



TSI HOLDINGS

TSI HOLDINGS CO., LTD.

Q1 Financial Results Briefing for the Fiscal Year Ending February 2024

July 13, 2023

Event Summary

[Company Name]	TSI HOLDINGS CO., LTD.	
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[Venue]	Webcast	
[Venue Size]		
[Participants]	62	
[Number of Speakers]	3	
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Presentation

Moderator: Good morning. Thank you for joining us today. The time has come for the TSI HOLDINGS, CO., LTD. financial results meeting for Q1 of the fiscal year ending February 28, 2024.

First, we will present a video of the financial results presentation, and then we will begin the Q&A session. Now, please take a look at the video of the financial results presentation.

[Video Begins]

4 Highlights of Results for Q1ST of Results of 2024 Ending Feb.

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While net sales grew by 3.3% compared to the previous term, profitability improved as the result of structural reforms, achieving two-digit growth in operating income.



- Affected by the withdrawal from some businesses last year and the struggles of American subsidiaries as they were greatly influenced by rising prices, net sales were **¥39.37 billion**, **103.3%** of the previous year's level. In general, they recovered slowly, but several issues remained to be addressed.
- Despite rises in the prices of raw materials and the effects of foreign exchange fluctuations, operating income **rose by ¥230 million** compared to the previous term to **¥1.83 billion**.
- Net income was **¥1.98 billion**, **down by ¥70 million** compared to a year earlier.

Company Representative: Good morning, everyone. We will start the financial results meeting for Q1 of the fiscal year ending February 28, 2024.

We will start from the performance highlights.

First of all, consolidated net sales were JPY39.37 billion, 103.3% of the previous year's level. Sales were affected by a withdrawal from business last year. Sales of the US subsidiary struggled due to inflation in the US, and as a result, sales of the US subsidiary were 103.3% of the previous year's level, but overall, the sales recovered moderately. However, there are still some issues left..

Operating income was JPY1.83 billion profit increase or 114.5% of the previous year's level. Net income for the quarter was JPY1.98 billion, minus JPY70 million, or 96.4% of the previous year's level.

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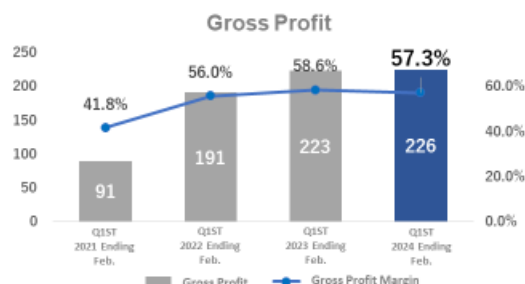
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5 Changes in financial results for the first quarter of the term ending February 2024

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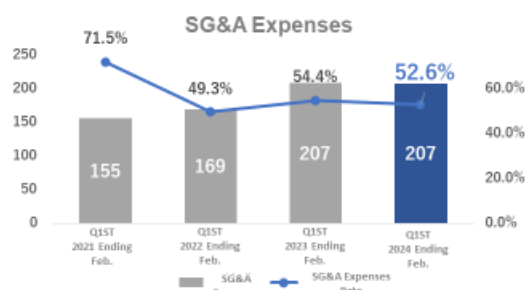
Gross Profit
22.56 Billion Yen
 YoY 101.0%
 YoY Change
 +0.21 billion yen



> Gross Profit

- Foreign exchange fluctuations and sharp rises in the prices of raw materials
 - Increase in the percentage of wholesale sales*
 - * While the gross profit margin deteriorated, the ratio of selling and administrative expenses improved.
 - Growth in inventories due to bulk purchasing
- ⇒ **Gross profit grew by ¥210 million compared to the previous term, but the gross profit margin fell by 1.3 percentage points.**

SG&A Expenses
20.72 Billion Yen
 YoY 99.9%
 YoY Change
 -0.01 billion yen



> SG&A Expenses

- Withdrawal from non-performing businesses
 - Achieving greater cost efficiency through the concentration of head-office bases
 - Achieving greater cost efficiency by changing logistic bases
- ⇒ **Selling and administrative expenses became even better than in the previous year when they improved due to subsidies. The ratio of selling and administrative expenses improved by 1.8 percentage points compared to the previous term.**

We will move on to performance trends.

