



Quarterly Financial Results

For the Three Months Ended June 30, 2021
Vega corporation Co., Ltd. / Securities code: 3542

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for the Three Months Ended June 30, 2021

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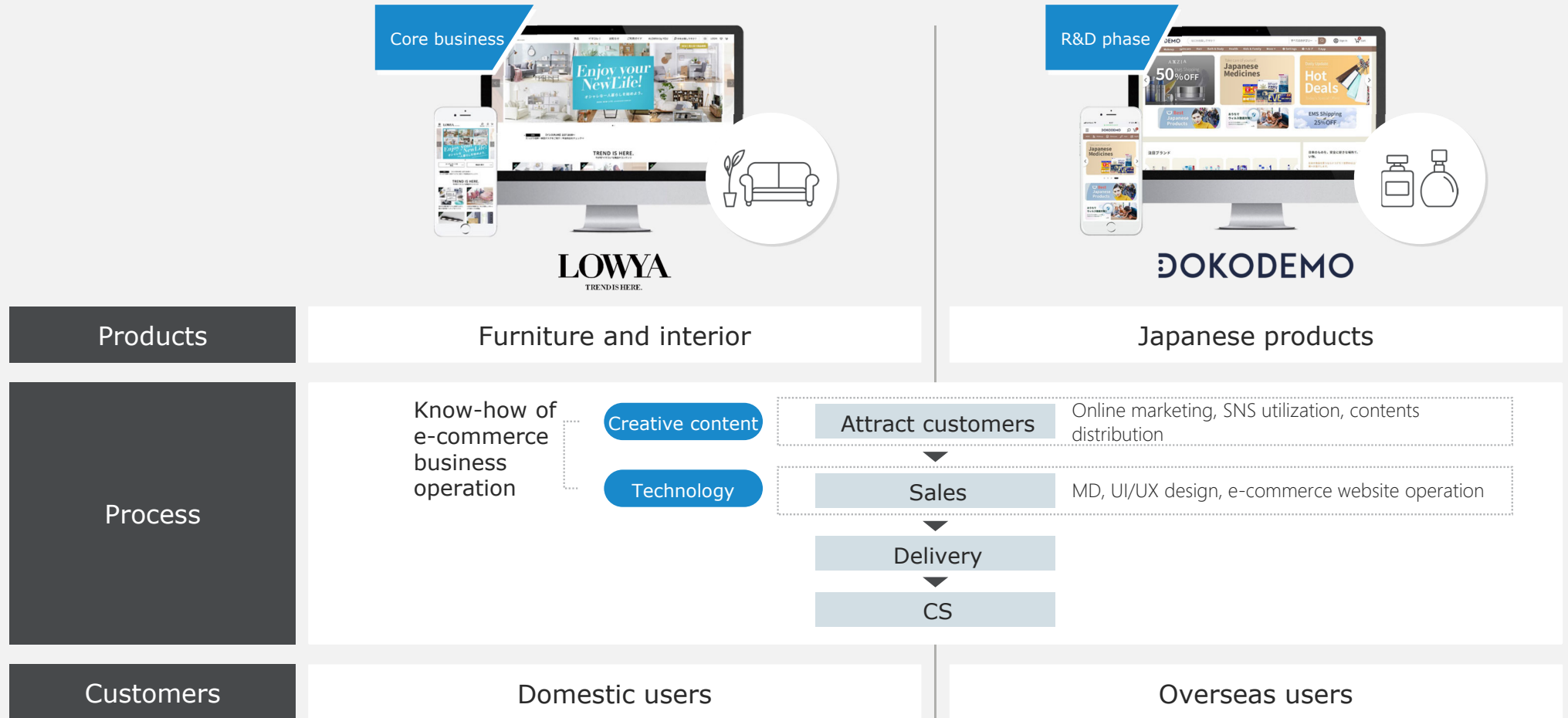
Appendix

1

Mid-term Management Policy

Overview of Business

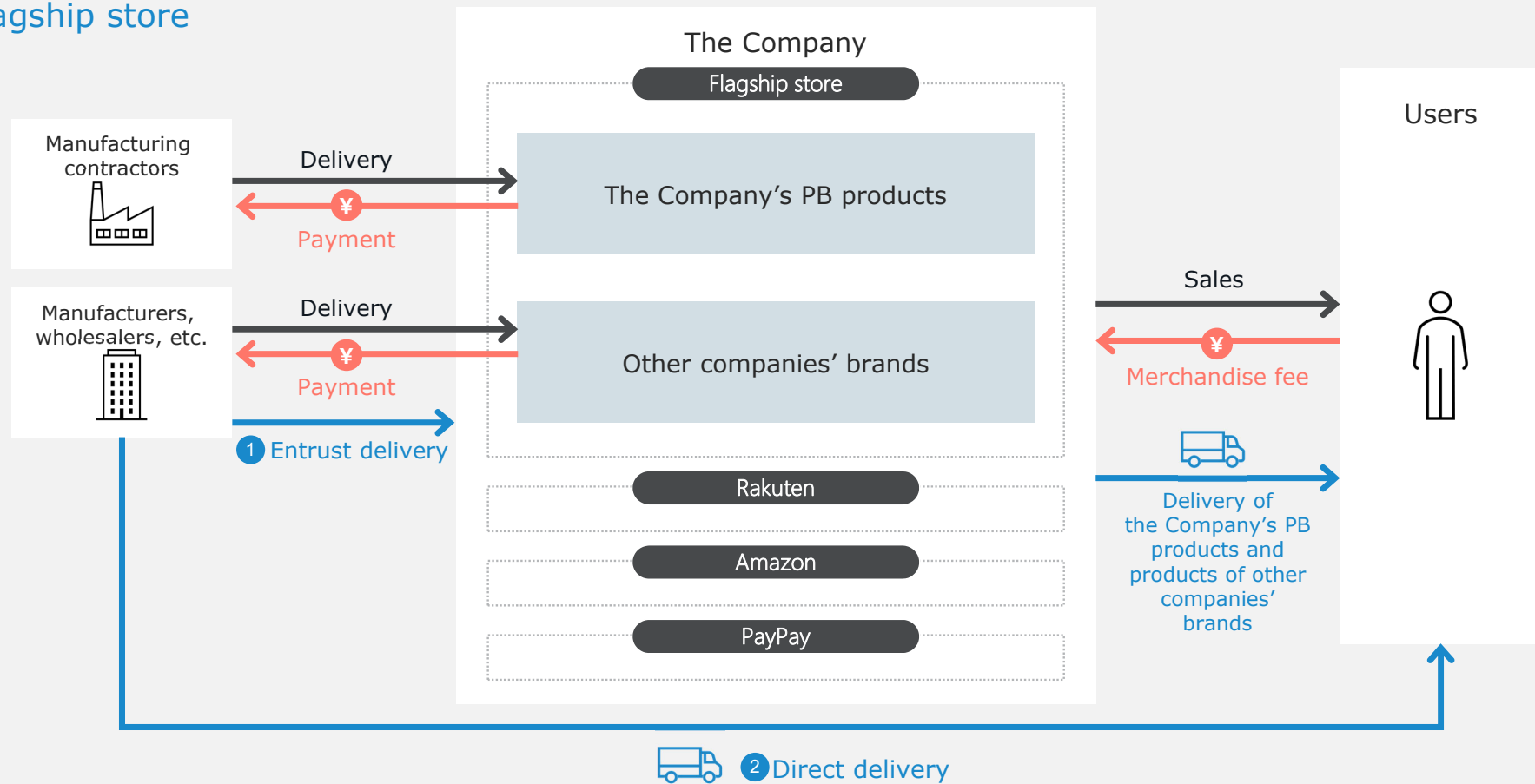
Promote the two businesses by exercising the power of creative content and technological know-how acquired through LOWYA's D2C business



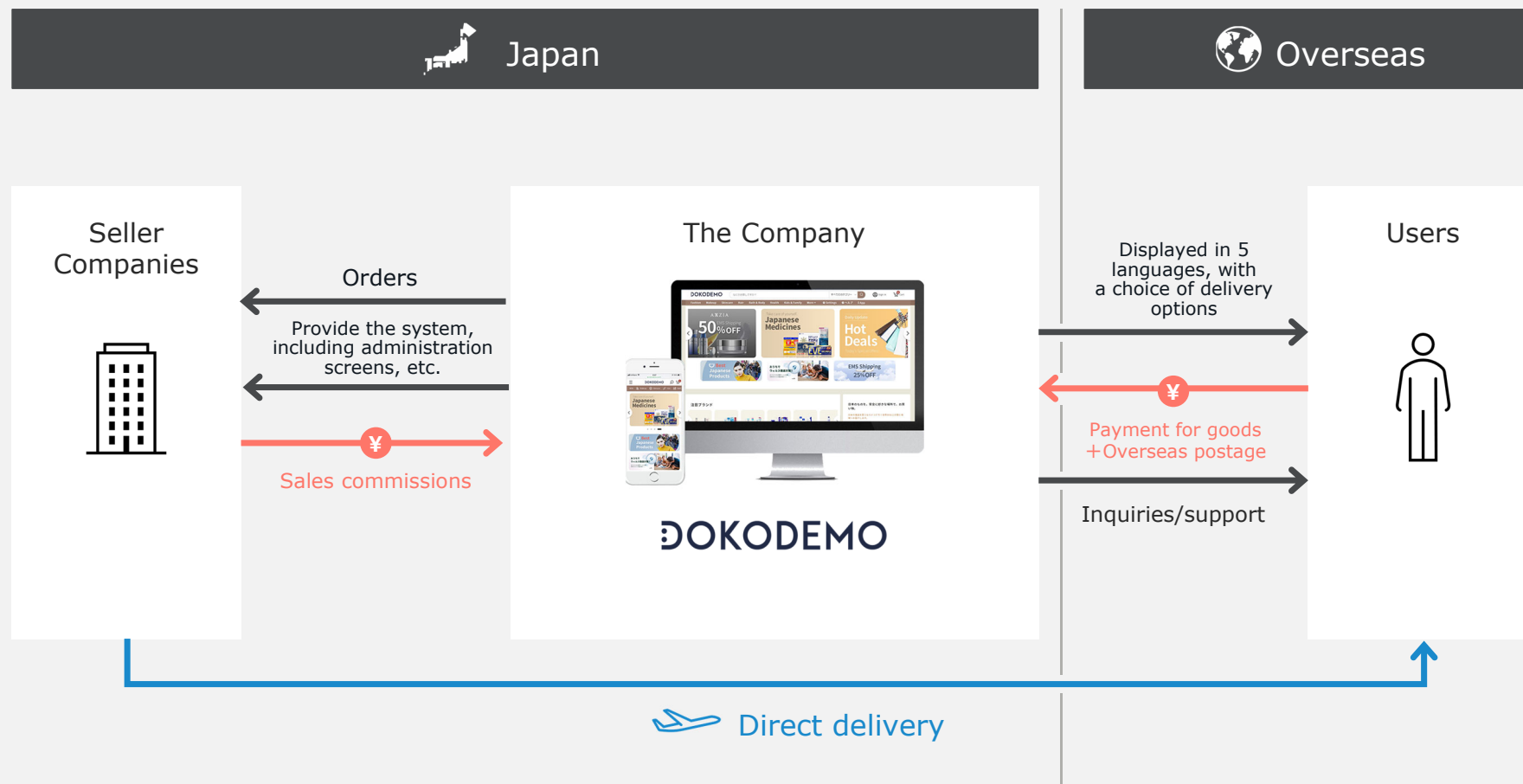
*D2C (Direct to Consumer) is a format of business that involves direct sales exclusively online.

