



Treasure Factory Co., Ltd.

Presentation Materials

Six Months Ended August 31, 2024 (March 2024 to August 2024)

October 10, 2024

Summary of Q2 Results



1

Both cumulative Q2 sales and operating profit grew by +20% YOY

- Existing stores continue to enjoy high-level growth rates, achieving **107.9%** YOY in cumulative Q2.
- Operating cash flows increased significantly with the improvement of inventory efficiency, resulting in **better quality of earnings** which is a greater benefit than the profit amount.

2

Operating cash flows improved significantly

- Operating cash flows for cumulative Q2 came to a record-high **1,256**million yen (**+1,414**million yen YOY)
- Enforced a group-wide theme of improving inventory efficiency, and the actions at each store proved successful.

3

Non-consolidated existing stores achieved sales exceeding 100% YOY for 36 consecutive months

- Sales from non-consolidated existing stores exceeded 100% YOY for **36 consecutive months** from September 2021 through August 2024.

4

Made advance investments to accelerate store openings

- Expanded and relocated the distribution center to secure ample inventory for new stores
- Increased base pay by **7%** to **become more competitive** in the recruitment market

Consolidated | Profit and Loss Statements (PL)



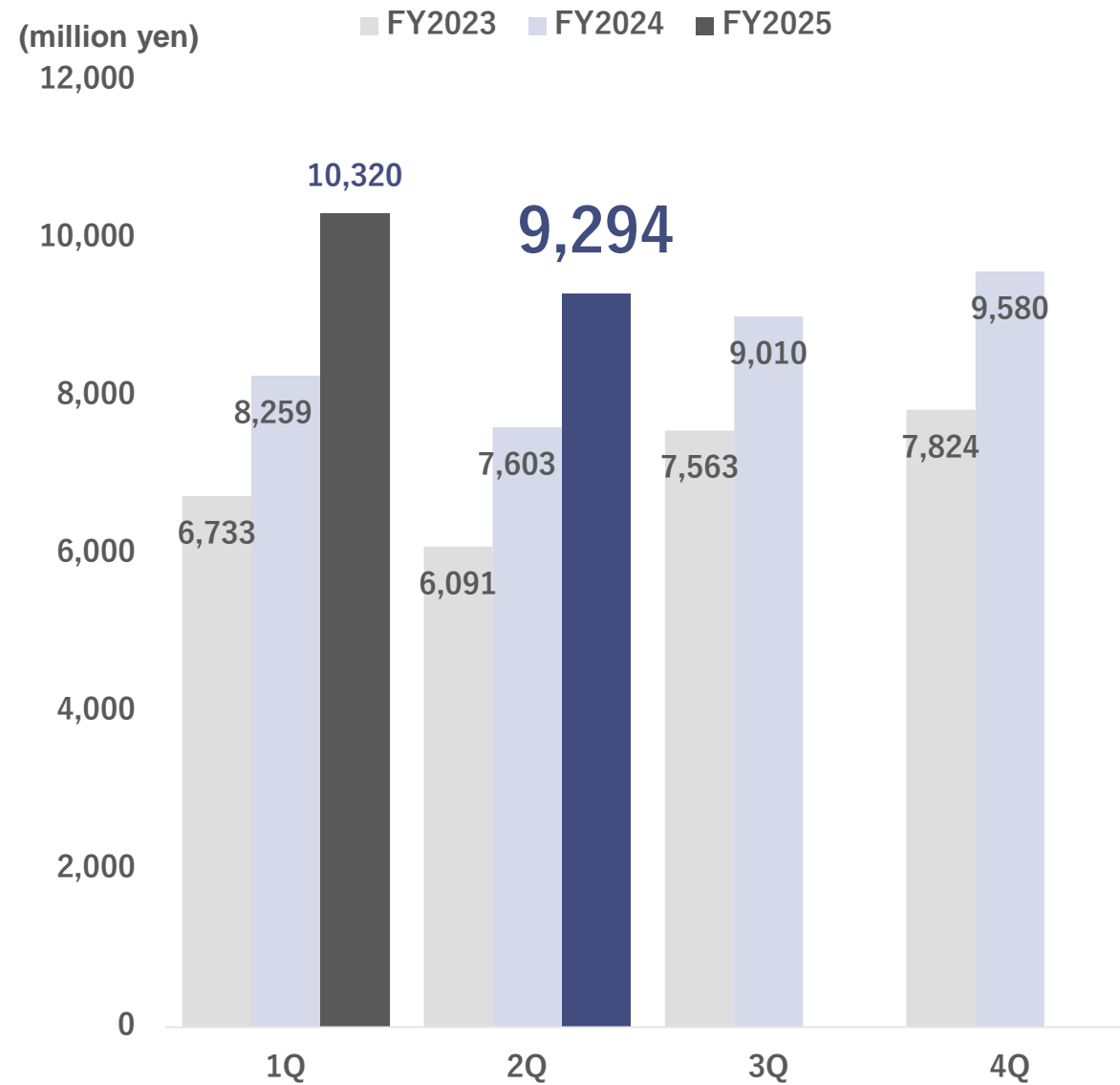
Both net sales and operating profit grew more than +20% YOY in cumulative Q2 period. We continue to expect similar growth rates in the second half.

