



TSI HOLDINGS

**TSI HOLDINGS CO., LTD.**

Q2 Financial Results Briefing for the Fiscal Year Ending February 2023

October 13, 2022

## Event Summary

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[Company Name]	TSI HOLDINGS CO., LTD.	
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[Venue]	Webcast	
[Participants]	64	
[Number of Speakers]	4	
	Tsuyoshi Shimoji	President and CEO
	Jun Imaizumi	Senior Executive Officer/TIP Promotion Department Manager and TSI TIP Promotion Division Manager and Division Innovation Section Manager
	Hiroyuki Watanabe	Operating Officer, General Manager of Digital Business Department
	Takahiro Ishihara	Operating Officer

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# Presentation

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**Moderator:** Good morning. Thank you for joining us today. It's at the appointed time, so we will hold a briefing on the financial results for Q2 of FY2023.

First, you will watch the video for about 33 minutes, and then we will go into the Q&A. Now, please take a look at the video.

[Video Begins]

**Shimoji:** Good morning. We will start the presentation of financial results for H1 of FY2023. Thank you for your cooperation.

4 1st Half of Results of 2023 Ending Feb. : Executive summary TSI HOLDINGS

**[Summary of activities in the 1st half]**

■ **Environmental changes**  
This first half began with "supply chain disruptions due to lockdowns in Shanghai from March." "Conflicts," "energy issues," "increases in prices of daily necessities due to a weaker yen," and "consumers' lifestyle habits" had a significant impact on the global economy. Consumers greatly changed their daily product purchase and their values toward benefits from services.

■ **Looking back on measures taken in the 1st half**  
Under this severe environment, as a countermeasure against the exchange rates which are one of major concerns, TSI conducted its order and production flow more carefully than usual. Under this flow, we narrowed down a total production volume for initial collection orders and produced products of higher importance additionally.  
We minimized unnecessary production and logistics losses and also drastically reduced a sales budget for markdown sale, to prioritize an increase in yields.  
As a result, although we missed the target value for net sales, we built stronger communications with fans who endorse uniqueness of brands. On the other hand, the EC channel, in which markdowns and point granting are major purchase decision making elements, grew slower.

■ **Issues of EC business and progress in reforms**  
The EC business saw polarization among brands; some responded to market changes and greatly improved their performance, while others delayed their response to the changes and decreased their business results. Especially, the poor performance of major key brands had a significant impact on our comprehensive growth potential of the company-wide EC.  
Toward the second half, we are conducting many OMO events as a countermeasure for reinforcing EC for all brands. Now, we are getting results.  
The reduced markdowns slowed the net sales growth down. However, regarding the company's EC sites, the ratio of their net sales to total net sales and the number of their new members showed double digit growth steadily.  
For customers who endorse our brands, we are now considering providing new service value to members.

This is the executive summary. A summary of H1 activities will be provided.

Changes in the market environment had a very large impact. As you know, the lockdown in Shanghai began in March, and many of our brands were affected by supply chain problems in the form of late deliveries and delays.

In the meantime, the conflict in Ukraine, energy issues, and price hikes of daily necessities in response to the weak yen, have had a major impact on our lives.

In this context, I believe that consumers', or customers', sense of value toward product purchases and services is changing dramatically.

In this environment, one of the major measures we are taking is to narrow down the total volume of initial orders for the collection to products of high importance. Thereby, we carefully implemented the flow of

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additional production and production on order. We concentrated on eliminating waste and losses to the greatest extent possible, and by doing so, we were able to obtain a large budget for the project.

As a result, sales did not reach our target, but the communication link to the customers who support each brand became very strong, and we were able to get a good gross profit as a result.

One of the challenges is that the e-commerce business has not yet fully grown. Although the sluggish performance of major mainstay brands has overshadowed the growth potential of EC, we are still holding numerous OMOs and events for all brands toward H2 as EC countermeasures. Although sales are still slowing down due to reducing price discounts, which is now showing results, the Company's e-commerce site, sales composition, and the number of new members are growing by double digits or more.

We will continue to try new measures, and we expect this area to recover in the near future.

5 1<sup>st</sup> Half of Results of 2023 Ending Feb. : Executive summary TSI HOLDINGS

**■ Posting of 0.59 billion yen in the 1<sup>st</sup> half as head office relocation expenses; 100% or more operating profit from the previous term when excluding the expenses**

With the aim of integrating physical environments of business companies, we relocated our head office. We consolidated six businesses of the main old business companies to one location.

We demand the strategic activities related to EC, logistics and production, digital business, and value chain reform investments to achieve a high performance in terms of information sharing, implementation speeds and operational accuracy. We will enhance collaboration among conventionally decentralized functional departments and aim to eliminate a dual cost structure and reform productivity for further evolution. Toward the year end, we will launch an integrated press room on the first floor of the head office and form a strategic PR team that will contribute directly to profit, beyond BtoB.

**■ Toward DX reforms (TSI x Sitateru / TSI x Alibaba x JP GAMES)**

We established a new division to spur reforms. As a first step to revitalize new business domains, we executed an alliance with Sitateru Inc. Within the Next Generation business domain, we are enhancing supply chains and developing services for the F2C business.

As a second step, we started a joint project with Alibaba Cloud and JP GAMES.

With the aims of breaking away from a legacy supply chain structure and conducting development in the Next EC domain, we are preparing toward creating attractive game content and innovative business models.

**From June, we reorganized internal business organizations to a new structure for TSI INNOVATION PROGRAM 2025 to enhance activities and started activities toward further evolution from the second half. We also consider making more investments in the four-pillar growth business areas (domains). We will lay a stable foundation for accelerated growth.**

As explained to you at the beginning of the fiscal year, we have recorded JPY590 million in head office relocation expenses. Excluding relocation expenses, H1 operating income exceeded 100% YoY. As a result, we have increased our earning power and profitability. We are proud to say that this is a situation in which one of our reforms has been very effective strategically, but we would also like to examine it more closely and improve it in terms of content.

As for DX reform, we invested in Sitateru Inc. as a new initiative. We are also looking forward to forming an alliance with Alibaba and JP GAMES to create new attractive games, content, and innovative business models.

In addition, since June, we have further strengthened our internal business organization under the new structure of the TSI Innovation Program 2025 and have begun activities for further evolution in H2 and beyond.

In particular, we have started by dividing our business into four domains. We will reinvest this in each of our domains, including the losses we have incurred up to now, to determine which businesses to focus on, as each will be a system that can run on its own, and we hope to make the foundation of the system solid.

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## 6 Highlights of Results for 1<sup>st</sup> Half of Results of 2023 Ending Feb.

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- Net sales were **111.3%** (105.4% based on the old accounting standards) and **+7.33 billion yen** from the previous term. Real stores showed a steady recovery. The EC channel increased the ratio of its net sales to total net sales significantly in the previous term, but showed a poor performance. Therefore, we did not achieve budgetary goals.
- Actual operating profit was **0.58 billion yen** and **+1.57 billion yen** from the budget. The result significantly improved mainly due to passing a weaker yen risk of cost of goods purchased on to prices and improving the ratio of the yields for selling products at regular prices. We reduced SG&A expenses carefully and was able to fall below the budget.
- Net income was **119.0%** from the previous term and **+2.49 billion yen** from the budget mainly because of a positive impact of a significant exchange gain from foreign-currency assets and sale of cross-held stocks. We achieved the highest net income for first half ever.

