

Hamee (TYO: 3134)

Net sales and operating income increased sharply in the first two quarters, exceeding the Company's plan. Positive expectations for the second half of the fiscal year are growing.

◇ **Q2 FY04/2025 financial highlights: Significant increase in revenue and profit**

Hamee (hereafter, the Company) announced on December 13, 2024, that its interim results for FY04/2025 had seen a sharp increase in net sales, operating income, ordinary income, and quarterly net income attributable to owner of parent. The results appear to have exceeded the Company's plan.

Specifically, for the cumulative second quarter, net sales were 10.67 billion yen (+39% YoY), operating income was 1.02 billion yen (+61% YoY), ordinary income was 1.03 billion yen (+47% YoY), and net income attributable to owner of parent was 660 million yen (+229% YoY).

By segment, the Commerce Segment saw a 48% increase in revenue and a 51% increase in profit, while the Platform Segment saw a 9% increase in revenue and a 25% increase in profit, with both segments showing steady growth. These are positive outcomes.

Looking at **the Commerce Segment** in more detail, the Mobile Life Business, the Cosmetics Business, the Gaming Accessories Business, and the Global Business are all steadily increasing their net sales. The Cosmetics Business and the Gaming Accessories Business, which are experiencing high growth, generally increase their quarterly net sales.

Regarding profits for the Commerce Segment, the Mobile Life Business is performing well, with product measures and price revisions paying off and generating solid profits. Meanwhile, the Company is striking an appropriate balance between business development and profit generation in the Cosmetics Business, the Gaming Accessories Business, and the Global Business. Although there are fluctuations in profit on a three-month basis, it is worth noting that the Cosmetics Business and the Gaming Accessories Business both turned profitable YoY in the first half of the year. From a bird's eye view, a structure is being created in which multiple businesses complement each other and drive growth for the segment as a whole.

In the Platform Segment, the mainstay NextEngine Business continued to be highly profitable. Against the trend of consumers returning to the EC market, the number of orders received from clients with high unit prices increased, and ARPU improved due to the effect of revisions to service prices. As a result, the segment saw an 18% increase in revenue, which drove segment profit. The segment operating income margin was 52.7% for the first half of the year (an improvement of 6.5 points YoY), which is a high level for an EC-related platform provider, and the segment is likely to attract more attention as the time for the spin-off IPO of the segment approaches.

On the balance sheet, notes and accounts receivable, and merchandise increased, and an increase in short-term borrowings covered this.

◇ **Full-year forecast: No change in the initial guidance**

There are no changes to the full-year earnings forecast or dividend. Net sales of 19.74 billion yen (+12% YoY), operating income of 2.08 billion yen (+8% YoY), ordinary income of 2.05 billion yen (+1% YoY), net income attributable to owners of parent of 1.36 billion yen (+21% YoY), net profit per share of 83.69 yen, dividend per share of 22.50 yen (unchanged YoY).

In the second half of the year, the effects of the price revision implemented in November 2023 in the NextEngine Business are expected to subside, and the one-off factors that boosted ARPU in the previous year's third quarter are also expected to have disappeared. However, given that both the Commerce and Platform Segments enter their peak demand periods in the third and fourth quarters and that progress through the second quarter has exceeded expectations, consolidated earnings are expected to remain steady in the year's second half.

There are no changes to the plan for reorganization (a share-distribution-type spin-off of NE, which will take charge of the Platform Segment and listing of NE) by 2025.

Q2 results update

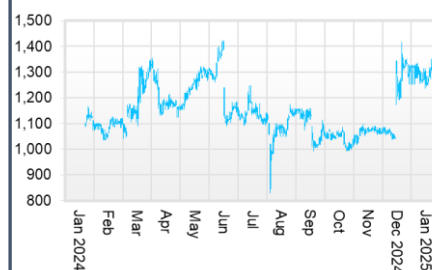
Retail and IT Services

As of January 27, 2025

Share price (1/24) 1,314 Yen

52weeks high/low	¥830/1,425
Avg Vol (3 month)	57 thou shrs
Market Cap	¥21.4 bn
Enterprise Value	¥20.9 bn
PER (25/4 CE)	15.4 X
PBR (24/4 act)	2.0 X
Dividend Yield (25/4 CE)	1.7 %
ROE (24/4)	11.8 %
Operating margin (24/4)	10.9 %
Beta (5Y Monthly)	1.3
Shares Outstanding	16.3 mn shrs
Listed market	TSE Standard section

