



# FY2021

BUSINESS RESULTS  
May 14, 2021

## Full-year Financial Results for the Fiscal Year Ended March 31, 2021

Vega corporation Co., Ltd. / Securities code: 3542

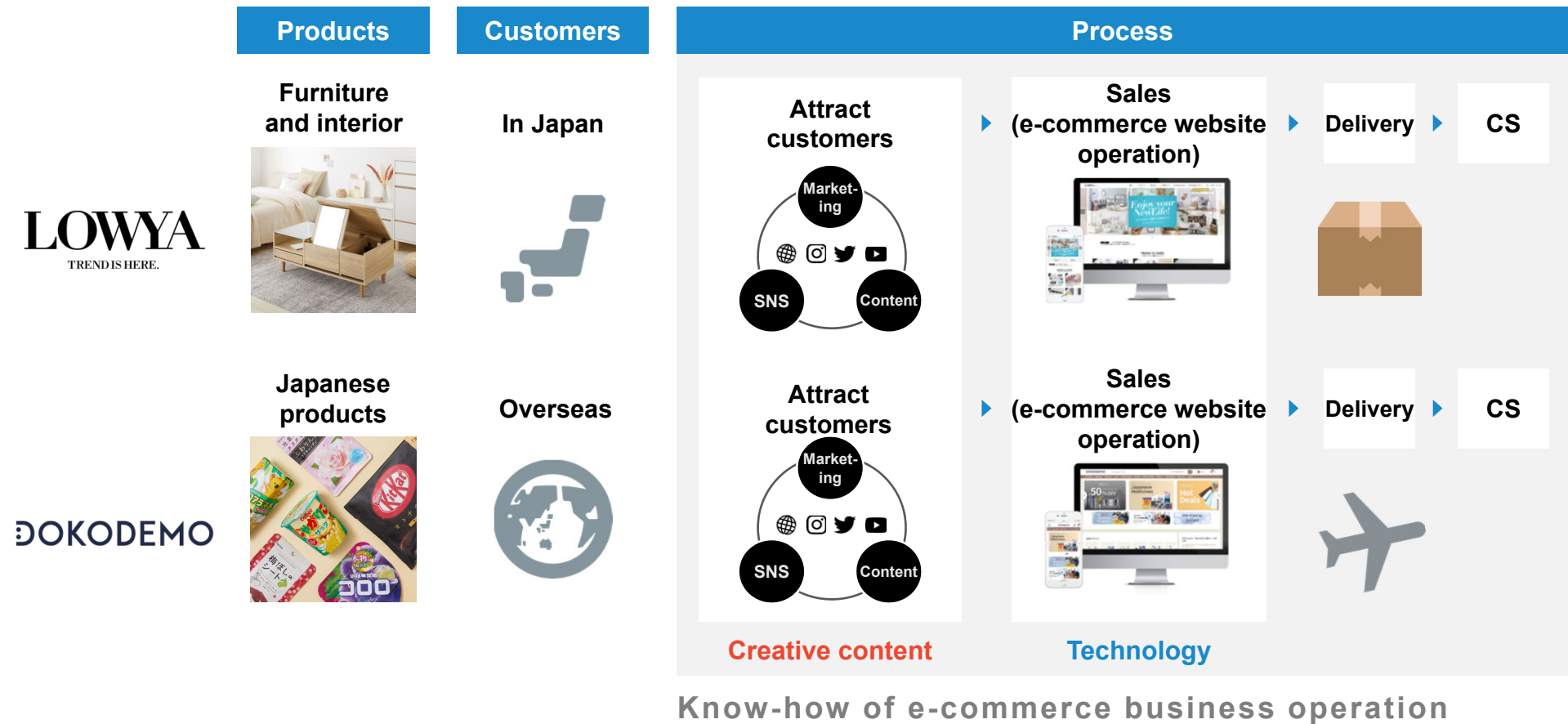


VEGA corporation

- 1 Overview of Financial Results  
for the Fiscal Year Ended March 31, 2021**
- 2 Report on LOWYA Business**
- 3 Report on DOKODEMO Business**
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## Overview of Company-wide Businesses

**Leverage the know-how, which we acquired through LOWYA's D2C business, for DOKODEMO**  
**Exercise the power of creative content and technology to promote the two businesses**



\*D2C (Direct to Consumer) is a format of business that involves direct sales exclusively online.

## Financial Highlight

Results Overview	4Q	Net sales	▶▶▶ 5,066 million yen (135.8% YoY)
		Operating profit	▶▶▶ 417 million yen (406.7% YoY)
	Full year	Net sales	▶▶▶ 19,313 million yen (142.3% YoY)
		Operating profit	▶▶▶ 1,824 million yen (1,567.0% YoY)

## Achieved full-year forecasts for both sales and profit

LOWYA

The flagship store drove sales and contributed significantly to achieving the full-year forecast.

DOKODEMO

Gross merchandise sales (GMS) for the full year hit 1,963 million yen, setting a record high

## 4 brands were added during the fiscal year as we launched initiatives for developing the flagship store into a platform

LOWYA

To develop the flagship store into a platform, we commenced offering products of other companies' brands and got off to a good start

## Commenced LOWYA BASE, the official LOWYA YouTube channel

Enhanced customer attraction

Launched a YouTube channel as a new channel to attract customers.

# 1

## Overview of Financial Results for the Fiscal Year Ended March 31, 2021

## Statement of Income (4Q)

Net sales **increased 35.8%**, Operating profit **increased 306.7%**

(Million yen)

	Three months ended Mar. 31, 2020	Sales ratio	Three months ended Mar. 31, 2021	Sales ratio	Change	YoY
<b>Net sales</b>	<b>3,729</b>	100.0%	<b>5,066</b>	100.0%	<b>+1,336</b>	135.8%
<b>Gross profit</b>	<b>2,140</b>	57.4%	<b>3,063</b>	60.5%	<b>+922</b>	143.1%
<b>SG&amp;A expenses</b>	<b>2,038</b>	54.7%	<b>2,646</b>	52.2%	<b>+608</b>	129.8%
<b>Operating profit</b>	<b>102</b>	2.7%	<b>417</b>	8.2%	<b>+314</b>	406.7%
<b>Ordinary profit</b>	<b>109</b>	2.9%	<b>423</b>	8.4%	<b>+313</b>	387.0%
<b>Profit</b>	<b>27</b>	0.7%	<b>291</b>	5.7%	<b>+264</b>	1,076.6%

(\*) Audit procedures pursuant to the Financial Instruments and Exchange Act are in progress as of the date of disclosure of this document.

## Statement of Income (Full Year)

Achieved **increases of 42.3%** in net sales and **1,467.0%** in operating profit

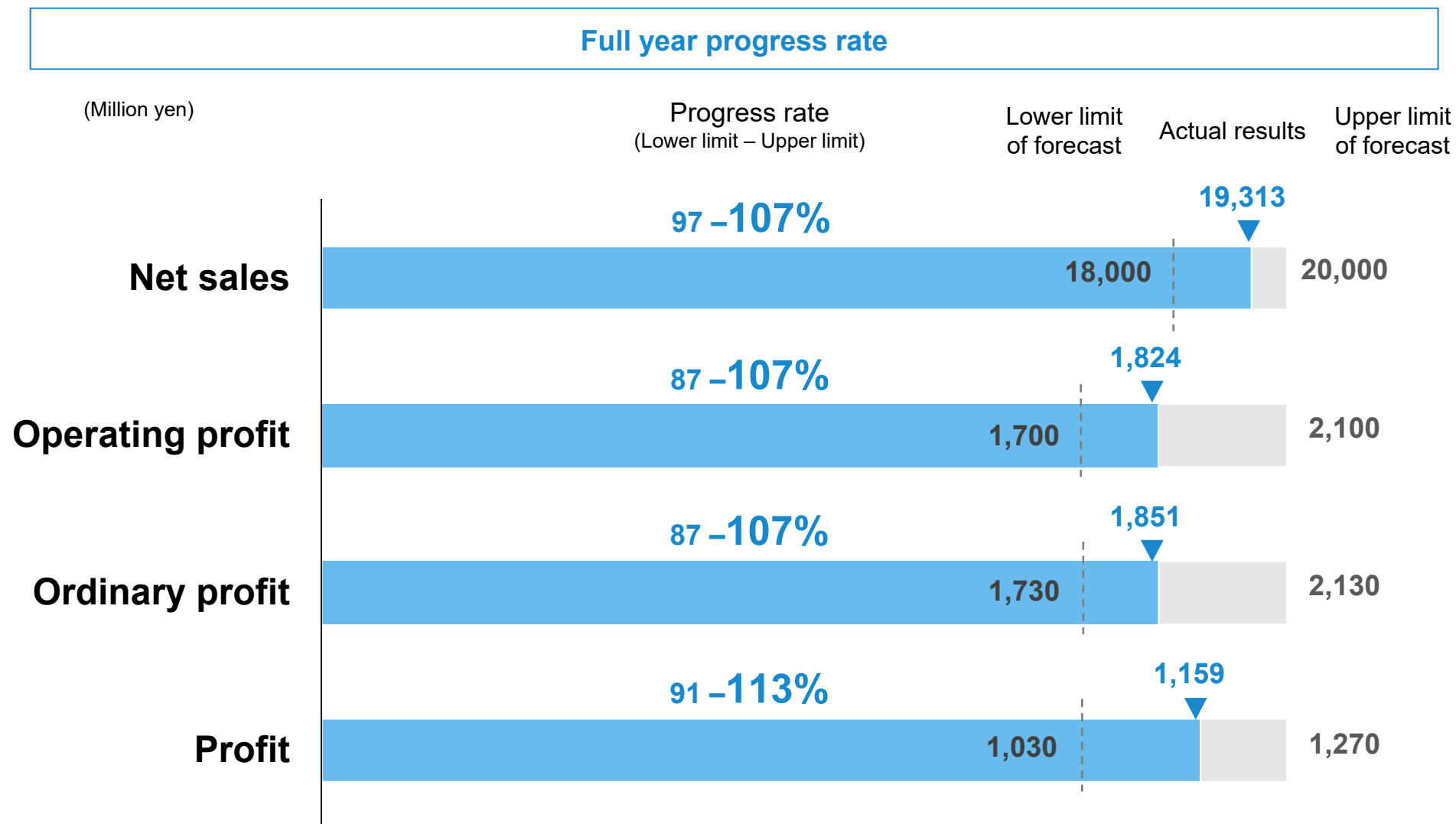
(Million yen)

	Fiscal year ended Mar. 31, 2020	Sales ratio	Fiscal year ended Mar. 31, 2021	Sales ratio	Change	YoY
<b>Net sales</b>	<b>13,570</b>	100.0%	<b>19,313</b>	100.0%	<b>+5,743</b>	142.3%
<b>Gross profit</b>	<b>7,687</b>	56.7%	<b>11,597</b>	60.0%	<b>+3,909</b>	150.9%
<b>SG&amp;A expenses</b>	<b>7,571</b>	55.8%	<b>9,772</b>	50.6%	<b>+2,201</b>	129.1%
<b>Operating profit</b>	<b>116</b>	0.9%	<b>1,824</b>	9.4%	<b>+1,708</b>	1,567.0%
<b>Ordinary profit</b>	<b>146</b>	1.1%	<b>1,851</b>	9.6%	<b>+1,705</b>	1,262.9%
<b>Profit</b>	<b>40</b>	0.3%	<b>1,159</b>	6.0%	<b>+1,118</b>	2,860.7%

(\*) Audit procedures pursuant to the Financial Instruments and Exchange Act are in progress as of the date of disclosure of this document.