	New profit standards				Old profit standards
	Results for the 1 <sup>st</sup> Half	YoY	YoY Change	vs. Budget	YoY
<b>Net Sales</b>	<b>72.08</b> Billion Yen	<b>111.3%</b>	<b>+7.33</b> Billion Yen	<b>-4.38</b> Billion Yen	<b>105.4%</b>
<b>Operating Profit</b>	<b>0.58</b> Billion Yen	<b>*) 51.9%</b>	<b>-0.54</b> Billion Yen	<b>+1.57</b> Billion Yen	<b>64.8%</b>
<b>Quarterly Net Income</b>	<b>2.24</b> Billion Yen	<b>119.0%</b>	<b>+0.35</b> Billion Yen	<b>+2.49</b> Billion Yen	<b>119.0%</b>

\* While operating profit was 1.13 billion yen in the previous first half, operating profit in this term includes ▲0.59 billion yen of the accelerated depreciation cost for the head office relocation, resulting in the reduced profit

### Performance highlights.

The H1 results are: net sales of JPY72.08 billion, operating income of JPY580 million, and net income of JPY2.24 billion. Net sales for H1 were 111.3% YoY, or JPY7,330 million in terms of value.

However, the sales budget for the e-commerce side, which greatly expanded its sales composition in the previous fiscal year, has fallen short of its target. Operating income was JPY580 million, an improvement of JPY1.57 billion from the previous year.

One factor is that we were able to pass on the risk of worsening procurement costs due to the weak yen to our customers, including some brands. Second, the yield ratio in full price sales improved more than planned, which was the main factor.

As for SG&A expenses, we have carefully reduced them, and have been able to achieve the budgeted level or lower.

Net income was 119% YoY and JPY2.49 billion higher than the budget due to the positive impact of large foreign exchange gains on foreign currency denominated assets and the elimination of cross shareholdings, achieving a record high for H1 of a fiscal year.

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## 7 Operating Profit Transition for 1<sup>st</sup> Half Results of 2023 Ending Feb.

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As with the first quarter, the well-performing golf and street businesses grew in the second quarter to achieve higher-than-forecasted, significant sales and profit growth. In the ladies' domain, the business units which evolved sales approaches in businesses such as OMO enhancement and D2C achieved higher-than-budgeted yields. When excluding the head office relocation expenses, the business profitability in the first half was **103.9%** from the previous term and showed the highest as the recent results.

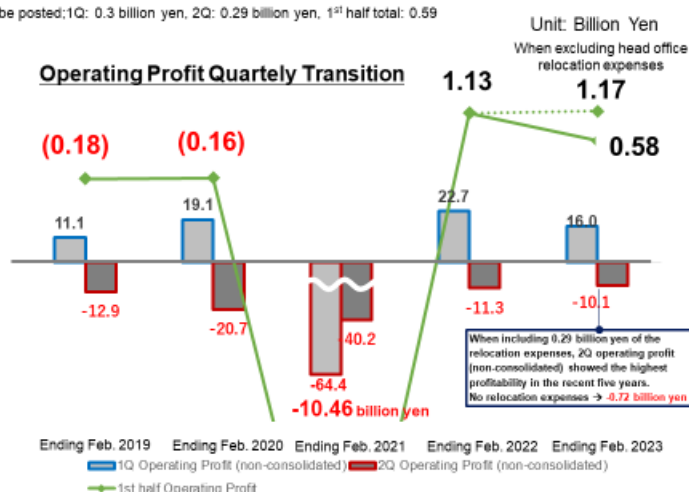
\* As the temporary head office relocation expenses, the following amounts will be posted; 1Q: 0.3 billion yen, 2Q: 0.29 billion yen, 1<sup>st</sup> half total: 0.59 billion yen / 2<sup>nd</sup> half total: 0.35 billion yen / full year: 0.94 billion yen

### Main factors for improved operating profit in the first half

- ✓ The growth of the golf/street businesses which are strong in summer reduced the sales composition ratios of the business brands which overemphasize heavy clothing for fall and winter, resulting in a structure that is easier to generate profit throughout a year.
- ✓ We reviewed schemes for additionally producing products in well-performing businesses and expanded sales significantly.
- ✓ We reduced a sales budget for sale periods, and enhanced content to focus on selling products at regular prices. We were particular about controlling SA&G expenses in lower profitable months and decreased a deficit in the loss-making season (2Q).

**Operating Profit 0.58 Billion Yen**

**EBITDA 2.81 Billion Yen**



The following is a summary of operating income trends.

Operating income is JPY580 million, and EBITDA is JPY2.81 billion. This is due to the strong performance of our strong performing businesses, golf and street, which have generated significant sales and revenue growth that exceeded expectations in Q2 following the previous quarter.

As for the ladies' wear area, business units that have evolved their sales methods, such as the OMO enhancement business and the D2C business, have improved their yields beyond expectations.

Excluding head office relocation expenses, business profitability in H1 was 103.9% YoY, the highest result in the recent past.

As you can see in the chart on the right, the red graph shows Q2, and the blue graph shows Q1. The profitability of Q2 has improved the most in the last five years, including the transfer cost of JPY290 million on a non-consolidated basis. Without relocation expenses, the figure is minus JPY720 million. Until now, TSI was very heavily weighted toward winter wear, but with the growth of the golf and street businesses, which are strong in summer, the sales composition ratio of the business brands that are heavily weighted toward heavy fall and winter wear has decreased, resulting in a structure that can easily generate earnings throughout the full fiscal year.

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Sales of real stores was **121.6%** and **+7.26 billion yen** (based on new profit standards) from the previous term and recovered reliably.

Outside Japan, business results were solid. Currency-exchange gain/loss expanded an impact on the amount of sales. As a result, the poor performance of the EC business became a bottleneck of the company-wide sales growth in the first half.

From the previous term, the respective sales of department stores, non-department stores (FB/streetside stores), overseas and EC were **151.5%**, **114.7%**, **126.4%** and **94.9%**. EC is a factor for delayed sales recovery.

		Old profit standards Cumulative Q2ND 2021 Ending Feb.	Old profit standards Cumulative Q2ND 2022 Ending Feb.	New profit standards Cumulative Q2ND 2023 Ending Feb.	New profit standards Growth by Channel compared to year before last (%)		Old profit standards Cumulative Q2ND 2023 Ending Feb.
						YoY (%)	
Domestic	Department Stores	5.10 Billion Yen (Composition Rate :9.1%)	6.31 Billion Yen (Composition Rate :9.8%)	9.56 Billion Yen (Composition Rate :13.3%)	187.3%	151.5%	6.79 Billion Yen (Composition Rate :10.0%)
	Commercial Facilities <sup>(1)</sup>	22.76 Billion Yen (Composition Rate :40.5%)	27.35 Billion Yen (Composition Rate :42.3%)	31.37 Billion Yen (Composition Rate :43.5%)	137.8%	114.7%	31.49 Billion Yen (Composition Rate :46.2%)
	E-Commerce	18.55 Billion Yen (Domestic E-Commerce ratio:40.0%)	18.78 Billion Yen (Domestic E-Commerce ratio:35.8%)	17.82 Billion Yen (Domestic E-Commerce ratio:30.3%)	96.1%	94.9%	16.93 Billion Yen (Domestic E-Commerce ratio:30.7%)
	Domestic Others <sup>(2)</sup>	6.21 Billion Yen (Composition Rate :11.1%)	7.43 Billion Yen (Composition Rate :11.5%)	7.18 Billion Yen (Composition Rate :10.0%)	115.6%	96.6%	6.88 Billion Yen (Composition Rate :10.1%)
	Overseas <sup>(3)</sup>	3.61 Billion Yen (Composition Rate :6.4%)	4.85 Billion Yen (Composition Rate :7.5%)	6.13 Billion Yen (Composition Rate :8.5%)	169.5%	126.4%	6.12 Billion Yen (Composition Rate :9.0%)

<sup>(1)</sup> Fashion buildings, shopping centers, railroad station buildings, individual stores, outlet shops etc. except for department stores.

