TSE Prime Market Securities Code: 3093

Treasure Factory Co., Ltd.

1st Quarter of Fiscal 2025
(Year Ending Feburuary 28, 2025)

Presentation Materials

July 10, 2024 (Summary)

Summary of Financial Results for the Three Months Ended May 31, 2024

Summary of Financial Results

- **Consolidated net sales for the quarterly accounting period exceeded 10 billion yen for the first time.**
- **Consolidated ordinary profit increased by 30% YOY and consolidated EBITDA increased by 32% YOY, both achieving significant growth.**
- **Taking into account the Q1 results, the Company has revised up its interim and full-year performance and interim dividends forecasts upon release of these presentation materials.**

1st Quarter of Fiscal 2025 (consolidated)

	Consolidated net sales	Consolidated ordinary profit	Consolidated EBITDA
FY2024 Q1	¥8.2 billion	¥1.04 billion	¥1.13 billion
FY2025 Q1	**¥10.3 billion**	**¥1.36 billion**	**¥1.5 billion**
YOY	+24.9% YOY	+30.9% YOY	+32.5% YOY

POINTS

・Against the backdrop of increasing demands of inbound tourists and ongoing growth in needs for used and reuse items amid rising prices, **resulting in a 8.1% increase YOY in net sales at non-consolidated existing stores**.

・Opening of new stores progressed as planned, **completing the opening of a total of 6 stores across the Group** during Q1 (against the plan to open 30 stores this year).

・Steady performance of Group companies in the reuse business, including Kindal and PickUP JAPAN, also contributed to profit.

Statement of Income: Overview (Consolidated)

- **Net sales came to ¥10.3 billion, a 24% increase YOY, and ordinary profit increased 30%, reaching ¥1.36 billion, a highest ever profit in the Q1 accounting period. Ordinary profit ratio increased by 0.6 pts YOY to 13.2%.**
- **With respect to progress against full-year forecasts, net sales reached 25.4% and ordinary income reached 36.6%.**

(Unit: million yen)	FY2024 Full-year results	FY2025 Full-year results	Year on year: Change	Year on year: Year on year	Results forecast: Full-year forecast	Results forecast: Progress
Net sales	8,259	**10,320**	2,060	124.9%	**40,562**	**25.4%**
Net gross profit	5,175	**6,282**	1,107	121.4%	-	-
Gross profit ratio	62.7%	**60.9%**	▲1.8pt	-	-	-
Selling, general, and adiministrative expenses	4,142	**4,933**	790	119.1%	-	-
Operating profit	1,032	**1,349**	317	130.7%	**3,712**	**36.4%**
Ordinary profit	1,042	**1,364**	321	130.9%	**3,733**	**36.6%**
Ordinary profit ratio	12.6%	**13.2%**	0.6pt	-	**9.2%**	-
Profit attributable to owners of parent	673	**923**	249	137.0%	**2,466**	**37.4%**
Earnings per share	28.94 yen	**39.41 yen**	10.47 yen	-	**105.35 yen**	**37.4%**

POINTS

- Major factors for lower gross profit ratio
  - Decreased approx. 0.9 pts impacted by an increase in sales of expensive items with high cost rates catering to the strong inbound tourists sales.
  - Decreased approx. 0.5 pts due to impacts of the golf gear reuse business which was acquired by M&A in the previous fiscal year.
  - Decreased approx. 0.2 pts as a result of changing the accounting of some of the shipping cost for purchases from SG&A to cost of sales.

