

Translation

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February 7, 2022

CONSOLIDATED FINANCIAL RESULTS for the First Nine 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: February 8, 2022
Scheduled date to commence dividend payments: –
Supplementary material on quarterly financial results: No
Quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated performance for the first nine months of the fiscal year ending March 31, 2022 (From April 1, 2021 to December 31, 2021)

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

Nine months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	131,212	18.7	13,412	70.4	13,554	81.8	9,898	80.7
December 31, 2020	110,515	(16.3)	7,872	(35.5)	7,456	(36.9)	5,477	(16.9)

Note: Comprehensive income
Nine months ended December 31, 2021 11,255 million yen [272.1%]
Nine months ended December 31, 2020 3,024 million yen [(53.8)%]

Nine months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
December 31, 2021	106.48	106.42
December 31, 2020	58.14	58.11

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
December 31, 2021	162,279	78,022	47.9	840.33
March 31, 2021	147,614	69,928	47.1	742.45

Reference: Equity
As of December 31, 2021: 77,718 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)				20.00	30.00

Note: Revisions to the cash dividend forecasts most recently announced: Yes
 For the revisions of the dividend forecasts, please refer to “Notice Concerning Revisions of Earnings Forecasts and Dividend Forecasts,” announced on February 7, 2022.

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	160,000	13.3	11,000	55.4	11,000	53.4	7,500	39.5	80.68

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes
 For the revisions of the dividend forecasts, please refer to “Notice Concerning Revisions of Earnings Forecasts and Dividend Forecasts,” announced on February 7, 2022.

* Notes

(1) Changes in significant subsidiaries during the nine 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: 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 17 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 December 31, 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 December 31, 2021	3,805,354 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)

Nine months ended December 31, 2021	92,961,870 shares
Nine months ended December 31, 2020	94,223,086 shares

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

* Proper use of earnings forecasts, and other special matters

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

A financial results presentation meeting for institutional investors and analysts will be held via telephone conference on February 7, 2022.

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1. Qualitative Information Regarding Consolidated Operating Results

(1) Explanation of Operating Results

(Highlights of First Nine Months of the Fiscal Year Ending March 31, 2022)

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

Although 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, this was completely lifted at the end of September and the spread of infection temporarily subsided. Subsequently, the new Omicron variant of COVID-19 was confirmed at the end of the year, causing a sense of uncertainty about the future. In addition, 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 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.

(Consolidated performance)

• Net sales

Net sales were ¥131,212 million (up 18.7% year on year). This was due to the growth in toy shipments compared to the same period of the previous fiscal year amid various restrictions, despite the lingering effects of the trend of restrictions on consumers' outings 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.

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, 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, products released for the 20th anniversary of the series, performed well. 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. In addition, overseas-bound exports of TRANSFORMERS grew mainly in North America and Europe. "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 great popularity, 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, 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.

• Profit

Operating profit was ¥13,412 million (up 70.4% year on year), and ordinary profit was ¥13,554 million (up 81.8% 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 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 ¥1,909 million was therefore recorded as a gain on transfer in the first three months. An extraordinary loss of ¥727 million was also recorded due to factors including the partial

asset impairment 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 ¥9,898 million (up 80.7% year on year).

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

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2021	First nine months of the fiscal year ending March 31, 2022	Change	Rate of change (%)
Net sales	110,515	131,212	20,697	18.7
Japan	89,852	104,970	15,117	16.8
Americas	16,684	20,484	3,800	22.8
Europe	4,920	5,964	1,043	21.2
Oceania	1,490	1,954	463	31.1
Asia (excl. Japan)	33,666	37,110	3,443	10.2
Eliminations and corporate	(36,100)	(39,272)	(3,172)	–
Operating profit	7,872	13,412	5,540	70.4
Japan	8,649	14,325	5,675	65.6
Americas	414	243	(170)	(41.2)
Europe	64	136	72	112.6
Oceania	109	184	75	68.7
Asia (excl. Japan)	820	1,091	271	33.1
Eliminations and corporate	(2,185)	(2,569)	(383)	–

Japan

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2021	First nine months of the fiscal year ending March 31, 2022	Change
Net sales	89,852	104,970	15,117
Operating profit	8,649	14,325	5,675

Net sales were ¥104,970 million (up 16.8% year on year), and operating profit was ¥14,325 million (up 65.6% year on year). This was due to the growth in toy shipments compared to the same period of 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.

