



TSI HOLDINGS GROUP

Results Briefing: Q3RD (March to November 2022)
Results of 2023 Ending Feb.

16th January 2023

AGENDA

TSI HOLDINGS

- 1 Results Overview
- 2 About Business Situation by Channel
- 3 Brands Overview
- 4 Net income and the Balance sheet
- 5 Initiatives in each area of TIP25
- 6 Initiatives related to the SDGs
- 7 Full-year Forecast
- 8 Reference Data





1

Results Overview



[Summary of operations during the third quarter]

Market environment

After October 11, 2022, the government substantially relaxed its COVID-19 border control measures, eliminating the upper limit to the number of foreign tourists who were allowed to enter the country. Because of this, the department store women's apparel business, one of TSI Holdings' key business segments, started to show signs of steady revival mainly in urban areas as inbound tourism demand recovered, the first trend seen in many months.

Business conditions

In the EC business, which had been stagnant during the first half of the year, sales recovered steadily after September, contributing to the company's overall sales growth.

In addition, at present, sales and profits from the overseas business are contributing partly to the upward trend in the current term's financial results due to low yen value. Trends in the overseas business, however, are expected to be affected by rapid foreign exchange fluctuations and global inflation, which requires careful profit estimations for the coming months, including the fourth quarter.

Challenges and countermeasures

SG&A expenses tend to be slightly higher than initially planned, except for the new revenue recognition standards. Cited as two major reasons are an increase in variable costs associated with the recovery of business performance and a temporary rise in the costs incurred by brand business reforms. These expenses will be controlled appropriately throughout the current term. Meanwhile, the relocation of the head office was completed in September in accordance with the medium-term management reform plan. By integrating main business bases, we reformed the fixed-cost structure for the next term and thereafter.

Furthermore, part of the major logistic bases was transferred from Chiba to Yokohama to improve logistic costs and increase the EC business's shipment capabilities. We are pursuing productivity growth as well as logistic reforms as we strive to improve the overall profitability.

5 Highlights of Results for Q3RD Results of 2023 Ending Feb.

- In general, domestic and overseas sales, particularly non-apparel and overseas sales, continued to be strong. With net sales up by **¥11.49 billion** to **111.1%** (105.3% based on the old accounting standards) of the previous term's level, the company achieved goals as initially planned.
- Operating profit was **¥3.72 billion**, up by **¥320 million** compared to the revised plan.
Operating profit as compared to the previous term was affected by the temporary costs incurred by the relocation of the head office during the current term (Effects are explained in the next page).
- Net income was **¥4.62 billion**, up by **¥80 million** as targeted by the revised plan.
However, sales failed to grow enough to exceed the expected ones, and we will work to improve this in the next term.

	New profit standards				Old profit standards
	Cumulative Q3RD 2023 Ending Feb.	revised budget difference	YoY Change	YoY	YoY
Net Sales	115.4 Billion Yen	+0.12 Billion Yen	+11.49 Billion Yen	111.1%	105.3%
Operating Profit	3.72 Billion Yen	+0.32 Billion Yen	-1.45 Billion Yen	※) 71.9%	76.5%
Ordinary Income	5.06 Billion Yen	+0.35 Billion Yen	-1.17 Billion Yen	81.1%	84.9%
Quarterly Net Income	4.62 Billion Yen	+0.08 Billion Yen	-0.84 Billion Yen	84.6%	88.9%

* While cumulative operating profit for the third quarter of the previous term was ¥5.18 billion, that for the same period of the current term was lower because they included ¥870 million for the accelerated depreciation of the head office relocation expenses, etc.

6 Operating Profit Transition for Q3RD Results of 2023 Ending Feb.

In the women's apparel business, TSI's key business sector, department stores recovered. The OMO enhancement and D2C businesses continued to be strong. In addition, following the previous year and the first half of the current term, the street business continued to grow substantially. This was the major reason the company achieved the overall goal.

However, operating profit was **71.9%** of the previous year's level primarily because the company reported ¥870 million as head office relocation costs, a temporary factor for decreasing the profits. If these temporary costs were excluded, the operating profit for the current quarter would be around ¥4.6 billion.

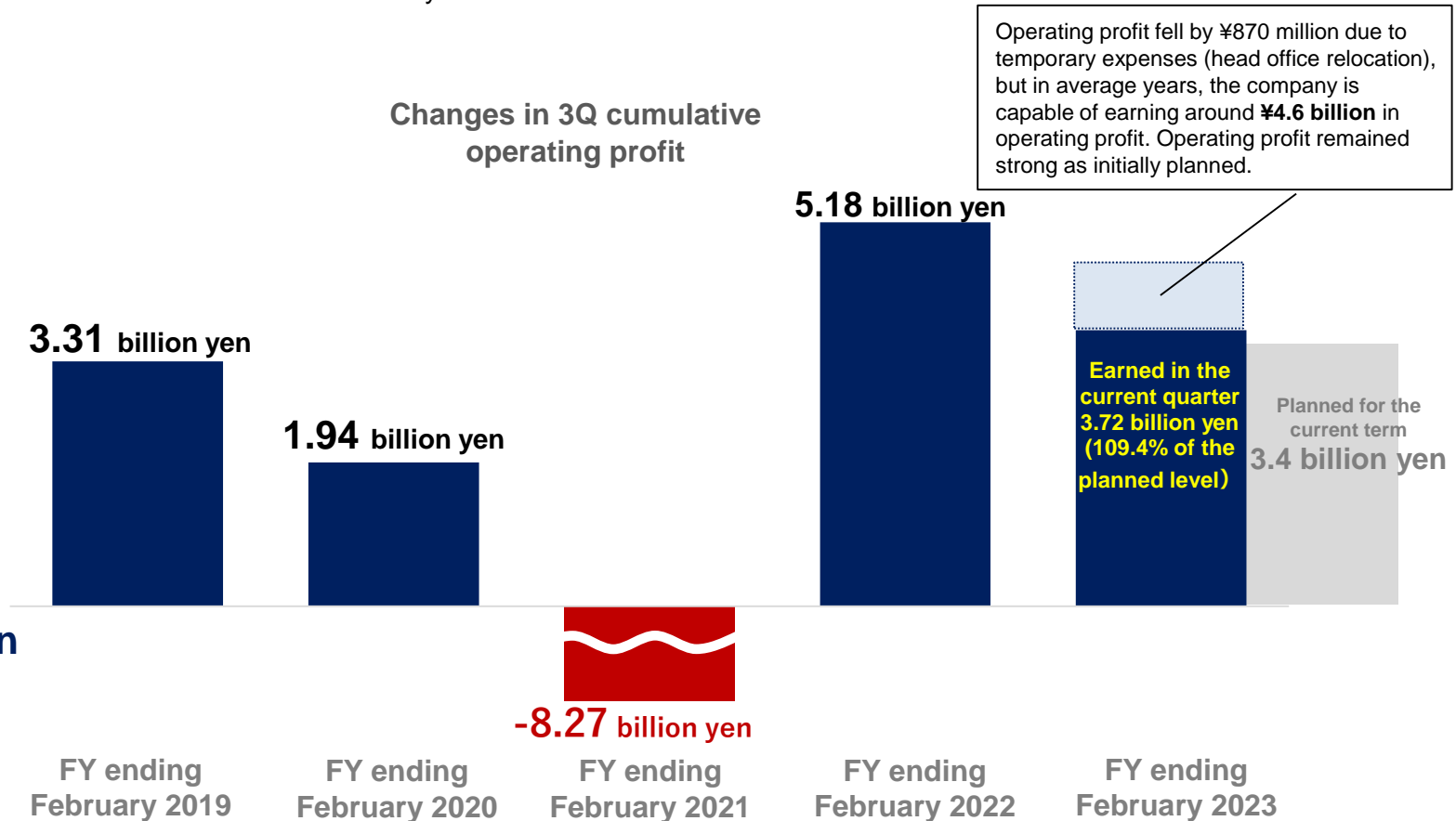
* For head office relocation costs, the company reported ¥590 million for the first half of the year (¥300 million for 1Q and ¥290 million for 2Q) and plans to report ¥350 million for the second half (¥280 million for 3Q and ¥70 million for 4Q) for a total of ¥940 million for the whole year.

