TSI HOLDINGS CO., LTD.

Q1 Financial Results Briefing for the Fiscal Year Ending February 2027

July 15, 2026

Event Summary

[Company Name]	TSI HOLDINGS CO., LTD.	
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[Date]	July 15, 2026	
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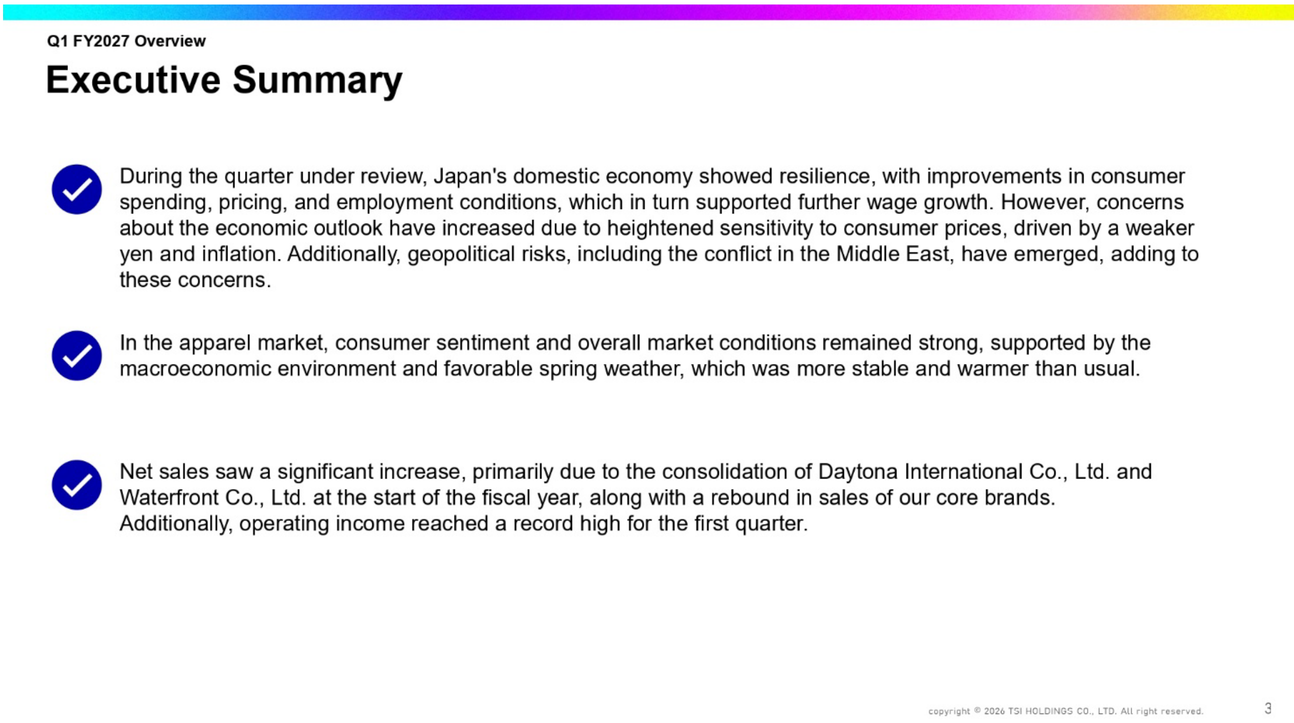
[Time]	10:00 – 10:55 (Total: 55 minutes, Presentation: 22 minutes, Q&A: 33 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]	49	
[Number of Speakers]	8	
	Tsuyoshi Shimoji	President and CEO
	Mitsuru Naito	Executive General Manager & CFO
	Masanori Maekawa	Executive General Manager & COO
	Masahiro Takahashi	Executive Officer President and CEO of Daytona International Co., Ltd.
	Katsuhiro Kamiya	Executive Officer Director of Business Headquarters
	Ryuji Tsukamoto	Executive Officer Director of Sales Headquarters
	Kazuhito Yamamoto	Executive Officer Director of Production Headquarters
	Tsuyoshi Onoda	Executive Officer Director of Digital Business Headquarters

Presentation

Moderator: Now we will begin the TSI HOLDINGS CO., LTD. Q1 financial results briefing for the fiscal year ending February 2027.



Shimoji: Good morning. Thank you very much for your continuous support. We will begin the Q1 financial results briefing for the fiscal year ending February 2027. Thank you.

First, I would like to give you an overview of this quarter.

Japan's domestic economy showed resilience, with improvements in consumer spending, pricing, and employment conditions, which in turn supported further wage growth. On the other hand, concerns about the economic outlook have increased due to heightened sensitivity to consumer prices, driven by a weaker yen and inflation. Additionally, geopolitical risks, including the conflict in the Middle East, have emerged, adding to these concerns.

In the domestic apparel market, consumer sentiment and overall market conditions remained strong, supported by the macroeconomic environment and the first favorable spring weather in several years, which was warmer and more stable than usual.

Regarding our financial performance, net sales increased significantly, primarily due to the consolidation of Daytona International and Waterfront at the start of the fiscal year, as well as a rebound in sales of our core brands. Additionally, operating income reached a record high for Q1.

Q1 FY2027 Overview

Performance Highlights

Net sales increased year on year, driven by the expansion of the consolidated scope and growth in existing businesses. Operating income rose 65% year on year, reaching a record high for the first quarter, supported by structural reforms and effective cost controls. Progress against the full-year plan has been steady.

Net Sales	Operating Income	Net Income
Q1 FY2027	Q1 FY2027	Q1 FY2027
46.2 billion	**2.5 billion**	**2.1 billion**
vs Q1 FY2026 +10.6 billion / 130% YoY	vs Q1 FY2026 +0.9 billion / 165.8% YoY	vs Q1 FY2026 +0.1 billion / 106.8% YoY

- Net sales increased, driven by the consolidation of Daytona International Co., Ltd. and Waterfront Co., Ltd., as well as a recovery in sales at our core brands, with existing businesses also delivering year-on-year growth.
- Operating income increased significantly, supported by higher sales and disciplined cost management.
- Net income increased year on year, despite the previous year's temporary boost from tax effects.

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Performance highlights. For the quarter in review, net sales were JPY46.2 billion, operating income was JPY2.5 billion, and net income was JPY2.1 billion.

Net sales also increased in our existing businesses, driven by the expansion of the consolidated scope and growth in core brands. Operating income rose 65% YoY, to a record high for Q1, supported by effective cost controls, including adjustments to advertising expenses, in addition to the impact of increased net sales. Progress against the full-year plan has been steady. Net sales increased as well.

