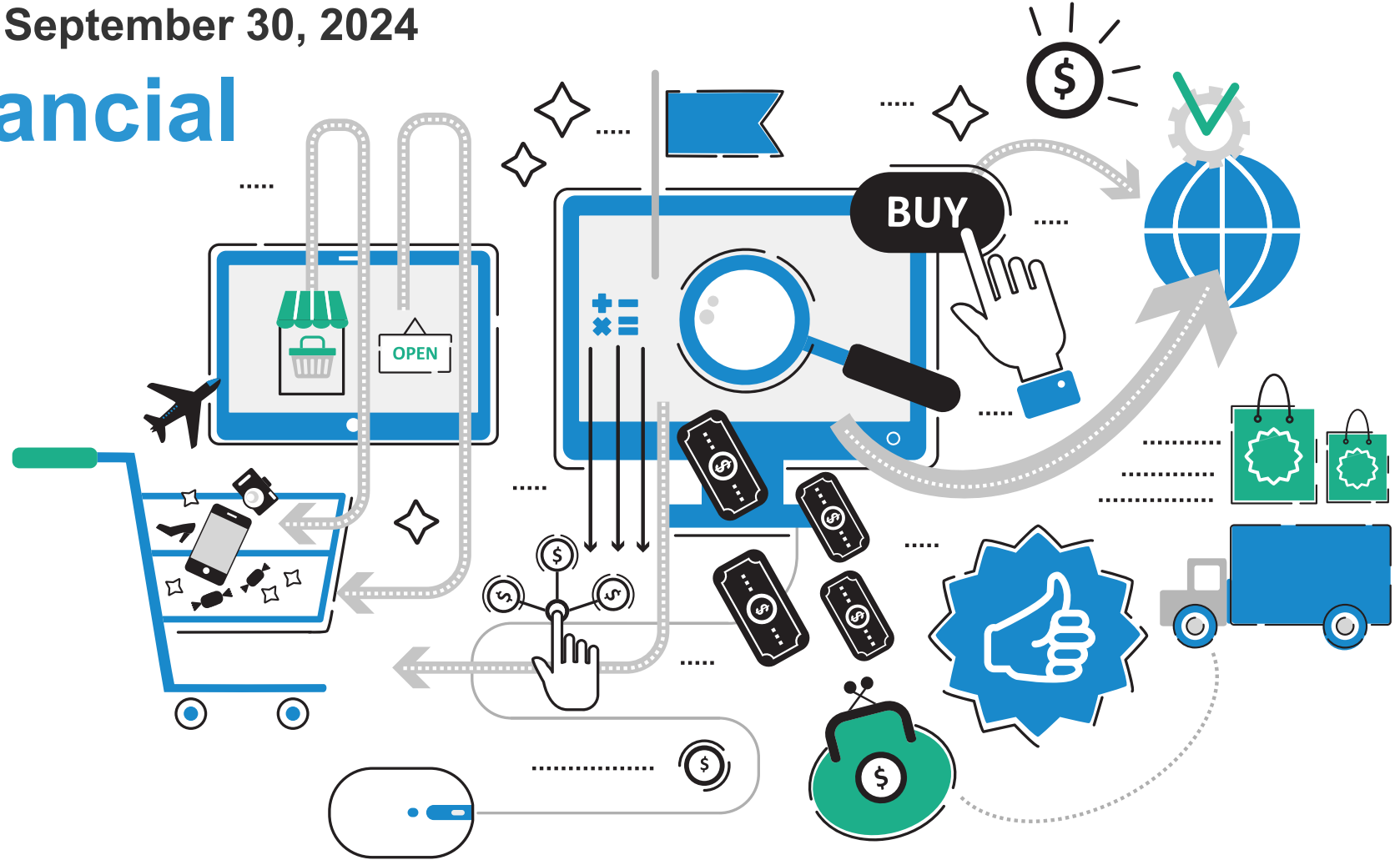


For the Six Months Ended September 30, 2024

# Quarterly Financial Results

Vega corporation Co., Ltd.

Securities code: 3542





# INDEX

- 1** **Overview of Quarterly Financial Results for the Six Months Ended September 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 Six Months Ended September 30, 2024**

# Financial Highlights (H1)



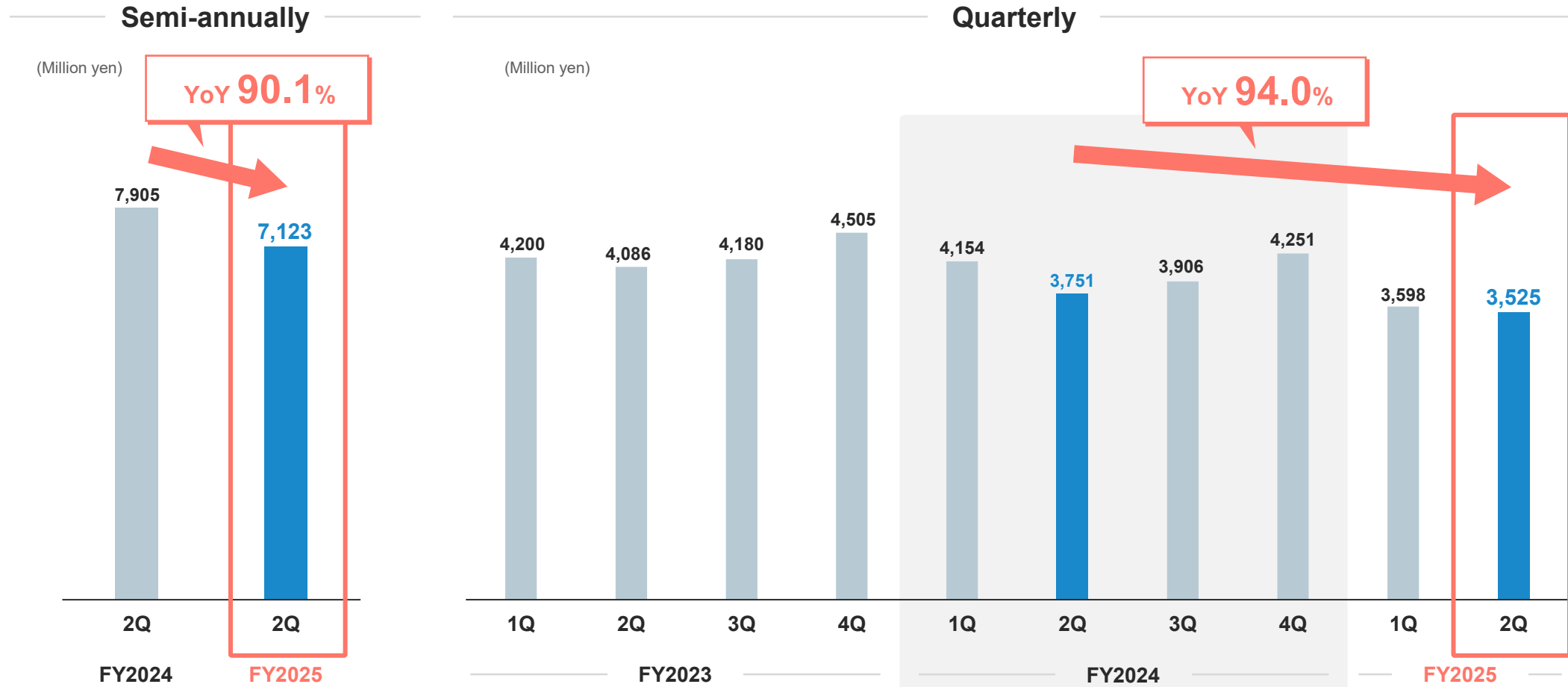
As a result of the shift to a profit-oriented management policy from 2Q of the previous fiscal year and the efforts made in each business operation, operating profit **significantly improved to 294 million yen (1,058.7% YoY)**, although net sales decreased to **7,123 million yen (90.1% YoY)**.

(Million yen)

	Results for the Six Months Ended September 30, 2023	Results for the Six Months Ended September 30, 2024	YoY	H1 Plan for the Fiscal Year Ending March 31, 2025	Progression Rate for the Six Months Ended September 30, 2024
Net sales	7,905	7,123	90.1%	7,600	93.7%
Gross profit	3,827	3,674	96.0%	-	-
Gross profit margin ratio	48.4%	51.6%	-	-	-
SG&A expenses	3,799	3,379	88.9%	-	-
SG&A expenses ratio	48.1%	47.4%	-	-	-
Operating profit	27	294	1,058.7%	400	73.7%
Operating profit ratio	0.4%	4.1%	-	-	-
Ordinary profit	36	298	809.7%	400	74.7%
Profit	24	191	783.7%	240	79.6%



Due to the profit-oriented measures taken since 2Q of the previous fiscal year, access count and distribution declined, with H1 net sales of **7,123 million yen (90.1% YoY)** and 2Q net sales of **3,525 million yen (94.0% YoY)**.

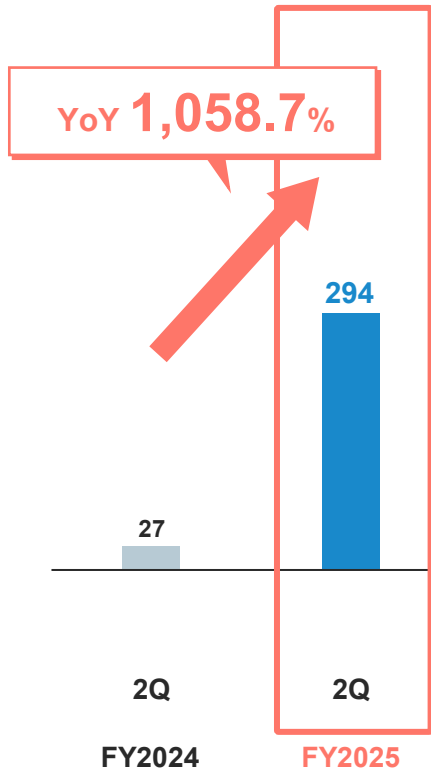




From 2Q of the previous fiscal year, each business implemented profit-oriented measures, resulting in H1 operating profit of **294 million yen (1,058.7% YoY)** and 2Q operating profit of **92 million yen (147.7% YoY)**.