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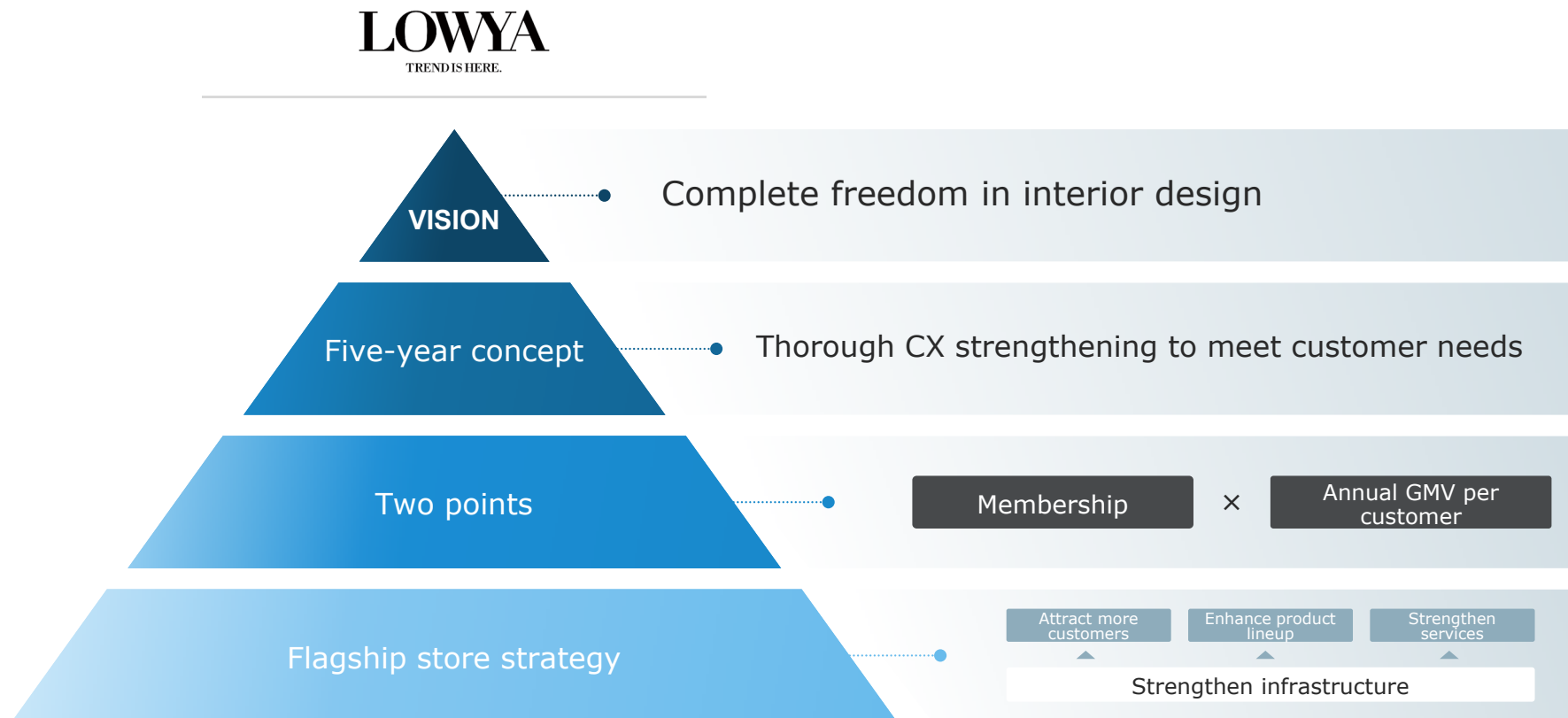
In addition to offering private brand (PB) products at the flagship store (the Company's e-commerce website) and other e-commerce marketplace stores, products of other companies' brands are offered at the flagship store



Operate a cross-border e-commerce platform with all functions including settlement, logistics and CS, which enables seller companies to offer Japanese products to overseas users



Thorough strengthening of customer experience (CX) at the flagship store based on “membership” and “annual GMV per customer” as points



Attract more customers

Step up promotional activities and increase recognition to expand the number of visitors and members



SEO

Enhance the influx of organic search



SNS

Acquire new followers



Online advertising

Approach new users

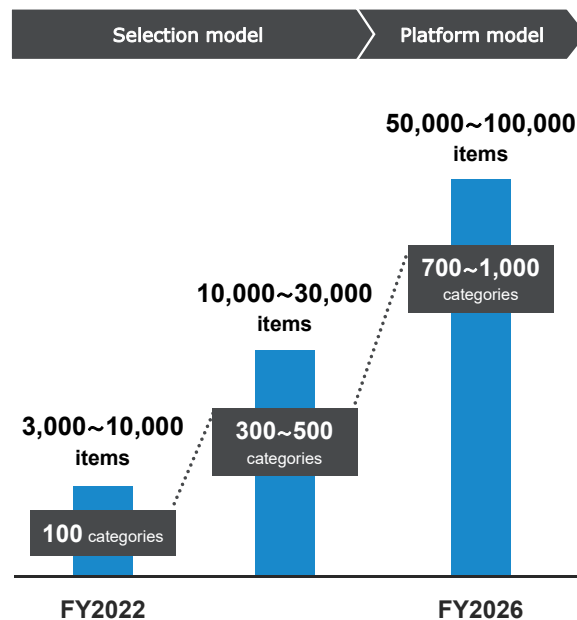


TV commercial trial

Scale-up approach to increase recognition

Enhance product lineup

Enhance the lineup of other companies' brands and enrich the assortment of sundries to expand the number of items and categories



※ The number of items and categories are for illustrative purposes only, and may differ from the actual numbers.

Strengthen services

Realize LOWYA's ideal customer experience to improve the ratio of repeat purchasing and maximize annual GMV per customer

Strengthen UI/UX

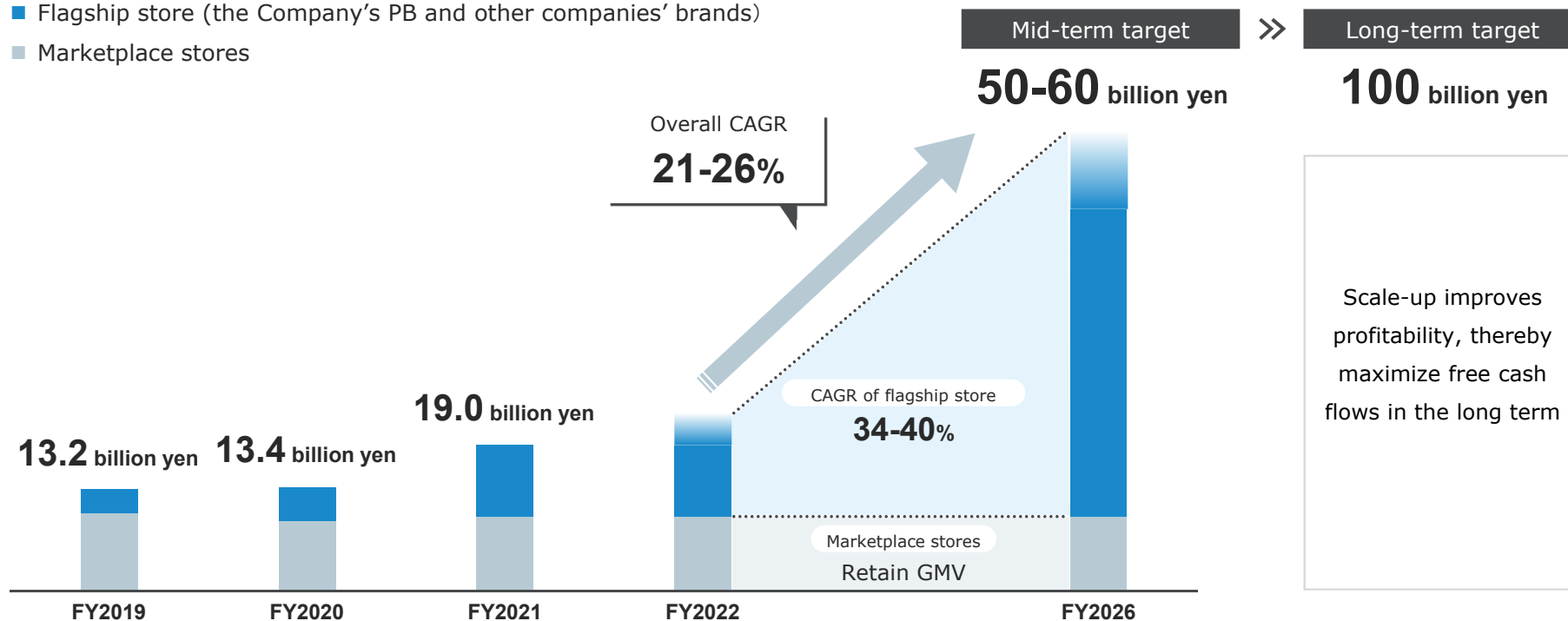
Strengthen delivery

Strengthen innovative services (AR)

Strengthen CX to increase “membership” and “annual GMV per customer” at the flagship store and achieve high GMV* growth rates over a medium term

Changes in GMV

- Flagship store (the Company's PB and other companies' brands)
- Marketplace stores



* Gross Merchandise Value: Gross merchandise sales

Leverage cash flows arising from marketplace stores and the flagship store (the Company's PB) and interest-bearing debts to execute active investments for the flagship store strategy

Financing methods

1. Operating CF

- Operating CF from marketplace stores, a steady source of revenue with no need for additional investments
- Operating CF from the Company's PB products sold at the flagship store shifting from a launch phase to a revenue increase phase

2. Interest-bearing debts

- Interest-bearing debts amount to 0.5 billion yen
 - Shareholders' equity amounts to 5.0 billion yen, sufficient borrowing capacity
- * As of March 31, 2021

3. Equity

- Not excluded as an option

Investment areas

Strengthen CX of the flagship store (the Company's PB+other companies' brands)

Attract more customers

Enhance product lineup

Strengthen services

Strengthen infrastructure

- Strengthen SCM and fulfillment
- Improve systems

Complement strategies

External collaboration

- Startup investment
- Capital and business alliance
- M&A, etc.

2

Overview of Quarterly Financial Results for the Three Months Ended June 30, 2021

Financial Highlight

Overview of Company-wide Results

Progress has been solid against financial results forecasts

1Q

GMV (LOWYA)	4,811	million yen (YoY: 90.6%)
GMV (DOKODEMO)	747	million yen (YoY: 292.2%)
Net sales	4,519	million yen (YoY: -% *Due to application of new Revenue Recognition Standard from this period.)
Operating profit.....	245	million yen (YoY: 32.8%)

LOWYA business Overview

- Progress rates increased steadily, reaching approx. 25% against the lower forecast ranges for both net sales and profit
- Membership increased smoothly at the flagship store and GMV reached a new record-high, surpassing that in the previous year in which there was a sharp increase in demand due to the COVID-19 pandemic
- While expanding the lineup of other companies' brands, we held new collaborative programs under our PB and enhanced the product lineup

DOKODEMO business Overview

- GMV of DOKODEMO hit 747 million yen, setting a record high on a quarterly basis

Financial Results for the Three Months Ended June 30, 2021

Net sales: **4,519** million yen, Operating profit: **245** million yen

(Million yen)

	Fiscal year ended Mar. 31, 2021		Fiscal year ended Mar. 31, 2021 (New Revenue Recognition Standard retrospectively applied)		Fiscal year ending Mar. 31, 2022		YoY
	1Q results	Sales ratio	1Q results	Sales ratio	1Q results	Sales ratio	
Net sales	5,349	100.0%	5,166	100.0%	4,519	100.0%	-
Gross profit	3,170	59.3%	2,987	57.8%	2,535	56.1%	-
SG&A expenses	2,421	45.3%	2,238	43.3%	2,289	50.7%	-
Operating profit	748	14.0%	748	14.5%	245	5.4%	32.8% (-502)
Ordinary profit	757	14.2%	757	14.7%	252	5.6%	33.3% (-504)
Profit	461	8.6%	461	8.9%	157	3.5%	34.2% (-303)