Gross profit was JPY22.56 billion, 101% of the previous year's level. This is due to exchange rates, raw material price hikes, and an increase of the composition rate of wholesale sales. Gross profit deteriorated. Gross profit decreased by 1.3%, even though there was an increase of JPY210 million from the previous year.

SG&A expenses were JPY20.72 billion, or 99.9% of the previous year's level. The SG&A ratio improved by 1.8% from the previous year, which was even better than in the previous year, when it improved due to a subsidy.

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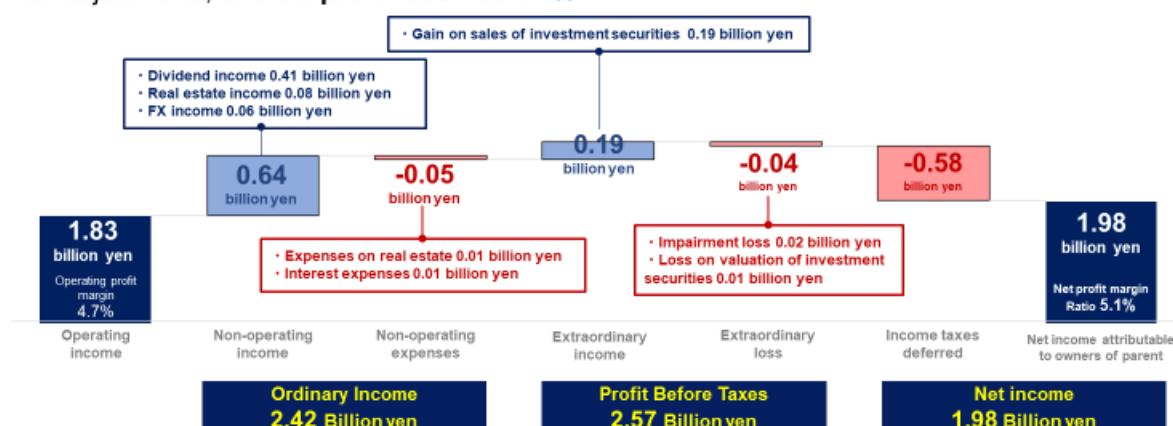
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Ordinary income was **¥2.42 billion**, including non-operating profit/loss such as dividend income and real estate income.

Net income for the first quarter was **¥1.98 billion**, including ¥150 million in extraordinary profit/loss such as gains on sales of investment securities and impairment loss as well as corporate tax adjustments, and the **profit ratio** was **5.1%**.



Next are items that affect net income.

With the addition of non-operating income such as dividend income and real estate income, ordinary income was JPY2.42 billion. With the addition of extraordinary income of JPY150 million such as gain on sales of investment securities and impairment loss, and income tax adjustment, net income for Q1 was JPY1.98 billion with a profit margin of 5.1%.

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The recovery of outing demand such as holiday making and business trips supplied a nice tailwind to sales, but the growth of brands for women, which had recovered earlier, slowed down. In addition, the withdrawal of some brands greatly affected the overall sales.

As a result, although profitability improved, the company failed to increase net sales as intended.

In terms of wholesaling, on the other hand, golf and street businesses performed well, maintaining strong sales. The company places its great expectations on the future of these businesses.

		Old profit standards	New profit standards	New profit standards	
		Cumulative Q1ST 2022 Ending Feb.	Cumulative Q1ST 2023 Ending Feb.	Cumulative Q1ST 2024 Ending Feb.	YoY (%)
Domestic	Department Stores	3.3 Billion Yen (Composition Rate : 9.6%)	5.44 Billion Yen (Composition Rate : 14.3%)	5.45 Billion Yen (Composition Rate : 13.8%)	100.2%
	Commercial Facilities(*1)	14.31 Billion Yen (Composition Rate : 41.8%)	16.75 Billion Yen (Composition Rate : 43.9%)	17.78 Billion Yen (Composition Rate : 45.2%)	106.2%
	E-Commerce	9.48 Billion Yen (Domestic E-Commerce ratio : 35.0%)	9.1 Billion Yen (Domestic E-Commerce ratio : 29.1%)	8.75 Billion Yen (Domestic E-Commerce ratio : 27.4%)	96.2%
Domestic Others(*2)		4.93 Billion Yen (Composition Rate : 14.4%)	4.0 Billion Yen (Composition Rate : 10.5%)	4.45 Billion Yen (Composition Rate : 11.3%)	111.2%
Overseas(*3)		2.19 Billion Yen (Composition Rate : 6.4%)	2.81 Billion Yen (Composition Rate : 7.4%)	2.91 Billion Yen (Composition Rate : 7.4%)	103.6%

