Hamee Corp.

Q2 FY04/25
Results briefing materials

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

TSE STANDARD, Securities Code 3134
December 13, 2024

Company Profile

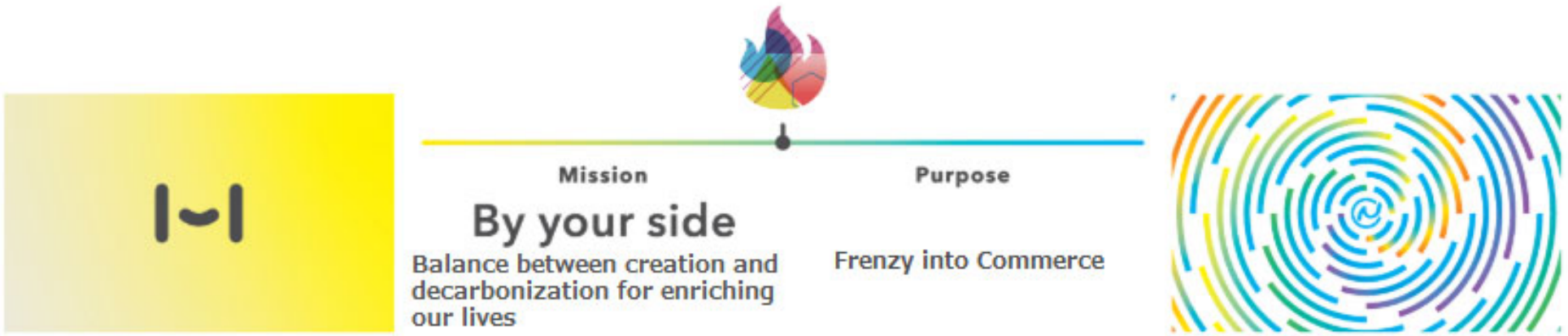
Company Profile

Our group is developing the Commerce segment, which includes Mobile Life Business, Cosmetics Business, Gaming Accessories Business, and the Platform segment, which includes Next Engine Business, Localco Business and Consulting Business.

Reorgani-zation

In the Platform segment, we spun off NE Inc., in August 2022 and are currently preparing to apply for listing in 2025. The spin-off listing of NE Inc., will further maximize shareholder value.
*For details, please see page 47 onwards "V. Reorganization."

We will continue to evolve and grow our two main businesses based on the Purpose/Passion of "Ignite your creativity."
We will create innovative new businesses in peripheral fields.



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Company Profile- Commerce Segment

Mobile Life Business



We develop smartphone cases and related accessories with "iFace" as our main product. "iFace" has strengths such as impact resistance and design. High recognition among young people.

Cosmetics Business



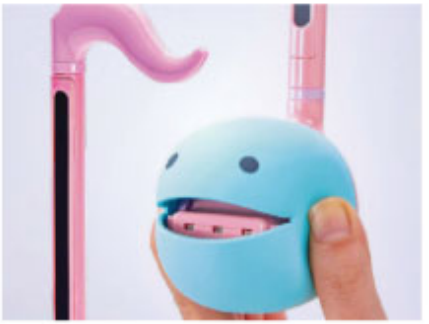
Cosmetics brand,"ByUR" was born in Korea and was based on the concept of "pore management," and developed base makeup and skin care items. They are sold on EC sites, drug stores, variety shops, etc. and has won various awards.

Gaming Accessories Business



Gaming Accessories brand,”Pixio” develops gaming monitors and related peripherals. White and pastel colored monitors are especially popular. We also develop a wide range of accessories in a variety of colors to produce desk environment.

Global Business



Developed music toys, "Otamatone" and low-rebound toys "squeeze" in collaboration with popular characters, mainly in the North American market. In the mobile-related field, accessories in collaboration with popular characters are being sold overseas.

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Company Profile- Platform Segment

NextEngine Business



Next Engine helps automate and streamline EC site operations with the largest number of clients in the industry※ and supports clients in a wide range of categories, including food, household goods, and cosmetics.
※Our research

Consulting Business



EC consulting and management services based on a wealth of data and know-how to support EC sites. One-stop service from consulting to actual website creation for businesses considering site management and opening new EC stores are provided.

Localco Business



Localco mainly provides services to support the complicated hometown tax payment procedures for local governments. Rakuten shop of the year winners will create pages, promote the site, and provide consultation to Manufacturer. EC sales for traditional crafts began in April 2024.

encer mall Business



Encer mall is a wholesale marketplace that matches manufacturers with retailers. Following the release of Next Engine app "encer mall Linked for Wholesale Members," "encer mall Linked for Purchasing Members" app was released in October 2024.

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I. Executive Summary

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Executive Summary

1 Significant increase in revenue 39.9% and in profit 61.2% YoY as the result of the entire group. Q2 results exceeded the plan.

2 Sales and profits increased by 48.1% and 51.4% YoY, respectively in the Commerce segment. Q3 and Q4 are expected to remain strong.

3 Revenue and profits increased by 9.9% and 25.3% YoY, respectively in the Platform segment because of the number of orders processed by high-spending clients increased, leading to sales growth in Next Engine Business. Although there was a backlash from special factors, consumption continued to return to the EC market.

※All data is for cumulative period

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II. Financial Results

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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

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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 Next Engine Business tend to be sluggish(Decrease in sales)

●Q3(Net sales and operating income are maximized)
- ○The number of orders increases with the year-end sales of EC operators and the ARPU of Next Engine Business tend to be upward(Increase in sales)
  (Sales in the previous year were outstanding because of sales collaboration with Mercari)
- ○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 and 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 Next Engine Business.

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Q2 FY04/25
Consolidated Overview

・Revenue increased significantly by 41.3% in the accounting period YoY because of the strong performance of both segments.

・All kinds of profits also increased significantly YoY following Q1.

(Millions of yen)	Accounting period				Cumulative period			
Consolidated Overview	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	4,314	**6,098**	1,783	41.3%	7,631	**10,677**	3,046	39.9%
Gross profit	2,683	**3,470**	787	29.3%	4,721	**6,208**	1,487	31.5%
Operating income	459	**797**	338	73.6%	633	**1,021**	387	61.2%
Net Profit attributable to owners of parent	334	**564**	229	68.8%	201	**665**	463	229.7%

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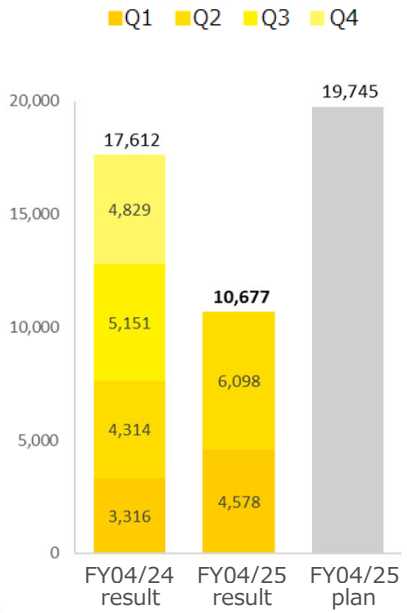
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Q2 FY04/25
Consolidated Financial Highlight

Net Sales

Q1-Q2 Result

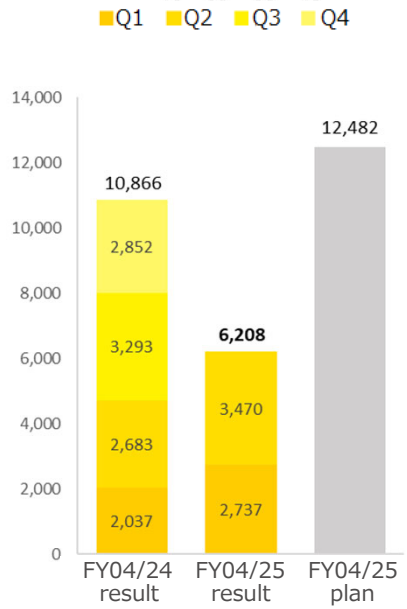
JPY 10,677 million
up 39.9% YoY



Gross profit

Q1-Q2 Result

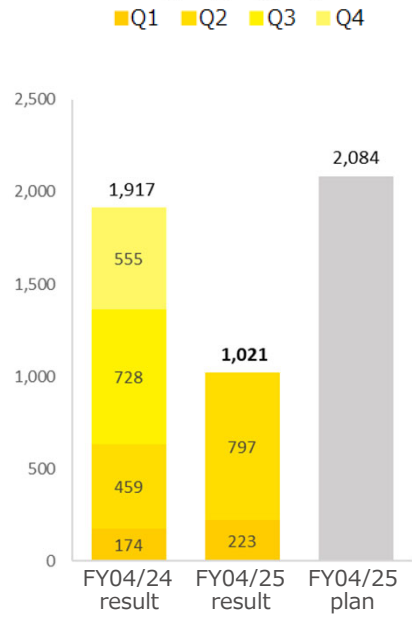
JPY 6,208 million
up 31.5% YoY



Operating income

Q1-Q2 Result

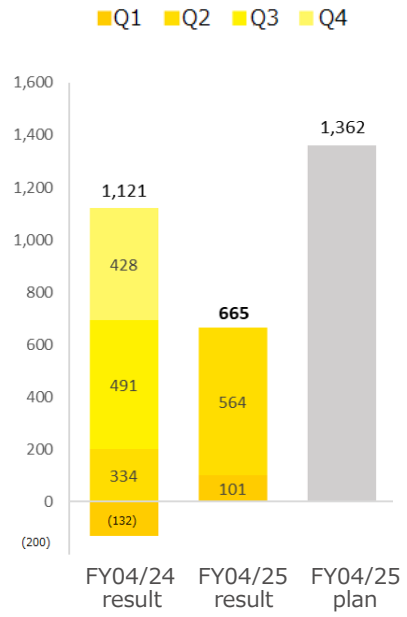
JPY 1,021 million
up 61.2% YoY



Quarterly Net Profit attributable to owners of parent

Q1-Q2 Result

JPY 665 million
up 229.7% YoY



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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)

Consolidated Segment Overview		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
Commerce	Net sales	3,453	**5,196**	1,742	50.5%	5,991	46.0%	**8,874**	2,883	48.1%	56.3%
	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%	—	—
Platform	Net sales	858	**901**	43	5.1%	1,639	43.4%	**1,802**	162	9.9%	45.1%
	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%	—	—
Consolidated	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%
	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 %	—	—

※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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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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Q2 FY04/25
Commerce Segment Overview(Operating income)

- Mobile Life Business, Gaming Accessories Business, and Global Business contribute to profits.
- Exceeded the plan for the cumulative period in the Cosmetics Business. Increase in promotional expenses resulted in a loss in the accounting period.

(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	395	**700**	305	77.2%	551	**834**	283	51.4%
Mobile Life Business	454	**535**	80	17.8%	779	**765**	(14)	(1.8%)
Cosmetics Business	(161)	**(48)**	113	—	(230)	**21**	251	—
Gaming Accessories Business	(11)	**16**	27	—	(15)	**55**	70	—
New Business investment	(53)	**(57)**	(3)	—	(116)	**(104)**	11	—
Functional Departments	(78)	**(63)**	14	—	(162)	**(122)**	39	—
Global Business	246	**318**	72	29.2%	296	**219**	(76)	(25.7%)
Profit ratio	11.4%	**13.5%**	2.0%	—	9.2%	**9.4%**	0.2%	—

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Q2 FY04/25
Platform Segment Overview

- Significant increase in revenue and profits in the Next Engine Business because the number of orders processed by high-spending clients, ARPU improved by the new charging plan and the consumer spending returning to the EC market was continued.
- Sales in September last year were three times higher than the year before due to the last-minute surge in demand following the change in the hometown tax payment system in Oct. last year, but due to a backlash from special factors, sales this year are down 19.7% YoY in the Localco Business.
- Increased in Profits in Consulting Business because of profit management and measures to improve operation rates although revenue decreased.

(Millions of yen)

Platform 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	858	**901**	43	5.1%	1,639	**1,802**	162	9.9%
Next Engine Business	594	**703**	108	18.2%	1,223	**1,448**	225	18.4%
Localco Business	159	**103**	(56)	(35.5%)	212	**170**	(41)	(19.7%)
Consulting Business	103	**95**	(8)	(7.9%)	204	**183**	(21)	(10.3%)
Operating income	409	**467**	58	14.2%	758	**950**	191	25.3%
Operating income ratio	47.7%	**51.9%**	4.2%	—	46.3%	**52.7%**	6.5%	—

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Q2 FY04/25 Consolidated Overview —Net Sales analysis

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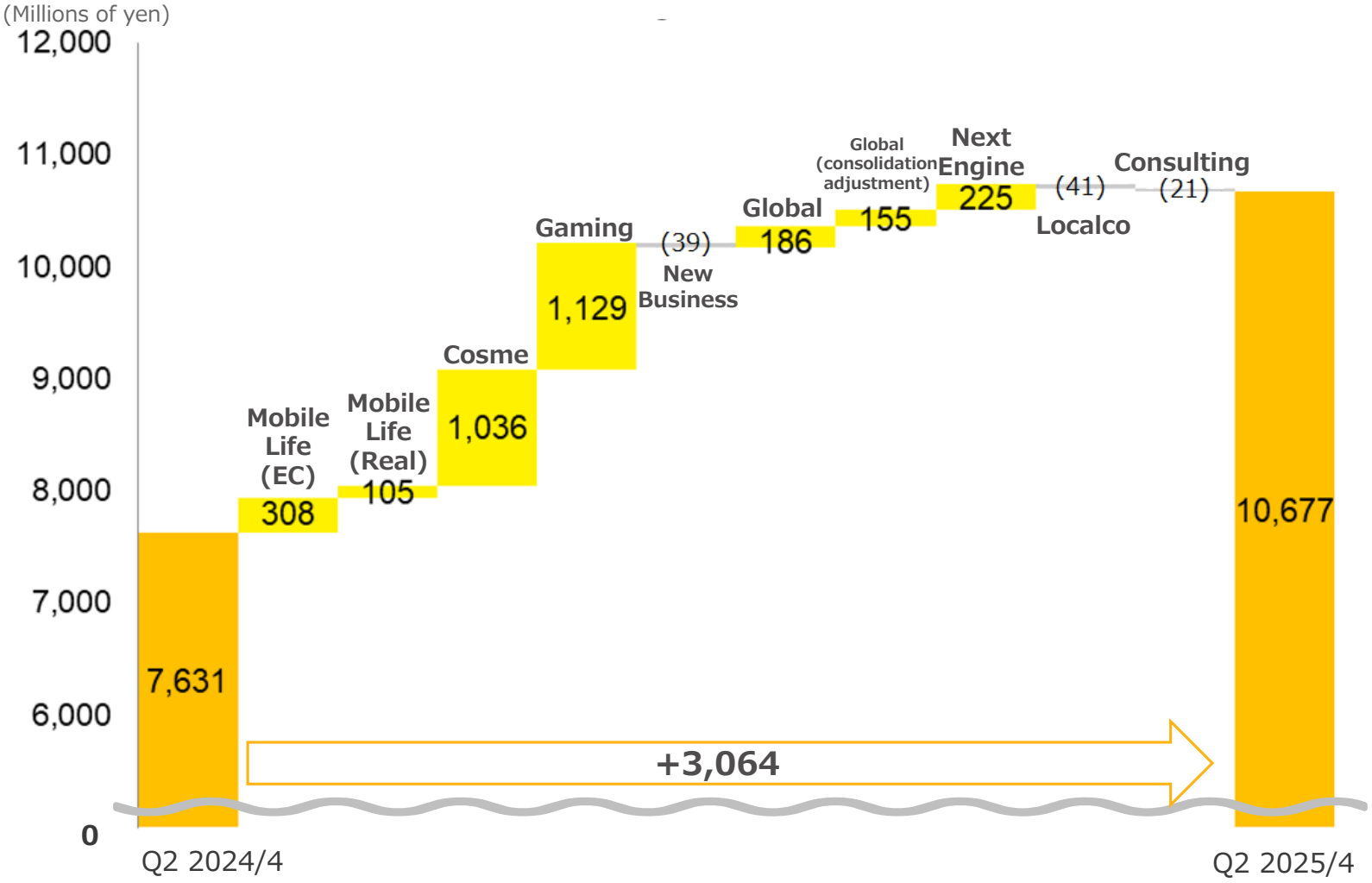
- Mobile Life: Good performance mainly products for new iPhone. Wholesale recovers.
- Cosmetics: Both EC and wholesale remain strong. New products also contributed to increase sales.
- Gaming Accessories: Sales increased significantly because white monitors, pastel colored monitors and peripherals were sold well.
- Global: Strong sales in Korea and the U.S.

