

**Non-consolidated Financial Results  
for the Nine Months Ended December 31, 2021  
[Japanese GAAP]**



January 31, 2022

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 filing quarterly securities report: February 14, 2022  
 Scheduled date of commencing dividend payments: —  
 Availability of supplementary briefing material on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: Not scheduled

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

**1. Financial Results for the Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)**

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2021	12,455	—	449	(68.0)	472	(66.9)	308	(64.4)
December 31, 2020	14,247	44.8	1,407	—	1,428	—	867	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	29.41	29.22
December 31, 2020	83.38	82.27

(Note) The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The amount of net sales for the nine months ended December 31, 2021 shows the figure after the said accounting standard has been applied, and percent change from the previous corresponding period is not presented.

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2021	7,878	5,208	66.1
As of March 31, 2021	8,223	5,138	62.5

(Reference) Equity: As of December 31, 2021: ¥5,208 million As of March 31, 2021: ¥5,138 million

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	0.00	—	10.00	10.00
Fiscal year ending March 31, 2022	—	0.00	—		
Fiscal year ending March 31, 2022 (Forecast)				10.00	10.00

(Note) Revision to the dividends forecast announced most recently: None

### 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	16,000 to 16,500	—	500 to 600	(67.1) to (72.6)	530 to 630	(66.0) to (71.4)	250 to 414	(64.3) to (78.4)	23.80 to 39.42

(Note) Revision to the financial results forecast announced most recently: Yes

The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. Due to this change, the financial results forecast shows the amounts after the said accounting standard has been applied, and percent change in net sales from the previous corresponding period is not presented.

#### \* Notes:

- (1) Adoption of accounting policies for the preparation of quarterly financial statements: Yes
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - December 31, 2021: 10,633,600 shares
    - March 31, 2021: 10,633,600 shares
  - 2) Total number of treasury shares at the end of the period:
    - December 31, 2021: 136,674 shares
    - March 31, 2021: 66,824 shares
  - 3) Average number of shares during the period:
    - Nine months ended December 31, 2021: 10,504,040 shares
    - Nine months ended December 31, 2020: 10,408,208 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 (JESOP).

Total number of treasury shares at the end of the period  
(December 31, 2021: 136,450 shares; March 31, 2021: 66,600 shares)

Average number of shares during the period

(Nine months ended December 31, 2021: 129,336 shares; Nine months ended December 31, 2020: 71,909 shares)

\* These quarterly financial results are outside the scope of quarterly review 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, and the Company does not in any way guarantee the achievement of the projections. In addition, 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. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Financial Results Forecast and Other Forward-looking Information” on page 3 of the Appendix.

(Method of obtaining quarterly briefing materials)

Briefing materials on quarterly financial results are provided on TDnet on January 31, 2022.

○ Table of Contents of Appendix

1. Qualitative Information on Quarterly Financial Results for the Period under Review .....	2
(1) Explanation of Business Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Financial Results Forecast and Other Forward-looking Information .....	3
2. Quarterly Financial Statements and Primary Notes .....	4
(1) Quarterly Balance Sheets .....	4
(2) Quarterly Statements of Income .....	5
(3) Notes to the Quarterly Financial Statements .....	6
(Notes on going concern assumption) .....	6
(Notes on significant changes in shareholders' equity) .....	6
(Adoption of accounting policies for the preparation of quarterly financial statements) .....	6
(Changes in accounting policies) .....	6
(Segment information, etc.) .....	6

## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Business Results

During the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021), following repeated declarations of a state of emergency aimed at preventing the spread of the novel coronavirus infection, the declaration of a state of emergency was lifted at the end of September and restrictions on activities were eased due to the progress in vaccination efforts, resulting in a gradual return of economic and social activities to normal, and the Japanese economy is on a gradual recovery track. However, it is necessary to continue monitoring the impact of the resurgence of the pandemic, including the new Omicron strain, rising resource prices and supply chain disruptions on the economies both at home and abroad.

In the furniture and interior industry, the business environment continues to be challenging due to increases in raw material prices and logistics costs as well as intensifying competition taking place beyond business categories. Meanwhile, the scale of the sundries, furniture and interior B to C-EC market, which the Company belongs to, steadily expanded to ¥2,132.2 billion in 2020, up 22.35% 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 2021). Further market expansion is still expected, with increasing use of ecommerce due to changes in living styles brought about by the novel coronavirus infection.

