Business Results for the Fiscal Year Ended February 28, 2025

[Japanese GAAP] (Consolidated)

April 11, 2025

Company name:	TSI HOLDINGS CO., LTD.	Stock listing: Tokyo Stock Exchange
Code number:	3608	URL: https://www.tsi-holdings.com/en/
Representative:	Representative Director, President and CEO, Tsuyoshi Shimoji	
Contact:	CFO, Executive General Manager, and Director of Group Strategy Headquarters, Mitsuru Naito TEL: +81-3-5785-6400	

Scheduled date of Annual General Meeting of shareholders:	May 23, 2025
Scheduled date of financial report:	May 23, 2025
Scheduled date to begin dividend payment:	May 7, 2025
Preparation of supplementary financial document:	Yes
Briefing session to explain the financial statements:	Yes (For institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated Business Results for the Fiscal Year Ended February 28, 2025 (March 1, 2024 to February 28, 2025)

(1) Consolidated results of operations (% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended February 2025	156,606	0.8	1,636	(7.1)	2,076	(44.7)	15,230	214.0
FY ended February 2024	155,383	0.6	1,760	(24.4)	3,758	(2.6)	4,849	58.3

(Notes) Comprehensive income: Fiscal year ended February 28, 2025 ¥17,607 million 199.9%
Fiscal year ended February 29, 2024 ¥5,871 million 41.0%

	Net income per share	**Diluted net income per share**	**Return on equity**	**Ratio of ordinary income to total assets**	**Ratio of operating income to net sales**
	Yen	Yen	%	%	%
FY ended February 2025	210.02	—	14.9	1.5	1.0
FY ended February 2024	59.97	—	5.0	2.8	1.1

(Reference) Equity in earnings of affiliates: Fiscal year ended February 28, 2025 ¥(358) million
Fiscal year ended February 29, 2024 ¥253 million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2025	141,159	108,230	76.4	1,553.70
As of February 29, 2024	133,464	97,422	72.7	1,287.25

(Reference) Shareholders' equity: As of February 28, 2025, ¥107,905 million
As of February 29, 2024, ¥97,084 million

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
FY ended February 2025	5,717	28,328	(15,135)	45,822
FY ended February 2024	(525)	3,496	(7,252)	26,766

2. Dividends

	Annual dividend					Total dividend	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended February 2024	—	0.00	—	15.00	15.00	1,143	25.0	1.2
FY ended February 2025	—	0.00	—	65.00	65.00	4,559	30.9	4.6
FY ending February 2026 (forecast)	—	0.00	—	40.00	40.00		—	

3. Forecast of Consolidated Business Results for the Fiscal Year Ending February 28, 2026 (March 1, 2025 to February 28, 2026)

(% change from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (Cumulative)	71,000	(5.6)	1,000	—	1,150	—	800	—	(11.52)
Full fiscal year	153,000	(2.3)	5,700	248.4	6,000	188.9	4,200	(72.4)	60.47

＊Notes:

(1) Changes in significant subsidiaries during the period: Yes
Newly included: 1 company (Ready to Fashion Inc.)
Excluded: 1 company (Starjoinus Inc.)

(2) Changes in accounting policies, accounting estimates, and restatements
a. Changes in accounting policies due to revisions of accounting standards: None
b. Changes in accounting policies other than above (a): None
c. Changes of accounting estimates: None
d. Restatements: None

(3) Number of shares issued (common stock)

a. Number of shares issued at the end of period (treasury stock included)	FY ended February 2025	76,941,393 shares	FY ended February 2024	87,074,993 shares
b. Number of treasury stock at the end of period	FY ended February 2025	7,490,520 shares	FY ended February 2024	11,655,093 shares
c. Average number of shares over the period	FY ended February 2025	72,519,339 shares	FY ended February 2024	80,875,224 shares

*** Summary of financial statements is not subject to audit by a certified public accountant or an audit corporation.**

*** Explanation regarding the appropriate use of business forecasts and other special instructions**

The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company and on certain assumptions that are deemed reasonable. They are not intended as a guarantee of future performance. Actual results may differ significantly due to various factors. For the assumptions underlying these forecasts and important notes on their use, please refer to "1. Overview of Operating Results, (4) Future Outlook" on page 4 of the attached materials.

Contents of Attached Materials

1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year Ended February 28, 2025

During the consolidated fiscal year (March 1, 2024, to February 28, 2025), the apparel industry saw a moderate recovery in personal consumption in Japan, supported by wage increases and inbound tourism. However, the business environment remained challenging due to a combination of factors, including persistently high procurement costs, foreign exchange fluctuations, and ongoing international conflicts.

Amid this challenging business environment, the Group has been driving fundamental profitability reforms and growth strategies based on the medium-term management plan, TSI Innovation Program 2027 (TIP27), announced in April 2024. Key pillars of the structural reforms include reducing procurement costs, optimizing supply and demand management, revising the profitability structure of physical stores, streamlining operational and e-commerce platforms, and reducing SG&A expenses. Among these, SG&A cost reductions were the first to produce visible results.

In addition, the Group relaunched its unified brand e-commerce platform, *mix.tokyo*, in February 2025, marking a major step in improving platform efficiency and further strengthening customer engagement.
Simultaneously, the Group fortified the foundation for future earnings growth by exiting low-profitability businesses through a comprehensive review of its brand portfolio and tackling the long-standing issue of excess inventory, particularly in the golf segment.

