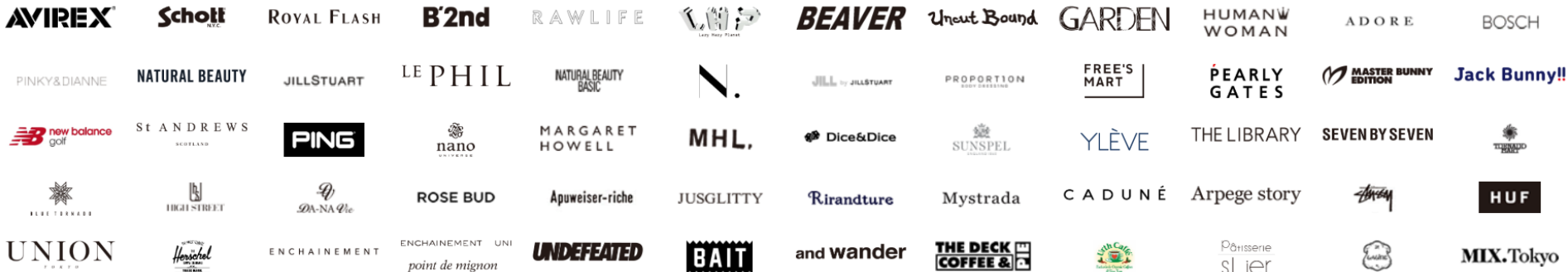




TSI HOLDINGS

Results Briefing: Q1ST (March to May 2020) Results of 2021 Ending Feb.

2020.7.3



I. Results Overview



1. Measures against the novel coronavirus (COVID-19)

- **Store:**
 - March In addition to stay-at-home requests and shortening of business hours, an increasing number of stores were temporarily closed in the last weekend.
 - April 7 A state of emergency was declared for seven prefectures, including Tokyo.
 - ⇒ Many apparel stores, equivalent to about 60% of all such stores across the nation were temporarily closed.
 - April 16 The state of emergency was extended to the entire nation.
 - ⇒ Over 90% of apparel stores across the nation were temporarily closed.
 - May 14 The state of emergency was lifted for 39 prefectures.
 - ⇒ Stores started to reopen, mainly in Hiroshima and other prefectures in the western part of it in the third week of May, and in Nagoya and Osaka in the fourth week.
 - ⇒ About 60% of stores reopened by May 24.
 - May 25 The state of emergency was lifted for all prefectures.
 - ⇒ Stores in the Kanto region reopened in the last week of May.
 - May 31 About 80% of stores reopened, except for 200 stores, which were located in Marui, Parco and Lumine.
 - June 3 All our stores have reopened. (They still operate on shortened business hours.)
- **Production:** Delivery of Chinese products and other products was delayed in March and April.
- **Distribution:** After the state of emergency was declared, distribution warehouses were near capacity.
- **Whole company:** All employees were granted 29 special paid holidays (with a guarantee of 100% of wages)

2. Consolidated Financial Highlights -Profit and Loss-

	Q1ST 2020 Ending Feb.		Q1ST 2021 Ending Feb.			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	42,870	100.0	21,682	100.0	-21,187	50.6
Gross Profit	24,611	57.4	9,058	41.8	-15,553	36.8
SG&A Expenses	22,698	52.9	15,504	71.5	-7,194	68.3
SG&A Expenses(excl. Goodwill Amortization, Depreciation and Amortization)	21,358	49.8	14,545	67.1	-6,813	68.1
Goodwill Amortization	293	0.7	192	0.9	-101	65.6
Depreciation and Amortization	1,046	2.4	766	3.5	-280	73.2
Operating Income	1,913	4.5	-6,445	-29.7	-8,358	-
Ordinary Income	2,182	5.1	-6,094	-28.1	-8,276	-
Extraordinary Income	1,294	3.0	67	0.3	-1,226	5.2
Extraordinary Loss	39	0.1	3,320	15.3	3,280	8352.6
Profit Before Taxes	3,437	8.0	-9,346	-43.1	-12,784	-
Profit Attributable to Owners of Parent	2,473	5.8	-10,454	-48.2	-12,927	-
EBITDA ※	3,253	7.6	-5,486	-25.3	-8,739	-