## Progress Against Full-year Financial Results Forecast

**Achieved the full-year financial results forecast** for all indicators.





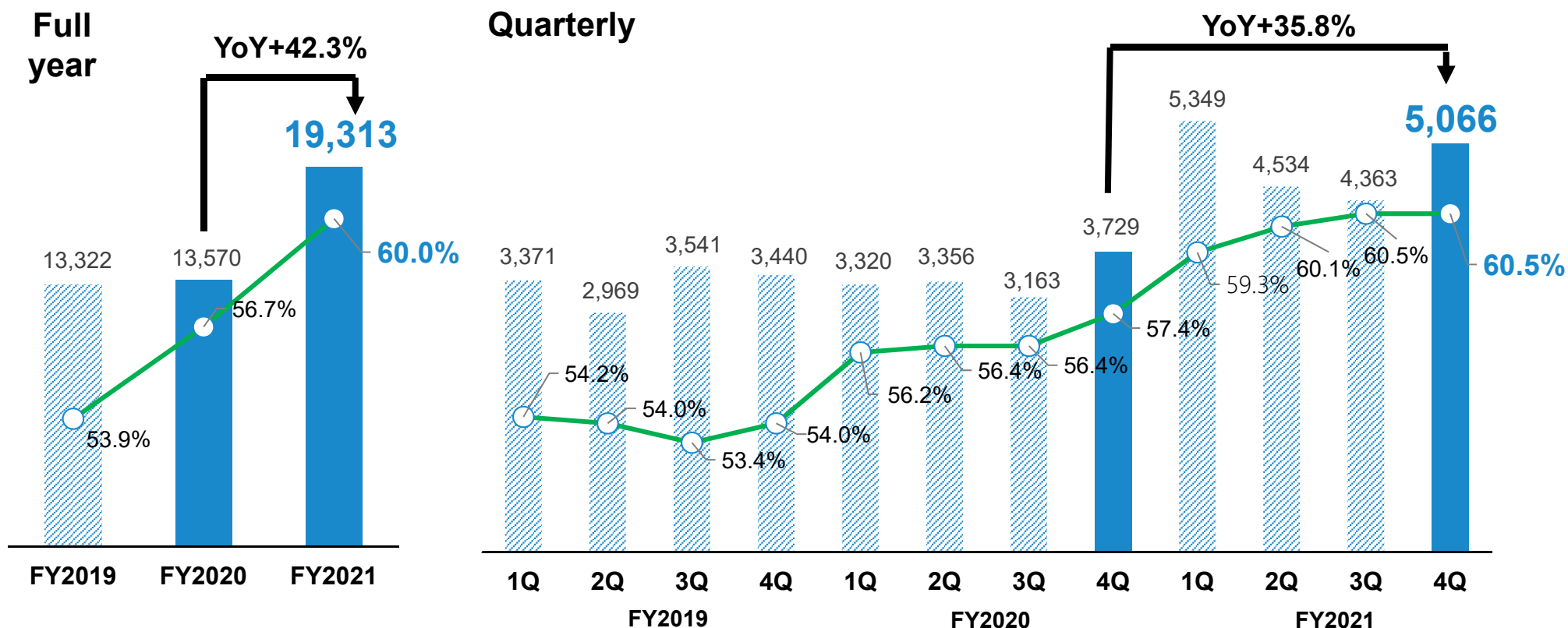
## Net Sales / Full Year & Quarterly

Net sales for the full year grew by 42.3% YoY to **19,313** million yen

Net sales for the three months ended Mar. 31, 2021, grew by 35.8% to **5,066** million yen

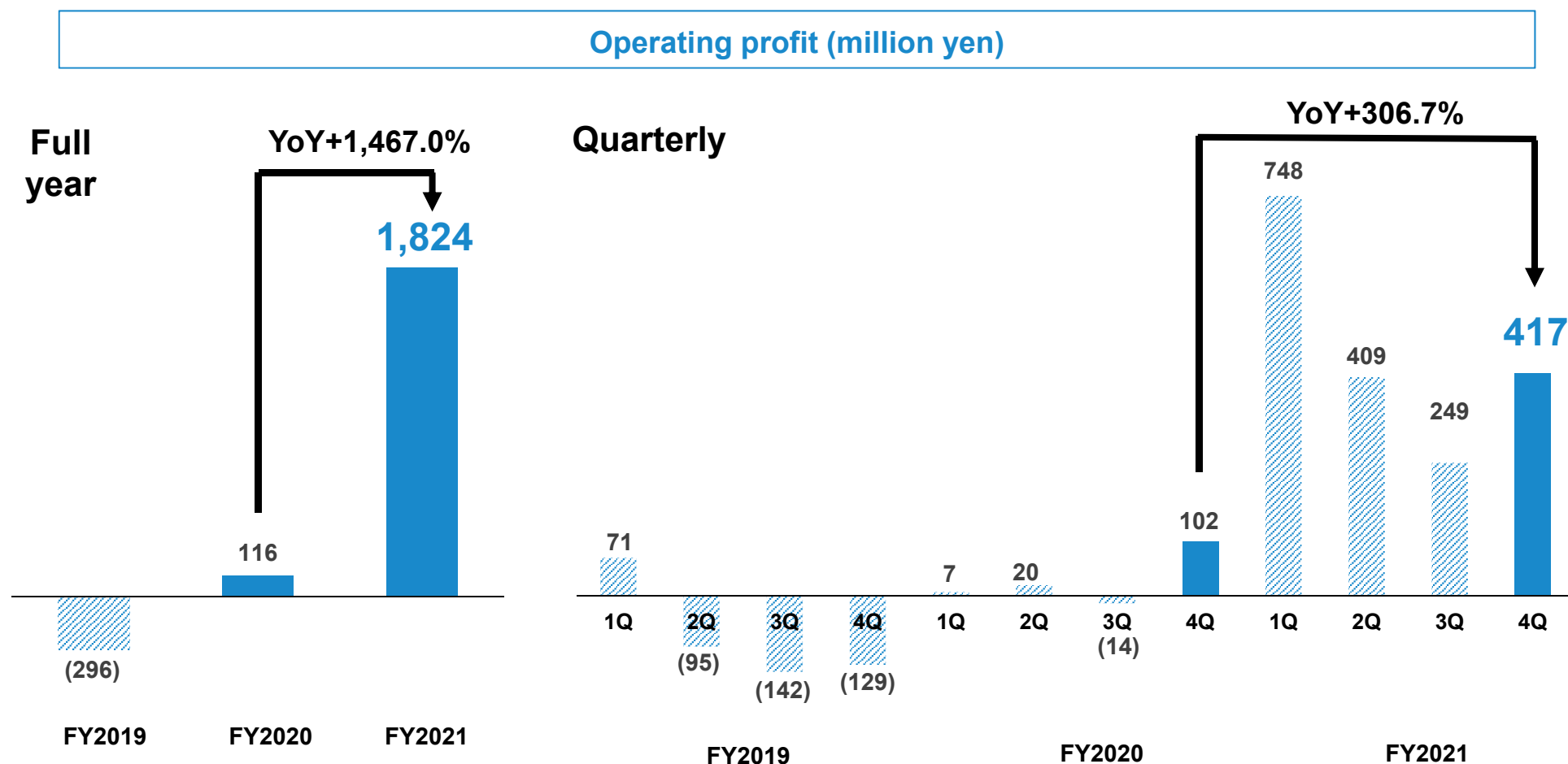
Gross margin continued at a high level of **60.0%** for the full year and **60.5%** for the three months ended Mar. 31, 2021

Net sales (million yen) & Gross margin

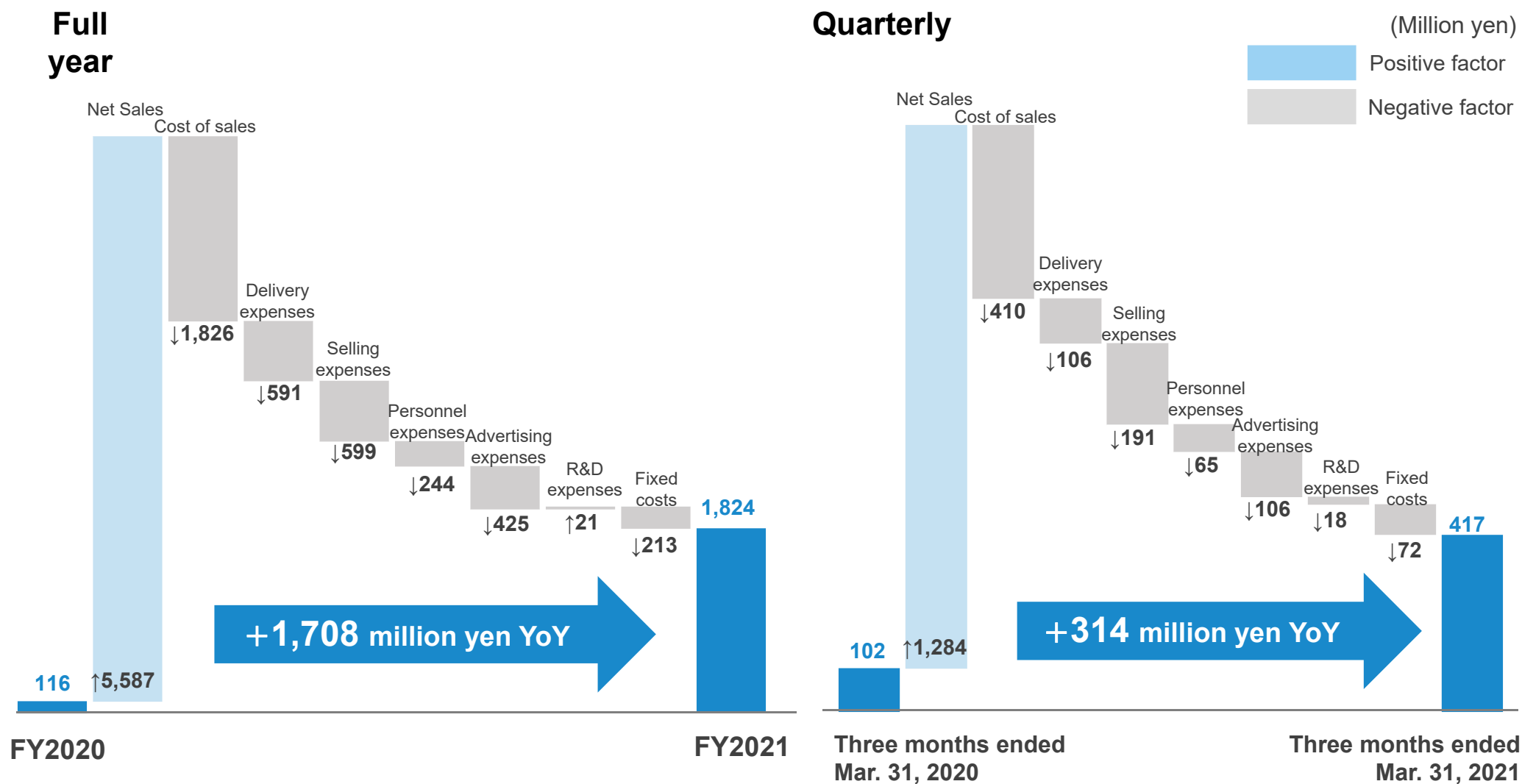


## Operating Profit / Full Year & Quarterly

Operating profit grew significantly YoY to **1,824 million yen** for the full year and **417 million yen** for the three months ended Mar. 31, 2021

