

Performance Highlights

CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2018

NET SALES

¥177.3
billion

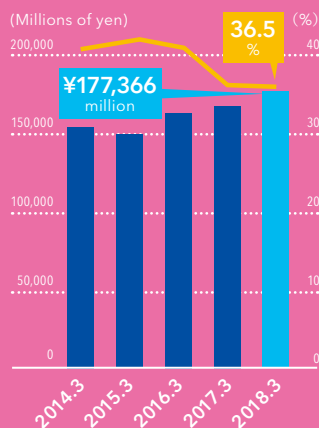
OPERATING
PROFIT

¥13.1
billion

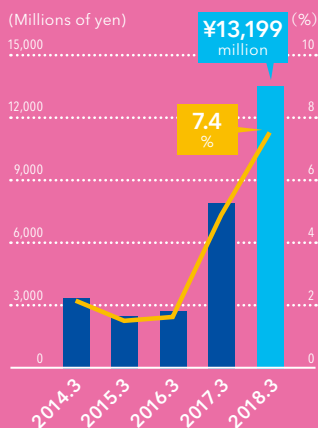
EBITDA

¥22.3
billion

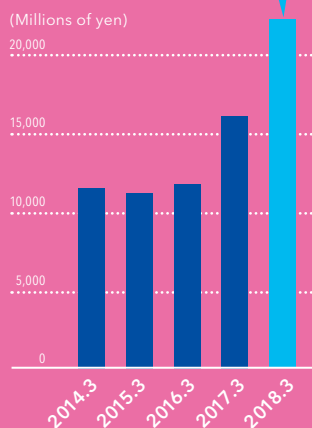
NET SALES (■) OVERSEAS SALES RATIO (—)



OPERATING PROFIT (■) OPERATING MARGIN (—)



EBITDA



Review of the Fiscal Year Ended March 31, 2018

Toy Market

In the fiscal year ended March 31, 2018, the Japanese toy market had a value of ¥800.0 billion, staying nearly the same at 99.7% of the previous year's value. Despite a struggling trading card game segment affected by new television game consoles, toys for girls performed favorably to support the market.

Performance Highlights

Net sales increased for the third consecutive year and operating profit reached an all-time high.

Net sales increased 5.8% to ¥177,366 million, driven by favorable toy sales in Japan and Asian markets, as well as increased exports of TRANSFORMERS and BEYBLADE BURST overseas.

Operating profit soared 70.4% to ¥13,199 million as gross profit increased due to higher sales and inventory write downs declined in addition to profitability improvements in overseas business. Ordinary profit rose 58.8% to ¥12,420 million due to the substantial increase in operating profit despite foreign exchange gains in the previous fiscal year that turned to foreign exchange losses. Net income increased 48.2% to ¥7,962 million despite extraordinary losses including an impairment loss on intangible assets in the Americas amounting to ¥2,692 million.

In Japan, core products and new products performed favorably. At the same time, although character-related toys and baby-related products struggled overseas, profitability improved due to a reduction in discounted sales of certain products conducted in the previous fiscal year.

Overview by Regional Segment

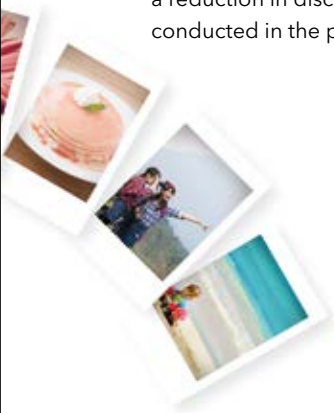
Japan

Favorable Performance of Core Products and New Products, Aggressive Launch of Popular Products and Locally Produced Animation Successful in Significantly Boosting Product Exports, Achieving Substantial Increases in Sales and Profit

In the Japanese market, products related to the 50th anniversary of LICCA in 2017 and TOMY's first original television anime "TOMICA HYPER RESCUE POLICE DRIVE HEAD" and other core products performed favorably. In January 2018, broadcasts commenced of a television animation based on the "SHINKALION" toys developed for PLARAIL. We proactively launched products related to THE SNACK WORLD, which is being developed across various media, including TV animation, comics, and game software, as well as the AI-equipped COZMO robot and PRINTOSS (KiiPix), which enables easy printing of photographs taken with a smartphone. During the year-end shopping season, sensational new pet toy *Umarete!* WOOMO (Hatchmals), which provides a fun egg-hatching experience, and next-generation spinning-top battle toy BEYBLADE BURST remained popular. With regard to new products, TOMY's first live action television series aimed at girls Miracle Tunes! and new products such as the fun, handmade balloon-art hobby toy OONIES were well received.

We achieved substantial growth in overseas-bound exports due to the release of a TRANSFORMERS movie in the summer of 2017 and the start of full-fledged development of BEYBLADE BURST with an animated television series broadcast in North America and Europe. With regard to T-ARTS Company, Ltd., capsule toy vending machines installed at airports and cooking toy-related products such as the Ultimate TKG garnered great deal of attention through frequent media coverage.

As a result, net sales increased 10.7% year on year, to ¥145,854 million. Operating profit jumped 42.1% year on year, to ¥14,255 million due to an increase in gross profit resulting from the growth in net sales and a decrease in a write-down of inventories, despite an increase in selling, general and administrative expenses.





