

**TOMY Company Ltd.
Fiscal Year 2016 Results
(April 1, 2016 – March 31, 2017)**

**May 12, 2017
TSE Securities Code: 7867**

FY 2016 Financial Highlights (April 1, 2016 – March 31, 2017)

May 12, 2017

Kazuhiro Kojima
Board Director
Chief Financial Officer
TOMY Company, Ltd.

Consolidated Income statements



	FY2016			FY2015	¥100 million
	Actual	Revised Forecast (May 9, 2017)	Original Forecast	Actual	Difference
Sales	1,676	1,676	1,680	1,630	+46
Cost of Sales	1,039	—	—	1,057	-18
Gross Profit	637	—	—	573	+64
Operating income	77	77	40	26	+51
Operating income Margin	4.6%	4.6%	2.4%	1.7%	+2.9%
EBITDA	162	—	—	116	+46
Ordinary income	78	78	32	14	+64
Net Income(Loss)	53	53	15	-67	+120

* All figures have been rounded down to the nearest ¥100 million.

- ◆ Sales
Sales of “long-standing products,” “BEYBLADE BURST,” and “DUEL MASTERS” increased significantly in Japan, while sales moved briskly in Asia as well.
- ◆ Gross Profit
Sales from the high-margin domestic toys were strong and the cost of procurements decreased.
- ◆ Operating Income
Gross profit increased, despite an increase in SG&A expenses (see page 4).
- ◆ Ordinary Income
Operating income increased and foreign exchange gains were recorded.
- ◆ Net Income
Ordinary income increased substantially despite recording impairment loss on certain intangible assets at TOMY International Group. (see page 6)

*Amortization of goodwill and intangible assets associated with acquisition of TOMY International (“TI”): FY2016 ¥2.0 bn, FY2015 ¥2.6 bn
* EBITDA=operating profit + depreciation + amortization of goodwill※ * US\$ FX rate: FY2016 ¥108.38, FY2015 ¥120.14

SG&A Breakdown

¥100 million

	FY2016	FY2015	Difference
SG&A (total)	559	546	+13
Personnel expense	190	185	+5
Advertising expense	134	116	+18
R&D expenses	30	28	+2
Distribution expenses	70	71	-1
Amortization of goodwill and intangible assets associated with acquisition of TI	20	26	-6
	\$18.7 MM	\$22.4 MM	-3.7

* All figures have been rounded down to the nearest ¥100 million.

◆ SG&A (total)

The Group focused on marketing and new product development to promote its sales expansion, leading to increases in advertising expenses and R&D expenses.

Net Sales by Region

¥100 million

Area	FY2016	FY2015	Difference
Japan	1,059	952	+107
North America	339	389	-50
Europe	99	116	-17
Oceania	28	27	+1
Asia	132	113	+19
Others	16	30	-14
Total	1,676	1,630	+46
Ratio of overseas sales	36.8%	41.6%	-4.8%

* All figures have been rounded down to the nearest ¥100 million.

- ◆ **Japan**
Sales of “long-standing products,” “BEYBLADE BURST,” and “DUEL MASTERS” were strong.
- ◆ **North America**
Although sales of POKEMON-related products were strong, releases of products related to movie content ran their course and agricultural machinery toys and baby- and preschool-related products performed weakly.
- ◆ **Europe**
POKEMON-related products developed globally and proved popular. Sales declined as releases of products related to movie content ran their course, and sales of baby and preschool products were weak.
- ◆ **Oceania**
Releases of products related to movie content, which attracted popularity in the previous fiscal year, ran their course. However, sales of POKEMON-related products were strong and the Group promoted Japanese products.
- ◆ **Asia**
Sales performed briskly thanks to efforts to expand POA* by increasing handling of products in convenience stores and bookstores, following Japan’s model.

*POA: Point of Availability

Extraordinary Loss Breakdown

■ Major year-on-year items changed

¥100 million

	FY2016	FY2015	Difference
Extraordinary Loss	7	85	-78
Impairment Loss	6	74	-68
Business Structure Improvement Expenses	—	6	-6

* All figures have been rounded down to the nearest ¥100 million.

◆ Impairment Loss

In FY2016, we concentrated and selected businesses at TOMY International Group. As part of this initiative, impairment loss on intangible assets was recorded with respect to certain baby products in Oceania.

