

# Quarterly Financial Results

For the Three Months Ended June 30, 2023

Vega corporation Co., Ltd. / Securities code: 3542





# INDEX

- 1 Overview of Quarterly Financial Results for the Three Months Ended June 30, 2023
- 2 Report on LOWYA Business
- 3 Report on DOKODEMO Business



# 1

## Overview of Quarterly Financial Results for the Three Months Ended June 30, 2023



Net sales for the whole company were **4,154 million yen (98.9% YoY)**, while operating profit landed at **-34 million yen**. The LOWYA business remained strong and exceeded the performance of the same period last year, but the DOKODEMO business distribution was sluggish.

## Company-wide net sales

**4,154** million yen

YoY **98.9%**

## LOWYA Net sales

**4,045** million yen

YoY **101.1%**

## DOKODEMO Net sales

**109** million yen

YoY **55.0%**

## Operating profit

**-34** million yen

YoY **— %**

## Ordinary profit

**-29** million yen

YoY **— %**

## Profit

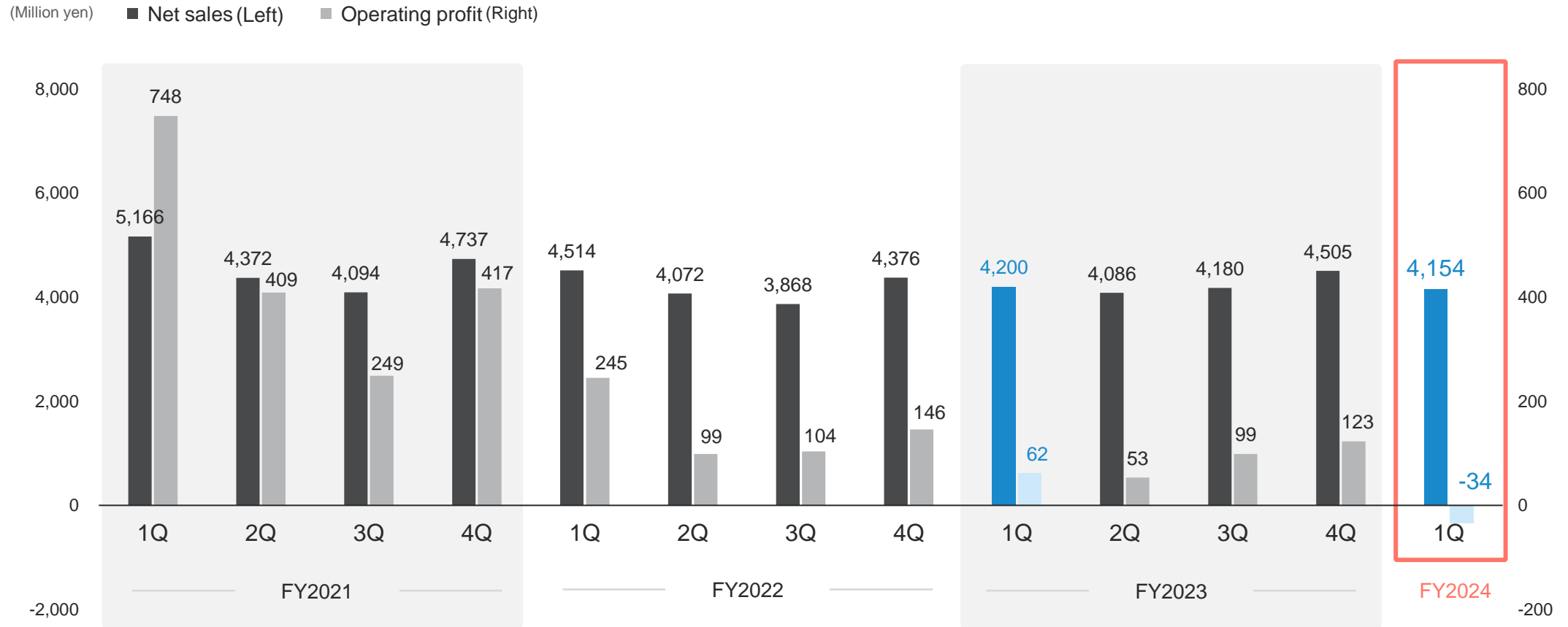
**-19** million yen

YoY **— %**

# Quarterly Net Sales and Operating Profit



Total net sales for the whole company progressed the same YoY, but operating profit fell into a negative. The LOWYA business faced the issue of **controlling the cost of sales ratio**, and the DOKODEMO business faced the issue of **maintaining and expanding gross merchandise value**.

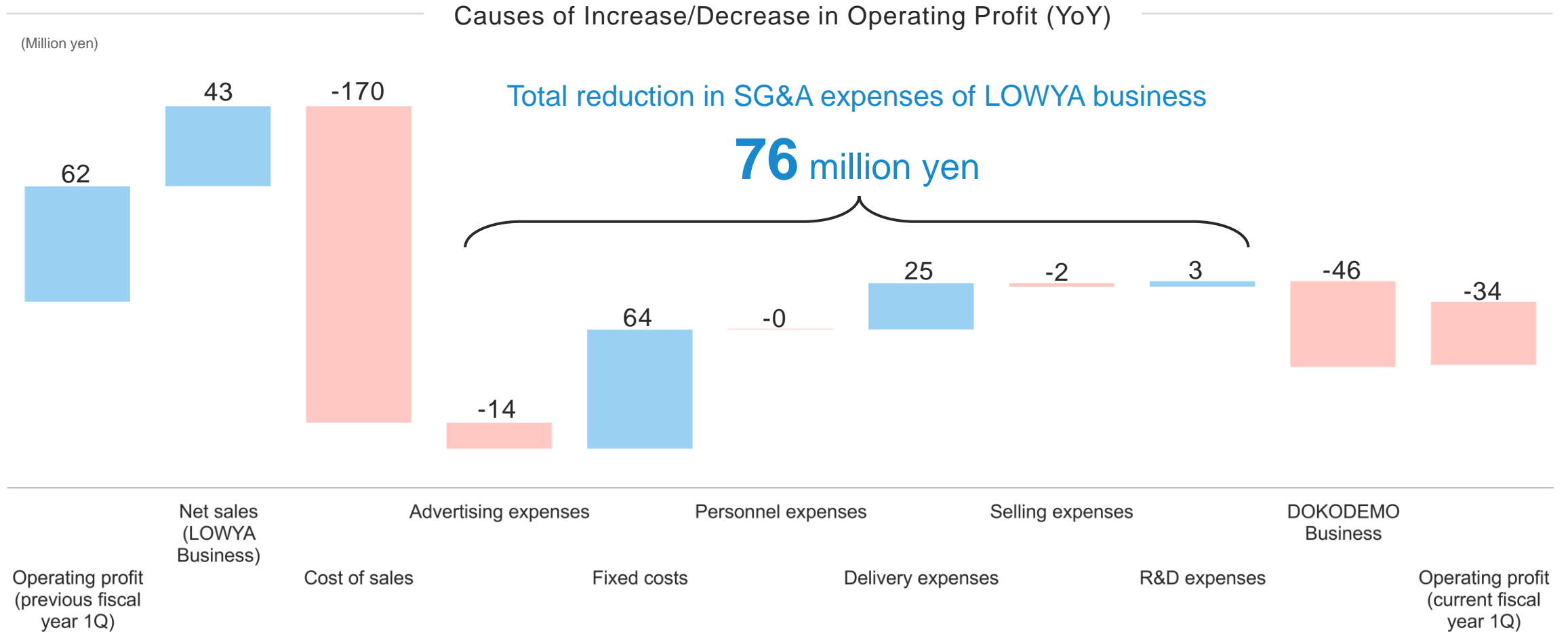


\* Due to the application of the new Revenue Recognition Standard from the fiscal year ended March 31, 2022, net sales for the fiscal year ended March 31, 2021 and prior periods have been restated by retrospectively applying the new Revenue Recognition Standard.

# Causes of Increase/Decrease in Quarterly Operating Profit



As a result of consolidating distribution bases, improving the efficiency of delivery, etc. for the LOWYA business in the previous fiscal year, we reduced SG&A expenses by 76 million yen YoY. However, the impact of the rise in the cost of sales ratio was significant, putting pressure on profits.



