

**TOMY Company, Ltd.
Fiscal Year 2018 Results
(April 1, 2018-March 31, 2019)**

**May 15, 2019
TSE Securities Code: 7867**

FY2018 Financial Highlights (April 1, 2018-March 31, 2019)

May 15, 2019

Hiroya Kutsuzawa
Senior Managing Officer & CFO
TOMY Company, Ltd.

Consolidated Income Statements



¥100 million

	FY2018(April 1, 2018-Mar 31, 2019)			FY2017	Difference
	Actual	Revised Forecast (Oct 26, 2018)	Original Fore	Actual	
Sales	1,768	1,785	1,720	1,773	-5
Cost of Sales	1,033	-	-	1,051	-18
Gross Profit	734	-	-	722	+12
Operating Income	144	135	100	131	+13
Operating Income Margin	8.1%	7.6%	5.8%	7.4%	+0.7%
EBITDA	224	-	-	223	+1
Ordinary Income	143	135	95	124	+19
Profit attributable to owners of parent	93	85	60	79	+14

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

- ◆ Sales
Increased due to strong sales of long-standing products and new product lineups launched during the current period in Japan as well as an increase in overseas exports of "BEYBLADE BURST."
- ◆ Operating Income
Increased due to the fact that net sales were at the previous period's level and the increase in gross profit resulting from an improved product mix.
- ◆ Ordinary Income
Increased due to the increase in operating profit and the decrease in foreign exchange losses.
- ◆ Net Income
Increased due to the increase in ordinary profit.

*Sum of amortization of goodwill and intangible assets associated with the acquisition of TOMY International (TI): ¥2 bil for the FY under review; ¥2 bil for the previous FY

*EBITDA=Operating income + depreciation of goodwill *Dollar conversion rate: ¥110.90 during the FY under review; ¥110.85 during the previous FY

SG&A Breakdown

¥100 million

	FY2018	FY2017	Difference
SG&A (total)	590	590	–
Personnel expenses	194	197	-3
Advertising expenses	157	152	+5
R&D expenses	38	33	+5
Distribution expenses	66	69	-3
Amortization of goodwill and intangible assets associated with acquisition of TI	20	20	–
	\$ 18MM	\$ 18MM	–

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

◆ SG&A (total)

Advertising expenses and R&D expenses increased as a result of efforts to strengthen marketing and new product development, geared to sales expansion.

Net Sales by Region



¥100 million

Region	FY2018	FY2017	Difference
Japan	1,173	1,126	+47
North America	304	325	-21
Europe	80	111	-31
Oceania	25	28	-3
Asia	171	161	+10
Others	13	20	-7
Total	1,768	1,773	-5
Ratio of overseas sales	33.7%	36.5%	-2.8%

*Net sales are based on customers' addresses and classified into country or region.

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

- ◆ Japan
Sales were strong of "DUEL MASTERS", "L.O.L. SURPRISE!" and other brands, in addition to the results of long-standing products under the "PLARAIL" brand and "LICCA" doll brand related products.
- ◆ North America
Although sales of "BEYBLADE BURST" increased, the sales of character-related toys decreased.
- ◆ Europe
Sales of character-related toys decreased, despite robust sales of agricultural machinery toys and baby products.
- ◆ Oceania
Sales of character-related toys decreased, despite robust sales of agricultural machinery toys.
- ◆ Asia
Results of the "TOMICA" brand were robust, in addition to attaining growth in sales of "BEYBLADE BURST."

Extraordinary Loss Breakdown

■ Major year-on-year items changed

¥100 million

	FY2018	FY2017	Difference
Extraordinary Loss	9	26	-17
Impairment Loss	9	13	-4
Provision of Allowance for Doubtful Accounts	—	5	-5

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

◆ Impairment Loss

Impairment loss on some of the intangible assets (¥526 million) in the Americas (North America and Latin America) of the TOMY International Group was recorded as a result of examination of future collectability.

Consolidated Balance Sheets Breakdown

■ Major year-on-year items changed

¥100 million

Account	FY2018	FY2017	Difference
Inventories	141	143	-2
Japan	86	79	+7
Overseas	66	75	-9
Elimination of unrealized profits	-11	-11	-

Total Interest Bearing Debt	354	427	-73
Loans Payable	354	327	+27
Bonds	0	100	-100

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

*Dollar conversion rate: ¥110.99 during the FY2018; ¥106.24 during FY2017

		FY2018	FY2017	Difference
Amortization of goodwill of TI	\$ MM	156	169	-13
	¥100 million	173	180	-7
Intangible assets of TI	\$ MM	78	88	-10
	¥100 million	86	93	-7

Business Review for FY 2018

May 15, 2019

Kazuhiro Kojima

Representative Director, President & COO

TOMY Company, Ltd.

