

# **TOMY Company, Ltd. Fiscal Year 2020 Results (April 1,2020-March 31,2021)**

**May 11, 2021  
TSE Securities Code: 7867**

# **FY2020 Financial Highlights (April 1, 2020-March 31, 2021)**

May 11, 2021

Goshiro Ito  
TOMY Company, Ltd.  
Head of Corporate Administrations

# Consolidated Income Statements

¥100 million

	FY2020			FY2019	Difference
	Actual	Revised (Apr 30, 2021)	Announced (Aug 13, 2020)	Actual	
Net sales	1,412	1,410	1,450	1,648	-236
Cost of Sales	859	—	—	984	-125
Gross Profit	552	—	—	663	-111
Operating profit	70	70	55	106	-36
Operating Profit Margin	5.0%	5.0%	3.8%	6.4%	-1.4%
EBITDA	142	—	—	187	-45
Ordinary Profit	71	71	55	102	-31
Profit Attributable to Owners of Parent	53	53	30	45	+8

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

- ◆ Net sales  
Net sales fell slightly below initial plans as the retail and event businesses faced heavy odds throughout the year as movie openings were postponed and various events were canceled, postponed, and reduced under conditions in which the COVID-19 pandemic continued throughout the year.
- ◆ Operating profit  
Operating profit grew and exceeded the original plan by continuing to control costs in the COVID-19 pandemic in addition to income support from the high gross margin toy business and the recent addition of the Fat Brain Group, an independent U.S. toy company, to the consolidated performance as a consolidated subsidiary in October last year.
- ◆ Profit Attributable to Owners of Parent  
In addition to the operating profit growth described above, profit attributable to owners of parent increased due to the impact of the recording of foreign exchange gains, the sale of cross-shareholdings, and the recording of other extraordinary income.
- ◆ Increased dividend and the acquisition of treasury shares  
A resolution was passed at the Board of Directors meeting held today (May 11, 2021) stating that in consideration of the performance and return to shareholders, the year-end dividend would be increased by 2.50 yen to 10 yen (ordinary general meeting of shareholders discussion) and treasury shares would be acquired with an upper limit of 500,000 shares and 500 million yen.

\* Sum of amortization of goodwill and intangible assets associated with the acquisition of TOMY International (TI): ¥1.8 bil for the FY under review; ¥1.9 bil for the previous FY

\* EBITDA=Operating profit + depreciation + amortization of goodwill\* Dollar conversion rate: ¥106.06 during the FY under review; ¥108.73 during the previous FY

# SG&A Breakdown

¥100 million

	FY2020	FY2019	Difference
SG&A (total)	481	556	-75
Personnel expenses	162	172	-10
Advertising expenses	100	145	-45
R&D expenses	39	45	-6
Distribution expenses	65	62	+3
Amortization of goodwill and intangible assets associated with acquisition of TI	18	19	-1
	\$ 17MM	\$ 17MM	± \$ 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.
- Compared to the 6.6 billion yen year on year decline in the first half, various expenses leading to income were invested which led to halt the year on year decline during the second half to 900 million yen.

# <Operating results by segment>

¥100 million

		FY2020	FY2019	Difference
Net sales		1,412	1,648	-236
	Japan	1,133	1,389	-256
	Americas	218	172	+46
	Europe	59	55	+4
	Oceania	19	14	+5
	Asia	414	514	-100
	Eliminations and corporate	-433	-497	+64
Operating profit/ (loss)		70	106	-36
	Japan	90	136	-46
	Americas	2	-0	+2
	Europe	-0	-9	+9
	Oceania	1	-1	+2
	Asia	7	12	-5
	Eliminations and corporate	-29	-30	+1

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

## ◆ Operating results by segment

- While earnings were sluggish in Japan and Asia compared to the previous year during the COVID-19 pandemic, they trended steadily in Europe, U.S. and Australia with a focus on baby products sold through e-commerce sales channels.

# Net Sales by Region

¥100 million

Region	Fiscal year 2020	FY2019	Change
Japan	872	1,105	-233
North America	318	281	+37
Europe	73	78	-5
Oceania	25	19	+6
Asia	114	151	-37
Others	6	11	-5
Total	1,412	1,648	-236
Ratio of overseas sales	38.2%	32.9%	+5.3%

\* Net sales are categorized into a country or region based on the customer's location.

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

- ◆ Japan  
Sales opportunities decreased due to the COVID-19 pandemic, and the sales decline continued during the second half especially in the retail business, event business, and GACHA capsule toys business.
- ◆ Europe, U.S. and Australia  
Sales continued to trend steadily with a focus on baby products sold through e-commerce sales channels.
- ◆ Asia  
There was no issue on the operation of supply chain, including manufacturing and logistics.  
Sales were favorable in China, where the impact of the coronavirus has lessened, while the impact of lockdowns in many regions of Asia primarily during the first half caused a sales decline.