Although 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, this was completely lifted at the end of September and the spread of infection temporarily subsided. Subsequently, the new Omicron variant of COVID-19 was confirmed at the end of the year, causing a sense of uncertainty about the future. 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 launched the “Transform! Deluxe Police Station,” which automatically transforms sounds and voices and the police station building with the touch of a button and in October launched the “Reconfiguring Action! Car Carrier & Cargo Jet Set,” a “DIY” themed play set that can be assembled, reconfigured and disassembled using an electric screwdriver. In addition, in November, 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 LICCA series, playing houses 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, which will reach its 20th anniversary of release in 2022, enhanced collections of rare cards performed well. “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 proactively marketed through methods such as the dissemination of information through TOMY’s official You Tube channel. BEYBLADE BURST, “Dynamite Battle Layer” series, a new product in Japan, performed well. While overseas-bound exports were rather modest, they exceeded internal expectations. 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, was aired on YouTube and other distribution services, as well as released in movie theaters in summer, 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 great 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 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 success thanks to collaboration with the virtual liver group and the release of new editions since summer. 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, 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 nine months of the fiscal year ended March 31, 2021	First nine months of the fiscal year ending March 31, 2022	Change
Net sales	16,684	20,484	3,800
Operating profit	414	243	(170)

Net sales were ¥20,484 million (up 22.8% year on year), and operating profit was ¥243 million (down 41.2% year on year), due to surging logistics costs from container shortages. The business performance of the Fat Brain Group, which became a subsidiary of TOMY International, Inc. in October 2020, also contributed to these results. Although there was progress in COVID-19 vaccinations and relaxation of various measures to prevent the spread of infection, there was a subsequent surge in infections from the new Omicron variant. In addition, because the operations of commercial facilities had also resumed, consumption of services involving leaving the home increased, while stay-at-home demand and e-commerce purchases calmed down. Amid these conditions, shipments of agricultural machinery toys decreased due to inventory shortages caused by container shortages, but shipments of baby products such as tableware were about the same as the previous fiscal year. In-store sales of products such as the plush toy MOCCHI- MOCCHI- (the overseas product name: Club Mocchi- Mocchi-) grew.

Europe

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2021	First nine months of the fiscal year ending March 31, 2022	Change
Net sales	4,920	5,964	1,043
Operating profit	64	136	72

Net sales were ¥5,964 million (up 21.2% year on year), and operating profit was ¥136 million (up 112.6% year on year). Although the human traffic tends to recover due to the spread of vaccinations against COVID-19 and the temporary relaxation of the lockdowns, the re-emergence of the infection led to the tightening of restrictions once again. 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 products, remained steady, and sales of the board and action game, DRUMOND PARK Brand Product and preschool game products grew. This was partly attributed to the start of handling Fat Brain Group products.

Oceania

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2021	First nine months of the fiscal year ending March 31, 2022	Change
Net sales	1,490	1,954	463
Operating profit	109	184	75

Net sales were ¥1,954 million (up 31.1% year on year), and operating profit was ¥184 million (up 68.7% 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. Amid the relaxation of various restrictions such as restrictions on leaving home under lockdowns imposed because of the spread of COVID-19, there was a surge in infections from the new Omicron variant. 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 products performed well.

Asia (excl. Japan)

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2021	First nine months of the fiscal year ending March 31, 2022	Change
Net sales	33,666	37,110	3,443
Operating profit	820	1,091	271

Net sales were ¥37,110 million (up 10.2% year on year), and operating profit was ¥1,091 million (up 33.1% 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. This was partly attributed to the growth of shipments of toys related to "SHINKALION Z," the TV animation series that started airing in Hong Kong in fall. The new series of BEYBLADE BURST, developed in South Korea, Hong Kong, and other Asian regions, gained in popularity and single-pack TOMICA vehicles and TOMICA World, etc. were steady.

