



**TSE 1st Section Code: 3093**

**Plan Toward Being Eligible  
for Continued Listing  
Criteria for New Market  
Segment**

**Treasure Factory Co., Ltd.**

**December 15, 2021**

# Status of Eligibility for Continued Listing Criteria

## ● Status of Eligibility for Continued Listing Criteria

As of the standard date of transition (June 30, 2021), the Company does not meet the following continued listing criteria for the Prime Market.

	Criteria for eligibility for continued listing on the Prime Market	The Company (as of the standard date of transition)
Market capitalization of tradable shares	10 billion yen	5.6 billion yen

## ● Period of the Plan

The period to execute the Plan Toward Being Eligible for Continued Listing Criteria for New Market Segment (“the Plan”) shall be three fiscal years from the end of the current fiscal year ending February 2022 (FY2022) to the end of the fiscal year ending February 2025 (FY2025). The Company will carry out the initiatives described in the Plan and in the Medium-Term Management Plan already announced on April 14, 2021.

## ● Reason for selecting the Prime Market

The Company aims to increase its market capitalization and improve its corporate value in the uptrending reuse market by achieving continuous growth in sales and profits in accordance with its Medium-Term Management Plan. The Prime Market requires listing companies to have a high level of liquidity and appropriate level of market capitalization, to keep a higher quality of corporate governance, and to commit to sustainable growth and improvement of medium- to long-term corporate value, and the Company has prospects of achieving the levels of the Prime Market on a medium-term basis. Going forward, in order to achieve sustainable growth in the stock markets, the Company determines that it is in the best interest of the Company to select and apply for listing on the Prime Market. Based on the results of future forecasts of the Company’s market capitalization of tradable shares in view of the Medium-Term Management Plan, the Company expects to meet the eligibility criteria for the Prime Market as of the end of FY2025. (\*For business forecasts and prospects for market capitalization of tradable shares, please refer to page 3 onward of this document.)

# Medium-Term Management Plan for FY2022-FY2025 [Newly Announced Plan for FY2025]

The Company has updated its Medium-Term Management Plan previously announced in April 2021 (FY2022-FY2024) to extend the period through FY2025.

With the promotion of SDGs and efforts to create a more sustainable society, people are taking greater steps towards the concept of reuse. In the reuse market that is expected to grow further, the Group as a whole will strive to continue achieving an average annual growth rate of 10% to maintain stable profit growth around its core reuse business.

Four-year average  
of annual growth  
rates (CAGR)

	FY2022	FY2023	FY2024	FY2025	
<b>Net sales</b>	22,600 million yen	25,000 million yen	27,800 million yen	31,000 million yen	11.1%
<b>Ordinary profit</b>	820 million yen	1,040 million yen	1,320 million yen	1,580 million yen	24.6%
<b>Ordinary profit ratio</b>	3.6%	4.2%	4.7%	5.1%	—
<b>Profit attributable to owners of parent</b>	540 million yen	680 million yen	870 million yen	1,050 million yen	24.9%
<b>Stores opened per year</b>	15-20 stores	20-25 stores	25-30 stores	25-30 stores	—

\*Plans for FY2022-FY2024 have not been changed from the figures initially announced on April 14, 2021.

## Assumptions and notes on the Plan

- Growth of existing stores are assumed to be as usual when incorporating in the Plan.
- As there are many uncertain elements related to M&A, increase in profit and expenses for M&A including intermediary fees are not included in the Plan.
- The Plan may be impacted in the event the Company fails to secure the number of new store properties as originally assumed.
- The Plan may be significantly impacted in the event of unexpected situations such as the spread of COVID-19.
- The Medium-Term Plan may be revised as necessary.

# Management Policies to Achieve the Medium-Term Management Plan

## Policy 1

### Development of reuse business

- (1) Open 20-30 new stores per year mainly in the Kanto, Kansai, Chubu, and Kyushu regions to expand the reuse network. These stores will serve as physical purchase and sales locations and also as hubs for online sales.
- (2) Through recovery of earnings of the Group's reuse companies, achieve continuous contribution to consolidated profit.

## Policy 2

### Investment in new businesses

- (1) Expand the distribution bases in Kanto and Kansai regions for full-scale deployment of the B2B auction business.
- (2) Accelerate growth by offering our original moving & removal plus purchasing services at the same time. In addition to partnering with moving companies, the Company will have its own moving & removal division to provide moving services.
- (3) Continue investing in the rapidly growing rental business to create a new pillar of business.

## Policy 3

### Growth in overseas markets

- (1) The Thailand business turned a single-year profit in the fiscal period ended November 2021 and will establish a stable profit structure and promote the opening of new stores going forward.
- (2) In Taiwan, which the Company newly entered, aim for early opening of the first store to establish a reuse business model and achieve a single-year profit.

