



3Q FY2021



BUSINESS RESULTS
January 29 2021

Quarterly Financial Results
for the Nine Months Ended December 31, 2020

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



VEGA corporation

1. Overview of Quarterly Financial Results
for the Nine Months Ended December 31, 2020
2. Report on LOWYA Business
3. Report on DOKODEMO Business
4. Financial Results Forecast
5. Return to Shareholders (Dividends and Benefits)
6. Appendix

Financial Highlight

Results Overview	3Q	Net sales	▶▶▶	4,363 million yen	(137.9% YoY)
		Operating profit	▶▶▶	249 million yen	(— % YoY ((14) million yen in previous corresponding period))
	First nine months	Net sales	▶▶▶	14,247 million yen	(144.8% YoY)
		Operating profit	▶▶▶	1,407 million yen	(10,127.5% YoY)

Progress has been solid against financial results forecasts, and operating profit increased by 263 million yen YoY

Progress rate

Progress rates increased steadily, reaching approx. 80% against the lower forecast ranges for both net sales and profit

DOKODEMO

Gross merchandise sales (GMS) of DOKODEMO hit 605 million yen, setting a record high on a quarterly basis

2 brands were added 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

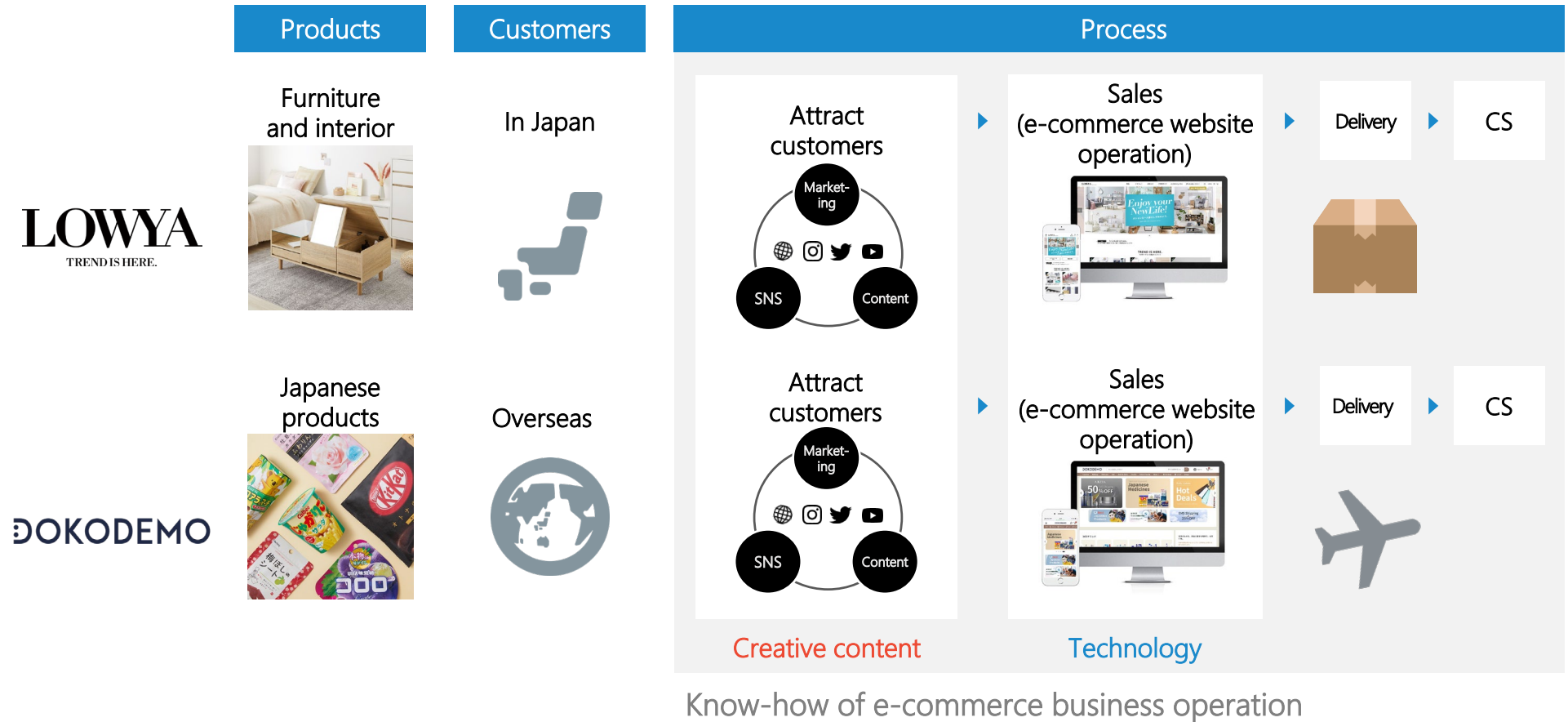
Reviewing our shareholder return policy, we plan to pay our first dividends since listing

Return to shareholders

As our strategy to shift sales channels to the flagship store is well underway, we plan to pay a dividend of 10 yen per share, our first dividend payment

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.

1

Overview of Quarterly Financial Results for the Nine Months Ended December 31, 2020

Statement of Income

Achieved a **37.9% increase** in net sales and a **263 million yen increase** in operating profit from the operating loss in the previous 3Q

(Million yen)

	Three months ended Dec. 31, 2019	Sales ratio	Three months ended Dec. 31, 2020	Sales ratio	Change	YoY
Net sales	3,163	100.0%	4,363	100.0%	+1,199	137.9%
Gross profit	1,785	56.4%	2,638	60.5%	+853	147.8%
SG&A expenses	1,799	56.9%	2,389	54.8%	+589	132.8%
Operating profit	(14)	- %	249	5.7%	+263	- %
Ordinary profit	(6)	- %	254	5.8%	+260	- %
Profit	(6)	- %	153	3.5%	+159	- %

(*) 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 **44.8% increase** in net sales and a **10,027.5% increase** in operating profit

(Million yen)

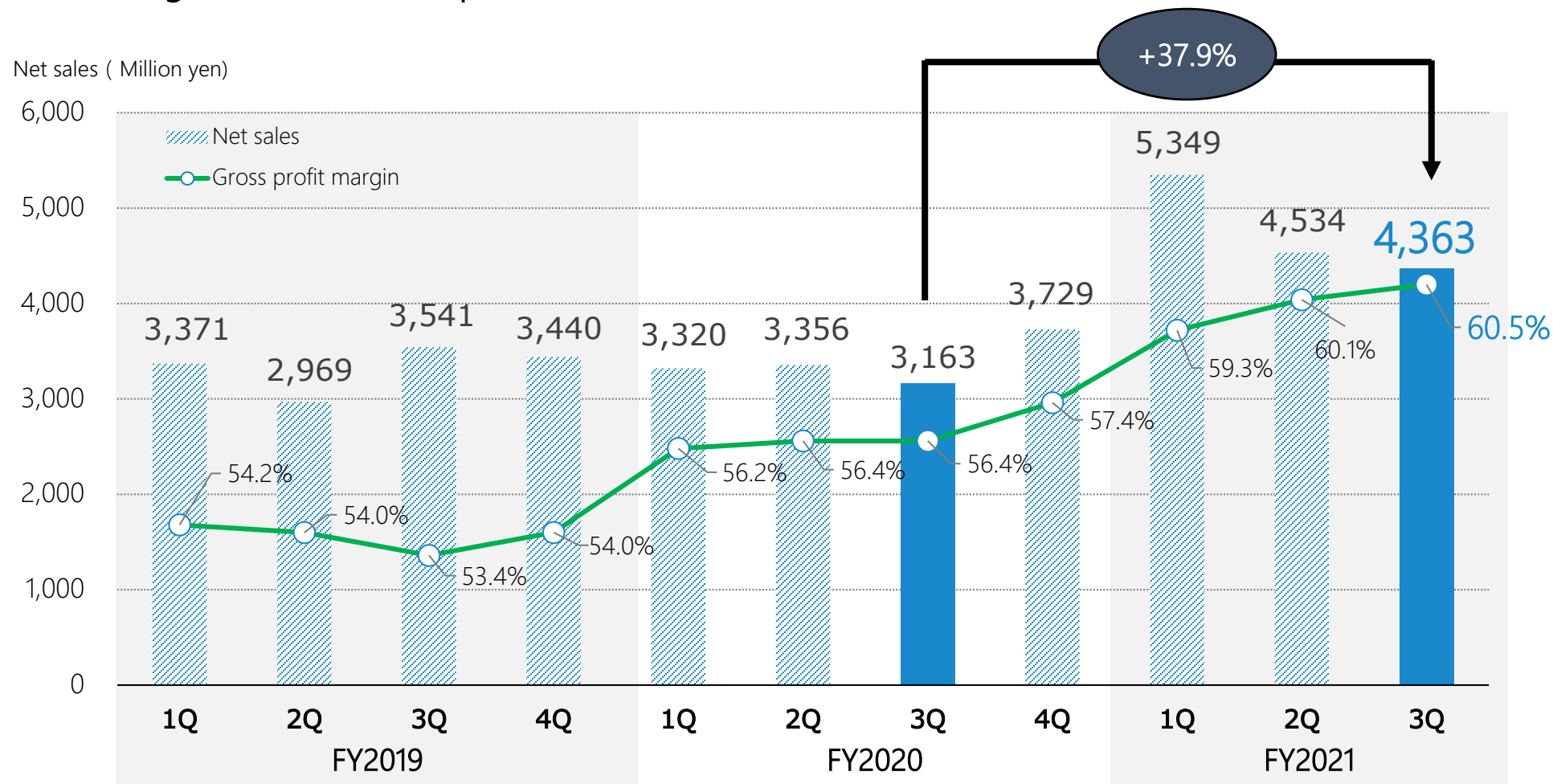
	Nine months ended Dec. 31, 2019	Sales ratio	Nine months ended Dec. 31, 2020	Sales ratio	Change	YoY
Net sales	9,840	100.0%	14,247	100.0%	+4,406	144.8%
Gross profit	5,546	56.4%	8,533	59.9%	+2,986	153.8%
SG&A expenses	5,532	56.2%	7,126	50.0%	+1,593	128.8%
Operating profit	13	0.1%	1,407	9.9%	+1,393	10,127.5%
Ordinary profit	37	0.4%	1,428	10.0%	+1,391	3,834.5%
Profit	13	0.1%	867	6.1%	+854	6,446.2%

(*) 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

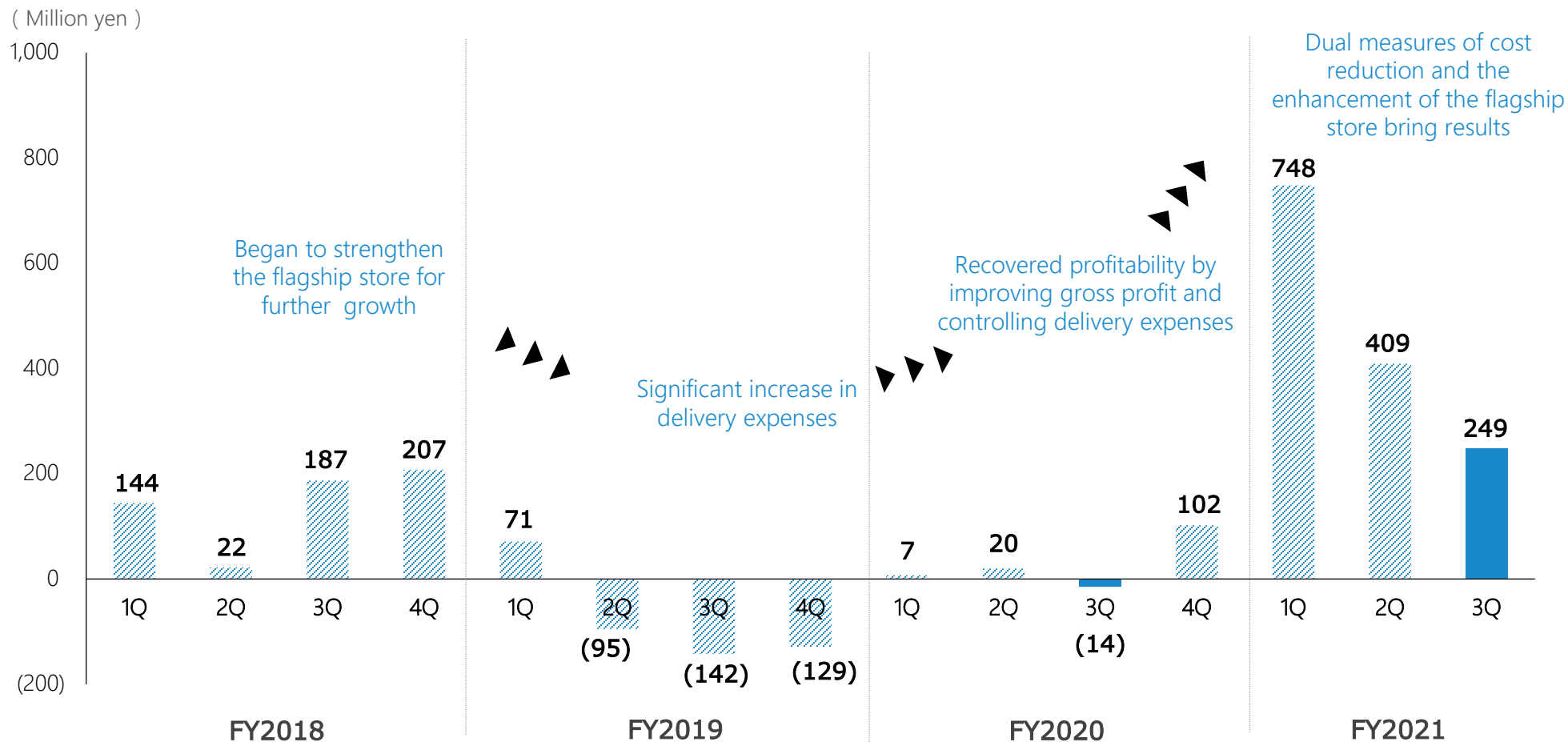
Net sales grew by 37.9% YoY to **4,363** million yen

