



TSI HOLDINGS

TSI HOLDINGS CO., LTD.

Financial Results Briefing for the Fiscal Year Ended February 2024

April 15, 2024

Event Summary

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[Participants]		
[Number of Speakers]	2	
	Tsuyoshi Shimoji	Representative Director and President
	Mitsuru Naito	Director, Head of Corporate Headquarters

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Presentation

Moderator: Good morning. Thank you for taking time out of your busy schedule to join us today. The time has arrived, so we will begin presenting the full-year financial results for the fiscal year ended February 2024 and the mid-term business strategy.

4 Results of FY Ending Feb. 2024. : Executive summary TSI HOLDINGS

[Summary of the FY Ending Feb. 2024]

■ **Market Environment**
As the restrictions related to the COVID-19 pandemic relaxed, economic activity gradually normalized. Despite the effects of extreme heat and a mild winter, consumer appetite improved from the previous year due to a recovery in demand from consumers who look for goods to go out and an increase in visitors from overseas.
At the same time, the outlook for the economy remains uncertain. Rising costs due to the ongoing depreciation of the Japanese yen and soaring raw materials costs, further compounded by the rise in domestic and international prices, are leading to budget-minded consumers.

■ **Domestic Business Conditions (Overall)**
In addition to the benefits of the market recovery, sales of women's and streetwear brands increased due to the OMO strategy implemented since the pandemic to cultivate customers and product measures to attract new fans.
However, overly conservative purchasing based on past sales history led to insufficient inventory during peak periods. This slowed the growth rate and became a lesson for our future sourcing strategies.

■ **Domestic Business (Golf)**
Results were mixed in the golf sector, where there was special demand following the pandemic. PING apparel and New Balance Golf, which are in the growth phase, have remained strong. However, the profitability of the core brand Pearly Gates deteriorated due to an inaccurate demand forecast and sales of new products falling short of the target. This resulted in an overstock, which led to the company prioritizing the clearance of excess inventory.

Shimoji: Hello, everyone. Thank you for all your help. Today, I would like to explain our full-year financial results for the fiscal year ended February 2024 and our medium-term business strategy, "TSI Innovation Program 2027," a rolling new version of TIP25 that we have established.

The first will be a summary of the fiscal year ended February 2024.

Executive summary.

In the market environment, the sweltering summer and warm winter brought us various effects, but with the recovery in demand for outings and the increase in inbound visitors, we see consumer confidence exceeding that of the previous year. On the other hand, the economic outlook remains uncertain due to the worsening yen depreciation, soaring raw material prices, rising logistics costs, and the increasing tendency for consumers to economize.

As for the domestic business, we benefited from the market recovery. In addition, the OMO strategy implemented since the pandemic has successfully attracted new fans through customer sentiment and product initiatives, resulting in a significant increase in sales for womenswear and streetwear brands. However, since we have been cautious in purchasing products as a result of the late delivery and excessive inventory of the past seasons, shortages have occurred after narrowing down the list of products, and this has put a brake on the speed of growth, left us an issue to tackle.

In the area of golf, golf wear, which experienced a surge in popularity during the pandemic, saw both highlights and challenges. PING and New Balance Golf, both in the growth phase, exhibited good performance.

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However, our core brand, PEARLY GATES, misjudged the demand, resulting in an excess of inventory. Additionally, due to prioritizing the clearance of inventory, profitability declined.

■ Overseas Business

The U.S. athleisure market, a major area of our company's overseas business, has become oversupplied due to the push-back from the special demand during the pandemic, and price competition has intensified. Profitability has deteriorated due to a decline in consumer confidence caused by inflation and the backlash from the 20th Anniversary Collection, which drove HUF's sales in the fiscal year ended February 2023.

The environment and markets are evolving rapidly, often in unexpected ways. Unfortunately, the current team structure is not flexible enough to respond effectively to these changes. As a result, the company finds itself in a challenging position that requires a thorough review to make further progress.

Therefore, we have formulated a Medium-Term Business Strategy for rolling out the TSI Innovation Program 2025 (TIP25) announced in April 2022. We have initiated structural reforms and aim to achieve an operating profit of over 10 billion yen in the FY ending Feb 2027.

Overseas business.

In our overseas business, the athleisure market, our primary focus in the US, including HUF and TACTICS, is experiencing oversupply due to the contraction in the US industry as a response to the pandemic's unique demands. Price competition is very fierce, so we constantly have promotional sales. While the anniversary capsule collection of HUF had been a sales driver in the fiscal year ended February 28, 2023, it experienced a decline due to the recession and the decrease in sales following the anniversary event.

Our team's lack of agility in responding flexibly and effectively to the discontinuous changes in the environment and market has emphasized the problem. It is necessary for us and the Company as a whole to reevaluate the situation once again in order to make a further leap forward.

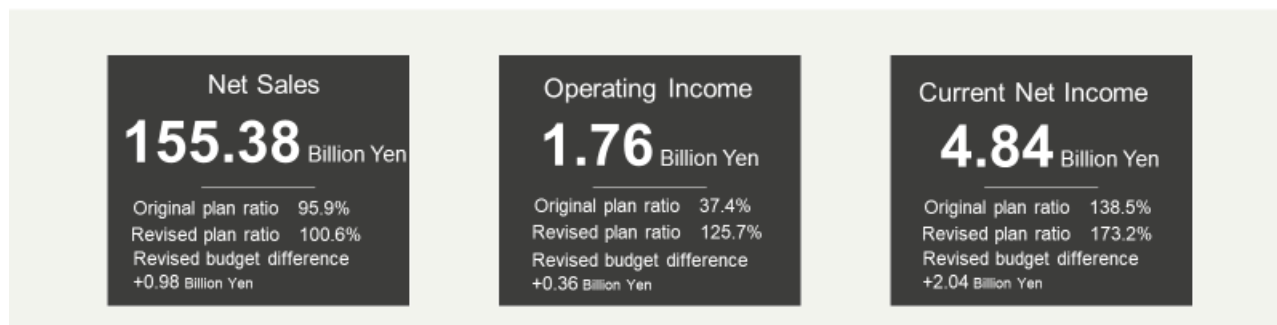
This time, we have created a new medium-term business strategy as a rolling update of the TSI Innovation Program 2025, announced in April 2022. We take one giant step back. After that, we will implement structural reforms to further enhance profitability. By the fiscal year ending February 28, 2027, the entire company will strive to exceed JPY10 billion in operating income through these structural reforms.

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Some of our golf brands and U.S. streetwear businesses, which performed well during the pandemic, have stagnated due to market normalization and the push-backs of the special demand during the pandemic. This has had a major impact on the profitability of the entire company and caused the initial plan to drop significantly. The revised plan was accomplished through the success of promotional sales and strong-performing brands.



- Sales **increased by 100.6%** YoY, despite the impact of last year's business exit. However, the effects of the post-pandemic situation were misread, and the initial plan was not achieved.
- Operating profit was 37.4% of the original plan, due to the impact of the soaring exchange rate and raw material costs, as well as the impact of discounted sales to clear inventories.
- Net profit was **4.84 billion yen**, 138.5% vs. the original plan / 173.2% vs. the revised plan due to the effect of an income tax adjustment.

Performance highlights.

The golf business had performed very well in the past year and the previous year. However, as I mentioned earlier, the situation was divided into two parts: some brands were performing well, and others were experiencing a drop in numbers due to product initiatives.

Overall, the streetwear business in the US was strong during the pandemic. However, it has converged in the US and is now slightly underperforming. The impact of these two factors is very significant to the entire company's profitability. This is a primary reason for the drop in the initially planned figures.

Additionally, we were able to uphold the revised plan due to the strong sales of particular brands and the underlying strength of those performing well.

Full-year net sales were JPY155.38 billion. Net sales increased slightly to 100.6% of the previous year's level despite the impact of last year's withdrawal from the business. This was due to our failure to focus on strong-selling merchandise.

Next, operating income was JPY1.76 billion for the full year. Operating income amounted to 37.4% of the initial plan, primarily due to the impact of discounted sales to clear inventories, alongside the soaring costs of raw materials in the foreign exchange market.

