



TSI HOLDINGS

TSI HOLDINGS CO., LTD.

Q3 Financial Results Briefing for the Fiscal Year Ending February 2025

January 15, 2025

Event Summary

[Company Name]	TSI HOLDINGS CO., LTD.	
[Company ID]	3608-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q3 Financial Results Briefing for the Fiscal Year Ending February 2025	
[Fiscal Period]	FY2025 Q3	
[Date]	January 15, 2025	
[Number of Pages]	7	
[Time]	10:00 - 10:47 (Total: 47 minutes, Presentation: 25 minutes, Q&A: 22 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]	48	
[Number of Speakers]	3	
	Tsuyoshi Shimoji	President and CEO
	Mitsuru Naito	Executive General Manager, Director of Corporate Headquarters
	Genya Oshiki	Executive General Manager, Director of Business Headquarters

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



Question & Answer

Moderator [M]: Now, I would like to welcome you to our question-and-answer session. If you have any questions, please use the Q&A feature below.

Amundi Japan [Q]: Please give us an update on the progress of the structural reforms that were posted in H1 during the Q2 financial results meeting.

Naito [A]: Regarding the progress of structural reform, I hope to summarize the results for the full year at the time of the announcement of the full-year financial results.

As Shimoji mentioned, we are making good progress with regard to structural reforms. As a result,, in the Q3 results, although sales were almost on the same level as the previous year, the Company has strengthened its profitability.

The cost reduction for H2 is progressing smoothly as planned as in H1.

Also, e-commerce integration is progressing well for its launch, scheduled for February. Especially in H2, we are gradually seeing results in the optimization of supply and demand management, reduction of procurement costs, and reduction of logistics costs.

The price increase is not uniform; instead, we set detailed pricing taking into account competitors' market position and product characteristics. This approach allowed us to maintain a certain level of profitability while overall sales faced some challenges.

As for procurement, it will take some time for the effects to become apparent, but negotiations with suppliers are underway for the Spring and Summer of 2025, and we anticipate these efforts will yield results in the coming year.

As I mentioned earlier, we will summarize the overall results in the Q4 results, but I would like to report that we are making overall good progress, including optimizing supply and demand management, reducing procurement costs, restructuring our cost and store operations, and integrating e-commerce platforms. That is all from me.

Shimoji [A]: Thank you for your question. We have facilitated more than a dozen subcommittees, which share issues throughout the Company. Progress varies among different subcommittees. Since the third quarter, we believe the effects of these initiatives have begun to materialize.

Also, we have announced that we will take on organizational changes by the end of this fiscal year. We believe that we have reached the stage where we can enter the next phase of the project. That's all from me.

Amundi Japan [Q]: Please continue to work on structural reforms. Thank you.

WWD [Q]: I assume that the high temperatures since September and the sharp drop in temperatures in late November made it difficult for you to reduce the autumn goods inventory. Please tell us about your performance, including products that performed well or poorly, brands with successful measures, and ones with issues that remain.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



Oshiki [A]: Thank you very much. I am Oshiki from the Business Headquarters.

As for September, the weather has been hot for the past two or three years. We also assumed that the cool autumn weather would arrive late. Each brand had a merchandising plan for September with that in mind. However, it was challenging to achieve the best results.

Among the brands, UENO-SHOKAI Dept. drastically adjusted its procurements for September. They managed to increase the sales of T-shirts, cut-and-sewn, and blouses, the category in which they had made significant sales.

Essentially, the brands that successfully adjusted their procurement in October and November were able to effectively control their autumn/winter collections. That's it in a nutshell.

Shimoji [A]: First, the items, including men's imports, were strong overall, with good results. I think this is due in large part to the visitors from overseas. In addition, I believe that the market itself has become more interested in imported brands and that we were able to present new styling.

In addition, it is very clear that conventional and reasonable womenswear brands, such as NATURAL BEAUTY BASIC, face challenges to survive in an environment where ordinary merchandising alone is insufficient.

And as for golf, it's growing more than the numbers of pre-pandemic 2019. It is lower than 2023, which was the peak year. We have been anticipating that it is becoming more stable. Each brand has clarified its challenges and strengths, and we believe that this season has been very fruitful for us. That's all from me.

Motohashi [M]: Thank you.

Daiwa Securities [Q]: Regarding your view of profits for the next fiscal year and beyond, I would appreciate an update on your rough idea of how you plan to grow the numbers to meet the goals of your Medium-Term Business Plan.

Naito [A]: I would like to answer this question. The three-year Medium-Term Business Plan calls for an operating income of JPY2 billion in the first year, and JPY10 billion in the final year, the fiscal year ending February 28th, 2027. We are now examining the earnings for the next fiscal year based on the current situation. Of course, between JPY2 billion and JPY10 billion, or simply put, JPY6 billion, is the middle point, and I think that could be a target.

In any case, the structural reforms I mentioned earlier are progressing well, and we may be able to reach that midpoint. We would like to assemble the details after properly rebuilding the budget for the next fiscal year based on the current situation. That is all from me.

Shimoji [A]: We will continue to focus on improving profitability as our primary goal.

As part of structural reforms, we are still working on some areas that remain to be done, such as reducing SG&A expenses and withdrawing from unprofitable stores. We would like to carry out without slowing down the pace of reforms.

As Naito just mentioned, our target for operating income is to achieve JPY2 billion for the current fiscal year, then JPY6 billion, and finally JPY10 billion in the fiscal year ending February 2027.

