



TSI HOLDINGS

TSI HOLDINGS CO., LTD.

Q1 Financial Results Briefing for the Fiscal Year Ending February 2026

July 15, 2025

Event Summary

| | | |
|----------------------|---|--|
| [Company Name] | TSI HOLDINGS CO., LTD. | |
| [Company ID] | 3608-QCODE | |
| [Event Language] | JPN | |
| [Event Type] | Earnings Announcement | |
| [Event Name] | Q1 Financial Results Briefing for the Fiscal Year Ending February 2026 | |
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| [Time] | 10:00 – 10:45 (Total: 45 minutes, Presentation: 27 minutes, Q&A: 18 minutes) | |
| [Venue] | Webcast | |
| [Venue Size] | | |
| [Participants] | 45 | |
| [Number of Speakers] | 3 | |
| | Tsuyoshi Shimoji | President and CEO |
| | Masanori Maekawa | Executive General Manager & COO |
| | Mitsuru Naito | Executive General Manager & CFO, Director Group Strategy Headquarters |

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Presentation

Moderator: Good morning. We will now begin the financial briefing for the first quarter of the fiscal year ending February 28, 2026.

Thank you.

Q1 FY2026 Overview

Executive Summary

- ✓ During the first quarter, Japan saw several positive developments, including wage increases and a continued rise in inbound tourism. Meanwhile, concerns over a potential economic slowdown intensified due to ongoing inflation, U.S. tariff policies, and international conflicts.
- ✓ In the apparel market, no significant slowdown was observed, although consumer sentiment remained unstable under the influence of the broader macroeconomic environment.
- ✓ Revenue for the quarter declined year-on-year, primarily due to the impact of business withdrawals in the previous fiscal year. However, structural profitability reforms began to yield tangible results, leading to profit growth from operating income and below.

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Shimoji: Good morning. Thank you very much for your continued support. We will present the financial results briefing for Q1 of the fiscal year ending February 2026. Today, we have a big announcement to share with you all. Thank you.

Firstly, here is the executive summary. During Q1, Japan saw several positive developments, including wage increases and a continued rise in inbound tourism. Meanwhile, there were growing concerns over a potential economic slowdown, intensified by ongoing inflation, US tariff policies, and international conflicts.

In the apparel market, no significant slowdown was observed, although consumer sentiment remained unstable under the influence of the broader macroeconomic environment.

Although the Company's revenue for the period under review declined YoY, due in part to the impact of the business withdrawals in the previous fiscal year, the structural profitability reforms began to yield tangible results, leading to profit growth from operating income and below.

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Q1 FY2026 Overview

Financial Highlights

The structural profitability reforms outlined in the medium-term management plan continued to progress as planned. Although revenue was negatively affected, beyond the impact from the prior-year business withdrawals, operating income still increased, supported by improvements in cost efficiency and overall profitability.



- Revenue declined due to the impact of business withdrawals in the previous fiscal year, as well as ongoing challenges in the U.S. market and delays in the membership migration process.
- Sales to inbound tourists continued to grow, although the growth rate showed signs of slowing down.
- The gross profit margin and SG&A expense ratio improved, primarily driven by structural reform initiatives, resulting in higher operating income.
- Pre-tax income was influenced by factors such as subsidiary divestiture and improved earnings from overseas equity-method affiliates.
- Quarterly net income increased substantially, reflecting tax adjustments related to impairment losses recorded in the previous fiscal year as part of structural reforms.

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Here are the financial highlights.

In Q1, net sales were JPY35.6 billion, 90.6% YoY, operating income was JPY1.51 billion, 148.7% YoY, and net income was JPY1.96 billion, 360.1% YoY.

Revenue declined due to the impact of business withdrawals in the previous fiscal year, as well as ongoing challenges in the US market and delays in the EC membership migration process. Sales to inbound tourists continued to grow, although the growth rate showed signs of slowing down.

The gross profit margin and SG&A expense ratio improved, primarily driven by structural reform initiatives, resulting in higher operating income. Pre-tax income was influenced by factors such as subsidiary divestitures and improved earnings from overseas equity-method affiliates.

Quarterly net income increased substantially, reflecting tax adjustments related to impairment losses recorded in the previous fiscal year as part of structural reforms.

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Q1 FY2026 Overview

Financial Highlights

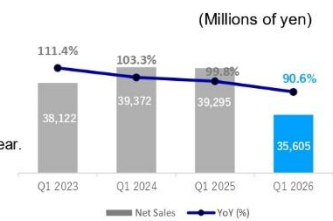


Positive Factors

- Some women's brands, including *Arpege story*, showed signs of recovery.
- Sales of men's casual brands such as *AVIREX* and *Schott* remained strong.

Negative Factors

- Revenue decreased due to business withdrawals and divestitures in the previous fiscal year.
- Sales from the *HUF* business in the U.S. decreased.
- Delays in membership migration during the launch of *mix.tokyo* negatively affected key brands.



Positive Factors

- The procurement cost ratio improved due to pricing initiatives and lower purchasing costs.
 - Inventory valuation losses declined as much of the aged inventory from previous fiscal years was mostly cleared out.
- ➔ Gross profit margin improved by 1.4 percentage points year on year.

