



May 15, 2023

## Full-year Financial Results

For the Fiscal Year Ended March 31, 2023  
Vega corporation Co., Ltd. / Securities code: 3542



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# 1

## Overview of Financial Results for the Fiscal Year Ended March 31, 2023

## Financial Highlight

### Overview of Company-wide Results

LOWYA business recovered and secured 103.2% YoY net sales in 4Q

Full-year operating profit exceeded the initial forecast and landed within the range of the financial results forecast announced on January 31.

	Fiscal year ended Mar. 31, 2023	YoY
GMV (LOWYA)	<b>17,256</b> million yen	<b>98.0%</b>
GMV (DOKODEMO)	<b>4,898</b> million yen	<b>136.2%</b>
Net sales	<b>16,973</b> million yen	<b>100.8%</b>
Operating profit	<b>338</b> million yen	<b>56.8%</b>

LOWYA business

### Overview

- Sales remained strong in 4Q. For the full year, we focused on profit control at the flagship store, and total net sales of the business was 99.6% YoY.
- **To cope with the rising cost of sales ratio, a significant reduction in SG&A expenses was implemented in the current fiscal year.**
- As part of the expansion into physical stores, we started wholesale from 2Q and opened a directly managed store in April 2023.

DOKODEMO business

### Overview

- **In 4Q, GMV shrank to 83.5% YoY due to changes in the market environment. Cost control limited net business loss.**
- For the full year, we continued growth trend while limiting upfront investments as planned. Deficit in the business significantly decreased.

\* GMV: Gross Merchandise Value

LOWYA business recovered and secured 103.2% YoY net sales in 4Q.

Full-year operating profit exceeded the initial forecast and landed within the range of the financial results forecast announced on January 31.

(Million yen)

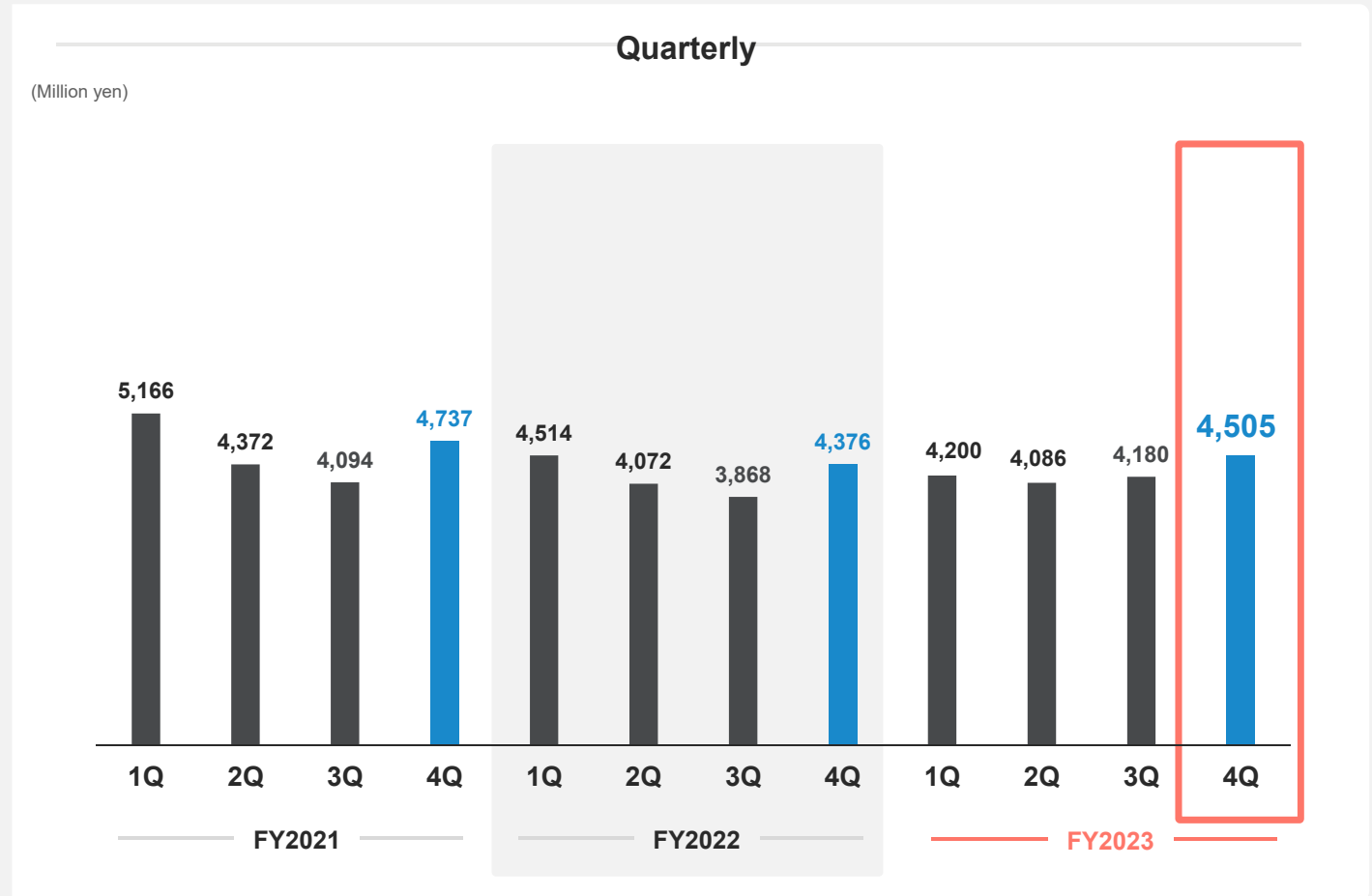
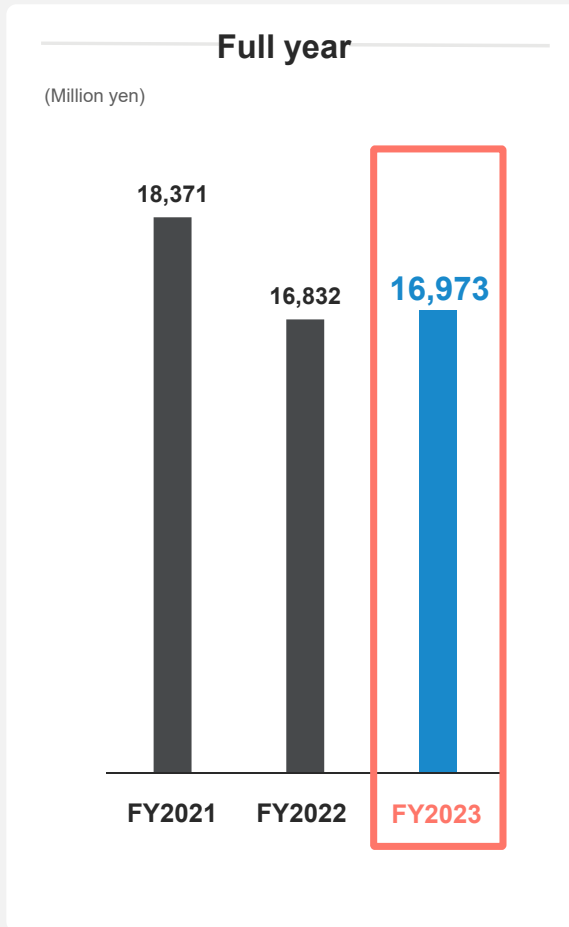
	Fiscal year ended Mar. 31, 2022		Fiscal year ended Mar. 31, 2023 (current fiscal year)		YoY
	Results	Sales ratio	Results	Sales ratio	
Net sales	<b>16,832</b>	<b>100.0%</b>	<b>16,973</b>	<b>100.0%</b>	<b>100.8%</b> (+140)
Gross profit	<b>9,371</b>	<b>55.7%</b>	<b>8,471</b>	<b>49.9%</b>	<b>90.4%</b> (-900)
SG&A expenses	<b>8,775</b>	<b>52.1%</b>	<b>8,133</b>	<b>47.9%</b>	<b>92.7%</b> (-642)
Operating profit	<b>596</b>	<b>3.5%</b>	<b>338</b>	<b>2.0%</b>	<b>56.8%</b> (-257)
Ordinary profit	<b>621</b>	<b>3.7%</b>	<b>364</b>	<b>2.1%</b>	<b>58.7%</b> (-256)
Profit	<b>382</b>	<b>2.3%</b>	<b>120</b>	<b>0.7%</b>	<b>31.5%</b> (-262)

