

Translation

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November 7, 2023

CONSOLIDATED FINANCIAL RESULTS

for the First Six Months of the Fiscal Year Ending March 31, 2024

<under Japanese GAAP>

Company name: TOMY COMPANY, LTD.
Listing: Prime Market of the Tokyo Stock Exchange
Securities identification code: 7867
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Scheduled date to file quarterly securities report: November 8, 2023
Scheduled date to commence dividend payments: December 8, 2023
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, 2024 (From April 1, 2023 to September 30, 2023)

(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, 2023	96,078	7.9	8,013	33.3	7,361	50.4	5,613	75.8
September 30, 2022	89,035	15.6	6,010	1.3	4,893	(17.6)	3,192	(39.2)

Note: Comprehensive income
Six months ended September 30, 2023 ¥12,275 million [(3.6)%]
Six months ended September 30, 2022 ¥12,732 million [129.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	yen	yen
September 30, 2023	61.55	61.48
September 30, 2022	34.86	34.83

(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, 2023	174,163	97,279	55.8	1,069.06
March 31, 2023	159,519	87,167	54.5	950.39

Reference: Equity
As of September 30, 2023 ¥97,246 million
As of March 31, 2023 ¥87,012 million

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, 2023	–	17.50	–	15.00	32.50
Fiscal year ending March 31, 2024	–	17.50			
Fiscal year ending March 31, 2024 (Forecast)			–	17.50	35.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024

(From April 1, 2023 to March 31, 2024)

(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, 2024	195,000	4.1	13,500	2.9	13,000	7.9	9,000	8.2	98.13

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: 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, 2023	93,616,650 shares
As of March 31, 2023	94,990,850 shares

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

As of September 30, 2023	2,652,297 shares
As of March 31, 2023	3,435,898 shares

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

Six months ended September 30, 2023	91,194,003 shares
Six months ended September 30, 2022	91,567,042 shares

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

* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an 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 7, 2023. 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, 2024)

Toward our corporate philosophy of “in order to fulfill the dreams of all,” the TOMY Group is further strengthening its toy business to build a solid management foundation, and promoting overseas expansion to transform itself into a truly Outstanding Global Company. In the fiscal year ending March 31, 2024, as the final year of the Medium-Term Management Plan that began in the fiscal year ended March 31, 2022, we will flexibly respond to changes in economic activities and consumer behavior, and will work toward achieving each measure of the Medium-Term Management Plan.

Even though social and economic activities are recovering due to the easing of COVID-19 restrictions on people’s movements, the business environment surrounding the Company still remains highly uncertain overall with the sharp rise in global raw materials prices and inflation and extreme foreign exchange fluctuations triggered by heightened global geopolitical risks.

(Consolidated performance)

• Net sales

Net sales were ¥96,078 million (up 7.9% year on year). For our long-standing products, we continued our efforts to plan, develop, and enhance sales of products that appeal not only to children but also to adults. In “PLARAIL,” we began releasing “PLARAIL Real Class” for adults in June, which enables both the enjoyment of displaying and the enjoyment of playing, in addition to the existing lineup of products aimed at children. Through the comeback of “Jenny” in August, a fashion doll that first appeared and was popular in the 1980s, as a friend to the “#Licca (Hashtag Licca)” series, we made efforts to widen the age range of our customers.

In addition, we worked to link toys to content as part of our initiative to develop our intellectual property (IP) on television and the internet, such as by launching “ANIA Kingdom” in April, the first TV animation for the “ANIA” series of animal figures that can be moved when playing.

At group companies, sales increased in the GACHA capsule toy business being developed by T-ARTS Company, as a result of the expanded installation of large-scale GACHA sales spaces and the expansion of products for adults that make use of popular content. Furthermore, sales grew in the KIDDY LAND retail business due to the recovery in the flow of people, including foreign tourists visiting Japan, while in China there was a recovery in sales due in part to the reaction to lockdowns imposed in the first quarter of the previous fiscal year.

