



# **Financial Report for the First Quarter of the Fiscal Year Ending February 28, 2017** **(Japanese Accounting Standards) (Consolidated)**

July 13, 2016

Company name	Treasure Factory Co., Ltd.	Listings	The First Section of the Tokyo Stock Exchange
Securities code	3093	URL	<a href="http://www.treasurefactory.co.jp/">http://www.treasurefactory.co.jp/</a>
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 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 quarter of the fiscal year ending February 28, 2017 (March 1, 2016 to May 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter ended May 31, 2016	3,209	—	371	—	377	—	246	—
First quarter ended May 31, 2015	—	—	—	—	—	—	—	—

(Note) Comprehensive income: First quarter ended May 31, 2016: 246 million yen (—%) First quarter ended May 31, 2015: — million yen (—%)

	Net income per share	Diluted net income per share
	yen	yen
First quarter ended May 31, 2016	22.30	21.57
First quarter ended May 31, 2015	—	—

(Note) Figures for the first quarter of the fiscal year ended February 29, 2016 and year-on-year changes are not stated in this Report because Treasure Factory Co., Ltd. (hereinafter referred to as the "Company") began preparing quarterly consolidated financial statements in the first quarter of the fiscal year ending February 28, 2017.

## (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
As of May 31, 2016	5,790	3,618	62.3
As of February 29, 2016	—	—	—

(Reference) Shareholders' equity: As of May 31, 2016: 3,606 million yen As of February 29, 2016: — million yen

(Note) Figures for the first quarter of the fiscal year ended February 29, 2016 are not stated in this Report because the Company began preparing quarterly consolidated financial statements in the first quarter of the fiscal year ending February 28, 2017.

## 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. 29, 2016	—	5.50	—	7.50	13.00
Year ending Feb. 28, 2017	—	—	—	—	—
Year ending Feb. 28, 2017 (forecast)	—	8.00	—	8.00	16.00

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

## 3. Results forecast for the fiscal year ending February 28, 2017 (March 1, 2016 to February 28, 2017)

(Percentage figures represent changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	6,192	—	410	—	425	—	262	—	23.66
Full year	13,303	—	1,127	—	1,157	—	713	—	64.38

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

(Note) Year-on-year and quarter-on-quarter changes are not stated in this Report because the Company began preparing quarterly consolidated financial statements in the first quarter of the fiscal year ending February 28, 2017.

## \* Notes

(1) Changes in important subsidiaries during the first quarter under review (changes in specified subsidiaries that caused changes in the scope of consolidation): None

Number of new 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: Yes

[1] Changes in accounting policies other than the above:	None
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[2] Changes in accounting policies: <i>None</i>	None
[3] Changes in accounting estimates:	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, 2016:	11,192,800 shares	As of Feb. 29, 2016:	11,192,800 shares
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[2] Treasury shares at period-end

As of May 31, 2016:	117,731 shares	As of Feb. 29, 2016:	117,731 shares
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[3] Average number of shares issued

As of May 31, 2016:	11,075,069 shares	As of May 31, 2015:	11,192,504 shares
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\* Status of quarterly review

Although a review of the quarterly consolidated financial statements 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

Future statements in this Report, including results forecasts, are based on information available to the Company at the time of its preparation and certain assumptions that the Company judges to be rational. The Company does not intend these statements to promise their achievement. Actual results and the like may also differ significantly from these forecasts due to various factors. Please refer to (3) Explanation of Future Prospects Including Consolidated Results Forecasts in 1. Qualitative Information on the Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2017 on page 2 of the accompanying materials for the points to note regarding the preconditions for results forecasts and their use.

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## 1. Qualitative Information on the Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2017

A comparative analysis against the results for the first quarter of the previous fiscal year and for the previous fiscal year is not performed because the Company did not prepare quarterly consolidated financial statements for the first quarter of the previous fiscal year.

### (1) Description of Operating Results

During the first quarter of the fiscal year ending February 28, 2017, employment and income conditions continued to improve, but the future of the Japanese economy remained uncertain with the appreciation of the yen, business slowdowns in emerging nations in Asia and resource-rich countries, and a consumer spending stalemate that occurred in Japan.

In this business environment, the Company pushed forward with its operations, adopting the opening of 10 or more stores, the development of new types of business and overseas business expansion as its major operating targets for the fiscal year.

Consolidated net sales for the first quarter under review amounted to 3,209,079 thousand yen. By product category, net sales for apparel, electric appliances and fashion items came to 1,297,257 thousand yen, 586,284 thousand yen and 576,495 thousand yen, respectively. The consolidated cost of purchased items was 1,256,677 thousand yen for the first quarter under review.

As part of its store-opening measures, the Company established one Treasure Factory, a directly managed General Reuse Store, in Nagoya City, Aichi Prefecture. The Company operated a total of 92 stores as of May 31, 2016, consisting of 88 directly managed stores made up of 55 Treasure Factory stores as General Reuse Stores, 27 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.

In overseas operations, the Company established a local subsidiary in Thailand in March 2016 to launch preparations for opening General Reuse Stores in Bangkok.

Looking at profits, the gross profit ratio was 67.0% for the entire Company and 66.5% for existing stores. The consolidated gross profit ratio—net came to 66.9%.

The selling, general and administration expenses ratio stood at 55.3%. Consequently, the consolidated operating income ratio came to 11.6% and the consolidated ordinary income ratio came to 11.8%.

As a result, consolidated net sales, consolidated operation income, consolidated ordinary income, and consolidated profit attributable to owners of parent amounted to 3,209,079 thousand yen, 371,932 thousand yen, 377,915 thousand yen and 246,940 thousand yen, respectively.

