

# FY2022 Financial Results Forecast and Mid-Term Management Policy for LOWYA Business

May 14, 2021

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

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



**VEGA** corporation

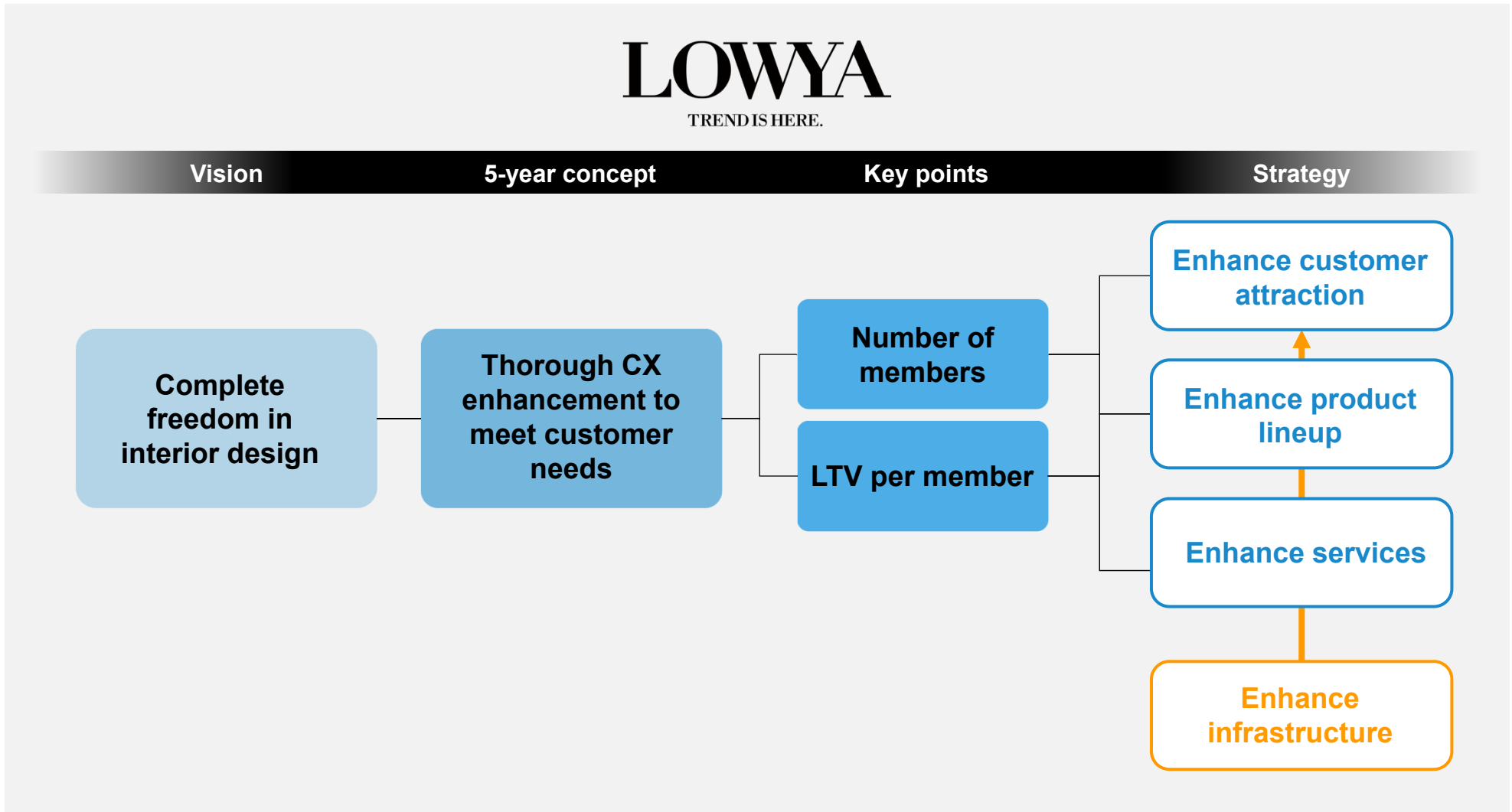
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# 1