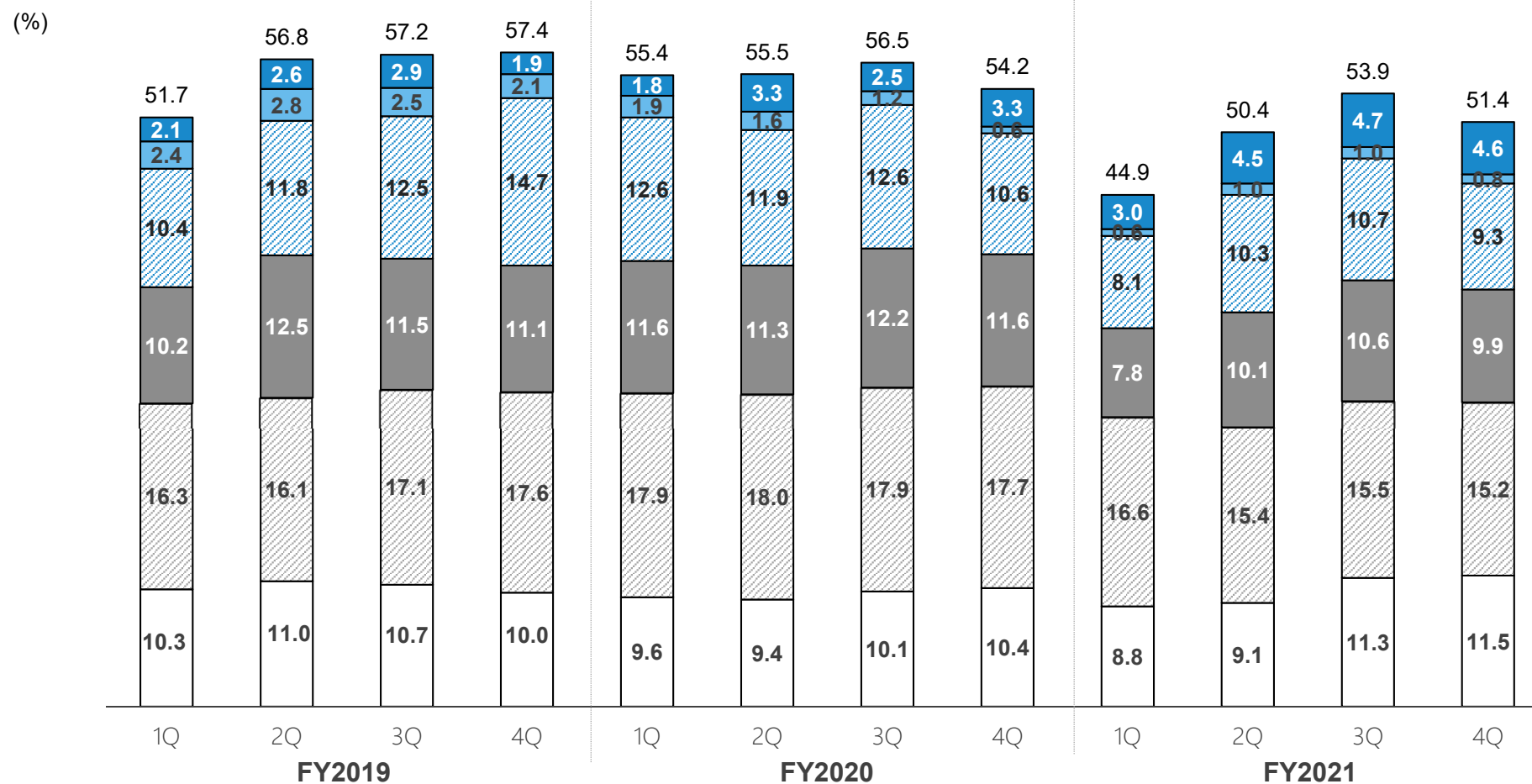


## Increases and Decreases in Operating Profit / Full Year & Quarterly



(\*1) R&D expenses represent the net amounts of revenues and expenditures at the DOKODEMO business, and therefore do not match the amount on the statement of income.

## SG&A Expenses Ratio (against Net Sales) / Quarterly



- Advertising expenses      ■ R&D expenses (Note 1)      ▨ Fixed costs
- Personnel expenses (Note 2)      ▨ Delivery expenses      □ Selling expenses (Note 3)

(Note 1) Presented as the net amount of revenue and expenditures.  
 (Note 2) Includes salaries and allowances.  
 (Note 3) Includes sales commissions.

(\*) The SG&A expense ratio shows the ratio against net sales.

Furthermore, revenue related to research and development expenses is excluded from net sales used as the basis for the calculation of the SG&A expense ratio, and therefore this data does not match the SG&A expense ratio on the statement of income.

## Balance Sheet

### Decrease in inventory due to control of import timing in response to rising marine container transportation costs

(Million yen)

	Previous fiscal year (as of March 31, 2020)	Current fiscal year (as of March 32, 2021)		Previous fiscal year (as of March 31, 2020)	Current fiscal year (as of March 32, 2021)
<b>Current assets</b>	4,964	6,892	<b>Current liabilities</b>	2,242	3,023
Cash and deposits	1,308	3,028	Debt obligations	820	500
Accounts receivable-trade	1,631	1,897	<b>Non-current liabilities</b>	54	61
Merchandise	1,777	1,521	<b>Total liabilities</b>	2,297	3,084
<b>Non-current assets</b>	1,041	1,331	<b>Shareholders' equity</b>	3,628	5,091
Property, plant and equipment, and intangible assets	513	520	<b>Total net assets</b>	3,708	5,138
<b>Total assets</b>	6,006	8,223	<b>Total liabilities and net assets</b>	6,006	8,223

# 2

## Report on LOWYA Business

## 2-1. Report on LOWYA Business

## LOWYA Business: Report for the Three Months Ended March 31, 2021

**We continued to make smooth progress in the enhancement of the flagship store and the improvement in profitability**

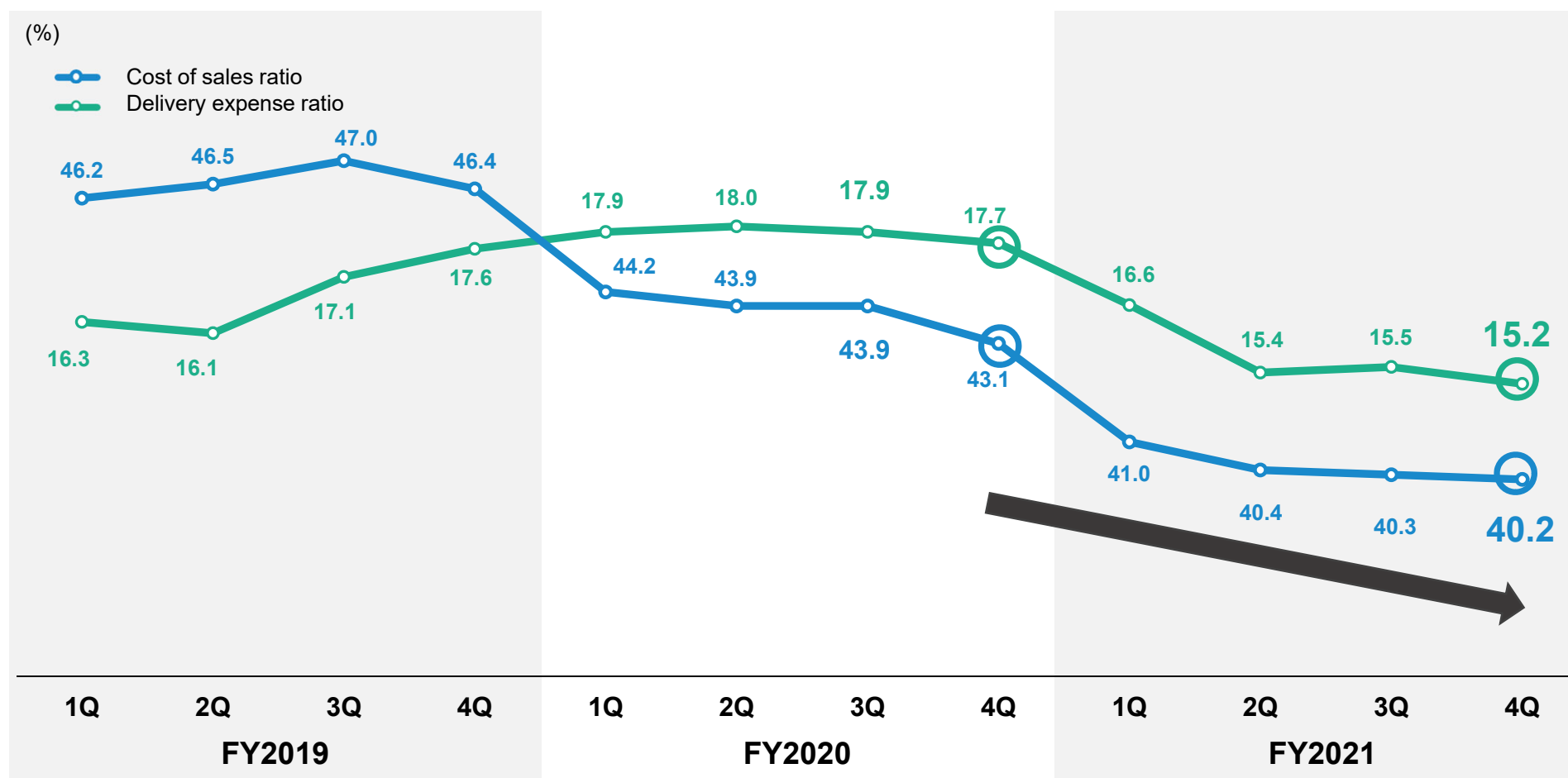
(Million yen)

	Three months ended Mar. 31, 2020	Sales ratio	Three months ended Mar. 31, 2020	Sales ratio	YoY
<b>Net sales</b>	<b>3,678</b>	100.0%	<b>4,963</b>	100.0%	134.9%
<b>Gross profit</b>	<b>2,091</b>	56.9%	<b>2,966</b>	59.8%	141.8%
<b>SG&amp;A expenses</b>	<b>1,966</b>	53.5%	<b>2,508</b>	50.5%	127.5%
<b>Operating profit</b>	<b>124</b>	3.4%	<b>457</b>	9.2%	366.9%



