

Summary of Consolidated Financial Statements For the Second Quarter Ended June 30, 2020 (Japan GAAP)

August 13, 2020

Name of the Company: ASICS Corporation

Listing Exchanges: Tokyo

Code No.: 7936

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

President and COO, Representative Director: Yasuhito Hirota

Date of filing Securities Report by quarter: August 14, 2020

Date of scheduled payment of dividends: –

Quarterly Results Supplemental Materials: Yes

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

(Amounts less than one million yen are truncated)

1. Consolidated results for the second quarter ended June 30, 2020 (January 1, 2020 – June 30, 2020)

(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, 2020	146,897	(21.5)	(3,873)	–	(5,982)	–	(6,266)	–
2nd quarter ended June 30, 2019	187,204	(2.9)	8,589	1.1	9,968	53.5	5,504	60.9

(Note) Comprehensive income: 2nd quarter ended June 30, 2020: ¥ (9,583) million (– %)

2nd quarter ended June 30, 2019: ¥ 1,158 million (– %)

	Net income per share	Diluted net income per share
	Yen	Yen
2nd quarter ended June 30, 2020	(34.29)	–
2nd quarter ended June 30, 2019	29.16	28.55

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	MY	MY	%
As of June 30, 2020	333,864	139,811	41.7
As of December 31, 2019	316,115	152,323	48.0

(Reference) Shareholders' equity: June 30, 2020: ¥ 139,249 million December 31, 2019: ¥ 151,706 million

2. Dividends

(Record date)	Cash dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended December 31, 2019	–	12.00	–	18.00	30.00
FY ending December 31, 2020	–	0.00			
FY ending December 31, 2020 (Projected)			–	24.00	24.00

(Note) Changes in projected dividends: Yes

* FY Ended December 31, 2019: Ordinary dividend 24.00 Yen, 70th anniversary commemorative dividend 6.00 Yen

FY Ending December 31, 2020(Projected): Ordinary dividend 24.00 Yen

3. Forecast of consolidated business results for the fiscal year ending December 31, 2020 (January 1, 2020 – December 31, 2020)

(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	300,000	(20.6)	(14,000)	–	(17,000)	–	(22,000)	–	(120.21)

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

※ 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: None
 - 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, 2020	189,870,559 shares	December 31, 2019	189,870,559 shares
---------------	--------------------	-------------------	--------------------
 - ② Number of treasury shares at fiscal end:

June 30, 2020	6,850,532 shares	December 31, 2019	7,179,322 shares
---------------	------------------	-------------------	------------------
 - ③ Average number of shares during the term:

2nd quarter ended June 30, 2020	182,763,533 shares	2nd quarter ended June 30, 2019	188,756,638 shares
---------------------------------	--------------------	---------------------------------	--------------------

* Summary of Consolidated Financial Statements is not subjected to quarterly review

* 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.

(How to access supplemental materials on quarterly business results)

We plan to post the supplemental materials on business results on Company's website (https://corp.asics.com/en/investor_relations/library/financial_summary) on Thursday, August 13, 2020.

(How to access materials on the details of presentation meeting on business results)

The Company is scheduled to hold presentation meeting on business results for institutional investors and analysts on Friday, August 14, 2020. 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 Thursday, August 13, 2020.

1. Qualitative information for consolidated business results

(1) Explanation on business results

Major initiatives during the second quarter ended June 30, 2020

Due to the global spread of the novel coronavirus disease (COVID-19), ASICS Group (“the Group”) continued to face a challenging situation, such as cancellation or scale-down of various competitions, temporary closures of own retail stores and the slump in personal consumption. However, there were signs of recovery in some regions where economic activities were resumed.

✓ The Group implemented the following initiatives to deal with the spread of COVID-19.

① Digital

E-commerce sales increased worldwide.

Sales increased by 151% in North America, 139% in Europe, and 103% in consolidated level.

In order to strengthen the digital field, the Group developed worldwide virtual races using ASICS Runkeeper and promoted METARACER by digital marketing such as social networking services when it was launched.

