



# Hamee Corp.

Q1 FY04/25

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

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1

Significant increase in revenue 38.1% and in profit 28.3% YoY as the result of the entire group. Q1 ended roughly as planned.

2

Significant increase in revenue 44.9% YoY in Commerce segment because of the great progress of the Cosmetics Business and Gaming Accessories Business. Profits are expected to remain strong as demand increases from the Q2 onwards although it decrease YoY due to increased investment in Global Business and implemented early marketing measures for Q2.

3

Significant increase in revenue 15.2% in the Platform segment as consumption returned to the EC market, the number of orders processed by high-spending clients increased, leading to sales growth in NextEngine Business.

## 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

- Q2(New product sales demand)
  - The expansion of sales of products for new iPhone for wholesalers
  - New products launch in Cosmetics Business
- 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, the beginning of the government's fiscal year and new product sales)
  - Demand for our products has increased in line with new lifestyles such as enrollment and employment
  - New products launch in Cosmetics Business

## 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.

### Platform segment

- Q2(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 NextEngine 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 NextEngine 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
- Q4(Demand period for the end of the government's fiscal year and the beginning of the government's fiscal year)
  - Temporary increase in consumer behavior because of new lifestyle demands such as entering school or starting a new job
  - As mentioned above, the number of orders processed by EC businesses is increasing, which is likely to have a slight positive effect on the ARPU of NextEngine Business.

## Q1 FY04/25 Consolidated Overview

- Revenue increased significantly by 38.1% YoY because of the strong performance of both segments.
- All kinds of profits also increased significantly YoY.

(Millions of yen)

Consolidated Overview	Q1 FY04/24 Results	Q1 FY04/25 Results	Increase /Decrease	% YoY
Net sales	3,316	<b>4,578</b>	1,262	38.1%
Gross profit	2,037	<b>2,737</b>	699	34.4%
Operating income	174	<b>223</b>	49	28.3%
Quarterly net profit attributable to owners of parent	(132)	<b>101</b>	233	—



## Q1 FY04/25 Segment Overview

- Sales increased 44.9% YoY and remain strong in the Commerce Segment although decreased in profits.
- Consolidated revenue increased by 38.1% and profit increased by 28.3% in the Platform Segment.

(Millions of yen)

Consolidated Segment Overview		Q1 FY04/24 Results	Full-year plan achievement ratio	Q1 FY04/25 Results	Increase /Decrease	% YoY	Full-year plan achievement ratio
Commerce	Net sales	2,537	19.5%	<b>3,678</b>	1,140	44.9%	23.4%
	Segment profit	156	9.4%	<b>134</b>	(21)	(14.1%)	6.8%
	Profit ratio	6.1%	–	<b>3.6%</b>	(2.5%)	–	–
Platform	Net sales	781	20.7%	<b>900</b>	119	15.2%	22.5%
	Segment profit	349	22.1%	<b>482</b>	133	38.2%	24.1%
	Profit ratio	44.7%	–	<b>53.6%</b>	8.9%	–	–
Consolidated	Net sales	3,316	19.7%	<b>4,578</b>	1,262	38.1%	23.2%
	Segment profit	505	15.6%	<b>616</b>	111	22.1%	15.5%
	Adjusted amount ※1	(331)	–	<b>(393)</b>	(62)	–	–
	Operating income	174	8.3%	<b>223</b>	49	28.3%	10.7%
	Profit ratio	5.3%	–	<b>4.9%</b>	(0.4%)	–	–

## Q1 FY04/25 Commerce Segment Overview(Net sales)

- Achieved to increase in revenue YoY in all businesses except New Business.
  - Increase in revenue 1.6% YoY although Mobile Life Business struggles with wholesales. Further increases expected from Q2 onwards.
  - Significant increase in revenue in the Gaming Accessories Business and Cosmetics Business.
- Aiming to step from core business to main business.

(Millions of yen)

Commerce Segment	Q1 FY04/24 Results	Q1 FY04/25 Results	Increase /Decrease	% YoY
<b>Net sales</b>	2,537	<b>3,678</b>	1,140	44.9%
Mobile Life Business	1,613	<b>1,638</b>	25	1.6%
Cosmetics Business	317	<b>908</b>	591	186.5%
Gaming Accessories Business	180	<b>693</b>	512	284.5%
New Business investment	29	<b>28</b>	0	(0.6%)
Global Business	397	<b>408</b>	10	2.7%

## Q1 FY04/25 Commerce Segment Overview(Operating income)

- Cosmetics Business continued to achieve profitability in the previous Q4. Gaming Accessories Business also achieve profitability.
- In the Mobile Life Business, allocation standards changed and marketing costs increased in anticipation of increased demand from Q2 onwards. So profit decreased 29.2% YoY.
- Profit decreased in Global Business due to an increase in the amount of unrealized profit deductions by increase cost of sales in Cosmetics Business within Korea, expand sales Otamatone within US and a significant increase in intra-group transactions.

(Millions of yen)

Commerce Segment	Q1 FY04/24 Results	Q1 FY04/25 Results	Increase /Decrease	% YoY
<b>Net sales</b>	156	<b>134</b>	(21)	(14.1%)
Mobile Life Business	324	<b>229</b>	(95)	(29.2%)
Cosmetics Business	(68)	<b>69</b>	138	—
Gaming Accessories Business	(4)	<b>39</b>	43	—
New Business investment	(62)	<b>(47)</b>	15	—
Functional Departments	(83)	<b>(58)</b>	24	—
Global Business	49	<b>(98)</b>	(148)	—
<b>Operating income ratio</b>	6.1%	<b>3.6%</b>	(2.5%)	—

## Q1 FY04/25 Platform Segment Overview

- ARPU continued to improve because the number of orders processed by high-cost clients by consumer spending returning to the EC market and the new charging plan were applied to existing clients in November 2023.
- Revenue increased in Localco Business YoY because of steady efforts such as increasing the number of new contracting municipalities and developing suppliers within contracting municipalities.
- Operating income increased in Consulting Business because of profit management and measures to improve utilization ratio YoY although revenue decreased.

(Millions of yen)

Platform Segment	Q1 FY04/24 Results	Q1 FY04/25 Results	Increase /Decrease	% YoY
<b>Net sales</b>	781	<b>900</b>	119	15.2 %
NextEngine Business	628	<b>745</b>	116	18.6 %
Localco Business	52	<b>67</b>	15	28.6 %
Consulting Business	100	<b>87</b>	(12)	(12.8%)
<b>Operating income</b>	349	<b>482</b>	133	38.2 %
<b>Operating income ratio</b>	44.7%	<b>53.6%</b>	8.9%	—

# Q1 FY04/25 Consolidated Overview —Net Sales analysis

Consolidated

## <Commerce>

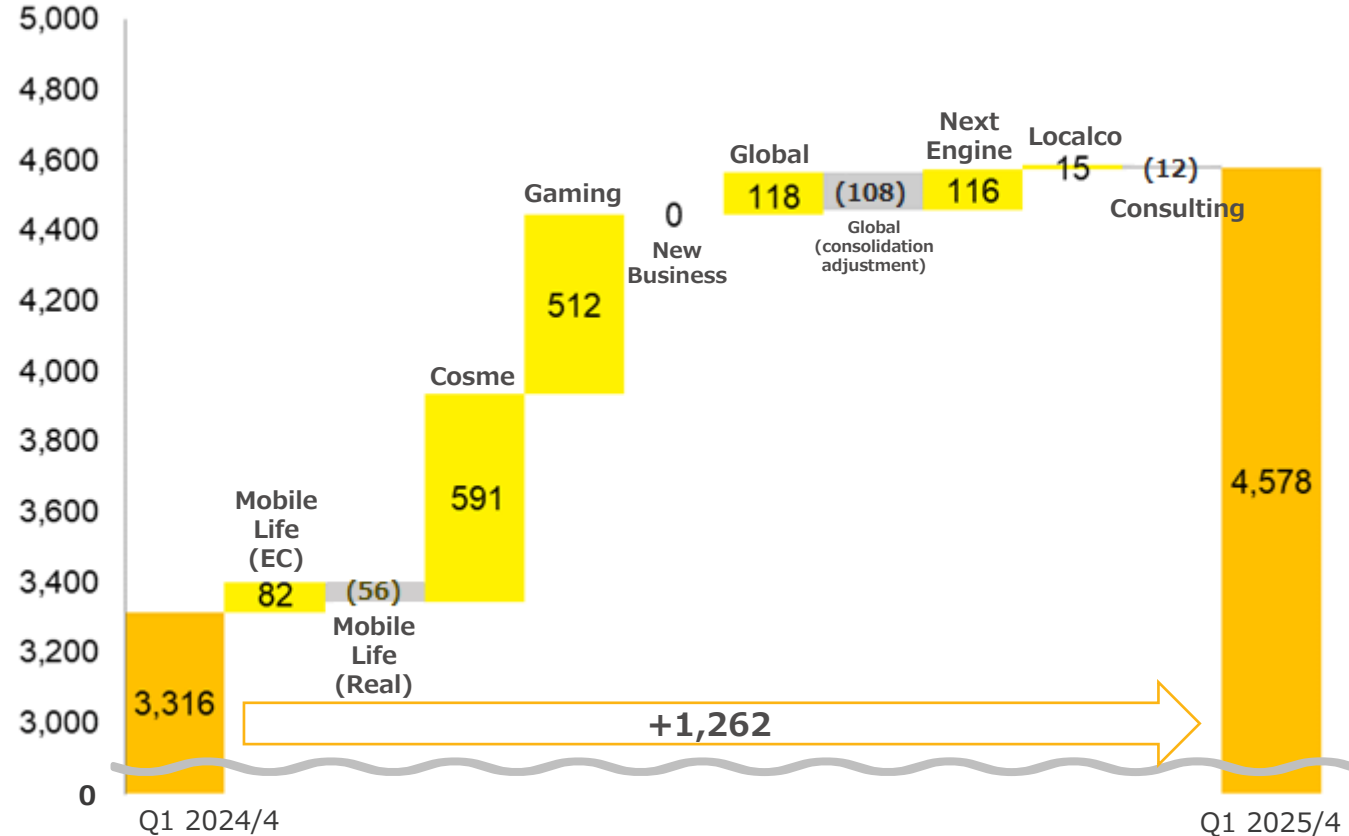
- Mobile Life: Revenue increased by EC recovery. Wholesale was struggle.
- Cosmetics: Both EC and wholesale remain strong and sales growth continues. Seasonal new products also contributed to increased sales.
- Gaming Accessories: Sales increased significantly because white monitors, pastel colors monitors and peripherals were sold well.
- Global: Continued strong sales in the U.S.

## <Platform>

- Achieved significant revenue growth because the new charging plan implemented last year improved ARPU and EC market recovered.

## Net sales(cumulative period)

(Millions of yen)



# Q1 FY04/25 Consolidated Overview —Operating income analysis

Consolidated

## <Commerce>

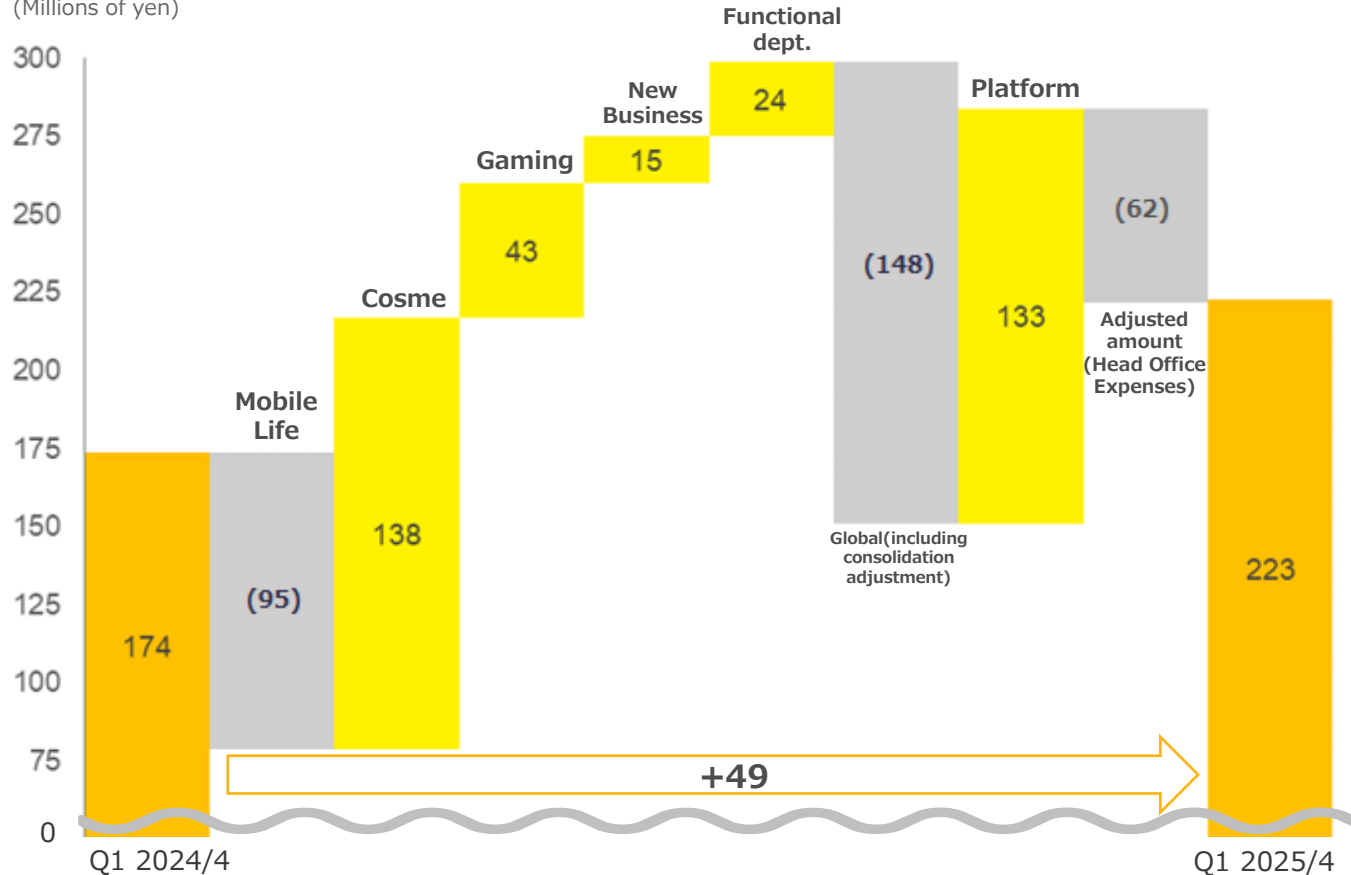
- Mobile Life: Profit decreased due to changes in allocation standards and increased sales costs.
- Cosmetics: Significant increase in revenue and cost reduction improved profitability. Aiming to achieve full-year profitability by shifting to advertising investment that assesses sales promotion effectiveness and continuing cost reduction.
- Gaming Accessories: Turning profitable and contributing to profits by significant increase in revenue. Aiming for full-year profit increase although loss in Q1 last year.
- Functional dept.: Decreased expenses by reviewing allocation standards.
- Global: Unrealized profits increased due to an increase in intra-group transactions and profit decreased.