1. Medium-Term Management Plan (Reprinting of May 16, 2018 announcement)

FY2020 Management Targets

Medium-Term Management Plan (FY2018–2020)

Take on the Challenge toward New Growth

Medium-term
business strategy

Medium-term cost reduction and
investment expansion measures

Medium-term
financial strategy

FY2018 Plan

Sales	¥172	billion
Operating income	¥10	billion
E B I T D A	¥18	billion
Capital adequacy ratio	42	%

FY2020 Targets

Sales	¥190	billion
Operating income	¥14	billion
E B I T D A	¥23	billion
Capital adequacy ratio	50	%

2. Operating Results

	FY2016	FY2017	FY2018
Sales (¥1 million)	167,661	177,366	176,853
Operating Income (¥1 million)	7,744	13,199	14,407
Operating profit margin (%)	4.6	7.4	8.1
Ordinary Income (¥1 million)	7,823	12,420	14,303
Profit attributable to owners of parent (¥1 million)	5,372	7,962	9,302
Earnings per share (¥)	61.88	84.74	97.85
Dividend payout ratio (consolidated) (%)	16.2	16.5	※24.5
R O E (%)	12.2	14.9	15.2
Capital adequacy ratio (%)	32.4	40.0	46.5

* At the shareholder's meeting in June, 2019, we will submit our intention to pay a year-end dividend for the fiscal year ending March 31, 2019, of 17 yen per share, which includes an ordinary dividend of 7 yen and a commemorative dividend of 10 yen.

3. Medium-Term Management Plan

① Promote in-house original global brand strategies

② Create original brands for Japan and Asia

③ Category No. 1 strategy

④ Expand business in "high-target" products for adults segment and for the elderly segments

⑤ Expand business in Asia market

⑥ Comprehensive strategy for business revitalization for Europe and North America

Smooth progress toward the second stage

4. Medium-Term Management Plan (Upward revision)

Second stage (FY2019~FY2020)

