

## 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 9, 2021

# CONSOLIDATED FINANCIAL RESULTS for the First Six Months of the Fiscal Year Ending March 31, 2022 <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 10, 2021  
Scheduled date to commence dividend payments: December 10, 2021  
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, 2022 (From April 1, 2021 to September 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2021	77,014	21.9	5,935	222.6	5,941	266.2	5,248	916.4
September 30, 2020	63,157	(24.0)	1,839	(68.4)	1,622	(69.9)	516	(87.7)

Note: Comprehensive income  
Six months ended September 30, 2021: 5,550 million yen [-%]  
Six months ended September 30, 2020: (532) million yen [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	yen	yen
September 30, 2021	56.31	56.28
September 30, 2020	5.48	5.48

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
September 30, 2021	153,971	73,380	47.4	788.73
March 31, 2021	147,614	69,928	47.1	742.45

Reference: Equity  
As of September 30, 2021: 72,946 million yen  
As of March 31, 2021: 69,534 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, 2021	–	7.50	–	10.00	17.50
Fiscal year ending March 31, 2022	–	10.00			
Fiscal year ending March 31, 2022 (Forecast)			–	10.00	20.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022

(From April 1, 2021 to March 31, 2022)

(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, 2022	155,000	9.8	8,000	13.0	7,600	6.0	6,500	20.9	69.52

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 16 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: 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 “(4) Notes Regarding Consolidated Financial Statements, (Changes in accounting policies)” of “2. Consolidated Financial Statements and Significant Notes Thereto” on page 16 of the attached material.

(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, 2021	96,290,850 shares
As of March 31, 2021	96,290,850 shares

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

As of September 30, 2021	3,805,014 shares
As of March 31, 2021	2,634,292 shares

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

Six months ended September 30, 2021	93,201,229 shares
Six months ended September 30, 2020	94,261,187 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 9.

A financial results presentation meeting for institutional investors and analysts will be held online on November 9, 2021. 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, 2022)

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

The declaration of a state of emergency issued in April has had prolonged effects due to the expansion of the covered regions and repeated extensions of its duration. For the TOMY Group, the retail business, such as KIDDY LAND and TOMICA Shop and PLARAIL Shop, and also the event business including TOMICA EXPO and PLARAIL EXPO, were affected by the continuous 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 drastically reduce instances of employees leaving their homes and attending workplaces, as well as continuing to prohibit external business meal meetings and both overseas and domestic business trips in principle.

(Consolidated performance)

- Net sales

Net sales were ¥77,014 million (up 21.9% year on year). This is due to the growth in toy shipments compared to the same period of the previous fiscal year amid various restrictions, while there are concerns about the lingering effect of the trend of restrictions on consumers' outings in the retail business and the event business. 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.

TOMICA "Transform! Deluxe Police Station," which automatically transforms the 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. For LICCA series, LICCA dolls and "LICCA with smoke and sizzle, lively barbecue" were especially popular. For the trading card game DUEL MASTERS, products released toward the 20th anniversary of its release remained strong. Pokémon related toys such as "MONSTER COLLECTION" remained robust, and the popularity of the amusement machine Pokémon Mezastar increased. In addition, overseas-bound exports of TRANSFORMERS grew mainly in North America and Europe. Furthermore, "Punirunes," the LCD toy launched in July with a new "texture" that allows you to play as if touching "punipuni" characters on the LCD screen directly with your finger, gained popularity, and sales grew.

- Profit

Operating profit was ¥5,935 million (up 222.6% year on year), and ordinary profit was ¥5,941 million (up 266.2% year on year). This was mainly attributable to steady net sales and an increase in gross profit due to improvements in the product mix, 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 a real estate for office use, which is a non-current asset owned by TOMY (Hong Kong) Ltd., a consolidated subsidiary of the Company. An extraordinary income of ¥1,884 million was therefore recorded as a gain on transfer in the first three months, resulting in a profit attributable to owners of parent of ¥5,248 million (up 916.4% year on year).