## <Platform>

- Achieved profit increase exceeding sales increase by controlling costs and high marginal profit ratio.

## Operating income (cumulative period)

(Millions of yen)



# III . Business Highlight

# Platform



**NEXT ENGINE**



# Highlights

Platform

Platform

Sales (Q1)

JPY **900** million

(up 15.2% YoY)

Operating income (Q1)

**53.6%**

(up 8.9% YoY)

Next Engine Business

Number of clients (Q1)

**6,329** clients

(up 412 clients YoY)

GMV (Q1)<sup>※1</sup>

JPY **273.6** billion

(down 2.2% YoY)

ARPU (Q1)<sup>※2</sup>

JPY **39,450**

(up 11.5% YoY)

Monthly churn rate (Q1)<sup>※3</sup>

**0.75%**

(down 0.19% YoY)

※1 GMV . . . Gross Merchandise Value = transaction amount processed through Next Engine. From Q2 FY04/24, cancellations have been excluded from the GMV.

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

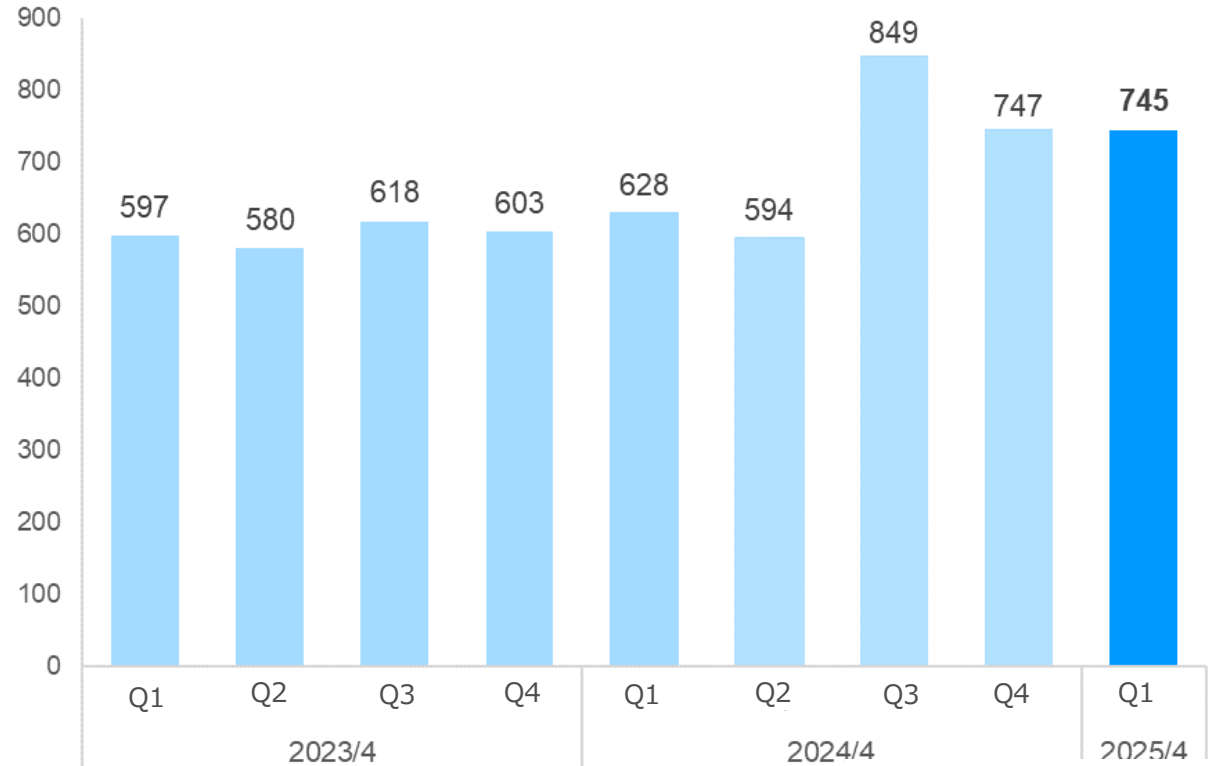
※3 monthly churn rate . . . Figures are calculated by dividing the number of contracted clients end of Q4 from the average number of cancellations during the quarterly period.

## Next Engine Business —Q1 FY04/25 Net Sales

- There are signs of consumption returning to the EC market. The shift in consumer behavior toward consumption of experience as a backlash against the COVID-19 has started to calm down.
- Double-digit growth up 18.6% YoY because of increase in ARPU resulting from the new charging plan was applied to existing clients since November 2023.

### Net sales

(Millions of yen)

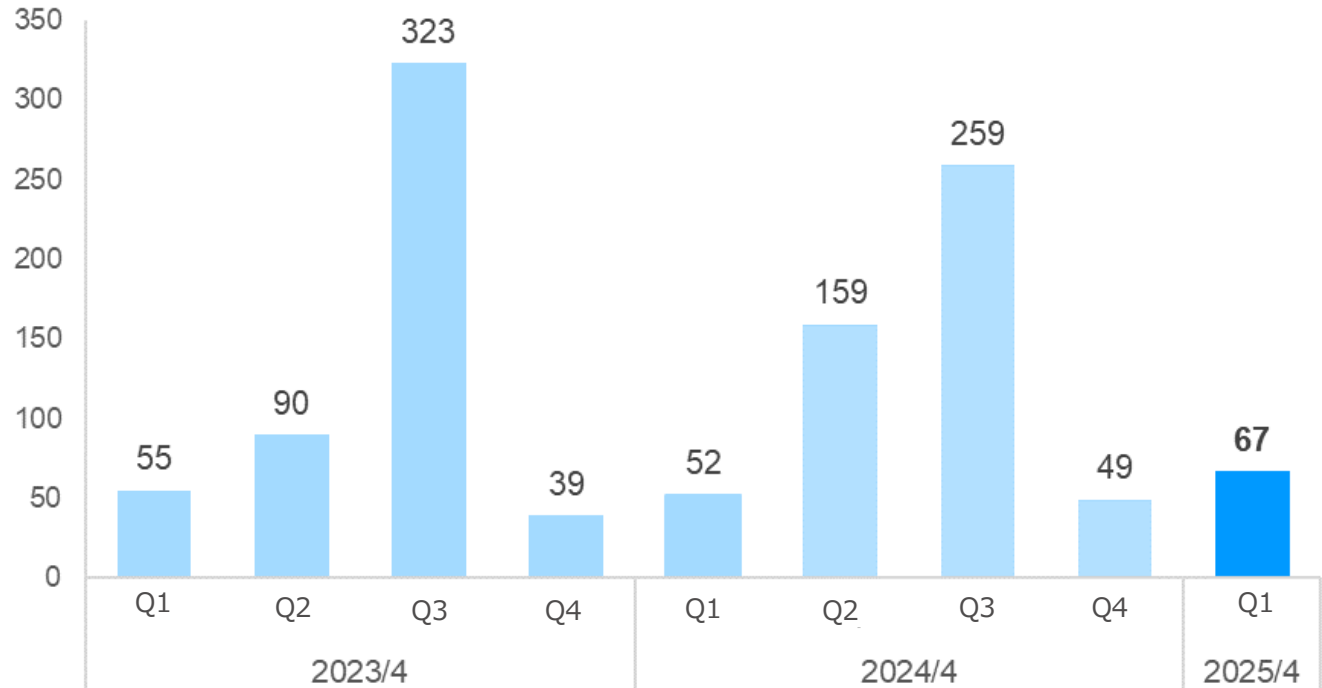


## Localco Business —Q1 FY04/25 Sales

- Achieved a 28.6% increase in revenue YoY. Thanks to the contributions of new municipalities that signed in the previous term and measures to increase the amount of donations from contracted municipalities etc., the results exceeded YoY.
- Developing business foundation for the traditional crafts EC business that was acquired in April of this year by developing new products, ensuring stable supply of inventories and so on.
- In Q2 of the previous fiscal year, sales were partially brought forward because of last-minute surge demand following a system change but no special factors are expected this fiscal year.

### Net sales

(Millions of yen)

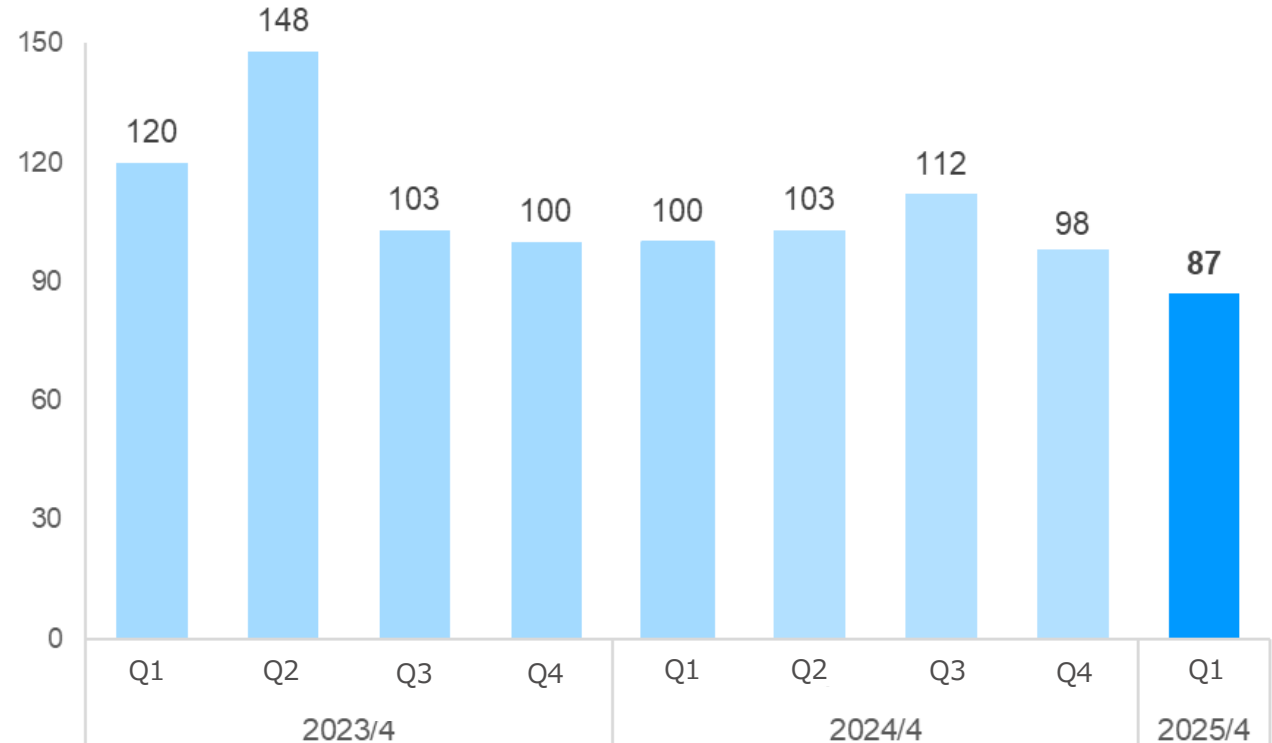


## Consulting Business —Q1 FY04/25 Sales

- Exceeded initial plans although sales decreased 12.8% YoY.
- As the management issue of securing consultant resources (improving recruitment and retention rates,) we will continue to focus on thorough profit management.
- Operating profit significantly exceeded the previous year as a result of the following profitability-focused measures: profit management for each project, increased utilization ratio of consultants and cost review.