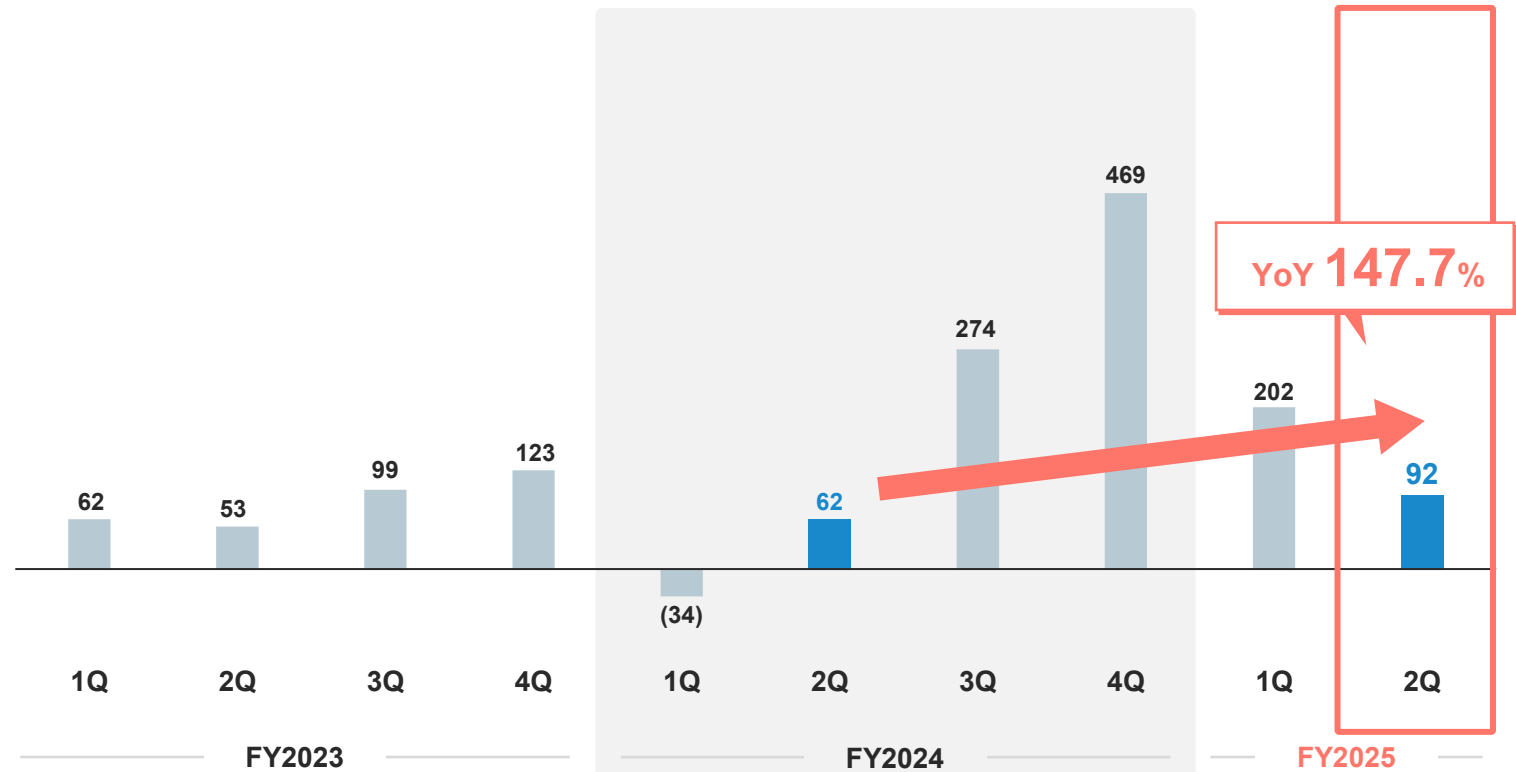
## Semi-annually

(Million yen)



## Quarterly

(Million yen)

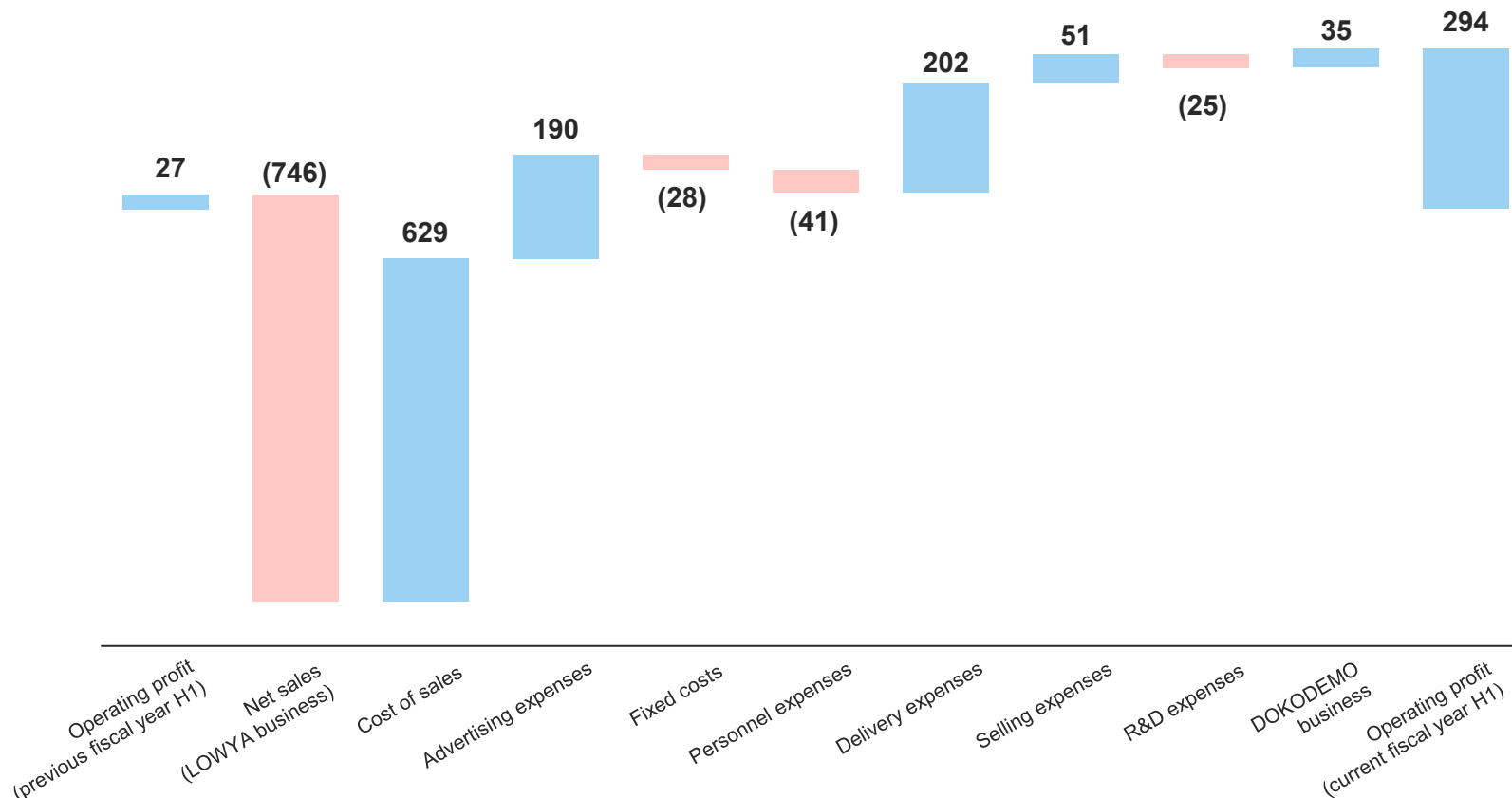




In the LOWYA business, in an effort to improve profitability, the Company worked on **optimizing advertising expenses** and other initiatives. As a result, the Company improved operating profit.

Causes of increase/decrease in operating profit (YoY)

(Million yen)



### 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 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 **79.6%**.

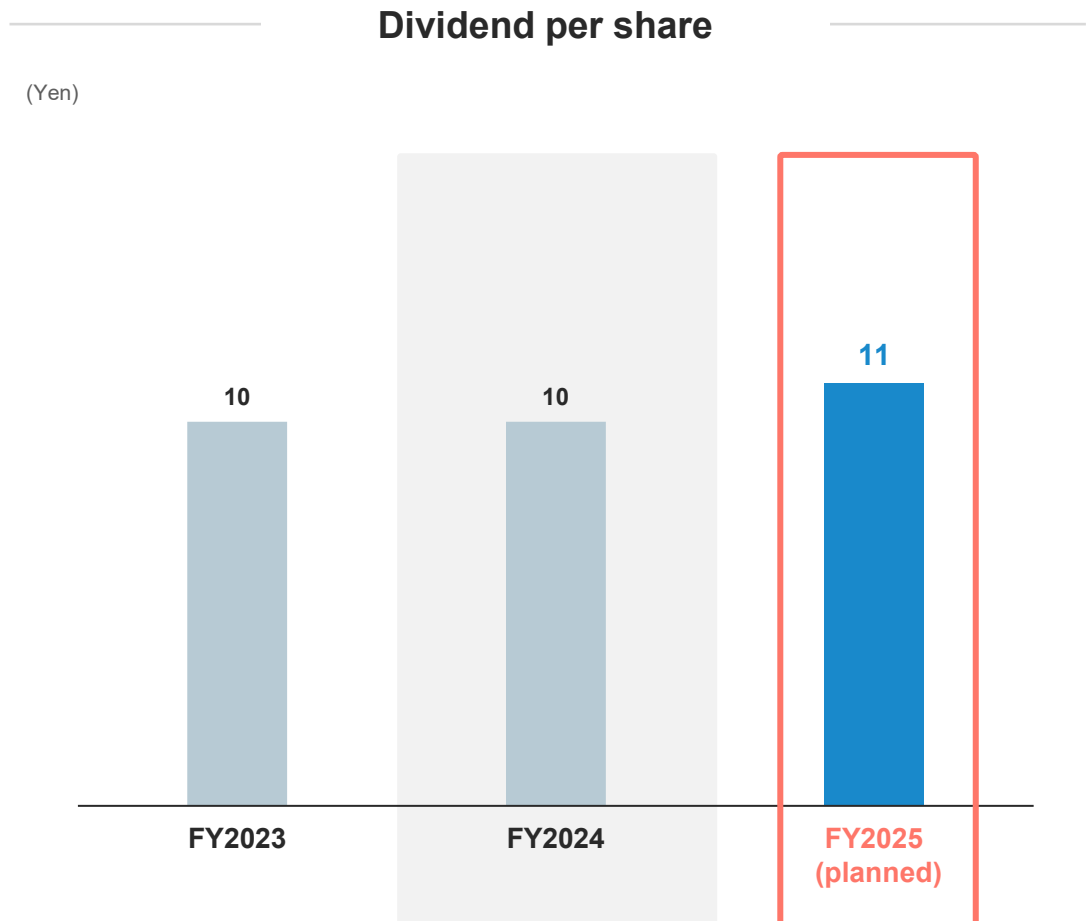
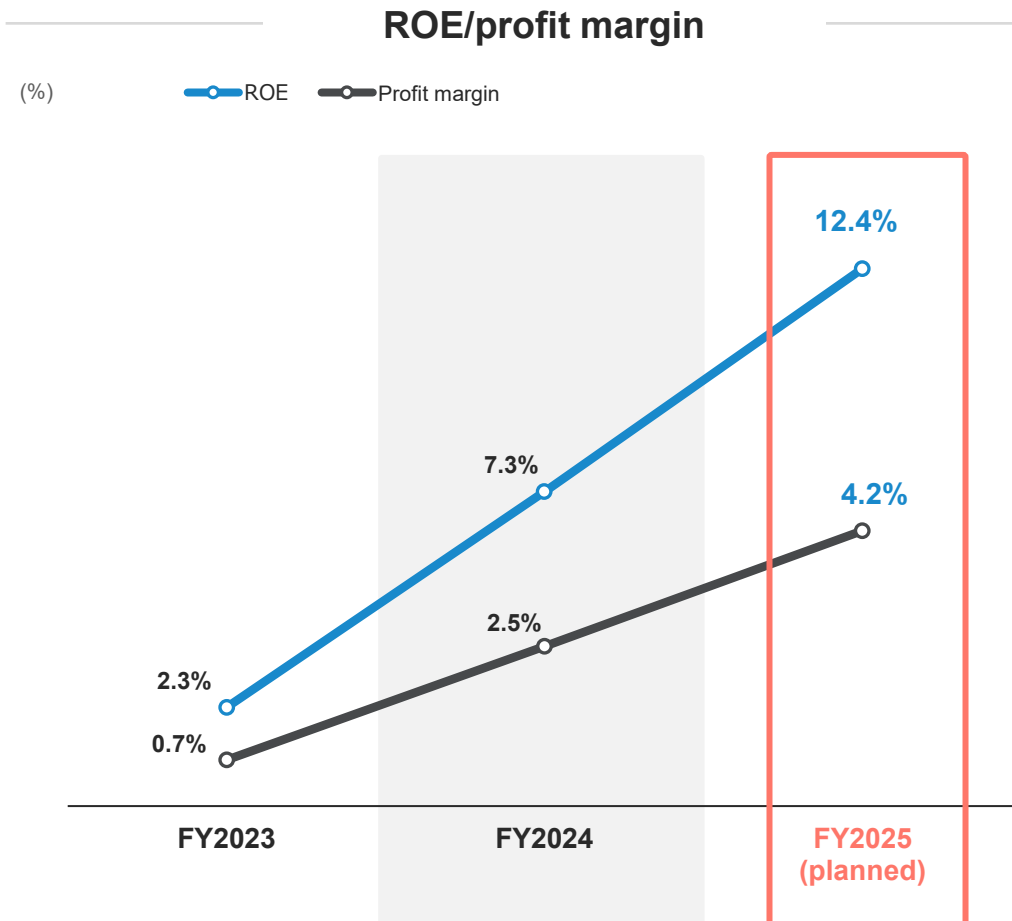
(Million yen)