Q1 FY2027 Overview

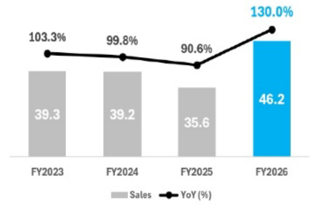
Performance Highlights

(Unit: JPY billion)

Net Sales
46.2B
YoY:
+10.6B / 130%

- Net sales increased significantly, primarily driven by the contribution from Daytona International Co., Ltd. and Waterfront Co., Ltd., acquired through M&A in FY2026.
- Existing businesses
  - Men's casual brands continued to deliver double-digit sales growth.
  - Several women's brands, including NATURAL BEAUTY BASIC and JILL by JILL STUART, showed a recovery.

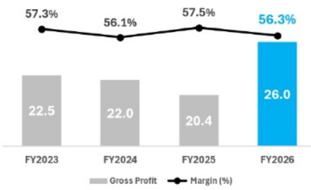
➡ Net sales from existing businesses increased 2.8% year on year.



Gross Profit
26B
YoY:
+5.5B / 127.3%

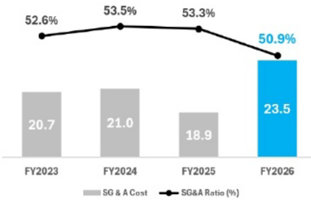
- The gross profit margin declined by 1.2 percentage points year on year, reflecting the business mix of the newly consolidated subsidiaries.
- Lower indirect costs improved the gross profit margin in existing businesses.
- Product costs improved through better procurement and the sell-through of prior-year inventory, but the benefit was offset by a higher markdown rate.

➡ The gross profit margin of existing businesses improved by 0.2 percentage points year on year.



SG&A Expenses
23.5B
YoY:
+4.5B / 124.3%

- The SG&A expense ratio improved by 2.4 percentage points year on year, reflecting the business mix of the newly consolidated subsidiaries.
- The recovery in sales at existing businesses improved fixed-cost efficiency, including personnel expenses.
- Advertising and promotional expenses shifted from a restrained approach to more proactive spending, with a focus on improving efficiency.
- Overall, disciplined SG&A expense control contributed to the improvement.

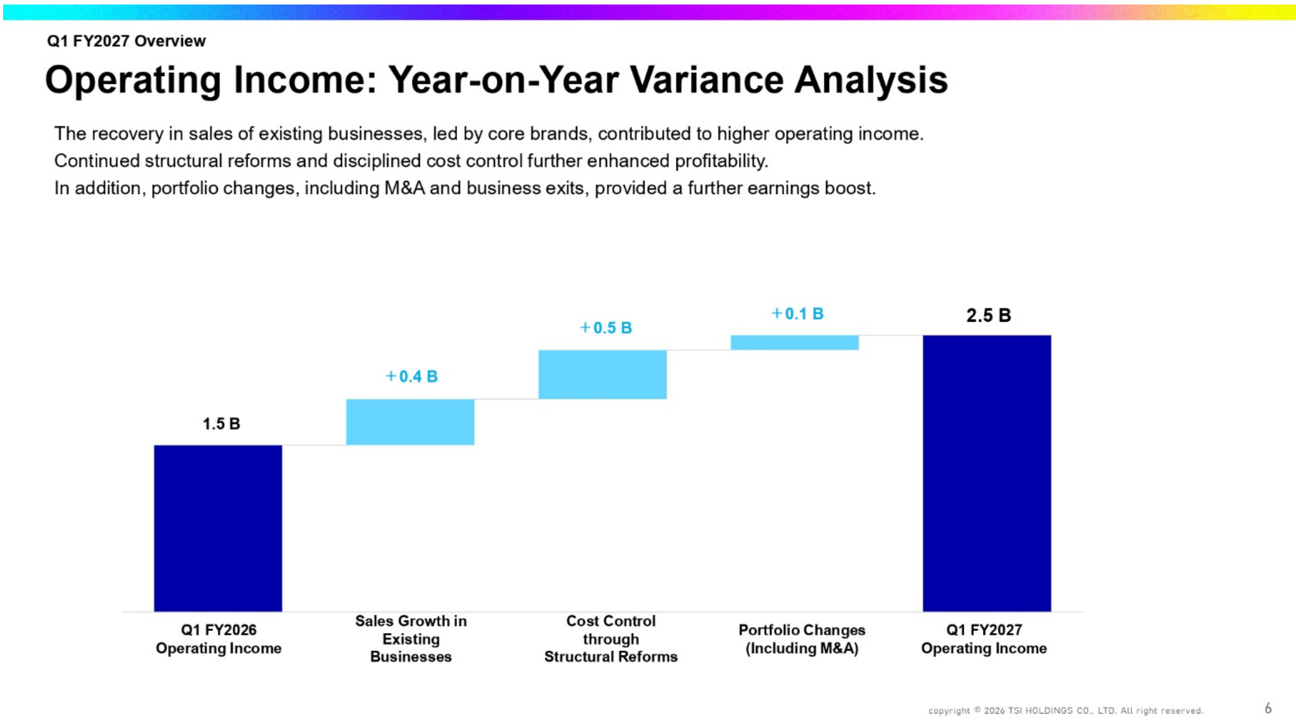


Next is a breakdown of the results.

Net sales were JPY46.2 billion, a 30% increase YoY, representing a JPY10.6 billion increase. Net sales from existing businesses also increased 2.8% YoY. In addition to the impact of contributions of companies consolidated through M&As, existing businesses performed steadily, with men's casual brands continuing to deliver double-digit sales growth. Several women's brands, including NATURAL BEAUTY BASIC and JILL by JILL STUART, also recovered, and we are optimistic about their growth going forward.

