

# Financial Summary for First 3 Quarters of Fiscal 2015 [Japanese GAAP] [Non-Consolidated]

January 14, 2015

Name of listed company: **Treasure Factory Co., Ltd.** Stock exchange listings: Tokyo  
 Securities code: 3093 URL: [www.treasurefactory.co.jp/en/](http://www.treasurefactory.co.jp/en/)  
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Scheduled date of submission of quarterly securities report: January 14, 2015  
 Scheduled date of commencement of dividend payouts: -  
 Preparation of supplementary explanatory materials on quarterly results: Yes  
 Holding of briefing session on quarterly results: No

[Amounts are rounded down to the nearest million yen]

## 1. Results of Operations in First 3 Quarters of Fiscal 2015

*Treasure Factory's first 3 quarters of fiscal 2015 is the period from March 1, 2014 to November 30, 2014.*

### (1) Business Performance [Cumulative]

[% figures represent the increase (decrease) compared to the same period of the previous fiscal year]

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
First 3 quarters of fiscal 2015	7,803	16.8%	771	42.0%	792	41.7%	441	40.2%
First 3 quarters of fiscal 2014	6,678	13.6%	543	8.2%	559	9.5%	314	9.4%

	Net income per share	Diluted net income per share
	yen	yen
First 3 quarters of fiscal 2015	79.47	77.31
First 3 quarters of fiscal 2014	56.90	56.37

The Company conducted a 2-for-1 split of its common shares on September 1, 2014. The figures are based on the assumption that the share split was conducted at the beginning of the previous fiscal year.

### (2) Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First 3 quarters of fiscal 2015	4,824	2,826	58.5
Fiscal 2014	4,184	2,434	58.2

[Reference] Equity First 3 quarters of fiscal 2015: 2,821 million yen Fiscal 2014: 2,434 million yen

## 2. Dividends

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal 2014	-	0.00	-	20.00	20.00
Fiscal 2015	-	0.00	-	-	-
Fiscal 2015 [forecast]	-	-	-	18.00	18.00

[Note] Revision from most recently announced forecast for dividends: Yes

The Company conducted a 2-for-1 split of its common shares on September 1, 2014. Figures for fiscal 2015 [forecast] indicate amounts of dividends after taking into consideration the effect of the share split.

## 3. Forecast for Results of Operations in Fiscal 2015

*Treasure Factory's fiscal 2015 is the period from March 1, 2014 to February 28, 2015.*

[% figures represent the increase (decrease) compared to the previous fiscal year]

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year	10,449	14.5%	888	25.1%	912	24.9%	509	22.0%	91.60

[Note] Revision from most recently announced forecast for results of operations: Yes

\*Full year figures take into consideration the effect of the share split.

The Company conducted a 2-for-1 split of its common shares on September 1, 2014. Net income per share for the full year is calculated after taking into consideration the effect of the share split.

## ATTACHMENT

### 1. Qualitative Information on Quarterly Results

#### (1) Explanation of Business Performance

In the first 3 quarters of fiscal 2015, prospects for Japanese economic trends continued to be uncertain due to the effects of certain factors such as the downturn in consumer confidence from the consumption tax hike in April and rising prices caused by further depreciation of yen, although corporate earnings are on an improving trend centering on exporting companies.

In such a business environment, while continuously strengthening initiatives at existing stores, the Company focused on new store openings, strengthening online initiatives and developing new business.

Net sales for the first 3 quarters of fiscal 2015 was strong, increased 16.8% compared to the same period of the previous fiscal year for the whole company and increased 8.2% compared to the same period of the previous fiscal year for existing stores (stores that opened before the end of fiscal 2013, same hereafter). As for purchases, purchase amount of products for the quarter increased 14.2% compared to the same period of the previous fiscal year for the whole company. General purchases, which are purchases from general customers, increased 9.6% compared to the same period of the previous fiscal year for the whole company and increased 2.5% compared to the same period of the previous fiscal year for existing stores.

As for net sales by product category, clothing & accessories, electrical appliances and furniture performed strong, increasing 19.0%, 18.5% and 17.5% compared to the same period of the previous fiscal year, respectively. Relocation of a distribution center for expansion in June of the previous fiscal year contributed to the increase in net sales, as major purchases and dispatch purchases increased the Company was able to secure stable inventory of home appliances and furniture.

