

Medium-Term Management Plan

2020 to 2022 Ending February

TSI HOLDINGS

AGENDA

- 01 Medium-term management vision
- 02 Medium-term key measures
- 03 Medium-term business plan



Medium-term management vision

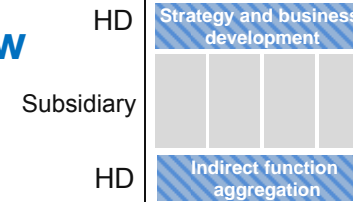
The Brand Builder

Strategic Direction

We will change the core of our business and our Group structure to ensure the medium- to long-term growth.

Group Structure Review

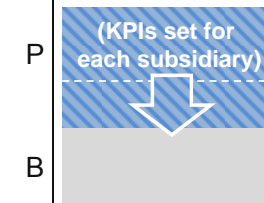
"Indirect cost reduction"



- ✓ Restructure **common platform functions**
- ✓ Improve efficiency and optimization of Group organizational system

Enhancing the Full-price Sales Business

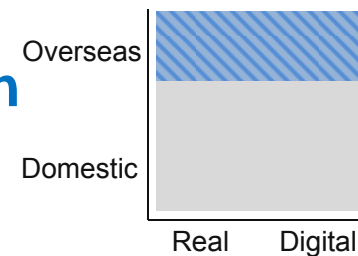
"Improve the full-price sales ratio"



- ✓ Shift to **full-price sales** model
- ✓ **Enhance premium nature** of brands
- ✓ Turn own-brand customers into **loyal customers**

Multinationalization

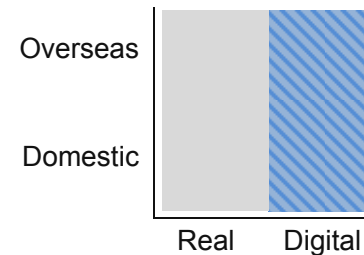
"Improve the global business ratio"



- ✓ **Expand the number of countries** with global brands
- ✓ **Expand** existing brands globally
- ✓ Develop new M&A/Brand

Digitalization

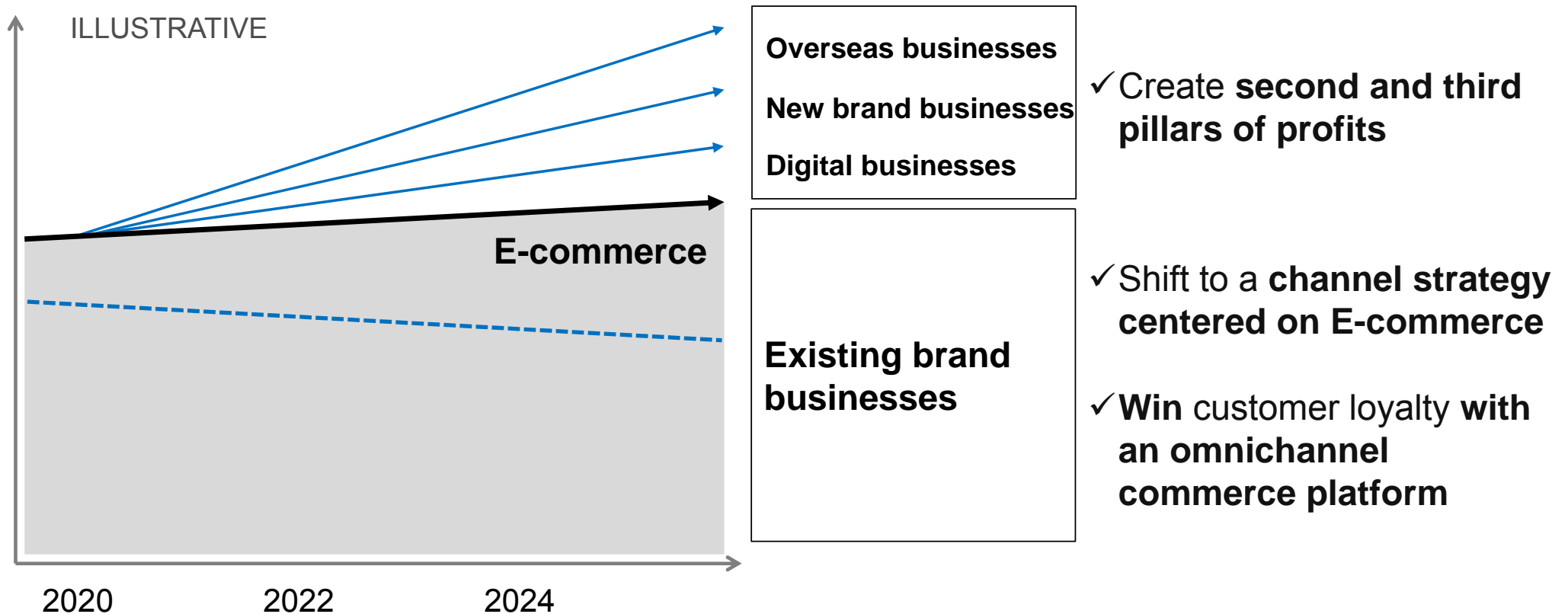
"Improve the digital business ratio"



