

## Translation

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February 9, 2021

# CONSOLIDATED FINANCIAL RESULTS for the First Nine Months of the Fiscal Year Ending March 31, 2021 <under Japanese GAAP>

Company name: TOMY COMPANY, LTD.  
Listing: First Section of the Tokyo Stock Exchange  
Securities identification code: 7867  
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Scheduled date to file quarterly securities report: February 10, 2021  
Scheduled date to commence dividend payments: –  
Supplementary material on quarterly financial results: No  
Quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(in millions of yen with fractional amounts discarded, unless otherwise noted)

## 1. Consolidated performance for the first nine months of the fiscal year ending March 31, 2021 (From April 1, 2020 to December 31, 2020)

### (1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

Nine months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	110,515	(16.3)	7,872	(35.5)	7,456	(36.9)	5,477	(16.9)
December 31, 2019	131,977	(6.8)	12,202	(19.2)	11,817	(21.3)	6,590	(36.6)

(Note) Comprehensive income  
Nine months ended December 31, 2020: 3,024 million yen [(53.8)%]  
Nine months ended December 31, 2019: 6,542 million yen [(48.7)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
December 31, 2020	58.14	58.11
December 31, 2019	69.12	69.05

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
December 31, 2020	151,647	67,412	44.2	711.98
March 31, 2020	129,253	67,410	51.6	703.07

Reference: Equity  
As of December 31, 2020: 67,030 million yen  
As of March 31, 2020: 66,649 million yen

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2020	–	15.00	–	15.00	30.00
Fiscal year ending March 31, 2021	–	7.50	–		
Fiscal year ending March 31, 2021 (Forecast)				7.50	15.00

Note: Revisions to the cash dividend forecasts most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021

(From April 1, 2020 to March 31, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Fiscal year ending March 31, 2021	145,000	(12.0)	5,500	(48.5)	5,500	(46.1)	3,000	(33.4)	31.79

Note: Revisions to the consolidated earnings forecasts most recently announced: None

\* Notes

- (1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 company (company name: Fat Brain Holdings, LLC)

Excluded: –

- (2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes

Note: For more details, please refer to the section of “(4) Notes Regarding Consolidated Financial Statements, (Application of specific accounting for preparing quarterly consolidated financial statements)” of “2. Consolidated Financial Statements and Significant Notes Thereto” on page 17 of the attached material.

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

A. Changes in accounting policies due to revisions to accounting standards: None

B. Changes in accounting policies due to other reasons: None

C. Changes in accounting estimates: None

D. Restatement: None

- (4) Number of issued shares (common shares)

- A. Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2020	96,290,850 shares
As of March 31, 2020	96,290,850 shares

- B. Number of treasury shares at the end of the period

As of December 31, 2020	2,143,697 shares
As of March 31, 2020	1,493,222 shares

- C. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2020	94,223,086 shares
Nine months ended December 31, 2019	95,354,766 shares

\* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or audit corporation.

\* Proper use of earnings forecasts, and other special matters

Regarding future forecasts, please refer to “(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements,” under “1. Qualitative Information Regarding Consolidated Operating Results,” on page 10.

A financial results presentation meeting for institutional investors and analysts will be held via telephone conference on February 9, 2021.

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# 1. Qualitative Information Regarding Consolidated Operating Results

## (1) Explanation of Operating Results

(Highlights of First Nine Months of the Fiscal Year Ending March 31, 2021)

(Impacts etc. of the novel coronavirus disease (COVID-19))

- Production side

While some products' roll-out was delayed at the beginning of the fiscal year, resulting in the loss of sales opportunities, factories in China, Vietnam, and Thailand are currently operating as normal.

- Demand side

The recovery was delayed more than expected in the retail business, such as KIDDY LAND and TOMICA Shop and PLARAIL Shop, and the event business including TOMICA EXPO and PLARAIL EXPO, due to factors such as the postponement of movie releases, and the cancellation, postponement, and the scaling-down of various events, in addition to the impacts of continuous self-restraint situations brought about by the nationwide upsurge in the number of infection cases in and after October, while the state of emergency issued in spring was lifted to relax the restrictions on consumers' outings, and temporary closures and shortened operating hours at stores. On the other hand, the toy business continued to enjoy growing popularity among products catering to stay-at-home demand and further rise in e-commerce purchases.

