



# TSI HOLDINGS GROUP

Results Briefing: Q1ST (March to May  
2022) Results of 2023 Ending Feb.

14th July 2022



# AGENDA

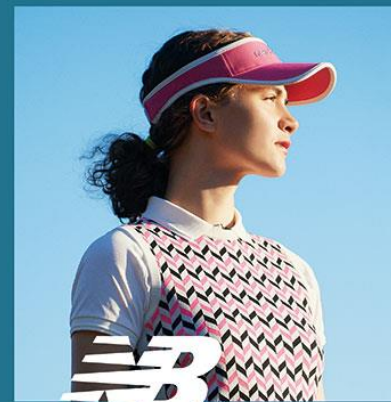
TSI HOLDINGS

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# Results Overview



new balance



### **COVID-19 movement restrictions were lifted, making people active during the Golden Week for the first time in two years**

Real stores recovered sales steadily. Customers returned to ladies brands in department stores and FB, which had both continued to struggle.

They entered a phase of growth again led by ladies brands for which TSI was stepping up its efforts for OMO.

In light of the possibility of its growth rate slowing down, the golf business started with a conservative budget but maintained a rate of growth that far exceeded its forecasts.

### **There were issues to be addressed in achieving sales growth for the EC business**

On the other hand, the EC business was faced with inventory problems due to lockdowns, and in addition, the challenge was growth potential as major key brands remained sluggish.

In the second quarter, TSI will restructure the stagnant brands' system and inventory/supply structure and step up its efforts to increase membership mainly through its EC operations, thus striving to earn greater sales.

### **Supply chain disruption occurred in some areas of the United States and Lockdowns in Shanghai from March to May affected TSI's financial results**

HUF and TACTICS were strong, but the former was delayed delivery date its wholesaling operations while the latter suffered no delivery of spring products.

In terms of logistics in the Shanghai area, the two huge brands, NATURAL BEAUTY BASIC and NANO universe, were troubled by delay in the delivery of popular items.

### **The head office is scheduled to move in the fall, and costs will increase compared to the previous year.**

We are planning to relocate the head office, which is a major event in the company, in September, and this term will cost a lot of temporary expenses.

Among them, we will increase profitability and commit to securing profits.

### **The new TIP25 reform promotion division was established, accelerating reform**

A new division to advance reform was set up. As the first step to invigorate new business domains, TSI entered into an alliance with Sitateru Inc.

### **TSI aims at medium-term human resource development by stepping up its efforts to train personnel in its organization**

A laboratory preparation office was established. It launched a program for developing digital and marketing specialists.

**We achieved the operating income goal for the quarter without fail.  
It will focus on implementing measures for powerful sales reforms in the future.**

Net sales were **111.4% (105.8% based on the old standards)** of the previous term's level. Operating income was **113.4%** of its budget, exceeding the budget by **190 million yen** and achieving the budgetary goal.

The company attained the profit budget thanks to the expansion of strong business domains and the improvement of earning capabilities. The challenge was delay in sales recovery in the select business domain for youths, and this hindered company-wide sales growth, preventing the company from achieving the sales goals.

|                             | Results for the first quarter | Comparison with budgets | YoY change           |                      |
|-----------------------------|-------------------------------|-------------------------|----------------------|----------------------|
|                             | New profit standards          | New profit standards    | New profit standards | Old profit standards |
| <b>Net Sales</b>            | <b>38.12</b> Billion Yen      | 94.6%                   | <b>111.4%</b>        | <b>105.8%</b>        |
| <b>Operating Profit</b>     | <b>1.60</b> Billion Yen       | <b>113.4%</b>           | *) 70.5%             | 72.2%                |
| <b>Quarterly Net Income</b> | <b>2.06</b> Billion Yen       | <b>121.4%</b>           | 84.9%                | 84.9%                |

\* The factors for decreasing operating income for the current term compared to the operating income of 2.27 billion yen for the first quarter of the previous term were 300 million yen (1Q) for accelerated depreciation expenses for the relocation of the head office; 150 million yen for the normalization of funds for performance-linked bonuses; 50 million yen for expenses for the withdrawal of overseas subsidiaries; 100 million yen for the deterioration of purchasing due to exchange rates; and 200 million yen for a reaction to special COVID-19 demand in the golf business. Taking these factors into account, We planned 1.41 billion yen as a budgetary goal for operating income during the first quarter.



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About Business Situation by Channel

LE PHIL



## 7 Sale Trends by Channel for Q1ST Results of 2023 Ending Feb.

**Sales and profit in store channels steadily recovered. Growth in the EC business remained unsatisfactory, but the company aimed at greater investments and further sales growth through aggressive strategy focusing on strong brands.**

Department store and non-department store (along FB streets) sales were **114.9%** and **116.8%** of the previous term's level, respectively. Main businesses for ladies entered the phase of recovery. The main factor for struggling overall sales was the poor performance of some brands for youths and the select business. The company took thoroughgoing measures for recovery.

|                                 |                                       | Old profit standards                                    | Old profit standards                                    | Old profit standards                                    | Old profit standards                |         | New profit standards                                    |
|---------------------------------|---------------------------------------|---|---|---|-------------------------------------|---------|---|
|                                 |                                       | Cumulative Q1ST<br>2021 Ending Feb.                     | Cumulative Q1ST<br>2022 Ending Feb.                     | Cumulative Q1ST<br>2023 Ending Feb.                     | Growth by channel                   |         | Cumulative Q1ST<br>2023 Ending Feb.                     |
|                                 |                                       |   |   |   | compared to year<br>before last (%) | YoY (%) |   |
| Domestic                        | Department Stores                     | 1.75 Billion Yen<br>(Composition Rate : 8.1%)           | 3.30 Billion Yen<br>(Composition Rate : 9.6%)           | 3.79 Billion Yen<br>(Composition Rate : 10.5%)          | 216.3                               | 114.9   | 5.44 Billion Yen<br>(Composition Rate : 14.3%)          |
|                                 | Commercial Facilities <sup>(*1)</sup> | 7.03 Billion Yen<br>(Composition Rate : 32.4%)          | 14.31 Billion Yen<br>(Composition Rate : 41.8%)         | 16.71 Billion Yen<br>(Composition Rate : 46.2%)         | 237.6                               | 116.8   | 16.75 Billion Yen<br>(Composition Rate : 43.9%)         |
|                                 | E-Commerce                            | 9.18 Billion Yen<br>(Domestic E-Commerce ratio : 51.1%) | 9.48 Billion Yen<br>(Domestic E-Commerce ratio : 35.0%) | 8.74 Billion Yen<br>(Domestic E-Commerce ratio : 29.9%) | 95.3                                | 92.2    | 9.10 Billion Yen<br>(Domestic E-Commerce ratio : 29.1%) |
| Domestic Others <sup>(*2)</sup> |                                       | 2.51 Billion Yen<br>(Composition Rate : 11.6%)          | 4.93 Billion Yen<br>(Composition Rate : 14.4%)          | 4.14 Billion Yen<br>(Composition Rate : 11.4%)          | 165.2                               | 84.0    | 4.00 Billion Yen<br>(Composition Rate : 10.5%)          |
| Overseas <sup>(*3)</sup>        |                                       | 1.21 Billion Yen<br>(Composition Rate : 5.6%)           | 2.19 Billion Yen<br>(Composition Rate : 6.4%)           | 2.81 Billion Yen<br>(Composition Rate : 7.8%)           | 232.9                               | 128.5   | 2.81 Billion Yen<br>(Composition Rate : 7.4%)           |

\*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.

\*3 Results of Efuego Corp. which operates EC sites centering on Tactics.com in the U.S. is to be consolidated from the second quarter of 2021 and onward. The results are recorded in overseas sales.

