

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP]



April 27, 2018

Company name: Vega corporation Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 3542

URL: <http://www.vega-c.com>

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Scheduled date of Annual General Meeting of Shareholders: June 27, 2018

Scheduled date of commencing dividend payments: —

Scheduled date of filing annual securities report: June 28, 2018

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

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

1. Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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, 2018	12,977	18.4	561	(32.2)	589	(27.1)	338	(56.9)
March 31, 2017	10,960	31.4	828	44.0	808	36.6	786	120.2

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2018	32.84	32.22	9.2	10.5	4.3
March 31, 2017	77.65	76.08	27.5	17.4	7.6

(Reference) Equity in earnings (losses) of associates:

Fiscal year ended March 31, 2018: ¥— million

Fiscal year ended March 31, 2017: ¥— million

- (Notes)
- The Company conducted a 2-for-1 stock split of its common stock on April 1, 2017. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2017.
 - The Company was listed on TSE Mothers on June 28, 2016. Diluted earnings per share for the fiscal year ended March 31, 2017 is calculated assuming the average share price for the period between the listing date and March 31, 2017 as the average share price for the fiscal year ended March 31, 2017.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	5,914	3,779	63.9	368.63
As of March 31, 2017	5,336	3,580	67.1	346.15

(Reference) Equity: As of March 31, 2018: ¥3,779 million

As of March 31, 2017: ¥3,580 million

- (Note)
- The Company conducted a 2-for-1 stock split of its common stock on April 1, 2017. Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2017.

(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, 2018	537	(173)	(127)	1,663
March 31, 2017	189	(82)	513	1,430

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, 2017	—	0.00	—	0.00	0.00	—	—	—
March 31, 2018	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2019 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	15,800	21.8	730	29.9	750	27.2	460	35.8	44.87

* 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, 2018: 10,347,000 shares

March 31, 2017: 10,343,800 shares

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

March 31, 2018: 95,150 shares

March 31, 2017: 150 shares

- 3) Average number of shares during the period:

Fiscal year ended March 31, 2018: 10,317,517 shares

Fiscal year ended March 31, 2017: 10,124,386 shares

(Notes) 1. The Company conducted a 2-for-1 stock split of its common stock on April 1, 2017. The total number of issued shares at the end of the period, total number of treasury shares at the end of the period and average number of shares during the period are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2017.

2. 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 95,000 shares of

the Company's shares held by Trust & Custody Services Bank, Ltd. (trust account) as a trust asset under the Employee Stock Ownership Plan (J-ESOP).

* 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 "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 April 27, 2018.

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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, 2018, the Japanese economy remained on a gradual recovery track, showing signs of a pickup in personal consumption with continued improvement in corporate earnings and the employment and wage environment, supported by economic measures by the government and continued monetary easing policies by the Bank of Japan. Meanwhile, looking at the world economy, there are continued uncertainties about the future, such as the impact of policies implemented by the U.S. administration, political developments in Europe, and rising geopolitical risks.

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 ¥1,481.7 billion in 2017, up 9.8% year on year (source: FY2017 E-Commerce Market Survey published by the Ministry of Economy, Trade and Industry; April 2018).

Under such a business environment, the Company took active initiatives for its Furniture E-Commerce business through continued aggressive product development focused on new products and the expansion of existing categories, and the total annual number of products developed increased compared with the previous fiscal year. With regard to sales channels, through efforts to improve the convenience of websites operated by the Company and strengthen creativity, the number of unique users grew and the ratio of sales to overall sales also continued to increase. Furthermore, as a result of active promotion to increase access to “LOWYA” and efforts toward its branding, its recognition in the greater Tokyo metropolitan area rose and the number of specific keyword searches grew.

Meanwhile, with regard to costs, the cost of sales ratio increased due to reductions in sales price in commodity products, etc., impacted by intensifying price competition among major shopping centers and other factors. In logistics, delivery expenses increased due to a rise in fees charged by delivery companies.

