

Consolidated Financial Results
for the First Quarter of the Fiscal year ending February 28, 2026
[Japanese GAAP] (Consolidated)

July 14, 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 to begin dividend payment: —
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 first quarter of the Fiscal Year Ending February 28, 2026 (March 1, 2025 to May 31, 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	%
First quarter of FY ending February 28, 2026	35,605	(9.4)	1,514	48.7	1,916	72.9	1,966	260.1
First quarter of FY ended February 28, 2025	39,295	(0.2)	1,018	(44.5)	1,108	(54.3)	546	(72.5)

(Notes) Comprehensive income: First quarter of Fiscal year ending February 28, 2026 ¥2,060 million (up 20.1%)

First quarter of Fiscal year ended February 28, 2025 ¥1,716 million (down 4.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of FY ending February 28, 2026	28.45	—
First quarter of FY ended February 28, 2025	7.29	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First quarter of FY ending February 28, 2026	129,024	105,348	81.4
FY ended February 28, 2025	141,159	108,230	76.4

(Reference) Shareholders' equity: First quarter of FY ending February 28, 2026 ¥105,050 million

FY ended February 28, 2025 ¥107,905 million

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended February 2025	—	0.00	—	65.00	65.00
FY ending February 2026	—				
FY ending February 2026 (forecast)		0.00	—	40.00	40.00

(Note) Revisions during this quarter of dividends forecast for the fiscal year: None

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

(Note) Revisions during this quarter of previously disclosed consolidated business results projection for FY 2025: None

* Notes:

(1) Changes in significant subsidiaries during the period: Yes

Newly included: None.

Excluded: Four companies — TSI Sewing Co., Ltd.; Avirex Shanghai Trading Co., Ltd.; Tokyo Style (Hong Kong) Co., Ltd.; and Efuego Corp.

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and restatements

a. Changes in accounting policies due to revisions of accounting standards: Yes

b. Changes in accounting policies other than above (a): None

c. Changes of accounting estimates: None

d. Restatements: None

Note: For details, please refer to page 8 of the attached document, "2. Quarterly Consolidated Financial Statements and Key Notes

(3) Notes on Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

(4) Number of shares issued (common stock)

a. Number of shares issued at the end of period (treasury stock included)	Q1 of FY ending February 2026	74,105,793 shares	FY ended February 2025	76,941,393 shares
b. Number of treasury stock at the end of period	Q1 of FY ending February 2026	5,023,020 shares	FY ended February 2025	7,490,520 shares
c. Average number of shares over the period	Q1 of FY ending February 2026	69,128,208 shares	Q1 of FY ended February 2025	74,936,707 shares

*This business results report is not subject to auditing by certified public accountants or audit firms.

*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 deemed reasonable by the Company, and are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to a variety of factors. Please refer to "(3) Explanation of Consolidated Business Forecast and Other Forward-looking Statements " on page 3 for the assumptions underlying the forecasts and cautionary statements regarding the use of the forecasts.

Contents of Attached Materials

1. Qualitative Information on results for this quarter of FY ending February 2025	2
(1) Overview of Business Results	2
(2) Overview of Financial Position	3
(3) Explanation of Consolidated Business Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Major Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
Quarterly Consolidated Statements of Income	6
First Quarter Consolidated Cumulative Period	6
Quarterly Consolidated Statements of Comprehensive Income	7
First Quarter Consolidated Cumulative Period	7
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Notes on Significant Changes in Shareholders' Equity	8
Changes in Accounting Policies	8
Additional Information	8
Segments of the Company and Related Information	9
Notes to the Statement of Cash Flows	11

1. Qualitative Information on results for this quarter of FY ending February 2025

(1) Overview of Business Results

During the first quarter of the consolidated fiscal year ending February 28, 2026 (March 1 to May 31, 2025), the Japanese apparel industry operated in a mixed environment. On the positive side, wage increases and a record increase in inbound tourism supported demand. However, persistent inflation, U.S. tariff policies, and escalating international conflicts heightened concerns over a potential economic slowdown. Although no significant deceleration was observed, consumer sentiment remained unstable throughout the period.

Amid this operating environment, TSI Holdings Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) continued to advance fundamental profit structure reforms and growth strategies under the medium-term management plan, “TSI Innovation Program 2027 (TIP27),” which was announced in April 2024.

Net sales were negatively impacted by several factors, including the absence of revenue from businesses that were withdrawn or transferred in the previous fiscal year, delays in customer migration following the renewal of the Company’s proprietary e-commerce site, *mix.tokyo*, and continued underperformance in the U.S. business.