\* 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.



The Company continued to be **debt free** and maintained a high equity ratio of **78.1%**.

(Million yen)

	Previous fiscal year (as of Mar. 31, 2023)	Current fiscal year 1Q (as of June 30, 2023)		Previous fiscal year (as of Mar. 31, 2023)	Current fiscal year 1Q (as of June 30, 2023)
<b>Current assets</b>	<b>5,956</b>	<b>5,636</b>	<b>Current liabilities</b>	<b>1,796</b>	<b>1,428</b>
Cash and deposits	1,892	1,793	Debt obligations	—	—
Accounts receivable—trade	1,814	1,327	<b>Non-current liabilities</b>	<b>51</b>	<b>57</b>
Merchandise	1,819	1,854	<b>Total liabilities</b>	<b>1,847</b>	<b>1,485</b>
<b>Non-current assets</b>	<b>1,195</b>	<b>1,132</b>	<b>Shareholders' equity</b>	<b>5,308</b>	<b>5,162</b>
Property, plant and equipment, and intangible assets	526	514	<b>Total net assets</b>	<b>5,304</b>	<b>5,283</b>
<b>Total assets</b>	<b>7,151</b>	<b>6,769</b>	<b>Total liabilities and net assets</b>	<b>7,151</b>	<b>6,769</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





GMV of the LOWYA business was 4,239 million yen (99.4% YoY), and net sales progressed steadily at 4,045 million yen (101.1% YoY).

Membership of the flagship store has continued to grow steadily. The Company opened an actual store in April 2023 and also expanded the number of wholesale stores.

GMV <sup>\*1</sup>

**4,239** million yen

YoY 99.4%

## Net sales

**4,045** million yen

YoY 101.1%

## Number of customers

**219** thousand

YoY 95.9%

Average basket value <sup>\*2</sup>

**19,451** yen

YoY 104.2%

## Membership

**1,451** thousand

YoY 122.0%

## Number of app DLs

**954** thousand

YoY 144.5%

## Number of products

**4,156**

YoY 124.7%

Number of engagement accounts <sup>\*3</sup>

**1,057** thousand

YoY 124.5%

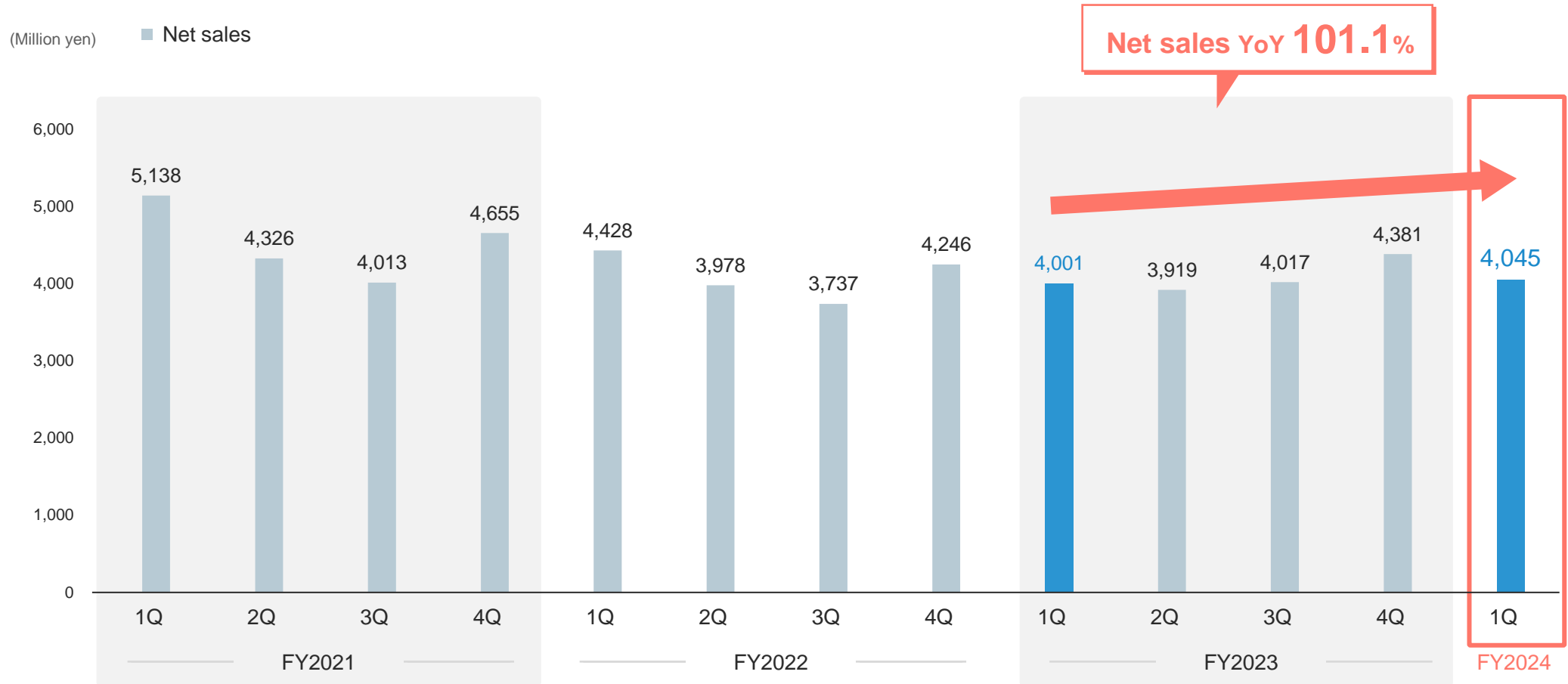
\*1. Gross Merchandise Value

\*2. Calculated by dividing GMV by the number of order shipments

\*3. Total number of Instagram, TikTok, twitter, and Lemon8 followers, YouTube subscribers, and THE 608 HOTEL accounts



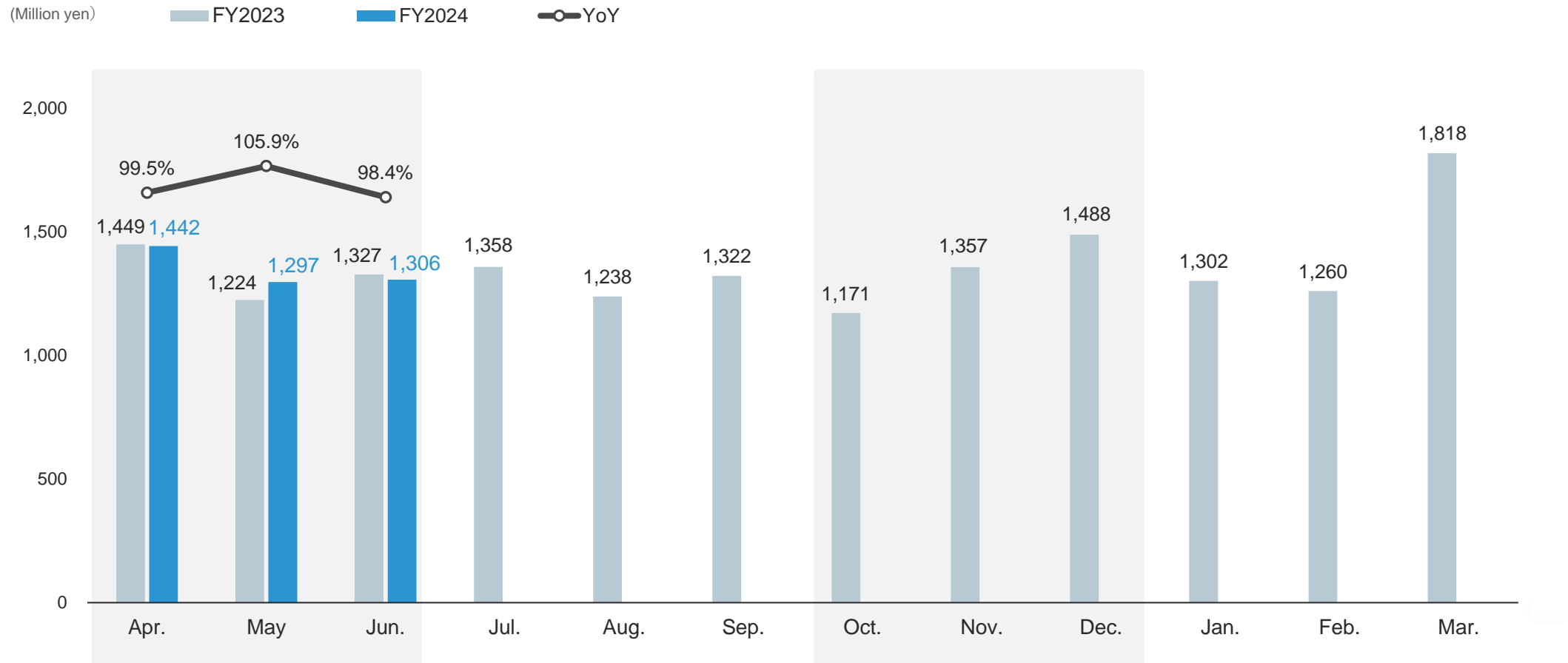
Despite the increase in outings due to the shift in the classification of COVID-19 infections and suppression of large sales on LOWYA Day, net sales were **4,045 million yen (101.1% YoY)**, exceeding those of the same period last year.



