



TSI HOLDINGS

TSI HOLDINGS CO., LTD.

Q2 Financial Results Briefing for the Fiscal Year Ending February 2026

October 15, 2025

Event Summary

[Company Name]	TSI HOLDINGS CO., LTD.	
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[Event Name]	Q2 Financial Results Briefing for the Fiscal Year Ending February 2026	
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[Venue]	Webcast	
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[Participants]	66	
[Number of Speakers]	4	
	Tsuyoshi Shimoji	Representative Director, President & CEO
	Masanori Maekawa	Executive General Manager & COO
	Mitsuru Naito	Executive General Manager & CFO, Director, Group Strategy Headquarters
	Tsuyoshi Onoda	Director E-commerce Headquarters

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Presentation

Moderator: We will begin the 1H financial results briefing for TSI HOLDINGS CO., LTD. for the fiscal year ending February 2026.

Thank you.

Shimoji: Thank you very much for your continued support. We will now begin the financial results briefing for the first half of FY2026. Thank you.

1H FY2026 Overview

Executive Summary

- ✓ During the first half, the apparel market was impacted by macroeconomic factors, including inflation and U.S. tariff policies. Although overall market conditions stayed fairly steady, consumer sentiment varied and remained unstable.
- ✓ The Company's results for the first half showed a decline in net sales, mainly due to the impact of business exits in the previous fiscal year and the sluggish performance of core brands. However, the benefits of our profit structure reforms became evident, leading to higher profits across all levels from operating income downward.
- ✓ On the other hand, both net sales and operating income fell short of the budget for the first half. However, the shortfall in operating income stayed within a recoverable range, and we aim for improvement in the second half.

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Executive Summary.

During the first half of the year, the apparel market was influenced by external factors, but overall market conditions stayed consistent. However, consumer sentiment remained volatile.

Although our 1H results showed a decline in net sales due to the impact of business exits in the previous fiscal year and the sluggish performance of core brands, the results of our profit structure reforms became evident. All levels of income, from operating income downward, increased.

On the other hand, although sales and operating income fell short of the 1H budget, we believe that the shortfall in operating income is within the recoverable range.

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1H FY2026 Overview

1H Financial Highlights

The various initiatives under the medium-term management plan aimed at reforming the profit structure advanced steadily, leading to improved profitability.

Although net sales declined more than expected due to factors beyond the impact of last year's business exits, we achieved profit growth across all levels.

The drop in gross profit from lower sales surpassed expectations, resulting in an operating income shortfall compared to the target.

[billion yen]		
Net Sales 66.16B	Operating Income 0.64B	Gross Profit 1.31B
YoY: ▼9.06B [88.0%]	YoY: ▲0.86B [-%]	YoY: ▲2.10B [-%]
vs Budget: ▼4.83B [93.2%]	vs Budget: ▼0.36B [64.0%]	vs Budget: ▲0.51B [164.2%]

- Net sales decreased due to business exits in the previous fiscal year (-3.5%), delays in member migration related to switching to a new membership management system, weaker new customer acquisition for core brands, and the restructuring of our U.S. operations.
- The results of structural reform initiatives became tangible, leading to improvements in gross profit margin and SG&A expenses, which in turn resulted in higher operating income.
- Both profit before income taxes and net income for the first half increased year on year, achieving the budget.

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Here are the 1H financial highlights.

The profit structure reform initiatives under the medium-term management plan advanced steadily. We can see improvement in profitability. On the other hand, net sales decreased due to business exits in the previous fiscal year, delays in member migration related to the renewal of our customer base, weaker new customer acquisition for core brands, and the restructuring of our US operations.

However, the results of structural reform initiatives became evident. The gross profit margin and SG&A expenses improved. As a result, operating income increased YoY by JPY 860 million. Lastly, both profit before income taxes and net income exceeded the budget.

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1H FY2026 Overview

Financial Highlights

Net Sales
66.16B
YoY:
▼9.06B [88.0%]

Positive Factors

- Solid sales performance in men's casual apparel brands such as "AVIREX" and "Schott."

Negative Factors

- Revenue decline reflecting business exits and divestitures in the previous fiscal year.
- Slow acquisition of new customers for core brands.
- E-commerce sales fell short of both the previous year and the budget, affected by factors such as member migration.

Gross Profit
36.82B
YoY
▼3.72B [90.8%]

Positive Factors

- Improvement in the cost of goods ratio driven by price optimization and lower procurement costs
- Reduction in inventory valuation loss provisions as older inventories have been largely cleared
- ➡ Gross profit margin improved by 1.8 percentage points year on year

Negative Factors

- Decrease in gross profit due to lower net sales
- Strengthened sales promotions in the second quarter led to a temporary deterioration in gross profit margin

SG&A Expenses
36.18B
YoY
▼4.58B [88.7%]

Positive Factors

- Ongoing benefits from structural reforms, mainly from tighter control of advertising and personnel expenses
- Selling and administrative expenses were contained in absolute terms due to lower sales-linked costs

Negative Factors

- Higher fixed-cost burden resulting from lower sales, leading to a 0.5 percentage-point deterioration in the SG&A ratio year on year



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We will look at the financial highlights in more detail.

