

## Translation

Notice: This English version is a translation of the original Japanese document and is only for reference purposes. In the case where any differences occur between the English version and the original Japanese version, the Japanese version will prevail.



November 10, 2020

# CONSOLIDATED FINANCIAL RESULTS for the First Six 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: November 11, 2020  
Scheduled date to commence dividend payments: December 11, 2020  
Supplementary material on quarterly financial results: Yes  
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 six months of the fiscal year ending March 31, 2021 (From April 1, 2020 to September 30, 2020)

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

Six months 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	%
September 30, 2020	63,157	(24.0)	1,839	(68.4)	1,622	(69.9)	516	(87.7)
September 30, 2019	83,092	(6.8)	5,826	(17.6)	5,389	(26.6)	4,189	(15.4)

Note: Comprehensive income  
Six months ended September 30, 2020: (532) million yen [-%]  
Six months ended September 30, 2019: 3,566 million yen [(58.3)%]

Six months ended	Basic earnings per share	Diluted earnings per share
September 30, 2020	5.48	5.48
September 30, 2019	43.95	43.90

### (2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
September 30, 2020	147,749	64,988	43.4	681.71
March 31, 2020	129,253	67,410	51.6	703.07

Reference: Equity  
As of September 30, 2020: 64,181 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 six months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(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 September 30, 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 September 30, 2020	2,143,465 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)

Six months ended September 30, 2020	94,261,187 shares
Six months ended September 30, 2019	95,327,918 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 November 10, 2020. 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 of First Six Months of the Fiscal Year Ending March 31, 2021)

(Impacts including the novel coronavirus disease (COVID-19))

- On the production side, while factories in China, Vietnam, and Thailand were operating as normal, some products' roll-out was delayed, resulting in the loss of sales opportunities.
- On the demand side, among businesses that saw diminished sales were the retail business, such as KIDDY LAND and TOMICA Shop and PLARAIL Shop, the event business including TOMICA EXPO and PLARAIL EXPO etc., and the GACHA capsule toys business. The sales in these businesses declined due to factors from the postponement of movie releases, the cancellation, postponement, and the scaling-down of various events, to prolonged self-restraint situations brought about by the resurgence in the number of infection cases from July, after the state of emergency 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 saw growing popularity among products catering to stay-at-home demand and a rise in e-commerce purchases.
- 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 were ¥63,157 million (down 24.0% year on year). With regard to TOMICA celebrating its 50th anniversary this year, we have introduced various marketing measures for the 50th anniversary, including 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, remained solid 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 buoyant stay-at-home demand amid the COVID-19 pandemic; however, sales in the retail business, the event business, and other businesses shrank due to the lingering effect of the spread of COVID-19, as described above. The product sales diminished due to restrictions imposed on various marketing activities, including in-store promotion.
- In terms of profit, operating profit was ¥1,839 million (down 68.4% year on year), and ordinary profit was ¥1,622 million (down 69.9% year on year), resulting from a decrease in net sales and a reduction in gross profit due in part to a write-down of inventory. However, selling, general and administrative expenses decreased as a result of exercising cost control in line with sales, such as for advertising expenses. In addition, profit attributable to owners of parent was ¥516 million (down 87.7% year on year) due in part to recognizing ¥677 million of extraordinary loss on COVID-19, including fixed expenses (personnel expenses and depreciation, etc.) incurred at retail stores that had temporary closures following the declaration of the state of emergency.