Negative Factors

- Procurement costs remain elevated.



Positive Factors

- Advertising and promotional expenses declined by 0.5 percentage points as a percentage of sales, due to the implementation of a cost control framework.
 - Personnel expenses decreased due to workforce streamlining carried out in the previous fiscal year.
- ➔ Despite a significant decline in revenue, the SG&A-to-sales ratio improved by 0.2 percentage points year on year.



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Details of net sales, gross profit, and SG&A expenses.

One positive factor behind the improvement in net sales was the continued strength of men's casual wear brands such as *AVIREX* and *Schott*. In the women's brand category, *Arpege story* has been on a recovery trend.

As for the negative factors, there was a revenue decrease of approximately JPY1.2 billion due to business withdrawals and divestitures in the previous fiscal year. Also, HUF business in the US continued to struggle due to market conditions and other factors. Furthermore, delays in membership migration during the launch of *mix.tokyo* in February negatively affected key brands.

Next is gross profit.

Gross profit was JPY20,470 million, 92.9% of the previous year's level. As for positive factors, the procurement cost ratio improved due to pricing initiatives and lower purchasing costs.

In addition, the clearance of prior-year inventories conducted in the previous fiscal year had run its course, resulting in a decrease in the allowance for inventory valuation losses. Although procurement costs remained elevated, the gross profit margin improved by 1.4 percentage points YoY as a result of the preceding improvement effects.

SG&A expenses.

SG&A expenses were significantly reduced to JPY18,960 million, 90.2% of the previous year's level, or JPY2,000 million less than the previous year. As for positive factors, advertising and promotional expenses declined by 0.5 percentage points as a percentage of sales due to the implementation of a cost control framework.

In addition, personnel expenses decreased by about JPY800 million due to workforce streamlining conducted in the previous fiscal year. Despite the difficult start in revenue, the SG&A-to-sales ratio improved by 0.2 percentage points from the previous year as a result of the profit structure reforms that have been ongoing since the previous fiscal year.

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Net Income Impact – Itemized Breakdown

Non-operating income and loss — including dividends received, real estate income, equity in earnings of affiliates, and foreign exchange losses — totaled 401 million yen, resulting in ordinary income of 1,916 million yen. Pre-tax income was 2,025 million yen, mainly driven by gains and losses from the divestment of subsidiaries. Quarterly net income was 1,966 million yen, with a net income margin of 5.5%.

| | |
|------------------------|---|
| Non-operating Income | <ul style="list-style-type: none"> Dividends Received ¥70 million Equity in Earnings of Affiliates ¥270 million Real Estate Income ¥80 million |
| Non-operating Expenses | <ul style="list-style-type: none"> Foreign Exchange Losses ¥100 million |
| Extraordinary Income | <ul style="list-style-type: none"> Gain on Sale of Affiliated Company . . . ¥100 million Gain on Sale of Investment Securities . . ¥250 million |
| Extraordinary Losses | <ul style="list-style-type: none"> Loss on Sale of Affiliated Company . . . ¥160 million |
| Income Taxes | <ul style="list-style-type: none"> Corporate, Inhabitant, and Enterprise Taxes ¥150 million Deferred Tax Adjustments -¥70 million |

Note: Only major items are shown.

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Breakdown of net income impact items.

Non-operating income and loss, including dividends received, real estate income, equity in earnings of affiliates, and foreign exchange losses, totaled JPY400 million, resulting in ordinary income of JPY1,910 million. Pre-tax income was JPY2,020 million, mainly driven by gains and losses from the divestment of subsidiaries. Quarterly net income was JPY1,960 million, with a net income margin of 5.5%.

Regarding real estate income, a large investment property was transferred in the previous fiscal year. Up until March of this year, we had income from the transferred real estate, but from Q2 onwards, real estate income will decrease compared to the previous fiscal year.

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Balance Sheet (as of May 31, 2025)

| | Cumulative Q1ST 2025 Ended Feb. | | Cumulative Q1ST 2026 Ending Feb. | | | |
|--|------------------------------------|-------------------------|----------------------------------|-------------------------|----------------|---------------|
| | Results | Composition Rate (%) | Results | Composition Rate (%) | YY Change | YY (%) |
| Current Assets | 68,588 | 52.0% | 72,822 | 56.4% | 4,234 | 106.2% |
| (of Cash and Deposits) | 24,425 | 18.5% | 32,025 | 24.8% | 7,600 | 131.1% |
| (of which, Inventory) | 28,859 | 21.9% | 26,088 | 20.2% | -2,771 | 90.4% |
| Non-current Assets | 63,428 | 48.0% | 56,201 | 43.6% | -7,227 | 88.6% |
| (of Investment Securities) | 25,816 | 19.6% | 24,472 | 19.0% | -1,344 | 94.8% |
| (of Investment Real estate) | 4,886 | 3.7% | 2,245 | 1.7% | -2,641 | 45.9% |
| Total Assets | 132,016 | 100.0% | 129,024 | 100.0% | -2,993 | 97.7% |
| Current Liabilities | 27,529 | 20.9% | 18,251 | 14.1% | -9,278 | 66.3% |
| (of Short-term borrowings) | 5,000 | 3.8% | 92 | 0.1% | -4,908 | 1.8% |
| (of Current portion of long-term borrowings) | 2,759 | 2.1% | 1,160 | 0.9% | -1,599 | 42.0% |
| Non-current Liabilities | 7,449 | 5.6% | 5,424 | 4.2% | -2,025 | 72.8% |
| (of Long-term borrowings) | 1,345 | 1.0% | 102 | 0.1% | -1,243 | 7.6% |
| Total Liabilities | 34,979 | 26.5% | 23,676 | 18.4% | -11,303 | 67.7% |
| Total Net Assets | 97,037 | 73.5% | 105,348 | 81.6% | 8,311 | 108.6% |
| (of Treasury stock(-)) | -4,052 | -3.1% | -4,137 | -3.2% | -85 | 102.1% |
| Total Liabilities and Net Assets | 132,016 | 100.0% | 129,024 | 100.0% | -2,992 | 97.7% |