(million yen)	FY2024	FY2025	Year on year		Performance forecasts		Factors that caused YOY increase/decrease and differences between performance forecast and actual results:
	Cumulative Q2	Cumulative Q2	Change (million yen)	Change (%)	Cumulative Q2 forecasts	Progress	
Net sales	15,862	19,614	+3,751	+23.7%	19,810	99.0%	Year on year:Growth rate of existing stores in cumulative Q2 was 107.9% : Benefited from 26 stores opened in previous FY + 11 stores in current FY + M&A in previous FY Performance forecasts:Decrease of 121 million yen due to delayed new store openings in current FY
Net gross profit	9,838	11,813	+1,975	+20.1%	-	-	
Gross profit ratio	62.0%	60.2%	-1.8 pts	-	-	-	Due to increase in sales composition ratio of expensive items catering to inbound tourists -1.1 pts Impacts of golf gear reuse business which was acquired by M&A in the previous fiscal year -0.5 pts Impacts of changes in accounting process (part of the shipping cost for purchases under SG&A expenses is now included in cost of sales) -0.2 pts
Selling, general, and administrative expenses	8,389	10,068	+1,678	+20.0%	-	-	
Operating profit	1,448	1,745	+296	+20.5%	1,785	97.8%	Performance forecasts:-46 million yen due to delayed new store openings in current FY
Operating profit ratio	9.1%	8.9%	-0.2 pts	-	-	-	
Ordinary profit	1,468	1,757	+289	+19.7%	1,803	97.5%	
Interim net profit attributable to owners of parent	932	1,144	+212	+22.8%	1,165	98.3%	
Earnings per share of interim net profit	39.97 yen	48.86 yen	+8.89 yen	+22.2%	49.73 yen	98.3%	

