TSI HOLDINGS CO., LTD.

Financial Results Briefing for the Fiscal Year Ended February 2026

April 13, 2026

Event Summary

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[Time]	10:00 – 10:59 (Total: 59 minutes, Presentation: 27 minutes, Q&A: 32 minutes)
[Venue]	Webcast
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[Participants]	65
[Number of Speakers]	6

Tsuyoshi Shimoji	President and CEO
Masanori Maekawa	Director and COO
Mitsuru Naito	Director and CFO
Masahiro Takahashi	Executive Officer, Manager of TSI Daytona International Business Division
Kazuhiro Yamamoto	Executive Officer, General Manager of Production Management
Tsuyoshi Onoda	Executive Officer, Manager of Digital Business Division

Question & Answer

Moderator [M]: We will now move to the question-and-answer session.

Tokai Tokyo Intelligence Laboratory Co., Ltd. ("Tokai Tokyo") [Q]: **First**, regarding the downward revision of the operating profit target for the final year of the medium-term management plan, from JPY 10.0 billion to JPY 7.5 billion, could you elaborate on the factors behind the variance from the initial assumptions?

Second, with respect to the plan for the fiscal year ending February 2027, could you provide the assumptions for same-store sales growth, as well as the revenue and operating profit assumptions for Daytona International? In addition, the impact of structural reforms under the medium-term plan is currently estimated at JPY 6.7 billion; could you explain the gap compared with the initial assumption of JPY 10.0 billion?

Third, regarding capital policy, the target for reducing non-core assets has been revised from JPY 34.0 billion to JPY 43.0 billion. Could you share your outlook for the fiscal year ending February 2027?

Fourth, regarding the company's vision under the next medium-term management plan, we believe that the sustainability of shareholder returns may become challenging without cash generation driven by earnings growth. Could you elaborate on your policy for shareholder returns, including your earnings outlook and the sustainability of a DOE of 4%?

These are our four questions.

Maekawa [A]: Good morning. I am Maekawa. Thank you for your question.

Regarding the downward revision of the operating profit target under the medium-term management plan from JPY 10.0 billion to JPY 7.5 billion, we recognize three primary factors behind this change.

First, in the previous fiscal year, our core businesses struggled at the top line, which has lowered the baseline for our revenue assumptions in the current fiscal year.

Second, also in the previous fiscal year, sales at mix.tokyo, our integrated e-commerce platform, were weak. While we plan to pursue a recovery this fiscal year, the starting point for our plan has similarly been lowered, as with our core businesses.

For these first two factors, improvement initiatives were launched mainly in the second half of the previous fiscal year, and we are already seeing signs of recovery. We intend to continue addressing these areas with a positive outlook.

Third, although not a major factor, we have assumed that the current uncertain environment, particularly ongoing geopolitical risks, will persist to some extent. As a result, we have incorporated certain measures into our plan, such as further reducing product costs and controlling logistics expenses.

In any case, we recognize that failing to achieve the original JPY 10.0 billion target falls short of expectations. We are committed to achieving this target in the near future, and we view the current fiscal year as a critical step toward that goal.

Moderator [M]: Regarding the second question, growth of existing stores, Daytona International's performance, and the discrepancy from the initially projected JPY10 billion in restructuring benefits, CFO Naito will provide the answer.

Naito [A]: Let me respond to your questions. First, while we refrain from disclosing Daytona International's standalone revenue and operating profit, its revenue is expected to be slightly above its pre-consolidation full-year results, at just under JPY 50.0 billion.

In terms of profit, including Waterfront, the operating profit contribution from the companies acquired through M&A is approximately JPY 1.0 billion after accounting for goodwill amortization. For the current fiscal year, we expect performance to be broadly in line with, or slightly above, this level.

Regarding the impact of structural reforms under the medium-term management plan and the gap from the initial JPY 10.0 billion assumption, we announced in April last year that the effect for the fiscal year ended February 2025 would be JPY 2.3 billion. This increased to JPY 5.2 billion for the fiscal year ended February 2026, and with the addition of approximately JPY 1.9 billion for the current fiscal year, we expect the cumulative impact to reach close to JPY 10.0 billion.

We did not achieve the initial operating profit target primarily because existing businesses declined more than expected. In addition, as you are aware, various costs have increased compared with the assumptions at the time the plan was formulated. These include higher logistics costs, the impact of yen depreciation, and increased personnel expenses as we have made efforts to improve employee compensation beyond the initial plan. Taking all these factors into account, we were unfortunately unable to reach the JPY 10.0 billion operating profit target. That said, we expect to largely achieve the planned level of structural reform benefits within this fiscal year.

Next, regarding capital policy, specifically the reduction of non-core assets, the target has been revised to JPY 43.0 billion. Initially, we had planned a reduction of JPY 10.0 billion. Following the sale of investment real estate last year, this was revised to JPY 34.0 billion. The latest revision to JPY 43.0 billion reflects, in addition to the real estate sale, further reductions primarily in cross-shareholdings, including those planned for the current fiscal year. In substance, this represents an additional reduction of approximately JPY 9.0 billion over two fiscal years.

