

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 15, 2023

Company name: Vega corporation Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3542
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 Scheduled date of Annual General Meeting of Shareholders: June 28, 2023
 Scheduled date of commencing dividend payments: June 29, 2023
 Scheduled date of filing annual securities report: June 29, 2023
 Availability of supplementary briefing material on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled

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

1. Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	16,973	0.8	338	(43.2)	364	(41.3)	120	(68.5)
March 31, 2022	16,832	—	596	(67.3)	621	(66.5)	382	(67.0)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	11.49	11.48	2.3	4.8	2.0
March 31, 2022	36.43	36.22	7.4	7.6	3.5

(Reference) Equity in earnings (losses) of associates: Fiscal year ended March 31, 2023: ¥— million
Fiscal year ended March 31, 2022: ¥— million

(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 previous fiscal year. The amount of net sales for the fiscal year ended March 31, 2022 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	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	7,151	5,304	74.2	505.30
As of March 31, 2022	8,020	5,269	65.7	501.98

(Reference) Equity: As of March 31, 2023: ¥5,304 million
As of March 31, 2022: ¥5,269 million

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	2,043	(179)	(1,099)	2,000
March 31, 2022	(1,915)	(229)	258	1,234

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, 2022	—	0.00	—	10.00	10.00	106	27.4	2.0
March 31, 2023	—	0.00	—	10.00	10.00	106	87.0	2.0
Fiscal year ending March 31, 2024 (Forecast)	—	0.00	—	10.00	10.00		28.2	

3. Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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	18,000	6.0	600	77.4	630	72.8	378	213.8	35.50

* 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: Yes
- 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, 2023: 10,644,200 shares
March 31, 2022: 10,634,200 shares

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

March 31, 2023: 146,674 shares
March 31, 2022: 136,674 shares

- 3) Average number of shares during the period:

Fiscal year ended March 31, 2023: 10,482,662 shares
Fiscal year ended March 31, 2022: 10,502,404 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
(March 31, 2023: 146,450 shares; March 31, 2022: 136,450 shares)

Average number of shares during the period

(Fiscal year ended March 31, 2023: 143,189 shares; Fiscal year ended March 31, 2022: 131,090 shares)

* These financial results are outside the scope of audit by certified public accountants and audit firms

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the date of publication of this document. Actual results may differ significantly from these forecasts due to various factors. For preconditions for the financial results forecast and notes on the use thereof, etc., please refer to “1. Overview of Business Results, etc. (4) Future Outlook” on page 4 of the Appendix.

(Method of obtaining supplementary briefing materials)

Supplementary briefing materials on financial results are provided on TDnet on May 15, 2023.

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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, 2023, the Japanese economy gradually turned toward normalization as economic activity becomes more able to co-exist with the novel coronavirus, raising expectations of a recovery in personal consumption. However, there is an ongoing need to keep a close eye on economic trends both in and outside of Japan, with growing concerns regarding inflation in the context of the dramatic depreciation of the Japanese yen caused by domestic and U.S. monetary policies, as well as the weakening of consumer sentiment due to rising prices.

In the furniture and interior industry, the business environment continues to be challenging due to intensifying competition taking place across business categories in addition to increased raw material prices and logistics costs. Meanwhile, the scale of the sundries, furniture and interior B to C-EC market, to which the Company belongs, expanded strongly to ¥2,275.2 billion in 2021, up 6.7% year on year (source: FY2021 Digital Business Environment Improvement Project, E-Commerce Market Survey; Ministry of Economy, Trade and Industry, August 2022). The rate of e-commerce usage in the furniture and interior industry remains low compared to other industries, and further market expansion is expected, with ample room for a further shift to e-commerce.

