Hamee Corp.

FY 04/20
Financial Results

TSE Part 1, Securities Code 3134

happy mobile, easy e-commerce

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I. Executive Summary

II. Financial Results

III. Business Overview

IV. Mid-Term Plan

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I. Executive Summary

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Executive Summary

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Group Net sales (YoY change)

JPY11.3 billion

+9.9 %

Group Operating income (YoY change)

JPY1.74 billion

+50.0 %

<Sales>
Against the backdrop of favorable conditions in the EC-related market, Strong performance in both Commerce Business

< Operating income >
Net sales increased by +9.9% YoY, and operating income increased significantly by +50% YoY.

Executive Summary

Platform Business	Next Engine continued to implement various measures to increase added value, and the number of contracted companies increased as planned. Sales rose 11.3% year-on-year and operating profit jumped 25.0% YoY, reflecting the accelerated shift to e-commerce due to the impact of the new coronavirus. In Hamee Consulting, despite focusing on the development of new services, both sales and profits declined YoY due to growth-oriented investments.
Commerce Business	Sales of iFace Reflection and other iFace series were strong in both domestic retailing and wholesaling. Sales rose 7.8% YoY and operating profit jumped 34.5% YoY, with retail sales covering the impact of the new coronavirus in wholesale sales.
Global	Utilize the planning and manufacturing business acquired by the Korean subsidiary to create a foundation to create global items for global expansion.

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II. Financial Results

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Summary for the Fiscal Year Ended April 2020

Millions of yen

	FY04/19	% of sales	FY04/20	Increase/ Decrease	YoY %	% of sales
Net sales	10,302	100.0%	11,325	1,022	9.9%	100.0%
Operating income	1,163	11.3%	1,744	581	50.0%	15.4%
Ordinary income	1,179	11.4%	1,756	577	49.0%	15.5%
Net profit attributable to owners of parent	821	8.0%	1,064	242	29.6%	9.4%

Net earnings per share	51.16 yen	67.07 yen

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Income and Loss Statement for the Fiscal Year Ended April 2020

Millions of yen

	FY04/19	% of sales	FY04/20	Increase/ Decrease	YoY %	% of sales
Net sales	10,302	100.0%	11,325	1,022	9.9%	100.0%
■ Commerce Business	8,544	82.9%	9,208	664	7.8%	81.3%
Retail	3,956	38.4%	4,560	604	15.3%	40.3%
Wholesale	4,587	44.5%	4,648	61	1.3%	41.0%
■ PF Business	1,722	16.7%	1,848	126	7.3%	16.3%
■ Others	36	0.3%	268	232	644.4%	2.4%
Cost of sales	5,055	49.1%	4,894	△ 161	△3.2%	43.2%
Gross profit	5,247	50.9%	6,430	1,183	22.5%	56.8%
SGA cost	4,080	39.6%	4,686	605	14.9%	41.4%
Distribution expenses	545	5.3%	576	30	5.7%	5.1%
personnel expenses	1,472	14.3%	1,659	187	12.7%	14.6%
Commissions	701	6.8%	804	103	14.7%	7.1%
Operating income	1,163	11.3%	1,744	581	50.0%	15.4%
Ordinary income	1,179	11.4%	1,756	577	48.9%	15.5%
Net profit attributable to owners of parent	821	8.0%	1,064	242	29.6%	9.4%

Extraordinary loss of JPY177 million

1, Impairment loss
■ Property, plant and equipment and intangible assets related with mobile accessory brand acquired by South Korean subsidiary JPY165 million

■ Non-current assets by consolidated subsidiaries JPY6 million

2, Loss on retirement of non-current assets JPY1 million

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By segment for the fourth quarter of the fiscal year ending April 2020

Millions of yen

		FY04/19	FY04/20	Increase /Decrease	YoY %	Composition ratio
Commerce Business	Net sales	8,544	9,208	664	7.8%	81.3%
	Segment profit	1,637	2,198	560	34.3%	84.4%
	Profit ratio	19.2%	23.9%	4.7%	—	—
Platform Business	Net sale	1,722	1,848	126	7.3%	16.3%
	Segment profit	527	585	57	11.0%	22.5%
	Profit ratio	30.7%	31.3%	0.6%	—	—
Others	Net sales	36	268	231	644.4%	2.4%
	Segment profit	△ 161	△ 179	△17	11.2%	△6.9%
	Profit ratio	-	—	—	—	—
Total	Net sales	10,302	11,325	1,022	9.9%	100.0%
	Segment profit	2,003	2,604	601	30.0%	100.0%
	Adjusted amount	△839	△ 859	△ 19	2.4%	-
	Operating income	1,163	1,744	581	50.0%	-
	Profit ratio	11.3%	15.4%	4.1%	—	-

Analysis of Sales and Operating income in the Fiscal Year Ended April 2020

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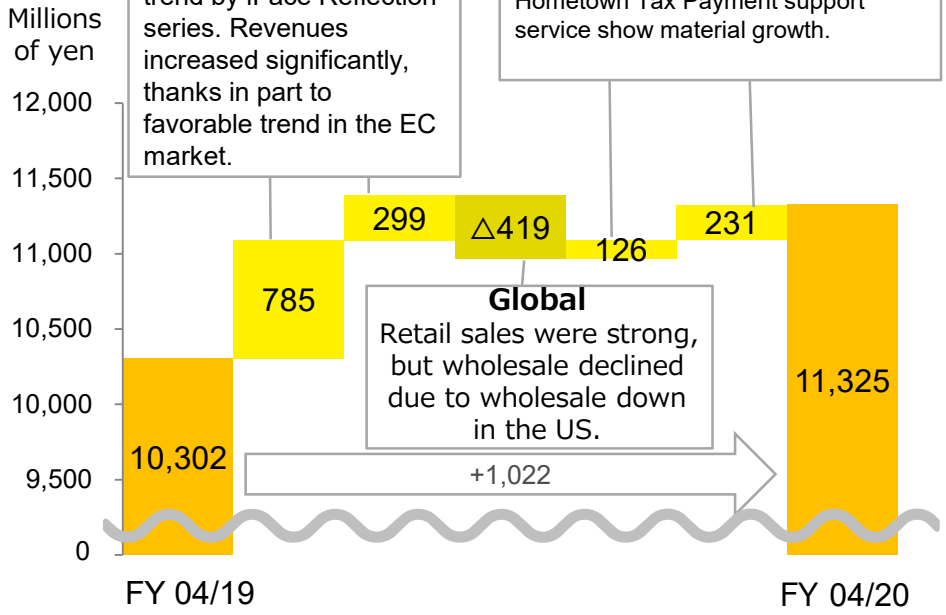
Net sales

Domestic wholesale
Same as Domestic retail, iFace series are still strong, In Q4 COVID-19 make sales down.

Platform
- Next Engine focus on re-strucuturing such as ourtsourcing call center operations, etc. for future growth.
- Hamee consulting sales down YoY (see next page for details)

Domestic retail
Continuing strong sales trend by iFace Reflection series. Revenues increased significantly, thanks in part to favorable trend in the EC market.

Others
Hometown Tax Payment support service show material growth.

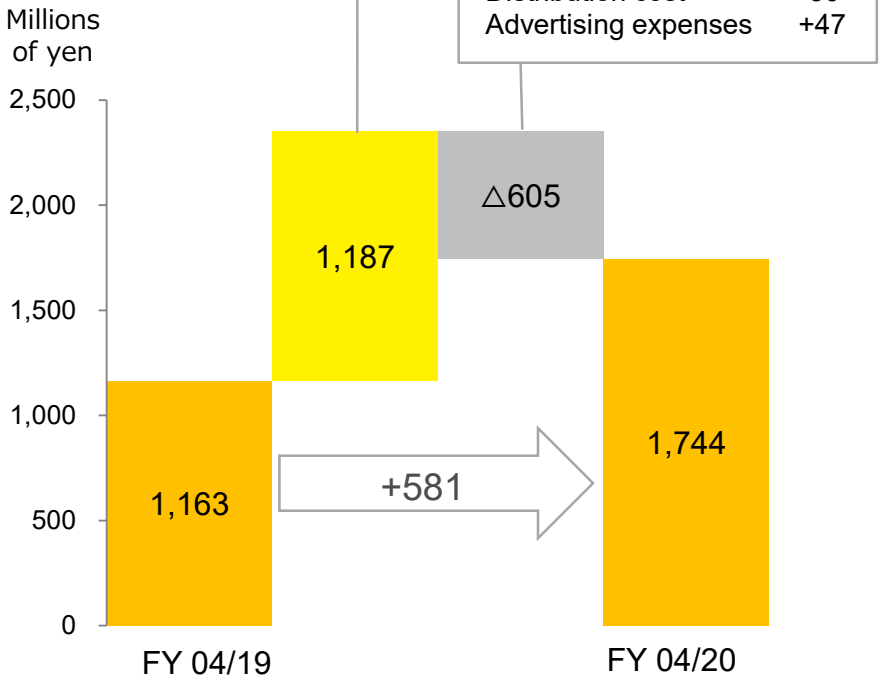


Global
Retail sales were strong, but wholesale declined due to wholesale down in the US.