Factors for differences in 3Q cumulative operating profit between the current and previous terms

- ✓ Effects of relocation: -¥870 million
- ✓ Effects of differences in the employment adjustment subsidies received: -¥410 million

3Q cumulative operating profit: ¥3.72 billion

EBITDA: ¥6.75 billion





2

About Business Situation by Channel

JILLSTUART



8 Sale Trends by Channel for Q3RD Results of 2023 Ending Feb.

Sales for real stores continued to be strong, growing by **¥9.65 billion** to **117.4%** of the previous term's level (up ¥5.29 billion to 109.5% of the previous term's level if based on the old accounting standards).

Continuing from the first half of the year, overseas business performance remained steady, and in addition, the impact of foreign exchange differences on the value of sales increased.

Comparison to the previous term: **144.3%** for department stores, **111.1%** for non-department stores (FB and streetside stores), **130.3%** for overseas, and **99.1%** for domestic EC (101.0% for total domestic and overseas EC)

		Old profit standards	Old profit standards	New profit standards	New profit standards		Old profit standards
		CumulativeQ3RD 2021 Ending Feb.	CumulativeQ3RD 2022 Ending Feb.	CumulativeQ3RD 2023 Ending Feb.	Growth by Channel		CumulativeQ3RD 2023 Ending Feb.
					compared to year before last (%)	YoY (%)	
Domestic	Department Stores	9.39 Billion Yen (Composition Rate : 9.7%)	10.53 Billion Yen (Composition Rate : 10.1%)	15.21 Billion Yen (Composition Rate : 13.2%)	161.8%	144.3%	10.87 Billion Yen (Composition Rate : 9.9%)
	Commercial Facilities(*1)	41.51 Billion Yen (Composition Rate : 42.7%)	44.49 Billion Yen (Composition Rate : 43.3%)	49.93 Billion Yen (Composition Rate : 43.3%)	120.3%	111.1%	49.90 Billion Yen (Composition Rate : 45.6%)
	E-Commerce	28.98 Billion Yen (Domestic E-Commerce ratio : 36.3%)	28.39 Billion Yen (Domestic E-Commerce ratio : 33.9%)	28.14 Billion Yen (Domestic E-Commerce ratio : 30.2%)	97.1%	99.1%	26.71 Billion Yen (Domestic E-Commerce ratio : 30.5%)
	Domestic Others(*2)	11.11 Billion Yen (Composition Rate : 11.4%)	12.23 Billion Yen (Composition Rate : 11.8%)	11.95 Billion Yen (Composition Rate : 10.4%)	107.5%	97.7%	11.73 Billion Yen (Composition Rate : 10.7%)
	Overseas(*3)	6.2 Billion Yen (Composition Rate : 6.4%)	7.79 Billion Yen (Composition Rate : 7.5%)	10.16 Billion Yen (Composition Rate : 8.8%)	163.8%	130.3%	10.16 Billion Yen (Composition Rate : 9.3%)

*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.

Cumulative EC sales for the third quarter recovered steadily, registering ¥31.07 billion, 101.0% of the previous term's level (new revenue recognition standards).

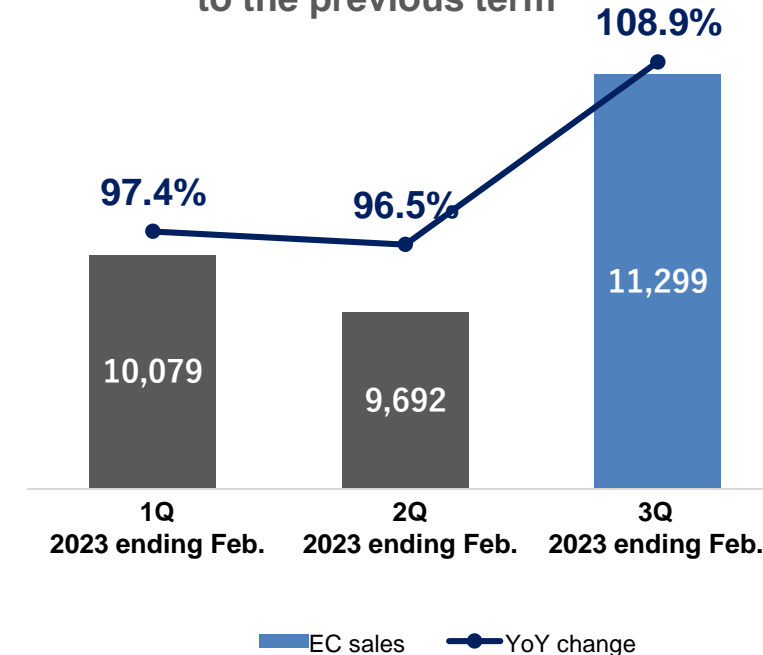
Sales for the EC business, which had struggled during the first half of the year, in the third quarter alone continued to be strong, reporting **108.9%** of the previous term's level.

The hosting of OMO events and the planning and introduction of separately ordered EC merchandise, the measures taken on a company-wide basis, helped improve sales significantly.

After the relocation of the head office, SNS operation reforms for the EC business made progress chiefly in women's brands, making the most of newly installed spaces dedicated to shooting live streaming.

Unit : Billion Yen	Old profit standards		New profit standards			Old profit standards
	CumulativeQ3RD 2021 Ending Feb.	CumulativeQ3RD 2022 Ending Feb.	CumulativeQ3RD 2023 Ending Feb.	Compared to year before last (%)	Y/Y(%)	CumulativeQ3RD 2023 Ending Feb.
In-House EC Unit : Billion yen (ratio(%))	12.57 (43.4%)	13.33 (47.0%)	13.24 (47.1%)	105.3% (+3.7pt)	99.3% (+0.1pt)	13.25 (49.6%)
Domestic EC (ratio(%))* 1	28.98 (36.3%)	28.39 (33.9%)	28.14 (30.2%)	97.1% (-6.1pt)	99.1% (-3.7pt)	26.71 (30.5%)
Overseas EC (ratio(%))* 2	2.18 (35.2%)	2.37 (30.4%)	2.92 (28.8%)	133.7% (-6.4pt)	123.2% (-1.6pt)	2.92 (28.8%)
E-Commerce TOTAL (ratio(%))* 1	31.16 (36.2%)	30.76 (33.6%)	31.07 (30.0%)	99.7% (-6.2pt)	101.0% (-3.6pt)	29.63 (30.3%)

Quarterly changes in EC sales compared to the previous term



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

*2 Results of EfuogoCorp. 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.

