



Hamee Corp.

Q2 FY04/24

Results briefing materials

Reference only

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

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I. Executive Summary

Executive Summary

1

Sales and operating income in Q2 continued to exceed initial plans for both Commerce segment and Platform segment from Q1.

2

Commerce Segment is on a significant recovery track because of sales in the Cosmetics Business remained strong at 11 times YoY. In addition the sales in the Mobile Life Business are recovering.

3

Localco Business, hometown tax payment support service, drove performance with the last-minute surge in demand in Sep. In an environment where headwinds are strengthening, Platform segment continued to increase sales and profits thanks to a solid customer base.

II. Financial Results

Explanation of seasonal factors in our group

- Net sales and operating income tend to be maximized in Q3 because of the following factors. The demand for our products has increased in Q4 as well, the tendency toward a bias toward the second half has become stronger.
- Accordingly, we have formulated a profit plan based on the assumption that the second half of the year will be weighted heavily.

Commerce Segment

- Q3 (Net sales and operating income are maximized)
 - The expansion of sales by the year-end sales (sales of Christmas in the Global Business)
 - The expansion of sales of products mainly for new iPhone in Mobile Life Business
- Q4 (Demand period for the end of the government’s fiscal year and the beginning of the government's fiscal year)
 - Demand for our products has increased in line with new lifestyles such as enrollment and employment

Platform Segment

- Q4 (ARPU slump period)
 - The volume of distribution in EC market tends to decline due to changes in consumer behavior toward “consumption of experience” such as summer leisure and ARPU of Next Engine Business tend to be sluggish(Decrease in sales)
- Q3 (Net sales and operating income are maximized)
 - The number of orders increases with the year-end sales of EC operators and the ARPU of Next Engine Business tend to be upward(Increase in sales)
 - It’s busy-season for EC operators so contract acquisition tend to be slowing down
 - Net sales will be maximized toward December, the peak for hometown tax payment, for Localco Business

Q2 FY04/24 Consolidated Overview

- **Recovery of Mobile Life Business**, the main business of the Commerce segment and the **advancement of the Cosmetics Business** made group-wide **top line grew by 15.0% YoY(cumulative period.)**
- Net Profit attributable to owners of parent **increased by 16.1% YoY in the fiscal year under review**, although it was **negative YoY in the cumulative Q2 period** due to the **impact of tax expenses incurred in Q1.**

(Millions of yen)	Accounting period				Cumulative period			
	Q2 FY04/23 Results	Q2 FY04/24 Results	Increase /Decrease	% YoY	Q1-Q2 FY04/23 Results	Q1-Q2 FY04/24 Results	Increase /Decrease	% YoY
Consolidated Overview								
Net sales	3,527	4,314	787	22.3%	6,633	7,631	997	15.0%
Gross profit	2,099	2,683	583	27.8%	3,997	4,721	723	18.1%
Operating income	326	459	133	40.9%	574	633	59	10.3%
Net Profit attributable to owners of parent	288	334	46	16.1%	495	201	△ 293	△59.2%

Q2 FY04/24 Segment Overview

- Commerce segment **profit rose 4.2% YoY (cumulative period)** as **significant increases in sales in Q2** dispelled segment profit in Q1.
- Platform **segment profit grew 15.6% YoY** and the profit ratio **improved from 41.2% to 46.3% (cumulative period.)**

(Millions of yen)		Accounting period				Cumulative period			
		Q2 FY04/23 Results	Q2 FY04/24 Results	Increase /Decrease	% YoY	Q1-Q2 FY04/23 Results	Q1-Q2 FY04/24 Results	Increase /Decrease	% YoY
Consolidated Segment Overview									
Commerce	Net sales	2,709	3,453	743	27.5%	5,041	5,991	949	18.8%
	Segment profit	217	306	88	40.7%	377	393	15	4.2%
	Profit ratio	8.0%	8.9%	0.8%	–	7.5%	6.6%	△0.9%	–
Platform	Net sales	819	858	38	4.7%	1,593	1,639	46	2.9%
	Segment profit	333	409	76	22.8%	656	758	102	15.6%
	Profit ratio	40.7%	47.7%	7.0%	–	41.2%	46.3%	5.1%	–
Consolidated	Net sales	3,527	4,314	787	22.3%	6,633	7,631	997	15.0%
	Segment profit	550	715	164	29.9%	1,033	1,151	118	11.4%
	Adjusted amount ※1	△ 224	△ 255	△ 31	–	△ 458	△ 517	△ 58	–
	Operating income	326	459	133	40.9%	574	633	59	10.3%
	Profit ratio	9.2%	10.6%	1.4%	–	8.7%	8.3%	△0.4%	–

Q2 FY04/24 Commerce Segment (Net sales)

Consolidated

- Mobile Life Business **recovery in sales mainly in wholesale** because of the continued introduction of new products, the **acquisition of new wholesalers**, and the **sales of new iPhone** was as expected.
- **Cosmetics Business** sales remained strong, **growing 11 times YoY**. Its recognition rapidly expanded because of the introduction through TV programs.

(Millions of yen)	Accounting period				Cumulative period			
	Q2 FY04/23 Results	Q2 FY04/24 Results	Increase /Decrease	% YoY	Q1-Q2 FY04/23 Results	Q1-Q2 FY04/24 Results	Increase /Decrease	% YoY
Commerce Segment								
Net Sales	2,709	3,453	743	27.5%	5,041	5,991	949	18.8%
Mobile Life Business	2,025	2,161	135	6.7%	3,582	3,774	191	5.3%
Gaming Accessories Business	159	151	△7	△4.7%	347	332	△15	△4.6%
Cosmetics Business	47	468	420	884.7%	71	785	714	1,001.3%
New Business investment	18	71	52	280.1%	37	100	62	167.8%
Global Business	458	601	142	31.1%	1,002	999	△2	△0.3%

Q2 FY04/24 Commerce Segment (Operating income)

Consolidated

- **Global Business**, significant increase of **639.8% YoY in Q2** and **142.6% in the cumulative period**, with **strong sales in the U.S.** drove segment profit growth.
- **Mobile Life Business also increase in profit** because of a review of the policy of allocating expenses to indirect departments (functional departments).

(Millions of yen)	Accounting period				Cumulative period			
	Q2 FY04/23 Results	Q2 FY04/24 Results	Increase /Decrease	% YoY	Q1-Q2 FY04/23 Results	Q1-Q2 FY04/24 Results	Increase /Decrease	% YoY
Commerce Segment								
Net Sales	217	306	88	40.7%	377	393	15	4.2%
Mobile Life Business	410	454	43	10.6%	724	779	55	7.6%
Gaming Accessories Business	7	△11	△18	—	9	△15	△24	—
Cosmetics Business	△138	△161	△23	—	△249	△230	19	—
New Business investment	△57	△53	3	—	△111	△116	△4	—
Functional Departments	△26	△78	△52	—	△52	△162	△109	—
Global Business	21	157	135	639.8%	56	137	80	142.6%
Profit ratio	8.0%	8.9%	0.8%	—	7.5%	6.6%	△0.9%	—

Q2 FY04/24 Platform Segment

- Sales increased in **Next Engine Business** because of increase in number of clients though decline in ARPU due to the **sluggish EC marketplace**.
- In **Consulting Business profit ratio improved** and its sales looks like decreasing YoY due to the **inclusion of 7 months' worth of earnings** in the **previous year's merger**.
- **Significant increase in sales in Localco Business** because of the last-minute surge in demand following the system change in Sep.

(Millions of yen)

Platform Segment	Accounting period				Cumulative period			
	Q2 FY04/23 Results	Q2 FY04/24 Results	Increase /Decrease	% YoY	Q1-Q2 FY04/23 Results	Q1-Q2 FY04/24 Results	Increase /Decrease	% YoY
Net Sales	819	858	38	4.7%	1,593	1,639	46	2.9%
NextEngine Business	580	594	14	2.4%	1,178	1,223	44	3.8%
Consulting Business	148	103	△44	△30.1%	268	204	△64	△24.0%
Localco Business	90	159	69	76.5%	146	212	66	45.2%
Operating income	333	409	76	22.8%	656	758	102	15.6%
Operating income ratio	40.7%	47.7%	7.0%	—	41.2%	46.3%	5.1%	—

Q2 FY04/24 Consolidated Overview —Net Sales analysis

<Commerce>

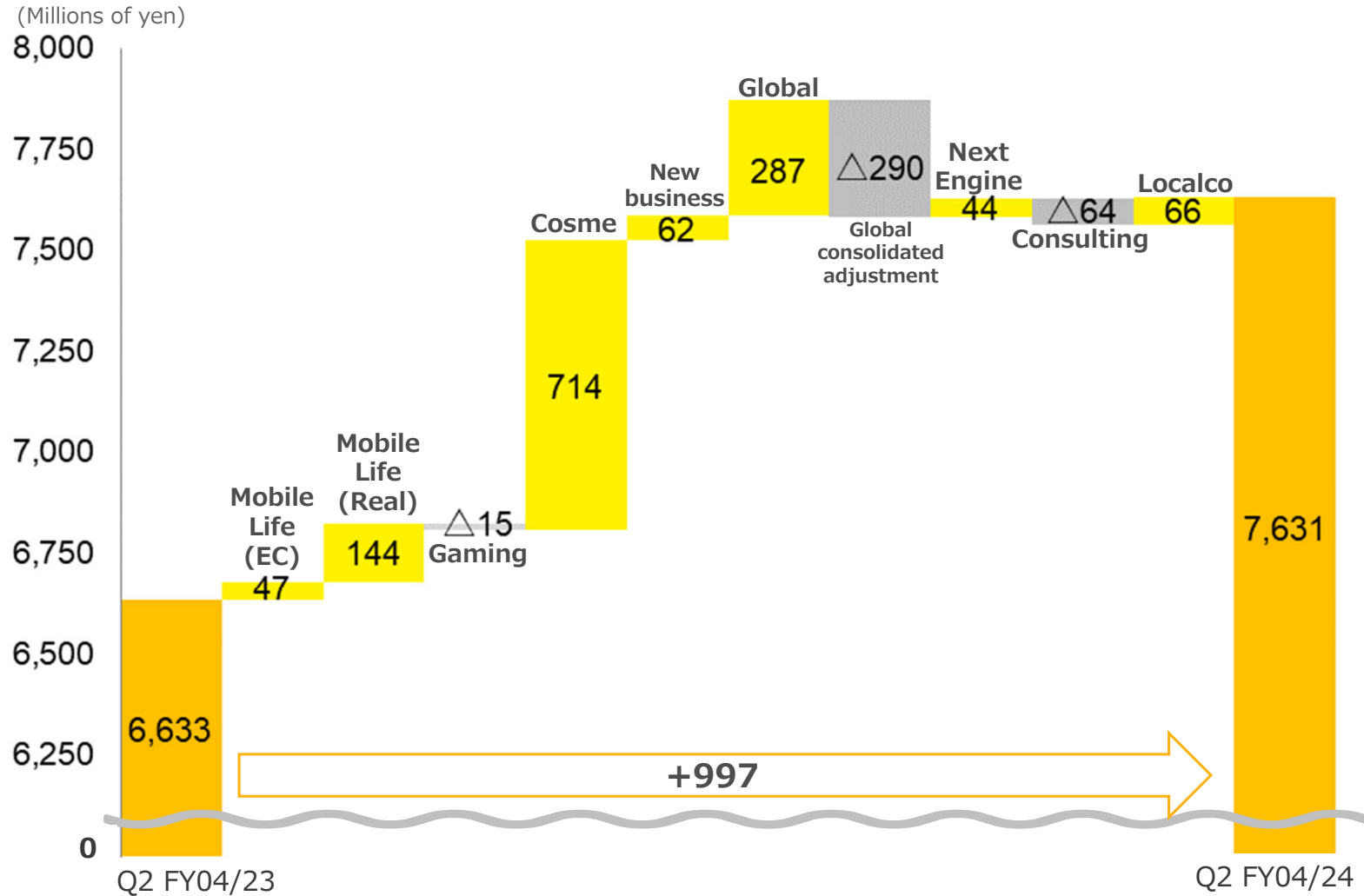
- Mobile Life: Real(Wholesale) have recovered markedly as a result of new product development and sales of new iPhone.
- Cosmetics: Maintaining the strong performance. Expecting improvement in profitability in the future.
- Global: Sales in the U.S. increased. Sales on a consolidated basis decreased due to an increase in internal transactions that should be eliminated in consolidation.

<Platform>

- The decline in consulting sales was largely due to the impact of incorporating 7 months' worth of results at the time of the absorption-type merger in the previous fiscal year.

Net sales(Accounting period)

Consolidated



Q2 FY04/24 Consolidated Overview —Operating income analysis

<Commerce>

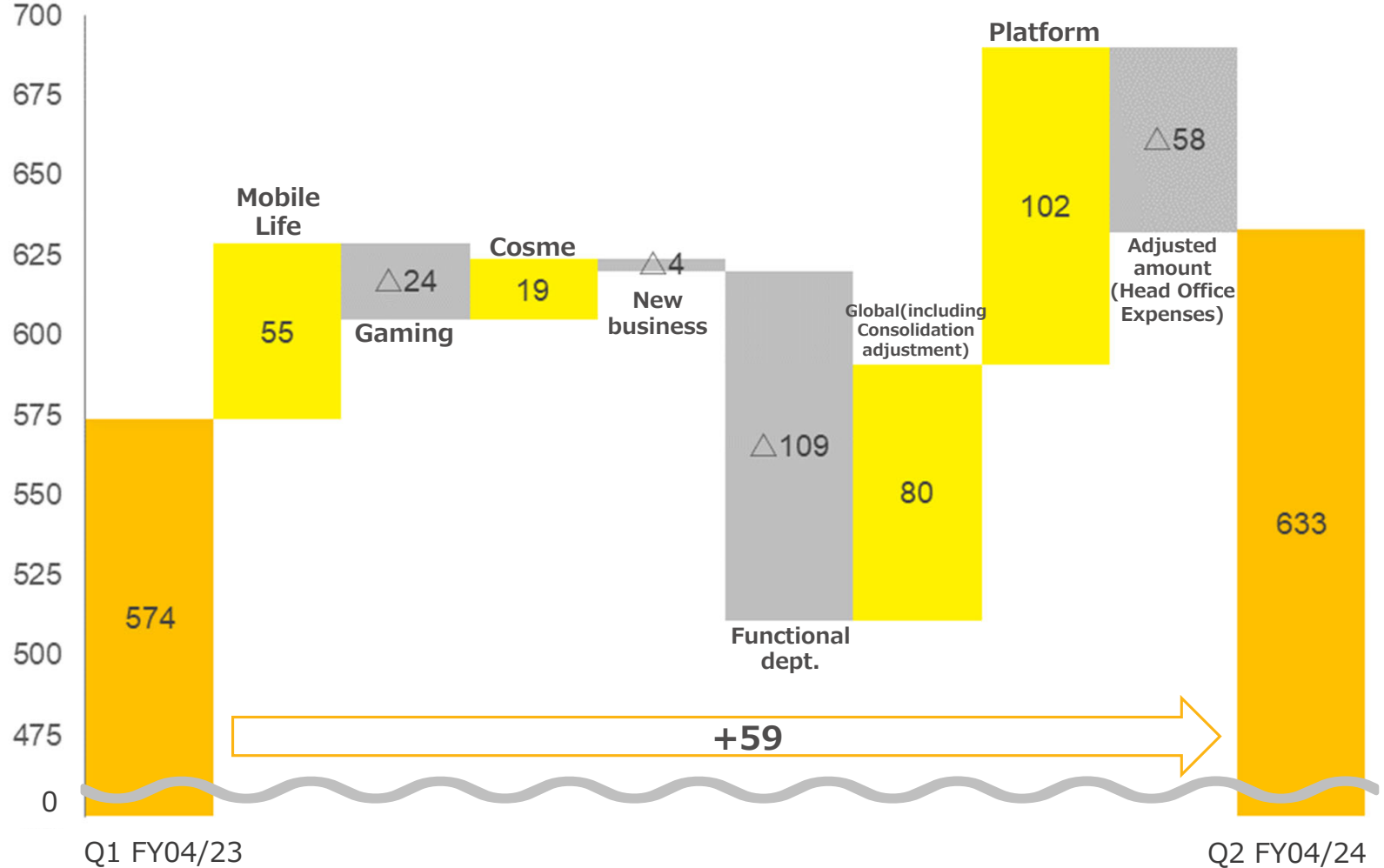
- Mobile Life: Significant increase in profit due to higher sales in Real (wholesale) and change in allocation policy for indirect costs.
- Cosmetics: Achieved profit increase because of significant sales increase effect. We can expect profit growth to expand from the second half onward.
- Global: Significant increase in profit because of strong sales in the U.S.
- Increase in expenses due to allocation of part of indirect costs from the Mobile Life business to functional dept.