## Mid-Term Management Policy for LOWYA Business

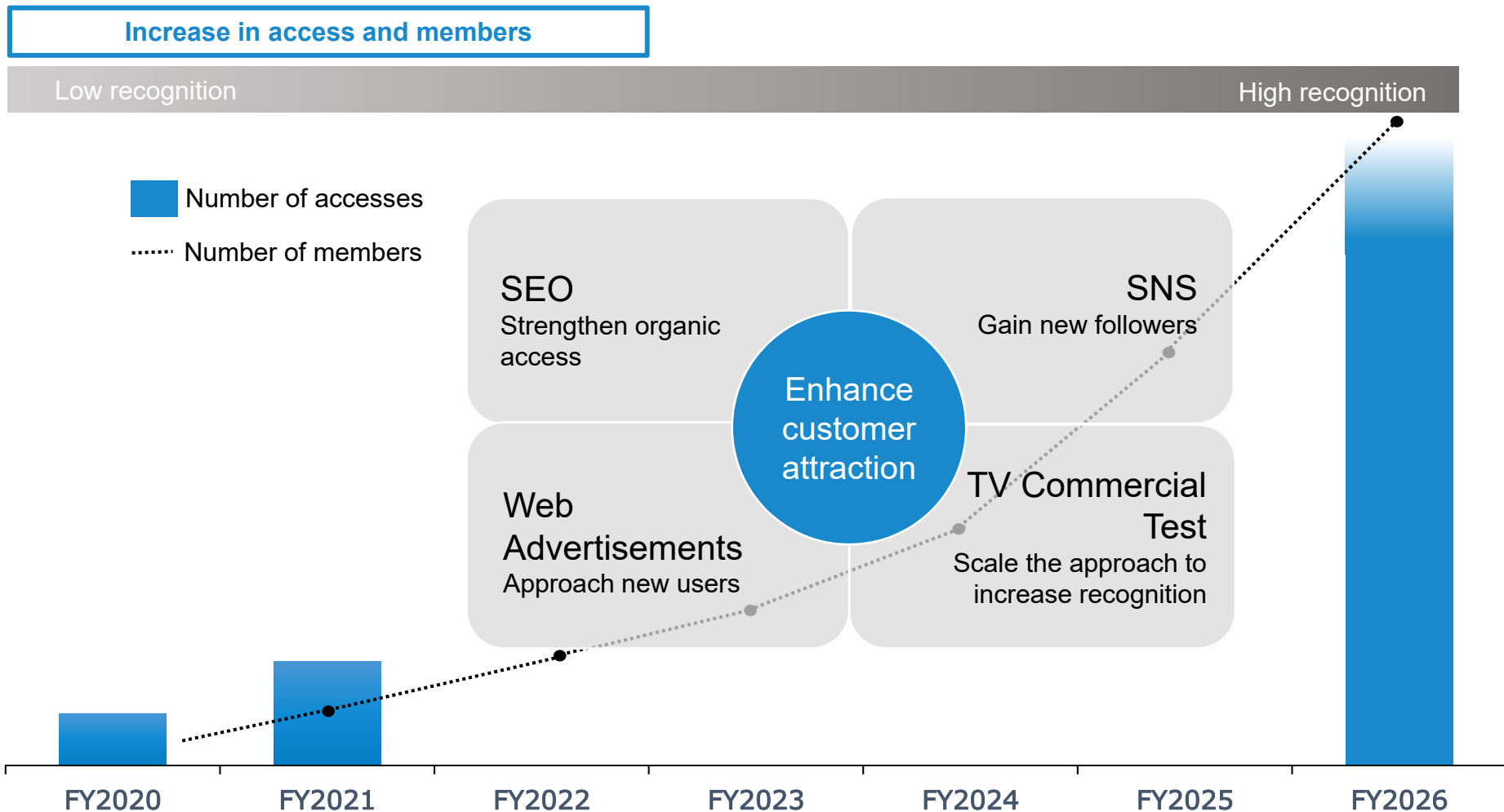
## Five-year Outlook for LOWYA Business

Thoroughly enhance customer experience (CX) based on two key points



# Enhance Customer Attraction

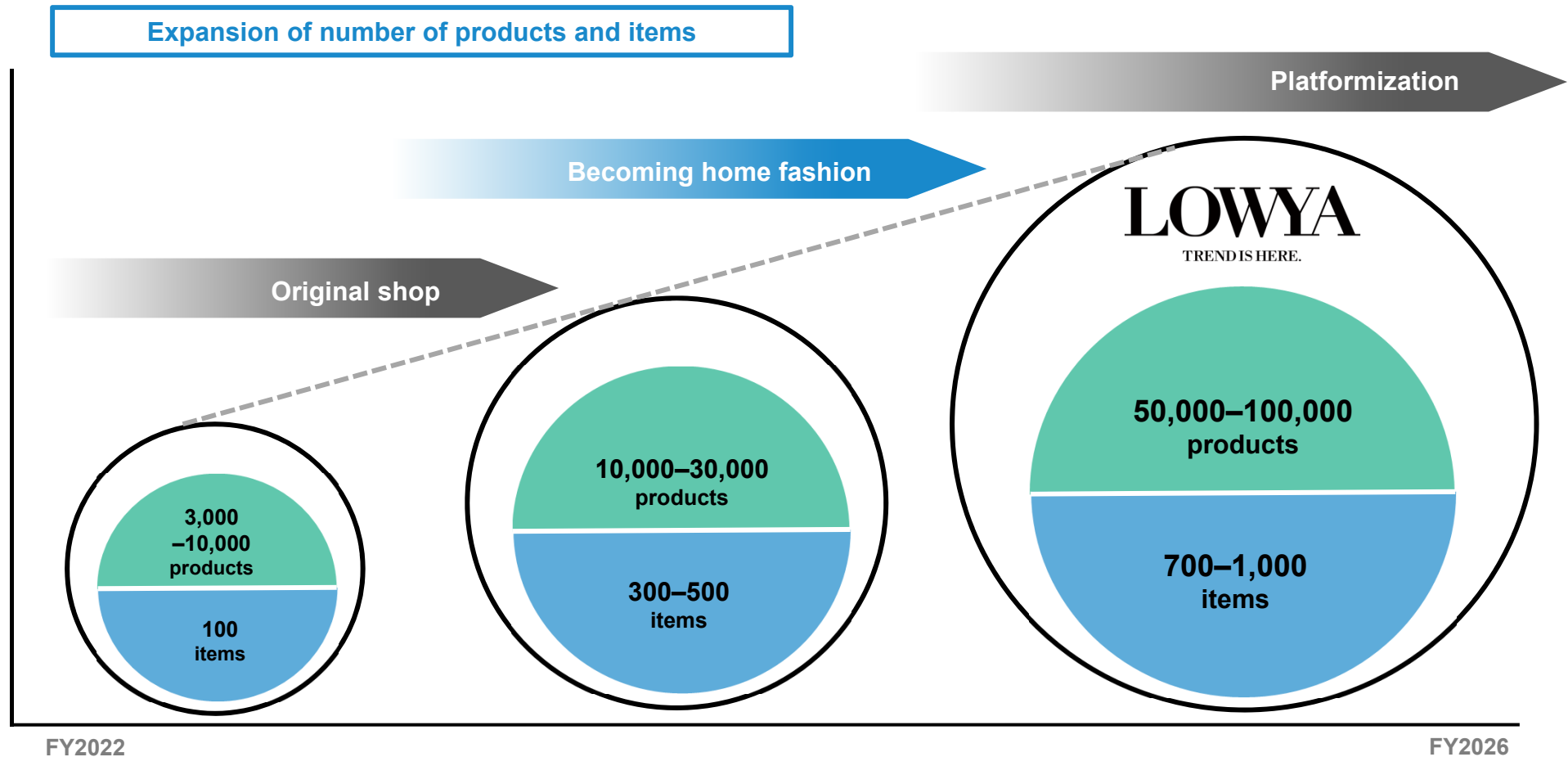
Aiming to increase the number of accesses and members with enhanced promotion



