



TSI HOLDINGS GROUP

Results Briefing: Q3RD (March to November 2023)
Results of 2024 Ending Feb.

15th January 2024

Security code : 3608



AGENDA

TSI HOLDINGS

- 1 Results Overview
- 2 About Business Situation by Channel
- 3 Brands Overview
- 4 Full-year Forecast
- 5 Initiatives in each area of TIP25
- 6 Initiatives for management that emphasizes human capital
- 7 Initiatives related to the SDGs
- 8 Reference Data



1

Results Overview



[Summary of operations during the third quarter]

■ Change in Market environment

Due to the reclassification of COVID-19 into Class 5 in May 2023, demand for outing recovered. With the subsequent lifting of the ban on group tours to Japan and depreciation of the yen, the number of visitors to Japan from overseas grew, recovering demand for inbound tourism substantially. Although the overseas business environment remained unstable, economic and social activities in Japan moved toward normalization.

■ Business conditions

The recovery of the market supplied a favorable tailwind, boosting the number of customers who visited fashion buildings and street outlets in urban areas.

The product policy for men's brands bore fruit, and sufficient measures were taken for them in areas such as the bulk purchase of products that were marketed over a long period of time, and therefore, the Company achieved steady growth without losing opportunities.

On the other hand, the Company was cautious about purchasing merchandise for ladies' brands taking the previous circumstances into consideration, and as a result, it failed to take actions that corresponded with the pace of market recovery. For this reason, it was unable to increase sales significantly.

■ Fallout from the loss of COVID-related special demand

The COVID-related special demand such as demand for golf in Japan and that for athletic leisure in the United States ran its course, and the market began to decline.

Excessive inventories piled up because the placement of orders for the current term's purchases and the delivery of wholesale products to clients had been completed by the previous term. This significantly affected financial results partly because the Company had actively invested in the growth areas in the previous years.

In addition to the fallout from the loss of the COVID-related special demand, the initial marketing of autumn/winter merchandise did not advance as initially planned because of the lingering summer heat and the warm winter, and as a result, the Company struggled.

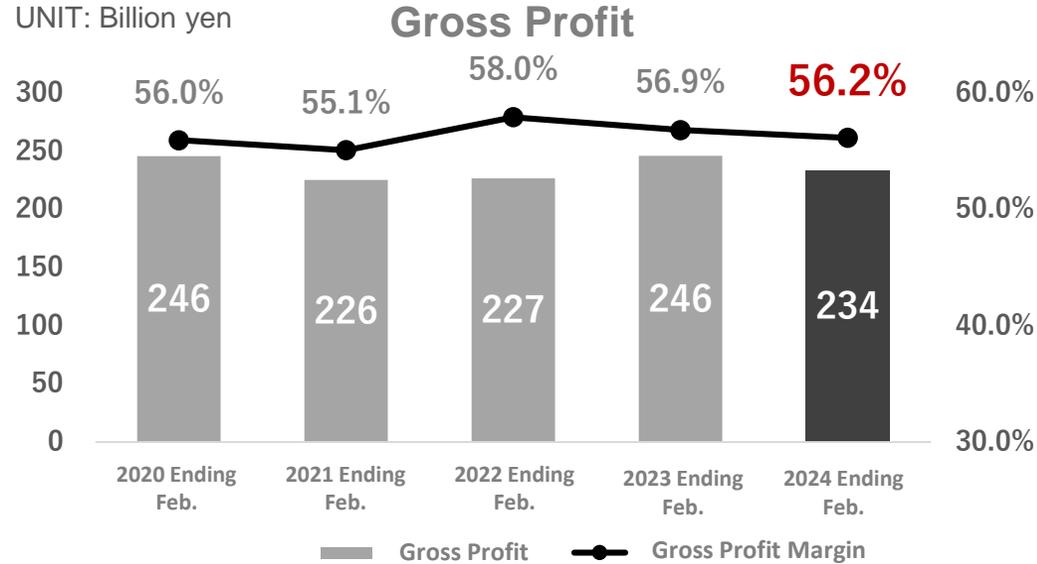
The Company aimed at recovery starting from the second half of October but failed to achieve the quarterly plan.

Operating income was lower than initially planned for two reasons. One was that the Company reported greater valuation losses than initially planned due to excessive inventories. The other was that profitability deteriorated as the Company gave priority to inventory clearance.



6 Highlights of Results for Q3RD of Fiscal Year Ending in February 2024

Q3RD
Gross Profit
23.36 Billion Yen
 YoY 94.8%
 YoY Change - 1.27 Billion Yen



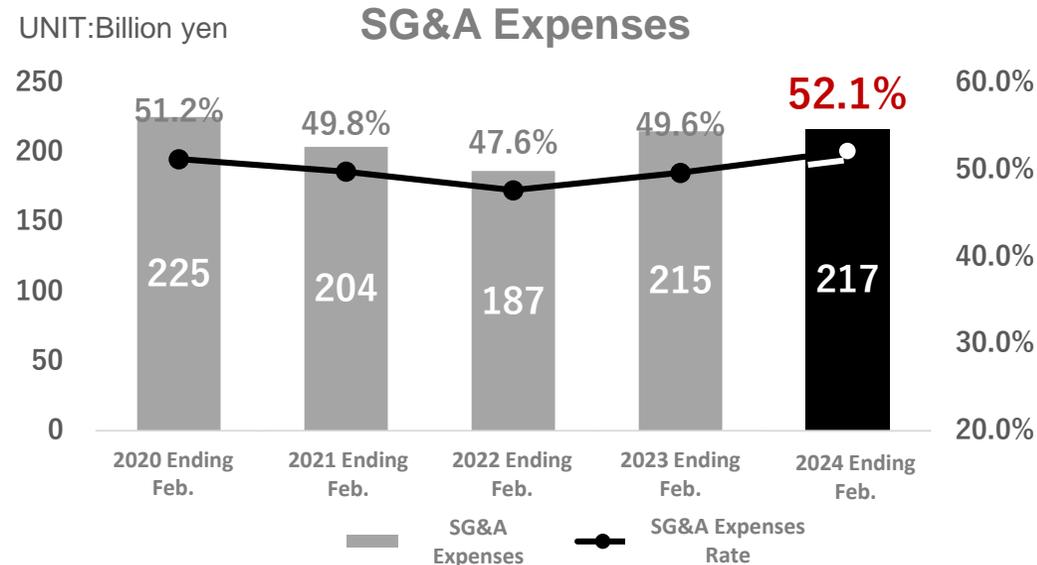
> Gross Profit

- Foreign exchange fluctuations and sharp rises in the prices of raw materials
- Increase in price reductions due to growth in remaining inventories and increase in valuation loss

⇒ The struggle for sales growth and slow-moving inventories became a heavy burden on the Company.

Gross profit became worse by 0.7 percentage points compared to the previous term.