Based on our store opening policy, the Company opened a total of three directly managed Treasure Factory stores, which conduct the general reuse business; one in Kishiwada City, Osaka Prefecture, one in Yao City, Osaka Prefecture and one in Higashi-Osaka City, Osaka Prefecture. The Company opened a total of two directly managed Treasure Factory Style stores, which conduct the dedicated fashion reuse business; one in Shinagawa Ward, Tokyo and one in Tokorozawa City, Saitama Prefecture.

As for new business, the Company developed the sports and outdoor business and opened its first Treasure Factory Sports store in Yokohama City, Kanagawa Prefecture in September. Treasure Factory Sports is a reuse store specialized in handling of outdoor goods such as gear for camping and climbing along with various other sports products. The store has steadily attracted customers after opening and has gotten off to a good start.

In addition, the Company acquired the Brand Collect business, which is strong in the online fashion reuse field, on October 15 for the purpose of accelerating its online business development and strengthening its fashion category. Through this business acquisition, the Company inherited Brand Collect's Harajuku Store and Brand Collect's online shopping website.

As a result, the Company has now become an organization of 80 stores in total as of the end of November 2014, with a total of 76 directly managed stores, which include 50 Treasure Factory stores, 23 Treasure Factory Style stores, one Use Let store, one Treasure Factory Sports store, one Brand Collect store, and four Treasure Factory franchise stores.

As for income, gross profit ratio of the whole company was 66.3%, up 0.2% compared to the same period of the previous fiscal year, and gross profit ratio of existing stores was 66.5%, up 0.5% compared to the same period of the previous fiscal year. The whole company's gross profit ratio – net rose 0.2% compared to the same period of the previous fiscal year to 66.2%. Selling, general and administrative expenses ratio fell 1.6% from the same period of the previous fiscal year to 56.3%. As a result, operating income ratio rose 1.8% compared to the same period of the previous fiscal year to 9.9% and ordinary income ratio rose 1.8% compared to the same period of the previous fiscal year to 10.2%.

As a consequence, performance for the first 3 quarters of fiscal 2015 was net sales of 7,803,169 thousand yen (up 16.8% compared to the same period of the previous fiscal year), operating income of 771,652 thousand yen (up 42.0% compared to the same period of the previous fiscal year), ordinary income of 792,621 thousand yen (up 41.7% compared to the same period of the previous fiscal year) and net income of 441,564 thousand yen (up 40.2% compared to the same period of the previous fiscal year).

## **(2) Explanation of Financial Position**

Total assets at the end of the third quarter of fiscal 2015 amounted to 4,824,658 thousand yen, an increase of 640,233 thousand yen compared to the end of the previous fiscal year. This was attributable to the 305,421 thousand yen increase in merchandise and 98,964 thousand yen increase in lease and guarantee deposits and other factors.

Total liabilities at the end of the third quarter of fiscal 2015 amounted to 1,998,277 thousand yen, an increase of 248,119 thousand yen compared to the end of the previous fiscal year. This was attributable to the 112,000 thousand yen increase in short-term loans payable and 180,764 thousand yen increase in other under current liabilities and other factors.

Total net assets at the end of the third quarter of fiscal 2015 amounted to 2,826,381 thousand yen, an increase of 392,113 thousand yen compared to the end of the previous fiscal year. This was attributable to the recording of 441,564 thousand yen in net income and other factors.

## **(3) Explanation of Forecast for Results of Operations and Other Forward-Looking Statements**

In the first 3 quarters of fiscal 2015, the Company achieved over 40% growth in operating income, ordinary income and net income for the whole company due to strong net sales of existing stores, up 8.2% compared to the same period of the previous fiscal year, and other factors.

As for the forecast for results of operations in fiscal 2015, the Company revised the forecast announced on April 11, 2014 after considering the results of the first 3 quarters of fiscal 2015 and even uncertainties including occurrence of differences against planned results for the fourth quarter. For details, please refer "Notice Concerning Revision of the Forecast for Results of Operations in Fiscal 2015" separately announced today.

**2. Matters Concerning Summary Information (Notes)**

**(1) Application of accounting treatments specific to preparation of the quarterly financial statements**

Not applicable.

