

**TAKARA
TOMY**

On the Right Track



Annual Report 2019

TOMY Company, Ltd.
(For the year ended March 31, 2019)

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On the Right Track



Annual Report 2019 Editorial Policy

The TOMY Group publishes annual reports summarizing our overall business, including our history and product lines, performance results and management strategies, and CSR and corporate governance initiatives targeting sustainable growth with the aim of providing our stakeholders with a deeper understanding of the Group's medium- to long-term value creation.

This edition of the annual report includes a message from the president providing an easily understandable commentary on the progress and issues related to the Medium-Term Management Plan launched in Fiscal 2018. In addition, the special feature covers the 60th anniversary of the sales launch of the PLARAIL train toy, introducing the reasons why this brand continues to be loved and trusted by customers along the value chain. Through this, we hope readers gain a clear understanding with regard to the future developments of the TOMY Group, which is on track for further growth. Please visit our website for more details.

www.takaratomy.co.jp/english

Disclaimer: This report contains forward-looking statements including prospects, targets, plans and strategies. These are based on judgment and assumption from the currently available information and will not guarantee nor warrant any financial estimates or business development.

Footprints of the Past, Path toward the Future

The philosophy of our founder, Eichiro Tomiyama, on toy manufacturing, “Creating truly excellent quality product with play value for children with infinite possibilities for the future,” is the foundation of our Company and shared throughout the entire TOMY Group.

We will contribute to the creation of healthy children's culture by delivering excellent products created for children around the world. This, we believe, will lead to the advance of human culture.

We will continue to pass on this Founding Philosophy throughout the TOMY Group as we strive toward the realization of our Corporate Mission.

Our Founding Philosophy is a fundamental and permanent component of the TOMY Group which has served us well.

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.



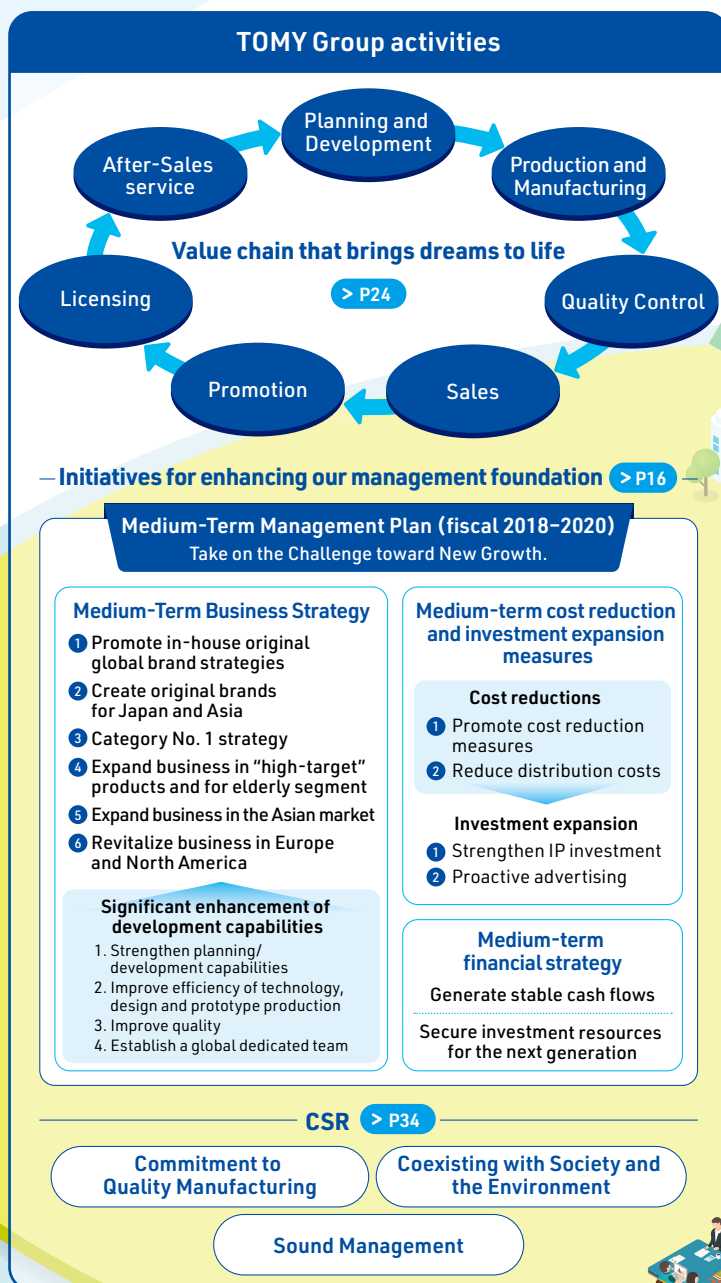
Our Corporate Mission is an enduring ideal toward which the Group strives.

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.



Founding Philosophy

Stakeholders

Output

Develop 14 categories of toys

Long-selling products

Domestic/Overseas Group products

> P7

Financial performance

Consolidated results for
the fiscal year ended March 31, 2019 > P12

Net sales	Operating profit	EBITDA
¥176.8 billion	¥14.4 billion	¥22.4 billion

CSR Highlights > P40

Commitment to Quality Manufacturing

- Safe and Reliable toy manufacturing
- Accessible design initiatives through toys
- Intellectual property strategy supporting brand growth

Coexisting with Society and the Environment

- Responding to Large-Scale Disasters Associated with Climate Change
- Environmental Activities
- Community Activities

Sound Management

- Compliance Promotion
- Realizing Comfortable workplaces
- Together with Our business partners
- Outside director interview
- Corporate Governance

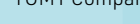
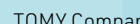
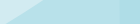
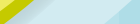
(Customers, Employees,
Shareholders, Partners, Society)

— Dream we want to realize —

Outstanding
Global
Company

— CSR Vision —

Become Friends with
Children Around the World



History of Innovation

Since our founding in 1924, the TOMY Group has firmly maintained the universal value that toys are able to provide while continuing to develop beloved products that span generations. We are a leading toy company that will continue to pursue new value in play continuously addressing new challenges.

1st Generation 1924-

Keyword

**Craftsmanship
Mid and Post-war
Metal and Motors**

Metal and motors

Many tin toys were manufactured during this era, with TOMY garnering particular acclaim for our "Aero Plane TOMIYAMA." After the war, our friction toy "B- 29" was a big hit in Japan and abroad, with TOMY taking the initiative in large-scale toy exports.

2nd Generation 1954-

Keyword

**Mass Development
and Production
Economic Growth
Material Revolution**

Material revolution

Along with postwar economic growth, the toy industry rode a wave of materials and technological innovation characterized by great transformations, such as from metal to plastic and friction to electric. This era was marked by the advent of multiple product model development and mass production

3rd Generation 1984-

Keyword

**Marketing Growth of
Mass
Media Public
Information Revolution**

Public information revolution

Electronic game consoles such as the family computer and similar products offering data as added value hit the market during this era, which was marked by broad swings in toy sales caused by mass media marketing, mainly through TV and magazines. The Plaza Accord caused significant appreciation of the Japanese yen, resulting in dramatic changes in the domestic business, such as the closure of factories in Japan. The scale of our business expanded in 2006 through the merger of TAKARA and TOMY. The pace of our overseas expansion also accelerated in 2011 with the acquisition of a U.S. toymaker.

4th Generation 2014-

Keyword

**New Technology Analog
Toys with Digital
Elements The Personal
Revolution**

The personal revolution

This era is characterized by "new technologies" that fuse analog with digital. Products and modes of play are entering the "individual" era, and the market is turning from the promotion of individual products to the ascendancy of brands.



We will continue reforming in response to changing times.

Our Products

The TOMY Group owns more than 60 brands targeting children and adults. We develop a broad lineup comprising products in 14 of the 15 toy categories.



Category overview: Euromonitor International

TOMY

TOMICA, PLARAIL and LICCA are core products that support the TOMY Group's growth. While preserving fun of the original toys that a multitude of children played with, we have evolved these toys in line with the times to create long-selling products that are always fresh and continue to be loved across generations.

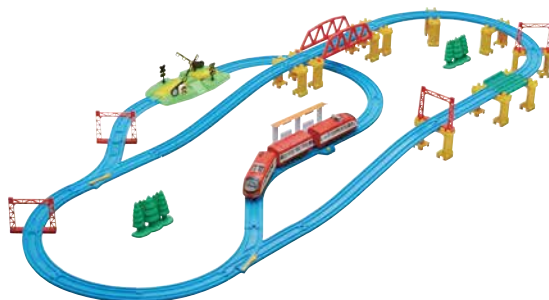
TOMICA



When foreign-made miniature cars were at the height of their popularity and customers asked for Japanese cars, TOMY had a burning desire to see Japanese children playing with more familiar Japanese miniature cars. In 1970, we released Japan's first die-cast Japanese miniature car series that fit in the palm of a child's hand. Up to now, we have sold more than 1,000 different types of cars, a total of more than 640 million cars loved by more than three generations. In addition, in April 2016, we launched full-scale licensing of the "tomica" brand for adults. We aim to further enhance this brand through the licensing of apparel, accessories and miscellaneous goods, stationery and everyday items designed to capture the interest of traditional TOMICA users (3-5 year old boys) as well as a wide range of other people without regard for age or gender.

In the 60 years since the PLASTIC TRAIN AND RAIL SET, the prototype for PLARAIL, went on sale in 1959, children have continued to love PLARAIL as a toy that teaches children about society and nurtures imagination using a familiar "railway" theme. The blue rails, consistently standardized from initial sales launch until the present day, can be freely connected to make railway layouts on which three-car trains have been played with by children and their parents for three generations. Up to now, a total of approximately 1,480 types and more than 169 million products have been sold in Japan, acquiring a share of more than 90% in the Japan rail toy market.

PLARAIL



Licca



Celebrating her 50th anniversary in 2017 and always reflecting the trends of the times, LICCA is sold as the embodiment of girls' hopes and dreams. Having already sold more than 60 million units, in recent years, we have aimed to make this a brand loved by children as well as adults who have grown up with LICCA over the years, developing the Licca Bijou Series, which is enjoyed by everyone from children to adults, and the Licca brand for adults. LICCA also visits popular spots and creates a significant buzz on Twitter and Instagram where she enjoys interacting with her numerous fans (approximately 200,000 followers as of July 31, 2019). Her extraordinary ability to communicate led to LICCA being appointed the 2017 France Tourism Friendship Ambassador, and she is widely used as corporate PR talent.



TRANSFORMERS

TRANSFORMERS is a global hit transformable robot series that started in the United States in 1984, with toys and animation launched in Japan in 1985. Celebrating its 35th anniversary in 2019, this series is loved by two generations of parents and children in more than 130 countries and regions throughout the world.



GIRLS X WARRIOR is a live-action TV drama and the theme of the third series is SECRET X HEROINE. In collaboration with video production company OLM, TOMY is in charge of the original and commercialized items and character items used in the show.



SECRET X HEROINE PHANTOMIRAGE!



ZOIDS WILD

The latest series of this original brand launched in 1983. Based on animal and dinosaur motifs, ZOIDS are called "classic examples of animal-type mechanical organisms as an assembled toy that moves and uses weapons via springs or motors.



DUEL MASTERS

Launched in 2002 as a full-fledged trading card game easy for kids to play, this popular series has shipped more than 6 billion units and every year numerous regional events are held.



BEYBLADE BURST

This competition-style next generation of spinning tops has recorded cumulative shipments of more than 350 million units to more than 80 countries and regions throughout the world. In the summer of 2015, we launched sales of the third-generation BEYBLADE BURST.

GROUP (DOMESTIC)



T-ARTS Company, Ltd.

Develops a wide range of products including amusement machines, capsule toys, miscellaneous goods and stuffed toys.



TOMYTEC

TOMYTEC CO., LTD.

Boasting the top domestic share in railway models in Japan, this comprehensive hobby manufacturer is responsible for product planning and development, manufacture, sales and service.



KIDDY LAND®

KIDDY LAND CO., LTD.

This store specializes in toys, fancy goods, character merchandise and books. As the leader of the overall culture industry, it is sensitive to the times and constantly disseminates new information and trends.

GROUP (OVERSEAS)



THE FIRST YEARS

Baby products including baby bottles, dishes and strollers supporting child-rearing.



JOHN DEERE

JOHN DEERE

Toy versions of global agricultural vehicles. This lineup includes a variety of products for preschoolers as well as detailed replicas.



LAMAZE

Educational toys for infants tailored to development level and age. Developed with the advice of an infant development specialist.



BOON

Products that eliminate the inconveniences of childcare with simple and smart designs that also meet the desire for fashionableness among those raising children.

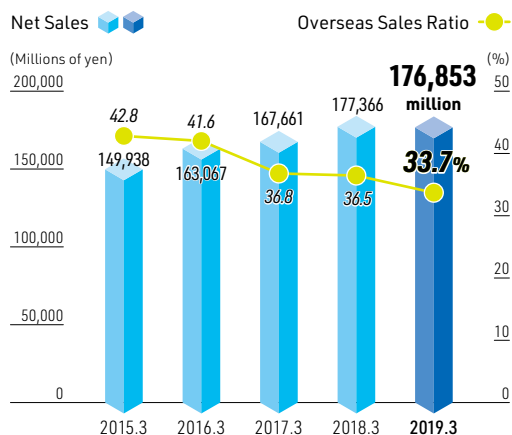
John Deere's products under license with Deere & Company. Lamaze® is a registered trademark of Lamaze International, Inc.

Performance Highlights

Consolidated Results for the year ended March 31, 2019

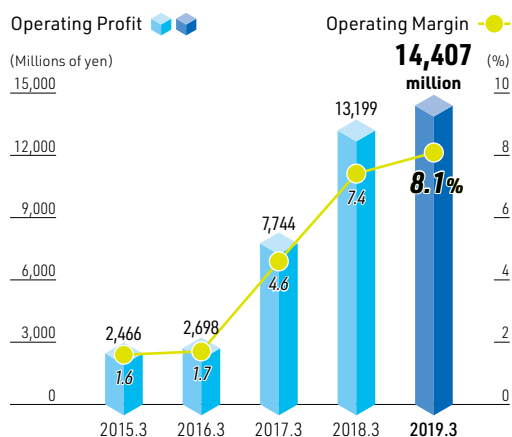
Net Sales

¥176.8 billion



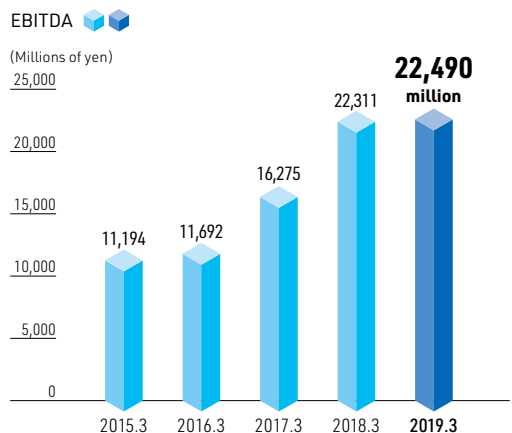
Operating Profit

¥14.4 billion



EBITDA

¥22.4 billion



Review of Fiscal 2018 (the fiscal year ended March 31, 2019)

Toy Market

In the fiscal year ended March 31, 2019, the Japanese toy market value grew 5.0% year on year, to ¥839.8 billion, the highest value since this survey began in the fiscal year ended March 31, 2002. Specifically, card games and trading card games grew 23.9% compared with the previous year as girls' toys, such as surprise toys and girl characters, also performed well, achieving double-digit growth of 14.2%. Despite the ongoing decline in birthrates, the toy market has continued to grow since the fiscal year ended March 31, 2010.

(Source: The Japan Toy Association)

Performance Highlights

Net Sales Matched the Previous Fiscal Year as Operating Profit, Ordinary Profit and Net Income Reached All-Time Highs

Despite favorable sales of core products and new product lines launched during the fiscal year, as well as an increase in overseas exports of BEYBLADE BURST and other products, overseas sales of character products declined, resulting in a 0.3% decrease in net sales, which amounted to ¥176,853 million, approximately the same level as in the previous fiscal year.

Operating profit increased 9.2% year on year to ¥14,407 million on higher gross profit due to net sales matching the previous fiscal year's level and product mix improvements. Ordinary profit rose 15.2% to ¥14,303 million due to the increase in operating profit and a decline in foreign exchange losses. Profit attributable to owners of parent rose 16.8% to ¥9,302 million due to the increase in ordinary profit.

As a result, in terms of profit, operating profit, ordinary profit and profit attributable to owners of parent reached all-time highs.

In Japan, sales of core products including PLARAIL and LICCA continued to be favorable. Successful enhancements to DUEL MASTERS product capabilities drove favorable sales and a new product L.O.L. SURPRISE! gained in popularity.

