



## Full-year Financial Results

For the Fiscal Year Ended March 31, 2022  
Vega corporation Co., Ltd. / Securities code: 3542



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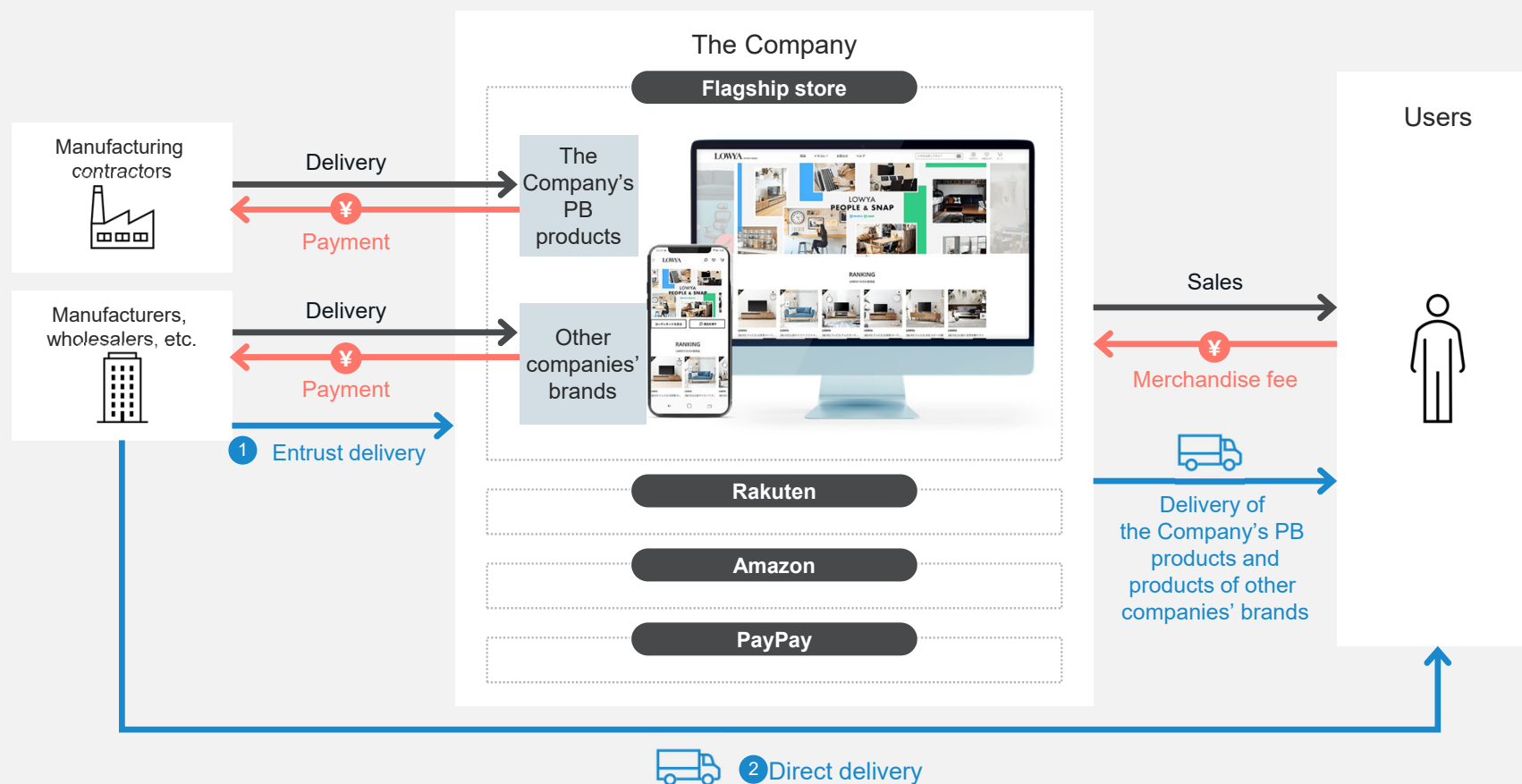
**6**

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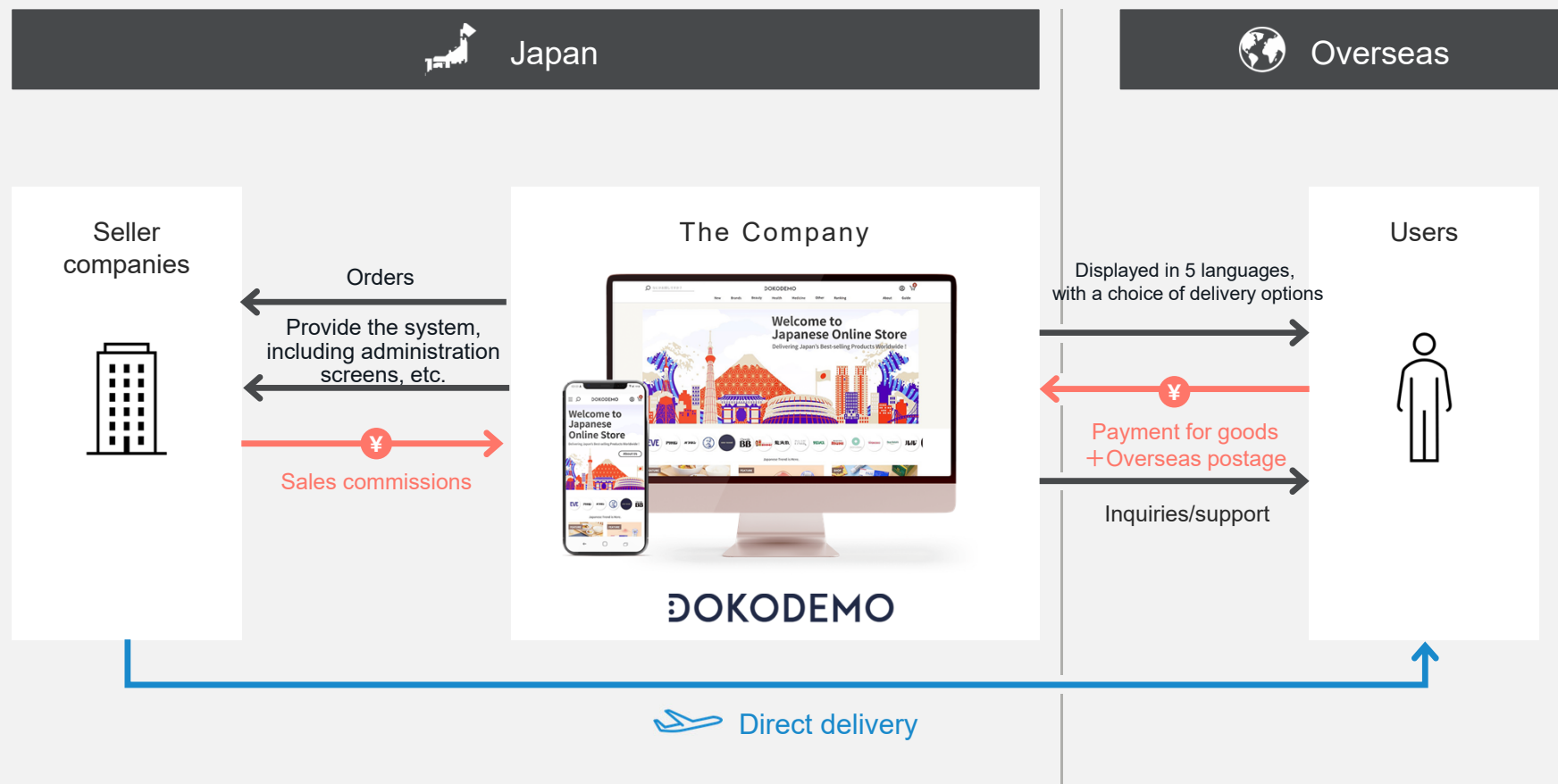
# 1

## Business Description

In addition to offering private brand (PB) products at the flagship store (the Company's e-commerce website) and other e-commerce marketplace stores, products of other companies' brands are offered at the flagship store



Operate a cross-border e-commerce platform with all functions including settlement, logistics and CS, which enables seller companies to offer Japanese products to overseas users



## Difference in Sales Recognition Methods

LOWYA business is a D2C business of furniture and interior sundries\*

DOKODEMO business is a cross-border e-commerce platform business that has a model that earns commissions according to the value of merchandise sold

**LOWYA**  
TREND IS HERE.



\* In the current trial phase, the above calculation formula is used to recognize sales of products of other companies' brands as well, in principle, though the method for recognizing sales of products of other companies' brands may be changed.

**DOKODEMO**



\* D2C (Direct to Consumer) is a format of business that involves direct sales exclusively online.

\* Due to the application of a new Revenue Recognition Standard, starting in the fiscal year ended March 31, 2022, net sales are recognized at a value obtained by subtracting the value of coupons used, marketplace points granted, etc. from the value of merchandise sold (For an overview of the impact of the new Revenue Recognition Standard, please see Appendix.).

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# 2

## Overview of Financial Results for the Fiscal Year Ended March 31, 2022

## Financial Highlight

### Overview of Company-wide Results

Steady progress made in increasing members, raising the repeat rate, enhancing product lineup and other efforts to achieve growth, despite demand in the LOWYA business experiencing a reactionary decline against the surge in growth of the previous fiscal year  
DOKODEMO business full-year results rose 183.3% YoY for a major expansion in transactions

	4Q	YoY	Full Year	YoY
GMV (LOWYA)	<b>4,531</b> million yen	<b>91.3%</b>	<b>17,607</b> million yen	<b>92.6%</b>
GMV (DOKODEMO)	<b>1,056</b> million yen	<b>166.1%</b>	<b>3,598</b> million yen	<b>183.3%</b>
Net sales	<small>*Application of new revenue recognition standard from current period</small> <b>4,376</b> million yen	<b>- % *</b>	<b>16,832</b> million yen	<b>- % *</b>
Operating profit	<b>146</b> million yen	<b>35.1%</b>	<b>596</b> million yen	<b>32.7%</b>

#### LOWYA business

### Overview

- Flagship store memberships grew, with GMV on par with the prior year and confirmation of firm demand
- The number of items from other companies' brands at the flagship store increased about tenfold in one year to significantly enhance selection for users
- Lowering the delivery expenses ratio, even with faced with rising costs, mitigated the impact on overall variable expenses

#### DOKODEMO business

### Overview

- GMV grew with constant new and repeat customers, breaking through the 1,000 million-yen mark in two consecutive quarters in 3Q and 4Q

\*GMV: Gross Merchandise Value

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## Financial Results for the Fourth Quarter for the Fiscal Year Ended March 31, 2022

Net sales: **4,376** million yen, Operating profit: **146** million yen

(Million yen)

	Fiscal year ended Mar. 31, 2021		Fiscal year ended Mar. 31, 2021 (New Revenue Recognition Standard retrospectively applied)		Fiscal year ended Mar. 31, 2022		YoY
	4Q results	Sales ratio	4Q results	Sales ratio	4Q results	Sales ratio	
Net sales	<b>5,066</b>	<b>100.0%</b>	<b>4,737</b>	<b>100.0%</b>	<b>4,376</b>	<b>100.0%</b>	-
Gross profit	<b>3,063</b>	<b>60.5%</b>	<b>2,734</b>	<b>57.7%</b>	<b>2,420</b>	<b>55.3%</b>	-
SG&A expenses	<b>2,646</b>	<b>52.2%</b>	<b>2,317</b>	<b>48.9%</b>	<b>2,273</b>	<b>52.0%</b>	-
Operating profit	<b>417</b>	<b>8.2%</b>	<b>417</b>	<b>8.8%</b>	<b>146</b>	<b>3.3%</b>	<b>35.1%</b> (-270)
Ordinary profit	<b>423</b>	<b>8.4%</b>	<b>423</b>	<b>8.9%</b>	<b>148</b>	<b>3.4%</b>	<b>35.1%</b> (-274)
Profit	<b>291</b>	<b>5.8%</b>	<b>291</b>	<b>6.1%</b>	<b>73</b>	<b>1.7%</b>	<b>25.3%</b> (-217)

\* Audit procedures pursuant to the Financial Instruments and Exchange Act are in progress as of the date of disclosure of this document.