## Policy 4

### Growth through M&A

Actively conduct M&A of companies that can supplement the Company's business, including other reuse companies and moving companies, which will enable us to leverage synergies within the Group.

## Policy 5

### Growth through investments in digital transformation

Utilize the development capabilities of the Company's systems division and the system developer subsidiary to streamline operation using AI, improve the efficiency of appraisals, and create opportunities for new purchases and sales through digital investments to increase the Group's revenue.

# Competitive Advantages of the Company

The Company has established competitive advantages by creating a unique business model. Based on its system development capabilities, the Company will constantly improve its business model and services to maintain its competitive advantages in a sustainable manner.

## Purchasing in multiple categories through multiple channels

- Purchasing of approximately 1.2 million purchases of approximately 10 million items through in-store, home-visit, home-delivery purchases, purchases from companies, purchases in moving & removal, and purchases through auctions (for each, 20% increase year on year).
- Capable of purchasing in all genres by utilizing the system for general reuse

## Multiple-store operation in diverse business categories

- By possessing diverse business categories, the Group has established a multiple-store operation system which allows opening of new stores in various locations
- By handling different categories, different types of Group stores can be located close to each other

## Reduction of inventory turnover period with the use of in-house auction capabilities

- Cash out early items that are difficult to sell in general retail and slow moving inventory through the use of in-house auction
- Having the auction channel enables the Company to purchase a broader range of items, leading to increased purchasing

## System development and data analysis capabilities

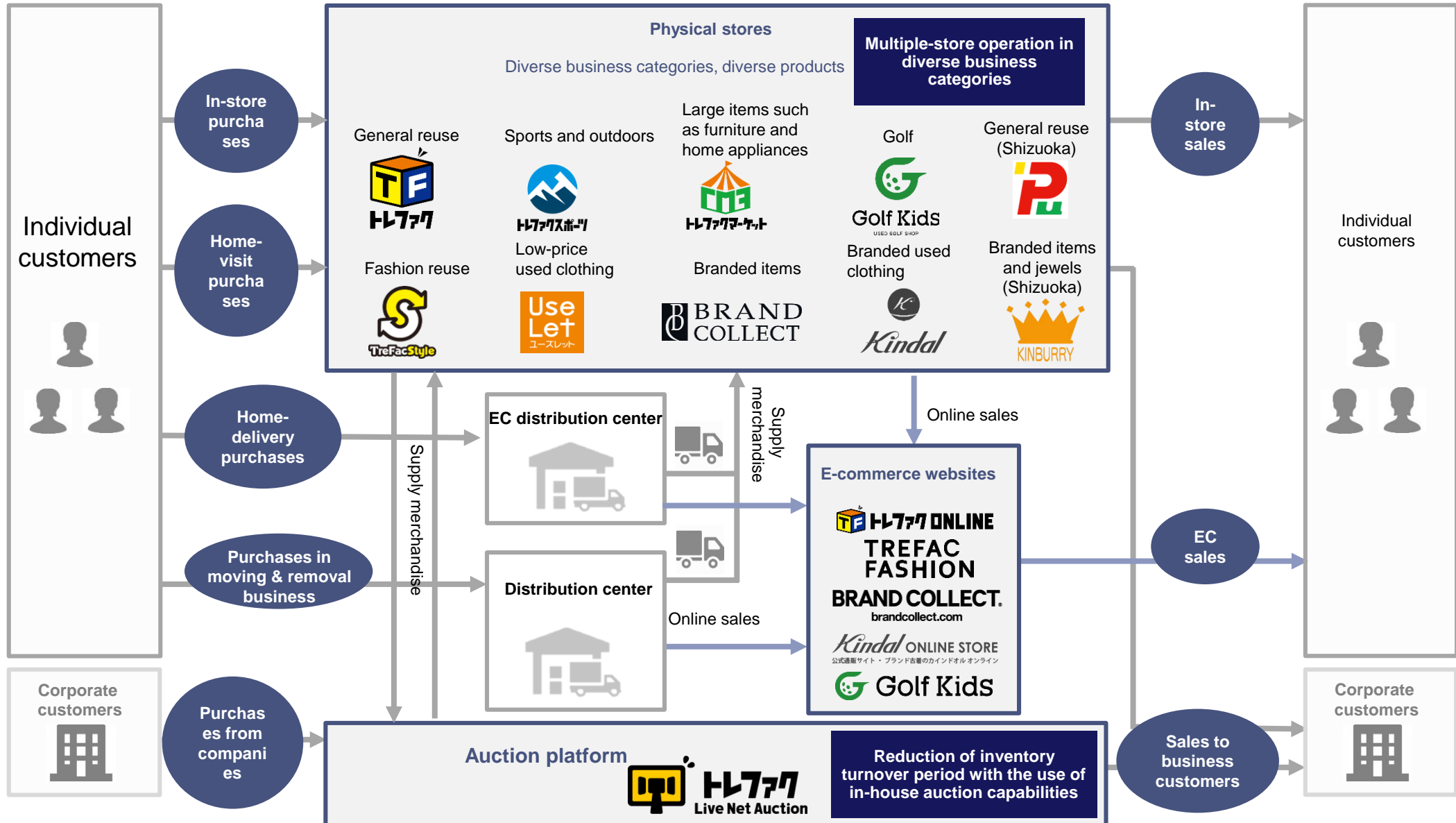
- With its in-house systems development division and subsidiary for system development, the Group will develop its own systems, apps, and online sales systems to make improvements quickly
- Established a system in which data is updated on a real time basis, data of all bases are shared, and the PDCA cycle based on data analysis is rapidly reflected

