

Consolidated Financial Results for the Six Months Ended August 31, 2024 (Half-year Period) (Japanese Accounting Standards)

October 10, 2024

Company name Treasure Factory Co., Ltd.

Listings: Tokyo Stock Exchange

Securities code 3093

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Submission of statutory half-yearly report: October 10, 2024

Commencement of dividend payments: November 1, 2024

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for institutional investors and analysts)

(Amounts in millions of yen rounded down to the nearest million yen)

1. Results for the six months ended August 31, 2024 (half-year period) (March 1, 2024 to August 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 H1	19,614	23.7	1,745	20.5	1,757	19.7	1,144	22.8
FY2024 H1	15,862	23.7	1,448	44.5	1,468	42.3	932	40.2

(Note) Comprehensive income: FY2025 H1 1,168 million yen (21.6%)

FY2024 H1 961 million yen (44.1%)

	Profit per share	Diluted profit per share
	yen	yen
FY2025 H1	48.86	48.86
FY2024 H1	39.97	39.78

(2) Financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
FY2025 H1	18,966	9,351	48.9
FY2024	17,728	8,526	47.8

(Reference) Shareholders' equity: FY2025 H1 9,279 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	—	18.00			
FY2025 (forecast)			—	16.00	34.00

(Note 1) Revisions to dividend forecast published most recently: No

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
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: No

* Notes

(1) Critical changes in the scope of consolidation during the six months of the fiscal year under review: None

Number of new companies (their names):

Number of excluded companies (their names):

(2) Adoption of accounting unique to the preparation of half-yearly 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)

[2] Treasury shares at period-end

[3] Average number of shares issued during the
period (half-year)

As of August 31, 2024	24,347,800 shares	As of Feb. 29, 2024	24,347,800 shares
As of August 31, 2024	911,716 shares	As of Feb. 29, 2024	939,176 shares
As of August 31, 2024	23,427,376 shares	As of August 31, 2023	23,329,998 shares

*These financial results for the second quarter (half-year period) are outside the scope of 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 Forecast including Consolidated Forecasts in 1. Qualitative Information about the Half-yearly Financial Results on Page 5 of the attached material.

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1. Qualitative Information about the Half-yearly Financial Results

(1) Explanation regarding the Non-consolidated Results of Operations

During the first half of the current consolidated accounting 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 instability in situations overseas, rising prices due to the weakened yen, and abrupt changes in exchange rate trends, among others.

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

In the Treasure Factory Group, the Company opened 11 directly-managed stores on a non-consolidated basis, and existing stores enjoyed steady sales, during the first half of the current consolidated accounting period. 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 half of the current consolidated accounting period show net sales of ¥19,614 million (up 23.7 percent year on year), operating profit of ¥1,745 million (up 20.5 percent year on year), ordinary profit of ¥1,757 million (up 19.7 percent year on year), and half-yearly profit of ¥1,144 million attributable to owners of the parent (up 22.8 percent year on year).

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

(Reuse Business)

Consolidated sales increased 23.3 percent year on year, non-consolidated sales increased 18.2 percent year on year, and non-consolidated sales at existing stores increased 7.9 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 14.9 percent year on year as the business responded to demand related to new lifestyle-related demands in March and April as well as to demand for summer home appliances from June through August. The sales of fashion items, such as branded goods and wristwatches, increased 26.1 percent year on year, owing to the growth of sales to international visitors, among other factors. As for hobby-related items, sales increased as much as 54.3 percent year on year owing to the sales of the golf reuse business that joined the Group last fiscal year, and to the steady sales of outdoor and sports items. Consolidated e-commerce sales increased by 31.6 percent year on year, as did non-consolidated e-commerce sales by 30.5 percent year on year.

Consolidated purchases of merchandise for the fiscal year under review increased 19.3 percent year on year, and non-consolidated purchases also grew by 11.0 percent year on year. As for non-consolidated purchases by channel, in-store purchases continued to steadily grow, achieving an increase of 9.1 percent year on year. Home-delivery purchases increased by 12.8 percent year on year, and home-visit purchases enjoyed an increase of 11.2 percent year on year.