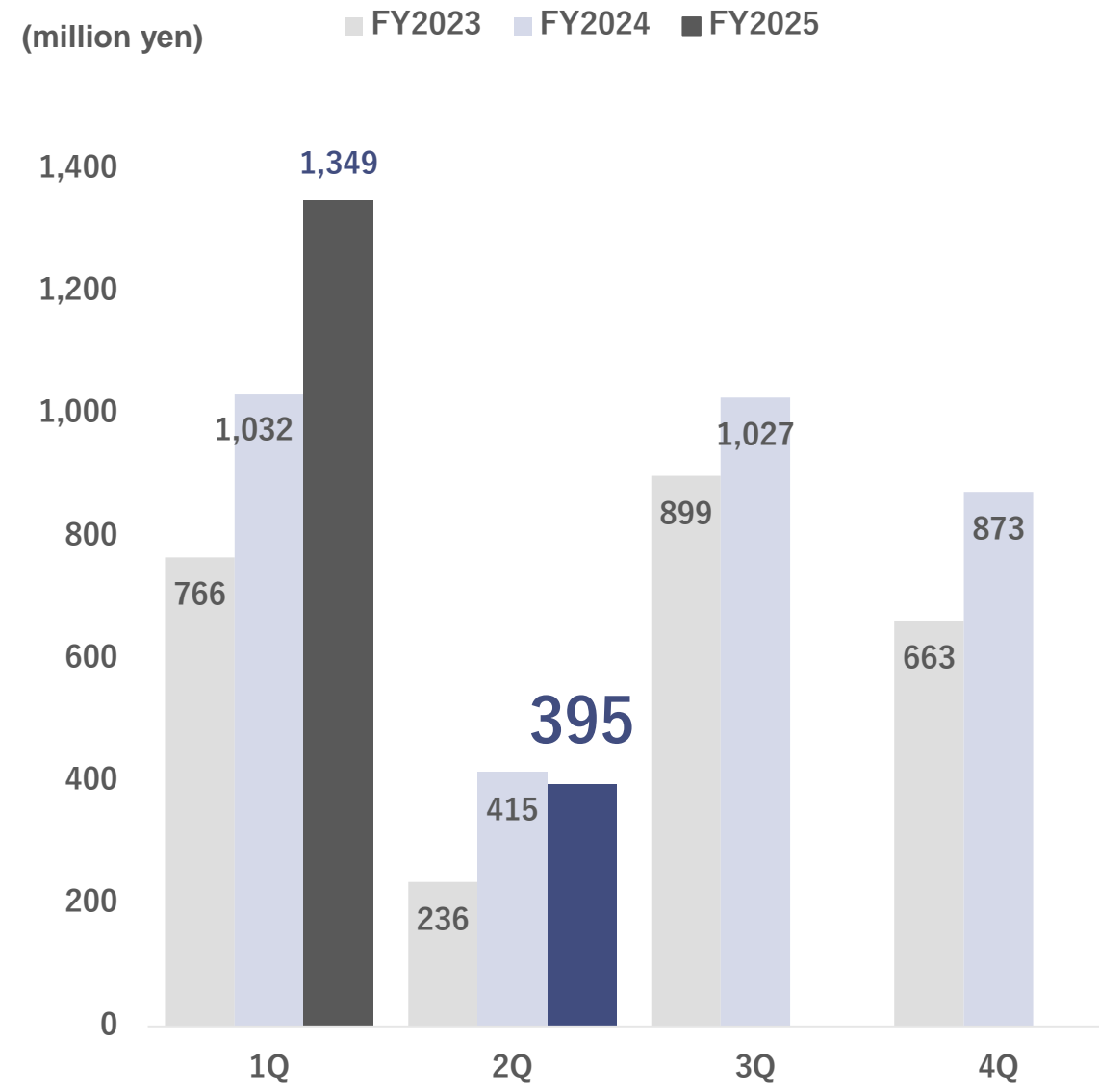
Consolidated | Quarterly Results



Net sales



Operating profit



Both six months cumulative sales and operating profit grew by +20% YOY

- Existing stores continue to enjoy high-level growth rates
- Despite advance investments to accelerate opening of new stores, we saw significant increase in revenue and profit in cumulative Q2
- Operating cash flows increased significantly, resulting in **better quality of earnings** which is a greater benefit than the profit amount
- (See p. 12)

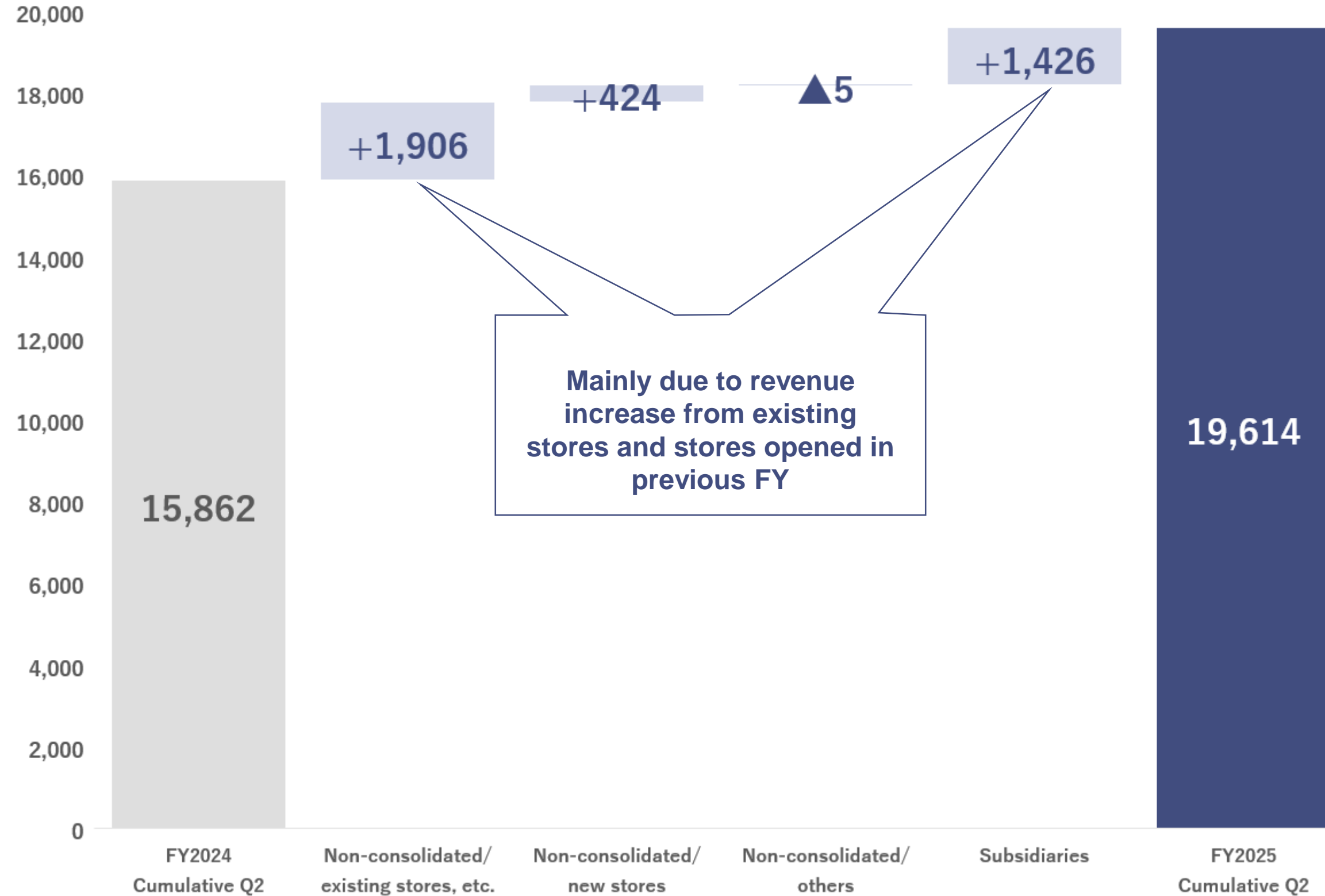
Profit decreased YOY in Q2 as a result of advance investments, etc.