# Business Model to Achieve Competitive Advantage

Multiple channels: Expand purchases, the core of the reuse business

Multiple business lines: Sell diverse products through appropriate channels

Purchasing in multiple categories through multiple channels



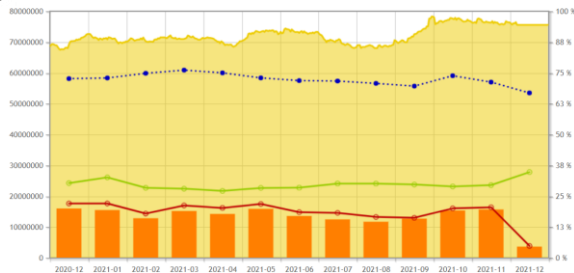
# System Development Capabilities to Achieve Competitive Advantage

- With its own systems division, the Company has developed its own mission-critical systems including the POS system and appraisal system, as well as data analysis tools to visualize performance on a real-time basis.
- In January 2019, the Company acquired a system development company through M&A. In collaboration with the Company's systems division, the new subsidiary has developed an online auction system for the Group's new business, CRM system, and Company apps.

## ◆ Self-developed mission-critical system specifically for reuse business



- Appraisal data
- Appraisal system
- Sales and purchases results management
- Inventory management etc.
- Business results management
- Customer management etc.



## ◆ Self-developed E-commerce websites

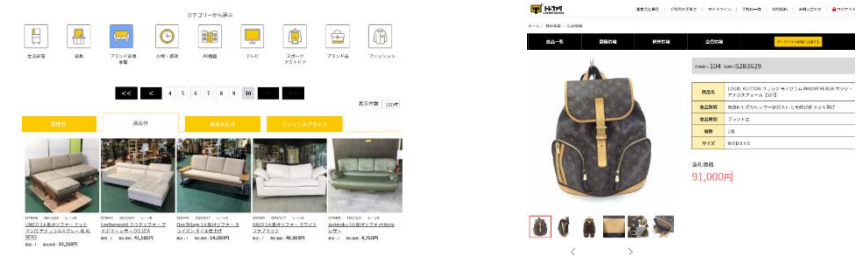


- Improved the usability of the Company's e-commerce websites amidst the pandemic
- Streamlined the listing tasks through system improvements, almost doubling both sales and number of items offered



## ◆ Self-developed online auction system

- Launched in March 2020 as a new business
- Modified the system quickly to support business expansion



## ◆ Self-developed Treasure Factory App



- 1,750,00 app members
- App sends notifications of receipt, completion of purchases, etc.
- Plan to add new functions such as to make payment for purchases by e-money

## Achievements in the First Term (FY2022)—In Process

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Despite the COVID-19 pandemic, the Group opened record-high new stores while existing stores also performing strongly. Performance of reuse business of each subsidiary was steady as they take actions towards achieving the Group's consolidated profit and loss plan.

