

Translation

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MEMBERSHIP
May 10, 2022

CONSOLIDATED FINANCIAL RESULTS for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>

Company name: TOMY COMPANY, LTD.
 Listing: Prime Market of the Tokyo Stock Exchange
 Securities identification code: 7867
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Scheduled date of ordinary general meeting of shareholders: June 22, 2022
 Scheduled date to commence dividend payments: June 23, 2022
 Scheduled date to file securities report: June 23, 2022
 Supplementary material on financial results: Yes
 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 fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	165,448	17.2	12,344	74.4	12,666	76.7	9,114	69.6
March 31, 2021	141,218	(14.3)	7,079	(33.7)	7,170	(29.7)	5,374	19.2

Note: Comprehensive income
 Fiscal year ended March 31, 2022: 13,460 million yen [123.3%]
 Fiscal year ended March 31, 2021: 6,029 million yen [57.0%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	yen	yen	%	%	%
March 31, 2022	98.23	98.17	12.3	8.3	7.5
March 31, 2021	57.07	57.04	7.9	5.2	5.0

Reference: Equity in earnings (losses) of affiliates
 Fiscal year ended March 31, 2022: 3 million yen
 Fiscal year ended March 31, 2021: (7) million yen

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
March 31, 2022	156,090	79,174	50.5	860.74
March 31, 2021	147,614	69,928	47.1	742.45

Reference: Equity

As of March 31, 2022: 78,863 million yen

As of March 31, 2021: 69,534 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	16,405	(2,488)	(12,991)	65,310
March 31, 2021	18,064	(8,606)	6,817	63,548

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
Fiscal year ended	yen	yen	yen	yen	yen	Millions of yen	%	%
March 31, 2021	–	7.50	–	10.00	17.50	1,642	30.7	2.4
March 31, 2022	–	10.00	–	22.50	32.50	3,008	33.1	4.1
March 31, 2023 (Forecast)	–	17.50	–	15.00	32.50		40.2	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023

(From April 1, 2022 to March 31, 2023)

(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
Six months ending September 30, 2022 (cumulative)	80,000	3.9	5,500	(7.3)	5,400	(9.1)	3,500	(33.3)	37.72
Fiscal year ending March 31, 2023	170,000	2.8	12,000	(2.8)	11,800	(6.8)	7,500	(17.7)	80.83

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - A. Changes in accounting policies due to revisions to accounting standards: Yes
 - B. Changes in accounting policies due to other reasons: None
 - C. Changes in accounting estimates: None
 - D. Restatement: None

Note: For more details, please refer to the section of “(5) Notes Regarding Consolidated Financial Statements, (Changes in accounting policies)” of “3. Consolidated Financial Statements and Significant Notes Thereto” on page 22 of the attached material.

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

As of March 31, 2022	94,990,850 shares
As of March 31, 2021	96,290,850 shares

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

As of March 31, 2022	3,367,301 shares
As of March 31, 2021	2,634,292 shares

- C. Average number of shares during the period

Fiscal year ended March 31, 2022	92,785,249 shares
Fiscal year ended March 31, 2021	94,170,195 shares

Note: The Company has introduced “Performance-linked stock-based compensation system for Directors (excluding outside directors and part-time directors)” and “Performance-linked stock-based compensation system for Executive Officers.” Treasury shares remaining in the “Performance-linked stock-based compensation system for Directors (excluding outside directors and part-time directors)” and the “Performance-linked stock-based compensation system for Executive Officers” that are recorded as treasury shares in shareholders’ equity are included in treasury shares to be deducted in the calculation of the total number of issued shares at the end of the period for the calculation of net assets per share. They are also included in treasury shares to be deducted in the calculation of the average number of shares during the period for the calculation of profit per share.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to the section of “(4) Outlook for the Fiscal Year Ending March 31, 2023” of “1. Qualitative Information Regarding Consolidated Operating Results” on page 11 of [Attached Material] for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

A financial results presentation meeting for institutional investors and analysts will be held online on May 10, 2022. Materials for the financial results presentation meeting will be available on our website on the same day.

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1. Qualitative Information Regarding Consolidated Operating Results

(1) Explanation of Operating Results

(Highlights Full year of the Fiscal Year Ended March 31, 2022)

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

Restrictions on behavior, such as voluntarily staying at home, have continued intermittently due to repeated state of emergency declarations and their repeals. In addition, for the TOMY Group, the retail business, such as KIDDY LAND, TOMICA Shop, and PLARAIL Shop, and the event business including TOMICA EXPO and PLARAIL EXPO, were affected by the trend of postponement of movie releases, and the cancellation, postponement, and scaling-down of various events. The TOMY Group implemented measures to prevent the spread of infections, including continuing remote working to reduce instances of employees leaving their homes and attending workplaces, as well as continuing measures such as the prohibition on overseas business trips and voluntary restraint on domestic business trips. Furthermore, as part of measures to prevent the spread of COVID-19, the Company required everyone in the workplace to be vaccinated three times.

In addition, the business environment surrounding the Company became increasingly uncertain with new issues such as the sharp rise in the price of raw materials and severe foreign exchange movements caused by the sudden deterioration of the situation in Ukraine from 2022.

(Consolidated performance)

• Net sales

TOMICA “Transform! Deluxe Police Station,” which automatically transforms a police station building with the touch of a button, gained popularity. PLARAIL launched toys related to “SHINKALION Z,” which is the second season of the TV animation series that started airing in April 2021, and the “Packed with popular plays! PLARAIL BEST SELECTION SET.” For LICCA series, toys such as “LICCA with smoke and sizzle, lively barbecue” and “Licca Pet Clinic” gained popularity. For the trading card game DUEL MASTERS, proactive marketing ahead of the 20th anniversary of the series was also successful and sales grew substantially. For the Pokémon series, “MONSTER COLLECTION” and other related toys remained robust, while the Pokémon Pikatto Academy Kids PC, a PC for kids that enables them to learn while playing with Pokémon, enjoyed a surge in popularity. Overseas-bound exports of TRANSFORMERS grew, mainly in North America and Europe. Furthermore, “Punirunes,” the LCD toy launched in July, gained popularity as a product with more than 50 appealing characters that appear on an LCD screen, providing the ability to enjoy a curious sense of integration between digital and analog as if directly touching them, and sales grew. In addition, for amusement machines, Pokémon Mezastar, which was launched in September 2020, and Waccha PriMagi!, the 10th anniversary product of the Pretty Series that was launched from October 2021, gained popularity. In the GACHA capsule toy business, sales increased due to the expanded installation of large-scale GACHA sales spaces and because of related products using popular contents, amid a market environment where the popularity of GACHA capsule toys is growing.