(2) Overview of Financial Position

Assets, Liabilities and Net Assets

<Assets>

At the end of the third quarter of the fiscal year ending March 31, 2022, current assets stood at ¥117,326 million, up ¥15,446 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, despite a decrease in cash and deposits.

Non-current assets stood at ¥44,953 million, down ¥781 million from the end of the previous fiscal year. This is mainly attributable to decreases in property, plant and equipment and intangible assets.

<Liabilities>

At the end of the third quarter, current liabilities stood at ¥54,887 million, up ¥12,591 million from the end of the previous fiscal year. This is mainly attributable to increases in notes and accounts payable - trade, accounts payable - other, income taxes payable and accrued expenses.

Non-current liabilities stood at ¥29,369 million, down ¥6,021 million from the end of the previous fiscal year. This is mainly attributable to a decrease in long-term borrowings, despite an increase in lease obligations.

<Net assets>

At the end of the third quarter, total net assets were ¥78,022 million, up ¥8,094 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 of treasury shares.

Cash Flows

Cash and cash equivalents (hereafter “cash”) at the end of the third quarter of the fiscal year ending March 31, 2022 was ¥60,206 million, a decrease of ¥3,341 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 ¥6,812 million, compared with ¥7,442 million provided in the same period a year earlier. The main factors are profit before income taxes of ¥14,725 million, depreciation of ¥4,328 million, and an increase in trade payables of ¥3,501 million, despite an increase in trade receivables of ¥14,179 million.

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

Net cash used in investing activities was ¥1,565 million, compared with ¥8,238 million used in the same period a year earlier. The main factors are purchase of property, plant and equipment of ¥2,384 million and purchase of intangible assets of ¥1,054 million, despite proceeds from sale of property, plant and equipment of ¥1,792 million.

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

Net cash used in financing activities was ¥8,924 million, compared with ¥10,269 million provided by the same period a year earlier. The main factors are repayments of long-term borrowings of ¥5,845 million, repayments of finance lease obligations of ¥1,977 million, dividends paid of ¥1,853 million, and purchase of treasury shares of ¥1,203 million.

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

We have revised today (February 7, 2022) the consolidated earnings forecasts for the fiscal year ending March 31, 2022 that was announced on May 11, 2021. Please refer to today’s press release “Notice Concerning Revisions of Earnings Forecasts and Dividend Forecasts,” for details regarding the revisions of earnings forecasts.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	63,656	60,319
Notes and accounts receivable - trade	18,170	32,617
Merchandise and finished goods	13,163	16,516
Work in process	624	580
Raw materials and supplies	903	1,125
Other	5,545	6,328
Allowance for doubtful accounts	(185)	(162)
Total current assets	101,879	117,326
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,944	13,192
Accumulated depreciation	(8,693)	(8,892)
Accumulated impairment loss	(441)	(948)
Buildings and structures, net	3,810	3,352
Machinery, equipment and vehicles	2,606	2,748
Accumulated depreciation	(2,116)	(2,217)
Accumulated impairment loss	(31)	(36)
Machinery, equipment and vehicles, net	458	495
Tools, furniture and fixtures	23,525	24,158
Accumulated depreciation	(21,622)	(22,251)
Accumulated impairment loss	(822)	(921)
Tools, furniture and fixtures, net	1,080	985
Land	3,902	3,902
Leased assets	8,780	8,576
Accumulated depreciation	(3,972)	(3,483)
Accumulated impairment loss	(339)	(344)
Leased assets, net	4,467	4,749
Construction in progress	534	380
Total property, plant and equipment	14,254	13,864
Intangible assets		
Goodwill	15,902	15,419
Other	9,455	9,438
Total intangible assets	25,357	24,857
Investments and other assets		
Investment securities	2,592	2,705
Deferred tax assets	1,267	1,274
Other	2,290	2,315
Allowance for doubtful accounts	(27)	(64)
Total investments and other assets	6,122	6,231
Total non-current assets	45,734	44,953
Total assets	147,614	162,279