<Platform>

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

Consolidated

Net sales(cumulative period)



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Q2 FY04/25 Consolidated Overview —Operating income analysis

<Commerce>

- Mobile Life: Changes in allocation standards, increased sales costs and logistics costs made profit slight decrease.
- Cosmetics: Significant increase in revenue and cost reduction improved. Aiming to achieve full-year profitability by continuing advertising investment and cost reduction.
- Gaming Accessories: Turning profitable and contributing to profits by significant increase in revenue following Q1. Aiming for full-year profit increase.
- Functional dept: Decreased expenses by reviewing allocation standards.
- Global: Korea and the U.S. did well. Marketing and logistics costs related to sales expansion increased, which resulted in a decrease in profits.

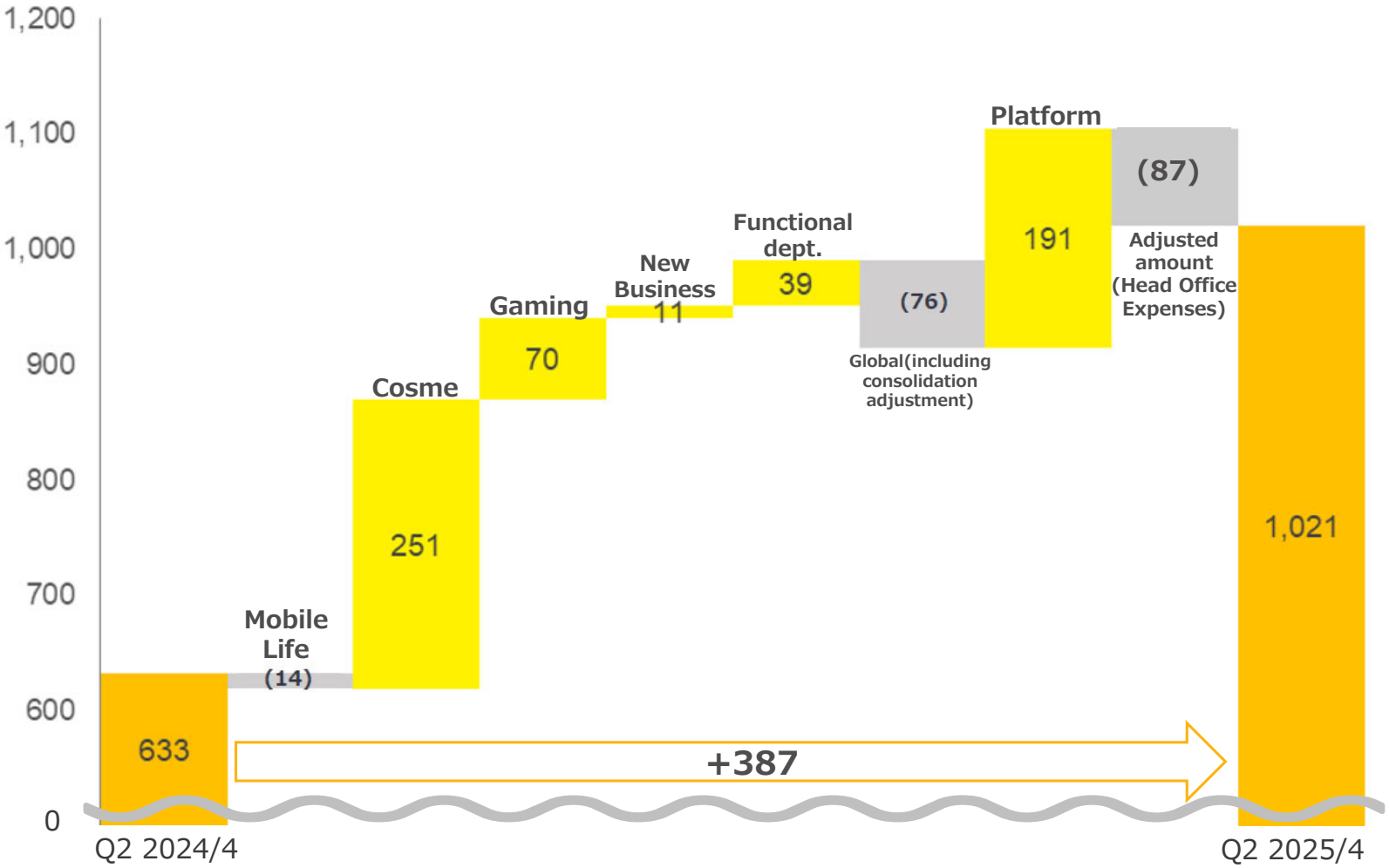
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- Achieved profit increase by controlling costs and high marginal profit ratio.

Consolidated

Operating income (cumulative period)

(Millions of yen)



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Ⅲ. Business Highlight

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Commerce

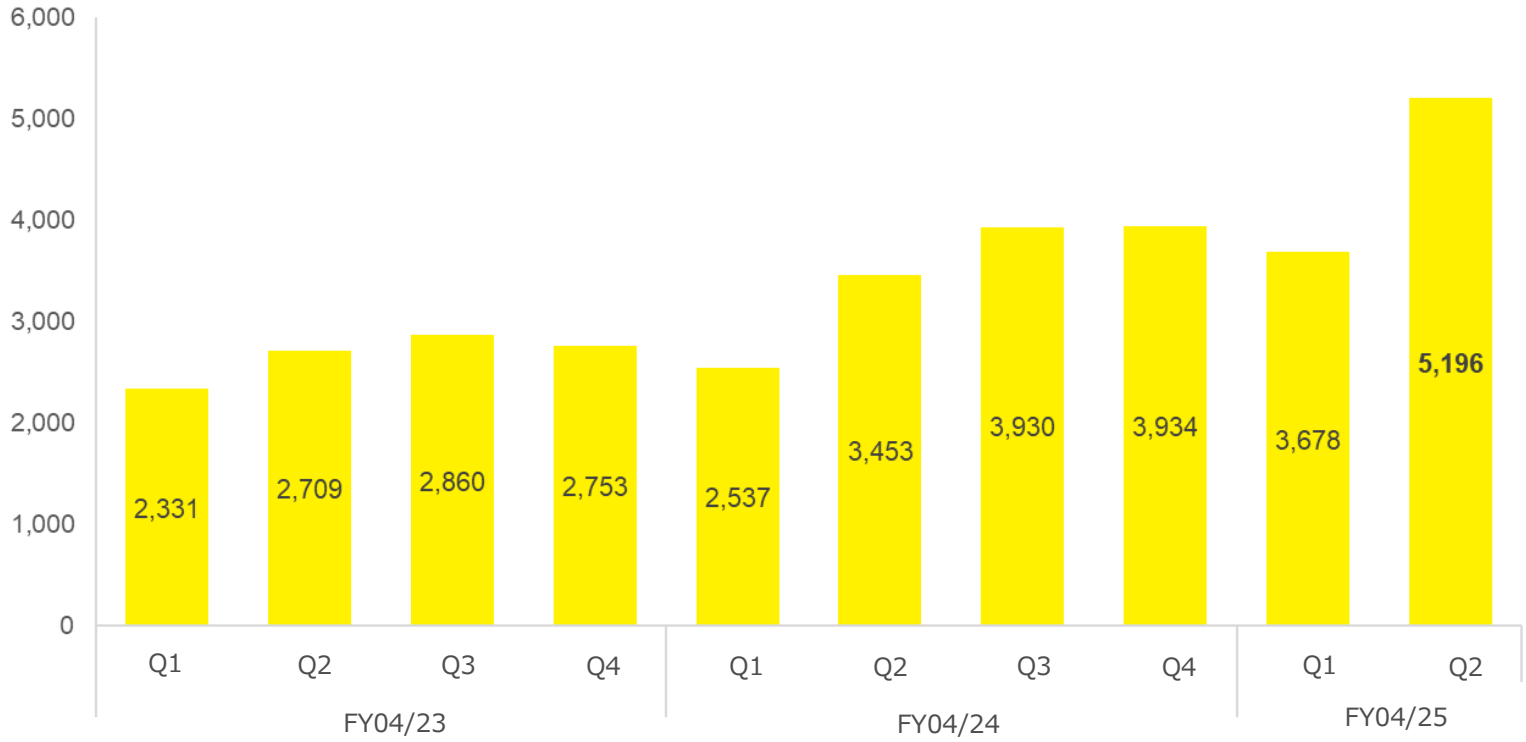
iFace

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Q2 FY4/25
Sales by quarter

- Significant increase in sales YoY because of significant increase revenue in Cosmetics Business and Gaming Accessories Business.
- Sales growing 50.5% YoY because of moving away from reliance on a single business and the progress in forming business portfolio.

Net sales



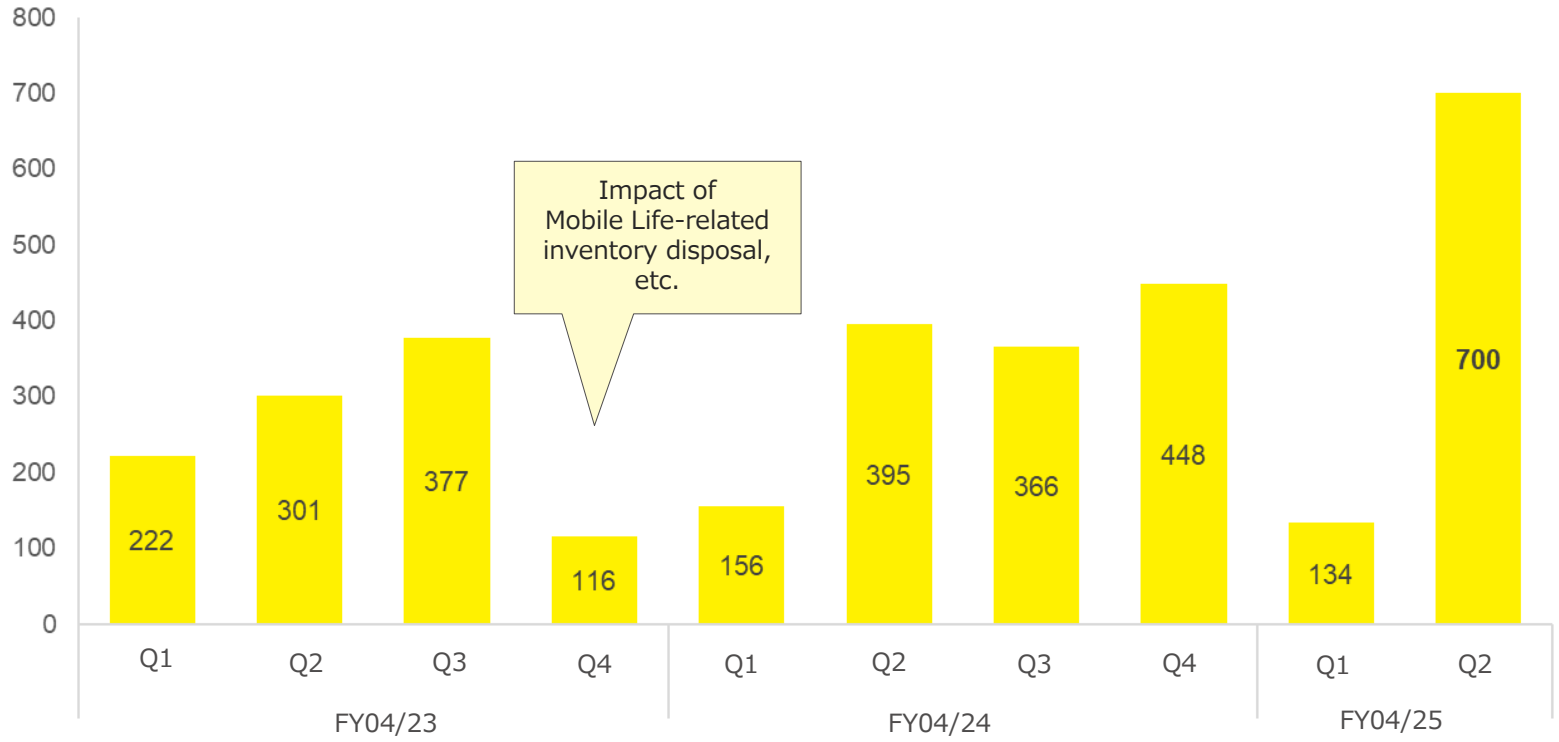
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Q2 FY4/25
Segment profits by quarter

- Achieved significant profit increase because of color monitors, monitor arms and the Global Business contribute to profit. Progressing well mainly products for new iPhone and peripheral accessories.

- Profits are trending upwards because it will enter a period of increased demand, such as each mall sales, year-end sales and new lifestyle demand etc, from Q3 onwards.