Overseas (TOMY International Group), sales of collectible agricultural machinery toys were robust. PRINTOSS (overseas product name: KiiPix), which was developed in Japan, was introduced into Europe, Americas and Oceania region to a positive reception. At the same time, character toys sales decreased, causing both net sales and profit to decline.

Overview by Regional Segment

Japan

Continued Favorable Performance of Core Products, the Launch of Noteworthy New Products and the Development of Proprietary Animation Content Led to Higher Sales and a Significant Profit Increase

Core product PLARAIL, which commemorates its 60th anniversary in 2019, and newly launched merchandise related to the television animation SHINKALION performed well. In February 2019, RYOGOKU PLARAIL STATION was opened for a limited time, and in March, a variety of newsworthy commemorative events were held, including a collaboration with the Kyoto Railway Museum. Favorable sales of LICCA, which celebrated her 50th anniversary in 2017, were driven by the beauty series of AQUA CURL dolls with hair that can be arranged and different dress sets. This series has been growing in popularity since the previous fiscal year. In terms of TOMICA, the TOMICA 4D created a buzz with its new gimmicks incorporating realistic idling engine sounds and vibrations.

As for toys exported overseas, in November 2018, an international tournament was held in France for the next-generation spinning top BEYBLADE BURST that generated popularity for this toy overseas and led to increased sales. We enhanced the product capabilities of trading card game DUEL MASTERS by revising card content, while a tournament held in March 2019 successfully increased this product's popularity. Additionally, since the June 2018 launch of merchandise related to dinosaur and animal-themed ZOIDS WILD, we have proactively promoted related content development, including television animation broadcasts that began in July, an amusement machine that was released in January 2019, and in February, sales of video game software were launched.

Regarding new products, we continue to release merchandise for the series L.O.L. SURPRISE! launched in July 2018, which has led to this product becoming a major hit in the surprise toy category. In terms of live action TV drama series, the second series, MAGICAL x HEROINE MAGIMAJOPURES! was released and character recognition increased due to the television broadcasts, resulting in favorable sales of related merchandise.

With regard to T-ARTS Company, Ltd., additions were made to the Pokémon Ga-Olé and other amusement machine lineups as shipments of OEM merchandise grew. As a result, net sales edged up 2.0% year on year to ¥148,732 million, and operating profit grew significantly at 17.4% to ¥16,734 million.

Overseas

In Europe, the Americas and Oceania, Flagging Character Sales Adversely Affect Earnings.

In Asia, Proactive Introduction of Proprietary Content Including Movies and Toys Drive Higher Sales and Profit.

Americas

Agricultural machinery toy sales were robust due to the launch of a 100-year commemorative tractor model and collection merchandise. In addition, PRINTOSS (overseas product name: KiiPix), a popular app developed in Japan enabling the easy printing of smartphone pictures, was released in the United States, Mexico and Canada where it was well received. In terms of net sales, character toy sales declined and some baby product performance was lackluster, resulting in a 23.1% decline year on year to ¥17,998 million and an operating loss of ¥81 million (compared with operating profit of ¥236 million in the previous fiscal year).

Europe

In addition to solid sales of agricultural machinery toys and baby products, KiiPix was launched in eight countries including England, France and Germany where it gained strong popularity. At the same time, character toy sales declined, resulting in net sales of ¥5,325 million, down 27.3% compared with the previous fiscal year. Additionally, the discounted sales of some products led to a lower gross profit margin, resulting in an operating loss of ¥659 million (compared with operating profit of ¥239 million in the previous fiscal year).

Oceania

Agricultural machinery toy sales were strong due to the launch of a 100-year commemorative tractor model. Although the KiiPix release was greeted favorably, character toy sales struggled, resulting in a 13.8% year-on-year decline in net sales, which amounted

to ¥1,783 million. A decline in inventory valuation led to an operating loss of ¥21 million (compared with an operating loss of ¥240 million in the previous fiscal year).

Asia (excluding Japan)

Television animation based on next-generation spinning top BEYBLADE BURST began broadcasts in 10 Asian countries and regions, and in September 2018, we launched sales of limited merchandise in Asia. In South Korea, sales increased as a result of various marketing measures, such as event tie-ups with companies that run academic prep schools and collaborations with elementary schools in Hong Kong.

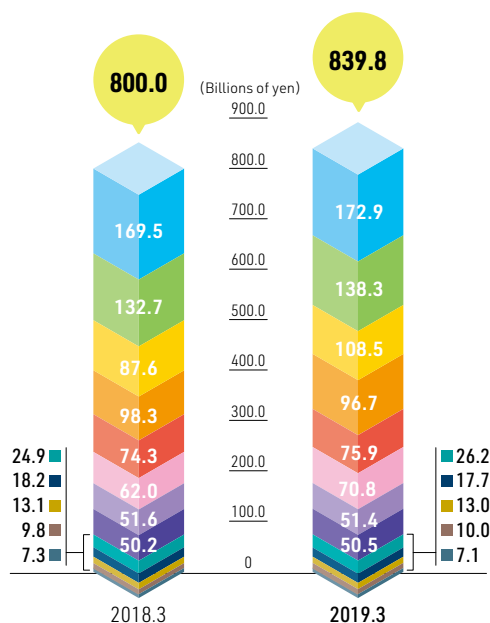
In October 2018, TOMICA held a sales promotion event for the TOMICA 4D, which features gimmicks incorporating realistic idling engine sounds and vibrations, in Taiwan, Hong Kong and Singapore. In addition to efforts aimed at strengthening brand power by exhibiting at a motor show in South Korea in November, PLARAIL sold *THOMAS & FRIENDS*-related products mainly in South Korea, where they were received favorably. LICCA dolls, which are available in Taiwan, Hong Kong, Thailand and Vietnam, went on sale in China in September 2018.

We also proactively developed proprietary content, including the broadcasting launch of live action television program MIRACLE TUNES! and animation program TOMICA HYPER RESCUE DRIVE HEAD. Additionally, the ZOIDS WILDS TV animation began broadcasting in South Korea in October 2018, then Hong Kong and Thailand in November and in Taiwan in December. In March 2019, movies were promoted in the Philippines and Vietnam in conjunction with the launch of toys in those markets. Although shipments from manufacturing subsidiary TOMY (Hong Kong) Ltd. to Europe and the United States declined, net sales rose 0.9% year on year to ¥54,033 million and operating profit was up 13.0% to ¥903 million.

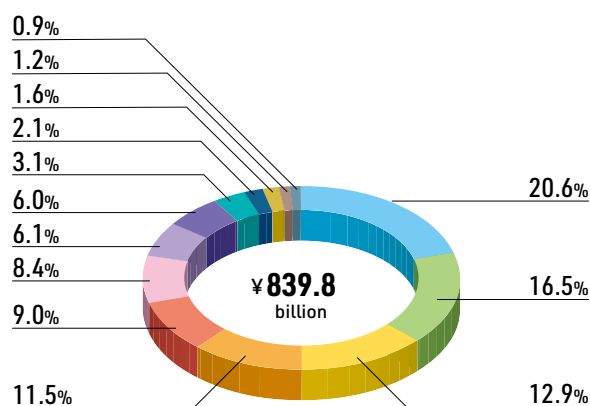
(Millions of yen)

	2018.3	2019.3	Change	Change (%)
Net sales	¥177,366	¥176,853	¥(512)	(0.3)
Japan	145,854	148,732	2,877	2.0
Americas	23,415	17,998	(5,417)	(23.1)
Europe	7,322	5,325	(1,996)	(27.3)
Oceania	2,067	1,783	(284)	(13.8)
Asia (other than Japan)	53,542	54,033	490	0.9
Eliminations and corporate	(54,836)	(51,018)	3,817	—
Operating profit (loss)	13,199	14,407	1,207	9.2
Japan	14,255	16,734	2,478	17.4
Americas	236	(81)	(317)	—
Europe	(239)	(659)	(419)	—
Oceania	(240)	(21)	218	—
Asia (other than Japan)	800	903	103	13.0
Eliminations and corporate	(1,612)	(2,468)	(855)	—

Japanese Toy Market



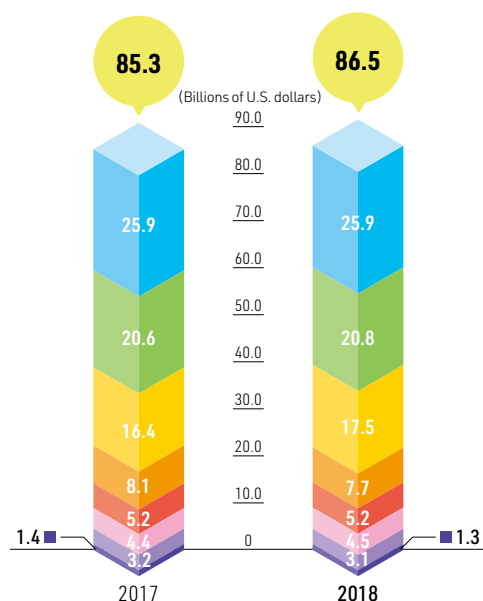
The survey period of each year is April 1 to March 31.



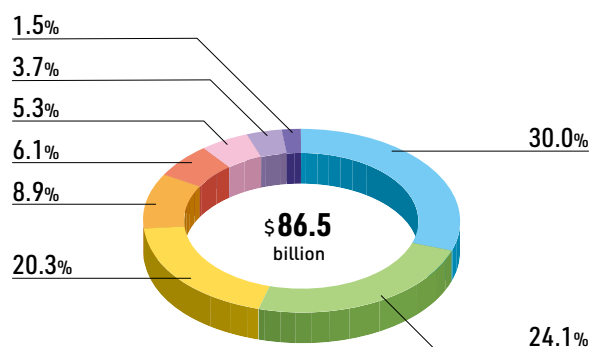
(Source: The Japan Toy Association)



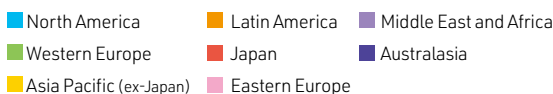
Global Toy Market



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



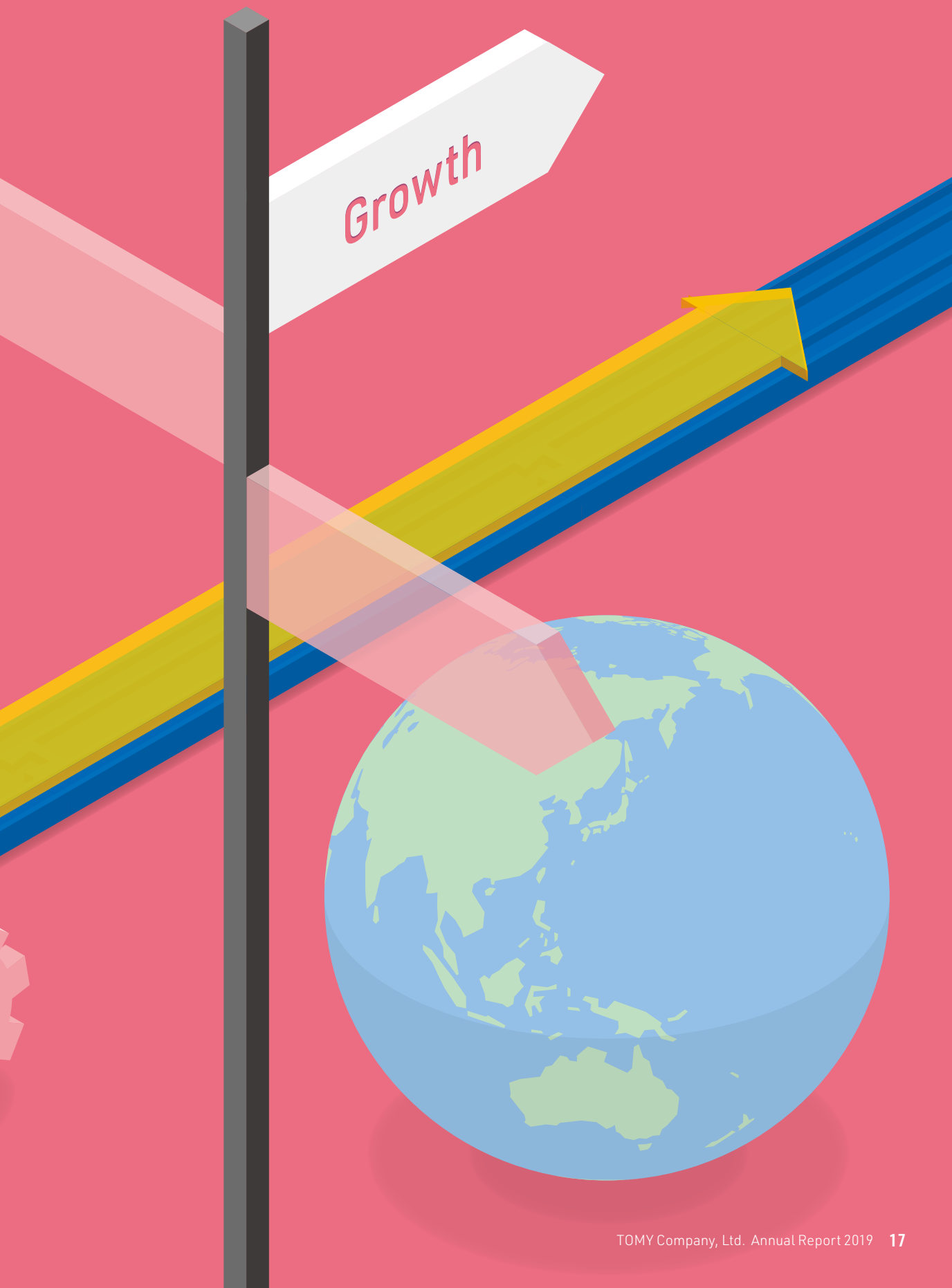
(Source: Euromonitor International)



The Path toward the Future

Fiscal 2018 (ended March 31, 2019) was the first year of our new three-year medium-term management plan (fiscal 2018–2020) titled “Taking on the Challenge toward New Growth.” We achieved a very strong start, achieving targets for both net sales and profits. As we approach the 95th anniversary of our founding and the next milestone of our 100th anniversary comes into view, we aim to become an “Outstanding Global Company” and continue to take on further challenges as we forge a new path toward the future.







Industry Environment

Toy Markets in Japan and Overseas Remain Steady

In 2018, the closing of all US stores belonging to a failed major American toy retail chain sent a massive shockwave throughout the industry, but in Japan, that same chain of stores did not close or withdraw, as the Japanese toy market itself achieved the fifth straight year of sales at the ¥800.0 billion level, driven by the strong performance of trading cards and toys for girls. The global toy market had a value of around \$85.0 billion in 2017, and is expected to continue growing at around 2% each year. Amid these conditions, the TOMY Group maintained its fighting spirit and took on challenges without fear of failure, launching a three-year medium-term management plan in fiscal 2018 under the slogan "Taking on the Challenge toward New Growth."

Growth Platform Strengthening Initiatives and Results in Fiscal 2018 (the fiscal year ended March 31, 2019)

Extremely Solid Progress in the First Fiscal Year of the Medium-Term Management Plan

Under the medium-term management plan, TOMY will:

1. Promote in-house original global brand strategies
2. Create original brands for Japan and Asia
3. Implement Category No. 1 strategy
4. Expand business in "high-target" products and the elderly segment
5. Expand business in the Asian market
6. Revitalize business in Europe and North America

In fiscal 2018, TOMY promoted various measures in accordance with these six medium-term business

小島 一洋

Kazuhiro Kojima

Representative Director,
President & COO

strategies. Among these, we are still in the process of expanding business in "high-target" products and the elderly segment and revitalizing business in Europe and North America, but in general, we have made extremely solid progress.

In terms of numbers, for the first fiscal year of the plan, we targeted net sales of ¥172.0 billion and operating profit of ¥10.0 billion. Actual performance exceeded both of these targets, with net sales of ¥176.8 billion, about the same amount as in the previous fiscal year, and operating profit of ¥14.4 billion, which surpassed the ¥14.0 billion target for the final year of the medium-term business plan in fiscal 2020. The operating margin improved 0.7 points compared to the previous fiscal year, to 8.1%, ROE increased 0.3 points to 15.2% and the equity ratio rose 6.5 points to 46.5%. These improvements bring us to within 50% of our target for the final fiscal year of the plan, demonstrating excellent progress.

Driving these achievements are the stable and steady expansion of core products such as PLARAIL and LICCA, as well as growth in overseas shipments of BEYBLADE BURST. Furthermore, in fiscal 2018 surprise doll L.O.L. SURPRISE!, ZOIDS WILD, a TOMY original making a comeback after 12 years, and other products launched trends that contributed to our performance.