### ◆ Net sales at existing stores (non-consolidated)

- Nov. 2021, single month: Net sales 104.3% year on year
- Mar.-Nov. 2021, cumulative: Net sales 108.1% year on year

### ◆ New stores

- Seventeen new stores opened on non-consolidated basis (record-high number of stores opened during the year)

Breakdown by business category: 7 general reuse stores; 8 Treasure Factory Style stores; 2 Brand Collect stores

Breakdown by region: 10 stores in Kanto; 3 stores in Kansai; 3 stores in Chubu; 1 store in Kyushu

- Newly opened stores generally enjoyed strong sales

### ◆ Major Group companies

- While inbound demand has not yet recovered, Kindal, which operates reuse business, regained profit and is expected to turn a large profit
- PickUP JAPAN has shown steady growth in net sales since inclusion in the consolidated Group this fiscal year, contributing to the Group's profit

### ◆ Overseas business

- The Thailand subsidiary is expected to turn a single-year profit in the fiscal period ended November 2021



# Reuse Business: New Store Opening Plan from FY2023 and Revenue Increase Effects

## ● New store opening plan for FY2023 and revenue increase from store openings

◆ Breakdown of the 20-25 new stores to be opened during the fiscal year



◆ Breakdown of revenue increase

Plan 10% increase in revenue from growth of existing stores, sales generated at new stores, and growth of other businesses

	Non-consolidated				Group companies	Consolidated
	Existing stores	New stores	Other business	Total		
Revenue increase (% , amount)	8-10%	1.0-1.2 billion yen	30%	10%	3-5%	10%

## ● New store opening plan for FY2024 and FY2025 and revenue increase from store openings

◆ Breakdown of the 25-30 new stores to be opened during the fiscal year



◆ Breakdown of revenue increase

Plan 10% increase in revenue from growth of existing stores, sales generated at new stores, and growth of other businesses

	Non-consolidated				Group companies	Consolidated
	Existing stores	New stores	Other business	Total		
Revenue increase (% , amount)	10-12%	1.4-1.7 billion yen	20%	10-12%	3-5%	11%

# High Priority Businesses—New Initiatives



## ◆ B2B auction business: Expand as a new profit-making business and contribute to improving inventory turnover of reused items

### Auction for general reuse items •

Operating B2B online auction for general reused items; membership base is growing strongly

- Currently held once a month in Kanto region

Auction for branded items • Held once a month in Kanto region

### Policy going forward

- Expand the distribution center in Kanto (to begin operation in Jan. 2022) to expand the auction business
- Expand the distribution center in Kansai (scheduled to begin operation in Mar. 2022) and launch the auction business in Kanto around spring 2022, following Kanto



トレジャー引越

## ◆ Moving & Removal business: Aim to expand the business as a unique service with integrated purchase capabilities

### Develop the service offering moving & removal and purchase at the same time

• Provide a one-stop service of purchase and moving, in partnership with moving companies

- A unique service that the Company can offer thanks to its capabilities to reuse items unwanted at the time of moving

### Policy going forward

- Launch an in-house moving service  
Open a new sales base in Saitama Prefecture to begin offering our own moving services around spring 2022
- Going forward, expand the business by combining our in-house services with those of partner moving companies



# High Priority Businesses—New Initiatives



## ◆ Rental business: A new profit-making business in the era of sharing

### Operating two separate sites for rental of dresses and for rental of formal suits for funerals

- Achieving continuous growth as an online dress rental service  
Started rental of formal suits for funerals from April 2021  
Seeing large growth as events and occasions started to resume amidst the COVID-19 pandemic

### Policy going forward

- Expand new offerings in response to the growing demand for rental/sharing services

### Site for dress rental



### Site for rental of formal suits for funerals



# Growth Policy Going Forward for Group Companies in Japan



## ◆ Kindal regained both sales and profit in FY2022, and will aim for further increase in revenue and profit

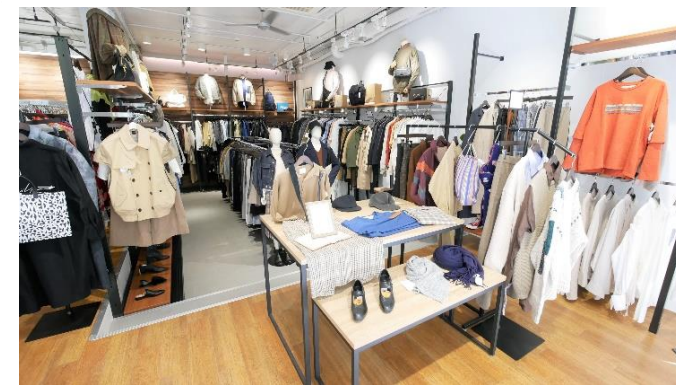
### Business scale/performance

- Sales of 2.5 billion yen, operating income ratio improved to around 4%
- EC ratio is relatively high at 43%, making up for the drop in inbound demand

### Growth policy

- Aiming for further growth in sales, differentiate the business in the branded items reuse category through stores in metropolitan areas (Shibuya, Harajuku, Osaka Shinsaibashi, etc.) and online stores
- Promote improvement of operating income ratio, aiming for 5%

