

Consolidated Financial Results for the Three Months Ended May 31, 2024 (Japanese Accounting Standards)

July 10, 2024

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:			July 10, 2024
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, 2024 (March 1, 2024 to May 31, 2024)

(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	%
FY2025 Q1	10,320	24.9	1,349	30.7	1,364	30.9	923	37.0
FY2024 Q1	8,259	22.7	1,032	34.8	1,042	32.6	673	26.6

(Note) Comprehensive income:	FY2025 Q1	929 million yen (35.6%)	
	FY2024 Q1	685 million yen (29.2%)	

	Profit per share	Diluted profit per share
	yen	yen
FY2025 Q1	39.41	39.40
FY2024 Q1	28.94	28.91

(2) Financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
FY2025 Q1	18,786	9,099	48.1
FY2024	17,728	8,526	47.8

(Reference) Shareholders' equity:	FY2025 Q1	9,033 million yen	
	FY2024	8,475 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
FY2024	—	12.00	—	16.00	28.00
FY2025	—	—	—	—	—
FY2025 (forecast)	—	18.00	—	16.00	34.00

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

3. Results forecast for the fiscal year ending February 28, 2025 (March 1, 2024 to February 28, 2025)

(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
First two quarters	19,810	24.9	1,785	23.2	1,803	22.8	1,165	24.9	49.73
Full year	41,862	21.5	4,041	20.7	4,069	20.0	2,723	21.5	116.23

(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: 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, 2024	24,347,800 shares	As of Feb. 29, 2024	24,347,800 shares
[2] Treasury shares at period-end	As of May 31, 2024	917,976 shares	As of Feb. 29, 2024	939,176 shares
[3] Average number of shares issued during the period	As of May 31, 2024	23,420,724 shares	As of May 31, 2023	23,284,088 shares

*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 Forecasts including Consolidated Forecasts in 1. Qualitative Information about the Quarterly Financial Results on Page 5 of the attached material.

○ Table of Contents (Attachments)

1. Qualitative Information about the Quarterly Financial Results	4
(1) Explanation regarding the Non-consolidated Results of Operations	4
(2) Explanation regarding the Non-consolidated Financial Position	5
(3) Explanation regarding the Information on Forecasts including Consolidated Forecasts	5
2. Quarterly Consolidated Financial Statements and Main Notes	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	8
(3) Notes on the Quarterly Consolidated Financial Statements	10
(Notes on Going Concern Assumption)	10
(Notes on Substantial Changes in the Amount of Shareholders' Equity)	10
(Segment Information, etc.)	10
(Material Post-Balance Sheet Events)	12

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 increased demand from an increase in international visitors, as well as improved employment and income circumstances, and other factors that drove a gradual economic recovery. However, the economic outlook remains uncertain because of concerns about instability in situations overseas, along with rising prices due to exchange rate trends that have weakened the yen, among others.

In the reuse industry, the market continues to grow as there have been a societal shift in consumer behavior toward sustainability and growing demand for used and reuse items because of rising prices.

During the first quarter, the Treasure Factory Group enjoyed steady business that continued from the previous quarter. We achieved an operating profit of ¥1,349 million over the first quarter of the consolidated accounting period from March to May, which exceeded 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 6 directly-managed stores, 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 ¥10,320 million (up 24.9 percent year on year), operating profit of ¥1,349 million (up 30.7 percent year on year), ordinary profit of ¥1,364 million (up 30.9 percent year on year), and quarterly profit of ¥923 million attributable to owners of the parent (up 37.0 percent year on year).

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

(Reuse Business)

Consolidated sales increased 24.5 percent year on year, non-consolidated sales increased 19.5 percent year on year, and non-consolidated sales at existing stores increased 8.1 percent year on year. In terms of sales by category, apparel sales increased 23.7 percent year on year because demand for spring and summer outfits grew. The sales of electric appliances increased 16.6 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 wristwatches by 28.6 percent year on year, and of hobby-related items such as outdoor and sporting goods that sold steadily by 54.7 percent year on year. Consolidated e-commerce sales increased by 30.9 percent year on year, as did non-consolidated e-commerce sales by 29.9 percent year on year.

