



# TSI HOLDINGS GROUP

Results Briefing: FY Ending Feb. 2023

13th April 2023

# AGENDA

TSI HOLDINGS



- 1 Results Overview FY Ending Feb. 2023
- 2 About Business Situation by Channel
- 3 Brands Overview
- 4 About Balance Sheet
- 5 Initiatives in each area of TIP25
- 6 Full-year Consolidated Business Plan for FY Ending Feb. 2024
- 7 Initiatives for TIP25
- 8 Reference Data



1

## Results Overview FY Ending Feb. 2023

TSI HOLDINGS



The domestic real store/overseas businesses achieved their sales plans as they continued to be strong throughout the year.

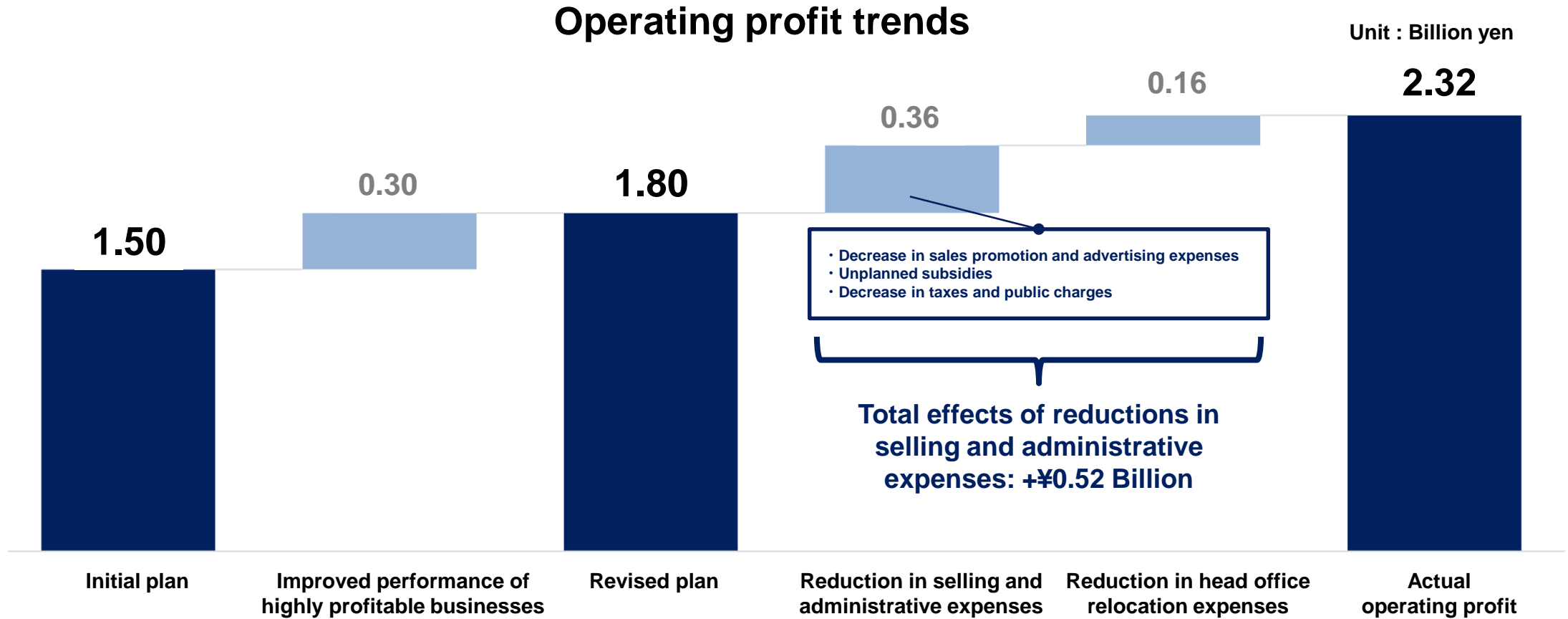
The confusion of the supply chain due to lockdowns in production sites and the deterioration of exchange rates had adverse effects on gross profits, but the careful operation of the businesses helped improve profitability significantly.

Net sales were **110.0%** (104.2% if based on the old accounting standards) of the previous term's level and **100.3%** of the planned level though issues remained to be addressed in pursuing EC growth.

Operating profit was **129.4%** of the planned level and exceeded the initial plan by **¥520 million** though it did not reach the previous term's level due to the effects of expenses related to the relocation of the head office, etc.

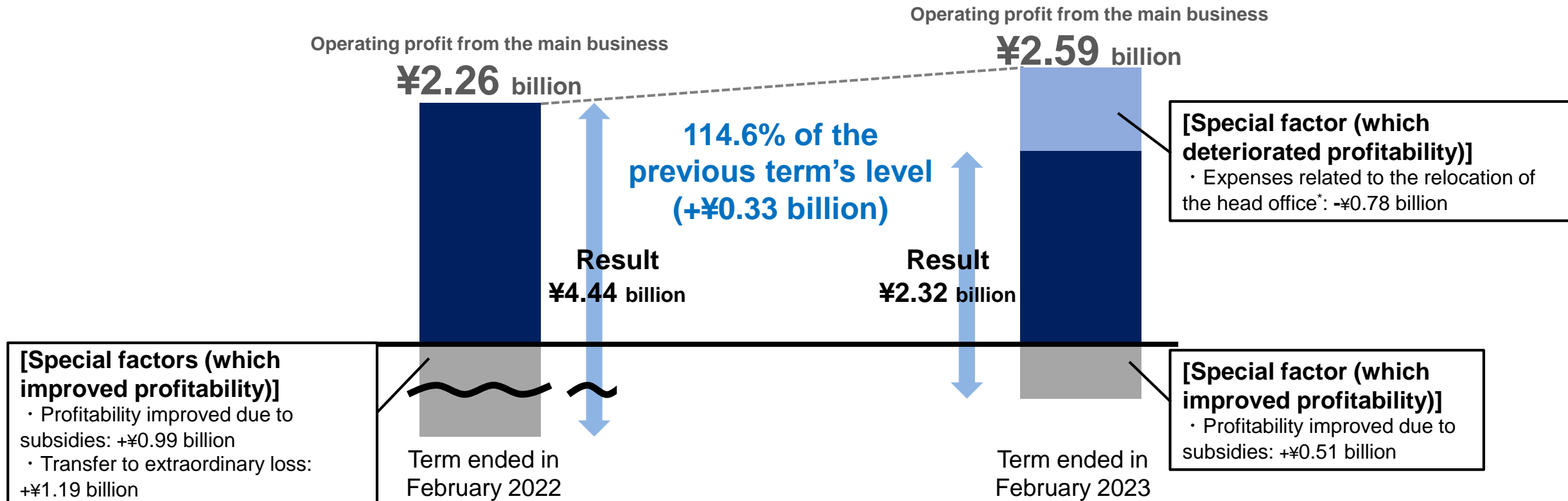
	New profit standards				Old profit standards
	FY Ending Feb. 2023	revised budget ratio	revised budget difference	YoY	YoY
<b>Net Sales</b>	<b>154.45</b> Billion Yen	<b>100.3%</b>	<b>+0.45</b> Billion Yen	<b>110.0%</b>	<b>104.2%</b>
<b>Operating Profit</b>	<b>2.32</b> Billion Yen	<b>129.4%</b>	<b>+0.52</b> Billion Yen	<b>52.5%</b>	<b>56.0%</b>
<b>Ordinary Income</b>	<b>3.85</b> Billion Yen	<b>116.9%</b>	<b>+0.55</b> Billion Yen	<b>66.2%</b>	<b>68.9%</b>
<b>Current Net Income</b>	<b>3.06</b> Billion Yen	<b>127.6%</b>	<b>+0.66</b> Billion Yen	<b>299.6%</b>	<b>315.0%</b>

While the golf and street businesses continued to perform well, prompting the company to announce the revision of operating profit to ¥1.8 billion, selling and administrative expenses for the second half of the term decreased substantially due to reductions in advertising and publicity expenses as well as expenses related to the relocation of the head office. As a result, **operating profit** was **¥2.32 billion**, even exceeding the revised plan by **¥0.52 billion**.



