

**Non-consolidated Financial Results  
for the Fiscal Year Ended March 31, 2020  
[Japanese GAAP]**



May 15, 2020

Company name: Vega corporation Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 3542  
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 Scheduled date of Annual General Meeting of Shareholders: June 23, 2020  
 Scheduled date of commencing dividend payments: —  
 Scheduled date of filing annual securities report: June 24, 2020  
 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, 2020 (April 1, 2019 to March 31, 2020)**

(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, 2020	13,570	1.9	116	—	146	—	40	—
March 31, 2019	13,322	2.7	(296)	—	(256)	—	(240)	—

	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, 2020	3.94	3.93	1.1	2.4	0.9
March 31, 2019	(23.44)	—	(6.5)	(4.3)	(2.2)

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

Fiscal year ended March 31, 2019: ¥— million

(Note) Despite the existence of dilutive shares, diluted earnings per share for the fiscal year ended March 31, 2019 are not presented as it is diluted loss per share.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	6,006	3,708	61.7	360.15
As of March 31, 2019	6,037	3,574	59.2	347.92

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

As of March 31, 2019: ¥3,574 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, 2020	932	(146)	(496)	1,322
March 31, 2019	(574)	(565)	510	1,033

**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, 2019	—	0.00	—	0.00	0.00	—	—	—
March 31, 2020	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending								
March 31, 2021	—	0.00	—	0.00	0.00		—	
(Forecast)								

(Note) Breakdown of the year-end dividends for the fiscal year ended March 31, 2020

Commemorative dividends                      Special dividends

**3. Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)**

(% 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
First half	—	(100.0)	—	(100.0)	—	(100.0)	—	(100.0)	—
Full year	15,100	11.3	470	303.6	500	241.0	300	640.5	29.13

**\* 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, 2020: 10,374,800 shares

March 31, 2019: 10,367,800 shares

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

March 31, 2020: 76,803 shares

March 31, 2019: 95,203 shares

## 3) Average number of shares during the period:

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

Fiscal year ended March 31, 2019: 10,269,852 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 Trust & Custody Services Bank, 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, 2020: 76,600 shares; March 31, 2019: 95,000 shares)

Total number of shares during the period

(Fiscal year ended March 31, 2020: 83,839 shares; Fiscal year ended March 31, 2019: 95,000 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 5 of the Appendix.

(Method of obtaining supplementary briefing materials)

Supplementary briefing materials on financial results are provided on TDnet on May 15, 2020.

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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, 2020, the Japanese economy encountered a rush in demand before the consumption tax hike took effect in October 2019, following on an increase in spending accompanying Japan's new imperial era beginning in May 2019. However, sluggish consumption caused by a backlash effect in the wake of the consumption tax hike had an impact on a wide range of industries, including the housing-related sector. Moreover, the Japanese economy seemingly remains in a recessionary phase and has been plagued by continued uncertainties about the future, with the Tokyo Olympic Games also having been postponed, amid a situation where worldwide economic sentiment has been persistently worsening due to decreasing international trade and dwindling appetite for capital investment against a backdrop of global economic slowdown caused by the novel coronavirus pandemic.

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 ¥1,608.3 billion in 2018, up 8.6% year on year (source: FY2018 E-Commerce Market Survey published by the Ministry of Economy, Trade and Industry; May 2019).

Under such a business environment, the Company took active initiatives for its Furniture E-Commerce business. Such efforts involved revising sales prices and the product lineup; heightening brand recognition by giving rise to an influx of new visitor access from search engine optimization (SEO) and online advertising, and strengthening SNS presence, and; engaging in ongoing efforts to increase website user satisfaction by improving website pages. At the LOWYA flagship store, the ratio of LOWYA flagship store sales to overall sales increased to 32.7% for the full year amid a 36.6% year-on-year increase in the annual visitor count backed by aggressive investment in advertising since the latter half of June 2019. Furthermore, the Company managed to achieve record-high net sales, despite adverse effects incurred due to the consumption tax hike and cashless payments reward policy.

As for product sales, the Company reached out to new target segments in addition to its existing measures to attract customers, by developing hit products, products that generate high profit margins, and highly-designed products through brand tie-ups. Moreover at the Isetan Shinjuku and Iwataya Main Store locations, the Company opened limited-time pop-up shops, which were well received and enabled to directly encounter LOWYA products.

