

**TOMY Company, Ltd.
Fiscal Year 2019 1st Half (6 months)
Results
(April 1, 2019-September 30,2019)**

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

Fiscal Year 2019 1st Half (6 months) Highlights (April 1, 2019-September 30, 2019)

Nov 15, 2019

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

FY2019 1st Half Consolidated Income statements

¥100 million

	FY2019 1st Half (2019/4-9)		FY2018 1st Half (2018/4-9)	Change
	Actual	Original Forecasts	Actual	
Net Sales	830	870	891	-61
Cost of Sales	489	—	531	-42
Gross Profit	341	—	360	-19
Operating Profit	58	60	70	-12
Operating Profit Margin	7.0%	6.9%	7.9%	-0.9%
EBITDA	99	—	110	-11
Ordinary Profit	53	59	73	-20
Profit Attributable to Owners of Parent	41	38	49	-8

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

- ◆ Sales
Decreased due to a decline in sales of “BEYBLADE BURST,” and weak orders for OEM products at domestic subsidiaries, although there was strong growth in sales of long-standing products such as the “TOMICA” brand along with “L.O.L. SURPRISE!,” and products related to the DISNEY / PIXAR animation movie “Toy Story 4.”
- ◆ Operating Profit
On a par with the level forecasted at the beginning of the fiscal year due to a decline in selling, general and administrative expenses, despite a decrease in gross profit due to a decline in net sales.
- ◆ Ordinary Profit
Decreased due to a decline in operating profit and the recording of foreign exchange losses.
- ◆ Profit Attributable to Owners of Parent
Decreased due to a decline in ordinary profit.

*Sum of amortization of goodwill and intangible assets associated with the acquisition of TOMY International (TI): ¥ 900 million for the FY under review; ¥2 bil for the previous FY
* EBITDA=Operating income + depreciation + amortization of goodwill *Dollar conversion rate: ¥108.62 during the FY under review; ¥110.26 during the previous FY

SG&A Breakdown FY2019 1st Half

¥100million

	FY2019 1st Half (2019/4-9)	FY2018 1st Half (2018/4-9)	Change
SG&A (total)	283	289	-6
Personnel expense	91	96	-5
Advertising expense	74	76	-2
R&D expenses	21	17	+4
Distribution expenses	29	31	-2
Amortization of goodwill and intangible assets associated with acquisition of TI	9	10	-1
	\$ 8MM	\$ 9MM	-\$ 1MM

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

◆ SG&A (total)

Advertising expenses and R&D expenses were on par with the previous fiscal year as a result of continuous efforts to strengthen marketing and new product development, geared to sales expansion.

Net Sales by Region FY2019 1st Half



¥100million

Area	FY2019 1st Half (2019/4-9)	FY2018 1st Half (2018/4-9)	Change
Japan	542	561	-19
North America	145	167	-22
Europe	40	44	-4
Oceania	10	13	-3
Asia	85	94	-9
Others	6	8	-2
Total	830	891	-61
Ratio of overseas sales	34.8%	37.0%	-2.2%

* Net sales are based on customer's address and classified into country or region.

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

- ◆ Japan
 - (+) There was strong growth in sales of long-standing products such as the "TOMICA" brand and "L.O.L.SURPRISE!," and products related to the animation movie "Toy Story 4."
 - (-) Sales of "BEYBLADE BURST" decreased and orders for OEM products at domestic subsidiaries were weak.
- ◆ Europe, U.S. and Australia
 - (+) Launched the new globally-strategic merchandise "Rizmo" and the plush toy "Club Mocchi- Mocchi-."
 - (-) Overseas exports of "BEYBLADE BURST" and "TRANSFORMERS" declined, and sales of character-related toys that were sold in the first quarter of the previous fiscal year decreased.
- ◆ Asia
 - (+) There was strong growth in sales of long-standing products "TOMICA" brand and products related to the animation movie "Toy Story 4."
 - (-) Sales of "BEYBLADE BURST" decreased mainly in South Korea.

