



Announcement of Financial Results for the 2nd Quarter  
of the Fiscal Year Ending February 28, 2014 (FY2013)

**2013.10.17**

# I Summary of Financial Results for the 2nd 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

(Unit: Million yen)

	2nd Quarter, FY2012		2nd Quarter, FY2013				
	Results	% of Total	Plan	Results	% of Total	Y/Y Change	Y/Y
Net Sales	90,534	100.0%	86,500	87,660	100.0%	▲2,873	96.8%
Gross Sales	46,298	51.1%	—	44,974	51.3%	▲1,324	97.1%
SG&A Expenses	47,374	52.3%	—	46,379	52.9%	▲995	97.9%
Operating Income	▲1,076	▲1.2%	▲1,500	▲1,404	▲1.6%	▲328	—
Ordinary Income	▲1,123	▲1.2%	▲1,200	53	0.1%	+1,176	—
Income Before Income Taxes (Qtr)	▲1,766	▲2.0%	—	▲259	▲0.3%	+1,506	—
Net Income (Qtr)	▲2,424	▲2.7%	▲2,300	▲2,888	▲3.3%	▲464	—

## 2. TOKYO STYLE Group (Alone・Subsidiaries) — Profit and Loss

(Unit: Million yen)

	2nd Quarter, FY2012				2nd Quarter, FY2013						
	Alone	Subsidiaries	Elimination/ others	Total	Alone	Y/Y	Subsidiaries	Y/Y	Elimination /others	Total	Y/Y
Net Sales	12,298	31,911	▲4,955	39,254	9,247	75.2%	33,446	104.8%	▲3,699	38,995	99.3%
Gross Profit	4,582	14,934	▲209	19,307	3,659	79.9%	15,814	105.9%	50	19,524	101.1%
Gross Profit Rate	37.3%	46.8%		49.2%	39.6%	+2.3pt	47.3%	+0.5pt		50.1%	+0.9pt
SG&A Expenses	8,110	12,476	225	20,812	5,734	70.7%	14,152	113.4%	444	20,331	97.7%
SGA Rate	65.9%	39.1%		53.0%	62.0%	▲3.9pt	42.3%	+3.2pt		52.1%	▲0.9pt
Operating Income	▲3,527	2,457	▲434	▲1,505	▲2,074	—	1,662	67.6%	▲394	▲806	—
Ordinary Income	▲3,224	2,234	▲666	▲1,655	▲618	—	2,048	91.7%	▲1,083	347	—
Income Before Income Taxes (Qtr)	▲3,281	2,190	▲652	▲1,743	▲991	—	2,005	91.5%	▲880	132	—
Net Income (Qtr)	▲3,281	1,218	▲741	▲2,804	▲668	—	1,102	90.5%	▲1,061	▲628	—

- Alone : Revenues declined due to a decrease in the total number of stores resulting from brand discontinuations and unprofitable store withdrawals that were conducted last year  
→ A further five brands were discontinued as of the spring/summer season 2013
- Subsidiaries : Although sales were 104.8% year on year, ordinary profit declined due to the unsatisfactory performance of some subsidiaries

### 3. SANEI-INTERNATIONAL Group—Profit and Loss

(Unit: Million yen)

	2nd Quarter, FY2012		2nd Quarter, FY2013			
	Results	% of Total	Results	% of Total	Y/Y Change	Y/Y
Net Sales	51,312	100.0%	48,617	100.0%	▲2,695	94.7%
Gross Profit	27,001	52.6%	25,363	52.2%	▲1,637	93.9%
SG&A Expess	26,373	51.4%	25,953	53.4%	▲419	98.4%
Operating Income	628	1.2%	▲589	▲1.2%	▲1,217	—
Ordinary Income	786	1.5%	▲247	▲0.5%	▲1,034	—
Income Before Income Taxes (Qtr)	231	0.5%	▲261	▲0.5%	▲493	—
Net Income (Qtr)	534	1.0%	▲556	▲1.1%	▲1,091	—

- Net Sales : Sales would have increased slightly year on year without the effect of Kate Spade Japan being excluded from the consolidated financial closing 100.8% year on year
- Gross Profit Rate : Gross profit rate would have improved by 0.1 percentage point without the above-mentioned effect, a development attributable to the strong performance of high gross profit rate brands
- Operating Income : Earnings are down for new businesses due to increased selling and administration costs, etc.