Gross margin continued to improve to **60.5%**

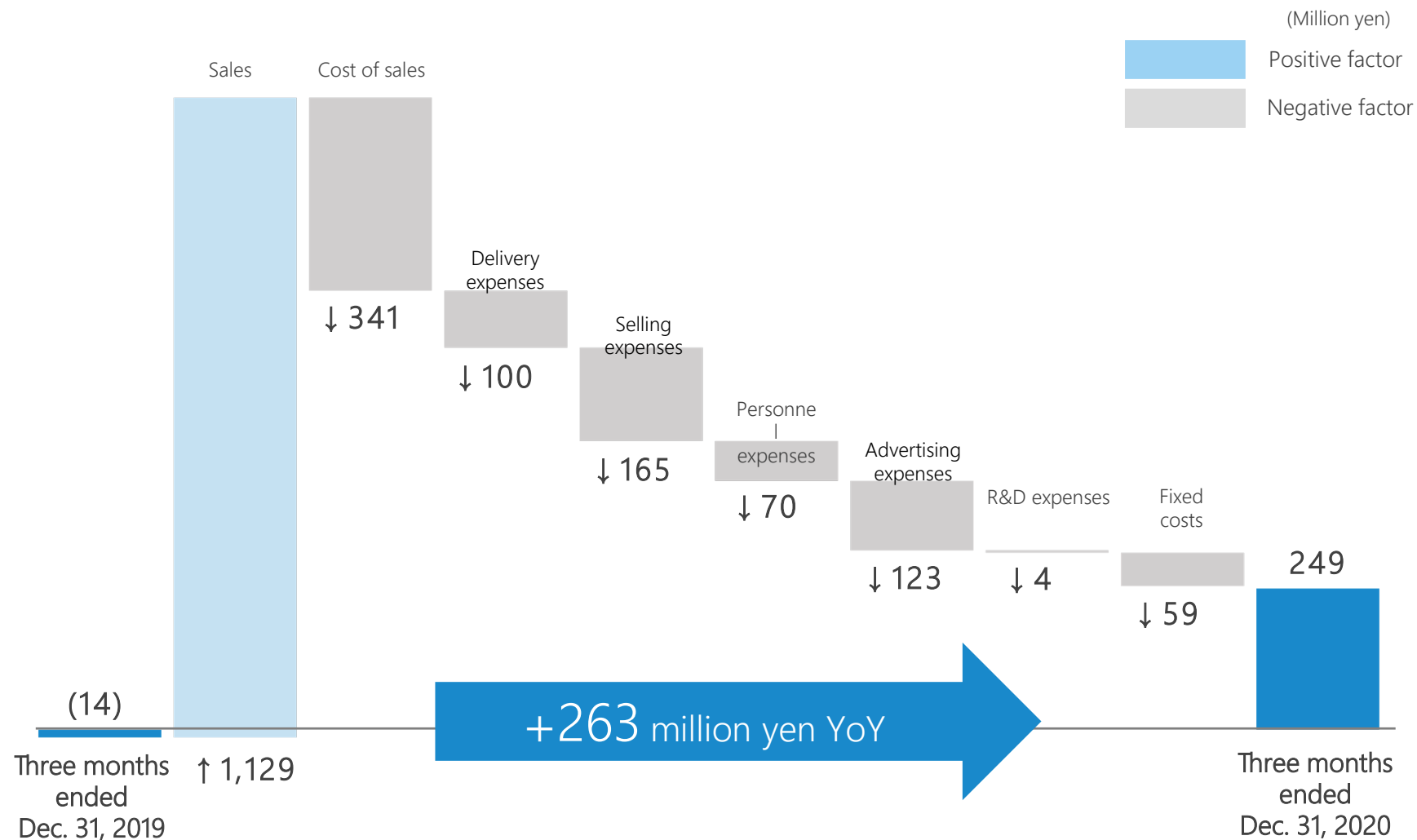


Operating Profit / Quarterly

Operating profit came to **249 million yen**, maintaining significant YoY growth since the first half

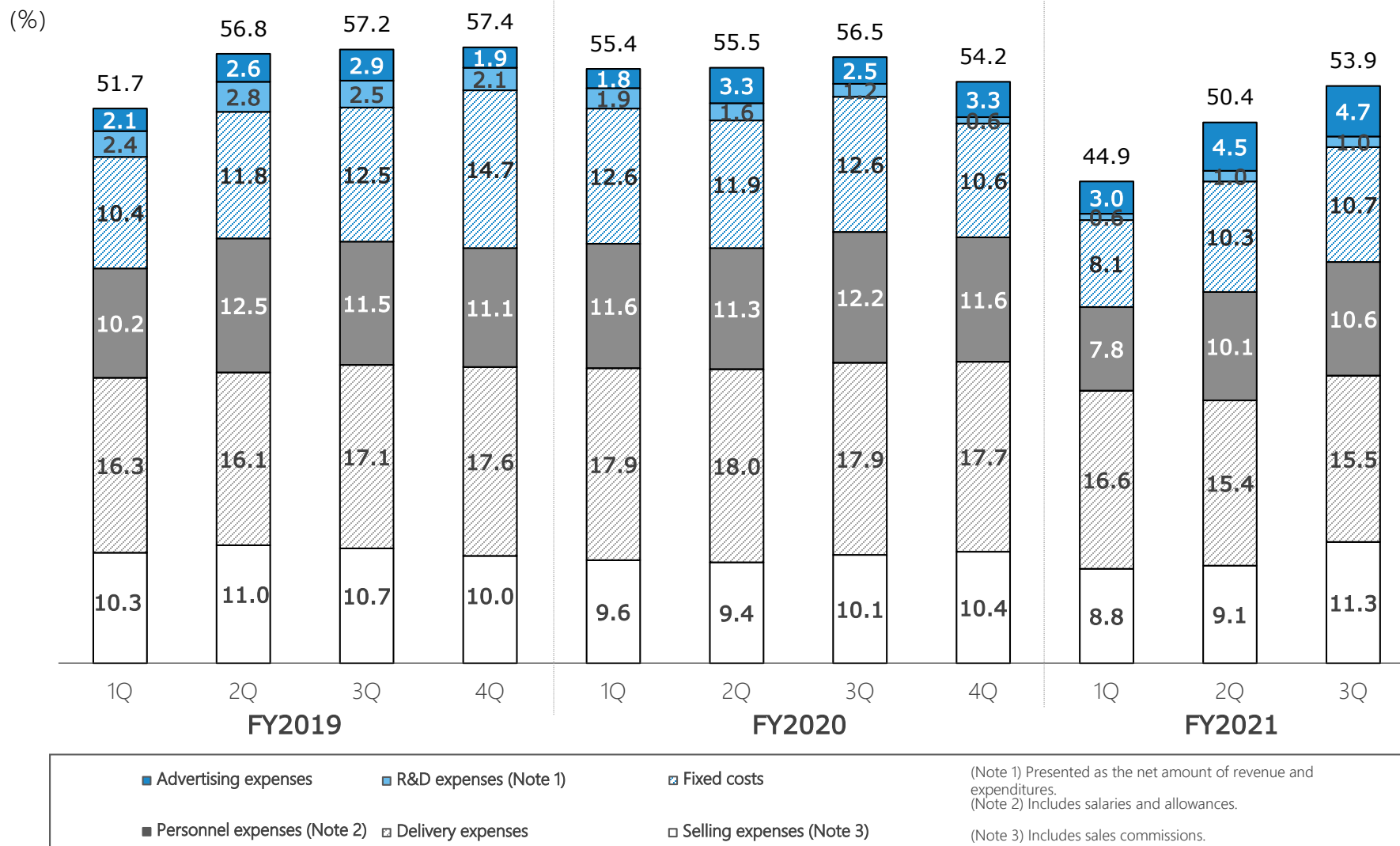


Increases and Decreases in Operating Profit



(*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



(*) 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)	Nine months ended Dec. 31, 2020		Previous fiscal year (as of March 31, 2020)	Nine months ended Dec. 31, 2020
Current assets	4,964	5,932	Current liabilities	2,242	2,491
Cash and deposits	1,308	2,023	Debt obligations	820	500
Accounts receivable–trade	1,631	1,509	Non-current liabilities	54	57
Merchandise	1,777	2,083	Total liabilities	2,297	2,549
Non-current assets	1,041	1,401	Shareholders' equity	3,628	4,782
Property, plant and equipment, and intangible assets	513	550	Total net assets	3,708	4,785
Total assets	6,006	7,334	Total liabilities and net assets	6,006	7,334

(*) 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 December 31, 2020

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

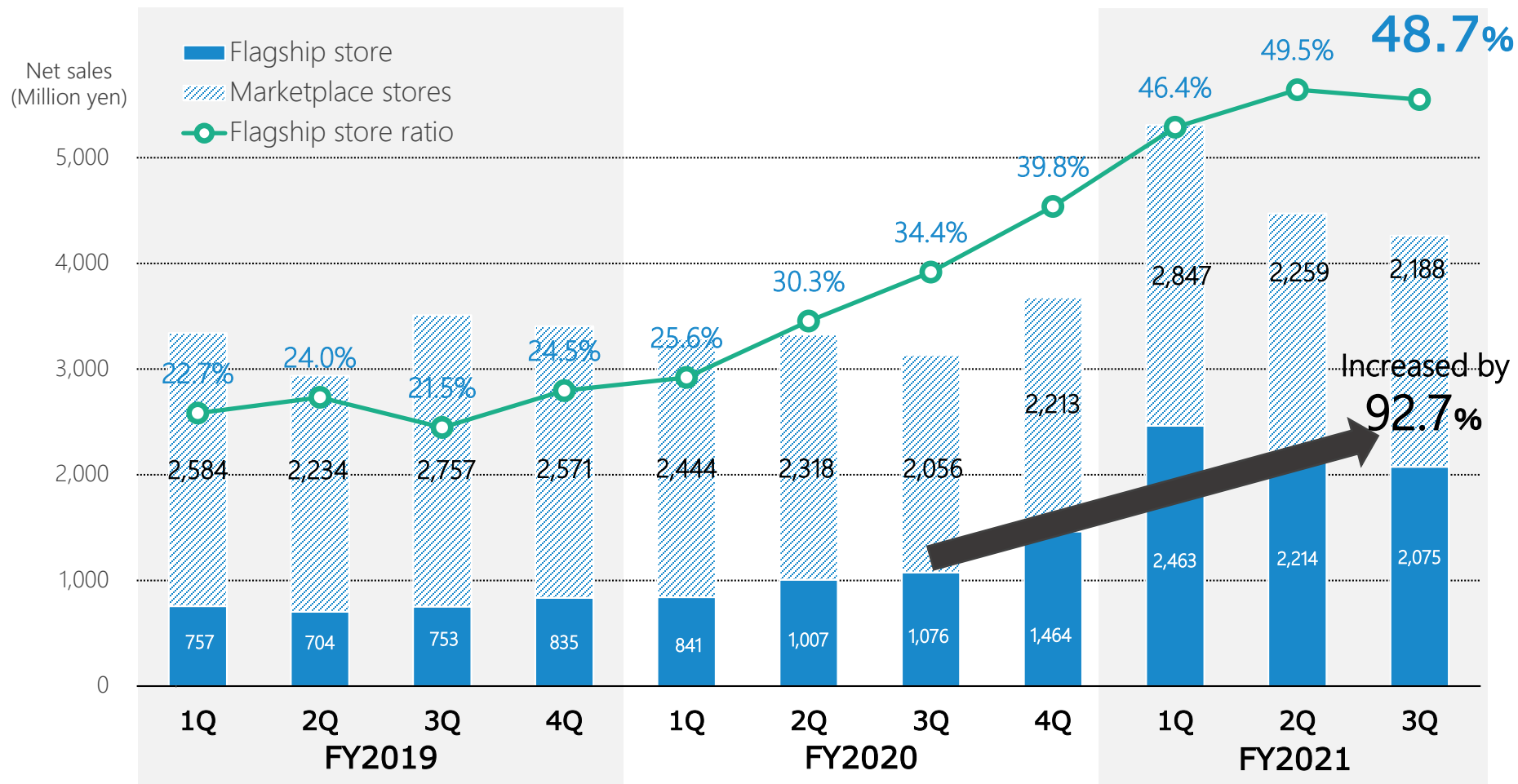
(Million yen)