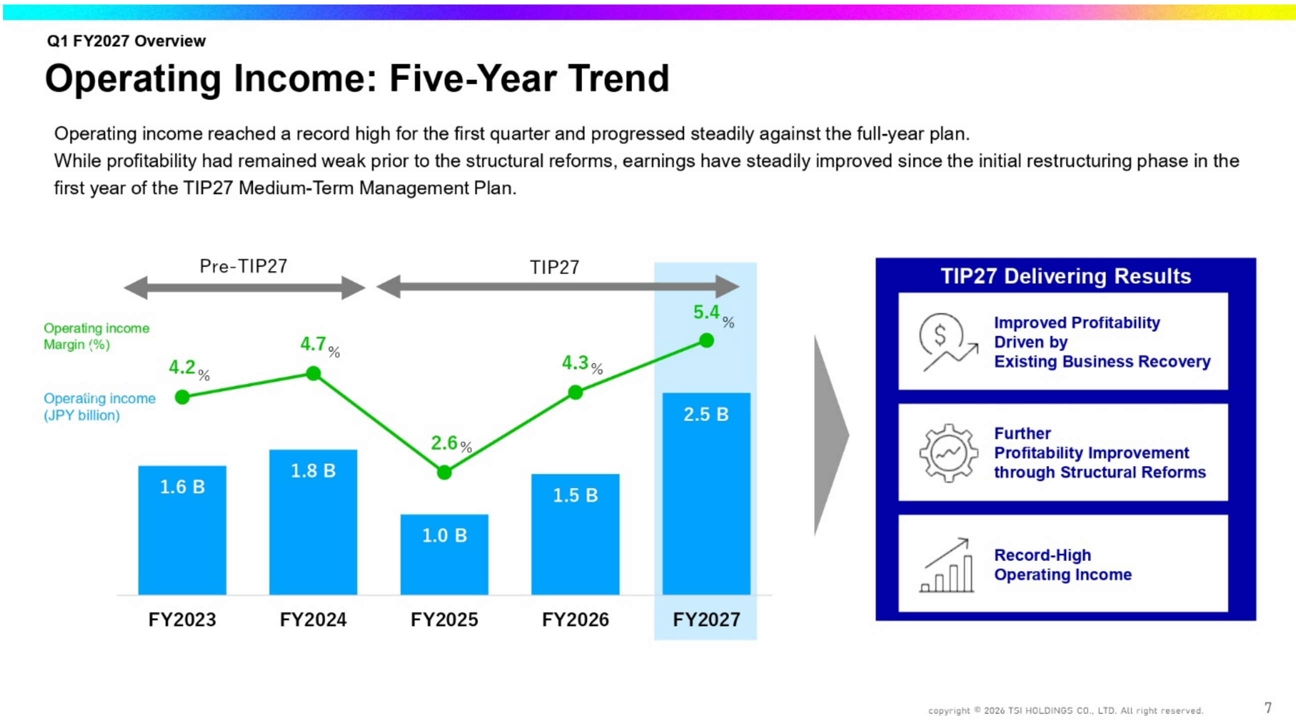
Gross profit was JPY26 billion, and the gross profit margin was 56.3%. Although the gross profit margin declined by 1.2 percentage points YoY, this reflects the business models of the newly consolidated subsidiaries. The gross profit margin of existing businesses improved by 0.2 percentage points YoY. Lower indirect costs resulting from cost optimization initiatives improved the gross profit margin in existing businesses. Product costs improved due to lower procurement costs resulting from structural reforms and the sell-through of prior-year inventory, but the benefit was almost offset by a higher markdown rate in the quarter.

SG&A expenses are JPY23.5 billion, up 24% (JPY45 billion YoY). The SG&A expense ratio was 50.9%, down 2.4 percentage points YoY. This is due to the low SG&A ratios of the two newly consolidated companies, as well as improved fixed-cost efficiency, including personnel expenses, driven by a recovery in sales at existing businesses. In addition, advertising and promotional expenses shifted from a restrained approach until the previous year to more proactive spending, with a focus on improving efficiency. This has contributed to overall improvement.



Next is the year-on-year analysis of operating income.

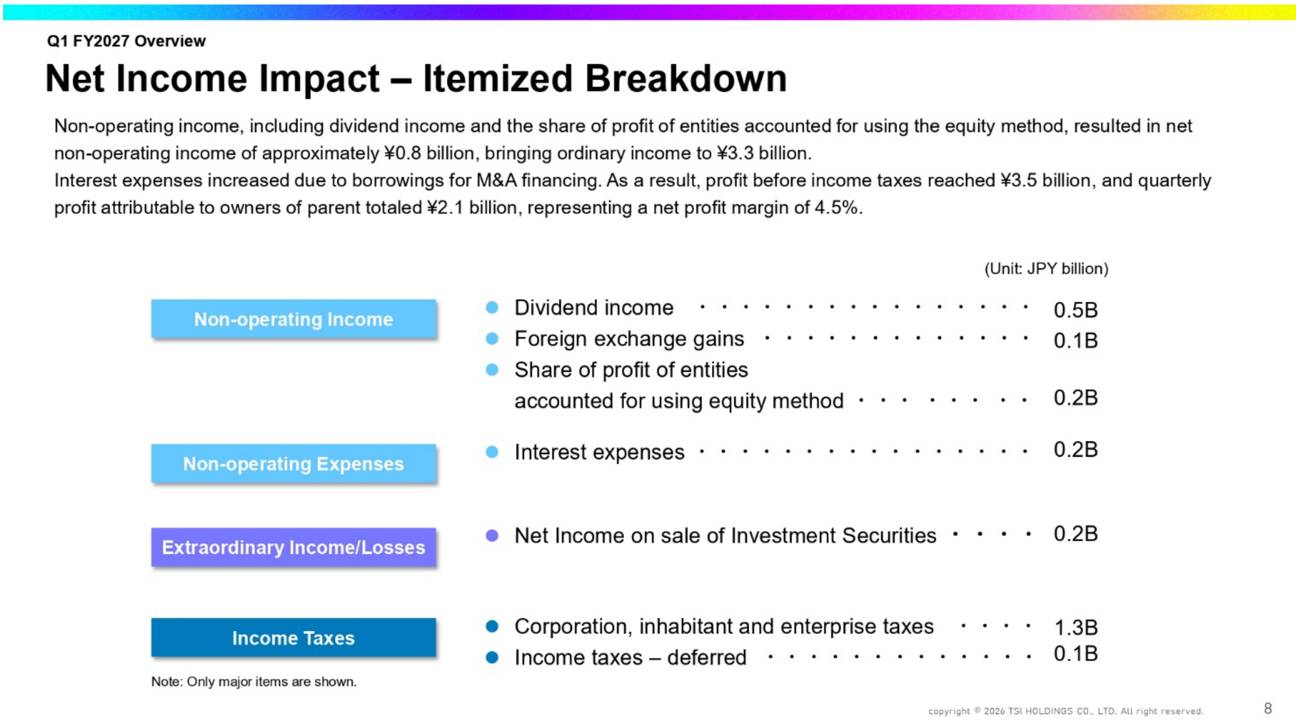
The recovery in sales of existing businesses, led by core brands, contributed to higher operating income. Furthermore, in the current fiscal year, which is the final year of the TIP27 initiative, we have taken our structural reform efforts a step further. While continuing to improve our cost of goods sold, we have actively invested in strategic expenses and advertising and promotional expenses, which we had been curbing until the previous fiscal year, and implemented disciplined cost control. We believe this has led to enhanced profitability, and we are confident that our underlying earning power has indeed strengthened. In addition, the positive effects of business exits implemented in the previous fiscal year, as well as contributions from newly consolidated businesses through M&As, have also accumulated.