Consolidated Balance Sheets Breakdown

Major year-on-year items changed

¥100 million

Account	FY2016	FY2015	Difference
Inventories	155	200	-45
Japan	95	124	-29
Overseas	80	113	-33
Elimination of unrealized profits	-20	-37	+17

Total Interest Bearing Debt	647	717	-70
Loans Payable	547	617	-70
Bonds	100	100	-

◆ Inventories

* All figures have been rounded down to the nearest ¥100 million.

Overseas subsidiary TOMY International \$-30 MM (YoY) (¥-3.4 bn converted)

US\$ FX rate: FY2016: ¥112.19; FY2015: ¥112.68

(This term: \$61MM First half: \$91MM)

		FY2016	FY2015	Difference
Amortization on goodwill of TI	\$MM	182	195	-13
	¥ 100 million	204	220	-16
Intangible assets of TI	\$MM	102	112	-10
	¥ 100 million	114	126	-12

A hand is shown placing a wooden block on top of a pyramid of wooden blocks. The pyramid is built from several layers of blocks, with the top layer having two blocks. The hand is holding a block above the top layer, ready to place it. The background is white.

**We achieved the highest level of
results through the
accumulation of reforms.**

**H.G. Meij
May 12, 2017**

¥100 million

	FY2014 Actual	FY2015 Actual	FY2016 Actual
Sales	1,499	1,630	1,676
Operating Income	24.7	26.9	77.4
Operating Income Margin	1.6%	1.7%	4.6%

