TSI HOLDINGS

TSI HOLDINGS CO., LTD.

Financial Results Briefing for the Fiscal Year Ended February 2025

April 14, 2025

Event Summary

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[Participants]	53	
[Number of Speakers]	6	
	Tsuyoshi Shimoji	President and CEO
	Mitsuru Naito	Executive General Manager & CFO, Director Group Strategy Headquarters
	Genya Oshiki	Executive General Manager
	Kazuhito Yamamoto	Director Production Headquarters
	Shunsuke Hasegawa	Manager of Public & Investor Relations

Presentation

Moderator: Good morning. We will present the full-year financial results for the fiscal year ended February 28, 2025.

Shimoji: Good morning. Thank you for all your help and support. We will now be presenting our full-year financial results for the fiscal year ended February 28, 2025.

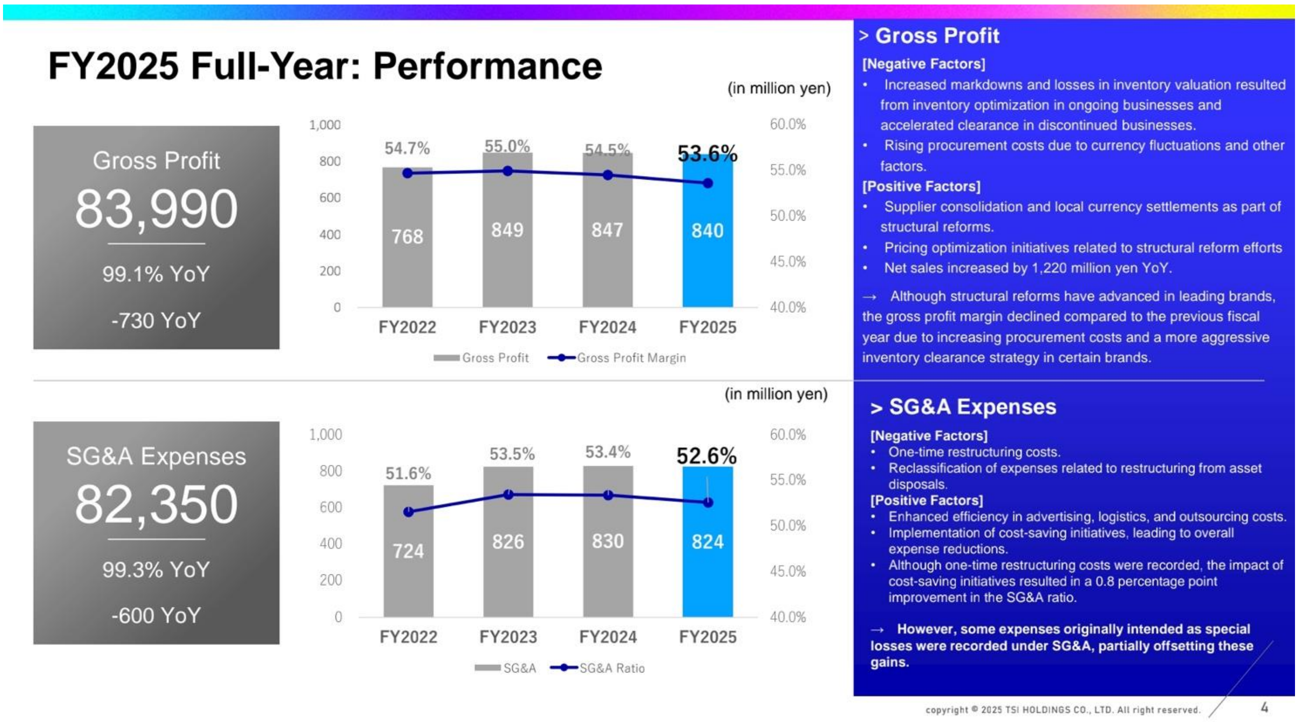
Now, here are the full-year financial highlights for the fiscal year ended February 28, 2025. Full-year net sales: JPY156.6 billion, 99.7% of the revised plan, falling short by JPY390 million from the revised plan. Full-year operating income: JPY1.63 billion, 81.8% of or falling short by JPY360 million from the revised plan. Full-year net income: JPY15.23 billion, 101.5% of the revised plan, or up JPY230 million from the revised plan.

Net sales were almost in line with the revised plan, while both domestic and overseas businesses fell short of the plan due to the withdrawal from low-profit businesses as part of the profit structure reform. In addition, street and casual brands largely exceeded the plan, while the top-selling flagship brands were generally sluggish.

Gross profit margin was almost in line with the plan, factoring in the price discounting for inventory optimization, which had been an issue since the previous year, and deteriorating profitability due to continuous purchase price hikes. The effect of profit structure reform in this area is expected to be fully realized from the current fiscal year, while brands that took early action have already begun to improve.

Although SG&A expenses were reduced as planned, operating income fell short of the revised plan due to a portion of expenses related to the sale of real estate that were recorded as SG&A expenses.

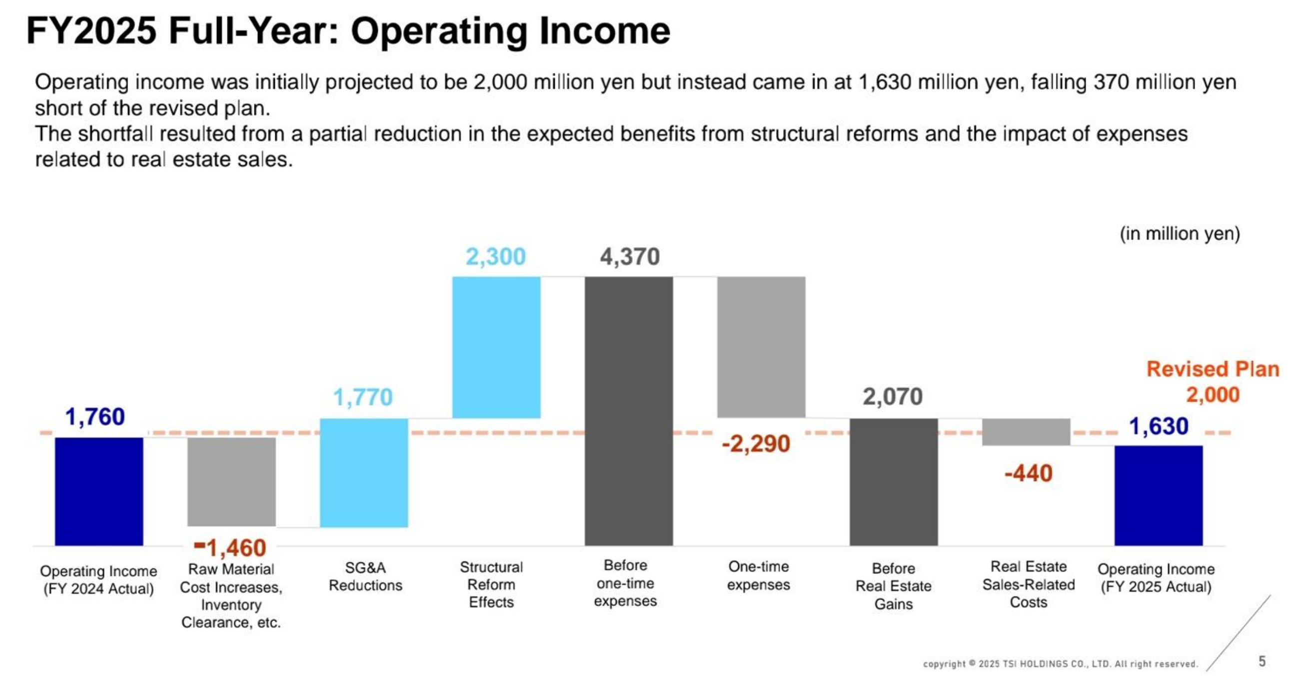
Net income was in line with the revised forecast, reflecting gains on sales of assets and one-time charges due to profit restructuring.



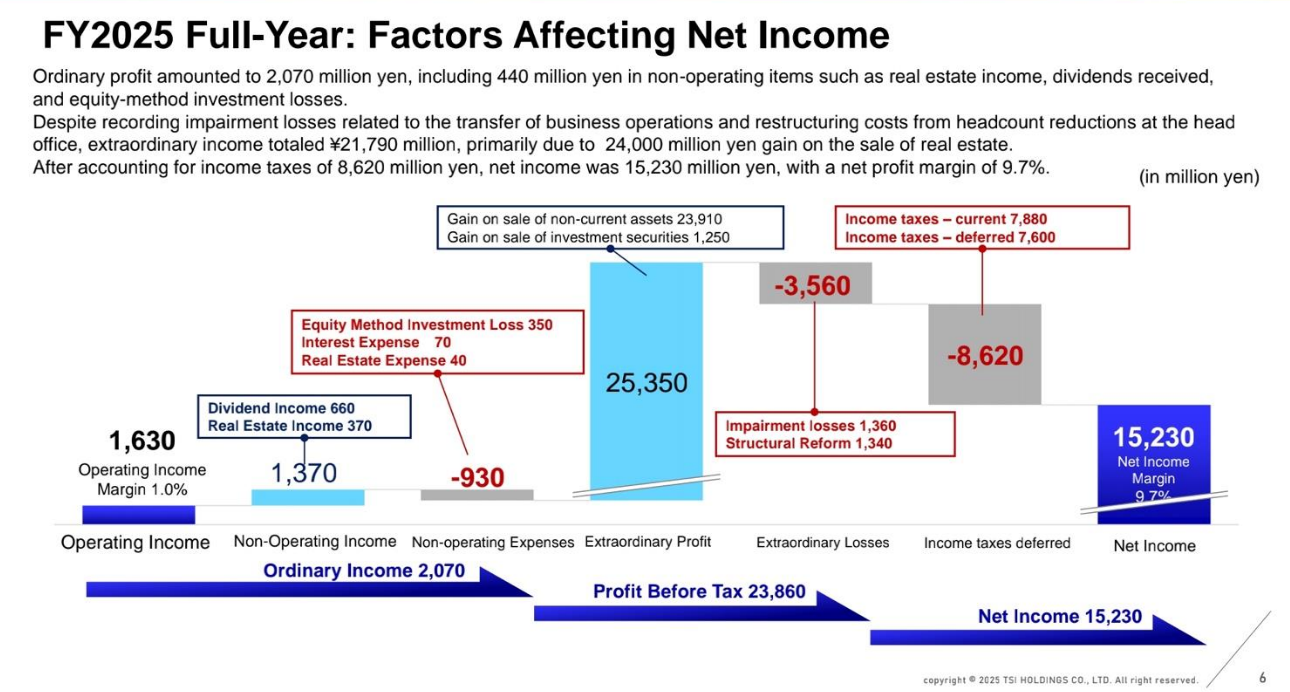
Details on gross profit and SG&A expenses. Gross profit was JPY83.99 billion, 99.1% of the previous year's level, or short by JPY730 million from the previous year. SG&A expenses were JPY82.35 billion, 99.3% of the previous year's level, or JPY600 million less than the previous year.

