



TSI HOLDINGS GROUP

Results Briefing: 1st Half (March to
August 2022) Results of 2023 Ending Feb.

13th October 2022

AGENDA

TSI HOLDINGS



- 1 Results Overview
- 2 About Business Situation by Channel
- 3 Brands Overview
- 4 Net income and the balance sheet
- 5 Initiatives in each area of TIP25
- 6 Initiatives related to the SDGs
- 7 Full-year Forecast
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Results Overview



[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.

■ Posting of 0.59 billion yen in the 1st 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.

6 Highlights of Results for 1st 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 st Half	YoY	YoY Change	vs. Budget	YoY
Net Sales	72.08 Billion Yen	111.3%	+7.33 Billion Yen	-4.38 Billion Yen	105.4%
Operating Profit	0.58 Billion Yen	*) 51.9%	-0.54 Billion Yen	+1.57 Billion Yen	64.8%
Quarterly Net Income	2.24 Billion Yen	119.0%	+0.35 Billion Yen	+2.49 Billion Yen	119.0%

* 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

7 Operating Profit Transition for 1st 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.

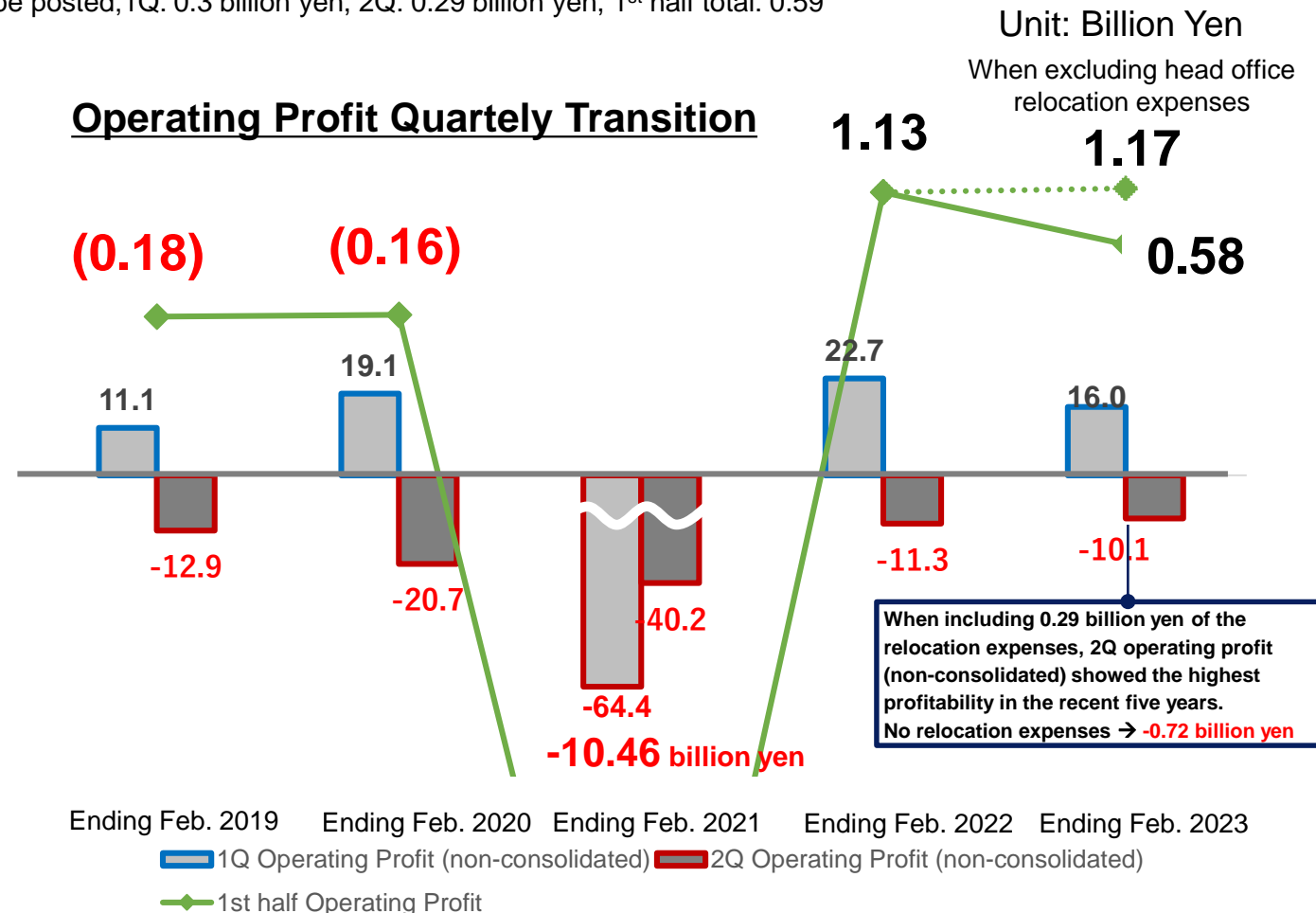
* As the temporary head office relocation expenses, the following amounts will be posted; 1Q: 0.3 billion yen, 2Q: 0.29 billion yen, 1st half total: 0.59 billion yen / 2nd half total: 0.35 billion yen / full year: 0.94 billion yen