Medium-Term Management Plan

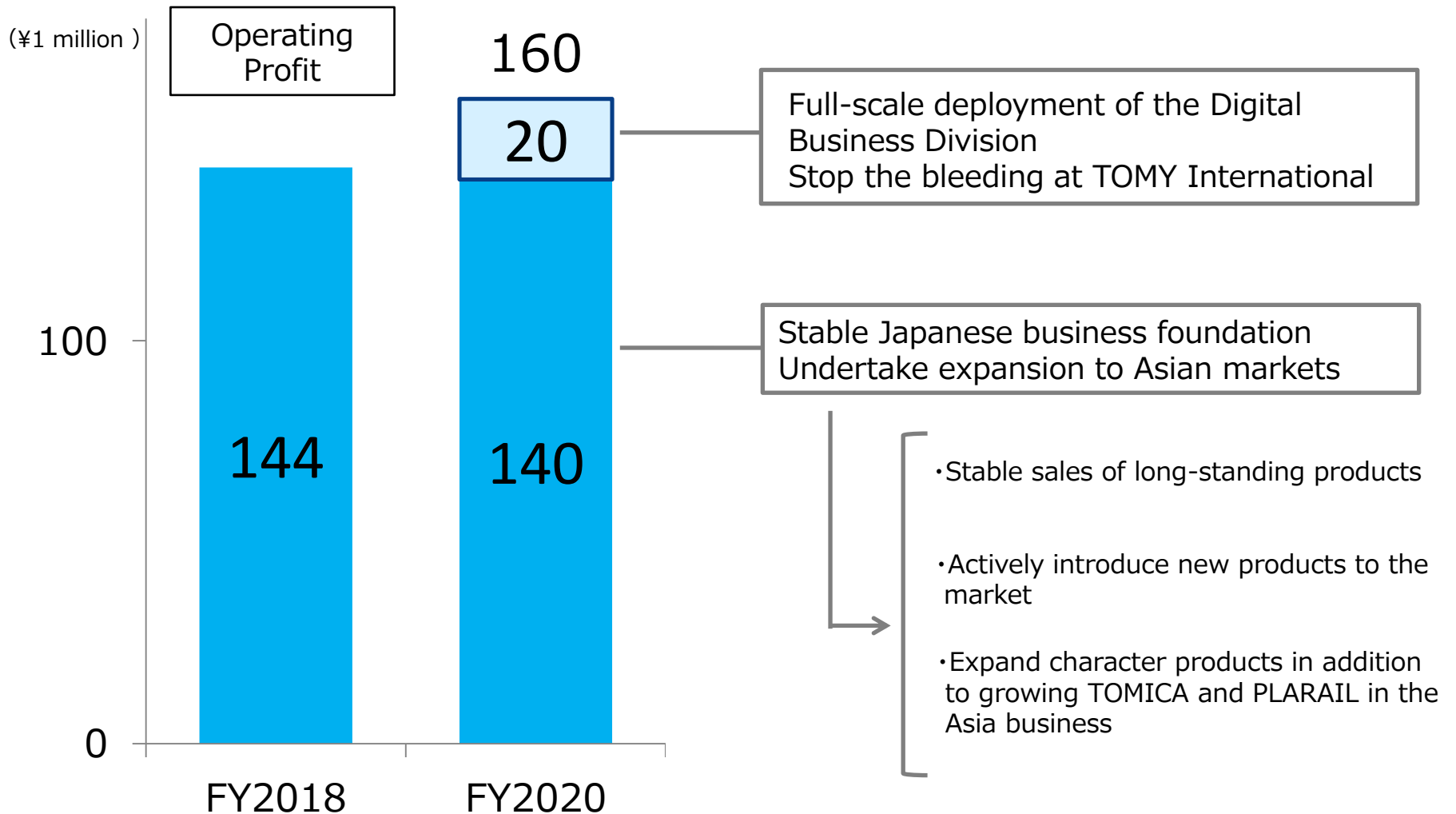
Final Term FY2020 Targets

Sales	Operating income	EBITDA	Capital adequacy ratio
¥190 billion	¥14 billion	¥23 billion	50%

Upward revision

Sales	Operating income	EBITDA	Capital adequacy ratio
¥190 billion	¥16 billion	¥25 billion	55%

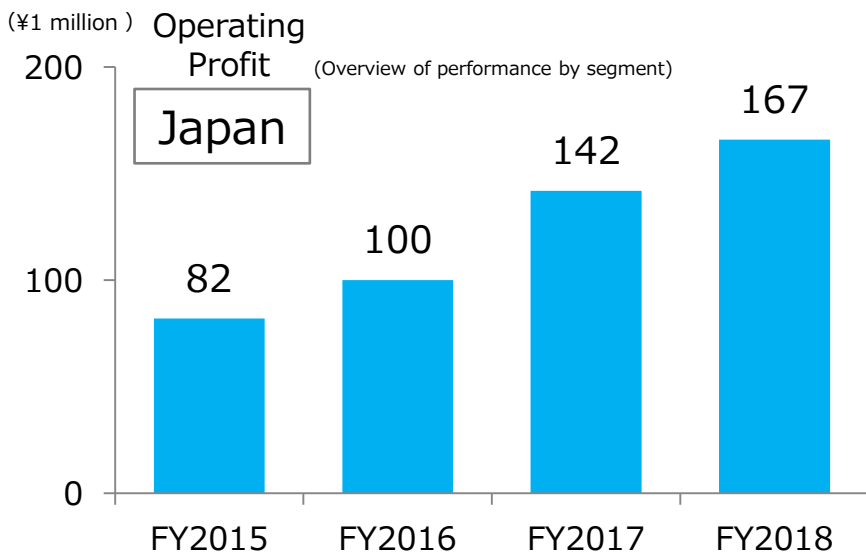
4. Medium-Term Management Plan (Upward revision)



TOMY International aiming to contribute to FY2020 consolidated performance

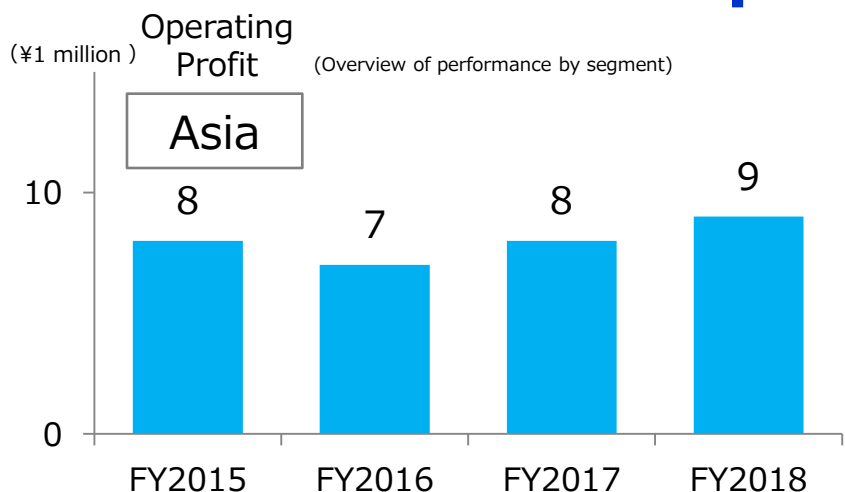
4. Medium-Term Management Plan (First year initiatives)