② S.G.& A. expenses controls

The Group saved the S.G.& A. expenses globally, including marketing expenses, in order to improve profitability in the situation that the sales decreased due to the spread of COVID-19.

Due in part to the transfer some expenses of own retail stores to extraordinary losses, S.G.& A. expenses were reduced by ¥6.2 billion compared to the last year, by ¥20.5 billion compared to the plan.

③ Inventory management

In response to the result of Q2 and second half sales environment, the Group have enhanced our inventory management, such as by canceling some production orders.

The Group also changed the schedule of new product launches in second half to optimize sales opportunities.

In addition, the Group grasped the status of inventories and returns in wholesale due to the temporary closures of stores, and promptly allocated inventories for e-commerce sales. Through these measures, the Group responded to the dramatic changes in the sales and distribution structure at each sales company.

✓ In China, all own retail stores reopened in April, ahead of others in the world. Net sales increased by 23% during the Q2 period. E-commerce sales in June increased by 84%, due in part to an e-commerce event of comparable scale to “Single’s Day”.

✓ For Performance Running, the Group launched the “Kayano 27”, high-performance running shoes that pursue stability and comfortable running, and the “Metaracer”, the most advanced running shoes in the history of ASICS with a built-in carbon plate. With the launch of METARACER, the Group now has a full lineup of shoes in the Performance Running category. The Group also enhanced product presentation videos to help people better understand our products and promoted our products by digital media through influencers and YouTubers.

- ✓ For Onitsuka Tiger, the Group launched a brand campaign with worldwide artist Willow Smith who is our brand ambassador.”
In harmony with Ms. Willow, the Group has created an unprecedented worldview of the Onitsuka Tiger brand together.
- ✓ For sustainability, the Group has released the “Sustainability Report 2019.”
In addition, corresponding to the effect of the spread of COVID-19 on the supply chain, the Group supported manufacturers to survive the economic disruption caused by the COVID-19 and to protect workers health and safety in response to the “Call to Action” by the International Labour Organization (ILO).

1) Net sales

Net sales decreased 21.5% to ¥146,897 million as a result of factors such as temporary closures of own retail stores and our customers’ retail stores due to the impact of COVID-19.

2) Gross profit

Gross profit decreased 20.7% to ¥70,583 million due to the impact of the decrease in net sales described above.

3) Operating loss

Operating loss was ¥3,873 million due to the impact of the decrease in net sales described above, as well as due to an increase in sales commissions, etc.

4) Ordinary loss

Ordinary loss was ¥5,982 million due to the above, as well as due mainly to the recording of foreign exchange loss resulting from the impact of the depreciation of currencies in countries with emerging economies.

5) Loss attributable to owners of parent

Loss attributable to owners of parent was ¥6,266 million due to the above, as well as due mainly to the recording of loss on temporary closing of stores despite the recording of income tax refunds at a subsidiary in the U.S.

Business results by category were as follows.

The results for the six months ended June 30, 2019 have been reclassified to reflect changes of the aggregation method for some categories that were made in the first quarter ended March 31, 2020.

(Millions of yen)

Category	Net sales			Operating income		
	FY2020 Jan 1 to Jun 30	FY2019 Jan 1 to Jun 30	Increase (Decrease)	FY2020 Jan 1 to Jun 30	FY2019 Jan 1 to Jun 30	Increase (Decrease)
Performance Running	70,936	83,573	(12,637)	2,627	2,985	(358)
Core Performance Sports	16,183	21,720	(5,537)	(1,072)	376	(1,448)
Sports Style	12,602	16,310	(3,708)	(838)	488	(1,326)
Apparel and Equipment	12,532	19,680	(7,148)	Deficit	Deficit	-
Onitsuka Tiger	15,682	22,921	(7,238)	737	5,136	(4,398)

1) Performance Running

Net sales decreased 15.1% to ¥70,936 million due to weak sales in the other regions as a result of the impact of the spread of COVID-19, despite an early recovery from the impact of COVID-19 in Greater China, as well as strong sales in the Oceanian region and a recovery in the North American region that led to an increase in monthly sales in June. Operating income decreased 12.0% to ¥2,627 million.

