

**Non-consolidated Financial Results
for the Fiscal Year Ended March 31, 2021
[Japanese GAAP]**



May 14, 2021

Company name: Vega corporation Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3542
 URL: <https://www.vega-c.com/en/ir>
 Representative: Tomokazu Ukishiro, President and Chief Executive Officer
 Contact: Kazuhiro Kawabata, Director and Head of Corporate Management Headquarters
 Phone: +81-92-281-3501
 Scheduled date of Annual General Meeting of Shareholders: June 25, 2021
 Scheduled date of commencing dividend payments: June 28, 2021
 Scheduled date of filing annual securities report: June 28, 2021
 Availability of supplementary briefing material on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled

(Amounts of less than one million yen are rounded down.)

1. Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	19,313	42.3	1,824	—	1,851	—	1,159	—
March 31, 2020	13,570	1.9	116	—	146	—	40	—

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	110.99	109.61	26.2	26.0	9.4
March 31, 2020	3.94	3.93	1.1	2.4	0.9

(Reference) Equity in earnings (losses) of associates: Fiscal year ended March 31, 2021: ¥– million
 Fiscal year ended March 31, 2020: ¥– million

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	8,223	5,138	62.5	486.30
March 31, 2020	6,006	3,708	61.7	360.15

(Reference) Equity: As of March 31, 2021: ¥5,138 million As of March 31, 2020: ¥3,708 million

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	2,369	(300)	(269)	3,121
March 31, 2020	932	(146)	(496)	1,322

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	—	0.00	—	0.00	0.00	—	—	—
March 31, 2021	—	0.00	—	10.00	10.00	106	9.0	2.4
Fiscal year ending March 31, 2022 (Forecast)	—	0.00	—	10.00	10.00		13.2 to 17.1	

3. Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	19,000	(1.6)	1,000	(45.2)	1,030	(44.4)	618	(46.7)	58.49
	to 20,500	to 6.1	to 1,300	to (28.8)	to 1,330	to (28.2)	to 798	to (31.2)	to 75.52

* Notes:

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(2) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2021: 10,633,600 shares

March 31, 2020: 10,374,800 shares

- 2) Total number of treasury shares at the end of the period:

March 31, 2021: 66,824 shares

March 31, 2020: 76,803 shares

- 3) Average number of shares during the period:

Fiscal year ended March 31, 2021: 10,443,309 shares

Fiscal year ended March 31, 2020: 10,290,356 shares

(Note) The number of treasury shares deducted for the purpose of calculating the total number of treasury shares at the end of the period and average number of shares during the period include the Company's shares held by Custody Bank of Japan, Ltd. (trust account E) as a trust asset under the Employee Stock Ownership Plan (J-ESOP).

Total number of treasury shares at the end of the period

(March 31, 2021: 66,600 shares; March 31, 2020: 76,600 shares)

Average number of shares during the period

(Fiscal year ended March 31, 2021: 70,600 shares; Fiscal year ended March 31, 2020: 83,839 shares)

* These financial results are outside the scope of audit by certified public accountants and audit firms

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the date of publication of this document. Actual results may differ significantly from these forecasts due to various factors. For preconditions for the financial results forecast and notes on the use thereof, etc., please refer to "1. Overview of Business Results, etc. (4) Future Outlook" on page 4 of the Appendix.

(Method of obtaining supplementary briefing materials)

Supplementary briefing materials on financial results are provided on TDnet on May 14, 2021.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Period Under Review

During the fiscal year ended March 31, 2021, after undergoing a rapid economic contraction due to self-imposed restraints on economic activities, aimed at preventing the spread of the novel coronavirus infection, the Japanese economy once headed toward a gradual recovery track, as economic activity resumed progressively, and the national government's policies took effect. However, as a result of the worsening of the spread of the novel coronavirus infection, a state of emergency was declared again in January 2021 and then lifted in stages in March 2021. As it remains difficult to foresee when the situation will be resolved, the sense of uncertainty regarding the outlook for business conditions is expected to remain.