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





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About Business Situation by Channel



9 Sale Trends by Channel for 1st Half Results of 2023 Ending Feb.

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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		Old profit standards Cumulative Q2ND 2023 Ending Feb.
					compared to year before last (%)	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 ^(*1)	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 ^(*2)		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 ^(*3)		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%)

*1 Fashion buildings, shopping centers, railroad station buildings, individual stores, outlet shops etc. except for department stores.

*2 Apparel businesses such as wholesale, intercompany sales and non-apparel businesses of the group companies.

*3 Results of Efuego Corp. which operates EC sites centering on Tactics.com in the U.S. is to be consolidated from the second quarter of 2021 and onward. The results are recorded in overseas sales.

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.



8/1 mon - 8/21 sun
2022 fall & winter
COAT pre order



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.

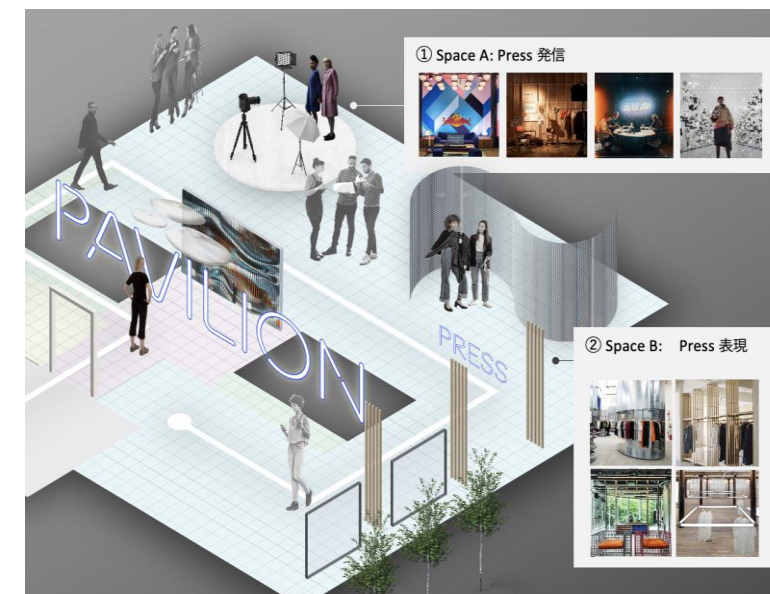


In the first half, sales of EC was **19.77** billion yen and **97.0%** from the previous term, ending in a sluggish performance.

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.
In-House EC Unit : Billion yen (ratio(%))	8.12 (43.8%)	8.99 (47.9%)	8.73 (49.0%)	107.5% (+5.2pt)	97.1% (+1.1pt)	8.73 (51.6%)
Domestic EC (ratio(%))* ¹	18.56 (40.0%)	18.78 (35.8%)	17.82 (30.3%)	96.1% (-9.7pt)	94.9% (-5.5pt)	16.93 (30.7%)
Overseas EC (ratio(%))* ²	1.51 (41.7%)	1.60 (33.0%)	1.94 (31.7%)	128.8% (-10.0pt)	121.2% (-1.3pt)	1.94 (31.7%)
E-Commerce TOTAL (ratio(%))* ¹	20.07 (40.1%)	20.38 (35.6%)	19.77 (30.5%)	98.5% (-9.6pt)	97.0% (-5.1pt)	18.87 (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 EfuegoCorp. which operates EC sites centering on Tactics.com in the U.S. is to be consolidated from the second quarter of 2021 and onward. The results are recorded in overseas sales.

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.

HUF



Carabiners from HUF continued to perform well. **In the first half, the EC sold more than 20,000 pieces.**

MASTER BUNNY
EDITION



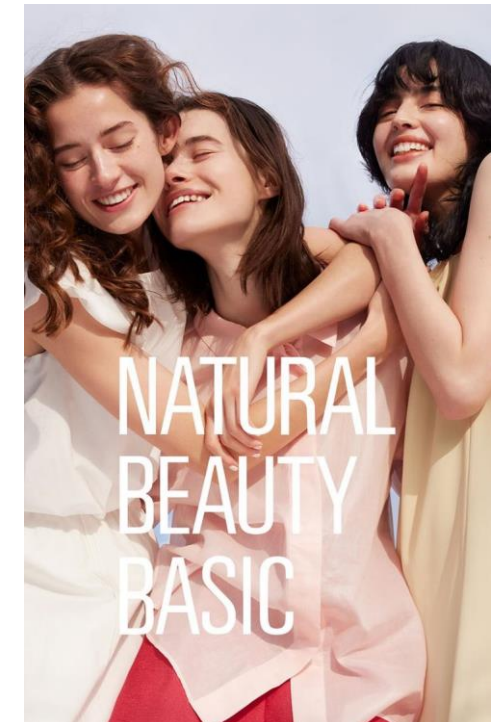
In 2Q, the brand launched three types of online-limited golf bags. Together with other online-limited items, **sales increased by about 10 times from 1Q.**

