

Summary of Consolidated Financial Statements For the Second Quarter Ended June 30, 2022 (Japan GAAP)

August 12, 2022

Name of the Company: ASICS Corporation

Listing Exchanges: Tokyo

Code No.: 7936

URL: <https://corp.asics.com/en/>

President, CEO and COO, Representative Director: Yasuhito Hirota

Date of filing Securities Report by quarter: August 15, 2022

Date of scheduled payment of dividends: September 8, 2022

Quarterly Results Supplemental Materials: Yes

Quarterly Results Presentation Meeting: Yes (For institutional investors, analysts and press in Japan)

(Amounts less than one million yen are truncated)

1. Consolidated results for the second quarter ended June 30, 2022 (January 1, 2022– June 30, 2022)

(1) Consolidated business results (Accumulated)

(The percentages indicate the rates of increase or decrease compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	MY	%	MY	%	MY	%	MY	%
2nd quarter ended June 30, 2022	225,080	7.4	19,166	(20.1)	18,979	(23.4)	13,562	9.8
2nd quarter ended June 30, 2021	209,478	42.6	23,993	–	24,770	–	12,350	–

(Note) Comprehensive income: 2nd quarter ended June 30, 2022: ¥ 42,107 million (81.7 %)

2nd quarter ended June 30, 2021: ¥ 23,177 million (– %)

	Net income per share	Diluted net income per share
	Yen	Yen
2nd quarter ended June 30, 2022	74.08	74.02
2nd quarter ended June 30, 2021	67.50	67.43

Note: ASICS Corporation has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the current consolidated fiscal year.

The figures for the first six month of the fiscal year ending December 31, 2022 are the figures after the application of the accounting standards.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	MY	MY	%
As of June 30, 2022	402,160	186,024	46.1
As of December 31, 2021	345,773	146,537	42.2

(Reference) Shareholders' equity: June 30, 2022: ¥ 185,583 million December 31, 2021: ¥ 146,080 million

Note: ASICS Corporation has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the first quarter of the current consolidated fiscal year.

The figures for the first six month of the fiscal year ending December 31, 2022 are the figures after the application of the accounting standards.

2. Dividends

(Record date)	Cash dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Annual
FY ended December 31, 2021	Yen –	Yen 12.00	Yen –	Yen 12.00	Yen 24.00
FY ending December 31, 2022	–	16.00			
FY ending December 31, 2022 (Projected)			–	16.00	32.00

(Note) Changes in projected dividends: None

3. Forecast of consolidated business results for the fiscal year ending December 31, 2022 (January 1, 2022– December 31, 2022)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	MY	%	MY	%	MY	%	MY	%	Yen
Full-year	460,000	13.8	27,000	23.0	26,000	17.3	18,000	91.4	98.32

(Note) Changes in forecast of consolidated business results: Yes

For details regarding the revision of the consolidated business results forecast, please refer to “Notice Concerning the Revision of the Consolidated Business Results Forecast for the Fiscal Year Ending December 31, 2022” announced on August 12, 2022.

※ Notes

- (1) Changes in significant subsidiaries during the fiscal year (changes in specified subsidiaries that caused changes in the scope of consolidation): None
- (2) Adopting accounting treatment simplified or specialized for quarterly consolidation: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and changes in presentation due to revisions
 - ① Changes in accounting policy to conform to revisions in accounting standards and others: Adopted: Yes
 - ② Changes in accounting policy adopted otherwise than in①: None
 - ③ Changes in accounting estimates: None
 - ④ Changes in presentation due to revisions: None
- (4) Number of shares (of common stock) issued and outstanding
 - ① Number of shares outstanding (including treasury shares) at fiscal end:

June 30, 2022	189,870,559 shares	December 31, 2021	189,870,559 shares
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 - ② Number of treasury shares at fiscal end:

June 30, 2022	6,702,388 shares	December 31, 2021	6,829,533 shares
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 - ③ Average number of shares during the term:

2nd quarter ended June 30, 2022	183,077,178 shares	2nd quarter ended June 30, 2021	182,973,120 shares
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* Summary of Consolidated Financial Statements is not subjected to quarterly review by independent auditors

* Explanation of appropriate use of business performance forecasts; other special items

(Notes to the description about future, other)

The performance forecasts above are estimated based on information available as of the date hereof. This may cause actual results to differ from stated projections due to changing business conditions or other factors. Please refer to page 9, "(3) Explanation on forecast for consolidated business results and others" for the forecast of consolidated business results.