# Consolidated Balance Sheets Breakdown

## ■ Major year-on-year items changed

¥100 million

Account	FY2020	FY2019	Change
Inventories	146	150	-4
Japan	82	93	-11
Overseas	76	69	+7
Elimination of unrealized profits	-11	-12	+1

Total Interest Bearing Debt	423	296	+127
Net cash (Cash and deposits less borrowings)	212	173	+39

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

<US\$ FX rate at end of FY>FY2020 ¥110.71 FY2019 108.83

		FY2020	FY2019	Difference
Goodwill balance of TI	SSM	143	135	+8
	¥100 million	159	147	+12
Intangible assets balance of TI	SSM	70	58	+12
	¥100 million	77	63	+14

Goodwill and intangible assets increased due to the acquisition of the Fat Brain Group, an independent U.S. toy company, in October of last year, and its conversion into a subsidiary of TOMY International, Inc.

# **New** Medium-Term Management Plan

FY2021 - FY2023

**May 11, 2021**

**Kazuhiro Kojima**

**Representative Director, President & COO**



- I -

# Review of the Previous Medium-Term Management Plan

# Details and Results of the Previous Medium-Term Management Plan (FY2018 - FY2020)

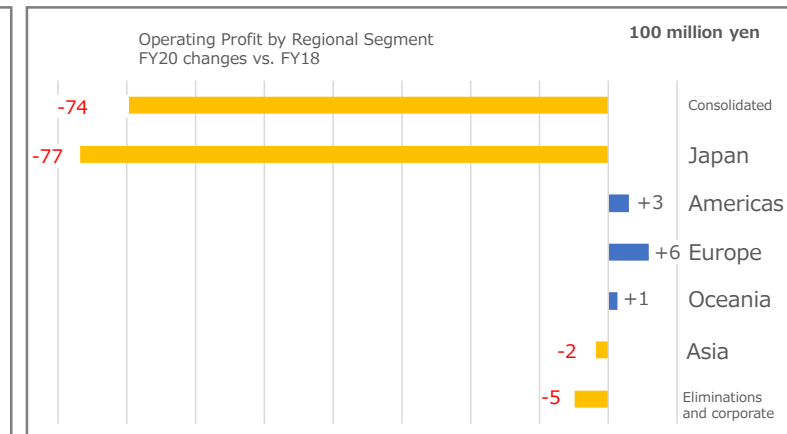
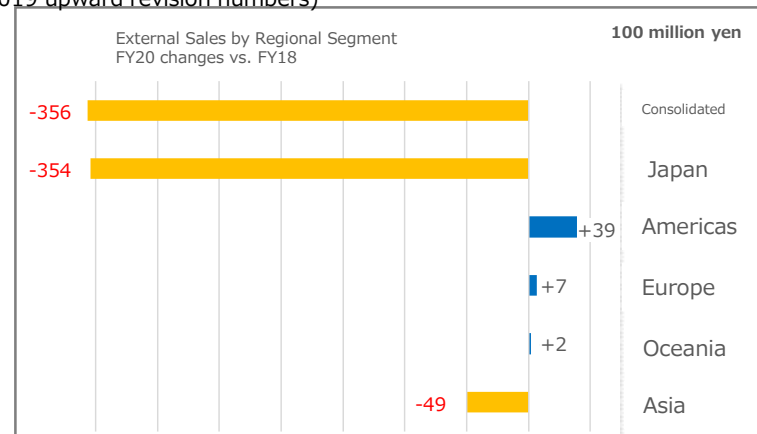
## ■ Previous Medium-Term Management Plan FY2017 Financial Results Presentation (held on May 16, 2018)

	Numbers announced in May 2018 [Planned]		Numerical results for FY18 and FY20 [Results]		FY18 and FY20 results [differences]
	FY2018 Plan	FY2020 Plan	FY2018 Results	FY2020 Results	Changes (FY20 vs. FY18 results)
Net sales	172.0 billion yen	190.0 billion yen	176.8 billion yen	141.2 billion yen	-35.6 billion yen
Operating profit	10.0 billion yen	14.0 billion yen (*16.0 billion yen)	14.4 billion yen	7.0 billion yen	-7.4 billion yen
EBITDA	18.0 billion yen	23.0 billion yen (*25.0 billion yen)	22.4 billion yen	14.2 billion yen	-8.2 billion yen
Equity ratio	42.0%	50.0% (*55.0%)	46.5%	47.1%	+0.6%

(\*May 15, 2019 upward revision numbers)

