



(Translation)

To Whom It May Concern

Company	TSI Holdings Co., Ltd.
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Stock Listing	Tokyo Stock Exchange Prime Market (Code: 3608)
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### **Notice Regarding Progress on Revenue Structure Reforms**

TSI Holdings Co., Ltd. (the Company) hereby provides an update on the progress of cost reductions and key reform initiatives outlined in the revenue structure reforms announced as part of the 'TSI Innovation Program 2027' on April 12, 2024, for the first half of the fiscal year (March 1, 2024 - August 31, 2024).

#### **1. Purchase Cost Reductions**

The Company plans to improve profitability by 2.7 billion yen by the final year of the medium-term management strategy. Its focus is on reducing FOB costs through supplier consolidation and transitioning to local currency settlements. In the short term, it is consolidating suppliers and factories and relocating production sites for Spring/Summer 2025 merchandise, starting with the application of these initiatives to brands with shorter production lead times. It will expand them to the majority of brands for Fall/Winter 2025.

#### **2. Optimization of Supply and Demand Management**

The Company has established an architecture to optimize pricing by utilizing both internal and external data from the perspectives of customers, competitors, and the Company itself. For Fall/Winter 2024, the Company will implement this pricing approach in several key brands as a first step, with plans to expand it to more brands from Spring/Summer 2025 onward.

#### **3. Retail Operations Reform**

The Company has developed a scheme to improve the rising store labor cost ratio by optimizing staffing through a review of shifts and assignments. Additionally, the Company will further enhance the utilization of personnel by establishing new career paths for sales staff, including a shared sales staff system where the same employee is responsible for sales at multiple stores.

#### **4. EC Integration and System Renewal**

By February 2025, the Company plans to first integrate the 13 existing e-commerce sites and membership services under TSI Inc. into a single platform, which will be launched as the revamped 'Mix.Tokyo' website. This integration will enable cost reductions through the standardization of operational processes from the next fiscal year onward.

#### **5. Improve Cost Efficiency, Including SG&A**

The Company's high SG&A ratio is due to structural challenges unique to the organization. To address this, it is working on a transformation of its cost management methods by streamlining systems and structures and benchmarking against other companies. Additionally, as part of its portfolio prioritization strategy, the Company has

decided to withdraw from certain brands designated as 'brands to be reorganized' where profitability improvement is deemed difficult. In conjunction with this, the Company plans to streamline its headquarters workforce by approximately 20% by the end of February 2025.

## **6. Outlook**

The Company will promptly disclose the impact of these developments on the Group's consolidated financial results for the fiscal year ending February 2025 as soon as it is confirmed.