On the other hand, as a result of the profit structure reforms initiated in the previous fiscal year, the gross profit margin improved by 1.4 percentage points year-on-year. This was driven by reductions in the cost of goods purchased and a reduction in inventory following the completion of prior-year inventory clearance. In addition, strict control of selling, general, and administrative (SG&A) expenses led to a 0.2 percentage point improvement in the SG&A ratio.

Consequently, net sales totaled 35,605 million yen (down 9.4% year-on-year), operating income was 1,514 million yen (up 48.7% year-on-year), and ordinary income was 1,916 million yen (up 72.9% year-on-year). Furthermore, the quarterly profit attributable to the owners of the Group’s parent was 1,966 million yen (up 260.1% year-on-year).

Net sales by reportable segment were as follows.

Apparel-Related Businesses

In the Group’s apparel-related businesses, the factors mentioned above had a negative impact on sales. Specifically, delays in customer migration impacted not only sales on the Company’s proprietary e-commerce site but also in-store traffic and the effectiveness of promotional efforts for certain brands.

On the other hand, spending by inbound tourists remained robust, contributing positively to sales. Outdoor brand *and wander*, which is expanding its international presence, as well as multi-brand retailers *ROYAL FLASH* and *LHP*, performed well. In addition, American casual brands such as *AVIREX* and *Schott* continued to perform well, while some women’s brands, including *Arpege Story*, showed signs of recovery.

Overseas, the U.S. business continued to face challenges due to the end of key sneaker collaborations and a reduction in store count, compounded by stagnation in the street and skateboard markets.

Consequently, revenue from the apparel-related business totaled 34,156 million yen (down 9.6% year-on-year).

Efuego Corp., a U.S. subsidiary, was divested on March 31, 2025. Accordingly, the financial results for the first quarter, as a consolidated cumulative period, include performance up to the date of the transfer.

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 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 1,622 million yen (down 4.9% year-on-year).

(2) Overview of Financial Position

(Million yen)

	At the end of FY ended February 2025 (As of February 28, 2025)	At the end of 1Q FY ending February 2026 (As of May 31, 2025)	Increase/decrease
Total assets	141,159	129,024	(12,134)
Liabilities	32,928	23,676	(9,252)
Net assets	108,230	105,348	(2,882)
Shareholders' equity ratio	76.4%	81.4%	5.0%
Net assets per share	1,553.70	1,520.65	(33.05)

Total assets decreased by ¥12,134 million, primarily due to a ¥14,300 million decrease in cash and deposits, despite increases in notes and accounts receivable—trade (up ¥914 million from the previous fiscal year-end) and investment securities (up ¥982 million).

Liabilities decreased by ¥9,252 million, mainly due to a ¥7,269 million decrease in income taxes payable and a ¥1,279 million decrease in “Other” under current liabilities.

Net assets decreased by ¥2,882 million, mainly due to the acquisition of treasury stock, which is recorded as a deduction item under net assets.

As a result, net assets per share decreased by ¥33.05.

(3) Explanation of Consolidated Business Forecast and Other Forward-looking Statements

There are no changes to the earnings forecast for the fiscal year ending February 28, 2026 from the outlook announced on April 11, 2025.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

	(Million yen)	
	Previous consolidated fiscal year (As of February 28, 2025)	Quarter consolidated accounting period of current fiscal year (As of May 31, 2025)
Assets		
Current assets		
Cash and deposits	46,325	32,025
Notes receivable-trade	87	103
Account receivable-trade	11,363	12,277
Merchandise and finished goods	24,767	25,047
Work in process	440	373
Raw materials and supplies	702	668
Other	2,638	2,361
Allowance for doubtful accounts	(52)	(35)
Total current assets	86,273	72,822
Non-current assets		
Property, plant and equipment	6,165	6,724
Intangible asset		
Goodwill	1,626	1,446
Other	4,692	4,917
Total intangible assets	6,318	6,363
Investments and other assets		
Investment securities	23,490	24,472
Investment property	2,248	2,245
Other	16,739	16,484
Allowance for doubtful accounts	(76)	(88)
Total investments and other assets	42,401	43,113
Total non-current assets	54,885	56,201
Total assets	141,159	129,024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,005	7,689
Short-term borrowings	107	92
Current portion of long-term borrowings	1,140	1,160
Income taxes payable	7,417	148
Provision for bonuses	776	1,175
Provision for shareholder benefit program	101	36
Asset retirement obligations	248	161
Other	9,066	7,787
Total current liabilities	26,864	18,251
Non-current liabilities		
Long-term borrowings	407	102
Provision for retirement benefits for directors	35	35
Retirement benefit liability	1,093	1,016
Asset retirement obligations	2,302	2,321
Other	2,224	1,949
Total non-current liabilities	6,063	5,424
Total liabilities	32,928	23,676

