



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

January 13, 2016

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		
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Scheduled dates:			
Submission of statutory quarterly financial report	January 13, 2016		
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 three quarters of the fiscal year ending February 29, 2016 (March 1, 2015 to November 30, 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 three quarters ended Nov. 30, 2015	8,994	15.2	842	8.8	864	9.0	510	15.6
First three quarters ended Nov. 30, 2014	7,805	16.9	774	42.4	792	41.7	441	40.2

	Net income per share	Diluted net income per share
	yen	yen
First three quarters ended Nov. 30, 2015	45.65	43.96
First three quarters ended Nov. 30, 2014	39.74	38.66

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 Nov. 30, 2015	5,269	3,154	59.7
As of Feb. 28, 2015	5,040	2,955	58.5

(Reference) Shareholders' equity:

As of November 30, 2015: 3,148 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	—	5.50	—		
Year ending Feb. 29, 2016 (forecast)				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
Full year	11,853	10.9	1,039	8.2	1,052	8.8	631	11.4	56.55

(Note) Revisions to results forecast published most recently: None

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 Nov. 30, 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 Nov. 30, 2015:	117,696 shares	As of Feb. 28, 2015:	296 shares
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[3] Average number of shares issued

As of Nov. 30, 2015:	11,185,716 shares	As of Nov. 30, 2014:	11,112,405 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 3 of the accompanying materials.

Accompanying Materials — Contents

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

(1) Description of Operating Results

During the first three quarters of the fiscal year ending February 29, 2016, the Japanese economy saw continued improvement in corporate earnings offset by slow growth in personal consumption largely due to the impact of the mild winter from November.

In this business environment, during the first three quarters under review, the Company steadily expanded its network of stores, opening eight new stores and relocating and renewing three stores. The Company's stores performed well overall, with sales at existing stores (stores that were opened by the end of the fiscal year ended February 28, 2014; the same applies hereinafter) rising 6.0% from a year ago. As a result, in the third quarter (September to November), the operating income ratio of the entire company climbed 0.6% year on year to 12.5%, and during the first three quarters under review, total sales rose 15.2% year on year, and profits grew steadily, with ordinary income up 9.0%, and net income up 15.6%

Looking at net sales for the first three quarters under review, sales of the entire company grew 15.2% year on year, sales of existing stores rose 6.0%, and a breakdown of sales by product category shows that, largely due to home-visit purchases, sales of electric appliances increased 18.6%, sales of apparel rose 14.0%, while sales of fashion items climbed 15.7%. The overall cost of purchased items rose 16.8% year on year, with purchases also continuing to grow. Overall purchases by general customers grew by 22.1%, and those for existing stores increased 10.5%.

As part of its store-opening measures, the Company opened a total of four new Treasury Factory General Reuse Stores, which are directly managed stores: one in Chiba City, Chiba Prefecture in April, one in Fuchu City, Tokyo in June, one in Kamagaya City, Chiba Prefecture in October, and one in Matsubara City, Osaka in November. It opened two new Treasury Factory Style stores as directly managed Fashion Reuse Stores: one in Ichikawa City, Chiba Prefecture in July, and one in Yokohama City, Kanagawa Prefecture in October. The Company also opened one new Treasury Factory Sports store as a directly managed Sports and Outdoor Reuse Store in Kashiwa City, Chiba Prefecture in September. It opened a new UseLet store as a directly managed Fashion Outlet Reuse Store in Kawagoe City, Saitama Prefecture in August. Additionally, the Treasury Factory Tokorozawa store, which was getting older, and Treasury Factory Style Kawagoe store, which needed more space, were relocated to different locations in their respective areas and renewed in August, followed by the Treasury Factory Tama Center store in September. As a result, the Company operated a total of 90 stores as of November 30, 2015, consisting of 86 directly managed stores made up of 54 Treasury Factory stores as General Reuse Stores, 26 Treasury Factory Style stores as Fashion Reuse Stores, two Brand Collect stores as Brand-name Fashion Reuse Stores, two Treasury Factory Sports store as a Sports and Outdoor Reuse Store, and two UseLet stores as Fashion Outlet Reuse Stores, as well as four Treasury Factory franchise stores.

Looking at profits, the gross profit of the entire company rose 13.4% year on year, and gross profit at existing stores climbed 4.1%. The gross profit ratio of the entire company declined 1.1% year on year, to 65.2%, while the existing-store gross profit ratio decreased 1.2%, to 65.3%. During the third quarter (September to November), factors squeezing profits such as discounts for apparel and other goods had less of an impact than during the first six months. On the other hand, the cost of sales ratio rose due to higher delivery costs following full-scale introduction of outsourced delivery for home-visit purchases from the beginning of the fiscal year under review and higher purchasing costs. However, through such outsourced delivery, a stable structure for home-visit purchases was put in place and this translated into increased purchases and sales of electrical appliances and furniture. The gross profit ratio-net fell by 1.0% year on year, to 65.2%.

As for selling, general and administrative expenses, the selling, general and administrative expenses ratio fell 0.5% from a year ago, to 55.8%.

