

For the Three Months Ended June 30, 2024

# Quarterly Financial Results

Vega corporation Co., Ltd.

Securities code: 3542





# INDEX

- 1 Overview of Quarterly Financial Results for the Three Months Ended June 30, 2024**
- 2 Report on LOWYA Business**
- 3 Report on DOKODEMO Business**
- 4 Financial Results Forecast for the Fiscal Year Ending March 31, 2025**



# 1

## **Overview of Quarterly Financial Results for the Three Months Ended June 30, 2024**

# Financial Highlights (1Q)



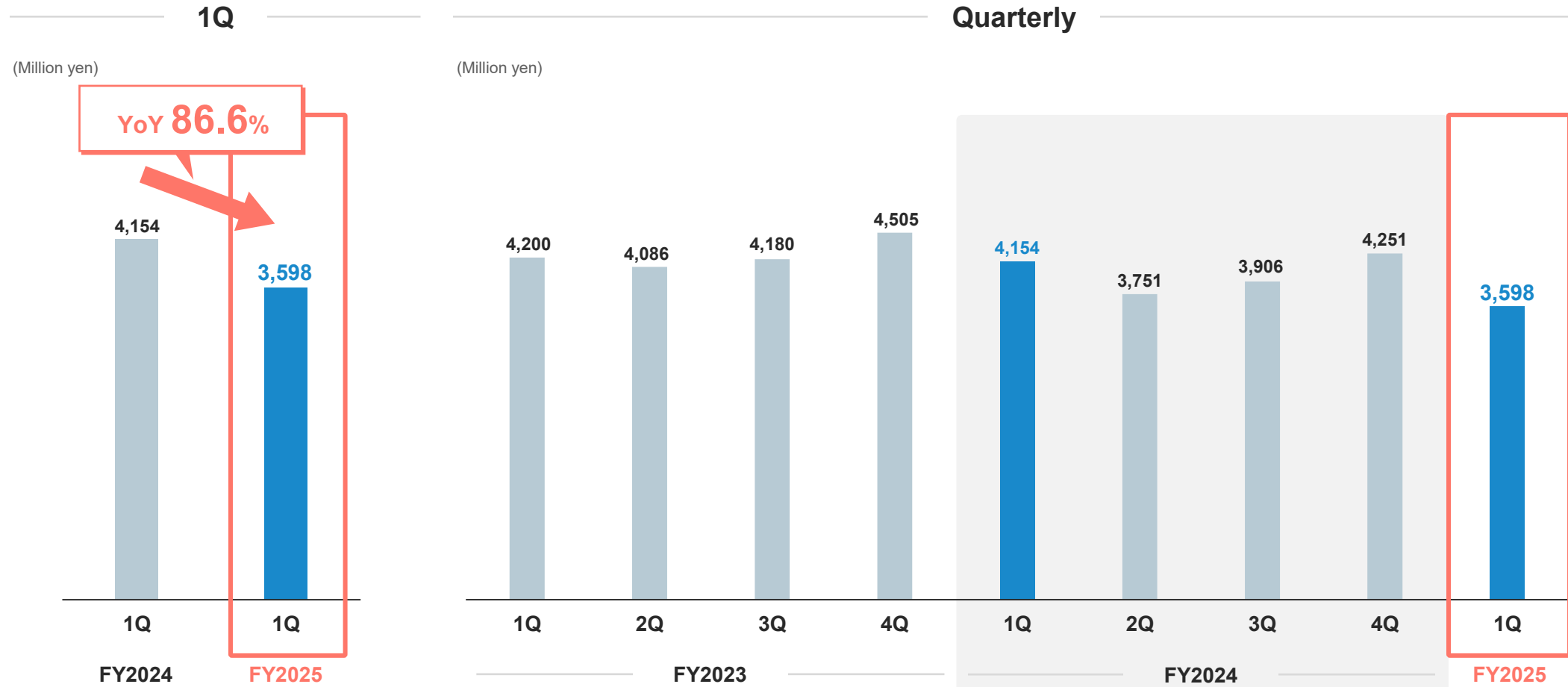
As a result of the shift to a profit-oriented management policy from 2Q of the previous fiscal year and the efforts made in each business operation, results were generally favorable compared with the 1H plan. Net sales decreased to **3,598 million yen (86.6% YoY)**, while operating profit **significantly improved to 202 million yen (+237 million yen YoY)**.

(Million yen)

	Results for the Three Months Ended June 30, 2023	Results for the Three Months Ended June 30, 2024	YoY	1H Plan for the Fiscal Year Ending March 31, 2025	Progression Rate for the Three Months Ended June 30, 2024
Net sales	4,154	3,598	86.6%	7,600	47.4%
Gross profit	1,989	1,880	94.5%	-	-
Gross profit margin ratio	47.9%	52.2%	-	-	-
SG&A expenses	2,023	1,677	82.9%	-	-
SG&A expense ratio	48.7%	46.6%	-	-	-
Operating profit	(34)	202	-	400	50.6%
Operating profit ratio	-	5.6%	-	-	-
Ordinary profit	(29)	203	-	400	50.9%
Profit	(19)	130	-	240	54.3%

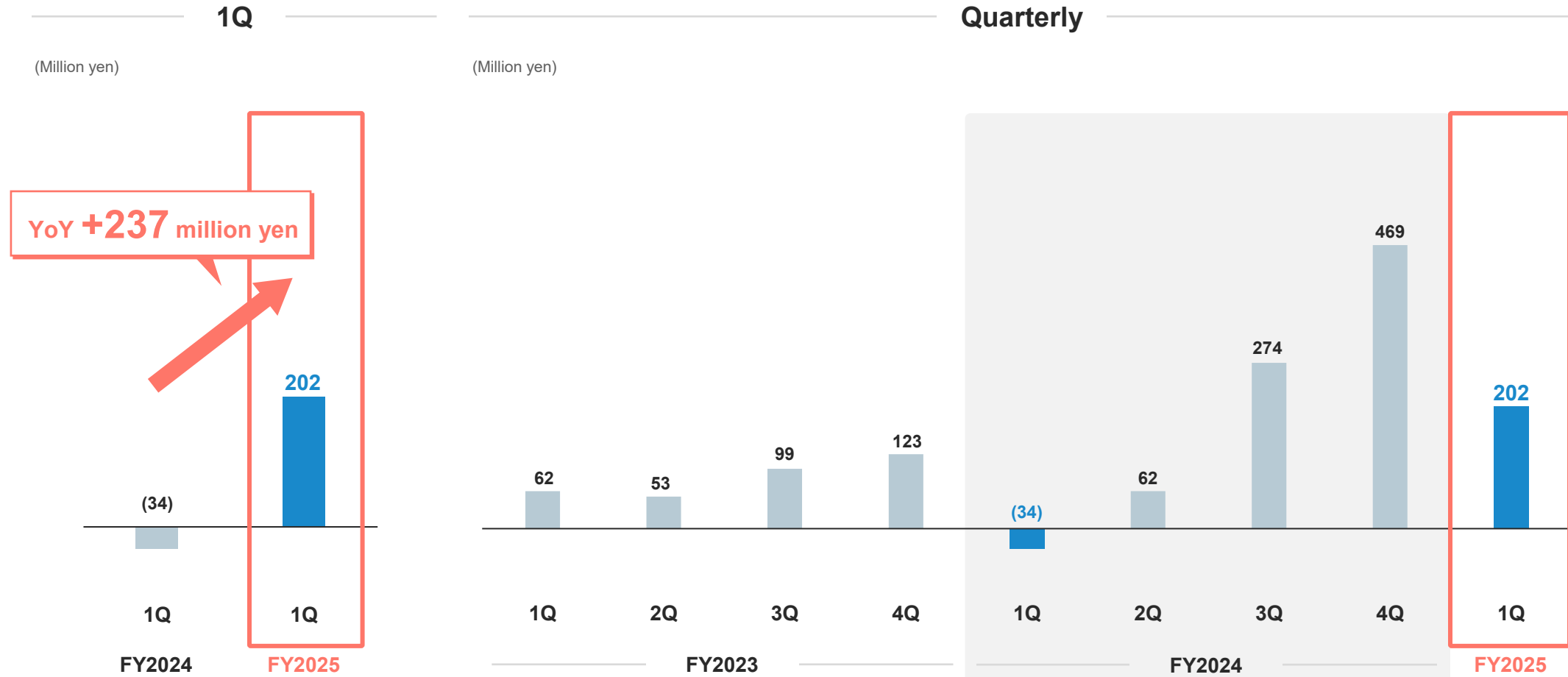


Due to the profit-oriented measures, taken since 2Q of the previous fiscal year, access count and distribution declined, with 1Q net sales of **3,598 million yen (86.6% YoY)**.





From 2Q of the previous fiscal year, each business implemented profit-oriented measures, resulting in 1Q operating profit of **202 million yen (+237 million yen YoY)**.





