

TOMY Company, Ltd.
Fiscal Year 2020 1st Half (6 months)
Results
(April 1, 2020-September 30,2020)

Nov 10, 2020
TSE Securities Code: 7867

Fiscal Year 2020 1st Half (6 months) Highlights (April 1, 2020-September 30,2020)

Nov 10, 2020

Goshiro Ito
Head of Corporate Administrations
TOMY Company, Ltd.

FY2020 1st Half Consolidated Income statements

¥100million

	FY2020 1st Half (2020/4-9)			FY2019 1st Half (2019/4-9)	Change
	Actual	Revised (Oct 28, 2020)	Announced (Aug 13, 2020)	Actual	
Net Sales	631	630	620	830	-199
Cost of Sales	395	—	—	489	-94
Gross Profit	235	—	—	341	-106
Operating Profit	18	18	5	58	-40
Operating Profit Margin	2.9%	2.9%	0.8%	7.0%	-4.1%
EBITDA	52	—	—	99	-47
Ordinary Profit	16	16	5	53	-37
Profit Attributable to Owners of Parent	5	5	0	41	-36

- ◆ Sales

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

Regarding the cumulative results, sales decreased year on year due to the declaration of the state of emergency, postponement of sales of some products, and restrictions on marketing activities such as in-store promotions. In particular, the retail business, consumer event business, and GACHA capsule toys business, among others, continued to be sluggish due to the self-restraint on outings and continued requests to cancel events. For FY2020 1st half, the toy business recovered earlier than expected, exceeding the original plan due to continued stable conditions in Europe and the U.S., mainly in the baby products business.
- ◆ Operating Profit

Decreased due to a decline in sales year on year. However, the toy business with high gross margin recovered earlier than expected, exceeding the original plan due to the control of SG&A in line with sales.
- ◆ Ordinary Profit

Decreased due to a decline in sales year on year. Profit exceeded the original plan, due to an increase in operating profit.
- ◆ Profit Attributable to Owners of Parent

Decreased due to a decline in sales year on year. Profit exceeded the original plan, due to an increase in ordinary profit. Recorded COVID-19 related extraordinary loss of ¥677 million.
- ◆ Interim dividend

Regarding the interim dividend for the current fiscal year, a payment of 7.50 yen as planned was resolved at the meeting of the Board of Directors held today (November 10, 2020).

※ *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: ¥106.91 during the FY under review; ¥108.91 during the previous FY

SG&A Breakdown FY2020 1st Half

¥100million

	FY2020 1st Half (2020/4-9)	FY2019 1st Half (2019/4-9)	Change
SG&A (total)	217	283	-66
Personnel expense	78	91	-13
Advertising expense	42	74	-32
R&D expenses	19	21	-2
Distribution expenses	25	29	-4
Amortization of goodwill and intangible assets associated with acquisition of TI	8	9	-1
	\$8MM	\$8MM	\$0MM

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

◆ SG&A (total)

Decreased and controlled due to declines in sales and marketing activities such as events and in-store promotions.

Net Sales by Region FY2020 1st Half



¥100million

Area	FY2020 1st Half (2020/4-9)	FY2019 1st Half (2019/4-9)	Change
Japan	389	542	-153
North America	141	145	-4
Europe	31	40	-9
Oceania	12	10	+2
Asia	51	85	-34
Others	4	6	-2
Total	631	830	-199
Ratio of overseas sales	38.3%	34.8%	3.5%

* 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
Sales opportunities decreased due to the COVID-19 pandemic, especially sales declined in the retail business, event business, and GACHA capsule toys business.
- ◆ Europe, U.S. and Australia
In spite of the impact of the strong yen, baby products and other goods, which are sold through e-commerce as a sales channel, remained strong.
- ◆ Asia
There was no issue on the operation of supply chain, including manufacturing and logistics.
While our business performance was steady in China, where the impact of COVID-19 has lowered, the difficult condition continued in many other regions in Asia due to the effects of lockdowns and other COVID-19 related factors.

Extraordinary Loss Breakdown FY2020 1st Half

■ Major year-on-year items changed

¥100million

	FY2020 1st Half (2020/4-9)	FY2019 1st Half (2019/4-9)	Change
Extraordinary Loss	8.2	0	+8.2
Loss due to infections of COVID-19	6.7	—	+6.7

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

◆ Loss due to infections of COVID-19

Recorded fixed expenses (personnel expenses and depreciation, etc.) incurred in the retail business, etc. that had temporary closures following the declaration of the state of emergency.

