



# TSI HOLDINGS

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



# I. Results Overview

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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	-	-	-

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.

# 1. Consolidated Financial Highlights -Profit and Loss-

## 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	-
<b>TOTAL</b>	<b>81,847</b>	<b>100.0</b>	<b>56,270</b>	<b>68.8</b>	<b>100.0</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

	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

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

Medium-term management plan is presently developed by setting the following three KPIs under the basic policy of integrating domestic business subsidiaries into one company.

## 01 Creating new customer value by cutting-edge technology

Creation of  
new brand  
values

New value  
that our  
service  
provides

- ❑ 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

- ❑ Conversion to the business structure that manufactures only necessary amount
- ❑ 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 of  
SCM/  
productivity

Advanced  
manufacturing

- ❑ Improvement of productivity by DX
- ❑ Reinforcement of the earnings base without being influenced by the environment
- ❑ Visualization of management
- ❑ An early realization of SGA ratio of less than 50%

Operating  
margin of  
**5%**

# 2. Medium-Term Reform programs



### III Our plan for 2021 Ending February

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# 1. Plan for 2021 Ending February

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

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

Operating income: Approximately 2 billion yen is planned as structural reform cost.

Extraordinary income: Approximately 1.8 billion yen is planned as sale of the land and building in Shibuya ward.

Extraordinary loss: Approximately 1.7 billion yen is planned as impairment of the company due to voluntary retirement.

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

Reduction of personnel expenses

**Implementation of downsizing 300 employees**

**▲3billion yen※**

※Estimated cost reduction involving withdrawal of stores and withdrawal of business

Withdrawal of stores

**Withdrawal of 210 unprofitable stores ※**

**▲2billion yen**

Domestic 178 stores, Overseas 32 stores FY 2021

※ In addition to the above, withdrawal of several shops are under consideration.

Withdrawal of business

**Withdrawal of 3 subsidiaries and 3 brands**

**▲4billion yen**

1<sup>st</sup> half ...“TSI ASIA LIMITED”, “Natural Beauty” and “FACT”

2<sup>nd</sup> half ...“UNIT&GUEST”, “Laline Hawaii Corporation” and “Herschel Supply”

※ In addition to the above, withdrawal of several businesses are under consideration.

Reduction of office space

**Reduction of office space**

Start the project for 24 offices of subsidiaries.

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

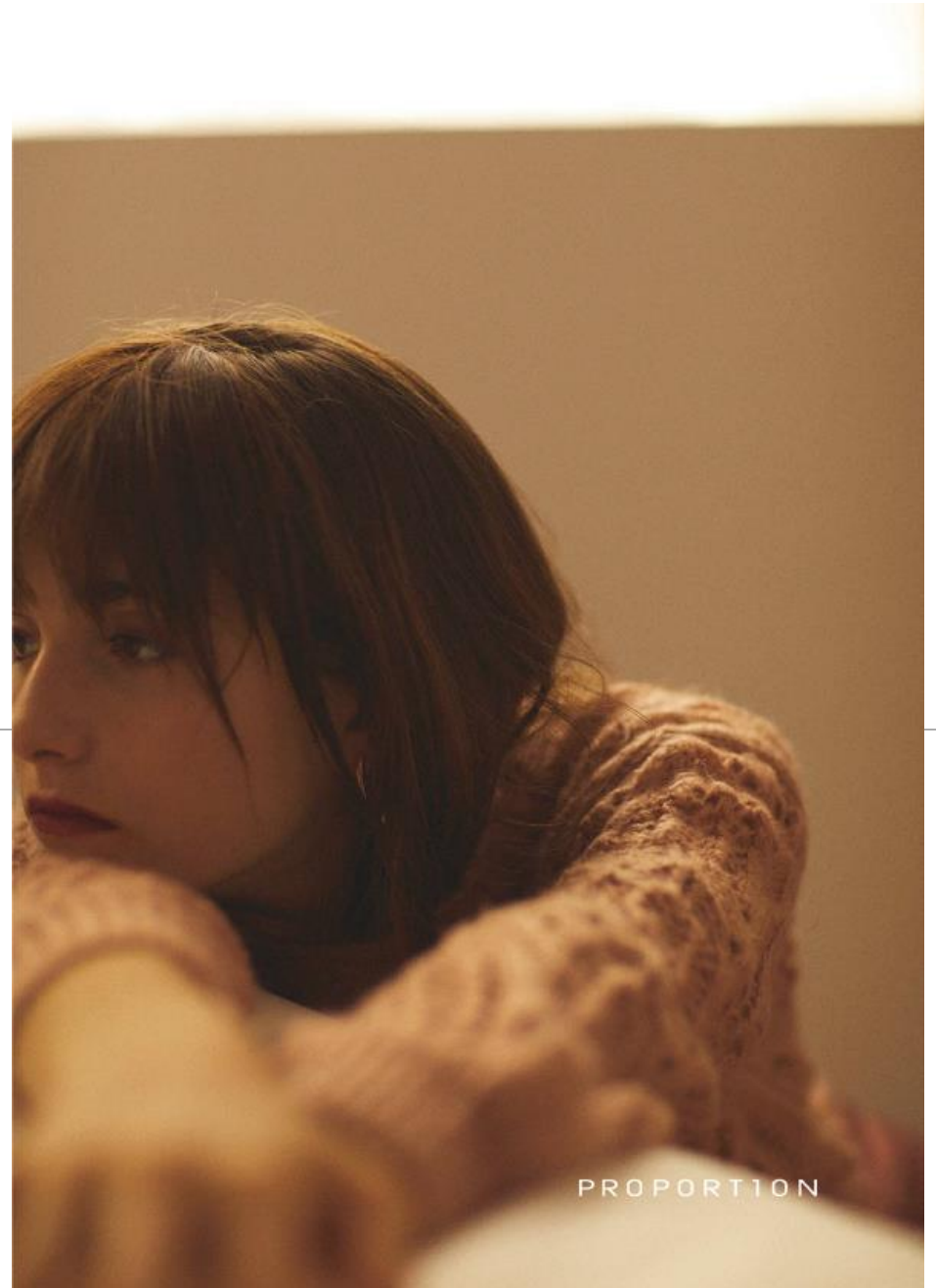
### 3.Implementation of measures for the Current Term(2)

