

TOMY Company, Ltd.  
(For the year ended March 31, 2020)

**TAKARA  
TOMY**

# Annual Report 2020



## Contents

### chapter 1

- 1 The TOMY Group History, Corporate Value and Vision  
Where We Came From and Where We Are
- 2 The TOMY Group Philosophies
- 4 The TOMY Group Values
- 6 TOMY Group Business and Value Creation Process
- 8 Performance Highlights
- 9 Review of Fiscal 2019 (the fiscal year ended March 31, 2020)

### chapter 2

- 12 TOMY Group Growth Strategy  
Our aims and the management we have adopted to achieve them
- 13 Message from the President

### chapter 3

- 19 Special Feature  
Our mission is to fulfill the dreams of all our stakeholders
- 20 TOMICA's 50th Anniversary: The Famous Cars That Have Supported TOMICA
- 22 Support for Long-Selling TOMICA Products Driven by Our Long-Maintained Commitment
- 24 The Story Behind the Development of TOMICA, a Long-Adored Brand

### chapter 4

- 26 TOMY Group's ESG  
How will we achieve sustainability?
- 27 Message from the Chairman
- 28 Relationship between ESG and CSR
- 32 ESG Initiatives (Social)
- 37 ESG Initiatives (Environment)
- 40 Outside Directors Interview
- 42 ESG Initiatives (Governance)
- 50 Management

### chapter 5

- 53 Data Section
- 54 Six-Year Financial and Non-Financial Summary
- 56 Product History
- 60 Our Products
- 66 Corporate Information/Stock Information

## Annual Report 2020 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 issues of the Medium-Term Management Plan concerning the impact of the novel coronavirus pandemic on the toy market as well as associated future changes. In addition, the special feature covers the 50th anniversary of the sales launch of the TOMICA brand of die-cast Japanese miniature cars, explaining why these products are so loved and trusted by customers while focusing on inherited preconditions and qualifications that the TOMICA brand requires for each product, from planning to manufacturing. Through these features, we hope readers gain a clear understanding of future developments of the TOMY Group. Please visit our website for more details.

[www.takaratomy.co.jp/english](http://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 do not guarantee or warrant any financial estimates or business development.