Q3RD
SG&A Expenses
21.66 Billion Yen
 YoY 100.8%
 YoY Change - 0.17 Billion Yen



> SG&A Expenses

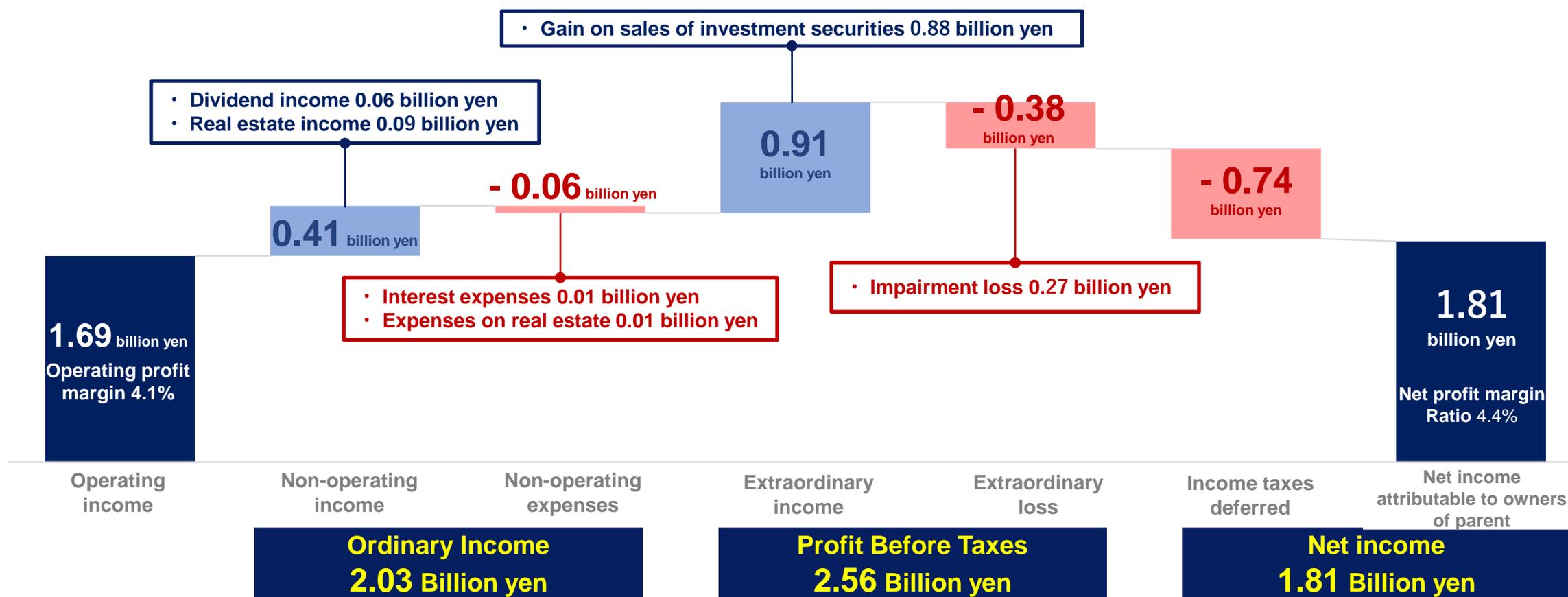
- Due to subsidies, personnel expenses for the previous term decreased.
- Growth in sales promotion and advertising expenses

⇒ During the previous term, personnel expenses improved due to subsidies, and in this quarter, the Company failed to manage sales promotion and advertising expenses efficiently. For these two reasons, selling, general & administrative expenses deteriorated by 2.5 percentage points compared to the previous term.

7 Net Income Impact Items for Q3RD Results of 2024 Ending Feb.

Ordinary income, including ¥340 million in non-operating income/loss such as dividend income and real estate revenue, was **¥2.03 billion**.

Net income for the first half of the term, including ¥520 million in extraordinary income/loss such as gains on sale of investment securities and impairment losses as well as income taxes deferred, was **¥1.81 billion**, and the **profit ratio** was **4.4%**.



	Cumulative Q3RD 2023 Ending Feb.		1ST Half 2024 Ending Feb.		Cumulative Q3RD 2024 Ending Feb.					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Q2/Q3 Change	Q2/Q3 (%)
Current Assets	80,805	55.4%	67,566	50.9%	74,499	53.4%	-6,306	92.2%	6,933	110.3%
(of Cash and Deposits)	32,139	22.0%	24,660	18.6%	23,111	16.6%	-9,028	71.9%	-1,549	93.7%
(of which, Inventory)	28,280	19.4%	27,792	20.9%	32,753	23.5%	4,473	115.8%	4,961	117.9%
Non-current Assets	65,155	44.6%	65,113	49.1%	65,091	46.6%	-64	99.9%	-22	100.0%
(of Investment Securities)	28,122	19.3%	27,792	20.9%	27,944	20.0%	-178	99.4%	152	100.5%
(of Investment Real estate)	4,713	3.2%	4,695	3.5%	4,688	3.4%	-25	99.5%	-7	99.9%
Total Assets	145,961	100.0%	132,679	100.0%	139,591	100.0%	-6,370	95.6%	6,911	105.2%
Current Liabilities	32,059	22.0%	23,963	18.1%	32,342	23.2%	283	100.9%	8,379	135.0%
(of Short-term borrowings)	17	0.0%	-	0.0%	5,045	3.6%	5,028	29676.5%	5,045	0.0%
(of Current portion of long-term borrowings)	4,987	3.4%	4,203	3.2%	3,853	2.8%	-1,134	77.3%	-350	91.7%
Non-current Liabilities	12,177	8.3%	9,435	7.1%	8,807	6.3%	-3,370	72.3%	-628	93.3%
(of Long-term borrowings)	6,478	4.4%	3,047	2.3%	2,562	1.8%	-3,916	39.5%	-485	84.1%
Total Liabilities	44,236	30.3%	33,399	25.2%	41,149	29.5%	-3,087	93.0%	7,751	123.2%
Total Net Assets	101,724	69.7%	99,280	74.8%	98,441	70.5%	-3,283	96.8%	-839	99.2%
(of Treasury Stock(-))	-5,388	-3.7%	-4,537	-3.4%	-5,604	-4.0%	-216	104.0%	-1,067	123.5%
Total Liabilities and Net Assets	145,961	100.0%	132,679	100.0%	139,591	100.0%	-6,370	95.6%	6,912	105.2%

> Cash and Deposits

【 Comparison with the previous term 】

Affected by increases in inventory assets and the repayment of Long-term borrowings totaling , cash and deposits decreased by ¥9 billion.

> Inventory

【 Comparison with the previous term 】

In the businesses that performed well, bulk purchasing was implemented to reduce costs. In some businesses, meanwhile, inventories moved slowly because sales slowed down due to the lingering summer heat and the warm winter. Inventory assets were 115.8% of the previous term's level, growing by ¥4.4 billion from the previous term.