	Three months ended Dec. 31, 2019	Sales ratio	Three months ended Dec. 31, 2020	Sales ratio	YoY
Net sales	3,134	100.0%	4,263	100.0%	136.0%
Gross profit	1,758	56.1%	2,546	59.7%	144.8%
SG&A expenses	1,733	55.3%	2,253	52.9%	130.0%
Operating profit	24	0.8%	293	6.9%	1,178.0%

LOWYA Business: Sales Ratio by Sales Channel

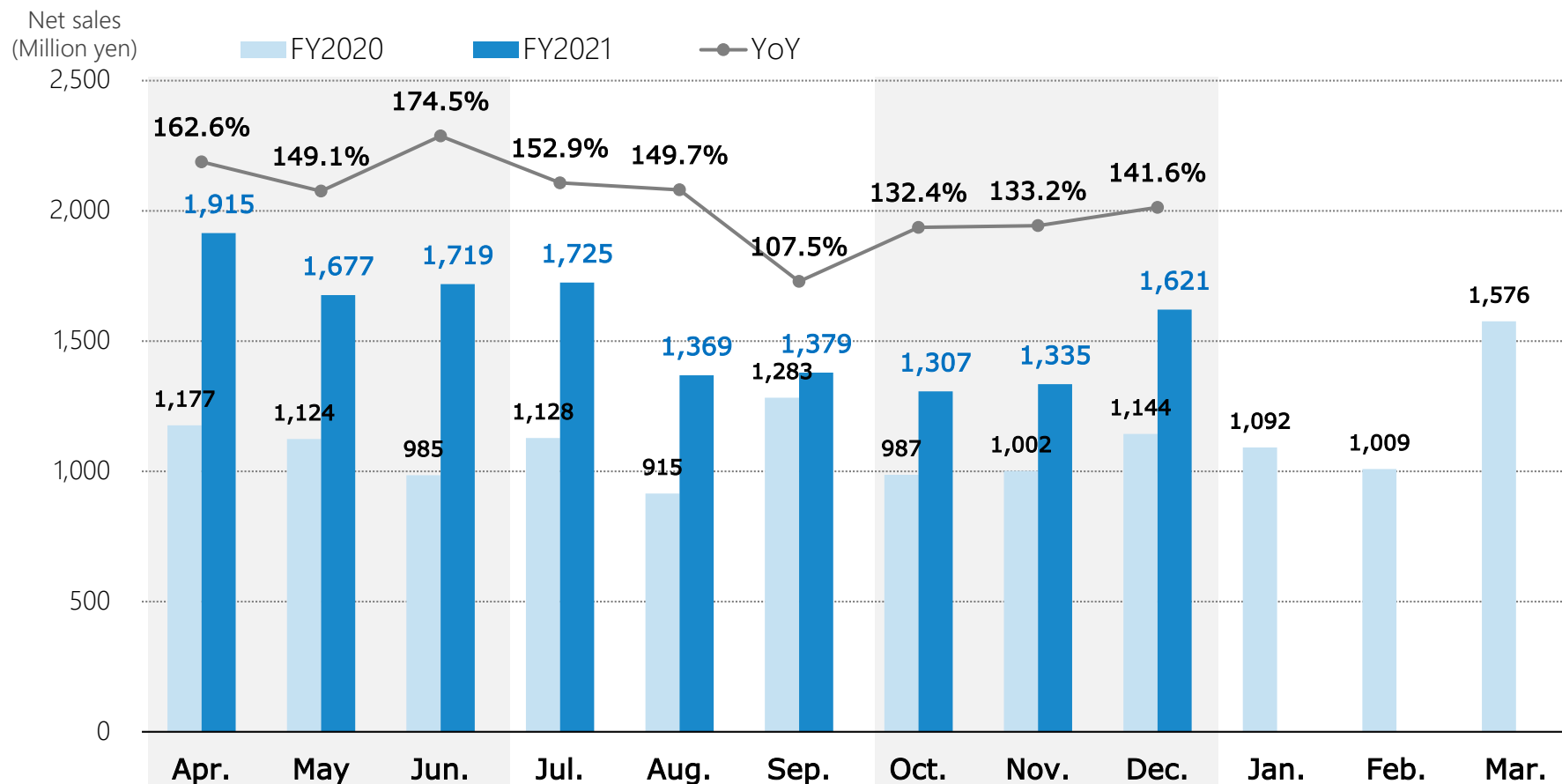
Flagship store sales **increased by 92.7%** YoY, from **1,076** million yen to **2,075** million yen

The proportion of sales at the flagship store rose from **34.4%** in the previous 3Q to **48.7%**



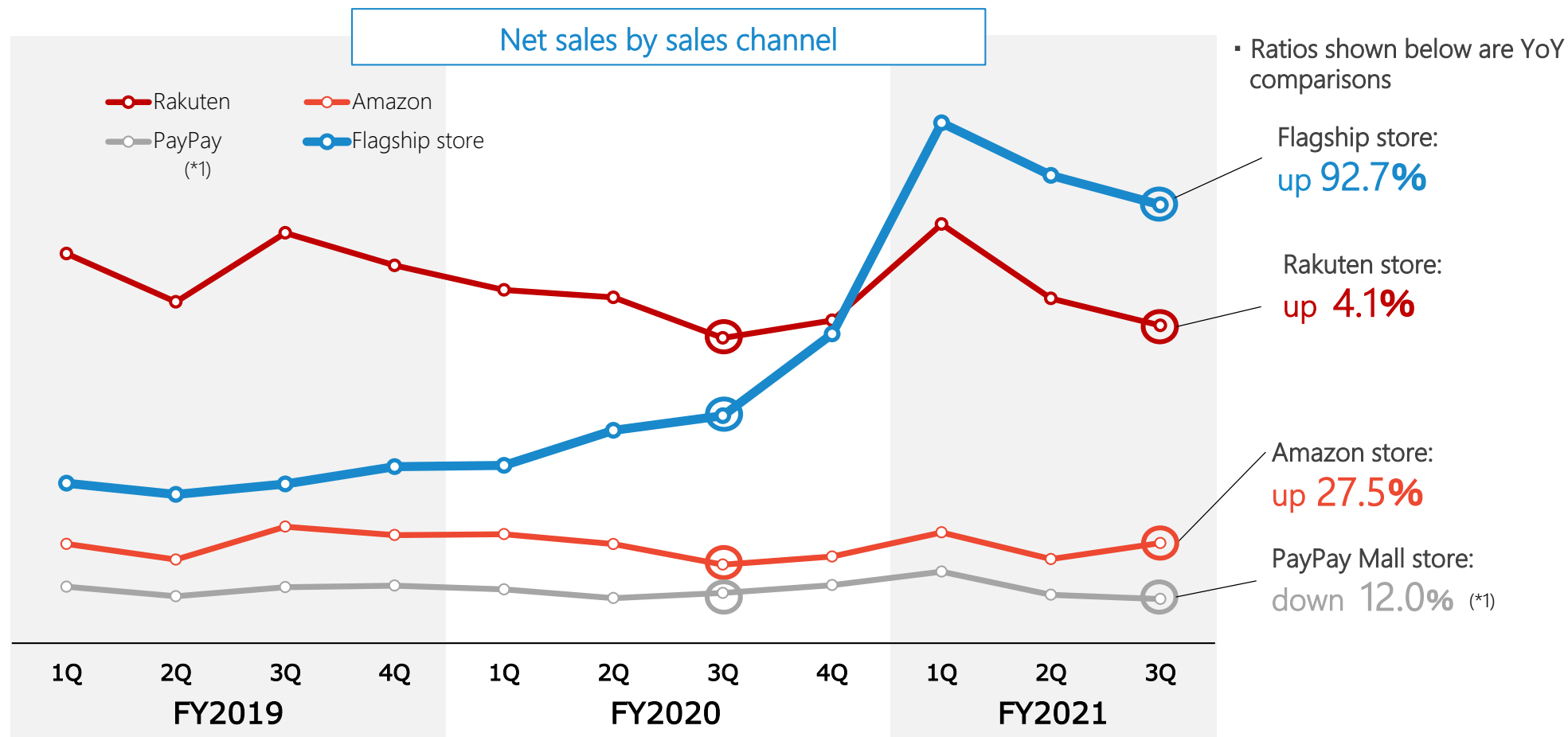
LOWYA Business: Change in Monthly Net Sales

The impact of demand for furnishing home offices, etc., which drove sales in the first half, subsided. However, monthly net sales from October to December all marked YoY increases of over 30.0%, maintaining high growth rates.



LOWYA Business: Net Sales by Sales Channel

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

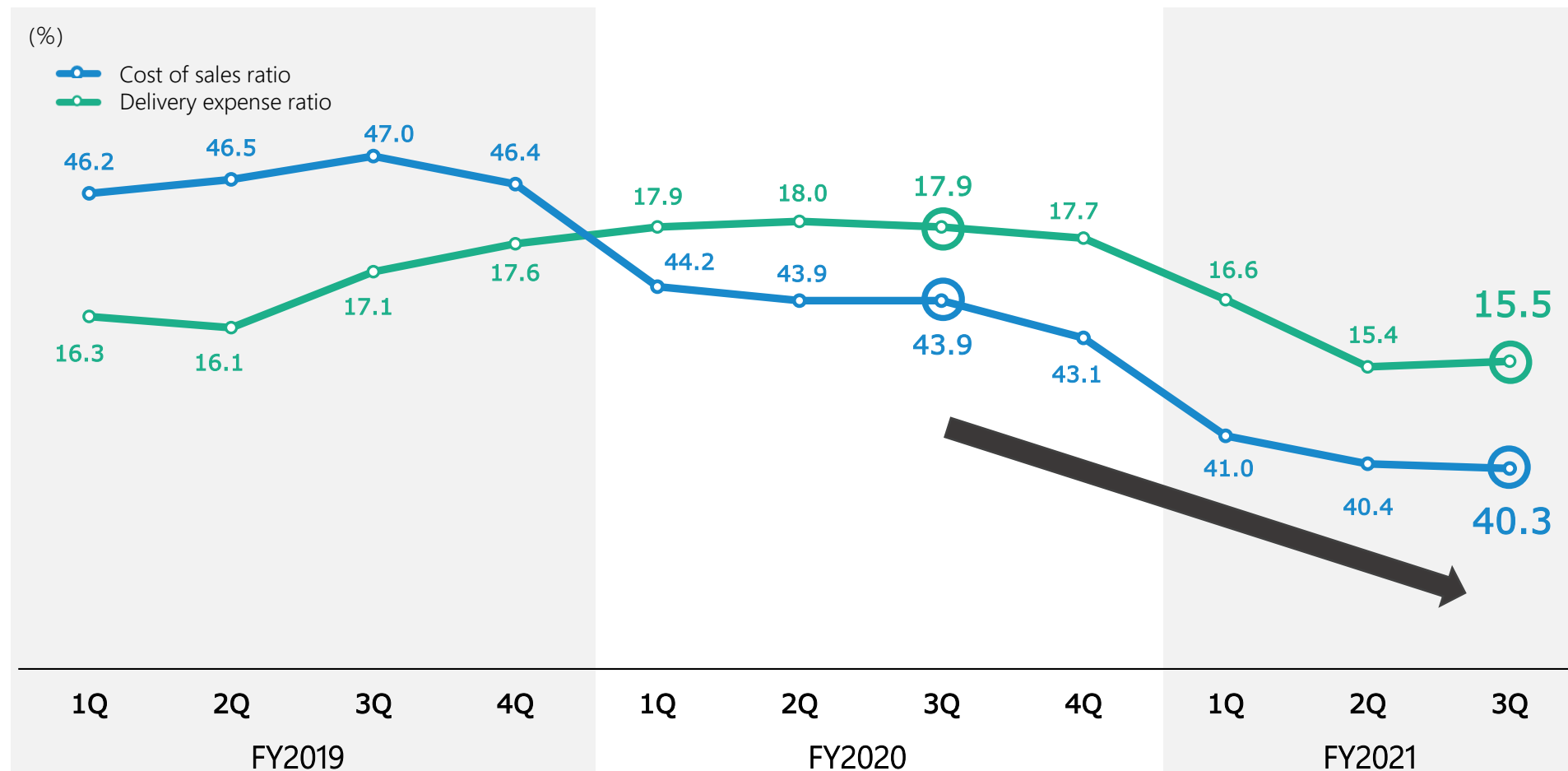


(*1) The PayPay Mall store is a sales channel referred to as the Yahoo shopping store in previous fiscal years.