Kindal Nakameguro Store



## ◆ PickUP JAPAN was consolidated into the Group in FY2022 and is contributing in both sales and profit

### Business scale/performance

- Sales of 2.0 billion yen, operating income ratio of around 4%
- Improved profitability by strengthening the handling of apparel, furniture, and other items

### Growth policy

- To achieve growth in the three pillars of business (general reuse, branded item reuse, and pawnbroking), enhance HR training and data analysis capabilities and aim for further sales increase
- Promote improvement of operating income ratio, aiming for 5%

General Reuse Stores, PickUP



Branded items & jewelry specialist, Kinburry



# Growth Policy Going Forward for Group Companies in Japan



## GK Factory is enjoying strong online sales with the surge of popularity in golf, and strengthening collaboration with Treasure Factory

### Business description

- Operating one directly-managed store and 14 franchise stores
- The directly-managed store was relocated from Koshigaya, Saitama Prefecture to Adachi, Tokyo in April 2021 to develop new customer segments

### Growth policy

- Collaborate with Treasure Factory in the appraisal of golf equipment  
Aim for expansion of purchase and sales of golf equipment as a Group

### GOLF Kids Adachi Store



## ◆ Subsidiary for system development contributes to the promotion of digital transformation of the Group as dedicated system developer

### Business description

- Contributes to the development of the Group's e-commerce, apps, and various systems
- Applies its expertise to development projects inside and outside the Group

### Growth policy

- Promote the digital transformation within the Group and serve as pillar of the Group's system development business

### Example of development project: Auction System



# Growth Policy Going Forward for Overseas Businesses

## ◆ Business in Thailand became profitable for the first time in FY2022 despite the COVID-19 pandemic

### Business scale/performance

- Currently operating three directly-managed stores
- Expected to turn a single-year profit for the first time in FY2022
- Gross profit ratio improved dramatically

### Growth policy

- Aim for increase in revenue and profit from existing stores and further opening of new stores

Sukhumvit 39 Store in Bangkok, Thailand



## ◆ Business in Taiwan will begin full-scale opening of new stores in FY2023

- **Business in Taiwan established in April 2021**
- **Planning to operate reuse business**

### Growth policy

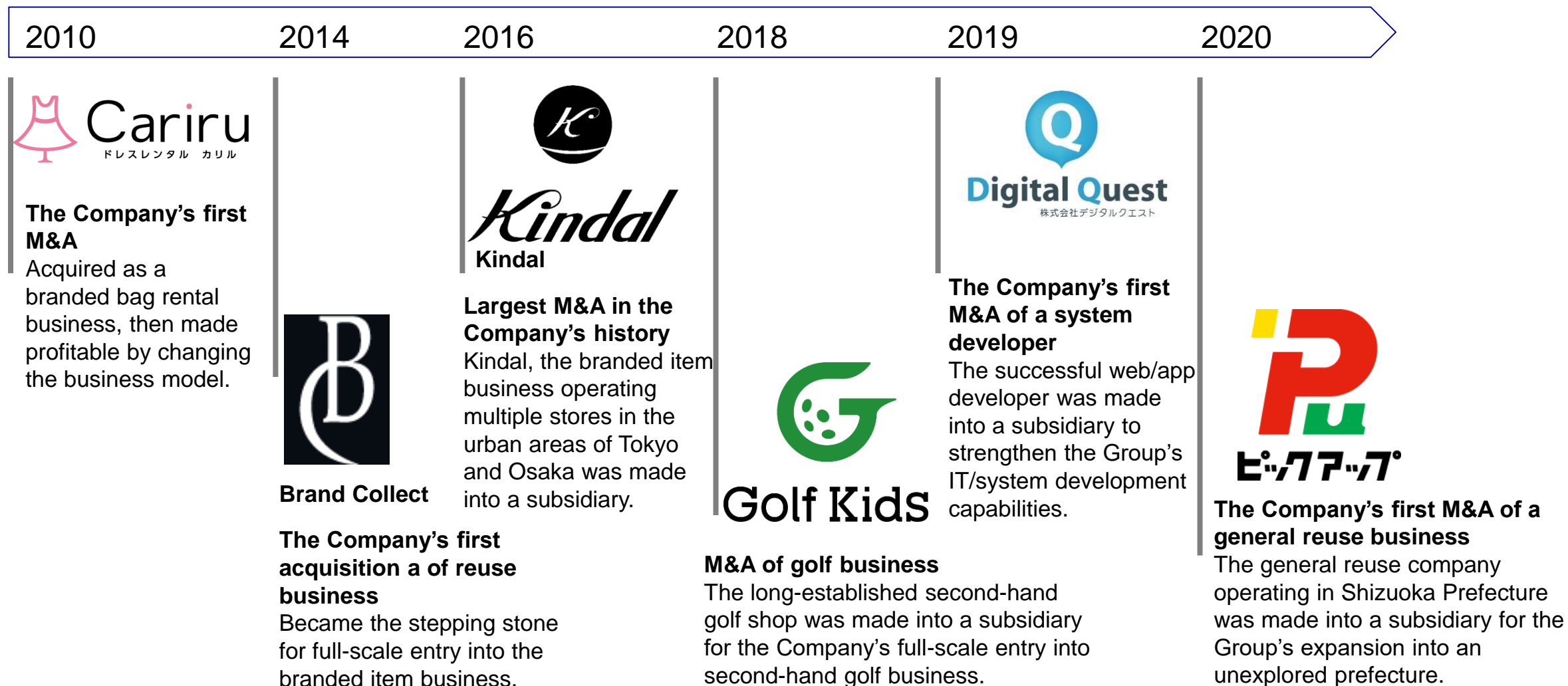
- Aim for early opening of the first store to establish a reuse business model in Taiwan

