



TSI HOLDINGS GROUP

Results Briefing: FY Ending Feb. 2022

14th April 2022



AGENDA

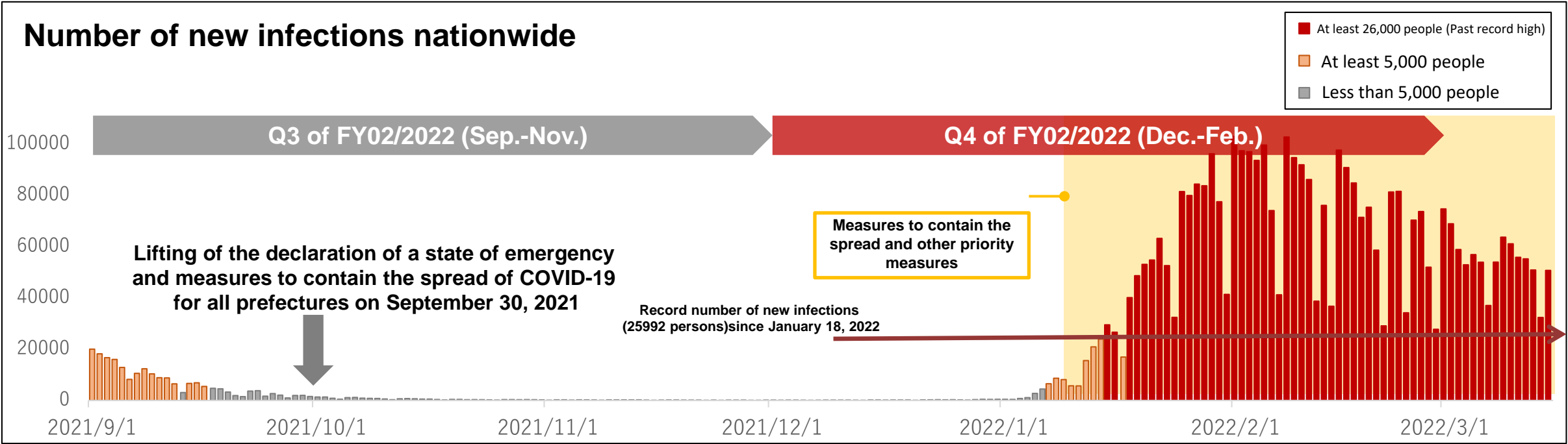
TSI HOLDINGS

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2 Covid-19 Impact on 2ND Half Results of 2022 Ending Feb.

In the first half of 2H of the fiscal year, there were signs of a recovery in business performance following a temporary end to the COVID-19 infection, but the infection spread explosively again in January of Q4. The number of new infections reached a record high on January 18.

The impact is not limited to the retail trends affected by the domestic infection but began with the disruption of product procurement because of COVID-19 at overseas production sites, and the entire supply chain challenges due to soaring oil prices, yen depreciation, and the conflict are affecting business management.



- Dec. 22 First confirmation of community-acquired Omicron strain
- Jan. 9 Measures to contain the spread of COVID-19 taken in 3 prefectures, Okinawa, Yamaguchi, Hiroshima (the measures spread to 34 prefectures on Jan. 27)
- Jan. 16 32,197 new infections per day, a new record high (previous record was marked on Aug. 20, 2021)
- Mar. 22 Lifting of the measures to contain the spread for 18 prefectures and for the first time in about 2 months with no area where the measures are taken



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Results Overview FY Ending Feb. 2022



Net sales were affected by the fifth and sixth waves of COVID-19 and by strategic efforts to curb discount sales. As a result, they were lower than the previous year, standing at **-2.17** billion yen. However, existing businesses, excluding businesses withdrawn in the previous period, achieved **100.7%**. Operating income increased **4.68 billion yen** because of the improved gross profit margin and reduced SG&A expenses, leading to a significant improvement in profitability.

Net Sales

75.63 Billion yen

YoY 97.2%
YoY Change
-2.17 Billion yen

Operating Income

3.30 Billion yen

YoY Change +4.68 Billion yen
Compared to year
before last
Change +3.07 Billion yen

Current Net Income

-0.86 Billion yen

YoY Change -19.16 Billion yen
Compared to year
before last
Change -1.99 Billion yen



The impact of COVID-19 spread further from the previous year, making it difficult to control the business throughout the year.

Net sales improved from the previous year, although sales declined significantly from two fiscal years ago, which were before the COVID-19 pandemic.

Operating income was the highest ever, even given COVID-19, as a result of structural reforms gradually bearing fruit.

Net Sales

140.38 Billion yen

YoY +104.7%

YoY Change +6.30 Billion yen

Compared to year before
last Change -29.68 Billion yen

Operating Income

4.44 Billion yen

YoY Change +16.28 Billion yen

Compared to year before
last Change +4.37 Billion yen

Current Net Income

1.02 Billion yen

YoY 26.5%

YoY Change -2.83 Billion yen

Compared to year before
last Change -1.16 Billion yen



Set a new record-high operating income (previous record was 2.54 billion yen in FY02/2017) amid COVID-19

