Translation

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February 7, 2023

CONSOLIDATED FINANCIAL RESULTS
for the First Nine Months of the Fiscal Year Ending March 31, 2023
<under Japanese GAAP>

Company name: TOMY COMPANY, LTD.
Listing: Prime Market of the Tokyo Stock Exchange
Securities identification code: 7867
URL: www.takaratomy.co.jp
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Scheduled date to file quarterly securities report: February 8, 2023
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, 2023 (From April 1, 2022 to December 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	148,760	13.4	13,052	(2.7)	12,166	(10.2)	8,132	(17.8)
December 31, 2021	131,212	18.7	13,412	70.4	13,554	81.8	9,898	80.7

Note: Comprehensive income
Nine months ended December 31, 2022 ¥11,570 million [2.8%]
Nine months ended December 31, 2021 ¥11,255 million [272.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
December 31, 2022	88.70	88.63
December 31, 2021	106.48	106.42

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
December 31, 2022	168,018	87,300	51.9	948.04
March 31, 2022	156,090	79,174	50.5	860.74

Reference: Equity
As of December 31, 2022 ¥87,142 million
As of March 31, 2022 ¥78,863 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, 2022	–	10.00	–	22.50	32.50
Fiscal year ending March 31, 2023	–	17.50	–		
Fiscal year ending March 31, 2023 (Forecast)				15.00	32.50

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Fiscal year ending March 31, 2023	170,000	2.8	12,000	(2.8)	11,800	(6.8)	7,500	(17.7)	80.83

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* 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 "(3) 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 14 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 "(3) Notes Regarding Consolidated Financial Statements, (Changes in accounting policies)" of "2. Consolidated Financial Statements and Significant Notes Thereto" on page 14 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, 2022	94,990,850 shares
As of March 31, 2022	94,990,850 shares

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

As of December 31, 2022	3,072,620 shares
As of March 31, 2022	3,367,301 shares

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

Nine months ended December 31, 2022	91,684,590 shares
Nine months ended December 31, 2021	92,961,870 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 via telephone conference on February 7, 2023.

[Attached Material]

1. Qualitative Information Regarding Consolidated Operating Results

(1) Explanation of Operating Results

(Highlights of First Nine Months of the Fiscal Year Ending March 31, 2023)

(Impacts etc. of the novel coronavirus disease (COVID-19))
With social and economic activities moving toward normalization, including the easing of various measures in response to COVID-19, such as restrictions on movement and border control measures, we also saw a recovery in the flow of people to stores in the toy market.
In addition, the business environment surrounding the Company remains highly uncertain overall with the sharp rise in global raw materials prices and inflation and extreme foreign exchange fluctuations that began with the sudden deterioration in the situation in Ukraine.

(Consolidated performance)

• Net sales

Net sales were ¥148,760 million (up 13.4% year on year). Shipments of toys continued to be firm even during the year-end shopping season, and in addition to the continued popularity of amusement machines and GACHA developed by the T-ARTS Company, retail business at KIDDY LAND saw recovery in the flow of people, including foreign tourists visiting Japan, due to the relaxation of various regulations combating COVID-19 and sales of character toys increased.
For our long-standing products, we continued our efforts to plan, develop, and enhance sales of attractive products not only for children, but for adults as well. For TOMICA, we launched large-scale products for children, such as “TOMICA Big Fire Truck & Transforming Command Station,” and for adults, we proactively promoted new products such as the “TOMICA Premium” Series, which pursues reality.
For the trading card game DUEL MASTERS, which celebrated the 20th anniversary of its release this fiscal year, the TV animation was revamped in September, and we strengthened marketing through the launch of related products and so forth. Overseas-bound exports of TRANSFORMERS grew.
For “Punirunes,” the LCD toy with a new texture that has proved highly popular since its launch, an original toy-inspired TV animation started broadcasting from October, and related products have also gained popularity.
We also commenced development of “Metaverse Pop-up Pirate,” to enable people to play with toys in the metaverse (virtual space), providing a new play experience in digital space.
The amusement machine Pokémon Mezastar developed by T-ARTS Company continued to be well received, and sales increased for the T-ARTS Company’s GACHA capsule toy business mainly due to product expansion targeting adults using hit contents amid the increasing market popularity of capsule toys.