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## Financial Results for the Fiscal Year Ended March 31, 2022 (Full-year)

Net sales: **16,832** million yen, Operating profit: **596** million yen

(Million yen)

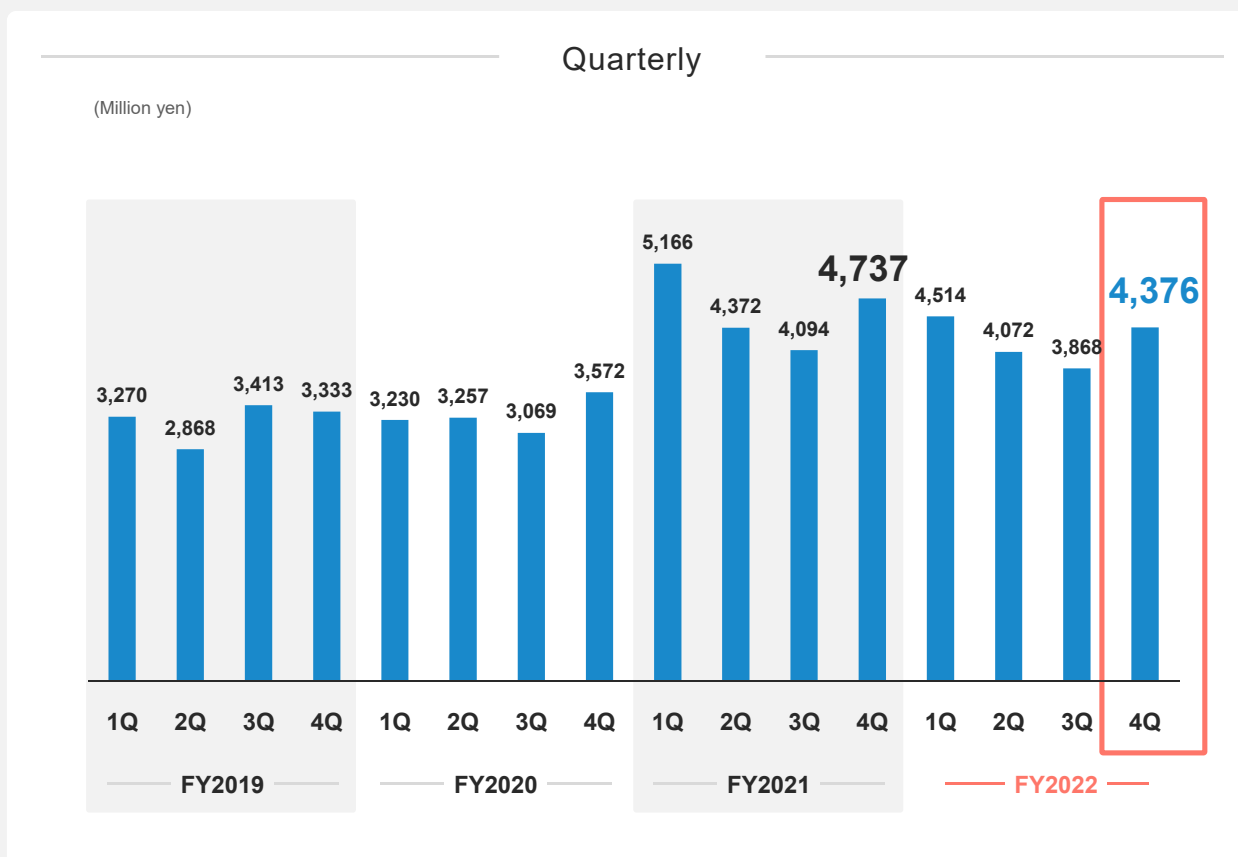
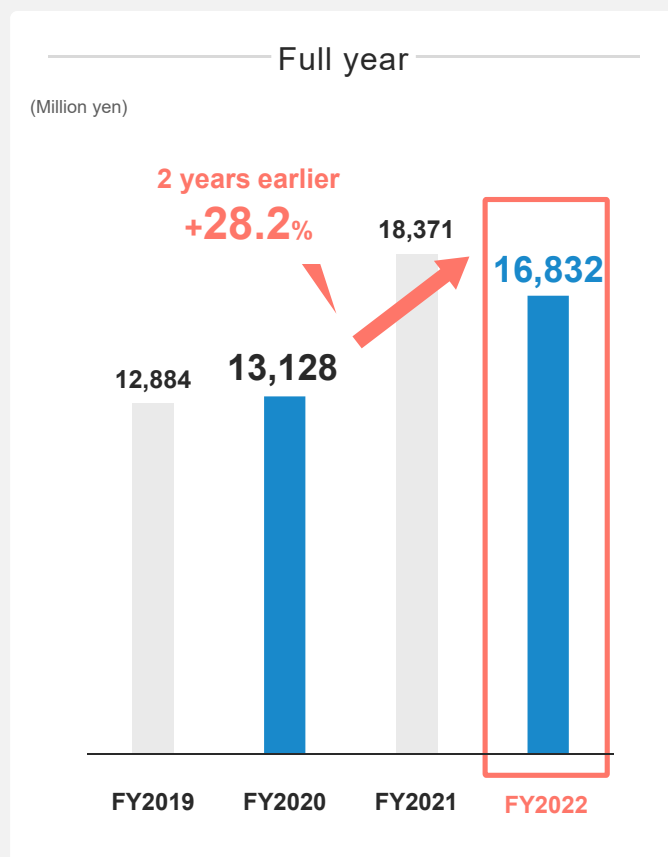
	Fiscal year ended Mar. 31, 2021		Fiscal year ended Mar. 31, 2021 (New Revenue Recognition Standard retrospectively applied)		Fiscal year ended Mar. 31, 2022		YoY
	Previous FY results (Full year)	Sales ratio	Previous FY results (Full year)	Sales ratio	Previous FY results (Full year)	Sales ratio	
Net sales	<b>19,313</b>	<b>100.0%</b>	<b>18,371</b>	<b>100.0%</b>	<b>16,832</b>	<b>100.0%</b>	-
Gross profit	<b>11,597</b>	<b>60.1%</b>	<b>10,655</b>	<b>58.0%</b>	<b>9,371</b>	<b>55.7%</b>	-
SG&A expenses	<b>9,772</b>	<b>50.6%</b>	<b>8,830</b>	<b>48.1%</b>	<b>8,775</b>	<b>52.1%</b>	-
Operating profit	<b>1,824</b>	<b>9.5%</b>	<b>1,824</b>	<b>9.9%</b>	<b>596</b>	<b>3.5%</b>	<b>32.7%</b> (-1,228)
Ordinary profit	<b>1,851</b>	<b>9.6%</b>	<b>1,851</b>	<b>10.1%</b>	<b>621</b>	<b>3.7%</b>	<b>33.6%</b> (-1,230)
Profit	<b>1,159</b>	<b>6.0%</b>	<b>1,159</b>	<b>6.3%</b>	<b>382</b>	<b>2.3%</b>	<b>33.0%</b> (-776)

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## Net Sales / Full Year & Quarterly

Full year: **16,832** million yen, a YoY decline, although up **+28.2%** from pre-pandemic results of two years earlier

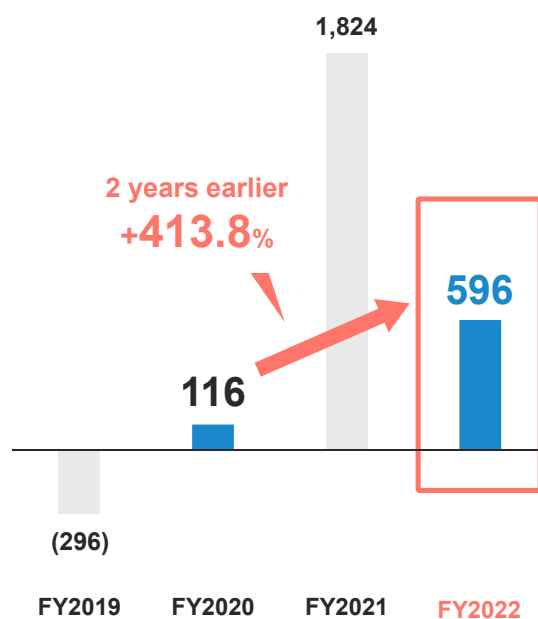


## Operating Profit / Full Year & Quarterly

Full year: **596** million yen, a YoY decline, although up **+413.8%** compared to pre-pandemic results of two years earlier

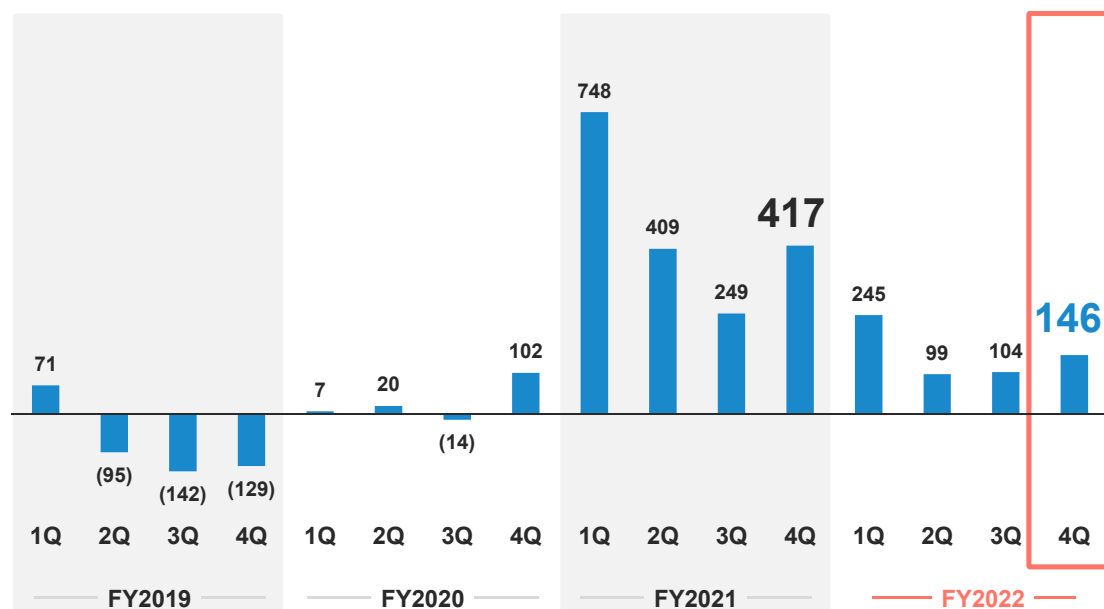
### Full Year

(Million yen)



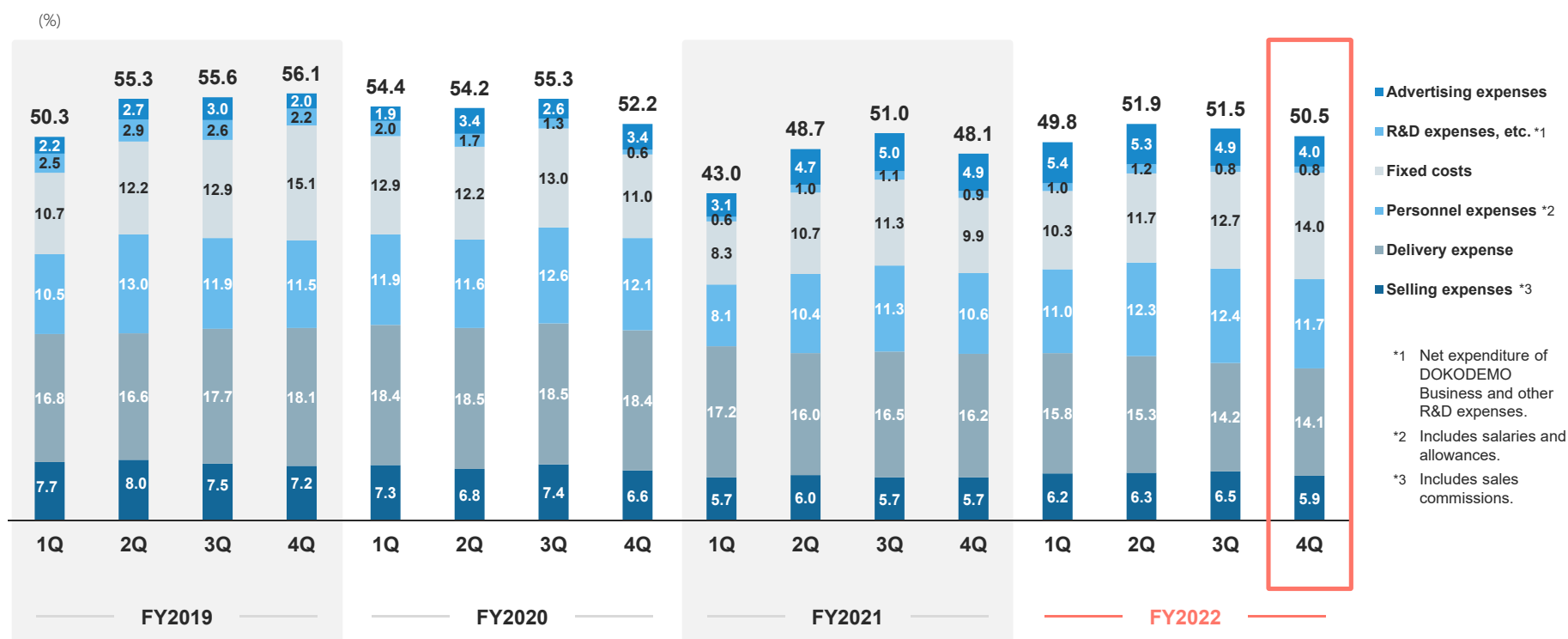
### Quarterly

(Million yen)



## Quarterly SG&A Expenses Ratio (against Net Sales)

The SG&A expenses ratio progressed steadily overall due to a decrease in both the selling expenses ratio and delivery expenses ratio, despite a rising fixed costs ratio and advertising expenses ratio resulting mainly from investment in the flagship store, compared to pre-COVID-19 pandemic levels



\* The SG&A expenses ratio shows the ratio against net sales. Due to the application of the new Revenue Recognition Standard from the fiscal year ended March 31, 2022, net sales for the fiscal year ended March 31, 2021 and prior periods have been restated by retrospectively applying the new Revenue Recognition Standard. Furthermore, revenue related to DOKODEMO Business and to research and development expenses is excluded from net sales used as the basis for the calculation of the SG&A expense ratio, and therefore this data does not match the SG&A expense ratio on the statement of income.