	As of March 31, 2024	As of September 30, 2024		As of March 31, 2024	As of September 30, 2024
<b>Current assets</b>	<b>6,153</b>	<b>5,758</b>	<b>Current liabilities</b>	<b>1,586</b>	<b>1,386</b>
Cash and deposits	1,750	2,006	Debt obligations	-	-
Accounts receivable - trade	1,739	1,175	<b>Non-current liabilities</b>	<b>56</b>	<b>35</b>
Merchandise	2,110	2,226	<b>Total liabilities</b>	<b>1,643</b>	<b>1,421</b>
<b>Non-current assets</b>	<b>1,056</b>	<b>1,216</b>	<b>Shareholders' equity</b>	<b>5,486</b>	<b>5,605</b>
Property, plant and equipment, and intangible assets	518	560	<b>Total net assets</b>	<b>5,566</b>	<b>5,553</b>
<b>Total assets</b>	<b>7,209</b>	<b>6,975</b>	<b>Total liabilities and net assets</b>	<b>7,209</b>	<b>6,975</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 31, 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 —

July and September 2024

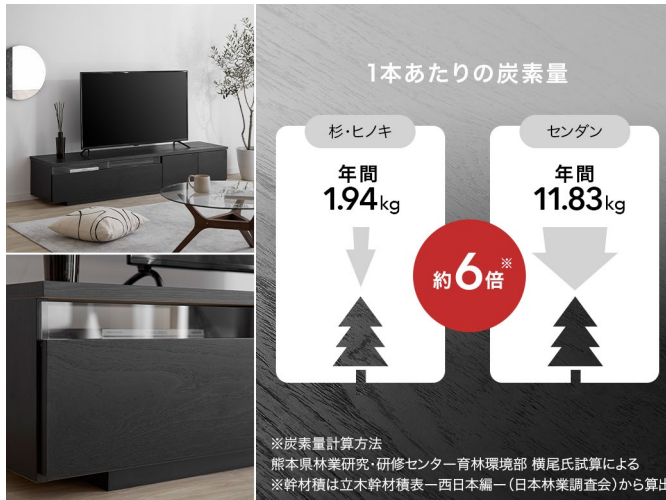
Donated furniture and other items used for a photo shoot to welfare facilities in Fukuoka and Chiba prefectures.



## Adoption of environmentally friendly materials

July 2024

Uses chinaberry, which has a high CO<sub>2</sub> absorption capacity.



July 2024

Recycled materials are used for pile materials.



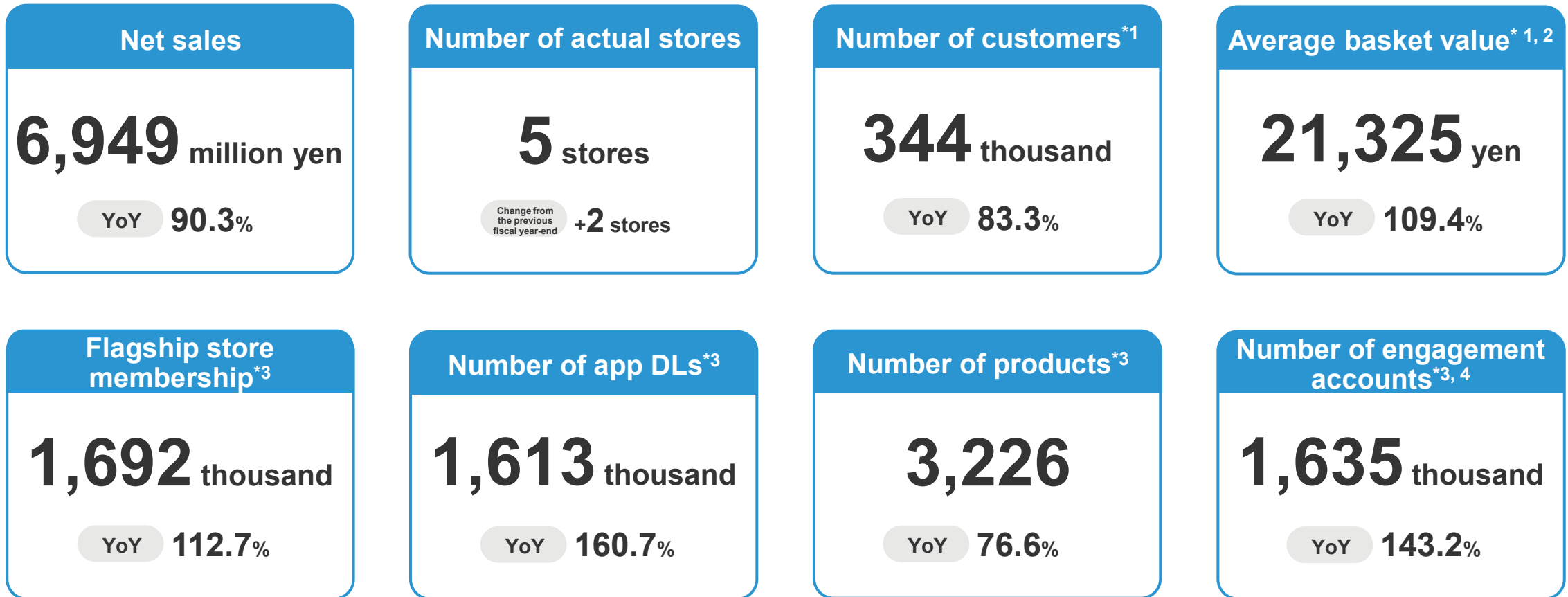


# 2

## Report on LOWYA Business



In 2Q of the previous fiscal year, the Company changed its policy to focus on profit and optimized promotion expenses and advertising expenses. As a result, net sales were **6,949 million yen (90.3% YoY)**. **Membership of the flagship store** and **the number of engagement accounts** grew steadily. The Company opened two new actual stores, for a total of five in operation.



\*1. Retroactively adjusted due to change in calculation method (addition of actual stores)

\*2. Calculated by dividing GMV of orders by the number of orders received

\*3. As of September 30, 2024

\*4. Total number of Instagram, TikTok, X, and Lemon8 followers, YouTube subscribers, and THE 608 HOTEL accounts

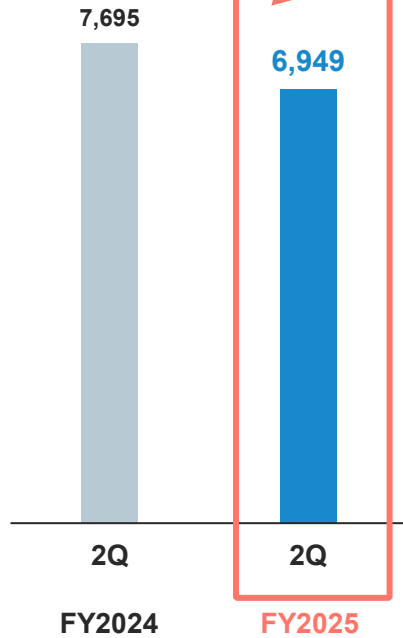


The Company optimized promotion expenses and advertising expenses, resulting in H1 net sales of 6,949 million yen (90.3% YoY) and 2Q net sales of 3,442 million yen (94.3% YoY).

Semi-annually

(Million yen)

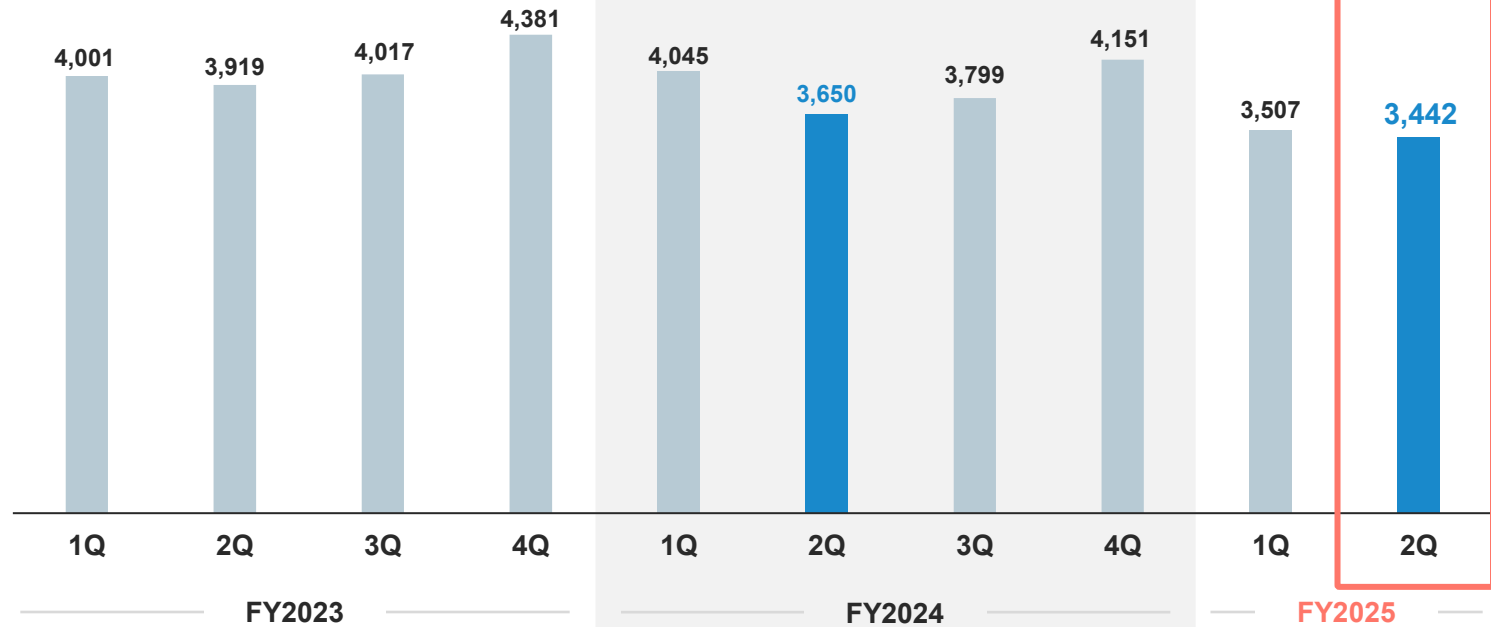
YoY 90.3%



Quarterly

(Million yen)