\* 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.

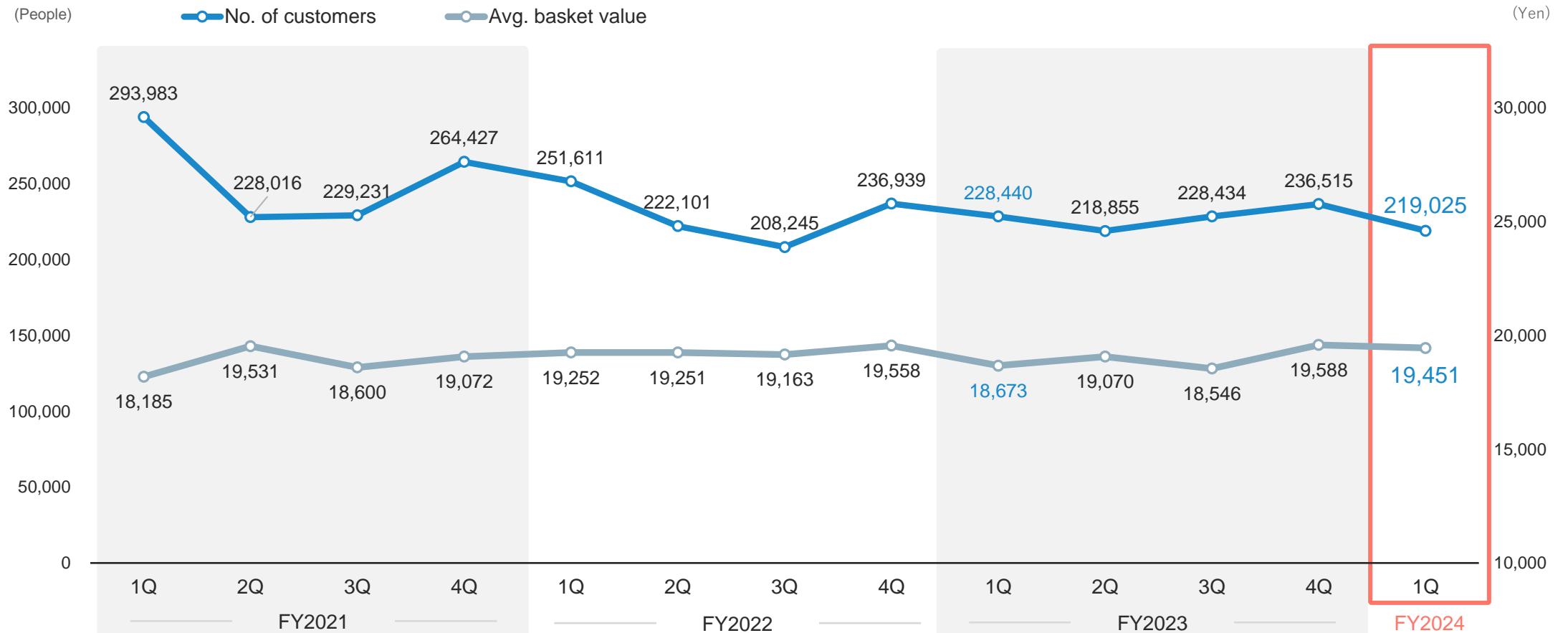


Net sales in the overall LOWYA business (flagship store + e-commerce marketplace store) for 1Q have continued to perform well, despite an increase in outings and suppression of large sales on LOWYA Day.





Both the number of customers and average basket value remained stable.

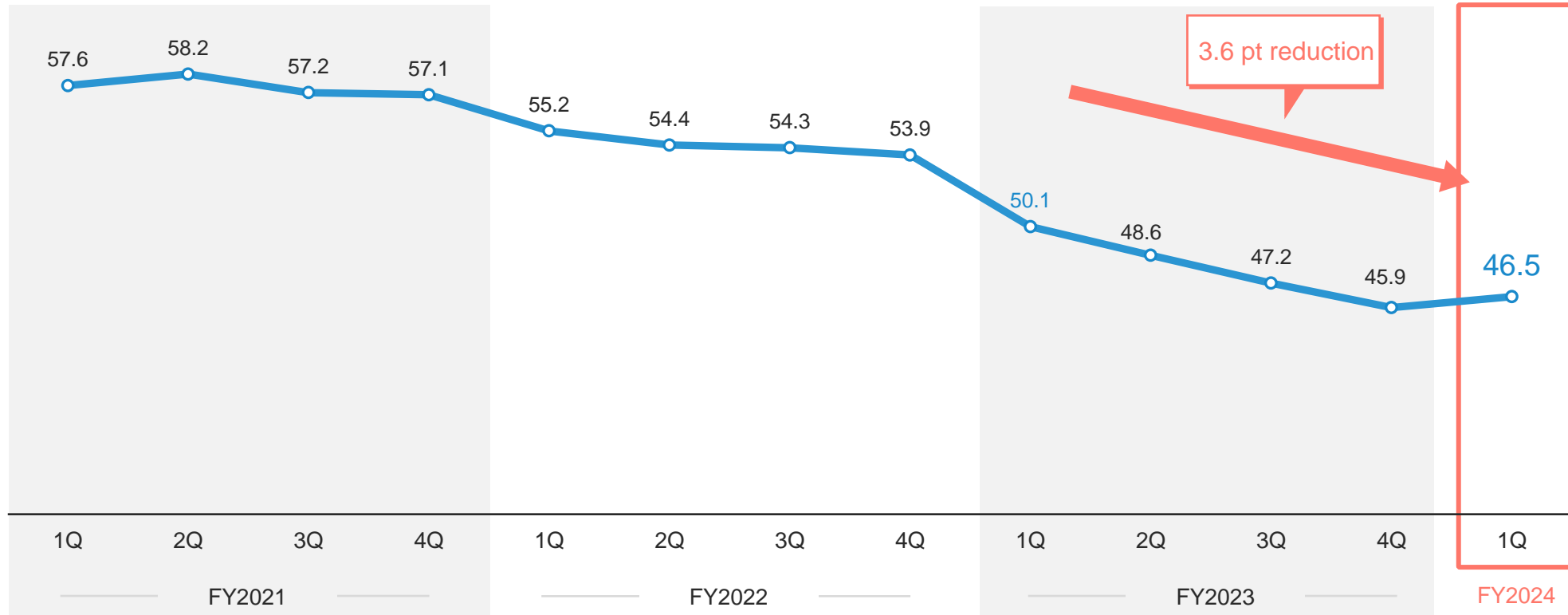


\*Calculated by dividing GMV by the number of order shipments



Although the gross profit margin declined 3.6 pt YoY due to the significant depreciation of the yen, it has been improving since bottoming out in 4Q. Improvement in gross profit margin continues to be an issue.

