

EVOL VING



ANNUAL REPORT 2016



This annual report cover
incorporates augmented reality.
See page 59 for details.

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TOMY's annual report has received a number of awards, including in two leading U.S. annual report competitions, the LACP Vision Awards and the International ARC Awards, demonstrating that the report is well received overseas for its content and expression. We will continue to position dialogue with our stakeholders as the basis of a host of corporate activities and work to communicate information to our shareholders and investors in an easy-to-understand format.



2015

ARC
GRAND WINNER

ARC
TOY SECTOR
GOLD

International ARC Awards

Grand Award in the Summary Annual Review Category/
1st (Gold) in the Toy Manufacture and Sales/Grand Winner
in the Specialized & Summary Annual Reports category



LACP「2014/15 Vision Awards」

5th among the Top 50 Worldwide;
1st (Platinum) in the Consumer/Consumables Industry

LACP
WORLDWIDE
TOP 5



2014

ARC
TOY SECTOR
GOLD

International ARC Awards

1st (Gold) in the Summary
Annual Review Category



LACP「2013/14 Vision Awards」

6th among the Top 50 Worldwide;
1st (Platinum) in the Consumer/Consumables Industry

LACP
WORLDWIDE
TOP 6



2013

LACP
WORLDWIDE
TOP 19



LACP「2012/13 Vision Awards」

19th among the Top 50 Worldwide;
1st (Platinum) in the Consumer/Consumables Industry

WE KEEP EVOLVING

Since its founding in 1924, the TOMY Company has continued to provide “new value from play” as a leading company in the toy industry.

At present, the whole concept of toys and playing is undergoing major changes due to the spread of smartphones, tablets and the advent of SNS. TOMY, which has a long history of cultivating products and brands, is compelled to evolve along with the changing times.

Amid these conditions, in 2014, the year we commemorated the 90th year since our founding, we unveiled a New Medium-Term Management Plan and launched three revolutions: “revolution of mind,” “product revolution” and “structural revolution of business.” In the fiscal year ended March 2016, the second year of this plan, we have begun seeing results, having achieved net sales growth for eight consecutive quarters.*¹

Since April 2016, we have been accelerating our evolution toward further growth under the four keywords ENDLESS, AGELESS, BORDERLESS and POA*², which are critical for the toy market going forward.

This year’s annual report is a compilation of subjects illustrating the TOMY Company’s evolution. The “Message from the President & CEO” offers a market outlook and corresponding strategies that expound on the direction of our evolution. The “Special Feature” presents specific initiatives for realizing this evolution based on the aforementioned four keywords. And, the “Corporate Social Responsibility” explains the Group’s CSR approach and initiatives, which are the foundation supporting our evolution. Through this report, we hope to facilitate an understanding of how this evolution will lead to the growth of the TOMY Group.

*¹ Sales excluding the impact from the transfer of shares in TOYS UNION Co., Ltd., and TATSUNOKO PRODUCTION Co., Ltd.

*² POA: Point of Availability

PHILOSOPHY AND MISSION

Our core philosophy to “bring smiles to the faces of children the world over through our outstanding products,” and the corporate mission serve as a judgment criterion for each of us, pointing out the correct path across the years and in various situations. We will hold fast to this navigational tool as we respond to the challenges of the times and the changing environment with a shared sense of values.

FOUNDING PHILOSOPHY

Let's excite the world's markets with our outstanding products.

Our sincerity and diligence will contribute to society and lead to our own success and happiness.

CORPORATE MISSION

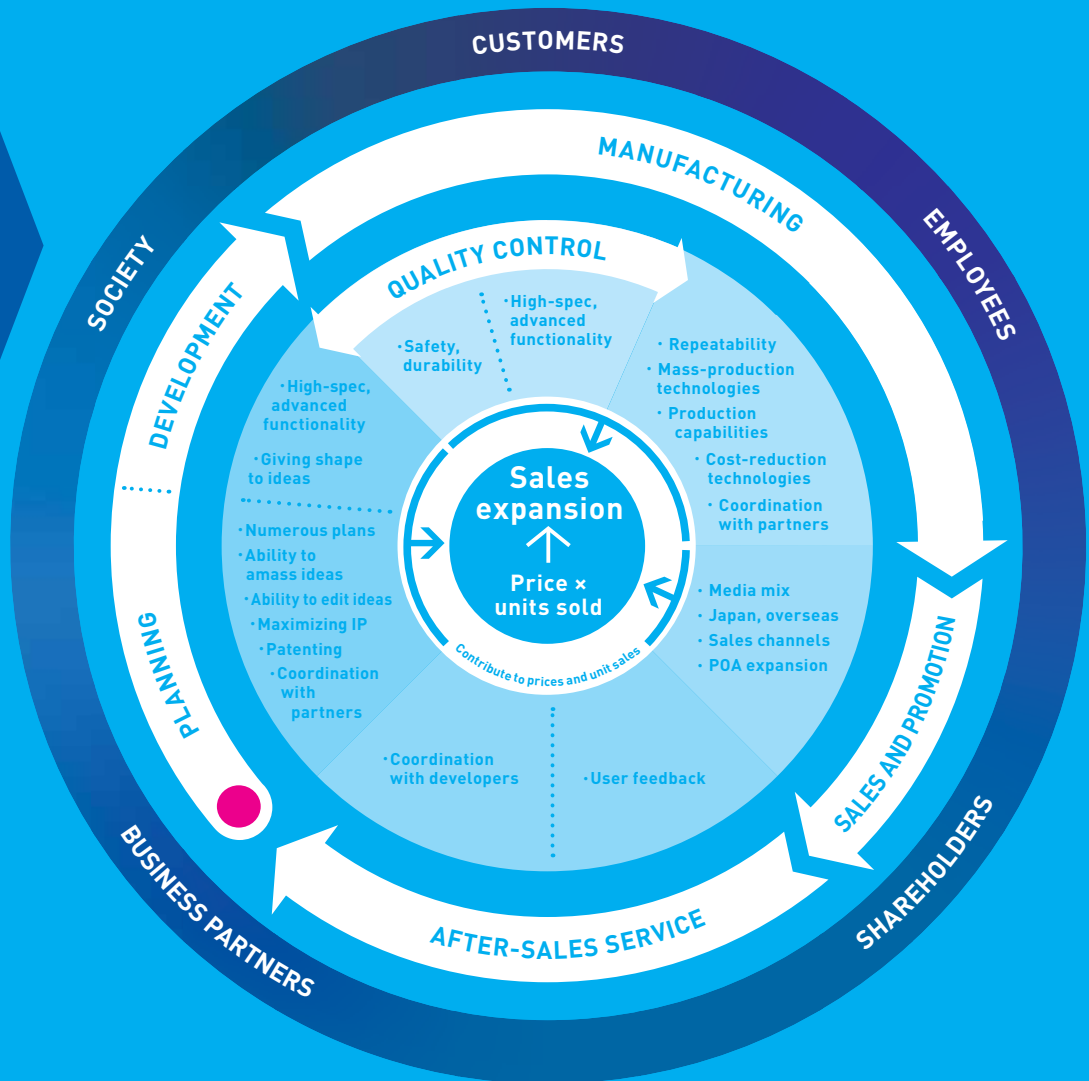
Our mission is to fulfill the dreams of our stakeholders, including

- The dreams of children
- The dreams of our employees
- The dreams of our shareholders
- The dreams of our business partners
- The dreams of society

We will create new value from play.

BUSINESS MODEL

Evolution is achieved through business activities (business model), from planning and development, to manufacturing, sales, promotion and after-sales service. By fine-tuning our numerous ideas, originality and development capabilities, and our safety and mass-production technologies, we create high-value-added products while cultivating and strengthening brands. Value created in this way is delivered to all our stakeholders.



COMPETITIVENESS

Our evolution will be accelerated by the experience and expertise accumulated by the Group up to now through the cultivation of products and brands and the development process. We will create opportunities for new value and earnings by converting core products into brands. Going forward, we aim to create toys for a new era and thrive on tangible and intangible assets.

- Industry leader in the number of registered trademarks
- More than 60 leading brands
- Product rollouts in 15 of the 16 toy categories
- Long-selling products shipped

TOMICA



More than 600 million products
with more than 880 types in total

DUEL MASTERS



Approximately 5 billion cards

PLARAIL







More than 155 million products
with more than 1,300 types in total

TRANSFORMERS



More than 130 countries and regions where
TRANSFORMERS have been launched
More than 500 million products sold

FY2015 PERFORMANCE

 <p>Substantial increase in domestic shipments of core products</p> <ul style="list-style-type: none"> ► TOMICA: Highest ever on 20% increase YoY ^{*1} ► PLARAIL: Highest ever on 10% increase YoY ^{*1} ► LICCA dolls: Highest earnings in 23 years on an increase of approximately 50% ^{*1}  	<p>New products using proprietary and other company IPs performed favorably</p> <ul style="list-style-type: none"> ► STEPPY: Exceeded store sales target in December by about 30% ► MOCOMOJI ORINA: Ranked No. 1 in girls' toys for year-end sales ► STAR WARS: Exceeded domestic sales target by about 20%
<p>Customer satisfaction ratio^{*2} at all-time high of</p> <p>98.4%</p>	<p>BIG BET (highest priority products) new deployment</p> <p>BEYBLADE BURST sales launched in July</p> <ul style="list-style-type: none"> ► Domestic shipments increased 30% YoY ^{*1} ► No. 1 in story comics ► Total of 3,500 events held ► Free machine operations 
<p>TOMY sales in December hit record high for single month</p>	<p>No. 1 customer</p> <p>Top vendor for 11 months straight</p>

^{*1} Shipments of TOMY in Japan for FY2015

^{*2} In-company investigation (data collection period: April 2015–March 2016)

BUSINESS HIGHLIGHTS

Consolidated Earnings

Net Sales: In addition to the favorable performance of core products and battle toys for boys in the Japanese market, the release of licensed products in overseas markets led to the eighth consecutive quarter of sales growth.* *Sales excluding the impact from the transfer of shares in TOYS UNION Co., Ltd., and TATSUNOKO PRODUCTION Co., Ltd.

Income: Advertising and R&D expenses increased in line with sales expansion, as operating income growth was buoyed by higher gross profit in line with increased sales. Profit attributable to owners of parent reported a loss due to the recognition of impairment losses on goodwill at an overseas subsidiary and some intangible assets resulting in an extraordinary loss.

Toy Market

In the fiscal year ended March 31, 2016 (FY2015), the Japanese toy market had a value of ¥800.3 billion. This figure was essentially the same level of sales as in the fiscal year ended March 31, 2015, which saw the highest sales in the past 10 years. Compared with the previous fiscal year, when sales were driven by major hit characters, in the fiscal year under review core products for boys and girls grew substantially. By category, interactive toys (up 31.8% YoY), boys' toys (up 16.7%) and trading card games (up 10.5%) achieved particularly noteworthy growth.

(Source: The Japan Toy Association)

RESULTS FOR THE YEAR ENDED MARCH 2016

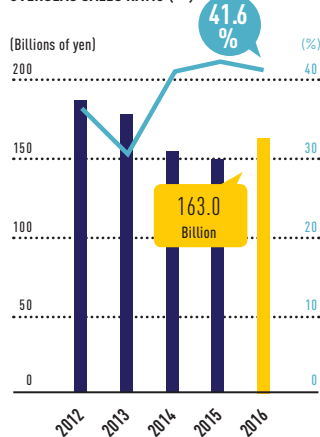
NET SALES: **¥163.0** billion

OPERATING INCOME: **¥2.6** billion

EBITDA: **¥11.6** billion

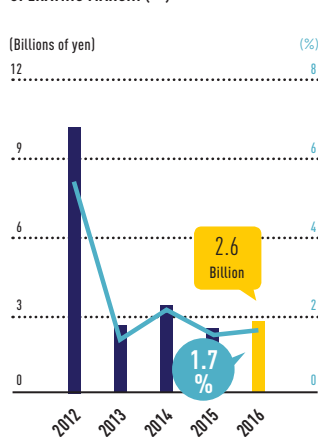
NET SALES (■) (Billions of yen)

OVERSEAS SALES RATIO (—) (%)

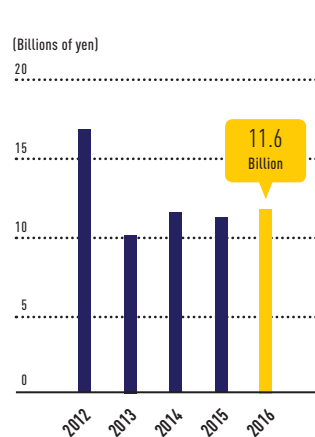


OPERATING INCOME (■) (Billions of yen)

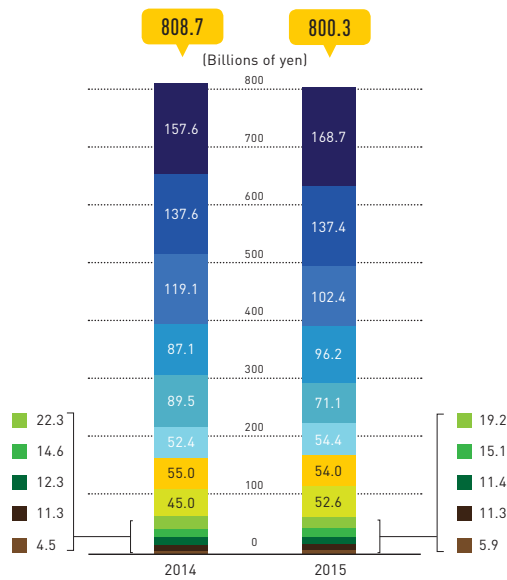
OPERATING MARGIN (—) (%)