1H net sales reached JPY 66.16 billion, representing 88% YoY. Men's casual brands like AVIREX and Schott continued to perform well. However, due to previous fiscal year business exits, slow customer acquisition for core brands, and negative member migration effects in our e-commerce business resulted in the YoY decline and shortfall.

Gross profit was JPY 36.82 billion, representing 90.8% YoY. Pricing optimization, lower procurement costs, and a reduction in inventory valuation loss contributed to a YoY improvement in gross profit margin by 1.8 percentage points. On the other hand, the decrease in net sales had a negative impact. It declined by approximately \$3.7 billion YoY.

SG&A expenses totaled JPY 36.18 billion, representing 88.7% YoY. Overall SG&A expenses remained well controlled, reflecting the effects of structural reforms such as tighter control of advertising, sales promotion, and personnel expenses. On the other hand, lower sales resulted in reduced sales-linked costs but a relatively higher fixed-cost burden, causing the SG&A ratio to deteriorate by 0.5 percentage points YoY.

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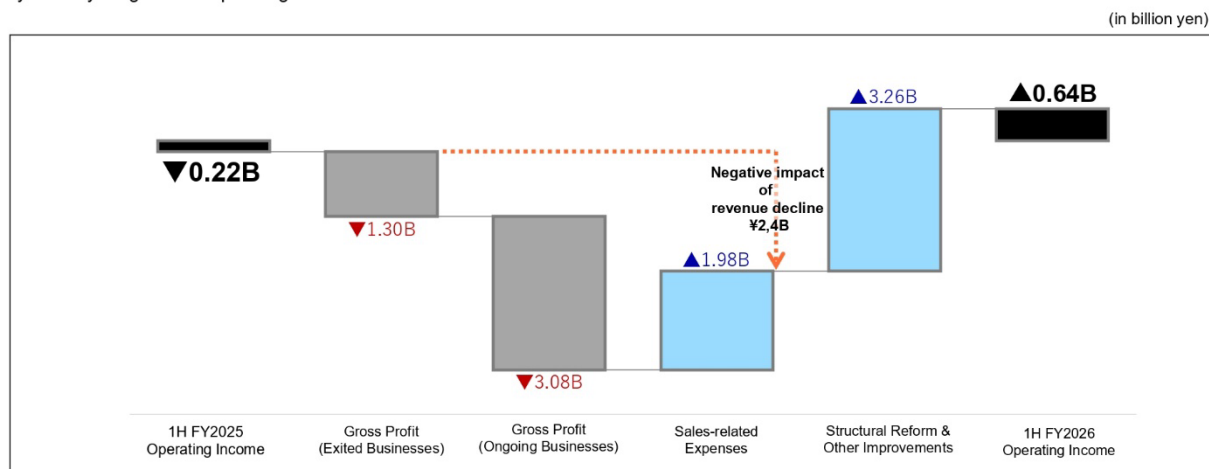
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1H FY2026 Overview

Factors Affecting Operating Income

The combined revenue decline from exited and ongoing businesses had a negative impact of approximately ¥2.4 billion on operating income, reflecting both the decrease in gross profit and the reduction in sales-linked expenses.

In contrast, profitability improved by approximately ¥3.2 billion due to structural reform initiatives and other efficiency measures, resulting in year-on-year growth in operating income.



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We would like to explain the factors affecting operating income.

The combined revenue decline from exited and ongoing businesses had a negative impact of approximately JPY 2.4 billion on operating income compared to 1H FY2025, reflecting both the decrease in gross profit and the reduction in sales-linked expenses.

On the other hand, cost reductions and efficiency gains from structural reforms had a significant effect, improving profitability by approximately JPY 3.2 billion. The tangible improvement effects from the structural reform initiatives in this fiscal year will be explained later. As a result, operating income increased to JPY 640 million.

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1H FY2026 Overview

Net Income Impact — Itemized Breakdown

Non-operating income and expenses totaled ¥690 million, including dividend income, rental income, share of profit of entities accounted for using equity method, and foreign exchange losses, resulting in ordinary income of ¥1.33 billion.

Including gain and loss on sale of a subsidiary, income before income taxes was ¥1.44 billion, and net income attributable to owners of parent for the first half was ¥1.31 billion, representing a net profit margin of 1.9%.

(in million yen)

Non-operating Income	- Dividend income 330m - Share of profit of entities accounted for using equity method . . . 210m - Rental income 120m
Non-operating Expenses	Foreign Exchange Losses 30m
Extraordinary Income/Losses	- Net Income on sale of Investment Securities 610m - Net loss on sale of affiliates 380m
Income Taxes	- Corporation, inhabitant and enterprise taxes 240m - Income taxes – deferred 10m

Note: Only major items are shown.