LE PHIL



In selling new products every Thursday, the brand conducted live commerce and live streaming on Instagram, accounting for an **average of about 40% of EC orders during a period.**

NATURAL BEAUTY
BASIC



We used Rio Inagaki for advertisement. CVR via META advertisement was **about 7 times when compared to CVR during a period.**



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Brands Overview

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14 General situation of each brand in 1st Half Results of 2023 Ending Feb.

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

Unit:Million Yen										
	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	+5.9	77.0	+16.0
3. MARGARET HOWELL	5,173	8.0	66.4	5,978	8.3	65.3	115.6	-1.2	170.4	+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. AVIREX	2,535	3.9	59.4	2,805	3.9	65.3	110.6	+5.9	118.9	+9.8
7. UNDEFEATED	2,493	3.9	41.7	2,314	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
TOP10	37,819	58.4	57.2	42,064	58.4	59.0	111.2	+1.8	129.9	+14.9
Other Brands	26,620	41.1	51.1	29,995	41.6	53.1	112.7	+2.0	138.4	+11.2
Continuing Brands	64,440	99.5	54.6	72,060	100.0	56.5	111.8	+1.9	133.3	+13.3
Closed Brands	311	0.5	26.7	27	0.0	73.9	8.8	+47.2	1.2	+37.3
TOTAL	64,751	100.0	54.5	72,087	100.0	56.5	111.3	+2.0	128.1	+13.6

• 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.



4

Net income and the balance sheet

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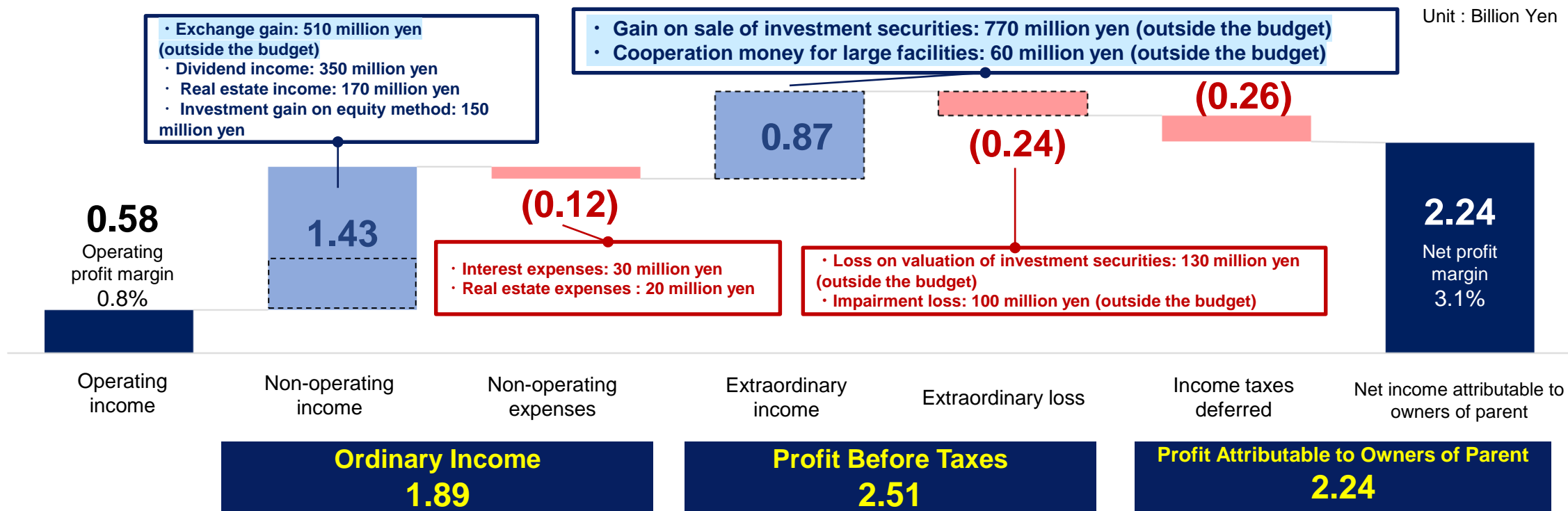
16 Net Income Impact Items for 1st Half Results of 2023 Ending Feb.

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 net profit margin was **3.1%**.