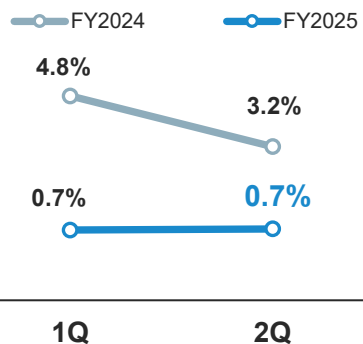
YoY 94.3%



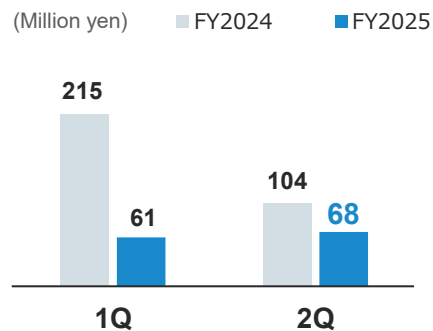


From 2Q of the previous fiscal year, the Company **optimized promotion expenses and advertising expenses** in an effort to improve profitability. One year has passed since the start of the initiative, and the YoY rate has recovered to around 100%. From 3Q onward, the YoY rate is expected to remain above 100%.

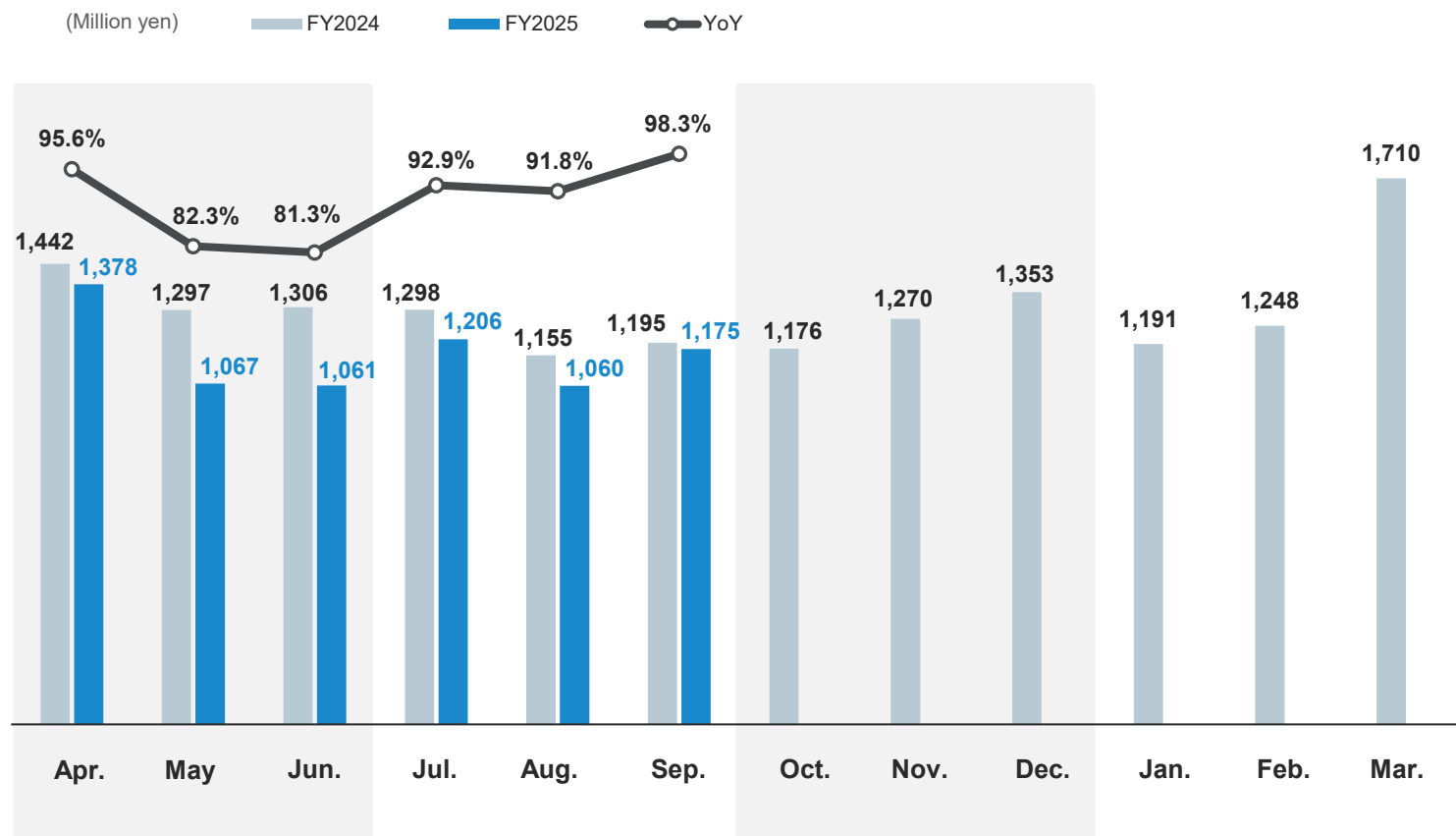
### Promotion expense ratio



### Advertising expenses



### Net sales (monthly)

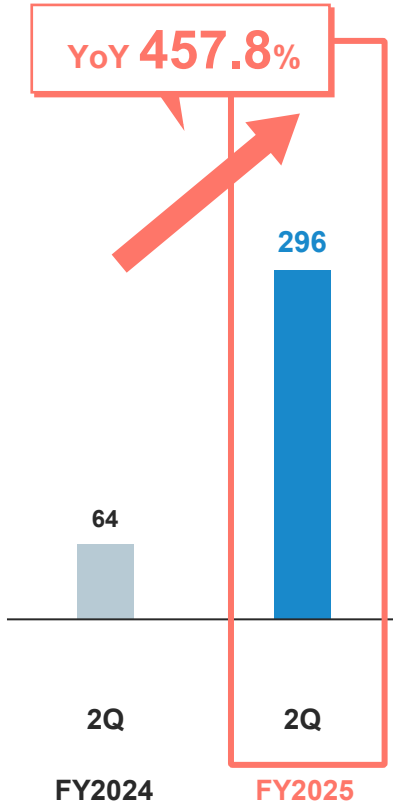




The Company **optimized promotion expenses and advertising expenses**, resulting in H1 operating profit of **296 million yen (457.8% YoY)** and 2Q operating profit of **95 million yen (122.5% YoY)**.

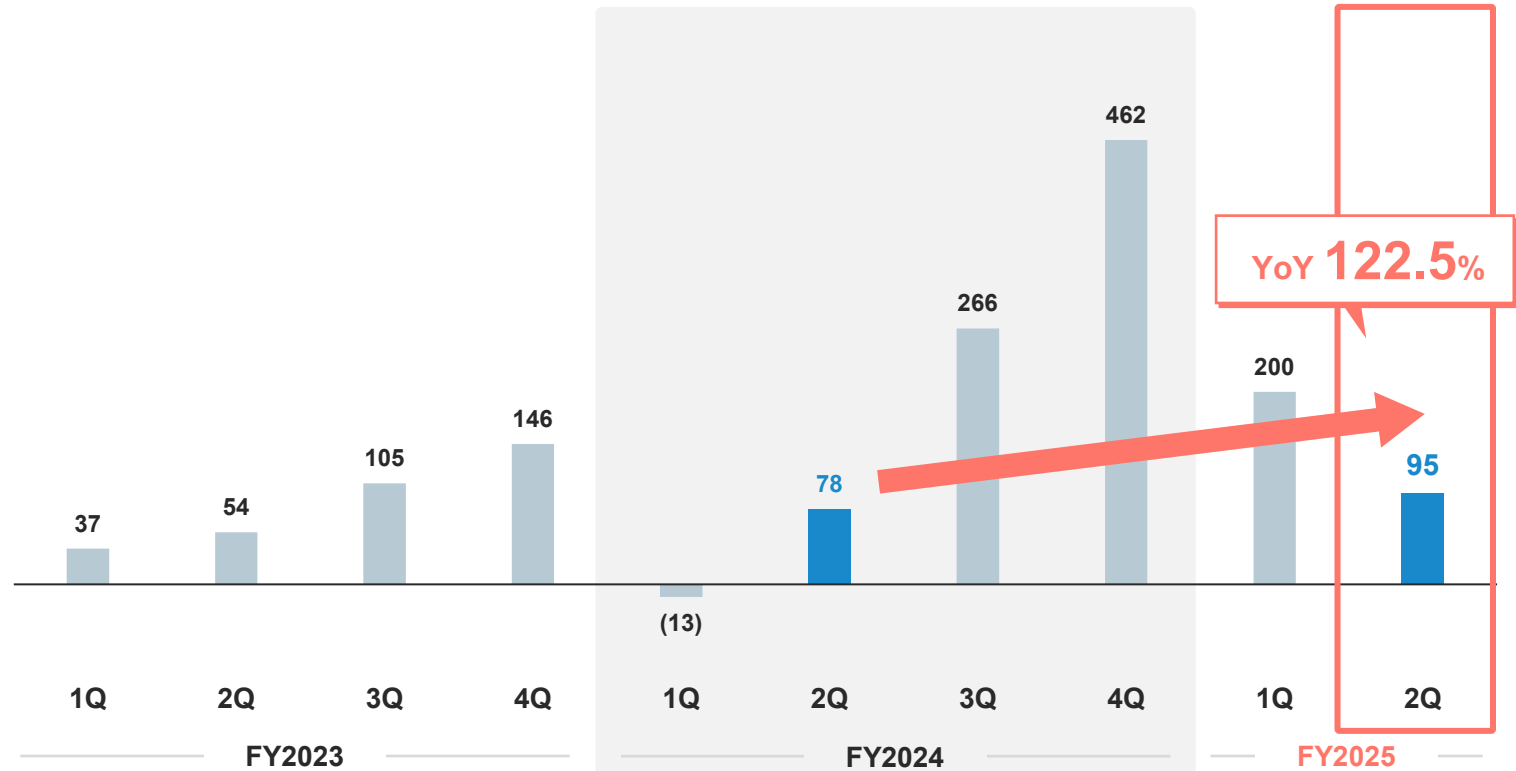
Semi-annually

(Million yen)