2) Core Performance Sports

Net sales decreased 25.5% to ¥16,183 million. Operating loss was ¥1,072 million.

3) Sports Style

Net sales decreased 22.7% to ¥12,602 million. Operating loss was ¥838 million.

4) Apparel and Equipment

Net sales decreased 36.3% to ¥12,532 million. An operating loss persisted.

5) Onitsuka Tiger

Net sales decreased 31.6% to ¥15,682 million. Operating income decreased 85.6% to ¥737 million.

Business results by reportable segments were as follows.

1) Japanese region

Net sales decreased 24.0% to ¥47,004 million due to the impact of the spread of COVID-19. Segment loss was ¥1,509 million due to the impact of the decrease in net sales described above, as well as due to increased costs of own retail stores.

2) North American region

Net sales decreased 27.1% to ¥28,414 million due to the impact of the spread of COVID-19. Segment loss was ¥2,134 million.

3) European region

Net sales decreased 20.5% to ¥37,094 million due to the impact of the spread of COVID-19. Segment income decreased 29.5% to ¥737 million mainly due to the impact of the decrease in net sales described above.

4) Greater China region

Net sales decreased 0.7% to ¥18,525 million due to the impact of the spread of COVID-19. Segment income decreased 32.6% to ¥2,133 million mainly due to the impact of the decrease in net sales described above.

5) Oceanian region

Net sales increased 1.4% to ¥8,587 million due to strong sales of the Performance Running category and the Sports Style category. Segment income increased 4.8% to ¥1,087 million mainly due to the impact of the increase in net sales described above.

6) Southeast and South Asian regions

Net sales decreased 34.0% to ¥3,663 million due to the impact of the spread of COVID-19.

Segment loss was ¥71 million.

7) Other regions

Net sales decreased 34.8% to ¥11,993 million due to the impact of the spread of COVID-19 in South Korea and South America. Segment loss was ¥317 million.

(2) Explanation on financial position

As for the consolidated financial position as of June 30, 2020, total assets increased 5.6% from the end of the previous fiscal year to ¥333,864 million, total liabilities increased 18.5% from the end of the previous fiscal year to ¥194,052 million and net assets decreased 8.2% from the end of the previous fiscal year to ¥139,811 million.

1) Current assets

Current assets increased 9.0% to ¥233,809 million mainly due to an increase in cash and deposits.

2) Non-current assets

Non-current assets decreased 1.5% to ¥100,055 million mainly due to decreases in right of use assets and investment securities.

3) Current liabilities

Current liabilities increased 36.3% to ¥110,569 million mainly due to an increase in short-term bank loans.

4) Non-current liabilities

Non-current liabilities increased 1.0% to ¥83,482 million mainly due to an increase in long-term loans.

5) Shareholders' equity

Shareholders' equity decreased 5.9% to ¥146,320 million mainly due to a decrease in retained earnings.

6) Other comprehensive loss

Other comprehensive loss was ¥7,070 million mainly due to a decrease in translation adjustments.

As for cash flows as of June 30, 2020, cash and cash equivalents (hereinafter, "cash") increased ¥15,386 million from the end of the previous fiscal year to ¥53,371 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 was ¥9,113 million, an increase of ¥12,642 million compared with the same period in the previous fiscal year.

Major uses of cash were ¥16,364 million for an increase in inventories and ¥9,308 million for loss before income taxes, while major sources of cash were ¥11,200 million from a decrease in notes and accounts receivable-trade and ¥6,732 million from depreciation and amortization.

2) Cash flows from investing activities

Net cash used in investing activities was ¥5,181 million, an increase of ¥536 million compared with the same period in the previous fiscal year.

Major uses of cash were ¥2,920 million for purchases of intangible assets and ¥1,626 million for purchases of property, plant and equipment, while major sources of cash were ¥230 million in proceeds from withdrawal of time deposits.