Factors deteriorating gross profit include sales at discount prices to optimize inventory and to accelerate the clearance, as well as higher purchase costs due to increased write-downs and deteriorating foreign exchange rates. Factors contributing to the improvement include efforts to consolidate suppliers, shift to local currency settlements, and set appropriate prices as part of structural reform measures. There was also an increase in sales. While profit structure reforms are in progress from leading brands, gross profit margin deteriorated from the previous year due to soaring procurement costs and accelerated inventory clearance for some brands.

The increase in SG&A expenses is attributed to the profit structure reforms, one-time expenses, and transfer of expenses related to the sale of assets. As a factor for improvement, the Company reduced overhead expenses by improving the efficiency of advertising expenses for sales promotions, as well as distribution expenses and outsourcing expenses, and by formulating a scheme to improve cost efficiency. In summary, the SG&A-to-sales ratio improved by 0.8 points as a result of progress in reductions, despite the one-time costs of profit structure reform. On the other hand, expenses that were expected to be extraordinary losses were recorded as SG&A expenses.

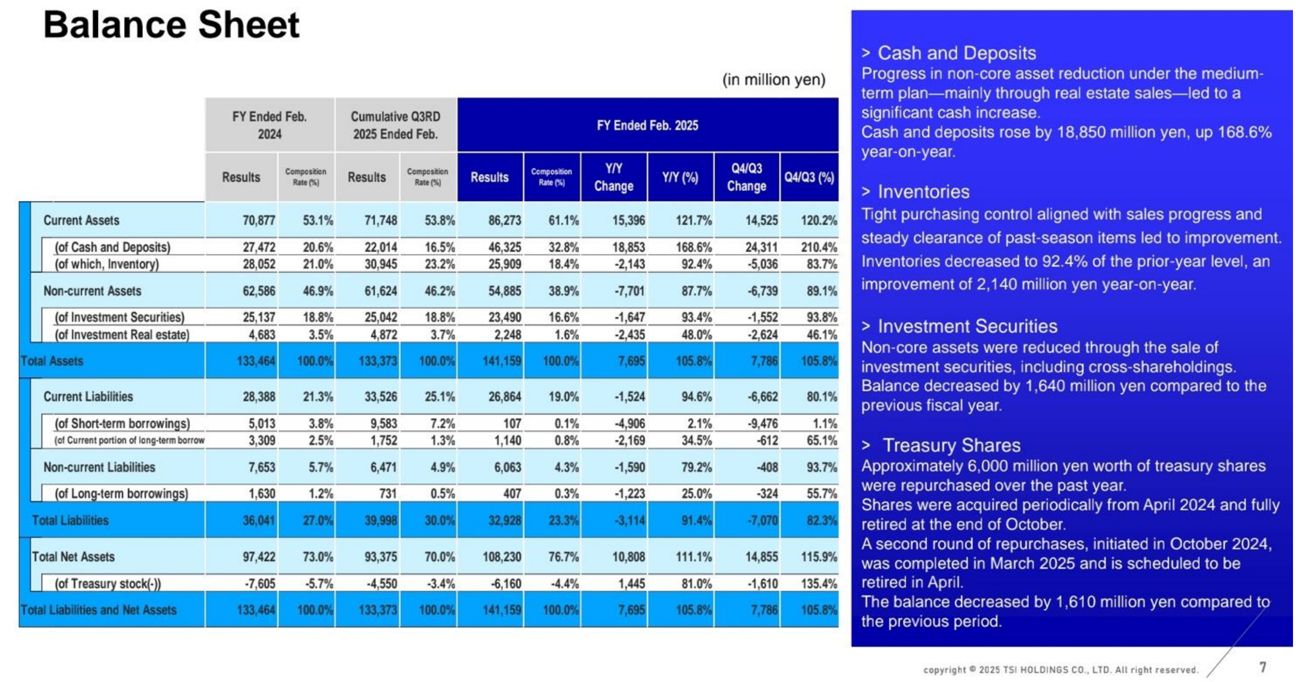


Operating income. While operating income was planned at JPY2 billion, it built up to JPY2.07 billion due to the implementation of profit structure reforms and the posting of one-time expenses. However, due to the impact of expenses related to the sale of real estate, the actual result was JPY1.63 billion, down JPY370 million from the revised plan.



Factors affecting net income. Adding non-operating income of JPY440 million, including real estate income, dividend income, and equity in losses of affiliates, ordinary income was JPY2.07 billion. Despite an impairment loss from the transfer of a business and profit structure reform expenses associated with streamlining the head office workforce, a gain of JPY24 billion on the sale of real estate resulted in an extraordinary gain of

JPY21.79 billion and income taxes of JPY8.62 billion, resulting in net income of JPY15.23 billion and a profit margin of 9.7%.



Balance Sheet

(in million yen)

	FY Ended Feb. 2024		Cumulative Q3RD 2025 Ended Feb.		FY Ended Feb. 2025					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Q4/Q3 Change	Q4/Q3 (%)
Current Assets	70,877	53.1%	71,748	53.8%	86,273	61.1%	15,396	121.7%	14,525	120.2%
(of Cash and Deposits)	27,472	20.6%	22,014	16.5%	46,325	32.8%	18,853	168.6%	24,311	210.4%
(of which, Inventory)	28,052	21.0%	30,945	23.2%	25,909	18.4%	-2,143	92.4%	-5,036	83.7%
Non-current Assets	62,586	46.9%	61,624	46.2%	54,885	38.9%	-7,701	87.7%	-6,739	89.1%
(of Investment Securities)	25,137	18.8%	25,042	18.8%	23,490	16.6%	-1,647	93.4%	-1,552	93.8%
(of Investment Real estate)	4,683	3.5%	4,872	3.7%	2,248	1.6%	-2,435	48.0%	-2,624	46.1%
Total Assets	133,464	100.0%	133,373	100.0%	141,159	100.0%	7,695	105.8%	7,786	105.8%
Current Liabilities	28,388	21.3%	33,526	25.1%	26,864	19.0%	-1,524	94.6%	-6,662	80.1%
(of Short-term borrowings)	5,013	3.8%	9,583	7.2%	107	0.1%	-4,906	2.1%	-9,476	1.1%
(of Current portion of long-term borrow	3,309	2.5%	1,752	1.3%	1,140	0.8%	-2,169	34.5%	-612	65.1%
Non-current Liabilities	7,653	5.7%	6,471	4.9%	6,063	4.3%	-1,590	79.2%	-408	93.7%
(of Long-term borrowings)	1,630	1.2%	731	0.5%	407	0.3%	-1,223	25.0%	-324	55.7%
Total Liabilities	36,041	27.0%	39,998	30.0%	32,928	23.3%	-3,114	91.4%	-7,070	82.3%
Total Net Assets	97,422	73.0%	93,375	70.0%	108,230	76.7%	10,808	111.1%	14,855	115.9%
(of Treasury stock(-))	-7,605	-5.7%	-4,550	-3.4%	-6,160	-4.4%	1,445	81.0%	-1,610	135.4%
Total Liabilities and Net Assets	133,464	100.0%	133,373	100.0%	141,159	100.0%	7,695	105.8%	7,786	105.8%

> Cash and Deposits
Progress in non-core asset reduction under the medium-term plan—mainly through real estate sales—led to a significant cash increase.
Cash and deposits rose by 18,850 million yen, up 168.6% year-on-year.

> Inventories
Tight purchasing control aligned with sales progress and steady clearance of past-season items led to improvement.
Inventories decreased to 92.4% of the prior-year level, an improvement of 2,140 million yen year-on-year.

> Investment Securities
Non-core assets were reduced through the sale of investment securities, including cross-shareholdings.
Balance decreased by 1,640 million yen compared to the previous fiscal year.

> Treasury Shares
Approximately 6,000 million yen worth of treasury shares were repurchased over the past year.
Shares were acquired periodically from April 2024 and fully retired at the end of October.
A second round of repurchases, initiated in October 2024, was completed in March 2025 and is scheduled to be retired in April.
The balance decreased by 1,610 million yen compared to the previous period.

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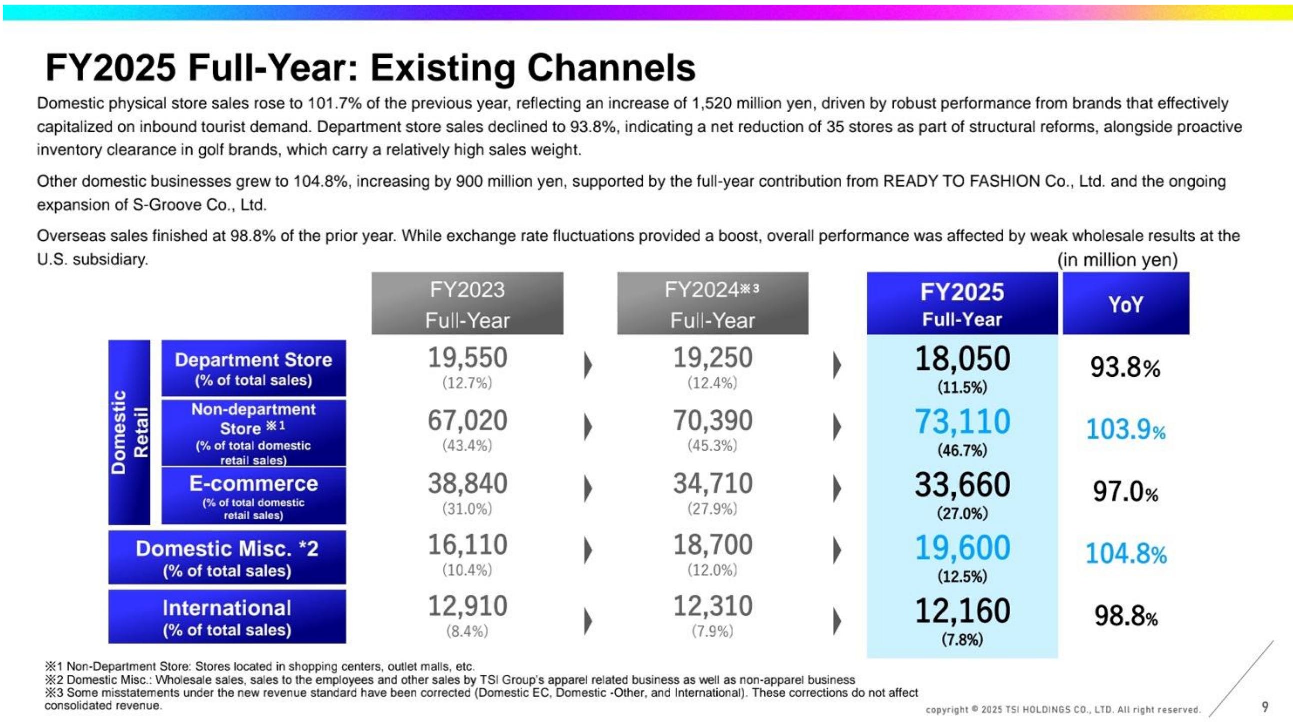
Balance sheet. Cash and deposits. Cash increased mainly from the sale of real estate as the Company continues to reduce non-core assets as outlined in the medium-term management plan. This is an increase of 168.6% or JPY18.85 billion from the previous year.