## Growth through M&A

The Company has acquired two businesses and established four subsidiaries since 2010. Going forward, the Company will promote capital tie-ups and M&A with other reuse business operators to leverage synergies, and expand other new businesses such as moving & removal through M&A.

The impacts of future M&A are not reflected in the Medium-Term Management Plan (p. 3) or the Funding Plan (p. 18).

### M&A to date



# Capital Policy and Shareholder Return Policy

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## ● Capital policy

- **Increase capital through exercise of share acquisition rights (2 years from June 2022) to raise up to approximately 790 million yen (maximum 744,000 new shares to be issued)**  
However, rights are exercisable only if FY2022 results meet the performance criteria.
- **Cancel 386,000 shares of treasure shares in a timely manner**

## ● Dividend policy and increase of target payout ratio

- **Continuously pay out dividends in line with earnings by taking into consideration the balance between shareholder returns and the need to strengthen the financial foundation by bolstering internal reserves**
- **Raise the target dividend payout ratio from the current 25% or higher to 30% or higher**
- **Dividend outlook**  
**The Company plans to increase dividends in line with the continuous growth of net income. (For details, see the following page.)**



# Outlook for ROE, Dividends, and Dividend Payout Ratio

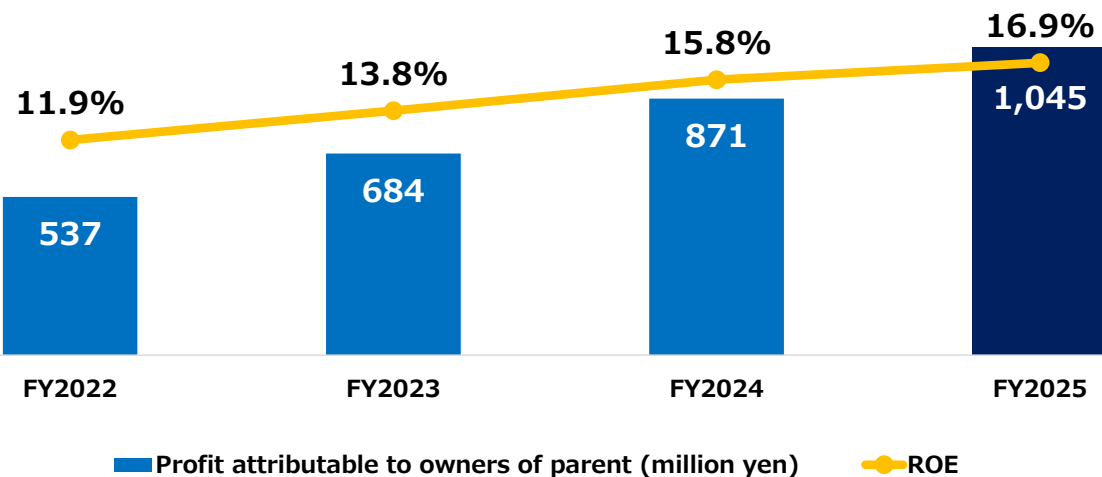
## ● Outlook for net income, return on equity (ROE), profit per share, dividends, and dividend payout ratio

	FY2022	FY2023	FY2024	FY2025
Profit attributable to owners of parent (million yen)	537	684	871	1,045
ROE	11.9%	13.8%	15.8%	16.9%
Profit per share (yen)	47.50	60.01	74.00	87.40
Expected dividends (yen)	16	20	24	28
Dividend payout ratio	33.7%	33.3%	32.4%	32.0%