Upward Revision of Medium-Term Management Plan Targets

In light of our strong performance in the first fiscal year of the management plan, we made upward revisions to the targets for the final fiscal year of the plan. Although net sales remained unchanged at

¥190.0 billion, profit targets were revised upward. The target for operating profit was raised from ¥14.0 billion to ¥16.0 billion, EBITDA from ¥23.0 billion to ¥25.0 billion and the equity ratio from 50% to 55%.

In Japan, we plan to stably expand sales of core products and proactively launch new products. In Asia, we will grow TOMICA and PLARAIL and expand sales of character products, which we expect to generate the same levels of profit as in the first fiscal year of the management plan. In addition, the ¥2.0 billion in upward revisions will be achieved through our full-scale entrance into digital business from fiscal 2019 onward and profit from TOMY International developments in Europe, the Americas and Oceania.

Promoting Stable Growth in Sales of Core Products and Proactive Launch of New Products in Japan

In Japan, our business platform is generating stable profits. In terms of core products, sales of LICCA, which celebrated its 50th anniversary in 2017, achieved solid growth in fiscal 2018, the year after the anniversary project, and continues to grow steadily. As fiscal 2019 will mark the 60th anniversary of PLARAIL and fiscal 2020 the 50th anniversary of TOMICA, we will continue to conduct core product anniversary projects and strengthen these brands, which we think will enable us to steadily increase sales. We will also continue to develop television animation, movie and other media content for TOMICA and PLARAIL, which we expect to support these efforts.

Further more in addition to our core products, we will continuously launch new products. TOMY

Second stage (FY2019-2020)

Previous
Medium-Term
Management Plan
financial strategy
(FY2020)
target figures

Net sales	Operating income	EBITDA	Equity ratio
¥190.0 billion	¥14 billion	¥23 billion	50%
Upward correction			
Net sales	Operating income	EBITDA	Equity ratio
¥190.0 billion	¥16 billion	¥25 billion	55%

plans to proactively launch of new products targeting hit content such as boy's hobby toy BAKUGAN, the third series, PHANTOMIRAGE! live-action television drama and popular movies *Toy Story 4* and *Frozen 2*. Already having global content including BEYBLADE and TRANSFORMERS, at present we are proactively developing ZOIDS to create the next new wave in the trough of sales generated by these businesses.

In addition, to strengthen planning and development capabilities and advance development focusing several years ahead, we established the Planning and Development Headquarters in July 2018, and will continue to introduce new products that will invigorate the market.

Efforts to Expand the Asian Market

In the Asian market, in addition to TOMICA and PLARAIL, we will proactively introduce content developed in Japan. Sales are growing steadily, so we will once again attempt a full-scale entry into the Chinese market while promoting character product development.

Full-Scale Deployment of the Digital Business Division

In terms of digital business, in fiscal 2018 we established the stand-alone Digital Business Division to promote planning and development as a separate organization from the toy divisions. During fiscal 2019, we plan to launch a new app targeting over one million people and will focus on developing it as a pillar of revenue. We will provide more information in the future as we move forward with development.

Reestablishing Our Position in Overseas Markets

The TOMY International Group, which develops business in Europe, the Americas, and Oceania, in addition to the ongoing investment of management resources in core brands such as agricultural vehicle toys and baby products, recognizes that it must launch and bring to market several new product lines, thus a dedicated global development team has been established within the Planning and Development Headquarters to promote global product planning and development. It already launched PRINTOSS (overseas product name: KiiPix) in 2018 and is preparing for additional launches in 2019 and beyond.

In the Americas, we are sequentially launching the sales of new products prepared up to now. In Europe, given economic conditions and market environments, we expect that it will take some time to recover performance, approximately 18 months longer than in North America. In England and Ireland, we acquired the sales rights for a long-established toy game brand that we will use to increase sales and stabilize earnings. In fiscal 2019, we will first realize profitable operations, and from fiscal 2020 onward, establish a system able to contribute to consolidated performance.



Medium-Term Management Plan Progress

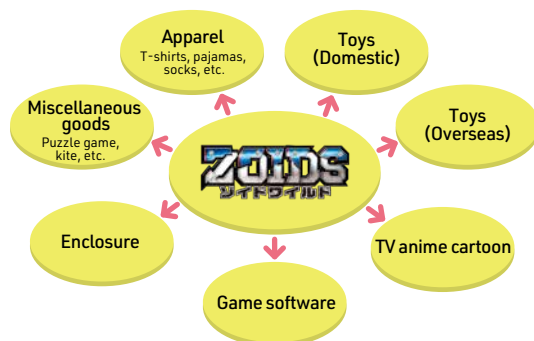
Progress and Issues Surrounding the Six Medium-Term Business Strategies



Promote In-House Original Global Brand Strategies

Cultivating ZOIDS WILD as a Third Pillar, Promoting Further Investment in New Content

We are focusing efforts on cultivating ZOIDS WILD as a third pillar after BEYBLADE and TRANSFORMERS. In terms of deployment, toys were released in Japan in July 2018, and animation broadcasts began. Overseas, animation broadcasts began in July 2018 in nine countries and regions, including China, South Korea, Hong Kong, Thailand, the Philippines, Vietnam, Singapore and Malaysia. During fiscal 2019, we are planning animation broadcasts and toys in Europe and the United States as we enter the stage where ZOIDS WILD toy sales and animation broadcasts will begin worldwide. As ZOIDS WILD is a TOMY original global brand IP, we will promote expansions into a variety of business areas, including toys, apparel, accessories, game machine cabinets and video game software.



Create Original Brands for Japan and Asia

Promoting the Expansion of Content Development

In Asia, which has a high cultural affinity with Japan, we are developing a variety of content, including TOMICA HYPER RESCUE POLICE DRIVE HEAD, SHINKALION and the GIRLS X WARRIOR series, which will be

developed with animation and live-action toys.

The GIRLS X WARRIOR series began in 2017 with MIRACLE TUNES! as the first series, then in 2018 MAGIMAJO PURES! as the second series, with attendees at annual events growing larger every year. the third series, PHANTOMIRAGE!, development drew on our accumulated know-how and has achieved a solid start as we continue to engage in these efforts throughout Asia.



© TOMY-OLM/Miracle Tunes Project



© TOMY/DRIVEHEAD, TBS



Implement the Category No. 1 Strategy

Establishment of the Sales Trinity Structure

At present, in the miniature car, rail toy, dolls, boy's hobby and trading card game categories, TOMY products have the No. 1 market share in Japan. Product power and sales capabilities are indispensable elements in creating high market share. The TOMY MARKETING COMPANY, LTD., conducts product sales in line with sales strategies established by TOMY Company, Ltd. T-FIELDTEC COMPANY, Ltd., provides store support to facilitate an extremely smooth sales trinity structure that is becoming an infrastructure-like strength.

In further pursuit of becoming category No. 1, we are launching one new product after another. BAKUGAN, introduced in the boy's hobby category in fiscal 2019, is a global brand that has achieved over \$1 billion in global sales up to now. TOMY acquired sales rights in Japan and Asia, and in April 2019, began selling toys and launched television animation broadcasts in Japan. In the girl's hobby category, we aim to acquire category No. 1 status through the development of surprise doll L.O.L. SURPRISE! and other products.



Expand Business in "High-Target" Products and the Elderly Segments

Deploy Groupwide

In addition to promoting commercialization targeting children, it is becoming increasingly important to develop products for high targets and older people who are more numerous than children. For example, TOMY TEC Co., Ltd., develops inventive high-target products such as hobby model railroads and a personal talking robot MY ROOM ROBI. We want to expand this field in the future with the addition of digital apps.



Expand Business in the Asian Market

Proactive Development of Core Products, ZOIDS WILD and BAKUGAN redundant

To further strengthen development in the Asian market, where sales have grown steadily in recent years, we will aggressively develop our own original content, including ZOIDS WILD and battle hobby toy BAKUGAN in addition to our core products. We will also proactively deploy visual content successful in Japan throughout Asia.



Revitalize Business in Europe and North America

Expand Sales by Strengthening Core Brands and Launching New Products

In the United States and Europe, at present sales are declining due to the end of character product sales and flagging sales of core baby products. To address this, PRINTOSS (overseas product name: KiiPix), which was launched in Japan at the end of 2017, global products developed in Japan and other new products are being proactively developed and sold in these regions. Global products developed in Japan for release are highly anticipated by distributors. In addition, we are working to rebuild by strengthening our core brand agricultural vehicle toys and branded baby products.



© TOMY

Future Topics

Content Development Promotion

In fiscal 2019, we will launch several television broadcasts, the content of which is focused on a particular effort. In April 2019, we began broadcasts of BAKUGAN and PHANTOMIRAGE! In May, broadcasts of the popular animation PAW PATROL began in over 160 countries and regions throughout the world. We also launched the sale of toys associated with each of these programs. In addition, as fiscal 2019 marks the 60th anniversary of PLARAIL, we will hold a variety of commemorative events.



In terms of movies, we have acquired toy licenses for Marvel, Disney/Pixar and *Star Wars* movies and will focus efforts on products related to the release of *Toy Story 4*, *Frozen 2* and *Star Wars: The Rise of Skywalker*.



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Realizing Sustainable Growth

Strengthening Our Management Foundation

TOMY is working to enhance corporate governance so that the Company can grow sustainably and realize sound management with a high degree of transparency. With the appointment of a woman director in fiscal 2018, we promoted diversity within the composition of our Board of Directors. In fiscal 2019, of our seven directors the majority (four) are outside directors, representing a further step forward from the perspective of enhancing management independence and objectivity.

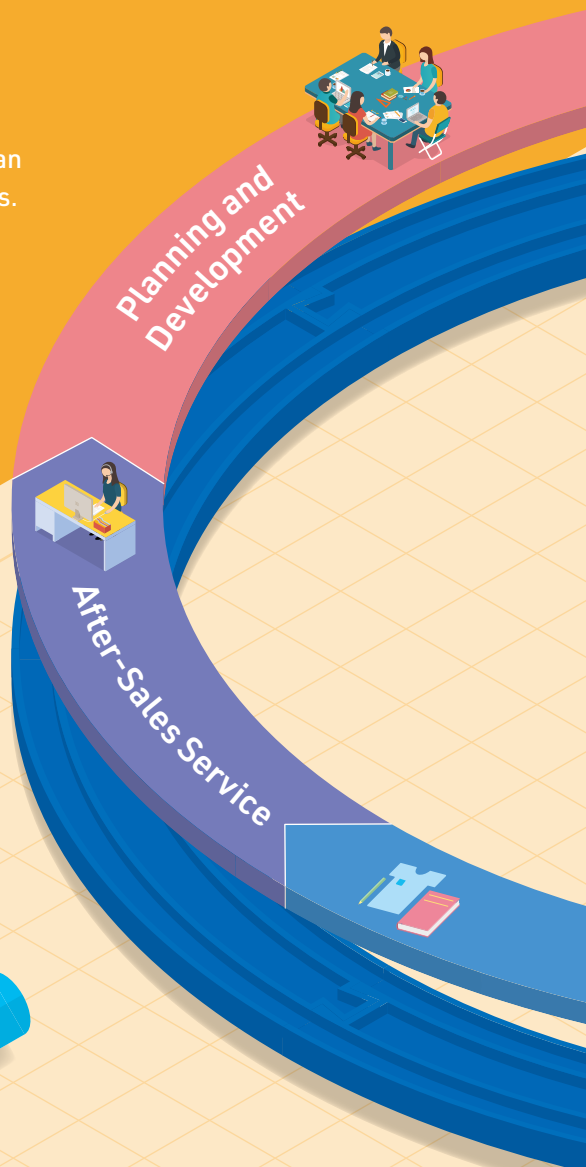
In addition, we are making steady progress with regard to CSR activities, which we have been actively engaged in across the Group. Until now, we have promoted the systematic organization and disclosure of our CSR initiatives, "Become friends with children around the world" and the "TOMY Group Social Responsibility Framework" as our ideal CSR stance, and identified six goals within the SDGs that we can contribute to through our business. In fiscal 2018, we identified material issues. I think that it is important to promote these CSR initiatives with both the commitment of management and the consciousness of each employee. For this reason, we have created a CSR Handbook that can be used to understand CSR in our daily work, reflect upon it and take concrete actions. This handbook is distributed to all Group employees throughout the world.

Through the achievement of our medium-term management plan and the enhancement of our management foundation, we will build a solid platform for realizing sustainable growth as we approach the milestones of our 95th and 100th anniversaries. As TOMY continues its efforts to achieve sustainable growth, I ask for the ongoing support of all our stakeholders.

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The PLARAIL Product Development Story

There are many PLARAIL products, for example, "rails," "scenery parts" such as station buildings and tunnels, "railcars" and "sets" containing all these items together in one package. There is also licensed merchandise other than toys such as apparel, everyday items and printed materials. And now, at this very moment, TOMY is developing new products. In this special feature, we introduce how TOMY engages in PLARAIL product development.





Preserving and Evolving

There are aspects of PLARAIL product development that we are preserving as well as evolving.

PLARAIL has its roots in the PLASTIC TRAIN AND RAIL SET, which first went on sale 60 years ago in 1959. The curvature* of the curved rail and the shape of the rail connector used today were decided at that time, with the size of the train based on the optimum distance between the front and rear train wheels used as the standard for running smoothly on the curved rail. We have preserved these and other aspects as the PLARAIL standard for the past 60 years. Additionally, since the introduction of motorized trains in 1961, the "three-car train powered by one battery" has become the standard.

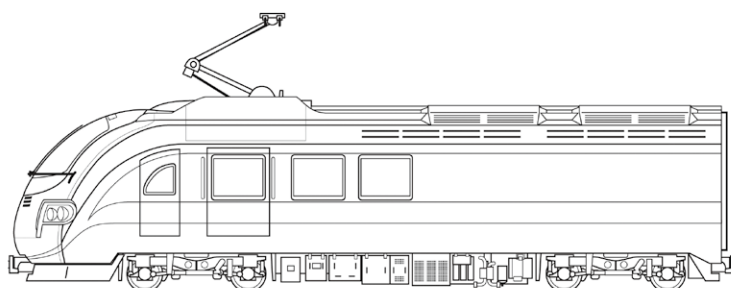
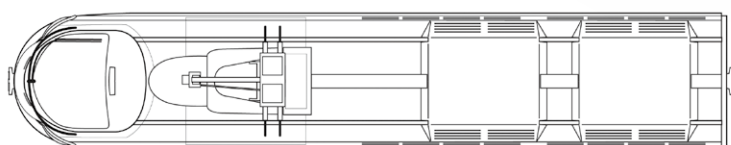
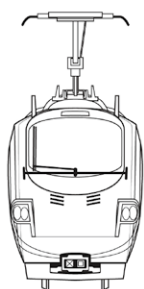
At the same time, we are also constantly evolving PLARAIL. For example, we quickly incorporate societal changes and changes in the railway transportation system into product development. We are also making continual efforts to incorporate the latest technologies into PLARAIL, as we continue to improve PLARAIL as a toy that children can enjoy playing with peace of mind.

For 60 years, we have continued to preserve and evolve PLARAIL product development, and we will continue to maintain this basic spirit of product development as we move forward.

* At that time, families spent most of their time around a *chabudai* (low, Japanese-style dining table). When connected, the eight curved rails created a full circle 47 cm in diameter, enabling tabletop play.

Making Ideas and Dreams a Reality

Planning and Development



There are many appealing aspects of PLARAIL. For example, familiar trains and popular new railcars we often see and ride in become PLARAIL railcars. When commercializing railcars that exist in the real world (actual railcars), we endeavor to ensure that the actual railcar is integrated into the PLARAIL world without any sense of incongruity. In terms of railcar size, there are strict standards for running on a layout comprising rails and scenery parts. Conforming to these has been key to the planning and development of realistic, deformable railcars. It also helps to prevent any sense of incongruity with products released in the past. For example, when reproducing the distinctive "long nose" of the Shinkansen lead car, the size of nose section is reduced just enough so that it does not hit scenery parts during operation, or alternatively, the passenger car, which determines overall length, is shortened. In this case, the length of the train nose is given priority.

Another substantially appealing aspect of PLARAIL is that it is a configurable toy*. Thus, we take great care with the rails, which are the important parts that make PLARAIL a configurable toy. It may sound overdramatic, but the rails must strictly adhere to standards related to width and curvature.

While taking care of what must be preserved, we also make ongoing improvements to rail materials and railcar connectors to make them easier to play with, we incorporate the changing times in new product planning and development by trying out new technologies and materials, and we establish new brands and content within the PLARAIL series in an attempt to proactively take on new challenges.

For example, we have incorporated new technologies that include railcars equipped with cameras that can be driven while watching the video on a smartphone, station buildings that play announcements and platform doors. A representative example of this new content is SHINKALION.

Going forward, we will take care to preserve PLARAIL core elements, while promoting the evolution of PLARAIL in line with modern needs.