Of the department store and FB businesses, the ladies business continued to recover following the golf business. Overseas sales also continued to be strong. The business units that worked out plans to acquire new customers using new marketing devices drove the company's financial results.

Real store business

Department stores and non-department stores (FB/streetside):

**116.4%** of the previous term's level

Following the strong golf business, ladies brands saw sales recover. Many pop up stores were opened, contributing to the attraction of customers.

➤ [ PEARLY GATES APOTHECARY POP UP ]



Overseas business

Overseas: Business was affected by supply chain disruption, but it expanded steadily, posting **232.9%** of the level of two years earlier and **128.5%** of the previous year's level.

➤ TACTICS [ LEARN TO SKATE ] LEARNING CONTENT





## Overview of EC sales


- The nano universe business, the foundation of businesses for youths, was delayed in recovering. The stagnation of the brand over 50% of which had shifted to EC (The brand's EC budgetary goal achievement rate was 61.7%) had tremendous effects on the sales growth rate of the entire TSI EC business.
- The Stüssy EC operation in Japan was returned to the brand's headquarters in the United States. The absolute amount of the Stüssy business's EC sales shrank significantly (310 million yen). On the other hand, the HUF business was at the top of its performance. The profitability of the HUF business combined with EC offset the adverse effects of the Stüssy EC operation returned to the U.S.

|  | Old profit standards             |                                  |                                  |                                  |                           | New profit standards             |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------|----------------------------------|
|  | Cumulative Q1ST 2021 Ending Feb. | Cumulative Q1ST 2022 Ending Feb. | Cumulative Q1ST 2023 Ending Feb. | compared to year before last (%) | YoY (%)                   | Cumulative Q1ST 2023 Ending Feb. |
| <b>In - house EC</b><br>Unit : Billion yen<br>(ratio(%)) | <b>3.89</b><br>(42.3)            | <b>4.44</b><br>(46.8)            | <b>4.54</b><br>(51.9)            | <b>116.9</b><br>(+ 9.6pt)        | <b>102.3</b><br>(+ 5.1pt) | <b>4.51</b><br>(49.5)            |
| <b>Domestic E - Commerce</b><br>(ratio(%)) *1            | <b>9.18</b><br>(51.1)            | <b>9.48</b><br>(35.0)            | <b>8.74</b><br>(29.9)            | <b>95.3</b><br>(-21.2pt)         | <b>92.2</b><br>(-5.1pt)   | <b>9.10</b><br>(29.1)            |
| <b>Overseas E - Commerce</b><br>(ratio(%)) *2            | <b>0.19</b><br>(16.0)            | <b>0.86</b><br>(39.4)            | <b>0.97</b><br>(34.6)            | <b>504.7</b><br>(+ 18.7pt)       | <b>112.9</b><br>(-4.8pt)  | <b>0.97</b><br>(34.6)            |
| <b>E - Commerce TOTAL</b><br>(ratio(%)) *1               | <b>9.37</b><br>(48.9)            | <b>10.35</b><br>(35.3)           | <b>9.71</b><br>(30.3)            | <b>103.7</b><br>(-18.6pt)        | <b>93.9</b><br>(-5.0pt)   | <b>10.07</b><br>(29.5)           |

\*1 Domestic E - Commerce ratio excluding domestic and other sales (wholesale, company sales, etc.)

\*2 Results of EfuegoCorp. which operates EC sites centering on Tactics.com in the U.S. is to be consolidated from the second quarter of 2021 and onward. The results are recorded in overseas sales.

Lottery products



Until the deadline

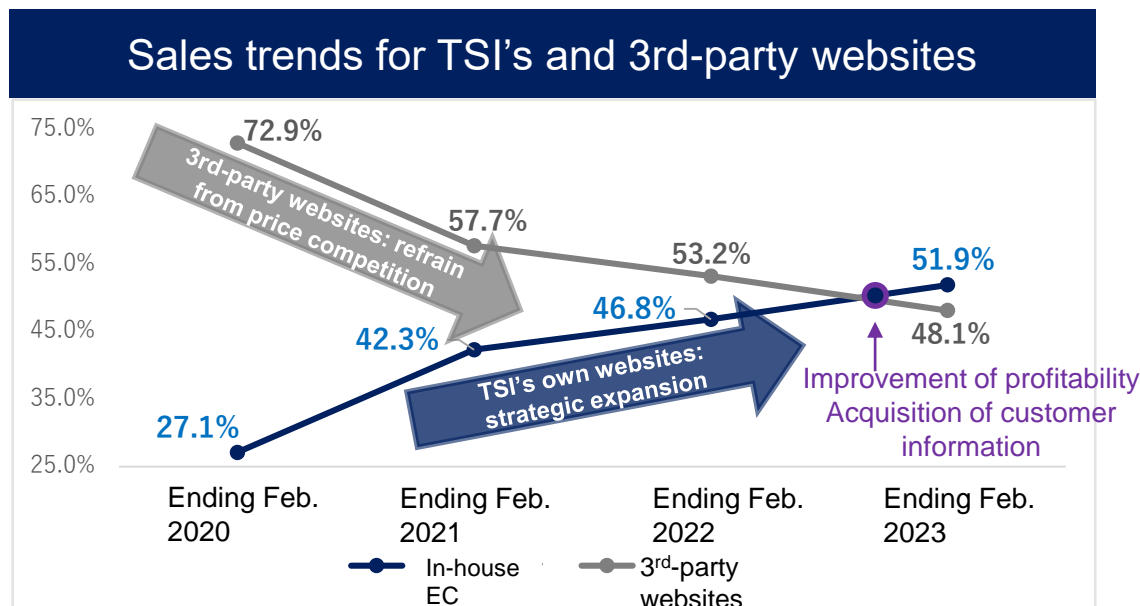
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DAYS    HOURS    MINS    SECS

## 10 E-commerce in Q1ST Results of 2023 Ending Feb.

During the current term, the company gave priority to guiding customers to its own websites that were highly profitable. It reviewed the role of sluggish 3rd-party websites and aimed at growth through new product strategy. For the time being, it will step up its efforts to develop services for its own membership and acquire new customers!

- The company struggled with domestic EC sales at 92.1% of the previous term's level and the ratio of brands that had shifted to EC at 29.9%. (Internal disparities between strong brands and stagnant ones became clear, prompting the company to take improvement measures swiftly)
- The TSI's own EC ratio was 51.9% (Net sales were 102.1% of the previous term's level for TSI's websites and 83.3% for 3rd-party websites). The company strengthened its own EC, which was highly profitable and acquired customers with high efficiency. Sales from 3rd-party websites went below those for the previous year because price reductions were held back. Under these circumstances, the company concentrated on increasing membership at its channels, gaining 150,000 new members, 125.5% of the previous year's level.
- In the second quarter, the company will strive to increase sales by providing new value to the members acquired in the first quarter while maintaining stable profitability through reforms of the inventory/supply structure.



\* Excluding NANO universe among the businesses whose consolidation into a single company has been completed

In the future, TSI will consider how to coexist with 3rd-party EC websites, further develop its strategy to raise the recognition level for its brands, and reform its business structure at a faster pace so that it will further evolve.





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Brands Overview

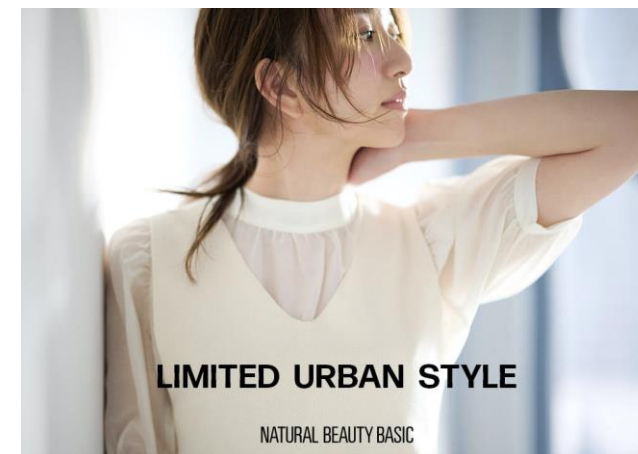


The key brand businesses performed well.