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

(Millions of yen)

	First six months of the fiscal year ended March 31, 2021	First six months of the fiscal year ending March 31, 2022	Change	Rate of change (%)
Net sales	63,157	77,014	13,856	21.9
Japan	53,425	63,510	10,085	18.9
Americas	8,829	11,419	2,590	29.3
Europe	2,516	2,933	416	16.6
Oceania	909	1,146	236	26.0
Asia (excl. Japan)	22,274	24,201	1,926	8.6
Eliminations and corporate	(24,797)	(26,196)	(1,398)	–
Operating profit/(loss)	1,839	5,935	4,095	222.6
Japan	2,795	6,898	4,103	146.8
Americas	(57)	(27)	30	–
Europe	42	118	75	177.3
Oceania	62	102	39	63.7
Asia (excl. Japan)	524	610	86	16.5
Eliminations and corporate	(1,527)	(1,767)	(240)	–

Japan

(Millions of yen)

	First six months of the fiscal year ended March 31, 2021	First six months of the fiscal year ending March 31, 2022	Change
Net sales	53,425	63,510	10,085
Operating profit	2,795	6,898	4,103

Net sales were ¥63,510 million (up 18.9% year on year) and operating profit was ¥6,898 million (up 146.8% year on year) due to the growth in toy shipments compared to the same period of the previous fiscal year despite various restrictions.

The declaration of a state of emergency issued in April has had prolonged effects due to the expansion of the covered regions and repeated extensions of its duration. For the TOMY Group, the retail business, such as KIDDY LAND and TOMICA Shop and PLARAIL Shop, and also the event business including TOMICA EXPO and PLARAIL EXPO, were affected by the continuous 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 the police station building with the touch of a button, gained popularity. TOMICA also launched sales of its “TOMICA Speedway Play-by-Play Sound! Digital Accel Circuit,” a new product that integrates analogue and digital, and others. 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. For LICCA series, LICCA dolls such as “LICCA Yumeiro Colorful Change,” as well as “LICCA with smoke and sizzle, lively barbecue” gained popularity. Moreover, LICCA dolls, TOMICA, GACHA capsule toys and other variety toys as collaboration products with “Demon Slayer: Kimetsu no Yaiba” were released, and pre-orders of “Demon Slayer :Kimetsu no Yaiba The Game of Life,” which was released in October, were well received. For the trading card game DUEL MASTERS, enhanced collections of rare cards for the 20th anniversary of the series’ release performed well. “Let’s play DUEL MASTERS!,” an app that teaches users the rules and how to enjoy game, was distributed as a smartphone app and Nintendo Switch software, proactively capturing new users. In April, we also started developing the toys of the card battle game MAZICA

PARTY, which has gimmicks and is printed with scratch-off printing and thermochromic printing, as well as its TV animation. BEYBLADE BURST, “Dynamite Battle Layer” series, a new product in Japan, performed well, while exports to North America were rather modest among overseas-bound exports. In addition, overseas-bound exports of TRANSFORMERS remained solid mainly in North America and Europe. For Pokémon series, “MONSTER COLLECTION” and other related toys remained robust, and the popularity of the amusement machine Pokémon Mezastar, which was launched in September 2020, grew significantly. The TV animation, PAW Patrol, which entered its third year of broadcasting, was aired on YouTube and other distribution services, as well as in movie theaters in August, leading to strong sales of related products. “Punirunes,” the LCD toy launched in July with a new “texture” that allows you to play as if touching “punipuni” characters on the LCD screen directly with your finger, gained popularity, 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. 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 for seniors equipped with a facial recognition system. In the GACHA capsule toy business being developed by T-ARTS Company, Ltd., related products using popular contents were well received amid the increasing market popularity of GACHA capsule toys, and sales increased with the expanded installation of large-scale GACHA sales spaces.

#### Americas

(Millions of yen)

	First six months of the fiscal year ended March 31, 2021	First six months of the fiscal year ending March 31, 2022	Change
Net sales	8,829	11,419	2,590
Operating loss	(57)	(27)	30

Net sales were ¥11,419 million (up 29.3% year on year), and operating loss was ¥27 million (operating loss of ¥57 million in the same period of the previous year), due to surging logistics costs from container shortages. With the progress in COVID-19 vaccinations, regulations for infection countermeasures were relaxed and operations of commercial facilities were resumed. Partly because of that, consumption of services involving consumers’ outings has increased while stay-at-home demand and e-commerce purchases have calmed down. Amid these conditions, shipments of baby products and agricultural machinery toys decreased due to inventory shortages caused by container shortages, but in-store sales of baby tableware and the plush toy MOCCHI- MOCCHI- (the overseas product name: Club Mocchi-Mocchi-) grew and the addition of the Fat Brain Group, which became a subsidiary of TOMY International, Inc. in October 2020, contributed to the improved results.