* Toys that make something by combining parts of different shapes or materials. With PLARAIL, children can combine rail and scenery parts to freely create a world of their own imagining.

COLUMN

New PLARAIL Content: SHINKALION

SHINKALION is a project originally proposed by JR East Marketing & Communications, Inc., Shogakukan-Shueisha Productions Co., Ltd., and TOMY in 2015. The objective was to create a new character consisting of a "real Shinkansen that changes into a robot."

The SHINKALION product planning concept aimed to create a transformable robot that children could play with using their PLARAIL sets. Not only would the robot be changeable, but it could also actually run on the PLARAIL rails. To develop a product meeting the concept required a tremendous amount of hard work. The size of the robot vehicle was limited due to the railcar size restrictions of the rails, and the motif of the robot vehicle had to conform to those of an actual Shinkansen. However, after multiple prototypes and repeated testing, we finally succeeded in creating this product.

Since this content was created, we have promoted it through videos posted on the official SHINKALION website as well as information disseminated on the Internet, in magazines, on television and at various events. In January 2018, broadcasts of a SHINKALION television animation began. We are also accelerating developments beyond Japan into Asia.



The P001 RED FLINER, an original PLARAIL railcar



© TOMY © Project SHINKALION/JR-HECWK/ Ultra Evolution Institute/TBS

Preserving and Evolving

Production and Manufacturing



The production department starts with technical considerations when planning a new product, confirms the 3D design data necessary for creating molds, monitors manufacturing progress from initial samples through mass production, and is also in charge of receiving product orders and ordering molds and production management.

In the manufacturing phase, there is a stricter demand for quality maintenance and improvement, cost reductions and on-time delivery—three elements also known as QCD. In particular, producing safe and reliable products is the top priority within QCD. Thus, in addition to meetings from the new product planning phase, opinions are expressed from the perspective of “producing safe products that can be used with peace of mind.”

Also, while QCD is involved in all phases, careful attention is also paid to design so that products can be easily assembled in the factory during mass production.

Furthermore, production progress is strictly managed to ensure the products are available in stores for the scheduled sales launch date.

When developing new products for PLARAIL, recommendations for the production of safe and reliable products are made from the planning phase, while designs are created on the basis of ensuring easy assembly during mass production and production progress is strictly managed to ensure on-time deliveries.

While preserving standards that must be preserved, we are taking on the challenge of acquiring new technologies and introducing new production methods to ensure there is no damage to the value of the PLARAIL brand built by our predecessors.

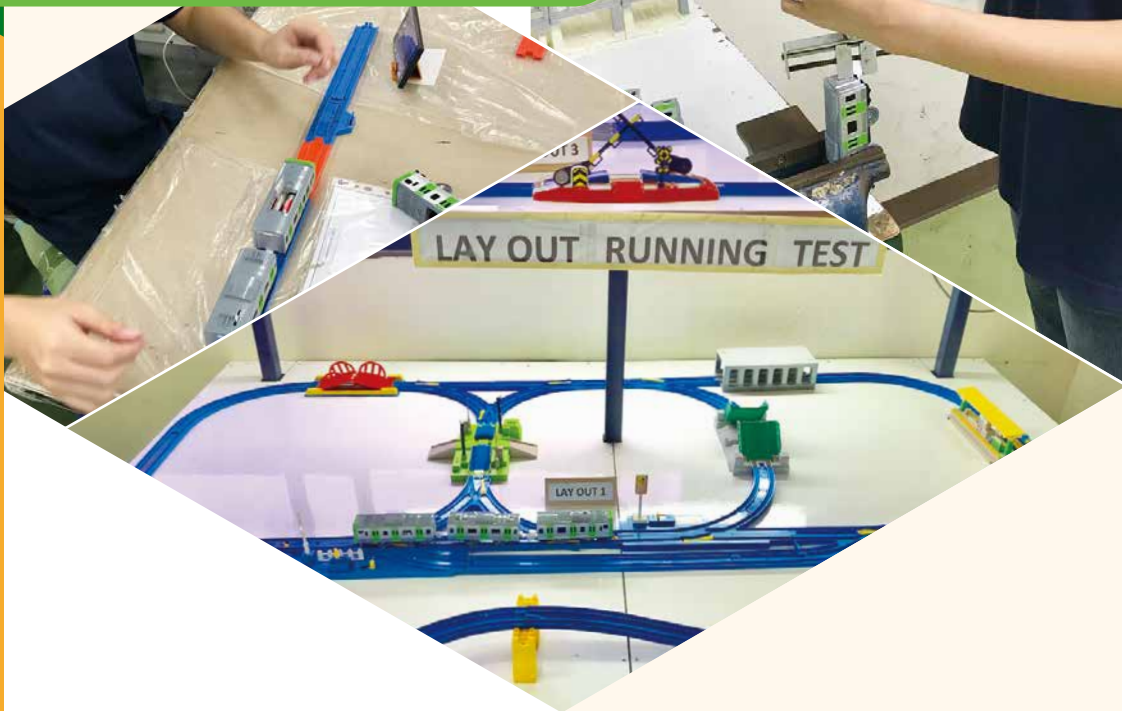
The quality control department strictly manages all processes, from the product planning phase to actual manufacturing and shipment to ensure that products satisfy the quality standards established by TOMY. Specifically, quality standards are established for each individual product in accordance with the TOMY Quality Regulations, and in addition to structural aspects, the materials themselves and the chemical substances that adhere to products during the manufacturing process are strictly controlled so that

the product meets these quality standards.

We are convinced that we will never stain the fine reputation of the PLARAIL brand, which has a 60-year history. This is because we have taken safety and peace of mind into consideration and taken on board the expertise related to quality and technology passed down to us from our predecessors, as well as an approach to safety and quality from the perspective of the user—children—from the new product planning phase.

／ Safety First ／

Quality Control





Shining on the Sales floor



For sales-related operations, three Group companies work in unison. TOMY formulates sales strategies, TOMY MARKETING conducts sales activities targeting toy wholesalers and GMS, and T-FIELDTEC Company, Ltd., provides support for retail stores.

Sales strategy planning involves formulating actual sales strategies for each product based on the product plan (product, price, sales floor display, promotion, etc.) created by the planning department. Sales activities toward distribution partners include business negotiations and wholesale products as well as proposals for actual in-store sales promotion measures.

In-store support involves a series of operations including visits to toy stores in order to create displays that attract customers to want the products they see on

the sales floor. Specifically, sales floors are customized using various sales promotion tools (displays, POP, posters, catalogues, etc.) to create and maintain optimal sales floor configurations. In addition, events are held to enhance interest in products.

PLARAIL is a long-selling toy that has been supported by three generations of customers and is sold at almost all toy dealers. The TOMY Group also operates PLARAIL SHOP specialty stores. Looking at the wider world, there are not many countries like Japan where it is possible to see a wide variety of trains up close, thus we think we can better convey the appeal of PLARAIL by selling products reflecting the distinctive aspects of each region. We are working to expand sales through new channels such as railroad events, station shops, and DIY home centers. We strive to maintain the “freshness” of our products and make them shine even brighter through steady sales support activities. We will continue to proactively conduct sales proposals and improve our services. We believe the repetition of these efforts will lead to the establishment of a long-selling brand.

Capturing Customer Hearts



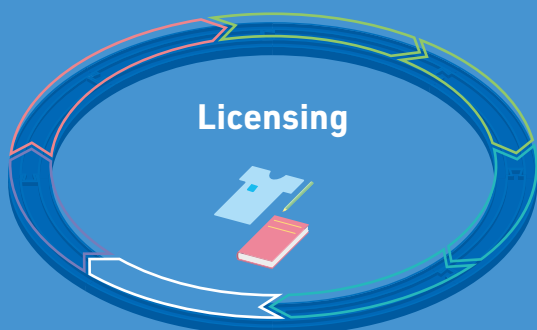
Employees in charge of marketing formulate and execute marketing plans centered on promotions. These involve two major focus areas, the first of which is the formulation of a plan with numerical targets (number of units sold, sales, costs, profit, etc.) for

actual new product sales. The other focus is on the creation and implementation of a product promotion plan. A specific example of a product plan includes the production of advertisements including television commercials and catalogs, collaborations with other companies, sales promotion activities at stores and a variety of other campaigns.

As PLARAIL is based on actual railcars, we conduct events including tie-ups with railway companies and railway museums, as well as the PLARAIL EXPO event conducted by TOMY that enables visitor to see, touch and enjoy PLARAIL up close, among other promotions that resonate in the hearts of children, who love trains. In addition, because PLARAIL is a long-seller, awareness is high among children as well as their parents, thus we place importance on communicating the positive aspects of the brand, such as the fact that the standards for our rails and other parts are the same now as in the past and that this is still a toy providing a wide range of possibilities for play that develops sociability and imagination.

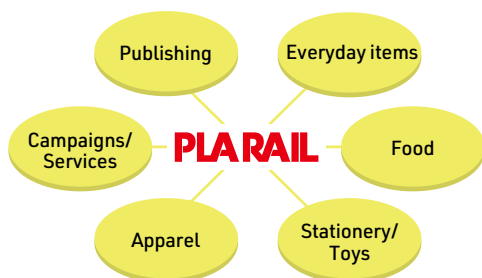


Expanding the Brand



We have also developed a wide range of commercial licenses for PLARAIL, including apparel, everyday items, food, stationery and printed material targeting children between the ages of three and six who play with toys. PLARAIL is used for merchandise as well as in corporate advertising campaigns. The benefits of licensing PLARAIL, which is widely recognized across three generations of users, include the ability to commercialize national railway lines and the latest railcars, as well as naturally combine railcars from different companies into the same play scenario.

Going forward, TOMY will continue to promote licensing in a variety of categories while ensuring there is no damage to the brand image that has been cultivated over many years to create, nurture and expand the ranks of PLARAIL fans.



The Customer Service Department, which listens directly to the voice of the customer, is considered to be the department closest to the customer. TOMY strives to build relationships of trust with customers through caring and sincere interactions.

Customer Service Department operations begin with consultations and store introductions before purchases. In addition to selling PLARAIL, we also provide telephone and e-mail support, including consultations related to layouts, post-purchase information on use, and repair availability. We want customers to enjoy PLARAIL for a long time, thus we strive to provide store information enabling customers

to easily purchase connecting and other parts they can replace on their own. We are also improving the FAQ contents posted on our website.

We will continue to study products so that we can provide quick solutions to customer consultations and suggestions. Furthermore, actual and potential needs gleaned through valuable customer comments are provided to relevant departments as feedback, reflected in product development and marketing, and used to improve operations. We would be happy if these activities led to the creation of even just one fan of the TOMY Group.

Discovering the Next Evolution

After-Sales Service



Toward a Sustainable Society

TOMY Group toy manufacturing is realized through a series of business activities, from planning and development, to manufacture, production, sales and after-sales services.

In each one of these processes, we create added value in relation to customers with various needs, the employees and partners who respond to these needs and society and the environment.

The TOMY Group recognizes that sharing issues with stakeholders and aiming to solve them together is extremely important for the sustainable growth of companies, so TOMY promotes these initiatives from a long-term perspective.





Message from the Chairman

“

TOMY, founded in 1924, celebrates its 95 anniversary this year.

All of our activities are based on the philosophy of toys expressed by our founder, Eiichiro Tomiyama, which has been maintained and passed on for the past 95 years. This spirit is reflected in TOMY's philosophy of "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."

For the past four years, we have been engaged in deep discussions rethinking how to address various social issues through our livelihood of toy manufacturing to better understand exactly what CSR means for the TOMY Group.

We reaffirmed our social responsibility policy aim: "We strive to contribute to society comprehensively through our pillar business,

the world of toys." The year before last, we considered the 100th anniversary of our founding and thought about what TOMY should be in the future with the UN Sustainable Development Goals (SDGs) as the focal point. In fiscal 2018, while continuing to engage in dialogue with our stakeholders, we examined important Material Issues that the Group should address to get closer to what we should be and do in the future.

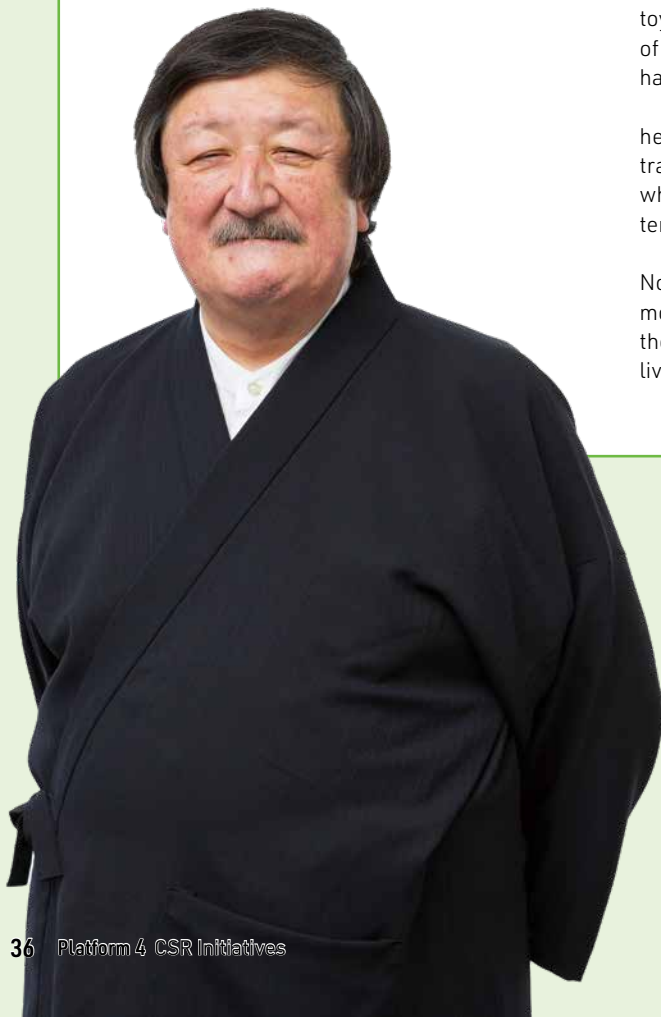
As a result, we identified material issues and were able to complete the TOMY Group Social Responsibility Framework for promoting TOMY Group CSR over the medium to long term, and I think that we have finally reached the starting line in terms of our efforts as a Company.

There is nothing that makes me prouder than our livelihood of creating toys that support the healthy growth of children responsible for the next generation. Toys may not satisfy hunger, nor will they overcome cold. However, toys have the power to put smiles on the faces of children. And I believe that children's smiles have the power to change the future of world.

TOMY Group toys contribute to healthy children and cultural development, transforming the world into a richer place, which itself is the most important aspect in terms of our CSR efforts.

Our founder's heartfelt sentiment that "my No.1 wish is for children of the world to have more fun and become happier" continues to be the motivation behind our pride and duty in our livelihood of making toys.

”



富山 幹太郎

Kantaro Tomiyama

Representative Director, Chairman & CEO
CSR Project Owner

Social Responsibility Policy

We strive to contribute to society comprehensively through our pillar business, the world of toys.

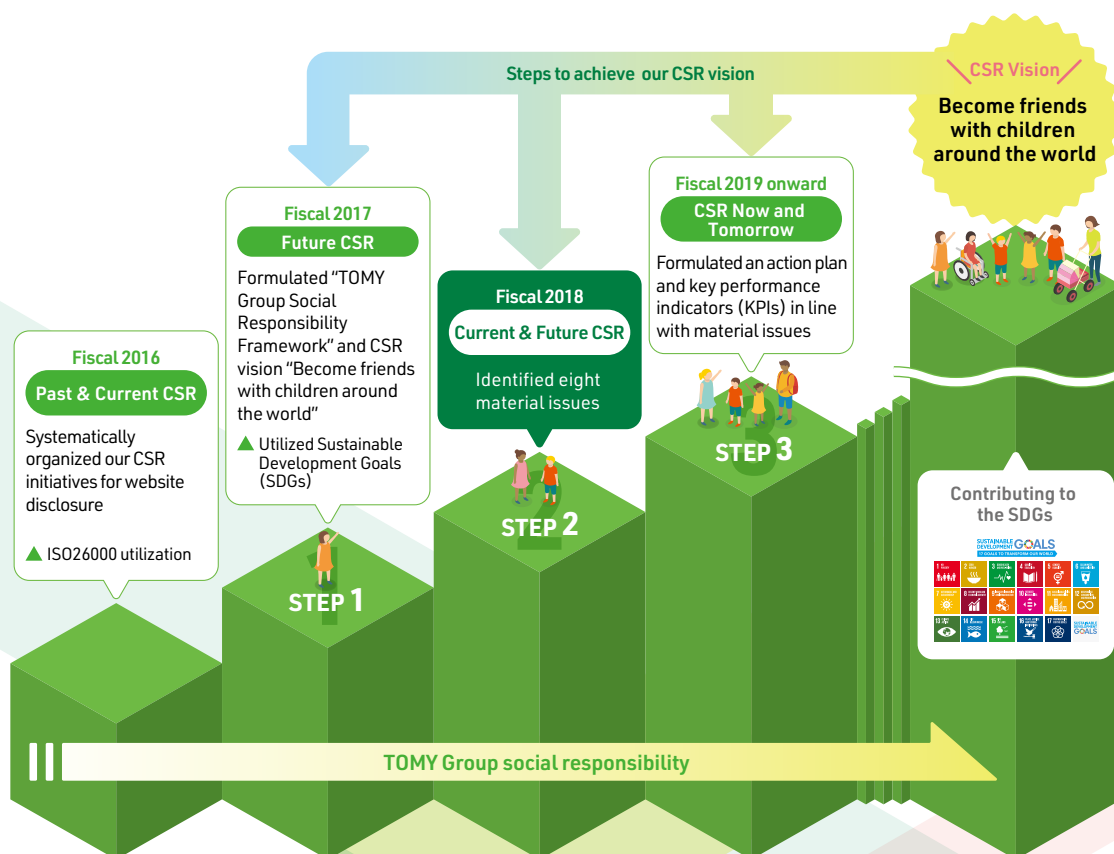
TOMY's Founding Philosophy of "Let's Excite the World's Markets with Our Outstanding Products" and "Our Sincerity and Diligence Will Contribute to Society and Lead to Our Own Success and Happiness" Has Been Passed Down Across Generations and Is the Foundation of Our Social Responsibility Policy.