Operating income trend.

Profit levels improved against the backdrop of a recovery in sales from existing businesses, and operating income reached a record high for Q1. We made steady progress against the full-year plan and, overall, we made a positive start.

While profitability remained weak before the structural reforms, earnings have steadily improved since the first year of the TIP27 medium-term management plan, when we began implementing the reforms. We will continue to advance these reforms to further improve our profitability.



Next, we'll look at the net income impact and its itemized breakdown.

Ordinary income was JPY3.3 billion, up by 73% YoY. Profit before income taxes reached JPY3.5 billion. Quarterly profit totaled JPY2.1 billion, up 6% YoY.

Regarding non-operating income, while payment risks have increased due to borrowing to fund M&A activities, non-operating income was up by approximately JPY800 million, driven by higher dividend income and the share of profit of entities accounted for using the equity method. For extraordinary income and losses, we recorded net income on the sale of investment securities of approximately JPY200 million. Although income taxes appear to have increased compared to the previous year, taxes were temporarily lower in the prior period due to tax effects, so the figures for the current period reflect a normalized level.

Balance Sheet (as of May 31, 2026)

(Unit: JPY million)

	As of May 31, 2025		As of May 31, 2026			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Current Assets	72,822	56.4%	79,083	46.8%	6,261	108.6%
(of Cash and Deposits)	32,025	24.8%	26,438	15.7%	-5,587	82.6%
(of which, Inventory)	26,088	20.2%	32,302	19.1%	6,214	123.8%
Non-current Assets	56,201	43.6%	89,803	53.2%	33,602	159.8%
(of Investment Securities)	24,472	19.0%	24,488	14.5%	16	100.1%
(of Investment Real estate)	2,245	1.7%	2,314	1.4%	69	103.1%
Total Assets	129,024	100.0%	168,887	100.0%	39,863	130.9%
Current Liabilities	18,251	14.1%	39,487	23.4%	21,236	216.4%
(of Short-term borrowings)	92	0.1%	12,682	7.5%	12,590	13784.8%
(of Current portion of long-term borrowings)	1,160	0.9%	5,247	3.1%	4,087	452.3%
Non-current Liabilities	5,424	4.2%	36,650	21.7%	31,226	675.7%
(of Long-term borrowings)	102	0.1%	30,309	17.9%	30,207	29714.7%
Total Liabilities	23,676	18.4%	76,137	45.1%	52,462	321.6%
Total Net Assets	105,348	81.6%	92,750	54.9%	-12,598	88.0%
(of Treasury stock)	-4,137	-3.2%	-8,195	-4.9%	-4,058	198.1%
Total Liabilities and Net Assets	129,024	100.0%	168,887	100.0%	39,863	130.9%

Cash and deposits

- 82.6% of the previous fiscal year-end level, reflecting growth investments including M&A, shareholder returns, and loan repayments, while remaining within an appropriate working capital range.

Inventories

- Inventories increased due to the newly consolidated subsidiaries, while inventory levels in existing businesses remained in line with the previous fiscal year-end.
- The Group will continue to strengthen inventory management and improve inventory efficiency.

Investment securities

- The sale of cross-shareholdings is proceeding with counterparties where agreements have been reached.

Short-term and long-term borrowings

- Borrowings increased due to bank financing for working capital and M&A.
- Borrowings were managed flexibly through committed credit facilities.

Treasury stock

- Repurchased treasury shares worth ¥3.0 billion in April 2026.

Next is the balance sheet.

Although cash and deposits decreased to 82.6% of the previous period's level, reflecting growth investments including M&As, shareholder returns, and loan repayments, the current balance remains within an appropriate working capital range.

Inventories increased due to the newly consolidated subsidiaries, while inventory levels in existing businesses remained in line with the previous fiscal year. The Group will continue to improve inventory efficiency, which is a group-wide task.

Borrowings increased due to procurement for working capital and M&As. Borrowings were managed flexibly through committed credit facilities. Treasury stock increased from the previous year since we repurchased treasury shares worth JPY3 billion in April 2026.

Q1 FY2027 Sales Performance by Channel

Sales by Channel

Sales at domestic physical stores increased by ¥4.4 billion year on year, reaching 119.9% of the previous year's level.
Department stores returned to growth at 101.3% as the impact of business withdrawals in the previous year subsided.
Sales at directly operated stores grew to 124.3%, driven by strong performance from existing men's casual brands and contributions from M&A.
Domestic Misc. increased to 125.4%, supported by higher wholesale sales in the golf business.
Overseas sales fell to 64.5% of the prior-year level, reflecting the previous year's divestiture and continued weakness in HUF U.S. wholesale.

		Q1 FY2025※3	Q1 FY2026	Q1 FY2027※4	vs PY
Domestic Retail	Department Store [% of total sales]	5.2B [13.4%]	4.2B [11.9%]	4.2B [9.3%]	101.3%
Domestic Retail	Directly Operated Stores※1 [% of total sales]	18.7B [47.8%]	18B [50.6%]	22.3B [48.4%]	124.3%
Domestic Retail	E-commerce [% of total domestic retail sales]	8B [25.1%]	6.8B [23.5%]	12.8B [32.6%]	188.3%
Domestic Misc. ※2 [% of total sales]		4.2B [10.8%]	4.1B [11.6%]	5.1B [11.2%]	125.4%
Overseas [% of total sales]		2.9B [7.6%]	2.3B [6.7%]	1.5B [3.3%]	64.5%

(Unit: JPY billion)

※1 Directly Operated Stores: Stores located in shopping centers, malls, outlet malls, and standalone stores.
※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 Certain misstatements and consolidation eliminations were partially corrected; no impact on consolidated net sales.
※4 Daytona International Co., Ltd. has been consolidated since September 2025, and Waterfront Co., Ltd. since December 2025.

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Here is the existing channels overview.

Sales at domestic physical stores increased by JPY4.4 billion YoY, reaching 120% of the previous year's level. Department stores grew to 101% of the previous year's level as the impact of business withdrawals in the previous year subsided. Sales at stores other than department stores grew to 124% of the previous year's level, driven by strong performance from existing men's casual brands and contributions from M&As. Sales of all domestic physical stores of existing businesses were 102%.