*EBITDA = Operating Income + Goodwill Amortization + Depreciation and Amortization

3. Net Sales Per Channel

	Q1ST 2020 Ending Feb.		Q1ST 2021 Ending Feb.			
	Results (Million yen)	Composition Rate (%)	Results (Million yen)	Y/Y (%)	Composition Rate (%)	Composition Rate Y/Y Change
Department Stores	6,015	14.0	1,752	29.1	8.1	-5.9pt
Commercial Facilities(*1)	22,509	52.5	7,033	31.2	32.4	-20.1pt
In-house EC	2,157	5.0	3,683	170.7	17.0	+12.0pt
3rd party	5,790	13.5	5,498	95.0	25.4	+11.9pt
E-Commerce	7,948	18.5	9,181	115.5	42.3	+23.8pt
Overseas	2,180	5.1	1,207	55.4	5.6	+0.5pt
Others(*2)	4,216	9.8	2,508	59.5	11.6	+1.7pt
TOTAL	42,870	100.0	21,682	50.6	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.

4. Priorities of the business structural reform

Issues for first half

Issues for second half and next year (fundamental reforms to win competition)

Sales
(Business structure)

C: Create new mid-term management plan (sales down and profits up)

E: Digitalization
(Digitalization 50%,
Ratio of proper price sales 80%)

Gross operating income
(Cost price)

B: Reduce stocks
(70% in second half)

Operating income
(SG&A)

A: Cut SG&A costs (4 billion yen/annualized)

D: Organizational structure reform

A and B were implemented in the first quarter, C will be done within the first half. D and E will be materialized and implemented in the second half or later.

5. Progress in key issues for this year

Basic Policy

(1) Overhauling the business structure

(2) Carefully selecting prospective businesses and making investment

■ Organizational restructuring

- Business optimization: Launching a company-wide structural reform project to increase profitability

■ Reforming the earnings structure

- Cutting SG&A costs (¥4 billion/annualized), starting the stock reduction project (70% in the second half)

■ Carefully selecting prospective businesses

- Acquisition of shares of Efuego Corp. (From March 31, 2020)

- Acquisition of the “ETRÉ TOKYO” business (August 1, 2020)

Establishment of the D2C (direct-to-consumer) platform

- “Ping Apparel” store opened in the Odakyu Halc department store. (May 30, 2020)

- Omni app tool “HERO®” was introduced to allow sales staff to provide services for online shoppers in real time. The service started at five “Laline” stores on June 4.

- Decision to withdraw from the “Natural Beauty” and Hong Kong business (TSI ASIA LIMITED).

6. Progress in key issues for this year: Digital strategy

Laline JAPAN, which deals in cosmetics products, introduced an omni app tool “HERO®” to allow sales staff at brick-and-mortar stores to provide services for e-commerce customers in real time.

Purchase rate is 10 times the size of ordinary e-commerce. Average customer spending is 130%.

Introduced on June 4, the new service seems to have made a good start.

- 291 cases have been handled (as of June 30)
- Average spending 7,466 yen (110% of the ordinary e-commerce)
- Conversion (purchase rate after chatting) rate: 11.5%
- Average rating: 4.7 out of 5.0

What is “HERO®” ?

Conversation app that uses text messages, chatting and video calls to connect brick-and-mortar stores and online shoppers.

Participating stores



Sapporo Paseo store
Takashimaya Gate Tower Mall store
Yurakucho Marui store
Lumine Est store
LUCUA 1100 store



“Live commerce” is a major function that provides a seamless service of an actual store and e-commerce.

Utilizing the customer service skills of the sales staff, which is the Company Group’s strength, for e-commerce, we can offer a customer service experience that integrates a brick-and-mortar store and e-commerce.

About future developments

The service will be simultaneously expanded to the apparel business, such as “Pearly Gates” and “Margaret Howell”.

7. Plan for this fiscal year

We plan to achieve net sales of 56.5 billion Yen (69.0% Y/Y) and operating income of -13.5 billion Yen (- Y/Y) in 1st Half.