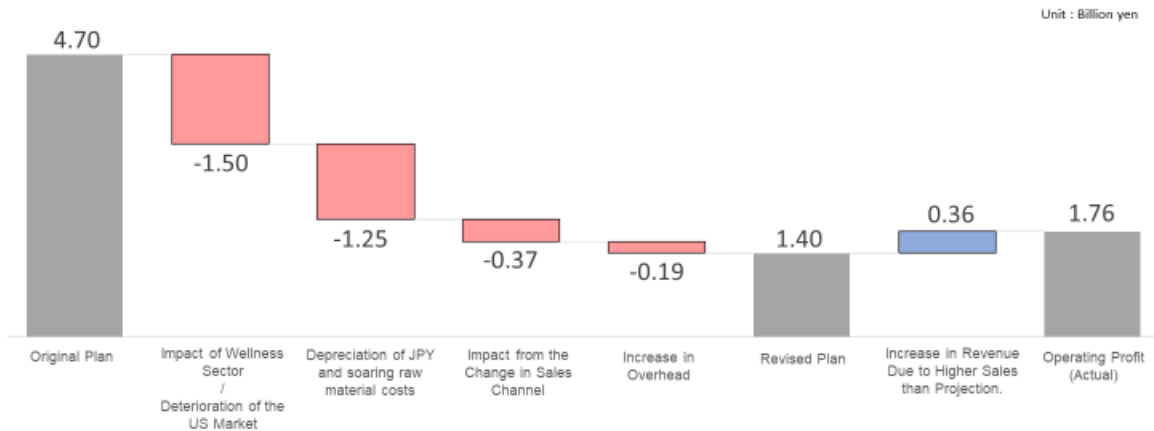
I will explain later, but the net income for the full year was JPY4.84 billion.

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Although the company initially aimed for an operating profit of 4.70 billion yen, it faced various challenges which negatively impacted its performance. This led to a revised operating profit forecast of 1.40 billion yen. However, operating profit increased by 0.36 billion yen to 1.76 billion yen, driven by revenue growth from promotional sales and strong brands.



This is the full-year adjusted disclosure difference.

We had initially planned for an operating income of JPY4.7 billion, but due to the deteriorating performance of several brands, we were unable to take adequate measures. We have revised our operating income forecast downward to JPY1.4 billion.

Following that, promotional sales and other events contributed to the restoration of earnings, and we managed to secure earnings from brands that had been growing steadily. Consequently, we achieved an operating income of JPY1.76 billion, marking an increase of JPY360 million from the revised plan.

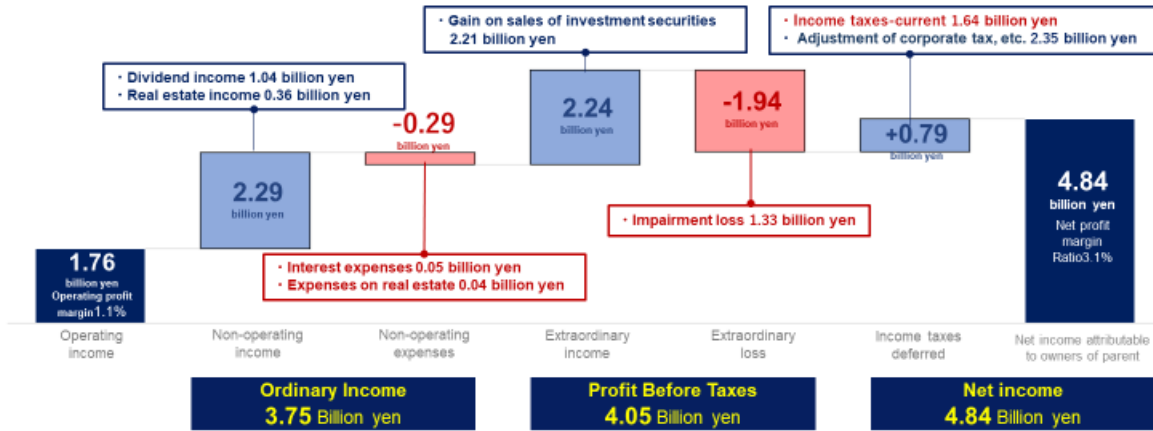
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The company's ordinary profit for the period was 3.75 billion yen, which included 1.99 billion yen in non-operating profits such as dividend income and real estate income. Additionally, the company posted an extraordinary income of 290 million yen, which included gains through sales of investment securities and impairment losses. The corporate income tax adjustment (gain) amounted to 2.35 billion yen due to the increased possibility of recovering deductible temporary differences based on future business outlook. As a result, the company achieved a net income of 4.84 billion yen, with a profit margin of 3.1%.



This is the net income impact item for the full year.

Net income was JPY4.84 billion, with a profit margin of 3.1%.

The breakdown is as follows: Operating income and JPY1.99 billion in non-operating income, such as dividends received, real estate income, etc., resulting in an ordinary income of JPY3.75 billion; and in addition to extraordinary gains and losses of JPY290 million, including gain on sales of investment securities and impairment loss, the Company recorded a gain on adjustment for income taxes of JPY2.35 billion due to the increased likelihood of recovering deductible temporary differences based on future earnings prospects, resulting in net income of JPY4.84 billion and a profit margin of 3.1%, as reported earlier.

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9 About Balance Sheet

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Unit: Million Yen

	FY Ending Feb. 2023		Cumulative Q3RD 2024 Ending Feb.		FY Ending Feb. 2024					
	Results	Composition Ratio (%)	Results	Composition Ratio (%)	Results	Composition Ratio (%)	Y/Y Change	Y/Y (%)	Q4/Q3 Change	Q4/Q3 (%)
Current Assets	71,837	53.0%	74,499	53.4%	70,877	53.1%	-960	98.7%	-3,622	95.1%
(of Cash and Deposits)	32,205	23.8%	23,111	16.6%	27,472	20.6%	-4,733	85.3%	4,361	118.9%
(of which, Inventory)	24,679	18.2%	32,753	23.5%	28,052	21.0%	3,373	113.7%	-4,701	85.6%
Non-current Assets	63,589	47.0%	65,091	46.6%	62,586	46.9%	-1,003	98.4%	-2,505	96.2%
(of Investment Securities)	27,879	20.6%	27,944	20.0%	25,137	18.8%	-2,742	90.2%	-2,807	90.0%
(of Investment Real estate)	4,708	3.5%	4,688	3.4%	4,683	3.5%	-25	99.5%	-5	99.9%
Total Assets	135,427	100.0%	139,591	100.0%	133,464	100.0%	-1,963	98.6%	-6,127	95.6%
Current Liabilities	26,239	19.4%	32,342	23.2%	28,388	21.3%	2,149	108.2%	-3,954	87.8%
(of Short-term borrowings)	17	0.0%	5,045	3.6%	5,013	3.8%	4,996	29488.2%	-32	99.4%
(of Current portion of long-term borrowings)	4,737	3.5%	3,853	2.8%	3,309	2.5%	-1,428	69.9%	-544	85.9%
Non-current Liabilities	10,309	7.6%	8,807	6.3%	7,653	5.7%	-2,656	74.2%	-1,154	86.9%
(of Long-term borrowings)	5,010	3.7%	2,562	1.8%	1,630	1.2%	-3,380	32.5%	-932	63.6%
Total Liabilities	36,549	27.0%	41,149	29.5%	36,041	27.0%	-507	98.6%	-5,108	87.6%
Total Net Assets	98,878	73.0%	98,441	70.5%	97,422	73.0%	-1,456	98.5%	-1,019	99.0%
(of Treasury stock[-])	-3,031	-2.2%	-5,604	-4.0%	-7,605	-5.7%	-4,574	250.9%	-2,001	135.7%
Total Liabilities and Net Assets	135,427	100.0%	139,591	100.0%	133,464	100.0%	-1,963	98.6%	-6,127	95.6%

> Cash and Deposits

[Comparison with the previous term]
Decreased by 4.7 billion yen due to an increase in inventories, etc.

> Inventory

[Comparison with the previous term]
Due to strategic advance purchases and the gap between our forecast and market supply-demand changes, inventory increased by 3.3 billion yen (113.7% YoY.)

> Investment securities

[Comparison with the previous term]
The company sold investment securities in order to optimize its financial balance and prepare for business investments. The amount decreased by 2.7 billion yen (90.2% YoY.)

> Treasury stock

[Comparison with the previous term]
As part of its capital and shareholder return policy, the company is continuing to repurchase treasury stock, resulting in a 2.0 billion yen increase.
The repurchased shares are scheduled to be retired on April 30th.

Let's move on to the balance sheet.

Cash and cash equivalents, the decrease of JPY4.7 billion occurred mainly due to an increase in inventories.

As for inventory, some businesses have succeeded in improving their efficiency through careful inventory control. However, some businesses have been significantly affected by the increase in inventories. In addition, in the area of licensed brands from overseas, we are making strategic upfront investments in purchasing to minimize the impact of foreign exchange rate fluctuations. Given this, the overall inventory is increasing. However, our intention is not to sell this inventory through deeper discounts; instead, we will plan to carefully manage its liquidation and balance our purchases accordingly.

The Company sold investment securities intending to optimize its financial balance and prepare for business investments. The YoY ratio was 90.2%, a decrease of JPY2.7 billion from the previous year.

We will continue purchasing treasury stock as part of its capital and shareholder return policies. Income increased by JPY2 billion. This income and the remainder will be canceled on April 30.

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Key brands experienced steady growth, except for those with stagnated sales due to pre-consumption of future demand caused by pandemic-induced buying surge. Margaret Howell, Avirex, and Stussy marked double-digit growth compared to the previous year. Le Phil, Adore, Royal Flash, and Schott, known for their unique product offerings, had been well accepted by domestic and international customers.