--- Total of non-budgetary gain/loss +1.14 billion yen (non-operating revenue +0.51 billion yen, extraordinary income/loss + 0.63 billion yen)

* One billion yen of extraordinary loss due to temporary closing was posted in the previous term

17 About Balance Sheet

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.

Unit: Million Yen

	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%	108	0.1%	121	0.1%	-81	59.9%	13	112.0%
(of Current portion of long-term borrowings)	7,835	5.4%	5,537	3.9%	5,262	3.8%	-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%	-4,269	-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.



5

Initiatives in each area of TIP25

ANY
WHE
RE

Anytime, with anyone.
If we swing together,
whether in the city or in nature,
any outdoors will become
our greatest playground.
Go outside and explore the world.
Extend your horizons beyond golf.
Let's Swing every day.

Jack Bunny!!

→GO
PLAY,
GO↗
ANY
WHE
RE

Anytime, with anyone.
If we swing together,
whether in the city or in nature,
any outdoors will become
our greatest playground.
Go outside and explore the world.
Extend your horizons beyond golf.
Let's Swing every day.

Jack Bunny!!

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

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 Reprinted Medium-term management plan materials

Wellness & Lifestyle

1

Wellness & lifestyle

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

Fashion Capital

3

Fashion capital

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

2

Street & culture

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

4

Digital generation

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

Creating attractive communities

Sublimating apparel brands into community brands.

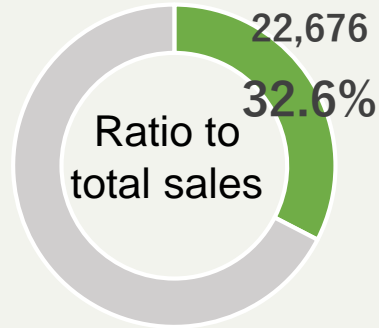
Developing entertainment business closely linked to lifestyles.

Net sales

¥22.67 Billion

YoY change

121.2%



“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.



Platform for play rooted in the street spirit

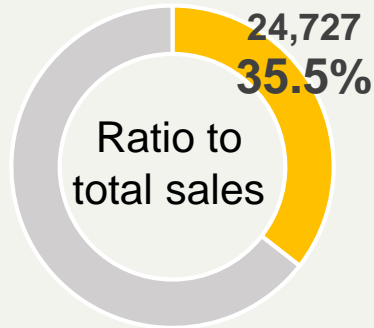
By extending to the keyword “play,” the platform aims at spreading itself to neighboring lifestyles, reinventing gears, and offering new experiences.

Net sales

¥24.72 Billion

YoY change

102.8%



“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.

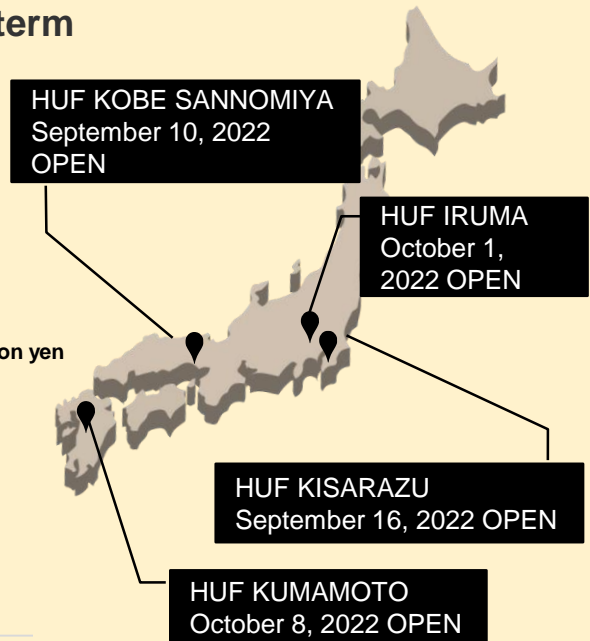
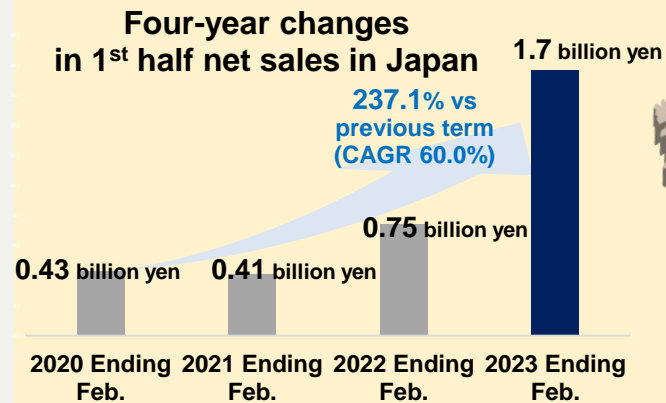


20th anniversary “ONE HUF PROJECT” opens new stores aggressively

“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.



