



# TSI HOLDINGS GROUP

Results Briefing: 1st Half (March to August  
2023) Results of 2024 Ending Feb.

16th October 2023

Security code : 3608



# AGENDA

TSI HOLDINGS

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- 5 Initiatives related to the SDGs
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# Results Overview



## 4 Highlights of Results for 1<sup>st</sup> Half of Results of 2024 Ending Feb.

Net sales exceeded those for the previous year, but the sales plan was not achieved as the major brands and the overseas business struggled. The operating income plan was not achieved, either, due to the effects of slow-moving inventories in some businesses which resulted from the failure to achieve the sales plan.

### Net Sales

**73.27** Billion Yen

vs. Budget -1.72 billion yen  
YoY Change +1.19 billion yen  
YoY 101.7%

### Operating Profit

**0.53** Billion Yen

vs. Budget -0.46 billion yen  
YoY Change -0.05 billion yen  
YoY 90.4%

### Quarterly Net Income

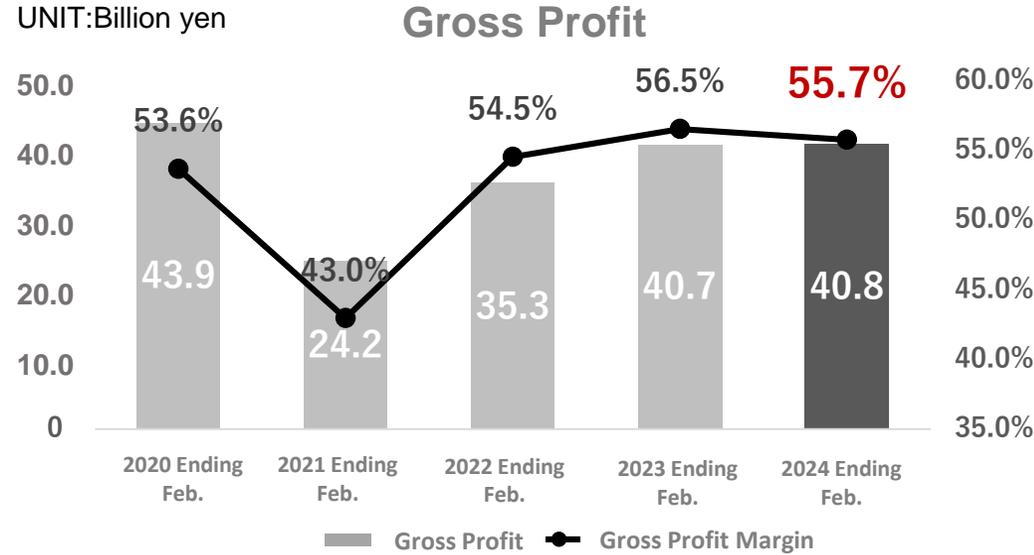
**1.47** Billion Yen

vs. Budget +0.47 billion yen  
YoY Change -0.77 billion yen  
YoY 65.4%

- Due to the effects of the previous year's withdrawal from some businesses and American subsidiaries which continued to struggle, net sales were ¥73.27 billion, 101.7% of the previous year's level. Net sales continued to recover slowly, but there were still issues which remained to be addressed.
- Affected by the depreciation of the yen and sharp rises in the prices of raw materials as well as valuation losses due to growing inventories, operating income was ¥530 million, ¥50 million lower than in the previous year.
- Net income was ¥1.47 billion, ¥770 million lower than in the previous year, due to the effects of income taxes deferred.

## 5 Changes in financial results for the 1<sup>st</sup> Half of Results of 2024 Ending Feb

**Gross Profit**  
**40.84** Billion Yen  
 YoY 100.3%  
 YoY Change +0.1 billion yen

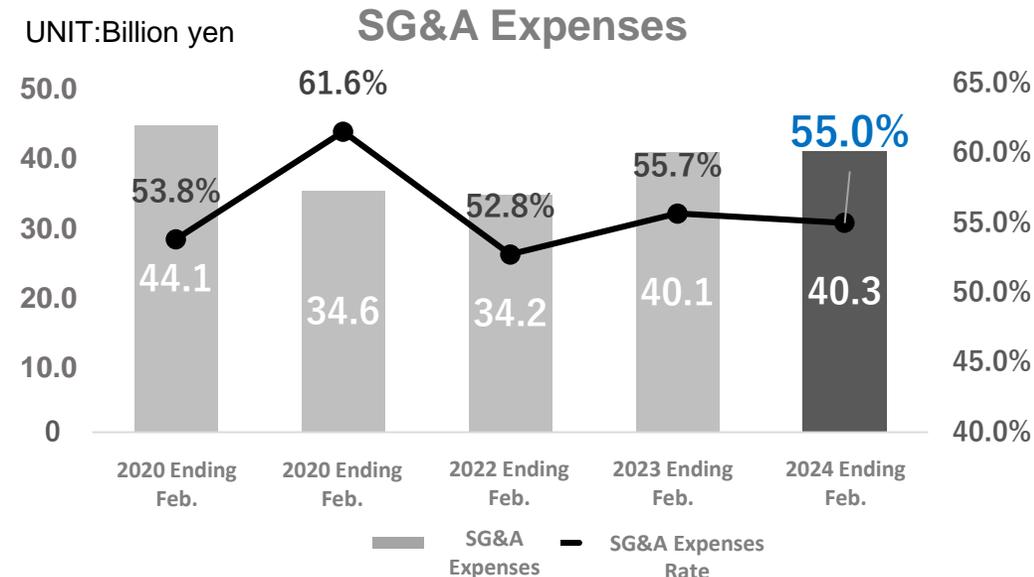


### > Gross Profit

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

⇒ **Gross profits continued to become better than in the average year due to careful sales management but declined by 0.8% compared to a year earlier.**

**SG&A Expenses**  
**40.3** Billion Yen  
 YoY 100.4%  
 YoY Change +0.16 billion yen



### > SG&A Expenses

- Withdrawal from non-performing businesses
- Achieving greater cost efficiency through the concentration of head-office bases

⇒ **The above two factors improved selling and administrative expenses by 0.7% compared to the previous year when they became better due to subsidies.**

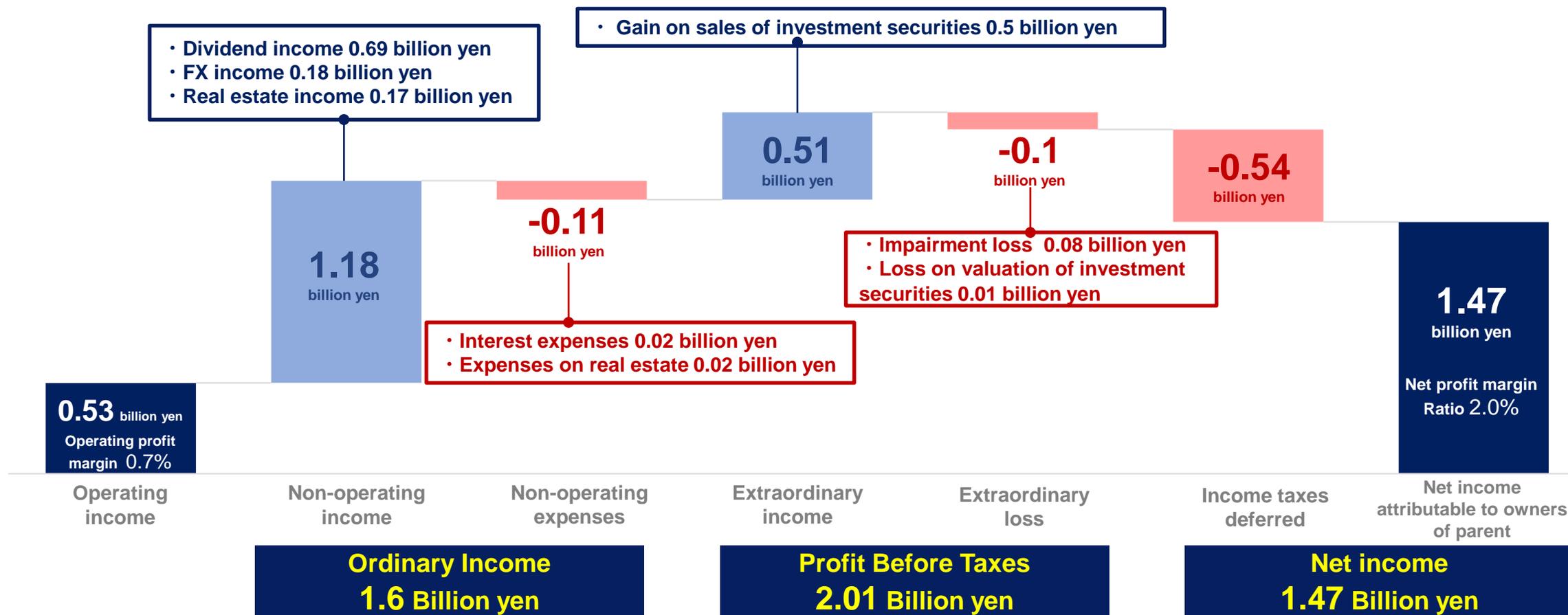
- Increase in logistic expenses due to growing inventories
- Effects of hikes in heat and lighting expenses