LOWYA Business: Cost of Sales Ratio and Delivery Expense Ratio

Continuous cost reductions have proven effective, and cost of sales ratio and delivery expense ratio reached a level where stable business operation can be maintained

However, cost of sales ratio may be affected if a shortage of marine containers, a matter of recent concern, persists for a long term. Trends must 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: 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 ending March 31, 2021		
	1Q (Apr.-Jun.)	2Q (Jul.-Sep.)	3Q (Oct.-Dec.)	4Q (Jan.-Mar.)	1Q (Apr.-Jun.)	2Q (Jul.-Sep.)	3Q (Oct.-Dec.)
Overall							
YoY number of visitors (%)	91.3	101.2	91.9	112.6	182.5	136.5	127.1
YoY average customer spend (%) (Note 1)	114.5	120.8	113.4	106.8	105.3	106.8	116.4
YoY CVR (%) (Note 2)	96.9	96.9	86.3	91.6	88.0	87.3	96.4
Number of products (Note 3)	1,930	1,951	1,763	1,709	1,603	1,556	1,485
Number of new products introduced	57	55	78	57	61	34	98
Average settlement rate (yen)	107.70	107.37	107.57	108.69	107.40	106.38	105.24
Flagship store							
YoY number of visitors (%)	99.0	127.4	140.1	178.6	297.4	199.8	173.2
YoY average customer spend (%)	114.1	107.5	108.5	97.0	89.1	91.2	99.4
YoY CVR (%)	103.9	111.7	94.2	101.1	114.9	110.3	119.4

(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

LOWYA Business: Trial phase starts to make LOWYA a platform

Commenced offering products of other companies' brands at the flagship store

Moved into a trial phase in November 2020



KARE

A brand originated in Munich, Germany developing design-conscious furniture and sundries with over 250 stores in 60 counties across the globe



SURF

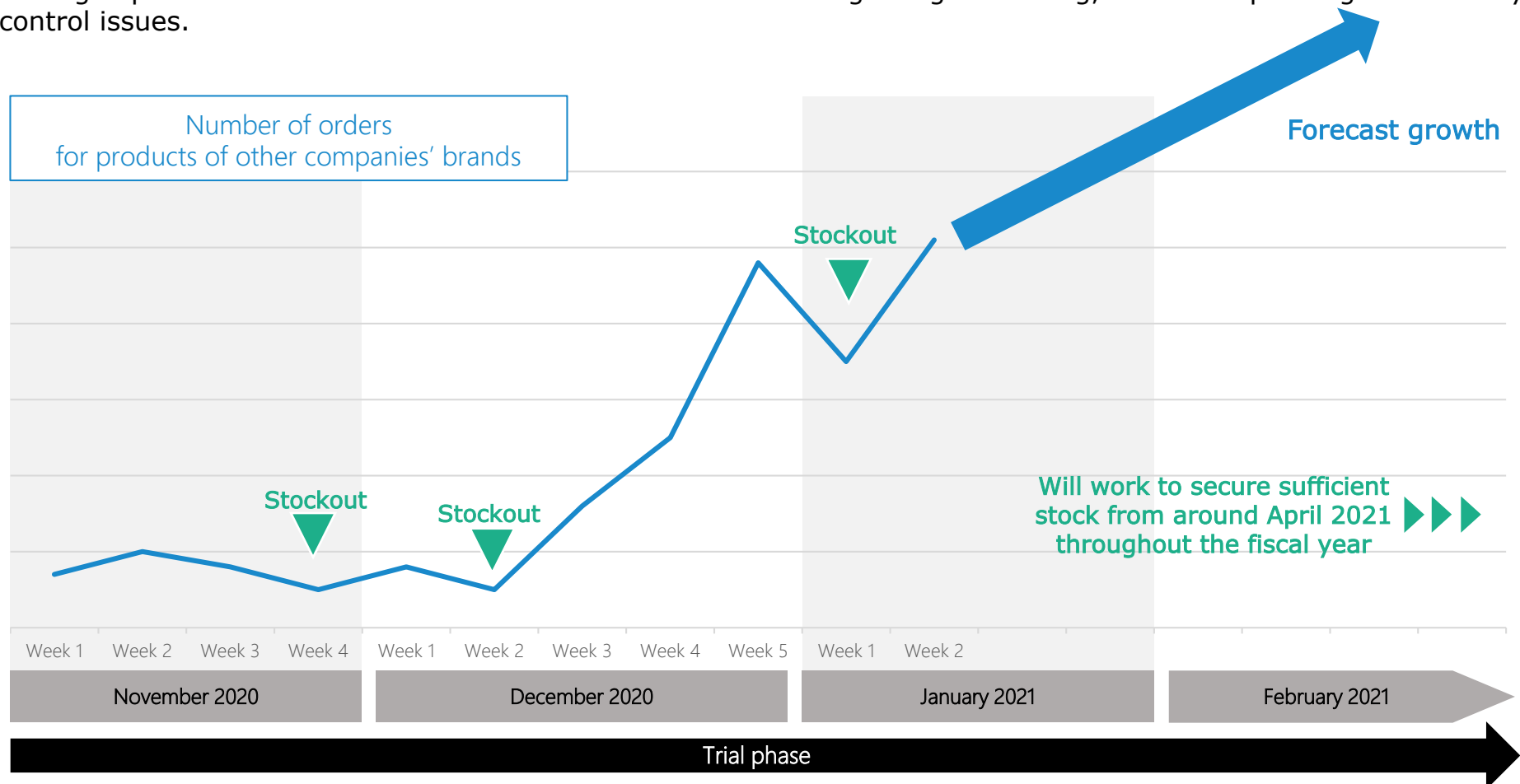
A lifestyle shop targeted at people who enjoy both city life and nature under the concept of URBAN. SURF. NATURAL.



LOWYA Business: Trial phase starts to make LOWYA a platform

Gaining visitors after the system replacement without any issues, we saw a steady increase in the number of orders

Having experienced stockout due to favorable sales from the beginning of offering, we are responding to inventory control issues.



LOWYA Business: Trial phase starts to make LOWYA a platform

Expand both product brands and categories primarily for sundries

36 KARE products and 21 WTW products * As of January 2021

Actively market products of other companies' brands to increase touchpoints with customers

KARE



WTW



LOWYA Business: Renewal of official application

With enhanced shopping convenience on smartphones,
the application was highly rated after the renewal



4.8 / 5

596件の評価

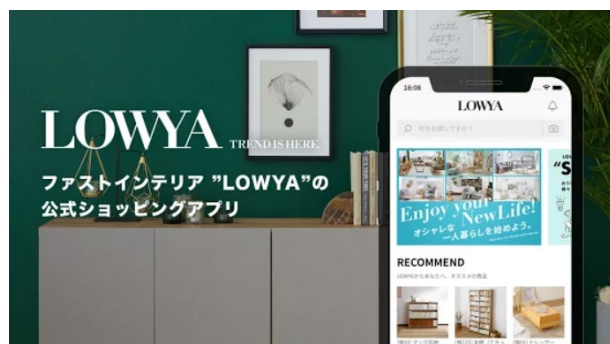


4.1



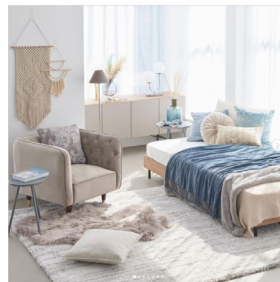
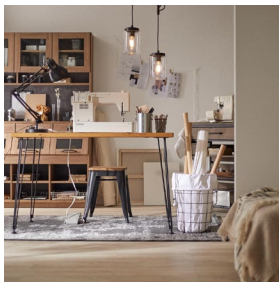
67件 (合計)

- Smooth browsing of products on smartphones
- Equipped with AR, LOWYA 360 and other technologies
- Push notification about sale and new product information
- Favorites registering function
- Restocking notice
- LOWYA points are awarded



LOWYA Official Instagram - Number of followers exceeds 600,000

Gains followers at the rate of 100,000 persons per 3 months



(*) Number of followers as of January 2021

LOWYA Business: Exclusive Flagship Store Project "LOWYA ADDICT"

Special website featuring cinematic product lineup themed on '90s Romance

LOWYA ADDICT

The Lowya is Yours.

ある男女の非日常にフォーカスを当てた
シネマチックなNew LOOK。

The Story Is In Your Heart. -90's Romance-

01



2-SEATER SOFA
SIZE: W186xD81xH76cm
COLOR: Camel / DarkGray / Black



04



DINING TABLE SET
SIZE: (Table)W140xD80xH75cm (Sofa)W64xD65xH78cm
COLOR: Brown+Black