Consolidated Balance Sheets Breakdown FY2020 1st Half

■ Major year-on-year items changed

¥100million

account	FY2020 1st Half (2020/4-9)	FY2019 1st Half (2019/4-9)	Change
Inventories	169	197	-28
Japan	92	116	-24
Overseas	91	95	-4
Elimination of unrealized profits	-13	-14	+1

Total borrowings	450	334	+116
Net cash (Cash and deposits less borrowings)	119	91	+28

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

<US\$ FX rate at end of FY> F Y 2020 ¥ 105.80 F Y 2019 ¥ 107.92

		FY2020 1st Half (2020/4-9)	FY2019 1st Half (2019/4-9)	Change
Amortization on goodwill of TI	\$MM	129	150	-21
	¥100 million	137	161	-24
intangible assets of TI	\$MM	56	75	-19
	¥100 million	59	81	-22

Business Review for FY 2020 1H

November 10, 2020

Kazuhiro Kojima

Representative Director, President & COO

Impacts including COVID-19

Period	Impacts including COVID-19
FY2019 4Q	<ul style="list-style-type: none"> • With regard to the spread of infections of COVID-19, the impact on the production was limited, partly because the Group has promoted “China plus one,” a production area relocation approach, for some time. • In the 4th quarter, there was no significant impact on buying patterns at stores, and the impact on operating results in FY2019 was limited.
FY2020 1Q and 2Q	<ul style="list-style-type: none"> • On the production side, while factories in China, Vietnam, and Thailand were operating as normal, some products’ roll-out was delayed, resulting in the loss of sales opportunities. • On the demand side, the declaration of a state of emergency in April impacted the Golden Week sale season, etc. Thereafter, the state of emergency, which continued to late May, was lifted to relax the restrictions on consumers’ outings, and temporary closures and shortened operating hours at stores. • However, sales declined due to the postponement of movie releases, the cancellation, postponement, and scaling-down of various events and prolonged self-restraint situations brought about by the resurgence in the number of infection cases from July. Businesses that saw a decline in sales include the retail business, such as “KIDDY LAND” and “TOMICA Shop” and “PLARAIL Shop,” the event business including “TOMICA Expo” and “PLARAIL Expo,” etc., and the GACHA capsule toys business. • The toy business saw growing popularity among products catering to stay-at-home demand and a rise in e-commerce purchases.

Challenge policies for FY2020 and efforts made so far

Changes in the management environment brought about by the COVID-19 crisis

<Changes in consumption behavior>

- People who have got used to EC purchase are increasing



Expansion of the base of the EC market

- Products that satisfy stay-at-home needs are popular

- As for the previous shift from “physical goods” to “experiences,” having or sharing “experiences” has become difficult



Importance of internet media

<Changes in businesses>

In the “New Normal,” companies are required to reforms their business style.

Proactive Actions

■ Responding to changes in consumer behavior

→ Utilization of owned media, e-commerce, etc.



タカラトミー



■ Reform of business structure to respond to changes in the external environment

→ Strengthening of direct-to-consumer infrastructure.

Acquisition of Fat Brain Group (details are stated in P20)



■ Business development taking advantage of Takaraytom's strength (product appeal, brand power, and customer base) Development of new products that can respond to “New Normal,” 50th anniversary of TOMICA, and expansion of age base



Licca Shopping Park

Defensive Actions

■ Response to COVID-19 giving primary consideration to health and safety of customers, business partners and employees of the Group

■ Cost control and securing of liquidity in line with the business environment

→ Review of advertising methods in response to changes in consumers' purchase behavior, financing of ¥14 billion in April and May

Operating Results

[Consolidated results for the six months ended September 30, 2020]

¥100million

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent
Earnings forecast (August 13, 2020)	620	5	5	0
Actual	631	18	16	5
(Reference) Actual results for the six months ended September 30, 2019	830	58	53	41

■Sales: While sales in the retail business, event business, and GACHA capsule toys business were sluggish in 2Q due to the impact of the COVID-19 pandemic, the toy business in Japan and other Asian markets recovered earlier than the Company's expectations. In addition, sales remained strong mainly in the baby products business in Europe and the U.S., exceeding the original plan.

■Profit: In addition to the recovery of the toy business with high gross margin, both operating profit and ordinary profit increased due to reduction in selling, general and administrative expenses in line with sales. Although extraordinary loss was recorded due to the infections of COVID-19 mainly in the first quarter, profit attributable to owners of the parent exceeded the previously announced forecast.