*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.

Next, we will present an overview of sales by channel.

Although a recovery in demand for outings for pleasure and business purposes provided a tailwind, the growth of ladies' brands, which had shown earlier recovery, slowed down.

And then there was the impact of withdrawal brands.. As a result, profitability improved, but we were unable to fully increase sales. Considering this as another opportunity for us to move on to the next phase of our business, we would like to start new businesses.

Wholesale sales, on the other hand, are strong in the golf and street businesses. We believe that the market has remained strong and have high expectations for the future.

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Due to the relaxation of movement restrictions and the downgrading of COVID-19 to a Category 5 infectious disease, street brands with many street outlets such as STUSSY, Schott, and LHP achieved growth. “and wander” also performed well in overseas business development.

Real store business

Real stores : **104.6%** of the previous term's level

Non-department store outlets: **106.2%** of the previous term's level

The performance of street outlets, which had been forced to struggle since the outbreak of COVID-19 and had been delayed in recovering, showed a strong recovery. Street outlets handling street and other brands increased sales significantly. Sales at department stores and fashion buildings also remained strong.



Achieving the largest sales in the Group The ROYAL FLASH Jingumae store made a rapid progress, boosting sales to 202.2% of the previous year's level. This marked the largest sales among all TSI Group outlets in Japan.

Overseas business

Overseas: **103.6%** of the previous term's level

In the United States, sales fell because of the effects of reduction in consumer spending due to rising prices, delay in delivery in some businesses, and other factors, but mainly in China and Europe, sales expanded steadily in areas such as overseas wholesaling for outdoor and golf businesses, and this pushed up the overall sales. In May, NANO universe opened its first overseas store. The brand is considering opening several more new stores in the future and also plans to develop new markets in Taiwan.



▲ Domestic sales for “and wander” continued to be strong, and its overseas sales also remained strong.



▲ NANO universe's first overseas store opened in the LaLaport Taichung shopping center.

Now, here are trends by channel.

With the easing of behavioral restrictions and transition in the categorization of COVID-19 to class 5 infection in Japan, our free-standing stores are doing very well. Street brand stores especially performed strongly. In particular, directly managed stores such as STUSSY, Schott, and LHP in the Omotesando to Meiji-dori area, have experienced a significant recovery. This is also largely due to customers visiting Japan from overseas. New fashion is in very high demand, and in this sense, we see multi-brand stores as very effective.

With regard to overseas business, in the US, due to high commodity prices and high inflation, there is an impact from lower consumption. In some businesses, there was a decrease in sales due to delays in deliveries and other factors. Conversely, in the outdoor brand and golf business, including China and Europe, overseas wholesaling and sales expansion are progressing steadily. This, in turn, tends to boost overall exports.

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■ Overview of EC sales

- EC sales shrank due to the effects of business withdrawal (BOSCH) and the termination of agency agreements for SUNSPEL and UNDEFEATED (¥480 million).
- Although there were factors that decreased sales substantially, including delay in the timing for the launch of collaborative sneakers (scheduled for the second half of the current term), sales for select and street businesses expanded, helping offsetting the above-mentioned decrease in sales.
- Total EC sales went below those of the previous year, but EC sales for existing businesses remained almost on the same level as in the previous year.

