

Consolidated Financial Results for the Three Months Ended May 31, 2019 [Japanese GAAP]



June 25, 2019

Company name: Takihyo Co., Ltd.
 Code number: 9982
 URL: <https://www.takihyo.co.jp>
 Stock exchange listing: Tokyo Stock Exchange (First Section), Nagoya Stock Exchange (First Section)
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 Scheduled date of commencing dividend payments: –
 Scheduled date for filing of quarterly securities report: July 9, 2019
 Availability of supplementary briefing material on quarterly results: None
 Schedule of quarterly results briefing session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended May 31, 2019 (March 1, 2019 to May 31, 2019)

(1) Consolidated Results of Operations (cumulative) (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended May 31, 2019	15,863	(11.3)	262	(40.8)	274	(41.9)	215	(32.7)
Three months ended May 31, 2018	17,886	(4.1)	443	–	472	–	320	(88.6)

(Note) Comprehensive income: Three months ended May 31, 2019: ¥(392) million [–%]
 Three months ended May 31, 2018: ¥651 million [(77.4)%]

	Earnings per share	Diluted earnings per share
	yen	yen
Three months ended May 31, 2019	23.12	22.77
Three months ended May 31, 2018	34.38	33.87

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of May 31, 2019	47,546	32,877	68.6	3,496.85
As of February 28, 2019	47,785	33,456	69.5	3,558.94

(Reference) Equity: As of May 31, 2019: ¥32,616 million
 As of February 28, 2019: ¥33,195 million

(Note) The Company has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the three months ended May 31, 2019, and figures for the fiscal year ended February 28, 2019 are presented after retrospective application of such accounting standard, etc.

2. Dividends

	Annual Dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	yen	yen	yen	yen	yen
Fiscal year ended February 28, 2019	—	20.00	—	20.00	40.00
Fiscal year ending February 29, 2020	—				
Fiscal year ending February 29, 2020 (Forecast)		20.00	—	20.00	40.00

(Note) Revision of dividends forecast from recently announced figures: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2020 (March 1, 2019 to February 29, 2020)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	66,800	3.1	600	488.4	600	186.1	400	—	42.88

(Note) Revision of forecast results from recently announced figures: None

***Notes**

(1) Significant changes of subsidiaries during the period under review (affecting specified subsidiaries resulting in changes in scope of consolidation): No

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Restatements: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

May 31, 2019	9,600,000 shares
February 28, 2019	9,600,000 shares

2) Total number of treasury shares at the end of the period:

May 31, 2019	272,653 shares
February 28, 2019	272,653 shares

3) Average number of shares during the period (cumulative):

Three months ended May 31, 2019	9,327,347 shares
Three months ended May 31, 2018	9,327,347 shares

* Summary of consolidated quarterly financial results is outside the scope of the quarterly review of certified public accountant or audit firm

* Explanation of the proper use of performance forecast and other notes

(Note on the forward-looking statements)

The earnings projections and other forward-looking statements herein are based on available information and certain assumptions deemed reasonable at the time of the release of this document, and do not constitute a promise by the Company to achieve those projections. In addition, actual results may differ significantly from the projections due to various factors.

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1. Qualitative Information on Financial Results for the Period under Review

(1) Qualitative Information on Results of Operations

With regard to the apparel market during the three months ended May 31, 2019, competition among suppliers (delivery vendors) remains to be severe backed by the sluggish consumption. Under such circumstances, with the aim of recovering financial results of the Company, the Company raised “Back Home (to get back to the basics)” as a company-wide theme, and is promoting to secure the adequate profit margin per product or client as well as to strengthen proposals by planning and developing highly value-added product groups.

With respect to the performance for the three months ended May 31, 2019, activities on receiving orders struggled mainly in ladies’ apparel due to the stronger tendency of specialist retailers chain stores and GMS to make “attracted-type” orders (placing product orders carefully after seeing the in-store circumstances) with the rise of consumers’ actual demand preference (to purchase when necessary) in volume zone (general price range), in addition to the lower average temperature in March and April.

As a result, with respect to the consolidated performance for the three months ended May 31, 2019, net sales was ¥15,863 million (11.3% decrease from the previous corresponding period). As for profit, increased product profitability and reduced selling expenses were unable to cover influence from decreased sales. The Company registered the operating profit of ¥262 million (40.8% decrease from the previous corresponding period), ordinary profit of ¥274 million (41.9% decrease from the previous corresponding period) and profit attributable to owners of parent of ¥215 million (32.7% decrease from the previous corresponding period).

(2) Qualitative Information on Financial Position

The Company has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the three months ended May 31, 2019. Financial position is compared and analyzed with the previous fiscal year using the figures after retrospective application of such accounting standard, etc.