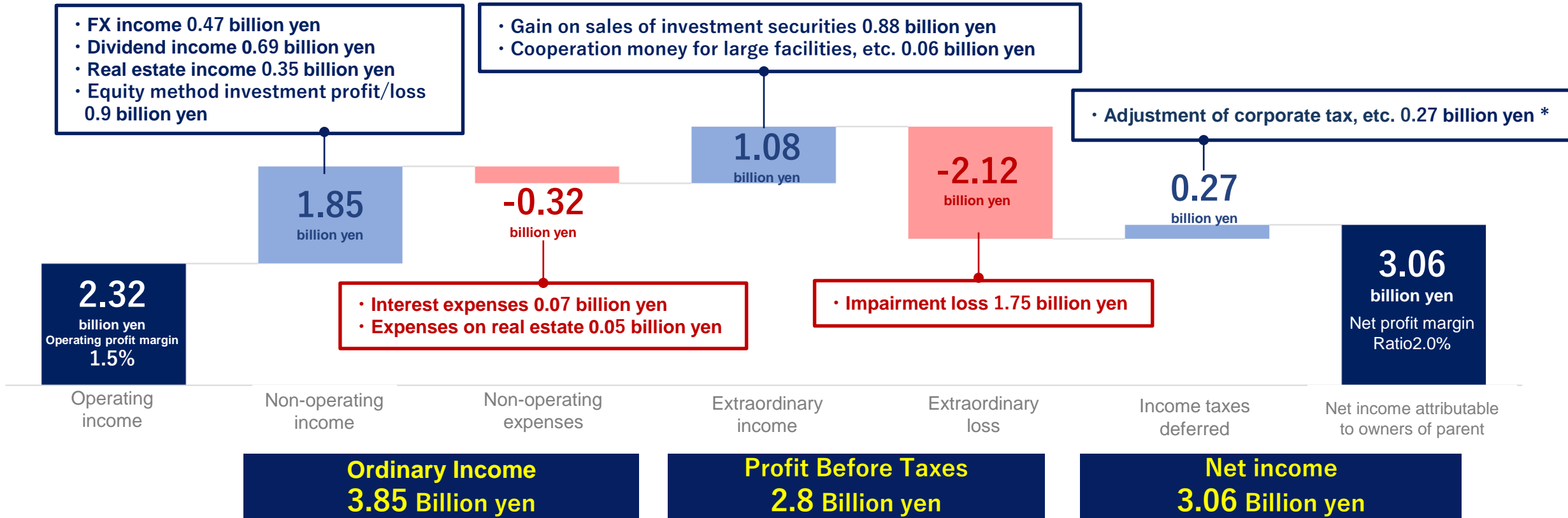
Operating profit went below that for the previous year due to the effects of special factors, including the transfer of extraordinary loss from the previous year and the recording of expenses related to the relocation of the head office in the current year, but profitability further improved compared to the previous year because of the appropriate control of sales yields and inventory levels and reductions in selling and administrative expenses. Operating profit, excluding the effects of special factors, was **114.6% of the previous term's level (up ¥0.33 billion)**.

**Comparison with the previous term in operating profit (excluding special factors)**



\*Expenses related to the relocation of the head office: ¥590 million for the first half of the term + ¥190 million for the second half of the term = ¥780 million for the whole year (differences in the execution of budgets and decreases in expenses from the initial estimate)

**Ordinary profit** was **¥3.85 billion**, including unplanned exchange gains of ¥0.47 billion associated with overseas subsidiaries' assets in dollars as well as non-operating profits of ¥1.52 billion such as dividend income and real estate income. **Net income** was **¥3.06 billion**, including extraordinary profit/loss such as an impairment loss of ¥1.75 billion and a profit of ¥880 million on sale of investment securities as well as income taxes adjustments, and the **profit ratio** was **2.0%**.



\* Due to the increase in future taxable income, it became possible to accumulate deferred tax assets, so the tax burden for the current period decreased.

2

About Business Situation by Channel





## 9 Sales by Channel for FY Ending Feb. 2023

Sales for real stores recovered, registering **116.1%** of the previous term's level, up **¥12.02 billion** (108.2% and +¥6.43 billion, respectively, if based on the old accounting standards). This was the result of sales boosted by the recovery of markets, including the resurgence of sales at major department stores and demand from inbound tourism. In the future, the company aims for further growth mainly by actively opening new stores in promising businesses.

Comparison to the previous term : **141.5%** for department stores, **110.4%** for non department stores (FB and streetside stores), **116.3%** for overseas, and **98.9%** for domestic EC (99.6% for total domestic and overseas EC)

		Old profit standards	Old profit standards	New profit standards	New profit standards		Old profit standards
		FY Ending Feb. 2021	FY Ending Feb. 2022	FY Ending Feb. 2023	Growth by Channel		FY Ending Feb. 2023
					compared to year before last (%)	YoY (%)	
Domestic	Department Stores	12.48 Billion Yen (Composition Rate : 9.3%)	13.82 Billion Yen (Composition Rate : 9.8%)	19.55 Billion Yen (Composition Rate : 12.7%)	156.7%	141.5%	13.59 Billion Yen (Composition Rate : 9.3%)
	Commercial Facilities(*1)	56.74 Billion Yen (Composition Rate : 42.3%)	60.73 Billion Yen (Composition Rate : 43.3%)	67.02 Billion Yen (Composition Rate : 43.4%)	118.1%	110.4%	66.92 Billion Yen (Composition Rate : 45.7%)
	E-Commerce	40.68 Billion Yen (Domestic E-Commerce ratio : 37.0%)	39.28 Billion Yen (Domestic E-Commerce ratio : 34.5%)	38.84 Billion Yen (Domestic E-Commerce ratio : 31.0%)	95.5%	98.9%	36.99 Billion Yen (Domestic E-Commerce ratio : 31.5%)
	Domestic Others(*2)	15.50 Billion Yen (Composition Rate : 11.6%)	15.43 Billion Yen (Composition Rate : 11.0%)	16.11 Billion Yen (Composition Rate : 10.4%)	103.9%	104.4%	15.91 Billion Yen (Composition Rate : 10.9%)
	Overseas(*3)	8.66 Billion Yen (Composition Rate : 6.5%)	11.10 Billion Yen (Composition Rate : 7.9%)	12.91 Billion Yen (Composition Rate : 8.4%)	149.1%	116.3%	12.91 Billion Yen (Composition Rate : 8.8%)

\*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.

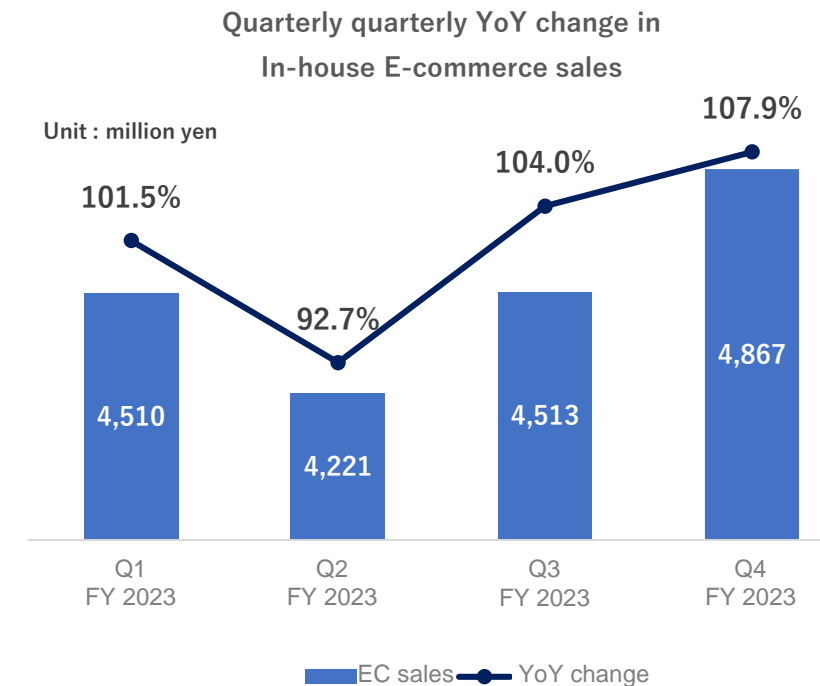
\*3 Results of Efuego Corp. which operates EC sites centering on Tactics.com in the U.S. is to be consolidated from the second quarter of 2021 and onward. The results are recorded in overseas sales.

## Due to sluggish performance in the first half of the term, EC sales for the whole year remained at 99.6%

(based on the new revenue recognition standards), almost on the same level as in the previous term, but in the second half, they recovered to **102.0%** of the previous term's level.

- In the first half of the term, the company's own EC struggled partly because of the disrupted supply chain, but in the second half, it achieved a V-shaped recovery thanks to OMO measures centered on social media as well as improved, expanded, and reinforced website content. In the fourth quarter, EC sales continued to be strong, reporting **107.9%** of the level of the same quarter of the previous term.
- Mainly by curbing excessive price reductions and stepping up sales of exclusive merchandise, Third Party EC significantly improved its profitability, increasing the gross margin ratio by **7.6%**<sup>\*1</sup>---a major factor for the achievement of the company's overall operating profit plan. Going forward, the company will enter a phase in which it expands sales while maintaining profitability.