## Careful Selection of investment for reinforcement of the earnings base

Integration of e-commerce functions and human resources	<p><b><u>Integrate e-commerce organization and functions in our domestic subsidiaries (About 180 people)</u></b></p> <p>Integrate digital team in order to share their knowledge, sophisticate their operations and optimize investment on September 1st</p>
D2C businesses	<p><b><u>Start the D2C platform</u></b></p> <p>Acquired business of the “ETRÉ TOKYO”, we will establish the D2C platform.</p>
Development of new businesses	<p><b><u>Start 5 Brands</u></b></p> <p>“CADUNE”    “ELE STOLYOF”    “quitan”  “PING”        “FLOML”</p>
Restart overseas businesses	<p><b><u>Digitalization of US Business</u></b></p> <p>Innovation of e-commerce and marketing business in HUF with the team of Tactics ,which we acquired recently.</p>

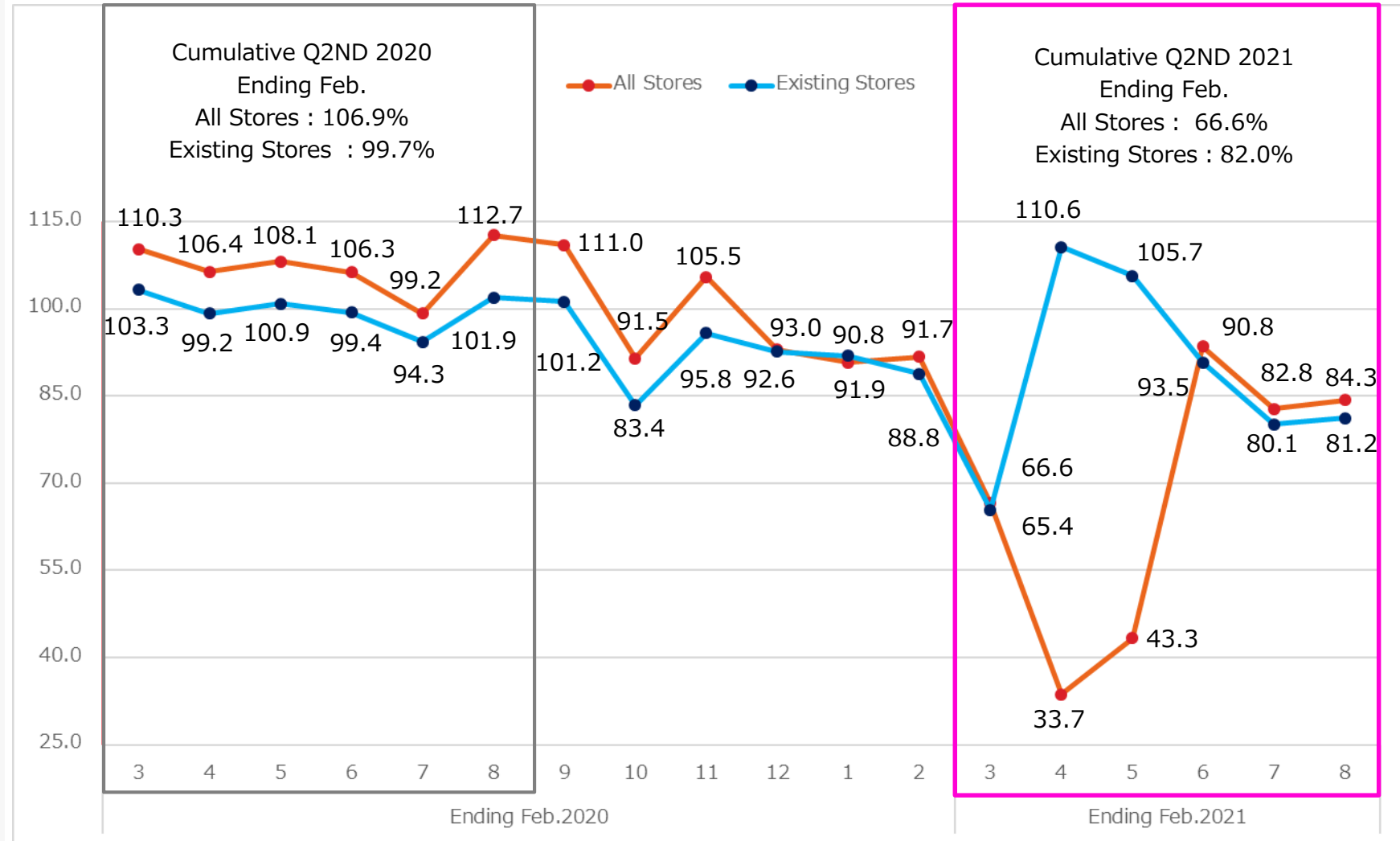
## IV Reference Data

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PROPORTION

# 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.