■ Top 10 brands in sales

	Unit:Million Yen				
	FY Ending Feb. 2023		FY Ending Feb. 2024		YoY
	Sales	Composition Rate (%)	Sales	Composition Rate (%)	Sales (%)
1. PEARLY GATES	17,086	11.1	16,111	10.4	94.3
2. NANO universe	14,764	9.6	14,268	9.2	96.6
3. MARGARET HOWELL	12,801	8.3	14,133	9.1	110.4
4. NATURAL BEAUTY BASIC	10,994	7.1	11,108	7.1	101.0
5. HUF	9,853	6.4	8,843	5.7	89.8
6. AVIREX	7,084	4.6	8,125	5.2	114.7
7. STUSSY	4,617	3.0	5,387	3.5	116.7
8. new balance golf	4,409	2.9	4,714	3.0	106.9
9. human woman	4,400	2.8	4,297	2.8	97.6
10. Jack Bunny!!	3,445	2.2	3,597	2.3	104.4
TOP10	89,457	57.9	90,588	58.3	101.3

PEARLY GATES

YoY : 94.3%

Although the brand achieved rapid growth thanks to the pandemic-induced buying surge, the boom has run its course, and it is now at a leveling-off point. It is proactively implementing measures to optimize operations. For the first time in several years, it held promotional sales to adjust inventories.

NANO universe

YoY : 96.6%

Due to store closures and a revision of S&O, year-on-year sales declined. However, existing stores saw a 123% increase in sales thanks to an improved product mix.

NATURAL BEAUTY BASIC

YoY : 101.0%

The Limited Edition line, which was sold at selected locations, has been performing well. However, due to the supply not keeping up with the exceeding demand, there were opportunity losses. The impact of store closures also contributed to the insufficient increase in sales.

Brand overview. We will provide an individual overview of our leading brands for the full year.

First, sales of main brands remained steady, excluding stagnant brands. In particular, MARGARET HOWELL, AVIREX, and STUSSY performed well throughout the year. In addition, brands other than the mainstay brands, such as LE PHIL, ADORE, a curated boutique ROYAL FLASH, and Schott, which are differentiated by their unique product offerings, are strongly supported by domestic and international customers and are performing well.

As for the leading brands and their highlights, PEARLY GATES has been stagnant for a while. Although the sales are higher than those of 2019, the Special demand for golfwear during the pandemic has run its course, and sales have leveled off. We have held promotional sales to adjust inventory for the first time in several years, and we are now implementing measures to optimize our inventory.

For the NANO universe, there was a decrease from the previous year (96.6% YoY) attributable to the impact of a review of the SPI plan that prioritized profitability and the effects of store closures. However, existing stores recovered to 123% compared to the previous year. We have high expectations that we will be able to enter another phase of growth with a narrower product lineup that will be well-accepted by customers.

NATURAL BEAUTY BASIC is 101% YoY. With the strong performance of LIMITED EDITION, which is offered at limited stores, we saw an increase in profit. Additionally, it sold more than we had anticipated. The mismatch between supply and demand couldn't keep up, resulting in numerous shortages. We were also affected by the closure of some stores and could not cover our overall sales.

FY ended Feb 2024 left us with several issues to address and some matters to reflect on.

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Sales at domestic physical stores increased to **3.07 billion yen**, which is **103.5%** higher compared to the previous year. Although the number of stores decreased by 7, the overall store sales increased due to the significant growth of sales at the urban roadside stores and department stores.

The domestic wholesale and non-apparel businesses have shown a significant growth of **113.4%**, or an increase of **2.16 billion yen**. With labor shortages becoming a social issue, the human resource support services of the company's subsidiary, S-Groove, have been expanding, contributing to sales growth.

	Old profit standards		New profit standards		
	FY Ending Feb. 2022	FY Ending Feb. 2023	FY Ending Feb. 2024	YoY (%)	
Domestic	Department Stores	13.82 Billion Yen (Composition Rate : 9.8%)	19.55 Billion Yen (Composition Rate : 12.7%)	19.25 Billion Yen (Composition Rate : 12.4%)	98.5%
	Department Stores	60.73 Billion Yen (Composition Rate : 43.3%)	67.02 Billion Yen (Composition Rate : 43.4%)	70.39 Billion Yen (Composition Rate : 45.3%)	105.0%
	E-Commerce	39.28 Billion Yen (Domestic E-Commerce ratio : 34.5%)	38.84 Billion Yen (Domestic E-Commerce ratio : 31.0%)	35.84 Billion Yen (Domestic E-Commerce ratio : 28.6%)	92.3%
	Domestic Others(*2)	15.43 Billion Yen (Composition Rate : 11.0%)	16.11 Billion Yen (Composition Rate : 10.4%)	18.27 Billion Yen (Composition Rate : 11.8%)	113.4%
Overseas(*3)	11.10 Billion Yen (Composition Rate : 7.9%)	12.91 Billion Yen (Composition Rate : 8.4%)	11.61 Billion Yen (Composition Rate : 7.5%)	89.9%	

*1 Fashion buildings, shopping centers, railroad station buildings, individual stores, outlet shops etc. except for department stores.

*2 Apparel businesses such as wholesale, intercompany sales and non-apparel businesses of the group companies.

This is a summary of sales by channel for the full year.

Domestic physical store sales grew to 103.5% YoY or JPY3.07 billion. Although the number of stores decreased by seven stores net, sales increased due to the rapid growth of urban street stores and department stores.

Wholesale sales and non-apparel businesses grew to 113.4% YoY or JPY2.16 billion. As labor shortages have become a social issue, S-Groove, one of our subsidiaries' human resources support services have been expanding and contributing to sales growth and earnings.

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EC sales were 39.70 billion yen, 92.7% YoY, due in part to the impact of overseas business, which continues to face a sluggish market, and the withdrawal of some brands.

Sales of Existing Domestic Business: 98.1% YoY.

Streetwear brands, which had experienced robust sales in the previous year due to the popularity of capsule collections and collaborative sneakers, faced challenges in e-commerce sales. This is due to the lack of high-profile products available to attract consumers, who tend to make impulsive purchases stimulated by the shopping environment.

Excluding the sales decrease due to the above factors and the impact of brand withdrawal*1, sales amount exceeded previous year.

Unit : Billion Yen	Old profit standards	New profit standards			
	FY Ending Feb. 2022	FY Ending Feb. 2023	FY Ending Feb. 2024	Compared to year before last (%)	Y/Y(%)
In-House E-Commerce	17.84	18.11	15.86	88.9%	87.6%
(ratio(%))	(45.4%)	(46.6%)	(44.3%)	(-1.1pt)	(-2.3pt)
Domestic E-Commerce	39.28	38.84	35.84	91.2%	92.3%
(ratio(%))*2	(34.5%)	(31.1%)	(28.6%)	(-5.9pt)	(-2.5pt)
Overseas E-Commerce	3.69	3.97	3.85	104.4%	97.1%
(ratio(%))	(33.3%)	(30.8%)	(33.2%)	(-0.1pt)	(+2.4pt)
E-Commerce TOTAL	42.98	42.81	39.70	92.4%	92.7%
(ratio(%))*2	(34.4%)	(31.0%)	(29.0%)	(-5.4pt)	(-2.0pt)

*1 The amount of EC sales shrank due to the effects of withdrawal from the "BOSCH" business and the termination of agency contracts for "SUNSPEL" and "UNDEFEATED"

*2 Domestic E - Commerce ratio excluding domestic and other sales (wholesale, company sales, etc.)

New attempt toward further growth



A new brand called Apo(s)ture has launched on ZOZOTOWN, offering fully made-to-order garments through a production support platform called Made by ZOZO. This approach helps minimize waste while fulfilling customers' desires. This project will be the foundation for developing an innovative online shopping experience.

Full-year EC sales results.

E-commerce sales were JPY39.7 billion due to the overseas business, which continues to face a sluggish market and the withdrawal of some of the brands. Compared to the previous fiscal year, sales were sluggish at 92.7%.

In the existing business in Japan, sales were at 98.1% YoY. Streetwear brands, which had been performing well from special projects and collaborative sneakers in the previous year, have seen a decline in popular products, and the sneaker trend has considerably dwindled. Additionally, the need for high-profile products to attract consumers who tend to make impulsive purchases stimulated by the shopping environment has posed a significant challenge.

Excluding these factors, the decrease in sales, and the withdrawal from the business, the results exceeded those of the previous year.

In addition, to further advance our growth phase, we have teamed up with ZOZO, a third party, to launch a new brand under the NANO universe, which customers have very well received. The Company would like to focus efforts on gradually emerging new buds in such areas.

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16 Profit and Loss Plan for FY Ending Feb. 2025

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The sales forecast is 160 billion yen, a 103.0% increase YoY, which takes into account both increases and decreases in sales due to structural reforms.