In the furniture and interior industry, the business environment continues to be challenging due to intensifying competition taking place beyond business categories in addition to increased logistics costs. Meanwhile, the scale of the sundries, furniture and interior B to C-EC market, which the Company belongs to, steadily expanded to ¥1,7428 billion in 2019, up 8.4% year on year (source: FY2019 Global Economy Survey for Formulating an Integrated Domestic and External Economic Growth Strategy (E- Commerce Market Survey); Ministry of Economy, Trade and Industry, July 2020). Further market expansion is expected, with increasing use of e-commerce due to changes in living styles brought about by the novel coronavirus infection.

Under such a business environment, the Company took initiatives for its Furniture E-Commerce business, such as heightening brand recognition by giving rise to an influx of new visitor access from search engine optimization (SEO) and online advertising, strengthening SNS presence, and fully renewing the EC system at the LOWYA flagship store in preparation for future expansion of business scale. At the LOWYA flagship store, due in part to a sharp increase in demand for furniture in the wake of the novel coronavirus infection, the number of accesses during the year grew significantly, up 48.3% from the previous year, and the ratio of LOWYA flagship store sales to overall sales increased to 51.9% for the full year, surpassing the sales of stores in each marketplace to become the Company's largest sales channel.

As for product sales, in addition to the development of hit products and products that generate high profit margins under our own private brands, which the Company has been working on for some time, the Company began handling products under other companies' brands in November 2020 as a test to create a platform for the LOWYA flagship store, and has been steadily gaining access and orders.

As initiatives for service enhancement, following the full renewal of the EC system at LOWYA flagship store in August 2020, the LOWYA mobile app was renewed in October to increase purchasing convenience, enabling smooth product browsing on smartphones, push notifications for sale and new product information, a favorite registration function, a restock notification function, and a function to earn points. Since the renewal, the app has received high praise for these functions.

Moreover, when it comes to initiatives regarding logistics, the Company has been working since the fiscal year ended March 31, 2019, to reduce logistics costs by improving storage efficiency, optimizing inventory levels, optimally allocating inventory appropriately, and reassessing its product lineup in order to cope with rising delivery costs. The delivery cost ratio has further improved due to continued efforts to reduce costs, even as sales grew significantly in the fiscal year under review.

In the new International EC Platform DOKODEMO business, demand for cross-border EC as an alternative to inbound consumption is increasing as a result of travel restrictions due to the spread of the novel coronavirus disease. As a result of increased advertising expenditure, both the number of accesses and the number of members have been steadily increasing, and the total distribution volume has grown significantly, by 84.0% compared to the previous term, reaching a new record high. Recently, while the percentage of deliveries to Taiwan and other Asian countries has been increasing, users in North America, Europe, Oceania, and other diverse regions have been using our services.

As a result of the above initiatives, the Company's business results for the fiscal year ended March 31, 2021 were ¥19,313 million in net sales (up 42.3% year on year), ¥1,824 million in operating profit (up 1,467.0% year on year), ¥1,851 million in ordinary profit (up 1,162.9% year on year) and ¥1,159 million in profit (up 2,760.7% year on year).

(2) Overview of Financial Position for the Period Under Review

Total assets as of the end of the fiscal year under review increased by ¥2,217 million to ¥8,223 million (¥6,006 million as of the end of the previous fiscal year). Current assets increased by ¥1,927 million to ¥6,892 million (¥4,964 million as of the end of the previous fiscal year). This is mainly attributable to increases in cash and deposits and accounts receivable - trade by ¥1,720 million and ¥266 million, respectively. Non-current assets increased by ¥289 million to ¥1,331 million (¥1,041 million as of the end of the previous fiscal year). This is mainly attributable to increases in software and long-term prepaid expenses by ¥203 million and ¥155 million, respectively, and a decrease in software in progress by ¥160 million.

Liabilities increased by ¥787 million to ¥3,084 million (¥2,297 million as of the end of the previous fiscal year). Current liabilities increased by ¥780 million to ¥3,023 million (¥2,242 million as of the end of the previous fiscal year). This is mainly attributable to decreases in accounts payable – trade, accounts payable – other, income taxes payable, deposits received, and short-term borrowings by ¥103 million, ¥136 million, ¥647 million, ¥127 million, and ¥320 million, respectively. Non-current liabilities increased by ¥7 million to ¥61 million (¥54 million as of the end of the previous fiscal year).