### Net sales

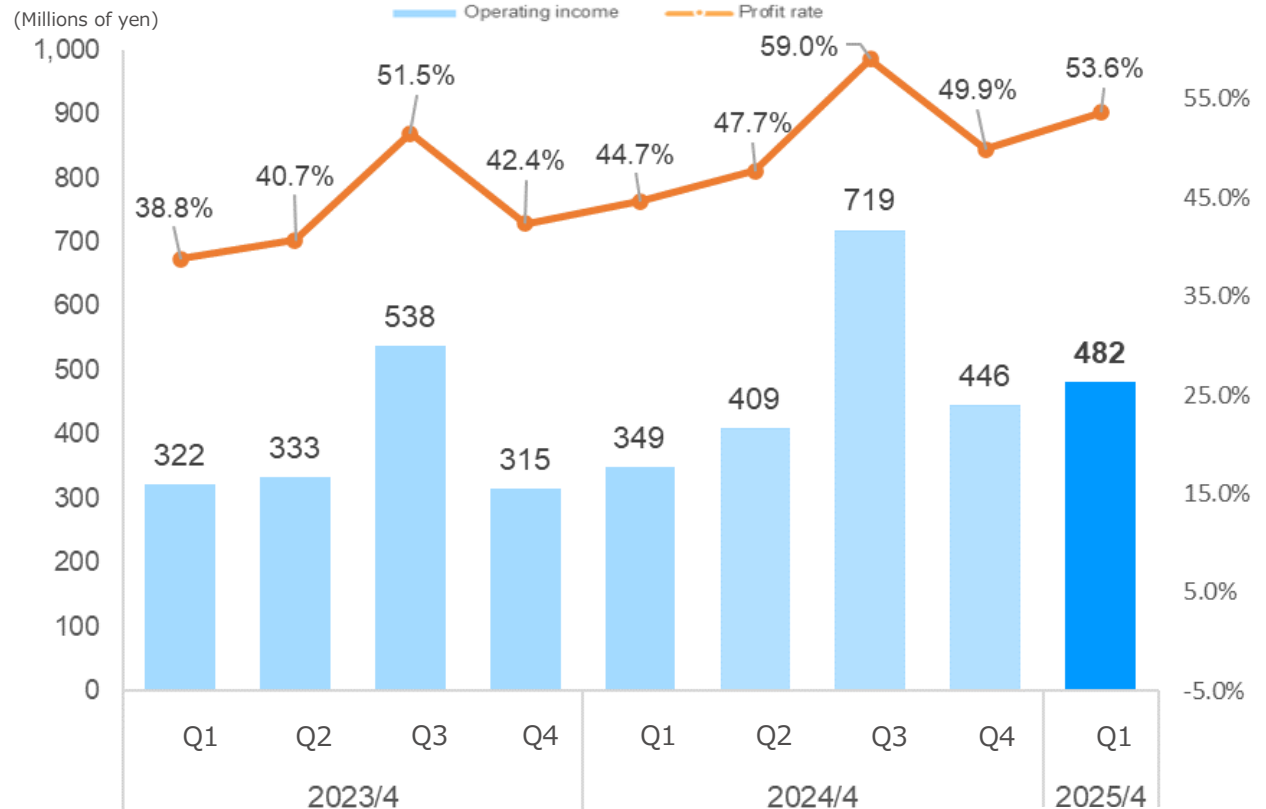
(Millions of yen)



## Q1 FY04/25 Operating income

- Operating income increased significantly 38.2% YoY. The high marginal profit ratio in the NextEngine Business gave the direct impact of increased revenue from the new charging plan on profits.
- Operating income ratio improved from 44.7% to 53.6% because of the increase in profits from Consulting Business and Localco Business also performed better than planned.

### Operating income

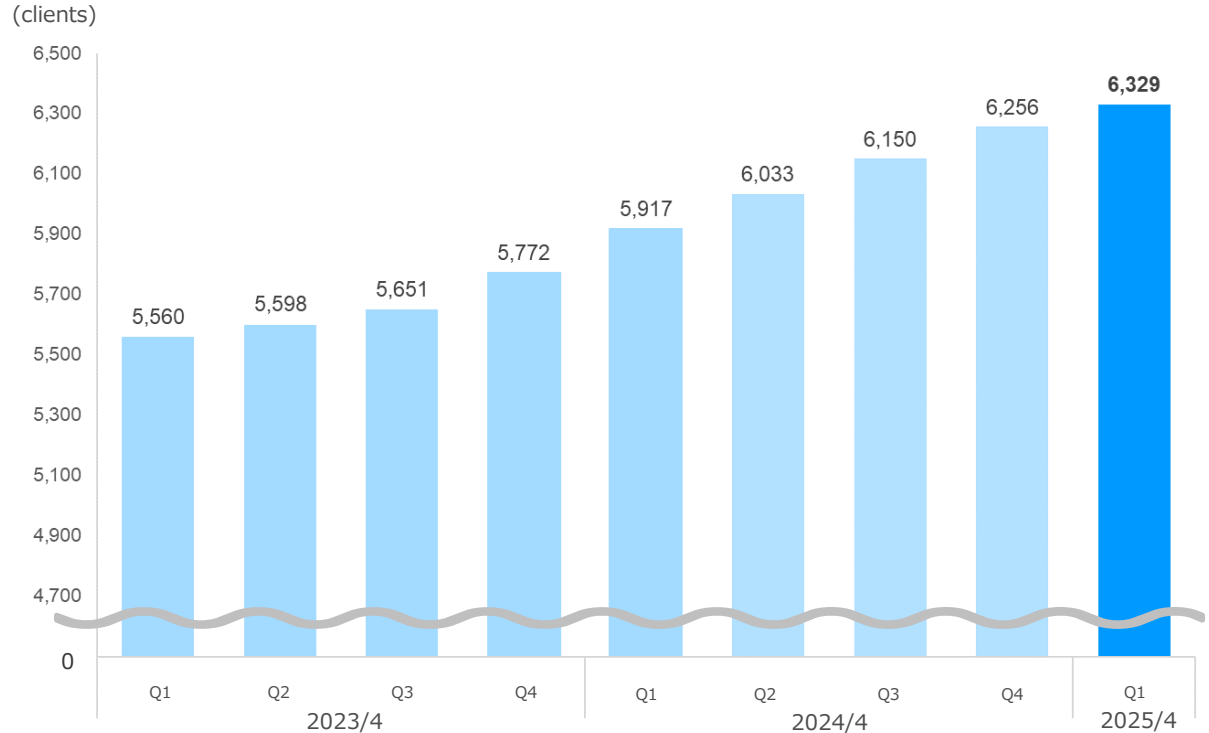


## Next Engine Business —Total number of clients

- Lowering the basic usage fee enable us to expand the customer target. Challenges remain in increasing the number of contracts due to less efficient lead generation and the need for unconventional marketing methods.
- The total number of clients is 6,329(more 73 clients than at the end of April.) Improved conversion ratio from free trial to formal contract and focused on keeping churn rate low.

### Total number of clients

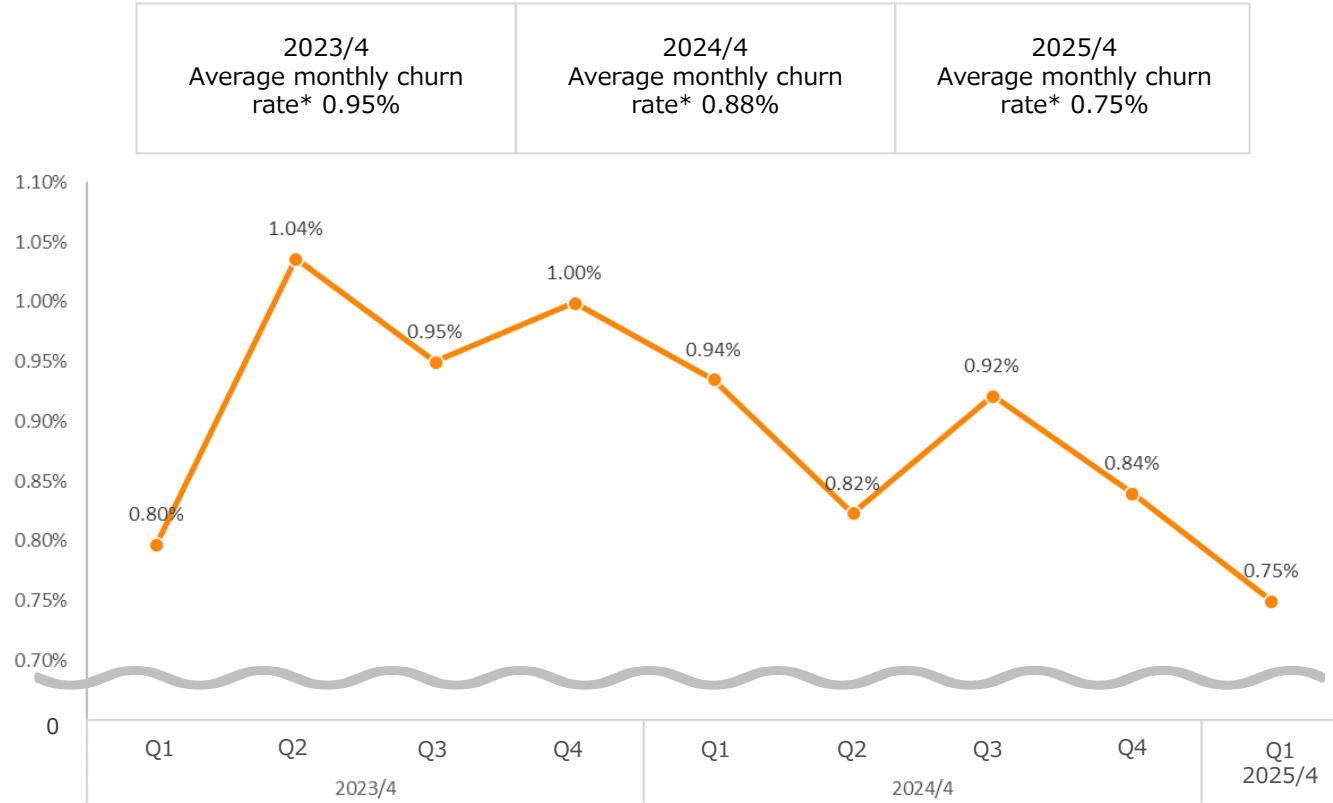
2023/4	2024/4	2025/4
Average quarterly net increase 89 clients	Average quarterly net increase 121 clients	Average quarterly net increase 73 clients



## Next Engine Business —Churn rate trend

- The churn rate has been declining since peaking in 2023 as a reaction to the COVID-19 although a certain number of businesses withdrawing from EC.
- The annual average monthly churn rate remained below 1.00%

### Churn rate

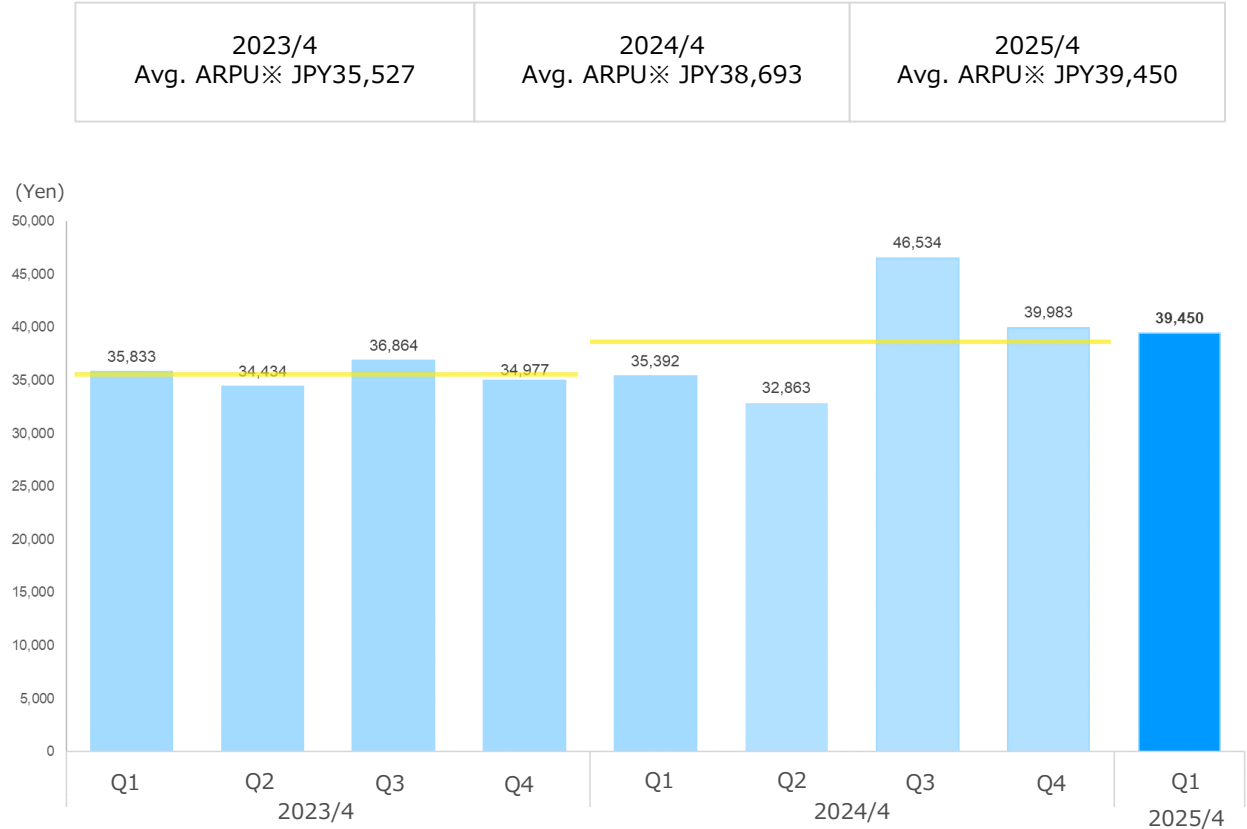


※ Annual average monthly churn rate: Figures calculated by dividing the number of contracted clients as of the end of the quarter from the average number of cancellations for each quarterly period are simple averages.