## ■ Difference between FY18 and FY20 results

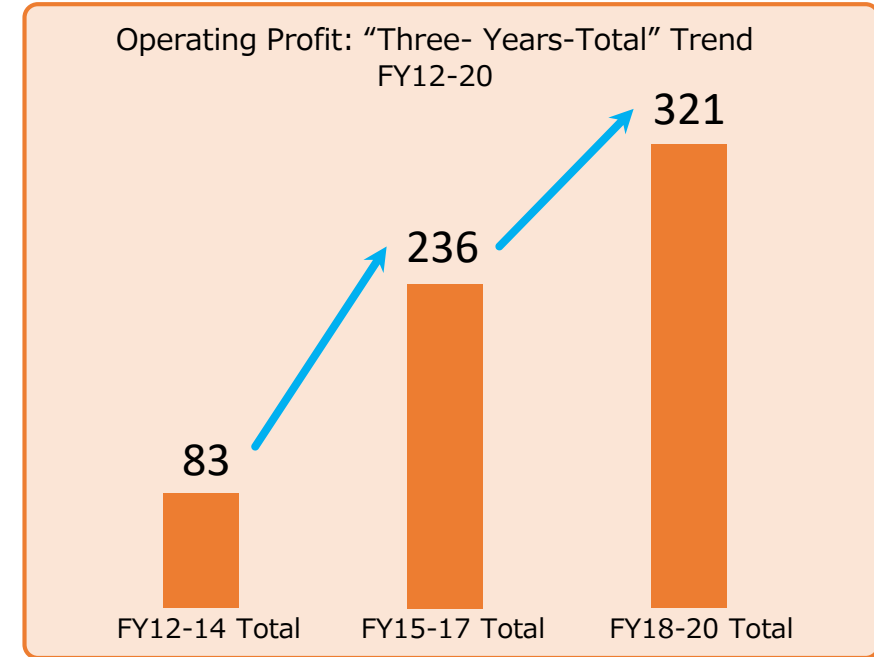
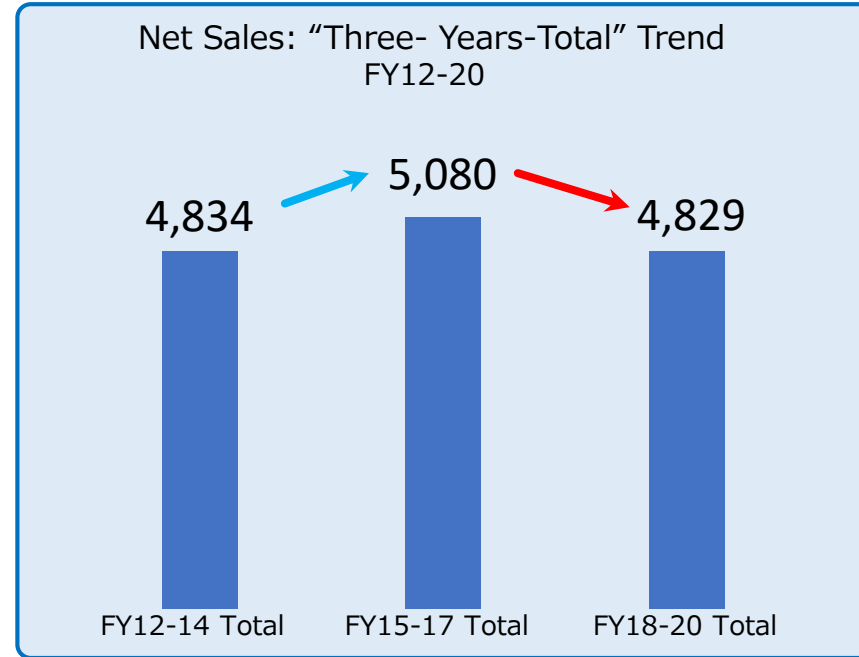
Net sales	Japan	-35.4 billion yen
	Asia	-4.9 billion yen
	Americas	Recovery trend
Operating profit	Japan	-7.7 billion yen
	Overseas	Recovery trend



# FY2012 to FY2020 "Three-Years-Total" Trends (Net Sales and Profit)

## ■ Continuous improvement of profitability

Trend of three-years-total, namely FY12-14, FY15-17 and FY18-20, shows that while the net sales are flat, the operating profit has grown with a CAGR of approximately 25%.



100 million yen	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY12-14 Total	FY15-17 Total	FY18-20 Total
<b>Net sales</b>	1,787	1,548	1,499	1,630	1,676	1,773	1,768	1,648	1,412	<b>4,834</b>	<b>5,080</b>	<b>4,829</b>
<b>Operating profit</b>	25	33	24	26	77	132	144	106	70	<b>83</b>	<b>236</b>	<b>321</b>
<b>Ordinary Profit</b>	26	33	20	14	78	124	143	102	71	<b>79</b>	<b>217</b>	<b>316</b>
<b>Net Profit</b>	-71	2	-18	-67	53	79	93	45	53	<b>-87</b>	<b>66</b>	<b>191</b>

CAGR: Compound Annual Growth Rate

# Review of the Previous Mid-term Business Strategy

## 1. Drive Owned Global Brand Strategy

**The “third pillar” is yet to be established. The company is at “seed planting” stage.**

- ✓ Launched new hobby brand (BOTTLEMAN)
- ✗ ZOIDS was short of plan.