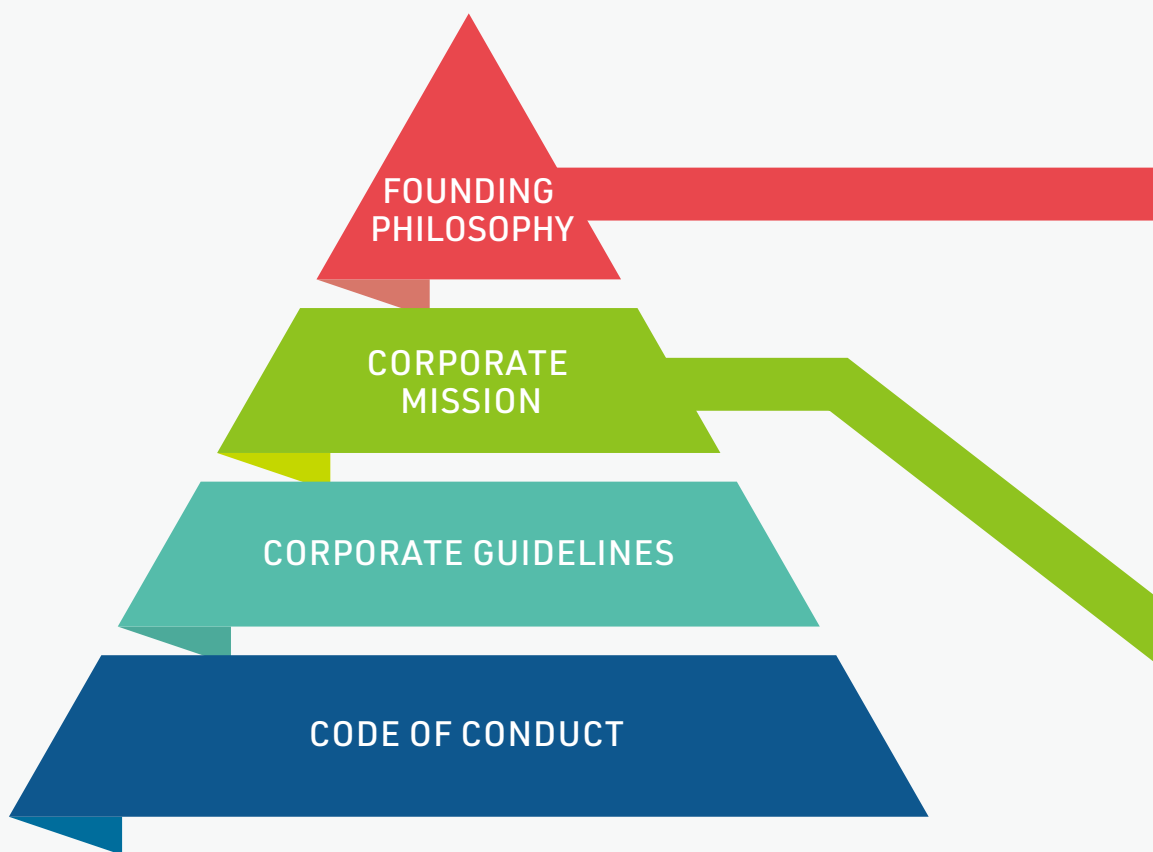
# chapter

## The TOMY Group History, Corporate Value and Vision

# *Where We Came From and Where We Are*

TOMY's Founding Philosophy has been inherited within the group companies since Eiichiro Tomiyama created Tomiyama Toy Seisakusho, the predecessor to TOMY, in 1924. Ever since, the TOMY Group has continued to create new play value while aiming to fulfill the dreams of children and all others. In this section, we introduce the history, philosophies and vision of the TOMY Group, which has led the Japanese toy industry for nearly a century, while describing its current business domain and value creation processes.





Eiichiro Tomiyama founded TOMY with the goal of “creating truly excellent quality products with play value for children with infinite possibilities for the future.” Our Founding Philosophy, which expresses this toy manufacturing doctrine, has been inherited as the foundation of our Company. Along with this philosophy, TOMY’s Corporate Mission is ceaselessly implemented on a Group-wide basis. TOMY’s history is defined by business development grounded in these philosophies, and its values are evident throughout this history.



Our Founding Philosophy is  
a fundamental and  
permanent component of  
the TOMY Group  
that 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.

## 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.

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

# The TOMY Group Values

## Passion for Toy Manufacturing

### Do You Like Toys?

Once, there was a young boy who was fascinated by a beautiful German toy he saw in a foreign magazine while working as an apprentice. At the young age of 11, he decided that he wanted to become a toy manufacturer who would, with his own hands, someday create magnificent toys that would enthrall children throughout the world. The young boy's peers were surprised and astonished by this dream, dismissing and ridiculing it as outrageous. The young boy disregarded this opposition and began pursuing his dream. His name was Eiichiro Tomiyama, and at the age of 21, he established Tomiyama Toy Seisakusho, the predecessor to today's TOMY.

Good ideas and designs arise from love for toys. Our love for toys is the primary source of our strength. Tomiyama believed that the mission of toy specialists is to produce new and unprecedented creations and contribute to society. Accordingly, his philosophy concerning toys insisted upon the creation of truly excellent quality products with play value for children with infinite possibilities for the future. This philosophy is deeply etched into the heart of each member of the TOMY Group.



© TOMY

Top: Everything we do aims to put smiles on the faces of children.  
Bottom: The Bubble Blowing Elephant, which became popular worldwide (1957)

## Coexistence and Coprosperity with Stakeholders

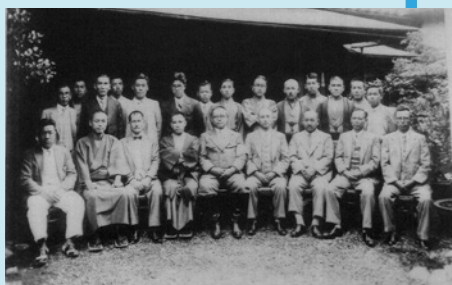
### Our Ideals Are Grounded in Mutually Beneficial Relationships with Stakeholders.

Japan's toy industry developed and modernized throughout most of TOMY founder Eiichiro Tomiyama's 75-year life.

In the early years of Japan's Showa era, Tomiyama realized that changes in manufacturer awareness regarding conventional management methods and structural reforms would lead to development in the Japanese toy industry. Along with like-minded peers, he formed The Japan Toy Association, which included this noble ideal of coexistence and coprosperity within its charter. The Association was established with the belief that development in the Japanese toy industry and personal growth among toy manufacturers could be achieved through several principles.

Its founders professed that toy manufacturers would not benefit by creating and competing with similar products and that production of imitation products was the ultimate shame. In addition, they believed that toy manufacturers should always endeavor to improve their products and strive to come up with new ideas. Furthermore, they acknowledged that toy manufacturers should create high-quality products while maintaining an awareness of how important toys are to children. Founders of the association also realized that manufacturers should refrain from producing toys with the mindset that they will "sell no matter what" and abstain from profiteering without concern for the charter. Finally, they were aware that those in the toy industry should be aware of the significance of their work and fully apply themselves to achieving coexistence and coprosperity.

Eiichiro Tomiyama's ideal of coexistence and coprosperity lives on today as TOMY's Founding Philosophy.



