

# Consolidated Financial Results for the Three Months Ended May 31, 2023 (Japanese Accounting Standards)

July 12, 2023

Company name	Treasure Factory Co., Ltd.	Listings: Tokyo Stock Exchange
Securities code	3093	URL: <a href="https://www.treasurefactory.co.jp/">https://www.treasurefactory.co.jp/</a>
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Submission of annual securities report:	July 12, 2023	
Commencement of dividend payments:	-	
Supplementary documents for quarterly results:	Yes	
Quarterly results briefing	No	

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

## 1. Results for the three months ended May 31, 2023 (March 1, 2023 to May 31, 2023)

### (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	%
FY2024 Q1	8,259	22.7	1,032	34.8	1,042	32.6	673	26.6
FY2023 Q1	6,733	18.8	766	123.3	786	114.9	532	117.1

(Note) Comprehensive income:      FY2024 Q1                              685 million yen (29.2%)  
    FY2023 Q1                              530 million yen (120.5%)

	Profit per share	Diluted profit per share
	yen	yen
FY2024 Q1	28.94	28.91
FY2023 Q1	23.94	-

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

### (2) Financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
FY2024 Q1	15,541	7,227	45.8
FY2023	14,659	6,815	46.1

(Reference) Shareholders' equity:      FY2024 Q1                              7,122 million yen  
    FY2023                                      6,750 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
FY2023	-	12.00	-	25.00	37.00
FY2024	-				
FY2024 (forecast)		12.00	-	11.00	23.00

(Note 1) Revisions to dividend forecast published most recently: Yes

(Note 2) On March 1, 2023, the Company carried out a 2-for-1 stock split (common stocks). This table indicates the dividends paid for 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 owners of parent		Profit per share yen
	million yen	%	million yen	%	million yen	%	million yen	%	
First two quarters	15,729	22.6	1,387	38.4	1,398	35.5	909	36.6	39.13
Full year	31,560	11.9	2,857	11.4	2,874	9.6	1,868	9.2	80.74

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

\* Notes

(1) Changes in important subsidiaries during the nine 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: None

[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 May 31, 2023	24,347,800 shares	As of Feb. 28, 2023	24,323,800 shares
[2] Treasury shares at period-end	As of May 31, 2023	1,006,530 shares	As of Feb. 28, 2023	1,152,200 shares
[3] Average number of shares issued during the period	As of May 31, 2023	23,284,088 shares	As of May 31, 2022	22,228,694 shares

(Note) On March 1, 2023, the Company carried out a 2-for-1 stock split (common stocks). The number of shares issued at period-end, treasury shares at period-end, and average number of shares issued during the period have been calculated on the assumption that this stock split was done at the beginning of the previous consolidated fiscal year.

\* 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

(Notes on descriptions about forecasts)

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.

(About the change of units of figures)

The figures for account titles and other information in the Company's quarterly consolidated financial statements were conventionally shown in thousands of yen. Starting from the first quarter of the consolidated accounting period under review and the first quarter of the current consolidated cumulative period, those figures are presented in millions of yen. To make comparison easier, the figures for the previous consolidated fiscal year and those for the first quarter of the previous consolidated cumulative period are also presented in millions of yen.

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## 1. Qualitative Information about the Quarterly Financial Results

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

During the first quarter of the current consolidated cumulative period, Japan saw social and economic activities going back to normal as COVID-19 was reclassified into Class 5 under the Infectious Disease Act. However, the economic outlook remains uncertain because of concerns about exchange rates including the yen's falls, energy price hikes due to the protracted war between Russia and Ukraine, rising prices, etc.

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.

During the first quarter, the Treasure Factory Group enjoyed steady business that continued from the previous quarter. We achieved an operating profit of ¥1,032 million over the first quarter of the consolidated accounting period from March to May, which exceeding projections and was a record figure for our operating profit earned in the first quarter of a consolidated accounting period. On a non-consolidated basis, we opened 5 directly-managed stores, a Group company opened 1 directly-managed store, and existing stores also enjoyed steady sales. Kindal and PickUp Japan, our Group companies that engage in the reuse business, also saw steady sales, which led to further revenues and profits.

Consequently, the results of operations for the first quarter of the current consolidated cumulative period show net sales of ¥8,259 million (up 22.7 percent year on year), operating profit of ¥1,032 million (up 34.8 percent year on year), ordinary profit of ¥1,042 million (up 32.6 percent year on year), and quarterly profit of ¥673 million attributable to owners of the parent (up 26.6 percent year on year).

