



TSI HOLDINGS

**TSI HOLDINGS CO., LTD.**

Q2 Financial Results Briefing for the Fiscal Year Ending February 2027

October 15, 2026

## Event Summary

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|                      |                                                                                 |                                            |
|----------------------|---------------------------------------------------------------------------------|--------------------------------------------|
| [Company Name]       | TSI HOLDINGS CO., LTD.                                                          |                                            |
| [Company ID]         | 3608-QCODE                                                                      |                                            |
| [Event Language]     | JPN                                                                             |                                            |
| [Event Type]         | Earnings Announcement                                                           |                                            |
| [Event Name]         | Q2 Financial Results Briefing for the Fiscal Year Ending February 2027          |                                            |
| [Fiscal Period]      | FY2027 Q2                                                                       |                                            |
| [Date]               | October 15, 2026                                                                |                                            |
| [Number of Pages]    | 23                                                                              |                                            |
| [Time]               | 10:00 – 11:00<br>(Total: 60 minutes, Presentation: 30 minutes, Q&A: 30 minutes) |                                            |
| [Venue]              | Webcast                                                                         |                                            |
| [Venue Size]         |                                                                                 |                                            |
| [Participants]       | 72                                                                              |                                            |
| [Number of Speakers] | 3                                                                               |                                            |
|                      | Tsuyoshi Shimoji                                                                | Representative Director, President and CEO |
|                      | Masanori Maekawa                                                                | Director and COO                           |
|                      | Mitsuru Naito                                                                   | Director and CFO                           |

# Presentation

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**Moderator:** We will begin the financial results briefing for 1H of the fiscal year ending February 2027.

**Shimoji:** Good morning. Thank you very much for your continued support. We will hold a financial results briefing for 1H of the fiscal year ending February 2027. Thank you.

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## 1H FY2027 Overview

### Executive Summary

- ✔ Throughout the first half, the Japanese economy showed positive signs, including improvements in real wages and higher spending per inbound tourist. However, continued yen depreciation and rising prices kept consumers cautious about spending, preventing a full-fledged recovery in consumption.
- ✔ The apparel market remained relatively firm, supported by the macroeconomic environment, but was significantly affected by weather conditions. Higher temperatures in early spring had a positive impact on sales, while unstable weather from June onward weighed on demand for summer apparel.
- ✔ The Company's net sales and operating income increased significantly year-on-year, driven by the full-period consolidation of Daytona International and Waterfront from the beginning of the fiscal year, as well as a recovery in sales at its core brands. However, both net sales and operating income fell short of the first-half plan, and the Company aims to make up for the shortfall in the second half.

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First, let us begin with a general overview of the first half of the fiscal year 2027.

Within Japan, there were positive developments, including an improvement in real wages and increased spending by international visitors. On the other hand, economic conditions continued to shift, with a weak yen and inflation, and consumer spending remained cautious amid growing concerns about protecting one's standard of living.

The domestic apparel market remained generally strong overall, but sales of spring and summer merchandise were affected by the weather.

Regarding our financial performance, revenue increased significantly, and operating income also increased, driven by a recovery in sales of our core brands and the inclusion of Daytona International and Waterfront, which joined our group in the previous fiscal year, in our consolidated financial statements. On the other hand, since both sales and operating income fell short of our targets, we will aim to make up for the shortfall in 2H.

## 1H FY2027 Overview

### 1H Financial Highlights

Net sales rose over 30% YoY, driven by contributions from acquired businesses and growth in existing businesses. Operating income increased 55% YoY, supported by cost controls, including structural reforms, although growth moderated in Q2. Both fell short of the 1H plan.

| Net Sales                | Operating Income          | Gross Profit               |
|--------------------------|---------------------------|----------------------------|
| 88.9B                    | 0.99B                     | 1.11B                      |
| YoY: +22.7B [134.4%]     | YoY: +0.35B [155.5%]      | YoY: -0.19B [85.1%]        |
| vs Budget: -2.6B [97.2%] | vs Budget: -0.21B [82.9%] | vs Budget: +0.41B [159.6%] |

- Net sales increased, driven by contributions from acquired businesses. Existing businesses also recorded sales growth, led by strong menswear performance and a recovery in core womenswear brands.
- Operating income increased, driven by higher net sales and an improvement in the SG&A expense ratio. However, it fell short of the plan due to lower-than-planned sales and a decline in the gross profit margin, reflecting discounting and the impact of yen depreciation on fully imported brands.
- Income before income taxes and interim net income declined year-on-year but exceeded their respective plans. (In the previous year, profits were temporarily boosted by tax effects.)

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For 1H of the fiscal year, net sales totaled JPY88.9 billion, operating income was JPY990 million, and gross profit was JPY1.11 billion.

Net sales increased in our existing businesses as well, driven not only by the expansion of the consolidation, but also by strong performance in the menswear segment and a recovery in our core brands, particularly the womenswear segment.

Operating income increased significantly from the previous year, driven not only by higher revenue, but also by the effects of structural reforms and cost control measures. On the other hand, in Q2, operating income also fell short of the 1H target due to lower-than-expected sales and a decline in the profit margin driven by discounts and other factors.

Gross profit was lower than the previous year due to tax effects, yet it exceeded our forecast.

## 1H FY2027 Overview

### 1H Financial Highlights

**Net Sales**  
**88.9B**  
YoY:  
+22.7B [134.4%]

- Net sales increased significantly, driven by contributions from acquired companies and new businesses.
- Existing businesses recorded sales growth, led by menswear, while brands that had underperformed in the previous year, including Margaret Howell and human woman, showed signs of recovery.

➡ Net sales from existing businesses: +3.1% YoY

**Gross Profit**  
**47.6B**  
YoY  
+10.7B [129.3%]

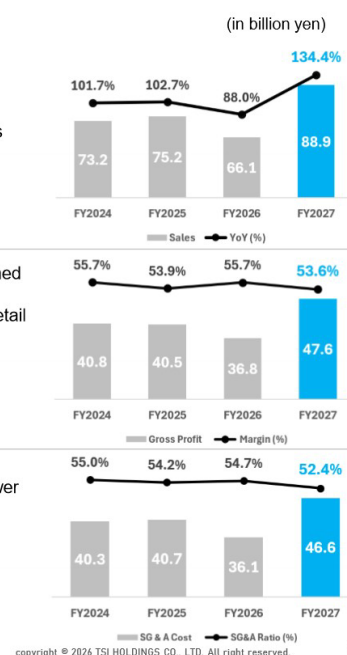
- Gross profit increased on higher sales, while the gross profit margin declined 2.1pp.
- Lower margins at acquired companies, primarily engaged in multi-brand retail and wholesale, weighed on the overall margin.
- Existing businesses saw margin deterioration in Q2 due to increased discounting, yen depreciation affecting fully imported brands, and weak overseas performance.