FY2011	
Sales	1,872
Operating Income	101.8
EBITDA	168

FY2016	
Sales	1,676
Operating Income	77.4
EBITDA	162
Net Income	53.7

FY2012	
Loss	-71.7

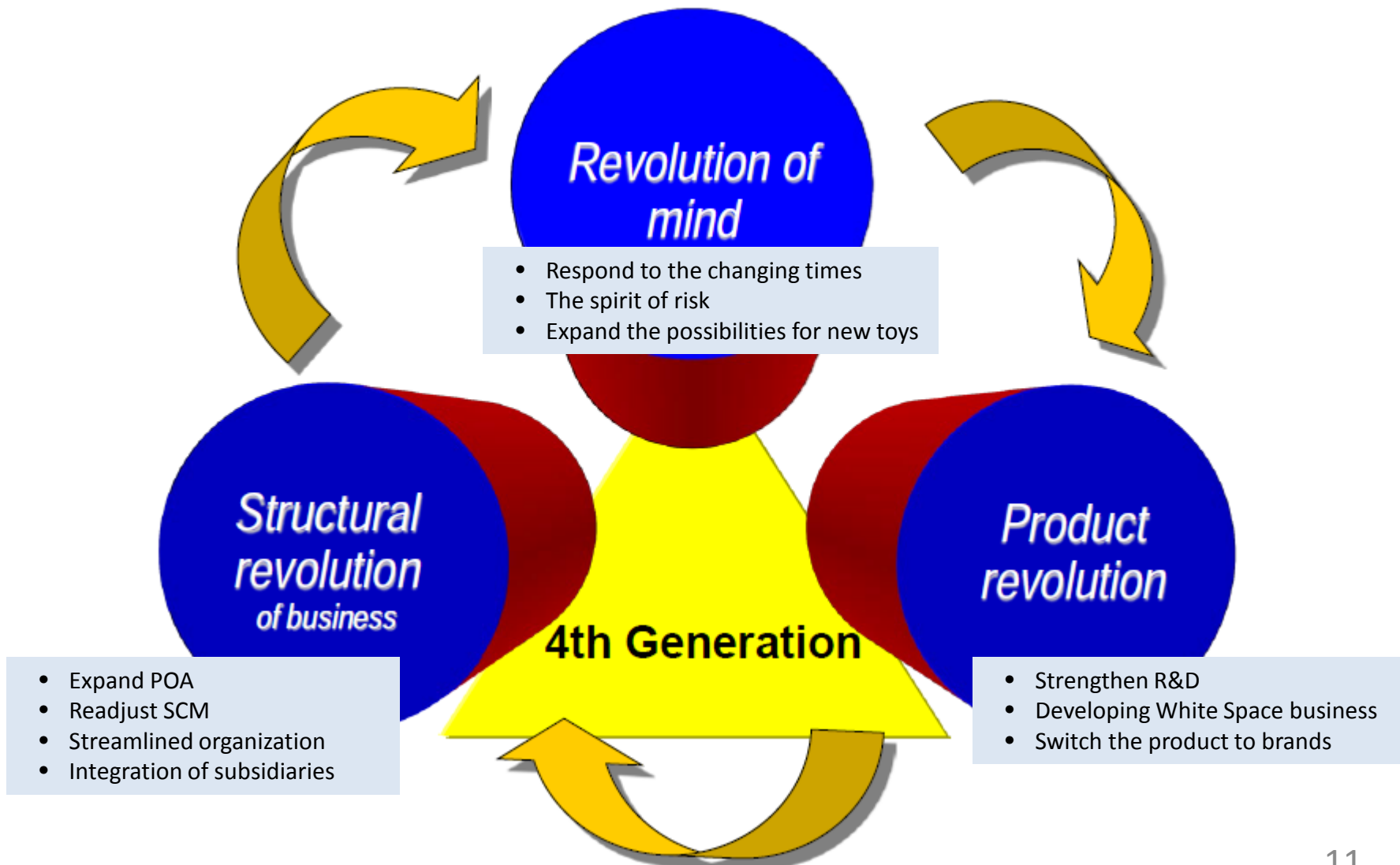
**EBITDA
highest level**

**Record-scale high
Net Income**

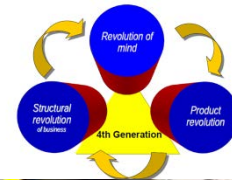
*EBITDA = operating profit + depreciation and amortization of goodwill

Fiscal Year 2013 Results

Essential Three Revolutions to Achieve the 4th Generation



Fiscal Year 2014 Results



INPUT

**Idea
+
Contents**

Doubling the number of development personnel
Expansion of TOMY original content
Establishment of new teams (adult & online markets)
Acquisition of content of 3 large franchises

PROCESS

Business processes

Flatter structure by "9 cells"
Decreasing number of divisions/departments by 20%
Reduction in the average age of executives by 5 years
Decreasing number of subsidiaries from 38 to 35
More equitable and transparent remuneration systems
Next-generation marketing and IR
Cost cutting target from ¥1.0 bn to ¥1.5 bn

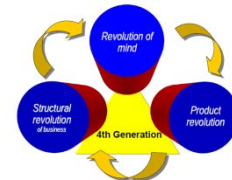
OUTPUT

Sales

Sales increases achieved over 4 consecutive quarters
Japan: Sales increases at 14 out of 32 TOMY Group companies
Separate POA and POI teams
Affirmation of actual POP results
Overseas: Flat in America (lower EU sales)
New branch offices in Russia and Poland
New employees and new customers in South America

¥100 million

	FY2014
Sales	1,499
Operating income	24.7
Operating Profit Margin	1.6%
EBITDA	111



How we nurture the business

1. Grow products already on sale
 - Long-standing products
 - New products
 - BIG BET (highest priority products)
 - Toys 4.0
2. Increase categories
 - Adults — Web — SNS
3. Make real connections with consumers
 - Messages and methods that fit the times
4. Expand the market
 - Overseas— POA/POI
5. Increase assets / value
 - Branding
 - Licensing



¥100 million

	FY2014 Actual	FY2015 Actual
Sales	1,499	1,630
Operating Income	24.7	26.9
Operating Profit Margin	1.6%	1.7%

FY2016

YoY sales growth

+3%

These Results created despite headwinds



Mostly FLAT

Japan Toy Market

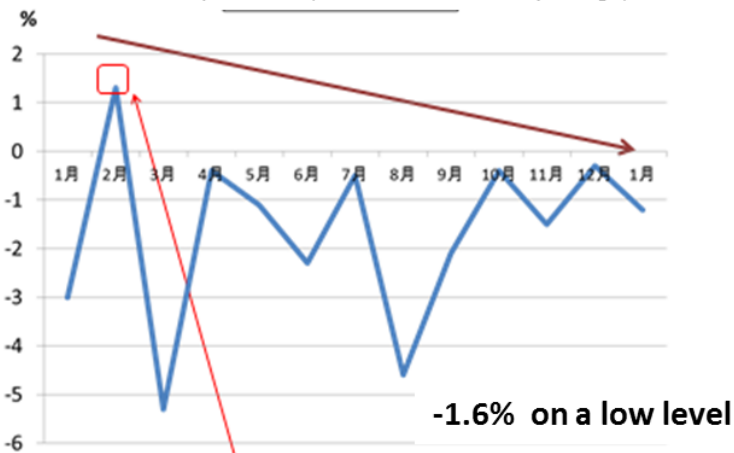
(About ¥800.0 billion)