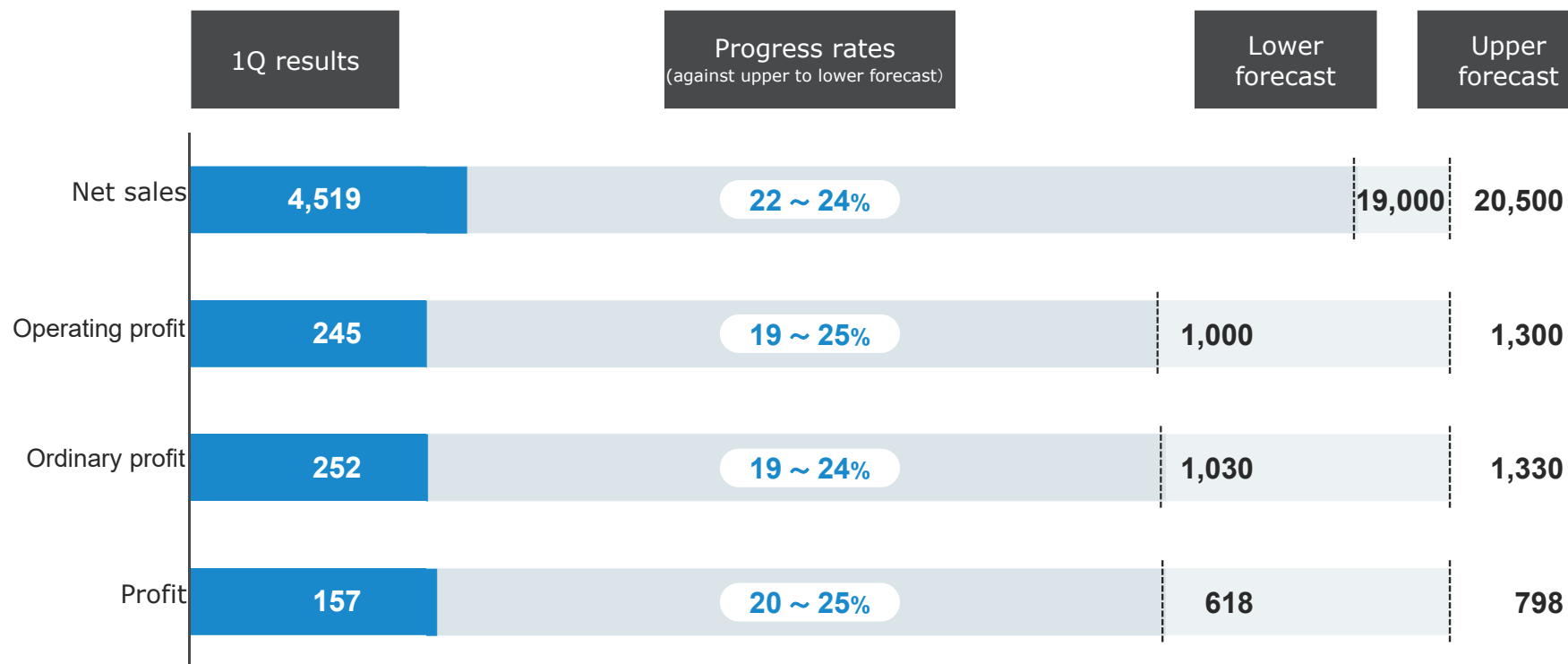
* Audit procedures pursuant to the Financial Instruments and Exchange Act are in progress as of the date of disclosure of this document.

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Progress against Financial Results Forecast for the Fiscal Year Ending March 31, 2022

Progress rate of approx. **25%** was achieved against the lower forecast range for all indicators

(Million yen)



Progress of the Business Plan for the Fiscal Year Ending March 31, 2022

Emphasizing the mid-term expansion of GMV in LOWYA Business,
execute additional investments in addition to expenditures necessary for normal business operation

LOWYA business

Net sales

- Progressed within the initially forecasted range against the full year financial results forecasts, despite a reactionary decline in sales from the previous year

Operating profit before additional investment

- Cost of sales ratio was higher than the initial forecast, but delivery expenses improved. Overall performance progressed within the initially forecasted range

Operating profit
before
additional
investment

1,300~1,700 million yen

Operating profit ratio: **6.8%~8.3%**

Operating profit after additional investment

Recruitment expenses

Strengthened recruitment in all categories with a focus on engineers and increased 15 people compared to March 31

Marketing investment

Investments have been planned to concentrate in the second half of the year.

No additional investment was made in 1Q

Operating profit
after
additional
investment

Additional investment:

MAX **500** million yen

1,000~1,300 million yen

DOKODEMO business

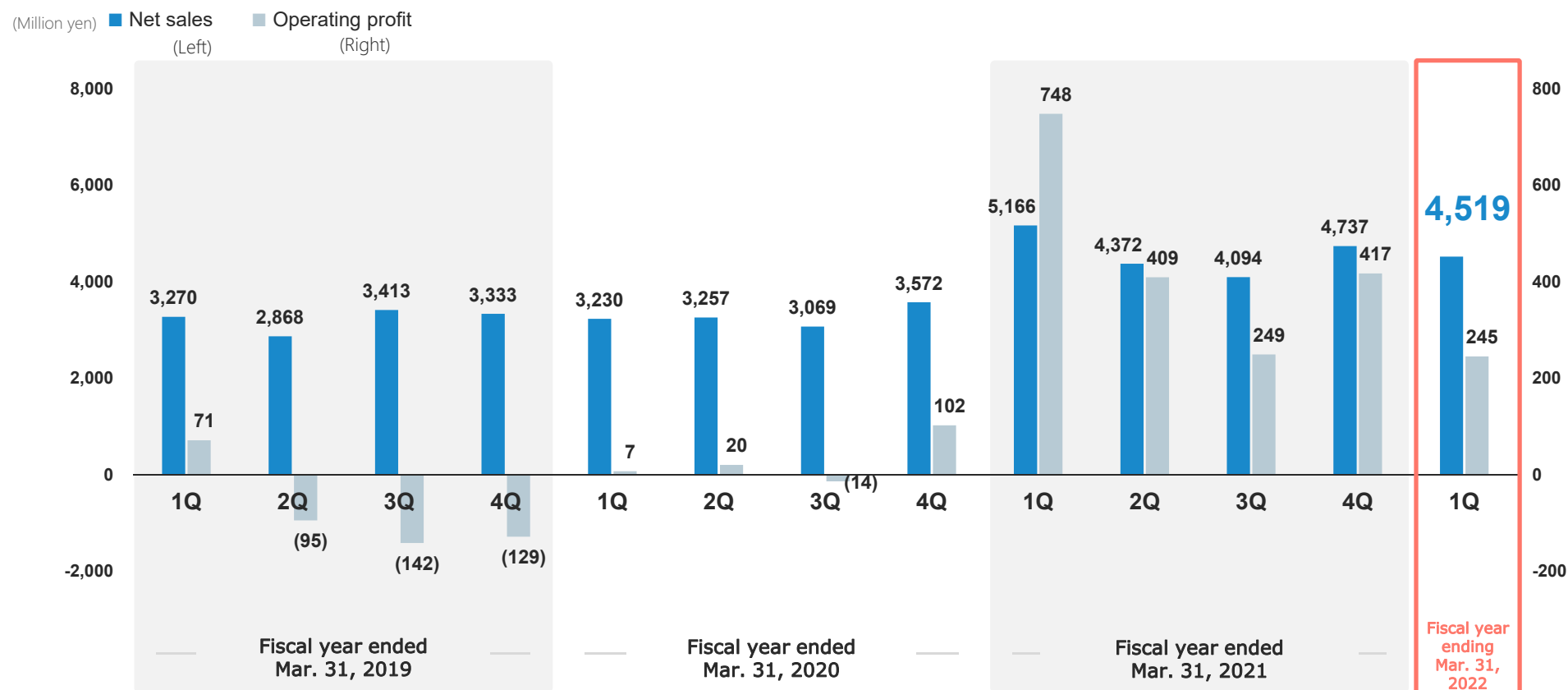
and other R&D

- Executed an investment worth 42 million yen (recorded as a loss), as in the initial forecast

* The net increase in the number of staff is irrespective of their employment types.

Quarterly Net Sales and Operating Profit

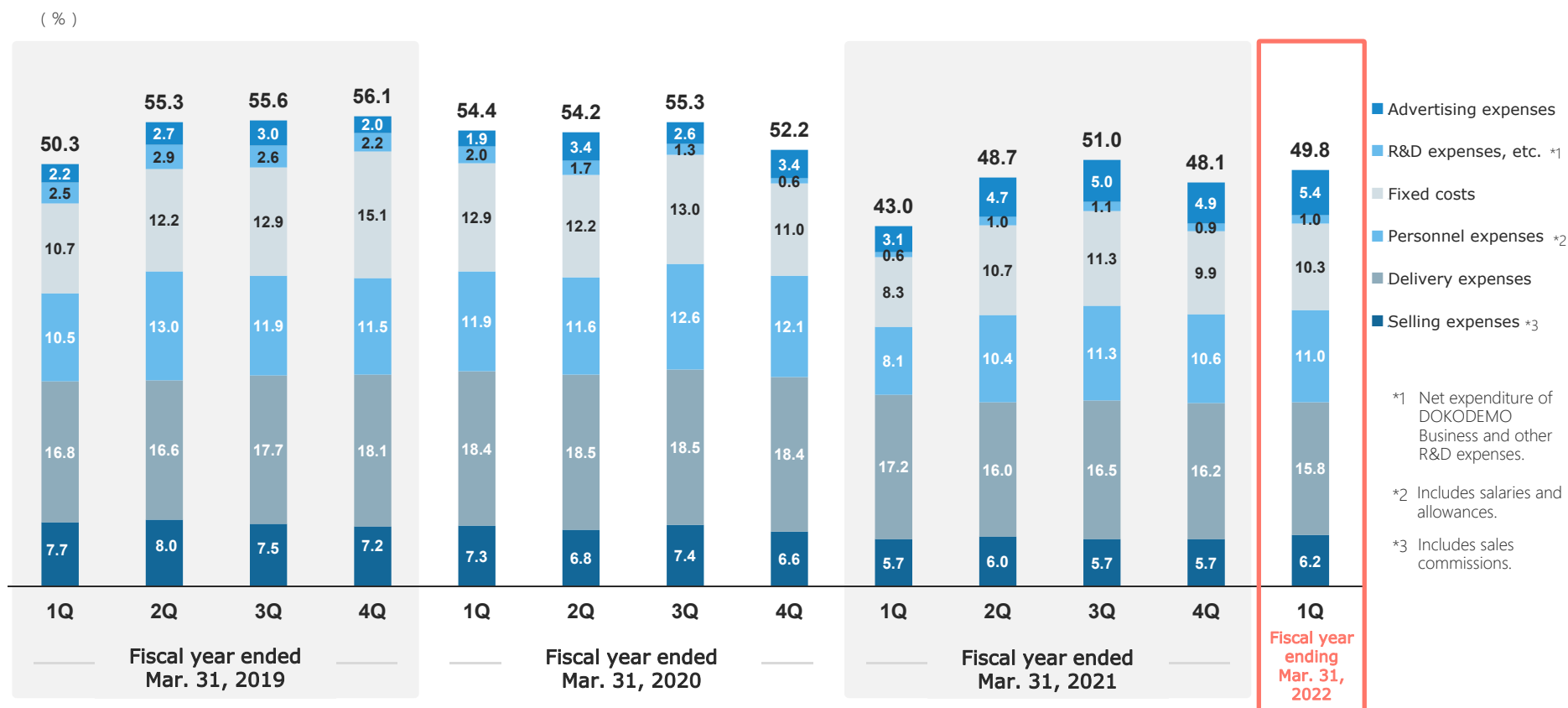
Both net sales and profit progressed within the initially forecasted range against the full year financial results forecasts, despite a reactionary decline from the previous year



* Due to the application of the new Revenue Recognition Standard from the fiscal year ending March 31, 2022, net sales for the fiscal year ended March 31, 2021 and prior periods have been restated by retrospectively applying the new Revenue Recognition Standard.

