

TOMY Company Ltd.
Fiscal Year 2017 1st Half (6 months)
Results
(April 1, 2017– September 30, 2017)

Nov 10, 2017
TSE Securities Code: 7867

Fiscal Year 2017 1st Half (6months) Highlights (April 1, 2017 – September 30,2017)

Nov 10, 2017

Hiroya Kutsuzawa
Senior Executive Officer
Head of Corporate Administrations
TOMY Company, Ltd.

FY2017 1st Half Consolidated Income statements

¥100 million

	FY2017 1st Half (2017/4-9)			FY2016 1st Half (2016/4-9)	Difference
	Actual	Revised Forecast (Oct 27, 2017)	Original Forecast	Actual	
Sales	879	875	800	766	+113
Cost of Sales	527	—	—	481	+46
Gross Profit	352	—	—	285	+67
Operating income	65	65	30	25	+40
Operating income Margin	7.5%	7.4%	3.8%	3.4%	+4.1%
EBITDA	111	—	—	66	+45
Ordinary income	64	63	28	16	+48
Profit Attributable to Owners of Parent	42	41	21	5	+37

◆ Sales

Increased, driven by brisk toy sales in the Japanese and Asian markets as well as the increase in overseas-bound exports of “TRANSFORMERS” and “BEYBLADE BURST”.

◆ Operating Income

Increased due to an upturn in gross profit resulting from the increase in sales, as well as an improvement in profitability of overseas businesses.

◆ Ordinary Income

Increased due to the substantial growth of operating income, as well as a decrease in foreign exchange losses in non-operating expenses incurred in the previous fiscal year.

◆ Profit Attributable to Owners of Parent

Increased due to the substantial increase in ordinary income.

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

SG&A Breakdown

FY2017 1st Half



¥100million

	FY2017 1st Half (2017/4-9)	FY2016 1st Half (2016/4-9)	Difference
SG&A (total)	286	259	+27
Personnel expense	96	89	+7
Advertising expense	74	59	+15
R&D expenses	16	14	+2
Distribution expenses	32	32	+0.2
Amortization of goodwill and intangible assets associated with acquisition of TI	10	9	+1
	\$9.3MM	\$9.4MM	-\$0.1MM

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

<Average US\$ FX rate>
FY2017 ¥111.06 FY2016 ¥105.28

◆ SG&A (total)

- Advertising expenses increased following stronger marketing with the aim of expanding sales.

Overseas Net Sales

FY2017 1st Half



¥100million

Area	FY2017 1st Half (2017/4-9)	FY2016 1st Half (2016/4-9)	Difference
Japan	534	488	+46
Americas	172	160	+12
Europe	63	46	+17
Oceania	17	11	+6
Asia	78	52	+26
Others	14	7	+7
Total	879	766	+113
Ratio of overseas sales	39.3%	36.3%	+3.0%

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

- ◆ **Japan**
Sales were strong in each product group, namely, “long-standing products,” “new products,” and “big bets (highest priority products).”
- ◆ **Americas**
Net sales increased due to growth in sales of “TRANSFORMERS,” “BEYBLADE BURST,” as well as “POKEMON”-related toys.
- ◆ **Europe**
Net sales increased due to growth in sales of “TRANSFORMERS,” “BEYBLADE BURST,” as well as “POKEMON”-related toys.
- ◆ **Oceania**
Net sales increased mainly due to brisk sales of “POKEMON” plush toys and other related products.
- ◆ **Asia**
Net sales increased due to strong shipments of “TRANSFORMERS”-related toys as well as growth in sales of “BEYBLADE BURST” and “POKEMON”-related toys.

Extraordinary Loss Breakdown FY2017 1st Half

■ Major year-on-year items changed

¥100million

	FY2017 1st Half (2017/4-9)	FY2016 1st Half (2016/4-9)	Difference
Extraordinary Loss	4	5	-1
Provision of Allowance for Doubtful Accounts	3	-	+3
Impairment Loss	0	5	-5

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

◆ Extraordinary Loss

A provision of allowance for doubtful accounts of ¥385 million was recorded as extraordinary loss as a result of a U.S. toy retailer filing for rehabilitation proceedings under the respective bankruptcy laws of the United States and Canada.