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We would like to provide a detailed breakdown of the net income impact.

Non-operating income totaled JPY 690 million, which includes dividend income, rental income, and the share of profit from entities accounted for using the equity method. On the other hand, foreign exchange losses of JPY 30 million were recorded in non-operating expenses.

In extraordinary income and loss, the Company recorded a gain of approximately JPY 600 million on the sale of investment securities and a loss of JPY 380 million on the sale of affiliates. As a result, ordinary income was JPY 1.33 billion, income before income taxes was JPY 1.44 billion, and net income attributable to owners of parent for 1H was JPY 1.31 billion, representing a net profit margin of 1.9%.

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1H FY2026 Results Overview

Balance Sheet

(in million yen)

	1H FY2025		1H FY2026			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Current Assets	65,263	50.8%	67,882	55.3%	2,619	104.0%
(of Cash and Deposits)	21,680	16.9%	28,896	23.5%	7,216	133.3%
(of which, Inventory)	28,375	22.1%	25,405	20.7%	-2,970	89.5%
Non-current Assets	63,100	49.2%	54,818	44.7%	-8,282	86.9%
(of Investment Securities)	25,644	20.0%	24,127	19.7%	-1,517	94.1%
(of Investment Real estate)	4,880	3.8%	2,243	1.8%	-2,637	46.0%
Total Assets	128,363	100.0%	122,701	100.0%	-5,663	95.6%
Current Liabilities	27,127	21.1%	24,213	19.7%	-2,914	89.3%
(of Short-term borrowings)	5,098	4.0%	7,779	6.3%	2,681	152.6%
(of Current portion of long-term borrowings)	1,952	1.5%	875	0.7%	-1,077	44.8%
Non-current Liabilities	7,034	5.5%	5,728	4.7%	-1,306	81.4%
(of Long-term borrowings)	1,016	0.8%	428	0.3%	-588	42.1%
Total Liabilities	34,162	26.6%	29,942	24.4%	-4,220	87.6%
Total Net Assets	94,200	73.4%	92,759	75.6%	-1,441	98.5%
(of Treasury stock(-))	-5,890	-4.6%	-16,473	-13.4%	-10,583	279.7%
Total Liabilities and Net Assets	128,363	100.0%	122,701	100.0%	-5,663	95.6%

Cash and Deposits

- Significant cash inflow from the sale of real estate at the end of the previous fiscal year.
- Despite cash outflows associated with dividend increases and the repurchase of treasury shares, cash and deposits rose 33.3% year on year.

Inventories

- A year-on-year decrease of more than 10%, reflecting the impact of last year's clearance of excess inventory.
- Ongoing initiatives to improve inventory efficiency are delivering results, and efforts will be further strengthened in the second half.

Investment Securities

- Down approximately 6% year on year
- Continued sale of cross-shareholdings and other equity holdings

Treasury Shares

- Repurchase of treasury shares totaling ¥12.0 billion was carried out in July 2025.
- All repurchased shares are scheduled to be cancelled in full by the end of January 2026.

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We will explain the balance sheet.

Cash and deposits: There was a cash inflow from the sale of real estate at the end of the previous fiscal year. Despite cash outflows from dividend increases and the purchase of treasury shares, cash and deposits increased by 33.3% YoY, or JPY 7.2 billion.

Inventories improved YoY by approximately JPY 2.9 billion, or 89.5% of those in 1H FY2025, due to the impact of last year's clearance of excess inventory as well as ongoing initiatives to improve inventory efficiency. We will continue to optimize inventory in 2H.

Investment securities decreased YoY by approximately JPY 1.5 billion, or 94.1% of those in 1H FY2025 as a result of the sale of cross-shareholdings and other equity holdings. In July, the repurchase of treasury shares totaling JPY 12 billion was carried out. All repurchased shares are scheduled to be cancelled in full by the end of January 2026.

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1H FY2026 Sales Performance by Channel

Sales by Channel

Department store sales were 81.4% of the previous year's level due to the underperformance of core brands, while sales at commercial facilities remained nearly unchanged, excluding the impact of exits from certain businesses.

As a result, total domestic physical store sales declined by ¥3.12 billion to 93.0%. Domestic Misc. sales were 86.2%, reflecting a ¥1.02 billion decrease from the divestment of businesses in the previous fiscal year.

Overseas sales were 65.1%, reflecting the impact of U.S. business divestment and restructuring, despite solid performance in the U.K.