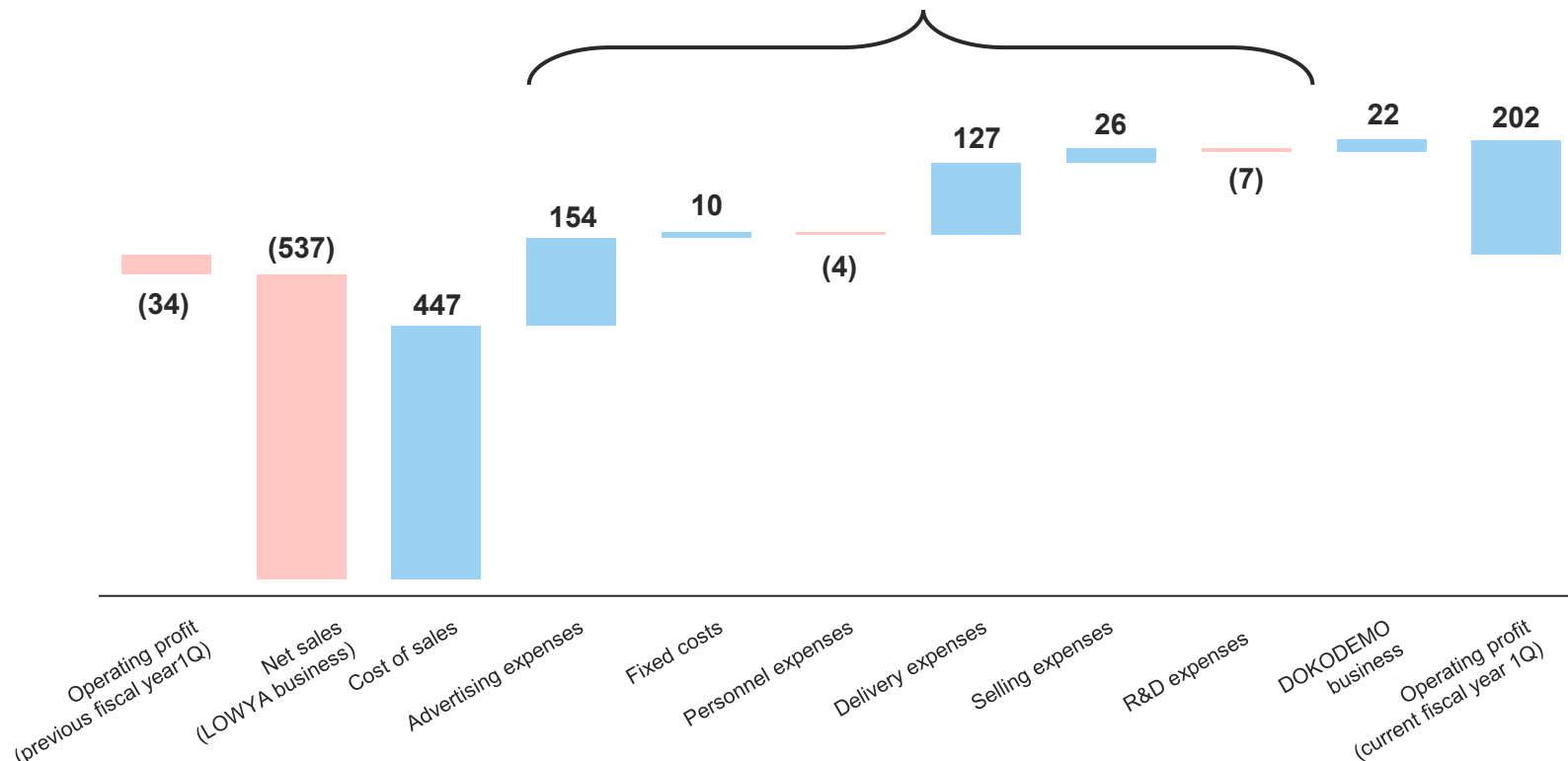
In the LOWYA business, in an effort to improve profitability, the Company worked on **optimizing advertising expenses** and other initiatives. As a result, the Company improved operating profit.

## Causes of increase/decrease in operating profit (YoY)

(Million yen)

Total reduction in SG&A expenses of LOWYA business

Total **305** million yen



### Decrease in net sales

- Decrease due to reduction of promotion expenses and advertising expenses

### Decrease in cost of sales

- Decrease due to lower net sales
- Decrease due to improved cost of sales ratio resulting from price revisions

### Decrease in selling, general and administrative expenses

- Reduction of advertising expenses
- Decrease in delivery expenses due to lower net sales

\* Revenue related to the DOKODEMO business and to research and development expenses is excluded from net sales used as the basis for calculating 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 **80.6%**.

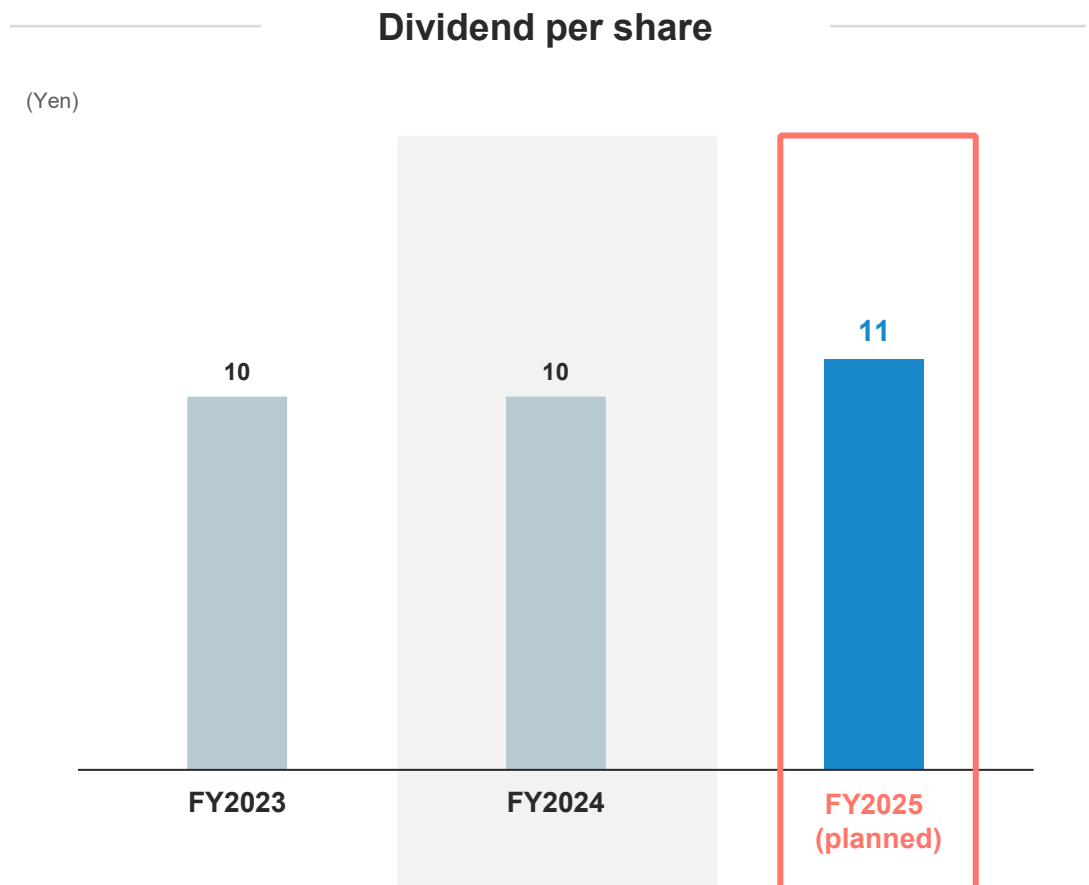
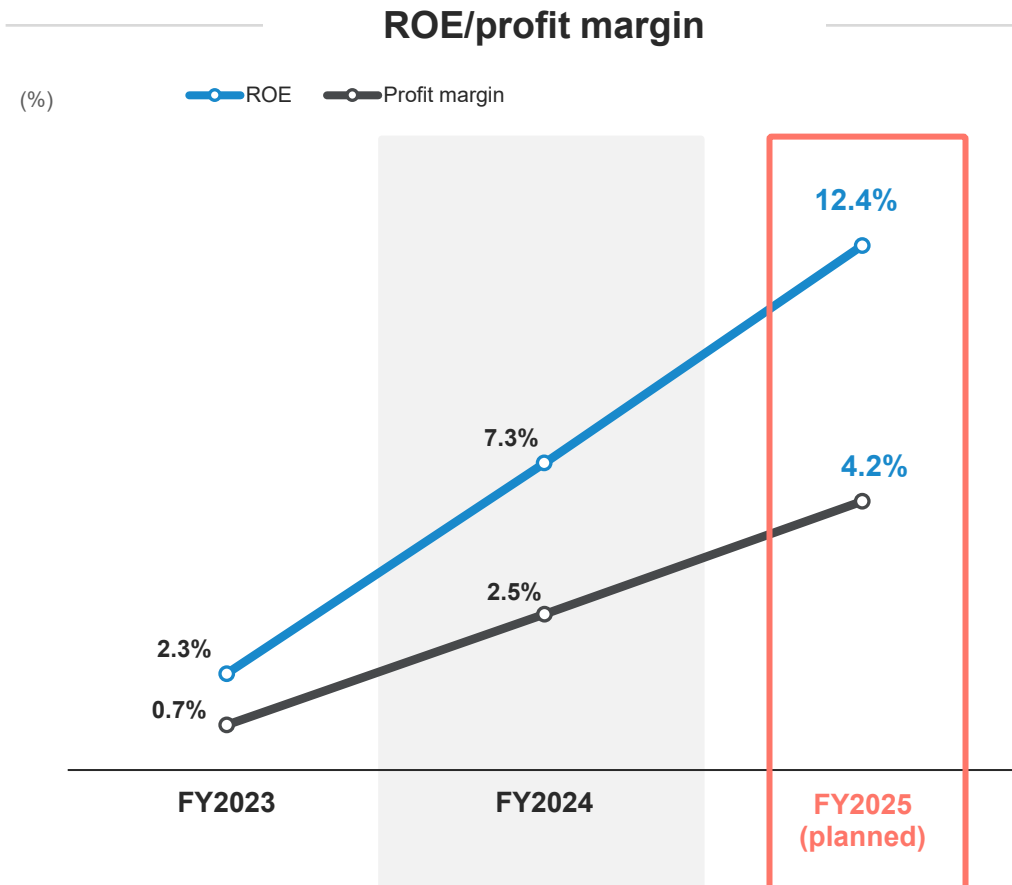
(Million yen)