<sup>(2)</sup> Apparel businesses such as wholesale, intercompany sales and non-apparel businesses of the group companies.

<sup>(3)</sup> 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.

### Sales trends by channel.

Physical store sales are steadily recovering at 121.6% YoY. Compared to the previous fiscal year, department stores accounted for 151.5% and fashion buildings for 114.7%, showing very strong performance.

In the overseas business, business performance has been strong, but the impact of foreign exchange rate differences on the amount of sales has also been significant. Overseas sales were JPY6.13 billion, an increase of 126.4% as a percentage of total sales.

In the EC market, which is the cause of the slump, shows 94.9%; but looking at the EC market as a whole, the recovery of large mainstay brands is still lagging. Other businesses are in a phase of growth, with growth rates exceeding 100% compared to the previous year, and we are now in a phase of concentrated recovery and correction of underperforming areas.

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**A new line of the flagship brand NATURAL BEAUTY BASIC had been performing well. Outside Japan, HUF continued to perform well in the United States. MARGARET HOWELL performed solidly in Europe.**

#### Real store business

FB/streetside, **114.7%** vs. previous term : Flagship ladies' brand The new line (LIMITED EDITION) of **NATURAL BEAUTY BASIC** had been performing well at fashion buildings in the center of Tokyo. An average sales growth rate is **135.0%**. The ratio of products sold at regular prices is high. Therefore, the yield is 10% or more higher than those of normal stores. In the second half, we will increase the stores for introducing the new line, aiming to acquire new customers and leap the business further.



#### Overseas business

In both the United States and Europe, sales increased solidly. HUF USA was **120.1%**, while HOWELL was **117.9%** in Europe. The brands were affected by delayed delivery periods due to the disrupted supply chains but performed well as a first half. For the second half, we expect deteriorated economy and reduced consumer spending due to conflicts and inflation, in addition to COVID-19. We will take measures such as adjusting SA&G expenses, but will take careful business activities and management.



#### Trends by business segment.

In the physical store business, fashion buildings, as I mentioned, are up 114.7%, and the new line of our core ladies' brand, NATURAL BEAUTY BASIC, is performing well in city center fashion buildings. The average sales growth rate is 135%, which is a very high percentage of the total sales, and the yield rate is more than 10% higher than that of regular stores. The customers have been very receptive to the fact that things have changed. In H2, we will further expand the number of stores introducing the new line, aiming to acquire even more new customers and make a business leap forward.

In the overseas business, sales expanded steadily in both the US and Europe; with 120.1% for HUF USA, and 117.9% for MARGARET HOWELL in Europe, although there were some effects such as delivery delays due to supply chain disruptions. However, sales in H1 were favorable in the end. As for H2, we expect the economy to deteriorate due to inflation and cooling consumer spending due to conflicts other than the coronavirus, but we forecast that business will remain steady from overseas as a result of prudent activities and management.

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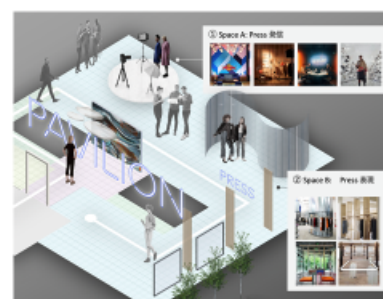


In the first half, sales of EC was **19.77 billion yen** and **97.0%** from the previous term, ending in a sluggish performance.

We increased product prices and conducted a currency exchange countermeasure for controlling markdowns on a company-wide basis. However, for the EC customers who have different consumption behavior from that of real store customers, we lacked price countermeasures, exclusive products, and planning and countermeasures for limited services and event strategies other than prices. In the second half, all companies and all brands are holding events in the EC channel, preparing for measures such as planning limited products, and conducting countermeasures.

The new company building will increase many spaces dedicated to shooting live streaming on SNSs. We will make efforts to enhance the company-wide EC sales scheme and functions.

Unit : Billion Yen	Old profit standards		New profit standards			Old profit standards
	Cumulative Q2ND 2021 Ending Feb.	Cumulative Q2ND 2022 Ending Feb.	Cumulative Q2ND 2023 Ending Feb.	Compared to year before last (%)	Y/Y(%)	Cumulative Q2ND 2023 Ending Feb.
<b>In-House EC</b> Unit : Billion yen (ratio(%))	<b>8.12</b> (43.8%)	<b>8.99</b> (47.9%)	<b>8.73</b> (49.0%)	<b>107.5%</b> (+5.2pt)	<b>97.1%</b> (+1.1pt)	<b>8.73</b> (51.6%)
<b>Domestic EC</b> (ratio(%))* <sup>1</sup>	<b>18.56</b> (40.0%)	<b>18.78</b> (35.8%)	<b>17.82</b> (30.3%)	<b>96.1%</b> (-9.7pt)	<b>94.9%</b> (-5.5pt)	<b>16.93</b> (30.7%)
<b>Overseas EC</b> (ratio(%))* <sup>2</sup>	<b>1.51</b> (41.7%)	<b>1.60</b> (33.0%)	<b>1.94</b> (31.7%)	<b>128.8%</b> (-10.0pt)	<b>121.2%</b> (-1.3pt)	<b>1.94</b> (31.7%)
<b>E-Commerce TOTAL</b> (ratio(%))* <sup>1</sup>	<b>20.07</b> (40.1%)	<b>20.38</b> (35.6%)	<b>19.77</b> (30.5%)	<b>98.5%</b> (-9.6pt)	<b>97.0%</b> (-5.1pt)	<b>18.87</b> (30.8%)



New company building after relocation  
[shooting studio image]

\*1 Domestic E - Commerce ratio excluding domestic and other sales (wholesale, company sales, etc.)

\*2 Results of EfuogoCorp. 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.

## EC sales results.

H1 EC sales were weak, at JPY19.77 billion, 97% YoY. Whereas the existence of discount sales has been significant in the past, we have been selling in full price and have been curbing discounts. However, we believe that the lack of a speedy performance in developing products sold exclusively to EC customers, providing limited services other than price reductions, and the event strategy were the main reasons for the YoY decline.

In H2, we will be reinforcing our press system and building a new photo studio in our new building after the relocation. The entire company is implementing measures to improve product assortments, including the re-strengthening of events within the e-commerce channel for all brands and the development of limited-edition product plans. In addition, we will continue to redevelop new ways of presenting our products and strengthen our e-commerce sales system.