Inventory levels improved to 92.4% of the previous year, or a reduction of JPY2.14 billion, due to thorough purchase management in line with sales progress and steady clearance of prior-year products.

Investment securities. Non-core assets were reduced through the sale of investment securities, including cross-shareholdings. This is a decrease of JPY1.64 billion from the previous year.

Treasury stock, the cumulative total of repurchases over the past year, is approximately JPY6 billion. The retirement has been partly completed, resulting in a decrease of JPY1.61 billion since the last time. The acquisition of treasury stock, which began in October 2024, was completed in March 2025, and is scheduled to be cancelled at the end of April.



FY2025 Full-Year: Existing Channels

Domestic physical store sales rose to 101.7% of the previous year, reflecting an increase of 1,520 million yen, driven by robust performance from brands that effectively capitalized on inbound tourist demand. Department store sales declined to 93.8%, indicating a net reduction of 35 stores as part of structural reforms, alongside proactive inventory clearance in golf brands, which carry a relatively high sales weight.

Other domestic businesses grew to 104.8%, increasing by 900 million yen, supported by the full-year contribution from READY TO FASHION Co., Ltd. and the ongoing expansion of S-Groove Co., Ltd.

Overseas sales finished at 98.8% of the prior year. While exchange rate fluctuations provided a boost, overall performance was affected by weak wholesale results at the U.S. subsidiary.

(in million yen)

		FY2023 Full-Year	FY2024※3 Full-Year	FY2025 Full-Year	YoY
Domestic Retail	Department Store (% of total sales)	19,550 (12.7%)	19,250 (12.4%)	18,050 (11.5%)	93.8%
Domestic Retail	Non-department Store ※1 (% of total domestic retail sales)	67,020 (43.4%)	70,390 (45.3%)	73,110 (46.7%)	103.9%
Domestic Retail	E-commerce (% of total domestic retail sales)	38,840 (31.0%)	34,710 (27.9%)	33,660 (27.0%)	97.0%
Domestic Misc. *2 (% of total sales)		16,110 (10.4%)	18,700 (12.0%)	19,600 (12.5%)	104.8%
International (% of total sales)		12,910 (8.4%)	12,310 (7.9%)	12,160 (7.8%)	98.8%

※1 Non-Department Store: Stores located in shopping centers, outlet malls, etc.
※2 Domestic Misc.: Wholesale sales, sales to the employees and other sales by TSI Group's apparel related business as well as non-apparel business
※3 Some misstatements under the new revenue standard have been corrected (Domestic EC, Domestic -Other, and International). These corrections do not affect consolidated revenue.

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Sales by channel. Domestic retail sales in Japan increased by 101.7% year-on-year or JPY1.52 billion. Brands capturing demand from inbound tourists led performance in physical stores.

Department stores struggled with a 93.8% year-on-year decline, but this was due to store reductions resulting from structural reforms and accelerated inventory clearance of golf brands, which hold a high sales share in the segment.

Domestic Misc. increased by 104.8% or JPY900 million from the previous year due to the full-year contribution of READY TO FASHION Co., Ltd., and the continued growth of S-Groove Co., Ltd.

Overseas sales, on the other hand, despite the positive impact of foreign exchange rates, the wholesale business at the US subsidiary struggled, resulting in a 98.8% year-on-year decrease.

FY2025 Full-Year: Existing Channels (E-Commerce)

Sales on third-party e-commerce platforms, bolstered by stronger offerings of limited and collaborative items, remained strong at 101.0% of the previous year.

In contrast, sales on the Company's own e-commerce site declined to 92.2% due to reduced promotional spending after a review of cost-effectiveness and a temporary site closure during a renewal period, which also shifted inventory toward physical stores. Consequently, total domestic e-commerce sales fell to 97.0%, down 1,050 million yen year-on-year.

Overseas e-commerce sales benefitted from favorable exchange rates and showed signs of recovery, exceeding the previous year even on a local currency basis.

(in million yen)

	FY2023※2 Full-Year	FY2024※3 Full-Year	FY2025※3 Full-Year	vs FY2023	vs FY2024
Domestic In-House	18,110	15,860	14,620	80.8%	92.2%
(% of total EC sales)	(46.6%)	(45.7%)	(43.4%)	(-3.2pt)	(-2.3pt)
Total Domestic	38,840	34,710	33,660	86.7%	97.0%
(% of total domestic retail sales)※1	(31.0%)	(27.9%)	(27.0%)	(-4.0pt)	(-0.9pt)
International E-Comm	3,970	3,940	4,100	103.4%	104.3%
(% of total Int'l retail sales)	(30.8%)	(32.0%)	(33.8%)	(3.0pt)	(1.8pt)
Total EC Sales	42,810	38,650	37,770	88.2%	97.7%
(% of total retail sales)*1	(31.0%)	(28.3%)	(27.6%)	(-3.4pt)	(-0.7pt)

The integrated online store is now live.

The renewed site officially relaunched on Feb 20. Having completed its initial stabilization phase, the platform is now positioned for growth, with large-scale promotional campaigns planned to drive momentum.

※1 The e-comm sales ratio is calculated excluding other domestic sales (such as wholesale and employee sales).
※2 The exchange rate reference date has been partially adjusted. There is no impact on consolidated revenue.
※3 Some misstatements under the new revenue standard have been corrected (Domestic EC -Other, Domestic EC -Total, Domestic -Other, and Domestic & International EC -Total). These corrections do not affect consolidated revenue.

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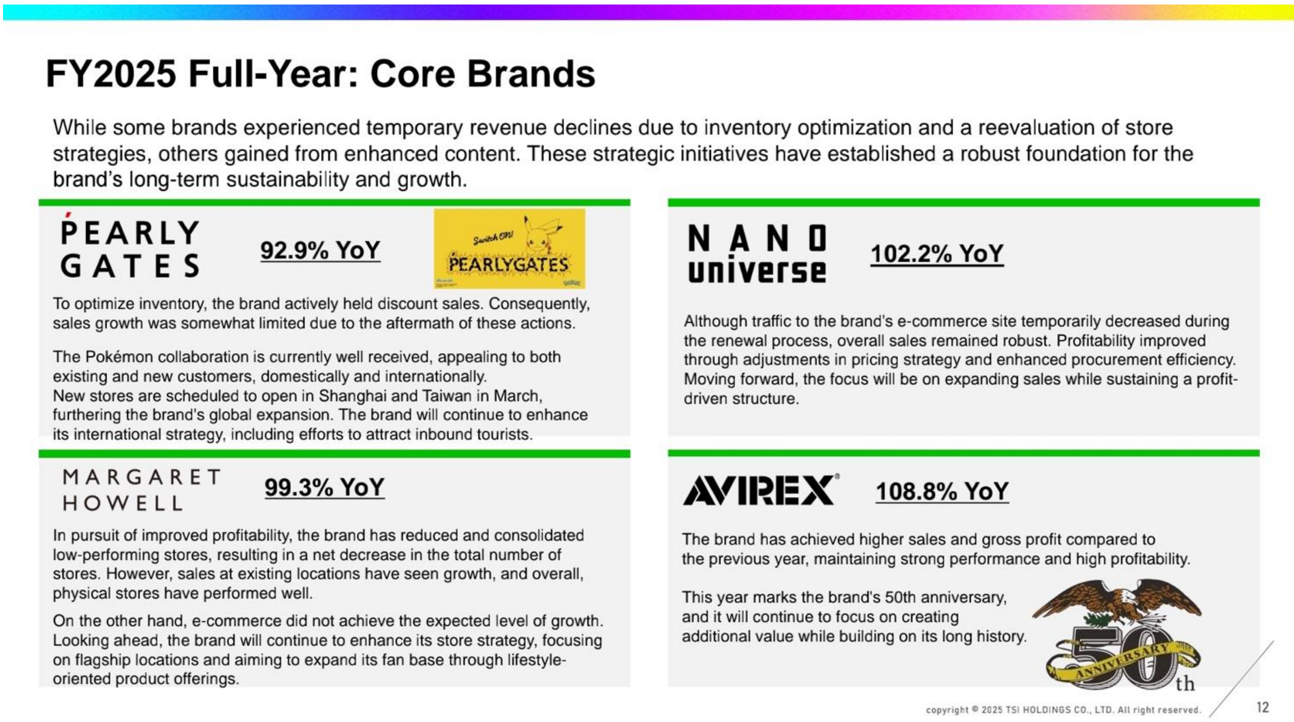
Full-year e-commerce sales results. Third-party e-commerce, which benefited from strengthened offerings of limited-edition and collaborative products, performed steadily at 101% year-on-year. However, in-house e-commerce sales declined to 92.2%, due to the impact of reduced sales promotion expenses following a review of cost-effectiveness, and the temporary closure of e-commerce platforms due to the transition to the integrated site, during which inventory was redirected to physical stores. As a result, domestic e-commerce sales were 97% year-on-year, or a decrease of JPY1.05 billion.