Stable Japanese business foundation



- ✓ Long-standing products
 - (1) Use the anniversary as a chance to enhance the marketing of major long-standing products
 - FY2017: the Licca doll brand's 50th anniversary
 - Popularity continues in FY2018 after the 50th anniversary project
 - FY2018: PLARAIL brand's 60th anniversary
 - FY2019: TOMICA brand's 60th anniversary
 - (2) Continue to develop TOMICA and PLARAIL media contents (television, movies, web)
- ✓ Introduce new products by strengthening planning and development abilities (New R&D Headquarters established in July 2018)
- ✓ BEYBLADE BURST and TRANSFORMERS wave of popularity
 - > Nurture the "ZOIDS WILD" lineup and create new contents
 - > Global product development

Undertake expansion to Asian markets



- ✓ Expand character products in addition to the long-standing products under "TOMICA" brand and "PLARAIL" brand
- ✓ Create original Japanese and Asian brands
- ✓ Full-scale reentry into the Chinese market

4. Medium-Term Management Plan (Second and third-year initiatives①)

Full-scale deployment of the Digital Business Division

- ✓ July, 2018: Reorganization => Digital Business Division newly established
->Established as one of four divisions to form the core of new business

(Nintendo Switch™ software)

- ✓ February, 2019: ZOIDS WILD KING OF BLAST released



- ✓ New apps scheduled to be launched during the current period
 - ◆ Sense of the scale of the business target: aiming for over one million customers
Details are scheduled to be released going forward

4. Medium-Term Management Plan (Second and third-year initiatives②)

Stop the bleeding at TOMY International

Americas

From the second half of the current period

- ✓ Launch multiple new lines
- ✓ Deploy global products
- >Improve the top line

Europe

- ✓ Based on economic conditions and the situation in the market environment, expect that it will take roughly 1.5 years longer than North America for the performance to recover
- ✓ Stabilization of earnings due to the acquisition of the rights to sell long-established toy game brands in the UK and Ireland

Aiming to improve operating profit by roughly 1 billion yen over the next two years (compared to FY2018)

FY2019 Become profitable

FY2020 Contribute to consolidated performance

Progress on The New Medium-Term Management Plan

(Medium-term business strategy)

5. Progress on The New Medium-Term Management Plan

(①Promote in-house original global brand strategies)

Promoting "ZOIDS" as the third pillar



BEYBLADE

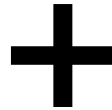
- Sold in more than 80 countries and regions around the world

©Hiro Morita, BBBProject, TV TOKYO ©TOMY

TRANSFORMERS

- Sold in more than 130 countries and regions around the world

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ZOIDS

- Japan
 - Started developing as a toy in June 2018
 - Started broadcasts of TV animation series in July 2018
- Overseas
 - Started broadcasts of TV animation series in July 2018
 - Animation expansion to seven Asian countries and regions
China, South Korea, Hong Kong, Thailand, Taiwan, Philippines, Vietnam

