

Consolidated Financial Results for the Six Months Ended August 31, 2022

(Japanese Accounting Standards)

October 12, 2022

Company name	Treasure Factory Co., Ltd.	Listings: Tokyo Stock Exchange
Securities code	3093	URL: https://www.treasurefactory.co.jp/
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Submission of statutory quarterly financial report:	October 12, 2022	
Commencement of dividend payments:	November 1, 2022	
Supplementary documents for quarterly results:	Yes	
Quarterly results briefing:	Yes (for institutional investors and analysts)	

(Amounts in millions of yen rounded down to the nearest million yen)

1. Results for the six months ended August 31, 2022 (March 1, 2022 to August 31, 2022)

(1) Operating results (Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2023 Q2	12,825	19.5	1,002	545.7	1,032	469.6	665	—
FY2022 Q2	10,736	28.2	155	—	181	—	45	—

(Note) Comprehensive income: FY2023 Q2 667 million yen (-%)
 FY2022 Q2 38 million yen (-%)

	Profit per share	Diluted profit per share
	yen	yen
FY2023 Q2	59.80	59.39
FY2022 Q2	4.03	—

(2) Financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
FY2023 Q2	12,805	5,550	41.7
FY2022	11,809	4,895	40.0

(Reference) million million
 Shareholders' equity: yen yen

(Reference) Shareholders' equity: FY2023 Q2 5,336 million yen
 FY2022 4,719 million yen

2. Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year end	Total
	yen	yen	yen	yen	yen
FY2022	—	8.00	—	9.00	17.00
FY2023	—	12.00	—	—	—
FY2023 (forecast)	—	—	—	15.00	27.00

(Note) Revisions to dividend forecast published most recently: Yes

3. Results forecast for the fiscal year ending February 28, 2023 (March 1, 2022 to February 28, 2023)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	26,514	13.7	1,943	95.2	1,977	87.6	1,220	73.4	109.56

(Note) Revisions to results forecast published most recently: Yes

* Notes

(1) Changes in important subsidiaries during the six months of the current consolidated cumulative period under review (changes in specified subsidiaries that caused changes in the scope of consolidation): None

Number of new companies (their names): Number of excluded companies (their names):

(2) Adoption of accounting unique to the preparation of quarterly consolidated financial statements: None

(3) Changes to accounting policies, changes of accounting estimates, and revisions and restatements

[1] Changes in accounting policies in accordance with changes in accounting principles: Yes

[2] Changes in accounting policies other than [1] above: None

[3] Changes in accounting estimates: None

[4] Revisions and restatements: None

(4) Number of shares issued and outstanding (common stock)

[1] Number of shares issued at period-end
(including treasury shares)

As of Aug. 31, 2022	11,635,800 shares	As of Feb. 28, 2022	11,598,800 shares
As of Aug. 31, 2022	484,464 shares	As of Feb. 28, 2022	484,431 shares
As of Aug. 31, 2022	11,124,955 shares	As of Aug. 31, 2021	11,212,669 shares

[2] Treasury shares at period-end

[3] Average number of shares issued during the period

* These quarterly financial results are outside the scope of quarterly review procedures conducted by a certified public accountant or audit corporation.

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

Information relating to forecasts stated in this document was based on information available at the time of publication of the document. Actual results may differ materially from the forecasts due to a range of factors. For further information about the results forecast, please refer to (3) Explanation regarding the Information on Forecast including Consolidated Forecasts in 1. Qualitative Information about the Quarterly Financial Results on Page 6 of the attached material.

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1. Qualitative Information about the Quarterly Financial Results

(1) Explanation regarding the Non-consolidated Results of Operations

During the second quarter of the current consolidated cumulative period, Japan saw a surge in the cases of COVID-19 due to the seventh infection wave, whereas people began to go out as often as they did before the pandemic as travel restrictions were lifted. However, the economic outlook remains uncertain because of concerns about the yen's sharp falls and rising prices.

In the reuse industry, the market continues to grow as society works toward the Sustainable Development Goals (SDGs) and turns to reuse more consciously. In these circumstances, demand for purchases by neighborhood reuse stores steadily grew. In regard to sales, given the rising prices and short supply of brand new items, there remain considerable needs of consumers to buy daily necessities at bargain prices.