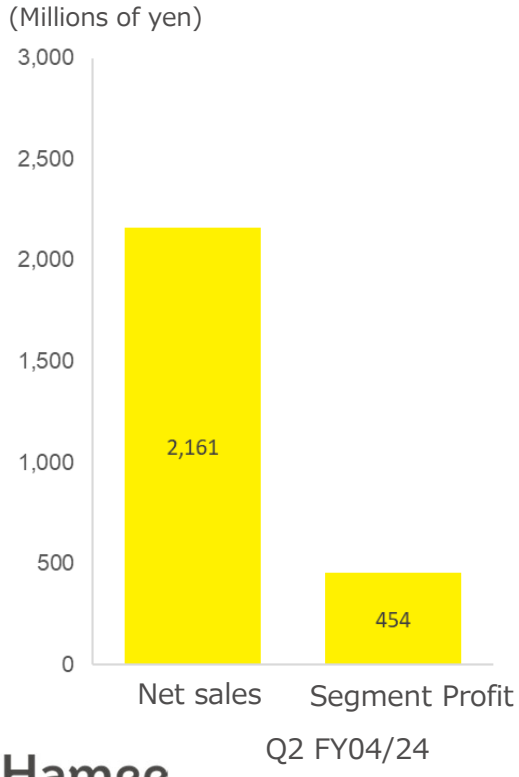
Segment profit



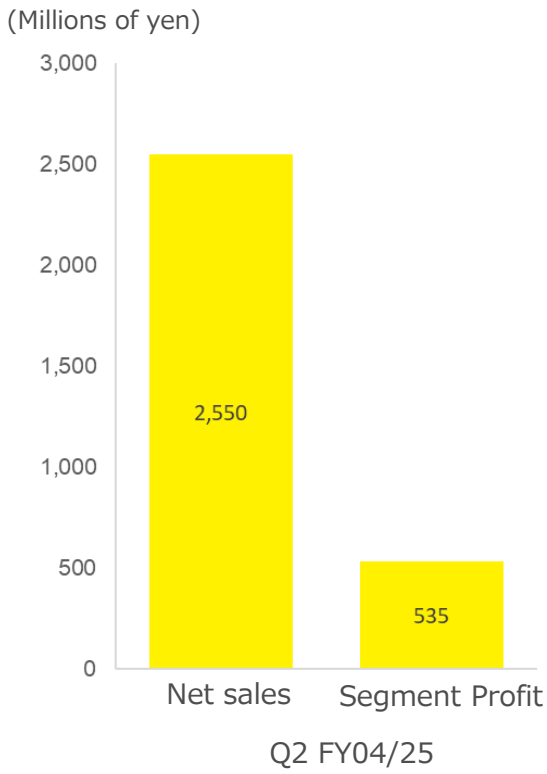
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Q2 FY04/25
Mobile Life Business

・Sales and segment profits increased because of new iPhone sales and peripheral accessories did well.
・Further increases expected as demand peaks such as year-end sales in Q3 and new lifestyle demand in Q4.



Q2 FY04/24



Q2 FY04/25

Net Sales
JPY2,550 million
up 18.0% YoY

Segment profit
JPY535 million
up 17.8% YoY

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iFace product development

- Launch of new products for iPhone16 of “Reflection” and “First Class” series, standard products of iFace.
- Strengthened development of peripheral accessories other than cases, such as "MagSynq" series which utilize the functions of iPhone's Magsafe. The first Mobile Battery in the series is on sale.
- Continue to focus on brand-marketing through measures such as collaborating with various IP.
- Strengthen measures other than iPhone, such as Pixel. Mitigate dependency on iPhone.

Popular Products

- **iFace and peripheral accessories**



- **iPhone16 Series**



Product development

- **MagSynq Mobile Battery**



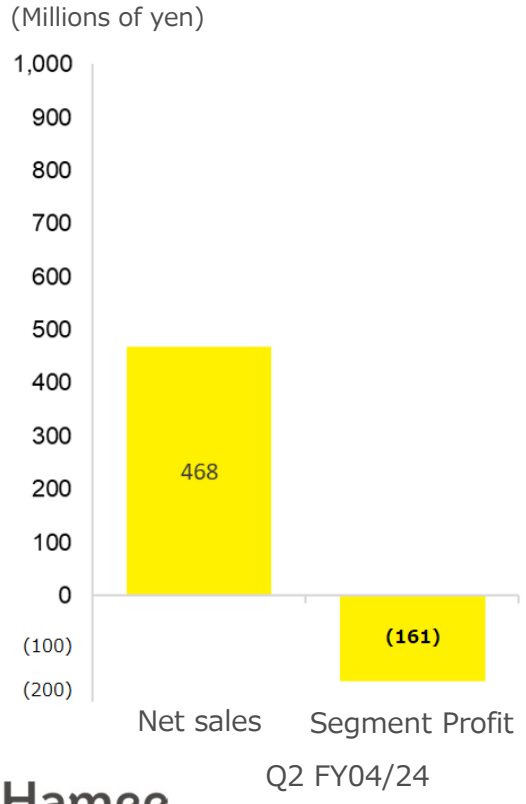
- **Google Pixel9 Series**



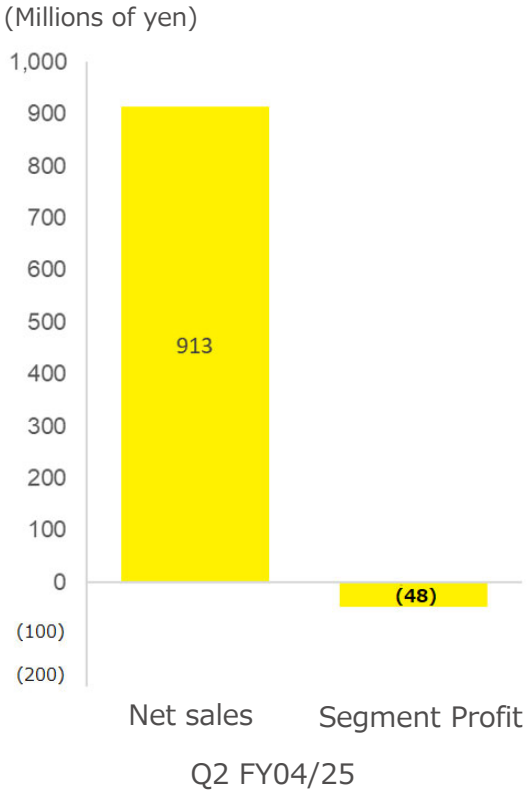
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Q2 FY04/25
Cosmetics Business

- Sales growth exceeds plan. The number of wholesale stores has increased to 7,000.
- The increase in sales promotion expenses which includes fixtures and samples due to changes in the product mix and an increase in the number of new stores improved YoY.



Q2 FY04/24



Q2 FY04/25

Net Sales

JPY913 million
up 95.1% YoY

Segment profit

(JPY48 million)
(-% YoY)

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Cosmetics Business

- Sales continue to grow because of new products development and collaboration products with Sanrio characters.
- Aiming to further expand the brand, we focus on product development such as anti-aging care series and expand our target demographic.
- Aiming to increase profits Q3 and Q4, we plan to control advertising expenses, change allocations, and implement sales channel measures.

Commerce

Mainstay Products

- **Base makeup**



- **Skincare line**



Product development

- **Toner (Face lotion)**



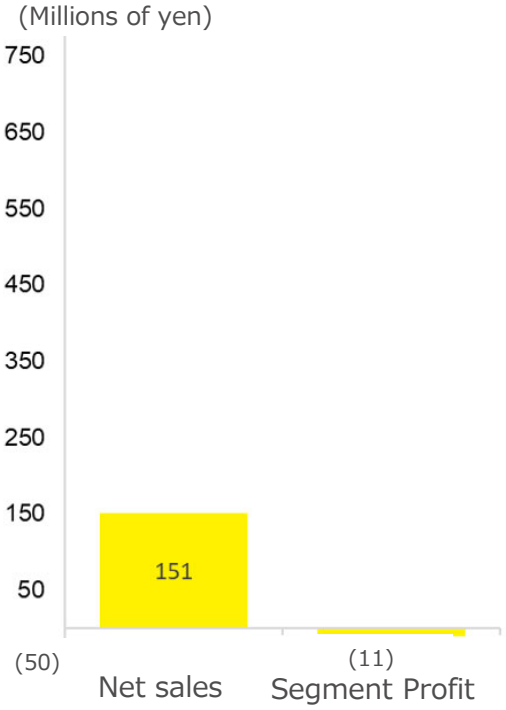
- **Pop-up Shop**



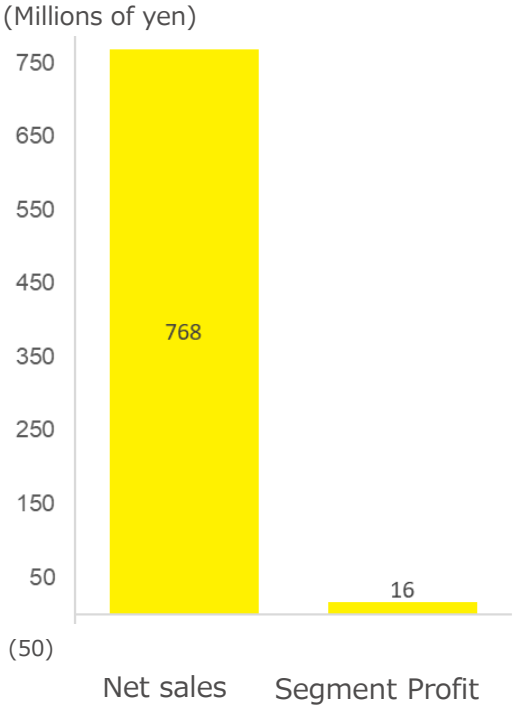
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Q2 FY04/25
Gaming Accessories Business

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



Q2 FY04/24



Q2 FY04/25

Net Sales

JPY768 million
up 406.2% YoY

Segment profit

JPY16 million
(-% YoY)

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Gaming Accessories Business

- Expanding product lineup by developing peripheral accessories such as original monitor arms, white and pastel colored high-performance new monitor. The colored monitors are now on sale with the addition of beige, mint and purple.
- Further increase brand awareness, we first exhibited at Tokyo Game Show and successfully appealing to many visitors.
- Implemented measures such as collaborating with popular game distributors and sponsoring e-sports competitions and events in order to raise brand awareness.

Product development

- **Wave Series**

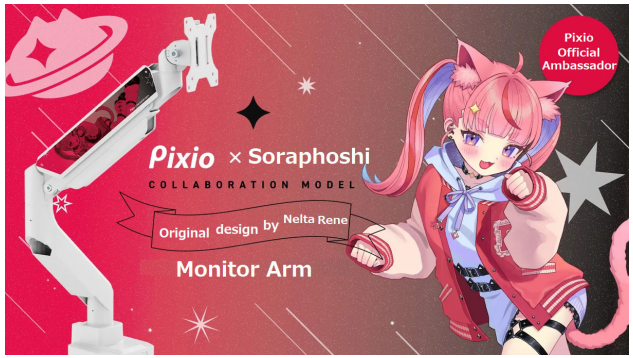


- **New color development**



New Services

- **Collaborating with popular game distributors**



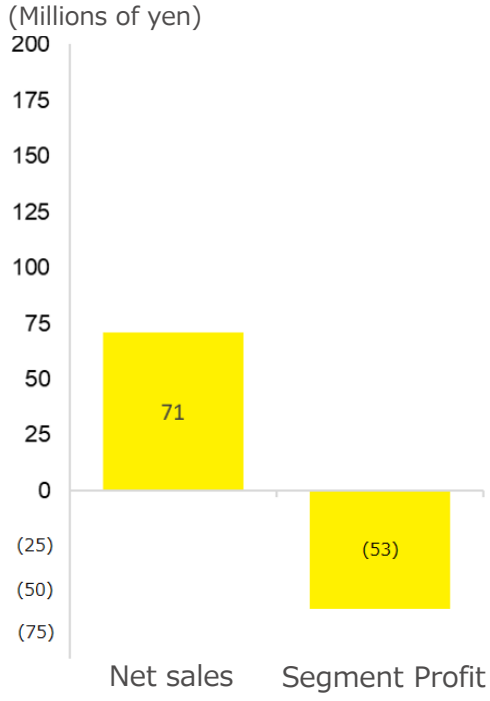
- **Exhibited at the Tokyo Game Show 2024**



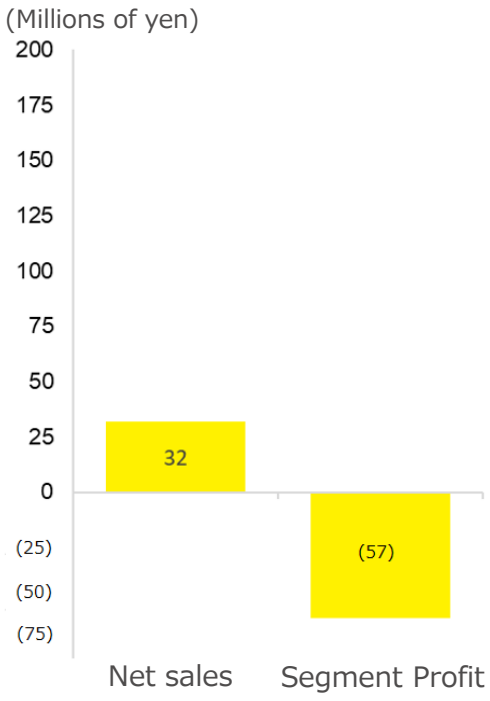
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Q2 FY04/25
New Business

- Sales and profits are progressing as planned. Revenue decreased YoY due to change in part of the allocation criteria to Mobile Life Business.
- To create new businesses such as Cosmetics Business and Gaming Accessories Business, we continue to invest.



Q2 FY04/24



Q2 FY04/25

Net Sales

JPY32 million
(down 54.9% YoY)

Segment profit

(JPY57 million)
(-% YoY)

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New business investment

- As part of our efforts to reduce carbon emissions, we are working to solve environmental issues, we developed "Parallel Plastics", a recycling service that produces new products from defective plastic products and surplus inventory. Inquiries about collaboration are on the rise.

- Developed and launched “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.

