon LLC, are deemed reasonable.

June 27, 2024

A u d i t & S u p e r v i s o r y C o m m i t t e e , H a m e e C o r p .

Outside Audit and Supervisory Committee Member Tomohiro Somehara ㊟

Outside Audit and Supervisory Committee Member Saiko Kumaou ㊟

Outside Audit and Supervisory Committee Member Jiro Yoshino ㊟