



## 2. Dividends

|                   | Dividend per share    |                       |                       |                 |       | Total dividend<br>(Total) | Dividend<br>payout ratio<br>(Consolidated) | Dividend on<br>equity<br>(Consolidated) |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------|-------|---------------------------|--|---|
|                   | End of 1st<br>quarter | End of 2nd<br>quarter | End of 3rd<br>quarter | Fiscal year end | Total |                           |  |   |
|                   | yen                   | yen                   | yen                   | yen             | yen   | million yen               | %  | %                                       |
| FY2022            | -                     | 8.00                  | -                     | 9.00            | 17.00 | 189                       | 27.1                                       | 4.2                                     |
| FY2023            | -                     | 12.00                 | -                     | 25.00           | 37.00 | 423                       | 24.2                                       | 7.3                                     |
| FY2024 (forecast) | -                     | 10.00                 | -                     | 11.00           | 21.00 |                           | 26.0                                       |   |

(Note) On March 1, 2023, the Company carried out a 2-for-1 stock split (common stocks). This table indicates the dividends paid for FY2022 and FY2023 before the stock split. The dividends for FY2024 (forecast) are figures after the stock split.

## 3. Results forecast for the fiscal year ending February 28, 2024 (March 1, 2023 to February 29, 2024)

(Percentage figures represent year-on-year changes)

|                    | Net sales   |      | Operating profit |      | Ordinary profit |      | Profit attributable to<br>owners of parent |      | Profit per share |
|--------------------|-------------|------|------------------|------|-----------------|------|--|------|------------------|
|                    | million yen | %    | million yen      | %    | million yen     | %    | million yen                                | %    | yen              |
| First two quarters | 14,809      | 15.5 | 1,206            | 20.3 | 1,215           | 17.7 | 790  | 18.7 | 34.09            |
| Full year          | 31,560      | 11.9 | 2,857            | 11.4 | 2,874           | 9.6  | 1,868                                      | 9.2  | 80.62            |

(Note) On March 1, 2023, the Company carried out a 2-for-1 stock split (common stocks). The earnings per share for the first two quarters and the full year have been calculated considering the stock split.



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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Fiscal Year under Review

During the consolidated fiscal year under review, Japan saw social and economic activities going back to normal as travel restrictions were lifted, while the impact of the COVID-19 pandemic continued. However, the economic outlook remains uncertain because of concerns about exchange rates including the yen's falls, energy price hikes, and rising prices, among others.

In the reuse industry, the market continues to grow as society works toward the Sustainable Development Goals (SDGs) and turns to reuse more consciously, and as rising prices boost demand for reusable items.

The Treasure Factory Group posted a full-year consolidated operating profit of ¥2,565,071 thousand, which was considerably greater than planned, achieving a record-setting operating profit. During the fiscal year, the Group opened 20 stores, including franchise stores, and enjoyed steady sales at existing stores. All Group companies that engage in the reuse business also saw steady sales, which led to further revenues and profits.

Consequently, the operating results for the consolidated fiscal year under review show net sales of ¥28,212,943 thousand (up 21.0 percent year on year), operating profit of ¥2,565,071 thousand (up 157.7 percent year on year), ordinary profit of ¥2,622,022 thousand (up 148.7 percent year on year), and profit of ¥1,710,544 thousand attributable to owners of the parent (up 143.2 percent year on year).

In terms of profit ratios as indicators, net gross profit ratio was 61.7 percent (up 0.6 pts year on year), selling, general and administrative expenses ratio was 52.6 percent (down 4.2 pts year on year), operating income ratio was 9.1 percent (up 4.8 pts year on year), and ordinary income ratio was 9.3 percent (up 4.8 pts year on year).

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

#### (Reuse Business)

Consolidated sales increased 21.2 percent year on year, non-consolidated sales increased 21.2 percent year on year, and non-consolidated sales at existing stores increased 10.5 percent year on year. In October, partly due to a campaign to promote sales, non-consolidated sales at existing stores were particularly strong, achieving an increase of 19.0 percent year on year. In terms of sales by category, apparel sales increased 24.4 percent year on year because demand for outfits for going out increased, and sales of household items also increased 19.5 percent year on year. As for electric appliances, sales rose 17.8 percent year on year, owing partly to the extreme heat in June and July that drove sales of summer home appliances. Rising gold prices also helped significantly boost the sales of fashion items by 20.5 percent year on year, and also of hobby-related items by 22.5 percent year on year, which have been selling more than before the pandemic started. As for e-commerce sales, we streamlined operations for product offerings on our e-commerce site, thereby increasing consolidated e-commerce sales by 17.8 percent year on year.

Purchases of merchandise for the fiscal year under review increased 26.1 percent year on year, and non-consolidated purchases also grew by 22.6 percent year on year. As for non-consolidated purchases by channel, in-store purchases continued to steadily grow, achieving an increase of 22.7 percent year on year. Home-delivery purchases dramatically increased by 31.0 percent year on year, and home-visit purchases enjoyed an increase of 32.5 percent year on year.

During the consolidated fiscal year under review, we opened 6 general reuse stores, 10 fashion reuse stores, 1 sports and outdoor reuse store, and 1 brand-name item reuse store, with the non-consolidated total being 18 stores. In terms of new stores by region, we opened 12 in Kanto, 4 in Kansai, and 2 in Chubu, maintaining a good balance of geographic locations. Our Group company Kindal also opened 1 franchise store, and our business in Taiwan also opened 1 store, the first in the country. The numbers of stores at the end of the consolidated fiscal year under review are as follows: 167 directly-managed stores and 4 franchise stores; the non-consolidated total being 171, with 239 stores in total across the Group.

These results added up to net sales of ¥27,499,166 thousand (up 21.2 percent year on year) and a segment profit of ¥3,925,419 thousand (up 58.5 percent year on year).

#### (Other)

Cariru, our rental business, enjoyed growing demand for rental clothes for weddings and other events, and it also launched a new service for black formal attire rental. Consequently, sales of the rental business increased 85.7 percent year on year. These results added up to net sales of ¥939,754 thousand (up 42.3 percent year on year) and a segment profit of ¥187,403 thousand (up 614.2 percent year on year).

