



February 17, 2020

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 absorption-type merger (short-form merger) of  
a wholly owned subsidiary**

Takihyo Co., Ltd. ("Takihyo") hereby announces that at the Board of Directors' Meeting held today, it resolved to conduct an absorption-type merger (hereinafter referred to as "this Merger") of T.L.C Co., Ltd., and that a merger contract pertaining to this Merger has been signed by both companies.

Furthermore, since this Merger is a short-term merger with as its target a subsidiary that is 100% owned by our company, we are partially omitting some matters and content from disclosure

1. Purpose of the merger

The purpose of the merger is to strive to enhance the revenue source of the entire group and improve management efficiency. Takihyo aims to strengthen its sales base and synergy power, and to expand business pertaining to synthetic resins which is a new domain different from the clothing industry/merchandise, chemical products including plastic garbage bags and shopping bags, and other products (furniture, beds, pillows, etc.), which have a certain market share in municipalities and retailers across the nation.

2. Summary of the merger

(1) Schedule for the merger

Date of merger resolution by the Board of Directors	February 17, 2020
Date of signing of the merger contract	February 17, 2020
Scheduled merger date (effective date)	June 1, 2020

(Note) As this Merger comes under a short-form merger as prescribed in Article 796, Paragraph 2 of the Companies Act, our company will not hold a general meeting of shareholders.

(2) Merger method

The merger will be an absorption-type merger in which our company will be the surviving company and T.L.C Co., Ltd. will be the expiring company.

(3) Content of allotment pertaining to the merger

There are no applicable matters.

(4) Handling of the expiring company's share options and bonds with share option

There are no applicable matters.

### 3. Overview of the companies that will be parties to the merger

	Surviving company in the absorption-type merger	Expiring company in the absorption-type merger
(1) Company name	Takihyo Co., Ltd.	T.L.C Co., Ltd.
(2) Address	Ushijima-cho 6-1, Nishi Ward, Nagoya City, Aichi Prefecture	Nishiki 2-11-27, Naka Ward, Nagoya City, Aichi Prefecture
(3) Title and name of representative	Kazuo Taki, Representative Director, Chief Executive Officer	Isamu Kita, Representative Director and President
(4) Description of business	Planning, manufacture, and sale of products related to apparel and textiles	Wholesale and imports/exports of raw materials for synthetic resins, synthetic resin products, and other industrial materials
(5) Stated capital	3,622 million yen	200 million yen
(6) Date of establishment	November 1912	February 1982
(7) Total number of issued shares	9,600,000 shares	4,000 shares
(8) Accounting period	End of February	End of February
(9) Major shareholders and their shareholding ratio (As of August 31, 2019)	Kyokuyo Holdings Co., Ltd. 25.00% Kyokuyokosan Co., Ltd. 4.38% Takihyo Co., Ltd. 2.84%	Takihyo Co., Ltd. 100%
(10) Financial condition and operating results for the most recent business year		
Accounting period	Fiscal year ended February 2019 (Consolidated)	Fiscal year ended February 2019 (Non-consolidated)
Net assets	33,456 million yen	636 million yen
Total assets	47,786 million yen	1,412 million yen
Net assets per share	3,558 yen 94 sen	159,044 yen 58 sen
Net sales	64,815 million yen	4,577 million yen
Operating income	101 million yen	34 million yen
Ordinary income	209 million yen	36 million yen
Profit attributable to owners of parent	(1,621 million yen)	24 million yen
Profit per share	(173 yen 80 sen)	6,040 yen 90 sen

The surviving company in the absorption-type merger (Takihyo Co., Ltd.) is a company that comes under the regulations on consolidated dividends.

### 4. Situation after the merger

There will be no change in the name, address, title and name of representative, description of business, capital, and accounting period of our company after this Merger.

### 5. Future prospects

As this Merger is a merger with a consolidated subsidiary that is 100% owned by our company, it will have minor effect on the consolidated business performance of our company.

Furthermore, as a result of this Merger, in non-consolidated accounting of the fiscal year ending February 2021, an extraordinary profit may arise as a marginal profit on extinguishment of tie-in shares.

(Reference) Consolidated business performance forecast for the current fiscal year (published on December 26, 2019) and consolidated results for the previous fiscal year

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Business performance forecast for the current fiscal year (Fiscal year ending February 2020)	60,700 million yen	50 million yen	100 million yen	60 million yen
Previous fiscal year results (Fiscal year ended February 2019)	64,815 million yen	101 million yen	209 million yen	(1,621 million yen)