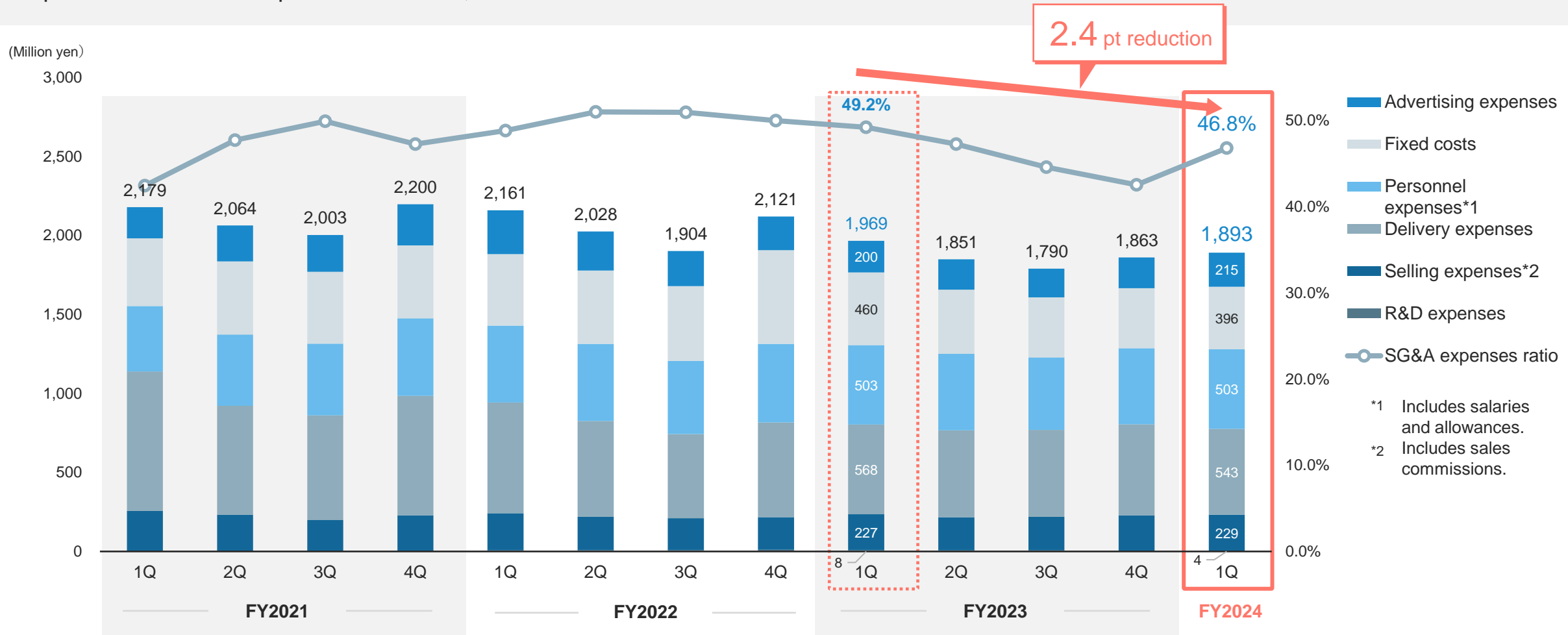
(%) ● Gross profit margin



\* 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.



The Company achieved a 2.4 pt (76 million yen) YoY reduction in SG&A expenses by consolidating distribution bases, improving the efficiency of delivery, etc. in the previous fiscal year. However, SG&A expenses increased compared to 3Q and 4Q due to the implementation of sales promotion events, etc.



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

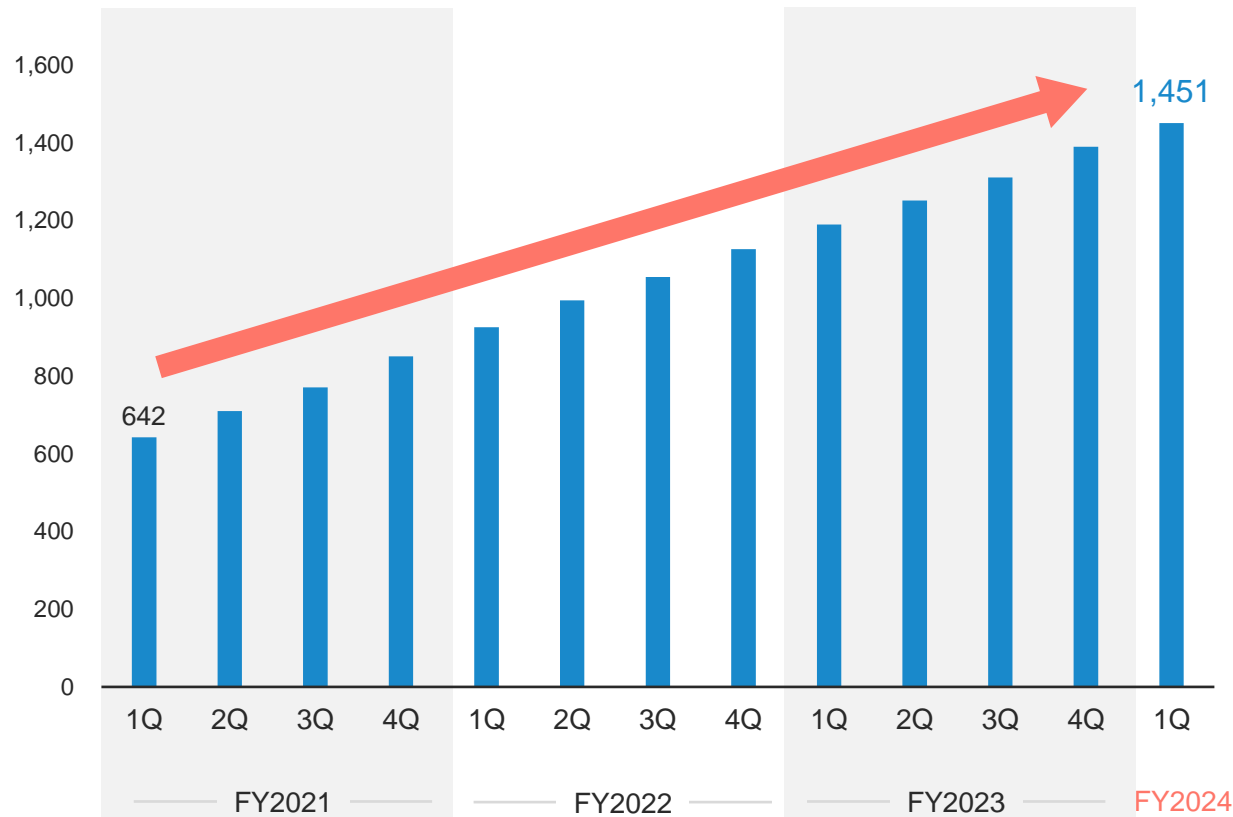
\* Promotion expenses, which were included in selling expenses, are included in advertising expenses from the fiscal year ending March 31, 2024. As such, the figures for the fiscal year ended March 31, 2023 and prior periods have been retrospectively adjusted.



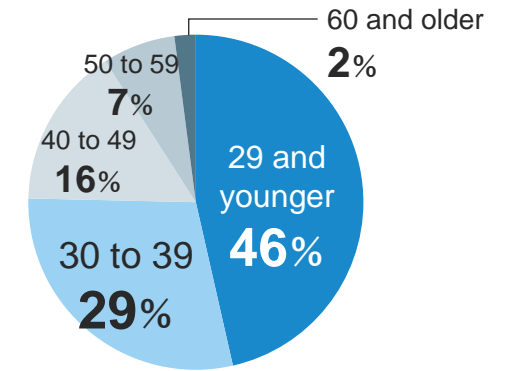
Overall membership of the flagship store is steadily increasing, with strong support from the main target group (people in their 20s and 30s).

Trend in overall membership of flagship store

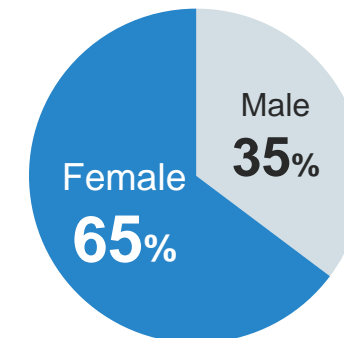
(Thousand people)



Age distribution



Ratio of male vs. female



\* Overall membership is all members registered at the flagship store.

\* Age distribution and ratio of male vs. female are data of members who answered their attributes of those who made purchases at the flagship store in the past 12 months from the most recent quarter.