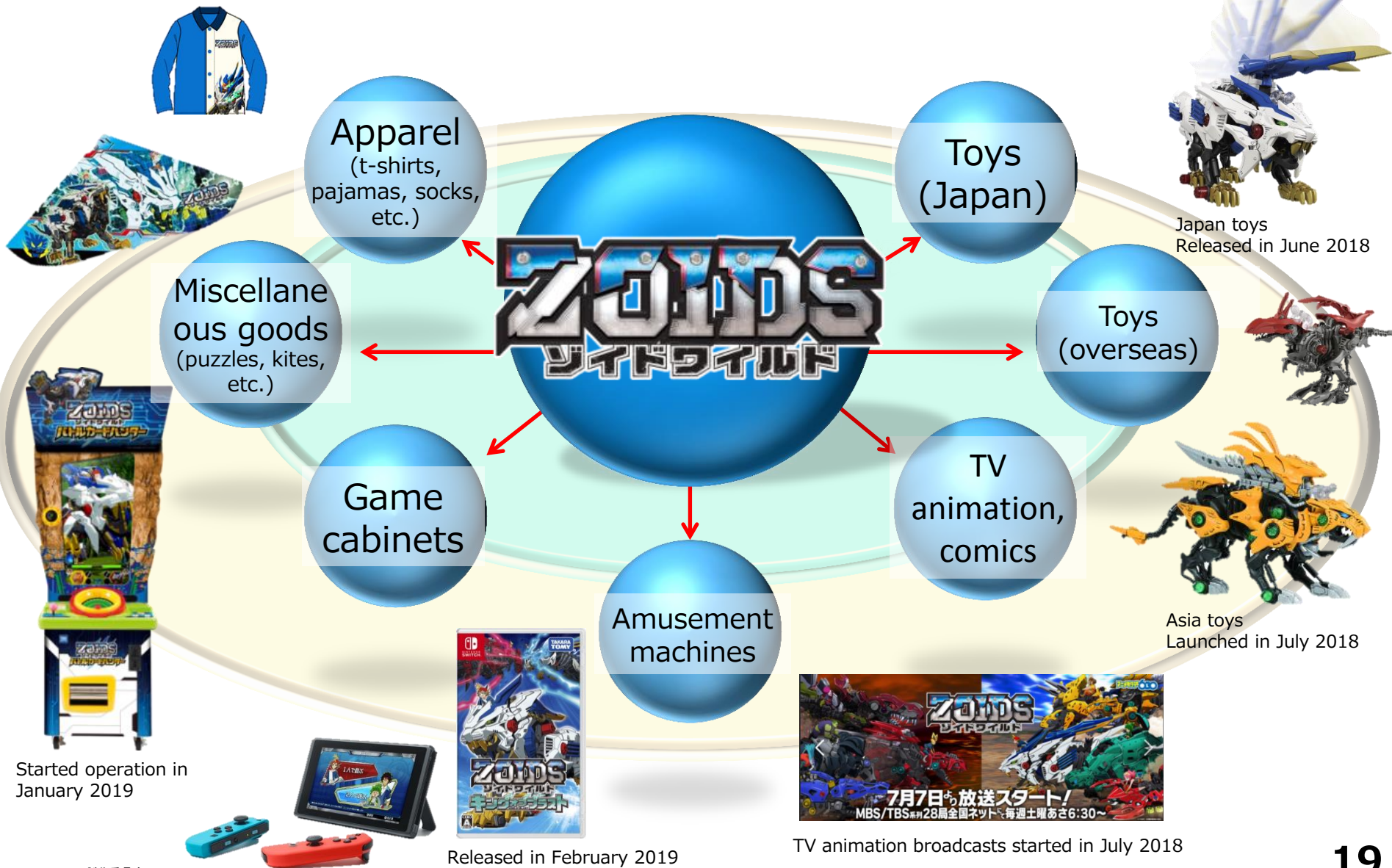
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Further invest in new contents

5. Progress on The New Medium-Term Management Plan

(①Promote in-house original global brand strategies)

Promoting the deployment and expansion of contents



5. Progress on The New Medium-Term Management Plan

(②Create original brands for Japan and Asia)



DRIVE HEAD

Original "rescue" themed animation based on the TOMICA

SHINKALION

Character contents about a real bullet train that transforms into a robot

MIRACLE TUNES! MAGIMAJO PURES!

Girls x Warrior Series (Part 1)

Girls x Warrior Series (Part 2)

*The Girls x Warrior Series is a new live action dramatic series aimed at girls which started in 2017

5. Progress on The New Medium-Term Management Plan

(②Create original brands for Japan and Asia)

Expand to high-affinity Asian markets

MAGIMAJO PURES!

Broadcast in four Asian countries and regions
April 2018
China, Taiwan, Hong Kong, Macau



ZOIDS



Animation expansion to seven Asian countries and regions

2018: China (July), South Korea (October)
Hong Kong (November),
Thailand (November) Taiwan (December)
2019: Philippines (March), Vietnam (March)

DRIVE HEAD



Animation expansion to nine Asian countries and regions

2017: China (October)
and South Korea (October)
2018: Hong Kong (February)
and Brunei (March) Taiwan (April),
Malaysia (March) Macau (September),
Thailand (September) Vietnam (October)

MIRACLE TUNES!

Broadcast in three Asian countries
2017: China (April), Thailand (May)
2018: South Korea (March)

Broadcast a localized version in Italy
2018: Italy (October)



SHINKALION

Animation expansion to Hong Kong and Taiwan

2018: Hong Kong (November)
2019: Taiwan (March)



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5. Progress on The New Medium-Term Management Plan (③Category No. 1 strategy)

Gain No.1 share in every toy category



TOMICA(vehicle)



PLARAIL (train)



LICCA dolls(doll)



BEYBLADE (boys' hobby)



DUEL MASTERS (TCG)