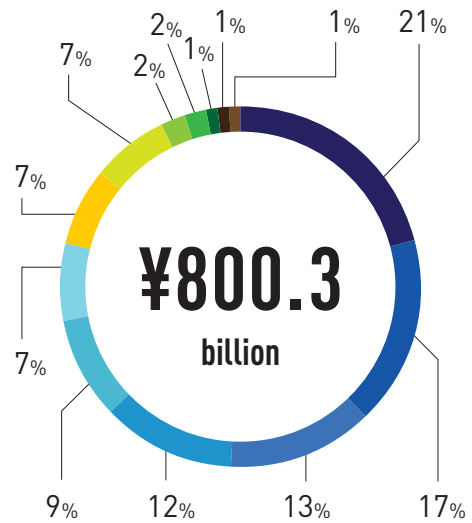
EBITDA (Billions of yen)



Japanese Toy Market



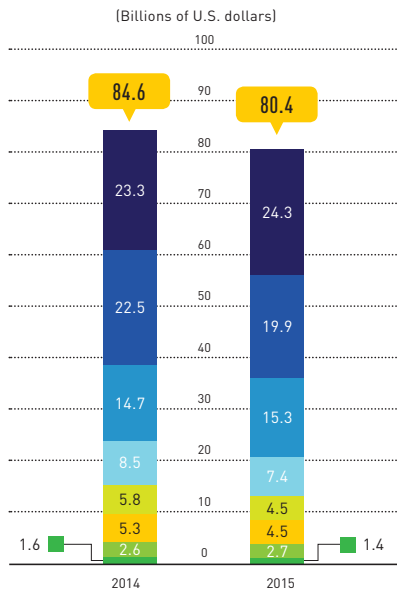
*The survey period of each year is April 1 to March 31.



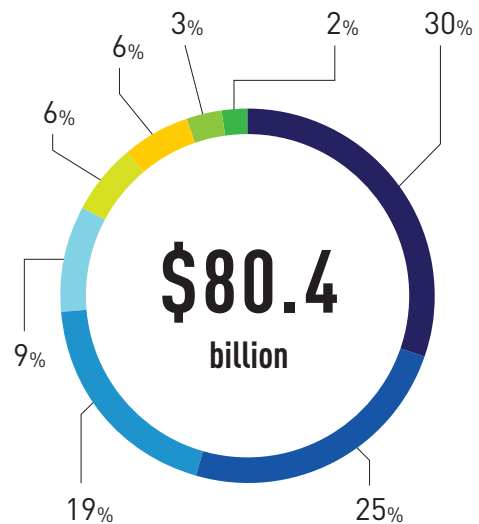
Source: The Japan Toy Association

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

Global Toy Market



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



Source: Euro monitor International Ltd.

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

“
AIMING TO BE
A COMPANY THAT
GROWS ALONG
WITH THE CHILDREN
OF EACH
CHANGING ERA
”



MESSAGE FROM THE PRESIDENT & CEO

Representative Director, President & CEO
H.G. Meij

I assumed the position of president in June of last year, and this year has passed very quickly. I joined the company one year earlier, the year in which TOMY celebrated its 90 years of incorporation. Throughout that time, the business environment has seen numerous changes, but in the midst of this, we have continued to push the need to promote major “revolutions.”

As we look at the world in which children find themselves, the emergence of smartphones and tablets, as well as the arrival of social media, have all had a major impact on both toys themselves and on how children play. Given this, throughout our more than 90 years of history, TOMY’s products and brands have evolved along with the changing times. We are moving forth with a range of initiatives in accordance with our New Medium-Term Management Plan, which has as its cornerstones the three reforms of “revolution of mind,” “product revolution,” and “structural revolution of business.” Personally, since my time as the COO, I have been taking a deep look at our strategies focusing on the next two to three years, and as president, I have started to think in more depth about strategies concerning management as a whole in the longer term. These focus on the next 10, 20 or even 30 years, and cover everything from products, brands, manufacturing and distribution, right through to securing personnel, and training future staff who will follow in our footsteps.

Looking back over the fiscal year which ended March 2016, the results of these reforms have started to make themselves apparent in various areas. Consolidated performance has grown year on year for eight consecutive quarters,* and December 2015 saw the highest per-month domestic sales in our history, with record sales of TOMICA and PLARAIL throughout the year, and LICCA attaining its highest sales in 23 years.

TOMY has now entered the “fourth generation” of its business. However, in the first generation, when we were but a small shop floor, the world market was one of tin toys. In the second generation, a materials revolution meant that tin gave way to plastics. The third generation was characterized by toys that added value through information—the so-called information revolution in response to the growth of mass media. Through all of these changes, what remains unchanged are our strong convictions—putting smiles on the faces of children around the world as our priority; applying pride in our handiwork down to the most minute detail when it comes to safety and secure quality; and maintaining flexible creativity to address the times and continue progress. With this in mind, we will turn the passion of our employees into a strength to continue to spawn dreams and take on the challenges of the times, and as we usher in the new “fourth generation,” we will continue to be a company that grows hand-in-hand with the children who are our future.

* Sales excluding the impact from the transfer of shares in TOYS UNION Co., Ltd., and TATSUNOKO PRODUCTION Co., Ltd.

SALES UP FOR EIGHT CONSECUTIVE QUARTERS,^{*}

**DUE TO
STEADY PROGRESS ON REFORMS,
FAVORABLE DOMESTIC BUSINESS,
RESTRUCTURING OF
OVERSEAS BUSINESS**

SUMMARY OF THE FISCAL YEAR ENDED MARCH 31, 2016



LOOKING BACK ON THE FISCAL YEAR ENDED MARCH 31, 2016

Business Performance

When compared to last year's challenging year, both within Japan and overseas, the fiscal year ended March 31, 2016, started to see the effects of our reforms. In the domestic market, the low birth rates and an ageing population continue to mean a sluggish toy market, and customer confidence also took a hit from the increase in the consumption tax of April 2015. However, key brands such as TOMICA, PLARAIL and LICCA, as well as BEYBLADE BURST, the next generation of spinning tops, are gaining popularity, and the rollout of these, together with *Star Wars: The Force Awakens*-related products, progressed favorably. Overseas, sales have been driven as a result of our acquiring the toy product rights around the world for the Disney/Pixar films *Inside Out* and *The Good Dinosaur*, as well as for Disney's *Zootopia* and animated products from *Miles from Tomorrowland*, which screened on the North American dedicated Disney channel *Disney Junior*. When broken down by region at POA (point of availability), the Asian market is also expanding and responding successfully to product strategies.

As a result, consolidated net sales were ¥163.0 billion, up 8.8% from the previous year*, the eighth consecutive quarter of increase since the fiscal year ended March 31, 2015. On the profit front, increased sales were reflected in a rise in gross profit, despite higher personnel, advertising and R&D expenses due to a focus on marketing and new product development. As a result, operating income increased 9.4%, to ¥2.6 billion. This was impacted by foreign exchange fluctuations as well as instabilities in Europe, and while we did not post the figures that we anticipated for that period, we achieved increased year-on-year profits. At the same time, an extraordinary loss of ¥8.5 billion was booked in the TOMY International (TI) Group from the partial impairment of goodwill and intangible fixed assets, meaning a net loss attributable to owners of parent of ¥6.7 billion.

* Sales excluding the impact from the transfer of shares in TOYS UNION Co., Ltd., and TATSUNOKO PRODUCTION Co., Ltd.

Impairment Booking at the TOMY International Group

In September last year, I also assumed the position of CEO of TOMY Holdings, Inc., and we changed to a system in which I could assume managerial oversight of the whole group, with the objective of reversing the ongoing unsatisfactory business performance in the TI Group, and further hastening coordinated management throughout the TOMY Group. At the same time, the Europe, America, and Oceania regions, which had up until that time been managed by the TI Group, came under direct administration and management of the head office. We revised the business plan following these changes in management structure, and are now seeing the results of these reforms mainly in Japan. To accelerate future growth in overseas markets, we decided to book impairment costs during this fiscal year. We cannot ignore the global market if TOMY is to attain sustainable growth. We are resolutely working to rebuild the TI Group, and are creating a sound foundation for our overseas business.



Overview by Business

Europe, America and Oceania had formerly been managed and administered as the TI Group, however this was transitioned to a direct management and administration structure for the Americas (North, Central and South America), Europe and Oceania under the leadership of the head office, and from the third quarter of the fiscal year ended March 31, 2016, the reporting segment classification has been changed. The following year-on-year comparison uses figures that have been recombined to correspond to post-change segment classifications.

Japan

We are seeing strong sales of new product lines in our core brands, including the TOMICA SYSTEM in which children combine various track parts; the PLARAIL "Shinkalion" in which a Shinkansen transforms into a robot; and Kira hair LICCA in which children can enjoy adorning LICCA's hair with rhinestones. We have also launched the new LICCA Stylish Doll Collections brand for adults, who may be more particular about body and hairstyles. We made tie-ups with other companies, and also actively provided information using social medias. After reexamining the DUEL MASTERS trading card game products and promotions, new users have increased, leading to a major recovery in sales over last year.

We are also seeing strong sales in new products in which we proactively launched products such as *Star Wars: The Force Awakens* products, as well as new craft toys for girls such as MOCOMOJI ORINA and FELTY MICHINE. A total of over 3,500 events held at retailers nationwide for BEYBLADE BURST released in July last year were a great success, and proved highly popular with elementary school boys.

"Toys 4.0" refers to those products that fuse analog toys and digital elements. In this category, we have developed LINEAR LINER, the world's first mass-produced miniature linear train that is magnetically levitated and driven, as well as OHANAS, a talking, cloud-based robot toy developed in collaboration with NTT DoCoMo. Kiddy Land (chain of toy retailers), having a high degree of recognition amongst overseas tourists, resulted in a strong growth in sales. In only 19 months since their launch, PRIPARA amusement machines deployed by T-Arts have gained more than 2.4 million registered users, a large slice of the market.

Despite a sluggish domestic toy market, we posted sales of ¥108.5 billion (up 5.6% YoY) and operating

income of ¥8.2 billion (up 29.5% YoY).

Americas (North, Central and South America)

While shipments of agricultural vehicle toys and baby products dropped, the introduction of products for the Disney/Pixar productions *Inside Out* and *The Good Dinosaur*, Disney's film *Zootopia*, and the *Miles from Tomorrowland* animated production screened on the North American dedicated Disney channel *Disney Junior* combined with healthy sales of Pokémon-related products and other character goods, resulted in sales of ¥34.6 billion (up 15.6% YoY). Changes to the product mix, as well as an increase in purchasing costs, resulted in an operating loss of ¥1.5 billion (compared with an operating loss in the previous year of ¥340 million).

Europe

The preschool market remains challenging in the European region, and price competition with rival companies has caused a sales slump in both toys and other baby products, as well as painting products and other preschool goods. On the other hand, the rollout of Disney-related products is continued strongly, with total sales in Europe of ¥10.6 billion (up 9.7% YoY). Changes to the product mix, as well as an increase in purchasing costs and in SG&A expenses caused an operating loss of ¥2.4 billion (compared with an operating loss of ¥1.0 billion in the previous year).

Oceania

Sales of baby products dropped, but the global expansion of Disney-related products resulted in total sales in Oceania of ¥2.5 billion (up 8.8% YoY). Changes to the product mix and an increase in purchasing costs, as well as an increase in advertising expenses, caused an operating loss of ¥104 million (compared with an operating loss of ¥72 million in the previous year).

Asia

In the rest of Asia, we have been continuing initiatives to expand new POAs such as convenience stores and bookstores for our products, just as we have done in Japan. In addition to sales of the popular TOMICA series, we have continued to introduce TSUM TSUM series products, such as the stackable soft toy series from the Disney store, and "Tomica Disney Motors Tsum Tsum" based upon "Tsums," which appeared in the "LINE: Disney Tsum Tsum" smartphone game based upon the same characters. We have also started sales of a lower-priced TOMICA brand—TOMICA COOL DRIVE—

in China and Thailand. This brand takes into account different purchasing standards and tastes of children in other countries and regions. In South Korea, we held a hands-on event looking toward the full deployment of

PRIPARA amusement machines, and this garnered a lot of attention. Sales came to ¥57.2 billion (up 6.4% YoY), however operating income dropped to ¥878 million (down 35.9% YoY) as a result of increased SG&A expenses.