Department store women's brands such as LE PHIL, human woman, ADORE recovered. The EC business escaped from stagnation in the first half of the year and entered a growth phase again.

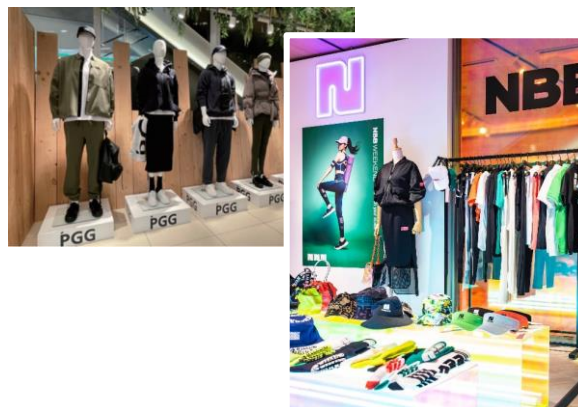
Real store business

Real stores: **117.4%** of the previous term's level (including department stores: **144.3%**)

Department store women's brands, which had been forced to struggle since the COVID-19 pandemic spread, continued to recover. Sales from department stores exceeded those for the previous term though they were affected by the withdrawal of some brands. Despite COVID-19, these brands worked to develop new sales territories and new customers by actively opening pop-up stores in line with the growing interest of people in going out.

human woman

ADORE



▲ “PGG” and “NBB WEEKEND” opened its first Pop-up store

EC business

EC: **101.0%** of the previous term's level; **108.9%** of the previous term's level for the third quarter alone

The EC business was forced to stagnate during the first half of the year due to delayed response to market changes, but it is getting back again on the track to growth by acquiring new customers through the expansion of information content and the staging of events linked to stores. It will continue to strengthen its platforms such as LINE ID cooperation.



▲ Selling products only on the web



▲ Plans to invite customers to participate were implemented



▲ Various collaboration projects primed the pump and new customers were acquired



3

Brands Overview

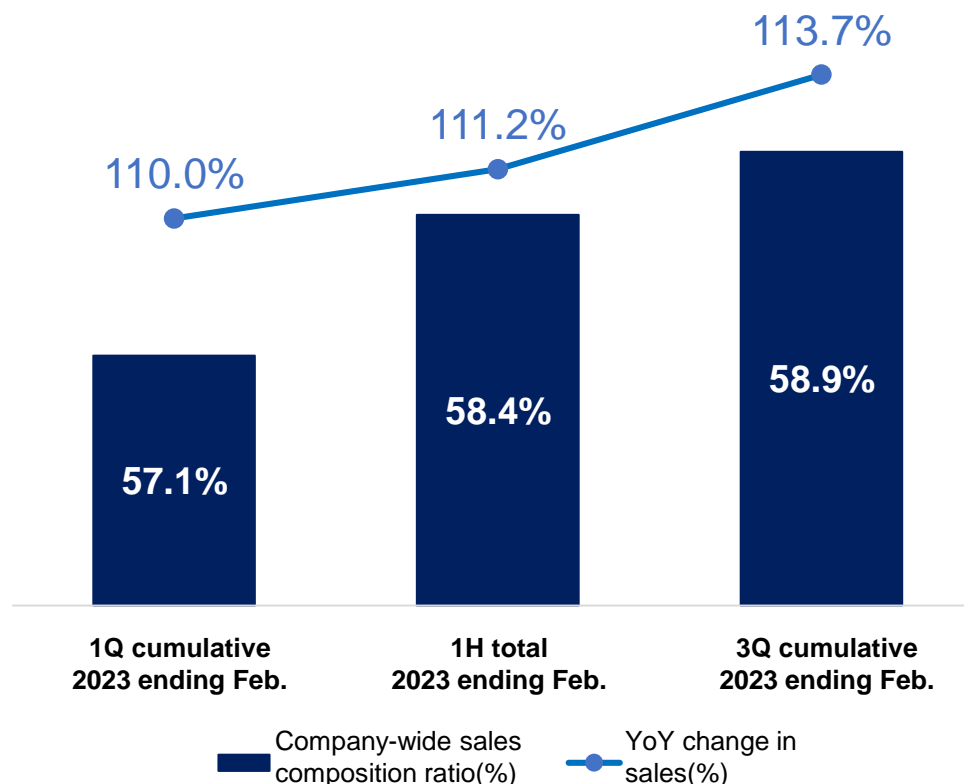


The percentage of top ten brands in terms of sales **further increased** from **58.4% at the end of the first half of the year to 58.9%**, indicating that major brands continued to be strong or recovered.

In particular, men's street brands and department store women's brands, including those other than the top ten, made rapid progress, driving sales growth much larger than that achieved in the first half of the year. As a result, the **company's overall sales** were **111.1%** of the previous term's level while **sales for the top ten brands** were **113.7%** of the previous term's level.

Sales by brand: Changes in sales for the top ten brands during the current term and the percentage of the brands in the company's total sales

1.	PEARLY GATES
2.	NANO universe
3.	MARGARET HOWELL
4.	NATURAL BEAUTY BASIC
5.	HUF
6.	AVIREX
7.	new balance golf
8.	UNDEFEATED
9.	human woman
10.	STUSSY



· HUF (Japan and overseas)

New stores were opened in a wider range of areas due to the domestic store opening strategy, thus acquiring new customers. The brand increased sales regardless of sales channels with domestic sales registering **213.3%** of the previous term's level.

· AVIREX

In addition to the invigoration of the market due to related hit movies, the relaxation of COVID-19 behavioral restrictions significantly supplied a favorable tailwind for AVIREX, attracting more customers to the brand with many streetside outlets. The brand actively offered collaborative products, maintaining strong sales.

· NATURAL BEAUTY BASIC

The brand's sales growth rate went below the company's average, but its profitability improved significantly. Limited Line continued to be strong, becoming a major pillar of the brand's product lineups.

· human woman

The brand recovered regardless of sales areas, but in particular, outlets in large cities and their vicinities benefited from the recovery of department stores, registering much larger sales than in the previous year. The brand made progress in shutting down nonperforming stores, thereby improving its profitability.