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The EC gross profit ratio was 57.1% and improved to **111.5%** year-on-year. The profitability of EC improved further.

The in-house channel focused on acquiring new members. The number of new members was **118.5%** from the previous year.

Through a large-scale EC campaign to be conducted in 3Q, we will link these acquired members to sales.

 <p><b>HUF</b></p>	 <p><b>MASTER BUNNY EDITION</b></p>	 <p><b>LEPHIL</b></p>	 <p><b>NATURAL BEAUTY BASIC</b></p>
<p>Carabiners from HUF continued to perform well. In the first half, the EC sold more than <b>20,000 pieces</b>.</p>	<p>In 2Q, the brand launched three types of online-limited golf bags. Together with other online-limited items, sales increased by about <b>10 times</b> from 1Q.</p>	<p>In selling new products every Thursday, the brand conducted live commerce and live streaming on Instagram, accounting for an average of about <b>40%</b> of EC orders during a period.</p>	<p>We used Rio Inagaki for advertisement. CVR via META advertisement was about <b>7 times</b> when compared to CVR during a period.</p>

This is the current status of the EC channel and future initiatives.

It is not all bad, but there is a new aspect. The gross profit margin on EC sales was 57.1%, up 111.5% from the same period last year.

In our own channel, we focused on acquiring new customers and the number of new members increased 118.5%. In addition, we hope to link the number of members acquired to sales through our e-commerce campaigns and other new measures that we are planning for Q3.

First of all, we would like to reform our creations and make them easier to buy, by developing new products.

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Of the top 10 selling brands, **total sales of the seven well-performing brands was 123.0% from the previous term**, largely exceeding the company-wide average.

The major brands steadily started business result growth and profit improvement. In the second half, they started new activities toward future growth domains such as developing services for the new customer segments who purchase products on EC channels.

### ■ Top 10 brands

	1ST Half 2022 Ending Feb.			1ST Half 2023 Ending Feb.			Y/Y		compared to year before last	
	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales (%)	Gross Profit Ratio (pt)	Sales (%)	Gross Profit Ratio (pt)
1. PEARLY GATES	7,136	11.0	63.6	8,369	11.6	63.3	117.3	-0.2	157.5	+16.1
2. NANO universe	7,598	11.7	46.2	6,165	8.6	52.1	81.1	+6.9	77.0	+16.0
3. MARGARET HOWELL	5,173	8.0	66.4	5,978	8.3	65.3	115.6	-1.2	179.4	+21.9
4. NATURAL BEAUTY BASIC	4,978	7.7	58.8	5,377	7.5	63.0	108.0	+4.2	106.1	+19.8
5. HUF	2,749	4.2	51.2	4,686	6.5	51.1	170.5	-0.1	263.5	+5.5
6. AVREX	2,535	3.9	59.4	2,805	3.9	65.3	110.6	+5.9	119.9	+9.8
7. UNDEFEATED	2,493	3.9	41.7	2,214	3.2	39.8	92.8	-1.9	122.7	-0.7
8. new balance golf	1,646	2.5	57.8	2,196	3.0	51.7	133.4	-6.0	205.3	+14.6
9. human woman	1,431	2.2	59.4	2,131	3.0	65.0	148.8	+5.6	158.8	+20.7
10. STUSSY	2,076	3.2	70.1	2,039	2.8	65.6	98.2	-4.4	99.5	+2.8
<b>TOP10</b>	<b>37,819</b>	<b>58.4</b>	<b>57.2</b>	<b>42,064</b>	<b>58.4</b>	<b>59.0</b>	<b>111.2</b>	<b>+1.8</b>	<b>129.9</b>	<b>+14.9</b>
Other Brands	26,620	41.1	51.1	29,995	41.6	53.1	112.7	+2.0	138.4	+11.2
<b>Continuing Brands</b>	<b>64,440</b>	<b>99.5</b>	<b>54.6</b>	<b>72,060</b>	<b>100.0</b>	<b>56.5</b>	<b>111.8</b>	<b>+1.9</b>	<b>133.3</b>	<b>+13.3</b>
Closed Brands	311	0.5	26.7	27	0.0	73.9	8.8	+47.2	1.2	+27.3
<b>TOTAL</b>	<b>64,751</b>	<b>100.0</b>	<b>54.5</b>	<b>72,087</b>	<b>100.0</b>	<b>56.5</b>	<b>111.3</b>	<b>+2.0</b>	<b>128.1</b>	<b>+13.6</b>

#### · HUF (total of Japan and overseas)

The Global strategy (HUF PROJECT) started. Exclusive graphics and high-quality items that matched to the Japanese market performed very well. The brand increased endorsement by professional skaters and artists reliably and had great presence in the domestic market.

#### · PEARLY GATES / new balance golf

The golf business continued to perform well. New customers flowed into the brand due to the well-performing EC.

#### · NATURAL BEAUTY BASIC

Although the result did not reach the company-wide average, sales was 135.0% from the previous term at the urban-type stores such as LUMINE which are selling the Limited Line. The brand acquired sales and new customers steadily.

#### · human woman

Sales of existing stores was 148.8% and performed well. However, there are issues such as withdrawal of non-profitable stores and low EC growth. The brand will aim to take new actions such as reviewing customer profiles.

Overview by brand. Here are the top 10 brands in sales.

There are seven brands that are performing well. The sales growth rate of strong brands was 123% in total, well above the company average. In addition, our large brands are steadily growing their business performance, and we have been able to start improving their profitability. There are three brands that are underperforming.

I will introduce from the brands that are performing well. HUF for example, has achieved a 170% increase in sales both in Japan and overseas, thanks to the X Games event held at the beginning of the fiscal year, new specialized graphics, and high-quality items. Our presence both domestically and internationally is expanding significantly.

As for PEARLY GATES, together with new balance golf, the golf business has continued to perform well at 117.3%.

NATURAL BEAUTY BASIC's new line has been extremely effective, and the growth rate of urban stores such as LUMINE, where the Limited Line is being developed, is up 135% from the previous year. We also believe that this will spread to other stores as a new line of products, which will bring in new sales and new customers.

human woman is a department store brand, the rebranding has been very effective, with same-store sales at 148.8%. There are also issues such as the withdrawal of unprofitable stores and low growth in e-commerce. We would like to make new developments here, including another review of our clientele.

As for underperforming brands, NANO universe is still in the process of rebranding, and we would like to take a little more time to revive it. Since it is a large brand, it will take some time to rebrand the entire brand, but we will take every possible measure in H2 to revive the brand together again.

As for UNDEFEATED and STUSSY, the slump in sales is due to the delay in logistics, and we are confident that they will recover in H2.