- Increase in costs due to expansion and relocation of distribution center to maintain inventory for new stores
- Increase in cost as a result of base pay raise aiming to secure staffing
- Decrease in profit due to impacts of greater investment in advertisement by competitors in dress rental business

	Quarterly Results			Cumulative Q2		
	FY2024 Q2	FY2025 Q2	Year on year	FY2024	FY2025	Year on year
Net sales	7,603	9,294	22.2%	15,862	19,614	23.7%
Operating profit	415	395	-4.8%	1,448	1,745	20.5%
Operating profit ratio	5.5%	4.3%	-1.2 pts	9.1%	8.9%	-0.2 pts

Consolidated | Net Sales Fluctuation Analysis

(million yen)



Increase in revenue from existing stores, etc. drove growth in net sales

- Revenue increase exceeded **+3,000**million yen in the first half alone (total of non-consolidated stores/subsidiaries)

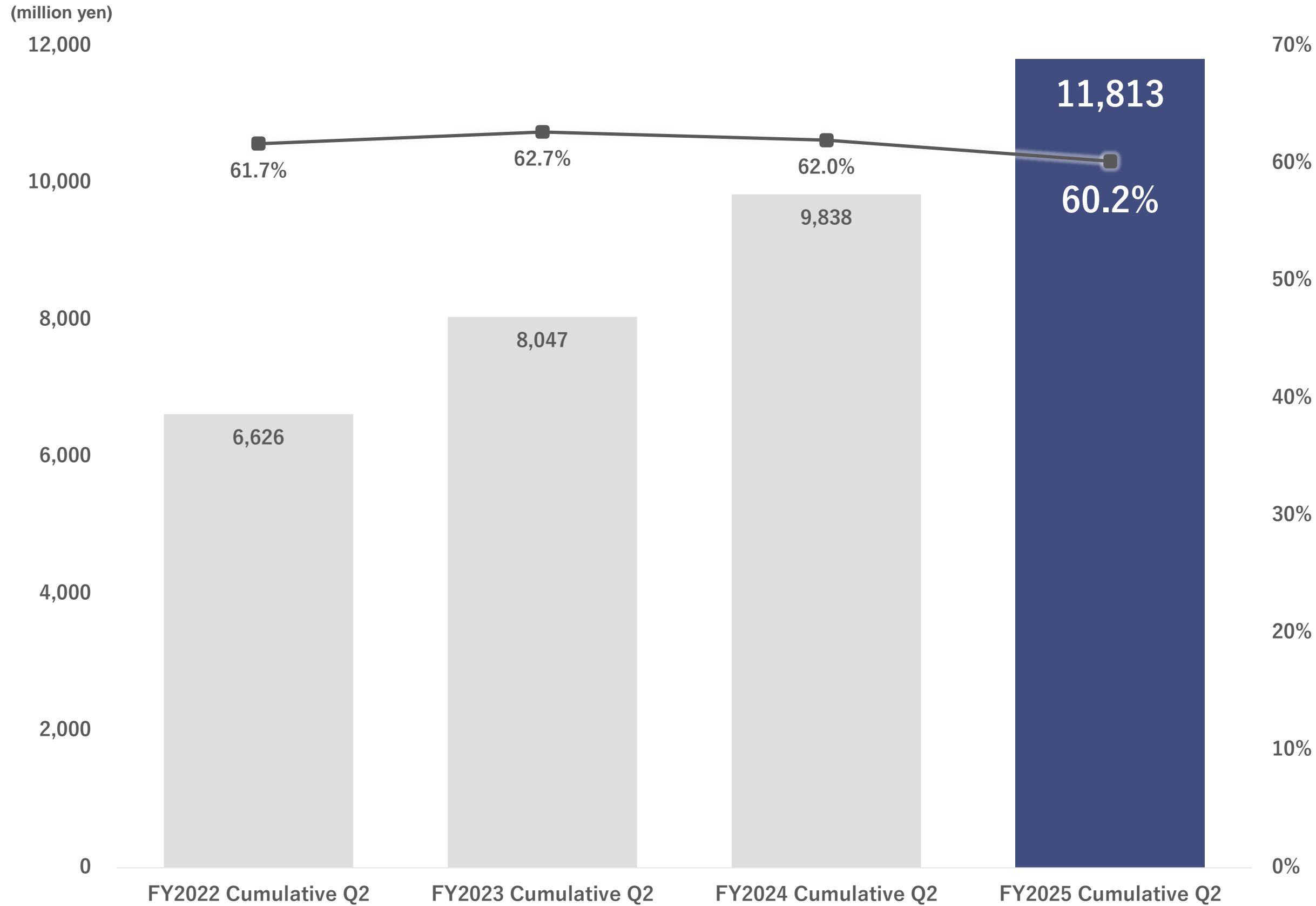
New stores opened in the current fiscal year generally made a strong start