#### Europe

(Millions of yen)

	First six months of the fiscal year ended March 31, 2021	First six months of the fiscal year ending March 31, 2022	Change
Net sales	2,516	2,933	416
Operating profit	42	118	75

Net sales were ¥2,933 million (up 16.6% year on year), and operating profit was ¥118 million (up 177.3% year on year). The progress in COVID-19 vaccinations and the relaxation of lockdown measures have led to a trend of recovery in the movement of people. Through such trend, 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, remained steady, and sales of the board and action game, DRUMOND PARK Brand Product and preschool game products grew.

## Oceania

(Millions of yen)

	First six months of the fiscal year ended March 31, 2021	First six months of the fiscal year ending March 31, 2022	Change
Net sales	909	1,146	236
Operating profit	62	102	39

Net sales were ¥1,146 million (up 26.0% year on year), and operating profit was ¥102 million (up 63.7% year on year). The outing restriction executed as part of the lockdown measures amid the spread of COVID-19 continued to enforce in some regions even after fiscal 2021. Ride-on type agricultural machinery toys were well received, and sales of products related to the TV animation *Ricky Zoom* grew.

Sales of infant and preschool products were strong, centered on child seats and baby tableware.

## Asia (excl. Japan)

(Millions of yen)

	First six months of the fiscal year ended March 31, 2021	First six months of the fiscal year ending March 31, 2022	Change
Net sales	22,274	24,201	1,926
Operating profit	524	610	86

Net sales were ¥24,201 million (up 8.6% year on year), and operating profit was ¥610 million (up 16.5% year on year). 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, and single-pack TOMICA vehicles and TOMICA World, etc. performed well.



(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, 2022, current assets stood at ¥108,677 million, up ¥6,798 million from the end of the previous fiscal year ended March 31, 2021. This is mainly attributable to increases in notes and accounts receivable - trade and merchandise and finished goods.

Non-current assets stood at ¥45,293 million, down ¥441 million from the end of the previous fiscal year. This is mainly attributable to decreases in intangible assets and property, plant and equipment.

<Liabilities>

At the end of the second quarter, current liabilities stood at ¥49,721 million, up ¥7,425 million from the end of the previous fiscal year. This is mainly attributable to increases in notes and accounts payable - trade, accounts payable - other, accrued expenses and short-term borrowings.

Non-current liabilities stood at ¥30,869 million, down ¥4,520 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 second quarter, total net assets were ¥73,380 million, up ¥3,452 million from the end of the previous fiscal year. This is mainly attributable to an increase in retained earnings, despite 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, 2022 was ¥59,852 million, a decrease of ¥3,695 million compared with the end of the previous fiscal year ended March 31, 2021.

Net cash provided by operating activities was ¥2,153 million, compared with ¥644 million provided in the same period a year earlier. The main factors are profit before income taxes of ¥7,421 million, an increase in trade payables of ¥3,254 million, and depreciation of ¥2,858 million, despite an increase in trade receivables of ¥6,057 million and an increase in inventories of ¥4,580 million.

Net cash used in investing activities was ¥68 million, compared with ¥3,120 million used in the same period a year earlier. The main factors are purchase of property, plant and equipment of ¥1,104 million and purchase of intangible assets of ¥753 million, despite proceeds from sale of property, plant and equipment of ¥1,702 million.

Net cash used in financing activities was ¥5,853 million, compared with ¥12,585 million provided in the same period a year earlier. The main factors are repayments of long-term borrowings of ¥3,663 million, repayments of finance lease obligations of ¥1,400 million, and purchase of treasury shares of ¥1,202 million, despite an increase in short-term borrowings of ¥866 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 12, 2021.