## Next Engine Business —ARPU trends

- ARPU continued to improve because the number of orders processed by high-cost clients by consumer spending returning to the EC market and the new charging plan were applied to existing clients in November 2023.
- ARPU stands out in Q3 FY04/24 because it includes the effect of system integration and sales collaboration with Mercari, offering Mercari Shops Linked App.

### ARPU



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



Commerce

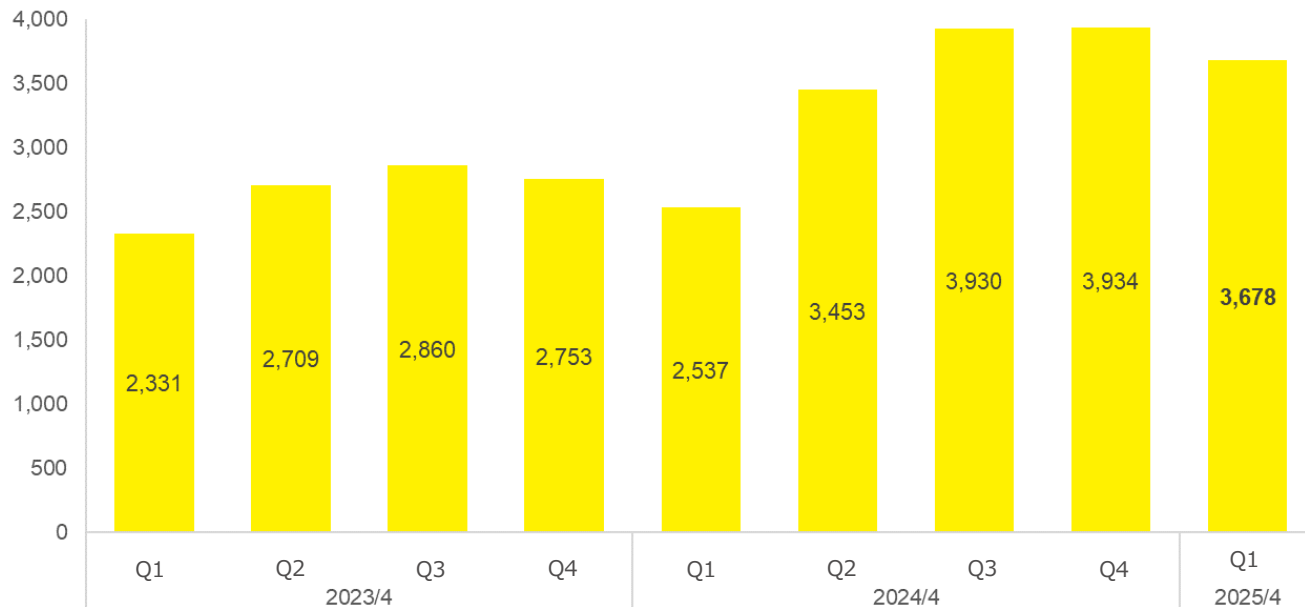


## Q1 FY4/25 Sales by quarter

- Sales increased YoY because of significant increases revenue in Cosmetics Business and Gaming Accessories Business.
- Sales grew 44.9% YoY. Evolved from dependence on a single business and formed a business portfolio.
- Sales exceed those of the previous Q2 although Q1 had fewer events increasing demand compared to Q2-Q4 of the previous term.

### Net sales

(Millions of yen)

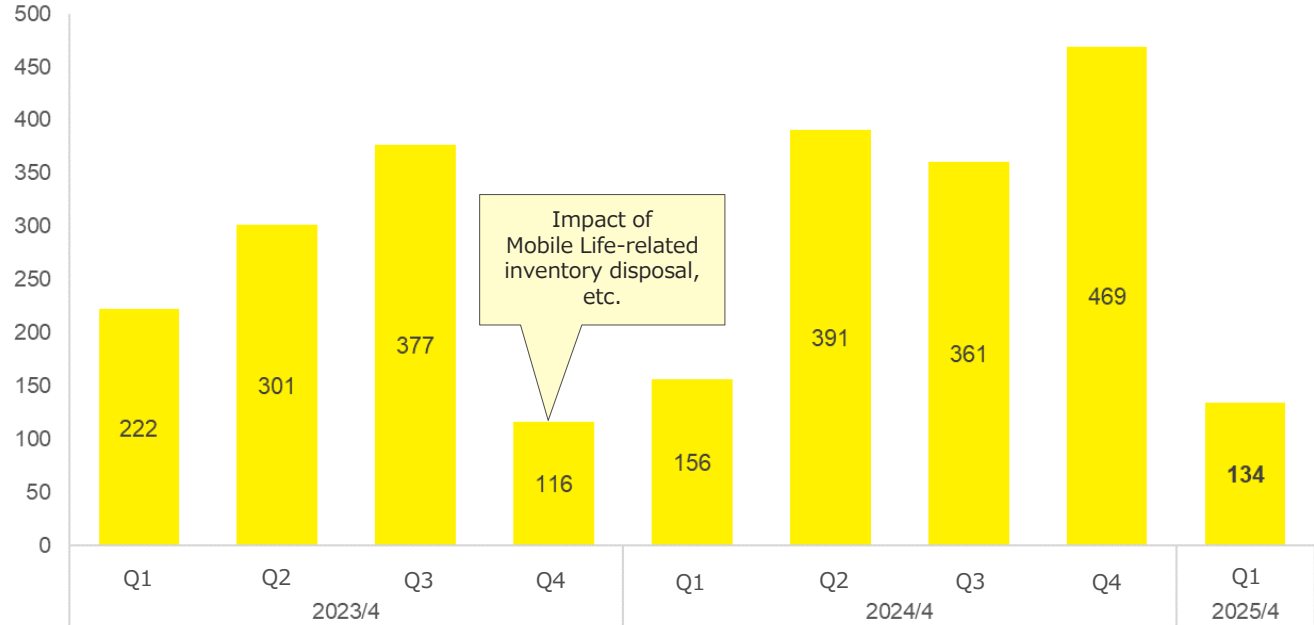


## Q1 FY4/25 Segment profits by quarter

- Profits are on an upward trend because of the following increased revenue effects: new iPhone sales, EC malls sales, year-end sales, demand for new lifestyle from Q2 onwards.
- Profit decreased YoY due to advance marketing initiatives for Q2 and expanding investment in Global Business.
- Profit ratio in Q1 is likely to remain low because marketing measures implement in advance to prepare for events, such as new iPhone sale in Q2 and new cosmetics items, that will increase demand.

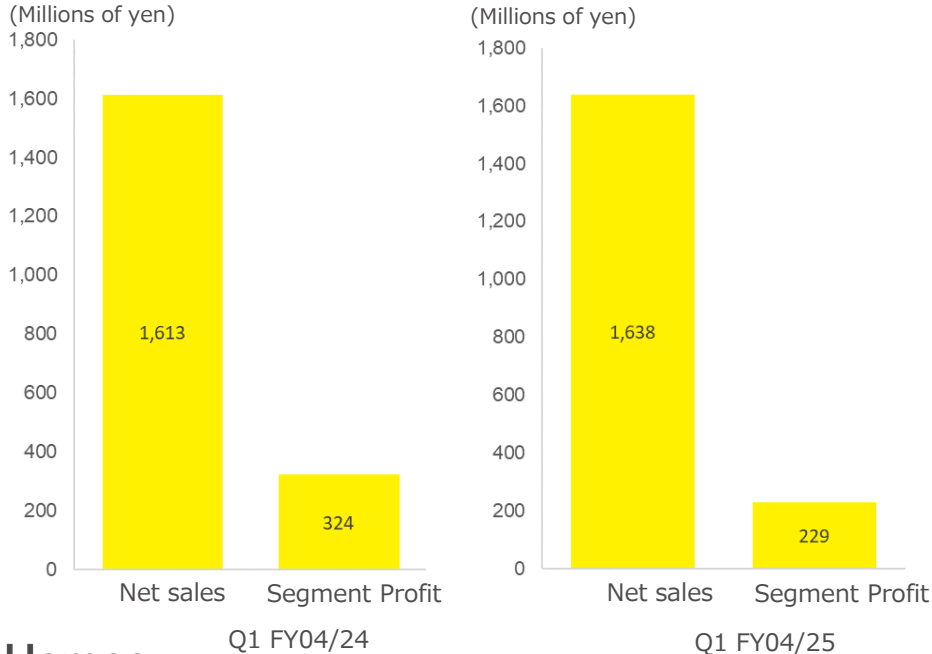
### Segment profit

(Millions of yen)



## Q1 FY04/25 Mobile Life Business

- Big sales are expected from EC malls sales and new iPhone sale from 2Q onwards.
- Segment profits will increase from Q2 onwards by launching new items for new and best-selling models although it decreased due to changing allocation basis and increasing sales marketing costs in anticipation of increased demand from Q2 onwards.



### Net Sales

**JPY1,638 million**  
(up 1.6% YoY)

### Segment profit

**JPY229 million**  
(down 29.2% YoY)

# iFace product development

- Sales of "Reflection" series exceed 7 million units and "Look in Clear" series exceed 1 million units. In addition, "First Class" series, our main products, and IP collaboration products are also developed a wide range.
- Continue to focus on brand-marketing through measures such as collaborating with various IP.
- Strengthen measures other than iPhone, such as Galaxy and Pixel. Mitigate dependency on iPhone.
- Strengthened development of peripheral accessories other than cases, such as "MagSynq" series which utilize the functions of iPhone's Magsafe.

## New Products

### • Reflection



### • Look in Clear



### Commerce

## Accessories

### • MagSynq Metal Ring Sticker

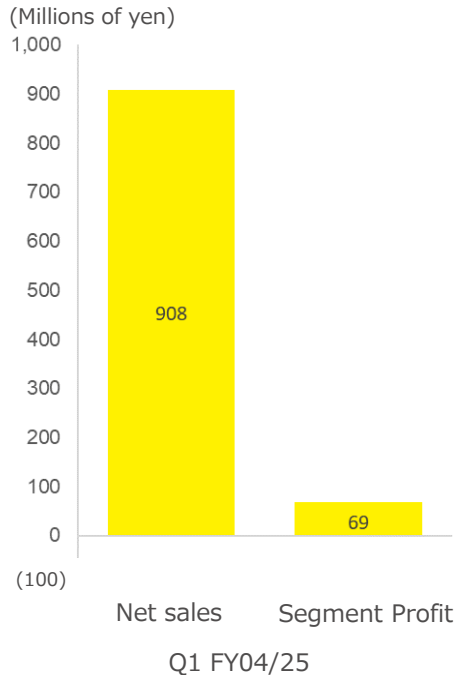
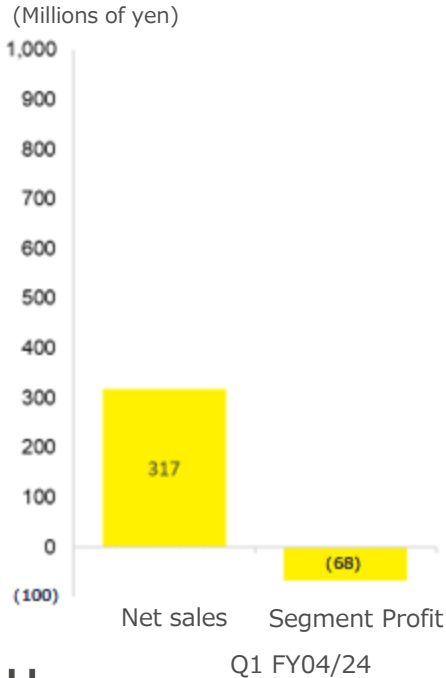


### • Air pods case



# Q1 FY04/25 Cosmetics Business

- Sales increased significantly because of EC Mall sales, the sales of best-selling products are going well and new products tailored to the seasons.
- Sales and profits exceed the initial plan and the number of wholesale stores has increased to 5,500.



Net Sales

**JPY908 million**  
(up 186.5% YoY)

Segment profit

**JPY69 million**  
(-% YoY)

# Cosmetics Business

- Won the Best Cosme Award with a cumulative total of 137 awards.
- The number of stores with wholesalers, including drugstores, increased to more than 5,500 stores. Sales increased 2.8 times since last year.
- Aiming to be the next core pillar of profit following Mobile Life Business. Focus on product development, such as anti-aging care series, and expansion of sales destinations in order to further expand the brand.
- In order to keep costs down, we are currently controlling advertising and promotion expenses and reviewing logistics outsourcing expenses.

## Mainstay Products

### • Base makeup



### • Skincare line



### Commerce

## Product development · Event

### • Aging Care Series



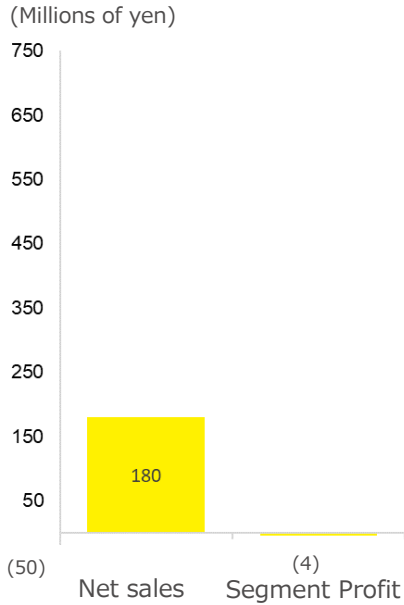
### • Display model



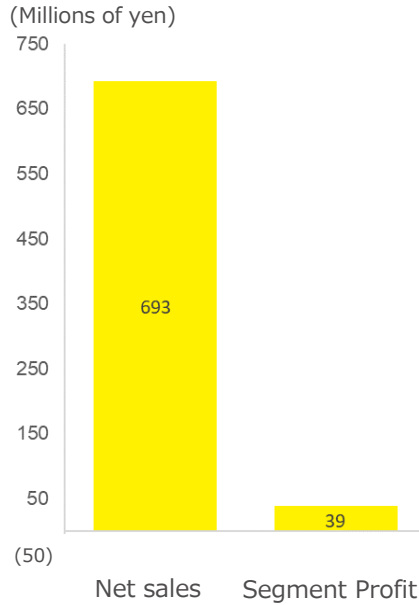
# Q1 FY04/25

## Gaming Accessories Business

- Both sales and profits far exceeded initial plan. Wholesales are gradually expanding. Further expansion is expected.
- White and pastel colors monitors and peripherals are the most popular items.