## (Overview of Reportable Segments)

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

(Millions of yen)

	First six months of the fiscal year ended March 31, 2020	First six months of the fiscal year ending March 31, 2021	Change	Rate of change (%)
Net sales	83,092	63,157	(19,934)	(24.0)
Japan	71,171	53,425	(17,745)	(24.9)
Americas	8,634	8,829	195	2.3
Europe	2,683	2,516	(167)	(6.2)
Oceania	752	909	157	20.9
Asia (excl. Japan)	29,982	22,274	(7,708)	(25.7)
Eliminations	(30,132)	(24,797)	5,334	-
Operating profit/ (loss)	5,826	1,839	(3,986)	(68.4)
Japan	6,902	2,795	(4,106)	(59.5)
Americas	(35)	(57)	(22)	-
Europe	(145)	42	188	-
Oceania	(63)	62	125	-
Asia excl. Japan)	733	524	(208)	(28.5)
Eliminations and corporate	(1,565)	(1,527)	38	-

## Japan

(Millions of yen)

	First six months of the fiscal year ended March 31, 2020	First six months of the fiscal year ending March 31, 2021	Change
Net sales	71,171	53,425	(17,745)
Operating profit	6,902	2,795	(4,106)

Net sales were ¥53,425 million (down 24.9% year on year) and operating profit did not grow much, logging ¥2,795 million (down 59.5% year on year).

Among businesses that saw diminished sales were the retail business, such as KIDDY LAND and TOMICA Shop and PLARAIL Shop, the event business including TOMICA EXPO and PLARAIL EXPO, etc., and the GACHA capsule toys business. The sales in these businesses declined due to factors from the postponement of movie releases, the cancellation, postponement, and the scaling-down of various events, to a significant decline in inbound consumption, amid prolonged self-restraint situations brought about by the resurgence in the number of infection cases from July, after the state of emergency was lifted to ease the restrictions on consumers' outings, and temporary closures and shortened operating hours at stores. On the other hand, we saw growing popularity among products catering to stay-at-home demand and a rise in e-commerce purchases.

As for TOMICA celebrating its 50th anniversary, we continued to roll out products related to TOMICA EARTH GRANNER whose TV animation began its broadcasting in April and also promoted various marketing measures for the 50th anniversary, 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. In trading card games, sales of DUEL MASTERS remained solid owing to the revision to its product mix amid an intensifying competitive environment. Pokémon related toys such as the LCD toy, SMAPHO ROTOM, gained popularity. For girls' products, the LCD toy, Sumikkogurashi Sumikko Catch, became available on sale in July and boasted great popularity. Also, products related to LOVEPATRINA!, the fourth series of the live action TV drama for young girls, were launched in July as well.

Products related to the TV animation popular abroad, PAW Patrol, were launched and rolled out in the spring of 2019 and continued to see strong sales. 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 gained popularity coupled with the constant sales trend.

DUEL MASTERS PLAY'S, a card game app, whose distribution launched in December 2019 with the periodic release of the new card packs, grew in popularity thanks to collaborations with the well-received game characters in July and a topical virtual liver group in September, and we stepped up our efforts to strengthen the promotion to roll out the products continuously.

## Americas

(Millions of yen)

	First six months of the fiscal year ended March 31, 2020	First six months of the fiscal year ending March 31, 2021	Change
Net sales	8,634	8,829	195
Operating loss	(35)	(57)	(22)

Net sales increased robustly to ¥8,829 million (up 2.3% year on year), leveraged by the popularity of ride-on toys played in a garden during the lockdown, in agricultural machinery toys line-up. Operating loss was ¥57 million (operating loss of ¥35 million in the same period of the previous year) due to changes in the product mix.

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

Baby products trended favorably on the back of increasing demand for baby tableware, chamber pots for toilet training, and bath-related products categorized as essential daily goods due to customers spending long hours at home.

#### Europe

(Millions of yen)

	First six months of the fiscal year ended March 31, 2020	First six months of the fiscal year ending March 31, 2021	Change
Net sales	2,683	2,516	(167)
Operating profit/ (loss)	(145)	42	188

Net sales were ¥2,516 million (down 6.2% year on year) as the sale of products rolled out globally in the previous fiscal year has come full circle. Operating profit was ¥42 million (operating loss of ¥145 million in the same period of the previous year), partly due to a decrease in selling, general and administrative expenses, leveraged by cost control on advertising expenses, etc.