(How to access supplemental materials on quarterly business results)

The Company is scheduled to hold presentation meeting on business results for institutional investors, analysts and press on Monday, August 15, 2022. We plan to post the materials used in the meeting on the Company's website (https://corp.asics.com/en/investor_relations/library/financial_summary) on Friday, August 12, 2022.

1. Qualitative information for consolidated business results

(1) Explanation on business results

Forward-looking statements in the text are our estimation as of the end of the second quarter ended June 30, 2022.

Effective from the first quarter ended March 31, 2022, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others.

Major initiatives during the second quarter ended June 30, 2022

Although there are concerns about the various effects of the novel coronavirus disease (COVID-19) this quarter, efforts to normalize socioeconomic activities are underway in many parts of the world. Net sales grew significantly. Despite some impact from lockdown in Shanghai and other areas, the effects of logistics disruptions are improving, and net sales grew by 7.4% from the same period of the previous fiscal year, also coming in ahead of our plan.

Under these circumstances there has been confusion over the situation in Russia and Ukraine. However, the scale of ASICS Russia and Ukraine operations are small and the impact on business performance has been minimal.

◇ Digital

① Worldwide EC sales grew by 18.4% from the previous year.

The number of OneASICS members increased to 6.2 million (5.4 million as of last year-end), partly because runners are now able to enroll in OneASICS through the race registration platform Race Roster and partly because enrollment through the e-commerce site has increased. In addition, the number of races managed globally by ASICS has been increased from 1,324 of FY2021 Q2 to 1,970 of FY 2022 Q2 due to contribution by an Australian race registration company called Register Now, which ASICS acquired last year. In addition, marathons handled by Race Roster, mainly in North America, have been posted on ASICS Runkeeper™ running app, and both are now working together. Through these efforts, we will continue to make steady progress in building the “running ecosystem” promoted by ASICS.

② ASICS has been selected as one of the “Digital Transformation Stocks (DX Stocks) 2022” in a joint program by Japan’s Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange, Inc. (TSE) for the first time.

“DX Stocks” is a program that METI and TSE select and introduce up to 1-2 companies per sector among companies listed on the Tokyo Stock Exchange that have established internal mechanisms to promote DX that will lead to increased corporate value and have demonstrated outstanding achievements in the use of digital technology.

This year’s selection as a DX Stock was based on the “Mid-Term Plan 2023”, and the Company was recognized for various initiatives, including “accelerating growth of omni-channel business by expanding touch points using digital technology” and “launching a running ecosystem and new touch points / service business”.

◇ Performance Running

① Net sales exceeded the plan with double-digits year-on-year growth. The impact of logistics disruptions has been improved and net sales increased mainly in Europe, Greater China, and Oceania. The Greater China, where there was a lockdown, posted an increase of approximately 35% in the second quarter over the same period of the previous year.

② The two latest updates to the METASPEED™ series for top athletes, METASPEED™ SKY+ and METASPEED™ EDGE+, were released in June.

This time, the shape and structure of each part have been adjusted based on athletes' feedback, and functions have been evolved to provide athletes with two additional options.

Since its launch in March 2021, the METASPEED™ series has so far recorded 389 personal bests for athletes (as of August 9, 2022).

③ On April 24, the official race of World Athletics, “META: Time: Trials” sponsored by ASICS, was held in Málaga, Spain. 73 top athletes of ASICS wore the METASPEED™ + series, resulting in 29 personal bests and 4 national records.

The “META: Time: Trials JAPAN Series” was held in Japan as well. Races were held in six regions throughout Japan (Hokkaido, Kanto, Chubu, Kansai, Chugoku and Fukuoka from June 26 to July 31) and virtually (from May 24 to July 31), and the final will be held in Tokyo on September 24 for the top finishers in these races.