Services that respond constantly to market trends and changes

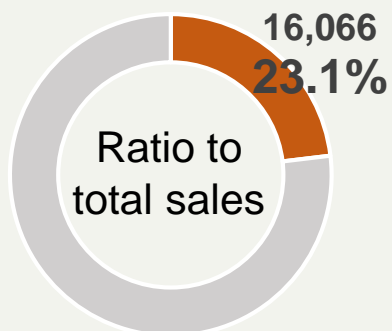
Being flexible enough to continue changing gracefully, granting the wishes of customers, and extending a circle of happiness.

Net sales

¥16.06 Billion

YoY change

118.1%



“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.

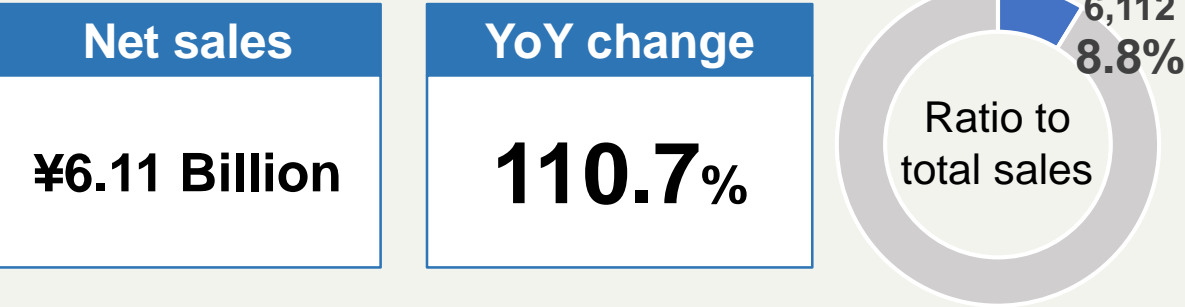
By enhancing customer contact points such as fulfilling content and live commerce with attractive guests, the brand communicates its brand value and gains endorsement.



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

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.



“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.



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.

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.



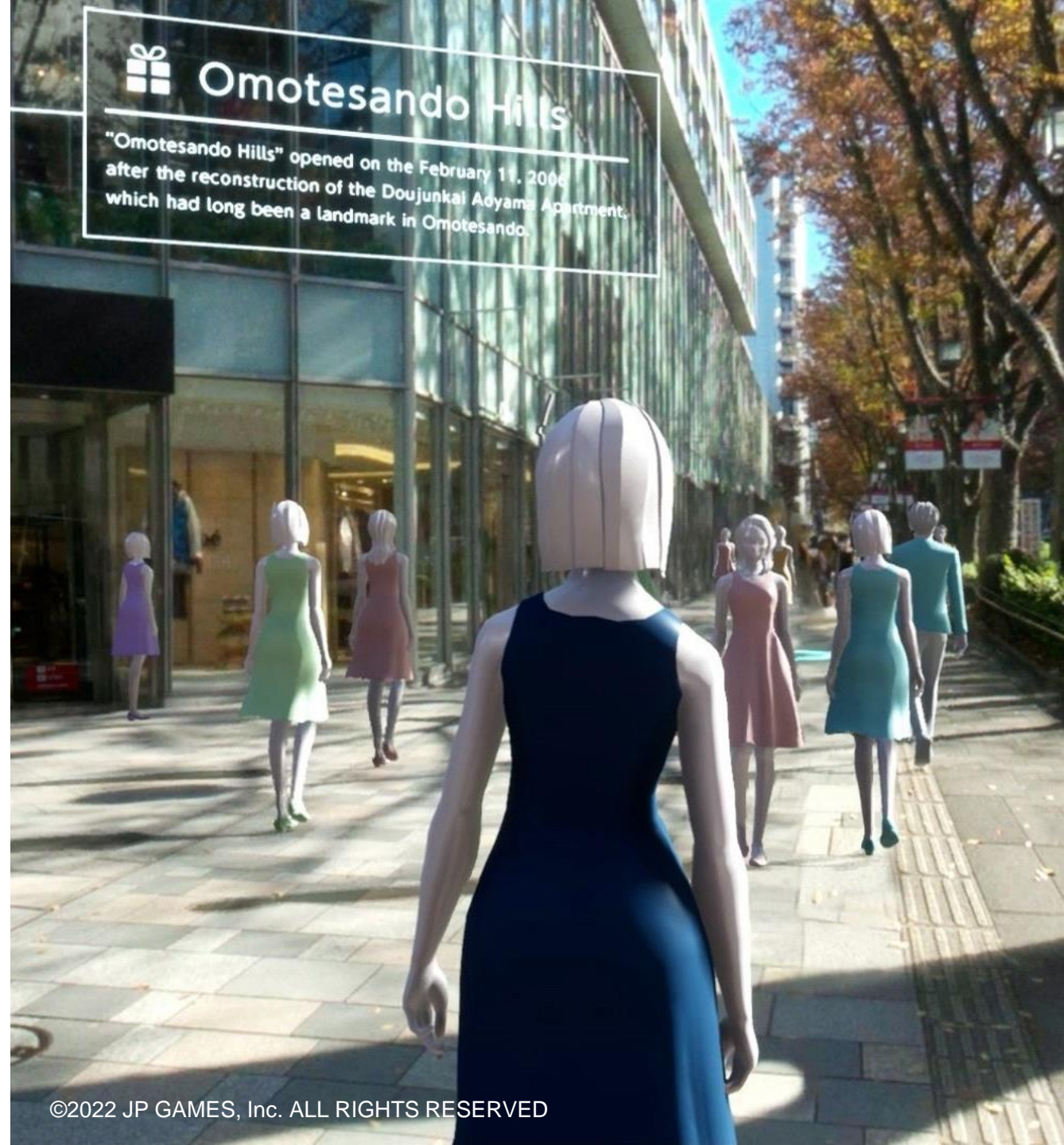
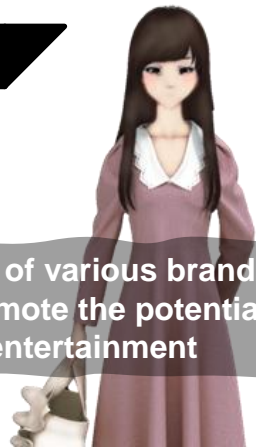
Launch of a joint metaverse project with Alibaba Cloud and JP GAMES