At the same time, the Group sustained its focus on advancing sustainability initiatives. Through efforts such as reassessing material selection and re-evaluating manufacturing processes, the Group seeks to help customers rediscover the value of its products. Furthermore, concrete initiatives have been reinforced across environmental, social, human, and governance-related areas.

Consequently, net sales reached 156,606 million yen (up 0.8% year-on-year), operating income was 1,636 million yen (down 7.1%), and ordinary income totaled 2,076 million yen (down 44.7%). Net income attributable to owners of the parent company amounted to 15,230 million yen, marking a 214.0% increase from the previous fiscal year.

Net sales by reportable segment were as follows.

Apparel-Related Businesses

The Group's apparel-related business was affected by sluggish sales of spring items and a delayed start to the fall/winter season due to prolonged warm weather in September and October. In the golf segment, which had been focused on clearing excess inventory throughout the year, inventory optimization was largely completed, enabling a return to full-price sales.

In accordance with the medium-term management plan "TIP27" announced in April 2024, the Group has also taken measures to enhance profitability by reevaluating price points for some brands and restructuring merchandising and sales strategies.

Strong spending by international visitors supported solid performance from streetwear brand *STUSSY*, outdoor brand *and wander*, which is expanding its global footprint, and London-based collection brand *MARGARET HOWELL*. American casual brands, such as *AVIREX* and *Schott*, as well as curated boutiques like *ROYAL FLASH* and *LHP*, and womenswear brands like *LE PHIL* and *CADUNE*, also experienced sales growth driven by product strategies that leveraged each brand's unique strengths.

On the other hand, the U.S. business continued to face sluggish sales due to a slowdown in the streetwear and skateboard markets amid ongoing inflation.

As a result, net sales from the apparel-related business totaled 150,726 million yen, up 0.4% year-on-year.

Other Businesses

Other businesses within TSI Holdings include S-GROOVE Co., Ltd., which provides staffing and sales outsourcing services; READY TO FASHION Co., Ltd., which operates a SaaS-based hiring and job-matching platform tailored to the apparel industry; Toska-Bano'k Co., Ltd., a manufacturer and distributor of plastic resin products; Plax Co., Ltd., which engages in-store design and food service operations; and Laline JAPAN Co., Ltd., which imports and sells cosmetics, fragrances, soaps, and related items.

Driven by the performance of these businesses, net sales in this segment totaled 6,680 million yen, an 8.7% increase year-on-year.

(2) Overview of Financial Position

(Million yen)

	At the end of FY2024 (As of February 29, 2024)	At the end of FY2025 (As of February 28, 2025)	Increase/decrease
Total assets	133,464	141,159	7,694
Liabilities	36,041	32,928	(3,113)
Net assets	97,422	108,230	10,808
Shareholders' equity ratio	72.7%	76.4%	3.7%
Net assets per share	¥1,287.25	¥1,553.70	¥266.44

Total assets increased by 7,694 million yen compared to the end of the previous fiscal year. This was primarily due to an increase in cash and deposits of 18,852 million yen, which outweighed decreases in inventories (down 2,141 million yen), "Other" under current assets (down 1,086 million yen), investment securities (down 1,647 million yen), deferred tax assets (down 1,381 million yen), investment property (down 2,434 million yen), and "Other" under investments and other assets (down 689 million yen).

Total liabilities decreased by 3,113 million yen. While there was an increase in income taxes payable (up 6,780 million yen), this was more than offset by a decrease in notes and accounts payable–trade (down 1,610 million yen), short-term borrowings (down 4,905 million yen), and long-term borrowings including the current portion (down 3,392 million yen).

Net assets increased by 10,808 million yen. Although treasury stock, a deduction item in net assets, increased, this was outweighed by an increase in retained earnings (up 14,087 million yen) and a rise in the valuation difference on available-for-sale securities (up 1,675 million yen).

As a result, net assets per share increased by 266.44 yen.

(3) Overview of Cash Flows

(Million yen)

	At the end of FY2024 (As of February 29, 2024)	At the end of FY2025 (As of February 28, 2025)	Increase/decrease
Cash flows from operating activities	(525)	5,717	6,242
Cash flows from investing activities	3,496	28,328	24,831
Cash flows from financing activities	(7,252)	(15,135)	(7,882)
Cash and cash equivalents at end of period	26,766	45,822	19,055

1) Cash flows from operating activities:

Net cash provided by operating activities for the consolidated fiscal year amounted to 5,717 million yen, compared to net cash used in operating activities of 525 million yen in the previous fiscal year. Although there was a 1,663 million yen decrease in accounts payable–trade and a 23,913 million yen gain on the sale of property, plant, and equipment (a non-cash adjustment related to investing activities), the cash inflow was primarily driven by income before income taxes of 23,860 million yen, non-cash expenses such as depreciation of 3,210 million yen and impairment loss of 1,363 million yen, as well as a 2,323 million yen decrease in inventories.

2) Cash flows from investing activities:

Net cash provided by investing activities for the consolidated fiscal year amounted to 28,328 million yen (compared to 3,496 million yen in the previous fiscal year).

Although the Group recorded outflows of 2,433 million yen for the acquisition of property, plant, and equipment (primarily store interior assets), 7,531 million yen for the purchase of investment securities, and 7,900 million yen for the acquisition of investment property, these outflows were offset by proceeds of 11,739 million yen from the sale of investment securities and 34,434 million yen from the sale of investment property.

