

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal year ending February 28, 2025
[Japanese GAAP] (Consolidated)

July 12, 2024

Company name: TSI HOLDINGS CO., LTD. Stock listing: Tokyo Stock Exchange
Code number: 3608 URL: <https://www.tsi-holdings.com/en/>
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Scheduled date of financial report: July 12, 2024
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, 2025 (March 1, 2024 to May 31, 2024)

(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, 2025	39,295	(0.2)	1,018	(44.5)	1,108	(54.3)	546	(72.5)
First quarter of FY ended February 29, 2024	39,372	3.3	1,836	14.5	2,425	9.6	1,988	(3.6)

(Notes) Comprehensive income: First quarter of Fiscal year ending February 28, 2025 ¥1,716 million (4.5%)
First quarter of Fiscal year ended February 29, 2024 ¥1,719 million (31.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of FY ending February 28, 2025	7.29	—
First quarter of FY ended February 29, 2024	23.78	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First quarter of FY ending February 28, 2025	132,016	97,037	73.3
FY ended February 29, 2024	133,464	97,422	72.7

(Reference) Shareholders' equity: First quarter of FY ending February 28, 2025 ¥96,704 million
FY ended February 29, 2024 ¥97,084 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 2024	—	0.00	—	15.00	15.00
FY ending February 2025	—	—	—	—	—
FY ending February 2025 (forecast)	—	0.00	—	19.00	19.00

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

(% 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)	74,500	1.7	(900)	—	(500)	—	(900)	—	(11.93)
Full fiscal year	160,000	3.0	2,000	13.6	2,500	(33.5)	4,000	(17.5)	53.04

(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: None

Changes in specified subsidiaries resulting in a change in the scope of consolidation

(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: None

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

c. Changes of accounting estimates: None

d. Restatements: None

(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 2025	80,327,993 shares	FY ended February 2024	87,074,993 shares
b. Number of treasury stock at the end of period	Q1 of FY ending February 2025	6,049,494 shares	FY ended February 2024	11,655,093 shares
c. Average number of shares over the period	Q1 of FY ending February 2025	74,936,707 shares	Q1 of FY ended February 2024	83,637,833 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.

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

(1) Overview of Business Results

During the first quarter consolidated cumulative period (March 1, 2024, to May 31, 2024), the apparel industry experienced a recovery in personal consumption due to the subsiding impact of the COVID-19 pandemic and increased tourism-related demand. However, the industry faced challenges due to a complex mix of factors. These included changes in consumer sentiment towards apparel products driven by the prolonged effects of the pandemic, as well as the soaring resource and material prices caused by conflicts in Ukraine and Palestine and the significant depreciation of the yen.

In response to this challenging business environment, our group announced a new medium-term business strategy, "TSI Innovation Program 2027 (TIP27)," in April 2024. Guided by our purpose, "We create global empathy and social value through the power of fashion entertainment," we are committed to enhancing corporate value by simultaneously pursuing a fundamental restructuring of our revenue structure, growth strategies, and investment in human capital. Specifically, we aim to reform our revenue structure through several initiatives: pursuing economies of scale by consolidating raw material procurement and product sourcing, improving profit margins by revising product pricing and sales strategies, strategically reallocating stores and personnel through the consolidation and expansion of stores, increasing operational efficiency by consolidating E-commerce sites currently dispersed across brands, and reassessing the staffing structure at our headquarters. Additionally, we will invest in growth strategies by focusing on several key areas: concentrating investments in high-growth, high-profitability brands through a review of our brand portfolio, entering new market segments with growth potential, expanding existing brands through M&A, enhancing customer referrals between stores and EC channels by consolidating them, and strengthening our CRM to improve our presentation capabilities to customers.

On the other hand, our group is dedicating increased focus to reforms in the sustainability area, which has attracted heightened customer interest. By reviewing materials and reconsidering manufacturing processes, we will continue our efforts to help customers find new value in the products we offer.

As a group, we diligently focus on strengthening retail sales across our various subsidiaries and enhancing sales through e-commerce channels. Concurrently, we continue to rigorously assess product procurement to maintain optimal standards, thereby implementing measures such as reducing excess inventory and controlling costs.

Consequently, net sales stood at 39,295 million yen (down 0.2% year on year), operating income was 1,018 million yen (down 44.5% year on year), and ordinary income was 1,180 million yen (down 54.3% year on year). Furthermore, the quarterly profit attributable to owners of the Group's parent was 546 million yen (down 72.5% year on year).