### Support

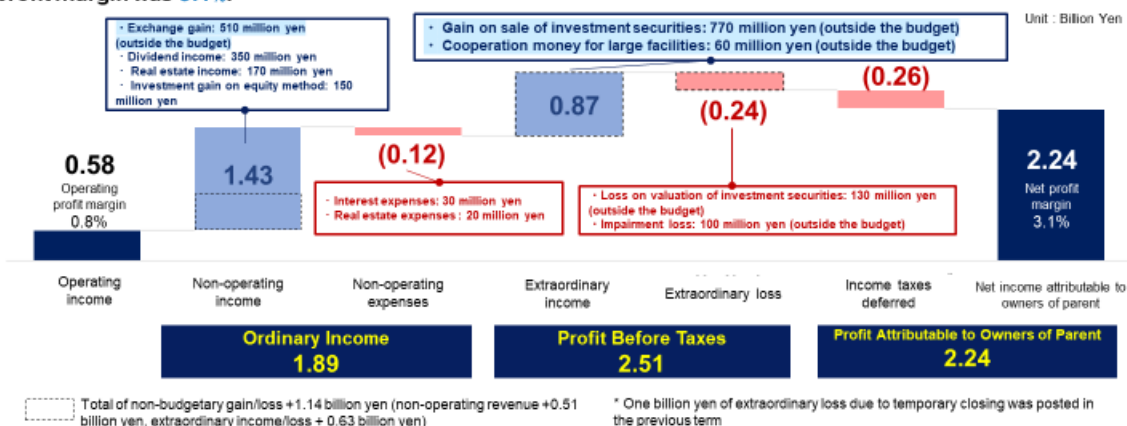
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## 16 Net Income Impact Items for 1st Half Results of 2023 Ending Feb.

TSI HOLDINGS

It includes 0.51 billion yen of a non-budgetary gain from dollar-based assets of overseas subsidiaries and others. After adding 1.31 billion yen of non-operating revenue/loss, **ordinary income** was **1.89 billion yen**. With regard to extraordinary income/loss\*, we conducted the planned sale of investment securities in the first half ahead of schedule and posted 0.77 billion yen of gain on sale. After adding income taxes deferred and others, **net income** was **2.24 billion yen**, the highest for first half ever. The **profit margin** was **3.1%**.



I would like to come to the net income and balance sheet. Net income impact items.

Including foreign exchange gains of JPY510 million due to off-budget related to US dollar-denominated assets of overseas subsidiaries, etc., and adding other non-operating gains and losses of JPY800 million within the budget, ordinary income was JPY1,890 million. As for extraordinary income/loss, the Company sold investment securities ahead of schedule in H1, recording a gain of JPY770 million. After adding income taxes-deferred, net income was JPY2,240 million, the highest in H1, with a profit margin of 3.1%.

## 17 About Balance Sheet

TSI HOLDINGS

We have been able to maintain healthy financial conditions.  
 We will invest strategies and management resources in businesses with growth potential.  
 We will offer attractive products/services and thereby improve our business value.

	1ST Half 2022 Ending Feb.		Cumulative Q1ST 2023 Ending Feb.		1ST Half 2023 Ending Feb.					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Q2/Q1 Change	Q2/Q1 (%)
Current Assets	73,438	51.0%	75,935	54.1%	74,661	54.1%	1,223	101.7%	-1,274	98.3%
(of Cash and Deposits)	40,440	28.1%	37,658	26.8%	37,069	26.8%	-3,371	91.7%	-589	98.4%
(of which, Inventory)	18,715	13.0%	19,985	14.2%	21,780	15.8%	3,065	116.4%	1,795	109.0%
Non-current Assets	70,511	49.0%	64,548	45.9%	63,434	45.9%	-7,077	90.0%	-1,114	98.3%
(of Investment Securities)	28,865	20.1%	27,994	19.9%	27,684	20.0%	-1,181	95.9%	-310	98.9%
(of Investment Real estate)	4,965	3.4%	4,728	3.4%	4,722	3.4%	-243	95.1%	-6	99.9%
Total Assets	143,950	100.0%	140,483	100.0%	138,095	100.0%	-5,854	95.9%	-2,388	98.3%
Current Liabilities	27,195	18.9%	27,798	19.8%	26,481	19.2%	-714	97.4%	-1,317	95.3%
(of Short-term borrowings)	202	0.1%	109	0.1%	121	0.1%	-81	99.9%	13	112.0%
(of Current portion of long-term borrowings)	7,835	5.4%	8,537	6.3%	8,262	6.3%	-2,573	67.2%	-275	95.0%
Non-current Liabilities	17,573	12.2%	13,459	9.6%	12,475	9.0%	-5,098	71.0%	-984	92.7%
(of Long-term borrowings)	12,657	8.8%	8,784	6.3%	7,313	5.3%	-5,344	57.8%	-1,471	83.3%
Total Liabilities	44,768	31.1%	41,257	29.4%	38,957	28.2%	-5,812	87.0%	-2,301	94.4%
Total Net Assets	99,181	68.9%	99,225	70.6%	99,138	71.8%	-43	100.0%	-87	99.9%
(of Treasury Stock(-))	-3,704	-2.6%	-4,289	-3.0%	-4,759	-3.4%	-1,055	128.5%	-490	111.5%
Total Liabilities and Net Assets	143,950	100.0%	140,483	100.0%	138,095	100.0%	-5,855	95.9%	-2,388	98.3%

- > Inventory assets**
  - Year on Year
  - Sales was 111.3% from the previous term, while inventory was 116.4% and + three billion yen.
  - This was due to an impact of early purchase of merchandise for products sold at regular prices. From the second half sales budget, inventory status is proper.
- > Treasury stock**
  - Difference from the previous time
  - As part of capital policy implementation and shareholder returns measures, we acquired treasury stocks, which were equivalent to 0.49 billion yen of an increase. (an increase by +1.09 billion yen from the end of February 2022)
- > Equity ratio**
  - We kept 71.5% of a high-level equity ratio.
  - In addition to investments in SDGs and the digital domain, we will also utilize money effectively for investing in our core business and enhancing supply chains.

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With regard to the balance sheet, we continue to maintain a sound financial position. We will invest our strategies and management resources in businesses with growth potential.

As for the inventory assets that we have, inventory increased by 116.4%, or JPY3 billion, compared to 111.3% in the previous fiscal year. This is due to the early introduction of full price sales products in consideration of the disruption of the supply chain.

In addition, our inventory situation is very good, as we are at an appropriate level based on our sales forecast for H2.

The Company's shares will be treasury stock. Previously, the Company repurchased treasury stock as part of its capital policy implementation and shareholder return policy. The increase is JPY490 million.

As for the capital adequacy ratio, it is at a high level at 71.5%, but we will continue to make effective use of funds by investing in our core business and strengthening our supply chain, in addition to investments in the SDGs and the digital domain.

## 21 4 Business domains / Brand list

TSI HOLDINGS

## Wellness & Lifestyle

1

### Wellness Div.

1. PEARLY GATES
2. MASTER BUNNY EDITION
3. Jack Bunny!!
4. new balance golf
5. PING
6. NBB WEEKEND
7. St ANDREWS

### Lifestyle Div.

1. MARGARET HOWELL
2. MHL
3. and wander
4. Laline
5. Urth Caffé
6. THE LIBRARY
7. SEVEN BY SEVEN
8. SUNSPEL
9. YLEVE
10. QUITAN
11. Dice&Dice

## Fashion Capital

3

### Fashion Capital Div.

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

## Street & Culture

2

### Street Div.

1. STÜSSY
2. HUF
3. UNDEFEATED
4. TACTICS
5. AVIREX
6. Schott

### Culture Div.

1. NANO universe
2. B'2nd (GARDEN, WARE-ms-KOU)
3. ROYAL FLASH
4. LHP
5. MANASTASH
6. Dorothy Lang
7. BEAVER
8. UNION TOKYO
9. BAIT
10. FIGURE
11. Forget-me-nots

## Digital Generation

4

### Digital Generation Div.

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

We are pleased to report on our efforts for TIP25 and each areas.