Domestic misc. increased to 125.4% of the previous year's level, supported mainly by higher wholesale sales in the golf business. Overseas sales fell to 64.5% of the prior-year level, reflecting the previous year's divestiture of Tactics and continued weakness in HUF in US wholesale.

Q1 FY2027 Sales Performance by Channel

E-commerce Sales

Domestic e-commerce (EC) sales increased 88.3% year on year, up ¥6.0 billion.
The subsidiaries consolidated in the second half of the previous fiscal year made significant contributions to both owned and third-party EC.
Owned EC sales in Japan increased by ¥2.2 billion year on year to 186.7% of the previous year's level, while domestic third-party EC sales increased by ¥3.7 billion to 189.4%.
Overseas EC sales fell to 41.8% of the prior year's level due to the divestiture of the U.S. business in the previous fiscal year.

		Q1 FY2025※2	Q1 FY2026	Q1 FY 2027※3	vs PY
Domestic	Owned [% of total domestic E-comm]	3.4B [43.1%]	2.6B [38.3%]	4.8B [38.0%]	186.7%
Domestic	3rd Party [% of total domestic E-comm]	4.5B [56.9%]	4.2B [61.7%]	7.9B [62.0%]	189.4%
Domestic	Total Domestic [% of total domestic retail sales]	8.0B [25.1%]	6.8B [23.5%]	12.8B [32.6%]	188.3%
Overseas E-Commerce [% of total overseas retail sales]		0.9B [32.5%]	0.7B [31.0%]	0.3B [20.1%]	41.8%
Total E-Commerce Sales [% of total retail sales]※1		9.0B [25.7%]	7.5B [24.1%]	13.1B [32.1%]	174.0%

(Unit: JPY billion)

※1 The e-commerce sales ratio is calculated excluding other domestic sales (such as wholesale and employee sales).
※2 Certain misstatements have been partially corrected (Overseas E-commerce). There is no impact on consolidated net sales.
※3 Daytona International Co., Ltd. has been consolidated since September 2025, and Waterfront Co., Ltd. since December 2025.

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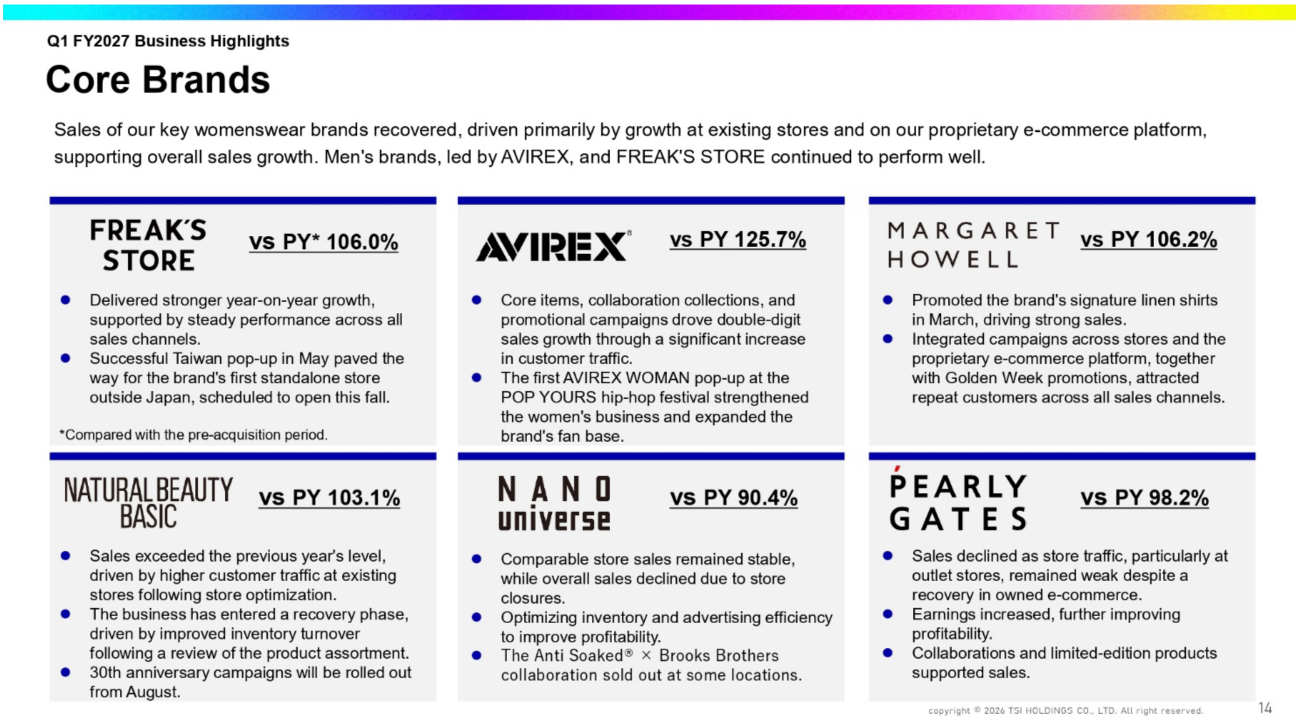
E-commerce sales.

Domestic e-commerce sales increased 88% YoY, up JPY6 billion. The two newly consolidated companies made significant contributions to both owned and third-party EC.

Owned EC sales in Japan increased by JPY2.2 billion YoY to 186.7% of the previous year's level. In existing businesses, the figure was 107% of the previous period's level. I'll talk more about mix.tokyo on a later page.

As mentioned earlier, overseas EC sales fell to 41.8% of the prior year's level due to the divestiture of the US business. Regarding HUF in the US, we have focused its investment on e-commerce, and EC sales have reached 102% of the previous period's level.