Quarterly

(Million yen)

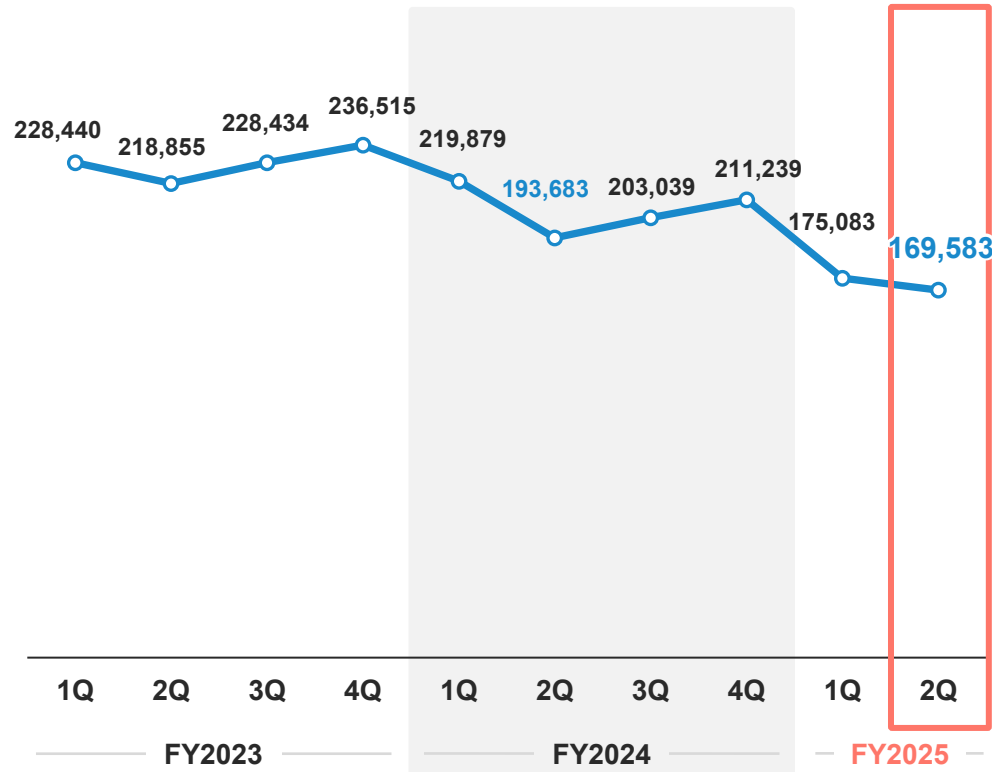




The Company optimized promotion expenses and advertising expenses in an effort to improve profitability. As a result, the number of customers decreased from the same quarter of the previous year. Average basket value is on an upward trend due to the effect of price pass-throughs.

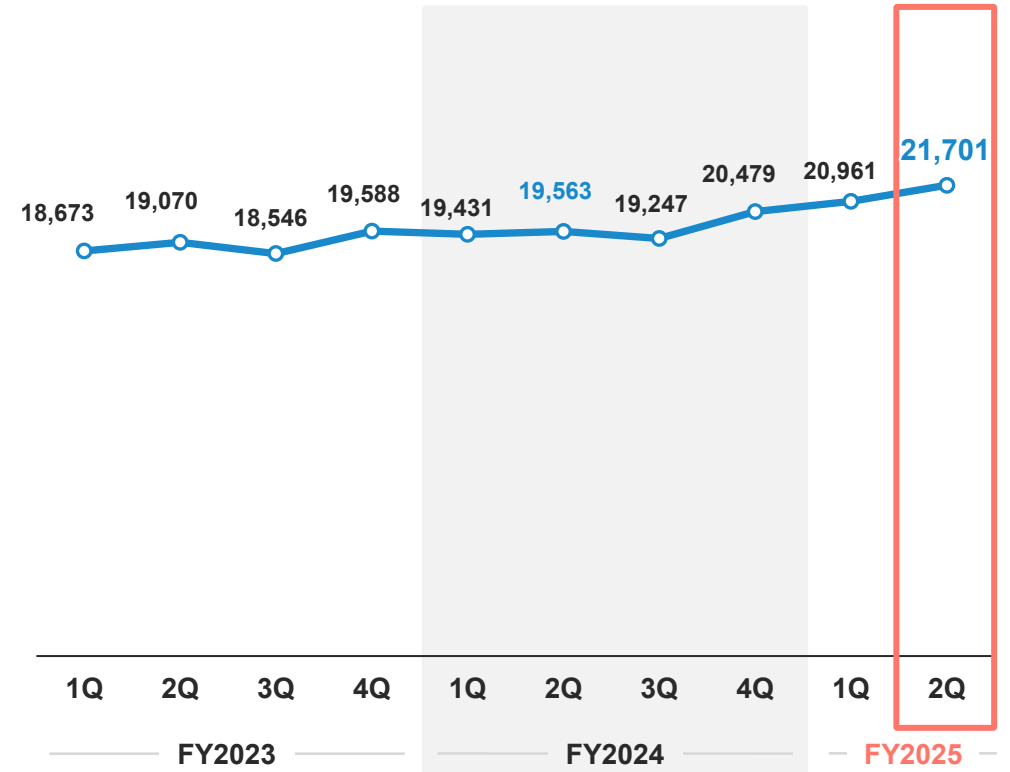
Number of customers

(People)



Avg. basket value

(Yen)



\*1. Average basket value is calculated by dividing GMV of orders from e-commerce and actual stores by the number of orders received.

\*2. Number of customers and average basket value were retroactively adjusted due to a change in the calculation method (addition of actual stores).

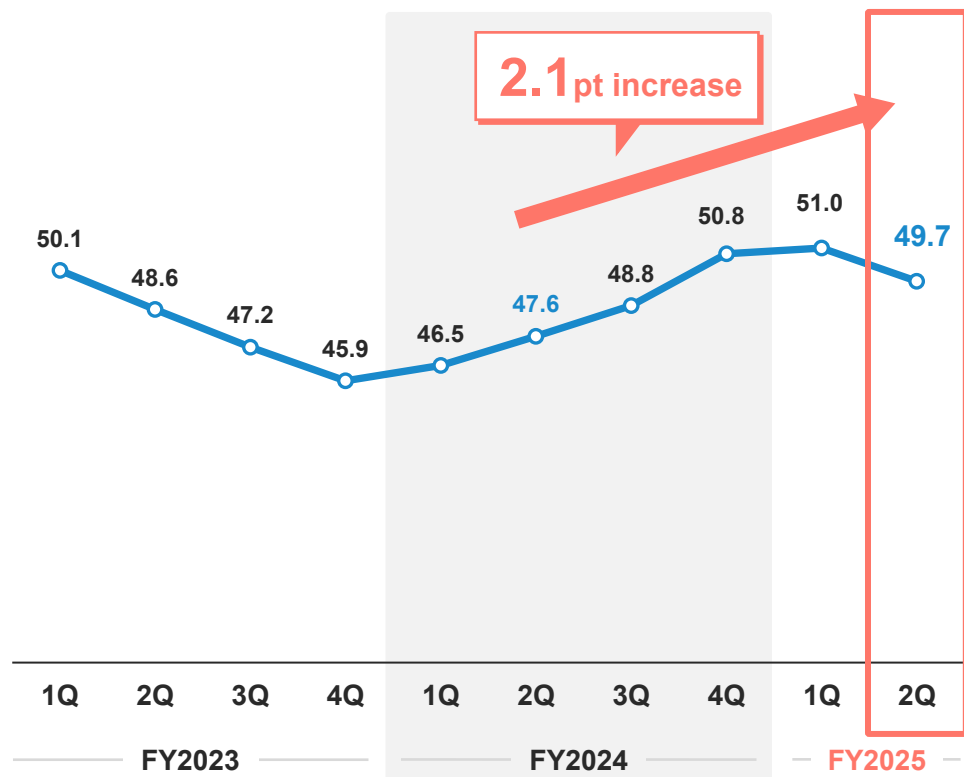




Gross profit margin ratio was **49.7%** (up 2.1 pt YoY) due to **the reduction of promotion expenses** and the effect of **price pass-throughs**. Although **the yen appreciated** sharply at the second quarter end, there was no significant impact on current earnings due to the implementation of forward exchange contracts and lead time effect.

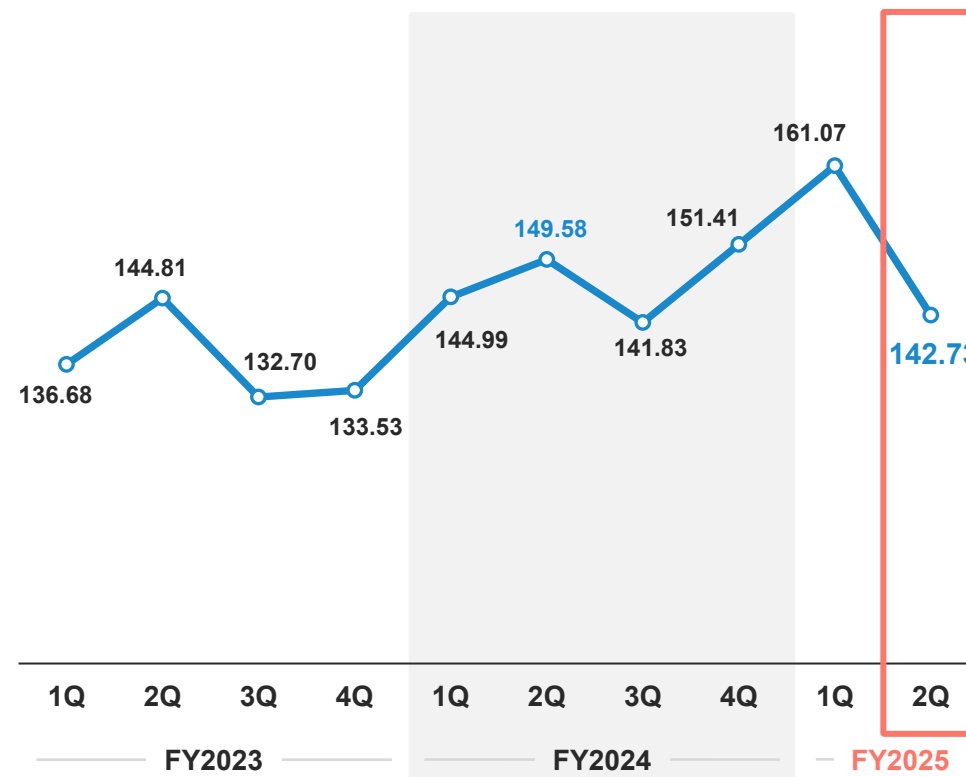
Gross profit margin ratio

(%)