• Profit

Operating profit was ¥8,013 million (up 33.3% year on year), and ordinary profit was ¥7,361 million (up 50.4% year on year), reflecting growth in gross profit due to the increase in net sales and improvement in sales cost ratio driven by stability in shipping costs and other factors, as well as lower distribution costs in selling, general and administrative expenses. Profit attributable to owners of parent was ¥5,613 million (up 75.8% 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, 2023	First six months of the fiscal year ending March 31, 2024	Change	Rate of change (%)
Net sales	89,035	96,078	7,042	7.9
Japan	72,575	79,881	7,306	10.1
Americas	14,019	13,598	(420)	(3.0)
Europe	3,179	2,861	(317)	(10.0)
Oceania	1,459	1,248	(210)	(14.4)
Asia (excl. Japan)	32,186	29,379	(2,806)	(8.7)
Eliminations and corporate	(34,383)	(30,891)	3,491	–
Operating profit/(loss)	6,010	8,013	2,003	33.3
Japan	7,733	10,116	2,382	30.8
Americas	(489)	(459)	30	–
Europe	(135)	(302)	(167)	–
Oceania	59	136	76	129.3
Asia (excl. Japan)	1,377	904	(473)	(34.4)
Eliminations and corporate	(2,535)	(2,381)	154	–

Japan

(Millions of yen)

	First six months of the fiscal year ended March 31, 2023	First six months of the fiscal year ending March 31, 2024	Change
Net sales	72,575	79,881	7,306
Operating profit	7,733	10,116	2,382

Net sales were ¥79,881 million (up 10.1% year on year), and operating profit was ¥10,116 million (up 30.8% year on year). For our long-standing products, we continued our efforts to plan, develop, and expand sales of products that appeal not only to children but also to adults. In “PLARAIL,” we began releasing “PLARAIL Real Class” for adults in June, which enables both the enjoyment of displaying and the enjoyment of playing, in addition to the existing lineup of products aimed at children. Through the comeback of “Jenny” in August, a fashion doll that first appeared and was popular in the 1980s, as a friend to the “#Licca (Hashtag Licca)” series, we made efforts to widen the age range of our customers. For “TRANSFORMERS,” we launched new toys with the latest design inspired by the characters in the newly released movie, but exports of these products fell short of our expectations mainly due to the impact of challenging conditions in overseas toy markets.

For “BEYBLADE X,” the fourth generation of the modern version of “BEYBLADE,” we launched a range of toys in July based on the theme of “BEYBLADE WILL BECOME SPORTS.” In addition, not only did we kick off some large-scale events, but the popularity of the brand has grown to include adults, thanks to its 24-year history since its initial release in 1999. Also, we endeavored to digitally integrate the brand mainly by running a creator contest to enhance content for the metaverse-based online gaming platform Roblox.

As part of our initiative to develop IP on television and the internet, we worked to expand sales of the “ANIA” series of animal figures that can be moved when playing, which celebrates the 10th anniversary of its launch this fiscal year, as a new long-standing product. Also, in April 2023, we began broadcasting the “ANIA Kingdom” TV animation for the series. In “Go! Go! Vehicle Zoo,” an animation that brings together highly individual characters from “TOMICA,” “PLARAIL,” and “ANIA,” we started TV

broadcasts from April 2023 in addition to the official YouTube “TakaraTomy Channel”, as part of effort to proactively develop the Company’s IP.

In the event business, from Golden Week onwards we resumed TOMICA EXPO, PLARAIL EXPO, and various other events that had been postponed due to the COVID-19 pandemic. All of these events were well received by attendees. Sales grew in the KIDDY LAND retail business due to the sharp recovery in the flow of people, including foreign tourists visiting Japan. Sales continued to increase in the GACHA capsule toy business being developed by T-ARTS Company, as a result of the expanded installation of large-scale GACHA sales spaces and the expansion of products for adults that make use of popular content. In amusement machines, Pokémon Mezastar was well received.

In the digital business, we ramped up business mainly through a collaboration with a popular character for the card game app DUEL MASTERS PLAY’S, and in October we announced the sale of Nintendo Switch software for the long-selling board game, “THE GAME OF LIFE.” Also, we pressed ahead with measures to digitally expand our IP. For example, in August T-ARTS Company released the Idol Land PRIPARA virtual idol life app.

In September, the TOMY Group’s toys were rated highly in the “2023 Christmas toys selected by toy stores” ranking. Our toys ranked first in two of the eight categories, while a total of 20 products ranked between second and the bottom placings.