Net sales by reportable segment were as follows.

Apparel-Related Businesses

In our apparel-related businesses, March saw sluggish sales of spring items due to low temperatures. However, from April onward, sales of early summer items have performed well alongside efforts across the organization to promote inventory clearance. As a result, our revenue is gradually recovering.

Furthermore, demand from international customers has remained strong, with brands like "Stussy" in streetwear, London's collection brand "Margaret Howell," and outdoor brand "and wander," which also has international sales channels, showing robust performance. Brands such as "Avirex" with a focus on military fashion, leather fashion brand "Schott," curated boutique "Royal Flash," and womenswear brands "Adore" and "Cadune" have also capitalized on market needs. They have implemented product strategies that cater to customer lifestyles, contributing to further revenue expansion.

Due to the impact of wholesale sales primarily centered around golf-related items, revenue from the apparel-related business amounted to 37,789 million yen (down 0.7% year on year).

Other Businesses

In other businesses, S-Groove Co., Ltd., which engages in sales agency and staffing services, saw an increase in external registered dispatch sales and benefited from an expansion in permanent sales agency storefronts, leading to strong in-store sales. Additionally, Ready to Fashion Inc., specializing mainly in SaaS-based recruitment services tailored for the apparel industry and operating a job posting Social Network platform, strengthened revenue within the group following its full acquisition as our subsidiary in March of this year.

Furthermore, Tosca Bano'k Co., Ltd., engaged in the manufacture and sale of synthetic resin products; Plax Co., Ltd., involved in store design supervision and food service operations; Laline JAPAN Co., Ltd., which handles procurement and sales of cosmetics, perfumes, soaps, and others; and Urth Caffè JAPAN Co., Ltd., operating a popular organic cafe in California, contributed to revenue reaching 1.75 billion yen (up 11.3% year on year).

(2) Overview of Financial Position

(Million yen)

	At the end of FY ended February 2024 (As of February 29, 2024)	At the end of 1Q FY ending February 2025 (As of May 31, 2024)	Increase/decrease
Total assets	133,464	132,016	(1,447)
Liabilities	36,041	34,979	(1,062)
Net assets	97,422	97,037	(384)
Shareholders' equity ratio	72.7%	73.3%	0.5%
Net assets per share	¥1,287.25	¥1,301.92	¥14.66

Assets decreased by 1,447 million yen due to increases in accounts receivable (up 932 million yen from the previous fiscal year-end) and inventory (up 808 million yen from the previous fiscal year-end), offset by a decrease in cash and cash equivalents (down 3,047 million yen from the previous fiscal year-end).

Liabilities decreased by 1,062 million yen primarily due to a decrease in long-term borrowings, including those repayable within one year (down 835 million yen from the previous fiscal year-end).

Equity decreased by 384 million yen despite an increase in other securities valuation differences (up 879 million yen from the previous fiscal year-end) due to activities such as acquiring and retiring treasury stock.

As a result, net asset per share increased by ¥14.66.

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

No adjustments were made concerning the business results projection for the year ending February 28, 2025 as reported in the "Forecast of Consolidated Business Results for the Fiscal Year Ending February 28, 2025" released on April 12, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

	(Million yen)	
	Previous consolidated fiscal year (As of February 29, 2024)	Quarter consolidated accounting period of current fiscal year (As of May 31, 2025)
Assets		
Current assets		
Cash and deposits	27,472	24,425
Notes receivable-trade	85	111
Account receivable-trade	11,596	12,529
Merchandise and finished goods	26,863	27,693
Work in process	507	434
Raw materials and supplies	681	732
Other	3,724	2,720
Allowance for doubtful accounts	(54)	(58)
Total current assets	70,877	68,588
Non-current assets		
Property, plant and equipment	6,560	7,010
Intangible asset		
Goodwill	1,501	1,921
Other	5,658	5,433
Total intangible assets	7,159	7,355
Investments and other assets		
Investment securities	25,137	25,816
Investment property	4,683	4,886
Other	19,147	18,462
Allowance for doubtful accounts	(100)	(102)
Total investments and other assets	48,866	49,062
Total non-current assets	62,586	63,428
Total assets	133,464	132,016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,615	9,584
Short-term borrowings	5,013	5,000
Current portion of long-term borrowings	3,309	2,759
Income taxes payable	637	542
Provision for bonuses	1,164	1,588
Provision for shareholder benefit program	104	76
Asset retirement obligations	148	68
Other	8,395	7,910
Total current liabilities	28,388	27,529
Non-current liabilities		
Long-term borrowings	1,630	1,345
Provision for retirement benefits for directors	35	35
Retirement benefit liability	1,192	1,213
Asset retirement obligations	2,367	2,427
Other	2,426	2,427
Total non-current liabilities	7,653	7,449
Total liabilities	36,041	34,979