Cash and Deposits

- A significant cash inflow was recorded from the divestment of real estate at the end of the previous fiscal year.
- Cash outflows included loan repayments and increased dividend payments.
- Balance is at 131% compared to the Q1 FY2025.

Inventories

- Decreased by approximately 10%, reflecting the impact of prior-year efforts to clear aged inventory from previous fiscal years.
- Ongoing efforts to improve inventory efficiency continue.

Investment Securities

- Continued sale of cross-shareholdings and other securities

Treasury Shares

- Approximately ¥6.0 billion worth of treasury shares have been repurchased over the past 12 months.
- All shares acquired through March 2025 were cancelled in April.

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This is the balance sheet.

Cash and deposits increased 131.1%, or JPY7.6 billion YoY, as a result of the reduction of non-business assets as outlined in the mid-term management plan, an increase in cash mainly from the sale of real estate, repayment of loans, and dividends.

Inventories. Thorough purchase management in line with sales progress and the clearance of prior-year items proceeded smoothly. As a result, they improved by 90.4%, or JPY2,770 million, from the previous fiscal year.

In the investment securities item, non-business assets were reduced by JPY1,340 million from the previous fiscal year due to the sale of investment securities, including cross-shareholdings.

Treasury shares. Approximately JPY6 billion worth of treasury shares have been repurchased over the past 12 months. All shares acquired through March 2025 were cancelled in April.

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Q1 FY2026 Sales Performance by Channel

Sales by Channel

Department store sales declined to 80.6% YoY, due to low-profit store closures and soft core-brand performance. Sales of stores in commercial facilities were nearly flat at 99.9% YoY, excluding the impact of business withdrawals. As a result, domestic physical store sales declined to 92.6% YoY, down 1,778 million yen. Including e-commerce, total sales across all channels fell below the previous year.

Overseas sales were 80.5% YoY, impacted by a soft U.S. market and the absence of collaboration projects that boosted sales in the same period last year.

(Millions of yen)

| | | Q1 FY2024※ 3 | | Q1 FY2025※ 3 | | Q1 FY2026 | YoY |
|-----------------|--|-------------------|---|-------------------|---|-------------------|-------|
| Domestic Retail | Department Store (% of total sales) | 5,453 (13.8%) | ➤ | 5,253 (13.4%) | ➤ | 4,233 (11.9%) | 80.6% |
| | Commercial Facilities ※ 1 (% of total sales) | 17,789 (45.2%) | ➤ | 18,776 (47.8%) | ➤ | 18,018 (50.6%) | 96.0% |
| | E-commerce (% of total domestic retail sales) | 8,758 (27.4%) | ➤ | 8,038 (25.1%) | ➤ | 6,840 (23.5%) | 85.1% |
| | Domestic Misc. ※ 2 (% of total sales) | 4,459 (11.3%) | ➤ | 4,254 (10.8%) | ➤ | 4,118 (11.6%) | 96.8% |
| | Overseas (% of total sales) | 2,913 (7.4%) | ➤ | 2,973 (7.6%) | ➤ | 2,393 (6.7%) | 80.5% |

※1 Commercial Facilities: Stores located in shopping centers, outlet malls, etc.

※2 Domestic Misc.: Wholesale sales, sales to the employees, and other sales by TSI Group's apparel-related business, as well as non-apparel business

※3 Some misstatements under the new revenue standard have been corrected (Domestic EC, Domestic-Misc, and Overseas).
These corrections do not affect consolidated revenue.

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Sales performance by channel.

Department store sales declined to 80.6% YoY due to low-profit store closures and soft core-brand performance. On the other hand, sales of stores in commercial facilities, including station buildings and shopping centers, were nearly flat at 99.9% YoY, excluding the impact of business withdrawals. As a result, total domestic physical store sales were 92.6% of the previous year's level, or down JPY1,770 million.

In addition to this, there was a struggle with slow sales in the early stages of e-commerce, thus all domestic sales channels fell below the previous year's level.

Overseas sales were 80.5% YoY due to the market environment in the US and the decrease in collaboration projects that boosted sales last year.