Extraordinary Loss Breakdown FY2019 1st Half



■ Major year-on-year items changed

¥100million

	FY2019 1st Half (2019/4-9)	FY2018 1st Half (2018/4-9)	Change
Extraordinary Loss	0	1.0	-1.0
Impairment Loss	—	0.9	-0.9

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

Consolidated Balance Sheets Breakdown FY2019 1st Half

Major year-on-year items changed

¥100million

account	FY2019 1st Half (2019/4-9)	FY2018 1st Half (2018/4-9)	Change
Inventories	197	167	+30
Japan	116	97	+19
Overseas	95	82	+13
Elimination of unrealized profits	-14	-12	-2

Total Interest Bearing Debt	334	419	-85
Loans Payable	334	319	+15
Bonds	0	100	-100

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

<US\$ FX rate at end of FY> F Y 2019 ¥107.92 F Y 2018 ¥113.57

		FY2019 1st Half (2019/4-9)	FY2018 1st Half (2018/4-9)	Change
Amortization on goodwill of TI	\$MM	150	163	-13
	¥100 million	161	185	-24
intangible assets of TI	\$MM	75	85	-10
	¥100 million	81	97	-16

Business Review for FY 2019 1H

November 15, 2019

Kazuhiro Kojima

Representative Director, President & COO

Review Main Points

- ✓ Net sales: A 4.5% decrease compared to the earnings forecasts (FY2019 1st half)
- ✓ Operating profit: On a par with the earnings forecasts (FY2019 1st half)
 - Posted ¥5.2 billion for the 2Q (from July to September) as remained unchanged year on year
- ✓ Selling, general and administrative expenses: Continued to make investments in advertising expenses and R&D expenses
- ✓ Introduced global products developed in Japan for Christmas shopping spree
- ✓ Progress in the Digital Business Division: Announced the distribution of a game app

Product Trends(1)

Sales of TOMICA and PLARAIL were robust

- **TOMICA** : Single-pack TOMICA vehicles and TOMICA PREMIUM, among others, were well-received

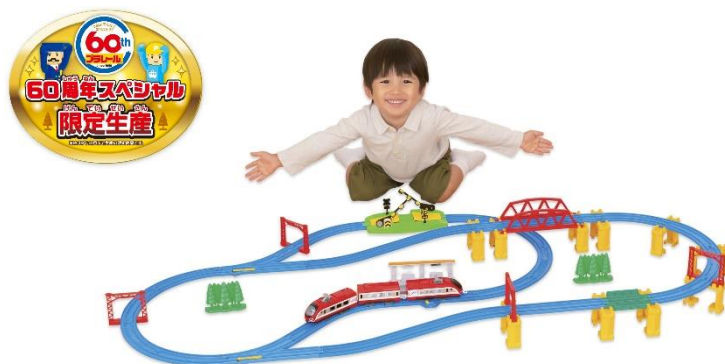


Single-pack TOMICA vehicles



TOMICA PREMIUM

- **PLARAIL** : A successful marketing campaign using the 60th anniversary of the product debut as a trigger



Rails! Carriages! Scenery! 60th Anniversary © TOMY
Best Selection Set



PLARAIL Festival in Kyoto
Railway Museum

Long-standing products (TOMICA, PLARAIL, and LICCA dolls) showed solid sales results as remained unchanged year on year

Product Trends(2)

Sales for boys product line-up plummeted year on year

■ BEYBLADE BURST

- Sales diminished year on year yet outperformed the Company's expectations

■ TRANSFORMERS

- Overseas-bound exports logged a year-on-year decline due to a recoil reduction in movie related product sales recognized in the same period of the previous fiscal year

■ DUEL MASTERS

- Sales showed a recovery from the 1Q actual results owing to the new product introduction during the 2Q

■ ZOIDS WILD

- Sales outperformed year on year
- The season two of the animation kicks off from October