- ✓ Expand brand E-Commerce /Omnichannel
- ✓ Develop **E-Commerce native brands**
- ✓ Develop **new service models** utilizing I.T.

Target Business Portfolio

We set global/Digital (including EC)/New brand business as key investment area.
Achieve a level of profitability that matches the existing businesses and portfolio in the medium- to long-term

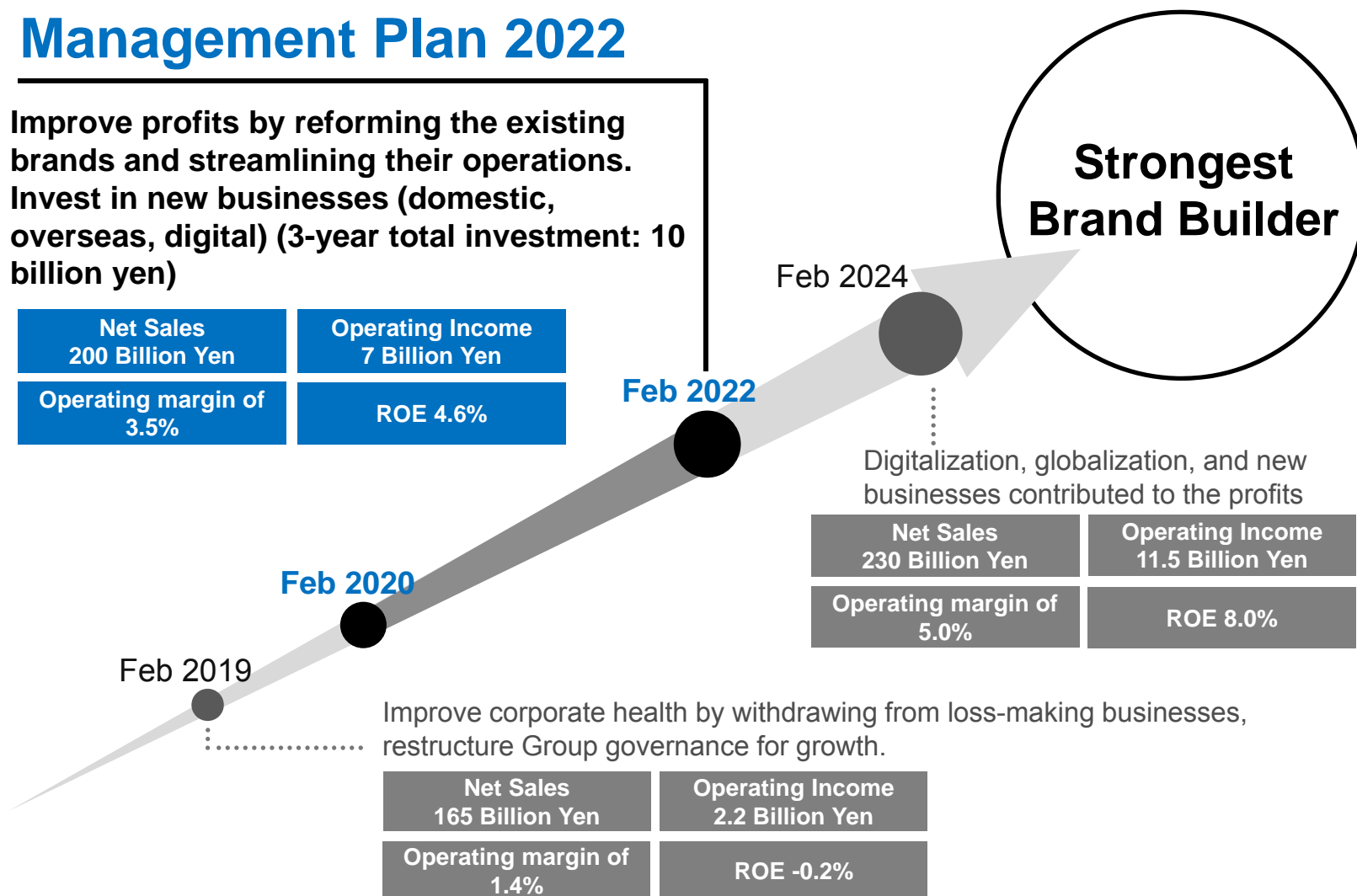


Medium-Term Management Goals

Medium-Term Management Plan 2022

Improve profits by reforming the existing brands and streamlining their operations. Invest in new businesses (domestic, overseas, digital) (3-year total investment: 10 billion yen)

Net Sales 200 Billion Yen	Operating Income 7 Billion Yen
Operating margin of 3.5%	ROE 4.6%



AGENDA

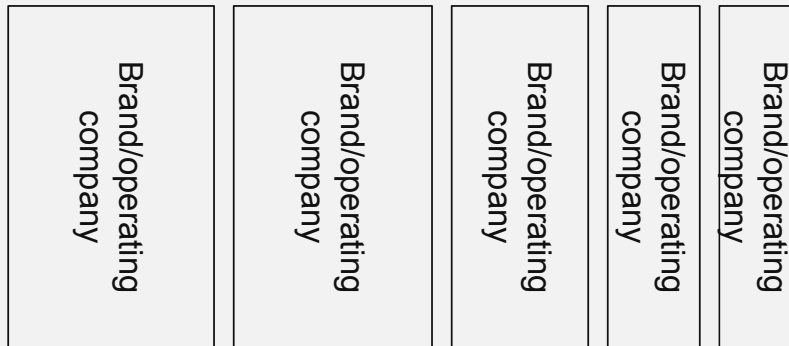
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Medium-Term Focus Area_1

Group Structure Review



■ Purpose


- Develop a structure that takes advantage of the Group's scale while focusing on the brand uniqueness