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Q1 FY2026 Sales Performance by Channel

E-commerce Sales

Domestic in-house e-commerce revenue was 75.6% YoY, a decline of ¥845 million. Third-party marketplace sales remained slightly below the prior year at 97.3% YoY (excluding the impact of business withdrawals).

As a result, total domestic e-commerce revenue was 85.1% YoY, down ¥1,198 million.

Overseas e-commerce also fell to 76.9% YoY, reflecting a slowdown in the U.S. market.

(Millions of yen)

| | | Q1 FY2024※ 3 | | Q1 FY2025※ 3 | | Q1 FY 2026 | YoY |
|----------|---|------------------|---|------------------|---|------------------|-------|
| Domestic | In-house (% of total domestic E-comm) | 3,995 (45.6%) | ▶ | 3,466 (43.1%) | ▶ | 2,621 (38.3%) | 75.6% |
| | 3 rd Party (% of total domestic E-comm) | 4,763 (54.4%) | ▶ | 4,571 (56.9%) | ▶ | 4,218 (61.7%) | 92.3% |
| | Total Domestic (% of total domestic retail sales) | 8,758 (27.4%) | ▶ | 8,038 (25.1%) | ▶ | 6,840 (20.6%) | 85.1% |
| | Overseas E-Comm (% of total overseas retail sales) | 919 (31.6%) | ▶ | 965 (32.5%) | ▶ | 742 (31.0%) | 76.9% |
| | Total E-Comm Sales (% of total retail sales)※ 1 | 9,677 (27.7%) | ▶ | 9,003 (25.7%) | ▶ | 7,583 (24.1%) | 84.2% |

※1 The e-comm sales ratio is calculated excluding other domestic sales (such as wholesale and employee sales).

※2 The exchange rate reference date has been partially adjusted. There is no impact on consolidated revenue.

※3 Corrections were made to some figures under the new revenue recognition standard (Domestic and Overseas E-comm, etc.). These corrections do not affect consolidated revenue.

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E-commerce sales.

Domestic in-house e-commerce revenue was 75.6% YoY, a decline of JPY840 million. The status of *mix.tokyo* will be explained later.

Regarding the third-party marketplace sales, we actively participated in sales promotion activities to make up for the loss of in-house e-commerce. Although it was not exactly a good performance, excluding the impact of the business withdrawals, sales remained slightly below the prior year at 97.3% YoY.

As a result, total domestic e-commerce revenue was 85.1% YoY, down JPY1,190 million. Overseas e-commerce, led by HUF business in the US, was 76.9% YoY due to factors such as a decline in sales as a reaction to last year's collaborative product offerings.

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Q1 FY2026 Business Highlights

Core Brands

The men's core brand **AVIREX** marked its 50th anniversary with a special campaign, helping it maintain strong performance. On the other hand, delays in membership migration during the launch of *mix.tokyo* had a broad impact on core brands, leading to sluggish sales both in stores and online.

AVIREX®

108.5% YoY

- Sales remained strong, especially in physical stores.
- Trend-aligned core items performed well, with the Daily Collection particularly popular.
- Celebrating its 50th anniversary this year, the brand will launch special items from Q2 onward.

N A N O
universe

92.2% YoY

Launched new music program Beat Reaction on YouTube

- Sales are impacted by the weak performance of suits.
- Recovery trend seen since June, mainly in e-commerce.
- "Power of Music" theme driving culture-based campaigns and events.

MARGARET
HOWELL

86.3% YoY

- Sales struggled due to store closures and limited responsiveness to weather conditions
- Opened two large-format stores in Osaka and Fukuoka as part of store consolidation strategy
- MHL selected as the design partner for the Fuji Rock Collection 2025

NATURAL BEAUTY
BASIC

83.4% YoY

- Sales impacted by limited response to early-spring demand and underperformance of key items
- New concept store *NATURAL BEAUTY BASIC+* opened in Nagoya
- New digitally driven line set to debut this fall

PEARLY
GATES

82.0% YoY

- Sales were sluggish due to the reaction to inventory clearance sales conducted last year
- Continued to strengthen customer engagement, including expanding community events from flagship stores to nationwide locations

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Our core brands.

The men's core brand **AVIREX** marked its 50th anniversary with a special campaign, helping it maintain strong performance. On the other hand, delays in membership migration during the launch of *mix.tokyo* had a broad impact on core brands, leading to sluggish sales both in stores and online.

The sales of *NANO universe* were 92.2% YoY. While outlet and key store sales increased YoY, some items were sluggish, and we had a very difficult time getting e-commerce up and running in the early stages. However, we have seen a recovery trend since June, mainly in third-party e-commerce.

PEARLY GATES was 82% YoY, indicating a struggling performance. However, the golf wear market has calmed down considerably from the transient boom during the COVID-19 pandemic. *PEARLY GATES* struggled in H1 of the year, but as a top golf wear brand, it has greatly improved not only its design but also its styling proposal skills. I hope you will look forward to this in the fall and winter seasons as well.

Also, the golf market as a whole is not in bad shape, and the wholesale business of *PING* and *New Balance Golf* is doing very well. Therefore, although the situation is not yet stable, I think you can have the expectation that we are getting to a point where we can secure solid profitability.