3) Cash flows from financing activities:

Net cash used in financing activities for the consolidated fiscal year amounted to 15,135 million yen (compared to 7,252 million yen in the previous fiscal year).

This was primarily due to a net decrease in short-term borrowings of 4,906 million yen, repayments of long-term borrowings totaling 3,332 million yen, the acquisition of treasury stock amounting to 5,702 million yen, and dividend payments of 1,143 million yen.

As a result, cash and cash equivalents at the end of the fiscal year increased by 19,055 million yen from the end of the previous fiscal year, reaching 45,822 million yen.

(For Reference) Trends in Cash-Flow Indicators

	FY2023 (As of February 28, 2023)	FY2024 (As of February 29, 2024)	FY2025 (As of February 28, 2025)
Shareholders' equity ratio (%)	72.7	72.7	76.4
Shareholders' equity ratio based on current market price (%)	38.5	37.0	59.0
Years of debt redemption (Years)	7.4	—	0.3
Interest coverage ratio (Times)	18.6	—	73.9

Notes:

1. Shareholders' equity ratio based on current market price (%) = total market value of common stock ÷ total assets
2. Years of debt redemption = interest-bearing debt ÷ cash flows from operating activities
3. Interest coverage ratio = cash flows from operating activities ÷ interest payments
4. Interest-bearing debt includes all balance-sheet debt for which interest payments are being made.
5. Interest payments are based on the amount of interest paid on the consolidated statement of cash flows.
6. All indicators are calculated based on consolidated financial figures.
7. As the cash flows from operating activities for the fiscal year ended February 29, 2024, were negative, the years of debt redemption and interest coverage ratio are not calculated.

(4) Outlook

In terms of the market environment, consumer spending related to going out and inbound tourism in Japan is expected to remain relatively stable. However, ongoing global foreign exchange volatility, rising procurement costs driven by inflation, and geopolitical conflicts continue to present significant uncertainties and may materially impact the Group's business performance.

For the fiscal year ending February 2026, the Group expects steady growth from existing brands. At the same time, the effects of business withdrawals resulting from the brand portfolio review conducted in the previous fiscal year are anticipated to become evident. The Group will continue to invest management resources in executing structural reform initiatives and remain fully committed to driving company-wide improvements in profitability.

Taking these factors into account, and as the second year of the medium-term management plan "TIP27" progresses, the Group forecasts operating income of 5,700 million yen and net income attributable to owners of the parent of 4,200 million yen.

2. Basic Stance on the Selection of Accounting Standards

The TSI Holdings Group has adopted the Japanese Generally Accepted Accounting Principles (Japanese GAAP) to facilitate comparisons of consolidated financial statements of different fiscal terms and companies.

Meanwhile, the Group's policy is to properly apply International Financial Reporting Standards (IFRS) after considering various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Million yen)

	FY2024 (As of February 29, 2024)	FY2025 (As of February 28, 2025)
Assets		
Current assets		
Cash and deposits	27,472	46,325
Notes receivable-trade	85	87
Accounts receivable-trade	11,596	11,363
Merchandise and finished goods	26,863	24,767
Work in process	507	440
Raw materials and supplies	681	702
Other	3,724	2,638
Allowance for doubtful accounts	(54)	(52)
Total current assets	70,877	86,273
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,625	15,079
Accumulated depreciation	(11,200)	(10,837)
Buildings and structures, net	4,425	4,241
Machinery, equipment and vehicles	1,070	1,094
Accumulated depreciation	(951)	(970)
Machinery, equipment and vehicles, net	119	124
Land	955	610
Leased assets	251	165
Accumulated depreciation	(247)	(164)
Leased assets, net	3	1
Other	6,952	7,102
Accumulated depreciation	(5,895)	(5,915)
Other, net	1,056	1,187
Total property, plant and equipment	6,560	6,165
Intangible assets		
Goodwill	1,501	1,626
Trademark rights	2,628	2,103
Other	3,030	2,588
Total intangible assets	7,159	6,318
Investments and other assets		
Investment securities	25,137	23,490
Long-term loans receivable	57	45
Leasehold and guarantee deposits	9,111	8,786
Deferred tax assets	3,098	1,717
Investment property, net	4,683	2,248
Other	6,878	6,189
Allowance for doubtful accounts	(100)	(76)
Total investments and other assets	48,866	42,401
Total non-current assets	62,586	54,885
Total assets	133,464	141,159

(Million yen)

	FY2024 (As of February 29, 2024)	FY2025 (As of February 28, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	9,615	8,005
Short-term borrowings	5,013	107
Current portion of long-term borrowings	3,309	1,140
Lease liabilities	3	0
Accounts payable–other	3,109	3,369
Income taxes payable	637	7,417
Contract Liabilities	495	358
Provision for bonuses	1,164	776
Provision for shareholder benefit program	104	101
Asset retirement obligations	148	248
Other	4,786	5,337
Total current liabilities	28,388	26,864
Non-current liabilities		
Long-term borrowings	1,630	407
Lease liabilities	1	1
Deferred tax liabilities	431	524
Provision for retirement benefits for directors	35	35
Retirement benefit liability	1,192	1,093
Asset retirement obligations	2,367	2,302
Other	1,994	1,698
Total non-current liabilities	7,653	6,063
Total liabilities	36,041	32,928
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	24,030	16,929
Retained earnings	60,052	74,140
Treasury stock	(7,605)	(6,160)
Total shareholders' equity	91,477	99,908
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,597	6,273
Foreign currency translation adjustment	1,136	1,776
Remeasurements of defined benefit plans	(126)	(52)
Total accumulated other comprehensive income	5,607	7,997
Non-controlling interests	337	325
Total net assets	97,422	108,230
Total liabilities and net assets	133,464	141,159

