TSI HOLDINGS

Jan 14, 2025

(Translation)

To Whom It May Concern


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| Company | TSI Holdings Co., Ltd. |
| Representative | Tsuyoshi Shimoji, Representative Director & President |
| Stock Listing | Tokyo Stock Exchange Prime Market (Code: 3608) |
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# Notice Regarding Revision of Full-Year Earnings and Dividend Forecast for Fiscal Year Ending February 2025

Following the business performance trends disclosed today, TSI Holdings Co., Ltd. (the Company) has decided to revise upward its previously announced consolidated earnings and dividend forecasts for the fiscal year ending February 2025. Details are outlined below.

## 1. Revision of Consolidated Full-Year Earnings Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024 – February 28, 2025)

| | Net Sales | Operating Income | Ordinary Profit | Net Income Attributable to Owners of Parent | Net Income per Share |
|---|---|---|---|---|---|
| | Million Yen | Million Yen | Million Yen | Million Yen | Yen |
| Previous Forecast (A) | 160,000 | 2,000 | 2,500 | 4,000 | 53.04 |
| Current Forecast (B) | 157,000 | 2,000 | 2,500 | 15,000 | 211.67 |
| Difference (B-A) | (3,000) | — | — | 11,000 | |
| Change Rate (%) | (1.9%) | — | — | 275.0% | |
| (For Reference) Previous Results (Fiscal Year Ended February 29, 2024) | 155,383 | 1,760 | 3,758 | 4,849 | 59.97 |

### (1) Reasons for the Revision

In light of the "Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ended February 28, 2025" and the "Notice Regarding the Recording of Special Profit from the Acquisition and Transfer of Domestic Beneficial Interests in a Real Estate Trust" disclosed today, the previously announced full-year earnings forecast has been revised.

The extended summer heat impacted third-quarter performance, particularly in high-priced items and heavy apparel, which are key product categories. Although sales have been recovering since November as temperatures have dropped, sluggish market conditions in the United States have affected overseas subsidiaries. Taking these factors into account, net sales are now projected to reach ¥157 billion, 1.9% below the initial forecast.

While the decline in sales has impacted profits, operating income remains unchanged as steady progress has been made in improving the efficiency of selling, general, and administrative expenses as part of structural reforms.

A special loss is expected due to impairment losses from business withdrawals, the sale of certain subsidiaries, and structural reform costs related to streamlining headquarters personnel. However, a special profit from the sale of fixed assets is anticipated to offset these losses. As a result, net income attributable to the owner of the parent is projected to be ¥15 billion.

**2. Revision of Dividend Forecast for the Fiscal Year Ending February 28, 2025**

| | Annual Dividend | | |
|---|---|---|---|
| | End of Q2 | Year-end | Total |
| Previous Forecast | Yen<br>— | Yen<br>19.0 | Yen<br>19.0 |
| Current Forecast | — | 65.00 | 65.00 |
| Current Result | 0.00 | — | — |
| Previous Results<br>(Fiscal Year Ended<br>February 29, 2024) | 0.00 | 15.0 | 15.0 |

**(1) Reasons for the Revision**

Our core policy emphasizes the long-term enhancement of corporate value while ensuring a stable dividend level. In line with this policy, we have set a target payout ratio of at least 30%.

Previously, the year-end dividend for the fiscal year ending February 2025 was forecasted at ¥19. However, in light of recent performance trends, we have revised the annual dividend forecast and announced a special dividend to be distributed over a three-year period, from the fiscal year ending February 2025 to the fiscal year ending February 2027.

As announced in the "Notice Regarding the Recording of Special Profit from the Acquisition and Transfer of Domestic Beneficial Interests in a Real Estate Trust" disclosed today, a gain of ¥23,913 million is expected to be recorded as income from the transfer during the fiscal year ending February 2025. In line with the goal of enhancing shareholder returns, the Company has resolved to allocate this transfer gain as the source for a special dividend totaling approximately ¥5 billion, to be distributed over three years, from the fiscal year ending February 2025 to February 2027, in addition to regular dividends.

The year-end dividend forecast for the fiscal year ending February 2025 has been revised from the initially planned ¥19 to ¥65, reflecting the addition of a special dividend of ¥46. For the fiscal years ending February 2026 and February 2027, the Company plans to add a special dividend of ¥15 to the regular dividend (targeting a payout ratio of 30% or higher) for each period.

**(2) Policy on Treasury Share Acquisition**

As part of the medium-term management plan, TSI Innovation Program 2027, the Company initially targeted acquiring treasury shares worth at least ¥10 billion over the three fiscal years from February 2025 to February 2027. However, as a shareholder return measure associated with the sale of beneficial interests in a real estate trust, an additional ¥5 billion has been allocated, raising the target to ¥15 billion over the three-year period.

Alongside efforts to improve profitability through structural reforms, the Company will focus on enhancing asset and capital efficiency, with the goal of achieving an ROE of 8% or higher and a PBR of 1.0 or greater in a timely manner.

The Company will continue working toward these goals as outlined in its medium-term management plan.

Disclaimer: The forward-looking statements, including performance forecasts, in this document are based on information currently available to the Company and on assumptions deemed reasonable. These statements do not constitute a guarantee of future performance, and actual results may vary significantly due to various factors.