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## Balance Sheet

While inventory is increasing, there are still no concerns about financial soundness

(Million yen)

	Previous fiscal year (as of Mar. 31, 2021)	Current fiscal year (as of Mar. 31, 2022)		Previous fiscal year (as of Mar. 31, 2021)	Current fiscal year (as of Mar. 31, 2022)
Current assets	6,892	6,676	Current liabilities	3,023	2,701
Cash and deposits	3,028	1,070	Debt obligations	500	1,000
Accounts receivable–trade	1,897	1,870	Non-current liabilities	61	50
Merchandise	1,521	2,990	<b>Total liabilities</b>	<b>3,084</b>	<b>2,751</b>
Non-current assets	1,331	1,344	Shareholders' equity	5,091	5,254
Property, plant and equipment, and intangible assets	520	500	<b>Total net assets</b>	<b>5,138</b>	<b>5,269</b>
<b>Total assets</b>	<b>8,223</b>	<b>8,020</b>	<b>Total liabilities and net assets</b>	<b>8,223</b>	<b>8,020</b>

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# 3

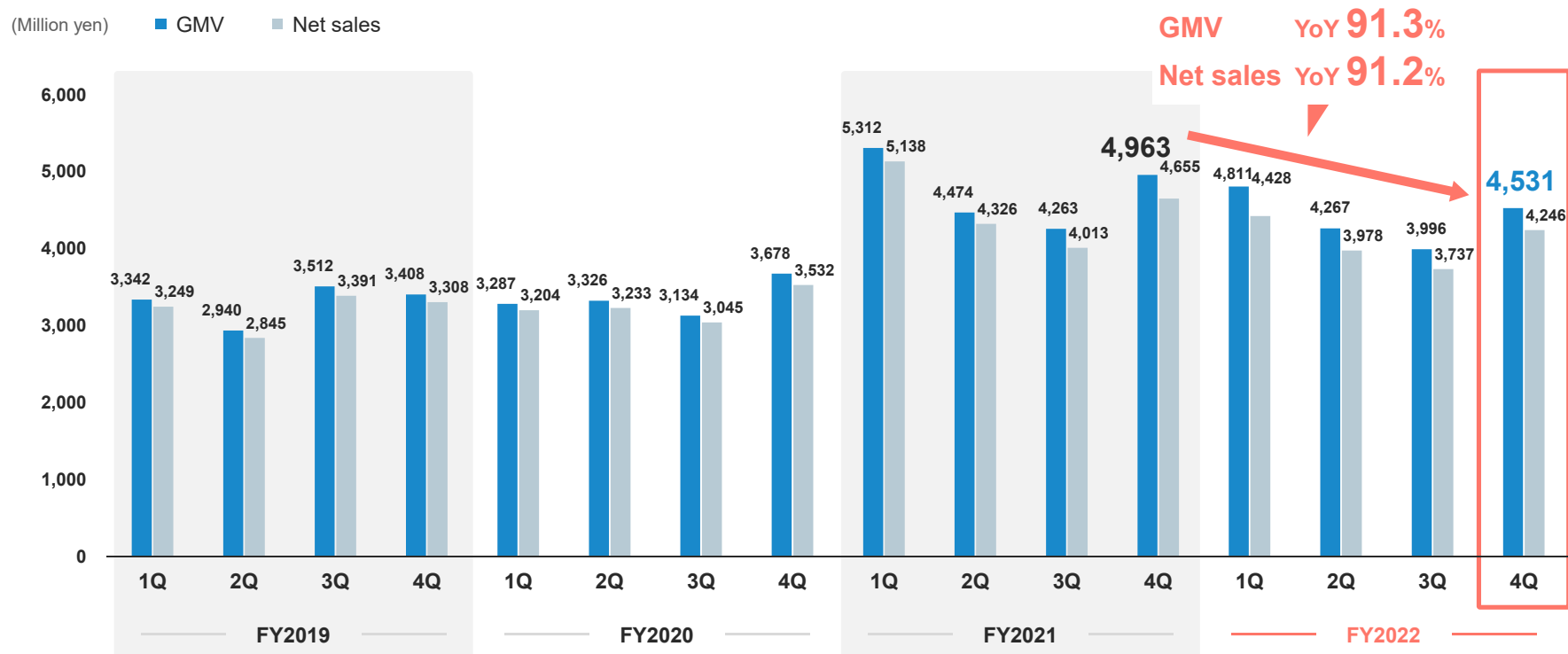
## Report on LOWYA Business

Membership of the flagship store has grown steadily, and the ratio of sales to repeat customers has increased solidly, indicating progress in our efforts to accelerate GMV growth

(Million yen)

Scope	Item	Timeframe used for calculation	Three months ended Mar. 31, 2021	Three months ended Mar. 31, 2022	YoY
Company-wide	Company-wide GMV (million yen)	Quarter	4,963	4,531	91.3% (-431)
Flagship store	Flagship store GMV (million yen)	Quarter	2,574	2,347	91.2% (-227)
	<b>Membership</b> (thousand people)	As of the end of the quarter	845	1,127	133.3% (+281)
	Ratio of repeat customers (based on GMV) (%)	LTM	18.6	23.1	124.2% (+4.5)
	Members: Average basket value (yen)	LTM	23,168	22,946	99.0% (-222)
	<b>Guests:</b> Average basket value (yen)	LTM	19,978	20,091	100.6% (+113)

Although we confirmed growth in our capacity for attracting customers, we fell short of the previous year's 4Q results, which were a high hurdle with the impact of the declaration of a state of emergency

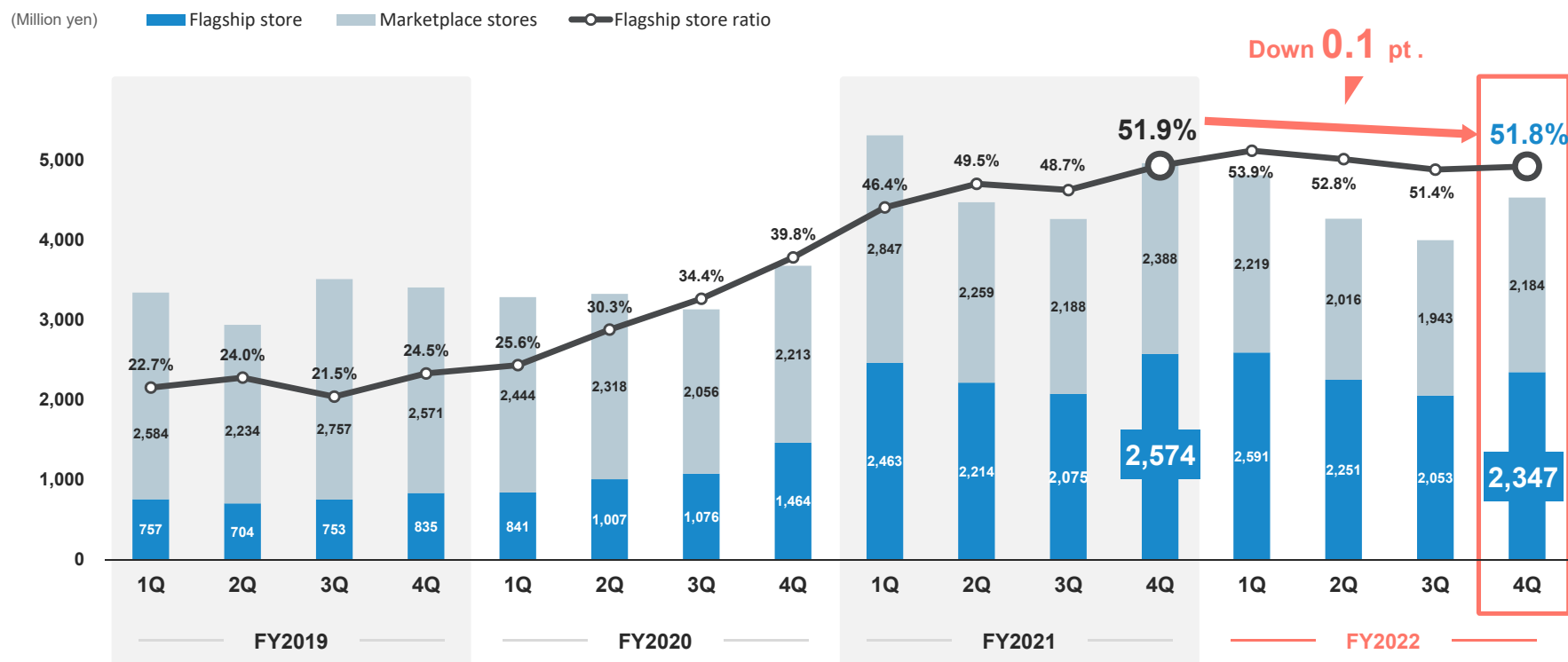


\* Due to the application of the new Revenue Recognition Standard from the fiscal year ended March 31, 2022, net sales for the fiscal year ended March 31, 2021 and prior periods have been restated by retrospectively applying the new Revenue Recognition Standard.

LOWYA Business

## Quarterly GMV by Sales Channel

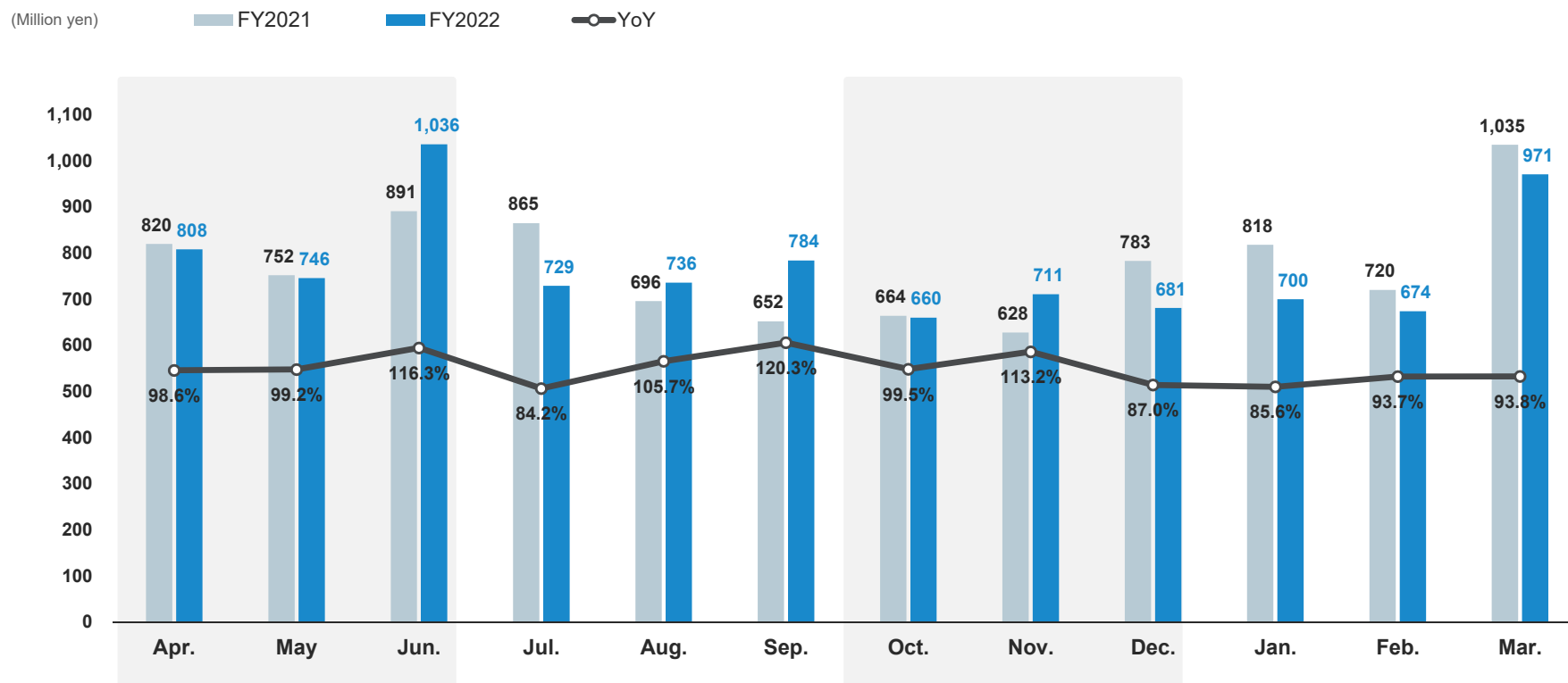
Marketplace stores in 4Q demonstrated relatively strong performance, keeping the flagship store ratio on par with the previous year



LOWYA Business

## Monthly GMV at Flagship Store

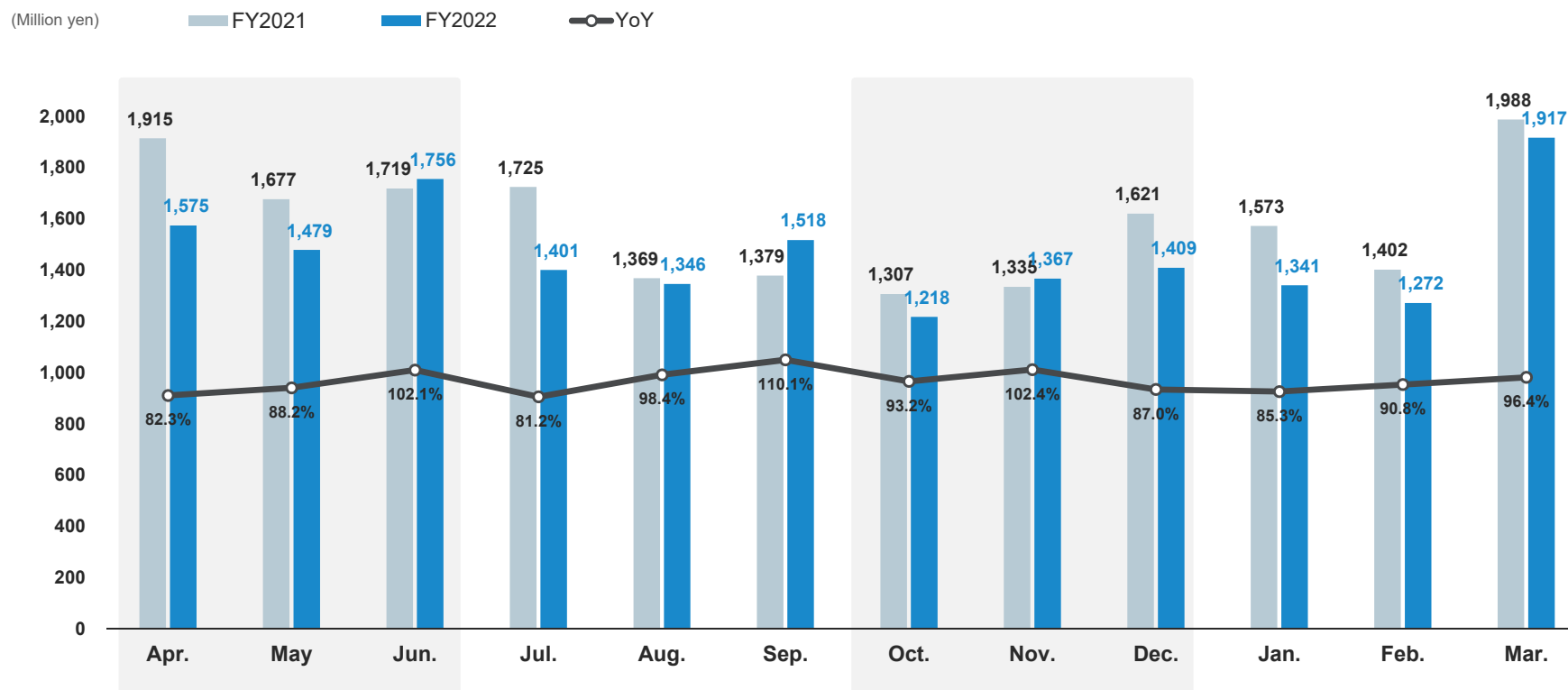
Up until 3Q, the flagship store cleared the high hurdle of the previous year, confirming strong demand, although in 4Q GMV was buffeted by a reactionary decline in stay-at-home demand on account of the previous year's declaration of a state of emergency