- While there has been some shift in the store opening schedule from the initial plan, performance of already opened stores is largely as planned

Supplementary comments

- Non-consolidated/existing stores, etc. represents the total of existing stores and stores opened in the previous fiscal year

Consolidated | Net Gross Profit for the Past 4 Years



Growth of sales brought increase in net gross profit

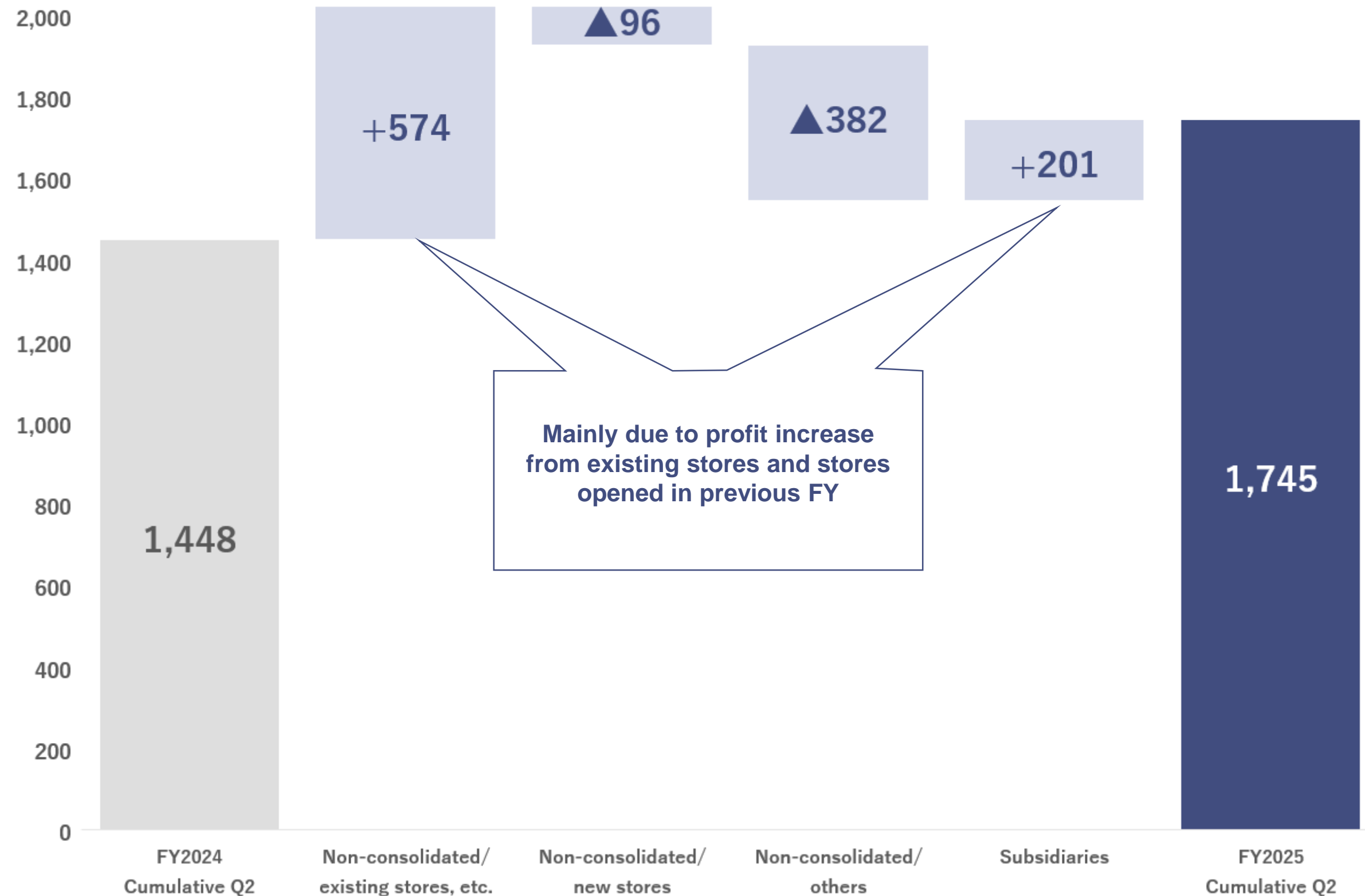
- While gross profit ratio is fluctuating with changes in the composition ratio of sales of each product category, gross profit is stably increasing in terms of monetary amounts
- Increase in sales of expensive items catering to inbound tourists resulted in an increase in net gross profit
(Duty-free sales ratio was **9.7%**, up 3.7 pts YOY)