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,151	11,796
Short-term borrowings	6,833	7,992
Current portion of long-term borrowings	8,064	8,790
Lease obligations	2,332	2,718
Accounts payable - other	6,155	9,133
Accrued expenses	6,973	8,776
Income taxes payable	1,129	2,815
Provisions	319	524
Other	2,336	2,339
Total current liabilities	42,295	54,887
Non-current liabilities		
Long-term borrowings	27,465	20,970
Lease obligations	1,549	1,938
Deferred tax liabilities	252	483
Deferred tax liabilities for land revaluation	472	472
Provisions	223	237
Retirement benefit liability	2,517	2,550
Other	2,909	2,716
Total non-current liabilities	35,390	29,369
Total liabilities	77,686	84,256
Net assets		
Shareholders' equity		
Share capital	3,459	3,459
Capital surplus	9,211	9,211
Retained earnings	48,226	56,257
Treasury shares	(2,307)	(3,511)
Total shareholders' equity	58,590	65,417
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	828	918
Deferred gains or losses on hedges	605	443
Revaluation reserve for land	624	624
Foreign currency translation adjustment	9,275	10,696
Remeasurements of defined benefit plans	(388)	(381)
Total accumulated other comprehensive income	10,944	12,301
Share acquisition rights	393	304
Total net assets	69,928	78,022
Total liabilities and net assets	147,614	162,279

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	110,515	131,212
Cost of sales	66,658	77,109
Gross profit	43,856	54,103
Selling, general and administrative expenses	35,984	40,690
Operating profit	7,872	13,412
Non-operating income		
Interest and dividend income	61	48
Rental income	108	111
Foreign exchange gains	–	117
Other	129	215
Total non-operating income	298	492
Non-operating expenses		
Interest expenses	187	252
Foreign exchange losses	299	–
Other	226	98
Total non-operating expenses	714	351
Ordinary profit	7,456	13,554
Extraordinary income		
Gain on sale of non-current assets	19	1,909
Gain on sale of investment securities	803	–
Gain on reversal of share acquisition rights	58	137
Subsidies for employment adjustment	201	38
Other	100	69
Total extraordinary income	1,182	2,154
Extraordinary losses		
Loss on retirement of non-current assets	6	0
Impairment losses	55	727
Loss on COVID-19	679	221
Other	163	33
Total extraordinary losses	904	983
Profit before income taxes	7,734	14,725
Income taxes	2,294	4,826
Profit	5,440	9,898
Loss attributable to non-controlling interests	(37)	–
Profit attributable to owners of parent	5,477	9,898

(Consolidated statement of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	5,440	9,898
Other comprehensive income		
Valuation difference on available-for-sale securities	(256)	89
Deferred gains or losses on hedges	(449)	(161)
Foreign currency translation adjustment	(1,804)	1,420
Remeasurements of defined benefit plans, net of tax	95	7
Total other comprehensive income	(2,415)	1,356
Comprehensive income	3,024	11,255
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,059	11,255
Comprehensive income attributable to non-controlling interests	(34)	–

