TSI HOLDINGS

TSI HOLDINGS CO., LTD.

Q3 Financial Results Briefing for the Fiscal Year Ending February 2022

January 17, 2022

Event Summary

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Tsuyoshi Shimoji	President and CEO
Hiroyuki Watanabe	Operating Officer, General Manager of Digital Business Department

Presentation

Moderator: Good morning. Thank you for taking the time to participate in today's presentation.

Welcome to the briefing on our financial results for Q3 of the fiscal year between March and November 2021. The financial figures were announced last Friday.

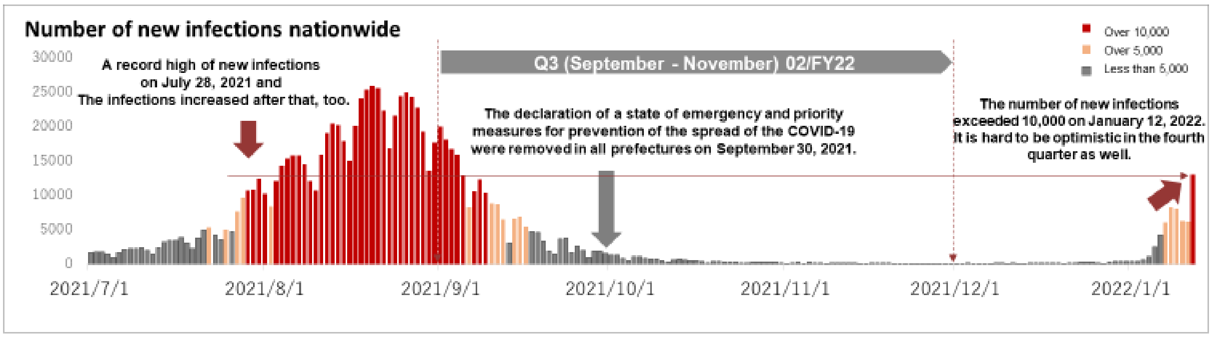
Mr. Shimoji, the President, will open the event with his 30-minute presentation on the financial results and Company's plan for working with its Mid-term Management Plan, using the presentation material. Then, we will move on to a question-and-answer session.

First, I would like to bring your attention to the presentation material as Mr. Shimoji describes the summary of the financial results for Q3.

Shimoji: Good morning, everyone. Let me brief you on TSI Holdings Co., Ltd.'s financial results for Q3 of the fiscal year ending February 28, 2022. I would appreciate your attention.

Here is today's agenda. I will discuss these topics today.

The third quarter started in a harsh business environment due to the fifth wave of the COVID-19 pandemic. However, the number of store closures and shortened opening hours reduced thanks to the temporary end of the pandemic in late September and beyond. Store opening hours returned to 97% of the normal period in November, leading to a gradual recovery in the performance of physical stores.
To survive the sixth wave of the pandemic, we will continue to maintain an operational posture specially established for the COVID-19 pandemic.



September 13	Although the declaration of a state of emergency had been applied to 21 prefectures, the period was extended for 19 prefectures, and the rest of 2 prefectures shifted to priority measures for COVID-19 spread prevention.
September 30	The declaration of a state of emergency and priority measures for COVID-19 spread prevention were removed in all prefectures.
October 4	The number of new infections fell below 100 persons in Tokyo for the first time in 11 months.

Let me begin with the impact of COVID-19 on the market and the state of our business during Q3.

Q3 got off to a tough start due to the impact of the fifth wave of COVID-19; however, after late September, the infection rate temporarily ceased. We reduced the number of either closed or limited-hour stores. By November, store operation hours returned to 97% of that in normal time. Gradually the business performance of our physical stores recovered.

I believe we managed to achieve good results for Q3. I will come back to this topic in a moment.

On the other hand, the coronavirus pandemic is rapidly rising again, spreading at a rate of more than 10,000 people a day. To survive this sixth wave of COVID-19, we will continue to maintain a firm grip on the current extraordinary operation structure.

4 Highlights of Results for Q3RD of Fiscal Year Ending in February 2022 TSI HOLDINGS

Sales fell by 1.78 billion yen YoY due to the impact of the fifth wave of COVID-19 pandemic until September 2021, limited discount sale of products (one of our sale strategies), and other factors. Sales of current businesses reached 101.4% (excluding closed brands in the previous year).
Operating profit significantly increased by 1.84 billion yen thanks to improvement in gross profit margin and reduction of S&G expenses.

Q3RD Net Sales	Q3RD Operating Profit	Q3RD Net Income
39.16 Billion Yen	4.04 Billion Yen	3.57 Billion Yen
YoY 95.6%	YoY +1.84 billion yen	YoY +0.26 billion yen
YoY Change -1.78 billion yen	Compared to year before last Change +1.94 billion yen	Compared to year before last Change -0.19 billion yen

Please see our financial results for Q3 of the fiscal year ending February 28, 2022.

These are the non-consolidated financial highlights for Q3. In Q3, net sales were JPY39.16 billion, operating profit was JPY4.04 billion, and profit was JPY3.57 billion.

Net sales fell short of the last year's results, down JPY1.78 billion, due to the impact of the fifth wave of COVID-19 that continued until September, and due to the strategic restraint on discount sales. However, our existing businesses, excluding the businesses we withdrew in the last fiscal year, achieved a 101.4% performance, and operating profit improved significantly to JPY1.84 billion, thanks to improved gross profit and reduced SG&A expenses.

5 Highlights of Results for Cumulative Q3RD of Fiscal Year Ending in February 2022 TSI HOLDINGS

Keeping a strong eye on the market and economic trends, we have continued to maintain the balance of positive and negative approaches for our business. In terms of cumulative results as of Q3RD, gross profit was higher than that of pre-COVID-19 pandemic.
We will strive to slow down or accelerate the speed of business operation and investment towards the future, while keeping in mind the spread of Omicron variant.

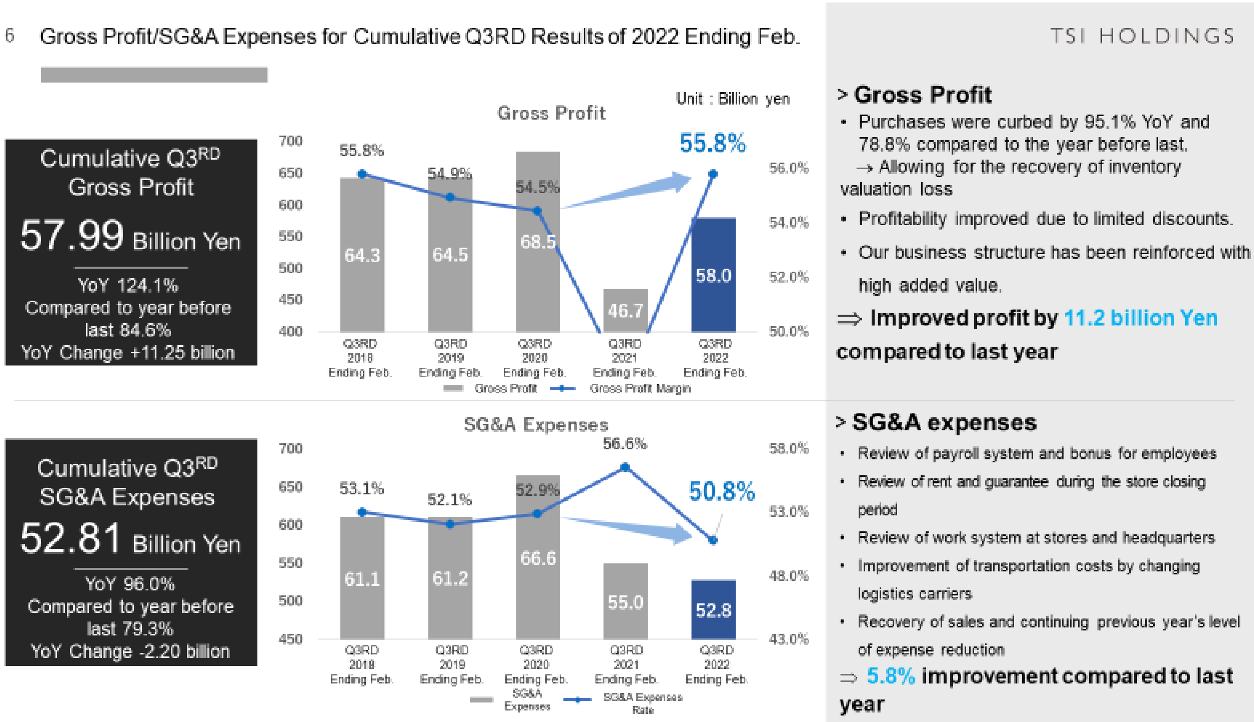
Cumulative Q3RD Net Sales	Cumulative Q3RD Operating Profit	Cumulative Q3RD Net Income
103.91 Billion Yen	5.18 Billion Yen	5.46 Billion Yen
YoY 106.9%	YoY +13.45 billion yen	YoY +16.59 billion yen
Compared to year before last Change 82.6%	Compared to year before last Change +3.24 billion yen	Compared to year before last Change +0.64 billion yen
	Compared to year before last 267.0%	Compared to year before last 113.0%

Here are the highlights of the cumulative first 3 quarters.

