

Translation

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August 8, 2017

CONSOLIDATED FINANCIAL RESULTS for the First Three Months of the Fiscal Year Ending March 31, 2018 <under Japanese GAAP>

Company name: **TOMY COMPANY, LTD.**
Listing: First Section of the Tokyo Stock Exchange
Securities identification code: 7867
URL: <http://www.takaratomy.co.jp/>
Representative: Harold George Meij, Representative Director, President and CEO
Inquiries: Hiroya Kutsuzawa, Senior Executive Officer
Head of Corporate Administrations
TEL: +81-3-5654-1548 (from overseas)

Scheduled date to file quarterly securities report: August 10, 2017
Scheduled date to commence dividend payments: –
Supplementary material on quarterly financial results: None
Quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(in millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first three months of the fiscal year ending March 31, 2018 (From April 1, 2017 to June 30, 2017)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

| Three months ended | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-----------------|------|------------------|---|-----------------|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| June 30, 2017 | 38,487 | 13.9 | 1,835 | – | 1,699 | – | 1,218 | – |
| June 30, 2016 | 33,789 | 2.1 | (151) | – | (807) | – | (1,033) | – |

Note: Comprehensive income
Three months ended June 30, 2017: 1,203 million yen [– %]
Three months ended June 30, 2016: (4,843) million yen [– %]

| Three months ended | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| | yen | yen |
| June 30, 2017 | 13.04 | 12.88 |
| June 30, 2016 | (12.03) | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------|-----------------|-----------------|--------------|----------------------|
| As of | Millions of yen | Millions of yen | % | yen |
| June 30, 2017 | 144,330 | 52,913 | 36.3 | 557.56 |
| March 31, 2017 | 157,693 | 51,611 | 32.4 | 548.45 |

Reference: Equity
As of June 30, 2017: 52,396 million yen
As of March 31, 2017: 51,062 million yen

2. Cash dividends

| | Annual dividends | | | | |
|--|-------------------|--------------------|-------------------|----------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Year-end | Total |
| | yen | yen | yen | yen | yen |
| Fiscal year ended March 31, 2017 | – | 5.00 | – | 5.00 | 10.00 |
| Fiscal year ending March 31, 2018 | – | | | | |
| Fiscal year ending March 31, 2018 (Forecast) | | 5.00 | – | 5.00 | 10.00 |

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018

(From April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---|-----------------|-----|------------------|------|-----------------|------|---|-------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | yen |
| Six months ending September 30, 2017 | 80,000 | 4.3 | 3,000 | 15.7 | 2,800 | 73.3 | 2,100 | 250.4 | 24.19 |
| Fiscal year ending March 31, 2018 | 170,000 | 1.4 | 8,000 | 3.3 | 8,000 | 2.3 | 5,500 | 2.4 | 63.35 |

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

- (1) **Changes in significant subsidiaries during the three months under review** (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) **Application of specific accounting for preparing quarterly consolidated financial statements:** Yes
- (3) **Changes in accounting policies, changes in accounting estimates, and restatement**
 - A. Changes in accounting policies due to revisions to accounting standards: None
 - B. Changes in accounting policies due to other reasons: None
 - C. Changes in accounting estimates: None
 - D. Restatement: None
- (4) **Number of issued shares (common shares)**
 - A. Total number of issued shares at the end of the period (including treasury shares)

| | |
|----------------------|-------------------|
| As of June 30, 2017 | 96,290,850 shares |
| As of March 31, 2017 | 96,290,850 shares |

- B. Number of treasury shares at the end of the period

| | |
|----------------------|------------------|
| As of June 30, 2017 | 2,316,509 shares |
| As of March 31, 2017 | 3,186,873 shares |

- C. Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | |
|----------------------------------|-------------------|
| Three months ended June 30, 2017 | 93,461,957 shares |
| Three months ended June 30, 2016 | 85,913,207 shares |