LOWYA Business

## Company-wide Monthly GMV

4Q for the overall LOWYA business (flagship store + marketplace stores) saw a reactionary decline that caused a major impact at the flagship store, although in March when demand rose, results were close to the previous year—a high hurdle - confirming the capacity to attract customers



LOWYA Business

**Cost of Sales Ratio and Delivery Expense Ratio (vs. GMV)**

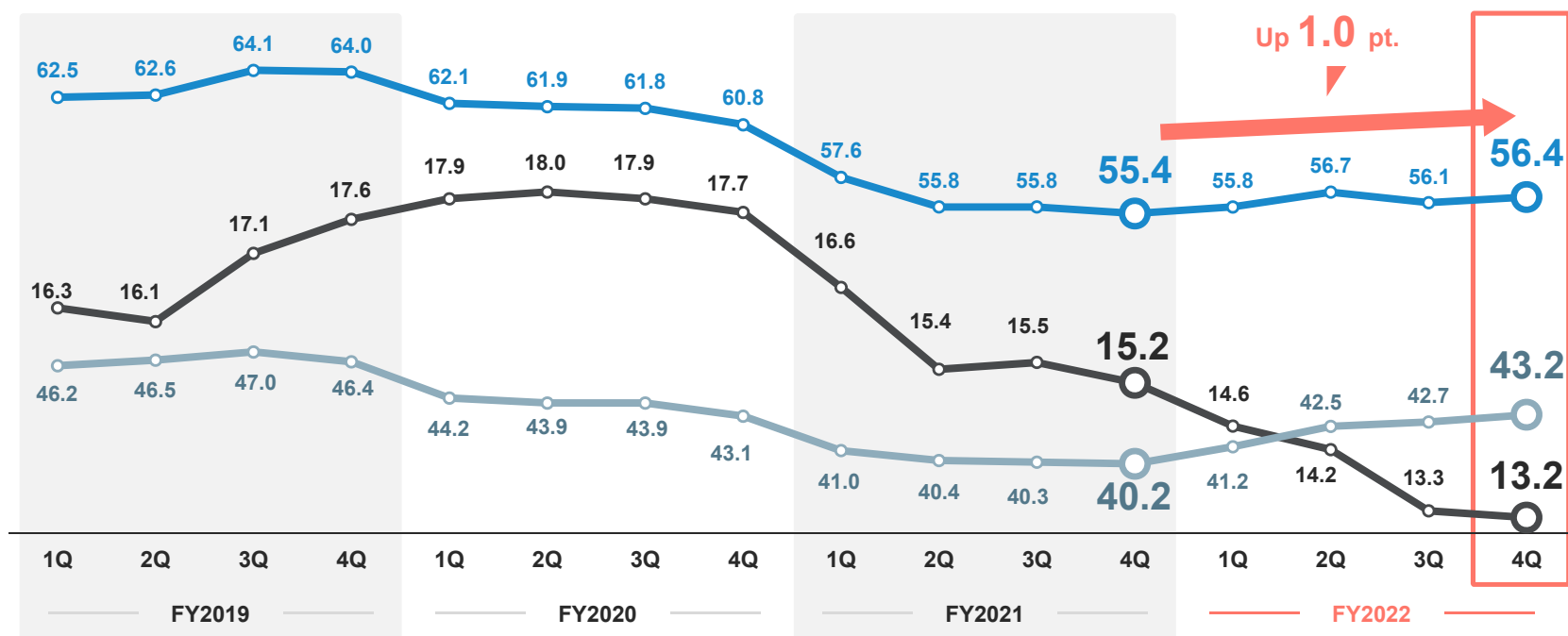
Cost of sales ratio increased due to a combination of rising costs for marine container transportation and raw material procurement, coupled with yen depreciation. However, further reduction in delivery expenses continued to offset the impact, minimizing the rise in the total of the cost of sales ratio and the delivery expense ratio

(Million yen)

—●— Delivery expense ratio

—○— Cost of sales ratio

—●— Delivery expense ratio + Cost of sales ratio



\* Due to the application of the new Revenue Recognition Standard from the fiscal year ended March 31, 2022, the ratios are those of cost of sales and shipping costs relative to net sales under the previous accounting standard for the periods prior to the fiscal year ended March 31, 2021, while those are relative to GMV for the fiscal year ended March 31, 2022 onward.

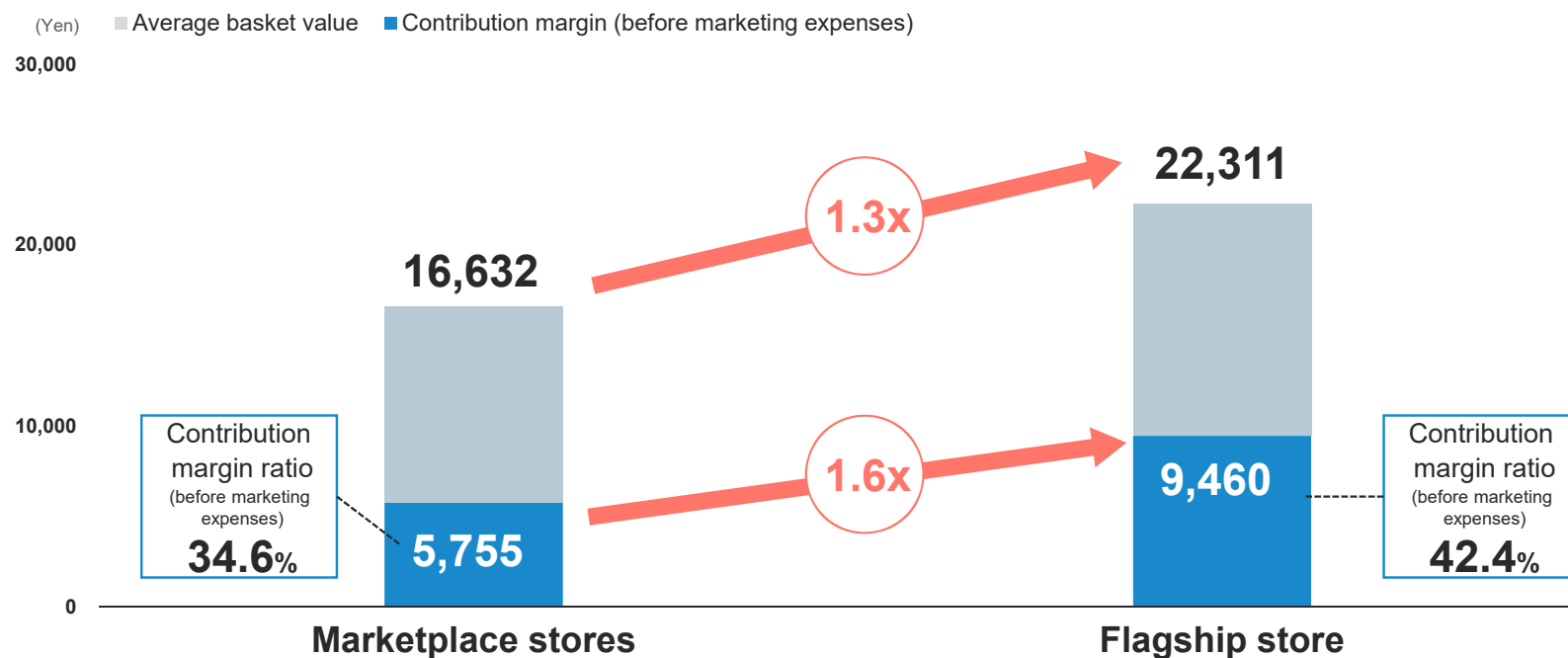
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## Profit Structure by Sales Channel

The average value per order and the contribution margin (before marketing expenses)\* are 1.3 times and 1.6 times larger at the flagship store than at marketplace stores

The business structure is designed to improve profit margin by expanding GMV through the concentration of resources on the flagship store

Average basket value and contribution margin by sales channel (4Q results)

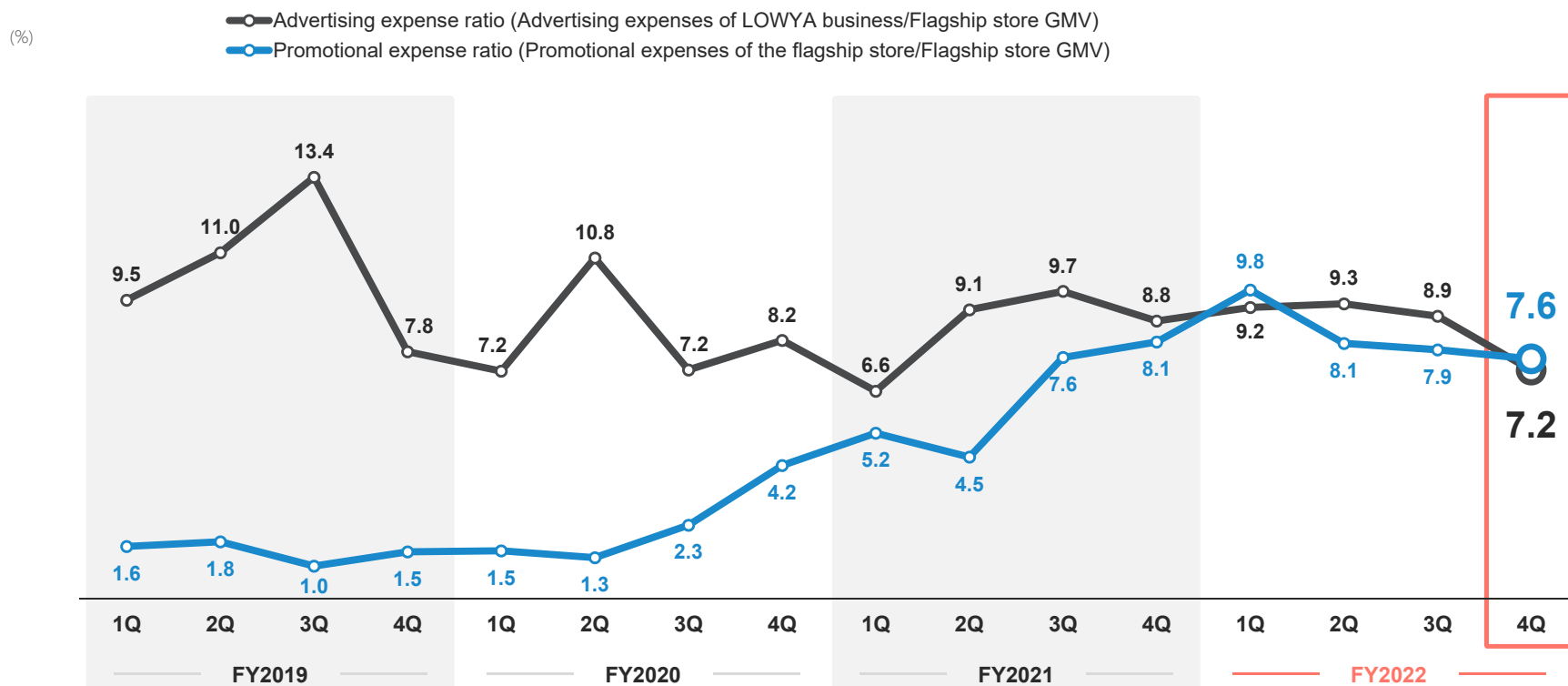


\* Contribution margin (before marketing expenses) is defined as: Average basket value – (Cost of sales + Delivery expenses + Selling expenses)  
 Contribution margin ratio (before marketing expenses) is defined as: Contribution margin (before marketing expenses) / Average basket value  
 Average basket value is order value before promotion expenses (defined as a difference between GMV and net sales under the new Revenue Recognition Standard).  
 Marketing expenses include promotion expenses and advertising expenses.

LOWYA Business

## Marketing Investment Ratio (vs. Flagship Store GMV)

At present, our focus is on GMV growth by acquiring and energizing members at our flagship stores, and continuing to invest aggressively in marketing while being careful to not invest excessively



\* Promotion expenses are defined as a difference between the flagship store's GMV and net sales under the new Revenue Recognition Standard.