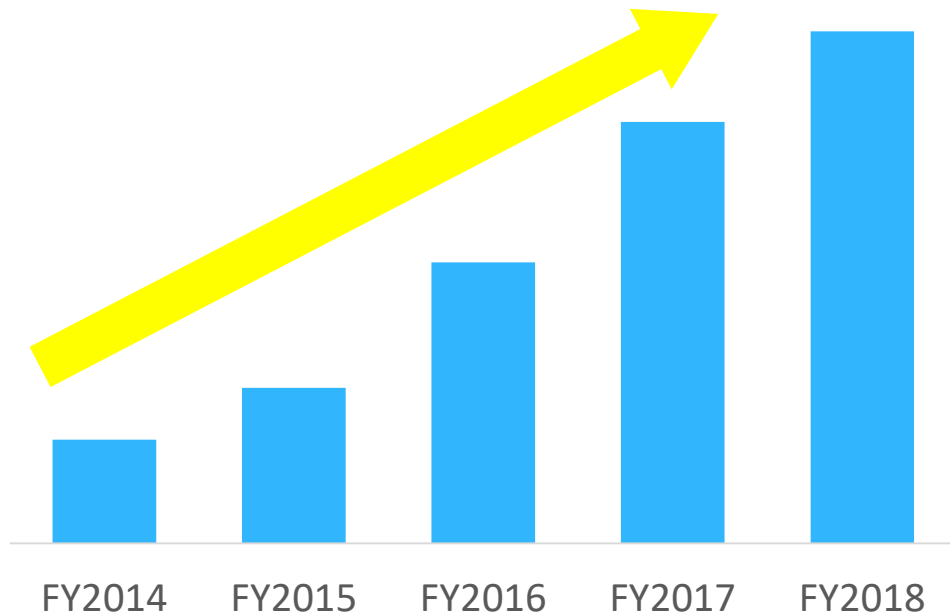
*Broadcast by six TV TOKYO network channels

■ New products

- Sales of new product line-up did not exceed the expectation despite the dynamic sales campaign carried out

Product Trends(3)

Actively introduce new products to the market



FY2014 FY2015 FY2016 FY2017 FY2018
Change in shipment value of new products (annual)

*New products in existing organizations and new products in the Boys Business Division and the Girls Business Division



GSTREAM

© TOMY



Rizmo

© TOMY



Kentoshi Boxing Ring Gachinko Fight

© TOMY



ZOIDS WILD

© TOMY/ZW,TX



HATCHIMALS
("Umarete! Woomo")

© TOMY © SML



Secret X Heroine Phantomirage!

© TOMY, O.L.M./PM Project, TV TOKYO



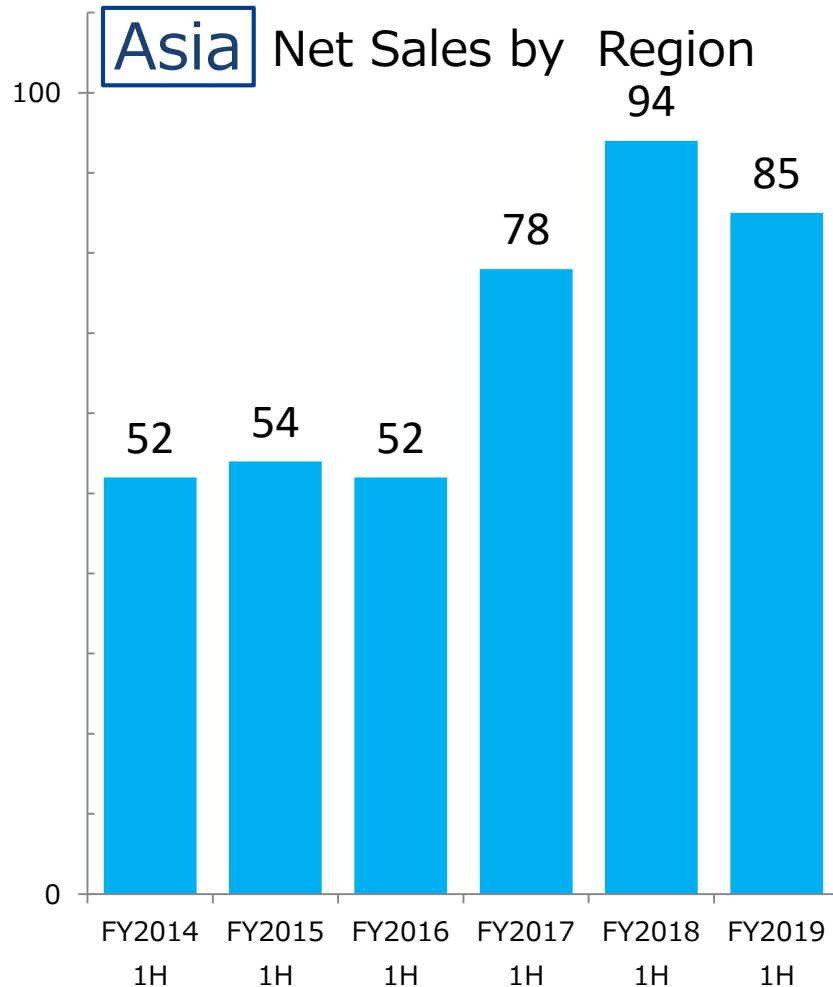
L.O.L. SURPRISE!