	As of March 31, 2024	As of June 30, 2024		As of March 31, 2024	As of June 30, 2024
<b>Current assets</b>	<b>6,153</b>	<b>5,935</b>	<b>Current liabilities</b>	<b>1,586</b>	<b>1,294</b>
Cash and deposits	1,750	2,032	Debt obligations	-	-
Accounts receivable - trade	1,739	1,119	<b>Non-current liabilities</b>	<b>56</b>	<b>62</b>
Merchandise	2,110	2,186	<b>Total liabilities</b>	<b>1,643</b>	<b>1,356</b>
<b>Non-current assets</b>	<b>1,056</b>	<b>1,062</b>	<b>Shareholders' equity</b>	<b>5,486</b>	<b>5,511</b>
Property, plant and equipment, and intangible assets	518	505	<b>Total net assets</b>	<b>5,566</b>	<b>5,641</b>
<b>Total assets</b>	<b>7,209</b>	<b>6,998</b>	<b>Total liabilities and net assets</b>	<b>7,209</b>	<b>6,998</b>





The Company plans **ROE of 12.4%**, **profit margin of 4.2%** and to pay a dividend of **11 yen** per share for the fiscal year ending March 2025. Its policy is to implement continuous dividend payments with a target **DOE of 2.0%** and the remainder is to be invested in growth.





Of **ESG**, the Company conducted **activities related to the environment and society**.

It will also continue making various studies, including considering measures to **reduce CO<sub>2</sub> emissions** and **strengthen governance**.

## Donation of photographed goods

May 2024

Donated furniture and other items used for a photo shoot to a children's nursing home in Fukuoka Prefecture.



## Reduced packaging size for shipping

June 2024

Mattresses are delivered in roll packaging to make them compact and easy to receive. Contributes to the reduction of CO<sub>2</sub> emissions by improving delivery efficiency.



## Adoption of environmentally friendly wood

June 2024

Appropriately produced wood from the viewpoint of forest conservation is used for some products.





# 2

## Report on LOWYA Business



The Company changed its policy to focus on profit and optimized promotion expenses and advertising expenses from 2Q of the previous fiscal year. As a result, net sales were **3,507 million yen (86.7% YoY)**. **Membership of the flagship store and the number of engagement accounts** grow steadily.

## Net sales

**3,507** million yen

YoY **86.7%**

## Number of actual stores

**3** stores

Change from the  
end of the  
previous period

-

## Number of customers

**171** thousand

YoY **78.5%**

Average basket value\*<sup>1</sup>

**20,901** yen

YoY **107.5%**

Flagship store membership\*<sup>2</sup>

**1,643** thousand

YoY **113.2%**

Number of app DLs\*<sup>2</sup>

**1,559** thousand

YoY **163.5%**

Number of products\*<sup>2</sup>

**3,428**

YoY **82.5%**

Number of engagement accounts\*<sup>2, 3</sup>

**1,544** thousand

YoY **146.0%**

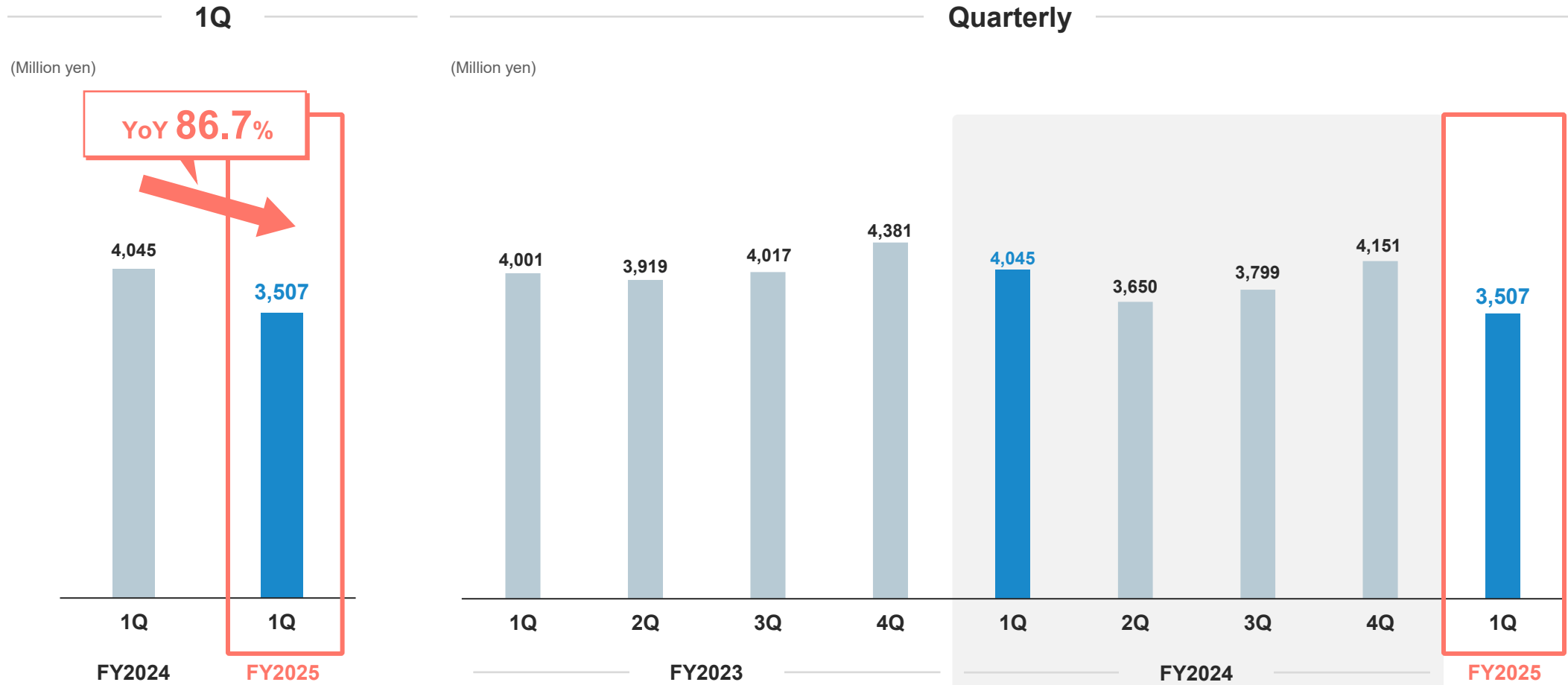
\*1. Calculated by dividing GMV of orders by the number of orders received

\*2. As of June 30, 2024

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



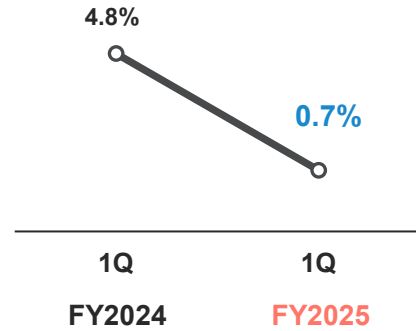
From 2Q of the previous fiscal year, the Company **optimized promotion expenses and advertising expenses** in an effort to improve profitability. As a result, net sales were **3,507 million yen (86.7% YoY)**.