## LOWYA Business: Cost of Sales Ratio and Delivery Expense Ratio

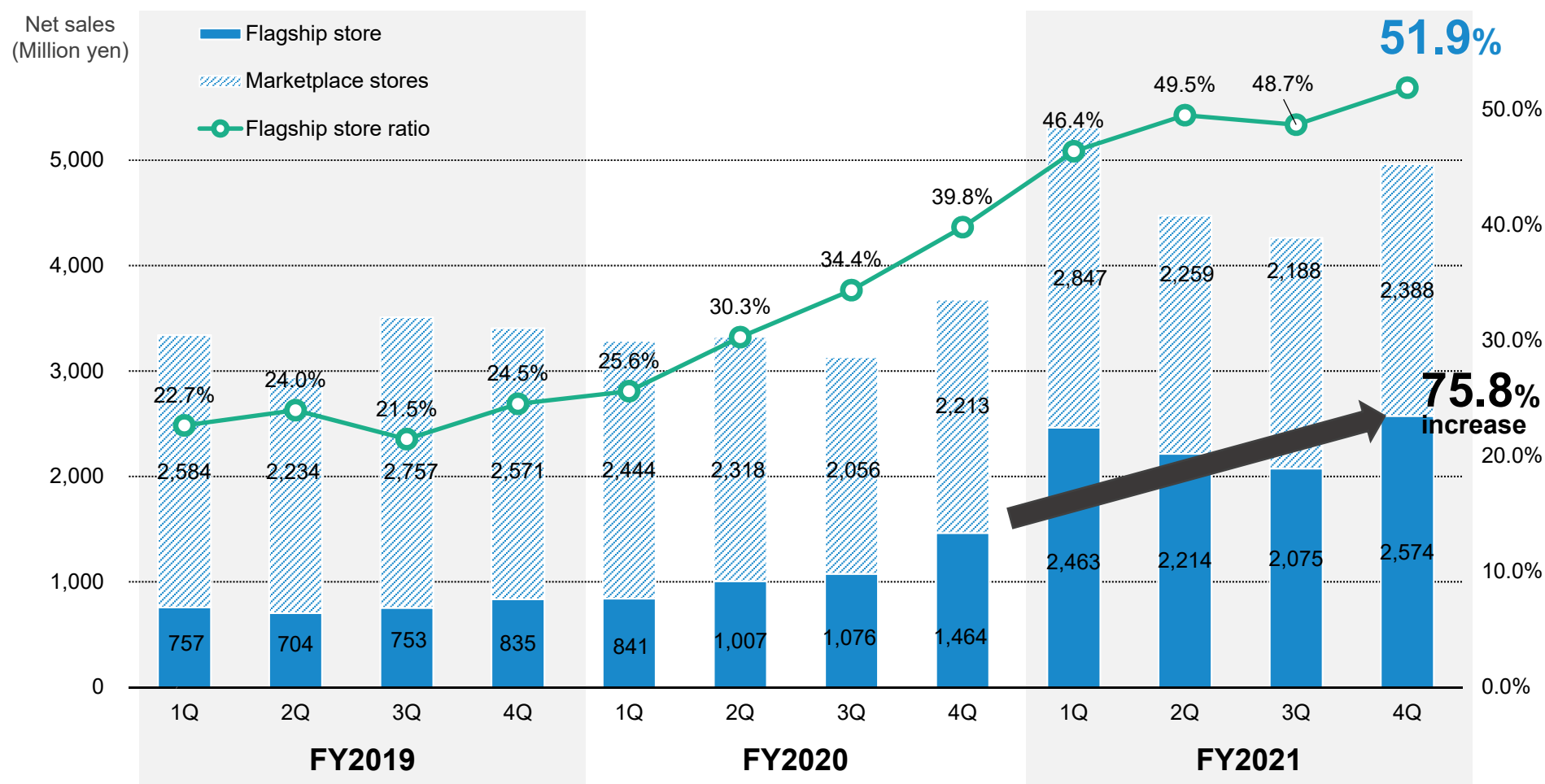
**Cost ratio maintained even as impact of rising marine container rates begins to appear. Expected to be affected in the fiscal year ending March 31, 2022, and trends need to be monitored closely.**



\* The ratios are those of cost of sales relative to net sales as well as packing and shipping costs relative to net sales.

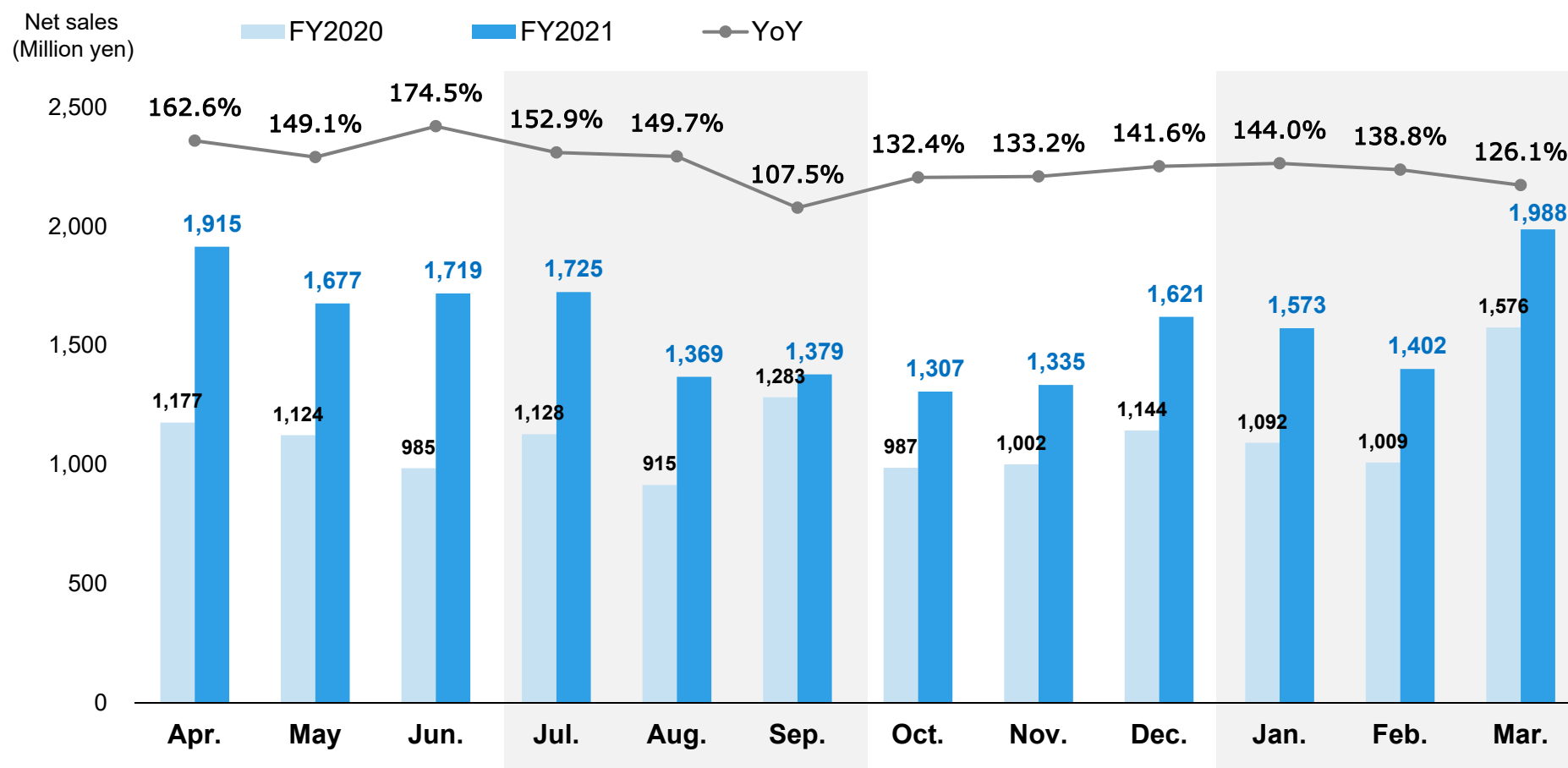
## LOWYA Business: Net Sales Ratio by Sales Channel

Flagship store sales increased **75.8%** YoY, from **1,464** million yen to **2,574** million yen  
 The proportion of sales at the flagship store rose from **39.8%** in the previous 4Q to **51.9%**



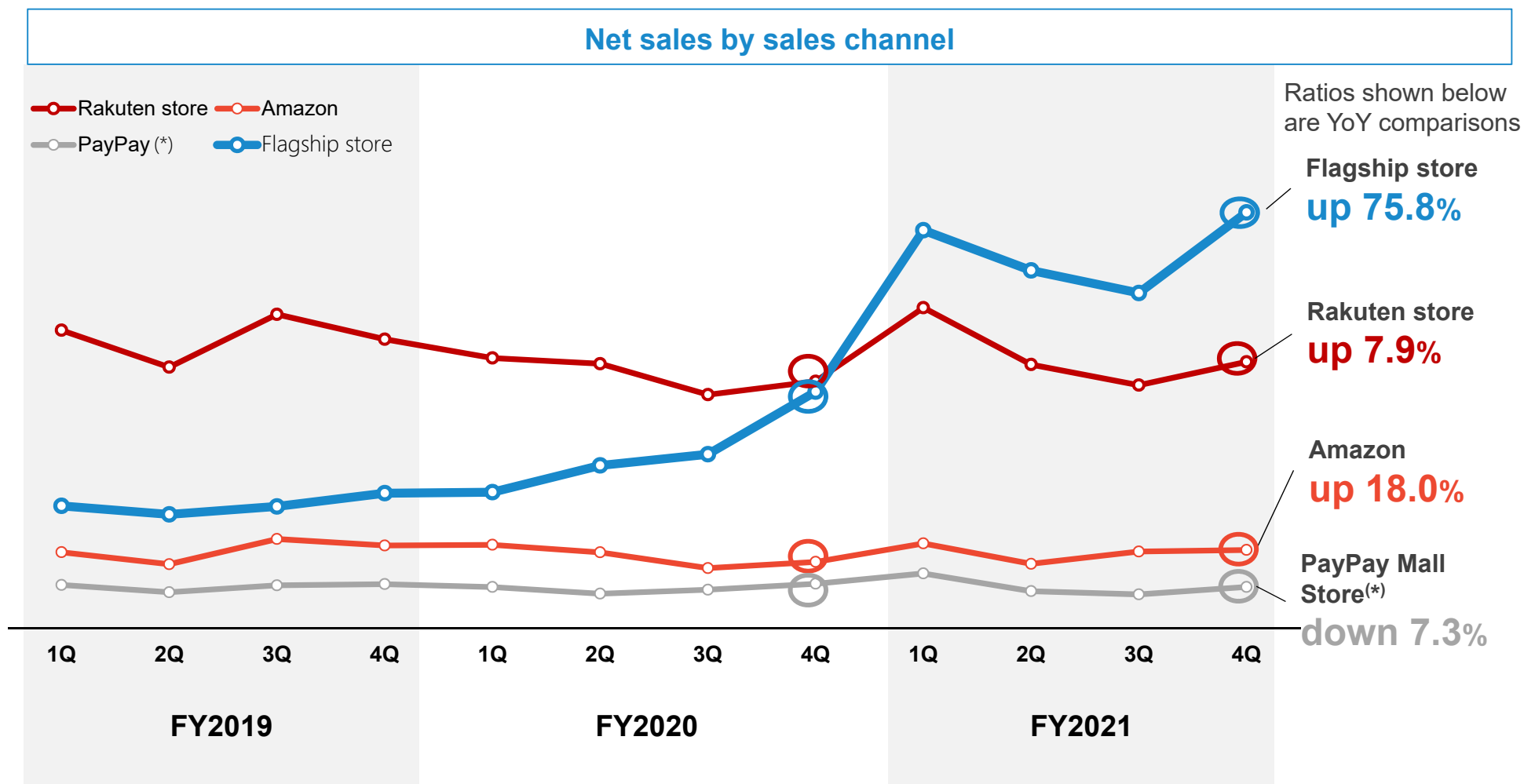
## LOWYA Business: Change in Monthly Net Sales

**Strong growth in the three months ended March 31, 2021, supported demand for consumption from staying at home due to the declaration of a state of emergency**



## LOWYA Business: Net Sales by Sales Channel

The flagship store remained the main sales channel, while marketplace stores also contributed to sales steadily



(\*) The PayPay Mall store is a sales channel referred to as the Yahoo shopping store in previous fiscal years.