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

Whole Company

**Net Sales / Full Year & Quarterly**

Total net sales for the whole company increased steadily from 2Q onwards due to the recovery of the LOWYA business.



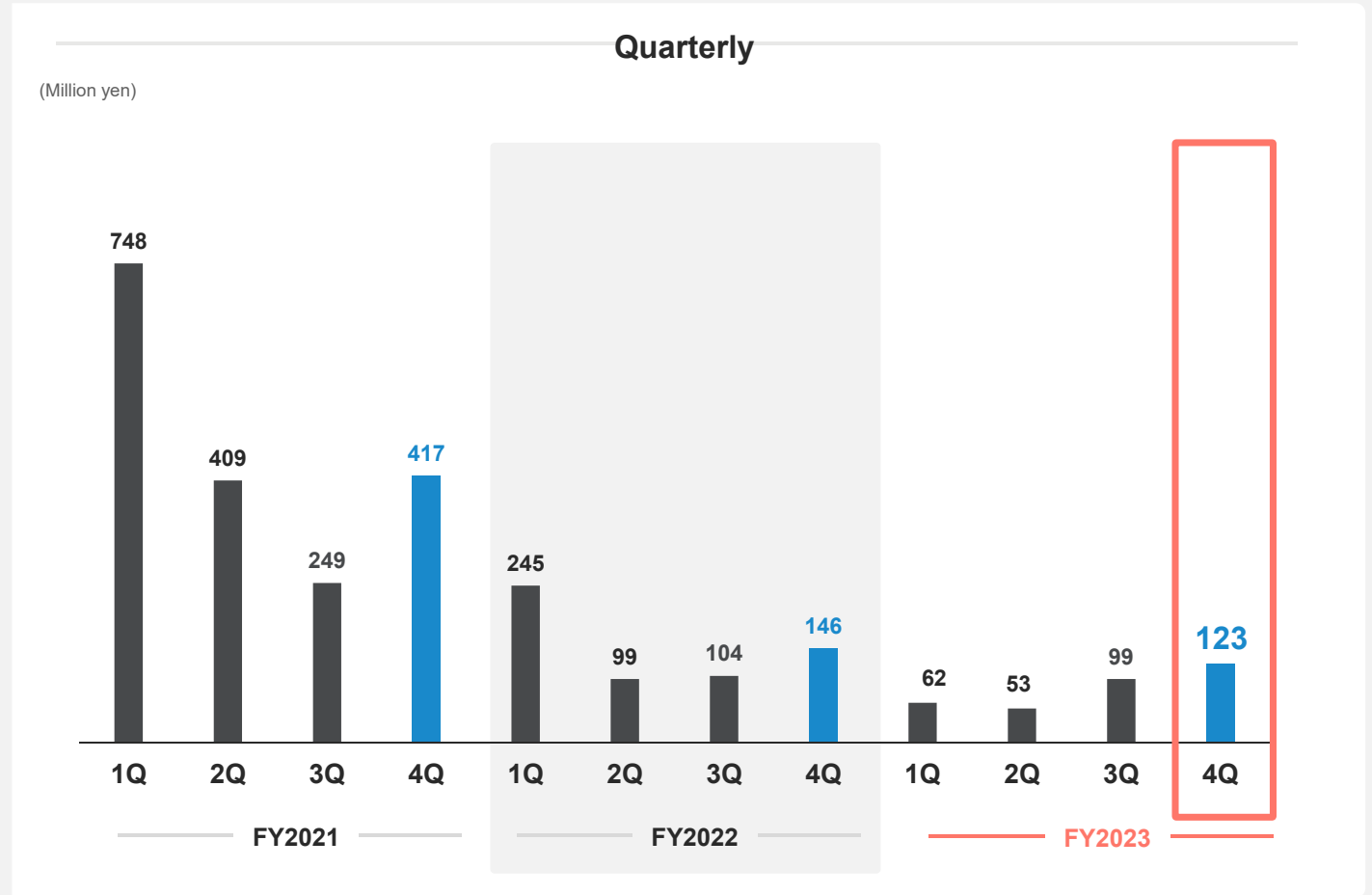
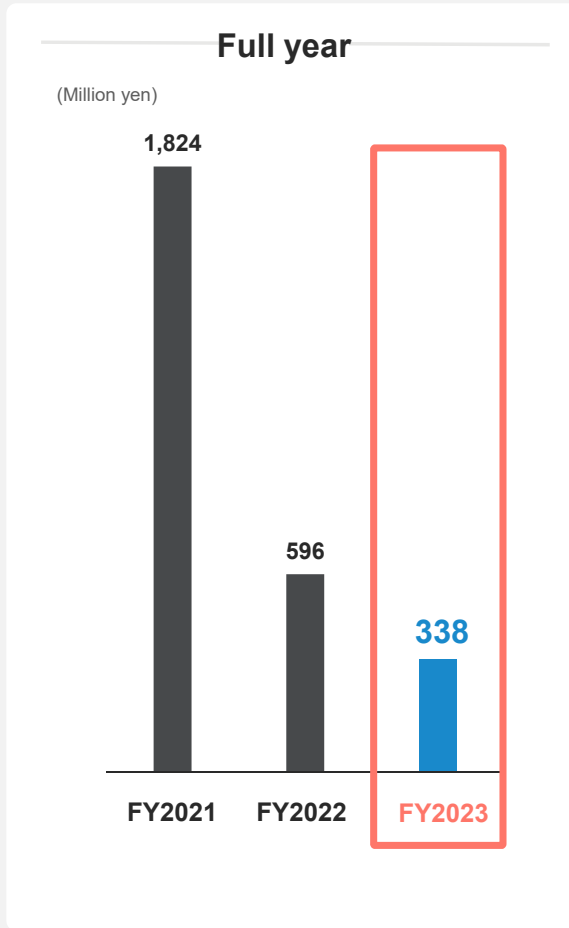
\* Due to the application of the new Revenue Recognition Standard from the fiscal year ended March 31, 2022, net sales for the fiscal year ended March 31, 2021 and prior periods have been restated by retrospectively applying the new Revenue Recognition Standard.

\* Results for the first quarter of the fiscal year ended March 31, 2022 have been calculated using the current accounting treatment for comparison purposes.

Whole Company

Operating Profit / Full Year & Quarterly

Profit progressed faster than initially anticipated due to cost reductions. However, the cost of sales ratio is rising due to ongoing depreciation of the yen in the LOWYA business, and it will be an issue in the first half of the next fiscal year to control it.