In specific product development, the Company focused on the expansion of the existing categories such as sofas and beds as well as development of originally designed products mainly in the categories of pets and children. Catwalk TV board, featuring the concept of “interior for pleasant life with cats,” and wooden toys designed for children’s playhouses were well received in the market, leading to the launch of a series of products with multiple designs. In addition, baby bedding uniquely designed and developed in corporation with a well-established bedding manufacturer also performed well. In the category of household appliances, sales significantly exceeded that of the previous fiscal year due to initiatives to increase the number of products available, centered on seasonal household appliances including dehumidifiers and fans, and offering a variety of designs and sizes of Christmas trees, another seasonal product, in response to diversified needs.

With regard to sales channels, efforts were made in Search Engine Optimization (SEO) initiatives, significant system upgrades, and enhancement of usability for websites operated by the Company in order to increase the number of specific keyword searches. As a result, the total number of visitors to the LOWYA flagship store* grew more than expected, up 329% year on year. Product pages on the websites were also upgraded to offer more sophisticated and creative proposals of products and room designs with the aim to build a fan base. Owing to these initiatives, the number of specific keyword searches surpassed the number of the previous fiscal year by a large margin and the ratio of sales to total sales of the Company continued to grow as well. In addition, recognition of LOWYA improved in the greater Tokyo metropolitan area, in part attributable to an official sponsorship agreement with the Fukuoka SoftBank HAWKS and collaboration with major brands.

In the logistics aspect, the Company expanded the Kansai and Kanto warehouses which opened in the previous fiscal year, implementing optimum placement of warehousing and storage based on data analysis, aiming for improvement in distribution efficiency. Package sizes for multiple products were also reviewed in efforts to reduce packing and shipping costs.

In the new International EC Platform DOKODEMO business, through the enhancement of product information and sales pages, system upgrades and enriched services including faster display, the gross

merchandise sales total distribution amount robustly grew, along with the number of shipment destination countries reaching 78 countries for the year, an increase of 31 countries. Seminars and events were proactively held to increase the number of registered stores.

Furthermore, in another new business, Furniture/Interior Specialized EC Platform Laig, the Company has worked to build a platform with high quality pictures and product pages as a venue to propose a wide range of lifestyles, facilitate users' searches, and satisfy users' requests, aiming for its launch during the fiscal year ending March 31, 2019.

As a result of the above initiatives, the Company's business results for the fiscal year ended March 31, 2018 were ¥12,977 million in net sales (up 18.4% year on year), ¥561 million in operating profit (down 32.2% year on year), ¥589 million in ordinary profit (down 27.1 % year on year) and ¥338 million in profit (down 56.9% year on year).

* Flagship store: Renamed from "Main Store." The same applies hereinafter.

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

Total assets as of the end of the fiscal year under review increased by ¥577 million to ¥5,914 million (¥5,336 million as of the end of the previous fiscal year). Current assets increased by ¥521 million to ¥5,361 million (¥4,839 million as of the end of the previous fiscal year). This is mainly attributable to increases in cash and deposits, accounts receivable – trade, and merchandise by ¥226 million, ¥106 million, and ¥218 million, respectively. Non-current assets increased by ¥55 million to ¥552 million (¥497 million as of the end of the previous fiscal year).

Liabilities increased by ¥378 million to ¥2,135 million (¥1,756 million as of the end of the previous fiscal year). Current liabilities increased by ¥355 million to ¥2,107 million (¥1,752 million as of the end of the previous fiscal year). This is mainly attributable to increases in accounts payable – other and income taxes payable by ¥99 million and ¥248 million, respectively. Non-current liabilities increased by ¥23 million to ¥27 million (¥3 million as of the end of the previous fiscal year). This is mainly attributable to an increase in provision for stock benefits by ¥27 million.