## LOWYA Business: Management Indicators

**We maintained high growth in the number of visitors compared to the previous year primarily at the flagship store. The number of new products introduced increased as a result of initiatives for developing LOWYA into a platform**

Item	Fiscal year ended March 31, 2020				Fiscal year ended March 31, 2021			
	1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	4Q Jan.-Mar.	1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	4Q Jan.-Mar.
<b>Overall</b>								
YoY number of visitors (%)	91.3	101.2	91.9	112.6	182.5	136.5	127.1	121.5
YoY average customer spend (%) (Note 1)	114.5	120.8	113.4	106.8	105.3	106.8	116.4	104.6
YoY CVR (%) (Note 2)	96.9	96.9	86.3	91.6	88.0	87.3	96.4	104.6
Number of products (Note 3)	1,930	1,951	1,763	1,709	1,603	1,556	1,485	1,399
Number of new products introduced	57	55	78	57	61	34	98	136
Average settlement rate (yen)	107.70	107.37	107.57	108.69	107.40	106.38	105.24	102.89
<b>Flagship store</b>								
YoY number of visitors (%)	99.0	127.4	140.1	178.6	297.4	199.8	173.2	148.3
YoY average customer spend (%)	114.1	107.5	108.5	97.0	89.1	91.2	99.4	98.1
YoY CVR (%)	103.9	111.7	94.2	101.1	114.9	110.3	119.4	117.4

(Note 1) The average customer spend tends to be higher at flagship store than at marketplace stores. An increase in the ratio of flagship store sales to the total net sales, therefore, tends to cause an increase in the overall average customer spend.

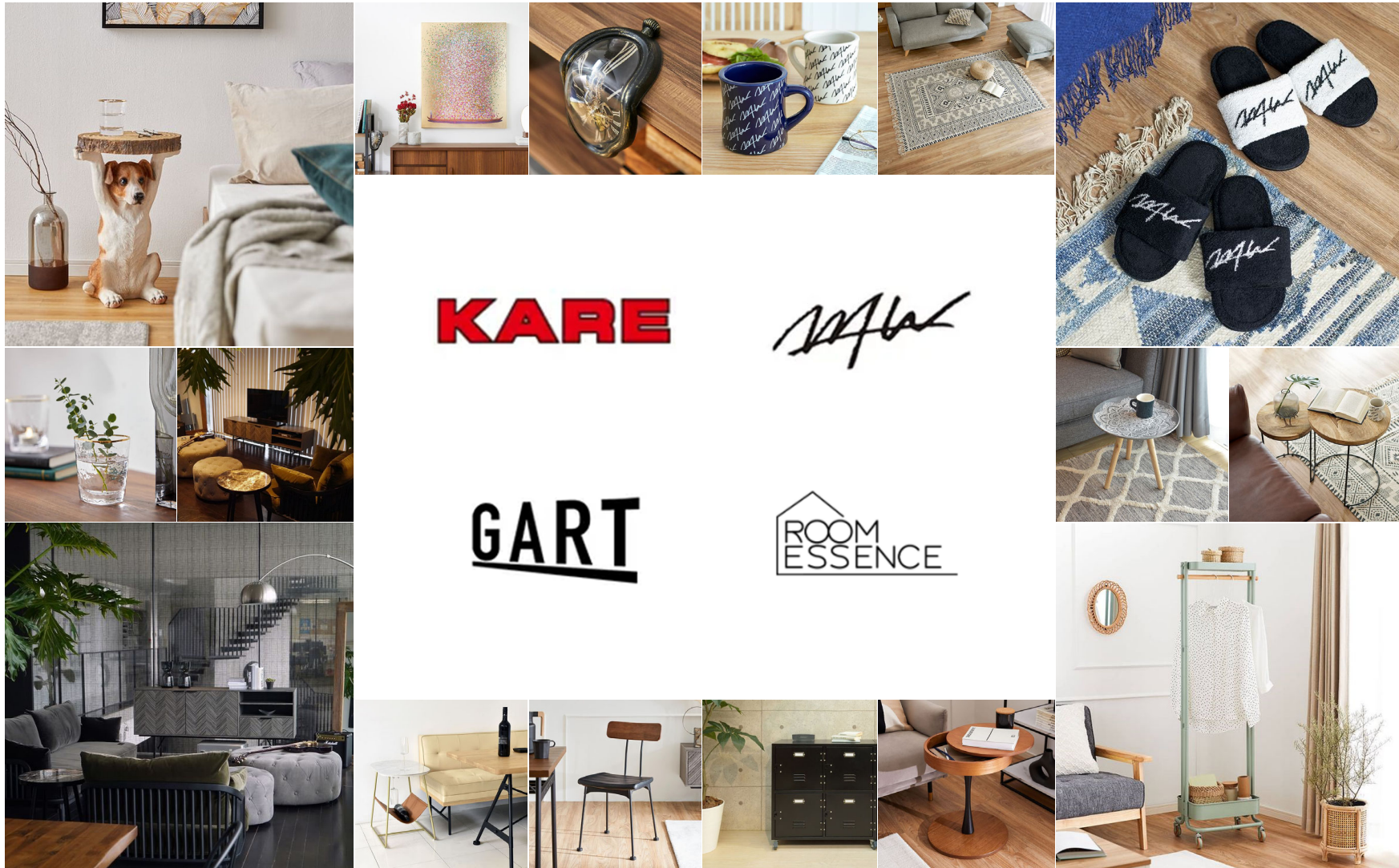
(Note 2) CVR tends to be lower at flagship store than at marketplace stores. An increase in the ratio of flagship store sales to the total net sales, therefore, tends to cause a decline in the overall CVR.

(Note 3) Obsolete products are excluded. Actual figure may differ from the total of Number of products and Number of new products introduced.

## **2-2.Report on LOWYA Flagship Store**

## Enhance Product Lineup: Trial phase starts to make LOWYA a platform

Started handling about 150 products from 4 brands and will continue to aggressively expand the number of brands and product categories.



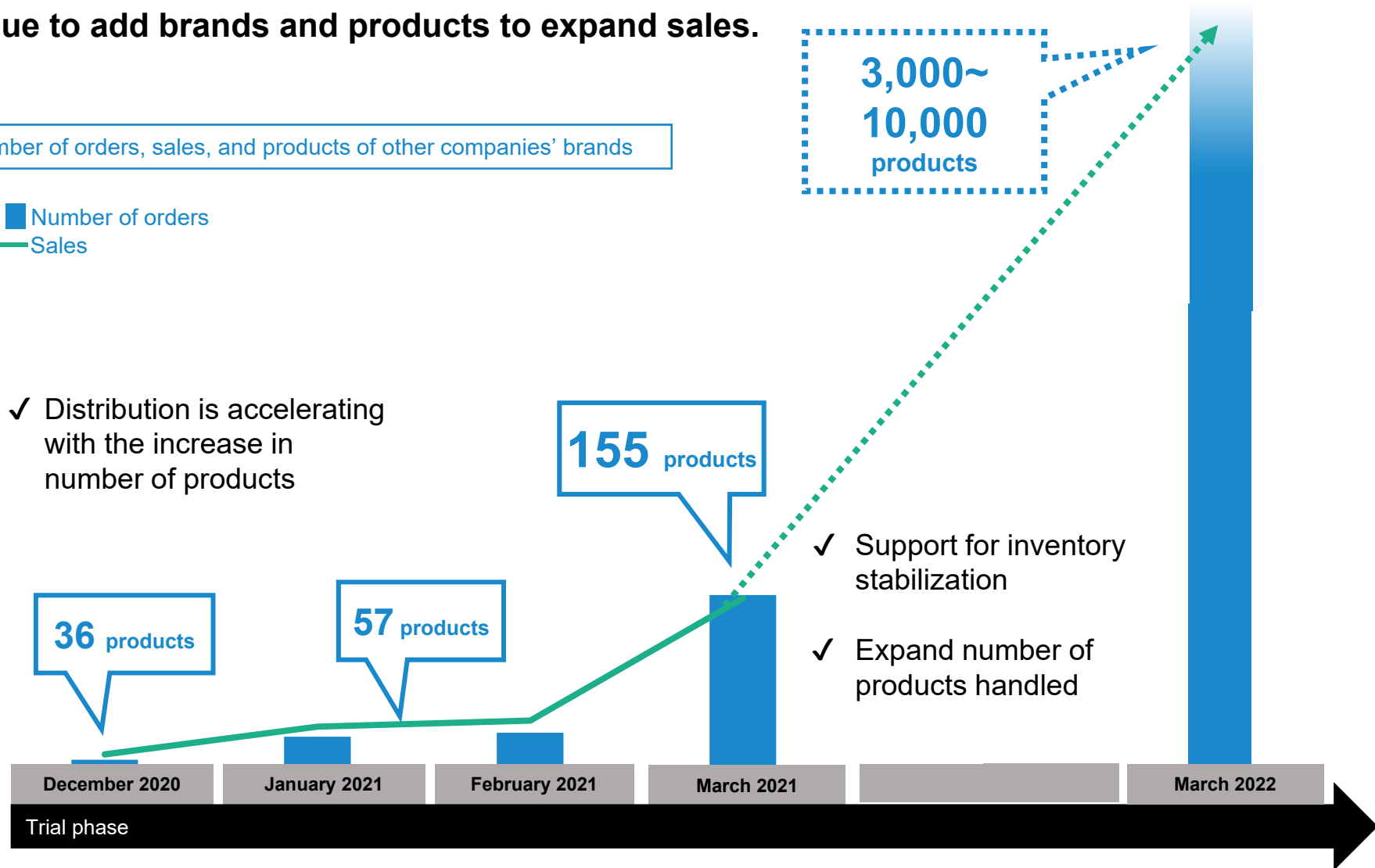
## Enhance Product Lineup: Making LOWYA a platform

Continue to add brands and products to expand sales.

Number of orders, sales, and products of other companies' brands

■ Number of orders  
— Sales

✓ Distribution is accelerating  
with the increase in  
number of products





LOWYA's official app - Number of downloads exceeds **300,000** after renewal

LOWYA's official Instagram - Number of followers exceeds **670,000**

\* As of March, 2021

### Official app



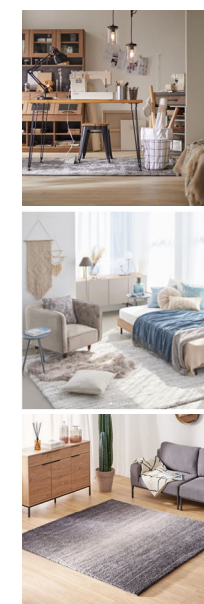
- Smooth browsing of products
- Equipped with AR, LOWYA 360 and other technologies
- Push notification of special offers

### Instagram



@lowya\_official

- Updates on new product information and outfits are posted daily.
- Real-time response via live streaming
- Instagram-exclusive events



## Enhance Customer Attraction: YouTube

### Started “LOWYA BASE,” LOWYA’s official YouTube Channel



#### LOWYA People

LOWYA's interview-based Life LOG asks 10 questions to people in our focus who lead unique and wonderful lifestyles.