<Platform>

- Maintained an upward trend in profit due to high marginal profit ratio supported by a solid customer base.

Operating income (Accounting period)

(Millions of yen)



Consolidated

III. Business Highlight

III. Business Highlight

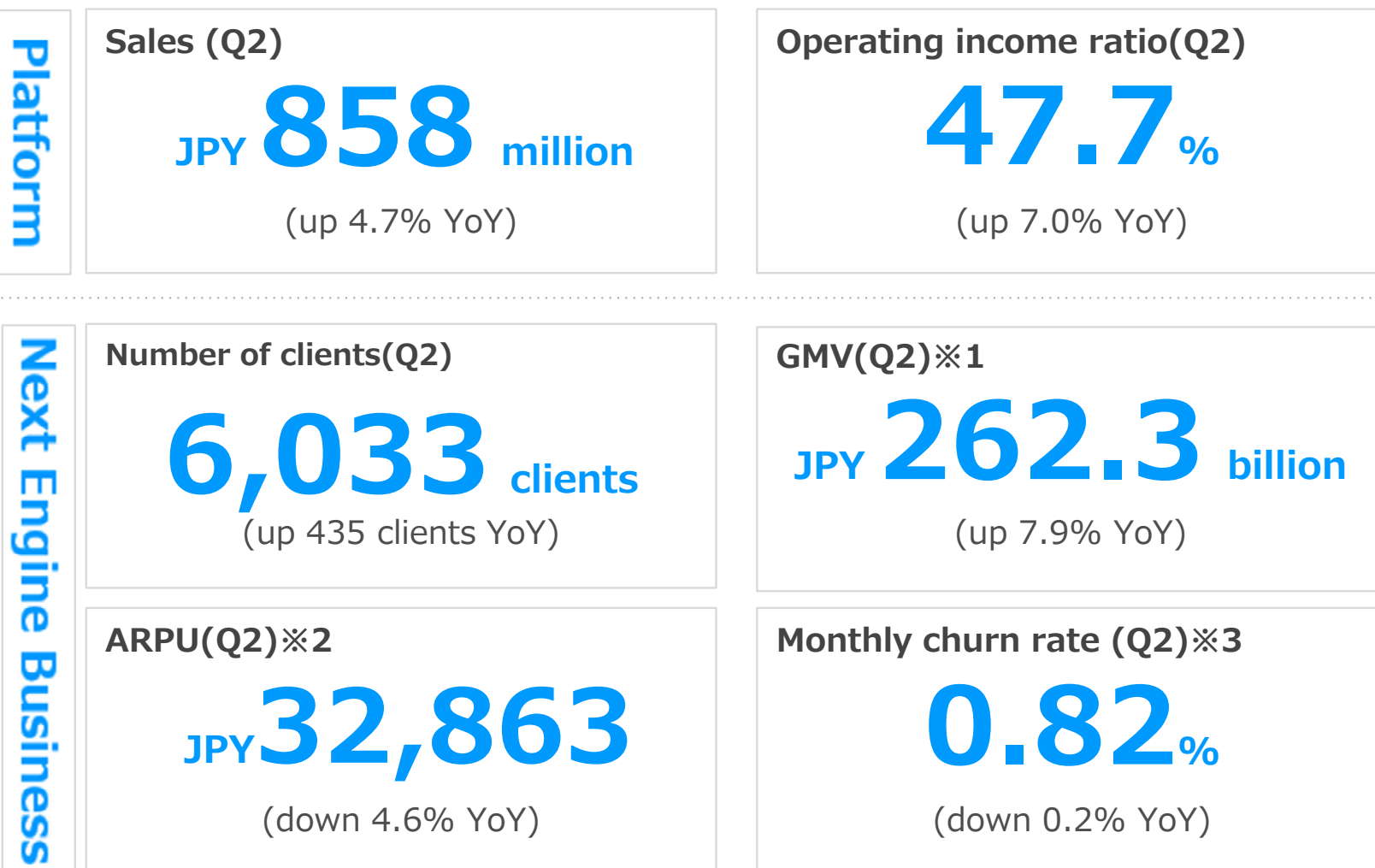
Platform



NEXT ENGINE

Highlights

Platform



※1 GMV . . . Gross Merchandise Value = transaction amount processed through Next Engine. From Q2 FY04/24, the cancellation process is excluded from GMV.

※2 ARPU . . . Average Revenue Per User = the averages of sales per Next Engine clients.

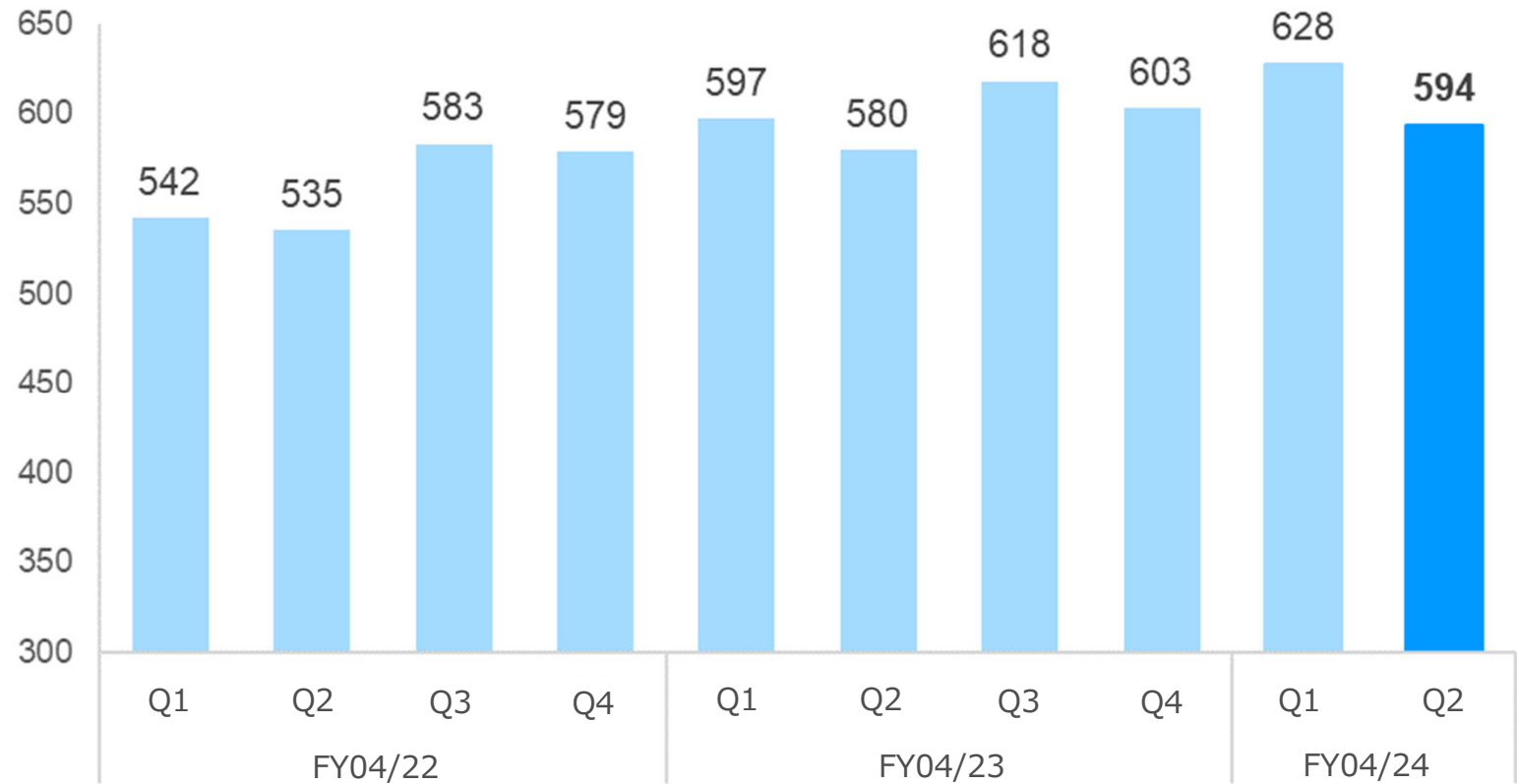
※3 monthly churn rate . . . Figures are calculated by dividing the number of contracted clients end of Q4 from the average number of cancellations during the quarterly period.

Next Engine Business —Q2 FY04/24 Sales

- In Q2, people's spending shifts to consumption of experience such as leisure associated with summer holidays. As a seasonal factor, ARPU tends to fall due to a decline in the number of behaviors processed by EC operators. This is the timing of sluggish sales.
- Sales increased 2.4% YoY and we have built up our customer base despite negative seasonal factors.

Net sales

(Millions of yen)

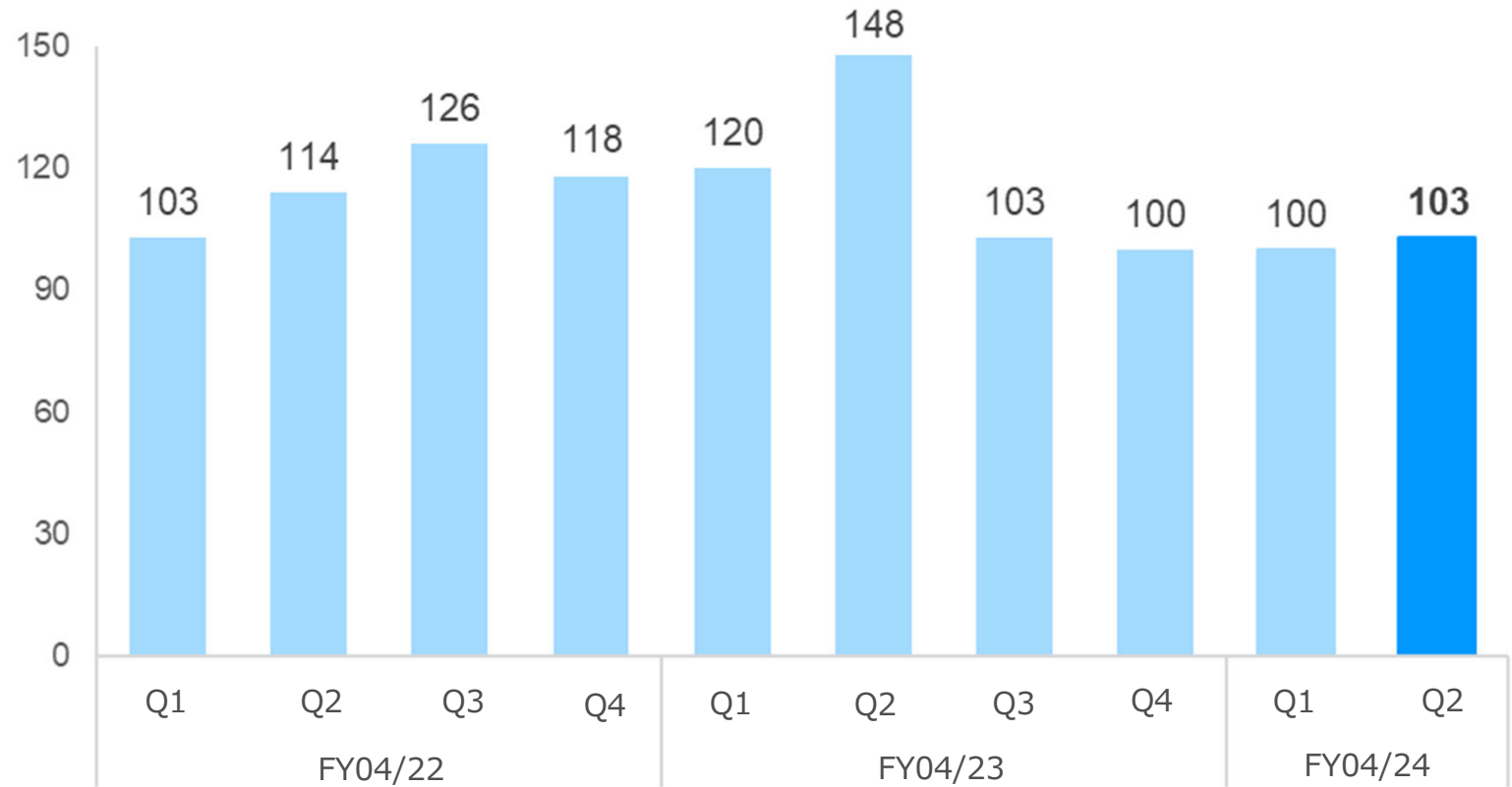


Consulting Business —Q2 FY04/24 Sales

- In the previous fiscal year, Q2 recorded sales for the 7 months from April to October 2022 following the absorption-type merger.
- We will focus on prioritizing to secure resources and establishing a foundation in order to address management issues. Increase in sales is not the main focus in this term.
- Profit ratio have remained strong, and we will shift to aggressive business after strengthening its foundations.