Net assets increased by ¥198 million to ¥3,779 million (¥3,580 million as of the end of the previous fiscal year). This is mainly attributable to recording of ¥338 million of profit and purchase of treasury shares of ¥129 million.

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

Operating activities for the fiscal year under review resulted in an inflow of ¥537 million, investing activities resulted in an outflow of ¥173 million, and financing activities resulted in an outflow of ¥127 million, resulting in cash and cash equivalents (hereinafter referred to as "cash") of ¥1,663 million, an increase of ¥232 million (16.3%) 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 ¥537 million (an inflow of ¥189 million during the previous fiscal year).

This increase is mainly attributable to profit before income taxes of ¥569 million, depreciation of ¥124 million, and an increase of ¥118 million in accounts payable – other, despite an increase of ¥106 million in notes and accounts receivable – trade and an increase of ¥218 million in inventories due to an increase in orders received.

(Cash flows from investing activities)

Cash used in investing activities during the fiscal year under review was ¥173 million (an outflow of ¥82 million during the previous fiscal year).

This decrease is mainly attributable to purchase of property, plant and equipment of ¥66 million, purchase of intangible assets of ¥51 million, and purchase of investment securities of ¥58 million.

As a result, free cash flow (total amount of cash flows from operating activities and cash flows from investing activities) was positive ¥363 million (positive ¥107 million for the previous fiscal year).

(Cash flows from financing activities)

Cash used in financing activities during the fiscal year under review was ¥127 million (an inflow of ¥513 million during the previous fiscal year).

This decrease is attributable in part to purchase of treasury shares of ¥129 million.

(4) Future Outlook

The Company, with its vision of the “The Only E-Commerce Company fulfills your Satisfaction and Inspiration” will strive to deliver its unique and new standards and pursue service innovation.

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, as well as in two other new businesses, the International EC Platform business and the Furniture Platform business.

In the Furniture E-Commerce business, the Company will focus on the enhancement of the LOWYA flagship store and its branding for further growth in sales and profit. At LOWYA flagship store, due to SEO initiatives, significant system upgrades and usability enhancements implemented in the fiscal year ended March 31, 2018, visitors increased more than expected. The Company will continue to take active initiatives to strengthen the number of visitors by pursuing further SEO initiatives and aggressive investment in advertisement. In addition, the Company will promote the branding of a “fast interior” category where attractive lifestyle and products are provided with attractive prices and quality, toward the building of a fan base. The Company will aim to develop its brand during the fiscal year ending March 31, 2019 and work to continuously raise awareness.

Meanwhile, it is expected that there will be upward pressure on delivery fees by delivery companies from April 2018, and therefore the control of delivery expenses will be an important issue. The Company will build optimum delivery functions at each logistics base to improve the efficiency of its logistics structure.

In the International EC Platform business, the Company will strive to increase the number of registered stores and products available while promoting sales activities, and take initiatives to further increase the number of memberships and gross merchandise sales. Moreover, efforts will be made to strengthen earnings structures and work toward early monetization.

In the Furniture Platform business, the Company has been developing a furniture/interior specialized platform, utilizing expertise developed in the Furniture E-Commerce business. The Company will endeavor for an early launch with a sufficient number of registered stores, enhanced content and service quality.

Under these policies, our outlook for the fiscal year ending March 31, 2019 is ¥15,800 million in net sales (up 21.8% year on year), ¥730 million in operating profit (up 29.9% year on year), ¥750 million in ordinary profit (up 27.2% year on year), and ¥460 million in profit (up 35.8% year on year).