◇ Onitsuka Tiger

① Onitsuka Tiger sales decreased both year-on-year and compared to plan, partly due to the impact of lockdown in Shanghai and other areas. Among them, sales in Southeast and South Asia increased to ¥3.0 billion (more than double from the previous year), while sales in Japan also increased.

② On May 12, a store event was held at the ONITSUKA TIGER RODEO DRIVE STORE in North America to raise brand awareness and value, focusing on the Spring Summer 2022 Collection and store. At the event, we tied up with fashion media “FLAUNT” to hold a brand event based on the concept of the year-long project Year Of Onitsuka Tiger to commemorate the Year of the Tiger, which gained a lot of media exposure.

We will continue to work on measures to increase awareness of Onitsuka Tiger throughout North America as well.

◇ Sustainability

The Group has released the “Sustainability Report 2021”. In addition to sustainability activities in FY2021, the report provides information on progress toward achieving medium- and long-term sustainability goals. The report includes the following special features.

- The ratio of female managers increased to 33.7% globally
- Reduced CO2 emissions at our business sites by 28.0% and CO2 emissions in our supply chain by 19.7% (compared to 2015)
- Established a green procurement policy to prioritize procurement of products from sustainable suppliers that meet certain standards regarding environmental performance (e.g., setting a 1.5°C target and formulating a renewable energy procurement plan, etc.). These will be gradually introduced to strategic suppliers in the future

We will continue to engage in environmentally and socially conscious business activities toward the realization of people's physical and mental health and a healthy global environment, including our goal of reducing greenhouse gas emissions to virtually zero by 2050.

◇ ROA Tree Management

ROA is one of the Financial Index of the Mid-term Plan 2023, and despite an increase in the selling, general and administrative expenses ratio, we efficiently generated profits, and ROA improved by 0.1% from 7.2% to 7.3% compared to the same period in the previous year, and also improved by approximately 5% from 2.8% at the end of the previous fiscal year.

The Cash Conversion Cycle (CCC) deteriorated by 9 days, from 165 days to 174 days compared to the same period in the previous year, and by 40 days, from 134 days compared to the end of the previous fiscal year.

ROA calculation as follow (Annualized)

$$\frac{\text{Profit attributable to owners of parent for the second quarter ended June 30, 2022}}{(\text{Total assets for the fiscal year ended December 31, 2021} + \text{Total assets for the second quarter ended June 30, 2022}) \div 2} \times 2$$

1) Net sales

Despite production disruptions caused by shutdown at some factories, net sales increased 7.4% to ¥225,080 million from the same period foreign exchange effects and strong sales of the Performance Running category in some regions.

2) Gross profit

Gross profit increased 5.7% to ¥111,486 million due to the impact of the increase in net sales described above.

3) Operating income

Operating income decreased 20.1% to ¥19,166 million mainly due to an increase in commission fee, despite the impact of the increase in net sales described above.

4) Ordinary income

Ordinary income decreased 23.4% to ¥18,979 million mainly due to the impact of the decrease in profit described above.

5) Profit attributable to owners of parent

Profit attributable to owners of parent increased 9.8% to ¥13,562 million due to the decrease of the amount recorded in extraordinary losses caused by the impact of COVID-19.

Business results by category were as follows.

The results for the second quarter ended June 30, 2021 have been reclassified to reflect changes of the aggregation method for some categories that were made in the first quarter ended March 31, 2022.

(Millions of yen)

Category	Net sales			Category profit		
	FY2022	FY2021	Increase	FY2022	FY2021	Increase
	Jan 1 to June 30	Jan 1 to June 30	(Decrease)	Jan 1 to June 30	Jan 1 to June 30	(Decrease)
Performance Running	123,284	108,594	14,689	25,995	26,234	(238)
Core Performance Sports	23,520	23,428	91	4,026	4,542	(515)
Sports Style	18,532	17,127	1,405	3,143	2,967	176
Apparel and Equipment	17,161	16,702	458	26	219	(193)
Onitsuka Tiger	19,641	21,007	(1,366)	3,622	4,102	(479)

1) Performance Running

Net sales increased 13.5% to ¥123,284 million due to strong sales in almost all regions. Category profit decreased 0.9% to ¥25,995 million due to the decrease in the gross profit ratio and the increase in Selling, General and Administrative expenses resulting from the effect of foreign exchange.