Unit : Billion Yen	Old profit standards		New profit standards			Old profit standards
	FY Ending Feb. 2021	FY Ending Feb. 2022	FY Ending Feb. 2023	Compared to year before last (%)	Y/Y(%)	FY Ending Feb. 2023
<b>In-House E-Commerce</b>	<b>17.87</b>	<b>17.84</b>	<b>18.11</b>	<b>101.3%</b>	<b>101.5%</b>	<b>18.08</b>
(ratio(%))	(43.9%)	(45.4%)	(46.6%)	(+ 2.7pt)	(+1.2pt)	(48.9%)
<b>Domestic E-Commerce</b>	<b>40.68</b>	<b>39.28</b>	<b>38.84</b>	<b>95.5%</b>	<b>98.9%</b>	<b>36.99</b>
(ratio(%))*2	(37.0%)	(34.5%)	(31.1%)	(-5.9pt)	(-3.4pt)	(31.5%)
<b>Overseas E-Commerce</b>	<b>3.23</b>	<b>3.69</b>	<b>3.97</b>	<b>122.8%</b>	<b>107.6%</b>	<b>3.97</b>
(ratio(%))*3	(37.4%)	(33.3%)	(30.8%)	(-6.6pt)	(-2.5pt)	(30.8%)
<b>E-Commerce TOTAL</b>	<b>43.91</b>	<b>42.98</b>	<b>42.81</b>	<b>97.5%</b>	<b>99.6%</b>	<b>40.96</b>
(ratio(%))*2	(37.0%)	(34.4%)	(31.0%)	(-6.0pt)	(-3.4pt)	(31.4%)



\*1 This ratio covers only sales for TSI Inc. and Third Party EC sales for and wander (excluding the Ueno-Shokai Business Department whose system is not partially unlinked)

\*2 Domestic E-Commerce ratio excluding domestic and other sales (wholesale, companysales, etc.)

\*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.

## New cross-channel approaches brought synergy effects, causing a favorable cycle of marketing. Real stores recovered significantly while EC sales continued to be strong.

### Real store business

Real stores: **116.1%** of the previous term's level

(including department stores: **141.5%**)

Sales expanded mainly in women's brands for department stores. Pop-up stores in new areas and live commerce led more customers to visit stores, contributing to gaining new TSI fans.

The overall profitability of the store business improved as the company shut down non-performing outlets and replaced sluggish brands with those supported by customers.



▲ The professional golfer Momoko Ueda had one-day customer service experience, appointed as one-day store manager in this event.



▲ A shoe-shining event was held by inviting a professional leather shoe shiner.

### EC business

Domestic EC: **98.9%** of the previous term's level

In-house EC: **101.5%** of the previous term's level

In the first half of the term, sales did not increase as expected since priority was given to improving profitability, but in the second half, sales continued to be strong due to live commerce and expanded workforce and website content about products.

The company aims for sales and profitability growth by further bolstering content and optimizing internal operations.



▲ Live commerce to launch new products



▲ Product promotion using social media



▲ Implementation of cross-brand promotion



3

## Brands Overview



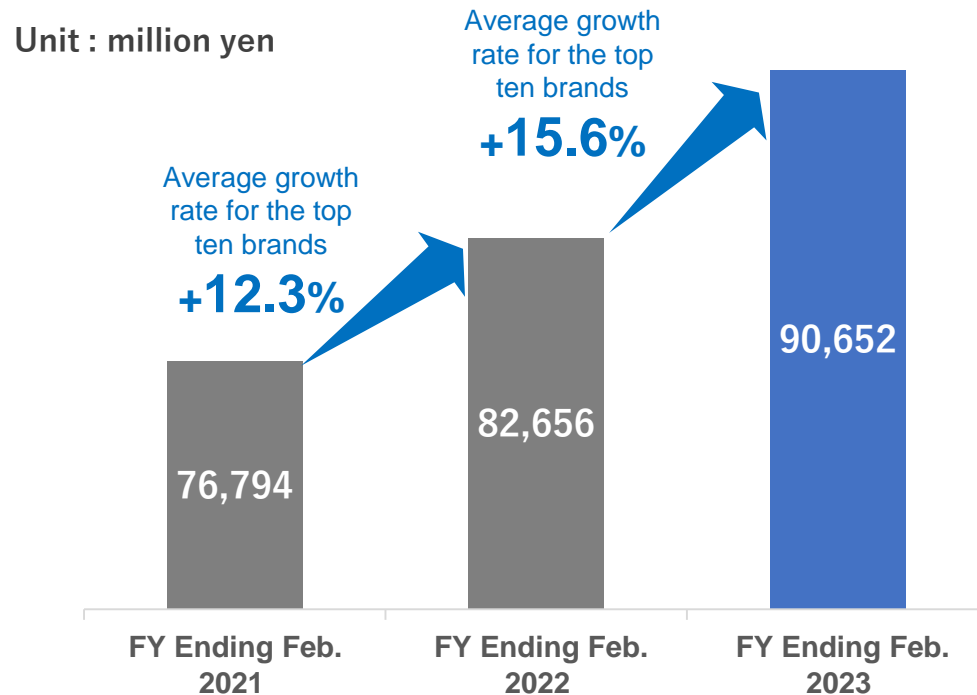
Six of the top ten brands made rapid progress in sales, registering a two-digit growth rate, and the strong performance and recovery of major brands drove the overall sales of the company. In addition, sales rose mainly in the women's apparel and street businesses, the company's key business units, and this helped boost the overall sales of the company, and at the same time, this enabled the company to gain a foothold toward achieving further growth in the years to come.

■ Top 10 brands in sales

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

■ : 140% of the previous term's level in sales or more   ■ : 110% of the previous term's level in sales or more

Cumulative sales and growth rates for the top ten brands



“HUF”

146.3% of the previous term's level

In addition to the strong performance of the brand, sales growth was accelerated as the number of domestic stores increased. The 20th anniversary of the launch of the brand ended as its domestic and overseas events were well received.



“human woman”

142.7% of the previous term's level

The OMO measures implemented continuously brought satisfactory results with EC sales growth far exceeding the company's overall sales growth. In addition, the recovery of department stores boosted real store sales.



4

# About Balance Sheet

TSI HOLDINGS



Unit:Million Yen

	FY Ending Feb. 2022		Cumulative Q3RD 2023 Ending Feb.		FY Ending Feb. 2023					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Q4/Q3 Change	Q4/Q3 (%)
<b>Current Assets</b>	75,547	53.8%	80,805	55.4%	71,837	53.0%	-3,710	95.1%	-8,968	88.9%
(of Cash and Deposits)	39,258	28.0%	32,139	22.0%	32,205	23.8%	-7,053	82.0%	66	100.2%
(of which, Inventory)	18,725	13.3%	28,280	19.4%	24,679	18.2%	5,954	131.8%	-3,601	87.3%
<b>Non-current Assets</b>	64,893	46.2%	65,155	44.6%	63,589	47.0%	-1,304	98.0%	-1,566	97.6%
(of Investment Securities)	28,397	20.2%	28,122	19.3%	27,879	20.6%	-518	98.2%	-243	99.1%
(of Investment Real estate)	4,735	3.4%	4,713	3.2%	4,708	3.5%	-27	99.4%	-5	99.9%
<b>Total Assets</b>	<b>140,440</b>	<b>100.0%</b>	<b>145,961</b>	<b>100.0%</b>	<b>135,427</b>	<b>100.0%</b>	<b>-5,014</b>	<b>96.4%</b>	<b>-10,534</b>	<b>92.8%</b>
<b>Current Liabilities</b>	28,375	20.2%	32,059	22.0%	26,239	19.4%	-2,136	92.5%	-5,820	81.8%
(of Short-term borrowings)	114	0.1%	17	0.0%	17	0.0%	-97	14.9%	-	100.0%
(of Current portion of long-term borrowir	6,212	4.4%	4,987	3.4%	4,737	3.5%	-1,475	76.3%	-250	95.0%
<b>Non-current Liabilities</b>	14,329	10.2%	12,177	8.3%	10,309	7.6%	-4,020	71.9%	-1,868	84.7%
(of Long-term borrowings)	9,803	7.0%	6,478	4.4%	5,010	3.7%	-4,793	51.1%	-1,468	77.3%
<b>Total Liabilities</b>	<b>42,704</b>	<b>30.4%</b>	<b>44,236</b>	<b>30.3%</b>	<b>36,549</b>	<b>27.0%</b>	<b>-6,156</b>	<b>85.6%</b>	<b>-7,688</b>	<b>82.6%</b>
<b>Total Net Assets</b>	<b>97,736</b>	<b>69.6%</b>	<b>101,724</b>	<b>69.7%</b>	<b>98,878</b>	<b>73.0%</b>	<b>1,142</b>	<b>101.2%</b>	<b>-2,846</b>	<b>97.2%</b>
(of Treasury stock(-))	-3,668	-2.6%	-5,388	-3.7%	-3,031	-2.2%	637	82.6%	2,357	56.3%
<b>Total Liabilities and Net Assets</b>	<b>140,440</b>	<b>100.0%</b>	<b>145,961</b>	<b>100.0%</b>	<b>135,427</b>	<b>100.0%</b>	<b>-5,013</b>	<b>96.4%</b>	<b>-10,534</b>	<b>92.8%</b>

**> Inventory assets**

【Comparison with the previous term】

While net sales were 110.0% of the previous term's level, inventory assets increased by ¥5.9 billion, at 131.8% of the previous term's level. In order to meet the recovery of store sales and demand from inbound tourism, the company increased inventory to ensure profit.