Main factors

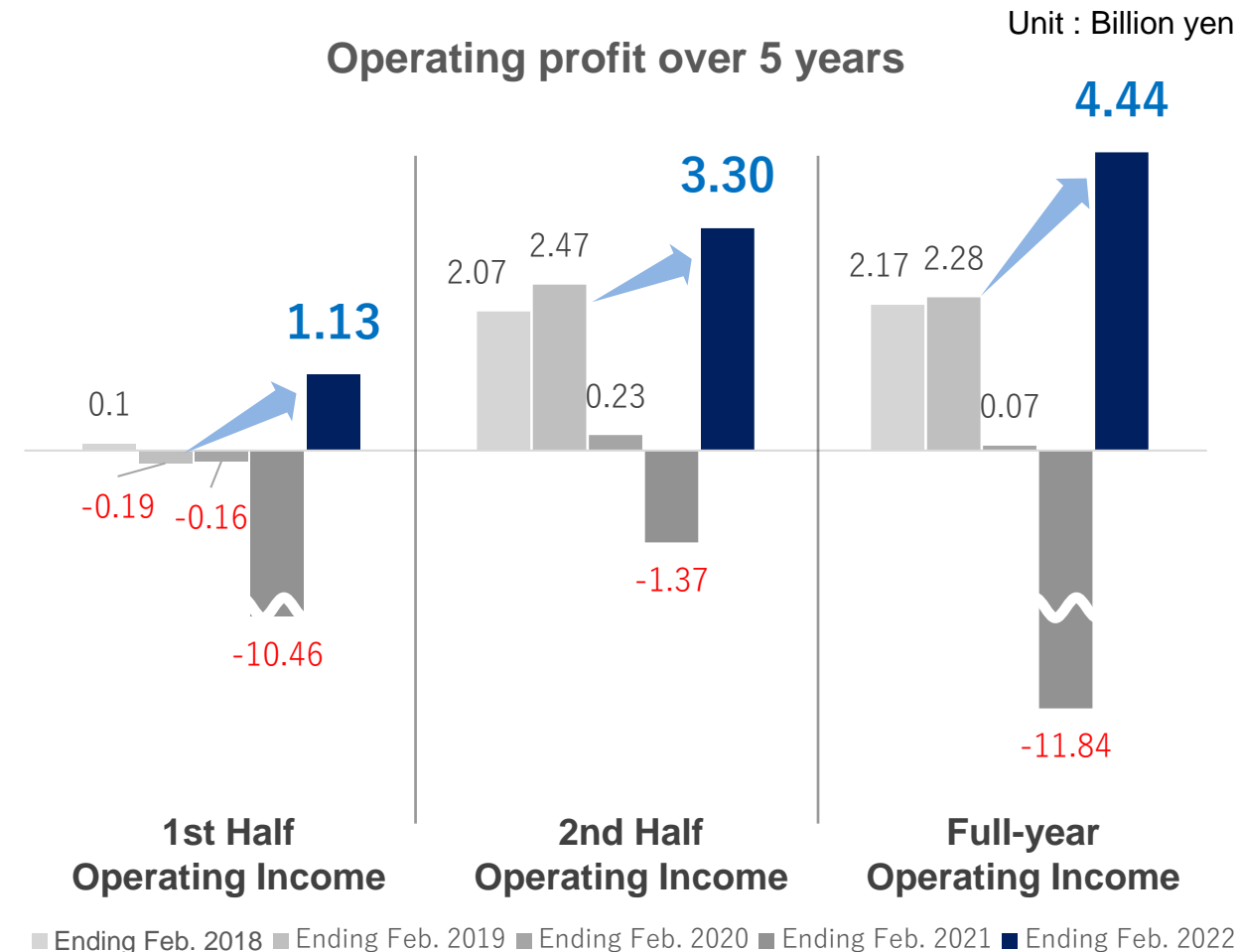
Focus on getting rid of the deficit in 1H of the year and improving profitability throughout the year

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

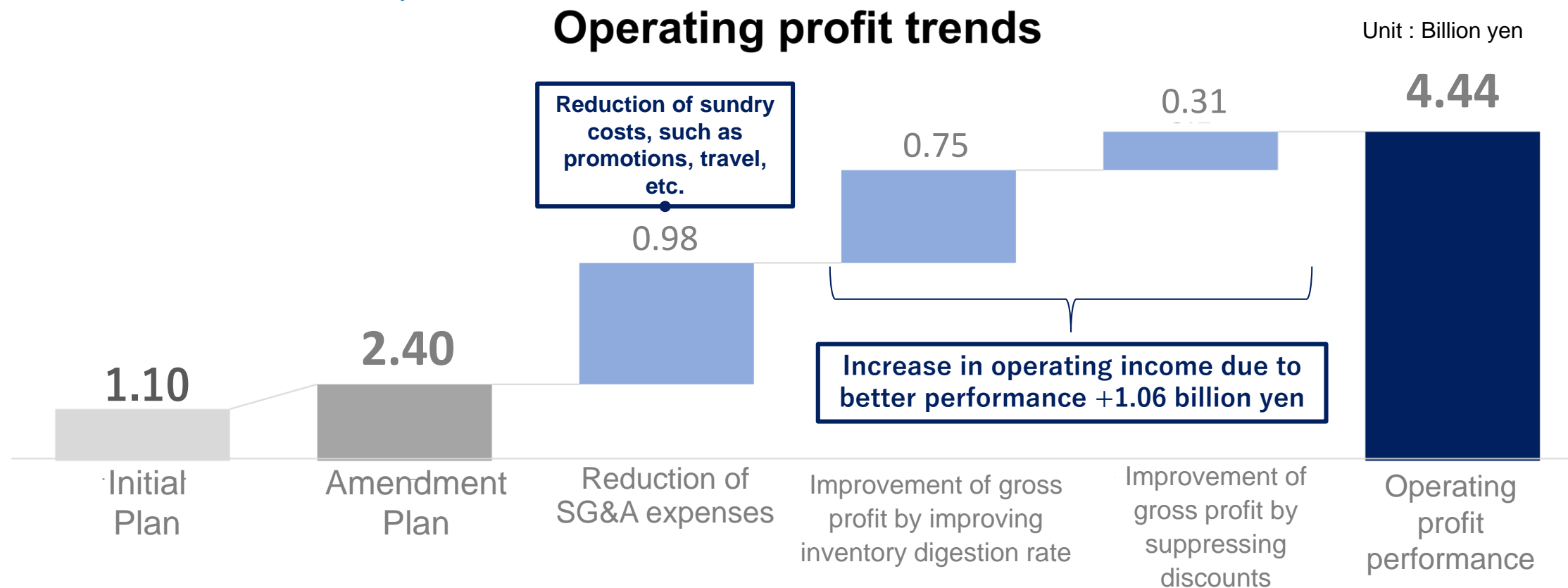
In addition, the establishment of a management system to improve profitability, which was continued throughout the year, contributed to raising the overall profitability.

As a result, we recorded the highest profit level also in 2H of the fiscal year.

EBITDA ¥8.88 Billion / EBITDA Rate 6.3%



Although we disclosed a revised forecast of operating income of **2.4** billion yen because of the anticipated deterioration of business performance caused by the COVID-19 spread in February, the COVID-19 impact was smaller than expected. In addition, appropriate control of sales yields and purchase inventories, as well as a significant reduction in SG&A expenses, have resulted in a significant deviation from the forecast, making operating income reach **4.44 billion yen** and the operating income difference stand at **2.04 billion yen**.



