

Translation

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Summary of Consolidated Financial Results For the Nine Months ended December 31, 2019 (IFRS)

February 13, 2020

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 3397
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 Date of release of quarterly securities report: February 13, 2020
 Starting date of dividend payments: -
 Preparation of explanatory materials on quarterly financial results: Yes
 Information meetings arranged related to quarterly financial results: No

(Amounts are rounded to the nearest million)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2019

(1) Consolidated Operating Results (% figures denote year-on-year change)

	Total trading transactions		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2019	119,272	9.5	8,268	25.8	7,342	24.8	6,203	11.9	3,969	1.9
Nine months ended December 31, 2018	108,895	28.7	6,572	2.6	5,883	(4.0)	5,544	(9.0)	3,895	(2.4)

	Profit for the period attributable to owners of the parent		Comprehensive income for the period		Earnings per share attributable to owners of the parent (basic)	Earnings per share attributable to owners of the parent (diluted)
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2019	3,880	(0.7)	3,352	(31.3)	91.08	90.79
Nine months ended December 31, 2018	3,906	(1.8)	4,878	15.7	90.78	90.34

(Reference) EBITDA (*)

Nine months ended December 31, 2019: ¥ 22,920 million (increased 126.1% year-on-year basis)

Nine months ended December 31, 2018: ¥ 10,139 million

Adjusted EBITDA

Nine months ended December 31, 2019: ¥ 23,106 million (increased 122.3% year-on-year basis)

Nine months ended December 31, 2018: ¥ 10,393 million

(*) The Company discloses EBITDA as comparative information.

EBITDA = Operating Profit + Other Operating Expenses - Other Operating Income
+ Depreciation + Amortization

Adjusted EBITDA = EBITDA + Impairment Loss + Extraordinary Expenses

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity per share attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	215,604	48,290	47,147	21.9	1,105.31
As of March 31, 2019	117,979	35,090	33,979	28.8	798.02

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2019	—	0.00	—	1.50	1.50
Fiscal Year ended March 31, 2020	—	0.00	—		
Fiscal Year ending March 31, 2020 (Forecast)				12.5	12.5

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2020

Percentages indicate year-on-year changes

Fiscal year	Total trading transactions		Business profit		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
	159,060	9.7	9,572	31.7	6,689	190.6	5,266	293.9	2,704	—

Fiscal year	Profit for the period attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)
	Millions of yen	%	Yen
	2,610	877.4	61.25

*** Notes**

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope consolidation): No
New: —
Excluded: —

(2) Changes in accounting policies and accounting estimates
1) Changes in accounting policies as required by IFRS: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No

(3) Number of shares outstanding (ordinary shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2019	43,558,076 shares
As of March 31, 2019	43,489,576 shares

2) Number of treasury shares at the end of the period

As of December 31, 2019	902,822 shares
As of March 31, 2019	910,009 shares

3) Average number of shares during the period

Nine months ended December 31, 2019	42,603,975 shares
Nine months ended December 31, 2018	43,030,587 shares

*Summary quarterly financial statements are not subject to quarterly review by a public certified accountant or an auditing firm.

* Appropriate use of financial results forecasts and other notes

The forward-looking statements in this report are based upon various assumptions, including, without limitation, business forecasts, management's estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve these forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors.

Condensed Quarterly Consolidated Financial Statements
Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	14,398	29,729
Trade and other receivables	4,416	5,459
Inventories	830	876
Other current assets	2,108	2,130
Total current assets	21,752	38,194
Non-current assets		
Property, plant and equipment	30,682	33,914
Right-of-use assets	—	78,723
Intangible assets and goodwill	41,806	41,350
Investments accounted for using the equity method	5,477	4,860
Other financial assets	14,594	14,545
Deferred tax assets	2,719	3,192
Other non-current assets	949	826
Total non-current assets	96,227	177,411
Total assets	117,979	215,604

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Trade and other payables	9,542	10,722
Short-term loans payable	64	28
Current portion of long-term loans payable	10,310	12,431
Lease liabilities	295	14,209
Income taxes payable	278	1,503
Provisions	899	632
Other current liabilities	4,565	4,729
Total current liabilities	25,953	44,253
Non-current liabilities		
Long-term loans payable	48,764	48,736
Lease liabilities	3,241	68,759
Provisions	2,180	2,472
Deferred tax liabilities	2,199	2,157
Other non-current liabilities	552	936
Total non-current liabilities	56,937	123,061
Total liabilities	82,889	167,314
Equity		
Equity attributable to owners of the parent		
Capital stock	4,076	4,143
Capital surplus	4,085	3,908
Other equity instruments	—	10,847
Retained earnings	28,477	31,423
Treasury shares	(2,143)	(2,127)
Other components of equity	(516)	(1,047)
Total equity attributable to owners of the parent	33,979	47,147
Non-controlling interests	1,110	1,143
Total equity	35,090	48,290
Total liabilities and equity	117,979	215,604

Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Total trading transactions	108,895	119,272
Cost of sales	(29,353)	(30,737)
Gross profit	79,542	88,535
Selling, general and administrative expenses	(72,970)	(80,267)
Impairment loss	(152)	(147)
Other operating income	239	417
Other operating expenses	(776)	(1,196)
Operating profit	5,883	7,342
Finance income	281	149
Finance costs	(283)	(874)
Finance income (costs), net	(3)	(725)
Share of profit (loss) of investments accounted for using the equity method	(337)	(413)
Profit before tax	5,544	6,203
Income tax expense	(1,649)	(2,235)
Profit for the period	3,895	3,969
Profit for the period attributable to		
Owners of the parent	3,906	3,880
Non-controlling interests	(11)	88
Profit for the period	3,895	3,969
Earnings per share attributable to owners of the parent (yen)		
Basic earnings per share	90.78	91.08
Diluted earnings per share	90.34	90.79

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit for the period	3,895	3,969
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	1,011	(415)
Share of other comprehensive income of investments accounted for using the equity method	(28)	(202)
Other comprehensive income	983	(617)
Comprehensive income for the period	4,878	3,352
Comprehensive income for the period attributable to		
Owners of the parent	4,912	3,321
Non-controlling interests	(34)	31

Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2018

(Millions of yen)

	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity					
						Exchange differences on translating foreign operations	Subscription rights to shares	Total			
As of April 1, 2018	4,031	4,064	—	29,347	(0)	(1,529)	329	(1,200)	36,242	1,228	37,470
Profit for the period				3,906				—	3,906	(11)	3,895
Other comprehensive income						1,006		1,006	1,006	(23)	983
Total comprehensive income for the period	—	—	—	3,906	—	1,006	—	1,006	4,912	(34)	4,878
Issuance of new shares (exercise of subscription rights)	37	37					(19)	(19)	54		54
Share-based payment transactions	2	2			2		59	59	64		64
Purchase of treasury shares		(20)			(2,145)			—	(2,165)		(2,165)
Dividends				(1,151)				—	(1,151)	(15)	(1,167)
Change in scope of consolidation								—	—	124	124
Other		(3)						—	(3)	3	—
Total transaction amount with owners	38	15	—	(1,151)	(2,144)	—	40	40	(3,201)	112	(3,089)
As of December 31, 2018	4,070	4,079	—	32,102	(2,144)	(523)	369	(154)	37,953	1,306	39,259

For the nine months ended December 31, 2019

(Millions of yen)

	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Other equity instruments	Retained earnings	Treasury shares	Other components of equity		Total			
						Exchange differences on translating foreign operations	Subscription rights to shares				
As of April 1, 2019	4,076	4,085	—	28,477	(2,143)	(894)	378	(516)	33,979	1,110	35,090
Cumulative effect of changes in accounting policies				(880)				—	(880)		(880)
Restated balance	4,076	4,085	—	27,597	(2,143)	(894)	378	(516)	33,099	1,110	34,210
Profit for the period				3,880					3,880	88	3,969
Other comprehensive income						(559)		(559)	(559)	(57)	(617)
Total comprehensive income for the period	—	—	—	3,880	—	(559)	—	(559)	3,321	31	3,352
Issuance of new shares (exercise of subscription rights)	65	65					(38)	(38)	93		93
Share-based payment transactions	1	1					76	76	79		79
Purchase and disposal of treasury shares		(0)			16			—	16		16
Dividends				(64)				—	(64)		(64)
Issue of other equity instruments			10,847					—	10,847		10,847
Other		(244)						—	(244)	2	(243)
Total transaction amount with owners	67	(178)	10,847	(64)	16	—	38	38	10,727	2	10,728
Transfer to retained earnings from other components of equity				10			(10)	(10)	—		—
As of December 31, 2019	4,143	3,908	10,847	31,423	(2,127)	(1,453)	406	(1,047)	47,147	1,143	48,290

Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from operating activities		
Profit before tax	5,544	6,203
Depreciation and amortization	3,719	14,799
Impairment loss	152	147
Interest income	(144)	(149)
Interest expenses	247	795
Share of (profit) of investments accounted for using the equity method	337	413
Decrease (increase) in trade and other receivables	622	(439)
Decrease (increase) in inventories	(111)	(47)
Increase (decrease) in trade and other payables	(852)	2,151
Other, net	583	1,234
Subtotal	10,097	25,109
Interest income received	35	107
Interest expenses paid	(251)	(797)
Income taxes paid	(3,153)	(1,022)
Net cash provided by (used in) operating activities	6,728	23,398
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,669)	(8,659)
Purchase of intangible assets	(278)	(172)
Payments for lease and guarantee deposits	(744)	(418)
Proceeds from collection of lease and guarantee deposits	226	219
Payments of construction assistance fund receivables	(219)	(180)
Collection of construction assistance fund receivables	331	368
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,062)	—
Purchase of investments accounted for using the equity method	(2,225)	—
Other, net	(601)	(778)
Net cash provided by (used in) investing activities	(11,242)	(9,621)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(17,767)	(35)
Proceeds from long-term loans payable	37,995	11,108
Repayments of long-term loans payable	(5,068)	(9,016)
Repayments of lease liabilities	(201)	(11,256)
Purchase of treasury shares	(2,145)	—
Cash dividends paid	(1,151)	(64)
Proceeds from issue of other equity instruments	—	10,780
Other, net	34	230
Net cash provided by (used in) financing activities	11,697	1,749
Net increase (decrease) in cash and cash equivalents	7,183	15,525
Cash and cash equivalents at beginning of period	14,798	14,398
Effect of exchange rate change on cash and cash equivalents	(95)	(195)
Cash and cash equivalents at end of period	21,886	29,729