Exchange rate

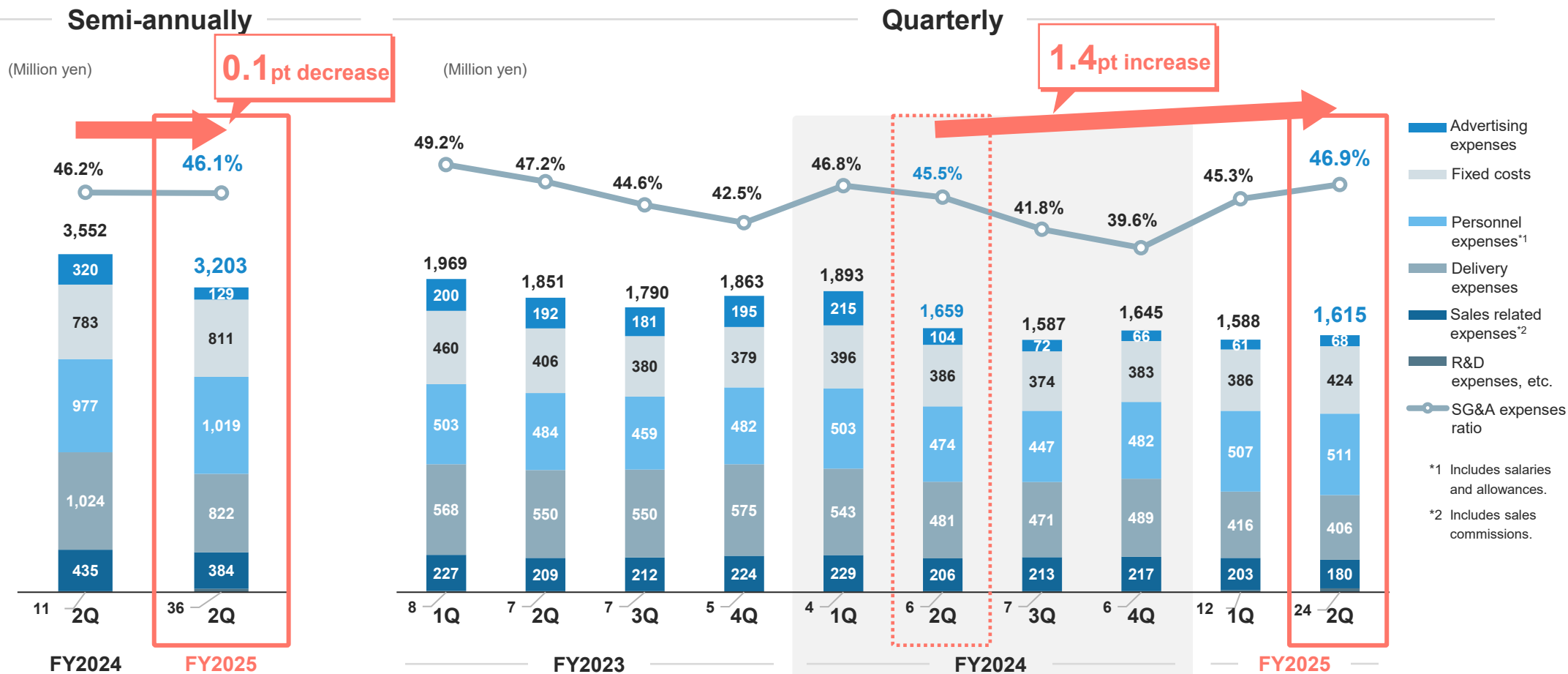
(Yen/USD)



\* The exchange rate is the rate at the end of the quarter.



From 2Q of the previous fiscal year, the Company reduced costs by optimizing advertising expenses in an effort to improve profitability. At the same time, the Company increased costs by opening new actual stores. It resulted in an H1 SG&A expense ratio of **46.1%** (down 0.1 pt YoY) and 2Q SG&A expense ratio of **46.9%** (up 1.4 pt YoY) due to these effects.



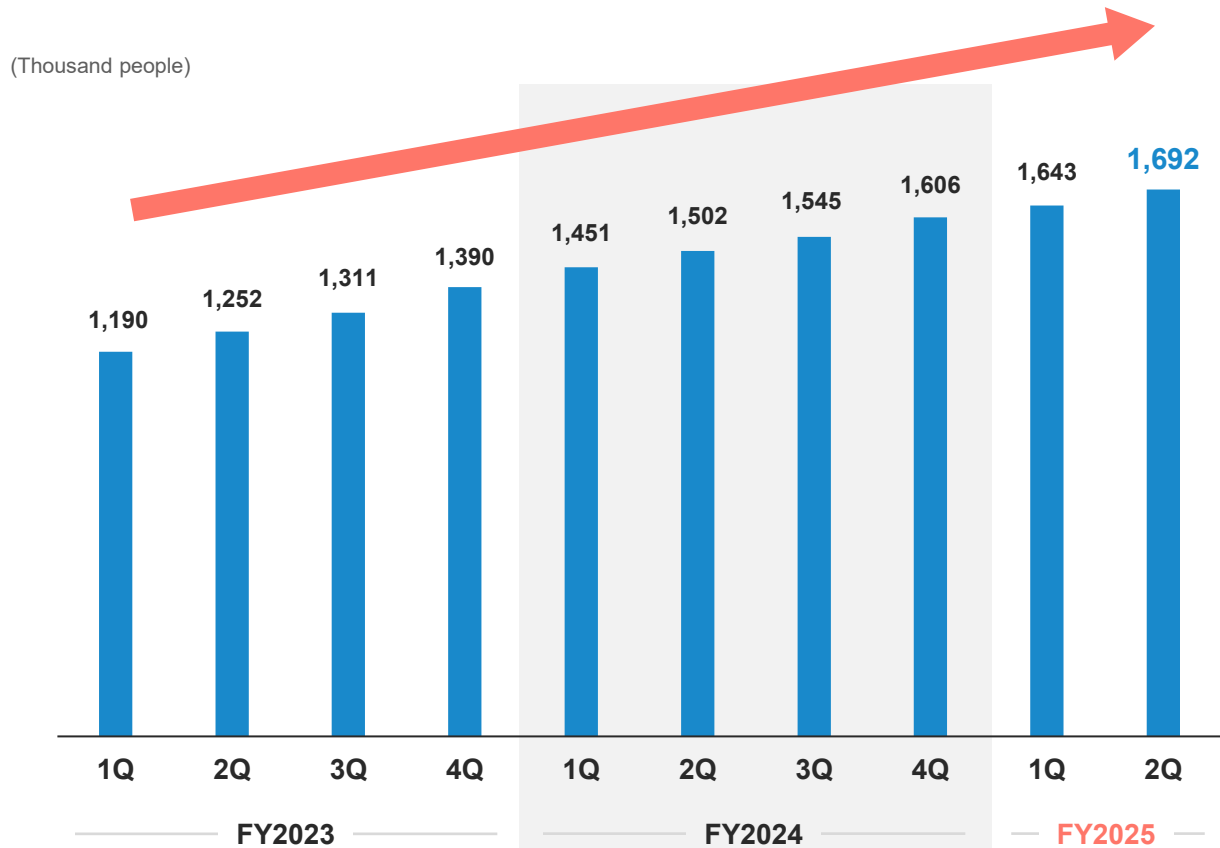
\* Revenue related to the DOKODEMO business and to research and development expenses is excluded from net sales used as the basis for calculating the SG&A expense ratio, and therefore this data does not match the SG&A expense ratio on the statement of income.

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

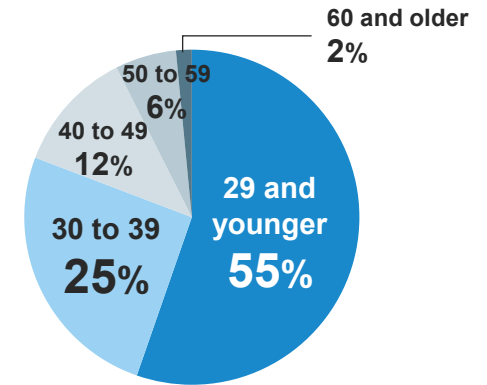


Membership of the flagship store is steadily increasing, with strong support from people in their 20s and 30s.

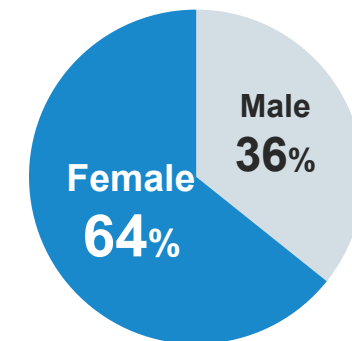
Trend in membership of flagship store



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 answered they had 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



**Smart side table**  
7,000 yen (tax included)



**Simple modern bed frame**  
from 29,990 yen (tax included)



**Living room table**  
19,990 yen (tax included)



**Turkish rug**  
16,990 yen (tax included)

### Other



**Electric coffee grinder**  
5,990 yen (tax included)



**Electric kettle with temperature control function**  
5,990 yen (tax included)

\* All sales prices listed here are current as of October 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. **1.61 million smartphone app** downloads, and more than **1.09 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 September 30, 2024)

 Smartphone app **1,610,000** downloads (cumulative)