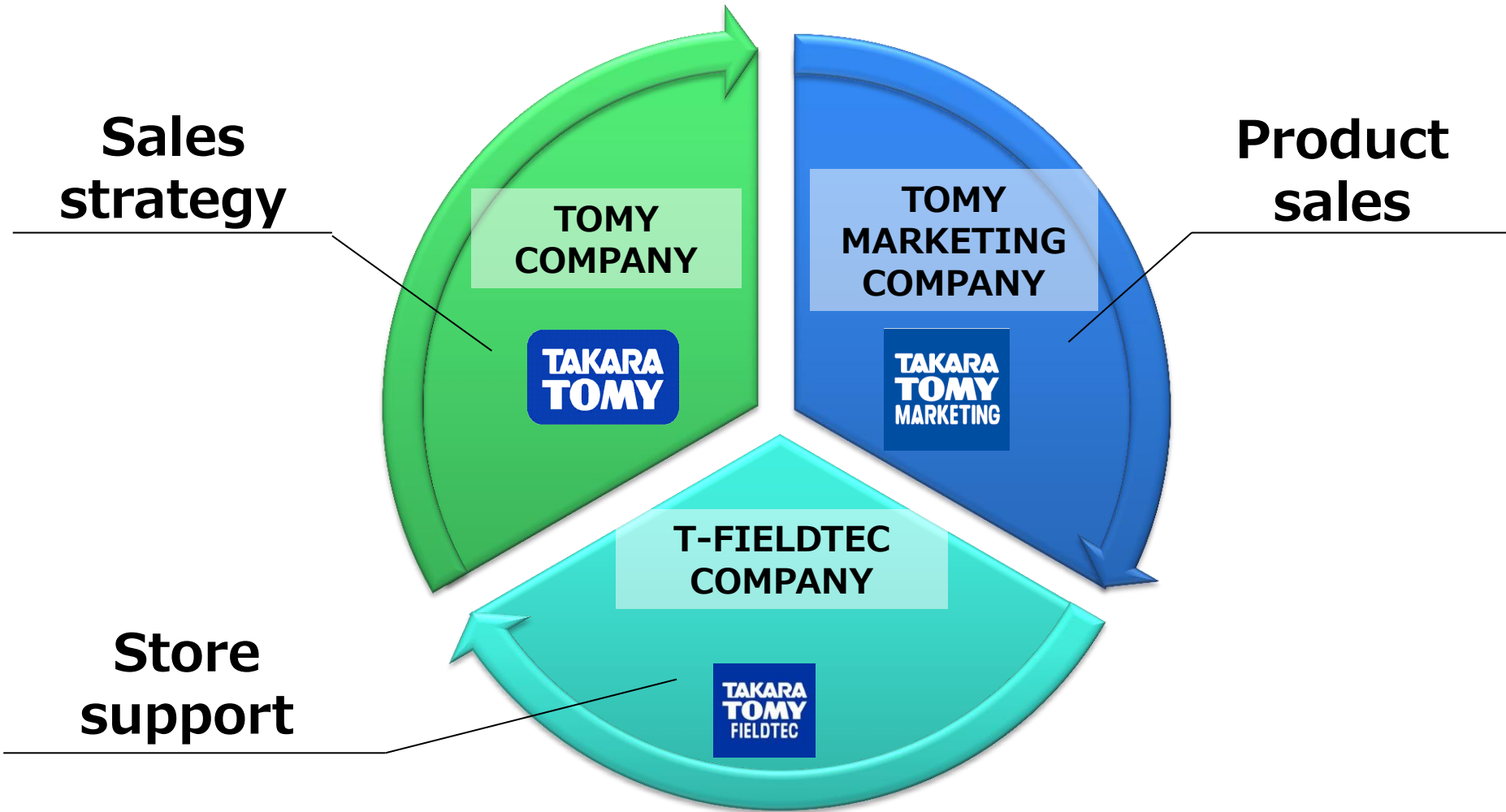


Source: TOMY Company

5. Progress on The New Medium-Term Management Plan

(③Category No. 1 strategy)

Sales trinity structure to create No. 1 brands in each category



5. Progress on The New Medium-Term Management Plan

(③Category No. 1 strategy)

Aim to become **No. 1 in each category!**



BAKUGAN (boys' hobby)



- Global brand with past sales of over 1 billion dollars *2006 to 2012
- Started toy sales in Japan and Asia (April 2019)
- Started broadcasting TV animation in Japan (April 2019)



L.O.L. SURPRISE! (girls' hobby) and other products

- Top-selling toy across the US in 2017 (total global sales of over 500 million units)



5. Progress on The New Medium-Term Management Plan

(④Expand business in "high-target" products for adults segment and for the elderly segments)

Lateral expansion of the Tomy Group



Trading card game

business in "high-target" products for adults segment and for the elderly segments