[1] Reuse Business: Purchase Results by Merchandise

| Item                | Purchase (thousand yen) | Composition ratio (%) | YOY (%) |
|---------------------|-------------------------|-----------------------|---------|
| Household items     | 595,454                 | 5.1%                  | 115.7%  |
| Apparel             | 4,993,754               | 43.0%                 | 133.2%  |
| Fashion items       | 3,115,160               | 26.8%                 | 124.6%  |
| Electric appliances | 1,057,562               | 9.1%                  | 119.9%  |
| Furniture           | 290,868                 | 2.6%                  | 112.9%  |
| Hobby-related items | 908,246                 | 7.8%                  | 124.9%  |
| Other               | 650,340                 | 5.6%                  | 113.0%  |
| Total               | 11,611,388              | 100.0%                | 126.1%  |

(Note) Side expenses are included in "Other."

[2] Reuse Business: Sales Results by Merchandise

| Item                | Net sales (thousand yen) | Composition ratio (%) | YOY (%) |
|---------------------|--------------------------|-----------------------|---------|
| Household items     | 1,770,726                | 6.4%                  | 119.5%  |
| Apparel             | 12,945,279               | 47.1%                 | 124.4%  |
| Fashion items       | 5,863,154                | 21.3%                 | 120.5%  |
| Electric appliances | 3,091,680                | 11.2%                 | 117.8%  |
| Furniture           | 1,200,938                | 4.4%                  | 106.4%  |
| Hobby-related items | 2,103,647                | 7.7%                  | 122.5%  |
| Other               | 523,738                  | 1.9%                  | 111.9%  |
| Total               | 27,499,166               | 100.0%                | 121.2%  |

(Note) Sales of other merchandise and moving-related sales are included in "Other."

## (2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the consolidated fiscal year under review increased by ¥2,849,500 thousand year on year to ¥14,659,150 thousand because of an increase of ¥713,042 thousand in cash and deposits, an increase of ¥1,072,993 thousand in merchandise, an increase of ¥234,035 thousand in buildings and structures, and an increase of ¥245,199 thousand in leasehold and guarantee deposits, among other reasons.

Total liabilities at the end of the consolidated fiscal year under review increased by ¥929,911 thousand compared to the end of the previous consolidated fiscal year, totaling ¥7,843,598 thousand because of an increase of ¥99,997 thousand in short-term borrowings, an increase of ¥48,380 thousand in current portion of long-term borrowings, and an increase of ¥459,875 thousand in income taxes payable, among other reasons.

Total net assets at the end of the consolidated fiscal year under review increased by ¥1,919,588 thousand compared to the end of the previous consolidated fiscal year, totaling ¥6,815,552 thousand because share acquisition rights decreased ¥111,536 thousand, and a profit of ¥1,710,544 thousand attributable to owners of the parent was recorded, among other reasons.

## (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the consolidated fiscal year under review increased by ¥712,474 thousand compared to the end of the previous consolidated fiscal year, totaling ¥3,065,492 thousand. The status of the cash flows during the consolidated fiscal year under review and factors in these flows are as follows.

### (Cash flows from operating activities)

Cash flows from operating activities during the fiscal year under review came to an income of ¥1,764,755 thousand. This is mostly because we recorded an increase of ¥1,074,185 thousand in inventories and paid income taxes of ¥382,215 thousand, whereas we also recorded ¥2,488,724 thousand in profit before income taxes, ¥385,520 thousand in depreciation, and ¥124,949 thousand in impairment loss.

### (Cash flows from investing activities)

Cash flows from investing activities during the consolidated fiscal year under review added up to an expenditure of ¥1,123,451 thousand. This is mostly because we recorded ¥730,629 thousand in purchase of property, plant, and equipment, along with ¥260,680 thousand in payments of leasehold and guarantee deposits, and ¥53,515 thousand in purchase of intangible assets to establish new stores, among other activities.

### (Cash flows from financing activities)

Cash flows from financing activities during the consolidated fiscal year under review came to an income of ¥56,489 thousand. This is mostly because we recorded ¥805,328 thousand in repayments of long-term borrowings and ¥233,864 thousand in dividends paid, whereas we also recorded ¥600,000 thousand in proceeds from long-term borrowings and ¥99,997 thousand in short-term borrowings.

### (Reference) Changes in cash flow indicators

|   | FY2022 | FY2023 |
|---|--------|--------|
| Equity capital ratio (%)                                    | 40.0   | 46.1   |
| Equity capital ratio based on market value (%)              | 88.5   | 173.6  |
| Ratio of interest-bearing liabilities to cash flow (annual) | 5.0    | 2.4    |
| Interest coverage ratio (times)                             | 70.4   | 143.5  |

Equity capital ratio: Shareholders' equity / Total assets

Equity capital ratio based on market value: Market capitalization / Total assets

Ratio of interest-bearing liabilities to cash flow: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payment

(Note 1) These figures have been calculated based on consolidated financial values.

(Note 2) The market capitalization has been calculated based on the number of shares issued (excluding treasury shares).

(Note 3) Net cash provided by (used in) operating activities and interest paid in the statement of cash flows are used for the operating cash flow and interest payment.

(Note 4) The interest-bearing debt consists of all debts that are recorded in the consolidated balance sheet and for which interest is paid.

#### (4) Future Outlook

Demand for reusable items is expected to remain strong in the fiscal year ending February 29, 2024, partly because prices are still rising, just as in the preceding fiscal year. The Company pursues five management policies: 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 policies, we will remain committed to expanding our businesses.

During the fiscal year ending February 29, 2024, the Company has set the goal of opening 25 to 30 new stores across the Group. As in the previous fiscal year, we will work toward this goal in Kanto, Kansai, Chubu, and other trade areas. We expect non-consolidated sales at existing stores during the first quarter to increase 7 percent year on year, and we are making plans on the assumption that sales for the second and third quarters will be almost equal to the same periods of the previous year. Our Group companies Kindal, PickUP JAPAN, and GK Factory in the reuse business aim to achieve greater business results. As for our overseas businesses, we will work to achieve further growth of our business in Thailand, which has been enjoying strong purchases and sales, and to establish a solid revenue base for the first store in Taiwan that opened in December during the previous fiscal year.