Cumulative net sales for the first 3 quarters were JPY103.91 billion, operating profit was JPY5.18 billion, and cumulative profit for the first 3 quarters was JPY5.46 billion. We gained a significant operating profit, compared to the same quarter last year, as well as the same quarter 2 years ago.

We maintained our focus on offense-and-defense tactics in our operation with a high alert on the market and economic trends; therefore, we were able to achieve higher profits in the first 9 months compared to the same quarter of the pre-pandemic year.

While keeping a close watch on the spread of the Omicron variant, we will continue to manage our business and financial investment with both accelerator and brake, to compose a careful business approach.



Gross profit and SG&A expenses for Q3 are as follows.

Cumulative gross profit for the first 3 quarters improved to JPY57.99 billion Cumulative gross profit rate rose to 55.8%. Inventory has shrunk to 95.1% of the same quarter last year, or 78.8% compared to the same quarter 2 years ago. We are improving inventory valuation loss. I believe that restrictions in discount sales transformed our organization into a lean, higher-value-added business structure. As a result, gross profit improved by JPY11.2 billion compared to the same quarter of the last fiscal year.

Cumulative SG&A expenses for the fiscal year totaled JPY52.81 billion, SG & A ratio was down to 50.8% from 56.6% in the same quarter of the last fiscal year. Despite the recovery in sales, we continued to withhold the same reduced standards we employed in the last fiscal year, in the area of expenses such as employee salary review, bonuses, mortgage and compensations for missing work, workflow reviews of stores and headquarters employees, change in logistics partners, and improvements in transportation fees.

It translates to JPY2.2 billion in savings compared to the same quarter last year, or JPY13.8 billion compared to the same quarter 2 years ago, which is a significant improvement. The SG&A ratio improved by 5.8% compared to the same quarter of the last fiscal year.

7 Operating Profit Transition Expenses for Cumulative Q3RD Results of 2022 Ending Feb. TSI HOLDINGS

In the midst of the COVID-19 pandemic, we have achieved the highest operating profit as of the end of the third quarter.

Main factors

To improve profitability in the 1st half, we have reviewed a revenue structure that tends to achieve a higher profit in the 2nd half.

Brand businesses such as golf, skateboarding, and athleisure brands, which generate high profit in the spring and summer seasons, contributed to the overall growth of the revenue structure.

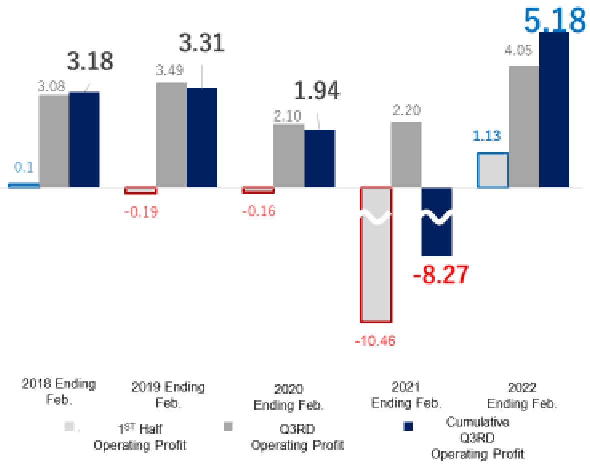
The investment was made for stores that have achieved good standing results according to their profitability.

The sales of the new stores were almost well, even if they began operating in the midst of the COVID-19 pandemic.

EBITDA ¥8.12 billion / EBITDA Rate 7.8%

Unit : Billion yen

Changing Balance of TSI's Profit for the 1st Half and 3Q



The following is a report on the cumulative operating profit for Q3.

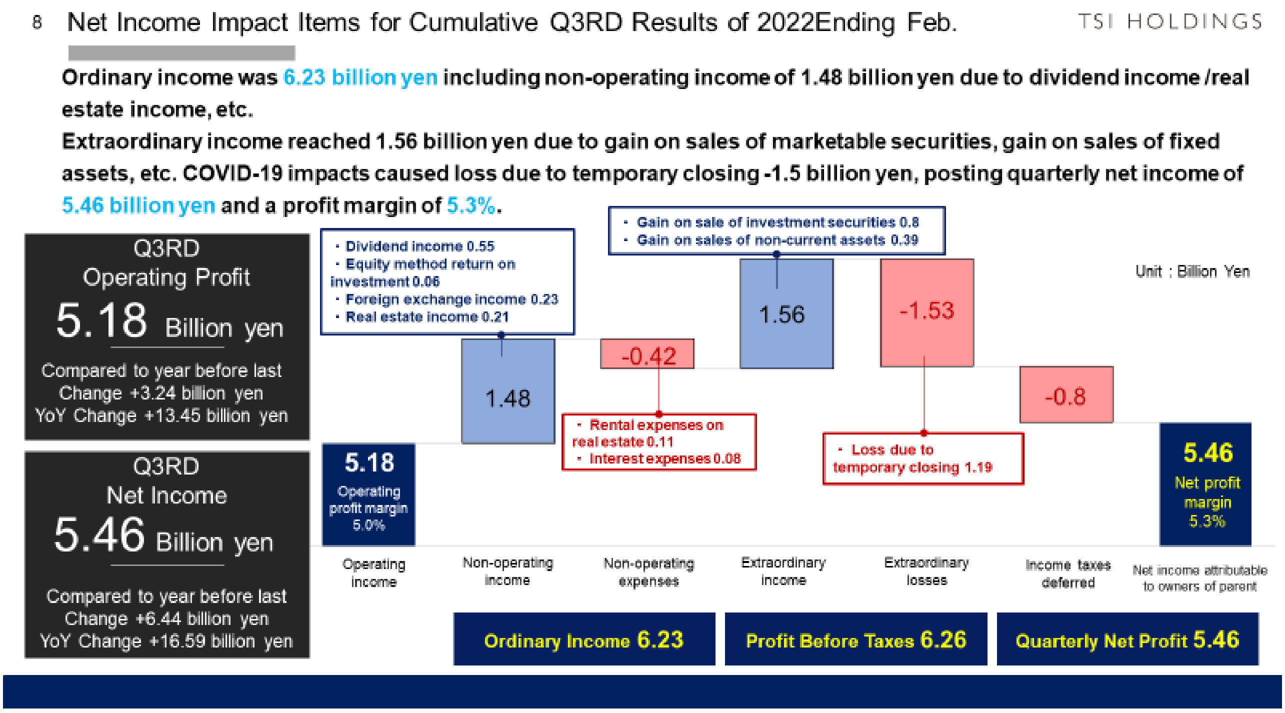
Despite the coronavirus pandemic, we were able to achieve the highest operating profit ever by the end of Q3 of the fiscal year. I would like to express my gratitude to all those who made this possible.

Please turn your attention to the figure on the right. The profitability in H1 of the current fiscal year, JPY1.13 billion is marked in the far-right corner. It grew in H2 through Q3 to JPY4.05 billion, which totals to JPY5.18 billion. This is the result of a drastic review of our profit structure, which was heavily weighted toward H2. We focused on improving profitability in H1.

Here is the reason why: Our overall profit structure was transformed by an expansion of business in golf, street, and athleisure brands, which bring in high profits during the spring and summer seasons.

In addition, we have been investing in-store operations while assessing the high profitability of these golf and street businesses. I am pleased to announce that the new store launch was overall a positive experience despite the impact of the coronavirus pandemic.

EBITDA was JPY8.12 billion, and the EBITDA ratio was 7.8%, which is a very strong figure, and I would like to report that the core of our business is improving.