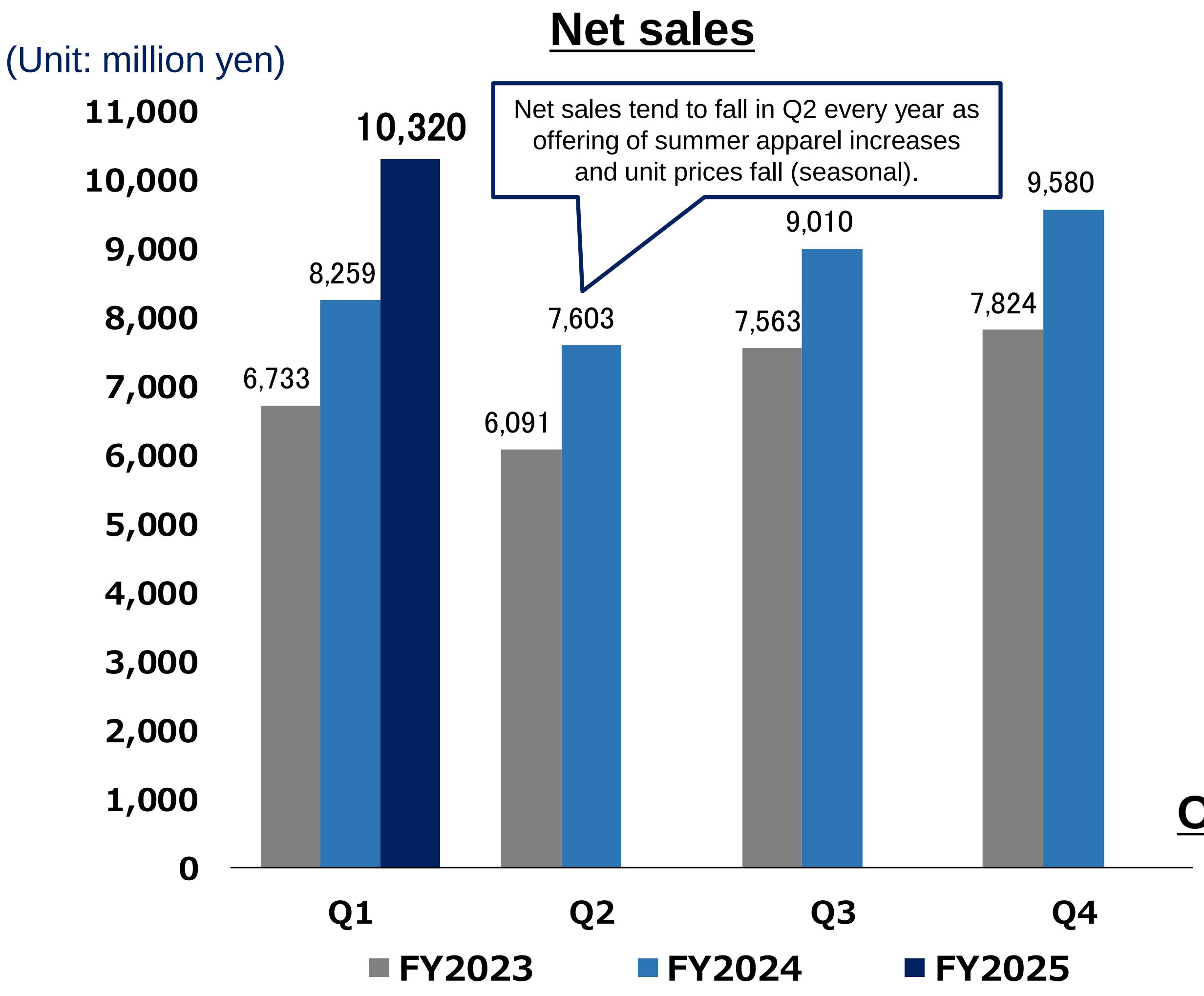
(Unit: million yen)