We have calculated full-year financial results forecasts on the assumption that we will be making growth investments. Consequently, the consolidated financial results forecasts for the year ending February 29, 2024 show net sales of ¥31,560 million (up 11.9 percent year on year), operating profit of ¥2,857 million (up 11.4 percent year on year), ordinary profit of ¥2,874 million (up 9.6 percent year on year), and profit of ¥1,868 million attributable to owners of the parent (up 9.2 percent year on year).



## 2. Basic Stance on the Selection of Accounting Standards

The Treasure Factory Group uses the Japanese Accounting Standards. Taking into account conditions in Japan and overseas, we plan to take appropriate action regarding the adoption of the International Financial Reporting Standards (IFRS).

### 3. Quarterly Consolidated Financial Statements and Main Notes

#### (1) Consolidated Balance Sheet

(Thousands of Yen)

|   | Previous Consolidated Fiscal Year<br>(Ended February 28,2022) | Consolidated Fiscal Year under<br>Review<br>(Ended February 28,2023) |
|---|---|--|
| <b>Assets</b>                               |   |  |
| Current assets                              |   |  |
| Cash and deposits                           | 2,360,856   | 3,073,898  |
| Accounts receivable — trade                 | 643,971   | 905,079  |
| Returned assets                             | -   | 11,240   |
| Merchandise                                 | 4,014,226   | 5,087,219  |
| Supplies                                    | 14,720  | 28,425   |
| Other                                       | 518,004   | 591,282  |
| <b>Total current assets</b>                 | <b>7,551,779</b>  | <b>9,697,146</b>   |
| Non-current assets                          |   |  |
| Property, plant, and equipment              |   |  |
| Buildings and structures, net               | 1,127,839   | 1,361,874  |
| Land  | 426,511   | 426,511  |
| Construction in progress                    | 2,425   | 357  |
| Other, net                                  | 251,111   | 403,354  |
| <b>Total property, plant, and equipment</b> | <b>1,807,887</b>  | <b>2,192,097</b>   |
| Intangible assets                           |   |  |
| Goodwill                                    | 93,313  | 76,617   |
| Other                                       | 126,210   | 137,405  |
| <b>Total intangible assets</b>              | <b>219,524</b>  | <b>214,023</b>   |
| Investments and other assets                |   |  |
| Investment securities                       | 7,606   | 1,613  |
| Deferred tax assets                         | 373,751   | 413,413  |
| Leasehold and guarantee deposits            | 1,695,875   | 1,941,075  |
| Other                                       | 153,225   | 199,782  |
| <b>Total investments and other assets</b>   | <b>2,230,458</b>  | <b>2,555,883</b>   |
| <b>Total non-current assets</b>             | <b>4,257,871</b>  | <b>4,962,004</b>   |
| <b>Total assets</b>                         | <b>11,809,650</b>   | <b>14,659,150</b>  |

(Thousands of Yen)

|  | Previous Consolidated Fiscal Year<br>(Ended February 28,2022) | Consolidated Fiscal Year under<br>Review<br>(Ended February 28,2023) |
|--|---|--|
| <b>Liabilities</b>   |   |  |
| <b>Current liabilities</b>                                   |   |  |
| Accounts payable — trade                                     | 58,790  | 81,152   |
| Short-term borrowings  | 1,792,403   | 1,892,400  |
| Current portion of long-term borrowings                      | 734,198   | 782,578  |
| Income taxes payable   | 286,785   | 746,660  |
| Contract liabilities   | -   | 79,565   |
| Refund liabilities   | -   | 37,008   |
| Provision for bonuses  | 318,470   | 481,192  |
| Provision for bonuses for directors (and other officers)     | -   | 5,000  |
| Provision for shareholder benefit program                    | 4,536   | 5,266  |
| Provision for sales returns                                  | 21,335  | -  |
| Provision for point card certificates                        | 60,158  | -  |
| Other  | 1,158,626   | 1,453,090  |
| <b>Total current liabilities</b>                             | <b>4,435,305</b>  | <b>5,563,915</b>   |
| <b>Non-current liabilities</b>                               |   |  |
| Long-term borrowings   | 1,811,355   | 1,557,647  |
| Asset retirement obligations                                 | 640,774   | 695,784  |
| Other  | 26,252  | 26,252   |
| <b>Total non-current liabilities</b>                         | <b>2,478,381</b>  | <b>2,279,683</b>   |
| <b>Total liabilities</b>                                     | <b>6,913,687</b>  | <b>7,843,598</b>   |
| <b>Net assets</b>  |   |  |
| <b>Shareholders' equity</b>                                  |   |  |
| Share capital  | 521,183   | 898,880  |
| Capital surplus  | 456,183   | 833,880  |
| Retained earnings  | 4,148,547   | 5,625,246  |
| Treasury shares  | (410,119)   | (610,193)  |
| <b>Total shareholders' equity</b>                            | <b>4,715,795</b>  | <b>6,747,812</b>   |
| <b>Cumulative amount of other comprehensive income</b>       |   |  |
| Foreign currency translation adjustment                      | 3,987   | 3,095  |
| <b>Total cumulative amount of other comprehensive income</b> | <b>3,987</b>  | <b>3,095</b>   |
| Share acquisition rights                                     | 162,819   | 51,283   |
| Non-controlling interests                                    | 13,360  | 13,360   |
| <b>Total net assets</b>                                      | <b>4,895,963</b>  | <b>6,815,552</b>   |
| <b>Total liabilities and net assets</b>                      | <b>11,809,650</b>   | <b>14,659,150</b>  |

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Income)