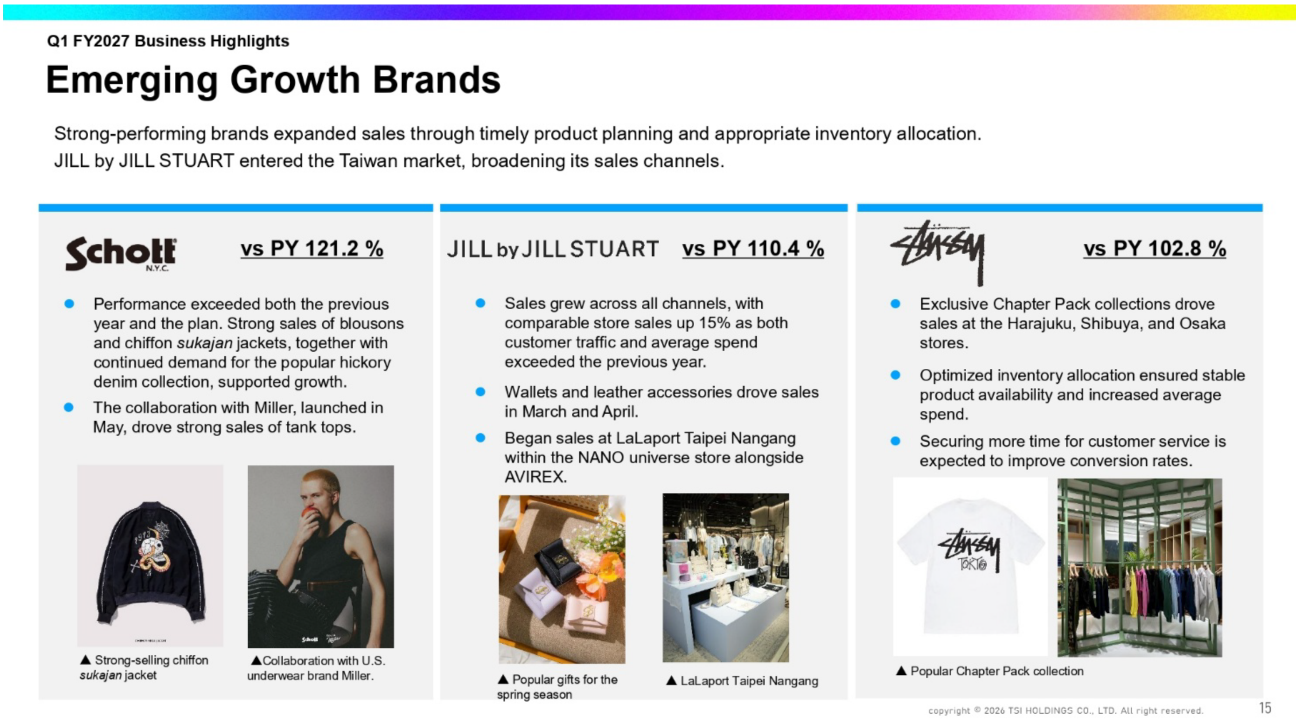


Business highlights.

FREAK'S STORE has achieved 106% of the previous year's level. Steady growth continues across all sales channels, with men's apparel performing particularly well. The successful Taiwan pop-up in May paved the way for the brand's first standalone store outside Japan, scheduled to open in Taiwan this fall.

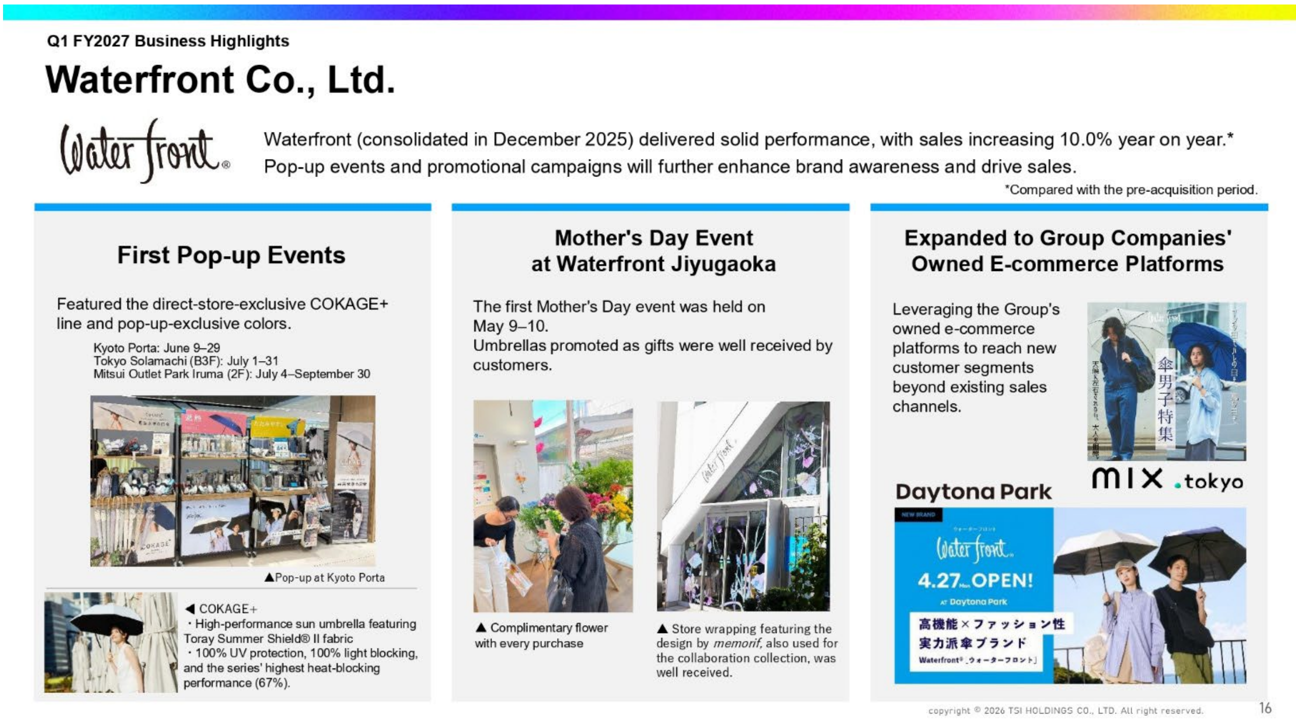
Regarding NATURAL BEAUTY BASIC, although the number of stores has decreased by about 10, sales exceeded the previous year's level, driven by higher customer traffic. Inventory turnover has improved following a review of the product assortment launched in the previous year. We're looking forward to the 30th-anniversary campaigns that will roll out starting next month.

At PEARLY GATES, sales are slightly below the previous year's level as store traffic, particularly at outlet stores, remained weak. However, a double-digit recovery compared to the previous year was achieved in owned e-commerce, and earnings also increased.



Next is emerging growth brands.

JILL by JILL STUART performed well, posting sales of 110% of the previous year's level. Sales grew across all channels, with existing store sales up 15% as both customer traffic and average spend exceeded the previous year. Wallets and leather accessories drove sales in March and April. Although we faced some challenges in March and April of last year, we believe we successfully capitalized on the demand associated with the start of a new lifestyle this fiscal year. Moreover, sales on owned e-commerce platforms also recovered, contributing to the overall increase. In addition, the brand began sales at LaLaport Taipei Nangang within the NANO universe store, marking further expansion of its overseas presence.