Finally, regarding shareholder returns, as you pointed out, we are aiming for a DOE of 4%. However, the additional JPY 15 per share is a special dividend, and sustaining such a level of returns will, naturally, require higher earnings.

We will announce our plan for the next fiscal year after further review. While we were unable to achieve the JPY 10.0 billion operating profit target this fiscal year, this remains our next benchmark. Going forward, we expect to place greater emphasis on dividend increases in line with earnings growth rather than on share buybacks. Through such earnings growth, we aim to deliver stable shareholder returns while maintaining a DOE of 4%.

That concludes my response.

Shimoji [A]: Good morning, everyone. Thank you for your question. We have been implementing reforms for the past two years, and although achieving the target figures has been difficult, I believe we have made significant improvements in the Company's muscular constitution and are beginning to see the effects of these reforms.

We regret to say that we are not achieving our targets, but there are new seeds of hope in the form of acquired members and the recovery of our existing brands, as shown in this fiscal year. We are making this announcement with optimism as we see new opportunities continually emerging.

We plan to continue expanding this area over the coming year, including by attracting new customers, so we hope you'll look forward to seeing what we have in store. Thank you very much.

Tokai Tokyo [Q]: Thank you very much for your answer.

One follow-up question regarding the reduction of non-core assets.

Since the real estate sale, extraordinary gains appear to have amounted to approximately JPY 4 to 5 billion. Based on this, is it correct to understand that you are expecting net proceeds of just under JPY 5.0 billion for the current fiscal year?

Naito [A]: As you pointed out, of course, there are other non-operating assets, such as real estate, though on a smaller scale, so some of these may change. The main focus will be on reducing investment securities, so your understanding is correct.

Tokai Tokyo: Thank you very much. That is all from me.

Moderator [M]: Thank you very much. We will move on to the next question. As there are two similar questions, I will read them consecutively.

Nikkei [Q]: With uncertainty surrounding the outlook for the situation in the Middle East continuing, how do you expect this to impact TSI? In addition, there are concerns about potential naphtha shortages—when do you anticipate any impact, such as price revisions, to materialize?

Amundi Japan [Q]: How should we think about the impact on your performance from inflation concerns arising from the deterioration of the situation in the Middle East?

Maekawa [A]: Thank you for your question.

First, regarding the impact of the situation in the Middle East, we recognize the primary concerns to be costs and supply chain disruptions. At present, however, we have not seen any significant issues, as our initiatives to reduce procurement costs and improve logistics, which have been underway since the previous fiscal year, are delivering results.

That said, the outlook remains highly uncertain, and it is unclear how the situation will de-escalate or how long it may take. Looking ahead, we believe there is a high likelihood of increased costs and potential delays in both production and transportation.

While we do not anticipate a complete disruption, we do see rising costs and delivery delays as key risks, which could lead to missed sales opportunities and increased inventory risk.

In terms of countermeasures, on the cost side, we will continue to mitigate the impact by increasing off-season production and expanding production in ASEAN, while further advancing our procurement cost reduction initiatives.

However, if raw material costs or foreign exchange movements exceed our expectations significantly, we believe it may become necessary to consider passing on these costs through price adjustments.

In addition, with regard to supply chain measures, in the short term, we are taking all possible actions within our control. For example, we are prioritizing the procurement of best-selling products and, where appropriate, shifting part of our shipments from sea freight to air freight, despite our heavy reliance on overseas production.

From a medium-term perspective, if the situation becomes prolonged, we believe more structural measures may be required, such as placing orders earlier and diversifying procurement sources. We will continue to closely monitor developments and respond accordingly.

That is all from me. Please provide any additional details if necessary.

Yamamoto [A]: Thank you for your question. I am Yamamoto from the Production Management Department.

As mentioned earlier by Maekawa, we expect cost increases and delivery delays across procurement, production, and transportation.

With regard to rising domestic and international logistics costs due to higher crude oil prices, we believe these can be absorbed within a certain range, as we are currently implementing the structural reforms initiated in the previous fiscal year.

However, for raw materials—particularly petroleum-based materials such as nylon, polyester, and acrylic derived from naphtha—we expect the impact on input costs to begin emerging from around August, based on our current assessment.

Accordingly, we anticipate that the impact will begin to be reflected in our Fall/Winter 2026 products, and we are monitoring the situation very closely. In response, we are advancing measures such as adjusting procurement and further diversifying production locations.

Nikkei [M]: Understood. Thank you very much.

Amundi Japan [M]: Very well understood. Thank you very much.

Moderator [M]: Thank you very much. We will move on to the next question.

WWD Japan [Q]: Since last year, you have carried out a series of M&A transactions, including Daytona International, Waterfront, and, most recently, Toyo Enterprise. What is the rationale behind this strong emphasis on M&A? Could you once again elaborate on the significance and objectives of your M&A strategy?