**> Treasury stock**

【Comparison with the previous term】

As part of its efforts to implement capital policy and measures to return earnings to shareholders, the company acquired ¥2.32 billion's worth of treasury stock in the whole year and took measures such as writing off ¥2.95 billion's worth of treasury stock at the end of the term. This means that the treasury stock decreased by ¥0.63 billion's compared to the term ended in February 2022.

**> Equity ratio**

The capital adequacy ratio was maintained high, at 72.7%.

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.
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*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.
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*Digital Generation*

4

**Digital generation**

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

1

## Wellness &amp; Lifestyle Div.

- |                         |                    |
|-------------------------|--------------------|
| 1. PEARLY GATES         | 10. and wander     |
| 2. MASTER BUNNY EDITION | 11. Laline         |
| 3. Jack Bunny!!         | 12. Urth Caffé     |
| 4. new balance golf     | 13. THE LIBRARY    |
| 5. PING                 | 14. SEVEN BY SEVEN |
| 6. NBB WEEKEND          | 15. YLÈVE          |
| 7. St ANDREWS           | 16. quitan         |
| 8. MARGARET HOWELL      | 17. Dice&Dice      |
| 9. MHL.                 |                    |

*Street & Culture*

2

## Street &amp; Culture Div.

- |                        |                    |
|------------------------|--------------------|
| 1. STÜSSY              | 10. LHP            |
| 2. HUF                 | 11. MANASTASH      |
| 3. UNDEFEATED          | 12. Dorothy Lang   |
| 4. TACTICS             | 13. BEAVER         |
| 5. AVIREX              | 14. UNION          |
| 6. Schott              | 15. BAIT           |
| 7. NANO universe       | 16. FIGURE         |
| 8. B'2nd (GARDEN, 吾亦紅) | 17. Forget-me-nots |
| 9. ROYAL FLASH         |                    |

*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                 |                  |

*Digital Generation*

4

## Digital Generation Div.

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

# Creating attractive communities

Sublimating apparel brands into community brands.

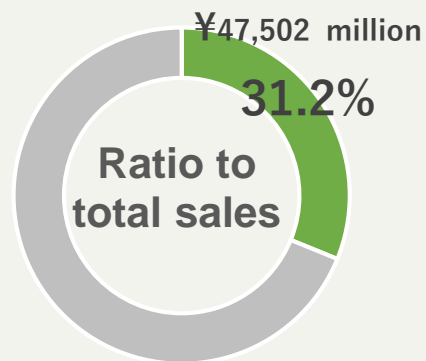
Developing entertainment business closely linked to lifestyles.

Net sales

**¥47.50**  
Billion

YoY change

**116.5%**



## “and wander” Offering new purchase experience

“and wander” is a brand for outdoor gear.

Holding camping activities is not easy because such activities require various kinds of outdoor gear. The brand therefore started rental services for some of its products so that beginners could enjoy outdoor life easily. It offers new user experience by allowing customers to purchase products after they actually experience their value through these services and become satisfied with them.

**155.8% of the previous term's level in sales**

rental service!



## Airing of new TV commercials “Go, TSI”

New TV commercials aired featuring the golfers Momoko Ueda and Erika Hara, both contract ambassadors for the key brand “PEARLY GATES.”

- Broadcast from February 15 to 28, 2023 in six areas nationwide
- After the airing, the recognition level for TSI rose by 6.7 percentage points.
- The popularity of PEARLY GATES went up by 7.0 percentage points.



## “PEARLY GATES” Providing uniforms to the wheelchair basketball team

“PEARLY GATES” entered into a uniform logo sponsorship agreement with the wheelchair basketball team NO EXCUSE. By combining the technology that has cultivated in golf wear merchandising and its know-how in universal design, the brand developed uniforms that fit each member so that they can take part in the sport comfortably.



# Platform for play rooted in the street spirit

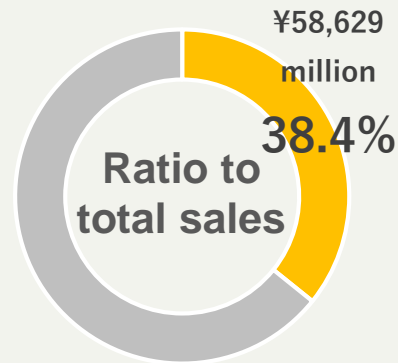
By extending to the keyword “play,” the platform aims at spreading itself to neighboring lifestyles, reinventing gears, and offering new experiences.

Net sales

¥58.62 Billion

YoY change

104.5%



## “BAIT” The only culture store that originated from America

“BAIT” is a culture store that mixes fashion items, sneakers, animations, and comics. With no atmosphere that reminds visitors of geeks, it is advancing rapidly, registering **159.0% of the previous term’s level**, as sales of highly fashionable products that everyone can wear readily are strong. In particular, the Shibuya Parco outlet is highly compatible with art and culture, attracting many youths and foreigners.



## “Schott” The historic brand which celebrates 110th anniversary of its launch, is attracting public attention again

The preference of consumers has shifted under the COVID-19 pandemic to genuine, high-quality products that can be used over a long period of time. “Schott” is attracting public attention as the brand matches such consumer needs.

The brand has successfully approached a wide range of age groups from those who have recognized it as a long-established leather jacket brand since early on to youths that have not worn leather jackets in the past. “Schott” is also focusing on not only traditional American-made models but also models planned in Japan which adopt trendy sizes and designs, and the latter serves as entry models that have the same level of quality as American ones but are less expensive. Sales are stronger than in the previous year, and the company expects further growth of the brand.

**Schott**<sup>®</sup>  
N.Y.C.

**135.7% of the previous term’s level**



▲ “ONE STAR,” a synonym for Schott

# Services that respond constantly to market trends and changes

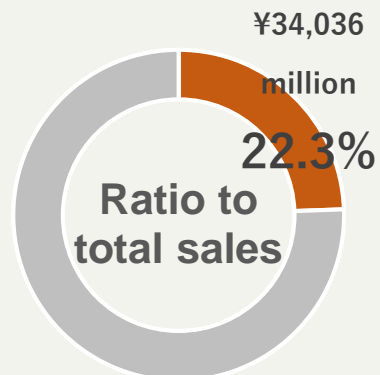
Being flexible enough to continue changing gracefully, granting the wishes of customers, and extending a circle of happiness.

Net sales

¥34.03 Billion

YoY change

115.1%



## “ADORE” supports art through fashion

ADORE, which offers “360 degrees beautiful” items, collaborates with the ballet dancer Mizuka Ueno, an artist who expresses beauty. The aim is to create new value through synergy effects brought by combining the two which take different approaches to beauty. Part of sales is donated to art support organizations to contribute to development of art.

145.5% of the previous term's level in sales



## “LE PHIL” has posted substantial revenue growth for three consecutive terms since its creation

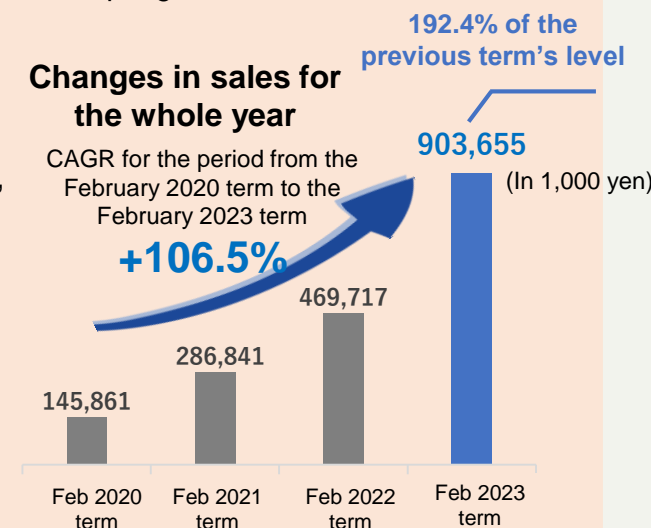
# LE PHIL

LE PHIL made its debut in the spring/summer season of 2019. It had expanded sales mainly through EC, but with the relaxation of countermeasures against COVID-19, it actively set up pop-up stores in its real stores, raising its recognition level and acquiring new fans across the country.