Unit : Billion Yen	Old profit standards	New profit standards			
	Cumulative Q1ST 2022 Ending Feb.	Cumulative Q1ST 2023 Ending Feb.	Cumulative Q1ST 2024 Ending Feb.	compared to year before last (%)	YoY (%)
In-House E-Commerce	4.44	4.51	3.99	89.9%	88.6%
(ratio(%))	(46.8%)	(49.5%)	(45.6%)	(-1.2pt)	(-3.9pt)
Domestic E-Commerce	9.48	9.1	8.75	92.3%	96.2%
(ratio(%))*	(35.0%)	(29.1%)	(27.4%)	(-7.6pt)	(-1.7pt)
Overseas E-Commerce	0.86	0.97	0.91	106.6%	94.4%
(ratio(%))*	(39.4%)	(34.6%)	(31.6%)	(-7.8pt)	(-3.0pt)
E-Commerce TOTAL	10.35	10.07	9.67	93.5%	96.0%
(ratio(%))*	(35.3%)	(29.5%)	(27.7%)	(-7.6pt)	(-1.8pt)

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

Purchasing experience in digital spaces



Items to be marketed in the autumn/winter season of this year are displayed in a virtual space simulated as a 2023 exhibition. This enables visitors to not only check the silhouette of clothes from all angles but also experience their coloring and materials as if they were in a real store and then move to the online shopping site for product purchasing. Thus ADORE will continue to offer content that satisfies customers.

Now, here are the EC sales results.

We were affected by the withdrawal of some businesses and the termination of the agency contract between SUNSPEL and UNDEFEATED. As a result, EC sales decreased, but existing business EC sales remained at the same level as in the previous year.

As a negative factor, sales of collaborative sneakers were delayed, which resulted in lower sales. But in a sense, we are in a position to make up for the delay, as we plan to launch it in the second half. Sales in the multi-brand and street businesses are expanding and will rise again in H2 as a positive factor in the form of an offset.

Total EC sales were JPY9.67 billion, down from the previous year, but as mentioned earlier, existing businesses remained at the same level as the previous year.

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Key brands continued to perform well. Nine of the top-ranking ten brands in terms of sales saw their sales exceed those of the previous year.

Sales for PEARLY GATES went below those of the previous year (see details below), but the entire golf business remained strong. Meanwhile, NANO universe, which had struggled in the preceding year, continued to recover.

■ Top 10 brands in sales

Unit : Million yen

Internal sales ranking	Brands	Cumulative Q1ST 2023 Ending Feb.		Cumulative Q1ST 2024 Ending Feb.		Y/Y Sales (%)
		Sales	Composition Rate (%)	Sales	Composition Rate (%)	
1.	PEARLY GATES	4,603	12.1	4,340	11.0	94.3
2.	NANO universe	3,013	7.9	3,398	8.6	112.8
3.	MARGARET HOWELL	3,160	8.3	3,362	8.5	106.4
4.	NATURAL BEAUTY BASIC	3,043	8.0	3,300	8.4	108.4
5.	HUF	1,999	5.2	2,020	5.1	101.1
6.	AVIREX	1,453	3.8	1,689	4.3	116.3
7.	new balance golf	1,158	3.0	1,388	3.5	119.9
8.	STUSSY	976	2.6	1,244	3.2	127.5
9.	human woman	1,140	3.0	1,232	3.1	108.0
10.	Jack Bunny!!	791	2.1	997	2.5	126.1
TOTAL		38,122	100.0	39,372	100.0	103.3

· PEARLY GATES YoY 94.3%

Riding favorable winds from the strong golf market, sales expanded by over 30% compared to the pre-COVID-19 period (the term that ended in February 2020), but partly because of the effects of delay in the delivery of items on which the brand focused, they fell short of the previous year's result.

· NANO universe YoY 112.8%

The brand continued to recover as it started to reform its product lineup and price range last year. It aims to make further progress in the years to come.

· MARGARET HOWELL YoY 106.4%

The casual lineup planned in Japan performed well irrespective of sales channels.

· STUSSY YoY 127.5%

The entire brand continued to be strong. In particular, stores in urban areas increased sales significantly.

Here is an individual overview of the main brands.

Sales of mainstay brands remained strong. Out of the top 10 brands in terms of sales, nine brands exceeded the sales of the previous year.

PEARLY GATES was down from the previous year, but the golf business as a whole remains strong, and three golf business brands are in the top 10 coming in at first, seventh, and 10th place.

