

## Translation

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MEMBERSHIP  
August 7, 2018

# CONSOLIDATED FINANCIAL RESULTS for the First Three Months of the Fiscal Year Ending March 31, 2019 <under Japanese GAAP>

Company name: **TOMY COMPANY, LTD.**  
Listing: First Section of the Tokyo Stock Exchange  
Securities identification code: 7867  
URL: [www.takaratomy.co.jp](http://www.takaratomy.co.jp)  
Representative: Kazuhiro Kojima, Representative Director, President & COO  
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Scheduled date to file quarterly securities report: August 9, 2018  
Scheduled date to commence dividend payments: –  
Supplementary material on quarterly financial results: No  
Quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(in millions of yen with fractional amounts discarded, unless otherwise noted)

## 1. Consolidated performance for the first three months of the fiscal year ending March 31, 2019 (From April 1, 2018 to June 30, 2018)

### (1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

Three months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2018	38,315	(0.4)	1,671	(8.9)	1,989	17.1	1,226	0.7
June 30, 2017	38,487	13.9	1,835	–	1,699	–	1,218	–

Note: Comprehensive income  
Three months ended June 30, 2018: 3,445 million yen [ 186.2%]  
Three months ended June 30, 2017: 1,203 million yen [ –%]

Three months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
June 30, 2018	12.96	12.91
June 30, 2017	13.04	12.88

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
June 30, 2018	142,951	59,650	41.4	621.17
March 31, 2018	139,456	56,322	40.0	591.00

Reference: Equity  
As of June 30, 2018: 59,123 million yen  
As of March 31, 2018: 55,757 million yen

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2018	–	7.00	–	7.00	14.00
Fiscal year ending March 31, 2019	–				
Fiscal year ending March 31, 2019 (Forecast)		7.00	–	7.00	14.00

Note: Revisions to the cash dividend forecasts most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019

(From April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Six months ending September 30, 2018 (cumulative)	87,000	(1.1)	5,500	(16.3)	5,800	(9.7)	3,800	(10.1)	40.15
Fiscal year ending March 31, 2019	172,000	(3.0)	10,000	(24.2)	9,500	(23.5)	6,000	(24.6)	63.40

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

\* **Notes**

(1) **Changes in significant subsidiaries during the three months under review** (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) **Application of specific accounting for preparing quarterly consolidated financial statements:**  
Yes

Note: For more details, please refer to the section of “(4) Notes Regarding Consolidated Financial Statements, (Application of specific accounting for preparing quarterly consolidated financial statements)” of “2. Consolidated Financial Statements and Significant Notes Thereto” on page 13 of the attached material.

(3) **Changes in accounting policies, changes in accounting estimates, and restatement**

A. Changes in accounting policies due to revisions to accounting standards: None

B. Changes in accounting policies due to other reasons: None

C. Changes in accounting estimates: None

D. Restatement: None

(4) **Number of issued shares (common shares)**

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

As of June 30, 2018	96,290,850 shares
As of March 31, 2018	96,290,850 shares

B. Number of treasury shares at the end of the period

As of June 30, 2018	1,110,569 shares
As of March 31, 2018	1,947,313 shares

C. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	94,637,476 shares
Three months ended June 30, 2017	93,461,957 shares

\* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or audit corporation.

## 1. Qualitative Information Regarding Consolidated Operating Results

### (1) Explanation of Operating Results

(Highlights of First Three Months of the Fiscal Year Ending March 31, 2019)

- Net sales were ¥38,315 million, which was roughly on a level with the same period of the previous fiscal year (down 0.4% year on year). This was attributable to robust domestic toy sales and overseas-bound exports of BEYBLADE BURST, which offset the effect of the shifting of the overseas-bound exports of TRANSFORMERS movie-related products to the second quarter and later, which has happened because the next movie is scheduled to be released in December 2018 whereas the previous one was released in June 2017.
- Operating profit was ¥1,671 million (down 8.9% year on year), close to the record-high operating profit achieved in the first three months of the previous fiscal year. This was attributable to the growth in gross profit, boosted by solid net sales and an improved product mix, among other factors, despite higher selling, general and administrative expenses.
- Ordinary profit was ¥1,989 million (up 17.1% year on year) a record-high for the first three months period. This was attributable to foreign exchange gains in contrast with foreign exchange losses in the same period a year earlier.
- Profit attributable to owners of parent was ¥1,226 million (up 0.7% year on year). The growth was driven by the increase in ordinary profit.
- In the Japanese market, the LICCA doll brand, long-standing products, remained popular. Meanwhile, in the PLARAIL brand, products related to the TV animation series SHINKALION likewise sold well. The trading card game DUEL MASTERS also gained popularity in response to enhancement of its product appeal.
- The TOMY International Group saw a decline in net sales, largely due to a decrease in sales of character-related toys, despite brisk sales of agricultural machinery toys.