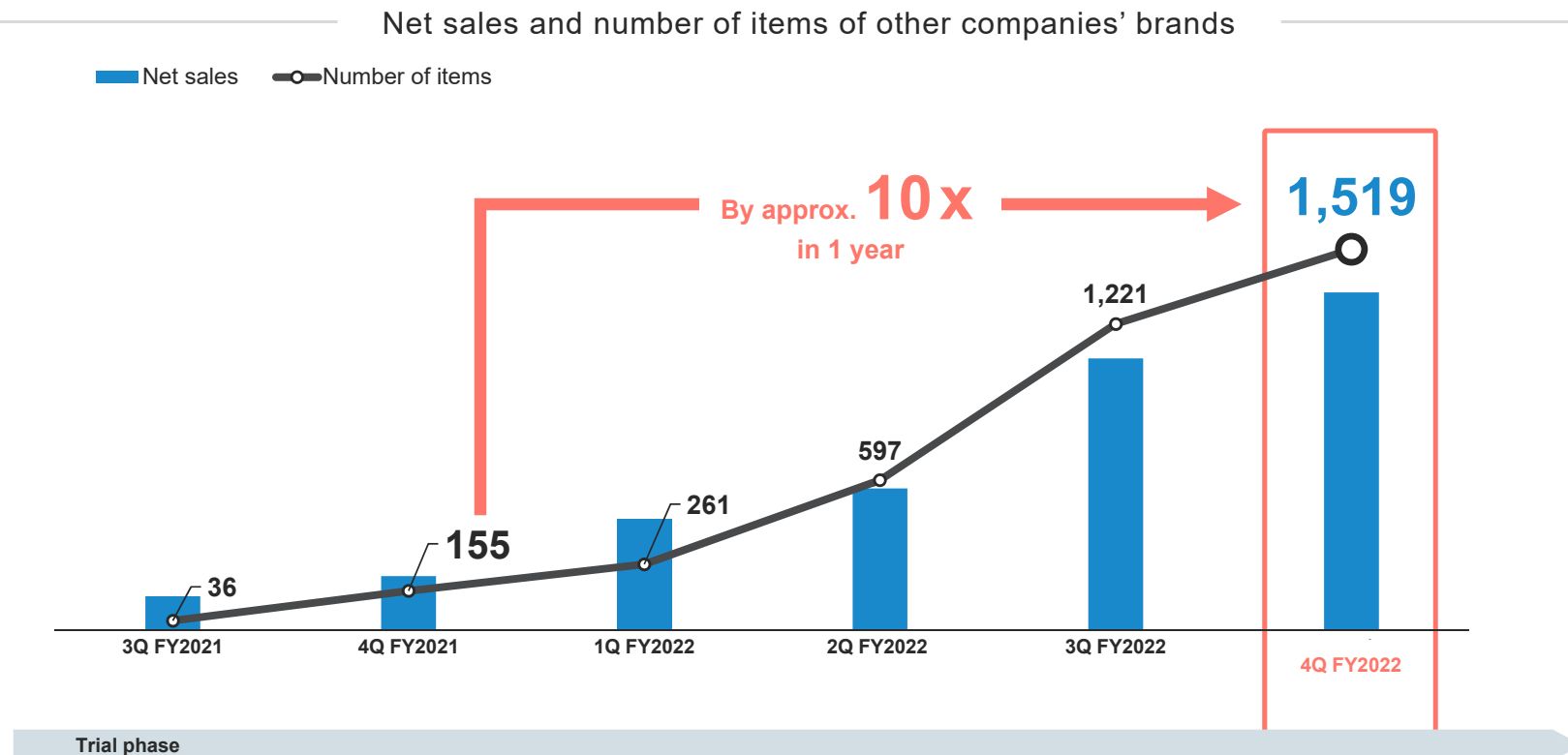
## LOWYA Business

## Enhance Product Lineup (i)

Significantly expanded handling of other companys' brand products in the fiscal year ended March 31, 2022, which was positioned as a trial phase. While positioning the development of a strong product lineup as a key measure, plans for the fiscal year ending March 31, 2023 are to continue to introduce new brands



In the past year, the number of items we handle from other companies' brands has grown by approximately tenfold  
In the fiscal year ending March 31, 2023, together with boosting the number of items, our policy is to further boost access gained



LOWYA Business

## Enhance Product Lineup (iii)

Add design- and trend-conscious new products while expanding product categories primarily of other companies' brands

### Products of the Company's PB



### Products of other companies' brands



LOWYA Business “LOWNYA,” Furniture Just for Cats

We searched nationwide for a “Nyanbassador,” and on Cat Day, February 22, 2022, launched this jointly developed ideal furniture for cats



**LOWNYA**  
CAT IS HERE.



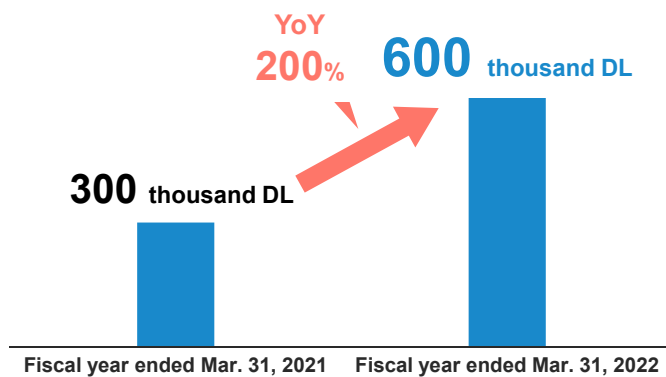
With the number of app downloads and registered social media users constantly rising, we are making steady progress with initiatives to build a solid customer base

## Official apps



Over **600** thousand downloads

(As of Mar. 31, 2022)



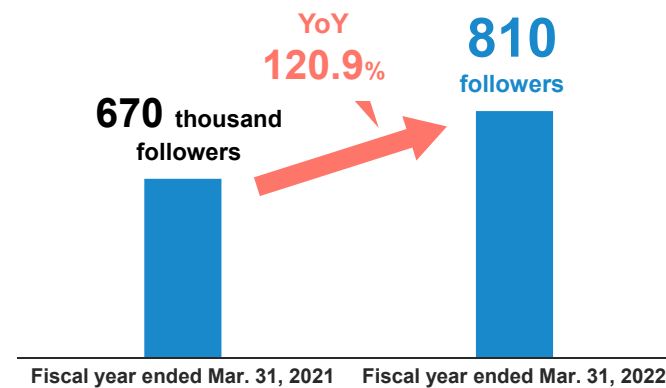
## Instagram



@lowya\_official

Over **810** thousand followers

(As of Mar. 31, 2022)

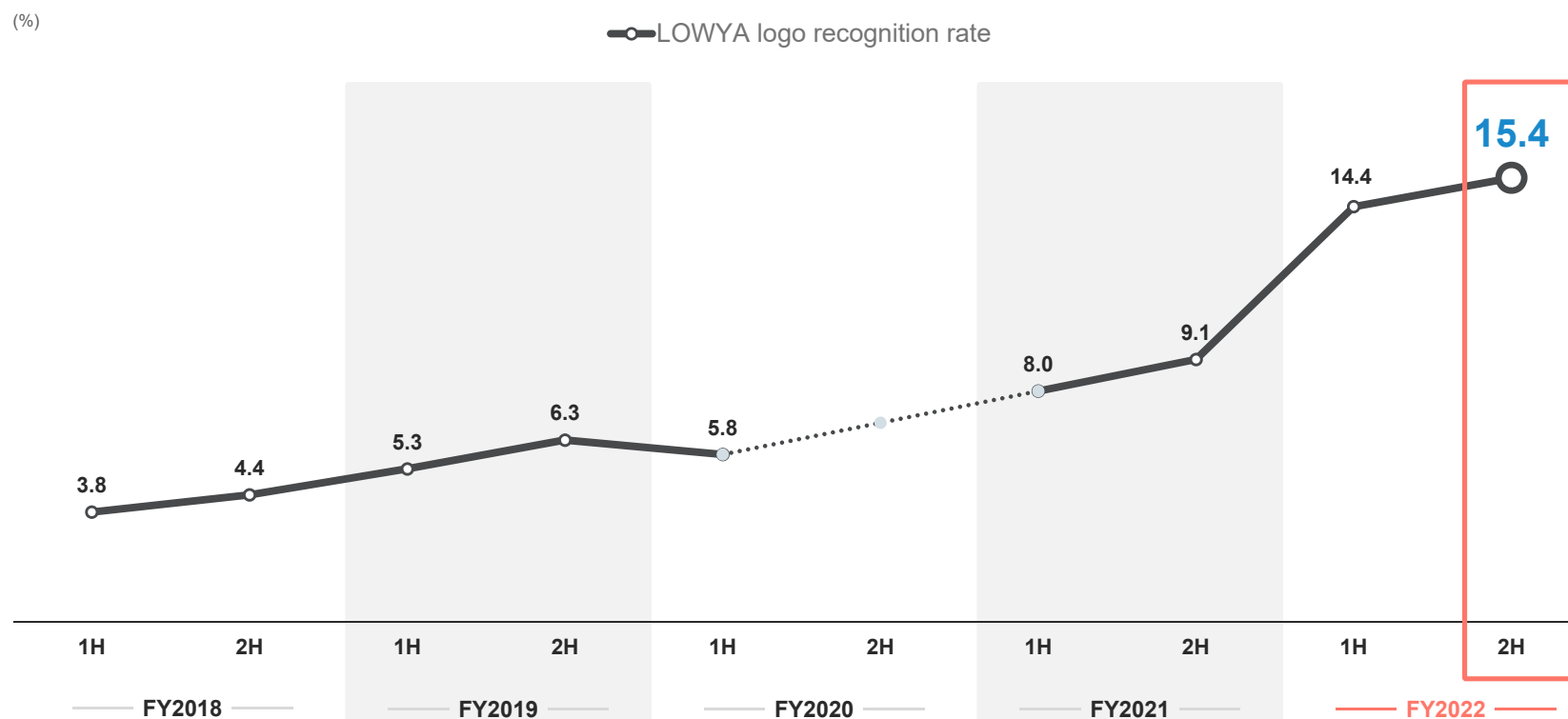


LOWYA Business

**Recognition Rate**

The LOWYA logo recognition rate continues to rise steadily, standing at 15.4% nationwide

With the potential for growth still largely expected, we continue to consider various measures for improvement



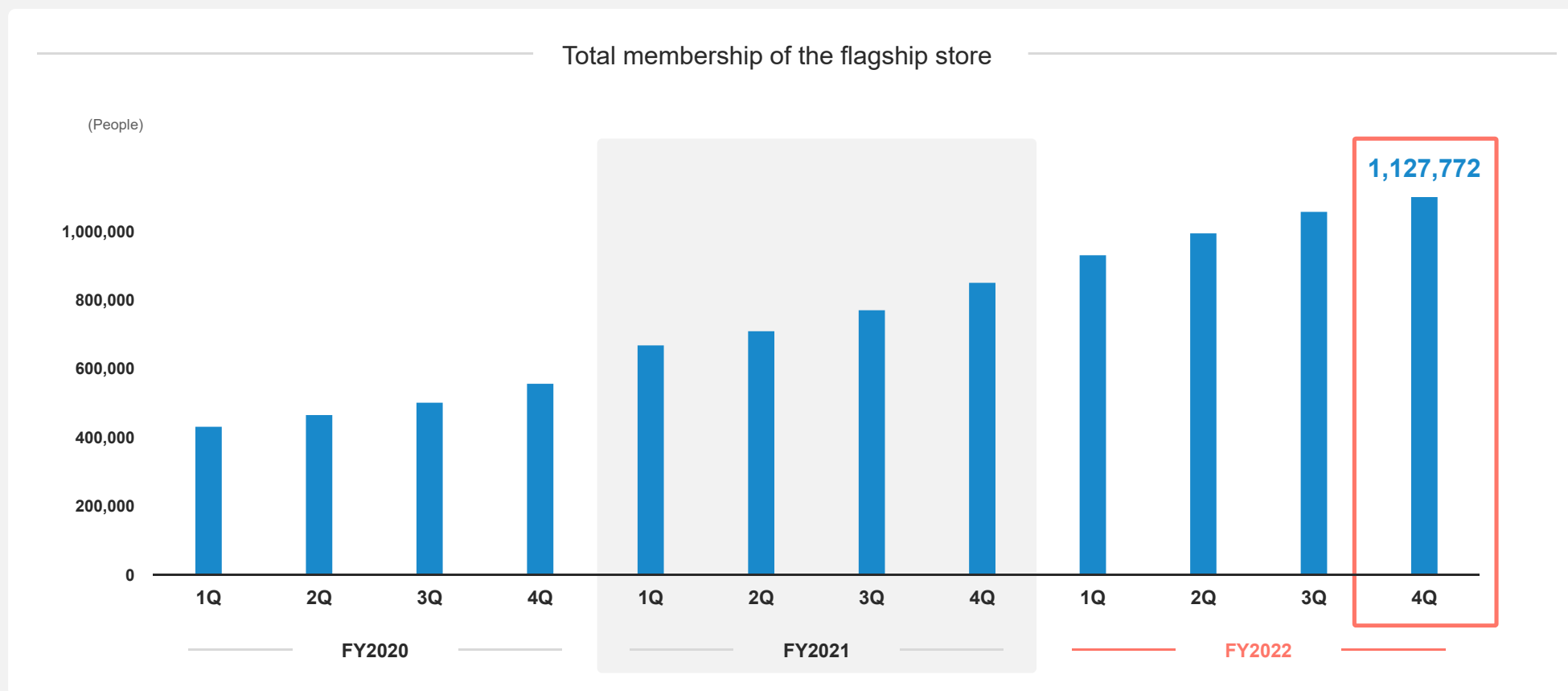
\*Segment Details Nationwide: All survey subjects (n=30,000). No survey was conducted in the second half of the fiscal year ended March 31, 2020.

