

# Consolidated Financial Results for the Three Months Ended May 31, 2020 [Japanese GAAP]



July 10, 2020

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)  
 Representative: Kazuo Taki, Representative Director, CEO  
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 Scheduled date of commencing dividend payments: –  
 Scheduled date for filing of quarterly securities report: July 15, 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 Three Months Ended May 31, 2020 (March 1, 2020 to May 31, 2020)

(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, 2020	11,718	(26.1)	(173)	–	(142)	–	(249)	–
Three months ended May 31, 2019	15,863	(11.3)	262	(40.8)	274	(41.9)	215	(32.7)

(Note) Comprehensive income: Three months ended May 31, 2020: ¥(146) million [–%]  
 Three months ended May 31, 2019: ¥(392) million [–%]

	Earnings per share	Diluted earnings per share
	yen	yen
Three months ended May 31, 2020	(26.75)	–
Three months ended May 31, 2019	23.12	22.77

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of May 31, 2020	46,676	32,281	68.6	3,434.02
As of February 29, 2020	44,694	32,619	72.4	3,469.15

(Reference) Equity: As of May 31, 2020: ¥32,022 million  
 As of February 29, 2020: ¥32,359 million

## 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 29, 2020	–	20.00	–	20.00	40.00
Fiscal year ending February 28, 2021	–				
Fiscal year ending February 28, 2021 (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 28, 2021 (March 1, 2020 to February 28, 2021)

(% 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	–	–	–	–	–	–	–	–	–

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

\*The consolidated financial results forecast for the fiscal year ending February 28, 2021 is currently yet to be determined, since it is difficult to reasonably calculate the effect of the coronavirus disease (COVID-19). The Company will disclose the forecast when reasonable calculation becomes possible.

**\*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, 2020	9,600,000 shares
February 29, 2020	9,600,000 shares

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

May 31, 2020	275,017 shares
February 29, 2020	272,117 shares

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

Three months ended May 31, 2020	9,326,733 shares
Three months ended May 31, 2019	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

During the three months ended May 31, 2020, the Company restructured its organization at the beginning of the period and started operating in an organization divided in age segments for both ladies' apparel and baby and kids' apparel. The Company has been working with external experts to review its planning and proposal process and improve its product planning capabilities.

However, due to the significant impact of people's refraining from going out, shorter operating hours or temporary closures of commercial facilities, etc. caused by the spread of the coronavirus disease (COVID-19), it has become an extremely difficult environment for activities for getting orders and selling products. As a result, net sales were ¥11,718 million (26.1% decrease from the previous corresponding period).

As for profit and loss, selling, general and administrative expenses decreased by 9.1% from the previous corresponding period, due to a decrease in logistics expenses and a decrease in travel and other expenses owing to company-wide remote work efforts. However, the decreases were not enough to offset the decrease in gross profit attributable to the decrease in net sales. Consequently, the Company registered the operating loss of ¥173 million (operating profit of ¥262 million in the previous corresponding period), ordinary loss of ¥142 million (ordinary profit of ¥274 million in the previous corresponding period) and loss attributable to owners of parent of ¥249 million (profit of ¥215 million in the previous corresponding period).

### (2) Qualitative Information on Financial Position

#### 1) Assets

Current assets increased by ¥1,860 million compared with the end of the previous fiscal year, to ¥20,701 million, due primarily to increases of ¥2,177 million in cash and deposits and ¥937 million in inventories despite a decrease of ¥1,814 million in notes and accounts receivable - trade.

Non-current assets increased by ¥121 million compared with the end of the previous fiscal year, to ¥25,975 million, due primarily to increases of ¥40 million in property, plant and equipment and ¥61 million in investment securities.

As a result, total assets increased by ¥1,981 million compared with the end of the previous fiscal year, to ¥46,676 million.

#### 2) Liabilities

Liabilities increased by ¥2,319 million compared with the end of the previous fiscal year, to ¥14,394 million, due primarily to an increase of ¥4,850 million in borrowings despite a decrease of ¥2,019 million in notes and accounts payable - trade.

#### 3) Net assets

Net assets decreased by ¥337 million compared with the end of the previous fiscal year, to ¥32,281 million, due primarily to a decrease of ¥436 million in retained earnings.

