



Announcement of Financial Results for the 1st Quarter
of the Fiscal Year Ending February 28, 2014 (FY2013)

July 18, 2013

I. Summary of Financial Results for the 1st Quarter of the Fiscal Year Ending February 28, 2014 (FY2013)

*The amount given in this material is rounded to the nearest million yen.

1. Consolidated Financial Highlights – Profit and Loss

Net Sales:45,737 million yen (Y/Y 96.2%), Ordinary Income 1,625 million yen (Y/Y 181.8%)

(Unit: Million yen)

	1st Quarter, FY2012		1st Quarter, FY2013			
	Results	% of Total	Results	% of Total	Y/Y Change	Y/Y
Net Sales	47,529	100.0%	45,737	100.0%	▲1,791	96.2%
Gross Sales	25,926	54.5%	25,030	54.7%	▲895	96.5%
SG&A Expenses	24,477	51.5%	24,165	52.8%	▲311	98.7%
Operating Income	1,449	3.0%	865	1.9%	▲584	59.7%
Ordinary Income	893	1.9%	1,625	3.6%	+731	181.8%
Income Before Income Taxes (Qtr)	530	1.1%	1,426	3.1%	+896	269.1%
Net Income (Qtr)	▲3	▲0.0%	509	1.1%	+513	—

- Extraordinary Income : Accrued 440 million yen in profit on sales of investment securities.
- Extraordinary losses : Accrued in loss on retirement of fixed assets 311 million yen, 358 million yen loss on valuation of investment securities

Alone: Higher earnings on lower revenues due to the withdrawal of unprofitable businesses
 Subsidiaries: Sales and ordinary profits up

(Unit: Million yen)

	1st Quarter, FY2012				1st Quarter, FY2013						
	Alone	Subsidiaries	Elimination/ others	Total	Alone	Y/Y	Subsidiaries	Y/Y	Elimination /others	Total	Y/Y
Net Sales	6,653	16,262	▲2,388	20,528	5,094	76.6%	17,088	105.1%	▲1,818	20,365	99.2%
Gross Profit	2,679	8,115	▲175	10,620	1,918	71.6%	8,622	106.2%	4	10,545	99.3%
Gross Profit Rate	40.3%	49.9%		51.7%	37.7%	▲2.6pt	50.5%	+0.6pt		51.8%	+0.0pt
SG&A Expenses	4,171	6,323	103	10,598	3,008	72.1%	7,168	113.4%	352	10,529	99.3%
SGA Rate	62.7%	38.9%		51.6%	59.0%	▲3.6pt	42.0%	+3.1pt		51.7%	+0.1pt
Operating Income	▲1,492	1,791	▲278	21	▲1,089	—	1,453	81.1%	▲348	15	72.7%
Ordinary Income	▲1,781	1,560	▲388	▲608	▲792	—	1,838	117.8%	▲408	637	—
Income Before Income Taxes (Qtr)	▲2,070	1,492	▲378	▲956	▲1,070	—	2,066	138.4%	▲630	365	—
Net Income (Qtr)	▲2,045	885	▲483	▲1,643	▲529	—	1,340	151.4%	▲805	5	—

- Alone : Sales at existing stores were 98.2% quarter-on-quarter, remaining roughly the same as last year
 → Revenue has declined due to the withdrawal of unprofitable stores; however, operating losses have been reduced
- Subsidiaries : Sales were 105.1% quarter-on-quarter, and ordinary profit increased by 227 million yen quarter on quarter

Some subsidiaries saw lower earnings on lower revenues due to non-consolidation

(Unit: Million yen)

	1st Quarter, FY2012			1st Quarter, FY2013					
	Alone/Others	KSJ*	Total	Alone/Others	Y/Y	KSJ	Total	Y/Y Change	Y/Y
Net Sales	25,484	1,542	27,027	25,353	99.5%	—	25,353	▲1,673	93.8%
Gross Profit	14,267	1,043	15,310	14,442	101.2%	—	14,442	▲868	94.3%
Gross Profit Rate	56.0%	67.6%	56.6%	57.0%	+1.0pt	—	57.0%		+0.3pt
SG&A Expenses	13,029	774	13,803	13,437	103.1%	—	13,437	▲366	97.3%
SGA Rate	51.1%	50.2%	51.1%	53.0%	+1.9pt	—	53.0%		+1.9pt
Operating Income	1,237	269	1,506	1,004	81.2%	—	1,004	▲502	66.7%
Ordinary Income	1,347	256	1,603	1,193	88.6%	—	1,193	▲410	74.4%
Income Before Income Taxes (Qtr)	1,332	256	1,588	1,345	101.0%	—	1,345	▲242	84.7%
Net Income (Qtr)	1,548	147	1,696	811	52.4%	—	811	▲884	47.8%