Q1 FY04/24



Q1 FY04/25

Net Sales

**JPY693 million**  
(up 284.5% YoY)

Segment profit

**JPY39 million**  
(-% YoY)

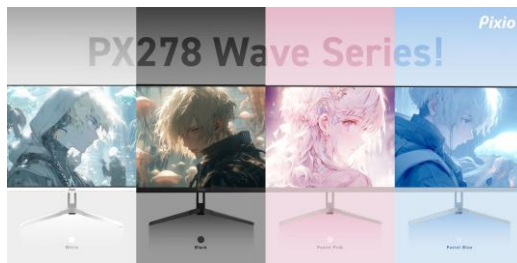


## Gaming Accessories Business

- Expanding product lineup by developing peripheral accessories such as new high-performance monitors and original monitor arms for white and pastel colors. Many new products will be introduced to the market in the future.
- Implemented measures such as collaborating with popular game distributors and sponsoring e-sports competitions and events in order to raise brand awareness.

Product development

- PX278 Wave Series



New Services

- Collaborating with popular game distributors



- Peripheral accessories



- Sponsoring e-sports competitions and events

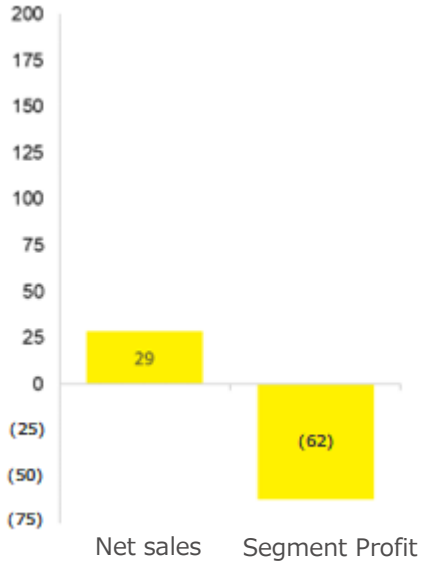


Commerce

## Q1 FY04/25 New Business

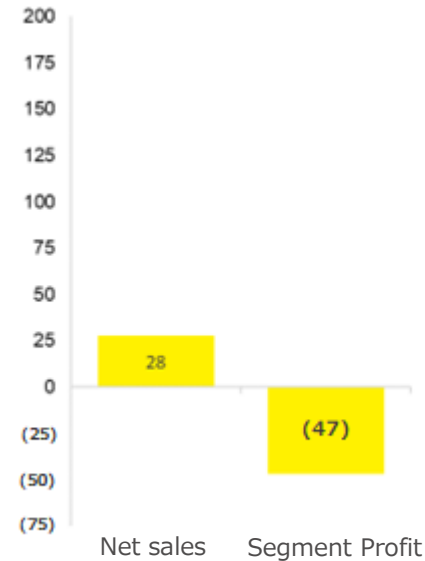
- Sales are progressing as planned and losses were smaller than last year.
- To create new businesses such as Cosmetics Business and Gaming Accessories Business, we continue to invest.

(Millions of yen)



Q1 FY04/24

(Millions of yen)



Q1 FY04/25

Net Sales

**JPY28 million**  
down 0.6% YoY

Segment profit

**(JPY47 million)**  
-% YoY

## New business investment

- Developed "Parallel Plastics", a recycling service that produces new products from defective plastic products and surplus inventory. Aim to further enhancing brand value and solve environmental issues.
- Developed "CustoMee", a service that allows customers to freely customize products using illustrations and photographs.
- Developed "Hamic", a first smartphone for children with a monitoring function.

### Recycling Service

- Parallel Plastics



### Other new business

- CustoMee



- 100% recycled trays



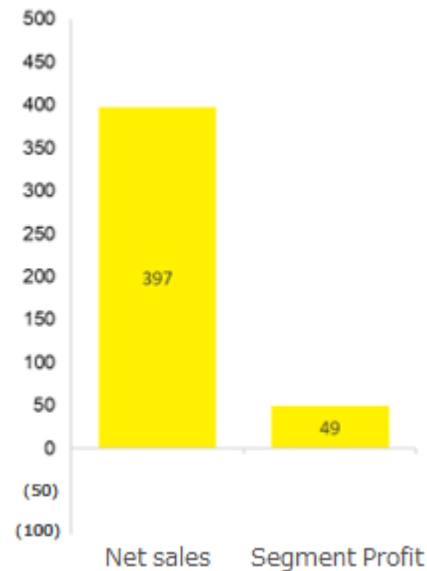
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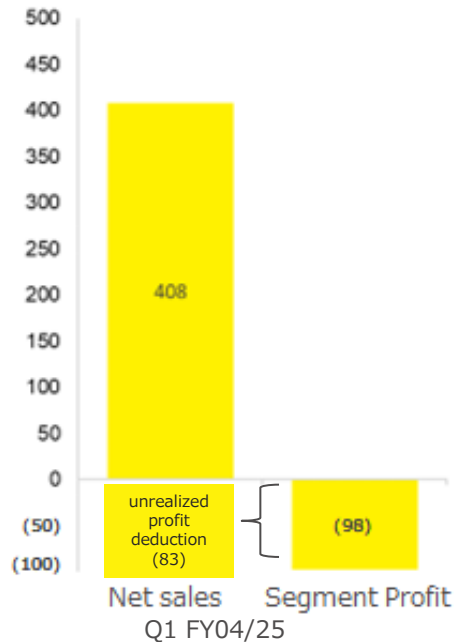
# Q1 FY04/25 Global Business

- The operating loss in overseas markets was JPY15 million due to the increase in advertising and promotion expenses, logistics expenses, etc., caused by the sales expansion of Cosmetics Business(Korea) and Otamatone(USA.)
- The increase in the amount of unrealized profit deduction※(JPY83 million) is due to an increase in inventory of new products for Mobile Life and Cosmetics Business.

(Millions of yen)



(Millions of yen)



Net Sales

**JPY408 million**  
up 2.7% YoU

Segment profit

**(JPY98 million)**  
-% YoY

## Global Business

- Expanding transactions at major mass retailers in the U.S. through such products as Otamatone and the conventional IP collaboration product of squeeze (low-rebound toy) characters.
- Planning to increase in the top line because of expanding its sales territory and stable supply of products.
- Aim both reducing its cost of sales ratio by restructuring its manufacturing and purchasing supply lines and expanding sales area such as Korea and EU countries.

### • Otamatone unicorn



### • Otamatone Japan

Commerce



### • Otamatone stand



### • Otamatone melody



# IV. Mid-Term Management Plan

## Toward achievement of Mid-Term Management Plan

- The Mid-Term Management Plan announced on June 14, 2023 revised the plan for the fiscal year ending April 2025 to April 2026 based on the group's economic environment, recent business conditions and various policies.
- Hamee's management philosophy has been updated to further enhance brand value.  
We will take on the challenge of not only manufacturing but also decarbonisation efforts.  
We will contribute to the realization of a sustainable society through our business activities as a brand creator of humankind.
- We will continue to evolve and grow our two main businesses based on the purpose of "Ignite your creativity."  
We will create innovative new businesses in peripheral fields.

### Mission Update



## Mid-Term Management Plan(FY04/25 to FY04/26) Consolidated Overview

(Millions of yen)		Results	Mid-Term Management Plan			
		2024/04	2025/04	% YoY	2026/04	% YoY
<b>Consolidated Segment</b>						
<b>Commerce</b>	Net Sales	13,855	<b>15,750</b>	13.7%	<b>19,399</b>	23.2%
	Segment profit	1,365	<b>1,976</b>	44.8%	<b>2,601</b>	31.6%
	Profit ratio	9.9%	<b>12.6%</b>	—	<b>13.4%</b>	—
<b>Platform</b>	Net Sales	3,756	<b>3,995</b>	6.4%	<b>4,651</b>	16.4%
	Segment profit	1,925	<b>1,997</b>	3.8%	<b>2,363</b>	19.7%
	Profit ratio	51.3%	<b>50.0%</b>	—	<b>51.4%</b>	—
<b>Total</b>	Net Sales	17,612	<b>19,745</b>	12.1%	<b>24,050</b>	21.8%
	Segment profit	3,290	<b>3,974</b>	20.8%	<b>4,992</b>	25.6%
	Adjusted amount ※1	(1,373)	<b>(1,890)</b>	37.6%	<b>(1,960)</b>	3.7%
	Operating income	1,917	<b>2,084</b>	8.7%	<b>3,031</b>	45.4%
	Profit ratio	10.9%	<b>10.6%</b>	—	<b>12.6%</b>	—

※1 Adjusted amount: Company-wide headquarters expenses are presented as "Adjusted amount." In order to more appropriately evaluate the performance of each business segment, we have changed the allocation method to include head office administrative expenses, etc. in the adjustment amount.



## Mid-Term Management Plan(FY04/25 to FY04/26) Commerce segment

(Millions of yen) Commerce segment	Results	Mid-Term Management Plan			
	FY04/24	FY04/25	% YoY	FY04/26	% YoY
Net sales	13,855	<b>15,750</b>	13.7%	<b>19,399</b>	23.2%
Mobile Life Business	7,387	<b>7,927</b>	7.3%	<b>8,455</b>	6.7%
Gaming Accessories Business	1,115	<b>1,195</b>	7.2%	<b>2,300</b>	92.4%
Cosmetics Business	2,219	<b>2,963</b>	33.5%	<b>4,274</b>	44.2%
Others	270	<b>148</b>	(45.1%)	<b>200</b>	34.6%
Global Business	2,863	<b>3,516</b>	22.8%	<b>4,170</b>	18.6%
Segment profit	1,365	<b>1,976</b>	44.8%	<b>2,601</b>	31.6%

## Mid-Term Management Plan(FY04/25 to FY04/26) Platform segment

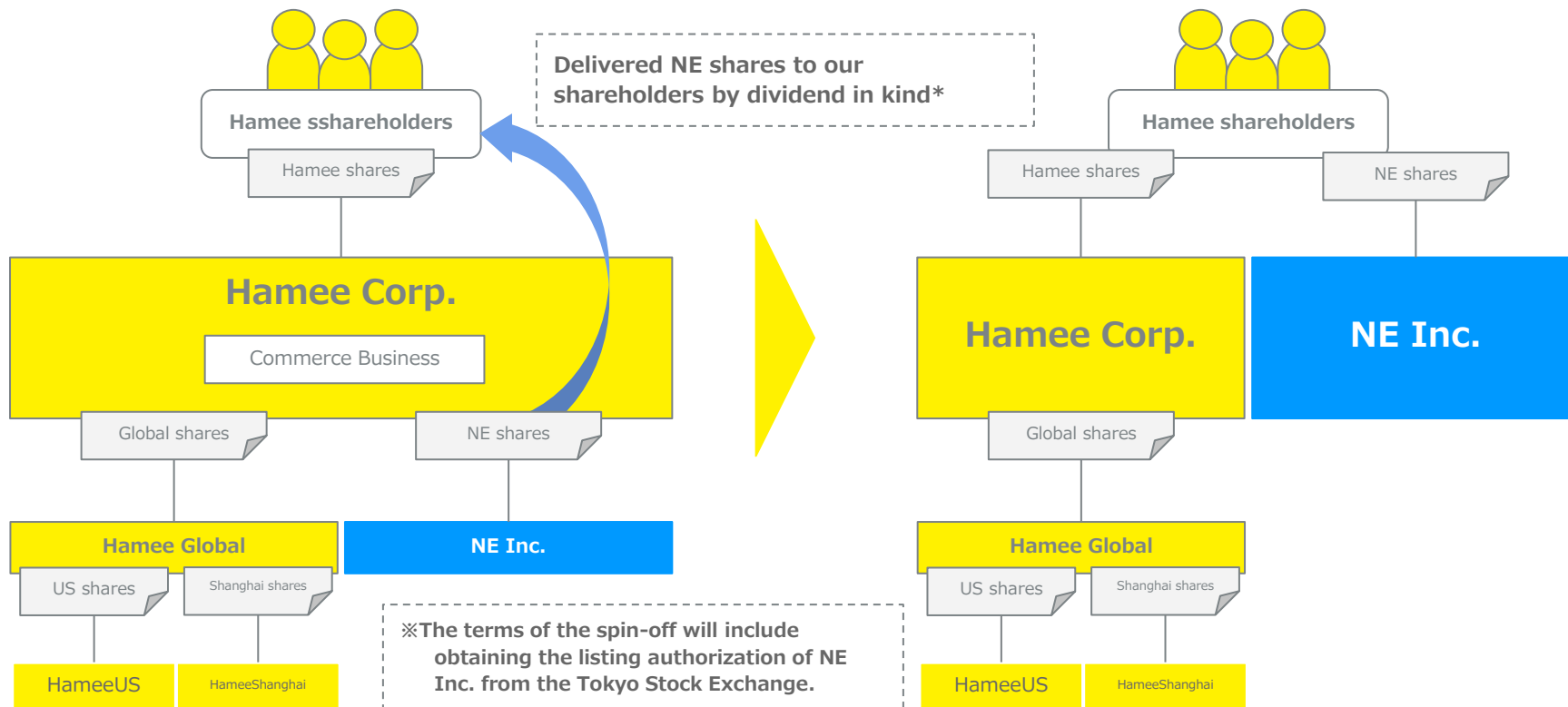
(Millions of yen) Platform segment	Results	Mid-Term Management Plan			
	2024/04	2025/04	% YoY	2026/04	% YoY
Net sales	3,756	<b>3,995</b>	6.4%	<b>4,651</b>	16.4%
NextEngine Business	2,820	<b>2,872</b>	1.9%	<b>3,060</b>	6.5%
Localco Business	520	<b>633</b>	21.6%	<b>619</b>	(2.2%)
Consulting Business	415	<b>378</b>	(8.8%)	<b>498</b>	31.7%
Encer mall Business	-	<b>110</b>	-	<b>473</b>	326.8%
Segment profit	1,925	<b>1,997</b>	3.8%	<b>2,391</b>	19.7%