In addition, NANO universe, which had been struggling until the previous year, is on a recovery trend, which is very positive for us.

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Unit: Million Yen

	Cumulative Q1ST 2023 Ending Feb.		FY Ending Feb. 2023		Cumulative Q1ST 2024 Ending Feb.					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Q1/Q4 Change	Q1/Q4 (%)
Current Assets	75,935	54.1%	71,837	53.0%	72,096	53.0%	-3,839	94.9%	259	100.4%
(of Cash and Deposits)	37,658	26.8%	32,205	23.8%	28,498	21.0%	-9,160	75.7%	-3,707	88.5%
(of which, Inventory)	19,985	14.2%	24,679	18.2%	27,269	20.0%	7,284	136.4%	2,590	110.5%
Non-current Assets	64,548	45.9%	63,589	47.0%	63,930	47.0%	-618	99.0%	341	100.5%
(of Investment Securities)	27,994	19.9%	27,879	20.6%	27,805	20.4%	-189	99.3%	-74	99.7%
(of Investment Real estate)	4,728	3.4%	4,708	3.5%	4,701	3.5%	-27	99.4%	-7	99.9%
Total Assets	140,483	100.0%	135,427	100.0%	136,027	100.0%	-4,457	96.8%	600	100.4%
Current Liabilities	27,798	19.8%	26,239	19.4%	27,665	20.3%	-133	99.5%	1,426	105.4%
(of Short-term borrowings)	108	0.1%	17	0.0%	-	0.0%	-108	0.0%	-17	0.0%
(of Current portion of long-term borrow)	5,537	3.9%	4,737	3.5%	4,553	3.3%	-984	82.2%	-184	96.1%
Non-current Liabilities	13,459	9.6%	10,309	7.6%	9,281	6.8%	-4,178	69.0%	-1,028	90.0%
(of Long-term borrowings)	8,784	6.3%	5,010	3.7%	4,175	3.1%	-4,609	47.5%	-835	83.3%
Total Liabilities	41,257	29.4%	36,549	27.0%	36,946	27.2%	-4,311	89.6%	398	101.1%
Total Net Assets	99,225	70.6%	98,878	73.0%	99,080	72.8%	-145	99.9%	202	100.2%
(of Treasury stock(-))	-4,269	-3.0%	-3,031	-2.2%	-3,774	-2.8%	495	88.4%	-743	124.5%
Total Liabilities and Net Assets	140,483	100.0%	135,427	100.0%	136,027	100.0%	-4,456	96.8%	600	100.4%

> Cash and Deposits

【Comparison with the previous term】

Affected by increases in inventory assets and the repayment of borrowings totaling ¥5.7 billion, cash and deposits decreased by ¥9.1 billion.

> Inventory

【Comparison with the previous term】

Inventory assets were 136.4% of the previous year's level, an increase of ¥7.2 billion, due to the bulk purchasing of long-term marketing products, etc., in anticipation of future market recovery as well as delay in the delivery of some key products and in the turnover of their stock. In the future, the company will carefully purchase products and control their sales with a risk of slow moving inventories in mind.

> Treasury stock

【Comparison with the previous term】

As part of its efforts to implement capital policy and take measures for shareholder returns, the company continued to acquire treasury stock. The value of the treasury stock increased by ¥740 million.

> Equity ratio

The equity ratio was maintained high, at 72.6%.

Now, we will explain the balance sheet.

First is cash and cash equivalents. Inventories increased compared to the previous year. The largest impact was JPY5.7 billion in debt repayments, resulting in an overall decrease of JPY9.1 billion.

Second, we will explain inventory. Inventory increased 136.4%, or JPY7.2 billion, from the previous year, due to the bulk purchase of long-selling products and standard items in anticipation of a future market recovery, delivery delays for some focused products, and inability to sell inventories. In July, we will balance our future purchases with the risk of retention at the start of the next fall and winter season, but we are also hoping to generate some large sales in August.

Treasury stock, as compared to the previous period, increased by JPY740 million due to the ongoing acquisition of treasury stock as part of the Company's capital policy and shareholder return policy.