In addition, TSI has conducted numerous M&A transactions in the past and, as a result, has developed a unique corporate culture. Could you share your views on the challenges of integrating companies and businesses with different characteristics, as well as any key principles or approaches you consider important in managing them?

Shimoji [A]: Thank you for your question. First, the most recent M&A are all in line with our TIP27 growth strategy. We place strong emphasis on synergies that can be created by leveraging our existing assets and brands, as well as on addressing untapped areas in the fashion domain. Our intention is not only to pursue new initiatives, but also to create a flow from which new businesses can emerge.

These M&A initiatives are also aimed at strengthening our perspective as a “retailer,” rather than simply as an “apparel company.” As we have stated, we seek to become more distinctive, and by bringing together brands with strong individual identities and impact, we believe TSI can evolve into a constellation of stars—each brand shining in its own way while enhancing the Group's overall presence. We are committed to being a company with a sharp and distinctive edge.

At the same time, we fully recognize the challenges involved. Over the past three years, through our structural reforms, we have been preparing to better manage and integrate diverse businesses. In the current fiscal year, we have reorganized our structure into four business divisions along with our subsidiaries, establishing a framework to support this approach.

While preserving each brand's individuality, we have made significant progress in defining a direction for integrating and managing business aspects effectively. We now see this as the phase in which we can fully pursue growth, and we would appreciate it if you could view our efforts through that lens.

Thank you.

WWD Japan [M]: Thank you very much.

Moderator [M]: Thank you very much. We will move on to the next question.

Tsuhan Shimbun [Q]: Regarding the e-commerce channel, to what extent has the consolidation of Daytona International contributed to the uplift in sales? If possible, could you break this down between your own e-commerce platforms and third-party platforms?

Second, could you share the results and any challenges associated with the mix.tokyo pop-up store held in Hibiya?

Onoda [A]: Let me respond to your questions.

First, regarding the impact of Daytona International, we do not disclose detailed revenue figures, so we appreciate your understanding. Following the consolidation of Daytona in September, our full-year domestic e-commerce ratio improved to 31%. Excluding Daytona, it remained at 24.7%.

Within our existing businesses, we continue to see challenges, particularly in women’s brands, and we recognize that improving performance in this area is an urgent priority.

Next, regarding the pop-up store in Hibiya, this was a new initiative for us and represented an important cross-functional effort across the Group.

In particular, one of its key strengths was the strong amplification on social media, with engagement levels reaching approximately three to five times higher than usual. As a result, we believe it contributed to increasing awareness of mix.tokyo as well as our brands.

While the event was very positive in terms of fostering OMO-related synergies, we intend to further refine and enhance such initiatives going forward.

Maekawa [A]: Let me add a brief comment.

Regarding your question about the breakdown between our own e-commerce and third-party platforms, based on results from the previous fiscal year, the ratio was approximately 40:60, indicating that third-party platforms still account for a larger share of sales.

As for the pop-up store, as Onoda mentioned, we believe it achieved some success, particularly in increasing awareness of mix.tokyo. However, in the current fiscal year, while we will continue to consider various events to further enhance recognition of mix.tokyo, our basic strategy is to leverage the stronger brand recognition of our existing brands compared to mix.tokyo. Through various initiatives and promotions, we aim to acquire new members and drive sales growth.

That is all from my side.

Shimoji [A]: There are two major new e-commerce platforms—Daytona Park by Daytona International and mix.tokyo, and we are now entering a phase where we will be working to establish connections between them.

So, mix.tokyo itself is growing rapidly, and in that sense, we are also undergoing a kind of reorganization in the future. In a sense, much like a commercial facility, we plan to design the layout of mix.tokyo so that each section is clearly segmented, with floor-like zones tailored to our customers' preferences. In that spirit, we see it as our mission to focus firmly on making the shopping experience more accessible and fostering connections, while also raising our profile and creating an environment where customers can shop with ease. We hope you'll take a look.

Thank you very much.

Tsuhan Shimbun [Q]: Thank you very much. If possible, could you tell me what you consider to be the strengths of Daytona's e-commerce, specifically, any strengths that your group hasn't had before?

Takahashi [A]: I am Takahashi, in charge of Daytona. Thank you for your question. Regarding Daytona Park at Daytona International, sales are roughly split 50:50 between FREAK'S STORE and Daytona Park, and we are strongly promoting OMO initiatives by leveraging synergies between the two.

Rather than viewing e-commerce as something that simply supports physical stores, our approach is to provide an exciting and engaging customer experience in-store, which can be seamlessly extended to Daytona Park. Likewise, customers who discover us through Daytona Park can enjoy the same sense of excitement when they visit our physical stores. We believe this mutual reinforcement has been a key driver of our growth.

In addition, we plan to continue opening new physical stores in the current fiscal year. As we expand our store network, we expect this to naturally lead to an increase in Daytona Park members in those areas, and we anticipate further growth going forward.

Tsuhan Shimbun [M]: Thank you very much.

Moderator [M]: Thank you very much.

We will now conclude our financial results briefing. Thank you for your participation.

[END]

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