2) Core Performance Sports

Despite the impact of shutdown of some factories, net sales increased 0.4% to ¥23,520 million due to the effect of foreign exchange. Category profit decreased 11.4% to ¥4,026 million due to the decrease in the gross profit ratio and the increase in Selling, General and Administrative expenses resulting from the effect of foreign exchange.

3) Sports Style

Net sales increased 8.2% to ¥18,532 million due to the strong sales in Europe, despite the impact of shutdown of some factories. Category profit increased 6.0% to ¥3,143 million mainly due to an improvement of the gross profit ratio.

4) Apparel and Equipment

Net sales increased 2.7% to ¥17,161 million due to the effect of foreign exchange. Category profit decreased 88.1% to ¥26 million mainly due to the increase in Selling, General and Administrative expenses.

5) Onitsuka Tiger

Net sales decreased 6.5% to ¥19,641 million due to the decrease in sales in the Greater China region, affected by lockdown in Shanghai and other areas. Category profit decreased 11.7% to ¥3,622 million due to the impact of the decrease in net sales described above, despite an improvement of the gross profit ratio.

Business results by reportable segments were as follows.

1) Japan region

Net sales decreased 2.2% to ¥56,503 million due to weak sales in all categories except Onitsuka Tiger category.

Segment income decreased 11.4% to ¥3,086 million mainly due to the impact of the decrease in net sales described above.

2) North America region

Net sales increased 11.3% to ¥47,631 million due to the effect of foreign exchange.

Segment loss amounted to ¥562 million mainly due to a deterioration in the gross profit ratio caused by the increase in logistics costs and the increase in Selling, General and Administrative expenses resulting from higher E-commerce sales.

3) Europe region

Net sales increased 9.0% to ¥63,030 million due to the effect of foreign exchange.

Segment income decreased 22.0% to ¥7,148 million mainly due to a deterioration in the gross profit ratio and the increase in advertising expenses.

4) Greater China region

Net sales increased 3.4% to ¥28,945 million due to strong sales of Performance Running and foreign exchange effects, despite weak sales of Onitsuka Tiger category.

Segment income decreased 3.0% to ¥5,962 million mainly due to a deterioration in the gross profit ratio and the increase in Selling, General and Administrative expenses resulting from the effect of foreign exchange.

5) Oceania region

Net sales increased 17.6% to ¥15,444 million due to strong sales in all categories except Sports Style category.

Segment income increased 44.6% to ¥2,944 million mainly due to an improvement in the gross profit ratio, as well as due to the impact of the increase in net sales described above.

6) Southeast and South Asia regions

Net sales increased 73.8% to ¥8,056 million due to strong sales in all categories.

Segment income increased significantly 683.0% to ¥1,430 million mainly due to an improvement in the gross profit ratio, as well as due to the impact of the increase in net sales described above.

7) Other regions

Net sales increased 28.9% to ¥20,286 million due to strong sales in all categories except Apparel and Equipment category.

Segment income increased significantly 127.3% to ¥1,442 million mainly due to the impact of the increase in net sales described above.

(2) Explanation on financial position

As for the consolidated financial position as of June 30, 2022, total assets increased 16.3% from the end of the previous fiscal year to ¥402,160 million, total liabilities increased 8.5% from the end of the previous fiscal year to ¥216,135 million and total net assets increased 26.9% from the end of the previous fiscal year to ¥186,024 million.

1) Current assets

Current assets increased 18.5% to ¥288,056 million mainly due to an increase in inventories.

2) Non-current assets

Non-current assets increased 11.2% to ¥114,104 million mainly due to an increases in software.

3) Current liabilities

Current liabilities increased 16.7% to ¥102,328 million mainly due to an increase in notes and accounts payable-trade.

4) Non-current liabilities

Non-current liabilities increased 2.0% to ¥113,807 million mainly due to an increase in deferred income taxes.

5) Net assets

Net assets increased 26.9% to ¥186,024 million mainly due to an increase in translation adjustments.

As for cash flows as of June 30, 2022, cash and cash equivalents (hereinafter, “cash”) decreased ¥30,615 million from the end of the previous fiscal year to ¥64,660 million.