Net sales

(Millions of yen)

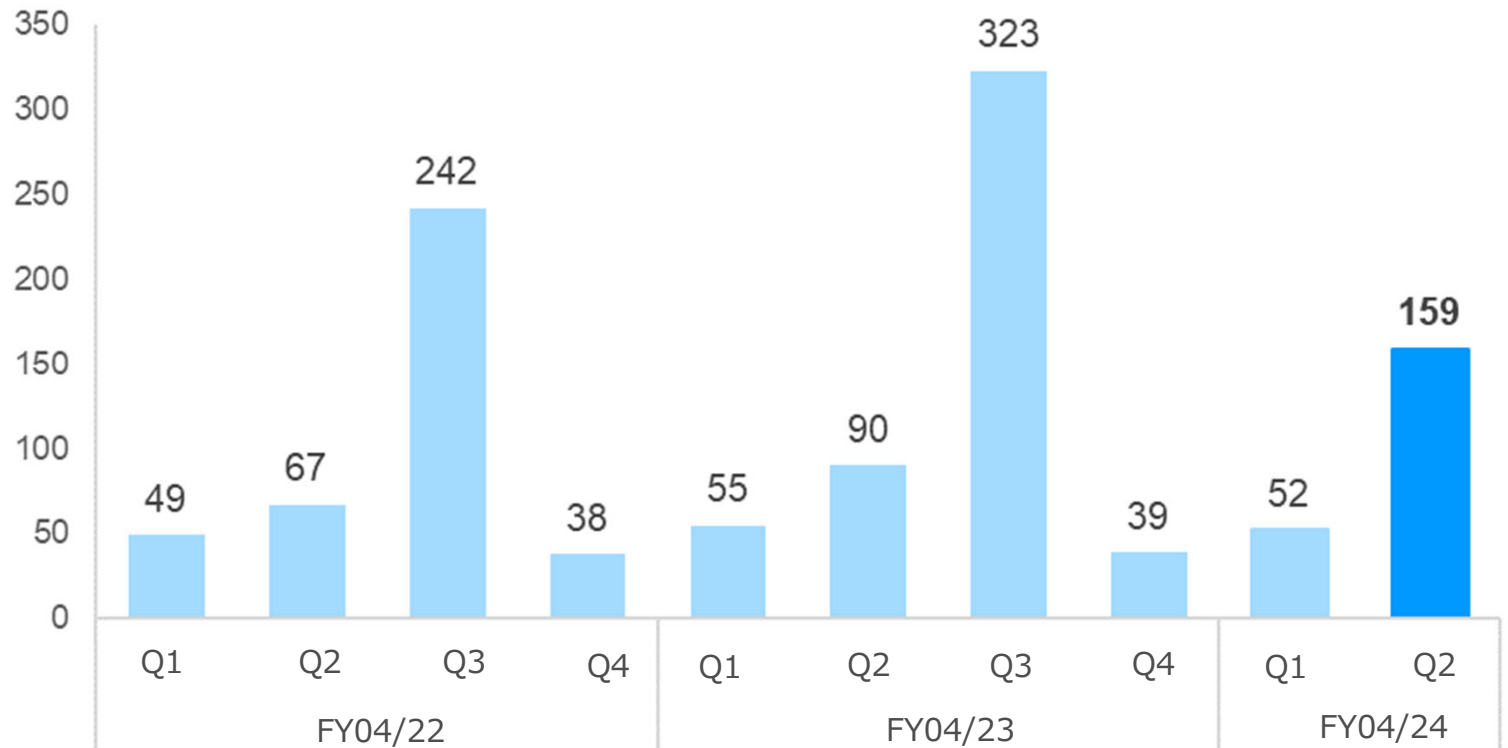


Localco Business —Q2 FY04/24 Sales

- Sales in Q2 recorded highest ever because of the last-minute surge in demand following the system change in Oct. occurred in Sep. The fear of a reactionary decline since Oct. cannot be dispelled.
- This business has a high correlation with the overall hometown tax donation market, so the largest amount is handled in Dec., which is the tax deadline and sales peak occurs in Q3. As a result, the reactionary decline will be significant in Q4.

Net sales

(Millions of yen)

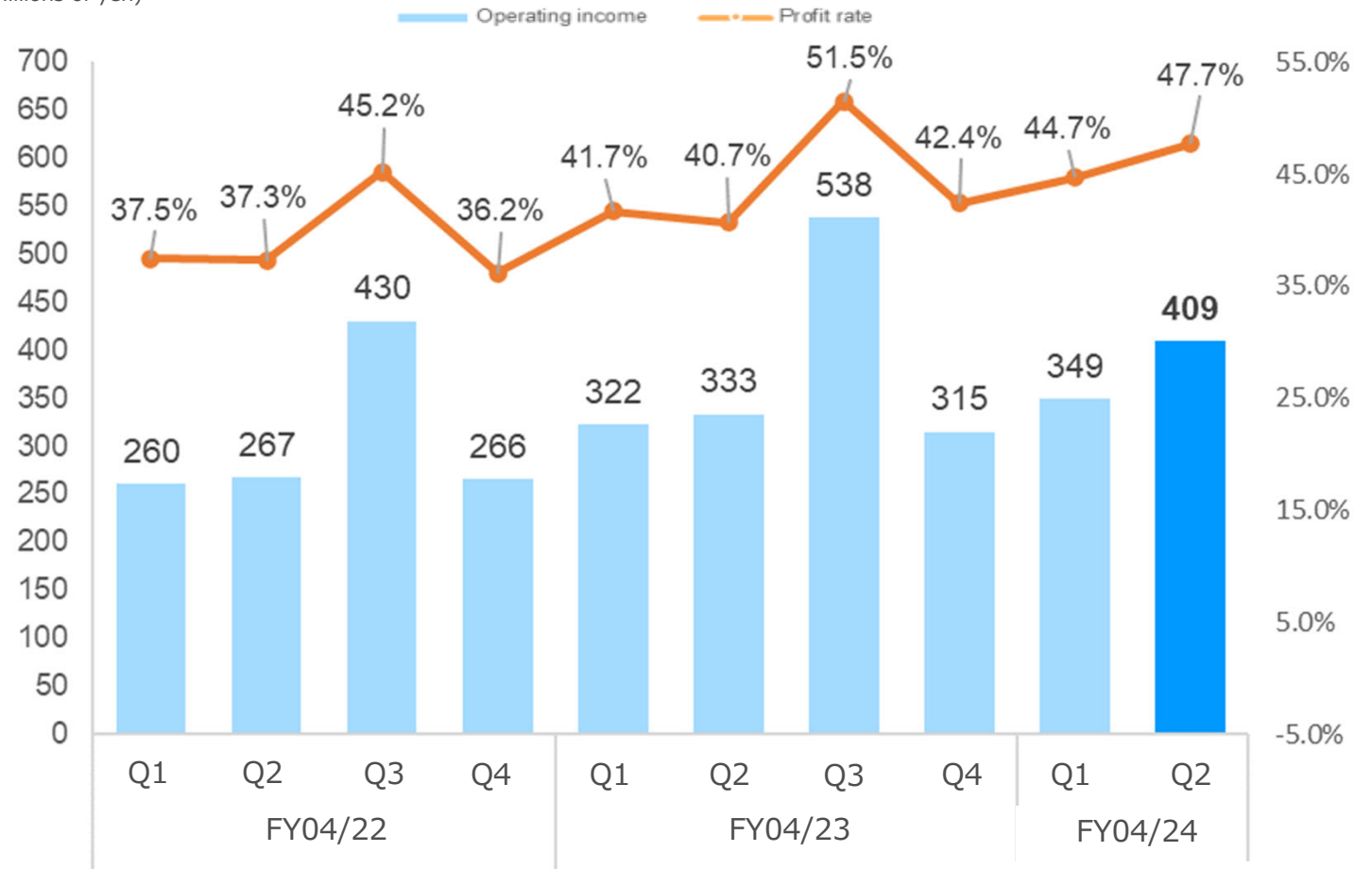


Q2 FY04/24 Operating income

- Operating income in Q2 grew significantly because of significant sales growth of Localco Business and the high marginal profit ratio of Next Engine.
- For Next Engine Business and Localco Business, sales peak in the Q3 which includes December, as a segment, operating income tends to be highest in the Q3.

Operating income

(Millions of yen)

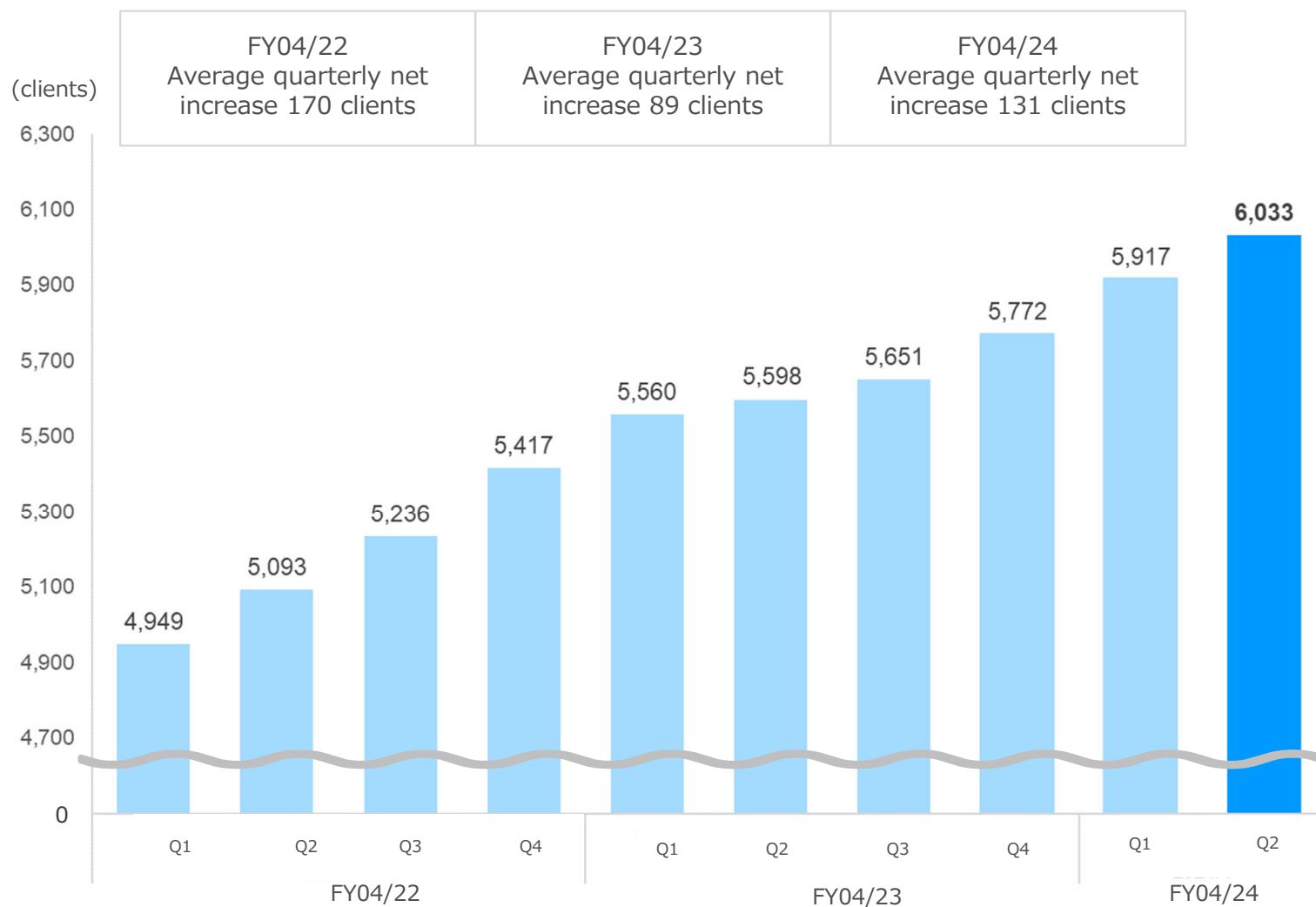


Next Engine Business —Total number of clients

- Priority issues for EC operators have shifted from improving operational efficiency to maximizing sales and securing profits. There are signs of improvement in the situation where the motivation to introduce various business efficiency services temporarily decreased.
- The net increase in Q2 was 116 clients compared to Q1 was 145 clients. We persistently conducted sales activities and achieved the level of contract acquisition exceeding the net increase in the number of clients in the previous year. Despite the motivation to introduce various business efficiency services temporarily decreased due to the fact that the number of business days of EC operators decreased such as summer holidays.

Platform

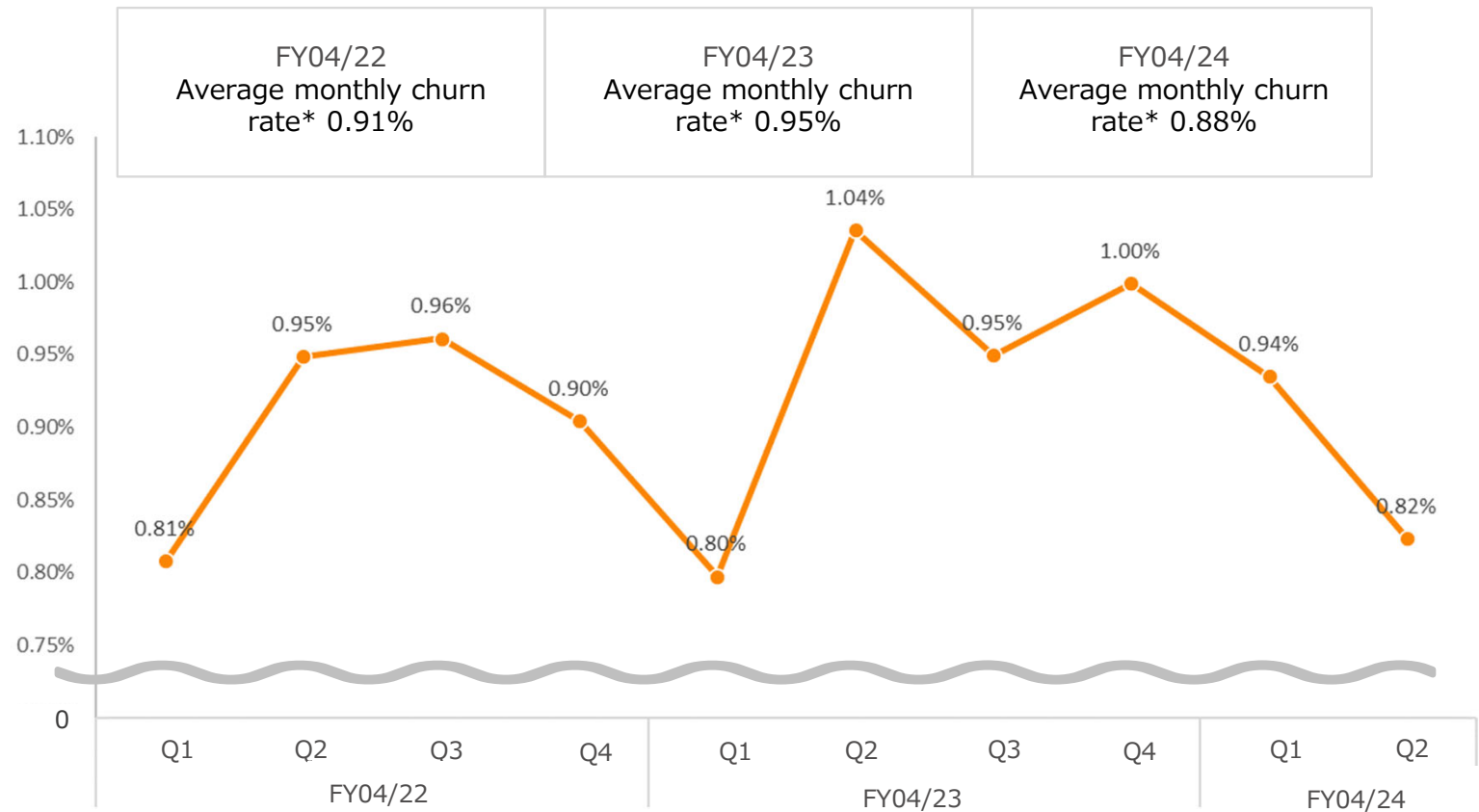
Total number of clients



Next Engine Business —Churn rate trend

- The annual average monthly churn rate remained below 1.00% and remained low although a certain number of businesses withdrawing from EC.