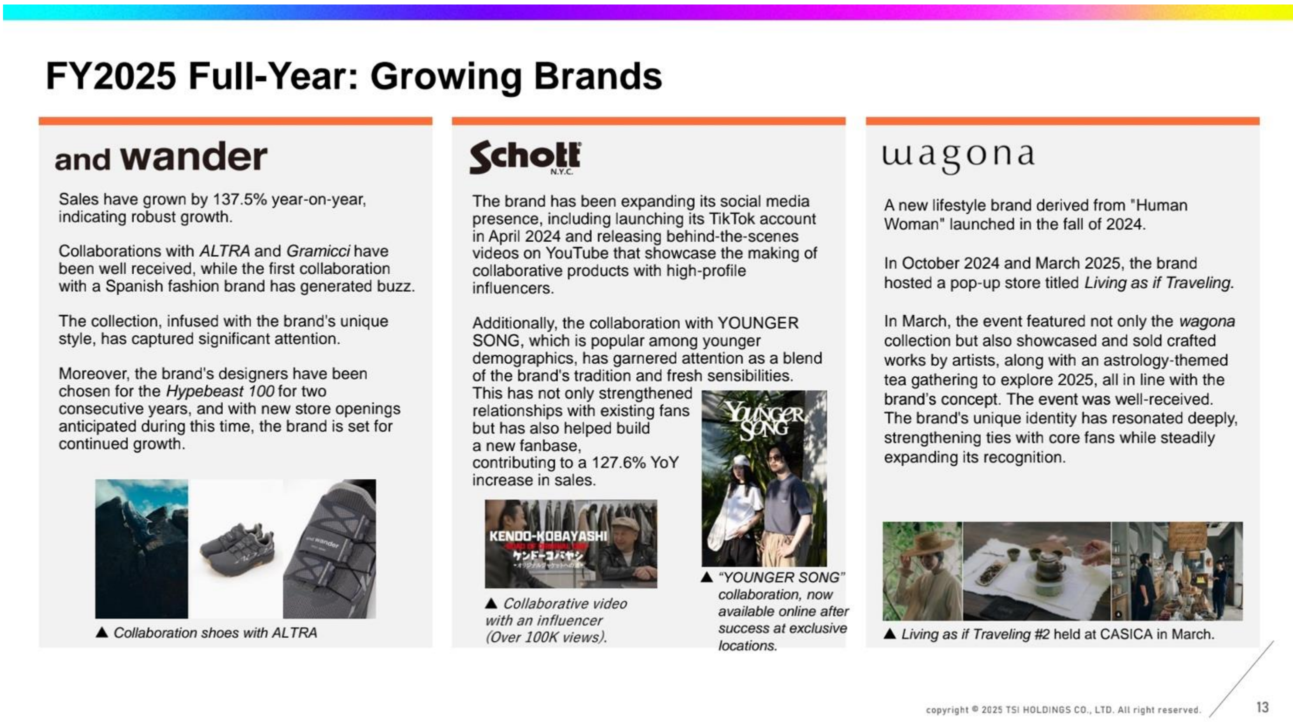
Overseas, although some of the increase was due to the benefit from favorable foreign exchange rates, sales on a local currency basis also exceeded the previous year's level.

On February 20, *mix.tokyo*, TSI's official online store, was relaunched. We have been in the test-running phase for stable operation, but we will enhance our efforts in the future by launching large-scale sales promotions and other strategies.



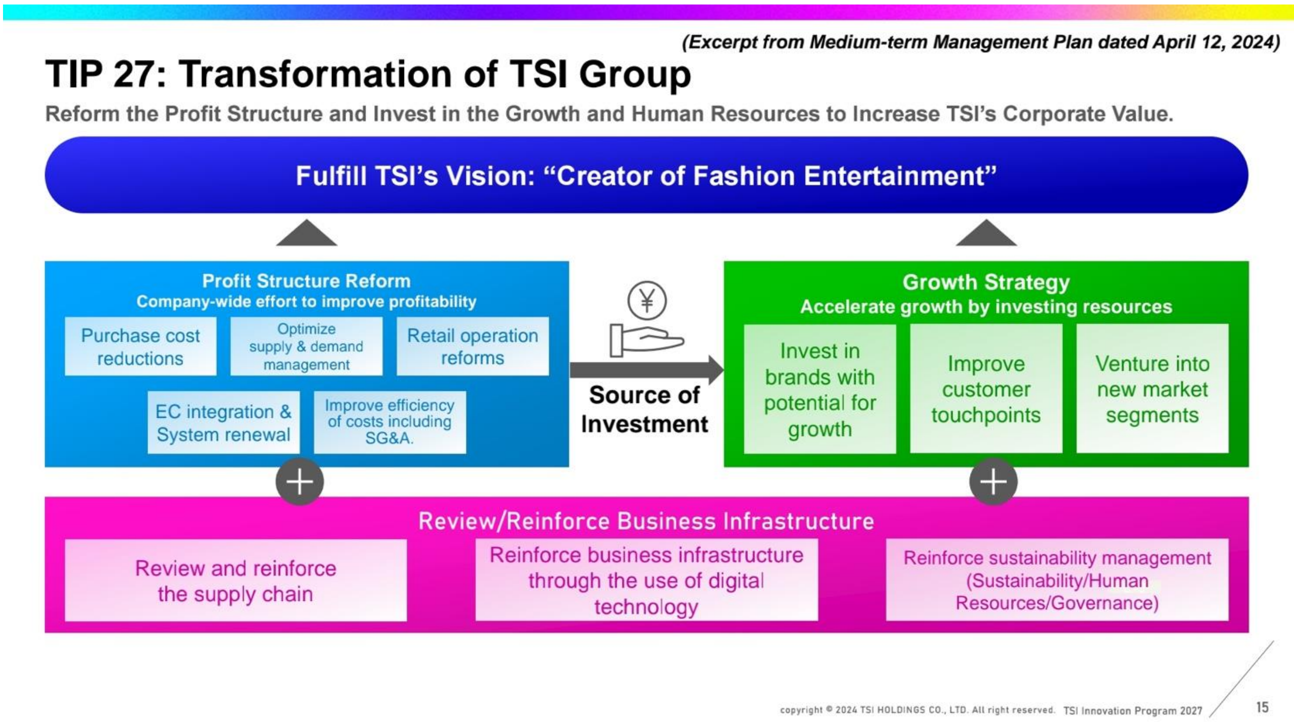
Overview by brand. First of all, this is an overview of the main brands. As a result of inventory optimization and the reassessment of store formats, some brands experienced temporary revenue declines. On the other hand, some have succeeded by enhancing their content. These strategic initiatives have been implemented, but this is a period in which we are making important milestones toward strengthening the brand foundation and sustainable growth.

PEARLY GATES, whose sales were 92.9% year-on-year, actively conducted discount sales to optimize inventory. As a result, sales growth was sluggish. At present, the *Pokémon* collaboration has been appealing to both existing and new customers, domestically and internationally. We are also expanding overseas with the opening of new stores in Shanghai and Taiwan in March. Furthermore, we will advance our global strategy, including efforts to capture inbound tourist demand, by expanding awareness of our products and services.



This slide shows an overview of the status of brands with strong growth. For the first time, *Schott* ranked among the top 10 in sales. Also, the brand launched a TikTok account in April 2024 and released behind-the-scenes videos on YouTube, showcasing collaborative products with high-profile influencers. Through these initiatives, it has been expanding its social media presence.

The collaboration with *YOUNGER SONG*, which has a strong following among young people, attracted attention for successfully blending the brand's traditions with a fresh sensibility. It has cultivated not only its existing fan base but also reached and expanded its new audience, with year-on-year sales remaining robust at 127.6%.



This slide shows the progress of the medium-term management plan (TIP27). It is an excerpt from the material released on April 12, 2024, providing an overview of TIP27. Since last year, we have been implementing profit structure reforms, which are progressing smoothly. We aim to generate investment resources in earnest from the current fiscal year through the next fiscal year. The investment resources generated will be allocated to new businesses, including growth brands and M&A. To provide *fashion entertainment*, we will invest in the foundation of our growth strategies.

In addition, as part of our investment in human capital, we will provide fair compensation based on individual performance. Demonstrating our strong commitment, we will increase base salaries and introduce an incentive system starting this fiscal year.

Profit Structure Reform

(Excerpt from *Medium-term Management Plan* dated April 12, 2024)

Purpose	Current Issues	Course of Action	Completion	Impact FYE Feb 2027 (1-year)
Purchase Cost Reductions	▶ Decentralized procurement is causing high COGM.	**Consolidate orders/improve purchasing leverage** ▶ Cost reduction through revision of business schemes/contracts with suppliers/manufacturers	▶ FYE Feb 2026	Approx. 3 billion yen
Optimized Supply & Demand Management	▶ Stick to the traditional way of setting retail prices. ▶ Increasing loss of opportunity and volume of dead stock.	**Strategic pricing/sales promotions** ▶ Optimization of retail pricing and cost ratio. ▶ Reassess promotional/discount sale programs	▶ FYE Feb 2027	Approx. 2.5 billion yen
Retail Operation Reform	▶ Inefficiencies in assigning staff specifically for each brand/store.	**Increase efficiency/productivity of staffing** ▶ Optimal allocation of store staff across brands and by area. Consolidate underperforming stores and development of large stores.	▶ FYE Feb 2026	Approx. 1.5 billion yen
EC Integration & System Renewal	▶ Inefficiencies in system-related/operational costs due to an overabundance of independent EC sites within TSI.	**EC site integration** ▶ Improve operational efficiency by integrating EC functions/websites that exist under each brand. ▶ Streamline the backend operations	▶ FYE Feb 2025	Approx. 0.5 billion yen
Improve efficiency of costs including SG&A	▶ Insufficient cost budgeting ▶ Brands working in silos.	**Ensure ROI-driven expenditures** ▶ Review of brand positioning and cost/staffing structure based on ROI of measures	▶ FYE Feb 2026	Approx. 2.5 billion yen

TOTAL: 10 billion yen

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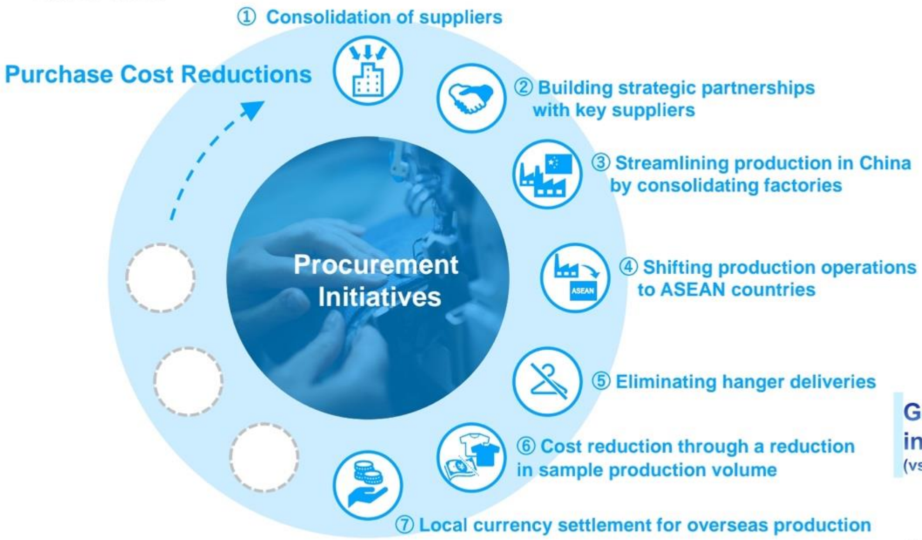
This is another excerpt from the medium-term management plan listing the details of the profit structure reform. There are five measures, and structural reforms are underway across the board. I would like to discuss the progress of each measure and the profit impact for this fiscal year in the following pages.

Structural Reform: Purchase Cost Reductions

The company is establishing a strategy for production and manufacturing and taking actions tailored to the business model to reduce costs.