Commerce

Recycling Service

- **Parallel Plastics**



- **100% recycled accessory charm**



Other new business

- **CustoMee**

- **Hamic**

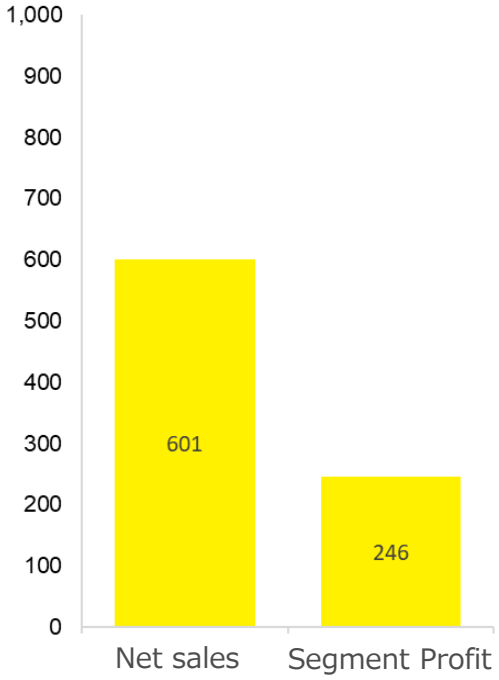


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Q2 FY04/25
Global Business

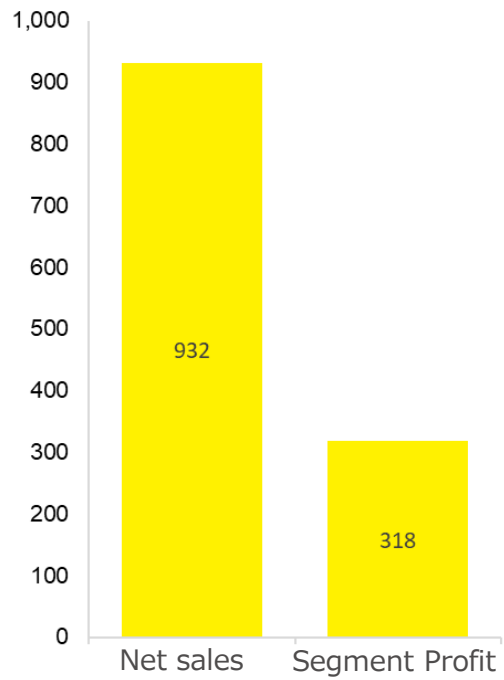
・Sales increased by 55% because of wholesale sales expand in Hamee US. All businesses in Hamee Global are doing well.
・Increased profit 29.2% in segment profit. Q3 is the peak season, with expectations of increased revenue and profits.

(Millions of yen)



Q2 FY04/24

(Millions of yen)



Q2 FY04/25

Net Sales

JPY932 million
up 55.1% YoY

Segment profit

JPY318 million
up 29.2% YoY

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Global Business

- Manufacturing profits also increased in Hamee Global where production base because of the increase sales of Mobile Life and Cosmetics 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.

- Plans to increase top line through expansion of sales area and stable product supply. Aim to expand sales area such as Korea and EU countries.

- **Mobile Life Business Manufacturing and Development**



- **Cosmetics Business Commerce Manufacturing and Development**



- **Otamatone unicorn**



- **Otamatone Japan**



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Platform

NEXT ENGINE

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Highlights

Platform

Sales (Q2)

JPY**901** million

up 5.1% YoY

Operating income (Q2)

51.9%

up 4.2% YoY

Next Engine Business

Number of clients (Q2)

6,426 clients

up 393 clients YoY

GMV (Q2)※1

JPY**266.7** billion

up 1.7% YoY

ARPU (Q2)※2

JPY**36,687**

up 11.6% YoY

Monthly churn rate (Q2)※3

0.87%

up 0.05% 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 Revenew 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.

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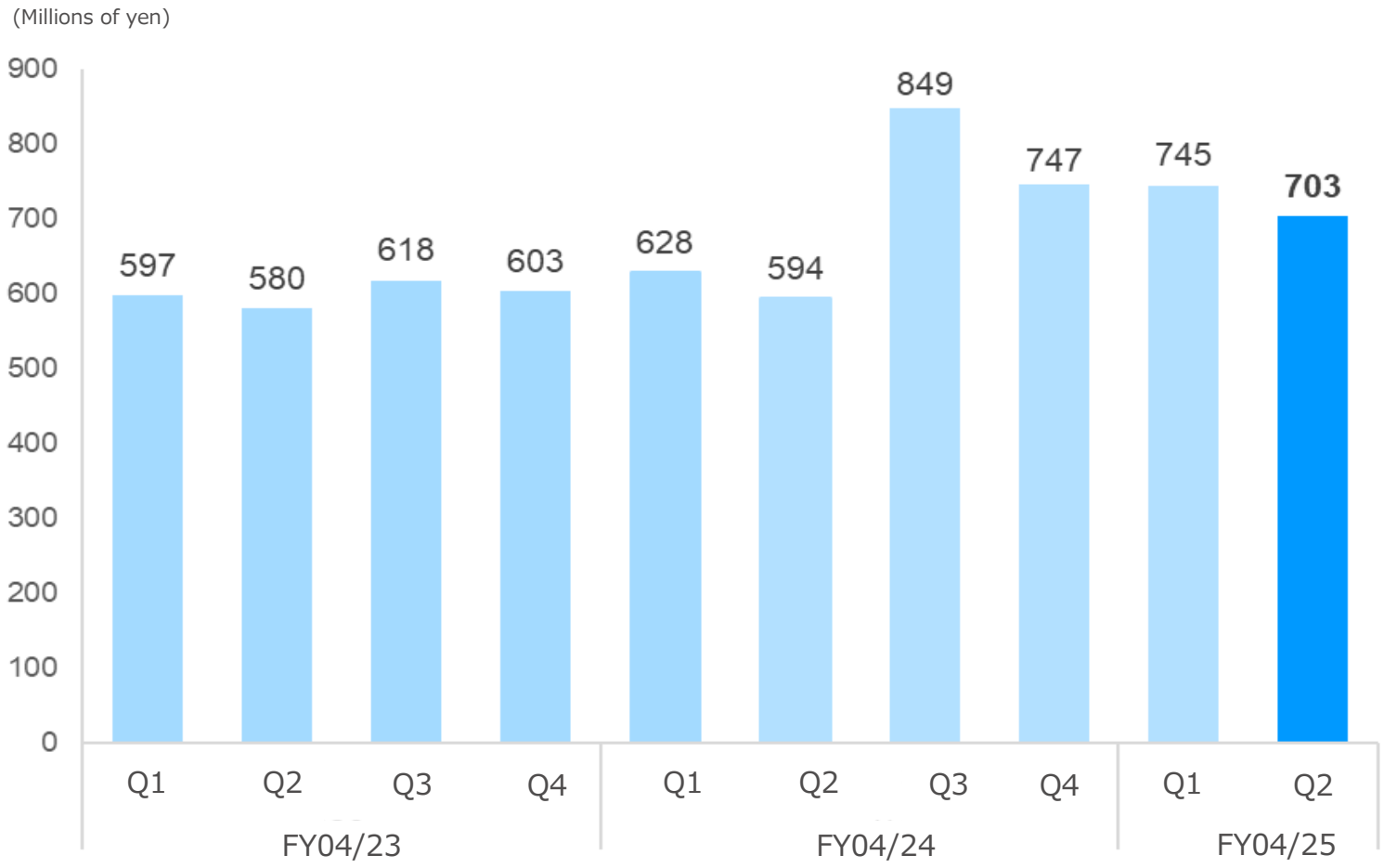
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Next Engine Business —Q2 FY04/25 Sales

- There are signs of consumption returning to the EC market following the Q1. 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 18.2% in sales for the fiscal period YoY because of increase in ARPU resulting from the new charging plan was applied to existing clients since November 2023 and the number of orders processed by high-spending clients.

Net sales

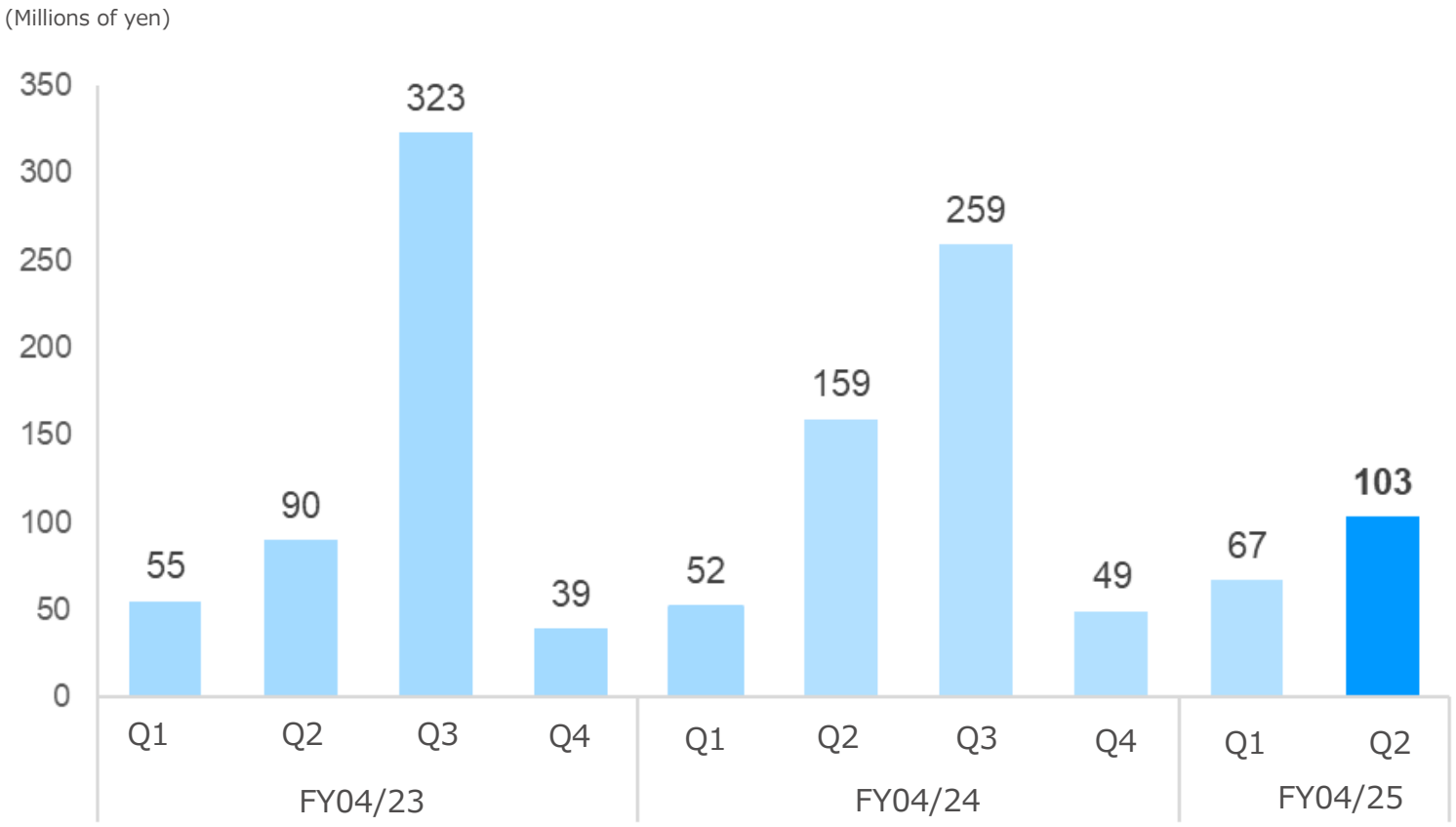


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Localco Business —Q2 FY04/25 Sales

- Sales in September last year were three times higher than the year before because of the last-minute surge in demand following the change in the hometown tax payment system in Oct. last year, but due to a backlash from special factors, revenue this year are decreased 35.5% 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.
- Sales and profits are expected to peak in Q3,barring special factors.

Net sales

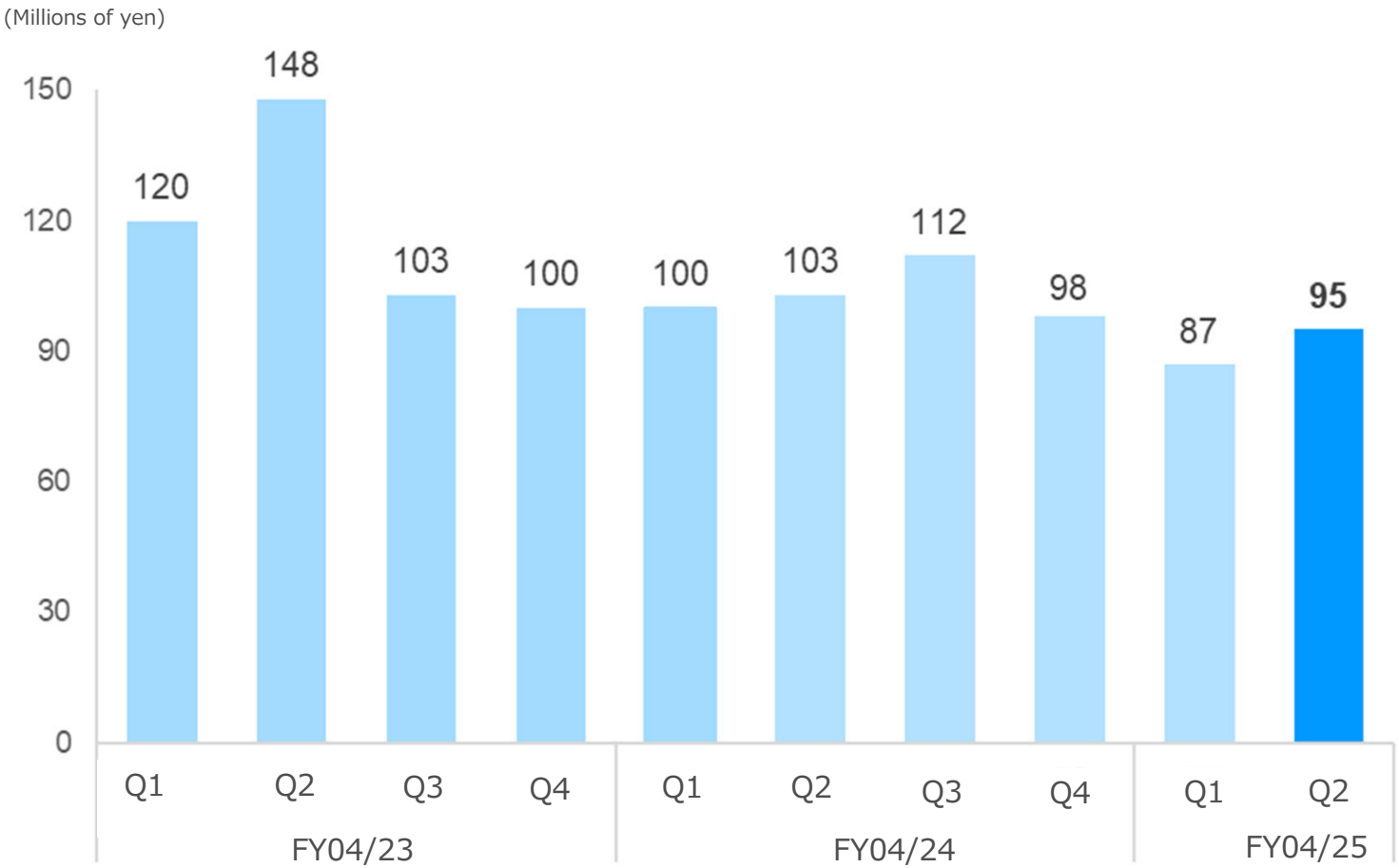


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Consulting Business —Q2 FY04/25 Sales