With TIP25 as a start, the four domains and investment business areas are summarized. We hope you will take the time to look at each brand.

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## Creating attractive communities

Sublimating apparel brands into community brands.

Developing entertainment business closely linked to lifestyles.



### "Jack Bunny!!" Junior Golf Tour 2022 was held

To nurture and back up next-generation golfers, the Jack Bunny Junior Golf Tour was started in 2012. In this year, the tour was held at 14 courses in total and brought excitement to each area. The business results also performed well. Amid the COVID-19 catastrophe, the business keeps multi-digit growth constantly.



### "and wander" expands new communities in North America

"and wander" is a brand with 50% or more of an overseas wholesale ratio. Until now, its main business was shipment to European markets. From 2022 fall/winter products, the brand will start cultivating the North America area. It will execute an agreement with a showroom in NY to cultivate new global markets.



### "Urth Caffé" provides a locally rooted place

In a quiet residential area in Chigasaki, the seventh store opened in Japan. In addition to conventional strategies to open stores in large-scale commercial facilities, as a restaurant business, we aim to offer a place enabled to root in and contribute to local areas. As a business to provide a new food culture, we will enhance cultivation of places for opening stores.



First is wellness and lifestyle.

Wellness and lifestyle will elevate itself from an apparel brand to a community brand under the theme of creating an attractive community. Sales were JPY22.67 billion, 121.2% YoY.

On topic, and wander is developing a new community in North America. The overseas wholesale ratio has exceeded 50%, and we have received very large orders for the next spring/summer season, so we will develop the global market, including North America, Europe, and the United States, for outdoor wear.

This time, we are going to introduce the Jack Bunny!! brand of golf. We will hold its junior golf tour again this year, which has been going on for more than 10 years and has produced a variety of new and promising female professional players since its inception. A typical example is Erika Hara, who is also from the Jack Bunny!! golf tour, I believe that our joint efforts to nurture these young players from a young stage of their development is having a positive effect.

In addition, Urth Caffé is proposing a new lifestyle in the residential area of Chigasaki in the Shonan district, with the image of California, where Urth Caffé will compose the goodness of Urth Caffé together with the community, creating a store with local-ism rooted in the community.

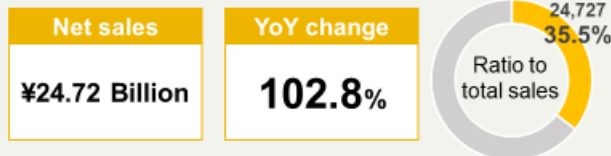
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## Platform for play rooted in the street spirit

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



### "AVIREX" performs very well thanks to the smash hit of Top Gun

Thanks to the smash hit of the movie "Top Gun: Maverick," related products performed well. The movie resulted in acquiring new customers. Some consumers even visited our stores right after watching the movie. Net sales was **120.5% from the previous term** and performed well.

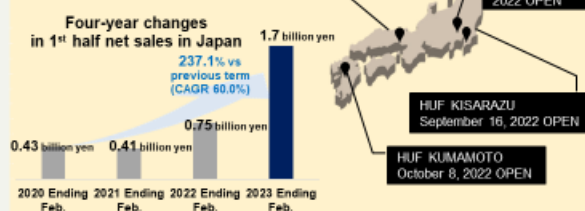


### 20<sup>th</sup> anniversary "ONE HUF PROJECT" opens new stores aggressively

"HUF" was founded in 2002 and marks the 20th anniversary this year. The brand globally launches various anniversary or collaboration items that suit the 20th anniversary and attracts endorsement from fans in and outside Japan.

#### Net sales 237.1% vs previous term

In this fall, the brand opened new stores in "Kobe" and "Iruma" and POP-UP STORES in "Kisarazu" and "Kumamoto," respectively.



Street and culture.

Under the theme of "a platform for play rooted in the spirit of the street," we will continue to create new creations by expanding on the keyword "play" to seep into the surrounding lifestyle and reinventing gear. Net sales were JPY24,720 million, or 102.8% YoY.

AVIREX, which has been around since the 1970s, has enjoyed strong sales of related products following the blockbuster success of the movie, *Top Gun: Maverick*. We are also doing very well in pre-order sales, which has led to the acquisition of new customers. Sales also remained strong at 120.5% YoY.

In addition, we will launch an offensive to open new stores under the ONE HUF PROJECT, which celebrated its 20th anniversary. Established in 2002, HUF is celebrating its 20th anniversary this year. We are developing a variety of commemorative and collaborative items globally to celebrate our 20th anniversary.

Globally, the sales were 170% YoY, but in Japan, sales jumped 237.1% from the previous year. We would like to use this opportunity to open new stores in Kobe, Iruma, Kisarazu, and Kumamoto.

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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.



### “LE PHIL” has great response from markets

**LE PHIL** Net sales **177.2%** vs. previous term

The live streaming on Instagram every Thursday penetrates. The brand attracts attention from influencers and stylists. Pre-orders at exhibitions marked **about 200% from the previous term**. The brand is rapidly valued internally and externally. Net sales of both EC and real stores grew rapidly.



### “Arpege story” has strengths in OMO strategies

The brand provides services that leverage strengths of each channel, including “pre-selling products on EC,” “reserving at-store pick-ups from EC,” and “serving customers at stores by utilizing EC inventories,” mutually refers customers between EC and stores, and achieves sales growth.

Sales of real stores was **225.6%** from the previous term, while sales of EC was **220.3%** from the previous term. Both channels grow and continue to perform well.

By enhancing customer contact points such as fulfilling content and live commerce with attractive guests, the brand communicates its brand value and gains endorsement.



▲ The EC site increases frequency for updating content such as planning pages and catalogs to enrich the site

Fashion capital domain.

We will continue to provide services that constantly respond to trends and changes. Net sales totaled JPY16,060 million, 118.1% YoY.

Our new brand, LE PHIL, has received a great response from the market. Sales, compared to the previous year, were 177.2%. We have an established weekly installment live on Thursdays, that kind of thing. As for exhibition preorders, we have already doubled them to 200%. The quality and design are very high, and in this sense, the Company has earned a high reputation both internally and externally. In addition, trials of new physical stores will be initiated as a result of this.

One of the very strong points of the OMO strategy is the Arpege story. Sales growth is achieved through services that leverage the strengths of each channel, such as EC pre-sales, store layaway from EC, reservations, and other services that utilize EC inventory to serve in-store customers, leading to reciprocal customer transfers between EC and stores.

First, physical store sales were 225.6% YoY, and EC sales were 220.3% YoY. Both channels have grown and continue to perform well. We believe that this has created an environment where customers are very pleased with the rich content, attractive guests, and live commerce by such people, and we believe that we are transmitting our brand value and gaining support.

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## 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

**¥6.11 Billion**

### YoY change

**110.7%**



### A new D2C brand "CHAROL" makes a debut



From 22 AUTUMN / WINTER, we launch "CHAROL."