Net assets increased by ¥1,429 million to ¥5,138 million (¥3,708 million as of the end of the previous fiscal year). This is mainly attributable to an increase of ¥145 million each in share capital and capital surplus, due to the new issuance of 165,000 shares as restricted stock compensation, as well as the recording of ¥1,159 million in profit.

(3) Overview of Cash Flows for the Period Under Review

Operating activities for the fiscal year under review resulted in an inflow of ¥2,369 million, investing activities resulted in an outflow of ¥300 million, and financing activities resulted in an outflow of ¥269 million, resulting in cash and cash equivalents (hereinafter referred to as “cash”) of ¥3,121 million, an increase of ¥1,789 million compared to the previous fiscal year. A summary of each category of cash flows and main causes of changes are presented as follows.

(Cash flows from operating activities)

Cash provided by operating activities during the fiscal year under review was ¥2,369 million (an inflow of ¥932 million during the previous fiscal year).

This increase is mainly attributable to a ¥256 million decrease in inventories due to inventory optimization causing cash to increase, despite a ¥266 million increase in accounts receivable - trade causing cash to decrease, as well as posting a profit before income taxes of ¥1,850 million.

(Cash flows from investing activities)

Cash used in investing activities during the fiscal year under review was ¥300 million (an outflow of ¥146 million during the previous fiscal year).

This decrease is mainly attributable to purchase of intangible assets of ¥137 million and purchase of investment securities of ¥121 million.

As a result, free cash flow (total amount of cash flows from operating activities and cash flows from investing activities) was positive ¥2,068 million (positive ¥785 million for the previous fiscal year).

(Cash flows from financing activities)

Cash used in financing activities during the fiscal year under review was ¥269 million (an outflow of ¥496 million during the previous fiscal year).

This decrease is mainly attributable to repayments of short-term borrowings of ¥320 million.

(4) Future Outlook

The future outlook is such that the spread of novel coronavirus infection is likely to result in persisting uncertainties about the future in terms of economic trends and consumption trends both in Japan and overseas. Likewise, the business environment in which the Company operates is also likely to be substantially affected by risk of a cooling personal consumption as well as shifting economic and consumption trends particularly given the notion of changes in spending behavior due to calls for people to refrain from unnecessary outings.

Amid this business environment, the Company will strive to deliver its unique and new standards, and pursue service innovation, underpinned by its vision of “Infinite possibilities for EC.”

Under this policy, the Company will continue to provide customers with new value and service excellence in its key business, the Furniture E-Commerce business involving furniture and interiors, as well as in one other new business, the International EC Platform business.

In the Furniture E-Commerce business, under the newly formulated business vision of “Complete freedom in interior design,” the Company will work to thoroughly enhance customer experience (CX) to meet the needs of our customers. More specifically, the Company will enhance its product lineup, including not only its own private brands but also those of other companies, attract more customers through marketing measures such as SNS and SEO strategies, enhance services such as UI/UX, delivery, and AR, and strengthen infrastructure such as logistics and systems to support the implementation of these measures.

As for sales, although revenue is expected to increase owing to growth in the total distribution volume, mainly at the flagship store, uncertainty over personal consumption is likely due to intensifying competition and stagnating economic activity worldwide. Regarding costs, we will continue to develop our own private brand products with high profit margins and improve the efficiency of logistics, but at the same time, there will be a phase where investment will be required in order to promote various measures to attract customers and enhance the product lineup, services, and infrastructure. By thoroughly enhancing CX and pushing up the growth rate of the total distribution volume, we aim to maximize free cash flow over the long term.

In the International EC Platform business, now that the Company has managed to steadily gain repeat distribution business by resuming investment in advertising, it will keep striving to increase the number of memberships and total distribution volume while making certain advertising investments. Furthermore, the Company will focus on building brands enlisting SNS and other means and strengthening earnings structures, while also working toward early monetization.