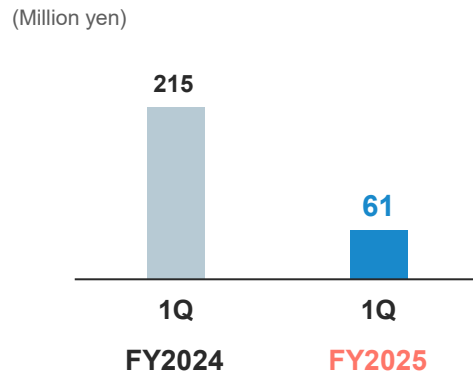


From 2Q of the previous fiscal year, the Company **optimized promotion expenses and advertising expenses** in an effort to improve profitability. As a result, net sales remained at **80% to 95% YoY**.

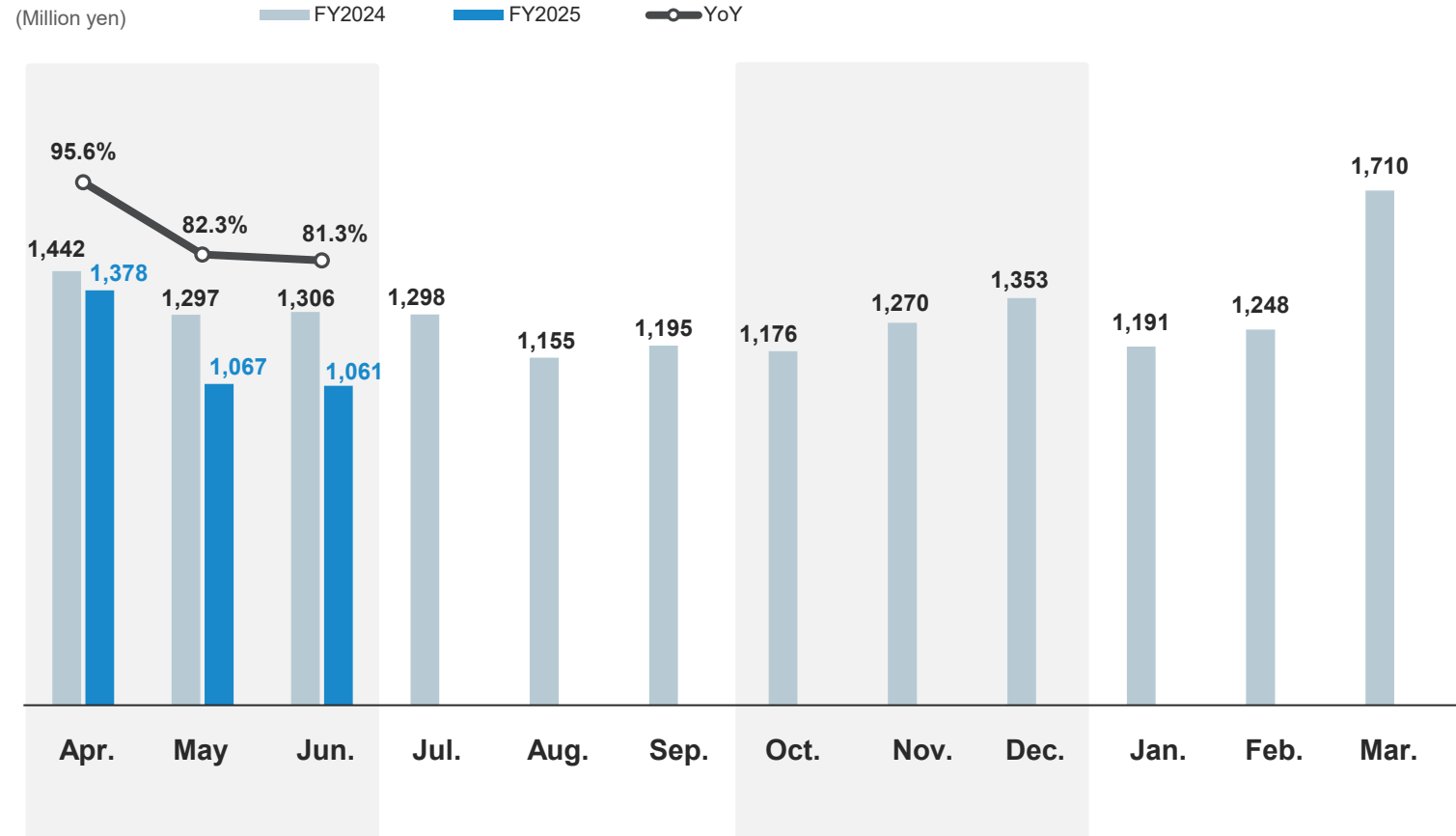
Promotion expense ratio (1Q)



Advertising expenses (1Q)

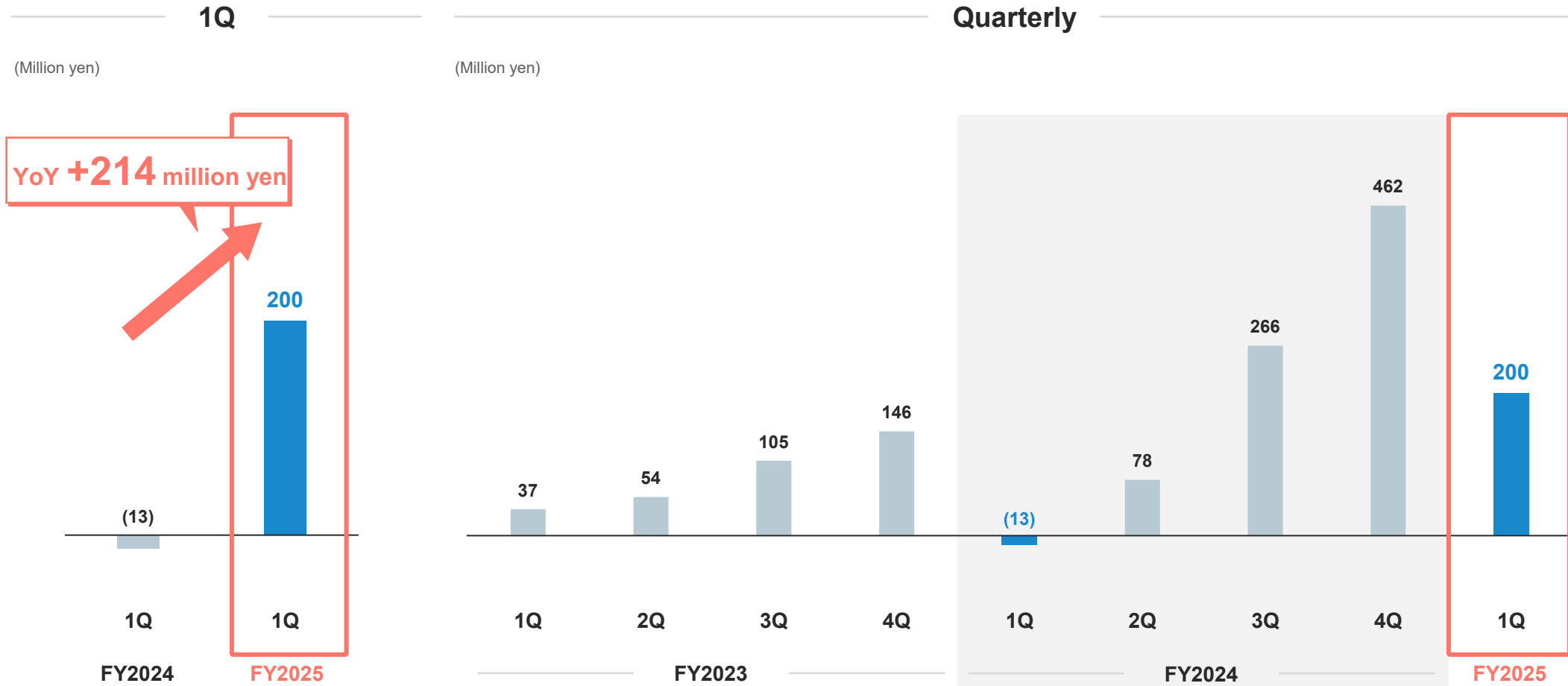


Net sales (monthly)





From 2Q of the previous fiscal year, the Company **optimized promotion expenses and advertising expenses** in an effort to improve profitability. As a result, operating profit was **200 million yen (+214 million yen YoY)**.