	(Million yen)	
	Previous consolidated fiscal year (As of February 28, 2025)	Quarter consolidated accounting period of current fiscal year (As of May 31, 2025)
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	16,929	14,461
Retained earnings	74,140	71,584
Treasury stock	(6,160)	(4,137)
Total shareholders' equity	99,908	96,908
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,273	6,628
Foreign currency translation adjustment	1,776	1,555
Remeasurements of defined benefit plans	(52)	(41)
Total accumulated other comprehensive income	7,997	8,141
Non-controlling interests	325	298
Total net assets	108,230	105,348
Total liabilities and net assets	141,159	129,024

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

Quarterly consolidated statements of income

First Quarter Consolidated Cumulative Period

	(Million yen)	
	Consolidated cumulative first quarter of previous fiscal year (March 1, 2024 to May 31, 2024)	Consolidated cumulative first quarter of current fiscal year (March 1, 2025 to May 31, 2025)
Net sales	39,295	35,605
Cost of sales	17,261	15,126
Gross profit	22,033	20,478
Selling, general and administrative expenses	21,014	18,964
Operating income	1,018	1,514
Non-operating income		
Interest income	11	10
Dividend income	133	69
Share of profit of entities accounted for using equity method	—	272
Real estate income	94	84
Foreign exchange income	163	—
Other	47	100
Total non-operating income	450	539
Non-operating expenses		
Interest expenses	11	4
Rental expenses on real estate	10	8
Foreign exchange losses	—	104
Loss on cancellation of insurance policies	2	—
Share of loss of entities accounted for using equity method	287	—
Other	47	19
Total non-operating expenses	359	137
Ordinary income	1,108	1,916
Extraordinary income		
Gain on sales of non-current assets	0	2
Gain on sale of investment securities	466	253
Gain on sale of shares of subsidiaries and associates	—	105
Other	—	0
Total extraordinary income	467	361
Extraordinary losses		
Loss on retirement of non-current assets	2	2
Loss on sales of investment securities	130	—
Loss on valuation of investment securities	—	13
Loss on sale of shares of subsidiaries and associates	—	155
Impairment loss	23	32
Other	7	48
Total extraordinary losses	164	252
Income before income taxes	1,411	2,025
Income taxes—current	590	153
Income taxes—deferred	284	(72)
Total income taxes	875	81
Net income	536	1,944
Net loss attributable to non-controlling interest	(9)	(22)
Net income attributable to owners of parent	546	1,966

Quarterly Consolidated statements of comprehensive income
First Quarter Consolidated Cumulative Period

	(Million yen)	
	Consolidated cumulative first quarter of previous fiscal year (March 1, 2024 to May 31, 2024)	Consolidated cumulative first quarter of current fiscal year (March 1, 2025 to May 31, 2025)
Net income	536	1,944
Other comprehensive income		
Valuation difference on available-for-sale securities	879	354
Foreign currency translation adjustment	281	(243)
Remeasurements of defined benefit plans	(10)	11
Share of other comprehensive income of affiliates accounted for using equity method	28	(6)
Total other comprehensive income	1,179	116
Comprehensive income	1,716	2,060
Total comprehensive income attributable to:		
Owners of parent	1,720	2,111
Non-controlling interests	(4)	(50)

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable

Notes on Significant Changes in Shareholders' Equity

Not applicable

Changes in Accounting Policies

Application of the Accounting Standard for Income Taxes and Related Guidance

The Company has applied the Accounting Standard for Income Taxes (ASBJ Statement No. 27, issued on October 28, 2022; hereinafter, the "2022 Revised Accounting Standard"), and related guidance, from the beginning of the first quarter of the current consolidated fiscal period.

With regard to the revised classification of income taxes (taxation on other comprehensive income), the Company has followed the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the transitional treatment set forth in the proviso to Paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, issued on October 28, 2022; hereinafter, the "2022 Revised Implementation Guidance"). There is no impact on the quarterly consolidated financial statements resulting from this change in accounting policy.

