

Business Results for the Fiscal Year Ended February 28, 2026

[Japanese GAAP] (Consolidated)

April 10, 2026

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 and Executive General Manager, Mitsuru Naito
 TEL: +81-3-5785-6400

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 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, 2026 (March 1, 2025 to February 28, 2026)

(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 2026	167,085	6.7	4,325	164.4	5,440	162.0	3,793	(75.1)
FY ended February 2025	156,606	0.8	1,636	(7.1)	2,076	(44.7)	15,230	214.0

(Notes) Comprehensive income: Fiscal year ended February 28, 2026 ¥8,398 million (52.3%)
 Fiscal year ended February 28, 2025 ¥17,607 million (199.9%)

	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 2026	60.48	—	3.7	3.5	2.6
FY ended February 2025	210.02	—	14.9	1.5	1.0

(Reference) Equity in earnings of affiliates: Fiscal year ended February 28, 2026 ¥215 million
 Fiscal year ended February 28, 2025 (¥358) 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, 2026	174,204	99,321	57.0	1,704.79
As of February 28, 2025	141,159	108,230	76.4	1,553.70

(Reference) Shareholders' equity: As of February 28, 2026, ¥99,321 million
 As of February 28, 2025, ¥107,905 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 2026	(7,717)	(27,353)	16,995	27,955
FY ended February 2025	5,717	28,328	(15,135)	45,822

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 2025	—	0.00	—	65.00	65.00	4,559	30.9	4.6
FY ended February 2026	—	0.00	—	40.00	40.00	2,363	66.1	2.5
FY ending February 2027 (forecast)	—	0.00	—	70.00	70.00	—	—	—

3. Forecast of Consolidated Business Results for the Fiscal Year Ending February 28, 2026 (March 1, 2026 to February 28, 2027)

(% 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)	91,500	38.3	1,200	87.4	1,000	(25.0)	700	(46.7)	12.02
Full fiscal year	200,000	19.7	7,500	73.4	7,200	32.3	7,700	130.5	132.17

* Notes:

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

Newly included: Two companies (Daytona International Co., Ltd., Waterfront Co., Ltd.)

Excluded: Seven companies (TSI Sewing Co., Ltd., Efuego Corp., Toska Bano'k Co., Ltd., Van Nang Banok Co., Ltd., Avirex Shanghai Trading Co., Ltd., Tokyo Style Hong Kong Co., Ltd., Tokyo Style Co., Ltd.)

(2) 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 further details, please refer to page 17 of the attached materials, "3. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)."

(3) Number of shares issued (common stock)

a. Number of shares issued at the end of period (treasury stock included)	FY ended February 2026	63,438,793 shares	FY ended February 2025	76,941,393 shares
b. Number of treasury stock at the end of period	FY ended February 2026	5,178,696 shares	FY ended February 2025	7,490,520 shares
c. Average number of shares over the period	FY ended February 2026	62,725,367 shares	FY ended February 2025	72,519,339 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) Outlook" on page 4 of the attached materials.

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1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year Ended February 28, 2026

During the fiscal year ended February 28, 2026 (from March 1, 2025), the apparel industry in Japan faced a mixed environment where positive factors like wage increases and expectations for the new Takaichi administration's economic policies coexisted with rising concerns about an economic slowdown caused by persistent inflation, record heat, and a decline in inbound demand resulting from worsening Japan–China relations.

As a result, although consumer sentiment was volatile throughout the fiscal year, it remained firm overall, and market conditions remained solid.

Under these business conditions, the Group has been implementing fundamental structural reforms to its earnings base and growth strategies, in line with the medium-term management plan, “TSI Innovation Program 2027 (TIP27),” announced in April 2024, and continuing from the previous fiscal year.

Regarding net sales, positive factors included the strong performance of menswear brands such as Avirex and Schott, as well as contributions from Daytona International Co., Ltd., which was acquired and began contributing in the second half of the fiscal year.

On the other hand, there were negative impacts throughout the fiscal year, including a decline in sales due to the withdrawal from or sale of businesses in the previous fiscal year, and challenges in attracting new customers on the Group's e-commerce website “mix.tokyo.”