(Thousands of Yen)

|  | Previous Consolidated Fiscal<br>Year<br>(from March 1, 2021<br>to February 28, 2022) | Consolidated Fiscal Year under<br>Review<br>(from March 1, 2022<br>to February 28, 2023) |
|--|--|--|
| Net sales  | 23,313,103   | 28,212,943   |
| Cost of sales  | 9,078,836  | 10,814,178   |
| Gross profit   | 14,234,267   | 17,398,765   |
| Provision for sales returns                            | 21,335   | -  |
| Reversal of provision for sales returns                | 18,822   | -  |
| Net gross profit                                       | 14,231,754   | 17,398,765   |
| Selling, general, and administrative expenses          | 13,236,424   | 14,833,693   |
| Operating profit                                       | 995,329  | 2,565,071  |
| Non-operating income                                   |  |  |
| Interest income  | 371  | 397  |
| Vending machine income                                 | 12,117   | 11,714   |
| Foreign exchange gains                                 | -  | 19,797   |
| Subsidy income   | 16,001   | 9,400  |
| Proceeds from sales of abandoned goods                 | 3,059  | 3,594  |
| Commission income                                      | 12,754   | -  |
| Other  | 28,383   | 27,756   |
| Total non-operating income                             | 72,687   | 72,660   |
| Non-operating expenses                                 |  |  |
| Interest expenses                                      | 12,350   | 12,300   |
| Foreign exchange losses                                | 322  | -  |
| Other  | 1,235  | 3,408  |
| Total non-operating expenses                           | 13,908   | 15,709   |
| Ordinary profit  | 1,054,109  | 2,622,022  |
| Extraordinary income                                   |  |  |
| Gain on sales of shares of subsidiaries and associates | 17,141   | -  |
| Gain on sales of non-current assets                    | -  | 719  |
| Total extraordinary income                             | 17,141   | 719  |
| Extraordinary losses                                   |  |  |
| Loss on sales of non-current assets                    | 1,138  | -  |
| Loss on retirement of non-current assets               | 4,597  | 3,075  |
| Impairment loss  | 216,808  | 124,949  |
| Loss on valuation of investment securities             | -  | 5,992  |
| Total extraordinary losses                             | 222,543  | 134,017  |
| Profit before income taxes                             | 848,706  | 2,488,724  |
| Income taxes — current                                 | 305,000  | 817,841  |
| Income taxes — deferred                                | (154,517)  | (39,661)   |
| Total income taxes                                     | 150,483  | 778,179  |
| Net profit   | 698,223  | 1,710,544  |
| Loss attributable to non-controlling interests         | (5,246)  | -  |
| Profit attributable to owners of parent                | 703,470  | 1,710,544  |

## (Consolidated Statement of Comprehensive Income)

(Thousands of Yen)

|   | Previous Consolidated Fiscal<br>Year<br>(from March 1, 2021<br>to February 28, 2022) | Consolidated Fiscal Year under<br>Review<br>(from March 1, 2022<br>to February 28, 2023) |
|---|--|--|
| Net profit  | 698,223  | 1,710,544  |
| Other comprehensive income  |  |  |
| Foreign currency translation adjustment                           | 3,956  | (892)  |
| Total of other comprehensive income                               | 3,956  | (892)  |
| Comprehensive income  | 702,179  | 1,709,652  |
| Comprehensive income attributable to                              |  |  |
| Comprehensive income attributable to owners of<br>parent          | 707,426  | 1,709,652  |
| Comprehensive income attributable to non-controlling<br>interests | (5,246)  | -  |

## (3) Consolidated Statement of Changes in Equity

Previous Consolidated Fiscal Year (from March 1, 2021 to February 28, 2022)

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of period                   | 521,183              | 456,183         | 3,624,479         | (317,732)       | 4,284,113                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (179,402)         |                 | (179,402)                  |
| Profit attributable to owners of parent              |                      |                 | 703,470           |                 | 703,470                    |
| Purchase of treasury shares                          |                      |                 |                   | (92,386)        | (92,386)                   |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | -                    | -               | 524,067           | (92,386)        | 431,681                    |
| Balance at end of period                             | 521,183              | 456,183         | 4,148,547         | (410,119)       | 4,715,795                  |

|  | Cumulative amount of other comprehensive income |   | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|---|--------------------------|---------------------------|------------------|
|  | Foreign currency translation adjustment         | Total cumulative amount of other comprehensive income |                          |                           |                  |
| Balance at the beginning of period                   | 31  | 31  | -                        | 27,194                    | 4,311,340        |
| Changes during period                                |   |   |                          |                           |                  |
| Dividends of surplus                                 |   |   |                          |                           | (179,402)        |
| Profit attributable to owners of parent              |   |   |                          |                           | 703,470          |
| Purchase of treasury shares                          |   |   |                          |                           | (92,386)         |
| Net changes in items other than shareholders' equity | 3,956   | 3,956   | 162,819                  | (13,834)                  | 152,941          |
| Total changes during period                          | 3,956   | 3,956   | 162,819                  | (13,834)                  | 584,623          |
| Balance at end of period                             | 3,987   | 3,987   | 162,819                  | 13,360                    | 4,895,963        |

Consolidated Fiscal Year under Review (from March 1, 2022 to February 28, 2023)

(Thousands of yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of period                            | 521,183              | 456,183         | 4,148,547         | (410,119)       | 4,715,795                  |
| Changes during period   |                      |                 |                   |                 |                            |
| Issuance of new shares — exercise of share acquisition rights | 377,696              | 377,696         |                   |                 | 755,393                    |
| Dividends of surplus  |                      |                 | (233,845)         |                 | (233,845)                  |
| Profit attributable to owners of parent                       |                      |                 | 1,710,544         |                 | 1,710,544                  |
| Purchase of treasury shares                                   |                      |                 |                   | (200,074)       | (200,074)                  |
| Net changes in items other than shareholders' equity          |                      |                 |                   |                 |                            |
| Total changes during period                                   | 377,696              | 377,696         | 1,476,699         | (200,074)       | 2,032,017                  |
| Balance at end of period                                      | 898,880              | 833,880         | 5,625,246         | (610,193)       | 6,747,812                  |

|   | Cumulative amount of other comprehensive income |   | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|--------------------------|---------------------------|------------------|
|   | Foreign currency translation adjustment         | Total cumulative amount of other comprehensive income |                          |                           |                  |
| Balance at the beginning of period                            | 3,987   | 3,987   | 162,819                  | 13,360                    | 4,895,963        |
| Changes during period   |   |   |                          |                           |                  |
| Issuance of new shares — exercise of share acquisition rights |   |   |                          |                           | 755,393          |
| Dividends of surplus  |   |   |                          |                           | (233,845)        |
| Profit attributable to owners of parent                       |   |   |                          |                           | 1,710,544        |
| Purchase of treasury shares                                   |   |   |                          |                           | (200,074)        |
| Net changes in items other than shareholders' equity          | (892)   | (892)   | (111,536)                | -                         | (112,428)        |
| Total changes during period                                   | (892)   | (892)   | (111,536)                | -                         | 1,919,588        |
| Balance at end of period                                      | 3,095   | 3,095   | 51,283                   | 13,360                    | 6,815,552        |