3) Cash flows from financing activities

Net cash provided by financing activities was ¥30,777 million, an increase of ¥46,572 million compared with the same period in the previous fiscal year.

Major sources of cash were ¥35,176 million from an increase in short-term bank loans and ¥2,500 million in proceeds from long-term loans, while major uses of cash were ¥3,491 million for repayment of lease obligations and ¥3,289 million for cash dividends paid.

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

(Forecast of consolidated business results)

The forecast of business results for the fiscal year ending December 31, 2020 was undetermined due to the difficulty of reasonably forecasting the impact of the spread of COVID-19 on the business activities of the Group. However, as economic activity is gradually resuming with the lifting of state of emergency declarations and the relaxation of lockdown measures in Japan and abroad, we hereby announce that we have calculated the consolidated business results forecast based on the information currently available. For details, please refer to “Notice Concerning Consolidated Business Results Forecast and Projected Dividends for the Fiscal Year Ending December 31, 2020” announced today (August 13, 2020).

(Forecast of dividends)

The Company’s basic policy for distribution of profits to our shareholders is to invest proactively to improve profitability in order to enhance our corporate value and net income per share while at the same time paying a stable dividend.

However, the Company regrettably determined to pass the interim dividend under the circumstances in which it is uncertain when the pandemic will end such as another major downturn in economic activity because of COVID 19, while the Company is projected to pay a year-end dividend of 24 yen per share. As a result, the current annual projected dividend is 24 yen per share, which is the same level of the fiscal year ended December 31, 2019 without the commemorative dividend.

These projected dividends are based on the assumption that the current business results forecast will remain unchanged while the actual results may differ significantly from this forecast due to various factors. In the event that matters to be disclosed occur, the Company will amend to the projected dividend.

(4) Information about risks related to COVID-19

The Annual Report for the fiscal year ended December 31, 2019 contains information about epidemics of infectious diseases, communicable diseases, etc. in (10) Risks associated with large-scale natural disasters or other events under RESPONSE TO MAJOR RISKS. However, if the COVID-19 pandemic is prolonged, 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, 2020 and December 31, 2019

ASSETS	Millions of yen	
	June 30, 2020	December 31, 2019
Current assets:		
Cash and deposits	¥ 54,344	¥ 39,199
Notes and accounts receivable :		
Trade	51,775	65,191
Less allowance for doubtful receivables	(2,116)	(1,497)
Inventories	107,191	93,159
Other current assets	22,613	18,464
Total current assets	233,809	214,517
Property, plant and equipment:		
Land	5,795	5,797
Buildings and structures	36,649	37,950
Machinery, equipment and vehicles	3,783	3,716
Tools, furniture and fixtures	28,722	28,931
Leased assets	8,426	8,319
Construction in progress	1,460	847
Less accumulated depreciation	(51,205)	(51,266)
Property, plant and equipment, net	33,632	34,296
Intangible assets:		
Goodwill	2,539	2,830
Software	6,849	6,317
Right of use asset	23,135	24,479
Other intangible assets	7,660	6,734
Total intangible assets	40,185	40,362
Investments and other assets:		
Investments in securities:		
Investments in unconsolidated subsidiaries and affiliates	156	156
Other	8,915	9,724
Long-term loans receivable	54	59
Deferred income taxes	7,727	7,844
Other assets	10,073	9,852
Less allowance for doubtful receivables	(689)	(698)
Total investments and other assets	26,237	26,938
Total assets	¥ 333,864	¥ 316,115

* There are some amount of difference between these consolidated financial statements and annual report due to the different treatment of rounding.