As initiatives for service enhancement, the Company released services developed in-house, namely "LOWYA 360" and "LOWYA Image Search," rolled out in August 2019 and October 2019, respectively. "LOWYA 360" enables customers to gain a 360-degree view of entire virtual spaces arranged with LOWYA products portrayed in 3D, and "LOWYA Image Search" offers image-based search function equipped with artificial intelligence (AI). Employing 3D models under "LOWYA AR," released in the previous fiscal year, VR-compatible "LOWYA 360" offers a new format for interior proposals in terms of realistic portrayals of interior spaces.

Moreover, when it comes to initiatives regarding logistics, the Company has made steady progress in responding to what has been viewed as a logistics crisis, and has accordingly reduced logistics costs. For instance, the Company has reduced on-hand inventory value as a result of optimizing floor area of warehouse storage and inventory levels by reassessing storage efficiency. It has also decreased costs of transportation between warehouses by optimally allocating inventories and has cut down on outsourcing costs associated with inventory storage and retrieval by reassessing standards for order placement. In addition, the Company has curbed the rise in delivery fees in part by reassessing its product lineup, despite a scenario of gradually increasing delivery fees beginning in April 2019.

In the new International EC Platform DOKODEMO business, the Company has listed more than 318,000 products as of December 31, 2019, and is achieving steady progress in terms of both visitor count and membership numbers. The Company has redoubled efforts to serve the department store cosmetics and re-use (pre-owned, name-brand merchandise) market as a means of extending its sales categories, and has furthermore engaged in substantial brand refinement. Meanwhile, the number of shipment destination countries increased to 99 countries for the year, an increase of 3 countries, which is a result of the Company having extended its target geographic

area and enhanced visitor access. The Company has furthermore maintained a ratio of repeat business of more than 60%, while controlling advertising expenditure.

The Company has concluded services of its Laig platform business, which had been another new business of the Company upon its launch in October 2018. The Laig services were integrated with those of the LOWYA brand as a means of addressing the issue of rising logistics costs, and with the aim of streamlining website operations and maximizing effectiveness of advertising company-wide.

As a result of the above initiatives, the Company's business results for the fiscal year ended March 31, 2020 were ¥13,570 million in net sales (up 1.9% year on year), ¥116 million in operating profit (¥296 million in operating loss in the previous corresponding period), ¥146 million in ordinary profit (¥256 million in ordinary loss in the previous corresponding period) and ¥40 million in profit (¥240 million in loss in the previous corresponding period).

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

Total assets as of the end of the fiscal year under review decreased by ¥31 million to ¥6,006 million (¥6,037 million as of the end of the previous fiscal year). Current assets increased by ¥29 million to ¥4,964 million (¥4,935 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 ¥289 million and ¥444 million, respectively, and decreases in merchandise and income taxes receivable by ¥627 million and ¥90 million, respectively. Non-current assets decreased by ¥60 million to ¥1,041 million (¥1,102 million as of the end of the previous fiscal year). This is mainly attributable to an increase in software in progress by ¥144 million and decreases in tools, furniture and fixtures, investment securities, deferred tax assets, and leasehold and guarantee deposits by ¥44 million, ¥32 million, ¥61 million, and ¥48 million, respectively.

Liabilities decreased by ¥166 million to ¥2,297 million (¥2,463 million as of the end of the previous fiscal year). Current liabilities decreased by ¥167 million to ¥2,242 million (¥2,410 million as of the end of the previous fiscal year). This is mainly attributable to increases in accounts payable - trade and accrued consumption taxes by ¥77 million and ¥180 million, respectively, and a decrease in short-term borrowings by ¥500 million. Non-current liabilities increased by ¥1 million to ¥54 million (¥52 million as of the end of the previous fiscal year).

Net assets increased by ¥134 million to ¥3,708 million (¥3,574 million as of the end of the previous fiscal year). This is mainly attributable to an increase in deferred gains or losses on hedges by ¥68 million, having recorded profit of ¥40 million.

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

Operating activities for the fiscal year under review resulted in an inflow of ¥932 million, investing activities resulted in an outflow of ¥146 million, and financing activities resulted in an outflow of ¥496 million, resulting in cash and cash equivalents (hereinafter referred to as "cash") of ¥1,322 million, an increase of ¥289 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 ¥932 million (an outflow of ¥574 million during the previous fiscal year).