- Review the high indirect cost structure and streamline the Group as a whole

■ Approach

1. Build **shared platform functions across subsidiaries companies** to realize economies of scale
2. Streamline holdings and functional subsidiaries
3. Optimize Group structure, including integration among Group companies

Medium-Term Focus Area_2

Enhancing Full-price Sales Business

	TSI BRANDS
Luxury	<div>  </div>
Contemporary	<div> <div> <div>ADORE</div> <div>MARGARET HOWELL</div> </div> <div> <div>PEARLY GATES</div> </div> </div>
Upper middle	<div> <div> <div>PINKY&DIANNE</div> <div>NATURAL BEAUTY</div> <div>Mystrada</div> <div>HUMANWOMAN</div> </div> <div> <div>BOSCH</div> <div>JILLSTUART</div> <div>Apuweiser-riche</div> <div>JILL by JILLSTUART</div> <div>PROPORTION BODY DRESSING</div> <div>NATURAL BEAUTY BASIC</div> </div> <div> <div>MHL.</div> <div>TORNADO MARK</div> <div>UNDEFEATED</div> <div>ROSE BUD</div> <div>nano universe</div> </div> <div> <div>B2nd</div> <div>Schott</div> <div>Stussy</div> <div>21</div> </div> </div>
Middle	
Mass volume	