# V . Reorganization

- 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.**

- **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 of NE Inc.(target for listing during 2025)

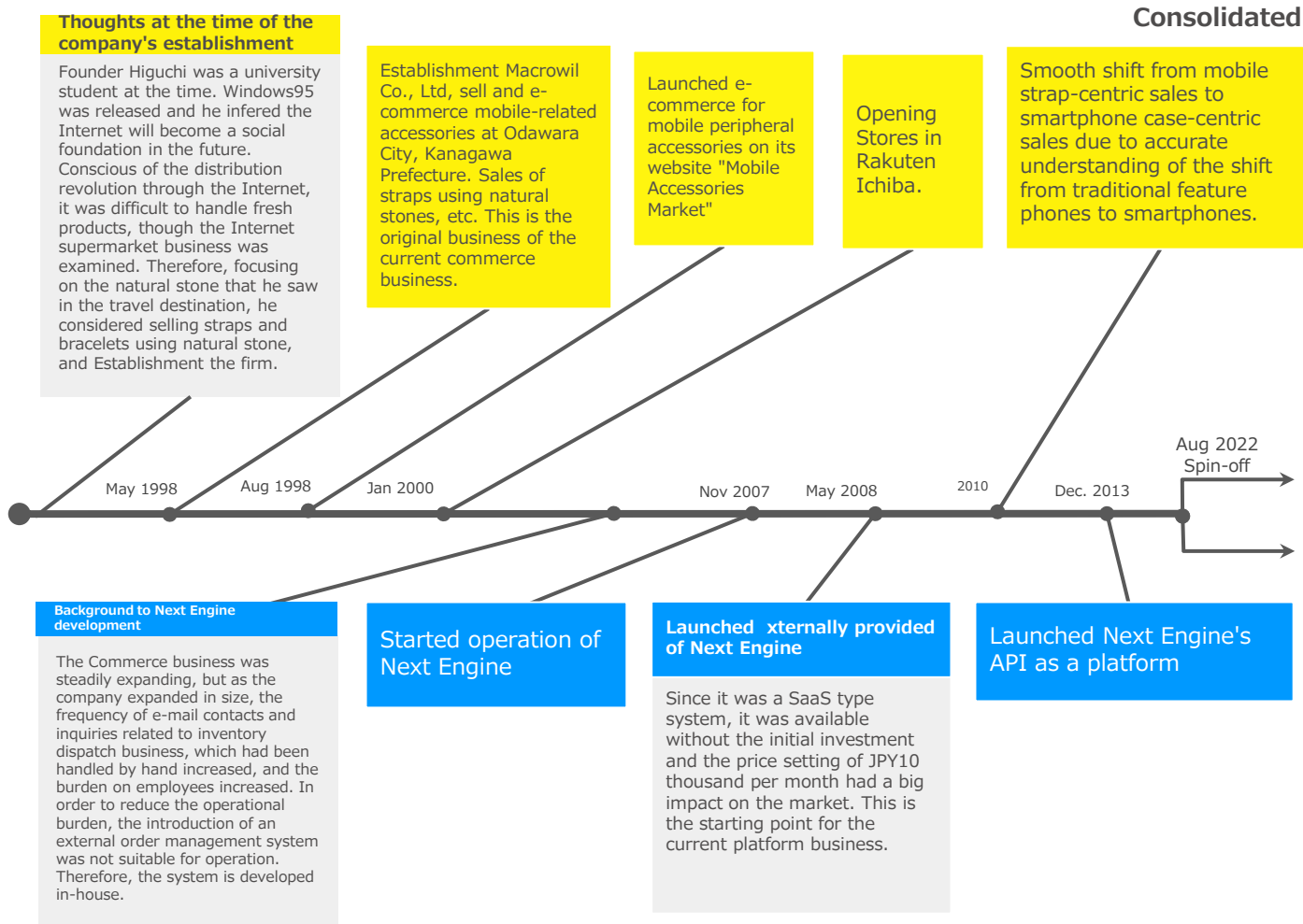


# APPENDIX

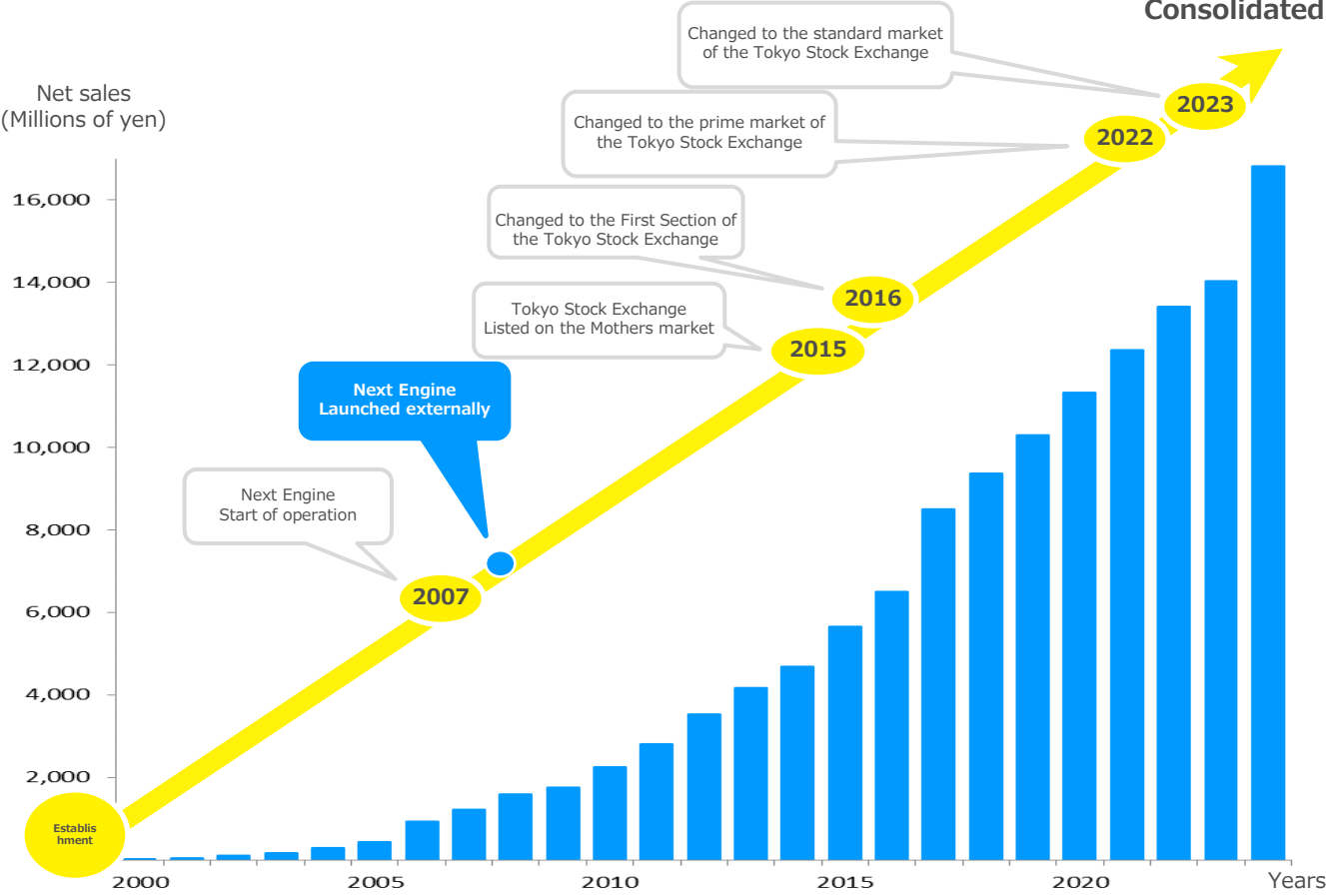
# Company Profile



# History



# History (Growth Trajectory)



# Business Overview

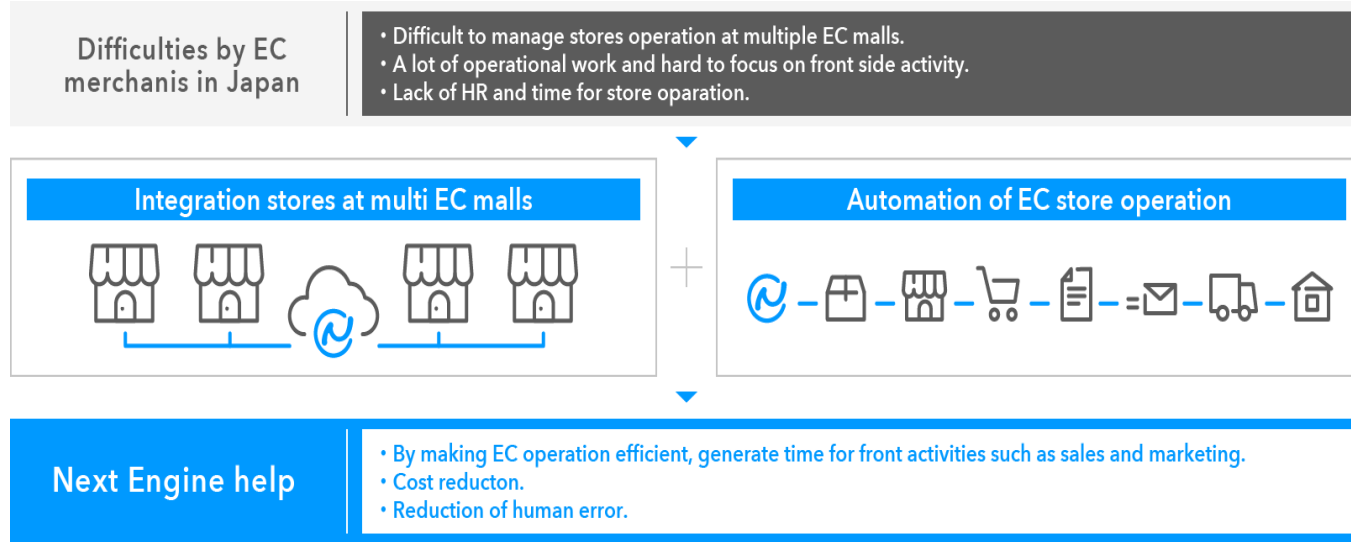
# Platform



**NEXT ENGINE**

## Next Engine —Main functions

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

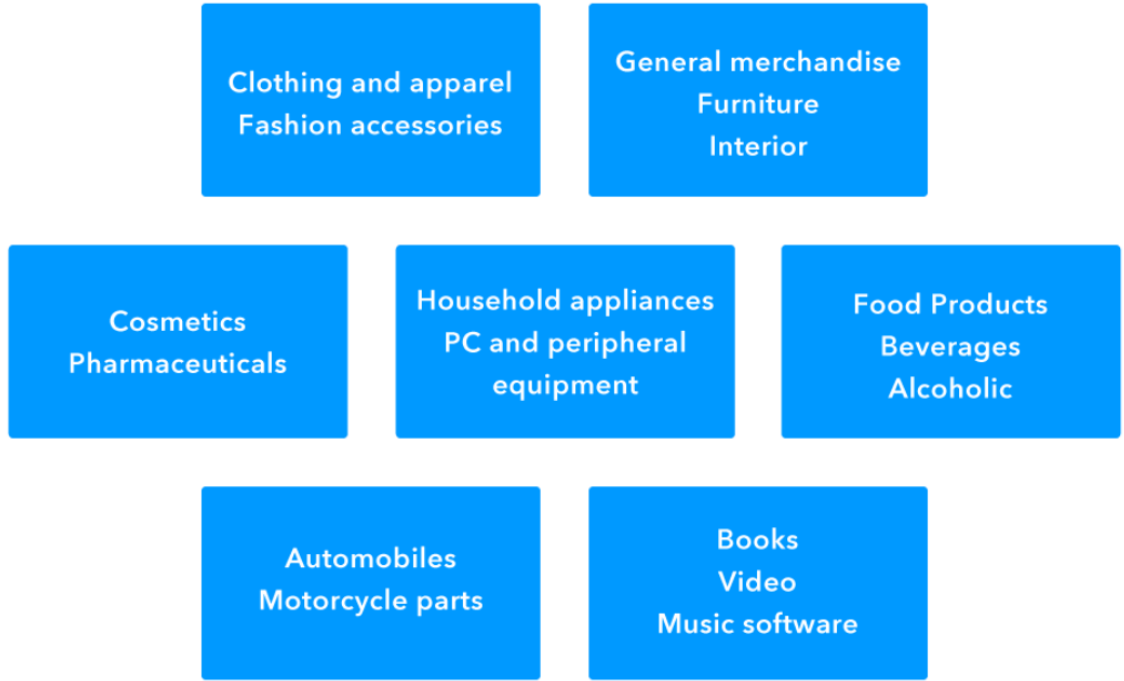


Basic fees (200 transactions included)		transaction number	201~ 400	401~ 1,000	1,001~ 3,000	3,001~ 5,000	5,001~ 7,000	7,001~ 10,000	10,000~
JPY3 thousand per month	+	unit price	JPY35	JPY30	JPY25	JPY20	JPY15	JPY10	JPY5