8 Gross Profit/SG&A Expenses for FY Ending Feb. 2022

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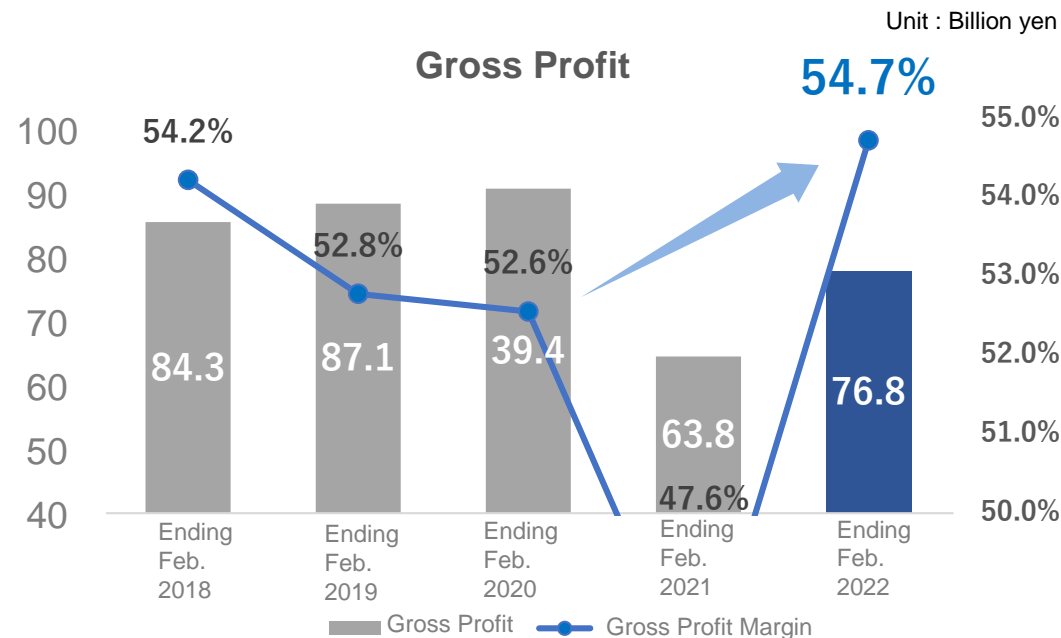
Gross Profit

76.82 Billion yen

YoY Change **+12.98** Billion yen

YoY 120.3%

Compared to year
before last 85.9%



> Gross Profit

- Inventory was 101.8% YoY, 86.3% compared to two fiscal years ago, maintaining a low level on par with the previous year.
- Profitability improved due to limited discounts.
- Our business structure has been reinforced with high added value.