#### Overview of Reportable Segments

##### <Overview of operating results by segment>

(Millions of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019	Change	Rate of change (%)
Net sales	38,487	38,315	(172)	(0.4)
Japan	32,485	31,548	(937)	(2.9)
Americas	4,841	3,897	(943)	(19.5)
Europe	1,193	1,070	(122)	(10.3)
Oceania	463	397	(65)	(14.2)
Asia (excl. Japan)	13,582	12,772	(810)	(6.0)
Eliminations and corporate	(14,079)	(11,372)	2,706	–
Operating profit/(loss)	1,835	1,671	(163)	(8.9)
Japan	2,102	2,693	590	28.1
Americas	(12)	(83)	(70)	–
Europe	(116)	(294)	(177)	–
Oceania	(5)	(35)	(29)	–
Asia (excl. Japan)	222	136	(86)	(38.7)
Eliminations and corporate	(353)	(744)	(391)	–

## Japan

(Millions of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019	Change
Net sales	32,485	31,548	(937)
Operating profit	2,102	2,693	590

Net sales in Japan for the first three months of the fiscal year were ¥31,548 million (down 2.9% year on year), while operating profit was ¥2,693 million (up 28.1% year on year).

In Japan, with respect to long-standing products, the LICCA doll brand, which celebrated its 50th anniversary in 2017, remained popular. Meanwhile, in the PLARAIL range, products related to SHINKALION, a TV animation series on the air since January, also sold briskly.

The trading card game DUEL MASTERS gained popularity in response to enhancement of its product appeal. Furthermore, overseas-bound exports of the next-generation spinning-top battle toy BEYBLADE BURST grew.

As for new products, the real moving kit toy ZOIDS WILD, part of a series with cumulative shipments of 44 million units to date, and the photogenic surprise doll L.O.L. SURPRISE! both began shipping in June.

At T-ARTS Company, Ltd., the amusement machine Pokémon Ga-Olé was well received.

On the downside, overseas-bound exports decreased. A major reason for this was that TRANSFORMERS movie-related products decreased because the next movie is scheduled to be released in December 2018 whereas the previous one was released in June 2017.

For the reason described above, net sales decreased. Meanwhile, operating profit increased due to the growth in gross profit, boosted by an improved product mix, among other factors, despite higher selling, general and administrative expenses.

## Americas

(Millions of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019	Change
Net sales	4,841	3,897	(943)
Operating loss	(12)	(83)	(70)

Net sales in the Americas were ¥3,897 million (down 19.5% year on year), while operating loss was ¥83 million, compared with an operating loss of ¥12 million in the same period a year earlier. Despite brisk sales of agricultural machinery toys, sales of character-related toys were down, resulting in the decline in net sales.

## Europe

(Millions of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019	Change
Net sales	1,193	1,070	(122)
Operating loss	(116)	(294)	(177)

Net sales in Europe were ¥1,070 million (down 10.3% year on year), while operating loss was ¥294 million, compared with an operating loss of ¥116 million in the same period a year earlier. The decline in net sales was due to lower sales of character-related toys and preschool-related products, despite brisk sales of agricultural machinery toys and baby products. The operating loss was attributable to a decrease in gross profit due to discounted sales of certain products.

## Oceania

(Millions of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019	Change
Net sales	463	397	(65)
Operating loss	(5)	(35)	(29)

Net sales in Oceania were ¥397 million (down 14.2% year on year), while operating loss was ¥35 million, compared with an operating loss of ¥5 million in the same period a year earlier. These results reflected a decrease in sales of character-related toys, despite brisk sales of agricultural machinery toys and baby products.

