



2Q FY2021

BUSINESS RESULTS
October 30 2020

Quarterly Financial Results for the Six Months Ended September 30, 2020

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



VEGA corporation

1. Overview of Quarterly Financial Results
for the Six Months Ended September 30, 2020
2. Report on LOWYA Business
3. Report on DOKODEMO Business
4. Financial Results Forecast
5. Appendix

Financial Highlight

Results Overview	2Q	Net sales	▶▶▶	4,534 million yen	(135.1% YoY)
		Operating profit	▶▶▶	409 million yen	(1,976.3% YoY)
	First Half	Net sales	▶▶▶	9,883 million yen	(148.0% YoY)
		Operating profit	▶▶▶	1,158 million yen	(4,129.9% YoY)

Progress has been **solid** against financial results forecasts, and operating profit **increased by 1,876.3% YoY**

Net sales

As predicted at the beginning of the fiscal year, the impact of the novel coronavirus has subsided. Net sales reached the upper end of the forecast range

Profit improvement

Profitability continued to improve due to the continued efforts to review sales prices and product lineup

Growth investment

Actively made growth investments, including proactive investment in advertising and resumed investment in DOKODEMO

Sales channels shifted smoothly to the flagship store, **raising** the proportion of sales at flagship store to **49.5%**

Sales shift to flagship store

The flagship store remained to be the main sales channel, and LOWYA gained greater brand recognition

Renewal

The e-commerce system was fully renewed to further strengthen the flagship store

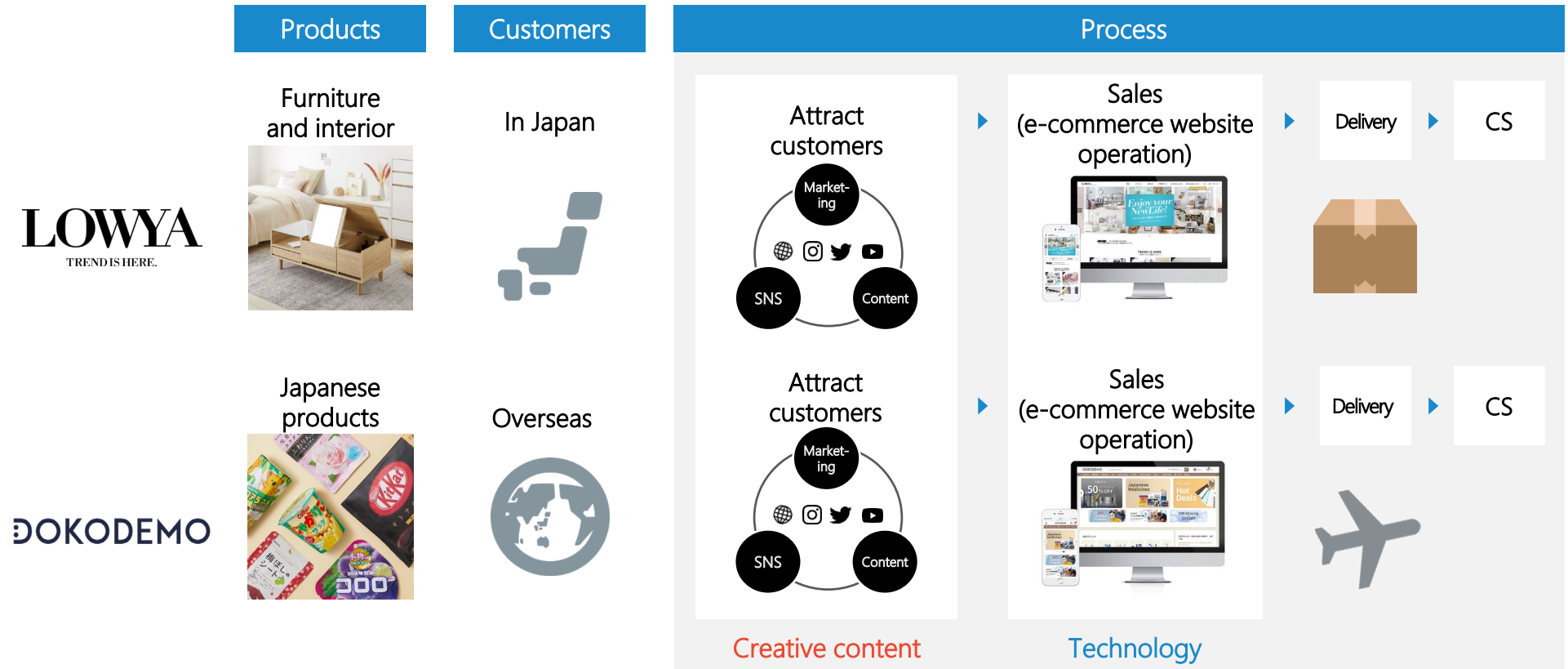
Resumed investment in DOKODEMO **increased** gross merchandise sales (GMS) by **173.8% YoY**

R&D investment

As we resumed investment in DOKODEMO, gross merchandise sales (GMS) steadily grew

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



Know-how of e-commerce business operation

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

1

Overview of Quarterly Financial Results for the Six Months Ended September 30, 2020

Statement of Income

Achieved a **35.1% increase** in net sales and a **1,876.3% increase** in operating profit

(Million yen)

	Three months ended Sept. 30, 2019	Sales ratio	Three months ended Sept. 30, 2020	Sales ratio	Change	YoY
Net sales	3,356	100.0%	4,534	100.0%	+1,177	135.1%
Gross profit	1,893	56.4%	2,724	60.1%	+831	143.9%
SG&A expenses	1,872	55.8%	2,315	51.1%	+442	123.6%
Operating profit	20	0.6%	409	9.0%	+388	1,976.3%
Ordinary profit	29	0.9%	416	9.2%	+387	1,409.7%
Profit	13	0.4%	253	5.6%	+239	1,860.5%

(*) 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 (Cumulative)

Achieved a **48.0% increase** in net sales and a **4,029.9% increase** in operating profit

(Million yen)

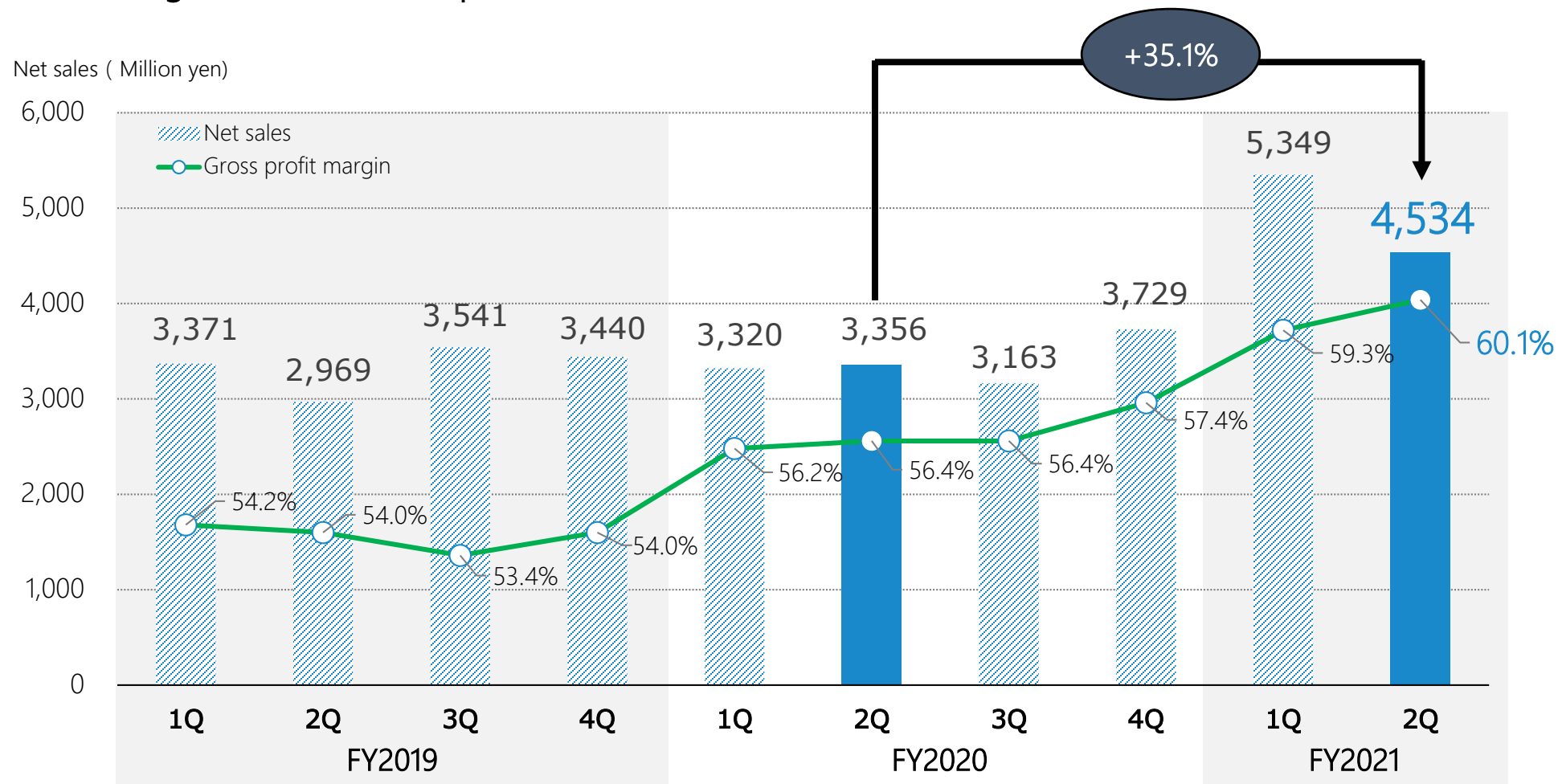
	Six months ended Sept. 30, 2019	Sales ratio	Six months ended Sept. 30, 2020	Sales ratio	Change	YoY
Net sales	6,676	100.0%	9,883	100.0%	+3,206	148.0%
Gross profit	3,761	56.3%	5,894	59.6%	+2,133	156.7%
SG&A expenses	3,733	55.9%	4,736	47.9%	+1,003	126.9%
Operating profit	28	0.4%	1,158	11.7%	+1,130	4,129.9%
Ordinary profit	43	0.7%	1,173	11.9%	+1,130	2,698.7%
Profit	19	0.3%	714	7.2%	+694	3,633.4%

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

Net Sales / Quarterly

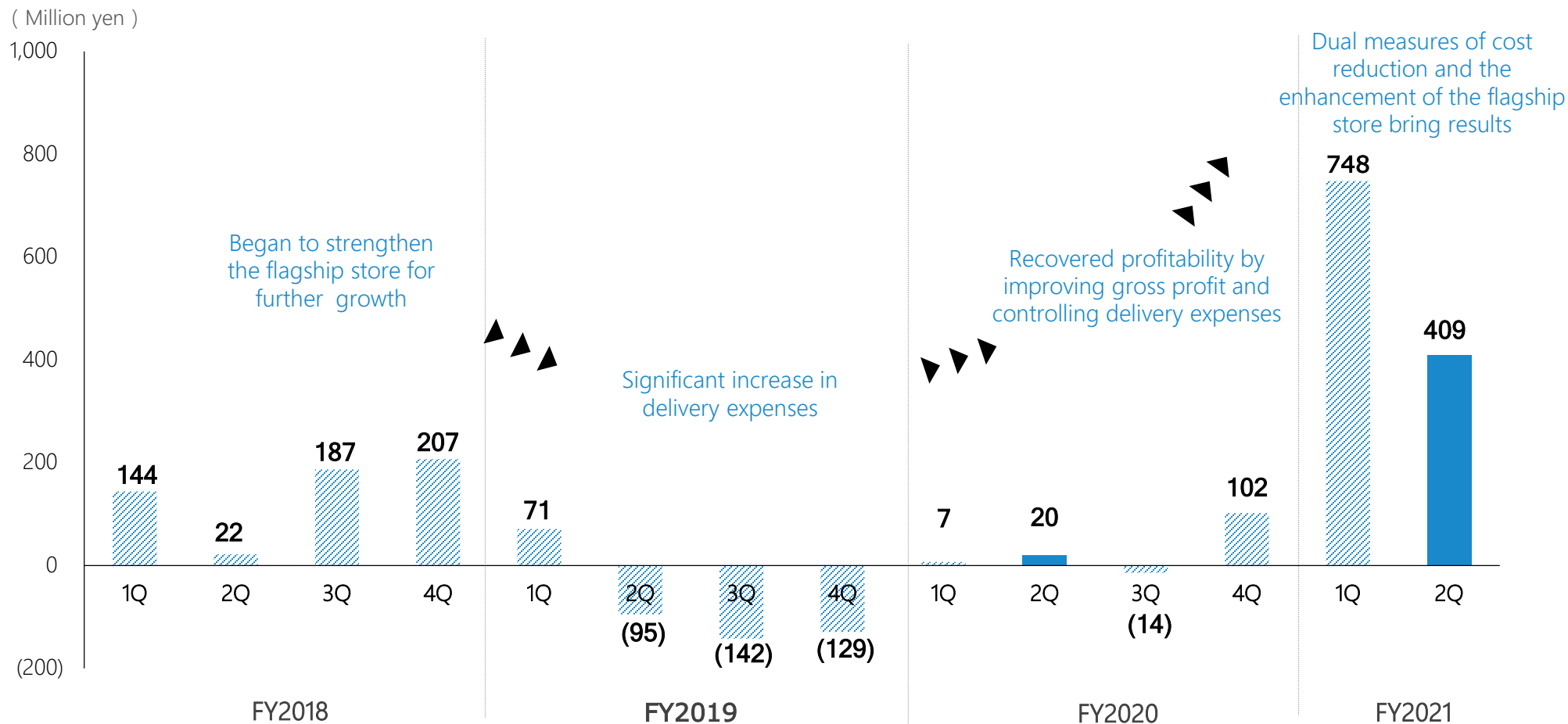
Net sales grew by 35.1% YoY to **4,534** million yen