Sales of seven of the top 10 brand businesses were **121.8%** of the previous term's level, far exceeding the company average of 111.4%. They are expected to continue to be strong in the second quarter and the second half of the year as well.

### ■ Top 10 strong brands in terms of sales (seven brands)

| Unit : Million yen                                 |                      | Cumulative Q1ST 2022<br>Ending Feb. |                         | Cumulative Q1ST<br>2023 Ending Feb. |                         | Y/Y          | Compared to<br>year Before last |
|--|----------------------|-------------------------------------|-------------------------|-------------------------------------|-------------------------|--------------|---------------------------------|
| Internal<br>sales<br>ranking                       | Brands               | Sales                               | Composition<br>Rate (%) | Sales                               | Composition<br>Rate (%) | Sales(%)     | Sales(%)                        |
| 1.   | PEARLY GATES         | 3,920                               | 11.5                    | 4,603                               | 12.1                    | 117.4        | 242.2                           |
| 2.   | MARGARET HOWELL      | 2,590                               | 7.6                     | 3,160                               | 8.3                     | 122.0        | 248.1                           |
| 3.   | NATURAL BEAUTY BASIC | 2,777                               | 8.1                     | 3,043                               | 8.0                     | 109.6        | 150.3                           |
| 5.   | HUF                  | 1,485                               | 4.3                     | 1,992                               | 5.2                     | 134.2        | 215.8                           |
| 6.   | AVIREX               | 1,302                               | 3.8                     | 1,453                               | 3.8                     | 111.6        | 162.9                           |
| 8.   | new balance golf     | 774                                 | 2.3                     | 1,158                               | 3.0                     | 149.5        | 699.1                           |
| 9.   | human woman          | 735                                 | 2.1                     | 1,140                               | 3.0                     | 155.1        | 232.9                           |
| Total for strong brands among the top 10<br>(7/10) |                      | 13,583                              | 39.7                    | 16,549                              | 43.4                    | <b>121.8</b> | <b>215.8</b>                    |
| TOTAL  |                      | 34,215                              | 100.0                   | 38,122                              | 100.0                   | 111.4        | 175.8                           |



**PEARLY GATES**, which ranked second in the previous year in terms of sales, rose to first place.

**new balance golf** was at the top of its performance, suddenly expanding its business scale to **700% of the level of two years earlier**.

In general, key top brands remained strong, far exceeding the company's average in terms of sales growth rates (excluding NBB). NBB struggled to control its supply chain in March and April, but since the beginning of the second quarter, it has continued to be strong. Its new strategy Limited Line aimed at rejuvenation was well received by the market, and the number of new customers acquired is growing.

On the other hand, the NANO business, the largest brand, fell far short of the budgetary goal. This affected the company’s overall sales growth rate and the EC business. The brand renewal is underway, but TSI will reform this business by focusing all its strengths on it, and reforms include a review of product pricing, EC strategy, and a revision of the store sales system.

■ Three of the top 10 brands in terms of sales saw sales go below those for the previous year

| Internal sales ranking                            | Brands         | Cumulative Q1ST 2022 Ending Feb. |                      | Cumulative Q1ST 2023 Ending Feb. |                      | Y/Y         | Compared to year Before last |
|---|----------------|----------------------------------|----------------------|----------------------------------|----------------------|-------------|------------------------------|
|   |                | Sales                            | Composition Rate (%) | Sales                            | Composition Rate (%) | Sales(%)    | Sales(%)                     |
| 4.  | NANO universe  | 3,945                            | 11.5                 | 3,013                            | 7.9                  | 76.4        | 94.5                         |
| 7.  | UNDEFEATED *1) | 1,283                            | 3.7                  | 1,250                            | 3.3                  | 97.5        | 127.6                        |
| 10.   | STUSSY *2)     | 997                              | 2.9                  | 969                              | 2.5                  | 97.2        | 136.9                        |
| Total for sluggish brands among the top 10 (3/10) |                | 6,225                            | 18.2                 | 5,232                            | 13.7                 | <b>84.0</b> | <b>106.8</b>                 |
| TOTAL   |                | 34,215                           | 100.0                | 38,122                           | 100.0                | 111.4       | 175.8                        |

\*1) Supply chain disruption occurred in the United States in February, key NIKE products failed to be delivered in large quantities in March. The budgetary goals were attained except for March.

\*2) America’s STUSSY integrated its global EC business. TSI operated only the store business. Store sales were at the top of their performance, posting 140% of the previous term’s level.

The NANO business, which stood first in the previous year, receded to fourth place. As its rebranding was underway, it failed to achieve its budgetary goals because its pricing deviated from the needs of 3rd-party website EC customers. NANO started to reform its business by putting the company’s managerial resources such as personnel and capital into it again.



“beats per minute,” the golf line of NANO universe, which made its debut in the 2022 spring/summer season, was well received by the market as it continued to be strong. Plans call for pop up stores to be opened at five locations in the autumn and winter of the current term.

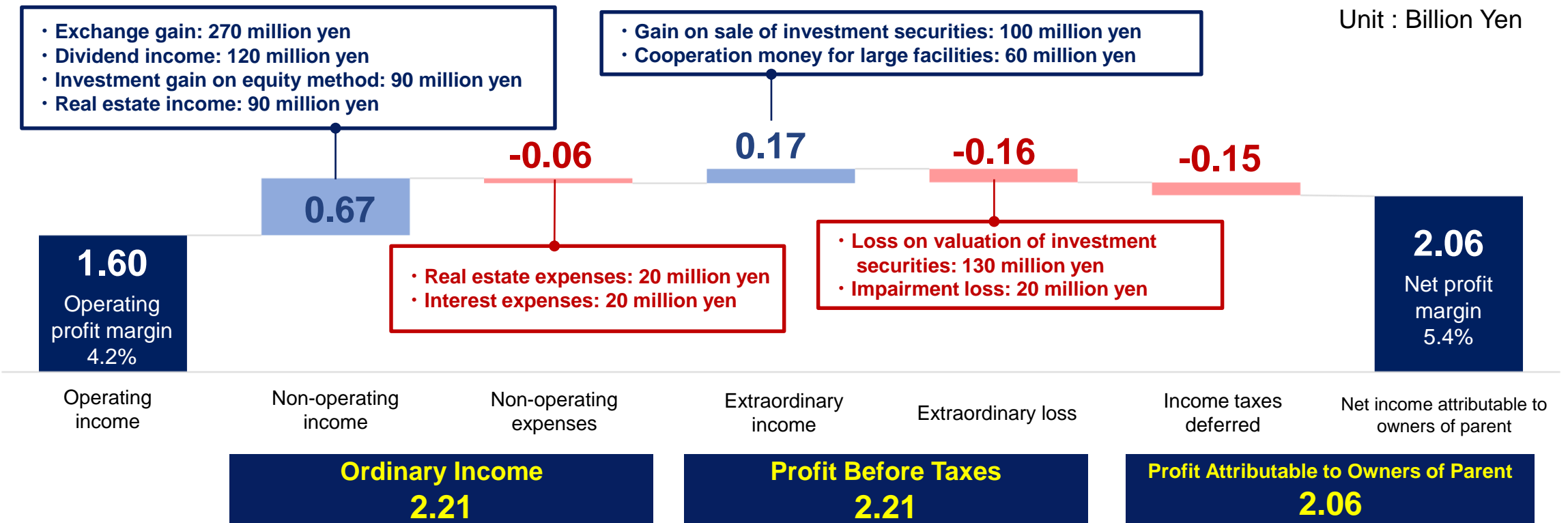


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Net income and the balance sheet



Ordinary income was **2.21 billion yen** when non-operating income of 610 million yen, including exchange gain from loans and deposits in foreign currencies, dividend income, and real estate income, was added. When 150 million yen, including extraordinary income/loss such as gain on sale of investment securities, loss on valuation of investment securities, and cooperation money for large facilities as well as income taxes-deferred, was added, **net income for the first quarter was 2.06 billion yen**, and **the profit ratio was 5.4%**.