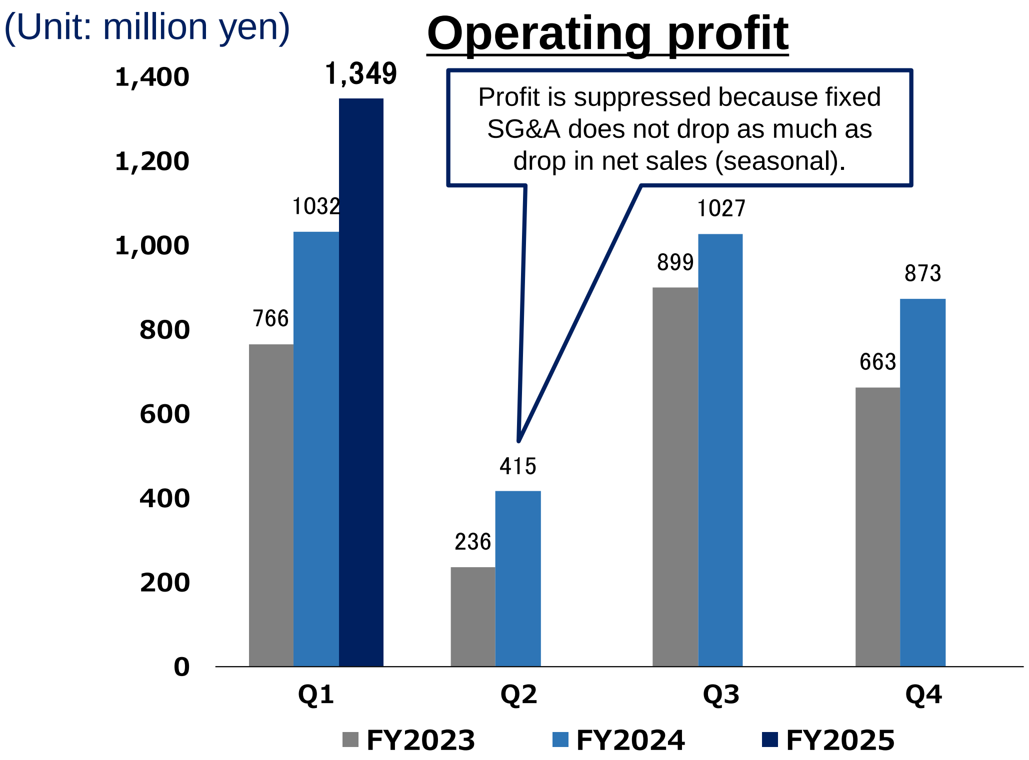
EBITDA: FY2024 Q1	EBITDA: FY2025 Q1	EBITDA: Year on year	EBITDA margin: FY2024 Q1	EBITDA margin: FY2025 Q1	EBITDA margin: Change
1,133	**1,501**	132.5%	13.7%	**14.5%**	0.8pt

*EBITDA = Operating profit + depreciation (operating expenses) + amortization of goodwill

Changes in Quarterly Results (Consolidated)

- Both net sales and operating profit grew significantly from the previous fiscal year.
- Operating profit increased more than 30% YOY, resulting in ¥1.35 billion in the Q1 accounting period. Operating profit ratio came to 13.1%.
- Operating profit for the accounting period exceeded record-high levels for eleven consecutive quarters since Q3 of FY2022.





Operating profit ratio

	Q1	Q2	Q3	Q4
FY2025	13.1%	-	-	-
FY2024	12.5%	5.5%	11.4%	9.1%
FY2023	11.4%	3.9%	11.9%	8.5%

Purchase Results by Merchandise/Sales Results by Business and by Merchandise (Consolidated)

- **Successful results with sales coming to 124% YOY and purchases 119% YOY.**
- **In addition to high growth of the key apparel items, branded bags and other fashion items, electric appliances, and hobby-related items also sold well.**
- **We are promoting initiatives to improve inventory turnover in this fiscal year, and as a result, the growth rate of sales exceeded the growth rate of purchases in Q1.**

(Unit: million yen)

Purchases

■ **Reuse Business: Purchase Results by Merchandise**

Item	Total	Composition ratio	Year on year
Household items	210	4.9%	116.7%
Apparel	1,775	41.6%	115.7%
Fashion items *1	1,184	27.7%	124.6%
Electric appliances	335	7.8%	104.4%
Furniture	79	1.9%	97.5%
Hobby-related items *2	438	10.3%	149.0%
Other *3	246	5.8%	110.3%
Total	**4,271**	**100.0%**	**119.1%**

*1 “Fashion items” include bags, wallets, watches, etc.

*2 “Hobby-related items” include sports and outdoor items, toys, musical instruments, etc.

*3 Side expenses are included in “Other” under Purchase Results.

Sales

■ **Reuse Business: Sales Results by Merchandise**

Item	Total	Composition ratio	Year on year
Household items	567	5.7%	126.0%
Apparel	4,717	47.1%	123.7%
Fashion items *1	2,297	22.9%	128.6%
Electric appliances	1,011	10.1%	116.6%
Furniture	367	3.7%	107.9%
Hobby-related items *2	931	9.3%	154.7%
Other *4	124	1.2%	65.3%
Total	**10,017**	**100.0%**	**124.5%**

*4 Sales of other merchandise are included in “Other” under Sales Results. The “Other” sales decreased significantly because, until the previous fiscal year, moving-related sales and sales from the Taiwan subsidiary were also included, but starting this fiscal year, moving-related sales have been excluded from the reuse business segment, and sales from the business in Taiwan are now divided and recorded under each item.