Consolidated Balance Sheet

LIABILITIES AND NET ASSETS	Millions of yen	
	June 30, 2020	December 31, 2019
Current liabilities:		
Short-term bank loans	¥ 41,270	¥ 6,257
Current portion of long-term debt	7,447	7,371
Notes and accounts payable:		
Trade	31,682	33,578
Accrued income taxes	1,241	2,282
Accrued expenses	14,834	18,051
Provision for sales returns	180	140
Provision for employees' bonuses	192	549
Asset retirement obligations	14	116
Other current liabilities	13,705	12,766
Total current liabilities	110,569	81,113
Long-term liabilities:		
Long-term debt	67,770	66,970
Liabilities for retirement benefits	6,720	6,615
Asset retirement obligations	1,252	1,228
Deferred income taxes	1,510	1,508
Other long-term liabilities	6,229	6,356
Total long-term liabilities	83,482	82,678
Net assets:		
Shareholders' equity :		
Common stock:	23,972	23,972
Capital surplus	15,481	15,481
Retained earnings	117,244	126,967
Less treasury share, at cost	(10,378)	(10,959)
Total shareholders' equity	146,320	155,461
Accumulated other comprehensive income:		
Unrealized holding gain on securities	985	2,054
Unrealized deferred gain on hedges	4,105	3,438
Translation adjustments	(11,886)	(8,941)
Retirement benefits liability adjustments	(273)	(306)
Total accumulated other comprehensive income	(7,070)	(3,754)
Stock acquisition rights	423	475
Non-controlling interests	139	141
Total net assets	139,811	152,323
 Total liabilities and net assets	¥ 333,864	¥ 316,115

Consolidated Income Statement

(2) Consolidated Income Statement and Statement of Comprehensive Income

ASICS Corporation and Consolidated Subsidiaries

The second quarter ended June 30, 2020 and 2019

	Millions of yen	
	The Second Quarter Ended June 30, 2020	The Second Quarter Ended June 30, 2019
Net sales	¥ 146,897	¥ 187,204
Cost of sales	76,314	98,186
Gross profit	70,583	89,017
Selling, general and administrative expenses *1	74,456	80,427
Operating (loss) income	(3,873)	8,589
Other income (expenses):		
Interest and dividend income	319	611
Interest expense	(760)	(931)
Exchange (loss) gain, net	(1,902)	1,115
Gain on sales of investments in securities, net	1	1
Loss on sales or disposal of property, plant and equipment and other, net	(205)	(43)
Loss on valuation of investments in securities	(28)	(9)
Extra retirement payments *2	(588)	—
Loss on temporary closing of stores *3	(2,505)	—
Subsidy income	286	567
Other, net	(51)	16
	(5,435)	1,328
(Loss) profit before income taxes	(9,308)	9,917
Income taxes:		
Current/Deferred	1,011	4,262
Refunded *4	(4,057)	—
	(3,045)	4,262
(Loss) profit	(6,263)	5,655
(Loss) profit attributable to:		
Non-controlling interests	3	150
Owners of parent	¥ (6,266)	¥ 5,504

Consolidated Statement of Comprehensive Income

ASICS Corporation and Consolidated Subsidiaries
The second quarter ended June 30, 2020 and 2019

	Millions of yen	
	The Second Quarter Ended June 30, 2020	The Second Quarter Ended June 30, 2019
(Loss) profit	¥ (6,263)	¥ 5,655
Other comprehensive (loss) income:		
Unrealized holding loss on securities	(1,069)	(366)
Unrealized deferred gain (loss) on hedges	666	(230)
Translation adjustments	(2,950)	(3,924)
Retirement benefits liability adjustments	32	24
Total other comprehensive loss, net	(3,319)	(4,497)
Comprehensive (loss) income	¥ (9,583)	¥ 1,158
Comprehensive (loss) income attributable to:		
Owners of parent	¥ (9,581)	¥ 1,021
Non-controlling interests	(1)	136

Consolidated Statement of Cash Flows

(3) Consolidated Statement of Cash Flows

ASICS Corporation and Consolidated Subsidiaries
The second quarter ended June 30, 2020 and 2019