LOWYA Business: Winter interior arrangements

Interior arrangements focused on a sense of season and tastes



MODERN



NATURAL



VINTAGE



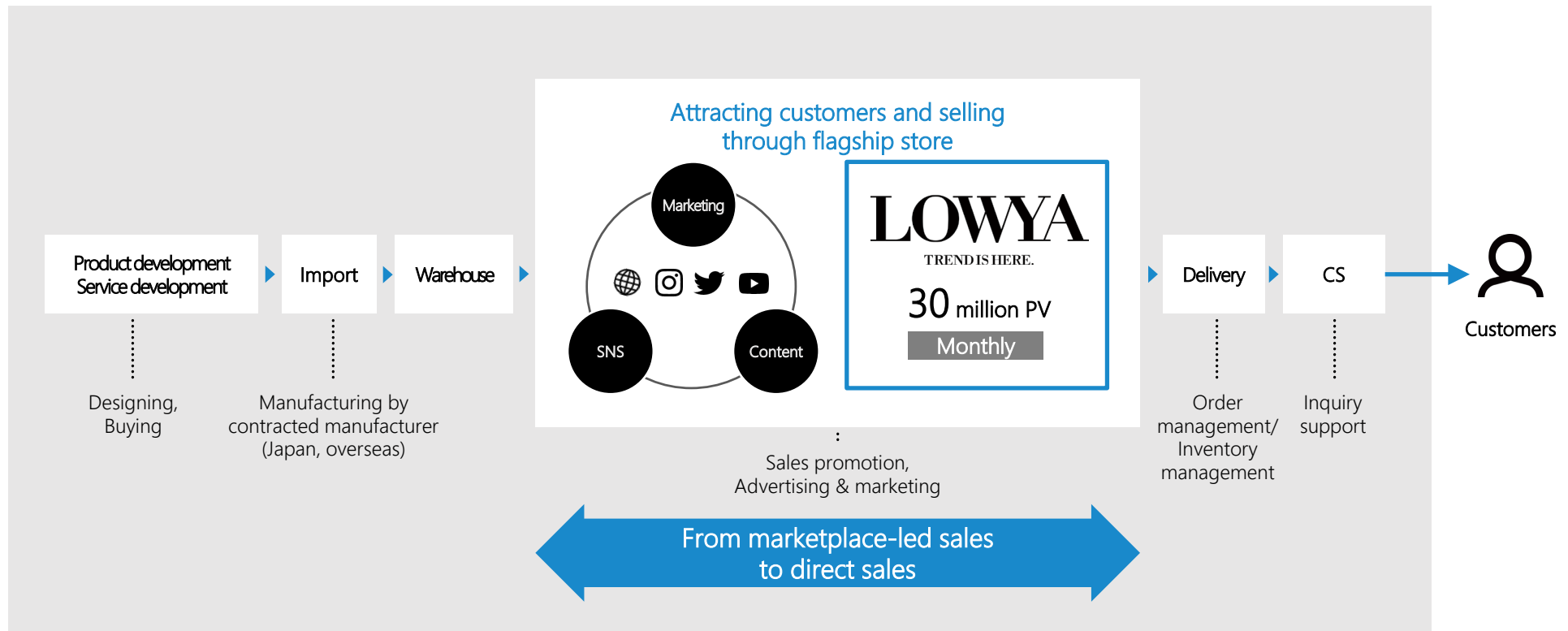
NORDIC



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



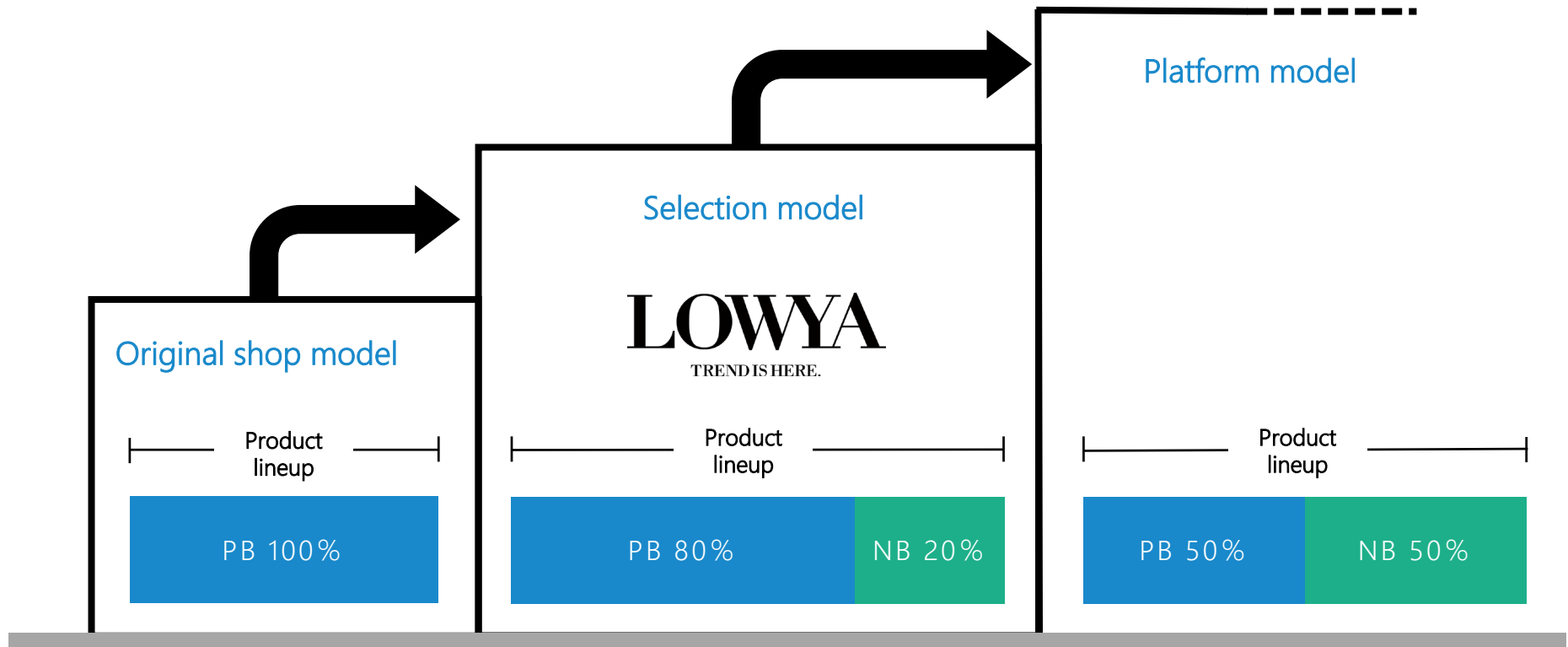
*D2C (Direct to Consumer) is a format of business that involves direct sales exclusively online.

Future Development: Business Model Transformation

Expand product categories in line with the increase in visitors

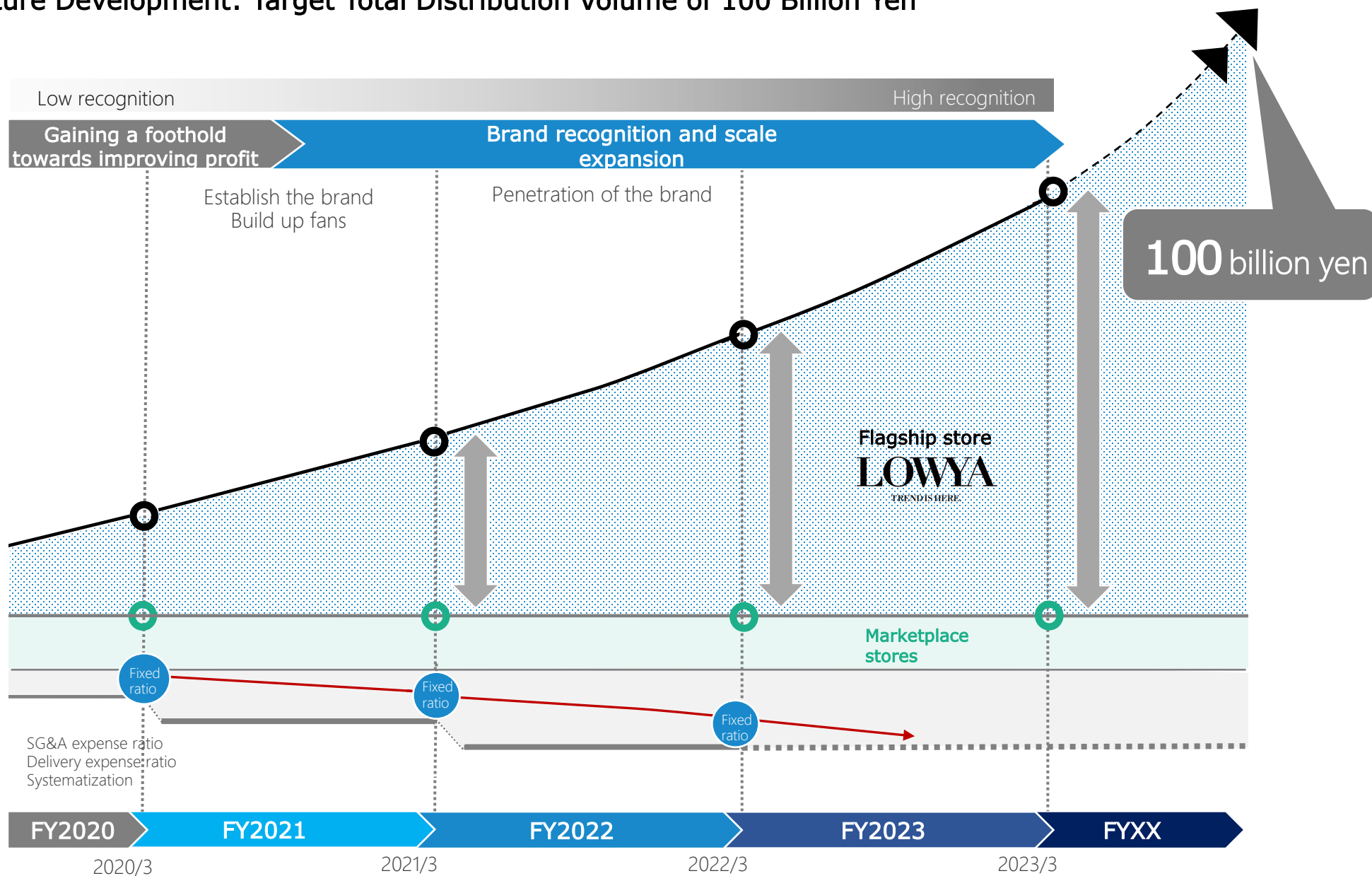
Commence offering products developed by other companies in addition to existing products we developed