Gross margin continued to improve to **60.1%**

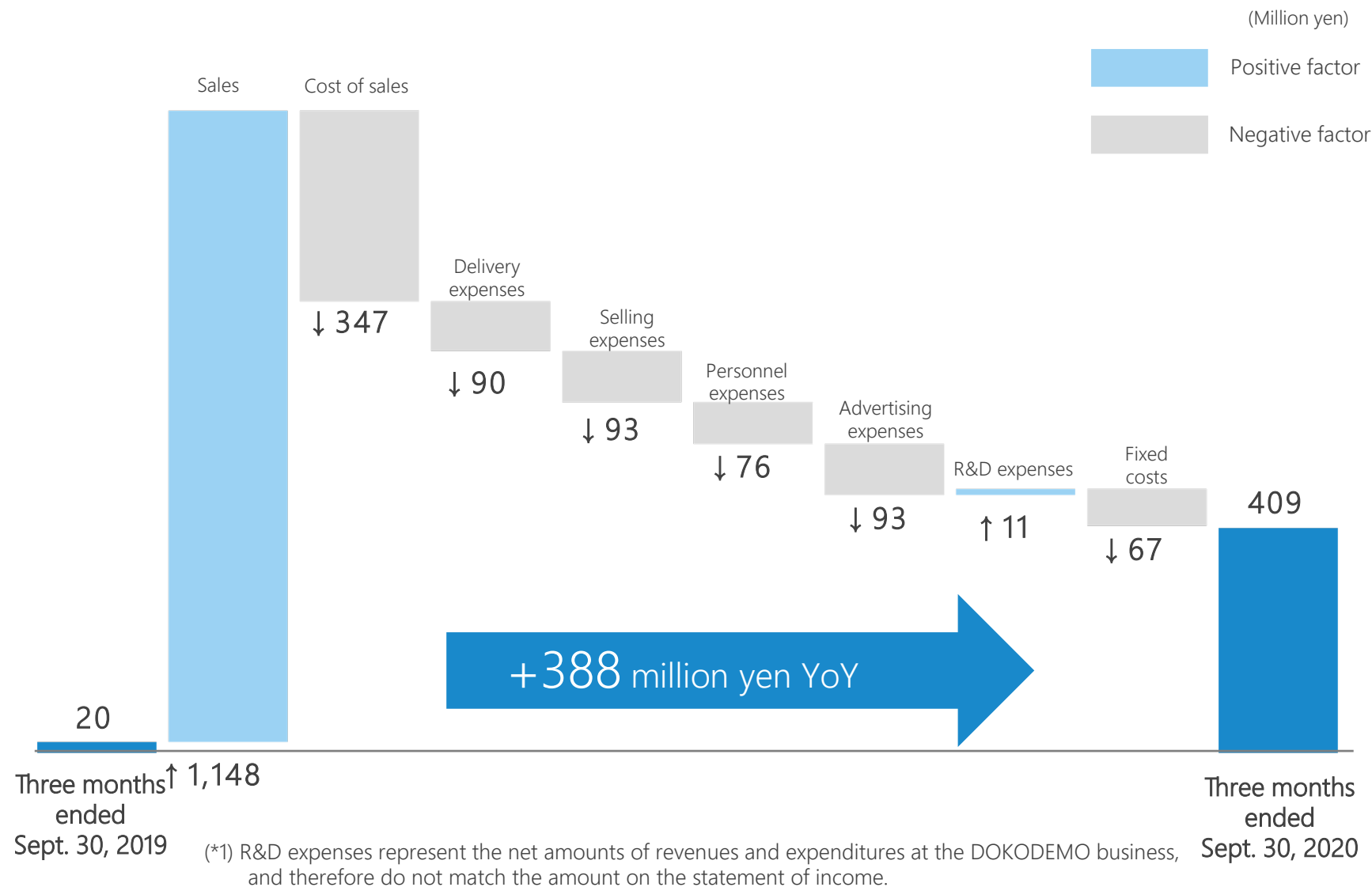


Operating Profit / Quarterly

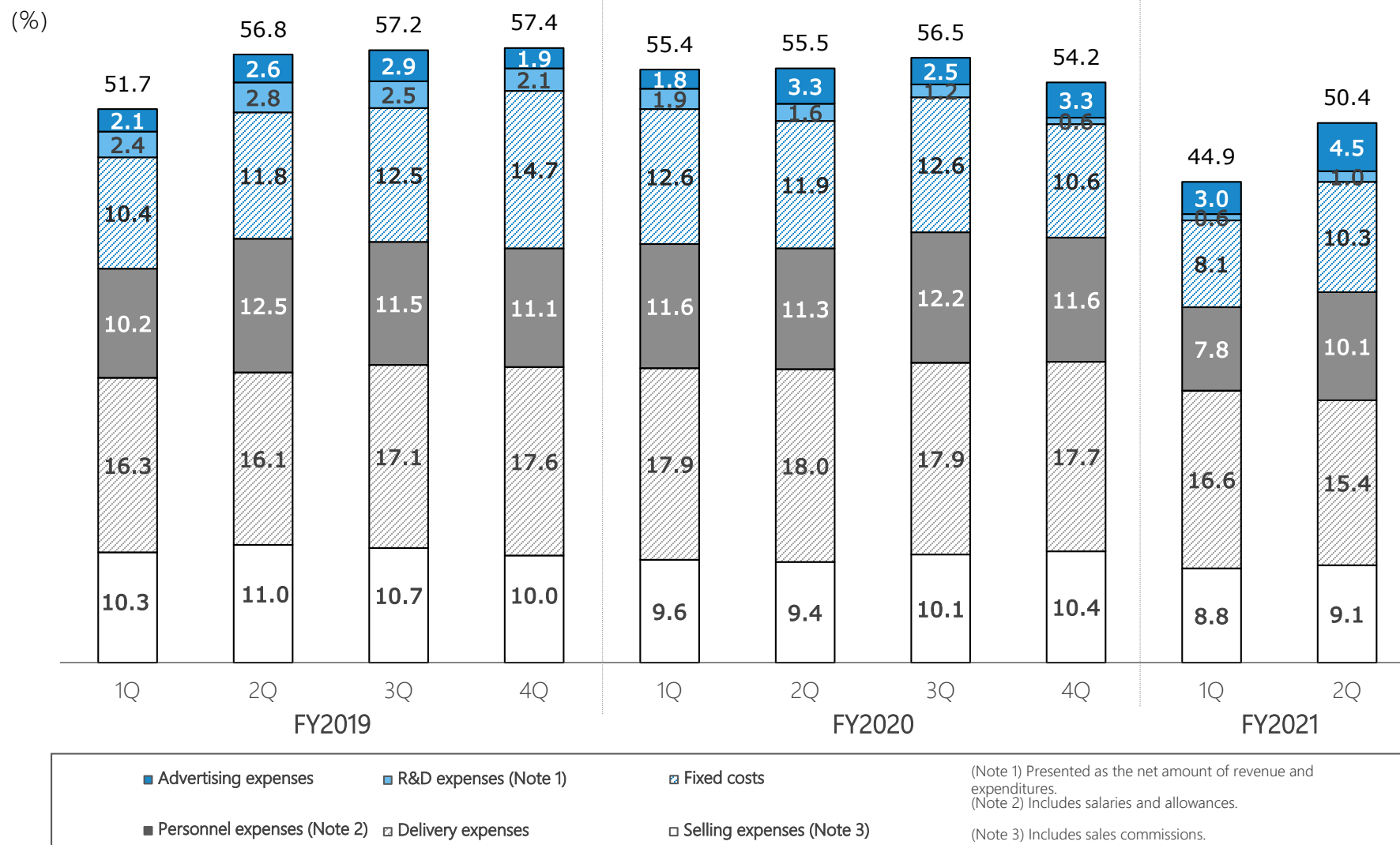
Operating profit grew by 1,876.3% YoY to **409** million yen



Increases and Decreases in Operating Profit



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



(*) 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

Maintained a sound financial foundation, including inventory levels

(Million yen)

	Previous fiscal year (as of March 31, 2020)	Six months ended Sept. 30, 2020		Previous fiscal year (as of March 31, 2020)	Six months ended Sept. 30, 2020
Current assets	4,964	5,793	Current liabilities	2,242	2,410
Cash and deposits	1,308	1,825	Debt obligations	820	500
Accounts receivable–trade	1,631	1,625	Non-current liabilities	54	52
Merchandise	1,777	2,019	Total liabilities	2,297	2,463
Non-current assets	1,041	1,313	Shareholders' equity	3,628	4,612
Property, plant and equipment, and intangible assets	513	564	Total net assets	3,708	4,643
Total assets	6,006	7,107	Total liabilities and net assets	6,006	7,107

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

2 | Report on LOWYA Business

2-1. Report on LOWYA Business

LOWYA Business: Report for the Three Months Ended September 30, 2020

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

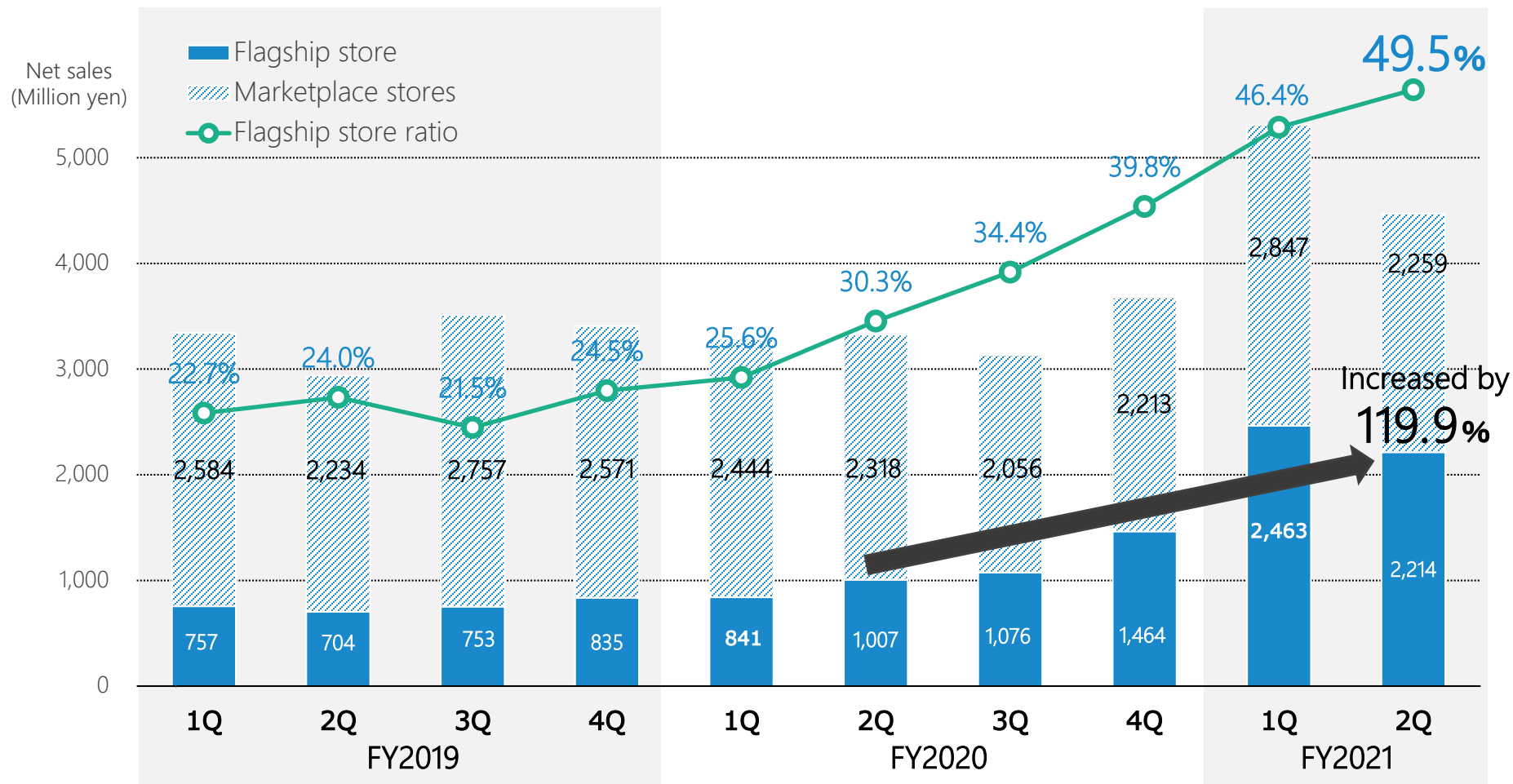
(Million yen)

	Three months ended Sept. 30, 2019	Sales ratio	Three months ended Sept. 30, 2020	Sales ratio	YoY
Net sales	3,326	100.0%	4,474	100.0%	134.5%
Gross profit	1,865	56.1%	2,665	59.6%	142.9%
SG&A expenses	1,790	53.8%	2,212	49.5%	123.6%
Operating profit	74	2.3%	452	10.1%	604.2%

LOWYA Business: Sales Ratio by Sales Channel

Flagship store sales **increased by 119.9%** YoY, from **1,007** million yen to **2,214** million yen