## (4) Consolidated Statement of Cash Flows

(Thousands of yen)

|   | Previous Consolidated Fiscal<br>Year<br>(from March 1, 2021<br>to February 28, 2022) | Consolidated Fiscal Year under<br>Review<br>(from March 1, 2022<br>to February 28, 2023) |
|---|--|--|
| <b>Cash flows from operating activities</b>   |  |  |
| Profit before income taxes  | 848,706  | 2,488,724  |
| Depreciation  | 326,127  | 385,520  |
| Impairment loss   | 216,808  | 124,949  |
| Amortization of goodwill  | 20,399   | 16,696   |
| Loss (gain) on sales of shares of subsidiaries and associates   | (17,141)   | -  |
| Share-based remuneration expenses   | 160,000  | 48,096   |
| Increase (decrease) in provision for bonuses  | 44,588   | 162,721  |
| Increase (decrease) in provision for bonuses for directors (and other officers)                                     | -  | 5,000  |
| Increase (decrease) in provision for shareholder benefit program  | 338  | 729  |
| Increase (decrease) in provision for point card certificates  | 9,782  | -  |
| Increase (decrease) in provision for sales returns  | 2,512  | -  |
| Loss (gain) on valuation of investment securities   | -  | 5,992  |
| Interest and dividend income  | (402)  | (428)  |
| Interest expenses   | 12,350   | 12,300   |
| Foreign exchange losses (gains)   | 1,344  | (15,573)   |
| Subsidy income  | (16,001)   | (9,400)  |
| Loss (gain) on sales and retirement of non-current assets   | 5,735  | 2,356  |
| Decrease (increase) in trade receivables  | (116,039)  | (259,684)  |
| Decrease (increase) in inventories  | (471,066)  | (1,074,185)  |
| Increase (decrease) in trade payables   | (1,193)  | 21,812   |
| Increase (decrease) in accrued consumption taxes  | (52,949)   | 80,243   |
| Other   | (11,961)   | 153,570  |
| Subtotal  | 961,939  | 2,149,440  |
| Interest and dividends received   | 399  | 425  |
| Interest paid   | (12,356)   | (12,295)   |
| Proceeds from subsidy income  | 16,001   | 9,400  |
| Income taxes paid   | (95,498)   | (382,215)  |
| Cash flows from operating activities  | 870,485  | 1,764,755  |
| <b>Cash flows from investing activities</b>   |  |  |
| Proceeds from withdrawal of time deposits   | 48,430   | -  |
| Purchase of property, plant, and equipment  | (539,272)  | (730,629)  |
| Purchase of intangible assets   | (57,996)   | (53,515)   |
| Payments of leasehold and guarantee deposits  | (168,182)  | (260,680)  |
| Proceeds from refund of leasehold and guarantee deposits  | 6,824  | 9,502  |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation                         | 34,847   | -  |
| Other   | (56,894)   | (88,127)   |
| Cash flows from investing activities  | (732,242)  | (1,123,451)  |
| <b>Cash flows from financing activities</b>   |  |  |
| Net increase (decrease) in short-term borrowings  | 119,415  | 99,997   |
| Proceeds from long-term borrowings  | 1,510,000  | 600,000  |
| Repayments of long-term borrowings  | (1,079,332)  | (805,328)  |
| Proceeds from issuance of share acquisition rights  | 2,819  | -  |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights                                | -  | 595,759  |
| Purchase of treasury shares   | (92,386)   | (200,074)  |
| Dividends paid  | (179,418)  | (233,864)  |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (6,268)  | -  |
| Cash flows from financing activities  | 274,830  | 56,489   |
| Effect of exchange rate change on cash and cash   | 2,611  | 14,681   |



|  |           |           |
|--|-----------|-----------|
| equivalents  |           |           |
| Net increase (decrease) in cash and cash equivalents | 415,684   | 712,474   |
| Cash and cash equivalents at beginning of period     | 1,937,333 | 2,353,018 |
| Cash and cash equivalents at end of period           | 2,353,018 | 3,065,492 |

(5) Notes on the Consolidated Financial Statements

(Notes on Going Concern Assumption)

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 consolidated fiscal year under review. 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 standard has been applied since the beginning of the consolidated fiscal year under review, adding to and subtracting from retained earnings the cumulative effects of retroactively applying the new accounting policy prior to the beginning of the said fiscal year.

The impact of the adoption of this Standard on profit or loss for the consolidated fiscal year under review 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.

(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 consolidated fiscal year under review. 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 consolidated financial statements.

(Segment Information, etc.)

[Segment Information]

1. Summary of the reporting segment

Financial information about the Treasure Factory Group's reporting segment is available as a unit separated from the other components of the Group. The Board of Directors regularly reviews the information in order to determine how management resources should be allocated and to evaluate the segment's performance. The Treasure Factory Group operates the reuse business that centers on multiple reuse stores, including Treasure Factory (general reuse stores) and Treasure Factory Style (fashion reuse stores). In addition, the Group also runs the rental business and information system business.

2. Methods of calculation of net sales, profit/loss, assets, and other items for each reporting segment

The accounting method for the reported business segment is the same as the method used to prepare our consolidated financial statements. The reporting segment's profit is based on operating profit. Internal revenue and transfer between segments are based on prevailing market prices.