Americas

(Millions of yen)

	First six months of the fiscal year ended March 31, 2023	First six months of the fiscal year ending March 31, 2024	Change
Net sales	14,019	13,598	(420)
Operating loss	(489)	(459)	30

Net sales were ¥13,598 million (down 3.0% year on year), and we recorded an operating loss of ¥459 million (operating loss of ¥489 million in the same period of the previous fiscal year). In addition to brisk sales of baby products, we recorded growth in sales of the plush toy series “Mocchi- Mocchi- (overseas product name: Club Mocchi- Mocchi-),” developed by T-ARTS Company in Japan. On the other hand, sales at the Fat Brain Group declined.

Europe

(Millions of yen)

	First six months of the fiscal year ended March 31, 2023	First six months of the fiscal year ending March 31, 2024	Change
Net sales	3,179	2,861	(317)
Operating loss	(135)	(302)	(167)

Net sales were ¥2,861 million (down 10.0% year on year), and we recorded an operating loss of ¥302 million (operating loss of ¥135 million in the same period of the previous fiscal year). This was partly due to declines in sales of baby products, etc., which more than offset firm sales of Japan’s long-selling party game “POP-UP PIRATE (overseas product name: POP-UP PIRATE)” and other games and toys.

Oceania

(Millions of yen)

	First six months of the fiscal year ended March 31, 2023	First six months of the fiscal year ending March 31, 2024	Change
Net sales	1,459	1,248	(210)
Operating profit	59	136	76

Net sales were ¥1,248 million (down 14.4% year on year), partly due to declining sales of baby products, etc., despite strong sales of agricultural machinery toys and favorable sales of the plush toy “Club Mocchi-

Mocchi-.” On the other hand, operating profit was ¥136 million (up 129.3% year on year), reflecting growth in gross profit due to the improvement in our sales cost ratio driven by stability in shipping costs and other factors.

Asia (excl. Japan)

(Millions of yen)

	First six months of the fiscal year ended March 31, 2023	First six months of the fiscal year ending March 31, 2024	Change
Net sales	32,186	29,379	(2,806)
Operating profit	1,377	904	(473)

Net sales were ¥29,379 million (down 8.7% year on year), and operating profit was ¥904 million (down 34.4% year on year). In addition to strong sales of products related to “TOMICA” and Pokémon, amusement machine sold by T-ARTS Company “Pokémon Ga-Olé” also continued to perform well. In China, there was a recovery in sales due in part to the reaction to lockdowns imposed in the first quarter of the previous fiscal year. Also, we launched sales of “BEYBLADE X,” the fourth generation of the series, in Taiwan and Hong Kong in July to coincide with the launch in Japan.

On the other hand, manufacturing subsidiary TOMY (Hong Kong) Ltd. recorded a decline in shipments to Europe and the United States.

(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, 2024, current assets stood at ¥124,940 million, up ¥13,275 million from the end of the previous fiscal year ended March 31, 2023. This was mainly attributable to increases in notes and accounts receivable - trade and merchandise and finished goods.

Non-current assets stood at ¥49,223 million, up ¥1,368 million from the end of the previous fiscal year. This was mainly attributable to an increase in intangible assets, despite a decrease in property, plant and equipment.

<Liabilities>

At the end of the second quarter, current liabilities stood at ¥60,560 million, up ¥7,503 million from the end of the previous fiscal year. This was mainly attributable to increases in notes and accounts payable - trade and short-term borrowings.

Non-current liabilities stood at ¥16,323 million, down ¥2,971 million from the end of the previous fiscal year. This was mainly attributable to a decrease in long-term borrowings, despite an increase in deferred tax liabilities.

<Net assets>

At the end of the second quarter, total net assets were ¥97,279 million, up ¥10,112 million from the end of the previous fiscal year. This was mainly attributable to increases in foreign currency translation adjustment and retained earnings.

Cash Flows

Cash and cash equivalents at the end of the second quarter of the fiscal year ending March 31, 2024 was ¥63,015 million, a decrease of ¥3,344 million compared with the end of the previous fiscal year ended March 31, 2023.

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

Net cash provided by operating activities was ¥5,022 million, compared with ¥2,862 million used in the same period a year earlier. The main factors are profit before income taxes of ¥7,374 million,

and an increase in trade payables of ¥5,845 million, despite an increase in trade receivables of ¥7,570 million.

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

Net cash used in investing activities was ¥2,213 million, compared with ¥1,087 million used in the same period a year earlier. The main factors are purchase of property, plant and equipment of ¥739 million and purchase of intangible assets of ¥844 million.