# Enhance Product Lineup

## Expand the number of products and items for platformization

Enriching sundries for home fashion

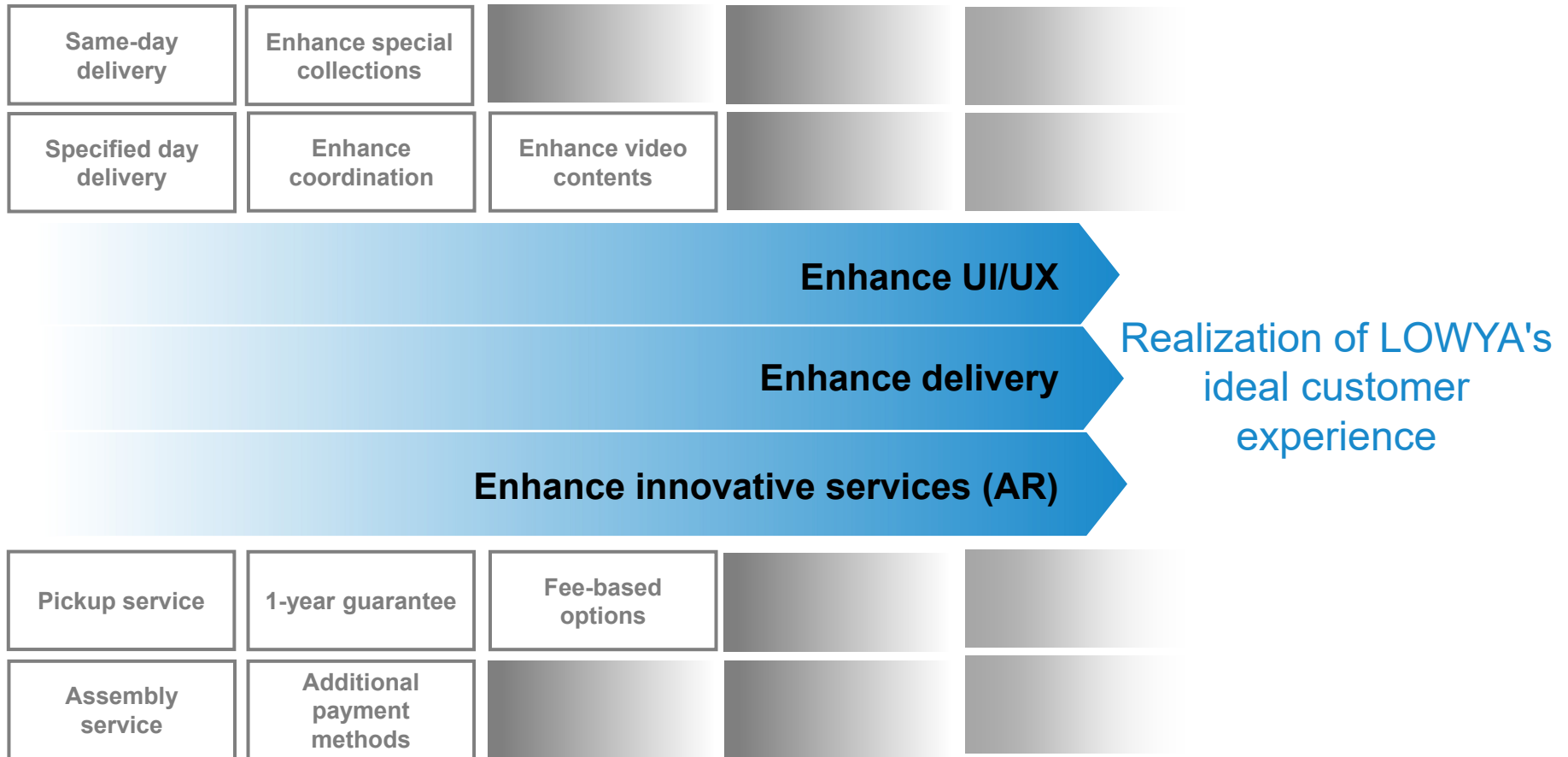


Note: The actual numbers of