Share price



%	1M%	3M%	12M%
Share price	-0.38	30.10	20.22
Japan TSE TOPIX	0.89	4.33	8.22

Points of interest

Will the probability of achieving the full-year forecast increase each quarter, will the full-fledged contribution to profits by the Cosmetics Business and the Gaming Accessories Business in the Commerce Segment begin, and will the segment be on track for stable growth? Progress of KPIs in the Platform Segment (the number of clients, the number of orders received, APRU, the churn rate, etc.) and maintenance of high profitability. The realization of future revenue drivers such as the Global Business and the "encer mall" Business. With a view to the spin-off and listing of subsidiaries expected in 2025, whether the stock price will reflect the growing expectations for the potential of the Platform Segment in particular.

This report (Company note) has been prepared at the request of Hamee. For details, please refer to the Disclaimer on the last page.



◇ Stock Price Trends and Points to Watch in the Future

Since the announcement of the first quarter results in September, the stock price has generally remained between 1,000 and 1,100 yen. However, after the release of the second quarter results, it rose significantly with increased trading volume and fluctuated between 1,200 and 1,400 yen.

The rise in the stock price can be attributed to several factors: the strong performance in the second quarter, the fact that the Company's earnings are typically weighted toward the second half in both the Commerce Segment and the Platform Segment, which has heightened expectations for the full-year results, and the anticipation surrounding the upcoming spin-off IPO, which is expected to alleviate the conglomerate discount. The valuation suggests the potential for further reassessment, with PER at 15.6 times based on the Company's forecasted EPS and PBR of 2.1 times.

Key points of focus in the near term include:

1. Earnings increase steadily beyond the third quarter, the peak demand period, and the Company's likelihood of achieving the full-year forecast will increase even further.
2. In the Commerce Segment, the establishment of a stable growth structure where not only the Mobile Life Business but also the Cosmetics Business and the Gaming Accessories Business make consistent contributions to profitability, thereby driving the overall segment growth across multiple business areas.
3. In the Platform Segment, leveraging the recovery of the EC market to steadily increase order processing volumes and ARPU, thereby solidifying its position as an EC platform provider while maintaining or even improving profitability.
4. An increasing contribution to earnings from the Global Business.
5. The materialization of plans for organizational restructuring.

These factors will be critical in shaping the Company's trajectory moving forward.

Company profile

◇ **Hamee Corp.** (hereafter referred to as the Company) was founded in 1997, went public on the TSE Mothers in 2015 and is currently listed on the Standard Market. The Company operates through the Spin-off of two segments. The Commerce Segment, which includes Mobile Accessories, the Cosmetics Business, the Gaming Accessories Business, and the Global Business. the Platform Segment is mainly engaged in the provision of cloud-based (SaaS) EC Attractions "NextEngine", which automates operations related to online shop management and enables cross-mall, multi-store order processing and centralized inventory management.