[Consolidated earnings forecast for the full year]

¥100million

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent
Earnings forecast (August 13, 2020)	1,450	55	55	30
(Reference) Actual results for the six months ended September 30, 2019	1,648	106	102	45

<Assumptions of consolidated Full-year earnings forecast>

■We expect the recovery from the drop in net sales due to the impacts of the infections of COVID-19 in the third quarter and later.

In terms of profit, while the Company will promote cost management by controlling the advertisement expenses in line with the sales decline, 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.

HERO Items



©TOMY/EARTH GRANNER, Television Osaka

**EG05 EARTH GRANNER Tyranno
Tops Full Custom DX Set**



© T O M Y

BOTTLEMAN



**Moncolle Infinity Hit! !
Kyodai Battle Tower**

©Nintendo・Creatures・GAME FREAK・TV Tokyo・ShoPro・JR Kikaku ©Pokémon



**Wonder View Theater:
Disney Characters**

©Disney



Lovepatskylily

© TOMY OLM/LP Project,TV TOKYO



DRAGON QUEST The Adventure of Dai

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**Double-Action Tomica Garage Building
(50th Anniversary Special Design)**

© TOMY



Licca Shopping Park

© TOMY ©nepia



Sumikko Catch

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**Skill-honing Tablet PC
Spica note**

© TOMY ©ECC ©RIDDLER,Inc



PRESENT PETS

© TOMY © SML



Kimetsu no Yaiba / Chokkori-san

© Koyoharu Gotouge / Shueisha / Aniplex / ufotable

Topics

“2020 Christmas toys selected by toy stores”

No.1 in three categories!!

Vehicle toys (cars & trains) category



1st

Double-Action Tomica Garage Building
(50th Anniversary Special Design)

© TOMY

Hobbies for girls (arts & crafts) category



1st

Felty Michine Sumikkogurashi

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Games/puzzles category



1st

The Game of Life Jumbo Dream

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Nominated in all 8 categories

<p>Toys for boys category:</p> <p>3 products</p>	<p>Toys for girls category:</p> <p>3 products</p>	<p>Games and puzzles category:</p> <p>3 products</p>		
<p>Vehicle toys (cars & trains) category:</p> <p>2 products</p>	<p>Variety category:</p> <p>2 products</p>	<p>Hobbies for girls (arts & crafts) category:</p> <p>1 product</p>	<p>Educational toys Category:</p> <p>1 product</p>	<p>Infant and educational toys category:</p> <p>1 product</p>

Preschool

Six months ending September 30th, 2017	Six months ending September 30th, 2018	Six months ending September 30th, 2019	Six months ending September 30th, 2020	
Actual	Actual	Actual	Actual	Change
97	102	111	84	-27

■ TOMICA

Second half

Started the 50th anniversary project. In the first half, the infections of COVID-19 had the impact mainly on events.

→In the second half, efforts were made to resume the events according to the infection status.

•TOMICA Expo in Hirakata Park [from September 19 to October 25]

•Reviewing alternative plans for consumer events which were scheduled to take place next year.

→Introduce major products to the market for the year-end and New Year holiday season



© TOMY

collaboration project with carmakers



©TOMY/EARTH GRANNER, Television Osaka

EG05 EARTH GRANNER Tyranno Tops Full Custom DX Set

[Scheduled to launch in November]



Vehicle toys (cars & trains) category



© TOMY

Double-Action Tomica Garage Building
(50th Anniversary Special Design)
[launched in October]

■ PLARAIL

Second half

A reactionary drop after the 60th anniversary marked in the previous fiscal year

→Introduce major playset for the year-end and New Year holiday season

→PLARAIL Expo in OSAKA consumer event scheduled for January 1-6 and 9-11, 2021



Lots of cool stuff! N700S SHINKANSEN 3D LAYOUT SET" layout set
[Launched in September]

Girls

¥100million

Six months ending September 30th, 2017	Six months ending September 30th, 2018	Six months ending September 30th, 2019	Six months ending September 30th, 2020	
Actual	Actual	Actual	Actual	Change
36	65	60	34	-26

Fashion Dolls

■ LICCA doll

Although sales were lower than the same period of the previous year, products that adopt the current trend, such as “New Normal,” will be introduced to the market.

Second half

→Promote expansion of products featuring new gimmicks and of target age base



Licca
[Launched in October]



Licca Shopping Park
[Launched in June]

© TOMY ©nepia

Yumeiro Licca-chan Colorful Change [Launched in April]

collection

Second half

■ PRESENT PETS

→Exciting “opening experience” in which a pet is coming out of the gift box by itself



Second half

■ L.O.L. surprise!