➡ Existing businesses' gross profit margin: -0.4pp YoY

**SG&A Expenses**  
**46.6B**  
YoY  
+10.4B [128.8%]

- SG&A expenses increased partly due to acquired companies, but their lower expense ratios helped improve the overall ratio.
- Disciplined cost control in existing businesses also contributed to the improvement.

➡ SG&A expense ratio of existing businesses: -1.7pp YoY



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Next, I'd like to discuss the breakdown of our financial results.

First, net sales rose 134% year-on-year, by JPY22.7 billion. Even excluding the impact of new consolidations, revenue from existing businesses increased to 103% year-on-year. The main factors behind the increase in sales are as I mentioned earlier.

Gross profit totaled JPY47.6 billion, with a gross profit margin of 53.6%. While gross profit increased in line with sales growth, the margin declined by 2.1 percentage points year-on-year. This reflects the impact of the new consolidation of Daytona International, which primarily operates multi-brand retail stores, and Waterfront, which has a high proportion of wholesale sales.

In addition, in our existing businesses, gross profit margins declined in Q2 due to increased discounts during sales promotions, the impact of the weak yen on imported brands, and difficulties in our overseas operations. As a result, the gross profit margin for our existing businesses declined by 0.4 percentage points year-on-year.

SG&A expenses totaled JPY46.6 billion, up 28% year-on-year, an increase of JPY10.4 billion. The SG&A ratio stood at 52.5%, an improvement of 2.3 percentage points year-on-year. SG&A expenses increased due to the consolidation of the two companies. However, as these companies had lower SG&A ratios than our existing businesses, their consolidation helped reduce the overall ratio.

In our existing businesses, we continued to implement targeted cost controls, resulting in a 1.7-point improvement in the SG&A ratio year-on-year.

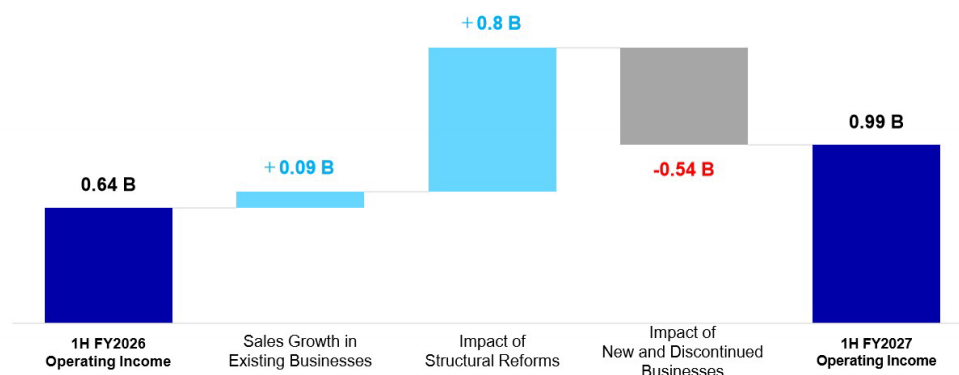
## 1H FY2027 Overview

### Operating Income Analysis

A recovery in sales at existing businesses, led by core menswear and womenswear brands, contributed to higher operating income. However, weather conditions and increased discounting weighed on sales and profits in Q2, moderating 1H growth compared with Q1.

Structural reforms continued to deliver results, supporting profitability.

New businesses, including acquired companies, have yet to contribute to consolidated profits in 1H, as their profits are concentrated in 2H. This was already factored into the plan.



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Next, I'll explain operating income.

Driven by strong performance from our core brands and other top-performing brands, along with a recovery in sales from our existing businesses, operating income improved.

However, in Q2, both sales and profits stagnated due to weather conditions and increased discounts from sales promotions. As a result, the pace of profit growth for 1H of the fiscal year slowed compared to Q1.

In addition, since profits from new businesses, including those acquired through M&A, tend to be concentrated in 2H of the fiscal year, they have not yet contributed to consolidated profits in 1H as expected.

## 1H FY2027 Overview

### Net Income Impact — Itemized Breakdown

Dividend income and equity-method investment income contributed to net non-operating income of approximately ¥0.9 billion, bringing ordinary income to ¥1.9 billion. Interest expenses increased due to borrowings to finance acquisitions. Income taxes totaled ¥0.9 billion. As a result, income before income taxes was ¥2.0 billion, and interim net income attributable to owners of parent was ¥1.1 billion (profit margin: 1.2%).

|                                                        |                                                                 |        |                     |
|--------------------------------------------------------|-----------------------------------------------------------------|--------|---------------------|
| <b>Non-operating Income</b>                            |                                                                 |        |                     |
| Total: 1.4B                                            | ● Interest and dividend income                                  | ➤ 0.9B | (Unit: JPY billion) |
|                                                        | ● Foreign exchange gains                                        | ➤ 0.1B |                     |
|                                                        | ● Share of profit of entities accounted for using equity method | ➤ 0.1B |                     |
|                                                        | ● Other                                                         | ➤ 0.3B |                     |
| <b>Non-operating Expenses</b>                          |                                                                 |        |                     |
| Total: 0.5B                                            | ● Interest expenses                                             | ➤ 0.4B |                     |
|                                                        | ● Other                                                         | ➤ 0.1B |                     |
| <b>Extraordinary Income/Losses</b>                     |                                                                 |        |                     |
| Extraordinary Income: 0.2B<br>Extraordinary Loss: 0.1B | ● Net Income on sale of Investment Securities                   | ➤ 0.2B |                     |
| <b>Income Taxes</b>                                    | ● Corporation, inhabitant and enterprise taxes                  | ➤ 0.9B |                     |

Note: Only major items are shown.

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The next item is the impact on net income.

Ordinary income was JPY1.9 billion, interim pretax net income was JPY2 billion, interim net income attributable to owners of the parent was JPY1.1 billion, and the profit margin was 1.2%.

Regarding non-operating income and expenses, while interest expenses increased due to borrowing to fund M&A activities, non-operating income totaled approximately JPY900 million, driven by dividend income and equity in earnings from investments, among other factors.

Corporate income tax and related taxes increased from the previous year to JPY900 million.