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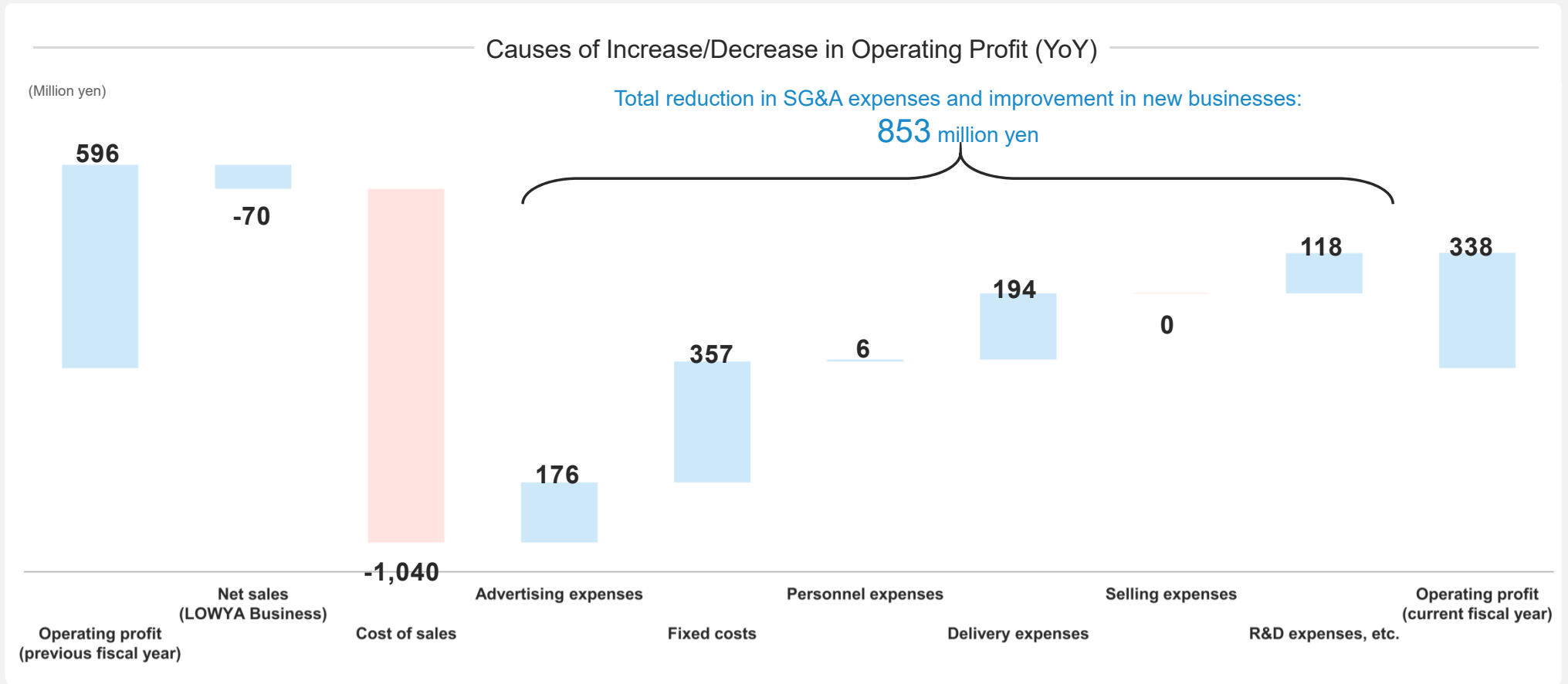
\* Results for the first quarter of the fiscal year ended March 31, 2022 have been calculated using the current accounting treatment for comparison purposes.

Whole Company

### Causes of Increase/Decrease in Operating Profit

The Company consolidated distribution bases, improved the efficiency of delivery and advertising, and relocated the Tokyo Office in the LOWYA business.

The Company reduced SG&A expenses and improved new businesses by 5.0 pt (853 million yen) YoY, thereby enhancing the ability to withstand the rising cost of sales ratio.



\* 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 expenses, and therefore this data does not match the SG&A expenses on the statement of income.



Cash and deposits increased significantly due to inventory reduction. Short-term borrowings were fully repaid, making the Company debt free.

(Million yen)

	Previous fiscal year (as of Mar. 31, 2022)	Current fiscal year (as of Mar. 31, 2023)		Previous fiscal year (as of Mar. 31, 2022)	Current fiscal year (as of Mar. 31, 2023)
Current assets	6,676	5,956	Current liabilities	2,701	1,796
Cash and deposits	1,070	1,892	Debt obligations	1,000	—
Accounts receivable—trade	1,870	1,814	Non-current liabilities	50	51
Merchandise	2,990	1,819	<b>Total liabilities</b>	<b>2,751</b>	<b>1,847</b>
Non-current assets	1,344	1,195	Shareholders' equity	5,254	5,308
Property, plant and equipment, and intangible assets	500	526	<b>Total net assets</b>	<b>5,269</b>	<b>5,304</b>
<b>Total assets</b>	<b>8,020</b>	<b>7,151</b>	<b>Total liabilities and net assets</b>	<b>8,020</b>	<b>7,151</b>

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

# 2

## Report on LOWYA Business

In 4Q, net sales steadily recovered continuing from 3Q, and net sales of the LOWYA business in 4Q were 103.2% YoY. We focused on profit control at the flagship store in the current fiscal year, and full-year net sales of the flagship store were 91.2% YoY.

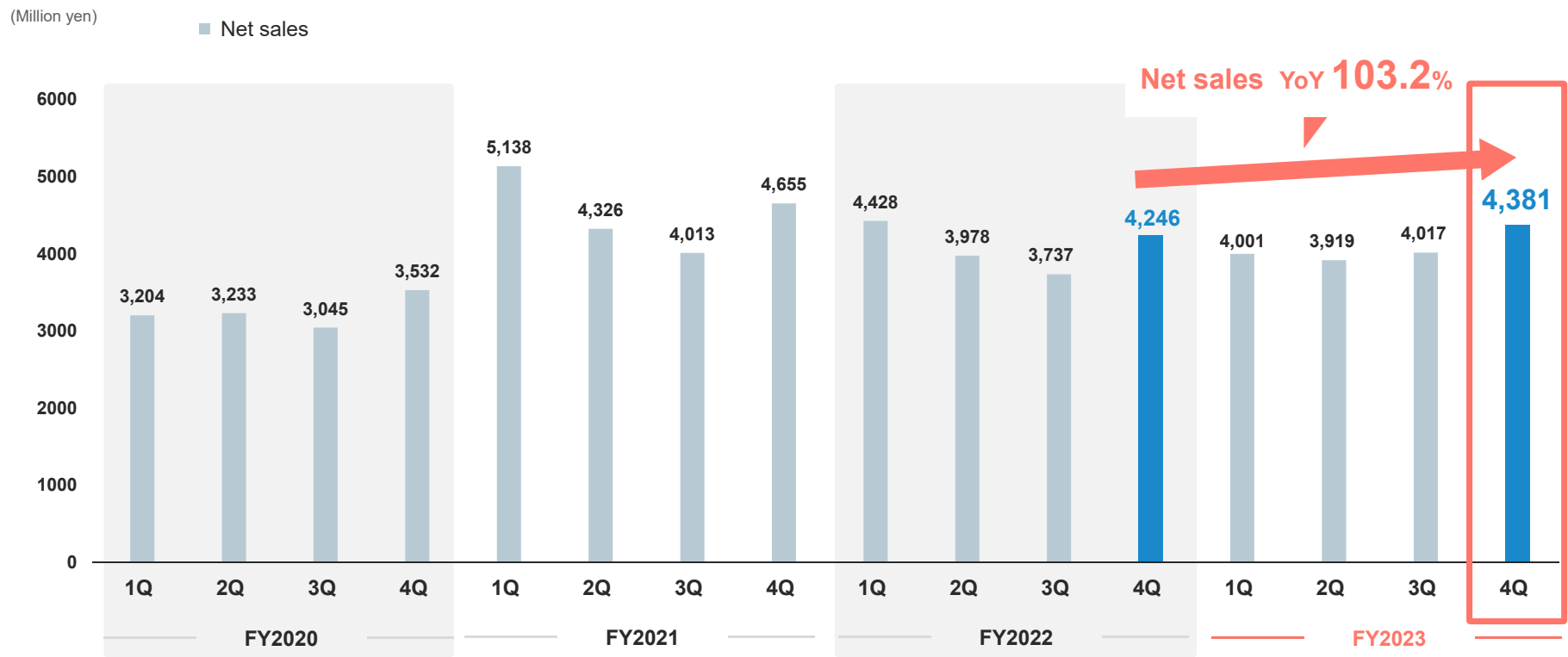
Membership of the flagship store has continued to grow steadily, reaching 1.3 million members. The ratio of sales (GMV) to repeat customers has increased solidly.