⇒ Improved profit by **13.0 billion Yen**
compared to last year

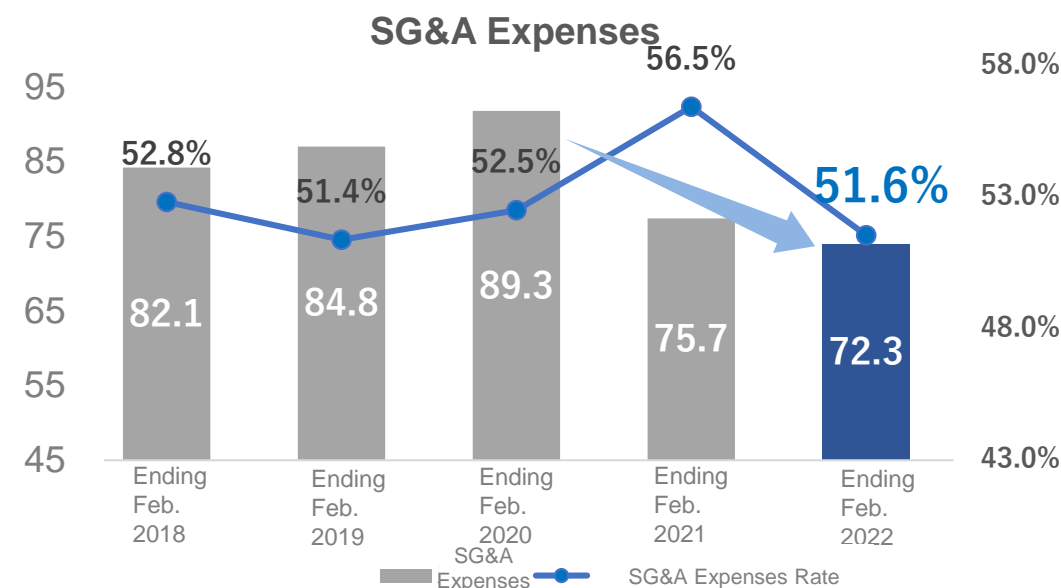
SG&A Expenses

72.38 Billion yen

YoY Change **-3.30** Billion yen

YoY 95.6%

Compared to year
before last 81.0%



> SG&A expenses

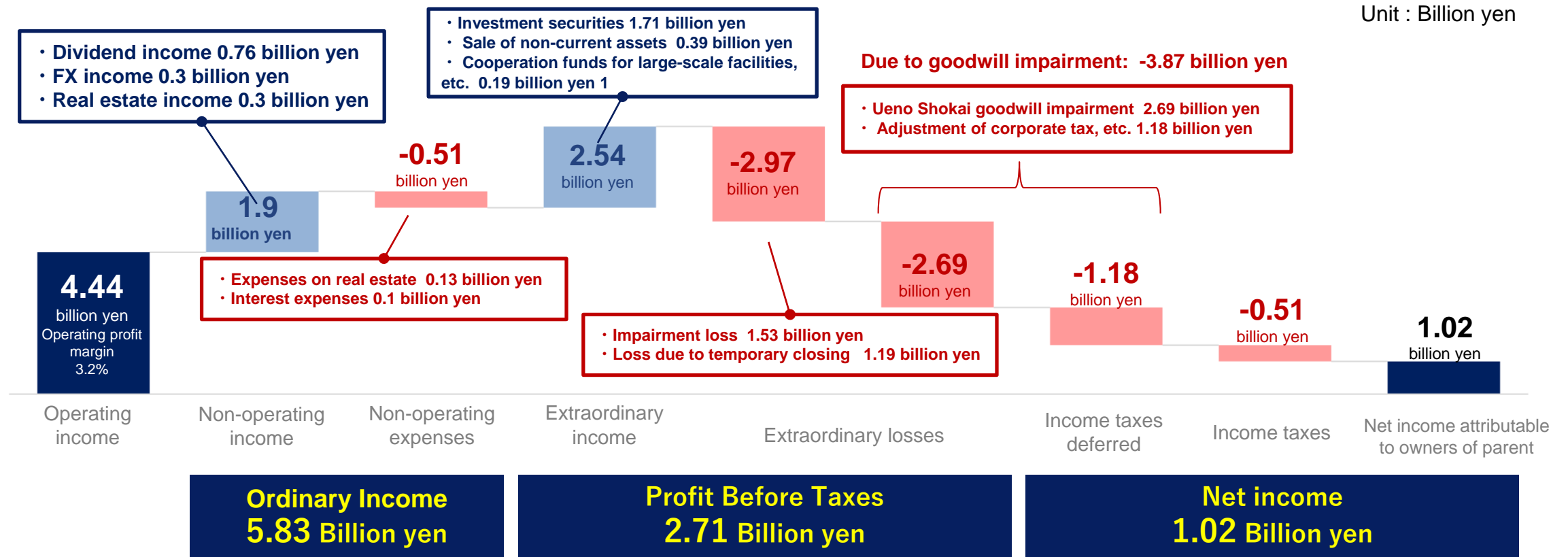
- Review of payroll system and bonus for employees
- Review of rent and guarantee during the store closing period
- Review of work system at stores and headquarters
- Improvement of transportation costs by changing logistics carriers
- Recovery of sales and continuing previous year's level of expense reduction

⇒ **4.9pt** improvement compared to last
year

9 Net Income Impact Items for FY Ending Feb. 2022

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Ordinary income was **5.83 billion yen** including non-operating income of 1.90 billion yen due to dividend income /real estate income, etc. Extraordinary income of 2.54 billion yen, including gains on sales of securities, and extraordinary losses of 5.66 billion yen, including goodwill impairment and loss due to temporary closing, were recorded. After adding -1.69 billion yen in income taxes-deferred, **net income** for the year was **1.02 billion yen**, with a **profit margin** of **0.7%**.





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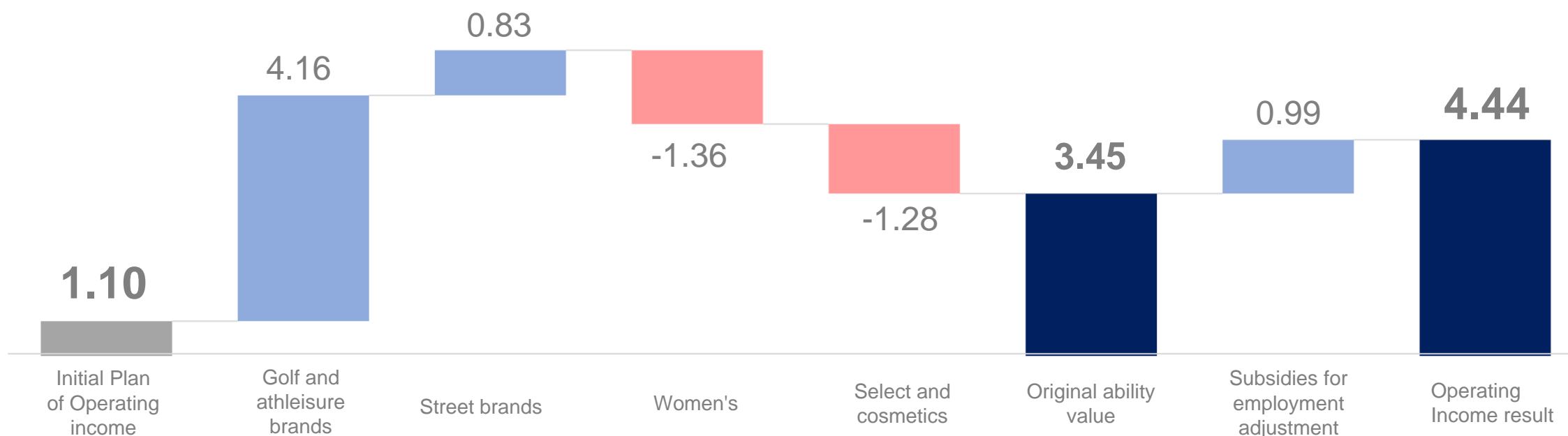
Business Situation



The golf and street businesses remained strong, significantly exceeding the budget, with a budget variance of **4.99 billion yen**. Although brands with a higher percentage of e-commerce performed well, the mainstay women's business was dragged down by a decline in customer traffic at real stores. In addition, select businesses, such as Ueno Shokai and ROSE BUD significantly struggled. Operating income, which does not include employment adjustment subsidies, was **3.45 billion yen**.

