



TSI HOLDINGS

Results Briefing: Q2ND(March to August 2020) Results of 2021 Ending Feb. 2020.10.5



I. Results Overview



Unit: Million Yen

	Cumulative Q2ND 2020 Ending Feb.		Cumulative Q2ND 2021 Ending Feb.					
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)	Against Plan (Change)	Against Plan(%)
Net Sales	81,847	100.0	56,270	100.0	-25,576	68.8	▲229	99.6
Gross Profit	43,908	53.6	24,169	43.0	-19,739	55.0	-	-
SG&A Expenses	44,072	53.8	34,639	61.6	-9,433	78.6	-	-
SG&A Expenses(excl. Goodwill Amortization, Depreciation and Amortization)	41,426	50.6	32,507	57.8	-8,919	78.5	-	-
Goodwill Amortization	581	0.7	389	0.7	-192	66.9	-	-
Depreciation and Amortization	2,065	2.5	1,742	3.1	-322	84.4	-	-
Operating Income	-164	-0.2	-10,469	-18.6	-10,305	-	3,031	-
Ordinary Income	769	0.9	-9,642	-17.1	-10,412	-	3,057	-
Extraordinary Income	1,894	2.3	418	0.7	-1,475	22.1	-	-
Extraordinary Loss	372	0.5	4,014	7.1	3,641	1076.2	-	-
Profit Before Taxes	2,290	2.8	-13,237	-23.5	-15,528	-	-	-
Profit Attributable to Owners of Parent	1,053	1.3	-14,434	-25.7	-15,487	-	1,766	-
EBITDA ※	2,482	3.0	-8,337	-14.8	-10,820	-	-	-

1. Consolidated Financial Highlights -Profit and Loss-

Net Sales: Sales of stores in prime locations were tough due to shortened business hours and refrain from going out, though all our stores have reopened since this June.
Sales of e-commerce ongoingly increased 118.1% year-on-year.

Gross Profit ratio: Deterioration of discount rate (▲6pt), loss on valuation of inventory(▲2pt), Increase in discounted products etc.(▲2.6pt)

SG&A Expenses: In addition to reduction of variable costs, we tried to reduce fixed costs.

Extraordinary loss: Impairment loss of JPY1.4billion, loss of JPY2.4billion due to the temporary suspension of operations.

2. Net Sales Per Channel

	Cumulative Q2ND 2020 Ending Feb.		Cumulative Q2ND 2021 Ending Feb.			
	Results (Million yen)	Composition Rate (%)	Results (Million yen)	Y/Y (%)	Composition Rate (%)	Composition Rate Y/Y Change
Department Stores	10,841	13.2	5,107	47.1	9.1	-4.1pt
Commercial Facilities(*1)	41,968	51.3	22,768	54.3	40.5	-10.8pt
In-house EC	5,175	6.3	8,989	173.7	16.0	+9.7pt
3rd party	11,265	13.8	10,434	92.6	18.5	+4.7pt
E-Commerce	16,441	20.1	19,424	118.1	34.5	+14.4pt
Overseas	3,527	4.3	2,752	78.0	4.9	+0.6pt
Others(*2)	9,068	11.1	6,218	68.6	11.1	-
TOTAL	81,847	100.0	56,270	68.8	100.0	-

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

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

Unit: Million Yen

	Cumulative Q2ND 2020 Ending Feb.			Cumulative Q2ND 2021 Ending Feb.			Y/Y	
	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales (%)	Gross Profit Ratio (pt)
1. nano · universe	12,130	14.8	45.1	8,004	14.2	36.1	66.0	-9.0
2. NATURAL BEAUTY BASIC	7,868	9.6	59.0	5,066	9.0	43.1	64.4	-15.9
3. PEARLY GATES	6,270	7.7	51.2	4,439	7.9	50.3	70.8	-0.9
4. MARGARET HOWELL	6,887	8.4	57.5	3,509	6.2	43.4	51.0	-14.1
5. AVIREX	3,764	4.6	61.4	2,359	4.2	55.4	62.7	-6.0
6. STUSSY	2,520	3.1	70.7	2,049	3.6	62.9	81.3	-7.8
7. UNDEFEATED	2,305	2.8	44.6	1,887	3.4	40.6	81.9	-4.0
8. ROSE BUD	3,108	3.8	49.5	1,839	3.3	34.5	59.2	-15.0
9. HUF	2,022	2.5	51.4	1,778	3.2	45.6	87.9	-5.8
10. PROPORTION BODY DRESSING	1,763	2.2	53.2	1,453	2.6	51.6	82.4	-1.6
TOP10	48,641	59.4	53.3	32,388	57.6	44.5	66.6	-8.8
Other Brands	32,873	40.2	54.6	23,861	42.4	40.9	72.6	-13.7
Continuing Brands	81,514	99.6	53.8	56,249	100.0	42.9	69.0	-10.9
Closed Brands	333	0.4	13.7	21	0.0	69.7	6.3	+55.9
TOTAL	81,847	100.0	53.6	56,270	100.0	43.0	68.8	-10.6

3. Brands Overview

II Medium-Term business strategy



Creating a fusion of digital and power of humanity, bringing management and field closer, we accomplish the speedy business operation suited to the the digital age.