• Profit

Operating profit was ¥13,052 million (down 2.7% year on year) due to growth in gross profit due to the increase in net sales alongside efforts to manage selling, general and administrative expenses efficiently, despite a year-on-year increase in our sales cost ratio mainly due to the impact of foreign exchange.
Ordinary profit was ¥12,166 million (down 10.2% year on year) due to the recording of non-operating expenses mainly from foreign exchange losses.
Profit attributable to owners of parent decreased to ¥8,132 million (down 17.8% year on year), but this was due to the recording of extraordinary income as gain on transfer from the transfer of real estate used for offices in non-current assets in the first quarter of the previous fiscal year.

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

(Millions of yen)

		First nine months of the fiscal year ended March 31, 2022	First nine months of the fiscal year ending March 31, 2023	Change	Rate of change (%)
Net sales		131,212	148,760	17,547	13.4
	Japan	104,970	118,682	13,712	13.1
	Americas	20,484	23,631	3,146	15.4
	Europe	5,964	5,551	(413)	(6.9)
	Oceania	1,954	2,260	305	15.7
	Asia (excl. Japan)	37,110	46,619	9,508	25.6
	Eliminations and corporate	(39,272)	(47,985)	(8,712)	–
Operating profit/ (loss)		13,412	13,052	(360)	(2.7)
	Japan	14,325	15,417	1,091	7.6
	Americas	243	(457)	(701)	–
	Europe	136	(574)	(711)	–
	Oceania	184	121	(63)	(34.4)
	Asia (excl. Japan)	1,091	1,856	765	70.1
	Eliminations and corporate	(2,569)	(3,310)	(741)	–

Japan

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2022	First nine months of the fiscal year ending March 31, 2023	Change
Net sales	104,970	118,682	13,712
Operating profit	14,325	15,417	1,091

Net sales were ¥118,682 million (up 13.1% year on year), and operating profit was ¥15,417 million (up 7.6% year on year). Shipments of toys continued to be firm even during the year-end shopping season, and in addition to the continued popularity of amusement machines and GACHA developed by the T-ARTS Company, retail business at KIDDY LAND saw recovery in the flow of people, including foreign tourists visiting Japan, due to the relaxation of various regulations combating COVID-19, and sales of character toys increased.
With social and economic activities moving toward normalization, including the easing of various measures in response to COVID-19, such as restrictions on movement and border control measures, we also saw a recovery in the flow of people to stores in the toy market.
For our long-standing products, we continued our efforts to plan, develop, and enhance sales of attractive products not only for children, but for adults as well. For TOMICA, we launched large-scale products for children, such as “TOMICA Big Fire Truck & Transforming Command Station,” and for adults, we proactively promoted new products such as the “TOMICA Premium” series, which pursues reality. In November, we launched sales of “Dream TOMICA Everything Ghibli!” series, a collaboration with Studio Ghibli.
For the trading card game DUEL MASTERS, which celebrated the 20th anniversary of its release this fiscal year, the TV animation was revamped in September for the first time in six years, and we strengthened marketing through measures such as launching related products. Overseas-bound exports of TRANSFORMERS expanded. For the Pokémon series, “MONSTER COLLECTION” and other related toys continue to gain in popularity, 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 fourth year of broadcasting, further grew its popularity through the broadcasting of a new series on terrestrial television, while enjoying strong sales of related products such as “PAW Patrol Word Book.”
Furthermore, as an initiative to develop our IP on television and the internet, in April we began broadcasting the TV animation “BOTTLEMAN DX” and the new sensation danceable drama “RizSta - Top of Artists!” and began streaming the online animation “TOMICA Heroes Jobraver - Specially-equipped combined robot.” For “Punirunes,” the LCD toy with a new texture that is highly popular due to its product features integrating digital and real play and the attraction of its many characters, an original toy-inspired TV animation started broadcasting from October, and related products have also gained popularity.
As initiatives around the key word “play,” we also developed highly original products and services utilizing new technology, such as the launches of “MUGENYOYO,” an innovative entertainment toy that allows players to enjoy playing yoyo, recording videos using AR effects, and posting them on social media, and “coemo,” a speaker that reads aloud using AI synthetic voice technology that sounds just like voice of the actual person. We also commenced development of “Metaverse Pop-up Pirate,” to enable people to play with toys in the metaverse (virtual space), providing a new play experience in digital space.
For amusement machines developed by T-ARTS Company, sales of Pokémon Mezastar remained strong.
In T-ARTS Company’s GACHA capsule toy business, sales also increased amid a market environment of increasing popularity of capsule toys mainly due to the expanded installation of large-scale GACHA sales spaces and product expansion targeting adults using hit contents, and sales of plush toys were also well received.