> Treasury stock

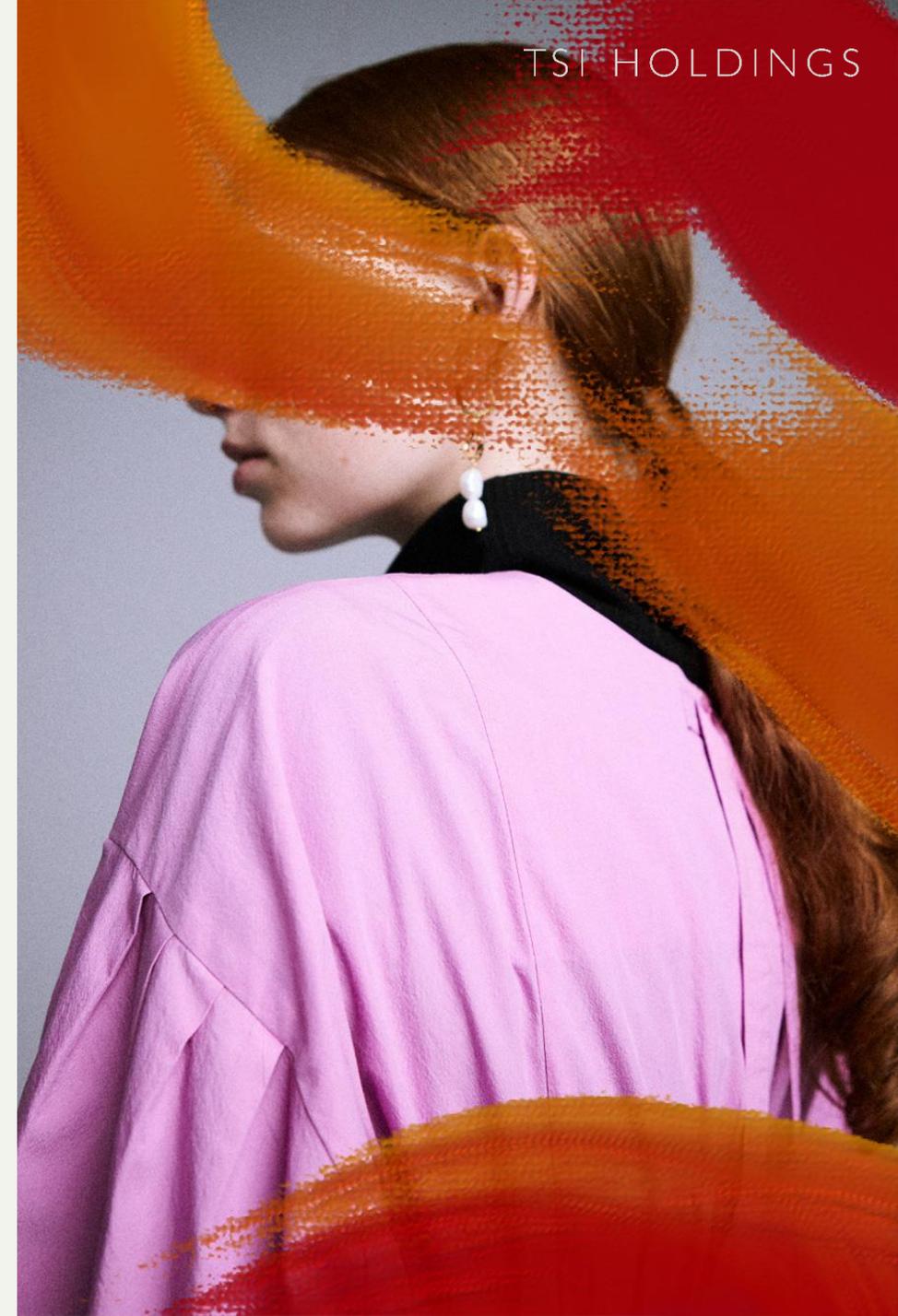
【 Comparison with the previous term 】

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 ¥1.06 billion.



2

About Business Situation by Channel



10 Sale Trends by Channel for Q3RD Results of 2024 Ending Feb.

The number of customers who visited real stores rose as demand for outing and inbound tourism grew. Sales for non-department stores were **102.9%** of the previous term's level.

On the other hand, sales for department stores, EC, and overseas businesses faced difficulties due to the fallout from the loss of COVID-related special demand and withdrawals from business.

- Real stores: While sales for street outlets and fashion buildings continued to expand, benefiting from the recovery of the traffic of people, those for department stores leveled off as demand for golf ran its course. Sales for real stores were 101.2% of the previous term's level.
- Overseas business: The overall street industry in the U.S. remained sluggish. In particular, sales for HUF stagnated as its clients refrained from ordering merchandise due to increased inventories.

		Old profit standards	New profit standards	New profit standards	
		Q3RD 2022 Ending Feb.	Q3RD 2023 Ending Feb.	Q3RD 2024 Ending Feb.	YoY (%)
Domestic	Department Stores	4.22 Billion Yen (Composition Rate : 10.8%)	5.64 Billion Yen (Composition Rate : 13.0%)	5.40 Billion Yen (Composition Rate : 13.0%)	95.7%
	Commercial Facilities(*1)	17.59 Billion Yen (Composition Rate : 44.9%)	18.55 Billion Yen (Composition Rate : 42.8%)	19.09 Billion Yen (Composition Rate : 45.9%)	102.9%
	E-Commerce	9.60 Billion Yen (Domestic E-Commerce ratio : 30.6%)	10.31 Billion Yen (Domestic E-Commerce ratio : 29.9%)	8.97 Billion Yen (Domestic E-Commerce ratio : 26.8%)	87.0%
Domestic Others(*2)		4.79 Billion Yen (Composition Rate : 12.2%)	4.77 Billion Yen (Composition Rate : 11.0%)	4.53 Billion Yen (Composition Rate : 10.9%)	95.2%
Overseas		2.94 Billion Yen (Composition Rate : 7.5%)	4.02 Billion Yen (Composition Rate : 9.3%)	3.56 Billion Yen (Composition Rate : 8.6%)	88.4%

*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.

11 E-commerce in Q3RD Results of 2024 Ending Feb.

In the third quarter alone, with EC sales at ¥9.88 billion, or 87.5% of the previous term's level, the Company failed to expand sales in this sector, leaving certain issues unsolved.

The Company will review its sales strategy and digital marketing methods again with the aim of expanding sales again while maintaining profitability.

Domestic EC: In TSI's EC, popular products were in short supply as real stores attracted more customers and inventories were consequently concentrated, and this reduced EC sales substantially. Partly because of the fallout from the loss of COVID-related special demand and withdrawals from business*1, the overall domestic EC sales were 87.0% of the previous term's level.

Overseas EC: Affected by discount sales which prevailed due to excessive inventories in America's street industry, overseas EC sales slowed down, remaining at 92.4% of the previous term's level.

Unit : Billion Yen	Old profit standards	New profit standards			
	Q3RD 2022 Ending Feb.	Q3RD 2023 Ending Feb.	Q3RD 2024 Ending Feb.	Compared to year before last (%)	Y/Y(%)
In-House E-Commerce	4.33	4.51	3.59	82.8%	79.6%
(ratio(%))	(45.2%)	(43.7%)	(40.0%)	(-5.1pt)	(-3.7pt)
Domestic E-Commerce	9.60	10.31	8.97	93.4%	87.0%
(ratio(%))*	(30.6%)	(29.9%)	(26.8%)	(-3.8pt)	(-3.1pt)
Overseas E-Commerce	0.76	0.97	0.90	117.7%	92.4%
(ratio(%))*	(26.1%)	(24.3%)	(25.4%)	(-0.7pt)	(+1.1pt)
E-Commerce TOTAL	10.37	11.29	9.88	95.2%	87.5%
(ratio(%))*	(30.2%)	(29.3%)	(26.7%)	(-3.5pt)	(-2.6pt)

*1 The amount of EC sales shrank due to the effects of withdrawal from the "BOSCH" business and the termination of agency contracts for "SUNSPEL" and "UNDEFEATED" (¥0.61 billion)

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

Plan across the brands



#わたし 着るとすごいん です

岩淵真奈 / 岩澤史文 / 野口啓代が新しい私に出会う冬コーデ

In this plan, at TSI's EC site "MIX.Tokyo," three athletes wore fashionable clothes different from those which they usually did, presenting a new aspect of their fashion life. The Company will continue to carry out plans to convey the power and joy of fashion to customers.



3

Brands Overview



Due to the effects of the lingering summer heat and the warm winter, most of the major brands struggled, but among them, sales for MARGARET HOWELL, AVIREX, and STUSSY continued to be strong.

Other than the major brands, brands focusing on street outlets (such as ROYAL FLASH and Schott) benefited from growing inbound tourism and the recovery of the traffic of people, continuing to grow.