Due to these expenses, the operating income fell short of the plan. The operating income ratio fell 0.5% year on year, to 9.4%, while the ordinary income ratio dropped 0.6% year on year, to 9.6%.

As a result, net sales, operating income, and ordinary income for the first three quarters under review stood at 8,994,381,000 yen (up 15.2% year on year), 842,052,000 yen (up 8.8% year on year), and 864,111,000 yen (up 9.0% year on year), respectively, and net income was 510,638,000 yen (up 15.6% year on year).

(2) Description of Financial Position

Total assets as of the end of the third quarter of fiscal year ending February 29, 2016 amounted to 5,269,999,000 yen, an increase of 229,998,000 yen from the end of the previous fiscal year, primarily due to rises of 301,932,000

yen in merchandise and 105,091,000 yen in lease and guarantee deposits.

Total liabilities as of the end of the third quarter of fiscal year ending February 29, 2016 stood at 2,115,964,000 yen, a rise of 31,567,000 yen from the end of the previous year. This was attributable mainly to an increase of 173,334,000 yen in short-term loans payable and a decrease of 152,939,000 yen in income taxes payable.

Total net assets as of the end of the third quarter of fiscal year ending February 29, 2016 came to 3,154,035,000 yen, up 198,431,000 yen from the end of the previous fiscal year. This was mostly due to the inclusion of net income amounting to 510,638,000 yen, the payment of dividends of 162,291,000 yen, and the acquisition of treasury stock of 149,916,000 yen.

(3) Explanation on Results Forecasts

No changes have been made to the forecasts for the fiscal year ending February 29, 2016 that were 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 beginning of the fiscal year 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 2,398,000 yen that had been included in “Other” under “Non-operating Income” in the income statement for the first three quarters 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)	Third quarter of fiscal year under review (November 30, 2015)
Assets		
Current assets		
Cash and deposits	1,152,841	766,942
Accounts receivable - trade	117,446	217,112
Merchandise	1,499,409	1,801,341
Other	303,657	285,318
Total current assets	3,073,354	3,070,714
Non-current assets		
Property, plant and equipment		
Buildings, net	657,693	700,578
Land	141,555	141,555
Other, net	185,878	269,581
Total property, plant and equipment	985,127	1,111,715
Intangible assets	37,871	30,206
Investments and other assets		
Lease and guarantee deposits	788,723	893,814
Other	154,924	163,548
Total investments and other assets	943,647	1,057,362
Total non-current assets	1,966,646	2,199,284
Total assets	5,040,000	5,269,999
Liabilities		
Current liabilities		
Accounts payable - trade	39,812	47,876
Short-term loans payable	370,000	543,334
Current portion of long-term loans payable	99,818	118,268
Income taxes payable	277,779	124,839
Provision for bonuses	157,672	83,922
Provision for sales returns	20,178	24,142
Provision for point card certificates	35,989	31,437
Provision for loss on litigation	—	6,791
Other	668,153	592,330
Total current liabilities	1,669,403	1,572,942
Non-current liabilities		
Long-term loans payable	164,756	274,497
Asset retirement obligations	248,413	268,104
Other	1,823	420
Total non-current liabilities	414,993	543,022
Total liabilities	2,084,397	2,115,964

(Thousand yen)

	Previous fiscal year (February 28, 2015)	Third quarter of fiscal year under review (November 30, 2015)
Net assets		
Shareholders' equity		
Capital stock	369,743	369,743
Capital surplus	304,743	304,743
Retained earnings	2,275,946	2,624,293
Treasury shares	(109)	(150,025)
Total shareholders' equity	2,950,323	3,148,755
Subscription rights to shares	5,280	5,280
Total net assets	2,955,603	3,154,035
Total liabilities and net assets	5,040,000	5,269,999

(2) Quarterly Statements of Income
(First three quarters)

(Thousand yen)

	Previous first three quarters (from March 1, 2014 to November 30, 2014)	First three quarters under review (from March 1, 2015 to November 30, 2015)
Net sales	7,805,567	8,994,381
Cost of sales	2,632,862	3,130,142
Gross profit	5,172,705	5,864,238
Reversal of provision for sales returns	18,192	20,178
Provision for sales returns	20,355	24,142
Gross profit - net	5,170,543	5,860,274
Selling, general and administrative expenses	4,396,492	5,018,222
Operating income	774,051	842,052
Non-operating income		
Interest income	89	96
Income from vending machines	10,633	12,164
Other	11,095	12,184
Total non-operating income	21,819	24,445
Non-operating expenses		
Interest expenses	2,753	2,219
Other	495	166
Total non-operating expenses	3,248	2,386
Ordinary income	792,621	864,111
Extraordinary income		
Compensation income	—	7,326
Total extraordinary income	—	7,326
Extraordinary losses		
Loss on retirement of non-current assets	1,074	1,290
Loss on valuation of investment securities	615	238
Provision for loss on litigation	—	6,791
Total extraordinary losses	1,689	8,320
Income before income taxes	790,931	863,117
Income taxes - current	326,400	306,500
Income taxes - deferred	22,967	45,978
Total income taxes	349,367	352,478
Net income	441,564	510,638

(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)

Not applicable