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LOWYA Business

**KPI of the Flagship Store (Membership)**

Total membership\* of the flagship store topped the 1.12 million mark, and is rising steadily

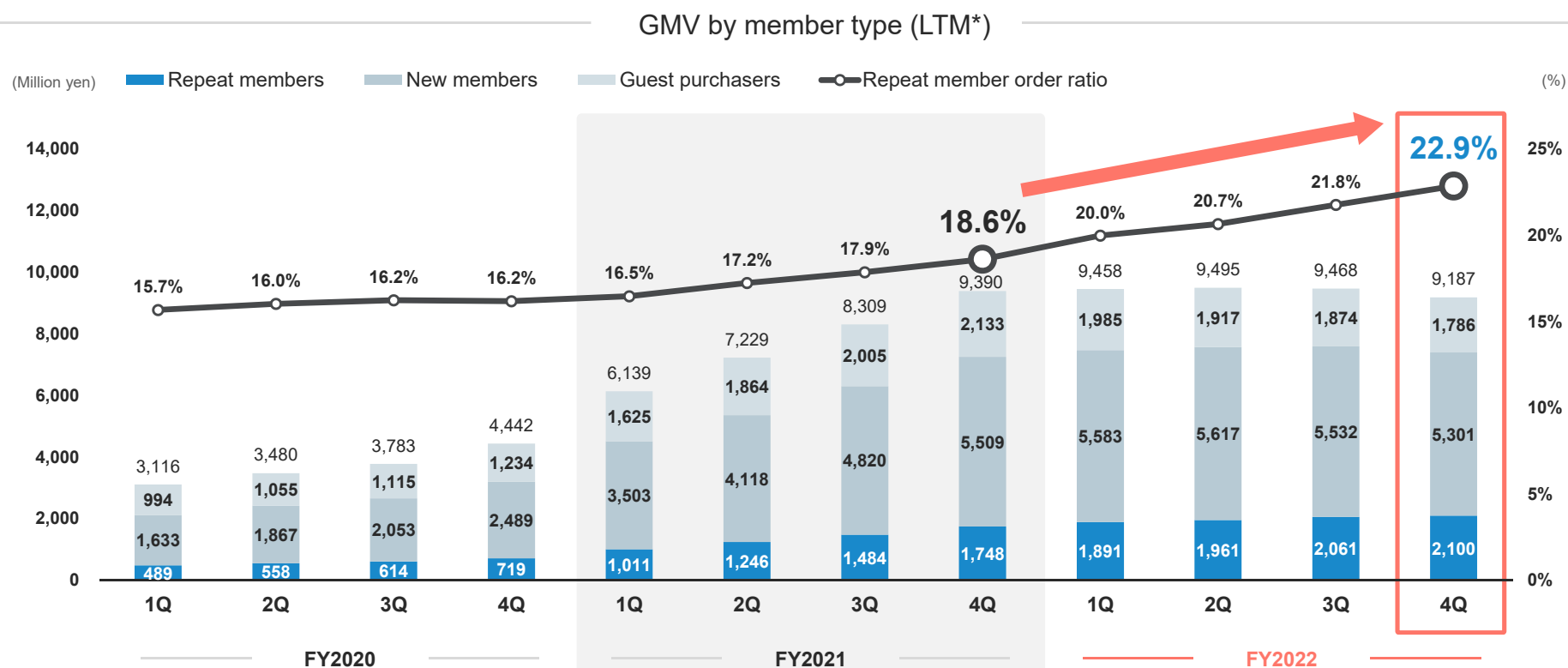


\* All the members who enrolled at the flagship store.

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## KPI of the Flagship Store (Repeat Members)

GMV\* by repeat members has been on a rise as guest purchasers become members and new members turn into repeat members



\* Figures are based on orders and do not match the profit and loss figures based on shipments.

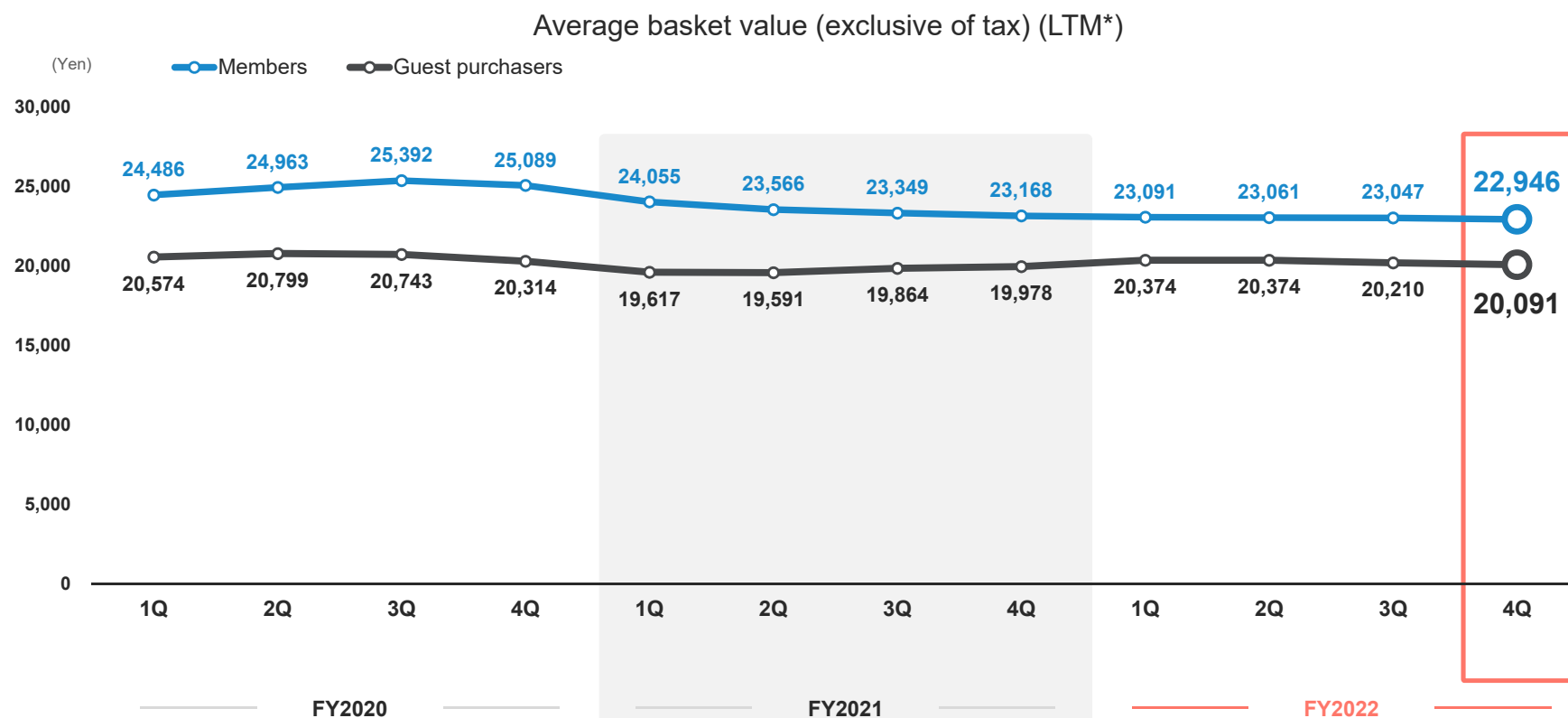
LTM: Last Twelve Months

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LOWYA Business

## KPI of the Flagship Store (Average Basket Value)

Average basket value remains stable



\* Figures are based on orders and do not match the profit and loss figures based on shipments.

LTM: Last Twelve Months

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# 4

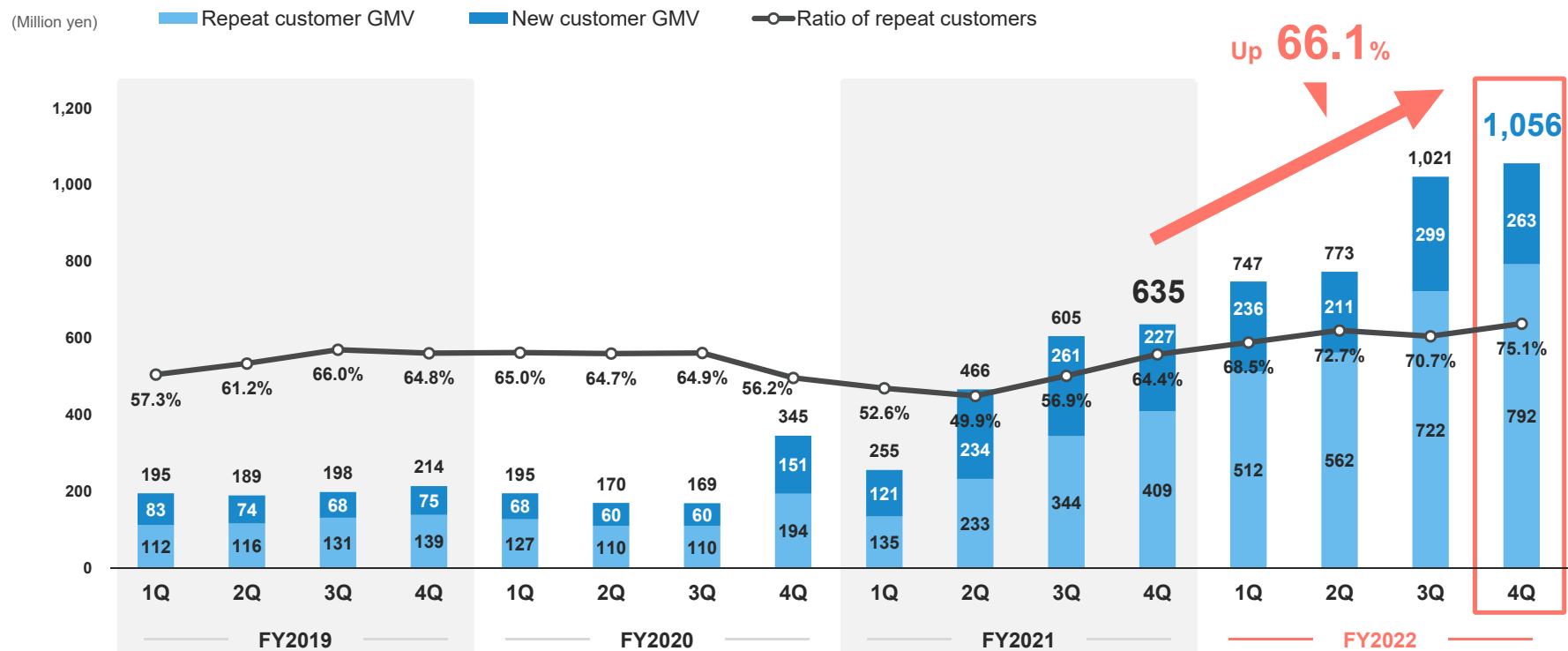
## Report on DOKODEMO Business

While memberships and the number of app DLs increased smoothly,  
average basket value grew and GMV continued to show a high growth rate

Item	Three months ended Mar. 31, 2021	Three months ended Mar. 31, 2022	YoY
GMV (million yen)	635	1,056	166.1% (+420)
Net sales (million yen)	102	130	127.0% (+27)
Membership (thousand people)	725	878	121.0% (+152)
Number of app DLs (thousand)	1,187	1,342	113.0% (+154)
Average basket value (yen)	10,749	12,576	117.0% (+1,827)
Number of products (thousand)	44	44	99.5% (-0)
Number of brands	1,120	1,123	100.3% (+3)
Deliveries * Number of countries and regions to which deliveries were made	100	109	109.0% (+9)

GMV grew by **66.1%** YoY, **topping 1,000** million yen again in 3Q

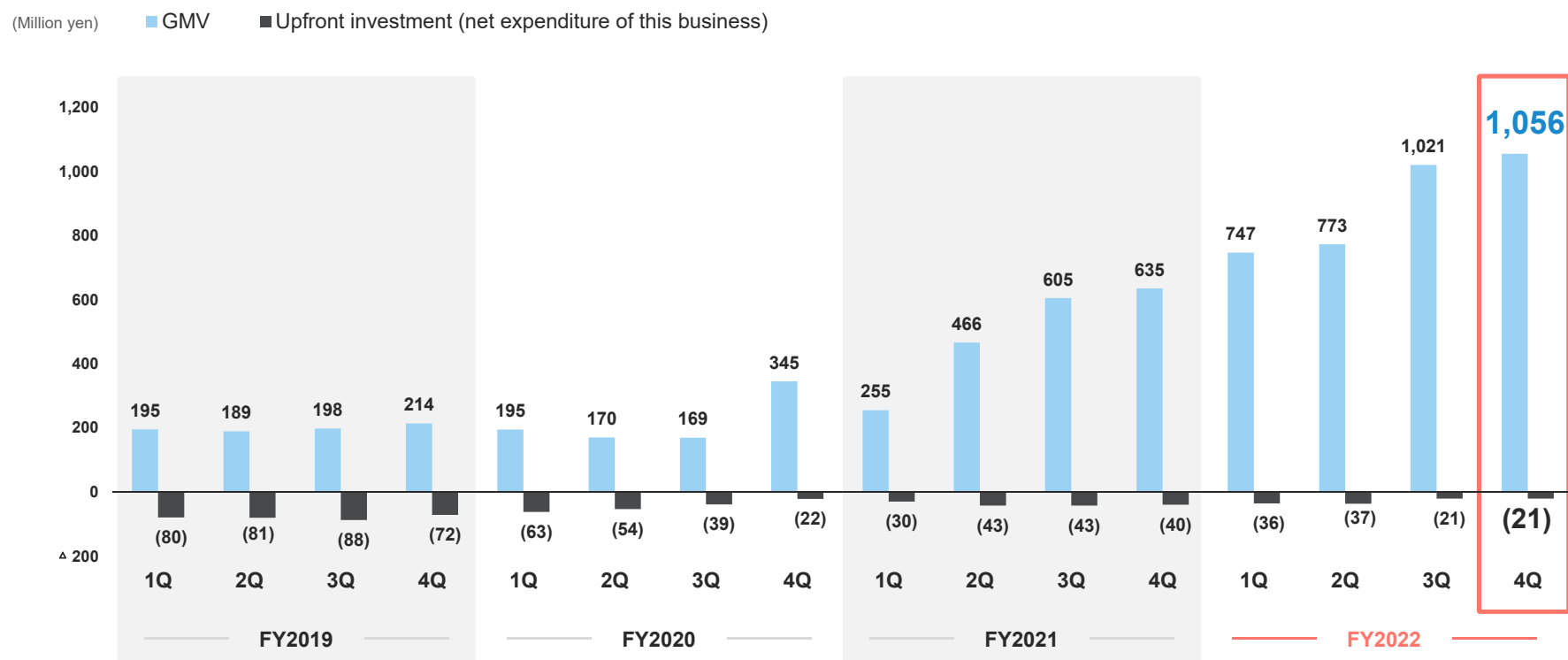
Repeat customer GMV increased further, accounting for **75.1%**



