



TSI HOLDINGS

TSI HOLDINGS CO., LTD.

Financial Results Briefing for the Fiscal Year Ended February 2023

April 13, 2023

Event Summary

[Company Name]	TSI HOLDINGS CO., LTD.	
[Company ID]	3608-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results Briefing for the Fiscal Year Ended February 2023	
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[Time]	10:00 – 10:42 (Total: 42 minutes, Presentation: 30 minutes, Q&A: 12 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	7	
	Tsuyoshi Shimoji	President and CEO
	Masanori Maekawa	Director, Platform Headquarters
	Mitsuru Naito	Director, General Manager of Corporate Headquarters
	Jun Imaizumi	Senior Executive Officer
	Hiroyuki Watanabe	Operating Officer
	Shunsuke Hasegawa	Investor Relations and Corporate PR Assistant Manager
	Kohei Yamada	Manager of SDGs Promotion Office

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Question & Answer

Hasegawa [Q]: Now we move on to the question-and-answer session. We received questions from Mr. Nozawa of Daiwa Securities Co.

“Following the relocation of the head office in the previous fiscal year, what structural reforms are planned for the future and what effects, if any, can we expect?”

Second, in light of the current financial results, are there any changes in your future policies, such as sales and operating profit targets for the final year of the medium-term management plan?”

Shimoji [A]: Thank you for your questions.

As for structural reforms, in large part, we would like to make infrastructure improvement. Some of this is being done in a flexible manner, especially the SCM part. We would like to reform our logistics system, including investment in that area to ensure our information reaches our customers in the smoothest possible manner.

Another thing I would like to mention is that we are now combining our human resources into a single integrated HR department. Through this, we are promoting reforms, including the ease of work for all employees.

Hasegawa [Q]: What about the second question: the targets for the final year of the medium-term plan and the future policy?

Shimoji [A]: We have a plan for that, which we have announced in our mid-term plan, and we would like to continue to move forward with all of our targets.

Nozawa [M]: Thank you for your explanation. That's all from me.

Hasegawa [Q]: Second questioner. We have received this from Suzuki of Amundi Japan Ltd..

“What is the exchange rate for the fiscal year ending February 2024 and the preceding fiscal year? Also, what are your thoughts on rising labor costs?”

Naito [A]: Regarding the exchange rate, there was a major depreciation of the yen last year, and it has settled at the current level, so it is difficult to predict the future. Basically, based on the current level, the budget for the current fiscal year has been prepared in a way that there will be no significant fluctuation in exchange rates.

Hasegawa [Q]: What about the second question: rising labor costs?

Naito [A]: With regard to labor costs, as you are aware, various companies have been raising wages in recent years. We have included an increased personnel expenses for the current fiscal year in the budget. We made the plan, including wages and bonuses, increase with the good performance of the Company. Please forgive me for the specific percentages, but in this case in particular, we are controlling overall personnel costs by raising the level of the workforce, especially in the younger age groups.

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Suzuki [M]: I understand. Thank you very much.

Hasegawa [Q]: I received this from Mr. Shimada of Nikkei Newspaper.

“While wages are rising domestically, global inflation continues to rise. What are your thoughts on expectations and concerns about the future?”

Shimoji [A]: As I said in the video, we want to focus on trying to be a more unique brand as something we have to do more than inflation. We have the work of increasing value first and foremost as a high priority. This is our answer with respect to how customers can choose us in the face of inflation. As for expectations and concerns about the future, there are always concerns. Our expectation is to go out into the world and challenge overseas more. In this sense, I have very high expectations for the future, and I would like to create a new way of apparel.

Shimada [M]: Thank you. That is all from me.

Hasegawa [Q]: I received a question from Mr. Sugie of Senken Shimbun.

“Your golf brand took the first place in the brand ranking for the first time in a full year in last year. What are your thoughts on this? Also, what is your outlook for golf demand in the future?”

Shimoji [A]: Thank you for your questions.

Frankly speaking, I am very honored and happy. However, we operate six brands, and our focus is not only on golf, but also on how golf apparel can be distributed in the fashion industry. In that sense, I would like to create a worldview not only in the golf course, but also for use and enjoyment as street wear. In that sense, as a clothing brand, we believe that receiving a certain position and recognition like this is a great encouragement for us to take the next step.

Sugie [M]: I understand. Thank you very much.

Hasegawa [Q]: We have a follow-up question from Mr. Aoki of ISC Advisors, LLC..

“Please tell us about the measures taken to reinstate the TOP 10 NANO universe. What is your assumption of the time frame for the onset of the effect and how long it will take for the recovery to occur?”

Shimoji [A]: First of all, we started to make improvements when the pandemic began, where we had a lockdown, or a stage, where business was at a standstill. One reason for the gradual recovery, including in Q3, is that we have been more compact in the way the team is organized and have been putting together the roles of the team structure.

Most recently, as I will show you, in the current March, all channels of our prop stores, outlet, and EC stores exceeded last year's results, with a progress of 111%. Real stores in particular have exceeded 120% compared to the previous year. This does not mean that we will be able to easily gain momentum, but we are in the process of further reviewing the product mix and unit price settings for 2023 AW on a firm and solid basis.

We would also like to work on a new EC strategy centered on third party, with expansion as the main focus. We have been using the NANO universe as a resource because it is loved by a wide range of customers, and we are determined to improve our product policies and measures. However, since it is a large part of the business, we believe that earnings will change based on steady improvement.

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Aoki [M]: It's okay. Thank you very much.

Hasegawa [M]:

This concludes the presentation of financial results for the fiscal year ended February 28, 2023. Thank you very much for your time today.

Underlying [M]: Thank you very much.

[END]

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