Under such a business environment, in its Furniture E-Commerce business, the Company engaged in expanding distribution through the dual sales channels of its LOWYA flagship store (the Company's website) and major e-commerce marketplace stores. At the LOWYA flagship store, identified as a core pillar of growth, the Company strived to improve brand recognition by enhancing the influx of new visitor access from search engine optimization (SEO), online advertising and strengthening its social media presence, as well as endeavoring to encourage membership through mobile app downloads. In terms of product lineup, the Company has continued 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, the handling of the products of other companies' brands, which the Company started as a project to expand the number of categories and products handled by the LOWYA flagship store, is also contributing to increases in site traffic and orders.

Amid dramatic changes in the external environment, the Company has continued to implement its existing initiatives to decrease inventory and reduce delivery expenses through the optimization of inventory and delivery, and it has reduced selling, general and administrative expenses by integrating distribution bases and relocating the Tokyo Office. Furthermore, although the Company has been operating exclusively in the Internet business since its establishment, it has announced a new policy to build a business structure that integrates online and offline operations while leveraging its strengths in attracting customers, product design, and price superiority. To this end, the Company began wholesale sales of furniture to Aeon Retail Co., Ltd. in September 2022 and has opened a directly managed store in April 2023.

As for profit, profitability improved due in part to reductions in selling, general and administrative expenses, despite a reactionary decline in stay-at-home demand on account of the declaration of a state of emergency in the previous fiscal year, as well as the impact of an increase in the cost of sales ratio resulting from the depreciation of the yen.

In the new International EC Platform DOKODEMO business, demand for cross border EC as an alternative to inbound consumption has been increasing from the previous fiscal year. This, in addition to yen depreciation, has enhanced the perception that Japanese products are a bargain, and driven demand. In this context, the Company supported enhancing their product lineup and carried out marketing measures so that the store owners could capture demand. 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 for the fiscal year under review has grown significantly, by 36.2% year on year. Through expansion of total distribution volume and cost control, the deficit is steadily narrowing toward a return to profitability in the future.

As a result of the above initiatives, the Company's business results for the fiscal year ended March 31, 2023 were ¥16,973 million in net sales (up 0.8% year on year), ¥338 million in operating profit (down 43.2% year on year), ¥364 million in ordinary profit (down 41.3% year on year) and ¥120 million in profit (down 68.5% year on year).

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

Total assets as of the end of the fiscal year under review decreased by ¥869 million to ¥7,151 million (¥8,020 million as of the end of the previous fiscal year). Current assets decreased by ¥720 million to ¥5,956 million (¥6,676 million as of the end of the previous fiscal year). This is mainly attributable to an increase in cash and deposits by ¥821 million and decreases in merchandise of ¥1,171 million and consumption taxes refund receivable of ¥168 million. Non-current assets decreased by ¥149 million to ¥1,195 million (¥1,344 million as of the end of the previous fiscal year). This is mainly attributable to a decrease in investment securities of ¥113 million.

Liabilities decreased by ¥904 million to ¥1,847 million (¥2,751 million as of the end of the previous fiscal year). Current liabilities decreased by ¥905 million to ¥1,796 million (¥2,701 million as of the end of the previous fiscal year). This is mainly attributable to a ¥1,000 million repayment of short-term borrowings. Non-current liabilities increased by ¥0 million to ¥51 million (¥50 million as of the end of the previous fiscal year).

Net assets increased by ¥34 million to ¥5,304 million (¥5,269 million as of the end of the previous fiscal year).

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

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review amounted to ¥2,000 million, an increase of ¥765 million compared to the previous fiscal year as a result of an inflow of ¥2,043 million from operating activities, an outflow of ¥179 million from investing activities, and an outflow of ¥1,099 million from financing activities. 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 ¥2,043 million (an outflow of ¥1,915 million during the previous fiscal year).

This is mainly attributable to an increase in cash due to a ¥1,171 million decrease in inventories in line with inventory optimization.

(Cash flows from investing activities)

Cash used in investing activities during the fiscal year under review was ¥179 million (an outflow of ¥229 million during the previous fiscal year).

This is mainly attributable to a decline in cash due to an outflow of ¥129 million for the purchase of intangible assets.