This increase is mainly attributable to a ¥627 million decrease in inventories due to inventory optimization causing cash to increase, despite a ¥444 million increase in accounts receivable - trade causing cash to decrease, as well as posting a profit before income taxes of ¥103 million.

### (Cash flows from investing activities)

Cash used in investing activities during the fiscal year under review was ¥146 million (an outflow of ¥565 million during the previous fiscal year).

This decrease is mainly attributable to purchase of property, plant and equipment of ¥32 million, and purchase of intangible assets of ¥141 million.

As a result, free cash flow (total amount of cash flows from operating activities and cash flows from investing activities) was positive ¥785 million (negative ¥1,140 million for the previous fiscal year).

(Cash flows from financing activities)

Cash used in financing activities during the fiscal year under review was ¥496 million (an inflow of ¥510 million during the previous fiscal year).

This decrease is mainly attributable to a decrease in short-term borrowings of ¥500 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 “The Only E-Commerce Company That Fulfills Your Satisfaction and Inspiration.”

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, the Company will focus on further enhancing the LOWYA flagship store and heightening brand recognition with its sights set on developing a full-fledged direct-to-consumer (D2C) business model leveraging distinctive attributes of “comprehensive e-commerce encompassing manufacturing and retail.” More specifically, the Company will work to establish its D2C business model while drawing on the Company’s proprietary technologies. It will furthermore gain a higher visitor count by enhancing its marketing strengths particularly using SNS and SEO strategies, and enhance its merchandise and service strengths in terms of satisfying its customers by furnishing high quality.

As for sales, although revenue is expected to increase owing to measures at the flagship store, uncertainty over personal consumption is likely due to intensifying competition and stagnating economic activity worldwide. Regarding costs, as it persists in working to improve profitability by reassessing the product lineup and developing products that generate high profit margins, the Company will also take steps that involve investing in advertising and promotional expenditures geared to enhancing the flagship store, and controlling logistics costs by streamlining logistics through systems investment.

In the International EC Platform business, now that the Company has managed to steadily gain repeat distribution business while controlling advertising expenditure, it will keep striving to increase the number of registered stores and products available by promoting sales activities, while taking initiatives to further increase the number of memberships and total distribution volume. 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, 2021 is ¥15,100 million in net sales (up 11.3% year on year), ¥470 million in operating profit (up 303.6% year on year), ¥500 million in ordinary profit (up 241.0% year on year), and ¥300 million in profit (up 640.5% year on year).

Due to difficulties inherent in predicting effects of the novel coronavirus on the Company’s business results, such effects have not been factored into the financial results forecasts for the fiscal year ending March 31, 2021. Given that the spread of novel coronavirus infection may affect our business results going forward, the Company will promptly release notification upon the occurrence of any matter to be disclosed.

(Million yen, unless otherwise specified)

	Fiscal year ending March 31, 2021 Outlook	Fiscal year ended March 31, 2020 Result	Change (%)
Net sales	15,100	13,570	11.3
Operating profit	470	116	303.6
Ordinary profit	500	146	241.0
Profit	300	40	640.5
Basic earnings per share (yen)	29.13	3.94	—



## 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, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	1,019,304	1,308,686
Accounts receivable - trade	1,186,911	1,631,483
Merchandise	2,405,260	1,777,476
Advance payments - trade	15,897	20,439
Prepaid expenses	98,630	92,335
Income taxes receivable	90,655	—
Forward exchange contracts	15,922	114,373
Other	102,617	19,875
<b>Total current assets</b>	<b>4,935,199</b>	<b>4,964,671</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	42,926	41,193
Vehicles, net	1,095	5,215
Tools, furniture and fixtures, net	238,766	194,709
Construction in progress	3,782	1,341
<b>Total property, plant and equipment</b>	<b>286,571</b>	<b>242,459</b>
Intangible assets		
Software	83,460	68,226
Software in progress	15,901	160,691
Trademark right	45,498	41,938
Other	75	75
<b>Total intangible assets</b>	<b>144,935</b>	<b>270,932</b>
Investments and other assets		
Investment securities	66,739	34,638
Long-term loans receivable from employees	1,093	338
Deferred tax assets	214,073	152,907
Leasehold and guarantee deposits	388,174	339,843
Other	3,209	3,209
Allowance for doubtful accounts	(2,400)	(2,600)
<b>Total investments and other assets</b>	<b>670,890</b>	<b>528,336</b>
<b>Total non-current assets</b>	<b>1,102,398</b>	<b>1,041,728</b>
<b>Total assets</b>	<b>6,037,597</b>	<b>6,006,399</b>