(Millions of yen)

	2015	2016	Change	Change (%)
Net Sales	149,938	163,067	13,129	8.8
Japan	102,808	108,519	5,711	5.6
Americas	29,955	34,622	4,667	15.6
Europe	9,703	10,641	937	9.7
Oceania	2,305	2,509	203	8.8
Asia (other than Japan)	53,850	57,288	3,437	6.4
Eliminations and corporate	(48,684)	(50,513)	(1,828)	—
Operating income	2,466	2,698	231	9.4
Japan	6,402	8,293	1,891	29.5
Americas	(340)	(1,586)	(1,245)	—
Europe	(1,077)	(2,418)	(1,340)	—
Oceania	(72)	(104)	(31)	—
Asia (other than Japan)	1,369	878	(491)	(35.9)
Eliminations and corporate	(3,814)	(2,364)	1,449	—

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ENDLESS
AGELESS
BORDERLESS
POA^{*}

KEYWORDS OF PROGRESS



Looking Back—Year 2 of the New Medium-Term Management Plan

At the end of the second year of the New Medium-Term Management Plan, the unfavorable state of TI combined with its impairment meant a loss, but personally I feel that reforms are progressing well, and that they will prove effective.

Our New Medium-Term Management Plan put forward three revolutions—"revolution of mind," "product revolution" and "structural revolution of business." Behind these are an awareness of four aspects of our business environment. The first is that the toy market and the toy environment itself are significantly changing to ENDLESS. Toys are forever changing, and we have now entered an age in which we must provide consumers with new choices, value and ways to play. The second is that the target for products has expanded to AGELESS, and it is necessary to incorporate new demographics, so that toys are not just for kids, but adults as well. The third is the diversification of media, with BORDERLESS next-generation marketing incorporating social media becoming an essential aspect. The fourth is no matter how faultless a product may be, this means nothing if the products are not available for purchase, including overseas, meaning that we have to expand POAs, a points of availability.

In such environments, it is first vitally important that we have a "revolution of mind" amongst our employees. One of these is ensuring that an awareness and

understanding of the necessity of globalization is firmly rooted within the consciousness of our employees. Japan's toy market comprises a mere 6% of the global market. Restricting ourselves to competing only within this market cannot lead to any meaningful expansion of the company.

Our "product revolution" comprises reforms in order that our products can reliably generate earnings. This includes expanding our lineup of core products, switching to a more brand-focused strategy, and developing new products. Products may change, but brands are eternal. If we can create a good brand image, then this will also enable expansion into other areas. While we are developing new products, we should not rely solely upon these, and we have been working to bolster our core products. As a result, lines such as TOMICA and PLARAIL have achieved their highest sales ever. These days, toys must evolve rapidly, so we are actively taking on the challenge of new technologies, creating new products that fuse analog toys and digital elements. We refer to this as "Toys 4.0."

In the third of these reforms—the "structural revolution of business," we are streamlining our organizational structure, as in the aforementioned major changes to corporate management overseas, we are slimming our organizational structure in Japan and working to expand POAs.

When carrying out these reforms, there are some aspects of ideas, product planning, design and manufacturing that cannot be carried out within the company; therefore we work together with partners, taking on board outside expertise on an as-needed basis.

* POA: Point of Availability

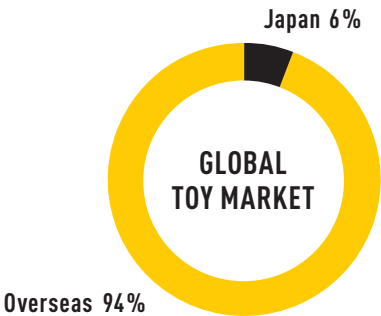


STRATEGY FOR FUTURE GROWTH

Core Strategy 1: Promoting Global Development

Expansion into overseas markets is key to securing significant future growth for TOMY. Whereas the low birthrate in Japan has meant a sluggish market, the global toy market is expected to grow from ¥9 trillion in 2015 to ¥12 trillion in 2020, an annual growth rate of 6.5%. TOMY must be a part of this. At present, 60% of TOMY sales are domestic, but Japan makes up only 6% of the global market, with only 1% of the world's population under 14 years old being Japanese. A three- or fourfold growth in the size of the company will require that we set our sights on the remaining 94% of the global market.

Many challenges remain in our overseas operations, meaning improvements are urgently required. We have already looked at the causes of the TI Group's sluggish performance, and I have already outlined the measures that we have taken to rebuild it. As a first step towards becoming a more global company, we have invested significant amounts in obtaining global licenses for major film content. These moves represent progress toward the company's globalization, but I am very aware that if we are to increase profits, we will need to cultivate our own intellectual property so we have a balance that is not overly dependent on IP from other companies. The fiscal year ending March 31, 2017, will show us what results we may expect from the restructuring of the TI Group, and I hope that this will result in increased growth in our overseas businesses.



Source: Euromonitor International Ltd.

Core Strategy 2: From Products to Brands—
Strengthening Our Core Toy Business

In the Japanese market, we are starting to see the effects of our product revolutions in the development of each product group—"core brands," "new items," "BIG BET (highest priority products)" and "Toys 4.0."

I feel there are five ways in which we can grow the business. The first is to expand our existing business. The next is to increase the number of categories. In this, we have already established a business division targeting adults, and are also working to enhance next-generation marketing that utilizes websites and social media. The third is to carry out more effective marketing for different customers, such as delivering messages tailored to individual demographics. The fourth is to increase the size of the market itself. For TOMY, this corresponds to expanding to overseas sales of products formerly sold only in Japan, and to expanding POAs. The fifth is to use the company assets to increase corporate value, in other words "branding." One very successful example of this is the LICCA doll. We have sought to completely relaunch LICCA in Japan, adding new lines, and create new marketing schemes and communication to make LICCA relevant to not only young children but equally to adults. As well as achieving a 50% increase in sales this year, LICCA was also featured in the December 28, 2015 *Nikkei Marketing Journal's* 2015 hit product rankings (Lifestyle Edition). Furthermore, in just one year since we embarked upon these reforms, we have improved the company's brand recognition through activities such as creating a music video with popular U.S. female singer Ariana Grande. A stronger brand will mean that a totally new licensing business will no longer be just a dream, and this will pave the way for future initiatives with our other core brands. We are confident that we can further strengthen the TOMY brand, and push forward our core toy business.

9
TRILLION YEN

80,418
—
2015

82,954
—
2016E

12
TRILLION YEN

AIMING TO BOOST SALES BY MORE THAN 6% IN OVERSEAS MARKETS

OVERSEAS TOY MARKET TRENDS

(Source: Euromonitor International Ltd.)

88,194

2017E

93,768

2018E

100,611

2019E

(US\$ MILLION)

110,184

2020E

OUR PILLARS OF GROWTH PRODUCTS AND BRANDS, AS (LICENSED) PRODUCTS

GROWTH DRIVERS

Prospects for the Fiscal Year Ending March 31, 2017

For the fiscal year ending March 31, 2017, of particular importance will be our "BIG BET" (highest-priority products) item, namely our BEYBLADE BURST next-generation "beigoma" spinning tops. BEYBLADE BURST is representative of "Toys 4.0" in that it endows analog toys with digital elements, and already enjoys high popularity mainly among elementary school boys in Japan. In addition, screening of the BEYBLADE BURST animated series commenced in April 2016. In the fiscal year ending March 31, 2017, we will also introduce promising new content, including the TV animated series KAMIWAZA WANDA, in which we have had a creative role, and MY HERO ACADEMIA, based upon a serialized youth comics.

As well as these major new contents, our domestic operations will continue to be bolstered by core products such as TOMICA, PLARAIL, and LICCA. Moreover, the introduction of new products incorporating new play styles such as the TOMICA SYSTEM and the PLARAIL "Shinkalion," as well as the incorporation of social media into the LICCA line will further expand branding and target markets.

In our overseas business, we are continuing with our restructuring of the TI Group, doing whatever is necessary to curtail losses, as well as centralizing and selecting businesses in order to increase our profitability. Through these measures, for the fiscal year ending March 31, 2017, we forecast consolidated net sales of ¥168.0 billion, ¥4 billion in operating income, ¥3.2 billion in ordinary income and ¥1.5 billion in profit attributable to owners of parent, and with an increase in both earnings and profits over the previous year, we are aiming to restore profitability.

2017 Onward

From 2017, we will begin in earnest our push to expand BEYBLADE overseas. Additionally, the TRANSFORMERS 5 movie, which was originally slated for release in 2018, has been brought forward one year, and three TRANSFORMERS movies will screen consecutively over three years starting in 2017. We have also obtained product merchandising rights for other major movie content to be released in 2018, as well as for other as-yet unannounced major content.

Under new leadership in Europe and North America, the TI Group is already seeing an increase in cooperation within the TOMY Group, with positive prospects. Strengthening relationships with partners who have a wide range of expertise is also opening up entirely new opportunities. More than anything else, I am very aware of the outstanding motivation of TOMY employees. TOMY's advances will continue into the future, of this I am confident.

ARE TOMY'S ORIGINAL WELL AS “BEST PARTNER”

(Billions of yen)

	2015 RESULTS	2016 RESULTS		2017 TARGETS	2018 TARGETS
NET SALES	149.9	163.0	➔	168.0	190.0
OPERATING INCOME	2.46	2.69		4.0	8.0
OPERATING MARGIN	1.6%	1.7%		2.4%	4.2%
EBITDA	11.1	11.6		13.3	17.3

TARGETS AND SPECIFIC MEASURES FOR THE FISCAL YEAR ENDING MARCH 31, 2017

SALES: + ¥5.0 BILLION

- BEYBLADE, KAMIWAZA WANDA, MY HERO ACADEMIA, etc., in Japan
- Stable growth in long-standing products
- Enhanced initiatives to improve profits in overseas business

OPERATING INCOME: + ¥1.31 BILLION

- Higher sales and improvement in overseas business

TARGETS AND SPECIFIC MEASURES FOR THE FISCAL YEAR ENDING MARCH 31, 2018

SALES: + ¥22.0 BILLION

- Growth of BEYBLADE overseas
- Growth of TRANSFORMERS due to movie release
- Other new content

OPERATING INCOME: +¥4.0 BILLION

- Higher sales leading to higher profits

WITH STAKEHOLDERS

Returns to Shareholders

We recognize that providing stable returns to shareholders is the most important issue for management. Along with striving to strengthen our business foundations and increase profitability, our basic policy remains to provide ongoing stable dividends. Our aim is to use retained earnings for investment in order to accomplish our medium- to long-term growth strategies, while improving our financial position by reducing interest-bearing debt.

For the fiscal year ended March 31, 2016, based on the above policy we had an annual dividend of ¥5 per share together with an interim dividend of ¥5 per share, for an annual total of ¥10 per share. For the fiscal year ending March 31, 2017, we have set an annual dividend goal of ¥10 per share.



To Meet Our Social Responsibilities

The TOMY Group recognizes corporate social responsibility (CSR) as an important part of the process of enhancing corporate value. Accordingly, we take a long-term perspective toward initiatives aimed at contributing to society through our business.

In addition to compliance, we have long followed a policy of creating products that are at the industry's top levels in terms of safety and security. As part of our efforts to use resources effectively and be environmentally friendly, we took the lead in developing "Eco-Toys," which have now become the industry norm. We are also an industry leader in the planning and development of "Accessible Design Toys," which are equally accessible to children with sight and hearing disabilities—a category we embarked on 36 years ago.

At the same time, the environments in which children live are undergoing substantial changes, and the world faces numerous complex and diverse social issues, such as globalization, the spread of IT, and energy and environmental problems. To remain a company that stakeholders trust amid these challenges, we are facing social issues head on and working to address these challenges through the strengths of our business.

As a first step in this direction, we have launched the CSR Project as an organization that cuts horizontally across the group. Going forward, this organization will endeavor to identify social issues that need to be addressed over the medium to long term. Through careful efforts on the part of each of our employees as they go about their activities, we aim to realize our CSR objectives.

For the sake of all our stakeholders, we will strive to resolve societal issues and create new value through toys. We believe this focus will enable us to contribute to society at large through our business activities and achieve sustainable growth.

H.G. Meij

Representative Director, President & CEO

A stylized, handwritten signature in black ink, consisting of several overlapping loops and strokes, positioned below the printed name.

**“CONTINUING TO
SPIN DREAMS
AND TAKE ON
THE CHALLENGES
OF EACH ERA”**

TO ACHIEVE SUSTAINABLE GROWTH



© Hiro Morita, BBBProject, TV TOKYO
© TOMY



SPECIAL FEATURE

HOW WE REALIZING EVOLUTION

FROM PRODUCTS TO BRANDS

TOMY's Growth Strategy Focused on Market Changes in Pursuit of Evolution

With the rise of various products, consumers are presented with a wide option of toys, while at the same time the toy market continues to contract. Also, the spread of smartphones and SNS offer consumers a variety of means by which to acquire information. Amid these market changes, TOMY is shifting its focus, from product strategies pursued up to now, to brand strategies aiming for further evolution. This Special Feature introduces TOMY's ongoing efforts to evolve by exploring this growth strategy in terms of the four keywords ENDLESS, AGELESS, BORDERLESS and POA.*

* POA: Point of Availability



JR北海道商品化許諾済

EVOLVE



© TOMY

KEYWORD for EVOLUTION 1

ENDLESS

DEVELOPING NEW WAYS TO PLAY IN STEP WITH THE CHANGING TIMES



Core Product Evolution

With the arrival of a new age and new toys, amid continually widening options, the LICCA doll, TOMICA and PLARAIL, products that evoke feelings of nostalgia among the parent generation, still fascinate today's children. Behind the ongoing popularity of these core TOMY products among countless children throughout the ages are efforts toward an ENDLESS evolution aimed at providing new value that is always in step with the current generation.