We made active investments in the four business domains identified in the medium-term management plan. It put managerial resources into them by identifying market trends and the effectiveness of its strategy and prioritizing the growth potential and efficiency of its businesses.

Unit: Million Yen

|  | Cumulative Q1ST 2022<br>Ending Feb. |                         | FY Ending Feb. 2022 |                         | Cumulative Q1ST 2023 Ending Feb. |                         |               |             |                 |              |
|--|-------------------------------------|-------------------------|---------------------|-------------------------|----------------------------------|-------------------------|---------------|-------------|-----------------|--------------|
|  | Results                             | Composition<br>Rate (%) | Results             | Composition<br>Rate (%) | Results                          | Composition<br>Rate (%) | Y/Y<br>Change | Y/Y (%)     | Q1/Q4<br>Change | Q1/Q4 (%)    |
| Current Assets                               | 76,430                              | 51.5                    | 75,547              | 53.5                    | 75,935                           | 54.1                    | -495          | 99.4        | 388             | 100.5        |
| (of Cash and Deposits)                       | 42,816                              | 28.9                    | 39,258              | 27.8                    | 37,658                           | 26.8                    | -5,158        | 88.0        | -1,600          | 95.9         |
| (of which, Inventory)                        | 18,792                              | 12.7                    | 18,725              | 13.3                    | 19,985                           | 14.2                    | 1,193         | 106.3       | 1,260           | 106.7        |
| Non-current Assets                           | 71,899                              | 48.5                    | 64,893              | 45.9                    | 64,548                           | 45.9                    | -7,351        | 89.8        | -345            | 99.5         |
| (of Investment Securities)                   | 29,439                              | 19.8                    | 28,397              | 20.1                    | 27,994                           | 19.9                    | -1,445        | 95.1        | -403            | 98.6         |
| (of Investment Real estate)                  | 4,973                               | 3.4                     | 4,735               | 3.4                     | 4,728                            | 3.4                     | -245          | 95.1        | -7              | 99.9         |
| <b>Total Assets</b>                          | <b>148,329</b>                      | <b>100.0</b>            | <b>141,253</b>      | <b>100.0</b>            | <b>140,483</b>                   | <b>100.0</b>            | <b>-7,846</b> | <b>94.7</b> | <b>43</b>       | <b>99.5</b>  |
| Current Liabilities                          | 28,356                              | 19.1                    | 28,375              | 20.1                    | 27,798                           | 19.8                    | -558          | 98.0        | -577            | 98.0         |
| (of Short-term borrowings)                   | 1,530                               | 1.0                     | 114                 | 0.1                     | 108                              | 0.1                     | -1,422        | 7.1         | -6              | 94.7         |
| (of Current portion of long-term borrowings) | 8,699                               | 5.9                     | 6,212               | 4.4                     | 5,537                            | 3.9                     | -3,162        | 63.7        | -675            | 89.1         |
| Non-current Liabilities                      | 19,624                              | 13.2                    | 14,329              | 10.1                    | 13,459                           | 9.6                     | -6,165        | 68.6        | -870            | 93.9         |
| (of Long-term borrowings)                    | 14,389                              | 9.7                     | 9,803               | 6.9                     | 8,784                            | 6.3                     | -5,605        | 61.0        | -1,019          | 89.6         |
| <b>Total Liabilities</b>                     | <b>47,981</b>                       | <b>32.3</b>             | <b>42,704</b>       | <b>30.2</b>             | <b>41,257</b>                    | <b>29.4</b>             | <b>-6,723</b> | <b>86.0</b> | <b>-1,447</b>   | <b>96.6</b>  |
| <b>Total Net Assets</b>                      | <b>100,348</b>                      | <b>67.7</b>             | <b>97,736</b>       | <b>69.2</b>             | <b>99,225</b>                    | <b>70.6</b>             | <b>-1,123</b> | <b>98.9</b> | <b>1,489</b>    | <b>101.5</b> |
| Treasury stock(-)                            | -3,726                              | -2.5                    | -3,668              | -2.6                    | -4,269                           | -3.0                    | -543          | 114.6       | -601            | 116.4        |
| <b>Total Liabilities and Net Assets</b>      | <b>148,329</b>                      | <b>100.0</b>            | <b>141,253</b>      | <b>100.0</b>            | <b>140,483</b>                   | <b>100.0</b>            | <b>-7,846</b> | <b>94.7</b> | <b>-770</b>     | <b>99.5</b>  |

### > Cash and deposits

- *Year-on-year change*  
Decrease of 5.1 billion yen  
The major reason is to repay long-term borrowings.

### > Inventory assets

- *Year-on-year change*  
Loss of sales opportunities due to the effects of delayed delivery  
Increase in inventories of 6.4% or 1.1 billion yen

### > Treasury stock

*Difference from the previous time*

As part of the capital policy it implemented and its measure for returning profit to shareholders, the company acquired its own shares, increasing the number of such shares by 600 million yen.

### > Equity ratio

- The equity ratio is kept high, at 70.3%.



The company achieved the budgetary goals for the first quarter. It aims at further increasing the sales growth rate.

Prospects of consolidated financial results for the second quarter of the term ending February 2023 (cumulative) and for the whole year are the same as those published on April 13, 2022.

\* Plans call for the head office to be relocated in September 2022. The company is considering accelerating the depreciation of head office relocation expenses and remaining rents. With sales expected to go below the previous year's level, it plans to prepare a deficit budget for the first half of the term ending February 2023.

| Unit : Billion yen        | 1ST Half 2023 Ending Feb.            | 2ND Half 2023 Ending Feb.             | Plan for FY Ending Feb. 2023          |
|---------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>Net Sales</b>          | <b>76.47</b><br>(YoY : 118.1%)       | <b>80.88</b><br>(YoY : 106.9%)        | <b>157.35</b><br>(YoY : 112.1%)       |
| <b>Operating Income</b>   | <b>-0.98</b><br>(Profit margin : -%) | <b>2.48</b><br>(Profit margin : 3.1%) | <b>1.50</b><br>(Profit margin : 1.0%) |
| <b>Ordinary Income</b>    | <b>-0.52</b><br>(Profit margin : -%) | <b>2.92</b><br>(Profit margin : 3.6%) | <b>2.40</b><br>(Profit margin : 1.5%) |
| <b>Current Net Income</b> | <b>-0.24</b><br>(Profit margin : -%) | <b>1.74</b><br>(Profit margin : 2.2%) | <b>1.50</b><br>(Profit margin : 1.0%) |



5

Initiatives in each area of TIP25



Announced on April 14, 2022 Reprinted Medium-term management plan materials

Hence, to leap toward 2025, we have updated TIP24,  
to turn it into the TSI Innovation Program 2025 (TIP25).