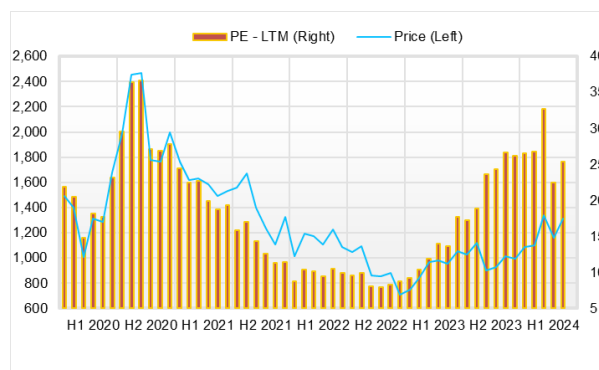
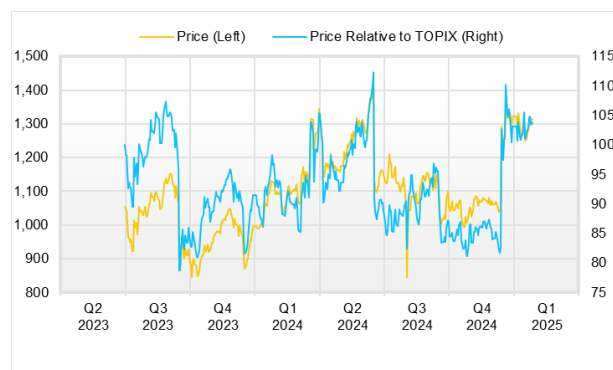
The Company is planning a reorganization by 2025. It plans to conduct a share-distribution-type spin-off of NE Inc., which is in charge of the Platform Segment, and list NE Inc. on the stock exchange. This series of reorganizations aims to avoid the conglomerate discount, efficiently operate each of the two segments, and appropriately and timely reflect the value of each business in the share price.

Key financial data

Unit: million yen	2020/4	2021/4	2022/4	2023/4	2024/4	2025/4 CE
Sales	11,325	12,363	13,413	14,038	17,612	19,745
EBIT (Operating Income)	1,745	2,180	2,202	1,251	1,964	
Pretax Income	1,582	2,144	2,463	1,396	2,009	2,051
Net Profit Attributable to Owner of Parent	1,069	1,556	1,744	945	1,122	1,362
Cash & Short-Term Investments	3,453	3,355	4,026	3,536	4,022	
Total assets	8,097	8,342	10,524	12,392	14,885	
Total Debt	1,740	104	544	1,300	2,327	
Net Debt	-1,713	-3,251	-3,482	-2,236	-1,694	
Total liabilities	3,272	1,814	2,271	3,431	4,728	
Total Shareholders' Equity	4,824	6,528	8,253	8,961	10,157	
Net Operating Cash Flow	1,934	1,941	1,186	695	886	
Capital Expenditure	649	351	1,018	487	477	
Net Investing Cash Flow	-1,020	-412	-886	-1,507	-877	
Net Financing Cash Flow	933	-1,736	298	263	380	
Free Cash Flow	1,440	1,760	362	405	577	
ROA (%)	15.43	18.94	18.49	8.25	8.22	
ROE (%)	23.73	27.42	23.60	10.98	11.73	
EPS (Yen)	67.4	98.4	109.7	59.4	70.4	
BPS (Yen)	305.5	411.1	519.1	563.0	637.6	
Dividend per Share (Yen)	7.00	10.00	22.50	22.50	22.50	22.50
Shares Outstanding (Million Shares)	16.10	16.21	16.27	16.27	16.28	

Source: Omega Investment from company data, rounded to the nearest whole number.

Share price



Overview of Q2 FY04/2025

Overview of Company-wide Performance

Consolidated

Q2 FY04/25 Segment Overview

- Sales increased by 48.1% and profit increased by 51.4% YoY in the Commerce Segment maintaining good performance.
- Significant increase in profit by 25.3% and revenue increased by 9.9% in the Platform Segment though the backlash of special factors.

(Millions of yen)		Accounting period				Cumulative period					
		Q2 FY04/24 Results	Q2 FY04/25 Results	Increase /Decrease	% YoY	Q1-Q2 FY04/24 Results	% full-year plan	Q2 FY04/25 Results	Increase /Decrease	% YoY	% full-year plan
Consolidated Segment Overview											
	Net sales	3,453	5,196	1,742	50.5%	5,991	46.0%	8,874	2,883	48.1%	56.3%
Commerce	Segment profit	395	700	305	77.2%	551	33.1%	834	283	51.4%	42.2%
	Profit ratio	11.4%	13.5%	2.0%	—	9.2%	—	9.4%	0.2%	—	—
	Net sales	858	901	43	5.1%	1,639	43.4%	1,802	162	9.9%	45.1%
Platform	Segment profit	409	467	58	14.2%	758	48.1%	950	191	25.3%	47.6%
	Profit ratio	47.7%	51.9%	4.2%	—	46.3%	—	52.7%	6.5%	—	—
	Net sales	4,314	6,098	1,783	41.3%	7,631	45.4%	10,677	3,046	39.9%	54.1%
	Segment profit	804	1,168	363	45.2%	1,309	40.4%	1,784	475	36.3%	44.9%
Consolidated	Adjusted amount※1	(345)	(370)	(25)	—	(676)	—	(763)	(87)	—	—
	Operating income	459	797	338	73.6%	633	30.3%	1,021	387	61.2%	49.0%
	Profit ratio	10.6%	13.1%	2.4%	—	8.3%	—	9.6%	1.3%	—	—