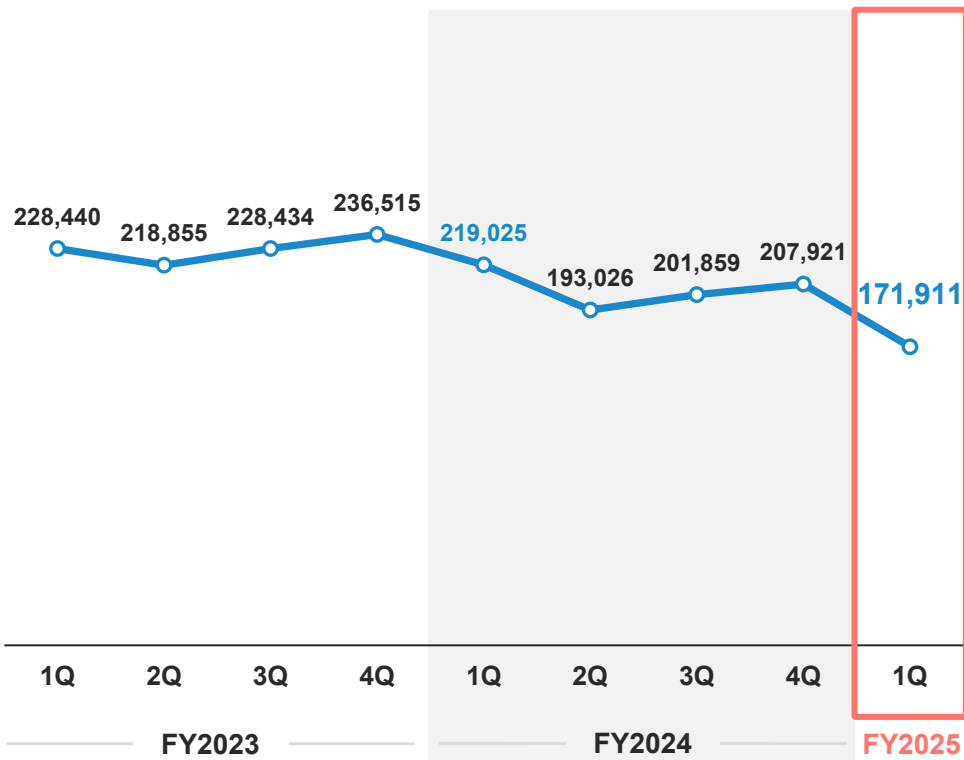




The Company optimized promotion expenses and advertising expenses in an effort to improve profitability. As a result, the number of customers decreased from the same quarter of the previous year. Average basket value remained stable.

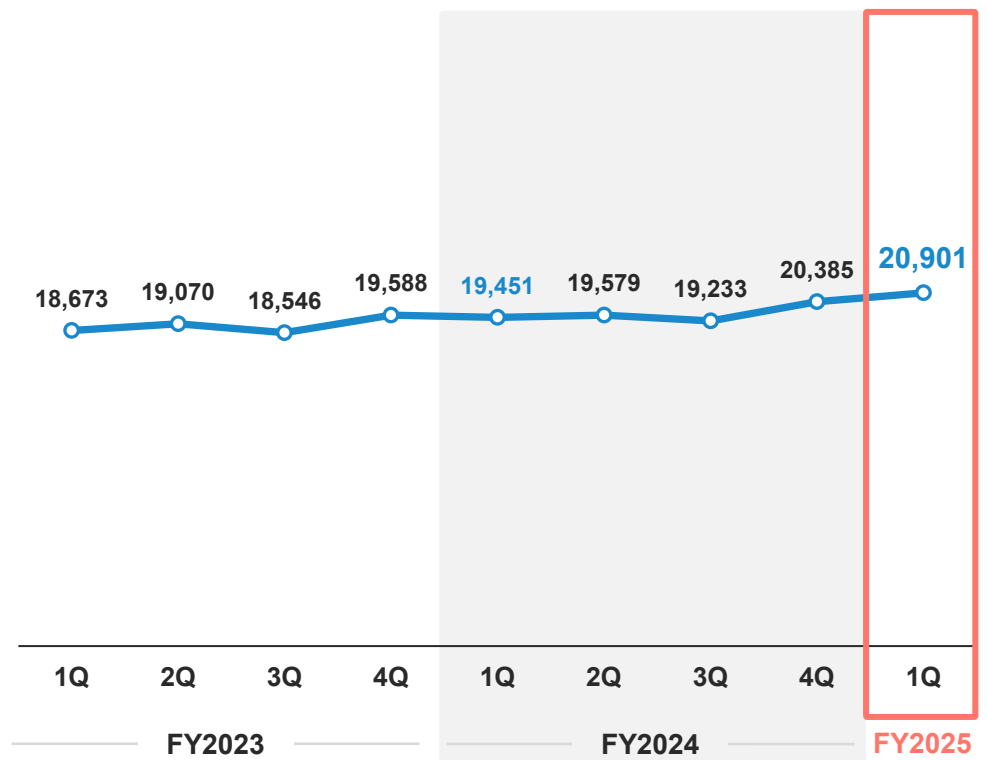
Number of customers

(People)



Avg. basket value

(Yen)



\*Calculated by dividing GMV of orders by the number of orders received.

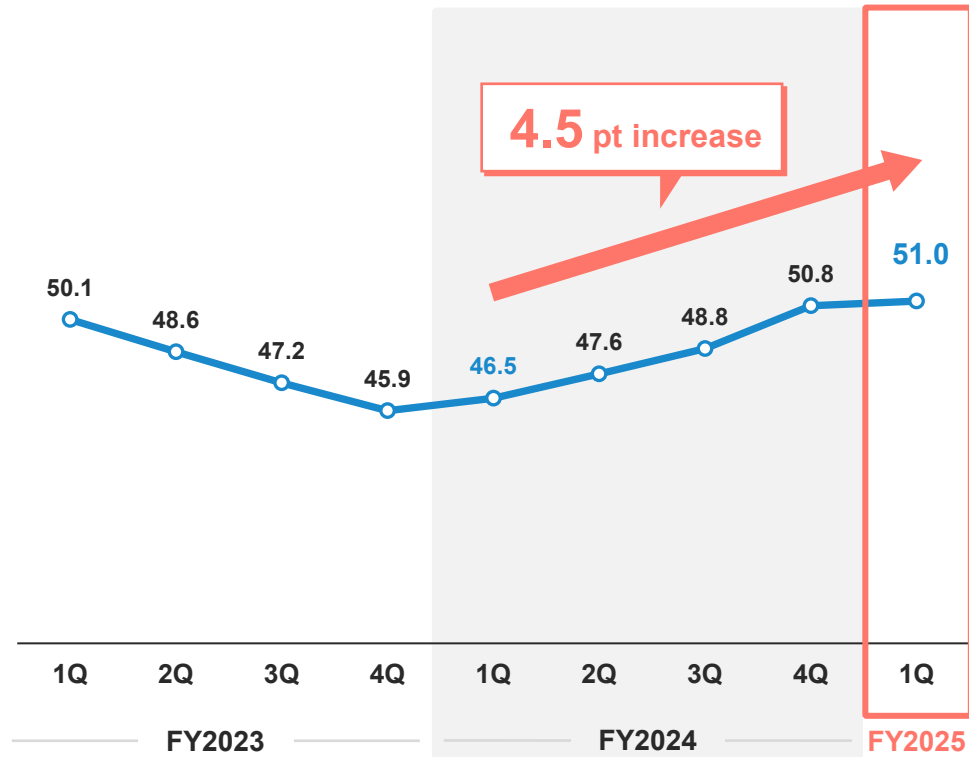




Although the yen weakened significantly, gross profit margin ratio was **51.0%** (up 4.5 pt YoY) due to the reduction of promotion expenses and the effect of price pass-throughs.

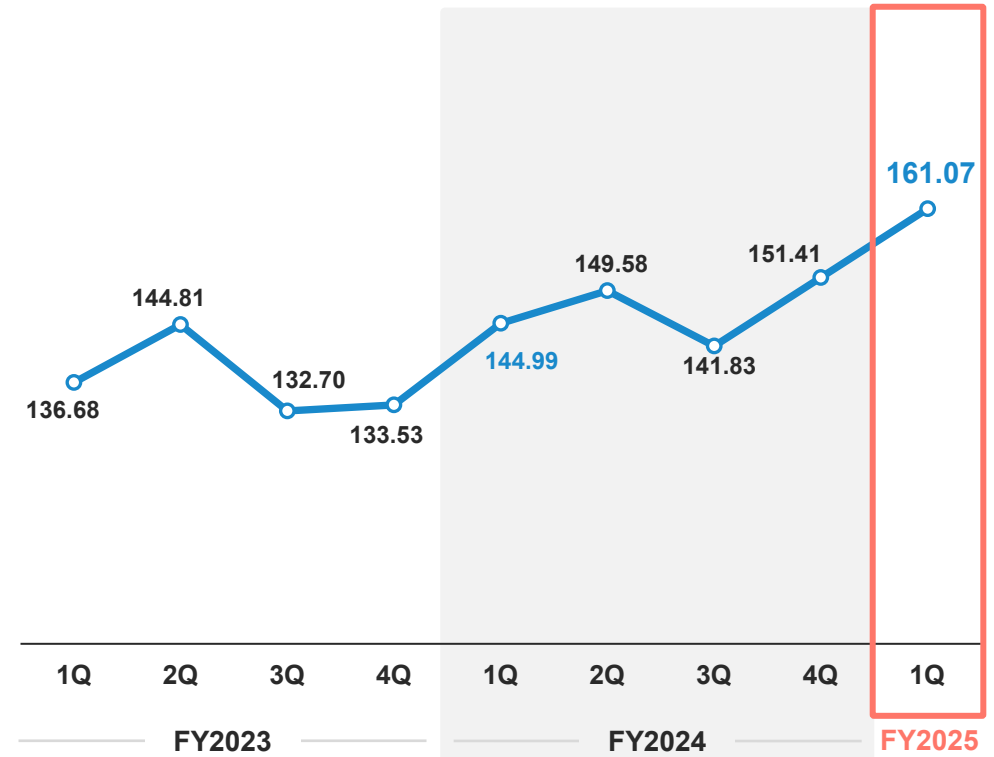
Gross profit margin ratio

(%)