*Retail price (SRP) basis

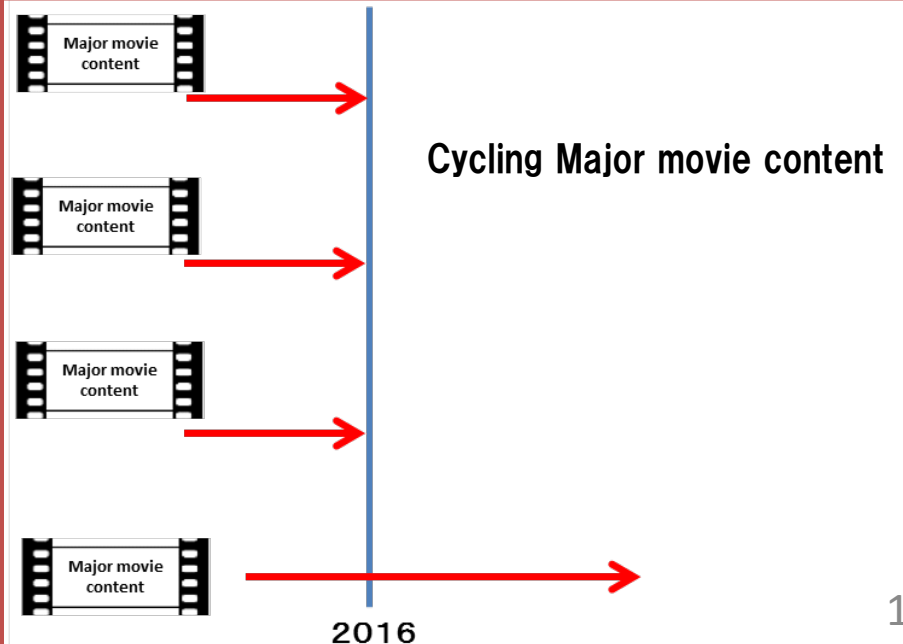
Source: The Japan Toy Association

Market & consumers sentiment are still tough

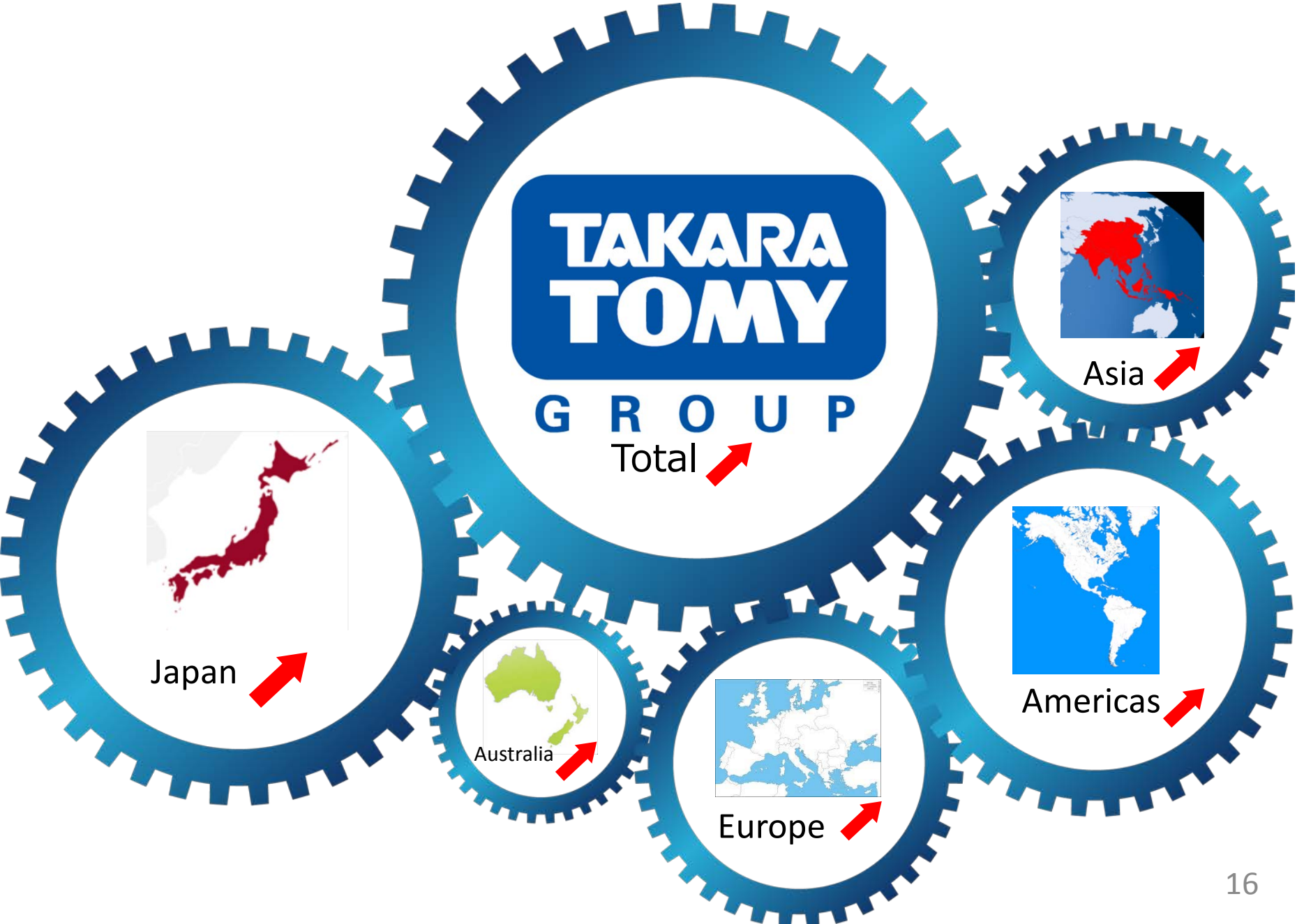
Consumer expenditure (vs the same month a year ago)



