

Consolidated Financial Results for the Nine Months Ended November 30, 2023 [Japanese GAAP]



January 12, 2024

Company name: Takihyo Co., Ltd.

Code number: 9982

URL: <https://www.takihyo.co.jp>

Stock exchange listing: Tokyo Stock Exchange (Standard Market), Nagoya Stock Exchange (Premier Market)

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Scheduled date of commencing dividend payments: –

Scheduled date for filing of quarterly securities report: January 15, 2024

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, 2023 (March 1, 2023 to November 30, 2023)

(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, 2023	44,142	(7.9)	1,025	316.6	1,121	140.3	1,112	579.7
Nine months ended November 30, 2022	47,906	16.4	246	–	466	–	163	–

(Note) Comprehensive income: Nine months ended November 30, 2023: ¥1,543 million [–%]

Nine months ended November 30, 2022: ¥(307) million [–%]

	Earnings per share	Diluted earnings per share
	yen	yen
Nine months ended November 30, 2023	120.73	120.04
Nine months ended November 30, 2022	17.80	17.64

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of November 30, 2023	49,324	29,170	58.9	3,171.41
As of February 28, 2023	47,121	27,868	58.9	3,014.62

(Reference) Equity: As of November 30, 2023: ¥29,075 million

As of February 28, 2023: ¥27,740 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 28, 2023	–	10.00	–	10.00	20.00
Fiscal year ending February 29, 2024	–	10.00	–		
Fiscal year ending February 29, 2024 (Forecast)				10.00	20.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% 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	60,000	(2.9)	400	323.5	400	31.7	400	–	43.50

(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):

November 30, 2023	9,300,000 shares
February 28, 2023	9,500,000 shares

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

November 30, 2023	131,832 shares
February 28, 2023	297,868 shares

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

Nine months ended November 30, 2023	9,212,109 shares
Nine months ended November 30, 2022	9,193,882 shares

* These consolidated quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms.

* 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

For the nine months ended November 30, 2023, the clothing market followed a recovery path due primarily to an increase in outing opportunities with COVID-19 pandemic settling down. In addition, we have been working on reflecting cost increases due to persistently high raw material prices and the further depreciation of the yen in selling prices to certain extent, while taking a thorough sales stance to secure appropriate profits.

As a result, for the nine months ended November 30, 2023, net sales, operating profit, ordinary profit, and profit attributable to owners of parent were ¥44,142 million (a 7.9% decrease from the previous corresponding period), ¥1,025 million (a 316.6% increase from the previous corresponding period), ¥1,121 million (a 140.3% increase from the previous corresponding period), and ¥1,112 million (a 579.7% increase from the previous corresponding period), respectively.

For the full-year forecast for the fiscal year ending February 29, 2024, we have decided to leave it unchanged due to weak additional orders for the autumn and winter season in 2023 affected by warm winter and consequently severe situation for orders for the spring and summer season in 2024.

The Company has been working on the “Revitalization Plan (Plan to Run a Chronic Surplus Again)” as a three-year plan for the fiscal years from 2022 to 2024 with a focus on the recovery of earning power for our wholesale business as our biggest challenge. At the same time, given the persistently weak yen trend and an increase in overseas production costs, the Company will continue to strive for strengthening its revenue bases by reviewing unprofitable businesses.

(2) Qualitative Information on Financial Position

1) Assets

Current assets increased by ¥1,731 million compared with the end of the previous fiscal year, to ¥24,644 million, due to an increase in notes and accounts receivable - trade. Non-current assets increased by ¥472 million compared with the end of the previous fiscal year, to ¥24,680 million, due to an increase in investment securities. As a result, total assets increased by ¥2,203 million compared with the end of the previous fiscal year, to ¥49,324 million.

2) Liabilities

Liabilities increased by ¥901 million compared with the end of the previous fiscal year, to ¥20,153 million, due to an increase in accounts payable - other.

3) Net assets

Net assets increased by ¥1,302 million compared with the end of the previous fiscal year, to ¥29,170 million, due to increases in retained earnings and valuation difference on available-for-sale securities, and a decrease in treasury shares by cancellation.

