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Q&A collection Financial results for the Six Months Ended August 31, 2025 (Updated on October 15, 2025)

This Q&A collection is a compilation of anticipated questions regarding the financial results for the six months ended August 31, 2025, which were announced on October 9, 2025, as well as excerpts of inquiries from investors and their responses. Some content has been edited for clarity.

Q | What are the trends at existing stores and what are the future prospects?

Existing stores finished at 104.3% YoY. The breakdown is that the number of sales is 104.8% and the sales unit price is 99.6%.

The number of sales increased due to the impact of the 30th anniversary commemorative campaign and other factors. On the other hand, unit sale prices declined due to the effects of sales promotion of low-priced merchandise and a temporary slowdown in inbound demand in June and July.

The slowdown in June and July was partly attributable to a shift in August, and in August, sales grew significantly YoY.

The August sales results are due to temporary factors as described above, but as they have been steady in September, we believe that the trend in the second half will be the same as in the first half.

Q | What is the reason for the decline in consolidated gross profit margin and operating profit margin?

The decline in the gross profit margin was due to the strong performance of Kindal, a relatively low-margin subsidiary that handles high-priced brand used clothing, and an increase in the sales composition ratio of low-margin merchandise.

The decline in the operating profit margin was due to a slight increase in the SG&A-to-sales ratio due to new store openings being slightly concentrated in the first half of the year.

If the company can quickly open new stores, it will contribute to profits at an early stage. Looking ahead to future growth, the increase in SG&A expenses is as expected. We will closely monitor trends in operating profit margin so that new stores will contribute to profits at an early stage.

Q | Are there any revisions to the plan as the store opening plan for the current fiscal year has been achieved?

At the present time, the opening of 31 stores has been finalized for the full fiscal year. Although the initial objective has already been achieved, in order to grow while maintaining quality, rather than aiming to open more stores in the current fiscal year than initially planned, the Company will begin preparations for store openings in the next fiscal year.

The Company plans to open its third store in Taiwan in Q4, as its first overseas location specializing in fashion. Starting with this, we will analyze the needs of each region and promote the development of multiple business formats and development in other regions.

Q | There seem to be store closures in the Q3, but is there no problem?

Store closures in Q3 are unavoidable closures due to the landlord's circumstances, similar to store closures in the previous fiscal year and in Q1 of the fiscal year under review. The negative impact is not small because the store is performing well, but the impact of the decline in sales from the opening of new stores is expected to be absorbed.

Q | Please tell us about the current contribution of overseas business to results, future targets, and the competitive environment.

As The Company does not disclose specific figures that contribute to earnings. Thailand has already become profitable, and Taiwan is on track to become profitable in the fiscal year under review. Since we are seeing strong demand for reuse in the U.S., it will develop multiple stores at an early stage to make a contribution to earnings.

There are still many potential reuse needs in the world, and we believe there are many regions in which we can expand beyond Thailand, Taiwan, and the United States. At the same time, the company sees this as a time to build a base to enable it to open multiple stores in each overseas region.

Looking ahead, the company will focus on expanding into new regions, with a focus on areas where it can open multiple stores annually. In addition, if the Company is able to create stores that meet the needs of customers in each region, the needs will also become apparent. Therefore, the Company intends to promote initiatives to respond to the needs that are awaited in the host country.

We believe that Japanese reuse companies are a step ahead of the global market in areas such as item appraisal, data analysis, and merchandising. In such an environment, our strength is the ability to analyze data by managing individual products, especially sales trends, purchases, and analysis of sales floors. By repeatedly forming and testing hypotheses based on data analysis, the Company is able to open stores in line with actual conditions. It also emphasizes customer service capabilities that are unique to Japan, and pays attention to creating an environment where local people can use our services with confidence.

**Q | Does medium-to long-term growth also include contributions from overseas businesses?
Please also tell us about the ratio of domestic and overseas growth over the medium to long term?**

In medium-to long-term growth, the company does not expect much overseas growth, and currently does not position it as a growth driver.

Currently, the Company has opened 1 to 2 stores per year in its overseas business as a whole, and the next stage is to be able to develop 5 to 6 stores per year in the future. If this happens, we believe that it will also contribute to consolidated results as a growth driver. Overseas markets are larger than in Japan, so there is plenty of room to open stores. We would like to expand overseas while expanding the domestic market.

Overseas growth is not yet clearly anticipated. If the pace of our expansion increases, the overseas ratio will increase, but we think there is still room to open stores in areas already opened by developing untapped areas and new business formats domestically. We will continue to expand both domestically and overseas

Q | Regarding M&A, do you have any future target for the development of an unstaffed store model?

The purpose of the current M&A is to improve the profitability of the rental business and to build an unmanned store model in two ways.

Leveraging its system development capabilities and on-site improvement capabilities that leverage these capabilities, the Company will be able to sharpen the model of the acquired business and develop multiple stores.

We would like to realize improved profitability by leveraging unmanned stores. It will depend on what will happen in the future, but we intend to advance development with the aim of enhancing completeness as a model and improving profitability.

Q | What are your thoughts on domestic recruitment and personnel costs?

We believe that M&A is one of the measures that take into account the labor shortage. On the other hand, the recruitment of more than 140 new graduates for the next fiscal year has come to an end, and the recruitment itself is proceeding smoothly.

In the fiscal year under review, as in the previous fiscal year, the Company implemented a base salary increase.

Personnel expenses will increase, but the Company will increase sales and gross profit and increase operating income while controlling the SG&A ratio.

Q | Are there any issues for achieving the medium-term plan?

The company considers the opening of new stores to be the most important plan for achieving its medium-term plan. Securing properties, personnel, and inventory is key.

There is still plenty of room for new store openings, and with the development of a diverse range of business formats and the strengthening of the structure for developing properties, the Company is making steady progress in securing properties.

With regard to the personnel system, new graduates were able to be hired in the fiscal year under review in excess of expectations. The company aims to recruit about 230 people a year, including mid-career and part-time employees.

It is also focusing on training and retention after joining the company, such as by establishing an education system and raising base salaries.

To secure inventories, the company is expanding its purchasing channels beyond in-store purchases, such as in-home purchases and home-delivery purchases, and securing inventories for new stores. By expanding each purchase channel, a stable inventory supply is realized.

In addition to realizing the store opening plan, the Company will pursue business growth in conjunction with growth through M&A and growth in overseas businesses.