The Company released products with a focus on **private brand products** that are **design- and trend-conscious**, and has **strived to set prices** that are **affordable**, taking advantage of its cost competitive edge.

Living



Bed with storage  
34,990 yen (tax incl.)



Small-space laundry storage  
12,990 yen (tax incl.)



Bookcase with sliding doors  
17,990 yen (tax incl.)



Kitchen storage  
19,990 yen (tax incl.)

Kids



Neck ice for kids  
1,590 yen (tax incl.)



Foldable pool  
5,290 yen (tax incl.)

\* All sales prices listed here are current as of July 2023, and therefore may differ from current selling prices.





The internally-developed official app and operation of social media function as the key to attracting customers.

Sizes of engagement channels that deliver a unique brand image to a wide range of users (as of June 30, 2023)

 Smartphone app **950,000** downloads (cumulative)

 Instagram **860,000** followers

 TikTok **120,000** followers

 YouTube **30,000** channel subscribers

#### LOWYA official app



#### LOWYA official social media accounts





The Company set out its products at the Chigasaki-Chuo Store (Kanagawa Prefecture), Sakudaira Store (Nagano Prefecture), and Okayama Store (Okayama Prefecture) of AEON RETAIL Co., Ltd., thereby **expanding its sales floor area**.

Chigasaki-Chuo Store  
(Kanagawa Prefecture)

**98** products



Displayed from April 2023

Sakudaira Store  
(Nagano Prefecture)

**78** products



Displayed from June 2023

Okayama Store  
(Okayama Prefecture)

**67** products



Displayed from June 2023



April 2023 — First actual store opened in “ITO Lab Plus” in Nishi-ku, Fukuoka City.

Exterior



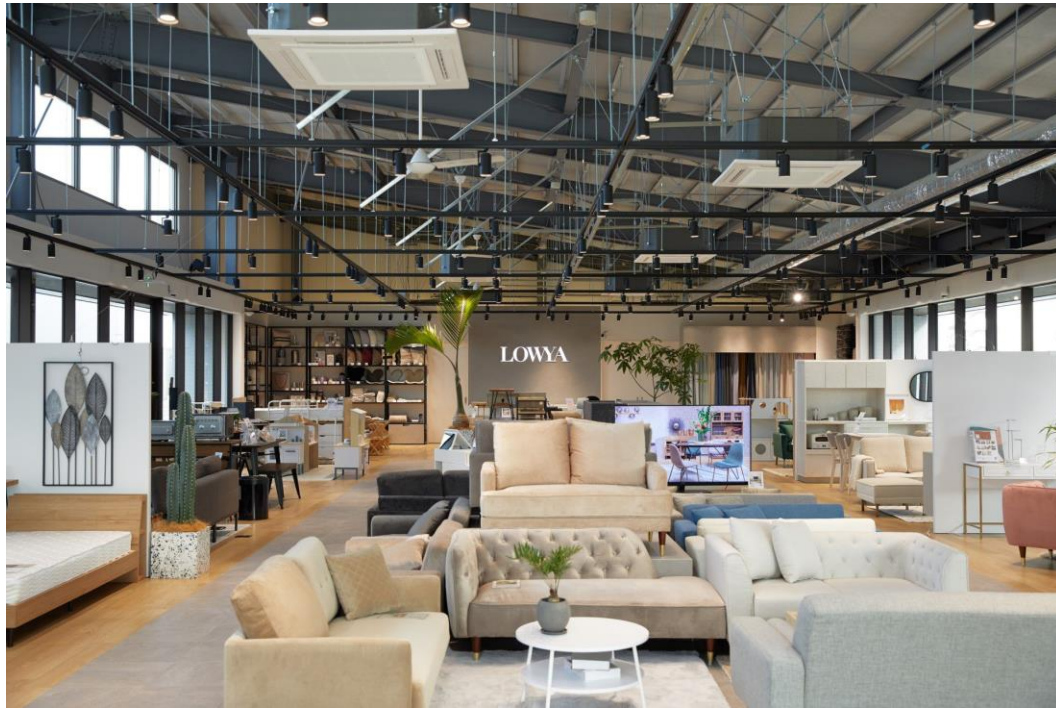
Exterior





April 2023 — First actual store opened in “ITO Lab Plus” in Nishi-ku, Fukuoka City.

Interior



Interior





April 2023 — First actual store opened in “ITO Lab Plus” in Nishi-ku, Fukuoka City.

A long line at store open

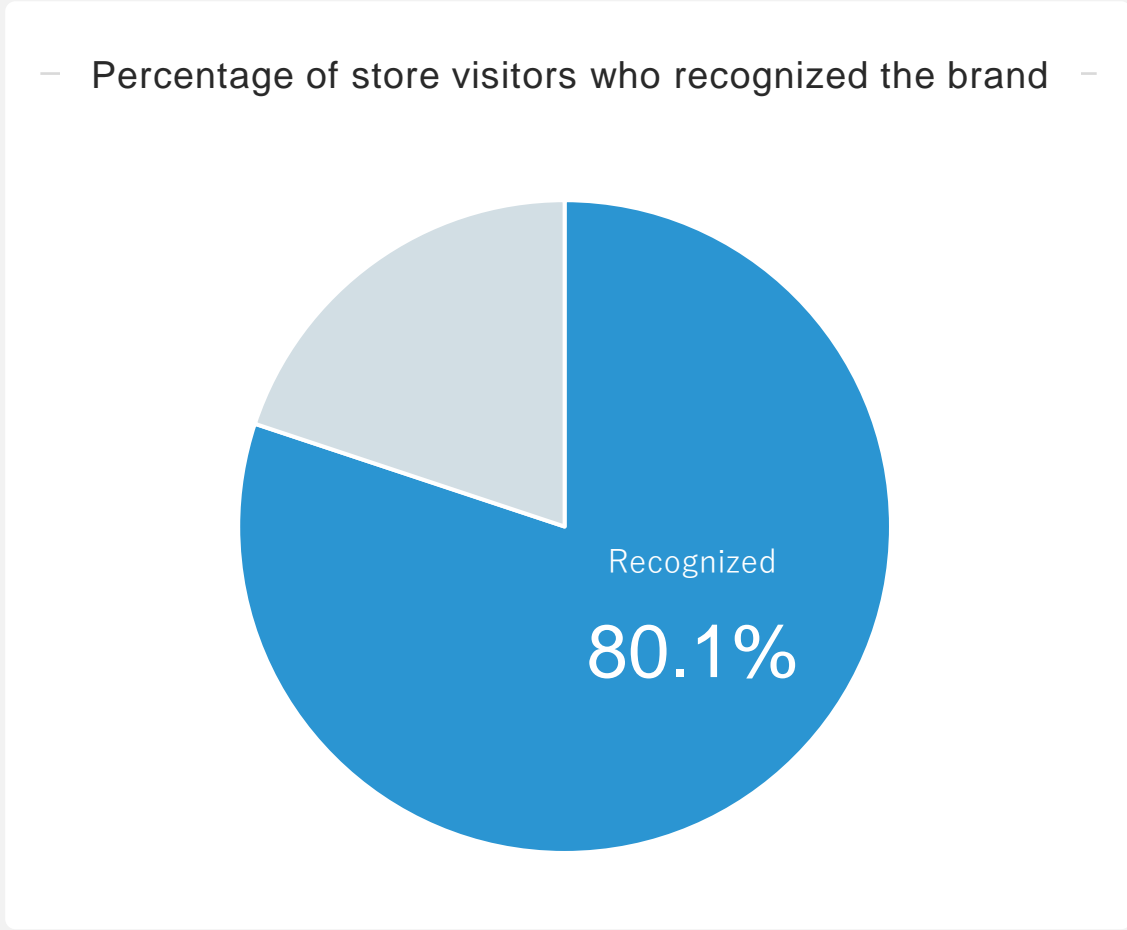
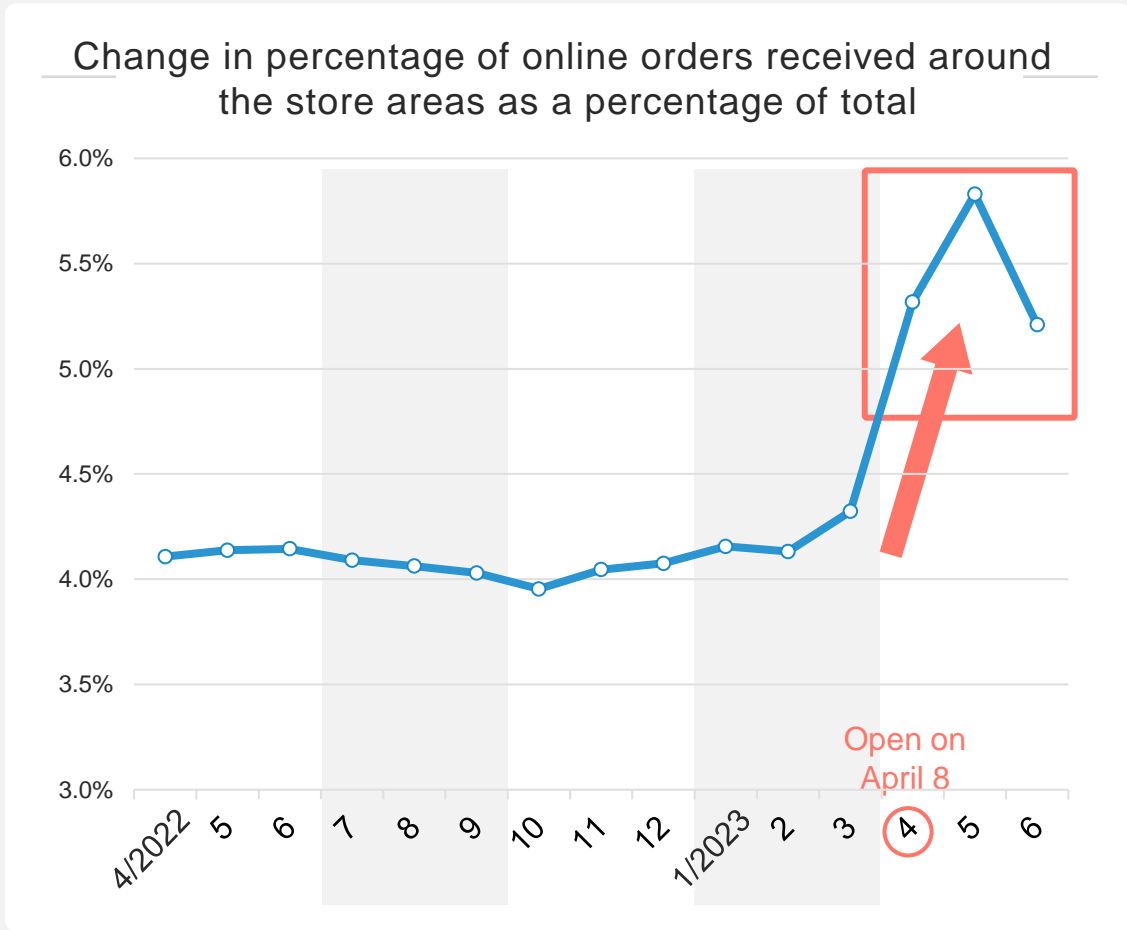


