

Translation

Notice: This English version is a translation of the original Japanese document and is only for reference purposes. In the case where any differences occur between the English version and the original Japanese version, the Japanese version will prevail.



February 7, 2018

CONSOLIDATED FINANCIAL RESULTS
for the First Nine 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: Kazuhiro Kojima, Representative Director & President
 Inquiries: Hiroya Kutsuzawa, Senior Executive Officer
 Head of Corporate Administrations
 TEL: +81-3-5654-1548 (from overseas)

Scheduled date to file quarterly securities report: February 13, 2018
 Scheduled date to commence dividend payments: –
 Supplementary material on quarterly financial results: No
 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 nine months of the fiscal year ending March 31, 2018
(From April 1, 2017 to December 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2017	141,077	7.1	13,714	33.4	13,498	28.0	9,789	24.5
December 31, 2016	131,707	2.8	10,280	82.1	10,542	99.2	7,865	–

Note: Comprehensive income
 Nine months ended December 31, 2017: 10,221 million yen [(13.3) %]
 Nine months ended December 31, 2016: 11,794 million yen [– %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
December 31, 2017	104.29	103.03
December 31, 2016	91.07	89.77

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
December 31, 2017	156,125	61,448	39.0	646.30
March 31, 2017	157,693	51,611	32.4	548.45

Reference: Equity
 As of December 31, 2017: 60,856 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	–	7.00	–		
Fiscal year ending March 31, 2018 (Forecast)				7.00	14.00

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
Fiscal year ending March 31, 2018	177,000	5.6	11,500	48.5	11,500	47.0	7,000	30.3	74.58

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

* Notes

(1) **Changes in significant subsidiaries during the nine 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 December 31, 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 December 31, 2017	2,129,810 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)

Nine months ended December 31, 2017	93,862,909 shares
Nine months ended December 31, 2016	86,370,261 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 December 31, 2017
Assets		
Current assets		
Cash and deposits	58,623	41,477
Notes and accounts receivable - trade	20,942	36,107
Merchandise and finished goods	13,982	15,887
Work in process	328	467
Raw materials and supplies	1,286	1,123
Deferred tax assets	1,931	1,810
Other	5,965	5,881
Allowance for doubtful accounts	(168)	(210)
Total current assets	102,891	102,545
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,381	13,907
Accumulated depreciation	(8,530)	(8,795)
Accumulated impairment loss	(412)	(476)
Buildings and structures, net	4,437	4,635
Machinery, equipment and vehicles	2,337	2,554
Accumulated depreciation	(1,605)	(1,753)
Accumulated impairment loss	(17)	(17)
Machinery, equipment and vehicles, net	714	783
Tools, furniture and fixtures	21,982	22,775
Accumulated depreciation	(19,137)	(20,443)
Accumulated impairment loss	(458)	(485)
Tools, furniture and fixtures, net	2,387	1,846
Land	4,194	4,095
Leased assets	7,762	7,556
Accumulated depreciation	(4,161)	(3,575)
Accumulated impairment loss	(0)	(0)
Leased assets, net	3,599	3,980
Construction in progress	485	272
Total property, plant and equipment	15,819	15,613
Intangible assets		
Goodwill	20,468	19,518
Other	13,446	12,662
Total intangible assets	33,915	32,181
Investments and other assets		
Investment securities	2,584	3,073
Deferred tax assets	207	201
Other	2,294	2,645
Allowance for doubtful accounts	(49)	(152)
Total investments and other assets	5,037	5,768
Total non-current assets	54,772	53,562
Deferred assets		
Bond issuance cost	29	17
Total deferred assets	29	17
Total assets	157,693	156,125

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,477	11,913
Short-term loans payable	7,099	7,580
Current portion of long-term loans payable	4,408	4,418
Lease obligations	2,287	2,598
Accounts payable - other	7,809	7,071
Accrued expenses	8,881	9,478
Income taxes payable	2,038	2,816
Provision	712	1,019
Other	934	1,223
Total current liabilities	43,649	48,120
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	43,240	28,063
Lease obligations	950	1,333
Deferred tax liabilities	2,293	1,802
Deferred tax liabilities for land revaluation	472	472
Provision for directors' retirement benefits	141	139
Net defined benefit liability	3,034	2,730
Other	2,300	2,015
Total non-current liabilities	62,432	46,557
Total liabilities	106,082	94,677
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	9,045	9,087
Retained earnings	29,264	37,708
Treasury shares	(2,073)	(1,389)
Total shareholders' equity	39,696	48,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	735	1,118
Deferred gains or losses on hedges	1,133	1,002
Revaluation reserve for land	364	585
Foreign currency translation adjustment	9,999	10,099
Remeasurements of defined benefit plans	(866)	(816)
Total accumulated other comprehensive income	11,366	11,990
Subscription rights to shares	182	194
Non-controlling interests	365	396
Total net assets	51,611	61,448
Total liabilities and net assets	157,693	156,125