As a result, free cash flow (total amount of cash flows from operating activities and cash flows from investing activities) was positive ¥1,864 million (negative ¥2,145 million for the previous fiscal year).

(Cash flows from financing activities)

Cash used in financing activities during the fiscal year under review was ¥1,099 million (an inflow of ¥258 million during the previous fiscal year).

This is mainly attributable to a decrease in cash on account of a ¥1,000 million repayment of short-term borrowings.

(4) Future Outlook

The outlook in the environment surrounding the Company is expected to remain uncertain due to changes in economic and consumption trends, including a risk of cooling personal consumption in response to significant price rises, rising costs following the depreciation of the yen, and soaring delivery expenses on the back of logistics issues in 2024.

Amid this business environment, the Company will strive to deliver its unique and new standards, and pursue service innovation, underpinned by its vision of “Infinite possibilities for EC.” The Company will continue to provide customers with new value and service excellence in its key business, the Furniture E-Commerce business, involving furniture and interiors, as well as in one other new business, the International EC Platform business.

In the Furniture E-Commerce business, under the business vision of “Complete freedom in interior design,” the Company will work to thoroughly enhance customer experience (CX) to build opportunities for encounters, and to meet the needs of our customers. More specifically, the Company will (1) enrich and improve the quality of its product lineup, including not only its own private brands but also those of other companies, (2) expand its points of contact with customers by developing sales channels that bring together both the online and physical store spaces, and (3) enhance engagement with customers through SNS and community-focused measures, and strengthen infrastructure such as logistics and IT systems to support the implementation of these measures.

As for sales for the fiscal year ending March 31, 2024, we will continue to aim for Gross Merchandise Value (GMV) growth, with a focus on the flagship store and stores in major marketplaces. Sales from wholesale and directly managed stores are expected to remain insignificant. In addition to the escalating sales competition, we will also have to respond to the issues of rising costs resulting from high resource prices and the weakening yen, as well as soaring delivery expenses. Regarding product lineups, we will develop our own private brand products with high profit margins and continue to expand our handling of the brands of other companies. Regarding costs, we will continue ongoing efforts including improving the efficiency of logistics, but at the same time, there will be a time when upfront investment is required to promote various measures to attract customers and enhance services and infrastructure. By boosting the GMV growth rate in the medium term, we aim to maximize free cash flow over the long term.

In the International EC Platform business, there is a steady accumulation of transaction value from repeat users, mainly in Taiwan, and the GMV is growing by maintaining a certain level of upfront investment. We will continue to take measures to further heighten GMV, such as acquiring new members through advertising investments, while at the same time focusing on fortifying our earnings structure.

Under these policies, the outlook for the fiscal year ending March 31, 2024 is as follows.

(Million yen, unless otherwise specified)

	Fiscal year ending March 31, 2024 Outlook	Fiscal year ended March 31, 2023 Result	Change (%)
Net sales	18,000	16,973	6.0
Operating profit	600	338	77.4
Ordinary profit	630	364	72.8
Profit	378	120	213.8
Basic earnings per share (yen)	35.50	11.49	—

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the fact that the Company is currently 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,070,295	1,892,217
Accounts receivable - trade	1,870,679	1,814,017
Merchandise	2,990,999	1,819,594
Advance payments to suppliers	158,720	117,341
Prepaid expenses	168,109	164,508
Income taxes refund receivable	80,452	—
Consumption taxes refund receivable	168,506	—
Other	168,701	148,685
Total current assets	6,676,464	5,956,365
Non-current assets		
Property, plant and equipment		
Buildings, net	35,048	66,331
Vehicles, net	5,780	7,089
Tools, furniture and fixtures, net	172,815	137,649
Construction in progress	288	288
Total property, plant and equipment	213,932	211,359
Intangible assets		
Software	244,512	186,395
Software in progress	9,260	100,505
Trademark right	32,616	27,804
Other	75	75
Total intangible assets	286,465	314,781
Investments and other assets		
Investment securities	304,678	190,938
Long-term loans receivable from employees	294	47
Long-term prepaid expenses	58,884	36,648
Deferred tax assets	198,166	204,432
Leasehold and guarantee deposits	281,821	236,840
Other	3,224	3,235
Allowance for doubtful accounts	(3,000)	(3,200)
Total investments and other assets	844,069	668,943
Total non-current assets	1,344,467	1,195,084
Total assets	8,020,931	7,151,450