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



6

Initiatives related to the SDGs



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 CO₂ 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 CO₂ emissions, all numbers smaller than 1,000 are rounded down to the nearest 1,000 in the above list.

Indicator and Goal

Visualize CO₂ emissions throughout the value chain and set specific reduction targets for 2030 with the aim of becoming carbon neutral by 2050.

CO₂ Emissions and Reduction Goals

	Scopes 1 – 3 (total)	Scopes 1 and 2	Scope 3
CO ₂ emissions in February, 2020	305K tons	9K tons	295K tons
CO ₂ emissions reduction goals Feb 2030	-35% (-108K tons)	-48% (-4K tons)	-35% (-103K tons)
CO ₂ 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

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

● Engagement Innovation

* The new organization established on October 1, 2022 will make strategies concrete.

Engagement Innovation

[Customer Engagement – Sales Method]

● SCM Platform Innovation

- Introduce renewable energy as electrical power used at our offices, streetside stores and factories

SCM Platform Innovation

[Manufacturing – Logistics – Resource Circulation]

Material Innovation

[Raw materials]

● Material Innovation

- Reduce purchase quantities
- Change materials to materials with low environmental burdens

*For details, see the “TCFD-Based Information Disclosure” disclosed on October 12, 2022.

Sustainable topics in 1st half

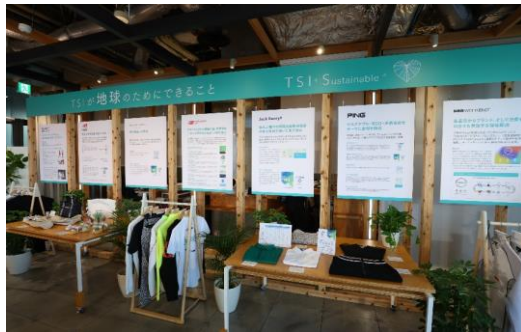
From raw materials, manufacturing process to sales approaches, we drive sustainable product manufacturing that is environment- and human rights-conscious.

We will create an environment where employees are easier to work while we value resources.

TSI ALL GOLF BRANDS

A first sustainable exhibition was hold

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

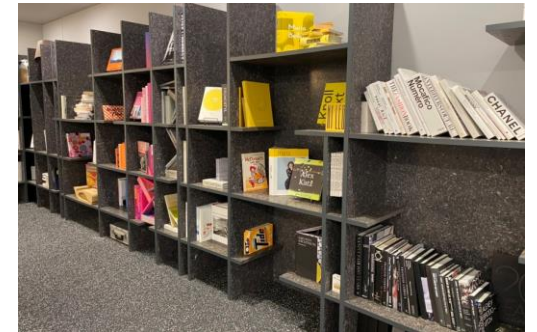
Waste materials are used for the interior of the new company building

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

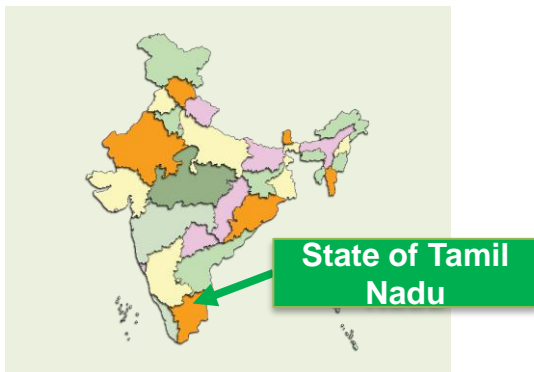


▲ Materials upcycled from waste cloth fabrics are used for bookshelves

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



▲ Scene of work in a farm

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



7

Full-year Forecast

TSI HOLDINGS



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 (%)
Net Sales	157.35	100%	154.00	100%	-3.35	-2.1%
Operating Profit	1.50	1.0%	1.80	1.2%	+0.30	20.0%
Ordinary Income	2.40	1.5%	3.30	2.1%	+0.90	37.5%
Profit Attributable to Owners of Parent	1.50	1.0%	2.40	1.6%	+0.90	60.0%
Net Income Per Share	¥16.59		¥27.63			

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.