## 2. Create Owned Brand for Asia including Japan

**While the results were short of plan, the Company kicked-off new brands and IP that have presence.**

- ✓ SHINKALION, TV animated series for TOMICA (DRIVE HEAD/EARTH GRANNER) as well as live-action warrior content achieved certain level of acknowledgement rate and the shows were successfully established as continued programs.
- ✗ However, they were not huge hits in Asian countries.

## 3. Category No. 1 Strategy

**Unable to achieve No. 1 in hobby & cards categories**

- ✓ Despite the declined sales, TOMICA, PLARAIL, and LICCA continued to achieve No.1 share in their respective toy categories.
- ✓ In the hobby category, BEYBLADE and LOL have captured significant shares but entered a downward trend
- ✗ Trading Card Game category was soft as a result of the new edition not matching the needs of its targets.

## 4. Expansion of businesses targeting kids and the elderly

**Business opportunities for segments outside of the Company's traditional targets (children) were identified.**

- ✓ “TOMICA Premium” targeting adult collectors were popular.
- ✓ “DUEL MASTERS PLAY'S” app was below plan but realized a stable revenue stream.

## 5. Business expansion in Asia

**TOMICA sales grew, but the slow down of Beyblade led to shortfall against plan.**

- ✓ TOMICA increased revenue in the Chinese market for the 3 consecutive years.
- ✓ Ania achieved to become a core brand in Asia.
- ✗ Significant sales decline of Beyblades, as it nears the end of its present cycle.

## 6. Full recovery of American and European businesses

**Recovery of existing core brands turned the sales trend from negative to positive.**

- ✓ Stay-at-home demands amidst CV-19 pandemic boosted both the acknowledgement rate and sales of Juvenile categories (TFY and BOON) and John Deere licensed agriculture themed toys.
- ✓ Losses were significantly reduced through restructuring of the European business (targeting to generate profit in FY21).
- ✓ Acquisition of Fat Brain (D2C business) as growth driver.

### Value creation

While plan was not achieved, the Company made progress towards achieving capabilities (development of games and visual contents IP) that would lead to growth in the next mid-term.

### Regions

Sales in Americas and Europe are on recovery trajectory. On the other hand, revenues in Asia including Japan showed large declines.

### Consumers

Business opportunities that could appeal to new targets not restricted to our traditional core targets (children) were identified.

## Agenda carried forward from the Medium-Term Management Plan

- Continue to improve IP investment strategy's ROI.
- Build on the strength of digital game business and further strengthen the Company's business foundation.
- Further improvement of revenue and profits of the American and European subsidiaries, and generate synergies with Fat Brain business.
- Continue to build the Company's foundation in Asian market.
- Regain No.1 share in Trading Card Game category and fortify the Company's position in the market with hobby and pet toy categories.



## Acknowledgement of business environment, prolonged impact of new coronavirus, and rapid change of management environment.

- Rapidly declining birth rate in Japan
- New segment: kidults, who are young at heart, are increasing globally.
- Rapid promotion of DX through IT evolution.
- Acceleration of the digital economy
- Various changes in values (ESG/SDGs)



**Reform towards  
sustainable growth**

- II -

Our Vision

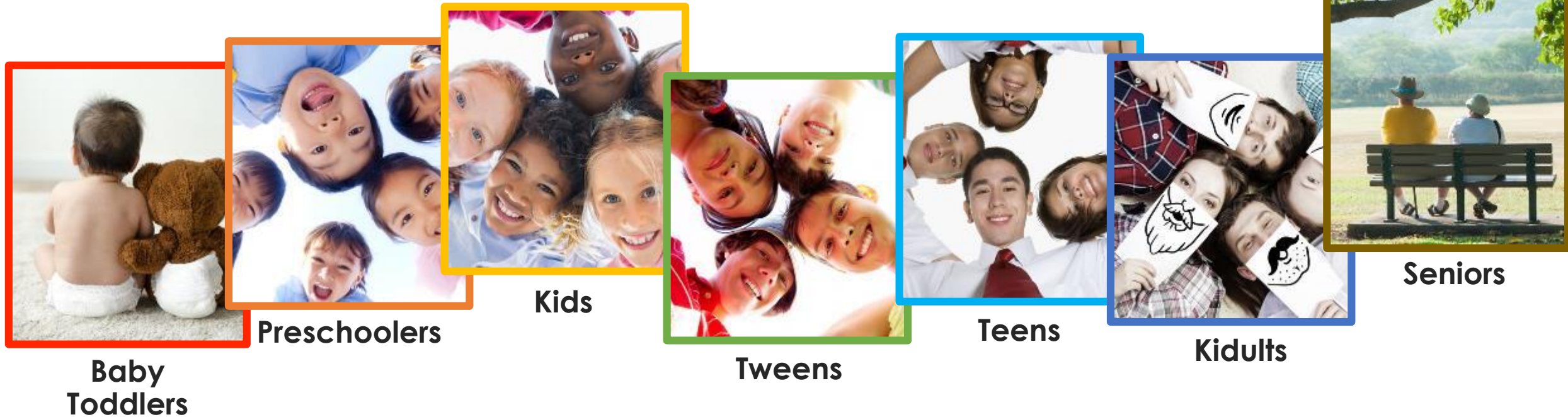
*asobi*

“asobi” is a Japanese word for “play”, “amusement”, “diversion”, “pastime” and more.