The LICCA doll, which embodies the cuteness and style girls long for, has undergone numerous model changes to maintain its appeal. While incorporating the trends of each generation, we also update the environment surrounding the LICCA doll in line with contemporary trends—for example, the addition of LICCA Dad, who helps with childrearing—evolutions

that enable the enjoyment of modern fashion and make believe play.

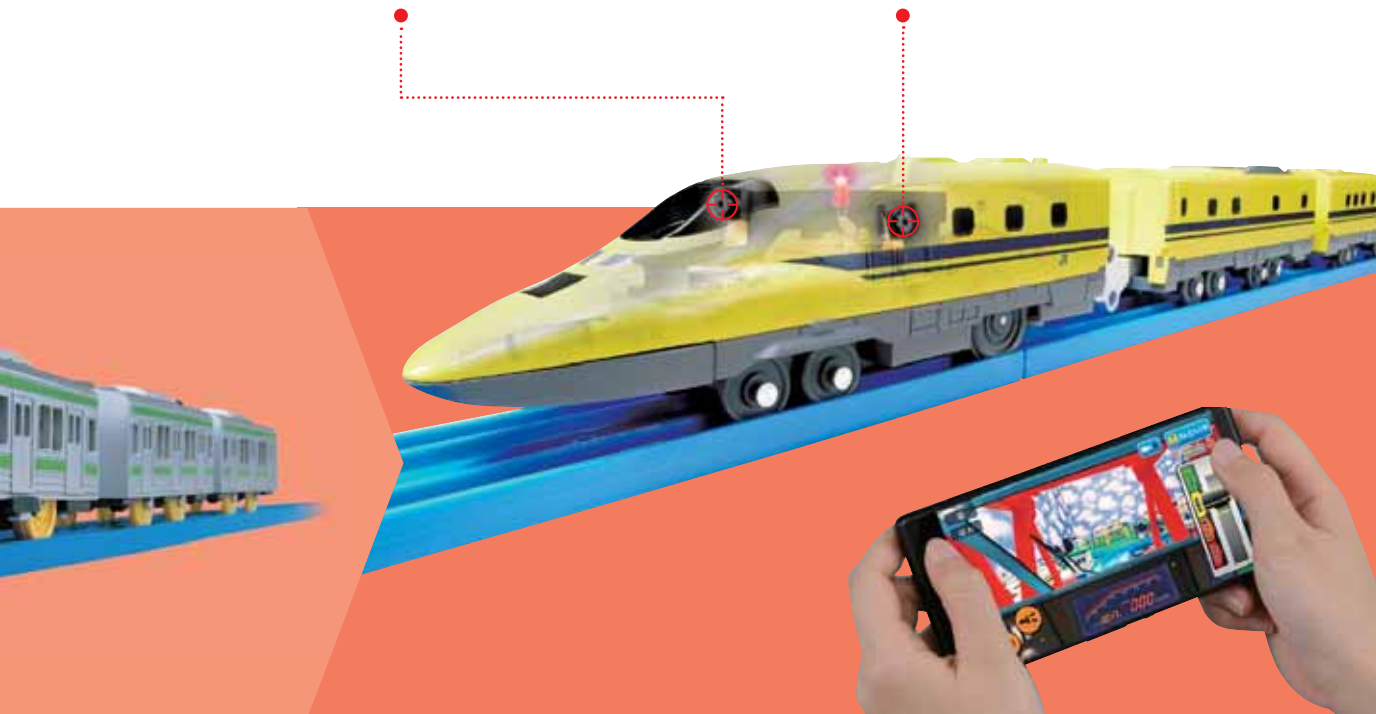
TOMICA, launched in 1970 with six different models, continues to propose new ways of playing through the TOMICA series peripheral products in addition to gimmicks such as sound and action, maximizing the TOMICA appeal with a high degree of perfection and rich variations that continue to be loved across ages and generations. In the 1990s, we launched sales of a sound-making TOMICA, the B/O TOMICA motorized movement series and the R/C TOMICA series of motorized TOMICA vehicles. In the 2000s, we launched the TOMICA Hyper Series, which added science fiction elements to a Tokyo Fire Department hyper-rescue model. This product was released as TOMICA's hero series, and the television program "Tomica Hero: Rescue Force," using actual



ONBOARD DRIVING CAMERA



WINDOW CAMERA



JR東日本商品化許諾済 JR西日本商品化許諾済 © TOMY

TOMICA, was broadcast as part of the continuous evolution of TOMICA as an object of boys' adoration.

Targeting those interested in trains, PLARAIL, which was launched in 1959 and enables children to create a world of their own, features the latest Shinkansen and other noteworthy trains and the timely commercialization of popular trains through picture books and other products resulting a full lineup. In addition to 60 varieties of core trains, parts (28 types of rails, 28 types of scenery) are always provided to enable limitless play possibilities loved across generations. We offer not only entry-level sets such as the N700A Shinkansen Basic Set, which is purchased by more than half of all PLARAIL new users, but also more advanced models to expand fan segments. In addition, we developed a smartphone app to further expand the ways

in which users can have fun with PLARAIL. We also have plans to release "Smartphone Driver! Double Camera Doctor Yellow," which has an onboard driving camera and a window camera that users can follow on a smartphone. These are some of our efforts to provide new value through further evolution in step with today's trends.

Going forward, TOMY will continue proposing new ways of play in line with current trends and scientific technologies.

KEYWORD for EVOLUTION 2

AGELESS

INCORPORATING NEW AGE GROUPS

Cultivating a Wide Range of Age Groups and Genres

The rise of various toys and expanding toy options for users is bringing about changes in individual toy target segments. Toys that were previously enjoyed by elementary school students have now become old-hat to children by the time they enter elementary school. However, there is no age limit on a playful heart. By providing new ways of playing, services, and products to all people with a playful heart—not only children, but also adults and seniors—TOMY promotes measures to capture AGELESS fans.

One of these efforts involves the development of products for adults. We are leveraging product creation utilizing modern technologies and concepts that enable adults to experience the future as they felt or imagined it when they were children with the creation of the LINEAR LINER, which uses magnetic power to levitate and move, and a series of robots that include the OHaNAS talking robot. In addition, new products such as the ANIA movable animal figurines, which have grown into a global core product that started in Japan having sold

a total of 2.6 million units in 14 countries and regions in only three years, as well as AUTOMEE S, HELLO! ZOOMER, COLOR CATCH PEN and BAKU SHOWTARO that involved the New Products Planning Group, now in its fifth year since establishment, have earned a strong reputation including a grand prize from the Japan Toy Awards for the fourth straight year. ENDLESS product initiatives also include STEPPY, which enables players to turn, jump and enjoy dancing and is linked to the cultivation of a new genre of novel sports toys.

Also, with respect to e-commerce (EC), we established a new department and are engaged in advertising management using EC marketing and web media. Leveraging original web products and campaigns only a toymaker can offer, we have increased performance in this business to twice that of the previous year in every year since the launch in fiscal 2013. In terms of sales composition, original web products have outsold general products as we steadily cultivate this as a sales channel.



JR東海承認済

KEYWORD for EVOLUTION 3

BORDERLESS

NEW MARKETING

Next-Generation Marketing

Within marketing, it is no longer possible to deliver messages to consumers using one-way communications focused on the four types of mass media*¹ used up to now. This is because of media diversification driven by the spread of smartphones and SNS, which enables consumers to select the media through which they acquire information in accordance with their own style and preference. This also enables them to disseminate information on their own. In light of these information society changes, TOMY is focusing efforts on next-generation marketing facilitating two-way and one-to-one communications with consumers. Omnidirectional media development, including new technologies such as SNS and online video, will facilitate the BORDERLESS promotion of our products. Furthermore, we will attempt to maximize this appeal through tie-ups between TOMY products and amusement machines, comics, animation, music, movies and software.

For example, with respect to the BIG BET (highest priority product) BEYBLADE BURST, we initially aimed to create a hit that would surpass the previous two generations of BEYBLADE with the addition of new play value centered on a gimmick whereby a player could burst and break his opponents' BEYBLADE to win the game. To deliver this information to a wide range of age groups, from children to users of the first-generation BEYBLADE who are now adults in their early 20s, we conducted promotions through a wide range of cross media developments including magazines, television commercials and advertisements on animation and video websites. In addition, to deepen the enjoyment for users taking advantage of the point function, we installed machines in stores able to determine individual BEYBLADES via an embedded NFC chip using terminals facilitating communication with the new technology BEYCLOUD SYSTEM. These efforts successfully resulted

in a big hit. We also expanded the appeal of BEYBLADE BURST contests to users of all ages, from children to adults.

With regard to the development of KAMIWAZA WANDA, a television animation program created by TOMY that began broadcasting on TBS in April 2016, we created contact points with children targeting all channels, from television, the Internet, publishing and distribution. We are also making a deliberate appeal to parents through events and the dissemination of information via SNS. In terms of the development of related toys, we are promoting sales through convenience stores and other non-toy distribution channels to expand awareness of characters and content and cultivate KAMIWAZA WANDA over the medium to long term.

Furthermore, with respect to advertising expenses used for web media, one successful example is the creation of a viral video*² used to promote The Game of Life that was viewed 10 million times. In next-generation marketing, as of yet there are no fixed or established methods such as television commercials or magazine advertising, therefore there is tremendous potential. We are determined to take on new challenges, the results of which we will carefully examine to enhance the value of products and content.

*¹ The four traditional media: television, radio, newspapers and magazines

*² A video that becomes popular through sharing on SNS and blogs





ANIME



TOY



MANGA



EVENT



WEB/
APPLICATION



FREE GAME TERMINAL AT STORES
"BEY TERMINAL"



© Hiro Morita, BBBProject, TV TOKYO
© TOMY

KEYWORD for EVOLUTION 4

POA

NEW SELLING SPACES AND PRODUCT DEPLOYMENT

Cultivating New Selling Spaces

The number of toy stores in Japan is declining amid a shift from small shops to large stores and the growth of e-commerce driven by the spread of the Internet. In light of these conditions, to thoroughly ensure “where there are children, there are toys,” TOMY strives to expand product deployment through POA (Point of Availability).

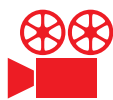
When expanding POA, we first examined and ranked “places where children (boys and girls aged 0–12) go,” then proceeded to examine the market environments and commercial distribution and logistics systems of convenience stores, bookstores, drugstores, restaurants and places other than toy stores where children go. We proposed selling spaces corresponding to the particulars of each of these places, while at the same time engaging in the development and proposal of original products in an effort to expand POA. A year has passed since we launched these efforts, during which we expanded selling opportunities by promoting the development of original products, including original TOMICA for convenience stores and the TOMICA Busho series for bookstores. With products like the PriSpo series, we also strove to expand customer contact

points through selling space proposals corresponding to store characteristics. We proposed the introduction of craft and hobby products for girls at handicraft stores and created selling spaces at movie theaters timed to coincide with the release of the *Star Wars* series movies, among other efforts to expand selling opportunities. We have narrowed down a group of target companies to which we are proposing the introduction of products enabling the introduction of non-toy distribution.

Commercial practices, such as transaction conditions, profit structure and logistics structure differ between toys and other products. To overcome these barriers, we will maximize selling opportunities to realize proximity when purchasing in an attempt to introduce numerous products.



SPORTS EXHIBITION



CINEMA



CONVENIENCE STORE



HANDICRAFT SHOP

EXPANSION OF SALES CHANNEL



BOOK STORE



SERVICE/PARKING
AREAS OF HIGHWAYS



INTERNET



DRUGSTORE



REALIZING EVOLUTION

FROM PRODUCTS TO BRANDS

TOWARD FURTHER EVOLUTION

Brand Strategy Promotion

While evolving under the keywords ENDLESS, AGELESS, BORDERLESS and POA, TOMY will wait to release of major content going forward. We will engage in the full-scale deployment of animated television program BEYBLADE BURST, which began broadcasting in Japan this year, to begin broadcasting in North America during this fiscal year.

At present in the global toy market, IP competition and cultivation battles are intensifying among major toymakers. To survive in this environment, TOMY will

use its products, which are its assets, to promote brand strategies to enhance the value of its assets as brands. Products may change, but brands are forever. As brand power grows through the establishment of brand image, we can expect a further contribution to profits through the development of a licensing business and the deployment of products other than toys. Going forward, TOMY will continue its evolution from products to brands.

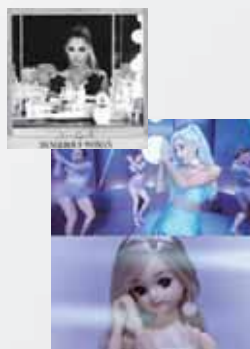
LICCA DOLL BRAND STRATEGY EXAMPLE



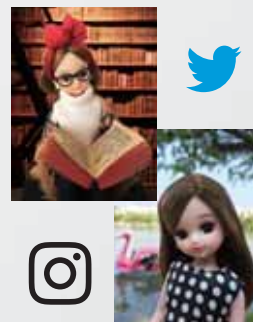
Merchandise deployment



Corporate collaboration



Music video performances



Expand image via SNS

ARIANA × LICCA



Showing a Japanese-version music video* of "Focus," a single by the female U.S. singer Ariana Grande

* Publicly available on YouTube via Universal Music at <https://youtu.be/gdeUxsVkrKY>

© TOMY

“
**PROMOTING
CSR ACTIVITIES
TO FURTHER
ENHANCE
CORPORATE VALUE**
”



MESSAGE FROM THE CHAIRMAN OF THE BOARD

We will extensively contribute to society through our livelihood, toys.