Churn rate

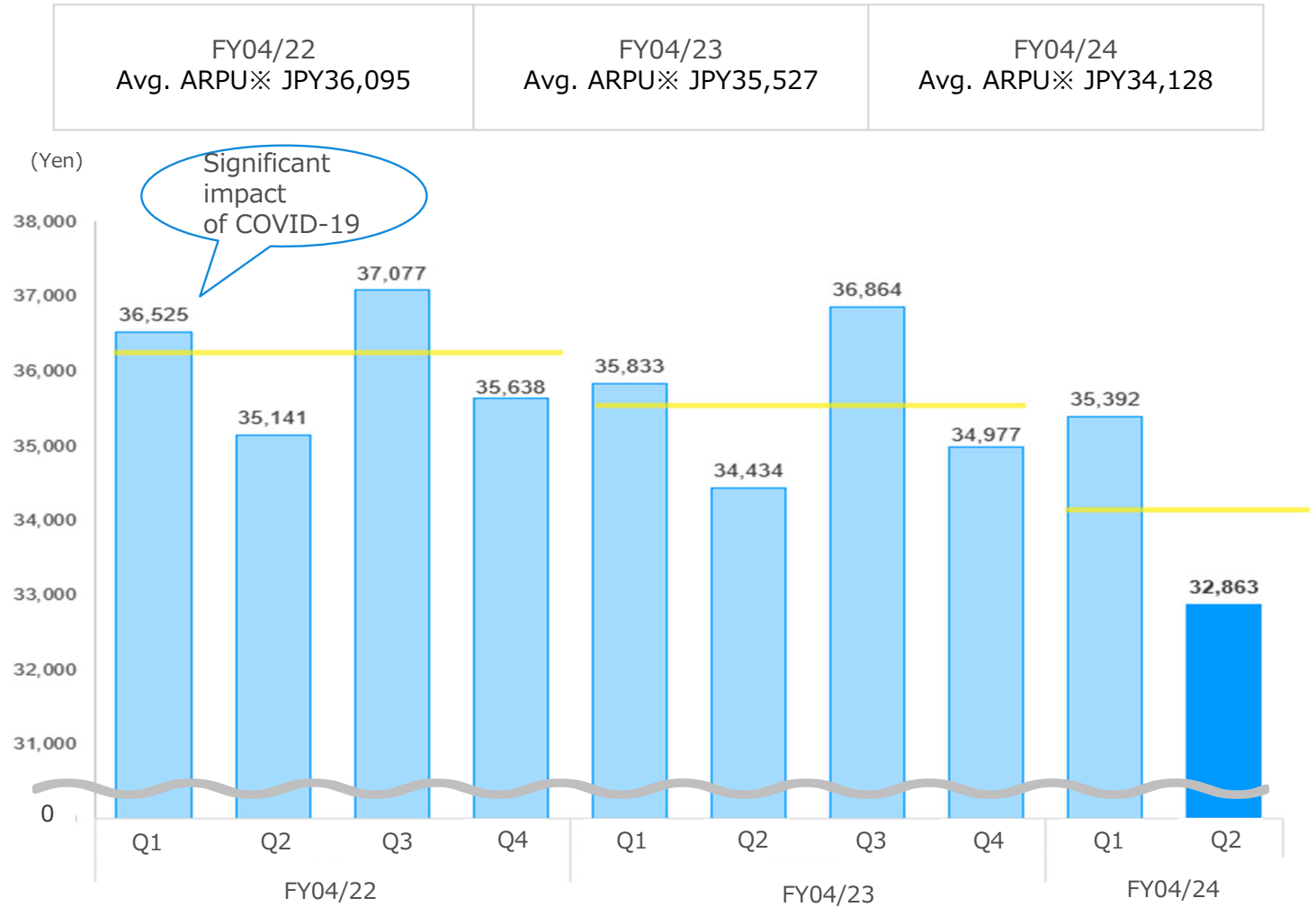


※ Annual average monthly churn rate: Figures calculated by dividing the number of contracted clients as of the end of the quarter from the average number of cancellations for each quarterly period are simple averages.

Next Engine Business —ARPU trends

- The number of orders handled by clients remained sluggish due to the continued slump in EC market and consumer behavior has shifted to consumption of experience such as leisure associated with summer holidays in Q2.
- Due to pay-as-you-go billing for the number of orders received, ARPU is also sluggish YoY.
- From 3Q onward, ARPU is expected to improve because of the effects of rate revisions.

ARPU



※ Avg ARPU: Simple average of ARPU calculated for each quarterly period.

III. Business Highlight

Commerce

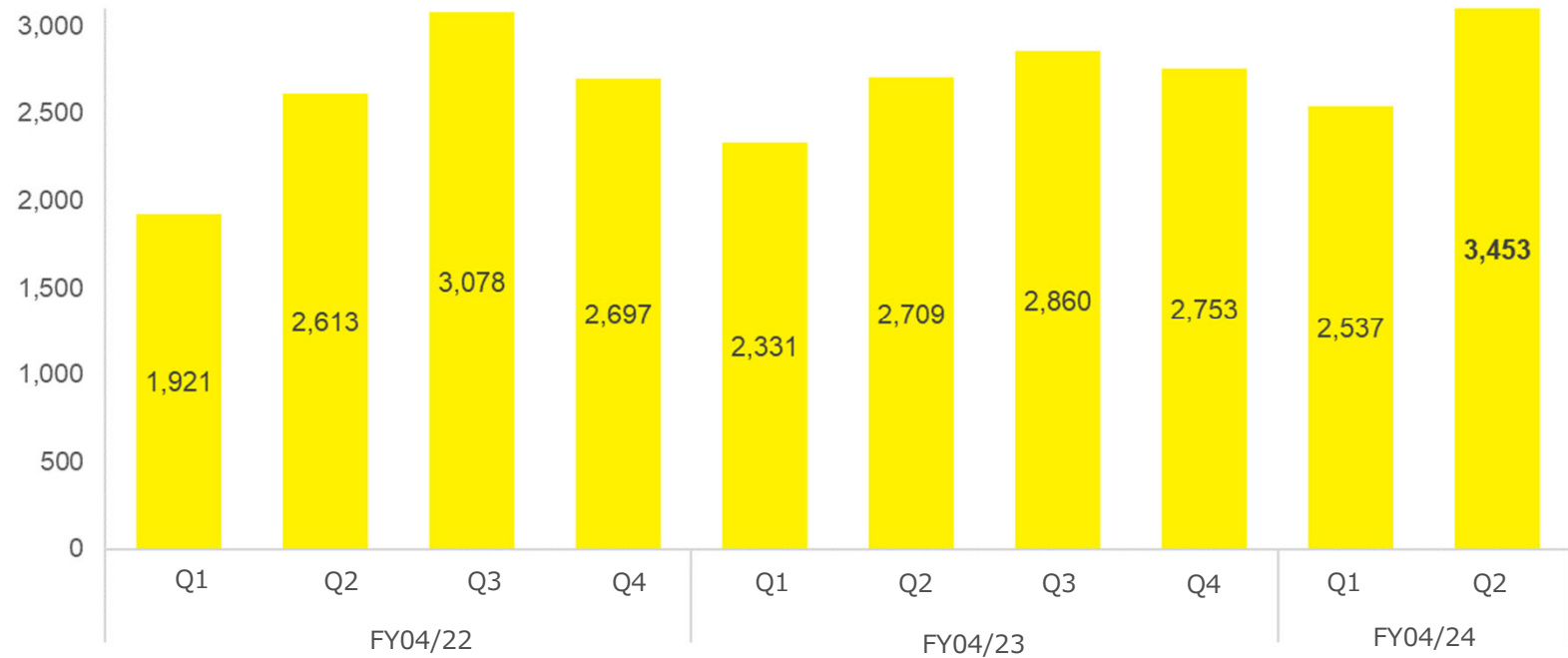


Q2 FY4/24 Net Sales

- Sales grew YoY in a continuation of Q1 because of the recovery of the Mobile Life Business against the backdrop of the sales of new iPhone and the great leap forward in the Cosmetics Business.
- Sales growing 27.5% YoY in the fiscal year under review and 18.8% in the cumulative period because of the progress in forming our business portfolio.
- Focusing on expanding sales in all businesses for year-end sales in Q3.

Net sales

(Millions of yen)



iFace product development

- Released new colors of Reflection series "Neo" and Magsafe compatible "Magnetic" as the initial plan of the fiscal year to stimulate demand by launching new products to create consistent sales in iFace series, overwhelming level of recognition.
- Aim to be close to users and provide them with a stylish mobile life based on iFace brand concept "By Your Side"

Commerce

Mainstay Products

• Reflection



• Look in Clear



Product development

• iPhone15 Series



• Reflection Series(Neo, Magnetic tec.)



iFace Lab

- Opened concept store "iFace Lab" on August 4th (Friday) along Cat Street in Harajuku, Tokyo.
- Named with the meaning of "An experimental space where each user can explore their individuality"
- Always creating trends in mobile accessories and using as an experimental space to carry out unique projects.



Gaming Accessories Business

- In order to distinguish ourselves from competitors' products, we are expanding our product lineup by developing new high-performance white-collar monitors and peripheral accessories such as original monitor arms.
- As a new service, hometown tax return gifts and subscriptions were launched from Q1. Aiming to improve brand recognition by developing services that suit customer needs.

Mainstay Products

- PX259 Advanced White



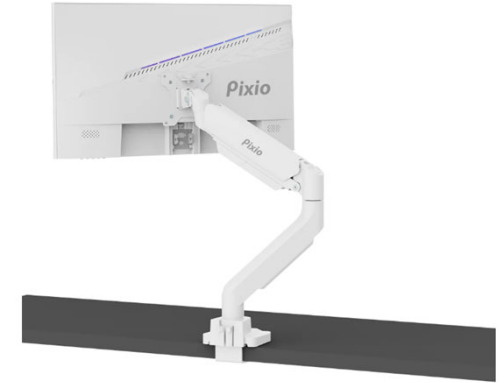
New Services

- Hometown tax return gift

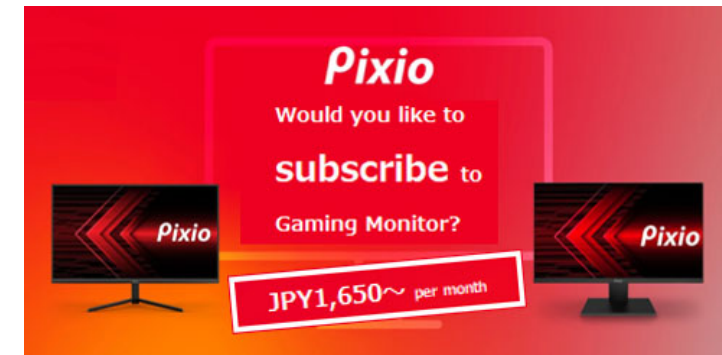


Commerce

- PS2SW (white single monitor arm)



- Subscription service



Cosmetics Business

- Awareness has increased significantly through introduction on TV programs. Sales began to increase dramatically from Q4 of the previous fiscal year and realized the formation of a business portfolio.
- Number of stores handling the product is more than 1,000 in addition sales increased by about 11 times.
- Daily aqua serum mask, a new skincare product, was ranked No.1 in the Rakuten Daily overall ranking. In addition, stabilization of top acquisition with No.2 in cleansing barm and No.8 in grown cushion.

Sales Products

• Base makeup



• Skincare line



Commerce

Product development

• Daily aqua serum mask



• Clean reset series



Cosmetics Business

- Won the Best Cosme Award with a total of 64 awards in one and a half years since the launch of the brand.
- Continue to expand product lineup and invest in advertising to further expand sales. Realizing cost reduction measures, aiming to be the next core pillar of profit following Mobile Life Business.
- Aim to focus on the skincare category and expand wholesale, including drug stores.

Mainstay Products

• Base makeup



• Skincare line



Commerce

Event for new products

• Event venue

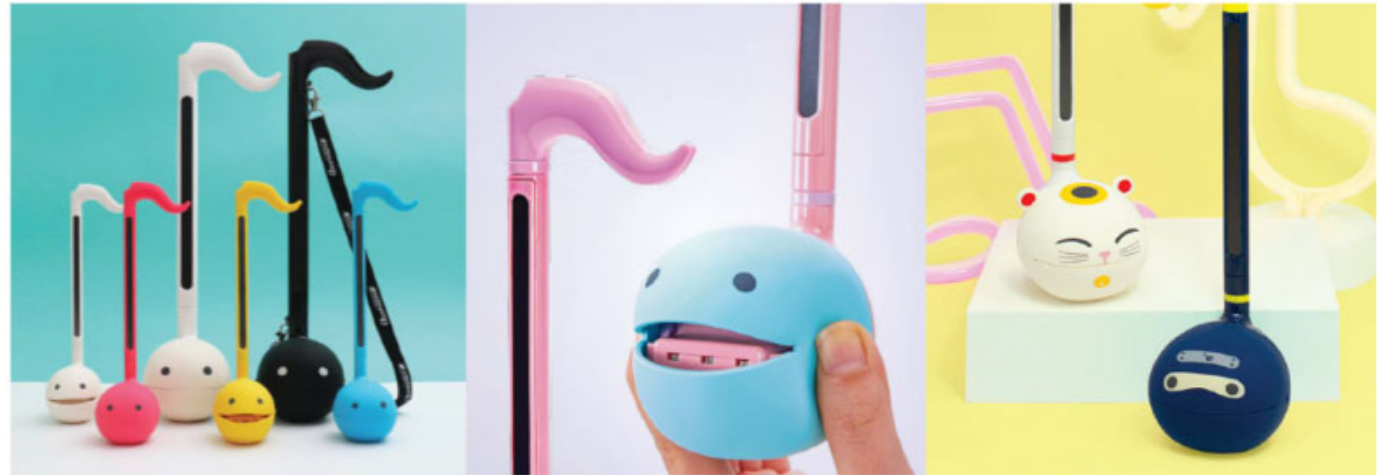


• Display model



Global Business

- Acquired overseas sales business of Otamatone, strong sales in Hamee US in Jan 2023.
- Achieved to expand its sales territory and to increase in the top line.
- Aim to reduce its cost of sales ratio by restructuring its manufacturing and purchasing supply lines.



IV. Reorganization

Reorganization policy (Announced on July 14, 2023)

- Share-Distribution-Type Spin-Off of NE Inc.
 - Under the 2017 Tax Reform, **this Spin-Off will provide our shareholders with shares of NE, our consolidated subsidiary, as dividends in kind** by utilizing the share-distribution-type spin-off that created tax exemption for the profit and loss on transfer of corporations implementing share distributions and dividends to shareholders receiving distribution, as well as the deferral of taxable profit and loss on transfer of shareholders.