Net sales were ¥165,448 million (up 17.2% year on year). This was due to the growth in toy shipments compared to the previous fiscal year amid various restrictions, despite the lingering effects of the trend of restrictions on consumers’ outings due to COVID-19 in the retail business and the event business, as well as increased popularity of GACHA capsule toys and amusement machines launched by T-ARTS Company, Ltd.

In October 2020, the Fat Brain Group, an independent U.S. toy company, became a subsidiary of TOMY International, Inc. and has been included in the scope of consolidation. The rollout of products also commenced in TOMY International Group’s European and Australian regions and business was steady.

• Profit

Operating profit was ¥12,344 million (up 74.4% year on year), and ordinary profit was ¥12,666 million (up 76.7% year on year). This was mainly attributable to an increase in gross profit due to steady net sales of mainstay toys, GACHA capsule toys, and amusement machines, as well as the progress of expense control based on the state of the spread of COVID-19 and in-store sales. In addition, in order to make flexible and efficient use of management resources and strengthen the financial position, the TOMY Group reviewed its assets retained, and then transferred real estate for office use, which is a

non-current asset owned by TOMY (Hong Kong) Ltd., a consolidated subsidiary of the Company, in the first three months. Including the gain on the transfer, an extraordinary income of ¥2,175 million was recorded. An extraordinary loss of ¥1,070 million was also recorded due to factors including partial asset impairment in the first nine months with the impact on the retail business from COVID-19 continuing from the previous fiscal year, which resulted in a profit attributable to owners of parent of ¥9,114 million (up 69.6% year on year).

(Overview of Reportable Segments)
 <Overview of operating results by segment>

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change	Rate of change (%)
Net sales	141,218	165,448	24,230	17.2
Japan	113,328	130,289	16,960	15.0
Americas	21,845	27,093	5,247	24.0
Europe	5,998	7,206	1,208	20.1
Oceania	1,917	2,358	441	23.0
Asia (excl. Japan)	41,458	46,974	5,516	13.3
Eliminations and corporate	(43,330)	(48,474)	(5,143)	–
Operating profit/(loss)	7,079	12,344	5,264	74.4
Japan	9,048	14,039	4,991	55.2
Americas	222	415	193	86.8
Europe	(75)	47	123	–
Oceania	113	173	60	53.4
Asia (excl. Japan)	724	1,297	572	79.1
Eliminations and corporate	(2,953)	(3,630)	(676)	–

Japan

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	113,328	130,289	16,960
Operating profit	9,048	14,039	4,991

Restrictions on behavior, such as voluntarily staying at home, have continued intermittently due to repeated state of emergency declarations and their repeals. For the TOMY Group, the retail business, such as KIDDY LAND, TOMICA Shop, and PLARAIL Shop, and the event business including TOMICA EXPO and PLARAIL EXPO, were affected by the trend of postponement of movie releases, and the cancellation, postponement, and scaling-down of various events.

TOMICA “Transform! Deluxe Police Station,” which automatically transforms sounds and voices and a police station building with the touch of a button, gained popularity. In addition, TOMICA launched the new series “TOMICA Premium unlimited,” targeted at adults and fans, reproducing cars that have appeared in movies, dramas, and comics. PLARAIL launched toys related to “SHINKALION Z,” which is the second season of the TV animation series that started airing in April 2021, and sales grew, while the “Packed with popular plays! PLARAIL BEST SELECTION SET” was well received. In addition, for TOMICA and PLARAIL, we launched “First TOMICA,” targeted at children aged 1.5 years and above to play with, and the “Push and GO! Easy-to-Play First PLARAIL” series. For LICCA series, toys such as “LICCA with smoke and sizzle, lively barbecue” and “Licca Pet Clinic” gained popularity. Moreover, LICCA dolls, TOMICA, PLARAIL, GACHA capsule toys, and other variety toys as collaboration products with “Demon Slayer: Kimetsu no Yaiba” were released and well received.

For the trading card game DUEL MASTERS, we enhanced the collectability of rare cards for the 20th anniversary of the series’ release in 2022. “Let’s play DUEL MASTERS!,” an app that teaches users the rules and how to enjoy the game, was distributed as a smartphone app and Nintendo Switch software, and the proactive marketing through methods such as the dissemination of information through TOMY’s official YouTube channel was successful and sales grew substantially. BEYBLADE BURST, “Dynamite Battle Layer” series, a new product in Japan, performed well. While overseas-bound exports were rather modest, they exceeded internal expectations, consolidating their popularity as long-selling products. In addition, overseas-bound exports of TRANSFORMERS grew, mainly in North America and Europe. For

the Pokémon series, “MONSTER COLLECTION” and other related toys remained robust, while the Pokémon Pikatto Academy Kids PC, a PC for kids that enables them to learn while playing with Pokémon, enjoyed a surge in popularity. The TV animation, PAW Patrol, which entered its third year of broadcasting, had increased degree of recognition and popularity for its contents due to being aired on YouTube and other distribution services, as well as being released in movie theaters in summer, leading to strong sales of related products. “Punirunes,” the LCD toy launched in July, gained popularity as a product with more than 50 appealing characters that appear on an LCD screen, providing the ability to enjoy a curious sense of integration between digital and analog as if directly touching them, and sales grew. Also, products that can be enjoyed at home, such as the board game, THE GAME OF LIFE, and the party game, POP-UP PIRATE, remained popular due to consumers voluntarily staying at home because of the COVID-19 pandemic.

Furthermore, we continued to roll out “NELTIP” dedicated printing machines for nail tips targeting adults and teens to expand new business domains, and launched sales of “My baby Ami-chan,” a communication doll equipped with a facial recognition system for seniors.