TOMY CSR Progress

Under the Social Responsibility Policy, the TOMY Group promotes medium- and long-term CSR initiatives through CSR projects across the Group. From the past until now, we have organized activities according to ISO 26000 international guidance on social responsibility, and after efforts to expand CSR information disclosure, in fiscal 2017 we formulated our CSR Vision of "Become friends with children around the world" focused on our

upcoming 100th anniversary and the future of society. To achieve this vision, we created the "TOMY Group Social Responsibility Framework" with reference to the UN Sustainable Development Goals (SDGs).

Furthermore, in fiscal 2018, we identified eight material issues with the aim of establishing a concrete approach to taking action.



TOMY Group Social Responsibility Framework and Eight Material Issues

In determining material issues, we conducted a comprehensive investigation, identifying approximately 400 social issues* that were evaluated and organized according to their relevance to Group business. Next, we conducted detailed surveys of CSR initiatives to determine whether the 15 Group companies in Japan and other countries had policy and management systems in place to address each social issue.

In narrowing down material issues and incorporating the opinions of stakeholders, in addition to questionnaires submitted to customers, employees and investors, as well as interviews with experts, we held a "Kids' Symposium" where children and employees, who are both important stakeholders, engaged in discussions on equal terms.

After that, CSR Project members repeatedly discussed the degree of concern among stakeholders and impacts on the TOMY Group. This resulted in

the identification of material issues that the Group should prioritize through its main business: (1) Ensuring confidence, safety, and quality, (2) Creating new products, services and IP, (3) Promoting universal design, (4) Organizational governance and communication with stakeholders, (5) Promoting workstyle reform, (6) Responsible procurement, (7) Environmental management and (8) Encouraging education and culture through our business.

Going forward, we will formulate a concrete action plan in line with the eight material issues as well as key performance indicators (KPIs) to assess the progress of our efforts.

Note: GRI Standards, ISO26000, US Sustainability Accounting Standards Review Board (SASB), ESG Evaluation Facility (MSCI) Evaluation Items, Sustainable Development Goals (SDGs), demands from business partners, etc.



Kids' Symposium



Figure: Three Priority Issues to be Addressed and Core Subjects of the ISO 26000 International Standard on Social Responsibility

Our CSR site provides a detailed explanation of the process of identifying the material issues.
www.takaratomy.co.jp/english/company/csr/feature/2018/materialityprocess.html

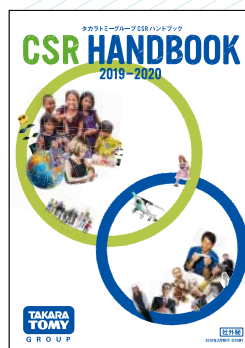


Toward Unified Group Promotion

— Distribution of CSR Handbook —

The understanding and actions of each and every employee are indispensable for the promotion of CSR initiatives. To inculcate CSR, the TOMY Group CSR Handbook is published in Japanese, English, Chinese and Thai and distributed to Group employees in Japan and other countries to spread awareness.

Based on the Chairman's message that "the business itself must change so that it can contribute to society even more," the handbook introduces CSR efforts of each employee and visualizes the connections between TOMY Group business and society.



TOMY Group Social Responsibility Framework (As of June 2019)



Our CSR site introduces details of the eight material issues.
www.takaratomy.co.jp/english/company/csr/materiality/



Three Pillars: Commitment to Quality Manufacturing

Be it different cultures, genders, disabilities and abilities, lifestyles or values, we live in a diverse world. We seek to help children grow by providing safe and secure toys that reflect such diversity and expand play for children around the world to enjoy.

Safe and Reliable Toy Manufacturing

The TOMY Group basic policy regard to safety is to provide high-quality toys that appeal to customers the world over by manufacturing safe and reliable products that consider the environment. Ensuring the high quality and safety of toys is important in all processes, from planning and development, to production, sales and after-sales services, and leads to the creation of competitive toys.

Safety Quality and Chemical Substance Management

In line with the global deployment of products, we carry out inspections based on original safety standards that are stricter than toy industry safety standards represented by the ST mark. We have also established Product Safety and Quality Management Regulations and work to ensure safety and prevent problems throughout planning to production.

We also conduct in-house inspections and utilize third-party testing to prevent the contamination of heavy metals and phthalate esters. In the event these substances are discovered, we have a system in place that prevents affected products from being released to the market. In particular, to reduce and eliminate regulated hazardous substances from products shipped to Europe and the United States, TOMY Quality Rules define chemical substance management methods in the manufacturing process. The CSA (Chemical Safety Assessment) / targeting partner companies and factories involved in the manufacture of products, is performed on parts and raw materials. In the unlikely event of product contamination, we have established a system to prevent the product from entering the market, and we work to ensure

continuous safety and quality of all products through thorough management.

As safety considerations for toys change with the emergence of new types of play and the advance of technology, standards and inspection details set forth in the TOMY Quality Standard have been revised to reflect contemporary conditions in the 11th edition issued in 2019. Furthermore, to ensure children enjoy safe playtime, usage warnings and cautions based on the anticipated behavior of children are displayed on merchandise packaging, in user manuals and on our website among other efforts focused on safety measures from the children's perspective.

In addition, we conduct "Safety Day" targeting all Group employees in Japan and overseas who gather once each year to consider the importance of safety and quality and confirm safety awareness on a global basis. We also appoint safety leaders from each department and Group company, including development, quality control, sales and customer service, and during their one-year term, they promote the creation of safe toys and strive for Company-wide education and awareness regarding safety and quality.



11th edition of the TOMY Quality Standard



TOMY Vietnam's onsite laboratory conducts in-house inspections to ensure safety quality and prevent chemicals such as heavy metals and phthalate esters.



After-Sales Service

The TOMY Group Customer Service Department receives over 300,000 consultations and inquiries annually (FY2018). The details are carefully recorded and analyzed, with all useful and important information provided as internal feedback. In particular, incidents of near-accidents that could lead to injuries or accidents are verified in detail by the Customer Service Department, then shared internally and incorporated into future manufacturing.

During Christmas season, when the Customer Service Department receives a high volume of inquiries, customers must often wait for long periods of time until they receive a response. To reduce the number of inquiries during Christmas season, we started recommending that products using batteries be tested by or before Christmas. These efforts announced using our website and Twitter have been reflected by Santa's (customers) and retailers across Japan.



Customer Service Department

Christmas season announcement posted on the TOMY website and Twitter



Letters from customers displayed in TOMY office



Accessible design initiatives through toys

Carrying on the intention of our founder, who said his wish was “my No.1 wish is for children of the world to have more fun and become happier,” TOMY is working on the creation and development of “Accessible-Design toys” that can be enjoyed by everyone regardless of physical ability.

Accessible-Design Toy Initiatives

The TOMY Group began creating toys exclusively for children with visual disabilities in 1980, later developing toys for the general market as accessible-design toys that children with visual or hearing disabilities could play with. At present, these activities have expanded to become initiatives engaged in by the toy industry overall.

Accessible-Design toys include design features benefiting people with visual disabilities, such as placing a raised surface mark on the ON side of power switches and making a sound when the toys turn on. For people with hearing disabilities, we include a variety of features instead of sounds that contribute to fun playtime, such as light, vibrations and text, movement and pictures. Accessible-design toys' initiative is to make toys that are easy to handle even for fathers and mothers who have vision or hearing disabilities.

Creation of More than 100 Accessible Design Toys

As a manufacturer driving the promotion of Accessible-Design in the toy industry, the TOMY Group has created more than 100 Accessible-Design toys every year. Since these are sold along with general toys, special packaging is used to make Accessible-Design toys easily identifiable. Toys that children with visual impairments can enjoy are indicated by a “Guide

Dog Mark” logo, while toys that children with hearing disabilities can enjoy display a “Rabbit Mark”. The use of these logos requires the toys to have passed a screening by the Japan Toy Association's Accessible-Design Toy Committee.

Providing a Greater Number of People with More Fun

In the Let's Play Together Toy Catalog, we introduce not only Accessible-Design toys for children with visual and hearing impairments, but also ingenious and stylish products that can be enjoyed by seniors and a variety of other people. The catalogue includes points for consideration and specialist suggestions regarding details on imaginative ways of playing with Accessible-Design toys. Furthermore, we are devising ways in which these toys can be enjoyed by more people, including posting on our website text-only user manuals that convey how to operate toys using only words for people who have difficulty seeing diagrams and illustrations, as well as a sound catalog aimed at conveying the fun of toy movement and shapes mainly for people with visual impairments.

TOMY also promotes the understanding of disabilities (the barrier-free spirit) through awareness activities at International Home Care & Rehabilitation Exhibition to inform as many people as possible about the activities TOMY is engaged in, as well as through lectures at universities and school lesson visits for children.



The Shogakukan NEOGlobe
© TOMY © Shogakukan



Chico Will Scold You!
Chico Voice Changer
Chico Will Scold You! ©NHK

Intellectual Property Strategy Supporting Brand Growth

The TOMY Group continues to manufacture ingenious products in an effort to create new play value. While promoting strategies to grow brands from products, we proactively execute intellectual property strategies as one measure to strengthen our core toy business.

Acquiring Multiple Intellectual Property Rights

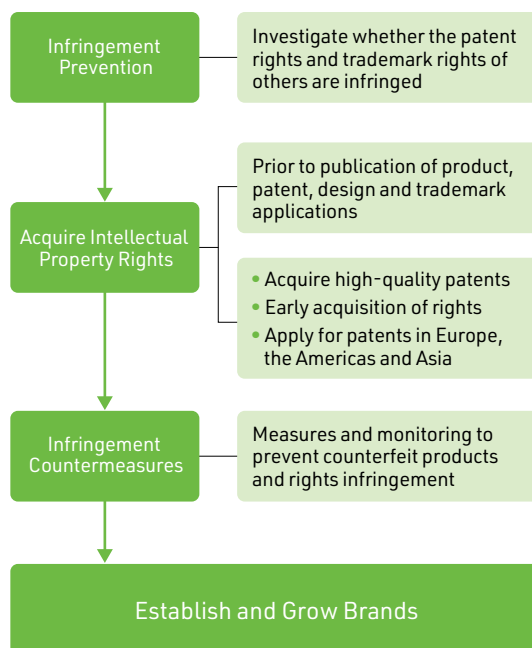
The TOMY Group actively acquires intellectual property rights for product planning and development results and original brands, and one of the highest number of patent applications in the industry. By acquiring and maintaining intellectual property rights for single brands or products in multiple ways, we have established a brand value that includes technology and play styles leading to the sustainable growth of that brand. In recent years, we have been aggressively promoting the acquisition of intellectual property rights in other countries in accordance with overseas business development in Europe, the United States, Asia and other regions, as well as improving the quality of patent rights and the early acquisition of rights. With regard to TOMY's intellectual property rights, we disseminate information widely within the Company, and promote rights utilization and protection to support creative product development.

Intellectual Property Rights Infringement Countermeasures

The TOMY Group also works to eliminate counterfeit products in order to protect its brands. We exercise intellectual property rights and take appropriate measures to prevent activities such as the manufacture and sales of counterfeit goods that pose a risk to customers and the unauthorized publication of copyrighted materials on SNS that may damage brand value. Specifically, to prevent the distribution of counterfeit products, we regularly monitor overseas e-commerce websites, and if we discover products that infringe intellectual property rights, we promptly notify the webmaster and request those products be removed from the website. We also work closely with e-commerce webmasters in Japan to prevent counterfeit products.

Respecting the Intellectual Property Rights of Others

In order to prevent infringement of the intellectual property rights of others, the TOMY Group thoroughly investigates intellectual property rights, such as the patent rights and trademark rights of others, during the product development process to prevent infringement. To ensure that we are respecting the intellectual property rights of others, we implement training for employees incorporating e-learning and other approaches.



Three Pillars: Coexisting with Society and the Environment

Today's society faces multiple pressing problems including the depletion of resources, climate change, and environmental issues. We seek to minimize the negative impact of our business, contribute to regional development and protect the environment to help preserve sustainable communities and the Earth for future generations of children to smile and play with toys.

Responding to Large-Scale Disasters Associated with Climate Change

The TOMY Group is working on the establishment of a Business Continuity Plan (BCP) to respond to large-scale disasters such as major earthquakes, flood damage caused by typhoons, and torrential rains, and outbreaks of viral infectious diseases.

TOMY Group Business Continuity Plan (BCP)

In the event of an emergency, the TOMY Group places top priority on ensuring safety and saving lives. After confirming the safety of employees, we have a management system in place to respond promptly and appropriately to maintain company facilities, realize a rapid recovery of systems, maintain customer trust and ensure work for our employees by quickly resuming and continuing operations. In addition, the TOMY Group strives to contribute to society as much as possible, including cooperation and collaboration with local communities and recovery and reconstruction support efforts.

In terms of information systems, TOMY Group's mission-critical systems utilize cloud environments and data centers outside the Company to optimize systems operating in Japan and overseas to improve business continuity. In addition, the introduction of a safety confirmation system establishes a mechanism whereby the safety status of employees and their families can be confirmed as quickly as possible.

Emergency drill

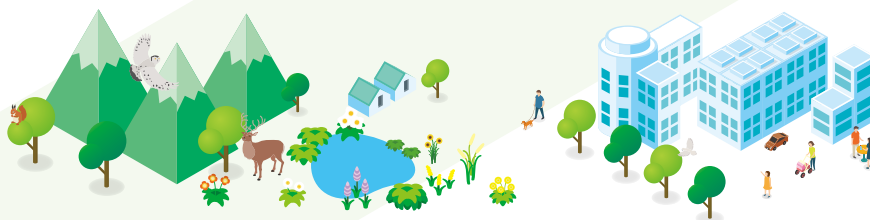


TOMY Marketing Initiatives

The ability to ensure the continuity of logistics functions in disaster situations as well during normal operations is an important issue within business continuity. At TOMY MARKETING COMPANY, LTD., which handles product sorting and packaging, loading and unloading operations, transportation and inventory storage, in addition to reducing the risk of shipment delays by strengthening and repairing material handling functions that are transported and handled by machinery, a Company-wide project was launched consisting of members from logistics, sales, and business management for the further review of business continuity planning (BCP). In March 2019, we conducted internal training for all employees covering a response manual for our business continuity plan (BCP) and indicating internal stockpiles of supplies.

Distribution warehouse





KIDDY LAND Initiatives

At KIDDY LAND, which is engaged in the sales of toys, fancy goods, character merchandise, books and other products, we produce storefronts full of fun and excitement for customers. As KIDDY LAND CO., LTD., has locations all over Japan and a large number of store employees, we formulated a business continuity plan (BCP) that assumes a variety of scenarios, including large-scale disasters and transportation facilities paralysis. We constantly strive to educate and train employees, including ensuring the safety of employees and customers, confirming damage and clarifying the flow of information dissemination.



KIDDY LAND store interior

TOMY MARKETING COMPANY, LTD., President Yoshimitsu Ogoshi explains new BCP to TOMY MARKETING COMPANY employees



Environmental Activities

TOMY is engaged in environmentally-friendly manufacturing for sustainable societies in which children can play with smiles on their faces.