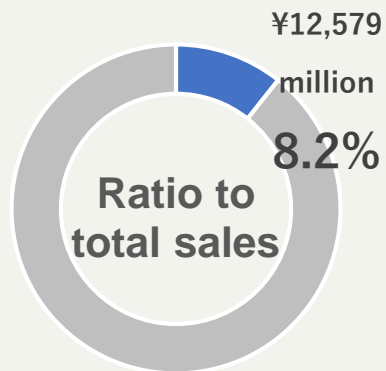
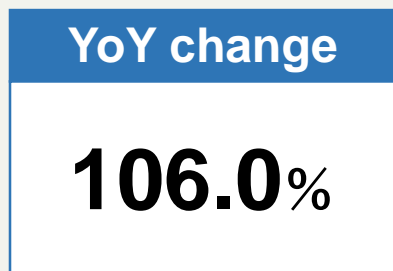
▲ Spring collection of 2023

In March 2023, it opened a permanent outlet, the third of its kind, at the Nagoya Takashimaya department store, and in Hokkaido, it set up a pop-up store, the first of its kind in the region. The company intends to further step up aggressive sales activities as it plans to open more new permanent outlets in autumn.



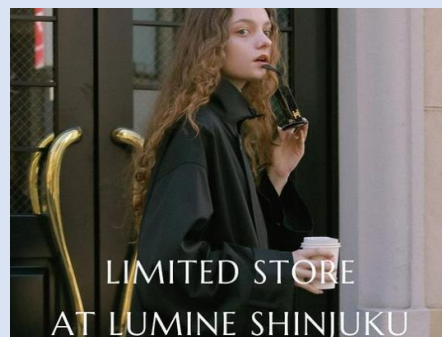
# Continuously expanding content to win over the next generation of customers

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



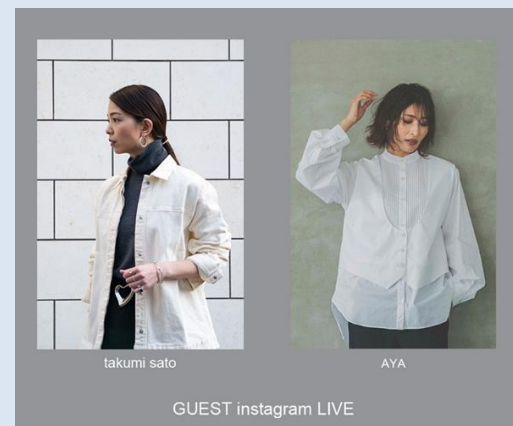
## “CHAROL” opened a store for a limited period of time

HINANO, a popular influencer, serves as creative director for “CHAROL”. Since its debut in the autumn/winter season of 2022, the brand has developed mainly through online shopping, but recently it opened a shop that operates for a limited time only at the LUMINE Shinjuku commercial facilities. “CHAROL” aims at raising its recognition level and acquiring new customers.



▲ The store is scheduled to operate until the end of July.

## “hueLe Museum” initiatives for OMO promotion



### hueLe Museum

The brand gives priority to stepping up live video distribution by actively using influencers and personal stylists. This leads to video distribution of higher quality and acquisition of new customers.

“STUMBLY”, one of the brands handled by “hueLe Museum”, has introduced a virtual fitting service on a trial basis as one of its OMO measures. This enables the brand to offer a purchase experience comparable to one customers have at real stores because detailed textures of materials and sizes that fit set types of physique can be displayed.

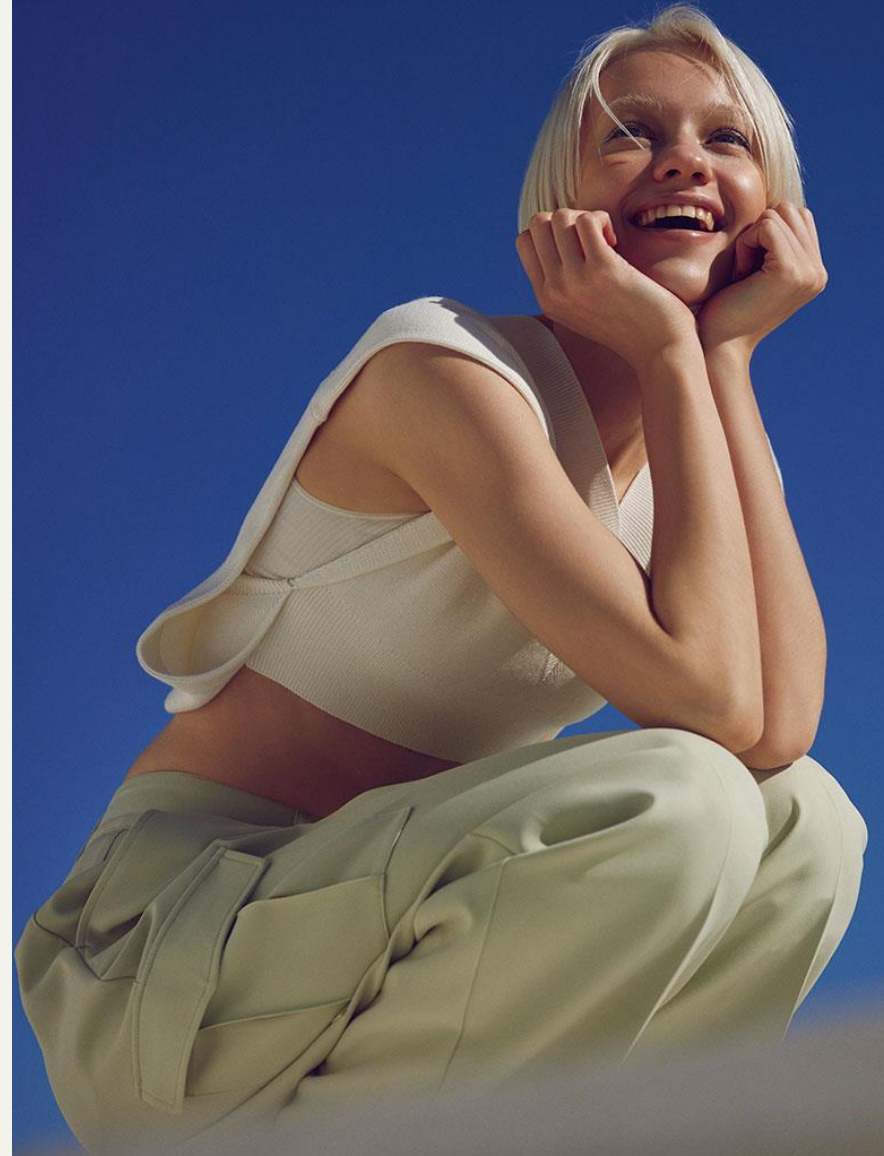


▲ 3D data and actual items



6

Full-year Consolidated Business Plan  
for FY Ending Feb. 2023





## Sales are projected to be ¥162 billion / 104.9% of the previous term.

Selling and administrative expenses are expected to grow as net sales expand, but due to factors such as the effects of the relocation of the head office, **the company plans a decrease of 0.4% in the percentage of such expenses to the total.**

**Operating profit is expected to be ¥4.7 billion, 201.8% of the previous term's level,** and **net income** is projected to be **¥3.5 billion.**