- Response of the TOMY Group

The TOMY Group implemented measures to prevent the spread of infections, including promoting remote working to drastically reduce instances of employees leaving their homes and attending workplaces, as well as prohibiting external business meal meetings and both overseas and domestic business trips in principle.

(Consolidated performance)

- Net sales

Net sales were ¥110,515 million (down 16.3 % year on year) as expected by the Company. With regard to TOMICA celebrating its 50th anniversary in 2020, we further promoted various activities, such as the commencement of broadcasting TV animation, TOMICA EARTH GRANNER, from April, the introduction of the related products to the market, and TOMICA 50th anniversary collaboration project with automakers. Overseas-bound exports of BEYBLADE BURST trended robust due in part to the continued broadcasting of the TV animation in North America. The trading card game, DUEL MASTERS, was well received owing to the revision to its product mix amid an intensifying competitive market environment. Family games such as THE GAME OF LIFE and POP-UP PIRATE trended favorably due to stay-at-home demand amid the COVID-19 pandemic. In addition, the Group launched a number of products for the year-end shopping spree, such as TOMICA Double action Building, SEW COOL Sumikkogurashi, and THE GAME OF LIFE Jumbo Dream, which have a high distribution reputation. On the other hand, sales recovery was delayed in the retail business, the event business, etc. In October, the Fat Brain Group, an independent U.S. toy company, became a subsidiary of TOMY International, Inc. and was included in the scope of consolidation.

- Profit

Operating profit was ¥7,872 million (down 35.5 % year on year), and ordinary profit was ¥7,456 million (down 36.9 % year on year). Although net sales decreased, the sluggish retail business and event business were made up for by the recovery in the toy business with high gross margin for the first nine months of the fiscal year. In addition, profit attributable to owners of parent was ¥5,477 million (down 16.9% year on year) due in part to posting ¥1,182 million of extraordinary income including gain on sales of cross-shareholdings, despite the recognition of ¥679 million of extraordinary loss on COVID-19, including fixed expenses (personnel expense and depreciation expense) incurred at retail stores etc. that had temporary closures following the declaration of the state of emergency. As stated above, profit decreased year on year; however, the businesses remained firm beyond the Company's expectations.

## (Overview of Reportable Segments)

## &lt;Overview of operating results by segment&gt;

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2020	First nine months of the fiscal year ending March 31, 2021	Change	Rate of change (%)
Net sales	131,977	110,515	(21,461)	(16.3)
Japan	112,637	89,852	(22,784)	(20.2)
Americas	13,164	16,684	3,520	26.7
Europe	4,699	4,920	221	4.7
Oceania	1,167	1,490	323	27.7
Asia (excl. Japan)	43,245	33,666	(9,578)	(22.1)
Eliminations and corporate	(42,936)	(36,100)	6,835	-
Operating profit/ (loss)	12,202	7,872	(4,330)	(35.5)
Japan	14,162	8,649	(5,512)	(38.9)
Americas	(39)	414	454	-
Europe	(518)	64	582	-
Oceania	(119)	109	228	-
Asia (excl. Japan)	1,076	820	(256)	(23.8)
Eliminations and corporate	(2,359)	(2,185)	173	-

## Japan

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2020	First nine months of the fiscal year ending March 31, 2021	Change
Net sales	112,637	89,852	(22,784)
Operating profit	14,162	8,649	(5,512)

Net sales were ¥89,852 million (down 20.2% year on year) and operating profit was ¥8,649 million (down 38.9% year on year).

The recovery was delayed more than expected in the retail business, such as KIDDY LAND and TOMICA Shop and PLARAIL Shop, and the event business including TOMICA EXPO and PLARAIL EXPO, due to factors such as the postponement of movie releases, the cancellation, postponement, and the scaling-down of various events, and a significant decline in inbound consumption, in addition to the impacts of continuous self-restraint situations brought about by the nationwide upsurge in the number of COVID-19 infection cases in and after October, while the state of emergency issued in spring was lifted to relax the restrictions on consumers' outings, and temporary closures and shortened operating hours at stores. On the other hand, products catering to stay-at-home demand continued to gain popularity and e-commerce purchases further increased.