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

Net cash used in financing activities was ¥7,005 million, compared with ¥5,581 million used in the same period a year earlier. The main factors are repayments of long-term borrowings of ¥4,363 million, dividends paid of ¥1,382 million, and repayments of finance lease liabilities of ¥1,418 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 May 9, 2023.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	66,455	63,111
Notes and accounts receivable - trade	20,905	29,411
Merchandise and finished goods	16,694	21,115
Work in process	730	617
Raw materials and supplies	1,100	1,074
Other	5,972	9,827
Allowance for doubtful accounts	(194)	(217)
Total current assets	111,664	124,940
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,593	13,806
Accumulated depreciation	(9,357)	(9,615)
Accumulated impairment loss	(910)	(918)
Buildings and structures, net	3,325	3,272
Machinery, equipment and vehicles	2,862	2,927
Accumulated depreciation	(2,335)	(2,428)
Accumulated impairment loss	(35)	(35)
Machinery, equipment and vehicles, net	492	463
Tools, furniture and fixtures	24,725	25,758
Accumulated depreciation	(22,779)	(23,706)
Accumulated impairment loss	(960)	(1,040)
Tools, furniture and fixtures, net	985	1,011
Land	3,933	3,954
Leased assets	8,746	6,645
Accumulated depreciation	(4,791)	(3,039)
Accumulated impairment loss	(393)	(431)
Leased assets, net	3,561	3,174
Right-of-use assets	2,916	2,913
Construction in progress	423	496
Total property, plant and equipment	15,638	15,286
Intangible assets		
Goodwill	15,616	16,470
Other	10,114	10,996
Total intangible assets	25,731	27,467
Investments and other assets		
Investment securities	2,979	3,252
Deferred tax assets	1,483	1,173
Other	2,033	2,060
Allowance for doubtful accounts	(10)	(18)
Total investments and other assets	6,485	6,469
Total non-current assets	47,854	49,223
Total assets	159,519	174,163

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,213	15,560
Short-term borrowings	10,043	11,898
Current portion of long-term borrowings	8,901	7,997
Lease liabilities	3,198	3,134
Accounts payable - other	7,276	7,787
Accrued expenses	8,058	9,217
Income taxes payable	1,562	2,029
Provisions	473	368
Other	4,328	2,566
Total current liabilities	53,056	60,560
Non-current liabilities		
Long-term borrowings	10,177	6,846
Lease liabilities	3,669	3,531
Deferred tax liabilities	431	938
Deferred tax liabilities for land revaluation	472	472
Provisions	401	365
Retirement benefit liability	2,597	2,617
Other	1,546	1,551
Total non-current liabilities	19,295	16,323
Total liabilities	72,352	76,884
Net assets		
Shareholders' equity		
Share capital	3,459	3,459
Capital surplus	8,147	6,818
Retained earnings	60,092	64,325
Treasury shares	(3,587)	(2,920)
Total shareholders' equity	68,112	71,683
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,317	1,531
Deferred gains or losses on hedges	680	2,612
Revaluation reserve for land	624	624
Foreign currency translation adjustment	16,712	21,278
Remeasurements of defined benefit plans	(433)	(484)
Total accumulated other comprehensive income	18,900	25,562
Share acquisition rights	154	33
Total net assets	87,167	97,279
Total liabilities and net assets	159,519	174,163

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	89,035	96,078
Cost of sales	55,033	58,024
Gross profit	34,002	38,053
Selling, general and administrative expenses	27,992	30,039
Operating profit	6,010	8,013
Non-operating income		
Interest and dividend income	66	230
Rental income	76	59
Other	109	111
Total non-operating income	252	401
Non-operating expenses		
Interest expenses	238	488
Foreign exchange losses	967	357
Other	162	207
Total non-operating expenses	1,368	1,053
Ordinary profit	4,893	7,361
Extraordinary income		
Gain on sale of non-current assets	0	4
Gain on reversal of share acquisition rights	54	16
Total extraordinary income	55	20
Extraordinary losses		
Loss on sale of non-current assets	2	3
Loss on retirement of non-current assets	0	3
Impairment losses	1	0
Loss on COVID-19	33	–
Total extraordinary losses	37	7
Profit before income taxes	4,911	7,374
Income taxes	1,718	1,761
Profit	3,192	5,613
Profit attributable to owners of parent	3,192	5,613