products and items may differ from those shown here.

## Enhance Services: Policy

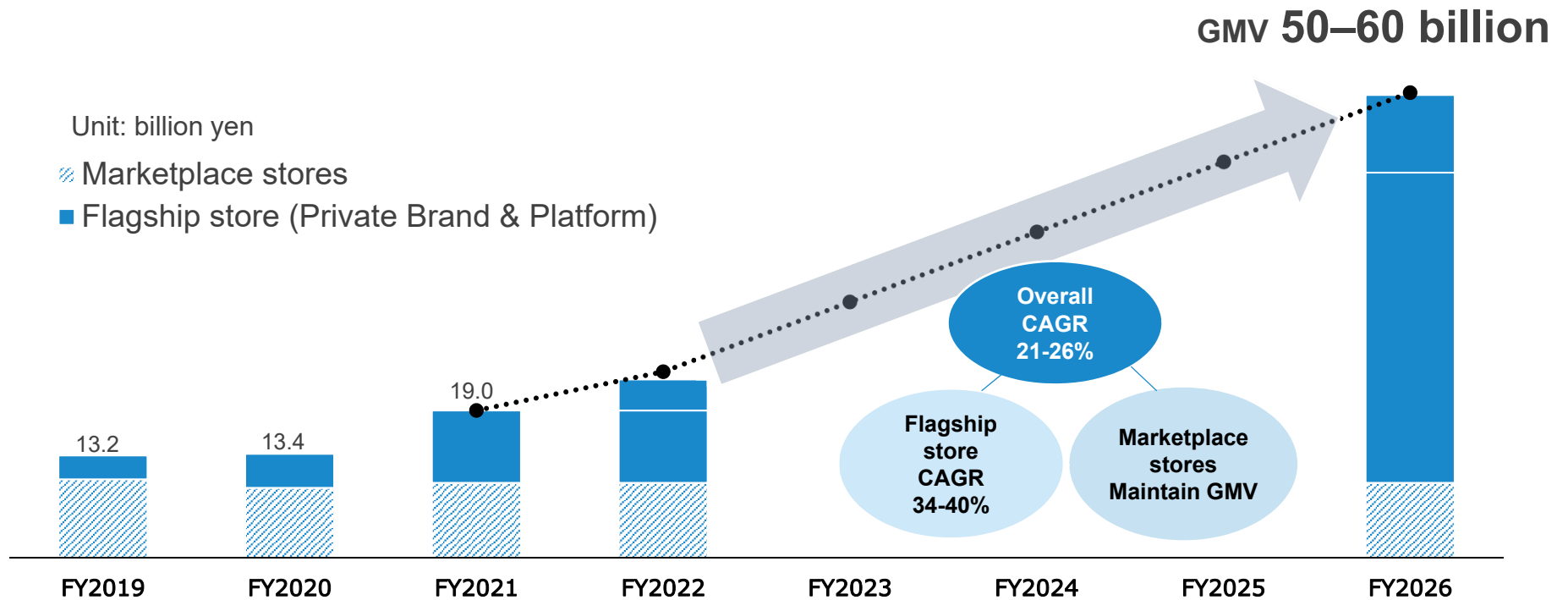
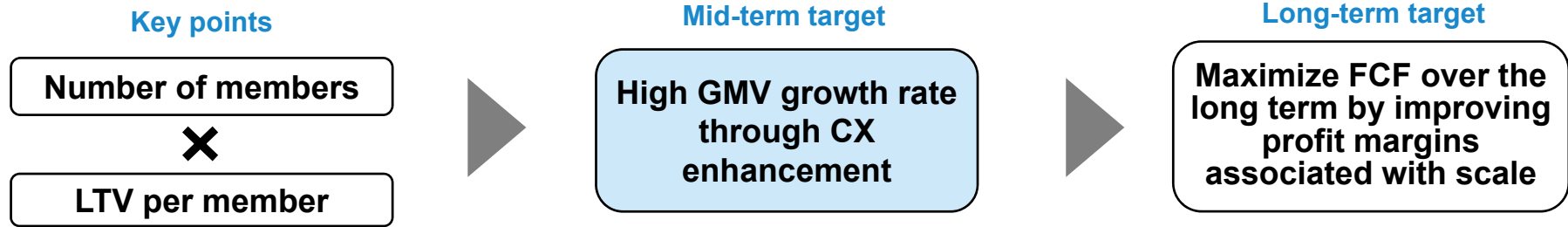
### Enhance services to maximize LTV