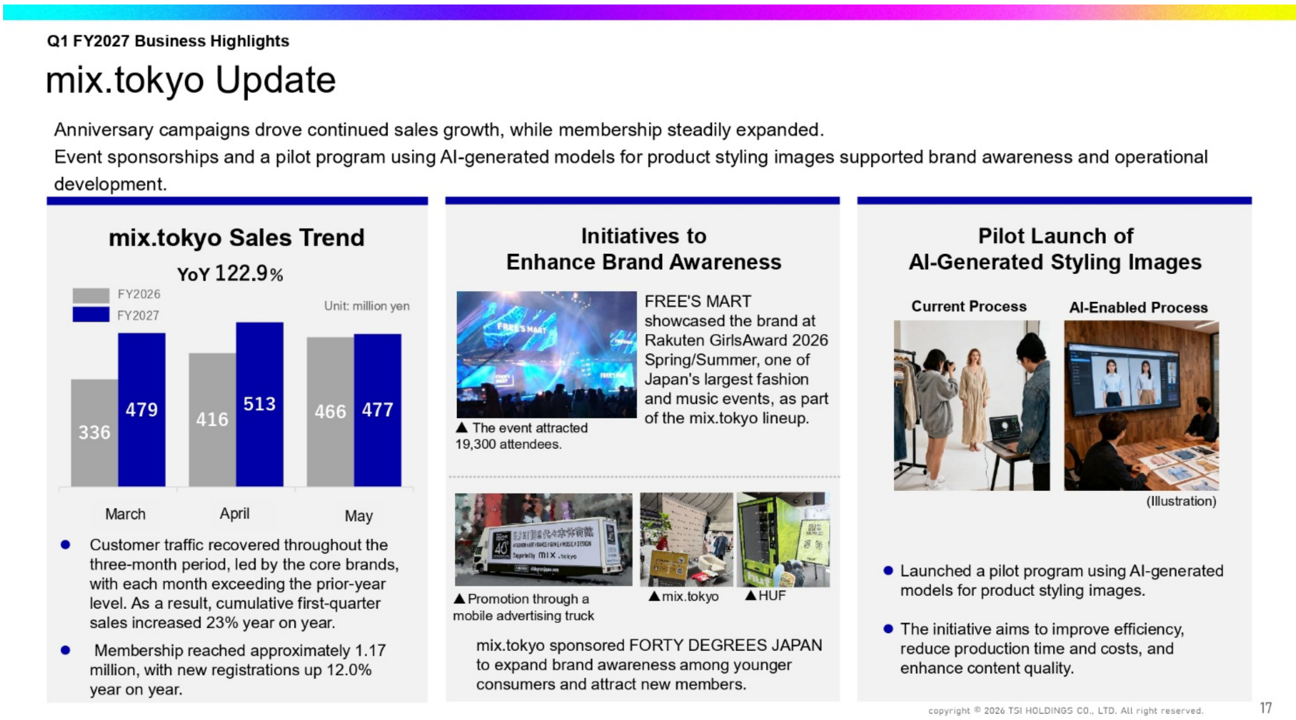
Waterfront was consolidated from partway through the previous fiscal year and has been included in the consolidation since the beginning of this fiscal year. Sales increased 10% YoY, reflecting solid performance. To support further sales growth, we are implementing various promotional initiatives aimed at further enhancing brand awareness. In addition to being featured on the TV program *Cambria Palace*, Waterfront's exposure across external media contributes to increased brand awareness.

First, Waterfront held its first-ever pop-up events featuring the direct-store-exclusive COKAGE+ line and pop-up-exclusive colors to drive foot traffic and generate buzz.

In addition, at the direct-store Waterfront Jiyugaoka, we held a Mother's Day event to capitalize on gift-giving demand. In addition to the umbrella promotion, a complimentary flower with every purchase and store wrapping designed by memorif were also very well received.

Furthermore, Waterfront has expanded to include group-company-owned E-commerce platforms, namely mix.tokyo and Daytona Park, starting this fiscal year. Leveraging the Group's sales channels, Waterfront is reaching new customer segments beyond existing sales channels.

We will continue to work toward increasing brand awareness and boosting sales through initiatives such as pop-up stores, events, and e-commerce integration. Pop-up events are currently being held at Tokyo Solamachi and Mitsui Outlet Park Iruma, so we look forward to seeing you all there.

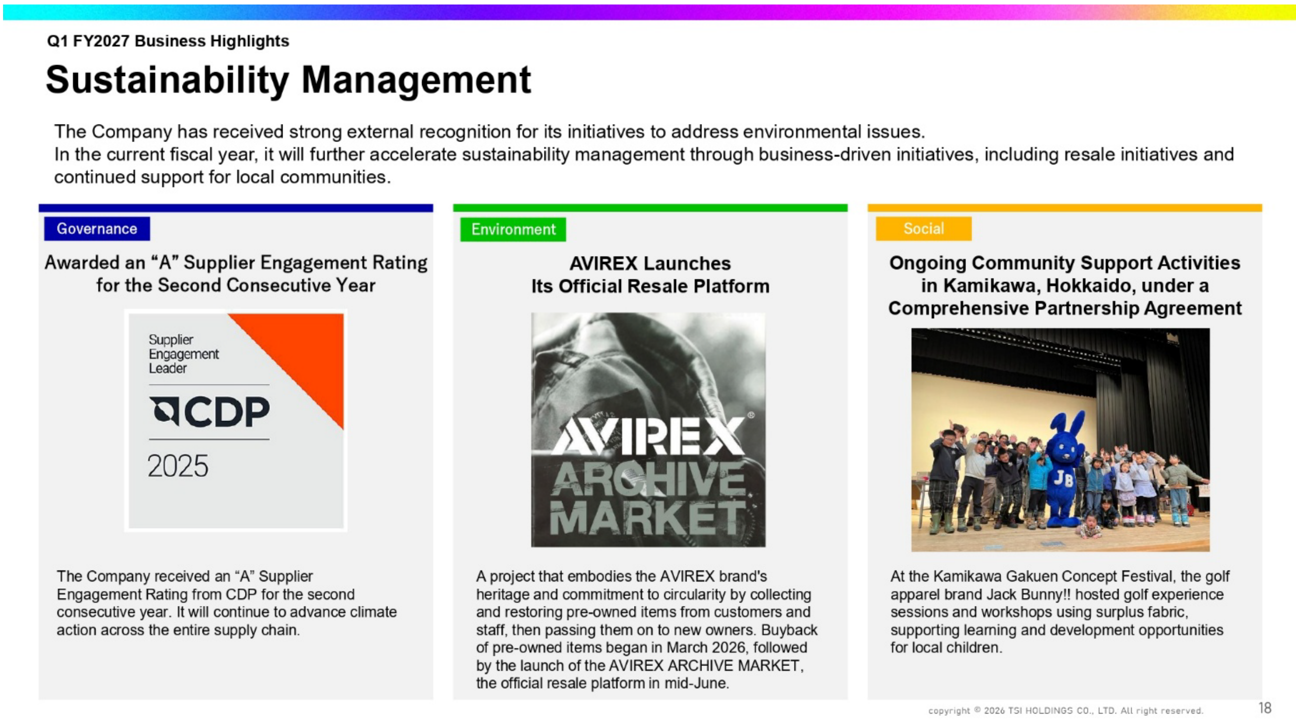


Here is the mix.tokyo update.