The enforcement of lockdowns due to the spread of COVID-19 in spring stimulated stay-at-home demand and e-commerce purchases.

Sales of preschool-related products, including bath toys, stayed robust owing to the COVID-19 pandemic, and family games attracted attention along with game-related products such as the board and action game, DRUMOND PARK Brand Product, which trended favorably. Agricultural machinery toys of our core brands recorded robust sales. Further, we have been rolling out products related to the TV animation *Ricky Zoom* since March.

#### Oceania

(Millions of yen)

	First six months of the fiscal year ended March 31, 2020	First six months of the fiscal year ending March 31, 2021	Change
Net sales	752	909	157
Operating profit/ (loss)	(63)	62	125

Net sales were ¥909 million (up 20.9% year on year), and operating profit was ¥62 million (operating loss of ¥63 million in the same period of the previous year) with successfully gaining the popularity of products rollable with a hand 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 six months of the fiscal year ended March 31, 2020	First six months of the fiscal year ending March 31, 2021	Change
Net sales	29,982	22,274	(7,708)
Operating profit	733	524	(208)

Net sales were ¥22,274 million (down 25.7% year on year), and operating profit was ¥524 million (down 28.5% 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 since April. On the demand side, the lockdowns enforced in spring in various countries and regions and additional restrictions imposed on outings has significantly affected the purchasing trends.



(2) Overview of Financial Position

Assets, Liabilities and Net Assets

<Assets>

At the end of the second quarter of the fiscal year ending March 31, 2021, current assets stood at ¥104,480 million, up ¥17,327 million from the end of the previous fiscal year ended March 31, 2020. This is mainly attributable to increases in cash and deposits, notes and accounts receivable - trade, and merchandise and finished goods.

Non-current assets stood at ¥43,269 million, up ¥1,169 million from the end of the previous fiscal year. This is mainly attributable to an increase in property, plant and equipment.

<Liabilities>

At the end of the second quarter, current liabilities stood at ¥44,988 million, up ¥8,650 million from the end of the previous fiscal year. This is mainly attributable to increases in short-term borrowings, lease obligations, accrued expenses and current portion of long-term borrowings.

Non-current liabilities stood at ¥37,773 million, up ¥12,268 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 second quarter, total net assets were ¥64,988 million, down ¥2,421 million from the end of the previous fiscal year. This is mainly attributable to decreases in foreign currency translation adjustment and retained earnings, and purchase of treasury shares.

Cash Flows

Cash and cash equivalents (hereafter “cash”) at the end of the second quarter of the fiscal year ending March 31, 2021 was ¥56,904 million, an increase of ¥9,999 million compared with the end of the previous fiscal year ended March 31, 2020.

Net cash provided by operating activities was ¥644 million, compared with ¥4,539 million used in the same period a year earlier. The main factors are depreciation of ¥2,826 million, profit before income taxes of ¥927 million, and an increase in accrued expenses of ¥864 million, despite an increase in trade receivables of ¥3,576 million and an increase in inventories of ¥1,991 million.

Net cash used in investing activities was ¥4,745 million, compared with ¥1,630 million used in the same period a year earlier. The main factors are purchase of property, plant and equipment of ¥4,086 million and purchase of intangible assets of ¥652 million.