For the digital business, DUEL MASTERS PLAY’S, a card game app that marked the 2nd anniversary of its launch in December, remained strong with periodic release of new card packs, and the roll-out of marketing campaigns such as the collaboration with the virtual liver group. In addition, for amusement machines, Pokémon Mezastar, which was launched in September 2020, and Waccha PriMagi!, the 10th anniversary product of the Pretty Series that was launched from October 2021, performed well.

In the GACHA capsule toy business, sales increased due to the expanded installation of large-scale GACHA sales spaces and because of related products using popular contents, amid a market environment where the popularity of GACHA capsule toys is growing.

In addition, a micro-miniature transformable lunar robot “SORA-Q,” jointly developed by the Company with JAXA and others, is to be installed on JAXA’s small moon landing demonstration machine “SLIM.” The development utilizes knowledge in miniaturization and weight reduction that the Company has cultivated through making toys and our technologies in deformation mechanisms.

Net sales were ¥130,289 million (up 15.0% year on year), and operating profit was ¥14,039 million (up 55.2% year on year). This was due to the growth in toy shipments compared to the previous fiscal year amid various restrictions, as well as increased popularity of GACHA capsule toys and amusement machines launched by T-ARTS Company, Ltd.

Americas

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	21,845	27,093	5,247
Operating profit	222	415	193

In addition, because the operations of commercial facilities also resumed with the easing of various restrictions to prevent the spread of infection because of the progress in COVID-19 vaccinations, consumption of services involving leaving the home increased, while stay-at-home demand and e-commerce purchases calmed down. Amid these conditions, agricultural machinery toys and tableware for babies were steady, despite the impact of logistics turmoil caused by container shortages, while in-store sales of products such as the plush toy MOCCHI- MOCCHI- (the overseas product name: Club Mocchi-Mocchi-) grew. Net sales were ¥27,093 million (up 24.0% year on year), and operating profit was ¥415 million (up 86.8% year on year), despite the surging logistics costs caused by container shortages. The solid business performance of the Fat Brain Group, which became a subsidiary of TOMY International, Inc. in October 2020, also contributed to these results.

Europe

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	5,998	7,206	1,208
Operating profit/(loss)	(75)	47	123

Various restrictions have eased due to the progress in COVID-19 vaccinations. E-commerce purchases have calmed down, while in-store sales of agricultural machinery toys, such as BRITAINS, grew. Furthermore, sales of infant products, including TOOMIES bath toys and TOOMIES Jurassic World related products, remained steady, and sales of preschool game products grew. Net sales were ¥7,206 million (up 20.1% year on year), and operating profit was ¥47 million (operating loss of 75 million in the previous fiscal year). This was partly attributed to the start of handling Fat Brain Group products.

Oceania

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	1,917	2,358	441
Operating profit	113	173	60

Various restrictions such as restrictions on entering the country and restrictions on leaving home under lockdowns imposed because of the spread of COVID-19 were eased with the progress in COVID-19 vaccinations. Ride-on type agricultural machinery toys remained strong, and for infant and preschool products, products for infants such as child seats and TOOMIES Jurassic World related products performed well. Net sales were ¥2,358 million (up 23.0% year on year), and operating profit was ¥173 million (up 53.3% year on year). This was partly attributed to the efforts for shipping products through wide distribution channels according to the sales conditions at retail stores and to the start of handling Fat Brain Group products.

Asia (excl. Japan)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change
Net sales	41,458	46,974	5,516
Operating profit	724	1,297	572

Even after the spring of 2021, additional restrictions imposed on outings issued in some countries and regions have significantly affected the purchasing trends.

The new series of BEYBLADE BURST, developed in South Korea, Hong Kong, and other Asian regions, gained in popularity, and sales of single-pack TOMICA vehicles and TOMICA World, etc. were steady. In addition, shipments of toys related to “SHINKALION Z,” which is a TV animation series that started airing in Hong Kong from autumn, also grew, and for the Pokémon series, the expansion of the sale floors in South Korea and enhancements to the product lineup resulted in increased sales. Net sales were ¥46,974 million (up 13.3% year on year), while operating profit was ¥1,297 million (up 79.1% year on year).

(2) Overview of Financial Position

Assets, Liabilities and Net Assets

<Assets>

At the end of the fiscal year ended March 31, 2022, current assets stood at ¥110,324 million, up ¥8,445 million from the end of the previous fiscal year ended March 31, 2021. This is mainly attributable to increases in merchandise and finished goods, accounts receivable - trade, and cash and deposits.

Non-current assets stood at ¥45,766 million, up ¥31 million from the end of the previous fiscal year. This is mainly attributable to increases in investment securities, machinery, equipment and vehicles, and goodwill.

<Liabilities>

At the end of the fiscal year ended March 31, 2022, current liabilities stood at ¥49,927 million, up ¥7,631 million from the end of the previous fiscal year. This is mainly attributable to increases in accounts payable - other, income taxes payable and accrued expenses.

Non-current liabilities stood at ¥26,989 million, down ¥8,401 million from the end of the previous fiscal year. This is mainly attributable to a decrease in long-term borrowings.

<Net assets>

At the end of the fiscal year ended March 31, 2022, total net assets were ¥79,174 million, up ¥9,246 million from the end of the previous fiscal year. This is mainly attributable to increases in retained earnings and foreign currency translation adjustment, despite purchase and cancellation of treasury shares.

(3) Cash flows

Cash and cash equivalents (hereafter “cash”) at the end of the fiscal year ended March 31, 2022 was ¥65,310 million, an increase of ¥1,762 million compared with the end of the previous fiscal year ended March 31, 2021.

<Net cash provided by (used in) operating activities>

Net cash provided by operating activities was ¥16,405 million, compared with ¥18,064 million provided in the previous fiscal year. The main factors are profit before income taxes of ¥13,772 million, depreciation of ¥5,806 million, and an increase of accounts payable - other of 1,688 million, despite income taxes paid of ¥2,836 million and an increase in inventories of ¥2,432 million.

<Net cash provided by (used in) investing activities>

Net cash used in investing activities was ¥2,488 million, compared with ¥8,606 million used in the previous fiscal year. The main factors are purchase of property, plant and equipment of ¥2,939 million and purchase of intangible assets of ¥1,467 million, despite proceeds from sale of property, plant and equipment of ¥1,811 million.