DOKODEMO Business

## Upfront Investment Amount

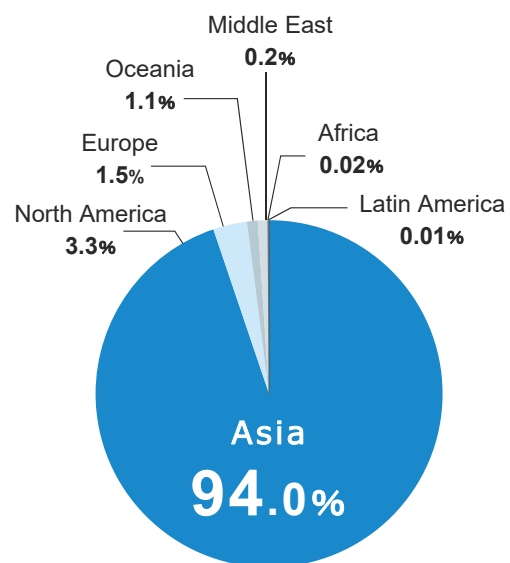
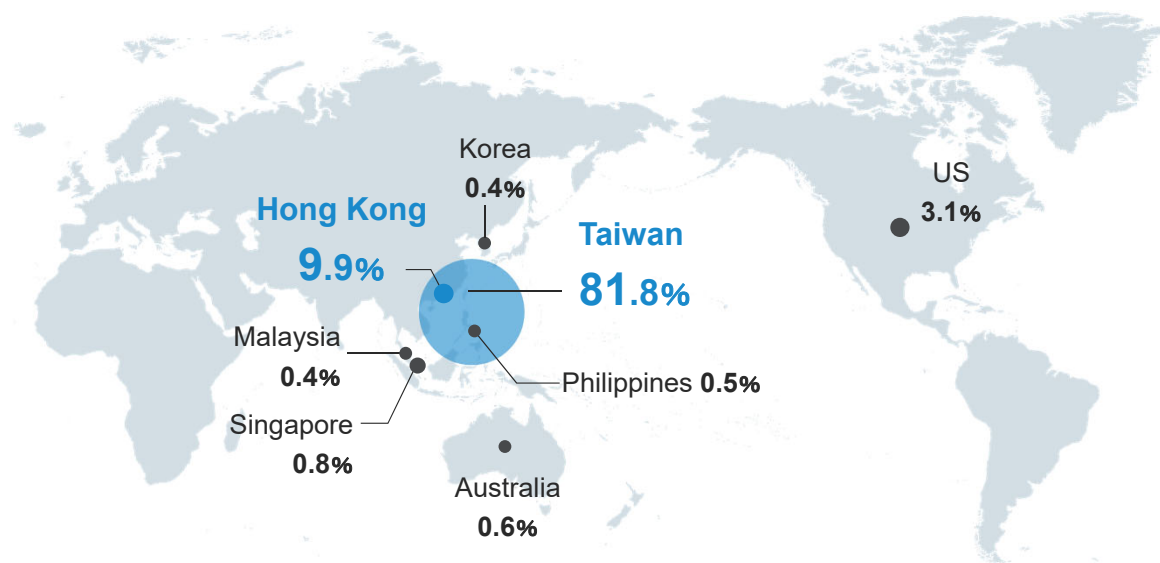
GMV has been steadily expanding, keeping the upfront investment level (net expenditure of this business) under control  
Transactions are projected to rise further by continuing to retain repeat customers while efficiently acquiring new customers



DOKODEMO Business

**Ratio of GMV by Delivery Destination Area**

Deliveries to Asia, mainly Taiwan, account for more than 90% of GMV

**By region****By country**

\*Proportion of deliveries by country is calculated based on the ratio GMV from January 2022 to March 2022.

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# 5

## Financial Results Outlook

## FY 2023 Financial Results Outlook

While maintaining emphasis on GMV growth, in light of pressure on profits due to rising costs, plans to make disciplined investments

(Million yen)

	Results for fiscal year ended Mar. 31, 2022	Outlook for fiscal year ending Mar. 31, 2023	Stance on results outlook
Net sales	16,832	16,300 – 17,300	<p><b>LOWYA business</b></p> <p>Assumption that there will be no declaration of a large-scale state of emergency due to COVID-19, and no accompanying consumption stimulus measures for tourism, dining out, etc.</p> <p>Although rising costs will limit investment, plans are for marketing investments for both flagship store and marketplace stores, with emphasis on GMV growth.</p> <p><b>DOKODEMO business</b></p> <p>GMV growth and associated commissions income increases to continue</p>
Operating profit	596	0 – 200	<p><b>LOWYA business</b></p> <p>Assumption that cost increase factors, chiefly a weak yen, will continue to put pressure on profits.</p> <p>Assumed exchange rate of 125 yen/USD.</p> <p><b>DOKODEMO business</b></p> <p>Upfront investment phase will continue, although assumptions are for no major swings in investment amount compared to the previous fiscal year.</p>
Ordinary profit	621	30 – 230	
Profit	382	18 – 138	

\* Audit procedures pursuant to the Financial Instruments and Exchange Act are in progress as of the date of disclosure of this document.

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# 6

## Appendix

## Impact of a New Revenue Recognition Standard

As a new accounting standard for revenue recognition (new Revenue Recognition Standard) has been applied from the fiscal year ended March 31, 2022, which has created a difference between GMV and sales, the Company has newly announced GMV as an important management indicator

## Previous Standard

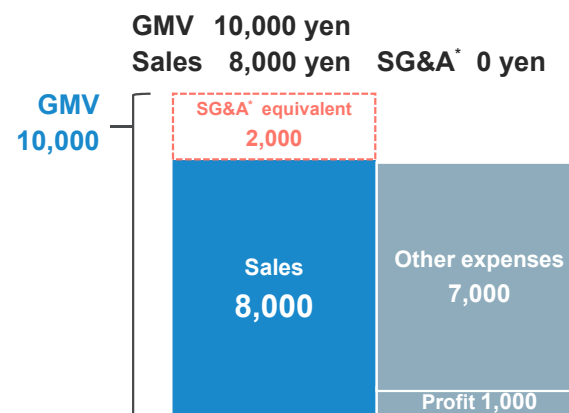
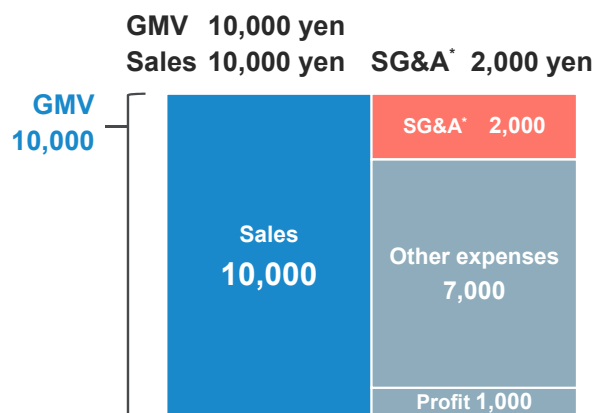
## New Revenue Recognition Standard

- Major change: Change in treatment at the time when coupons are used or marketplace points are granted

The value of coupons used or marketplace points granted is recorded as selling, general and administrative expenses

Net sales are recognized at a value obtained by subtracting the value of coupons used or marketplace points granted from the value of merchandise sold

- Illustration for comparison: When a product priced 10,000 yen is sold at a 20% discount



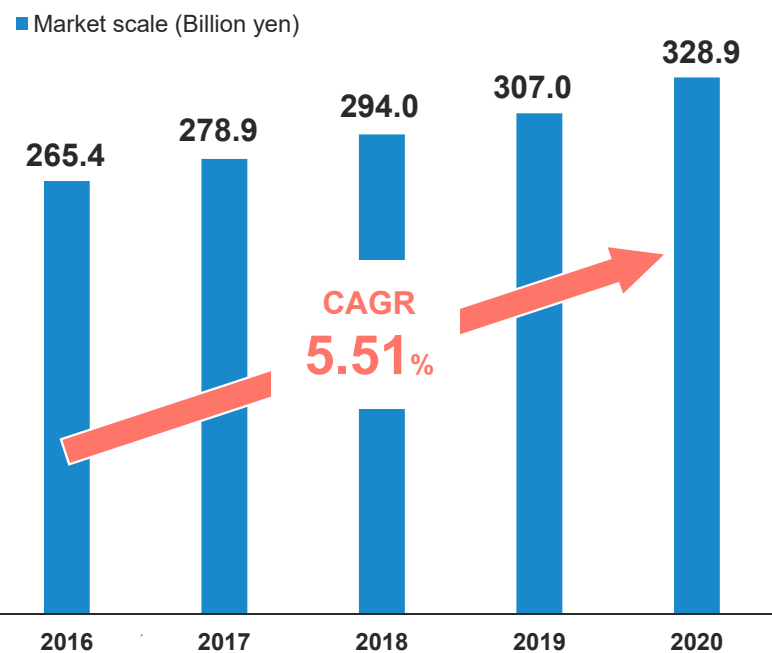
\* Refers to SG&A expenses (promotion expenses) equivalent to a 20% discount, not all SG&A expenses, and SG&A expenses other than the said promotion expenses are recorded in both cases.

**Market Scale (Past Trend)**

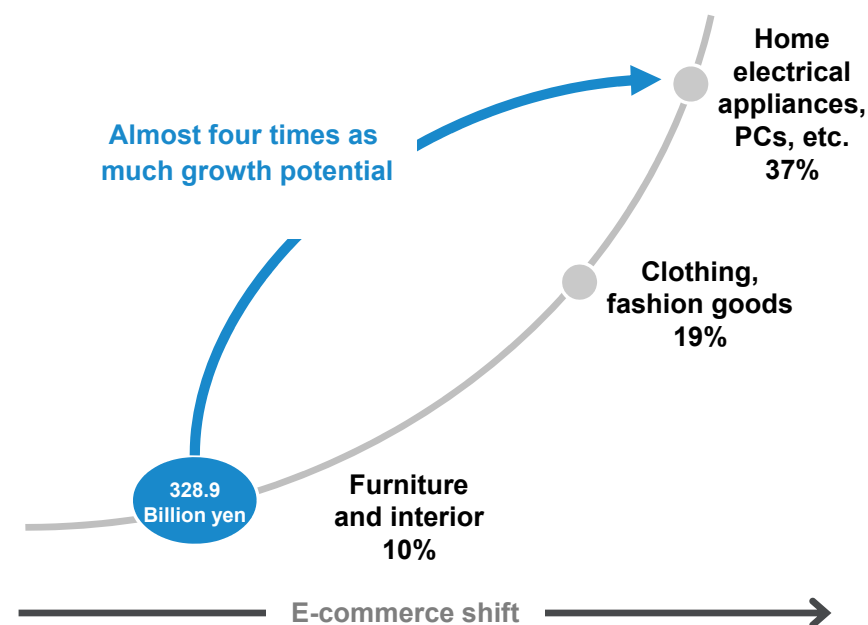
The furniture and interior e-commerce market is a growth market, expanding with a CAGR of 5.51% (2016-2020)

The rate of e-commerce shift remains relatively low compared to other products, and the further progress of e-commerce shift is forecast

E-commerce market (furniture and interior)