- Spin-off IPO of NE Inc. (listed)
 - To secure trading opportunities shareholders make cash distributions, the Spin-Off is premised on the listing of NE shares on the Tokyo Stock Exchange, Inc. (hereinafter "TSE") from the viewpoint of securing trading opportunities for shareholders. Accordingly, we plan to file for a new listing on the TSE before the implementation of this Spin-Off, and the conditions for this Spin-Off will include obtaining the TSE's listing approval.
 - The listing of our shares on the TSE will be maintained even after the Spin-Off. Accordingly, **our shareholders will hold two kinds of listed shares, our shares and NE shares, as a consequence of the Spin-Off.**

Aim of Reorganization

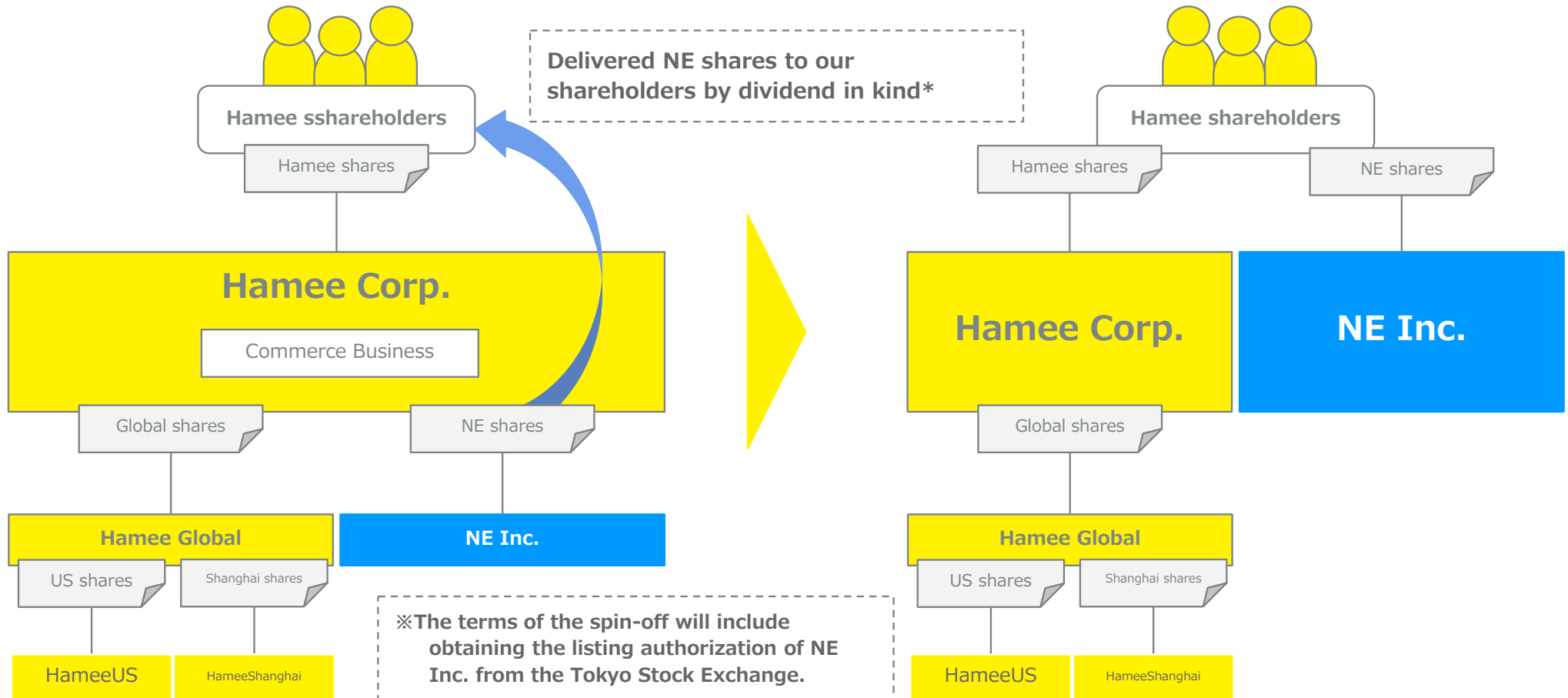
- **Maximize the shareholder's value**
 - We will work to resolve difficulties under the optimal management environment for each of us and NE Inc., and accelerate the evolution and growth of our business with the aim of further enhancing corporate value over the medium to long term.
 - We will create opportunities to choose the best way to develop business alliances and services while ensuring the flexibility of our growth strategies. As a result, we will maximize shareholder value by exceeding the total corporate value of the two companies before the reorganization.

- **Clarification of Governance**
 - We and NE Inc. will communicate with the marketplace as listed companies to clarify governance.
 - Management of the two companies will directly ensure the soundness of management by being conscious of governance from capital markets.

- **Speed up decision making**
 - By eliminating the need to be aware of total optimization across businesses, management focused on each business unit will quickly make decisions in each area.

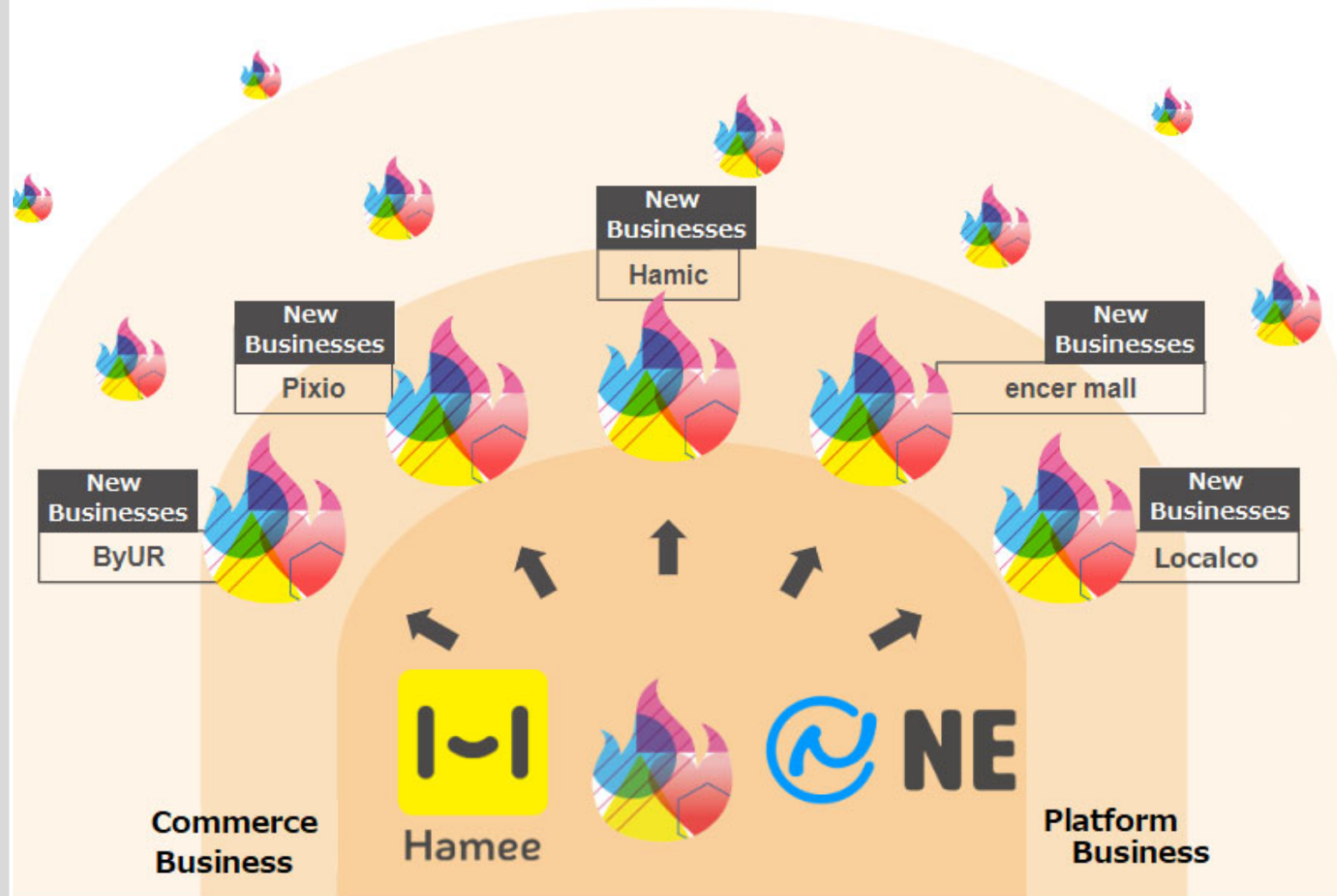
Share-Distribution-Type Spin-Off

Share-Distribution-Type Spin-Off of NE Inc.(target for listing during 2025)



Ignite your creativity

This business reorganization embodies as follows:
Our DNA, "Ignite your creativity", contains our belief that "We ignite Our creative soul, realize the continuous evolution and growth of two main businesses while Create continuously innovative New businesses in peripheral fields and entrepreneur which ignite creative soul of our customers.



V . Mid-Term Management Plan

Mid-Term Management Plan(FY04/24 to FY04/26) Consolidated Overview

(Millions of yen)

Consolidated Segment		Results			Mid-Term Management Plan					
		FY04/22	FY04/23	% YoY	FY04/24	% YoY	FY04/25	% YoY	FY04/26	% YoY
Commerce	Net Sales	10,311	10,655	3.3%	13,032	22.3%	14,897	14.3%	17,128	15.0%
	Segment profit	1,870	696	△62.8%	1,665	139.3%	1,898	14.0%	2,364	24.5%
	Profit ratio	18.1%	6.5%		12.8%		12.7%		13.8%	
Platform	Net Sales	3,102	3,383	9.1%	3,780	11.7%	4,511	19.3%	5,387	19.4%
	Segment profit	1,225	1,509	23.2%	1,577	4.5%	2,201	39.5%	2,438	10.8%
	Profit ratio	39.5%	44.6%		41.7%		48.8%		45.3%	
Total	Net Sales	13,413	14,038	4.7%	16,813	19.8%	19,408	15.4%	22,515	16.0%
	Segment profit	3,095	2,205	△28.7%	3,243	47.0%	4,100	26.4%	4,802	17.1%
	Adjusted amount ※1	△893	△934	4.7%	△ 1,157	23.8%	△ 1,346	16.3%	△ 1,479	9.9%
	Operating income	2,202	1,271	△42.3%	2,086	64.1%	2,754	32.0%	3,323	20.7%
	Profit ratio	16.4%	9.1%		12.4%		14.2%		14.8%	

※1 Adjusted amount: Company-wide headquarters expenses are presented as "Adjusted amount."

Mid-Term Management Plan(FY04/24 to FY04/26) Commerce segment

(Millions of yen)	Results	Mid-Term Management Plan					
	FY04/23	FY04/24	% YoY	FY04/25	% YoY	FY04/26	% YoY
Commerce segment							
Net sales	10,655	13,032	22.3%	14,897	14.3%	17,128	15.0%
Mobile Life Business	7,157	8,130	13.6%	8,515	4.7%	8,951	5.1%
Gaming Accessories Business	769	996	29.5%	1,100	10.4%	1,300	18.2%
Cosmetics Business	294	924	213.5%	1,706	84.5%	2,625	53.8%
Others	101	234	130.9%	234	0.0%	234	0.0%
Global Business	2,332	2,747	17.8%	3,341	21.6%	4,016	20.2%
Segment profit	696	1,665	139.3%	1,898	14.0%	2,364	24.5%

※1 Adjusted amount: Company-wide headquarters expenses are presented as "Adjusted amount."

Mid-Term Management Plan(FY04/24 to FY04/26) Platform segment

(Millions of yen)	Results	Mid-Term Management Plan					
	FY04/23	FY04/24	% YoY	FY04/25	% YoY	FY04/26	% YoY
Platform segment							
Net sales	3,383	3,780	11.7%	4,511	19.3%	5,387	19.4%
NextEngine Business	2,400	2,664	11.0%	3,151	18.3%	3,576	13.5%
Localco Business	509	641	25.9%	801	25.0%	1,023	27.7%
Consulting Business	472	474	0.3%	558	17.7%	787	41.1%
Segment profit	1,509	1,577	4.5%	2,201	39.5%	2,438	10.8%

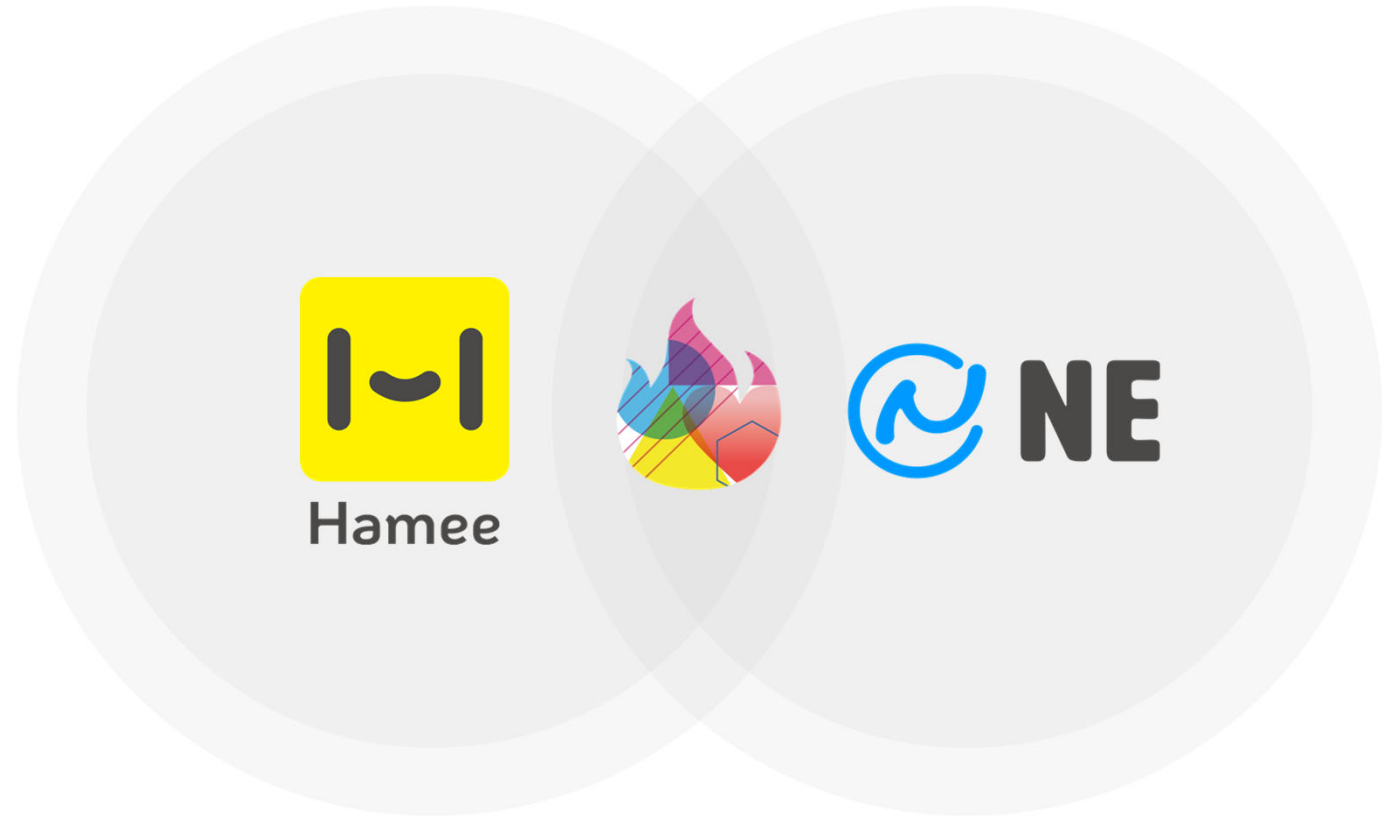
※1 Adjusted amount: Company-wide headquarters expenses are presented as "Adjusted amount."

