

August 13, 2020

To all related parties:

Name of the Company: TOMY Company, Ltd.
 Name of the Representative: Kazuhiro Kojima
 Representative Director, President & COO
 (Code No. 7867; The First Section of the Tokyo Stock Exchange)
 Further Inquiries: Hiroya Kutsuzawa
 Senior Managing Director & CFO
 (TEL: 03-5654-1548)

Notice Concerning Earnings Forecasts and Dividend Forecasts

TOMY Company, Ltd. (hereinafter “Tomy”) announces as follows its earnings forecasts and dividend forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021) that remained undetermined in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2020, which were published on May 19, 2020.

1. Earnings forecasts

(1) Consolidated earnings forecasts

Consolidated earnings forecasts for the six months ending September 30, 2020 (April 1, 2020 to September 30, 2020)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 19, 2020)	Millions of yen –	Millions of yen –	Millions of yen –	Millions of yen –	Yen –
New forecast (B)	62,000	500	500	0	0.00
Increase (Decrease) (B-A)	–	–	–	–	–
Increase (Decrease) percentage (%)	–	–	–	–	–
(Reference) Actual results for the six months ended September 30, 2019	83,092	5,826	5,389	4,189	43.95

Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 19, 2020)	Millions of yen –	Millions of yen –	Millions of yen –	Millions of yen –	Yen –
New forecast (B)	145,000	5,500	5,500	3,000	31.79
Increase (Decrease) (B-A)	–	–	–	–	–
Increase (Decrease) percentage (%)	–	–	–	–	–
(Reference) Actual results for the fiscal year ended March 31, 2020	164,837	10,683	10,204	4,507	47.30

(2) Reasons for earnings forecasts

Regarding our earnings forecasts for the fiscal year ending March 31, 2021, we have been aimed at “net sales of ¥190.0 billion and operating profit of ¥16.0 billion” for the fiscal year ending March 31, 2021, which is the final fiscal year in the Medium-Term Management Plan, as we announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2019. However, we found it difficult to predict the degree of consumption slump caused by the spread of the novel coronavirus disease (COVID-19), as well as the timing of the end of the infection, and also to reasonably calculate its impact; therefore, we left the earnings forecasts undermined in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2020, which were published on May 19, 2020. Today we announce the earnings forecasts based on information, projections and other related data available at this moment following the loosening of restrictions of activities in respective countries and other related factors.

Regarding the impacts of COVID-19, on the production side, while factories in China, Vietnam, and Thailand have been operating as normal since April, some products’ roll-out was delayed, resulting in the loss of sales opportunities. On the demand side, while demands for some products that can be enjoyed at home and e-commerce purchases are growing, impacts seen in a reduction in product shipment, etc. are still persisting due to consumers voluntarily staying at home, temporary closure and shortened operating hours at stores, lockdowns overseas, in addition to postponement of the movie release, and the cancellation, postponement and the scaling-down of various events.

While we expect the recovery from the drop in net sales due to the impacts of COVID-19 in the third quarter and later, sales decrease during the second quarter of the fiscal year ending March 31, 2021 is likely to be significant. Therefore, net sales of full-year consolidated operating results is expected to decrease from the previous period.

In terms of profit, although we will exercise cost control through reduction of some advertising expenses, such as in-store promotion, in line with the decrease of product shipments, operating profit, ordinary profit and profit attributable to owners of parent are likely to decrease due to a drop in net sales from the previous period.

The earnings forecasts have been prepared based on information available at this moment and a certain assumption that is deemed to be reasonable, and actual results may differ significantly from the forecasts due to various factors. In addition, the actual results may differ from the earnings forecasts due to the change in diverse factors such as the timing of convergence of the COVID-19 pandemic and the degree of its impact. If any correction is necessary, we will swiftly make an announcement.

2. Dividend forecasts

	Annual dividends		
	Second quarter-end	Year-end	Total
Previous forecast announced on May 19, 2020	Yen –	Yen –	Yen –
New forecast	7.50	7.50	15.00
(Reference) Actual results for the fiscal year ended March 31, 2020	15.00	15.00	30.00

(1) Reasons for dividend forecasts

The Company recognizes the stable return of profits to shareholders as an important priority for management. Our policy is to strengthen the management base and improve the profit margin while deciding on dividends in consideration of performance and dividend payout ratio with a basic intention to continue paying a stable dividend.

Our dividend forecasts for the fiscal year ending March 31, 2021 remained undetermined in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2020, which were published on May 19, 2020 as it was difficult to calculate the earnings forecasts. Meanwhile, the expected annual dividend per share will be ¥15 based on the above earnings forecasts and the policy on distribution of profits and dividends.

[Reference]

Products, content, etc. in our core toy business as posted in “(4) Outlook for the Fiscal Year Ending March 31, 2021” of “1. Qualitative Information Regarding Consolidated Operating Results” of the Consolidated Financial Results for the Fiscal Year Ended March 31, 2020, which were published on May 19, 2020, are as follows.

We have been providing and will continue to provide more substantial content, such as ZOIDS WILD, a TV animation that started broadcasting in July 2018 to which we added a brand-new world view from October. Furthermore, we will continue our business in Asia, which has already been undertaken, to develop this business into our in-house original global brand.

With regard to TOMICA, which is celebrating its 50th birthday in 2020, we have started sales of products related to Tomica Kizuna Gattai EARTH GRANNER, whose TV animation was launched in April 2020, and will further promote these products in Asia. Moreover, with regard to our live action TV drama series for young girls, which has boasted high popularity since it began three years ago, in spring 2017, we will expansively work on developing the third series of Secret x Heroine Phantomirage!, including preparation for making it into a movie.

We will strengthen and develop category leaders, including long-selling products TOMICA, PLARAIL, and LICCA dolls; the boys' hobby category with BEYBLADE BURST; the trading card game category with DUEL MASTERS; and the girls' hobby category with L.O.L. SURPRISE!. In addition, we are also focusing on the planning, development and marketing of products in other categories.

With regard to efforts to be made for the “high-target” segment of toys, the entire TOMY Group will bolster products that satisfy needs of target customers, such as the precision railway model series TOMIX and the hug-me doll with voice recognition and watching support functions DREAM CHILD HANA. In addition, we are working to strengthen the digital business, including the card game app DUEL MASTERS PLAY'S released in December 2019, whose version will be regularly updated to improve its playability. Moreover, in a new category, we are working on developing a business making use of the strengths that have been developed in the toy business, including the cardboard robot kit EMBOT operable with a programming app, as a product related to STEM education that has attracted attention.

In the Asian market, we will promote character products and amusement machines along with sales expansion of long-selling products TOMICA and PLARAIL.

With regard to the business revitalization for Europe and North America, we, at TOMY International Group, are continuing to introduce new products developed in Japan, which can be promoted globally, and we are also continuing to strengthen baby products and agricultural machinery toys, which are our core brands.