## Next Engine —Clients

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- Next Engine supports clients in various categories



※Partial posting

## Next Engine —Clients

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### 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

**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

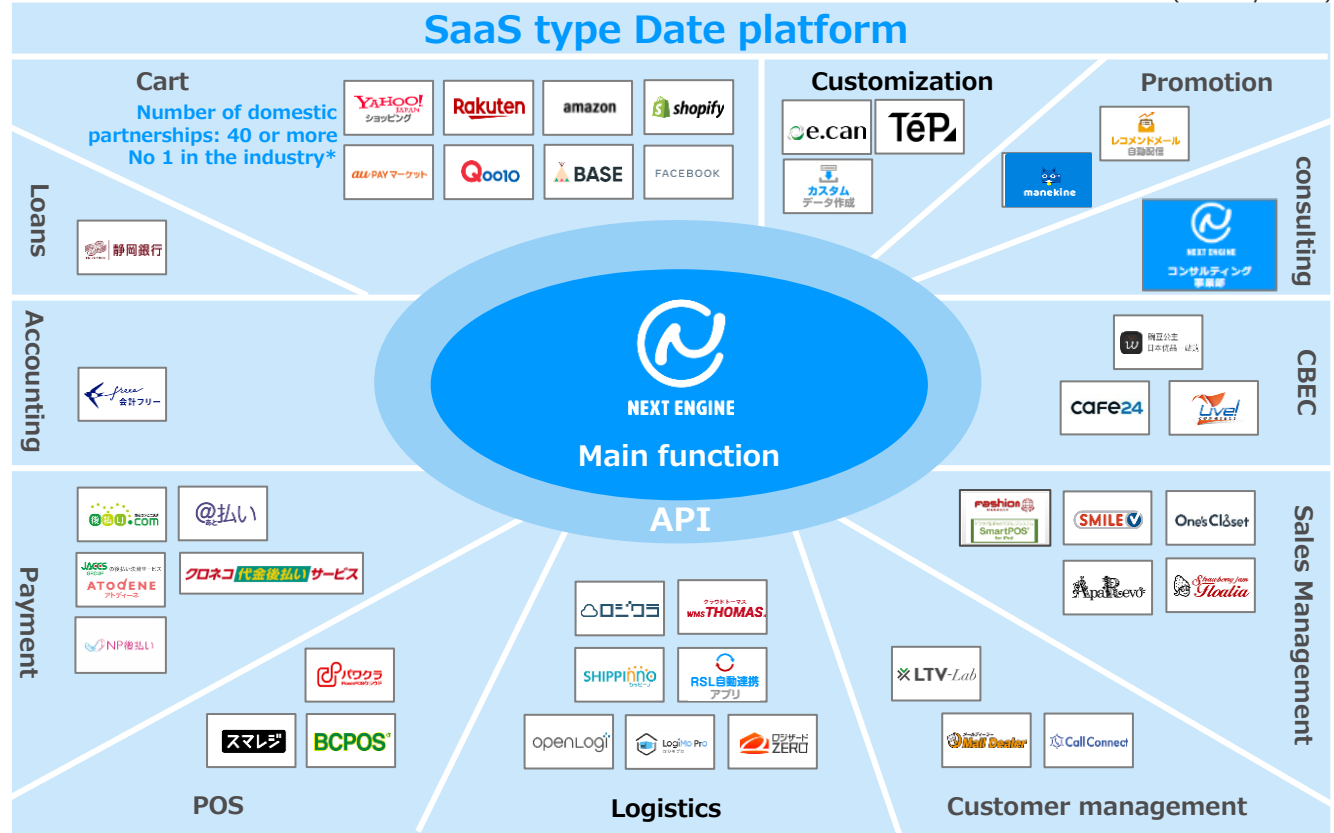
**Resilient  
Customization**

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



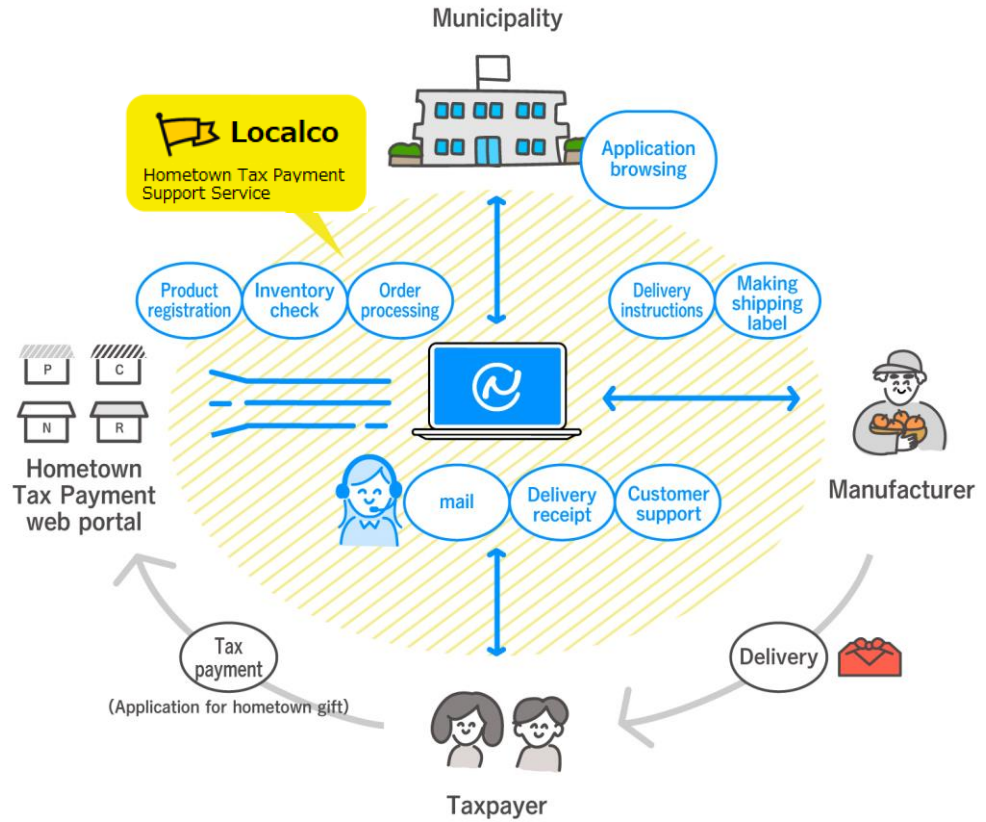
(Partially listed)

# Next Engine —Strengths



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

# Localco Business —Business Activities



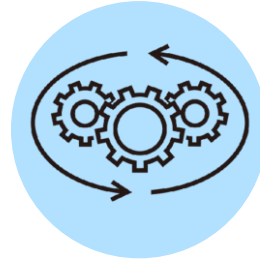
## Consulting Business —Business Activities

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### 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.

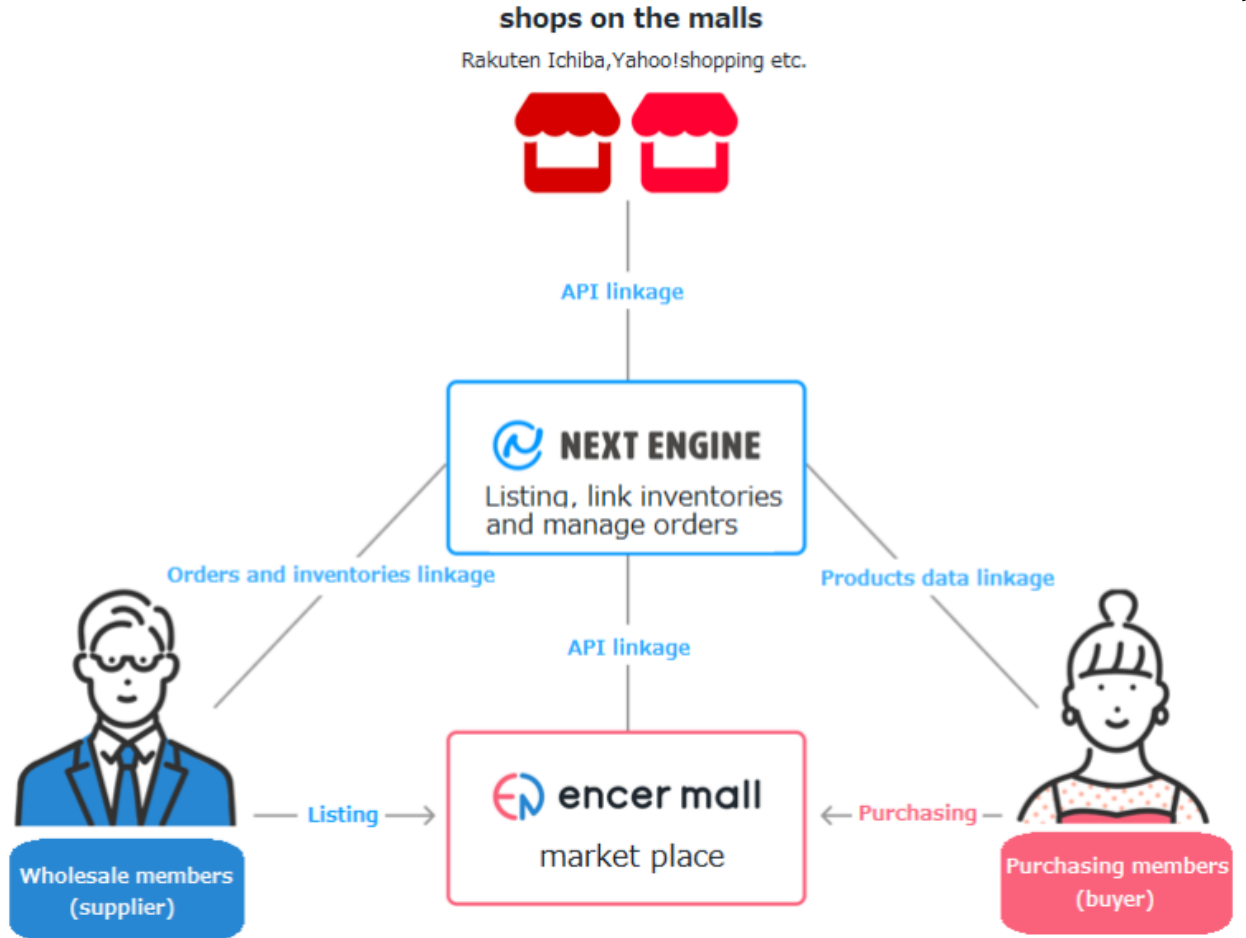


### EC store opening and construction consulting

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.

## encer mall Business –Business Activities

- A wholesale marketplace that matches manufacturers with retailers.
- Consolidate functions necessary for wholesale and purchase, such as order management, inventory management, brand page creation, and messages sending and receiving.
- In addition, following the release of Next Engine app "encer mall Linked for Wholesale Members," we plan to release a collaborative app exclusively for purchasing members in October 2024.

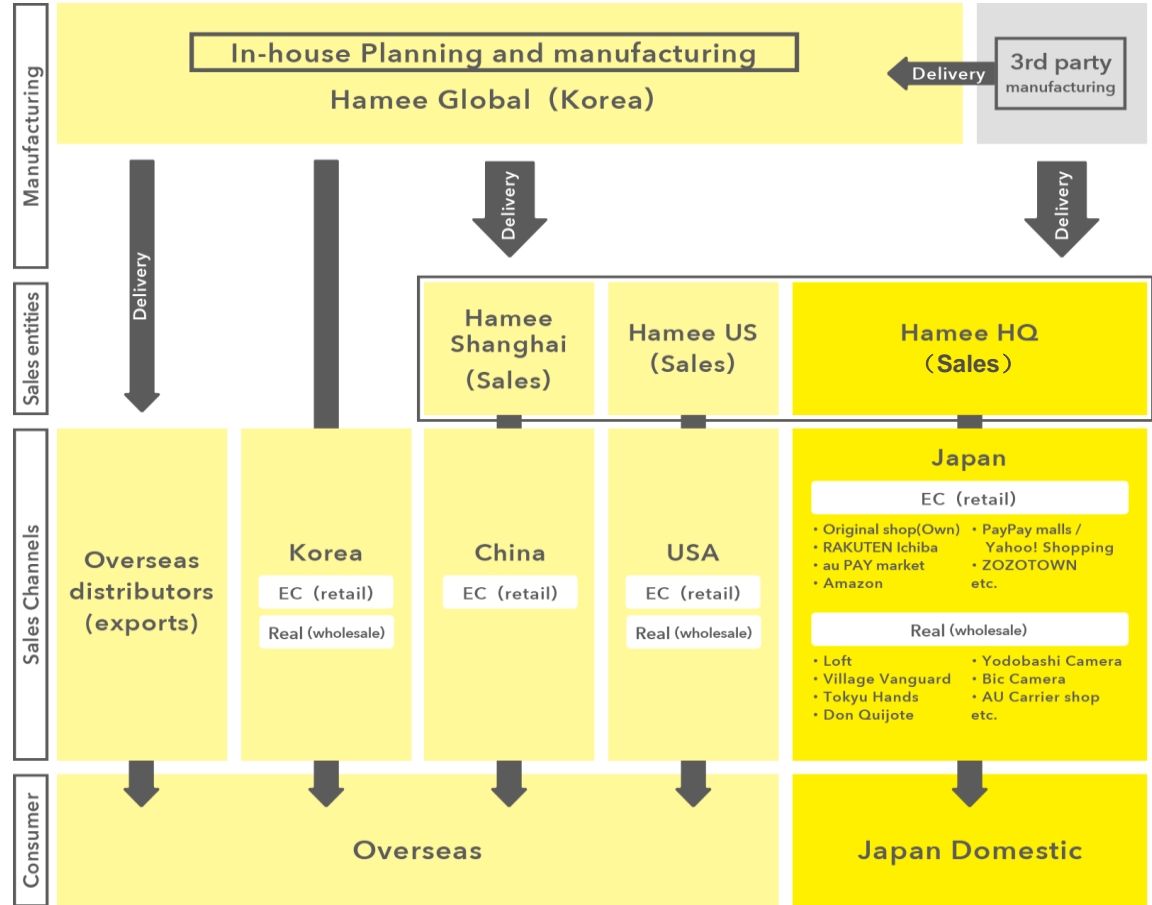


Commerce



# 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

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### 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

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### Design

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.