→Cumulative shipment units of the brand have surpassed 5 million.



PRESENT PET[Launched in October]

Character Toys

■ Live action TV drama series for young girls

Theatrical movie of Season 3, Secret x Heroine Phantomirage! was released for the first time in this series [Theatrical release was originally planned for May but was pushed back to July 23rd]

Second half

→TV broadcast started in July
Online fan meeting is scheduled on November 22



Lovepatwing
[Launched in July]



Lovepatskylily
[Launched in October]

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Live experience-based event where participants can meet Lovepatrina from their homes

Hobby and others

■ Felty Michine Sumikkogurashi

Second half

→Won the 1st prize in the hobbies for girls (arts & crafts) category of “2020 Christmas toys chosen by toy stores”



Felty Michine Sumikkogurashi
[Launched in October]

Hobbies for girls
(arts & crafts)
category

Six months ending September 30th, 2017	Six months ending September 30th, 2018	Six months ending September 30th, 2019	Six months ending September 30th, 2020	
Actual	Actual	Actual	Actual	Change
228	256	193	139	-54

Battle toys (multiplayer)

■ BEYBLADE BURST

Although domestic sales are on a declining trend, exports to international markets were robust due in part to the continued broadcasting of the TV animation series.

Second half

→New product for boys “BOTTLEMAN”

Making a good start since the October launch.
“Cap Revolution BOTTLEMAN”

“BOTTLEMAN”

- Plastic bottle cap shooter
- Can be played with Nintendo Switch™
- Strengthened online & SNS initiatives in place of in-store promotions



BOTTLEMAN【launched in October】

© T O M Y



Released on Takaratomy official YouTube channel, every Friday evening at 4:00 p.m., starting October 9

Worldview play

■ TRANSFORMERS

Sales of movie related products decreased

■ ZOIDS WILD

- The series went on the third year since June
- Latest Battle CG animation [Chronicle of ZOIDS WILD War][Released since October]

Second half

→Rollout of “DRAGON QUEST: The Adventure of Dai” related business across the Group

- TOMY Company: launched toy series in October
- T-ARTS Company, Ltd.: began operating game machines in October



DAICOLLE First Series
【Launched in October】



Visual Figure
【Launched in October】



Arcade Game of “DRAGON QUEST: the Adventure of Dai”
【Started operating game cabinets in October】



Aired through broadcasting stations affiliated with TELEVISION TOKYO every Saturday morning at 9:30 a.m., starting October 3

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Digital Business

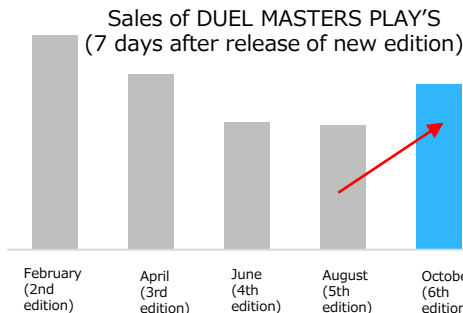
■ App

• DUEL MASTERS PLAY'S

Starting in February 2020, new editions were released every two months. Various improvement measures were introduced since the summer season, and the business recovered with the 6th edition released in October. Further improvements are in place for the 1st anniversary in December.

• Pretty series PRIPARA

New app "Idol Land PRIPARA," scheduled to be released in spring 2021 (T-ARTS Company, Ltd.)



Approx. 130% compared to the previous edition

■ Work with Nintendo Switch™

• BOTTLEMAN [Launched in October]

Shooter that offers new play experience in conjunction with Nintendo Switch™

• ZOIDS WILD

2nd software for Nintendo Switch™

"ZOIDS WILD Infinity Blast" [To be released on November 26]



ZOIDS WILD Infinity Blast [To be released in November]

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© TOMY

BOTTLEMAN Digital Battle Set [Launched in October]

■ Arcade machines (T-ARTS Company, Ltd.)

• First "twin" arcade machine for Pokémon [Pokémon Mezastar]

Operation started on September 17 with steady sales

• Arcade Game of "DRAGON QUEST: the Adventure of Dai"

Steady operation since October 22



Arcade Game of "DRAGON QUEST the Adventure of Dai" [Started operating game cabinets in October]

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Pokémon Mezastar [Operation started in September]

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Developed by T-ARTS and MARV

■ Initiative for modern education.

• Skill up tablet PC "Spica note" [Launched in October]

Kid's PC that nurtures computer skills, and provides enjoyable yet useful education.