## 1H FY2027 Overview

# Balance Sheet

|                                              | 1H FY2026 |                      | 1H FY2027 |                      |            |         |
|----------------------------------------------|-----------|----------------------|-----------|----------------------|------------|---------|
|                                              | Results   | Composition Rate (%) | Results   | Composition Rate (%) | Y/Y Change | Y/Y (%) |
| <b>Current Assets</b>                        | 67,882    | 55.3%                | 79,542    | 44.8%                | 11,660     | 117.2%  |
| (of Cash and Deposits)                       | 28,896    | 23.5%                | 32,012    | 18.0%                | 3,116      | 110.8%  |
| (of which, Inventory)                        | 25,405    | 20.7%                | 31,864    | 17.9%                | 6,459      | 125.4%  |
| <b>Non-current Assets</b>                    | 54,818    | 44.7%                | 98,066    | 55.2%                | 43,248     | 178.9%  |
| (of Investment Securities)                   | 24,127    | 19.7%                | 25,377    | 14.3%                | 1,250      | 105.2%  |
| (of Investment Real estate)                  | 2,243     | 1.8%                 | 2,312     | 1.3%                 | 69         | 103.1%  |
| <b>Total Assets</b>                          | 122,701   | 100.0%               | 177,741   | 100.0%               | 54,908     | 144.9%  |
| <b>Current Liabilities</b>                   | 24,213    | 19.7%                | 44,850    | 25.3%                | 20,637     | 185.2%  |
| (of Short-term borrowings)                   | 7,779     | 6.3%                 | 17,913    | 10.1%                | 10,134     | 230.3%  |
| (of Current portion of long-term borrowings) | 875       | 0.7%                 | 5,245     | 3.0%                 | 4,370      | 599.4%  |
| <b>Non-current Liabilities</b>               | 5,728     | 4.7%                 | 41,089    | 23.1%                | 35,361     | 717.3%  |
| (of Long-term borrowings)                    | 428       | 0.3%                 | 28,907    | 16.3%                | 28,479     | 6754.0% |
| <b>Total Liabilities</b>                     | 29,942    | 24.4%                | 85,940    | 48.4%                | 55,998     | 287.0%  |
| <b>Total Net Assets</b>                      | 92,759    | 75.6%                | 91,667    | 51.6%                | -1,092     | 98.8%   |
| (of Treasury stock(-))                       | -16,473   | -13.4%               | -8,143    | -4.6%                | 8,330      | 49.4%   |
| <b>Total Liabilities and Net Assets</b>      | 122,701   | 100.0%               | 177,608   | 100.0%               | 54,907     | 144.7%  |

※ Acquired companies: Daytona International Co., Ltd., Waterfront Co., Ltd., and Toyo Enterprise Co., Ltd.  
(Toyo Enterprise was consolidated only in the balance sheet for 1H).

### Cash and deposits

- Cash and deposits of acquired companies\* were newly consolidated.
- Despite significant cash outflows from share repurchases and acquisitions funded with internal cash, the cash balance remained positive.

### Inventories

- Inventories increased due to the consolidation of acquired businesses.
- Inventories in existing businesses stood at 104.3% of the previous year's level, mainly due to early deliveries of fall/winter merchandise.

### Investment securities

- Reduction of cross-shareholdings is progressing in line with the Company's policy.

### 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.

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The following is the balance sheet.

Cash and deposits now include those of the three newly consolidated companies. While we incurred significant capital expenditure due to the repurchase of treasury stock and M&A activities, we have maintained sufficient working capital for our regular operations.

Next, inventories. The increase was partly attributable to the newly consolidated companies. In our existing businesses, inventories rose to 104.3% year-on-year due to the earlier-than-usual arrival of fall and winter merchandise. We will continue to work on reducing stock levels and improving inventory turnover.

With regard to investment securities, we are proceeding with the reduction of strategically held shares in accordance with our company's policy.

Borrowings increased to support working capital and funds for M&A. We also utilized our committed credit line to borrow funds on an as-needed basis.

Finally, regarding treasury stock, the balance increased from the end of the previous fiscal year due to the purchase of JPY3 billion in treasury stock during Q1.

## 1H FY2027 Sales Performance by Channel

### Sales by Channel

Total domestic retail store sales increased by ¥8.3 billion to 120.3% YoY. Directly operated store sales reached 124.7% YoY, driven by Daytona International and continued strength in menswear brands. Domestic Other sales reached 127.4% YoY, supported by wholesale contributions from Waterfront and the golf business. Overseas sales declined YoY due to business exits in the previous fiscal year, but reached 107.0% YoY excluding their impact.

|                 |                                                              | 1H FY2025        | 1H FY2026        | 1H FY2027 <sup>※3</sup> | YoY    |
|-----------------|--------------------------------------------------------------|------------------|------------------|-------------------------|--------|
| Domestic Retail | Department Store<br>[% of total sales]                       | 9.3B<br>[12.4%]  | 7.5B<br>[11.5%]  | 7.6B<br>[8.6%]          | 100.4% |
|                 | Directly Operated Stores <sup>※1</sup><br>[% of total sales] | 35.1B<br>[46.8%] | 33.7B<br>[51.1%] | 42.1B<br>[47.4%]        | 124.7% |
|                 | E-commerce<br>[% of total domestic retail sales]             | 15.9B<br>[26.4%] | 13.2B<br>[24.3%] | 26.0B<br>[29.3%]        | 196.5% |
|                 | Domestic Misc. <sup>※2</sup><br>[% of total sales]           | 8.9B<br>[11.9%]  | 7.7B<br>[11.7%]  | 9.8B<br>[11.1%]         | 127.4% |
|                 | Overseas<br>[% of total sales]                               | 5.8B<br>[7.7%]   | 3.7B<br>[5.7%]   | 3.2B<br>[3.6%]          | 84.7%  |

(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 employees, and other sales by the Group's apparel-related business, as well as non-apparel business

※3 Daytona International Co., Ltd. has been consolidated since September 2025, and Waterfront Co., Ltd. since December 2025

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Here is the breakdown of sales by channel.

Total sales at domestic physical stores, including department stores and directly operated stores, increased by JPY8.3 billion, reaching 120.3% year-on-year.

Sales at department stores were nearly on par with the previous year, as the impact of store closures had subsided. Even on an existing business basis, excluding the impact of newly consolidated subsidiaries, sales at directly operated stores grew to 102% year-on-year.

In the domestic other segment, revenue reached 127.4% year-on-year, driven by positive contributions from wholesale operations, such as the Waterfront and golf businesses.

Overseas sales declined due to the impact of business withdrawals, but increased 7% year-on-year on an existing business basis.