Net cash provided by financing activities was ¥14,210 million, compared with ¥4,766 million used in the same period a year earlier. The main factors are proceeds from long-term borrowings of ¥14,000 million and a net increase in short-term borrowings of ¥3,922 million, despite repayments of long-term borrowings of ¥2,650 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 September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	47,009	57,012
Notes and accounts receivable - trade	17,946	21,471
Merchandise and finished goods	13,370	15,279
Work in process	625	683
Raw materials and supplies	1,013	1,001
Other	7,350	9,199
Allowance for doubtful accounts	(162)	(166)
Total current assets	87,153	104,480
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,720	12,703
Accumulated depreciation	(8,321)	(8,456)
Accumulated impairment loss	(349)	(341)
Buildings and structures, net	4,048	3,904
Machinery, equipment and vehicles	2,538	2,525
Accumulated depreciation	(1,975)	(2,016)
Accumulated impairment loss	(33)	(30)
Machinery, equipment and vehicles, net	529	478
Tools, furniture and fixtures	22,780	23,159
Accumulated depreciation	(20,978)	(21,410)
Accumulated impairment loss	(723)	(731)
Tools, furniture and fixtures, net	1,078	1,018
Land	3,897	3,892
Leased assets	7,475	8,839
Accumulated depreciation	(4,014)	(3,265)
Accumulated impairment loss	(290)	(298)
Leased assets, net	3,170	5,276
Construction in progress	324	459
Total property, plant and equipment	13,048	15,028
Intangible assets		
Goodwill	14,772	13,713
Other	7,913	7,573
Total intangible assets	22,685	21,286
Investments and other assets		
Investment securities	3,190	3,422
Deferred tax assets	1,015	1,254
Other	2,187	2,306
Allowance for doubtful accounts	(27)	(30)
Total investments and other assets	6,365	6,953
Total non-current assets	42,099	43,269
Total assets	129,253	147,749

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,648	8,938
Short-term borrowings	5,980	10,058
Current portion of long-term borrowings	5,300	6,000
Lease obligations	2,550	4,087
Accounts payable - other	6,183	6,336
Accrued expenses	5,860	6,744
Income taxes payable	695	674
Provisions	297	313
Other	822	1,833
Total current liabilities	36,338	44,988
Non-current liabilities		
Long-term borrowings	18,375	29,025
Lease obligations	1,077	1,864
Deferred tax liabilities	638	654
Deferred tax liabilities for land revaluation	472	472
Provisions	526	537
Retirement benefit liability	2,912	2,967
Other	1,503	2,252
Total non-current liabilities	25,504	37,773
Total liabilities	61,843	82,761
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,459	3,459
Capital surplus	9,212	9,212
Retained earnings	44,980	44,074
Treasury shares	(1,257)	(1,807)
Total shareholders' equity	56,394	54,939
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,109	1,277
Deferred gains or losses on hedges	407	151
Revaluation reserve for land	624	624
Foreign currency translation adjustment	9,058	8,073
Remeasurements of defined benefit plans	(944)	(885)
Total accumulated other comprehensive income	10,255	9,241
Share acquisition rights	336	420
Non-controlling interests	423	386
Total net assets	67,410	64,988
Total liabilities and net assets	129,253	147,749

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	83,092	63,157
Cost of sales	48,946	39,568
Gross profit	34,145	23,589
Selling, general and administrative expenses	28,319	21,749
Operating profit	5,826	1,839
Non-operating income		
Interest and dividend income	126	39
Rental income	70	71
Other	48	86
Total non-operating income	246	196
Non-operating expenses		
Interest expenses	126	116
Foreign exchange losses	460	186
Other	95	111
Total non-operating expenses	682	414
Ordinary profit	5,389	1,622
Extraordinary income		
Gain on sales of non-current assets	–	19
Gain on sale of receivables	23	–
Gain on reversal of share acquisition rights	1	–
Received settlement fee	188	–
Subsidies for employment adjustment	–	110
Total extraordinary income	213	129
Extraordinary losses		
Loss on retirement of non-current assets	3	5
Impairment loss	–	1
Loss on COVID-19	–	677
Other	0	140
Total extraordinary losses	3	824
Profit before income taxes	5,599	927
Income taxes	1,391	448
Profit	4,207	478
Profit (loss) attributable to non-controlling interests	18	(37)
Profit attributable to owners of parent	4,189	516