## Expand Lifetime Value

Children discovering play + adults rediscovering play = segment expansion



Bringing new values to ALL people around the world who love *asobi*.



# Changing the Methods of Monetization



**Expanding beyond our starting point,  
toys and children.**

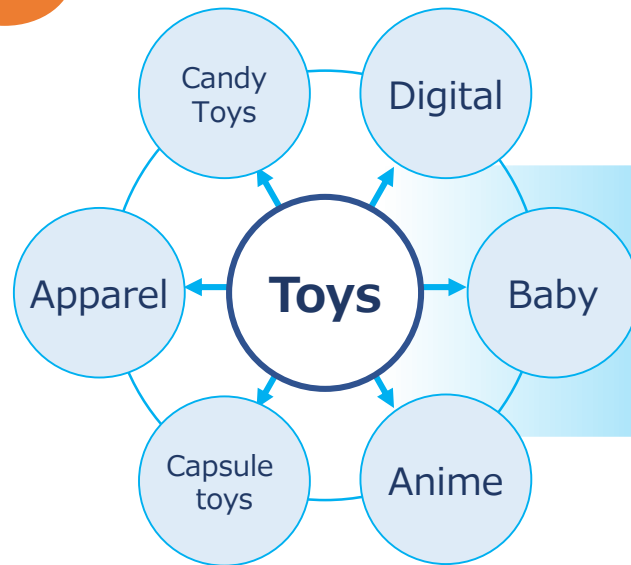


# Shifting our core driver towards sustainable growth from “toys” to “asobi”.

## Until now

Target

Mainly children 3-6 yrs and their parents.