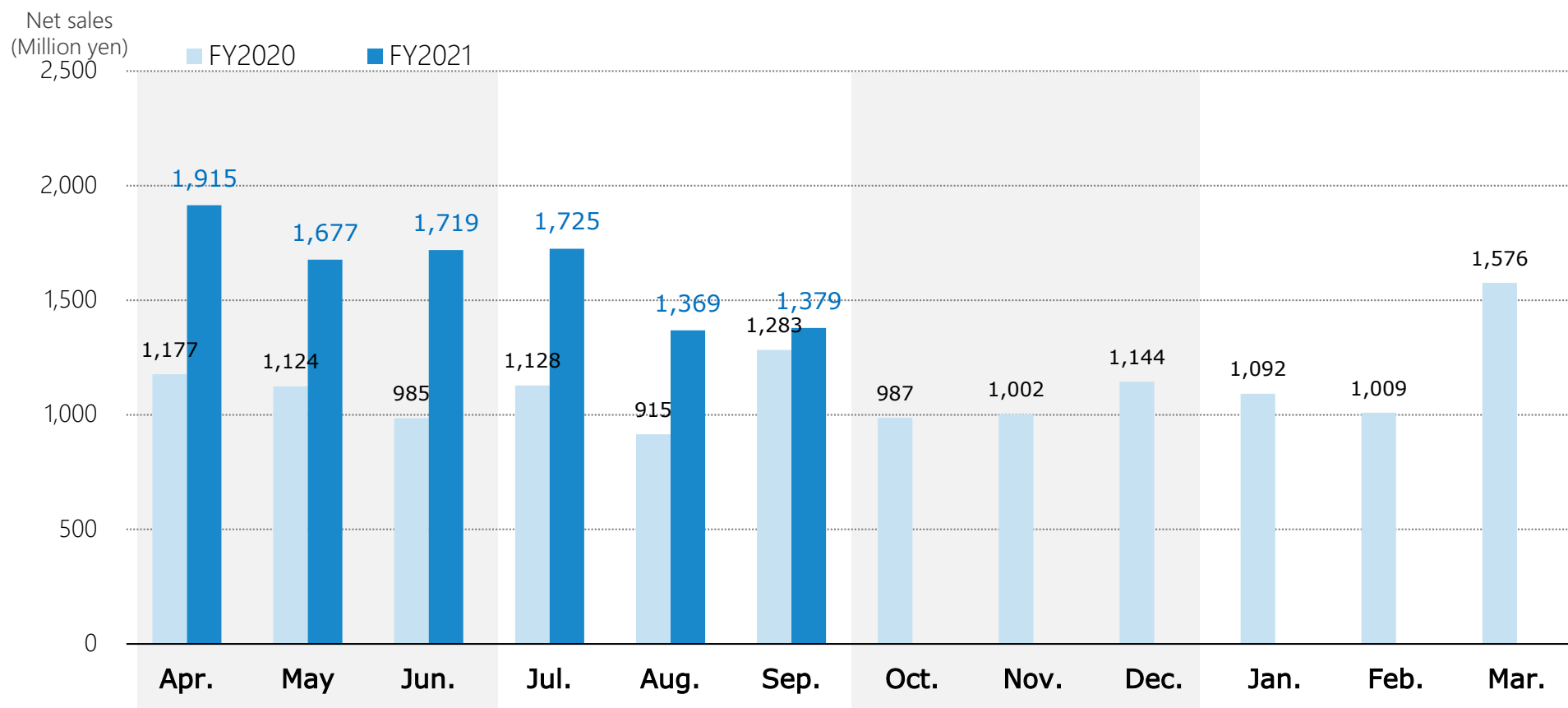
The proportion of sales at the flagship store rose from **30.3%** in the previous 2Q to **49.5%**



LOWYA Business: Change in Monthly Net Sales

Sales were subdued due to a full renewal of the flagship store from late August to early September (renewed on August 25), which resulted in the suspension of sales events and restrictions on the addition of new products. From mid-August, the impact of the novel coronavirus subsided, including demand for furnishing home offices. However, net sales for September increased by 7.5% YoY, despite a rush in demand before the consumption tax hike last year.

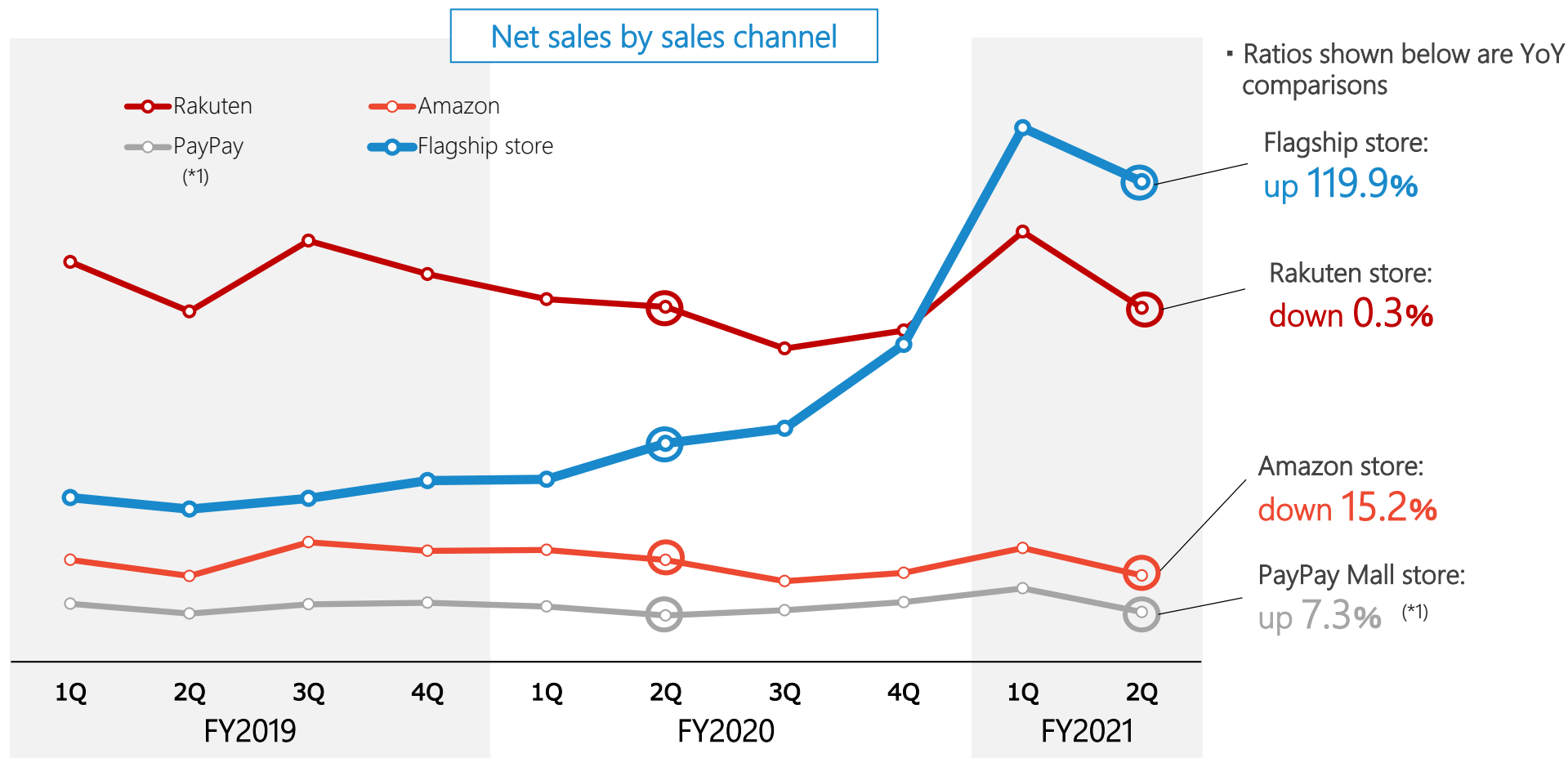
Net sales at the flagship store maintained a high growth rate even in September, with sales increasing by 73.5% YoY.



LOWYA Business: Net Sales by Sales Channel

The flagship store remained the main sales channel, and initiatives for implementing a full-scale D2C business model progressed smoothly

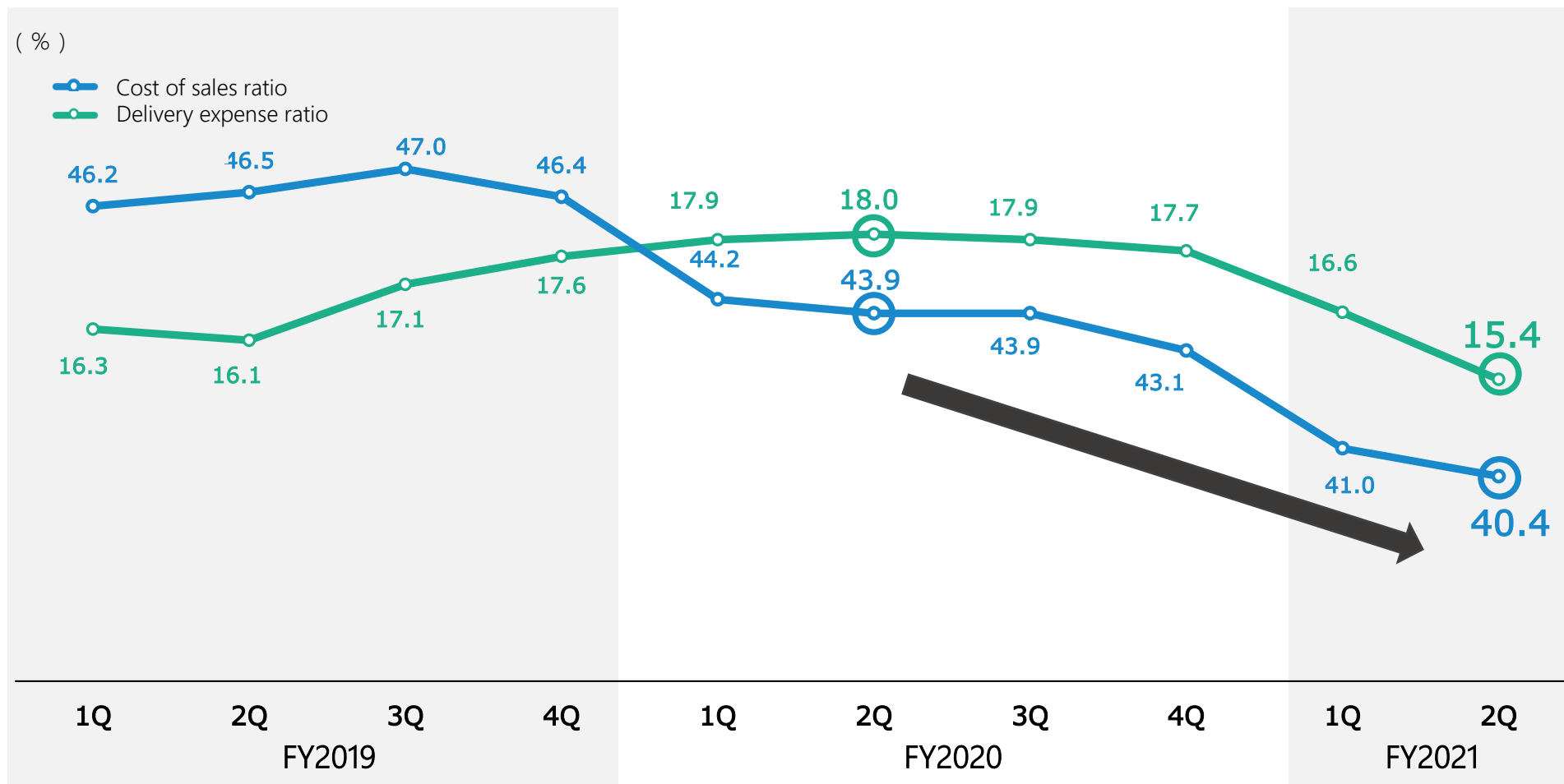
*D2C (Direct to Consumer) is a format of business that involves direct sales exclusively online.



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

LOWYA Business: Cost of Sales Ratio and Delivery Expense Ratio

Cost of sales ratio and delivery expense ratio continued to improved, as we continued reviewing sales prices and product lineup



(*) 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: Management Indicators

Rapid growth in demand due to the novel coronavirus has subsided, but we maintained high growth in the number of visitors compared to the previous year (**up 99.8%** at the flagship store)

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

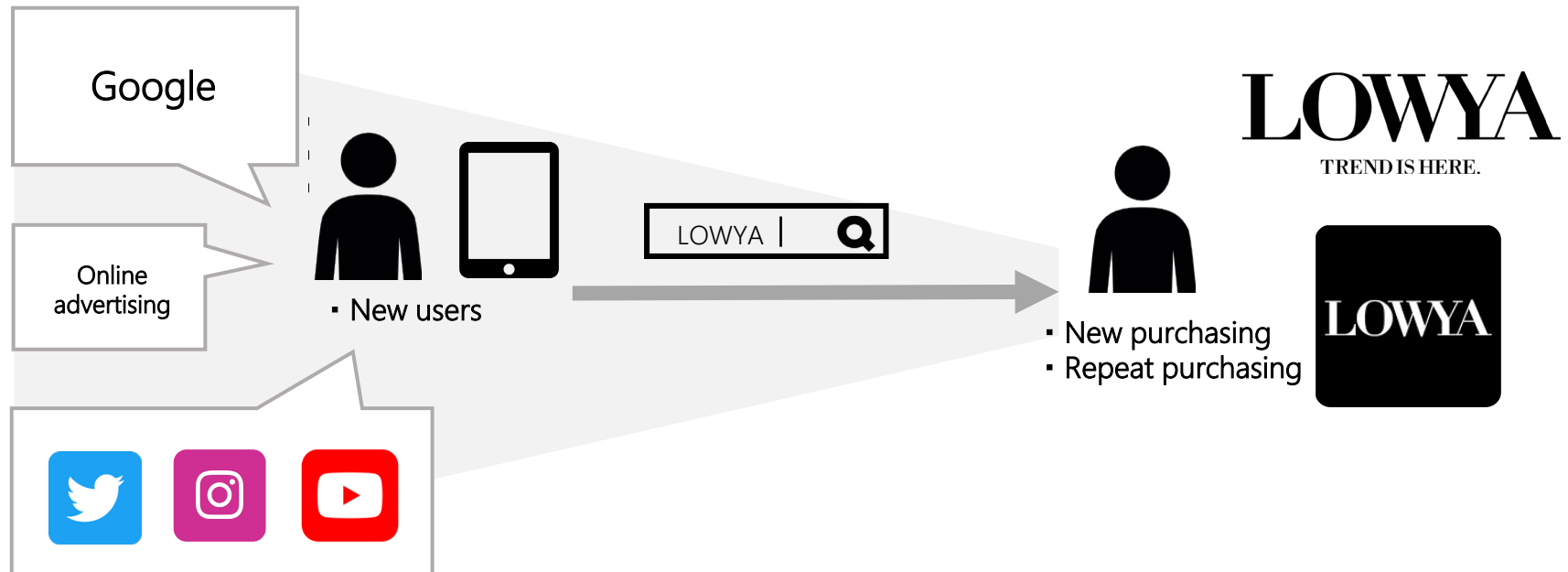
(Note) Obsolete products are excluded. Actual figure may differ from the total of Number of products and Number of new products introduced.