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

#### (Reuse Business)

Consolidated sales increased 23.5 percent year on year, non-consolidated sales increased 20.4 percent year on year, and non-consolidated sales at existing stores increased 11.7 percent year on year. In terms of sales by category, apparel sales increased 29.2 percent year on year because demand for outfits for going out grew. The sales of electric appliances increased 14.6 percent year on year as the business responded to new lifestyle demands in March and April. The sales of items targeted at foreign tourists picked up again, and this helped significantly boost the sales of fashion items such as branded items and wrist watches by 26.2 percent year on year, and of hobby-related items, which have been selling more than before since the pandemic started, by 18.4 percent year on year. Consolidated e-commerce sales increased by 18.4 percent year on year, as did non-consolidated e-commerce sales by 22.8 percent year on year.

Consolidated purchases of merchandise for the fiscal year under review increased 34 percent year on year, and non-consolidated purchases also grew by 33.5 percent year on year. As for non-consolidated purchases by channel, in-store purchases continued to steadily grow, achieving an increase of 27.8 percent year on year. Home-delivery purchases increased by 28.7 percent year on year, and home-visit purchases enjoyed an increase of 30.6 percent year on year.

During the first quarter of the current consolidated cumulative period, we opened 1 general reuse store, 3 fashion reuse stores, and 1 fashion outlet reuse store, the non-consolidated total being 5 stores. In terms of new stores by region, we opened 3 in Kanto and 2 in Kansai, maintaining a good balance of geographic locations. Furthermore, Kindal, our Group company, opened 1 directly-managed store. The numbers of stores at the end of the first quarter of the consolidated accounting period under review are as follows: 172 directly-managed stores and 4 franchise stores, the non-consolidated total being 176; and 245 stores in total across the Group.

These results added up to net sales of ¥8,049 million (up 23.5 percent year on year) and a segment profit of ¥1,455 million (up 27.7 percent year on year).

#### (Other)

Cairu, our rental business, successfully captured demand as people attended weddings and other events. Consequently, sales of the rental business increased 27.5 percent year on year.

These results added up to net sales of ¥298 million (up 17 percent year on year) and a segment profit of ¥54 million (down 29 percent year on year).

(2) Explanation regarding the Non-consolidated Financial Position

Total assets at the end of the first quarter of the current consolidated accounting period increased by ¥882 million compared to the end of the previous consolidated fiscal year, totaling ¥15,541 million because of an increase of ¥200 million in accounts receivable-trade, an increase of ¥550 million in merchandise, an increase of ¥140 million in buildings and structures, an increase of ¥81 million in leasehold and guarantee deposits, and a decrease of ¥122 million in cash and deposits, among other reasons.

Total liabilities at the end of the first quarter of the current consolidated accounting period increased by ¥469 million compared to the end of the previous consolidated fiscal year, totaling ¥8,313 million because of an increase of ¥925 million in short-term borrowings, an increase of ¥45 million in long-term borrowings, a decrease of ¥270 million in provision for bonuses, a decrease of ¥499 million in income taxes payable, among other reasons.

Total net assets at the end of the first quarter of the current consolidated accounting period increased by ¥412 million compared to the end of the previous consolidated fiscal year, totaling ¥7,227 million because a quarterly profit of ¥673 million attributable to owners of the parent was recorded, among other reasons.

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

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 are working toward the goals of our medium-term profit and loss plan.

During the first quarter of the current consolidated cumulative period, consolidated sales added up to 122.7 percent year on year. Profit margins also improved, with the steady growth of around 130 percent year on year in operating profit, ordinary profit, and profit attributable to owners of parent. Consequently, operating profit, ordinary profit, and profit attributable to owners of parent for the second quarter of the cumulative period are projected to surpass the previous forecast. Hence, we have revised the results and dividend forecasts published on April 12, 2023.

Please see “Notice on Revisions to Results and Dividend Forecasts for Six Months Ending August 31, 2023 ” published today (July 12, 2023) for details.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of Yen)

	Previous Consolidated Fiscal Year (Ended February 28, 2023)	First Quarter of the Current Consolidated Accounting Period (Ended May 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	3,073	2,951
Accounts receivable - trade	905	1,105
Merchandise	5,087	5,638
Other	630	687
<b>Total current assets</b>	<b>9,697</b>	<b>10,382</b>
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	1,361	1,502
Land	426	426
Other, net	403	519
<b>Total property, plant, and equipment</b>	<b>2,192</b>	<b>2,448</b>
Intangible assets		
Goodwill	76	72
Other	137	137
<b>Total intangible assets</b>	<b>214</b>	<b>210</b>
Investments and other assets		
Leasehold and guarantee deposits	1,941	2,022
Other	614	478
<b>Total investments and other assets</b>	<b>2,555</b>	<b>2,501</b>
<b>Total non-current assets</b>	<b>4,962</b>	<b>5,159</b>
<b>Total assets</b>	<b>14,659</b>	<b>15,541</b>

(Millions of Yen)