© TOMY © MGA

Overseas Business (Asia)

While sales of BEYBLADE BURST declined, long-standing products and products related to “Toy Story 4” were well-received

(100 million)



*Net sales are based on customer location.

■ Long-standing products achieved strong results

- Sales of single-pack products such as Dream TOMICA trended strongly
- Products related to SHINKALION gained popularity
Animation expansion to Hong Kong and Taiwan has been successful
2018: Hong Kong (from November),
2019: Taiwan (from March)

■ Products related to the animation movie “Toy Story 4” were well-received

Toy deployment areas

South Korea, China, Taiwan, Hong Kong, Singapore, Malaysia, Philippines, Thailand, Indonesia, Cambodia

■ Sales of “BEYBLADE BURST” decreased

- Sales exceeded the Company’s expectations but declined mainly in South Korea, where the toy had gained popularity in the same period of the previous fiscal year

Overseas Business (TOMY International Group)(1)

Growing global market

- Approximately a 10% growth during the progressing 5 years (from FY2018 to FY2023)

Source : Euromonitor International

TOMY International is

An essential hub for overseas logistics

An access point to cultivate new users

- Serving as a sales network
- Development from a perspective of local users
- Business contact made to infants as early as age 0 with the deployment of MIT* products

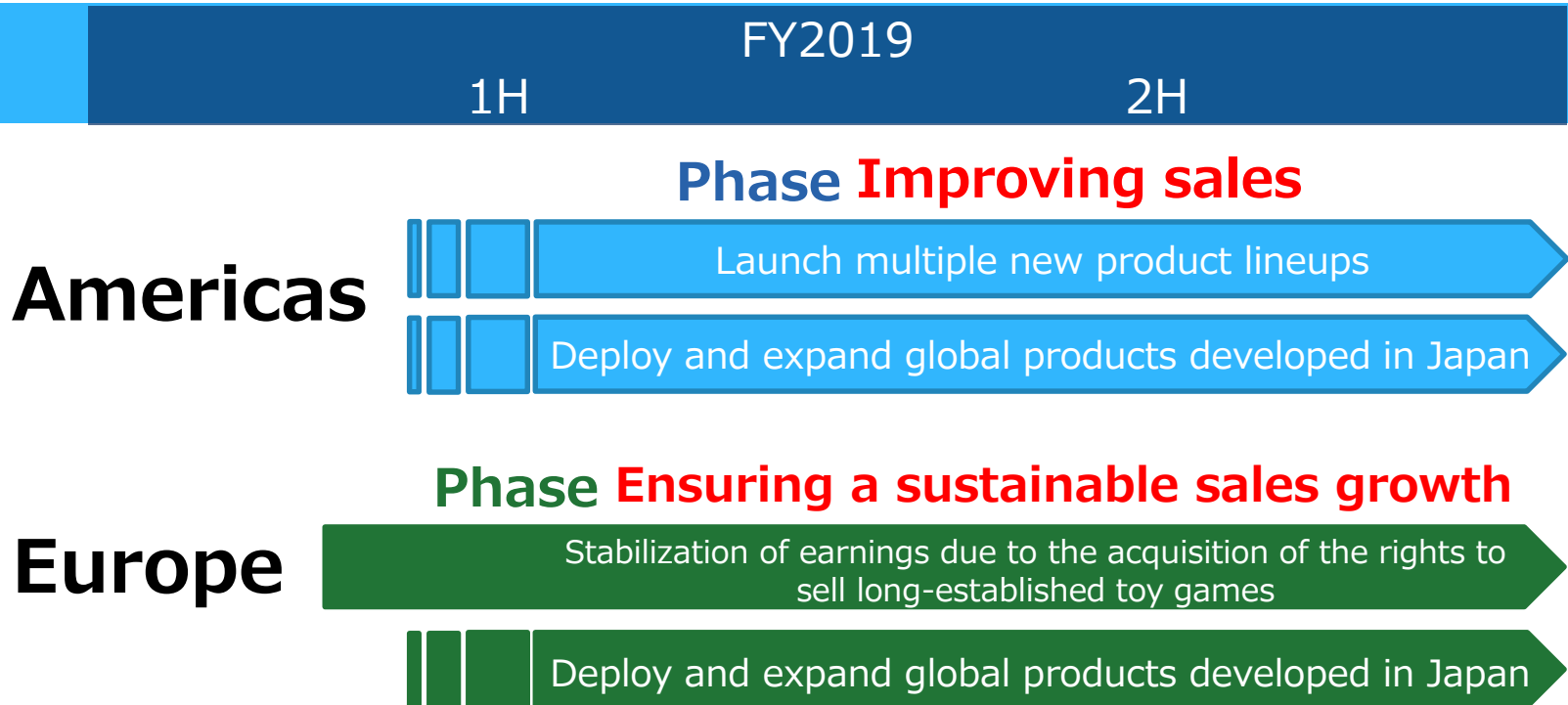
*Mom, Infant & Toddler: Baby bottles and plates, baby toys and baby goods

**Strengthen core brands and
deploy new products**

Overseas Business (TOMY International Group)(2)

Stop the bleeding at TOMY International over the next two years

- Launch multiple new lines and start store sales
- Start to launch the global product developed in Japan “Rizmo” using the Group’s management resources