These are the factors that impacted a cumulative profit for the current fiscal year.

First, cumulative operating profit for Q3 was JPY5.18 billion. Ordinary profit was JPY6.23 billion, including JPY1.48 billion in dividend income and real estate income, and profit before income taxes was JPY1.56 billion, including gains on sales of securities and fixed assets.

A loss from a temporary closure during the coronavirus pandemic accounts for negative JPY1.5 billion. The profit was JPY5.46 billion, and a profit margin was 5.3% for Q3.

During the COVID-19 pandemic, we have adopted a strategy that focuses on profitability rather than sales volumes. As a result, revenue has improved, but sales can grow further.

- Department stores/Commercial facilities: Growth rate remained strong at 109% YoY even with a lower speed of recovery compared to year before last
- E-commerce: Profitability improved due to limited discounts on e-commerce stores operated by other companies, but sales remained stable at 98% YoY. This is also due to disruption of some foreign supply chain.
- Overseas: Growth rate went well at 123.8% compared to year before last and at 125.7% YOY due to strong performance of online shopping site TACTICS operated in the U.S.

		Cumulative Q3RD 2020 Ending Feb.	Cumulative Q3RD 2021 Ending Feb.	Cumulative Q3RD 2022 Ending Feb.	Growth by channel: compared to year before last (%)	Growth by channel: YoY (%)
Domestic	Department Stores	16.47 Billion Yen (Composition Rate (%): 13.1)	9.39 Billion Yen (Composition Rate (%): 9.7)	10.53 Billion Yen Composition Rate (%): 10.1	64.0	112.1
Domestic	Commercial Facilities(*1)	64.19 Billion Yen (Composition Rate (%): 51.0)	41.51 Billion Yen (Composition Rate (%): 42.7)	44.94 Billion Yen Composition Rate (%): 43.3	70.0	108.3
Domestic	E-Commerce	25.37 Billion Yen (Domestic E-Commerce ratio(%): 23.9)	28.98 Billion Yen (Domestic E-Commerce ratio(%): 36.3)	28.39 Billion Yen Domestic E-Commerce ratio(%): 33.9	111.9	98.0
Domestic Others(*2)		13.48 Billion Yen (Composition Rate (%): 10.7)	11.11 Billion Yen (Composition Rate (%): 11.4)	12.23 Billion Yen Composition Rate (%): 11.8	90.7	110.1
Overseas(*3)		6.29 Billion Yen (Composition Rate (%): 5.0)	6.20 Billion Yen (Composition Rate (%): 6.4)	7.79 Billion Yen Composition Rate (%): 7.5	123.8	125.7

*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.

The following report shows a trend in cumulative sales results by channel.

Under the impact of the pandemic, we found ourselves prioritizing profitability over sales volume. While earnings are improving, we understand that there is still some room for future growth in the sales volume.

In the department store and non-department store sectors, the speed of recovery was 109% compared to the same quarter last year, which is somewhat sluggish compared to the same quarter 2 years ago. Restriction on discount sales on partner e-commerce sites helped to improve profitability; however, e-commerce sales were caught in a temporary lull at 98% of the same quarter last year.

This stagnation is partially due to some disruptions in the overseas supply chain. I will go deeper on this topic later, but TACTICS in the U.S. was the driving force of overseas sales, and we were able to maintain strong results with sales of 123.8% compared to the same quarter 2 years ago, and 125.7% compared to the same quarter last year.

We are not satisfied with the results of the overall sales. Even in this severe pandemic environment, for the sake of our customers who love TSI products, we plan on continuing our efforts to develop new products, create new services, and deliver fresh surprises to the market.

Operating profit and revenue structure by segment for Q3 are reported here.

As I have already mentioned, golf and street fashion continue to perform well in the domestic market.

We have embarked on a drastic structural reform of NANO UNIVERSE and NATURAL BEAUTY BASIC, our 2 main brands that had been struggling so far. The resulting numbers for the unconsolidated Q3 exceeded both the same quarter last year and that of 2 years ago. We assess that we are on the way to a gradual but steady improvement.

In addition, womenswear brands are trending favorably, due to the early introduction of the e-commerce model, which is a part of our shift in the business structure with an elevated focus on OMO. In particular, the business operation of ARPEGE and other brands, and the business operation of brands like PROPORTION BODY DRESSING and FREE'S MART that is targeting the younger generation, are showing strong comebacks.

12 E-commerce Sales Performance for Q3RD Results of 2022 Ending Feb.

- **The domestic EC ratio was at 33.9% with +10pt compared to year before last, but gross sales growth rate stepped up at 98.0% YoY due to the impact of some brand closure.**
- **The in-house EC ratio significantly grew to 47.0% while ensuring high profitability.**
- **Overseas EC sales grew 108.5% YoY.**

■E-commerce Sales Summary

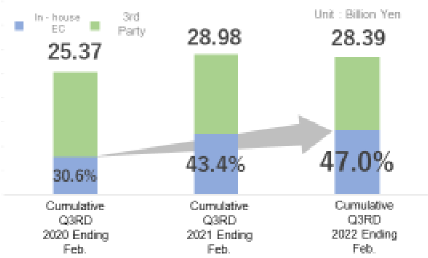
Unit : Billion Yen

	2020 Ending Feb.	2021 Ending Feb.	2022 Ending Feb.	Compared to year before last	Y/Y
In-house EC (ratio(%))	7.76 (30.6)	12.57 (43.4)	13.33 (47.0)	171.7% (+16.3pt)	106.0% (+3.5pt)
Domestic E-Commerce (ratio(%)) ※1	25.37 (23.9)	28.98 (36.3)	28.39 (33.9)	111.9% (+9.9pt)	98.0% (▲2.4pt)
Overseas E-Commerce (ratio(%)) ※2	0.55 (8.8)	2.18 (35.2)	2.37 (30.4)	428.9% (+21.6pt)	108.5% (▲4.8pt)
E-Commerce TOTAL (ratio(%)) ※1	25.92 (23.1)	31.16 (36.2)	30.76 (33.6)	118.7% (+10.5pt)	98.7% (▲2.6pt)

※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.

■In-house EC Ratio

The in-house EC ratio has grown due to our strengthened services such as LIVE commerce, online customer services, and staff fashion styles.



I would like to move on to the e-commerce sales results.

The domestic e-commerce conversion rate was 33.9%, up 10% from 2 years ago. We withdrew some of the brands from the business, which led to a plateau of sales growth rate with net sales at 98% compared to the same quarter last year. Regarding the ratio of domestic in-house e-commerce, sales grew to 47%, up 16% over the past 2 years. Net sales have expanded to 172% for the same quarter 2 years ago, maintaining high profitability and growth potential.

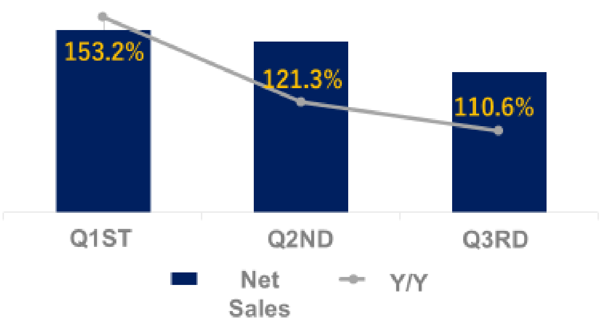
Overseas e-commerce sales were 108.5% of last year's level.

13 Supply Chain Disruption / Impact on Gain for September through November TSI HOLDINGS

■ The third quarter was the largest disruption period. The impact on the entire company was minor but it is necessary to continuously pay attention on the influence.

- In Asian and Southeast Asian countries where TSI's key production bases are located, supply chain has been disrupted due to factory closure, energy shortage, limited level of port handling operations, and other issues that arised as a result of re-spread of COVID-19 infection.
- The disruption has affected some of our brands, primarily STARJOINUS, which rely on global companies for distribution and procurement of products.

STARJOINUS Quarterly Sale & YoY Change for 02/FY22



The results of the 1st half significantly contributed to the growth of the company's overall sales due to a drastic increase in EC business sales. There had been a significant delay in the delivery of sneakers, one of our leading products, from the U.S. since mid-August, leading to the steady growth of sales. We have corrected our production and sale plan mainly in the part of our original products. The revenue structure is going well.

I would like to report on the impact of supply chain disruptions on our earnings during September and November.