### Brand

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)

### Young generation

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)

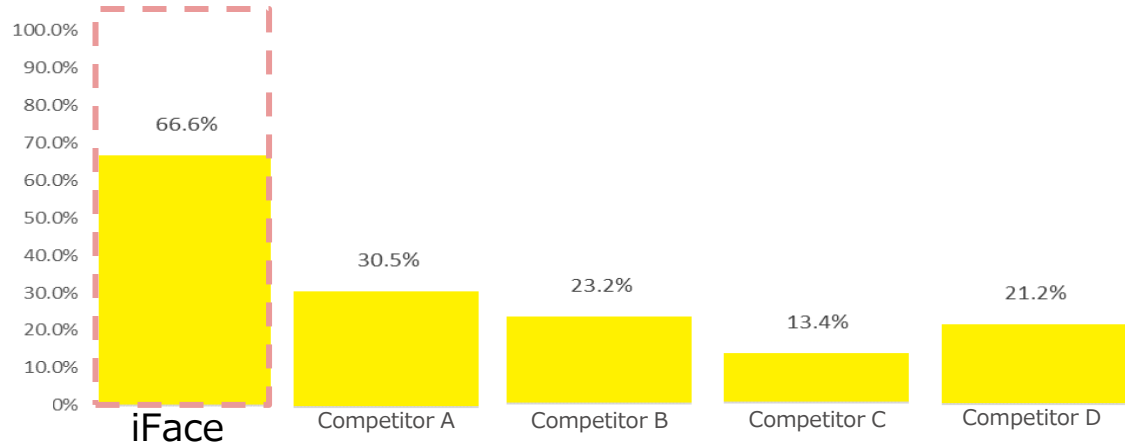


## iFace —Recognition

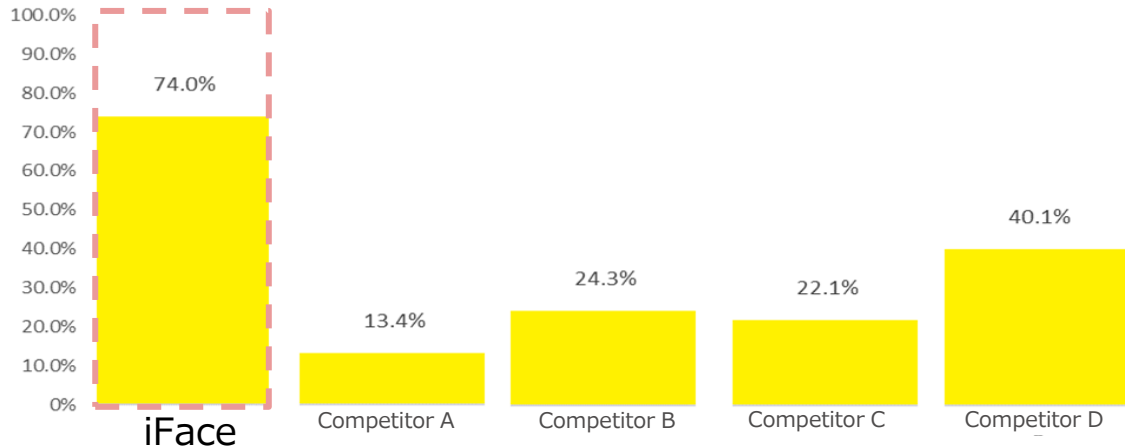
Overwhelming recognition among women in their late teens and early 20s compared to other companies' brands

※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)



## 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.

- **Hang and**

Trendy shoulder straps in a variety of colors.

- **MagSynq series**

Developing cases, smartphone rings, card wallets, etc. compatible with "MagSafe," which allows accessories to be attached to the back of the smartphone body using magnets.

### High designability + Series expansion + Peripheral accessories development

- Reflection



- First Class



- Look in Clear



- Neo Magnetic



- Shoulder straps



- Finger Ring



- Card Wallet



- Air Pods Case



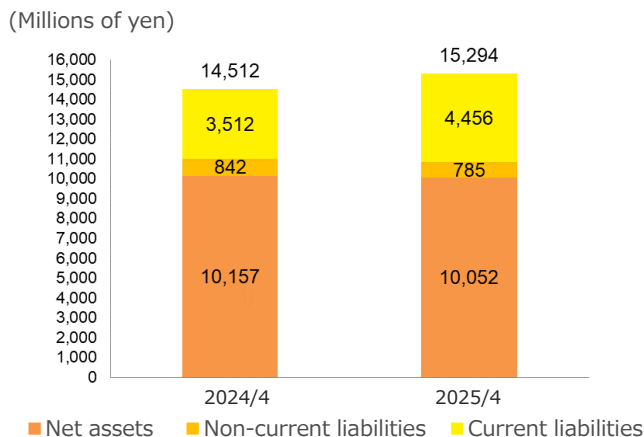
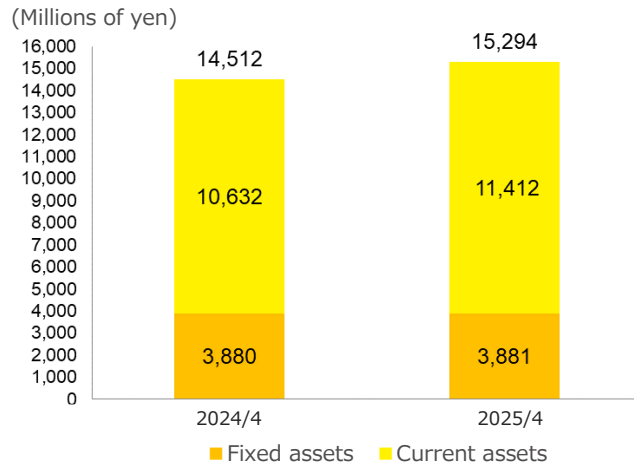
Product development

Mainstay Products

# Reference Information

# Q1 FY04/25 Consolidated Balance Sheet

Commerce



(Millions of yen)

Current assets	2024/4	2025/4
■ Cash and deposits	3,642	(379)
■ Notes and accounts receivable	2,184	(183)
■ Merchandise	3,609	818
■ Others	1,909	498

Fixed assets	2024/4	2025/4
■ Property, plant and equipment	1,433	(16)
■ Intangible assets	791	(39)
■ Investments and other assets	1,656	57

Current liabilities	2024/4	2025/4
■ Short-term loans	2,300	1,100
■ Others	213	23

Non-current liabilities	2024/4	2025/4
■ Others	49	(5)

Net assets	2024/4	2025/4
■ Retained earnings	8,342	(256)

## Next Engine indicators

Fiscal Year	2024/4					2025/4
	Q1	Q2	Q3	Q4	Full year	Q1
Number of clients	5,917	6,033	6,150	6,256	6,256	6,329
Number of stores introduced (stores)	46,865	47,728	49,311	50,471	50,471	51,396
GMV (Billions of yen)	279.7	262.3	292.1	279.5	1,113.8	273.6
ARPU (yen)	35,392	32,863	46,534	39,983	38,693	39,450
Monthly churn rate	0.94%	0.82%	0.92%	0.84%	0.88%	0.75%
Number of orders received (ten thousand)	3,702	3,314	3,638	3,553	14,209	3,559
LTV(Lifetime Value) (yen)	3,784,611	3,991,849	5,050,357	4,779,658	4,401,619	5,238,076

※GMV and the number of orders processed are the totals at the end of each quarter. Monthly churn rate is calculated by dividing the average number of churns during the quarter by the number of clients at the end of the quarter.

## Results for each Business —Net sales

(Millions of yen)

Summary of Business Figures  
(Accounting Period)

				2024/4				2025/4
				Q1	Q2	Q3	Q4	Q1
Net sales			Mobile Life Business	1,613	2,161	1,751	1,861	1,638
			Cosmetics Business	317	468	634	799	908
			Gaming Accessories Business	180	151	342	440	693
			New Business investment	29	71	98	65	28
	Toatl domestic commerce			2,139	2,852	2,826	3,166	3,269
	Global Business			397	601	1,103	767	408
	Commerce segment total			2,537	3,453	3,930	3,934	3,678
			Next Engine Business	628	594	849	747	745
			Localco Business	52	159	259	49	67
			Consulting Business	100	103	112	98	87
			Platform Segment Total	781	858	1,220	895	900
	Total sales			3,316	4,314	5,151	4,829	4,578

## Results for each Business —Operating income

(Millions of yen)

Summary of Business Figures  
(Accounting Period)

				2024/4				2025/4
				Q1	Q2	Q3	Q4	Q1
Segment Income			Mobile Life Business	324	454	276	343	229
			Cosmetics Business	(68)	(161)	(56)	54	69
			Gaming accessories Business	(4)	(11)	3	28	39
			New Business investment	(62)	(53)	(58)	(62)	(47)
			Functional Departments	(83)	(78)	(76)	(72)	(58)
			Total domestic commerce	106	148	89	291	232
			Global Business(including consolidation adjustment)	49	242	271	178	(98)
			Commerce Segment Total	156	391	361	469	134
			Platform Segment Total	349	409	719	446	482
			Total Segment Income	505	800	1,080	916	616
Adjusted amount			(331)	(341)	(352)	(361)	(393)	
Operating income			174	459	728	555	223	

## Shareholder Returns —Dividend per share

Consolidated

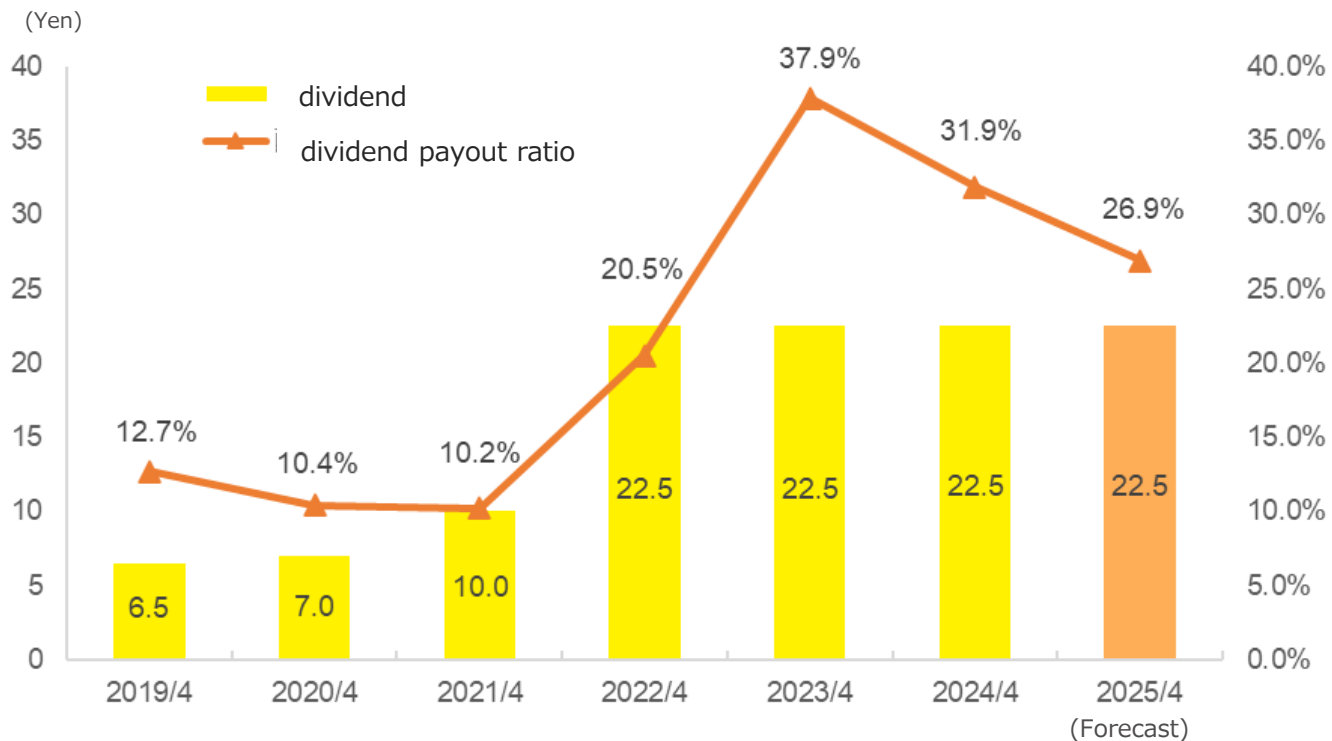
### ① Linked to performance

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.

### Dividend amount







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

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