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Creating attractive communities

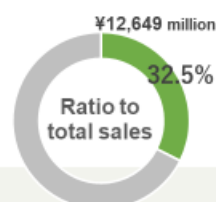
Sublimating apparel brands into community brands.

Developing entertainment business closely linked to lifestyles.

Net sales YoY change

¥12.64
Billion

102.2%



"and wander" achieved rapid growth, more than trebling its sales after years of struggle under COVID-19 conditions

"and wander" offers outdoor wear that provides both refined designs and high functionality. Since the outbreak of COVID-19, the brand has actively carried out new initiatives such as the marketing of camping gear and rental services.

Recently, riding favorable winds such as the outdoor life boom and inbound tourism, the brand has performed well both in directly managed store sales and wholesaling, increasing sales substantially.



PING's first street outlet opened

PING

PING APPAREL's first street outlet in Japan opened in Sapporo. The store offers products that enable total coordination from apparel to golf clubs.

As its overall sales continues to be strong, at **223.3%** of the previous year's level, PING APPAREL aims at further progress.



▲ The store has a club fitting studio as well.



Here are the initiatives for TIP 25 and each division.

For wellness & lifestyle, we will create compelling communities. Net sales totaled JPY12.64 billion, a growth of 102.2% compared to the previous year.

Regarding the four divisions, wellness & lifestyle accounts 32.5%. As a breakdown, "and wander" is growing rapidly. The situation of COVID-19 settled down, and our storefront and wholesale businesses have been growing very well. The PING golf brand opened its first free-standing store in Sapporo.

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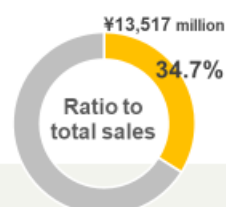
Platform for play rooted in the street spirit

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

Net sales YoY change

¥13.51
Billion

106.0%



AVIREX opened a new store in Tokyo's Uraharajuku

AVIREX, which acquired many new fans last year through collaborations with the movie Top Gun Maverick and popular animations, continued to be strong with its sales at **116.3% of the previous year's level**.

In March, it opened its Harajuku store along the Harajuku Propeller Street. The brand aims at embodying its worldviews at the center of street culture.



With its interior décor designed to enable visitors to enjoy the brand's two worldviews, the new store also handles items that are available only at the outlet.



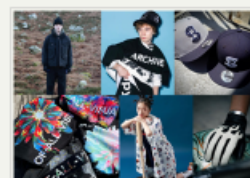
"The Finest Quality Product," which shows unparalleled craftsmanship, has also been launched.

LHP's fresh, individualistic items are highly popular

The concept of the select shop "LHP" is to continue to provide new sensibilities in all periods.

With high demand for its highly individualistic items among inbound tourists as well, LHP saw its sales grow to **136.9% of the previous year's level**.

Opening various pop-up stores periodically, the brand is constantly offering fresh, enjoyable experiences such as special events that anticipate future trends and the invitation of distinguished athletes and entertainers to its outlets.



As it offers many highly individualistic products and collaborative ones, LHP's outlets are well received by customers, who say that what they offer is always interesting.



Next, we move on to street & culture.

The concept is fun platforms rooted in the spirit of street life. Net sales totaled JPY13.51 billion, showing 106% growth over the previous year.

As a percentage, street & culture accounts for 34.7%. AVIREX has opened a new store in Harajuku, more specifically in Uraharajuku. AVIREX itself continued to perform well, with a 116.3% YoY increase.

LHP, also within the Ueno Shokai Group, is a multi-brand store that has become very popular for its unique items and is also doing very well with a 136.9% YoY increase.

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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 YoY change

¥9.73
Billion

106.4%



NATURAL BEAUTY BASIC moves toward further growth

Due to the withdrawal of non-performing stores, sales temporarily shrank, but the structural reforms that had begun in the autumn of 2021 proved effective, allowing the brand to continue increasing both its sales and profits. In particular, LIMITED EDITION items offered at limited outlets were well-received. Sales for stores that handled them exceeded those for outlets that did not by about eight percentage points.