<Net cash provided by (used in) financing activities>

Net cash used in investing activities was ¥12,911 million, compared with ¥6,817 million provided in the previous fiscal year. The main factors are repayments of long-term borrowings of ¥8,026 million, repayments of finance lease obligations of ¥2,751 million, and purchase of treasury shares of ¥2,265 million.

(Reference) Trends in Cash Flow Indicators

	FY2022	FY2021	FY2020
Equity ratio (%)	50.5	47.1	51.6
Market value equity ratio (%)	74.3	65.6	56.8
Cash flow to interest-bearing liabilities ratio (years)	2.2	2.3	3.3
Interest coverage ratio (times)	49.4	76.0	31.7

- * Equity ratio: equity / total assets
- * Market value equity ratio: market capitalization / total assets
- * Cash flow to interest-bearing liabilities ratio: interest-bearing liabilities / operating cash flow
- * Interest coverage ratio: operating cash flow / interest expenses paid
- *1. All of the figures in the table were calculated based on consolidated financial data.
- *2. Market capitalization was calculated by multiplying the closing stock price at the end of the period by the total number of issued and outstanding shares at the end of the period.
- *3. Cash flow means cash flows from operating activities.

(4) Outlook for the Fiscal Year Ending March 31, 2023

While COVID-19 coming under control is not yet foreseeable, we will respond to the changing form of economic activities and consumer behavior in the environment with COVID-19, and move toward the achievement of our Medium-Term Management Plan.

In response to changes in the business environment brought about by the COVID-19 pandemic, we will respond quickly and flexibly based on the following policies, drawing on our experience and track record cultivated under the pandemic environment.

- ✓ Respond to COVID-19 (continuing to work remotely, etc.) with the health and safety of customers, business partners, and the TOMY Group employees as our top priority
- ✓ Respond to changes in consumer behavior
- ✓ Restructure our business in response to changes in the external environment (response to social conditions, yen depreciation trend and raw material price hikes)
- ✓ Practice business that leverages TOMY COMPANY's strengths (product appeal, branding, customer base)
- ✓ Ensure cost controls and liquidity in line with the business environment

We will continue to allocate management resources based on the assumption that the external environment will change significantly, altering consumer buying behavior.

Toward our corporate philosophy of "in order to fulfill the dreams of all," the TOMY Group will further strengthen its toy business to build a solid management foundation, and promote overseas expansion to transform itself into a truly Outstanding Global Company.

In addition, we are positioning the fiscal year ending March 31, 2023 as an important second year of the three-year Medium-Term Management Plan that covers the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024, and will conduct management activities accordingly.

[Promotion of the Medium-Term Management Plan]

The TOMY Group is shifting its business focus starting point from "toys" to "asobi (play)" in order to provide consumers with even more of the "excitement, amazement, enthusiasm, and smile" that "toys" inherently possess. In the Medium-Term Management Plan, we are aiming to expand our target age groups and market regions, as well as expanding our business domain under the vision, "asobi* will make the world better. So TOMY will greatly respond to the future global society by creating asobi."

In addition, we have set a medium-term policy of "building a foundation to realize Sustainable Growth by leveraging our global strengths." To press forward with these policies, we are currently working on six company-wide strategies.

Further strengthen our target centered on exits, ages, and areas with a key of "the right person in the right place"

We were able to achieve results by promoting the expansion of TOMICA in the Asian market, the evergreening of BEYBLADE through continued development in Europe, the US, and Asia, the expansion of TRANSFORMERS and Diaclone for the Kidults demographic, and the use of LICCA dolls as an image character. Going forward, we will continue to develop products that utilize TOMY's diverse brands and the useful brands of our IP partners in places (the right places) where they can better demonstrate their strengths.

Creation of hit products based in Japan

We drove the market with the domestic hit of “Punirunes” LCD toys and expanded sales of products related to “PAW Patrol,” an animated TV series that is popular overseas. We will continue to propose products that become No. 1 in their respective categories and strengthen initiatives with IP and overseas manufacturer partners.

Prepare for global growth by continuing to invest in IP

We will continue to expand sales of “SHINKALION Z,” “MAZICA PARTY,” “Bitfriends×Heroine Kiramekipowers!” and other products, which have generated new sales. We will continue to invest in IP for new growth and promote global development.

Launching new businesses with “asobi” as the key

New initiatives include “Nail Tip Laboratory (neltip),” a dedicated nail tip printing machine for the teen fashion market; “My baby Ami-chan,” a communication doll with facial recognition function for the senior market; and “SORA-Q,” an ultra-compact deformable lunar robot jointly developed with JAXA and other partners. Amusement machines “Pokémon Mezastar,” “Waccha PriMagi!,” and “DRAGON QUEST the Adventure of Dai XROSSBLADE” also performed well and led the market, and we will continue to create businesses for new growth and build new markets.

Create new value by utilizing DX for the value chain

Under the COVID-19 environment, we have promoted digitization through “Digital EXPO,” “Digital Catalog,” etc., and have greatly transformed our sales activities. Going forward, we will continue to promote activities that integrate the digital and real world to further enhance the efficiency of sales activities and the value of information. In the direct to consumer (D2C) business TOMY Company’s official online store “Takara Tomy Mall,” we will expand business by providing appropriate information to customers at the right time through customer ID clustering.

Sustainability and CSR initiatives

To realize the TOMY Group’s Sustainability Vision, “Become friends with children around the world,” we have established targets and KPIs in line with eight material sustainability issues and are promoting initiatives to address them.

For themes that require particularly cross-departmental initiatives, the Group established the Sustainability Promotion Division, an organization under the direct supervision of the President, which oversees theme-specific task forces, with the executive officers in charge and diverse members from across the Group working to implement and promote initiatives and make new proposals.

By promoting the Medium-Term Management Plan with these business strategies, we aim to achieve “net sales of ¥185.0 billion, operating profit of ¥15.0 billion, and return on equity (ROE) of more than 12%” in the fiscal year ending March 31, 2024, the final year of the Medium-Term Management Plan.

Also, in the fiscal year ending March 31, 2023, we will develop our business as follows.