As for TOMICA celebrating its 50th anniversary in 2020, we continued to roll out products related to TOMICA EARTH GRANNER whose TV animation began its broadcasting in April and also further promoted various activities, such as the TOMICA 50th anniversary collaboration project with automakers and collaboration with apparel companies and others. Domestic sales of BEYBLADE BURST launched in the summer of 2015 were on the downward trend, while exports to overseas markets, mainly in North America, grew steadily, thanks to factors including the TV animation's continued broadcasting. The trading card game, DUEL MASTERS, was well received owing to the revision to its product mix amid an intensifying competitive environment. BOTTLEMAN, a plastic bottle cap shooter, gained popularity, partly because it became a hot topic on the SNS before its release. Pokémon related toys such as the LCD toy, SMAPHO ROTOM, remained strong, and Pokémon Mezastar, a new amusement machine, was launched in September. For girls' products, the LCD toy, Sumikkogurashi Sumikko Catch, became available on sale in July and boasted great popularity. Also, LICCA dolls such as LICCA Yumeiro Colorful Change gained popularity and remained robust. On the other hand, a momentum calmed down in the surprise toys category.

Products related to the popular TV animation, PAW Patrol, which gained great popularity overseas, remained strong. ANIA, which features a range of hand-held size animal action figures to be moved and played, also recorded robust sales, partly owing to the expansion of its line-up. Also, products that can be enjoyed at home drew attention due to consumers voluntarily staying at home. Among those products that recorded higher sales were family games such as the board game, THE GAME OF LIFE, and the party game, POP-UP PIRATE. Further, baby-related products such as Winnie the Pooh 6-way Mobile Baby Gym were strong coupled with the constant sales trend.

DUEL MASTERS PLAY'S, a card game app, whose distribution launched in December 2019, offered the periodic release of the new card packs. We stepped up our efforts to strengthen the promotion to roll out the products continuously by hosting the First Anniversary Commemorative Campaign in December 2020. Furthermore, the Group launched a number of products for the year-end shopping spree, such as TOMICA Double action Building, SEW COOL Sumikkogurashi, and THE GAME OF LIFE Jumbo Dream, which have a high distribution reputation.

## Americas

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2020	First nine months of the fiscal year ending March 31, 2021	Change
Net sales	13,164	16,684	3,520
Operating profit/ (loss)	(39)	414	454

Net sales were ¥16,684 million (up 26.7% year on year) and operating profit was ¥414 million (operating loss of ¥39 million in the same period of the previous year).

The enforcement of lockdowns in spring and the additional outing restrictions following it due to the spread of COVID-19 boosted stay-at-home demand and e-commerce purchases.

Baby products remained strong on the back of increasing demand for baby tableware, chamber pots for toilet training, and bath-related products categorized as essential daily goods because of customers spending long hours at home. Agricultural machinery toys recorded brisk sales due in part to growing popularity of ride-on toys that can be played in the consumer's front/backyard during the lockdown. In addition, the Fat Brain Group became a subsidiary of TOMY International, Inc. in October.

## Europe

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2020	First nine months of the fiscal year ending March 31, 2021	Change
Net sales	4,699	4,920	221
Operating profit/ (loss)	(518)	64	582

Net sales were ¥4,920 million (up 4.7% year on year), and operating profit was ¥64 million (operating loss of ¥518 million in the same period of the previous year).

The enforcement of lockdowns and other related factors due to the continuous spread of COVID-19 stimulated stay-at-home demand and e-commerce purchases.

Family games attracted attention owing to the COVID-19 pandemic, and board games and an action game, DRUMOND PARK Brand Product, trended favorably. Sales of preschool-related products, including TOOMIES, remained steady, and agricultural machinery toys of our core brands recorded robust sales.

Further, we have continued the roll-out of products related to the TV animation *Ricky Zoom* since March.

## Oceania

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2020	First nine months of the fiscal year ending March 31, 2021	Change
Net sales	1,167	1,490	323
Operating profit/ (loss)	(119)	109	228

Net sales were ¥1,490 million (up 27.7% year on year), and operating profit was ¥109 million (operating loss of ¥119 million in the same period of the previous year). with successfully gaining the popularity of some preschool products, such as Animal Sounds Hay Ride, which trended robustly in agricultural machinery toys line-up.