■ Top 10 brands in sales

Unit: Million Yen

	Q3RD 2022 Ending Feb.	Q3RD 2023 Ending Feb.		Q3RD 2024 Ending Feb.		Y/Y
	Sales	Sales	Composition Rate (%)	Sales	Composition Rate (%)	Sales (%)
1. PEARLY GATES	4,668	5,060	11.7	4,106	9.9	81.2
2. MARGARET HOWELL	3,016	3,521	8.1	3,670	8.8	104.2
3. NANO universe	4,853	4,143	9.6	3,859	9.3	93.1
4. NATURAL BEAUTY BASIC	2,897	3,056	7.1	3,010	7.2	98.5
5. HUF	1,891	3,058	7.1	2,657	6.4	86.9
6. AVIREX	1,767	2,043	4.7	2,246	5.4	109.9
7. STUSSY	1,280	1,295	3.0	1,424	3.4	110.0
8. new balance golf	1,051	1,331	3.1	1,232	3.0	92.5
9. human woman	900	1,218	2.8	1,120	2.7	91.9
10. Jack Bunny!!	926	1,031	2.4	965	2.3	93.5
TOP10	23,254	25,761	59.5	24,293	58.4	94.3

• PEARLY GATES YoY : 81.2%

The market normalized as demand for golf ran its course. Sales continued to grow, reaching 125.0% of the pre-COVID level (term ended February 2020), but went below those for the previous year.

The brand is going to reduce purchasing and continue inventory clearance, including overseas sales.

• HUF YoY : 86.9%

Domestic real stores achieved two-digit sales growth, at 118.9% of the previous term's level, but the brand struggled as sales for the overall street industry in the U.S. remained sluggish. As a result, the overall sales for HUF went below those for the previous year.

• AVIREX YoY : 109.9%

In addition to expanding sales for regular items, collaborations with MLB and Disney were well received, maintaining strong sales. Its store opened at the Komatsu Base aviation festival and the Inazuma Festival 2023 also ended as they gained public favor.

• STUSSY YoY : 110.0%

The number of stores decreased, but the existing stores made up for more than the loss of sales for closed stores, improving sales per store significantly.



4

About Full-year Forecast



15 Recent situation (cumulative results for the third quarter)

Cumulative Q3RD
Net Sales

114.85 Billion Yen

vs. Budget -6.33 billion yen
YoY Change -0.54 billion yen

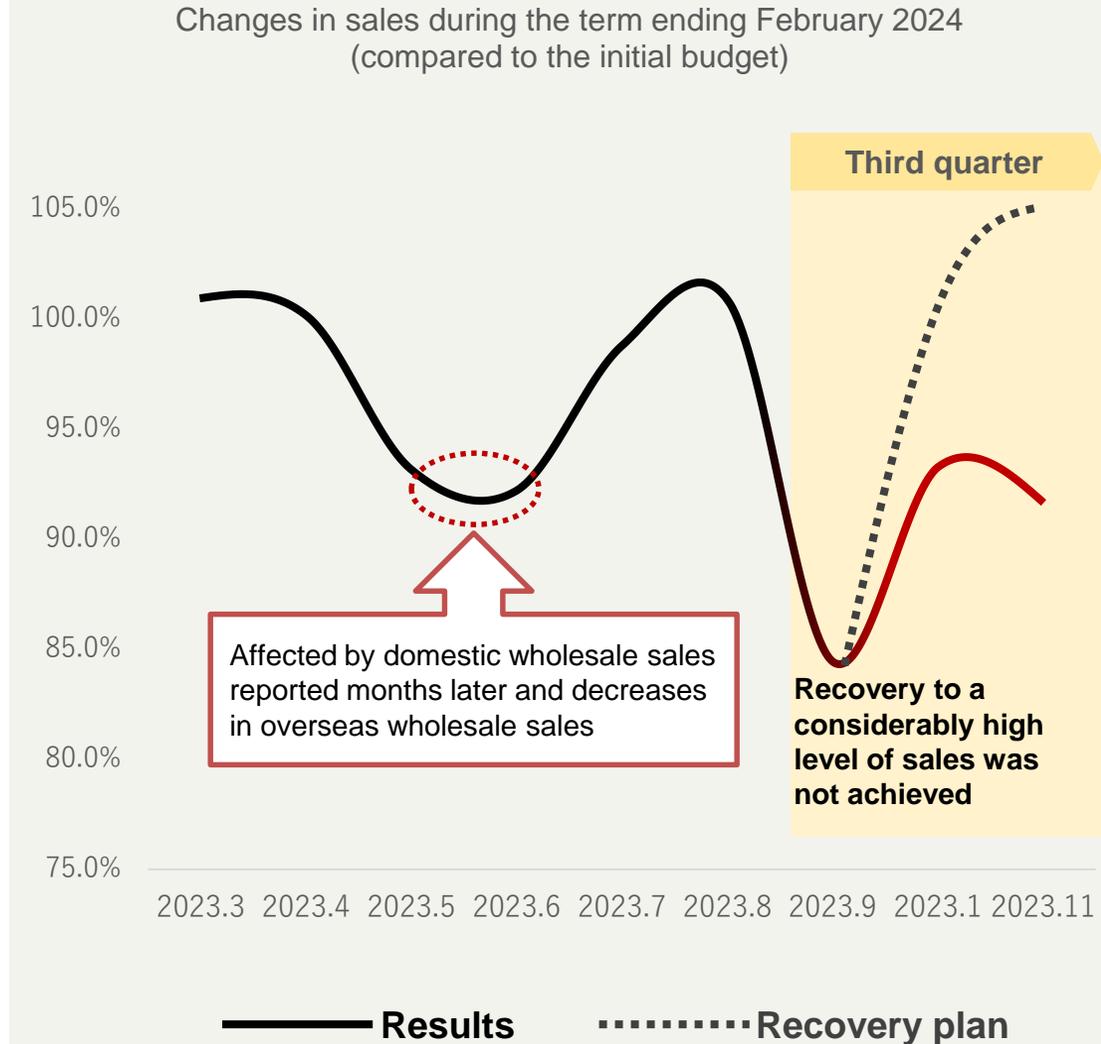
Cumulative Q3RD
Operating Profit

2.22 Billion Yen

vs. Budget -2.41 billion yen
YoY Change -1.50 billion yen

The Company aimed at recovery during the second half of the year and thereafter but was forced to struggle

- The recovery measures announced at the end of the first half of the year fell through.
 - ⇒ The Company failed to expand EC sales.
 - ⇒ The Company expected to recover sales in the autumn/winter sales campaign but was not able to reduce its inventories.
 - ⇒ The Company's actions such as expanding the purchasing of merchandise for brands that performed well were too late.
- The initiatives for executing budgets and implementing the medium-term plan both did not make much progress.
 - ⇒ During the second term, the Company expected that it could put its performance back on track within the current term.
 - ⇒ Financial results became even worse during the third quarter, and the Company will take further steps for drastic reforms. (described later)



Following the consolidated cumulative financial results for the third quarter, we hereby announce that we decided to revise the forecasts of consolidated financial results for the entire term ending February 2024, which were published on April 12, 2023, as follows:

	Forecasts for the entire term ending February 2024		Adjusted Forecast			
	Unit Billion Yen	Composition Rate (%)	Unit Billion Yen	Composition Rate (%)	Increase / decrease amount Billion Yen	Rate of change (%)
Net Sales	162.00	100.0	154.40	100.0	-7.60	-4.6
Operating Income	4.70	2.9	1.40	0.9	-3.30	-70.2
Ordinary Income	5.50	3.4	3.00	1.9	-2.50	-45.4
Profit Attributable to Owners of Parent	3.50	2.2	2.80	1.8	-0.70	-20.0
Net income per share	41.54 Yen		34.06 Yen			

The golf market, which had driven the performance of the Company until last year, and the growth of the street casual market in the United States settled down, and in addition, excessive inventories due to focused brands' failure to achieve sales goals prompted the Company to reduce prices more often and increased valuation losses, and this deteriorated profitability, leading to the revision of the forecasts for the whole year.