From April, TOMICA is starting a web animation “TOMICA Heroes: Jobraver - Specially-equipped combined robot” based on the theme of “familiar jobs found around town.” In addition, TOMICA will further evolve the special effects TV drama “Girls x Warrior Series” and begin broadcasting a new TV drama “RizSta -Top of Artists!-” with a story based on the theme of dance battles. In addition, we will continue to develop visual content in conjunction with related products, such as the original animation “BOTTLEMAN DX” based on the “BOTTLEMAN” series, a plastic bottle cap shooter, which will begin airing on TV.

We will continue to strengthen products that form the foundation of our business, such as our staple

products “TOMICA,” “PLARAIL,” and “LICCA dolls,” as well as the trading card game “DUEL MASTERS,” and expand the age ranges of our products, while focusing on product planning, development and marketing in other categories as well.

To expand our business domain, we will regularly update the version of the card game app “DUEL MASTERS PLAY’S” to enhance its gameplay, and strengthen mainly our digital-related projects, including amusement machines such as “Pokémon Mezastar,” and “Waccha PriMagi!” In addition, we will continue to propose new “asobi” that integrate “digital” and “toys,” such as “MUGEN YOYO,” a new type of toy entertainment that allows users to enjoy a series of activities from playing with an electric yo-yo to taking pictures with AR effects and posting them on social networking services (SNS).

In the Asian market, we will work to expand sales of our staple “TOMICA” and “PLARAIL” products, as well as promote development of character products, amusement machines, etc. In Europe and North America, the TOMY International Group will strengthen its core brands of “Baby Products” and “Agricultural Machinery Toys,” as well as work to strengthen the direct-to-consumer sales platform, a strength of the independent US toy company Fat Brain Group, that became a subsidiary of TOMY International, Inc. in October 2020, and to expand business synergies.

As for the business environment surrounding the Company, while moves to promote a balance between measures to prevent the spread of COVID-19 and socioeconomic activities are in full swing, the situation will likely continue to require close monitoring due to rising resource prices, exchange rate fluctuations, and rising geopolitical risks. Even in such an unclear situation, the TOMY Group will strive to roll out our products centering on “asobi* and will endeavor to expand our business domain in line with the target figures for the second year (fiscal year ending March 31, 2023) published in the Medium-Term Management Plan.

Through the above efforts, regarding full-year operating results for the fiscal year ending March 31, 2023, the TOMY Group forecasts net sales of ¥170,000 million (up 2.8% compared with the fiscal year ended March 31, 2022), operating profit of ¥12,000 million (down 2.8%), ordinary profit of ¥11,800 million (down 6.8%), and profit attributable to owners of parent of ¥7,500 million (down 17.7%).

(5) Policy on Distribution of Profits and Dividends for the Fiscal Year Ended March 31, 2022 and the Fiscal Year Ending March 31, 2023

The Company recognizes the stable return of profits to shareholders as an important priority for management. Our policy is to strengthen the management base and improve the profit margin while deciding on dividends in consideration of performance and dividend payout ratio with a basic intention to continue paying a stable dividend. We will make use of internal reserves for business investment in medium- to long-term growth fields, such as global expansion, while preparing for the destabilization of the external environment caused by factors such as the impact of the spread of COVID-19.

Based on the aforementioned policy, the year-end dividend per share for the fiscal year ended March 31, 2022 shall be ¥22.50, and thus, we plan to pay an annual dividend of ¥32.50 per share combined with the dividend of ¥10 per share paid at the end of the second quarter (interim dividend), as stated in the “Notice Concerning Dividends of Surplus (Increase)” released today.

For the fiscal year ending March 31, 2023, we plan to pay an annual dividend of ¥32.50 per share (including a dividend at the end of the second quarter (interim dividend) of ¥17.50).

2. Basic Approach Regarding the Selection of Accounting Standards

The TOMY Group, to ensure comparability among companies and with past years, creates the Company’s consolidated financial statements based on the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Chapter VII and Chapter VIII)” (Ordinance of the Ministry of Finance No. 28 of 1976).

Furthermore, regarding the application of IFRS (International Financial Reporting Standards), the policy is to respond appropriately while considering various conditions in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	63,656	65,424
Notes and accounts receivable - trade	18,170	-
Notes receivable - trade	-	938
Accounts receivable - trade	-	19,352
Merchandise and finished goods	13,163	16,082
Work in process	624	837
Raw materials and supplies	903	1,096
Other	5,545	6,758
Allowance for doubtful accounts	(185)	(165)
Total current assets	101,879	110,324
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,944	13,347
Accumulated depreciation	(8,693)	(9,034)
Accumulated impairment loss	(441)	(941)
Buildings and structures, net	3,810	3,370
Machinery, equipment, and vehicles	2,606	2,892
Accumulated depreciation	(2,116)	(2,305)
Accumulated impairment loss	(31)	(36)
Machinery, equipment, and vehicles, net	458	549
Tools, furniture, and fixtures	23,525	24,209
Accumulated depreciation	(21,622)	(22,344)
Accumulated impairment loss	(822)	(947)
Tools, furniture, and fixtures, net	1,080	918
Land	3,902	3,916
Leased assets	8,780	8,425
Accumulated depreciation	(3,972)	(3,663)
Accumulated impairment loss	(339)	(378)
Leased assets, net	4,467	4,383
Construction in progress	534	387
Total property, plant and equipment	14,254	13,526
Intangible assets		
Goodwill	15,902	15,988
Right of using trademark	3,504	3,740
Other	5,951	6,161
Total intangible assets	25,357	25,890
Investments and other assets		
Investment securities	2,592	2,970
Deferred tax assets	1,267	1,215
Other	2,290	2,230
Allowance for doubtful accounts	(27)	(66)
Total investments and other assets	6,122	6,349
Total non-current assets	45,734	45,766
Total assets	147,614	156,090