In addition, with respect to the revision related to the treatment in consolidated financial statements of gains or losses arising from the sale of subsidiary shares among consolidated group companies, when such gains or losses are deferred for tax purposes, the Company has applied the 2022 Revised Implementation Guidance from the beginning of the first quarter of the current consolidated fiscal period. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements for the same quarter of the prior fiscal year, as well as the consolidated financial statements for the previous fiscal year, have been restated accordingly. There is no impact on the quarterly or annual consolidated financial statements of the prior periods resulting from this change.

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 (the "ESOP Trust") in which employees of the Group who are members of the TSI Employee Stock Ownership Association (the "ESOA") and meet certain criteria are designated as beneficiaries.

In April 2020, the ESOP Trust pre-acquired, using borrowed funds, a number of shares in the Company expected to be purchased by the ESOA over a five-year period. Thereafter, the ESOA's purchases of the Company's shares are executed through the ESOP Trust. The Company provides a guarantee for the borrowings undertaken by the ESOP Trust.

ii. Shares of the Company Remaining in the Trust

The shares of the Company remaining in the ESOP Trust are recorded as treasury stock in the net assets section at their book value in the Trust. The book value and number of shares of the treasury stock were ¥98 million and 211 thousand shares in the previous consolidated fiscal year, and ¥91 million and 195 thousand shares in the first quarter of the current consolidated fiscal period, respectively.

iii. Book Value of Borrowings Recognized Under the Gross Method

¥102 million in the previous consolidated fiscal year and ¥102 million in the first quarter of the current consolidated fiscal period.

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 money contributed by the Company as funds. 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 posted as shares of treasury stock in the net assets section at their book value in the Trust. The book value and number of treasury shares were ¥269 million and 478 thousand shares, respectively, both at the end of the previous consolidated fiscal year and at the end of the first quarter of the current consolidated fiscal period.

Segments of the Company and Related Information

I. Consolidated cumulative first quarter of previous fiscal year (March 1, 2024 to May 31, 2024)

(1) Net sales, income or losses, assets and other items by reportable segments

(Million Yen)					
	Reportable segment	Other Note 1	Total	Adjustments Note 2	Consolidated financial statements amount (Note 3)
	Apparel-related businesses				
Net sales					
Sales to third parties	37,756	1,538	39,295	—	39,295
Inter-segment sales or transfers	33	167	200	(200)	—
Total	37,789	1,705	39,495	(200)	39,295
Segment income	1,430	152	1,582	(564)	1,018

Notes:

1. "Other," which doesn't belong to respective reportable segments, includes synthetic resin-related issues, store design and management, and so on.
2. Segment income adjustment of ¥ (564) million is attributed to corporate expenses not allocated to business segments and the transaction offsets among consolidated companies.
3. Segment income is adjusted to operating income listed in the consolidated financial statements.

(2) Goodwill or impairment loss in non-current assets by reportable segments

Important impairment loss in non-current assets

None

A significant change in the amount of goodwill

None

A significant gain from negative goodwill

None

II. Consolidated cumulative first quarter of the current fiscal year (March 1, 2025 to May 31, 2025)

(1) Net sales, income or losses, assets, and other items by reportable segments

(Million Yen)

	Reportable segment	Other Note 1	Total	Adjustments Note 2	Consolidated financial statements amount (Note 3)
	Apparel-related businesses				
Net sales					
Sales to third parties	34,122	1,483	35,605	—	35,605
Inter-segment sales or transfers	34	139	173	(173)	—
Total	34,156	1,622	35,779	(173)	35,605
Segment income	1,679	147	1,827	(312)	1,514

Notes:

1. “Other,” which doesn’t belong to respective reportable segments, includes synthetic resin-related, store design and management, and so on.
2. Segment income adjustment of ¥ (312) million is attributed to corporate expenses not allocated to business segments and the transaction offsets among consolidated companies.
3. Segment income is adjusted to operating income listed in the consolidated financial statements.

(3) Goodwill or impairment loss in non-current assets by reportable segments

Important impairment loss in non-current assets

None

A significant change in the amount of goodwill

None

A significant gain from negative goodwill

None

Notes to the Statement of Cash Flows

A quarterly consolidated statement of cash flows for the first quarter consolidated cumulative period has not been prepared. The depreciation expense (including amortization of intangible assets other than goodwill) and amortization of goodwill for the same period are as follows:

(Million Yen)

	Consolidated cumulative first quarter of previous fiscal year (March 1, 2024 to May 31, 2024)	Consolidated cumulative first quarter of current fiscal year (March 1, 2025 to May 31, 2025)
Depreciation	763	734
Amortization of Goodwill	115	114