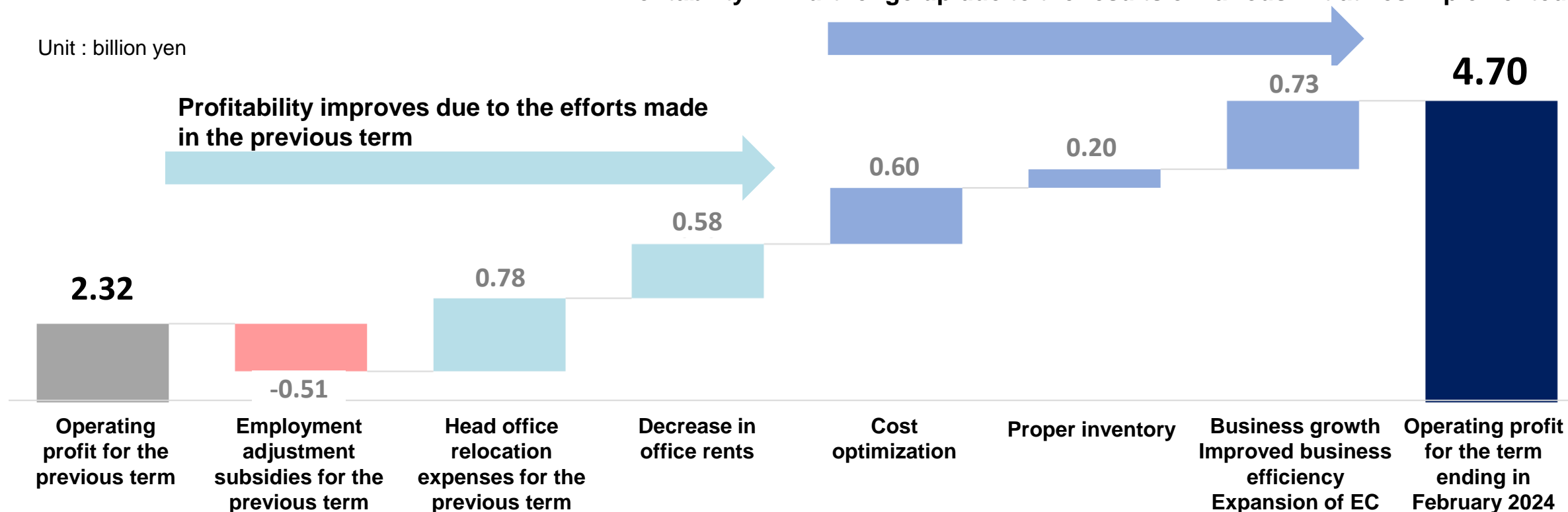
	FY Ending Feb. 2022*	FY Ending Feb. 2023	Plan for FY Ending Feb. 2024	Increase or Decrease	Rate of Change(%)
<b>Net Sales</b>	140.38 Billion Yen (YoY : 104.7%)	154.45 Billion Yen (YoY : 110.0%)	<b>162.00</b> Billion Yen (YoY : 104.9%)	<b>+7.55</b> Billion Yen	<b>+4.9%</b>
<b>SG&amp;A Expenses</b>	72.38 Billion Yen (Composition Rate : 51.6%)	82.57 Billion Yen (Composition Rate : 53.5%)	<b>86.10</b> Billion Yen (Composition Rate : 53.1%)	<b>+3.53</b> Billion Yen	<b>+4.3%</b> (Composition Rate : -0.4pt)
<b>Operating Income</b>	4.44 Billion Yen (Profit margin : 3.2%)	2.32 Billion Yen (Profit margin : 1.5%)	<b>4.70</b> Billion Yen (Profit margin : 2.9%)	<b>+2.38</b> Billion Yen	<b>+101.8%</b>
<b>Current Net Income</b>	1.02 Billion Yen (Profit margin : 0.7%)	3.06 Billion Yen (Profit margin : 2.0%)	<b>3.50</b> Billion Yen (Profit margin : 2.2%)	<b>+0.44</b> Billion Yen	<b>+14.3%</b>

\* For the fiscal year ending February 2022, the Old profit standards will be applied.

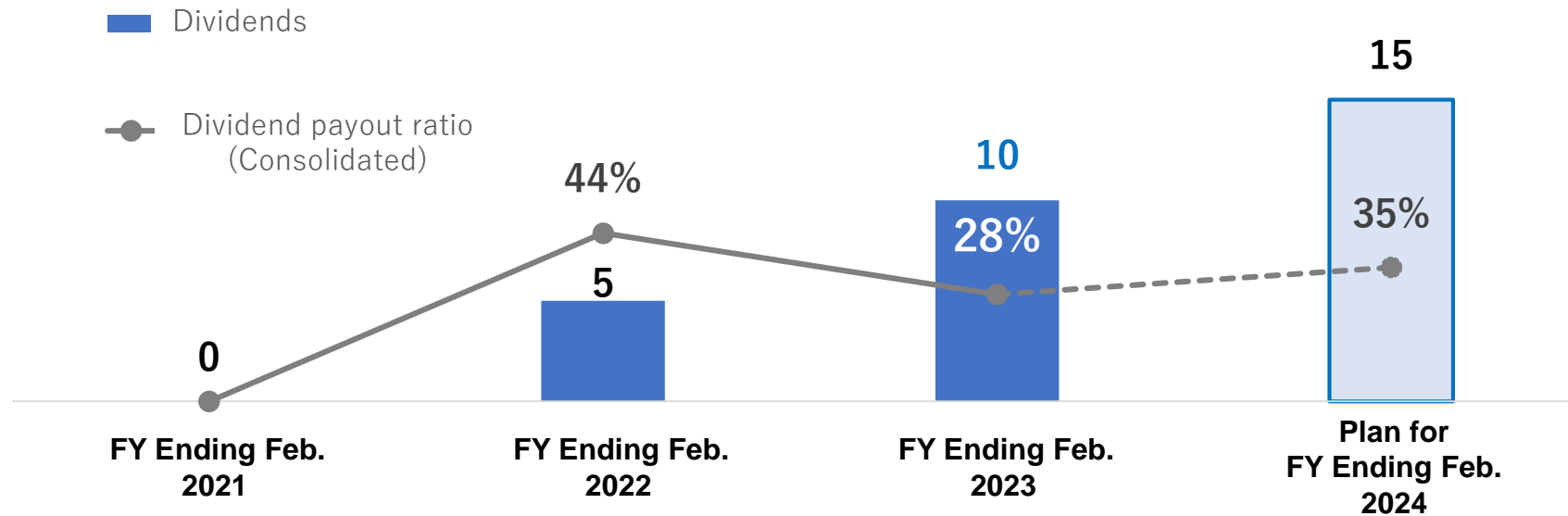
In the **plan for the term ending in February 2024**, based on the ¥2.32 billion posted in the term ended in February 2023, we aim to earn **¥4.7 billion** in operating profit. Factors taken into account include decreases in employment adjustment subsidies received in the previous term; decreases in expenses such as head office relocation costs and office rents; increases in sales due to business growth; and higher gross profit margins due to review of production and sales plans.

**Growth range for the current term**  
**Profitability will further go up due to the results of various initiatives implemented.**

Unit : billion yen



The amount of dividend for the term ended in February 2023 was **revised from ¥7 per share as previously forecast to ¥10 per share**. The dividend forecast for the current term taking into consideration all factors such as projected financial results and business environment in the year to come is **¥15 (+¥5)** per share as already announced.



<b>Dividend</b>	¥0	¥5	<b>¥10</b>	<b>¥15</b>
<b>Payout ratio</b>	-	44%	28%	35%



7

Initiatives for TIP25



*Regeneration***A company creating fashion entertainment**

- We link value to society (value provided) to corporate growth,
- While using entertainment that fashion brings,
- To create a form of original value provided that is not limited to product provision.



## # SocialValue

*Social Goodness*

For the good of society and the environment



- Environmental conservation
- Addressing social issues
- Creating culture
- Building communities

## # Entertainment

*Entertainment*

Fun & enthusiasm



- Digital entertainment
- Real experiences
- Community events
- Retail entertainment

## # Empathy

*Empathy*

Empathy & emotional involvement



- Empathy for purpose
- Empathy for contents
- Empathy for products
- Empathy for services



# Designing greater customer experience than expected

## PoC for the joint metaverse project with Alibaba and JP GAMES

Take part in the metaverse area to provide new brand experience.

Utilize 3D data accumulated through product development to create new entertainment.



- **Putting 3D data produced in the process of product development in the metaverse to examine how they work:** TSI has succeeded in dynamically reproducing expressions such as transparency, double-layer looks, and swinging in the metaverse space at a level comparable to that of 3D data specialized for the apparel industry.



- **Creating content by combining fashion and the metaverse:** TSI is considering taking measures such as the hosting of exhibitions, shows, and virtual stores and developing metaverse platforms using entertainment content clearly different from the one offered in the past.