Under these policies, the outlook for the fiscal year ending March 31, 2022 is as follows.

(Million yen, unless otherwise specified)

	Fiscal year ending March 31, 2022 Outlook	Fiscal year ended March 31, 2021 Result	Change (%)
Net sales	19,000–20,500	19,313	(1.6)–6.1
Operating profit	1,000–1,300	1,824	(45.2)–(28.8)
Ordinary profit	1,030–1,330	1,851	(44.4)–(28.2)
Profit	618–798	1,159	(46.7)–(31.2)
Basic earnings per share (yen)	58.49–75.52	110.99	—

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the fact that the Company is developing businesses with its operational base in Japan, the Company’s policy is to prepare financial statements in accordance with Japanese GAAP for the time being.

With regard to the application of International Financial Reporting Standards (IFRS), the Company will consider whether to apply them by taking into account its future business development and the situation in Japan and overseas.

3. Financial Statements and Primary Notes

(1) Balance Sheets

(Thousand yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	1,308,686	3,028,959
Accounts receivable - trade	1,631,483	1,897,796
Merchandise	1,777,476	1,521,076
Advance payments to suppliers	20,439	116,700
Prepaid expenses	92,335	162,090
Forward exchange contracts	114,373	66,113
Other	19,875	99,600
Total current assets	4,964,671	6,892,336
Non-current assets		
Property, plant and equipment		
Buildings, net	41,193	42,163
Vehicles, net	5,215	2,493
Tools, furniture and fixtures, net	194,709	165,911
Construction in progress	1,341	288
Total property, plant and equipment	242,459	210,857
Intangible assets		
Software	68,226	272,084
Software in progress	160,691	—
Trademark right	41,938	37,428
Other	75	75
Total intangible assets	270,932	309,588
Investments and other assets		
Investment securities	34,638	153,214
Long-term loans receivable from employees	338	464
Long-term prepaid expenses	—	155,941
Deferred tax assets	152,907	172,528
Leasehold and guarantee deposits	339,843	328,317
Other	3,209	3,209
Allowance for doubtful accounts	(2,600)	(2,800)
Total investments and other assets	528,336	810,875
Total non-current assets	1,041,728	1,331,321
Total assets	6,006,399	8,223,657

(Thousand yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	181,903	285,252
Short-term borrowings	820,000	500,000
Accounts payable - other	778,082	914,755
Accrued expenses	77,570	46,465
Income taxes payable	65,629	713,438
Accrued consumption taxes	180,172	252,671
Advances received	881	3,455
Deposits received	40,801	167,900
Provision for product warranties	12,647	10,277
Provision for bonuses	54,488	99,130
Provision for point card certificates	16,350	16,073
Provision for sales returns	14,374	13,582
Other	—	42
Total current liabilities	2,242,903	3,023,046
Non-current liabilities		
Provision for share awards	54,600	61,950
Total non-current liabilities	54,600	61,950
Total liabilities	2,297,503	3,084,996
Net assets		
Shareholders' equity		
Share capital	882,404	1,027,735
Capital surplus		
Legal capital surplus	842,404	987,735
Total capital surplus	842,404	987,735
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,008,121	3,167,173
Total retained earnings	2,008,121	3,167,173
Treasury shares	(104,883)	(91,260)
Total shareholders' equity	3,628,046	5,091,383
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,280	1,275
Deferred gains or losses on hedges	79,546	45,981
Total valuation and translation adjustments	80,827	47,256
Share acquisition rights	22	21
Total net assets	3,708,895	5,138,661
Total liabilities and net assets	6,006,399	8,223,657