## II Priority measures for the Second Half of the Fiscal Year Ending February 28, 2014 (FY2013)

### Priority measures

### Description

#### (1) Reforming cost structure

→ Entering a total completion stage

- TOKYO STYLE Group ··· Achieve improved gross profit rate
  - SANEI-INTERNATIONAL Group
    - Promotion of scrapping of unprofitable stores and brand
- ⇒ Realign the existing brand portfolio

#### (2) Improving profitability

→ Seek to achieve an optimal revenue generation structure

- TOKYO STYLE to launch two new brands (Oui, Ayano Ruban · Aylesmue)
- Step up “Online to Offline” with a focus on the flagship brands
- Expansion of overseas channels
- Effective use of assets

#### (3) Strengthening group management capabilities

- Construction of Group organizational structure
- Integration of production subsidiary

### III Reference Data



# Net Sales per Brand

(Unit : Million yen)

Brand Name		2nd Quarter, FY2012	2nd Quarter, FY2013	% of Total	Y/Y
1 nano·universe	●	8,281	9,426	10.8%	113.8%
2 NATURAL BEAUTY BASIC	●	7,854	8,297	9.5%	105.6%
3 MARGARET HOWELL	●	4,213	5,089	5.8%	120.8%
4 ROSE BUD	●	4,266	4,603	5.3%	107.9%
5 Apuweiser-riche	●	3,062	3,650	4.2%	119.2%
6 PEARLY GATES	●	2,911	3,505	4.0%	120.4%
7 HUMAN WOMAN	●	3,029	2,831	3.2%	93.5%
8 & by P&D	●	3,000	2,763	3.2%	92.1%
9 Callaway Apparel	●	2,141	2,609	3.0%	121.9%
10 FREE'S SHOP	●	3,036	2,337	2.7%	77.0%
Others		48,735	42,545	48.5%	87.3%
<b>Total</b>		<b>90,534</b>	<b>87,660</b>	<b>100.0%</b>	<b>96.8%</b>

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

\*Apuweiser-riche sales represent the aggregate total sales generated by brands run by Arpege 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

# Net Sales per Sales Channel

(Unit : Million yen)

Sales Chanel	2nd Quarter, FY2013						
	TOKYO STYLE Group		SANEI-INTERNATIONAL Group		TSI (Nonconsolidated) Sales Chanel Eliminations	Consolidates	
	Results	% of Total	Results	% of Total		Results	% of Total
Department store	12,641	32.4%	13,735	28.3%	—	26,376	30.1%
Commercial Facilities *1	13,974	35.8%	26,409	54.3%	—	40,384	46.1%
EC	4,806	12.3%	2,285	4.7%	—	7,090	8.1%
Overseas	3,090	7.9%	2,134	4.4%	—	5,225	6.0%
Others *2	4,483	11.5%	4,052	8.3%	47	8,584	9.8%
<b>Total</b>	<b>38,995</b>	<b>100.0%</b>	<b>48,617</b>	<b>100.0%</b>	<b>47</b>	<b>87,660</b>	<b>100.0%</b>

\*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

**(1) Non-operating income**

Interest received	<b>499 million yen</b>
Dividends received	<b>315 million yen</b>
Valuation gain on derivatives	<b>268 million yen</b>
Foreign exchange gain	<b>181 million yen</b>
Others	<b>315 million yen</b>
<b>Total</b>	<b>1,676 million yen</b>

**(2) Non-operating expenses**

Interest paid	<b>70 million yen</b>
Others	<b>147 million yen</b>
<b>Total</b>	<b>217 million yen</b>

**(3) Extraordinary gain**

Gain on sale of fixed assets	<b>1,257 million yen</b>
Gain on sales of investments securities	<b>440 million yen</b>
Others	<b>148 million yen</b>
<b>Total</b>	<b>1,846 million yen</b>

**(4) Extraordinary Loss**

Loss on retirement of fixed assets	<b>573 million yen</b>
Impairment loss	<b>250 million yen</b>
Loss on sales of investments securities	<b>420 million yen</b>
Valuation loss on investment securities	<b>389 million yen</b>
Loss on sale of related company shares	<b>318 million yen</b>
Others	<b>208 million yen</b>
<b>Total</b>	<b>2,160 million yen</b>

□ 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.