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	285,964	268,467
Short-term borrowings	1,000,000	—
Accounts payable - other	940,610	990,320
Accrued expenses	110,914	78,595
Income taxes payable	—	16,157
Accrued consumption taxes	—	233,232
Contract liabilities	28,079	73,859
Refund liabilities	12,359	10,832
Forward exchange contracts	177	25,783
Deposits received	250,915	8,937
Provision for product warranties	6,758	5,152
Provision for bonuses	60,000	81,110
Other	5,307	3,557
Total current liabilities	2,701,087	1,796,006
Non-current liabilities		
Provision for share awards	50,255	51,050
Total non-current liabilities	50,255	51,050
Total liabilities	2,751,342	1,847,057
Net assets		
Shareholders' equity		
Share capital	1,027,894	1,030,551
Capital surplus		
Legal capital surplus	987,894	1,014,176
Total capital surplus	987,894	1,014,176
Retained earnings		
Other retained earnings		
Retained earnings brought forward	3,444,129	3,459,597
Total retained earnings	3,444,129	3,459,597
Treasury shares	(205,263)	(196,233)
Total shareholders' equity	5,254,654	5,308,091
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	15,038	14,202
Deferred gains or losses on hedges	(123)	(17,919)
Total valuation and translation adjustments	14,915	(3,716)
Share acquisition rights	20	18
Total net assets	5,269,589	5,304,393
Total liabilities and net assets	8,020,931	7,151,450

(2) Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	16,832,715	16,973,424
Cost of sales		
Beginning merchandise inventory	1,521,076	2,994,172
Cost of purchased goods	8,931,076	7,327,304
Total	10,452,152	10,321,476
Ending merchandise inventory	2,990,999	1,819,594
Cost of goods sold	7,461,153	8,501,881
Gross profit	9,371,561	8,471,542
Selling, general and administrative expenses	8,775,500	8,133,239
Operating profit	596,061	338,303
Non-operating income		
Gain on investments in investment partnerships	10,022	4,539
Gain on sale of goods	—	8,060
Compensation income	11,810	10,280
Foreign exchange gains	1,040	—
Other	5,187	4,998
Total non-operating income	28,060	27,879
Non-operating expenses		
Interest expenses	1,844	1,282
Foreign exchange losses	—	65
Provision of allowance for doubtful accounts	200	200
Loss on retirement of non-current assets	835	—
Total non-operating expenses	2,879	1,548
Ordinary profit	621,242	364,634
Extraordinary losses		
Loss on valuation of investment securities	—	120,000
Total extraordinary losses	—	120,000
Profit before income taxes	621,242	244,634
Income taxes - current	250,110	122,281
Income taxes - deferred	(11,491)	1,910
Total income taxes	238,618	124,191
Profit	382,623	120,443

(3) Statements of Changes in Net Assets
For the fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of period	1,027,735	987,735	987,735
Changes during period			
Issuance of new shares - exercise of share acquisition rights	159	159	159
Dividends of surplus			
Profit			
Purchase of treasury shares			
Gain on disposal of treasury stock			
Transfer of treasury stock to stock ownership plan trust			
Net changes in items other than shareholders' equity			
Total changes during period	159	159	159
Balance at end of period	1,027,894	987,894	987,894