2-2. Report on LOWYA Flagship Store

LOWYA Business: Enhancing measures to increase contacts with customers

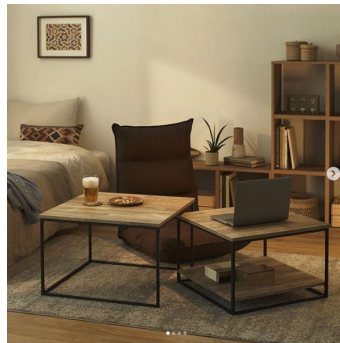
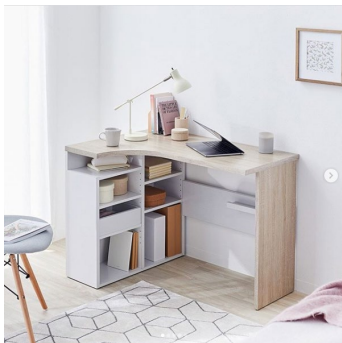
Enhance our approach to media frequented by users, to increase contacts with them

Take an approach that matches each medium to purposefully boost contacts



LOWYA Business: SNS

LOWYA Official Instagram - Number of followers exceeds 500,000



(*) Number of followers as of September 2020

LOWYA Business: Increase in Visitors

We used Instagram, our main platform for SNS marketing, as well as Twitter
The number of visitors to the LOWYA flagship store grew steadily



LOWYA Business: Exclusive Flagship Store Project

Introduced new products in the interior line, targeting women with theme
“OTONA KAWAII (feminine, classic, and cute)”

OTONA
KAWAII

We present proposals for women's total coordination,
based on the theme of “OTONA KAWAII (feminine, classic, and cute)”
with the main colors of white, gold, and trendy, dusty colors.



LOWYA Business: New Products

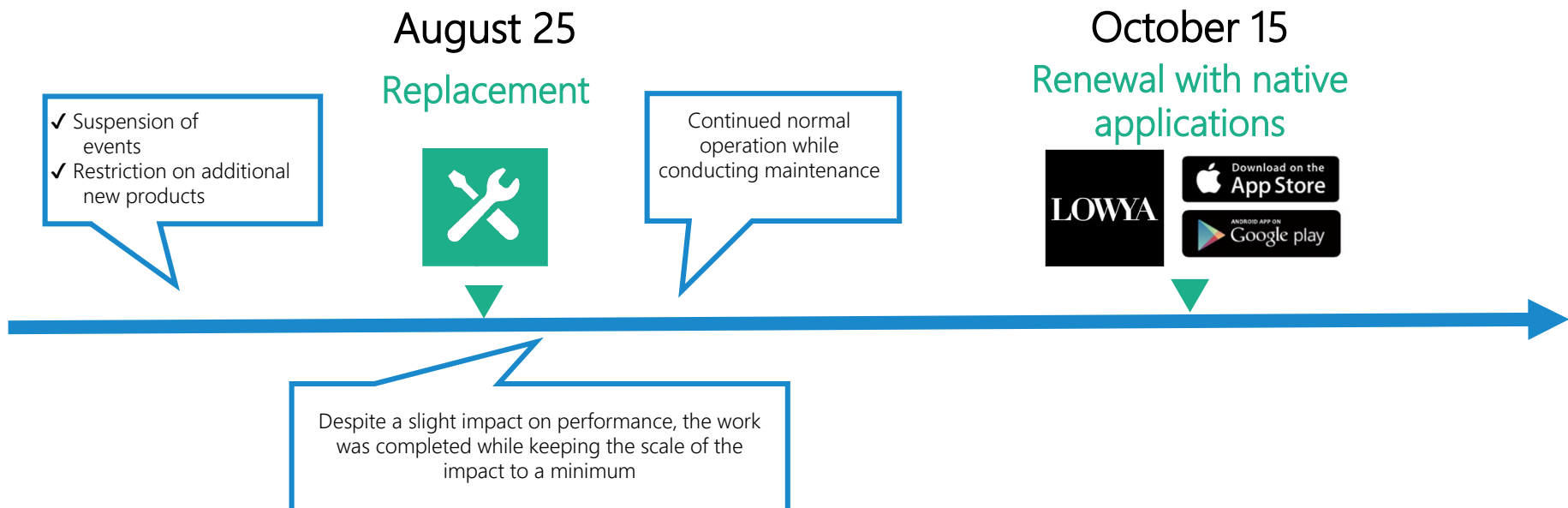
Continued to add new products carefully selected for outstanding designs and trendiness



LOWYA Business: Flagship Store E-commerce System Replacement

Totally replaced the core system package of the LOWYA flagship store with our proprietary EC system

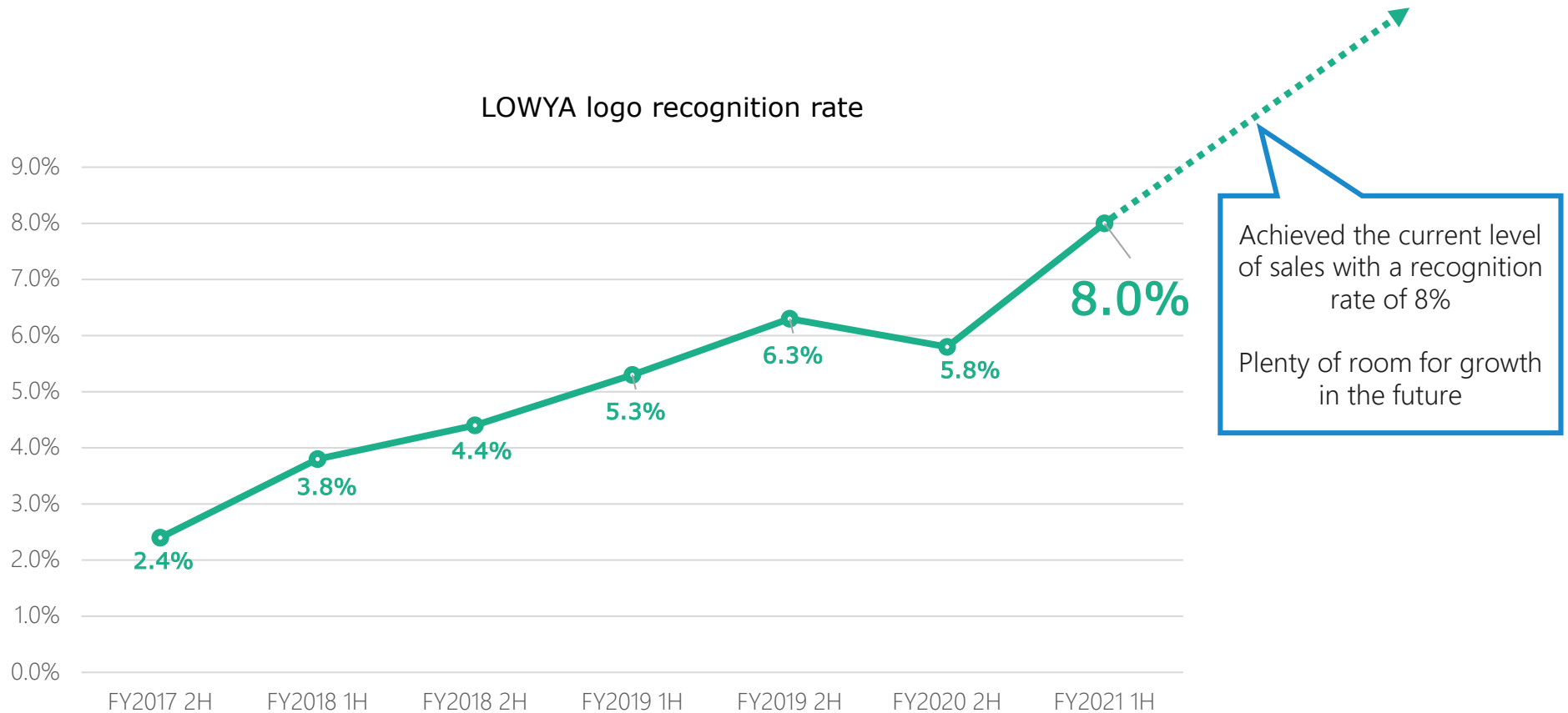
Purpose	Effects	Value added
Install a highly flexible and expandable system to meet our future business scale	<ul style="list-style-type: none">✓ Expand the flexibility of our services✓ Take new measures more quickly	<ul style="list-style-type: none">✓ Mobile-friendly✓ Shift to native applications✓ Reduction in running costs



LOWYA Business: Brand Recognition Survey

Recognition rate of LOWYA's logo stands at 8% nationwide

We expect to expand sales with further increases in brand recognition



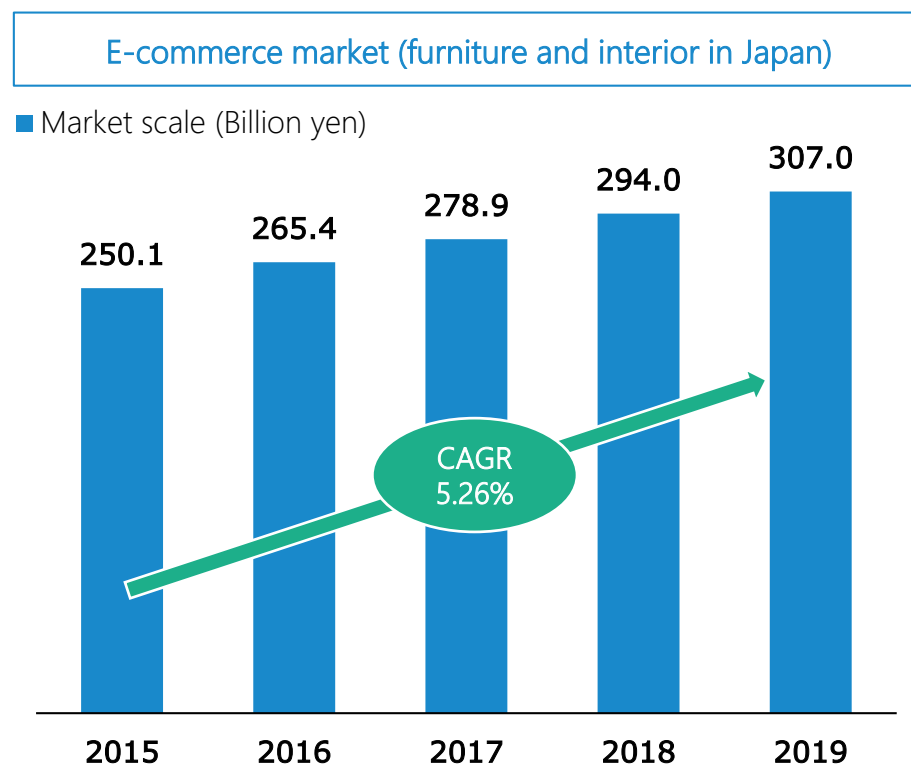
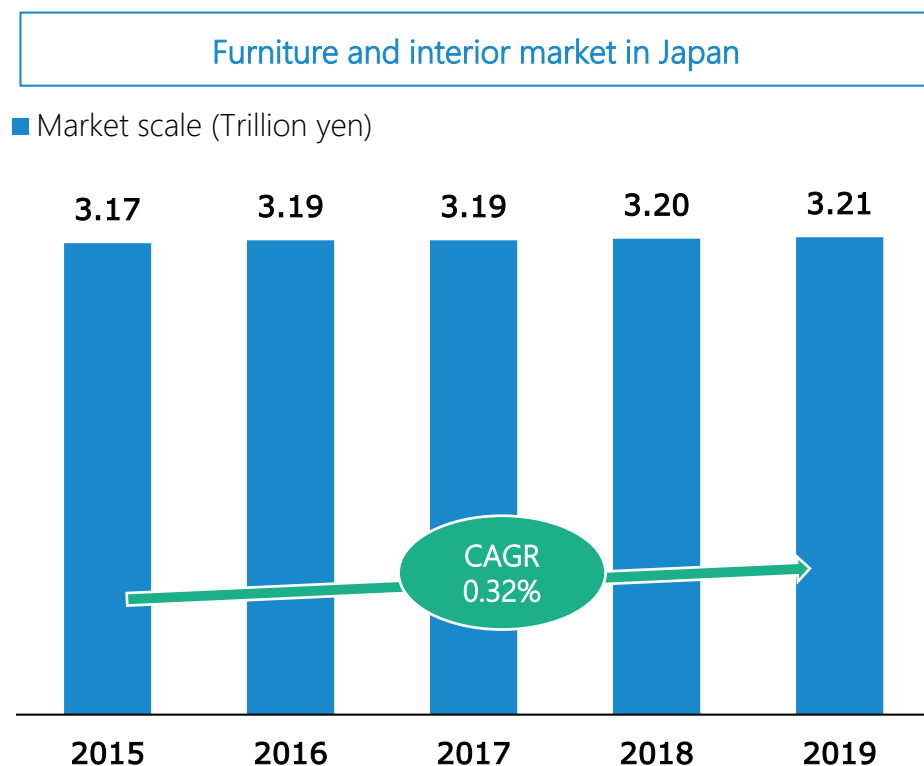
Segment details – Nationwide: all those eligible for SC (n=30,000)

2-3. Outlook for the Furniture and Interior E-commerce Market

Furniture and Interior E-commerce Market Scale [Growth (1)]

Even as the furniture and interior market remains flat since before the advent of the novel coronavirus, e-commerce is a growth market, expanding with a CAGR* of 5.26% (from 2015 to 2019)