Generate over 500 million yen in savings this fiscal year
(vs FY2024)

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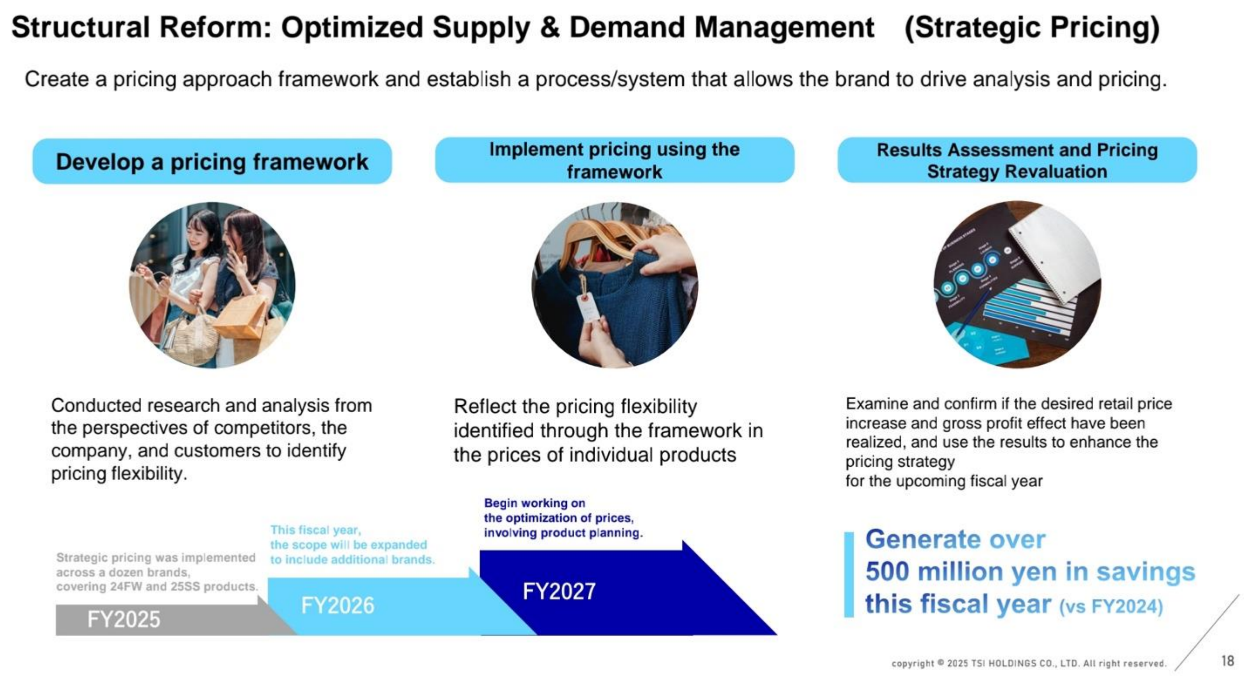
First, we will discuss the reduction of purchase costs. In the previous fiscal year, we consolidated suppliers and improved cost efficiency by reviewing commercial terms. Our apparel business units have approximately 1,500 suppliers, including trading companies and manufacturers, with roughly 1,000 of them dedicated to the multi-brand retail format. We will first consolidate suppliers and then establish partnerships with three major companies to achieve economies of scale.

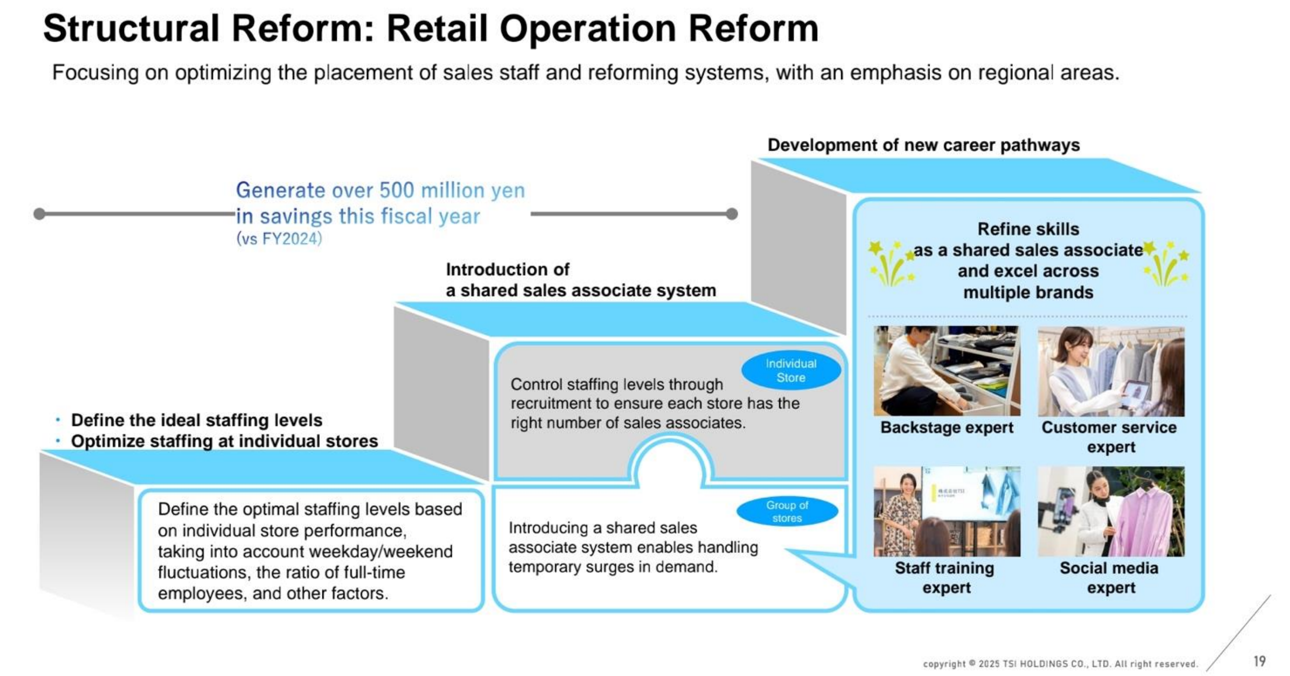
In addition, we are reducing costs by consolidating production plants, mainly in China, shifting production to the ASEAN region, discontinuing hanger deliveries, and shifting to local currency settlements in overseas markets.

Through these efforts, we expect a profit impact of more than JPY500 million in the current fiscal year compared to the fiscal year ended February 29, 2024.



Let's delve into the strategic pricing. In recent years, the external environment has changed drastically due to soaring raw material prices and unfavorable exchange rates. There have also been cases where, despite having room to raise prices, we were reluctant to take that step, partly due to concerns about customer attrition resulting from price increases.

In the previous fiscal year, we worked to establish a new pricing framework aiming at improving gross profit through appropriate retail pricing and optimized markdowns. The framework takes a strategic approach to pricing by incorporating the following key perspectives: the competitor's, our own, and the customer's. We have already started applying this framework to some brands in the second half of the previous fiscal year, and we plan to expand the number of target brands in the current fiscal year. We expect this initiative to generate a positive impact of over JPY500 million.

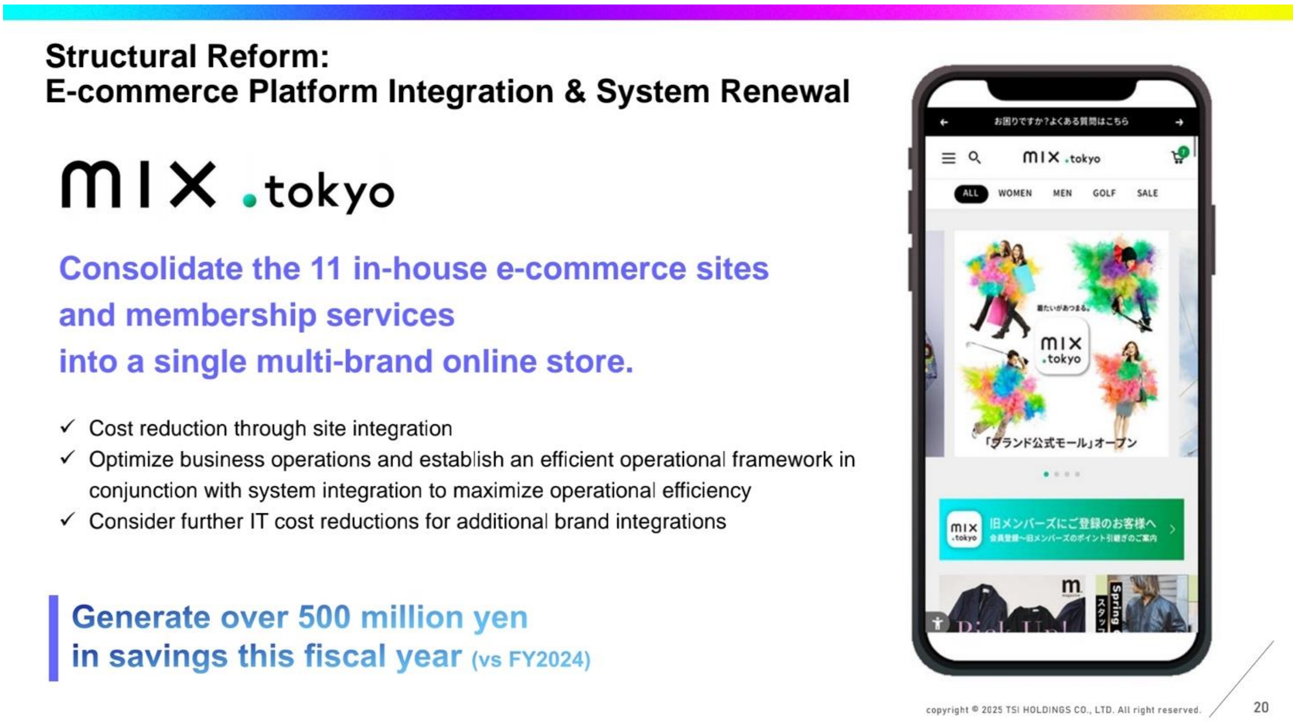


Now, move on to the retail operation reform. A shared sales associate system was introduced to resolve recent staff shortages and improve efficiency. We are working to optimize store workforce allocation and enhance the career advancement framework for sales staff.

As background, there has been a chronic shortage and imbalance in staffing on the store floor. This has led to increased burdens in staff scheduling and administrative tasks, making it difficult for staff to fully focus on customer service. To address this issue, we are redefining the appropriate staffing levels for each store and working to level out workloads across locations to reduce the burden on the frontline employees.