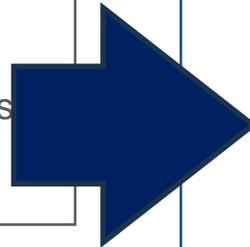
Current challenges

Basic profitability has not been improved

- As an OMO company, TSI Holdings has brought certain results, but its EC sales has fallen.
- Store efficiency improvement measures remain at the level of reorganizing nonperforming outlets.
- The U.S. business remains sluggish.
- It seems that the golf business has peaked out.
- Inventory efficiency deteriorated, making the adverse effects discount sales and valuation losses evident.

Commitment to investment policy and numerical goals

- Lack of the ability to promote investment measures in growth areas
- Lack of speed to take measures to achieve greater efficiency in the digital area
- The introduction of several new brands is progressing, but profitability has not been achieved yet.



Response policy

Review of the plan

The management plan with capital costs and stock prices taken into account, which is to be announced in April, should be updated. This includes updating the numerical goals and reviewing business strategy and others based on the recognition of current challenges. This will be published as a rolling plan for the medium-term management plan (TIP25).

► Examples of major points at issue

Improvement of profitability of existing businesses

- Making selling, general & administrative expenses more efficient by improving the profit structure of stores and EC
- Improving gross profit by maintaining inventories at reasonable levels and taking other measures for tighter manufacturing and sales control

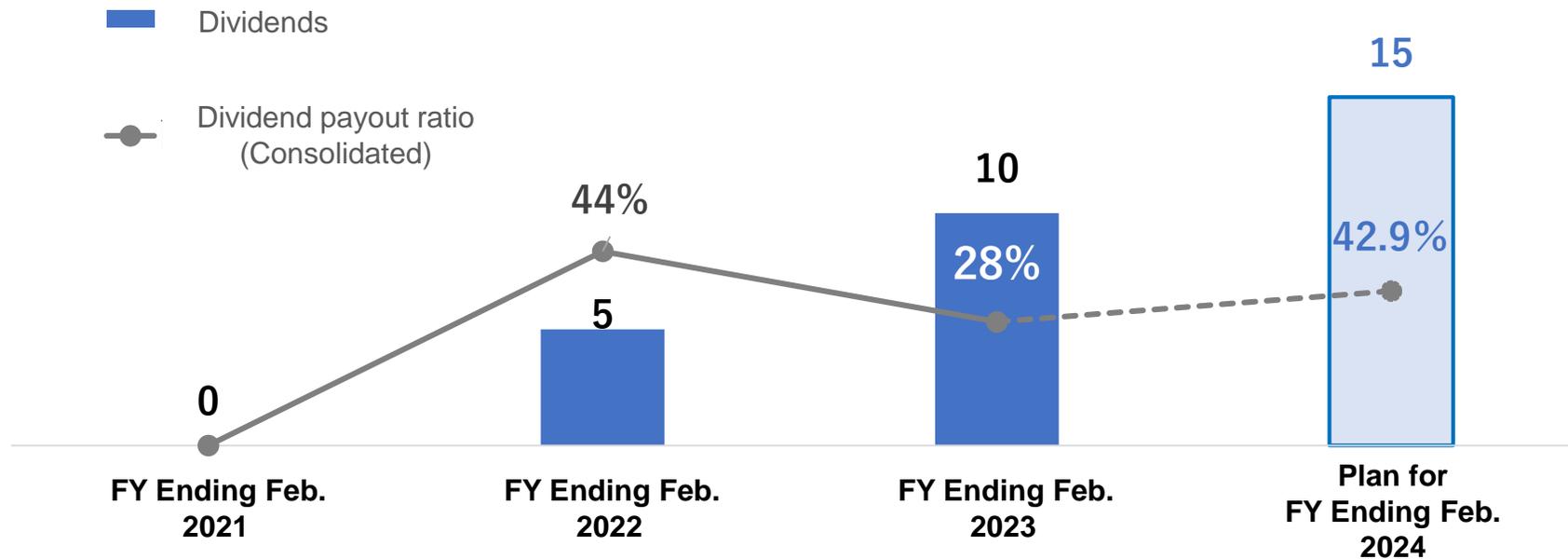
Growth strategy

- Restructuring aimed at achieving EC/OMO growth again
- Redefining growth areas and setting quantitative goals for investment performance

Strengthening the operational foundation

- Strengthening and making effective use of human capital
- Evolving profit management methods and KPIs
- Promoting reform projects making the most of external specialist teams

The amount of dividend for the term ending February 2024 will **remain** at the same level as previously forecast, **at ¥15 per share.**



Dividend	¥0	¥5	¥10	¥15
Payout ratio	-	44%	28%	42.9%



5

Initiatives in each area of TIP25



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

Hence, to leap toward 2025, we have updated TIP24,
to turn it into the TSI Innovation Program 2025 (TIP25).

TIP25 formulation policy

1

Capture changes in the social environment and market to express and embody **our existence and purpose**

2

Align the direction of the entire company with the direction of business domains to develop business **in new growth domains**

3

Achieve sufficiency **in digital engagement, ESGs and high profit**, all areas that the stock market holds dear

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

Wellness & Lifestyle

1

Wellness & lifestyle

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

Street & Culture

2

Street & culture

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

Fashion Capital

3

Fashion capital

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

Digital Generation

4

Digital generation

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

Wellness & Lifestyle

1

Wellness & Lifestyle Div.

- | | |
|-------------------------|--------------------|
| 1. PEARLY GATES | 10. MHL. |
| 2. PGG | 11. Dice&Dice |
| 3. MASTER BUNNY EDITION | 12. SEVEN BY SEVEN |
| 4. Jack Bunny!! | 13. quitan |
| 5. St ANDREWS | 14. and wander |
| 6. PING | 15. YLÈVE |
| 7. new balance golf | 16. THE LIBRARY |
| 8. NBB WEEKEND | 17. Laline |
| 9. MARGARET HOWELL | 18. Urth Caffé |

Street & Culture

2

Street & Culture Div.

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

Fashion Capital

3

Fashion Capital Div.

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

Digital Generation

4

Digital Generation Div.

- | | |
|----------------|------------------------|
| 1. ETRÉ TOKYO | 6. JILL STUART |
| 2. MECRE | 7. JILL by JILL STUART |
| 3. CHAROL | 8. ROSE BUD |
| 4. FREE'S MART | 9. hueLe Museum |
| 5. bobe | 10. STUMBLY |

Wellness & Lifestyle

Street & Culture

Creating attractive communities

Platform for play rooted in the street spirit

Net sales

YoY change

¥36.61
Billion

100.3
%

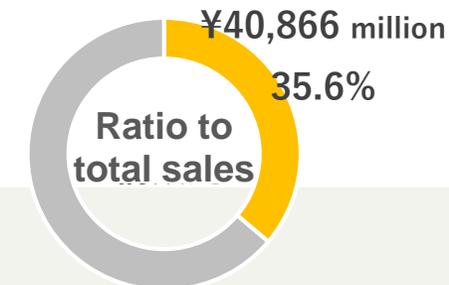


Net sales

YoY change

¥40.86
Billion

98.4
%



Making the most of the technology cultivated in the golf area in various ways

L.H.P's collaboration across the boundaries of categories

PEARLY GATES PGG

PEARLY GATES is developing snow wear, which makes the most of the technology and design that have been cultivated over the years in the golf area. In January 2024, the brand concluded a wear contract with Ms. Miyabi Onitsuka, a professional snowboarder.

PGG, a sports & lifestyle wear brand, also entered into an agreement with Ms. Onitsuka. It will support her to lead a stylish and comfortable life even in non-athletic scenes.



▲Ms. Miyabi Onitsuka, a professional snowboarder

L.H.P collaborated with the organizers of an event for a game that was extremely popular mainly among youths. In the center plan “TOKYO esports COLLECTION,” performers who wore the costume of Danke Schön, a brand offered by L.H.P, adorned the runway.