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	7,734	14,725
Depreciation	4,472	4,328
Loss on retirement of non-current assets	6	0
Impairment losses	55	727
Amortization of goodwill	1,035	1,153
Gain on reversal of share acquisition rights	(58)	(137)
Subsidies for employment adjustment	(201)	(38)
Loss on COVID-19	679	221
Increase (decrease) in allowance for doubtful accounts	11	7
Increase (decrease) in provisions	53	221
Increase (decrease) in retirement benefit liability	173	62
Interest and dividend income	(61)	(48)
Interest expenses	187	252
Foreign exchange losses (gains)	(439)	92
Loss (gain) on sale of non-current assets	(19)	(1,896)
Loss (gain) on sale of investment securities	(803)	–
Decrease (increase) in trade receivables	(11,256)	(14,179)
Decrease (increase) in inventories	167	(3,211)
Decrease (increase) in prepaid expenses	166	(680)
Increase (decrease) in trade payables	1,693	3,501
Increase (decrease) in accounts payable - other	878	3,047
Increase (decrease) in accrued expenses	1,783	1,667
Other, net	3,514	20
Subtotal	9,773	9,837
Interest and dividends received	59	46
Interest paid	(170)	(251)
Proceeds from subsidies for employment adjustment	201	38
Payments associated with loss on COVID-19	(460)	(153)
Income taxes paid	(1,962)	(2,705)
Cash flows from operating activities	7,442	6,812
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,830)	(2,384)
Proceeds from sale of property, plant and equipment	13	1,792
Purchase of intangible assets	(1,007)	(1,054)
Proceeds from sale of investment securities	931	69
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,319)	–
Other, net	(26)	11
Cash flows from investing activities	(8,238)	(1,565)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	793	1,067
Proceeds from long-term borrowings	17,133	–
Repayments of long-term borrowings	(3,980)	(5,845)
Dividends paid	(2,109)	(1,853)
Repayments of finance lease obligations	(3,491)	(1,977)
Proceeds from disposal of treasury shares	0	0
Purchase of treasury shares	(549)	(1,203)
Proceeds from sale and leaseback transactions	2,969	1,026
Proceeds from liquidation of receivables	700	–
Repayments of credit fluidity	(700)	–
Other, net	(496)	(137)
Net cash provided by (used in) financing activities	10,269	(8,924)
Effect of exchange rate change on cash and cash equivalents	(106)	335
Net increase (decrease) in cash and cash equivalents	9,366	(3,341)
Cash and cash equivalents at beginning of period	46,904	63,548
Cash and cash equivalents at end of period	56,271	60,206

(4) Notes Regarding Consolidated Financial Statements

(Notes regarding assumption of going concern)

Nothing to note.

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

Nothing to note.

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

Tax expense calculation

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

(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, 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 nine months under review, net sales decreased by ¥576 million and cost of sales decreased by ¥576 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, 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)

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 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)

1. Impairment losses

During the first nine months of the fiscal year ending March 31, 2022, the TOMY Group recorded impairment loss on the following asset groups.

Use	Type	Location	Impairment loss (Millions of yen)
Business assets and stores	Buildings and structures, Tools, furniture and fixtures Intangible assets (other) Total investments and other assets	Shibuya, Tokyo, etc.	670
Business assets	Machinery, equipment and vehicles Tools, furniture and fixtures Intangible assets (other) Total investments and other assets	Seoul, South Korea	54
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, 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 (¥670 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥507 million in buildings and structures, ¥76 million in tools, furniture and fixtures, ¥50 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 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 (¥54 million) as impairment loss in extraordinary losses. The breakdown of this impairment loss was ¥4 million in machinery, equipment and vehicles, ¥11 million in tools, furniture and fixtures, ¥0 million in intangible assets (other), and ¥38 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 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.

For the first nine months of the fiscal year ended March 31, 2021, this information is omitted due to its immateriality.

2. Loss on COVID-19

During the first nine 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 nine 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 nine months of the fiscal year ended March 31, 2021 (April 1, 2020 to December 31, 2020)

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

(Millions of yen)

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

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

(Millions of yen)

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

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

3. Regional information

(Millions of yen)

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

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

II. First nine months of the fiscal year ending March 31, 2022 (April 1, 2021 to December 31, 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	96,524	20,135	5,960	1,954	6,637	131,212
Inter-segment sales and transfers	8,446	349	3	–	30,473	39,272
Total	104,970	20,484	5,964	1,954	37,110	170,485
Segment profit	14,325	243	136	184	1,091	15,981

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	15,981
Inter-segment eliminations	(174)
Corporate expenses (Note)	(2,395)
Operating profit on the quarterly consolidated statement of income	13,412

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	80,888	29,721	28,462	20,602	131,212

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