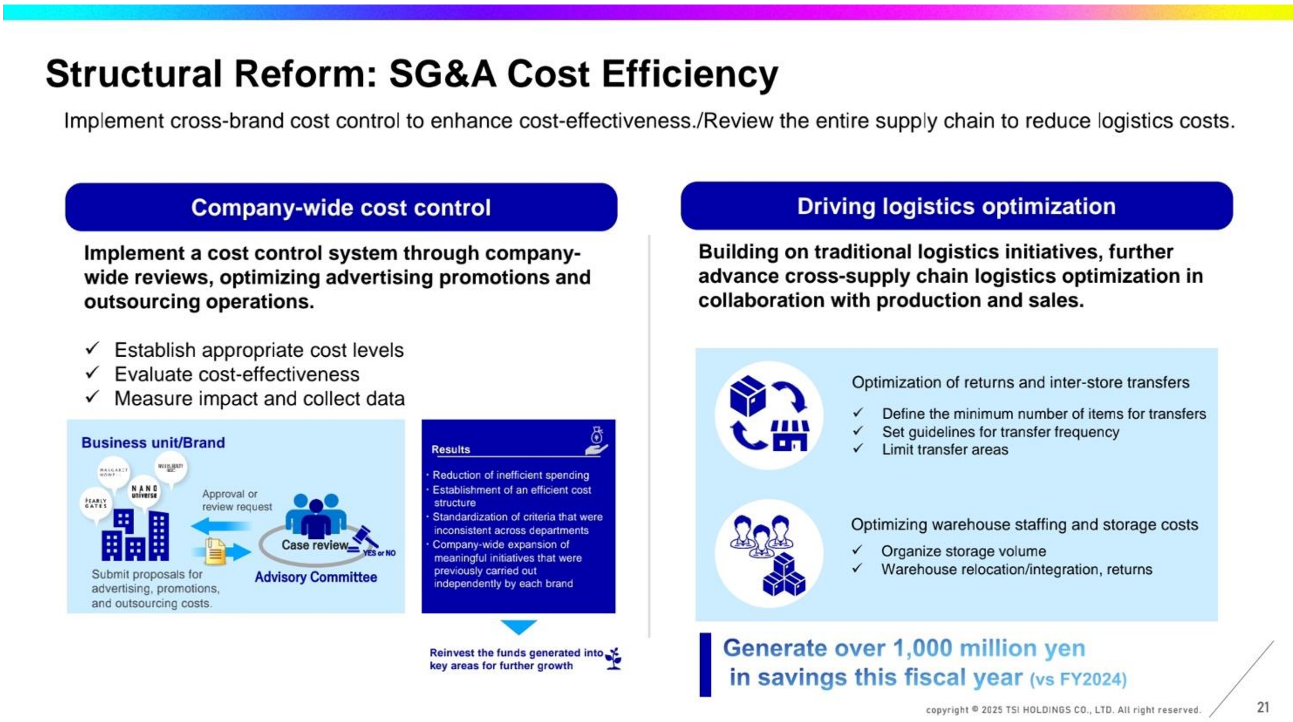
The shared sales associate system allows for flexible staffing across brands and stores, enabling more dynamic personnel placement. This approach expands career development opportunities and enhances job satisfaction by allowing staff to engage in roles that align with their interests and strengths.

By alleviating the burden of store operations, we expect to boost productivity and efficiency, resulting in a profit impact of JPY500 million or more this fiscal year.



E-commerce platform integration. As we announced, *mix.tokyo*, our official e-commerce site integrating 11 independent brand platforms, launched on February 20. The integration is expected to reduce maintenance and other costs by approximately JPY500 million in the current fiscal year.

In conjunction with the integration, we will also unify membership services. This will not only reduce costs but also bring new customers. We will delve deeper into this later.



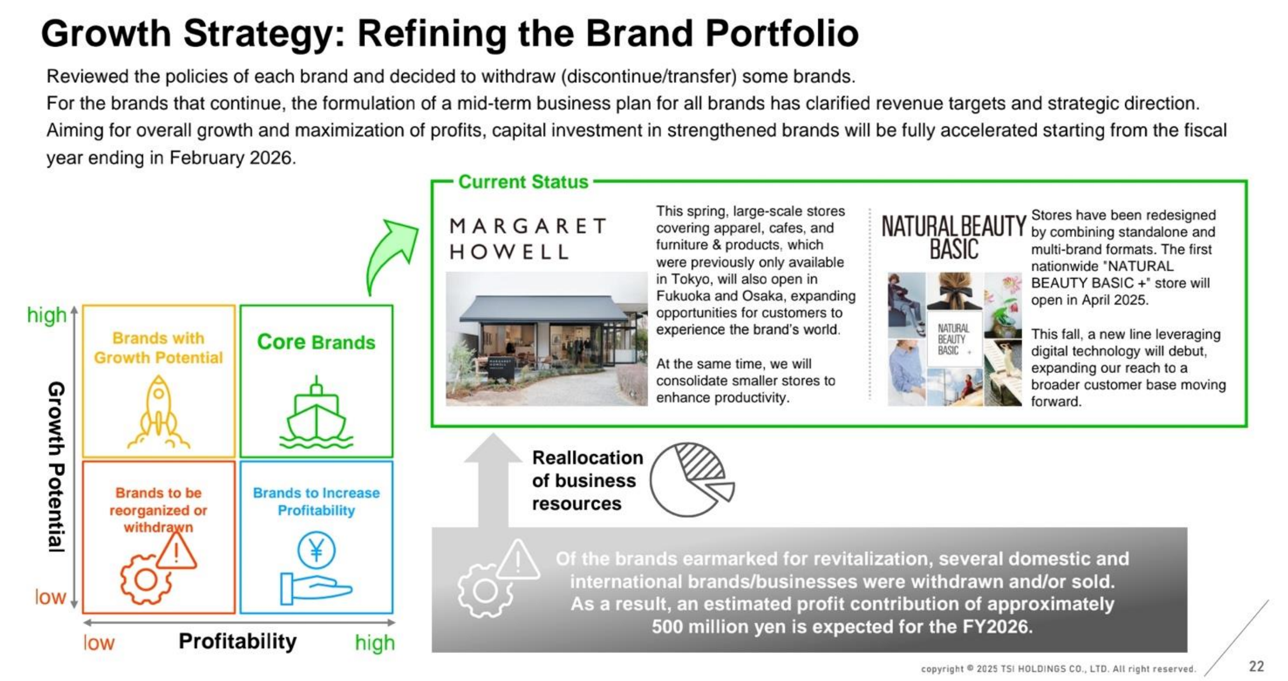
Finally, I will discuss the efficiencies in SG&A costs. The left side outlines the company-wide cost reduction efforts we have been implementing, as mentioned in the first-half FY2025 report. A cost control framework has been introduced to reassess cost-effectiveness through cross-functional reviews.

The main reductions are due to a review of advertising, sales promotion, and outsourcing expenses. In the previous fiscal year, the Company produced early benefits, contributing significantly to improvements in SG&A expenses and SG&A-to-sales ratio. We will continue to generate benefits in the current fiscal year by improving cost-effectiveness and horizontally deploying successful experiences.

In addition, we have made a significant contribution to cost reductions in logistics costs, which have been increasing yearly due to changes in the market environment, by reviewing our logistics schemes. We promote optimization not on a brand-by-brand basis, but from a cross-supply chain perspective.

Additionally, we have revised our operations by standardizing carriers and introducing consistent rules for inter-store transfers. We also optimize staffing and storage costs through warehouse relocations, consolidation of inter-store transfers, and returns. Through these efforts, we aim to generate over JPY1 billion in benefits this fiscal year.

We expect the five initiatives just mentioned to have an impact of more than JPY3 billion in the current fiscal year, all of which are in comparison with the fiscal year ended February 29, 2024.

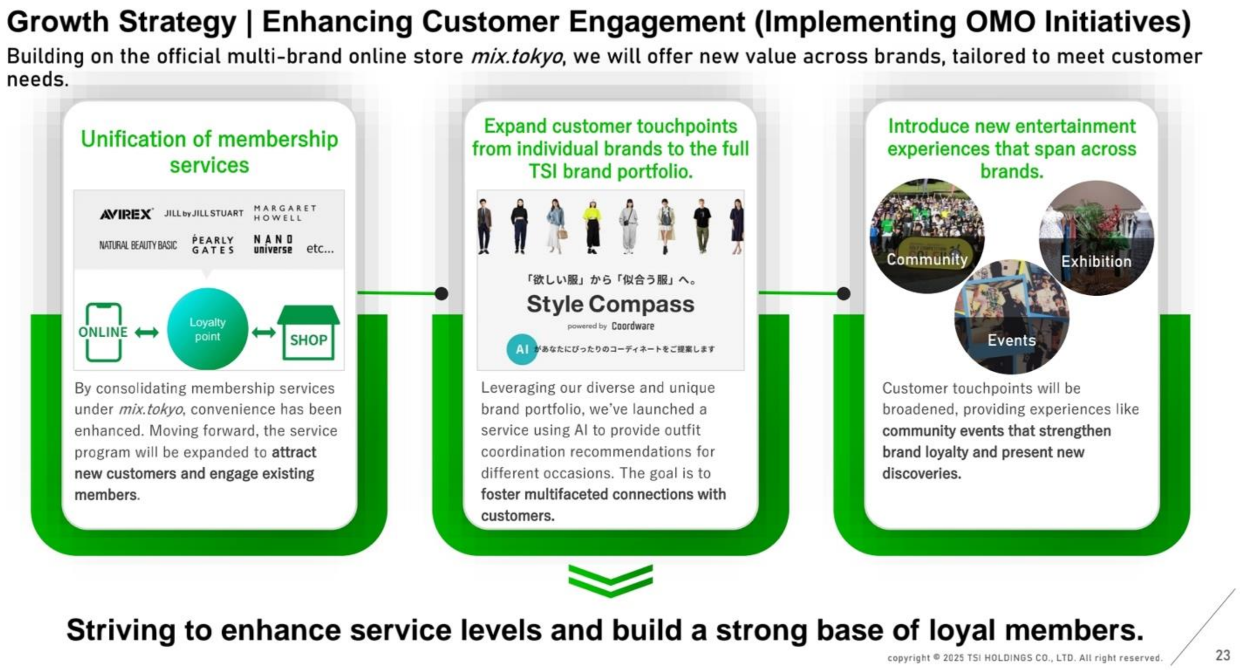


Now, let me talk about refining the brand portfolio, one of our growth strategies. We currently operate approximately 50 brands, including new brands that have just debuted, and the ones that have a long history, but they all have one thing in common: strong personalities.

To ensure the long-term success of each brand, we have formulated individual medium-term growth plans aimed at delivering greater value to customers through more distinctive identities. The resources generated through our profit structure reforms will be strategically invested in high-potential businesses, allowing us to focus our efforts where growth is expected.

MARGARET HOWELL, one of our flagship brands, has opened large-scale stores in Fukuoka and Osaka that feature both clothing and a café space. And also *NBB+*, a new complex of stores featuring *N.*, *PROPORTION BODY DRESSING*, *FREE'S MART*, and *JILL BY JILL STUART*, opened its first store in April.