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

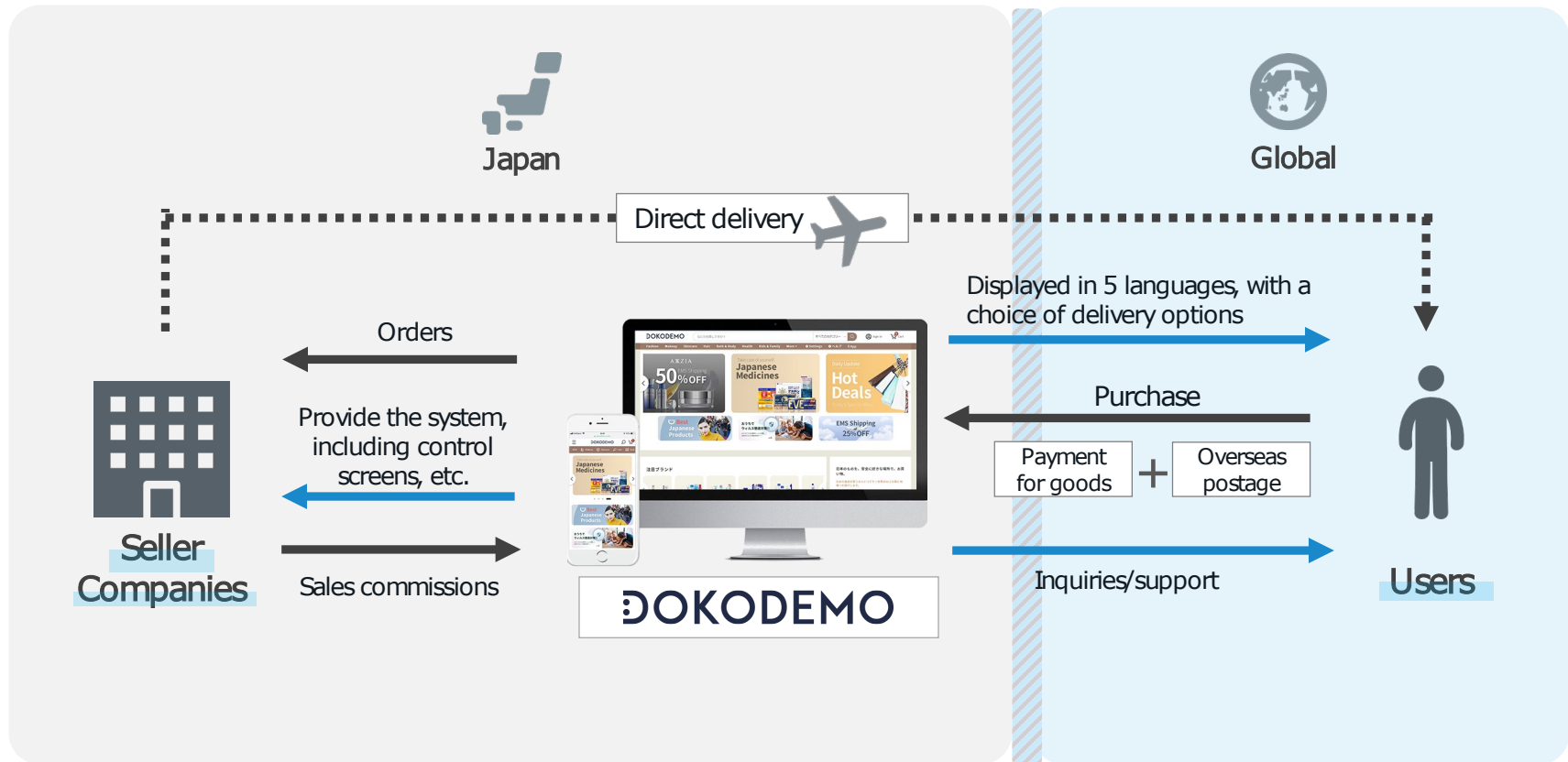


3 | Report on DOKODEMO Business

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

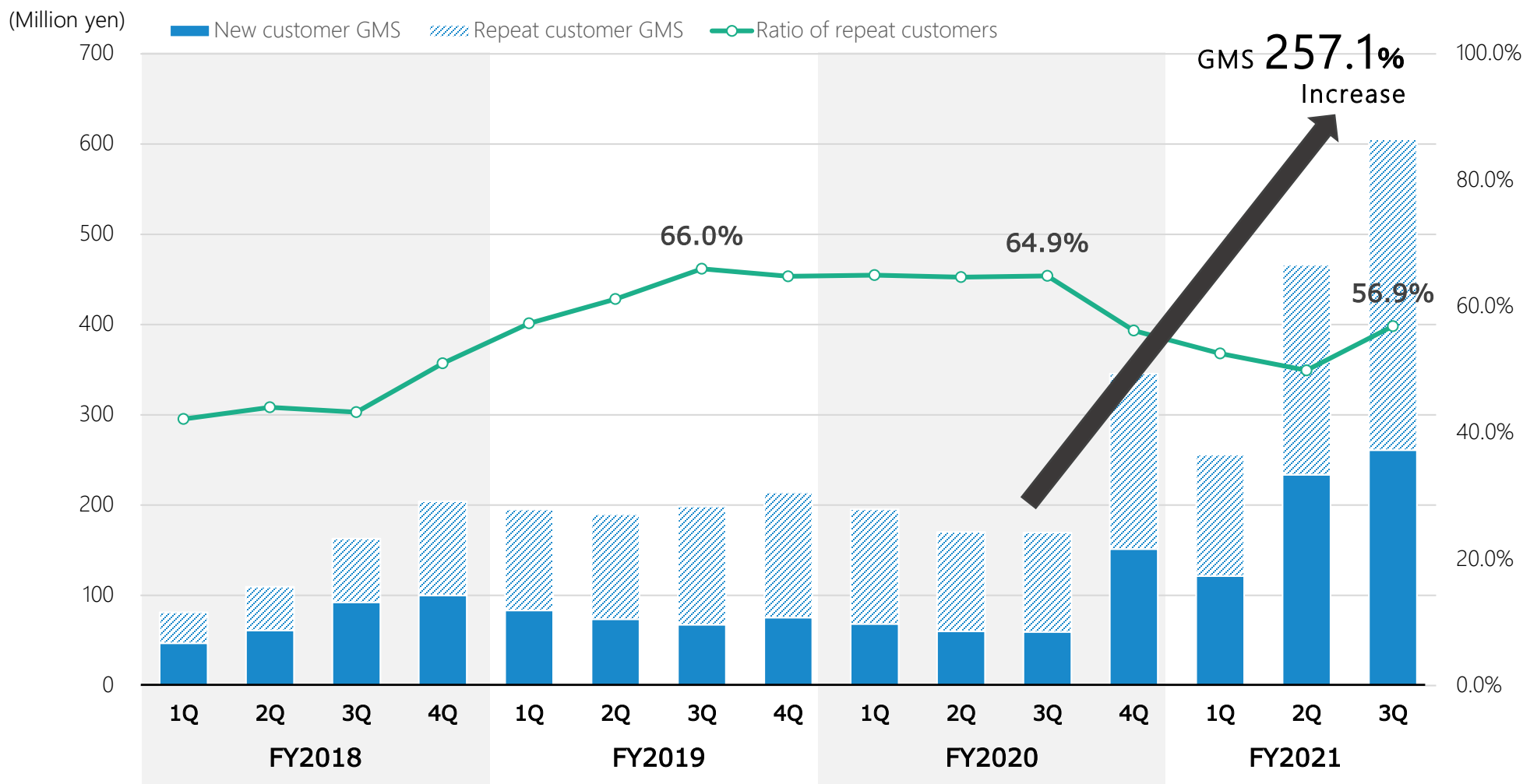
The number of products and the number of brands decreased YoY, as handling of reusable products declined due to the partial suspension of logistics, but the decrease had only a limited impact on the business

Item	Three months ended Dec. 31, 2019	Three months ended Dec. 31, 2020	YoY
Gross Merchandise Sales (million yen)	169	605	357.1%
Membership (thousand people)	466	678	145.4%
Number of APP DLs (thousand)	912	1,134	124.3%
Purchase price per person (yen)	7,561	9,954	131.6%
Number of products (thousand)	318	44	13.8%
Number of brands	1,682	1,112	66.1%
Deliveries * Number of countries and regions to which deliveries were made	99	99	100.0%

DOKODEMO Business: Gross Merchandise Sales (GMS)

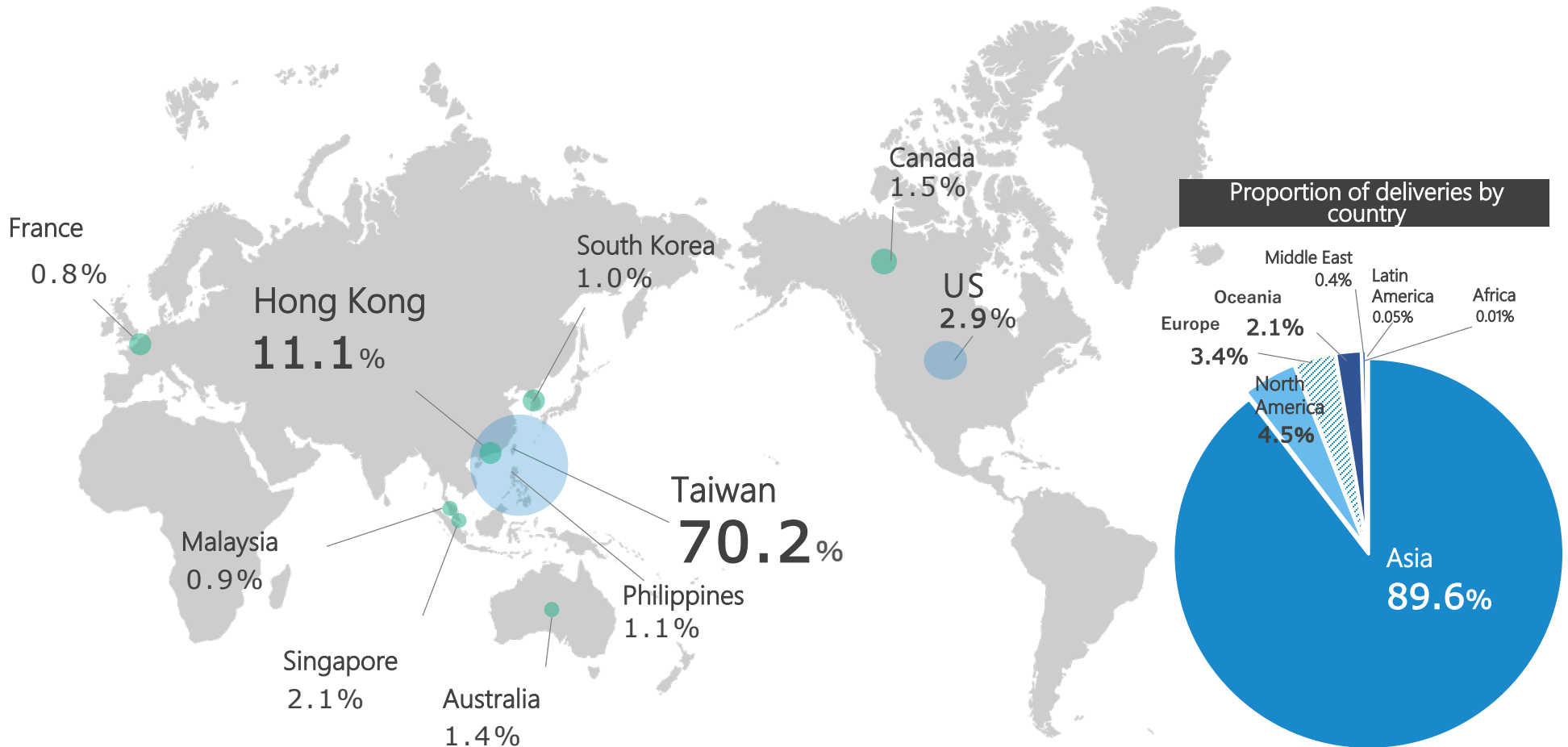
GMS grew by **257.1%** YoY

Repeat customer GMS remained high, accounting for **56.9%**



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 September 2020 to December 2020.

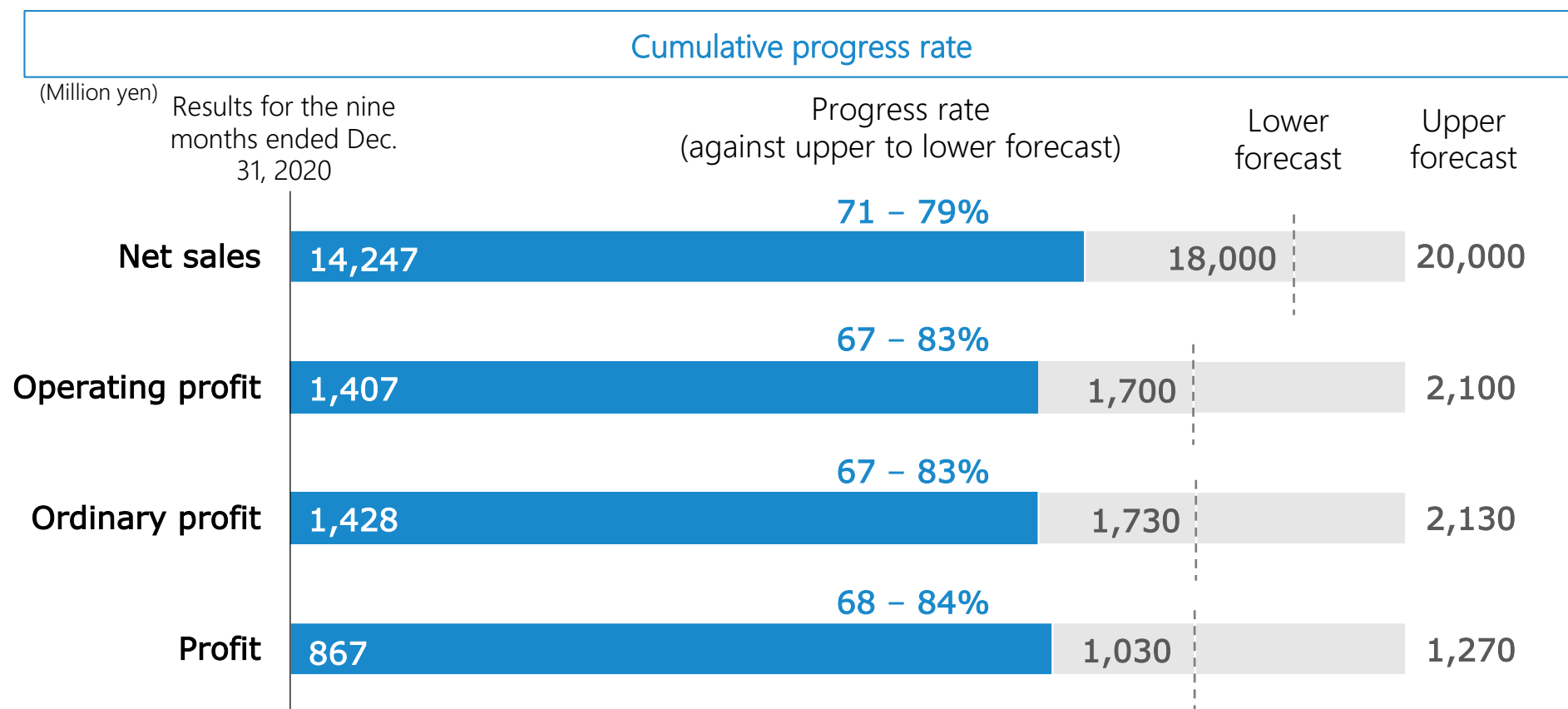
4

Financial Results Outlook

Cumulative Progress Rate

Full-year forecast remains unchanged after the impact of the second declaration of a state of emergency was taken into account

A cumulative progress rate of approx. **80%** was achieved against the lower forecast range for all indicators during the nine months ended December 31, 2020



5 | Return to Shareholders (Dividends and Benefits)

Dividends

We plan to pay our first dividends since listing (10 yen per share) in FY2021

First, we aim to pay dividends at DOE* of around 2.0% consistently from FY2022 onward

*DOE: Dividend on Equity Ratio

Our stance on dividends

- Focus on growth over the medium to long term, place top priority on securing internal reserves as a source for aggressive investments
- Meanwhile, LOWYA business has reached a stage where a certain level of profit is generated stably
- Continue to pay dividends for a stable return to shareholders with reference to shareholders' equity, which is less fluctuant compared with profit, considering the above

(Reference) Provisional DOE calculation for FY2021 based on the full-year forecast (lower forecast) (Using the average of shareholders' equity during the period)

$$\text{DOE } 2.5\% = \text{ROE } 24.0\% \times \text{Dividend payout ratio } 10.2\%$$

Benefits

Shareholders as of March 31, 2021 who hold one unit of shares (100 shares) or more can choose one of the shareholder benefit options (1) and (2) below.