A hugely successful open day turnout





Since opening in April, the percentage of online orders received around the store areas has increased. Approximately 80% of visitors to the store recognized the brand, and the store meets their needs for physical confirmation of the products. In the future, the Company will consider opening new stores, giving priority to areas with high sales composition (≒ population concentration).



\*Calculated by GMV of orders

\*From a visitor survey conducted in April 2023

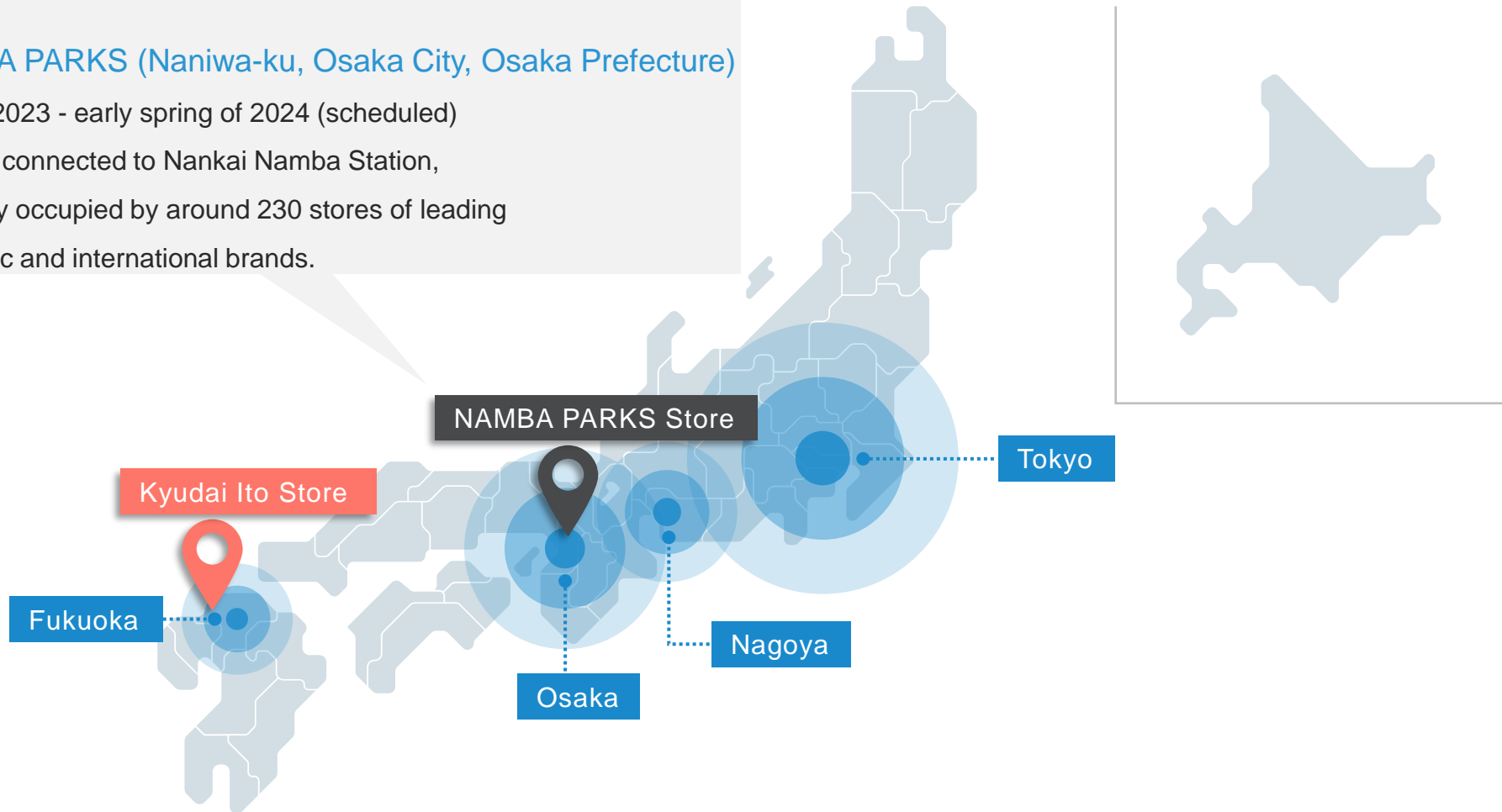


The Company plans to open a **second directly managed store** in a commercial facility located in Namba, a major terminal station in the **Kansai area**. The Company will continue to study the possibility of nationwide expansion.

**Store location:** NAMBA PARKS (Naniwa-ku, Osaka City, Osaka Prefecture)

**Opening:** End of 2023 - early spring of 2024 (scheduled)

**Facility overview:** Directly connected to Nankai Namba Station, currently occupied by around 230 stores of leading domestic and international brands.





A public relations event based on the concept of “LOWYA Home Party” was held on LOWYA Day (June 8-11, 2023). Many customers visited the **POP UP SHOP (Shibuya, Tokyo)** and **LOWYA Kyudai Ito Store** over the four days.

POP UP SHOP (Shibuya, Tokyo)



LOWYA Kyudai Ito Store







The Company created a fan community to build customer-centered two-way communication.