## Asia (excl. Japan)

(Millions of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019	Change
Net sales	13,582	12,772	(810)
Operating profit	222	136	(86)

Net sales in Asia (excl. Japan) were ¥12,772 million (down 6.0% year on year), while operating profit was ¥136 million (down 38.7% year on year). The next-generation spinning-top battle toy BEYBLADE BURST continued to gain popularity owing to the broadcasts of that TV animation series in South Korea, Hong Kong, Taiwan, and various other regions in Asia, and a marketing campaign that included in-store, social media and Web marketing. Additionally, the TOMICA brand, which has broad business development across Asia, had robust sales. On the other hand, manufacturing subsidiary TOMY (Hong Kong) Ltd. saw a decline in shipments to Europe and North America, which was one of the main factors leading to the declines in net sales and operating profit.

## (2) Overview of Financial Position

### Assets, Liabilities and Net Assets

#### <Assets>

At the end of the first quarter of the fiscal year ending March 31, 2019, current assets stood at ¥91,064 million, up ¥3,034 million from the end of the previous fiscal year ended March 31, 2018. This is mainly attributable to an increase in merchandise and finished goods, despite a decrease in notes and accounts receivable - trade.

Non-current assets stood at ¥51,876 million, up ¥464 million from the end of the previous fiscal year. This is mainly attributable to an increase in intangible assets, despite a decrease in investments and other assets.

#### <Liabilities>

At the end of the first quarter, current liabilities stood at ¥54,122 million, up ¥784 million from the end of the previous fiscal year. This is mainly attributable to increases in notes and accounts payable - trade and lease obligations, despite a decrease in accrued expenses.

Non-current liabilities stood at ¥29,178 million, down ¥616 million from the end of the previous fiscal year. This is mainly attributable to a decrease in long-term loans payable.

#### <Net assets>

At the end of the first quarter, total net assets were ¥59,650 million, up ¥3,327 million from the end of the previous fiscal year. This is mainly attributable to increases in retained earnings and foreign currency translation adjustment.

### Cash flows

Cash and cash equivalents (hereafter “cash”) at the end of the first quarter of the fiscal year ending March 31, 2019 was ¥46,009 million, a decrease of ¥196 million compared with the end of the previous fiscal year ended March 31, 2018.

Net cash provided by operating activities was ¥1,586 million, compared with ¥2,821 million used in the same period a year earlier. The main factors are an increase in notes and accounts payable - trade of ¥2,766 million, profit before income taxes of ¥2,118 million, depreciation of ¥1,686 million and a decrease in notes and accounts receivable - trade of ¥1,494 million, despite and a decrease in accrued expenses of ¥2,476 million, an increase in inventories of ¥2,250 million and income taxes paid of ¥1,765 million.

Net cash used in investing activities was ¥1,243 million, compared with ¥1,037 million used in the same period a year earlier. The main factors are purchase of property, plant and equipment of ¥995 million and purchase of intangible assets of ¥383 million.

Net cash used in financing activities was ¥766 million, compared with ¥13,673 million used in the same period a year earlier. The main factors are repayments of finance lease obligations of ¥782 million and repayments of long-term loans payable of ¥765 million, despite proceeds from disposal of treasury shares of ¥526 million and proceeds from sales and leasebacks of ¥500 million.

## (3) Explanation of consolidated earnings forecasts and other forward-looking statements

In light of the recent business performance trends and other factors, we have revised today (August 7, 2018) the consolidated earnings forecasts for the six months ending September 30, 2018 that was announced on May 11, 2018. Please refer to today’s press release “Notice Concerning Revisions of Earnings Forecasts” for details regarding the revisions of earnings forecasts.