Regarding profitability, as a result of structural reforms to the earnings base implemented since the previous fiscal year, the gross profit margin increased by 1.1 percentage points year on year, driven by a lower cost of sales ratio and inventory reduction following the disposal of prior-year inventories.

In addition, selling, general, and administrative expenses remained tightly controlled compared with the previous fiscal year, resulting in a 0.5 percentage point year-on-year improvement, despite challenges in sales of existing businesses.

As a result, net sales amounted to ¥167,085 million (up 6.7% year on year), operating income was ¥4,325 million (up 164.4% year on year), and ordinary income was ¥5,440 million (up 162.0% year on year). Profit attributable to owners of parent was ¥3,793 million (down 75.1% year on year).

Net sales by reportable segment were as follows.

Apparel-Related Businesses

In the apparel-related business, overall performance remained challenging, with sales of some key brands being slow, partly because of the impact of the external environment mentioned earlier.

Against this backdrop, menswear brands performed well. At Avirex, sales increased due to its 50th anniversary initiatives and core products, while Schott experienced solid growth not only in outerwear but also in shirts, cut-and-sewn items, and bottoms. The outdoor brand and Wander also remained strong, with demand from inbound tourists helping to boost sales.

Although womenswear brands generally struggled, some performed well. FREE's MART saw increased store traffic and sales growth driven by stronger social media efforts, while Arpege Story and Rirandture benefited from successful collaborations and promotional events that drew in customers.

In the golf category, wholesale sales of New Balance Golf grew year on year.

In the multi-brand retail segment, LHP performed well, supported by exclusive items from popular brands and private-label products. Additionally, FREAK's STORE, the main business of Daytona International Co., Ltd., which was newly consolidated from the third quarter, saw strong sales of winter apparel, especially outerwear, along with steady demand for early spring merchandise.

In overseas operations, although the U.S. market shows signs of recovery, the business environment stays challenging because consumers remain highly sensitive to prices.

As a result of these initiatives, net sales in the apparel-related business amounted to ¥162,212 million (up 7.6% year on year).

Other Businesses

In other businesses, Waterfront Co., Ltd., which is primarily engaged in the planning, manufacturing, and sales of umbrellas, joined the Group as a wholly owned subsidiary in December 2025.

Including the operations of existing businesses such as S-groove Co., Ltd., which provides sales support and staffing services; READY TO FASHION Inc., which operates apparel-focused SaaS-based recruitment services and a job-matching social media platform; PLAX Co., Ltd., which engages in store design and management as well as food and beverage operations; and Laline JAPAN Co., Ltd., which is involved in the procurement and sales of cosmetics, fragrances, and soaps, net sales in other businesses totaled ¥5,602 million (down 16.1% year on year).

(2) Overview of Financial Position

(Million yen)

	At the end of FY2025 (As of February 28, 2025)	At the end of FY2026 (As of February 28, 2026)	Increase/decrease
Total assets	141,159	174,204	33,045
Liabilities	32,928	74,883	41,955
Net assets	108,230	99,321	(8,909)
Shareholders' equity ratio	76.4%	57.0%	(19.4%)
Net assets per share	¥1,553.70	¥1,704.79	¥151.09

Total assets increased by 33,045 million yen. Although cash and deposits decreased by 17,846 million yen compared to the end of the previous fiscal year, this was more than offset by increases in notes and accounts receivable—trade of 2,492 million yen, inventories of 4,931 million yen, other current assets of 3,898 million yen, goodwill of 30,612 million yen, other intangible assets of 2,836 million yen, and investment securities of 5,138 million yen.

Total liabilities increased by 41,955 million yen. While income taxes payable decreased by 5,934 million yen compared with the end of the previous fiscal year, this was more than offset by increases in notes and accounts payable – trade of 2,561 million yen, short-term borrowings of 7,529 million yen, long-term borrowings (including current portion) of 35,626 million yen, and deferred tax liabilities of 1,953 million yen.