Under such a business environment, in its Furniture E-Commerce business, the Company strengthened efforts to attract more customers mainly to the LOWYA flagship store, and engaged in efforts to improve brand recognition by enhancing the influx of new visitor access from search engine optimization (SEO) and online advertising and strengthening SNS presence, as well as to encourage membership through the download of the mobile app. As a result of these efforts, the ratio of LOWYA flagship store GMV (Gross Merchandise Value) to overall GMV accounted for 51.4% in the third quarter under review. In terms of product lineup, the Company continues its effort to develop hit products and high profit margin products of its own private brands, which is an initiative it has been working on for some time. In addition, as for the handling of the products of other companies' brands, which the Company started as a trial to develop a platform for the LOWYA flagship store, the number of products has increased steadily, gaining access and orders.

As for profit and loss, both net sales and profit decreased, due to a reactionary decline in demand from the same period of the previous fiscal year, in which demand rose. However, the shift in sales channels to the LOWYA flagship store has progressed smoothly. The Company has also been successfully continuing its initiatives to reduce storage costs and delivery expenses through the optimization of inventory and delivery, though the cost of sales ratio increased due to the impact of rising marine containers transportation costs, higher raw material prices, and yen depreciation.

In the new International EC Platform DOKODEMO business, as demand for cross-border EC as an alternative to inbound consumption has been increasing from the previous year, the Company enhanced product lineup by anticipating demand and carried out marketing measures. As a result of these initiatives, both the number of accesses and the number of members have been steadily increasing, and the gross merchandise volume (GMV) for the third quarter under review has grown significantly, by 68.7% year on year, reaching a new record high on a quarterly basis, after it marked a historical high in the second quarter. Recently, while the percentage of deliveries to Taiwan and other Asian countries has been increasing, users in a wide range of countries and regions including the U.S. and Australia have been using our services.

As a result of the above initiatives, the Company's business results for the nine months ended December 31, 2021 were ¥12,455 million in net sales, ¥449 million in operating profit (down 68.0% year on year), ¥472 million in ordinary profit (down 66.9% year on year) and ¥308 million in profit (down 64.4% year on year).

In addition, the Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter ended June 30, 2021. Therefore, in the explanation of business results for the nine months ended December 31, 2021, year-on-year comparison (%) of net sales against the nine months ended December 31, 2020 is not provided. For details, please see "2.

Quarterly Financial Statements and Primary Notes (3) Notes to the Quarterly Financial Statements (Changes in accounting policies).”

## (2) Explanation of Financial Position

Total assets as of the end of the third quarter under review decreased by ¥345 million to ¥7,878 million (¥8,223 million as of the end of the previous fiscal year). Current assets decreased by ¥476 million to ¥6,415 million (¥6,892 million as of the end of the previous fiscal year). This is mainly attributable to a decrease in cash and deposits by ¥1,635 million, a decrease in accounts receivable – trade by ¥577 million, and an increase in merchandise by ¥1,362 million. Non-current assets increased by ¥131 million to ¥1,462 million (¥1,331 million as of the end of the previous fiscal year).

Liabilities decreased by ¥415 million to ¥2,669 million (¥3,084 million as of the end of the previous fiscal year). Current liabilities decreased by ¥397 million to ¥2,625 million (¥3,023 million as of the end of the previous fiscal year). This is mainly attributable to an increase in short-term borrowings by ¥500 million and a decrease in income taxes payable by ¥713 million. Non-current liabilities decreased by ¥17 million to ¥44 million (¥61 million as of the end of the previous fiscal year).

Net assets increased by ¥69 million to ¥5,208 million (¥5,138 million as of the end of the previous fiscal year).

## (3) Explanation of Financial Results Forecast and Other Forward-looking Information

In light of recent business trends, revisions have been made to the full-year forecast of financial results for the fiscal year ending March 31, 2022, released on May 14, 2021. For details, please refer to the “Notice of Revision of FY2022 Full-Year Financial Results Forecast,” released today, January 31, 2022.