With “play,” the concept of Div., as its keyword, the brand will continue to communicate the joy and attraction of fashion from new angles.



▲ A full array of gorgeous guests, including entertainers and artists, lined up in the event

Fashion Capital

Services that respond constantly to market trends and changes

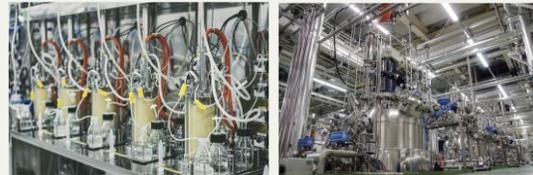
Net sales
¥26.58
Billion

YoY change
102.5
%



ADORE offers coats that use environmentally conscious new materials

ADORE recently started to offer coats made of the artificial protein fiber material “Brewed Protein™” developed by Spiber Inc.



▲ The photos show the processes of producing Brewed Protein™ fibers



Spiber A D O R E

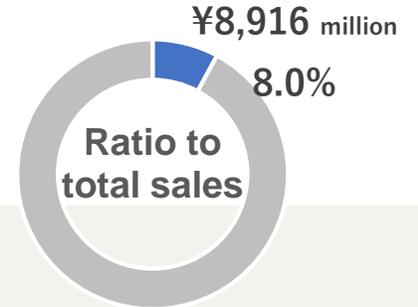
ADORE attempted to use new materials to create uncolored coats which symbolized the brand. After the three years of development efforts since 2020, it launched coats using Brewed Protein™ fibers for the first time in the world.

Digital Generation

Continuously expanding content to win over the next generation of customers

Net sales
¥8.91
Billion

YoY change
95.3
%



bobe launches a new beauty brand

bobe launched a new beauty brand in collaboration with MAI, a creative director at MECRE. Under the concept “Momentum, curiosity, brilliance, and narrative,” the brand developed new skincare and cosmetic items that focused on fermentation.

Since November, bobe has set up pop-up booths at the Isetan Shinjuku, Hankyu Umeda, and Nagoya Takashimaya department stores. It will continue to offer the products to a wider range of customers as their recognition level rises.



▲ All these products pay attention to the environment as typified by the use of upcycled raw materials as well as materials from developing countries

Promoting DX to lead the next generation of business

In an effort to make business processes more efficient and sophisticated, accelerate the pace of business, and achieve further growth and development, TSI Holdings has tied up with several businesses to advance projects in multiple areas.

Becoming the first company in Japan to introduce Alibaba Cloud smart logistic solutions

Aiming at innovation in DX and customer experience, the Company decided to participate in the Alibaba Cloud DX Lab for strategic alliance.

In addition, based on the strategic alliance between the two companies, TSI Holdings introduced Alibaba Cloud's warehouse management system into cross-dock warehouses in Shanghai and annexed ones in Japan as well as warehouses in Vietnam. This initiative enables real-time confirmation of inventories.

While applying the system to several other logistic bases, the Company will continue to build business processes and systems for greater operational efficiency, which involves the use of AI for leveling off workload and better inventory control by predicting the volume of cargo.

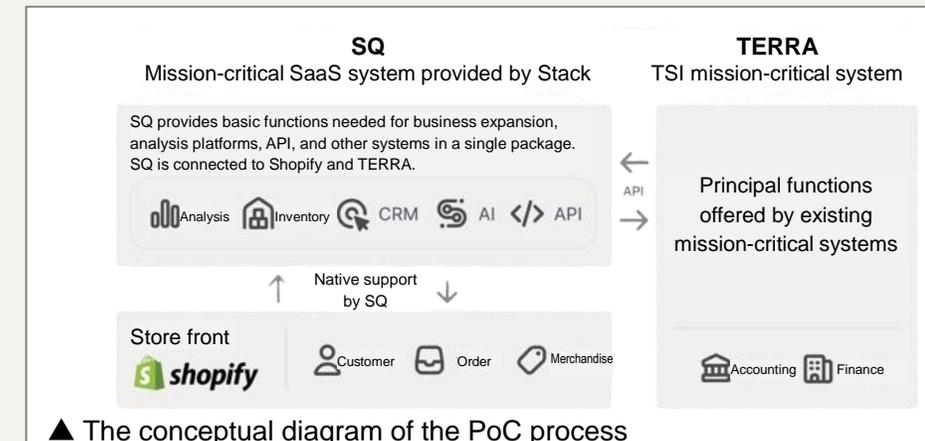


Starting the PoC verification process using SQ, a mission-critical system for major retailers, which is provided by Stack Inc.

TSI Holdings started the PoC verification process using the SQ beta version, which was released by Stack Inc.

In October 2022, the Company concluded a capital and business alliance contract with Stack in order to realize a next-generation OMO mission-critical platform based on a new concept which enabled it to respond flexibly and swiftly to changing customer services.

As part of this contract, this PoC process involves verification of the future applicability of SQ and the scope of its application in conjunction with the introduction of Shopify by some of the Company's brands.



Launching the testing of corporate product experience in the virtual space of the Japan Metaverse Economic Zone “Ryugukoku®”

The Company participated in the Ryugukoku® project as a fashion entertainment company to design new customer experience.

The world of Ryugukoku®, the RPG/Metaverse platform, enables use of various real products provided by businesses in the image of play.

The Company offers 3D costume worn by avatars, aiming to provide entertainment value brought by fashion.

JPUNIVERSE **TAKENAKA** **TOPPAN**



TSI HOLDINGS

— Illustration of 3D costume provided by TSI —



The Company provides three-dimensional AVIREX, PEARLY GATES, Jack Bunny!!, NANO universe, human woman, and JILL by JILL STUART clothes to be worn by avatars

Putting a provider of SaaS recruitment services specializing in apparel business under the control of the TSI Holdings Group

The Company plans to put READY TO FASHION Inc. (representative: Satoshi Takano), which operates SaaS recruitment services specializing in apparel business, under the control of the TSI Group in March 2024.

Company name	READY TO FASHION. Inc.
Address	THE N3 502, 4-12 Aobadai 4-chome, Meguro-ku, Tokyo
Establishment	November 8, 2016
Representative	Representative director: Satoshi Takano
Business description	Planning for and operation of social media recruitment platforms as well as media and events in the fashion industry

Business overview

READY TO FASHION not only adopts the conventional style of registering those who wish to change jobs but also easily brings vertical connections to businesses by linking social media, owned media, apps, and real events. It also provides horizontal connections to make it easy to offer jobs to those who wish to change jobs. The company thus has established and operated approaches to recruitment not found in the past.