The respective cash flow positions and main factors behind the changes are as follows.

1) Cash flows from operating activities

Net cash used in operating activities were ¥16,819 million, an increase of ¥26,620 million compared with the same period in the previous fiscal year.

Major uses of cash were ¥21,018 million for an increase in inventories, ¥18,188 million for an increase in notes and accounts receivable-trade, and ¥8,546 million for income taxes paid, while major sources of cash were ¥18,501 million from profit before income taxes and ¥7,319 million from depreciation and amortization.

2) Cash flows from investing activities

Net cash used in investing activities were ¥5,838 million, an increase of ¥712 million compared with the same period in the previous fiscal year.

Major uses of cash were ¥3,703 million for purchases of intangible assets and ¥1,271 million for purchases of property, plant and equipment.

3) Cash flows from financing activities

Net cash used in financing activities were ¥12,537 million, a decrease of ¥2,283 million compared with the same period in the previous fiscal year.

Major uses of cash were ¥5,200 million for net decrease in short-term bank loans, ¥5,144 million for repayment of lease obligations and ¥2,191 million for cash dividends paid.

(3) Explanation on forecast for consolidated business results and others

The Company has revised the forecast of consolidated business results for the fiscal year ending December 31, 2022 (January 1, 2022 – December 31, 2022). For details, please refer to “Notice Concerning the Revision of the Consolidated Business Results Forecast for the Fiscal Year Ending December 31, 2022” announced on August 12, 2022.

(4) Information about risks related to COVID-19

The Company’s economic activity continues to be affected by the global spread of COVID-19, which includes temporary closures and reduced business hours of the Group’s some own retail stores and commercial facilities in Japan and overseas, a decrease in customers because of people refraining from going out.

It is difficult to estimate the final impact of COVID-19 as when the pandemic will end continues to be uncertain. If the COVID-19 impact continued, there is a risk that the Company’s financial position and business results may be affected.

Consolidated Balance Sheet

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

ASICS Corporation and Consolidated Subsidiaries
As of June 30, 2022 and December 31, 2021

ASSETS	Millions of yen	
	June 30, 2022	December 31, 2021
Current assets:		
Cash and deposits	¥ 66,691	¥ 96,298
Notes and accounts receivable:		
Trade	77,344	50,135
Less allowance for doubtful receivables	(2,930)	(2,471)
Inventories	113,123	80,047
Other current assets	33,826	19,123
Total current assets	288,056	243,133
 Property, plant and equipment:		
Land	5,797	5,747
Buildings and structures	37,461	36,056
Machinery, equipment and vehicles	5,510	5,267
Tools, furniture and fixtures	34,200	30,201
Leased assets	8,319	7,443
Construction in progress	219	675
Less accumulated depreciation	(62,735)	(58,000)
Property, plant and equipment, net	28,773	27,391
 Intangible assets:		
Goodwill	3,052	2,856
Software	18,549	8,422
Right of use assets	24,004	23,960
Other intangible assets	4,353	11,604
Total intangible assets	49,960	46,843
 Investments and other assets:		
Investments in securities:		
Investments in unconsolidated subsidiaries and affiliates	156	156
Other	10,823	10,129
Long-term loans receivable	37	41
Deferred income taxes	8,154	8,509
Other assets	17,509	10,758
Less allowance for doubtful receivables	(1,310)	(1,189)
Total investments and other assets	35,370	28,404
 Total assets	¥ 402,160	¥ 345,773