### LOWYA's official fan community



### Things to do at THE 608 HOTEL



- Mingle with fellow LOWYA fans and LOWYA staff!
- Participate in community member-only events!
- Maybe there are even some special experiences awaiting you!

### Social Event

A social event was held the day before the opening of “LOWYA POP UP in Shibuya”!

Lots of “LOWYA love” filled the venue!





Of ESG, the Company conducted activities related to the environment and society. It will also continue making various studies, including consideration of measures to strengthen governance.

## Raising the base pay

April 2023

In light of the recent trend of rising prices, implemented a uniform salary base increase of 10,000 yen. (Covers 233 regular employees and 12 contract employees.)



## Donation of photographed goods

June 2023

Donated furniture and other items used for photo shoot to a mother-child life support facility in Fukuoka Prefecture.



## Change of donation recipients for shareholder benefits

June 2023

Changed the donation destination for shareholder benefits to OISCA's "Children's Forest Program" in order to contribute to a sustainable future. Donations can be made to support environmental education in Japan and overseas.



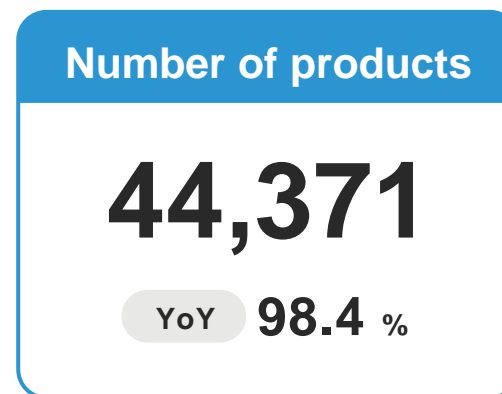
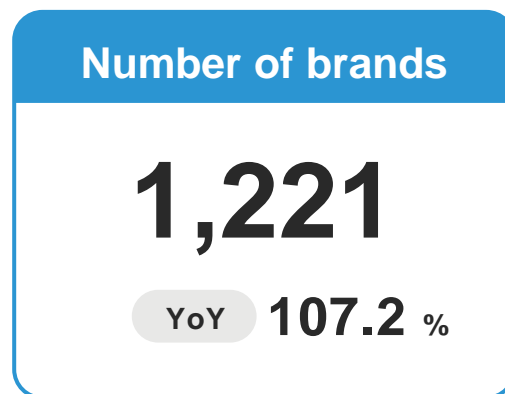
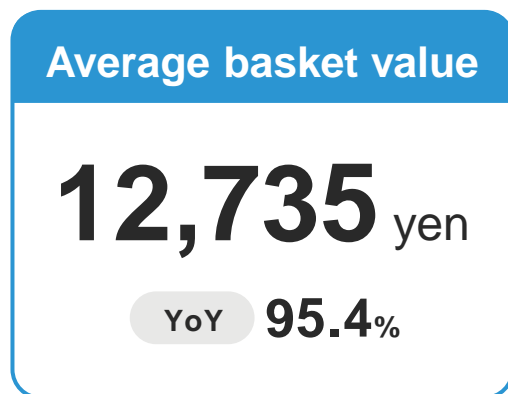
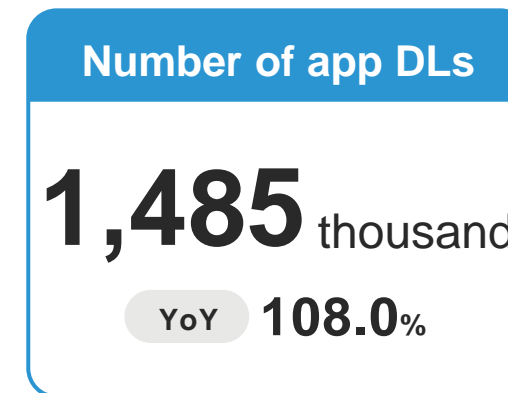
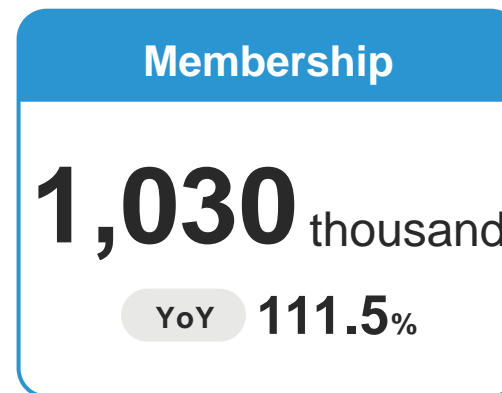
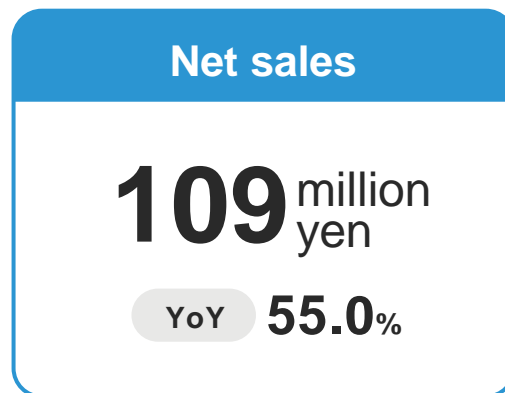
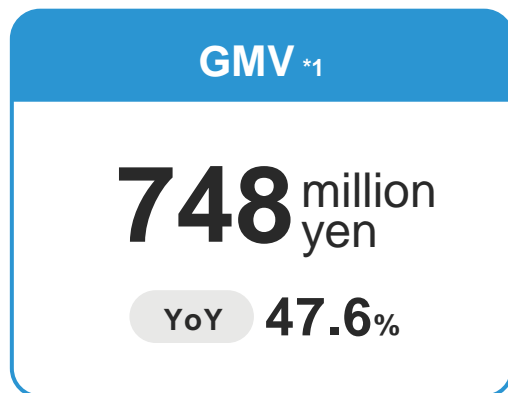


# 3

## Report on DOKODEMO Business



DOKODEMO business GMV was 748 million yen (47.6% YoY), while net sales were 109 million yen (55.0% YoY). Membership and the number of app DLs increased smoothly.



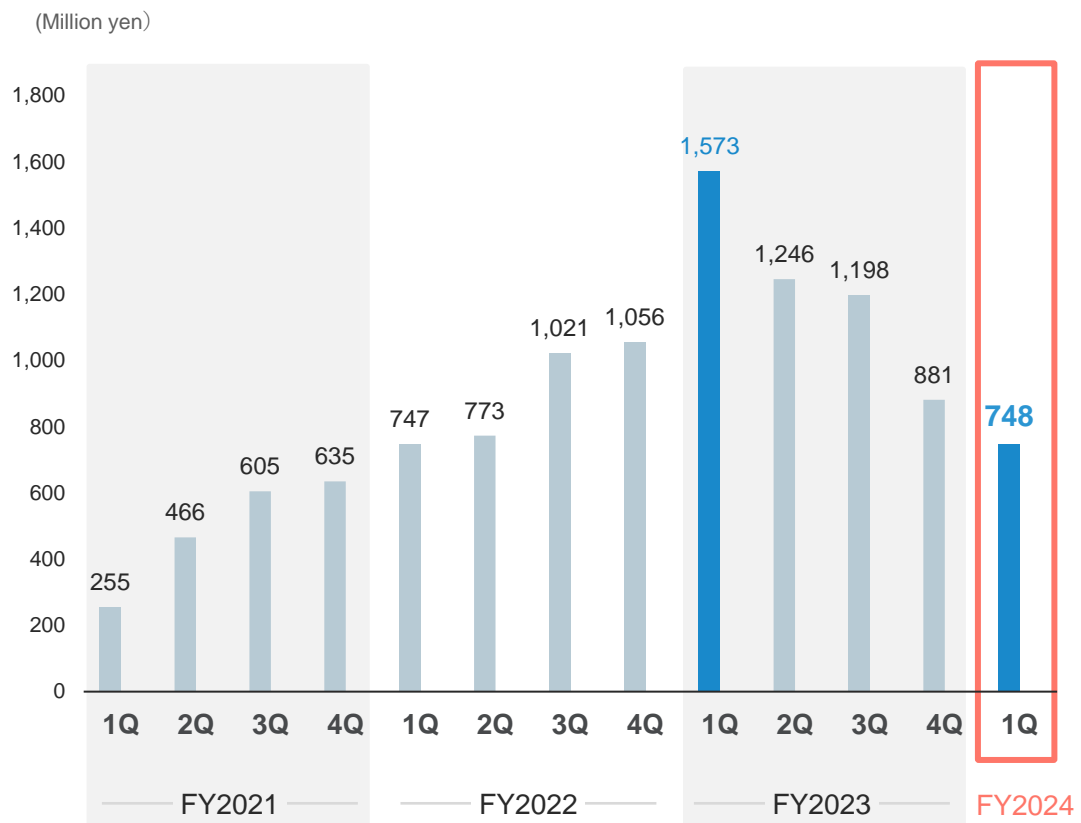
\*1. Gross Merchandise Value

\*2. Number of countries and regions to which deliveries were made (cumulative)