Americas

Improved Profitability on Business Selection and Concentration

In the Americas, we continued to promote business selection and concentration aimed at improving profitability. Net sales declined 17.9% year on year to ¥23,415 million due to lower sales of character-related toys and baby products, despite solid sales of agricultural machinery toys. Operating profit increased 19.5% to ¥236 million, maintaining at a surplus due to cost reductions and other factors.

Europe

Profit Increases on Reduction in Discounted Sales of Certain Products as Operating Losses Improve

Net sales declined 14.6% year on year to ¥7,322 million due to lower sales of baby products and preschool-related products, despite firm sales of Pokémon-related toys. Operating loss improved to ¥239 million (compared to an operating loss of ¥581 million in the previous fiscal year) owing to increased gross profit resulting from a reduction in discounted sales of certain products sold in the previous fiscal year.

Oceania

Net Sales Declined Due to Lackluster Sales of Character-Related Toys

Net sales declined 17.6% year on year to ¥2,067 million reflecting lackluster sales in character-related toys, despite solid sales of THE FIRST YEARS and other baby products. An operating loss of ¥240 million was recorded (compared to operating profit of ¥57 million in the previous fiscal year) due to a decrease in gross profit arising mainly from inventory write-downs for certain products.

Asia (Excluding Japan)

Localized Marketing Efforts Drive Double-Digit Growth in Sales and Profit

Net sales rose 12.1% year on year to ¥53,542 million, while operating profit increased 10.3% to ¥800 million, reflecting favorable reception of next-generation spinning-top battle toy BEYBLADE BURST after the launch of BEYBLADE animated television series broadcasts throughout Southeast Asia following broadcast in South Korea, Hong Kong and Taiwan, as well as stronger in-store marketing efforts. Also, toys related to television animation TOMICA HYPER RESCUE POLICE DRIVE HEAD and Pokémon gained popularity, while shipments of TRANSFORMERS-related toys increased following the release of a TRANSFORMERS movie in summer 2017.

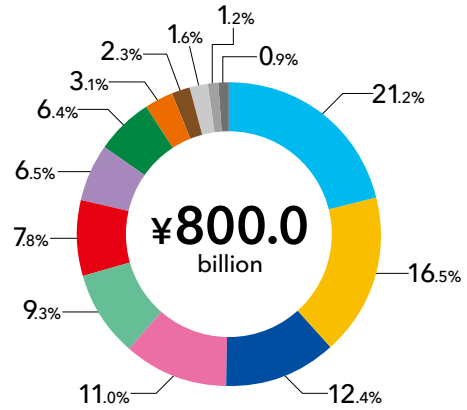
(Millions of yen)

	2017	2018	Change	Change (%)
Net sales	167,661	177,366	9,704	5.8
Japan	131,810	145,854	14,043	10.7
Americas	28,512	23,415	(5,096)	(17.9)
Europe	8,573	7,322	(1,250)	(14.6)
Oceania	2,509	2,067	(442)	(17.6)
Asia (other than Japan)	47,771	53,542	5,770	12.1
Eliminations and corporate	(51,515)	(54,836)	(3,320)	–
Operating profit (loss)	7,744	13,199	5,455	70.4
Japan	10,030	14,255	4,225	42.1
Americas	197	236	38	19.5
Europe	(581)	(239)	341	–
Oceania	57	(240)	(297)	–
Asia (other than Japan)	725	800	74	10.3
Eliminations and corporate	(2,685)	(1,612)	1,072	–

JAPANESE TOY MARKET



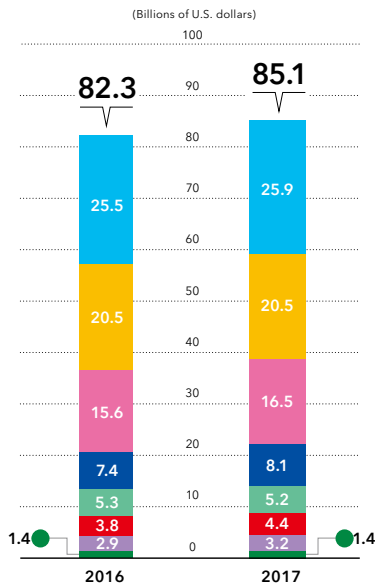
*The survey period of each year is April 1 to March 31.



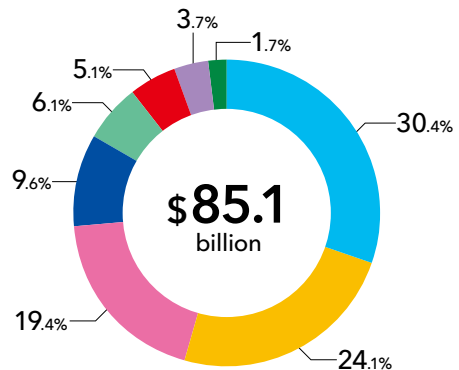
(Source: The Japan Toy Association)

- Educational toys
- Girls' toys
- Others
- Hobbies
- Seasonal toys
- Jigsaw puzzles
- Stationery, gifts, etc.
- Boys' toys
- Interactive toys
- Card games, trading card games
- Stuffed toys
- Boys' characters
- Games

GLOBAL TOY MARKET



*The survey period of each year is January 1 to December 31.



(Source: Euromonitor International)

- North America
- Latin America
- Middle East and Africa
- Western Europe
- Japan
- Australasia
- Asia Pacific (ex-Japan)
- Eastern Europe