Overseas Business (TOMY International Group)(3)

Simultaneous global launch of a surprise toy that “originated in Japan”

Three attributes for a hit product

(1) Surprise × (2) Evolution × (3) Japan’s planning capabilities, development capabilities and technologies

- Market environment
 - Global trend: Popularity trend for “**surprise toys**”
 - Children’s favorite key word: “**Evolution**”
- July 2018 Establish a dedicated department to carry out product development aimed at the global market
 - Deploy global products and improve the top line
 - Planning and development utilizing Japan’s **planning capabilities, development capabilities and technologies**

“**Rizmo**” a surprise pet for children to take care of that “**evolves**” through sound



- Saturday, September 14, 2019: Simultaneous global launch
- Successively sold in more than 30 countries and regions



Progress in the Digital Business Division (1)

Objective of full-scale deployment of the Digital Business Division

- ✓ Entry into growth markets to form the core of new business
- ✓ Expand business in “high-target” products for adults segment
- ✓ Deploy widely the IP dealt by TOMY Company
- ✓ Digitally utilize the know-how and content capabilities cultivated in the toy development



July 2018: Reorganization => Digital Business Division newly established

-> Established as one of four divisions to form the core of new business

Progress in the Digital Business Division (2)

Digitalizing successful “analog” content

Trading card game

DUEL MASTERS

- Main target: elementary school students
- Trading card game that has been sold since 2002
- The 18th year from the roll-out
- Currently supported by a wide cross-section of society from elementary school students to adults aged 30-plus