Consolidated purchases of merchandise for the fiscal year under review increased 19.1 percent year on year, and non-consolidated purchases also grew by 9.2 percent year on year. As for non-consolidated purchases by channel, in-store purchases continued to steadily grow, achieving an increase of 10.5 percent year on year. Home-delivery purchases increased by 9.2 percent year on year, and home-visit purchases enjoyed an increase of 5.3 percent year on year.

During the first quarter of the current consolidated cumulative period, we opened 2 general reuse stores, 3 fashion reuse stores, and 1 fashion outlet reuse store, the non-consolidated total being 6 stores. In terms of new stores by region, we opened 5 in Kanto and 1 in Kansai. The numbers of stores at the end of the first quarter of the consolidated accounting period under review are as follows: 193 directly-managed stores and 4 franchise stores, the non-consolidated total being 197; and 281 stores in total across the Group.

These results added up to net sales of ¥10,017 million (up 24.5 percent year on year) and a segment profit of ¥1,820 million (up 25.1 percent year on year).

(Other)

Our rental business successfully met demand as people attended weddings and other events. Consequently, sales of the rental business increased 17.1 percent year on year.

These results added up to net sales of ¥405 million (up 35.9 percent year on year) and a segment profit of ¥48 million (down 11.1 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 ¥1,057 million compared to the end of the previous consolidated fiscal year, totaling ¥18,786 million because of an increase of ¥312 million in cash and deposits, an increase of ¥262 million in accounts receivable-trade, an increase of ¥302 million in merchandise, an increase of ¥103 million in buildings and structures, and an increase of ¥83 million in leasehold and guarantee deposits, among other reasons.

Total liabilities at the end of the first quarter of the current consolidated accounting period increased by ¥484 million compared to the end of the previous consolidated fiscal year, totaling ¥9,687 million because of an increase of ¥570 million in short-term borrowings, an increase of ¥111 million in current portion of long-term borrowings, a decrease of ¥204 million in provision for bonuses, and a decrease of ¥301 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 ¥572 million compared to the end of the previous consolidated fiscal year, totaling ¥9,099 million because a quarterly profit of ¥923 million attributable to owners of the parent was recorded, among other reasons.

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

During the first quarter of the current consolidated cumulative period, consolidated sales added up to 124.9 percent year on year. Ordinary income ratio also further increased from the same period of the previous year, with growth of more than 130 percent year on year in operating profit, ordinary profit, and profit attributable to owners of parent, which was greater than planned. In the second quarter, non-consolidated sales at existing stores for June was 112.8 percent of the figure for the same month last year, which was also greater than planned.

During the second quarter and thereafter, the Company expects additional SG&A because of an increase in base pay, along with the expansion or relocation of our various centers. We also expect that, considering the trends observed in June, purchases and sales will continue to steadily grow in the second quarter and thereafter. Hence, the Company has revised the cumulative results forecast for the second quarter and full-year performance forecast upward from those published on April 10, 2024. We will also increase interim dividends and update the dividend payment accordingly.

Please see “Notice on Revisions to Results Forecast and Dividends Forecast” published today (July 10, 2024) for details.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	Previous Consolidated Fiscal Year (Ended February 29, 2024)	First Quarter of the Current Consolidated Accounting Period (Ended May 31, 2024)
Assets		
Current assets		
Cash and deposits	2,617	2,930
Accounts receivable — trade	1,174	1,437
Merchandise	6,899	7,201
Other	772	835
Total current assets	11,464	12,404
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	1,815	1,918
Land	426	426
Other, net	590	609
Total property, plant, and equipment	2,831	2,954
Intangible assets		
Goodwill	361	349
Other	158	171
Total intangible assets	520	520
Investments and other assets		
Leasehold and guarantee deposits	2,274	2,357
Other	638	548
Total investments and other assets	2,912	2,906
Total non-current assets	6,264	6,381
Total assets	17,728	18,786