Unit:Million Yen

	1st Half		
	FY Ending Feb. 2020	FY Ending Feb. 2021	Y/Y (%)
Net Sales	81,847	56,500	69.0
Operating Income	-164	-13,500	-
Ordinary Income	769	-12,700	-
Profit Attributable to Owners of Parent	1,053	-16,200	-

■ Preconditions of the plan

We do not assume a second wave of the coronavirus. We presume that the market conditions will slowly recover to a certain extent.

Due to the impacts of COVID-19 , a proper and reasonable calculation of earnings forecast in 2nd half is difficult and we force to modify 2nd half plan.

Therefore, the consolidated earnings estimate in 2nd half will not be announced at this time.

■ Dividends for this year

We plan not to pay dividends for this year because of the unprecedented situation.

■ Treasury shares

We acquired 2 million shares from March 12, 2020 through June 12, 2020.

We cancelled 10 million shares on June 30, 2020. We will not implement it for a while.

■ Funds

In addition to the usual credit line, we secured a borrowing facility of 30 billion yen from a major partner bank.

8. About CSR measures

CSR Basic Policy

Under our corporate philosophy, “We create value that shines the hearts of people through fashion and share the happiness of living tomorrow together with society,” our Company Group will create a sustainable future society with all stakeholders through business activities.

Producing medical gowns at our plants



About 2 million gowns to be produced at TSI Sewing (Yonezawa, Miyazaki) by October

Donating clothes to medical workers



Medical workers who have received our assistance



About 8,000 clothing products were donated to medical workers via International Medical Volunteers Japan Heart.

Producing washable masks



About 50,000 washable masks were produced for employees and local residents at the above plants.

Free hand cream for medical workers



Laline JAPAN, which deals in cosmetics products, offered free hand cream for all medical workers fighting COVID-19.