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Q1 FY2026 Business Highlights

Emerging Growth Brands

Men's casual brands continued to perform well, driven by strong sales from inbound tourists and successful collaborations. Some women's brands also showed signs of recovery compared to the previous fiscal year.

| Schott NYC | 133.4% YoY | LHP | 117.2% YoY | Arpege story | 107.9% YoY |
|---|---|--|---|--|---|
| <ul style="list-style-type: none"> Social media-driven promotions have steadily boosted sales through new customer acquisition and stronger brand loyalty. Renewed core denim series performing well. Collaboration with LEE received strong response. |  | <ul style="list-style-type: none"> Unique product selection resonated particularly with inbound tourists, contributing to sales. Store and app member-exclusive events were actively held and well received. |  | <ul style="list-style-type: none"> Strengthened coordination between physical stores and e-commerce led to sales growth. To further expand this approach, the brand is leveraging store-based Instagram Live to enhance communication and customer engagement. A collaboration project with Megumi Kanzaki, featured on CADUNE and Arpege story Online, was well received. |  |
| <p>The original brand performed well, with bottoms showing double-digit growth.</p> | | <p>The exclusive NEEDLES collection was well received and highly popular among international customers.</p> | | | |

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Emerging growth brands.

Men's casual brands continued to perform well compared to the previous fiscal year, driven by strong sales to inbound tourists and successful collaborations.

We have two key brands. As for *Schott*, sales were up 133.4% YoY due to the robust sales of leather jackets. We have seen leather jackets selling well even in spring and summer, and the brand's features are being put to good use.

In addition to that, the core denim series and the collaboration with Lee received a strong response from our customers, and the promotion, which mainly focused on social media, is working very effectively.

Sales for *LHP*, our curated boutique brand, were 117.2% YoY. Unique product selection resonated particularly with inbound tourists. In addition, the in-house projects are also doing very well, creating a very thriving situation among select stores.

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Q1 FY2026 Business Highlights Sustainability Initiatives

TSI Holdings Selected as a Supplier Engagement Leader

- In the 2024 Supplier Engagement Rating, TSI Holdings received the highest score of "A" and was recognized as a Supplier Engagement Leader. Additionally, TSI Holdings received a score of "B" in both the Climate Change and Water Security categories of the 2024 CDP Questionnaire.



TSI Inc. Becomes First Major Japanese Apparel Company to Earn OCS Certification

- To ensure transparency in the production process and the responsible sourcing of environmentally friendly materials, TSI Inc. has obtained OCS (Organic Content Standard) certification¹, a trusted global standard.
- TSI Inc. is expected to become the first major Japanese apparel company² to launch OCS-certified products.



In Development: TSI Inc's First OCS-Certified Item by NANO universe.

¹ (一財)ケケン試験認証センター様資料をもとに自社で作成

¹ OCS (Organic Content Standard): An international certification system established by Textile Exchange (U.S.), which verifies the processing and distribution of materials based on global organic standards.

² Refers to apparel companies listed on the Tokyo Stock Exchange Prime Market with annual sales exceeding ¥100 billion.

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Here are our initiatives for sustainability management.

We have been selected as a Supplier Engagement Leader by CDP, an international non-profit organization that provides environmental information disclosure systems. We received the highest rating of "A" in the 2024 Supplier Engagement Rating.

As reported in our previous financial statements, in FY2024, we received a score of "B" in both the Climate Change and Water Security categories of the 2024 CDP Questionnaire.

In addition, TSI Inc., our subsidiary, becomes the first major Japanese apparel company to earn OCS certification, an international organic certification. This initiative aims to provide reliable products and services to our customers by sourcing environmentally friendly raw materials and ensuring transparency in the production process.

We are currently producing OCS-certified products under our brand *NANO universe* and will be the first major Japanese apparel company to commercialize such products. The launch timing is not undecided, but will probably be around next spring. We will issue a press release when it is complete, and we hope you will look forward to it.

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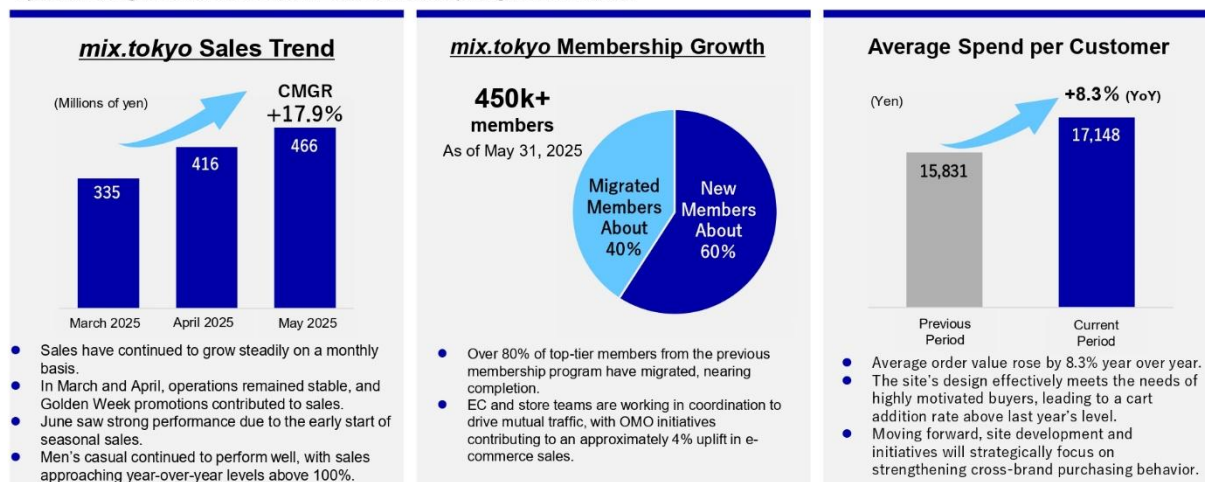
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Q1 FY2026 Growth Strategy: OMO Initiatives