## TIP25 formulation policy

1

Capture changes in the social environment and market to express and embody **our existence and purpose**

2

Align the direction of the entire company with the direction of business domains to develop business in **new growth domains**

3

Achieve sufficiency in **digital engagement, ESGs and high profit**, all areas that the stock market holds dear

Announced on April 14, 2022 Reprinted Medium-term management plan materials

*Wellness & Lifestyle* 1

**Wellness & lifestyle**

|   |   |
|---|---|
| <p>Athleisure<br/>Outdoor<br/>Lifestyle</p> | <p>Create fashion entertainment that has a positive impact on the health and happiness of consumers and, by extension, society.</p> |
|---|---|

*Street & Culture* 2

**Street & culture**

|                                      |   |
|--------------------------------------|---|
| <p>Street<br/>Culture<br/>Select</p> | <p>Nurture street culture and create fashion entertainment that brings positivity to society and the environment.</p> |
|--------------------------------------|---|

*Fashion Capital* 3

**Fashion capital**

|                           |   |
|---------------------------|---|
| <p>Lady's<br/>Fashion</p> | <p>Refine the experience values of brands and create fashion entertainment centered on highly refined tastes.</p> |
|---------------------------|---|

*Digital Native Generation* 4

**Digital generation**

|  |  |
|--|--|
| <p>Gen-Z<br/>Fashion<br/>D2C/F2C<br/>Digital<br/>Fashion</p> | <p>Create fashion entertainment for the digital native generation via digital x fashion.</p> |
|--|--|

# Creating attractive communities

Sublimating apparel brands into community brands

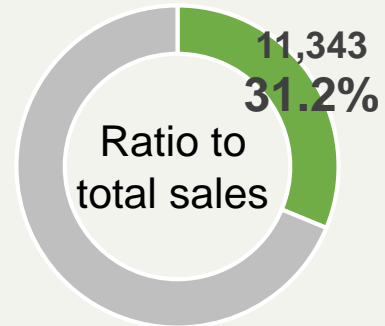
Developing entertainment business closely linked to lifestyles

Net sales

**¥11.34 billion**

YoY change

**121.1%**



## NBB WEEKEND makes its debut

The ladies sports wear brand made its debut. The brand is offered to women who enjoy various sports opportunities such as golf, fitness, and running.



## The first “MH MARKET” held

In May, a market was held where delicious things from our colleagues who support the operation of Margaret Howell Café were gathered.



## and wander HIKING CLUB

“and wander” is engaged in activities to provide opportunities of enjoying mountaineering and communing with nature through Hiking Club events. The next activity is schedule for July 21.



# Platform for play rooted in the street spirit

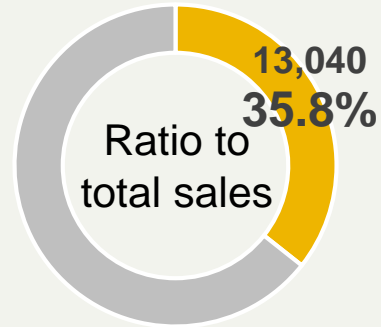
By extending to the keyword “play,” the platform aims at spreading itself to neighboring lifestyles, reinventing gears, and offering new experiences.

Net sales

¥13.04 billion

YoY change

101.9%



## AVIREX collaborated with and Top Gun: Maverick

AVIREX, which supervised costume design for the movie “Top Gun,” sells items from the special collaboration with Top Gun: Maverick at its own stores nationwide and online.



## Providing value that can only be offered by UNION

UNION  
T O K Y O

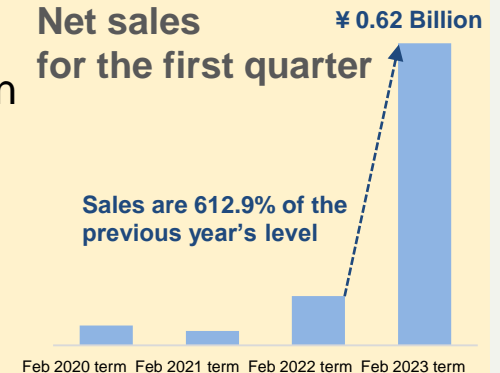


NIKE DUNK LOW RETRO SE “BARBER SHOP” X UNION TOKYO

Collaborations with sneaker brands such as Nike and Converse that can only be made possible by UNION are popular, **contributing to far exceeding the largest-ever sales.** UNION plans to open its second store, in Osaka, this autumn.

Net sales for the first quarter

Sales are 612.9% of the previous year's level



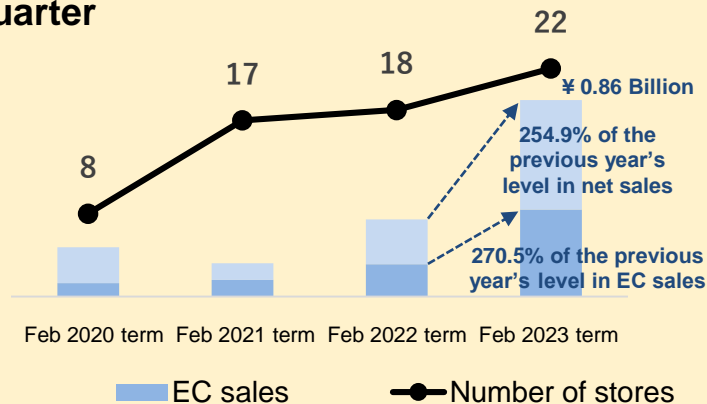
# Platform for play rooted in the street spirit

By extending to the keyword “play,” the platform aims at spreading itself to neighboring lifestyles, reinventing gears, and offering new experiences.

## Expansion of the HUF brand’s fan base

HUF continued to open new stores despite the spread of the COVID-19 pandemic, and as of the end of May 2022, it had 22 outlets nationwide. The number of fans of the brand increased as it strove to raise the brand’s recognition level and introduced collaboration items continuously. In particular, EC sales growth has been remarkable, and the brand achieved **270.5% of the previous year’s level in terms of EC sales** and **254.9% in terms of overall sales**.

### Domestic net sales for the first quarter



▲ HUF X MARVEL



▲ HUF X THRASHER



Offering new value with skateboarding as its starting point

In April 2022, “X Games,” an international competition of action sports, was held in Japan for the first time. HUF participated in this competition as a silver sponsor. It collaborated with the organizers in wear provided to athletes and staff members as their uniforms, and in addition, it supported the event through official goods sold at the event site.



# Services that respond constantly to market trends and changes

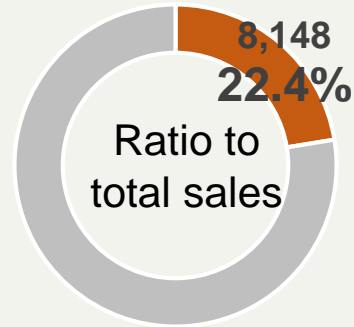
Being flexible enough to continue changing gracefully, granting the wishes of customers, and extending a circle of happiness

Net sales

¥8.14 billion

YoY change

124.7%



## Apuweiser-riche

A new 2022 Spring collection was unveiled using Ms. Erika Ikuta, a former member of Nogizaka 46, as a promotional model.

After the unveiling, the brand had a massive response from customers. It achieved **123.0%** of the previous term's level in terms of sales.

## EC sales are also strong in conjunction with the recovery of sales at real stores

The six brands managed by Arpege Co., Ltd. are performing well.

### Year-on-year change in net sales

**Real store sales: 158.8%**

Apuweiser-riche Mystrada  
JUSGLITTY C A D U N É

**EC store sales: 110.4%**

Rirandture Arpege story

As the number of customers visiting real stores declined amidst the spread of the COVID-19 pandemic, these brands focused on communicating information through social media and placed emphasis on their connections with customers. They are continuing to grow steadily by sending customers from EC to real stores and vice versa.