Exchange rate

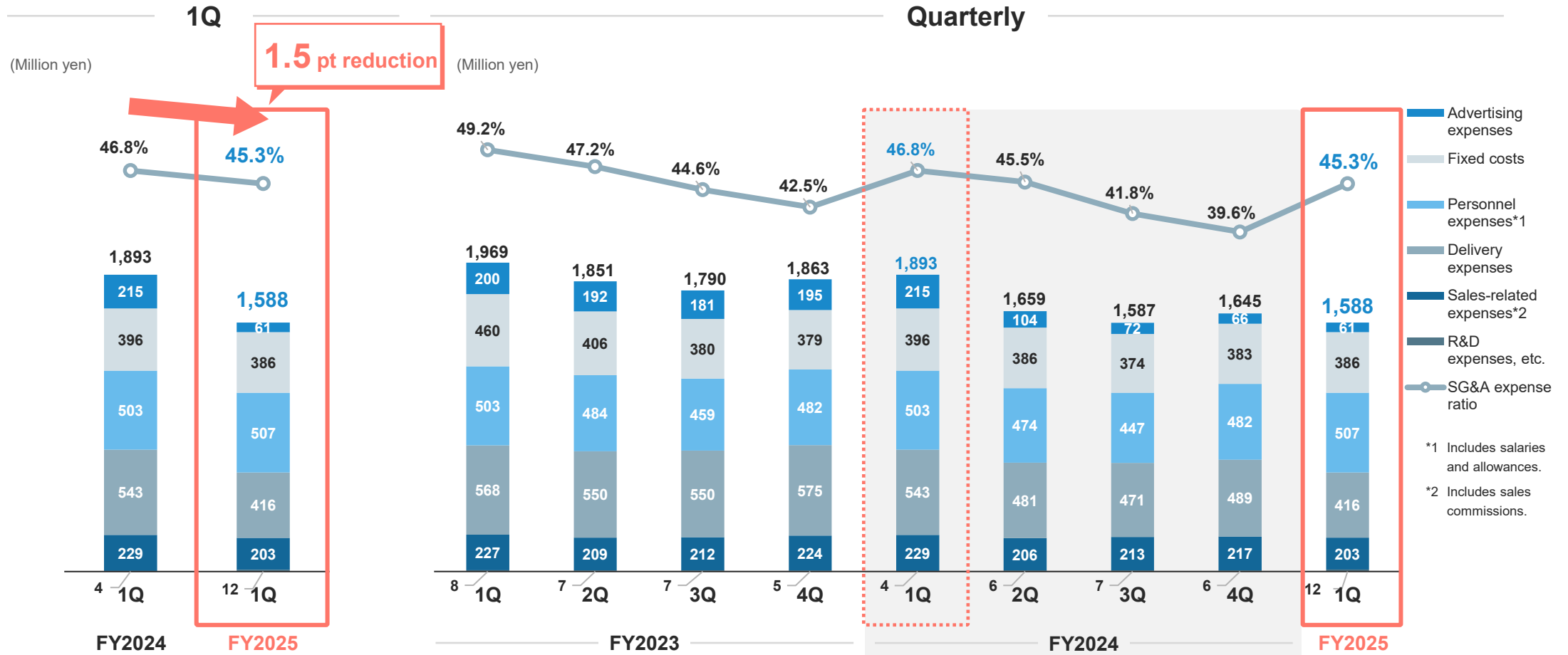
(Yen/USD)



※ The exchange rate is the rate at the end of the quarter.



In an effort to improve profitability, which started in 2Q of the previous fiscal year, the Company worked to optimize advertising expenses. As a result, the selling, general and administrative expense ratio was **45.3% (down 1.5 pt YoY)**.



\* Revenue related to the DOKODEMO business and to research and development expenses is excluded from net sales used as the basis for calculating the SG&A expense ratio, and therefore this data does not match the SG&A expense ratio on the statement of income.

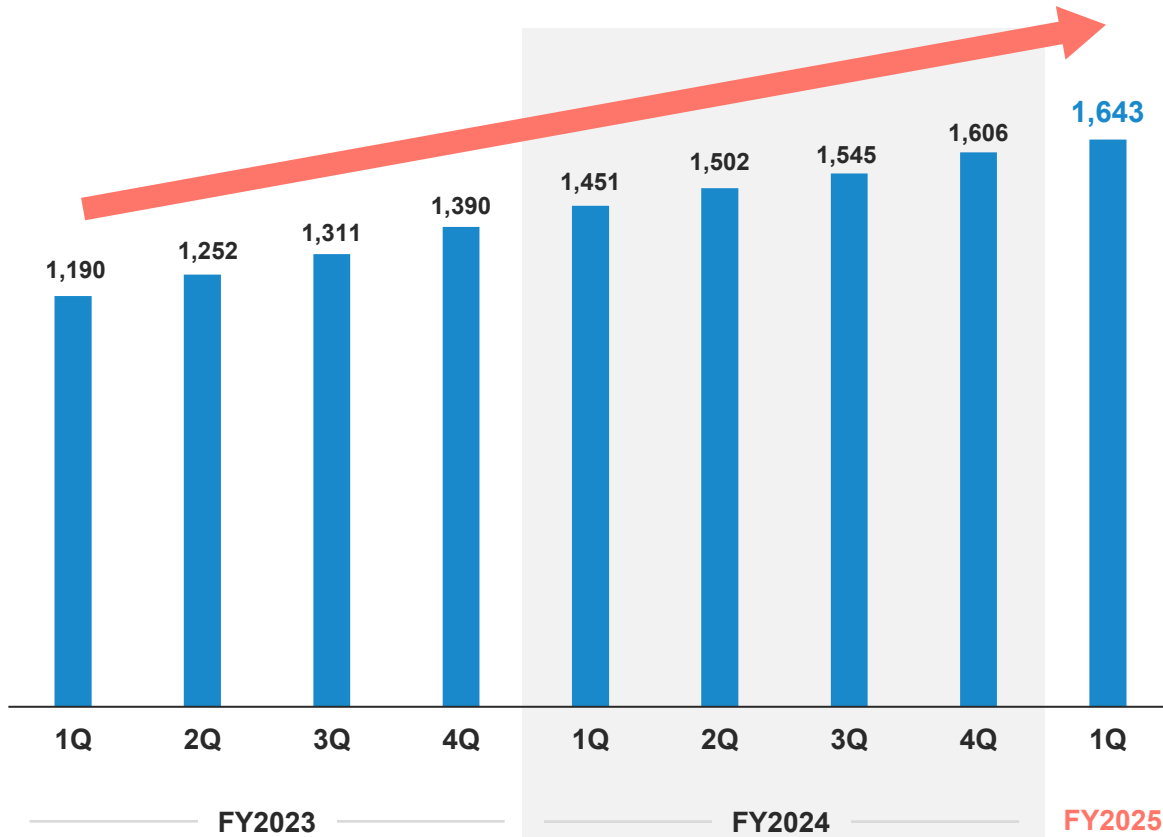
\* Promotion expenses, which were included in selling expenses, are included in advertising expenses from the fiscal year ended March 31, 2024. As such, the figures for the fiscal year ended March 31, 2023, have been retrospectively adjusted.



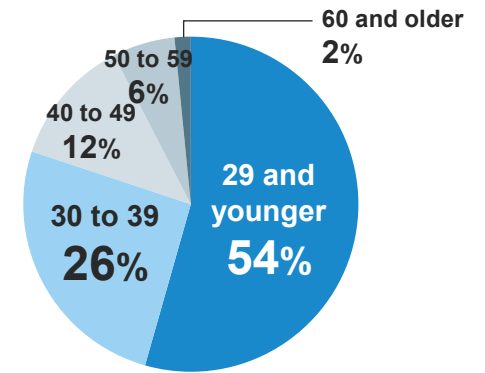
Membership of the flagship store is steadily increasing, with strong support from people in their 20s and 30s.

Trend in membership of flagship store

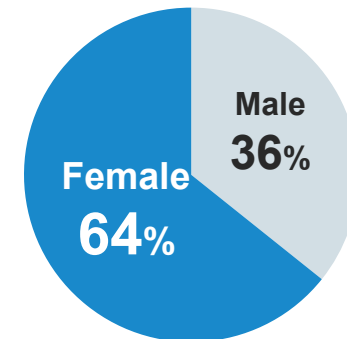
(Thousand people)



Age distribution



Ratio of male vs. female



\* Membership is all members registered at the flagship store.