Factors affecting operating income by business area

Unit : Billion yen

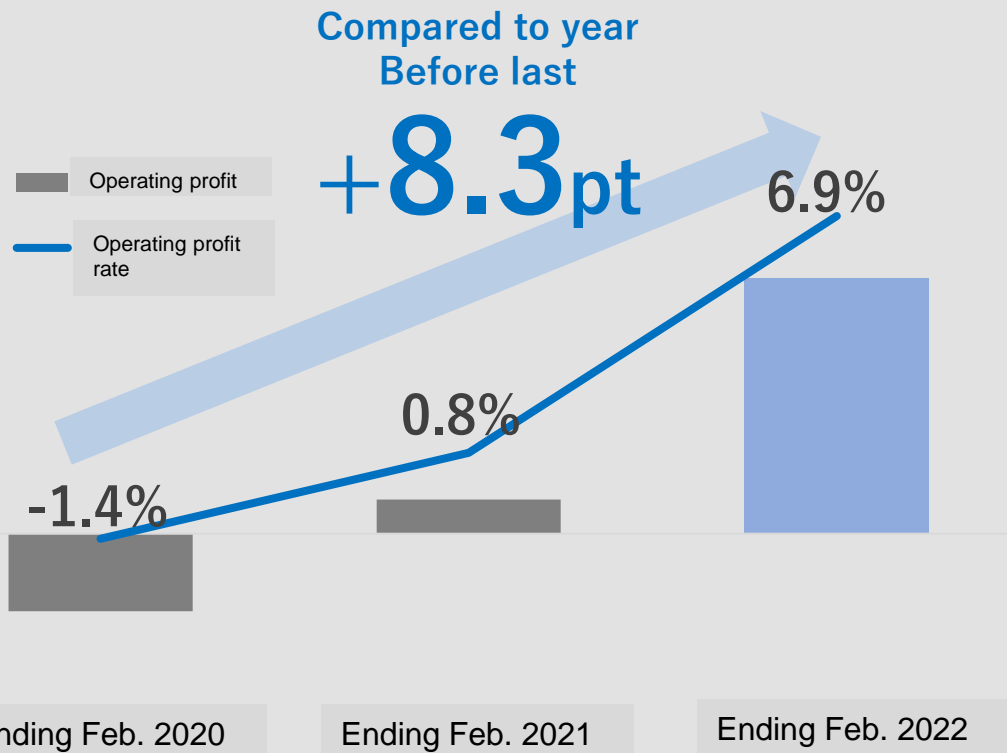




Although the brand struggled in 1H of the current fiscal year, the effects of structural reforms were evident in 2H of the year. We **saw a significant improvement in operating income from the previous year and two previous years ago.**

Compared to FY02/2020, **the operating profit margin was +8.3pt .**

Operating profit trends in the 2ND Half



■ Launch of rebranding

NANO universe, which began as a select store in 1999, started rebranding in March 2022 in preparation for its 25th anniversary in 2024.

By expanding the range of item genres and prices, the brand aims to attract new customer segments in addition to existing customers.



PEARLY GATES

Various collaborations through the Spring 2022 collection theme [LOVED ONE].
Continue to provide new contents and gain customer support.



TWICE

“Special love that groups build”



LINE FRIENDS

“Love connected by LINE FRIENDS”



New Balance

“Love of strength that each of these areas has”



IDÉE

“Love for the affluence of life in our lives”



LOVOT

“New form of love between humans and robots”



PINKY&DIANNE



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About Situation by Channel



Real stores in Japan and overseas are recovering, although we are still in the midst of the COVID-19 pandemic. Cumulative sales increased slightly, but profits improved significantly because of the success of the strategy of prioritizing profitability.

- Department stores/Commercial facilities: Growth rate remained strong at **107.7%** YoY even with a lower speed of recovery compared to year before last
- Domestic EC : Profitability improved because of “curbing discounting at other companies’ EC sites” and “increasing the ratio of highly profitable in-house e-EC sites”, but sales remained at the same level at **96.6%** of the previous year’s level. Some overseas supply chain disruptions also had an impact.
- Overseas : Driven by the U.S. and European operations, sales expanded significantly by **130.7%** from two previous years ago and **128.1%** from the previous year.

		FY Ending Feb. 2020	FY Ending Feb. 2021	FY Ending Feb. 2022	Growth by channel	
					compared to year before last (%)	YoY (%)
Do me stic	Department Stores	21.39 Billion Yen (Composition Rate : 12.6%)	12.48 Billion Yen (Composition Rate : 9.3%)	13.82 Billion Yen (Composition Rate : 9.8%)	64.6	110.7
	Commercial Facilities ^(*1)	86.03 Billion Yen (Composition Rate : 50.6%)	56.75 Billion Yen (Composition Rate : 42.3%)	60.73 Billion Yen (Composition Rate : 43.3%)	70.6	107.0
	E-Commerce	36.34 Billion Yen (Domestic E-Commerce ratio : 25.3%)	40.68 Billion Yen (Domestic E-Commerce ratio : 37.0%)	39.28 Billion Yen (Domestic E-Commerce ratio : 34.5%)	108.1	96.6
Domestic Others ^(*2)		17.81 Billion Yen (Composition Rate : 10.5%)	15.50 Billion Yen (Composition Rate : 11.6%)	15.43 Billion Yen (Composition Rate : 11.0%)	86.7	99.5
Overseas ^(*3)		8.50 Billion Yen (Composition Rate : 5.0%)	8.67 Billion Yen (Composition Rate : 6.5%)	11.10 Billion Yen (Composition Rate : 7.9%)	130.7	128.1

*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 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.

16 EC Sales Results for FY Ending Feb. 2022

- Although domestic EC sales and the percentage of e-commerce remained high at **96.6%**, **34.5%** YoY respectively because of the withdrawal of brands and the curbing of discount measures, the total sales growth rate is approaching a plateau.
- The in-house EC ratio significantly grew to **45.4%**(Compared to year Before last 155.9%) while ensuring high profitability.
- Overseas EC sales continues to grow, reaching **113.9%** of the previous year.

■ E-commerce Sales Summary

Unit : Billion yen

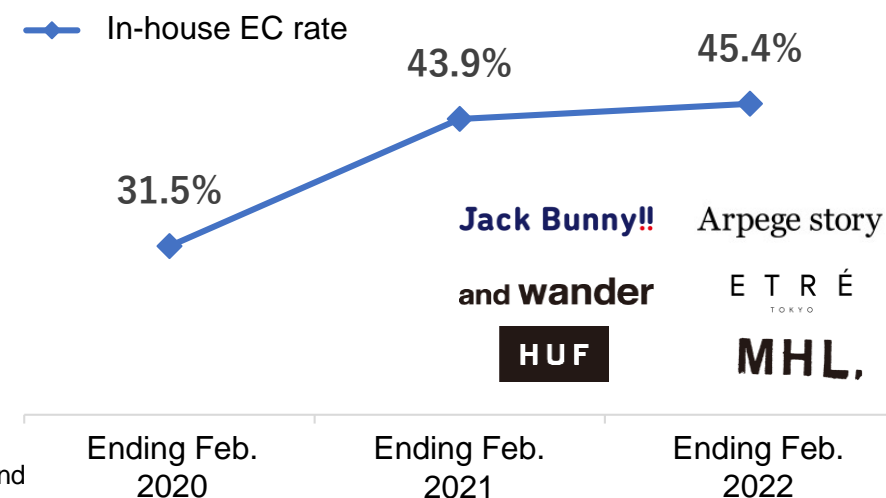
	FY Ending Feb. 2020	FY Ending Feb. 2021	FY Ending Feb. 2022	Compared to year Before last(%)	YoY(%)
In-house EC (ratio(%))	11.44 (31.5)	17.87 (43.9)	17.84 (45.4)	155.9 (+13.9pt)	99.8 (+1.5pt)
Domestic E-Commerce (ratio(%)) ※ 1	36.34 (25.3)	40.68 (37.0)	39.28 (34.5)	108.1 (+ 9.2pt)	96.6 (-2.5pt)
Overseas E-Commerce (ratio(%)) ※ 2	0.79 (9.3)	3.24 (37.4)	3.69 (33.3)	469.2 (+ 24.0pt)	114.1 (-4.1pt)
E-Commerce TOTAL (ratio(%)) ※ 1	37.12 (24.4)	43.92 (37.0)	42.98 (34.4)	115.8 (+ 10.0pt)	97.9 (-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