Increase the rate of repeat customers by enhancing services to meet customer needs



# GMV Target

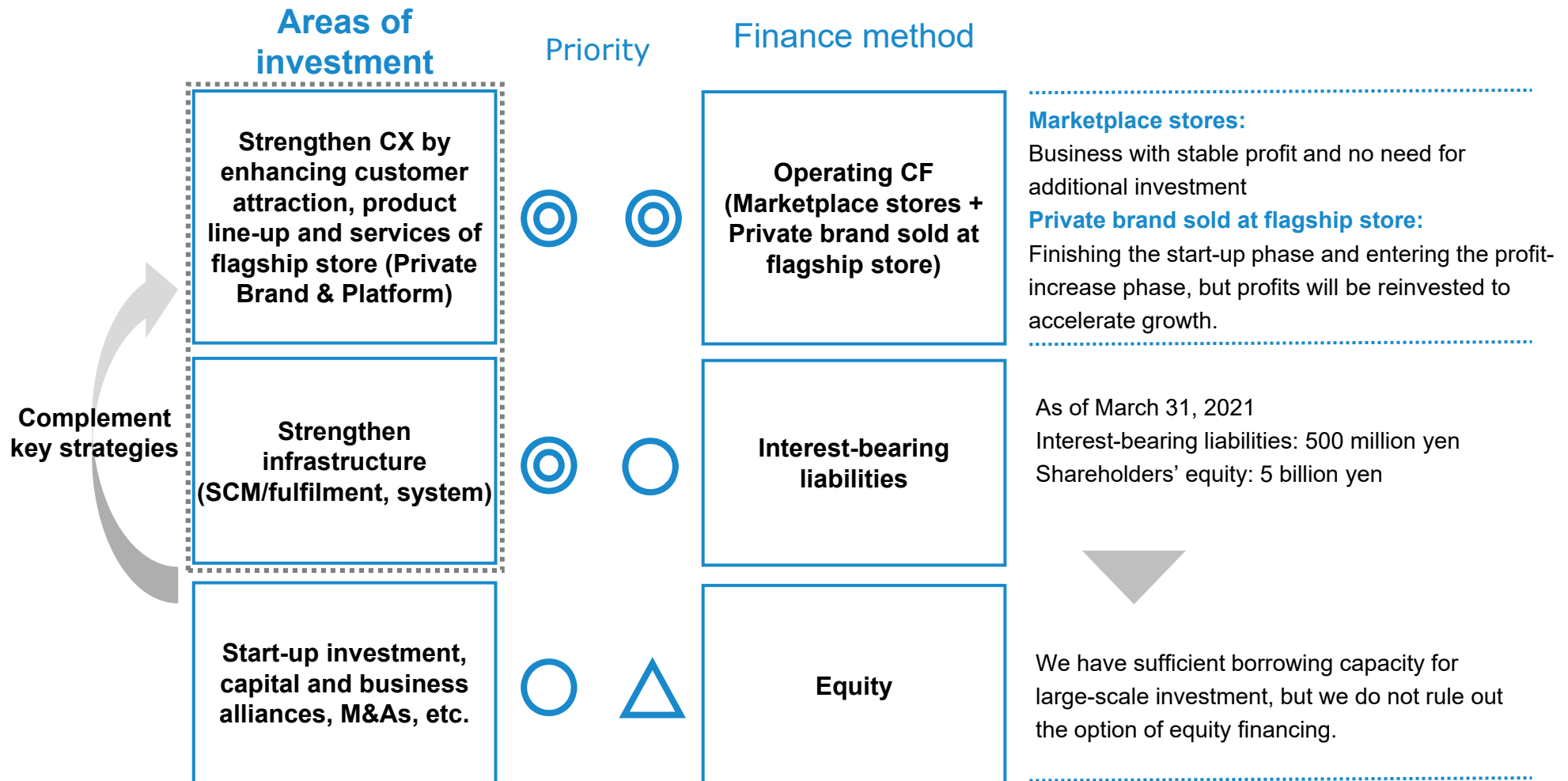
Target GMV growth of 21-26% CAGR over the medium term by strengthening CX





## Invest Aggressively

In addition to cash flow from marketplace stores and the flagship store's private brand, we plan to use interest-bearing liabilities to invest aggressively in order to achieve our five-year vision.