APPENDIX

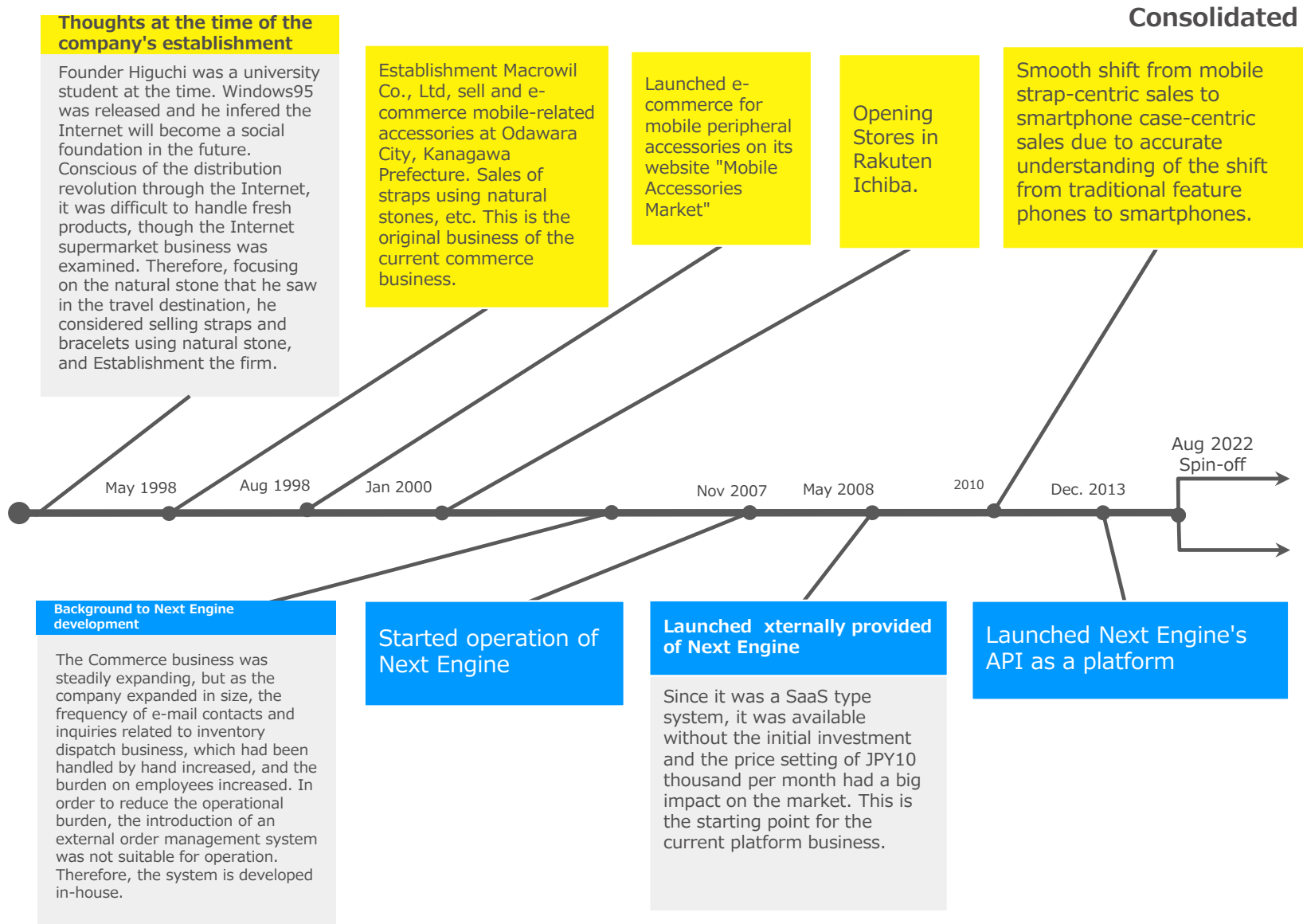
Company Profile

Spin-off

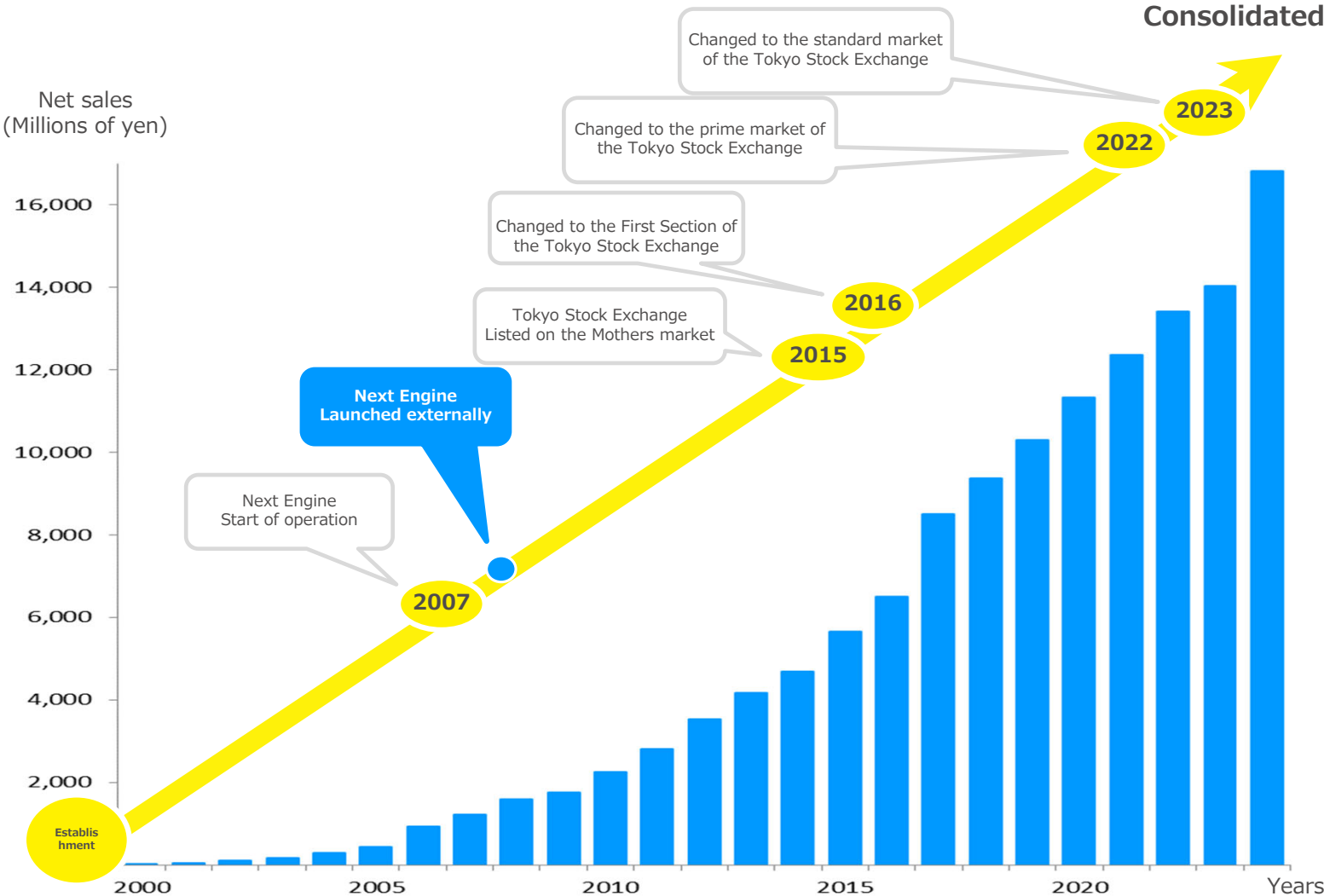
Under Mission of " Ignite your creativity " in order to maintain and realize mission over the super long term, the Platform Business spun off as NE Inc. and grow through both companies.



History



History (Growth Trajectory)



Business Overview

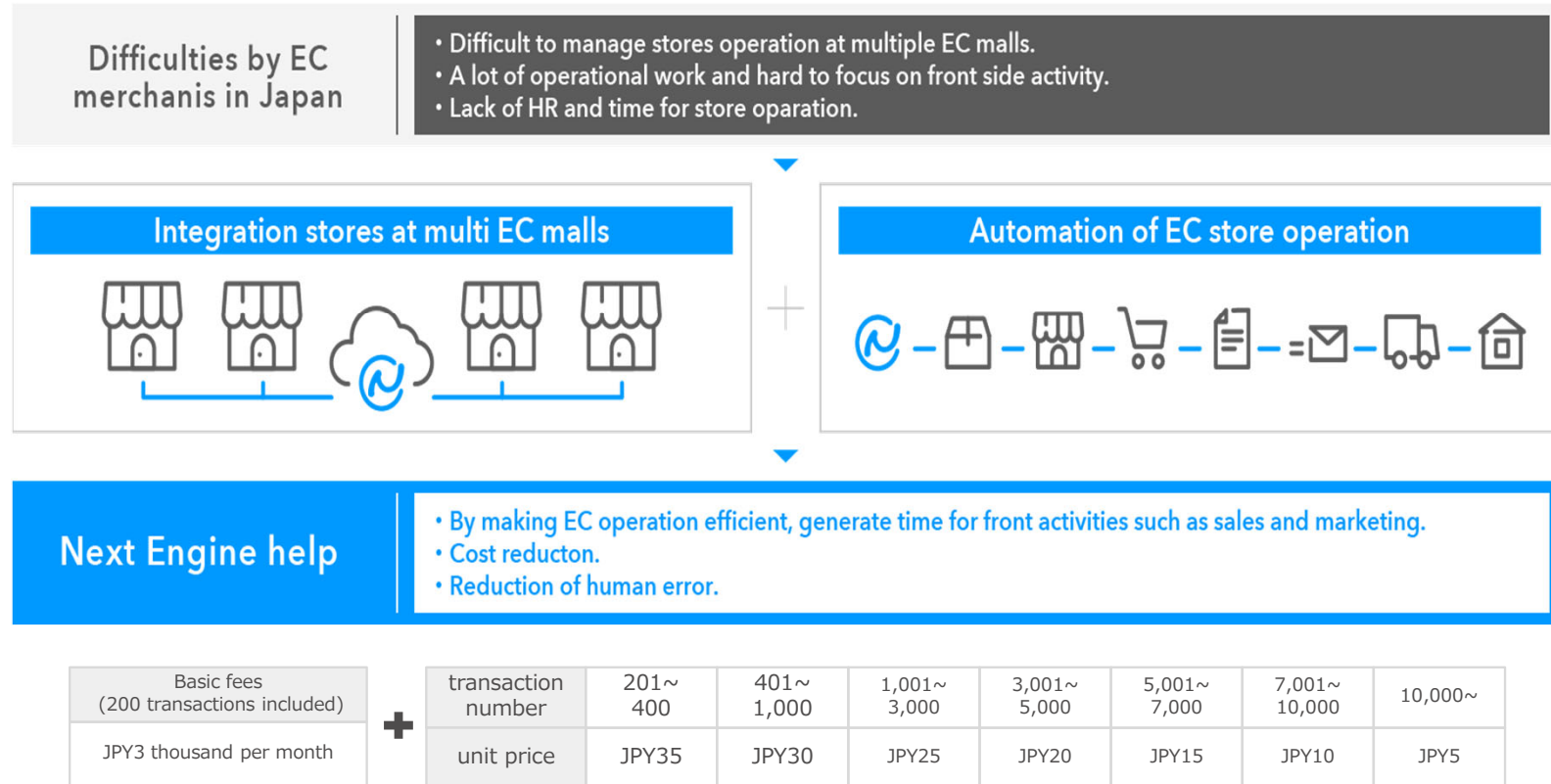
Platform



NEXT ENGINE

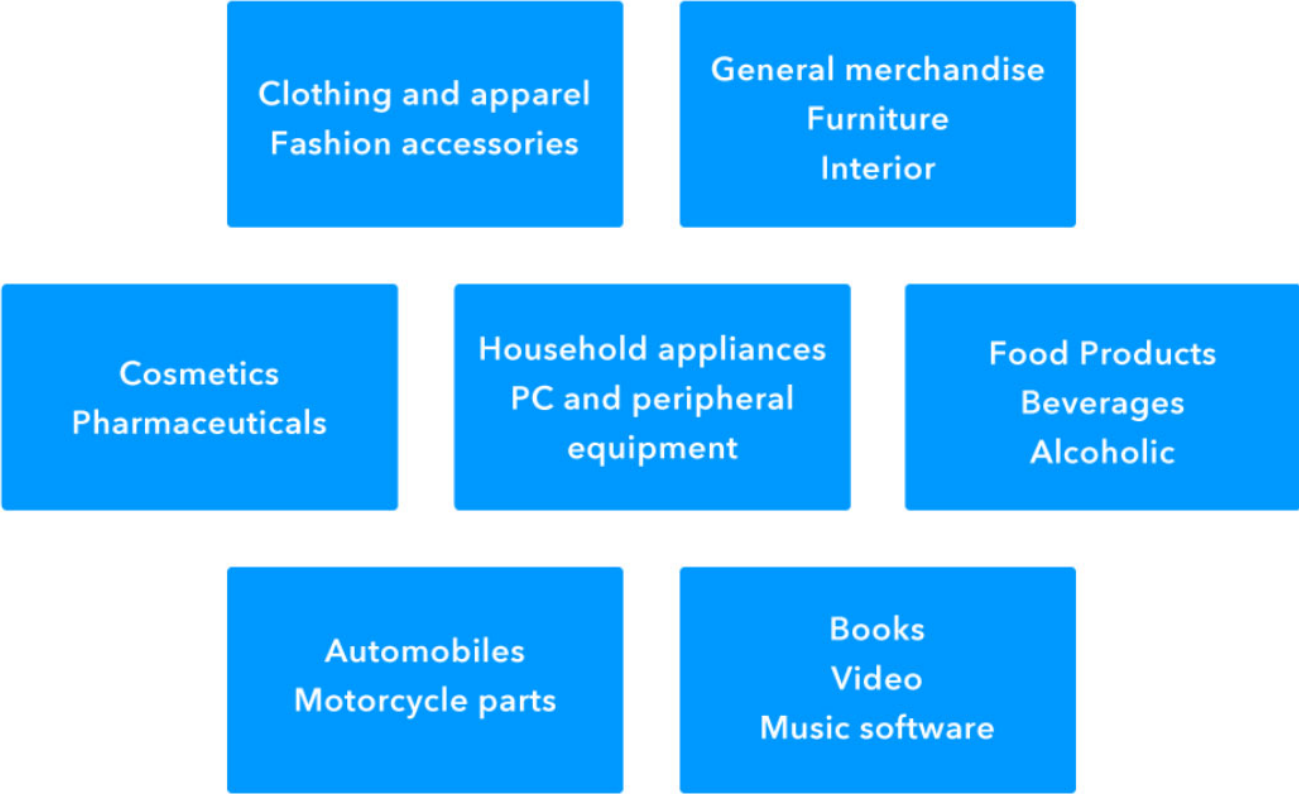
Next Engine —Main functions

- SaaS type EC Attractions to support the automation and streamlining of EC site management operations.



Next Engine —Clients

- Next Engine supports clients in various categories



※Partial posting

Next Engine —Clients



Neversey Never Inc.
<https://neversaynever.jp/>

Product: Women's Fashion and Apparel



MADE IN EARTH
<https://madeinearth-store.jp/>

Product: Organic cotton products, Soap, furniture



International Swan Group
<https://swan-group.net/>

Product: Clothing, fashion accessories, etc.