Strong golf and street businesses and steady women's brands, which have shifted smoothly to strengthen OMO, drove growth in the company's in-house EC ratio.





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About Balance Sheet

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18 About Balance Sheet

There are no issues with cash and deposits, inventory, etc., and the company's financial position is sound. Going forward, the company will focus on business growth and expansion and increase its investment ratio.

Unit: Million Yen

	FY Ending Feb. 2021		Cumulative Q3RD 2022 Ending Feb.		FY Ending Feb. 2022					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Q4/Q3 Change	Q4/Q3 (%)
Current Assets	82,714	53.0	78,586	51.9	75,547	53.5	-7,167	91.3	-3,038	96.1
(of Cash and Deposits)	49,871	32.0	35,689	23.6	39,258	27.8	-10,613	78.7	3,569	110.0
(of which, Inventory)	18,400	11.8	22,660	15.0	18,727	13.3	327	101.8	-3,933	82.6
Non-current Assets	73,373	47.0	72,773	48.1	65,706	46.5	-7,668	89.5	-7,067	90.3
(of Investment Securities)	28,873	18.5	30,205	20.0	28,397	20.1	-476	98.4	-1,808	94.0
(of Investment Real estate)	4,980	3.2	4,957	3.3	4,736	3.4	-245	95.1	-221	95.5
Total Assets	156,088	100.0	151,358	100.0	141,253	100.0	-14,835	90.5	-10,105	93.3
Current Liabilities	35,970	23.0	31,101	20.5	28,375	20.1	-7,594	78.9	-2,726	91.2
(of Short-term borrowings)	152	0.1	130	0.1	115	0.1	-38	75.3	-15	88.4
(of Current portion of long-term borrowings)	8,915	5.7	7,035	4.6	6,212	4.4	-2,703	69.7	-823	88.3
Non-current Liabilities	22,688	14.5	17,605	11.6	15,142	10.7	-7,546	66.7	-2,464	86.0
(of Long-term borrowings)	16,082	10.3	11,553	7.6	9,803	6.9	-6,279	61.0	-1,750	84.9
Total Liabilities	58,658	37.6	48,706	32.2	43,517	30.8	-15,141	74.2	-5,189	89.3
Total Net Assets	97,430	62.4	102,652	67.8	97,736	69.2	306	100.3	-4,916	95.2
Total Liabilities and Net Assets	156,088	100.0	151,358	100.0	141,253	100.0	-14,835	90.5	-10,105	93.3

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> Cash and Deposits

• 【 YoY 】

Decrease of 10.6 billion yen

Mainly due to repayment of long-term and short-term borrowings

> Inventory

• 【 YoY 】

Inventory at 101.8%, maintaining an appropriate level compared to 104.8% of sales

> Non-current assets

• 【 YoY 】

Decrease in tangible fixed assets: -1.6 billion yen
(normal depreciation)

Decrease in intangible fixed assets: -3.4 billion yen
(mainly a decrease in goodwill of Ueno Shokai)

> Capital adequacy ratio

- Maintained a high capital adequacy ratio of 69.2%



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



PROPORTION

Net sales are projected to be **157.3 billion yen, 112.1% of the previous year's level** (106.3% based on the previous revenue standard).

Considering the impact of cost increases because of foreign exchange rates and head office relocation costs, **SG&A expenses** are projected to be **86.55 billion yen, 119.6% of the previous year's level** (108.3% based on the previous revenue standard).

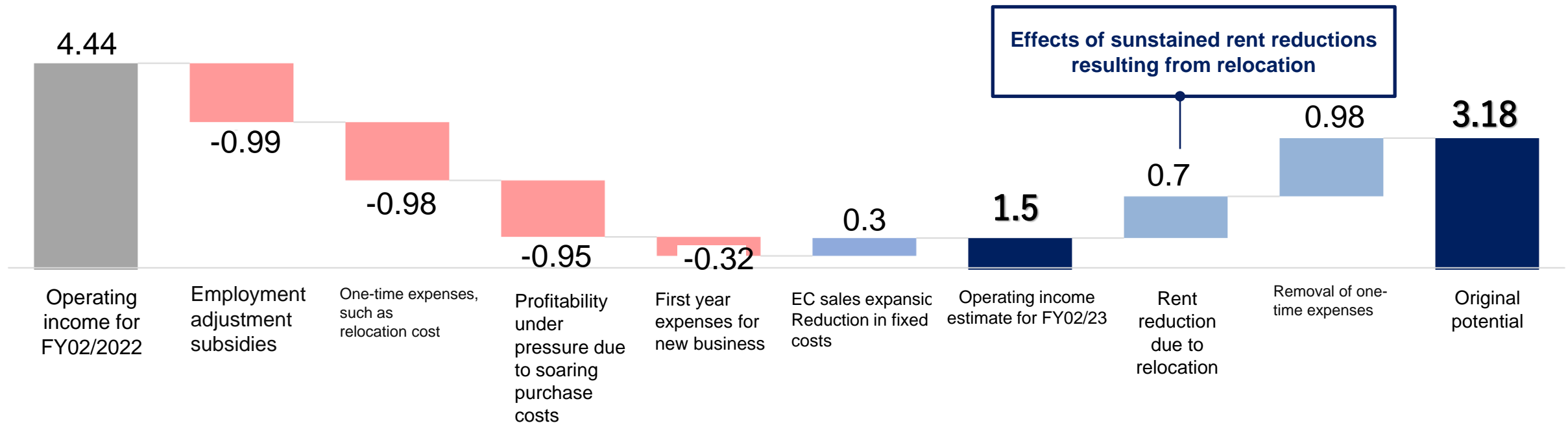
As a result, **operating income** and **net income** are expected to be **1.5 billion yen** and **1.4 billion yen**, respectively.