(in billion yen)

		1H FY2024 ^{※3}	1H FY2025 ^{※3}	1H FY2026	YoY
Domestic Retail	Department Store [% of total sales]	9.40B [12.8%]	9.31B [12.4%]	7.57B [11.5%]	81.4%
	Commercial Facilities ^{※1} [% of total sales]	32.93B [44.9%]	35.18B [46.8%]	33.79B [51.1%]	96.0%
	E-commerce [% of total domestic retail sales]	16.6B [28.2%]	15.95B [26.4%]	13.27B [24.3%]	83.2%
	Domestic Misc. ^{※2} [% of total sales]	8.54B [11.7%]	8.98B [11.9%]	7.74B [11.7%]	86.2%
	Overseas [% of total sales]	5.73B [7.8%]	5.80B [7.7%]	3.77B [5.7%]	65.1%

※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 Partially corrected the elimination of an accounting error in consolidation. This has no impact on consolidated net sales.

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Sales performance by channel.

Department store sales were 81.4% of the previous year's level due to a reduction of approximately 25 stores as a result of business exits, as well as the underperformance of core brands. Sales at commercial facilities remained nearly unchanged, excluding the impact of business exits, despite the impact of store closures of the same scale, as the channels of the business performing well are mostly concentrated in street stores and fashion buildings.

As a result, total domestic physical store sales, combining department stores and commercial facilities, decreased by JPY 3.12 billion YoY to 93%. Domestic miscellaneous sales had a negative impact of approximately JPY 1 billion from the divestment of non-apparel businesses in the previous fiscal year, resulting in 86.2% of 1H FY2025.

As for overseas, MARGARET HOWELL UK's sales increased YoY, but the divestment of the TACTICS business in the US and the restructuring of the HUF business had a negative impact, resulting in 65.1% YoY.

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1H FY2026 Sales Performance by Channel

E-commerce Sales

Domestic e-commerce sales through “mix.tokyo” were down ¥1.66 billion year on year to 76.7%, continuing to struggle but showing gradual month-by-month improvement.

Sales through third-party e-commerce platforms (3rd EC) focused on promotional initiatives and were supported by strong-performing brands, but overall fell short of the previous year (93.8% excluding the impact of business exits).

As a result, total domestic e-commerce sales declined by ¥2.67 billion to 83.2% of the previous year's level.

Overseas e-commerce sales were 53.9%, reflecting the spillover impact of reduced revenues in the U.S. business.

(in billion yen)

		1H FY2024※ 2		1H FY2025※ 2		1H FY2026	YoY
Domestic	In-house [% of total domestic E-comm]	7.84B [47.1%]	▶	7.15B [44.9%]	▶	5.49B [41.4%]	76.7%
	3 rd Party [% of total domestic E-comm]	8.81B [52.9%]	▶	8.79B [55.1%]	▶	7.78B [58.6%]	88.6%
	Total Domestic [% of total domestic retail sales]	16.66B [28.2%]	▶	15.95B [26.4%]	▶	13.27B [24.3%]	83.2%
	Overseas E-Commerce [% of total overseas retail sales]	1.79B [31.3%]	▶	1.96B [33.9%]	▶	1.06B [28.1%]	53.9%
	Total E-Commerce Sales [% of total retail sales]※ 1	18.45B [28.5%]	▶	17.91B [27.0%]	▶	14.33B [24.5%]	80.0%

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

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

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This is a breakdown of e-commerce sales.

Domestic in-house e-commerce sales continued to struggle, declining by JPY 1.66 billion YoY to 76.7%. However, through trial and error, we could see some improvements month by month. Details of mix.tokyo will be explained later in the business highlights section.

Excluding the impact of business exits, domestic in-house e-commerce sales were approximately 80% of the previous fiscal year's level. As for third-party e-commerce, we mainly implement sales promotion measures, and sales were driven by AVIREX, Schott, JILL by JILL STUART, and some golf brands such as New Balance Golf and MASTER BUNNY EDITION, but overall sales decreased YoY. Excluding the impact of business exits, sales were 93.8% of 1H FY2025. Total domestic e-commerce sales decreased by JPY 2.67 billion YoY to 83.2%.

Overseas e-commerce sales were 53.9% of the previous year's level, reflecting the spillover impact of reduced revenue in the US business.

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1H FY2026 Business Highlights

Core Brands

AVIREX, a leading brand in the men's casual segment, continued to perform strongly with double-digit sales growth.

Delays in migrating members to the new "mix.tokyo" platform and challenges in acquiring new customers weighed on core brand sales in the first half.