Game app

DUEL MASTERS PLAY'S

- Main target: years of age from late teens to the 30s
- Replication of a play scene for adults to bring back the old memories of their childhood play

Propel business into further expansion by taking an approach aligned with the targets

Progress in the Digital Business Division (3)

The card game app jointly developed by TOMY Company and DeNA

“DUEL MASTERS PLAY’S”



©2019 Wizards of the Coast/Shogakukan/Mitsui-Kids © T O M Y ©DeNA

- Scheduled delivery date : Scheduled to be released this winter
- Distribution platform : App Store/Google Play
- Targeted number of downloads : 1 million downloads



Various promotions including product preview events, etc. are currently taking place

Topics Going Forward(1)

Disney
アナと雪の女王2

Animation movie "Frozen 2"
Release on Friday,
November 22, 2019



Premium Dress



Dream Camera Tablet



Singing ♪ and Talking!!
Magic Pendant

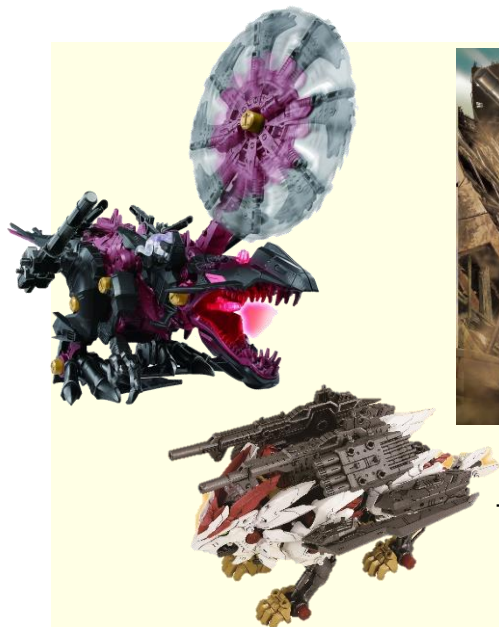


Kirakira Smart Palette



Talking and Dancing Olaf

© Disney



The season two of the TV animation
"ZOIDS WILD ZERO"

On air from October 4, 2019 on every Friday from 5:55 pm

© TOMY/ZW,TX



SHINKALION the Movie 1st
"SHINKALION The Movie"

Release on Friday, December 27, 2019

©PJ-S,J/S,M

Topics Going Forward(2)

“2018 Christmas toys selected by toy stores”

TOMY gained first-place ranking in 3 of 5 categories

<p>Variety category</p>  <p>Rizmo</p> <p>© TOMY</p>	<p>Toys for girls category</p>  <p>Sumikkogurashi Sumikkosagashi</p> <p>© TOMY © 2019 San-X Co., Ltd. All Rights Reserved.</p>	<p>Games and puzzles category</p>  <p>THE GAME OF LIFE SPORTS</p> <p>©1968,2019 Hasbro. All Rights Reserved. © TOMY</p>
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And many other toys ranked in each category

<p>Toys for boys category Top5</p> <p>Ranked in 4 points</p>	<p>Toys for girls category Top5</p> <p>Ranked in 3 points</p>	<table border="1"> <tr> <td>Variety category Top5</td> <td>Games and puzzles category Top5</td> <td>Educational and infant toys category Award</td> </tr> <tr> <td>Ranked in 2 points</td> <td>Ranked in 2 points</td> <td>Ranked in 1 points</td> </tr> </table>	Variety category Top5	Games and puzzles category Top5	Educational and infant toys category Award	Ranked in 2 points	Ranked in 2 points	Ranked in 1 points
Variety category Top5	Games and puzzles category Top5	Educational and infant toys category Award						
Ranked in 2 points	Ranked in 2 points	Ranked in 1 points						

TOMICA brand's 50th anniversary (50 years since the roll-out in 2020)



いつだって、カッコイイ。

トミカは50周年を迎えました。トミカはこれからも、時代を駆けるクルマの世界を、子供たちに伝えていきます。その魅力を伝えていきます。お楽しみにしてください。



50th Anniversary Commemorative Collection (total of 6 types)



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.