- Exceeded initial plans although sales decreased 7.9% 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



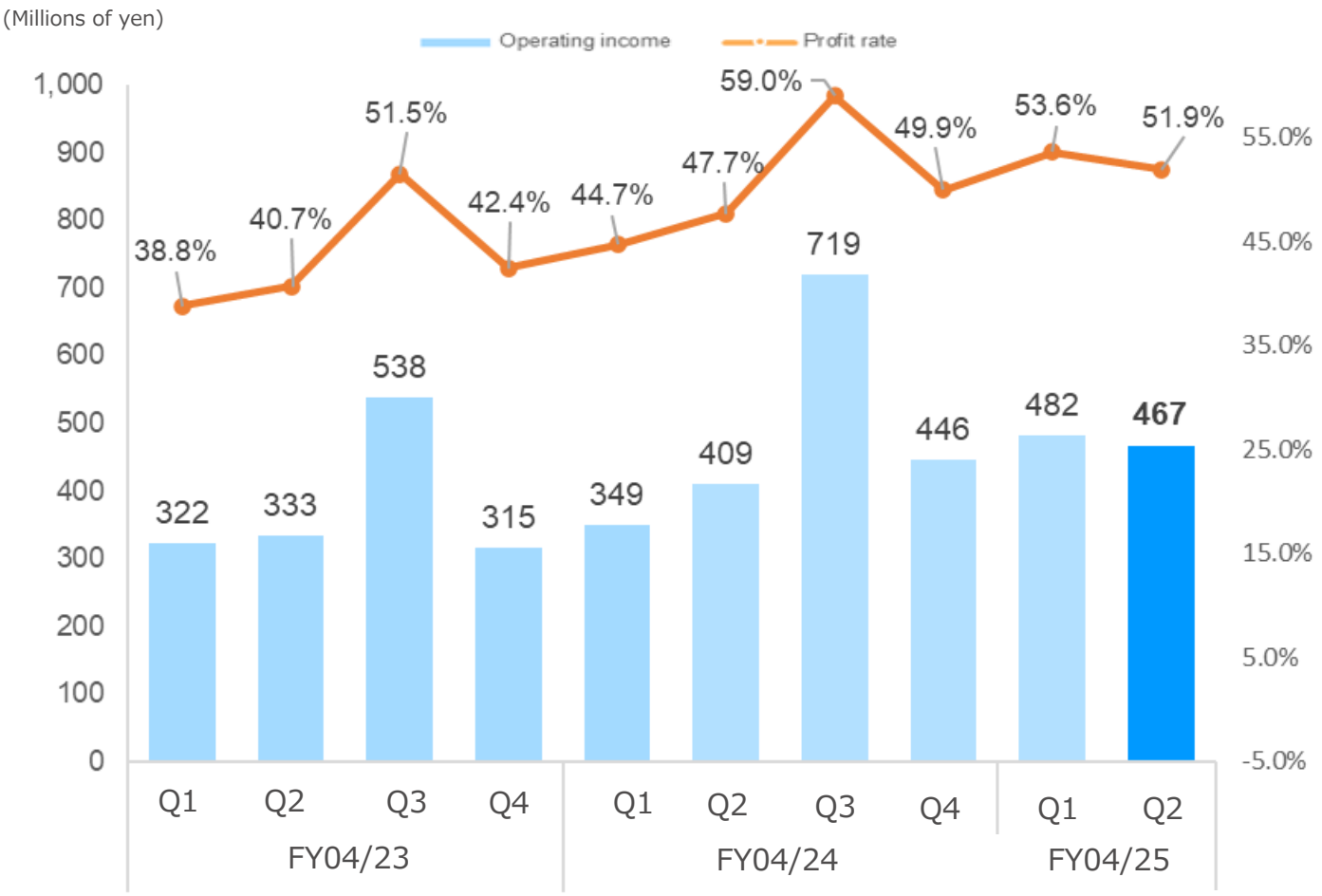
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Q2 FY04/25 Operating income

- Operating income increased significantly 14.2% YoY. The high marginal profit ratio in the Next Engine Business gave the direct impact of increased revenue from the new charging plan on profits although special factors in Localco Business.

- Operating income ratio increased from 47.7% to 51.9% because of the contribution of increased profits in Consulting Business and the strong profitability of Next Engine Business.

Operating income

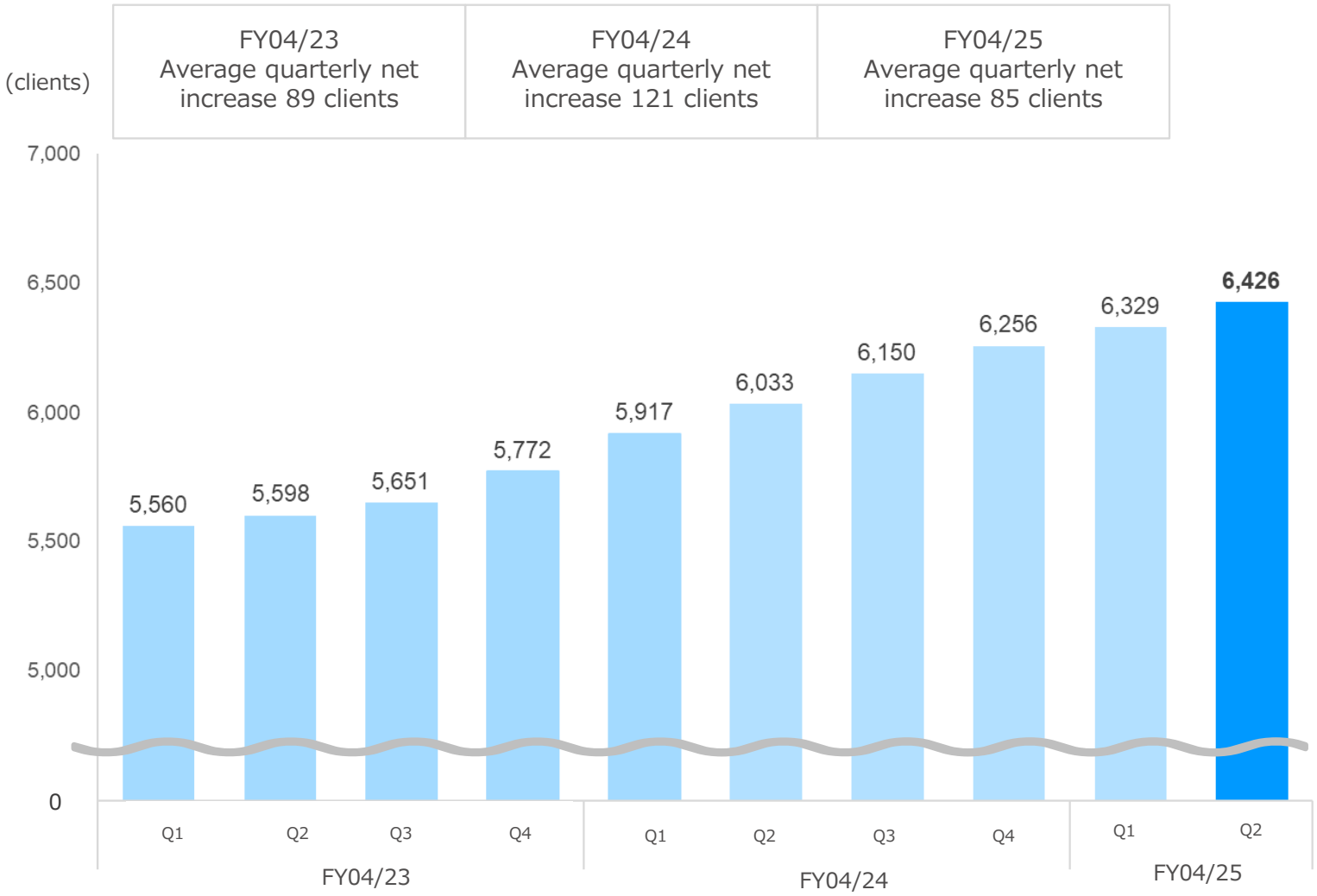


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Next Engine Business —Total number of clients

- 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. However the total number of clients is 6,426(more 170 clients than at the end of April.) Improved conversion ratio from free trial to formal contract and focused on keeping churn rate low.
- Results exceeded initial plan because of recovery in Q2.

Total number of clients



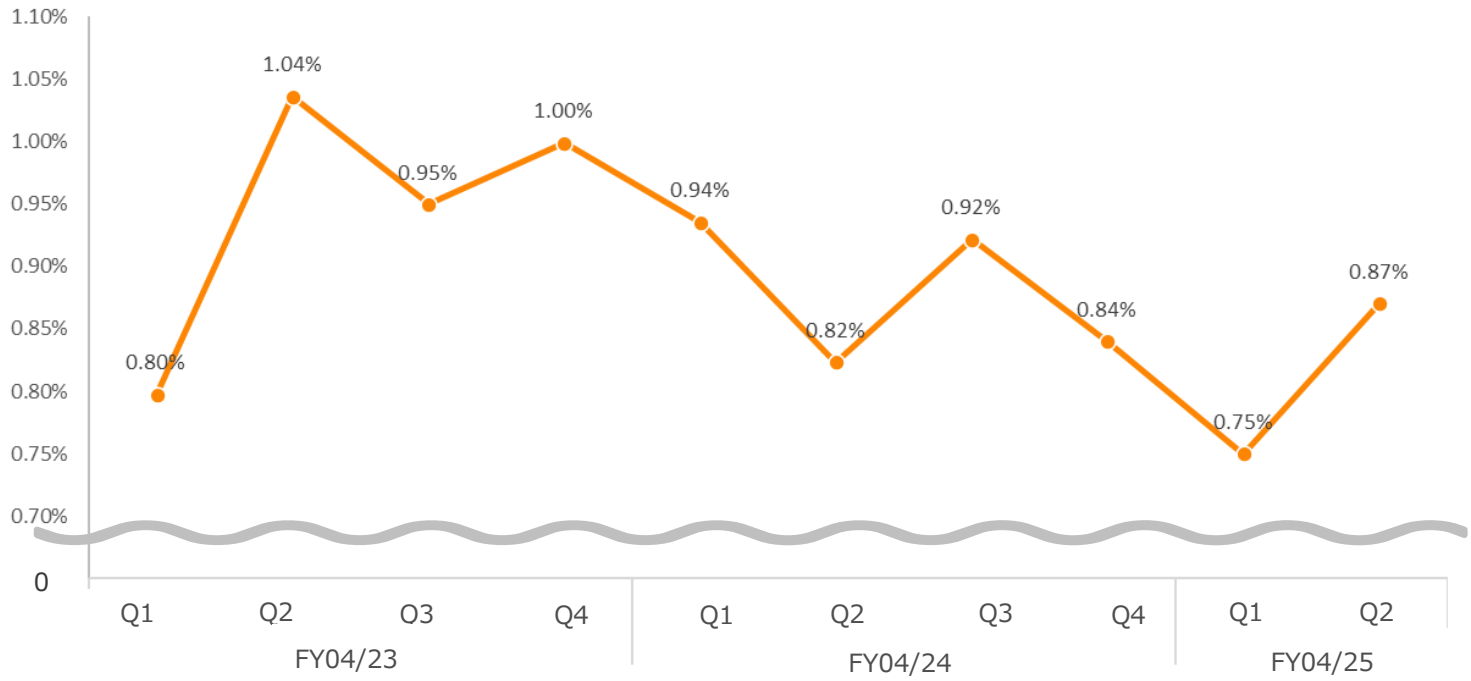
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Next Engine Business —Churn rate trend

- 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 0.90%.

Churn rate

FY04/23	FY04/24	FY04/25
Average monthly churn rate* 0.95%	Average monthly churn rate* 0.88%	Average monthly churn rate* 0.81%



※ 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.

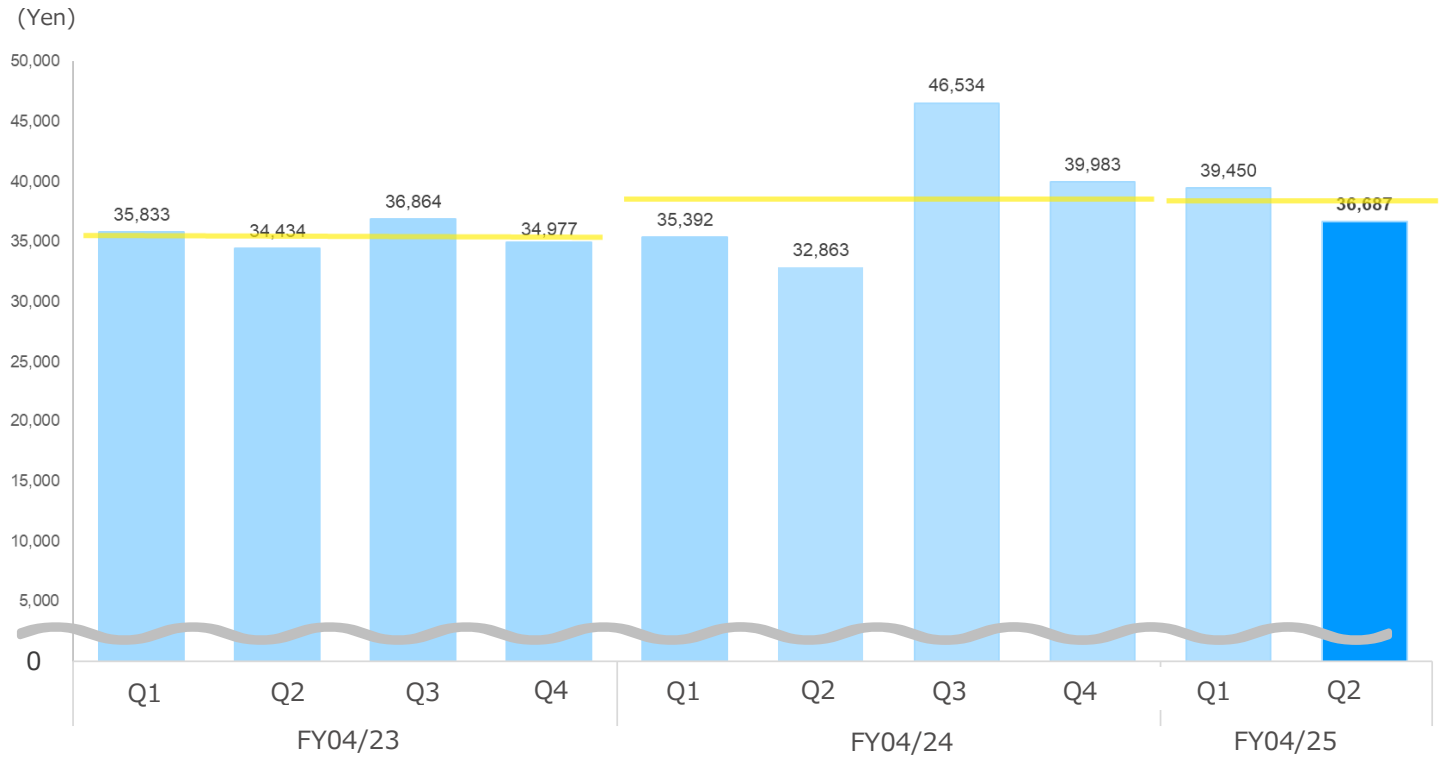
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Next Engine Business —ARPU trends

- ARPU continued to improve because the number of orders processed by high-spending 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

FY04/23	FY04/24	FY04/25
Avg. ARPU※ JPY35,572	Avg. ARPU※ JPY38,693	Avg. ARPU※ JPY38,069



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

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Ⅳ. Mid-Term Management Plan

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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 decarbonization 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/Passion of "Ignite your creativity."
  We will create innovative new businesses in peripheral fields.