(Million yen)

Scope	Item	Timeframe used for calculation	Fiscal year ended Mar. 31, 2022	Fiscal year ended Mar. 31, 2023 (current fiscal year)	YoY
Business total	LOWYA business net sales (million yen)*1	Full year	16,390	16,320	99.6% (-70)
Flagship store	Flagship store net sales (million yen)*1	Full year	8,455	7,708	91.2% (-747)
	Membership (thousand people)	As of the end of the fiscal year	1,127	1,390	123.3% (+263)
	Ratio of repeat customers (based on GMV) (%)	LTM	22.9	26.1	114.3% (+3.3)
	Members: Average basket value (yen)	LTM	22,946	22,439	97.8% (-507)
	Guests: Average basket value (yen)	LTM	20,091	18,822	93.7% (-1,269)

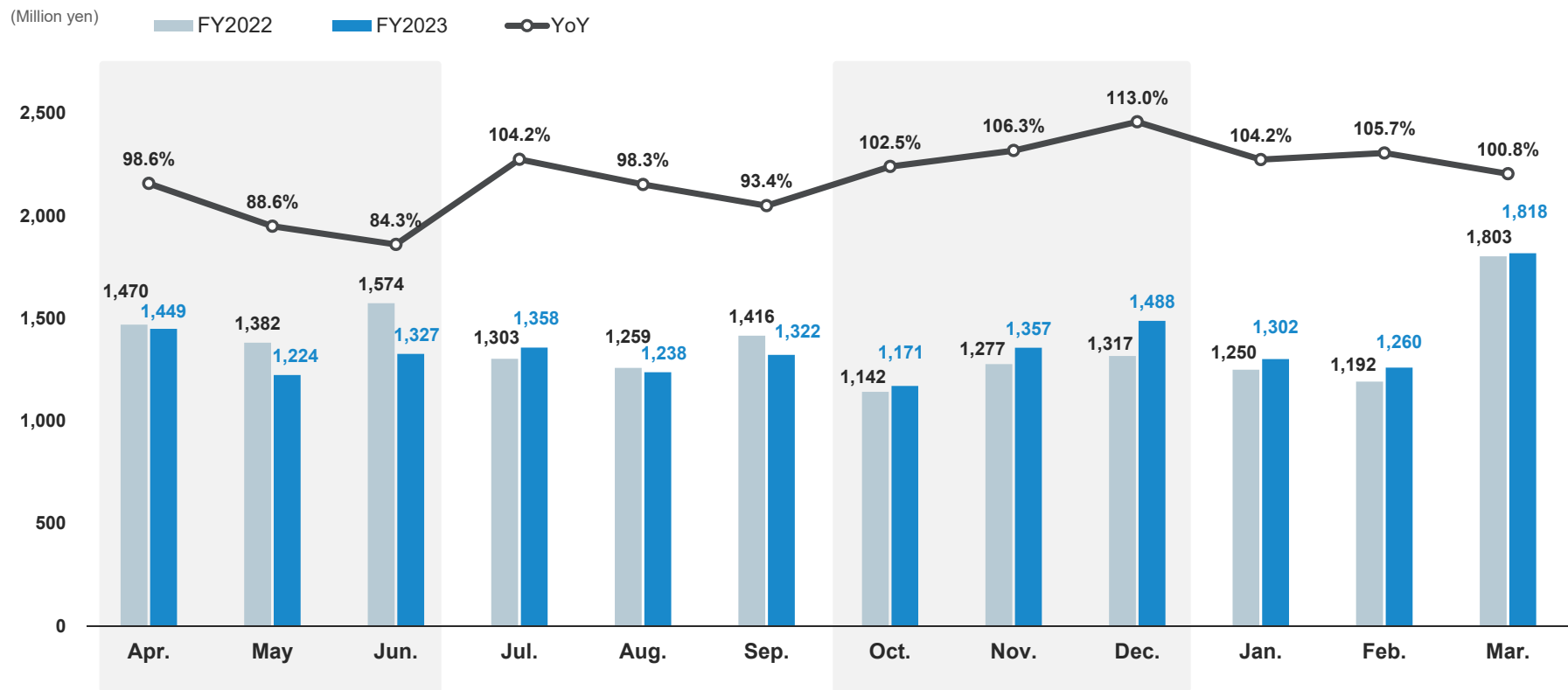
\*1. Starting with the briefing materials of the full-year financial results for the fiscal year ended March 31, 2023, net sales are stated instead of GMV (Gross Merchandise Value) as a certain period of time has passed since the application of the new Revenue Recognition Standard.

4Q performance remained strong, and total net sales of the business grew steadily.



\* 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

Net sales in the overall LOWYA business have continued to perform well, exceeding 100% YoY each month since October 2022.