NATURAL BEAUTY
BASIC



The brand is planning to introduce casual products for stores near the center of Tokyo and in suburban areas. It aims to further increase sales while winning over new customers.

human woman's "Go green" project begins

The brand "human woman," which celebrated the 25th anniversary of its launch this year, started the new "Go green" project.

Through this project, the brand will offer chances to meet all things, people, and experiences in order to make customers' daily life more enjoyable and beautiful.



25th
human woman

Holding the Go green Marché event
Go green Marché was a splendid event that imitated a marché in Paris in which the brand has its roots. Its program included sales of gender-free items, foods, and sundry goods as well as the hosting of workshops.

Apurweiser-riche JUSGLITTY Rirandture Mystrada CADUNÉ Arpege story NATURAL BEAUTY BASIC PROPORTION ADORE human woman LE PHIL PINKY&DIANNE

Here is the fashion capital.

We are providing services that respond to trends and changes. Net sales were JPY9.73 billion, 106.4% of the previous year's total. The composition ratio is 25%.

We would like to achieve further growth for NATURAL BEAUTY BASIC. The structural reforms initiated last year have been successful, and both sales and profits have continued to increase. In particular, LIMITED EDITION, which is available in limited stores, is doing particularly well.

In addition, human woman is celebrating its 25th anniversary with the Go green Project, a new suggestion with the aim of creating opportunities to meet items, people, and events. We are conducting diverse branding that includes many events and general merchandise.

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SCRIPTS
Asia's Meetings, Globally

Continuously expanding content to win over the next generation of customers

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

Net sales YoY change

¥3.07
Billion

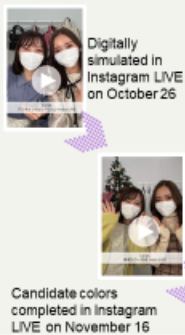
102.7%

¥3,073 million

7.9%

Ratio to
total sales

JILL by JILL STUART used customer opinions to develop products that became big hits



In the current season, over 35,000 items sold in this series, making this project a smash hit.

With their colors simulated using Instagram and decided while listening to the opinions of customers, ruffled tote bags were finally launched.

The tote bags with different colors from any of those marketed before were well-received by customers. They sold out at one outlet after another.

ETRÉ opened its official YouTube channel

ETRÉ
TOKYO

ETRÉ TOKYO, where the popular influencer JUNNA serves as director, opened its official YouTube channel in May. She will be responsible for various plans such as the coordination of outfit and the presentation of merchandise.

Through this channel, the brand will communicate information to have customers love ETRÉ TOKYO even more than before.



The channel is updated every Saturday.

ETRÉ MECRE CHAROL FREE'S MART JILLSTUART JILL by JILLSTUART ROSE BUD hueLe Museum STU MBLY.

Now, we will explain digital generation.

The theme is contents that capture the ever-expanding next generation. Net sales were JPY3.07 billion, 102.7% of the previous year's total. The denominator is still small, but the sales composition is 7.9%.

JILL by JILLSTUART is creating blockbuster products by commercializing customer feedback. We conducted color simulations for ruffle tote bags on Instagram to hear from customers, and we selected colors based on customer feedback. The launch of the ruffle tote bags has become a big hit, with a total of more than 35,000 items in the series. Through this kind of relationship with our customers, we are planning various projects.

ETRÉ TOKYO is directed by influencer JUNNA. We opened a YouTube channel in May. Before, postings on Instagram were created in a very short period of time. However, we are planning to spend more time working on content to create more easy-to-understand and enjoyable projects.