Quarterly SG&A Expenses Ratio (against Net Sales)

Both variable costs and fixed costs progressed stably



- The SG&A expense ratio shows the ratio against net sales. Due to the application of the new Revenue Recognition Standard from the fiscal year ending March 31, 2022, net sales for the fiscal year ended March 31, 2021 and prior periods have been restated by retrospectively applying the new Revenue Recognition Standard. Furthermore, revenue related to DOKODEMO Business and 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

A sound financial foundation is maintained. Inventory levels are trending toward recovery

(Million yen)

	As of March 31, 2021	As of June 30, 2021		As of March 31, 2021	As of June 30, 2021
Current assets	6,892	6,062	Current liabilities	3,023	2,316
Cash and deposits	3,028	2,046	Debt obligations	500	500
Accounts receivable–trade	1,897	1,631	Non-current liabilities	61	67
Merchandise	1,521	1,834	Total liabilities	3,084	2,384
Non-current assets	1,331	1,340	Shareholders' equity	5,091	4,993
Property, plant and equipment, and intangible assets	520	509	Total net assets	5,138	5,018
Total assets	8,223	7,402	Total liabilities and net assets	8,223	7,402

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

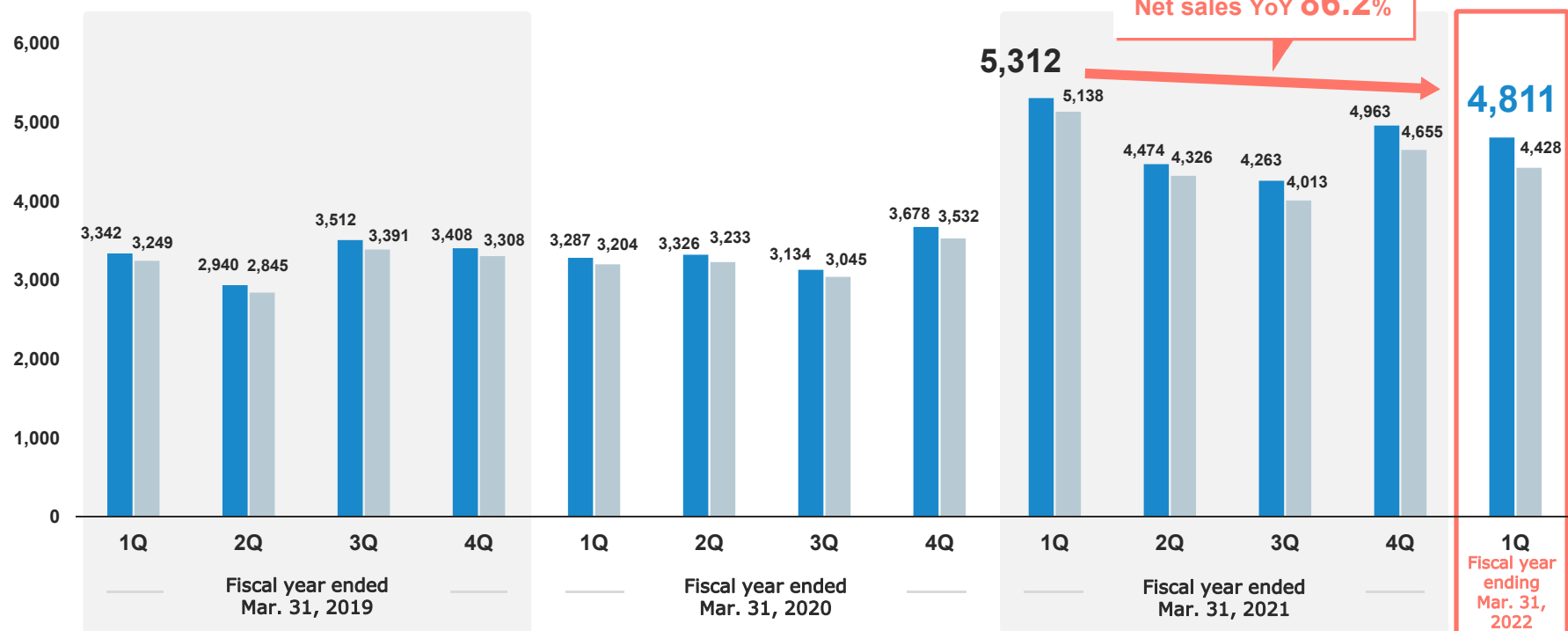
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Report on LOWYA Business

Despite a reactionary decline from the previous year, both GMV and net sales progressed steadily

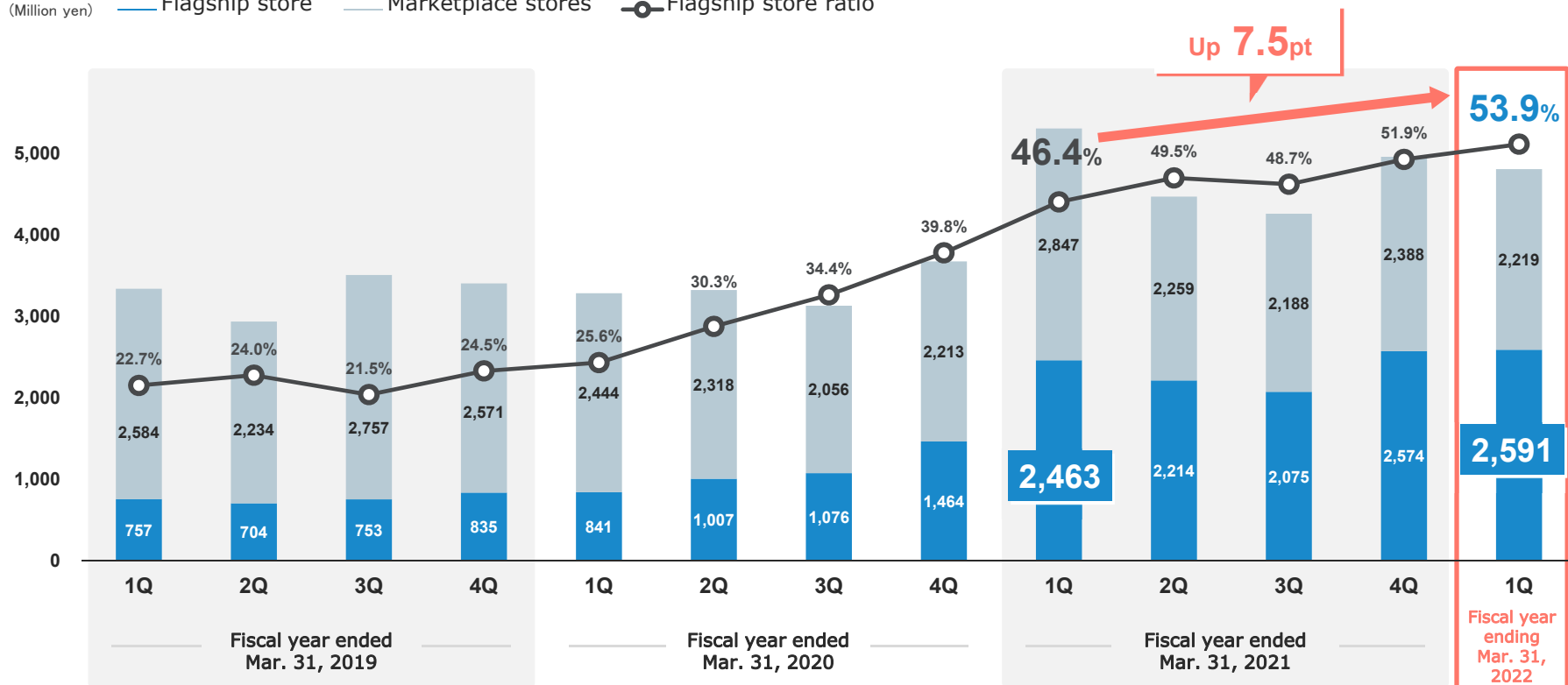
(Million yen) ■ GMV ■ Net sales



* Due to the application of the new Revenue Recognition Standard from the fiscal year ending March 31, 2022, net sales for the fiscal year ended March 31, 2021 and prior periods have been restated by retrospectively applying the new Revenue Recognition Standard.

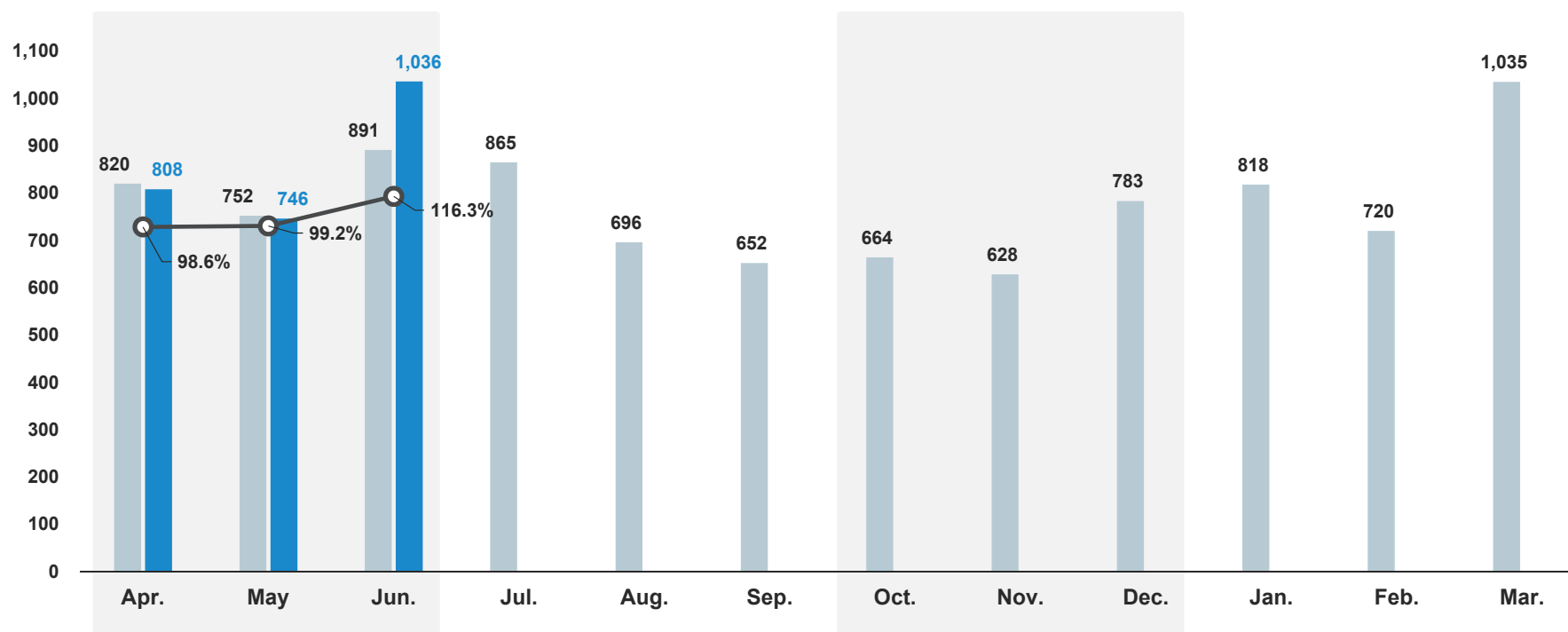
GMV of the flagship store increased year on year. While the flagship store remained the main sales channel, GMV of marketplace stores decreased due to a reactionary decline from the previous year

(Million yen) — Flagship store — Marketplace stores —○— Flagship store ratio

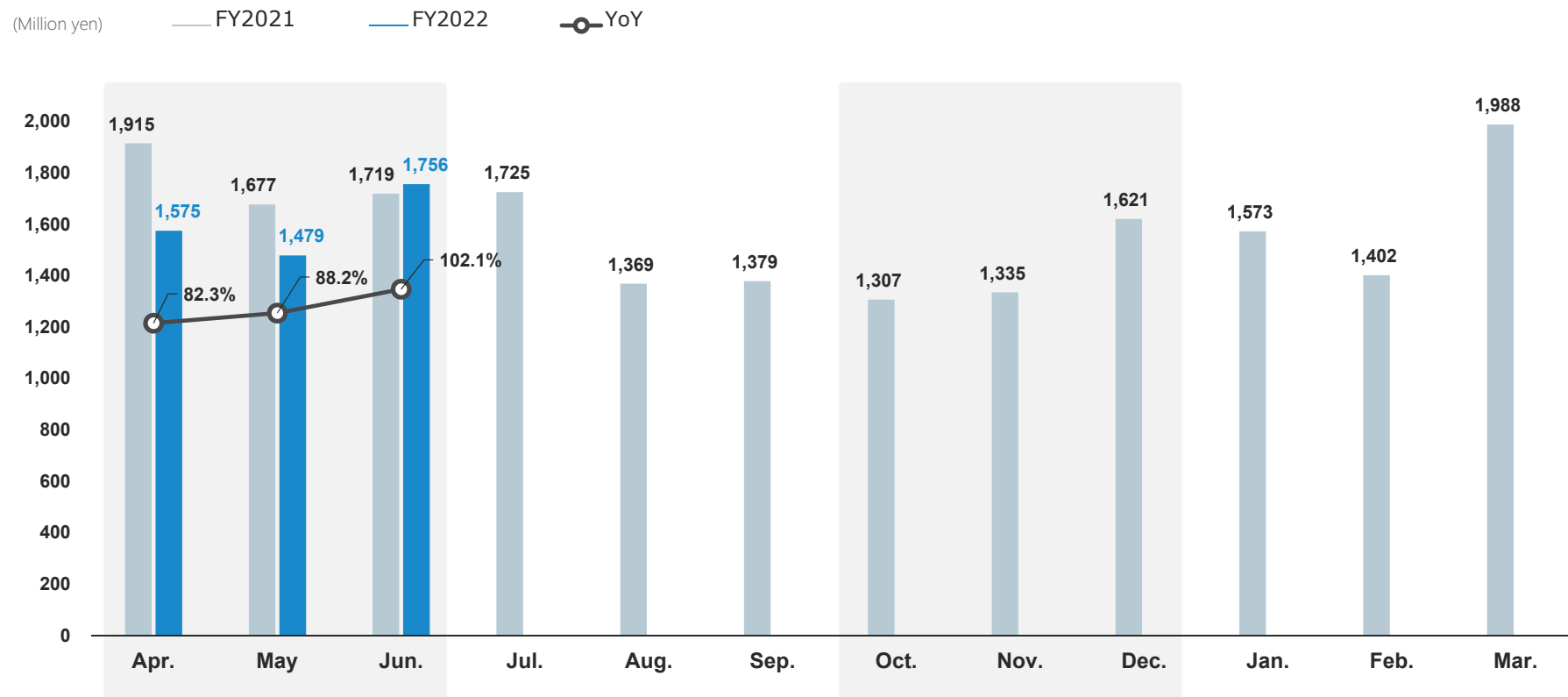


Flagship store was in the same level in April and May of the previous year, in which demand surged due to the COVID-19 pandemic. Achieved a significant year-on-year increase in GMV in June (up 16.3% YoY)