Gross profit ratio came to -1.8% YOY

- Due to increase in sales composition ratio of expensive items catering to inbound tourists -1.1 pts
- Impacts of golf gear reuse business which was acquired by M&A in the previous fiscal year -0.5 pts
- Impacts of changes in accounting process (part of the shipping cost for purchases under SG&A expenses is now included in cost of sales) -0.2 pts

Consolidated | Operating Profit Fluctuation Analysis

(million yen)



Increase in revenue from existing stores, etc. enabled solid increase in profit

- Profit increased by more than **+775** million yen in the first half alone (total of non-consolidated and subsidiaries)

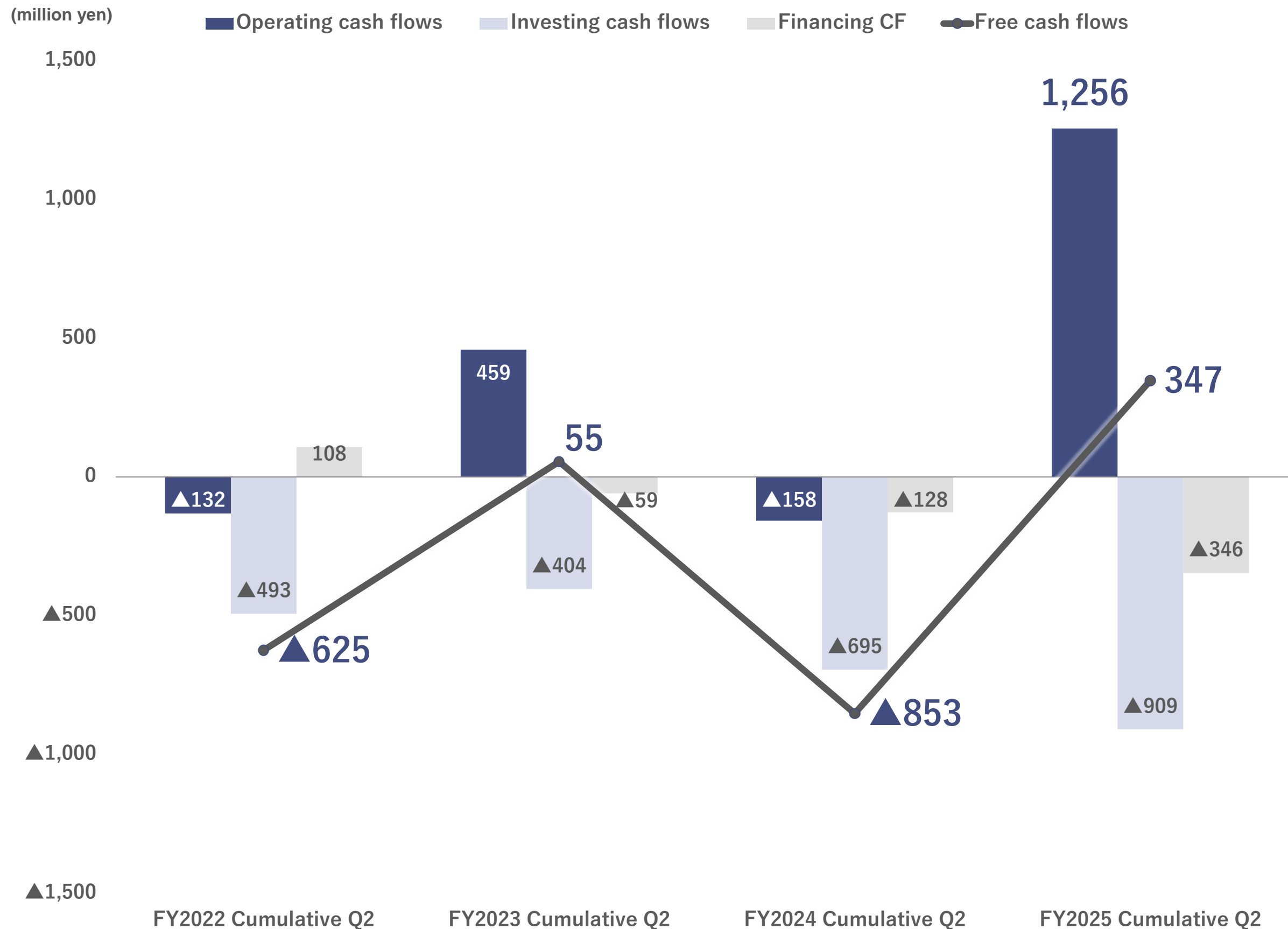
Breakdown of Non-consolidated, Others

- Increase in staffing for purchase channels other than in-store purchases -78M yen
- Increase in advertising expenses for strengthen EC and perching -27M yen
- Increase in costs for expansion and relocation of distribution center -33M yen
- Decrease in profit YOY from rental business -30M yen