## 1H FY2027 Sales Performance by Channel

### E-commerce Sales

Domestic sales increased by ¥12.8 billion to 196.5% YoY, with significant contributions from acquired businesses across both owned and third-party platforms. Owned sales rose by ¥4.3 billion to 178.8% YoY, while third-party sales increased by ¥8.4 billion to 208.9% YoY. Overseas sales reached 133.6% YoY, excluding the impact of the divestiture of certain U.S. operations.

|          |                                                                          | 1H FY2025               |   | 1H FY2026               |   | 1H FY2027 <sup>※2</sup> | YoY           |
|----------|--------------------------------------------------------------------------|-------------------------|---|-------------------------|---|-------------------------|---------------|
| Domestic | <b>Owned</b><br>[% of total domestic E-comm]                             | <b>7.1B</b><br>[44.9%]  | ▶ | <b>5.4B</b><br>[41.4%]  | ▶ | <b>9.8B</b><br>[37.6%]  | <b>178.8%</b> |
|          | <b>3<sup>rd</sup> Party</b><br>[% of total domestic E-comm]              | <b>8.7B</b><br>[55.1%]  | ▶ | <b>7.7B</b><br>[58.6%]  | ▶ | <b>16.2B</b><br>[62.4%] | <b>208.9%</b> |
|          | <b>Total Domestic</b><br>[% of total domestic retail sales]              | <b>15.9B</b><br>[26.4%] | ▶ | <b>13.2B</b><br>[24.3%] | ▶ | <b>26.0B</b><br>[29.3%] | <b>196.5%</b> |
|          | <b>Overseas E-Commerce</b><br>[% of total overseas retail sales]         | <b>1.9B</b><br>[33.9%]  | ▶ | <b>1.0B</b><br>[28.1%]  | ▶ | <b>0.7B</b><br>[23.6%]  | <b>71.2%</b>  |
|          | <b>Total E-Commerce Sales</b><br>[% of total retail sales] <sup>※1</sup> | <b>17.9B</b><br>[27.0%] | ▶ | <b>14.3B</b><br>[24.5%] | ▶ | <b>26.8B</b><br>[29.1%] | <b>187.2%</b> |

(Unit: JPY billion)

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

※2 Daytona International Co., Ltd. has been consolidated since September 2025, and Waterfront Co., Ltd. since December 2025.

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Regarding e-commerce sales, domestic revenue increased by JPY 12.8 billion, up 96.5% year-on-year, driven by significant contributions from the two newly consolidated companies to both our own e-commerce channels and third-party platforms.

Third-party e-commerce sales increased 108.9% year-on-year to JPY 8.4 billion, with existing businesses also recording 1.0% growth.

Excluding the impact of the divestiture of certain US operations, overseas e-commerce sales were up 33.6% year-on-year and remained strong overall.

## 1H FY2027 Business Highlights

### Core Brands

Core brands showed a recovery in sales, particularly in womenswear. MARGARET HOWELL and NATURAL BEAUTY BASIC returned to growth, while AVIREX and FREAK'S STORE maintained strong momentum, continuing to drive Group sales.

|                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>FREAK'S STORE</b><br><b>YoY* 103.8%</b> <ul style="list-style-type: none"><li>Sales and operating income continued to grow steadily.</li><li>The brand launched its 40th anniversary initiatives, highlighted by a well-received collaboration with GAP. More exciting projects are planned.</li></ul> <small>*Compared with the pre-acquisition period.</small> | <b>AVIREX®</b><br><b>YoY 123.5%</b> <ul style="list-style-type: none"><li>Core products and special initiatives drove double-digit sales growth.</li><li>Women's Daily Wear attracted new customers and proved popular.</li><li>Further growth is expected from the September Ginza opening and the October Korea pop-up.</li></ul> | <b>MARGARET HOWELL</b><br><b>YoY 110.6%</b> <ul style="list-style-type: none"><li>Store portfolio optimization helped existing-store sales recover, while e-commerce grew strongly.</li><li>Excess inventory was successfully reduced, despite some impact on earnings.</li><li>A book and exhibition highlighting the brand's craftsmanship and style helped showcase its appeal.</li></ul> |
| <b>NATURAL BEAUTY BASIC</b><br><b>YoY 100.1%</b> <ul style="list-style-type: none"><li>Store portfolio restructuring and e-commerce growth boosted sales and improved profitability.</li><li>To mark its 30th anniversary, the brand launched a special collaboration and campaigns featuring popular models, reinforcing its appeal.</li></ul>                     | <b>NANO universe</b><br><b>YoY 88.2%</b> <ul style="list-style-type: none"><li>The store count declined due to closures, with existing-store sales at 97% YoY.</li><li>Inventory and merchandising strategies are under review, while promotions and collaborations supported sales.</li></ul>                                      | <b>PEARLY GATES</b><br><b>YoY 98.2%</b> <ul style="list-style-type: none"><li>Customer traffic remained weak, particularly at outlet stores, but reduced discounting significantly improved profitability.</li><li>Improved merchandising and successful collaborations drove a strong recovery in e-commerce sales.</li></ul>                                                               |

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Here are the business highlights from 1H.

Sales of our core brands picked up, particularly for MARGARET HOWELL and women's lines such as NATURAL BEAUTY BASIC and human woman. AVIREX and FREAK'S STORE continued to perform well and drove the Group's overall sales.

Since joining the Group, FREAK'S STORE has maintained a trend of growing sales and profits, and its 40th anniversary campaign is performing exceptionally well this fiscal year. Next month, we'll be opening our first store in Taiwan, so I'll tell you more about it next time.

MARGARET HOWELL had been struggling in the previous period, but sales rebounded to 106% at domestic existing stores and to 120% at existing e-commerce stores, in particular.

Although NATURAL BEAUTY BASIC was also affected by the closure of 11 stores, advertising efficiency and merchandising accuracy improved, and sales at existing stores rebounded to 116%.

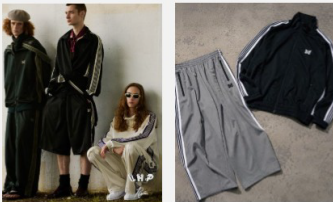
Sales for NANO universe and PEARLY GATES declined compared to the previous period due to the store closures, and outlet stores, which are larger in scale than those of other brands, posted lower sales than the previous year.

As for e-commerce, all stores outperformed the previous year on an existing store basis.

While challenges remain, we will make up for lost ground in 2H of the fiscal year.