	Previous Consolidated Fiscal Year (Ended February 28, 2023)	First Quarter of the Current Consolidated Accounting Period (Ended May 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	81	96
Short-term borrowings	1,892	2,818
Current portion of long-term borrowings	782	807
Income taxes payable	746	246
Contract liabilities	79	90
Refund liabilities	37	42
Provision for bonuses	481	210
Provision for shareholder benefit program	5	3
Other	1,458	1,642
Total current liabilities	5,563	5,957
Non-current liabilities		
Long-term borrowings	1,557	1,603
Asset retirement obligations	695	725
Other	26	26
Total non-current liabilities	2,279	2,355
Total liabilities	7,843	8,313
<b>Net assets</b>		
Shareholders' equity		
Share capital	898	906
Capital surplus	833	849
Retained earnings	5,625	6,009
Treasury shares	(610)	(646)
Total shareholders' equity	6,747	7,119
Cumulative amount of other comprehensive income		
Foreign currency translation adjustment	3	2
Total cumulative amount of other comprehensive income	3	2
Share acquisition rights	51	80
Non-controlling interests	13	25
Total net assets	6,815	7,227
Total liabilities and net assets	14,659	15,541



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

(Millions of Yen)

	First Quarter of the Previous Consolidated Cumulative Period (from March 1, 2022 to May 31, 2022)	First Quarter of the Current Consolidated Cumulative Period (from March 1, 2023 to May 31, 2023)
Net sales	6,733	8,259
Cost of sales	2,453	3,084
Gross profit	4,279	5,175
Selling, general, and administrative expenses	3,513	4,142
Operating profit	766	1,032
Non-operating income		
Vending machine income	2	3
Foreign exchange gains	10	-
Subsidy income	3	0
Delivery fees	2	4
Other	5	6
Total non-operating income	23	14
Non-operating expenses		
Interest expenses	3	3
Other	0	0
Total non-operating expenses	3	4
Ordinary profit	786	1,042
Extraordinary income		
Gain on sales of non-current assets	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Quarterly profit before income taxes	785	1,042
Income taxes — current	166	206
Income taxes — deferred	86	150
Total income taxes	253	356
Net quarterly profit	532	685
Profit attributable to non-controlling interests	-	11
Profit attributable to owners of parent	532	673

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

(Millions of Yen)

	First Quarter of the Previous Consolidated Cumulative Period (from March 1, 2022 to May 31, 2022)	First Quarter of the Current Consolidated Cumulative Period (from March 1, 2023 to May 31, 2023)
Net quarterly profit	532	685
Other comprehensive income		
Foreign currency translation adjustment	(1)	(0)
Total of other comprehensive income	(1)	(0)
Quarterly comprehensive income	530	685
Comprehensive income attributable to		
Quarterly comprehensive income attributable to owners of parent	530	673
Quarterly comprehensive income attributable to non- controlling interests	-	11

(3) 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

(Segment Information, etc.)

[Segment Information]

I. First Quarter of Previous Consolidated Cumulative Period (from March 1, 2022 to May 31, 2022)

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

(Millions 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	6,519	214	6,733	-	6,733
Internal sales or transfer between segments	-	40	40	(40)	-
Total	6,519	254	6,774	(40)	6,733
Segment profit	1,139	77	1,216	(450)	766

(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

II. First Quarter of Current Consolidated Cumulative Period (from March 1, 2023 to May 31, 2023)

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

(Millions 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	8,049	209	8,259	-	8,259
Internal sales or transfer between segments	-	88	88	(88)	-
Total	8,049	298	8,348	(88)	8,259
Segment profit	1,455	54	1,509	(477)	1,032

(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)

(Disposal of treasury shares as restricted stock units)

At the Board of Directors' meeting held on June 15, 2023, the Company resolved to dispose of its treasury shares as restricted stock units (the "disposal of treasury shares" or "disposal") as shown below. The payment process was completed on July 7, 2023.

1. Summary of the disposal

(1) Payment date	July 7, 2023
(2) Type and number of shares disposed of	The Company's common shares: 6,800
(3) Disposal price	1,576 per share
(4) Total value of shares disposed of	10,716,800 yen
(5) Sold to	6,800 shares sold to 4 of the Company's Directors * External Directors were excluded.
(6) Other	The Company submitted a written notice of securities regarding the disposal of treasury shares in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and reason for the disposal

At the Board of Directors' meeting held on April 19, 2023, the Company resolved to introduce a stock compensation plan (the "Plan") designed to issue restricted stocks to the Company's eligible Directors (the "Eligible Directors," excluding External Directors) in order to provide the Eligible Directors with an incentive to continue increasing the Company's corporate value and to share more value with its shareholders.

Furthermore, at the 28th Annual General Meeting of Shareholders held on May 24, 2023, the Company received approval for the following based on the Plan: the total value of monetary compensation claims paid to the Eligible Directors as compensation related to restricted stocks is capped at ¥30 million per year; the total number of restricted stocks allotted to the Eligible Directors each fiscal year is up to 30,000 per year; and the duration of restriction on the restricted stocks is three years starting from the payment date.