"Arpege story," which is performing particularly well, achieved **284.8%** of the previous year's level in terms of sales.

It will open new stores in new areas and commercial facilities.



# Services that respond constantly to market trends and changes

Being flexible enough to continue changing gracefully, granting the wishes of customers, and extending a circle of happiness

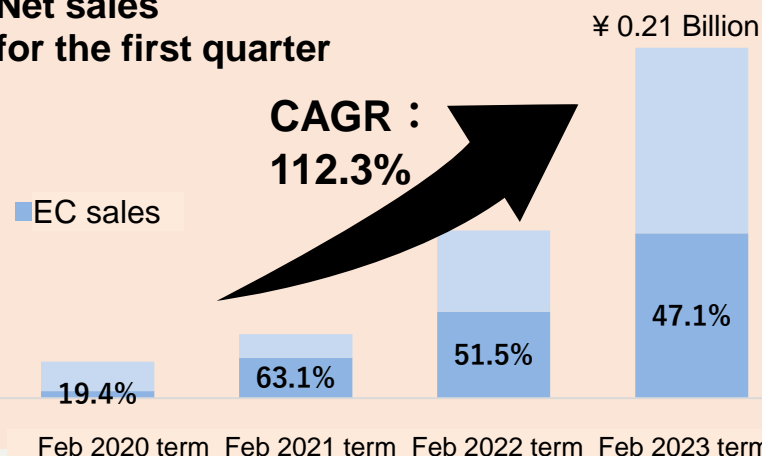
LE PHIL is performing well. During three years since its debut, it has increased sales by nearly ten times

## LE PHIL

In the 2019 spring/summer season, LE PHIL made its debut as a luxury brand for adult women who sought satisfaction one rank above. It has expanded its sales mainly through EC, and in the current term, too, it continued to be strong, posting **208.8% of the previous term's level**.

As a brand to be strengthened on a company-wide basis, the company plans to make aggressive investments in it.

**Net sales for the first quarter**



The current two real stores are **NEWoMan Shinjuku Store** and **NEWoMan Yokohama Store**.

As they become better known, they are expanding sales as are EC sales.

They are considering opening new stores actively mainly in the three major urban areas in the future.



# Continuously expanding content to win over the next generation of customers

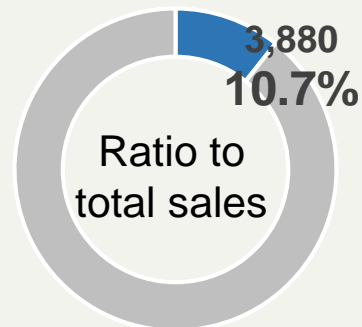
Obtaining a favorable response and generating strong excitement through tangible and intangible content that expands infinitely

Net sales

¥3.88 billion

YoY change

104.9%



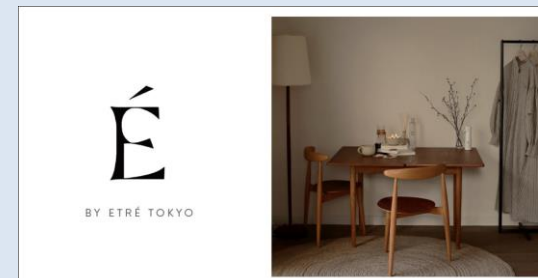
## “ROSE BUD” x “FASHION DANCE NIGHT 2022”

“Fashion Dance Night,” an event to express the worldview of various brands through dancing, took place. ROSE BUD featured a short blouson, this year’s trend, with duck patterns to present a coordinated design and presented an exotic styling that reminded one of grunge fashion.



## ETRÉ TOKYO 5<sup>th</sup> ANNIVERSARY

In commemoration of its fifth anniversary, this brand revived its past popular items and carried out various campaigns to give away presents.



In commemoration of the fifth anniversary, É BY ETRÉ TOKYO, the home line, made its debut.

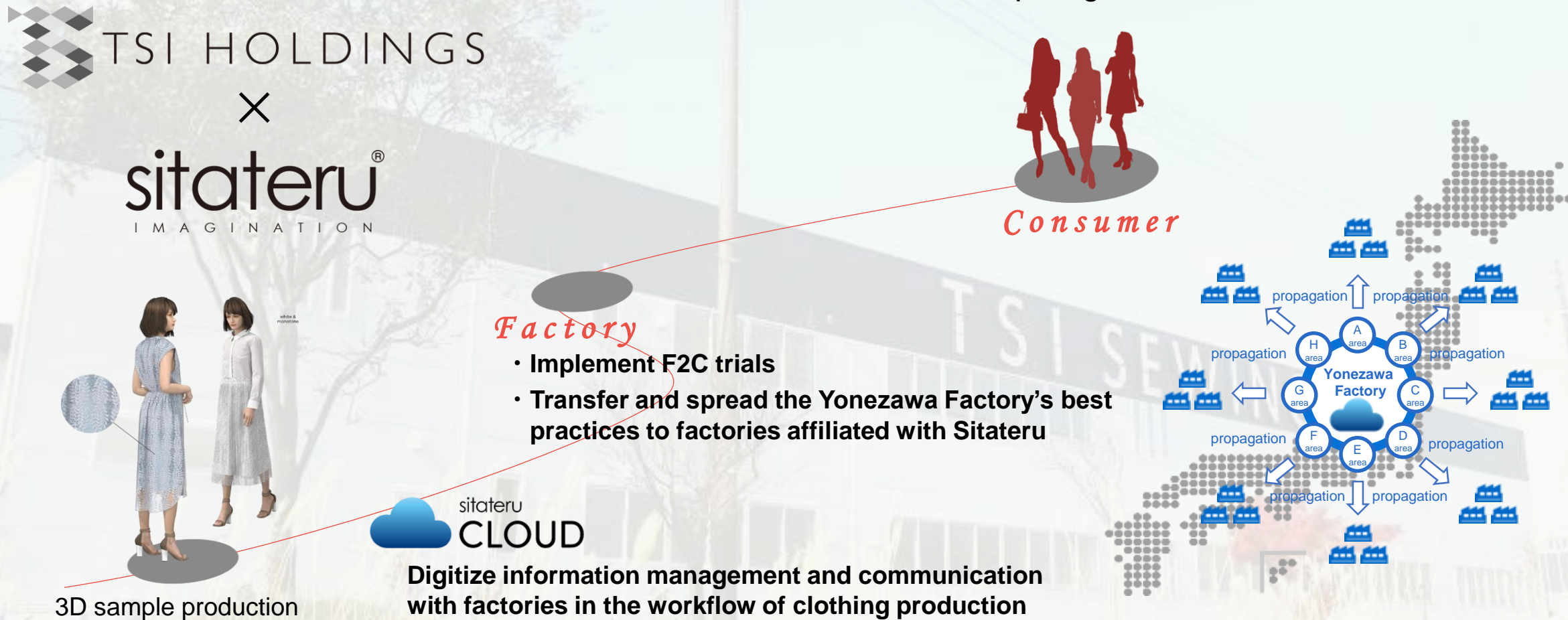
## “hueLe Museum art Labo”

“hueLe Museum art Labo” opened at GINZA SIX for a limited period of time. Artworks were exhibited and sold there, and collaboration items were also offered.



# TSI concluded a capital and business alliance agreement with Sitateru Inc.

While promoting digitization and F2C trials together, the two companies will restructure their domestic production networks so that they meet the needs of the times, thus advancing flexible production systems that enable factories to create business on their own initiative and acquiring new customers.