**(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements**

Not applicable.

**3. Quarterly Financial Statements****(1) Quarterly Balance Sheet**

	[Unit: thousand yen]	
	Fiscal 2014	Third quarter of fiscal 2015
	As of Feb. 28, 2014	As of Nov. 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	866,810	913,274
Accounts receivable – trade	90,242	183,073
Merchandise	1,232,362	1,537,784
Other	275,677	250,828
Total current assets	2,465,092	2,884,960
Noncurrent assets		
Property, plant and equipment		
Buildings, net	580,066	645,068
Land	141,555	141,555
Other, net	180,595	191,842
Total property, plant and equipment	902,217	978,467
Intangible assets	11,731	34,310
Investments and other assets		
Lease and guarantee deposits	677,571	776,535
Other	127,813	150,385
Total investments and other assets	805,384	926,920
Total noncurrent assets	1,719,332	1,939,698
Total assets	4,184,425	4,824,658

	[Unit: thousand yen]	
	Fiscal 2014	Third quarter of fiscal 2015
	As of Feb. 28, 2014	As of Nov. 30, 2014
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	23,021	43,191
Short-term loans payable	378,000	490,000
Current portion of long-term loans payable	119,694	103,839
Income taxes payable	206,749	177,497
Provision for bonuses	120,457	75,401
Provision for sales returns	18,192	20,355
Provision for point card certificates	32,964	31,145
Other	443,461	624,225
<b>Total current liabilities</b>	<b>1,342,540</b>	<b>1,565,655</b>
Noncurrent liabilities		
Long-term loans payable	189,902	190,260
Asset retirement obligations	217,715	240,258
Other	-	2,104
<b>Total noncurrent liabilities</b>	<b>407,617</b>	<b>432,622</b>
<b>Total liabilities</b>	<b>1,750,158</b>	<b>1,998,277</b>
Net assets		
Shareholders' equity		
Capital stock	367,043	367,443
Capital surplus	302,043	302,443
Retained earnings	1,765,289	2,151,323
Treasury stock	(109)	(109)
<b>Total shareholders' equity</b>	<b>2,434,267</b>	<b>2,821,101</b>
Subscription rights to shares	-	5,280
<b>Total net assets</b>	<b>2,434,267</b>	<b>2,826,381</b>
<b>Total liabilities and net assets</b>	<b>4,184,425</b>	<b>4,824,658</b>

**(2) Quarterly Statement of Income****Quarterly Statement of Income [Cumulative]**

	[Unit: thousand yen]	
	First 3 quarters of fiscal 2014 From: Mar. 1, 2013 To: Nov. 30, 2013	First 3 quarters of fiscal 2015 From: Mar. 1, 2014 To: Nov. 30, 2014
Net sales	6,678,182	7,803,169
Cost of sales	2,264,839	2,632,862
Gross profit	4,413,342	5,170,307
Reversal of provision for sales returns	14,242	18,192
Provision for sales returns	19,899	20,355
Gross profit – net	4,407,686	5,168,144
Selling, general and administrative expenses	3,864,258	4,396,492
Operating income	543,428	771,652
Non-operating income		
Interest income	63	89
Vending machines income	9,383	10,633
Subsidy income	3,000	-
Other	7,082	13,494
Total non-operating income	19,529	24,217
Non-operating expenses		
Interest expenses	3,556	2,753
Other	113	495
Total non-operating expenses	3,670	3,248
Ordinary income	559,286	792,621
Extraordinary losses		
Loss on retirement of noncurrent assets	499	1,074
Loss on valuation of investment securities	-	615
Total extraordinary losses	499	1,689
Income before income taxes	558,787	790,931
Income taxes – current	226,200	326,400
Income taxes – deferred	17,745	22,967
Total income taxes	243,945	349,367
Net income	314,842	441,564

**(3) Notes to Quarterly Financial Statements**

**Notes on the Going Concern Assumption**

Not applicable.

**Notes in the Event of Material Change in the Amount of Shareholders' Equity**

Not applicable.

**Segment information, etc.**

The Company's main business is the reuse business and lacks in significance of the other business segments. Therefore, the Company omitted description of such information.