4

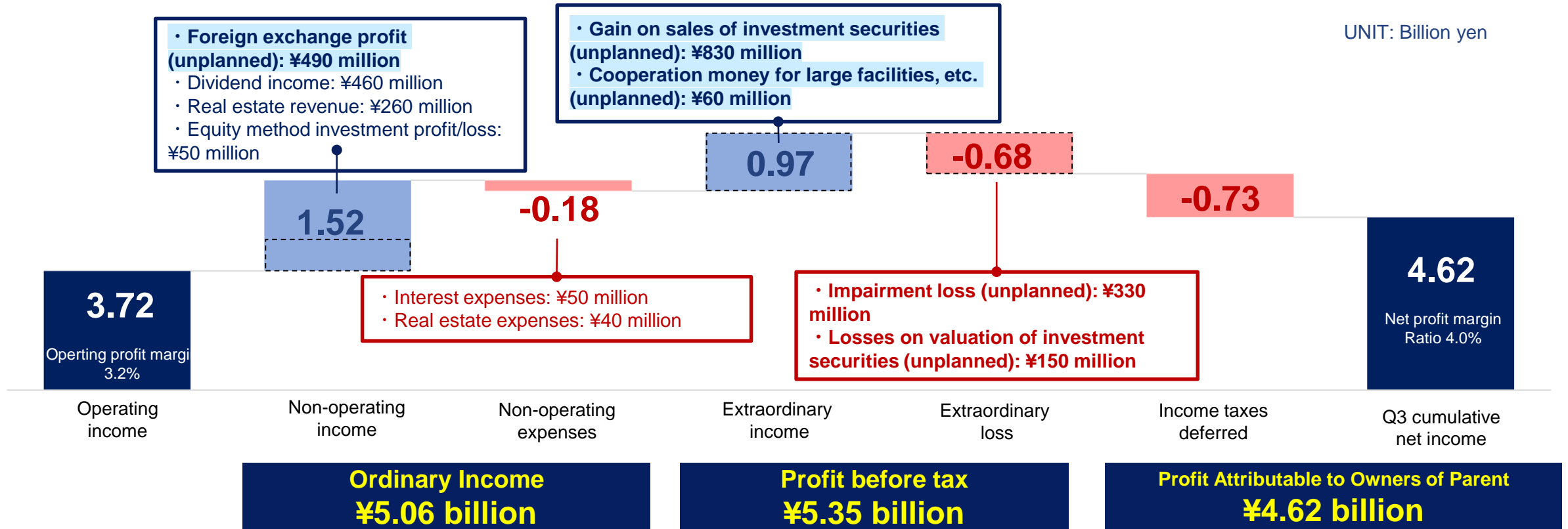
Net income and the balance sheet



14 Net Income Impact Items for Q3RD Results of 2023 Ending Feb.

Ordinary income was ¥5.06 billion, including unplanned foreign exchange profits from overseas subsidiaries' dollar-denominated assets, etc. at ¥490 million and dividend incomes, real estate revenues, and other non-operating revenue at ¥1.52 billion.

Net income was ¥4.62 billion, including gains on sales of investment securities at ¥830 million, impairment loss at ¥330 million, and other extraordinary profits/losses as well as income tax adjustments, and the **net profit margin** was **4.0%**.



Unplanned profit/loss total: +¥780 million (+¥490 million for non-operating revenue and +¥290 million for extraordinary income/loss)

* Extraordinary losses associated with temporary store closures as reported in the previous term: ¥1.19 billion

Unit: Million Yen

	Cumulative Q3RD 2022 Ending Feb.		1ST Half 2023 Ending Feb.		Cumulative Q3RD 2023 Ending Feb.					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Q2/Q3 Change	Q2/Q3 (%)
Current Assets	78,585	52.4%	74,661	54.1%	80,805	55.4%	2,220	102.8%	6,144	108.2%
(of Cash and Deposits)	35,688	23.8%	37,069	26.8%	32,139	22.0%	-3,549	90.1%	-4,930	86.7%
(of which, Inventory)	22,658	15.1%	21,780	15.8%	28,280	19.4%	5,622	124.8%	6,500	129.8%
Non-current Assets	71,485	47.6%	63,434	45.9%	65,155	44.6%	-6,330	91.1%	1,721	102.7%
(of Investment Securities)	30,204	20.1%	27,684	20.0%	28,122	19.3%	-2,082	93.1%	438	101.6%
(of Investment Real estate)	4,956	3.3%	4,722	3.4%	4,713	3.2%	-243	95.1%	-9	99.8%
Total Assets	150,071	100.0%	138,095	100.0%	145,961	100.0%	-4,110	97.3%	7,865	105.7%
Current Liabilities	31,100	20.7%	26,481	19.2%	32,059	22.0%	959	103.1%	5,578	121.1%
(of Short-term borrowings)	129	0.1%	121	0.1%	17	0.0%	-112	13.2%	-104	14.0%
(of Current portion of long-term borrowings)	7,035	4.7%	5,262	3.8%	4,987	3.4%	-2,048	70.9%	-275	94.8%
Non-current Liabilities	16,318	10.9%	12,475	9.0%	12,177	8.3%	-4,141	74.6%	-298	97.6%
(of Long-term borrowings)	11,552	7.7%	7,313	5.3%	6,478	4.4%	-5,074	56.1%	-835	88.6%
Total Liabilities	47,419	31.6%	38,957	28.2%	44,236	30.3%	-3,182	93.3%	5,280	113.6%
Total Net Assets	102,652	68.4%	99,138	71.8%	101,724	69.7%	-928	99.1%	2,586	102.6%
(of Treasury Stock(-))	-3,688	-2.5%	-4,759	-3.4%	-5,388	-3.7%	-1,700	146.1%	-629	113.2%
Total Liabilities and Net Assets	150,071	100.0%	138,095	100.0%	145,961	100.0%	-4,110	97.3%	7,866	105.7%

> Inventory assets

[Comparison with the previous term]

While sales were 111.1% of the previous term's level, inventory assets were 124.8% of the previous term's level or an increase of ¥5.6 billion. In response to inbound tourism demand in October and thereafter, inventories were increased mainly in promising businesses. Inventories were maintained at appropriate levels to increase profitability.

> Treasury stock

[Differences from the previous acquisition]

The company acquired treasury stock as part of its capital policy and efforts to return profits to shareholders. The treasury stock increased by ¥620 million.

(Increase of ¥1.71 billion from the end of February 2022)

> Equity ratio

The equity ratio was kept high, at 69.4%. The company will continue to consider acquiring more treasury stock while ascertaining the appropriate level of its capital structure. It will also continue to invest in areas with growth potential in an effort to maintain sustained growth.



5

Initiatives in each area of TIP25



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

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 Medium-term management plan materials reposted

Wellness & Lifestyle

1

Wellness & lifestyle

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

Street & Culture

2

Street & culture

Street Culture Select	Nurture street culture and create fashion entertainment that brings positivity to society and the environment.
-----------------------------	--

Fashion Capital

3

Fashion capital

Lady's Fashion	Refine the experience values of brands and create fashion entertainment centered on highly refined tastes.
-------------------	--

Digital Generation

4

Digital generation

Gen-Z Fashion D2C/F2C Digital Fashion	Create fashion entertainment for the digital native generation via digital x fashion.
---	---

Wellness & Lifestyle

1

Wellness Div.

1. PEARLY GATES
2. MASTER BUNNY EDITION
3. Jack Bunny!!
4. new balance golf
5. PING
6. NBB WEEKEND
7. St ANDREWS

Lifestyle Div.

1. MARGARET HOWELL
2. MHL.
3. and wander
4. Laline
5. Urth Caffé
6. THE LIBRARY
7. SEVEN BY SEVEN
8. SUNSPEL
9. YLÈVE
10. QUITAN
11. Dice&Dice

Fashion Capital

3

Fashion Capital Div.

- | | |
|-----------------------------|--------------------|
| 1. NATURAL BEAUTY BASIC | 8. JUSGLITTY |
| 2. N. | 9. Rirandture |
| 3. PROPORTION BODY DRESSING | 10. ADORE |
| 4. Apuweiser-riche | 11. human woman |
| 5. Arpege story | 12. LE PHIL |
| 6. CADUNÉ | 13. PINKY & DIANNE |
| 7. Mystrada | |

Street & Culture

2

Street Div.

1. STÜSSY
2. HUF
3. UNDEFEATED
4. TACTICS
5. AVIREX
6. Schott

Culture Div.