(Thousand yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	169,296	181,903
Short-term borrowings	1,320,000	820,000
Accounts payable - other	700,998	778,082
Accrued expenses	99,129	77,570
Income taxes payable	—	65,629
Accrued consumption taxes	—	180,172
Advances received	759	881
Deposits received	41,613	40,801
Provision for product warranties	—	12,647
Provision for bonuses	61,302	54,488
Provision for point card certificates	4,500	16,350
Provision for sales returns	13,269	14,374
Total current liabilities	2,410,870	2,242,903
Non-current liabilities		
Provision for share-based remuneration	52,687	54,600
Total non-current liabilities	52,687	54,600
<b>Total liabilities</b>	<b>2,463,558</b>	<b>2,297,503</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	880,549	882,404
Capital surplus		
Legal capital surplus	840,549	842,404
Total capital surpluses	840,549	842,404
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,967,605	2,008,121
Total retained earnings	1,967,605	2,008,121
Treasury shares	(129,999)	(104,883)
Total shareholders' equity	3,558,704	3,628,046
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,231	1,280
Deferred gains or losses on hedges	11,073	79,546
Total valuation and translation adjustments	15,305	80,827
Share acquisition rights	29	22
<b>Total net assets</b>	<b>3,574,038</b>	<b>3,708,895</b>
<b>Total liabilities and net assets</b>	<b>6,037,597</b>	<b>6,006,399</b>

## (2) Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net sales	13,322,787	13,570,000
Cost of sales		
Beginning merchandise inventory	1,750,520	2,405,260
Cost of purchased goods	6,795,717	5,254,637
Total	8,546,237	7,659,897
Ending merchandise inventory	2,405,260	1,777,476
Cost of goods sold	6,140,977	5,882,420
Gross profit	7,181,810	7,687,580
Selling, general and administrative expenses	7,478,106	7,571,132
Operating profit	(296,296)	116,448
Non-operating income		
Gain on investments in investment partnerships	9,352	—
Compensation income	16,124	24,869
Surrender value of insurance policies	3,624	—
Foreign exchange gains	5,899	2,342
Other	6,998	7,372
Total non-operating income	41,999	34,583
Non-operating expenses		
Interest expenses	2,033	2,159
Loss on investments in investment partnerships	—	1,929
Other	235	323
Total non-operating expenses	2,268	4,413
Ordinary profit	(256,565)	146,618
Extraordinary income		
Compensation income	—	14,517
Total extraordinary income	—	14,517
Extraordinary losses		
Loss on retirement of non-current assets	9,811	2,441
Provision for product warranties	51,096	21,882
Loss on valuation of investment securities	—	32,927
Total extraordinary losses	60,907	57,252
Profit before income taxes	(317,473)	103,883
Income taxes - current	7,381	30,887
Income taxes for prior periods	21,972	—
Income taxes - deferred	(106,149)	32,479
Total income taxes	(76,795)	63,367
Profit	(240,677)	40,515

(3) Statements of Changes in Net Assets  
For the fiscal year ended March 31, 2019

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of period	875,016	835,016	835,016
Changes during period			
Issuance of new shares - exercise of share acquisition rights	5,533	5,533	5,533
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	5,533	5,533	5,533
Balance at end of period	880,549	840,549	840,549

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of period	2,208,283	2,208,283	(129,915)	3,788,400
Changes during period				
Issuance of new shares - exercise of share acquisition rights				11,066
Profit	(240,677)	(240,677)		(240,677)
Purchase of treasury shares			(84)	(84)
Transfer of treasury stock to stock ownership plan trust				
Net changes in items other than shareholders' equity				
Total changes during period	(240,677)	(240,677)	(84)	(229,696)
Balance at end of period	1,967,605	1,967,605	(129,999)	3,558,704