THE BODY SHOP JAPAN
<http://www.the-body-shop.co.jp/shop/>

Product: Natural cosmetics



※Partial posting



WARAI MIRAI
<http://waraimirai.com/>

Product: Suites, Fruits, Gifts

Next Engine
—Strengths



NEXT ENGINE

**Born from
EC
operation**

Services born from opinions of "We want to enjoy work more " of our EC operations

**In No1 market
Number of
contracted
clients ※**

Strong trust backed by industry No.1 by continued support from EC businesses
※Base on in-house research

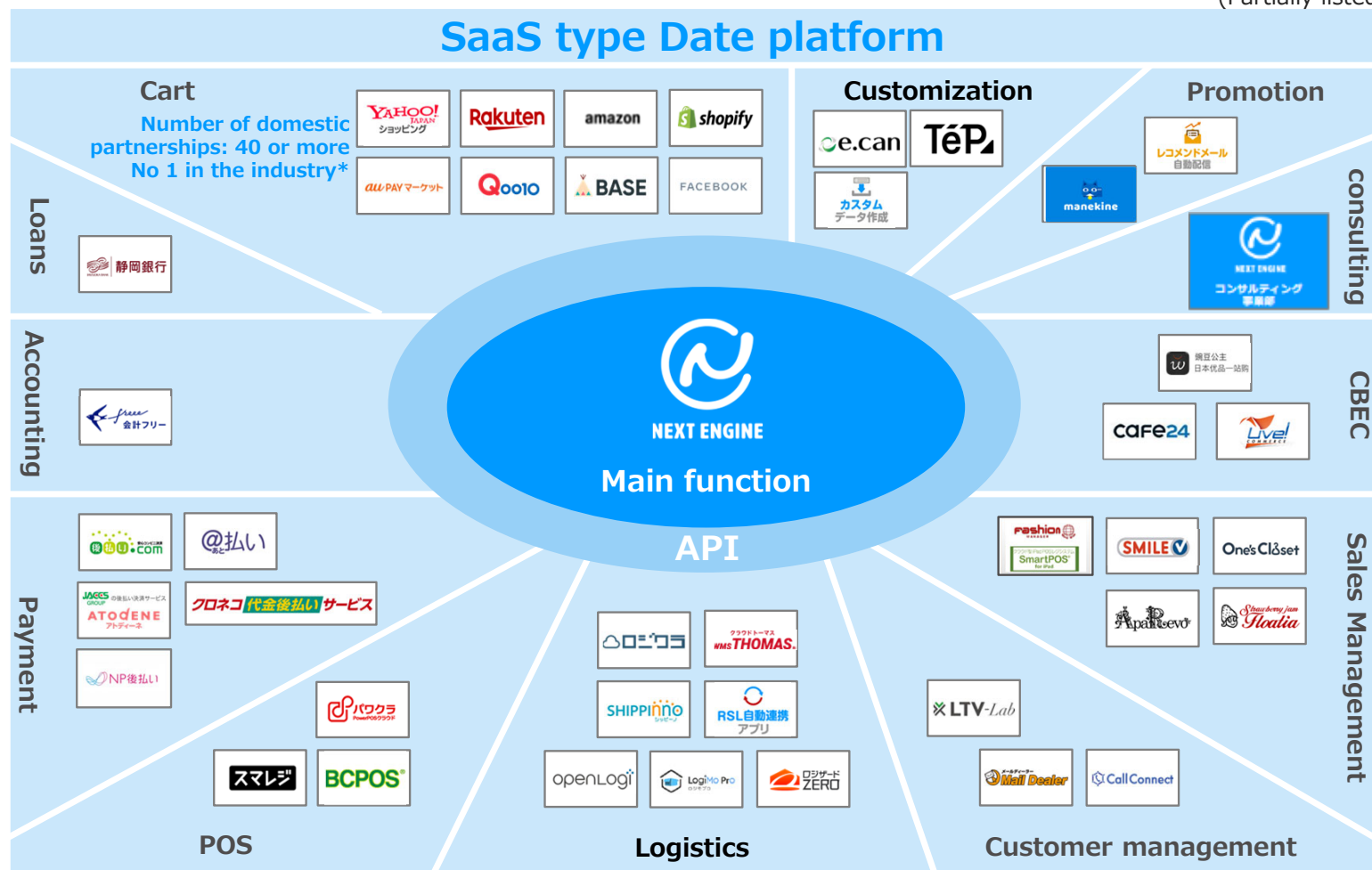
**Resilient
Customization**

You can customize and add features in the Apps. Available consistently to use regardless of changes in size of business or social environment

Next Engine —Strengths

Platform

(Partially listed)



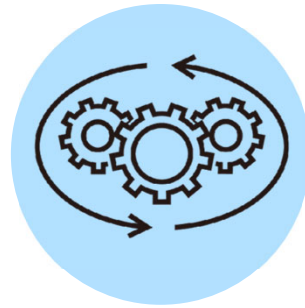
※ In house research, as of the end of October 2022

Consulting Business —Business Activities



EC consulting

Consultants in charge formulate strategies, improve customer attraction through SEO and advertising, and provide support from a variety of perspectives, including repeat and higher spending per customer.



Management agency

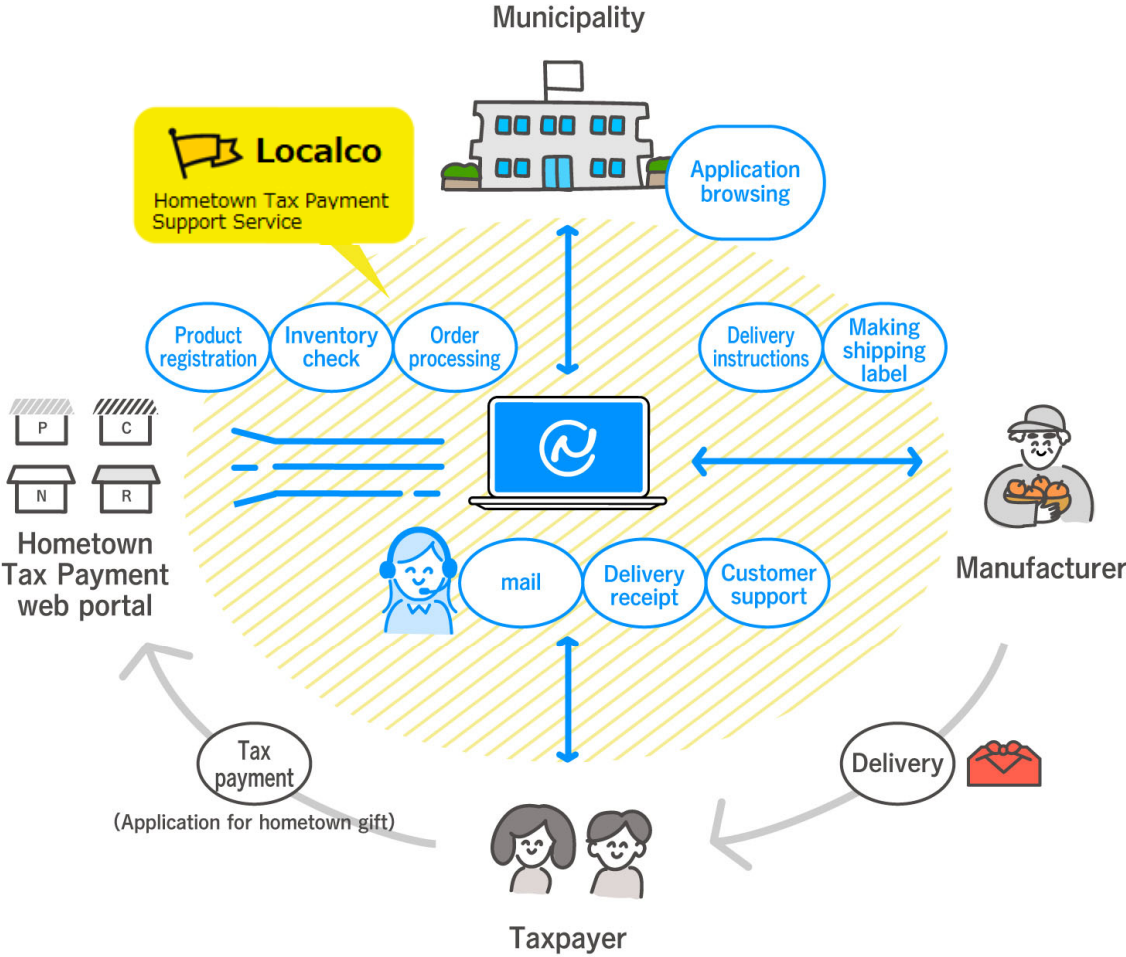
Operates EC sites that generate complicated operations from upstream to downstream, acting on behalf of customers in response to their requests.



EC store opening and construction consulting

Underwrote consulting, including the selection of malls and the design of websites and pages, to businesses considering opening new EC stores in an integrated manner, from actual site production.

Localco Business —Business Activities



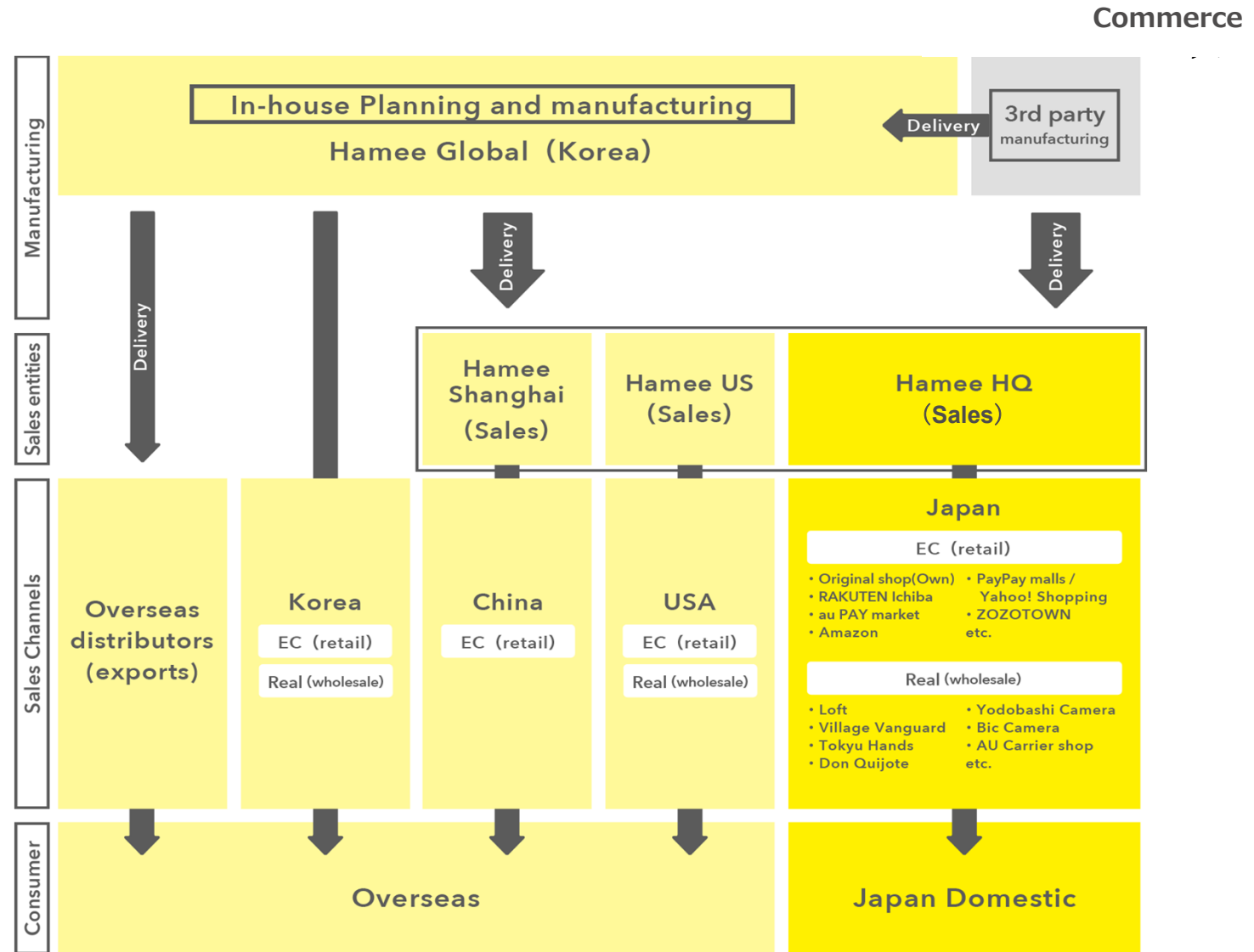
Business Overview

Commerce



Commerce Business Supply Chain

- In iFace, our main product, we have established a system that can cover planning, manufacturing, and sales(including EC) in-house.



Source of Commerce Competitiveness

Maximize EC know-how

- Efficient operations by making full use of Next Engine
- Store management
- Customer Satisfaction
- Warehouse linkage, etc.

Variety of sales channels

- Maximize product sales
- Improve profitability through in-house planned products
- Continued growth even in COVID-19

Supply Chain Management

- Consumer Voices are reflected to products speedily
- Expansion of product categories
- Incorporation of production profits from in-house production

With iFace branding Leveraging Growth

- First Class
- Reflection
- New series
- Peripheral accessories
- Color, character development

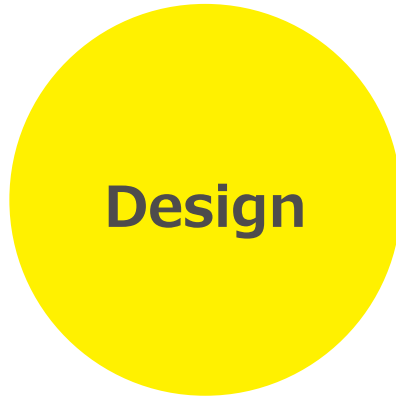


Launch new brand by using brand management that gained in the process of growth iFace

- Salisty, Andmesh

Over the past 20 years, the Domestic Commerce Business has maintained an increasing trend in sales.

iFace
—Strengths

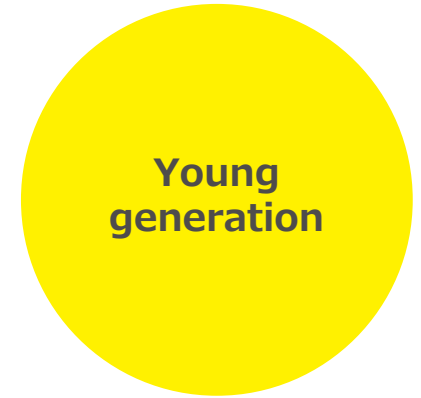


The design takes into account not only functionality such as impact resistance, but also the expressions of personality such as unique curve and abundant color valuations.



Its reliability is also high due to the strength and usability of its products, and its brand recognition is 64% high among men and women in their early 20s.

※Base on in-house survey
Survey period:December, 2021
Number of surveyed: 1,291
Survey method:Internet survey
Target:Men and women aged 20-24 (smartphone users)



Among young ※smartphone users, iFace users (including experienced users) account for more than 40%, earning a high level of loyalty, enabling us to secure a diverse range of sales destinations.