Supplementary comments

- Non-consolidated/existing stores, etc. represents the total of existing stores and stores opened in the previous fiscal year
- The distribution center handling home-delivery purchases was expanded and relocated in FY2024 (February)
- The distribution center for home-visit purchases/auction/rental businesses was expanded and relocated in the current fiscal year (July–August)

Consolidated | Cash Flows for the Past 4 Years



Operating cash flows in cumulative Q2 came to +1,414 million yen YOY

- In the first half, we saw strong demand for purchases which largely exceeded successful sales, temporarily shifting business to purchase-centric. Based on our knowledge from the previous fiscal year, we enforced a group-wide theme of improving inventory turnover, and the actions at each store proved successful.

Made advance investments, while increasing financing cash flows significantly

- While we continued to make greater capital investments for the future (including expansion and relocation of the distribution center, new store openings, relocation, etc.), we achieved significant increase in free cash flows of **+1,200** million yen YOY.

Supplementary comments

- FCF (Free cash flows) represents the total of operating cash flows and investment cash flows

Changes in KPIs-Summary

<p>Non-consolidated</p>	<p>Existing stores-YOY sales Trends in demand and indicator of business growth potential</p>	<p>Cumulative Q2: 107.9% Both number of sales and unit prices continued to rise</p>	<p>YOY: 111.5% (-3.6 pts)</p>
<p>Non-consolidated</p>	<p>Existing stores: Gross profit ratio Indicator of business profitability</p>	<p>Cumulative Q2: 65.1% Dropped by -0.6 pts due to changes in merchandise mix (sales of merchandise with high unit prices and high cost rates increased, mainly in duty-free sales) Dropped by -0.3 pts due to changes in accounting process (part of the shipping cost for purchases under SG&A expenses is now included in cost of sales) *Page 9 shows consolidated figures, while the figures above are non-consolidated</p>	<p>YOY: 65.9% (-0.8 pts)</p>
<p>Consolidated</p>	<p>EC ratio Indicator of response to new channel</p>	<p>Cumulative Q2: 13.7% E-commerce ratio has increased due to an increase in the handling of high-priced products such as branded products and hobby goods, and improved listing efficiency through the establishment of an EC listing system.</p>	<p>YOY: 12.9% (+0.8 pts)</p>
<p>Consolidated</p>	<p>YOY Purchases Leading indicator of capacity for sales & store opening</p>	<p>Cumulative Q2: 119.3% In-store purchases increased +9.1% YOY, home-delivery purchases increased +12.8% YOY, and home-visit purchases increased +11.2% YOY (all non-consolidated) In particular, home-delivery and home-visit purchases have greater potential for future growth with the expansion and relocation of distribution centers</p>	<p>YOY: 132.2% (-12.9 pts)</p>
<p>Consolidated</p>	<p>Number of new stores in the current fiscal year Leading indicator of increase in revenue and profit</p>	<p>Cumulative Q2: 11 stores Number of new store openings fell below initial plan. Among property, inventory, and human resources, we were not able to secure suitable property as expected.</p>	<p>YOY: 12 stores (-1 stores)</p>

Fiscal Year Performance Forecasts

We will continue to maintain the same level of growth from the previous fiscal year while making growth investments towards the future

*No changes from the forecasts released on July 10, 2024

(million yen)	Cumulative Q2			Full year			Assumptions & supplementary information
	Previous FY results	Results to date	Increase/decrease	Previous FY results	Full-year forecast	Increase/decrease	
Net sales	15,862	19,614	+23.7%	34,454	41,862	+21.5%	Sales growth of existing stores (non-consolidated) for the 2nd half has been set at 104% YOY%
Operating profit	1,448	1,745	+20.5%	3,348	4,041	+20.7%	Gross profit ratio (consolidated) for the 2nd half has been set at 59.5% SG&A ratio (consolidated) for the 2nd half has been set at 49.3%
Operating profit ratio	9.1%	8.9%	-0.2 pts	9.7%	9.7%	-	
Ordinary profit	1,468	1,757	+19.7%	3,390	4,069	+20.0%	
Ordinary profit ratio	9.3%	9.0%	-0.3 pts	9.8%	9.7%	-0.1 pts	
Profit attributable to owners of parent	932	1,144	+22.8%	2,241	2,723	+21.5%	
Net profit ratio	5.9%	5.8%	-0.1 pts	6.5%	6.5%	-	
Earnings per share	39.97 yen	48.86 yen	+22.2%	95.94 yen	116.23 yen	+21.1%	
Dividend per share	12.00 yen	18.00 yen	+50.0%	28.00 yen	34.00 yen	+21.4%	
Dividend payout ratio	-	-	-	29.2%	29.3%	+0.1pt	