FY2017 1st Half Consolidated Balance Sheets Breakdown

Major year-on-year items changed

¥100million

account	FY2017 1st Half (2017/4-9)	FY2016 1st Half (2016/4-9)	Difference
Inventories	192	193	-1
Japan	97	138	-41
Overseas	110	97	+13
Elimination of unrealized profits	-16	-42	+26

Total Interest Bearing Debt	515	677	-162
Loans Payable	415	577	-162
Bonds	100	100	-

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

◆ Inventories

Overseas subsidiary TOMY International ¥+1.5 bn (YoY)

	<US\$ FX rate at end of FY>		FY2017 1st Half (2017/4-9)	FY2016 1st Half (2016/4-9)	Difference
	FY2017 ¥112.73	FY2016 ¥101.12			
Amortization on goodwill of TI	\$MM		175	188	-13
	¥100 million		198	191	+7
intangible assets of TI	\$MM		99	104	-5
	¥100 million		111	106	+5

Business Review for FY 2017 1H

November 10, 2017

Kazuhiro Kojima

Representative Director, COO & CFO



1H Review Main Points

- ✓ **Operating income was highest on record***
- ✓ **Multiple hit products in Japanese market**
- ✓ **Deployment of strategies for new business**
Content creation and app business

Topics in 1H



Received a Grand Prize as well as a Special Award in the "2017 Japan Toy Awards"



LICCA doll brand's 50th anniversary Celebrated with advertisements, campaigns and a series of collaborative product launches



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Entered into a joint initiative with Katsushika City aimed at revitalizing the local area, as one of its CSR activities



Won First Prize in two categories of the "Experts' Choices for This Year's Christmas Toys"*



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Development of Airport Gacha for Inbound Market



Steady rise in stock price



* Part of the "2017 Christmas Toy Fair" held by the Christmas Toy Fair Executive Committee in September 2017.

Review by Region

(Figures are operating income by geographic segment)



- ✓ Sales were brisk for long-standing products, new products such as HATCHIMALS (Woomo) and OONIES, and BEYBLADE
- ✓ Strong performance for overseas-bound exports of "TRANSFORMERS" and "BEYBLADE"



- ✓ "BEYBLADE" enjoyed brisk sales in South Korea, Hong Kong, and Taiwan
- ✓ Sales of "POKEMON"-related toys grew



- ✓ Business restructure is progressing
- ✓ Profits are improving
- ✓ "POKEMON"-related toys are continuing to be popular

* Simple aggregate of Americas, Europe and Oceania geographic segments.

Review by Product <Long-Standing Products>

Promotion of toy marketing expansion and character development for long-standing products

TOMICA

Tomy's original animation "DRIVE HEAD" debuted in April as the first TOMICA animation series (released nationwide on the TBS and affiliated network of 28 stations)



© TOMY/DRIVEHEAD,TBS

PLARAIL

The animation "SHINKALION" will be launched in 2018 (to be released nationwide on the TBS and affiliated networks of 28 stations)

SHINKALION is character content that has been developed since March 2015, with Tomy participating in the creation of original works. It has been developed as a toy, made into magazine content, and distributed as animation via the Internet.



©PJ-S,J/S,TBS

LICCA doll

LICCA doll brand celebrated 50th anniversary and sales continue to be brisk with sales volume of related toys amounting to more than 60 million units

Commercials portrayed LICCA like a media personality, and campaigns were promoted. The expanding number of collaboration products now exceeds 400.



© TOMY

Review by Product <New Products>

■ HATCHIMALS ("Umarete! Woomo")



Accumulative total shipments in Japan exceeded 300,000 units!

■ COZMO



2nd place in premium price range category for 2016 All-America Christmas Toy

■ Cooking toys



High-profile products mentioned on many occasions in media!



■ OONIES

Many stores sold out during summer holiday shopping season!