* As KSJ (Kate Spade Japan) has not been subject to consolidation since November 2012, notation without its effects will be added

- **Net Sales** : Domestic directly-managed existing stores were slightly down, from 98.0% month-on-month → 99.5% month-on-month
- **Gross Profit Rate** : Brands with high gross profit margins are doing well and climbing
- **Operating Income** : Earnings are down for new businesses due to increased selling and administration costs, etc.

Earnings increased for the top 6 brands

(Unit: Million yen)

Bland Name		1st Quarter, FY2012	1st Quarter, FY2013	% of Total	Y/Y
1 NATURAL BEAUTY BASIC	●	4,432	4,772	10.4%	107.7%
2 nano·universe	●	4,084	4,618	10.1%	113.1%
3 MARGARET HOWELL	●	2,175	2,596	5.7%	119.4%
4 ROSE BUD	●	2,263	2,410	5.3%	106.5%
5 Apuweiser-riche	●	1,645	2,031	4.4%	123.4%
6 PEARLY GATES	●	1,474	1,817	4.0%	123.3%
7 HUMAN WOMAN	●	1,560	1,495	3.3%	95.8%
8 PROPORTION BODY DRESSING	●	1,364	1,350	3.0%	98.9%
9 & by P&D	●	1,480	1,336	2.9%	90.3%
10 FREE'S SHOP	●	1,638	1,266	2.8%	77.3%
Others		25,409	22,041	48.2%	86.7%
合計		47,529	45,737	100.0%	96.2%

*The net sales of ROSE BUD is the consolidated net sales of ROSE BUD CO., Ltd. and Elephant Co., Ltd.

* Previously, Sanei International Group's outlet sales were reported as a lump sum in Other; however, from this quarter, they will be recorded in the sales of each brand for the current and previous year

● TOKYO STYLE Group

● SANEI-INTERNATIONAL Group

II Progress of the TSI Group Mid-term Management Plan FY2013 to 2015

Achieve renewed growth by implementing a structural reform without sanctuary

Medium-term Management Plan themes	Central policies	Specific measures
<p>(1) Reforming cost structure → Entering a total completion stage</p>	<p>Achieve increased profitability for our existing businesses and pursue streamlined management leveraging our group advantages</p>	<ul style="list-style-type: none"> • Improvement of gross margin ratio through merchandising and production reform • Promotion of scrapping of unprofitable stores and brands
<p>(2) Improving profitability → Seek to achieve an optimal revenue generation structure</p>	<p>Pursue an earnings-centric business policy towards achieving 5,000 million yen in operating income</p>	<ul style="list-style-type: none"> • New Business Development • Expansion of e-commerce channels • Expansion of overseas channels • Effective use of assets
<p>(3) Strengthening group management capabilities</p>	<p>Create synergistic effects through our group realignment program</p>	<ul style="list-style-type: none"> • Construction of Group organizational structure • Integration of production subsidiary

III Reference Data

Net Sales per Sales Channel

(Unit: Million yen)

Sales Channel	1st Quarter, FY2013						
	TOKYO STYLE GROUP		SANEI INTERNATIONAL GROUP		TSI (Non-consolidated) Eliminations	Consolidates	
	Results	% of Total	Results	% of Total		Results	% of Total
Department store	6,923	34.0%	7,303	28.8%	—	14,226	31.1%
Commercial facilities *1	7,017	34.5%	14,140	55.8%	—	21,158	46.3%
EC	2,277	11.2%	1,182	4.7%	—	3,459	7.6%
Overseas	1,692	8.3%	1,042	4.1%	—	2,735	6.0%
Others *2	2,454	12.1%	1,684	6.6%	18	4,157	9.1%
Total	20,365	100.0%	25,353	100.0%	18	45,737	100.0%

*1 Commercial facilities: Fashion buildings, railroad station buildings, individual stores, outlet shops, etc., except for department stores

*2 Others: Apparel business, such as wholesale and in-company sales and the non-apparel business of group companies

□ The performance outlook for TSI Holdings indicated in this material is based on the assessments/assumptions from the information available as of this material's date. Actual performance may differ depending on various factors.