Net assets decreased by 8,909 million yen. Although the valuation difference on available-for-sale securities increased by 5,008 million yen compared with the end of the previous fiscal year, net assets declined mainly due to the purchase of treasury stock, which is presented as a deduction from net assets.

As a result, net assets per share increased by 151.09 yen.

(3) Overview of Cash Flows

(Million yen)

	At the end of FY2025 (As of February 28, 2025)	At the end of FY2026 (As of February 28, 2026)	Increase/decrease
Cash flows from operating activities	5,717	(7,717)	(13,435)
Cash flows from investing activities	28,328	(27,353)	(55,682)
Cash flows from financing activities	(15,135)	16,995	32,130
Cash and cash equivalents at end of period	45,822	27,955	(17,867)

1) Cash flows from operating activities:

Net cash used in operating activities for the fiscal year under review was 7,717 million yen, compared to a net cash inflow of 5,717 million yen in the previous year. This was mainly due to recording a profit before income taxes of 6,120 million yen, depreciation of 3,883 million yen, and impairment losses of 1,878 million yen, despite recognizing a gain on sale of investment securities of 3,362 million yen as an adjustment for investing activities, a decrease of 1,293 million yen in notes and accounts payable—trade, income taxes paid of 11,813 million yen, and other payments of 3,289 million yen.

2) Cash flows from investing activities:

Net cash used in investing activities for the fiscal year under review was 27,353 million yen, compared to a net cash inflow of 28,328 million yen in the previous fiscal year. This was mainly due to acquisitions of property, plant, and equipment totaling 2,470 million yen, purchases of investment securities amounting to 5,596 million yen, acquisitions of intangible assets worth 2,437 million yen, and the purchase of shares in subsidiaries, which resulted in a change in the scope of consolidation of 29,082 million yen, despite proceeds from the sale of investment securities totaling 11,658 million yen.

3) Cash flows from financing activities:

Net cash provided by financing activities for the fiscal year under review was 16,995 million yen, compared to a net cash used in financing activities of 15,135 million yen in the previous fiscal year. This was mainly due to a net increase in short-term borrowings of 7,541 million yen and proceeds from long-term borrowings of 36,000 million yen, despite repayments of long-term borrowings totaling 9,242 million yen, the purchase of treasury stock amounting to 12,874 million yen, and cash dividends paid of 4,559 million yen.

As a result, cash and cash equivalents at the end of the fiscal year under review decreased by 17,867 million yen from the end of the previous fiscal year to 27,955 million yen.

(For Reference) Trends in Cash-Flow Indicators

	FY2024 (As of February 29, 2024)	FY2025 (As of February 28, 2025)	FY2026 (As of February 28, 2026)
Shareholders' equity ratio (%)	72.7	76.4	57.0
Shareholders' equity ratio based on current market price (%)	37.0	59.0	38.5
Years of debt redemption (Years)	—	0.3	—
Interest coverage ratio (Times)	—	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. Since the cash flows from operating activities for the fiscal years ended February 29, 2024, and February 28, 2026, were negative, the debt redemption and interest coverage ratio are not calculated.

(4) Outlook

Regarding the market environment, the apparel industry in Japan is expected to stay steady, supported by rising

wage expectations and a gradual rebound in personal spending. However, a decline in visitors to Japan from China and increased geopolitical risks, including tensions in the Middle East and Ukraine, are likely to significantly affect the Group's business, and the outlook remains uncertain.

For the fiscal year ending February 2027, a significant increase in net sales is expected, driven by steady growth in existing brands as well as full-year contributions from Daytona International Co., Ltd. and Waterfront Co., Ltd., both acquired during the previous fiscal year. Since this fiscal year represents the final year of the current medium-term management plan, the company will focus on enhancing profitability and capital efficiency across its operations.