Oceania saw the stronger stay-home-demand following the continued outing restrictions imposed from July in some parts of the regions following the lockdown measures enforced in spring due to the spread of COVID-19.

Sales of preschool related products along with baby products treated as essential daily products remained strong.



## Asia (excl. Japan)

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2020	First nine months of the fiscal year ending March 31, 2021	Change
Net sales	43,245	33,666	(9,578)
Operating profit	1,076	820	(256)

Net sales were ¥33,666 million (down 22.1% year on year), and operating profit was ¥820 million (down 23.8% year on year) due to a drop in the sales of boys-related products, including BEYBLADE BURST, and because the sale of movie-related products rolled out in the previous fiscal year has come full circle. On the production side, amid the spread of COVID-19, the operation has been normal in China, Vietnam, and Thailand. On the demand side, the lockdowns enforced in spring in various countries and regions and additional restrictions imposed on outings issued in some countries and regions has significantly affected the purchasing trends.

(2) Overview of Financial Position

Assets, Liabilities and Net Assets

<Assets>

At the end of the third quarter of the fiscal year ending March 31, 2021, current assets stood at ¥106,586 million, up ¥19,432 million from the end of the previous fiscal year ended March 31, 2020. This is mainly attributable to increases in notes and accounts receivable - trade, cash and deposits, and merchandise and finished goods.

Non-current assets stood at ¥45,061 million, up ¥2,961 million from the end of the previous fiscal year. This is mainly attributable to increases in property, plant and equipment and intangible assets.

<Liabilities>

At the end of the third quarter, current liabilities stood at ¥45,634 million, up ¥9,296 million from the end of the previous fiscal year. This is mainly attributable to increases in current portion of long-term borrowings, accrued expenses, notes and accounts payable - trade, and short-term borrowings.

Non-current liabilities stood at ¥38,600 million, up ¥13,095 million from the end of the previous fiscal year. This is mainly attributable to increases in long-term borrowings and lease obligations.

<Net assets>

At the end of the fiscal year ended March 31, 2020, total net assets were ¥67,412 million, up ¥2 million from the end of the previous fiscal year. This is mainly attributable to an increase in retained earnings, despite a decrease in foreign currency translation adjustment and purchase of treasury shares.

Cash Flows

Cash and cash equivalents (hereafter “cash”) at the end of the third quarter of the fiscal year ending March 31, 2021 was ¥56,271 million, an increase of ¥9,366 million compared with the end of the previous fiscal year ended March 31, 2020.

Net cash provided by operating activities was ¥7,442 million, compared with ¥4,178 million used in the same period a year earlier. The main factors are profit before income taxes of ¥7,734 million, depreciation of ¥4,472 million, an increase in accrued expenses of ¥1,783 million and an increase in trade payables of ¥1,693 million, despite an increase in trade receivables of ¥11,256 million.

Net cash used in investing activities was ¥8,238 million, compared with ¥2,551 million used in the same period a year earlier. Cash was mainly used for purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥4,319 million and purchase of property, plant and equipment of ¥3,830 million.

Net cash provided by financing activities was ¥10,269 million, compared with ¥9,269 million used in the same period a year earlier. Cash was mainly used for proceeds from long-term loans payable of ¥17,133 million, despite repayments of long-term loans payable of ¥3,980 million and repayments of finance lease obligations of ¥3,491 million.

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

No changes have been made to the earnings forecasts that were announced on August 13, 2020.