The operating profit is expected to be 2 billion yen, a 113.6% increase YoY, despite a one-time decrease due to the posting of expenses in the first year of the reforms.

The ordinary profit is projected to be 2.5 billion yen, a 66.7% increase YoY, and the net income is expected to be 4.0 billion yen.

	FY Ending Feb. 2023	FY Ending Feb. 2024	Plan for FY Ending Feb. 2025	Increase or Decrease	Rate of Change(%)
Net Sales	154.45 Billion Yen (YoY : 110.0%)	155.38 Billion Yen (YoY : 100.6%)	160.00 Billion Yen (YoY : 103.0%)	+4.62 Billion Yen	+3.0%
Operating Income	2.32 Billion Yen (Profit margin : 1.5%)	1.76 Billion Yen (Profit margin : 1.1%)	2.00 Billion Yen (Profit margin : 1.3%)	+0.24 Billion Yen	+13.6% (Composition Rate : +0.2pt)
Ordinary income	3.85 Billion Yen (Profit margin : 2.5%)	3.75 Billion Yen (Profit margin : 2.4%)	2.50 Billion Yen (Profit margin : 1.6%)	-1.25 Billion Yen	-33.3%
Current Net Income	3.06 Billion Yen (Profit margin : 2.0%)	4.84 Billion Yen (Profit margin : 3.1%)	4.00 Billion Yen (Profit margin : 2.5%)	-0.84 Billion Yen	-17.4%

This is the consolidated financial plan for the fiscal year ending February 2025.

Net sales for the current fiscal year are expected at JPY160 billion, considering the increase in sales due to structural reforms. We expect a decrease in sales due to the withdrawal of the underachieving brands from the market. Both factors are included in the plan of JPY160 billion or 103% YoY.

Operating income is expected to be JPY2 billion, including a temporary decrease due to expenses incurred in the first year of the reform. It will be 113.6% YoY. Ordinary income is expected to be JPY2.5 billion, 66.7% YoY, and profit at JPY4 billion.

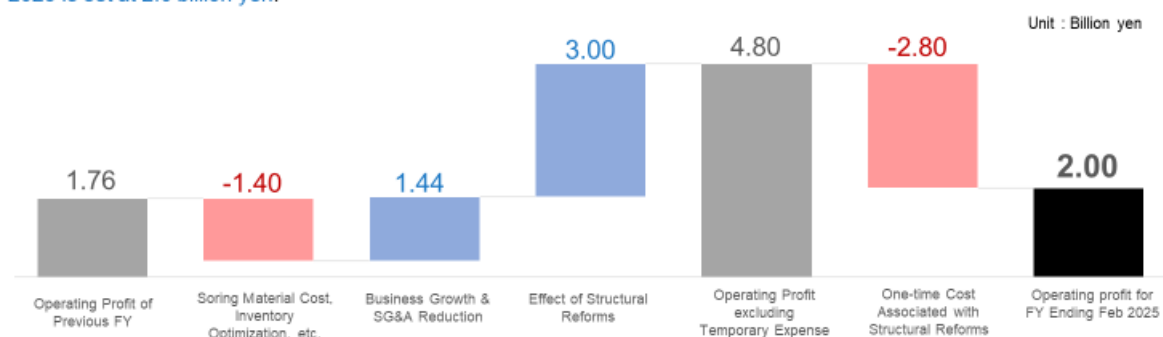
17 Profit and Loss Plan for FY Ending Feb 2025: Variance in Operating Profit

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- Gross margin deterioration of 1.4 billion yen due to depreciation of the Japanese yen/soaring raw material costs and impact of inventory optimization
- Improvement in profit by 1.44 billion yen due to business growth and reduction of SG&A expenses
- Improvement in profit by 3.0 billion yen through structural reforms

As a result, the real revenue for the FY ending February 2025 is expected to be improved to 4.80 billion yen, compared to 1.76 billion yen for the FY ended February 2024.

Taking also one-time costs associated with structural reforms into account, the [operating profit plan for FY ending Feb 2025 is set at 2.0 billion yen.](#)



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I would like to talk about our full-year profit-and-loss plan and operating profit margin.

TSI is undergoing significant structural reform to break away from the current low profitability and improve overall profitability.

However, regarding the operating profit margin and the profit and loss plan, we anticipate a deterioration in gross profit by approximately JPY1.4 billion. This is due to several factors, including the adverse impact of deteriorating foreign exchange rates, soaring raw material costs, and the effects of inventory adjustment. However, we will improve profit by JPY1.44 billion by growing the business and reducing SG&A expenses.

As the medium-term business strategy outlines, we anticipate improving profit by JPY3 billion through structural reforms. Based on the actual profit of JPY1.76 billion in the fiscal year ended February 29, 2024, we project actual profit to increase to JPY4.8 billion.

From this point, including one-time expenses associated with structural reforms, we have set operating income at JPY2 billion for the fiscal year ending February 28, 2025.

This concludes the presentation of the financial results for the full fiscal year ended February 29, 2024. Thank you very much.

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Next, I would like to explain our medium-term business strategy, TSI Innovation Program 2027.

The medium-term business strategy I am about to explain is a program to thoroughly identify and reform the issues TSI has been facing since its inception. We have already begun the process by establishing several subcommittees to resolve problems. We, the management team, will work together to make a company-wide commitment.

► Evaluation of TIP25

In April 2022, the TSI Innovation Program 2025 (TIP25) was introduced as an updated version of the Medium-Term Business Strategy. However, the company has fallen far short of its goals by the end of the second year of the plan.

FYE Feb 2024	TIP25 Target (JPY)		Actual (JPY)
Sales (YoY %)	172.3B (109.6%)	↔	155.4B (100.6%)
EC Ratio	35%	↔	28%
SG&A (SG&A Ratio)	92.8B (53.9%)	↔	82.9B (53.4%)
Operating Profit (Margin)	4.7B (2.8%)	↔	1.7B (1.1%)
ROE	5.3% (FYE Feb 2025 Target)	↔	5.0% (2.9% in Real Term)
Business Investment	30B (FYE Feb 2025 Target)	↔	11.1B
Repurchase of Treasury Stock	—	↔	9B

While some businesses underperformed, the company's delayed response to environmental changes also affected results.

The TSI Innovation Program 2027 (TIP27) is a rolling structural reform program that commences in the current fiscal year (FYE Feb 2025), rather than an extension of its predecessor, the TIP Innovation Program 2025.

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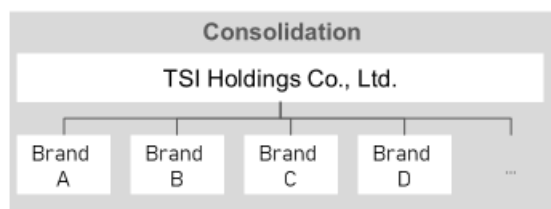
First, a look back at TIP25. In the second year of TIP25, sales and operating income did not reach the target. While it's undisputable that the EC sales ratio has declined as physical store sales rebounded following the pandemic's end, the more significant issue is that EC sales have decreased. Under these circumstances, the SG&A ratio was kept down with tighter control.

However, business investment is delayed. While the target investment was JPY30 billion in three years, JPY11.1 billion was invested in two years. The remaining balance was allocated to the return to the shareholders through repurchase of treasury stock amounting to 9.0 billion yen.

Background & Purpose of the Medium-Term Business Strategy “TSI Innovation Program 2027 (TIP27)”

Brief History of TSI

- ▶ In 2011, TSI was established by merging Tokyo Style and Sanei International. Since then, TSI has undergone numerous mergers and integrations, and with a clear emphasis on the autonomy of each brand, it has consistently grown by leveraging the strength of each brand to its advantage.
- ▶ While the foundation of the current management is in place, efforts to unify business operations are still in progress.
- ▶ As a result, it has become the norm to fall far short of targets.



Purpose of TIP 27

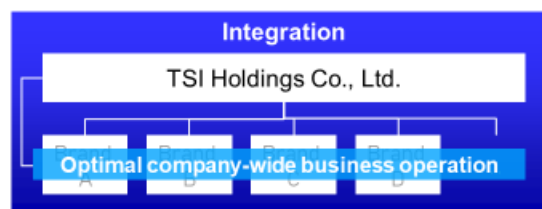
- ▶ With TIP27, TSI Holdings implements structural reforms to optimize business operations company-wide to generate high profits and revenue.



Profit structure reform
across the board



Growth strategy led by
core brands



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Outline of the medium-term business strategy and the background of its formulation:

TSI has managed business by emphasizing each brand's uniqueness. However, even after the merger in 2021, when individual brand optimization progressed, we could not fully optimize the entire company. This time, we recognize that the inefficient cost structure caused by this is a significant issue, and we will implement drastic structural reforms.

Without sacrificing the brands' uniqueness and fun, we will work to share each business function across brands to the maximum extent possible, with the aim of building an optimal company-wide structure.