## 2. Consolidated Financial Statements and Significant Notes Thereto

### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	46,302	46,106
Notes and accounts receivable - trade	23,582	22,231
Merchandise and finished goods	12,888	14,961
Work in process	393	457
Raw materials and supplies	1,045	1,265
Other	4,037	6,250
Allowance for doubtful accounts	(219)	(209)
Total current assets	88,030	91,064
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,748	12,743
Accumulated depreciation	(7,919)	(7,991)
Accumulated impairment loss	(408)	(406)
Buildings and structures, net	4,420	4,345
Machinery, equipment and vehicles	2,513	2,537
Accumulated depreciation	(1,770)	(1,803)
Accumulated impairment loss	(17)	(17)
Machinery, equipment and vehicles, net	726	715
Tools, furniture and fixtures	22,926	23,203
Accumulated depreciation	(20,727)	(21,020)
Accumulated impairment loss	(589)	(574)
Tools, furniture and fixtures, net	1,609	1,607
Land	3,991	3,994
Leased assets	7,174	7,743
Accumulated depreciation	(3,313)	(3,495)
Accumulated impairment loss	(0)	(0)
Leased assets, net	3,860	4,247
Construction in progress	661	378
Total property, plant and equipment	15,269	15,288
Intangible assets		
Goodwill	18,006	18,377
Other	10,663	10,881
Total intangible assets	28,670	29,258
Investments and other assets		
Investment securities	3,054	3,185
Deferred tax assets	2,147	1,837
Other	2,738	2,766
Allowance for doubtful accounts	(468)	(459)
Total investments and other assets	7,472	7,328
Total non-current assets	51,412	51,876
Deferred assets		
Bond issuance cost	13	10
Total deferred assets	13	10
Total assets	139,456	142,951



(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,976	12,896
Short-term loans payable	7,631	7,842
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	3,062	3,062
Lease obligations	2,642	2,902
Accounts payable - other	8,051	7,878
Accrued expenses	8,220	5,786
Income taxes payable	1,726	1,076
Provision	736	518
Other	1,288	2,158
Total current liabilities	53,338	54,122
Non-current liabilities		
Long-term loans payable	22,098	21,333
Lease obligations	1,217	1,453
Deferred tax liabilities	1,078	1,114
Deferred tax liabilities for land revaluation	472	472
Provision	497	503
Net defined benefit liability	2,693	2,644
Other	1,737	1,655
Total non-current liabilities	29,795	29,178
Total liabilities	83,134	83,301
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	9,095	9,135
Retained earnings	35,881	36,447
Treasury shares	(1,271)	(724)
Total shareholders' equity	47,165	48,317
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,083	1,166
Deferred gains or losses on hedges	(140)	442
Revaluation reserve for land	585	585
Foreign currency translation adjustment	7,727	9,279
Remeasurements of defined benefit plans	(664)	(668)
Total accumulated other comprehensive income	8,591	10,805
Share acquisition rights	175	133
Non-controlling interests	389	393
Total net assets	56,322	59,650
<b>Total liabilities and net assets</b>	<b>139,456</b>	<b>142,951</b>

**(2) Consolidated statement of income and consolidated statement of comprehensive income  
(Consolidated statement of income)**

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	38,487	38,315
Cost of sales	23,116	22,765
Gross profit	15,371	15,550
Selling, general and administrative expenses	13,535	13,878
Operating profit	1,835	1,671
Non-operating income		
Interest and dividend income	68	55
Foreign exchange gains	–	285
Rent income	37	37
Other	18	52
Total non-operating income	124	430
Non-operating expenses		
Interest expenses	150	73
Foreign exchange losses	52	–
Other	57	39
Total non-operating expenses	260	113
Ordinary profit	1,699	1,989
Extraordinary income		
Gain on sales of non-current assets	18	1
Gain on reversal of share acquisition rights	6	7
Gain on sales of investments in capital	–	166
Total extraordinary income	24	175
Extraordinary losses		
Impairment loss	–	39
Other	–	7
Total extraordinary losses	–	46
Profit before income taxes	1,723	2,118
Income taxes	501	887
Profit	1,222	1,231
Profit attributable to non-controlling interests	4	4
Profit attributable to owners of parent	1,218	1,226

**(Consolidated statement of comprehensive income)**

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	1,222	1,231
Other comprehensive income		
Valuation difference on available-for-sale securities	137	83
Deferred gains or losses on hedges	(42)	582
Foreign currency translation adjustment	(133)	1,552
Remeasurements of defined benefit plans, net of tax	18	(4)
Total other comprehensive income	(19)	2,214
Comprehensive income	1,203	3,445
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,198	3,440
Comprehensive income attributable to non-controlling interests	4	5

