



Financial Summary for the First Quarter of the Fiscal Year Ending February 29, 2016 **(Japanese Accounting Standards) (Non-consolidated)**

July 10, 2015

Company name	Treasure Factory Co., Ltd.	Listings	The First Section of the Tokyo Stock Exchange
Securities code	3093	URL	http://www.treasurefactory.co.jp/
Representative	President & CEO, Eigo Nosaka		
Contact	Director, General Manager of Administration Department, Eiji Kobayashi		
Telephone	+81-3-3880-8822		
Scheduled dates:			
Submission of statutory quarterly financial report	July 10, 2015		
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 first quarter of the fiscal year ending February 29, 2016 (March 1, 2015 to May 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter ended May 31, 2015	3,011	16.6	395	12.1	401	12.4	232	14.4
First quarter ended May 31, 2014	2,583	17.1	352	51.8	357	51.4	203	50.6

	Net income per share	Diluted net income per share
	yen	yen
First quarter ended May 31, 2015	20.81	20.03
First quarter ended May 31, 2014	18.33	18.16

The Company conducted a 2-for-1 stock split on September 1, 2014, and again on June 1, 2015. Net income per share and diluted net income per share stated are based on the assumption that the stock splits were conducted at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
As of May 31, 2015	5,018	3,087	61.4
As of February 28, 2015	5,040	2,955	58.5

(Reference) Shareholders' equity: As of May 31, 2015: 3,082 million yen
As of February 28, 2015: 2,950 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
Year ended Feb. 28, 2015	—	0.00	—	18.00	18.00
Year ending Feb. 29, 2016	—				
Year ending Feb. 29, 2016 (forecast)		5.50	—	5.50	11.00

(Note) Revisions to dividend projection published most recently: None

On June 1, 2015, the Company conducted a 2-for-1 stock split. The dividend per share for the year ending February 29, 2016 (forecast) is based on the number of shares after the stock split.

3. Results forecast for the fiscal year ending February 29, 2016 (March 1, 2015 to February 29, 2016)

(Percentage figures represent changes from the corresponding period of 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
First half	5,577	13.4	452	5.0	461	3.7	268	9.9	23.94
Full year	11,853	10.9	1,039	8.2	1,052	8.8	631	11.4	56.38

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

On June 1, 2015, the Company conducted a 2-for-1 stock split. The net income per share is calculated based on the number of shares after the stock split.

* Notes

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

(2) 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 the above:	None
[3] Changes in accounting estimates:	None
[4] Revisions and restatements:	None

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

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

As of May 31, 2015:	11,192,800 shares	As of Feb. 28, 2015:	11,192,800 shares
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[2] Treasury stock at period-end

As of May 31, 2015:	296 shares	As of Feb. 28, 2015:	296 shares
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[3] Average number of shares issued

As of May 31, 2015:	11,192,504 shares	As of May 31, 2014:	11,106,104 shares
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(Note) The Company conducted a 2-for-1 stock split on September 1, 2014, and again on June 1, 2015. The number of shares outstanding (common shares) has been calculated on the assumption that the stock splits were conducted at the beginning of the previous fiscal year.

* Status of quarterly review

Although a quarterly review is not required for this financial summary under the Financial Instruments and Exchange Act, it had been carried out by the time of publication of this financial summary.

* Explanation on the proper use of the results forecast and additional information

The results forecast above is based on information available at the time of publication of this financial summary. Actual results may differ from the forecast due to a range of factors. For further information on the results forecast, please refer to Explanation on Results Forecasts on page 2 of the accompanying materials.

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1. Qualitative Information on the Financial Results for the First Quarter of the Fiscal Year Ending February 29, 2016

(1) Description of Operating Results

During the first quarter of the fiscal year ending February 29, 2016, the Japanese economy maintained a moderate recovery based on an improvement in corporate earnings, employment, and workers' income, among other factors.

In this business environment, the Company's reuse business remained strong in terms of both purchases and sales, which were led by two types of stores: General Reuse Stores "Treasure Factory" and Fashion Reuse Stores "Treasure Factory Style."