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

(Millions of yen)

Consolidated Segment		Results	Mid-Term Management Plan			
		2024/04	2025/04	% YoY	2026/04	% YoY
Commerce	Net Sales	13,855	**15,750**	13.7%	**19,399**	23.2%
	Segment profit	1,365	**1,976**	44.8%	**2,601**	31.6%
	Profit ratio	9.9%	**12.6%**	—	**13.4%**	—
Platform	Net Sales	3,756	**3,995**	6.4%	**4,651**	16.4%
	Segment profit	1,925	**1,997**	3.8%	**2,391**	19.7%
	Profit ratio	51.3%	**50.0%**	—	**51.4%**	—
Total	Net Sales	17,612	**19,745**	12.1%	**24,050**	21.8%
	Segment profit	3,290	**3,974**	20.8%	**4,992**	25.6%
	Adjusted amount ※1	(1,373)	**(1,890)**	37.6%	**(1,960)**	3.7%
	Operating income	1,917	**2,084**	8.7%	**3,031**	45.4%
	Profit ratio	10.9%	**10.6%**	—	**12.6%**	—

※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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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	**15,750**	13.7%	**19,399**	23.2%
Mobile Life Business	7,387	**7,927**	7.3%	**8,455**	6.7%
Gaming Accessories Business	1,115	**1,195**	7.2%	**2,300**	92.4%
Cosmetics Business	2,219	**2,963**	33.5%	**4,274**	44.2%
Others	270	**148**	(45.1%)	**200**	34.6%
Global Business	2,863	**3,516**	22.8%	**4,170**	18.6%
Segment profit	1,365	**1,976**	44.8%	**2,601**	31.6%

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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	**3,995**	6.4%	**4,651**	16.4%
Next Engine Business	2,820	**2,872**	1.9%	**3,060**	6.5%
Localco Business	520	**633**	21.6%	**619**	(2.2%)
Consulting Business	415	**378**	(8.8%)	**498**	31.7%
encer mall Business	-	**110**	-	**473**	326.8%
Segment profit	1,925	**1,997**	3.8%	**2,391**	19.7%

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Ⅴ. Reorganization

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Reorganization policy (Announced on July 14, 2023)

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

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

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Aim of Reorganization

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

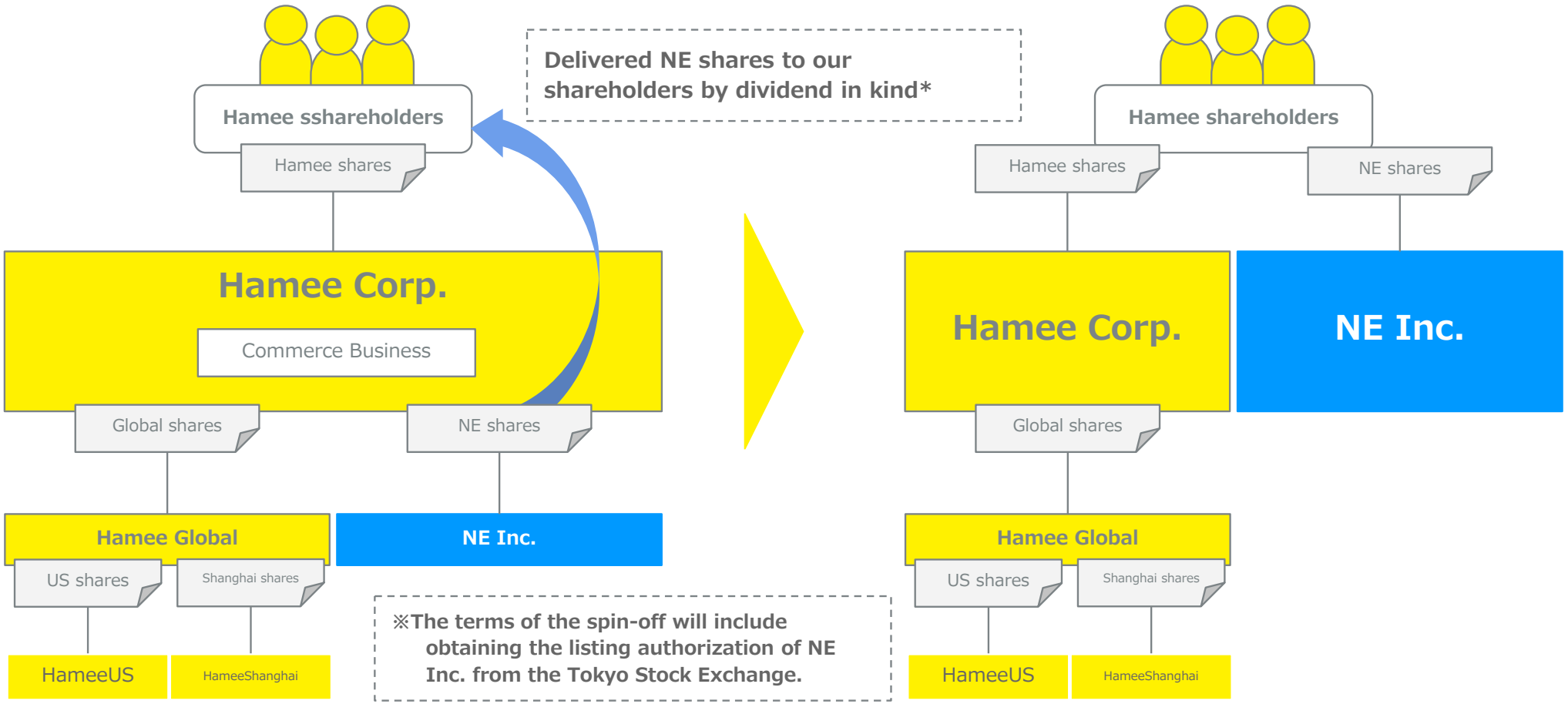
- Clarification of Governance
  - ○ We and NE Inc. will communicate with the marketplace as listed companies to clarify governance.
  - ○ Management of the two companies will directly ensure the soundness of management by being conscious of governance from capital markets.

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

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Share-Distribution-Type Spin-Off

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



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APPENDIX

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Company Profile

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History

Consolidated

Thoughts at the time of the company's establishment

Founder Higuchi was a university student at the time. Windows95 was released and he infered the Internet will become a social foundation in the future. Conscious of the distribution revolution through the Internet, it was difficult to handle fresh products, though the Internet supermarket business was examined. Therefore, focusing on the natural stone that he saw in the travel destination, he considered selling straps and bracelets using natural stone, and Establishment the firm.

Establishment Macrowil Co., Ltd, sell and e-commerce mobile-related accessories at Odawara City, Kanagawa Prefecture. Sales of straps using natural stones, etc. This is the original business of the current commerce business.

Launched e-commerce for mobile peripheral accessories on its website "Mobile Accessories Market"

Opening Stores in Rakuten Ichiba.

Smooth shift from mobile strap-centric sales to smartphone case-centric sales due to accurate understanding of the shift from traditional feature phones to smartphones.



Background to Next Engine development

The Commerce business was steadily expanding, but as the company expanded in size, the frequency of e-mail contacts and inquiries related to inventory dispatch business, which had been handled by hand increased, and the burden on employees increased. In order to reduce the operational burden, the introduction of an external order management system was not suitable for operation. Therefore, the system is developed in-house.

Started operation of Next Engine

Launched externally provided of Next Engine

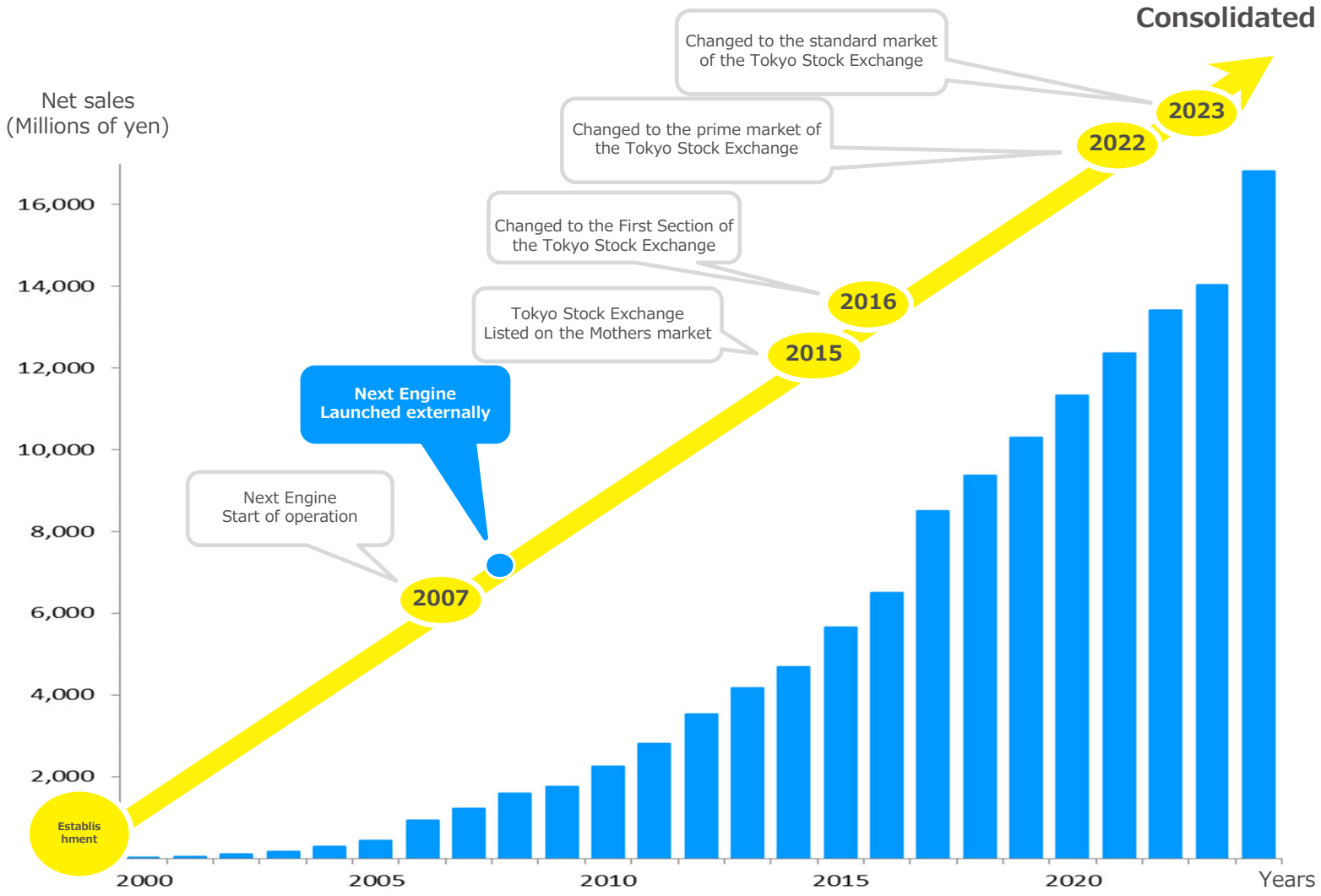
Since it was a SaaS type system, it was available without the initial investment and the price setting of JPY10 thousand per month had a big impact on the market. This is the starting point for the current platform business.

Launched Next Engine's API as a platform

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History
(Growth Trajectory)



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Business Overview

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Platform



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Next Engine —Main functions

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

Difficulties by EC merchanis in Japan

- Difficult to manage stores operation at multiple EC malls.
- A lot of operational work and hard to focus on front side activity.
- Lack of HR and time for store oparation.

Integration stores at multi EC malls



Automation of EC store operation



Next Engine help

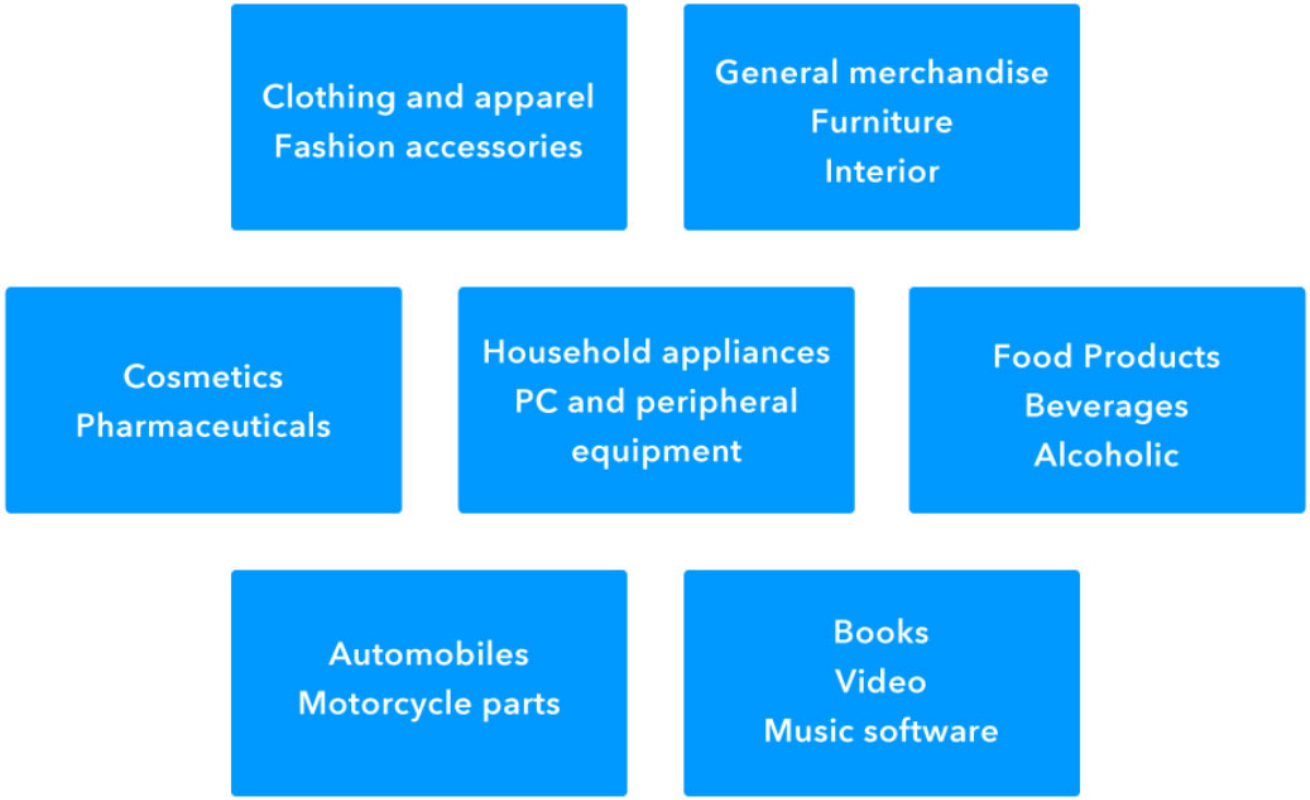
- By making EC operation efficient, generate time for front activities such as sales and marketing.
- Cost reducton.
- Reduction of human error.