Unit : Billion yen	FY Ending Feb. 2021	FY Ending Feb. 2022	Plan for FY Ending Feb. 2023*1	Increase or Decrease	Rate of Change(%)
Net Sales	134.07 Billion Yen (YoY : 78.8%)	140.38 Billion Yen (YoY : 104.7%)	157.35 Billion Yen (YoY : 112.1%)	+16.96 Billion Yen	+12.1
SG&A Expenses	75.68 Billion Yen (Composition Rate : 56.5%)	72.38 Billion Yen (Composition Rate : 51.6%)	86.55 Billion Yen (Composition Rate : 55.0%)	+14.17 Billion Yen	+19.6 (Composition Rate : +3.4pt)
Operating Income	-11.84 Billion Yen (Profit margin : -%)	4.44 Billion Yen (Profit margin : 3.2%)	1.50 Billion Yen (Profit margin : 1.0%)	-2.94 Billion Yen	-66.1
Current Net Income	3.86 Billion Yen (Profit margin : 2.9%)	1.02 Billion Yen (Profit margin : 0.7%)	1.50 Billion Yen (Profit margin : 1.0%)	+0.48 Billion Yen	+46.7

※1 Adapt new revenue standards

The result for the fiscal year ended February 28, 2022 was 4.44 billion yen. Considering employment adjustment subsidies received in the current fiscal year and one-time expenses such as relocation costs, and others, **the budget for FY02/2023 is set at 1.5 billion yen in operating income**, including the impact of higher procurement costs due to foreign exchange rate fluctuations.

Considering the effects of sustained rent reduction due to relocation, **the original potential is 3.18 billion yen** in operating income.



Office relocation, which has been facilitated based on TIP24 of the Structural Reform Program, is scheduled to be implemented in September of this fiscal year ending February, 2023. All 24 offices of the company (as of August 2020) are to be consolidated into 9 offices. We will reduce the total floor space and promote workstyle reform to hold the office attendance rate at 65% by encouraging teleworking. The annual fixed rent will be reduced by 700 million yen.

Consolidation of
office locations

24  9
locations locations

Reduction of 15 locations

Annual rent
reduction effect

-0.7 billion yen

30% reduction
in office rent

Workstyle reform
Office attendance rate

65%

Per-day attendance
1200 persons → 780 persons



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Reference Data

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NATURAL
BEAUTY
BASIC



Unit: Million Yen

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

	Q4TH 2021 Ending Feb.		Q4TH 2022 Ending Feb.			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	36,858	100.0	36,467	100.0	-391	98.9
Gross Profit	17,105	46.4	18,835	51.7	1,730	110.1
SG&A Expenses	20,676	56.1	19,575	53.7	-1,100	94.7
SG&A Expenses (excl. Goodwill Amortization, Depreciation and Amortization)	19,450	52.8	18,386	50.4	-1,064	94.5
Goodwill Amortization	164	0.4	200	0.6	36	122.5
Depreciation and Amortization	1,061	2.9	988	2.7	-73	93.0
Operating Income	-3,571	-9.7	-740	-2.0	2,831	-
Ordinary Income	-3,346	-9.1	-405	-1.1	2,940	-
Extraordinary Income	22,373	60.7	979	2.7	-21,394	4.4
Extraordinary Loss	3,738	10.1	4,129	11.3	390	110.5
Profit Before Taxes	15,288	41.5	-3,555	-9.8	-18,844	-
Profit Attributable to Owners of Parent	14,987	40.7	-4,443	-12.2	-19,430	-
EBITDA ※	-2,345	-6.4	448	1.2	2,794	-

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

Unit: Million Yen

Financial Highlights -Profit and Loss-

	FY Ending Feb. 2021		FY Ending Feb. 2022			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	134,078	100.0	140,382	100.0	6,303	104.7
Gross Profit	63,846	47.6	76,826	54.7	12,980	120.3
SG&A Expenses	75,689	56.5	72,386	51.6	-3,303	95.6
SG&A Expenses (excl. Goodwill Amortization, Depreciation and Amortization)	71,150	53.1	68,006	48.4	-3,144	95.6
Goodwill Amortization	762	0.6	788	0.6	25	103.4
Depreciation and Amortization	3,776	2.8	3,591	2.6	-184	95.1
Operating Income	-11,843	-8.8	4,440	3.2	16,283	-
Ordinary Income	-10,359	-7.7	5,834	4.2	16,193	-
Extraordinary Income	24,859	18.5	2,543	1.8	-22,316	10.2
Extraordinary Loss	8,644	6.4	5,664	4.0	-2,980	65.5
Profit Before Taxes	5,855	4.4	2,712	1.9	-3,142	46.3
Profit Attributable to Owners of Parent	3,861	2.9	1,022	0.7	-2,838	26.5
EBITDA ※	-7,304	-5.4	8,820	6.3	16,124	-

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

Net Sales Per Channel

		FY Ending Feb. 2021		FY Ending Feb. 2022			
		Results (Million yen)	Composition Rate (%)	Results (Million yen)	Composition Rate (%)	Y/Y (%)	Composition Rate Y/Y Change(pt)
	Department Stores	12,481	9.3	13,820	9.8	110.7	0.5
	Commercial Facilities(*1)	56,745	42.3	60,736	43.3	107.0	0.9
	In-house EC	17,871	13.3	17,842	12.7	99.8	-0.6
	3rd Party	22,809	17.0	21,443	15.3	94.0	-1.7
	E-Commerce	40,681	30.3	39,286	28.0	96.6	-2.4
	Others(*2)	15,504	11.6	15,434	11.0	99.5	-0.6
	Domestic	125,412	93.5	129,277	92.1	103.1	-1.4
	E-Commerce	3,238	2.4	3,694	2.6	114.1	0.2
	Overseas(*3)	8,666	6.5	11,104	7.9	128.1	1.4
	E-Commerce TOTAL	43,919	32.8	42,980	30.6	97.9	-2.1
TOTAL		134,078	100.0	140,382	100.0	104.7	-

*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.