#### Uta Tomo!

"Sing as you like, with whoever you like."  
A freestyle music program in which artists gather in a room to relax and freely play their favorite songs.



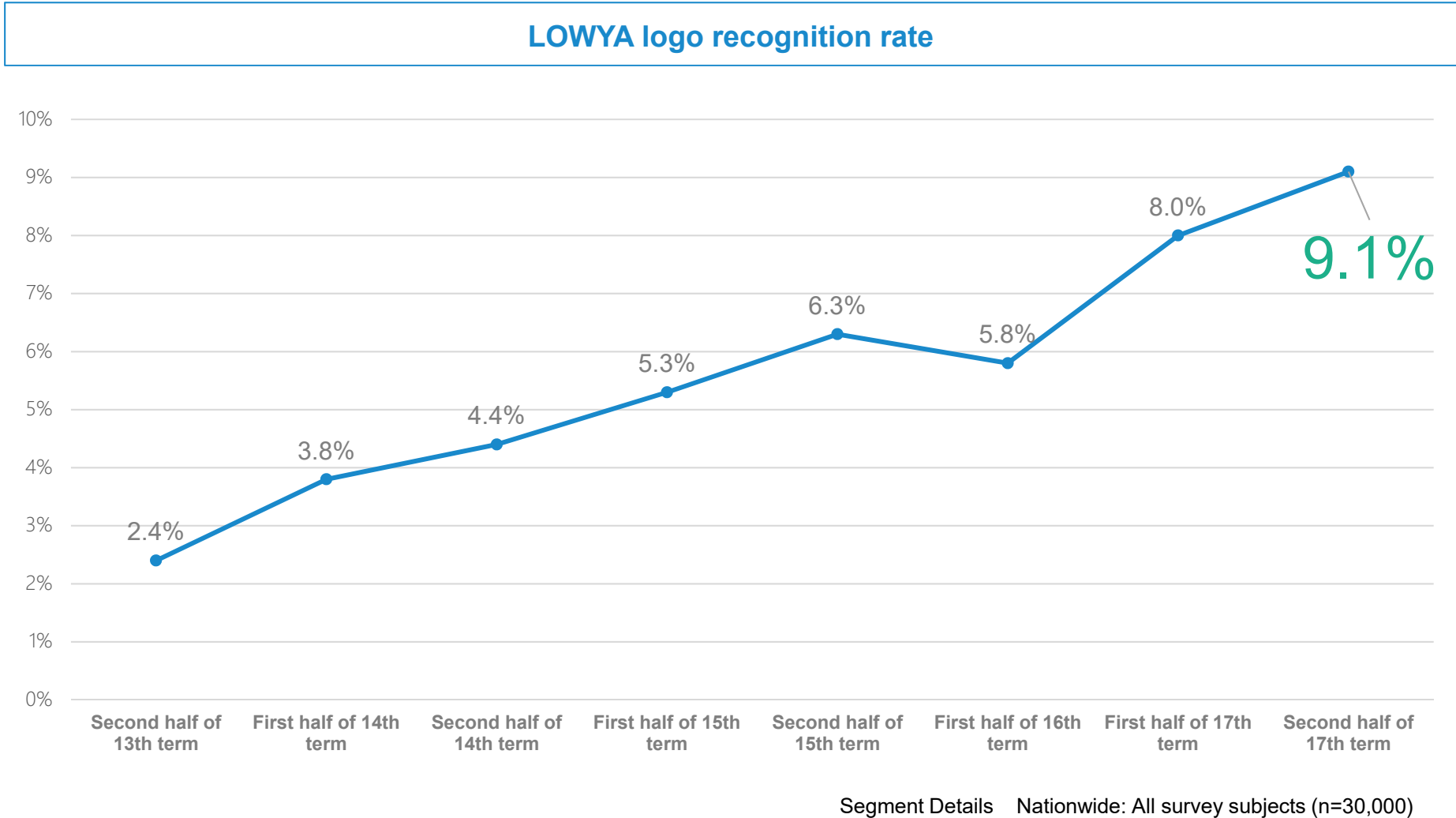
#### Hana Uta

"A room that makes you want to sing," for casual, important, and feel-good moments in a space that everyone would like.  
This is MusicLOG, where you can enjoy relaxing moments during your day with your eyes and ears.



Results of Initiatives: Recognition survey

LOWYA logo recognition rate rises to 9.1% nationwide

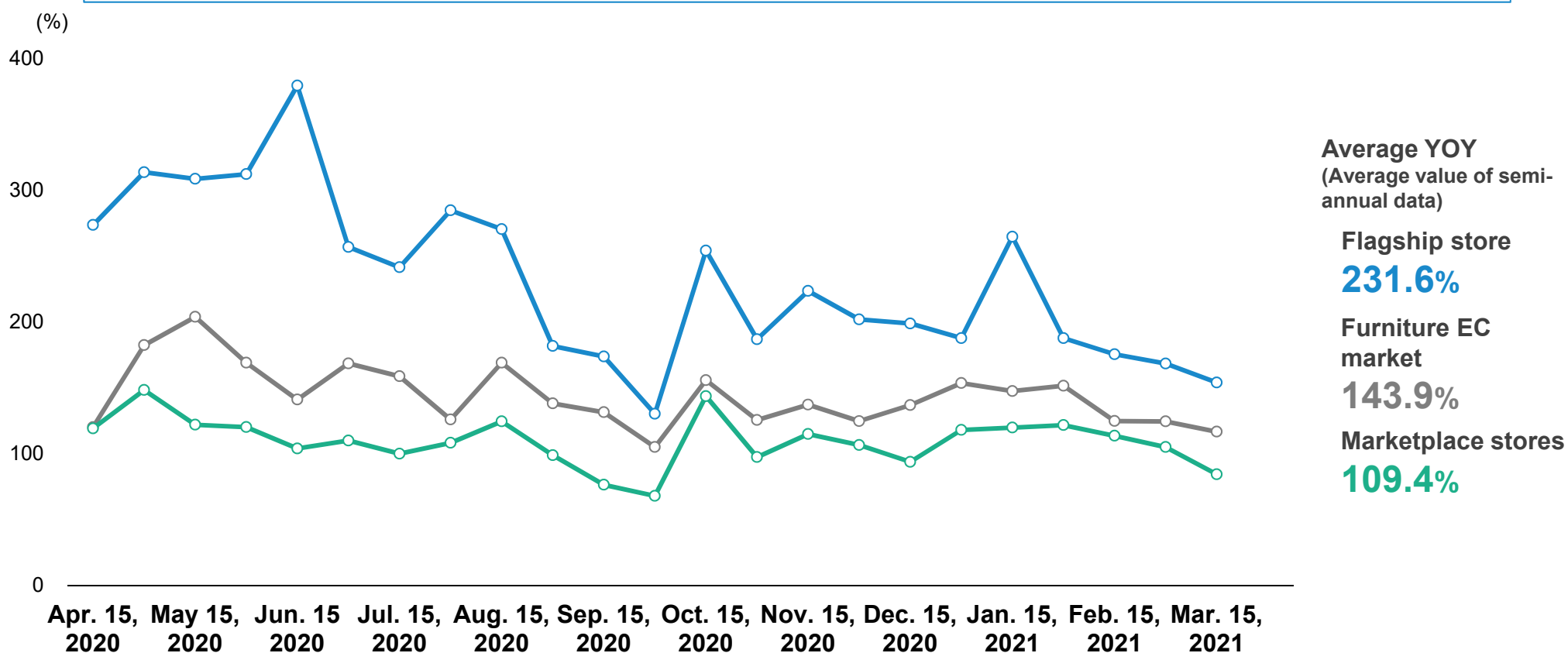


## Results of Initiatives: Growth of the flagship store

While the furniture EC market is growing due to the COVID-19 pandemic, the LOWYA business is growing at a higher rate than market growth.

- YoY sales at the flagship store are higher than the overall furniture EC market, maintaining high growth momentum
- Marketplace stores are controlling sales with less fluctuation according to the strategy.

Sales and furniture EC consumption index year-on-year comparison (semi-monthly data)



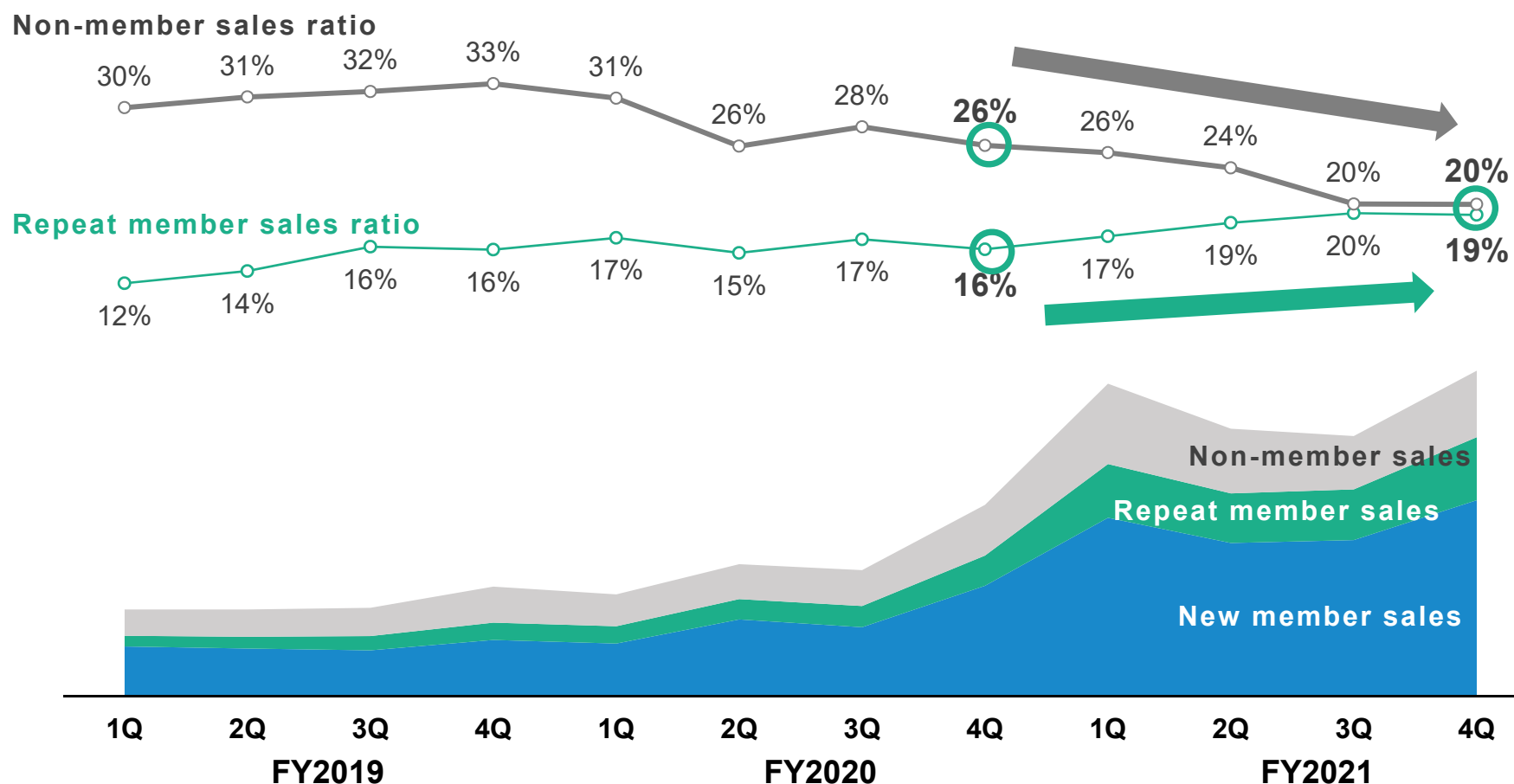
\* Sales of the Company are based on orders received and therefore do not correspond to the figures on the income statement.