*CAGR: Compound Average Growth Rate



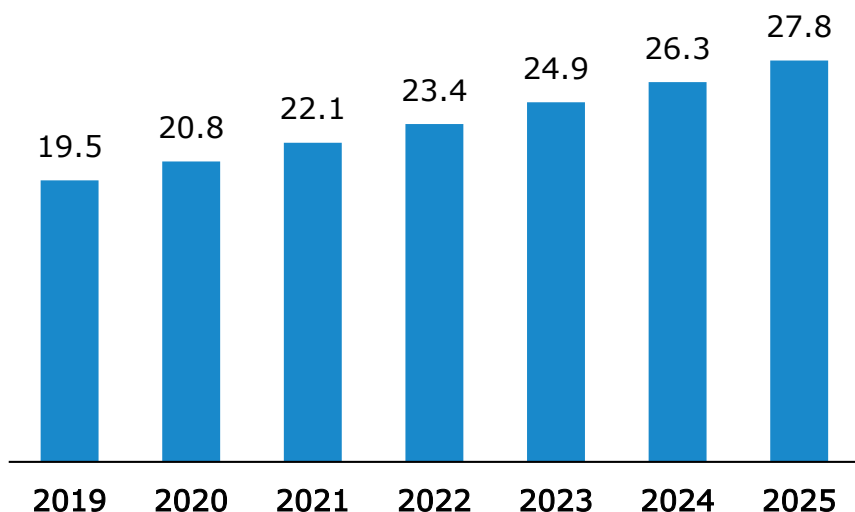
Source: Prepared by the Company based on "Home Furnishings in Japan, May 2020" issued by Euromonitor

Furniture and Interior E-commerce Market Scale [Growth (2)]

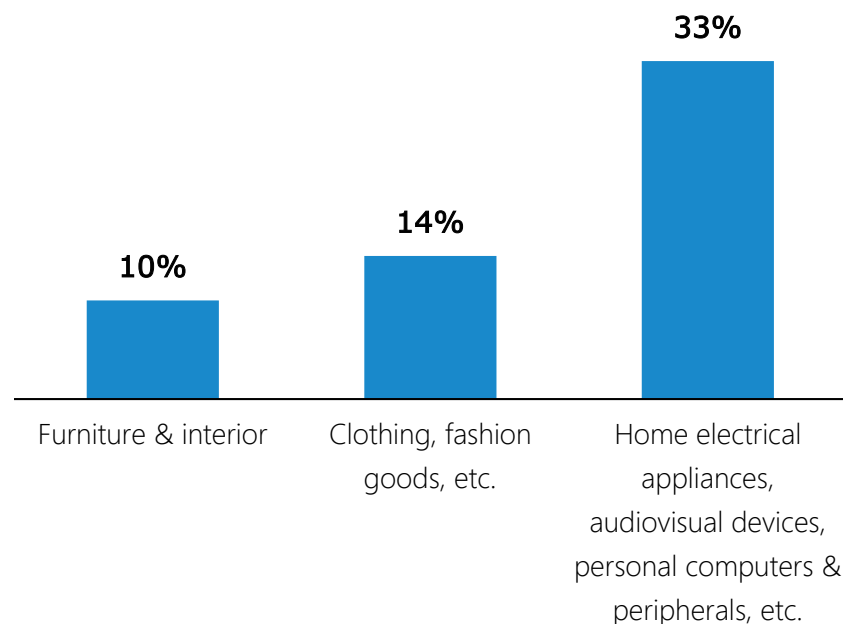
Further growth in the scale of the Japanese B to C e-commerce market was forecast even before the advent of the novel coronavirus

The rate of e-commerce shift for furniture and interior products remains relatively low compared to other products, representing high growth potential

Forecast growth of the Japanese B to C e-commerce market (trillion yen)*1



Rate of e-commerce shift by product type (2019)*2



Sources: *1 Prepared by the Company, based on "IT Navigator 2020" issued by Nomura Research Institute, Ltd.

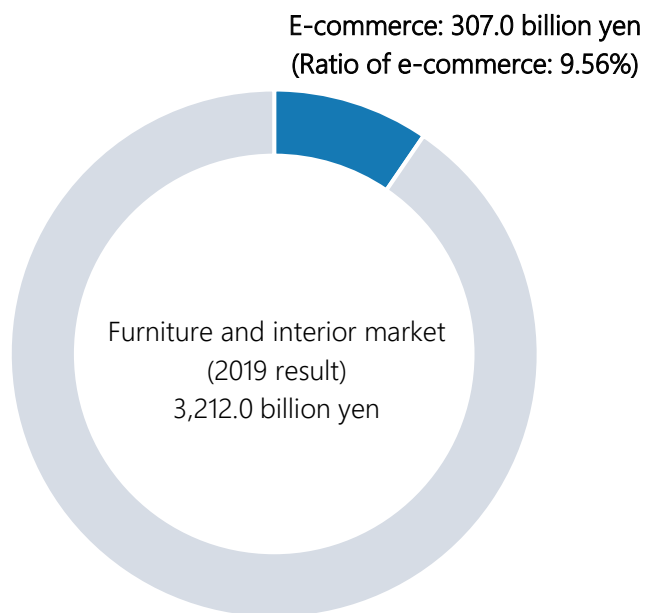
*2 Figures for furniture and interior products were prepared by the Company, based on "Home Furnishings in Japan, May 2020" issued by Euromonitor. Figures for home electrical appliances, audiovisual devices, personal computers & peripherals, etc. was prepared by the Company, based on "FY2019 Global Economy Survey for Formulating an Integrated Domestic and External Economic Growth Strategy (E-Commerce Market Survey)" issued by the Ministry of Economy, Trade and Industry.

Furniture and Interior E-commerce Market Scale [Short- to Medium-term Outlook]

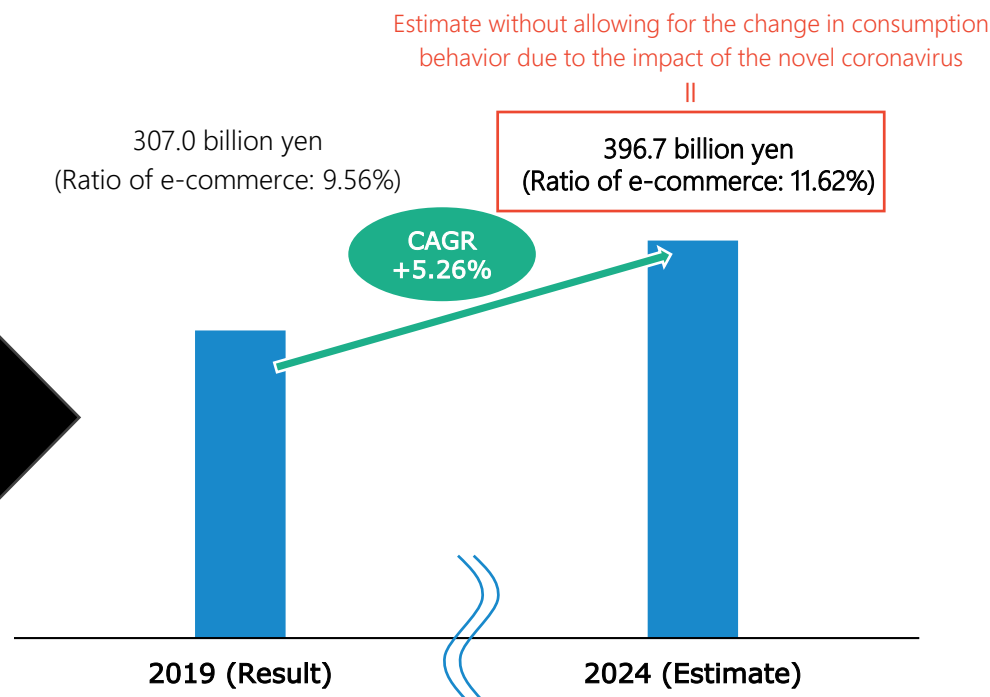
If it is assumed that the past growth rate will continue, the furniture and interior e-commerce market is expected to grow to 396.7 billion yen by 2024

The market is forecast to expand even more, as the impact of the novel coronavirus accelerates the shift to e-commerce

Furniture and interior market in Japan (2019 result)



E-commerce market outlook (estimate)



Sources: Results for 2016-2019 and estimates to 2024 for the furniture and interior market are based on "Home Furnishings in Japan, May 2020" issued by Euromonitor. The e-commerce market for 2020-2024 is based on the Company's estimates

Furniture and Interior E-commerce Market Scale [Long-term Outlook]

The furniture and interior e-commerce market is expected to continue to expand, with the advance of the shift to e-commerce. In addition, by enhancing merchandising in peripheral domains, we will look to the expansion of these markets

Furniture and interior market



Peripheral domains

Peripheral domains not included in the furniture and interior market

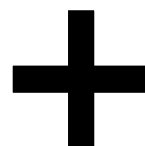
Examples:

Home appliances, excluding large home electric appliances

841.7 billion yen

Plastic goods for daily use and sundries

296.0 billion yen

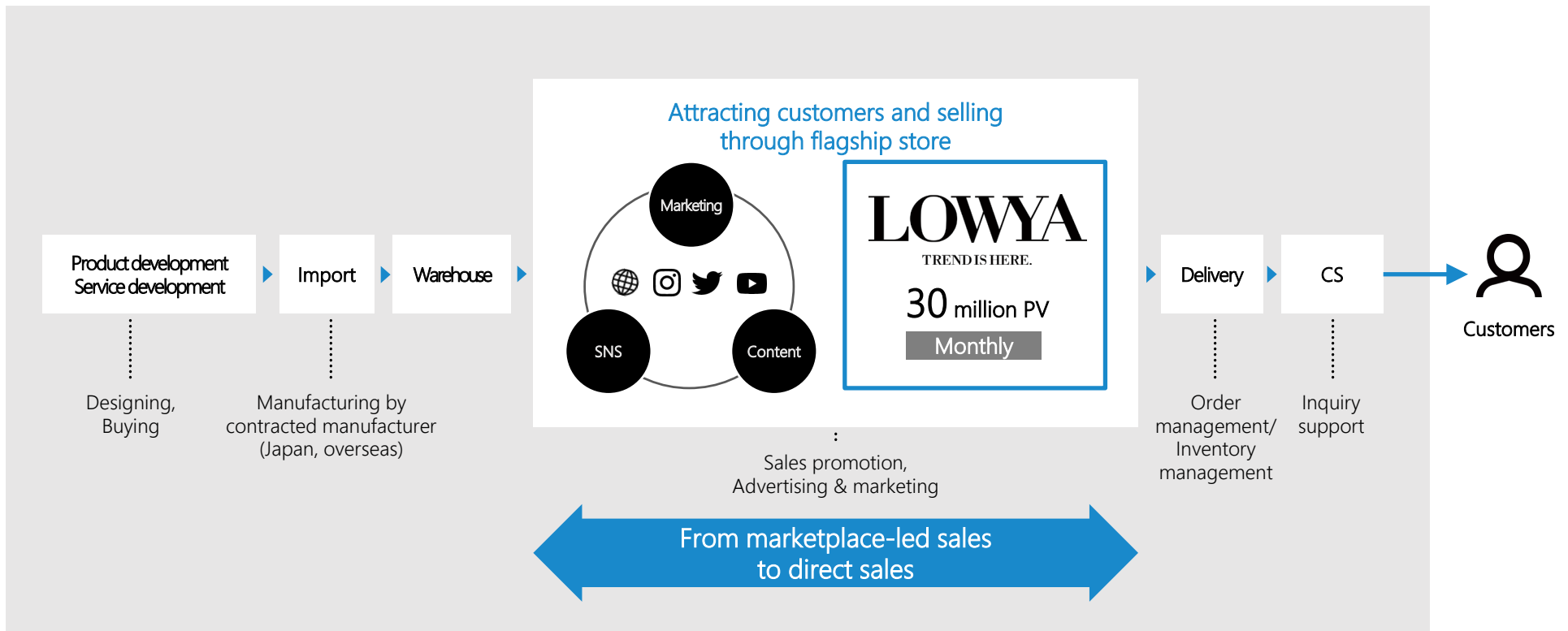


Sources: Figures for the furniture and interior e-commerce market are estimated by the Company, base on "Home Furnishings in Japan, May 2020" issued by Euromonitor. Figures for home electrical appliances were prepared based on "FY2020 Electrical Machinery Outlook," issued by the Japan Electrical Manufacturers' Association with the exception of room air-conditioners, electric refrigerators, and electric washing machines. Figures for plastic everyday goods and sundries are prepared based on "2019 Yearbook of Current Production Statistics - Paper, Printing, Plastics Products and Rubber Products Statistics" issued by Ministry of Economy, Trade and Industry.

2-4. LOWYA Business – Future Development

Future Development: Full-scale D2C

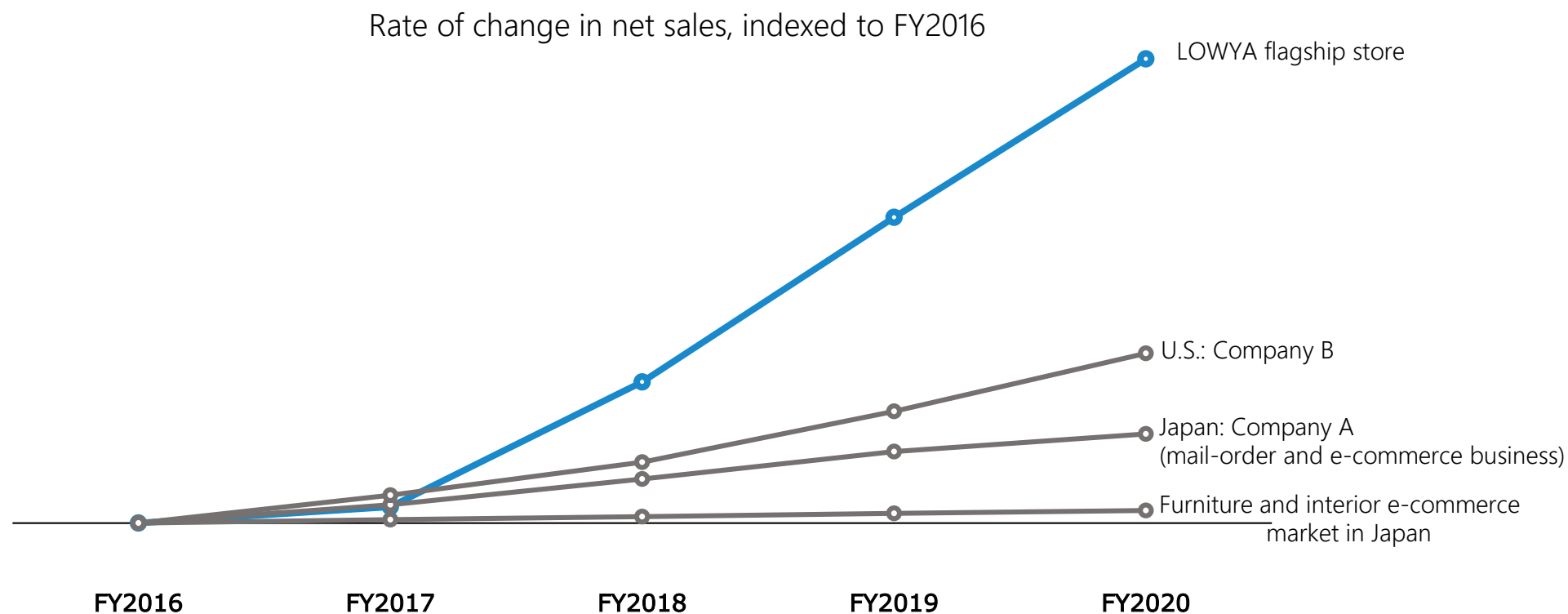
Shift to flagship store as the main way of attracting customers and the main sales channel
Establish the D2C business model by attracting customers through flagship store