Operating income

Gross margin
Sales increment especially Commerce Business

SG&A expenses	+605
Personnel expenses	+187
Commissions	+103
R&D	+71
Goodwill amortization	+72
Distribution cost	+30
Advertising expenses	+47

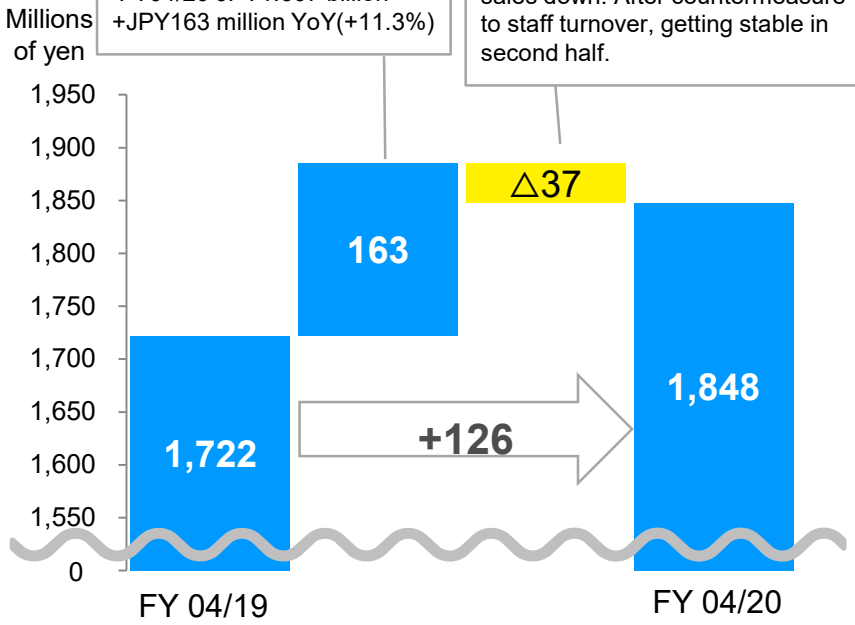


Analysis of Sales and Profit in Platform Segments for FY April 2020

Net sales

Next Engine
Implemented various application interface to increase added value . In Q4, up trend in sales due to “Digital shift” caused by COVID-19.
FY04/19 JPY1.443 billion
FY04/20 JPY1.607 billion
+JPY163 million YoY(+11.3%)

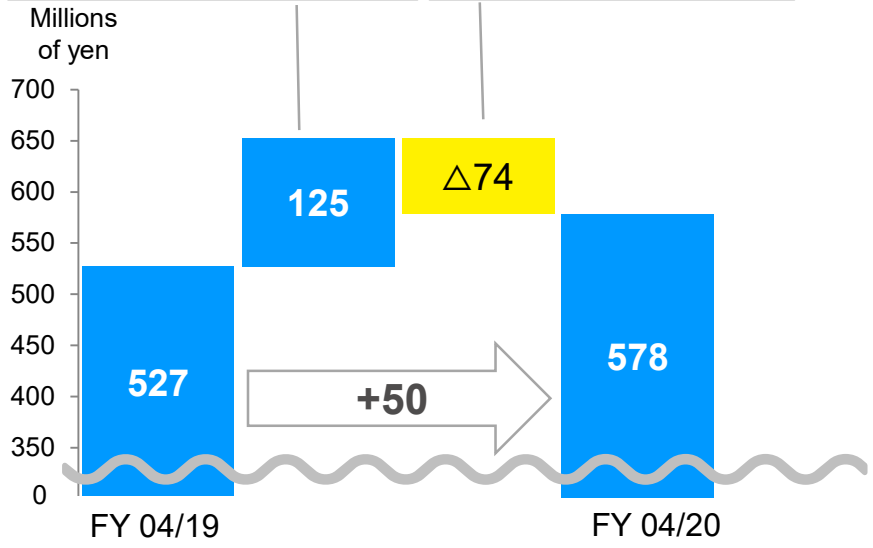
Hamee consulting
For the purpose of future growth, keep to recruit new consultant. This cause additional time for training by existing consultant, recruiting expense, and additional labor cost. Temporary staff turnover worse and this make sales down. After countermeasure to staff turnover, getting stable in second half.



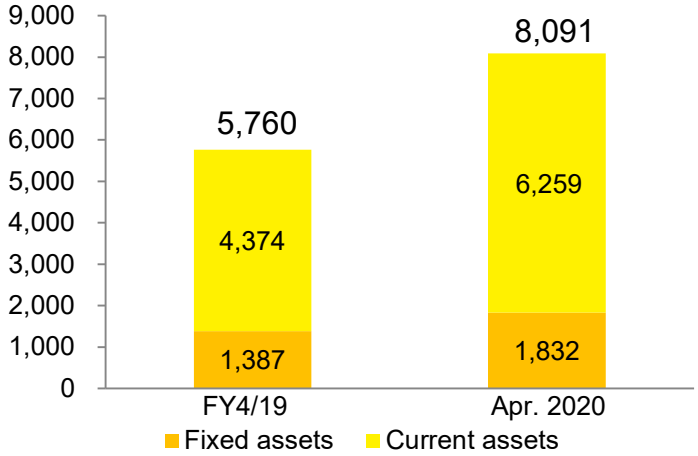
Segment profit

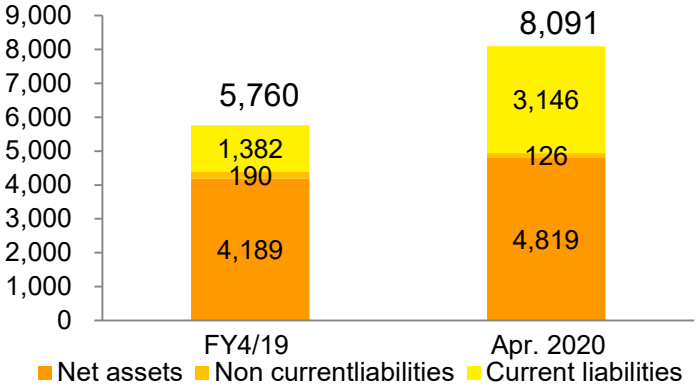
Next Engine
Although server costs, software amortization, and outsourcing costs (Call center) increased by JPY65 million, overall personnel costs (cost of sales and SG&A expenses) were reduced by JPY33 million, and other expenses were reduced as well As a result, operating profit increased significantly by 25% YoY.

Hamee consulting
Despite some cost reductions, increase total SG&A JPY34 million such as labor costs JPY28 million. Impact of growth investments was significant, Profits after goodwill amortization fell by JPY74 million YoY.



FY 04/20 Balance Sheets





Millions of yen

Current assets	6,258 (+1,885)
■ Cash and deposits	3,453 (+1,792)
■ Notes and accounts receivable	1,230 (△53)
■ Inventory	1,063 (+30)
■ Others	512 (+116)
Fixed assets	1,832 (+445)
■ Property, plant and equipment	569 (+292)
■ Intangible assets	761 (+45)
■ Investments and other assets	501 (+107)
Current liabilities	3,146 (+1,764)
■ Accounts payable	166 (△41)
■ Short-term loans	1,600 (+1,300)
■ Accounts payable-other	660 (+326)
Non currentliabilities	126 (△64)
■ Long-term loan	91 (△48)
Net assets	4,818 (+630)
■ Retained earnings	4,161 (+958)

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Reference Indicators: YoY Comparison by EBITDA