⇒ **The above two factors prevented selling and administrative expenses from improving more than expected.**

## 6 Net Income Impact Items for 1<sup>st</sup> Half Results of 2024 Ending Feb.

**Ordinary income**, including non-operating income/loss such as dividend income and real estate revenue, was **¥1.6 billion**.

**Net income for the first half of the term**, including ¥410 million in extraordinary income/loss such as gains on sale of investment securities and impairment losses as well as income taxes deferred, was **¥1.47 billion**, and the **profit ratio** was **2.0%**.



	1ST Half 2023 Ending Feb.		Cumulative Q1ST 2024 Ending Feb.		1ST Half 2024 Ending Feb.					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Q2/Q1 Change	Q2/Q1 (%)
<b>Current Assets</b>	74,661	54.1%	72,096	53.0%	67,566	49.7%	-7,095	90.5%	-4,530	93.7%
(of Cash and Deposits)	37,069	26.8%	28,498	21.0%	24,660	18.1%	-12,409	66.5%	-3,838	86.5%
(of which, Inventory)	21,780	15.8%	27,269	20.0%	27,792	20.4%	6,012	127.6%	523	101.9%
<b>Non-current Assets</b>	63,434	45.9%	63,930	47.0%	65,149	47.9%	1,715	102.7%	1,219	101.9%
(of Investment Securities)	27,684	20.0%	27,805	20.4%	27,792	20.4%	108	100.4%	-13	100.0%
(of Investment Real estate)	4,722	3.4%	4,701	3.5%	4,695	3.5%	-27	99.4%	-6	99.9%
<b>Total Assets</b>	<b>138,095</b>	<b>100.0%</b>	<b>136,027</b>	<b>100.0%</b>	<b>136,027</b>	<b>100.0%</b>	<b>-5,380</b>	<b>98.5%</b>	<b>-3,311</b>	<b>100.0%</b>
<b>Current Liabilities</b>	26,481	19.2%	27,665	20.3%	23,963	18.1%	-2,518	90.5%	-3,702	86.6%
(of Short-term borrowings)	121	0.1%	-	0.0%	-	0.0%	-121	0.0%	-	#DIV/0!
(of Current portion of long-term borrowings)	5,262	3.8%	4,553	3.3%	4,203	3.2%	-1,059	79.9%	-350	92.3%
<b>Non-current Liabilities</b>	12,475	9.0%	9,281	6.8%	9,444	7.1%	-3,031	75.7%	163	101.8%
(of Long-term borrowings)	7,313	5.3%	4,175	3.1%	3,047	2.3%	-4,266	41.7%	-1,128	73.0%
<b>Total Liabilities</b>	<b>38,957</b>	<b>28.2%</b>	<b>36,946</b>	<b>27.2%</b>	<b>33,399</b>	<b>25.2%</b>	<b>-5,549</b>	<b>85.7%</b>	<b>-3,539</b>	<b>90.4%</b>
<b>Total Net Assets</b>	99,138	71.8%	99,080	72.8%	99,280	74.8%	142	100.1%	200	100.2%
(of Treasury stock(-))	-4,759	-3.4%	-3,774	-2.8%	-4,537	-3.4%	222	95.3%	-763	120.2%
<b>Total Liabilities and Net Assets</b>	<b>138,095</b>	<b>100.0%</b>	<b>136,027</b>	<b>100.0%</b>	<b>132,679</b>	<b>100.0%</b>	<b>-5,416</b>	<b>96.1%</b>	<b>-3,348</b>	<b>97.5%</b>

### > Cash and Deposits

【Comparison with the previous term】

Affected by increases in inventory assets and the repayment of borrowings totaling ¥5.4 billion, cash and deposits decreased by ¥12.4 billion.

### > Inventory

【Comparison with the previous term】

Inventory assets were 127.6% of the previous year's level, or ¥6 billion higher than a year earlier, due to the bulk purchasing of products such as those for long-term sales and sluggish sales of spring and summer products in some businesses.

### > Treasury stock

【Comparison with the previous term】

As part of its efforts to implement capital policy and take measures for shareholder returns, the company continued to acquire treasury stock. The value of the treasury stock increased by ¥760 million.

Starting from October 16, the Company plans to acquire new treasury stock worth ¥5 billion.



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## About Business Situation by Channel



## 9 Sale Trends by Channel for 1<sup>st</sup> Half Results of 2024 Ending Feb.

**Cumulative net sales continued to grow, but while some channels performed well, others did not. We will strive to secure profits while balancing between aggressive and defensive sales.**

- Department stores and non-department stores (FB and street): Sales made rapid progress mainly among street brands thanks to growth in the traffic of people and the recovery of inbound tourism. They were **103.4%** of the previous year's level though the number of outlets decreased by 41 compared to a year earlier.
- Domestic EC: The withdrawal of some brands and price reductions restrained by other companies' EC sites, etc. affected sales, causing them to remain at **93.5%** of the previous year's level though profitability improved.
- Overseas sales: Overseas wholesaling and European sales were strong, but because of backlash against sales in the anniversary year of America's HUF and decline in demand on the consumer side due to rapid inflation, the overall overseas sales stagnated, and these were the reason they remained at **93.6%** of the previous year's level.

		Old profit standards	New profit standards	New profit standards	
		Cumulative Q2ND 2022 Ending Feb.	Cumulative Q2ND 2023 Ending Feb.	Cumulative Q2ND 2024 Ending Feb.	YoY (%)
Domestic	Department Stores	<b>6.31</b> Billion Yen (Composition Rate : 9.8%)	<b>9.56</b> Billion Yen (Composition Rate : 13.3%)	<b>9.40</b> Billion Yen (Composition Rate : 12.8%)	<b>98.3%</b>
	Commercial Facilities(*1)	<b>27.35</b> Billion Yen (Composition Rate : 42.3%)	<b>31.37</b> Billion Yen (Composition Rate : 43.5%)	<b>32.93</b> Billion Yen (Composition Rate : 44.9%)	<b>105.0%</b>
	E-Commerce	<b>18.78</b> Billion Yen (Domestic E-Commerce ratio : 35.8%)	<b>17.82</b> Billion Yen (Domestic E-Commerce ratio : 30.3%)	<b>16.66</b> Billion Yen (Domestic E-Commerce ratio : 28.2%)	<b>93.5%</b>
Domestic Others(*2)		<b>7.43</b> Billion Yen (Composition Rate : 11.5%)	<b>7.18</b> Billion Yen (Composition Rate : 10.0%)	<b>8.54</b> Billion Yen (Composition Rate : 11.7%)	<b>118.9%</b>
Overseas		<b>4.85</b> Billion Yen (Composition Rate : 7.5%)	<b>6.13</b> Billion Yen (Composition Rate : 8.5%)	<b>5.73</b> Billion Yen (Composition Rate : 7.8%)	<b>93.6%</b>

\*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.