Review by Product <BIG BET (Highest priority products)>

■ BEYBLADE BURST



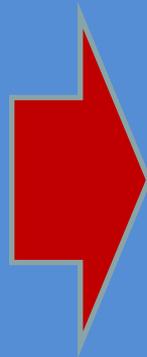
■ SNACK WORLD



■ TRANSFORMERS



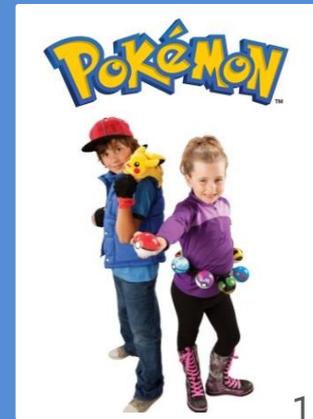
FY2016 1st Half Operating income	
Americas	¥180 million
Europe	△¥310 million
Oceania	△¥50 million



FY2017 1st Half Operating income	
¥130 million	Stable in positive territory
△¥40 million	Operating income improved
¥20 million	Operating income improved

- ✓ **Focus of efforts on improving profitability**
- ✓ **Continuation of selection and focus initiative**
 - Investments and activities are being focused on major brands
- ✓ **Reduction of SG&A**

- ✓ **Baby and preschool products Concentrate on original IP**
Focusing on Lamaze, Boon, TOOMIES, JJ COLE, and JOHN DEERE
- ✓ **Product development support from Japan**
FY2018 New product development in progress
- ✓ **Development of strong-performing POKEMON-related products**



Our Challenge to Achieve New Growth

✓ February 2017 Financing ¥6.2 billion
Disposal of treasury shares and sale of shares

Investment into contents creation
: ¥1.0 billion

■ DRIVE HEAD



■ SHINKALION



■ MIRACLE TUNES!



Strengthening the app business
: ¥1.4 billion

■ ZOIDS FIELD OF REBELLION



■ WAR OF BRAINS



▶ Tomy 2017 Hot Toy for Christmas

1st place in experts' choices for girls category!



OONIES basic set

1st place in experts' choices for variety category!



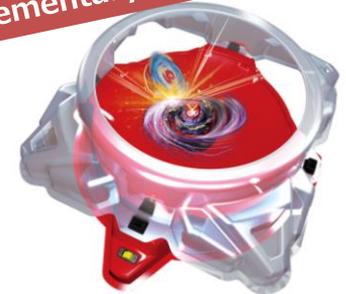
HATCHIMALS
(Umarete! Woomo)

AI robot with wide range of emotional expressions



COZMO

Big hit for elementary-school-age boys!



BEYBLADE Mugen Stadium

Popularity boost by hit animation!



DRIVE HEAD 01
MKII

PLARAIL's first station with platform safety doors



PLARAIL
ACTION STATION

Change hair color simply by shining light



LICCA doll hair change set

Completely interact with popular JARA



SNACK WORLD Fairypon

▶ Earnings Forecasts and Revision of Dividend

✓ Revised forecast predicts new earnings record* for operating income. ¥100 million

	Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (Announced on May 10)	1,700	80	80	55	¥63.35
Revised forecast (Announced on October 27) (Reference)	1,770	115	115	70	74.67
Previous period actual results	1,676	77	78	53	¥ 61.88

* After the merger in 2006

✓ Dividend increased to FY2011 level

	Second quarter-end	Year-end	Total
Previous forecast (Announced on May 10)	¥ 5	¥ 5	¥10
Revised forecast (Announced on October 27) (Reference)	¥ 7	¥ 7	¥14
Previous period actual results	¥ 5	¥ 5	¥10

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

NEW!

SHINKALION

The animation will be launched in 2018

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.

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New Management Structure

✓ New structure starts January 1, 2018

Representative Director, Chairman and CEO

Kantaro Tomiyama

Representative Director, President and COO

Kazuhiro Kojima

Senior Managing Director, Head of Toy Business HQ

Takashi Konosu

Sr. Executive Officer, CFO, Head of Corporate Admn.

Hiroya Kutsuzawa

✓ President Meij has given notice of resignation.

He was instrumental in creating the necessary routes to reform



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.