POINTS

- During the previous fiscal year, purchases surged already in Q1 with growth rate of purchases largely exceeding growth rate of sales. For the current fiscal year, we worked on speeding up the process of making purchases merchandisable, which is contributing to improving inventory turnover.
- Apparel sales increase by 23.8% due to strong demand for reuse fashion items backed by inflation, etc.
- Sales of branded items and other fashion items increased 28.7% by catering to increasing demands of international visitors.
- Sales of hobby-related items increased 54.8% due to growth in demand for outdoor goods, in addition to impacts of acquiring the golf gear reuse business by M&A in the previous fiscal year.

Changes in KPIs

- **Sales from non-consolidated existing stores grew further by 8.1% from the previous successful fiscal year.**
- **Sales targeting inbound tourists mainly in business categories handling high-price items contributed to growth; as a result, consolidated duty-free sales accounted for approx. 10.1% of consolidated sales (6.0% in Q1 of the previous fiscal year). Duty-free sales consist of branded items and merchandise with high unit prices and high cost rates, contributing positively to sales increase while negatively impacting gross profit ratio.**

		FY2024 Q1	FY2025 Q1
Existing stores, non-consolidated	Year on year sales	111.7%	**108.1%**
	Gross profit ratio	66.5%	**65.5%**
Number of new stores (consolidated)	First half	6 stores	**6 stores**
Perchases	Year on year purchases, consolidated	134.0%	**119.1%**
	Year on year purchases, non-consolidated	133.5%	**109.2%**
EC	EC ratio, consolidated	12.7%	**13.3%**
	EC ratio, non-consolidated	10.2%	**11.0%**

POINTS

[Existing stores, non-consolidated]

- Factors for lower gross profit ratio
  - Decreased approx. 0.5 pts impacted by strong sales of branded items and merchandise with high cost rates and high unit prices due to greater duty-free sales.
  - Decreased approx. 0.3 pts due to impacts of changing the accounting of some of the shipping cost for purchases from SG&A to cost of sales.

[EC]

- While e-commerce sales are increasing as a result of streamlining online listings, EC ratio remains relatively flat as in-store sales are also growing.

Performance and Dividends Forecasts

FY2025 Revision of Performance Forecasts

- **Both interim and full-year performance forecasts were revised upward.**
- **Due to the revision, ordinary profit of interim forecast increased by 22% YOY, ordinary profit of Full-year forecast increased by 20% YOY.**

(Unit: million yen)	Interim forecast					Full-year forecast				
	Revised forecast	Previous forecast (Published in April)	Revised forecast vs previous forecast change	Previous fiscal year first-half results	Revised forecast year on year	Revised forecast	Previous forecast (Published in April)	Revised forecast vs previous forecast change	Previous fiscal year first-half results	Revised forecast year on year
Net sales	**19,810**	19,169	3.3%	15,862	124.9%	**41,862**	40,562	3.2%	34,454	121.5%
Operation profit	**1,785**	1,533	16.4%	1,448	123.2%	**4,041**	3,712	8.9%	3,348	120.7%
Operation profit ratio	**9.0%**	8.0%	—	9.1%	—	**9.7%**	9.2%	—	9.7%	—
Ordinary profit	**1,803**	1,543	16.9%	1,468	122.8%	**4,069**	3,733	9.0%	3,390	120.0%
Ordinary profit ratio	**9.1%**	8.0%	—	9.3%	—	**9.7%**	9.2%	—	9.8%	—
Profit attributable to owners of parent	**1,165**	1,057	10.2%	932	124.9%	**2,723**	2,466	10.4%	2,241	121.5%
Net profit margin	**5.9%**	5.5%	—	5.9%	—	**6.5%**	6.1%	—	6.5%	—
Earnings per share (yen)	**49.73**	45.15	—	39.97	—	**116.23**	105.35	—	95.94	—
Dividend per share (yen)	**18.00**	16.00	—	12.00	—	**34.00**	32.00	—	28.00	—
Dividend payout	**—**	—	—	—	—	**29.3%**	30.4%	—	29.2%	—

Revision of Dividends Forecast

- In line with the upward revision of performance forecasts, the interim dividends forecast was increased by 2 yen.
- As a result of the revisions, the annual dividends forecast was increased by 2 yen from 32 yen in the previous fiscal year to 34 yen per share, and dividend payout ratio forecast is 29.3%.
- Year-end dividends forecast are subject to review and revision as necessary based on future performance trends.