1) Assets

Current assets increased by ¥180 million compared with the end of the previous fiscal year, to ¥21,034 million, due primarily to an increase of ¥639 million in notes and accounts receivable – trade despite a decrease of ¥455 million in inventories.

Non-current assets decreased by ¥420 million compared with the end of the previous fiscal year, to ¥26,511 million, due primarily to a decrease of ¥827 in investment securities despite an increase of ¥372 million in property, plant and equipment.

As a result, total assets decreased by ¥239 million compared with the end of the previous fiscal year, to ¥47,546 million.

2) Liabilities

Liabilities increased by ¥339 million compared with the end of the previous fiscal year, to ¥14,669 million, due primarily to increases of ¥2,512 million in loans payable and ¥214 million in short-term derivatives liabilities despite a decrease of ¥2,593 million in notes and accounts payable – trade.

3) Net assets

Net assets decreased by ¥579 million compared with the end of the previous fiscal year, to ¥32,877 million, due primarily to decreases of ¥310 million in valuation difference on available-for-sale securities and ¥298 million in deferred gains or losses on hedges.

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

The financial results forecast has not changed since its earlier announcement on March 28, 2019.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2019	As of May 31, 2019
Assets		
Current assets		
Cash and deposits	3,510	3,673
Notes and accounts receivable - trade	12,141	12,781
Inventories	4,131	3,675
Other	1,075	916
Allowance for doubtful accounts	(4)	(11)
Total current assets	20,853	21,034
Non-current assets		
Property, plant and equipment		
Land	16,938	17,104
Other, net	3,951	4,157
Total property, plant and equipment	20,889	21,262
Intangible assets	43	63
Investments and other assets		
Investment securities	4,771	3,944
Other	1,262	1,312
Allowance for doubtful accounts	(36)	(70)
Total investments and other assets	5,998	5,186
Total non-current assets	26,932	26,511
Total assets	47,785	47,546

(Millions of yen)

	As of February 28, 2019	As of May 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,574	3,981
Short-term loans payable	-	2,700
Current portion of long-term loans payable	950	912
Income taxes payable	48	65
Provision	126	220
Other	1,802	2,252
Total current liabilities	9,502	10,133
Non-current liabilities		
Long-term loans payable	2,450	2,300
Net defined benefit liability	233	252
Provision for directors' retirement benefits	176	176
Asset retirement obligations	175	179
Other	1,791	1,628
Total non-current liabilities	4,827	4,536
Total liabilities	14,329	14,669
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	24,297	24,326
Treasury shares	(571)	(571)
Total shareholders' equity	31,496	31,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,402	1,091
Deferred gains or losses on hedges	110	(187)
Revaluation reserve for land	162	162
Foreign currency translation adjustment	(21)	(16)
Remeasurements of defined benefit plans	45	40
Total accumulated other comprehensive income	1,698	1,090
Share acquisition rights	261	261
Total net assets	33,456	32,877
Total liabilities and net assets	47,785	47,546

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

	(Millions of yen)	
	For the three months ended May 31, 2018	For the three months ended May 31, 2019
Net sales	17,886	15,863
Cost of sales	14,190	12,582
Gross profit	3,695	3,281
Provision for sales returns	-	(1)
Gross profit - net	3,695	3,282
Selling, general and administrative expenses	3,252	3,019
Operating profit	443	262
Non-operating income		
Interest income	4	2
Dividend income	17	17
Dividend income of insurance	14	15
Subsidy income	10	10
Other	10	8
Total non-operating income	58	54
Non-operating expenses		
Interest expenses	18	22
Foreign exchange losses	1	14
Other	8	5
Total non-operating expenses	29	42
Ordinary profit	472	274
Extraordinary income		
Gain on sales of investment securities	-	16
Gain on sales of non-current assets	0	1
Total extraordinary income	0	18
Extraordinary losses		
Loss on sales of investment securities	-	4
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	4
Profit before income taxes	472	288
Income taxes	152	72
Profit	320	215
Profit attributable to owners of parent	320	215

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the three months ended May 31, 2018	For the three months ended May 31, 2019
Profit	320	215
Other comprehensive income		
Valuation difference on available-for-sale securities	(139)	(310)
Deferred gains or losses on hedges	503	(298)
Revaluation reserve for land	(0)	-
Foreign currency translation adjustment	(31)	5
Remeasurements of defined benefit plans, net of tax	(0)	(5)
Total other comprehensive income	331	(608)
Comprehensive income	651	(392)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	651	(392)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the three months ended May 31, 2019. Accordingly, deferred tax assets are presented as investments and other assets, and deferred tax liabilities are presented as non-current liabilities.