AVIREX® <u>112.0% YoY</u> - Daily Wear, the staple collection of the brand, achieved over double the sales of the previous year, driven by strong social media engagement and exposure, making a significant contribution to overall results. - For the fall/winter season, the brand will accelerate 50th-anniversary promotions, including artist collaborations, to further expand its customer base and drive sales growth.	 Long-selling "DAILY WEAR" helps drive more customer traffic through new purchases by younger customers.	N A N O universe <u>93.6% YoY</u> - Customer traffic and product appeal were below expectations at the start of the season, prompting early discounting to improve sell-through and lowering average purchase value in the second quarter. - In September, the new women's brand "STEVELOUR" was launched to add a new dimension to the brand image and expand the customer base.	 "STEVELOUR" embodies the concept of "the fusion of sensual sophistication and modern casual style," offering effortless, confident looks with natural allure.
MARGARET HOWELL <u>87.9% YoY</u> - Along with the ongoing impact of store closures, lower-than-expected product appeal during the regular sales period resulted in weaker customer traffic. - As part of efforts to strengthen brand presence through its retail strategy, the brand opened a new flagship store with its largest in-store café in Japan at Takanawa Gateway in September.	NATURAL BEAUTY BASIC <u>86.1% YoY</u> - Underperformance of core items and delays in promotional initiatives led to a decline in customer traffic, while intensified discounting weighed on profitability in the second quarter. However, customer numbers have been on a recovery trend month by month. - The brand is introducing new product initiatives that emphasize effortless comfort and balanced design, including the new line "NAVYNAVY."	PEARLY GATES <u>77.6% YoY</u> Prioritizing inventory optimization improved turnover, but sales remained sluggish due to the carryover impact of last year's clearance sales. For the fall/winter season, the brand will adopt new approaches to attract and engage new customers. New Balance Golf and PING maintained steady performance, underpinning the golf segment's overall results.	

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1H business highlights.

AVIREX, our leading men's brand, continued to perform well. It saw double-digit sales growth. On the other hand, delays in migrating members to mix.tokyo and challenges in acquiring new customers had a significant impact on our core brand sales in 1H.

AVIREX sales were 112% of the previous year's level. It achieved more than double the sales of the previous year, thanks to strong sales of its staple collection, Daily Wear.

NATURAL BEAUTY BASIC sales were 86.1% of the previous year's level. Although profitability deteriorated due to the underperformance of core items and intensified discounting in Q2, the number of monthly customers is on a recovery track. In September, new promotions were carried out and a new line, NAVYNAVY, were launched. We will also implement product initiatives.

PEARLY GATES sales were 77.6% of the previous year's level. We placed the highest priority on inventory optimization. As a result, turnover improved. On the other hand, sales growth remained sluggish, partly due to the impact of the previous fiscal year's clearance sales.

For the fall and winter season, we are taking proactive approaches toward customers. However, New Balance Golf and PING maintained steady performance, supporting the golf segment's overall results.

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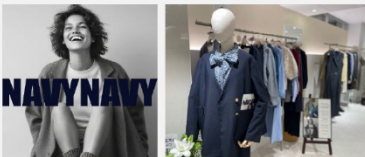
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1H FY2026 Business Highlights

Emerging Growth Brands

Brands that successfully executed collaboration initiatives and corresponding promotion strategies performed strongly in both men's and women's categories.

In addition, cross-industry collaborations helped expand brand awareness among new customer segments.

ETRE TOKYO	108.2 % YoY	UNION TOKYO	144.3 % YoY	NAVYNAVY
The brand actively pursued collaboration projects with partners such as "Zoff" and "CA4LA," expanding customer touchpoints through partnerships beyond the apparel category. With new store openings in Yokohama and Nagoya (scheduled for November), the brand aims to further accelerate brand awareness and penetration.	A pop-up store in collaboration with "NIKE" was held, blending sports and fashion to express running culture through UNION's unique street and fashion perspective. Together with NIKE, the brand introduced a new retail concept that reflects diverse communities and was highly praised for its storytelling and creativity.	A new line from "NATURAL BEAUTY BASIC" was launched in collaboration with AI agents taking on professional roles, with sales starting in stores and on the official online site. The line received a strong response during its pre-sale on <i>Makuake</i>, a crowdfunding platform. A co-creation project with customers and partner companies has also been launched, aiming to expand awareness through ongoing initiatives such as workshops.		
 ▲ Collaboration with "Zoff (eyewear)" and "CA4LA (headgear)"  ◀ New store opened at Lumine Yokohama in September, featuring exclusive items and a novelty gift campaign to commemorate the launch.	 ▲ Launched a special collection ahead of the "Tokyo 2025 World Athletics Championships" and hosted a running event in conjunction with the release.	 ▲ Launched at Lumine Est Shinjuku, with sales to follow at other locations.		

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Emerging growth brands.

In both men's and women's categories, brands that successfully executed collaboration initiatives and corresponding promotional strategies performed well. Also, cross-industry collaborations helped expand brand awareness among new customer segments.

ETRE TOKYO has actively pursued collaboration projects, such as the eyewear brand "Zoff" and the hat brand "CA4LA", to expand the customer base. With new store openings in Yokohama and Nagoya, it further boosts brand awareness.

NAVYNAVY is a new line from NATURAL BEAUTY BASIC. It was launched with AI agents taking on professional roles and is available in stores and on mix.tokyo. We will expand awareness through projects and workshops to co-create new ideas and experiences.