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

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Next Engine —Clients

・Next Engine supports clients in various categories



※Partial posting

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Next Engine —Clients

※Partial posting



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



WARAI MIRAI
http://waraimirai.com/

Product: Suites, Fruits, Gifts

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Next Engine —Strengths

NEXT ENGINE

Born from EC operation

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

In No.1 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

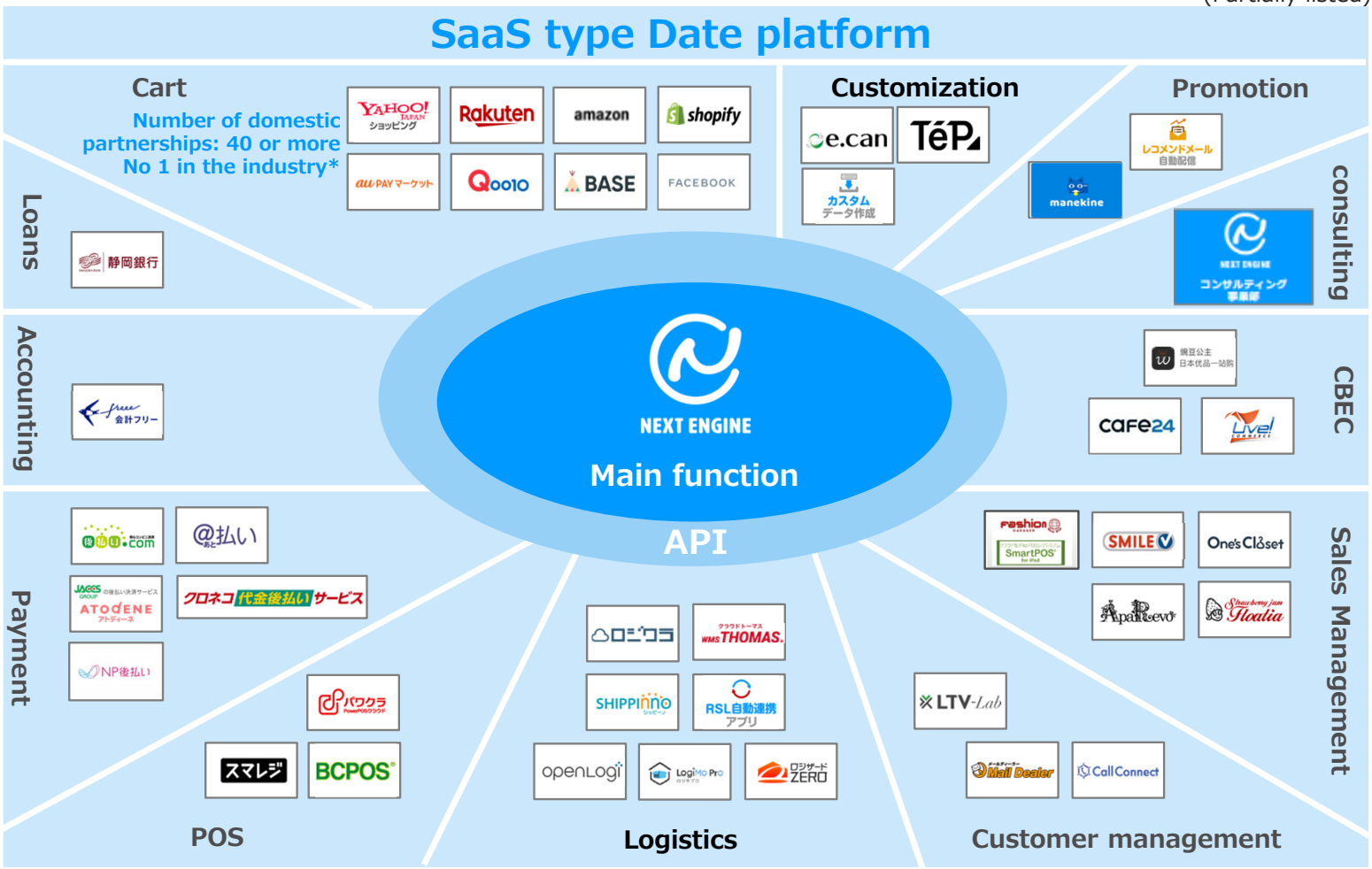
You can customize and add features in the Apps. Available consistently to use regardless of changes in size of business or social environment

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Next Engine —Strengths

Platform

(Partially listed)

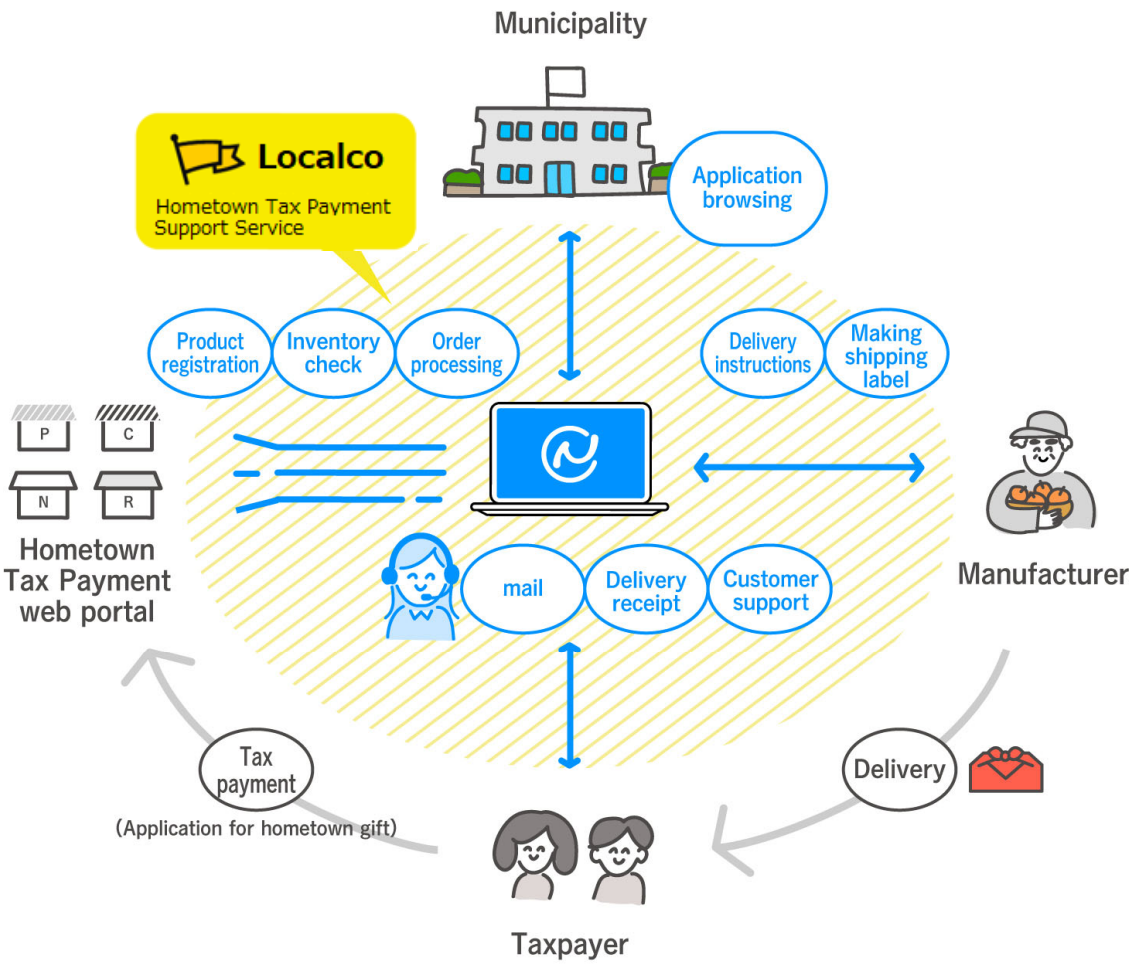


※ In house research, as of the end of October 2022

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Localco Business —Business Activities



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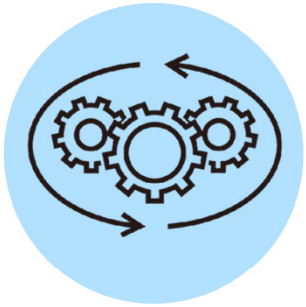
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Consulting Business —Business Activities



EC consulting

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



Management agency

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



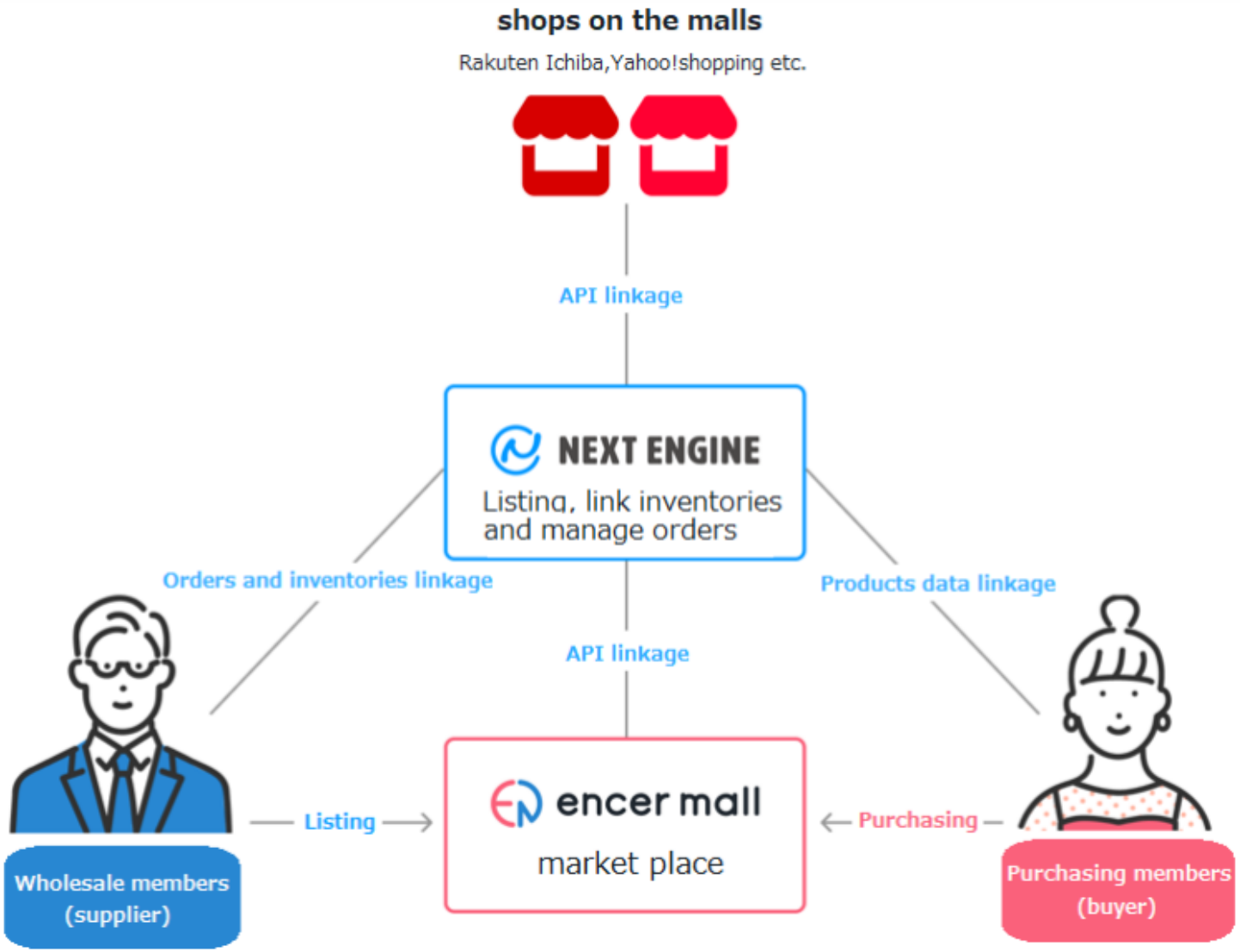
EC store opening and construction consulting

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

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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 released a collaborative app exclusively for purchasing members in October 2024.