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



Release products with a focus on **our own private brand products** that are **design- and trend-conscious** and **pursue affordable prices with cost competitiveness.**

### Furniture



**Choice of tabletop-type, 5-piece dining set  
from 99,970 yen (tax included)**



**Marble-patterned mantelpiece  
22,990 yen (tax included)**



**Coil 2-layer mattress  
from 39,990 yen (tax included)**



**Wide size couch  
99,990 yen (tax included)**

### Other



**3D circulator  
5,990 yen (tax included)**



**Dehumidifier with air purification  
function  
19,990 yen (tax included)**

\*All sales prices listed here are current as of July 2024, 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. **1.55 million smartphone app** downloads, and more than **1.05 million Instagram** followers. They are steadily increasing.

Sizes of engagement channels that deliver a unique brand image to a wide range of users (as of June 30, 2024)

 Smartphone app **1,550,000** downloads (cumulative)

 Instagram **1,050,000** followers

 TikTok **280,000** followers

 YouTube **120,000** channel subscribers

### LOWYA official app



### LOWYA official social media accounts

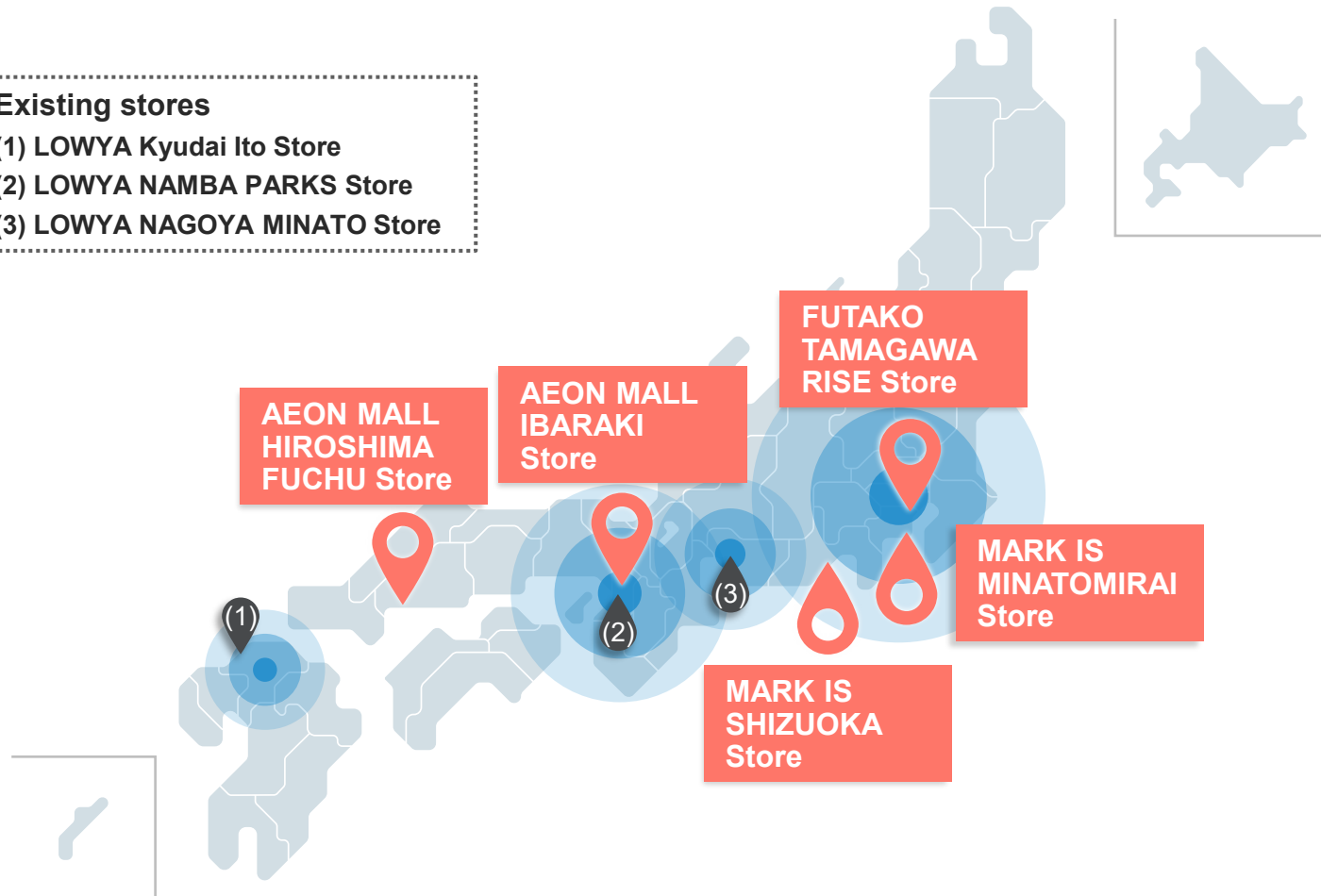




The Company plans to open stores in **Yokohama** in August 2024 and **Tokyo** in September 2024. In addition, the Company decided to open stores in **Hiroshima** in October 2024, **Osaka (Ibaraki)** in November 2024, and **Shizuoka** in the winter of 2024.

### Existing stores

- (1) LOWYA Kyudai Ito Store
- (2) LOWYA NAMBA PARKS Store
- (3) LOWYA NAGOYA MINATO Store



<b>Store name:</b>	<b>LOWYA MARK IS MINATOMIRAI Store</b>
<b>Opening date:</b>	August 10, 2024 (scheduled)
<b>Store location:</b>	MARK IS Minatomirai (Nishi Ward, Yokohama City, Kanagawa Prefecture)
<b>Store name:</b>	<b>LOWYA FUTAKO TAMAGAWA RISE Store</b>
<b>Opening date:</b>	September 14, 2024 (scheduled)
<b>Store location:</b>	Futako Tamagawa Rise Shopping Center Town front (Setagaya Ward, Tokyo)
<b>Store name:</b>	<b>LOWYA AEON MALL HIROSHIMA FUCHU Store (tentative name)</b>
<b>Opening date:</b>	October 5, 2024 (scheduled)
<b>Store location:</b>	AEON MALL Hiroshima Fuchu (Aki District, Hiroshima Prefecture)
<b>Store name:</b>	<b>LOWYA AEON MALL IBARAKI Store (tentative name)</b>
<b>Opening date:</b>	November 2, 2024 (scheduled)
<b>Store location:</b>	AEON MALL Ibaraki (Ibaraki City, Osaka Prefecture)
<b>Store name:</b>	<b>LOWYA MARK IS SHIZUOKA Store (tentative name)</b>
<b>Opening date:</b>	Winter 2024
<b>Store location:</b>	MARK IS Shizuoka (Shizuoka City, Shizuoka Prefecture)



# 3

## Report on DOKODEMO Business



The Company changed its policy to focus on profit from 2Q of the previous fiscal year. As a result, GMV was **569 million yen (76.1% YoY)**, and net sales were **91 million yen (83.3% YoY)**. **Membership** and the **number of app DLs** remained **steady**.

WONDERFULL, a flagship store of WANDOU operated by Inagora Inc., opened a store in July 2024.



\*Wandou is a cross-border EC platform for Chinese consumers specializing in Japanese products developed and operated by Inagora Inc.

\*1. Gross Merchandise Value

\*2. As of June 30, 2024

\*3. Number of countries and regions to which deliveries were made (cumulative)

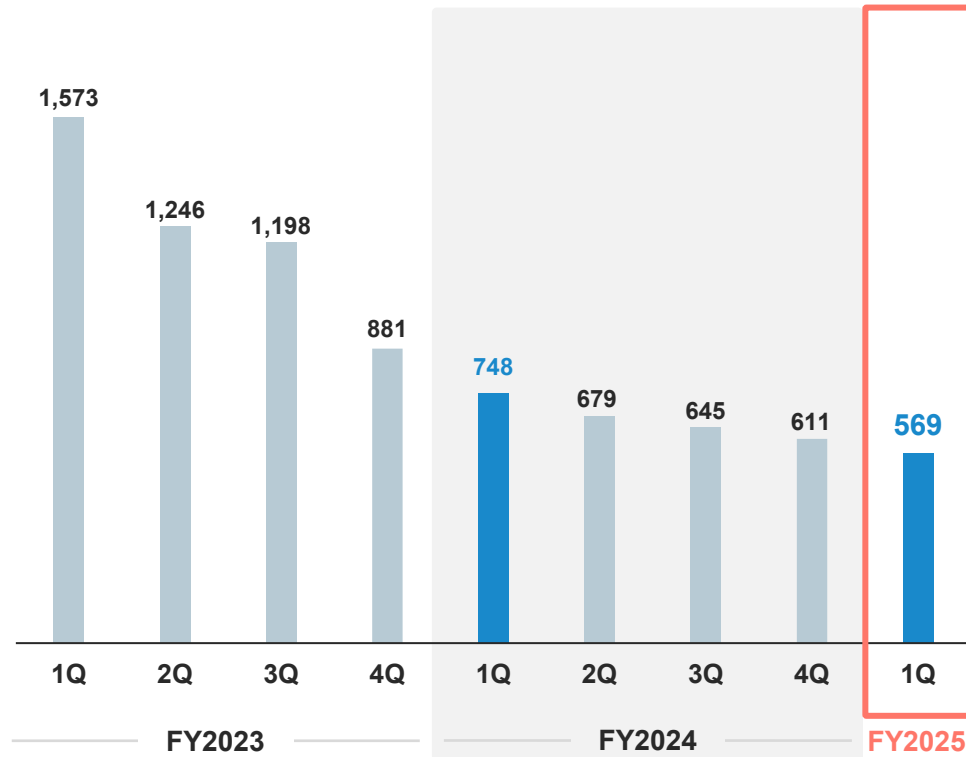




The Company **optimized promotion expenses and advertising expenses** in an effort to improve profitability. As a result, GMV was **569 million yen**. However, the **revenue structure improved**, and the business balance **ended in the black**.