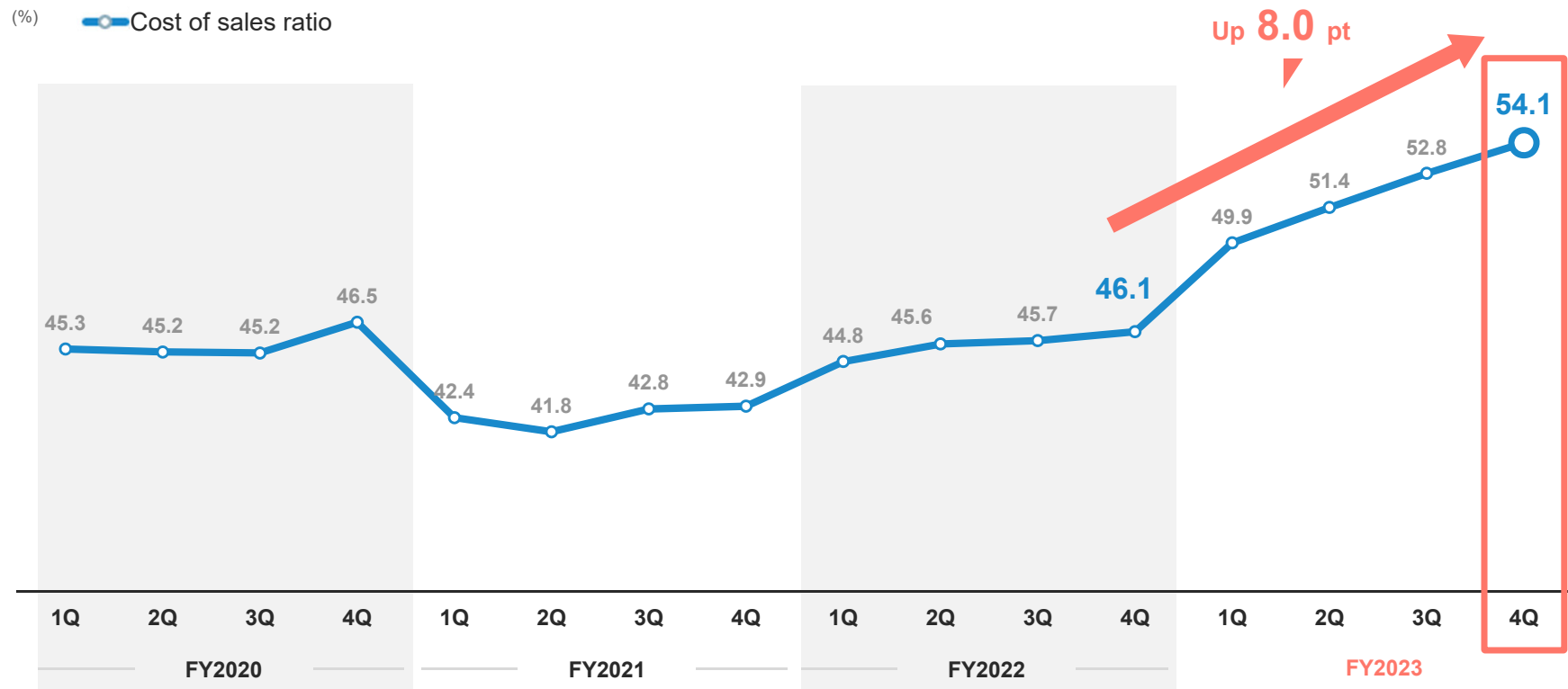


LOWYA Business **Cost of Sales Ratio (vs. Net Sales)**

Although marine container transportation costs peaked in 2Q and then showed signs of a downward trend, the significant depreciation of the yen resulted in an increased cost of sales ratio.

Controlling the cost of sales ratio will be an issue in the first half of the next fiscal year.

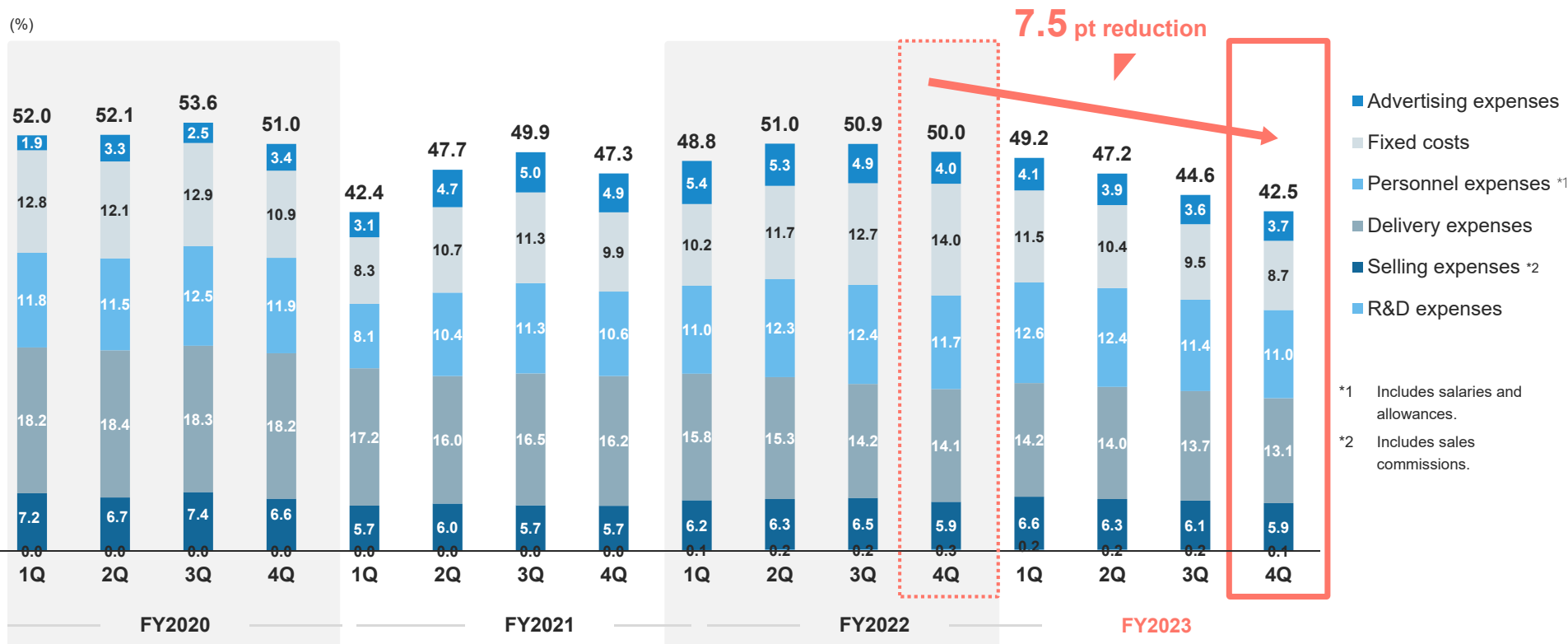
\* Cost of sales ratio: FY2022 45.5%, FY2023 52.1%



\* 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.