## Emerging Growth Brands

Strong-performing brands saw robust sales through e-commerce and existing stores, attracting inbound tourists and new customers. Exclusive and collaborative products performed particularly well, with demand-driven product allocation supporting sales growth.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>YoY 128.0 %</b></p> <ul style="list-style-type: none"> <li>Strong growth in existing-store and owned e-commerce sales drove a significant YoY increase.</li> <li>Exclusive products from popular brands performed well, attracting inbound tourists and new customers and boosting customer traffic.</li> </ul>  | <p><b>and wander</b></p> <p><b>YoY 126.4 %</b></p> <ul style="list-style-type: none"> <li>Sales grew across all channels, supported by domestic and overseas wholesale expansion.</li> <li>Domestic demand offset fewer Chinese tourists, boosting customer traffic.</li> <li>Collaborations with Starbucks and Brompton helped reach new customer segments.</li> </ul>  | <p><b>JILL by JILL STUART</b></p> <p><b>YoY 106.9 %</b></p> <ul style="list-style-type: none"> <li>Owned e-commerce sales rebounded sharply, supported by improved merchandising and rapid product replenishment.</li> <li>Core bags and collaborative caps and accessories drove sales between seasons and boosted e-commerce growth.</li> </ul>  |
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### Emerging growth brands.

The brands you see here performed well, particularly in e-commerce, and captured a wide range of demand, including from inbound tourists and new customers. In particular, custom-order and collaborative products performed exceptionally well, and the launch of products that meet customer needs drove growth.

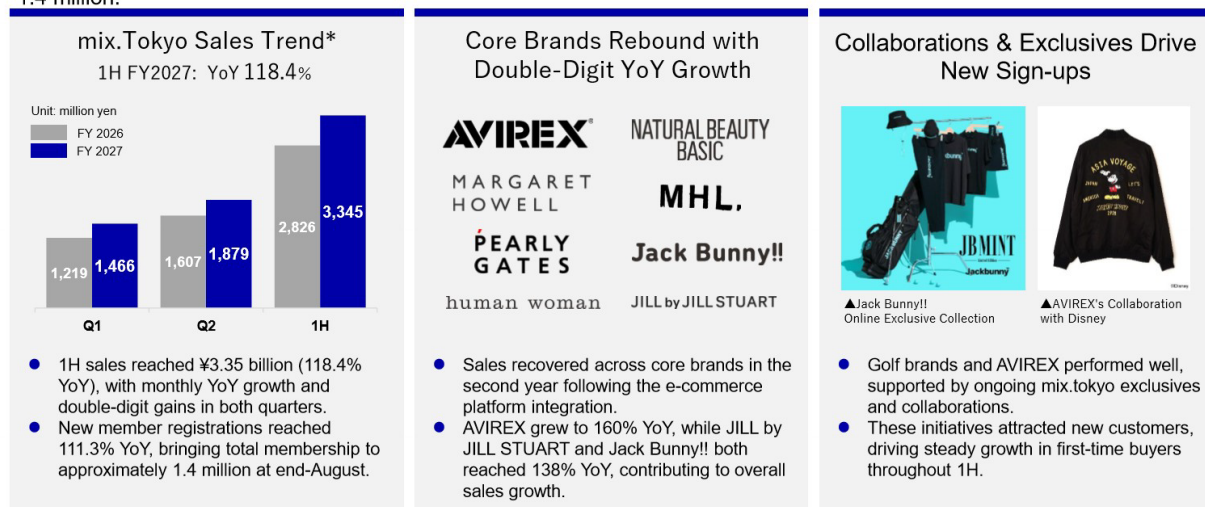
*and wander* saw sales growth across all channels. While the number of customers from China, which had previously been high, was on a downward trend, the company managed to increase its total customer count by capturing domestic demand.

Since the start of this fiscal year, JILL by JILL STUART has continued to post month-over-month growth at its existing stores that exceeded the previous period's figures. In addition to our classic bags, collaborative caps and accessories with popular brands drove sales.

## 1H FY2027 Business Highlights

### mix.tokyo Update

Sales exceeded prior-year levels every month in 1H, driven by recovering core brands, online exclusives, and collaborations. Successful brand initiatives attracted new customers and boosted registrations, expanding membership to approximately 1.4 million.



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An update on our company's e-commerce site.

Driven by a recovery in our core brands, along with contributions from e-commerce-exclusive campaigns, collaborations, and custom-ordered products, sales exceeded the previous year's figures every month, reaching 118.4% year-on-year for 1H of the fiscal year.

In particular, the brand featured in the center of this page maintained double-digit growth year-on-year. Initiatives for these top-performing brands helped attract new customers, and the number of new member registrations also increased.

This fiscal year, we are focusing on brand-centered initiatives and content to drive further growth of our in-house e-commerce platform.

## Sustainability Management

### Charity T-shirts for Kumamoto Earthquake Relief



Seven golf apparel brands, including PEARLY GATES, and Fukuoka-based multi-brand retailer Dice&Dice launched charity T-shirts to support those affected by the 2026 Kumamoto earthquake.

All proceeds from T-shirt sales, along with donations collected in stores and within the Company, will be donated through the Japanese Red Cross Society.

### Second Sustainability WEEK

The Company held its second Sustainability WEEK, featuring a low-carbon materials exhibition and an environmental labeling seminar to promote responsible communication and sustainable practices.

#### |Low-Carbon Materials Exhibition



#### |Environmental Labeling Seminar



### T-Shirts for Ishikari River Cleanup in Kamikawa, Hokkaido

The Company supported the Ishikari River Cleanup in Kamikawa, Hokkaido, with which it has a comprehensive partnership agreement, by providing 100 *and wander* T-shirts to all participants. The initiative helped preserve the natural environment and maintain the river's scenic beauty.



#### |Ishikari River Cleanup Logo Printed on *and wander* T-Shirts



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Our sustainability initiatives.

First of all, I would like to express my heartfelt sympathy to all those affected by the Kumamoto earthquake. We pray for a swift recovery and reconstruction.

To support the disaster-stricken areas in Kumamoto, our company sold charity T-shirts through seven golf apparel brands and Dice&Dice, a Fukuoka-based select shop. We will donate the entire amount of sales revenue, along with donations collected in-store and in-office, through the Japanese Red Cross Society.

As part of our environmental initiatives, we hosted Sustainability Week for the second consecutive year. Through exhibitions of low-carbon materials and seminars on environmental labeling guidelines, we are promoting understanding of and action toward environmental sustainability.

We will continue to contribute to society through our business activities and to pursue environmentally conscious initiatives.