	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	(731)	(8,574)	(9,306)	29	3,779,123
Changes during period					
Issuance of new shares - exercise of share acquisition rights					11,066
Profit					(240,677)
Purchase of treasury shares					(84)
Transfer of treasury stock to stock ownership plan trust					—
Net changes in items other than shareholders' equity	4,963	19,648	24,611	—	24,611
Total changes during period	4,963	19,648	24,611	—	(205,084)
Balance at end of period	4,231	11,073	15,305	29	3,574,038

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 - 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		
Balance at beginning of period	1,967,605	1,967,605	(129,999)	3,558,704
Changes during period				
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 - 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

## (4) Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	(317,473)	103,883
Depreciation	152,351	117,083
Increase (decrease) in allowance for doubtful accounts	200	200
Increase (decrease) in provision for bonuses	3,019	(6,814)
Increase (decrease) in provision for point card certificates	2,291	11,850
Increase (decrease) in provision for sales returns	1,757	1,104
Increase (decrease) in provision for product warranties	11,479	1,168
Increase (decrease) in provision for share-based remuneration	25,387	27,028
Interest and dividend income	(93)	(57)
Loss (gain) on investments in investment partnerships	(9,352)	1,929
Compensation income	(16,124)	(39,386)
Surrender value of insurance policies	(3,624)	—
Interest expenses	2,033	2,159
Foreign exchange losses (gains)	382	402
Loss on retirement of non-current assets	—	2,441
Loss (gain) on valuation of investment securities	—	32,927
Decrease (increase) in trade receivables	614,128	(444,572)
Decrease (increase) in inventories	(654,739)	627,783
Increase (decrease) in trade payables	(62,447)	12,606
Increase (decrease) in accounts payable - other	48,789	77,361
Other, net	(32,105)	262,649
Subtotal	(234,140)	791,751
Interest and dividends received	93	57
Proceeds from compensation	16,536	33,865
Interest paid	(2,102)	(2,138)
Income taxes paid	(355,235)	(10,069)
Income taxes refund	—	118,738
Net cash provided by (used in) operating activities	(574,848)	932,204
Cash flows from investing activities		
Purchase of property, plant and equipment	(251,347)	(32,790)
Purchase of intangible assets	(79,039)	(141,502)
Purchase of investment securities	(3,000)	(7,000)
Payments of leasehold and guarantee deposits	(262,191)	(2,288)
Proceeds for lease and guarantee deposits	21,169	35,792
Loan advances to employees	(393)	(670)
Collection of loans receivable from employees	246	2,117
Proceeds from cancellation of insurance funds	8,555	—
Net cash provided by (used in) investing activities	(565,999)	(146,342)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	500,000	(500,000)
Purchase of treasury shares	(84)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	11,066	3,703
Net cash provided by (used in) financing activities	510,981	(496,296)
Effect of exchange rate change on cash and cash equivalents	(382)	(402)
Net increase (decrease) in cash and cash equivalents	(630,248)	289,162
Cash and cash equivalents at beginning of period	1,663,620	1,033,371
Cash and cash equivalents at end of period	1,033,371	1,322,534

(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, 2019	For the fiscal year ended March 31, 2020
Net assets per share	¥347.92	¥360.15
Basic earnings (loss) per share	¥(23.44)	¥3.94
Diluted earnings per share	¥—	¥3.93

- (Notes) 1. For the purpose of calculating net assets per share, basic earnings (loss) per share, and diluted earnings per share for the fiscal year ended March 31, 2019 and the fiscal year ended March 31, 2020, the Company's shares held by Trust & Custody Services Bank, 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. Despite the existence of dilutive shares, diluted earnings per share for the fiscal year ended March 31, 2019 are not presented as it is diluted loss per share.
3. The basis for the calculation of net assets per share (Thousand yen, unless otherwise specified)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Total assets	3,574,038	3,708,895
Amount excluded from total assets	29	22
Year-end net assets attributable to common shares	3,574,009	3,708,873
Number of common shares at the year-end used to calculate net assets per share (shares)	10,272,597	10,297,997

4. 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, 2019	For the fiscal year ended March 31, 2020
Basic earnings (loss) per share		
Profit (loss)	(240,677)	40,515
Amount not attributable to common shareholders	—	—
Profit (loss) relating to common shares	(240,677)	40,515
Average number of common shares outstanding during the period (shares)	10,269,852	10,290,356
Diluted earnings per share		
Adjustment for profit	—	3.93
Increase in the number of common shares (shares)	—	10,895
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)



(Significant subsequent events)

There is no relevant information.