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

	*1 1ST Half 2023 Ending Feb.		*2 1ST Half 2023 Ending Feb.			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	64,751	100.0	72,087	100.0	7,336	111.3
Gross Profit	35,294	54.5	40,735	56.5	5,440	115.4
SG&A Expenses	34,160	52.8	40,146	55.7	5,985	117.5
SG&A Expenses(excl. Goodwill Amortization, Depreciation and Amortization)	32,238	49.8	37,925	52.6	5,686	117.6
Goodwill Amortization	389	0.6	217	0.3	-171	56.0
Depreciation and Amortization	1,532	2.4	2,003	2.8	470	130.7
Operating Income	1,134	1.8	588	0.8	-545	51.9
Ordinary Income	2,002	3.1	1,892	2.6	-110	94.5
Extraordinary Income	1,443	2.2	873	1.2	-569	60.5
Extraordinary Loss	1,067	1.6	248	0.3	-818	23.3
Profit Before Taxes	2,378	3.7	2,517	3.5	139	105.8
Profit Attributable to Owners of Parent	1,890	2.9	2,249	3.1	359	119.0
EBITDA *3	3,056	4.7	2,810	3.9	-246	91.9

*1The old revenue recognition standards were applied to the term ended February 2022.

*2The new revenue recognition standards are applied to the term ending February 2023.

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

Net Sales Per Channel

(Revenue recognition standards)

Unit: Million Yen

		*3 1ST Half 2022 Ending Feb.		*4 1ST Half 2023 Ending Feb.			
		Results (Million yen)	Composition Rate (%)	Results (Million yen)	Composition Rate (%)	Y/Y (%)	Composition Rate Y/Y Change(pt)
	Department Stores	6,314	9.8	9,565	13.3	151.5	+3.5
	Commercial Facilities(*1)	27,359	42.3	31,375	43.5	114.7	+1.3
	In-house EC	8,993	13.9	8,731	12.1	97.1	-1.8
	3rd Party	9,792	15.1	9,096	12.6	92.9	-2.5
	E-Commerce	18,785	29.0	17,828	24.7	94.9	-4.3
	Others(*2)	7,438	11.5	7,185	10.0	96.6	-1.5
	Domestic	59,898	92.5	65,955	91.5	110.1	-1.0
	E-Commerce	1,603	2.5	1,942	2.7	121.2	+0.2
	Overseas	4,852	7.5	6,132	8.5	126.4	+1.0
	E-Commerce TOTAL	20,388	31.5	19,771	27.4	97.0	-4.1
TOTAL		64,751	100.0	72,087	100.0	111.3	-

*1 Fashion buildings, shopping centers, railroad station buildings, individual stores, outlet shops etc. except for department stores.

*2 Apparel businesses such as wholesale, intercompany sales and non-apparel businesses of the group companies.

*3 The old revenue recognition standards were applied to the term ended February 2022.

*4 The new revenue recognition standards are applied to the term ending February 2023.

Brands Overview

(Revenue recognition standards)