	Millions of yen	
	The Second Quarter Ended June 30, 2020	The Second Quarter Ended June 30, 2019
Operating activities:		
(Loss) profit before income taxes	¥ (9,308)	¥ 9,917
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:		
Depreciation and amortization	6,732	6,172
Amortization of goodwill	135	5
Increase (decrease) in allowance for doubtful receivables	697	(74)
Increase in liabilities for retirement benefits, net	156	234
(Decrease) increase in provision for employees' bonuses	(325)	1
Loss on impairment of investments in securities	28	9
Gain on sales of investments in securities, net	(1)	(1)
Interest and dividend income	(319)	(611)
Interest expense	753	928
Exchange loss, net	10	36
Loss on sales or disposal of property, plant and equipment and other, net	205	43
Other, net	(635)	173
(Increase) decrease in operating assets:		
Notes and accounts receivable-trade	11,200	(4,633)
Inventories	(16,364)	(3,958)
Other operating assets	(1,244)	(2,040)
Increase (decrease) in operating liabilities:		
Notes and accounts payable-trade	1,404	913
Accrued consumption taxes	1,060	1,662
Other operating liabilities	(2,031)	(741)
Subtotal	(7,845)	8,038
Interest and dividends received	314	610
Interest paid	(739)	(900)
Business restructuring expenses paid	(39)	(486)
Income taxes paid	(802)	(3,731)
Net cash (used in) provided by operating activities	(9,113)	3,529
Investing activities:		
Increase in time deposits	(0)	(411)
Proceeds from withdrawal of time deposits	230	1,430
Purchases of property, plant and equipment	(1,626)	(2,385)
Payments for disposal of property, plant and equipment	(199)	(11)
Proceeds from sales of property, plant and equipment	32	11
Purchases of intangible assets	(2,920)	(2,677)
Proceeds from sales of intangible assets	86	24
Purchases of investments in securities	(547)	(170)
Proceeds from sales and redemption of investments in securities	7	4
Purchase of shares of subsidiaries and associates	—	(15)
Net increase in short-term loans receivable included in other current assets	(0)	(22)
Long-term loans receivable made	(8)	(13)
Collection of long-term loans receivable	9	9
Other, net	(248)	(418)
Net cash used in investing activities	(5,181)	(4,645)
Financing activities:		
Net increase (decrease) in short-term bank loans	35,176	(301)
Proceeds from long-term loans	2,500	—
Repayment of long-term loans	(117)	(17)
Proceeds from issuance of bonds	—	19,910
Redemption of bonds with stock acquisition rights	—	(30,000)
Purchases of treasury share	(0)	(1)
Proceeds from sales of treasury share	0	0
Repayment of lease obligations	(3,491)	(3116)
Cash dividends paid to shareholders of the Company	(3,289)	(2,270)
Dividends paid to non-controlling interests	(0)	—
Net cash provided by (used in) financing activities	30,777	(15,795)
Effect of exchange rate changes on cash and cash equivalents	(1,095)	(961)
Net increase (decrease) in cash and cash equivalents	15,386	(17,872)
Cash and cash equivalents as of January 1, 2020 and 2019	37,985	65,877
Cash and cash equivalents as of June 30, 2020 and 2019	¥ 53,371	¥ 48,004

(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, 2020 under this agreement is as follows.

Millions of yen		
	As of June 30, 2020	As of June 30, 2019
Overdraft maximum amount	¥194,500	¥188,500
Balance of used loans	40,000	4,400
Unused balance	¥154,500	¥184,100

(Consolidated Income Statement)

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

The Company has received subsidy related to COVID-19 and deducted ¥348 million directly from selling, general and administrative expenses.

Millions of yen		
	2020 (from January 1 to June 30, 2020)	2019 (from January 1 to June 30, 2019)
Advertising	¥14,286	¥15,195
Commission fee	9,874	10,026
Provision for bad debt	839	7
Salaries and wages	17,415	19,936
Provision for bonus	298	343
Retirement benefit	521	510
Rent	4,556	6,460
Depreciation and amortization	5,953	6,048

*2 Extra retirement payments

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

*3 Loss on temporary closing of stores

We have been temporarily closing some own retail stores in Japan, North America, Europe, etc., due to requests of governments and local governments regarding the infection (COVID-19), and as a measure against the spread of infections. Fixed costs (personnel expenses, depreciation and amortization, etc.) of own retail stores incurred during the closure period are recorded in extraordinary losses as losses resulting from temporary store closures.