Skill-honing Tablet PC Spica note [Released in October]

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Organizational Change of Headquarters

[Announced in October 2020] Organizational change to execute the Company's growth strategy at full scale in the Medium-Term Management Plan, which will commence in the next fiscal year

The organization was reformed to "Business Headquarters Structure" in order to improve corporate value and respond quickly to rapidly changing environments

Functional Headquarters Structure

**R&D
Headquarters**

**Marketing
Headquarters**

**Sales
Headquarters**

**Digital Planning
Headquarters**



Business Headquarters Structure

(1) Brand Business Headquarters

- Promote the long-standing businesses such as TOMICA, PLARAIL, and LICCA doll, which are our core businesses

(3) Hits Business Headquarters

- Develop trend products with the focus on play as the key

(2) Character Business Headquarters

- Expand the owned and licensed character business and continue new IP investment strategy

(4) NEXT Business Headquarters

- Continue to expand the digital business and explore new fields

TOMY International

¥100million

	Six months ending September 30th, 2017	Six months ending September 30th, 2018	Six months ending September 30th, 2019	Six months ending September 30th, 2020	
Sales	Actual	Actual	Actual	Actual	Change
Americas	122	97	86	88	+2
Europe	37	28	26	25	-1
Oceania	11	9	7	9	+2

*Sales represent figures of the Company's segments in its earnings reports

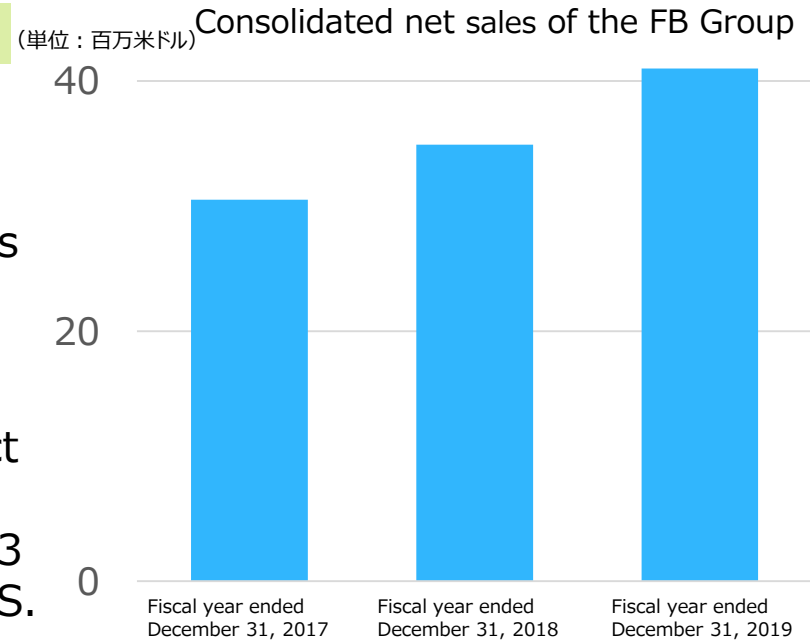
- Additional Lockdowns and the subsequent outing restrictions boosted stay-at-home demand and e-commerce purchases.
- ✓Sales of essential daily goods such as feeding and potties grew.
- ✓In the agricultural vehicle toy category, ride-on toys which can be used in the consumer's backyard gained momentum.
- ✓In Europe, the DRUMMOND PARK branded products, which distribution rights we acquired in FY2019, showed steady sales.



Acquisition of subsidiaries by TOMY International

Outline of the Fat Brain Group (“FB Group”)

- Location: Nebraska, U.S.A.
 - Independent toy company founded in 2002
 - FB Group owns a direct-to-consumer infrastructure, enabling them to sell products directly to the consumers.
 - The direct-to-consumer infrastructure enables FB Group to gather direct consumer feed backs, which is leveraged in the product development process.
 - FB Group distributes toys to consumers in 33 countries around the world, including the U.S.
- Consolidated net sales of the FB Group



Reason for acquisition of interests

1. FB Group’s unique toy product lineups which were developed based on feedbacks from consumers fits with TOMY International Group’s mission to “Make the World Smile.”
2. FB Group’s D2C platform will contribute to further growth of the TOMY International Group.
3. The D2C platform will contribute to a speedy response to the current and future changes in consumers’ purchasing behavior, which is caused by the spread of COVID-19.
4. As TOMY Company moves forward to evolve into a truly global company, it is important to expand Tomy’s presence in North America, which is the largest toy market in the world.



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.