Q3 turned out to be the most confusing quarter for our business. Although the overall impact on our business was minor, the situation will continue to warrant close monitoring.

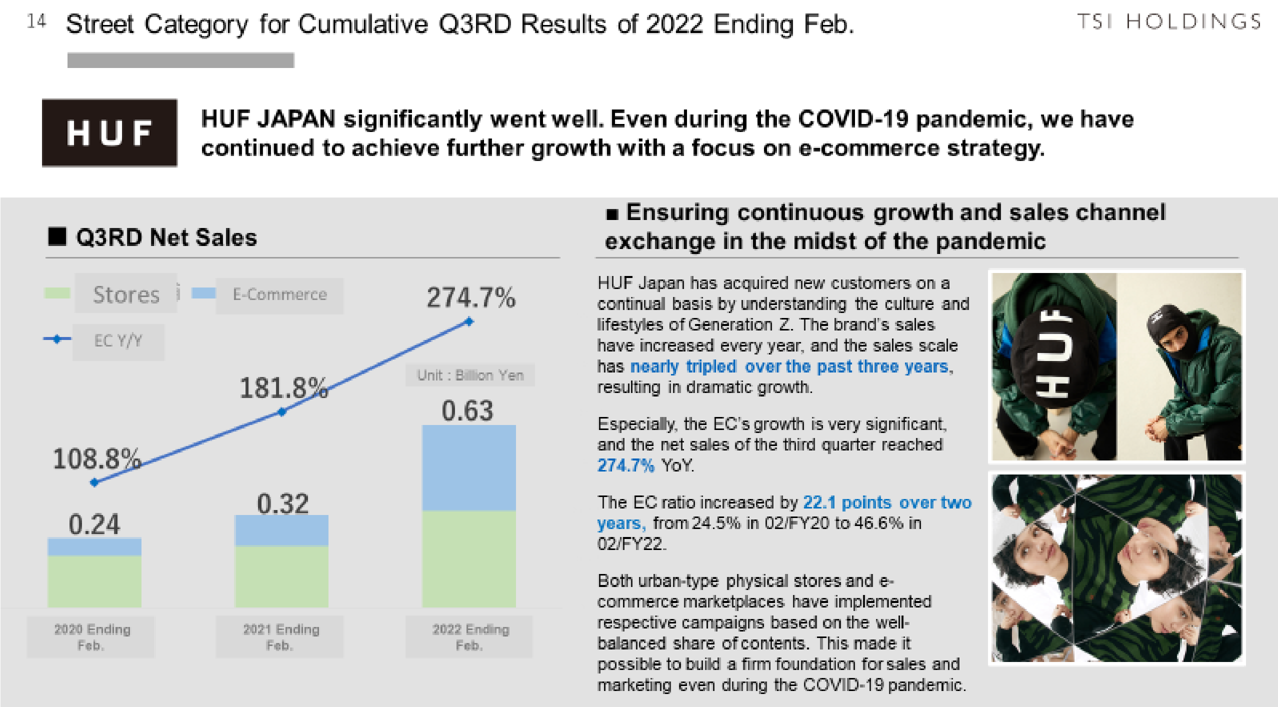
TSI's key production sites are in Asia and Southeast Asia. We faced a combination of problems including plant closures due to the recurrence of COVID-19 infections, energy shortages, and limited port processing capacity. All of these led to confusion of our supply chain, delays in delivery, cancellation of manufacturing, for example.

STARJOINUS was among the first to take a hit. This is 1 of the brands that receive production allocation from our global companies. As shown in the table, the growth rate was 150% or higher in Q1, and 120% or higher in Q2. In Q3, though, it was 110%, which is still a high growth rate; however, it could have been higher if there had been no disruption in the supply chain.

The total sales reached 135% compared to the same quarter last year for H1, but then it declined in the latter half. This proves even a slight confusion in the supply chain could affect our business model.

In the future, we aim to raise the alarm when we have to respond to a similar situation and to reduce production lead time and production lots as a part of supply chain reform for brands like SPA.

We will also need to consider domestic plant utilization while taking into account the foreign exchange risk caused by a weak yen. In addition, we aim to implement risk diversification through local currency payment terms.

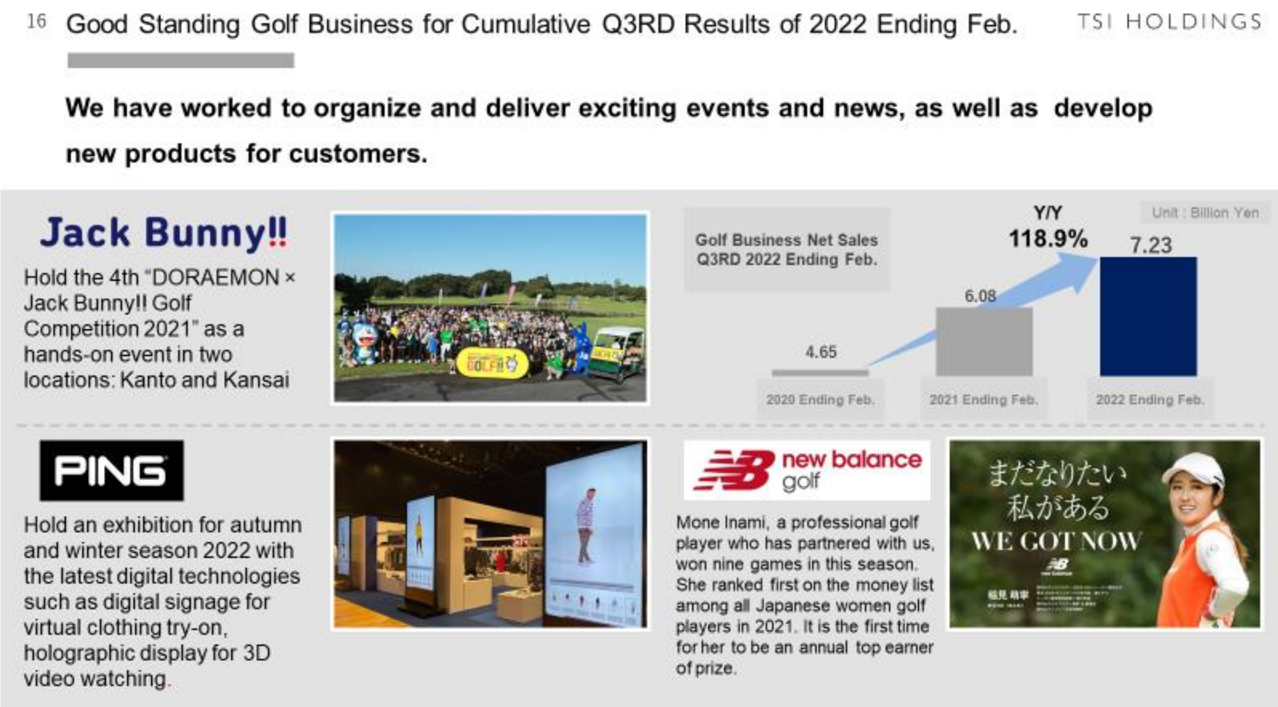


The following is a report on street fashion, which has been performing well in Q3.

HUF JAPAN has been making great strides. With an e-commerce strategy at the core, this brand is continuing to make a steady growth despite the coronavirus pandemic.

The chart shows that in the non-consolidated Q3, sales from both physical store and e-commerce channels are strong. Sales in the e-commerce channel were 108% in the fiscal quarter ending February 2020, and have grown significantly to 274.7% in the fiscal quarter ending February 2022.