Indicator of profitability that takes into account growth investments

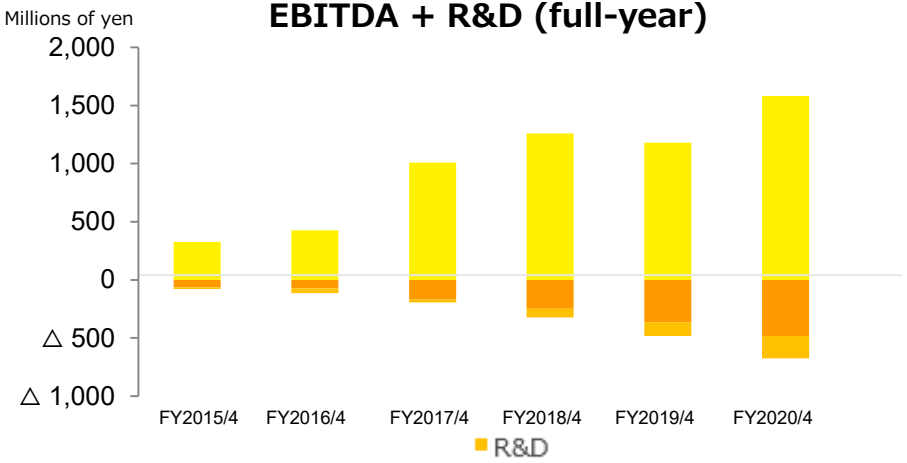
Millions of yen

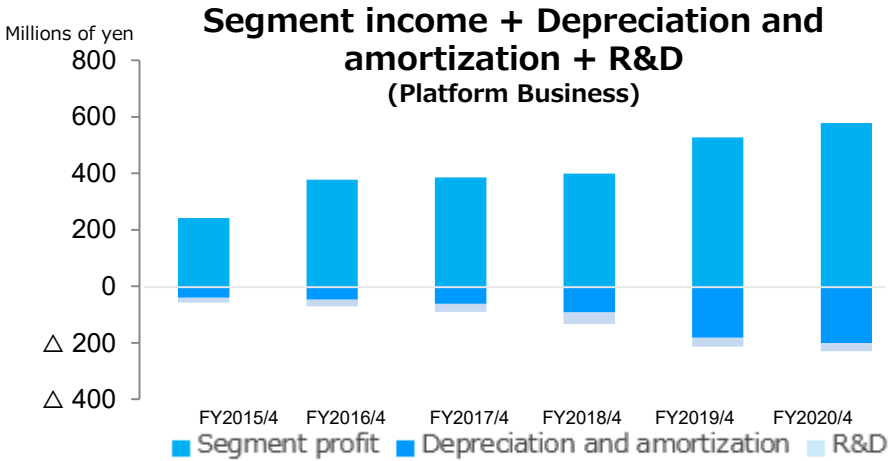
	FY04/19	FY04/20	Increase/Decrease	YoY %
Net income before income taxes and minority interests	1,179	1,582	403	34.2%
Interest expenses	2	3	1	60.0%
Depreciation and amortization	361	481	120	33.3%
Software	122	141	19	16%
Goodwill	76	149	72	95%
Other intangible assets	32	6	△ 26	△80.4%
EBITDA	1,542	2,067	524	34.0%
R&D	120	192	71	59.2%

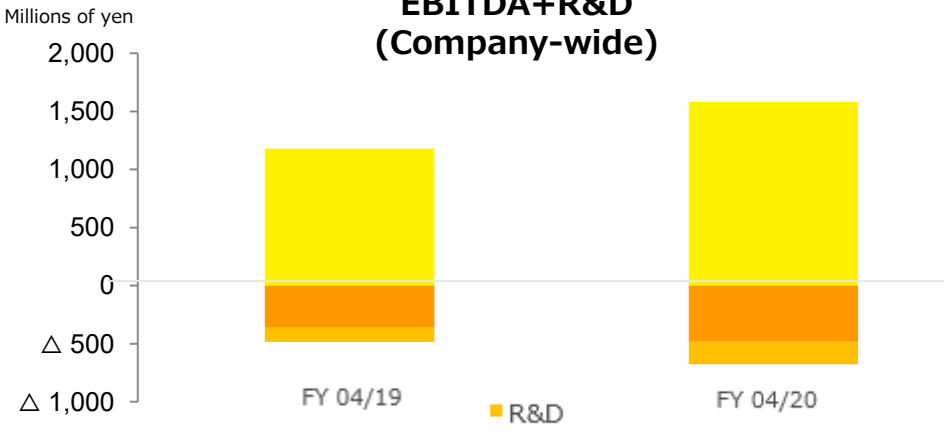
Depreciation and amortization (Breakdown):

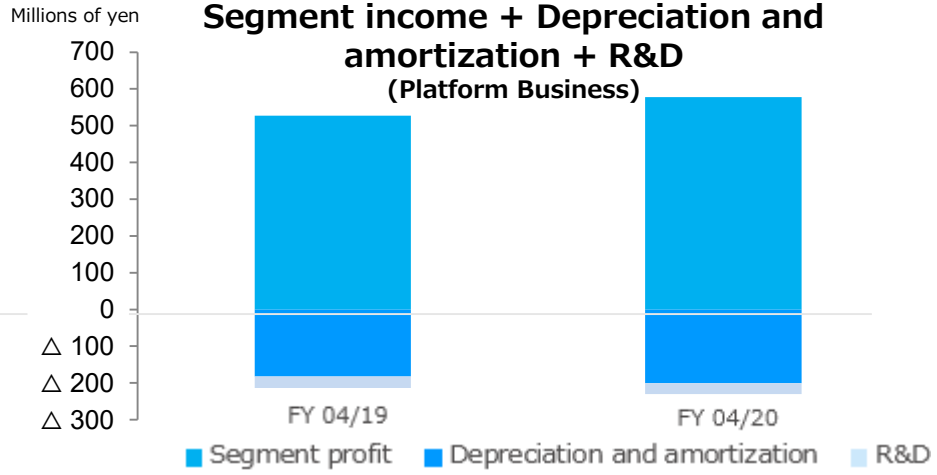
Software	Goodwill	Other intangible assets
Enhancement of Next Engine functions and In the development of next engine apps and other areas In personnel expenses for medium-sized development projects Recorded as software and amortized over 3 years	Platform Business JPY60 million (Hamee Consulting) Commerce Business JPY89 million (PATCHWORKS and JEI DESIGN WORKS)	Commerce Business JPY6 million (PATCHWORKS trademark rights)

Reference Indicators: Investment for Growth and Earnings









Income Statement for the Fiscal Year Ending April 2021

Millions of yen

	FY04/20	% of sales	FY04/21	Increase/ Decrease	YoY %	% of sales
Net sales	11,325	100.0%	12,832	1,507	13.3%	100.0%
Operating income	1,744	15.4%	1,778	33	50.1%	15.4%
Ordinary income	1,756	15.5%	1,764	7	0.4%	13.8%
Net profit attributable to owners of parent	1,064	9.4%	1,260	196	18.5%	9.8%

Net earnings per share	67.07 yen	79.84 yen

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Forecast for Fiscal year ended April 2021 -Income Statement

Millions of yen

	FY04/20	% of sales	FY04/21 Forecast	Increase/ Decrease	YoY %	% of sales
Net sales	11,325	100.0%	12,832	1,507	13.3%	100.0%
■ Commerce Business	9,208	81.3%	9,990	781	8.5%	77.9%
Retail	4,560	40.3%	5,482	921	20.2%	42.7%
Wholesale	4,648	41.0%	4,507	△140	△3.0%	35.1%
■ PF Business	1,848	16.3%	2,059	211	11.4%	16.1%
■ Others	268	2.4%	782	514	191.8%	6.1%
Cost of sales	4,894	43.2%	5,082	187	3.8%	39.6%
Gross profit	6,430	56.8%	7,750	1,319	20.5%	60.4%
SGA cost	4,686	41.4%	5,971	1,285	27.4%	46.5%
Distribution	576	5.1%	647	70	12.3%	5.1%
Personnel	1,659	14.7%	2,080	421	25.4%	16.2%
Commissions	804	7.1%	1,093	288	35.8%	8.5%
Operating income	1,744	15.4%	1,778	33	1.9%	13.9%
Ordinary income	1,756	15.5%	1,764	7	0.4%	13.8%
Net profit Attributable to owners of parent	1,064	9.4%	1,260	196	18.5%	9.8%

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Forecast for Fiscal year ended April 2021 by Segment

Millions of yen

		FY04/20	FY04/21 Forecast	Increase /Decrease	YoY %	Composition ratio
Commerce Business	Net sales	9,208	9,990	781	8.5%	77.85%
	Segment profit	2,205	2,561	356	16.1%	90.91%
	Profit ratio	24.0%	25.6%	1.7%	-	-
Platform Business	Net sales	1,848	2,059	211	11.4%	16.1%
	(Next Engine)	(1,607)	(1,770)	(163)	(10.2%)	(13.8%)
	Segment profit	578	661	83	14.4%	23.5%
	(Next Engine)	(626)	(732)	(106)	(17.0%)	(26.0%)
	Profit ratio	31.3%	32.1%	0.8%	-	-
Others	Net sales	268	782	514	191.8%	6.1%
	Segment profit	△179	△405	△226	126.4%	△14.4%
	Profit ratio	-	-	-	-	-
Total	Net sales	11,325	12,832	1,507	13.3%	100.0%
	Segment profit	2,604	2,817	212	8.2%	100.0%
	Adjusted amount	△859	△1,038	△179	20.8%	-
	Operating income	1,747	1,778	33	1.9%	-
	Profit ratio	15.4%	13.9%	△1.6%	-	-

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III. Business Overview

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Platform Business

NEXT ENGINE

Platform Business　Automating EC "Next Engine"