(Million yen) — FY2021 — FY2022 — YoY



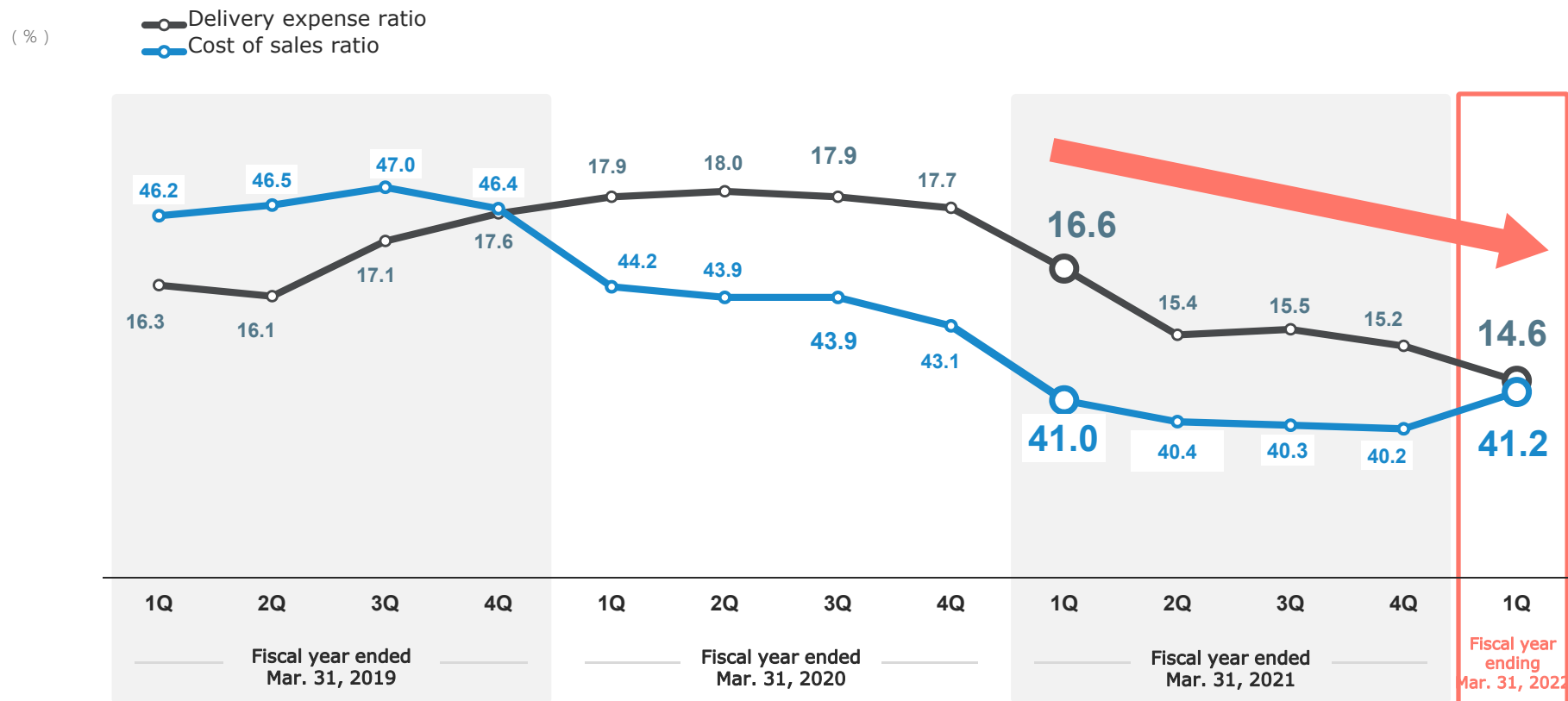
For the overall LOWYA Business (flagship store+marketplace stores), achieved a year-on-year increase in GMV in June



LOWYA Business

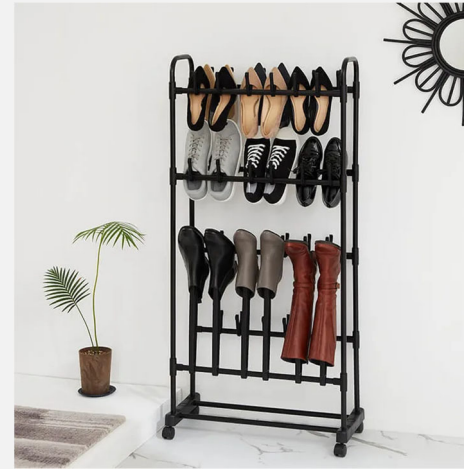
Cost of Sales Ratio and Delivery Expense Ratio (vs. GMV)

Although continuous cost reductions have proven effective and delivery expense ratio further declined, cost of sales ratio is increasing due to rising marine containers transportation costs and raw material purchase costs coupled with yen depreciation



- Due to the application of the new Revenue Recognition Standard from the fiscal year ending March 31, 2022, the ratios are those of cost of sales and shipping costs relative to net sales under the previous accounting standard for the periods prior to the fiscal year ended March 31, 2021, while those are relative to GMV for the fiscal year ending March 31, 2022 onward.

Continue offering design- and trend-conscious new products as in the previous fiscal year



Through collaborations with other companies, enhance product lineup of the Company's PB by adding products with tastes that LOWYA has not dealt in so far



NO COFFEE

The first collaboration with NO COFFEE, a coffee shop based in Fukuoka that proposes lifestyles inspired by coffee. Lined up a wide variety of products from tumblers and other sundry items to stylish furniture in gray tones.



Côté jardin

Côté Jardin, a dried flower specialty store meets LOWYA to produce original dried flower swags, wishing people to enjoy everyday life with dried flowers more casually.

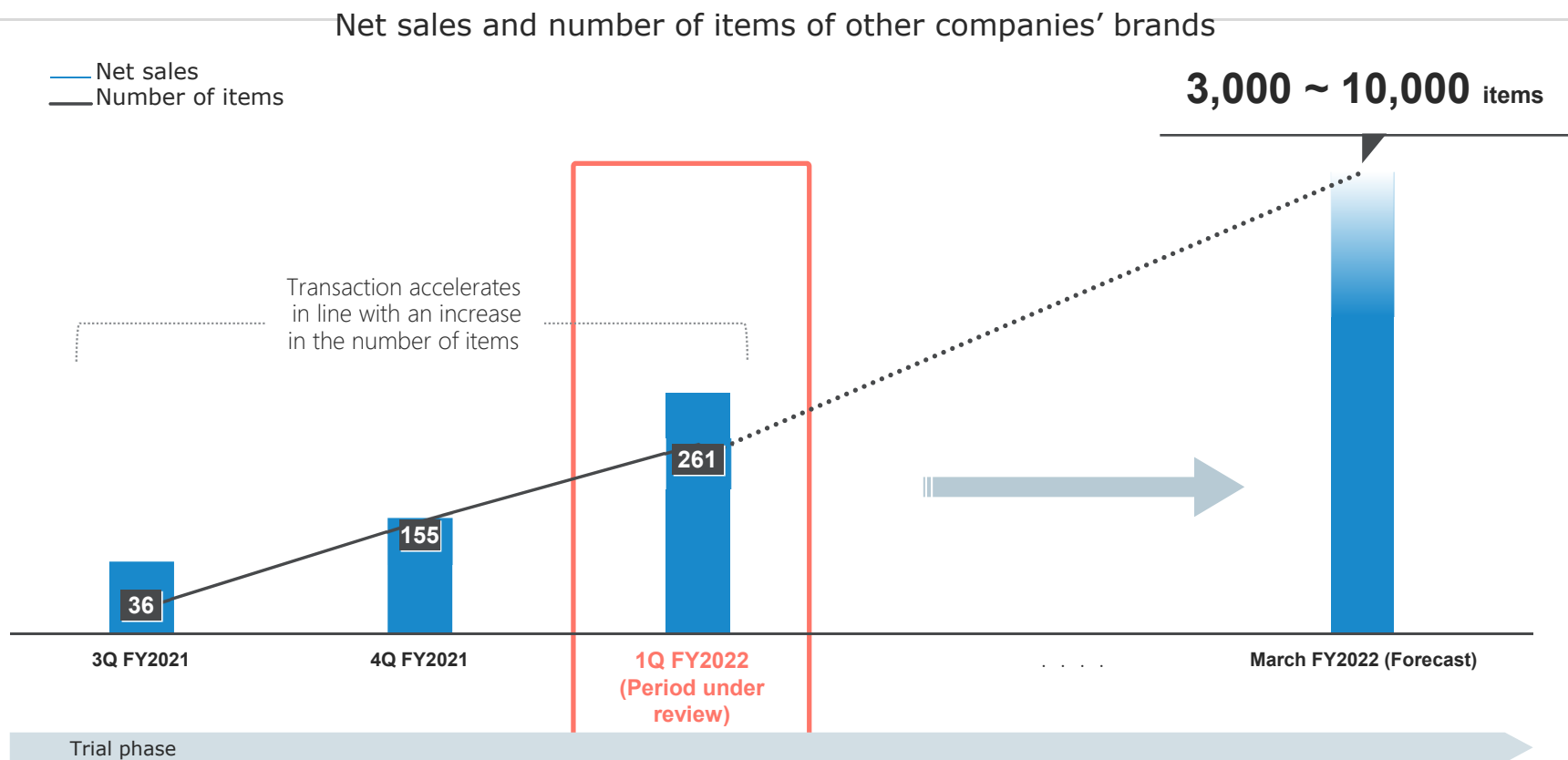


TS2TB

The Street 2 The Beach, a lifestyle brand, was created from a collaboration of Micro from Def Tech and LOWYA. The collection is designed to help enjoy both city and marine life. In addition to tumblers, bath towels, and other sundry items, the lineup will include designer chairs patented by Micro and other large furniture pieces.