Our founder, Eiichiro Tomiyama, expressed his philosophy of toys as “aiming to create a more abundant children’s culture by making ingenious, high-quality toys loved by everyone with the wish for the healthy growth of children responsible for the future.”

In the time before toys, there was nothing to separate children. Toys have the power to make us laugh together and overcome lifestyle environments, cultural backgrounds, languages, gender, the presence or absence of disabilities and all other differences. Since our founding, the concept of wanting to create toys that bring smiles to children’s faces has been passed down throughout the ages. We will continue to steadfastly conduct business with contributing to society through toys as our foundational belief.

Right now, we are in the midst of changes in the business environment giving rise to technological innovation and diverse values. In addition, we are also faced with major issues such as climate change and environmental problems that must be addressed by society and the planet as a whole. How do toys support the healthy growth of children responsible for the next generation? How do we, who make our livelihood in toys, respond to changing times? It is time to think about these issues.

To this end, in April this year we launched the CSR Project. Our CSR policy clearly indicates the TOMY Group’s social responsibilities and raison d’etre, as well as our path and posture in light of these, and we are proactively engaged in efforts aimed at instilling these within and outside the Company. Until now and from here on out, we will continue to realize social contributions through toys in an aim to become the world’s most trusted Company.

Kantaro Tomiyama

Representative Director & Chairman of the Board

富山 幹太郎

Management and Initiatives

CSR Policy and Structure

In 1923, our founder Eiichiro Tomiyama was in Tokyo's Shitamachi area where the Great Kanto Earthquake struck. In a time where people were focused primarily on rebuilding their lives, as a tin worker he should have been able to command high fees as a roofer, but instead Eiichiro purposely focused on making toys. Seeing with his own eyes the power of toys to bring smiles to children's faces, who in turn brought smiles to the faces of the adults around them, he believed that toys could help create a better future.

In 1930, Eiichiro and a group of like-minded associates founded the Tokyo Toy Industry Association with the aim of modernizing and rationalizing the toy industry, which at that time was a conglomeration of cottage industries. Subsequently, they announced their founding document entitled, "Tokyo Toy Industry Association Industry Guidance Principles." The document contained the "Entrepreneur's Motto," which aspiring toymakers were supposed to learn by heart. Our predecessor's motto was "those who would be eternally prosperous must realize that they can only prosper together with others." They held the principle of coexistence and co-prosperity up as their ideal.

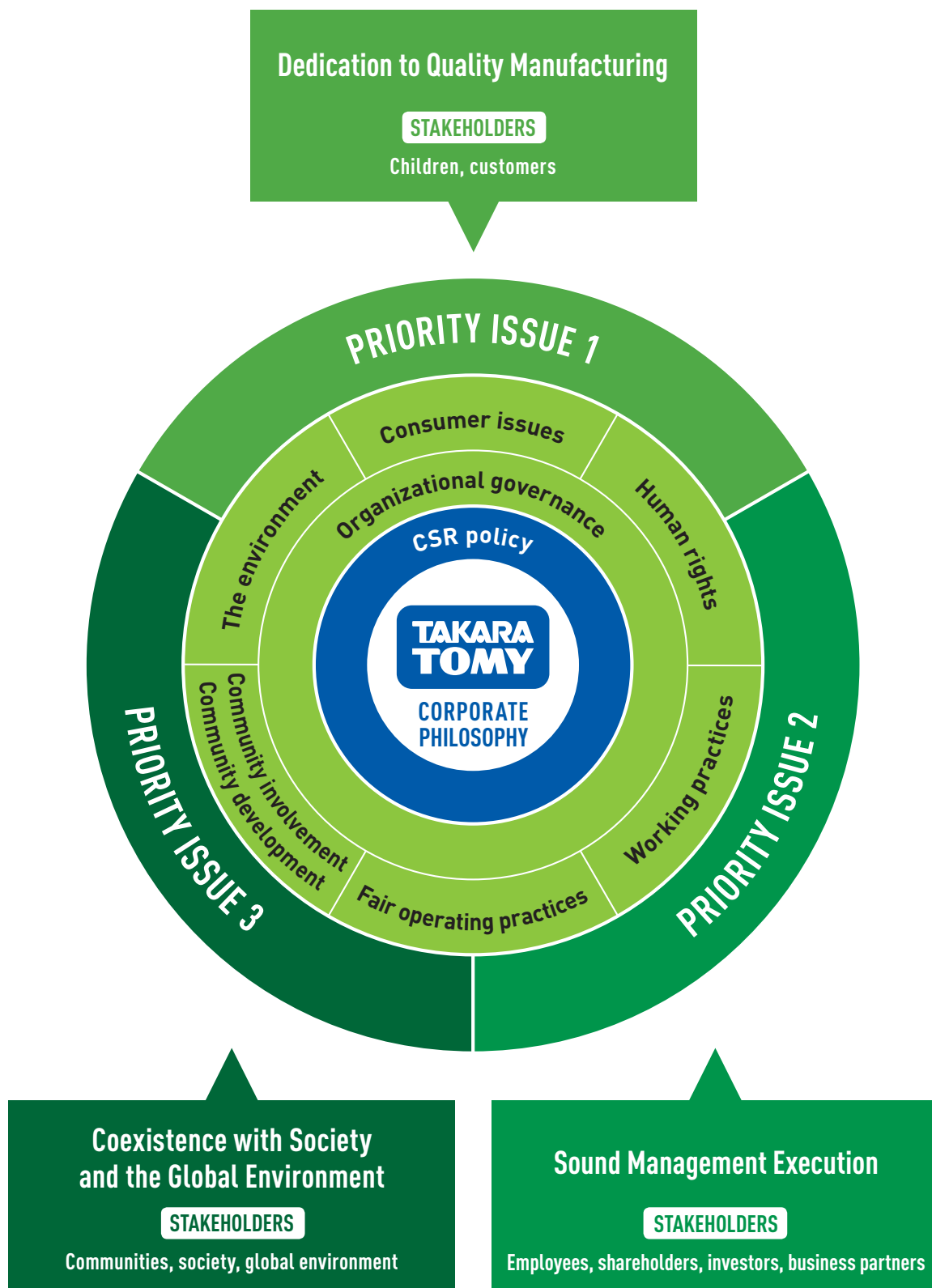
The founding philosophies of the TOMY Group, "Let's excite the world's markets with our outstanding products," and "Our sincerity and diligence will contribute to society and lead to our own success and happiness" were based on this "Entrepreneur's Motto." The philosophies succinctly show our founder's firm conviction that we should provide outstanding products to the world's markets and contribute to society in general through this business, and his belief that every ounce of sincerity and effort that we devote to our work must contribute to the development of human culture. Even though the times change along with our environment, we have passed down this idea from generation to generation as the foundation of our CSR policy.

CSR Promotion Structure

As we continue with our initiatives for Accessible Design Toys and the environment, which we consider to be ongoing activities, we have also recognized ISO 26000 as an important guideline for upholding our social responsibility. We have formulated three priority issues to be addressed, in such a way as to cover the seven core subjects of the guideline. Looking ahead, we will identify medium- and long-term priorities to be addressed in our CSR Project, which is a Group-wide organization. By responding carefully to each identified issue, we will continue to firmly inculcate our CSR activities.

“WE WILL EXTENSIVELY CONTRIBUTE TO
SOCIETY THROUGH OUR LIVELIHOOD, TOYS.”

CSR POLICY



(Figure: Three Priority Issues to be Addressed and Core Subjects of the ISO 26000 International Standard on Social Responsibility)
 Priority Issue 1: Dedication to Quality Manufacturing / Priority Issue 2: Sound Management Execution /
 Priority Issue 3: Coexistence with Society and the Environment

PRIORITY ISSUE 1: Dedication to Quality Manufacturing

The toys we create must be highly original, good quality products that will be loved by children throughout the world. This is because toys play a vital and irreplaceable role in the healthy development of children. Our founder insisted strictly on working hard each day to come up with new ideas and improvements so that we could provide children with the high quality

products, and he strictly forbade the creation of imitation goods lacking in originality or cutting back on quality to reduce costs, or easy manufacturing of products simply because they could sell.

We will create new value of play by creating toys that captivate children, never forgetting our duty and our pride as a toy maker.

COMMENTS

Kei Nishizawa

Product Planning Team
New Products Planning Group



Pursuing Universal Design in Toys

I develop projects for products using new technologies mainly focused on robots. For the past several years, I have wondered if it were possible to change toy specifications so that everyone from children to seniors with vision and hearing disabilities could enjoy toys. SHABEKURI HAPPY & LUCKY, which uses small bumps to enable understanding by touch, voice control and mechanical voice response and the incorporation of text and sounds to communicate information, won the grand prize in the Accessible Design Toys division in the 2016 Toy Awards sponsored by the Japan Toy Association.



© TOMY

SHABEKURI HAPPY & LUCKY

Manabu Yaegashi

Products Assurance Team
Safety & Quality Assurance Group



Revising Quality Rules Realizing TOMY's Uniqueness

I am in charge of the overall quality assurance operations at each stage of a product, from the planning and development phase to sales. In terms of practicing CSR activities through operations, I have developed an awareness of TOMY's uniqueness and passion with regard to quality. At present, the revision of quality rules is an important issue, thus we have formed a specialized team to engage in this effort that is focused on raising the skill level of each member. In gathering revision proposals, we must explore the background of the proposed revision, as well as related laws and regulations, making this a challenging task. Recently, I feel like members understand why these efforts are so important.



Product strength testing
(TOMY checks more than 500 different safety and quality inspection items for each TOMICA)



Ryoya Asai

Intellectual Property Team,
Legal Affairs Group

Indirect Support for Original Products

I am in charge of all company operations pertaining to patent investigation and acquisition, counterfeit product countermeasures and intellectual property. I had the impression that CSR activities benefited fund-raising and the environment, but then realized that my work also involves CSR. I have recently come to view the work of other departments from the perspective of CSR. In my daily work duties, I disseminate information throughout the Group that promotes the utilization of intellectual properties held by TOMY to support the development of original products. I also make an effort to eliminate counterfeit products to ensure that our brand value is not damaged. Going forward, I will focus on generating interest in unfamiliar intellectual property areas and providing a more effective response amid an increase in counterfeit products.



The first "TOMY Toy Hackathon" was held in January 2016 bringing together adults, students, engineers, designers and planners to develop new toys.



Customer support



Akihito Suminokura

Customer Service Department
TOMY IBIS CO.,LTD.

Customer Support Committed to Safety Considerations

I am in charge of TOMY Group-wide customer support and make effective use of customer feedback. Since I developed an awareness of CSR, I have further considered how feedback from customers pertaining to children, who are responsible for the future, helps contribute to society through the continued creation of toys. In my daily activities, I support customers with a particular concern for safety and respond to customer reports to determine whether there are any dangers, risks of injury or anything that might impede children's curiosity and creativity.



PRIORITY ISSUE 2: Sound Management Execution

As a company that handles toys that are familiar to children, we believe it is imperative that we must never do anything as adults that would shame us before children.

In our daily business activities, we naturally observe laws and regulations, as well as making sure our activities are highly transparent. At the

same time, it is our duty as a corporate citizen to draw out the best of each employee's capabilities, guide our joint efforts with business partners to success, build a sound financial system and return benefits to society.

We seek to be a company that is trusted by society by striving to execute management in a sound manner.

COMMENTS

Maki Nakamura

Human Resources Team
Consolidated General Affairs Human Resources Department



Kurumin mark

Maximizing the Strength of Each Individual

I am in charge of establishing and revising the remuneration system for directors and employees, the formulation of welfare policies and working environment improvements. An awareness of CSR enables me to respond to the expectations and needs of employees, who are important stakeholders, which I feel is directly linked to my current position.

It is important for employees at a toymaker that provides children with dreams to engage in work actively. We promote a work-life balance and provide work environments that are highly motivating and facilitate high-level performance. Every summer, we have a Family Day event offering an opportunity for children and families of employees to understand our workplace, which in turn increases employee satisfaction.

We believe it necessary to further strengthen initiatives aimed at promoting active participation by women. We are creating work environments, increasing career tracks and management positions for women among other measures to leverage the experience and feelings of female employees who have given birth and are raising children for the creation of toys that children play with.

Yoshifumi Nakazawa

Internal Control Team
Internal Control & Audit Group



Ongoing Promotion of the Importance of Compliance

I am involved in internal control operations and education and awareness related to compliance. Having participated in the CSR Promotion Project, I became aware that my job duties directly affected the execution of sound management, a CSR policy priority theme. I want to continue working in good faith on a daily basis to steadily continue raising awareness of how ensuring the reliability and legal compliance of our financial reporting duties contributes to maintaining and improving sound management.

2



FAMILY DAY

This event is conducted with the aim of having families who support employees experience the TOMY workplace to deepen their understanding of the work we do and creating a workplace atmosphere that is comfortable and emphasizes family through a mutual understanding of home life conditions.

In 2016, a total of 208 family members, including 111 children and 97 adults, participated in this event.