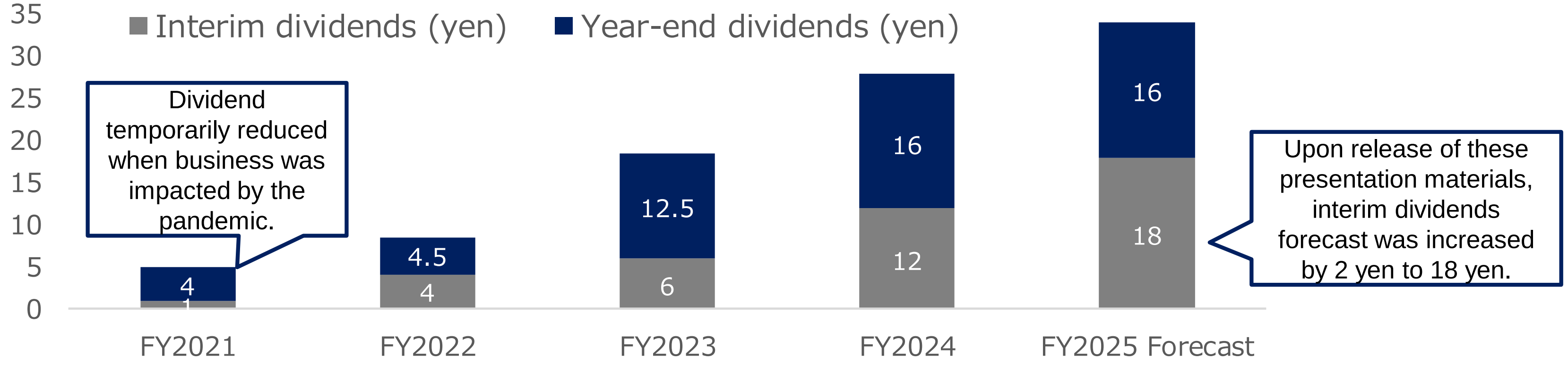
■ **Basic policy on allocation of profit**

Continuously pay out dividends in line with earnings by taking into consideration the balance between shareholder returns and the need to strengthen the financial foundation by bolstering internal reserves.
Immediate target payout ratio shall be 30% or greater.

■ **Dividends forecast**

	After revision	Before revision
Interim dividends per share (forecast)	**18 yen**	16 yen
Year-end dividends per share (forecast)	**16 yen**	16 yen
Annual dividends per share (forecast)	**34 yen**	32 yen

■ **Changes in dividend per share**



Detailed Assumptions on Performance Forecasts for FY2025 (1/2)

- **The revised performance forecast takes into account the Q1 financial results, upwardly revised net sales and gross profit for Q2 and Q3 onward, and partially revised SG&A expenses upward.**

■ Net sales

Non-consolidated existing stores: to be adjusted each term (before revision, 103% YOY for full year)

- Q2 (June to August): revised upward to 108% YOY
- Second half: revised upward to 104% YOY

■ Gross profit ratio

Consolidated basis: 59.8% full-year (before revision, 60.3% for full year, previous FY results were 60.6%)

- First half: 60.2%, second half: 59.5% (in the previous fiscal year, 62.0% for the first half, and 59.3% for the second half)
- Factors for lower gross profit ratio compared to previous fiscal year results
  - Until the previous fiscal year, some of the shipping cost for purchases was included in SG&A expenses, but this was changed to include these in cost of sales starting the current fiscal year.
Impact: approx. 0.2–0.3 pts
  - The golf gear reuse business (gross profit ratio in higher 30% range), which was acquired by M&A in the previous fiscal year and included in the consolidated PL starting Q4 of the previous fiscal year, will be incorporated in the PL from the beginning of the current fiscal year.
Impact: approx. 0.5 pts