The brand proposes a relaxy-mode style that mixes moderate effortless relax in mode styles. As it focuses its business on EC, it will open two POP-UP STORES in Tokyo and Osaka in this winter.

### "hueLe Museum" x "logi PLANTS & FLIERS"

This is a D2C business under the concept of "ART x FLOWER x FASHION." The POP UP store at GINZA SIX has the various content merchandise and events related to ART and FLOWER. The business considers new actions that incorporate digital x factory production structures.



### ETRÉ TOKYO x EDWIN

We launched items collaborated with ETRÉ TOKYO and EDWIN on August 11. We sold three items of wide pants, high-rise suspended skirts and jumpsuits. The planned quantities sold out immediately. We will offer topics by attractive product development and new contrivances. The business continues to get on a high-growth path.



## Digital generation.

This domain will be enriched with content that captures the ever-expanding next generation. And we hope to create empathy and enthusiasm from our customers. Net sales of JPY6,110 million, 110.7% YoY.

As for topics, hueLe Museum, this is a D2C business with a focus on art, flowers, and fashion. We are continuing to hold POP UPs at GINZA SIX, and as a further development of our products, we will speed up production by using digital technology in collaboration between our own factory and the supporting production facility, Sitateru, and the storefront. We would also like to conduct trials to further enhance the design.

In addition, the D2C brand CHAROL has made its debut this year. We would like to propose a mode style that mixes relaxation with a moderately relaxed form.

ETRÉ TOKYO, our largest brand, has been collaborating with various major jeans makers, including EDWIN, which is shown here. In addition, the contents of the product have been very well received, and the planned quantity was sold out immediately. We are looking forward to proposing attractive products to you.

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## Launch of a joint metaverse project with Alibaba Cloud and JP GAMES

The “metaverse” is a three-dimensional virtual space and expected as a next-generation channel for EC sales.

Beyond goods-selling channels, the three companies will jointly plan and develop new schemes and services for the “nice-to-have!” new brand experience and products that enable people to experience only in metaverse spaces.

Prototype model

We will utilize 3Ds of various brands to pursue and promote the potential of fashion digital entertainment



Now that I have finished explaining each domain, during this time, I would like to talk about Alibaba Cloud and JP GAMES, which we have just announced earlier.

Alibaba Cloud is one of the world's largest cloud computing companies, and JP GAMES is a company founded by Mr. Tabata, a member of the Final Fantasy production team. We will start a joint development project for the Metaverse with the three companies.

The 3D virtual space metaverse is expected to be the next-generation channel for e-commerce sales, and we would like to create a new metaverse space experience that is not limited to the physical sales channel.

We would also like to participate in a new platform in the Metaverse and propose fun and entertaining fashion.

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## Information disclosure based on the TCFD recommendations

We agree with the recommendations by TCFD and disclose the four items; "governance," "risk management," "strategy," and "metrics and targets."

We visualized CO<sub>2</sub> emissions of Scopes 1, 2 & 3 and set the reduction targets with an eye to acquiring SBT certifications.

### Governance

We established the Sustainability Committee as a function to enhance and promote governance.

### Risk management

Based on scenarios of IEA and IPCC, we identified the business continuity/growth risks related to climate change. We will take measures toward growth.

\*The reduction goal for Scope 1 and 2 coincides with the 1.5 degrees C target. The reduction goal for Scope 3 coincides with the 2050 carbon neutrality target. As for CO<sub>2</sub> emissions, all numbers smaller than 1,000 are rounded down to the nearest 1,000 in the above list.

### Indicator and Goal

Visualize CO<sub>2</sub> emissions throughout the value chain and set specific reduction targets for 2030 with the aim of becoming carbon neutral by 2050.

#### CO<sub>2</sub> Emissions and Reduction Goals

	Scopes 1 – 3 (total)	Scopes 1 and 2	Scope 3
CO <sub>2</sub> emissions in February, 2020	305K tons	9K tons	295K tons
CO <sub>2</sub> emissions reduction goals Feb 2030	-35% (-108K tons)	-48% (-4K tons)	-35% (-103K tons)
CO <sub>2</sub> emissions reduction goals in line with SBT	—	1.5 degrees C (Target) 4.2% reduction every year	WB2 degrees C (Target) 2.5% reduction every year

Now, I would like to report on our efforts regarding the SDGs.

We will make disclosure based on the TCFD recommendations. We agree with the TCFD's recommendations and will disclose four items: governance, risk management, strategy, and indicators and targets.

As for indicators and targets, we will visualize CO<sub>2</sub> emissions throughout the value chain and aim to achieve carbon neutrality by 2050. Specific reduction targets have been established through 2030.

I would also like to show you the actual CO<sub>2</sub> emissions and reduction targets as this table. Scope I, II, and III are quite high as targets, and we are determined to meet these targets with the entire company.

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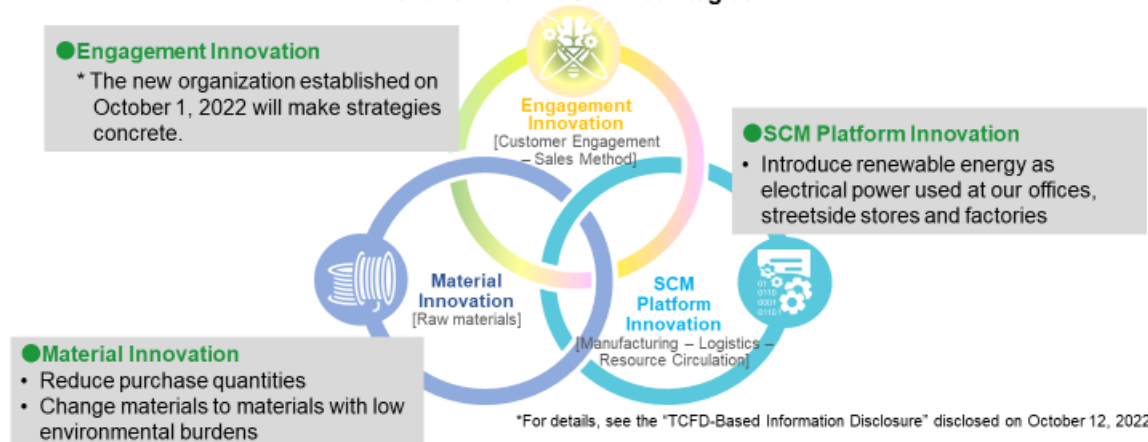
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## Toward realizing carbon neutrality by 2050

Based on risks, we formulate three innovation domains in order to create opportunities.  
Toward carbon neutrality by 2050, we will make strategies concrete.

### Specific examples of three opportunity-creating innovation domains and strategies



We have developed three areas of innovation to create opportunities based on the risks to achieve carbon neutrality in 2050. We will continue to materialize our strategy to become carbon neutral by 2050. We hope you will take a look at the three areas of innovation that will create this opportunity.

## Sustainable topics in 1<sup>st</sup> half

From raw materials, manufacturing process to sales approaches, we drive sustainable product manufacturing that is environment- and human rights-conscious.  
We will create an environment where employees are easier to work while we value resources.

### TSI ALL GOLF BRANDS A first sustainable exhibition was held

Under the theme of "sustainable future of golf thought by GOLF BRAND," a sustainable exhibition was held jointly by golf brands for the first time as the TSI Group. The exhibition released environment-friendly initiatives under the themes of "earth," "society," and "human."