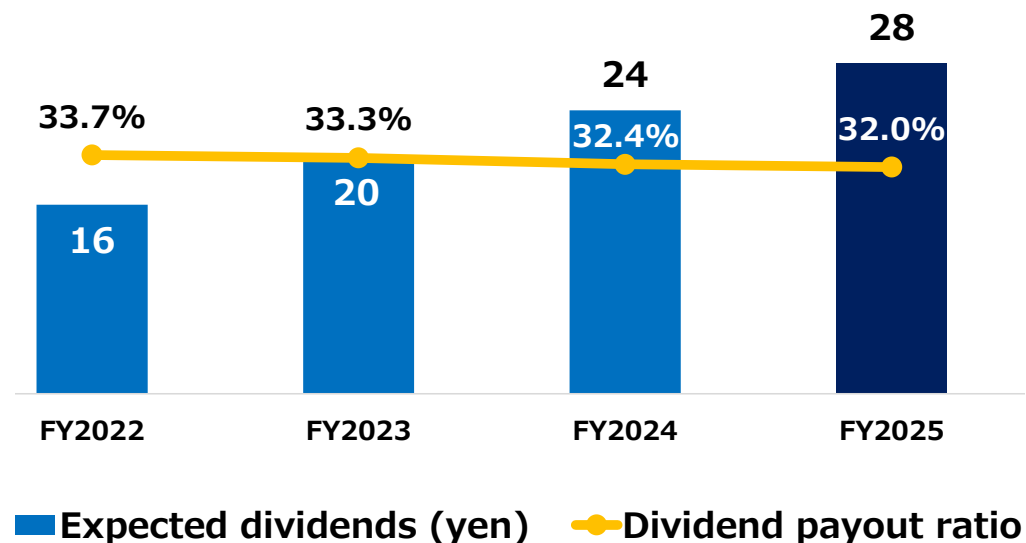
\*Profit per share is calculated on the assumption that 744,000 new shares will be issued through the exercise of share acquisition rights, and that all treasury shares that the Company currently holds are canceled.

\*Expected dividends may change due to status of business results, etc.

### Changes in Net Income and ROE Forecasts



### Dividend Outlook and Dividend Payout Ratio



# Funding Plan for FY2023 and FY2025

## ● Funding plan

- Operating cash flows expected to hover between 500-800 million yen per year
- Procure funds of up to approximately 790 million yen by increasing capital through exercise of share acquisition rights (2 years from June 2023)  
However, rights are exercisable only if FY2022 results meet the performance criteria.
- Bank loans: net increase of 300-500 million yen in accumulated total over 3 years
- Procure funds of 3,300-3,500 million yen in accumulated total over 3 years.

## ● Capital investment plan

- Investments in new stores: 800-1,000 million yen per year
- Investments of approximately 2,700 million yen in accumulated total expected to be made over 3 years (including investments in store facilities and security deposits for new stores)

## ● Shareholder return plan

- Outlook for total dividends based on dividend forecast  
FY2023: approximately 230 million yen  
FY2024: approximately 284 million yen  
FY2025: approximately 334 million yen  
  
Three-year total: approximately 848 million yen
- Purchase of treasury shares will be conducted in a timely manner based on the status of funds on hand and trends in number of tradable shares

# Prospects for Market Capitalization of Tradable Shares

- Theoretical stock prices based on profit per share forecast and estimated price earnings ratio (PER)

		FY2023	FY2024	FY2025
Profit per share (yen)		60.01	74.00	87.40
Theoretical stock prices	PER 20X	Approx. 1,200 yen	Approx. 1,480 yen	Approx. 1,750 yen
	PER 25X	Approx. 1,500 yen	Approx. 1,850 yen	Approx. 2,180 yen

\*Please refer to page 21 for the historical stock prices and consolidated PER.

- **Prospects for market capitalization of tradable shares for FY2025 (by pattern)**

Market capitalization of tradable shares calculated based on theoretical stock prices and potential number of tradable shares as of FY2025 (as shown in the table above)

		Ratio of tradable shares	
		Ratio as at end of Nov. 2021 (44%)	With 5% increase (49%)
Theoretical stock prices	1,750 yen (PER 20X)	Approx. 9.2 billion yen	Approx. 10.2 billion yen
	2,180 yen (PER 25X)	Approx. 11.4 billion yen	Approx. 12.7 billion yen

\*Number of tradable shares are calculated as estimated total number of outstanding shares multiplied by the potential ratio of tradable shares as of FY2025 (see table above).

## Measures to Increase the Number of Tradable Shares

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In order to improve the market capitalization of tradable shares, the Company will implement initiatives to achieve the Medium-Term Management Plan while striving to increase the number of tradable shares.