 Instagram **1,090,000** followers

 TikTok **300,000** followers

 YouTube **140,000** channel subscribers

### LOWYA official app



### LOWYA official social media accounts

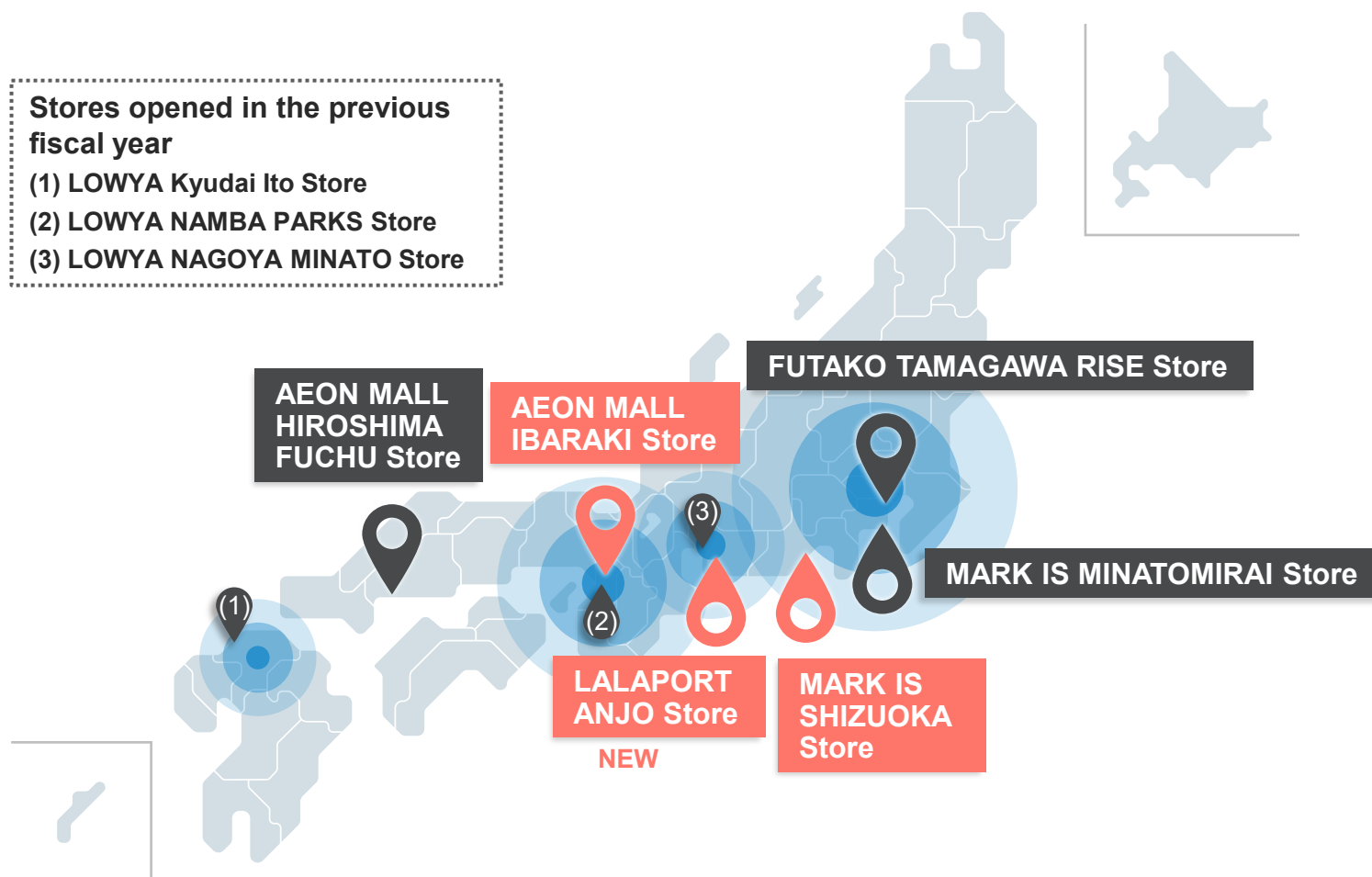




The Company opened stores in **Yokohama** in August 2024, **Tokyo** in September 2024, and **Hiroshima** in October 2024. In addition, it plans to open stores in **Osaka (Ibaraki)** and **Shizuoka** in November 2024. Also, it has decided to open a store in **Aichi (Anjo)**.

**Stores opened in the previous fiscal year**

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



Category	Store name	Opening date	Store location
Already opened	<b>LOWYA MARK IS MINATOMIRAI Store</b>	August 10, 2024	MARK IS Minatomirai (Nishi Ward, Yokohama City, Kanagawa Prefecture)
	<b>LOWYA FUTAKO TAMAGAWA RISE Store</b>	September 14, 2024	Futako Tamagawa Rise Shopping Center Town front (Setagaya Ward, Tokyo)
	<b>LOWYA AEON MALL HIROSHIMA FUCHU Store</b>	October 5, 2024	AEON MALL Hiroshima Fuchu (Aki District, Hiroshima Prefecture)
Scheduled to open	<b>LOWYA AEON MALL IBARAKI Store</b>	November 2, 2024 (scheduled)	AEON MALL Ibaraki (Ibaraki City, Osaka Prefecture)
	<b>LOWYA MARK IS SHIZUOKA Store</b>	November 30, 2024 (scheduled)	MARK IS Shizuoka (Shizuoka City, Shizuoka Prefecture)
	<b>LOWYA LALAPORT ANJO Store (tentative name)</b>	April 2025 (scheduled)	Mitsui Shopping Park LaLaport ANJO (Anjo City, Aichi Prefecture)







The Company opened actual stores continuously from August to October 2024.

### Actual store No. 4

**August 2024**

Opened at MARK IS Minatomirai,  
Yokohama City, Kanagawa Prefecture.



### Actual store No. 5

**September 2024**

Opened at Futako Tamagawa Rise  
Shopping Center Town front,  
Setagaya Ward, Tokyo.



### Actual store No. 6

**October 2024**

Opened at AEON MALL Hiroshima Fuchu,  
Aki District, Hiroshima Prefecture.





The Company opened a fourth actual store at **MARK IS Minatomirai, Yokohama City, Kanagawa Prefecture**, in August 2024.

### Appearance



### On the opening day







The Company opened a fifth actual store at **Futako Tamagawa Rise Shopping Center Town front, Setagaya Ward, Tokyo**, in September 2024.

Appearance



On the opening day







The Company opened a sixth actual store at **AEON MALL Hiroshima Fuchu, Aki District, Hiroshima Prefecture**, in October 2024.

### Appearance



### On the opening day





The Company plans to launch **Oku ROOM®**, an in-house developed 3D furniture placement simulation app, in November 2024. The app supports the creation of an ideal room by simulating room coordination with simple operations.

## Create your ideal room with a smartphone. A 3D furniture placement simulation app

Patent pending

No interior design knowledge? No problem! Just enter your room size and budget to automatically generate unlimited rooms tailored to your style!

Experience the room coordination prepared by professionals in 3D environments!



\* The images are under development.

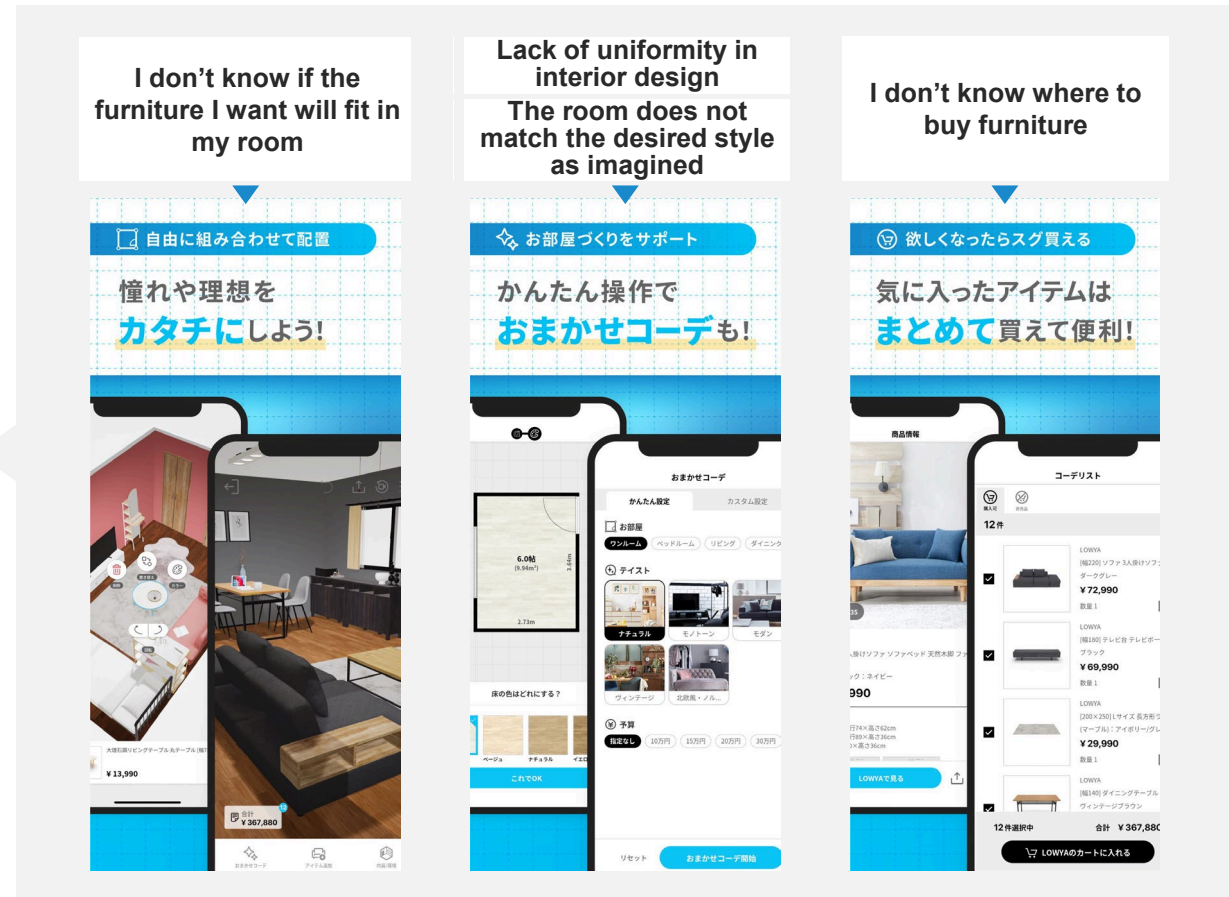
### Point

- Free of charge
- Easy operation
- AI automatic coordination generation function is available
- You can refer to coordination prepared by professionals
- You can purchase all furniture through the official LOWYA app





AI automatically generates room coordination using LOWYA furniture to solve your room arrangement problems. You can purchase items you like directly through the official LOWYA app.



\* The images are under development.

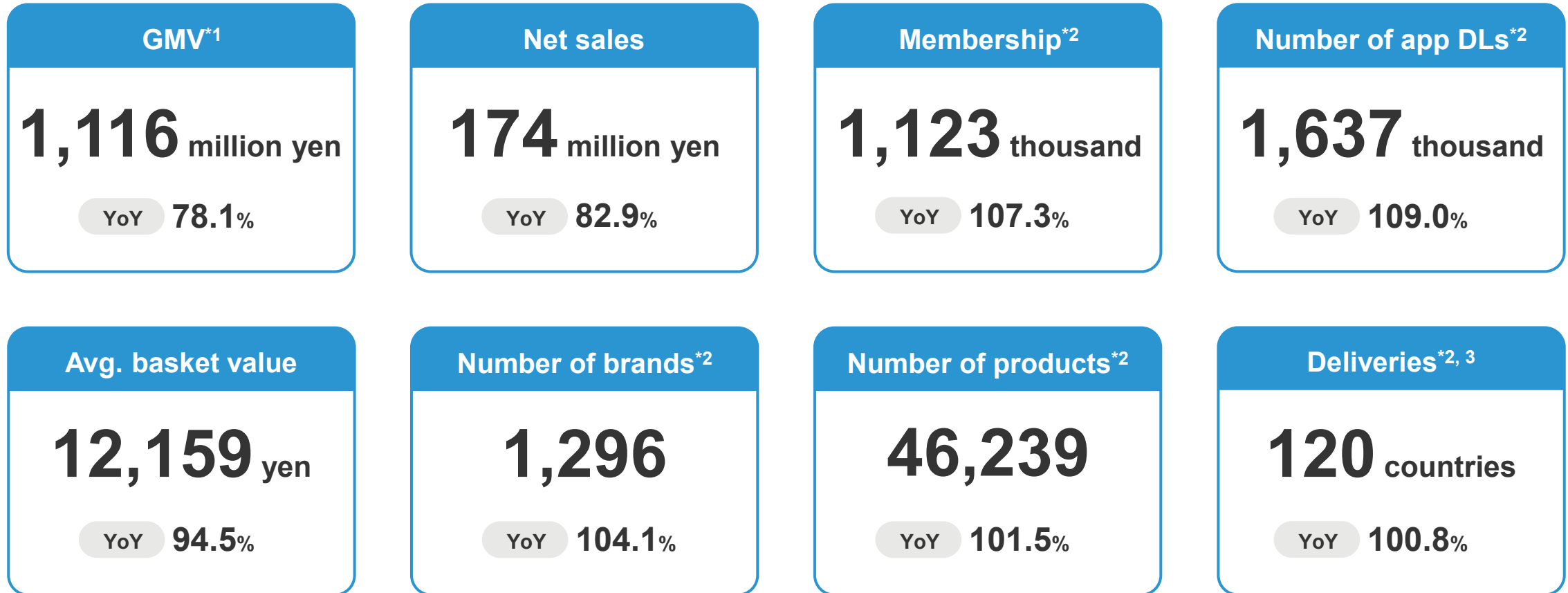


# 3

## 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 **1,116 million yen (78.1% YoY)**, and net sales were **174 million yen (82.9% YoY)**. **Membership and the number of app DLs remained steady.**