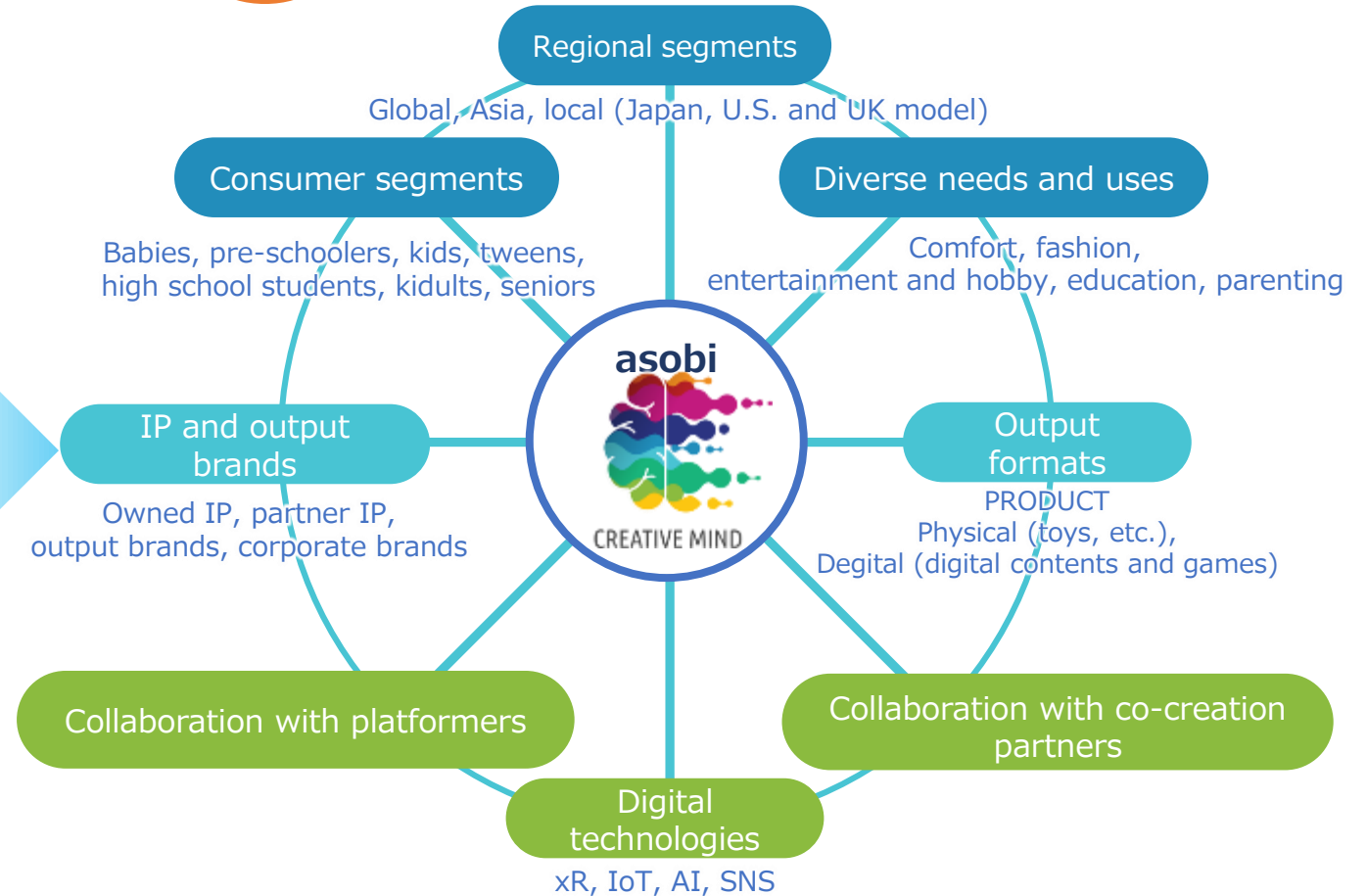


Effectively  
combine and  
create business  
with focus on  
**asobi**.

## From now

Target

All people around the world who love PLAY.



Shifting our starting point from “toys” to “asobi”.

We believe *asobi* makes the world better,  
therefore, we will contribute to the future global society through *asobi*.

## Promoting agelessness

In response to the diversifying lifestyles,  
we will offer services to the global  
market, not only for our traditional  
customers who are babies and  
children, but ALL people  
who love *asobi*.

## Expanding business domains

We will create businesses and products  
with high information-added-value,  
through cutting-edge technologies and  
our collaborations with partners from  
other business domains.

## Problem Solving Powers

We will think out of the box,  
and address issues with  
innovative and creative mindset.



# We will leverage our strengths globally, and build the foundation towards Sustainable Growth.

- Quickly rebuild the revenue base in Japan
- Improve profitability in the US, Europe and Asia by leveraging existing brands that have strong local presences.
- Prepare to expand **asobi** focused business domains for future growth.
- These 3 years will be a period to prepare towards further global growth.

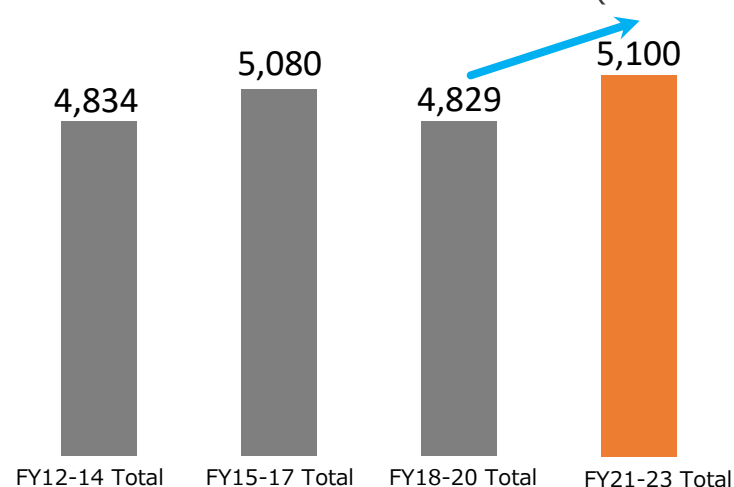
# Medium-Term Plan FY2023

	Net sales	Operating profit	EBITDA	Equity	Equity ratio	ROE
<b>FY2023</b>	185.0 billion yen	15.0 billion yen	22.0 billion yen	Over 80.0 billion yen	Over 55.0%	Over 12%
<b>FY2020</b>	141.2 billion yen	7.0 billion yen	14.2 billion yen	69.5 billion yen	47.1%	7.9%

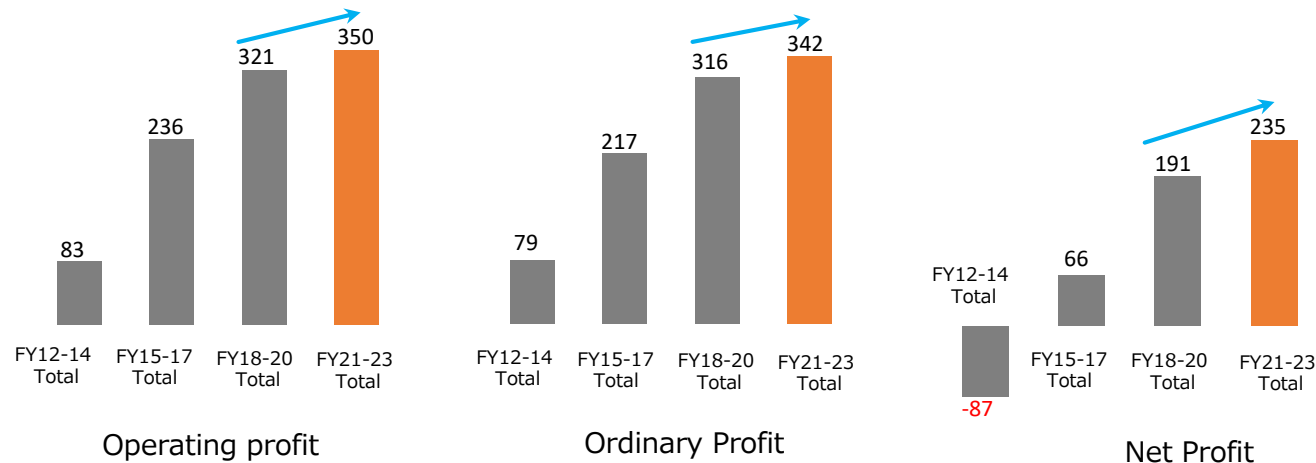
Units (100 million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Net sales</b>	1,630	1,676	1,773	1,768	1,648	1,412	1,550	1,700	1,850
<b>Operating profit</b>	26	77	132	144	106	70	80	120	150
<b>Ordinary Profit</b>	14	78	124	143	102	71	76	118	148
<b>Net Profit</b>	-67	53	79	93	45	53	65	75	95