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated statements of income

(Million yen)

	FY2024 (March 1, 2023 to February 29, 2024)	FY2025 (March 1, 2024 to February 28, 2025)
Net sales	155,383	156,606
Cost of sales	70,654	72,610
Gross profit	84,729	83,995
Selling, general and administrative expenses	82,968	82,359
Operating income	1,760	1,636
Non-operating income		
Interest income	61	68
Dividend income	1,049	668
Share of profit of entities accounted for using equity method	253	—
Real estate income	363	372
Foreign exchange gain	295	—
Other	272	265
Total non-operating income	2,296	1,374
Non-operating expenses		
Interest expenses	51	77
Rental expenses on real estate	48	48
Loss on investments in silent partnerships	1	221
Foreign exchange losses	—	19
Loss on cancellation of insurance policies	45	114
Share of loss of entities accounted for using equity method	—	358
Other	151	93
Total non-operating expenses	297	934
Ordinary income	3,758	2,076
Extraordinary income		
Gain on sales of non-current assets	5	23,913
Gain on sale of investment securities	2,218	1,251
Other	19	185
Total extraordinary income	2,243	25,350
Extraordinary losses		
Loss on retirement of non-current assets	13	39
Impairment loss	1,332	1,363
Loss on sales of investment securities	46	598
Loss on valuation of investment securities	443	127
Loss on liquidation of subsidiaries and associates	62	28
Business restructuring expenses	—	1,002
Other	47	407
Total extraordinary losses	1,944	3,567
Income before income taxes	4,057	23,860
Income taxes—current	1,646	7,889
Income taxes—deferred	(2,351)	762
Total income taxes	(705)	8,652
Net income	4,763	15,207
Net loss attributable to non-controlling interest	(86)	(23)
Net income attributable to owners of parent	4,849	15,230

Consolidated statements of comprehensive income

(Million yen)

	FY2024 (March 1, 2023 to February 29, 2024)	FY2025 (March 1, 2024 to February 28, 2025)
Net income	4,763	15,207
Other comprehensive income		
Valuation difference on available-for-sale securities	794	1,675
Foreign currency translation adjustment	183	602
Remeasurements of defined benefit plans	118	74
Share of other comprehensive income of entities accounted for using equity method	10	48
Total other comprehensive income	1,107	2,400
Comprehensive income	5,871	17,607
Total comprehensive income attributable to:		
Owners of parent	5,930	17,620
Non-controlling interests	(59)	(12)

(3) Consolidated Statements of Changes in Net Assets

FY2024 (March 1, 2023 to February 29, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	15,000	25,933	56,052	(3,031)	93,953
Changes during period					
Dividends of surplus			(851)		(851)
Net income attributable to owners of parent			4,849		4,849
Change in scope of consolidation			1		1
Purchase of treasury shares				(6,529)	(6,529)
Disposal of treasury shares				51	51
Cancellation of treasury shares		(1,902)		1,902	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,902)	4,000	(4,574)	(2,476)
Balance at end of period	15,000	24,030	60,052	(7,605)	91,477

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other compre-hensive income		
Balance at beginning of period	3,802	969	(245)	4,526	397	98,878
Changes during period						
Dividends of surplus						(851)
Net income attributable to owners of parent						4,849
Change in scope of consolidation						1
Purchase of treasury shares						(6,529)
Disposal of treasury shares						51
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	794	167	118	1,080	(59)	1,021
Total changes during period	794	167	118	1,080	(59)	(1,455)
Balance at end of period	4,597	1,136	(126)	5,607	337	97,422

FY2025 (March 1, 2024 to February 28, 2025)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	15,000	24,030	60,052	(7,605)	91,477
Changes during period					
Dividends of surplus			(1,143)		(1,143)
Net income attributable to owners of parent			15,230		15,230
Change in the scope of consolidation					—
Purchase of treasury shares				(5,702)	(5,702)
Disposal of treasury shares				46	46
Cancellation of treasury shares		(7,100)		7,100	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(7,100)	14,087	1,444	8,431
Balance at the end of period	15,000	16,929	74,140	(6,160)	99,908

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other compre-hensive income		
Balance at the beginning of period	4,597	1,136	(126)	5,607	337	97,422
Changes during period						
Dividends of surplus						(1,143)
Net income attributable to owners of parent						15,230
Change in the scope of consolidation						—
Purchase of treasury shares						(5,702)
Disposal of treasury shares						46
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	1,675	639	73	2,389	(12)	2,377
Total changes during period	1,675	639	73	2,389	(12)	10,808
Balance at the end of period	6,273	1,776	(52)	7,997	325	108,230