During the first half of the current consolidated accounting period, we opened 5 general reuse store, 5 fashion reuse stores, and 1 fashion outlet reuse store, the non-consolidated total being 11 stores. In terms of new stores by region, we opened 8 in Kanto, 2 in Kansai, and 1 in Chubu. The numbers of stores at the end of the first half of the current consolidated accounting period are as follows: 198 directly-managed stores and 4 franchise stores, the non-consolidated total being 202; and 284 stores in total across the Group.

These results added up to net sales of ¥19,119 million (up 23.3 percent year on year) and a segment profit of ¥2,760 million (up 20.9 percent year on year).

(Other)

Our rental business successfully captured demand as, among other factors, people attended events such as weddings, and its sales increased 9.4 percent year on year. However, profit decreased because the relocation of the center pushed up costs, leading SG&A to increase 25.0 percent year on year.

These results added up to net sales of ¥695 million (up 32.9 percent year on year) and a segment loss of ¥2 million (the same period of the previous year saw a segment profit of ¥64 million).

(2) Explanation regarding the Non-consolidated Financial Position

Total assets at the end of the first half of the current consolidated accounting period increased by ¥1,237 million compared to the end of the previous consolidated fiscal year, totaling ¥18,966 million because of an increase of ¥534 million in merchandise, an increase of ¥256 million in buildings and structures (net), and an increase of ¥276 million in leasehold and guarantee deposits, among other factors.

Total liabilities at the end of the first half of the current consolidated accounting period increased by ¥412 million compared to the end of the previous consolidated fiscal year, totaling ¥9,615 million because of an increase of ¥105 million in short-term borrowings, an increase of ¥91 million in current portion of long-term borrowings, an increase of ¥45 million in provision for bonuses, and a decrease of ¥191 million in long-term borrowings, among other reasons.

Total net assets at the end of the first half of the current consolidated accounting period increased by ¥825 million compared to the end of the previous consolidated fiscal year, totaling ¥9,351 million because a half-yearly profit of ¥1,144 million attributable to owners of the parent was recorded, and dividend payment led to a decrease of ¥374 million, among other reasons.

(Analysis of cash flows)

Cash and cash equivalents at the end of the first half of the current consolidated accounting period increased by ¥1 million compared to the end of the previous consolidated fiscal year, totaling ¥2,609 million. The status of the cash flows during the first half of the current consolidated accounting period and their factors are as follows.

(Cash flows from operating activities)

Cash flows from operating activities during the first half of the current consolidated accounting period added up to an income of ¥1,256 million (the same period of the previous year saw an expenditure of ¥158 million). This is mostly because we recorded an increase of ¥550 million in inventories, whereas we also recorded ¥1,756 million in profit before income taxes and ¥341 million in depreciation.

(Cash flows from investing activities)

Cash flows from investing activities during the first half of the current consolidated accounting period added up to an expenditure of ¥909 million (the same period of the previous year saw an expenditure of ¥695 million). This is mostly because we recorded ¥546 million in purchase of property, plant, and equipment, along with ¥289 million in payments of leasehold and guarantee deposits, to establish new stores.

(Cash flows from financing activities)

Cash flows from financing activities during the first half of the current consolidated accounting period added up to an expenditure of ¥346 million (the same period of the previous year saw an expenditure of ¥128 million). This is mostly because we recorded ¥520 million in repayments of long-term borrowings and ¥374 million in dividends paid, whereas we also recorded ¥420 million in proceeds from long-term borrowings.

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

The full-year consolidated forecasts for the fiscal year ending February 28, 2025 remain unchanged from the figures released by the Company on July 10, 2024.