Source: Family Income and Expenditure Survey by MIC



All Areas showed significant improvements





“Standard” products up, BEYBLADE BURST hit, major recovery of DUEL MASTERS, listed in hit ranking of Nikkei Marketing Journal for two consecutive years, record high sales at T-ARTS Company, Ltd.

Sales: +¥11.0 billion

*Reportable segments: Net sales to external customers

Record high net sales, successfully expanded POA by 30k outlets including convenience stores, SKUs up 20% year on year, hits for BEYBLADE BURST in South Korea, Hong Kong, and Taiwan

Sales: +¥1.6 billion

*Reportable segments: Net sales to external customers



Achieved positive profitability, big hit with POKEMON

Operating Income : ¥-1.5 billion to ¥+0.1 billion

*Reportable segments

Promoted business restructure, significantly reduced profit losses

Operating Income : ¥-2.4 billion to ¥-0.5 billion

*Reportable segments



**Improved profits, strengthened cooperation with Japan
Entered top 10 in toy company share for the first time**

A hand is shown placing a wooden block on top of a pyramid of wooden blocks. The pyramid is composed of several layers of blocks, with the top layer having two blocks. The hand is holding a block from the top layer, ready to place it. The background is white.

TV animation, games, comics, etc.
Largest-scale character content development ever

Enhanced new products
Produced a string of hit products

“Standard” products (TOMICA, PLARAIL, LICCA dolls, etc.)
Record high net sales

Highest level since merger

¥1,313

February 10, 2017

¥ 1,187

March 31, 2017

+43%

¥ 830

March 31, 2016

+16%

¥ 714

April 1, 2015

+51%

¥ 474

April 1, 2014

Announced on February 24, 2017

Disposal of treasury shares

Fund procurement for new growth ¥6.2 billion

- Acquiring and investing in new content
- Strengthening the app business

What sort of year will FY2017 be?



FY2016

FY2017

FY2018

FY2019

Japan

Asia

Overseas

BEYBLADE BURST

SNACK WORLD

TRANSFORMERS movie 5

TRANSFORMERS movie 6

TRANSFORMERS movie 7

MIRACLE TUNES!