Greatly expand the number of products of other companies' brands we handle within a year, aiming to boost net sales through inventory stabilization

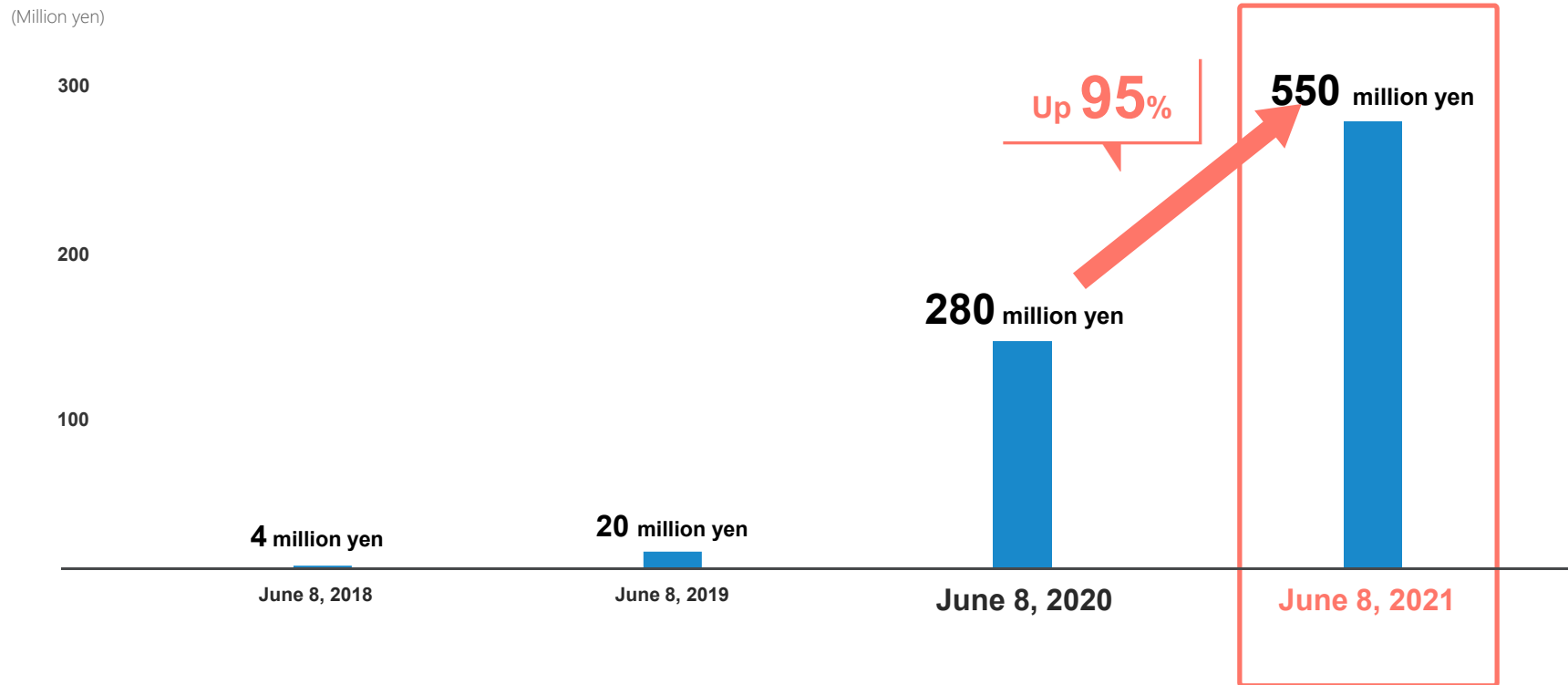
We plan to accelerate expanding the number of items after system modifications and operational reviews, which have been in progress in line with the plan



Promotional events are held on LOWYA Day (June 8)

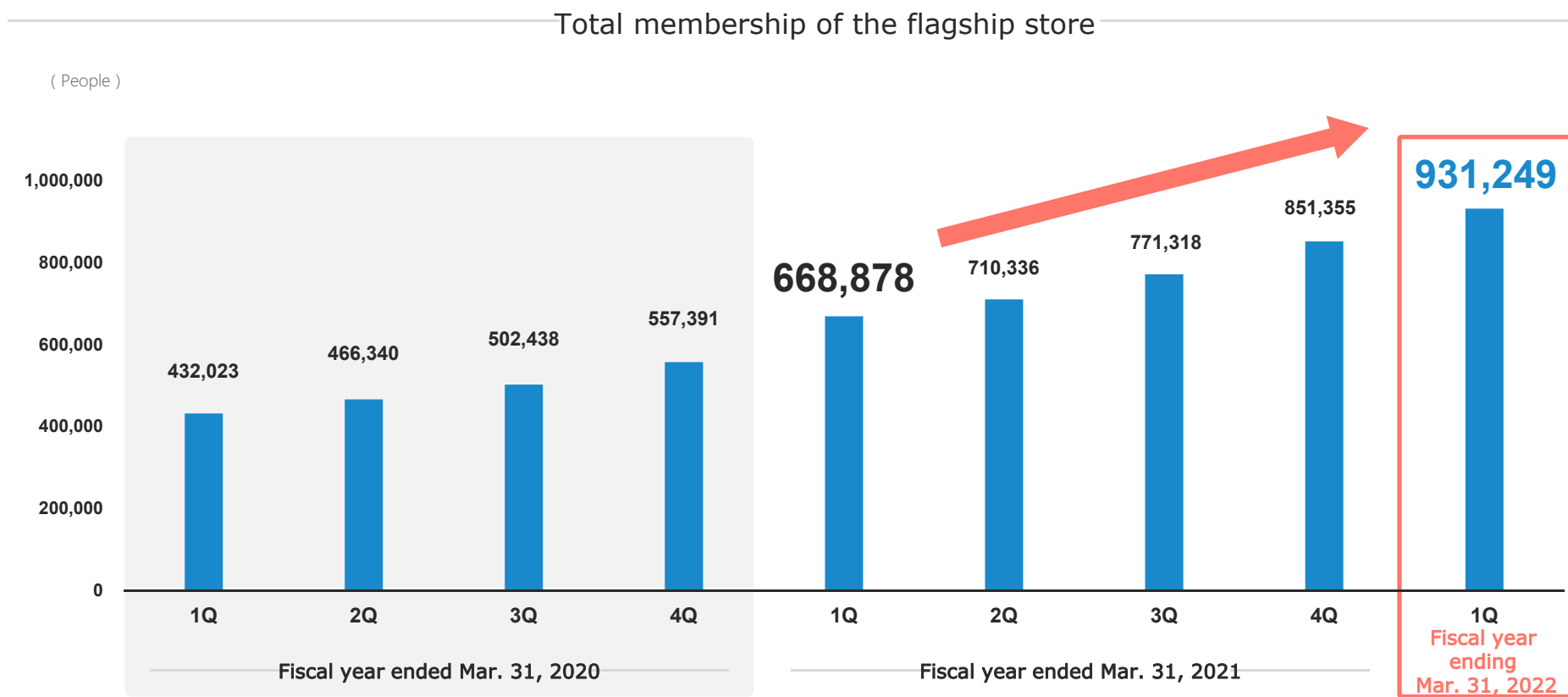
Daily turnover at the flagship store increased by **95%** from the same day last year, representing a significant year-on-year growth in our capacity for attracting customers

Daily turnover at the flagship store on LOWYA Day



* Daily turnover stands for GMV based on orders and does not match the profit and loss figures based on shipments.

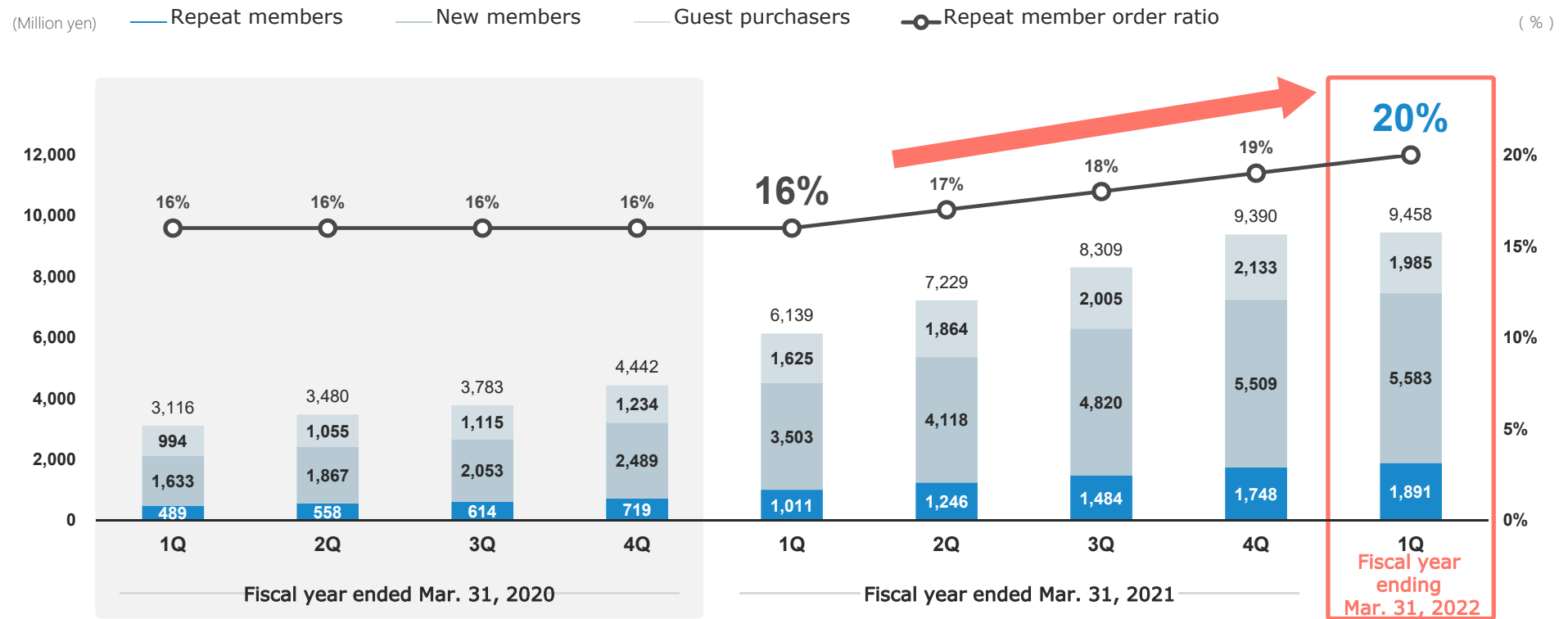
With the acquisition of new members, total membership* of the flagship store has been increasing steadily



* All the members who enrolled at the flagship store.

GMV* by repeat members has been on a rise as guest purchasers become members and new members turn to repeat members

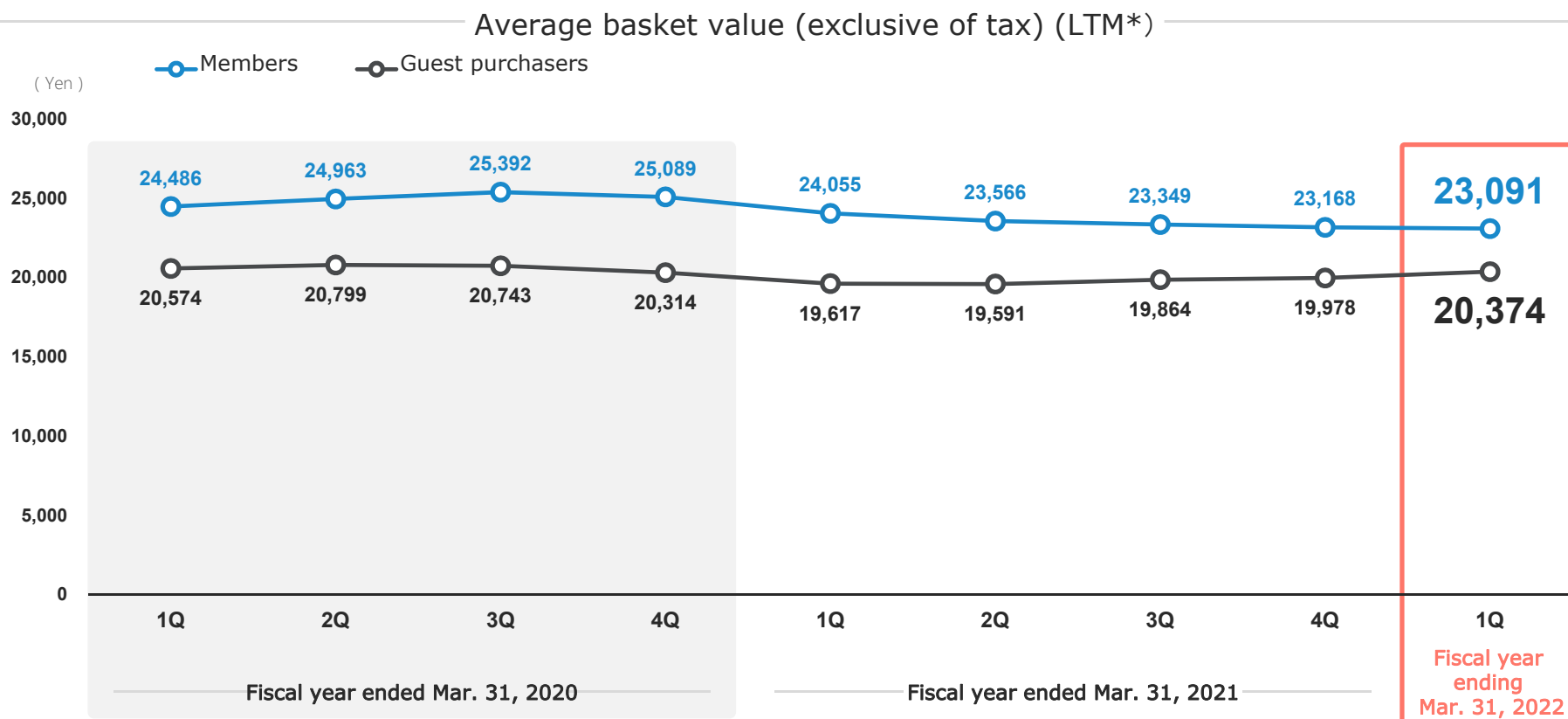
GMV by member type (LTM*)