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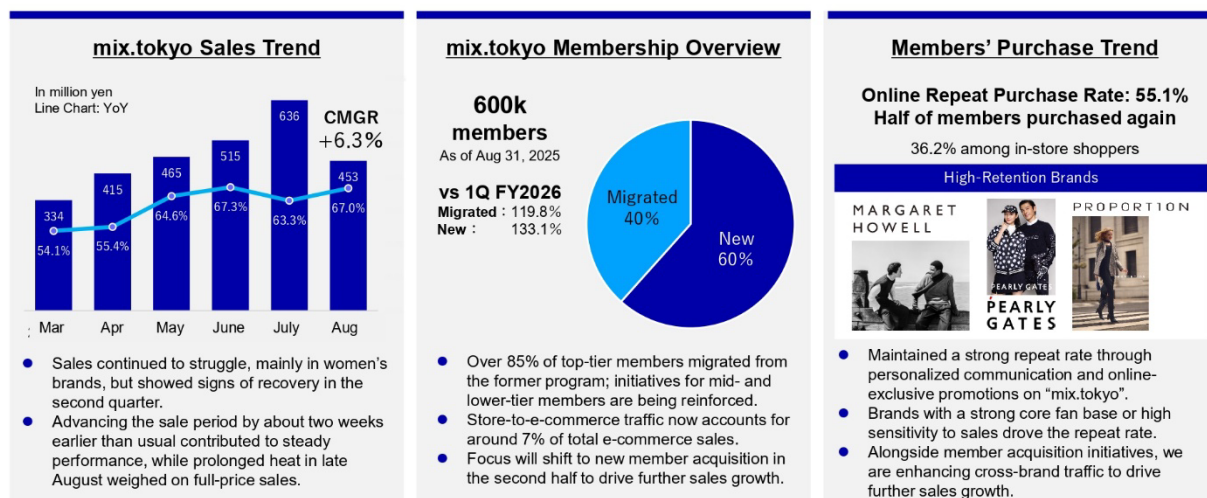
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1H FY2026 Business Highlights

Progress on E-commerce Integration

Sales declined significantly in the first quarter due to delays in migrating existing members to the new platform, but showed month-by-month improvement in the second quarter.

Although signs of recovery are emerging in the second half, acquiring new members remains essential to expand sales.



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Next, progress on e-commerce integration.

In Q1, sales dropped significantly due to delays in migrating existing members. Since the May holidays, we have continued to implement measures to retain existing members and acquire new ones.

There are signs of recovery in 2H. However, in order to expand sales in the future, there is an urgent need to acquire additional members.

This is the mix.tokyo sales trend. Although we have not yet reached a sufficient level, we see some improvements month by month. Overall, it continues to struggle, especially with women's brands, but in Q2, sales gradually improved, partly due to the earlier-than-usual promotional sales period.

In August, the measures taken during the Obon holidays delivered results that exceeded our expectations. On the other hand, full-price sales were sluggish in late August, posing some challenges.

The number of members is now approximately 600,000. As the migration of top-tier members is almost complete, we will focus on acquiring new members while promoting migration measures for the existing members.

More than six months have passed since mix.tokyo was released, and the data has indicated that half of the buyers were repeat users. We are very pleased to see that the repeat purchase rate has increased in this short period of time. To address the challenge of expanding sales, we will acquire new members and strengthen cross-traffic between physical stores.

As we move into the fall and winter season, we will implement many initiatives, including events to introduce mix.tokyo to many customers.

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1H FY2026 Business Highlights

E-Commerce Expansion Strategy

The first summer sale campaign on “mix.tokyo” combined site-wide and brand-specific initiatives to drive online sales.

“mix.tokyo” will host a POP-UP Event this winter, featuring cross-brand experiences and exclusive content to deepen user engagement.

Platform-wide initiatives	Enhanced Brand Initiatives	Pop-up Event
 Special Thanks Sale 8/17 SUN. 23:59まで MAX 90% OFF! いよいよ イベント FINAL ファイナル!! SALE品 MORE 10% OFF 8/15 FRI. 10:00 → 8/17 SUN. 23:59 5日間 毎日100円 ルーレットクーポン ¥5000 OFF 7/30 WED. 10:00 → 8/3 SUN. 23:59 クーポンが当たる!	 MARGARET HOWELL ONLINE ARCHIVE SALE 5月23日(金) — 6月8日(日)	 着たいがあつまろ。 mix.tokyo OFFLINE NEW OPEN
- Strengthened promotional activities during the July–August sale period, executing short-cycle initiatives every 3–4 days with real-time performance tracking. - Achieved record-high site traffic on Aug 17.	- Contributed to maximizing sales during each brand's annual sale period. - MARGARET HOWELL achieved approx. ¥10 million in orders within the first hour of its midnight sale launch.	Offline event to be held at Tokyo Midtown Hibiya for five days starting Nov. 20, featuring OMO-driven content to maximize brand awareness.

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Next, e-commerce expansion strategy.

We had the first summer sale campaign since the renewal of mix.tokyo. We continued mix.tokyo site-wide initiatives and brand-specific initiatives. We will hold a mix.tokyo POP-UP event in November.