\*1. Gross Merchandise Value

\*2. As of September 30, 2024

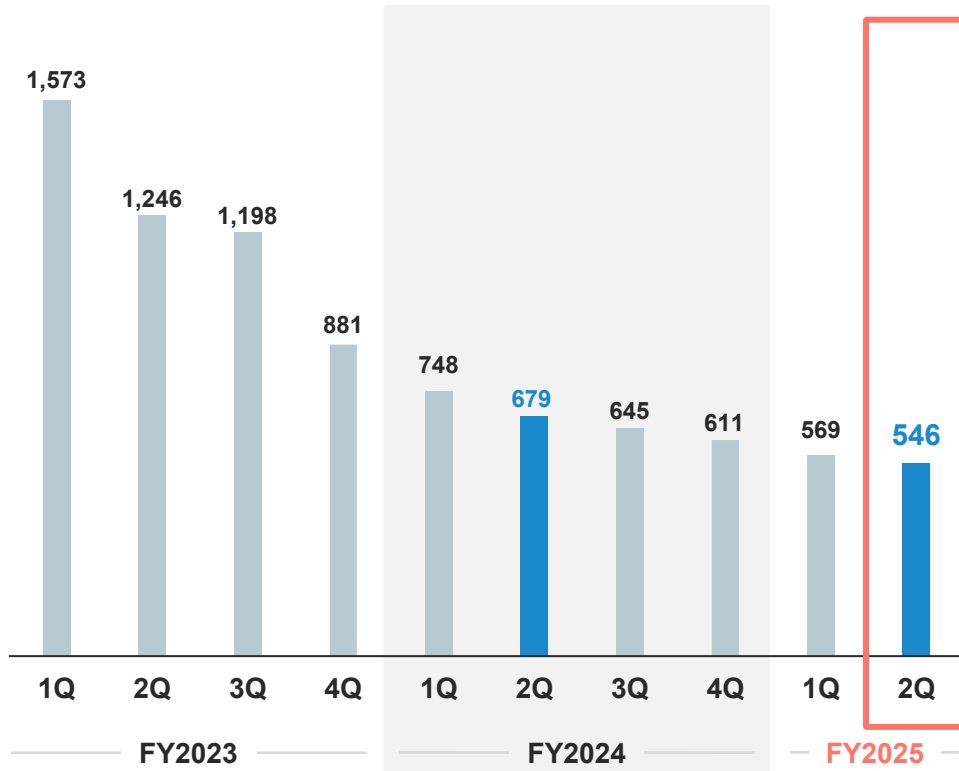
\*3. Number of countries and regions to which deliveries were made (cumulative)



The Company **optimized promotion expenses and advertising expenses** in an effort to improve profitability. As a result, GMV was **546 million yen**, and the business balance was a **loss of 3 million yen**.

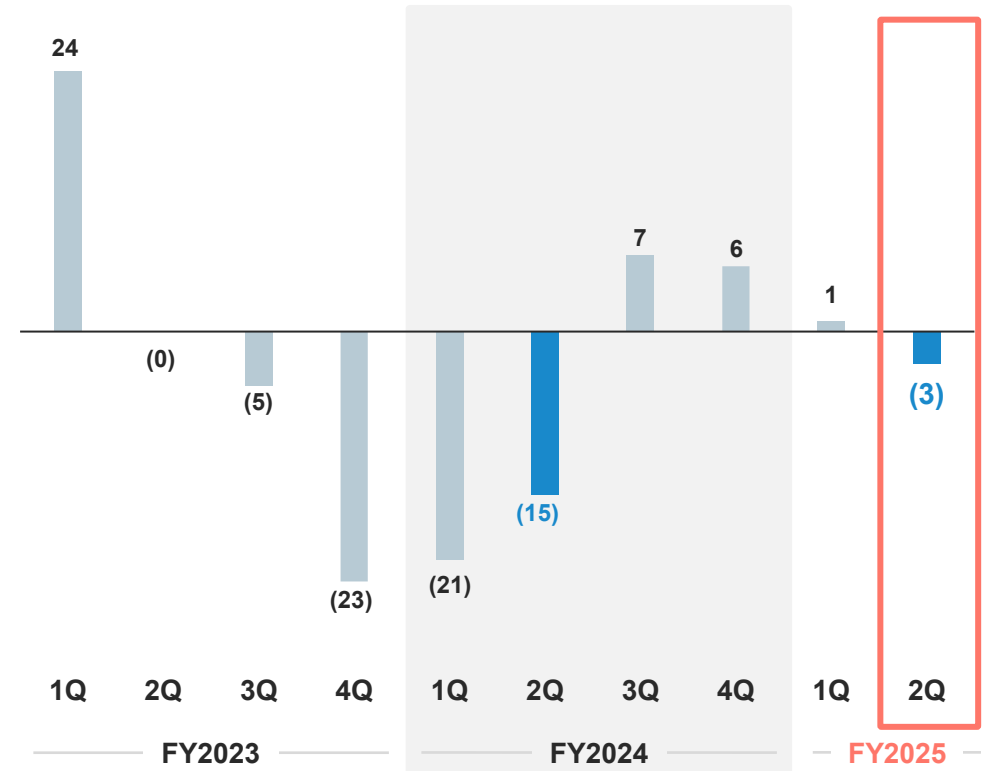
GMV

(Million yen)



Net Business Income

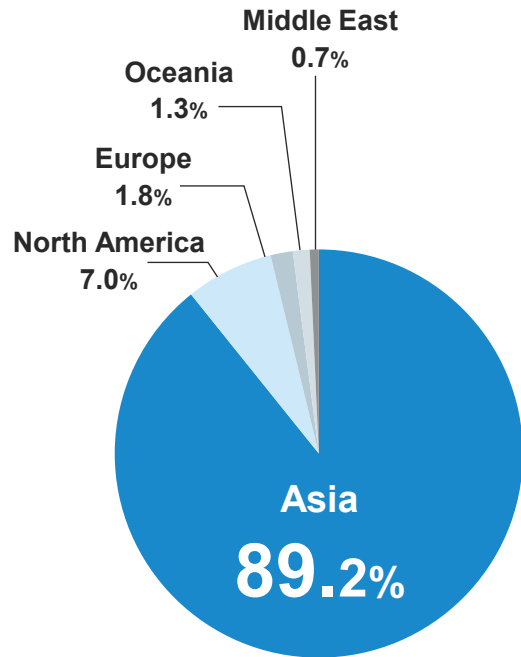
(Million yen)



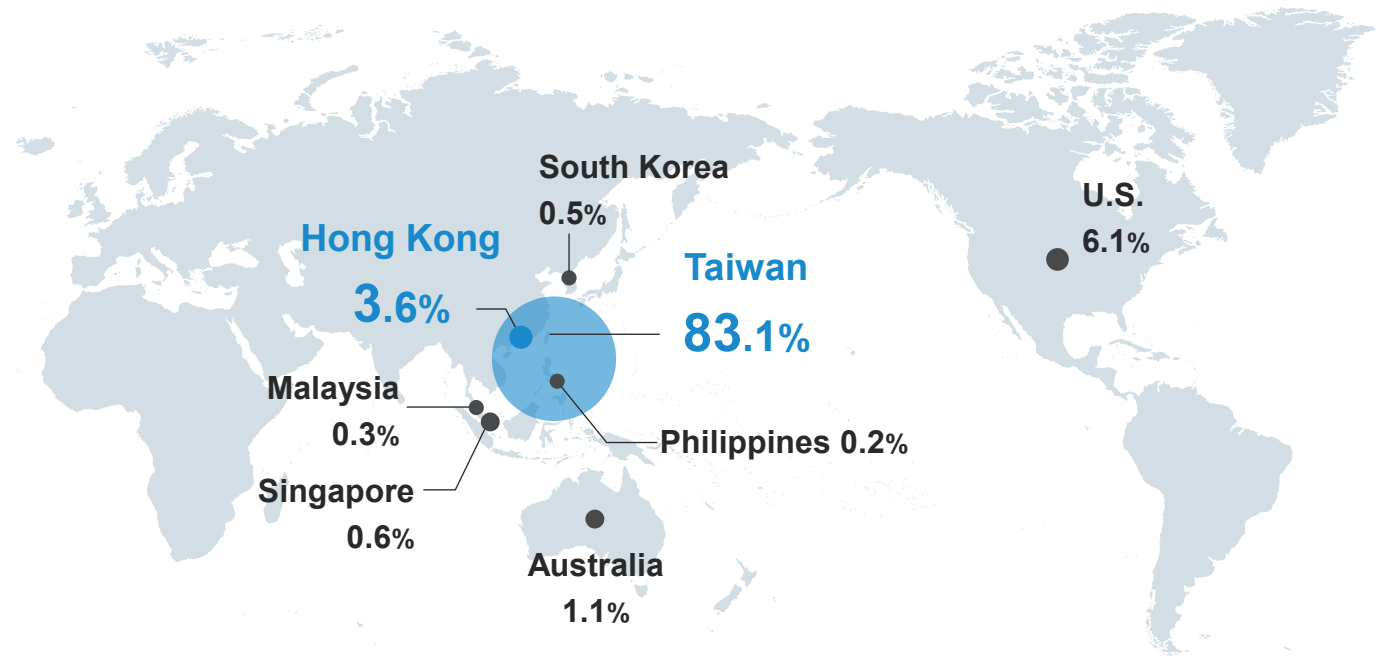


Deliveries to Asia, mainly Taiwan, account for about 90% of GMV.

By region



By country



\* Proportion of deliveries by country is calculated based on the ratio of GMV from April 2024 to September 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 ended March 31, 2024 Results	Fiscal year ending March 31, 2025 Forecast	Increased or decreased amount	YoY
Net sales (million yen)	16,063	17,000	+936	105.8%
Operating profit (million yen)	771	1,200	+428	155.5%
Ordinary profit (million yen)	790	1,200	+409	151.8%
Profit (million yen)	394	720	+325	182.6%
Basic earnings per share (yen)	37.8	69.7	-	-

# 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.

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.