Based on the above, for the current fiscal year, the Company forecasts an operating income of 7,500 million yen and a profit attributable to owners of the parent of 7,700 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)

	FY2025 (As of February 28, 2025)	FY2026 (As of February 28, 2026)
Assets		
Current assets		
Cash and deposits	46,325	28,478
Notes receivable-trade	87	—
Accounts receivable-trade	11,363	13,855
Merchandise and finished goods	24,767	29,721
Work in process	440	451
Raw materials and supplies	702	669
Other	2,638	6,537
Allowance for doubtful accounts	(52)	(31)
Total current assets	86,273	79,682
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,079	17,182
Accumulated depreciation	(10,837)	(11,755)
Buildings and structures, net	4,241	5,426
Machinery, equipment and vehicles	1,094	122
Accumulated depreciation	(970)	(111)
Machinery, equipment and vehicles, net	124	11
Land	610	678
Leased assets	165	114
Accumulated depreciation	(164)	(105)
Leased assets, net	1	9
Other	7,102	5,378
Accumulated depreciation	(5,915)	(4,109)
Other, net	1,187	1,268
Total property, plant and equipment	6,165	7,394
Intangible assets		
Goodwill	1,626	32,238
Trademark rights	2,103	2,306
Other	2,588	5,424
Total intangible assets	6,318	39,970
Investments and other assets		
Investment securities	23,490	28,628
Long-term loans receivable	45	42
Leasehold and guarantee deposits	8,786	9,207
Deferred tax assets	1,717	1,078
Investment property, net	2,248	2,237
Other	6,189	6,016
Allowance for doubtful accounts	(76)	(53)
Total investments and other assets	42,401	47,157
Total non-current assets	54,885	94,522
Total assets	141,159	174,204

(Million yen)

	FY2025 (As of February 28, 2025)	FY2026 (As of February 28, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	8,005	10,566
Short-term borrowings	107	7,637
Current portion of long-term borrowings	1,140	5,552
Lease liabilities	0	1
Accounts payable–other	3,369	3,813
Income taxes payable	7,417	1,483
Contract Liabilities	358	524
Provision for bonuses	776	768
Provision for shareholder benefit program	101	100
Asset retirement obligations	248	101
Other	5,337	4,640
Total current liabilities	26,864	35,190
Non-current liabilities		
Long-term borrowings	407	31,621
Lease liabilities	1	3
Deferred tax liabilities	524	2,477
Provision for retirement benefits for directors	35	31
Retirement benefit liability	1,093	982
Asset retirement obligations	2,302	3,266
Other	1,698	1,309
Total non-current liabilities	6,063	39,693
Total liabilities	32,928	74,883
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	16,929	3,259
Retained earnings	74,140	73,374
Treasury stock	(6,160)	(5,233)
Total shareholders' equity	99,908	86,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,273	11,281
Foreign currency translation adjustment	1,776	1,662
Remeasurements of defined benefit plans	(52)	(24)
Total accumulated other comprehensive income	7,997	12,920
Non-controlling interests	325	—
Total net assets	108,230	99,321
Total liabilities and net assets	141,159	174,204

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

Consolidated statements of income

(Million yen)

	FY2025 (March 1, 2024 to February 28, 2025)	FY2026 (March 1, 2025 to February 28, 2026)
Net sales	156,606	167,085
Cost of sales	72,610	75,627
Gross profit	83,995	91,458
Selling, general and administrative expenses	82,359	87,132
Operating income	1,636	4,325
Non-operating income		
Interest income	68	87
Dividend income	668	838
Share of profit of entities accounted for using equity method	—	215
Real estate income	372	195
Foreign exchange gain	—	219
Other	265	483
Total non-operating income	1,374	2,040
Non-operating expenses		
Interest expenses	77	257
Share of loss of entities accounted for using equity method	358	—
Rental expenses on real estate	48	37
Loss on investments in silent partnerships	221	81
Foreign exchange losses	19	—
Loss on cancellation of insurance policies	114	46
Commission expenses	—	391
Other	93	110
Total non-operating expenses	934	925
Ordinary income	2,076	5,440
Extraordinary income		
Gain on sales of non-current assets	23,913	4
Gain on sale of investment securities	1,251	3,364
Other	185	101
Total extraordinary income	25,350	3,470
Extraordinary losses		
Loss on retirement of non-current assets	39	25
Impairment loss	1,363	1,878
Loss on sales of investment securities	598	1
Loss on valuation of investment securities	127	37
Loss on sale of shares of subsidiaries and associates	—	365
Business restructuring expenses	1,002	—
Other	435	481
Total extraordinary losses	3,567	2,790
Income before income taxes	23,860	6,120
Income taxes—current	7,889	2,527
Income taxes—deferred	762	117
Total income taxes	8,652	2,645
Net income	15,207	3,475
Net loss attributable to non-controlling interest	(23)	(318)
Net income attributable to owners of parent	15,230	3,793