## 2. Consolidated Financial Statements and Significant Notes Thereto

### (1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	63,656	59,964
Notes and accounts receivable - trade	18,170	24,237
Merchandise and finished goods	13,163	17,707
Work in process	624	566
Raw materials and supplies	903	1,020
Other	5,545	5,333
Allowance for doubtful accounts	(185)	(151)
Total current assets	101,879	108,677
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,944	13,004
Accumulated depreciation	(8,693)	(8,759)
Accumulated impairment loss	(441)	(624)
Buildings and structures, net	3,810	3,619
Machinery, equipment and vehicles	2,606	2,652
Accumulated depreciation	(2,116)	(2,158)
Accumulated impairment loss	(31)	(31)
Machinery, equipment and vehicles, net	458	462
Tools, furniture and fixtures	23,525	23,915
Accumulated depreciation	(21,622)	(22,061)
Accumulated impairment loss	(822)	(834)
Tools, furniture and fixtures, net	1,080	1,019
Land	3,902	3,895
Leased assets	8,780	7,684
Accumulated depreciation	(3,972)	(3,097)
Accumulated impairment loss	(339)	(336)
Leased assets, net	4,467	4,249
Construction in progress	534	784
Total property, plant and equipment	14,254	14,031
Intangible assets		
Goodwill	15,902	15,386
Other	9,455	9,354
Total intangible assets	25,357	24,740
Investments and other assets		
Investment securities	2,592	2,667
Deferred tax assets	1,267	1,495
Other	2,290	2,435
Allowance for doubtful accounts	(27)	(77)
Total investments and other assets	6,122	6,521
Total non-current assets	45,734	45,293
Total assets	147,614	153,971

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,151	11,462
Short-term borrowings	6,833	7,623
Current portion of long-term borrowings	8,064	8,771
Lease obligations	2,332	2,425
Accounts payable - other	6,155	7,499
Accrued expenses	6,973	7,793
Income taxes payable	1,129	1,847
Provisions	319	367
Other	2,336	1,930
Total current liabilities	42,295	49,721
Non-current liabilities		
Long-term borrowings	27,465	23,107
Lease obligations	1,549	1,541
Deferred tax liabilities	252	348
Deferred tax liabilities for land revaluation	472	472
Provisions	223	230
Retirement benefit liability	2,517	2,520
Other	2,909	2,649
Total non-current liabilities	35,390	30,869
Total liabilities	77,686	80,591
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,459	3,459
Capital surplus	9,211	9,211
Retained earnings	48,226	52,538
Treasury shares	(2,307)	(3,510)
Total shareholders' equity	58,590	61,698
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	828	896
Deferred gains or losses on hedges	605	406
Revaluation reserve for land	624	624
Foreign currency translation adjustment	9,275	9,698
Remeasurements of defined benefit plans	(388)	(378)
Total accumulated other comprehensive income	10,944	11,247
Share acquisition rights	393	434
Total net assets	69,928	73,380
<b>Total liabilities and net assets</b>	<b>147,614</b>	<b>153,971</b>

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

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	63,157	77,014
Cost of sales	39,568	45,967
Gross profit	23,589	31,046
Selling, general and administrative expenses	21,749	25,111
Operating profit	1,839	5,935
Non-operating income		
Interest and dividend income	39	30
Rental income	71	75
Other	86	164
Total non-operating income	196	270
Non-operating expenses		
Interest expenses	116	176
Foreign exchange losses	186	35
Other	111	52
Total non-operating expenses	414	264
Ordinary profit	1,622	5,941
Extraordinary income		
Gain on sale of non-current assets	19	1,887
Subsidies for employment adjustment	110	38
Other	–	0
Total extraordinary income	129	1,926
Extraordinary losses		
Loss on retirement of non-current assets	5	0
Impairment losses	1	211
Loss on COVID-19	677	214
Other	140	20
Total extraordinary losses	824	446
Profit before income taxes	927	7,421
Income taxes	448	2,172
Profit	478	5,248
Loss attributable to non-controlling interests	(37)	–
Profit attributable to owners of parent	516	5,248

(Consolidated statement of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	478	5,248
Other comprehensive income		
Valuation difference on available-for-sale securities	169	68
Deferred gains or losses on hedges	(255)	(199)
Foreign currency translation adjustment	(985)	422
Remeasurements of defined benefit plans, net of tax	59	10
Total other comprehensive income	(1,011)	302
Comprehensive income	(532)	5,550
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(496)	5,550
Comprehensive income attributable to non-controlling interests	(36)	–