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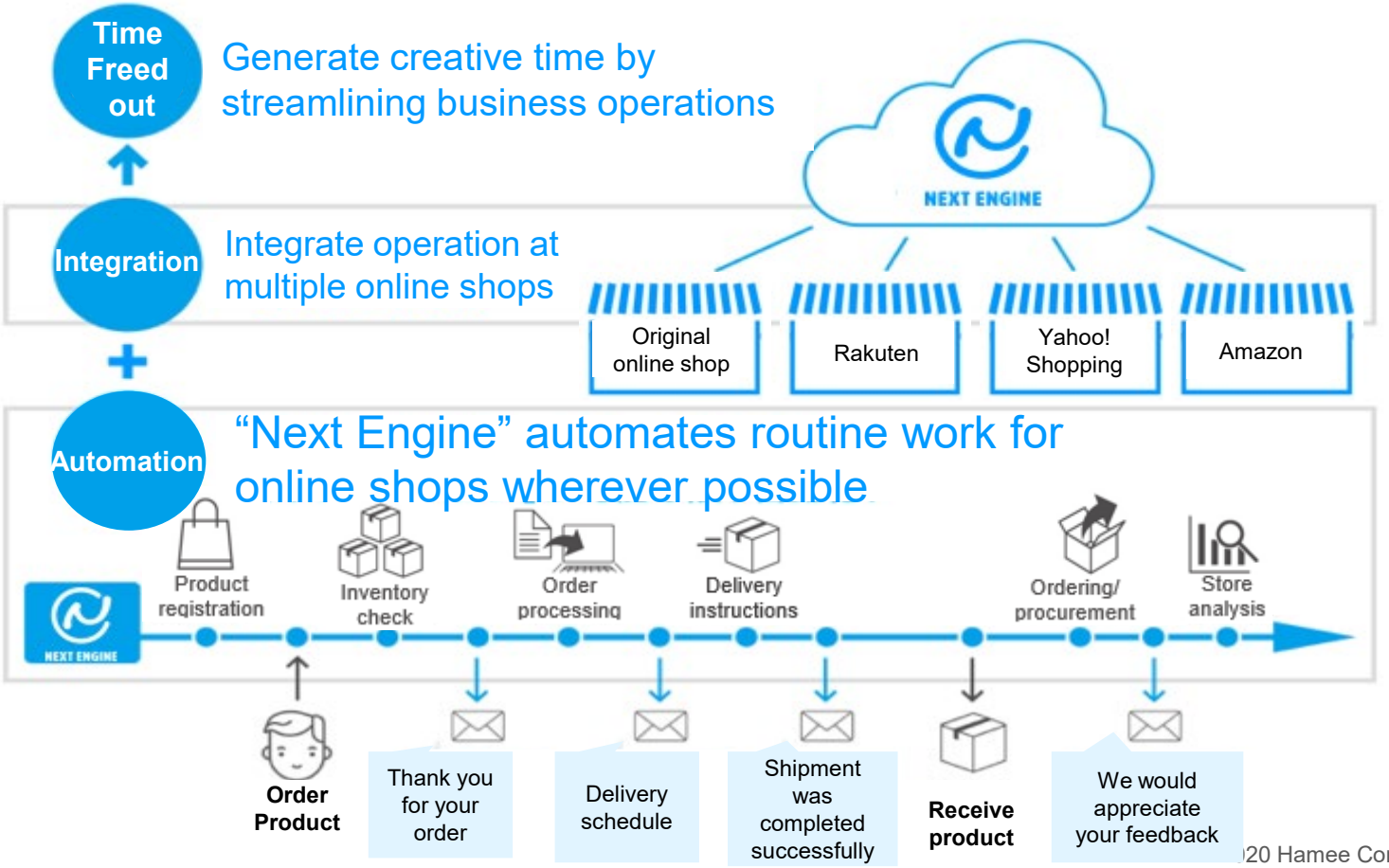

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Shift to Data platform (Partial publication)

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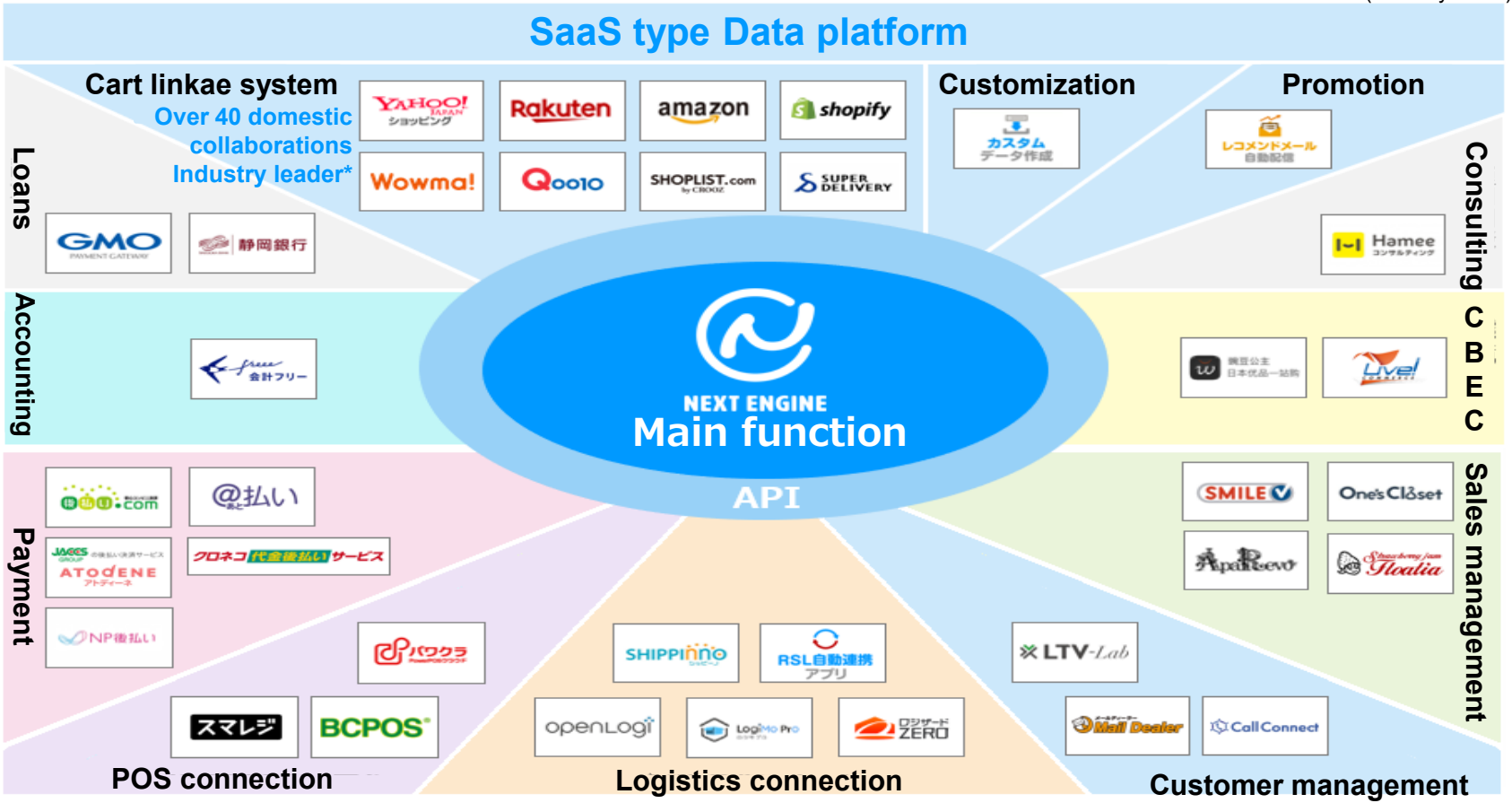
(Partially listed)



※ Based on our research, as of the end of April, 2020

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Platform - Next Engine – Apps connection

(Partially listed)

Product analysis and inventory control

low-moving inventory app
An app that visualizes products that remain unsold even after a certain period of time (slow-moving inventory) and displays them in a new service (RUKAMO) that distributes slow-moving inventory.

Sales up

Mail recommendation auto mail delivery
Auto mail delivery to consumer for EC operator to insert advertisement in email to consumer to recommend other product by same client, based on data in Next Engine by A.I..

※ Dec. 13, 2018 Official Release

Accounting

freee専用
会計ソフト連携アプリ
Apps to interface order data (both customer and purchase) in Next Engine to freee.

※ Official Release of Mar. 8, 2019

Logistics

Connect with LOGIZARD ZERO provided by Logizard Co., Ltd. to make auto shipping instruction.

Provided by: Shippino Co., Ltd.

CRM

EC CRM LTV-Lab
To utilize data in Next Engine to visualize repeat sales, repeat %.

Provision: Core Force Co., Ltd.

Loan（Fintech）

GMO-PG
Transaction rending
For speedy loan examination without mortgage or joint guarantor to utilize data in Next Engine such as order, sales etc.

Provided by: GMO Payment Gateway Co., Ltd.

CBEC

豌豆公主(Wandou)
Auto registration to Wandou (China market) for data registered in Next Engine.

Provided by: Inagora Co., Ltd

Customization

Customization of Next Engine data preparation
Customize data in Next Engine to output or data connection with other system.