In addition, we have recently announced the sale or withdrawal of some business units that were categorized as brands to be evaluated for revitalization. Consequently, we anticipate a profit impact of around JPY500 million in the current fiscal year compared to the previous fiscal year.

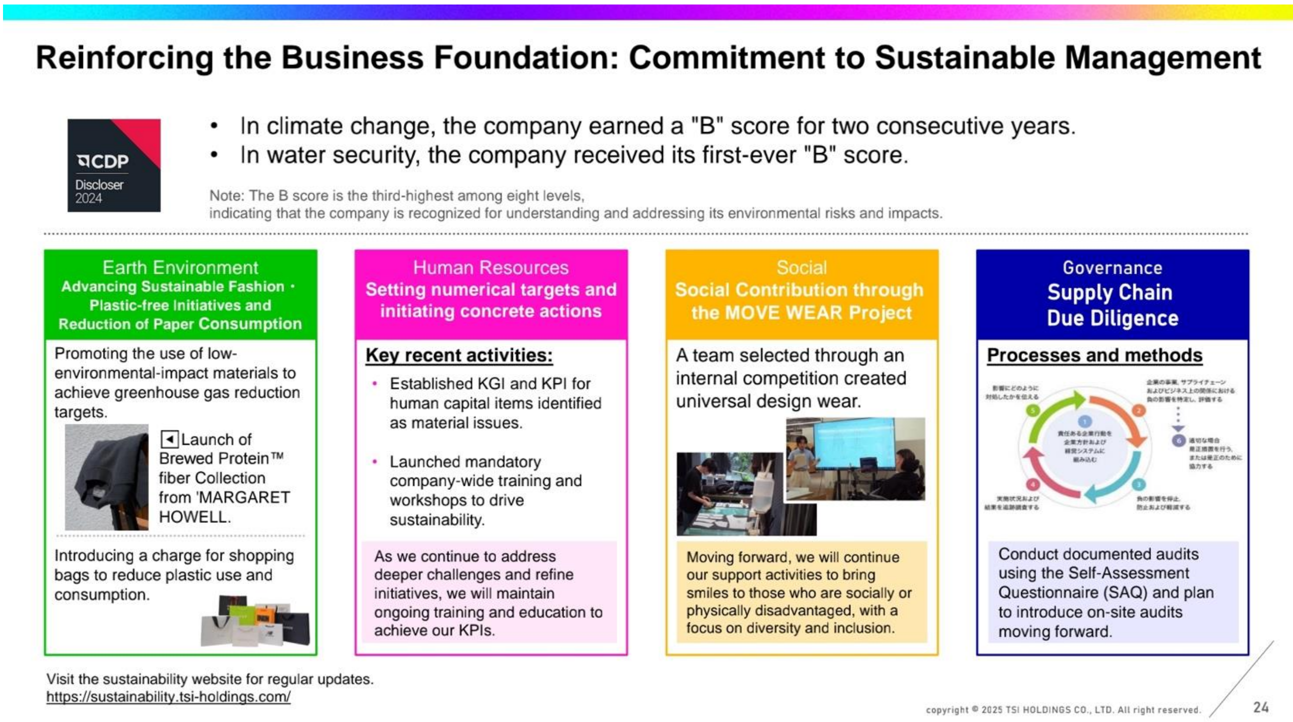


We would now like to delve deeper into the *mix.tokyo,* from the perspective of OMO initiatives and our growth strategy. With the integration of our platforms, membership services have also been unified. The loyalty point system is now shared across both online and physical stores, and by standardizing services, we aim to enhance customer convenience.

As a result of the integration, customer touchpoints, previously limited to individual brands, have been expanded to cover the entire TSI portfolio. As a new initiative, we have also launched a new service that uses AI to recommend outfit coordination for various occasions. We will aim for a multifaceted engagement with our customers through a variety of tailored initiatives, leveraging TSI's strength in developing a variety of brands.

We aim to enhance customer hospitality and improve the overall capability of the Company by implementing a customer strategy that integrates *mix.tokyo* with in-store events and experiences through seamless sharing of information.

In the current fiscal year, which has just started, we are implementing measures to migrate existing members to the new platform and acquire new customers. Additionally, we will plan large-scale sales promotions for Golden Week holidays to further accelerate our efforts. We will be sharing fun content from time to time, so we hope you will also consider registering as a member.



This section discusses the initiatives for sustainability management. The Company received a B score in both climate change and water security from CDP, an international non-profit organization that runs a global environmental disclosure system. This rating indicates that the Company is operating at the management level. In addition, we continue to carry out initiatives across four key focus areas.

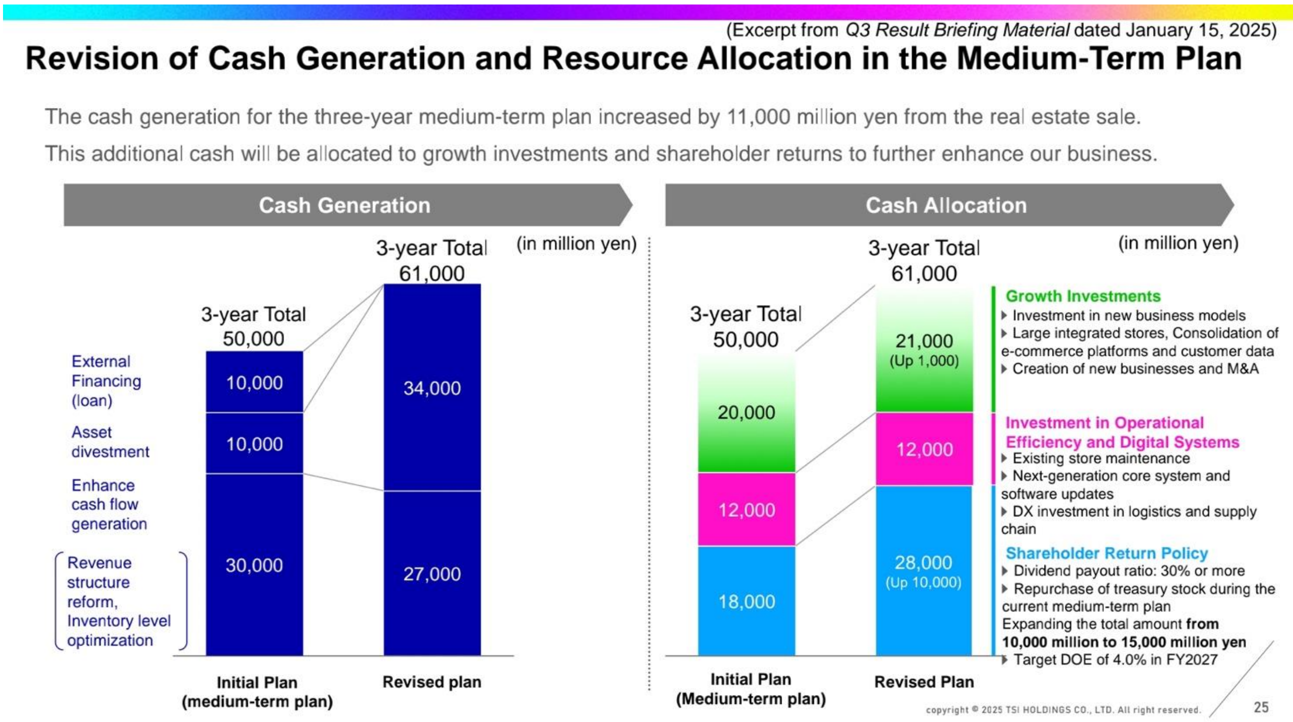
In the previous fiscal year, we promoted sustainable fashion by using materials with low environmental impact as an initiative of the Earth-Environment criteria, and we have promoted the de-plasticization of shopping bags and the introduction of a fee-based system to reduce the use of plastic bags.

In the human resource criteria, we developed numerical targets and initiated specific actions.

Through social criteria, we undertook the challenge of producing universal wear for the first time under the MOVE WEAR project.

In the governance criteria, we are conducting supply chain due diligence.

Based on our management philosophy, “We create values that brighten people’s hearts through fashion and share the joy of living tomorrow with society,” we aim to help build a sustainable future society through our business activities together with all stakeholders.



As shown on this slide, which is excerpted from Q3 FY2025 results material, the cash allocation under TIP27 was revised following the January financial results announcement. The sale of real estate that month generated significant cash through the reduction of non-core assets. In response, we increased the target for non-core asset reductions and eliminated the need for external financing. As a result, total cash generation over the three-year period has been revised upward to JPY61 billion.

Major portion of the JPY11 billion additional funds will be allocated to strengthening shareholder returns. An additional JPY5 billion is planned to be allocated for share buybacks and an additional JPY5 billion for special dividends over the three-year period, including the previous fiscal year. Although investment in growth sees a slight increase, we will actively work to improve profitability from this fiscal year.

Full-Year Profit Forecast for FY2026

Net sales are expected to be **153,000** million yen, reflecting a **97.7**% year-on-year change, impacted by business withdrawals.
Operating income is projected at **5,700** million yen, an increase of **348.4**% year-on-year, driven by the effects of profitability restructuring.
Ordinary income is estimated at **6,000** million yen, a **288.9**% year-on-year increase, with net income expected to be 4,200 million yen.

(in million yen)

	FY2024 Results	FY2025 Results	FY2026 (Plan)	Difference	Difference (%)
Net Sales	155,380 (YoY：100.6%)	156,600 (YoY ：100.8%)	**153,000** (YoY：97.7%)	**-3,600**	**-2.3%**
Operating Income	1,760 (Profit margin：1.1%)	1,630 (Profit margin：1.0%)	**5,700** (Profit margin：3.7%)	**+4,060**	**+248.4%** (Composition Rate：+2.7pt)
Ordinary Income	3,750 (Profit margin：2.4%)	2,070 (Profit margin：1.3%)	**6,000** (Profit margin：3.9%)	**+3,920**	**+188.9%**
Net Income	4,840 (Profit margin：3.1%)	15,230 (Profit margin：9.7%)	**4,200** (Profit margin：2.7%)	**-11,030**	**-72.4%**

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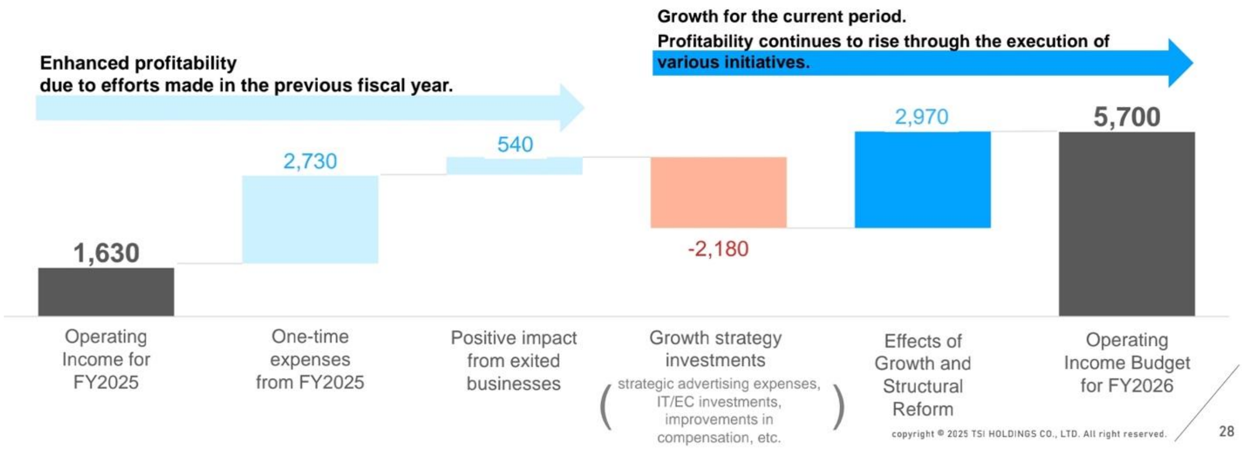
This section outlines the plan for the current fiscal year. Net sales are projected at JPY153 billion, 97.7% of the previous year's level, partly due to the impact of business withdrawals. We aim to achieve record-high operating income of JPY5.7 billion by realizing the effects of profit structure reforms. Ordinary income is expected to reach JPY6 billion, and net income is projected at JPY4.2 billion.