(Million yen, unless otherwise specified)

	Fiscal year ending March 31, 2019 Outlook	Fiscal year ended March 31, 2018 Result	Change (%)
Net sales	15,800	12,977	21.8
Operating profit	730	561	29.9
Ordinary profit	750	589	27.2
Profit	460	338	35.8
Basic earnings per share (yen)	44.87	32.84	—

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, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	1,430,650	1,656,656
Accounts receivable - trade	1,694,348	1,801,039
Merchandise	1,532,451	1,750,520
Advance payments - trade	22,702	24,984
Prepaid expenses	65,615	62,241
Deferred tax assets	36,074	51,970
Income taxes receivable	46,544	—
Forward exchange contracts	4,331	—
Other	7,159	14,442
Total current assets	4,839,879	5,361,855
Non-current assets		
Property, plant and equipment		
Buildings, net	21,866	27,269
Vehicles, net	2,563	2,191
Tools, furniture and fixtures, net	72,370	93,854
Total property, plant and equipment	96,800	123,316
Intangible assets		
Software	178,290	146,692
Other	75	75
Total intangible assets	178,365	146,768
Investments and other assets		
Investment securities	20,096	57,225
Long-term prepaid expenses	12,654	—
Deferred tax assets	47,187	66,774
Long-term loans receivable from employees	—	1,258
Lease and guarantee deposits	136,416	151,475
Other	7,491	7,816
Allowance for doubtful accounts	(2,000)	(2,200)
Total investments and other assets	221,845	282,351
Total non-current assets	497,011	552,435
Total assets	5,336,891	5,914,291

(Thousand yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	259,372	231,744
Short-term loans payable	820,000	820,000
Accounts payable - other	528,072	627,447
Accrued expenses	22,173	33,950
Income taxes payable	—	248,622
Accrued consumption taxes	63,498	19,239
Forward exchange contracts	—	12,371
Advances received	510	1,392
Deposits received	2,577	40,896
Provision for bonuses	42,433	58,283
Provision for point card certificates	—	2,209
Provision for sales returns	13,733	11,512
Other	11	200
Total current liabilities	1,752,381	2,107,867
Non-current liabilities		
Provision for stock benefits	—	27,300
Provision for point card certificates	3,976	—
Total non-current liabilities	3,976	27,300
Total liabilities	1,756,358	2,135,167
Net assets		
Shareholders' equity		
Capital stock	874,151	875,016
Capital surplus		
Legal capital surplus	834,151	835,016
Total capital surpluses	834,151	835,016
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,869,437	2,208,283
Total retained earnings	1,869,437	2,208,283
Treasury shares	(240)	(129,915)
Total shareholders' equity	3,577,500	3,788,400
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	—	(731)
Deferred gains or losses on hedges	3,001	(8,574)
Total valuation and translation adjustments	3,001	(9,306)
Share acquisition rights	30	29
Total net assets	3,580,532	3,779,123
Total liabilities and net assets	5,336,891	5,914,291

(2) Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Net sales	10,960,214	12,977,260
Cost of sales		
Beginning goods	1,037,774	1,532,451
Cost of purchased goods	5,712,040	6,363,351
Total	6,749,814	7,895,803
Ending goods	1,532,451	1,750,520
Cost of goods sold	5,217,362	6,145,283
Gross profit	5,742,851	6,831,976
Selling, general and administrative expenses	4,914,354	6,270,145
Operating profit	828,497	561,830
Non-operating income		
Interests from subsidiaries and associates	1,362	—
Insurance premiums refunded cancellation	—	9,813
Compensation income	12,527	13,338
Commissions from subsidiaries and associates	1,138	—
Foreign exchange gains	—	2,888
Reversal of provision for point card certificates	—	1,767
Other	3,999	3,712
Total non-operating income	19,027	31,519
Non-operating expenses		
Interest expenses	2,668	1,647
Share issuance cost	6,361	—
Going public expenses	9,586	—
Loss on investments in partnership	—	598
Foreign exchange losses	19,458	—
Depreciation of advances received	—	888
Loss on retirement of non-current assets	—	375
Other	689	234
Total non-operating expenses	38,763	3,744
Ordinary profit	808,761	589,606
Extraordinary income		
Gain on liquidation of subsidiaries	15,501	—
Total extraordinary income	15,501	—
Extraordinary losses		
Loss on valuation of investment securities	—	20,095
Total extraordinary losses	—	20,095
Profit before income taxes	824,262	569,510
Income taxes - current	67,884	260,697
Income taxes - deferred	(29,773)	(30,033)
Total income taxes	38,111	230,664
Profit	786,151	338,845