Consolidated Balance Sheet

LIABILITIES AND NET ASSETS	Millions of yen	
	June 30, 2022	December 31, 2021
Current liabilities:		
Short-term bank loans	¥ —	¥ 5,200
Current portion of long-term debt	8,337	8,173
Notes and accounts payable:		
Trade	44,069	30,459
Accrued income taxes	3,596	4,328
Accrued expenses	22,836	25,500
Provision for sales returns	—	277
Provision for employees' bonuses	1,182	460
Asset retirement obligations	37	73
Other current liabilities	22,267	13,225
Total current liabilities	102,328	87,699
Long-term liabilities:		
Long-term debt	97,066	97,100
Liabilities for retirement benefits	7,423	7,330
Asset retirement obligations	1,729	1,544
Deferred income taxes	3,595	1,471
Other long-term liabilities	3,993	4,089
Total long-term liabilities	113,807	111,536
Net assets:		
Shareholders' equity:		
Common stock:	23,972	23,972
Capital surplus	15,654	15,571
Retained earnings	120,895	110,205
Less treasury share, at cost	(9,835)	(10,018)
Total shareholders' equity	150,686	139,731
Accumulated other comprehensive income:		
Unrealized holding gain on securities	2,288	1,830
Unrealized deferred gain on hedges	15,767	4,923
Translation adjustments	17,037	(193)
Retirement benefits liability adjustments	(195)	(211)
Total accumulated other comprehensive income	34,897	6,349
Stock acquisition rights	300	313
Non-controlling interests	140	143
Total net assets	186,024	146,537
 Total liabilities and net assets	¥ 402,160	¥ 345,773

Consolidated Income Statement

(2) Consolidated Income Statement and Statement of Comprehensive Income

ASICS Corporation and Consolidated Subsidiaries

The second quarter ended June 30, 2022 and 2021

	Millions of yen	
	The Second Quarter Ended June 30, 2022	The Second Quarter Ended June 30, 2021
Net sales	¥ 225,080	¥ 209,478
Cost of sales	113,594	104,030
Gross profit	111,486	105,448
Selling, general and administrative expenses *1	92,319	81,454
Operating income	19,166	23,993
Other income (expenses):		
Interest and dividend income	461	255
Interest expense	(997)	(820)
Exchange gain (loss), net	(1,173)	696
Related expense of restricted stock remuneration	—	(179)
Gain on sales of investments in securities, net	1	16
Loss on sales or disposal of property, plant and equipment and other, net	(114)	(101)
Loss on valuation of investments in securities	(52)	(27)
Loss on impairment of property, plant and equipment	—	(34)
Extra retirement payments *2	—	(88)
Loss on temporary closing of stores *3	(155)	(5,292)
Loss on the cancellation of lease contracts	(156)	(170)
Subsidy income	857	590
Other, net	666	234
	(664)	(4,920)
Profit before income taxes	18,501	19,072
Income taxes:		
Current	4,964	6,721
	4,964	6,721
Profit	13,537	12,350
Profit (loss) attributable to:		
Non-controlling interests	(24)	(0)
Owners of parent	¥ 13,562	¥ 12,350

Consolidated Statement of Comprehensive Income

ASICS Corporation and Consolidated Subsidiaries
The second quarter ended June 30, 2022 and 2021

	Millions of yen			
	The Second Quarter Ended June 30, 2022	The Second Quarter Ended June 30, 2021		
Profit	¥	13,537	¥	12,350
Other comprehensive income:				
Unrealized holding gain on securities		458		486
Unrealized deferred gain on hedges		10,844		3,837
Translation adjustments		17,251		6,482
Retirement benefits liability adjustments		15		19
Total other comprehensive income, net		28,569		10,826
Comprehensive income	¥	42,107	¥	23,177
Comprehensive income attributable to:				
Owners of parent	¥	42,110	¥	23,163
Non-controlling interests		(3)		13

Consolidated Statement of Cash Flows

(3) Consolidated Statement of Cash Flows

ASICS Corporation and Consolidated Subsidiaries
The second quarter ended June 30, 2022 and 2021