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of period	3,167,173	3,167,173	(91,260)	5,091,383
Changes during period				
Issuance of new shares - exercise of share acquisition rights				318
Dividends of surplus	(105,667)	(105,667)		(105,667)
Profit	382,623	382,623		382,623
Purchase of treasury shares			(149,697)	(149,697)
Gain on disposal of treasury stock				—
Transfer of treasury stock to stock ownership plan trust			35,694	35,694
Net changes in items other than shareholders' equity				
Total changes during period	276,955	276,955	(114,003)	163,270
Balance at end of period	3,444,129	3,444,129	(205,263)	5,254,654

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	1,275	45,981	47,256	21	5,138,661
Changes during period					
Issuance of new shares - exercise of share acquisition rights					318
Dividends of surplus					(105,667)
Profit					382,623
Purchase of treasury shares					(149,697)
Gain on disposal of treasury stock					—
Transfer of treasury stock to stock ownership plan trust					35,694
Net changes in items other than shareholders' equity	13,763	(46,105)	(32,341)	(0)	(32,342)
Total changes during period	13,763	(46,105)	(32,341)	(0)	130,928
Balance at end of period	15,038	(123)	14,915	20	5,269,589

For the fiscal year ended March 31, 2023

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of period	1,027,894	987,894	987,894
Changes during period			
Issuance of new shares - exercise of share acquisition rights	2,657	2,657	2,657
Dividends of surplus			
Profit			
Purchase of treasury shares			
Gain on disposal of treasury stock		23,625	23,625
Transfer of treasury stock to stock ownership plan trust			
Net changes in items other than shareholders' equity			
Total changes during period	2,657	26,282	26,282
Balance at end of period	1,030,551	1,014,176	1,014,176

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balance at beginning of period	3,444,129	3,444,129	(205,263)	5,254,654
Changes during period				
Issuance of new shares - exercise of share acquisition rights				5,315
Dividends of surplus	(104,975)	(104,975)		(104,975)
Profit	120,443	120,443		120,443
Purchase of treasury shares			(14,175)	(14,175)
Gain on disposal of treasury stock				23,625
Transfer of treasury stock to stock ownership plan trust			23,205	23,205
Net changes in items other than shareholders' equity				
Total changes during period	15,467	15,467	9,030	53,437
Balance at end of period	3,459,597	3,459,597	(196,233)	5,308,091

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	15,038	(123)	14,915	20	5,269,589
Changes during period					
Issuance of new shares - exercise of share acquisition rights					5,315
Dividends of surplus					(104,975)
Profit					120,443
Purchase of treasury shares					(14,175)
Gain on disposal of treasury stock					23,625
Transfer of treasury stock to stock ownership plan trust					23,205
Net changes in items other than shareholders' equity	(836)	(17,795)	(18,631)	(1)	(18,633)
Total changes during period	(836)	(17,795)	(18,631)	(1)	34,803
Balance at end of period	14,202	(17,919)	(3,716)	18	5,304,393