2. Half-yearly Consolidated Financial Statements and Main Notes

(1) Half-yearly Consolidated Balance Sheet

(Unit: million yen)

	Previous Consolidated Fiscal Year (Ended February 29, 2024)	First Half of the Current Consolidated Accounting Period (Ended August 31, 2024)
Assets		
Current assets		
Cash and deposits	2,617	2,619
Accounts receivable—trade	1,174	1,169
Merchandise	6,899	7,433
Other	772	850
Total current assets	11,464	12,072
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	1,815	2,072
Land	426	426
Other, net	590	667
Total property, plant, and equipment	2,831	3,166
Intangible assets		
Goodwill	361	337
Other	158	169
Total intangible assets	520	507
Investments and other assets		
Leasehold and guarantee deposits	2,274	2,550
Other	638	669
Total investments and other assets	2,912	3,220
Total non-current assets	6,264	6,893
Total assets	17,728	18,966

(Unit: million yen)

	Previous Consolidated Fiscal Year (Ended February 29, 2024)	First Half of the Current Consolidated Accounting Period (Ended August 31, 2024)
Liabilities		
Current liabilities		
Accounts payable—trade	116	120
Short-term borrowings	2,506	2,611
Current portion of long-term borrowings	918	1,009
Income taxes payable	694	701
Contract liabilities	97	107
Refund liabilities	49	65
Provision for bonuses	455	501
Provision for shareholder benefit program	6	3
Asset retirement obligations	9	43
Other	1,572	1,858
Total current liabilities	6,426	7,024
Non-current liabilities		
Long-term borrowings	1,962	1,771
Asset retirement obligations	786	793
Other	26	26
Total non-current liabilities	2,775	2,590
Total liabilities	9,202	9,615
Net assets		
Shareholders' equity		
Share capital	906	906
Capital surplus	857	865
Retained earnings	7,296	8,066
Treasury shares	(603)	(585)
Total shareholders' equity	8,458	9,253
Cumulative amount of other comprehensive income		
Foreign currency translation adjustment	17	25
Total cumulative amount of other comprehensive income	17	25
Share acquisition rights	3	—
Non-controlling interests	47	71
Total net assets	8,526	9,351
Total liabilities and net assets	17,728	18,966

(2) Half-yearly Consolidated Statement of Income and Half-yearly Consolidated Statement of Comprehensive Income
(Half-yearly Consolidated Statement of Income)
(First Half of the Consolidated Accounting Period)

(Unit: million yen)

	First Half of the Previous Consolidated Accounting Period (from March 1, 2023 to August 31, 2023)	First Half of the Current Consolidated Accounting Period (from March 1, 2024 to August 31, 2024)
Net sales	15,862	19,614
Cost of sales	6,024	7,801
Net gross profit	9,838	11,813
Selling, general, and administrative expenses	8,389	10,068
Operating profit	1,448	1,745
Non-operating income		
Interest income	0	1
Vending machine income	7	7
Foreign exchange gains	5	—
Other	15	16
Total non-operating income	28	25
Non-operating expenses		
Interest expenses	6	11
Other	2	1
Total non-operating expenses	8	12
Ordinary profit	1,468	1,757
Extraordinary income		
Gain on sales of non-current assets	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on retirement of non-current assets	0	1
Total extraordinary losses	0	1
Half-yearly profit before income taxes	1,468	1,756
Income taxes—current	448	612
Income taxes—deferred	61	(16)
Total income taxes	510	596
Half-yearly net profit	958	1,160
Half-yearly net profit attributable to non-controlling interests	25	15
Half-yearly net profit attributable to owners of parent	932	1,144

(Half-yearly Consolidated Statement of Comprehensive Income)
(First Half of the Consolidated Accounting Period)

(Unit: million yen)