First, we would like to report on the initiatives implemented in Q2. The sale for members started in mid-June, earlier than the previous year. NATURAL BEAUTY BASIC, whose e-commerce sales had been sluggish at the beginning, contributed steadily to overall sales. PEARLY GATES and other golf brands also contributed with high progress rates against plan.

In July, we faced some challenges in the first half of the month, but saw a gradual recovery in the latter half driven by measures such as the points reward program and “Buy 2 Get 10% Off” campaign.

In August, we ran a series of different campaigns over a 13-day period, launching new promotions every few days. Among them, the “Extra 10% Off” campaign, held from the 15th to the 17th, attracted the highest number of customers since the site’s launch. Individual brand measures were also implemented in parallel. Although small in scale, they steadily produced results at key points.

Next, the POP-UP event, mix.tokyo's first physical store. The event will be held at Tokyo Midtown Hibiya with the aim of further expanding awareness. We will prepare content that can be enjoyed across multiple brands, so please come to the venue.

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1H FY2026 Business Highlights

Sustainability Initiatives

ESG Data Book Released

The Company released its ESG Data Book, outlining key Group initiatives and communicating its ESG efforts to a broad range of stakeholders.



TSI HOLDINGS GROUP
ESG Databook 2024

<https://sustainability.tsi-holdings.com/report.html#storybook>
(Available only in Japanese)

Seven New Group Policies Introduced

To realize our purpose, "We create global empathy and social value through the power of fashion entertainment," we have formulated a comprehensive policy to advance ESG management and promote sustainable growth across the Group. Through these efforts, we aim to enhance stakeholder engagement throughout our organization.

Newly Established Policies

People

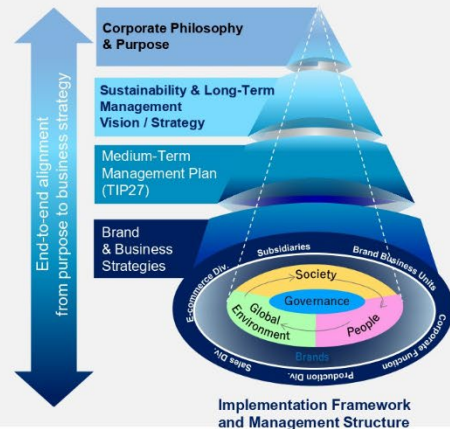
- Customer-Initiated Harassment Policy

Society

- Quality Policy
- Procurement Policy

Governance

- Information Security Policy
- AI Utilization Policy
- Anti-Corruption Policy
- Tax Policy



Implementation Framework
and Management Structure

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Next, sustainability initiatives.

We have released the ESG Data Book. It is intended to communicate key group initiatives and our ESG efforts to a broad range of stakeholders clearly. We will continue to brush up this data book and update it regularly.

Then, in June, we established and introduced seven new group policies to strengthen governance. To realize our purpose, we have formulated a comprehensive policy to advance ESG management and promote sustainable growth across the Group. We will strive to deepen our relationship with stakeholders.

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1H 2026 Structural Reform Progress

Structural Reforms – Progress Update

Structural reforms delivered tangible improvements across all areas, generating about ¥3.2 billion in operating profit gains in the first half. Further enhancement will continue through ongoing review and refinement in the second half and beyond.

		(in billion yen)
Purpose	Course of Action	Impact (YoY)
Purchase Cost Reductions & Optimized Supply/Demand Management	▶ Company-wide strategy for production and manufacturing e.g.) Supplier and factory consolidation, Relocation of production bases, Optimization of delivery operations, Local settlement of payments ▶ Standardized approach to price analysis and decision-making	Approx. 0.6B
Retail Operation Reform	▶ Area-based optimization and reform of sales staff allocation	Approx. 0.3B
E-commerce Platform Integration & System Renewal	▶ Cost reduction through e-commerce platform consolidation ▶ Improved efficiency through streamlining operations and management systems	Approx. 0.3B
Improve Efficiency of Costs including SG&A	▶ Logistics cost optimization initiatives ▶ Cross-functional cost control (advertising, promotion, and outsourcing) ▶ Workforce optimization implemented in the previous fiscal year	Approx. 2B
		Total 3.2B

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Next, progress update on structural reforms.

Across all areas of structural reforms presented in TIP27, tangible improvements were delivered. In the area of purchase cost reduction and optimized supply-demand management, the gross profit margin improvement led to an impact of approximately JPY 600 million.

The main measures taken were cost reductions by promoting measures such as TSI's company-wide consolidation of suppliers, and the implementation of a standardized approach to price analysis and decision-making.

In retail operation reform, we are proceeding with area-based optimization of sales staff allocation, which resulted in an impact of approximately JPY 3 million, mainly in personnel expenses. In parallel, system reforms are underway, including the shared sales associate system and development of career pathways.