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,151	8,958
Short-term borrowings	6,833	7,628
Current portion of long-term borrowings	8,064	8,834
Lease obligations	2,332	2,686
Accounts payable - other	6,155	7,502
Accrued expenses	6,973	8,183
Income taxes payable	1,129	2,422
Provision for product warranties	263	297
Provision for bonuses for directors (and other officers)	55	246
Provision for share awards for directors (and other officers)	–	85
Provision for share awards	–	85
Other	2,336	2,995
Total current liabilities	42,295	49,927
Non-current liabilities		
Long-term borrowings	27,465	18,894
Lease obligations	1,549	1,626
Deferred tax liabilities	252	770
Deferred tax liabilities for land revaluation	472	472
Retirement benefit liability	2,517	2,585
Provision for retirement benefits for directors (and other officers)	183	206
Allowance for recall-NCL	39	37
Other	2,909	2,396
Total non-current liabilities	35,390	26,989
Total liabilities	77,686	76,916
Net assets		
Shareholders' equity		
Share capital	3,459	3,459
Capital surplus	9,211	8,014
Retained earnings	48,226	55,472
Treasury shares	(2,307)	(3,374)
Total shareholders' equity	58,590	63,571
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	828	1,103
Deferred gains or losses on hedges	605	800
Revaluation reserve for land	624	624
Foreign currency translation adjustment	9,275	13,158
Remeasurements of defined benefit plans	(388)	(395)
Total accumulated other comprehensive income	10,944	15,291
Share acquisition rights	393	310
Total net assets	69,928	79,174
Total liabilities and net assets	147,614	156,090

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	141,218	165,448
Cost of sales	85,961	98,842
Gross profit	55,256	66,606
Selling, general, and administrative expenses	48,177	54,261
Operating profit	7,079	12,344
Non-operating income		
Interest and dividend income	69	56
Rental income	147	148
Foreign exchange gains	295	314
Infection prevention cooperation money	–	85
Other	158	210
Total non-operating income	670	816
Non-operating expenses		
Interest expenses	255	332
Sales discounts	64	–
Expenses related to assets for rent	66	35
Other	193	125
Total non-operating expenses	579	493
Ordinary profit	7,170	12,666
Extraordinary income		
Gain on sale of non-current assets	18	1,930
Gain on sale of investment securities	950	–
Gain on reversal of share acquisition rights	64	137
Reversal of allowance for recall	305	–
Subsidies for employment adjustment	180	38
Other	100	69
Total extraordinary income	1,619	2,175
Extraordinary losses		
Impairment losses	188	790
Loss on COVID-19	729	221
Business restructuring expenses	295	–
Other	113	58
Total extraordinary losses	1,327	1,070
Profit before income taxes	7,462	13,772
Income taxes - current	2,662	4,335
Income taxes - deferred	(537)	322
Total income taxes	2,125	4,658
Profit	5,336	9,114
Loss attributable to non-controlling interests	(37)	–
Profit attributable to owners of parent	5,374	9,114

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	5,336	9,114
Other comprehensive income		
Valuation difference on available-for-sale securities	(279)	275
Deferred gains or losses on hedges	198	195
Foreign currency translation adjustment	217	3,883
Remeasurements of defined benefit plans, net of tax	555	(7)
Total other comprehensive income	692	4,346
Comprehensive income	6,029	13,460
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,064	13,460
Comprehensive income attributable to non-controlling interests	(34)	–

(3) Consolidated Statement of Changes in Equity
Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,459	9,212	44,980	(1,257)	56,394
Changes during period					
Dividends of surplus			(2,128)		(2,128)
Profit attributable to owners of parent			5,374		5,374
Cancellation of treasury shares					
Purchase of treasury shares				(1,050)	(1,050)
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					-
Total changes during period	-	(0)	3,246	(1,050)	2,195
Balance as of March 31, 2021	3,459	9,211	48,226	(2,307)	58,590

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,109	407	624	9,058	(944)	10,255	336	423	67,410
Changes during period									
Dividends of surplus									(2,128)
Profit attributable to owners of parent									5,374
Cancellation of treasury shares									
Purchase of treasury shares									(1,050)
Disposal of treasury shares									0
Change in ownership interest of parent due to transactions with non-controlling interests									(0)
Net changes in items other than shareholders' equity	(281)	198	-	217	555	689	56	(423)	322
Total changes during period	(281)	198	-	217	555	689	56	(423)	2,517
Balance as of March 31, 2021	828	605	624	9,275	(388)	10,944	393	-	69,928

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,459	9,211	48,226	(2,307)	58,590
Changes during period					
Dividends of surplus			(1,868)		(1,868)
Profit attributable to owners of parent			9,114		9,114
Cancellation of treasury shares		(1,198)		1,198	–
Purchase of treasury shares				(2,265)	(2,265)
Disposal of treasury shares		0		1	1
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	–	(1,197)	7,245	(1,066)	4,981
Balance as of March 31, 2022	3,459	8,014	55,472	(3,374)	63,571

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	828	605	624	9,275	(388)	10,944	393	–	69,928
Changes during period									
Dividends of surplus									(1,868)
Profit attributable to owners of parent									9,114
Cancellation of treasury shares									–
Purchase of treasury shares									(2,265)
Disposal of treasury shares									1
Change in ownership interest of parent due to transactions with non-controlling interests									
Net changes in items other than shareholders' equity	275	195	–	3,883	(7)	4,346	(82)	–	4,264
Total changes during period	275	195	–	3,883	(7)	4,346	(82)	–	9,246
Balance as of March 31, 2022	1,103	800	624	13,158	(395)	15,291	310	–	79,174

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Fiscal year ended March 31, 2021 Fiscal year ended March 31, 2022

Cash flows from operating activities		
Profit before income taxes	7,462	13,772
Depreciation	6,069	5,806
Impairment losses	188	790
Amortization of goodwill	1,362	1,551
Gain on reversal of share acquisition rights	(64)	(137)
Subsidies for employment adjustment	(180)	(38)
Loss on COVID-19	729	221
Increase (decrease) in allowance for doubtful accounts	6	0
Increase (decrease) in provisions	(297)	389
Increase (decrease) in retirement benefit liability	189	66
Interest and dividend income	(69)	(56)
Interest expenses	255	332
Foreign exchange losses (gains)	(369)	219
Loss (gain) on sale of property, plant and equipment	(10)	(1,895)
Loss (gain) on sale of investment securities	(950)	(23)
Decrease (increase) in trade receivables	284	(1,373)
Decrease (increase) in inventories	1,608	(2,432)
Decrease (increase) in prepaid expenses	877	(296)
Increase (decrease) in trade payables	(789)	450
Increase (decrease) in accounts payable - other	21	1,688
Increase (decrease) in accrued expenses	822	837
Other, net	3,716	(236)
Subtotal	20,865	19,633
Interest and dividends received	67	55
Interest paid	(237)	(331)
Proceeds from subsidies for employment adjustment	180	38
Payments associated with loss on COVID-19	(510)	(153)
Income taxes paid	(2,301)	(2,836)
Net cash provided by (used in) operating activities	18,064	16,405
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,240)	(2,939)
Proceeds from sale of property, plant and equipment	209	1,811
Purchase of intangible assets	(1,360)	(1,467)
Proceeds from sale of investment securities	1,091	69
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,317)	–
Other, net	9	36
Net cash provided by (used in) investing activities	(8,606)	(2,488)