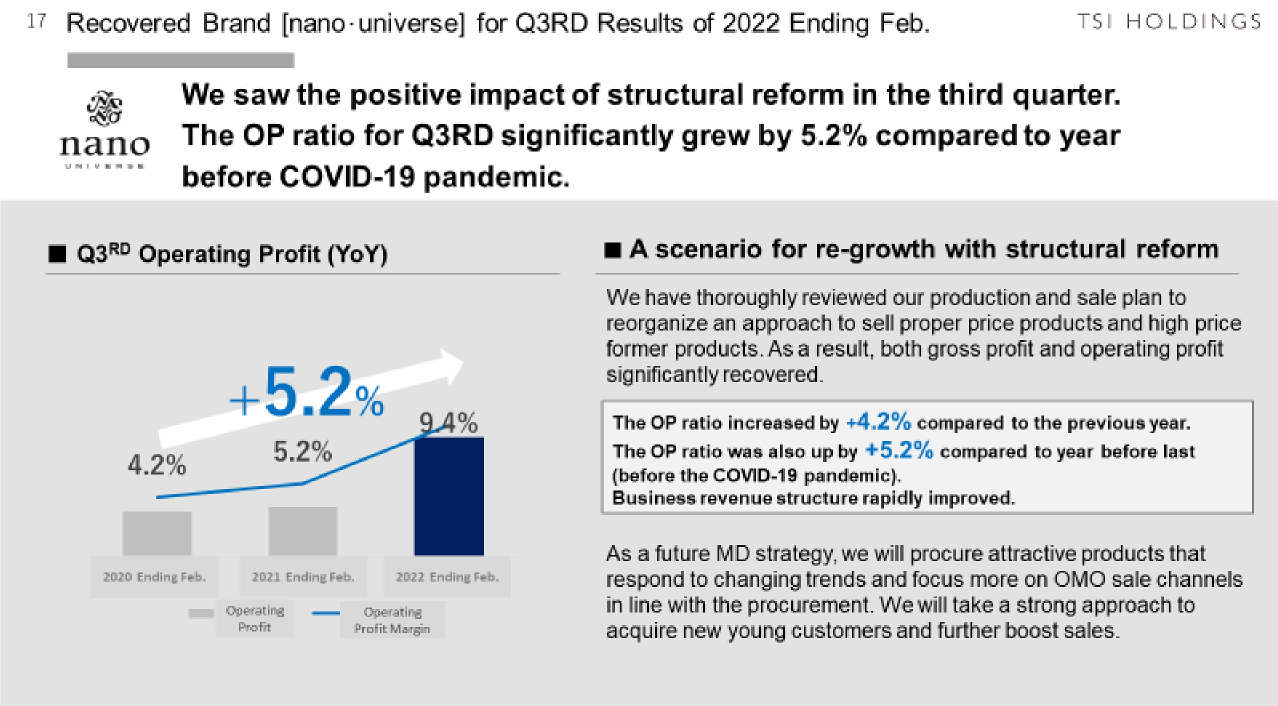
The total annual sales of HUF JAPAN were JPY1 billion last year. This year we are targeting JPY2 billion, as we have such a sound brand and market.



These are the topics for Q3.

I would like to note the golf fashion category, which is doing well in Q3. In addition to the development of new products, the entire company is actively engaged in spreading the word about news and events that excite our client base. I sense that the buzz is creating a flow of customers who have positive feedback about what we do.

As a result, in the golf fashion category, as shown in the table, sales in Q3 were JPY4.65 billion for the fiscal year ending February 2020, and JPY7.23 billion for the same quarter 2022, or a 118.9% increase over the last fiscal year. We believe that we are gaining support from our base.

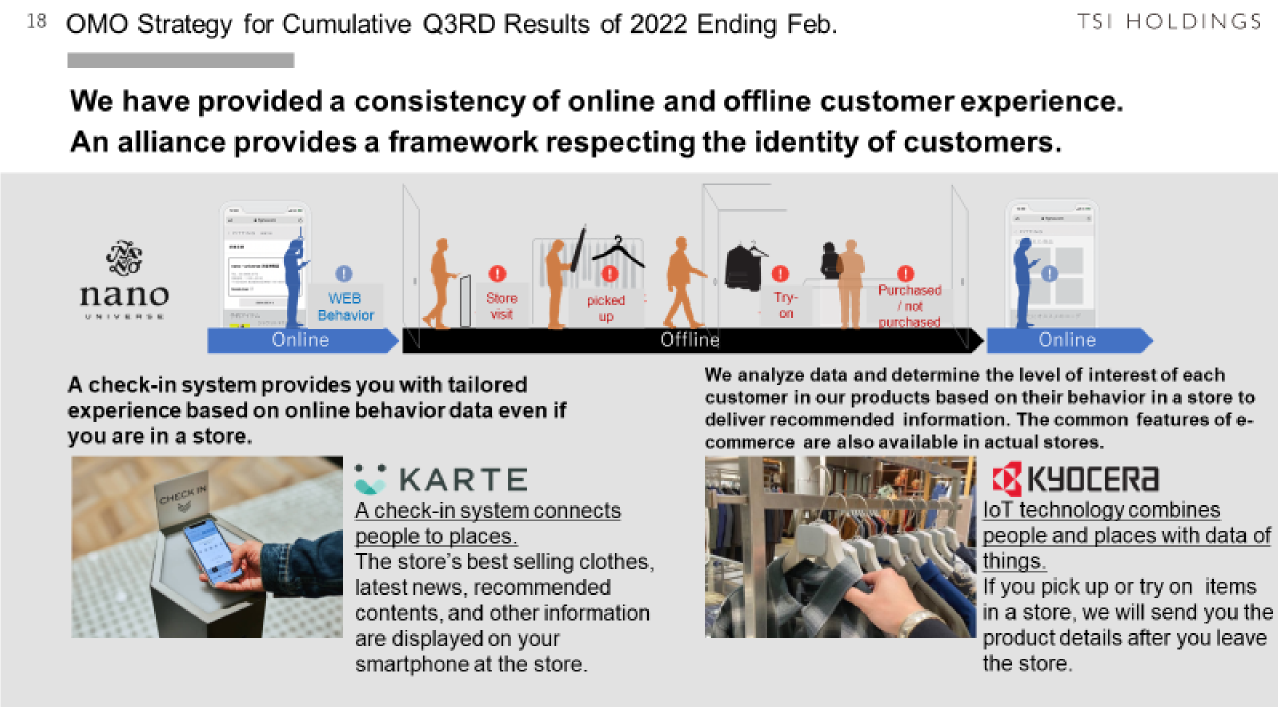


In Q3, NANO UNIVERSE came back with sound results. The result of our structural reforms became apparent in this quarter.

The non-consolidated operating profit ratio for Q3 also increased by 4.2% compared to the last year. Profitability is rapidly improving, with an operating profit margin of 5.2% compared to the pre-pandemic time.

We have brought in a new creative director and implemented a new workflow system to improve the quality of all of our products and ultimately strengthen the product power. The actions we took were part of our MD strategy, which we have been working on for a while. I believe that our efforts are gradually taking effect in improving our products, even the damaged inventory.

In conjunction with these efforts, we are also strengthening OMO sales channels to acquire new customers. The positive flow energized our brands. We aim to further strengthen our efforts for the growth of sales.

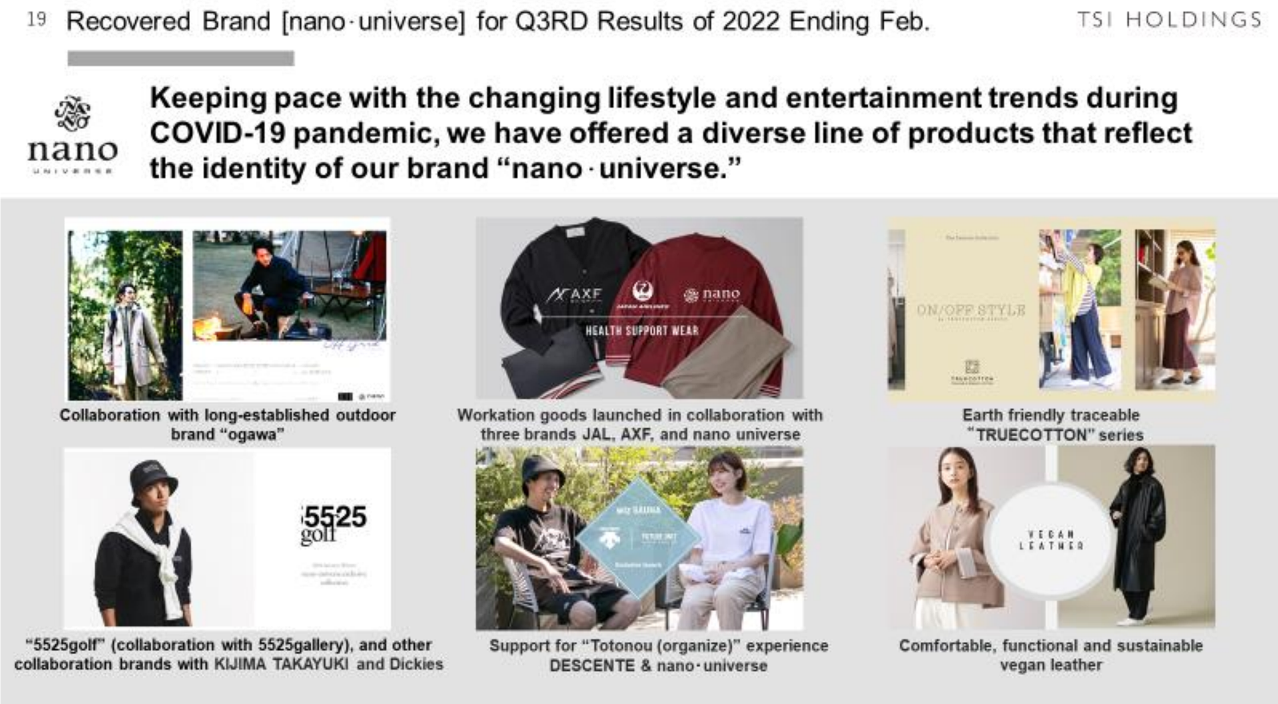


I would like to share our OMO strategy for Q3.