	Millions of yen	
	The Second Quarter Ended June 30, 2022	The Second Quarter Ended June 30, 2021
Operating activities:		
Profit before income taxes	¥ 18,501	¥ 19,072
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:		
Depreciation and amortization	7,319	6,807
Loss on impairment of property, plant and equipment	—	34
Amortization of goodwill	181	145
Increase in allowance for doubtful receivables	180	55
Increase in liabilities for retirement benefits, net	103	120
Increase in provision for employees' bonuses	658	275
Loss on impairment of investments in securities	52	27
Gain on sales of investments in securities, net	(1)	(16)
Interest and dividend income	(461)	(255)
Interest expense	997	820
Exchange (gain), net	(178)	(78)
Loss on sales or disposal of property, plant and equipment and other, net	114	101
Other, net	(356)	134
(Increase) decrease in operating assets:		
Notes and accounts receivable-trade	(18,188)	(17,638)
Inventories	(21,018)	(3,842)
Other operating assets	(340)	951
Increase (decrease) in operating liabilities:		
Notes and accounts payable-trade	6,495	1,575
Accrued consumption taxes	1,048	1,919
Other operating liabilities	(2,795)	2,294
Subtotal	(7,689)	12,503
Interest and dividends received	377	245
Interest paid	(961)	(806)
Income taxes paid	(8,546)	(2,141)
Net cash provided by (used in) operating activities	(16,819)	9,801
Investing activities:		
Decrease in time deposits	(1,209)	(67)
Proceeds from withdrawal of time deposits	380	—
Purchases of property, plant and equipment	(1,271)	(1,612)
Payments for disposal of property, plant and equipment	(140)	(19)
Proceeds from sales of property, plant and equipment	6	77
Purchases of intangible assets	(3,703)	(3,147)
Proceeds from sales of intangible assets	—	42
Purchases of investments in securities	(31)	(416)
Proceeds from sales and redemption of investments in securities	7	70
Proceeds from distribution of investment in partnerships	11	143
Net (increase) decrease in short-term loans receivable included in other current assets	(1)	1
Long-term loans receivable made	(8)	(7)
Collection of long-term loans receivable	10	11
Other, net	110	(202)
Net cash (used in) investing activities	(5,838)	(5,125)
Financing activities:		
Net (decrease) in short-term bank loans	(5,200)	(6,148)
Repayment of long-term loans	—	(15)
Purchases of treasury share	(1)	(2)
Proceeds from sales of treasury share	0	—
Repayment of lease obligations	(5,144)	(4,265)
Cash dividends paid to shareholders of the Company	(2,191)	(4,388)
Dividends paid to non-controlling interests	—	(0)
Net cash (used in) financing activities	(12,537)	(14,820)
Effect of exchange rate changes on cash and cash equivalents	4,580	1,734
Net (decrease) in cash and cash equivalents	(30,615)	(8,411)
Cash and cash equivalents as of January 1, 2022 and 2021	95,275	80,474
Cash and cash equivalents as of June 30, 2022 and 2021	¥ 64,660	¥ 72,063

(4) Notes for Consolidated Financial Statements

(Consolidated Balance Sheet)

The Company has an overdraft agreement with the bank to finance working capital efficiently.

The balance of unused loan commitments as of June 30, 2022 under this agreement is as follows.

	Millions of yen	
	As of June 30, 2022	As of December 31, 2021
Overdraft maximum amount	¥204,500	¥204,500
Balance of used loans	-	5,200
Unused balance	¥204,500	¥199,300

(Consolidated Income Statement)

*1 The material expenses in Selling, General and Administrative expenses are as follows:

The Company has received subsidies related to COVID-19, which are directly deducted from selling, general and administrative expenses in the amount of ¥211 million and ¥89 million for the 2nd quarter ended June 30, 2021 and 2022 respectively.

	Millions of yen	
	2022 (from January 1 to June 30, 2022)	2021 (from January 1 to June 30, 2021)
Packing and transportation	¥9,240	¥8,446
Advertising	13,666	12,697
Commission fee	14,563	12,295
Provision for bad debt	(2)	50
Salaries and wages	22,555	20,155
Provision for bonus	1,381	901
Retirement benefit	524	522
Rent	5,968	5,753
Depreciation and amortization	7,281	6,255

*2 Extra retirement payments

2021 (from January 1 to June 30, 2021)

This is a special severance payment associated with the rationalization of management of European subsidiaries.

2022 (from January 1 to June 30, 2022)

Not applicable.

*3 Loss on temporary closing of stores

2021 (from January 1 to June 30, 2021)

Due to the COVID-19, part of the stores originally planned could not be opened. As a result, fixed costs (personnel expenses, depreciation and amortization, etc.) of own retail stores incurred during the closure period and loss on furniture and fixtures and inventories that cannot be transferred to other stores were recorded as loss on temporary closing of stores in extraordinary losses.

The Company has received subsidy related to COVID-19 and deducted ¥150 million directly from the extraordinary losses described above.