(Consolidated statement of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	3,192	5,613
Other comprehensive income		
Valuation difference on available-for-sale securities	(75)	214
Deferred gains or losses on hedges	1,688	1,932
Foreign currency translation adjustment	7,973	4,566
Remeasurements of defined benefit plans, net of tax	(45)	(50)
Total other comprehensive income	9,540	6,662
Comprehensive income	12,732	12,275
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,732	12,275
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,911	7,374
Depreciation	3,063	3,169
Loss on retirement of non-current assets	0	3
Impairment losses	1	0
Amortization of goodwill	916	964
Gain on reversal of share acquisition rights	(54)	(16)
Loss on COVID-19	33	–
Increase (decrease) in allowance for doubtful accounts	23	10
Increase (decrease) in provisions	(127)	(132)
Increase (decrease) in retirement benefit liability	(16)	14
Interest and dividend income	(66)	(230)
Interest expenses	238	488
Foreign exchange losses (gains)	1,586	666
Loss (gain) on sale of non-current assets	2	(0)
Decrease (increase) in trade receivables	(4,884)	(7,570)
Decrease (increase) in inventories	(8,764)	(3,098)
Decrease (increase) in prepaid expenses	(743)	211
Increase (decrease) in trade payables	4,448	5,845
Increase (decrease) in accounts payable - other	(747)	437
Increase (decrease) in accrued expenses	168	705
Other, net	(92)	(2,252)
Subtotal	(104)	6,590
Interest and dividends received	65	231
Interest paid	(215)	(466)
Payments associated with loss on COVID-19	(32)	–
Income taxes paid	(2,575)	(1,332)
Net cash provided by (used in) operating activities	(2,862)	5,022
Cash flows from investing activities		
Purchase of property, plant and equipment	(677)	(739)
Proceeds from sale of property, plant and equipment	0	4
Purchase of intangible assets	(564)	(844)
Payments of contingent consideration for shares of subsidiaries	–	(677)
Other, net	154	44
Net cash provided by (used in) investing activities	(1,087)	(2,213)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,140	971
Repayments of long-term borrowings	(4,363)	(4,363)
Dividends paid	(2,073)	(1,382)
Repayments of finance lease liabilities	(1,464)	(1,418)
Proceeds from disposal of treasury shares	296	413
Purchase of treasury shares	(168)	(1,265)
Proceeds from sale and leaseback transactions	141	133
Other, net	(90)	(92)
Net cash provided by (used in) financing activities	(5,581)	(7,005)
Effect of exchange rate change on cash and cash equivalents	1,074	851
Net increase (decrease) in cash and cash equivalents	(8,456)	(3,344)
Cash and cash equivalents at beginning of period	65,310	66,360
Cash and cash equivalents at end of period	56,853	63,015

(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.

(Consolidated statement of income)

Loss on COVID-19

During the first six months of the fiscal year ended March 31, 2023, it mainly includes fixed expenses (personnel expenses and depreciation, etc.) incurred during the business activity suspension period following the lockdowns in Shanghai, China, due to the effects of the spread of COVID-19.

(Segment information)

I. First six months of the fiscal year ended March 31, 2023 (April 1, 2022 to September 30, 2022)

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	64,554	13,869	3,179	1,459	5,973	89,035
Inter-segment sales and transfers	8,020	149	–	–	26,213	34,383
Total	72,575	14,019	3,179	1,459	32,186	123,419
Segment profit (loss)	7,733	(489)	(135)	59	1,377	8,545

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	8,545
Inter-segment eliminations	(786)
Corporate expenses (Note)	(1,749)
Operating profit on the quarterly consolidated statement of income	6,010

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

II. First six months of the fiscal year ending March 31, 2024 (April 1, 2023 to September 30, 2023)

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	71,775	13,577	2,846	1,248	6,630	96,078
Inter-segment sales and transfers	8,106	20	15	–	22,748	30,891
Total	79,881	13,598	2,861	1,248	29,379	126,970
Segment profit (loss)	10,116	(459)	(302)	136	904	10,395

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	10,395
Inter-segment eliminations	(183)
Corporate expenses (Note)	(2,198)
Operating profit on the quarterly consolidated statement of income	8,013

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