Consolidated statements of comprehensive income

(Million yen)

	FY2025 (March 1, 2024 to February 28, 2025)	FY2026 (March 1, 2025 to February 28, 2026)
Net income	15,207	3,475
Other comprehensive income		
Valuation difference on available-for-sale securities	1,675	5,008
Foreign currency translation adjustment	602	(112)
Remeasurements of defined benefit plans	74	28
Share of other comprehensive income of entities accounted for using equity method	48	(1)
Total other comprehensive income	2,400	4,923
Comprehensive income	17,607	8,398
Total comprehensive income attributable to:		
Owners of parent	17,620	8,716
Non-controlling interests	(12)	(318)

(3) Consolidated Statements of Changes in Net Assets

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 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
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 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	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Balance at 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
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 end of period	6,273	1,776	(52)	7,997	325	108,230

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	15,000	16,929	74,140	(6,160)	99,908
Changes during period					
Dividends of surplus			(4,559)		(4,559)
Net income attributable to owners of parent			3,793		3,793
Purchase of treasury shares				(12,874)	(12,874)
Disposal of treasury shares				132	132
Cancellation of treasury shares		(13,670)		13,670	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(13,670)	(765)	927	(13,507)
Balance at the end of period	15,000	3,259	73,374	(5,233)	86,400

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	6,273	1,776	(52)	7,997	325	108,230
Changes during period						
Dividends of surplus						(4,559)
Net income attributable to owners of parent						3,793
Purchase of treasury shares						(12,874)
Disposal of treasury shares						132
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	5,008	(113)	28	4,923	(325)	4,598
Total changes during period	5,008	(113)	28	4,923	(325)	(8,909)
Balance at the end of period	11,281	1,662	(24)	12,920	—	99,321

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY2025 (March 1, 2024 to February 28, 2025)	FY2026 (March 1, 2025 to February 28, 2026)
Cash flows from operating activities		
Income before income taxes	23,860	6,120
Depreciation	3,210	3,883
Amortization of goodwill	479	1,501
Increase (decrease) in allowance for doubtful accounts	(27)	(16)
Increase (decrease) in retirement benefit liability	16	(112)
Increase (decrease) in provision for retirement benefits for directors	—	(4)
Increase (decrease) in provision for bonuses	(388)	(275)
Increase (decrease) in provision for shareholder benefit program	(3)	(0)
Interest and dividend income	(736)	(926)
Interest expenses	77	257
Loss (gain) on sales of non-current assets	(23,913)	(4)
Loss on retirement of non-current assets	39	25
Impairment loss	1,363	1,878
Business restructuring expenses	1,002	—
Loss (gain) on sales of investment securities	(653)	(3,362)
Loss (gain) on valuation of investment securities	127	37
Loss on liquidation of subsidiaries and associates	28	20
Decrease (increase) in accounts receivables—trade	295	(888)
Decrease (increase) in inventories	2,323	203
Increase (decrease) in accounts payables—trade	(1,663)	(1,293)
Loss (gain) on sale of shares of subsidiaries and associates	—	365
Increase (decrease) in accrued consumption taxes	483	(495)
Increase (decrease) in accounts payable—other	116	316
Other	434	(3,289)
Subtotal	6,472	3,943
Interest and dividends received	736	926
Interest paid	(77)	(257)
Income taxes paid	(1,488)	(11,813)
Income taxes refund	490	66
Business restructuring expenses paid	(416)	(581)
Net cash provided by (used in) operating activities	5,717	(7,717)

(Million yen)