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※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.

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Source: Company material

Results for each Business —Net sales

Consolidated

(Millions of yen)		2024/4				2025/4	
		Q1	Q2	Q3	Q4	Q1	Q2
Summary of Business Figures (Accounting Period)							
Net sales	Mobile Life Business	1,613	2,161	1,751	1,861	1,638	2,550
	Cosmetics Business	317	468	634	799	908	913
	Gaming Accessories Business	180	151	342	440	693	768
	New Business investment	29	71	98	65	28	32
	Total domestic commerce	2,139	2,852	2,826	3,166	3,269	4,264
	Global Business	397	601	1,103	767	408	932
	Commerce segment total	2,537	3,453	3,930	3,934	3,678	5,196
	Next Engine Business	628	594	849	747	745	703
	Localco Business	52	159	259	49	67	103
	Consulting Business	100	103	112	98	87	95
	Platform Segment Total	781	858	1,220	895	900	901
Total sales	3,316	4,314	5,151	4,829	4,578	6,098	



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Source: Company material



Overview of Q2 FY04/2025 (contd.)

Consolidated

Results for each Business —Operating income

(Millions of yen)
Summary of Business Figures
(Accounting Period)

				2024/4				2025/4	
				Q1	Q2	Q3	Q4	Q1	Q2
Segment Income			Mobile Life Business	324	454	276	343	229	535
			Cosmetics Business	(68)	(161)	(56)	54	69	(48)
			Gaming accessories Business	(4)	(11)	3	28	39	16
			New Business investment	(62)	(53)	(58)	(62)	(47)	(57)
			Functional Departments	(83)	(78)	(76)	(72)	(58)	(63)
			Total domestic commerce	106	148	89	291	232	382
			Global Business(including consolidation adjustment)	49	246	276	156	(98)	318
			Commerce Segment Total	156	395	366	448	134	700
			Platform Segment Total	349	409	719	446	482	467
			Total Segment Income	505	804	1,085	894	616	1,168
		Adjusted amount	(331)	(345)	(357)	(339)	(393)	(370)	
		Operating income	174	459	728	555	223	797	

※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 adjusted amount.

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Source: Company material

Overview of the Commerce Segment

Consolidated

Q2 FY04/25 Commerce Segment Overview(Net sales)

- Significant increase in revenue 18.0% for the accounting period YoY in Mobile Life Business because of the sales of new products for new iPhone are going well.
- Significant increase in revenue in the Cosmetics Business and Gaming Accessories Business following Q1.
- Expanded in sales mainly in Korea and the U.S. in the Global Business.

(Millions of yen)

Commerce Segment	Accounting period				Cumulative period			
	Q2 FY04/24 Results	Q2 FY04/25 Results	Increase /Decrease	% YoY	Q1-Q2 FY04/24 Results	Q1-Q2 FY04/25 Results	Increase /Decrease	% YoY
Net Sales	3,453	5,196	1,742	50.5%	5,991	8,874	2,883	48.1%
Mobile Life Business	2,161	2,550	388	18.0%	3,774	4,188	414	11.0%
Cosmetics Business	468	913	445	95.1%	785	1,822	1,036	132.0%
Gaming Accessories Business	151	768	616	406.2%	332	1,461	1,129	340.2%
New Business investment	71	32	(39)	(54.9%)	100	61	(39)	(39.1%)
Global Business	601	932	331	55.1%	999	1,341	342	34.2%



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Source: Company material



Overview of Q2 FY04/2025 (contd.)