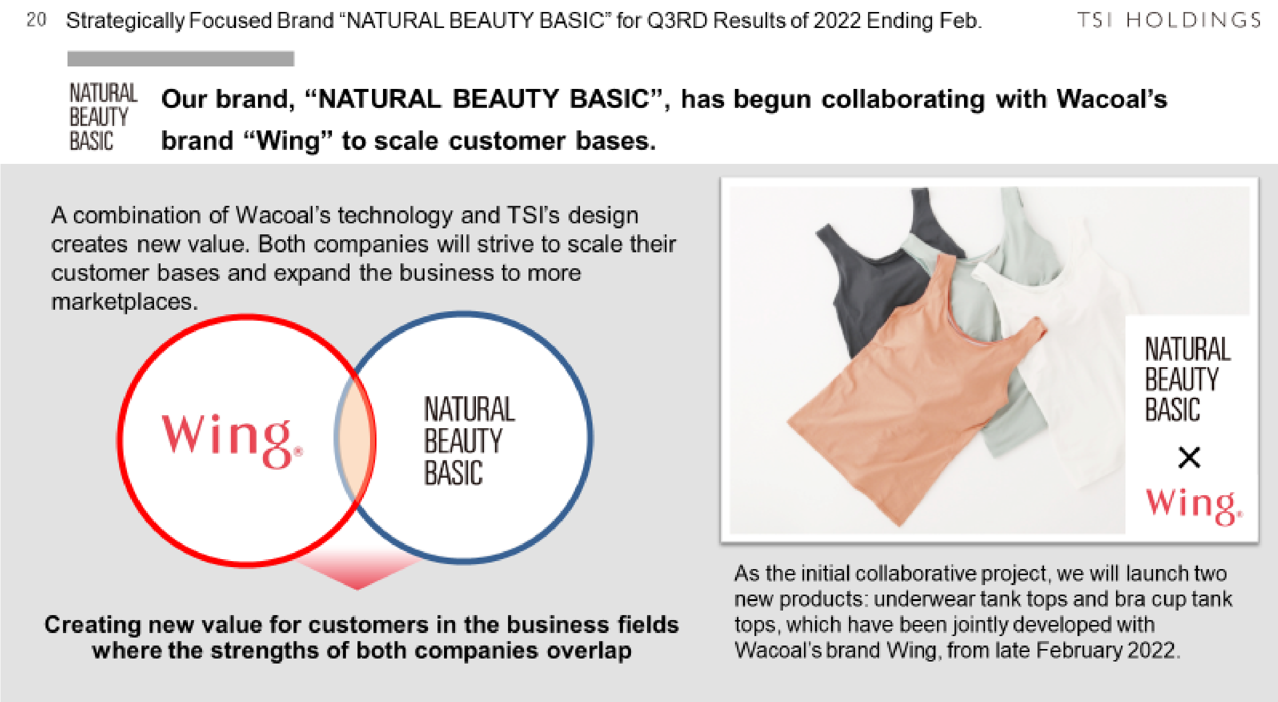
We will achieve continuity between online and offline customer experiences. What that means is to devise a business model that caters to the unique needs of our customers with some digital advanced companies. The slide shows an example of NANO UNIVERSE. We incorporated the KARTE platform produced by Plaid Corporation. Check-in is a system that provides you with a personalized experience in stores that also uses online behavioral data.

This picture of the right side shows the digital hanger service by Kyocera Corporation, which is an in-store customer behavior data collection service. It assesses a customer's degree of interest in our products based on how the customer interacts and behaves in-store, and converts statistics to data, to be used for product recommendations. This is our new experiment to bring a readily available service on e-commerce to the in-store experience.

The KARTE platform was equipped at our physical stores at Lalaport Yokohama, Lalaport Tokyo Bay, and Lazona Kawasaki. The Kyocera's digital hanger services are scheduled to pilot run at Lazona Kawasaki.



This example is also from the NANO UNIVERSE business. I would encourage everyone to take a look at another one of our experiments through the product line-up, which is our attempt to capture customers' changing needs in lifestyle and leisure-time decisions during the pandemic.



This is our strategic brand for Q3, NATURAL BEAUTY BASIC.

We are scheduling a separate press release later today on our collaboration with a brand Wing produced by Wacoal Holdings Corp. We will be creating a crossover of the 2 companies' strengths, aiming to expand the customer base and enhance product value.

Wacoal is known for its high functioning products, quality, and development capabilities, all of which have been cultivated over the years. We, on the other hand, can offer the power of creative design. We will begin a collaborative project by working in tandem to create new value and to combine technical strength and design capabilities.

Please stay tuned.

 About Balance Sheet

Our financial position has continued to be sound by controlling the balance of inventory as well as achieving good performance.

(Unit : million yen)

	Cumulative Q3RD 2021 Ending Feb.		1ST Half 2022 Ending Feb.		Cumulative Q3RD 2022 Ending Feb.					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Q2/Q3 Change	Q2/Q3 (%)
Current Assets	70,678	45.8%	73,439	50.6%	78,586	51.9%	7,908	111.2%	5,147	107.0%
(of Cash and Deposits)	28,131	18.2%	40,440	27.9%	35,689	23.6%	7,558	126.9%	-4,751	88.3%
(of which, Inventory)	23,823	15.4%	18,716	12.9%	22,660	15.0%	-1,163	95.1%	3,944	121.1%
Non-current Assets	83,745	54.2%	71,713	49.4%	72,773	48.1%	-10,972	86.9%	1,060	101.5%
(of Investment Securities)	26,375	17.1%	28,865	19.9%	30,205	20.0%	3,830	114.5%	1,340	104.6%
(of Investment Real estate)	16,430	10.6%	4,966	3.4%	4,957	3.3%	-11,473	30.2%	-9	99.8%
Total Assets	154,423	100.0%	145,152	100.0%	151,358	100.0%	-3,064	98.0%	6,207	104.3%
Current Liabilities	48,723	31.6%	27,195	18.7%	31,101	20.5%	-17,622	63.8%	3,906	114.4%
(of Short-term borrowings)	14,817	9.6%	202	0.1%	130	0.1%	-14,688	0.9%	-72	64.2%
(of Current portion of long-term borrowings)	8,915	5.8%	7,835	5.4%	7,035	4.6%	-1,880	78.9%	-800	89.8%
Non-current Liabilities	25,296	16.4%	18,775	12.9%	17,605	11.6%	-7,690	69.6%	-1,170	93.8%
(of Long-term borrowings)	18,604	12.0%	12,657	8.7%	11,553	7.6%	-7,051	62.1%	-1,104	91.3%
Total Liabilities	74,019	47.9%	45,970	31.7%	48,706	32.2%	-25,312	65.8%	2,736	106.0%
Total Net Assets	80,404	52.1%	99,181	68.3%	102,652	67.8%	22,248	127.7%	3,471	103.5%
Total Liabilities and Net Assets	154,423	100.0%	145,152	100.0%	151,358	100.0%	-3,064	98.0%	6,207	104.3%

> Cash & Deposits

• [Compared to the previous results as of the end of August]
Cash and deposits decreased by 4.7 billion yen due to the increase in accounts receivable and repayment of borrowed money, but our business conditions went well.

• [Year on year]
Cash and deposits increased by 7.5 billion yen due to the repayment of borrowed money and the sale of real estate.