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

Quarterly Consolidated Financial Statements
(1) Consolidated balance sheet

(Millions of yen)

| | As of March 31, 2017 | As of June 30, 2017 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 58,623 | 41,108 |
| Notes and accounts receivable - trade | 20,942 | 21,678 |
| Merchandise and finished goods | 13,982 | 16,464 |
| Work in process | 328 | 447 |
| Raw materials and supplies | 1,286 | 1,316 |
| Deferred tax assets | 1,931 | 1,767 |
| Other | 5,965 | 6,714 |
| Allowance for doubtful accounts | (168) | (171) |
| Total current assets | 102,891 | 89,326 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 13,381 | 13,572 |
| Accumulated depreciation | (8,530) | (8,595) |
| Accumulated impairment loss | (412) | (415) |
| Buildings and structures, net | 4,437 | 4,560 |
| Machinery, equipment and vehicles | 2,337 | 2,363 |
| Accumulated depreciation | (1,605) | (1,649) |
| Accumulated impairment loss | (17) | (17) |
| Machinery, equipment and vehicles, net | 714 | 696 |
| Tools, furniture and fixtures | 21,982 | 22,535 |
| Accumulated depreciation | (19,137) | (19,689) |
| Accumulated impairment loss | (458) | (472) |
| Tools, furniture and fixtures, net | 2,387 | 2,374 |
| Land | 4,194 | 4,128 |
| Leased assets | 7,762 | 6,660 |
| Accumulated depreciation | (4,161) | (3,133) |
| Accumulated impairment loss | (0) | (0) |
| Leased assets, net | 3,599 | 3,526 |
| Construction in progress | 485 | 1,011 |
| Total property, plant and equipment | 15,819 | 16,296 |
| Intangible assets | | |
| Goodwill | 20,468 | 20,071 |
| Other | 13,446 | 13,092 |
| Total intangible assets | 33,915 | 33,163 |
| Investments and other assets | | |
| Investment securities | 2,584 | 2,773 |
| Deferred tax assets | 207 | 269 |
| Other | 2,294 | 2,520 |
| Allowance for doubtful accounts | (49) | (44) |
| Total investments and other assets | 5,037 | 5,518 |
| Total non-current assets | 54,772 | 54,978 |
| Deferred assets | | |
| Bond issuance cost | 29 | 25 |
| Total deferred assets | 29 | 25 |
| Total assets | 157,693 | 144,330 |

(Millions of yen)

| | As of March 31, 2017 | As of June 30, 2017 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 9,477 | 11,077 |
| Short-term loans payable | 7,099 | 7,285 |
| Current portion of long-term loans payable | 4,408 | 4,406 |
| Lease obligations | 2,287 | 2,295 |
| Accounts payable - other | 7,809 | 7,573 |
| Accrued expenses | 8,881 | 6,498 |
| Income taxes payable | 2,038 | 594 |
| Provision | 712 | 532 |
| Other | 934 | 1,924 |
| Total current liabilities | 43,649 | 42,188 |
| Non-current liabilities | | |
| Bonds payable | 10,000 | 10,000 |
| Long-term loans payable | 43,240 | 30,221 |
| Lease obligations | 950 | 911 |
| Deferred tax liabilities | 2,293 | 2,337 |
| Deferred tax liabilities for land revaluation | 472 | 472 |
| Provision for directors' retirement benefits | 141 | 147 |
| Net defined benefit liability | 3,034 | 2,958 |
| Other | 2,300 | 2,178 |
| Total non-current liabilities | 62,432 | 49,227 |
| Total liabilities | 106,082 | 91,416 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,459 | 3,459 |
| Capital surplus | 9,045 | 9,077 |
| Retained earnings | 29,264 | 30,017 |
| Treasury shares | (2,073) | (1,507) |
| Total shareholders' equity | 39,696 | 41,047 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 735 | 872 |
| Deferred gains or losses on hedges | 1,133 | 1,090 |
| Revaluation reserve for land | 364 | 364 |
| Foreign currency translation adjustment | 9,999 | 9,868 |
| Remeasurements of defined benefit plans | (866) | (847) |
| Total accumulated other comprehensive income | 11,366 | 11,349 |
| Subscription rights to shares | 182 | 147 |
| Non-controlling interests | 365 | 369 |
| Total net assets | 51,611 | 52,913 |
| Total liabilities and net assets | 157,693 | 144,330 |