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	927	7,421
Depreciation	2,826	2,858
Loss on retirement of non-current assets	5	0
Impairment losses	1	211
Amortization of goodwill	654	764
Subsidies for employment adjustment	(110)	(38)
Loss on COVID-19	677	214
Increase (decrease) in allowance for doubtful accounts	7	15
Increase (decrease) in provisions	27	65
Increase (decrease) in retirement benefit liability	114	27
Interest and dividend income	(39)	(30)
Interest expenses	116	176
Foreign exchange losses (gains)	(164)	112
Loss (gain) on sale of non-current assets	(19)	(1,887)
Decrease (increase) in trade receivables	(3,576)	(6,057)
Decrease (increase) in inventories	(1,991)	(4,580)
Decrease (increase) in prepaid expenses	(91)	(276)
Increase (decrease) in trade payables	401	3,254
Increase (decrease) in accounts payable - other	(552)	1,119
Increase (decrease) in accrued expenses	864	810
Other, net	1,410	(368)
<b>Subtotal</b>	<b>1,492</b>	<b>3,811</b>
Interest and dividends received	37	26
Interest paid	(106)	(176)
Proceeds from subsidies for employment adjustment	110	38
Payments associated with loss on COVID-19	(458)	(146)
Income taxes paid	(431)	(1,400)
<b>Net cash provided by (used in) operating activities</b>	<b>644</b>	<b>2,153</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,460)	(1,104)
Proceeds from sale of property, plant and equipment	13	1,702
Purchase of intangible assets	(652)	(753)
Other, net	(19)	87
<b>Net cash provided by (used in) investing activities</b>	<b>(3,120)</b>	<b>(68)</b>

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,922	866
Proceeds from long-term borrowings	14,000	—
Repayments of long-term borrowings	(2,650)	(3,663)
Dividends paid	(1,418)	(937)
Repayments of finance lease obligations	(1,476)	(1,400)
Proceeds from disposal of treasury shares	0	—
Purchase of treasury shares	(549)	(1,202)
Proceeds from sale and leaseback transactions	129	565
Proceeds from liquidation of receivables	700	—
Other, net	(71)	(81)
Net cash provided by (used in) financing activities	12,585	(5,853)
Effect of exchange rate change on cash and cash equivalents	(109)	72
Net increase (decrease) in cash and cash equivalents	9,999	(3,695)
Cash and cash equivalents at beginning of period	46,904	63,548
Cash and cash equivalents at end of period	56,904	59,852

(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 second quarter under review after applying tax effect accounting.

(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 first quarter of the fiscal year ending March 31, 2022, and it has recognized revenue at the time 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 first quarter was added to or deducted from the opening balance of retained earnings of the first quarter, and thus the new accounting policy was applied from such opening balance.

As a result of this change, for the first six months under review, net sales decreased by ¥350 million and cost of sales decreased by ¥350 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 of the fiscal year ending March 31, 2022.

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. have been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022, 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 quarterly consolidated financial statements.

(Additional information)

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

A state of emergency has been declared again in Japan and it is difficult to accurately predict when COVID-19 will subside.



Based on the assumption that the impact of COVID-19 will not worsen from the situation at the end of the previous 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. There have been no significant changes to the assumptions used in these accounting estimates since the previous fiscal year.

(Consolidated statement of income)

Loss on COVID-19

During the first six months of the fiscal year ended March 31, 2021, 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.

During the first six months of the fiscal year ending March 31, 2022, 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)

I. First six months of the fiscal year ended 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.

II. First six months of the fiscal year ending March 31, 2022 (April 1, 2021 to September 30, 2021)

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	57,439	11,179	2,929	1,146	4,319	77,014
Inter-segment sales and transfers	6,070	240	3	—	19,881	26,196
Total	63,510	11,419	2,933	1,146	24,201	103,210
Segment profit (loss)	6,898	(27)	118	102	610	7,702

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	7,702
Inter-segment eliminations	(153)
Corporate expenses (Note)	(1,613)
Operating profit on the quarterly consolidated statement of income	5,935

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	47,217	17,423	16,616	12,373	77,014

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