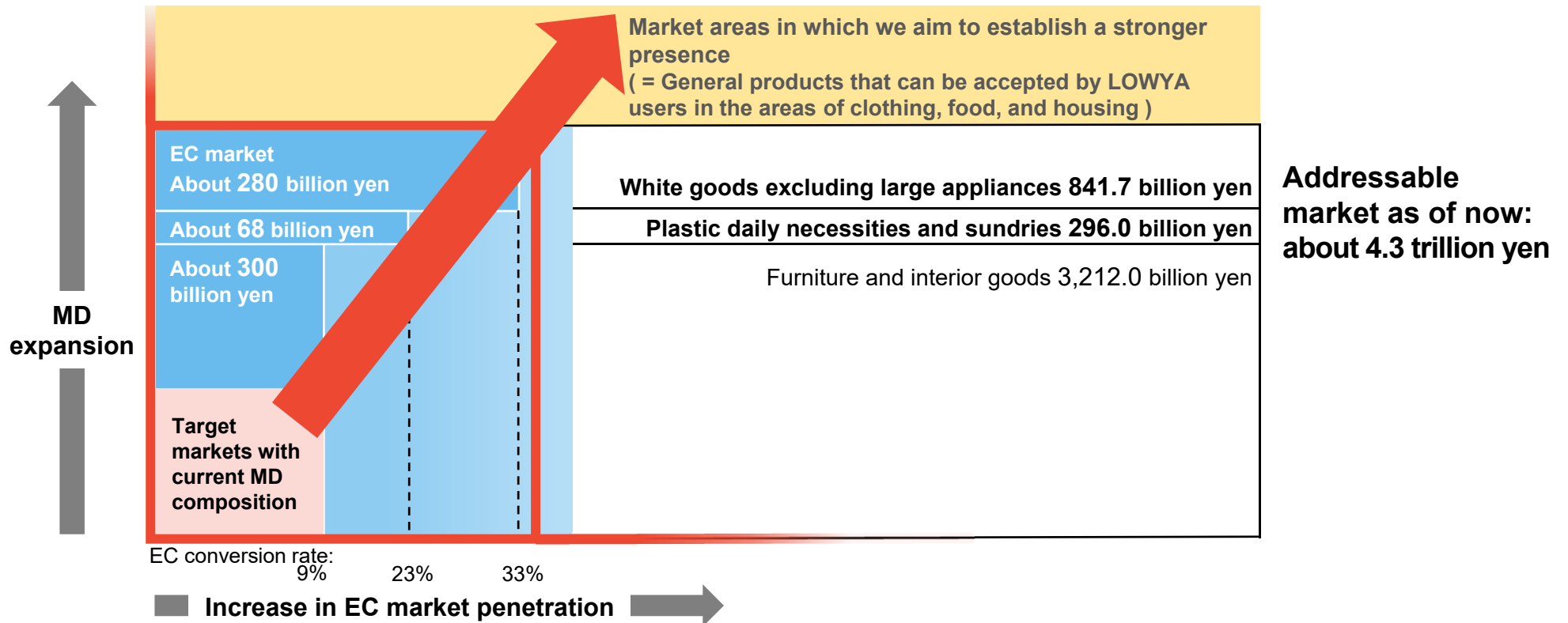
## Outlook for the Furniture and Interior EC Market

**There is ample room for growth as the target market will expand in line with the expansion of merchandising (MD) and the progress of EC.**

$$\text{Target market} = \text{Market size of the furniture, interior and peripheral areas} \times \text{EC market penetration} \times \text{Coverage ratio of MD (Private Brand \& Platform)}$$

### Targeted EC market size in the medium-term

(when the EC market penetration reaches 35%, the targeted market size will be approximately 1.5 trillion yen and more)



Source: The scale of the furniture/interior market and the EC market penetration are our estimates based on Euromonitor's "Home Furnishings in Japan, May 2020." The scale of the home appliances market is based on the Japan Electrical Manufacturers' Association's "FY2020 Outlook for Electrical Machinery and Apparatus," excluding room air conditioners, electric refrigerators, and electric washing machines. The scale of the plastic daily necessities and sundries market is based on the "Yearbook of Current Production Statistics: Paper, Printing, Plastics Products and Rubber Products Statistics" published by the Ministry of Economy, Trade and Industry. The scale of the EC market for home appliances and plastic daily necessities and sundries is our estimate based on the Ministry of Economy, Trade and Industry's "FY2019 Global Economy Survey for Formulating an Integrated Domestic and External Economic Growth Strategy (E-Commerce Market Survey)."

## **2** | **Financial Results Forecast**

## Financial Results Forecast (Approach to Additional Investment)

We will make additional investments on top of the expenses required for normal business operations, in view of the importance of mid-term GMV expansion in LOWYA business.