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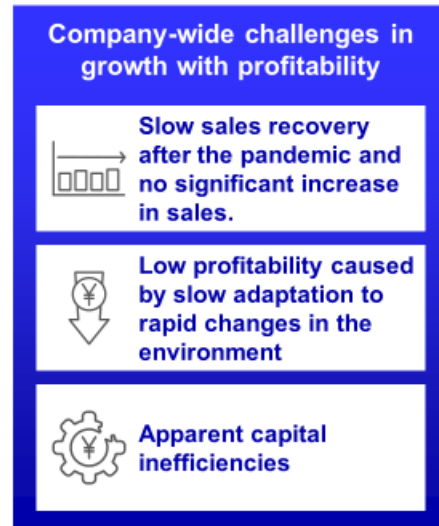
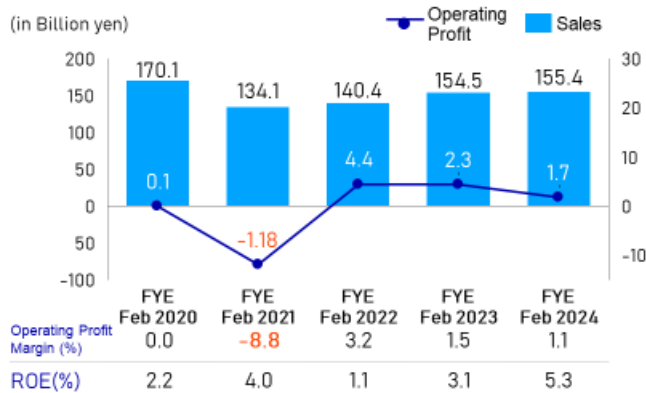
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Current Status of TSI Holdings

Transition of Key Management Indicators Over the Past Five Years (Feb 2020-Feb 2024)

- ▶ Post-pandemic sales have been gradually growing, however, profitability is still low.



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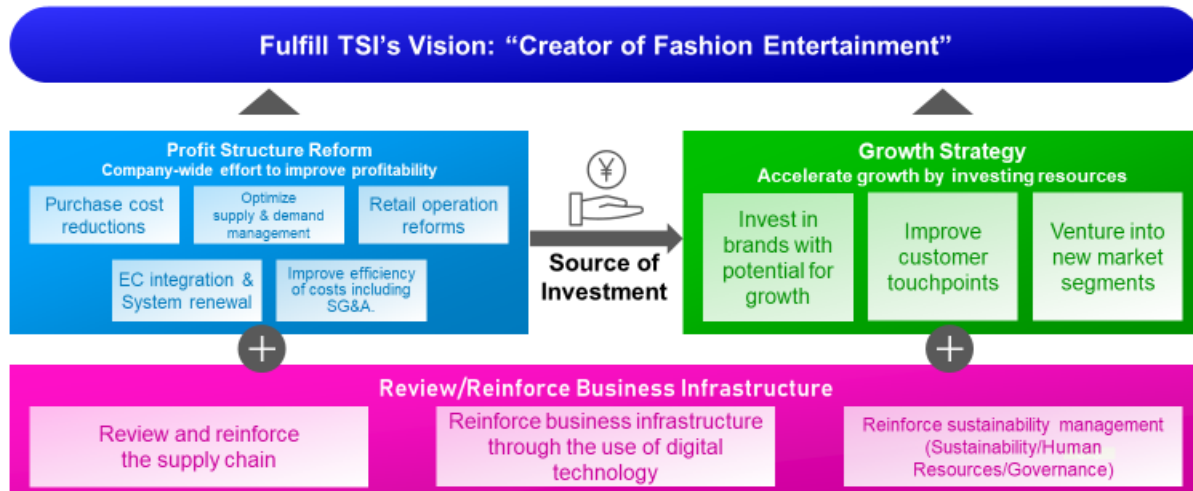
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The current status of TSI HOLDINGS CO., LTD.

The graph shows the trends in crucial management indicators over the past five years. Low profitability poses one of our most significant challenges. We will promote structural reforms based on the three critical issues shown in the diagram on the right.

TIP 27: Transformation of TSI Group

Reform the Profit Structure and Invest in the Growth and Human Resources to Increase TSI's Corporate Value.



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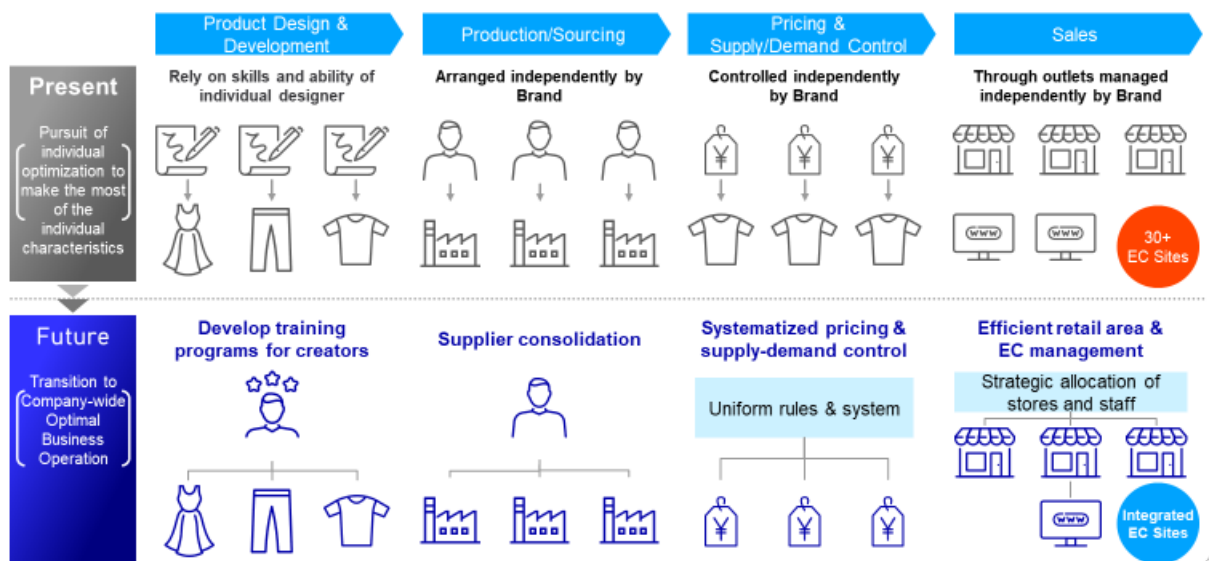
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A reform plan was formulated to enhance TSI's corporate value. First, while reviewing and strengthening the management base, we will also focus on reforming the profit structure as the most critical pillar of our efforts to increase the ability to earn throughout the Company. We will use the funds generated to invest in growth and accelerate our growth. We would also like to promote reforms to realize our purpose of creating fashion entertainment.

Profit Structure Reform: Company-wide Efforts to Improve Profitability



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We have been conducting individual optimization based on brands, which has led to many losses and inflated SG&A expenses. We are committed to developing optimal business operations for the entire company.

In design and planning, the creation of designs plays a pivotal role in developing a brand with individuality. We believe that establishing an environment conducive to continuous learning and communication for this purpose will contribute to realizing the fashion entertainment that TSI aims for.

We will quickly change to a unified system in business management. In sales, we will promote an efficient strategy of opening new stores in each area instead of individually operated stores. Reinvestment of human resources will be included in this. We are currently operating more than 30 e-commerce sites. We will integrate the e-commerce sites of TSI Inc., which accounts for 70% of the sales, by the end of the current fiscal year.

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Profit Structure Reform: Achieve Operating Profit of Over 10 Billion Yen in FYE Feb 2027

Purpose	Current Issues	Course of Action	Completion	Impact
Purchase Cost Reductions	<ul style="list-style-type: none"> Decentralized procurement is causing high COGM. 	<p>Consolidate orders/improve purchasing leverage</p> <ul style="list-style-type: none"> Cost reduction through revision of business schemes/contracts with suppliers/manufacturers 	<ul style="list-style-type: none"> FYE Feb 2026 	<p>FYE Feb 2027 (1-year)</p> <p>Approx. 3 billion yen</p>
Optimized Supply & Demand Management	<ul style="list-style-type: none"> Stick to the traditional way of setting retail prices. Increasing loss of opportunity and volume of dead stock. 	<p>Strategic pricing/sales promotions</p> <ul style="list-style-type: none"> Optimization of retail pricing and cost ratio. Reassess promotional/discount sale programs 	<ul style="list-style-type: none"> FYE Feb 2027 	<p>Approx. 2.5 billion yen</p>
Retail Operation Reform	<ul style="list-style-type: none"> Inefficiencies in assigning staff specifically for each brand/store. 	<p>Increase efficiency/productivity of staffing</p> <ul style="list-style-type: none"> Optimal allocation of store staff across brands and by area. Consolidate underperforming stores and development of large stores. 	<ul style="list-style-type: none"> FYE Feb 2026 	<p>Approx. 1.5 billion yen</p>
EC Integration & System Renewal	<ul style="list-style-type: none"> Inefficiencies in system-related/operational costs due to an overabundance of independent EC sites within TSI. 	<p>EC site integration</p> <ul style="list-style-type: none"> Improve operational efficiency by integrating EC functions/websites that exist under each brand. Streamline the backend operations 	<ul style="list-style-type: none"> FYE Feb 2025 	<p>Approx. 0.5 billion yen</p>
Improve efficiency of costs including SG&A	<ul style="list-style-type: none"> Insufficient cost budgeting Brands working in silos. 	<p>Ensure ROI-driven expenditures</p> <ul style="list-style-type: none"> Review of brand positioning and cost/staffing structure based on ROI of measures 	<ul style="list-style-type: none"> FYE Feb 2026 	<p>Approx. 2.5 billion yen</p>

TOTAL: 10 billion yen

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Profit structure reform. In the fiscal year ending February 2027, we will improve our profit by approximately JPY10 billion. We have identified five major themes of the profit structure reform. The completion dates and impact of each measure are shown on the right.