**EC sales for the first half of the term were ¥18.45 billion, or 93.4% of the previous year's level. They remained sluggish partly because of the effects of withdrawal of some businesses\*1.**

As consumer confidence declined due to rises in the prices of products and customers flowed to real stores, the Company failed to increase EC sales because there were issues to be addressed in expanding inventories of high-turnover products and creating new information content.

Plans call for the Company to take company-wide EC measures for future growth. By creating new marketing topics, the Company will strive to acquire new customers, thus maximizing EC sales.

Unit : Billion Yen	Old profit standards	New profit standards			
	Cumulative Q2ND 2022 Ending Feb.	Cumulative Q2ND 2023 Ending Feb.	Cumulative Q2ND 2024 Ending Feb.	Compared to year before last (%)	Y/Y(%)
<b>In-House E-Commerce</b>	<b>8.99</b>	<b>8.73</b>	<b>7.84</b>	<b>87.2%</b>	<b>89.8%</b>
<b>(ratio(%))</b>	<b>(47.9%)</b>	<b>(49.0%)</b>	<b>(47.1%)</b>	<b>(-0.8pt)</b>	<b>(-1.9pt)</b>
<b>Domestic E-Commerce</b>	<b>18.78</b>	<b>17.82</b>	<b>16.66</b>	<b>88.7%</b>	<b>93.5%</b>
<b>(ratio(%))*</b>	<b>(35.8%)</b>	<b>(30.3%)</b>	<b>(28.2%)</b>	<b>(-7.6pt)</b>	<b>(-2.1pt)</b>
<b>Overseas E-Commerce</b>	<b>1.6</b>	<b>1.94</b>	<b>1.79</b>	<b>111.9%</b>	<b>92.3%</b>
<b>(ratio(%))*</b>	<b>(33.0%)</b>	<b>(31.7%)</b>	<b>(31.3%)</b>	<b>(-1.7pt)</b>	<b>(-0.4pt)</b>
<b>E-Commerce TOTAL</b>	<b>20.38</b>	<b>19.77</b>	<b>18.45</b>	<b>90.5%</b>	<b>93.4%</b>
<b>(ratio(%))*</b>	<b>(35.6%)</b>	<b>(30.5%)</b>	<b>(28.5%)</b>	<b>(-7.1pt)</b>	<b>(-2.0pt)</b>

**Proposed plan: Yes, let's go to festivals!**



MANASTASH

LOM

NANO universe

NBB

WEEKEND ROSE BUD

The Company made proposals for fashion coordinates across the boundaries of brands on its own EC site "MIX.Tokyo." By continuing to make total TSI brand proposals, it will raise the overall recognition level for its brands and acquire new fans of TSI brands.

\*1 The amount of EC sales shrank due to the effects of withdrawal from the "BOSCH" business and the termination of agency contracts for "SUNSPEL" and "UNDEFEATED" (¥1.05 billion)

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



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## Brands Overview



Net sales for eight of the top ten brands in terms of sales exceeded those for the previous year. Among those brands, “MARGARET HOWELL”, “AVIREX”, and “STUSSY” continued to perform well as in the previous year, achieving two-digit growth.

In general, brands other than the major ones also performed well though they struggled in some channels. In particular, the ladies apparel business (such as “LE PHIL” and “ADORE”) and the street business (such as “BAIT” and “BEAVER”) made rapid progress in sales.

■ Top 10 brands in sales		Unit: Million Yen				
		1ST Half 2023 Ending Feb.		1ST Half 2024 Ending Feb.		YoY
		Sales	Composition Rate (%)	Sales	Composition Rate (%)	Sales (%)
1.	PEARLY GATES	8,369	11.6	7,941	10.8	94.9
2.	MARGARET HOWELL	5,978	8.3	6,705	9.2	112.2
3.	NANO universe	6,165	8.6	6,251	8.5	101.4
4.	NATURAL BEAUTY BASIC	5,377	7.5	5,594	7.6	104.0
5.	HUF	4,686	6.5	4,066	5.5	86.8
6.	AVIREX	2,805	3.9	3,321	4.5	118.4
7.	STUSSY	2,039	2.8	2,481	3.4	121.6
8.	new balance golf	2,196	3.0	2,429	3.3	110.6
9.	human woman	2,131	3.0	2,203	3.0	103.4
10.	Jack Bunny!!	1,630	2.3	1,647	2.2	101.0
TOP10		41,380	57.4	42,642	58.2	103.0

• **PEARLY GATES** YoY : 94.9%

Sales continued to far exceed those of the pre-COVID level but Growth is slowing down. We will strove to secure sales and profits while selling inventories.

• **MARGARET HOWELL** YoY : 112.2%

Both real stores and EC sites increased sales. “MHL.” saw casual lines planned in Japan perform well with their EC sales achieving substantial growth, at 137.9% of the previous year’s level.

• **NANO universe** YoY : 101.4%

Sales from real stores recovered. EC sales fell due to restrained excessive price reductions, but EC profitability improved. The brand will continue to use appropriate sales strategy for sales growth while maintaining profitability.

• **HUF** YoY : 86.8%

Domestic sales continued to be strong, but overseas sales struggled due to the backlash against sales from the previous year’s 20th anniversary project as well as sharp price rises and changes in the post-COVID market environment. The brand aims for recovery by developing new categories of products.



4

Initiatives in each area of TIP25



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

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

### TIP25 formulation policy

1

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

2

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

3

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

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

### *Wellness & Lifestyle*

1

## **Wellness & lifestyle**

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

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

*Street & Culture*

2

**Street & Culture Div.**

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

*Fashion Capital*

3

**Fashion Capital Div.**

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

*Digital Generation*

4

**Digital Generation Div.**

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

# Creating attractive communities

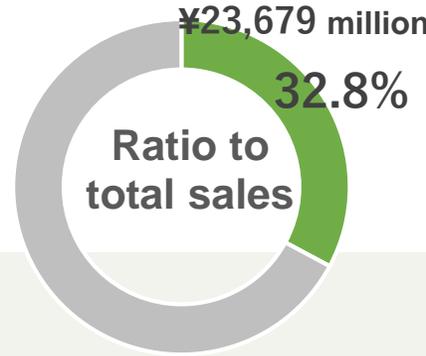
Sublimating apparel brands into community brands.

Developing entertainment business closely linked to lifestyles.

Net sales YoY change

¥23.67  
Billion

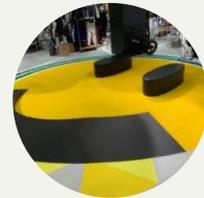
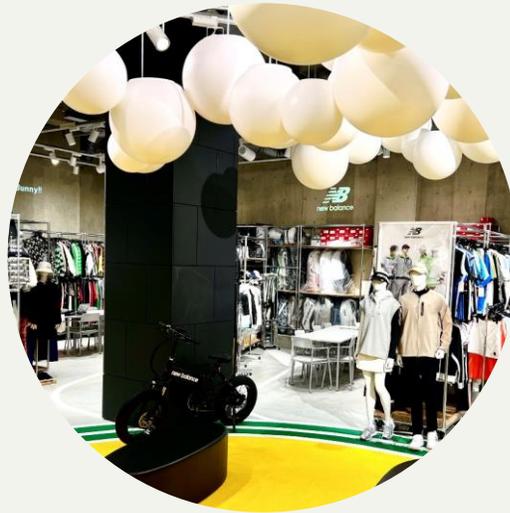
104.2  
%



## Popular golf brands gather at the newly established press room

A new press room that focused on golf brands opened. Each of TSI's nine golf brands had its own exclusive booth with their diverse attractions condensed in a single space.

Previously, the Company had organized exhibitions and carried out Think Golf and other initiatives with sustainability in mind, but this project featured a press room that, while introducing such elements, made the parties concerned feel like visiting it in spite of themselves.