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## Initiatives related to the SDGs



EST2020

PERFECT PERFORMANCE

GENUINE GENESIS

# PERFECT GENESIS

TSI HOLDINGS

# 1 Providing humanitarian support to Ukraine



As a charitable initiative for humanitarian support to maintain peace, We donated 10 million yen through the Japanese Red Cross Society's Ukrainian Humanitarian Crisis Relief. Through the Japanese Red Cross Society and the projects in which it participated, the company also donated the 2.76 million yen it had gained through its brand businesses.

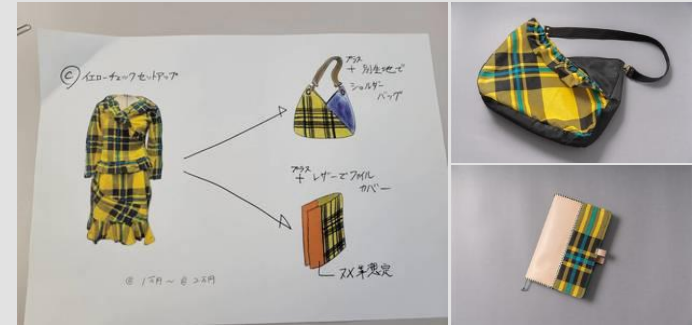


# 2 Starting collaboration with Hokkaido's Kamikawa Town



In the spring of 2022, We launched a project to breathe new life into old clothes by upcycling them. Serving as a town to contact for this project, Kamikawa collects clothes its citizens do not wear any longer, and the project is managed by TSI.

Craftsmen at "ReSew", a TSI store dedicated to alterations, reform of old clothes, and new clothes thus created are presented to the next generation of youths, including children and grandchildren. This initiative is being carried out on a trial basis.



# 3 Think Golf



From the viewpoint of starting from what it can do, Pearly Gates changes whatever parts of various items that can be changed to recycled fabrics without spoiling pop and colorful designs, functionality, and design quality that are unique to Pearly Gates.



# 4 TSUNAGU Project



The Tsunagu Project features the recycling of old clothes into new clothes.



# 5 Together with Earth held



TSI implemented its first collaboration campaign with World Co., Ltd. at Daimaru and Matsuzakaya department stores nationwide (at 92 outlets in nine department stores). In addition to unveiling products that used sustainable materials, it carried out a campaign to take back old clothing.



**Nurture worldwide empathy and social value through the power of fashion entertainment.**

# **A company creating fashion entertainment**

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Reference Data



Unit:Million Yen

## Overview

(Revenue recognition standards)

|  | Cumulative Q1ST 2022<br>Ending Feb. *1 |                         | Cumulative Q1ST 2023 Ending Feb. *2 |                         |               |         |
|--|--|-------------------------|-------------------------------------|-------------------------|---------------|---------|
|  | Results                                | Composition<br>Rate (%) | Results                             | Composition<br>Rate (%) | Y/Y<br>Change | Y/Y (%) |
| Net Sales  | 34,215                                 | 100.0                   | 38,122                              | 100.0                   | 3,907         | 111.4   |
| Gross Profit   | 19,145                                 | 56.0                    | 22,348                              | 58.6                    | 3,202         | 116.7   |
| SG&A Expenses  | 16,872                                 | 49.3                    | 20,744                              | 54.4                    | 3,872         | 122.9   |
| SG&A Expenses<br>(excl. Goodwill Amortization, Depreciation and<br>Amortization) | 15,950                                 | 46.6                    | 19,492                              | 51.1                    | 3,542         | 122.2   |
| Goodwill Amortization  | 194                                    | 0.6                     | 97                                  | 0.3                     | -96           | 50.3    |
| Depreciation and Amortization  | 727                                    | 2.1                     | 1,154                               | 3.0                     | 426           | 158.6   |
| Operating Income   | 2,273                                  | 6.6                     | 1,603                               | 4.2                     | -669          | 70.5    |
| Ordinary Income  | 2,578                                  | 7.5                     | 2,212                               | 5.8                     | -366          | 85.8    |
| Extraordinary Income   | 514                                    | 1.5                     | 170                                 | 0.4                     | -343          | 33.2    |
| Extraordinary Loss   | 597                                    | 1.7                     | 164                                 | 0.4                     | -433          | 27.5    |
| Profit Before Taxes  | 2,495                                  | 7.3                     | 2,219                               | 5.8                     | -276          | 88.9    |
| Profit Attributable to Owners of Parent  | 2,431                                  | 7.1                     | 2,063                               | 5.4                     | -367          | 84.9    |
| EBITDA *3  | 3,195                                  | 9.3                     | 2,855                               | 7.5                     | -339          | 89.4    |

\*1 The old revenue recognition standards were applied to the term ended February 2022.

\*2 The new revenue recognition standards are applied to the term ending February 2023.

\*3 EBITDA = Operating Income + Goodwill Amortization + Depreciation and Amortization



Unit:Million Yen

## Net Sales Per Channel

(Revenue recognition standards)

|                           | Cumulative Q1ST 2022<br>Ending Feb. *3 |                         | Cumulative Q1ST 2023 Ending Feb. *4 |                         |              |                                    |
|---------------------------|--|-------------------------|-------------------------------------|-------------------------|--------------|------------------------------------|
|                           | Results<br>(Million yen)               | Composition<br>Rate (%) | Results<br>(Million yen)            | Composition<br>Rate (%) | Y/Y (%)      | Composition Rate<br>Y/Y Change(pt) |
| Department Stores         | 3,299                                  | 9.6                     | 5,444                               | 14.3                    | 165.0        | 4.6                                |
| Commercial Facilities(*1) | 14,311                                 | 41.8                    | 16,750                              | 43.9                    | 117.0        | 2.1                                |
| In-house EC               | 4,442                                  | 13.0                    | 4,510                               | 11.8                    | 101.5        | -1.2                               |
| 3rd Party                 | 5,042                                  | 14.7                    | 4,595                               | 12.1                    | 91.1         | -2.7                               |
| E-Commerce                | 9,484                                  | 27.7                    | 9,105                               | 23.9                    | 96.0         | -3.8                               |
| Others(*2)                | 4,931                                  | 14.4                    | 4,009                               | 10.5                    | 81.3         | -3.9                               |
| Domestic                  | 32,027                                 | 93.6                    | 35,310                              | 92.6                    | 110.3        | -1.0                               |
| E-Commerce                | 862                                    | 2.5                     | 974                                 | 2.6                     | 112.9        | 0.0                                |
| Overs                     | 2,187                                  | 6.4                     | 2,811                               | 7.4                     | 128.5        | 1.0                                |
| <b>E-Commerce TOTAL</b>   | <b>10,347</b>                          | <b>30.2</b>             | <b>10,079</b>                       | <b>26.4</b>             | <b>97.4</b>  | <b>-3.8</b>                        |
| <b>TOTAL</b>              | <b>34,215</b>                          | <b>100.0</b>            | <b>38,122</b>                       | <b>100.0</b>            | <b>111.4</b> | <b>-</b>                           |

\*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.

\*3 The old revenue recognition standards were applied to the term ended February 2022.

\*4 The new revenue recognition standards are applied to the term ending February 2023.