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

The financial results forecast has not changed since its earlier announcement on April 14, 2023.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	3,333	3,821
Notes and accounts receivable - trade	12,366	14,052
Inventories	6,267	5,933
Other	949	839
Allowance for doubtful accounts	(5)	(2)
Total current assets	22,912	24,644
Non-current assets		
Property, plant and equipment		
Land	16,660	16,656
Other, net	3,350	3,189
Total property, plant and equipment	20,010	19,846
Intangible assets	59	170
Investments and other assets		
Investment securities	3,000	3,520
Retirement benefit asset	112	73
Other	1,065	1,112
Allowance for doubtful accounts	(39)	(41)
Total investments and other assets	4,138	4,664
Total non-current assets	24,208	24,680
Total assets	47,121	49,324

(Millions of yen)

	As of February 28, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,632	4,764
Short-term borrowings	5,000	4,500
Current portion of long-term borrowings	1,200	1,600
Income taxes payable	88	248
Provisions	89	153
Other	2,364	3,340
Total current liabilities	14,375	14,607
Non-current liabilities		
Long-term borrowings	3,000	3,550
Retirement benefit liability	52	46
Provision for retirement benefits for directors (and other officers)	11	11
Asset retirement obligations	205	213
Other	1,607	1,725
Total non-current liabilities	4,876	5,546
Total liabilities	19,252	20,153
Net assets		
Shareholders' equity		
Share capital	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	19,844	20,401
Treasury shares	(556)	(209)
Total shareholders' equity	27,058	27,962
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,127	1,488
Deferred gains or losses on hedges	(642)	(614)
Revaluation reserve for land	0	5
Foreign currency translation adjustment	125	170
Remeasurements of defined benefit plans	71	64
Total accumulated other comprehensive income	682	1,113
Share acquisition rights	127	95
Total net assets	27,868	29,170
Total liabilities and net assets	47,121	49,324

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

(Millions of yen)

	For the nine months ended November 30, 2022	For the nine months ended November 30, 2023
Net sales	47,906	44,142
Cost of sales	38,848	34,426
Gross profit	9,057	9,716
Selling, general and administrative expenses	8,811	8,691
Operating profit	246	1,025
Non-operating income		
Interest income	7	4
Dividend income	65	59
Foreign exchange gains	169	61
Other	45	52
Total non-operating income	288	178
Non-operating expenses		
Interest expenses	60	81
Other	6	0
Total non-operating expenses	67	81
Ordinary profit	466	1,121
Extraordinary income		
Gain on sale of investment securities	275	—
Gain on sale of non-current assets	73	224
Other	—	22
Total extraordinary income	348	247
Extraordinary losses		
Premium allowance of retirement	491	—
Other	53	0
Total extraordinary losses	545	0
Profit before income taxes	270	1,368
Income taxes	106	256
Profit	163	1,112
Profit attributable to owners of parent	163	1,112

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended November 30, 2022	For the nine months ended November 30, 2023
Profit	13	112
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	3
Deferred gains or losses on hedges	(26)	8
Revaluation reserve for land	-	4
Foreign currency translation adjustment	8	5
Remeasurements of defined benefit plans, net of tax	7	6
Total other comprehensive income	(47)	4
Comprehensive income	(37)	153
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(37)	153

(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.

3. Others

(Significant Events on Going Concern Assumption)

The Group recorded negative operating cash flows for three consecutive terms in the previous fiscal year. In light of the above, the Group recognizes that events or situations that raise significant doubts about the going concern assumption exist.

In order to resolve this situation as soon as possible, the Group has been working on “Revitalization Plan (Plan to Run a Chronic Surplus Again).”

In terms of funds, the Group has cash and deposits of ¥3,821 million as of November 30, 2023. In order to efficiently raise operating funds, we have concluded an overdraft agreement with our bank to secure the necessary funds. In addition, the Group owns investment securities of ¥3,520 million and land that is not pledged of ¥16,656 million. Furthermore, as the Group has a sufficient financial base with a net asset balance of ¥29,170 million, it believes that there is no significant uncertainty regarding a going concern assumption.