> Inventory

• [Year on year]
With an increase in sales, purchasing was curtailed. Inventories were suppressed by about 95.1%, with a reduction of 1.1 billion yen compared to the previous quarter.

> Capital adequacy ratio

• The capital adequacy ratio remains high at 68.1%.

Next, I will explain the balance sheet.

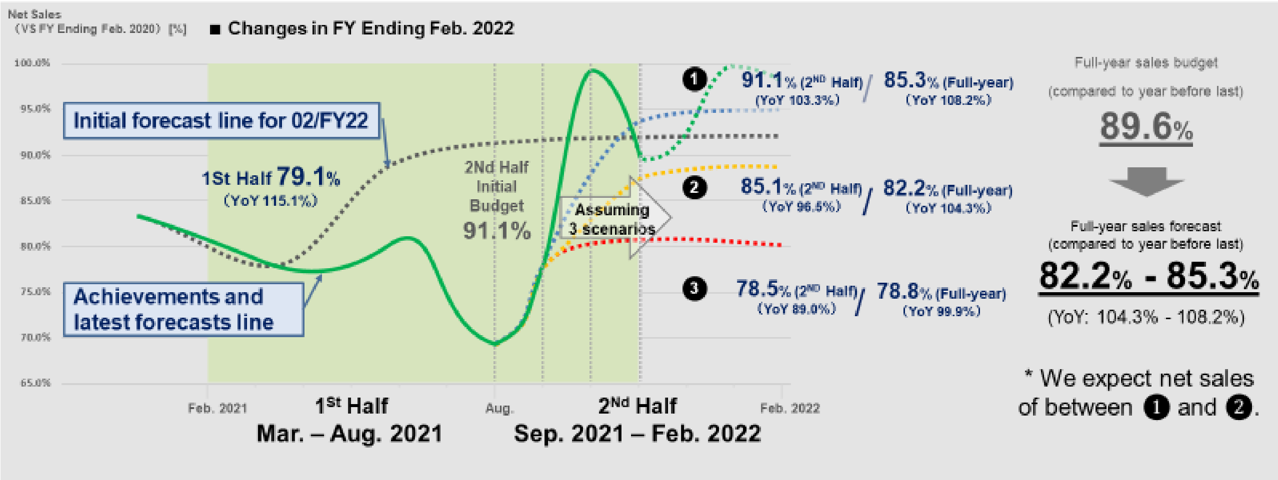
In addition to strong business performance, our financial position continues to be sound due to appropriate inventory control.

Cash and cash equivalents increased by JPY7.5 billion dues to the combination of repayment of loans and the impact of the sale of real estate. We have been able to reduce inventories by JPY1.1 billion compared to the same quarter last fiscal year by limiting the addition of new inventories despite the strong sales. We assess that we maintain an adequate inventory.

24 Sales Performance and Forecast

TSI HOLDINGS

In October, net sales recovered to the level of the year before last following a decrease in COVID-19 infections. Facing a wave of Omicron cases, we are not optimistic about the current situation. However, we expect that net sales will reach between 82.2% and 85.3% compared to the year before last, Y/Y 104.3% and 108.2% taking into consideration the proper function of e-commerce marketing channels.



Next, I would like to report on our full-year forecast.

Sales results and future projections.

Sales recovered to a somewhat similar level compared to 2 years ago in this October, partially due to the decrease in new infection cases of COVID-19; however, the new Omicron variant is arriving in the next wave. We are not optimistic about the situation.

Thanks to the e-commerce channels that we put in place, we expect to achieve a sales goal of between 82% and 85% compared to the same quarter 2 years ago. Compared to the last fiscal year, we expect to achieve a result between 104% and 108%, which is roughly the same as our initial plan.

Based on the recent performance trends, we have decided to make an upward adjustment to the consolidated performance forecast for 02/FY22 that we have published on April 12, 2021.
The details are shown below.

	Previously Published Forecast		Adjusted Forecast			
	Unit Billion Yen	Composition Rate (%)	Unit Billion Yen	Composition Rate (%)	Increase / decrease amount Billion Yen	Rate of change (%)
Net Sales	152.40	100.0	140.60	100.0	-11.80	-7.7
Operating Income	1.10	0.7	2.40	1.7	+1.30	118.2
Ordinary Income	1.60	1.0	3.80	2.7	+2.20	137.5
Profit Attributable to Owners of Parent	1.66	1.1	2.30	1.8	+0.64	38.6
Net income per share	18.40 Yen		25.47 Yen			

As of the end of the third quarter, operating profit has significantly increased.
Ordinary income also exceeded the initial forecasts due to the increase in dividends received and foreign exchange gains related to securities held. With the increasing risk of the COVID-19 outbreak, we have planned to get out of certain businesses in the fourth quarter and have additionally made an upward adjustment to the full-year performance forecast previously published based on the performance as of the end of the third quarter.

We would like to report on our earnings forecast and upward revision. This information has already been made to the public. I am just sharing the same figures here.

First, the previously announced forecast of net sales was JPY152.4 billion. The current forecast is JPY140.6 billion. The previous forecast for operating profit was JPY1.1 billion, and the current forecast is JPY2.4 billion, an increase of JPY1.3 billion.

In terms of ordinary profit, the previous forecast was JPY1.6 billion, and the current forecast is JPY3.8 billion, up JPY2.2 billion. In terms of profit, the previous forecast was JPY1.66 billion, and the current forecast is JPY2.3 billion, up JPY640 million.

The previous forecast for net income per share was JPY18.40. Our current forecast is JPY25.47.

For Q3 of the current fiscal year, as I have noted, operating profit has significantly improved.

However, we do not believe that the current momentum continues. In Q4, we expect some impact from the businesses we recently closed, as well as the risk of the re-emergence of COVID-19. I believe everyone is aware of the pandemic risk. We have made an upward revision to our previously announced full-year earnings forecast, taking into account the results through Q3.

Last but not least, I would like to report on our initiatives related to the SDGs and the Mid-term Management Plan.

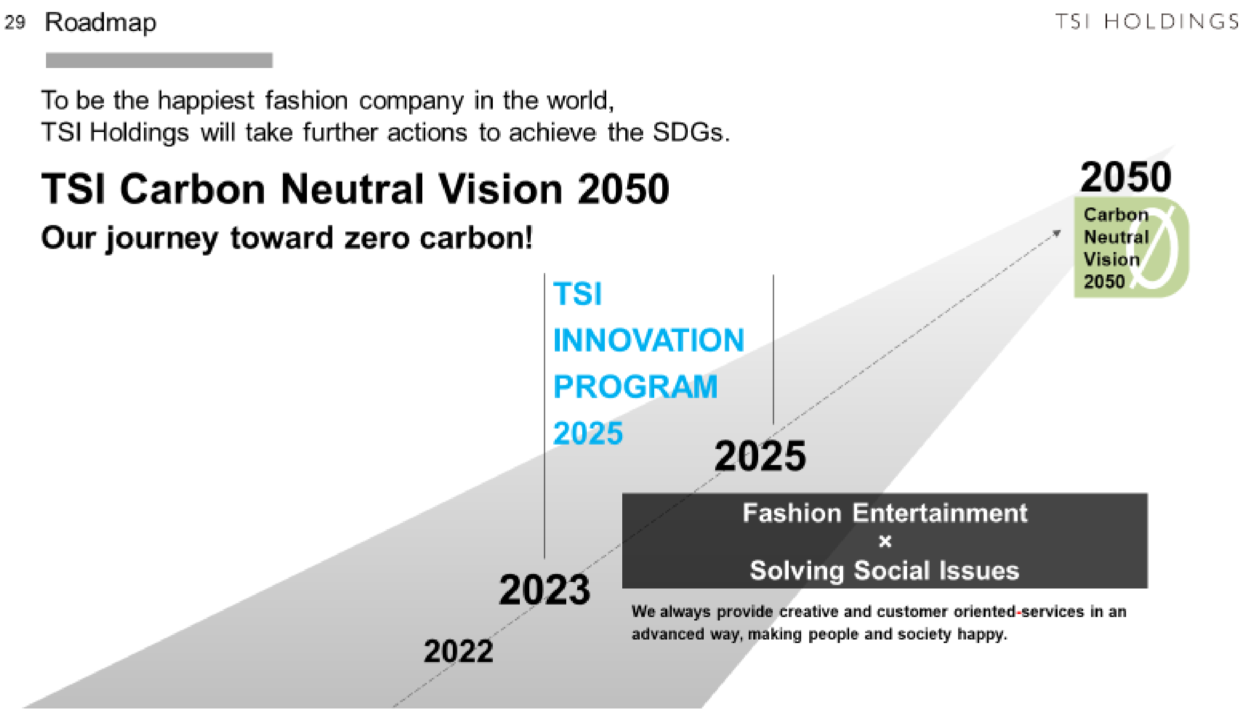
With regard to the SDGs agenda that TSI Holdings is working on, we have set 3 key areas to the missions we have set for our management. We will strengthen our activities to disclose the Sustainable Report and to obtain public certification.