During the second quarter, the Treasure Factory Group enjoyed steady business that continued from the first quarter. We achieved an operating profit of ¥236,114 thousand over the second quarter of the consolidated accounting period from June to August, which was far more than planned, and a record figure for our operating profit earned in the second quarter of a consolidated accounting period, just as we had in the first quarter. On a non-consolidated basis, we opened 7 directly-managed stores, and existing stores also enjoyed steady sales. All Group companies that engage in the reuse business also saw steady sales, which led to more revenues and profits.

Consequently, the results of operations for the second quarter of the current consolidated cumulative period show net sales of ¥12,825,018 thousand (up 19.5 percent year on year), operating profit of ¥1,002,244 thousand (up 545.7 percent year on year), ordinary profit of ¥1,032,063 thousand (up 469.6 percent year on year), and quarterly profit of ¥665,316 thousand attributable to owners of the parent (up 1372.4 percent year on year), which are record figures for our profits.

The results of operations sorted by segment are as stated below.

(Reuse Business)

Consolidated sales increased 19.4 percent year on year, non-consolidated sales increased 20.0 percent year on year, and non-consolidated sales at existing stores increased 9.2 percent year on year. In terms of sales by category, apparel sales increased 22.5 percent year on year because demand for outfits for going out grew and the temperature remained high, and sales of household items also increased 25.7 percent year on year. As for electric appliances, sales rose 18.1 percent year on year as air conditioners and other summer home appliances sold well owing to demand boosted by extreme heat and to brand new products in short supply. Rising gold prices also helped significantly boost the sales of fashion items by 20.0 percent year on year and of hobby-related items, which we have been selling more than before since the pandemic started, by 9.2 percent year on year. As for e-commerce sales, we streamlined operations for product offerings on our e-commerce site, thereby increasing consolidated e-commerce sales by 20.9 percent year on year.

Purchases of merchandise for the fiscal year under review increased 19.9 percent year on year, and non-consolidated purchases also grew by 18.0 percent year on year. As for non-consolidated purchases by channel, in-store purchases showed a steady increase of 18.7 percent year on year. Home-delivery purchases dramatically increased by 27.8 percent year on year, and home-visit purchases continued favorably and increased 14.0 percent year on year.

During the second quarter of the current consolidated cumulative period, we opened 4 general reuse stores and 3 fashion reuse stores, the non-consolidated total being 7 stores. In terms of new stores by region, we opened 4 in Kanto, 2 in Kansai, and 1 in Chubu, maintaining a good balance of geographic locations. The numbers of stores at the end of the second quarter of the consolidated accounting period under review are as follows: 156 directly-managed stores and 4 franchise stores, the non-consolidated total being 160; and 227 stores in total across the Group.

These results added up to net sales of ¥12,477,712 thousand (up 19.4 percent year on year) and a segment profit of ¥1,684,979 thousand (up 74.1 percent year on year).

(Other)

Cariru, our rental business, successfully captured demand as people attended weddings and other events. Consequently, sales of the rental business increased 88.0 percent year on year.

These results added up to net sales of ¥425,838 thousand (up 37.5 percent year on year) and a segment profit of ¥99,269 thousand (the same period of the previous year saw ¥20,307 thousand in loss).

(2) Explanation regarding the Non-consolidated Financial Position

Total assets at the end of the second quarter of the current consolidated accounting period increased by ¥995,962 thousand compared to the end of the previous consolidated fiscal year, totaling to ¥12,805,613 thousand because of an increase of ¥89,463 thousand in accounts receivable-trade, an increase of ¥548,157 thousand in merchandise, an increase of ¥148,530 thousand in buildings and structures (net), and an increase of ¥77,947 thousand in leasehold and guarantee deposits, among other reasons.

Total liabilities at the end of the second quarter of the current consolidated accounting period increased by ¥341,606 thousand compared to the end of the previous consolidated fiscal year, totaling to ¥7,255,293 thousand because of an increase of ¥88,596 thousand in short-term borrowings, an increase of ¥47,330 thousand in current portion of long-term borrowings, an increase of ¥121,607 thousand in income taxes payable, an increase of ¥47,158 thousand in provision for bonuses, a decrease of ¥60,158 thousand in provision for point card certificates, and a decrease of ¥134,054 thousand in long-term borrowings, among other reasons.