Details of benefits	
Number of shares held	Details
100 shares or more	(1) 20% discount coupon for the LOWYA flagship store
	(2) Donation worth 1,000 yen (to public interest incorporated foundation, Chinjuno Morino Project)

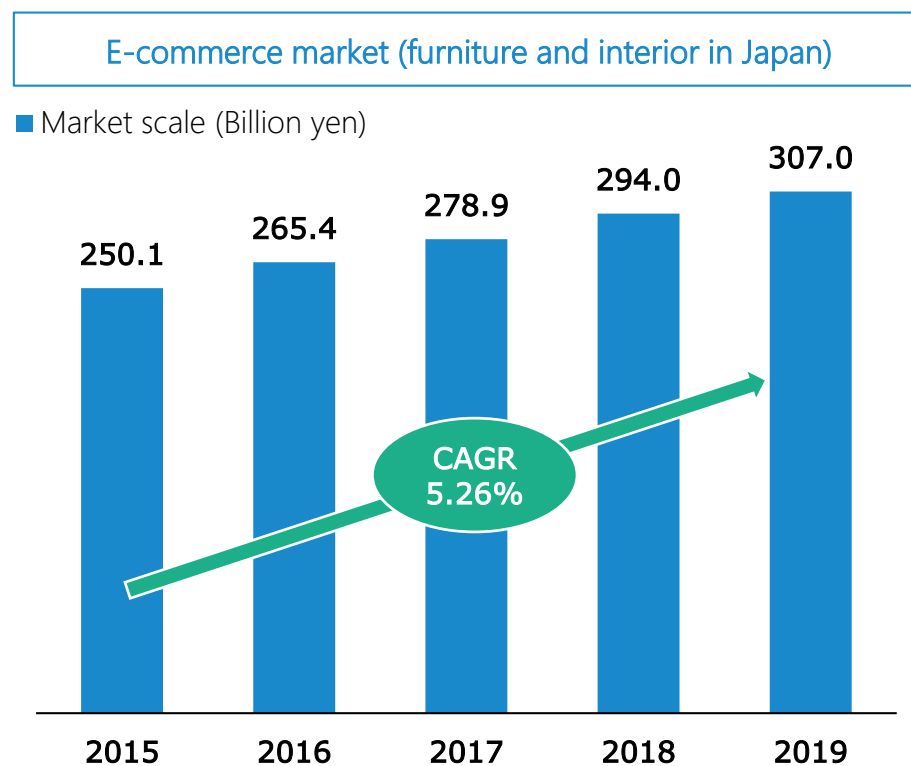
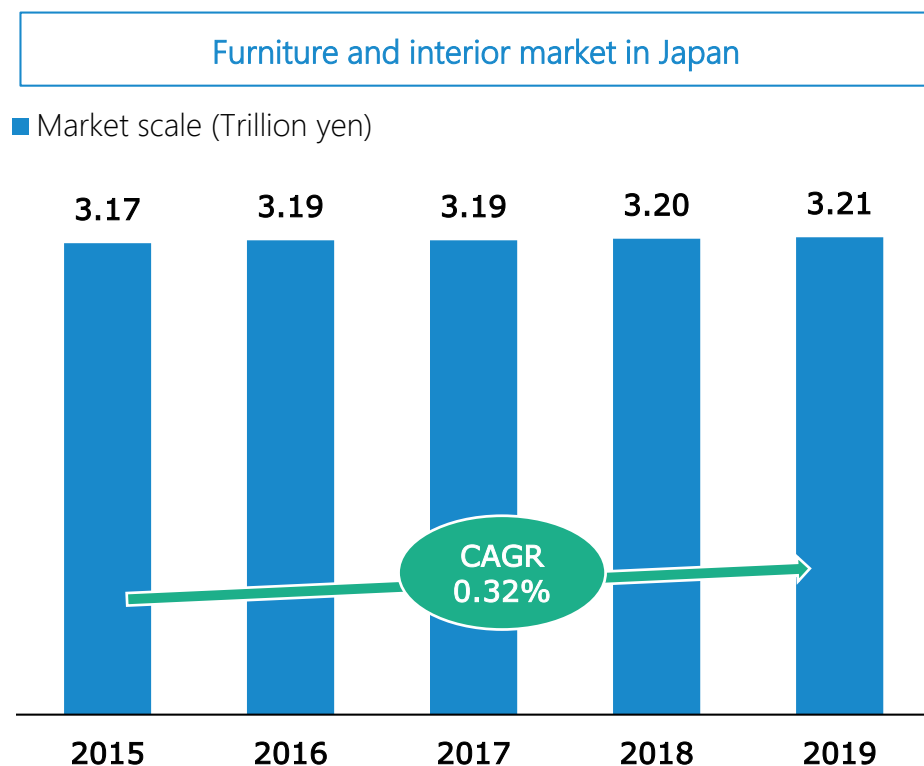
* For details of the “(1) 20% discount coupon for the LOWYA flagship store,” please refer to the document enclosed with the Notice of the Annual General Meeting of Shareholders scheduled to be sent in early June 2021.

6 | Appendix

Appendix: LOWYA Business / 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



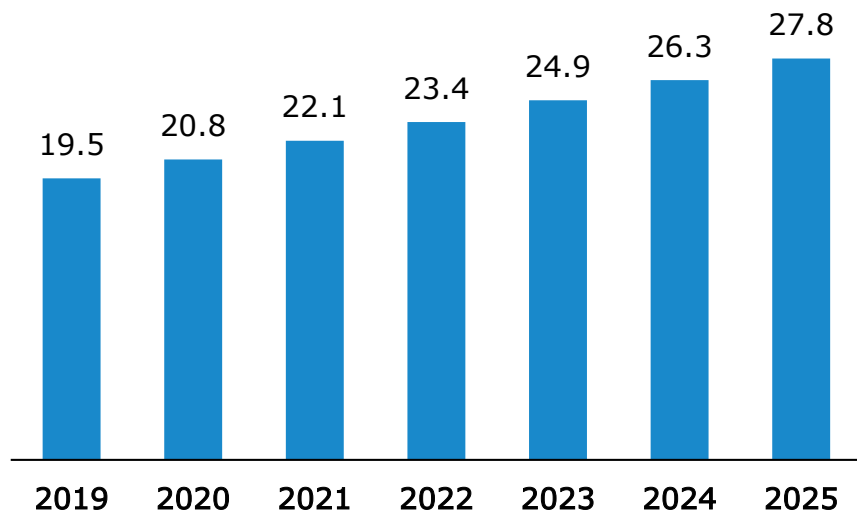
Source: Prepared by the Company based on "Home Furnishings in Japan, May 2020" issued by Euromonitor

Appendix: LOWYA Business / Furniture and Interior E-commerce Market Scale [Growth (2)]

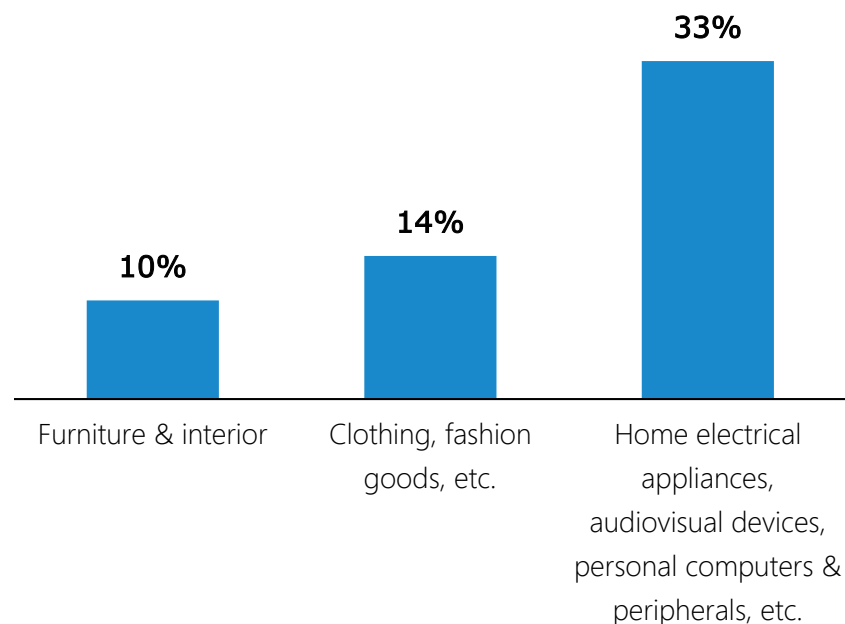
Further growth in the scale of the Japanese B to C e-commerce market was forecast even before the advent of the novel coronavirus

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.

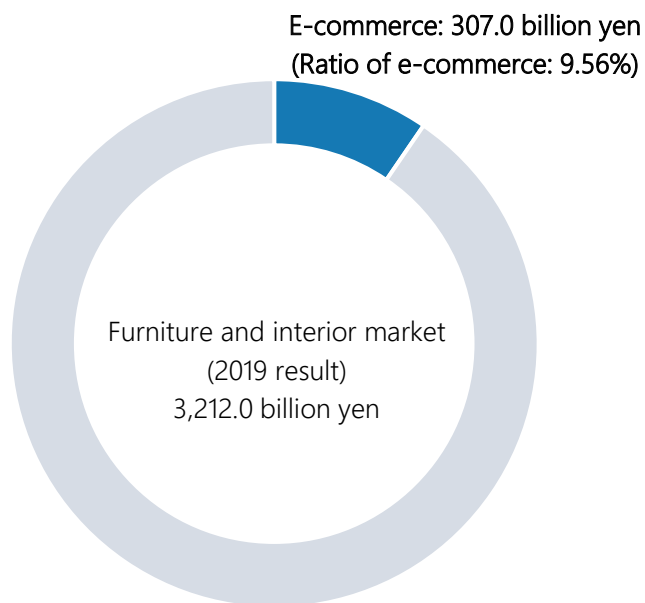
Figures for home electrical appliances, audiovisual devices, personal computers & peripherals, etc. was prepared by the Company, based on "FY2019 Global Economy Survey for Formulating an Integrated Domestic and External Economic Growth Strategy (E-Commerce Market Survey)" issued by the Ministry of Economy, Trade and Industry.

Appendix: LOWYA Business / Furniture and Interior E-commerce Market Scale [Short- to Medium-term Outlook]

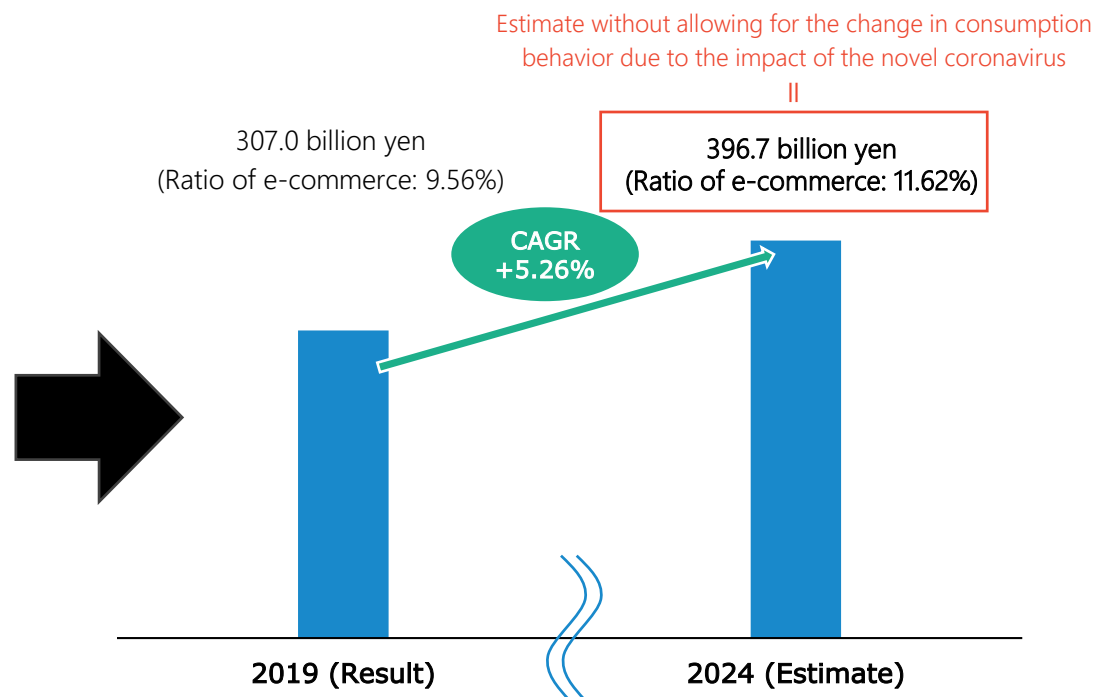
If it is assumed that the past growth rate will continue, the furniture and interior e-commerce market is expected to grow to 396.7 billion yen by 2024