Promoting the creation of loyal customers

Aim to compete or become premium with brand uniqueness

Purpose

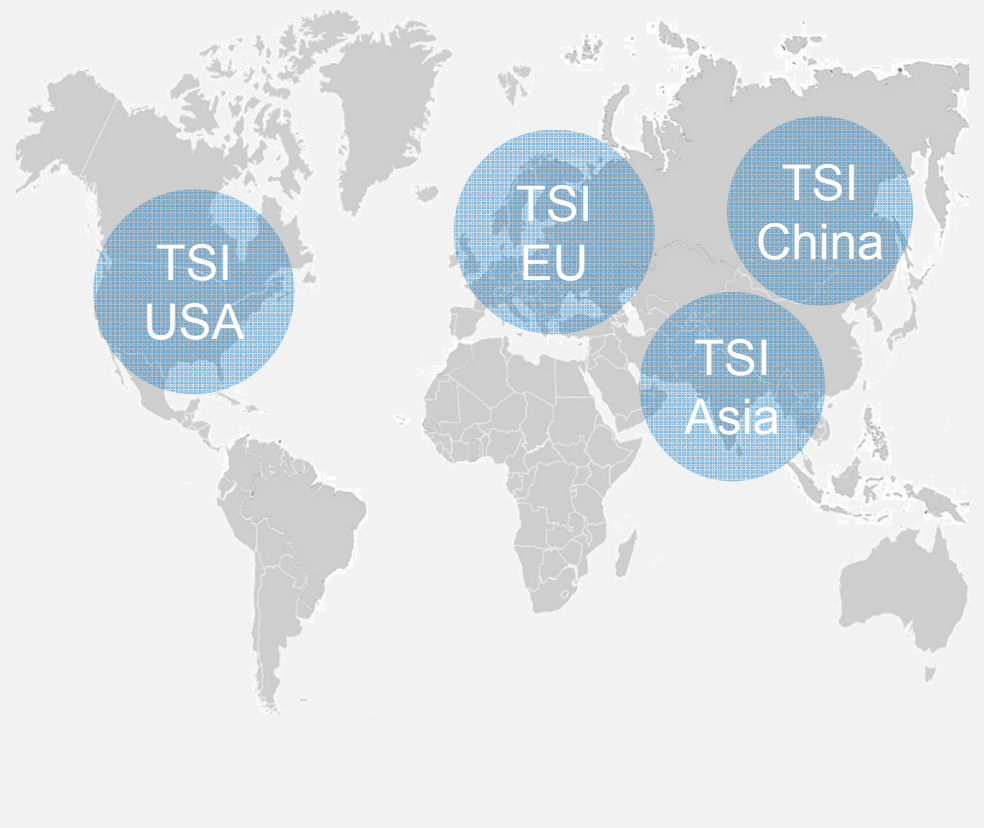
- Develop a Brand Group (1) that is highly unique, (2) that does not compete on price, (3) that is digital-friendly, and (4) that increases loyal customers
- Stop over-production and reduce waste.

Approach

1. **Improve full-price sales ratio** → Build branding and business models that are not reliant on discounts
2. **Promote omnichannel** → Increase the number of customers who buy both in-store and via E-Commerce (creating own-brand customers/own-brand E-Commerce shift)

Medium-Term Focus Area_3

Multinationalization



■ Purpose

- **Establish business models that earn foreign currency** by targeting foreign customers and overseas markets

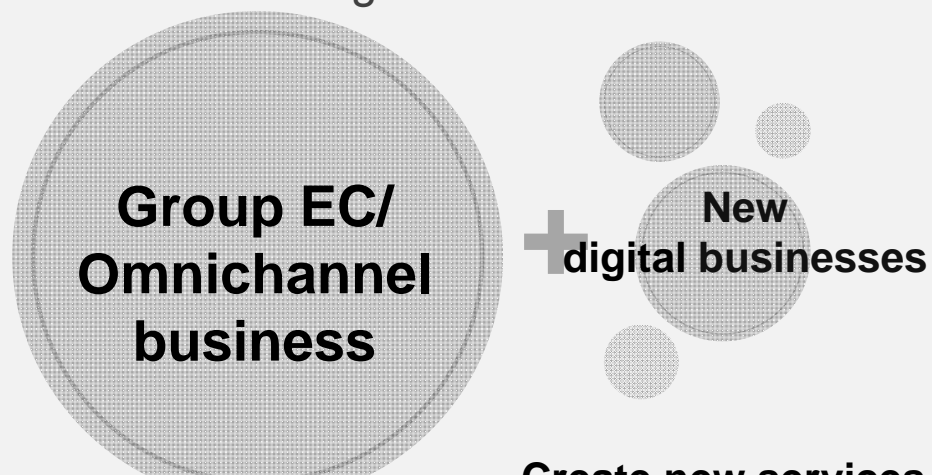
■ Approach

1. Expand our global brands in new countries.
(MARGARET HOWELL/HUF/AVIREX/PEARLY GATES, etc.)
2. Accelerate business development in China (Apuweiser-riche/HUF/AVIREX, etc.)
3. New overseas expansion, new M&A
4. Strengthen management and support systems