▲ Sofa that used B products and sample wear

## “SEVEN BY SEVEN” First time participating in a runway show

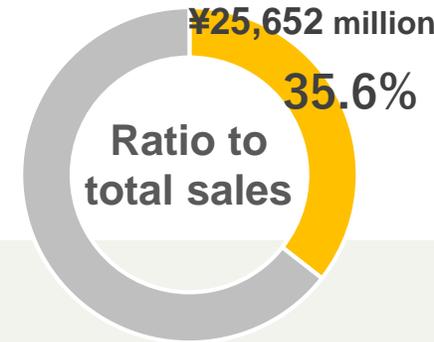
The brand presented its 2024 SS collection at the Rakuten Fashion Week TOKYO, one of the five major fashion weeks. The runway show held at the National Stadium livened up as many visitors attended it.



Furthermore, in October, the brand's flagship store opened in Yoyogiuehara. This outlet will sell old clothes purchased by designers themselves, selected special items, and other products and implement projects it works out on its own.

# 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.



## “HUF” hosts its first NFT event

“HUF” held the HUF SET NFT, the TSI Group’s first NFT project.

This was the event that allowed only holders of NFT cards, which were distributed when they purchased products covered by the project, to participate in it. In this first project, among other features, HUF ambassador REMIO was invited as the main guest, live paint events were held, and limited products were sold.

By introducing new technology actively, the brand aims at creating new types of fashion entertainment.



▲ In addition to real works, those which used AR were presented.



▲ Many fans visited the event site.

## “Forget-me-nots’ ” project to support women

In July, “Forget-me-nots” whose sales were strong, at **171.8% of the previous year’s level**, launched the project “Hello, World!” to support young female artists. The event offered the store space to female artists aged 35 or younger free of charge, a new trial to assist them mainly in organizing an exhibition of their works.

The brand will work to empower women according to the phases of their career by not only providing the store space but also offering diverse opportunities to express themselves, including collaborative projects and content production.

### Hello, World!

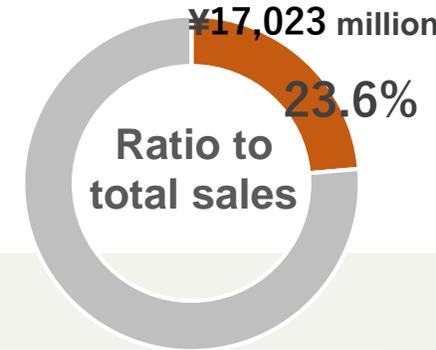


▲ At the launch party, the first pop-up store was held.

# Services that respond constantly to market trends and changes

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

Net sales	YoY change
¥17.02 Billion	103.9 %



## “Arpege”, a new business type whose strength is to communicate information and offer experience value

A new format, Arpege Salone opened at Shinjuku Marui. This is a multi-function store that offers a full array of Arpege brands and has a studio. In addition to livestreaming, it functions as a place to hold various events.

Arpege Salone will play not only an existing role as an outlet for selling clothes but a new role as a place to communicate information and offer experience value.



▲ Many customers visited the store for the opening event.



Livestreaming from 12:00 p.m. each day

## Collaboration among different industries within “human woman”

“human woman”, which celebrates the 25th anniversary this year and is implementing a wide range of projects, offered collaborative items with “Urth Caffé”, a restaurant business.

One example of collaboration was to use usually discarded coffee grounds for dyeing to produce items that had a natural color.

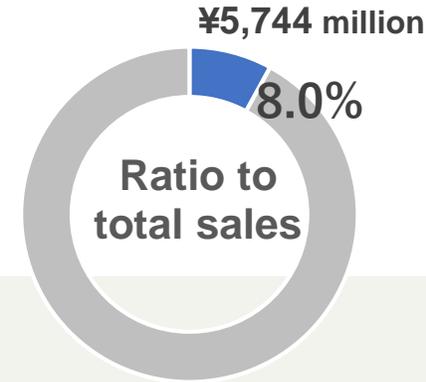
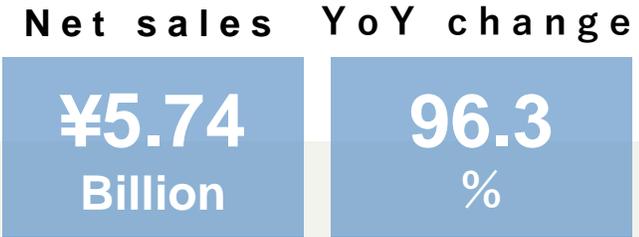
Part of the sales was directed to environmental protection projects.

human woman  
×  
UrthCaffé™



# 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’s exhibition combines fashion and art

Under the concept “**Immersive Art Museum—Dive into art**,” hueLe Museum’s 2023 FW exhibition invited guests from the general public for the first time and had them enjoy the Fashion x Flower x Art experience the brand emphasized.

As exemplified by the display of digital content and works of art as well as clothing, the event had programs that deserved to be called a “museum.” The brand will continue to offer its unique attractions by combining fashion with art.



## JILL by JILL STUART’s Popular products are reprinted

“JILL by JILL STUART”, which celebrated its 15th anniversary in August of this year, launched the COME BACK PROJECT to express its appreciation to customers. Under the theme “Continuing to offer those lovely items in the future,” the brand will sell popular products from its archives for a limited period of time.

“JILL by JILL STUART” will create products full of its attractions while maintaining its history carefully so that the brand will be long loved in the years to come.



▲ A total of ten items are planned to be revived.



5

Initiatives related to the SDGs



# Acquiring SBTi certification for GHG emissions reduction targets

SBT Initiative (SBTi) certified TSI Holdings' greenhouse gas (GHG) emissions reduction targets as those based on the scientific grounds established by the Paris Agreement.

In accordance with the purpose "Using the power of fashion entertainment, we create empathy and social value around the world," the Company will continue to push forward with initiatives to realize a sustainable society and step up efforts to disclose relevant information according to the framework of TCFD.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## Science Based Targets (SBTs)

SBTs refer to greenhouse gas emissions reduction targets conforming to the levels of reduction targets required by the Paris Agreement which are set by businesses with five to ten years ahead as their target years.

## Science Based Targets initiative (SBTi)

The SBTi was established in 2015 jointly by four organizations: CDP, the United Nations Global Compact, the World Resources Institute (WRI), and the World Wildlife Fund (WWF).

In order to help achieve the targets established by the Paris Agreement, it is promoting businesses' efforts to set GHG emissions reduction targets based on scientific grounds.

As mentioned in the press release of October 12, 2022 "Announcement of support for TCFD recommendations and submission of commitment letter to SBT initiative," the Company submitted its commitment letter to the SBT initiative and announce its GHG emissions reduction targets.

## CO2 emissions and reduction targets

	Results for the term ended February 2020	Reduction targets for the term ending February 2030	Level of reduction targets set by SBTi
Scope 1/2	9,000 t	-48% (-4,000 t)	1.5°C target 4.2% reduction each year
Scope 3	295,000 t	-35% (-103,000 t)	WB2°C target 2.5% reduction each year

\* The Scope 1 and 2 reduction targets aim at achieving a level of reductions that keeps a temperature rise below 1.5°C. The Scope 3 reduction targets aims at achieving a level of reductions that keeps a temperature rise well below 2.0°C, a level of reductions equivalent to those for achieving the carbon neutrality in 2050. Emissions are indicated by discarding fractions less than 1,000 tons.

# Making progress in sustainable innovation

In order to achieve its GHG emissions reduction targets, the Company is carrying out a wide variety of initiatives such as promoting business models with less environmental impacts and educating employees. It will strive to create sustainable innovation by conducting various activities on a continuous basis.



## Organic cotton development project



In a joint project with SynCom Agritech, an agricultural venture, the Company completed for the first time the spinning of yarn from cotton grown in the Indian state of Tamil Nadu on a trial basis.

The use of this cotton for product development under TSI's brands is under way.



## Making effective use of recycled, environmentally conscious materials



With the cooperation of Seni-Ikueikai, the Company is collecting used clothes at its stores and developing new products using recycled materials made from such collected clothes for the part of the products.