KAMIWAZA WANDA

TOMICA DRIVE HEAD

MY HERO ACADEMIA

STAR WARS

STAR WARS

STAR WARS

STAR WARS

Major movie content

Major movie content

AROUND 20 MAJOR ITEMS OF CONTENT

NEW CONTENT

NEW CONTENT

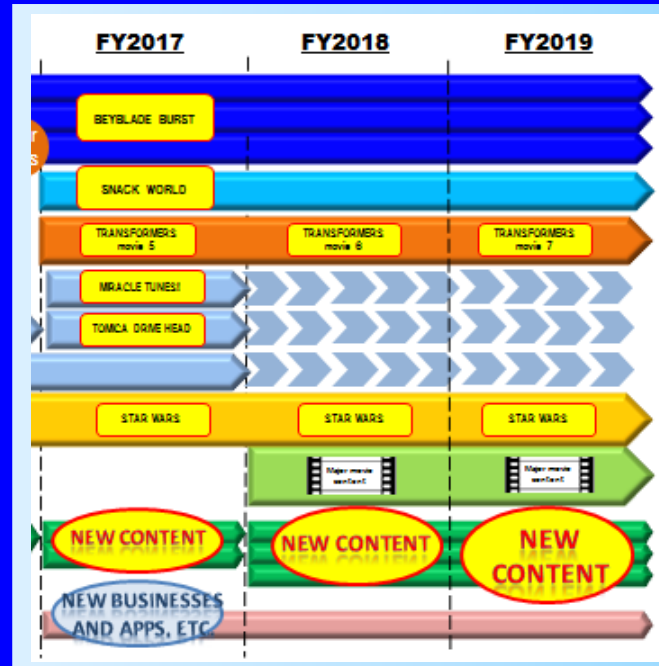
NEW CONTENT

NEW BUSINESSES AND APPS, ETC.

TAKARA TOMY GROUP

¥100 million

	FY2014 Actual	FY2015 Actual	FY2016 Actual	Targets for FY2017
Sales	1,499	1,630	1,676	1,700
Operating Income	24.7	26.9	77.4	80
Operating Income Margin	1.6%	1.7%	4.6%	4.7%



Targets for FY2017 announced on May 13, 2016

Targets for FY2017 announced on May 10, 2017

Sales 1,900 → 1,700 ▲¥20.0billion

- Lag in overseas promotion timing of BEYBLADE
- Cycling TV characters, movie content
- Concentration and selection for existing North American business
- Other factors



Annual Report 2016
Top 10 overall worldwide for 3 consecutive years

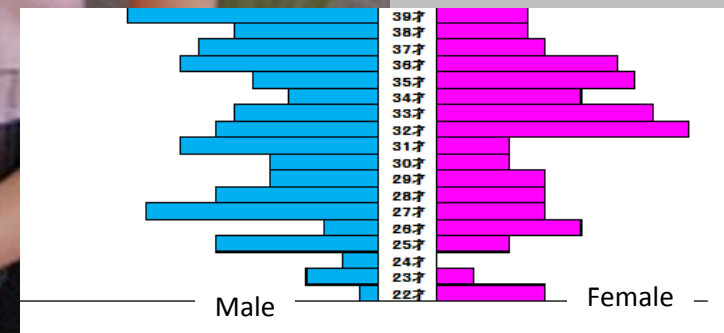


Female returnee rate 100%

Three-year attrition rate after recruitment **0%**

Over 30,000 new graduate applications per year

We have a higher motivation from employees!

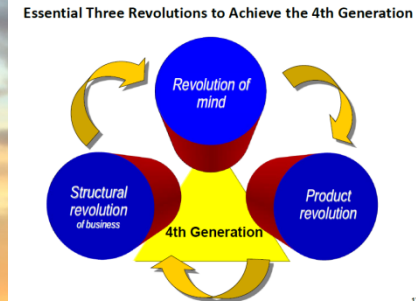


53%

47%

How we nurture the business

1. Grow products already on sale
 - Long-standing products
 - New products
 - BIG BET (highest priority products)
 - Toys 4.0
2. Increase categories
 - Adults — Web — SNS
3. Make real connections with consumers
 - Messages and methods that fit the times
4. Expand the market
 - Overseas — POA/POI
5. Increase assets / value
 - Branding
 - Licensing



Products → Brands

Create assets and increase investment efficiency

Analog → Digital
(incorporate elements)

New ways of playing to suit the times

Local → Global

Increase sales

FY2017

- 1) Improvement in all regions, particularly profits**
- 2) No major change in strategy or policy**
- 3) Introduction of multiple strong content in 2017**





2016

2017



This report contains forward-looking statements, targets, plans and strategies for the future. However, these are based on current information and will not guarantee nor warrant any financial estimates or any figures. Therefore, actual results could differ from this report. This is translation on original text in Japanese.