Net Sales: Three-Years-Total Trend (FY12 – 23)



KPI: Three-Years-Total Trend (FY12-23)



- III -

# Corporate Strategy

**Akio Tomiyama**  
**Board Director, Senior Executive Officer**  
**Chief Head of Business HQ**



# Corporate Strategy

**1** Grow core brands based on their strengths

**2** Create big hits in Japan

**3** The continuation of IP investment

**4** Launch new businesses with *asobi* as key

**5** Create new value by utilizing DX for value chain

**6** Sustainability and CSR initiatives

## Functional strategies which support sustainable business growth

### Planning and Development

- Product development targeting at global markets
- Business research directed at new markets

### Production

- Automation
- Further expansion of capacity outside of China

### Marketing

- Feed market information which strongly reflects consumer opinions back to Planning and Development
- Active D2C expansion

### Finance

- Secure investment resources directed at the next generation through stable cash creation

# Strategy 1. Grow core brands based on their strengths

Extensive palette of original and partner brands that are accepted in Japan and other countries

## Effective brands by regions

Local	Hybrid	Asia	Global
     	Japan and U.S.    U.S. and U.K.  	  Partner IP	  
Brand development that understands regional needs			








## Product Formats



Physical
Toys Amusement Machines Candy Toys Daily Consumer products
Digital
Digital games Video contents



## Age segments

	<b>Baby</b>
	<b>Toddlers</b>
	<b>Preschoolers</b>
	<b>Kids</b>
	<b>Tweens</b>
	<b>Teens</b>
	<b>Kidults</b>
	<b>Seniors</b>

© TOMY ©T-ARTS

TM & © Wizards of the Coast/Shogakukan/Mitsui-Kids

©Hiro Morita, BBBProject © TOMY



## Strategy 2. Create Big Hits in Japan



Pitch products with potential to gain No.1 position in each category.



Create hits with our partners.



IP partners & Overseas toy manufacturing partners

Watch this space for an array of collaborated projects!  
!