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Next Engine Main Function Contracts

(As of April 30, 2020)

Total number of subscribers: 3,997 clients

(375 companies increased from the end of April 2019)

Number of Stores Introduced

(As of April 30, 2020)

Number of stores: 30,835

(up 2,829 stores from the end of April 2019)

Clients

※ Partially posted

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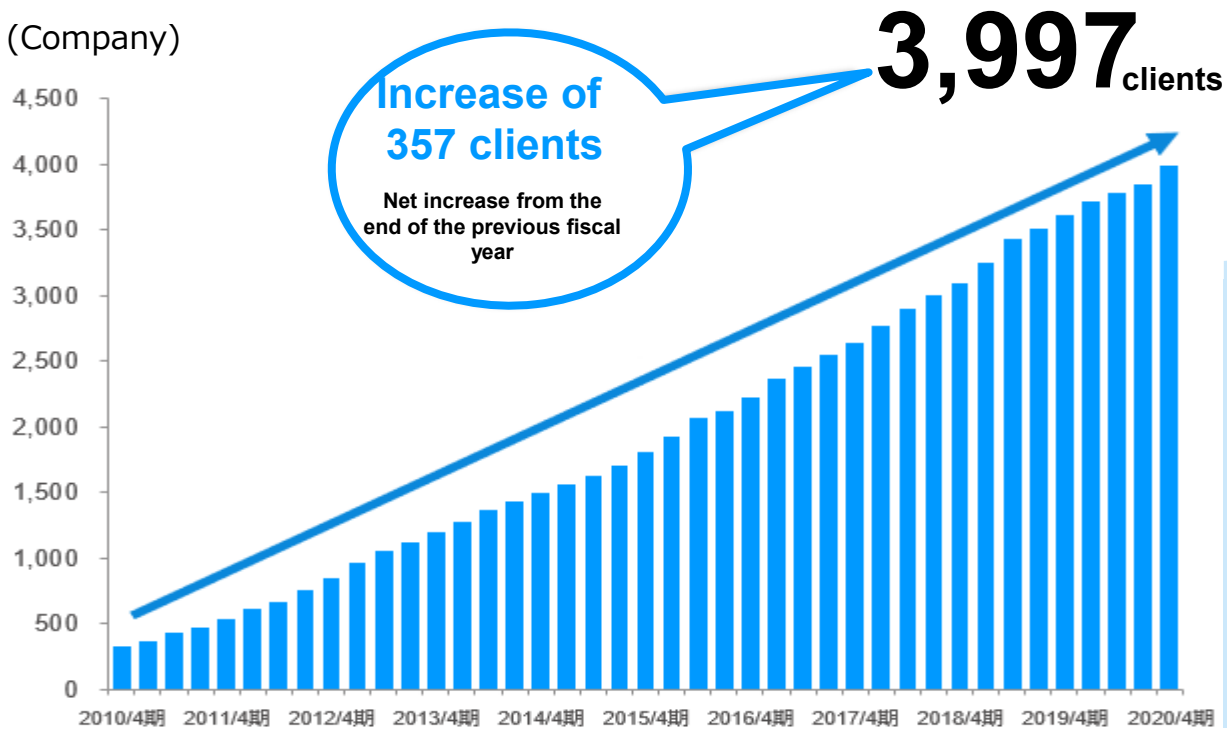
History in number of Next Engine contracts

The number of contracts in the period ending April 2020 was 3,997, up by 13.8% YoY.



Accelerating Client contracts after outsourcing

Outsource call-center operation

- Agent to distribute Next Engine
- Corona Infection Prevention MeasuresCampaign
- Enhance number of help desk staffs
- Enhance Next Engine function

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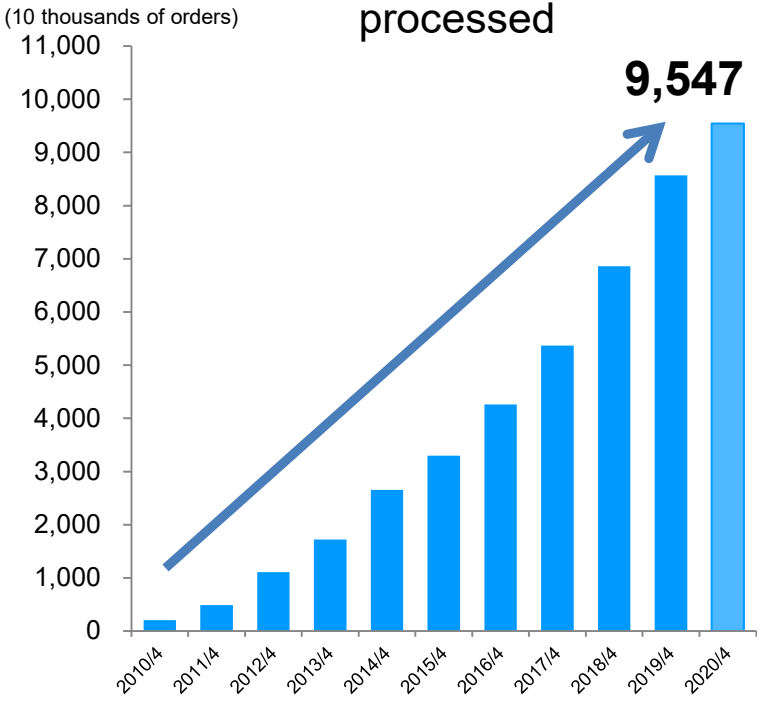
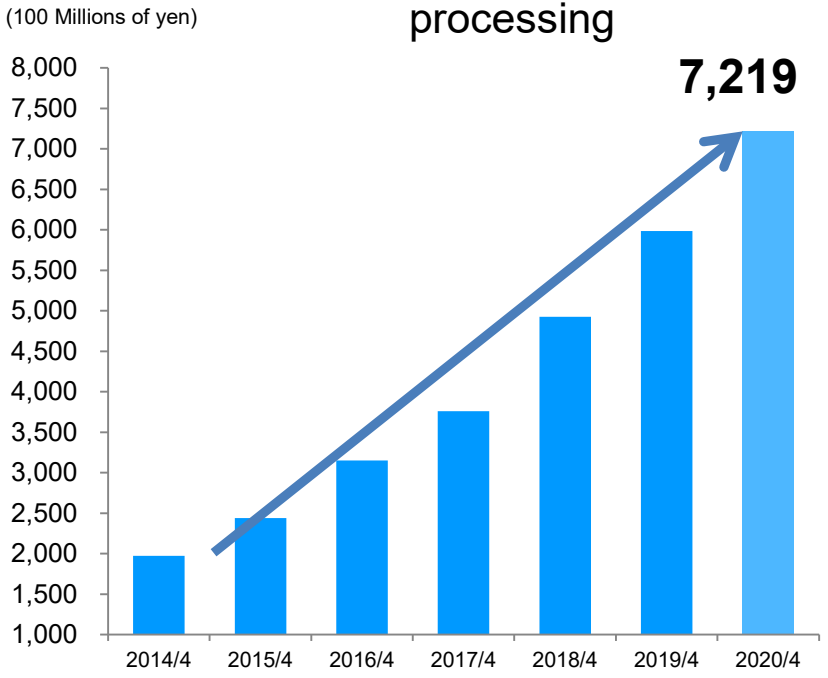
History in Number of orders and Amount of orders processed

With significant changes in people's consumption styles due to the impact of the outbreak of COVID-19. In March and April 2020, the amount of orders processed exceeded JPY60 billion and transaction volume expanded consecutively.

History in number of orders processed



History in amount of order processing



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Platform Business – Actions for COVID-19

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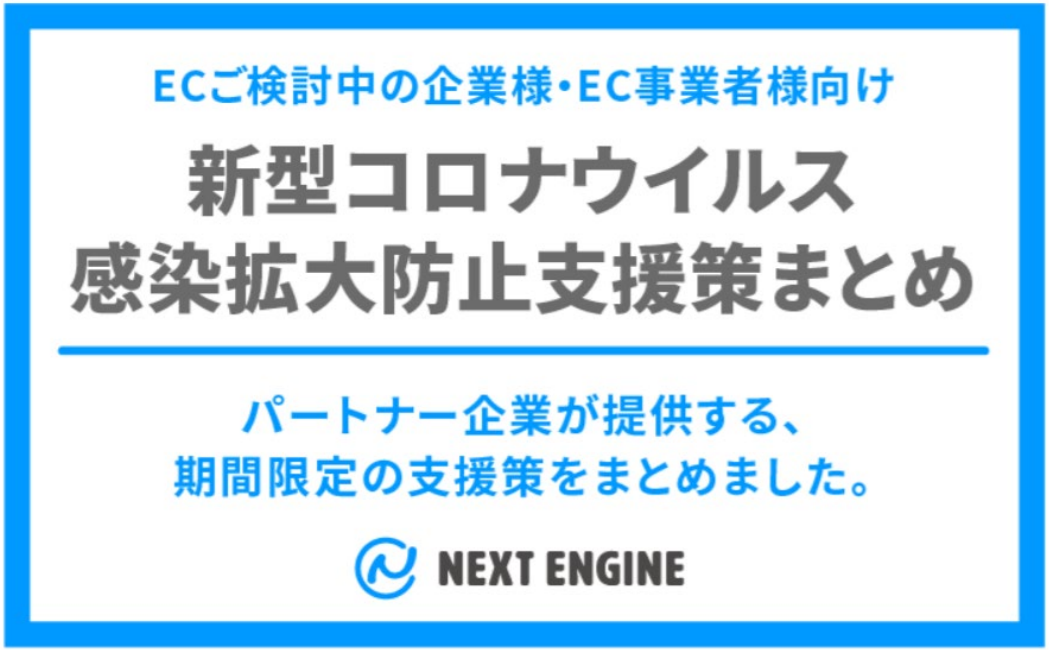
By "Next Engine" and it’spartner companies
Provided support measures to prevent the spread of COVID-19