(3) Statements of Changes in Net Assets
For the fiscal year ended March 31, 2017

(Thousand yen)

	Shareholders' equity		
	Capital stock	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of current period	562,321	522,321	522,321
Changes of items during period			
Issuance of new shares	301,760	301,760	301,760
Issuance of new shares - exercise of share acquisition rights	10,070	10,070	10,070
Profit			
Purchase of treasury shares			
Issuance of share acquisition rights			
Net changes of items other than shareholders' equity			
Total changes of items during period	311,830	311,830	311,830
Balance at end of current period	874,151	834,151	834,151

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of current period	1,083,286	1,083,286	—	2,167,929
Changes of items during period				
Issuance of new shares				603,520
Issuance of new shares - exercise of share acquisition rights				20,140
Profit	786,151	786,151		786,151
Purchase of treasury shares			(240)	(240)
Issuance of share acquisition rights				—
Net changes of items other than shareholders' equity				
Total changes of items during period	786,151	786,151	(240)	1,409,571
Balance at end of current period	1,869,437	1,869,437	(240)	3,577,500

	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 current period	—	(29,152)	(29,152)	—	2,138,776
Changes of items during period					
Issuance of new shares					603,520
Issuance of new shares - exercise of share acquisition rights					20,140
Profit					786,151
Purchase of treasury shares					(240)
Issuance of share acquisition rights				30	30
Net changes of items other than shareholders' equity	—	32,154	32,154	—	32,154
Total changes of items during period	—	32,154	32,154	30	1,441,755
Balance at end of current period	—	3,001	3,001	30	3,580,532

For the fiscal year ended March 31, 2018

(Thousand yen)

	Shareholders' equity		
	Capital stock	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of current period	874,151	834,151	834,151
Changes of items during period			
Issuance of new shares			
Issuance of new shares - exercise of share acquisition rights	864	864	864
Profit			
Purchase of treasury shares			
Issuance of share acquisition rights			
Net changes of items other than shareholders' equity			
Total changes of items during period	864	864	864
Balance at end of current period	875,016	835,016	835,016

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of current period	1,869,437	1,869,437	(240)	3,577,500
Changes of items during period				
Issuance of new shares				—
Issuance of new shares - exercise of share acquisition rights				1,729
Profit	338,845	338,845		338,845
Purchase of treasury shares			(129,675)	(129,675)
Issuance of share acquisition rights				—
Net changes of items other than shareholders' equity				
Total changes of items during period	338,845	338,845	(129,675)	210,899
Balance at end of current period	2,208,283	2,208,283	(129,915)	3,788,400

	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 current period	—	3,001	3,001	30	3,580,532
Changes of items during period					
Issuance of new shares					—
Issuance of new shares - exercise of share acquisition rights					1,729
Profit					338,845
Purchase of treasury shares					(129,675)
Issuance of share acquisition rights					—
Net changes of items other than shareholders' equity	(731)	(11,576)	(12,308)	(0)	(12,309)
Total changes of items during period	(731)	(11,576)	(12,308)	(0)	198,590
Balance at end of current period	(731)	(8,574)	(9,306)	29	3,779,123