## 1H 2027 Structural Reform Progress

# Structural Reforms – Progress Update

Restructuring initiatives across all areas delivered measurable YoY improvements, contributing approximately ¥800 million to operating income. In 2H, the Company will continue reviewing and refining these initiatives to maximize their impact.

|                                                               |                                                                                                                                                                                                                                                                                                                                                                   | (in billion yen) |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Purpose                                                       | Course of Action                                                                                                                                                                                                                                                                                                                                                  | Impact (YoY)     |
| Purchase Cost Reductions & Optimized Supply/Demand Management | <ul style="list-style-type: none"> <li>▶ Implementing a company-wide production and manufacturing strategy (supplier and factory consolidation, relocation of production bases, changes in delivery methods, local settlement, etc.)</li> <li>▶ Pricing analysis and decisions based on a standardized approach</li> <li>▶ Optimizing inventory levels</li> </ul> | Approx. 0.12B    |
| Retail Operation Reform                                       | <ul style="list-style-type: none"> <li>▶ Optimizing sales staff allocation and reforming personnel systems across all regions</li> </ul>                                                                                                                                                                                                                          | Approx. 0.33B    |
| Improve Efficiency of Costs including SG&A                    | <ul style="list-style-type: none"> <li>▶ Optimizing logistics costs</li> <li>▶ Implementing cross-functional cost controls (advertising, sales promotion, and outsourcing expenses)</li> </ul>                                                                                                                                                                    | Approx. 0.35B    |

※ No additional impact from e-commerce platform integration, as fixed cost reductions were completed in the previous fiscal year.

**Total 0.8B**

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This is a report on the progress of our revenue structural reforms.

We continued to see improvements compared to the previous year in the areas of reducing procurement costs, managing supply and demand, store reforms, and streamlining SG&A expenses. All of these figures show the change compared to the previous period.

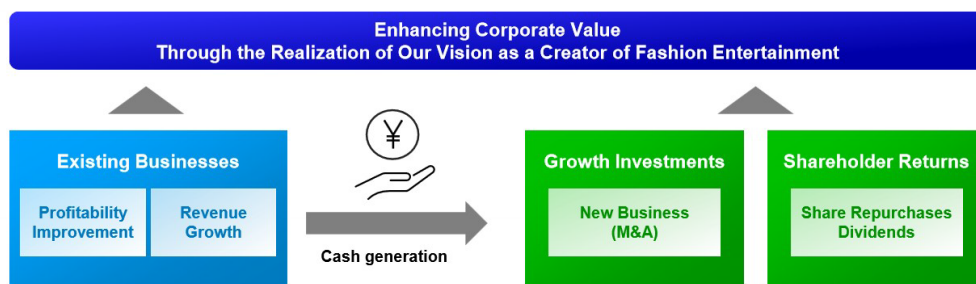
The improvement in operating income for 1H of the fiscal year resulted from a reduction in cost of goods sold and supply-demand management, approximately JPY120 million, store reforms, approximately JPY330 million, and efficiency gains in SG&A expenses, approximately JPY350 million, for a total of approximately JPY800 million.

Please note that, regarding e-commerce platform integration, since we completed the reduction of fixed costs in the previous fiscal year, there will be no additional benefits this fiscal year.

In 2H of the fiscal year, we will continue to evaluate the effectiveness of each initiative and make necessary adjustments as needed, with the goal of maximizing the benefits of these improvements.

## Outlook for 2H and Beyond

- Despite YoY growth in net sales and operating income across both consolidated and existing businesses, 1H results fell short of plan. The Company will strengthen sales capabilities and continue structural reforms to achieve its full-year targets.
- Toyo Enterprise's manufacturing expertise is expected to enhance product quality across the Group.
- The Company is increasing dialogue between management and employees and reflecting employee feedback in its policies and initiatives to remain an employer of choice.
- The Company aims to enhance corporate value by strengthening existing businesses, growth investments, and shareholder returns.



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This is the outlook for 2H and beyond.

Although sales and operating income increased in 1H of the fiscal year on both a consolidated basis and for existing businesses, we fell short of our targets. Going forward, in addition to structural reforms, we intend to enhance our sales capabilities and continue to strengthen our company as a whole so that we can achieve our full-year targets.

In addition, Toyo Enterprise has recently joined the Group. It is highly regarded for its craftsmanship and has a rich archive reflecting its long history of manufacturing in Japan. We see great potential for various initiatives across our brands and look forward to working together to build on these synergies.

We also aim to remain an employer of choice for both current and prospective employees. To this end, we are increasing opportunities for dialogue between management and employees.

Beyond dialogue, we are also working to incorporate employee feedback into specific management policies and initiatives. Going forward, we will continue to enhance corporate value by strengthening our existing businesses, growth investments, and shareholder returns.

## 1. Objectives of the Business Integration



1

Next, I will explain business integration.

The TSI Holdings Group is approaching the 15th anniversary of its formation through a business integration in 2011. At this milestone, the TSI Holdings Group and the World Group will move forward with a new business integration as equal partners, taking the first step into a new chapter on March 1, 2027.

Both groups share a common understanding of three key aspects of the business environment: intense competition in the domestic market and opportunities for industry optimization; changing customer preferences and new creative possibilities; and the need to transition to a circular business model. With this shared understanding, the two groups will bring together their respective strengths.