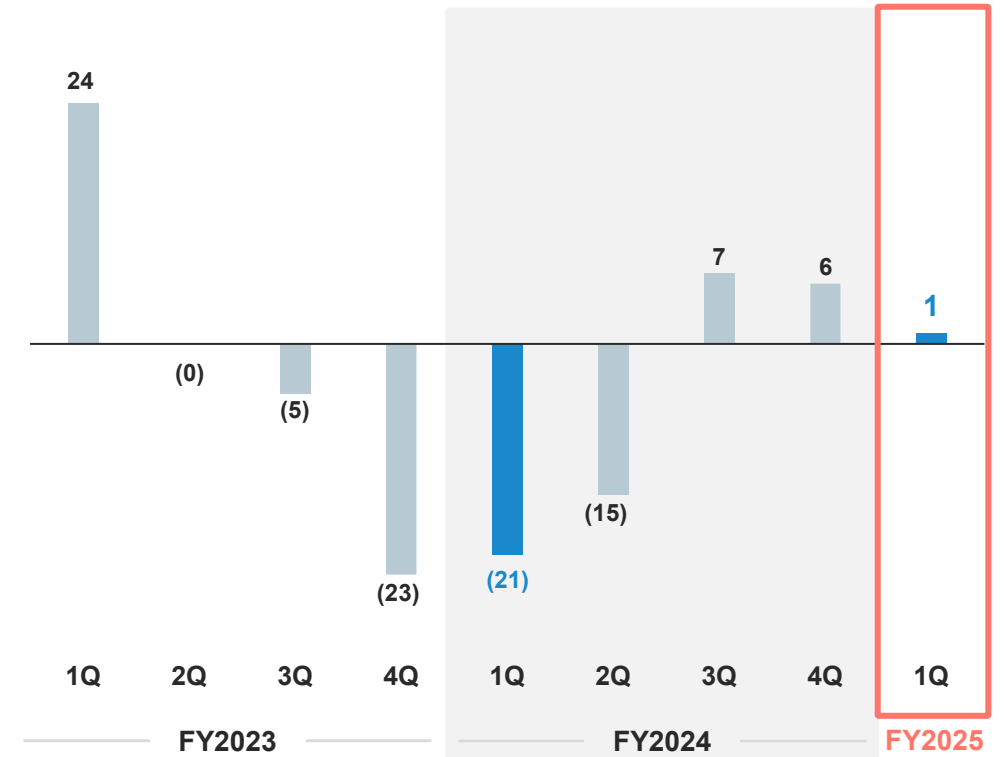
GMV

(Million yen)



Net Business Income

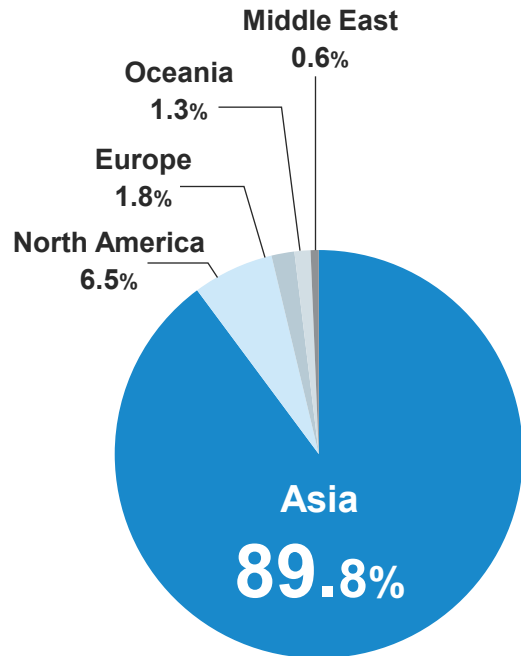
(Million yen)



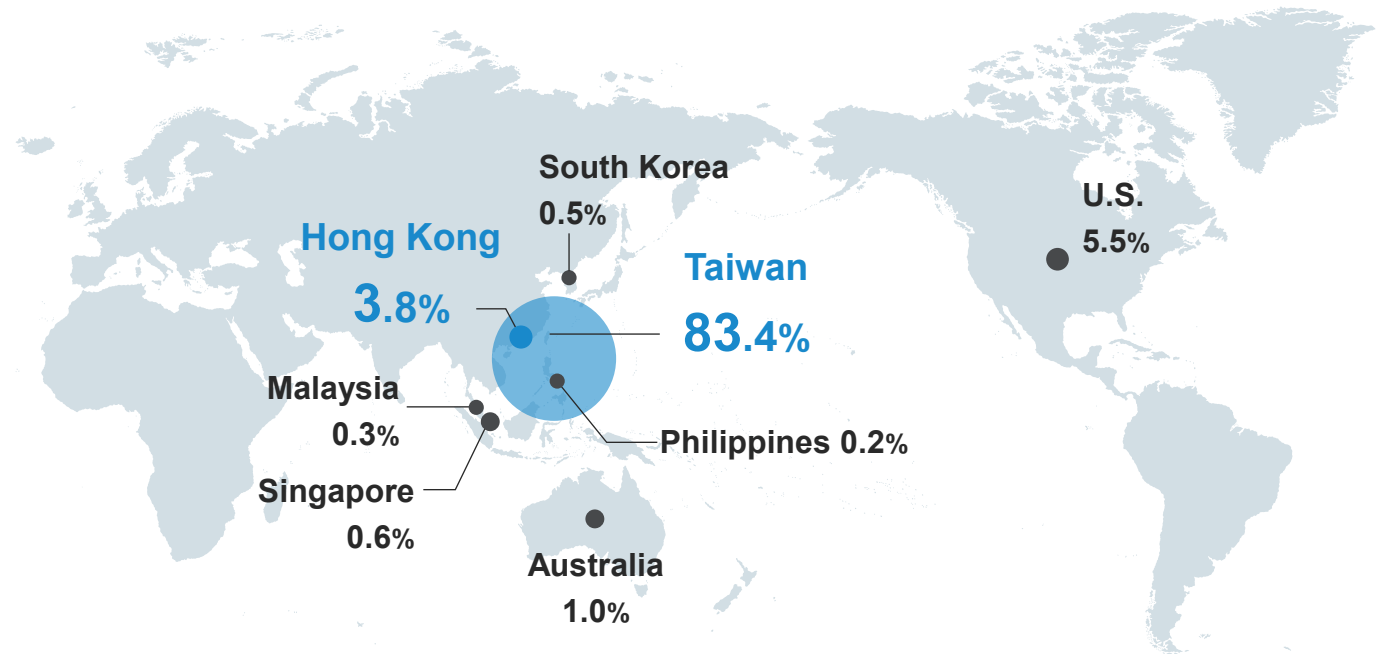


Deliveries to Asia, **mainly Taiwan**, account for **about 90% of GMV.**

**By region**



**By country**



\*Proportion of deliveries by country is calculated based on the ratio of GMV from April 2024 to June 2024



# 4

## **Financial Results Forecast for the Fiscal Year Ending March 31, 2025**



No change from the forecast disclosed on May 15, 2024.

	Fiscal year ending March 31, 2025		YoY	
	First-half forecast	Full-year forecast	First half	Full year
Net sales (million yen)	7,600	17,000	96.1%	105.8%
Operating profit (million yen)	400	1,200	1,435.8%	155.5%
Ordinary profit (million yen)	400	1,200	1,083.6%	151.8%
Profit (million yen)	240	720	984.0%	182.6%
Basic earnings per share (yen)	23.2	69.7	-	-

# IR Inquiries

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

Views and forecasts in this document are based on the judgment of the Company at the time of preparing the document.

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.

The Company shall not bear any future obligation to update or revise the information contained in this document, even in the event of new information, future events, etc.