	First Half of the Previous Consolidated Accounting Period (from March 1, 2023 to August 31, 2023)	First Half of the Current Consolidated Accounting Period (from March 1, 2024 to August 31, 2024)
Half-yearly net profit	958	1,160
Other comprehensive income		
Foreign currency translation adjustment	3	8
Total of other comprehensive income	3	8
Half-yearly comprehensive income	961	1,168
Comprehensive income attributable to		
Half-yearly comprehensive income attributable to owners of parent	935	1,153
Half-yearly comprehensive income attributable to non- controlling interests	25	15

(3) Half-yearly Consolidated Statement of Cash Flows

(Unit: million yen)

	First Half of the Previous Consolidated Accounting Period (from March 1, 2023 to August 31, 2023)	First Half of the Current Consolidated Accounting Period (from March 1, 2024 to August 31, 2024)
Cash flows from operating activities		
Half-yearly profit before income taxes	1,468	1,756
Depreciation	237	341
Amortization of goodwill	8	23
Share-based remuneration expenses	24	2
Increase (decrease) in provision for bonuses	(56)	45
Increase (decrease) in provision for bonuses for directors (and other officers)	(5)	(2)
Interest and dividend income	(0)	(1)
Interest expenses	6	11
Foreign exchange losses (gains)	(2)	3
Subsidy income	(0)	—
Loss (gain) on sales and retirement of non-current assets	0	1
Increase (decrease) in accrued consumption taxes	(147)	40
Decrease (increase) in trade receivables	(49)	5
Decrease (increase) in inventories	(945)	(550)
Increase (decrease) in trade payables	(5)	4
Other	(18)	171
Subtotal	513	1,854
Interest and dividends received	0	1
Interest paid	(6)	(11)
Proceeds from subsidy income	0	—
Income taxes paid	(665)	(587)
Net cash provided by (used in) operating activities	(158)	1,256
Cash flows from investing activities		
Purchase of property, plant, and equipment	(460)	(546)
Purchase of intangible assets	(48)	(39)
Payments of leasehold and guarantee deposits	(160)	(289)
Proceeds from refund of leasehold and guarantee deposits	20	12
Other	(47)	(47)
Net cash provided by (used in) investing activities	(695)	(909)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	295	105
Proceeds from long-term borrowings	310	420
Repayments of long-term borrowings	(465)	(520)
Proceeds from issuance of share acquisition rights	38	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	182	22
Purchase of treasury shares	(200)	(0)
Dividends paid	(289)	(374)
Net cash provided by (used in) financing activities	(128)	(346)
Effect of exchange rate change on cash and cash equivalents	5	1
Net increase (decrease) in cash and cash equivalents	(976)	1
Cash and cash equivalents at beginning of period	3,065	2,607
Cash and cash equivalents at end of half-year period	2,089	2,609

(4) Notes on the Half-yearly Consolidated Financial Statements

(Notes on Going Concern Assumption)

N/A

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

N/A

(Notes on Segment Information, etc.)

[Segment Information]

I. First Half of Previous Consolidated Accounting Period (from March 1, 2023 to August 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 recorded on the half-yearly consolidated statement of income (Note 3)
	Reuse business				
Net sales					
Sales to external customers	15,500	362	15,862	—	15,862
Internal sales or transfer between segments	—	161	161	(161)	—
Total	15,500	523	16,024	(161)	15,862
Segment profit	2,282	64	2,347	(898)	1,448

(Note 1) "Other" refers to the business segments not included in the reporting segments, such as 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 profit has been adjusted according to the operating profit shown in the half-yearly 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 Half of Current Consolidated Cumulative Period (from March 1, 2024 to August 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 recorded on the half-yearly consolidated statement of income (Note 3)
	Reuse business				
Net sales					
Sales to external customers	19,119	495	19,614	—	19,614
Internal sales or transfer between segments	—	200	200	(200)	—
Total	19,119	695	19,814	(200)	19,614
Segment profit (loss)	2,760	(2)	2,758	(1,013)	1,745

(Note 1) “Other” refers to the business segments not included in the reporting segments, such as 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 profit (or loss) has been adjusted according to the operating profit shown in the half-yearly 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)

N/A