Medium-Term Focus Area_4

Digitalization

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Digital business



■ EC ratio:

20.7%

25.6%

FY Feb. 2019

FY Feb. 2022

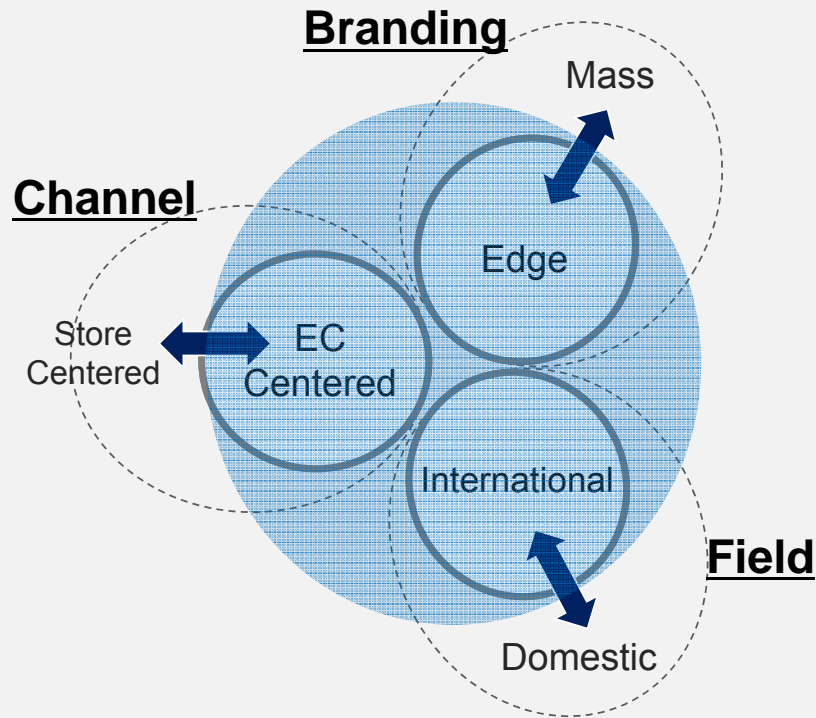
■ Purpose

- **Expand** the omnichannel/E-Commerce business
- Create high-profit digital businesses that are set apart from the existing businesses

■ Approach

1. Continue investing for digital technology
(Including E-Commerce platform)
1. Start digital native brands by the group or through M&A
2. Globalize E-commerce platform and expand it to other companies

New Businesses/ Brand Creation



■ Purpose

- **Increase Brands** (1) that are highly unique, (2) that do not compete on price, (3) that are digital-friendly, and (4) that increase loyal customers
- Build a mechanism to keep changing businesses and brands according to a fixed ratio

■ Approach

1. Effective approaches made by the Group or through M&A
2. Various proposers including an individual, an operating company and HD
3. Launch of a new business creation program (support system) to enable business planning

Medium-Term Focus Area_6

CSR

■ Purpose

1. Realize a sustainable society
2. Improve corporate value continuously

■ Approach

1. Elimination of product disposal losses
2. Enhance diversity (regardless of gender and nationality)
3. Improve the corporate governance
4. Others (employment of people with disabilities, community involvement, etc.)

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Medium-term business plan

		FY Ending Feb. 2019(Results) (Million Yen)	Compositon Rate (%)	FY Ending Feb. 2020(Plan) (Million Yen)	Compositon Rate (%)	FY Ending Feb. 2022(Plan) (Million Yen)	Compositon Rate (%)	FY Ending Feb. 2024(Target) (Million Yen)	Compositon Rate (%)
Net Sales	Existing businesses	165,009	–	178,000	–	184,000	–	185,650	–
	New businesses	–	–	–	–	16,000	–	44,350	–
	Total	165,009	100.0	178,000	100.0	200,000	100.0	230,000	100.0
Gross Profit	Existing businesses	87,093	–	97,570	–	102,500	–	104,580	–
	New businesses	–	–	–	–	9,300	–	25,120	–
	Total	87,093	52.8	97,570	54.8	111,800	55.9	129,700	56.4
Operating Income	Existing businesses	2,290	–	3,400	–	6,140	–	7,120	–
	New businesses	–	–	–	–	860	–	4,380	–
	Total	2,290	1.4	3,400	1.9	7,000	3.5	11,500	5.0