3. Information about the amounts of net sales, profit/loss, assets, and other items for each reporting segment

Previous Consolidated Fiscal Year (from March 1, 2021 to February 28, 2022)

(Thousands of yen)

|   | Reporting segment | Other<br>(Note 1) | Total      | Adjustment amount<br>(Note 2) | Amount recorded in<br>the consolidated<br>financial statements |
|---|-------------------|-------------------|------------|-------------------------------|--|
|   | Reuse business    |                   |            |                               | (Note 3)   |
| Net sales                                   |                   |                   |            |                               |  |
| Sales to external customers                 | 22,690,117        | 622,986           | 23,313,103 | -                             | 23,313,103   |
| Internal sales or transfer between segments | -                 | 37,411            | 37,411     | (37,411)                      | -  |
| Total                                       | 22,690,117        | 660,397           | 23,350,514 | (37,411)                      | 23,313,103   |
| Segment profit                              | 2,476,108         | 26,240            | 2,502,348  | (1,507,018)                   | 995,329  |
| Segment assets                              | 9,902,067         | 186,160           | 10,088,227 | 1,721,422                     | 11,809,650   |
| Depreciation                                | 247,666           | 47,851            | 295,518    | 30,609                        | 326,127  |
| Amortization of goodwill                    | 16,696            | 3,703             | 20,399     | -                             | 20,399   |

(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) Adjustment amounts are as stated below.

- (1) The adjustment amount for the segment profit is a company-wide expense and primarily part of selling, general, and administrative expenses not attributable to the segment.
- (2) The adjustment amount for the segment assets is for assets related to the administration department at the head office of the parent company, which are not attributable to the segment.
- (3) The adjustment amount for depreciation is a depreciation of assets related to administration departments not attributable to the reporting segment.

(Note 3) The segment profit has been adjusted according to the operating profit shown in the consolidated statement of income.

Consolidated Fiscal Year under Review (from March 1, 2022 to February 28, 2023)

(Thousands of yen)

|   | Reporting segment | Other<br>(Note 1) | Total      | Adjustment amount<br>(Note 2) | Amount recorded in<br>the consolidated<br>financial statements<br>(Note 3) |
|---|-------------------|-------------------|------------|-------------------------------|--|
|   | Reuse business    |                   |            |                               |  |
| Net sales                                   |                   |                   |            |                               |  |
| Sales to external customers                 | 27,499,166        | 713,777           | 28,212,943 | -                             | 28,212,943   |
| Internal sales or transfer between segments | -                 | 225,977           | 225,977    | (225,977)                     | -  |
| Total                                       | 27,499,166        | 939,754           | 28,438,920 | (225,977)                     | 28,212,943   |
| Segment profit                              | 3,925,419         | 187,403           | 4,112,822  | (1,547,751)                   | 2,565,071  |
| Segment assets                              | 11,062,644        | 180,583           | 11,243,228 | 3,415,922                     | 14,659,150   |
| Depreciation                                | 300,441           | 55,286            | 355,728    | 29,791                        | 385,520  |
| Amortization of goodwill                    | 16,696            | -                 | 16,696     | -                             | 16,696   |

(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) Adjustment amounts are as stated below.

- (1) The adjustment amount for the segment profit is a company-wide expense and primarily part of selling, general, and administrative expenses not attributable to the segment.
- (2) The adjustment amount for the segment assets is for assets related to the administration department at the head office of the parent company, which are not attributable to the segment.
- (3) The adjustment amount for depreciation is a depreciation of assets related to administration departments not attributable to the reporting segment.

(Note 3) The segment profit has been adjusted according to the operating profit shown in the consolidated statement of income.

[Related Information]

Previous Consolidated Fiscal Year (from March 1, 2021 to February 28, 2022)

1. Information about each product and service

Information sorted by product and service is omitted because sales of individual products and services to external customers make up more than 90 percent of the net sales recorded in the consolidated statement of income.

2. Information about each region

(1) Net sales

Net sales sorted by region are omitted because sales to external customers in Japan make up more than 90 percent of the net sales recorded in the consolidated statement of income.

(2) Property, plant, and equipment

Property, plant, and equipment sorted by region is omitted because the monetary value of these assets located in Japan makes up more than 90 percent of the value of property, plant, and equipment recorded in the consolidated balance sheet.

3. Information about each major customer

Information about each major customer is omitted because sales to none of our external customers make up 10 percent or more of the net sales recorded in the consolidated statement of income.

Consolidated Fiscal Year under Review (from March 1, 2022 to February 28, 2023)

1. Information about each product and service

Information sorted by product and service is omitted because sales of individual products and services to external customers make up more than 90 percent of the net sales recorded in the consolidated statement of income.

2. Information about each region

(1) Net sales

Net sales sorted by region are omitted because sales to external customers in Japan make up more than 90 percent of the net sales recorded in the consolidated statement of income.

(2) Property, plant, and equipment

Property, plant, and equipment sorted by region is omitted because the monetary value of these assets located in Japan makes up more than 90 percent of the value of property, plant, and equipment recorded in the consolidated balance sheet.

3. Information about each major customer

Information about each major customer is omitted because sales to none of our external customers make up 10 percent or more of the net sales recorded in the consolidated statement of income.

[Information about the impairment loss on non-current assets for each reporting segment]

Previous Consolidated Fiscal Year (from March 1, 2021 to February 28, 2022)

(Thousands of yen)

|                 | Reporting segment | Other  | Total   | Adjustment amount | Total   |
|-----------------|-------------------|--------|---------|-------------------|---------|
|                 | Reuse business    |        |         |                   |         |
| Impairment loss | 160,636           | 56,171 | 216,808 | -                 | 216,808 |

(Note) 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 ¥56,171 thousand has been recorded as an impairment loss under extraordinary losses.