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Millions of yen)

| | Three months ended June 30, 2016 | Three months ended June 30, 2017 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 33,789 | 38,487 |
| Cost of sales | 20,806 | 23,116 |
| Gross profit | 12,982 | 15,371 |
| Selling, general and administrative expenses | 13,133 | 13,535 |
| Operating profit (loss) | (151) | 1,835 |
| Non-operating income | | |
| Interest and dividend income | 31 | 68 |
| Rent income | 39 | 37 |
| Other | 17 | 18 |
| Total non-operating income | 88 | 124 |
| Non-operating expenses | | |
| Interest expenses | 157 | 150 |
| Foreign exchange losses | 536 | 52 |
| Other | 49 | 57 |
| Total non-operating expenses | 743 | 260 |
| Ordinary profit (loss) | (807) | 1,699 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | 18 |
| Gain on reversal of subscription rights to shares | 55 | 6 |
| Other | 3 | - |
| Total extraordinary income | 60 | 24 |
| Extraordinary losses | | |
| Impairment loss | 22 | - |
| Other | 1 | - |
| Total extraordinary losses | 23 | - |
| Profit (loss) before income taxes | (770) | 1,723 |
| Income taxes | 258 | 501 |
| Profit (loss) | (1,028) | 1,222 |
| Profit attributable to non-controlling interests | 4 | 4 |
| Profit (loss) attributable to owners of parent | (1,033) | 1,218 |

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

| | Three months ended June 30, 2016 | Three months ended June 30, 2017 |
|--|-------------------------------------|-------------------------------------|
| Profit (loss) | (1,028) | 1,222 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (196) | 137 |
| Deferred gains or losses on hedges | (766) | (42) |
| Foreign currency translation adjustment | (2,924) | (133) |
| Remeasurements of defined benefit plans, net of tax | 72 | 18 |
| Total other comprehensive income | (3,815) | (19) |
| Comprehensive income | (4,843) | 1,203 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (4,848) | 1,198 |
| Comprehensive income attributable to non-controlling interests | 4 | 4 |

(3) Consolidated statement of cash flows

(Millions of yen)

| | Three months ended June 30, 2016 | Three months ended June 30, 2017 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | (770) | 1,723 |
| Depreciation | 1,667 | 2,017 |
| Impairment loss | 22 | – |
| Amortization of goodwill | 350 | 359 |
| Gain on reversal of subscription rights to shares | (55) | (6) |
| Increase (decrease) in allowance for doubtful accounts | (1) | (5) |
| Increase (decrease) in provision for directors' retirement benefits | 1 | 6 |
| Increase (decrease) in net defined benefit liability | (132) | (56) |
| Interest and dividend income | (31) | (68) |
| Interest expenses | 157 | 150 |
| Decrease (increase) in notes and accounts receivable - trade | (901) | (688) |
| Decrease (increase) in inventories | (1,734) | (2,559) |
| Increase (decrease) in notes and accounts payable - trade | 1,772 | 1,486 |
| Increase (decrease) in accounts payable - other | 14 | (957) |
| Increase (decrease) in accrued expenses | (704) | (2,441) |
| Other, net | 685 | 6 |
| Subtotal | 339 | (1,031) |
| Interest and dividend income received | 29 | 68 |
| Interest expenses paid | (148) | (144) |
| Extra retirement payments | (90) | – |
| Income taxes paid | (931) | (1,714) |
| Net cash provided by (used in) operating activities | (800) | (2,821) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (676) | (736) |
| Purchase of intangible assets | (206) | (295) |
| Other, net | 46 | (5) |
| Net cash provided by (used in) investing activities | (837) | (1,037) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (1,512) | 0 |
| Proceeds from long-term loans payable | 2,000 | – |
| Repayments of long-term loans payable | (1,082) | (12,987) |
| Cash dividends paid | (387) | (429) |
| Repayments of finance lease obligations | (797) | (820) |
| Proceeds from disposal of treasury shares | 268 | 554 |
| Other, net | (1) | 8 |
| Net cash provided by (used in) financing activities | (1,513) | (13,673) |
| Effect of exchange rate change on cash and cash equivalents | (979) | 16 |
| Net increase (decrease) in cash and cash equivalents | (4,129) | (17,515) |
| Cash and cash equivalents at beginning of period | 39,902 | 58,530 |
| Cash and cash equivalents at end of period | 35,772 | 41,015 |