	FY2025 (March 1, 2024 to February 28, 2025)	FY2026 (March 1, 2025 to February 28, 2026)
Cash flows from investing activities		
Net decrease (increase) in time deposits	202	(223)
Purchase of property, plant and equipment	(2,433)	(2,470)
Proceeds from sales of property, plant and equipment	5	7
Purchase of investment securities	(7,531)	(5,596)
Proceeds from sales of investment securities	11,739	11,658
Purchase of intangible assets	(630)	(2,437)
Payments of leasehold and guarantee deposits	(562)	(347)
Proceeds from refund of leasehold and guarantee deposits	673	851
Purchase of investment property	(7,900)	(0)
Proceeds from sales of investment property	34,434	4
Proceeds from collection of loans receivable	9	14
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(390)	(29,082)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	1,273
Payments for settlement of asset retirement obligations	(293)	(592)
Other	1,005	(412)
Net cash provided by (used in) investing activities	28,328	(27,353)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,906)	7,541
Proceeds from long-term borrowings	—	36,000
Repayments of long-term borrowings	(3,332)	(9,242)
Repayments of lease liabilities	(96)	(1)
Purchase of treasury shares	(5,702)	(12,874)
Proceeds from sales of treasury shares	46	132
Dividends paid	(1,143)	(4,559)
Net cash provided by (used in) financing activities	(15,135)	16,995
Effect of exchange rate change on cash and cash equivalents	144	240
Net increase (decrease) in cash and cash equivalents	19,055	(17,835)
Cash and cash equivalents at beginning of period	26,766	45,822
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	(31)
Cash and cash equivalents at end of period	45,822	27,955

(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: 21

Major subsidiaries:

TSI Inc.

Daytona International Co., Ltd.

HUF Holdings, LLC

Consolidated subsidiaries other than the above: 18

Change in the scope of consolidation

During the fiscal year under review, TSI Sewing Co., Ltd. was excluded from the scope of consolidation as all shares held by the Company were sold.

Efuego Corp. was excluded from the scope of consolidation as all shares held by the Company were sold.

Tosca Banok Co., Ltd. and its subsidiary, Van Nang Banok Co., Ltd., were excluded from the scope of consolidation, as all shares held by the Company had been sold.

AVIREX SHANGHAI TRADING CO., LTD. was excluded from the scope of consolidation due to the completion of its liquidation.

Tokyo Style Hong Kong Co., Ltd. was excluded from the scope of consolidation due to decreased materiality.

Tokyo Style Co., Ltd. was excluded from the scope of consolidation due to its liquidation.

Daytona International Co., Ltd. was included in the scope of consolidation following the Company's acquisition of all of its shares.

Waterfront Co., Ltd. was included in the scope of consolidation following the Company's acquisition of all of its shares.

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, TSI US Holdings 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, 2026, are used in the preparation of consolidated financial statements. Significant transactions that occurred between January 1, 2026, 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 certain subsidiaries record the estimated amount of bonus payments for 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 foreign exchange and interest rate risk 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 effectiveness evaluation at the time of account settlement is not conducted for currency swaps using the allocation method or for 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.

Changes in Accounting Policies

Application of Accounting Standards for Income Taxes, etc.

The “Accounting Standard for Income Taxes, Inhabitant Taxes and Enterprise Taxes” (ASBJ Statement No. 27, issued October 28, 2022; hereinafter the “2022 Amended Accounting Standard”) and related standards have been applied from the beginning of the current consolidated fiscal year.

With respect to the amendments concerning the classification of income taxes (taxation on other comprehensive income), the Company has applied the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Amended Accounting Standard and in the proviso to Paragraph 65-2 (2) of the “Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, issued October 28, 2022; hereinafter the “2022 Amended Implementation Guidance”). There is no impact of this change in accounting policies on the consolidated financial statements.

In addition, with respect to the amendments related to the review of the accounting treatment in the consolidated financial statements when gains or losses on sales arising from the sale of shares of subsidiaries, etc. among consolidated companies are deferred for tax purposes, the Company has applied the 2022 Amended Implementation Guidance from the beginning of the current consolidated fiscal year. This change in accounting policies has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared after retrospective application. There is no impact of this change in accounting policies on the consolidated financial statements for the previous fiscal year.