In e-commerce platform integration and system renewal, cost reduction through our in-house e-commerce platform consolidation with mix.tokyo and improved operational efficiency resulted in an impact of approximately JPY 300 million.

In the area of improving cost efficiency, including SG&A, the initiatives we have implemented since the previous fiscal year, mainly in the areas of logistics, advertising and promotion, and personnel expenses, delivered results with an impact of approximately JPY 2 billion.

In total, the reforms generated approximately JPY 3.2 billion in operating income gains in 1H FY2026 compared to 1H FY2025. While we are pleased with the steady progress made so far, there are many areas that need to be reviewed. Further enhancement will continue through ongoing review and refinement in 2H and beyond.

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FY2026 Full-Year Consolidated Earnings Forecast

Full-Year Forecast

We revised our consolidated earnings forecast for the fiscal year ending February 2026, announced on April 11, 2025, reflecting recent business performance and the consolidation impact of Daytona International Co., Ltd., which became a wholly owned subsidiary.

	FY2026 Initial Forecast		(in billion yen)
		Revised Forecast	Difference
Net Sales	153.0B	169.0B	▲16.0B
Operating Income	5.7B (Profit margin : 3.7%)	5.7B (Profit margin : 3.3%)	-
Ordinary Income	6.0B (Profit margin : 3.9%)	6.0B (Profit margin : 3.6%)	-
Profit Attributable to Owners of Parent	4.2B (Profit margin : 2.7%)	4.2B (Profit margin : 2.5%)	-
Net Income Per Share	60.47yen	62.56yen	-

Sales from existing businesses are expected to fall below the initial plan, but consolidated net sales are projected to reach ¥169.0 billion (up ¥16.0 billion) reflecting the consolidation of Daytona International.

Goodwill amortization related to the acquisition has been factored in, and forecasts for operating profit and below remain unchanged.

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Next, full-year earnings forecast.

Last week, we announced a revision to our earnings forecast for 1H. The full-year forecast is being disclosed at this time to incorporate the outlook for 2H and the calculation of goodwill arising from acquisition.

In 2H, we expect that it will take time to recover our core brands and mix.tokyo, our in-house e-commerce platform and sales in existing businesses will fall short of our initial forecast.

On the other hand, since Daytona International is consolidated in 2H, net sales are expected to increase by JPY 16 billion to JPY 169 billion, taking into account the impact of this consolidation. The impact of goodwill amortization associated with the acquisition has been factored in.

In light of these factors, operating income remains unchanged from the initial plan. The items below operating income also remain unchanged.

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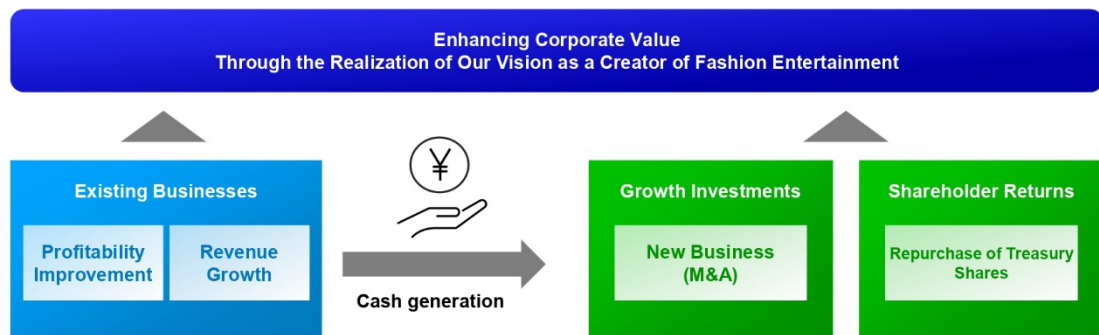
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Outlook for 2H and Beyond

- First Half: Achieved higher profits despite lower sales, supported by steady progress in structural reforms. Restoring sales capabilities will be the key to future success.
- Second Half: Launching new growth initiatives, including “mix.tokyo” pop-up events and the debut of new brands Alpha Industries and NAVYNAVY.
- PMI of Daytona International: Strongly promoting post-merger integration to realize concrete synergies.
- Outlook: Continue to enhance existing businesses, growth investments, and shareholder returns to further increase corporate value.



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We have four key points for 2H.

1H saw lower sales and higher profits. We will make steady progress in structural reforms. Since the key to our future success will be to restore sales capabilities. Daytona International has joined us, and since they have considerable sales power, we will strengthen cooperation moving forward.

In 2H, we will hold mix.tokyo's first POP-UP event. We hope to increase awareness of mix.tokyo in various locations through POP-UP events and other initiatives.

Also, we launched new brands, Alpha Industries and NAVYNAVY as part of our new growth initiative.

For Daytona International, we are currently driving the PMI process in earnest, and we will work to realize synergies across the entire Company.

We will further enhance our corporate value by strengthening our existing businesses, growth investments, and shareholder returns. We appreciate your continued support.

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