



December 27, 2018

To whom it may concern

Company Name	Takihyo Co., Ltd.
Representative	Kazuo Taki, Representative Director Chief Executive Officer (Code No. 9982 TSE/NSE 1st Section)
Contact	Atsushi Muto, Director, Senior Managing Executive Officer, in charge of the Administrative Division (TEL +81-52-587-7111)

**Notice regarding the posting of extraordinary losses,
a reversal of deferred tax assets, and a revision of the business performance forecast**

Takihyo Co., Ltd. ("Takihyo") hereby announces that it has carried out the posting of extraordinary losses and a reversal of the deferred tax assets for the third quarter of the fiscal year ending February 2019, as follows.

Takihyo also hereby announces that, taking into consideration the recent trends in business performance, etc., it will revise the business performance forecast for the fiscal year ending February 2019 that was announced on March 30, 2018. The details of the revision are as follows.

1. Posting of extraordinary losses

With regard to the earnings from the apparel/textiles-related business in the next fiscal year and thereafter, Takihyo made a conservative estimate in accordance with the accounting standards. To accompany a one-time amortization of fixed assets mainly consisting of software for the apparel/textile-related business, we posted an impairment loss of 1,376 million yen in the consolidated accounting and 1,380 million yen in the non-consolidated accounting for the third quarter of this fiscal year.

2. Reversal of the deferred tax assets

As well as the posting of an impairment loss, Takihyo also made a conservative estimate of the earnings in the next fiscal year and thereafter, and carefully examined the recoverability of the deferred tax assets. As a result, we reversed the deferred tax assets for the third quarter of this fiscal year and posted a deferred income tax of 189 million yen in the consolidated accounting and 197 million yen in the non-consolidated accounting.

3. Revision of the business performance forecast

(1) Revision of the consolidated business performance forecast for the fiscal year ending February 2019 (from March 1, 2018 to February 28, 2019)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	million yen 74,000	million yen 800	million yen 800	million yen 500	yen sen 53.61
Revised forecast (B)	64,900	(140)	(80)	(1,800)	(192.98)
Amount of increase/decrease (B - A)	(9,100)	(940)	(880)	(2,300)	—
Rate of increase/decrease (%)	(12.3)	—	—	—	—
(Reference) Previous fiscal year results (fiscal year ended February 28, 2018)	72,751	(1,148)	(1,099)	1,959	210.04

(2) Revision of the non-consolidated business performance forecast for the fiscal year ending February 2019 (from March 1, 2018 to February 28, 2019)

	Net sales	Ordinary income	Profit	Profit per share
Previous forecast (A)	million yen 67,500	million yen 550	million yen 350	yen sen 37.52
Revised forecast (B)	58,300	30	(1,600)	(171.54)
Amount of increase/decrease (B - A)	(9,200)	(520)	(1,950)	—
Rate of increase/decrease (%)	(13.6)	(94.5)	—	—
(Reference) Previous fiscal year results (fiscal year ended February 28, 2018)	66,469	(1,018)	2,185	234.31

(Note) Takihyo carried out a consolidation of shares at a ratio of one share per five common shares on September 1, 2017. The profit per share for the previous fiscal year's results has been calculated by supposing that this consolidation of shares had been carried out at the beginning of the previous consolidated fiscal year.

4. Reasons for revising the business performance forecast

(1) Consolidated

This fiscal year, in light of consumers' continuing inclination to favor lower prices and the resulting severe price competition among suppliers in the clothing market, Takihyo is striving to recover its strength by raising the idea of "Back to home" (our original guiding principle).

Early summer products were selling steadily in March and April, when the temperature was higher than the same period in the previous year. From the second quarter onwards, the weather has not been favorable for our business, and with regard to ladies' apparel products aimed at younger customers in the apparel/textiles-related business, the net sales from specialty stores (which are our main sales channel) have been sluggish compared to the initial plan. Consequently, the net sales figure is predicted to be 12.3% lower than the previous forecast.

In the meantime, with our efforts toward reviewing products with a low profit rate and reducing sales, general and administrative expenses, the deficit in the operating/ordinary profits and losses decreased from last year. However, this has not led to overcoming the effects of the decrease in profits, and compared to the previous forecast, the operating profits and losses are expected to be 940 million yen lower than predicted, and the ordinary profits and losses are expected to be 880 million yen lower.

Owing to the posting in this third quarter of an impairment loss of 1,376 million yen, and of deferred income tax of 189 million yen to accompany the reversal of deferred tax assets (in addition to the above factors), the profit attributable to owners of parent is expected to be 2,300 million yen lower than the previous forecast.

(2) Non-consolidated

Takihyo will revise the previous forecast on the same grounds as those for the consolidated business performance forecast.

5. The dividend forecast

There is no change to the forecast for dividends at the end of the fiscal year from the 20 yen per share that was announced on March 30, 2018 (annual dividend of 40 yen).