(Millions of yen)

Fiscal year ended March 31, 2021 Fiscal year ended March 31, 2022

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	231	507
Proceeds from long-term borrowings	17,133	–
Repayments of long-term borrowings	(5,456)	(8,026)
Dividends paid	(2,125)	(1,869)
Repayments of finance lease obligations	(4,337)	(2,751)
Purchase of treasury shares	(1,050)	(2,265)
Proceeds from disposal of treasury shares	0	1
Proceeds from sale and leaseback transactions	2,950	1,584
Proceeds from securitization of lease receivables	700	–
Repayments of payables under securitization of lease receivables	(700)	–
Other, net	(529)	(171)
Net cash provided by (used in) financing activities	6,817	(12,991)
Effect of exchange rate change on cash and cash equivalents	368	837
Net increase (decrease) in cash and cash equivalents	16,643	1,762
Cash and cash equivalents at beginning of period	46,904	63,548
Cash and cash equivalents at end of period	63,548	65,310

(5) Notes Regarding Consolidated Financial Statements
(Notes regarding assumption of going concern)
Nothing to note.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, Etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and it has recognized revenue at the time when the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

As a result of the application of the Accounting Standard for Revenue Recognition, etc., the Company has changed its method of recognizing revenue from digestion purchases from the gross amount of consideration received from the customer to the net amount of the gross amount minus the amount paid to the supplier, after determining the role (principal or agent) in providing the goods or services to the customer.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was added to or deducted from the opening balance of retained earnings of the fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result of this, there is no effect on the consolidated balance sheet as of March 31, 2022, compared with the status before the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations. As for consolidated statement of income for the current fiscal year, net sales decreased by ¥742 million and cost of sales decreased by ¥742 million, but there is no effect on operating profit, ordinary profit, and profit before income taxes. In addition, there is no change in the opening balance of retained earnings in the consolidated statement of changes in equity for the current fiscal year.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. has been applied from the beginning of the current fiscal year, and the new accounting policies provided in the Accounting Standard for Fair Value Measurement, etc. will be applied going forward in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no effect on the consolidated financial statements.

(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 current fiscal year, the TOMY Group has made accounting estimates, including the recoverability of deferred tax assets and the valuation of goodwill, trademark usage rights, and other intangible assets.

(Performance-linked stock-based compensation system for Directors and Performance-linked stock-based compensation system for Executive Officers)

The Company has introduced the “Performance-linked stock-based compensation system for Directors” and the “Performance-linked stock-based compensation system for Executive Officers” since the current fiscal year. The former covers the Company’s directors (excluding outside directors; the same applies hereinafter) and directors (excluding part-time directors; the same applies hereinafter) of some

consolidated subsidiaries, while the latter covers executive officers and senior staff of the Company and those of some consolidated subsidiaries (hereinafter collectively referred to as “executive officers, etc.”). With regard to the stock delivery trusts, the gross price method has been applied pursuant to “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts” (PITF No. 30, March 26, 2015)

1. Overview of transactions

This system is a stock award plan in which a trust set up through money contribution by the Company (hereinafter “the Trust”) will acquire shares of the Company and such shares of the Company will be delivered through the Trust to each of the directors and executive officers, etc. in proportion to the respective points given each of them by the Company.

2. Treasury shares remaining in the trust

Treasury shares remaining in the trust are recorded as treasury shares in shareholders’ equity at the book value at the trust. The book value and number of said treasury shares are ¥724 million and 669 thousand shares, respectively, as of March 31, 2022.

(Consolidated statement of income related)

1. Impairment losses

For the previous fiscal year, this information is omitted due to its immateriality.

In the current fiscal year, the TOMY Group recorded impairment losses on the following asset groups.

Use	Type	Location	Impairment losses (millions of yen)
Business assets and stores	Buildings and structures, Tools, furniture and fixtures, Intangible assets (other), Investments and other assets	Shibuya, Tokyo, etc.	716
Business assets	Machinery, equipment and vehicles, Tools, furniture and fixtures, Intangible assets (other), Investments and other assets	Seoul, South Korea	50
Business assets	Leased assets	Archon, France	19
Idle assets	Land	Mibu, Tochigi	2

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 idle assets, individual properties are grouped in the smallest units possible.

Regarding the above business assets and stores in Tokyo, etc., 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 (¥716 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥511 million in buildings and structures, ¥79 million in tools, furniture and fixtures, ¥50 million in intangible assets (other), and ¥74 million in investments and other 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 in South Korea, 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 (¥50 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥3 million in machinery, equipment, and vehicles, ¥11 million in tools, furniture, and fixtures, ¥0 million in intangible assets (other), and ¥35 million in investments and other assets (other). Furthermore, the utility value was used to measure the recoverable value, and a discount rate of 3.4% was applied for the calculation of the utility value.

Regarding the above business assets in France, 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 (¥19 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥19 million in leased assets. 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 idle assets in Tochigi, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥2 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥2 million in land. Furthermore, the net sale value was used to

measure the recoverable value.

2. Loss on COVID-19

During the previous fiscal year, it mainly included 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.

During the current fiscal year, it mainly includes fixed expenses (personnel expenses and depreciation, etc.) incurred at retail stores that had temporary closures or shortening business hours following the declaration of the state of emergency, which was issued by the Japanese government, due to the effects of the spread of COVID-19.