1. NANO universe
2. B'2nd (GARDEN, 吾亦紅)
3. ROYAL FLASH
4. LHP
5. MANASTASH
6. Dorothy Lang
7. BEAVER
8. UNION TOKYO
9. BAIT
10. FIGURE
11. Forget-me-nots

Digital Generation

4

Digital Generation Div.

1. ETRÉ TOKYO
2. MECRE
3. CHAROL
4. FREE'S MART
5. ROSE BUD
6. JILLSTUART
7. JILL by JILLSTUART
8. hueLe Museum

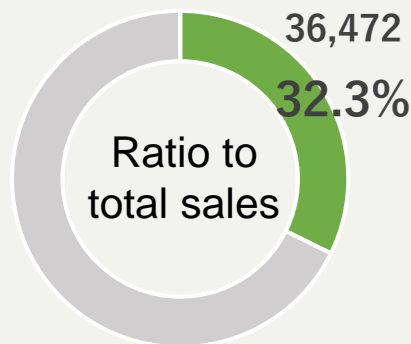
Creating attractive communities

Sublimating apparel brands into community brands.

Developing entertainment business closely linked to lifestyles.

Net sales
¥36.47 Billion

YoY change
119.6%



“and wander” received the Good Design Award

The brand “and wonder” received the Good Design Award 2022 for the tent it had developed in collaboration with the outdoor brand “muraco.” In this season, it started to offer its collection of camping gear. It will step up its efforts to make comprehensive proposals for not only camping wear but also a wide range of camping gear.



Even after the golf boom, “PING” achieved substantial growth

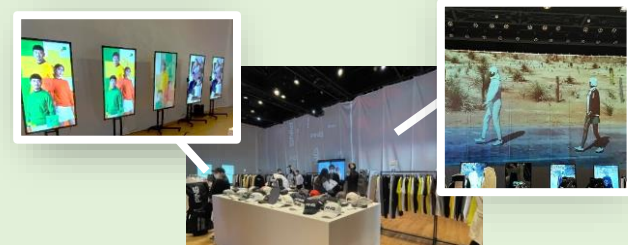
3Q cumulative sales results

Since 2021, PING have continued steady growth, and in the third quarter, its cumulative sales achieved **over 200% of the previous term’s level**. They far exceeded those for the previous year, when golf demand grew due to the COVID-19 pandemic, and this made 2022 a year of rapid growth for the brand.

3Q cumulative sales results

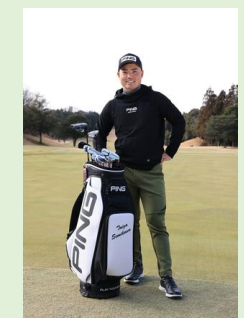
2021 ending Feb.	2022 ending Feb.	2023 ending Feb.
91 million yen	0.654 billion yen	1.396 billion yen
	YoY change	
	213.3%	

At the 2023 Fall/Winter Exhibition, PING took on new challenges to constantly propose new forms of entertainment mainly by introducing AR fitting and smart glasses.



▲ Signage and projection mapping

On January 11, PING entered into an advisory agreement with Mr. Taiga Semikawa, who became a professional golfer last year and was attracting public attention. It will work with the professional golfer, who is expected to play an active role in the world arena in the future, to convey the pleasure of golfing to the public, thus raising the recognition level for the PING brand further.



Platform for play rooted in the street spirit

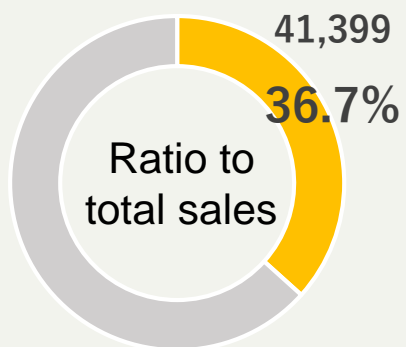
By extending to the keyword “play,” the platform aims at spreading itself to neighboring lifestyles, reinventing gears, and offering new experiences.

Net sales

¥41.39 Billion

YoY change

103.8%



“UNION” opened its second domestic store in Osaka

In October, UNION opened the UNION OSAKA store as its third base following the ones in Los Angeles and Tokyo. The new store looks just like a Japanese or Osaka store while its interior maintains the sense of unity all UNION stores have. It aims at developing new sales territories as UNION’s flagship store in western Japan.



▲ At the center of the store stands a symbol tree that represents *bonsai*.

“HUF” put on a grand finale for its anniversary year

In 2022, which marked the 20th anniversary of the foundation of the brand, HUF offered collections of fashion items that were developed through various collaborations, by paying homage to the past ones and representing contemporary tastes throughout the year. The brand thus livened up various scenes of marketing.

It will maintain this momentum to open new stores continuously in the spring of 2023 and thereafter for aggressive sales.



Cumulative domestic and overseas sales for the third quarter were

236.4%

of the previous term’s level

Services that respond constantly to market trends and changes

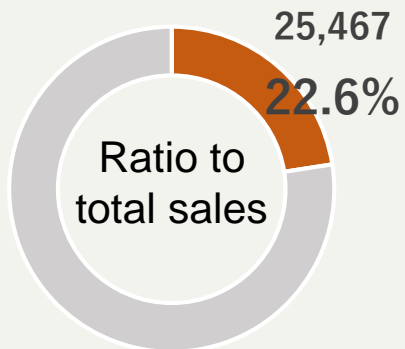
Being flexible enough to continue changing gracefully, granting the wishes of customers, and extending a circle of happiness.

Net sales

¥25.46 Billion

YoY change

116.3%



“human woman” recovered as it approached its 25th anniversary

The brand was left behind in terms of OMO strategy, but by strengthening its staff content (fashion coordination and LIVE commerce) while making the most of examples of its success, it increased the ability of its real stores and EC sites to attract customers. Coupled with the relaxation of COVID-19 restrictions on the traffic of people, these efforts recovered both sales and profits.

The brand will increase this momentum as it approaches its 25 anniversary in the next term.



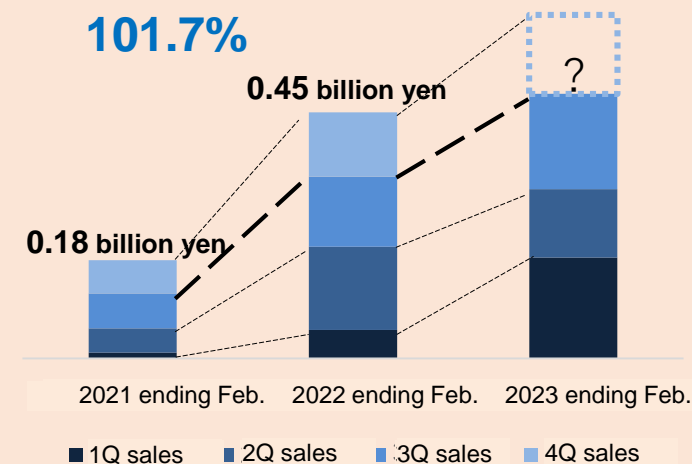
“CADUNE” continued to grow despite the spread of the COVID-19 pandemic

The CADUNE brand, which made its debut in 2020 with women in their 30s to 40s as its target market, constantly continued to grow, and by the end of the third quarter, its sales exceeded those for the entire previous fiscal year. Currently, it has three permanent stores, but the percentage of its EC sales is nearly 50%. As shown by these, the brand has garnered support from customers nationwide.