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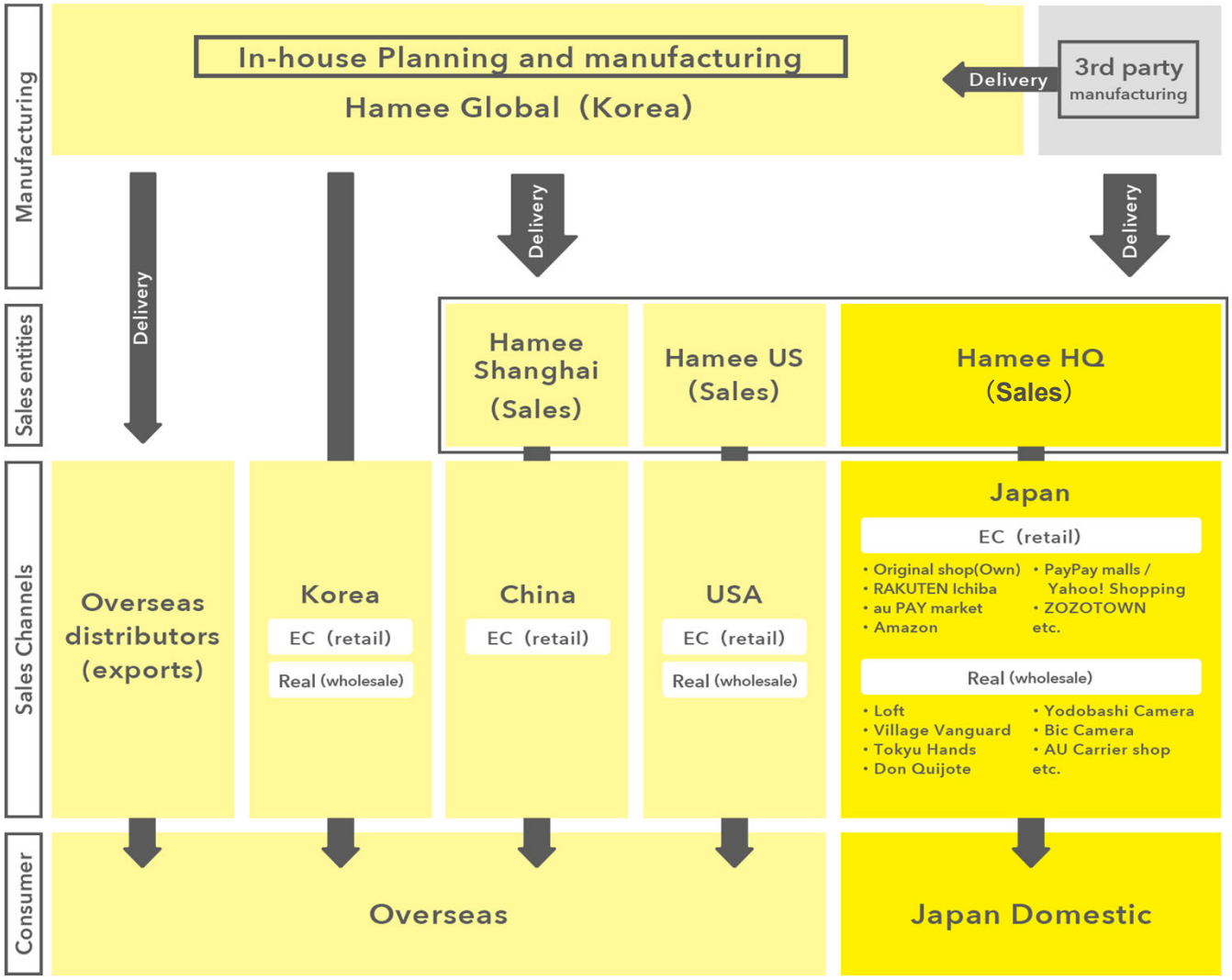
Commerce

iFace

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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.



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Source of Commerce Competitiveness

Maximize EC know-how

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

Variety of sales channels

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

Supply Chain Management

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

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.

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iFace
—Strengths

iFace

Distinctive 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.

Highly recognized as a specialized brand of mobile accessories

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)

Strong support from 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)

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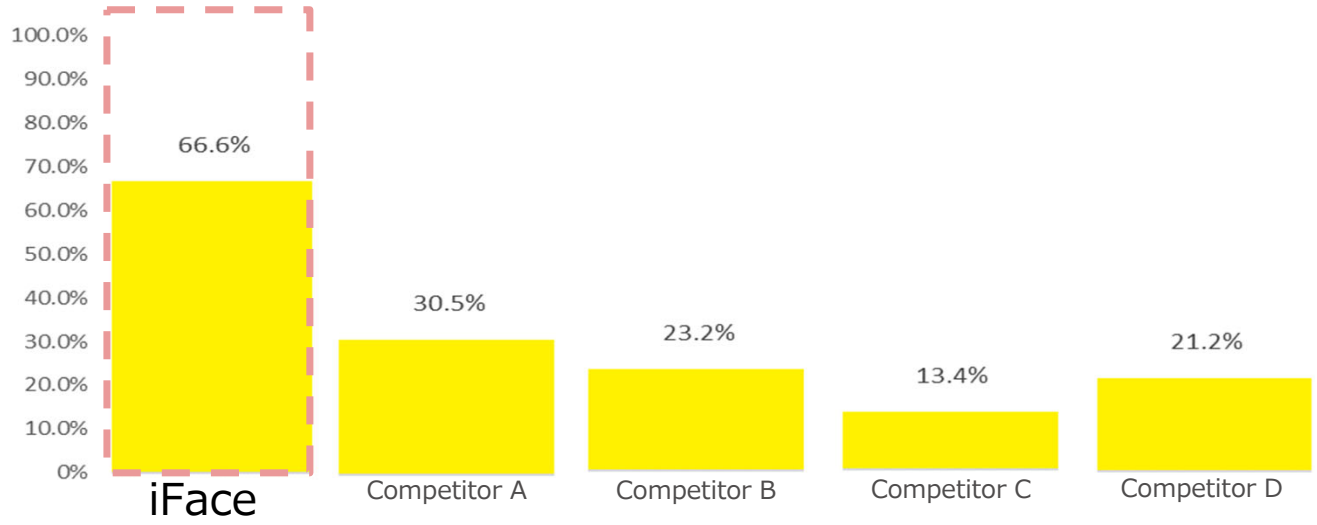
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iFace —Recognition

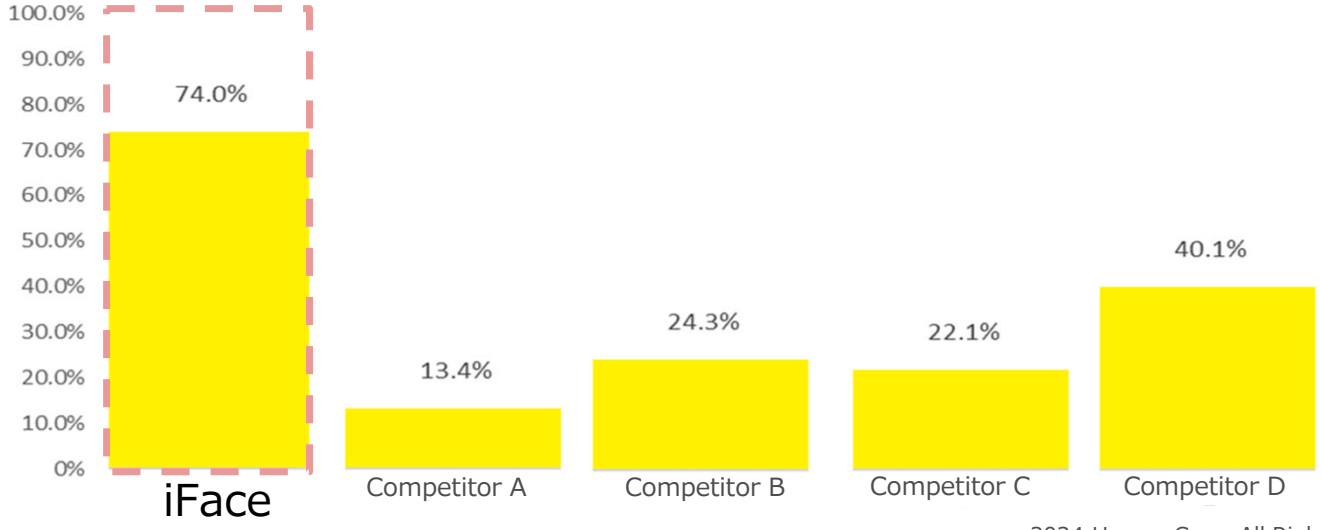
Overwhelming recognition among women in their late teens and early 20s compared to other companies' brands

※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)



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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

Mainstay Products

- Reflection



- First Class



- Look in Clear



- Neo Magnetic



Product development

- Shoulder straps



- Finger Ring



- Card Wallet



- Air Pods Case



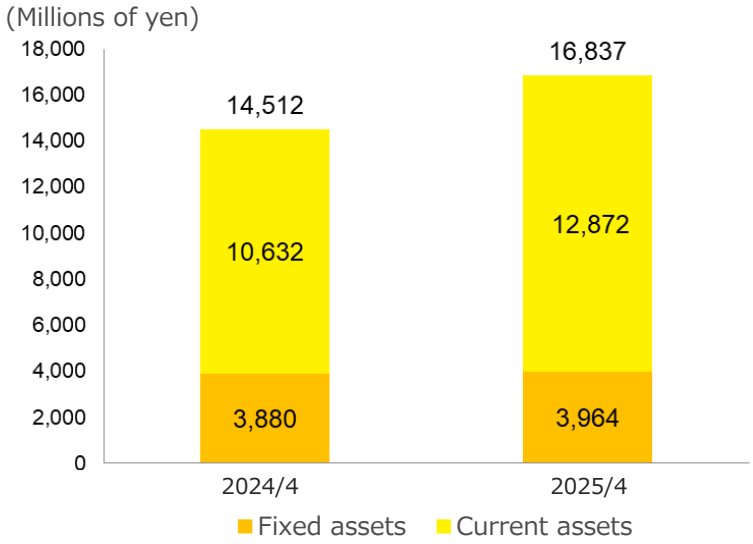
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Reference Information

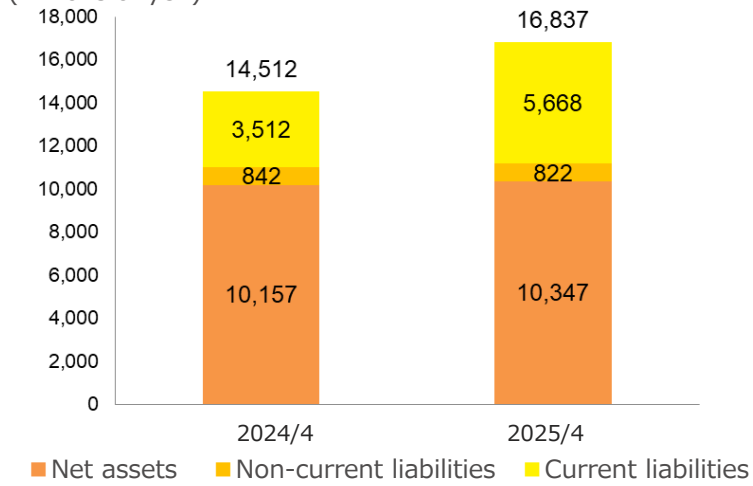
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Q2 FY04/25 Consolidated Balance Sheet

(Millions of yen)



(Millions of yen)



(Millions of yen)

Current assets	12,872	2,240
■Cash and deposits	3,911	(110)
■Notes and accounts receivable	2,942	574
■Merchandise	3,776	985
■Others	2,150	739
Fixed assets	3,964	84
■Property, plant and equipment	1,543	93
■Intangible assets	740	(90)
■Investments and other assets	1,681	82
Current liabilities	5,668	2,155
■Short-term loans	3,100	1,900
■Others	232	42
Non-current liabilities	822	(20)
■Others	140	84
Net assets	10,347	190
■Retained earnings	8,907	307

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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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Consolidated

Results for each Business —Net sales

(Millions of yen)

Summary of Business Figures (Accounting Period)					2024/4				2025/4	
					Q1	Q2	Q3	Q4	Q1	Q2
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
			Toatl 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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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 adjustment amount.

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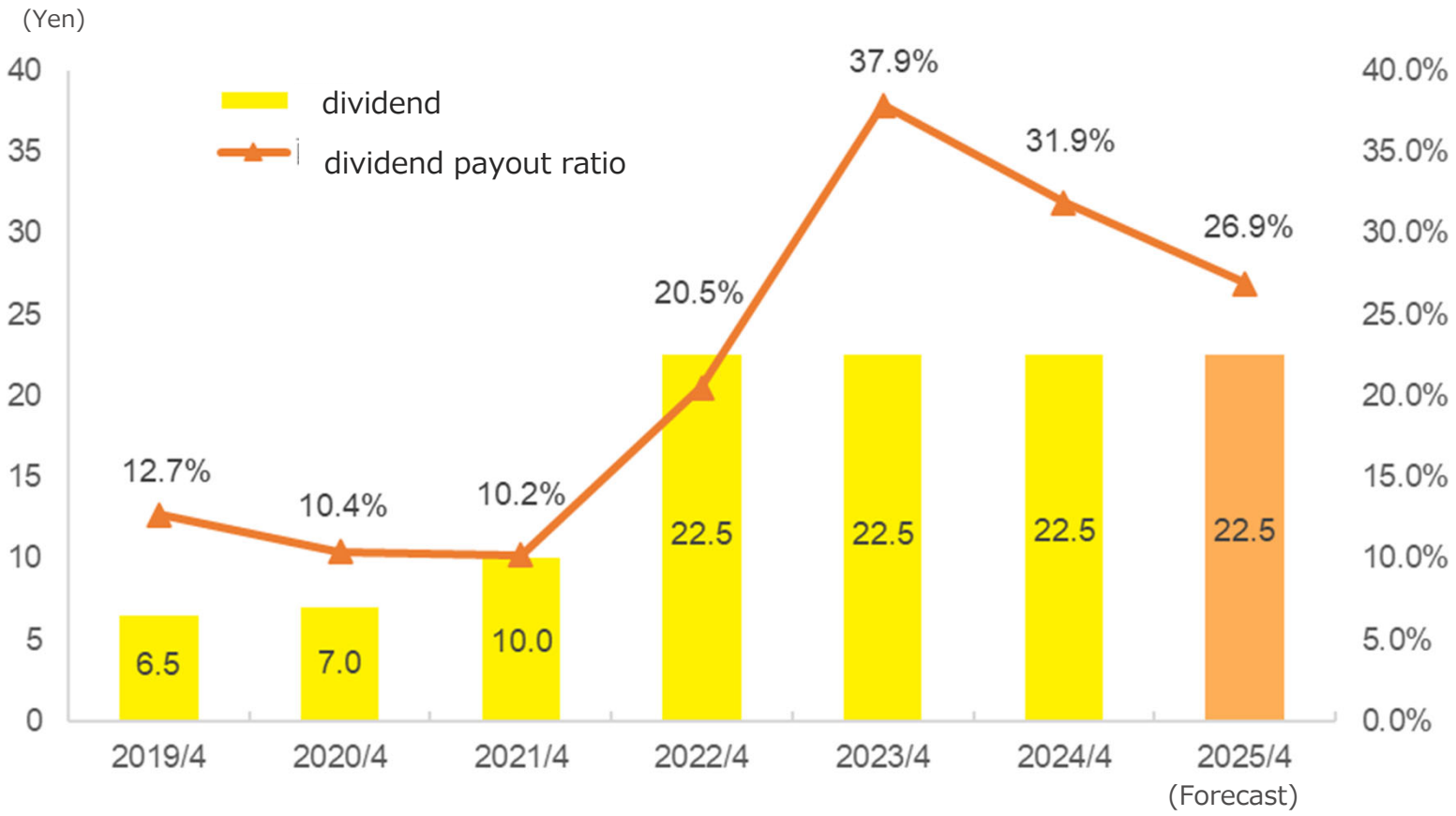
Shareholder Returns —Dividend per share

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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



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

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