# Strategy 3. The continuation of IP investment

## Video content schedule

FY2021



© TOMY  
©PJ-S,J/SZ,TX



©MAZICA PARTY PROJECT • TVO

FY2022

FY2022  
A Big Partner's Movie  
X



© TOMY, OLM/LP Project,TV TOKYO

FY2021  
Content 1

FY2021  
Content 2

FY2022  
Content 1

FY2022  
Content 2

FY2022  
Content 3

# Strategy 4. Launch a new businesses with *asobi* as key

## Fashion entertainment for teens to adults

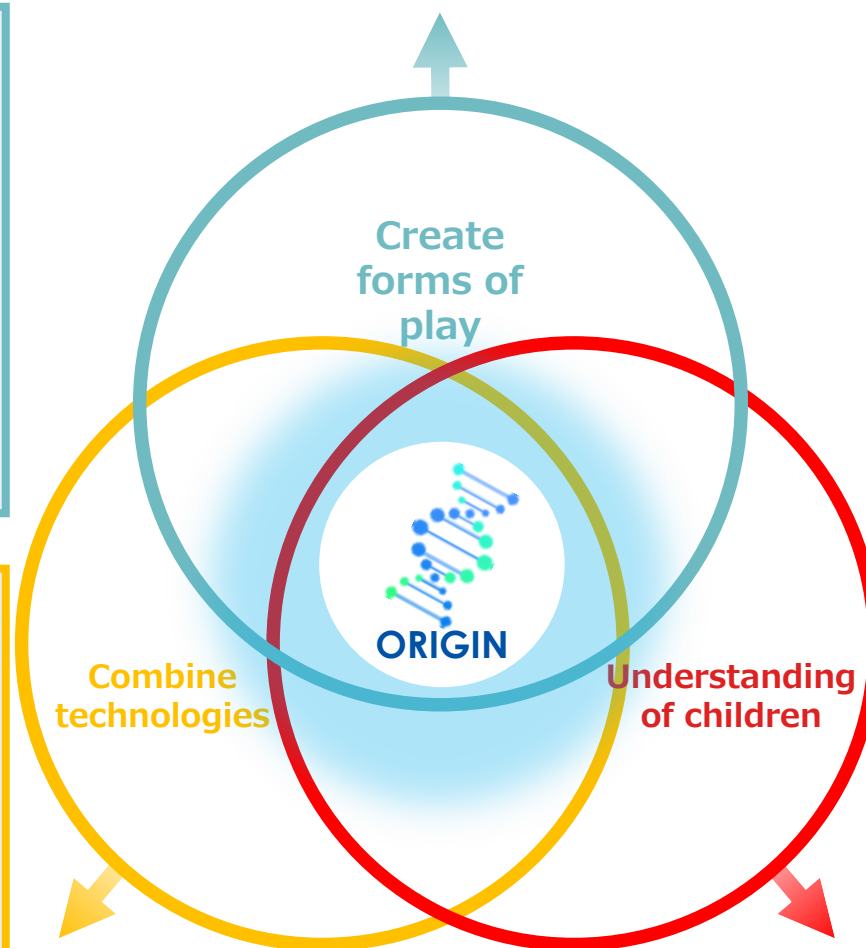
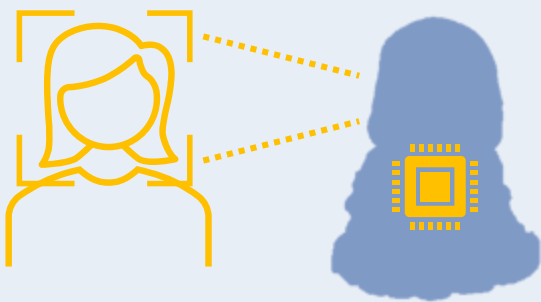


## Play utilizing new platforms



## Life robots for the elderly segment

Equipped with facial recognition utilizing an AI image recognition chip



## GIGA school concept peripheral business



# Strategy 5. Create new value by utilizing DX for value chain

## Digital Transformation

**Sales**

Optimise sales activities  
by utilizing digital  
technologies

**D2C**

Expand LTV\* by utilizing  
customer clustering analysis

**R&D**

AI usage for toy  
development process



\*Life Time Value


























TAKARATOMY All Rights Reserved



The New Medium-Term Management Plan P20

# Strategy 6. Sustainability and CSR Initiatives

## TOMY Group Social Responsibility Framework

Our Three Pillars of Social Responsibility	Material Issues	Social Responsibility through Business	Medium-term sustainability targets and KPIs(FY2021-FY2023)
Pillar1 Commitment to Quality Manufacturing	1. Ensuring confidence, safety, and quality	 	<ul style="list-style-type: none"> <li>Restructure the framework and methods for managing toxic chemical substances including during manufacturing</li> <li>Internal SDGs training to create ethical products and services : 100% of employees by the end of March 2024</li> </ul>
	2. Creating new products, services, and IP	   	
	3. Promoting universal design	 	
Pillar2 Sound Management	4. Organizational governance and communication with stakeholders	   	<ul style="list-style-type: none"> <li>Establish and operate a committee focusing on sustainability management</li> <li>Internal training on corporate ethics: 100% of employees by the end of March 2024</li> </ul>
	5. Active participation of diverse personnel	   	<ul style="list-style-type: none"> <li>Internal training on diversity : 100% of employees by the end of March 2024</li> <li>20% female manager ratio</li> </ul> <p><small>*We have set a deadline of the end of March 2026 to coincide with our action plan based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace.</small></p> <ul style="list-style-type: none"> <li>Achieve and maintain the mandatory 2.3% employment ratio of persons with disabilities</li> <li>Conduct an employee engagement survey and identify any “job satisfaction” issues</li> </ul>
	6. Responsible procurement	    	<ul style="list-style-type: none"> <li>Implement three activities               <ul style="list-style-type: none"> <li>(1) Build awareness of responsible procurement policies</li> <li>(2) Systematize responsible procurement management</li> <li>(3) Identify issues and sites with high CSR-related risks</li> </ul> </li> </ul>
Pillar3 Coexisting with Society and the Environment	7. Environmental management	 	<ul style="list-style-type: none"> <li>Aim to reduce and recycle petroleum-derived plastics in packaging and products, begin demonstration verifications, and disclose progress</li> <li>Formulate long-term CO2 reduction targets by March 2024</li> <li>Restructure our group waste management framework</li> </ul>
	8. Encouraging education and culture through our business	 	



We want to be at the top of your wish list.  
We make our creations look so **attractive**.  
Furthermore they give you **superior fresh surprise and sensation**  
when you access our *asobi*, **move your emotions** and uplift your  
feelings as you engage with our *asobi*,  
and light up your face with **a big, big smile!**

throughout 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.