Platform

Next Engine indicators

Fiscal Year	2024/4					2025/4	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Number of clients	5,917	6,033	6,150	6,256	6,256	6,329	6,426
Number of stores introduced (stores)	46,865	47,728	49,311	50,471	50,471	51,396	52,311
GMV (Billions of yen)	279.7	262.3	292.1	279.5	1,113.8	273.6	266.7
ARPU (yen)	35,392	32,863	46,534	39,983	38,693	39,450	36,687
Monthly churn rate	0.94%	0.82%	0.92%	0.84%	0.88%	0.75%	0.87%
Number of orders received (ten thousand)	3,702	3,314	3,638	3,553	14,209	3,559	3,322
LTV(Lifetime Value) (yen)	3,784,611	3,991,849	5,050,357	4,779,658	4,401,619	5,238,076	4,209,814

※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.



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Source: Company material

Financial data (quarterly basis)

Unit: million yen	2023/04			2024/04				2025/04	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
(Income Statement)									
Sales	3,527	3,909	3,496	3,317	4,315	5,151	4,829	4,579	6,099
Year-on-year	5.9%	-3.0%	1.8%	6.8%	22.3%	31.8%	38.1%	38.1%	41.3%
Cost of Goods Sold (COGS)	1,428	1,410	1,517	1,279	1,631	1,858	1,977	1,841	2,628
Gross Income	2,100	2,499	1,979	2,038	2,684	3,293	2,852	2,738	3,471
Gross Income Margin	59.5%	63.9%	56.6%	61.4%	62.2%	63.9%	59.1%	59.8%	56.9%
SG&A Expense	1,774	1,903	1,894	1,863	2,224	2,565	2,306	2,505	2,691
EBIT (Operating Income)	326	595	85	187	470	756	551	233	780
Year-on-year	-59.6%	-19.5%	-74.0%	-24.8%	44.1%	27.0%	545.8%	24.7%	65.9%
Operating Income Margin	9.2%	15.2%	2.4%	5.6%	10.9%	14.7%	11.4%	5.1%	12.8%
EBITDA	618	724	332	377	670	953	749	435	941
Pretax Income	439	485	174	205	492	737	576	200	811
Consolidated Net Income	288	320	130	-133	334	492	428	101	564
Minority Interest	0	0	0	0	0	0	0	0	0
Net Income ATOP	288	320	130	-133	334	492	428	101	564
Year-on-year	-58.2%	-36.6%	-55.8%	-164.0%	16.1%	53.6%	228.4%	-176.6%	68.8%
Net Income Margin	8.2%	8.2%	3.7%	-4.0%	7.8%	9.5%	8.9%	2.2%	9.3%
(Balance Sheet)									
Cash & Short-Term Investments	3,468	3,396	3,536	3,176	2,983	3,430	4,022	3,642	3,912
Total assets	11,442	12,374	12,392	12,350	13,197	14,210	14,885	15,295	16,838
Total Debt	1,020	1,008	1,300	1,700	1,650	1,928	2,327	3,232	3,980
Net Debt	-2,448	-2,388	-2,236	-1,476	-1,333	-1,502	-1,694	-410	68
Total liabilities	2,998	3,460	3,431	3,608	4,040	4,566	4,728	5,242	6,490
Total Shareholders' Equity	8,444	8,914	8,961	8,742	9,156	9,644	10,157	10,053	10,348
(Profitability %)									
ROA	12.09	9.64	8.25	5.31	5.29	6.20	8.22	9.81	10.56
ROE	16.52	13.26	10.98	7.12	7.41	8.88	11.73	14.43	16.26
(Per-share) Unit: yen									
EPS	18.1	20.1	8.2	-8.3	21.0	30.9	26.9	6.4	35.4
BPS	530.9	560.4	563.0	549.2	575.0	605.6	637.6	630.7	648.8
Dividend per Share	16.27	16.27	16.28	16.28	16.28	16.28	16.28	16.29	16.29

Source: Omega Investment from company materials

Financial data (full-year basis)