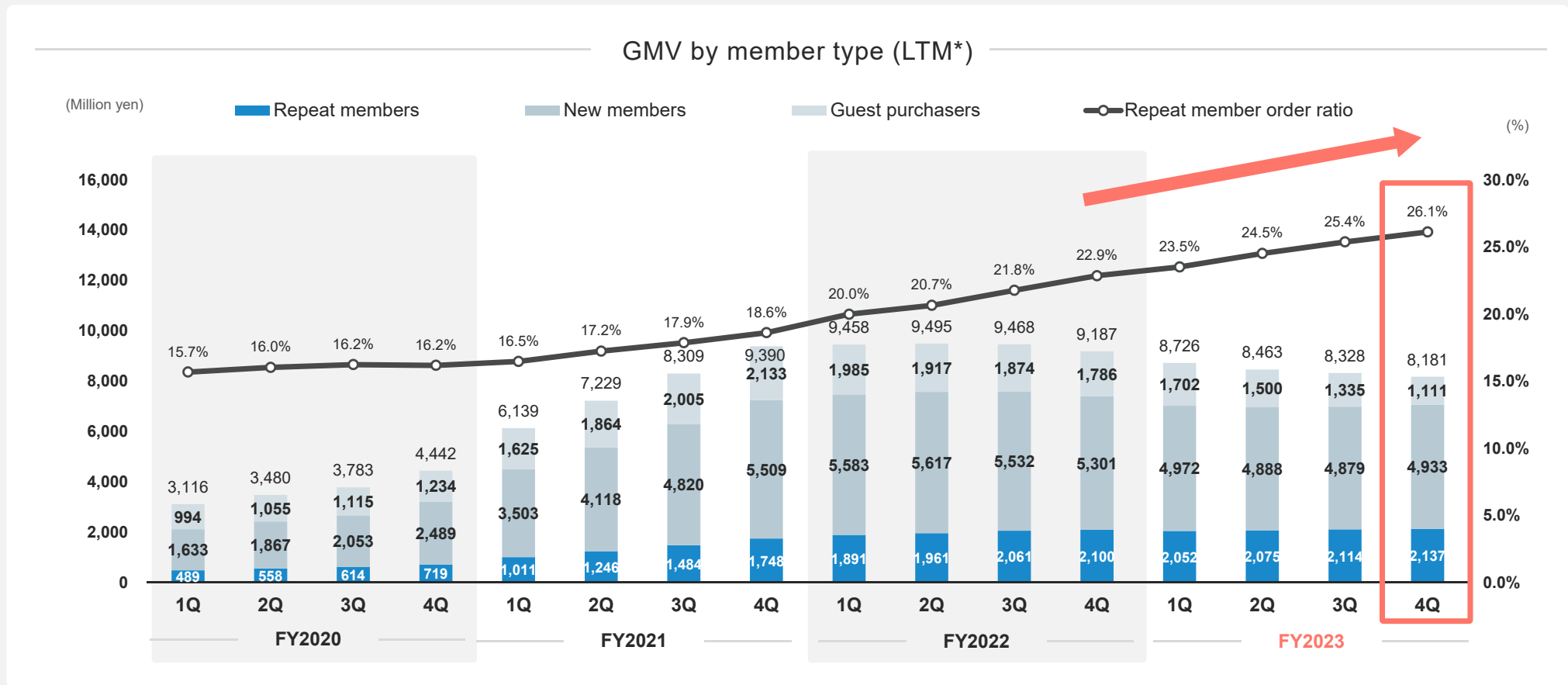
### Quarterly SG&A Expenses Ratio (against Net Sales)

The Company achieved a 7.5 pt (258 million yen) YoY reduction in SG&A expenses in 4Q (3 months) by consolidating distribution bases, improving the efficiency of delivery and advertising, and relocating the Tokyo Office, thereby enhancing its ability to withstand the rising cost of sales ratio.



\* 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.

The 12-month GMV\* by repeat members continues to 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



The internally-developed official app and operation of social media function as the key to attracting customers. The number of TikTok followers surpassed 100,000.

Sizes of engagement channels that deliver a unique brand image to a wide range of users (as of March 31, 2023)

 Smartphone app **890,000** downloads (cumulative)

 Instagram **840,000** followers

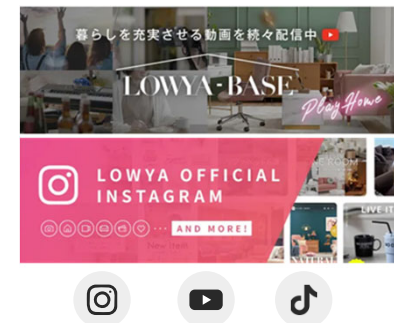
 TikTok **100,000** followers

 YouTube **20,000** channel subscribers

LOWYA official app

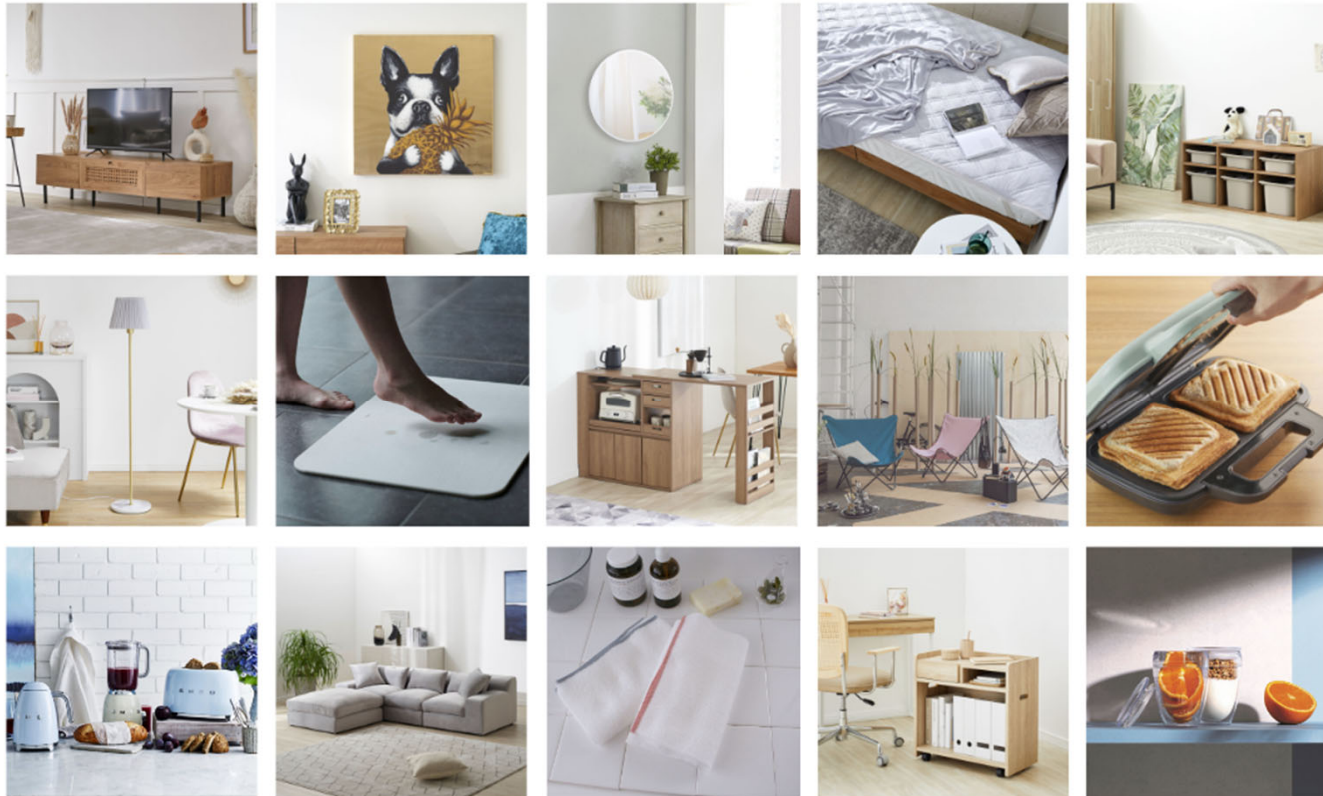


LOWYA official social media accounts



**Business Characteristics: Product Planning and Brand Products**

Product release with a focus on our own private brand products that are design- and trend-conscious. Continue to expand product genres with other companies' brands.



Major brands of other companies

Enhance product lineup



Soil



Roomhome



Toffy



CRASH GATE



We started a new wholesale business in September 2022 and opened a directly managed store in April 2023. We aim to convert to OMO-type D2C.