The T shirts recently developed based on unisex specifications can be worn irrespective of gender.



## Educating employees in sustainability through internal exhibitions

The Company expanded the scope of exhibits related to sustainable manufacturing at the Quality Information Exhibition it held to ensure that information on quality was shared internally.

By providing opportunities for even employees who were usually less interested in the environment and human rights to think about them again, the Company urged each and every one of them to deepen their knowledge of these subjects.

# Initiative for sustainable community development with Hokkaido's Kamikawa Town

Since it entered into a comprehensive community agreement in October 2021, the Company has carried out community development initiatives on a continuous basis.

The town government and TSI are promoting co-creation with the aim of creating new attractions for Kamikawa Town and developing more people connected with the town.



## Ishikari River clean-up campaign

In order to help protect the natural environment, TSI employees took part in the Ishikari River clean-up campaign on which the town government was working.

The Company contributed to realizing a sustainable town that pays attention to the circular flow of economy, natural settings, and biological diversity.



## Daisetsu Wildlife Encyclopedia Project 2023

TSI Holdings is supporting the Daisetsu Wildlife Encyclopedia Project, a demonstrative experiment that aims at promoting tourism in Kamikawa Town, coexisting with the natural environment of Mt. Daisetsu, and protecting its biological diversity.

“MANASTASH”, operated by a TSI Group company, produced and provided T shirts.



## Corporate version of hometown tax donation program

For Kamikawa Town's SDGs project to protect the natural environment and biological diversity of the Daisetsuzan National Park, the Company donated taxes under the regional revitalization support tax system.



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Full-year Forecast



## At present, the operating income and net income plans for the entire term are not changed.

During the first half of the term, the Company was forced to struggle with its operating income ¥470 million less than initially planned, but by taking the measures listed below during the second half, it aims at bringing results as previously projected.

Improvement  
measure  
01

**Priority investments in promising businesses**

Improvement  
measure  
02

**Expanding sales by strengthening EC**

Improvement  
measure  
03

**Keeping remaining inventory levels for autumn and winter merchandise low**

Improvement  
measure  
04

**Controlling selling and administrative expenses appropriately**

Operating income plan  
for the entire term

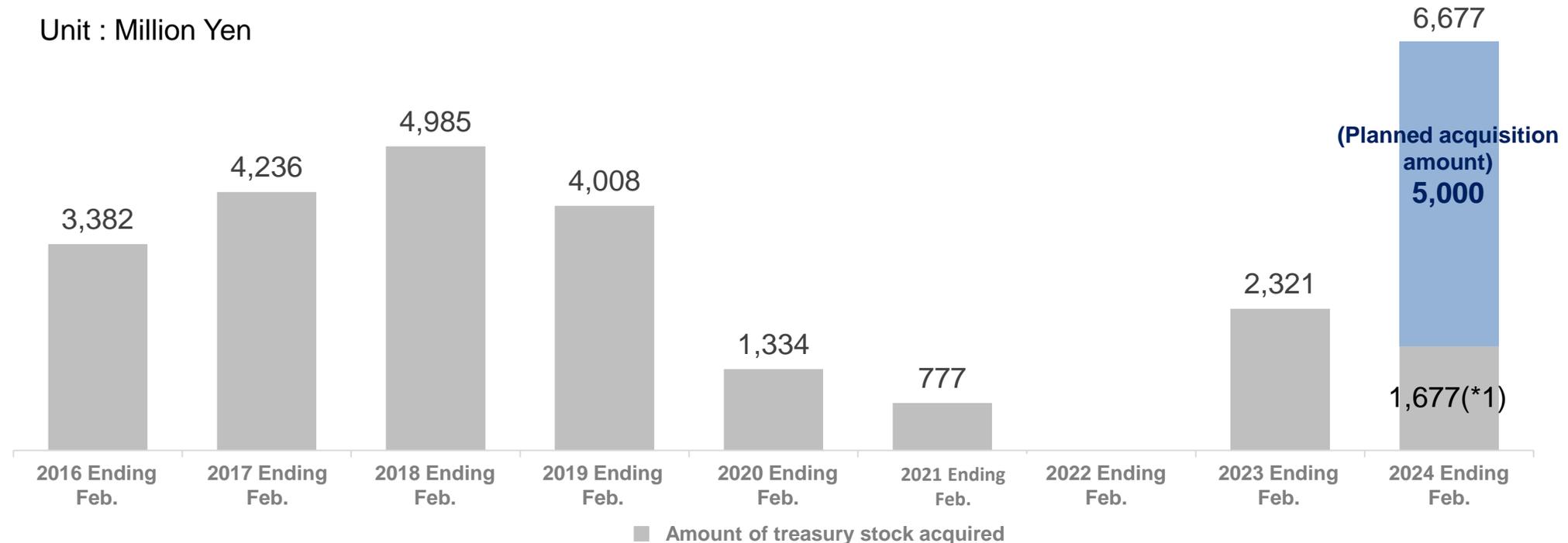
**¥4.7 billion**

Net income plan for the  
entire term

**¥3.5 billion**

The acquisition of treasury stocks, which had been done since January 2023, was completed in September. The 3,069,100 shares thus acquired are planned to be written off at the end of October. TSI Holdings has announced that it will acquire additional treasury stocks as part of its capital policy as it aims at stepping up its efforts to return profits to shareholders and improving capital efficiency.

<b>Amount of shares that can be acquired</b>	¥5,000 million
<b>Period of acquisition</b>	October 16, 2023 to March 29, 2024



\*1 The shares worth ¥322 million are included in those for the term ended February 2023 because they were acquired in January and February 2023.



7

Management conscious of capital costs and share prices



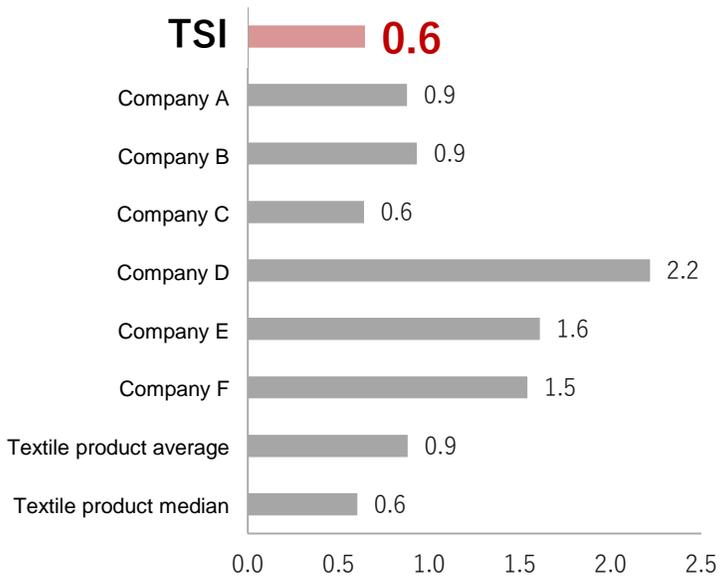
# Understanding of the present condition (1) (Analysis of PBR and comparison with other companies in the industry)

TSI Holdings goes below the average in the valuation of PBR and ROE.