Unit: million yen

### Supplementary Explanation on Net Sales and Operating Profit

After applying  
the new revenue  
recognition  
standard (\*)  
Net sales

**19,000–20,500**

YoY 98.4%–106.1%

Applying the new revenue recognition standard (\*) retrospectively to sales in the previous fiscal year

YoY 103.4%–111.6%

#### LOWYA business:

The Company's market share is expanding, mainly through the flagship store.

However, we are making a wide range of assumptions regarding the size of the overall market, as there are many uncertain factors due to the novel coronavirus (impact of the emergency status declaration, implementation of consumption stimulus measures in tourism, food and beverages, etc., degree of demand recoil, etc.).

#### DOKODEMO Business:

Continued GMV expansion and associated fee income growth.

Before  
additional  
investment  
Operating  
profit

**1,300–1,700**

Operating profit ratio

6.8%–8.3%

#### LOWYA business:

Reflect changes in expenses in line with changes in net sales.

#### DOKODEMO business:

Although the investment phase will continue, the ratio of investment to net sales is not expected to change significantly from the previous fiscal year.

After  
additional  
investment  
Operating  
profit

Additional investment up to 500  
million yen

**1,000–1,300**

#### LOWYA business:

Prioritize medium-term GMV expansion over profit growth in the current fiscal year and make strategic investments.

Additional investment of up to 500 million yen is planned for recruitment expenses, marketing investment, and service enhancement.

The amount of additional investment will be adjusted based on the level of operating profit before additional investment and investment efficiency.

## Financial Results Forecast

In light of the high level of uncertainty in market forecasts, both sales and profit are disclosed in a range format.

The new revenue recognition standard to be applied from this fiscal year will result in a decrease in net sales compared to the previous standard.

	FY2021 Results	FY2022 Plan	Change
Net sales (million yen)	19,313		-1.6% to +6.1%
(Reference) Trial calculation with the new revenue recognition standard applied	18,371	19,000 – 20,500	+3.4% to +11.6%
Operating profit (million yen)	1,824	1,000 – 1,300	-45.2% to -28.8%
Ordinary profit (million yen)	1,851	1,030 – 1,330	-44.4% to -28.2%
Profit (million yen)	1,159	618 – 798	-46.7% to -31.2%
Basic earnings per share (yen)	110.99	58.49 – 75.52	-47.3% to -32.0%

# 3 | Appendix

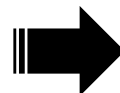
## Impact of the New Revenue Recognition Standard: Key Change

New accounting standard for revenue recognition (new revenue recognition standard) is applied, resulting in lower net sales and SG&A expenses compared to the previous standard.

**Key change:** Change in handling when using coupons and giving marketplace store points

### Previous standard

The amount used or granted is recorded as an SG&A expense.



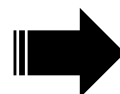
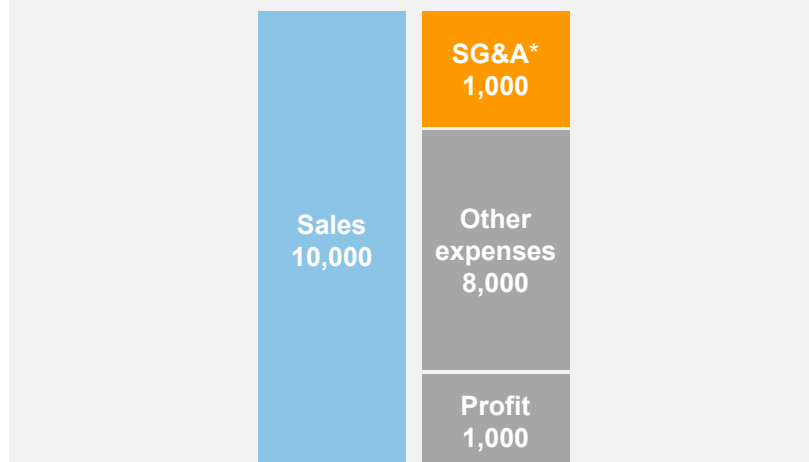
### After applying the new revenue recognition standard

The amount after deducting the amount used and the amount granted is recorded as sales.