Since we withdrew from the business in the previous fiscal year, net sales were affected by approximately JPY5.5 billion. As for the existing business, sales increased by JPY1.8 billion, or 1.2% year-on-year.

FY2026 Full-Year Earnings Plan: Operating Income Variance

For the fiscal year ending in February 2025, operating income is projected to increase from 1,630 million yen in the previous year, driven by a reduction in one-time expenses, the positive impact of exited businesses, sales growth from business expansion, and additional influences from the profitability restructuring.
The target for the fiscal year ending in February 2026 is **an operating income of 5,700 million yen**.



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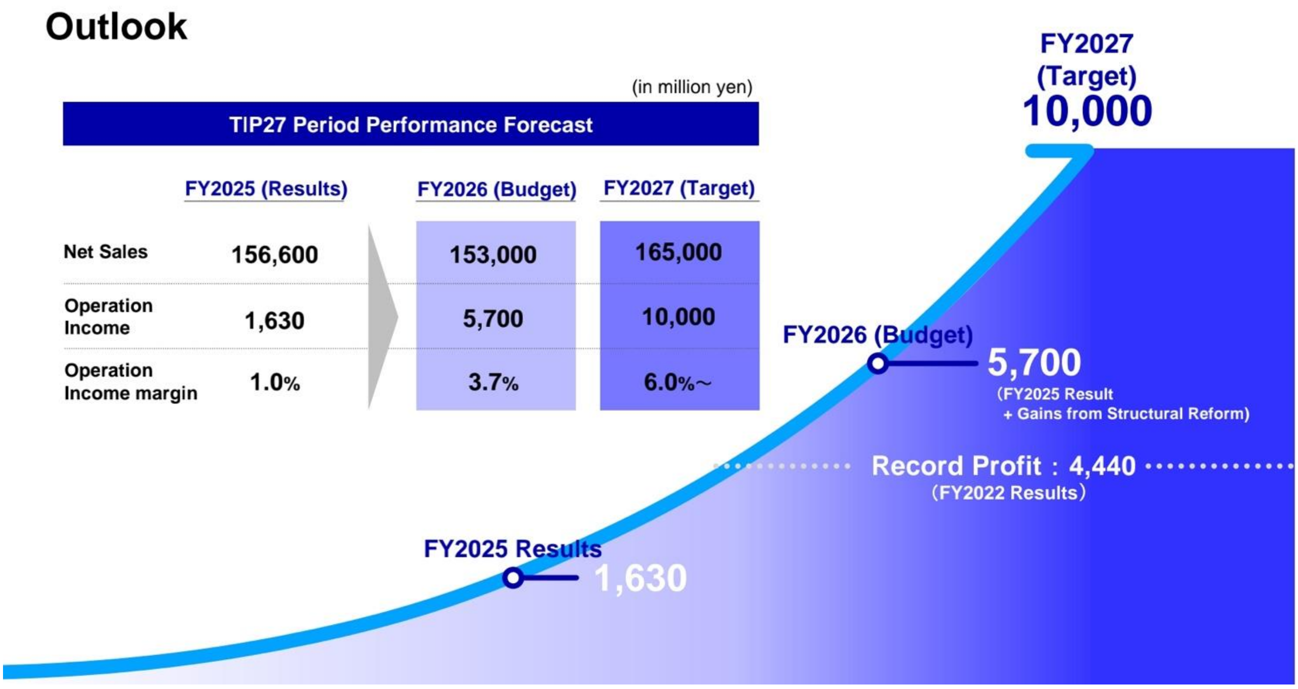
This section discusses the variance between the profit/loss projection and the operating income. From the actual results of JPY1.63 billion for the fiscal year ended February 28, 2025, we have set our operating income target at JPY5.7 billion for the fiscal year ending February 28, 2026, taking into account the decrease in one-time expenses and the positive impact of business withdrawal in the previous fiscal year, sales expansion due to business growth, and the additional effects of profit structure reforms.



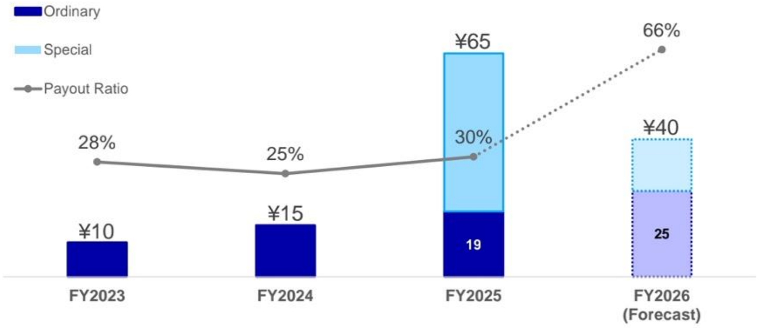
	FY2025 (Results)	FY2026 (Budget)	FY2027 (Target)
Net Sales	156,600	153,000	165,000
Operation Income	1,630	5,700	10,000
Operation Income margin	1.0%	3.7%	6.0%～

Future outlook. The chart shows a steep trajectory, with the final fiscal year representing the peak. Our target of JPY10 billion in operating income for FY2027, the third and final year of the plan, remains unchanged. We aim to reach approximately 60% of that goal with the target of JPY5.7 billion for the current fiscal year.

Although we still have ways to go, this fiscal year's plan represents the highest profit level since the inception of the Company. We will focus on investments in growth strategies while continuing structural reforms to achieve this fiscal year's target.

Dividend Forecast

In line with its dividend policy, the Company targets a payout ratio of 30% or higher and plans to include a special dividend until the fiscal year ending in February 2027.
For the current fiscal year, consistent with the previously disclosed policy, the basic dividend will be 25 yen (representing a payout ratio of 41.3%), with an additional special dividend of 15 yen, bringing the total to 40 yen (representing a payout ratio of 66.1%).
Additionally, the Company aims to achieve a DOE of 4% or more by FY2027.



Dividend (incl. Special Dividend)	¥10	¥15	¥65 (¥46)	¥40 (¥15)
Payout Ratio	28%	25%	30%	66%

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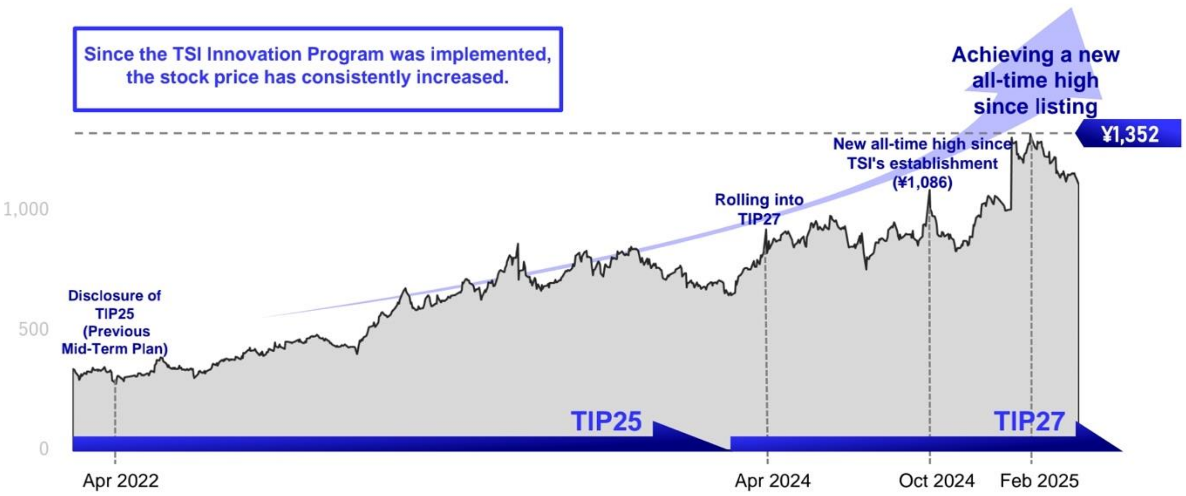
The dividend forecast. The special dividend is expected to be JPY5 billion over the three-year period, with a higher allocation in the previous year when profit levels were higher due to the sale of real estate.

The dividend forecast is JPY40 per share, including a special dividend of JPY15 per share, based on a payout ratio of 30% or more, in line with the Company's return policy. Although the dividend per share will be reduced, the dividend payout ratio for the current fiscal year is higher than the previous fiscal year after adding the special dividend. In the next fiscal year, which is the final year of the plan, we aim to achieve a DOE of 4%.

Recent stock price trends



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Finally, here is the stock price performance. At the time of the announcement of the previous medium-term management plan, TIP25, the share price was in the low JPY300 range. The price rose to the low JPY900 range when rolling over to TIP27, and reached JPY1,086 in October last year following the announcement of the first half results for the previous fiscal year. In January of this year, after disclosing financial results and completing the sale of the real estate we promised under TIP27, the stock reached JPY1,306, the highest price since the inception of the Company. Although we still have ways to go, we have seen a gradual increase since the implementation of our reforms.

"We create empathy and social value across the world through the power of fashion entertainment." As we enter the second year of our reform initiative, it is critical to realize the benefits of our structural reform and work toward future growth. Delivering measurable results is essential. Although the current March sales are struggling due to the impact of the integration of the online platforms, we are planning to implement economic and other strategic measures for the Golden Week holidays.

We will continue to do our best in every way we can to earn the market's recognition, and we sincerely appreciate your continued support.

Thank you very much.

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