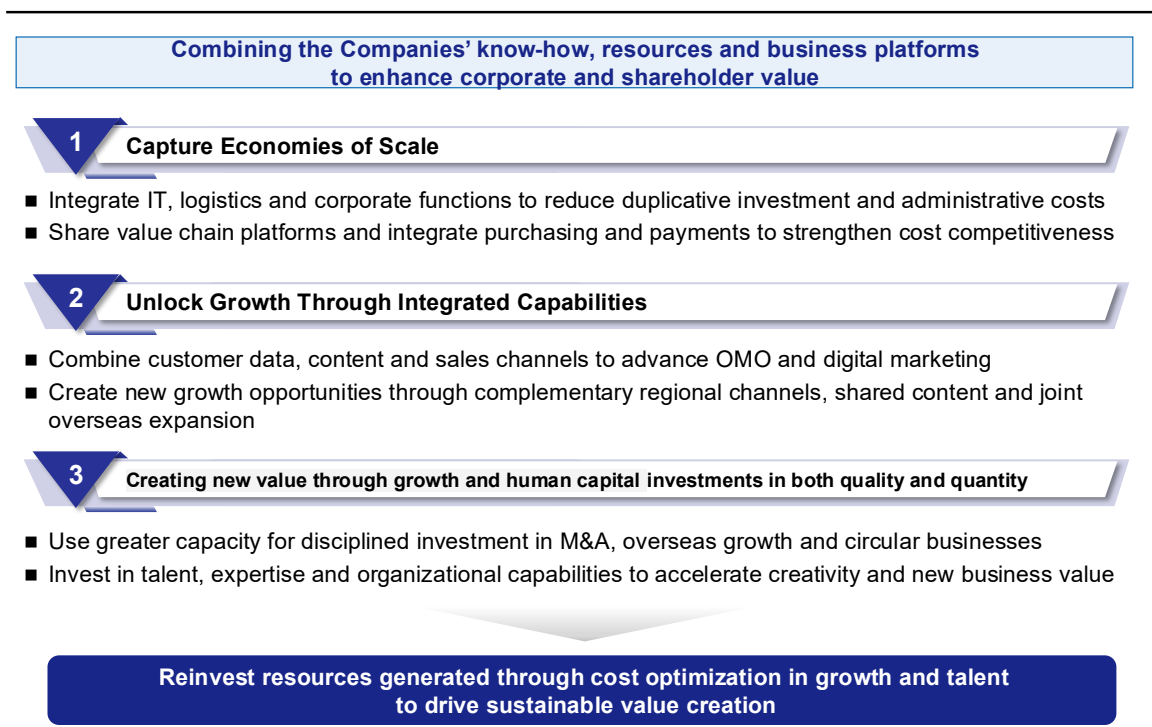
The World Group has a broad brand portfolio, B2B platforms, and various business infrastructures. Meanwhile, the TSI Group has a distinctive brand portfolio and diverse creative capabilities.

The purpose of this business integration is not simply to increase our scale. Our goal is to foster a culture and management approach that embraces diversity, and to leverage our combined scale to transform overlapping investments and costs into value, bringing new creativity to the world.

In the short term, we will generate funds through synergies and reinvest them in growth areas and talent to establish sustainable growth and profitability.

In the long term, we aim to implement a circular business model and build a globally competitive platform for creativity that balances reduced environmental impact with revenue growth.

## 2. Expected Synergy Effects from the Business Integration



2

Next, I will explain the synergies we aim to achieve through this business integration.

By combining the two companies' expertise, management resources, and business foundations, we aim to further enhance corporate value and, ultimately, shareholder value.

There are three main initiatives.

The first is pursuing economies of scale in our business infrastructure. We will integrate and enhance IT, logistics, and corporate functions into a shared business infrastructure, thereby reducing duplicate investments and administrative costs. In addition, we will standardize and share our production, procurement, logistics, and sales infrastructure and enhance our cost competitiveness through initiatives such as the integration of purchasing and payment processes.

The second is the integrated utilization of both companies' expertise and resources. By combining customer information, product content, and sales channels, we will enhance sales strategies and digital marketing based on an OMO approach. We will also work to foster mutual complementarity among regional channels, facilitate the cross-supply of products and content, and jointly promote overseas expansion, thereby creating new growth opportunities.

Third, creating new value through growth investments and investments in human capital. We will utilize the investment capacity generated by our expansion to fund growth initiatives, such as M&A, international expansion, and the circular area. At the same time, we will expand our investment in talent, expertise, and organizational capabilities to accelerate the creation of diverse forms of creativity and new business value. We will create a virtuous cycle in which funds generated through cost optimization are reallocated to growth and human resources, thereby leading to the sustainable enhancement of corporate value.

### 3. Name of the Joint Holding Company

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# **INFINITY UNITED Inc.**

**Fashion, Life & Entertainment Enterprise**

INFINITY = Limitless  
Enterprise uniting diverse creativity and expertise to  
unlock boundless potential

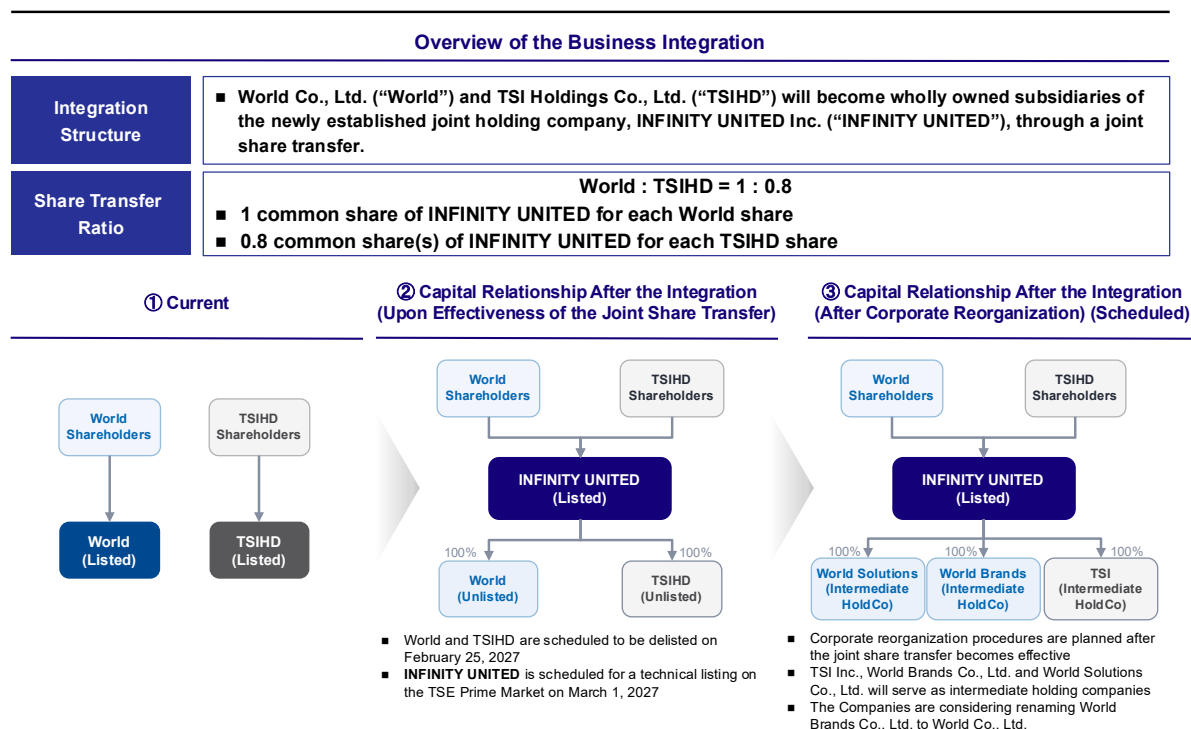
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3

The name of the newly integrated company is Infinity United. It reflects our aspiration to bring together people who love brands, services, and fashion, each with boundless creativity and expertise, to create new value in fashion, lifestyle, and entertainment.