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

Future Development: Flagship Store Growth Rate

Measures aimed at establishing the D2C business model have proven effective, with the flagship store growth rate greatly exceeding market growth

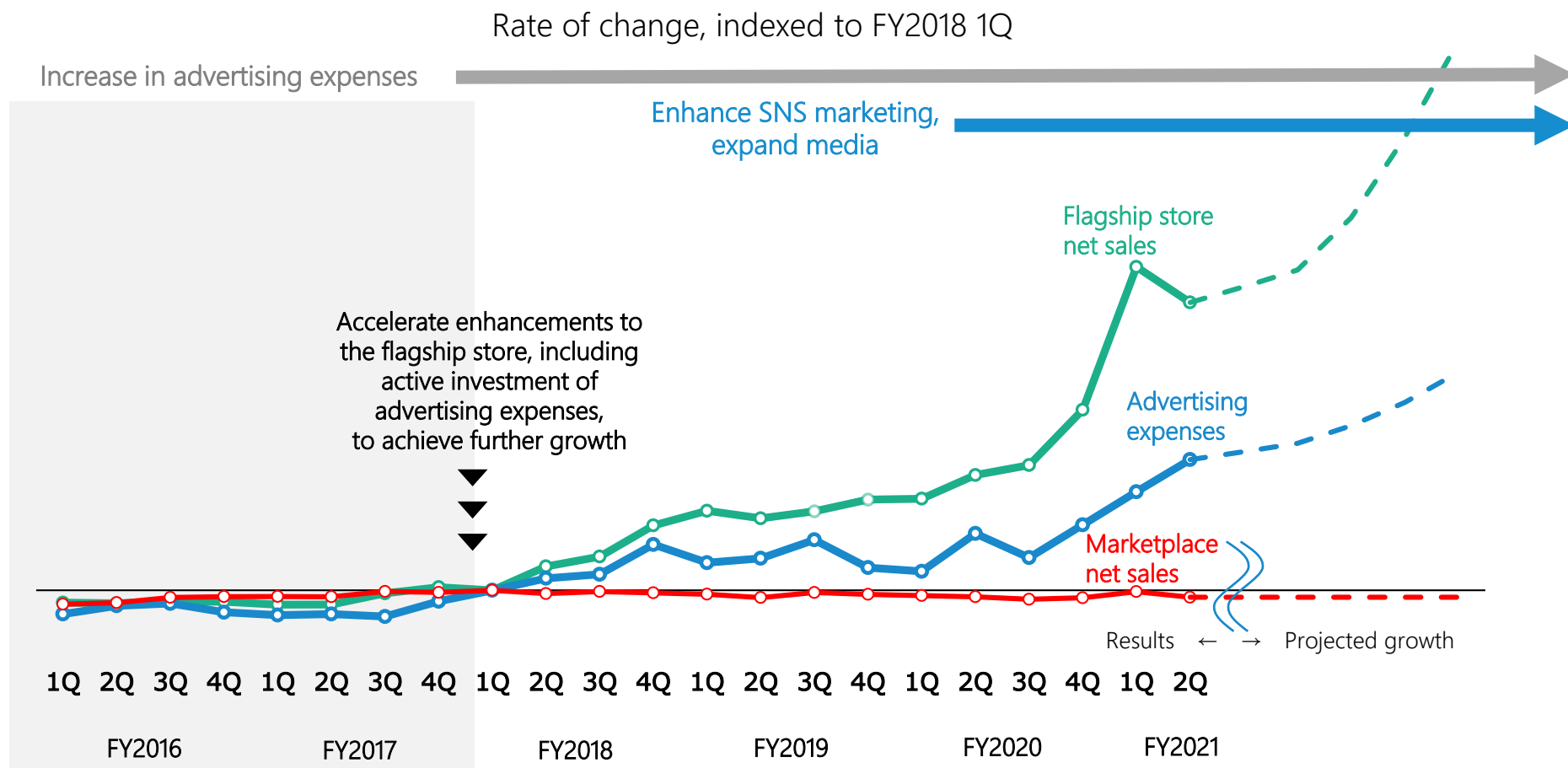


Sources: Prepared by the company based on "Home Furnishings in Japan, May 2020" issued by Euromonitor and other IR materials of other companies. The fiscal year of "Japan: Company A" runs from March to February, that of "U.S.: Company B" runs from January to December, and the Company's runs from April to March each year. The Euromonitor data is based on the calendar year, and therefore the data acquisition period differs for each company. In the graph above, the data for the period ended December 31 each year for the "Furniture and interior e-commerce market in Japan" and "U.S.: Company B," and the data for the period ended February 28/29 each year for "Japan: Company A" are each presented as data for the fiscal year ended on the following March 31. (For example, data for the year ended December 31, 2019 and data for the year ended February 29, 2020 are both presented as data for "FY2020.")

Future Development: Advertising Effectiveness

Enhancements to the flagship store were accelerated since FY2018, and sales have grown in line with our strategy

Continue to implement measures to strengthen sales, including increasing advertising expenses, planning to maintain our growth momentum

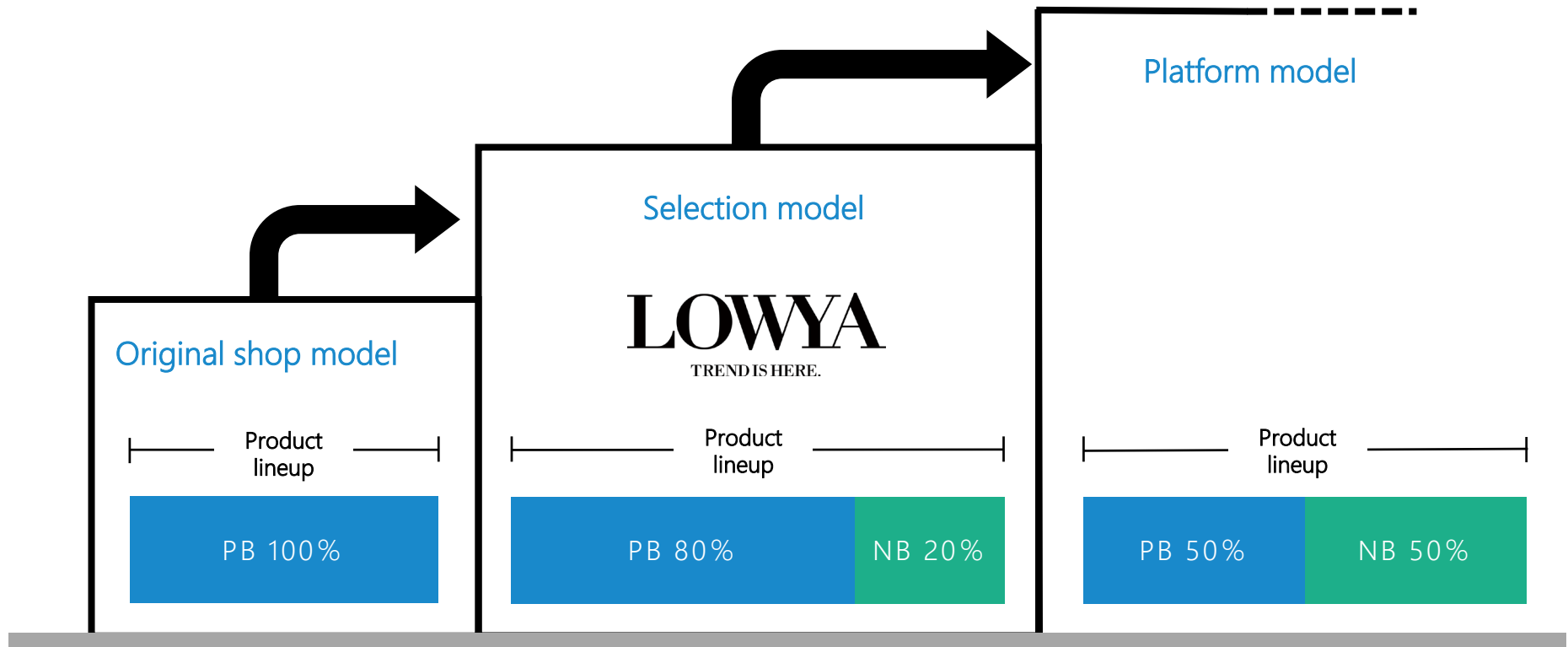


Future Development: Business Model Transformation

Expand product categories in line with the increase in visitors

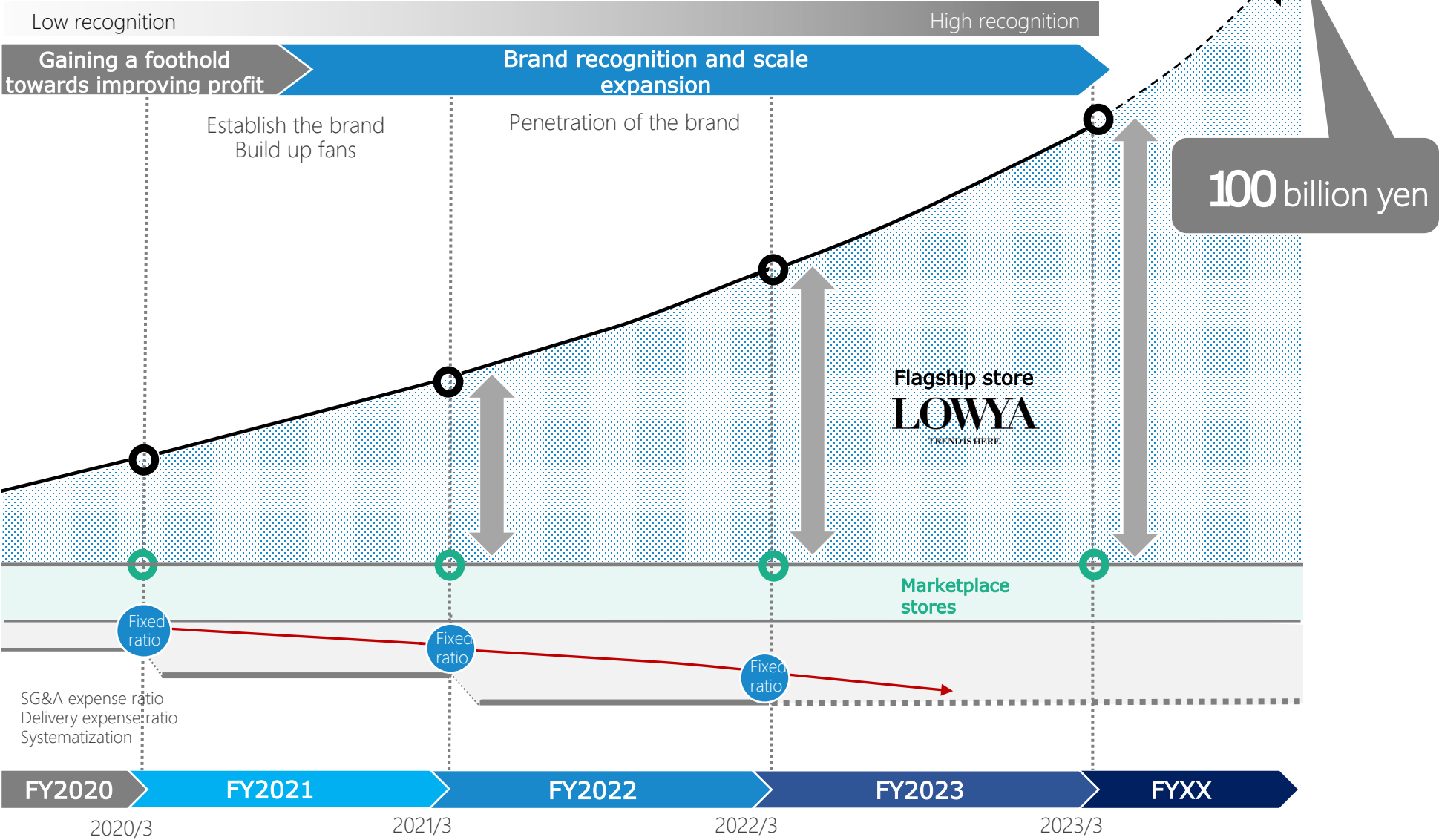
Commence offering products developed by other companies in addition to existing products we developed

Begin trial operation from 3Q



(Note) The private brand (PB) and the national brand (NB) percentages are for illustrative purposes only, and may differ from the actual proportions.