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY2024 (March 1, 2023 to February 29, 2024)	FY2025 (March 1, 2024 to February 28, 2025)
Cash flows from operating activities		
Income before income taxes	4,057	23,860
Depreciation	3,199	3,210
Amortization of goodwill	451	479
Increase (decrease) in allowance for doubtful accounts	9	(27)
Increase (decrease) in retirement benefit liability	135	16
Increase (decrease) in provision for retirement benefits for directors	(1)	—
Increase (decrease) in provision for bonuses	(136)	(388)
Increase (decrease) in provision for shareholder benefit program	(19)	(3)
Interest and dividend income	(1,111)	(736)
Interest expenses	51	77
Loss (gain) on sales of non-current assets	(5)	(23,913)
Loss on retirement of non-current assets	13	39
Impairment loss	1,332	1,363
Business restructuring expenses	—	1,002
Loss (gain) on sales of investment securities	(2,172)	(653)
Loss (gain) on valuation of investment securities	443	127
Loss on liquidation of subsidiaries and associates	62	28
Decrease (increase) in accounts receivables–trade	(890)	295
Decrease (increase) in inventories	(3,174)	2,323
Increase (decrease) in accounts payables–trade	(1,827)	(1,663)
Increase (decrease) in accrued consumption taxes	126	483
Increase (decrease) in accounts payable–other	153	116
Other	(174)	434
Subtotal	521	6,472
Interest and dividends received	1,111	736
Interest paid	(51)	(77)
Income taxes paid	(2,125)	(1,488)
Income taxes refund	18	490
Business restructuring expenses paid	—	(416)
Net cash provided by (used in) operating activities	(525)	5,717

(Million yen)

	FY2024 (March 1, 2023 to February 29, 2024)	FY2025 (March 1, 2024 to February 28, 2025)
Cash flows from investing activities		
Net decrease (increase) in time deposits	768	202
Purchase of property, plant and equipment	(2,320)	(2,433)
Proceeds from sales of property, plant and equipment	4	5
Purchase of investment securities	(6,301)	(7,531)
Proceeds from sales of investment securities	12,296	11,739
Purchase of intangible assets	(726)	(630)
Payments of leasehold and guarantee deposits	(556)	(562)
Proceeds from refund of leasehold and guarantee deposits	871	673
Purchase of investment property	—	(7,900)
Proceeds from sales of investment property	3	34,434
Short-term loan advances	(2)	—
Proceeds from collection of short-term loans	14	9
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(390)
Payments for asset retirement obligations	(382)	(293)
Other	(171)	1,005
Net cash provided by (used in) investing activities	3,496	28,328
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,993	(4,906)
Repayments of long-term borrowings	(4,807)	(3,332)
Repayments of lease liabilities	(110)	(96)
Purchase of treasury shares	(6,529)	(5,702)
Proceeds from sales of treasury shares	51	46
Dividends paid	(851)	(1,143)
Net cash provided by (used in) financing activities	(7,252)	(15,135)
Effect of exchange rate change on cash and cash equivalents	326	144
Net increase (decrease) in cash and cash equivalents	(3,954)	19,055
Cash and cash equivalents at beginning of period	30,721	26,766
Cash and cash equivalents at end of period	26,766	45,822

(5) Notes to the Consolidated Financial Statements

Going Concern Assumption

Not applicable

Major Notes to Consolidated Financial Statements

1. Scope of consolidation

i. Number of consolidated group companies: 26

Major subsidiaries:

TSI Inc.

HUF Holdings, LLC

Consolidated subsidiaries other than the above: 24

Change in the scope of consolidation

During the current consolidated fiscal year, Jack Inc., a consolidated subsidiary of the Company, absorbed Starjoinus Inc., another consolidated subsidiary. Accordingly, Starjoinus Inc. has been excluded from the scope of consolidation.

In addition, the Company acquired all shares of Ready to Fashion Inc. during the fiscal year, and the company has, therefore, been newly included in the scope of consolidation.

ii. Major non-consolidated subsidiaries

Major non-consolidated subsidiaries:

Tokyo Fashion (Kaito) Co., Ltd.

Reason for exclusion from the scope of consolidation

Non-consolidated subsidiaries are excluded from the scope of consolidation because they are small companies and their combined total assets, net sales, net income or loss (amount corresponding to the Company's equity interest), retained earnings (amount corresponding to the Company's equity interest), etc., do not have a material impact on the consolidated financial statements.

2. Equity method

i. Number of subsidiaries and affiliates accounted for by the equity method: 1

Main company name:

RICHARD HENDRIX LLC

ii. Non-consolidated subsidiaries not accounted for by the equity method

Company name:

Tokyo Fashion (Kaito) Co., Ltd.

Reason for exclusion from the scope of equity method

Non-equity method companies are excluded from the scope of application of the equity method because their impact on the Company's net income/loss (amount corresponding to the Company's equity interest) and retained earnings (amount corresponding to the Company's equity interest) is not material and their overall importance is not significant.

3. Accounting period of consolidated subsidiaries

Among the Company's consolidated subsidiaries, Tokyo Style Hong Kong Co., Ltd., TSI US Holdings Co., Ltd., AVIREX SHANGHAI TRADING CO., LTD., Efuego Corp., Van Nang Banok Co., Ltd., and TSI FASHION TAIWAN

CO., LTD. close their accounts on December 31.

The financial statements of each company as of December 31 are used in the preparation of consolidated financial statements. Significant transactions that occurred between December 31 and the consolidated closing date are adjusted as necessary for consolidation purposes.

Among consolidated subsidiaries, HUF Holdings, LLC and HUF Worldwide, LLC, which operate on a 52-week annual business term, closed their accounts on the Saturday closest to December 31.