Our management mission is to create business value, strengthen our management base, and contribute to people and society. In addition to our management mission, we have established 3 new key areas to address social issues in the areas of human beings, local communities, and the global environment, while incorporating our policy of fashion entertainment into our activities.

Let me introduce TSI Group's recent SDG initiatives.

The first is an ethical design proposal using digital technology. The second is to recycle, re-process, and sell discarded products. The third project will be a clothing collection & recycling project. Fourth, reduce plastic and reuse hangers. Fifth, while forming a capital and business alliance with ICheck Inc, we are distributing antigen KITs to employees and taking measures against the coronavirus pandemic.

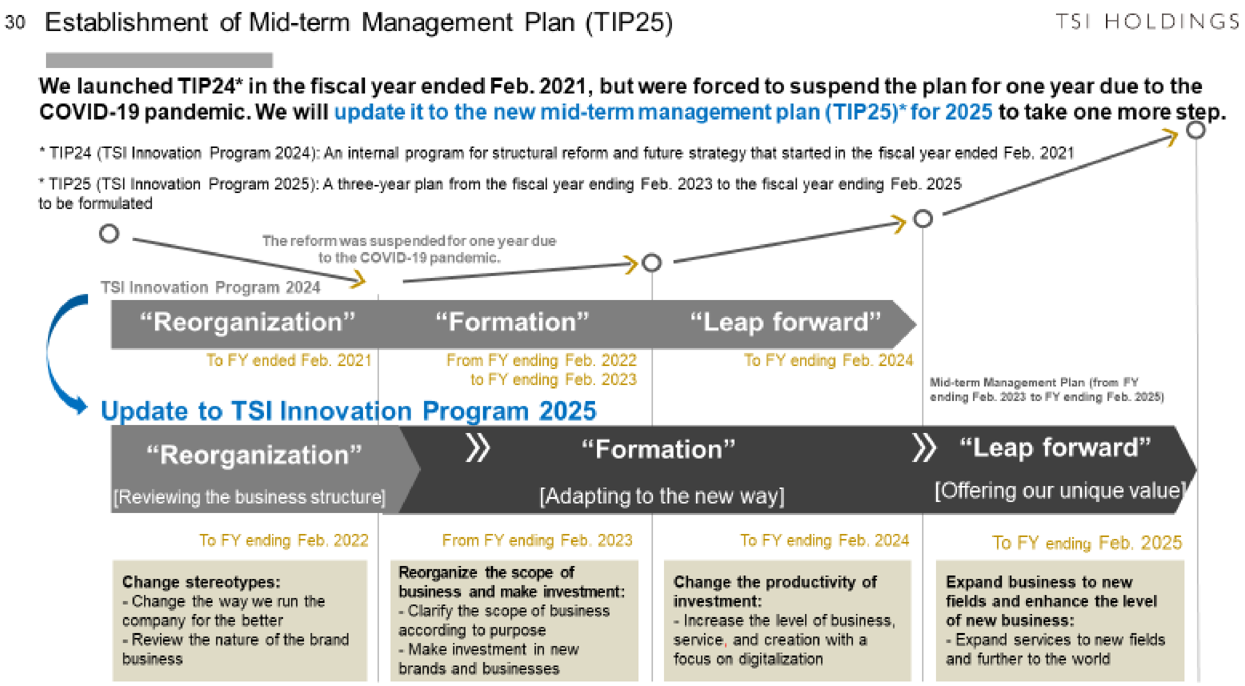
We would like to further expand on these various initiatives, so please take a look at the next page.



This is our roadmap. Our roadmap presents TSI Holdings' SDGs challenge to become the Happiest Fashion Company in the World.

We will continue to take on the challenge of achieving the TSI Carbon Neutral Vision 2050 and zero carbon.

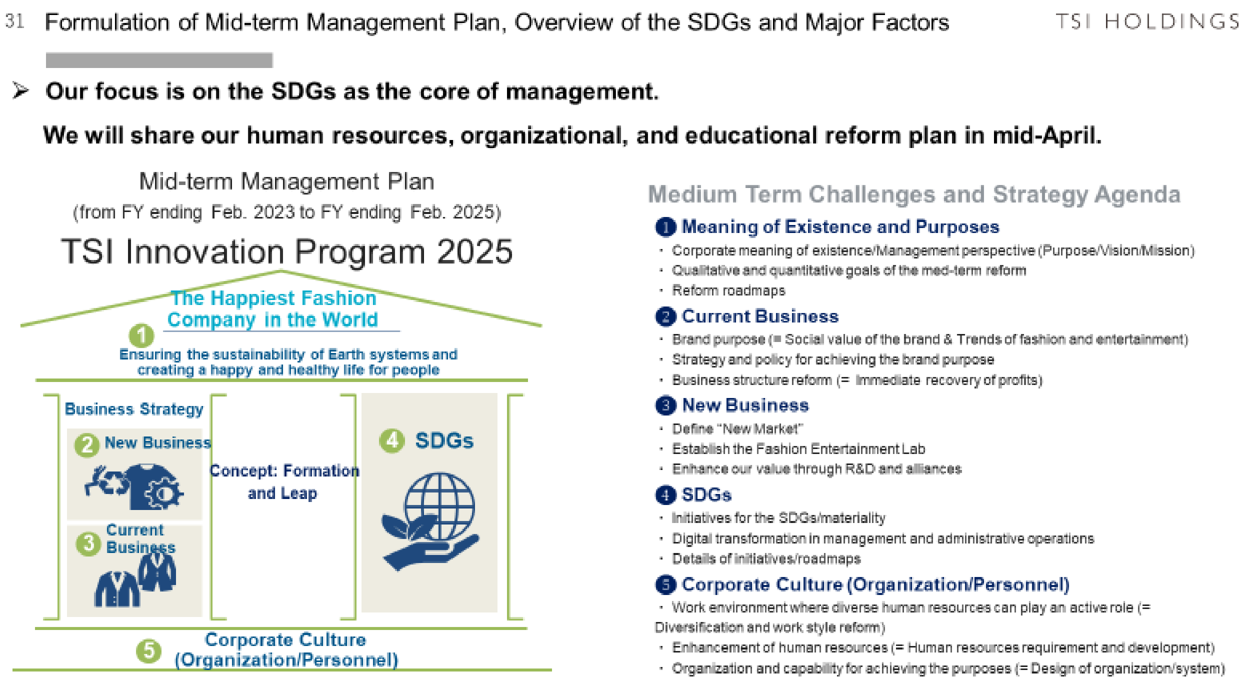
Beginning in February, TSI will be a proud member of the Japan Sustainable Fashion Alliance. At the beginning of the next fiscal year, we will announce our Mid-term Management Plan, titled TSI INNOVATION PROGRAM 2025. We will focus on fashion entertainment and the advancement of social issues. We aim to tackle the concept of offering our creativity and hospitality in an innovative fashion to bring happiness to people and society.



I would like to report on the development of the Mid-term Management Plan TIP25.

We launched TIP24 in the fiscal year ending February 2021 and have been pushing reforms for 2 years. This is the Rebuild phase on the slide. I have an impression that we have reached some conclusions in the last 2 years.

TIP24 will be updated as TIP25, a new Mid-term Management Plan for 2025, targeting Create and Leap Forward, to create a new era of TSI.



This is about our Mid-term Management Plan and our approach to the SDGs.

We will place the SDGs at the core of our business management. In April we will be announcing reforms that focus on human resources, organization, and education.

For the specific agenda of the Mid-term Management Plan, number 1 is the significance, and purpose of our existence. Number 2, existing business. Number 3, new businesses. Number 4, SDGs. Number 5, corporate culture. We aim to announce our plan for organizational and human resources-related initiatives. Please look forward to our announcement.

We will continue our efforts to become the Happiest Fashion Company in the World.

Thank you very much.

[END]

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