2022 (from January 1 to June 30, 2022)

Due to the impact of the temporary closure of some stores in the Greater China region in response to government requests addressing COVID-19, fixed costs (personnel expenses, depreciation and amortization, etc.) of closed stores were recorded as loss on temporary closing of stores in extraordinary losses.

(Segment Information)

1) Outline of Reportable Segments

Reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Meeting of the Company to make decisions on the allocation of management resources and assess performance.

The Company is mainly engaged in business management activities and product development as the global headquarters.

The Group is primarily engaged in the manufacture and sales of sporting goods. ASICS Japan Corporation and other subsidiaries in Japan are responsible for Japan. ASICS America Corporation is responsible for North America; ASICS Europe B.V. for Europe, Middle East, and Africa; ASICS China Trading Co., Ltd. for Greater China; ASICS Oceania PTY., Ltd. for Oceania; and ASICS Asia PTE., Ltd. for SouthEast and South Asia.

2) Net Sales and Segment Income/Loss of Reportable Segment

	Millions of yen									
	Japan	North America	Europe	Greater China	Oceania	SouthEast and South Asia	Others	Total	Adjustments	Consolidated
2022 (from January 1 to June 30, 2022)										
Net sales:										
Sales to customers	¥38,881	¥47,631	¥63,014	¥28,938	¥15,444	¥8,056	¥20,277	¥222,243	¥2,837	¥225,080
Intersegment	17,622	-	16	7	0	-	8	17,655	(17,655)	-
Total sales	56,503	47,631	63,030	28,945	15,444	8,056	20,286	239,899	(14,818)	225,080
Segment income (loss)	¥3,086	¥(562)	¥7,148	¥5,962	¥2,944	¥1,430	¥1,442	¥21,452	¥(2,285)	¥19,166

	Millions of yen									
	Japan	North America	Europe	Greater China	Oceania	SouthEast and South Asia	Others	Total	Adjustments	Consolidated
2021 (from January 1 to June 30, 2021)										
Net sales:										
Sales to customers	¥45,360	¥42,784	¥57,821	¥27,989	¥13,135	¥4,636	¥15,712	¥207,440	¥2,037	¥209,478
Intersegment	12,434	13	11	0	-	-	30	12,491	(12,491)	-
Total sales	57,795	42,797	57,833	27,990	13,135	4,636	15,742	219,932	(10,453)	209,478
Segment income (loss)	¥3,484	¥1,944	¥9,167	¥6,147	¥2,035	¥182	¥634	¥23,596	¥396	¥23,993

3. Supplemental Information

(1) Net Sales per Regions

	Millions of yen					
	Japan	North America	Europe	Greater China	Others	Consolidated
2022 (from January 1 to June 30, 2022)						
Net sales	¥40,260	¥49,080	¥65,239	¥28,988	¥41,512	¥225,080

	Millions of yen					
	Japan	North America	Europe	Greater China	Others	Consolidated
2021 (from January 1 to June 30, 2021)						
Net sales	¥46,431	¥43,641	¥59,054	¥28,135	¥32,215	¥209,478

(2) Foreign Currency Exchange Rates

	USD	EUR	RMB	AUD	SGD
2nd quarter ended June 30, 2022	¥123.29	¥134.80	¥19.00	¥88.23	¥90.22
2nd quarter ended June 30, 2021	¥107.65	¥129.91	¥16.63	¥82.71	¥80.83
Increase or (Decrease)	¥15.64	¥4.89	¥2.37	¥5.52	¥9.39
Ratio (%)	14.5	3.8	14.3	6.7	11.6

(3) Net Sales and Segment Income Ratio

	Japan	North America	Europe	Greater China	Oceania	SouthEast and South Asia	Others
Net Sales	(Local Currency)	-	(2.7)	4.8	(9.5)	10.2	57.7
Vs 2nd quarter ended June 30, 2021 (%)	(Yen)	(2.2)	11.3	9.0	3.4	17.6	73.8
Segment income	(Local Currency)	-	-	(25.1)	(15.5)	35.4	605.1
Vs 2nd quarter ended June 30, 2021 (%)	(Yen)	(11.4)	-	(22.0)	(3.0)	44.6	683.0
Segment Income Ratio (%)		5.5	(1.2)	11.3	20.6	19.1	17.8