The financial statements of each company as of January 1, 2025, are used in the preparation of consolidated financial statements. Significant transactions that occurred between January 1, 2025, and the consolidated closing date are adjusted as necessary for consolidation purposes.

Among consolidated subsidiaries, SANEI INTERNATIONAL USA, LLC closes its accounts on June 30.

The quarterly financial statement of the company as of December 31 is used in the preparation of consolidated financial statements. Significant transactions that occurred between December 31 and the consolidated closing date are adjusted as necessary for consolidation purposes.

4. Accounting Policies

(1) Valuation criteria and methods for significant assets

i. Securities

Other securities

Other than shares without a market price:

Marketable securities are carried at fair value based on quoted market prices as of the end of the fiscal year. Any changes in unrealized gain or loss are directly included in net assets and the costs of securities sold are generally calculated by the moving average method.

Shares without a market price:

Non-marketable securities are carried at cost determined by the moving average method.

ii. Derivative financial instruments

Derivative financial instruments are stated at fair value.

iii. Inventories

a. Merchandise and finished goods, work in process, and raw materials

They are primarily stated at cost method determined by the weighted average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability.)

b. Supplies

They are primarily stated at the last purchase cost method (values on the balance sheet are subject to the book value reduction method based on decreased profitability.)

(2) Depreciation method for significant depreciable assets

i. Property, plant, and equipment (excluding leased assets) and investment property

The declining-balance method is mainly used. However, the straight-line method is used for buildings (excluding attached facilities) acquired on or after April 1, 1998, and for building fixtures and structures acquired on or after April 1, 2016.

The main useful lives are as follows.

Buildings and structures	3 to 50 years
Others	2 to 20 years

ii. Intangible assets (excluding leased assets)

The straight-line method is adopted.

The main useful lives are as follows.

Software	5 to 10 years
Trademark rights	10 years

iii. Leased assets

Leased assets related to finance lease transactions other than those where the ownership of the lease assets is deemed to be transferred to the lessee

Amortized by the straight-line method, assuming the lease period as the useful life and no residual value.

(3) Basis for accounting for significant provisions

i. Allowance for doubtful accounts

To prepare for losses due to the credit loss of monetary claims, the domestic consolidated subsidiaries consider the actual loan loss rate for general claims and the collectability of specific claims, such as doubtful debts, individually and record the estimated uncollectible amount. Overseas consolidated subsidiaries have provided an allowance for doubtful accounts at the estimated uncollectible amount mainly for specific receivables.

ii. Provision for bonuses

To provide for the payment of bonuses to employees, the Company and its certain subsidiaries record the estimated amount of bonus payments corresponding to the consolidated fiscal year under review.

iii. Provision for shareholder benefits

Based on its shareholder benefit program, the Company posted an amount that it expects to be used in the future in line with past trends as of the end of the fiscal year under review to provide for expenses arising from the use of shareholder benefit coupons.

v. Provision for retirement benefits for directors

Certain consolidated subsidiaries posted amounts stipulated under internal regulation as of the end of the fiscal year under review to provide for the payment of retirement benefits to directors.

(4) Accounting method for retirement benefits

i. Method of attributing the estimated amount of retirement benefits to the period

In calculating the retirement benefit obligations, the estimated amount of retirement benefits attributed to the end of the fiscal year under review is based on the benefit calculation formula.

ii. Amortization of actuarial differences and past service costs

Past service costs are amortized on a straight-line method over a fixed number of years (5 years) within the average remaining service period of employees at the time they are incurred.

Actuarial differences are amortized on a straight-line method over a fixed number of years (5 years) within the average remaining service period of employees at the time they are incurred. The Company amortizes them in the following year of occurrence.

iii. Adoption of the simplified method for small-scale companies

Certain consolidated subsidiaries have adopted the simplified method of calculating retirement benefit liabilities as well as retirement benefit expenses by using the amount required to be paid at the end of the fiscal year for voluntary retirement benefits as the retirement benefit obligation.

(5) The basis for recognizing significant revenues and expenses

Major performance obligations in the main businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries and the normal timing of satisfying the performance obligations (normal timing of recognizing revenues) are as follows:

Apparel-related businesses

Apparel-related businesses are primarily involved in the planning, manufacturing, and sales of clothes. Regarding such sales of merchandise and finished goods, in the retail business, performance obligations are judged to be satisfied when customers obtain control over the merchandise and finished goods at the time of their delivery, and therefore, revenues are recognized at the time of delivery. In the wholesale and EC businesses, the period for transferring control over merchandise and finished goods to customers is the normal period, and therefore, revenues are recognized at the time of shipping.

In the point programs run by some of the consolidated subsidiaries, points given to customers are recognized as performance obligations, and the transaction price is allocated to record contract liabilities. Revenues are recognized when customers use these points.

Other businesses

Other businesses include synthetic resin-related and restaurant businesses. In the sales of such merchandise and finished goods, performance obligations are judged to be satisfied when customers obtain control over the merchandise and finished goods at the time of their delivery, and therefore, revenues are recognized at the time of delivery.

In any transaction, consideration is received approximately a month after satisfying performance obligations, and no significant financial factors are included.