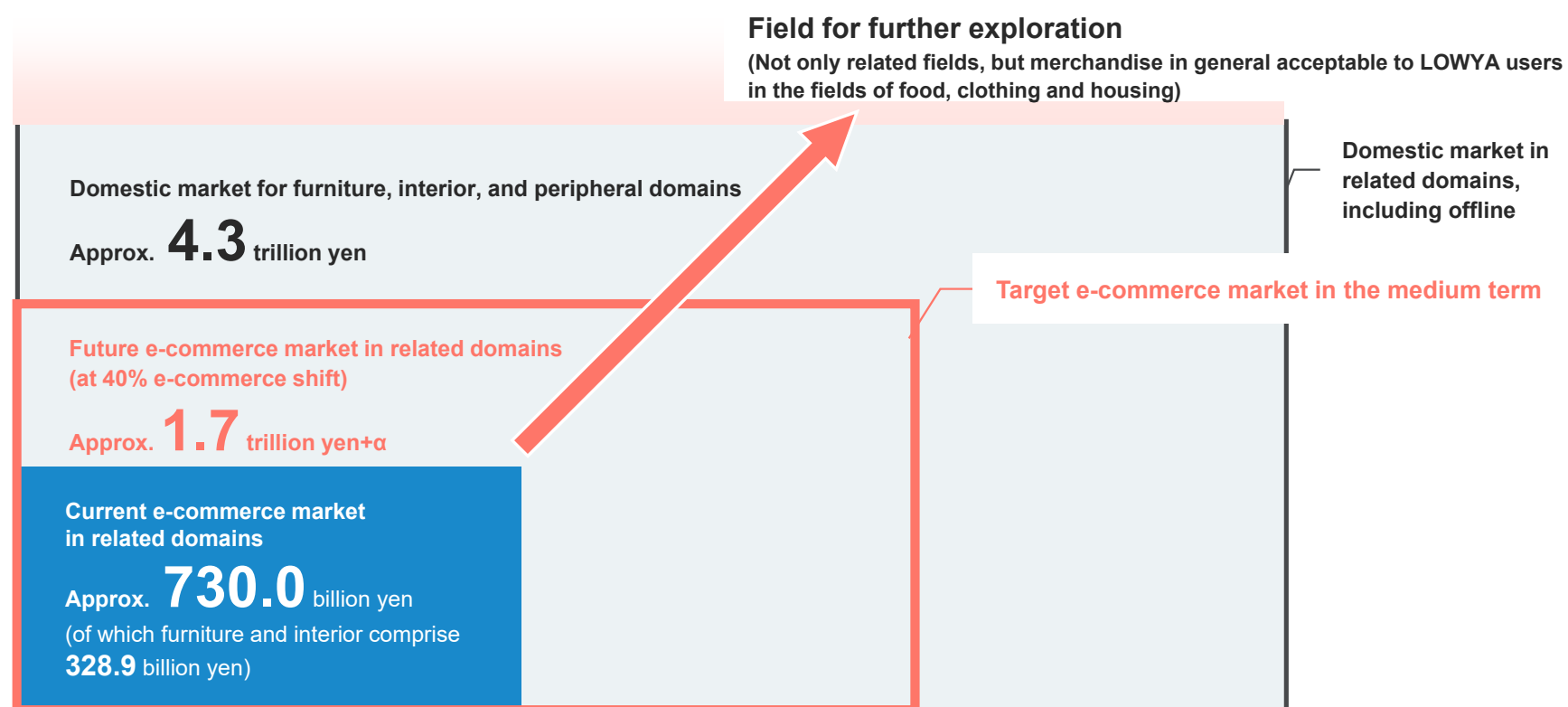
Comparison of the rate of e-commerce shift by product (2020, Japan)



\* Source: Figures for furniture and interior products were prepared by the Company, based on "Home Furnishings in Japan, May 2021" issued by Euromonitor.  
Figures for other products were prepared by the Company, based on "FY2020 E-Commerce Market Survey" issued by the Ministry of Economy, Trade and Industry.

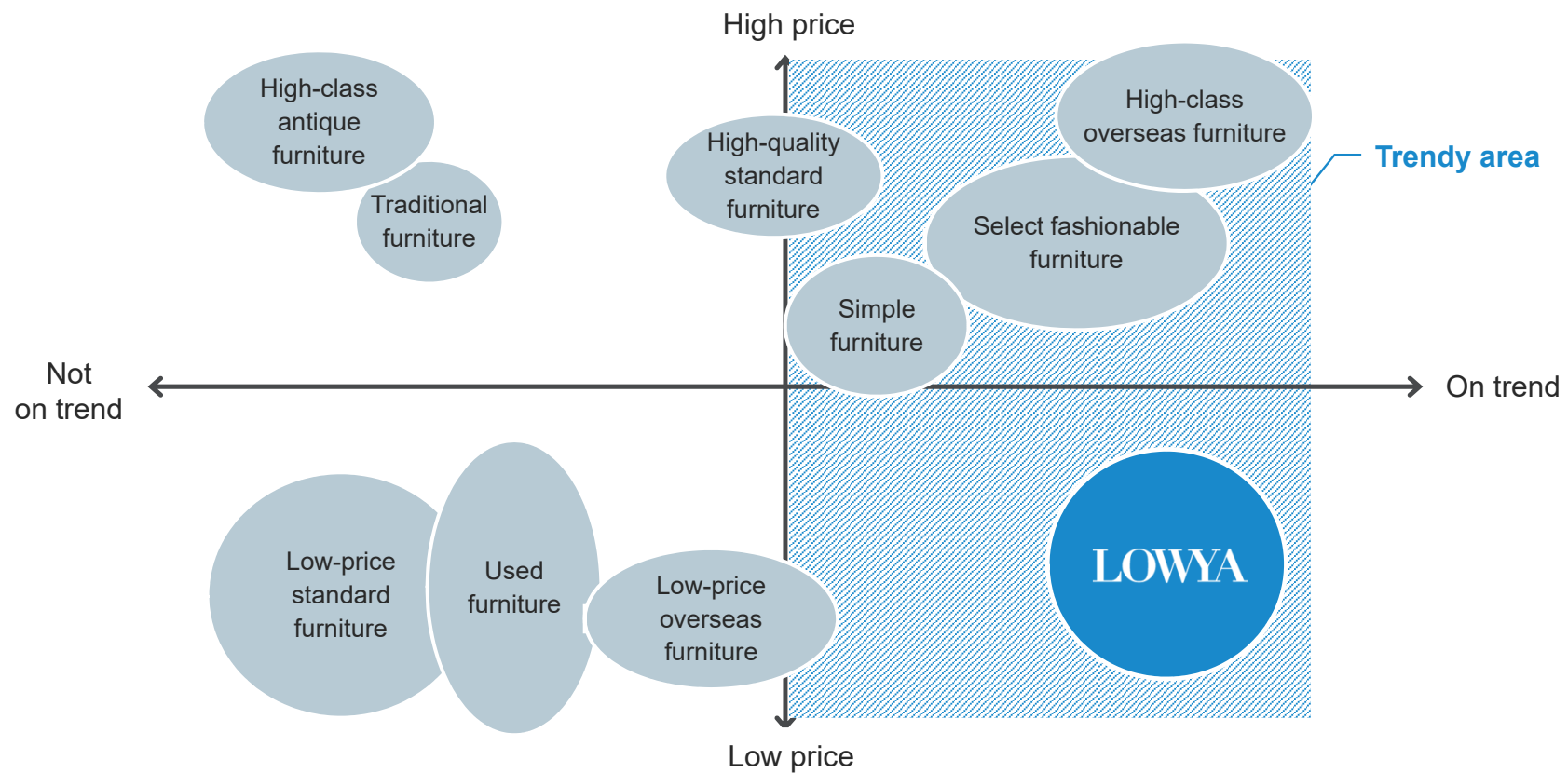
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Target market is set to expand, driven by a greater range of products offered and an increasing shift to e-commerce, which presents significant room for growth



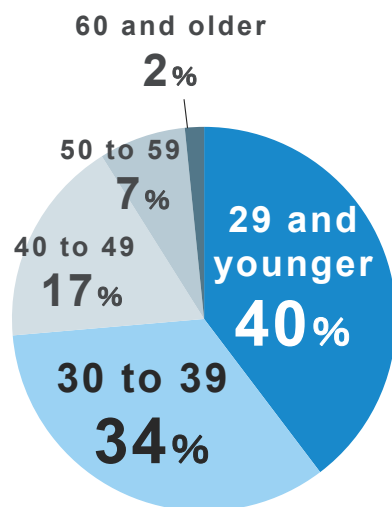
\* Source: Related domains include the furniture and interior market, home appliances excluding large home electric appliances, plastic goods for daily use and sundries. Figures for the furniture and interior market and e-commerce shift were estimated by the Company, based on "Home Furnishings in Japan, May 2021" issued by Euromonitor. Figures for home electrical appliances were prepared based on "FY2020 Electrical Machinery Outlook" issued by the Japan Electrical Manufacturers' Association with the exception of room air-conditioners, electric refrigerators, and electric washing machines. Figures for plastic goods for daily use and sundries were prepared based on "2019 Yearbook of Current Production Statistics - Paper, Printing, Plastics Products and Rubber Products Statistics" issued by the Ministry of Economy, Trade and Industry. Figures for e-commerce shift for home electrical appliances, plastic goods for daily use and sundries were estimated by the Company, based on "FY2020 Industrial Economic Research Commissioned Project (E-Commerce Market Survey)" issued by the Ministry of Economy, Trade and Industry.

Establishing a position in the “trendy & low price” space of the furniture and interior products market

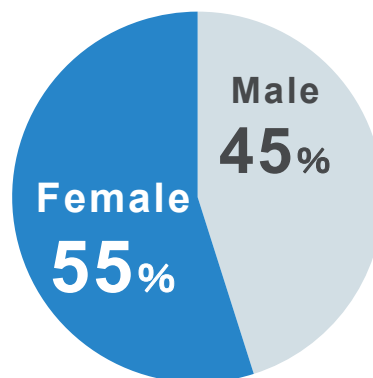


Showing higher ratio of females in their 20's to 30's, and in the Kanto region by area

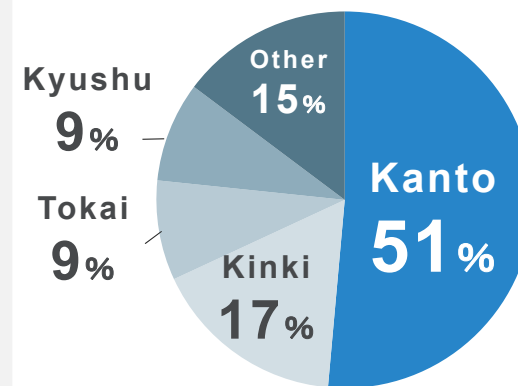
Age  
distribution



Ratio of  
male vs.  
female



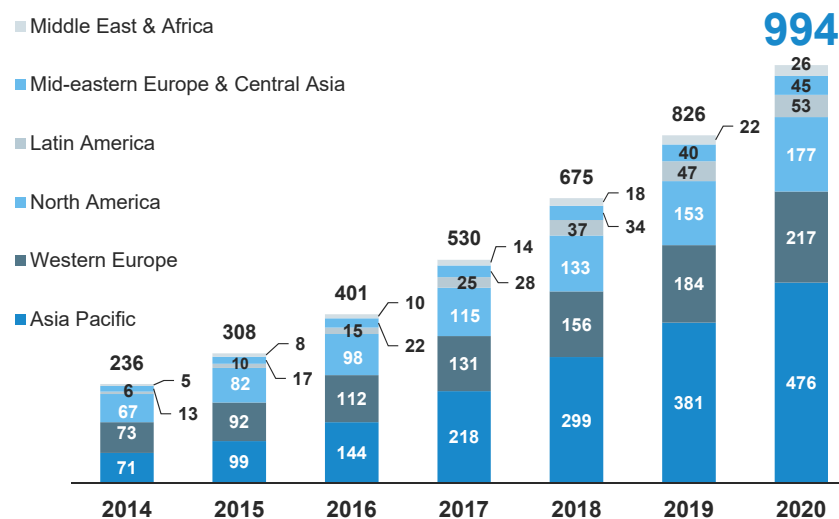
Area  
distribution



\* Of those who made purchases at the flagship store in the past 12 months, data of members who answered their attributes.  
The data source is different from that of Customer Data announced in and before the fiscal year ended March 31, 2021.

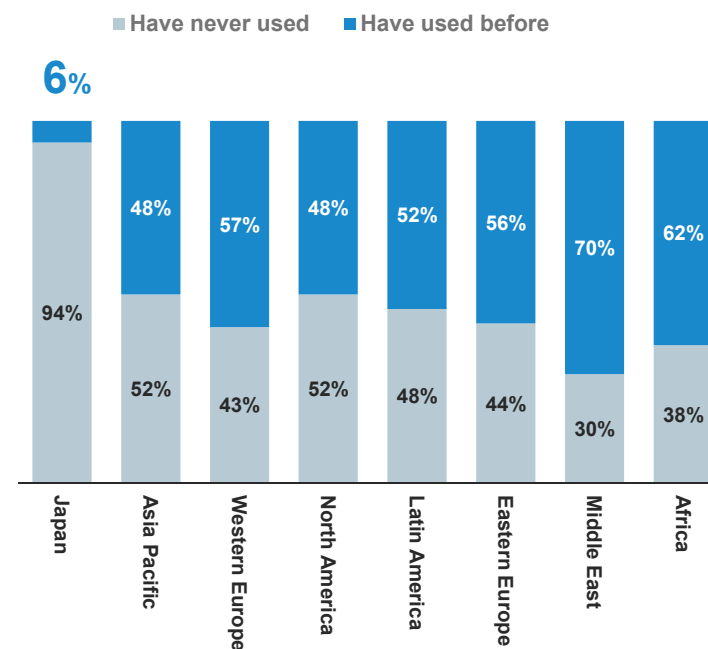
Even with a platform specialized for seller companies in Japan,  
massive markets present abundant opportunities

BtoC cross-border e-commerce market scale (billion dollars) \*1



BtoC cross-border e-commerce is a giant, trillion-dollar market

Cross-border e-commerce usage by region (2018) \*2



Only around 6% of Japanese have experience using cross-boarder e-commerce, but in other regions it is used by more than half the population

Sources: \*1 Prepared by the Company, based on "Global Cross Border B2C e-commerce Market 2020: Report highlights & methodology sharing (2016)" issued by AliResearch

\*2 Prepared by the Company, based on "PayPal Cross-Border Consumer Research 2018 Global Summary Report (2018)." Japan is included in "Asia Pacific."

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These statements are based on current expectations, forecasts, and assumptions that are subject to risks, and contain uncertainties that could cause actual outcomes to differ materially from these statements.

These risks and uncertainties include general economic conditions in Japan and overseas, namely general industry and market conditions.

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