Digital



©T-ARTS 成田国際空港株式会社



Railway models

Toy hobby

Variety goods

Capsule toys



©T-ARTS



JR東日本商品化許諾済



© DeAGOSTINI



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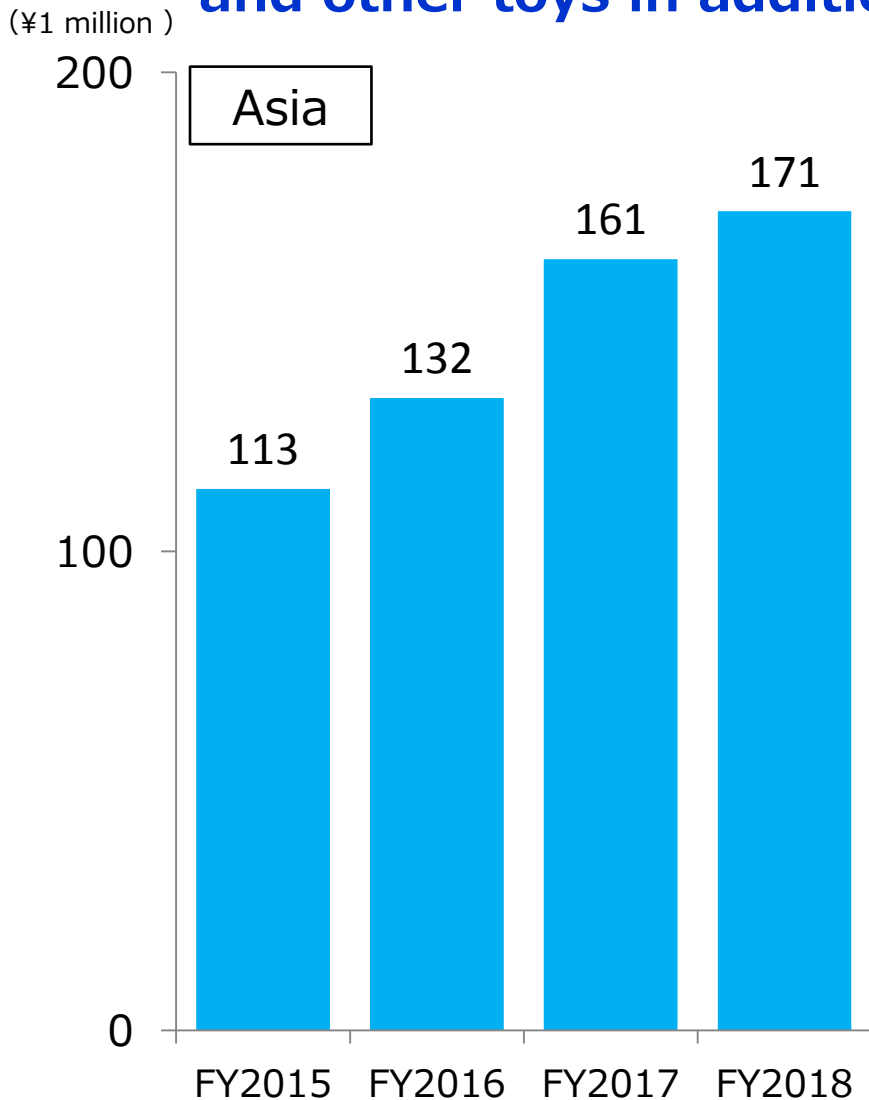


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5. Progress on The New Medium-Term Management Plan

(⑤Expand business in Asia market)

Actively expand "ZOIDS", "BAKUGAN", and other toys in addition to long-standing products



*Net sales based on customer location.



5. Progress on The New Medium-Term Management Plan

(©Comprehensive strategy for business revitalization for Europe and North America)

Recognition of the current situation

- ✓ Character merchandise sales ending
- ✓ Baby products have not yet become a pillar of sales



Net sales decreased

Aim to expand sales by introducing new products

Deploy new products

Deploy global products developed in Japan

Deploy new lines

Strengthen core brands



5. Progress on The New Medium-Term Management Plan

(Comprehensive strategy for business revitalization for Europe and North America)

Aim to expand sales by introducing new products

Deploy new products



Strengthen core brands



6. Future Topics



April 2019
TV broadcasts
Start deploying toy series



April 2019
Start TV animation broadcasts
Start deploying toy series



60th anniversary of
PLARAIL

April 2019
Start TV animation broadcasts
May 2019
Start deploying toy series



Popular animated program broadcast in over
160 countries and regions around the world

6. Future Topics (60th anniversary of PLARAIL)

<60th anniversary event information>



60th anniversary commemorative products
PLARAIL "Rails! Carriages! Scenery! 60th Anniversary Best Selection Set"



"Ryogoku PLARAIL Station" to appear in front of JR Ryogoku Station
(February 9 to April 7, 2019)

"Kyoto Railway Museum: 60th Anniversary Exhibition and a "Massive Blue Rail" March 23 to May 7, 2019



"PLARAIL EXPO in TOKYO" April 26 to May 6, 2019



JR Kyushu: Making Children's Dreams Come True
"Dream Stamp Rally" held throughout Kyushu
[First phase] April 27 to June 30, 2019
[Second phase] July 1 to September 1, 2019



"Resort 21 Red PLARAIL" operating for a limited time
(Collaboration period from March 31 to June 30, 2019)

<Evolution of PLARAIL>

Major transitions to date

First electric train

"Electric Plastic Train Set" (1961)



First set based on a real train

"Plastic Electric Dream Superexpress Hikari Train Rail Set" (1964)



First train with a light

"Hikari Train with a Built-in Light" (1979)



First train with built-in sound

"Talking Thomas the Train Set" (2000)



Examples of currently deployed products



First station with a platform safety doors
Enjoy AR features through smartphone integration!
PLARAIL Action Station

Transforms and combines into a robot!