Changes in sales after the brand's debut

3Q cumulative CAGR
101.7%



Continuously expanding content to win over the next generation of customers

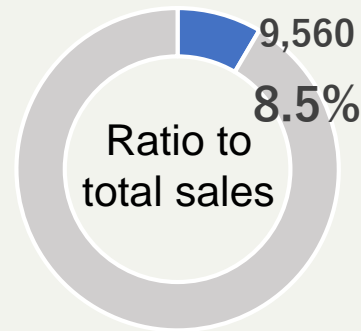
Obtaining a favorable response and generating strong excitement through tangible and intangible content that expands infinitely.

Net sales

¥9.56 Billion

YoY change

109.1%



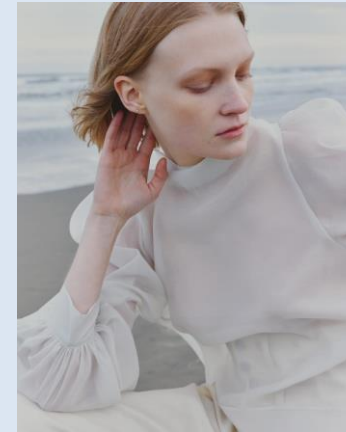
“ETRÉ TOKYO” makes the time spent at home rich

“É BY ETRÉ TOKYO,” which had made its debut during the current term, launched new home items. Some of its kitchen goods were so popular that even additionally produced ones were sold out. Based on its concept “Creating what leads you to feel rich,” the brand proposes new items from new aspects of life.



▲Kitchen goods and room wear

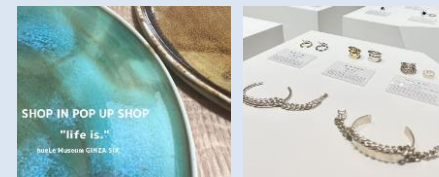
“hueLe Museum” offers new encounters and experience



The real store at GINZA SIX increased the number of its fans by providing experiences that could only be offered by the real store, such as providing various kinds of information content related to art and personal styling events. Sales for the third quarter were excellent, registering **167.1% of the initially planned level**.

The brand also actively hosted OMO events with its momentum having ripple effects on EC sales.

The 2023 Spring/Summer Exhibition held at the new head office was also favorably spoken of, and as a result, the number of orders accepted prior to general sales far exceeded the initially set target. In the future, the brand will accelerate growth by concentrating its energies on hosting pop-up shops and opening new stores.



◀ Opening in-store pop-up shops covering a wide range of products such as ceramics and jewelry each month

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.

Through rebranding, two JILLs started with their 2023 S/S Collections

JILL STUART and JILL by JILL STUART being reborn with a combined concept

The brand purpose and the product design concept were reviewed by analyzing changes in the needs of target women and the trends of the times.

The two brands, which announced the shared purpose “For a brighter tomorrow than today” across their boundaries, will carry out new initiatives based on the newly defined purpose, including sharing season concept, brand site, and co-hosting exhibitions.



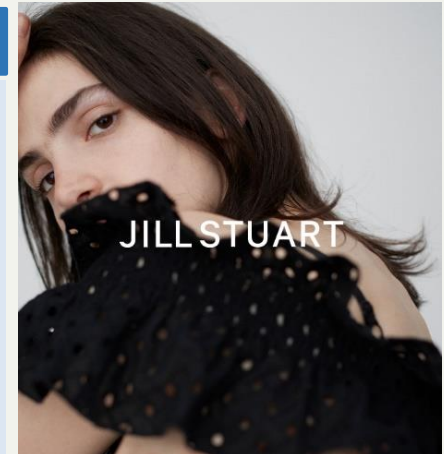
▲ The two brands co-hosted an exhibition in December. How the exhibition was going on was posted on the [web](#).

W/J
with JILL STUART

W/J (with JILL STUART), a project to empower women by combining the power of various collaboration partners across the boundaries of clothing and fashion, was launched, and plans call for the opening of W/J with JILL STUART (temporary naming), a concept shop that integrates the two brands.

■ Future developments

- In January 2023, the collaboration plan with “bloomee,” the first phase of the W/J project, will begin.
- In early February of 2023, sales of the 2023 Spring/Summer Collection will start at EC sites as well as department stores, fashion buildings, and other outlets nationwide.
- Other various marketing measures are planned to be implemented.



25 Office Concentration Project

The relocation of offices began in September 2022, and the major part of the project has been completed.

In the next term, the rents are expected to be reduced by ¥500 million.

The company took the opportunity of office relocation to redesign the physical environment of its offices. Through this relocation, it will realize creative workstyles.



▲ Stepping up efforts to communicate information as a medium of marketing by installing several filming spaces



▲ Installing an entertainment area in the press room so that it can be utilized for exhibitions and events



▲ Making communication more lively by employing a layout that effectively uses the free address system

Reprinted from the medium-term management plan (TIP25)



– **Spiral & agile workstyle:**
Create a cross-functional agile team that works in speedy cycles.



Launching proof of concept (PoC) mainly in the PEARLY GATES brand

The company has started to consider implementing content services, including planning and operational verification, in order to realize such services.

The 3D data on clothes TSI manufactures using the 3D simulation “CLO” are taken into JP GAMES’s metaverse construction technology frame “PEGASUS WORLD KIT,” which runs on the Alibaba Cloud. By letting avatars put on such clothes, we conduct technical verifications of their movements and detailed nuances such as double-layer looks.



6

Initiatives related to the SDGs



Specific measures to realize carbon neutrality in 2050

We will review raw materials to promote a shift to low-carbon materials. At the same time, we will invest in the sustainable production of raw materials and reuse and recycle clothing resources, thus producing environmentally friendly products.

Material innovation: Initiatives for the evolution of raw materials

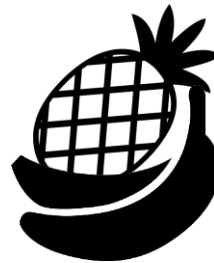
We will reduce the amount of virgin polyester we use and increase the amount of recycled polyester and other low-carbon materials we use. In order to realize a sustainable future, we will work with business partners to help development of materials that have low environmental impacts and respect human rights.

Environmentally friendly production methods



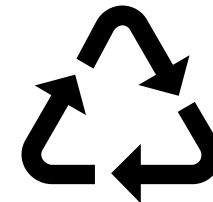
By working on all processes from the production to spinning to selling of organic cotton using organic farming technology in an integrated manner, we will manage reduction in environmental impacts and improvement of workers' labor environment in a unified way.

New fibers using food residue



We will develop fibers using unused agricultural products such as leaves of pineapples and stems of bananas for raw materials. We aim at improving the income of farmers and ensuring traceability when producing raw materials.

Recycling of fiber resources



We will collect remnants of plain cloth left after the production of products and discarded clothing to recycle/upcycle them into new fibers. By producing products using such fibers for raw materials, we will establish a resource recycling system.



Project to develop TSI's original organic cotton

TSI entered into a business outsourcing agreement with SynCom Agritech, a venture firm in agricultural management. The main theme of the agreement is research to develop TSI's organic cotton and improve cotton productivity. The trial cultivation of TSI's own cotton is under way in the Indian state of Tamil Nadu.

