

Consolidated Financial Results for the Nine Months Ended November 30, 2019 [Japanese GAAP]



December 26, 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: January 10, 2020
 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 Nine Months Ended November 30, 2019 (March 1, 2019 to November 30, 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	%
Nine Months Ended November 30, 2019	46,979	(7.6)	410	6.7	483	0.4	383	–
Nine Months Ended November 30, 2018	50,842	(9.5)	384	–	481	–	(1,284)	–

(Note) Comprehensive income: Nine months ended November 30, 2019: ¥457 million [–%]
 Nine months ended November 30, 2018: ¥(561) million [–%]

	Earnings per share	Diluted earnings per share
	yen	yen
Nine Months Ended November 30, 2019	41.14	40.51
Nine Months Ended November 30, 2018	(137.68)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of November 30, 2019	50,307	33,541	66.2	3,567.95
As of February 28, 2019	47,785	33,456	69.5	3,558.94

(Reference) Equity: As of November 30, 2019: ¥33,281 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	–	20.00	–		
Fiscal year ending February 29, 2020 (Forecast)				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	60,700	(6.4)	50	(51.0)	100	(52.3)	60	–	6.43

(Note) Revision of forecast results from recently announced figures: Yes

***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):

November 30, 2019	9,600,000 shares
February 28, 2019	9,600,000 shares

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

November 30, 2019	272,117 shares
February 28, 2019	272,653 shares

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

Nine months ended November 30, 2019	9,327,381 shares
Nine months ended November 30, 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 nine months ended November 30, 2019, the Company continued to see sluggish sales of winter products and stagnant growth in the volume of orders for future seasons reflecting the higher average temperature and the stronger tendency of specialist retailers and GMS (mass retailers) to make “attracted-type” orders (placing product orders carefully after discerning the actual in-store demand trends). Under these circumstances, with respect to the consolidated performance for the nine months ended November 30, 2019, net sales was ¥46,979 million (7.6% decrease from the previous corresponding period).

As for profit, the Company registered operating profit of ¥410 million (6.7% increase from the previous corresponding period) and ordinary profit of ¥483 million (0.4% increase from the previous corresponding period) due to improved gross profit margin and reduced selling, general and administrative expenses as well as the contribution of its related subsidiaries. Profit attributable to owners of parent amounted to ¥383 million (loss of ¥1,284 million in the previous corresponding period) due to the absence of impairment loss of ¥1,376 million, which was recorded in the previous corresponding period.

Under the theme of “Back Home (back to the source),” the Company has been working to improve its gross profit margin by securing an adequate profit margin per client as well as broaden its planning efforts in and strengthen proposals of highly value-added product groups. By continuing these efforts, the Company will do its utmost to improve profitability.

(2) Qualitative Information on Financial Position

1) Assets

Current assets increased by ¥2,969 million compared with the end of the previous fiscal year, to ¥23,823 million, due primarily to increases of ¥734 million in cash and deposits and ¥2,495 million in notes and accounts receivable - trade.

Non-current assets decreased by ¥447 million compared with the end of the previous fiscal year, to ¥26,484 million, due primarily to decreases of ¥234 million in property, plant and equipment and ¥298 million in investment securities.

As a result, total assets increased by ¥2,521 million compared with the end of the previous fiscal year, to ¥50,307 million.

2) Liabilities

Liabilities increased by ¥2,437 million compared with the end of the previous fiscal year, to ¥16,766 million, due primarily to increases of ¥2,562 million in loans payable and ¥1,015 million in accounts payable – other, despite a decrease of ¥1,625 million in notes and accounts payable - trade.

3) Net assets

Net assets increased by ¥84 million compared with the end of the previous fiscal year, to ¥33,541 million,

due primarily to an increase of ¥172 million in retained earnings despite a decrease of ¥87 million in accumulated other comprehensive income.

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

The financial results forecast for the fiscal year ending February 29, 2020 announced on March 28, 2019 has been revised. For details, please refer to the “Notice Regarding Revision of Financial Results Forecast (in Japanese)” released today.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2019	As of November 30, 2019
Assets		
Current assets		
Cash and deposits	3,510	4,244
Notes and accounts receivable - trade	12,141	14,637
Inventories	4,131	4,114
Other	1,075	843
Allowance for doubtful accounts	(4)	(17)
Total current assets	20,853	23,823
Non-current assets		
Property, plant and equipment		
Land	16,938	16,772
Other, net	3,951	3,882
Total property, plant and equipment	20,889	20,655
Intangible assets	43	81
Investments and other assets		
Investment securities	4,771	4,473
Other	1,262	1,353
Allowance for doubtful accounts	(36)	(79)
Total investments and other assets	5,998	5,747
Total non-current assets	26,932	26,484
Total assets	47,785	50,307

(Millions of yen)

	As of February 28, 2019	As of November 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,574	4,949
Short-term loans payable	-	3,200
Current portion of long-term loans payable	950	837
Income taxes payable	48	230
Provision	126	224
Other	1,802	3,048
Total current liabilities	9,502	12,490
Non-current liabilities		
Long-term loans payable	2,450	1,925
Net defined benefit liability	233	287
Provision for directors' retirement benefits	176	176
Asset retirement obligations	175	182
Other	1,791	1,704
Total non-current liabilities	4,827	4,276
Total liabilities	14,329	16,766
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	24,297	24,469
Treasury shares	(571)	(570)
Total shareholders' equity	31,496	31,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,402	1,393
Deferred gains or losses on hedges	110	253
Revaluation reserve for land	162	0
Foreign currency translation adjustment	(21)	(66)
Remeasurements of defined benefit plans	45	29
Total accumulated other comprehensive income	1,698	1,610
Share acquisition rights	261	259
Total net assets	33,456	33,541
Total liabilities and net assets	47,785	50,307

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

(Millions of yen)

	For the nine months ended November 30, 2018	For the nine months ended November 30, 2019
Net sales	50,842	46,979
Cost of sales	41,024	37,572
Gross profit	9,817	9,406
Provision for sales returns	2	4
Gross profit - net	9,815	9,402
Selling, general and administrative expenses	9,430	8,992
Operating profit	384	410
Non-operating income		
Interest income	18	7
Dividend income	63	71
Other	93	71
Total non-operating income	176	150
Non-operating expenses		
Interest expenses	60	58
Other	18	18
Total non-operating expenses	78	77
Ordinary profit	481	483
Extraordinary income		
Gain on sales of investment securities	-	16
Gain on sales of non-current assets	0	116
Total extraordinary income	0	132
Extraordinary losses		
Impairment loss	1,376	95
Loss on valuation of investment securities	20	30
Other	1	4
Total extraordinary losses	1,398	129
Profit (loss) before income taxes	(916)	486
Income taxes	367	102
Profit (loss)	(1,284)	383
Profit (loss) attributable to owners of parent	(1,284)	383

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended November 30, 2018	For the nine months ended November 30, 2019
Profit (loss)	(1,284)	383
Other comprehensive income		
Valuation difference on available-for-sale securities	(198)	(8)
Deferred gains or losses on hedges	946	143
Revaluation reserve for land	(0)	-
Foreign currency translation adjustment	(22)	(44)
Remeasurements of defined benefit plans, net of tax	(1)	(16)
Total other comprehensive income	723	74
Comprehensive income	(561)	457
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(561)	457

(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.