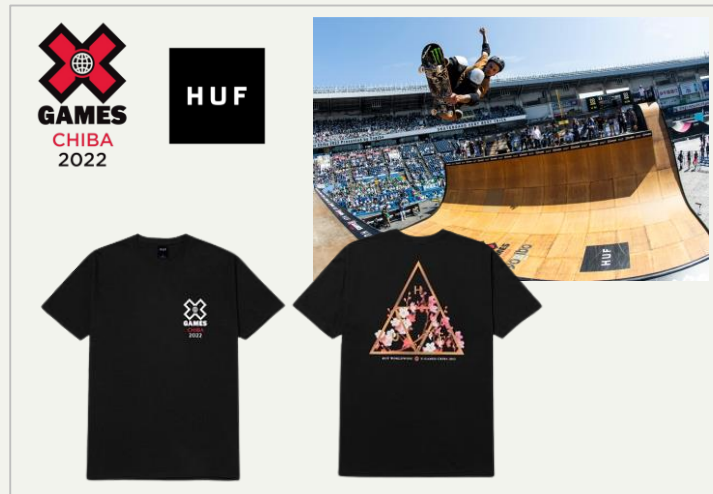


# Bolstering entertainment content

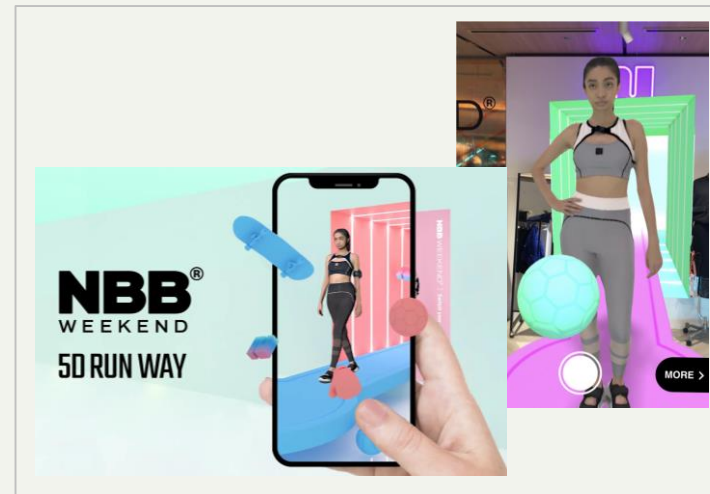
## New ways of providing value

Outgrow our traditional domain of creation specialized in apparel products (= goods) and offer entertainment content that creates “play,” “experience,” and “sympathy.”

Develop products, services, and communication methods that exceed the expectations of fans.



- **Initiatives for culture development:**  
Take part in X Games which has made its debut in Japan and support the sport meeting.



- **Virtual runway:**  
AR Runway appears if a smartphone is held against the store poster. Coordination can be confirmed from various angles and distances.



- **Live simulations participated in by customers:**  
3D simulated designs are distributed live. Products are developed while reflecting the opinions of customers in real time.

## Communicating attractive designs by combining brands and free spaces



### Designing essential lifestyle experience exceeding non-material value

With the relocation of the head office, TSI has set up an entertainment area that can be utilized for events and other purposes. This entertainment area provides places for new experience, such as joint exhibitions held through collaboration between brands, which have hitherto not worked together, and new types of exhibitions that adopt live experience and XR and other sorts of digital content.



The photo shows the live painting session held by Ms. Kanako Sasaki during the hueLe Museum exhibition. Considering clothes and bags as canvas, she painted extempore.



# Toward spiral and agile work styles

## Putting creative work styles into practice

TSI is promoting environmental design and awareness raising to encourage the work style “ONE TABLE,” which eliminates barriers between departments.

The ONE JILL Project does rebranding using a cross-functional one-team system.



- **Environmental design to bring business synergies:** In relocating its offices, TSI has designed free address plans to enable interorganizational cooperation to be established, and business synergies to be brought, spontaneously.



ブランドパーパス

今日よりも華やかな  
明日のために

やさしさと、強さ。  
繊細さと、大胆さ。  
あなたがずっと自分らしく前に進むために  
JILL STUARTができること。



- **Organizing teams to gain a favorable response from customers and excite them:** Uncoordinated, sectionalist organizations are restructured into cross-sectional teams that pursue shared purposes and work on a project-by-project basis.

## Developing materials to reduce environmental impacts

### A project for developing TSI original organic cotton

We executed an outsourcing agreement with SynCom Agritech, an agricultural venture company, under the theme of the “study on development of TSI’s organic cotton and reforms of raw cotton productivity.

Working with local farmers in the state of Tamil Nadu in India, a developing country, to cultivate TSI’s own cotton on a trial basis



- The harvest of cotton that had been grown since last year was completed in February.
- Trial ginning and spinning were done, and the **yarn prototype produced using the harvested cotton is scheduled to arrive in Japan by the end of April.**
- Studies of the yarn such as quality inspection, confirmation of yarn count and improvement points, and analysis of suitable clothing will also be conducted.



#### Future plans:

- 1** – Analysis of the harvested cotton and cotton yarn  
– Production of samples using prototypes
- 2** – Reselection of cotton varieties and sowing  
– Planning for expansion of the TSI experimental farm in scale
- 3** – Launch of processes to acquire organic cotton certification
- 4** – Continuing to advance joint research with Tamil Nadu Agricultural University on variety development and cultivation protocol



# Creating a sustainable future through fashion entertainment

## Nine initiatives for sustainability that suits TSI's materiality

TSI is promoting various initiatives to solve its materiality.

### Establishment of the Sustainability Committee

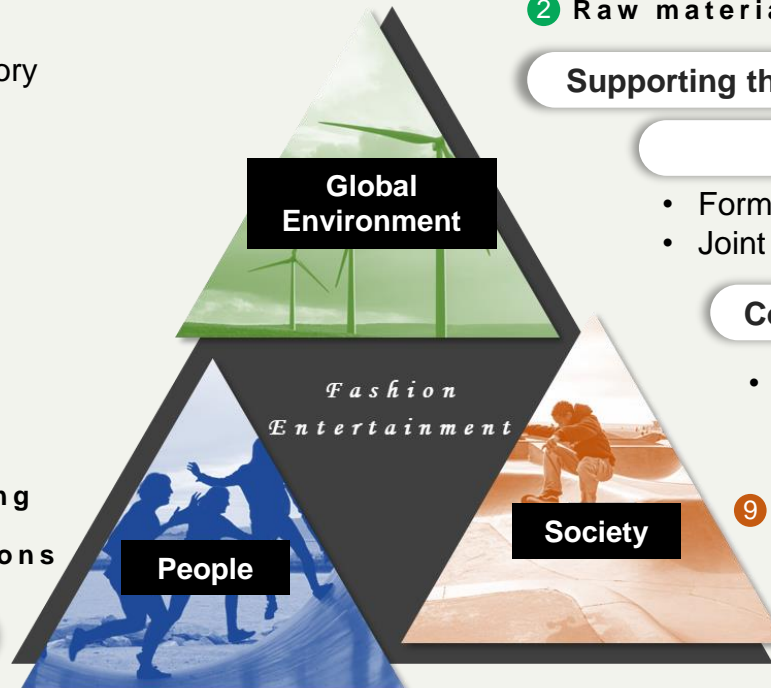
Under the supervision of the Board of Directors, the Sustainability Committee has been set up as an advisory organ for the Representative Director & President.

### Definition of three areas of innovation

1. Material innovation
2. SCM platform innovation
3. Engagement innovation

- 5 Diversity
- 7 Employee wellbeing
- 6 Health & safety
- 8 Fair labor conditions

### Formulation of group human rights policy



- 1 Climate change
- 3 Waste
- 2 Raw materials
- 4 Water resources

### Supporting the opinions offered by TCFD and disclosing information

#### Material innovation

- Formation of business and capital alliances with Food Reborn
- Joint initiatives with SynCom Agritech

#### Construction of circular systems

- Pushing joint initiatives with Seni-Ikueikai

#### 9 Local community

#### Comprehensive cooperation agreement with Hokkaido's Kamikawa Town

- Remake project initiative
- Giving donations (tax payment) using the regional revitalization support tax system (corporate version of the hometown tax donation system)

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

# **A company creating fashion entertainment**

TSI HOLDINGS GROUP

8

Reference Data



FREE'S MART

## Consolidated Financial Highlights -Profit and Loss- (December to February)

	Unit:Million Yen					
	*1 Q4TH 2022 Ending Feb.		*2 Q4TH 2023 Ending Feb.			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	36,467	100.0	39,050	100.0	2,582	107.1
Gross Profit	18,835	51.7	19,535	50.0	699	103.7
SG&A Expenses	19,575	53.7	20,932	53.6	1,356	106.9
SG&A Expenses (excl. Goodwill Amortization, Depreciation and	18,140	49.7	20,136	51.6	1,995	111.0
Goodwill Amortization	200	0.6	77	0.2	-123	38.8
Depreciation and Amortization	1,234	3.4	718	1.8	-516	58.2
Operating Income	-740	-2.0	-1,397	-3.6	-656	188.7
Ordinary Income	-405	-1.1	-1,202	-3.1	-796	296.4
Extraordinary Income	979	2.7	92	0.2	-886	9.4
Extraordinary Loss	4,129	11.3	1,438	3.7	-2,690	34.8
Profit Before Taxes	-3,555	-9.8	-2,548	-6.5	1,007	71.7
Profit Attributable to Owners of Parent	-4,443	-12.2	-1,558	-4.0	2,884	35.1
EBITDA *3	694	1.9	-600	-1.5	-1,295	-86.5

\*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

## Financial Highlights -Profit and Loss-

Unit:Million Yen

	FY Ending Feb. *1 2022		FY Ending Feb. *2 2023			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	140,382	100.0	154,456	100.0	14,074	110.0
Gross Profit	76,826	54.7	84,901	55.0	8,075	110.5
SG&A Expenses	72,386	51.6	82,572	53.5	10,185	114.1
SG&A Expenses (excl. Goodwill Amortization, Depreciation and	68,006	48.4	78,744	51.0	10,738	115.8
Goodwill Amortization	788	0.6	423	0.3	-364	53.8
Depreciation and Amortization	3,591	2.6	3,403	2.2	-188	94.8
Operating Income	4,440	3.2	2,329	1.5	-2,110	52.5
Ordinary Income	5,834	4.2	3,859	2.5	-1,974	66.2
Extraordinary Income	2,543	1.8	1,065	0.7	-1,477	41.9
Extraordinary Loss	5,664	4.0	2,120	1.4	-3,543	37.4
Profit Before Taxes	2,712	1.9	2,804	1.8	91	103.4
Profit Attributable to Owners of Parent	1,022	0.7	3,063	2.0	2,040	299.6
EBITDA *3	8,820	6.3	6,156	4.0	-2,663	69.8

\*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.