## (Consolidated statement of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	4,207	478
Other comprehensive income		
Valuation difference on available-for-sale securities	283	169
Deferred gains or losses on hedges	(221)	(255)
Foreign currency translation adjustment	(751)	(985)
Remeasurements of defined benefit plans, net of tax	47	59
Total other comprehensive income	(641)	(1,011)
Comprehensive income	3,566	(532)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,547	(496)
Comprehensive income attributable to non-controlling interests	19	(36)

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,599	927
Depreciation	3,463	2,826
Loss on retirement of non-current assets	3	5
Impairment loss	–	1
Amortization of goodwill	703	654
Gain on reversal of share acquisition rights	(1)	–
Received settlement fee	(188)	–
Subsidies for employment adjustment	–	(110)
Loss on COVID-19	–	677
Increase (decrease) in allowance for doubtful accounts	(287)	7
Increase (decrease) in provisions	(85)	27
Increase (decrease) in retirement benefit liability	21	114
Interest and dividend income	(126)	(39)
Interest expenses	126	116
Foreign exchange losses (gains)	319	(164)
Loss (gain) on sales of non-current assets	0	(19)
Decrease (increase) in trade receivables	(7,561)	(3,576)
Decrease (increase) in inventories	(5,903)	(1,991)
Decrease (increase) in prepaid expenses	(268)	(91)
Increase (decrease) in trade payables	3,855	401
Increase (decrease) in accounts payable - other	(1,667)	(552)
Increase (decrease) in accrued expenses	(501)	864
Other, net	489	1,410
<b>Subtotal</b>	<b>(2,007)</b>	<b>1,492</b>
Interest and dividends received	128	37
Interest paid	(146)	(106)
The receipt of settlement fee	188	–
Proceeds from subsidies for employment adjustment	–	110
Payments associated with loss on COVID-19	–	(458)
Income taxes paid	(2,702)	(431)
<b>Net cash provided by (used in) operating activities</b>	<b>(4,539)</b>	<b>644</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(731)	(4,086)
Purchase of intangible assets	(827)	(652)
Other, net	(71)	(6)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,630)</b>	<b>(4,745)</b>

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(461)	3,922
Proceeds from long-term borrowings	–	14,000
Repayments of long-term borrowings	(1,142)	(2,650)
Dividends paid	(1,613)	(1,418)
Repayments of finance lease obligations	(1,763)	(1,476)
Proceeds from disposal of treasury shares	101	0
Purchase of treasury shares	(0)	(549)
Proceeds from sale and leaseback transactions	158	1,754
Proceeds from liquidation of receivables	–	700
Other, net	(45)	(71)
Net cash provided by (used in) financing activities	(4,766)	14,210
Effect of exchange rate change on cash and cash equivalents	(333)	(109)
Net increase (decrease) in cash and cash equivalents	(11,270)	9,999
Cash and cash equivalents at beginning of period	53,817	46,904
Cash and cash equivalents at end of period	42,547	56,904

(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 six months under review are calculated by multiplying profit before income taxes for the six months under review by the reasonably estimated effective tax rate for the fiscal year including the first quarter under review after applying tax effect accounting.

(Additional information)

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

Although the declaration of a state of emergency has been lifted, 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 second 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)

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 six months of the fiscal year ended March 31, 2020 (April 1, 2019 to September 30, 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	65,056	8,603	2,683	752	5,995	83,092
Inter-segment sales and transfers	6,114	30	–	–	23,987	30,132
Total	71,171	8,634	2,683	752	29,982	113,224
Segment profit (loss)	6,902	(35)	(145)	(63)	733	7,391

#### 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	7,391
Inter-segment eliminations	96
Corporate expenses (Note)	(1,661)
Operating profit on the quarterly consolidated statement of income	5,826

(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	54,208	14,575	13,466	14,308	83,092