Detailed Assumptions on Performance Forecasts for FY2025 (2/2)

■ SG&A ratio

Consolidated basis: 50.2% full-year (before revision, 51.2% for full year, previous FY results were 50.9%)

- Salaries were revised to incorporate approx. 7.0% in pay raises through employee pay raise and periodic wage increase (annual increase was planned at approx. 6% at beginning of fiscal year). As a result, forecasts were revised to reflect an increase of approx. ¥60 million in wages.
- Forecasts were revised to incorporate an increase of approx. ¥65 million in expenses for expansion and relocation of the Center which will serve as hub for home-visit purchases and auctions.
- Taking into account the Q1 results, some of the other SG&A items were increased and revised.

■ Capital expenditure & depreciation

Consolidated capital investment: approx. ¥1.4 billion (before revision, approx. ¥1.3 billion, previous FY results were ¥1.1 billion)

Consolidated depreciation: approx. ¥650 million (before revision, approx. ¥630 million, previous FY results were ¥530 million)

- Anticipate approx. ¥140 million increase to invest in the expansion and relocation of the Center.
- Anticipate approx. ¥20 million increase by moving up depreciation of the former Center, as a result of expansion and relocation of the Center.

FY2025 Initiatives

Reuse business

■ **Reuse business in Japan**

・Increase number of purchases and sales through continuous efforts, including acquiring app members (2.1 million app members as of end of Feb. 2024)

・Higher price per share against the backdrop of inflation, etc.

・Continuous expansion of sales targeting international visitors mainly through branded item business such as Brand Collect and Kindal

■ **Reuse business overseas**

・Continue opening stores in Thailand (now 4 stores) and Taiwan (now 2 stores) at a rate of 1-2 stores per year in each country

・Consider opening stores in new overseas markets

■ **Opening of new stores**

・Number of new stores (consolidated basis): 30 stores (26 stores in most recent FY)
(Breakdown by business) about 8 general reuse, about 10 style, and about 10 others (1–2 each), about 2 overseas stores

・Continue opening stores in Tokyo, Kanagawa, Chiba, Saitama, North Kanto, Kansai, Aichi, and Fukuoka, and open stores in other new regions

■ **Strengthening purchases through channels other than physical stores**

・Increase home-delivery and home-visit purchases by 15-20% in order to secure inventory for new store openings

Peripheral reuse businesses

■ **Auction business**

・Aim to increase number of listings and available quantity from the bases in Kanto and Kansai, and also expand listings from our own stores

■ **Moving & removal business**

・Aim to expand number of moves and purchases by effectively combining our moving services with services by partner moving companies

■ **Rental business**

・Expand our business base and increase both sales and profit by achieving growth of black formal rental in addition to dress rental

Medium-Term Management Plan

Revision of Medium-term Profit and Loss Projections (FY2025–FY2027)

- **As of the release of these presentation materials, the Company made upward revisions to the projections for FY2025; no changes were made to the projections for FY2026 and FY2027.**
- **For FY2027, we forecast net sales of ¥50.3 billion and ordinary profit of approx. ¥4.6 billion.**

(Unit: hundred million yen)

		FY2025		FY2026	FY2027	Three-year average of annual growth rates (CAGR)
	FY2024 results	Forecast disclosed in April	Revised forecast	Forecast disclosed in April	Forecast disclosed in April	Forecast disclosed in April
Net sales	344	405	418	450	503	13.5%
Ordinary profit	33.9	37.3	40.6	41.9	46.7	11.3%
Ordinary profit ratio	9.8%	9.2%	9.7%	9.3%	9.3%	-
Profit attributable to owners of parent	22.4	24.6	27.2	27.6	30.8	11.2%
Stores to be opened per year	26	30	30	30-35	35-40	-

Assumptions and notes on the Plan

• As there are many uncertain elements related to M&A, increase in profit and expenses for M&A, including intermediary fees, are not included in the Plan.
• The Plan may be impacted in the event the Company fails to secure the number of new store properties as originally assumed.
• The Plan may be significantly impacted in the event of unexpected situations, such as the spread of COVID-19.
• The Medium-Term Management Plan may be revised as necessary.