Total net assets at the end of the second quarter of the current consolidated accounting period increased by ¥654,355 thousand compared to the end of the previous consolidated fiscal year, totaling to ¥5,550,319 thousand because a quarterly profit of ¥665,316 thousand attributable to owners of the parent was recorded, among other reasons.

(Analysis of cash flows)

Cash and cash equivalents at the end of the second quarter of the current consolidated accounting period increased by ¥9,671 thousand compared to the end of the previous consolidated fiscal year, totaling to ¥2,362,122 thousand. The status of the cash flows during the second quarter of the current consolidated cumulative period and factors in these flows are as follows.

(Cash flows from operating activities)

Cash flows from operating activities during the second quarter of the current consolidated cumulative period added up to an income of ¥459,573 thousand (the same period of the previous year saw an expenditure of ¥132,335 thousand). This is mostly because we recorded an increase of ¥565,919 thousand in inventories, whereas we also recorded ¥172,466 thousand in depreciation and ¥1,031,885 thousand in profit before income taxes.

(Cash flows from investing activities)

Cash flows from investing activities during the second quarter of the current consolidated cumulative period added up to an expenditure of ¥404,872 thousand (the same period of the previous year saw an expenditure of ¥493,369 thousand). This is mostly because we recorded ¥276,351 thousand in purchase of property, plant and equipment, along with ¥86,510 thousand in payments of leasehold and guarantee deposits, to establish new stores.

(Cash flows from financing activities)

Cash flows from financing activities during the second quarter of the current consolidated cumulative period added up to an expenditure of ¥59,076 thousand (the same period of the previous year saw an income of ¥108,286 thousand). This is mostly because we recorded ¥386,724 thousand in repayments of long-term borrowings, whereas we also recorded ¥300,000 thousand in proceeds from long-term borrowings.

(3) Explanation regarding the Information on Forecast including Consolidated Forecasts

The Company pursues five growth strategies: development of the reuse business, investment in new businesses, growth in overseas markets, growth through M&A, and growth through investment in digital transformation (DX). On the basis of these strategies, we are working toward the goals of our medium-term management plan.

During the second quarter of the current consolidated cumulative period, consolidated sales added up to 119.5 percent year on year. The ordinary income ratio also improved dramatically compared to the same period of the previous year, with operating profit and ordinary profit surpassing ¥1 billion, which was significantly greater than planned. Consequently, operating profit, ordinary profit, and profit attributable to owners of parent for the full year are projected to surpass the previous forecast.

Hence, we have revised the results forecast published on July 13, 2022.

Please see “Notice on Revisions to Results Forecast and Dividends Forecast” published today (October 12, 2022) for details.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of Yen)

	Previous Consolidated Fiscal Year (Ended February 28, 2022)	Second Quarter of the Current Consolidated Accounting Period (Ended August 31, 2022)
Assets		
Current assets		
Cash and deposits	2,360,856	2,370,528
Accounts receivable - trade	643,971	733,434
Merchandise	4,014,226	4,562,384
Other	532,725	590,435
Total current assets	7,551,779	8,256,782
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,127,839	1,276,369
Land	426,511	426,511
Other, net	253,537	341,256
Total property, plant and equipment	1,807,887	2,044,137
Intangible assets		
Goodwill	93,313	84,965
Other	126,210	119,307
Total intangible assets	219,524	204,273
Investments and other assets		
Leasehold and guarantee deposits	1,695,875	1,773,823
Other	534,582	526,595
Total investments and other assets	2,230,458	2,300,419
Total non-current assets	4,257,871	4,548,830
Total assets	11,809,650	12,805,613

(Thousands of Yen)

	Previous Consolidated Fiscal Year (Ended February 28, 2022)	Second Quarter of the Current Consolidated Accounting Period (Ended August 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	58,790	60,978
Short-term borrowings	1,792,403	1,880,999
Current portion of long-term borrowings	734,198	781,528
Income taxes payable	286,785	408,392
Contract liabilities	—	63,501
Refund liabilities	—	41,146
Provision for bonuses	318,470	365,629
Provision for shareholder benefit program	4,536	—
Provision for sales returns	21,335	—
Provision for point card certificates	60,158	—
Other	1,158,626	1,281,306
Total current liabilities	4,435,305	4,883,482
Non-current liabilities		
Long-term borrowings	1,811,355	1,677,301
Asset retirement obligations	640,774	668,258
Other	26,252	26,252
Total non-current liabilities	2,478,381	2,371,811
Total liabilities	6,913,687	7,255,293
Net assets		
Shareholders' equity		
Share capital	521,183	546,001
Capital surplus	456,183	481,001
Retained earnings	4,148,547	4,713,834
Treasury shares	(410,119)	(410,153)
Total shareholders' equity	4,715,795	5,330,683
Cumulative amount of other comprehensive income		
Foreign currency translation adjustment	3,987	5,847
Total cumulative amount of other comprehensive income	3,987	5,847
Share acquisition rights	162,819	200,427
Non-controlling interests	13,360	13,360
Total net assets	4,895,963	5,550,319
Total liabilities and net assets	11,809,650	12,805,613