* Figures are based on orders and does not match the profit and loss figures based on shipments. LTM: Last Twelve Months

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Average basket value has been steadily progressing



* Figures are based on orders and does not match the profit and loss figures based on shipments. LTM: Last Twelve Months

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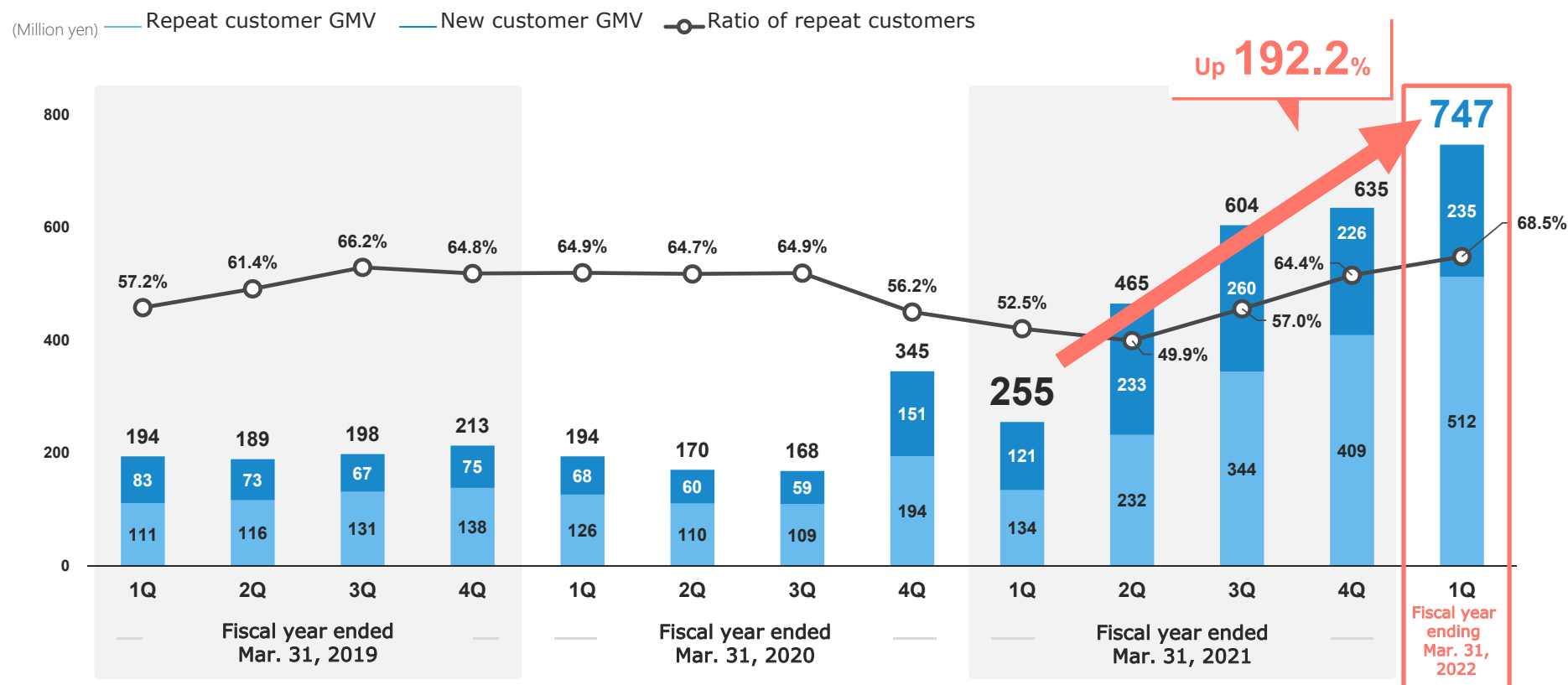
Report on DOKODEMO Business

While membership and the number of APP DLs increased smoothly,
average basket value grew and GMV continued to show a high growth rate

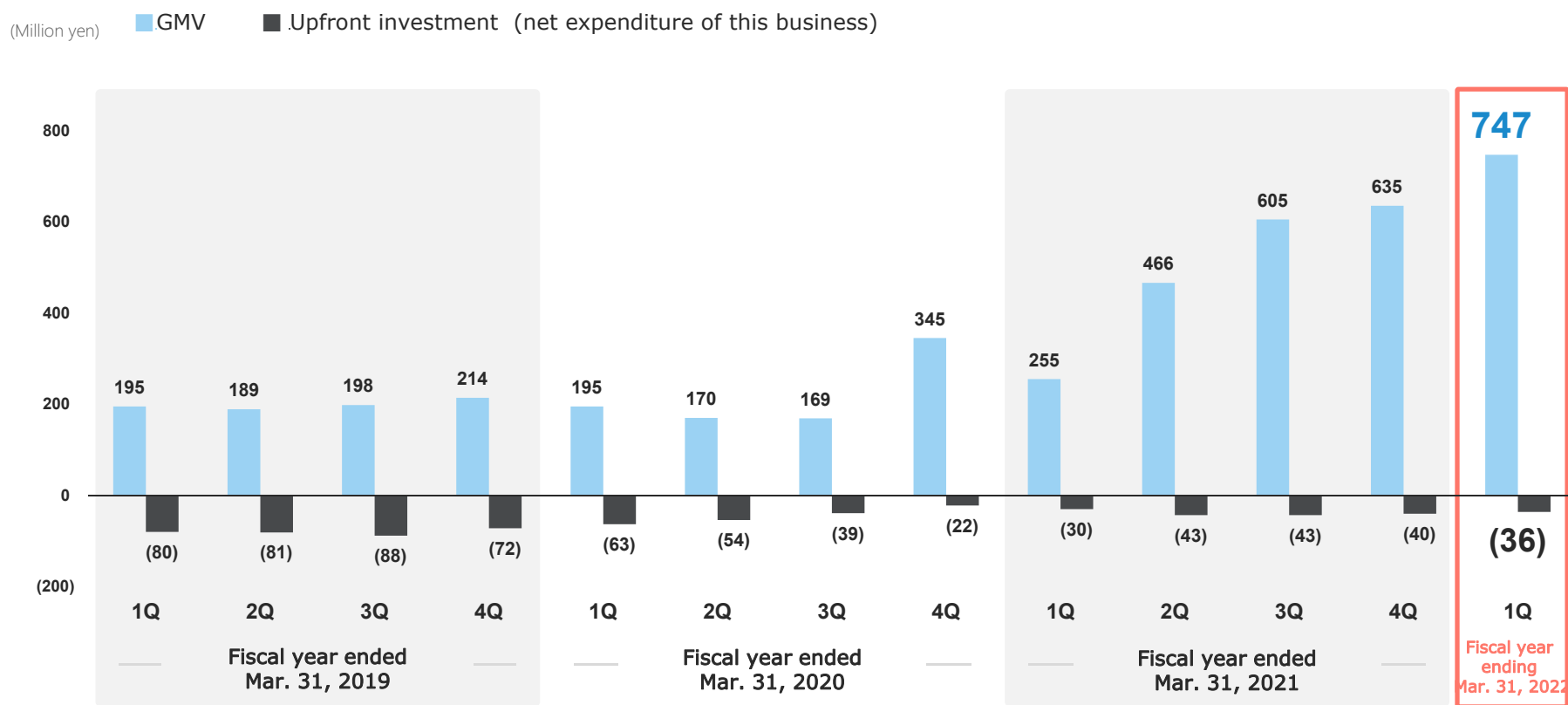
Item	Three months ended June 30, 2020	Three months ended June 30, 2021	YoY
GMV (million yen)	255	747	292.2%
Membership (thousand people)	567	760	134.1%
Number of APP DLs (thousand)	1,020	1,232	120.8%
Average basket value (yen)	8,756	11,631	132.8%
Number of products (thousand)	37	41	111.1%
Number of brands	933	980	105.0%
Deliveries * Number of countries and regions to which deliveries were made	99	101	102.0%

GMV grew by **192.2%** YoY

Repeat customer GMV remained high, accounting for **68.5%**

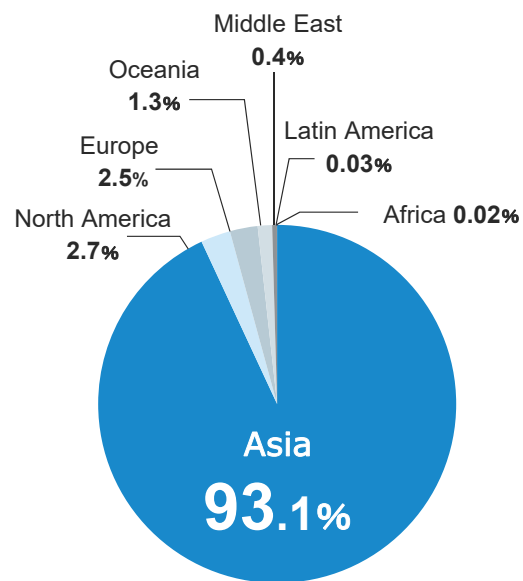


GMV has been expanding smoothly, while saving the upfront investment level (net expenditure of this business). Transactions are projected to further increase by retaining repeat customers and acquiring new customers efficiently.