Progress on E-commerce Integration

mix.tokyo launched as scheduled in February 2025. Although the transition of existing members was delayed at launch—resulting in a significant sales drop—Compound Monthly Growth Rate (CMGR) since April has been 17.9%, indicating a recovery trend. As of the end of May, *mix.tokyo* had gained approximately 450,000 members. Among former top-tier members, 80% have successfully migrated to the new system. Going forward, the focus will shift toward acquiring new members.



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Growth strategy. I would like to explain the progress of TIP27's main measure, e-commerce integration.

We integrated our existing 13 e-commerce sites into one, relaunched it as the new *mix.tokyo*, as scheduled in February. Looking at general cases, there is a tendency for sales to drop in these areas when an e-commerce site first opens.

mix.tokyo's sales plan was also estimated conservatively in line with this, the transition of members from the previous site came in below expectations, and our own e-commerce sales in Q1 were significantly lower than the previous year, falling short of our plan.

On the other hand, looking at the monthly trends in Q1, the worst initial performance was seen in March, but since then there has been a recovery trend with each passing month. In March and April, sales continued to increase due to the contribution of sales promotion measures implemented during Golden Week, while the Company operated with a focus on stable operations.

June saw strong performance due to the early start of seasonal sales. In particular, casual wear category was performing well, with levels exceeding those of the previous year in sight.

As of the end of May, there were approximately 450,000 members of our e-commerce site. The migration of approximately 80% of the previous site's top-tier members has been completed, and the site is nearing normal operation. In addition, the mutual transfer of customers between e-commerce and retail stores has shown some positive effects and will be strongly promoted going forward.

In terms of the average spending per customer, it has remained above the previous year's level, and we see some positive results with the average order value. We will continue to promote the strengthening of cross-brand purchasing behavior.

The growth strategy for e-commerce integration is also an initiative designed with this very point in mind. By consolidating many brands into one site, we are able to offer a wider range of suggestions to each of our customers. We will continue to develop these synergies so that our customers can experience their benefits.

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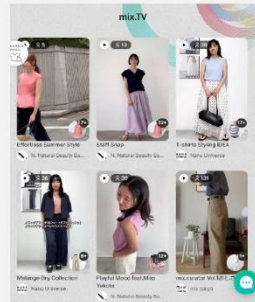
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Q1 FY2026 Growth Strategy: OMO Initiatives

Enhancing Customer Touchpoints

mix.tokyo has entered a new growth phase following its stable launch. While the early part of Q1 focused on ensuring platform stability, cross-brand promotional efforts were ramped up starting in Golden Week. Ongoing enhancements to UI/UX, along with the launch of *mix.TV*, are designed to further strengthen user engagement and brand experience.

| Video Promotion to Boost Brand Awareness | Member-Focused Approach | Content Creation |
|--|---|--|
|  <ul style="list-style-type: none"> Short-form videos were released during Golden Week to raise awareness of <i>mix.tokyo</i>, with concentrated distribution on YouTube and Instagram contributing to sales. The campaign was also featured on outdoor screens in Shibuya this summer. |  <ul style="list-style-type: none"> Promotional initiatives under the <i>mix.tokyo</i> banner were gradually ramped up starting in Golden Week. In June, anticipating extreme heat, a cross-brand early sale was implemented, contributing to increased sales. |  <ul style="list-style-type: none"> Content development and feature enhancements for <i>mix.tokyo</i> are being carried out continuously. In July, <i>mix.TV</i> was launched to showcase video content—one of the company's key strengths. |

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, enhancing customer touchpoints will be an important focus point.

During Q1, particularly H1, our top priority was ensuring the stable operation of the site, and we focused our resources there. Subsequently, cross-brand promotional efforts were ramped up starting in Golden Week by reallocating resources.

We are also continuously working to enhance the UI/UX of our website and apps, and have launched new features such as *mix.TV*, which aggregates video content.

We will continue to develop video promotions and other content to increase awareness and strengthen key customer contact points, but in particular, we would like to encourage both new members and related parties viewing this to visit *mix.tokyo* and share their impressions, feedback, and various opinions. We hope that you will join *mix.tokyo* and look forward to its developments.

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Q1 FY2026 Growth Strategy: New Business Development and M&A

As part of the growth strategy outlined in the medium-term management plan, a new business initiative will be launched through the full acquisition of Daytona International Co., Ltd., operator of FREAK'S STORE.