Source: YoY changes in consumption index for furniture EC market are based on data (IM+EM) from "JCB Consumption NOW" issued by JCB Co., Ltd. and Nowcast Inc., and prepared by the Company.

## Results of Initiatives: Change in composition of flagship store sales

At the flagship store, the ratio of sales to non-members is declining as buyers become members. The ratio of sales to repeat members has been on a gradual increase, even before the full-scale implementation of measures to encourage repeat purchases.

### Order sales by purchaser type (new members, repeat members, non-members)



\* The sales figures in the chart are based on orders received and therefore do not match the figures in the income statement.

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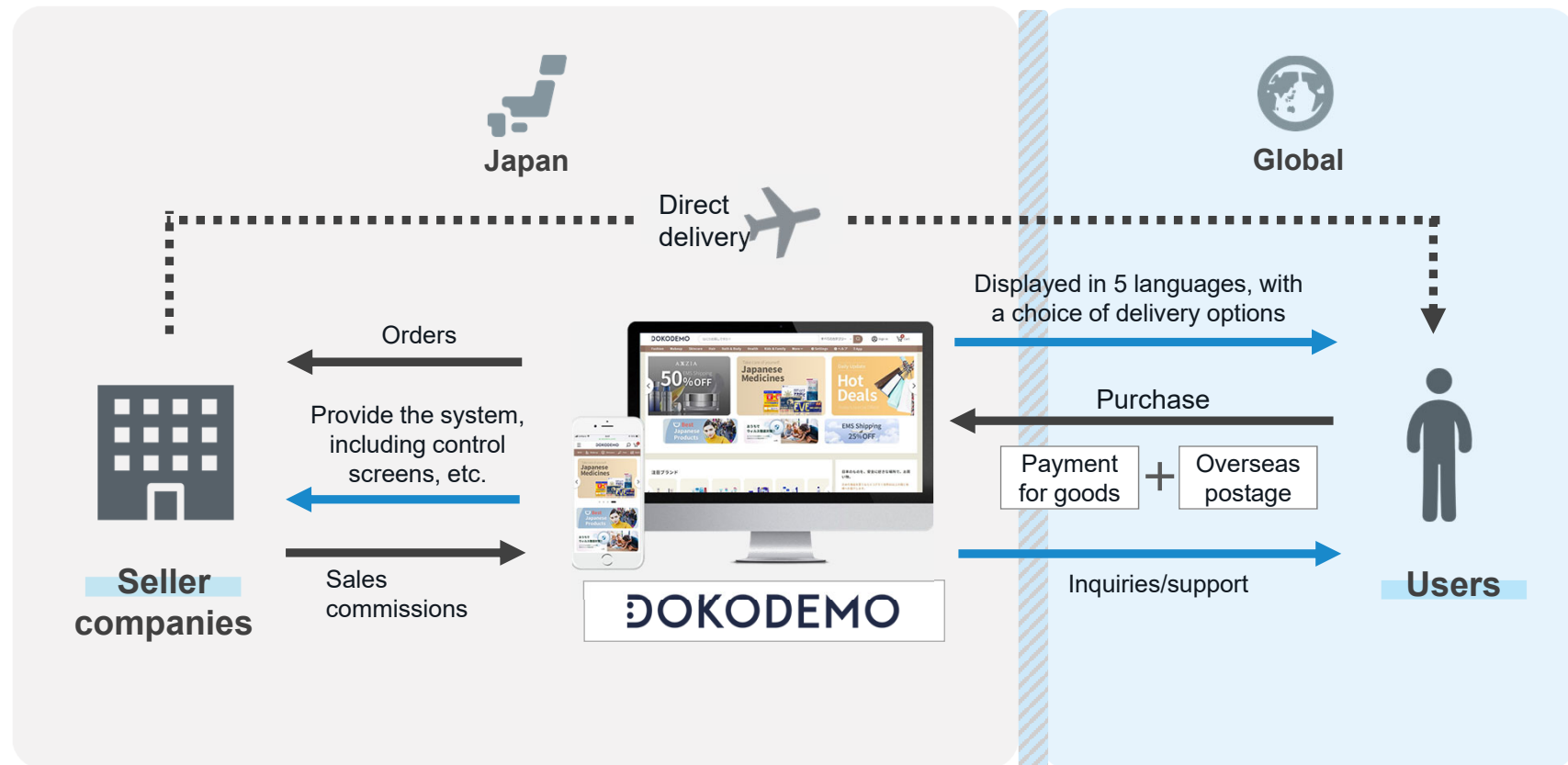
# 3

## Report on DOKODEMO Business

## DOKODEMO Business: Business Model

A platform with all functions necessary for cross-border e-commerce, including settlement, logistics and CS

Seller companies are limited to Japanese companies, but products are delivered to users in countries and regions round the world



## DOKODEMO Business: Management Indicators

**Gross merchandise sales continued to show a high growth rate, while membership and the number of APP DLs increased smoothly**

**The number of products and the number of brands decreased YoY, as handling of reusable products declined due to the partial suspension of logistics, but the decrease had only a limited impact on the business**

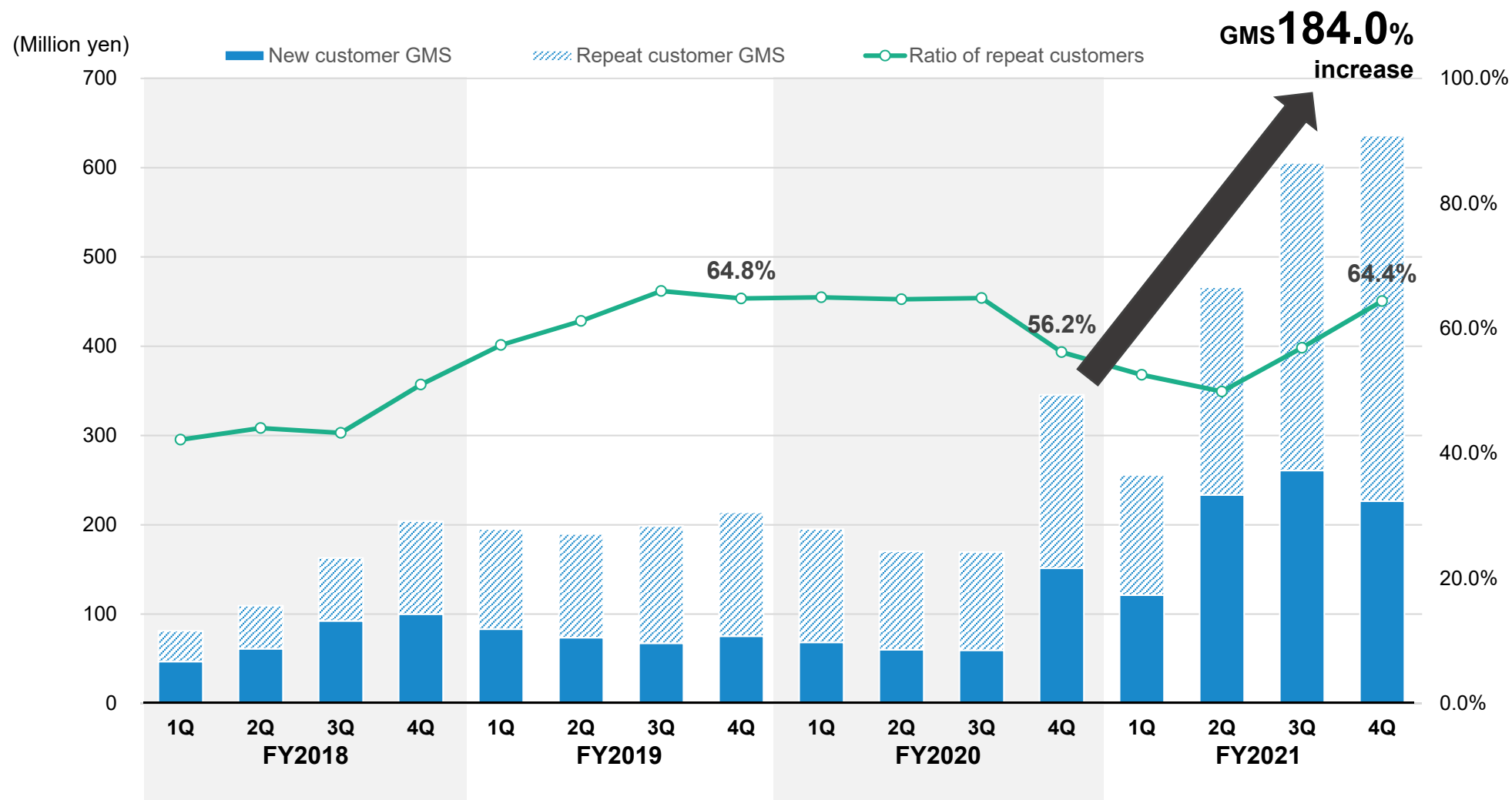
Item	Three months ended Dec. 31, 2020	Three months ended Dec. 31, 2021	YoY
<b>Gross Merchandise Sales</b> (million yen)	345	635	184.0%
<b>Membership</b> (thousand people)	515	725	140.9%
<b>Number of APP DLs</b> (thousand)	976	1,187	121.7%
<b>Purchase price per person</b> (yen)	7,778	10,749	138.2%
<b>Number of products</b> (thousand)	70	44	63.5%
<b>Number of brands</b>	1,249	1,120	89.7%
<b>Deliveries</b> * Number of countries and regions to which deliveries were made	99	100	101.0%