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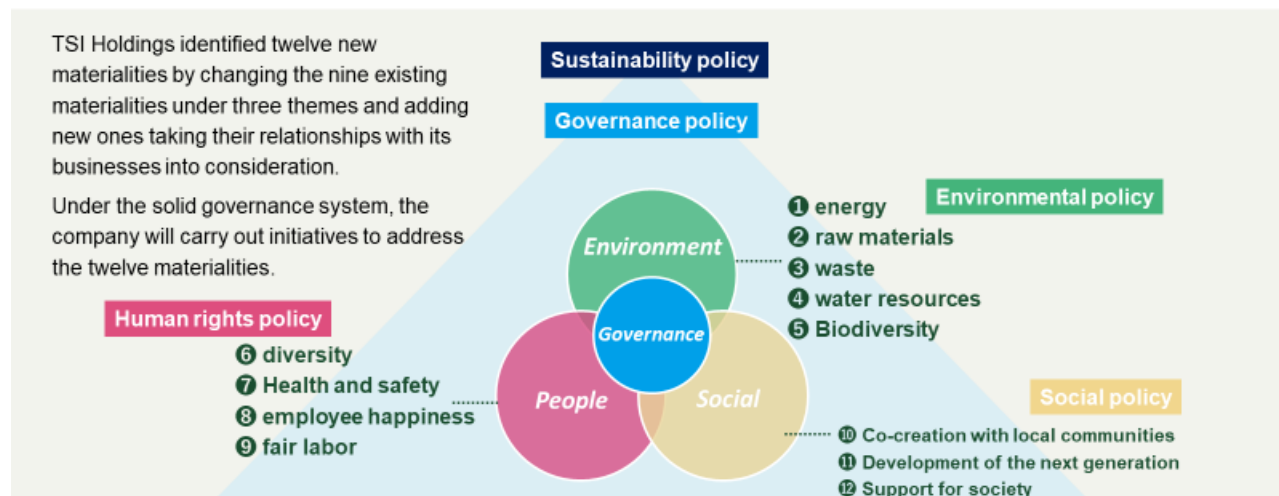
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“Formulation of policies” and “addition and change of materialities”

Following the human rights policy formulated in February of this year, TSI Holdings developed its sustainability policy, governance policy, environmental policy, and social policy.

The company also reviewed its materialities and identified twelve new materialities.



This is about our efforts regarding the SDGs. The Company has established policies and added materiality.

Following the Human Rights Policy formulated in February of this year, we have formulated our Sustainability Policy, Governance Policy, Environmental Policy, and Social Policy. We have also conducted a materiality review and identified 12 materiality.

We have also updated our website on the SDGs, so we hope you will have the opportunity to look at it. Under solid governance, we will firmly promote the implementation of initiatives against the 12 materiality.

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Report on the TSI Group's SDG initiatives

Promoting the recycling and reuse of clothing, including remnants of cloth, with the aim of reducing the amount of clothing discarded to zero

Processing collected end-of-use clothing into yarns and construction materials and reusing them as resources

Case 01 Sublimating remnants of cloth into works of art

An exhibition of works of art by students of Tama Art University was held at the Daikanyama store of Forget-me-nots.

Students produced yarns from remnants of cloth generated at TSI and worked with customers who visited the store to complete their works of art.



Case 02 Utilizing remnants of cloth for uniforms

The use of aprons produced reusing remnants of cloth began at some of the Urth Caffe stores.

These aprons were sewn mainly by new employees at TSI's factory, and this realized a new form of internal recycling.



Case 03 Initiatives with a dressmaking school

In April 2023, the company embarked on a new initiative with Bunka Fashion College in order to develop people who would lead the next generation of the fashion industry.

In addition to sending its employees to give lessons as lecturers, the company will donate remnants of cloth to support dressmaking.

By installing boxes at the school to collect end-of-use clothing, it also seeks cooperation from the college in recycling and reuse.



Here is the report on the TSI GROUP's SDGs activities.

We are striving to achieve our goal of zero clothing waste. We will promote recycling of garments, including leftover fabric.

Now, here are some case examples. As the first case example, we held an art exhibition with art college students in order to sublimate clothing waste into artwork.

In the second case, we have begun to use aprons made from reused leftover fabric in some of our stores as uniforms.

Third, we are also working with clothing schools, and in April of this year, we began working with Bunka Fashion College. Our employees will support clothing production by teaching classes and donating leftover fabric. We have been doing this for a long time, but we are now doing it more fully. We have also set up collection boxes for clothing on campus so used clothing can be recycled again as a resource, and our company and schools are working together to expand the circle.

The power of fashion entertainment creates empathy and social value around the world. Setting this as the purpose, TSI, a fashion entertainment creation company, will firmly reform and improve H1, and will continue to strive toward its goal while making further progress.

Basically, we will make further efforts to achieve this goal so we may report good results. Thank you very much.

[Video Ends]

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