Overview

DAYTONA INTERNATIONAL

Company: Daytona International Co., Ltd.

Head Office: Shibuya, Tokyo

Established: April 1990

Representative: Akira Sasaki, Representative Director

Operates an OMO platform business and a SaaS-based DX retail solutions business, with annual sales of approximately ¥40 billion and a store network of around 60 locations.

Under the vision of “LIFE TO BE FREAK — Inspiring the world through the joy of living with passion,” the company delivers exciting, emotionally engaging experiences to customers. The core fashion retail business is FREAK’S STORE

*Details of the share acquisition, as well as its impact on current fiscal results and the medium-term management plan, will be disclosed promptly after the transaction is closed.

Core Competencies

Retail Excellence of FREAK'S STORE



High E-comm Conversion Rate: Over 50%



Broad Generational Support Including Younger Consumers



Extensive Store Network Covering
All Regions of Japan



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At TIP27, we announced our entry into a new area as part of our growth strategies, and we have been studying ways to materialize this strategy. We recently reached an agreement with Daytona International Co., Ltd., which operates FREAK'S STORE and other stores, to join the TSI Group.

This transaction will take the form of our acquiring 100% of Daytona International's shares. As the representative of the company, I am very pleased to be able to make this announcement. The reason is that we believe TSI is entering a very challenging period as we look ahead to the future of the fashion and apparel industry in Japan.

When we think about where we want to be in five or ten-years' time, based on our purpose, we have always thought, and have been planning, that we need partners who are more unique, fun, and can work together to grow.

We are truly pleased to grow together with Daytona International in collaboration with our many brands. We hope you will continue to follow and support our evolution.

Daytona International is an OMO platform business with annual sales of approximately JPY40 billion. As of the end of the previous fiscal year, the company operated 58 stores. Under the vision of “LIFE TO BE FREAK — Inspiring the world through the joy of living with passion,” the company delivers exciting, emotionally engaging experiences to customers through its mainstay FREAK’S STORE.

FREAK'S STORE has a high name value and reputation as lifestyle retailer and offers a wide range of products from a variety of attractive, original, and carefully selected brands. We also recognize its strong sales performance.

Their customer base includes a wide range of generations, with particular strengths among younger groups, especially those in their 20s. They are also strong in the e-commerce business, maintaining an e-commerce sales ratio of over 50%.

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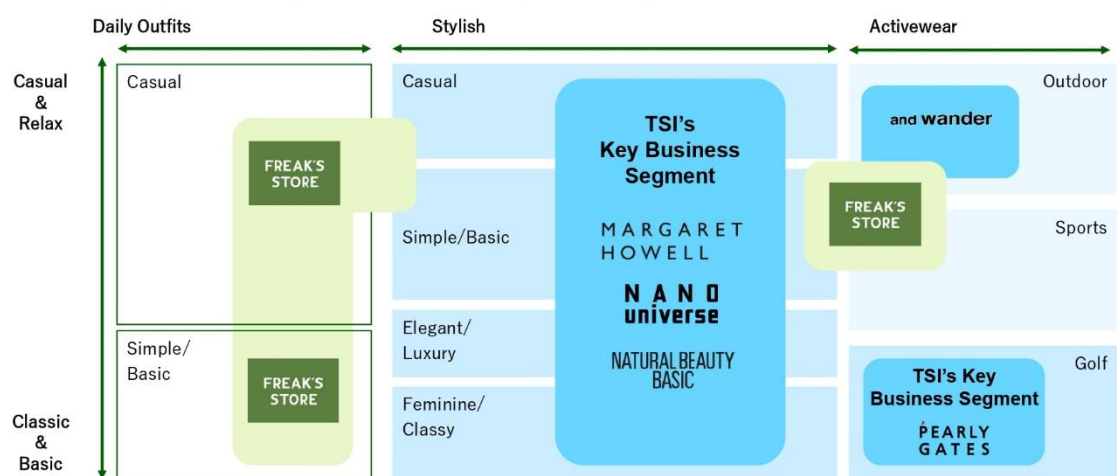
In addition, they are focusing on OMO initiatives and have succeeded in creating synergies with physical stores. As of the end of the previous fiscal year, their 58-store network covered a wide range of locations throughout Japan, not limited to large urban areas but also including major cities in regional areas.

The details of this acquisition and its impact on the Company's business results for the current fiscal year and mid-term management plan will be disclosed promptly after the closing is complete.

Q1 FY2026 Growth Strategy: New Business Development and M&A Strategic Reinforcement of the Brand Portfolio

The addition of Daytona International to the Group will significantly enhance the brand portfolio.

For TSI, whose existing brand development is relatively concentrated in a limited market segment, this acquisition effectively fills multiple white spaces and aligns well with its overall growth strategy.



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The addition of Daytona International to our group will significantly update our brand portfolio. As our brand development has been concentrated within a relatively narrow segment, we see strong potential to effectively fill multiple white spaces. We believe this aligns with our overall growth strategy.