First, to reduce purchasing costs, we will shift from selecting suppliers for each individual brand to an optimal form across brands and take advantage of order volume. We currently have about 1,500 suppliers, and we are considering reducing the number to maximize efficiency.

Next is supply and demand management. Our priority will be to verify the market situation and competitors' retail prices and set an appropriate price accordingly. Simultaneously, we will increase the sell-through rate and optimize the inventory by developing uniform regulations focused on the required production volume. We believe that the unification will contribute to improving profits.

Retail operation reform. We will review our store staffing and build a system that will allow us to operate more efficiently. One way to do so is to group them based on locations, such as metropolitan or rural areas, and the other is to do so based on the divisions those stores belong to, including e-commerce & digital operations, and supply chain management. As such, we will enhance efficiency by consolidating and closing low-profit stores while expanding the scale of successful stores across different areas.

Next is the e-commerce site. The first step will be to merge TSI Inc.'s websites which have been integrated system-wise already into a single site. This will help to improve cost efficiency. There are approximately 15 sites, and they will be integrated into one within the FY ending February 2025. By integrating each e-commerce site and each brand's loyalty program members, we hope to reduce SG&A expenses, increase loyalty by strengthening the customer base, and further enhance customer service.

The next major investment will be in the next generation of core systems, which isn't achievable within a single year. In preparation, we will renew our core system over a two-year period to standardize and streamline our core business operations, encompassing various business forms.

Cost efficiency in SG&A expenses. We will standardize the management method for major expenses across brands from the previous brand-by-brand approach, and we will be more cost-effective and accurate than

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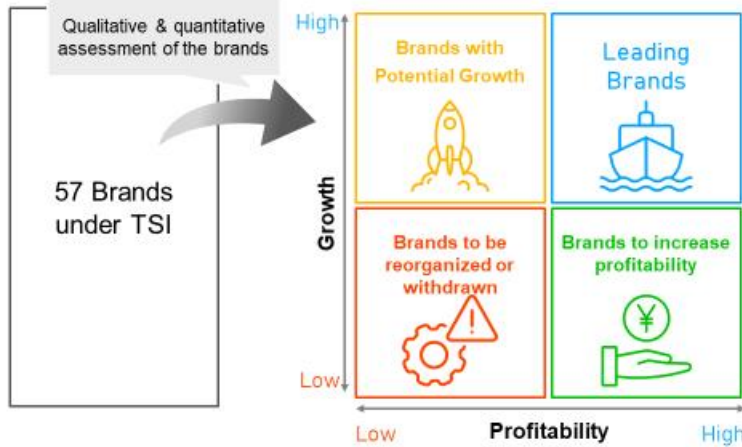
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ever before. We have now also formed task force teams for each individual objective, from logistics and accessories to human resources. Through this, we have begun efforts to optimize the entire company.

Portfolio Prioritization

Identify the growth potential and profitability of each brand.



Note: Number of the brands as of March 31, 2024

Focused investment in leading brands



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We have selected brands to strengthen and clarify the brand portfolio. On this basis, we will aggressively invest in brands with high growth and profitability potential. TSI carries about 57 brands, and the lack of a clear portfolio has been a major issue. While making investments, we will evaluate brands with weak growth potential and make decisions including withdrawals in H1 (target) of the current fiscal year, and make decisions to be implemented by the end of the current fiscal year.

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Investment in Brands with Potential of Growth: Scale up the Existing Brands

				
Mission	Bring Joy and Style to the Sports Offer sophisticated fashion style	Playful and Distinctive Styling	Enhance the Beauty of our Customers.	Pursuit of the Most Advanced Business Styles
Leading Brand	PEARLY GATES MARGARET HOWELL	AVIREX 	HUF N A N O universe	NATURAL BEAUTY BASIC ARPEGE A D O R E L E P H I L E T R É T R A N S hueLe Museum
The Way Forward	<ul style="list-style-type: none"> Develop and venture into new market with sport-oriented casual wear. Offer a simple yet sophisticated lifestyle that our target consumers aspire to by broadening the concept of the brand. 	<ul style="list-style-type: none"> As a leading company in the streetwear category, drive growth in the industry by developing new brands and expand the scope of distribution channels including department stores. Provide playgrounds where street culture will be created. 	<ul style="list-style-type: none"> Venture into premium market with the brands nurtured in department stores and shopping centers adjacent to the railroad stations. Expand the collection to include non-apparel categories such as household goods that align with the brand's concept. 	<ul style="list-style-type: none"> Create new markets and values with innovative creators/technologies

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We believe that our existing brands have the potential to grow based on their current strengths. Since the direction of growth differs for each brand and business domain, we will examine it in detail on an individual basis. However, we would like to try various things, including having existing brands go into other areas.

For example, PEARLY GATES and PGG will be leveraged to strengthen peripheral areas, including leisure and sports outside of golf. Also, in the streetwear domain, we are expanding into department stores and other areas. We would also like to attempt to create a playground that embodies playfulness and challenges the women's and premium price points of fashion capitals.

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Improvement of Customer Touchpoints:

Upgrade CRM system to increase the number of potential customers and sales opportunities.

Build multi-dimensional links with customers with our unique brands.



For future consolidation of stores and e-commerce sites, expand the customer touchpoints that each brand has established independently to TSI's entire brand portfolio.

Present new forms of entertainment value across brands in line with customer preferences/scenes.

- ▶ Community events that provide experiences and new discoveries designed to enhance brand loyalty

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Strengthen customer touchpoints. We will provide and propose new value across brands that suit our customers through the integration of the e-commerce sites and customer data. TSI has many unique brands, and we would like to connect with our customers in a multifaceted way. We want to provide more personalized services at points of contact, such as stores and e-commerce sites, with the customers at the core.

We will also develop digital marketing from new perspectives, such as introducing our brands, which our clients did not know about, and proposing brand experiences that have never existed before. Our brand, which has already created communities will continue to offer entertaining live events while incorporating new digital marketing to expand its appeal to new/potential customers as well as existing customers.

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Venture into New Market:
Explore the opportunities in new market segments
taking the latest trends and TSI's core competencies into consideration.



Next is a venture into a new area. We will enter new areas based on market trends and TSI's strengths. The first is advancement into the high-end area through the value of providing simple, high-quality living. We will utilize existing brands and create a form of lifewear that extends their concepts. Including the introduction of new brands and M&A, we would like to create new concepts and high-end zones.

Second, we will also expand into fashionable yet reasonable price-oriented markets. Naturally, strong competitors exist in this area, but not all are oligopolies. Therefore, if we can clearly define a differentiation strategy for each target trend and advance into the market by emphasizing that TSI possesses the resources and capability to create more intriguing products, we believe we stand a good chance of success.