EDUCATION AND AWARENESS FOR SOUND MANAGEMENT

TOMY instituted "Think About Compliance Day" and "Safety Day" to encourage employees to consider compliance and product safety and security in an effort to promote the awareness and understanding of both aimed at Group-wide education and enlightenment. The TOMY Code of Business Conduct (COBC), formulated based on our Founding Philosophy, is inculcated via e-learning targeting all directors and employees.



Presentation material for
"Think About Compliance Day"





PRIORITY ISSUE 3: Coexistence with Society and the Global Environment

We are fast approaching an age when such a concept, which used to be taken for granted, is becoming increasingly difficult to ensure. Everything that we have enjoyed must be passed on to the next generation. And that must be passed on to the generation after that, so on over and again. We believe this cycle should be repeated indefinitely.

To preserve the environment in a state that enables children to enjoy toys happily regardless of how times change, we will work through our business activities with children, who are the leaders of tomorrow, to protect the environment and take environmentally considerate measures.

COMMENTS

Shiho Nagano

Environment,
Social Activities Promotion Team
President's Office



Using Eco-Toys to Instill Environmental Awareness

TOMY is engaged in the promotion of environmental activities through toys with the promotion and use of eco-toys satisfying eco-friendly company standards. I participate in the CSR Project as the secretariat, and have come to view Group-wide CSR activities from the perspective of themes we must address in social and environmental categories. Going forward, I will make use of my accumulated environmental knowledge in my daily work duties while organizing Group-wide CSR activities as the secretariat and disseminating information to all our stakeholders.

In my daily work duties, I help children maintain an awareness of the environment through event exhibitions and lessons provided at elementary schools using eco-toys. At the same time, I am able to cultivate occupational and labor viewpoints by conveying the work of the TOMY Group. Last year, our classroom program content was assessed, receiving the Jury Prize at the 2015 Youth Experience Activity Promoting Company Awards held by the Ministry of Education, Culture, Sports, Science and Technology, earning a strong reputation in the educational field. Furthermore, we received the Grand Prize at the Green Printing (GP) Environmental Awards held by the Japan Federation of Printing Industries in recognition of our eco-friendly printing of 700,000 LICCA Doll catalogs.



Sayaka Yoshida

Shared Goods Promotion,
Social Activities Promotion Team
President's Office

Companywide Pursuit of Barrier-Free Products

I am in charge of TOMY Group barrier-free products and services promotion and awareness activities. Through my work, I have become more strongly aware that among the customers who play with our toys, some have vision or hearing impairments. Widening my perspective in terms of people, I am engaged in activities that enhance the value of play through toys that everyone can enjoy. These straightforward efforts begin with understanding the feelings of all customers, and I feel my efforts are rewarded when disabled children and their parents find joy through play.





William Walters

AG & AUTO
TOMY International

Regional Support through Toys

We take great pride in supporting local activities and the agricultural clubs that benefit our youth. We support our local schools with toys and fund-raising activities for educational, sports and fine arts activities. We also partner with our local "National Farm Toy Museum" on products and promotions which help fund their activities. We also work with the National FFA Organization and their efforts to educate our youth on agriculture across the United States.

ENVIRONMENTAL COMMUNICATION THROUGH TOYS

TOMY conducts environmental events and classes at schools to raise awareness and educate about the environment through toys. Children who participate in these activities receive an Eco-Toy Member certificate or completion certificate with an Eco-Toy Card Game, an environmental report presented in a card game format.

Also, at the EcoPro Exhibit held at Tokyo Big Site each December, employees and staff who are usually not directly involved in environmental activities teach children about TOMY environmental activities and business policies.

NEARLY 33,000 CHILDREN HAVE BECOME ECO-TOY MEMBERS!

(Between June 2011 and March 2016)



TOMY'S FIRST BARRIER-FREE BOOK

TOMY published its first Barrier-Free Book based on the idea of overcoming differences and the desire to provide all children with the experience of sharing the joy of play.

This book, which is distributed at various events to as many people as possible, includes "Recommended Points by Experts" featuring toys that contribute to a barrier-free world in addition to the introduction of TOMY barrier-free activities and toys.



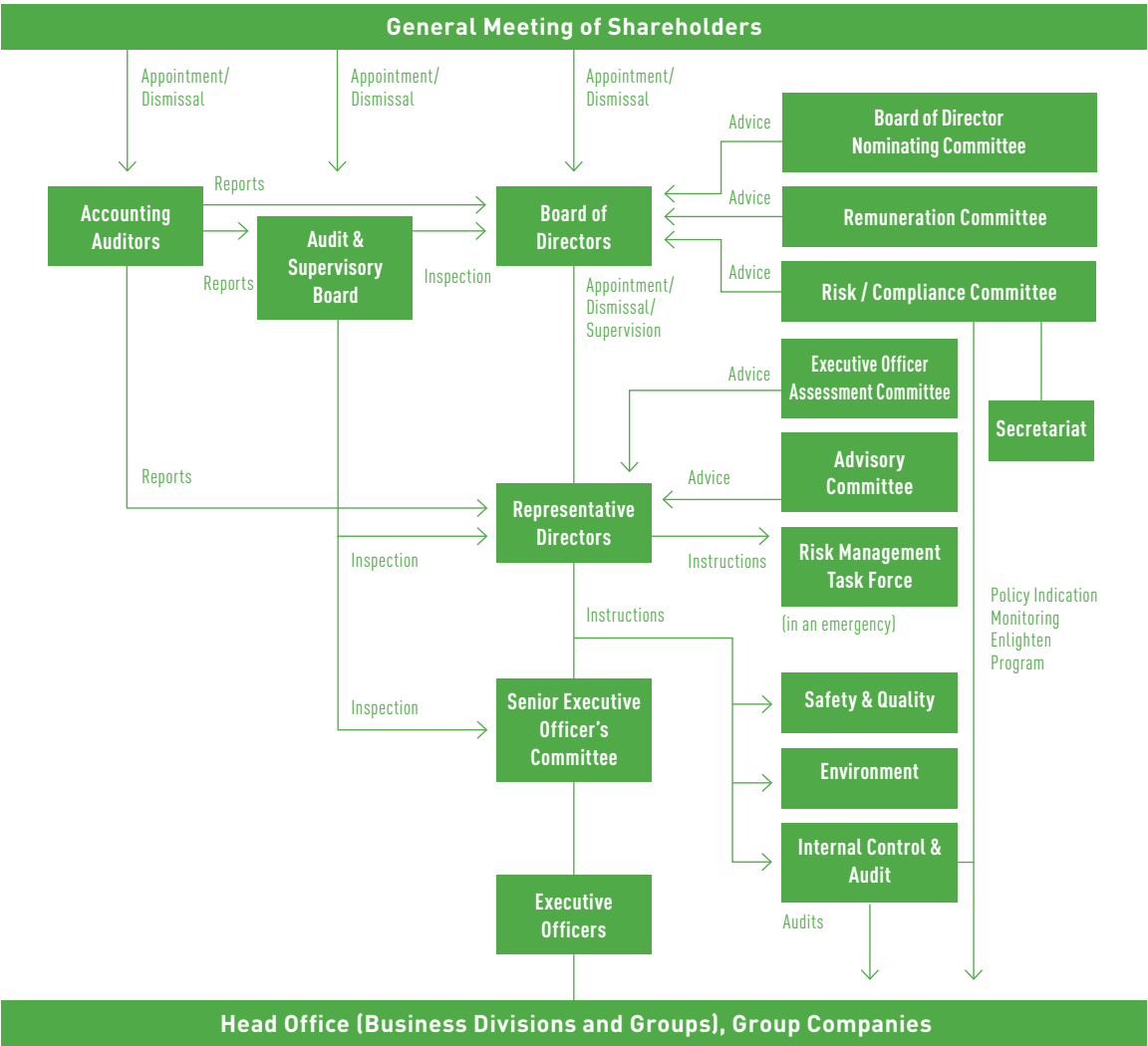
Barrier-Free Book



CORPORATE GOVERNANCE

BASIC POLICY

One of the most important management issues for TOMY Group today is maintaining the trust of our stakeholders while offering continual improvements in corporate value and building on sound and transparent management practices. We will make every effort to achieve this through strong corporate governance including enhanced self-check functions, risk management and compliance system, even as we improve operational efficiency.



(As of June 24, 2016)

MANAGEMENT MONITORING SYSTEM

1) Regular meetings of the Board of Directors are convened once each month, whereas extraordinary meetings are held as necessary to determine basic policies and strategies for the TOMY Group as a whole, issue decisions concerning the performance of important business operations and audit and supervise the performance of business operations.

2) Officers Meetings are held in each division to facilitate smoother, more efficient Group business operations and management and engage in versatile decision making on matters concerning overall management.

3) The Board of Director Nominating Committee and the Remuneration Committee, composed of outside Directors and/or outside audit & supervisory board members, were established as advisory bodies to the Board of Directors and are requested to provide proposals and counsel with regard to policies relating to Director assessments, appointment and remuneration.

4) The Advisory Committee, composed of outside Directors and/or audit & supervisory board members was established as an advisory body to the Representative Directors, and is requested to provide a broad range of counsel pertaining to the effectiveness of business performance, the reliability of the TOMY Group's financial affairs and other important matters. Also, the Executive Officer Assessment Committee was established to provide proposals and counsel with regard to policies relating to Executive Officer assessment and other matters.

Please see the Company's website for further information:
<http://www.takaratomy.co.jp/english/company/company/governance.html>

IMPLEMENTATION OF CORPORATE GOVERNANCE

1. Executive Officer System

TOMY introduced the Executive Officer System to ensure swift, efficient execution by officers of the business with which they are charged at their respective divisions based upon the policies, strategies and oversight of the Board of Directors.

2. Internal Controls

1) Compliance System

TOMY formulated the "TOMY Code of Conduct" stipulating that all Directors and employees are required to comply with laws and regulations, and furthermore clearly states that they must fulfill their social responsibilities through honest and fair business practices. We ensure that all Directors and employees are made fully aware of the compliance issues through training. TOMY established a Risk/Compliance Committee chaired by the Representative Director and composed of outside Directors and Audit & Supervisory Board members who deliberate important issues concerning risk and compliance, and reports the results of such deliberations to the Board of Directors. The Internal Control & Audit Group, an organization under the direct control of the Representative Director, audits the Group's compliance status and reports the results to the Representative Director, and the Audit & Supervisory Board.

2) Risk Management

The Risk/Compliance Committee and the Internal Control & Audit Group were established to create a Company-wide risk management system integrated with the internal control system.

Please see the Company's website for further information:
<http://www.takaratomy.co.jp/english/ir/risk/index.html>

3) Group Business Management System

One or more of the Company's officers or employees shall be appointed to serve as non-executive Directors or Audit & Supervisory Board members (part-time) of TOMY Group companies to engage in monitoring and supervising the propriety of the performance of operations at each company, thereby striving to strengthen the risk management and compliance system of the TOMY Group as a whole. With regard to the TOMY Group management system, a department has been established to coordinate Group company management. This department shall act in accordance with the Company's internal rules in providing management and guidance activities in accordance with the characteristics and status of each Group company.

DIRECTOR AND AUDIT & SUPERVISORY BOARD MEMBER COMPENSATION

Director compensation as determined at the General Meeting of Shareholders is ¥400 million or less (fixed) for Directors and ¥70 million or less (fixed) for Audit & Supervisory Board members.

Also, the upper limit of compensation in the form of stock options as determined at the General Meeting of Shareholders is ¥200 million or less annually for Directors to be issued within one year of the date of the General Meeting of Shareholders in each fiscal year.

Total Amount of Compensation for Each Director Category, Types of Compensation and Number of Applicable Directors (in the Fiscal Year Ended March 31, 2016)

(Millions of yen)

Director category	Number of Applicable Directors	Compensation amount	Basic compensation	Stock options
Directors (excluding outside Directors)	5	119	101	18
Audit & Supervisory Board Member (excluding outside members)	1	15	15	0
Outside Directors	6	44	44	0

ANTI-TAKEOVER MEASURES

TOMY is continuing our policy on responding to attempts to conduct the large-scale purchase, etc., of Company stock after having received shareholder approval (68.6% in agreement) at the 65th Ordinary General Meeting of Shareholders held on June 24, 2016. This response policy consists of a "rights plan with prior warnings" providing for the allotment of stock acquisition rights without contribution.

〈Goal of the Countermeasures〉

TOMY's founding philosophy includes the messages "Let's excite the world's markets with our outstanding products" and "Our sincerity and diligence will contribute to society and lead to our own success and happiness." As these words suggest, since the time of our founding we have concentrated on providing quality, safe products, as well as ones that offer a sense of fun and cultivate a healthy childhood culture. We have formulated a corporate mission that serves as our compass for realizing this founding philosophy (see page 2 of this report).

Our corporate mission is to harness the Group's activities to fulfill the dreams of our stakeholders. We view this mission as a way to maximize both our corporate value going forward and, by extension, shareholder value. The TOMY Group is working to enhance the TOMY brand value by seriously embracing our mission of creating new value from play and improving product quality to "nurture a sound children's culture" for children, who are our future. Through brand value management that highlights the TOMY brand, we are convinced that we can fulfill the dreams of all our stakeholders.