(Segment information)

a. Segment information

1. Overview of reportable segments

The reportable segments of the TOMY Group are constituent units of the Company whose separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of business resources and evaluating the operating results.

The TOMY Group operates toy (including nursery business) and toy peripheral businesses (including mini-capsule toys, amusement machines, toys with candy, etc.) in Japan and overseas. The TOMY Group aims to push ahead with further overseas development and transform itself into a truly global group of toy companies. For this reason, the Group's operations are classified into five reportable segments: "Japan," "Americas," "Europe," "Oceania," and "Asia (excl. Japan)."

2. Method of calculating net sales, profit or loss, assets, and other items by reportable segment

The method of accounting for reportable segment is roughly the same as the method described in "Important Items Concerning the Presentation of the Consolidated Financial Statements."

Profit of reportable segments is operating profit-based values. Intersegment sales and transfers are based on actual market values.

3. Information regarding net sales, profit or loss, assets, and other items by reportable segment

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Total
Net sales						
External customers	104,051	21,793	5,986	1,909	7,477	141,218
Inter-segment sales and transfers	9,276	52	12	8	33,981	43,330
Total	113,328	21,845	5,998	1,917	41,458	184,548
Segment profit (loss)	9,048	222	(75)	113	724	10,033
Segment assets	63,725	28,983	3,225	1,713	26,825	124,473
Other items						
Depreciation	4,978	665	33	0	275	5,953
Amortization of goodwill	—	713	—	—	648	1,362
Increase in property, plant and equipment and intangible assets	7,298	149	158	2	92	7,700

(Note) Amounts of segment liabilities are not periodically provided or used by the supreme decision-making organization of the Company.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Total
Net sales						
External customers	120,354	26,663	7,202	2,358	8,868	165,448
Inter-segment sales and transfers	9,934	429	3	–	38,106	48,474
Total	130,289	27,093	7,206	2,358	46,974	213,922
Segment profit (loss)	14,039	415	47	173	1,297	15,974
Segment assets	55,203	31,933	3,978	2,469	32,451	126,037
Other items						
Depreciation	4,837	492	105	2	255	5,693
Amortization of goodwill	–	863	–	–	687	1,551
Increase in property, plant and equipment and intangible assets	6,048	320	85	6	75	6,537

(Note) Amounts of segment liabilities are not periodically provided or used by the supreme decision-making organization of the Company.

4. Differences between the total amounts in reportable segments and the amount recorded on the consolidated financial statements and details
(Reconciliation)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segments total	184,548	213,922
Inter-segment eliminations	(43,330)	(48,474)
Net sales on the consolidated financial statements	141,218	165,448

(Millions of yen)

Profit	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segments total	10,033	15,974
Inter-segment eliminations	46	(276)
Corporate expenses (Note)	(2,999)	(3,353)
Operating profit on the consolidated financial statements	7,079	12,344

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

(Millions of yen)

Assets	As of March 31, 2021	As of March 31, 2022
Reportable segments total	124,473	126,037
Inter-segment eliminations	(18,264)	(22,465)
Corporate assets (Note)	41,405	52,519
Total assets on the consolidated financial statements	147,614	156,090

(Note) Corporate assets primarily comprise cash and deposits (surplus funds) not allocable to reportable segment.

(Millions of yen)

Other items	Reportable segments total		Adjustments		Amount on the consolidated financial statements	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Depreciation	5,953	5,693	116	112	6,069	5,806
Amortization of goodwill	1,362	1,551	–	–	1,362	1,551
Increase in property, plant and equipment and intangible assets	7,700	6,537	136	16	7,837	6,553

b. Related Information

I. Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Information by product and service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statement of income.

2. Regional information

(1) Net sales

(Millions of yen)

Japan	North America		Other	Total
		U.S.		
87,262	31,879	30,091	22,075	141,218

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Asia (excl. Japan)	Other	Total
10,201	582	3,464	6	14,254

3. Information by major customer

Because there is no major external customer who accounts for 10% or more of the net sales on the consolidated statements of income, this information is omitted.

II. Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

1. Information by product and service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statement of income.

2. Regional information

(1) Net sales

(Millions of yen)

Japan	North America		Other	Total
		U.S.		
100,416	38,650	37,037	26,381	165,448

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Asia (excl. Japan)	Other	Total
9,451	781	3,268	24	13,526

3. Information by major customer

Because there is no major external customer who accounts for 10% or more of the net sales on the consolidated statements of income, this information is omitted.

c. Information regarding impairment loss of non-current assets by reportable segment

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Corporate	Total
Impairment losses	177	–	11	–	–	–	188

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Corporate	Total
Impairment losses	719	–	19	–	50	–	790

d. Information regarding amortization of goodwill and unamortized balance by reportable segment

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Corporate	Total
Amortization expense during the fiscal year ended March 31, 2021	–	713	–	–	648	–	1,362
Balance as of March 31, 2021	–	9,071	–	–	6,830	–	15,902

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Corporate	Total
Amortization expense during the fiscal year ended March 31, 2022	–	863	–	–	687	–	1,551
Balance as of March 31, 2022	–	9,186	–	–	6,801	–	15,988

(Per share information)

(Yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	742.45	860.74
Basic earnings per share	57.07	98.23
Diluted earnings per share	57.04	98.17

- Notes: 1. Both the number of common shares as of March 31, 2022 used for calculating net assets per share and the average number of common shares during the period used for calculating profit per share exclude the portion of shares owned by the Company itself as well as the portion of the Company's shares owned by the "Performance-linked stock-based compensation system for Directors (excluding outside directors and part-time directors)" and the "Performance-linked stock-based compensation system for Executive Officers" (669 thousand shares as of March 31, 2022; 397 thousand shares on average during the period) for the respective calculations.
2. The basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	5,374	9,114
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	5,374	9,114
Average number of shares during the period (Thousands of shares)	94,170	92,785
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	–	–
Increase in the number of common shares (Thousands of shares)	50	56
[Of the above, share acquisition rights (Thousands of shares)]	[50]	[56]
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	Reporting entity Share acquisition rights 8 issues Number of potential shares: 1,186 thousand shares	Reporting entity Share acquisition rights 6 issues Number of potential shares: 819 thousand shares

(Significant subsequent events)

Nothing to note.