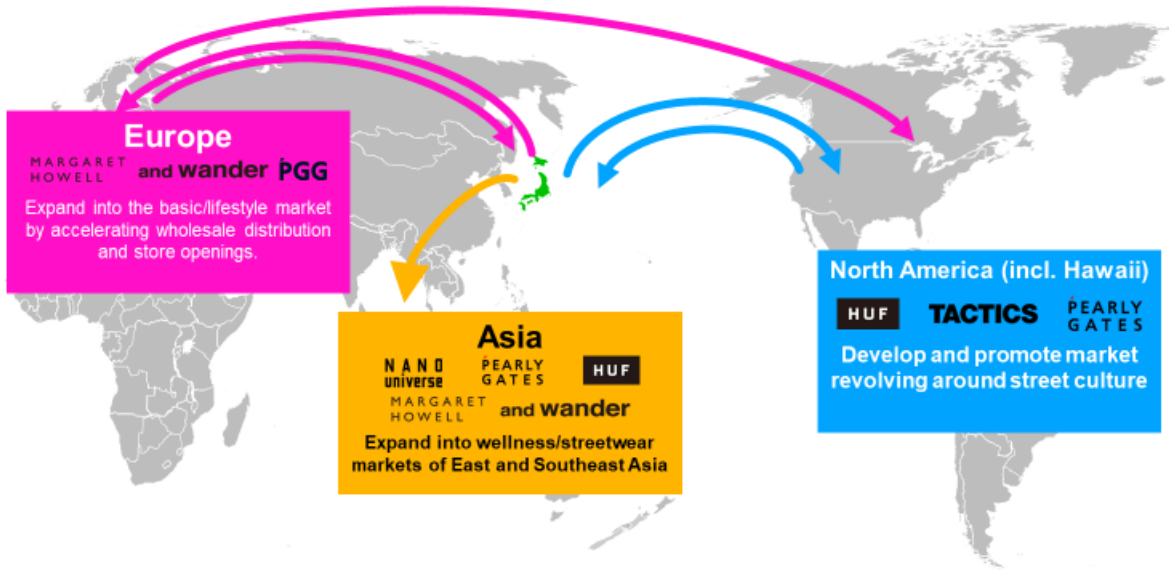
In addition, there are already a number of new concepts and M&A projects in the pipeline. We are still in the process of examining them closely. From this fiscal year, we organized a section that specifically focuses on new business development to expedite research, selection, and commercialization.

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Venture into New Market: Expand into International Market



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Expansion into overseas markets.

We will give priority to profit improvement and other growth strategies. We will simultaneously identify the potential for overseas market development and lay the groundwork.

The announcement will include figures, but we are still firmly committed to building the foundation now and formulating our strategy, including for the current fiscal year.

Contribute to Society with an Emphasis on Fashion, Design, and Hospitality



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TSI's strength lies in its many unique brands, which combine fashion, design, and hospitality. At the core of this is our hospitality to customers, which is also our asset. We aim to utilize this asset as a driving force to advocate for fashion that contributes to society.

For instance, we aim to create spaces to learn and play and to expand the communities. We present products that promote health and happiness through wearing, along with functional designs suitable for people with disabilities. Additionally, we will deepen and enhance the quality of TSI's branding by encouraging individuals to embrace their beauty and express themselves more uniquely.

TIP27 Quantitative Targets

Key Goal Indicator for FYE Feb 2027

Operating Profit: **10 billion yen**, ROE: **8.0%**, Sales: **165 billion yen**

	FYE Feb 2024 (Actual)	FYE Feb 2025 (Target)	FYE Feb 2027 (Target)	
Target Revenue (JPY)	Sales	155.4 billion	160 billion	165 billion
	Operating Profit	1.7 billion	2 billion	10 billion
	Net Income	4.8 billion (2.8B [※])	4 billion	7.7 billion
KPI (%)	Operating Profit Margin	1.1%	1.3%	6.0%~
	ROE	2.9% [※]	4.2%	8.0%~
	DOE	1.3% [※]	1.4%	4.0%~

[※] Calculated based on net income on an Effective Tax Rate basis, without taking into account tax effects.

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The quantitative targets of the medium-term business strategy.

We will achieve JPY165 billion in net sales, JPY10 billion in operating income, and 8% ROE in the fiscal year ending February 2027, as our most important quantitative targets through profit structure reforms and growth strategies.

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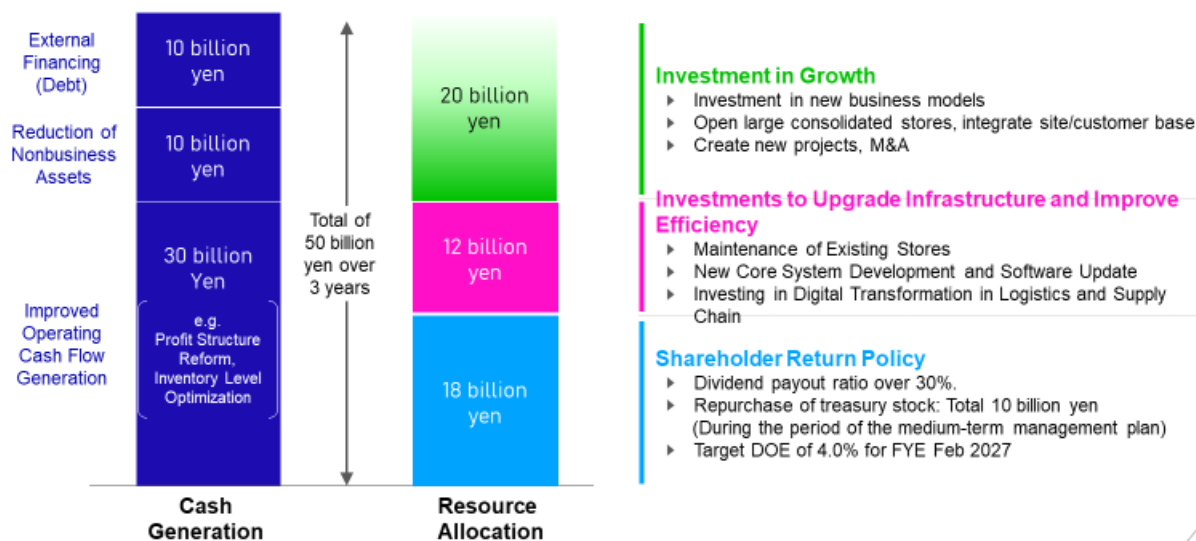
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Resource Allocation Policy for the Three-Year Medium-Term Business Strategy

By optimizing profit structures and divesting inefficient assets, we can enhance profitability, strengthen cash flow, and build a solid foundation for future growth and strategic investments.



This is the policy for resource allocation in the three years of medium-term business strategy. We will generate JPY30 billion through structural reforms and improvement of inventory levels and JPY10 billion through the reduction of non-business assets. We will use the cash we generate to invest in new businesses, EC consolidation, M&A, growth, and foundation building while enhancing shareholder returns. In addition, the Company expects to borrow approximately JPY10 billion from external sources, as needed, in a flexible manner.

Financial Strategy & Capital Management: Cash Generation

Improve cash generation by reforming profit structure and reducing inefficient assets to generate 50 billion yen over 3 years.

Main Strategies and Objectives

Course of Action

Improvement of Operating CF Generation	<ul style="list-style-type: none"> ▶ Profit Improvement ▶ Inventory Efficiency Improvement 	<ul style="list-style-type: none"> ▶ Execute profit improvement projects and improve inventory efficiency to generate 30 billion yen in cash over three years.
Reduction of non-business assets	<ul style="list-style-type: none"> ▶ Investment Securities ▶ Real Estate 	<ul style="list-style-type: none"> ▶ Generate 10 billion yen in cash through the sale of investment securities and real estate.
External Financing (Borrowings)	<ul style="list-style-type: none"> ▶ Borrowings from financial institutions 	<ul style="list-style-type: none"> ▶ Borrow 10 billion yen to invest in growth areas according to the portfolio strategy.

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Major strategic policies

In order to improve operating cash flow and generation capability, we will execute profit improvement projects and improve inventory efficiency. The idea is to generate JPY30 billion in cash over the next three years.

Secondly, to reduce non-operating assets, we will sell investment securities and investment properties. The sales will generate a total of JPY10 billion in cash over the next three years.

For the procurement of external assets, we will also borrow a cumulative total of JPY10 billion over a three-year period. This investment will be directed towards building stores for our growth strategy, aligning with our portfolio strategy.

Financial Strategy & Capital Management: Resource Allocation

Make strategic investments to strengthen TSI's business foundation and achieve exponential growth.

Categories	Action	
Investment in Growth	▶ Invest 20 billion yen over three years to expand existing brands with firm loyalties, build a new business model in the mid to low-price range including potential M&A, and customer touchpoint improvement including stores and e-commerce.	
Infrastructure Upgrade / Efficiency Improvements	▶ Invest 12 billion yen over three years for assessment of existing stores (incl. potential withdrawal of underperforming store and replace them with the new store), IT infrastructure (core system, etc.) and Digital Transformation (logistics, supply chain, etc.)	
Shareholder Return	Dividend Payout Ratio	▶ Dividend payout ratio of 30%.
	Treasury Shares	▶ Repurchase of treasury stock (10 billion yen over 3 years) to increase shareholder returns.
ROE		▶ For individual investments, use an 8% ROE benchmark as the internal hurdle rate for decision making.
		▶ Achieve ROE of 8% in FYE Feb 2027 through a combination of profit improvement and net assets control.
DOE	▶ Target DOE of 4.0% for FYE Feb 2027.	

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Allocation of the cash resources.

Growth investment will be soaked out by existing brands that have strong customer loyalty. We have also explained the establishment of new business models in the stipulated price range, including M&A, and in the value price range. We intend to invest approximately JPY20 billion over three years to strengthen customer touch points, including in-store and e-commerce.