Therefore, in cases in which a purchase of a large volume of Company stock has been proposed, we must carefully look into whether that buyer will respect the TOMY Founding Philosophy and Corporate Mission, as well as contribute to the enhancement of the corporate value of the Company and the interests of the shareholders. It is also necessary to ensure that the purchase is reasonable in terms of the feasibility and legality of the business plan proposed by the buyer, the impact on stakeholders, the impact on the enterprise value of the Company and the Group, and participation in the Company's future plans.

Please see the Company's website for further information on these countermeasures:
http://www.takaratomy.co.jp/english/ir/financial/pdf/160526p_en.pdf

STATUS OF RESPONSE TO THE CORPORATE GOVERNANCE CODE

TOMY is implementing all principles called for under the Corporate Governance Code.

A summary of the status of responses to the 11 principles listed in the Corporate Governance Report are as follows.

Please see the Company's website for the Corporate Governance Report revised in June 2016:

http://www.takaratomy.co.jp/english/company/company/pdf/gov_report2.pdf

1	Cross-Shareholdings	The Company holds shares of other listed companies as a policy only when it determines that cross-shareholdings are economically rational.
2	Related Party Transactions	The Company ensures transactions do not harm the interests of the Company or the common interests of its shareholders and prevent any concerns with respect to such harm.
3	Full Disclosure	The Company makes disclosures with respect to the five items called for in these principles, including information required by law and stock exchanges.
4	Scope of Matters to Be Resolved by the Board of Directors and Scope of Matters Delegated to Management	To increase agility and flexibility in the execution of business, the Board of Directors delegates to Directors decision making on the execution of business other than that pertaining to laws and regulations, the Articles of Incorporation and items listed in the "Regulations of the Board of Directors" and "List of Matters to Be Discussed at the Board of Directors Meeting."
5	Effective Use of Independent Outside Directors	The Company has appointed two independent outside Directors, comprising one-third of all Directors (six in total). Three of the four appointed Audit & Supervisory Board members are independent outside members.
6	Independence Standards and Qualification for Independent Outside Directors and Audit & Supervisory Board Members	The General Meeting of Shareholders appoints outside Directors of the Company in accordance with requirements provided by the Companies Act and by independence standards established by the Tokyo Stock Exchange.
7	Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, etc.	In addition to possessing the knowledge and experience necessary for fulfilling the roles of Executive Director and Outside Director, the Company considers diverse perspectives to be indispensable for promoting business and appropriate oversights/audits, therefore the Company promotes diversity among its Officers.
8	Concurrent Positions Held by Officers	The Company discloses concurrent positions held by respective Officers in the "Notice of Convocation of General Meeting of Shareholders."
9	Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole	The Board of Directors periodically analyzes and evaluates its effectiveness as a whole, taking into consideration relevant matters, including the self-evaluations of each Director.
10	Training Programs for Directors	The Company provides Officers with training opportunities relevant to their respective roles and responsibilities.
11	Policy for Constructive Dialogue with Shareholders	The Company considers shareholders and investors to be stakeholders critical to improving corporate value and places emphasis on constructive dialogues with institutional investors and individual investors to deepen mutual understanding with respect to thinking and position, as well as the importance of formulating appropriate responses to both.

1st generation 1924~

TOMY'S FOCUS Craftsmanship/Wartime and postwar
INDUSTRY TREND Material revolution

1920 >

Founded Tomiyama Toy Seisakusho, the predecessor of today's TOMY

On February 2, 1924, Eiichiro Tomiyama founded Tomiyama Toy Seisakusho, the predecessor of today's TOMY Company, Ltd. The company manufactured numerous toy airplanes, establishing a reputation in the industry linking the Tomiyama name with toy airplanes. Later, the company expanded its business through one industry-leading initiative after another, including the establishment of the first factory in the toy industry with an assembly line system and the creation of a toy research department. Tomiyama also contributed greatly to the modernization of the toy industry through its determined efforts to improve the standing of toy manufacturers.

- 1924 AERO PLANE BREGUET
- 1930 LOOPING PLANE
- 1935 AIR MAN
- 1937 TANK
- 1946 JOHN DEERE



AERO PLANE BREGUET



JOHN DEERE*



B-29



The Game Of Life



Sky Ping-Pong



Pop Up Pirate



Tomica

1950 >

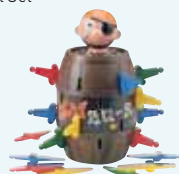
Transferred from metal to plastic

After World War II, the company's B-29 Bomber friction toy became a major hit in and outside Japan, blazing the way for the export of large toys. In 1953, the company began its journey toward becoming a modern enterprise by incorporating, and in 1959 it established a sales subsidiary, which had been the founder's ardent wish since the founding. Around this time, waves of innovation in materials and technology rolled through the toy industry, ushering in a major turning point when metal was replaced with plastic and friction toys were succeeded by electric toys. Sato Vinyl Industries, a predecessor of TAKARA Co., Ltd., was founded in 1955.

- 1951 B-29
- 1953 Speedway Racer No. 3
- 1957 Bubble Blowing Elephant
- 1959 Piggy Cook
- Sky Ping-Pong
- Plastic Train and Rail Set



Plastic Train and Rail Set



Pop Up Pirate

1960 >

Early success in expanding overseas during the export boom

At a time when half of the toys it produced were exported, TOMY was quick to open representative offices in New York and Europe with the aim of making inroads directly. In Japan, the company established production bases, set up a development center—an unprecedented move in the industry—and took other steps to create a system uncompromisingly committed to good manufacturing. TAKARA grew into a comprehensive toy manufacturer, propelled in its business expansion by hit products that made use of the company's vinyl processing technology.

- 1960 Dakko-Chan
- 1964 Ohanashi Miko-Chan [Talking Miko]
- 1967 Licca doll
- 1968 The Game of Life [Japanese Version]
- Magic Skyrail
- 1969 Tumble Robot



ZOIDS



Water Game



Sensei



Koeda-Chan mini dolls



Licca doll

1970 >

Start-up of overseas production

After commissioning production in Hong Kong, TOMY opened its first factory in Singapore, making it one of the early companies to embark on overseas production. Masanari Tomiyama was appointed the second president and CEO in 1974, the company's 50th anniversary. TOMY and TAKARA both released numerous long-running products that remain popular to this day.

- 1970 Tomica
- G.I. Joe
- 1972 Henshin Cyborg
- 1974 Microman (Micronauts)
- 1975 Pop Up Pirate
- Pocket Mate
- Tuneyville Choo Choo
- Kotetsu Jeeg
- 1976 Water Game
- Amikko Knit Stitcher
- Born Free
- TOMIX
- 1977 Sensei
- Koeda-Chan mini dolls (Treena & Her Forest Friends)
- 1978 Black Racer



Gacha*



Rock 'n' Flowers



Musican



LAMAZE*



TOMIX
JR東日本商品化許諾済

1980 >

Ongoing reform and expansion of sales channels

TOMY established the Handicap Toy Laboratory in 1980 and popularized efforts in the industry to create barrier-free toys. In 1985, the Plaza Accord threw the company into a sudden management crisis, and drastic reforms were implemented, including the closure of factories in Japan. The following year, Kantaro Tomiyama was appointed the third president and CEO in a shakeup of the management structure. TAKARA went public in 1984 and grew steadily, being listed on the Second Section of the Tokyo Stock Exchange in 1986. In 1988, the company switched from a focus on its core business of toys to diversified operations, rolling out products aimed at a wide range of fields.

- 1980 Choro-Q (Penny Racers)
- Diaclone
- 1981 Pac-Man
- UNO
- 1982 Japanese version Barbie
- Tomy Tutor (Pyuta)
- Orihime Weaving Machine
- Mechabonica
- 1983 ZODS
- 1984 Transformers
- Omnibot
- 1986 Jenny doll
- Cotton Candy Maker
- 1987 Palm Pets
- Norakurokun Rock'n plush
- 1988 Rock 'n' Flowers
- Mashin Hero Wataru character products
- Gacha
- Jenga
- 1989 Kentoshi Boxing Ring
- Plush Goma-chan from Shonen Ashibe
- Monopoly



Choro-Q



Furby

Transformers



1990 >

From "product out" to "market in"

TOMY prepared for regeneration with a new structure. With this, it announced a business diversification strategy focused on the three core areas of toys, general goods and multimedia products. It rolled out a stream of new measures, including entry into the character business and a business alliance with HASBRO, Inc., in the United States. In 1997, TOMY went public and in 1999 it was listed on the Second Section of the Tokyo Stock Exchange. From the second half of the 1980s, TAKARA expanded its Hearty Series for enriching people's lives and released products based on TV characters that became hits. With this aggressive product expansion, the company was listed on the First Section of the Tokyo Stock Exchange in 1991.

- 1990 Musican
- Dear Word Processor for child
- Chibi Maruko-chan character products
- 1991 Healing Birds
- 1992 Thomas and Friends
- Super Famicom software Legend of the Hungry Wolf
- 1993 B-Daman
- Pinkish
- 1994 Perfect Picture Maker
- 1995 Toshinden
- LAMAZE
- 1996 Cella Sticker Machine
- Lullaby Home Theater
- 1997 Pokémon (Toys)
- Beast Wars: Transformers
- 1998 Polaroid Pocket Xiao
- 1999 Furby
- Beyclade
- Twister



Beyclade



Pokémon

* The photographs do not present those at the time of product launch.

3rd generation 1984~

TOMY'S FOCUS ▶ Marketing/Growth of mass media
INDUSTRY TREND ▶ Public information revolution

2000 >

Beginning of a new era in the toy industry

TOMY concluded a comprehensive licensing agreement with Walt Disney International Japan Inc. in 2000, the same year its stock was transferred to the First Section of the Tokyo Stock Exchange. In pursuit of further growth, TOMY aimed for progress as a group, including the establishment of a development subsidiary and the founding of a new company for the planning and selling of stuffed toys and a company for utilizing new technology. In 2000, TAKARA advocated expansion of the toy business and aggressively moved forward with the rollout of products and leveraged its planning and marketing prowess to continue offering a succession of popular products. In 2006, TAKARA and TOMY merged, becoming TOMY Company, Ltd. (known as TAKARATOMY in Japanese), with the aim of maximizing their respective strengths and becoming the world's top toy manufacturer.

2000	e-kara Colorful Dakko-Chan Nanchatte Phone Aquaroid	2005	Yumel Video game software, NARUTO Walkie Bits
2001	Bit Char-G Sweet Bambini DREAM FORCE 01	2006	Jinsei Ginko [Life Bank] Aero Soar
2002	Bowlingual Nohohonzoku Duel Masters Micro Pet Qi Choco Q	2007	Omnibot 17μ i-SOBOT Ie-Soba Home Soba Maker Air Guitar Pokémon Battrio
2003	Meow-Lingual	2008	Tomica Hero
2004	Aero R/C Yumemi Kobo THE FIRST YEARS	2009	Fresh Caramel Maker Clockman

2010 >

Toward tomorrow's hit products

Since 2010, TOMY has been accelerating its international expansion. It introduced an overseas version of TOMICA in Europe and North America. It began marketing METAL FIGHT BEYBLADE toys worldwide in conjunction with the introduction of a new TV anime (the actual names of the toys and anime differ by region). The toys are enjoying so much enthusiasm that an international competition was held in South Korea in the summer of 2010. In 2011, TOMY acquired U.S. toy manufacturer RC2, establishing a platform for global expansion. The entire TOMY Group has started to move into action together, aiming to be a truly global toy company.