Services



READY TO FASHION
web

Social media for jobs in the fashion industry
Recruitment platform to seek jobs by registering Instagram postings and skills

Media that carry news and information on events and recruitment for young people interested in the fashion industry



READY TO FASHION MAG
web



fashion community 1.0
community

Real communities organized by more than 20 fashion circles existing in the Kanto and Kansai regions

Matching service to create “business meetings,” enabling users to connect loosely to people in the fashion industry and those who wish to involve themselves in the industry

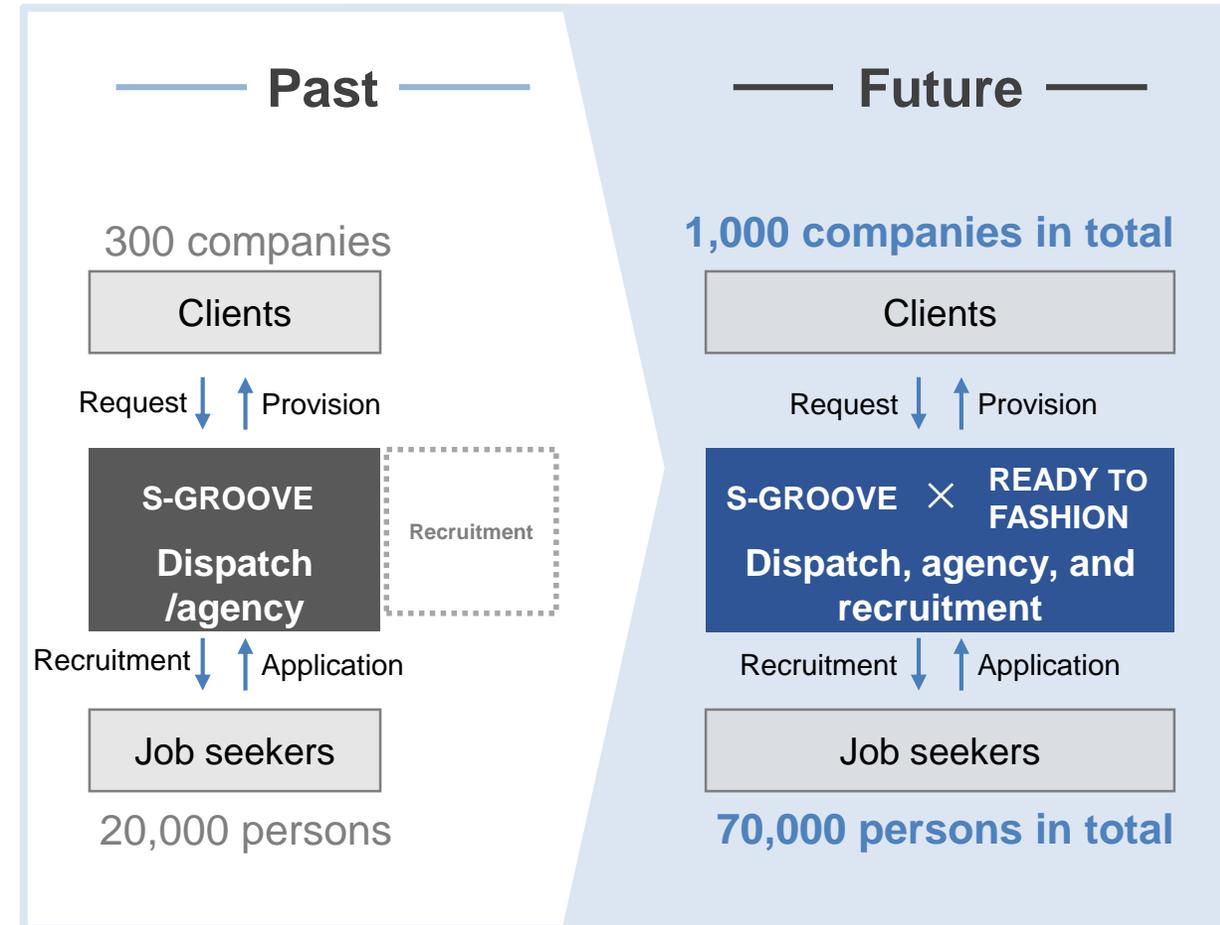


fatch
ios app, web

Providing comprehensive personnel solutions in the fashion industry

The TSI Holdings Group aims at creating opportunities for diverse human resources to play an active role in the fashion industry and enriching the lives of people who work in the fashion industry and those who enjoy fashion.

By linking personnel support services provided by S-Groove, a subsidiary engaged in pay job placement and manpower dispatching services, and READY TO FASHION's unique recruitment services, the TSI Holdings Group strives to expand its HR services, increase the profitability of the two subsidiaries, and develop these services into one of the pillars in the Group's businesses.



- Enabling the Group to provide comprehensive personnel solutions in the fashion industry
- Aiming at winning new contracts and new customers from among businesses that deal with S-Groove and READY TO FASHION
- Expecting to improve the matching rate for job placement by increasing the number of job seekers



6

Initiatives for management that emphasizes human capital



Initiatives for management that emphasizes human capital

TSI Holdings is providing support to improve the skills of employees and encourage their development. The Company aims at developing independent human resources who support the future of TSI Holdings.



Designer development program

As part of its efforts to create corporate culture, the Company is carrying out a program to develop creators in-house.

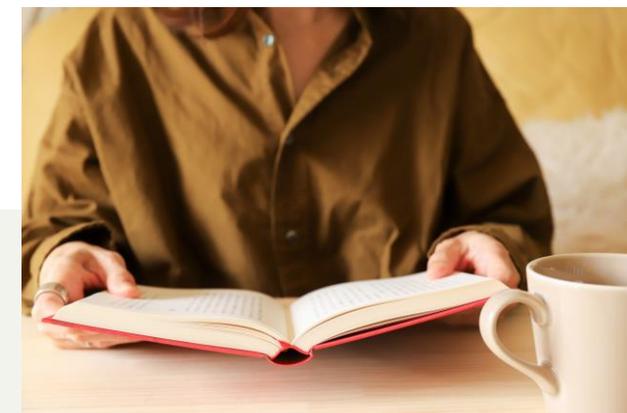
With a workshop for designers in all brands of the Group as a start, the Company planned talk seminars as requested by many participants. In each seminar, guests are invited from outside to speak about the theme chosen.



Providing opportunities for career development

As part of its efforts to establish an environment for learning and career development, the Company has introduced the GLOBIS Manabi Hodai learning program for all persons in managerial positions and employees who wish to join it.

By backing up independent learning by employees, the Company aims at raising the level of employees' basic business knowledge and skills on a group-wide basis and making all information shared by all employees.



Self-development support system

TSI Holdings has established a self-development support system to stimulate and encourage employees' desire to develop themselves independently. The Company supports part of the expenses required to obtain or pass tests for any of the 39 licenses, which can be effectively used for business.

The aim is to secure and develop capable human resources in the Group.

Initiatives for management that emphasizes human capital

TSI Holdings is striving to improve its systems to create a work environment that enables employees to work easily and comfortably.

In response to diversifying work styles, the Company aims at raising the level of employee engagement.



Promoting the self career dock system

The Personnel Department actively encourages its members to obtain a career consultant's license, and so far, five of them have acquired the license. This has enabled the department to implement the self career dock system in-house.

Currently, the Company is striving to promote the self career dock system focusing on sales representatives who have three years of service or more, and in the future, it plans to expand the system so that it covers its entire organization.



Establishing a section to contact for counseling

As an increasing number of businesspersons have tended to become mentally ill in recent years, the Company established an external section to contact for counselling in order to provide sufficient care to them as well as prevent, early detect, and treat mental illnesses.

Specialist counselors meet requests of not only employees but also their families for advice on mental health.



Encouraging employees to take child-care leave

At TSI Holdings, the percentage of women taking child-care leave has reached 100%, indicating that the Company essentially has an environment that enables women to obtain such leave easily. The Company has also launched an initiative to encourage men to obtain such leave, and during the past several years, the percentage for men has doubled each year.

The Company will strive to further increase the percentage of employees taking such leave.



7

Initiatives related to the SDGs



Concluding a capital and business alliance agreement with SynCom Agritech

As part of its strategy for raw materials “Material Innovation,” TSI Holdings recently entered into a capital and business alliance agreement with SynCom Agritech Co., Ltd., which cultivates organic cotton while paying attention to human rights and the environment.



TSI HOLDINGS



SynCom Agritech Co., Ltd.