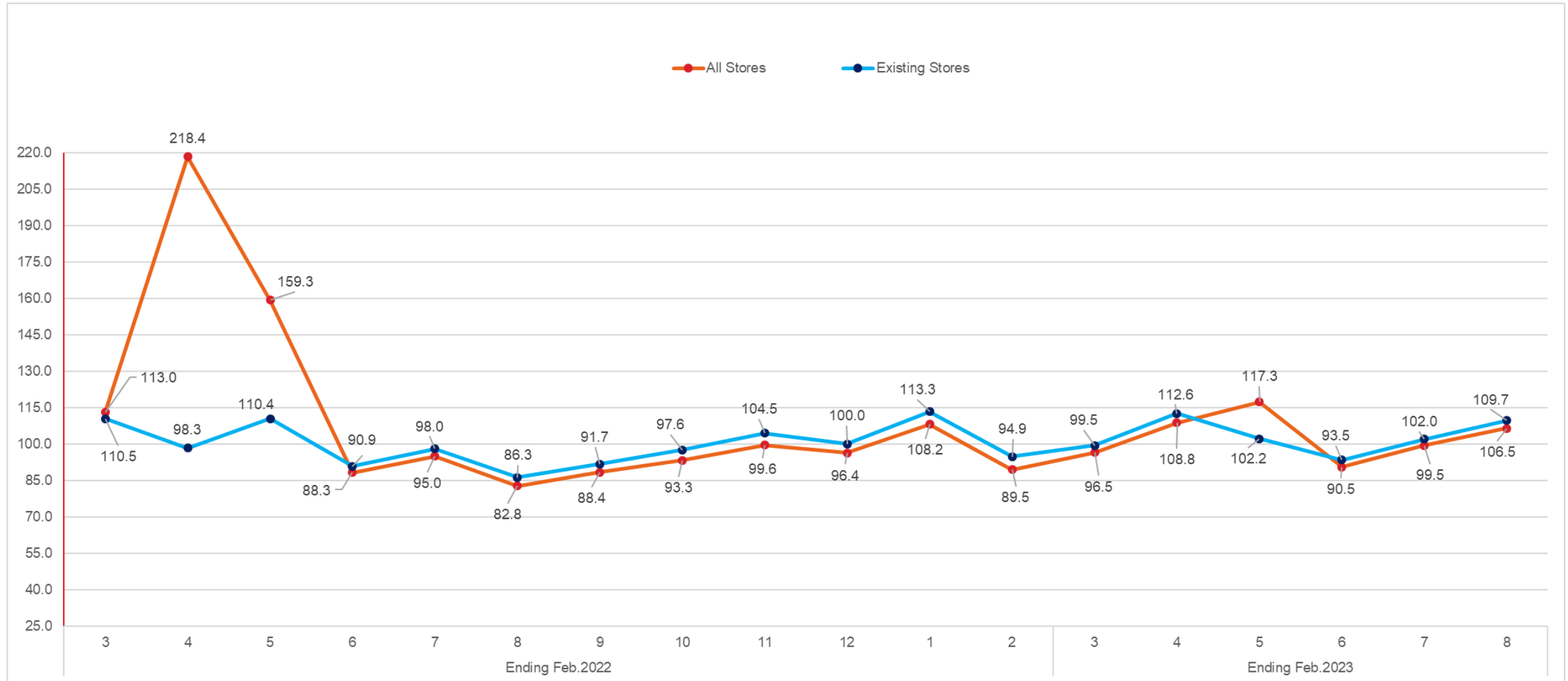
Unit: Million Yen

	*1 1ST Half 2022 Ending Feb.			*2 1ST Half 2023 Ending Feb.			Y/Y	
	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales (%)	Gross Profit Ratio (pt)
1. PEARLY GATES	7,136	11.0	63.6	8,369	11.6	63.3	117.3	-0.2
2. NANO universe	7,598	11.7	46.2	6,165	8.6	52.1	81.1	+5.9
3. MARGARET HOWELL	5,173	8.0	66.4	5,978	8.3	65.3	115.6	-1.2
4. NATURAL BEAUTY BASIC	4,978	7.7	58.8	5,377	7.5	63.0	108.0	+4.2
5. HUF	2,749	4.2	51.2	4,686	6.5	51.1	170.5	-0.1
6. AVIREX	2,535	3.9	59.4	2,805	3.9	65.3	110.6	+5.9
7. UNDEFEATED	2,493	3.9	41.7	2,314	3.2	39.8	92.8	-1.9
8. new balance golf	1,646	2.5	57.8	2,196	3.0	51.7	133.4	-6.0
9. human woman	1,431	2.2	59.4	2,131	3.0	65.0	148.8	+5.6
10. STUSSY	2,076	3.2	70.1	2,039	2.8	65.6	98.2	-4.4
TOP10	37,819	58.4	57.2	42,064	58.4	59.0	111.2	+1.8
Other Brands	26,620	41.1	51.1	29,995	41.6	53.1	112.7	+2.0
Continuing Brands	64,440	99.5	54.6	72,060	100.0	56.5	111.8	+1.9
Closed Brands	311	0.5	26.7	27	0.0	73.9	8.8	+47.2
TOTAL	64,751	100.0	54.5	72,087	100.0	56.5	111.3	+2.0

*1The old revenue recognition standards were applied to the term ended February 2022.

*2The new revenue recognition standards are applied to the term ending February 2023.

Domestic Monthly Sales Information



The Number of Stores

		1ST Half 2022 Ending Feb.	FY Ending Feb. 2022	Store Open	Store Close	1ST Half 2023 Ending Feb.	Y/Y Change	Q2/Q4 Change
Apparel	Domestic	848	805	+18	-49	774	-74	-31
	Overseas	48	41	-	-1	40	-8	-1
	合計	896	846	+18	-50	814	-82	-32
Restaurant	Domestic	9	7	+1	-	8	-1	+1
Cosmetics	Domestic	32	36	+1	-1	36	+4	-
Total		937	889	+20	-51	858	-79	-31



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- 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.
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