2. Quarterly Financial Statements and Primary Notes  
(1) Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,028,959	1,393,792
Accounts receivable – trade	1,897,796	1,320,533
Merchandise	1,521,076	2,883,725
Income taxes receivable	—	173,962
Forward exchange contracts	66,113	17,625
Other	378,390	625,875
<b>Total current assets</b>	<b>6,892,336</b>	<b>6,415,514</b>
Non-current assets		
Property, plant and equipment	210,857	234,355
Intangible assets	309,588	296,119
Investments and other assets		
Deferred tax assets	172,528	181,065
Leasehold and guarantee deposits	328,317	324,402
Other	312,828	429,605
Allowance for doubtful accounts	(2,800)	(2,950)
<b>Total investments and other assets</b>	<b>810,875</b>	<b>932,123</b>
<b>Total non-current assets</b>	<b>1,331,321</b>	<b>1,462,597</b>
<b>Total assets</b>	<b>8,223,657</b>	<b>7,878,111</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	285,252	368,560
Short-term borrowings	500,000	1,000,000
Accounts payable – other	914,755	824,191
Income taxes payable	713,438	—
Provision for bonuses	99,130	30,000
Provision for point card certificates	16,073	—
Provision for sales returns	13,582	—
Provision for product warranties	10,277	8,746
Other	470,535	393,992
<b>Total current liabilities</b>	<b>3,023,046</b>	<b>2,625,491</b>
Non-current liabilities		
Provision for share awards	61,950	44,255
<b>Total non-current liabilities</b>	<b>61,950</b>	<b>44,255</b>
<b>Total liabilities</b>	<b>3,084,996</b>	<b>2,669,747</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,027,735	1,027,735
Capital surplus	987,735	987,735
Retained earnings	3,167,173	3,370,440
Treasury shares	(91,260)	(205,263)
<b>Total shareholders' equity</b>	<b>5,091,383</b>	<b>5,180,646</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,275	15,447
Deferred gains or losses on hedges	45,981	12,249
<b>Total valuation and translation adjustments</b>	<b>47,256</b>	<b>27,696</b>
Share acquisition rights	21	21
<b>Total net assets</b>	<b>5,138,661</b>	<b>5,208,364</b>
<b>Total liabilities and net assets</b>	<b>8,223,657</b>	<b>7,878,111</b>

(2) Quarterly Statements of Income  
For the nine months ended December 31

(Thousand yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Net sales	14,247,071	12,455,838
Cost of sales	5,713,418	5,504,528
Gross profit	8,533,652	6,951,310
Selling, general and administrative expenses	7,126,004	6,501,560
Operating profit	1,407,647	449,749
Non-operating income		
Compensation income	17,195	9,183
Gain on investments in investment partnerships	764	10,777
Foreign exchange gains	—	735
Other	4,717	4,640
Total non-operating income	22,677	25,337
Non-operating expenses		
Interest expenses	1,124	1,206
Loss on retirement of non-current assets	—	835
Foreign exchange losses	541	—
Other	150	150
Total non-operating expenses	1,816	2,192
Ordinary profit	1,428,509	472,894
Profit before income taxes	1,428,509	472,894
Income taxes – current	560,706	163,959
Total income taxes	560,706	163,959
Profit	867,803	308,934



### (3) Notes to the Quarterly Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes on significant changes in shareholders' equity)

Treasury shares increased by ¥149,697 thousand as the Company additionally acquired its own shares due to additional contribution to the Employee Stock Ownership Plan (J-ESOP) during the three months ended June 30, 2021. As a result, at the end of the third quarter under review, treasury shares amounted to ¥205,263 thousand.

(Adoption of accounting policies for the preparation of quarterly financial statements)

Tax expenses are determined based on the amount of profit before income taxes for the third quarter ended December 31, 2021 multiplied by the effective tax rate after the adoption of tax-effect accounting estimated for the entire fiscal year ending March 31, 2022. However, in cases where the result of calculation using this estimated effective tax rate significantly lacks rationality, calculations are made based on the statutory tax rate.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition and other standards)

The Company has decided to apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard") and other standards from the beginning of the first quarter ended June 30, 2021, whereby revenue shall be recognized at an amount that the Company expects to receive in exchange for promised goods or services when control of the goods or services transfers to the customer. As a result of the application, the grant of points and use of coupons in the course of sales to customers, which were previously recorded as selling, general and administrative expenses, are recognized as sales discount in the recognition of revenue.

In addition, the Company applies the alternative accounting treatment set forth in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" to domestic sales of products, whereby revenue is recognized at the time of shipment if the period from shipment until transfer of control of the products to customers is within a normal period of time.

In the application of the Revenue Recognition Accounting Standard and other standards, the Company complies with the transitional measures set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, whereby the cumulative effect of retrospectively applying the new accounting standard to the periods prior to the beginning of the first quarter ended June 30, 2021 is added to or subtracted from retained earnings at the beginning of the first quarter ended June 30, 2021, and the new accounting standard is applied from the beginning balance of the period. Provided, however, that the Company applies the methods stipulated in Paragraph 86 of the Revenue Recognition Accounting Standard, and the new accounting standard has not been retrospectively applied to contracts for which almost all the amounts of revenue were recognized pursuant to the previous accounting treatment prior to the beginning of the first quarter ended June 30, 2021.

As a result, net sales and selling, general and administrative expenses for the nine months ended December 31, 2021 decreased by ¥930,932 thousand and ¥930,932 thousand, respectively, and there is no impact on operating profit, ordinary profit and profit before income taxes. In addition, there is no impact on the beginning balance of retained earnings, either.

(Segment information, etc.)

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