(4) Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	824,262	569,510
Depreciation	92,472	124,683
Increase (decrease) in allowance for doubtful accounts	200	200
Increase (decrease) in provision for bonuses	21,671	15,849
Increase (decrease) in provision for sales returns	1,308	(2,221)
Increase (decrease) in provision for point card certificates	1,544	(1,767)
Increase (decrease) in provision for stock benefits	—	27,300
Interest and dividend income	(1,511)	(30)
Surrender value of insurance	—	(9,813)
Compensation income	(12,527)	(13,338)
Interest expenses	2,668	1,647
Going public expenses	9,586	—
Foreign exchange losses (gains)	32,272	2,759
Gain on liquidation of subsidiaries	(15,501)	—
Loss (gain) on valuation of investment securities	—	20,095
Decrease (increase) in notes and accounts receivable - trade	(303,047)	(106,691)
Decrease (increase) in inventories	(494,677)	(218,068)
Increase (decrease) in notes and accounts payable - trade	147,318	(27,628)
Increase (decrease) in accounts payable - other	130,839	118,905
Other, net	18,865	13,831
Subtotal	455,745	515,225
Interest and dividend income received	1,511	30
Proceeds from compensation	10,645	11,921
Interest expenses paid	(2,668)	(1,602)
Income taxes paid	(275,422)	(41,832)
Income taxes refund	—	53,457
Net cash provided by (used in) operating activities	189,810	537,200
Cash flows from investing activities		
Purchase of property, plant and equipment	(65,303)	(66,714)
Purchase of intangible assets	(58,138)	(51,379)
Purchase of investment securities	(20,096)	(58,928)
Proceeds from liquidation of subsidiaries	96,293	—
Payments for lease and guarantee deposits	(35,126)	(16,721)
Payments of loans receivable from employees	—	(2,494)
Collection of loans receivable from employees	—	246
Proceeds from cancellation of insurance funds	—	22,467
Net cash provided by (used in) investing activities	(82,371)	(173,523)
Cash flows from financing activities		
Repayments of long-term loans payable	(93,720)	—
Proceeds from issuance of common shares	597,158	—
Purchase of treasury shares	—	(129,675)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	20,140	1,728
Payments for going public expenses	(9,586)	—
Other, net	(210)	—
Net cash provided by (used in) financing activities	513,782	(127,946)
Effect of exchange rate change on cash and cash equivalents	(33,991)	(2,759)
Net increase (decrease) in cash and cash equivalents	587,230	232,970
Cash and cash equivalents at beginning of period	843,419	1,430,650
Cash and cash equivalents at end of period	1,430,650	1,663,620

(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, 2017	For the fiscal year ended March 31, 2018
Net assets per share	¥346.15	¥368.63
Basic earnings per share	¥77.65	¥32.84
Diluted earnings per share	¥76.08	¥32.22

- (Notes)
1. The Company conducted a 2-for-1 stock split of its common stock on April 1, 2017. Net assets per share, basic earnings per share, and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2017.
 2. The Company was listed on TSE Mothers on June 28, 2016. Diluted earnings per share for the fiscal year ended March 31, 2017 is calculated assuming the average share price for the period between the listing date and March 31, 2017 as the average share price for the fiscal year ended March 31, 2017.
 3. 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, 2018, the Company's shares held by Trust & Custody Services Bank, Ltd. (trust account) 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.

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

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Total assets	3,580,532	3,779,123
Amount excluded from total assets	30	29
Year-end net assets attributable to common shares	3,580,502	3,779,094
Number of common shares at the year-end used to calculate net assets per share (shares)	10,343,650	10,251,850

5. The basis for the calculation of basic earnings per share and diluted earnings per share

(Thousand yen, unless otherwise specified)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Basic earnings per share		
Profit	786,151	338,845
Amount not attributable to common shareholders	—	—
Profit relating to common shares	786,151	338,845
Average number of common shares outstanding during the period (shares)	10,124,386	10,317,517
Diluted earnings per share		
Adjustment for profit	—	—
Increase in the number of common shares (shares)	208,595	199,925
Overview of residual shares not included in the calculation of diluted earnings per share due to not having a dilutive effect	One type of share acquisition rights (number of share acquisition rights: 300)	One type of share acquisition rights (number of share acquisition rights: 300)

(Significant subsequent events)

There is no relevant information.