Infinity United represents a shared vision in which people with diverse backgrounds, cultures, talents, and skills come together as equals to achieve a transformation that neither company could accomplish alone. Through this vision, we aim to become a company that creates endless possibilities.

## 6. Overview of the Business Integration



6

Next, here is an overview of the business integration.

World and TSI HOLDINGS plan to establish a new joint holding company, Infinity United, through a joint share transfer, with both companies becoming its wholly owned subsidiaries.

Under the proposed share transfer ratio, shareholders will receive one share of Infinity United common stock for each share of World common stock, and then 0.8 shares of Infinity United common stock for each share of TSI Holdings common stock.

Following the business integration, we plan to reorganize the group under the new joint holding company, with World Solutions, World Brands, and TSI serving as intermediate holding companies.

Further details of the procedures and timelines will be announced as appropriate.

## 7. Overview of Joint Holding Company

|                                                              |                                                                                                                                                                           |                     |                                                                             |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------|
| <b>Trade name</b>                                            | INFINITY UNITED Inc.                                                                                                                                                      |                     |                                                                             |
| <b>Head office</b>                                           | 3-5-10 Kita-aoyama, Minato-ku, Tokyo                                                                                                                                      |                     |                                                                             |
| <b>Governance structure</b>                                  | Company with an Audit and Supervisory Committee; outside directors will form a Board majority and chair the Board, with a voluntary nomination and remuneration committee |                     |                                                                             |
| <b>Representative and Prospective Officers<sup>(1)</sup></b> | <b>Title</b>                                                                                                                                                              | <b>Name</b>         | <b>Current Position</b>                                                     |
|                                                              | Representative Director and Chairperson                                                                                                                                   | Tsuyoshi Shimoji    | TSIHD Representative Director, President and CEO                            |
|                                                              | Representative Director, President and Executive Officer                                                                                                                  | Nobuteru Suzuki     | World Representative Director of the Board, President and Executive Officer |
|                                                              | Director, Vice President and Executive Officer                                                                                                                            | Keiichi Nakabayashi | World Member of the Board, Executive Vice President and Executive Officer   |
|                                                              | Director, Vice President and Executive Officer                                                                                                                            | Mitsuru Naito       | TSIHD Executive General Manager and CFO                                     |
|                                                              | Director (Member of the Audit & Supervisory Committee)                                                                                                                    | Naoteru Matsuzawa   | World Director (Member of the Audit & Supervisory Committee)                |
|                                                              | Director (Member of the Audit & Supervisory Committee)                                                                                                                    | Shigehiko Onodera   | TSIHD Executive Officer                                                     |
|                                                              | Outside Director                                                                                                                                                          | Hidehiko Aoki       | World Outside Director (Chair of the Board of Directors)                    |
|                                                              | Outside Director                                                                                                                                                          | Hayuru Tsutsumi     | World Outside Director                                                      |
|                                                              | Outside Director                                                                                                                                                          | Ryo Oishi           | World Outside Director                                                      |
|                                                              | Outside Director                                                                                                                                                          | Rumiko Tanabe       | TSIHD Outside Director                                                      |
|                                                              | Outside Director (Member of the Audit & Supervisory Committee)                                                                                                            | Naoko Tomita        | World Outside Director (Member of the Audit & Supervisory Committee)        |
|                                                              | Outside Director (Member of the Audit & Supervisory Committee)                                                                                                            | Kanae Fukushima     | World Outside Director (Member of the Audit & Supervisory Committee)        |
|                                                              | Outside Director (Member of the Audit & Supervisory Committee)                                                                                                            | Yoko Yamaguchi      | TSIHD Outside Audit & Supervisory Board Member                              |
| <b>Business</b>                                              | Management of subsidiaries, etc. and all businesses incidental or related thereto                                                                                         |                     |                                                                             |
| <b>Stated capital</b>                                        | 5 billion yen (scheduled)                                                                                                                                                 |                     |                                                                             |
| <b>Fiscal year-end</b>                                       | End of February                                                                                                                                                           |                     |                                                                             |
| <b>Stock exchange</b>                                        | TSE Prime Market                                                                                                                                                          |                     |                                                                             |
| <b>Accounting auditor</b>                                    | PricewaterhouseCoopers Japan LLC                                                                                                                                          |                     |                                                                             |
| <b>Shareholder register administrator</b>                    | Mitsubishi UFJ Trust and Banking Corporation                                                                                                                              |                     |                                                                             |

Note: Mr. Hidehiko Aoki, Ms. Hayuru Tsutsumi, Mr. Ryo Oishi, Ms. Rumiko Tanabe, Ms. Naoko Tomita, Ms. Kanae Fukushima, and Ms. Yoko Yamaguchi are outside directors as defined in Article 2, item (xv) of the Companies Act. Mr. Masanori Maekawa, currently Director and COO of TSIHD, is scheduled to assume the position of Representative Director and President of TSI (intermediate holding company).

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Next, I will explain the corporate governance structure of the joint holding company.

I am scheduled to serve as Chairman and Representative Director, while Mr. Suzuki of World is scheduled to serve as President and Representative Director. We plan to appoint executives from both companies, drawing on their respective expertise to manage the new group.

In addition, the new holding company will be established as a company with an Audit and Supervisory Committee, with independent outside directors making up a majority of the committee. We also plan to establish a Nomination and Compensation Committee to ensure transparency and effective oversight.

Finally, I will explain the schedule for the upcoming business integration.

Both companies plan to hold extraordinary general meetings of shareholders on December 24, 2026, with October 31, 2026, as the record date. Following this, both companies are scheduled to be delisted on February 25, 2027. The new joint holding company, Infinity United, is scheduled to be established on March 1, 2027, and listed on the Tokyo Stock Exchange Prime Market on the same day.

We will continue to steadily proceed with the necessary procedures.

Through a series of sincere discussions with President Suzuki of World and the board members of both companies, we have confirmed that we share a common understanding of the challenges facing our companies and the fashion industry, as well as similar concerns and aspirations.

The goal of this initiative is to combine the complementary brand portfolios of both groups with the World Group's B2B platform, leveraging our collective strength from planning to execution. By doing so, we aim to build a highly competitive group with strong value-creation capabilities and help revitalize Japan's fashion industry, making it an attractive industry once again. We also aim to enhance our ability to attract both talent and businesses.

As we take this new step forward, we ask for your continued support.

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