(2) Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales	13,570,000	19,313,277
Cost of sales		
Beginning merchandise inventory	2,405,260	1,777,476
Cost of purchased goods	5,254,637	7,459,764
Total	7,659,897	9,237,241
Ending merchandise inventory	1,777,476	1,521,076
Cost of goods sold	5,882,420	7,716,164
Gross profit	7,687,580	11,597,112
Selling, general and administrative expenses	7,571,132	9,772,365
Operating profit	116,448	1,824,747
Non-operating income		
Gain on investments in investment partnerships	—	990
Compensation income	24,869	22,256
Foreign exchange gains	2,342	—
Reversal of provision for point card certificates	—	276
Other	7,372	6,096
Total non-operating income	34,583	29,620
Non-operating expenses		
Interest expenses	2,159	1,397
Loss on investments in investment partnerships	1,929	—
Foreign exchange losses	—	999
Other	323	269
Total non-operating expenses	4,413	2,667
Ordinary profit	146,618	1,851,700
Extraordinary income		
Compensation income	14,517	—
Total extraordinary income	14,517	—
Extraordinary losses		
Loss on retirement of non-current assets	2,441	913
Provision for product warranties	21,882	—
Loss on valuation of investment securities	32,927	—
Total extraordinary losses	57,252	913
Profit before income taxes	103,883	1,850,787
Income taxes - current	30,887	696,660
Income taxes - deferred	32,479	(4,925)
Total income taxes	63,367	691,735
Profit	40,515	1,159,052

(3) Statements of Changes in Net Assets
For the fiscal year ended March 31, 2020

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of period	880,549	840,549	840,549
Changes during period			
Issuance of new shares			
Issuance of new shares - exercise of share acquisition rights	1,855	1,855	1,855
Profit			
Purchase of treasury shares			
Transfer of treasury stock to stock ownership plan trust			
Net changes in items other than shareholders' equity			
Total changes during period	1,855	1,855	1,855
Balance at end of period	882,404	842,404	842,404

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of period	1,967,605	1,967,605	(129,999)	3,558,704
Changes during period				
Issuance of new shares				—
Issuance of new shares - exercise of share acquisition rights				3,710
Profit	40,515	40,515		40,515
Purchase of treasury shares				—
Transfer of treasury stock to stock ownership plan trust			25,116	25,116
Net changes in items other than shareholders' equity				
Total changes during period	40,515	40,515	25,116	69,341
Balance at end of period	2,008,121	2,008,121	(104,883)	3,628,046

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	4,231	11,073	15,305	29	3,574,038
Changes during period					
Issuance of new shares					—
Issuance of new shares - exercise of share acquisition rights					3,710
Profit					40,515
Purchase of treasury shares					—
Transfer of treasury stock to stock ownership plan trust					25,116
Net changes in items other than shareholders' equity	(2,950)	68,472	65,521	(6)	65,514
Total changes during period	(2,950)	68,472	65,521	(6)	134,856
Balance at end of period	1,280	79,546	80,827	22	3,708,895

For the fiscal year ended March 31, 2021

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of period	882,404	842,404	842,404
Changes during period			
Issuance of new shares	119,955	119,955	119,955
Issuance of new shares - exercise of share acquisition rights	25,376	25,376	25,376
Profit			
Purchase of treasury shares			
Transfer of treasury stock to stock ownership plan trust			
Net changes in items other than shareholders' equity			
Total changes during period	145,331	145,331	145,331
Balance at end of period	1,027,735	987,735	987,735

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of period	2,008,121	2,008,121	(104,883)	3,628,046
Changes during period				
Issuance of new shares				239,910
Issuance of new shares - exercise of share acquisition rights				50,752
Profit	1,159,052	1,159,052		1,159,052
Purchase of treasury shares			(27)	(27)
Transfer of treasury stock to stock ownership plan trust			13,650	13,650
Net changes in items other than shareholders' equity				
Total changes during period	1,159,052	1,159,052	13,622	1,463,336
Balance at end of period	3,167,173	3,167,173	(91,260)	5,091,383

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	1,280	79,546	80,827	22	3,708,895
Changes during period					
Issuance of new shares					239,910
Issuance of new shares - exercise of share acquisition rights					50,752
Profit					1,159,052
Purchase of treasury shares					(27)
Transfer of treasury stock to stock ownership plan trust					13,650
Net changes in items other than shareholders' equity	(5)	(33,564)	(33,570)	(1)	(33,571)
Total changes during period	(5)	(33,564)	(33,570)	(1)	1,429,765
Balance at end of period	1,275	45,981	47,256	21	5,138,661