Initiatives to Reduce Our Environmental Footprint

To reduce environmental impacts within our business activities, the TOMY Group strives to utilize waste generated from business activities as resources whenever possible, while of course observing the law and disposing of materials appropriately. For example, the TOMY TEC, domestic factory pulverizes waste generated from plastic molds and recycles it.

TOMY Marketing also strive to mitigate environmental burdens through efforts to reduce the amount of cardboard and cushioning materials used while utilizing 100% recycled paper for cushioning materials and foldable containers that can be used repeatedly as well as sharing transportation with different industries.



- ① TOMY TEC CO., LTD. (Tochigi)
- ② Equipment that makes TOMIX train wheels
- ③ Metal scraps left over after cutting train wheels are recycled
- ④ Runners discarded during plastic molding

Eco-Friendly Toys

The TOMY Group makes effective use of resources and engages in "Eco-Friendly toys" development that is considerate of the environment. "Eco-Friendly toys" are products that have cleared one or more of the eight environmentally conscious "Eco-Friendly toys standards" established by the Group-wide "Eco-Friendly Toys Committee" with advice from third-party institutions. The "Eco-Friendly toys" mark is displayed on packaging to communicate environmentally friendly efforts to customers in an easily understandable way in an effort to spread green procurement initiatives in the toy market.



"Eco-Toy" logo

ANIA-FRIENDS
This product's packaging was designed as a toy that can be played with rather than thrown away.



Let's play big time! DX TOMICA
TOWER ELEVATOR is played by hand,
so you can play with it again and again
without the need for batteries.



© TOMY

Community Activities

The TOMY Group participates in community activities at its bases in Japan and in each of countries where it develops business throughout the world.

Japan Next-Generation Education Support Activities

The TOMY Group strives to support next-generation education by welcoming elementary, middle and high school student field trips, visiting elementary school classrooms and holding lectures at universities. Among these, the elementary school visitation program, which uses “Eco-Friendly toys” and “Accessible-Design toys” as teaching materials, provides an opportunity to nurture children’s awareness and vocational perspective on the symbiosis between the environment and society, receives high praise from the educational field. A cumulative total of nearly 66,000 children have participated in these experiences (as of March 31, 2019).



TOMY’s newly employed and person in charge become instructors during a classroom visit



Participation in Various Types of Events Aimed at Regional Revitalization

Each store owned by KIDDY LAND, which operates specialty stores carrying toys, fancy goods, character merchandise and books, is a member of regional retail associations that participate in community activities. the TOMY TEC, located in Mibu, Tochigi Prefecture, participates in a zero-trash movement sponsored by Toy Industrial Park, in which 129 volunteers from 47 local businesses participated to collect enough trash in 2018 to fill a two-ton truck.

In Tokyo’s Katsushika Ward, where TOMY’s head office is located, to highlight the local toy-making industry, we support the Toy Idea Contest and we established the Eco-Toy Awards for innovative toy ideas conceived by elementary school students.

Outside Japan Community Support Activities

TOMY International, which is responsible for overseas business, conducts a variety of activities rooted in local communities in the United States and Europe.

In England, we visit hospitals to deliver toys, and participate in fund-raising events aimed at supporting children with disabilities through charity organizations created by toy companies. In the United States, we are engaged in a variety of activities, including efforts supporting cancer patients and their families and activities aimed at rectifying disparities through toy donations. At TOMY Thailand, we convey Japanese factory culture to local university students and conduct factory tours for employee children and local elementary school students.

Three Pillars: Sound Management

Our operational environment is greatly influenced by globalization and the technological revolution, and the responsibility to conduct fair, honest business is growing as companies play an increasingly influential role in society. We should act as proud, respected role models for children and seek to create fun, comfortable working environments across the TOMY Group.

Compliance Promotion

The TOMY Group always conducts business activities based on our Founding Philosophy. In addition, we formulated the "TOMY Group Code of Business Conduct" that must be observed by each and every employee as a company guideline that promises to realize the dreams of all stakeholders as stated in our Corporate Mission. All TOMY officers and employees engage in daily work activities based on these conduct guidelines.

TOMY Group Code of Business Conduct

The Group formulated the TOMY Group Code of Business Conduct based on our Founding Philosophy, Corporate Mission, Corporate Guidelines and Code of Conduct to ensure appropriate conduct. In addition to observing the Founding Philosophy, the TOMY Group Code of Business Conduct specifically defines "the strict forbiddance of any behavior that presents adults in an unseemly light in order to be a company that children, our most important customers, continue looking up to" as its basic spirit. In addition, specific actions required to comply with the Code of Business Conduct are stipulated to promote the understanding of officers and employees. In the event of a compliance violation or when there are concerns about what told, we encourage employees to consult with their supervisor or a person in charge, explain the situation and utilize the TOMY Group Hotline. By studying and implementing the "TOMY Group Code of Conduct," we aim to realize dreams by reducing the occurrence of violations and raising the awareness of officers and employees.

The "TOMY Code of Business Conduct" is available in eight different languages so that officers and employees at all Group companies can understand them clearly. We also provide training offline as well as e-learning.

Compliance Training

Every year, the Group designates a "Thinking About Compliance Day" during which we conduct awareness activities for all officers and employees. Japan Group company officers and employees meet together to confirm the importance of compliance, and in the unlikely event that a problem arises, share the details, causes and countermeasures to prevent future recurrence. A video of this meeting is provided to officers and employees unable to attend, as well as to overseas Group companies, in an effort to improve compliance throughout the entire Group.

Additionally, TOMY introduced a Compliance Leader system with the aim of further enhancing compliance awareness and establishing a structure of compliance. Approximately 40 senior managers comprising mainly TOMY general managers and domestic Group company directors are appointed as Compliance Leaders, and to ensure appropriate



Compliance Leader training



judgments and conduct within daily corporate activities, we invite lawyers and other outside specialists to conduct training sessions related to laws that must be observed and related knowledge. Additionally, based on the results of the Compliance Awareness Survey, each leader identified problems in the workplace and took the initiative to ensure compliance by utilizing the PDCA cycle to make improvements. The improvement activities conducted by leaders in each workplace during the year are reported on "Think About Compliance Day."

To ensure that everyone possesses understanding and empathy with regard to compliance, we conducted a variety of awareness measures, including displaying posters inside the Company and the distribution of email magazines. Distributed twice monthly, the email magazines feature news, familiar case studies, mini-tests and other content garnering public attention. It also incorporates four-panel comics and illustrations among other intuitively understandable content linked to steadily raising awareness.



Compliance *rakugo* (traditional Japanese comedic storytelling) makes it fun to learn and reflect on Thinking About Compliance Day



Compliance newsletter

Realizing Comfortable Workplaces

The TOMY Group engages in “work-life balance as a management strategy” and “workplace invigoration measures to stimulate the creation of ideas” as two policies for retaining and cultivating human resources who are the source of corporate value creation.

Work-Life Balance

In 2014, we officially introduced the Work-at-Home System, under which employees whose time is limited are able to work from home once per week to perform child care or nursing care. We provide a full range of support systems, from pre-maternity leave to returning to work after paid holidays, enabling employees to return to the workplace with peace of mind, including access to in-house counselors. As a result of these initiatives, TOMY sees nearly 100% of its female employees utilizing childcare leave and returning to work.

Family Day

The TOMY Group conducts Family Day once every year, inviting the children and family of employees to visit our workplace and observe the work we do. Providing families with knowledge of the work and daily activities of our employees helps deepen their understanding of the workplace, while at the same time, employees are able to gain a better understanding of one another's family life, making it easier to work together. We aim to create workplace atmosphere that values family.

In fiscal 2018, 180 children and 146 adults, a total of 326 people, visited during Family Day.



Family Day

Human Resource Development and Passing on Technologies and Expertise

The TOMY Group maintains education and training systems to improve job performance and operational efficiency as well as identify and cultivate next-generation leaders. In addition to training for each year of employment and job position, we support the development of employee capabilities through candidate training including cross-industry networking training for the improvement of various skills and financial assistance with TOEIC examinations and correspondence courses.

Education and Training Examples

- TOMY Group Code of Business Conduct (COBC) e-learning training
- Compliance e-learning training
- New employee training
- New executive/new management training
- Value chain training
- Management training
- Marketing training
- Harassment prevention training
- Risk awareness training
- Intellectual Property seminars

In fiscal 2018, we held the toy technology workshops over a period of eight months focused on toy design study and mold technologies for young employees in planning and development, technological development, production technologies and quality control. In addition to workshops conducted as activities conveying these kinds of technologies which easily become tacit knowledge and know-how through next-generation development, the TOMY Group created glossaries and checklists in multiple languages as well as the TOMY Toy Technology Thinktank (booklet), a compilation of production base startup know-how and other information which is shared and utilized throughout the Group.

Together with Our Business Partners

Along with our business partners, the TOMY Group aims to maintain and improve appropriate working environments at all our production facilities.

TOMY Code of Conduct for Manufacturers

The Group strives to provide safe, high-quality products while at the same time protecting human rights at factories, caring for the environment and contributing to society. To this end, TOMY manufacturing contractors are required to comply with the TOMY Code of Conduct for Manufacturers, which includes items related to the environment and society. The TOMY Code of Conduct for Manufacturers is included in all contracts with business partners.

For details regarding the TOMY Code of Conduct for Manufacturers, please visit the CSR section of our corporate website.

www.takaratomy.co.jp/english/company/csr/sound_management/fair_operating_practices/partner.html



TOMY COC Team and TOMY Hong Kong, Initiatives

TOMY Hong Kong manages production of products for customers (licensors) that have particularly strict code of conduct as well as products bound for the United States and Europe. TOMY works with business partners to provide support enabling the ongoing management and operation of manufacturing sites based on the TOMY Code of Conduct (COC) Program, which protects human rights at factories, ensures employee health and safety as well as environmental sustainability. Actual audits are conducted based on the TOMY COC Program and incorporate processes including kick-off meetings, facility visits, employee interviews, document surveys, and final meetings.

Network Briefings for Business Partners

The TOMY Group strives to strengthen coordination with manufacturing contractors and other business partners by sharing information on revisions to laws, regulations and the TOMY Quality Standards as well as case studies aimed at improving safety and quality. Network Briefings have been conducted annually for more than 10 years and have included the introduction of programs related to safety and quality, and from 2019, new initiatives related to the Sustainable Development Goals (SDGs), the TOMY Social Responsibility Policy and material issues.



Network Briefing

Outside Director Interview

Q It has been one year since you were appointed as an outside member of the Board of Directors. What are your impressions of TOMY so far?

I have a very good impression of the TOMY Group, as it has a friendly atmosphere but still maintains a strong feeling of tension and a corporate culture that strives to grow the Company. The toy industry is a difficult business model as many new products are brought to market, but it is difficult to predict whether or not they will be a big hit, thus the business must be solidly promoted to succeed. The Company is preparing for both normal operations and emergency contingencies, although they are very difficult to predict, and still has a lot to learn about risk management. I think it is wonderful that, while creating a variety of new products in pursuit of the next big hit, TOMY does not neglect efforts to maintain the popularity of core products such as TOMICA, PLARAIL and LICCA across all generations.

Q What is your assessment of the efficacy of the Board of Directors?

The TOMY Board of Directors comprises diverse array of members. Outside directors have their own areas of expertise and experience and offer opinions from a variety of perspectives, which makes deliberations quite lively. I think it would be good if more time was allotted to addressing specific topics brought up within the overall discussion. I think there is room for management ingenuity. For example, we could allocate time for discussion on the assumption that explanations and reports are distributed and read in advance, operate the proceedings in order of priority, or make the board meetings themselves longer.

Q As a member of the Advisory Committee, what is your assessment of that body?

I attend all Board of Director Nominating Committee, Remuneration Committee and Risk/Compliance Committee meetings, as well as monthly performance report briefings. The Compliance Division visits Group companies and reports any issues they identify to management, which I think functions extremely well. Going forward, I will dig deeper into the reports to offer opinions and suggestions, support their implementation, and if we can shift the direction of the Group-wide discussions to be more active, I think governance will be further strengthened. Also, this applies not just to the TOMY Group, but I think stronger linkage between management, compliance and risk management is critical.



Mariko Mimura, Board of Director (Outside)

Q As TOMY's first woman director, how do you want to fulfill your responsibilities?

I think contributing to diversity is one of my responsibilities. Women comprise only 8.0% of managers at TOMY, and while this is higher than the 5.8% average in "other manufacturing industries," TOMY needs to make improvements compared to the ratio of female employees. To this end, I would like to deepen exchanges with female employees and contribute to the creation of an environment where women can play an active role while leveraging my role to lead by example in terms of career advancement. Already, I have begun exchanges with proactive female employees at Company luncheons and other events, and my sense is that there are many excellent and ambitious female employees at TOMY. I would like to lead reforms in awareness on the management side toward the active promotion of female employees.

Q What are your expectations for the TOMY Group going forward?

We have gone from simply selling high-quality merchandise and products that meet consumer needs, to a new era in which value is placed on products, services and CSR and other initiatives provided as a set of "solutions." We can solve social issues through innovation in products as well as business activities within the supply chain. If we look at companies from the perspective of ability to solve problems being linked to ability to grow, I think that economic and non-economic value (social value) can be understood as one. TOMY is a company whose business itself is directly linked to social value, thus I expect TOMY to achieve sustainable growth and I will do my best to contribute to this.

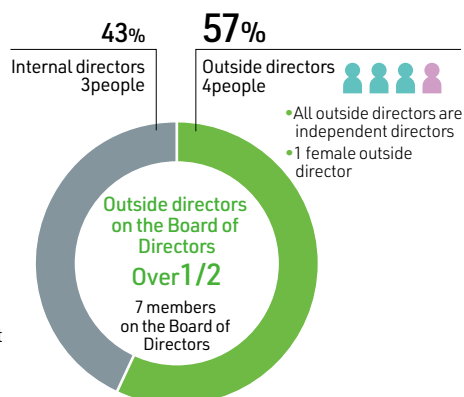
Source: Ministry of Health, Labor and Welfare

The "average value of the ratio of female workers in managerial positions in each industry" related to the accreditation system based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Revised Edition, May 2019)

Corporate Governance

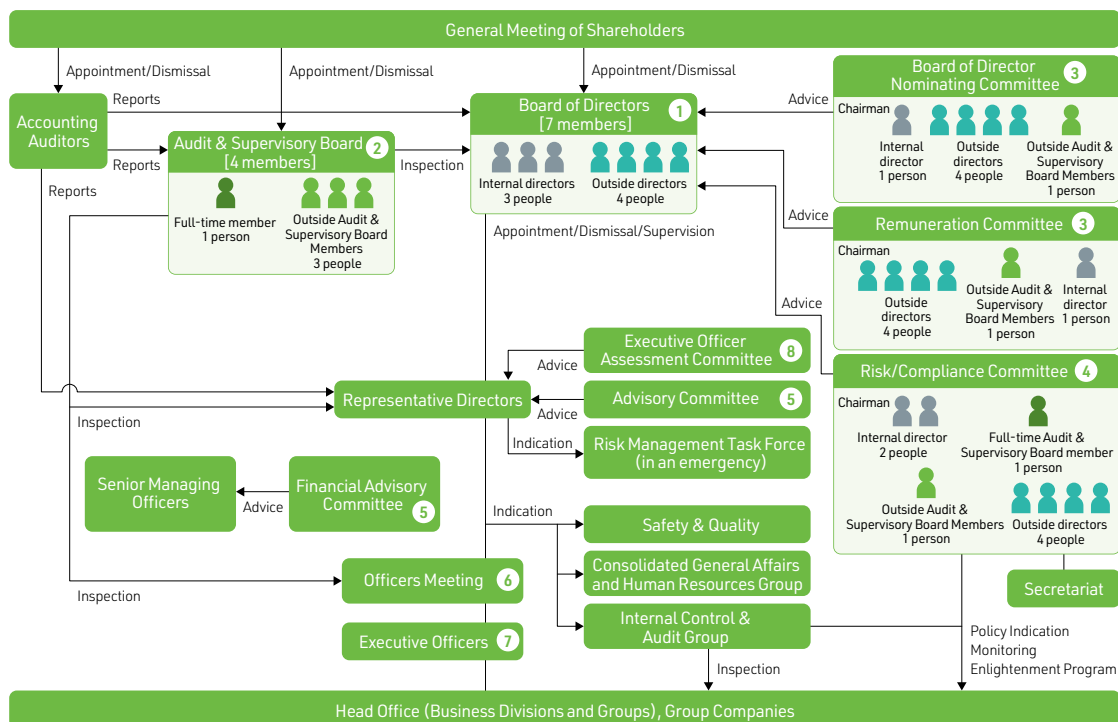
Three Distinctive Features of TOMY Corporate Governance

- 1 Outside directors comprise the majority of the Board of Directors**
All outside directors are independent directors
- 2 TOMY has a Board of Director Nominating Committee and a Remuneration Committee**
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.
- 3 Group company management and outside director support systems**
TOMY has established a department in charge of Group management that provides necessary management and guidance according to the characteristics and circumstances of each Group company based on internal regulations. In addition, we have established a system to support management supervision and business execution, including the sharing of minutes from major meetings at each Group company, independently created by the same department for all independent directors.