Americas

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2022	First nine months of the fiscal year ending March 31, 2023	Change
Net sales	20,484	23,631	3,146
Operating profit/ (loss)	243	(457)	(701)

Net sales were ¥23,631 million (up 15.4% year on year), partly due to foreign exchange effects, but we recorded an operating loss of ¥457 million (operating profit of ¥243 million in the same period of the previous fiscal year), partly due to the increase in selling, general and administrative expenses from soaring logistics costs and enhanced end-of-year promotions.
Although various regulations to combat COVID-19 have been relaxed and efforts to normalize social and economic activity made progress, with accelerated inflation, changes were observed in purchasing behavior such as focus on consumption of daily necessities.
The resulting impact was that some major toy distributors were forced to struggle to gain additional orders mainly due to excessive inventories of baby products in particular. On the other hand, sales of agricultural machinery toys such as “Ag Replicas” and “Ag Basic toys” were favorable, and sales of the plush toy series Mocchi- Mocchi- (overseas product name: Club Mocchi- Mocchi-), developed by T-ARTS Company in Japan, grew.

Europe

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2022	First nine months of the fiscal year ending March 31, 2023	Change
Net sales	5,964	5,551	(413)
Operating profit/ (loss)	136	(574)	(711)

Net sales were ¥5,551 million (down 6.9% year on year), mainly due to a decrease in sales of infant products and board games despite firm sales of agricultural machinery toys such as “Ag Replicas” and growth in sales of the plush toy Club Mocchi- Mocchi- while operating loss was ¥574 million (operating

profit of ¥136 million in the same period of the previous fiscal year), mainly due to an increase in our sales cost ratio from surging distribution costs.
In European countries, although various regulations to combat COVID-19 have been relaxed and efforts to normalize social and economic activity made progress, with accelerated inflation, changes were observed in purchasing behavior.

Oceania

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2022	First nine months of the fiscal year ending March 31, 2023	Change
Net sales	1,954	2,260	305
Operating profit	184	121	(63)

Net sales were ¥2,260 million (up 15.7% year on year), and operating profit was ¥121 million (down 34.4% year on year). This was due to strong sales of rideable-type agricultural machinery toys and growing sales of products such as the plush toy Club Mocchi- Mocchi- and “Lamaze & Friends” in the infant and preschool products category.
In Oceania, although various regulations to combat COVID-19 have been relaxed and efforts to normalize social and economic activity made progress, with accelerated inflation, changes were observed in purchasing behavior.

Asia (excl. Japan)

(Millions of yen)

	First nine months of the fiscal year ended March 31, 2022	First nine months of the fiscal year ending March 31, 2023	Change
Net sales	37,110	46,619	9,508
Operating profit	1,091	1,856	765

Net sales were ¥46,619 million (up 25.6% year on year), and operating profit was ¥1,856 million (up 70.1% year on year) mainly due to gain in popularity of “Punirunes,” the LCD toy with a new texture that originated in Japan, and favorable performance of T-ARTS Company’s amusement machines.
Regulations to combat COVID-19 have been relaxed depending on country and region. Furthermore, although restrictions on behavior including lockdowns implemented in some cities in China were eased, purchasing behavior continued to be affected with resurgence of COVID-19.
Amid these conditions, we offered long-standing products in Japan such as “TOMICA,” “PLARAIL,” “LICCA doll,” and “ANIA,” and sales were particularly favorable for single-pack “TOMICA” vehicles.