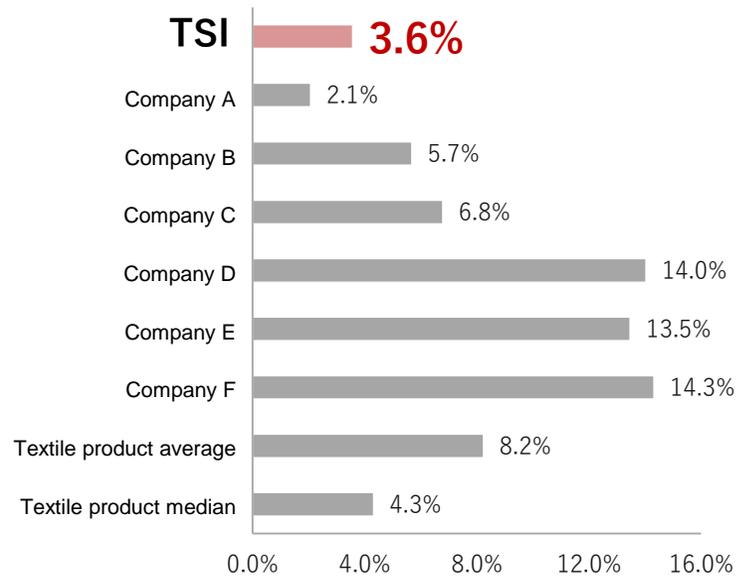
» **The issue to be addressed is ROE**

$$\text{PBR} \left( \frac{\text{Market capitalization}}{\text{Net assets}} \right) = \text{ROE} \left( \frac{\text{Net income}}{\text{Net assets}} \right) \times \text{PER} \left( \frac{\text{Market capitalization}}{\text{Net income}} \right)$$

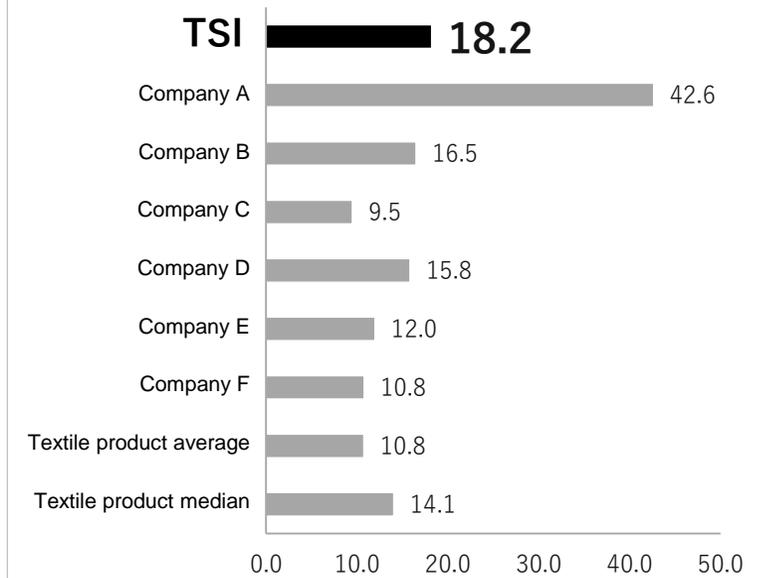
**PBR: Comparison with other companies in the industry**



**ROE: Comparison with other companies in the industry**



**PER: Comparison with other companies in the industry**



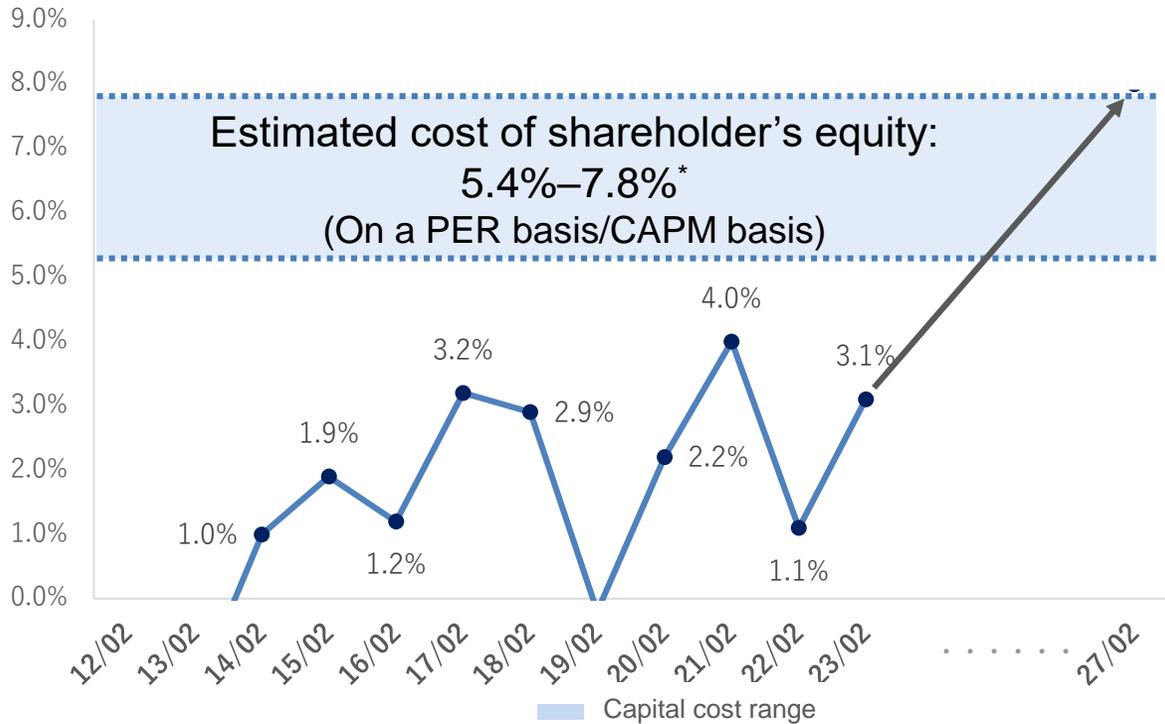
All figures for TSI are as of October 3, 2024.

# Understanding of the present condition (2) (Changes in and the current status of TSI's ROE and PBR)

Since ROE was low compared to the level of shareholder's equity cost TSI recognized, PBR has continued to be 1.0 or less. As indicated in the comparison on the previous page "Understanding of the present condition (1)," the average of ROE for the textile industry is 8%, and in terms of PBR, the average is nearly 1.0.

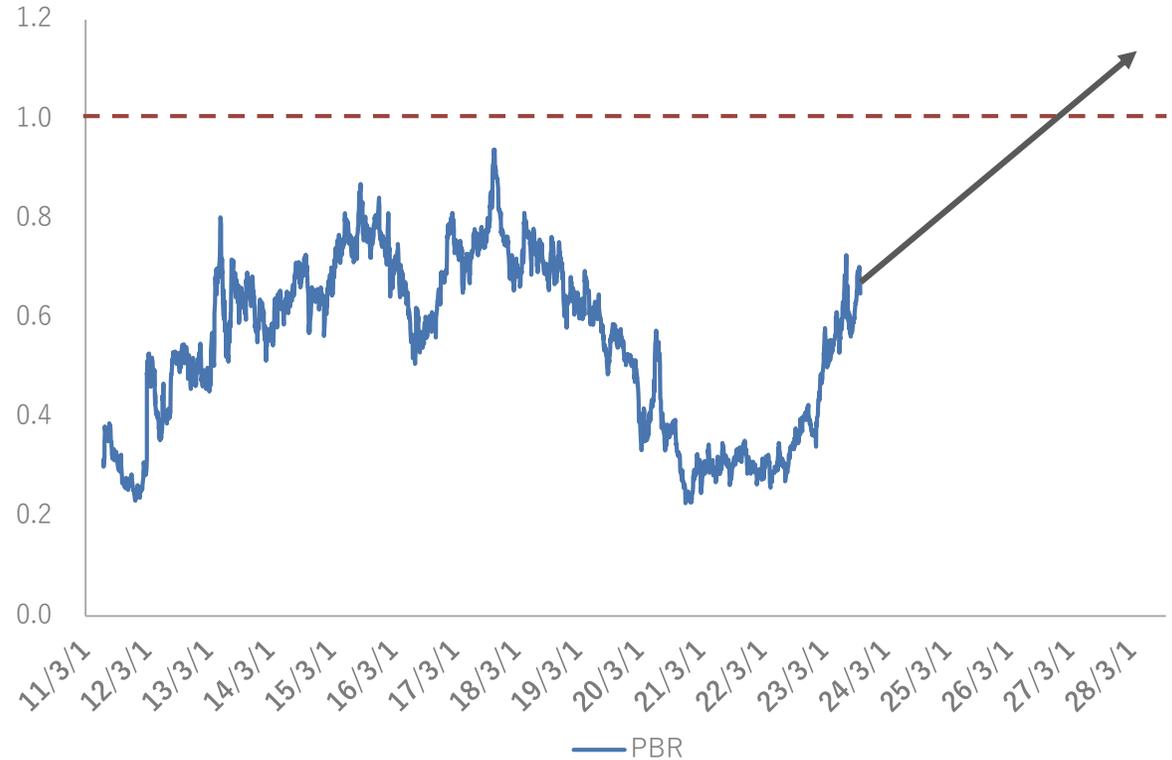
TSI will strive to increase PBR to 1.0 by reducing the cost of shareholder's equity to a lower level than the current one, achieving an ROE that exceeds the cost of shareholder's equity, and expanding equity spreads.