(6) Basis for translating significant foreign currency-denominated assets and liabilities into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot rates of exchange on the consolidated closing date, and the translation differences are treated as profit or loss. Assets and liabilities, as well as revenues and expenses of foreign consolidated subsidiaries, are translated into Japanese yen at the spot rate of exchange on the consolidated closing date, with translation differences included in foreign currency translation adjustments and non-controlling interests in net assets.

(7) Significant hedge accounting methods

i. Hedge accounting method

Deferred hedge accounting is adopted.

However, the allocation method is applied to currency swaps that meet the requirements for the allocation method, and the exceptional method is applied to interest rate swaps where the requirements for the exceptional method are met.

ii. Hedging instruments and hedged items

a. Hedging instruments	Foreign exchange forward contracts
Hedged items	Foreign currency denominated trade payables and forecasted foreign currency transactions
b. Hedging instruments	Interest rate swaps
Hedged items	Interest on borrowings
c. Hedging instruments	Currency swap
Hedged items	Foreign currency-denominated borrowings

iii. Hedging policy

The Company hedges the foreign exchange fluctuation risk and interest rate fluctuations in accordance with the "Derivatives Management Regulations," which are internal regulations.

iv. Assessment of hedge effectiveness

When entering into foreign exchange forward contracts, the Company allocates forward exchange contracts of the same amount and date denominated in the same currency in accordance with a risk management policy. Because the correlation with subsequent fluctuations in foreign exchange markets is completely maintained, any evaluation of effectiveness at the time of account settlement is not conducted.

In addition, any evaluation of effectiveness at the time of account settlement is not conducted for currency swaps using the allocation method and interest rate swaps that meet the requirements for special treatment.

(8) Method and period of amortization of goodwill

Goodwill is amortized in equal amounts over a reasonable period of up to 20 years, based on individual estimates of the period over which the investment effect will be realized.

(9) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn from time to time, and short-term investments that are easily converted to cash and that mature within three months of the date of acquisition and are subject to an insignificant risk of change in value.

(10) Other important matters for the preparation of consolidated financial statements

Application of the group tax sharing system

The Company and certain domestic subsidiaries apply a consolidated tax payment system.

Additional Information

Trust-Type Employee Stock Ownership Plan (ESOP)

TSI Holdings resolved at a Board of Directors' meeting held on April 13, 2020, to reintroduce a trust-type employee stock ownership plan (ESOP) as an incentive plan and part of its efforts to provide benefits for its employees.

i. Overview of the Plan

The Company has established a trust, known as the Shareholding Association Trust. The beneficiaries of the Shareholding Association Trust are members of the TSI Employee Shareholding Association (the Shareholding Association) who meet specific requirements.

The Shareholding Association Trust acquired, in advance, a number of TSI Holdings shares, projected to be acquired by the Shareholding Association over a five-year period from April 2020, utilizing funds procured through debt finance. Thereafter, the acquisition of the Company's shares by the Shareholding Association will be undertaken by the Shareholding Association Trust. Meanwhile, TSI Holdings will guarantee the debt finance undertaken by the Shareholding Association Trust.

ii. Shares of the Company Remaining in the Trust

The shares of the Company remaining in the Trust are recorded as treasury stock in the net assets section at their carrying value in the Trust. The carrying amount and number of shares of treasury stock as of the end of the previous fiscal year under review were 140 million yen for 301,000 shares. And that as of the end of this fiscal year under review were 98 million yen for 211,000 shares.

iii. Carrying Value of Debt Finance Posted Using the Gross Price Method

As of February 29, 2024, the total is 185 million yen; and as of February 28, 2025, it is 102 million yen.

Board Benefit Trust (BBT)

In accordance with a proposal put forward at the Company's 5th General Meeting of Shareholders held on May 25, 2016, TSI Holdings introduced a performance-linked stock compensation (Board Benefit Trust (BBT)) plan for its directors and delegated executive officers as well as Group company directors (eligible officers).

i. Outline of the Transaction

Under the plan, the Company's shares are acquired through a trust using funds contributed by the Company. Eligible officers receive the Company's shares equivalent to the points granted in accordance with the level of performance achievement, etc., and money equivalent to the amount of the Company's shares converted at market value as of the date of retirement (the Company's shares, etc.), pursuant to the officer stock delivery regulations. Meanwhile, the timing of receipt of the benefits of the Company's shares, etc. by eligible officers shall, in principle, be upon their retirement from office.

ii. Shares of the Company Remaining in the Trust

The shares of the Company remaining in the Trust are recorded as treasury stock in the net assets section at their carrying value in the Trust. The carrying amount and number of shares of treasury stock were 273 million yen for 486,000 shares as of the end of the previous fiscal year and 269 million yen for 478,000 shares as of the end of this fiscal year under review.

Segments of the Company and Related Information

Segment information

1. Overview of reportable segments

(1) Method of determining segments

The reportable segments of the TSI Holdings Group are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess their performance.

As a holding company, TSI Holdings is responsible for the management of each operating company focusing mainly on the apparel business as well as the strategic functions of the Group as a whole. Each operating company in turn formulates comprehensive strategies for the apparel brands handled while engaging in business activities.

On this basis, the TSI Holdings Group is comprised of Apparel-Related businesses, a reportable segment, and Other Businesses.

(2) Products and services belonging to each reportable segment

In its Apparel-Related Businesses, the Group primarily engages in planning, manufacturing, and selling apparel, as well as brand licensing, production, and logistics operations. In its Other Businesses, the Group engages in various activities, including sales agency provision, temporary staffing, synthetic resin-related services, store design and management, and restaurant services.