III. Reference Data



**FEEL NEW.
PLAY COOL.**

**PING APPAREL
SPRING & SUMMER 2020 COLLECTION**

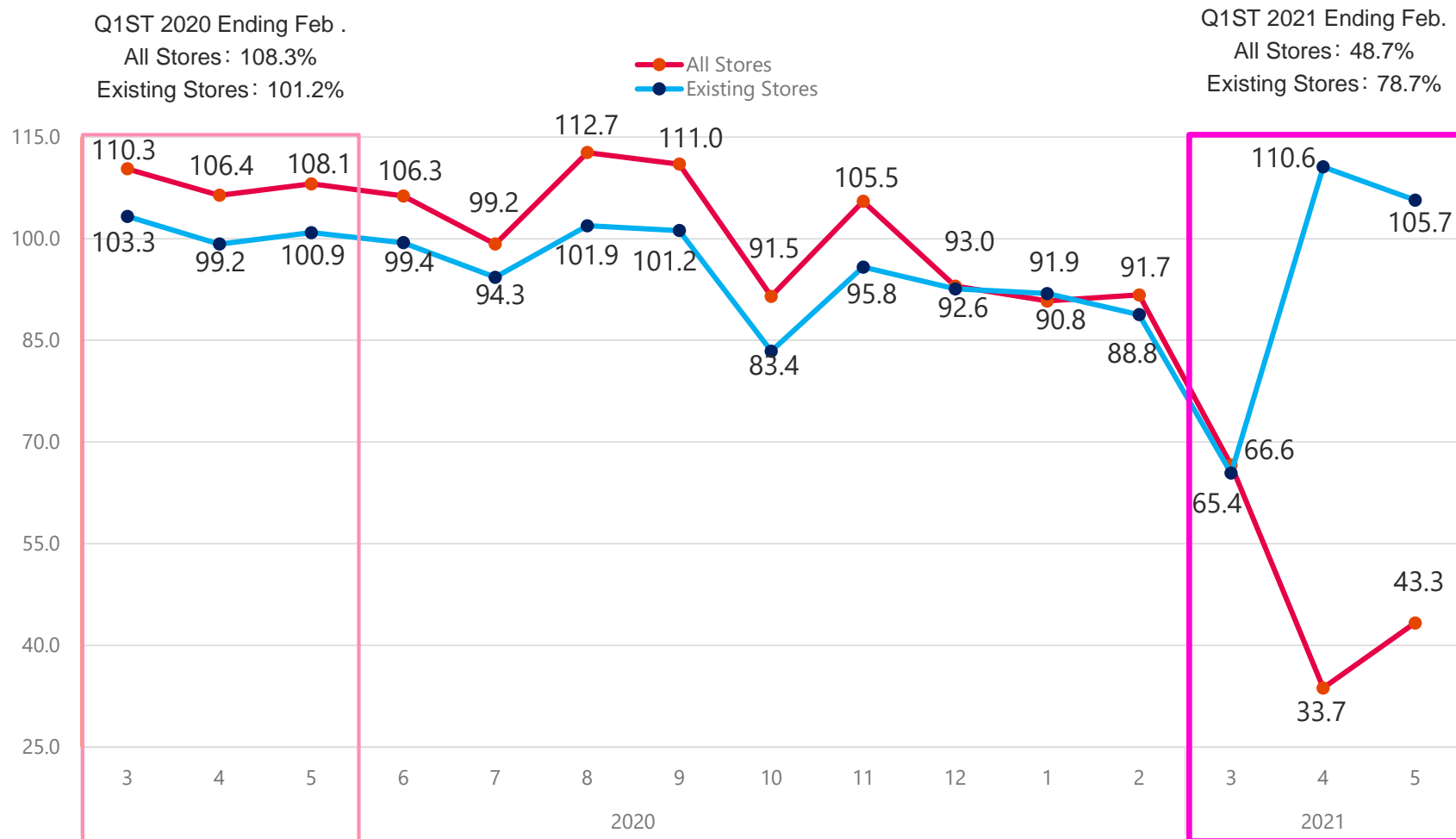


Brands Overview

Unit: Million Yen

	Q1ST 2020 Ending Feb.			Q1ST 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	6,136	14.3	51.3	3,188	14.7	40.6	52.0	-10.7
2. NATURAL BEAUTY BASIC	4,486	10.5	63.4	2,031	9.4	34.0	45.3	-29.4
3. PEARLY GATES	3,255	7.6	55.3	1,605	7.4	43.2	49.3	-12.1
4. MARGARET HOWELL	3,459	8.1	62.1	1,269	5.9	53.4	36.7	-8.7
5. HUF	1,082	2.5	50.6	901	4.2	43.6	83.3	-7.0
6. AVIREX	1,952	4.6	63.6	892	4.1	56.3	45.7	-7.3
7. UNDEFEATED	1,130	2.6	44.6	854	3.9	37.9	75.6	-6.7
8. STUSSY	1,285	3.0	69.6	707	3.3	60.3	55.1	-9.3
9. PROPORTION BODY DRESSING	1,009	2.4	59.4	680	3.1	50.7	67.4	-8.7
10. ROSE BUD	1,678	3.9	54.4	627	2.9	39.4	37.4	-15.0
TOP10	25,476	59.4	57.5	12,758	58.8	43.9	50.1	-13.6
Other Brands	17,190	40.1	57.7	8,917	41.1	38.8	51.9	-18.8
Continuing Brands	42,666	99.5	57.6	21,676	100.0	41.8	50.8	-15.8
Closed Brands	203	0.5	27.7	5	0.0	34.7	2.7	+7.0
TOTAL	42,870	100.0	57.4	21,682	100.0	41.8	50.6	-15.6

Domestic Monthly Sales Information



Store Distribution

		Q1ST 2020 Ending Feb. ※1	FY Ending Feb. 2020	Store Open	Store Close※2	Q1ST 2021 Ending Feb.
Domestic	# of Stores	1,033	998	+25	-23	1,000
	Change	+12	-23			+2
Overseas	# of Stores	93	76	+3	-6	73
	Change	-50	-67			-3
Total	# of Stores	1,126	1,074	+28	-29	1,073
	Change	-38	-90			-1

*1 Number indicated on "Change" rows are comparison with the end of Q1ST 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.