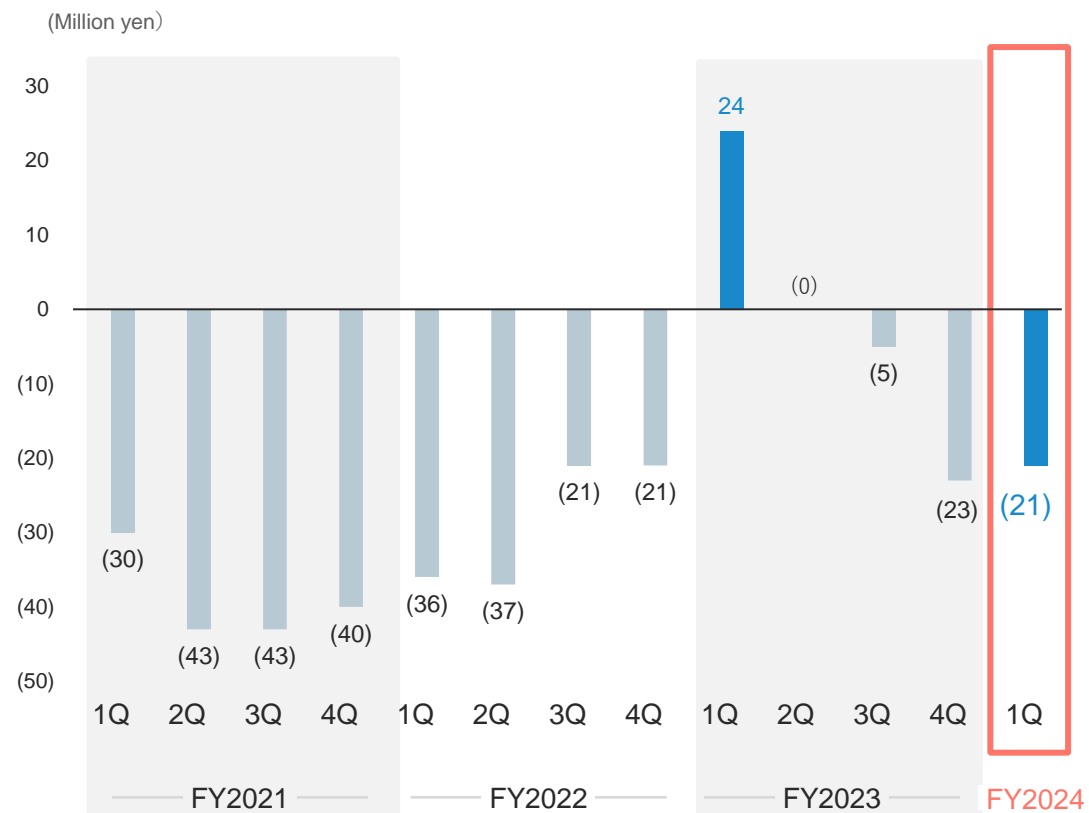


The GMV of the DOKODEMO business in 1Q landed at **748 million yen** partly due to an increase in inbound sales and an inventory shortage of popular drugs.

GMV



Net Business Income

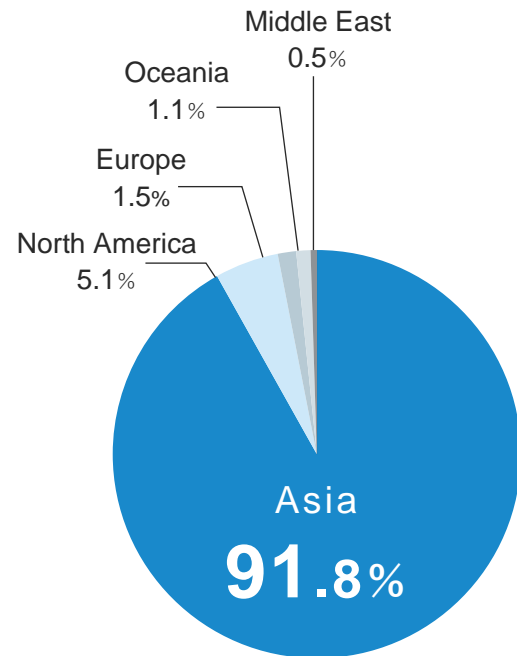


\* Net business income for FY2020 1Q-3Q includes some R&D expenses from other new businesses.

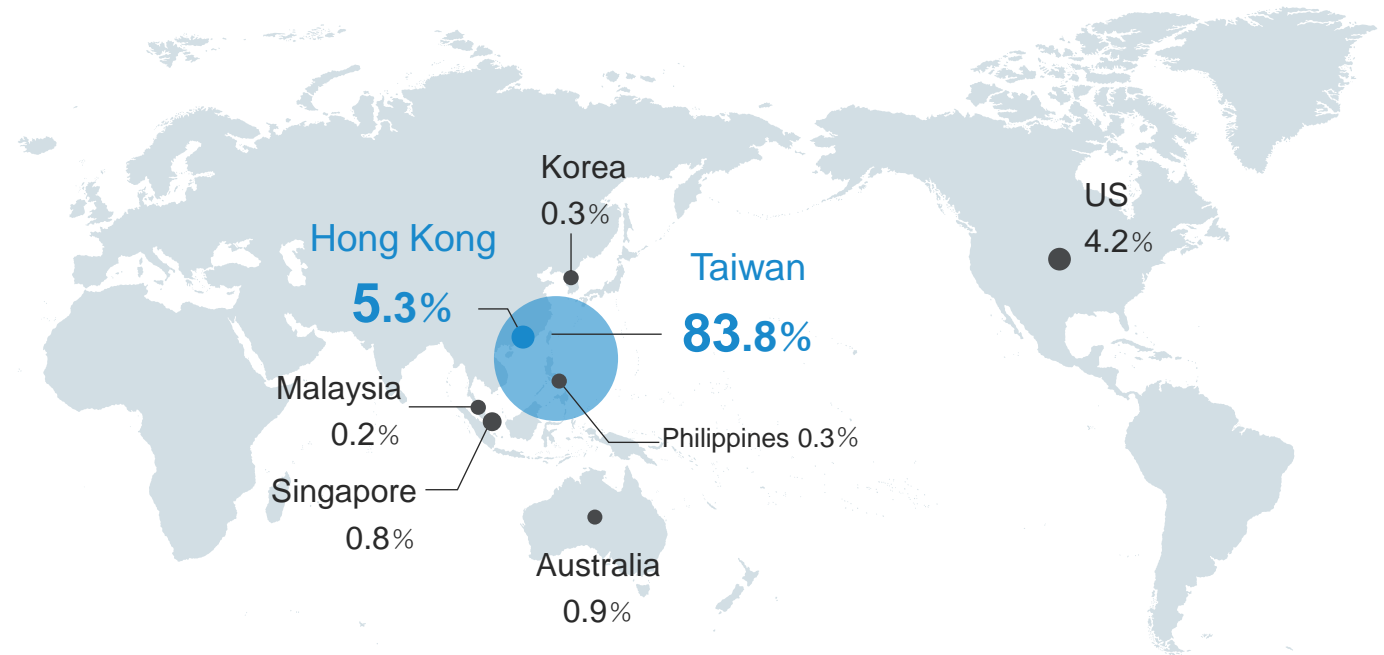


Deliveries to Asia, mainly Taiwan, account for more than 90% of GMV.

By region



By country



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

## 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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