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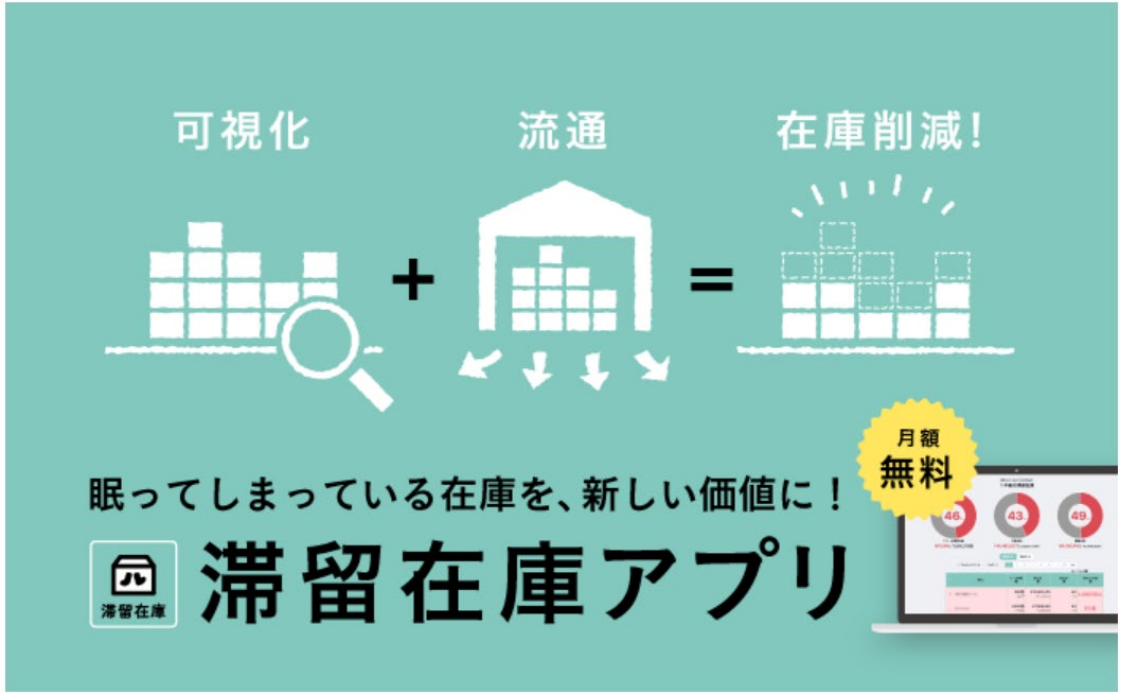
Apps to visualize slow moving inventory.
Take actions before dead!



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Commerce Business

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Sales Channels in the Commerce Business

Original products and 3rd party products

A wide array of sales channels

B to C online sales (14 stores in Japan)

Mobile Accessory Goods Hamee

Head Office
Ichiba
Au PAY market stores
PayPay Mall/ Yahoo! Shopping Store
Amazon stores
Qoo10 stores
ZOZOTOWN stores
d Shopping store

Specialty stores for smartphone goods
iPlus

Specialty stores for cute goods
Kawaii館

Specialty stores for enjoyable miscellaneous goods
にぎわい商店

Women's accessories for smartphones
ketchup!

Videos of smartphone gadgets
HameeTV

In-store BtoB sales

Loft
Village Vanguard
Tokyu Hands
Don Quijote
Yodobashi Camera
Itswa Shoji Co., Ltd.
Big camera
AU Carrier shops

Smartphone goods procurement and wholesale
Hamee Biz
Numerous others (abbreviated)

Overseas sales via EC/Wholesale

韓国
Hamee Global Inc.

アメリカ
Hamee US, Corp.

中国
Hamee Shanghai Trade Co.,Ltd

インド
Hamee India Pvt. Ltd.

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Commerce Business　Enhance iFace brand

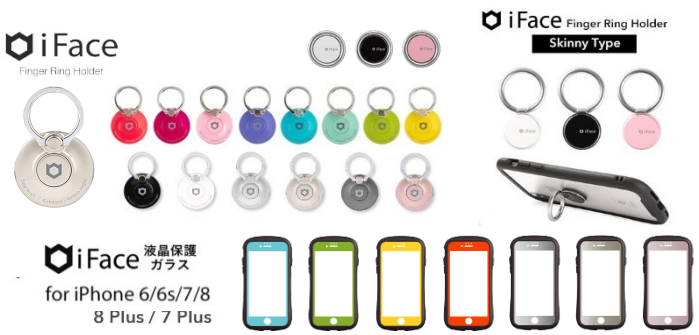
Hamee

iFace　**Going to WORLD WIDE brand**

Product development matched with each market needs

Enhance core brand lineup

Continuously develop and release new series



Branding-mid term

Enhance brand value

Brand concept

iFace

iFace is always By Your Side.

Investment to branding

Promotion

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Brand of commerce business- products origins

Hamee

Enhance brand value to continuously develop and release “iFace”, core brand.

iFace for iPhoneSE (second-generation) series

iFace films

iFace ringholders

Enhance brand due to in house development to identify market needs.

Compact power strip

Products for the apparel market

Water proof mobile batteries for outdoor

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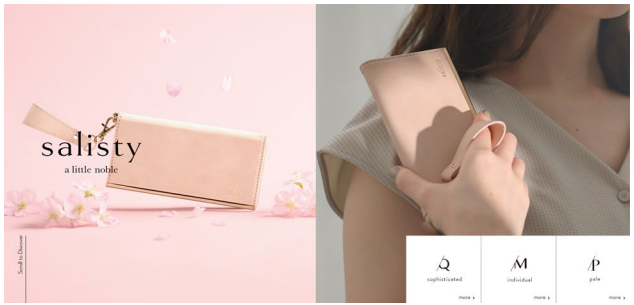
Brand of commerce business- products origins and Promotion

Strengthen communications with iFace users and pursue customer experience value

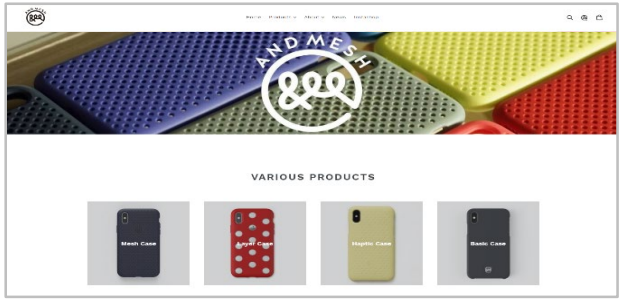
Develop new color rings that meet user preferences, such as pure color models and café series models

Developing NO1 Strategies Based on Brand Image Research

Continuous multi-brand development



SALISTY branding sites
https://www.strapya.com/special/salisty/



ANDMESH branding sites
https://www.andmesh.com/

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Results of commerce business EC operation

Won Rakuten Shop of the Year 2019 Grand Prix Award!
～ Outstanding performance of iFace sales, cumulative worldwide sales exceed 17.45 million pcs! ～

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Hamee

Global

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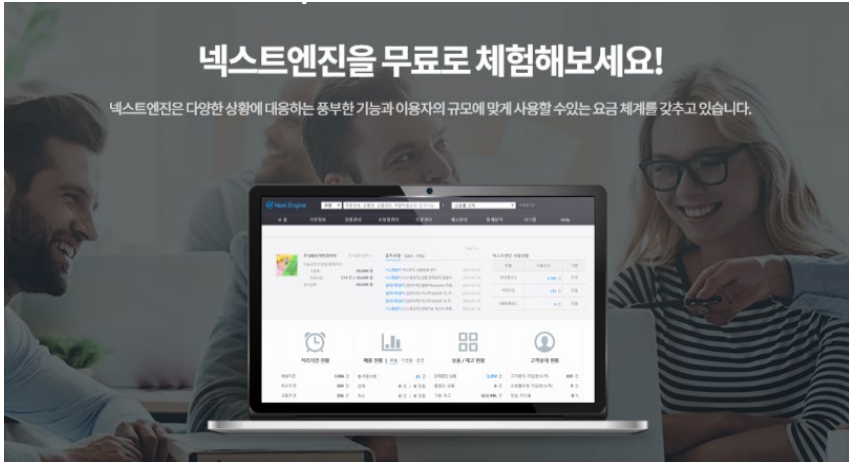
Next Engine Korea