Consolidated Fiscal Year under Review (from March 1, 2022 to February 28, 2023)

(Thousands of yen)

|                 | Reporting segment | Other | Total   | Adjustment amount | Total   |
|-----------------|-------------------|-------|---------|-------------------|---------|
|                 | Reuse business    |       |         |                   |         |
| Impairment loss | 124,949           | -     | 124,949 | -                 | 124,949 |

[Information about amortization of goodwill and unamortized balance for each reporting segment]

Previous Consolidated Fiscal Year (from March 1, 2021 to February 28, 2022)

(Thousands of yen)

|                          | Reporting segment | Other | Total  | Adjustment amount | Total  |
|--------------------------|-------------------|-------|--------|-------------------|--------|
|                          | Reuse business    |       |        |                   |        |
| Balance at end of period | 93,313            | -     | 93,313 | -                 | 93,313 |

(Note) Amortization of goodwill is omitted because the equivalent information is disclosed in Segment Information.

Consolidated Fiscal Year under Review (from March 1, 2022 to February 28, 2023)

(Thousands of yen)

|                          | Reporting segment | Other | Total  | Adjustment amount | Total  |
|--------------------------|-------------------|-------|--------|-------------------|--------|
|                          | Reuse business    |       |        |                   |        |
| Balance at end of period | 76,617            | -     | 76,617 | -                 | 76,617 |

(Note) Amortization of goodwill is omitted because the equivalent information is disclosed in Segment Information.

[Information about gain on bargain purchase for each reporting segment]

Previous Consolidated Fiscal Year (from March 1, 2021 to February 28, 2022)

N/A

Consolidated Fiscal Year under Review (from March 1, 2022 to February 28, 2023)

N/A

(Data Per Share)

|                                      | Previous Consolidated Fiscal Year<br>(from March 1, 2021<br>to February 28, 2022) | Consolidated Fiscal Year under<br>Review<br>(from March 1, 2022<br>to February 28, 2023) |
|--------------------------------------|---|--|
| Net assets per share                 | 212.33 yen  | 291.34 yen   |
| Amount of earnings per share         | 31.39 yen   | 76.31 yen  |
| Amount of diluted earnings per share | — yen   | 74.98 yen  |

(Note 1) The amount of diluted earnings per share for the previous consolidated fiscal year is omitted because no potential share with a dilutive effect exists.

2. On March 1, 2023, the Company carried out a 2-for-1 stock split (common stocks). The net assets per share and the earnings per share have been calculated on the assumption that this stock split was done at the beginning of the previous consolidated fiscal year.

3. The table below shows the basis for calculation of net assets per share.

|  | Previous Consolidated Fiscal Year<br>(Ended February 28, 2022) | Consolidated Fiscal Year under<br>Review<br>(Ended February 28, 2023) |
|--|--|---|
| Total net assets (thousand yen)  | 4,895,963  | 6,815,552   |
| Amount deducted from the total net assets (thousand yen)                                       | 176,180  | 64,643  |
| (share acquisition rights (thousand yen))  | (162,819)  | 4,112,822   |
| (non-controlling interests (thousand yen))   | (13,360)   | (13,360)  |
| Fiscal year-end net assets related to common shares (thousand yen)                             | 4,719,783  | 6,750,908   |
| Number of common shares at the fiscal year end used to calculate net assets per share (shares) | 11,114,369   | 11,585,800  |

3. The table below shows the basis for calculation of earnings per share and diluted earnings per share.

|   | Previous Consolidated Fiscal Year<br>(from March 1, 2021<br>to February 28, 2022)   | Consolidated Fiscal Year under<br>Review<br>(from March 1, 2022<br>to February 28, 2023) |
|---|---|--|
| (1) Amount of earnings per share  |   |  |
| Profit attributable to owners of parent (thousand yen)  | 703,470   | 1,710,544  |
| Amount not attributable to common shareholders (thousand yen)   | -   | -  |
| Profit attributable to owners of parent related to common shares (thousand yen)   | 703,470   | 1,710,544  |
| Average number of common shares issued during the period (shares)   | 11,205,128  | 11,207,586   |
| (2) Amount of diluted earnings per share  |   |  |
| Adjustment amounts for profit attributable to owners of parent (thousand yen)   | -   | -  |
| Increase in common shares (thousand shares)   | -   | 199,161  |
| (share acquisition rights (thousand shares)   | (-)   | (199,161)  |
| Summary of potential shares that were not included in the calculation of diluted earnings per share because of absence of a dilutive effect | Share acquisition rights based on the resolution passed at the Board of Directors' meeting on April 14, 2021<br>Number of share acquisition rights: 7,440<br>Number of common shares: 744,000 | -  |



(Material Post-Balance Sheet Events)

(Grant of share acquisition rights (paid stock options))

At the Board of Directors' meeting held on April 12, 2023, the Company resolved to issue share acquisition rights (paid stock options).

(1) Purpose of the issuance of share acquisition rights

Share acquisition rights available for a fee are to be issued to Directors and Employees of the Company in order to further boost their motivation and morale so that they will be more committed to achieving greater results, thereby raising the medium- to long-term corporate value of the Treasure Factory Group.

(2) Planned issuance of share acquisition rights

|  |                                       |
|--|---------------------------------------|
| [1] Number of share acquisition rights:            | 7,110                                 |
| [2] Issue price:                                   | 5,761 yen per share acquisition right |
| [3] Application deadline:                          | April 25, 2023                        |
| [4] Date of allotment of share acquisition rights: | April 28, 2023                        |
| [5] Payment deadline:                              | April 28, 2023                        |

(3) Details of the share acquisition rights

[1] Type and number of shares to be acquired through the share acquisition rights: 711,000 common shares (100 shares per share acquisition right)

|                          |                     |
|--------------------------|---------------------|
| [2] Exercise value:      | 1,289 yen per share |
| [3] Total issued amount: | 957,439,710 yen     |

(4) Exercise period: From June 1, 2024 to May 31, 2025

(5) Conditions for exercise

[1] Only when the reference index (which refers to an amount calculated by adding figures for depreciation and amortization of goodwill shown in the statement of cash flows and remuneration/fees for an external advisory service provided when M&A is implemented to ordinary profit recorded in the Company's consolidated statement of income that has been audited; the same shall apply hereinafter) and net sales for the fiscal year ending February 29, 2024 meet the criteria in (a), (b) and (c) listed below, share acquisition right holders may exercise the number of share acquisition rights allotted to them each that corresponds to the percentage specified for each of the criteria (hereinafter referred to as an "Exercisable Ratio") from the first day of the following month of the date of submission of the annual securities report for the fiscal year ending February 29, 2024. When it is decided that share-based remuneration expenses related to these share acquisition rights will be recorded as the above reference index is reviewed, the final decision shall be based on a corrected reference index before the deduction of the share-based remuneration expenses, that is, an index that is not influenced by the recording of these expenses. If the adoption of the IFRS causes any material change to the concept of the indicators that should be referred to, the Board of Directors shall separately specify the indicators for reference. If the number of exercisable share acquisition rights has a fraction less than one, the fraction shall be rounded off.