## 2. Consolidated Financial Statements and Significant Notes Thereto

### (1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	47,009	56,378
Notes and accounts receivable - trade	17,946	29,295
Merchandise and finished goods	13,370	14,182
Work in process	625	419
Raw materials and supplies	1,013	925
Other	7,350	5,562
Allowance for doubtful accounts	(162)	(177)
Total current assets	87,153	106,586
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,720	12,836
Accumulated depreciation	(8,321)	(8,552)
Accumulated impairment loss	(349)	(343)
Buildings and structures, net	4,048	3,940
Machinery, equipment and vehicles	2,538	2,548
Accumulated depreciation	(1,975)	(2,056)
Accumulated impairment loss	(33)	(30)
Machinery, equipment and vehicles, net	529	461
Tools, furniture and fixtures	22,780	23,383
Accumulated depreciation	(20,978)	(21,530)
Accumulated impairment loss	(723)	(747)
Tools, furniture and fixtures, net	1,078	1,106
Land	3,897	3,892
Leased assets	7,475	9,016
Accumulated depreciation	(4,014)	(3,820)
Accumulated impairment loss	(290)	(305)
Leased assets, net	3,170	4,890
Construction in progress	324	386
Total property, plant and equipment	13,048	14,676
Intangible assets		
Goodwill	14,772	16,593
Other	7,913	7,273
Total intangible assets	22,685	23,867
Investments and other assets		
Investment securities	3,190	2,715
Deferred tax assets	1,015	1,528
Other	2,187	2,300
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	6,365	6,517
Total non-current assets	42,099	45,061
Total assets	129,253	151,647

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,648	10,403
Short-term borrowings	5,980	7,029
Current portion of long-term borrowings	5,300	7,321
Lease obligations	2,550	2,632
Accounts payable - other	6,183	6,976
Accrued expenses	5,860	7,721
Income taxes payable	695	977
Provisions	297	352
Other	822	2,220
Total current liabilities	36,338	45,634
Non-current liabilities		
Long-term borrowings	18,375	29,484
Lease obligations	1,077	1,675
Deferred tax liabilities	638	698
Deferred tax liabilities for land revaluation	472	472
Provisions	526	522
Retirement benefit liability	2,912	2,993
Other	1,503	2,754
Total non-current liabilities	25,504	38,600
Total liabilities	61,843	84,235
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,459	3,459
Capital surplus	9,212	9,211
Retained earnings	44,980	48,330
Treasury shares	(1,257)	(1,807)
Total shareholders' equity	56,394	59,194
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,109	850
Deferred gains or losses on hedges	407	(42)
Revaluation reserve for land	624	624
Foreign currency translation adjustment	9,058	7,253
Remeasurements of defined benefit plans	(944)	(849)
Total accumulated other comprehensive income	10,255	7,836
Share acquisition rights	336	382
Non-controlling interests	423	-
Total net assets	67,410	67,412
Total liabilities and net assets	129,253	151,647

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Consolidated statement of income)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	131,977	110,515
Cost of sales	77,287	66,658
Gross profit	54,690	43,856
Selling, general and administrative expenses	42,487	35,984
Operating profit	12,202	7,872
Non-operating income		
Interest and dividend income	175	61
Rental income	104	108
Other	74	129
Total non-operating income	354	298
Non-operating expenses		
Interest expenses	211	187
Foreign exchange losses	387	299
Other	141	226
Total non-operating expenses	740	714
Ordinary profit	11,817	7,456
Extraordinary income		
Gain on sales of non-current assets	0	19
Gain on sales of investment securities	–	803
Gain on sale of receivables	23	–
Gain on reversal of share acquisition rights	1	58
Received settlement fee	188	–
Subsidies for employment adjustment	–	201
Other	–	100
Total extraordinary income	214	1,182
Extraordinary losses		
Loss on retirement of non-current assets	6	6
Impairment loss	1,914	55
Loss on COVID-19	–	679
Other	0	163
Total extraordinary losses	1,921	904
Profit before income taxes	10,109	7,734
Income taxes	3,486	2,294
Profit	6,623	5,440
Profit (loss) attributable to non-controlling interests	32	(37)
Profit attributable to owners of parent	6,590	5,477

## (Consolidated statement of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	6,623	5,440
Other comprehensive income		
Valuation difference on available-for-sale securities	192	(256)
Deferred gains or losses on hedges	53	(449)
Foreign currency translation adjustment	(382)	(1,804)
Remeasurements of defined benefit plans, net of tax	55	95
Total other comprehensive income	(80)	(2,415)
Comprehensive income	6,542	3,024
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,508	3,059
Comprehensive income attributable to non-controlling interests	33	(34)