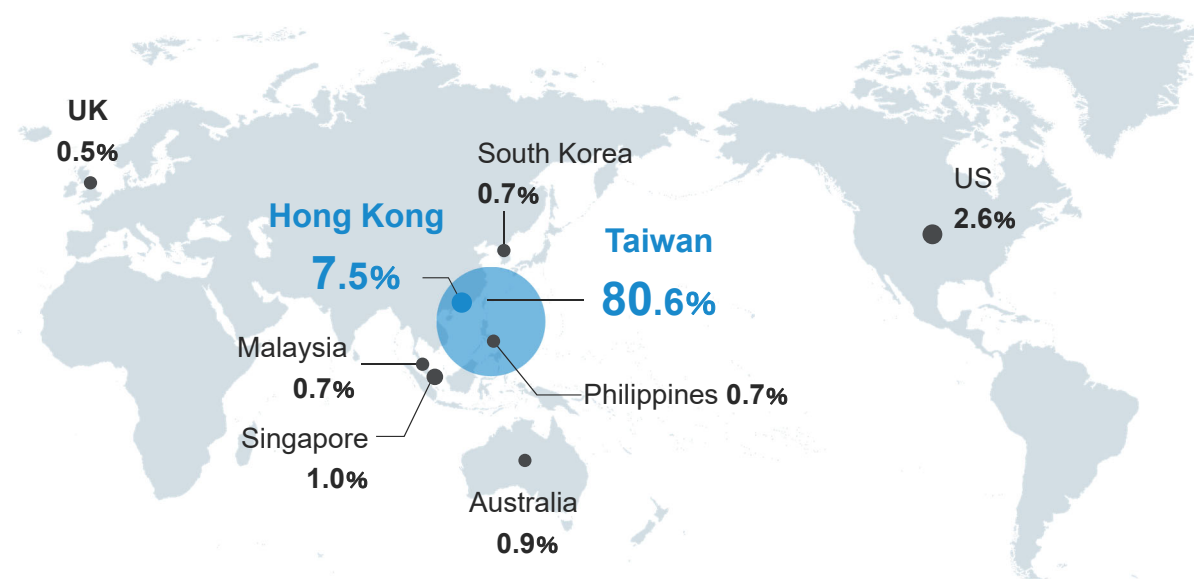


Deliveries to Asia, primarily Taiwan, account for 90% of GMV

By region



By country

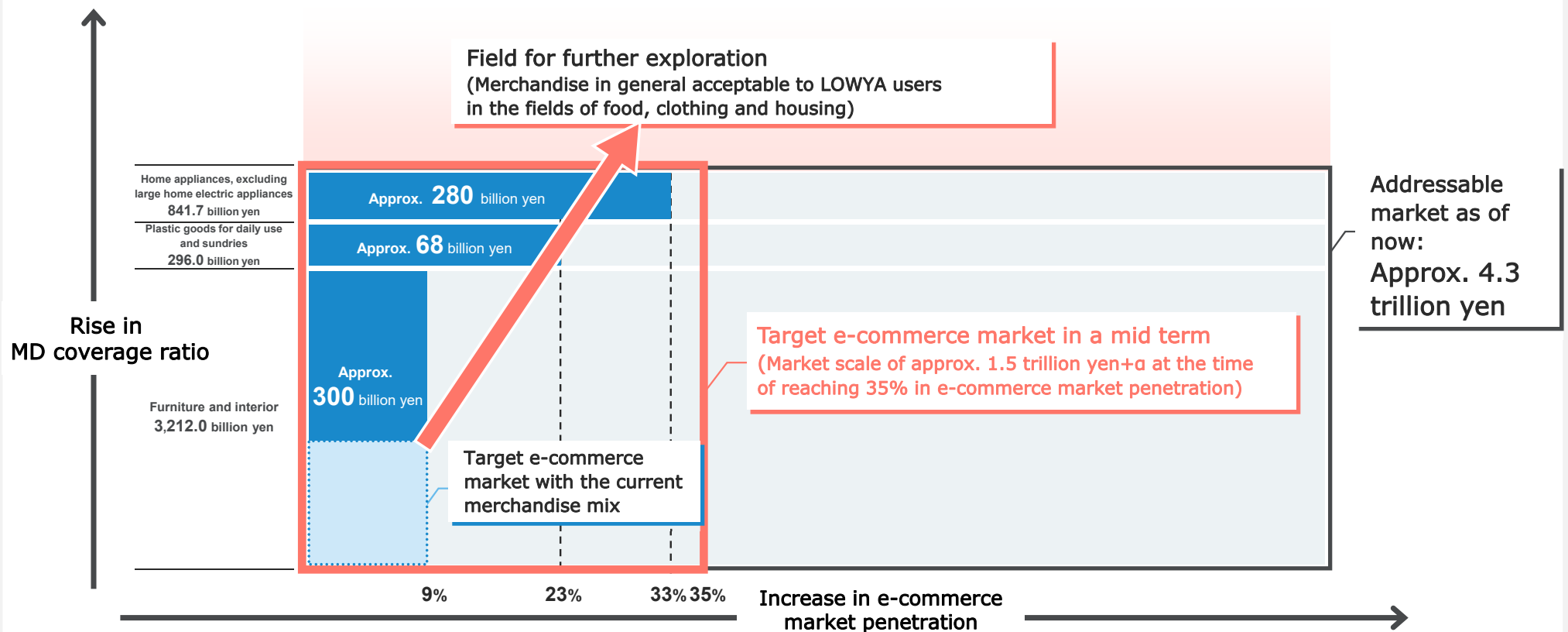


* Proportion of deliveries by country is calculated based on the ratio GMV from April 2021 to June 2021

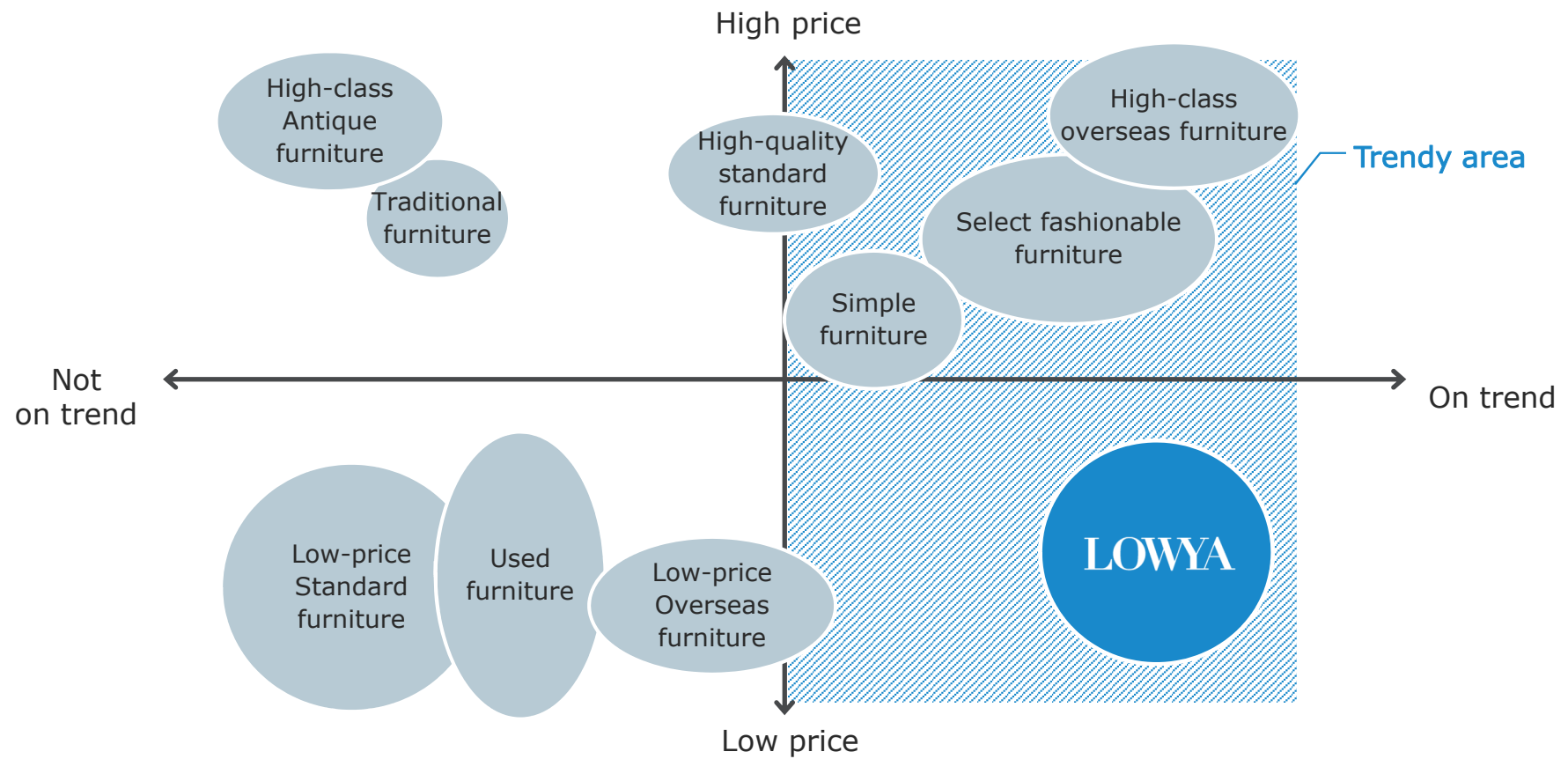
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Appendix

Target market is forecast to expand driven by “Rise in MD coverage ratio” x “Increase in e-commerce market penetration,” which presents significant room for growth

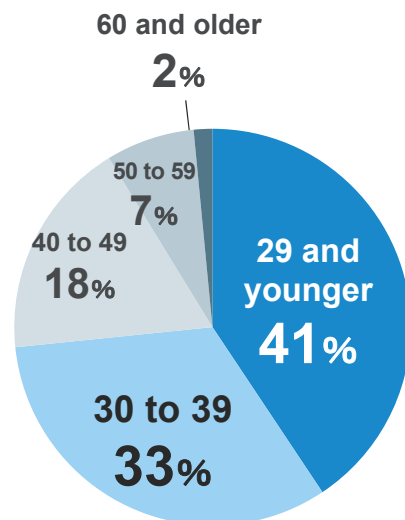


Establishing the **fast interior** category in the “trendy & low price” space of the furniture and interior products market

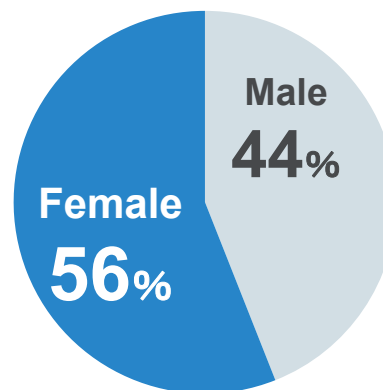


Showing higher ratio of females in their 20's to 30's, and in the Kanto region by area.

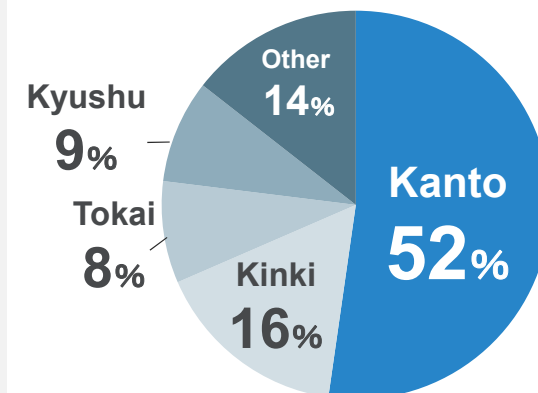
Age
distribution



Ratio of
male vs.
female



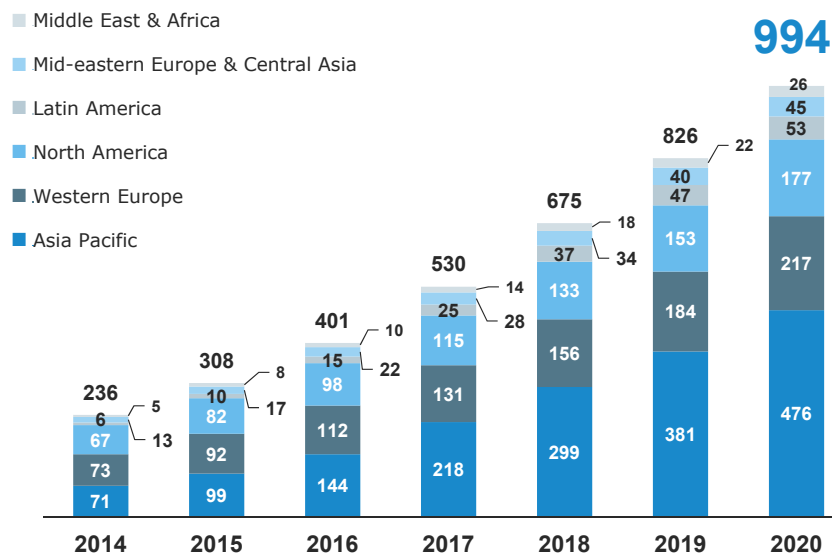
Area
distribution



* Of those who made purchases at the flagship store in the past 12 months, data of members who answered their attributes.
The data source is different from that of Customer Data announced in and before the fiscal year ended March 31, 2021.

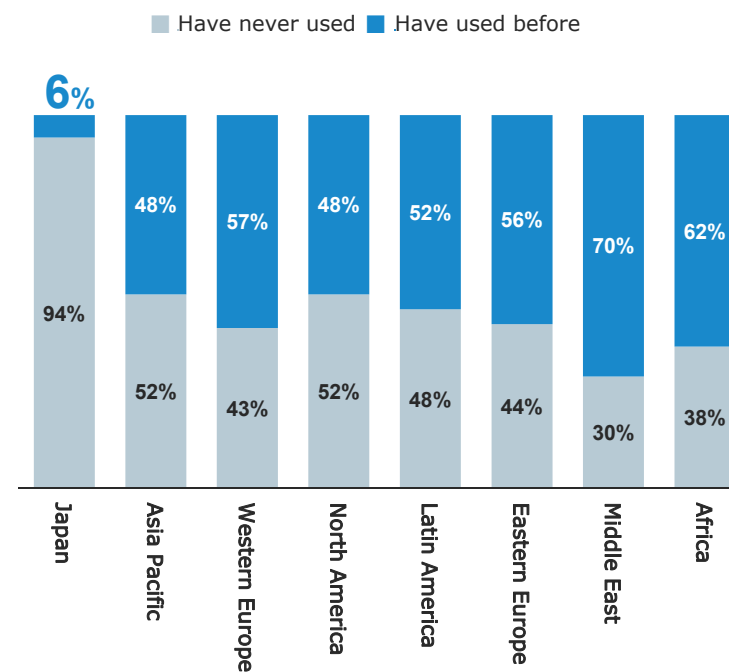
Even with a platform specialized for seller companies in Japan,
massive markets present abundant opportunities

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



BtoC cross-border e-commerce is a giant, trillion-dollar market

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



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

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."



VEGA corporation

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