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly consolidated statement of income)
(Second quarter of the consolidated cumulative period)

(Thousands of Yen)

	Second Quarter of the Previous Consolidated Cumulative Period (from March 1, 2021 to August 31, 2021)	Second Quarter of the Current Consolidated Cumulative Period (from March 1, 2022 to August 31, 2022)
Net sales	10,736,162	12,825,018
Cost of sales	4,105,444	4,777,504
Gross profit	6,630,717	8,047,513
Reversal of provision for sales returns	18,822	—
Provision for sales returns	23,626	—
Net gross profit	6,625,914	8,047,513
Selling, general and administrative expenses	6,470,684	7,045,269
Operating profit	155,229	1,002,244
Non-operating income		
Interest income	242	260
Vending machine income	7,591	5,600
Foreign exchange gains	—	14,516
Subsidy income	11,877	5,658
Commission income	6,617	—
Other	12,452	10,496
Total non-operating income	38,780	36,532
Non-operating expenses		
Interest expenses	6,339	6,151
Foreign exchange losses	5,964	—
Other	503	561
Total non-operating expenses	12,806	6,712
Ordinary profit	181,202	1,032,063
Extraordinary income		
Gain on sales of non-current assets	—	719
Total extraordinary income	—	719
Extraordinary losses		
Loss on retirement of non-current assets	1,934	897
Impairment loss	56,171	—
Total extraordinary losses	58,105	897
Quarterly profit before income taxes	123,097	1,031,885
Income taxes - current	108,820	343,217
Income taxes - deferred	(25,306)	23,351
Total income taxes	83,513	366,568
Net quarterly profit	39,583	665,316
Quarterly loss attributable to non-controlling interests	(5,603)	—
Profit attributable to owners of parent	45,187	665,316

(Quarterly consolidated statement of comprehensive income)
(Second quarter of the consolidated cumulative period)

(Thousands of Yen)

	Second Quarter of the Previous Consolidated Cumulative Period (from March 1, 2021 to August 31, 2021)	Second Quarter of the Current Consolidated Cumulative Period (from March 1, 2022 to August 31, 2022)
Net quarterly profit	39,583	665,316
Other comprehensive income		
Foreign currency translation adjustment	(1,459)	1,860
Total of other comprehensive income	(1,459)	1,860
Quarterly comprehensive income	38,124	667,176
Comprehensive income attributable to		
Quarterly comprehensive income attributable to owners of parent	43,728	667,176
Quarterly comprehensive income attributable to non- controlling interests	(5,603)	—

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of Yen)