#### Opened a directly managed store (April 2023)

- Opened a directly managed store in April 2023, the first one since our founding
- Continue to evaluate the expansion of directly managed stores in other regions



\* OMO: Online Merges with Offline

#### Started wholesale sales for the first time since the Company's founding

- Began wholesale sales to AEON RETAIL Co., Ltd. in September 2022
- AEON STYLE Makuhari New City Store (from September 2022)
- AEON STYLE Kita Toda (from October 2022)
- FY2024: The AEON Chigasaki-Chuo store (opened in April 2023)



Whole Company

**Sustainability Initiatives**

Adopted a 100% recycled material for the outer packaging plastic bags of a new product as part of waste reduction measures  
Donated furniture and school bags to welfare facilities in Fukuoka Prefecture in November 2022 and February 2023 as part of community outreach activities



March 2023  
A 100% recycled material was adopted for the outer packaging plastic bags for a new product "SUSTAINA COOL."



November 2022 and February 2023  
In cooperation with the Fukuoka Prefecture Social Welfare Council, we donated our furniture and school bag products to welfare facilities in Fukuoka Prefecture.

# 3

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## Report on DOKODEMO Business

Memberships and the number of app DLs increased smoothly. Memberships surpassed one million in February 2023. Average basket value grew and GMV continued to grow at a high growth rate.

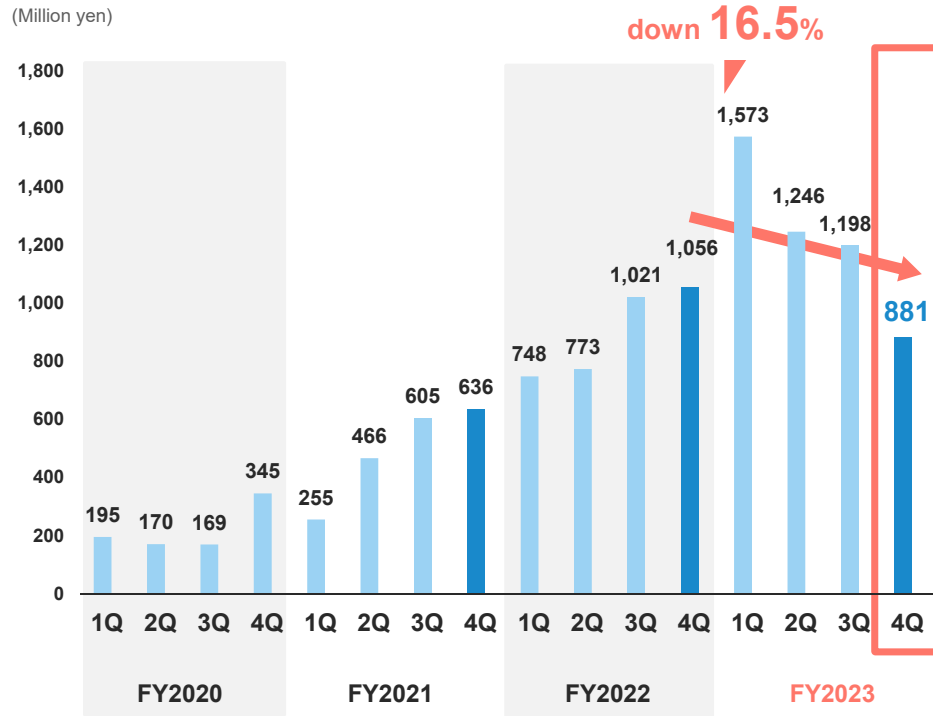
Item	Fiscal year ended Mar. 31, 2022	Fiscal year ended Mar. 31, 2023 (current fiscal year)	YoY
GMV (million yen)	<b>3,597</b>	<b>4,898</b>	<b>136.2%</b> (+1,301)
Net sales (million yen)	<b>442</b>	<b>653</b>	<b>147.8%</b> (+211)
Membership (thousand people)	<b>878</b>	<b>1,009</b>	<b>115.0%</b> (+131)
Number of app DLs (thousand)	<b>1,342</b>	<b>1,457</b>	<b>108.6%</b> (+115)
Average basket value (yen)	<b>12,576</b>	<b>13,310</b>	<b>105.8%</b> (+734)
Number of products (thousand)	<b>44</b>	<b>51</b>	<b>116.4%</b> (+7)
Number of brands	<b>1,123</b>	<b>1,236</b>	<b>110.1%</b> (+113)
Deliveries (cumulative) * Number of countries and regions to which deliveries were made	<b>109</b>	<b>114</b>	<b>104.6%</b> (+5)



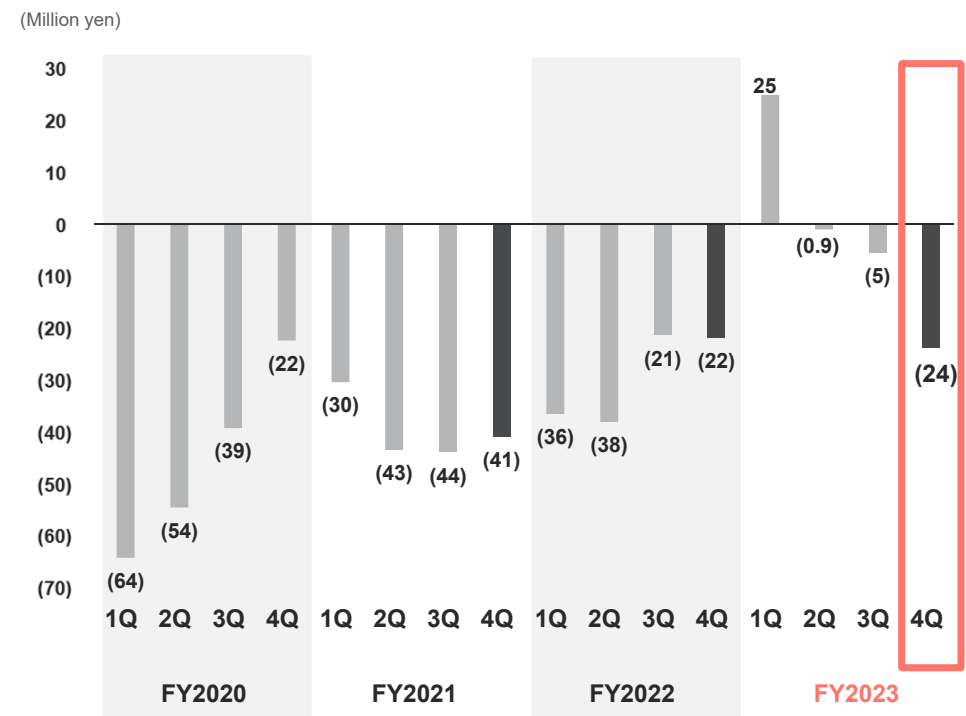
DOKODEMO Business **GMV and Upfront Investments (Net Business Income)**

In 4Q, GMV (Gross Merchandise Value) was sluggish at 83.5% YOY due to changes in the market environment. For the full year, the Company continued to maintain a GMV growth trend while limiting upfront investments as planned. Deficit in the business decreased. Repeat customer GMV increased, accounting for 84.9%.