(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, 2023, current assets stood at ¥119,417 million, up ¥9,093 million from the end of the previous fiscal year ended March 31, 2022. This was 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 ¥48,600 million, up ¥2,834 million from the end of the previous fiscal year. This was mainly attributable to increases in property, plant and equipment, intangible assets and investments and other assets.

<Liabilities>

At the end of the third quarter, current liabilities stood at ¥58,733 million, up ¥8,806 million from the end of the previous fiscal year. This was mainly attributable to increases in notes and accounts payable - trade, short-term borrowings, lease liabilities and accrued expenses.

Non-current liabilities stood at ¥21,984 million, down ¥5,004 million from the end of the previous fiscal year. This was mainly attributable to a decrease in long-term borrowings, despite an increase in lease liabilities.

<Net assets>

At the end of the third quarter, total net assets were ¥87,300 million, up ¥8,126 million from the end of the previous fiscal year. This was mainly attributable to increases in retained earnings and foreign currency translation adjustment.

(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 10, 2022.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	65,424	56,787
Notes and accounts receivable - trade	20,291	33,727
Merchandise and finished goods	16,082	20,794
Work in process	837	795
Raw materials and supplies	1,096	1,087
Other	6,758	6,432
Allowance for doubtful accounts	(165)	(207)
Total current assets	110,324	119,417
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,347	13,478
Accumulated depreciation	(9,034)	(9,252)
Accumulated impairment loss	(941)	(909)
Buildings and structures, net	3,370	3,316
Machinery, equipment and vehicles	2,892	2,848
Accumulated depreciation	(2,305)	(2,300)
Accumulated impairment loss	(36)	(35)
Machinery, equipment and vehicles, net	549	512
Tools, furniture and fixtures	24,209	24,981
Accumulated depreciation	(22,344)	(23,121)
Accumulated impairment loss	(947)	(918)
Tools, furniture and fixtures, net	918	940
Land	3,916	3,929
Leased assets	8,425	8,988
Accumulated depreciation	(3,663)	(4,609)
Accumulated impairment loss	(378)	(380)
Leased assets, net	4,383	3,998
Right-of-use assets	–	2,988
Construction in progress	387	422
Total property, plant and equipment	13,526	16,110
Intangible assets		
Goodwill	15,988	15,973
Other	9,902	10,166
Total intangible assets	25,890	26,139
Investments and other assets		
Investment securities	2,970	2,998
Deferred tax assets	1,215	1,343
Other	2,230	2,025
Allowance for doubtful accounts	(66)	(16)
Total investments and other assets	6,349	6,350
Total non-current assets	45,766	48,600
Total assets	156,090	168,018

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,958	13,109
Short-term borrowings	7,628	9,653
Current portion of long-term borrowings	8,834	8,896
Lease liabilities	2,686	3,389
Accounts payable - other	7,502	7,938
Accrued expenses	8,183	9,518
Income taxes payable	2,422	2,157
Provisions	714	479
Other	2,995	3,589
Total current liabilities	49,927	58,733
Non-current liabilities		
Long-term borrowings	18,894	12,392
Lease liabilities	1,626	3,993
Deferred tax liabilities	770	614
Deferred tax liabilities for land revaluation	472	472
Provisions	243	405
Retirement benefit liability	2,585	2,571
Other	2,396	1,534
Total non-current liabilities	26,989	21,984
Total liabilities	76,916	80,718
Net assets		
Shareholders’ equity		
Share capital	3,459	3,459
Capital surplus	8,014	8,141
Retained earnings	55,472	59,911
Treasury shares	(3,374)	(3,098)
Total shareholders’ equity	63,571	68,413
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,103	1,121
Deferred gains or losses on hedges	800	640
Revaluation reserve for land	624	624
Foreign currency translation adjustment	13,158	16,745
Remeasurements of defined benefit plans	(395)	(403)
Total accumulated other comprehensive income	15,291	18,729
Share acquisition rights	310	158
Total net assets	79,174	87,300
Total liabilities and net assets	156,090	168,018