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,109	7,734
Depreciation	5,162	4,472
Loss on retirement of non-current assets	6	6
Impairment loss	1,914	55
Amortization of goodwill	1,055	1,035
Gain on reversal of share acquisition rights	(1)	(58)
Received settlement fee	(188)	–
Subsidies for employment adjustment	–	(201)
Loss on COVID-19	–	679
Increase (decrease) in allowance for doubtful accounts	(274)	11
Increase (decrease) in provisions	(62)	53
Increase (decrease) in retirement benefit liability	63	173
Interest and dividend income	(175)	(61)
Interest expenses	211	187
Foreign exchange losses (gains)	164	(439)
Loss (gain) on sales of non-current assets	0	(19)
Loss (gain) on sales of investment securities	–	(803)
Decrease (increase) in trade receivables	(12,898)	(11,256)
Decrease (increase) in inventories	(3,944)	167
Decrease (increase) in prepaid expenses	(1,005)	166
Decrease (increase) in advance payments - trade	223	625
Increase (decrease) in trade payables	1,600	1,693
Increase (decrease) in accounts payable - other	(637)	878
Increase (decrease) in accrued expenses	(1,010)	1,783
Increase (decrease) in deposits received	439	725
Increase (decrease) in unearned revenue	(59)	481
Increase (decrease) in long-term unearned revenue	(39)	680
Other, net	(10)	1,001
Subtotal	643	9,773
Interest and dividends received	175	59
Interest paid	(229)	(170)
The receipt of settlement fee	188	–
Proceeds from subsidies for employment adjustment	–	201
Payments associated with loss on COVID-19	–	(460)
Income taxes paid	(4,957)	(1,962)
Net cash provided by (used in) operating activities	(4,178)	7,442
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,127)	(3,830)
Purchase of intangible assets	(1,342)	(1,007)
Proceeds from sales of investment securities	–	931
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(4,319)
Other, net	(81)	(13)
Net cash provided by (used in) investing activities	(2,551)	(8,238)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(850)	793
Proceeds from long-term borrowings	16,500	17,133
Repayments of long-term borrowings	(19,714)	(3,980)
Dividends paid	(3,019)	(2,109)
Repayments of finance lease obligations	(2,456)	(3,491)
Proceeds from disposal of treasury shares	157	0
Purchase of treasury shares	(1)	(549)
Proceeds from sale and leaseback transactions	213	2,969
Proceeds from liquidation of receivables	–	700
Repayments of credit fluidity	–	(700)
Other, net	(98)	(496)
Net cash provided by (used in) financing activities	(9,269)	10,269
Effect of exchange rate change on cash and cash equivalents	(184)	(106)
Net increase (decrease) in cash and cash equivalents	(16,184)	9,366
Cash and cash equivalents at beginning of period	53,817	46,904
Cash and cash equivalents at end of period	37,633	56,271



(4) Notes Regarding Consolidated Financial Statements

(Notes regarding assumption of going concern)

Nothing to note.

(Notes on significant changes in the amount of shareholders' equity)

Nothing to note.

(Application of specific accounting for preparing quarterly consolidated financial statements)

*Tax expense calculation*

Tax expenses on profit before income taxes for the nine months under review are calculated by multiplying profit before income taxes for the nine months under review by the reasonably estimated effective tax rate for the fiscal year including the third quarter under review after applying tax effect accounting.

(Additional information)

*Assumptions regarding the effects of COVID-19 used in accounting estimates*

It is still difficult to accurately predict when COVID-19 will come to a halt.

Based on the assumption that the impact of COVID-19 will not worsen from the situation at the end of the third quarter of the current fiscal year, the Group has made accounting estimates, including the recoverability of deferred tax assets and the valuation of goodwill, trademark usage rights and other intangible assets.

(Consolidated statement of income)

1. Impairment loss

During the first nine months of the fiscal year ended March 31, 2020, the TOMY Group recorded impairment loss on the following asset groups.