Additional Information

Trust-Type Employee Stock Ownership Plan (ESOP)

TSI Holdings resolved at a Board of Directors’ meeting held on July 14, 2025, 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 August 2025, 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 of such treasury stock and the number of shares were 396 million yen and 354 thousand shares, respectively, as of the end of the current consolidated fiscal year.

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

407 million yen as of the end of the current consolidated fiscal year.

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 such treasury stock were 269 million yen and 478 thousand shares, respectively, as of the end of the previous consolidated fiscal year, and 267 million yen and 474 thousand shares, respectively, as of the end of the current consolidated fiscal year.

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 parts for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to make resource allocation decisions and evaluate their performance.

As a holding company, TSI Holdings oversees each operating company, mainly focusing on the apparel business and the Group's strategic functions overall. Each operating company, in turn, develops comprehensive strategies for their apparel brands while conducting business activities.

On this basis, the TSI Holdings Group consists 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. 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

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

(Million 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(loss)	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 includes an adjustment of a decrease of 3,278 million yen, which represents the elimination of intercompany transactions among consolidated companies.
2. Segment assets include an adjustment of 62,858 million yen, consisting of Company-wide assets that do not belong to any reportable segment of 66,576 million yen and the elimination of intercompany transactions of a decrease of 3,718 million yen.
3. Segment income is reconciled to the operating income reported in the consolidated financial statements.
4. Depreciation and amortization include an adjustment of 1,785 million yen, mainly attributable to Company-wide assets.
5. Increase in property, plant and equipment and intangible assets includes an adjustment of 471 million yen, primarily related to Company-wide assets.

FY2026 (March 1, 2025 to February 28, 2026)

(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	162,075	5,009	167,085	—	167,085
Inter-segment sales or transfers	136	592	728	(728)	—
Total	162,212	5,602	167,814	(728)	167,085
Segment income	6,948	283	7,231	(2,905)	4,325
Segment assets	82,179	5,206	87,385	86,818	174,204
Other items					
Depreciation and amortization expense	2,516	68	2,584	1,298	3,883
Increase in property, plant and equipment, and intangible assets	2,784	122	2,907	2,290	5,198

Notes:

1. Segment income includes an adjustment of a decrease of 2,905 million yen, primarily attributable to Company-wide expenses not allocated to any reportable segment and the elimination of intercompany transactions among consolidated companies.
2. Segment assets include an adjustment of 86,818 million yen, consisting of Company-wide assets that do not belong to any reportable segment of 95,894 million yen and the elimination of intercompany transactions of a decrease of 9,075 million yen.
3. Segment loss is reconciled to the operating loss reported in the consolidated financial statements.
4. Depreciation and amortization include an adjustment of 1,298 million yen, mainly attributable to Company-wide assets.
5. Increase in property, plant and equipment and intangible assets includes an adjustment of 2,290 million yen, primarily related to Company-wide assets.

Per Share Information

(Yen)

	FY2025 (March 1, 2024 to February 28, 2025)	FY2026 (March 1, 2025 to February 28, 2026)
Net assets per share	1,553.70	1,704.79
Net income per share	210.02	60.48

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 are deducted from the total shares issued at the end of the fiscal year when calculating net assets per share. The number of treasury stock shares held by the Trust was 211,000 at the end of the previous fiscal year and 354,000 at the end of the current fiscal year.
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

256,000, and it was also 256,000 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 478,000 shares, and 474,000 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 480,000, and 476,000 during the fiscal year under review.
6. The basis for calculating net income per share is as follows.

	FY2025 (March 1, 2024 to February 28, 2025)	FY2026 (March 1, 2025 to February 28, 2026)
Net income attributable to owners of parent (Million yen)	15,230	3,340
Amount not attributable to shareholders on common stock (Million yen)	—	—
Net income attributable to owners of parent on common stock (Million yen)	15,230	3,340
Average number of shares of common stock during the period (thousand shares)	72,519	62,725

Important Subsequent Events

None