※Focuses on women aged 20 to 24 (Our survey December 2021)

iFace —Recognition

Overwhelming recognition among women in their late teens and early 20s compared to other companies' brands

※Our Survey

Survey period: December, 2021

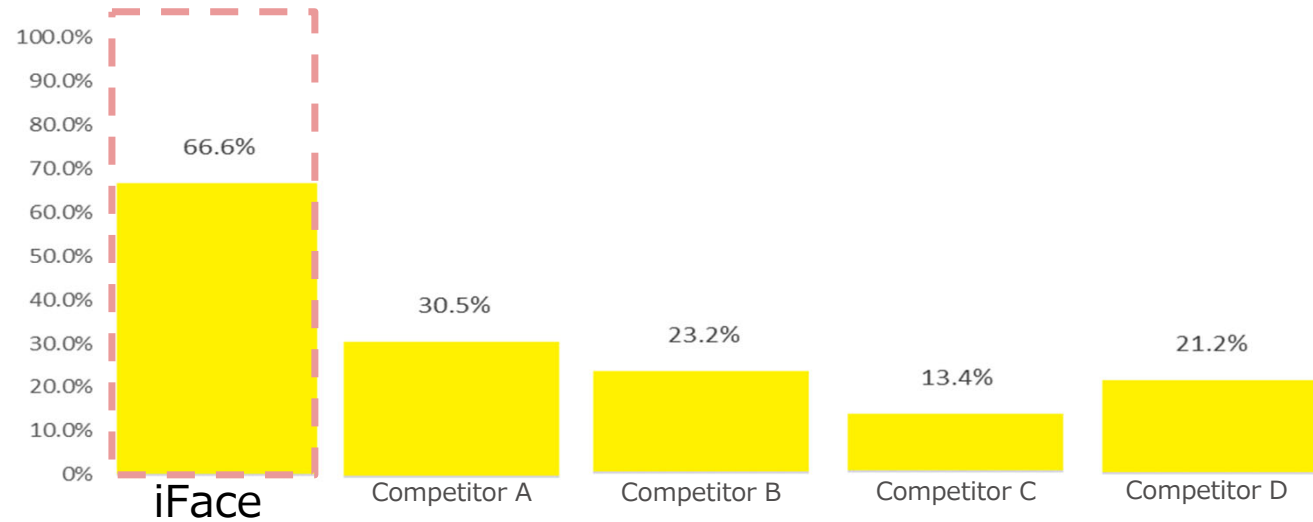
Number of researchers: 599 women in their teens/638 women in their early 20s

Survey method: Internet survey

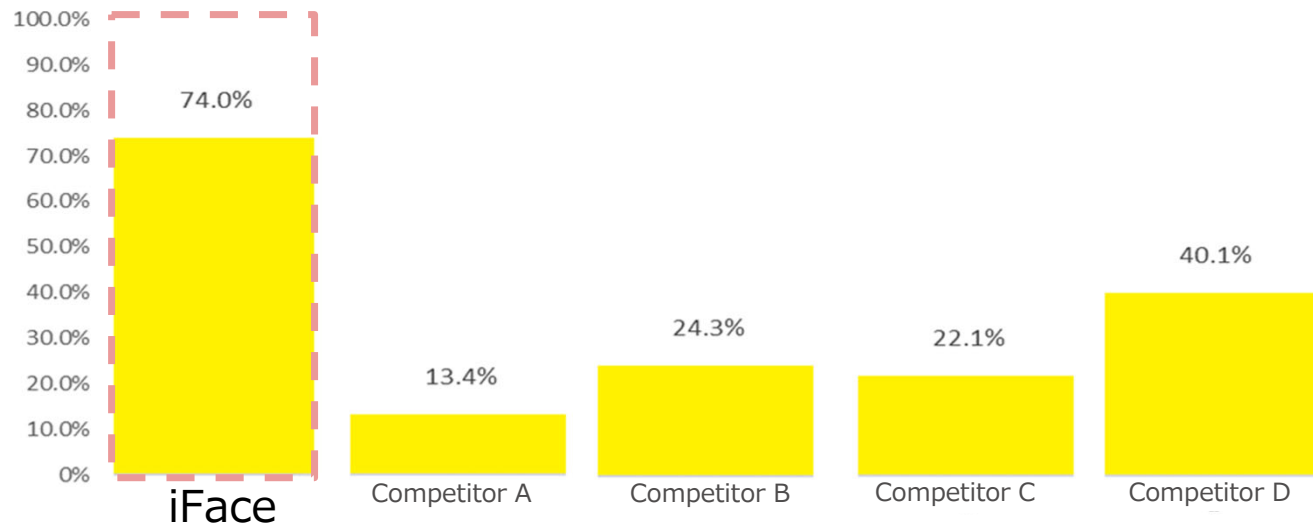
Target: Women aged 15-24

(smartphone users)

Brand Recognition (Women in their late teens)



Brand Awareness (Women in their early 20s)



Commerce

iFace —Series development

Voices of iFace user were commercialized

- **Look in Clear**

In a web-based survey, "Full Clear Case," which was the strongest demand, was commercialized as an item to be used in iFace.

- **Tablet Case**

Product development beyond smartphone cases based on the product strategy, one of the Mid-Term Management Plan.

- **Hang and**

A new product that comes with a shoulder strap that keeps the trend in check launchd in February.

High designability + Series expansion + Peripheral accessories development

- **First Class**

Mainstay Products



- **Reflection**



- **Look in Clear**



- **Tablet Case**



Develop peripheral accessories

- **Hang and**

Product development



- **Finger Ring Holder**
- **Compact Wallet**



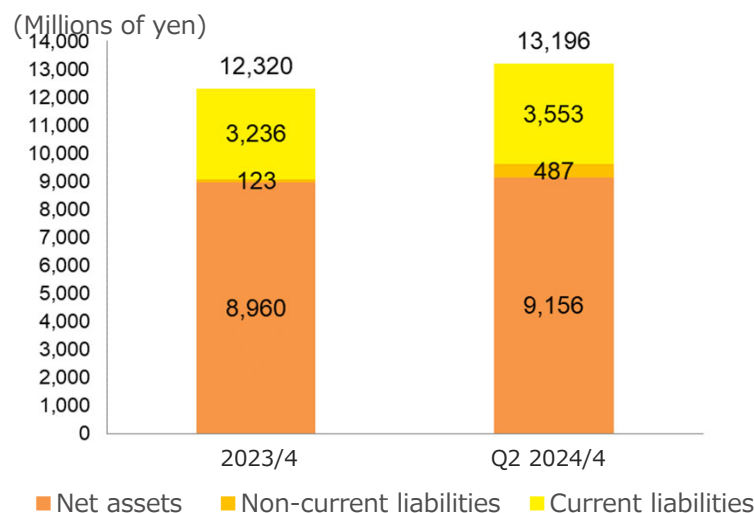
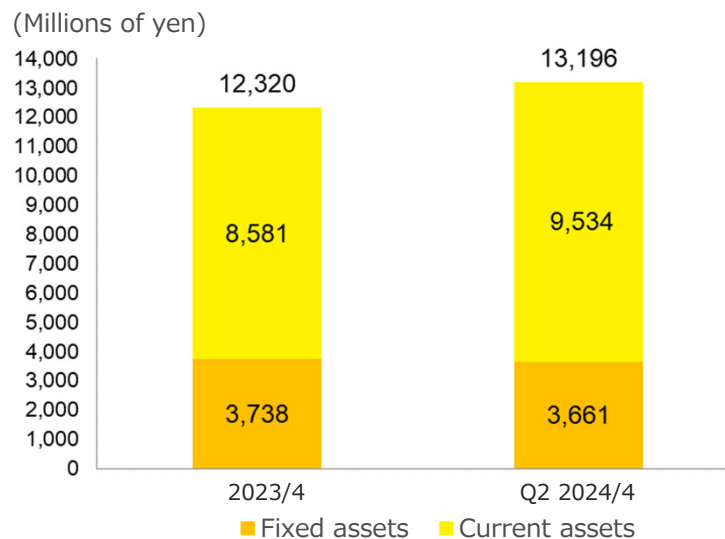
- **Grip On Silicone Case**



Reference Information

Q2 FY04/24 Consolidated Balance Sheet

Commerce



(Millions of yen)

Current assets		9,534	(952)
■ Cash and deposits	2,982	(△553)	
■ Notes and accounts receivable	2,149	(352)	
■ Merchandise	2,499	(856)	
■ Others	1,818	(221)	

Fixed assets		3,661	(△76)
■ Property, plant and equipment	1,583	(75)	
■ Intangible assets	802	(△ 22)	
■ Investments and other assets	1,275	(△129)	

Current liabilities		3,553	(316)
■ Short-term loans	1,200	(△100)	
■ Others	219	(21)	

Non-current liabilities		487	(363)
■ Others	92	(△20)	

Net assets		9,156	(195)
■ Retained earnings	7,672	(△162)	

Next Engine indicators

Fiscal Year	FY04/23					FY04/24	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Number of clients	5,560	5,598	5,651	5,772	5,772	5,917	6,033
Number of stores introduced (stores)	43,049	44,221	45,116	45,937	45,937	46,865	47,728
GMV (Billions of yen)	255	243	287	276	1,061	280	262
ARPU (yen)	35,833	34,434	36,864	34,977	35,527	35,392	32,863
Monthly churn rate	0.80%	1.04%	0.95%	1.00%	0.95%	0.94%	0.82%
Number of orders received (ten thousand)	3,452	3,185	3,714	3,429	13,781	3,702	3,314
LTV(Lifetime Value) (yen)	4,493,902	3,323,480	3,881,696	3,500,899	3,799,994	3,784,611	3,991,849

※GMV and the number of orders processed are the totals at the end of each quarter. Monthly churn rate's figures are calculated by dividing the number of contracted clients end of Q4 from the average number of cancellations during the quarterly period.

Results for each Business —Net sales

(Millions of yen)

Summary of Business Figures
(Accounting Period)

				2023/4				2024/4	
				Q1	Q2	Q3	Q4	Q1	Q2
売上高			Mobile Life Business	1,557	2,025	1,736	1,838	1,613	2,161
			Gaming Accessories Business	188	159	230	190	180	151
			Cosmetics Business	23	47	72	151	317	468
			New Business investment	18	18	25	38	29	71
	Total domestic commerce			1,798	2,257	2,064	2,218	2,139	2,852
	Global Business			543	458	795	534	397	601
	Commerce segment total			2,331	2,709	2,860	2,753	2,537	3,453
	Next Engine Business			597	580	618	603	628	594
	Consulting Business			120	148	103	100	100	103
	Localco Business			55	90	323	39	52	159
	Platform Segment Total			774	819	1,045	743	781	858
Total sales				3,106	3,527	3,908	3,496	3,316	4,314

Results for each Business —Operating income

(Millions of yen)

Summary of Business Figures
(Accounting Period)

				2023/4				2024/4	
				Q1	Q2	Q3	Q4	Q1	Q2
Segment Income			Mobile Life Business	313	410	324	174	324	454
			Gaming accessories Business	2	7	0	△7	△4	△11
			Cosmetics Business	△110	△138	△136	△104	△68	△161
			New Business investment	△54	△57	△51	△96	△62	△53
			Functional Departments	△26	△26	△17	△35	△83	△78
			Total domestic commerce	134	202	120	△69	106	148
			Global Business(including deduction of unrealized gains, etc.)	35	21	171	97	△19	157
			Commerce Segment Total	159	217	291	27	87	306
			Platform Segment Total	322	333	538	315	349	409
			Total Segment Income	482	550	829	342	436	715
		Adjusted amount	△234	△224	△234	△241	△261	△255	
		Operating income	248	326	595	101	174	459	

Shareholder Returns —Dividend per share

① Linked to performance

We will return profits to shareholders in accordance with profit growth.

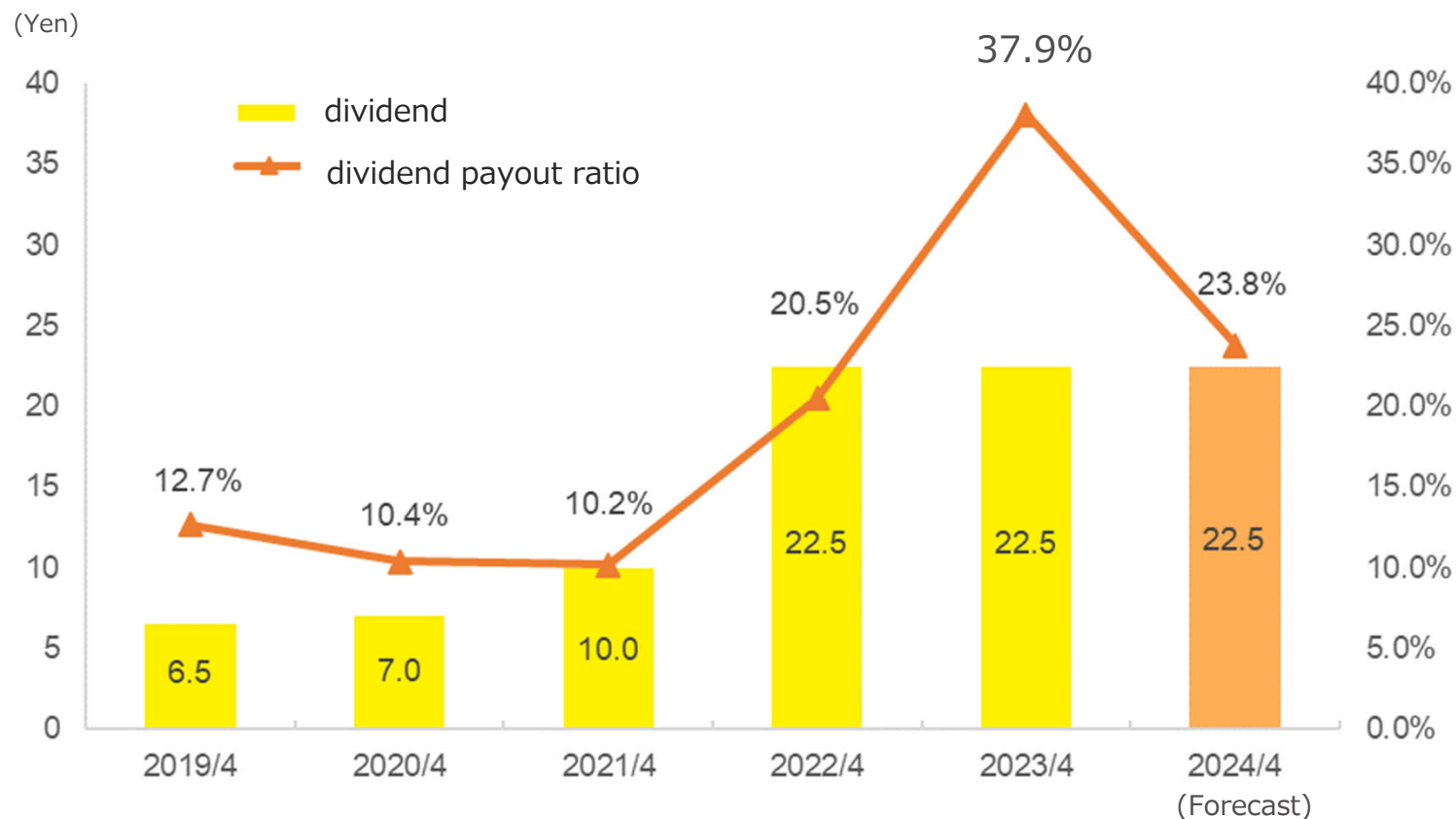
Maintain a dividend payout ratio of 20% or more

② Stable dividend

As long as there are no major gains or losses or changes in external conditions, in principle we will maintain or improve DPS.

Consolidated

Dividend amount





For inquiries about this material and IR, please contact the following.

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