**(3) Consolidated statement of cash flows**

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,723	2,118
Depreciation	2,017	1,686
Impairment loss	–	39
Amortization of goodwill	359	353
Gain on reversal of share acquisition rights	(6)	(7)
Loss on sales of investments in capital	–	(166)
Increase (decrease) in allowance for doubtful accounts	(5)	(36)
Increase (decrease) in provision	(177)	(220)
Increase (decrease) in net defined benefit liability	(56)	(33)
Interest and dividend income	(68)	(55)
Interest expenses	150	73
Foreign exchange losses (gains)	37	(4)
Decrease (increase) in notes and accounts receivable - trade	(688)	1,494
Decrease (increase) in inventories	(2,559)	(2,250)
Decrease (increase) in prepaid expenses	(605)	(1,263)
Increase (decrease) in notes and accounts payable - trade	1,486	2,766
Increase (decrease) in accounts payable - other	(957)	330
Increase (decrease) in accrued expenses	(2,441)	(2,476)
Other, net	758	1,032
Subtotal	(1,031)	3,381
Interest and dividend income received	68	55
Interest expenses paid	(144)	(84)
Income taxes paid	(1,714)	(1,765)
Net cash provided by (used in) operating activities	(2,821)	1,586
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(736)	(995)
Purchase of intangible assets	(295)	(383)
Proceeds from sales of investments in capital	–	166
Other, net	(5)	(31)
Net cash provided by (used in) investing activities	(1,037)	(1,243)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	0	358
Repayments of long-term loans payable	(12,987)	(765)
Cash dividends paid	(429)	(602)
Repayments of finance lease obligations	(820)	(782)
Proceeds from disposal of treasury shares	554	526
Proceeds from sales and leasebacks	11	500
Other, net	(2)	(1)
Net cash provided by (used in) financing activities	(13,673)	(766)
Effect of exchange rate change on cash and cash equivalents	16	227
Net increase (decrease) in cash and cash equivalents	(17,515)	(196)
Cash and cash equivalents at beginning of period	58,530	46,206
Cash and cash equivalents at end of period	41,015	46,009

**(4) Notes Regarding Consolidated Financial Statements**

(Notes regarding assumption of going concern)

Nothing to note.

(Notes on significant changes in the amount of shareholders' equity)

Nothing to note.

(Application of specific accounting for preparing quarterly consolidated financial statements)

*Tax expense calculation*

Tax expenses on profit before income taxes for the three months under review are calculated by multiplying profit before income taxes for the three months under review by the reasonably estimated effective tax rate for the fiscal year including the first quarter under review after applying tax effect accounting.

## Segment information

### I. First three months of the fiscal year ended March 31, 2018 (April 1, 2017 to June 30, 2017)

#### 1. Information regarding net sales and profit or loss by reportable segment

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Total
Net sales						
External customers	29,369	4,813	1,192	463	2,649	38,487
Inter-segment sales and transfers	3,115	28	1	–	10,933	14,079
Total	32,485	4,841	1,193	463	13,582	52,567
Segment profit (loss)	2,102	(12)	(116)	(5)	222	2,189

#### 2. Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statement of income and details thereof (Reconciliation)

(Millions of yen)

Profit	Amount
Reportable segments total	2,189
Inter-segment eliminations	254
Corporate expenses (Note)	(608)
Operating profit on the quarterly consolidated statement of income	1,835

(Note) Corporate expenses primarily comprise selling, general and administrative expenses not allocable to reportable segments.

#### 3. Regional information

(Millions of yen)

	Japan	North America		Other	Total
			U.S.		
Net sales	24,103	6,495	6,087	7,889	38,487

(Note) Net sales are categorized into a country or region based on the customer's location.

## II. First three months of the fiscal year ending March 31, 2019 (April 1, 2018 to June 30, 2018)

### 1. Information regarding net sales and profit or loss by reportable segment

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Total
Net sales						
External customers	29,427	3,866	1,062	397	3,561	38,315
Inter-segment sales and transfers	2,120	31	8	–	9,211	11,372
Total	31,548	3,897	1,070	397	12,772	49,687
Segment profit (loss)	2,693	(83)	(294)	(35)	136	2,416

### 2. Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statement of income and details thereof (Reconciliation)

(Millions of yen)

Profit	Amount
Reportable segments total	2,416
Inter-segment eliminations	(11)
Corporate expenses (Note)	(733)
Operating profit on the quarterly consolidated statement of income	1,671

(Note) Corporate expenses primarily comprise selling, general and administrative expenses not allocable to reportable segments.

### 3. Regional information

(Millions of yen)

	Japan	North America		Other	Total
			U.S.		
Net sales	24,400	6,394	5,961	7,521	38,315

(Note) Net sales are categorized into a country or region based on the customer's location.