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

As announced in the "Notice regarding revision of the business performance forecast" issued on May 25, 2020, the financial results forecast has been set to a pending status as it is difficult to reasonably calculate the figures at present due to the impact of COVID-19.

Once it becomes possible to determine the figures, the Company will announce them.

## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2020	As of May 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	3,406	5,584
Notes and accounts receivable - trade	11,286	9,472
Inventories	3,540	4,477
Other	621	1,178
Allowance for doubtful accounts	(13)	(11)
Total current assets	18,840	20,701
Non-current assets		
Property, plant and equipment		
Land	16,772	16,772
Other, net	3,943	3,984
Total property, plant and equipment	20,715	20,756
Intangible assets	84	83
Investments and other assets		
Investment securities	3,721	3,782
Other	1,411	1,434
Allowance for doubtful accounts	(79)	(82)
Total investments and other assets	5,053	5,134
Total non-current assets	25,853	25,975
Total assets	44,694	46,676

(Millions of yen)

	As of February 29, 2020	As of May 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,813	2,794
Short-term borrowings	-	2,000
Current portion of long-term borrowings	925	1,425
Income taxes payable	173	35
Provisions	124	208
Other	2,474	1,986
Total current liabilities	8,511	8,450
Non-current liabilities		
Long-term borrowings	1,525	3,875
Retirement benefit liability	192	170
Provision for retirement benefits for directors (and other officers)	176	165
Asset retirement obligations	187	193
Other	1,482	1,540
Total non-current liabilities	3,563	5,943
<b>Total liabilities</b>	<b>12,074</b>	<b>14,394</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	24,131	23,695
Treasury shares	(570)	(574)
Total shareholders' equity	31,332	30,891
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	953	979
Deferred gains or losses on hedges	110	202
Revaluation reserve for land	0	0
Foreign currency translation adjustment	(43)	(57)
Remeasurements of defined benefit plans	6	6
Total accumulated other comprehensive income	1,027	1,130
Share acquisition rights	259	259
<b>Total net assets</b>	<b>32,619</b>	<b>32,281</b>
<b>Total liabilities and net assets</b>	<b>44,694</b>	<b>46,676</b>

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

	(Millions of yen)	
	For the three months ended May 31, 2019	For the three months ended May 31, 2020
Net sales	15,863	11,718
Cost of sales	12,582	9,151
Gross profit	3,281	2,566
Provision for sales returns	(1)	(5)
Gross profit - net	3,282	2,571
Selling, general and administrative expenses	3,019	2,745
Operating profit (loss)	262	(173)
Non-operating income		
Interest income	2	1
Dividend income	17	18
Dividend income of insurance	15	9
Subsidy income	10	10
Other	8	14
Total non-operating income	54	54
Non-operating expenses		
Interest expenses	22	12
Foreign exchange losses	14	4
Commission expenses	5	5
Other	0	1
Total non-operating expenses	42	23
Ordinary profit (loss)	274	(142)
Extraordinary income		
Gain on sales of investment securities	16	-
Gain on sales of non-current assets	1	-
Total extraordinary income	18	-
Extraordinary losses		
Loss on sales of investment securities	4	-
Loss on valuation of investment securities	-	32
Impairment loss	-	42
Loss on retirement of non-current assets	0	2
Total extraordinary losses	4	78
Profit (loss) before income taxes	288	(221)
Income taxes	72	28
Profit (loss)	215	(249)
Profit (loss) attributable to owners of parent	215	(249)



Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the three months ended May 31, 2019	For the three months ended May 31, 2020
Profit (loss)	215	(249)
Other comprehensive income		
Valuation difference on available-for-sale securities	(310)	25
Deferred gains or losses on hedges	(298)	91
Foreign currency translation adjustment	5	(14)
Remeasurements of defined benefit plans, net of tax	(5)	(0)
Total other comprehensive income	(608)	103
Comprehensive income	(392)	(146)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(392)	(146)

(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)

(Accounting estimates with regard to COVID-19)

Concerning the impact of COVID-19, it is difficult to give an outlook as to how it will spread and when it will end. However, based on the external information available at this time, etc., the Group has made accounting estimates on the assumption that the impact of the disease may remain throughout the period under review.