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

II. First six months of the fiscal year ending March 31, 2021 (April 1, 2020 to September 30, 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	47,578	8,808	2,513	901	3,355	63,157
Inter-segment sales and transfers	5,846	20	3	8	18,918	24,797
Total	53,425	8,829	2,516	909	22,274	87,955
Segment profit (loss)	2,795	(57)	42	62	524	3,367

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	3,367
Inter-segment eliminations	(52)
Corporate expenses (Note)	(1,475)
Operating profit on the quarterly consolidated statement of income	1,839

(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	38,975	14,164	13,146	10,017	63,157

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

## Significant subsequent events

### Business combination by acquisition

TOMY International, Inc., a consolidated subsidiary of TOMY Company, Ltd. (hereinafter “Tomy”) resolved to carry out the acquisition of interests of Fat Brain Holdings, LLC (hereinafter “Fat Brain”), which engages in manufacturing and wholesale of toys, at its Board of Directors meeting on October 16, 2020 (local time) and acquired the interests of Fat Brain on the same day.

Because the investment amount for Fat Brain makes up ten-hundredth (10/100) of Tomy’s capital amount, Fat Brain is classified into a specific subsidiary of Tomy.

#### 1. Overview of the business combination

##### (1) Name of the acquired company and the content of business

(1) Name	Fat Brain Holdings, LLC
(2) Content of business	Manufacturing and wholesale of toys, retail of toys and games (operated by a corporate group consisting of Fat Brain Holdings, LLC, and two subsidiaries)

##### (2) Main reason of the business combination

###### (1) About Fat Brain Holdings, LLC

Fat Brain (Fat Brain Holdings, LLC), which is a holding company based in Nebraska, U.S., owns and controls two companies, Fat Brain Toys, LLC, which engages in retail of toys and games, and Fat Brain Toy Co., LLC, which engages in manufacturing and wholesale of toys (interests of the two companies are wholly owned by Fat Brain; hereinafter the “FB Group” as the corporate group comprised of the three companies).

The FB Group is an independent toy company founded in 2002 by Mark & Karen Carson. The FB Group’s strength for selling products directly to consumers has been its direct-to-consumer platform (hereinafter “D2C Platform”), which is highly efficient and expandable due to the use of its own logistics. The FB Group uses the D2C Platform and other state-of-the-art tools to listen directly to consumer voices, which are reflected into the product development based on its philosophy of providing children with “A Smarter Way to Play.” The FB Group plans and develops innovative, modern designs as well as toys that are not influenced by trends and can be played for a long time, and sells those toys to consumers in 33 countries around the world, including the U.S.

###### (2) Reason for acquisition of interests

The TOMY International Group operates business to offer baby products and toys in Americas (North America, Central and South America), Europe and Oceania by targeting a wide range of age groups. The unique toy product lineups that the FB Group, which is Tomy’s acquiree through this change, has developed by reflecting consumers’ voice fit the TOMY International Group’s mission to “Make the World Smile.” Also, we believe that the application of Fat Brain’s D2C Platform will contribute to further growth of the TOMY International Group and a speedy response to the current and future changes in consumers’ purchasing behavior, which is caused by the spread of the novel coronavirus disease (COVID-19).

As Tomy moves forward to transform into a real global company, we believe it important to expand Tomy’s presence in North America, which has the largest toy market share, and this acquisition will make a contribution to such expansion.

##### (3) Date of the business combination

October 16, 2020

##### (4) Legal form of the business combination

Acquisition of interests in exchange for cash

##### (5) Name after the business combination

No changes

##### (6) Percentage of voting rights acquired

100%

##### (7) Main reason leading to the decision to acquire the company

The Group acquired an equity in the company in exchange for cash.

2. Acquisition cost of the acquired company and its breakdown by type of consideration
- |                           |      |                |
|---------------------------|------|----------------|
| Acquisition consideration | Cash | US\$41 million |
| <hr/>                     |      |                |
| Acquisition cost          |      | US\$41 million |
3. Amount, cause, amortization method and period of goodwill incurred  
This has not yet been determined at this time