	Second Quarter of the Previous Consolidated Cumulative Period (from March 1, 2021 to August 31, 2021)	Second Quarter of the Current Consolidated Cumulative Period (from March 1, 2022 to August 31, 2022)
Cash flows from operating activities		
Quarterly profit before income taxes	123,097	1,031,885
Depreciation	153,342	172,466
Impairment loss	56,171	—
Amortization of goodwill	12,051	8,348
Share-based remuneration expenses	64,000	48,096
Increase (decrease) in provision for bonuses	36,585	47,158
Increase (decrease) in provision for point card certificates	2,583	—
Increase (decrease) in provision for loss on order received	20,173	—
Increase (decrease) in provision for sales returns	4,803	—
Interest and dividend income	(273)	(291)
Interest expenses	6,339	6,151
Foreign exchange losses (gains)	5,966	(12,186)
Subsidy income	(11,877)	(5,658)
Loss (gain) on sales and retirement of non-current assets	1,934	178
Increase (decrease) in accrued consumption taxes	(148,692)	(20,478)
Decrease (increase) in trade receivables	12,986	(88,039)
Decrease (increase) in inventories	(414,663)	(565,919)
Increase (decrease) in trade payables	(3,628)	1,638
Other	(38,712)	65,971
Subtotal	(117,812)	689,321
Interest and dividends received	270	288
Interest paid	(6,286)	(6,139)
Proceeds from subsidy income	11,877	5,658
Income taxes paid	(20,383)	(229,554)
Net cash provided by (used in) operating activities	(132,335)	459,573
Cash flows from investing activities		
Purchase of property, plant and equipment	(273,235)	(276,351)
Purchase of intangible assets	(41,259)	(17,365)
Payments of leasehold and guarantee deposits	(121,249)	(86,510)
Proceeds from refund of leasehold and guarantee deposits	6,824	6,782
Other	(64,450)	(31,427)
Net cash provided by (used in) investing activities	(493,369)	(404,872)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,980	88,596
Proceeds from long-term borrowings	530,000	300,000
Repayments of long-term borrowings	(335,347)	(386,724)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	39,146
Purchase of treasury shares	—	(34)
Dividends paid	(89,639)	(100,059)
Other	1,293	—
Net cash provided by (used in) financing activities	108,286	(59,076)
Effect of exchange rate change on cash and cash equivalents	4,461	14,046
Net increase (decrease) in cash and cash equivalents	(512,956)	9,671
Cash and cash equivalents at beginning of period	1,937,333	2,352,450
Cash and cash equivalents at end of period	1,424,377	2,362,122

(4) Notes on the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

N/A

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

N/A

(Changes in Accounting Policies)

(Adoption of the Accounting Standard for Revenue Recognition)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; the "Revenue Recognition Accounting Standard") since the beginning of the first quarter of the consolidated accounting period. This means that we recognize revenue when the control of a promised good or service is transferred to a customer at the monetary amount that we expect to receive in exchange for the good or service.

The major changes due to the adoption of this Revenue Recognition Accounting Standard are as follows.

(1) Sale with a right of return

In regard to sale with a right of return that the Treasure Factory Group practices, we conventionally recorded provisions for sales returns based on the amount that is commensurate with gross profit. With the adoption of the Standard, we have switched to the method that does not recognize revenue when a good or service is sold, considering an expected portion of returned goods or services, according to the rules about variable considerations. Given this change, we now present the considerations of the products that will likely be returned as "Refund liabilities." As for the assets that are recognized as our right to recover merchandise from customers when refund liabilities are settled, we include these "returned assets" in "Other" under "Current assets."

(2) Revenue recognition of point card certificates

The Treasure Factory Group has a point card certificate system, which gives members point card certificates according to their purchases and offers a good or service in exchange for the certificates that the members choose to use. We conventionally used the method that recorded as provisions the monetary amount commensurate with the certificates to be used in the future. With the adoption of the Standard, we have switched to the method that identifies point card certificates as a performance obligation to defer the recording of the revenue. Given this change, we now include considerations that pertain to unfulfilled performance obligations at the period end in "Contract liabilities" for recording purposes.

We apply the Revenue Recognition Accounting Standard in accordance with the transitional measures prescribed in the proviso to Section 84 of this Standard. The new accounting policy has been applied since the beginning of the first quarter of the consolidated accounting period, adding to and subtracting from retained earnings at the beginning of the first quarter of the consolidated accounting period, the cumulative effects of retroactively applying the new accounting policy prior to the beginning of the said period.

The impact of the adoption of this Standard on profit or loss for the second quarter of the current consolidated cumulative period is omitted because it is limited. There will be no impact on the balance of retained earnings at the beginning of the current period. We have not restated the financial statements for the previous consolidated fiscal year to reflect the changes in presentation, in accordance with the transitional measures prescribed in Section 89-2 of the Revenue Recognition Accounting Standard. We have also omitted information that breaks down revenue from contracts with customers for the second quarter of the previous consolidated cumulative period, in accordance with the transitional measures prescribed in Section 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12, March 31, 2020).

(Adoption of the Accounting Standard for Fair Value Measurement)

We have applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; the "Fair Value Measurement Accounting Standard") since the beginning of the first quarter of the consolidated accounting period. We will continue to apply the new accounting policy prescribed by the Fair Value Measurement Accounting Standard in accordance with the transitional measures specified in Section 19 of the Fair Value Measurement Accounting Standard as well as in Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The adoption of

this Standard has only a limited impact on the quarterly consolidated financial statements.