(Unit: million yen)

	Previous Consolidated Fiscal Year (Ended February 29, 2024)	First Quarter of the Current Consolidated Accounting Period (Ended May 31, 2024)
Liabilities		
Current liabilities		
Accounts payable — trade	116	93
Short-term borrowings	2,506	3,076
Current portion of long-term borrowings	918	1,030
Income taxes payable	694	393
Contract liabilities	97	111
Refund liabilities	49	53
Provision for bonuses	455	251
Provision for shareholder benefit program	6	3
Other	1,582	1,896
Total current liabilities	6,426	6,910
Non-current liabilities		
Long-term borrowings	1,962	1,993
Asset retirement obligations	786	756
Other	26	26
Total non-current liabilities	2,775	2,776
Total liabilities	9,202	9,687
Net assets		
Shareholders' equity		
Share capital	906	906
Capital surplus	857	858
Retained earnings	7,296	7,845
Treasury shares	(603)	(589)
Total shareholders' equity	8,458	9,020
Cumulative amount of other comprehensive income		
Foreign currency translation adjustment	17	13
Total cumulative amount of other comprehensive income	17	13
Share acquisition rights	3	—
Non-controlling interests	47	65
Total net assets	8,526	9,099
Total liabilities and net assets	17,728	18,786

(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)

(Unit: million yen)

	First Quarter of the Previous Consolidated Cumulative Period (from March 1, 2023 to May 31, 2023)	First Quarter of the Current Consolidated Cumulative Period (from March 1, 2024 to May 31, 2024)
Net sales	8,259	10,320
Cost of sales	3,084	4,037
Gross profit	5,175	6,282
Selling, general, and administrative expenses	4,142	4,933
Operating profit	1,032	1,349
Non-operating income		
Vending machine income	3	3
Foreign exchange gains	—	5
Delivery fees	4	4
Other	6	7
Total non-operating income	14	20
Non-operating expenses		
Interest expenses	3	5
Other	0	0
Total non-operating expenses	4	5
Ordinary profit	1,042	1,364
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	1,042	1,363
Income taxes—current	206	343
Income taxes—deferred	150	86
Total income taxes	356	430
Net quarterly profit	685	933
Profit attributable to non-controlling interests	11	10
Profit attributable to owners of parent	673	923

(Quarterly consolidated statement of comprehensive income)

(First quarter of the consolidated cumulative period)

(Unit: million yen)

	First Quarter of the Previous Consolidated Cumulative Period (from March 1, 2023 to May 31, 2023)	First Quarter of the Current Consolidated Cumulative Period (from March 1, 2024 to May 31, 2024)
Net quarterly profit	685	933
Other comprehensive income		
Foreign currency translation adjustment	(0)	(4)
Total of other comprehensive income	(0)	(4)
Quarterly comprehensive income	685	929
Comprehensive income attributable to		
Quarterly comprehensive income attributable to owners of parent	673	918
Quarterly comprehensive income attributable to non- controlling interests	11	10

(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, 2023 to May 31, 2023)

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

(Unit: million 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, and includes 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, 2024 to May 31, 2024)

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

(Unit: million 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	10,017	302	10,320	—	10,320
Internal sales or transfer between segments	—	103	103	(103)	—
Total	10,017	405	10,423	(103)	10,320
Segment profit	1,820	48	1,868	(519)	1,349

(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 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 12, 2024, 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 9, 2024.

1. Summary of the disposal

(1) Payment date	July 9, 2024
(2) Type and number of shares disposed of	The Company's common shares: 6,300
(3) Disposal price	1,779 per share
(4) Total value of shares disposed of	11,207,700 yen
(5) Sold to	6,300 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.