Future Development: Target Total Distribution Volume of 100 Billion Yen

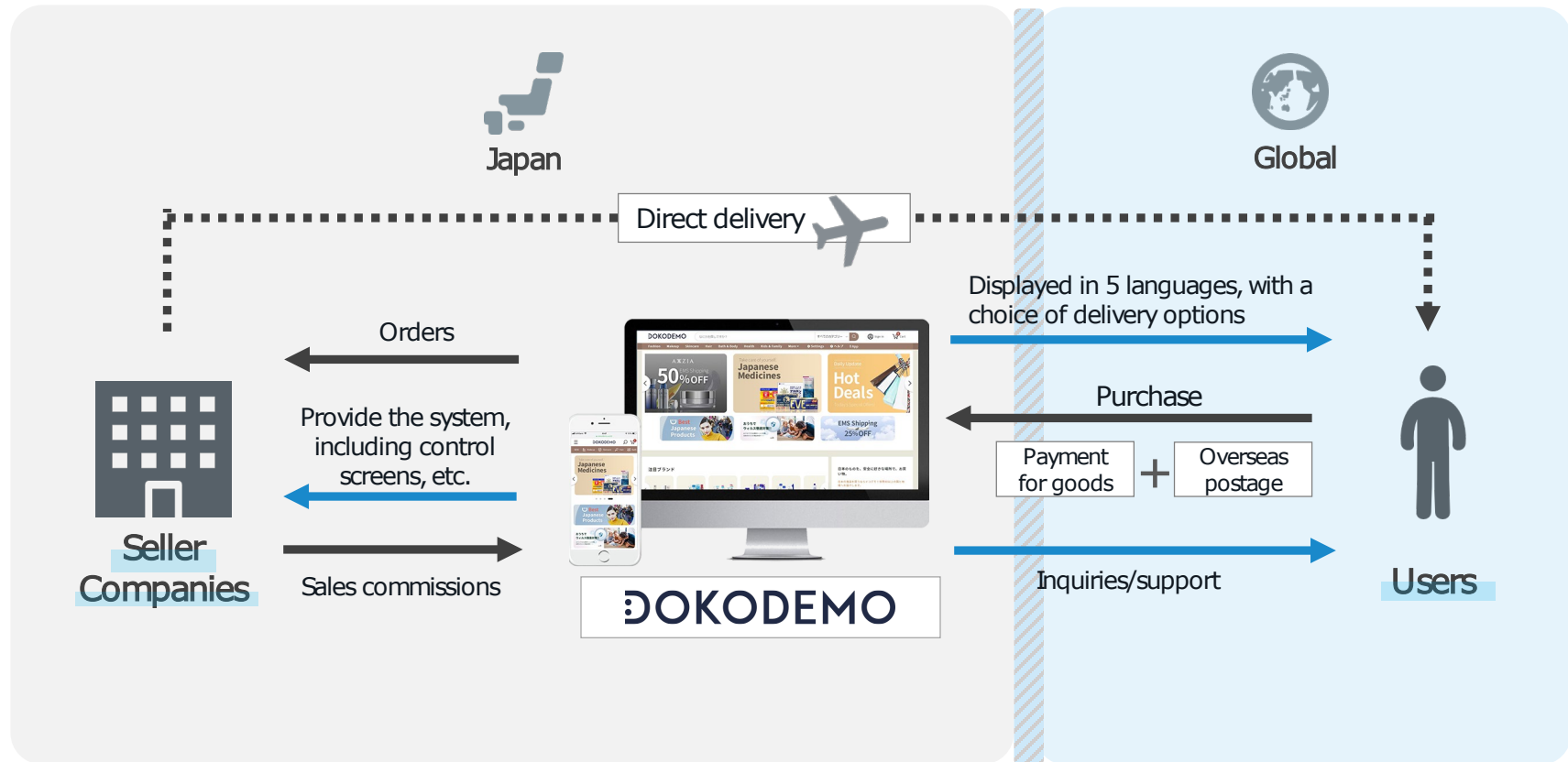


3 | Report on DOKODEMO Business

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

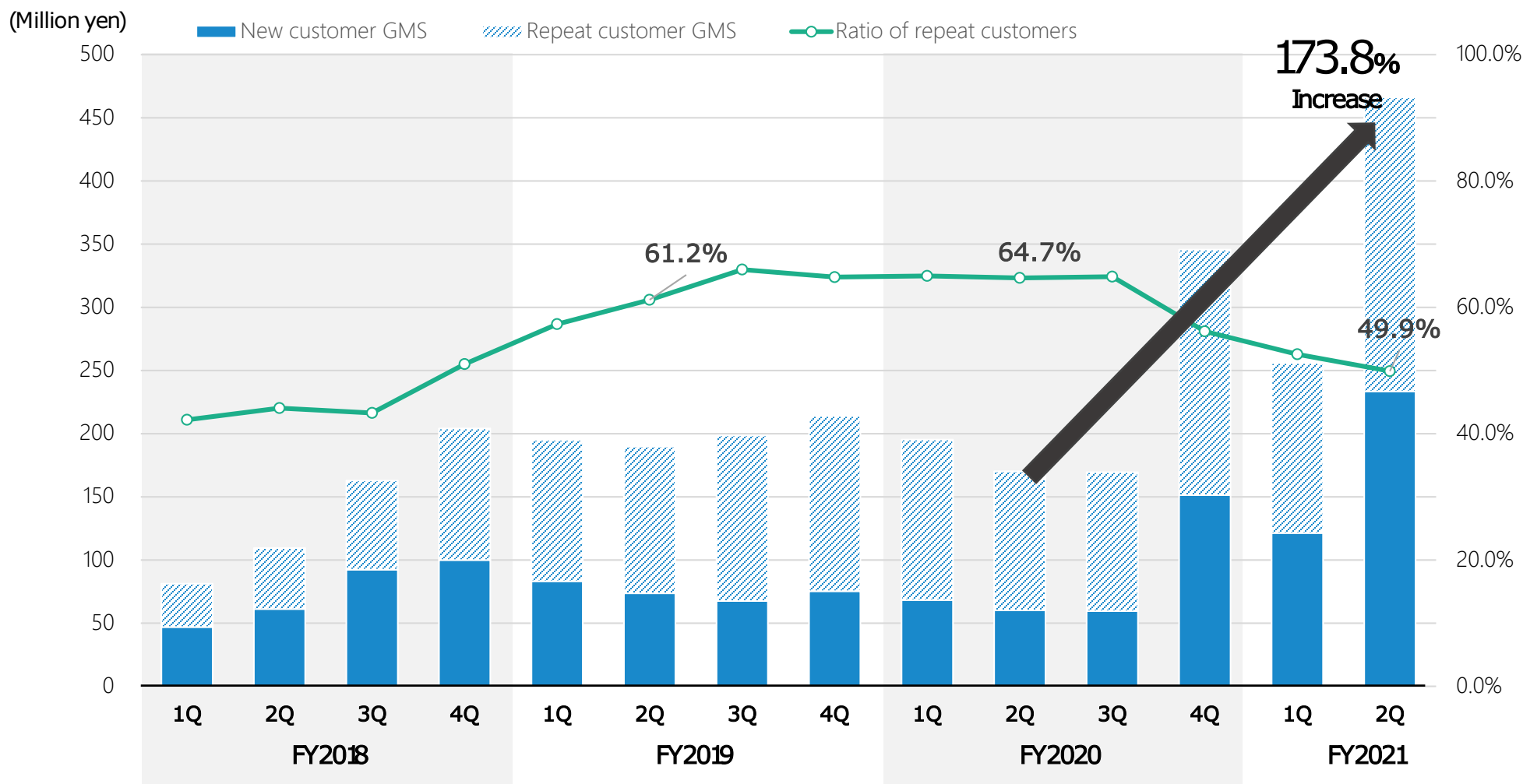
Gross merchandise sales grew rapidly, while membership and the number of APP DLs increased smoothly
The number of products and the number of brands decreased YoY, as handling of reusable products declined due to the partial suspension of logistics, but the decrease had only a limited impact on the business

Item	Three months ended Sept. 30, 2019	Three months ended Sept. 30, 2020	YoY
Gross Merchandise Sales (million yen)	170	466	273.8%
Membership (thousand people)	439	622	141.6%
Number of APP DLs (thousand)	876	1,076	122.8%
Purchase price per person (yen)	7,314	9,431	128.9%
Number of products (thousand)	294	36	12.4%
Number of brands	1,701	859	50.5%
Deliveries * Number of countries and regions to which deliveries were made	97	99	102.1%

DOKODEMO Business: Gross Merchandise Sales (GMS)

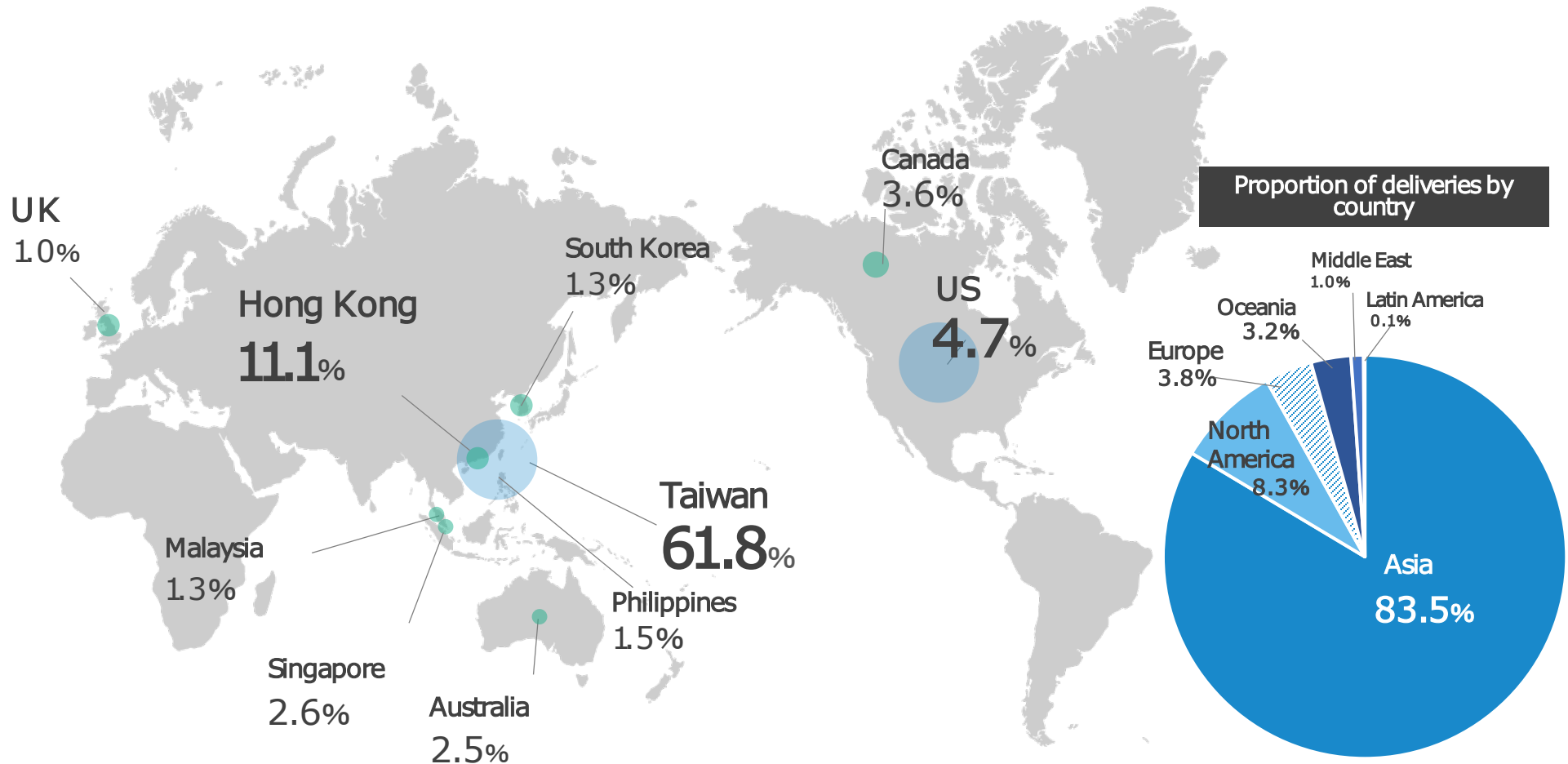
GMS grew by **173.8%** YoY, as we resumed investment in advertising

We plan to continue to inject the online marketing know-how developed through our furniture e-commerce business



DOKODEMO Business: Proportion of Deliveries by Country Based GMS

Deliveries to Asia, primarily Taiwan, account for 83.5% of GMS



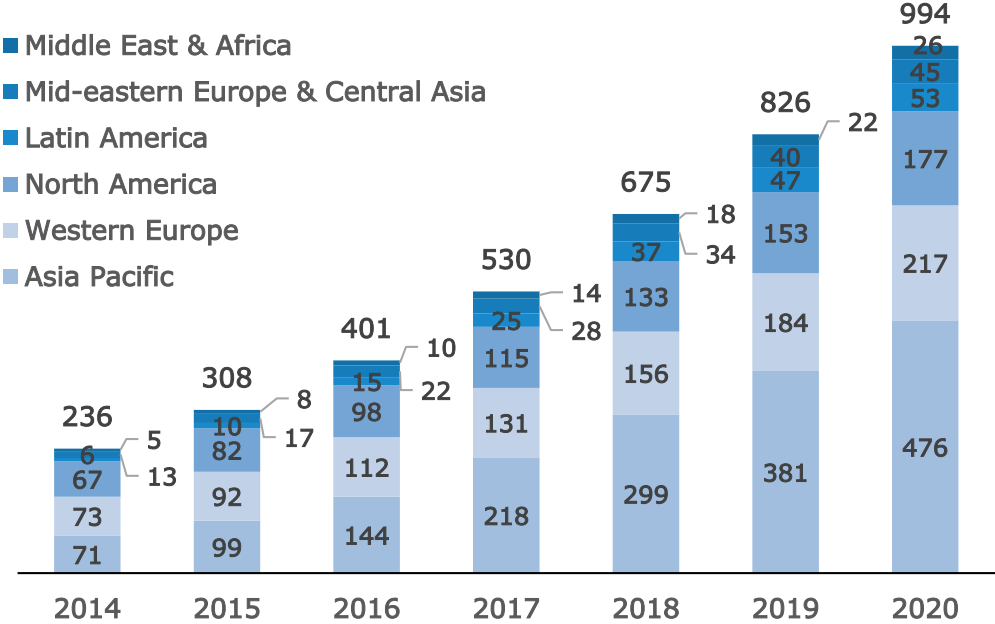
* Proportion of deliveries by country is calculated based on the ratio GMS from July 2020 to September 2020.