**Comparison with previous standard (example):** A 10% discount on a 10,000 yen product (example)

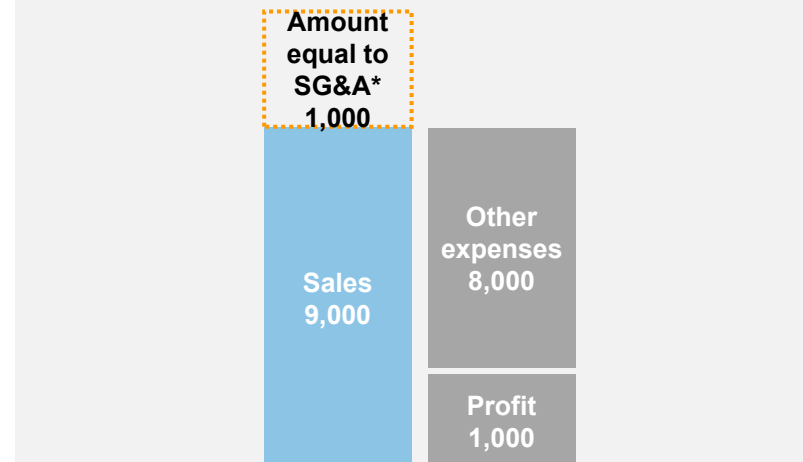
### Previous standard

Sales 10,000 yen SG&A\* 1,000 yen



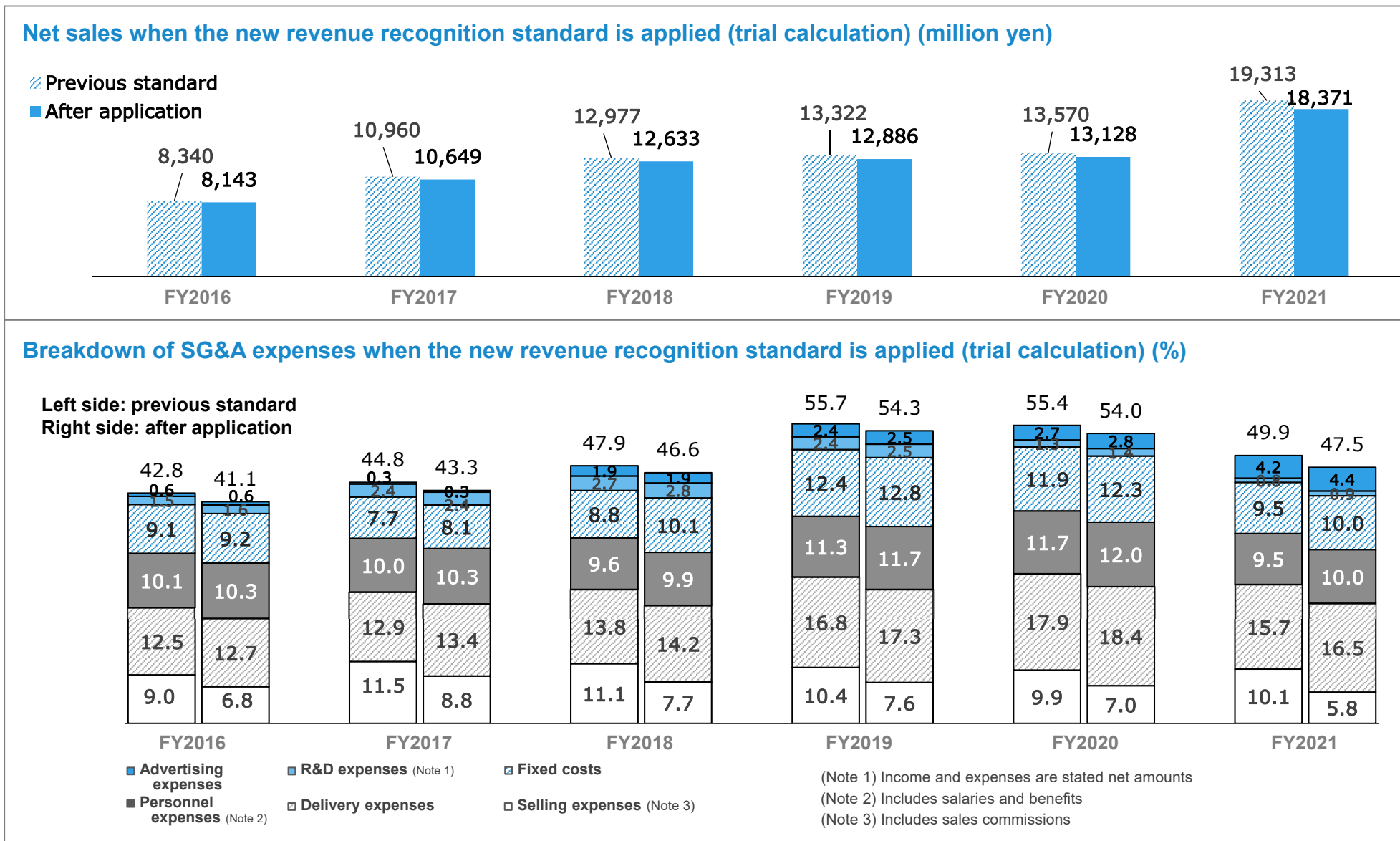
### After applying the new revenue recognition standard

Sales 9,000 yen SG&A\* 0 yen



\*This does not mean all SG&A expenses, but SG&A expenses equivalent to the 10% discount (sales promotion expenses). SG&A expenses other than such sales promotion expenses will be recorded in all cases.

# Impact of the New Revenue Recognition Standard: Estimates for Retrospective Application



(\*) The ratio of SG&A expenses is the ratio to net sales. The amount of net sales used as the basis for calculation excludes income related to R&D expenses.



**For IR enquiries**  
**[vega\\_ir@vega-c.com](mailto:vega_ir@vega-c.com)**



**VEGA** corporation

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