GMV

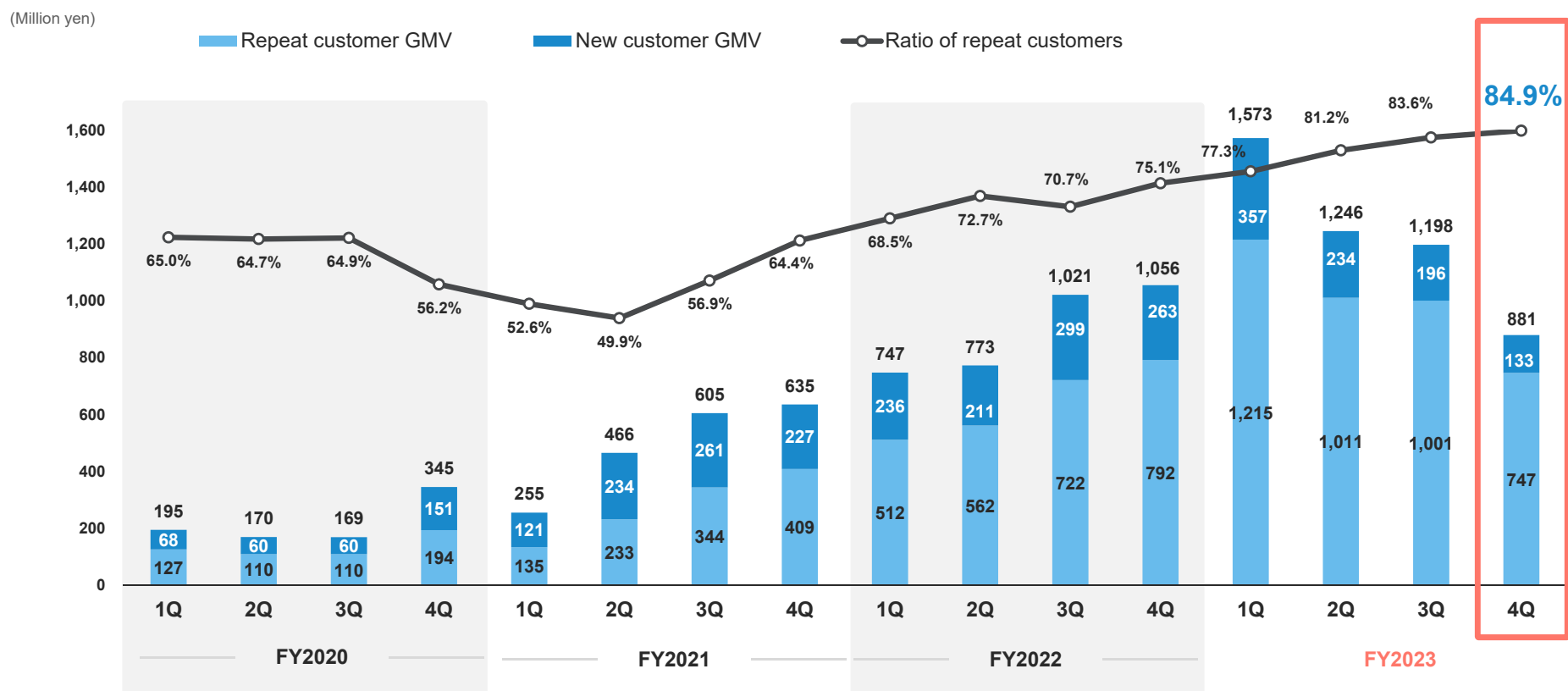


Net Business Income



\* Net business income for FY2020 1Q-3Q includes some R&D expenses from other new businesses.

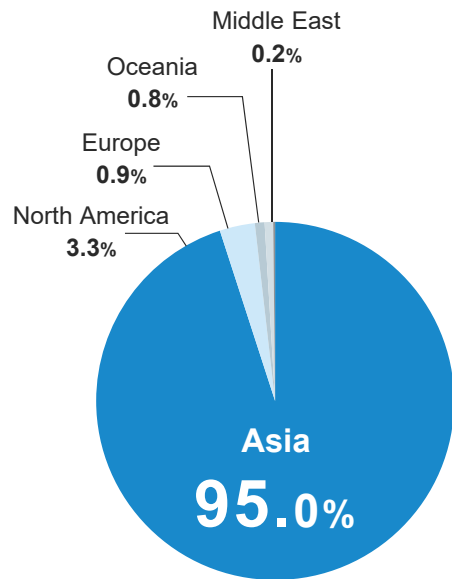
## Repeat customer GMV increased, accounting for **84.9%**



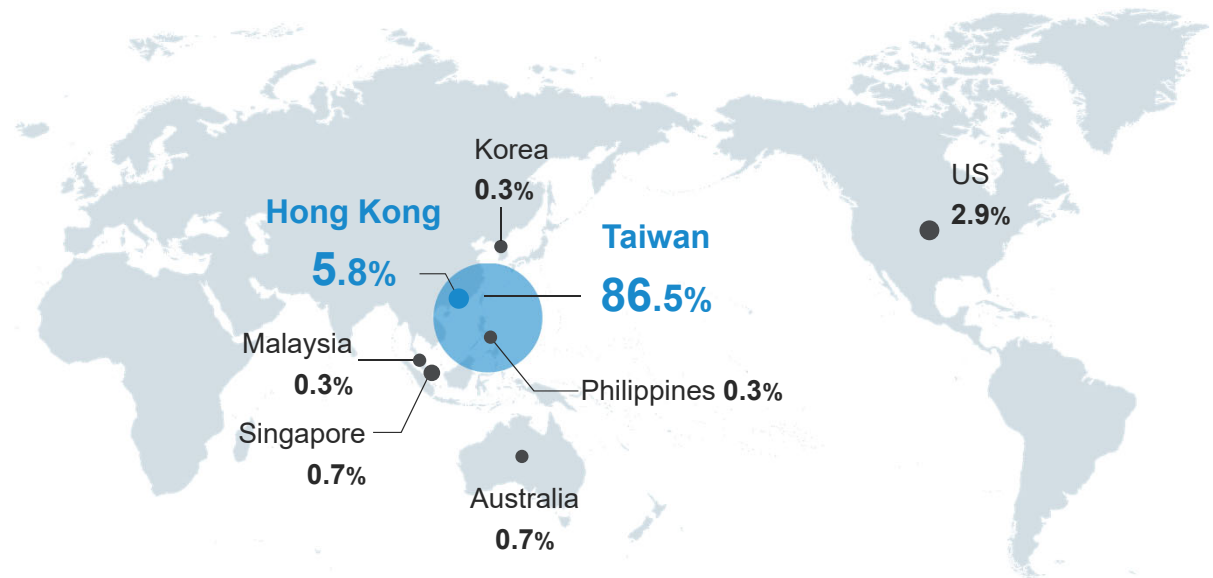


Deliveries to Asia, mainly Taiwan, account for more than 90% of GMV

By region



By country



\* Proportion of deliveries by country is calculated based on the ratio GMV from April 2022 to March 2023.

# 4

## Financial Results Forecast for the Fiscal Year Ending March 31, 2024

## FY 2024 Financial Results Outlook

The LOWYA business will maintain the strong performance continuing from the second half of the fiscal year ended March 31, 2023 and increase net sales.

Assuming that the yen will appreciate over the second half, the full-year cost of sales ratio is expected to be 52.5%.

The DOKODEMO business is expected to continue to operate with disciplined upfront investment.

	Results* for fiscal year ended Mar. 31, 2023	Outlook for fiscal year ending Mar. 31, 2024	YoY
Net sales (million yen)	16,973	18,000	+6.0%
Operating profit (million yen)	338	600	+77.4%
Ordinary profit (million yen)	364	630	+72.8%
Profit (million yen)	120	378	+213.8%
Basic earnings per share (yen)	11.49	35.50	-

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



**VEGA** corporation

IR Inquiries

<https://www.vega-c.com/contact/ir/>

Views and forecasts in this document were prepared based on the judgment of the Company at the time of preparation.

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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