We will build a digital-fashion company which creates originality by creativity and logic.

Lower of the break-even point

Accelerate the Speed in corporate management

Power up our Business creation

Change our mind,culture and work-style

1. The objection and strategy of business combination

01. DX of management and operations

- ✓ Digitalization of back-office
- ✓ Visualization of management index and KPI management



02. New strategy of merchandising and marketing

- ✓ Strategy of merchandising and purchasing plan
- ✓ Content strategy for promotion
- ✓ Core strategy for e-commerce with sales staff
- ✓ Brand strategy for New Normal

03. Digitalization of stores and earnings recovery

- ✓ Earnings recovery of existing stores/ Strategy which has stores in prime locations.
- ✓ Investigation for digitalization of stores
- ✓ Strategy for closing stores
- ✓ Reciprocal customer transfer between stores and e-commerce.

04. Transfer sales channel to e-commerce

- ✓ Investigation for fascinating User Interface
- ✓ Unified commerce
- ✓ Develop new customers without depending on stores

05. Global strategy and development of human resources

- ✓ Global strategy
- ✓ Bring up digital-native brands
- ✓ Conglomerate D2C businesses/Strategic M&A

Based on the basic policy that consolidates our domestic subsidiaries into one, We're formulating our Medium-Term Management Plan in accordance with three KPI as follows.

01 Creating new customer value by cutting-edge technology

Creation of new brand values

New service values

- ❑ Evolve our service by Unified commerce
- ❑ Merchandising for developing new customers
- ❑ New business and creation of brands in the digital age.

EC/Digital ratio
50%

02 Sincerely and pro-environmentally providing products to customers

Effort to Sustainable development

Highly Developed forecast for demand

- ❑ Business transformation to product only the quantity needed
- ❑ Sincere price and brands to our customers at any time and place

The full-price sales ratio
80%

03 Keep on progressing by investing in business and human resources

Reform SCM and productivity

Advanced manufacturing

- ❑ Improved productivity by DX
- ❑ Reinforcement of the earnings base not affected by the business environment
- ❑ Visualization of management
- ❑ SGA ratio of less than 50%

Operating margin of
5%

2. Medium-Term Reform programs

III Our plan for 2021 Ending February



Unit: Million Yen

	1st Half				2nd Half				Full Year			
	Results 2020 Ending Feb.	Results 2021 Ending Feb.	Composition Rait(%)	Y/Y (%)	Results 2020 Ending Feb.	Plan 2021 Ending Feb.	Composition Rait(%)	Y/Y (%)	Results 2020 Ending Feb.	Plan 2021 Ending Feb.	Composition Rait(%)	Y/Y (%)
Net Sales	81,847	56,270	100.0	68.7	88,220	75,930	100.0	86.1	170,068	132,200	100.0	77.7
Operating Income	-164	-10,469	-18.6	-	234	-7,330	-9.7	-	70	-17,800	-13.5	-
Ordinary Income	769	-9,642	-17.1	-	1,081	-7,058	-9.3	-	1,851	-16,700	-12.6	-
Profit Attributable to Owners of Parent	1,053	-14,434	-25.7	-	1,127	14,484	19.1	1285.2	2,181	50	0.0	2.3

1. Plan for 2021 Ending February

Net Sales: Plan based on the guideline to restrain our purchasing to 70% in principle.

Operating income: Plan JPY1.7billion in costs relating to structural reforms.

Extraordinary income: Plan JPY1.8billion in gains from sales of fixed assets in Shibuya etc.

Extraordinary loss: Plan JPY1.7billion in costs relating to early retirement, impairment loss etc.

Get rid of all negative factors regarding reduction of fixed costs and disposal of underperforming businesses by the end of this term.

2.Implementation of measures for the Current Term(1)

Reduce employment cost

Implementation of downsizing 300 employees

▲3billion yen*

※Estimated cost reduction involving closing stores and withdrawing from unprofitable businesses

Close stores

Close 210 * unprofitable stores

▲2billion yen

Domestic 178 stores, Overseas 32 stores FY 2021
 ※Besides the above-mentioned stores, we consider whether to reduce more stores.

Withdraw from unprofitable businesses

Close 3 subsidiaries and 3 brands

▲4billion yen

1st half ...“TSI ASIA LIMITED” “Natural Beauty”“FACT”
 2nd half...“UNIT&GUEST”“Laline Hawaii Corporation” “Herschel Supply”
 ※ Besides the above-mentioned stores, we consider whether to reduce more stores.

Make office size smaller

Make office size smaller

Start the project to consolidate 24 offices into one

Careful Selection of investment for reinforcement of the earnings base

3.Implementation of measures for the Current Term(2)

Integration of e-commerce functions and human resources

Integrate e-commerce organization and functions in our domestic subsidiaries (About 180 people)

Integrate digital team in order to share their knowledge, sophisticate their operations and optimize investment on September 1st

D2C businesses

Start the D2C platform

Acquired business of the “ETRE TOKYO”, we will establish the D2C platform.