Use	Type	Location	Impairment loss (millions of yen)
Business assets	Intangible assets (other)	Dyersville, Iowa USA	606
Business assets	Intangible assets (other)	Katsushika, Tokyo	109
Business assets	Buildings, Machinery, equipment and vehicles, Tools, furniture and fixtures, Intangible assets (other)	Dandenong, Victoria, Australia	320
Business assets	Leased assets	Exeter, Devon, England, etc.	4
Idle assets	Land	Mibu, Tochigi	1
Stores among rental assets	Land	Mibu, Tochigi	0
–	Goodwill	Dandenong, Victoria, Australia	871

The TOMY Group classifies its business assets into groups by management account, which is based on associations according to location and type of business. For rental assets and idle assets, individual properties are grouped in the smallest units possible.

Regarding the asset groups of the above Australia business assets and goodwill, we have continuously recorded operating losses, and because the estimated amount of total future cash flow falls below the book value of the individual assets, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥1,191 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥871 million in goodwill, ¥298 million in intangible assets (other), ¥17 million in machinery, equipment and vehicles, ¥3 million in tools, furniture and fixtures, and ¥0 million in buildings. Furthermore, the utility value was used to measure the recoverable value, and because no future cash flow is expected, the utility value is valued at zero.

Regarding the above US business assets, due to the fact that the relevant assets' recoverability for certain licenses, etc. is not expected, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥606 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥606 million in intangible assets (other). Furthermore, the utility value was used to measure the recoverable value, and because no future cash flow is expected, the utility value is valued at zero.

Regarding the above business assets of Tokyo, due to a decrease in profitability of services using intangible assets, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥109 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥109 million in intangible assets (other). Furthermore, the utility value was used to measure the recoverable value, and because no future cash flow is expected, the utility value is valued at zero.

Regarding the above leased assets in England, the utility value was used to measure the recoverable value, and because no future cash flow is expected, the utility value is valued at zero.

Regarding the above idle assets and rental assets in Tochigi, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥1 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥1 million in land. Furthermore, the net sale value was used to measure the recoverable value.

For the first nine months of the fiscal year ended March 31, 2020, this information is omitted due to its immateriality.

2. Loss on COVID-19

It mainly includes fixed expenses (personnel expenses and depreciation, etc.) incurred at retail stores that had temporary closures following the declaration of the state of emergency, which was issued by the Japanese government on April 7, 2020, due to the effects of the spread of COVID-19.

## Segment information

I. First nine months of the fiscal year ended March 31, 2020 (April 1, 2019 to December 31, 2019)

### 1. Information regarding net sales and profit or loss by reportable segment

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Total
Net sales						
External customers	104,203	13,112	4,699	1,167	8,794	131,977
Inter-segment sales and transfers	8,434	51	–	–	34,450	42,936
Total	112,637	13,164	4,699	1,167	43,245	174,913
Segment profit (loss)	14,162	(39)	(518)	(119)	1,076	14,561

### 2. Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statement of income and details thereof (Reconciliation)

(Millions of yen)

Profit	Amount
Reportable segments total	14,561
Inter-segment eliminations	158
Corporate expenses (Note)	(2,517)
Operating profit on the quarterly consolidated statement of income	12,202

(Note) Corporate expenses primarily comprise general and administrative expenses not allocable to reportable segments.

### 3. Regional information

(Millions of yen)

	Japan	North America		Other	Total
			U.S.		
Net sales	88,738	21,609	20,001	21,629	131,977

(Note) Net sales are categorized into a country or region based on the customer's location.

II. First nine months of the fiscal year ending March 31, 2021 (April 1, 2020 to December 31, 2020)

1. Information regarding net sales and profit or loss by reportable segment

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Total
Net sales						
External customers	81,812	16,650	4,917	1,482	5,652	110,515
Inter-segment sales and transfers	8,040	33	3	8	28,014	36,100
Total	89,852	16,684	4,920	1,490	33,666	146,615
Segment profit	8,649	414	64	109	820	10,058

2. Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statement of income and details thereof  
(Reconciliation)

(Millions of yen)

Profit	Amount
Reportable segments total	10,058
Inter-segment eliminations	83
Corporate expenses (Note)	(2,269)
Operating profit on the quarterly consolidated statement of income	7,872

(Note) Corporate expenses primarily comprise general and administrative expenses not allocable to reportable segments.

3. Regional information

(Millions of yen)

	Japan	North America		Other	Total
			U.S.		
Net sales	68,645	24,661	23,179	17,207	110,515

(Note) Net sales are categorized into a country or region based on the customer's location.