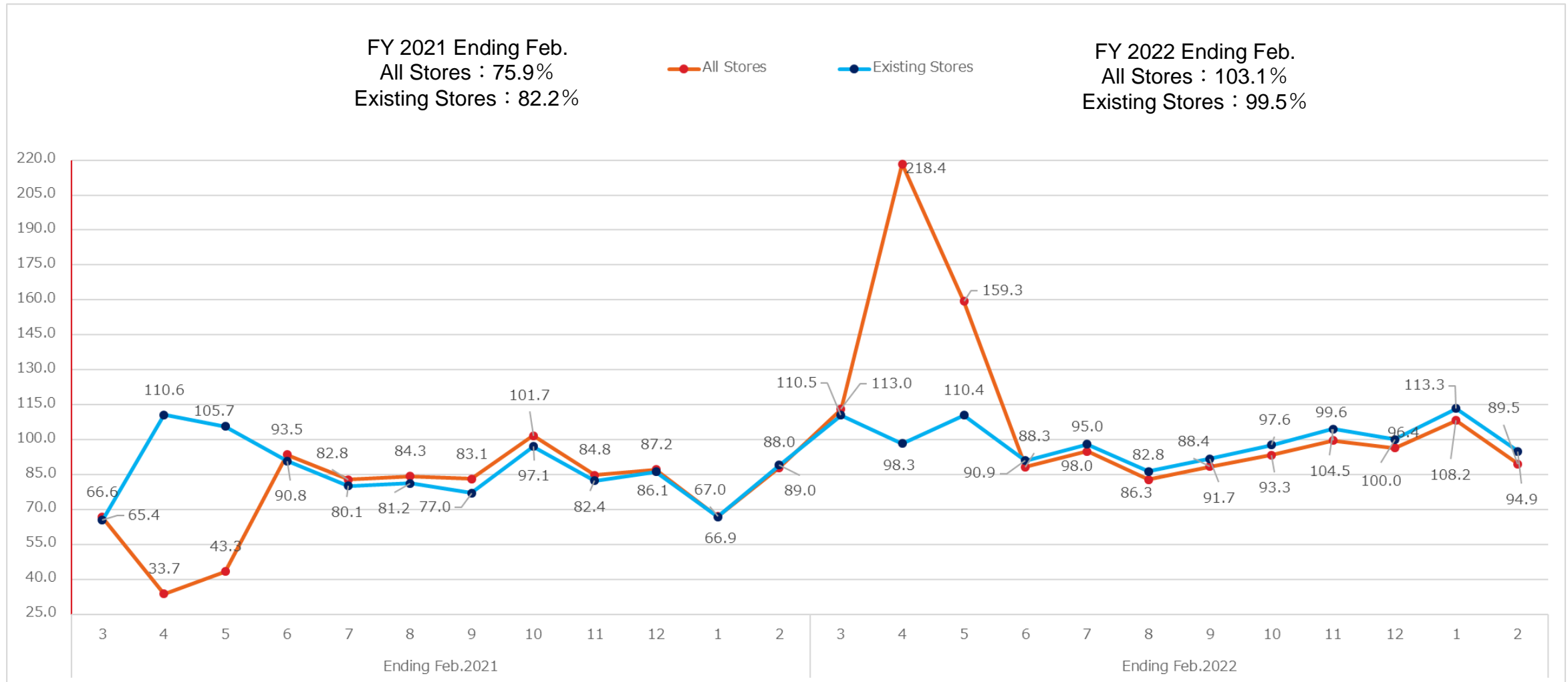
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Brands Overview

Brands Overview

		FY Ending Feb. 2021			FY Ending Feb. 2022			YoY	
		Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales (%)	Gross Profit Ratio (pt)
1.	nano ・ universe	19,879	14.8	43.5	17,861	12.7	49.5	89.8	+6.0
2.	PEARLY GATES	12,502	9.3	52.4	15,069	10.7	61.9	120.5	+9.5
3.	MARGARET HOWELL	8,675	6.5	51.5	11,002	7.8	66.1	126.8	+14.6
4.	NATURAL BEAUTY BASIC	10,677	8.0	49.3	10,356	7.4	58.0	97.0	+8.7
5.	HUF	4,180	3.1	46.1	6,733	4.8	51.1	161.1	+5.0
6.	AVIREX	5,893	4.4	60.0	6,240	4.4	62.1	105.9	+2.1
7.	UNDEFEATED	4,432	3.3	37.5	4,389	3.1	41.1	99.0	+3.7
8.	STUSSY	4,756	3.5	62.4	4,286	3.1	69.8	90.1	+7.4
9.	new balance golf	2,761	2.1	39.1	3,632	2.6	57.8	131.5	+18.7
10.	ROSE BUD	3,804	2.8	41.2	3,455	2.5	44.5	90.8	+3.3
TOP10		77,564	57.8	48.7	83,029	59.1	57.0	107.0	+8.2
Other Brands		52,374	39.1	46.5	57,272	40.8	51.5	109.4	+5.0
Continuing Brands		129,938	96.9	47.8	140,301	99.9	54.7	108.0	+6.9
Closed Brands		4,139	3.1	41.1	80	0.1	106.2	2.0	+65.1
TOTAL		134,078	100.0	47.6	140,382	100.0	54.7	104.7	+7.1

Domestic Monthly Sales Information



Store Distribution

		FY Ending Feb. 2021	Store Open	Store Close	FY Ending Feb. 2022	Y/Y Change
Apparel	Domestic	872	+32	-99	805	-67
	Overseas	52	+4	-15	41	-11
	Total	924	+36	-114	846	-78
Restaurant	Domestic	9	-	-2	7	-2
Cosmetics	Domestic	33	+8	-5	36	+3
Total		966	+44	-121	889	-77



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.