November 6, 2025

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Q&A collection
Financial results for the Six Months Ended August 31, 2025
(Updated on November 6, 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-store sales finished at 104.3% YoY. The breakdown is that the number of transactions was 104.8% and the sales unit price was 99.6%.

The number of transactions increased due to the impact of the 30th anniversary commemorative campaign and other factors. On the other hand, the sales unit price 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 sales have remained 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.

Opening new stores early 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, we will begin preparations for store openings in the next fiscal year.

We plan to open our third store in Taiwan in Q4, as our 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 is expected to be absorbed by the opening of new stores.

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

We do 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., we 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, we see this as a time to build a base to enable us to open multiple stores in each overseas region.

Looking ahead, once we have strengthened our capabilities to the point where we can open multiple stores annually, we will consider expanding into new regions. In addition, if we are able to create stores that meet the needs of customers in each region, the needs will also become apparent. Therefore, we intend 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, we are able to open stores in line with actual conditions.

We also emphasize customer service capabilities that are unique to Japan, and pay 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, we do not expect much overseas growth, and currently do not position it as a growth driver.

Currently, we open 1 to 2 stores per year in our 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 plenty of room to open stores domestically, both in untapped areas and in existing areas (by developing new business formats). We will continue to expand both domestically and overseas.

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Q｜What are the factors behind the decline in average spend per customer and the increase in the number of customers (number of transactions)?

One of the factors is a decline in sales of products with high unit prices when inbound demand slowed in June and July. The other is that domestic customer demand tends to shift to lower-priced products. We are also strengthening sales of low-priced products with high gross profit margins. The decline in unit prices is not due to price reductions, but is the result of changes in the price range of popular items (changes in the sales mix).

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Q｜Please tell us about trends in inbound (duty-free) sales and its impact on business results.

As mentioned above, there was a temporary decline in June and July, but it has been on a recovery trend since August, and has recently been firm. By nationality, the U.S. ranks first, followed by Asian regions such as China, Taiwan, and the Philippines.

Inbound customers tend to purchase high-priced products (such as branded products), so when the inbound ratio rises, the composition ratio of products with relatively low gross profit margin increases, which is a factor behind the decline in the overall gross profit margin. On the other hand, it contributes to the increase in gross profit.

(Updated on November 6, 2025)

Q｜Is there a problem with the increase in stock?

The increase in inventory is temporary, and inventory levels are under control. The increase was mainly due to the last-minute increase in demand at the end of August following the change in the purchase point system.

Sales have been steady since September, and the increased inventory is turning over well, and the inventory of autumn and winter items has also been secured at an appropriate level. The increase in inventory also has the aspect of securing inventory for new store openings.

(Updated on November 6, 2025)

Q｜Please explain the background and impact of the change to the purchase point system.

Previously, purchases were interpreted as exempt from the Act against Unjustifiable Premiums and Misleading Representations, but the Consumer Affairs Agency's operating guidelines were changed, and purchase services were also subject to the Act. As a result, the system was fundamentally revised because it was no longer possible to provide benefits that exceeded 20% of the purchase price, such as the "purchase price 50% up coupon" that we had previously issued.

Purchases in August temporarily increased due to last-minute demand, as the expiration date of the old benefits was set at the end of August. Purchases declined in the first half of September as a reaction to this, but recovered in the second half of September, and when the figures for August and September are combined, they are at the same level as usual years.

We believe that the elimination of benefits will lower purchasing costs and have a positive impact on gross profit margin. On the other hand, there is a risk that purchases of high-price items will decrease in particular, so we will cover this by measures to replace the old benefits.

(Updated on November 6, 2025)

Q｜What are the outlines and the effects of the 30th anniversary commemorative campaign?

This is a special version of the 30th anniversary commemoration of the "Trefac Rally" held in August and September every year. The Trefac Rally is a campaign that creates motivations for visiting multiple stores. We added customer benefits, such as increasing the number of points awarded to commemorate our 30th anniversary. This has stimulated more store visits than usual and had a positive impact on both sales and purchases, which in particular contributed to the revitalization of sales in August.

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Q｜Is there anything unique about the trends by category?

Clothing (apparel products) continues to perform steadily well.

In addition, sports and outdoor products are growing strongly this fiscal year. The improvement in our expertise in handling golf equipment through M&A, is also delivering results, and we are performing well in general business formats, sports/outdoor business formats, and golf specialist business formats. Demand is also strong for baseball and soccer uniforms.

Brand products have recovered, as noted above, despite the impacts of a temporary decline in inbound demand in the spring. Subsidiary Kindal handles brand products and is a business format with a high composition ratio of inbound sales, but it is performing steadily well, not significantly affected by the external environment, partly because it is strongly supported by customers who like used clothing.

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Q｜Please tell us about the outlook for the gross profit margin.

The consolidated gross profit margin has stopped declining.

The trends to date and future outlook are as follows. Our strength is to flexibly change the composition of products in response to demand, and we are focusing on securing gross profit.

We believe that there is an appropriate level for gross profit margins for each product and business formats according to its profit structure. However, we do not have clear targets.

In addition, the gross profit margin for each product and business format is trending at an appropriate level, and the margins are not shrinking, but the gross profit margin is declining due to changes in the sales composition ratio (mix). We aim to generate operating income while maintaining a balance with the SG&A-to-sales ratio.

Rising factors:

① A change in the purchase point system will eliminate high purchase-up coupons and reduce purchase costs.

② In all business formats, demand for products with relatively lower prices is increasing, and these products have relatively higher gross profit margins.

Decreasing factors:

① When compared between business formats, specialist business formats for high-priced items with relatively low gross profit margins (such as brand-name used clothing) are performing well, and these business formats accounted for a larger share of sales.

② Inbound demand is recovering, and sales of high-end products with relatively low gross profit margins are increasing.

(Updated on November 6, 2025)

Q｜What is the status of SG&A expenses?

SG&A expenses are generally within the scope of the plan. Due to store openings being concentrated in the first half, the SG&A-to-sales ratio is temporarily rising due to upfront expenses at new stores before sales are fully launched.

Personnel costs are under upward pressure due to base pay increases and minimum wage revisions, and improving labor productivity is an issue for the future. We will improve labor productivity by accumulating improvements in digitization and operations, while also visualizing labor productivity indicators,