Progress in the project

- **Seeds have already been sown, and three kinds of cotton have been harvested**

Farm soil data were used to analyze problems such as the lack of nutrients and aridity by taking a scientific approach. SynCom's soil improvement method was applied in TSI's test farmland, which was separated from ordinary farmland, for soil improvement experiments.

→ The interim results at the end of November indicated that the size of cotton balls grown using SynCom's method was **around 15% larger** than those produced without extra efforts. **In addition, cotton given abundant nutrients was whiter than ordinary cotton, an indication of quality improvement.**



↑ Cotton balls harvested at TSI's test farmland



↑ Cotton harvested at farmland other the test area

■ Future R&D goals for TSI and SynCom Agritech

Figures of scientific correlations between nutrients generated by soil bacteria and the density of cotton and its whiteness will be calculated. Preliminary discussions about the improvement of local producers' labor environment (health hazards caused by the spraying of agricultural chemicals, productivity, and training) will also be held.

● Future test schedule

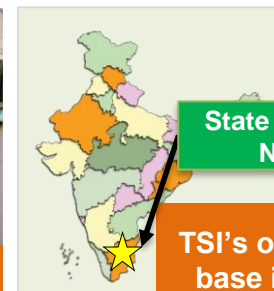
- The second harvest of cotton is scheduled for late January to early February.
 - Production tests covering all processes from the spinning of cotton to the production of plain cloth will be conducted after selecting suppliers in India.
- In the next term, cotton varieties will be chosen again for practical application to TSI brands



Launching a ginning factory by remodeling the site of a shut-down local school



Local spinning factory and the start of spinning tests



State of Tamil Nadu

TSI's operation base in India

Forming business and capital alliances with Food Reborn

In October of last year, TSI concluded a business alliance agreement with Food Reborn, a start-up based in Okinawa Prefecture.

In January of this year, TSI plans to invest in the start-up after it forms a capital alliance with it. It will step up its efforts to develop new materials.

Reducing environmental impacts by employing fibers from food residue



Leaves of pineapples

Extracting fibers from the leaves

Processing the fibers extracted

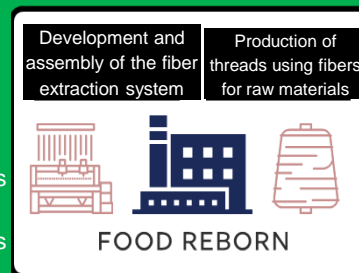
Producing threads of fibers from food residue

Plain cloth of fibers from food residue

We bring new income to farmers by purchasing food residue that was formerly left uneaten and thrown away as waste. We will actively take on new challenges to cope with problems in the traceability of supply chains, including producers and processors.



We succeeded in developing a smaller fiber extraction system that has less environmental impacts and enables mass-production. Since it can produce fibers at farms, this system helps reduce CO2 emissions in the process of logistics, including the transport of materials to factories for processing.



We will increase sustainability by supporting the development of sustainable raw materials and developing products that use plain cloth of fibers which employ food residue.



Food Reborn's website: <https://food-reborn.co.jp>

Working with Seni-Ikueikai to establish a system to recycle fiber resources

Remnants of plain cloth generated at the time of production and discarded clothing are collected and upcycled into new cloth. TSI will treat limited resources carefully and implement projects friendly to the global environment.

Material innovation: Initiatives for the evolution of raw materials

Collection of discarded fiber resources



▲ Remnants of plain cloth

▲ Collection of clothes at stores

Using recycled fibers for products



Utilizing recycled fibers for store fittings and in-company interior decorations



《Initiatives with Seni-Ikueikai》

Reborn as recycled fibers



Crushing collected clothes and remnants of plain cloth



Upcycled into recycled fibers



Used as raw materials for cloth

Reborn as boards of recycled fibers



Boards are produced by crushing collected waste clothing and remnants of plain cloth and coating them with resin. After they are used, they are coated again and reborn as new boards.



7

Full-year Forecast



In December, as commercial facilities recovered, the women's and street brand businesses, TSI's key business sectors, continued to report financial results as correction planned.

The prospects of consolidated financial results for the whole year, which were revised upward on October 12, 2022, **will not be changed.**

	FY Ending Feb. 2023 Full-year Forecast	
	Plan (Billion Yen)	Composition Rate (%)
Net Sales	154.0	100%
Operating Profit	1.8	1.2%
Ordinary Income	3.3	2.1%
Profit Attributable to Owners of Parent	2.4	1.6%
Net Income Per Share	¥27.63	

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

A company creating fashion entertainment

TSI HOLDINGS GROUP



8

Reference Data



Overview

(Revenue recognition standards)

Unit: Million Yen

	Q3RD 2022 Ending Feb. * ₁		Q3RD 2023 Ending Feb. ※ ₂			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	39,163	100.0	43,318	100.0	4,154	110.6
Gross Profit	22,696	58.0	24,631	56.9	1,935	108.5
SG&A Expenses	18,649	47.6	21,493	49.6	2,843	115.2
SG&A Expenses(excl. Goodwill Amortization, Depreciation and Amortization)	17,626	45.0	20,683	47.7	3,056	117.3
Goodwill Amortization	198	0.5	127	0.3	-70	64.5
Depreciation and Amortization	824	2.1	682	1.6	-142	82.7
Operating Income	4,046	10.3	3,137	7.2	-908	77.5
Ordinary Income	4,236	10.8	3,169	7.3	-1,067	74.8
Extraordinary Income	120	0.3	99	0.2	-21	82.1
Extraordinary Loss	467	1.2	433	1.0	-34	92.7
Profit Before Taxes	3,889	9.9	2,834	6.5	-1,054	72.9
Profit Attributable to Owners of Parent	3,575	9.1	2,372	5.5	-1,203	66.3
EBITDA * ₃	5,069	12.9	3,947	9.1	-1,121	77.9

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

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

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

Overview

(Revenue recognition standards)

Unit:Million Yen

	Cumulative Q3RD 2022 Ending Feb. *1		Cumulative Q3RD 2023 Ending Feb. ※2			
	Results	Compositi on Rate (%)	Results	Compositi on Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	103,915	100.0	115,406	100.0	11,491	111.1
Gross Profit	57,991	55.8	65,366	56.6	7,375	112.7
SG&A Expenses	52,810	50.8	61,639	53.4	8,829	116.7
SG&A Expenses(excl. Goodwill Amortization, Depreciation and Amortization)	49,865	48.0	58,608	50.8	8,743	117.5
Goodwill Amortization	587	0.6	345	0.3	-241	58.9
Depreciation and Amortization	2,357	2.3	2,685	2.3	327	113.9
Operating Income	5,180	5.0	3,726	3.2	-1,453	71.9
Ordinary Income	6,239	6.0	5,061	4.4	-1,177	81.1
Extraordinary Income	1,563	1.5	972	0.8	-591	62.2
Extraordinary Loss	1,535	1.5	682	0.6	-853	44.4
Profit Before Taxes	6,268	6.0	5,352	4.6	-915	85.4
Profit Attributable to Owners of Parent	5,465	5.3	4,621	4.0	-843	84.6
EBITDA *3	8,125	7.8	6,757	5.9	-1,367	83.2

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

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

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

Net Sales Per Channel

(Revenue recognition standards)