	(Million yen)	
	Previous consolidated fiscal year (As of February 29, 2024)	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	24,030	19,520
Retained earnings	60,052	59,455
Treasury stock	(7,605)	(4,052)
Total shareholders' equity	91,477	89,922
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,597	5,477
Foreign currency translation adjustment	1,136	1,441
Remeasurements of defined benefit plans	(126)	(136)
Total accumulated other comprehensive income	5,607	6,781
Non-controlling interests	337	333
Total net assets	97,422	97,037
Total liabilities and net assets	133,464	132,016

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

Quarterly consolidated statements of income

Consolidated cumulative first quarter

(Million yen)

	Consolidated cumulative first quarter of previous fiscal year (March 1,2023 to May 31, 2023)	Consolidated cumulative first quarter of current fiscal year (March 1,2024 to May 31, 2024)
Net sales	39,372	39,295
Cost of sales	16,810	17,261
Gross profit	22,562	22,033
Selling, general and administrative expenses	20,726	21,014
Operating income	1,836	1,018
Non-operating income		
Interest income	13	11
Dividend income	418	133
Real estate income	84	94
Foreign exchange income	63	163
Other	63	47
Total non-operating income	643	450
Non-operating expenses		
Interest expenses	12	11
Rental expenses on real estate	11	10
Loss on cancellation of insurance policies	11	2
Equity Losses of Affiliated Companies	-	287
Other	18	47
Total non-operating expenses	54	359
Ordinary income	2,425	1,108
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sale of investment securities	191	466
Total extraordinary income	191	467
Extraordinary losses		
Loss on retirement of non-current assets	4	2
Loss on sales of investment securities	17	130
Impairment loss	25	23
Other	-	7
Total extraordinary losses	47	164
Income before income taxes	2,570	1,411
Income taxes—current	609	590
Income taxes—deferred	(2)	284
Total income taxes	606	875
Net income	1,963	536
Net loss attributable to non-controlling interest	(25)	(9)
Net income attributable to owners of parent	1,988	546

Quarterly Consolidated statements of comprehensive income
Consolidated cumulative first quarter

	(Million yen)	
	Consolidated cumulative first quarter of previous fiscal year (March 1,2023 to May 31, 2023)	Consolidated cumulative first quarter of current fiscal year (March 1,2024 to May 31, 2024)
Net income	1,963	536
Other comprehensive income		
Valuation difference on available-for-sale securities	(23)	879
Foreign currency translation adjustment	(200)	281
Remeasurements of defined benefit plans	55	(10)
Share of other comprehensive income of affiliates accounted for using equity method	0	28
Total other comprehensive income	(166)	1,179
Comprehensive income	1,797	1,716
Total comprehensive income attributable to:		
Owners of parent	1,818	1,720
Non-controlling interests	(21)	(4)

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable

Notes on Significant Changes in Shareholders' Equity

Not applicable

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 Shareholding Association Trust). The beneficiaries of the Shareholding Association Trust are members of the TSI Employee Shareholding Association (the Shareholding Association) who have met certain 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, 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 posted as shares of treasury stock in the net assets section at their carrying amount 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 for 301,000 shares. And that as of the end of this fiscal year under review were ¥130 million for 280,000 shares.

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

As of February 29, 2024: ¥185 million and as of May 31, 2024: ¥185 million,

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 carrying amount in the Trust. The carrying amount and number of shares of treasury stock were ¥273 million for 486,000 shares as of the end of the previous fiscal year and ¥272 million for 483,000 shares as of the end of this fiscal year under review.

Segments of the Company and Related Information

1. Consolidated cumulative first quarter of previous fiscal year (March 1, 2023 to May 31, 2023)

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

	Reportable segment	Other Note 1	Total	Adjustments Note 2	Consolidated financial statements amount (Note 3)
	Apparel-related businesses				
Net sales					
Sales to third parties	38,018	1,352	39,371	1	39,372
Inter-segment sales or transfers	29	180	209	(209)	—
Total	38,047	1,533	39,580	(207)	39,372
Segment income	2,025	118	2,143	(307)	1,836

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 ¥(307) 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

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

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

	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, 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.

(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