In terms of sales trends, the spring collection got off to a strong start in March, and sales continued to grow throughout the quarter, particularly for our core brands. In addition, customer traffic recovered throughout the three-month period, with each month exceeding the prior-year level. As a result, cumulative Q1 sales increased 23% YoY, indicating a strong start. New registrations were up 12% YoY, showing steady growth.

As part of our brand awareness campaign, FREE'S MART, which is available at mix.tokyo, showcased the brand at Rakuten GirlsAward, one of Japan's largest fashion and music events. In addition, mix.tokyo sponsored FORTY DEGREES JAPAN to expand brand awareness among younger consumers and attract new members. We supported up-and-coming creators and generated a great deal of excitement through promotions featuring a mobile advertising truck driving all around the town.

Additionally, starting in April, we launched a pilot program using AI-generated models for product styling images to improve efficiency, reduce production time and costs, and enhance the content quality of e-commerce. First, we plan to thoroughly evaluate image quality, reproducibility, and actual operational workload, with the goal of reducing the time and costs associated with photography and production. Going forward, we will develop this into a new operational foundation to streamline the production of e-commerce images.



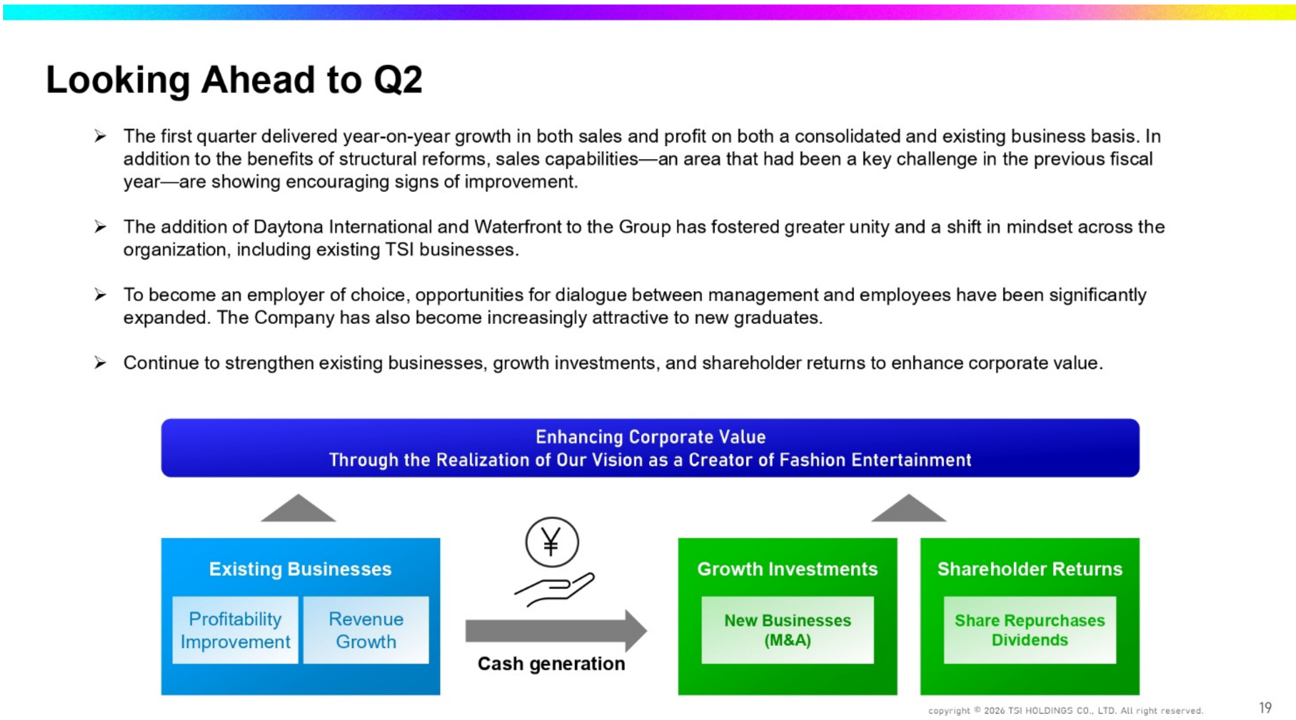
This is about sustainability management.

We have received an "A" Supplier Engagement Rating for two consecutive years. This is the result of our ongoing climate action across the entire supply chain, and we will continue to further advance our action.

AVIREX has launched its official resale platform. In recent years, the resale market has been booming, and keeping clothing in circulation has become a key challenge for the apparel industry. In light of these environmental changes, we are carrying out this project to embody the brand's history and cycle.

In addition, we are continuing our community support activities in Kamikawa, Hokkaido, with which we have a comprehensive partnership agreement. The golf apparel brand Jack Bunny!! participated in the Kamikawa Gakuen Concept Festival, an initiative organized by the town's Board of Education. We hosted golf experience sessions and workshops using surplus fabric, supporting learning and development opportunities for local children.

We will continue to integrate our contributions to the environment and society into our business operations, thereby enhancing our corporate value.



Finally, the first quarter delivered growth in sales and profit on both a consolidated and an existing business basis. In addition to the benefits of the structural reforms, we are beginning to see encouraging results from our efforts to strengthen our selling capabilities, which had been one of our key challenges in the previous fiscal year.

We realized that the addition of Daytona International and Waterfront to the Group has fostered greater unity and a shift in mindset across the TSI Group, including the existing businesses. Furthermore, to become an employer of choice, we have significantly expanded opportunities for dialogue between management and employees. In addition, the Company has also become increasingly attractive to new graduates.

We will continue to strengthen existing businesses, growth investments, and shareholder returns to enhance corporate value more than ever before.

“We create empathy and social value across the world through the power of fashion entertainment.” At the TSI HOLDINGS Group, we will continue to push forward with reforms more than ever before and take on new challenges, including new trials. We would greatly appreciate your continued support.

Thank you very much.

Disclaimer