### Changes in TSI's ROE and the current capital cost (range)

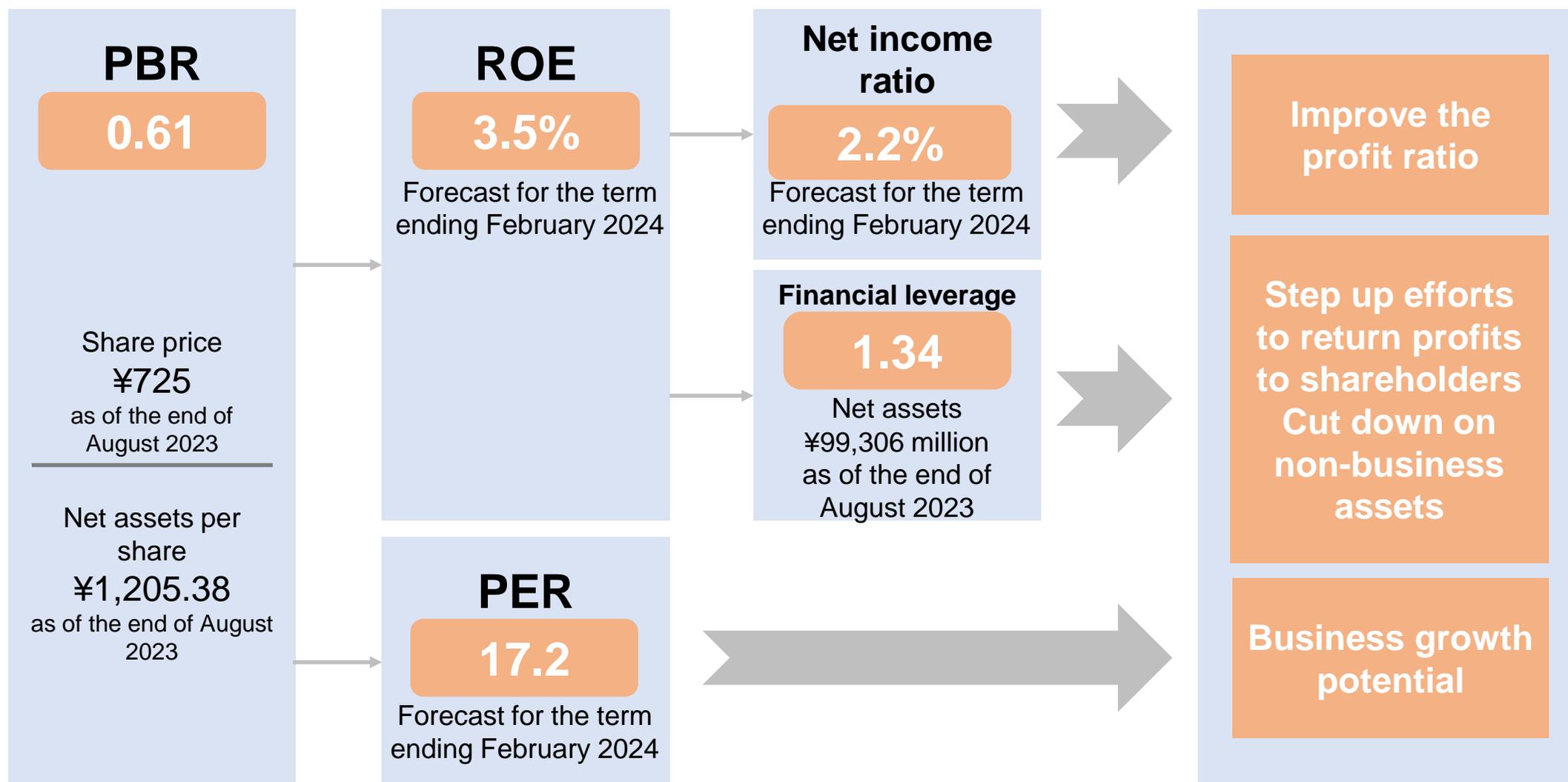


\* Calculated by financial institutions

### Changes in TSI's PBR



TSI aims at improving ROE by improving profitability, stepping up its efforts to return profits to shareholders, and cutting down on non-business assets to achieve greater asset efficiency.



Based on the foregoing, TSI has set targets of indicators.

The Company is considering measures to achieve targets set for these indicators from various aspects: business processes, financial capital, and non-financial information.

**It plans to disclose specific measures in April 2024.**

## Targets of indicators

**Operating income ratio: 5.0% or more**

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**ROE: 8.0% or more**

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**PBR: 1.0 or more**

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

# **A company creating fashion entertainment**

TSI HOLDINGS GROUP



8

Reference Data

NATURAL BEAUTY BASIC



Unit: Million Yen

**Overview****(Revenue recognition standards)**

	Q2ND 2023 Ending Feb.		Q2ND 2024 Ending Feb.			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	33,965	+100.0	33,905	+100.0	-60	99.8
Gross Profit	18,387	+54.1	18,278	+53.9	-108	99.4
SG&A Expenses	19,401	+57.1	19,582	+57.8	180	100.9
SG&A Expenses(excl. Goodwill Amortization)	18,432	+54.3	18,639	+55.0	207	101.1
Goodwill Amortization	119	+0.4	124	+0.4	4	103.6
Depreciation and Amortization	848	+2.5	818	+2.4	-30	96.4
Operating Income	-1,014	-3.0	-1,303	-3.8	-289	128.5
Ordinary Income	-319	-0.9	-816	-2.4	-497	255.4
Extraordinary Income	703	+2.1	319	+0.9	-383	45.4
Extraordinary Loss	84	+0.2	56	+0.2	-28	66.7
Profit Before Taxes	298	+0.9	-553	-1.6	-852	-185.3
Profit Attributable to Owners of Parent	186	+0.5	-516	-1.5	-702	-277.5
EBITDA ※	-45	-0.1	-360	-1.1	-315	791.3

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

## Overview

(Revenue recognition standards)

	1ST Half 2023 Ending Feb.		1ST Half 2024 Ending Feb.			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Unit:Million Yen	
					Y/Y Change	Y/Y (%)
Net Sales	72,087	100.0	73,278	100.0	1,190	101.7
Gross Profit	40,735	56.5	40,841	55.7	106	100.3
SG&A Expenses	40,146	55.7	40,308	55.0	162	100.4
SG&A Expenses(excl. Goodwill Amortization)	37,925	52.6	38,528	52.6	603	101.6
Goodwill Amortization	217	0.3	230	0.3	12	105.9
Depreciation and Amortization	2,003	2.8	1,549	2.1	-453	77.3
Operating Income	588	0.8	532	0.7	-56	90.4
Ordinary Income	1,892	2.6	1,608	2.2	-283	85.0
Extraordinary Income	873	1.2	511	0.7	-362	58.5
Extraordinary Loss	248	0.3	103	0.1	-144	41.7
Profit Before Taxes	2,517	3.5	2,016	2.8	-501	80.1
Profit Attributable to Owners of Parent	2,249	3.1	1,472	2.0	-777	65.4
EBITDA ※	2,810	3.9	2,312	3.2	-497	82.3

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

Unit: Million Yen

## Net Sales Per Channel

(Revenue recognition standards)