On the other side, we want to be a corporation that can promote fun and enjoyment, and we believe this is an important aspect of our company. That's all from me.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



Moderator [M]: We are in the process of compiling the numbers for the next fiscal year, so we cannot provide any definitive information yet. Please wait for the next results briefing in April.

Daiwa Securities [Q]: Thank you. I look forward to the next briefing.

Tokai Tokyo Intelligence Lab [Q]: First one. Regarding the reduction of non-core assets, you had planned to reduce non-core assets by JPY10 billion over the three-year period of the Medium-Term Business Plan, but you raised the amount to JPY34 billion. I believe that the majority of the proceeds are from the sale of investment property, but can you tell us about your view of future asset reductions?

Naito [A]: I will take this question. As you pointed out, the prospect of the sale of investment property this time cleared the figure for the reduction of non-core assets, which was originally set in the Medium-Term Business Plan.

On the other hand, we still have about JPY25 billion in investment securities. We are working diligently to reduce the amount, and I believe that the amount has decreased by about JPY3 billion. And if we include the increase in value in the past year, the actual reduction is close to JPY4 billion.

The completed sale of real estate does not mean we are halting the sale of securities. On the contrary, we still have a significant portion of cross-shareholdings. We are actively pursuing persistent negotiations with our business partners, and as agreements are reached, we are proceeding with the sale of these securities on a case-by-case basis.

Tokai Tokyo Intelligence Lab [Q]: My second question is about organizational changes. I think it has not been long since the introduction of the headquarters system and the divisional system. Could you tell us about the background that led to this reorganization?

Naito [A]: Regarding your second point about organizational changes, we have been operating under a three-headquarters system: the business headquarters, the platform headquarters, and the corporate headquarters. And within the business headquarters, we established four divisions to manage different business areas.

We believe that this has played an appropriate role in terms of organizing projects and operations. In the course of this structural reform, we reviewed the organization of our business operations as well as streamlining our organization and workforce.

In this context, we announced our new structure. The Group Strategy Headquarters, Production Headquarters, Sales Headquarters, and E-commerce Headquarters, along with the corporate departments, together form the core functions of our organization. We aim to create a more streamlined structure where these core functions can collaborate more effectively with the business divisions. This organizational change is intended to further strengthen and accelerate the collaboration we have built through the previous headquarters and division system.

As such, although the formation has somewhat changed, rather than shuffling the framework, we will utilize and retain the advantages of the previous headquarters and divisional systems, and will further brush up on them in the new organization. We would like to proceed with our business speedily under the new organization. That's all from me.

Sumi [M]: Thank you very much. I understood very well. That's all from me.

Amundi Japan [Q]: Could you give us some details on the current situation and future outlook for the US market?

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



Shimoji [A]: There is no doubt that since the pandemic, the US street and extreme sports fashion markets have been in a very steep decline. It is not only HUF and Tactics, but the whole sector is now in a state of depression. On the other hand, there is a marked trend toward tourism.

The market slowdown, combined with the weak sales performance of our wholesale partners, has led to reduced preorders. While impactful proportions experience a slight contraction.

We are shifting our focus beyond street fashion to propose the broader appeal of fashion itself. The design team behind our American products is also eager to create more fashionable offerings. As for TACTICS, our core snowboard business has seen improvement, particularly with the increase in snowfall this December, which has contributed to a more active season than last year (2023-2024). While the business is weather-dependent, inventory levels are improving across the industry. That said, as I mentioned earlier, the extreme sports sector still faces challenges. With major events, including the Olympics, approaching, we plan to stay agile and leverage these opportunities to catch up. That's all for now. That's all from me.

Amundi Japan [Q]: Thank you very much.

Moderator [M]: We will now conclude the briefing on the Q3 financial results. Thank you very much for your time today.

Shimoji [M]: Thank you very much.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
4. *This document has been translated by SCRIPTS Asia.*

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



Disclaimer

SCRIPTS Asia reserves the right to edit or modify, at its sole discretion and at any time, the contents of this document and any related materials, and in such case SCRIPTS Asia shall have no obligation to provide notification of such edits or modifications to any party. This event transcript is based on sources SCRIPTS Asia believes to be reliable, but the accuracy of this transcript is not guaranteed by us and this transcript does not purport to be a complete or error-free statement or summary of the available data. Accordingly, SCRIPTS Asia does not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information contained in this event transcript. This event transcript is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal.

In the public meetings and conference calls upon which SCRIPTS Asia's event transcripts are based, companies may make projections or other forward-looking statements regarding a variety of matters. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the applicable company's most recent public securities filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are accurate and reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the anticipated outcome described in any forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE PUBLIC MEETING OR CONFERENCE CALL. ALTHOUGH SCRIPTS ASIA ENDEAVORS TO PROVIDE ACCURATE TRANSCRIPTIONS, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE TRANSCRIPTIONS. IN NO WAY DOES SCRIPTS ASIA OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BY ANY PARTY BASED UPON ANY EVENT TRANSCRIPT OR OTHER CONTENT PROVIDED BY SCRIPTS ASIA. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S PUBLIC SECURITIES FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS. THIS EVENT TRANSCRIPT IS PROVIDED ON AN "AS IS" BASIS. SCRIPTS ASIA DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, AND ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT.

None of SCRIPTS Asia's content (including event transcript content) or any part thereof may be modified, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of SCRIPTS Asia. SCRIPTS Asia's content may not be used for any unlawful or unauthorized purposes.

The content of this document may be edited or revised by SCRIPTS Asia at any time without notice.

Copyright © 2025 SCRIPTS Asia K.K. ("SCRIPTS Asia"), except where explicitly indicated otherwise. All rights reserved.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasias.com