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

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	131,707	141,077
Cost of sales	80,216	82,785
Gross profit	51,490	58,291
Selling, general and administrative expenses	41,210	44,577
Operating profit	10,280	13,714
Non-operating income		
Interest and dividend income	73	150
Foreign exchange gains	679	63
Rent income	116	115
Other	71	97
Total non-operating income	940	427
Non-operating expenses		
Interest expenses	470	411
Other	208	230
Total non-operating expenses	679	642
Ordinary profit	10,542	13,498
Extraordinary income		
Gain on sales of non-current assets	13	20
Gain on reversal of subscription rights to shares	55	8
Reversal of provision for contingent loss	29	–
Gain on sales of investments in capital	–	207
Other	3	–
Total extraordinary income	102	235
Extraordinary losses		
Impairment loss	569	126
Allowance for recall	–	336
Loss on business withdrawal	–	245
Other	6	45
Total extraordinary losses	576	753
Profit before income taxes	10,068	12,980
Income taxes	2,175	3,160
Profit	7,892	9,820
Profit attributable to non-controlling interests	27	31
Profit attributable to owners of parent	7,865	9,789

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	7,892	9,820
Other comprehensive income		
Valuation difference on available-for-sale securities	21	383
Deferred gains or losses on hedges	2,405	(130)
Foreign currency translation adjustment	1,465	97
Remeasurements of defined benefit plans, net of tax	9	50
Total other comprehensive income	3,902	401
Comprehensive income	11,794	10,221
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,767	10,189
Comprehensive income attributable to non- controlling interests	27	31

(3) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from operating activities		
Profit before income taxes	10,068	12,980
Depreciation	5,412	6,176
Impairment loss	569	126
Amortization of goodwill	1,035	1,085
Gain on reversal of subscription rights to shares	(55)	(8)
Gain on sales of investments in capital	–	(207)
Increase (decrease) in allowance for doubtful accounts	(1)	133
Increase (decrease) in provision	126	294
Increase (decrease) in provision for contingent loss	(29)	–
Increase (decrease) in provision for directors' retirement benefits	6	(3)
Increase (decrease) in net defined benefit liability	(142)	(254)
Interest and dividend income	(73)	(150)
Interest expenses	470	411
Foreign exchange losses (gains)	(120)	(319)
Loss (gain) on sales of property, plant and equipment	(10)	(20)
Decrease (increase) in notes and accounts receivable - trade	(17,932)	(14,872)
Decrease (increase) in inventories	1,653	(1,627)
Decrease (increase) in prepaid expenses	831	(19)
Decrease (increase) in advance payments	710	7
Increase (decrease) in notes and accounts payable - trade	2,904	2,413
Increase (decrease) in accounts payable - other	1,572	(382)
Increase (decrease) in accrued expenses	2,848	387
Other, net	686	(93)
Subtotal	10,531	6,058
Interest and dividend income received	71	146
Interest expenses paid	(462)	(402)
Extra retirement payments	(217)	–
Income taxes paid	(1,505)	(2,869)
Net cash provided by (used in) operating activities	8,418	2,934
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,285)	(2,719)
Purchase of intangible assets	(1,097)	(912)
Proceeds from fees for equipment	812	–
Proceeds from sales of investments in capital	–	207
Other, net	155	128
Net cash provided by (used in) investing activities	(3,415)	(3,295)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,810)	73
Proceeds from long-term loans payable	2,000	–
Repayments of long-term loans payable	(3,261)	(15,201)
Cash dividends paid	(858)	(1,117)
Proceeds from sales and leasebacks	1,625	905
Repayments of finance lease obligations	(3,121)	(2,269)
Proceeds from disposal of treasury shares	738	674
Other, net	(9)	(7)
Net cash provided by (used in) financing activities	(5,696)	(16,943)
Effect of exchange rate change on cash and cash equivalents	(142)	154
Net increase (decrease) in cash and cash equivalents	(836)	(17,149)
Cash and cash equivalents at beginning of period	39,902	58,530
Cash and cash equivalents at end of period	39,066	41,381