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

Appendix: LOWYA Business / 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

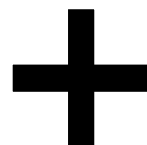
Examples:

Home appliances, excluding large home electric appliances

841.7 billion yen

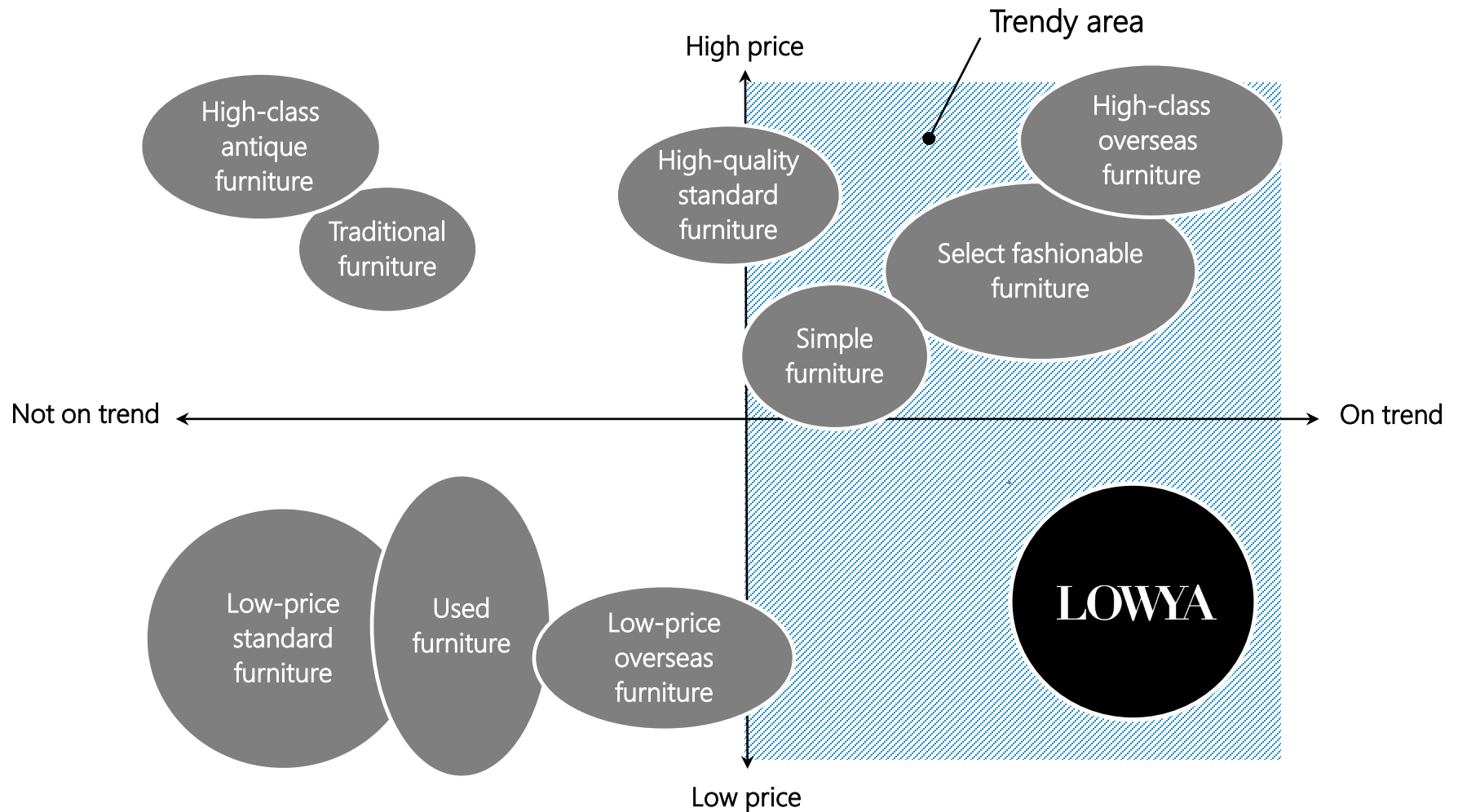
Plastic goods for daily use and sundries

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.

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

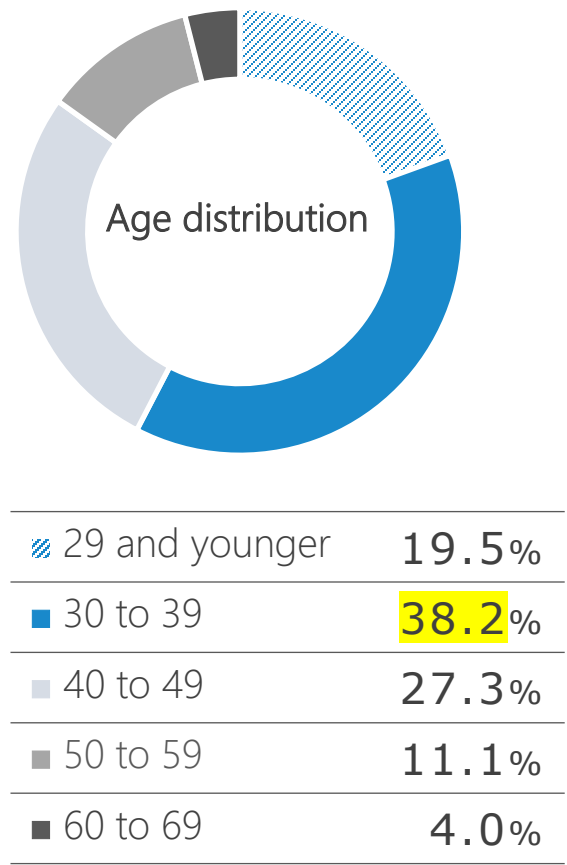
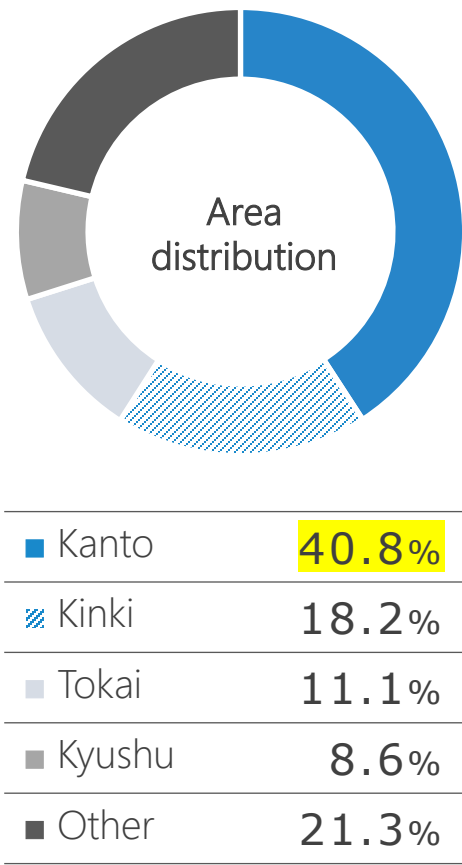
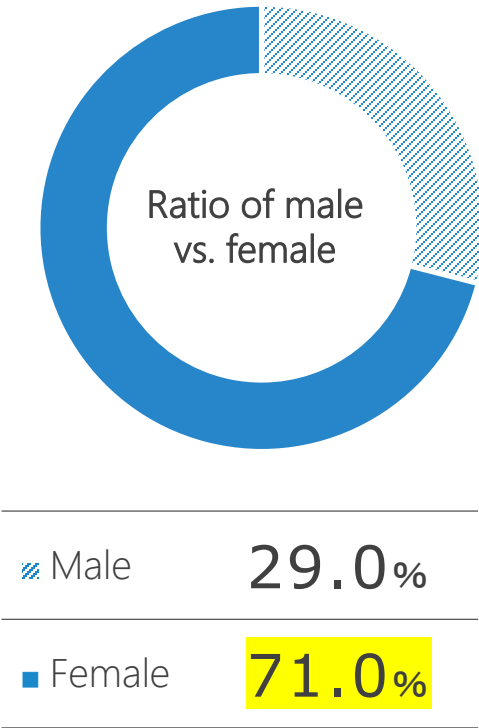


LOWYA
TREND IS HERE.

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
(October 2020 to December 2020)

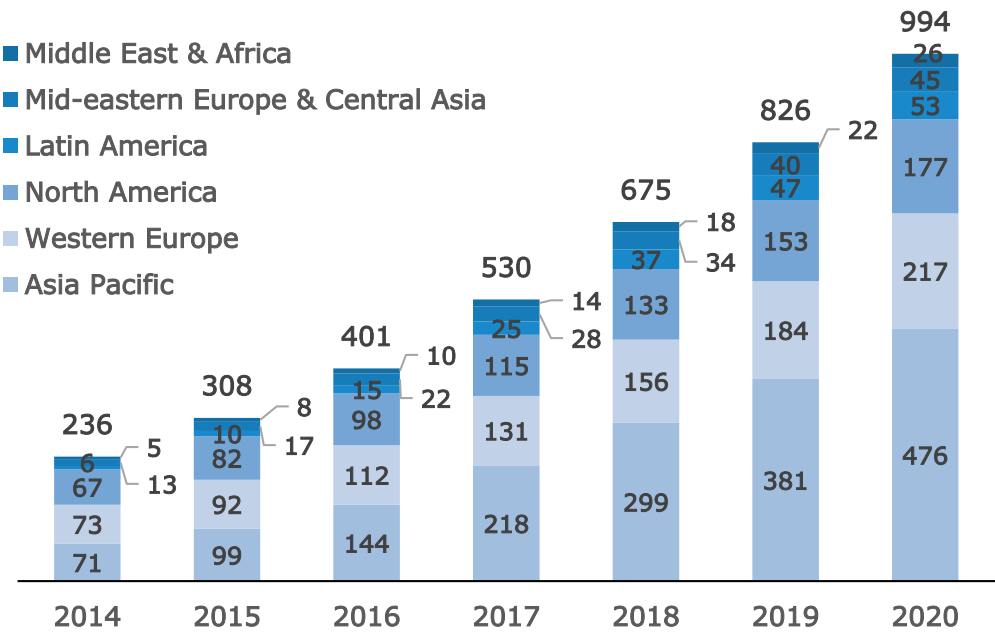


Appendix: DOKODEMO Business / Market Scale

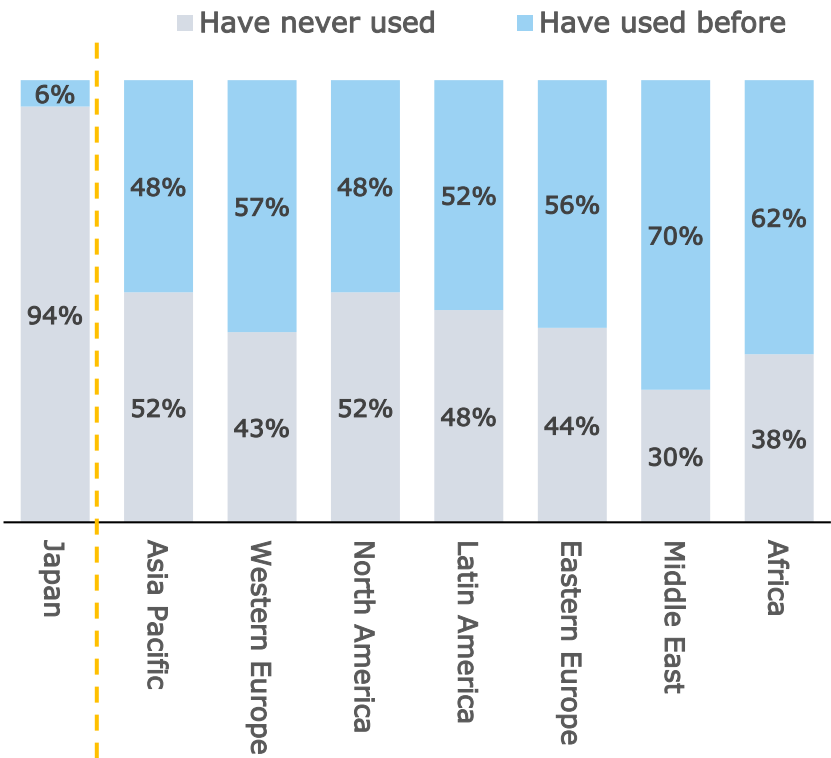
B to C cross-border e-commerce is a giant, trillion-dollar market

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.

IR Inquiries

vega_ir@vega-c.com



VEGA corporation

Views and forecasts in this document were prepared based on the judgment of the Company at the time of preparation. 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. The Company shall not bear any future obligation to update or revise the information contained in this document, even in the event of new information, future events, etc.