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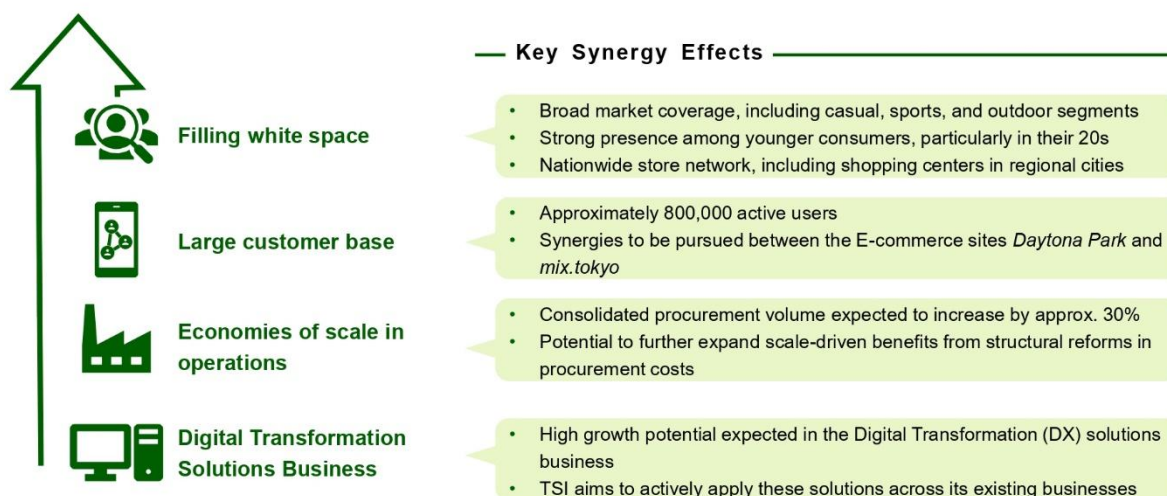
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Expected Synergies from the Addition of Daytona International

Daytona International offers not only a complementary brand portfolio but also strengths in areas currently lacking within the TSI Group, creating a mutually reinforcing relationship and offering strong potential for synergy.



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This is the effect that can be expected from adding Daytona International to the Group. Daytona covers a wide range of market areas, including casual, sports, and outdoor, and is seen as having a strong customer base among young people, especially those in their teens and 20s.

Daytona has a nationwide network of stores, including shopping centers in regional cities, and in this way, Daytona is a partner from whom we can expect to create business synergies in the future, not only by expanding our market area, but also by filling various white spaces.

It has approximately 800,000 active users overall and demonstrates strengths in the OMO area. Our company's mix.tokyo is also currently in the phase of strengthening its OMO capabilities. We intend to develop a strategy that maximizes synergies with Daytona's customer base and e-commerce business.

In addition, since Daytona's strength lies in its relatively young customer base, while TSI's customer base is centered on an older generation, we believe a complementary relationship can be established. This transaction is expected to scale up consolidated purchasing volume by approximately 30%, which may allow us to further expand the economies of scale related to structural reforms in procurement costs.

In addition, one of Daytona's subsidiaries operates a DX solution business that uses digital signage for apparel stores. Although the size of the business is small at present, we have high expectations for its future growth potential. We also intend to actively integrate this solution into TSI's existing businesses and stores in the future.

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Q1 FY2026 Financial and Capital Policy

Shareholder Returns

We announced a share buyback of up to 6.0 billion yen to be executed by the end of December 2025. Under the current medium-term management plan, we aim to repurchase a total of over 15.0 billion yen, including 6.0 billion yen already repurchased and cancelled in the previous fiscal year. Alongside enhanced dividends, we will continue to expand shareholder returns on a sustainable basis.



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Shareholder returns.

The Company has announced a share buyback of up to JPY6 billion by the end of December 2025. As we aim to repurchase more than JPY15 billion of our own shares during the period of our mid-term management plan, we have already repurchased and retired JPY6 billion of our own shares in the last 12 months. We intend to continue enhancing shareholder returns and strengthening dividends.

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Outlook for Q2 and Beyond

- While the first quarter resulted in lower revenue but higher profit, indicating improved profitability, sales remained a challenge.
- From the second quarter onward, priority will be placed on driving revenue in existing businesses, particularly through physical stores and e-commerce.
- At the same time, both growth investments and shareholder returns will be actively pursued by leveraging available financial capacity.
- By reinforcing all three pillars—existing business performance, growth investments, and shareholder returns—corporate value enhancement will be targeted.



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We are about to conclude our Q1 presentation.

In Q1, we recorded a decline in revenue but an increase in profit. While we saw an improvement in profitability, our sales momentum weakened. From Q2 onward, we will place greater focus on strengthening sales in our existing businesses, particularly in physical stores and e-commerce.

In parallel, we will leverage our financial capacity to actively promote both growth investment and shareholder returns. By reinforcing our existing business, investing in further growth, and enhancing shareholder returns, we aim to increase our corporate value.

Over the past year, we have been steadily carrying out structural reforms to strengthen our profitability. While we will continue these efforts, we now aim to shift into a growth phase.

Under our corporate purpose, "We create global empathy and social value through the power of fashion entertainment," we aspire to enhance our corporation value as a creator of fashion entertainment. We sincerely appreciate your continued support as we take on this next chapter. Thank you very much.

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