Fiscal Year Dividends Forecast

*No changes from the forecasts released on July 10, 2024

Dividends forecast

(per share)

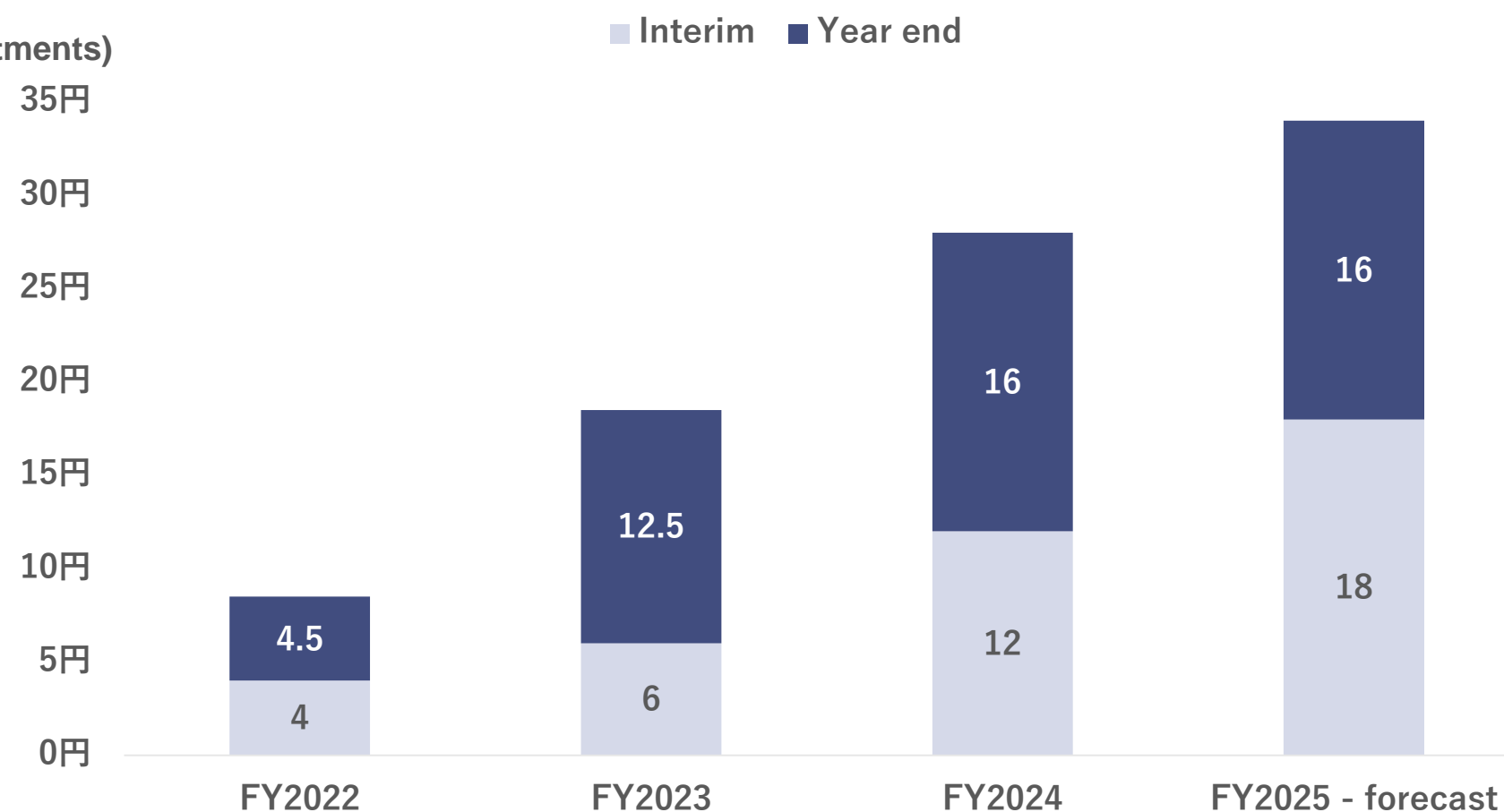
	Previous FY results	Full-year forecast	YOY
Interim	12 yen	18 yen	+ 6 yen
Year end	16 yen	16 yen	-
Annual	28 yen	34 yen	+ 6 yen
Dividend payout ratio	29.2 %	29.3 %	

Interim dividends increased by 6 yen YoY

- Based on future performance trends, year-end dividends forecast will review and revision as necessary

Dividends for the past 4 years

(after stock split & adjustments)



Supplementary comments (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