(a) The Exercisable Ratio is 20 percent when the reference index and net sales are ¥4,014 million or more and ¥32,473 million or more, respectively, for the fiscal year ending February 29, 2024.

(b) The Exercisable Ratio is 70 percent when the reference index and net sales are ¥4,348 million or more and ¥33,104 million or more, respectively, for the fiscal year ending February 29, 2024.

(a) The Exercisable Ratio is 100 percent when the reference index and net sales are ¥5,017 million or more and ¥34,050 million or more, respectively, for the fiscal year ending February 29, 2024.

[2] Even when the criteria shown in [1] above are met, share acquisition right holders may not exercise their share acquisition rights if common shares of the Company in regular transactions at the financial instruments exchange ever close at a price that falls below 75 percent of the exercise value.

[3] Each share acquisition right holder must be a Director, Auditor, or employee of the Company or of the Company's subsidiary or associate (which refers to a subsidiary or associate as specified in the rules about terms, formats, and preparation methods for financial statements or other relevant documents) when his/her share acquisition rights are exercised. Note that this does not apply if the holder has already resigned at the expiration of his/her term and/or at the retirement age, or for any other justifiable reasons.

[4] These share acquisition rights may not be exercised by the heir of a share acquisition right holder.

[5] These share acquisition rights may not be exercised if the exercise thereof would cause the total outstanding shares of the Company to exceed the number of authorized shares upon exercise.

[6] Less than one of these share acquisition rights may not be exercised.

(6) Matters regarding increasing share capital and legal capital surplus

[1] The increase in share capital that occurs when the exercise of the share acquisition rights leads to the issuance of shares shall be one-half of the maximum amount of increase in the share capital that is calculated in accordance with Article 17, paragraph (1) of the Regulations on Corporate Accounting.

Any fractions less than one yen as a result of the calculation shall be rounded up.

[2] The increase in legal capital surplus that occurs when the exercise of the share acquisition rights leads to the issuance of shares shall be calculated by subtracting the increase in share capital specified in [1] above from the maximum amount of increase in the share capital stated in [1] above.

(7) Receivers of allotted share acquisition rights and the numbers thereof

4 Directors of the Company, 4,650 share acquisition rights

70 employees of the Company, 2,460 share acquisition rights

(Stock split and a partial amendment to the Articles of Incorporation in line with the split)

The Company carried out a stock split and partially amended the Articles of Incorporation on March 1, 2023 based on the resolution passed at the Board of Directors' meeting held on February 10, 2023.

1. Purpose of the stock split

The Company carried out a stock split to lower the value per unit of investment in its share in order to create a condition in which investors will find investing in the Company more approachable, thereby attracting a wider range of investors and improving the liquidity of the Company's shares.

2. Outline of the stock split

(1) Method of the stock split

The Company split every single share owned by each of the shareholder on the list of shareholders finalized on Tuesday, February 28, 2023 into two shares.

(2) Increase in shares after the split

|  |                   |
|--|-------------------|
| [1] Total outstanding shares before the stock split: | 12,161,900 shares |
| [2] Increase in shares after this stock split:       | 12,161,900 shares |
| [3] Total outstanding shares after the stock split:  | 24,323,800 shares |
| [4] Total authorized shares after the stock split:   | 56,320,000 shares |

(3) Schedule of the stock split

[1] Public notice of the record date: Monday, February 13, 2023

[2] Record date: Tuesday, February 28, 2023

[3] Effective date: Wednesday, March 1, 2023

(4) Adjustment to the value of exercised share acquisition rights

With the stock split, the value per share for exercised share acquisition rights issued by the Company is to be adjusted as shown below as from March 1, 2023.

| Share acquisition rights     | Date of resolution by the Board of Directors | Value per exercised right before adjustment | Value per exercised right after adjustment |
|------------------------------|--|---|--|
| 6th share acquisition rights | April 14, 2021                               | 1,058 yen                                   | 529 yen                                    |

3. Partial amendment to the Articles of Incorporation in line with the stock split

(1) Reason for amendment

With this stock split carried out, the Company amended part of its Articles of Incorporation as shown below on Wednesday, March 1, 2023, in accordance with Article 184, paragraph (2) of the Companies Act.

(2) Details of the amendment

The details of the amendment is as shown below.

| Before amendment   | After amendment  |
|--|--|
| (Total number of authorized shares)<br>Article 6 The total number of authorized shares of the Company shall be<br><u>28,160,000.</u> | (Total number of authorized shares)<br>Article 6 The total number of authorized shares of the Company shall be<br><u>56,320,000.</u> |

(3) Schedule of the amendment

Effective date: Wednesday, March 1, 2023

4. Other

[1] Change in the value of share capital

This stock split did not cause an increase in share capital.

[2] Shareholder benefits

With the stock split, changes will be made to the shareholders' benefit program. Please see "Treasure Factory to Partially Amend Shareholder Benefits" published on February 10, 2023 for details.

The changes in the program will apply to shareholders who were recorded, or already included, on the list of shareholders finalized on the last day of February 2024 in accordance with the updated criteria. The current criteria will be used for shareholders who were recorded, or already included, on the list of shareholders finalized on the last day of February 2023.

(Purchase of treasury shares)

At the Board of Directors' meeting held on April 12, 2023, 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 shares to purchase                   | Common shares  |
| (2) Total number of shares that may be purchased | Up to 200,000 shares<br>(0.86 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                           | April 13, 2023 to April 20, 2023   |
| (5) Means of purchase                            | Purchase through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) at the Tokyo Stock Exchange  |