"Deluxe SHINKALION" Series



Starter item that children can play with from 1.5 years of age
"My First PLARAIL" Series

Equipped with features for learning English

"OT-01 Talking Thomas English Plus"



6. Future Topics



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©Marvel Studios 2019

2019: Acquisition of Toy Merchandising License for Marvel movies of Disney-Pixar productions

7. Improving the Board of Directors

Strengthening corporate governance

FY2018

Election of female directors

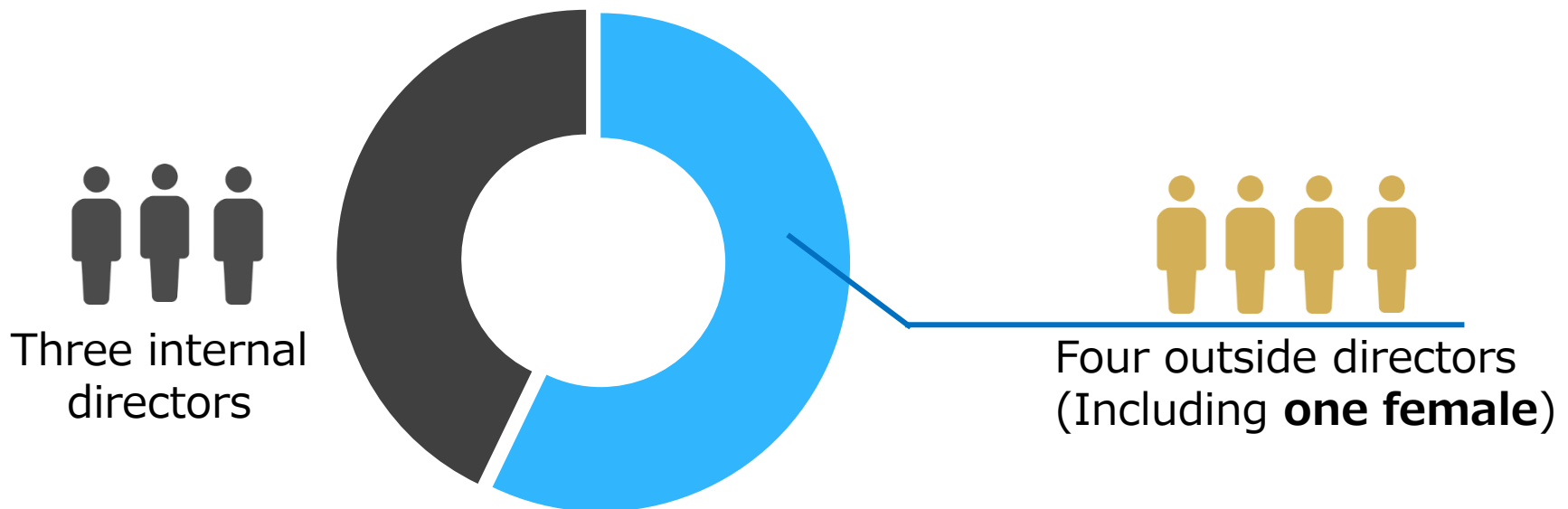
- ✓ Promotion of diversity

FY2019

Shift to a majority of outside directors

(after the June 2019 shareholders meeting)

- ✓ Ensure the transparency of the Board of Directors



8. CSR

Primary PJT

Organize TOMY initiatives
(Past to present CSR)

Systematically organize and disclose on the web site



Apply the "ISO26000 International Guidance on Social Responsibility"

Secondary PJT

Formulate the essentials and the ideal form
(Present to future CSR)

"Ideal form" of Tomy Group CSR
"Become friends with children around the world"

Social contribution through our businesses
Specify six items



Directly and indirectly contribute to the achievement of all SDGs targets

Third PJT

Present

Promote the identification of important issues (materiality)

After identifying important issues, launch initiatives to solve those issues

Must incorporate CSR thinking into daily operations and create an environment in which it can be reflected in specific behaviors

Distribute the CSR handbook to all employees





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.