Service in Korea market
Where several EC malls competing

To establish subscription model in oversea market based on mid term plan



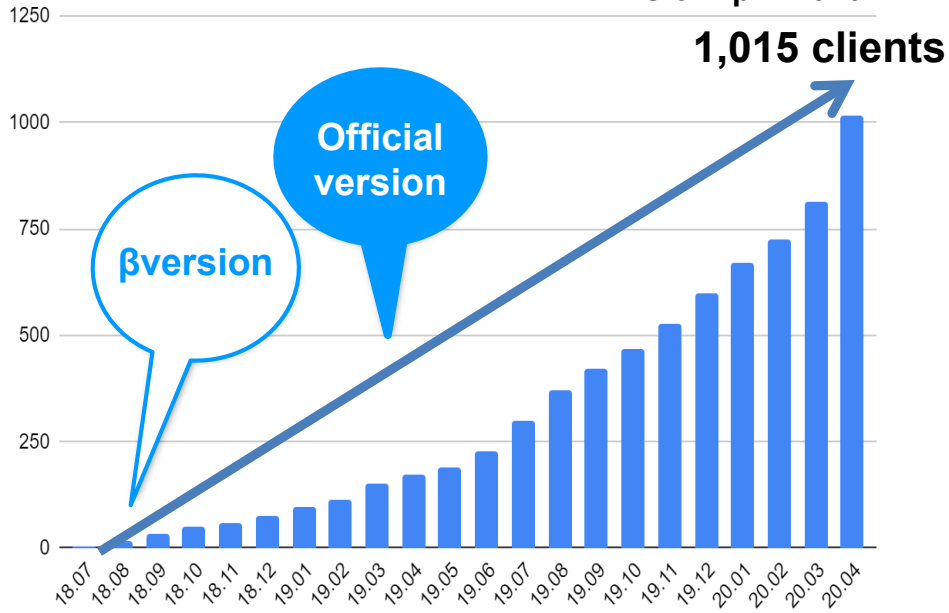
Mall carts that Next Engine is available to connect

SmartStore, coupang, Gmarket, AUCTION., 11st, INTERPARK, emart, SHINSEGAE MALL, LOTTE.com, MakeShop, cafe24, 10X10

Next Engine Korea Number of clients

As of April 2020

1,015 clients



Partially published, as of May 2019

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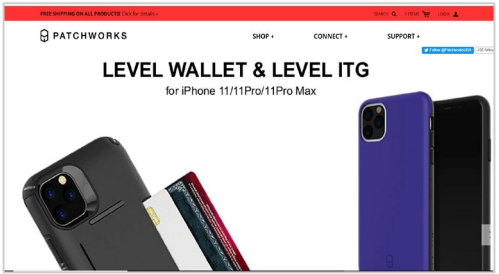
Global – EC expansion

Continuously release in house brand to oversea market

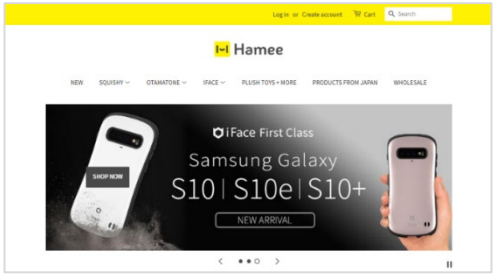
Korea（hamee.co.kr ）

Taobao China（strapya.world.taobao.com ）

Strategic product launch in US market



PATCHWORKS（ patchworks.us ）



US（ hamee.com ）

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Product manufacturing consolidation

Hamee Global control from Product branding to Distribution, after acquisition of Jei Design Works (JDW) on Oct 2019

JDW

Jei Design Works

Hamee
- Global -

Oct 2019

✓ **Branding team from JDW**

✓ **Manufacturing function joined**

BRANDING → DEVELOPMENT → MANUFACTURING → DISTRIBUTION

✓ **Smooth product development**

Aug 2019

✓ **Expand logistic function**

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Global product expansion

Challenge “Global product”

K-Design Award
Grand Prize
2017,2018

Red Dot
Design Award
2017,2018

Good Design
2017

iF Design Award
2019

Branding team joined from JEI DESIGN WORKS Inc. on Oct 2019 are professional product branding team and have won several award such as K-Design Award, Good Design Award etc.

★iFace Global site launch

Challenge Global product by our original design, and expand to global market!

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IV. Mid-Term Plan

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Mid term plan-Summary（Updated on Dec 2019）

Hamee

Target to achieve 13.8B yen of Sales, minimum 16% of Operating profit ratio by Apr 2022,
Hamee challenges to shift business model from Flow (Pay per product model) to Stock (Subscription mode) to seek Customer Experience based on current capability (management resources).

Mid term plan Minimum target

Consolidation sales
（FY2022 Apr）

13.8B yen

Consolidation Operating Income
（FY2022 Apr）

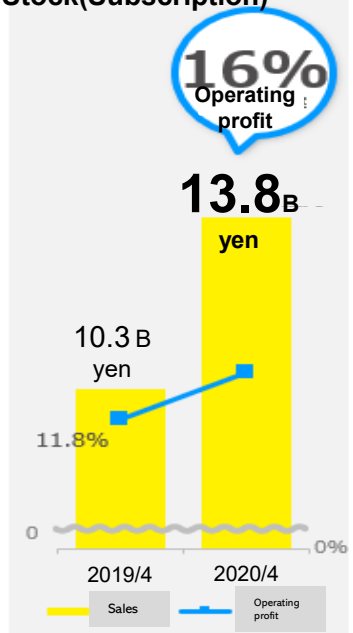
16%

Dividend ratio
（FY2022 Apr）

20%

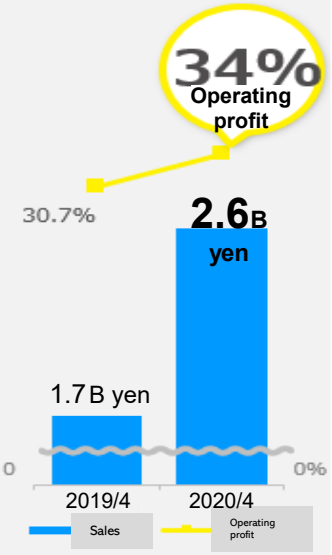
Consolidation

Shift business model from Flow (Pay per product) to Stock(Subscription)



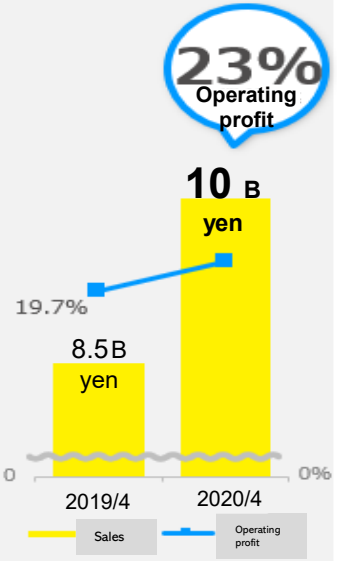
Platform

Seek Customer Success, target more than 5,500 clients. Contribute client's sales, profit growth and business model changes.



Commerce

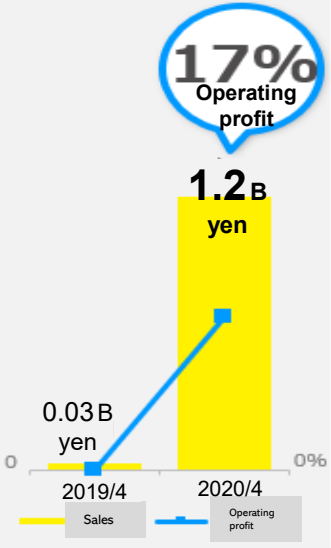
Keep to strengthen branding for in house product such as iFace, same time to challenge to shift business model from Flow to Stock (Subscription)



New Business

Expand subscription model, Hamic series.

New business with data collaboration with existing business unit.