Basic Views

One of the most important management issues for the TOMY Group today is maintaining the trust of shareholders, customers and all our stakeholders while offering continual improvements in corporate value and building on sound and transparent management practices. We strive to achieve ongoing improvements in our corporate governance and internal control systems.



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 available on the TOMY website.

 Latest version of the Corporate Governance Report:
www.takaratomy.co.jp/company/pdf/ (Partial display)

Management Monitoring System

① Board of Directors

The TOMY Board of Directors consists of seven members (of which four are outside directors, all of which are independent directors). The Board of Directors holds regular monthly meetings and extraordinary meetings as necessary, where overall Group basic policies and strategies are formulated, decisions are made with regard to the execution of critical operations and business execution is monitored. Additionally, the four Audit & Supervisory Board members attend Board of Directors meetings and offer recommendations as necessary.

Attendance in fiscal 2018

Outside directors	Meetings held: 18	
	Participation (number of times)	Participation rate (%)
Kakuei Miyagi	18	100
Shigeyuki Mito	15	83
Mariko Mimura	13*	100*

Note: Appointed at the General Meeting of Shareholders held on June 27, 2018, thus meeting attendance numbers differ from other Directors.

② Audit & Supervisory Board

The Audit & Supervisory Board meets once every month in principle to discuss and determine important matters necessary for the supervision and audit of directors' business execution. Audit & Supervisory Board members consist of four members, three of whom are outside Audit & Supervisory Board members and possess abundant experience and high degree of expertise necessary for auditing and supervising. In addition to monitoring the status of business execution, finance, internal audits, risk management and compliance, Audit & Supervisory Board members exchange opinions and information with accounting auditors and departments in charge of internal controls with regard to important auditing

issues while cooperating on the mutual monitoring of the Group's internal control status. Additionally, they attend important regularly scheduled and extraordinary meetings to receive reports pertaining to the status of management, business performance, financial conditions, internal audit implementation and risk management and compliance.

Attendance in fiscal 2018

Outside Audit & Supervisory Board members	Meetings held: 13	
	Participation (number of times)	Participation rate (%)
Tsunekazu Umeda	13	100
Toshi Yoshinari	13	100
Koichiro Watanabe	9*	100*

Note: Appointed at the General Meeting of Shareholders held on June 27, 2018, thus meeting attendance numbers differ from other Audit & Supervisory Board members.

③ Board of Director Nominating Committee/ Remuneration Committee

Composed of outside Directors and/or outside Audit & Supervisory Board Members, the Board of Director Nominating Committee and the Remuneration Committee 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.

Moreover, both committees comprise five independent directors and one internal director. The Remuneration Committee is chaired by an outside director.

④ Risk/Compliance Committee

The Risk/Compliance Committee, which consists of outside directors and corporate auditors (with an independent director ratio of one-half or more) and the representative director as the chairperson, was established to enhance and thoroughly enforce the compliance and risk management systems and deliberate important risk/compliance issues, the results of which are reported to the Board of Directors. Furthermore, the Internal Control and Audit Department, which is under the direct control of the representative director, audits the status of compliance and reports to the representative director and corporate auditors as needed. 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.

Furthermore, a Risk Management Task Force

shall be promptly established when unforeseen situations arise to take prompt and appropriate actions to minimize losses and damage, as well as to devise effective measures to prevent any recurrence. In terms of product safety, we established the Safety and Quality Assurance Group as a dedicated organization engaged in strengthening the processes to provide safe and high-quality products.

⑤ **Advisory Committee/Financial Advisory Committee**

Comprising outside directors and Audit & Supervisory Board members, the Advisory Committee was established as an advisory body to the Representative Director and the Financial Advisory Committee was established as an advisory body to the Senior Executive Officer in pursuit of all-encompassing advice related to the efficacy of Company and Group operational execution and financial reliability.

⑥ **Officers Meeting**

The Senior Executive Officer's Committee was established to smoothly and efficiently manage Group business operations. This Committee meets in principle once every month and makes flexible decisions with regard to overall management execution. Decisions made by the Senior Executive Officer's Committee are reported to the Board of Directors as necessary.

⑦ **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.

⑧ **Executive Officer Assessment Committee**

As an advisory body to the Representative Director, this Committee is composed of full-time directors in pursuit of a wide range of advice regarding the evaluation of executive officers.

Outside Director (Outside Audit & Supervisory Board Member) Support System

Corporate Planning Office staff provide guidance to outside directors and outside Audit & Supervisory Board members regarding Board of Director meetings, prior explanations on the outline of the proposals to the full extent possible and other necessary information. TOMY has one employee who is dedicated to assisting the duties of Audit & Supervisory Board members. In addition, we have established a system to support

management supervision and business execution, such as sharing the minutes of major meetings of each Group company independently created by the department in charge of Group Company Admin Staff with all independent directors.

Appointment and Dismissal of Senior Management and Appointment of Board of Directors and Audit & Supervisory Board Member Candidates

Director Qualifications and Nomination Procedures

- 1) The directors of the Company shall nominate multiple persons who have high ethical standards as well as an excellent personality, insight, ability and abundant experience from inside and outside the Company.
- 2) Regarding the nomination of directors, the Board of Directors' advisory body, the Board of Director Nominating Committee" makes recommendations and advises on policies regarding the evaluation and appointment of each director.
- 3) All directors of the Company are subject to election every year by resolution of the General Meeting of Shareholders, and candidates for newly appointed Directors are approved by the Board of Directors after undergoing a fair and transparent review by the Board of Director Nominating Committee as discussed at the General Meeting of Shareholders.
- 4) To ensure candidates have a good understanding of TOMY's business, the directors will select people who can sympathize with our Founding Philosophy and corporate philosophy.
- 5) In the event that there are illegalities or serious violations of laws and regulations within the execution of director's duties, or if it is deemed difficult for him/her to properly perform his/her duties, the Board of Director Nominating Committee will explain the reasons for dismissal, deliberate them and receive pertinent advice, after which a resolution will be made by the Board of Directors and submitted to the General Meeting of Shareholders.

Audit & Supervisory Board Member Qualifications and Nomination Procedures

- 1) As for Audit & Supervisory Board Members, we will appoint multiple persons from inside and outside the Company who have abundant experience and advanced expertise necessary for auditing.
- 2) With regard to the nomination of Audit & Supervisory Board Member candidates, after obtaining the consent of the Audit & Supervisory Board, it is resolved by the Board of Directors and submitted to the General Meeting of Shareholders.

Reasons for Appointing Outside Directors

Position	Full name	Main occupation	Reason for appointment
Outside director	Kakuei Miyagi	Board Director (outside)	Appointed based on our judgment that he will utilize his extensive knowledge and experience as a financial institution manager. As an independent officer attribute, we have determined that there is no risk of a conflict of interest with general shareholders in light of the independence standards established by the Tokyo Stock Exchange, and we have registered him as an independent officer.
	Shigeyuki Mito	Partner Attorney, TMI Associates	Appointed based on our judgment that he will make use of his high level of expertise and abundant experience as a lawyer. As an independent officer attribute, we have determined that there is no risk of a conflict of interest with general shareholders in light of the independence standards established by the Tokyo Stock Exchange, and we have registered him as an independent officer. There is a business relationship between the Company and TMI involving outsourced legal services, and payments are made based on this relationship, but the amount has been less than 10 million yen in the past three years, and this year, the proportion of payments made to TMI has been less than 0.5% of sales, as in all three previous years.
	Mariko Mimura	Of Counsel, Nishimura & Asahi	She has been appointed based on her knowledge and experience as a lawyer and corporate manager, and will be useful to further strengthening TOMY's corporate governance. As an independent officer attribute, we have determined that there is no risk of a conflict of interest with general shareholders in light of the independence standards established by the Tokyo Stock Exchange, and we have registered her as an independent officer. There is a business relationship between the Company and Nishimura & Asahi involving outsourced legal services, and payments are made based on this. The amount of remuneration has been less than 10 million yen in the past three years, and this year, the proportion of payments made to Nishimura & Asahi has been less than 0.5% of sales, as in all three previous years.
	Fumitoshi Sato	Director, Tokyo Scientific Instruments Association	He has a wealth of knowledge and experience as a corporate manager and a financial alumnus, and was appointed based on the judgment that he will be useful in strengthening TOMY's risk management system. As an independent officer attribute, we have determined that there is no risk of a conflict of interest with general shareholders in light of the independence standards established by the Tokyo Stock Exchange, and we have registered him as an independent officer.

Reason for Appointment as Director

Position	Full name	Main occupation	Reason for appointment
Director	Kantaro Tomiyama	Representative Director, Chairman & CEO	Based on his long experience as a representative director, he plays a sufficient role in determining important management matters and overseeing business execution. His appointment was based on the determination that he will promote the management and supervision of the TOMY Group.
	Kazuhiro Kojima	Representative Director, President & COO	Drawing on his abundant experience as a domestic investment fund manager and manager, he has promoted the establishment of a consolidated management system, the strengthening of TOMY's financial base and devised personnel strategies to improve corporate value. Since January 2018, he has directed the Company with strong leadership as president. His appointment was based on his high level of expertise and experience, and the determination that he is capable of leading the overall management of the Group.
	Takashi Konosu	Board Director, Executive Vice President	He possesses a wealth of business execution experience in the toy and toy-peripheral businesses. He is engaged in strengthening TOMY's core toy business and promotes the expansion of toy-peripheral businesses to enhance corporate value based on his experience as subsidiary president and extensive industry knowledge. He was appointed based on the determination that he will apply his wealth of experience and knowledge to TOMY management.

Board of Directors Effectiveness Evaluation and Process

One or more times each year, the Company distributes questionnaires on effectiveness to members of the Board of Directors for self-assessment. Based on the responses, discussions are held by the Risk/Compliance Committee, which is an advisory body for the Board of Directors, with the results and issues shared at subsequent board meetings, leading to improvements that enhance the effectiveness of the Board of Directors.

In addition, the Board of Directors and Audit & Supervisory Board Members proactively discuss the effectiveness of the Board of Directors, and utilize a system established to confirm the appropriateness of the

approval of important management matters and business execution supervision. Additionally, the formulation of medium-term management plans contributing to enhanced corporate value, the proactive disclosure of information and improvements to internal control systems and risk management are assessed. At the same time, issues are identified, such as the need to strengthen medium-term management plan initiative monitoring and to formulate development plans for senior management.

December 2018–January 2019	Questionnaires distributed
February 2019	Responses to questionnaires collected and discussed by the Risk/Compliance Committee
April 2019	Reported to Board of Directors

Remuneration

Remuneration Determination Policy

Remuneration is linked to performance and corporate value enhancement over the medium- to long-term corporate value that can be shared with shareholders. Furthermore, the Remuneration Committee was established as an advisory body to the Board of Directors to deliberate officer compensation. Chaired by an outside director, the Remuneration Committee is composed of six members including the chairman, and with the exception of one internal director in charge of governance, all other members are outside directors and outside Audit & Supervisory Board members who are independent officers, ensuring the objectivity and transparency of executive remuneration decisions.

Remuneration Limits

The maximum amount of remuneration for Company officers is determined by resolution of the General Meeting of Shareholders. In accordance with a resolution at the General Meeting of Shareholders held on June 27, 2006, the maximum amount of annual remuneration for directors is ¥400 million. In accordance with a resolution at the General Meeting of Shareholders held on June 24, 2015, the maximum amount of stock option remuneration is ¥200 million (excluding outside directors). In accordance with a resolution at the General Meeting of Shareholders held on June 27, 2006, the maximum amount of annual remuneration for Audit & Supervisory Board members is ¥70 million.

Remuneration Composition and Standards

The Company's executive remuneration system consists of basic compensation and performance-linked compensation. Furthermore, performance-linked compensation consists of cash bonuses, which are incentives that vary based on short-term performance, and stock compensation (stock options, excluding outside directors) that varies based on medium- to long-term performance. The level of executive compensation is determined through deliberation by the Remuneration Committee after objective comparison and verification of

compensation levels and performance based on executive compensation data from external research institutions.

Performance-Linked Compensation Calculation Method

Within performance-linked compensations, in terms of cash bonuses, which are incentive compensation based on short-term results, TOMY uses profit attributable to owners of parent on the consolidated income statement for the applicable period as an indicator of compensation resources. Profit attributable to owners of parent is used as an indicator of compensation resources because it is deemed appropriate for awareness of shareholder returns. Consolidated ordinary profit is an evaluation index as an important consolidated management index. Also, total cash bonuses vary according to achievement status using a calculation method that multiplies profit attributable to owners of parent shareholders by a fixed rate, which is then multiplied by the consolidated ordinary profit growth rate.

Moreover, the targeted consolidated ordinary profit growth rate, which is an evaluation index for cash bonuses for the current fiscal year, was set at 100%, and the actual result was 115%.

With regard to stock compensation, which is an incentive compensation based on medium- to long-term performance, the Company's plan is based on a stock compensation-type stock option plan with an exercise price of 1 yen. Furthermore, the amount equivalent to stock option cash is determined in advance according to position.

Director Compensation Determination Procedures

In determining Company director compensation, the Remuneration Committee deliberates in accordance with the aforementioned basic policies and reports to the Board of Directors to ensure objectivity and transparency. Regarding director compensation in the fiscal year under review, the Remuneration Committee met twice to deliberate and reported the results to the Board of Directors. Within performance-linked compensation, the total amount of cash bonuses was reported and approved at the General Meeting of Shareholders.

Dialogue with Shareholders and Investors

To promote an understanding and accurate valuation of the Group among shareholders and investors, TOMY discloses information in accordance with the Financial Instruments and Exchange Act and the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities (the "Timely Disclosure Rules") stipulated by the Tokyo Stock Exchange. Information falling under the timely disclosure regulations defined in the Financial Instruments and Exchange Act and the Timely

Total Amount of Compensation for Each Director Category, Type of Compensation and Number of Applicable Directors (in the fiscal year ended March 31, 2019) (Millions of yen)

Director category	Number of applicable directors (people)	Compensation amount	Basic compensation	Stock options	Performance-linked compensation
Directors (excluding outside directors)	4	¥225	¥120	¥10	¥94
Audit & Supervisory Board members (excluding outside members)	2	21	15	0	4
Outside directors	7	64	50	—	13

Disclosure Rules as well as other material information is promptly registered on the Timely Disclosure Network system (TDNet) provided by the Tokyo Stock Exchange. To ensure timeliness and fairness, information registered on TDNet is also disclosed on the TOMY website. In addition, shareholders are informed about the status of TOMY's business, products, CSR and other efforts through shareholder newsletters.

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:

 www.takaratomy.co.jp/english/ir/risk/index.html

Continuation of Anti-Takeover Measures

TOMY received shareholder approval at the 68th Ordinary General Meeting of Shareholders held on June 21, 2019, with regard to the continuation of its policy for responding to large-scale purchases of Company shares (hereinafter, the "response policy"). This response policy consists of a "rights plan with prior warnings" providing for the allotment of stock acquisition rights without contribution (hereinafter, "countermeasures"), the details of which are as follows.

Response Policy Overview

An overview of the response policy is provided below. For additional details, please refer to "Notice Concerning Continuation of Policy toward Large-Scale Purchases, etc. of Company's Shares (Anti-Takeover Measures)" published on the TOMY corporate website on May 10, 2019.

 www.takaratomy.co.jp/english/release/pdf/i190510_03_en.pdf

- (1) A party (hereinafter, "purchaser") intending to make a purchase (hereinafter, "large-scale purchase") of shares amounting to 20% or more issued by the Company must provide TOMY with information on the large-scale purchase in advance.
- (2) The TOMY Board of Directors will, in the event of an emergency, establish a special committee. The special committee will provide the Board of Directors with opinions and justification materials related to the planned large-scale purchase, and may be requested to submit alternative proposals.
- (3) After receiving information from the purchaser and

the Board of Directors, the special committee will respond to issues raised by the Board of Directors within 90 days (however, if the special committee has a justifiable reason, this can be extended up to an additional 30 days) from the time at which the Board of Directors receives a written proposal containing all information necessary to consider the large-scale purchase. The special committee will examine and evaluate the purchase details, determine whether or not to implement countermeasures against the purchaser and make its recommendation to the Board of Directors (moreover, the special committee reserves the right to seek the approval of the General Meeting of Shareholders before recommending countermeasures be taken). If necessary, the special committee can seek the advice of an independent outside expert. In addition, the Board of Directors will negotiate with the purchaser and disclose information to shareholders.