Unit:Million Yen

	Cumulative Q3RD 2022 Ending Feb. *3		Cumulative Q3RD 2023 Ending Feb. ※4			
	Results (Million yen)	Composition Rate (%)	Results (Million yen)	Composition Rate (%)	Y/Y (%)	Composition Rate Y/Y Change(pt)
Department Stores	10,539	10.1	15,211	13.2	144.3	+3.0
Commercial Facilities(*1)	44,949	43.3	49,930	43.3	111.1	+0.0
In-house EC	13,332	12.8	13,244	11.5	99.3	-1.4
3rd Party	15,062	14.5	14,903	12.9	98.9	-1.6
E-Commerce	28,395	27.3	28,147	24.4	99.1	-2.9
Others(*2)	12,233	11.8	11,955	10.4	97.7	-1.4
Domestic	96,117	92.5	105,244	91.2	109.5	-1.3
E-Commerce	2,372	2.3	2,922	2.5	123.2	+0.2
Overseas	7,797	7.5	10,161	8.8	130.3	+1.3
E-Commerce TOTAL	30,767	29.6	31,070	26.9	101.0	-2.7
TOTAL	103,915	100.0	115,406	100.0	111.1	-

*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

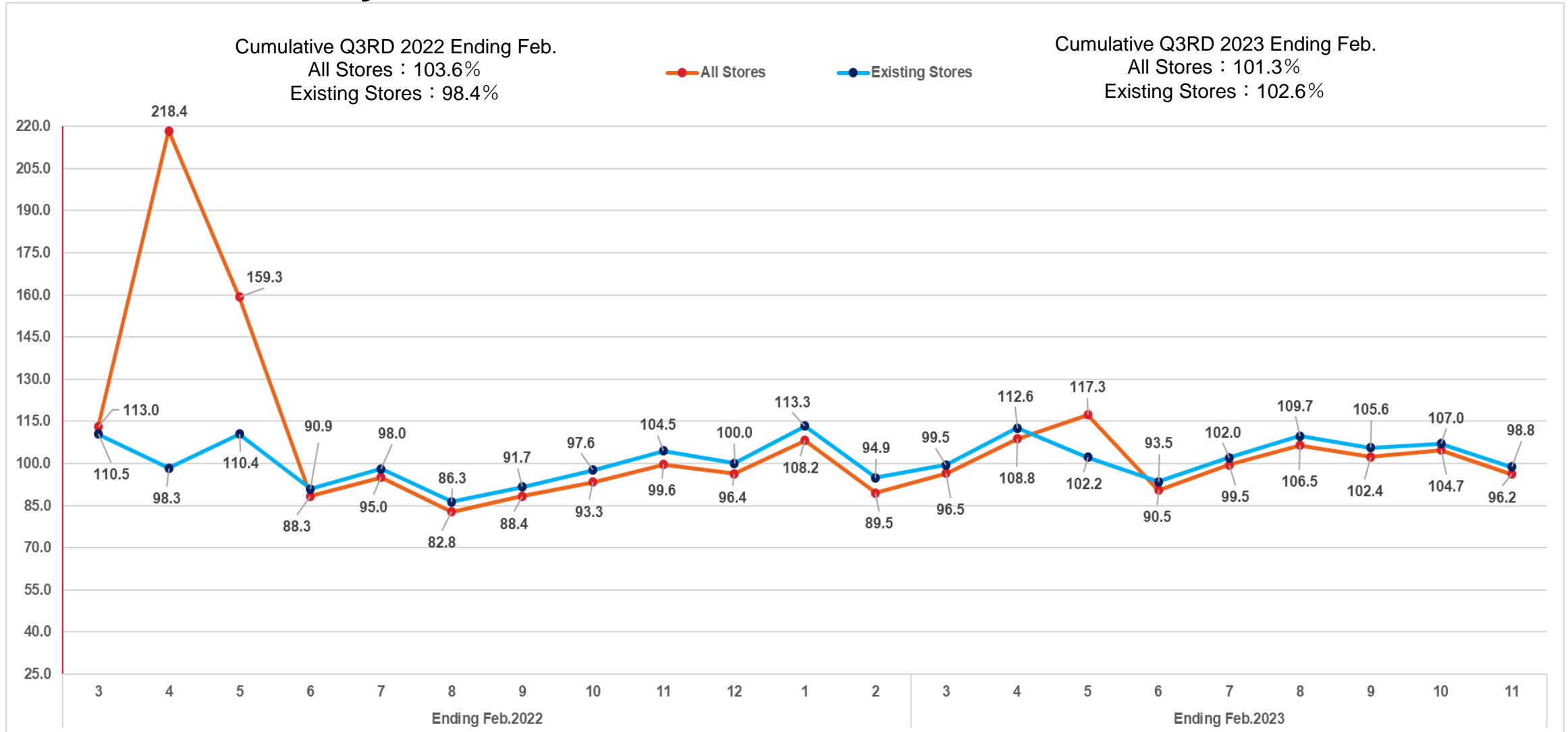
(Revenue recognition standards)

	*1			*2			Unit:Million Yen	
	Cumulative Q3RD 2022 Ending Feb.			Cumulative Q3RD 2023 Ending Feb.			Y/Y	
	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales (%)	Gross Profit Ratio (pt)
1. PEARLY GATES	11,804	11.4	62.3	13,429	11.6	61.6	113.8	-0.6
2. NANO universe	12,451	12.0	50.1	10,308	8.9	53.2	82.8	+3.1
3. MARGARET HOWELL	8,190	7.9	67.4	9,500	8.2	65.9	116.0	-1.5
4. NATURAL BEAUTY BASIC	7,876	7.6	59.8	8,433	7.3	63.9	107.1	+4.1
5. HUF	3,275	3.2	51.2	7,744	6.7	50.6	236.4	-0.7
6. AVIREX	4,303	4.1	61.4	4,853	4.2	64.7	112.8	+3.3
7. new balance golf	2,698	2.6	58.3	3,527	3.1	51.7	130.8	-6.6
8. UNDEFEATED	3,508	3.4	41.3	3,481	3.0	39.5	99.2	-1.8
9. human woman	2,332	2.2	59.2	3,349	2.9	65.0	143.6	+5.9
10. STUSSY	3,356	3.2	69.8	3,335	2.9	65.0	99.3	-4.8
TOP10	59,797	57.5	58.3	67,964	58.9	58.9	113.7	+0.6
Other Brands	42,743	41.1	52.6	46,760	40.5	53.5	109.4	+1.0
Continuing Brands	102,541	98.7	56.0	114,724	99.4	56.7	111.9	+0.7
Closed Brands	1,373	1.3	43.8	681	0.6	50.3	49.6	+6.5
TOTAL	103,915	100.0	55.8	115,406	100.0	56.6	111.1	+0.8

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

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

Domestic Monthly Sales Information



The Number of Stores

		Q3RD 2022 Ending Feb.	FY Ending Feb. 2022	Store Open	Store Close	Cumulative Q3RD 2023 Ending Feb.	Y/Y Change	Q3/Q4 Change
Apparel	Domestic	846	805	+33	-59	779	-67	-26
	Overseas	47	41	-	-12	29	-18	-12
	合計	893	846	+33	-71	808	-85	-38
Restaurant	Domestic	7	7	+1	-	8	+1	+1
Cosmetics	Domestic	36	36	+4	-3	37	+1	+1
Total		936	889	+38	-74	853	-83	-36



TSI HOLDINGS GROUP

- 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.
- This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.