Sales grew significantly during the first quarter under review. Sales at all stores rose 16.6% year on year, and sales at existing stores (stores that were opened by the end of the fiscal year ended February 28, 2014; the same applies hereinafter) increased 7.2% year on year. By product category, sales of apparel climbed 14.7% year on year, fashion items 16.7% year on year, and electric appliances 20.1% year on year. The overall cost of purchased items rose 23.4% year on year, and purchases led by in-store purchases also continued to grow. Overall purchases by general customers grew by 27.1%, and those for existing stores increased 15.8%.

As part of its store-opening measures, the Company opened a new Treasure Factory, a directly managed General Reuse Store, in Chiba City, Chiba Prefecture. The Company operated a total of 83 stores as of May 31, 2015, consisting of 79 directly managed stores made up of 51 Treasure Factory stores as General Reuse Stores, 24 Treasure Factory Style stores as Fashion Reuse Stores, two Brand Collect stores as Brand-name Fashion Reuse Stores, one Treasure Factory Sports store as a Sports and Outdoor Reuse Store, and one UseLet store as a Fashion Outlet Reuse Store, as well as four Treasure Factory franchise stores.

Looking at profits, the gross profit ratio of the entire company declined 0.9% year on year, to 65.9%, while the existing-store gross profit ratio decreased 0.8%, to 66.0%. This is chiefly attributable to an increase in delivery expenses incurred through home-visit purchases and additional discounts given to promote sales. The gross profit ratio-net was reduced by 0.8% year on year, to 65.9%.

The selling, general and administrative expenses ratio declined 0.4% year on year, to 52.7%. The operating income ratio fell 0.6% year on year, to 13.1%, while the ordinary income ratio dropped 0.5% year on year, to 13.3%.

As a result, net sales, operating income, and ordinary income for the first quarter under review stood at 3,011,522,000 yen (up 16.6% year on year), 395,310,000 yen (up 12.1% year on year) and 401,463,000 yen (up 12.4% year on year), respectively, and net income was 232,931,000 yen (up 14.4% year on year).

(2) Description of Financial Position

Total assets as of the end of the first quarter under review amounted to 5,018,587,000 yen, a decrease of 21,412,000 yen from the end of the previous fiscal year, primarily due to a fall of 170,562,000 yen in cash and deposits and an increase of 95,620,000 yen in merchandise.

Total liabilities as of the end of the first quarter under review stood at 1,930,785,000 yen, a decline of 153,611,000 yen from the end of the previous fiscal year. This was attributable mainly to an increase of 125,000,000 yen in short-term loans payable and a decrease of 148,761,000 yen in income taxes payable.

Total net assets as of the end of the first quarter under review stood at 3,087,802,000 yen, up 132,198,000 yen from the end of the previous fiscal year. This was mostly due to the inclusion of net income amounting to 232,931,000 yen.

(3) Explanation on Results Forecasts

The Company's overall performance remained above the profit plan during the first quarter of the fiscal year ending February 29, 2016, largely owing to sales and profits in stores, which outperformed the plans.

As a result, the Company has revised the forecasts for the first two quarters announced on April 10, 2015, as the operating income, ordinary income, and net income for the two quarters are now expected to exceed the previous forecasts. For more details, please refer to the announcement "Treasure Factory Revises Forecast for the First Two Quarters of Fiscal 2016" published today (July 10, 2015).

No changes have been made to the full-year forecasts announced on April 10, 2015.

2. Matters Related to Summary Information (Notes)

(1) Adoption of Accounting Unique to Quarterly Financial Statements

Not applicable

(2) Changes in Accounting Policies and Changes or Restatements of Accounting Estimates

Not applicable

(3) Additional Information

Changes in presentation

The income from brokerage in the moving business, which had been included in “Other” under “Non-operating Income” until the previous fiscal year, has been included in “Sales” from the first quarter under review as the segment has grown into a substantial business and the significance of the income from the business has increased.

As a result, the amount of 844,000 yen that had been included in “Other” under “Non-operating Income” in the income statement for the first quarter of the previous fiscal year has been transferred to “Sales.”

3. Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Thousand yen)

	Previous fiscal year (February 28, 2015)	First quarter under review (May 31, 2015)
Assets		
Current assets		
Cash and deposits	1,152,841	982,278
Accounts receivable - trade	117,446	172,835
Merchandise	1,499,409	1,595,029
Other	303,657	269,881
Total current assets	3,073,354	3,020,024
Non-current assets		
Property, plant and equipment		
Buildings, net	657,693	655,449
Land	141,555	141,555
Other, net	185,878	198,790
Total property, plant and equipment	985,127	995,796
Intangible assets	37,871	34,816
Investments and other assets		
Lease and guarantee deposits	788,723	812,161
Other	154,924	155,789
Total investments and other assets	943,647	967,950
Total non-current assets	1,966,646	1,998,563
Total assets	5,040,000	5,018,587
Liabilities		
Current liabilities		
Accounts payable - trade	39,812	40,892
Short-term loans payable	370,000	495,000
Current portion of long-term loans payable	99,818	92,070
Income taxes payable	277,779	129,017
Provision for bonuses	157,672	84,418
Provision for sales returns	20,178	22,365
Provision for point card certificates	35,989	33,823
Asset retirement obligations	—	10,045
Other	668,153	630,875
Total current liabilities	1,669,403	1,538,509
Non-current liabilities		
Long-term loans payable	164,756	147,164
Asset retirement obligations	248,413	243,708
Other	1,823	1,402
Total non-current liabilities	414,993	392,275
Total liabilities	2,084,397	1,930,785

(Thousand yen)

	Previous fiscal year (February 28, 2015)	First quarter under review (May 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	369,743	369,743
Capital surplus	304,743	304,743
Retained earnings	2,275,946	2,408,144
Treasury shares	(109)	(109)
Total shareholders' equity	2,950,323	3,082,522
Subscription rights to shares	5,280	5,280
Total net assets	2,955,603	3,087,802
Total liabilities and net assets	5,040,000	5,018,587

(2) Quarterly Statements of Income
(First quarter)

(Thousand yen)

	Previous first quarter (from March 1, 2014 to May 31, 2014)	First quarter under review (from March 1, 2015 to May 31, 2015)
Net sales	2,583,682	3,011,522
Cost of sales	859,028	1,025,735
Gross profit	1,724,654	1,985,786
Reversal of provision for sales returns	18,192	20,178
Provision for sales returns	19,406	22,365
Gross profit - net	1,723,440	1,983,598
Selling, general and administrative expenses	1,370,725	1,588,288
Operating income	352,714	395,310
Non-operating income		
Interest income	1	1
Income from vending machines	2,620	2,838
Other	3,247	4,137
Total non-operating income	5,869	6,977
Non-operating expenses		
Interest expenses	1,002	757
Other	369	67
Total non-operating expenses	1,371	824
Ordinary income	357,212	401,463
Extraordinary losses		
Loss on retirement of non-current assets	834	754
Total extraordinary losses	834	754
Income before income taxes	356,377	400,708
Income taxes - current	122,500	120,800
Income taxes - deferred	30,314	46,977
Total income taxes	152,814	167,777
Net income	203,563	232,931

(3) Notes on Quarterly Financial Statements

(Notes on the going concern assumption)

Not applicable

(Notes if there is a significant change in the amount of equity capital)

Not applicable

(Segment information)

The main business of the Company is the reuse business, and the Company does not have any other significant business segments. Segment information is therefore omitted.

(Significant subsequent events)

Under a resolution adopted at a meeting of the Board of Directors held on April 10, 2015, the Company conducted a stock split on June 1, 2015.

1. Purpose of the stock split

The purpose is to make investment in the company easier by reducing the price of the investment units of its stock and increasing the liquidity of the stock, thereby broadening its investor base.

2. Outline of the stock split

(1) Method of the stock split

The record date of the stock split was May 31, 2015. The Company split into two each common share held by shareholders stated or recorded in the final shareholder registry on the record date.

(2) Increase in the number of shares through the stock split

Number of issued shares before the stock split:	5,596,400
Increase in the number of shares through the stock split:	5,596,400
Number of issued shares after the stock split:	11,192,800
Number of authorized shares after the stock split:	28,160,000

(3) Schedule

Date of announcement of the record date:	May 14, 2015
Record date:	May 31, 2015
Effective date:	June 1, 2015