(Segment Information, etc.)

[Segment Information]

I. Second Quarter of Previous Consolidated Cumulative Period (from March 1, 2021 to August 31, 2021)

1. Information about the amounts of the net sales and profit or loss for each reporting segment

(Thousands of Yen)

	Reporting segment	Other (Note 1)	Total	Adjustment amount (Note 2)	Amount reported on the quarterly consolidated statement of income (Note 3)
	Reuse business				
Net sales					
Sales to external customers	10,450,765	285,397	10,736,162	—	10,736,162
Internal sales or transfer between segments	—	24,295	24,295	(24,295)	—
Total	10,450,765	309,692	10,760,457	(24,295)	10,736,162
Segment's profit (loss)	967,965	(20,307)	947,657	(792,428)	155,229

(Note 1) "Other" refers to the business segments not included in the reporting segments, and includes the rental, information system, and real estate businesses.

(Note 2) The adjustment amount for the segment's profit or loss is a company-wide expense and primarily part of selling, general and administrative expenses not attributable to the segment.

(Note 3) The segment's profit or loss has been adjusted according to the operating profit shown in the Quarterly Consolidated Statement of Income.

2. Information about the impairment loss on non-current assets or goodwill for each reporting segment

(Material Impairment Loss Pertaining to Non-current Assets)

In the information system business included in "Other," some assets have decreased in profitability and will unlikely generate return on investment. The book value of these assets (goodwill) has been written down to a recoverable amount, so that the reduction has been recorded as an impairment loss under extraordinary losses.

The reduction in goodwill in this event is ¥56,171 thousand for the second quarter of the current consolidated cumulative period.

(Material Change in the Amount of Goodwill)

As stated in "Material Impairment Loss Pertaining to Non-current Assets" above, the amount of goodwill has decreased because the information system business included in "Other" has recorded an impairment loss in goodwill.

II. Second Quarter of Current Consolidated Cumulative Period (from March 1, 2022 to August 31, 2022)

1. Information about the amounts of the net sales and profit or loss for each reporting segment

(Thousands of Yen)

	Reporting segment	Other (Note 1)	Total	Adjustment amount (Note 2)	Amount reported on the quarterly consolidated statement of income (Note 3)
	Reuse business				
Net sales					
Sales to external customers	12,477,712	347,305	12,825,018	—	12,825,018
Internal sales or transfer between segments	—	78,532	78,532	(78,532)	—
Total	12,477,712	425,838	12,903,551	(78,532)	12,825,018
Segment's profit	1,684,979	99,269	1,784,249	(782,005)	1,002,244

(Note 1) "Other" refers to the business segments not included in the reporting segments, such as the rental, information system, and real estate businesses.

(Note 2) The adjustment amount for the segment's profit is a company-wide expense and primarily part of selling, general and administrative expenses not attributable to the segment.

(Note 3) The segment's profit has been adjusted according to the operating profit shown in the Quarterly Consolidated Statement of Income.

2. Information about the impairment loss on non-current assets or goodwill for each reporting segment

(Material Impairment Loss Pertaining to Non-current Assets)

N/A

(Material Change in the Amount of Goodwill)

N/A

(Material Post-Balance Sheet Events)

Purchase of treasury shares

At the Board of Directors' meeting held on October 12, 2022, the Company resolved the following in relation to matters that pertain to the purchase of treasury shares in accordance with the provisions of Article 156 of the Companies Act as applied by replacing the terms pursuant to the provisions of Article 165, paragraph (3) of the Act.

1. Reason for the purchase of treasury shares

The Company will purchase treasury shares to pursue a flexible capital policy according to the business climate and increase overall shareholder returns.

2. Details of the purchase

- | | |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------|
| (1) Type of the shares to purchase | Common shares |
| (2) Total number of shares that may be purchased | Up to 120,000 shares
(1.1 percent of the total outstanding shares (excluding treasury shares)) |
| (3) Total value of the purchase of shares | Up to ¥2 million |
| (4) Period of purchase | October 13, 2022 to October 20, 2022 |
| (5) Means of purchase | Purchase through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) at the Tokyo Stock Exchange |