## Brands Overview

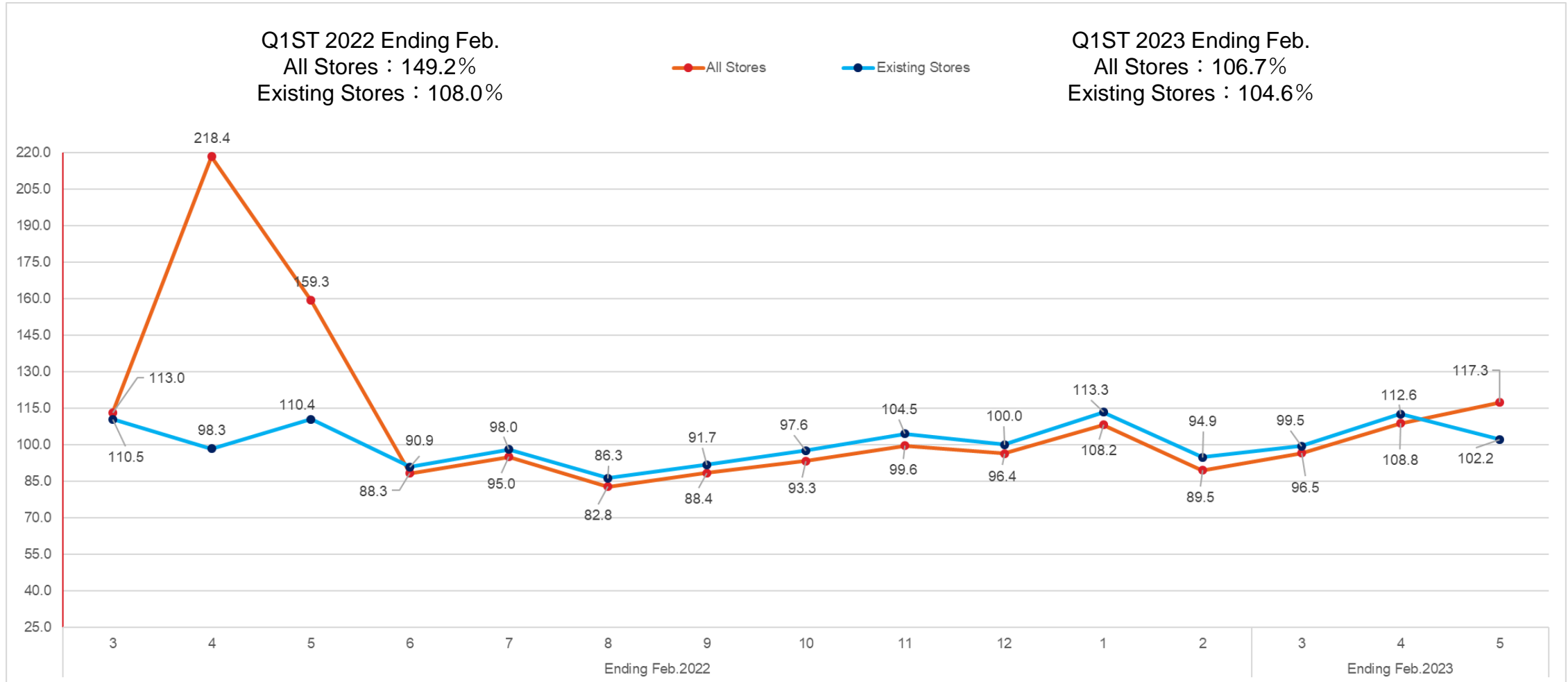
(Revenue recognition standards)

|                         | Unit: Million Yen                              |                      |                        |  |                      |                        |              |                        |
|-------------------------|--|----------------------|------------------------|--|----------------------|------------------------|--------------|------------------------|
|                         | Cumulative Q1ST 2022 Ending Feb. <sup>*1</sup> |                      |                        | Cumulative Q1ST 2023 Ending Feb. <sup>*2</sup> |                      |                        | YoY          |                        |
|                         | Sales  | Composition Rate (%) | Gross Profit Ratio (%) | Sales  | Composition Rate (%) | Gross Profit Ratio (%) | Sales (%)    | Gross Profit Ratio (%) |
| 1. PEARLY GATES         | 3,920  | 11.5                 | 62.4                   | 4,603  | 12.1                 | 65.6                   | 117.4        | +3.2                   |
| 2. MARGARET HOWELL      | 2,590  | 7.6                  | 65.8                   | 3,160  | 8.3                  | 68.0                   | 122.0        | +2.2                   |
| 3. NATURAL BEAUTY BASIC | 2,777  | 8.1                  | 63.3                   | 3,043  | 8.0                  | 64.5                   | 109.6        | +1.3                   |
| 4. NANO universe        | 3,945  | 11.5                 | 54.7                   | 3,013  | 7.9                  | 57.4                   | 76.4         | +2.6                   |
| 5. HUF                  | 1,485  | 4.3                  | 48.1                   | 1,992  | 5.2                  | 52.3                   | 134.2        | +4.1                   |
| 6. AVIREX               | 1,302  | 3.8                  | 62.7                   | 1,453  | 3.8                  | 60.4                   | 111.6        | -2.3                   |
| 7. UNDEFEATED           | 1,283  | 3.7                  | 42.9                   | 1,250  | 3.3                  | 41.7                   | 97.5         | -1.2                   |
| 8. new balance golf     | 774  | 2.3                  | 62.5                   | 1,158  | 3.0                  | 58.1                   | 149.5        | -4.4                   |
| 9. human woman          | 735  | 2.1                  | 59.6                   | 1,140  | 3.0                  | 65.9                   | 155.1        | +6.3                   |
| 10. STUSSY              | 997  | 2.9                  | 68.4                   | 969  | 2.5                  | 65.6                   | 97.2         | -2.8                   |
| <b>TOP10</b>            | <b>19,811</b>                                  | <b>57.9</b>          | <b>59.3</b>            | <b>21,784</b>                                  | <b>57.1</b>          | <b>61.4</b>            | <b>110.0</b> | <b>+2.2</b>            |
| Other Brands            | 14,329   | 41.9                 | 51.8                   | 16,321   | 42.8                 | 54.8                   | 113.9        | +3.0                   |
| Continuing Brands       | 34,141   | 99.8                 | 55.9                   | 38,106   | 100.0                | 58.6                   | 111.6        | +2.7                   |
| Closed Brands           | 73   | 0.2                  | 70.1                   | 16   | 0.0                  | 112.3                  | 22.0         | +42.2                  |
| <b>TOTAL</b>            | <b>34,215</b>                                  | <b>100.0</b>         | <b>56.0</b>            | <b>38,122</b>                                  | <b>100.0</b>         | <b>58.6</b>            | <b>111.4</b> | <b>+2.7</b>            |

\*1 The old revenue recognition standards were applied to the term ended February 2022.

\*2 The new revenue recognition standards are applied to the term ending February 2023.

# Domestic Monthly Sales Information



## The Number of Stores

|              |              | Cumulative Q1ST<br>2022 Ending Feb. | FY Ending<br>Feb. 2022 | Store<br>Open | Store<br>Close | Cumulative Q1ST<br>2023 Ending Feb. | Y/Y<br>Change | Q1/Q4<br>Change |
|--------------|--------------|-------------------------------------|------------------------|---------------|----------------|-------------------------------------|---------------|-----------------|
| Apparel      | Domestic     | 872                                 | 805                    | +16           | -10            | 811                                 | -61           | +6              |
|              | Overseas     | 49                                  | 41                     | -             | -1             | 40                                  | -9            | -1              |
|              | <b>Total</b> | <b>921</b>                          | <b>846</b>             | <b>+16</b>    | <b>-11</b>     | <b>851</b>                          | <b>-70</b>    | <b>+5</b>       |
| Restaurant   | Domestic     | 9                                   | 7                      | -             | -              | 7                                   | -2            | -               |
| Cosmetics    | Domestic     | 32                                  | 36                     | +1            | -1             | 36                                  | +4            | -               |
| <b>Total</b> |              | <b>962</b>                          | <b>889</b>             | <b>+17</b>    | <b>-12</b>     | <b>894</b>                          | <b>-68</b>    | <b>+5</b>       |



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Descriptions about future within this document are based on the information that the company obtains on the date of this report and certain assumptions deemed to be reasonable. Actual earnings may differ materially from various future factors.