The Company has received subsidy related to COVID-19 and deducted ¥151 million directly from the extraordinary losses described above.

*4 Refund of income taxes

This is the amount of tax refunds recorded by U.S. subsidiaries based on the CARES Act established in the U.S.

(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										
	Japanese region	North American region	European region	Greater China region	Oceanian region	SouthEast and South Asian region	Other regions	Total	Adjustments	Consolidated
2020 (from January 1 to June 30, 2020)										
Net sales:										
Sales to customers	¥37,753	¥28,397	¥37,083	¥18,525	¥8,587	¥3,663	¥11,879	¥145,890	¥1,007	¥146,897
Intersegment	9,251	16	10	-	-	-	113	9,392	(9,392)	-
Total sales	47,004	28,414	37,094	18,525	8,587	3,663	11,993	155,282	(8,385)	146,897
Segment income (loss)	¥(1,509)	¥(2,134)	¥737	¥2,113	¥1,087	¥(71)	¥(317)	¥(74)	¥(3,798)	¥(3,873)

Millions of yen										
	Japanese region	North American region	European region	Greater China region	Oceanian region	SouthEast and South Asian region	Other regions	Total	Adjustments	Consolidated
2019 (from January 1 to June 30, 2019)										
Net sales:										
Sales to customers	¥52,000	¥37,185	¥46,631	¥18,650	¥8,468	¥5,552	¥18,165	¥186,653	¥550	¥187,204
Intersegment	9,812	1,785	20	-	-	0	233	11,852	(11,852)	-
Total sales	61,812	38,971	46,651	18,650	8,468	5,552	18,398	198,505	(11,301)	187,204
Segment income (loss)	¥3,362	¥(2,113)	¥1,046	¥3,165	¥1,037	¥551	¥779	¥7,830	¥758	¥8,589

3. Supplemental Information

(1) Net Sales per Regions

Millions of yen						
	Japanese region	North American region	European region	Greater China region	Other regions	Consolidated
2020 (from January 1 to June 30, 2020)						
Net sales	¥37,838	¥29,263	¥38,444	¥18,607	¥22,744	¥146,897

Millions of yen						
	Japanese region	North American region	European region	Greater China region	Other regions	Consolidated
2019 (from January 1 to June 30, 2019)						
Net sales	¥52,049	¥37,635	¥47,406	¥18,870	¥31,241	¥187,204

(2) Foreign Currency Exchange Rates

	USD	EUR	RMB	AUD	SGD
2nd quarter ended June 30, 2020	¥108.27	¥119.78	¥15.38	¥71.94	¥77.75
2nd quarter ended June 30, 2019	¥109.95	¥124.44	¥16.21	¥77.75	¥80.90
Increase or (Decrease)	¥(1.68)	¥(4.66)	¥(0.83)	¥(5.81)	¥(3.15)
Ratio (%)	(1.5)	(3.7)	(5.1)	(7.5)	(3.9)

(3) Net Sales and Segment Income Ratio

	Japanese region	North American region	European region	Greater China region	Oceanian region	SouthEast and South Asian region	Other regions
Net Sales	(Local Currency)	-	(25.7)	(17.4)	+3.8	(31.2)	(25.7)
Vs 2nd quarter ended June 30, 2019 (%)	(Yen)	(24.0)	(27.1)	(20.5)	(0.7)	+1.4	(34.8)
Segment income	(Local Currency)	-	-	(26.8)	(29.3)	+13.2	-
Vs 2nd quarter ended June 30, 2019 (%)	(Yen)	-	-	(29.5)	(32.6)	+4.8	-
Segment Income Ratio (%)		(3.2)	(7.5)	2.0	11.5	12.7	(2.0)