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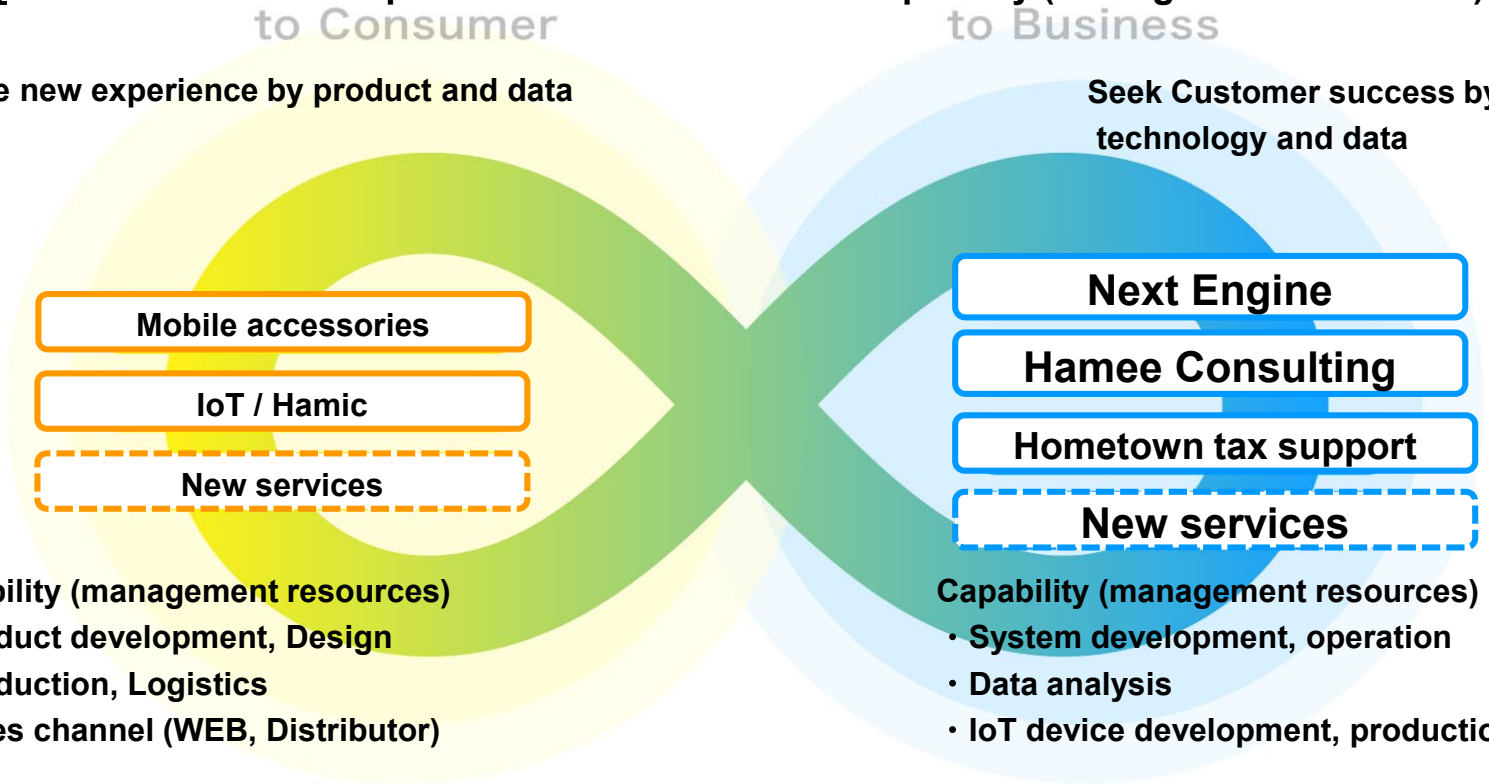
Hamee Infinity Strategy（Mid term strategy）

Challenge to shift business model from Flow (Pay per product model) to Stock (Subscription mode) to seek Customer Experience based on current capability (management resources)



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to Consumer

プロダクトとデータで新体験を提供

New experience for users
By providing products and data

Make more touch points with consumers
by expanding sales of iFace

Release multi services to link with iFace

More series of IoT/Hamic to launch

Other new services to collaborate data from each
business unit

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Smartphone insurance

At any time, all smartphones are available to apply! Hamee started service "Smartphone Insurance" with a monthly fee just JPY200!

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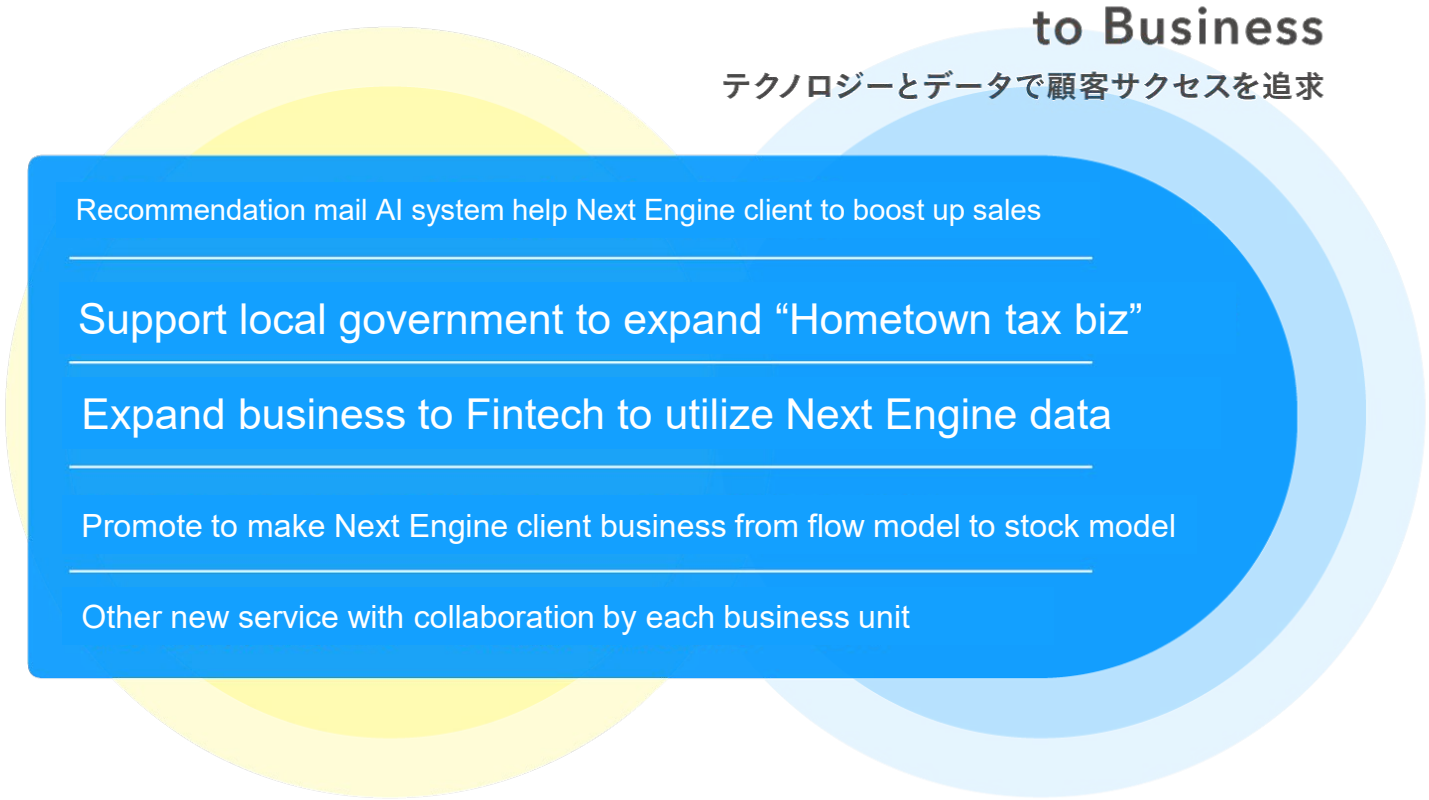

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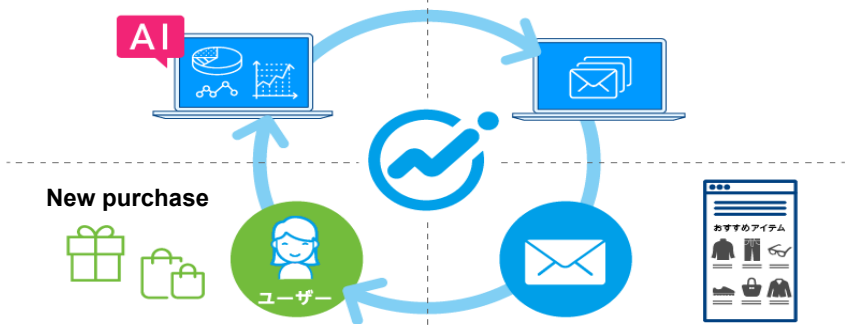
Next Engine and official release of product recommendation AI ~ automatic increase in sales

Scheme of Mail recommendation by AI

Next Engine AI analyze personal purchase study per shops

Insert advertisement to email based on information analyzed by AI

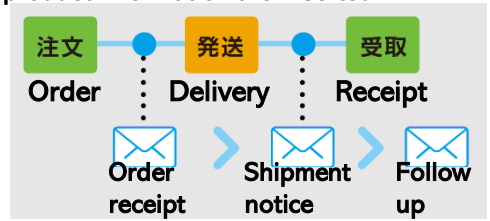


Make new user shift to repeater and target to sales increment automatically

Automatically send out mail with advertisement

Details

Mail recommendation automatically insert advertisement into mail of Order confirmation / Shipment notice/ Follow up. Each date delivered or received, different product information are inserted.



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Hometown Tax Payment Support Service" Utilizing Hamee's Management Resources

Utilizing expertise in both Next Engine technology and e-commerce store management

ネクストエンジン
業務効率化

＋

代行業務
ファン作り

自治体担当者様のよくある声に対応できるよう、ご要望に合わせて
必要なサービスメニューのみを選んでいただくことが可能です。

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Next Engine Data Utilization RUKAMO

Hamee

OPEN EC shop "RUKAMO" to seek sustainability by reducing slow-moving inventory

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Hamee

Dividends

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Dividends Policy

	FY 04/21 Forecast on Jun 2020	FY 04/20 Updated forecast on Jun 2020	FY 04/20 Announced on Jun 2019
Record Date	April 30, 2021	April 30, 2020	April 30, 2020
Dividend per Share	JPY8.00	JPY7.00	JPY6.50

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