2. Calculation method of net sales, income or losses, assets, and other items by reportable segments

The accounting method for the reportable segments is generally the same as the items stated in the "Major notes to consolidated financial statements."

The segment income or loss is based on operating income or loss.

The intersegment sales and amount of transfer are based on the prevailing market price.

3. Net sales, income or losses, assets and other items by reportable segments

FY2024 (March 1, 2023 to February 29, 2024)

(Million yen)

	Reportable segment Apparel-related businesses	Other	Total	Adjustments Note 1,2,4,5	Consolidated financial statements amount (Note 3)
Net sales					
Sales to third parties	149,955	5,428	155,383	—	155,383
Inter-segment sales or transfers	120	718	839	(839)	—
Total	150,076	6,146	156,223	(839)	155,383
Segment income(loss)	3,183	322	3,505	(1,745)	1,760
Segment assets	77,798	6,429	84,228	49,236	133,464
Other items					
Depreciation and amortization expense	1,356	62	1,419	1,780	3,199
Increase in property, plant and equipment, and intangible assets	2,205	100	2,306	987	3,293

Notes:

1. The segment income adjustment of (1,745) million yen is a transaction offset among consolidated companies.
2. The segment assets adjustment of 49,236 million yen includes the Company-wide assets that do not belong to respective reportable segments of 56,126 million yen and the elimination of internal transactions between consolidated companies of (6,890) million yen.
3. Segment income is adjusted for operating income listed in the consolidated financial statements.
4. The adjustment of depreciation and amortization of 1,780 million yen is mainly due to the amortization cost of the Company-wide assets.
5. Adjustment of 987 million yen in increase in property, plant and equipment, and intangible assets is mostly related to the Company-wide assets.

FY2025 (March 1, 2024 to February 28, 2025)

(Millions of yen)

	Reportable segment	Other	Total	Adjustments Note 1, 2, 4, 5	Consolidated financial statements amount (Note 3)
	Apparel-related businesses				
Net sales					
Sales to third parties	150,585	6,021	156,606	—	156,606
Inter-segment sales or transfers	141	658	800	(800)	—
Total	150,726	6,680	157,407	(800)	156,606
Segment income	4,508	406	4,914	(3,278)	1,636
Segment assets	70,970	7,329	78,300	62,858	141,159
Other items					
Depreciation and amortization expense	1,335	89	1,424	1,785	3,210
Increase in property, plant and equipment, and intangible assets	2,688	246	2,934	471	3,405

Notes:

1. Segment income adjustment of (3,278) million yen is due to company-wide expenses not attributable to any business segment and elimination of internal transactions among consolidated companies.
2. The segment assets adjustment of 62,858 million yen includes the Company-wide assets that do not belong to respective reportable segments of 66,576 million yen and the elimination of internal transactions between consolidated companies of (3,718) million yen.
3. Segment loss is adjusted to operating loss listed in the consolidated financial statements.
4. The adjustment of depreciation and amortization of 1,785 million yen is mainly due to the amortization cost of the Company-wide assets.
5. Adjustment of 471 million yen in an increase in property, plant, and equipment, and intangible assets is mostly related to the Company-wide assets.

Per Share Information

(Yen)

	FY2024 (March 1, 2023 to February 29, 2024)	FY2025 (March 1, 2024 to February 28, 2025)
Net assets per share	1,287.25	1,553.70
Net income per share	59.97	210.02

Notes:

1. Data on diluted earnings per share is not presented since there were no potential shares with a dilutive effect.
2. With the Company's shares held by the trust-type employee stock ownership plan (ESOP) treated as treasury stock, the number of such shares is deducted from the number of shares issued as of the end of the fiscal year in the calculation of net assets per share. The number of shares of treasury stock held by the Trust at the end of the previous fiscal year was 301,000 shares, and the number of shares of treasury stock held by the Trust at the end of the current fiscal year was 211,000 shares.
3. With the Company's shares held by the trust-type employee stock ownership plan (ESOP) treated as treasury stock, the number of such shares is deducted from the average number of shares for the period in the calculation of net income per share. Meanwhile, the average number of shares held by the Trust during the previous fiscal year was 353,000 shares and 256,000 shares during the fiscal year under review.

4. With the Company's shares held by the Board Benefit Trust (BBT) treated as treasury stock, the number of such shares is deducted from the number of shares issued as of the end of the fiscal year in the calculation of net assets per share. Meanwhile, the number of treasury stock held by the Trust as of the end of the previous fiscal year was 486,000 shares and 478,000 shares as of the end of the fiscal year under review.
5. With the Company's shares held by the Board Benefit Trust (BBT) treated as treasury stock, the number of such shares is deducted from the average number of shares for the period in the calculation of net income per share. Meanwhile, the average number of shares held by the Trust during the previous fiscal year was 490,000 shares and 480,000 shares during the fiscal year under review.
6. The basis for calculating net income per share is as follows.

	FY2024 (March 1, 2023 to February 29, 2024)	FY2025 (March 1, 2024 to February 28, 2025)
Net income attributable to owners of parent (Million yen)	4,849	15,230
Amount not attributable to shareholders on common stock (Million yen)	—	—
Net income attributable to owners of parent on common stock (Million yen)	4,849	15,230
Average number of shares of common stock during the period (thousand shares)	80,875	72,519

Important Subsequent Events

None