(4) Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	621,242	244,634
Depreciation	158,930	174,124
Increase (decrease) in allowance for doubtful accounts	200	200
Increase (decrease) in provision for bonuses	(39,130)	21,110
Increase (decrease) in provision for product warranties	(3,519)	(1,606)
Increase (decrease) in provision for share awards	24,000	24,000
Interest and dividend income	(56)	(49)
Loss (gain) on investments in investment partnerships	(10,022)	(4,539)
Compensation income	(11,810)	(10,280)
Interest expenses	1,844	1,282
Foreign exchange losses (gains)	(1,018)	(365)
Loss on retirement of non-current assets	835	690
Loss (gain) on valuation of investment securities	—	120,000
Decrease (increase) in trade receivables	27,116	56,662
Decrease (increase) in inventories	(1,469,923)	1,171,404
Increase (decrease) in trade payables	711	(17,496)
Increase (decrease) in accounts payable - other	(36,572)	50,269
Other, net	(219,128)	221,799
Subtotal	(956,300)	2,051,840
Interest and dividends received	12,061	4,998
Proceeds from compensation	16,414	9,542
Interest paid	(1,844)	(1,282)
Income taxes paid	(986,294)	(123,371)
Income taxes refund	—	101,507
Net cash provided by (used in) operating activities	(1,915,963)	2,043,234
Cash flows from investing activities		
Purchase of property, plant and equipment	(78,962)	(75,710)
Purchase of intangible assets	(47,235)	(129,751)
Purchase of investment securities	(133,643)	(11,500)
Payments of leasehold and guarantee deposits	(7,273)	(18,234)
Proceeds for lease and guarantee deposits	37,794	55,342
Loan advances to employees	(2,500)	(2,500)
Proceeds from collection of loans receivable from employees	2,492	3,349
Net cash provided by (used in) investing activities	(229,327)	(179,004)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	500,000	(1,000,000)
Purchase of treasury shares	(149,697)	—
Dividends paid	(92,582)	(104,779)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	317	5,315
Net cash provided by (used in) financing activities	258,036	(1,099,464)
Effect of exchange rate change on cash and cash equivalents	1,018	365
Net increase (decrease) in cash and cash equivalents	(1,886,236)	765,131
Cash and cash equivalents at beginning of period	3,121,157	1,234,920
Cash and cash equivalents at end of period	1,234,920	2,000,052

(5) Notes to the Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

The Company has applied “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as “Implementation Guidance on Fair Value Measurement Accounting Standard”) from the beginning of the first quarter ended June 30, 2022. The Company has decided to apply the new accounting policy prescribed under Implementation Guidance on Fair Value Measurement Accounting Standard prospectively, in accordance with the transitional treatment prescribed under Paragraph 27-2 of Implementation Guidance on Fair Value Measurement Accounting Standard. This change in accounting policy has had no effect on the financial statements.

(Notes to revenue recognition)

The Company has a single e-commerce business segment, and the following information breaks down the revenue generated from contracts with major customers into service categories.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Thousand yen)

Service category	Reportable segment
	E-commerce business
D2C* business	16,390,635
Platform business	442,079
Revenue generated from customer contracts	16,832,715
Other revenue	—
Net sales to external customers	16,832,715

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

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousand yen)

Service category	Reportable segment
	E-commerce business
OMO-type D2C* business	16,320,045
Platform business	653,378
Revenue generated from customer contracts	16,973,424
Other revenue	—
Net sales to external customers	16,973,424

*OMO: Online Merges with Offline.

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

(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, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥501.98	¥505.30
Basic earnings per share	¥36.43	¥11.49
Diluted earnings per share	¥36.22	¥11.48

(Notes) 1. 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, 2022 and the fiscal year ended March 31, 2023, the Company's shares held by Custody Bank of Japan, Ltd. (trust account E) as a trust asset under the Employee Stock Ownership Plan (J-ESOP) are included in the number of treasury shares deducted in the calculation of the number of common shares at the end of the period and the average number of shares during the period.

2. The basis for the calculation of net assets per share

(Thousand yen, unless otherwise specified)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Total assets	5,269,589	5,304,393
Amount excluded from total assets	20	18
Year-end net assets attributable to common shares	5,269,569	5,304,374
Number of common shares at the year-end used to calculate net assets per share (shares)	10,497,526	10,497,526

3. The basis for the calculation of basic earnings (loss) per share and diluted earnings per share

(Thousand yen, unless otherwise specified)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Basic earnings (loss) per share		
Profit (loss)	382,623	120,443
Amount not attributable to common shareholders	—	—
Profit (loss) relating to common shares	382,623	120,443
Average number of common shares outstanding during the period (shares)	10,502,404	10,482,662
Diluted earnings per share		
Adjustment for profit	36.22	11.48
Increase in the number of common shares (shares)	60,889	4,477
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: 203)	One type of share acquisition rights (number of share acquisition rights: 184)

(Significant subsequent events)

There is no relevant information.