- (4) The Board of Directors shall respect the recommendations of the special committee in as much as possible, and make a resolution on whether or not to ultimately take countermeasures. Moreover, in the event that the special committee invokes its right to seek approval from the General Meeting of Shareholders with regard to the recommended implementation of countermeasures, the Board of Directors shall, in principle, convene a meeting of the General Meeting of Shareholders as soon as practical and submit a proposal for the implementation of countermeasures. In this situation, the Board of Directors will make a resolution as to the implementation of countermeasures in accordance with the decision arrived at by the General Meeting of Shareholders.
- (5) In the event that the purchaser does not comply with the procedures set forth in this response policy, or if it is confirmed that TOMY corporate value and/or the common interests of TOMY shareholders will be clearly damaged and it is deemed appropriate to implement countermeasures, after a judgment by the special committee, the decision to implement countermeasures can be made.
- (6) In the event countermeasures are implemented, acquisition rights can be added for the execution of stock acquisition rights assigned to shareholders not extended to the purchaser or others (hereinafter, "non-qualified persons") as well as the exchange of stock acquisition rights for Company shares from persons other than non-qualified persons. As a result, if Company shares are issued to shareholders other than non-qualified persons, the ratio of Company share voting rights held by said non-qualified persons will be diluted.

Data Section \



Management

Directors (As of June 21, 2019)

**Kantaro
Tomiyama**

Representative Director,
Chairman & CEO

**Takashi
Konosu**

Board Director,
Executive Vice President
Toy Business HQ

**Kazuhiro
Kojima**

Representative Director,
President & COO





**Kakuei
Miyagi**
Board Director
(outside)

**Shigeyuki
Mito**
Board Director
(outside)

**Mariko
Mimura**
Board Director
(outside)

**Fumitoshi
Sato**
Board Director
(outside)

Directors

Kantaro Tomiyama

Jul. 1982 Joined the Company
May 1983 Board Director
May 1985 Board Director and Vice President
Dec. 1986 Representative Director & President
Jun. 2000 Representative Director, President & CEO
Jun. 2015 Representative Director & Chairman of the Board
Jun. 2017 Representative Director, Chairman & CEO (to present)

Kazuhiro Kojima

Apr. 1983 Joined Mitsubishi Corporation
Apr. 2008 Executive Officer of Marunouchi Capital Inc.
Jun. 2009 Board Director (outside) of the Company
Apr. 2012 Board Director; Senior Executive Officer;
Deputy Head of Bureau of Corporate Strategy
Jun. 2012 Managing Director; Deputy Head of Bureau of Corporate Strategy
Apr. 2013 Managing Director; Deputy Head of Corporate Administrations
Jun. 2013 Board Director; Senior Executive Officer; CFO;
Head of Corporate Administrations;
Head of Internal Control & Audit Group
Oct. 2014 Board Director; Senior Executive Officer; CFO;
Head of Corporate Administrations
Apr. 2017 Board Director; Senior Managing Officer; CFO;
Head of Corporate Administrations
Jun. 2017 Representative Director and Vice President; COO & CFO
Jan. 2018 Representative Director, President & COO (to present)

Takashi Konosu

Apr. 1976 Joined the Company
Oct. 1997 General Manager of Entertainment Business HQ
Apr. 2012 Representative Director & President of T-ARTS Company Ltd.
Apr. 2013 Senior Executive Officer; Head of Character Business HQ
Apr. 2014 Senior Executive Officer; Head of Domestic Toy Business HQ
Jun. 2014 Board Director; Senior Executive Officer; Head of Domestic Toy Business HQ;
General Manager of New Toy Business
Oct. 2014 Board Director; Senior Executive Officer; Head of Domestic Toy Business HQ
Apr. 2015 Board Director; Senior Executive Officer; Head of Toy Business HQ
Apr. 2017 Board Director; Senior Managing Officer; Head of Toy Business HQ
Jun. 2017 Senior Managing Director; Head of Toy Business HQ
Jun. 2018 Board Director, Executive Vice President, 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.
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)
Jun. 2016 Outside Director of Yoshimoto Kogyo Co., Ltd. (to present)
Jun. 2016 Audit & Supervisory Board Member (Outside) of Nippon Columbia Co., Ltd.
Apr. 2018 Visiting Professor of Graduate School of Law, Musashino University
(to present)
Jun. 2018 Outside Director of Faith, Inc. (to present)

Mariko Mimura

Apr. 1992 Joined Braun Moriya Kubota & Fukuda Law Firm
Sep. 1993 Joined Takaishi Law Firm
Apr. 1995 Joined Nishimura Sanada Law Firm (currently Nishimura & Asahi Law Firm)
Jan. 2005 Joined GE Yokogawa Medical Systems Ltd.
(currently GE Healthcare Japan Corporation)
Jun. 2006 Executive Officer of GE Yokogawa Medical Systems Ltd.
Jan. 2010 Director of Novartis Holding Japan K.K.
Jul. 2015 Director of GlaxoSmithKline K.K. (to present)
Jun. 2018 Board Director (outside) of the Company (to present)
Aug. 2018 Of Counsel of Nishimura & Asahi (to present)

Fumitoshi Sato

Apr. 1976 Joined the Bank of Japan
Apr. 1998 Appointed Manager of BOJ Aomori Branch
May 2001 Appointed Manager of BOJ Fukuoka Branch
Apr. 2004 Joined Horiba, Ltd., as Senior Executive Officer
Jun. 2005 Appointed Managing Director, Horiba Ltd.
Mar. 2017 Appointed Advisor, Horiba Ltd.
May 2018 Appointed Director, Tokyo Scientific Instruments Association
(current position)
Jun. 2019 Appointed outside director, TOMY Company, Ltd.

Audit & Supervisory Board Members

Hajime Matsuki

Apr. 1980 Joined the Company
Apr. 2012 Head of Corporate Administrations of T-ARTS Company, Ltd.
Jun. 2012 Director; Head of Corporate Administrations of T-ARTS Company, Ltd.
Jun. 2014 Managing Director;
Head of Corporate Administrations of T-ARTS Company, Ltd.
Apr. 2017 Managing Director;
Manager of Corporate Administrations of T-ARTS Company, Ltd.
Jun. 2018 Audit & Supervisory Board Member (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
Jun. 2015 Audit and Supervisory Committee Member of HABA Laboratories, Inc.
(to present)
Jan. 2016 Director Audit & Supervisory Committee Member of H.I.S. Co., Ltd.
(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)
Mar. 2017 Outside Director;
Audit and Supervisory Committee Member of Value HR Co., Ltd.
(to present)
Jun. 2018 Audit & Supervisory Board Member (outside) of Ad-Sol Nissin Corporation
(to present)

Koichiro Watanabe

Apr. 1978 Joined Arthur Andersen LLP
Sep. 1989 Joined Century Audit Corporation
(currently ERNST & YOUNG SHINNIHON LLC)
May 2003 Senior Partner of the above Audit Corporation
Jan. 2011 General Manager, 7th Audit Division of the above Audit Corporation
Jun. 2017 Retired from the above Audit Corporation
Jul. 2017 Opened Watanabe Koichiro Public Accountant Office (to present)
Jun. 2018 Audit & Supervisory Board Member (outside) of the Company (to present)

Audit & Supervisory Board Members (As of June 21, 2019)

**Toshi
Yoshinari**

Audit & Supervisory
Board Member
(outside)

**Hajime
Matsuki**

Audit & Supervisory
Board Member

**Tsunekazu
Umeda**

Audit & Supervisory
Board Member
(outside)

**Koichiro
Watanabe**

Audit & Supervisory
Board Member
(outside)



Six-Year Financial Summary

Year ended March 31

Millions of yen

	2019	2018	2017	2016	2015	2014
Net sales	¥176,853	¥177,366	¥167,661	¥163,067	¥149,938	¥154,804
Gross profit	73,478	72,217	63,736	57,339	52,704	53,142
Total selling, general and administrative expenses	59,071	59,018	55,992	54,641	50,237	49,807
Operating profit	14,407	13,199	7,744	2,698	2,466	3,335
Ordinary profit	14,303	12,420	7,823	1,459	2,014	3,300
Profit (loss) before income taxes	13,784	9,967	7,127	(6,711)	206	2,607
Profit (loss) attributable to owners of parent	9,302	7,962	5,372	(6,703)	(1,817)	232
EBITDA ¹	22,490	22,311	16,275	11,692	11,194	11,526
R&D expenses	3,963	3,533	3,225	3,144	2,598	2,498
Depreciation and amortization	8,082	9,111	8,531	8,994	8,728	8,191
Net cash provided by operating activities	21,492	16,346	24,896	8,675	6,827	12,429
Net cash provided by (used in) investing activities	(4,038)	(3,692)	(3,793)	(3,974)	(2,428)	(1,015)
Net cash provided by (used in) financing activities	(10,057)	(24,670)	(1,927)	(6,014)	(10,022)	1,735
(As of March 31)						
Total assets	143,364	139,456	157,693	145,652	159,638	156,467
Net assets	67,315	56,322	51,611	37,824	49,650	50,907
Interest-bearing debt	35,465	42,793	64,748	71,776	75,337	72,889
Per Share Data (Yen)						
Earnings per share	¥ 97.85	¥ 84.74	¥ 61.88	¥ (78.74)	¥ (19.91)	¥ 2.47
Dividend per share	24.00	14.00	10.00	10.00	10.00	10.00
Net assets per share	700.26	591.00	548.45	432.87	567.91	526.49

	2019	2018	2017	2016	2015	2014
Major Financial Indices						
Operating margin (%)	8.1	7.4	4.6	1.7	1.6	2.2
Overseas sales ratio (%)	33.7	36.5	36.8	41.6	42.8	41.3
Return on equity (ROE) (%) ²	15.2	14.9	12.2	(15.7)	(3.7)	0.5
Return on assets (ROA) (%) ³	10.1	8.4	5.2	1.0	1.3	2.1
Equity ratio (%) ⁴	46.5	40.0	32.4	25.5	30.2	31.7
Dividend payout ratio (%) ⁵	24.5	16.5	16.2	–	–	404.4
Stock Data						
Stock price at year-end (Yen)	1,142	1,092	1,113	822	714	478
PER (Times)	11.7	12.9	18.0	–	–	193.3
Number of shares outstanding (Thousand shares) ⁶	95,239	94,343	93,103	85,814	84,856	94,130
Company Data						
Number of subsidiaries	33	34	35	34	38	40
Number of employees (Consolidated)	2,665	2,199	1,951	2,042	2,086	2,056
Number of employees (Non-consolidated)	509	504	495	491	490	486
Average age of employees (Non-consolidated)	41.5	41.8	41.3	40.9	40.4	39.3

Notes:

1 EBITDA=Operating profit+Depreciation, amortization of goodwill

2 Return on Equity=Profit attributable to owners of parent÷Average of total equity* ×100

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

3 Return on assets=Ordinary profit÷Total assets ×100

4 Equity ratio=Equity÷Total assets ×100

5 Payout ratio=Dividend per share for common stock with the record date in the corresponding fiscal year (Total)÷Earnings per share ×100

6 Treasury stock has been excluded from these figures.

1st generation 1924-

TOMY'S FOCUS
INDUSTRY TREND

Craftsmanship/Wartime and postwar
Metals and motors

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



Sky Ping-Pong

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



LICCA doll



TOMICA



THE GAME OF LIFE



- 1960 Dakko-Chan
- 1964 Ohanashi Miko-Chan (Talking Miko)
- 1967 LICCA doll
- 1968 The Game of Life (Japanese Version)
- Magic Skyrail
- 1969 Tumble Robot

2nd generation 1954-

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.



Water Game



Pop Up Pirate

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-selling 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



TOMIX
Approved by East Japan Railway Company



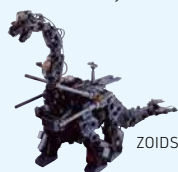
Koeda-Chan mini dolls
(Treena & Her Forest Friends)



Sensei



Choro-Q
(Penny Racers)



ZOIDS

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 ZOIDS
- 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



TRANSFORMERS

Rock'n' Flowers



1990

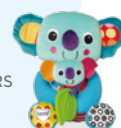
From "product out" to "market in"

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 children
Chibi Maruko-chan character products
- 1991 Healing Birds
- 1992 Thomas and Friends
Super Famicon software Legend of the Hungry Wolf
- 1993 B-Daman
Pinkish
- 1994 Perfect Picture Maker
- 1995 Toshinden
L AMAZE
- 1996 Cella Sticker Machine
Lullaby Home Theater
- 1997 Pokémon (Toys)
BEAST WARS: TRANSFORMERS
- 1998 Polaroid Pocket Xiao
- 1999 Furby
BEYBLADE
Twister



Musican



L AMAZE*



GACHA*

BEYBLADE



Pokémon

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

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 Soaer Akachan Kerotto Switch
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



Nohohonzoku



DUEL MASTERS



Jinsei Ginko



THE FIRST YEARS

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



Omnibot 17μ i-SOBOT



BATTROBORG 20



Mimicry Pet



ANIA

4th generation 2014-

TOMY'S FOCUS New technology/Analog toys with digital elements
INDUSTRY TREND 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
- HATCHIMALS Umarete! Woomo
- 2017 DRIVE HEAD
- Miracle Tunes!
- PRINTOSS (KiiPix)
- 2018 ZOIDS WILD
- L.O.L. SURPRISE!
- SUMIKKO ATSUME



Licca Bijou Series



Miracle Tunes!



ZOIDS WILD



DRIVE HEAD



L.O.L. SURPRISE!



PRIPARA



Pokémon Ga-Olé



BEYBLADE BURST



HATCHIMALS
Umarete! Woomo



PRINTOSS (KiiPix)



SUMIKKO ATSUME



Linear Liner
JR東海承認済



OHaNAS



SHINKALION

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Corporate Information

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	¥3,459.53 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, 2018)	2,665 (consolidated) 509 (non-consolidated)
Number of Consolidated Subsidiaries	33

Major Group Companies

Japan	T-ARTS Company, Ltd. TOMY TEC CO., LTD. TOMY MARKETING COMPANY, LTD. KIDDY LAND CO., LTD. PENNY COMPANY, LTD. T-FIELDTEC Company, Ltd. TOMY IBIS CO., LTD.
Overseas	TOMY International, Inc. TOMY Asia Limited. TOMY SOUTHEAST ASIA PTE. LTD. TOMY (Shanghai) Ltd. T-ARTS Korea Co., Ltd. TOMY (Hong Kong) Ltd. TOMY (Shenzhen) Ltd. TOMY (Thailand) Ltd. TOMY (Vietnam) Co., Ltd.

Stock Information (As of March 31, 2019)

Number of Shares Authorized: 384,000,000		Distribution of Ownership among Shareholders	
Number of Shares Issued: 96,290,850		Individual Investors	39.56%
Trading Unit of Shares: 100		Foreign Corporations and Investors	27.33%
Number of Shareholders: 111,561		Financial Institutions	21.86%
		Other Corporations	10.16%
		Treasury Stock	1.09%

Major Shareholders

Name	Number of Shares Held	%
Tsukasa Fudosan	7,565,312	7.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,674,000	4.91
Japan Trustee Services Bank, Ltd. (Trust Account)	4,190,500	4.40
Kantaro Tomiyama	2,707,855	2.84
J.P. MORGAN BANK LUXEMBOURG S.A. 385576 (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	2,032,400	2.13
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,642,100	1.72
GOVERNMENT OF NORWAY (Custodian: Citibank, N.A., Tokyo Branch)	1,627,200	1.71
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,539,400	1.62
JP MORGAN CHASE BANK 385151 (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	1,444,961	1.52
MSCO CUSTOMER SECURITIES (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	1,347,600	1.41

Note: Percentage of shares held is calculated after the exclusion of 1,051,473 shares of treasury stock.

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.

2018



LACP [2017/18 Vision Awards]
18th among the Top 100 Worldwide;
Platinum in the Consumer/Consumables Industry

2017



International ARC Awards
Silver in the Toy Manufacture and Sales/
Summary Annual Review Category



LACP [2016/17 Vision Awards]
83rd among the Top 100 Worldwide;
Gold in the Consumer/Consumables Industry

2016



International ARC Awards
Bronze in the Toy Manufacture and Sales/
Summary Annual Review Category



LACP [2015/16 Vision Awards]
7th among the Top 50 Worldwide;
1st (Platinum) in the Consumer/Consumables Industry

2015



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

2014



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

An isometric illustration of a TOMY toy train set. A blue track with white lines curves through a green landscape under a blue sky. The track is supported by yellow and blue plastic pillars. A green and white high-speed train is on the track. Small green trees are scattered on the grass.

**TAKARA
TOMY**

TOMY Company, Ltd.

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

www.takaratomy.co.jp

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