### (2) Description of Financial Position

Total assets as of the end of the first quarter under review came to 5,790,057 thousand yen. They consisted mainly of cash and deposits of 974,045 thousand yen, merchandise of 2,007,343 thousand yen and lease and guarantee deposits of 965,266 thousand yen.

Total liabilities as of the end of the first quarter under review stood at 2,172,004 thousand yen. They consisted chiefly of short-term loans payable of 630,000 thousand yen.

Net assets as of the end of the first quarter under review totaled 3,618,052 thousand yen. They consisted primarily of capital stock of 369,743 thousand yen, capital surplus of 304,743 thousand yen and retained earnings of 3,081,744 thousand yen.

### (3) Explanation of Future Prospects Including Consolidated Results Forecasts

Consolidated results forecasts for the second quarter of the fiscal year ending February 28, 2017 and for the same fiscal year are figures incorporating the results forecasts for Treasure Factory (Thailand) Co., Ltd. under the scope of consolidation because the Company switched to consolidated accounting in the fiscal year ending February 28, 2017 (the period from March 1, 2016 to February 28, 2017). For your information, non-consolidated results forecasts remain unchanged from the figures stated in the Financial Report for the Fiscal Year Ended February 29, 2016 (Japanese Accounting Standards) (Non-consolidated) released by the Company on April 13, 2016.

## 2. Matters Related to Summary Information (Notes)

### (1) Changes in Important Subsidiaries during the First Quarter under Review

Not applicable. For your information, the Company added Treasure Factory (Thailand) Co., Ltd. to the scope of consolidation during the first quarter under review due to its establishment, even though its establishment did not correspond to any changes in the specified subsidiaries.

### (2) Adoption of Accounting Unique to the Preparation of Quarterly Consolidated Financial Statements

Not applicable.

### (3) Changes in Accounting Policies and Changes or Restatements of Accounting Estimates

(Application of the Practical Solution to the Change in the Depreciation Method Due to Tax Reform 2016)

With the amendment of the Corporation Tax Act, the Company began applying the Practical Solution to the Change in the Depreciation Method Due to Tax Reform 2016 (PITF No. 32 issued on June 17, 2016) in the first quarter under review, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight-line method.

This change produced insignificant effects on consolidated operating income, consolidated ordinary income and consolidated profit before income taxes for the first quarter under review.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheet

(Thousand yen)

	First quarter under review (May 31, 2016)
Assets	
Current assets	
Cash and deposits	974,045
Accounts receivable - trade	188,232
Merchandise	2,007,343
Other	305,792
Total current assets	3,475,414
Non-current assets	
Property, plant and equipment	
Buildings, net	751,197
Land	141,555
Other, net	260,323
Total property, plant and equipment	1,153,076
Intangible assets	28,276
Investments and other assets	
Lease and guarantee deposits	965,266
Other	168,022
Total investments and other assets	1,133,289
Total non-current assets	2,314,642
Total assets	5,790,057
Liabilities	
Current liabilities	
Accounts payable - trade	31,925
Short-term loans payable	630,000
Current portion of long-term loans payable	106,012
Income taxes payable	87,233
Provision for bonuses	90,484
Provision for sales returns	23,949
Provision for point card certificates	32,121
Asset retirement obligations	11,620
Other	651,569
Total current liabilities	1,664,916
Non-current liabilities	
Long-term loans payable	223,509
Asset retirement obligations	283,578
Total non-current liabilities	507,087
Total liabilities	2,172,004

	(Thousand yen)
	First quarter under review (May 31, 2016)
Net assets	
Shareholders' equity	
Capital stock	369,743
Capital surplus	304,743
Retained earnings	3,081,744
Treasury shares	(150,070)
Total shareholders' equity	3,606,161
Subscription rights to shares	5,280
Non-controlling interests	6,610
Total net assets	3,618,052
Total liabilities and net assets	5,790,057

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
(Quarterly Consolidated Statement of Income)

	(Thousand yen)
	First quarter under review (from March 1, 2016 to May 31, 2016)
Net sales	3,209,079
Cost of sales	1,059,439
Gross profit	2,149,640
Reversal of provision for sales returns	21,868
Provision for sales returns	23,949
Gross profit - net	2,147,558
Selling, general and administrative expenses	1,775,626
Operating income	371,932
Non-operating income	
Interest income	46
Income from vending machines	3,080
Other	4,547
Total non-operating income	7,675
Non-operating expenses	
Interest expenses	651
Foreign exchange losses	978
Other	62
Total non-operating expenses	1,692
Ordinary income	377,915
Extraordinary losses	
Loss on retirement of non-current assets	361
Total extraordinary losses	361
Profit before income taxes	377,554
Income taxes - current	74,900
Income taxes - deferred	55,713
Total income taxes	130,613
Profit	246,940
Profit attributable to non-controlling interests	—
Profit attributable to owners of parent	246,940



(Quarterly Consolidated Statement of Comprehensive Income)  
(First quarter)

	(Thousand yen)
	First quarter under review (from March 1, 2016 to May 31, 2016)
Profit	246,940
Comprehensive income	246,940
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	246,940
Comprehensive income attributable to non-controlling interests	—

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the going concern assumption)

Not applicable

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

Not applicable

(Segment information)

The main business of the Company and its consolidated subsidiaries (hereinafter the “Group”) is the reuse business and information on other business segments has been omitted as it has little importance.

(Significant subsequent events)

Not applicable