(4) Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	103,883	1,850,787
Depreciation	117,083	137,766
Increase (decrease) in allowance for doubtful accounts	200	200
Increase (decrease) in provision for bonuses	(6,814)	44,641
Increase (decrease) in provision for point card certificates	11,850	(276)
Increase (decrease) in provision for sales returns	1,104	(791)
Increase (decrease) in provision for product warranties	1,168	(2,370)
Increase (decrease) in provision for share awards	27,028	20,972
Interest and dividend income	(57)	(54)
Loss (gain) on investments in investment partnerships	1,929	(990)
Compensation income	(39,386)	(22,256)
Interest expenses	2,159	200
Foreign exchange losses (gains)	402	983
Loss on retirement of non-current assets	2,441	913
Loss (gain) on valuation of investment securities	32,927	—
Decrease (increase) in trade receivables	(444,572)	(266,312)
Decrease (increase) in inventories	627,783	256,400
Increase (decrease) in trade payables	12,606	103,348
Increase (decrease) in accounts payable - other	77,361	215,274
Other, net	262,649	89,479
Subtotal	791,751	2,427,915
Interest and dividends received	57	3,963
Proceeds from compensation	33,865	21,720
Interest paid	(2,138)	(146)
Income taxes paid	(10,069)	(83,703)
Income taxes refund	118,738	—
Net cash provided by (used in) operating activities	932,204	2,369,748
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,790)	(38,250)
Purchase of intangible assets	(141,502)	(137,425)
Purchase of investment securities	(7,000)	(121,500)
Payments of leasehold and guarantee deposits	(2,288)	(10,424)
Proceeds for lease and guarantee deposits	35,792	7,008
Loan advances to employees	(670)	(670)
Proceeds from collection of loans receivable from employees	2,117	369
Net cash provided by (used in) investing activities	(146,342)	(300,893)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(500,000)	(320,000)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	3,703	50,750
Net cash provided by (used in) financing activities	(496,296)	(269,249)
Effect of exchange rate change on cash and cash equivalents	(402)	(983)
Net increase (decrease) in cash and cash equivalents	289,162	1,798,622
Cash and cash equivalents at beginning of period	1,033,371	1,322,534
Cash and cash equivalents at end of period	1,322,534	3,121,157

(5) Notes to the Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Segment information, etc.)

(Segment information)

Description is omitted as the Company engages in the single segment of the e-commerce business.

(Equity in earnings (losses) of associates, etc.)

There is no relevant information.

(Per share information)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net assets per share	¥360.15	¥486.30
Basic earnings per share	¥3.94	¥110.99
Diluted earnings per share	¥3.93	¥109.61

(Notes) 1. For the purpose of calculating net assets per share, basic earnings per share, and diluted earnings per share for the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021, the Company's shares held by Custody Bank of Japan, Ltd. (trust account E) as a trust asset under the Employee Stock Ownership Plan (J-ESOP) are included in the number of treasury shares deducted in the calculation of the number of common shares at the end of the period and the average number of shares during the period.

2. The basis for the calculation of net assets per share (Thousand yen, unless otherwise specified)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Total assets	3,708,895	5,138,661
Amount excluded from total assets	22	21
Year-end net assets attributable to common shares	3,708,873	5,138,640
Number of common shares at the year-end used to calculate net assets per share (shares)	10,297,997	10,566,776

3. The basis for the calculation of basic earnings (loss) per share and diluted earnings per share (Thousand yen, unless otherwise specified)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Basic earnings (loss) per share		
Profit (loss)	40,515	1,159,052
Amount not attributable to common shareholders	—	—
Profit (loss) relating to common shares	40,515	1,159,052
Average number of common shares outstanding during the period (shares)	10,290,356	10,443,309
Diluted earnings per share		
Adjustment for profit	3.93	109.61
Increase in the number of common shares (shares)	10,895	130,872
Overview of residual shares not included in the calculation of diluted earnings per share due to not having a dilutive effect	Two types of share acquisition rights (number of share acquisition rights: 584)	One type of share acquisition rights (number of share acquisition rights: 223)

(Significant subsequent events)

There is no relevant information.