Expected effects of the business alliance

✓ Securing the priority right to be supplied with organic cotton

✓ Realizing products for which traceability is guaranteed

✓ Contributing to biodiversity in cotton-growing and neighboring areas

✓ Promoting the production of raw materials with less environmental impacts

✓ Establishing a system to improve farmers' income while paying attention to human rights

As a member of society, TSI Holdings contributes to it through business activities

In order to achieve its purpose “Through the power of fashion entertainment, we will create empathy and social value around the world,” TSI Holdings is contributing to society through business activities.

Case 01 Support for women who need social protection

As part of its efforts to empower women who come to DV shelters or women protection facilities for help, the Company has provided some 200 clothes and sundry goods to eight such facilities nationwide through a corporation called Ichigokotohoginomori.

The Company emphasized the power of fashion for self-development by coordinating clothes it provided.

It plans to continuously provide such items twice a year.



Case 02 Inviting children who live in children's homes to a museum

TSI Holdings invited children from children's homes, who were supported by Ichigokotohoginomori, to the Mori Art Museum.

The Company has a corporate agreement with the Mori Art Museum as part of its employee welfare program. In this project, as part of its initiative for “quality education for all” as stated in the SDGs, it provided the children with an opportunity for the high-quality

experience of seeing, listening, feeling, and thinking” with the cooperation of the Art Museum.



Case 03 Receiving visitors to the workplace

A group of junior high school students visited the head office and stores of TSI as part of their learning activities.

At various workplaces, they learned about a wide range of jobs and work types mainly through lectures, tours, and hands-on experiences in business operations.



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

A company creating fashion entertainment

TSI HOLDINGS GROUP



8

Reference Data



Overview

(Revenue recognition standards)

Unit: Million Yen

	Q3RD 2023 Ending Feb.		Q3RD 2024 Ending Feb.			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	43,318	+100.0	41,578	+100.0	-1,739	96.0
Gross Profit	24,631	+56.9	23,360	+56.2	-1,270	94.8
SG&A Expenses	21,493	+49.6	21,669	+52.1	176	100.8
SG&A Expenses(excl. Goodwill Amortization, Depreciation and Amortization)	20,683	+47.7	20,707	+49.8	23	100.1
Goodwill Amortization	127	+0.3	125	+0.3	-1	98.6
Depreciation and Amortization	682	+1.6	836	+2.0	154	122.6
Operating Income	3,137	+7.2	1,690	+4.1	-1,446	53.9
Ordinary Income	3,169	+7.3	2,036	+4.9	-1,133	64.2
Extraordinary Income	99	+0.2	910	+2.2	811	919.0
Extraordinary Loss	433	+1.0	382	+0.9	-50	88.3
Profit Before Taxes	2,834	+6.5	2,563	+6.2	-271	90.4
Profit Attributable to Owners of Parent	2,372	+5.5	1,818	+4.4	-553	76.7
EBITDA ※	3,947	+9.1	2,653	+6.4	-1,294	67.2

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

Overview

(Revenue recognition standards)

Unit: Million Yen

	Cumulative Q3RD 2023 Ending Feb.		Cumulative Q3RD 2023 Ending Feb.			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	115,406	100.0	114,857	100.0	-549	99.5
Gross Profit	65,366	56.6	64,201	55.9	-1,164	98.2
SG&A Expenses	61,639	53.4	61,978	54.0	338	100.5
SG&A Expenses(excl. Goodwill Amortization, Depreciation and Amortization)	58,608	50.8	59,235	51.6	626	101.1
Goodwill Amortization	345	0.3	356	0.3	11	103.2
Depreciation and Amortization	2,685	2.3	2,385	2.1	-299	88.9
Operating Income	3,726	3.2	2,223	1.9	-1,503	59.7
Ordinary Income	5,061	4.4	3,645	3.2	-1,416	72.0
Extraordinary Income	972	0.8	1,421	1.2	448	146.1
Extraordinary Loss	682	0.6	486	0.4	-195	71.3
Profit Before Taxes	5,352	4.6	4,580	4.0	-772	85.6
Profit Attributable to Owners of Parent	4,621	4.0	3,290	2.9	-1,330	71.2
EBITDA	6,757	5.9	4,965	4.3	-1,791	73.5

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

Net Sales Per Channel

(Revenue recognition standards)

	Cumulative Q3RD 2023 Ending Feb.		Cumulative Q3RD 2024 Ending Feb.			
	Results (Million yen)	Composition Rate (%)	Results (Million yen)	Composition Rate (%)	Y/Y (%)	Composition Rate Y/Y Change(pt)
Department Stores	15,211	13.2	14,802	12.9	97.3	-0.3pt
Commercial Facilities(*1)	49,930	43.3	52,030	45.3	104.2	+2.0pt
In-house EC	13,244	11.5	11,437	10.0	86.4	-1.5pt
3rd Party	14,903	12.9	14,204	12.4	95.3	-0.5pt
E-Commerce	28,147	24.4	25,641	22.3	91.1	-2.1pt
Others(*2)	11,955	10.4	13,083	11.4	109.4	+1.0pt
Domestic	105,244	91.2	105,557	91.9	100.3	+0.7pt
E-Commerce	2,922	2.5	2,699	2.3	92.4	-0.2pt
Overseas(*3)	10,161	8.8	9,299	8.1	91.5	-0.7pt
EC(E-Commerce)	31,070	26.9	28,340	24.7	91.2	-2.2pt
TOTAL	115,406	100.0	114,857	100.0	99.5	-

*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.

Brands Overview

(Revenue recognition standards)

	Cumulative Q3RD 2023 Ending Feb.			Cumulative Q3RD 2024 Ending Feb.			Y/Y	
	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales (%)	Gross Profit Ratio (pt)
1. PEARLY GATES	13,429	11.6	61.6	12,047	10.5	58.4	89.7	-3.2pt
2. MARGARET HOWELL	9,500	8.2	65.9	10,376	9.0	64.7	109.2	-1.2pt
3. NANO universe	10,308	8.9	53.2	10,110	8.8	53.0	98.1	-0.3pt
4. NATURAL BEAUTY BASIC	8,433	7.3	63.9	8,605	7.5	64.9	102.0	+1.0pt
5. HUF	7,744	6.7	50.6	6,723	5.9	52.0	86.8	+1.4pt
6. AVIREX	4,853	4.2	64.7	5,567	4.8	58.3	114.7	-6.3pt
7. STUSSY	3,335	2.9	65.0	3,905	3.4	63.7	117.1	-1.3pt
8. new balance golf	3,527	3.1	51.7	3,661	3.2	50.1	103.8	-1.6pt
9. human woman	3,349	2.9	65.0	3,323	2.9	65.6	99.2	+0.5pt
10. Jack Bunny!!	2,662	2.3	48.2	2,612	2.3	48.0	98.1	-0.2pt
TOP10	67,146	58.2	59.3	66,935	58.3	58.5	99.7	-0.8pt
Other Brands	44,435	38.5	53.9	47,374	41.2	52.3	106.6	-1.6pt
Continuing Brands	111,581	96.7	57.1	114,309	99.5	55.9	102.4	-1.2pt
Closed Brands	3,824	3.3	42.0	547	0.5	50.8	14.3	+8.8pt
TOTAL	115,406	100.0	56.6	114,857	100.0	55.9	99.5	-0.7pt

Domestic Monthly Sales Information



The Number of Stores

		Q3RD 2023 Ending Feb.	FY Ending Feb. 2023	Store Open	Store Close	Cumulative Q3RD 2024 Ending Feb.	Y/Y Change	Q3/Q4 Change
Apparel	Domestic	779	738	+65	-61	742	-37	4
	Overseas	29	29	+1	-	30	1	1
	Total	808	767	+66	-61	772	-36	5
Restaurant	Domestic	8	8	-	-	8	0	0
Cosmetics	Domestic	37	36	+1	-2	35	-2	-1
Total		853	811	+67	-63	815	-38	4



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.