As measures to increase liquidity in shares to be taken in the immediate future, the Company will increase the number of tradable shares by exercising share acquisition rights.

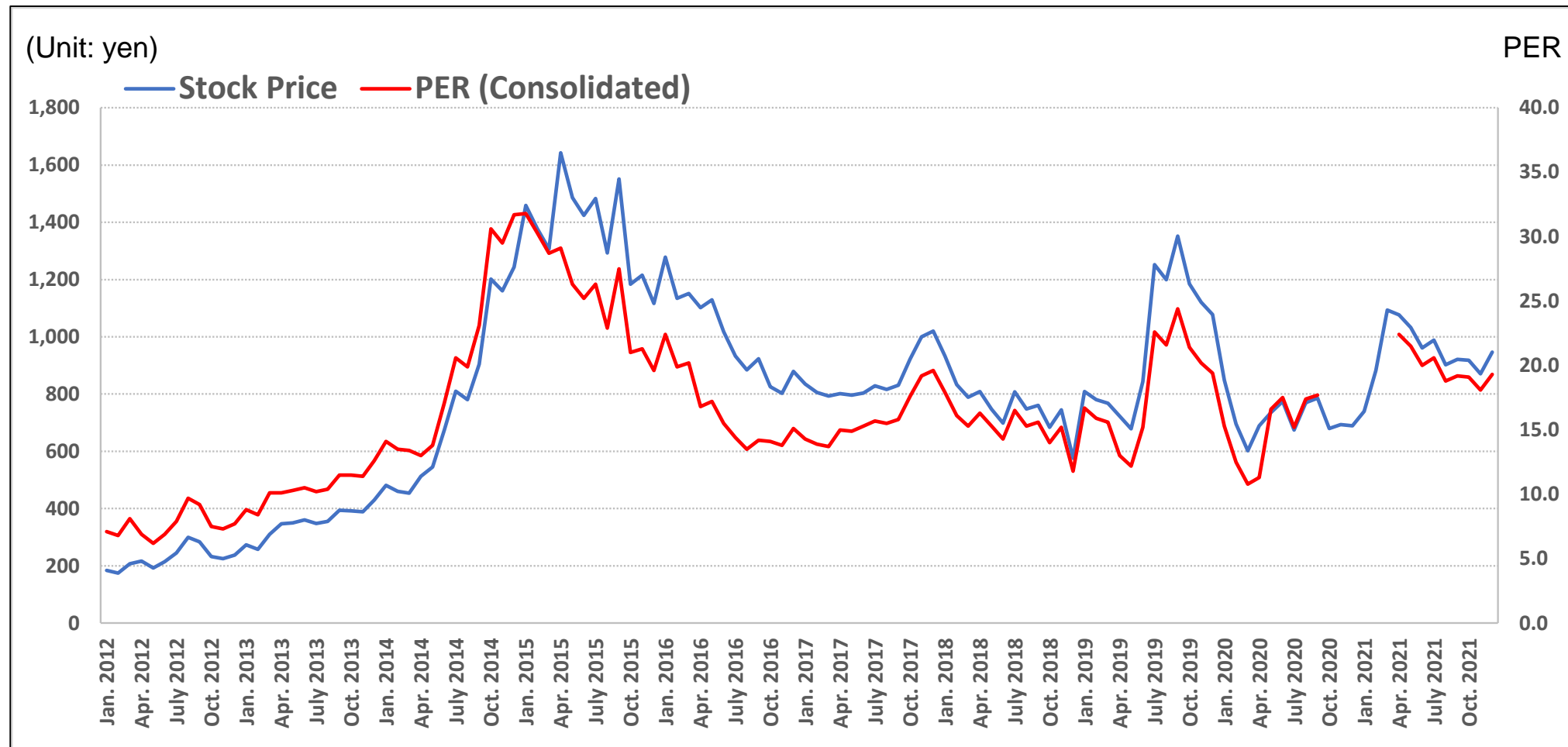
However, rights are exercisable only if FY2022 results meet the performance criteria.

- **Number of tradable shares as at November 30, 2021**

**5,107,000 shares (ratio of tradable shares: approx. 44%)**

# (Reference) Changes in the Company's Stock Price and Price Earnings Ratio (PER)

## Changes in Stock Price and PER (Consolidated) (Period: Jan. 2012-Nov. 2021)



## Disclaimer

This material has been prepared to provide information about the Company and is not intended to solicit investment.

The information provided in the material is based on the Company's judgment at the time of the preparation thereof, and the Company does not guarantee the accuracy of such information.

The Company asks that investors use their own judgment when making investment decisions.

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