## DOKODEMO Business: Gross Merchandise Sales (GMS)

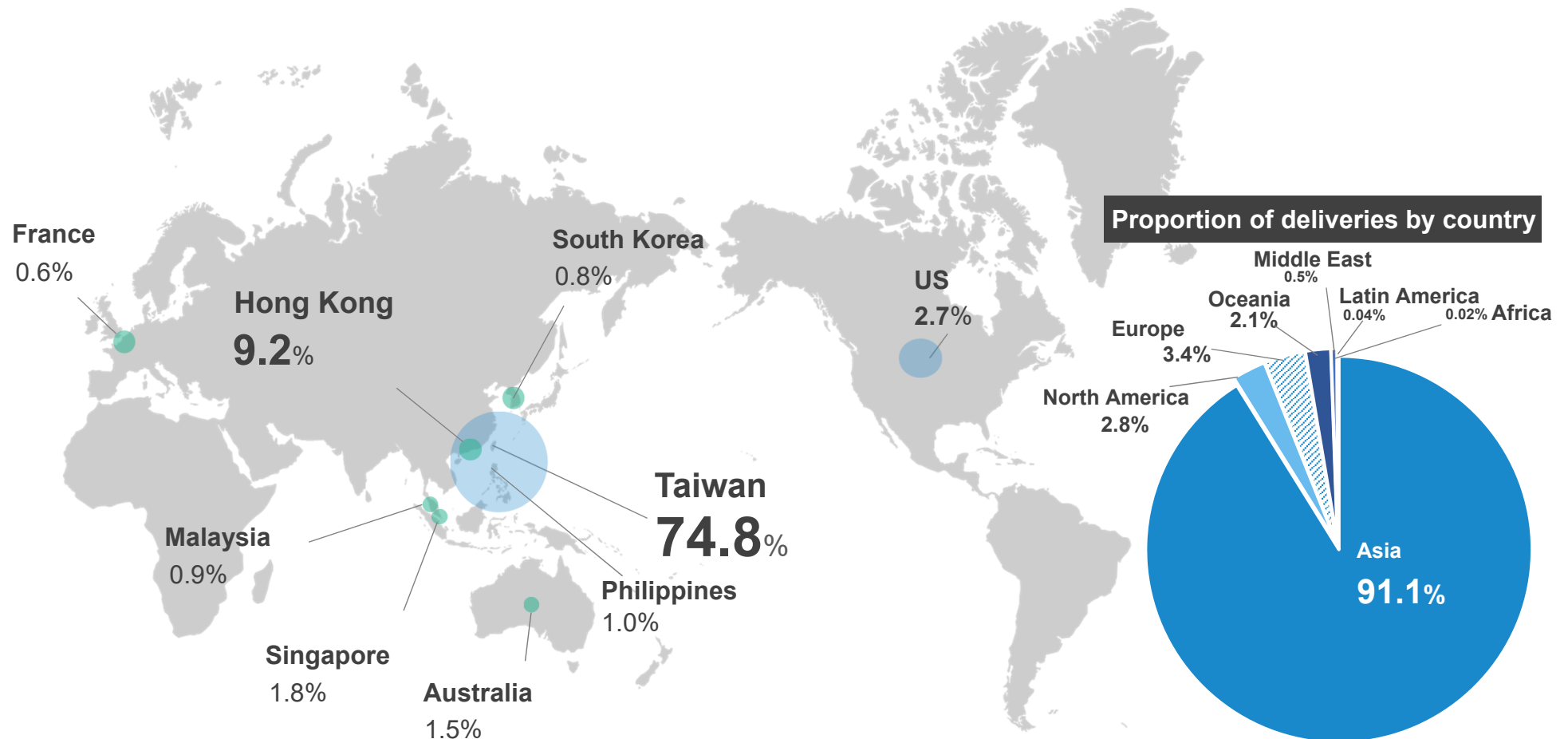
GMS grew by **184.0%** YoY

Repeat customer GMS remained high, accounting for **64.4%**



## DOKODEMO Business: Proportion of Deliveries by Country Based GMS

**Deliveries to Asia, primarily Taiwan, account for 90% of GMS**



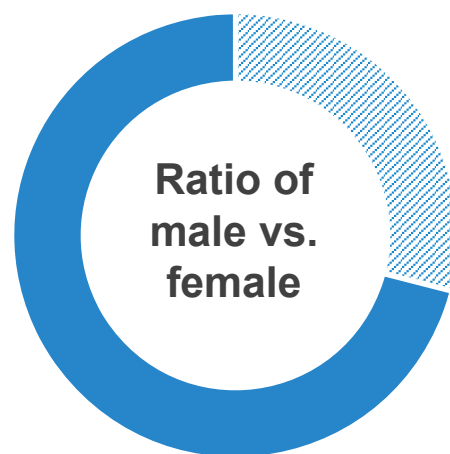
\* Proportion of deliveries by country is calculated based on the ratio GMS from January 2021 to March 2021

# 4 | Appendix

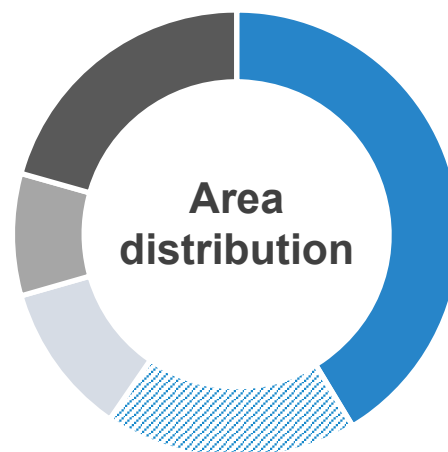
## Appendix: LOWYA Business / Customer Data (Male vs. Female, Area Distribution, and Generation Distribution)

Showing higher ratio of females in their 30's, mainly in the Tokyo metropolitan area

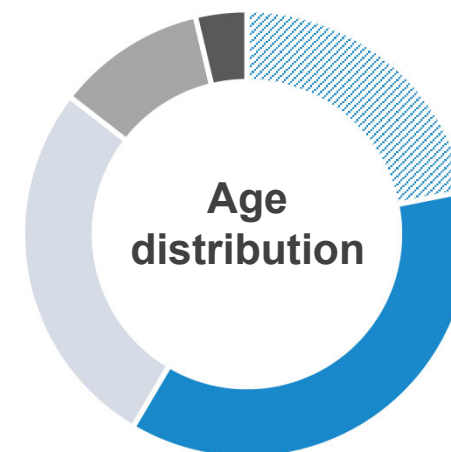
(January 2021 to March 2021)



▨ Male	29.0%
■ Female	71.0%



■ Kanto	41.3%
▨ Kinki	18.2%
■ Tokai	11.0%
■ Kyushu	8.8%
■ Other	20.6%



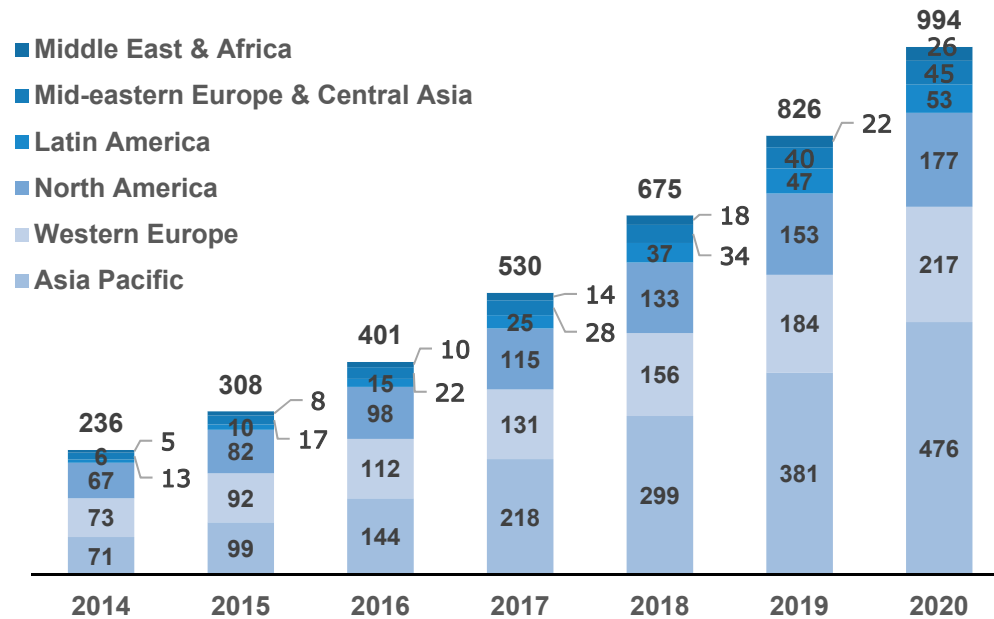
▨ 29 and younger	21.9%
■ 30 to 39	36.6%
■ 40 to 49	27.0%
■ 50 to 59	10.8%
■ 60 to 69	3.7%

## Appendix: DOKODEMO Business / Market Scale

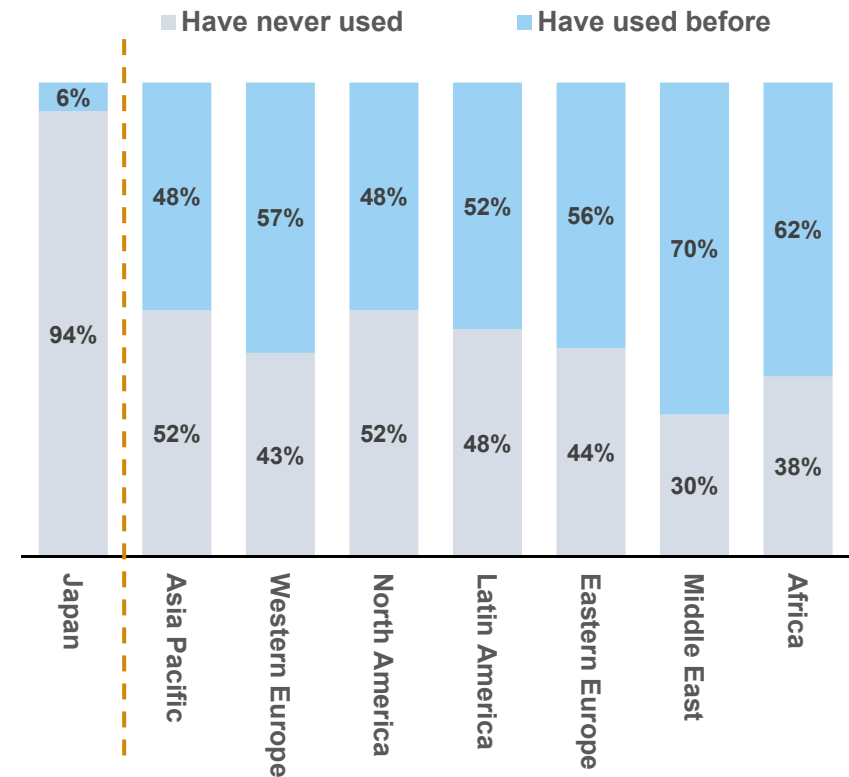
**B to C cross-border e-commerce is a giant, trillion-dollar market**

**Only around 6% of Japanese have experience using cross-boarder e-commerce, but in other regions it is used by more than half the population. Even with a platform specialized for seller companies in Japan, those massive markets present abundant opportunities**

**BtoC cross-border e-commerce market scale (billion dollars)\*1**



**Cross-border e-commerce usage by region (2018 )\*2**



Sources: \*1 Prepared by the Company, based on "Global Cross Border B2C e-commerce Market 2020: Report highlights & methodology sharing (2016)" issued by AliResearch

\*2 Prepared by the Company, based on "PayPal Cross-Border Consumer Research 2018 Global Summary Report (2018)." Japan is included in "Asia Pacific" issued by PayPal Inc.

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**VEGA** corporation

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These statements are based on current expectations, forecasts, and assumptions that are subject to risks, and contain uncertainties that could cause actual outcomes to differ materially from these statements.

These risks and uncertainties include general economic conditions in Japan and overseas, namely general industry and market conditions.

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