	1ST Half 2023 Ending Feb.		1ST Half 2024 Ending Feb.			
	Results (Million yen)	Composition Rate (%)	Results (Million yen)	Composition Rate (%)	Y/Y (%)	Composition Rate Y/Y Change(pt)
Department Stores	9,565	13.3	9,400	12.8	98.3	-0.4pt
Commercial Facilities(*1)	31,375	43.5	32,933	44.9	105.0	+1.4pt
In-house EC	8,731	12.1	7,845	10.7	89.8	-1.4pt
3rd Party	9,096	12.6	8,818	12.0	96.9	-0.6pt
EC(E-Commerce)	17,828	24.7	16,663	22.7	93.5	-2.0pt
Others(*2)	7,185	10.0	8,543	11.7	118.9	+1.7pt
Domestic	65,955	91.5	67,541	92.2	102.4	+0.7pt
EC(E-Commerce)	1,942	2.7	1,793	2.4	92.3	-0.2pt
Overseas	6,132	8.5	5,736	7.8	93.6	-0.7pt
EC(E-Commerce)	19,771	27.4	18,457	25.2	93.4	-2.2pt
<b>TOTAL</b>	<b>72,087</b>	<b>100.0</b>	<b>73,278</b>	<b>100.0</b>	<b>101.7</b>	<b>-</b>

\*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.

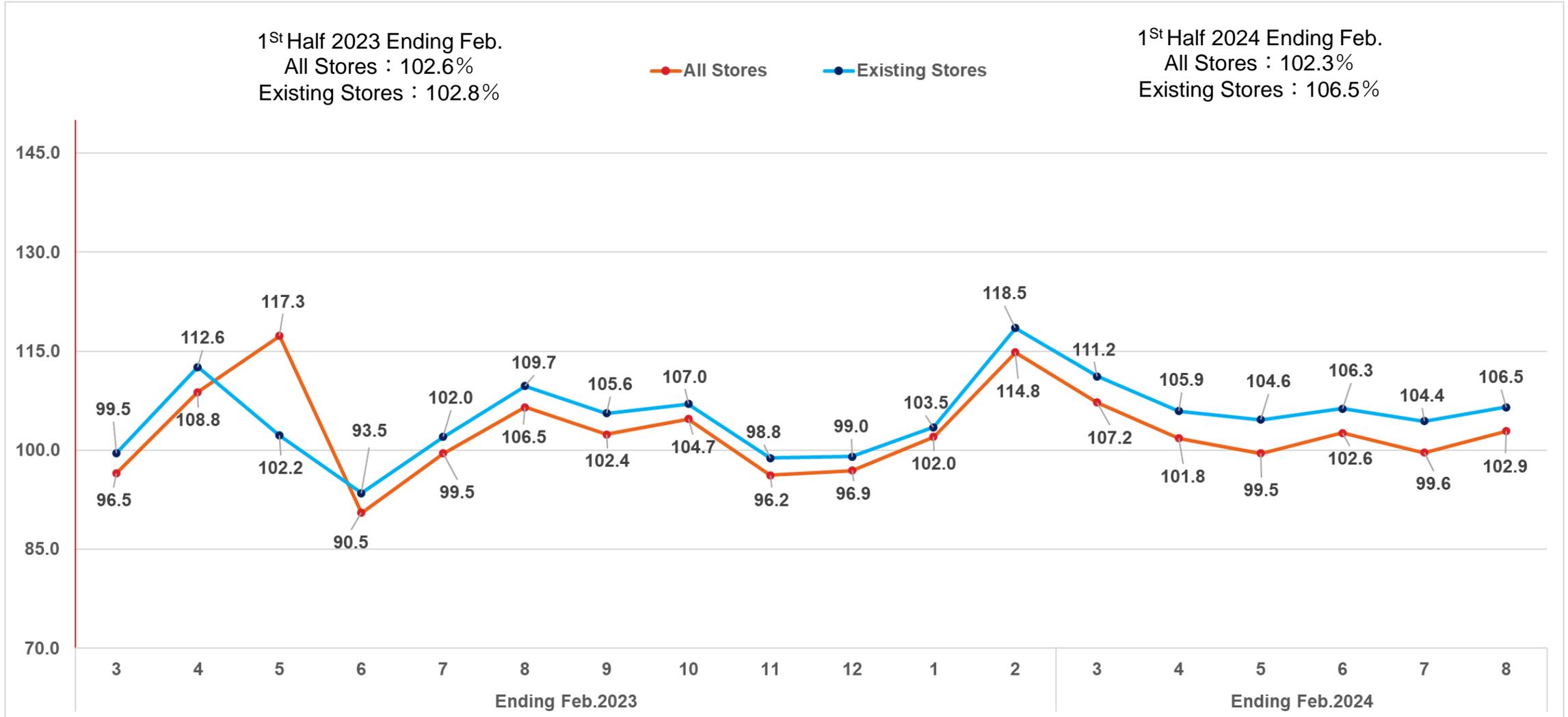
Unit:Million Yen

## Brands Overview

(Revenue recognition standards)

	1ST Half 2023 Ending Feb.			1ST Half 2024 Ending Feb.			YoY	
	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales (%)	Gross Profit Ratio (pt)
1. PEARLY GATES	8,369	11.6	63.3	7,941	10.8	58.4	94.9	-4.9pt
2. MARGARET HOWELL	5,978	8.3	65.3	6,705	9.2	66.0	112.2	+0.8pt
3. NANO universe	6,165	8.6	52.1	6,251	8.5	52.7	101.4	+0.7pt
4. NATURAL BEAUTY BASIC	5,377	7.5	63.0	5,594	7.6	64.1	104.0	+1.1pt
5. HUF	4,686	6.5	51.1	4,066	5.5	52.9	86.8	+1.9pt
6. AVIREX	2,805	3.9	65.3	3,321	4.5	58.3	118.4	-7.0pt
7. STUSSY	2,039	2.8	65.6	2,481	3.4	64.8	121.6	-0.8pt
8. new balance golf	2,196	3.0	51.7	2,429	3.3	48.2	110.6	-3.6pt
9. human woman	2,131	3.0	65.0	2,203	3.0	65.9	103.4	+0.9pt
10. Jack Bunny!!	1,630	2.3	47.1	1,647	2.2	47.0	101.0	-0.1pt
<b>TOP10</b>	<b>41,380</b>	<b>57.4</b>	<b>59.4</b>	<b>42,642</b>	<b>58.2</b>	<b>58.7</b>	<b>103.0</b>	<b>-0.8pt</b>
Other Brands	30,061	41.7	52.7	30,619	41.8	51.8	101.9	-0.9pt
Continuing Brands	71,442	99.1	56.6	73,262	100.0	55.8	102.5	-0.8pt
Closed Brands	645	0.9	49.5	16	0.0	89.9	2.5	+40.4pt
<b>TOTAL</b>	<b>72,087</b>	<b>100.0</b>	<b>56.5</b>	<b>73,278</b>	<b>100.0</b>	<b>55.8</b>	<b>101.7</b>	<b>-0.7pt</b>

# Domestic Monthly Sales Information



## The Number of Stores

		1ST Half 2023 Ending Feb.	FY Ending Feb. 2023	Store Open	Store Close	1ST Half 2024 Ending Feb.	Y/Y Change	Q2/Q4 Change
Apparel	Domestic	774	738	+32	-37	733	-41	-5
	Overseas	40	29	+1	-	30	-10	1
	<b>Total</b>	<b>814</b>	<b>767</b>	<b>+33</b>	<b>-37</b>	<b>763</b>	<b>-51</b>	<b>-4</b>
Restaurant	Domestic	8	8	-	-	8	0	0
Cosmetics	Domestic	36	36	+1	-2	35	-1	-1
<b>Total</b>		<b>858</b>	<b>811</b>	<b>+34</b>	<b>-39</b>	<b>806</b>	<b>-52</b>	<b>-5</b>



# TSI HOLDINGS GROUP

- Descriptions about future within this document are based on the information that the company obtains on the date of this report and certain assumptions deemed to be reasonable. Actual earnings may differ materially from various future factors.
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