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	131,212	148,760
Cost of sales	77,109	90,367
Gross profit	54,103	58,392
Selling, general and administrative expenses	40,690	45,340
Operating profit	13,412	13,052
Non-operating income		
Interest and dividend income	48	114
Rental income	111	114
Foreign exchange gains	117	–
Other	215	197
Total non-operating income	492	426
Non-operating expenses		
Interest expenses	252	424
Foreign exchange losses	–	539
Other	98	347
Total non-operating expenses	351	1,312
Ordinary profit	13,554	12,166
Extraordinary income		
Gain on sale of non-current assets	1,909	6
Gain on reversal of share acquisition rights	137	54
Subsidies for employment adjustment	38	–
Other	69	–
Total extraordinary income	2,154	61
Extraordinary losses		
Loss on retirement of non-current assets	0	1
Impairment losses	727	1
Loss on COVID-19	221	33
Business restructuring expenses	–	56
Other	33	3
Total extraordinary losses	983	95
Profit before income taxes	14,725	12,132
Income taxes	4,826	3,999
Profit	9,898	8,132
Profit attributable to owners of parent	9,898	8,132

(Consolidated statement of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	9,898	8,132
Other comprehensive income		
Valuation difference on available-for-sale securities	89	18
Deferred gains or losses on hedges	(161)	(160)
Foreign currency translation adjustment	1,420	3,586
Remeasurements of defined benefit plans, net of tax	7	(7)
Total other comprehensive income	1,356	3,437
Comprehensive income	11,255	11,570
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,255	11,570
Comprehensive income attributable to non-controlling interests	–	–

(3) 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 ASU 2016-02 "Leases")

At consolidated subsidiaries outside Japan adopting US GAAP, Accounting Standards Update No. 2016-02 "Leases" ("ASU 2016-02") has been applied from the first quarter of the fiscal year ending March 31, 2023. Due to this application, lessees, in principle, record all leases as assets and liabilities on the balance sheets. In applying ASU 2016-02, in accordance with the transition requirements, a method has been adopted to recognize the cumulative effect of accounting change at the date of initial application.

As a result, as of December 31, 2022, "right-of-use assets" in property, plant and equipment increased by ¥2,988 million, "lease liabilities" in current liabilities increased by ¥535 million, and "lease liabilities" in non-current liabilities increased by ¥2,633 million. The impact on profit and loss for the first nine months of the fiscal year under review was immaterial.

(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 ended 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), Investments and other assets (other)	Shibuya, Tokyo, etc.	670
Business assets	Machinery, equipment and vehicles, Tools, furniture and fixtures, Intangible assets (other), Investments and other assets (other)	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 ending March 31, 2023, 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, 2022, it mainly includes fixed expenses (personnel expenses and depreciation, etc.) incurred at retail stores that had temporary closures or shortened 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.

During the first nine months of the fiscal year ending 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.

3. Business restructuring expenses

In the first nine months of the fiscal year ending March 31, 2023, loss arising from the decision to reorganize businesses, etc. at overseas consolidated subsidiaries of ¥56 million was recorded as business restructuring expenses.

(Segment information)

I. First nine months of the fiscal year ended 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.

II. First nine months of the fiscal year ending March 31, 2023 (April 1, 2022 to December 31, 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	107,798	23,464	5,551	2,260	9,685	148,760
Inter-segment sales and transfers	10,884	167	–	–	36,933	47,985
Total	118,682	23,631	5,551	2,260	46,619	196,745
Segment profit (loss)	15,417	(457)	(574)	121	1,856	16,362

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	16,362
Inter-segment eliminations	(503)
Corporate expenses (Note)	(2,806)
Operating profit on the quarterly consolidated statement of income	13,052

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