Development of new businesses

Start 5 Brands

“CADUNE” “ELE STOLYOF” “quitan”
 “PING” “FLOML”

Restart overseas businesses

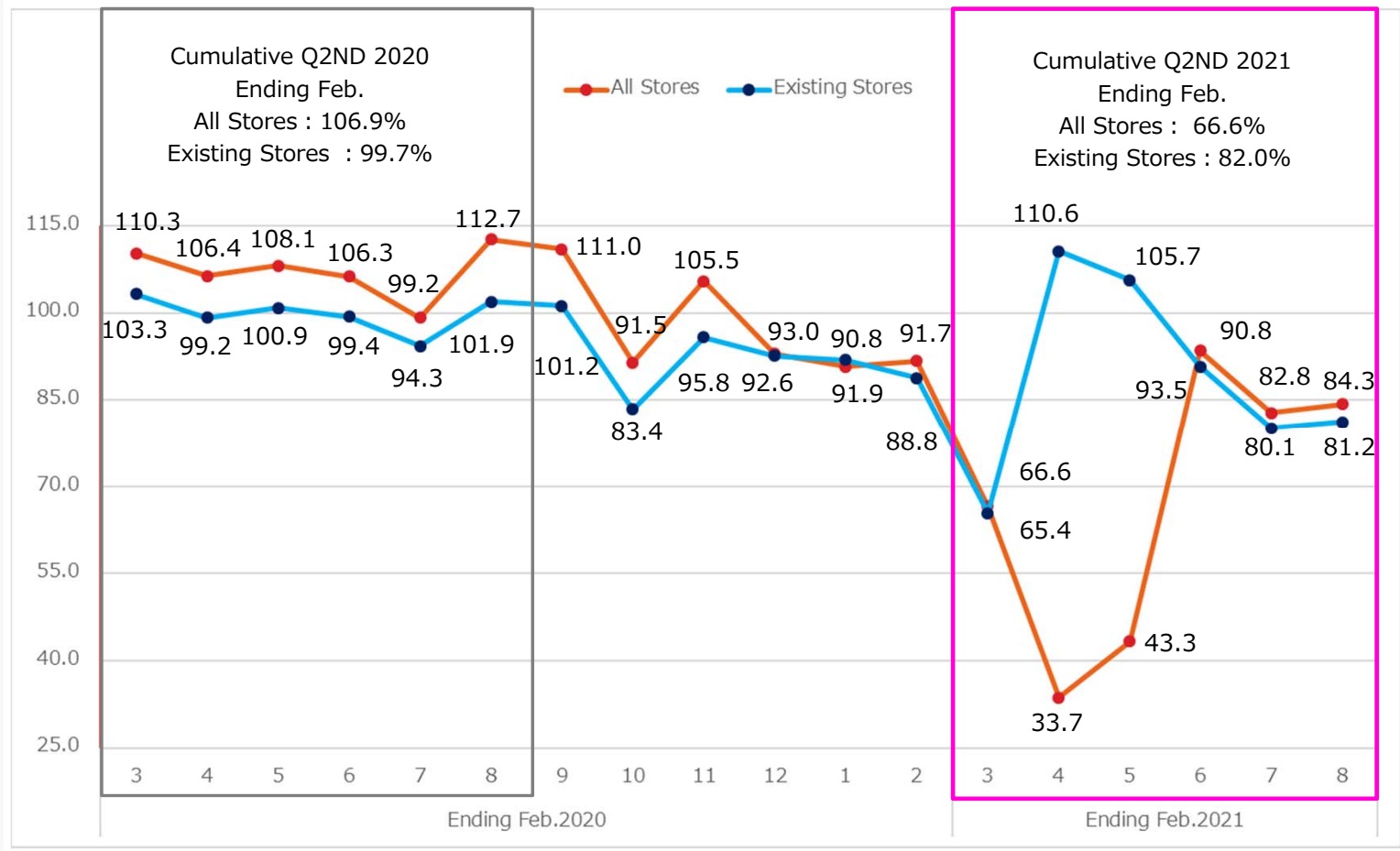
Digitalization of US Business

Innovation of e-commerce and marketing business in HUF with the team of Tactics ,which acquired recently.

IV Reference Data



Domestic Monthly Sales Information





Store Distribution

		Q2ND 2020 Ending Feb. ※1	FY Ending Feb. 2020	Store Open	Store Close※2	Q2ND 2021 Ending Feb.
Domestic	# of Stores	1,011	998	+55	-70	983
	Change	-10	-23			-15
Overseas	# of Stores	79	76	+6	-18	64
	Change	-64	-67			-12
Total	# of Stores	1,090	1,074	+61	-88	1,047
	Change	-74	-90			-27

*1 Number indicated on "Change" rows are comparison with the end of 2019 Ending February.

Disclaimer

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.