Investment in infrastructure efficiency includes updates to existing stores and IT infrastructure development including core systems, etc. We will also invest approximately JPY12 billion over the next two to three years in logistics and supply chain as part of our digital transformation efforts.

In terms of shareholder returns, we will maintain a dividend payout ratio of 30% or more. As for treasury stock, we will implement JPY10 billion over the next three years to strengthen shareholder returns.

For ROE, we will set an internal hurdle rate of 8% as the standard for deciding individual investment projects. Through a combination of profitability improvement and net asset control, we will aim to achieve an ROE of 8% for the fiscal year ending February 2027.

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We will aim for a DOE of 4% for the fiscal year ending February 2027 as the level of shareholder return during the medium-term business strategy period.

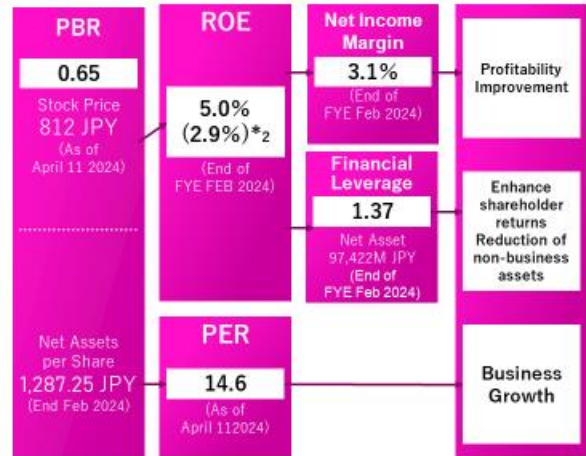
Objectives of Financial Strategy & Capital Management: Achieve PBR of 1 or Greater

To achieve a PBR greater than 1.0, generate a ROE that is higher than the cost of shareholder's equity and increase the equity spread. We also strive to achieve a higher ROE by improving profits, returns to shareholders, and asset efficiency through reducing non-business assets.

ROE transition and current cost of capital for TSI (Range)



* Calculation by Financial Institutions. *2 Calculated based on net income at the effective tax rate without considering tax effects.



* Excluding the impact of deferred tax assets.

This is the figure we aim for through our capital policy. Enhancing TSI's corporate value is our goal. To achieve this, we focus on creating good fashion and quality clothing, coupled with excellent hospitality. We ensure that our customers have a pleasant experience in our stores. In order to do so, we strongly feel that we must achieve a PBR of over 1x during the period of this medium-term business strategy.

We will aim to manage the current cost of shareholders' equity. We will achieve ROE above cost of shareholders' equity and increase the equity spread to achieve a PBR of 1x. We hope to improve ROE by improving profitability, strengthening stock price relationships, or reducing non-business assets.

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Sustainability Management



“We aim to brighten people’s hearts through fashion and share joy with society for a brighter future.”

TSl Group is dedicated to working with all stakeholders to create a sustainable society for future generations through our business activities, in line with our management philosophy.

More information will be available on the Sustainability Website soon.

<https://sustainability.tsi-holdings.com/>
Move the cursor over the chart to go to the linked page.

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Our sustainability management.

First, our corporate philosophy. We will implement a one-stop strategy from Purpose in line with our sustainability policy. In the area of sustainability, we have established four key areas to work toward a sustainable business model. We are determined to realize the TSl Group's materiality by building a solid organization and management system.

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Activities (as of FYE Feb 2024)



TSI's greenhouse gas emissions reduction targets have been certified by Science Based Targets (SBT).



Scored "B" (third tier from the top) in *climate change* category.

Global Environment Conclusion of capital and business alliance with Syncom Agritech	People Improve the "Employee Net Promoter Score (eNPS)"	Social Efforts to foster the next generation involved in the fashion industry	Governance Development of various policies
TSI has joined forces with SynCom Agritech, a company that cultivates organic cotton with consideration for the environment and human rights. 	Conducted once-a-year <i>employee satisfaction survey</i> to assess the level of satisfaction of each employee and reflect it in management measures. From 2023, the survey has been expanded to entire employees under TSI Group.	To foster the next generation of fashion experts, we have launched an initiative with Bunka Fashion College such as classes with our employees as lecturers and support dressmaking by donating leftover fabrics. 	<ul style="list-style-type: none"> ▶ Sustainability Policy ▶ Addition of Materiality ▶ Governance Policy ▶ Establishment of Sustainability Committee ▶ Environmental Policy ▶ Human Rights Policy ▶ Social Policies ▶ Code of Conduct for Business Partners

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These are the major initiatives to date. SBT has certified our greenhouse gas emission reduction target. We received a B score, the third highest in CDP's climate change assessment. The efforts made to date in each of the four key areas are steadily taking shape.

Firstly, for the global environment, we have initiated the cultivation and harvesting of organic cotton. We are expanding our plantations through a business partnership with a company that utilizes this material. We are nearing the time when our products will be released using these sustainable materials.

In the area of human rights, we conduct employee satisfaction surveys. I am happy to say that this year, we received a 100% response from all employees. I also read the eNPS for all employees and am in the process of reevaluating their requests, our way of thinking, and our organizational structure.

In terms of social issues, we are working with the industry and academia to foster the next generation of fashion industry workers.

We have established various governance and policy formulations, including the addition of sustainability and materiality, governance policies, environmental policies, committees, human rights and social policies, and a code of conduct for our business partners.

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TSI's Materiality and Course of Action

Key Areas	Materiality	Purpose/KPI	Key Initiative
Global Environment	<ul style="list-style-type: none"> ▶ Energy Resources ▶ Raw Materials ▶ Waste ▶ Water Resources ▶ Biodiversity 	<ul style="list-style-type: none"> ▶ Set CO2 Emission Reduction Targets through FYE Feb 2030 Click here for numerical target ▶ Promotion of Sustainable Fashion ▶ Paper Waste Reduction 	<ul style="list-style-type: none"> ▶ Innovation of Raw Materials ▶ Innovation of SCM Platform ▶ Innovation of Engagement ▶ Start charging for shopping bags. Click here for details
People	<ul style="list-style-type: none"> ▶ Diversity ▶ Health & Safety ▶ Employee Well-being ▶ Fair Labor 	<ul style="list-style-type: none"> ▶ Promotion of career advancement, regardless of gender ▶ Employment rate of persons with disabilities (at least 0.1 above the legally mandated rate. Improve employee satisfaction 	<ul style="list-style-type: none"> ▶ Launch Diversity Promotion Project Click here for quantitative details. ▶ eNPS Improvement Projects Click here to see the scores
Social	<ul style="list-style-type: none"> ▶ Collaboration with Local Communities ▶ Foster the Next Generation ▶ Community Services 	<ul style="list-style-type: none"> ▶ Promotion of engagement with local communities ▶ Continued efforts to foster the next generation ▶ Expand social work to those in need of social care 	<ul style="list-style-type: none"> ▶ Expand joint project with Town of Kamikawa, Hokkaido ▶ Lectures on design and sales knowledge at fashion institutes ▶ Extended support to child care facilities etc.
Governance	<p>Develop and maintain an open and transparent business operations system. Establish and consistently improve policies to increase corporate value.</p>		<ul style="list-style-type: none"> ▶ TSI Group Code of Conduct / Supplier Code of Conduct ▶ Supply Chain Due Diligence (Environment/Human Rights) ▶ Risk Management (Implementation of ERM)

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As for materiality and future policies, we have set materiality targets in line with the four crucial areas and will further evolve our efforts. Please refer to our website for details.



Last but not least, I would like to talk about TSI's Purpose and what we are aiming for. “Creating empathy and social value across the world through the power of fashion entertainment” is our purpose. All employees work with this in mind and are determined to make great strides as creators of fashion entertainment.

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Vision: Where TSI is headed



The direction in which TSI is heading: “the ability to create innovative fashion,” which is written on the far left of this page. This came very much from my own ideology: design contributes to society. And “diverse and cutting-edge brand portfolio” can be created through rich imagination. Therefore, we would like to thoroughly invest in this area.

In addition, we are also looking for new creative opportunities in the expanding fashion market, such as dance and education. There are all kinds of things, including sports, golf, snowboarding, and skateboarding, and by handing them down to the next generation, we can create new communities.

We aspire to present our collection brands in esteemed settings, and we are working towards gaining the ability to showcase them in Europe, including Paris and London, not only in Tokyo.

We would also like to develop items for hobbyists, such as fishers and hikers. By contributing to their well-being, we aim to create a business that brings enjoyment and excitement to all our stakeholders.

We would also like to develop a new type of clothing that can be worn together with pets and other family members, offering a new way to experience family bonding. Our aim is to create value that will be widely recognized as highly beneficial to both society and you.

Hospitality is TSI's strength. We offer products that enhance your well-being, excitement, and fun. Through this, we aim to expand, bring color to the city, and instill power and passion in people driven by fashion—the final component of our mission. We strive to be a company that creates fashion entertainment, and we will persist in this endeavor.

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