▲ A booth related to earth environment exhibited initiatives for reducing environmental burdens



▲ A talk was also conducted between Senior Executive Officer Senza (right) and Ms. MAGGY, a model

### Waste materials are used for the interior of the new company building

We relocated the head office in September and got off to a new start. Including a library, recycled materials are used for the interior of various places at the new office.



▲ Materials recycled from waste tires are used for floors



▲ Materials upcycled from waste cloth fabrics are used for bookshelves

As for sustainable topics in H1, we will promote sustainable product manufacturing that takes into consideration the environment and human rights, from raw materials to manufacturing processes and sales methods.

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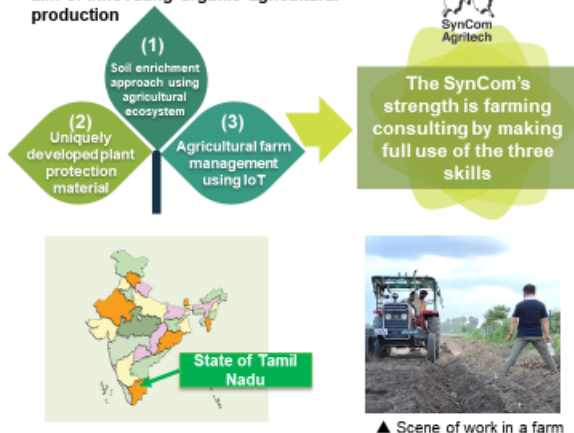
One particular topic was the first sustainable exhibition at TSI ALL GOLF BRANDS. This was not only an exhibition, but also a presentation of our initiatives in concrete terms.

In addition, we have begun to use recycled materials for the interior of our new building, such as furniture made of upcycled materials from discarded clothing fibers, and flooring made of recycled waste tire materials. We are also in the process of developing a plan to use this more and more for our actual stores.

## A project for developing TSI original organic cotton

We executed an outsourcing agreement with SynCom Agritech, an agricultural venture company, under the theme of the “study on development of TSI's organic cotton and reforms of raw cotton productivity.” In the State of Tamil Nadu in India, we started cotton farming that is unique to TSI.

SynCom Agritech was founded by the members who met at the University of Tsukuba, with the aim of innovating organic agricultural production



### Productivity reforms for organic cotton with small production volume

By utilizing organic agriculture technologies to work on all processes from raw material production, spinning to sales within the company, we will **reduce environmental burdens** and **manage traceability centrally** to improve a working environment for workers and proceed sustainable cloth production. In the future, we will aim to **put into practical use** for brands such as NANO universe and NATURAL BEAUTY BASIC.

### Content of local initiatives by SynCom Agritech

- Execute a **joint study agreement** with the Tamil Nadu Agricultural University
- Operate an about two-hectare TSI **test farm** (completed **planting of four varieties**) with ASSEFA, an association for supporting farmers
- Establish a **ginning factory** specialized in organic cotton at a closed school site with ASSEFA
- Supply organic agrochemical alternatives to farmers through an agricultural organization SEEDS (**more than 200 farmers participated**)
- Ship products to spinning factories of the RAMCO Group to make prototypes for gray fabric and knitting fabric for TSI
- Eye to **obtain a GOTS certification** for about 650-hectare farming land through NPOP, an organic agricultural certification body

We have started a project to develop organic cotton. We have signed an outsourcing contract with SynCom Agritech Co., Ltd., an agricultural venture company, for the development of our own organic cotton and research on cotton productivity reform. TSI has started growing its own cotton in Tamil Nadu, India.

SynCom Agritech Co., Ltd. was founded by members who met at the University of Tsukuba with the goal of production innovation in organic agriculture. By reforming the productivity of organic cotton, which is produced in small quantities, we would like to reduce the environmental burden and achieve centralized traceability management by incorporating the production of raw materials, spinning, and sales using our own organic agriculture in a single integrated process.

In the future, we will aim for practical application in the NANO universe and NATURAL BEAUTY. In reality, we have rented a 600-acre farm and have already started growing cotton there.

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Based on the business results for the 2Q cumulative consolidated period, we decided to adjust the expected business results for full-year consolidated profit and loss for the fiscal year ending in February 2023, which were announced on April 13, 2022. For details, see the information below.

	Expected amount (previously announced)		Expected amount (adjusted this time)			
	Plan (Billion Yen)	Composition Rate (%)	Plan (Billion Yen)	Composition Rate (%)	Plan (Billion Yen)	Rate of change (%)
<b>Net Sales</b>	157.35	100%	<b>154.00</b>	<b>100%</b>	<b>-3.35</b>	<b>-2.1%</b>
<b>Operating Profit</b>	1.50	1.0%	<b>1.80</b>	<b>1.2%</b>	<b>+0.30</b>	<b>20.0%</b>
<b>Ordinary Income</b>	2.40	1.5%	<b>3.30</b>	<b>2.1%</b>	<b>+0.90</b>	<b>37.5%</b>
<b>Profit Attributable to Owners of Parent</b>	1.50	1.0%	<b>2.40</b>	<b>1.6%</b>	<b>+0.90</b>	<b>60.0%</b>
<b>Net Income Per Share</b>	¥16.59		<b>¥27.63</b>			

Regarding net sales, we reviewed the expected business results for the second half, in addition to actual results for the first half. Based on impacts of global inflation, a weaker yen and other elements, we conservatively evaluated factors such as an impact on sale in 4Q. After that, we estimate to increase the profit attributable to owners of parent by 0.9 billion yen than initially expected. Regarding operating profit and ordinary income, based on the actual results for the first half and the expected business results for the second half, we also made an upward adjustment of the previously announced, expected full-year business results.

Last but not least, I would like to report on our full-year forecast. Based on the results for Q2 and H1, we have decided to revise upward our full-year consolidated earnings forecast for FY2023.

The revised forecasts are net sales of JPY154 billion, operating income of JPY1.8 billion, ordinary income of JPY3.3 billion, and net income attributable to the parent company of JPY2.4 billion. The revised forecast for net income per share has been revised upward from the previously announced forecast of JPY16.59 to JPY27.63. With regard to net sales, we have revised our forecast for H2, in addition to the actual results for H1. Realistically, however, we expect net income attributable to shareholders of the parent company to increase by JPY0.9 billion compared to our initial forecast, after strictly evaluating the impact of Q4 sale sales and other factors due to global inflation and the weak yen.

We have also revised upward our previously announced full-year forecasts for operating income and ordinary income, based on H1 results and H2 earnings estimates. Although this is a rather firm announcement, we will do our utmost to exceed it and keep our promise.

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

## A company creating fashion entertainment

TSI HOLDINGS GROUP

Our goal is “to create sympathy for the world and social value through the power of fashion entertainment” and as a fashion entertainment creation company, we are committed to nurturing fashion brands that are fun and that delight our customers.

And in terms of the current situation, sales have been very strong in October, with a tailwind of favorable weather and a very enjoyable fashion environment. We are determined to fight hard and enjoy making proposals to please our customers, both on the sales floor and in the e-commerce market, through the remainder of the year. We would like to ask your support for our company.

Thank you very much for your time today.

[Video Ends]

[END]

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