2010	Pretty Rhythm Furu Chara Sorbet Maker Potechi No Te
2011	Battroborg 20 Mimicry Pet
2012	Pokémon TRETТА
2013	Ania



Nohohonzoku



Duel Masters



Jinsei Ginko



Omnibot 17μ i-SOBOT



THE FIRST YEARS



Ania



Battroborg 20

4th generation 2014~

TOY STAGE New technology/Analog toys with digital elements
INDUSTRY TRENDS The personal revolution

2014 >

- 2014 PRIPARA
WIXOSS
- 2015 Beyblade Burst
SHINKALION
OHaNAS
Linear Liner
Licca Stylish Doll collections
- 2016 Licca Bijou Series
Pokémon Ga-Olé



Licca Bijou Series



WIXOSS



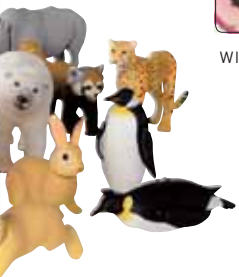
PRIPARA



Pokémon Ga-Olé



Beyblade Burst



Linear Liner



JR東海承認済



OHaNAS



SHINKALION

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BOARD OF DIRECTORS

(As of June 24, 2016)

Takashi Konosu

Board Director
Senior Executive Officer
Head of Toy Business HQ



Kazuhiro Kojima

Board Director
Senior Executive Officer
Chief Financial Officer



H.G. Meij

Representative Director
President & CEO



Kantaro Tomiyama

Representative Director &
Chairman of the Board



Kakuei Miyagi

Board Director (outside)



Shigeyuki Mito

Board Director (outside)



PROFILE (BOARD OF DIRECTORS / AUDIT & SUPERVISORY BOARD MEMBERS)

(As of June 24, 2016)

BOARD OF DIRECTORS

	Kantaro Tomiyama
Jul. 1982	Joined the Company
Jun. 2000	President and CEO
Jun. 2015	Representative Director & Chairman of the Board (to present)
	Harold George Meij
Mar. 2014	Management Advisor
Apr. 2014	Chief Operating Officer & Head of Global Business HQ
Jun. 2014	Representative Director; Chief Operating Officer; Head of Global Business HQ
Jun. 2015	Representative Director, President & CEO (to present)
	Kazuhiro Kojima
Jun. 2009	Board Director (outside) of the Company
Oct. 2014	Board Director; Senior Executive Officer; Chief Financial Officer (to present)
	Takashi Konosu
Apr. 1976	Joined the Company
Apr. 2015	Board Director; Senior Executive Officer; Head of Toy Business HQ (to present)
	Kakuei Miyagi
Jun. 1997	Director; Head of Corporate Secretariat of The Sakura Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Jun. 2001	Managing Director; Senior Executive Officer; General Manager of Tokyo Corporate Sales Division III of Sumitomo Mitsui Banking Corporation
Jun. 2002	President and Representative Director of Yoei Holding Co., Ltd.; Director and Vice President of Yoei Housing (currently Yoei Co., Ltd.)
Jun. 2004	President and Representative Director of Yoei Holding Co., Ltd.; President and Representative Director of Yoei Housing (currently Yoei Co., Ltd.)
Jun. 2008	Outside Corporate Auditor of Mitsui Mining & Smelting Co., Ltd. (currently Nippon Coke & Engineering Co., Ltd.)
Jun. 2009	Board Director (outside) of the Company (to present)
	Shigeyuki Mito
Apr. 1989	Registered as Attorney at Law of Dai-ichi Tokyo Bar Association
Oct. 1990	Participated in the Establishment of TMI Associates
Apr. 1999	Partner of TMI Associates (to present)
Jun. 2002	Outside Corporate Auditor of Takara Co., Ltd.
Dec. 2002	Outside Corporate Auditor of TYO Inc.
Mar. 2006	Audit & Supervisory Board Member (outside) of the Company
Apr. 2006	Instructor of Waseda University Graduate School of Sport Sciences (to present)
May 2006	Outside Corporate Auditor of Broccoli Co., Ltd. (to present)
Jun. 2006	Outside Corporate Auditor of Yoshimoto Kogyo Co., Ltd. (to present)
Jan. 2010	Director of Shonan Bellmare Co., Ltd. (to present)
Dec. 2013	Instructor of University of Tsukuba Graduate School of Business Sciences (Business Law) (to present)
Jun. 2015	Board Director (outside) of the Company (to present)

AUDIT & SUPERVISORY BOARD MEMBERS

	Takeichi Nozawa
Jun. 1996	Corporate Auditor of Takara Co., Ltd.
Jun. 1999	Director; Head of Corporate Administration and Finance of Takara Co., Ltd.
Jun. 2001	Corporate Auditor of Takara Co., Ltd.
Mar. 2006	Audit & Supervisory Board Member of the Company (to present)
	Tsunekazu Umeda
Mar. 1974	Registered as Certified Public Accountant
Sep. 1987	Senior Partner of Arthur Andersen Partners and Eiwa Auditing Corporation (currently KPMG AZSA LLC.)
Apr. 1995	Opened Umeda Certified Public Accountant Office (to present)
Jun. 1995	Director and Vice President of Nihon Kaiheiki Ind. Co., Ltd. (currently NKK SWITCHES CO., LTD.)
Jan. 1999	Outside Corporate Auditor of H.I.S. Co., Ltd.
Jun. 2000	Outside Corporate Auditor of HABA Laboratories, Inc.
Jun. 2000	Audit & Supervisory Board Member (outside) of the Company (to present)
Jun. 2007	Outside Corporate Auditor of Sawada Holdings Co., Ltd. (to present)
Jun. 2010	Outside Corporate Auditor of Suzuden Corporation (to present)
Jun. 2015	Outside Director; Audit and Supervisory Committee Member of HABA Laboratories, Inc. (to present)
Jan. 2016	Outside Director; Audit & Supervisory Committee Member of H.I.S. Co., Ltd. (to present)
	Jun Nogami
Oct. 1985	Joined Nogami Tadashi Certified Tax Accountant Office
Jun. 1991	Registered as Certified Tax Accountant and Opened Nogami Jun Certified Tax Accountant Office (to present)
Jun. 2003	Outside Corporate Auditor of Takara Co., Ltd.
Mar. 2006	Audit & Supervisory Board Member (outside) of the Company (to present)
	Toshi Yoshinari
Apr. 1988	Registered as Attorney at Law of Tokyo Bar Association
Apr. 1988	Joined Yamamoto Eisoku Law Office
Apr. 1991	Opened Yoshinari/Jonai Law Office (currently Akatsuki Law Office) (to present)
Jun. 1992	Audit & Supervisory Board Member (outside) of the Company (to present)
Dec. 2006	Outside Corporate Auditor of Fuhrmeister Electronics Co., Ltd. (to present)

AUDIT & SUPERVISORY BOARD MEMBERS

(As of June 24, 2016)

Jun Nogami

Audit & Supervisory
Board Member
(outside)

Takeichi Nozawa

Audit & Supervisory
Board Member

Tsunekazu Umeda

Audit & Supervisory
Board Member
(outside)

Toshi Yoshinari

Audit & Supervisory
Board Member
(outside)



SIX-YEAR FINANCIAL SUMMARY

TOMY Company, Ltd., and its consolidated subsidiaries
Years ended March 31

	Millions of yen						Thousands of U.S. dollars ¹
	2016	2015	2014	2013	2012	2011	2016
Net sales	¥163,067	¥149,938	¥154,804	¥178,745	¥187,265	¥159,490	\$1,447,171
Gross profit	57,339	52,704	53,142	55,160	61,137	52,668	508,873
Total selling, general and administrative expenses	54,641	50,237	49,807	52,613	50,951	42,341	484,926
Operating income	2,698	2,466	3,335	2,547	10,186	10,327	23,947
Ordinary income	1,459	2,014	3,300	2,622	9,823	10,143	12,956
Income (loss) before income taxes and minority interests	(6,711)	206	2,607	(4,846)	7,976	7,837	(59,565)
Profit (loss) attributable to owners of parent	(6,703)	(1,817)	232	(7,173)	3,679	8,929	(59,492)
(EBITDA) ²	11,692	11,194	11,526	10,087	16,854	14,601	103,768
R&D expenses	3,144	2,598	2,498	2,978	2,722	2,205	27,910
Depreciation, amortization of goodwill	8,994	8,728	8,191	7,539	6,667	4,274	79,820
Net cash provided by operating activities	8,675	6,827	12,429	6,701	16,046	8,486	76,988
Net cash provided by (used in) investing activities	(3,974)	(2,428)	(1,015)	(3,414)	(38,048)	1,169	(35,270)
Net cash provided by (used in) financing activities	(6,014)	(10,022)	1,735	(8,494)	29,718	(6,767)	(53,374)
(As of March 31)							
Total assets	145,652	159,638	156,467	152,732	156,654	94,597	1,292,621
Net assets	37,824	49,650	50,907	49,692	51,805	48,744	335,683
Interest-bearing debt	71,776	75,337	72,889	66,293	68,815	21,270	636,991
PER SHARE DATA (YEN)							(U.S. dollars)
Net income (loss)	¥ (78.74)	¥ (19.91)	¥ 2.47	¥ (76.21)	¥ 39.09	¥ 94.85	\$ (0.69)
Dividend	10.00	10.00	10.00	10.00	14.00	14.00	0.08
Net assets	432.87	567.91	526.49	506.41	525.46	501.54	3.84

	2016	2015	2014	2013	2012	2011
MAJOR FINANCIAL INDICES						
Operating margin (%)	1.7	1.6	2.2	1.4	5.4	6.5
Gross profit margin (%)	35.2	35.2	34.3	30.9	32.6	33.0
Overseas sales ratio (%)	41.6	42.8	41.3	30.7	36.2	19.7
Return on equity (ROE) (%) ³	(15.7)	(3.7)	0.5	(14.8)	7.6	20.3
Return on assets (ROA) (%) ⁴	1.0	1.3	2.1	1.7	7.8	10.7
Equity ratio (%)	25.5	30.2	31.7	31.2	31.6	49.9
Debt-to-equity ratio (%) ⁵	189.8	151.7	143.2	133.4	132.8	43.6
Dividend on equity (%)	2.3	1.7	1.8	1.9	2.5	2.7
Dividend payout ratio (%)	—	—	404.4	—	35.8	14.8
STOCK DATA						
Stock price at year-end (Yen)	822	714	478	478	605	630
Market capitalization (Millions of yen)	70,539	60,587	44,994	44,996	56,952	59,306
PER (Times)	—	—	193.3	—	15.5	6.6
PBR (Times)	1.9	1.3	0.9	0.9	1.2	1.3
Number of shares outstanding (Thousand shares) ⁶	85,814	84,856	94,130	94,134	94,136	94,138
COMPANY DATA						
Number of subsidiaries	34	38	40	45	49	29
Number of employees (Consolidated)	2,042	2,086	2,056	2,171	2,294	2,535
Number of employees (Non-consolidated)	491	490	486	516	642	667
Average age of employees (Non-consolidated)	40.9	40.4	39.3	38.7	40.0	39.8

Notes:

1 U.S. dollar amounts have been translated at the rate of ¥112.68=US\$1, the approximate exchange rate at March 31, 2016.

2 EBITDA=Operating income+Depreciation, amortization of goodwill

3 Profit attributable to owners of parent÷Average of total Equity*

*Equity=Net assets-Subscription rights to shares-Non-controlling interests

4 Return on assets=Ordinary income÷Total assets

5 Debt to equity ratio=Interest-bearing debt÷Net assets

6 Treasury stock has been excluded from these figures.

CORPORATE INFORMATION

(As of June 24, 2016)

Company Name

TOMY Company, Ltd.

Head Office

7-9-10 Tateishi, Katsushika-ku,
Tokyo 124-8511, Japan

Date of Establishment

January 17, 1953

Paid-in Capital

¥3,459 million

Business Domain

Planning, manufacturing and selling
of products such as toys, general
merchandise, card games and
baby care products, etc.

Number of Employees (As of March 31, 2016)

2,042 (consolidated)
491 (non-consolidated)

Number of Subsidiaries: 34

MAJOR GROUP COMPANIES

Japan

T-ARTS Company, Ltd.
TOMY TEC Co., Ltd.
TOMY MARKETING COMPANY, LTD.
KIDDY LAND Co., Ltd.

Overseas

TOMY International, Inc.
TOMY Asia Limited
TOMY (SHANGHAI) LTD.
TOMY (HONG KONG) LTD.
TOMY (SHENZHEN) LTD.
TOMY (THAILAND) LTD.

STOCK INFORMATION

(As of March 31, 2016)

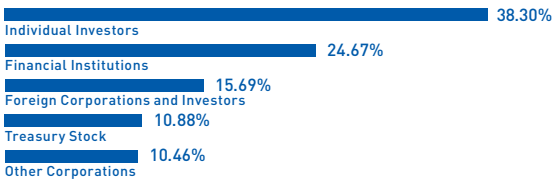
Number of Shares Authorized: 384,000,000

Number of Shares Issued: 96,290,850

Trading Unit of Shares: 100

Number of Shareholders: 89,734

Distribution of Ownership among Shareholders



MAJOR SHAREHOLDERS

Name	Number of Shares Held	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,790,800	9.08
TOMY Insurance Ltd.	4,619,952	5.38
Japan Trustee Services Bank, Ltd. (Trust Account)	4,532,800	5.28
Tsukasa Fudosan	2,945,360	3.43
Kantaro Tomiyama	2,727,166	3.18
JUNIPER (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1,568,500	1.83
Akie Tomiyama	1,483,101	1.73
NORTHERN TRUST CO. (AVFC) RE EXEMPT UK PENSION FUNDS	1,417,100	1.65
THE BANK OF NEW YORK 133524	1,116,600	1.30
(Standing Proxy: Settlement & Clearing Service Department, Mizuho Bank, Ltd.)		
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,050,700	1.22

Note: Percentage of shares held is calculated after the exclusion of 10,476,617 shares of treasury stock.

A pop-up message video clip of Meij, President of TOMY, can be viewed.

How to view the video clip

STEP 1

Download the “SATCH VIEWER” augmented reality (AR) application using one of the following methods.

- ① Download “SATCH VIEWER” from the App Store or from Google Play.
- ② Access the Download page directly by scanning the QR code.

※The application can be downloaded free of charge.
※Please note that the application may not function properly depending on the terminal device used and the operating environment.
※App Store is a registered service mark of Apple Inc.
※iPhone is a registered trademark of Apple Inc.
※Android and Google Play are trademarks or registered trademarks of Google Inc.
※This application is designed for use with smartphones.
“SATCH VIEWER” is compatible with Android 4.2 or later, and with iOS 8 or later.
Please note that “SATCH VIEWER” cannot be used with some smartphone models.



App Store



Google Play

STEP 2

Open the “SATCH VIEWER” application, and tap on “Scan Now.”
Hold your smartphone so that the annual report cover is in-frame for your smartphone camera.
Tap on the screen for scanning then the message video will start.

※The video message will be available for viewing until November 30, 2017.
※Please note that the message video may stop suddenly without warning.



TOMY Company, Ltd.

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<http://www.takaratomy.co.jp>

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