Unit: million yen	2016/04	2017/04	2018/04	2019/04	2020/04	2021/04	2022/04	2023/04	2024/04
(Income Statement)									
Sales	6,500	8,503	9,379	10,300	11,325	12,363	13,413	14,038	17,612
Year-on-year	14.9%	30.8%	10.3%	9.8%	10.0%	9.2%	8.5%	4.7%	25.5%
Cost of Goods Sold	3,816	4,485	4,618	5,056	4,894	4,802	4,892	5,563	6,745
Gross Income	2,684	4,018	4,761	5,244	6,431	7,562	8,522	8,476	10,867
Gross Income Margin	41.3%	47.3%	50.8%	50.9%	56.8%	61.2%	63.5%	60.4%	61.7%
SG&A Expense	2,237	2,916	3,381	4,080	4,686	5,382	6,319	7,225	8,959
EBIT (Operating Income)	447	1,102	1,380	1,164	1,745	2,180	2,202	1,251	1,964
Year-on-year	32.8%	146.8%	25.2%	-15.7%	50.0%	24.9%	1.0%	-43.2%	57.0%
Operating Income Margin	6.9%	13.0%	14.7%	11.3%	15.4%	17.6%	16.4%	8.9%	11.1%
EBITDA	521	1,272	1,627	1,525	2,227	2,694	2,840	2,042	2,749
Pretax Income	426	1,010	1,259	1,179	1,582	2,144	2,463	1,396	2,009
Consolidated Net Income	258	696	873	821	1,069	1,556	1,744	945	1,122
Minority Interest	0	0	0	0	0	0	0	0	0
Net Income ATOP	258	696	873	821	1,069	1,556	1,744	945	1,122
Year-on-year	33.8%	169.7%	25.4%	-5.9%	30.2%	45.5%	12.0%	-45.8%	18.6%
Net Income Margin	4.0%	8.2%	9.3%	8.0%	9.4%	12.6%	13.0%	6.7%	6.4%
(Balance Sheet)									
Cash & Short-Term Investments	1,103	1,324	1,695	1,660	3,453	3,355	4,026	3,536	4,022
Total assets	3,016	4,240	5,042	5,761	8,097	8,342	10,524	12,392	14,885
Total Debt	383	468	298	500	1,740	104	544	1,300	2,327
Net Debt	-720	-856	-1,397	-1,160	-1,713	-3,251	-3,482	-2,236	-1,694
Total liabilities	1,022	1,484	1,445	1,572	3,272	1,814	2,271	3,431	4,728
Total Shareholders' Equity	1,994	2,756	3,597	4,189	4,824	6,528	8,253	8,961	10,157
(Cash Flow)									
Net Operating Cash Flow	71	576	1,246	651	1,934	1,941	1,186	695	886
Capital Expenditure	189	228	437	291	649	351	1,018	487	477
Net Investing Cash Flow	-263	-433	-674	-671	-1,020	-412	-886	-1,507	-877
Net Financing Cash Flow	-139	69	-230	-7	933	-1,736	298	263	380
Free Cash Flow	52	464	960	526	1,440	1,760	362	405	577
(Profitability %)									
ROA	8.71	19.18	18.81	15.21	15.43	18.94	18.49	8.25	8.22
ROE	13.83	29.30	27.48	21.10	23.73	27.42	23.60	10.98	11.73
Net Profit Margin	3.97	8.18	9.31	7.97	9.44	12.59	13.00	6.73	6.37
Asset Turnover	2.19	2.34	2.02	1.91	1.63	1.50	1.42	1.23	1.29
Financial Leverage	1.59	1.53	1.46	1.39	1.54	1.45	1.28	1.33	1.43
(Per-share) Unit: yen									
EPS	16.6	44.2	54.7	51.2	67.4	98.4	109.7	59.4	70.4
BPS	127.2	174.0	224.1	263.0	305.5	411.1	519.1	563.0	637.6
Dividend per Share	1.50	4.50	5.50	6.50	7.00	10.00	22.50	22.50	22.50
Shares Outstanding (Million Shares)	15.55	15.74	15.94	16.08	16.10	16.21	16.27	16.27	16.28

Source: Omega Investment from company materials



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