DOKODEMO Business: Market Scale

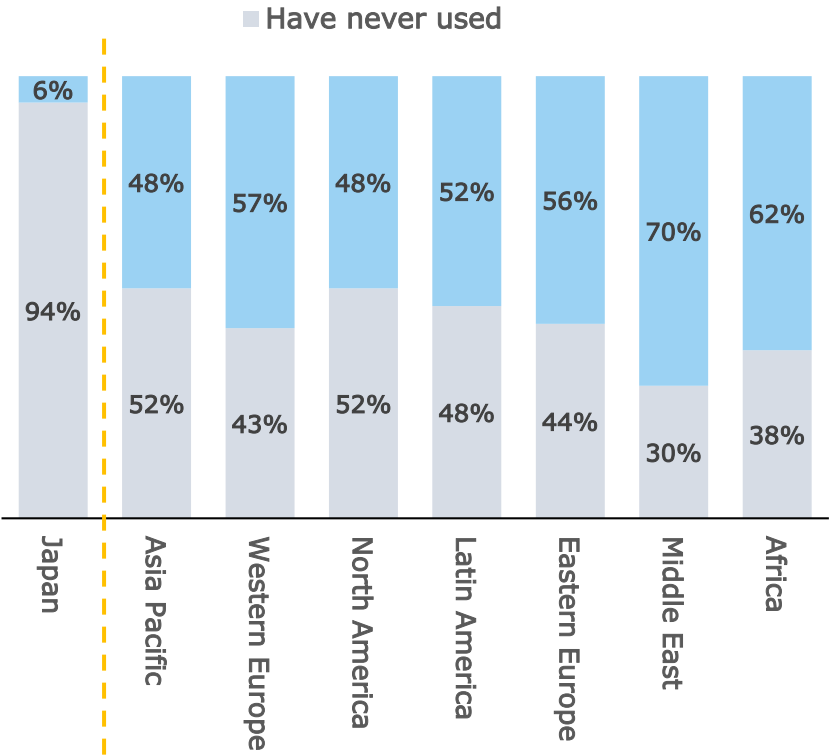
B to C cross-border e-commerce is a giant, trillion-dollar market

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



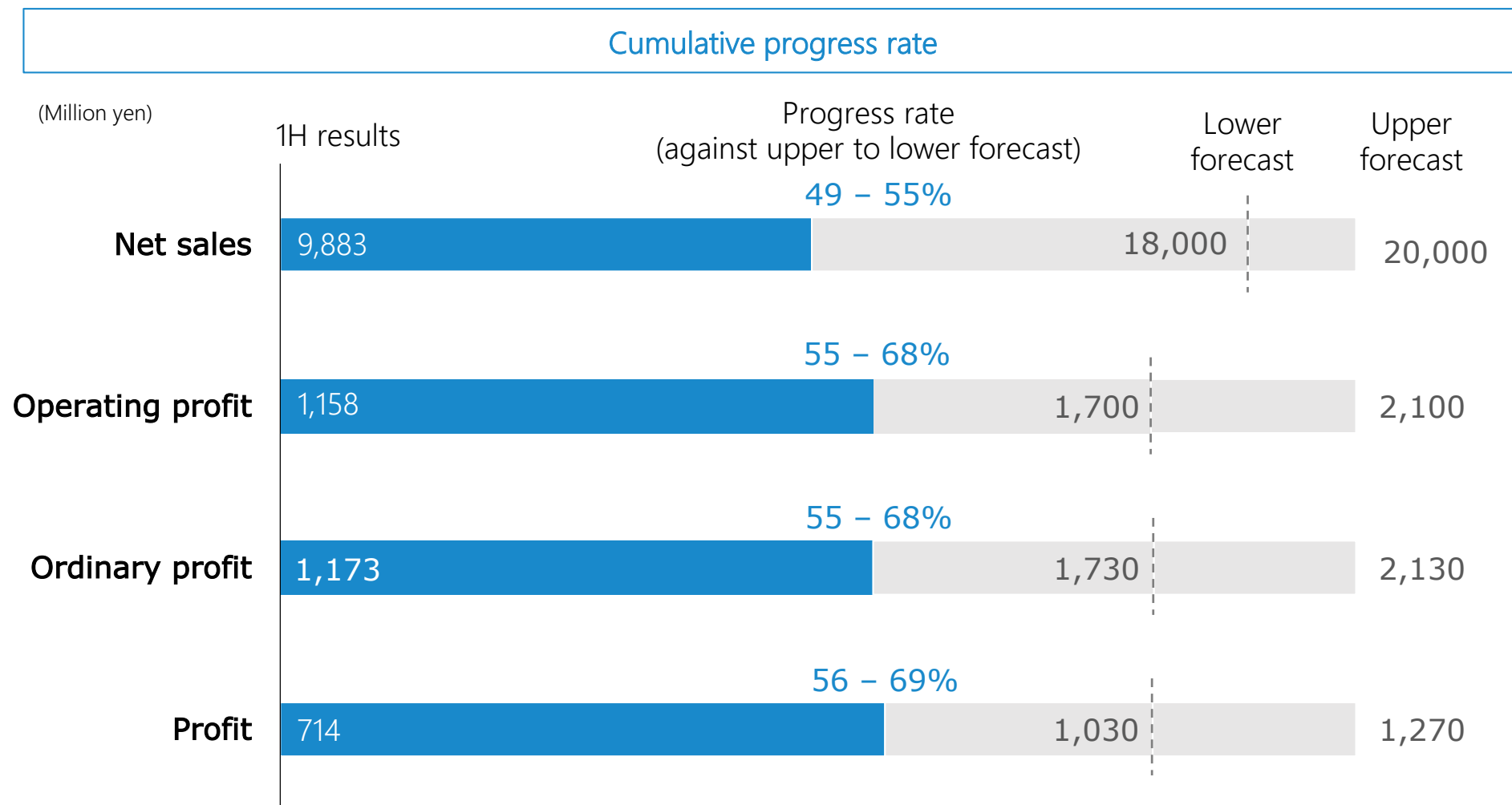
Sources: *1 Prepared by the Company, based on "Global Cross Border B2C e-commerce Market 2020: Report highlights & methodology sharing (2016)" issued by AliResearch
*2 Prepared by the Company, based on "PayPal Cross-Border Consumer Research 2018 Global Summary Report (2018)." Japan is included in "Asia Pacific" issued by PayPal Inc.

4

Financial Results Outlook

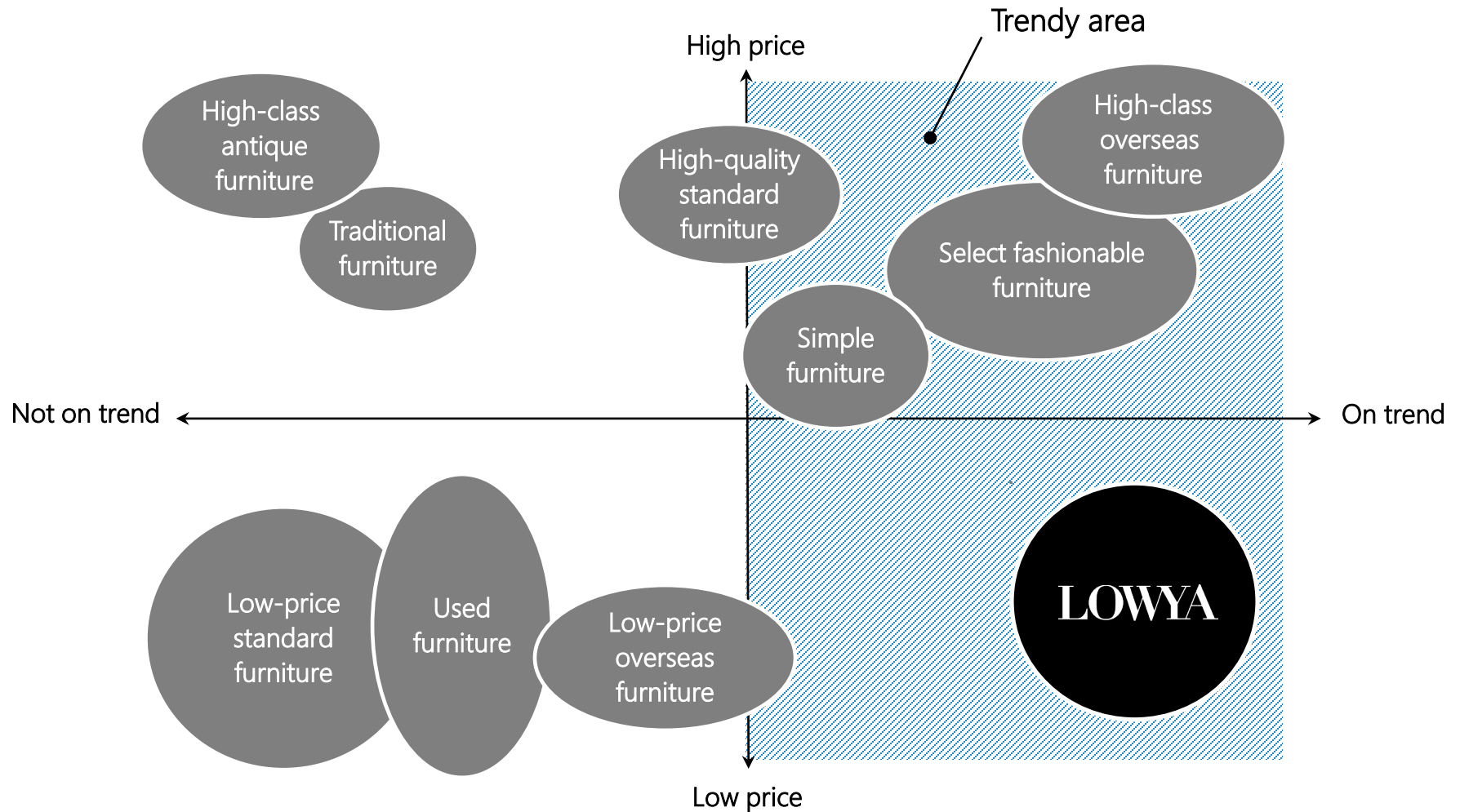
Cumulative Progress Rate

A cumulative progress rate **exceeding 50%** was achieved against the lower forecast range for all indicators during the six months ended September 30, 2020



5 | Appendix

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



As a provider of “fast interior”

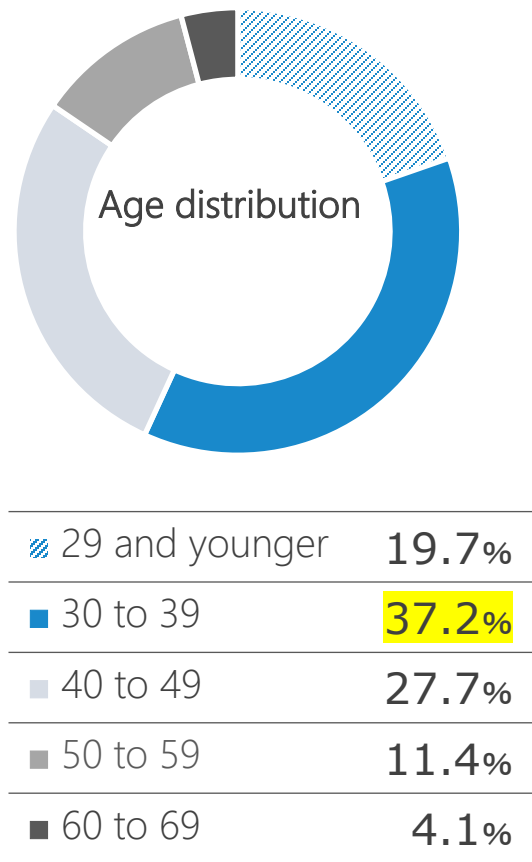
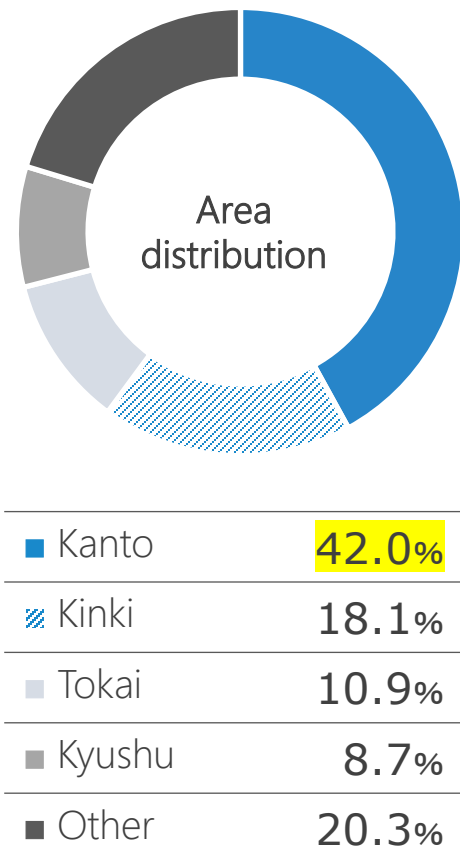
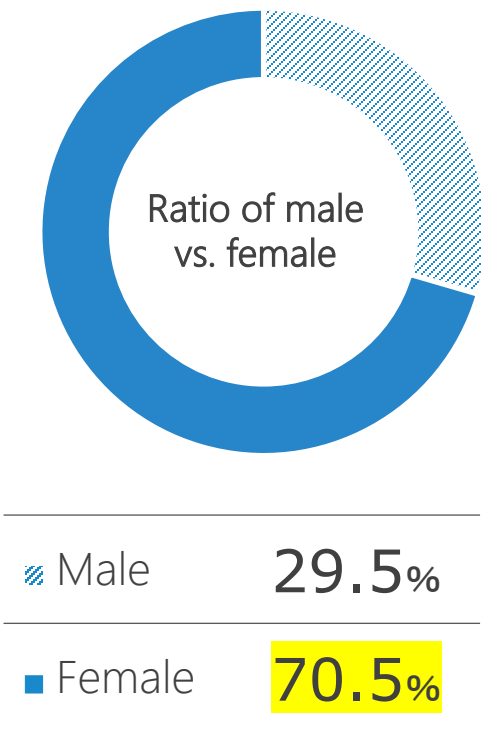
Offer “memorable experiences”
that go beyond value expected by customers



Fulfill satisfaction and inspiration by creating design that
reflects a variety of tastes and trends.

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

Showing higher ratio of female in their 30's, mainly in the Tokyo metropolitan area
(July 2020 to September 2020)



IR Inquiries

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