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

## Net Sales Per Channel

Unit: Million Yen

	FY Ending Feb. *3 2022		FY Ending Feb. *4 2023			
	Results (Million yen)	Composition Rate (%)	Results (Million yen)	Composition Rate (%)	Y/Y (%)	Composition Rate Y/Y Change(pt)
Department Stores	13,820	9.8	19,555	12.7	141.5	+2.8pt
Commercial Facilities(*1)	60,736	43.3	67,022	43.4	110.4	+0.1pt
In-house EC	17,842	12.7	18,111	11.7	101.5	-1.0pt
3rd Party	21,443	15.3	20,732	13.4	96.7	-1.9pt
EC(E-Commerce)	39,286	28.0	38,843	25.1	98.9	-2.8pt
Others(*2)	15,434	11.0	16,115	10.4	104.4	-0.6pt
Domestic	129,277	92.1	141,537	91.6	109.5	-0.5pt
EC(E-Commerce)	3,694	2.6	3,975	2.6	107.6	-0.1pt
Overseas	11,104	7.9	12,918	8.4	116.3	+0.5pt
EC(E-Commerce)	42,980	30.6	42,819	27.7	99.6	-2.9pt
<b>TOTAL</b>	<b>140,382</b>	<b>100.0</b>	<b>154,456</b>	<b>100.0</b>	<b>110.0</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.



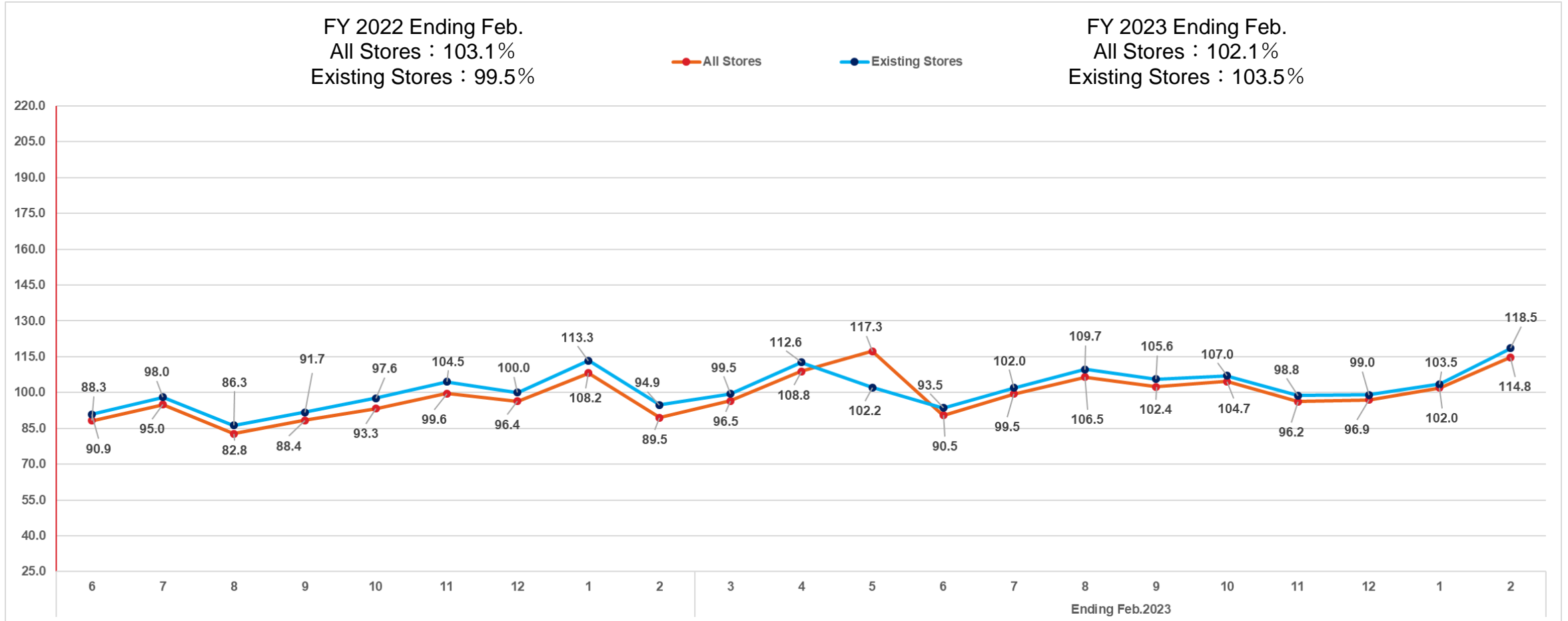
## Brands Overview

	FY Ending Feb. 2022 <sup>*1</sup>			FY Ending Feb. 2023 <sup>*2</sup>			Unit:Million Yen	
	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales	Composition Rate (%)	Gross Profit Ratio (%)	YoY	
							Sales (%)	Gross Profit Ratio (pt)
1. PEARLY GATES	15,069	10.7	61.9	17,086	11.1	60.8	113.4	-1.1pt
2. NANO universe	17,861	12.7	49.5	14,764	9.6	51.2	82.7	+1.7pt
3. MARGARET HOWELL	11,002	7.8	66.1	12,801	8.3	64.5	116.3	-1.7pt
4. NATURAL BEAUTY BASIC	10,356	7.4	58.0	10,994	7.1	63.1	106.2	+5.1pt
5. HUF	6,733	4.8	51.1	9,853	6.4	51.3	146.3	+0.2pt
6. AVIREX	6,240	4.4	62.1	7,084	4.6	54.5	113.5	-7.6pt
7. UNDEFEATED	4,389	3.1	41.1	4,640	3.0	35.3	105.7	-5.8pt
8. STUSSY	4,286	3.1	69.8	4,617	3.0	64.5	107.7	-5.3pt
9. human woman	3,083	2.2	58.1	4,409	2.9	64.1	143.0	+6.0pt
10. new balance golf	3,632	2.6	57.8	4,400	2.8	51.3	121.2	-6.5pt
<b>TOP10 計</b>	<b>82,656</b>	<b>58.9</b>	<b>57.5</b>	<b>90,652</b>	<b>58.7</b>	<b>57.3</b>	<b>109.7</b>	<b>-0.2pt</b>
<b>Other Brands</b>	<b>55,834</b>	<b>39.8</b>	<b>51.3</b>	<b>63,101</b>	<b>40.9</b>	<b>51.7</b>	<b>113.0</b>	<b>+0.4pt</b>
<b>Continuing Brands</b>	<b>138,491</b>	<b>98.7</b>	<b>55.0</b>	<b>153,753</b>	<b>99.5</b>	<b>55.0</b>	<b>111.0</b>	<b>-0.0pt</b>
<b>Closed Brands</b>	<b>1,891</b>	<b>1.3</b>	<b>34.0</b>	<b>702</b>	<b>0.5</b>	<b>50.3</b>	<b>37.2</b>	<b>+16.3pt</b>
<b>TOTAL</b>	<b>140,382</b>	<b>100.0</b>	<b>54.7</b>	<b>154,456</b>	<b>100.0</b>	<b>55.0</b>	<b>110.0</b>	<b>+0.2pt</b>

\*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

		FY Ending Feb. 2022	Store Open	Store Close	FY Ending Feb. 2023	Y/Y Change
Apparel	Domestic	805	+38	-105	738	-67
	Overseas	41	-	-12	29	-12
	<b>Total</b>	<b>846</b>	<b>+38</b>	<b>-117</b>	<b>767</b>	<b>-79</b>
Restaurant	Domestic	7	+1	-	8	+1
Cosmetics	Domestic	36	+4	-4	36	-
<b>Total</b>		<b>889</b>	<b>+43</b>	<b>-121</b>	<b>811</b>	<b>-78</b>



# 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.