Top: Members of the Joint Sales Division of the Tokyo Toy Industry Association (TOMY founder Eiichiro Tomiyama is seated at the center of the front row)  
Bottom: "The Management's Motto," which serves as the opening of the "Tokyo Toy Industry Association Industry Guidance Principles," the association's charter, which spells out the association's ideals

## Focus on Quality That Will Be Respected Worldwide

### Quality Governs the Global Market

After the end of the Second World War, confidence in the Japanese toy industry was dropping worldwide due to a preponderance of inferior products. At the time, TOMY had taken the American toy market by storm with its large B-29 friction toy airplane and was recognized across the globe for its high-quality products. However, it was also affected by the declining confidence in Japanese products overall.

In 1955, Masanari Tomiyama, who went on to become the Company's second president, made his first trip to the United States. He was thoroughly shocked by a scene he saw in a musical during which a character exclaimed "Oh! Made in Japan!" when a doorknob detached in his hand after being turned. At this moment, he swore to himself that he would someday create toys that would cause the world to say "Japanese products are made with the highest quality."

In accordance with its founder's belief that "quality governs the global market," the Company established an internal product inspection department ahead of its competitors, implemented aggressive quality control activities within its production areas and strove to improve product quality with full support from all employees and Company members. Through these efforts, in 1971, the Company became the first Japanese toy manufacturer to receive the Symbol of Excellence Award from Sears, Roebuck and Co., the operator of the world's largest retail chain at the time. This award was established to commend companies selected from around the world for "punctually providing products with superior design and excellent quality."

When we received the award, Sears commented that rather than bestowing the award upon the Company itself, it wished to grant the award to its employees, who made the superior products that justified the Company's selection. This comment continually reminds us to take pride in the quality of our products and fulfill our quality-related responsibilities.

In 1963, we established an internal product inspection department. Later, in 1974, we formulated quality control regulations to raise product quality (pictured here is our product inspection manual used in 1986).



Top: Eiichiro Tomiyama (right) and Toy Department Manager Wardell from Sears, Roebuck and Co. (left) at the 1971 Symbol of Excellence Award ceremony  
Bottom: Medal awarded to the Company in 1976

**Throughout our existence, we have consistently valued and adhered to a simple policy of creating superior products and delivering them to children around the world. This is how we give back in return for past, present and future blessings. Moving forward, we will continue to be a group that contributes to society through the toys we provide.**

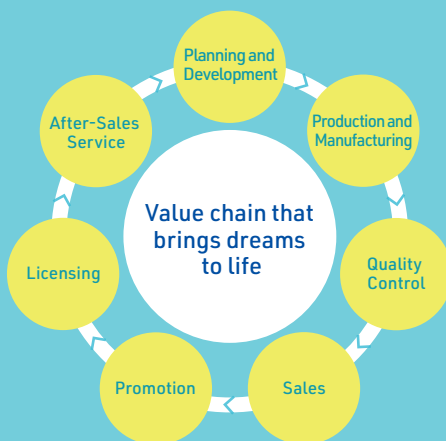
Dreams of children  
and customers



Issues we must  
resolve in Japan  
and globally



## TOMY Group activities



Initiatives for enhancing our management foundation > P12

Medium-Term Management Plan (fiscal 2018–2020)  
Take on the Challenge toward New Growth.

### Medium-Term Business Strategy

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

### Significant enhancement of development capabilities

1. Strengthen planning/development capabilities
2. Improve efficiency of technology, design and prototype production
3. Improve quality
4. Establish a global dedicated team

### Medium-term cost reduction and investment expansion measures

#### Cost reductions

- ① Promote cost-reduction measures
- ② Reduce distribution costs

#### Investment expansion

- ① Strengthen IP investment
- ② Proactive advertising

### Medium-term financial strategy

Generate stable cash flows  
Secure investment resources for the next generation

Eight Material Issues > P26

1. Ensuring confidence, safety and quality
2. Creating new products, services and IP
3. Promoting universal design
4. Corporate governance and communication with stakeholders
5. Promoting workstyle reform
6. Ensuring CSR-based procurement
7. Environmental management
8. Contributing to education and culture through our business

Stakeholders (Customers, Employees,

Founding

## Output

Develop 14  
categories  
of toys

Long-selling  
products

Domestic/  
Overseas Group  
products

> P60

### Financial performance

Consolidated results for  
the fiscal year ended March 31, 2020 > P8

Net sales

¥164.8  
billion

Operating profit

¥10.6  
billion

EBITDA

¥18.7  
billion

### ESG Highlights > P28

ESG and CSR material issues

Operational contribution to the SDGs

Social initiatives

Environmental initiatives

Interviews with outside directors

Corporate governance

Dream we want to realize

Outstanding  
Global Company

CSR Vision

Become Friends with  
Children Around  
the World



Shareholders, Partners, Society)

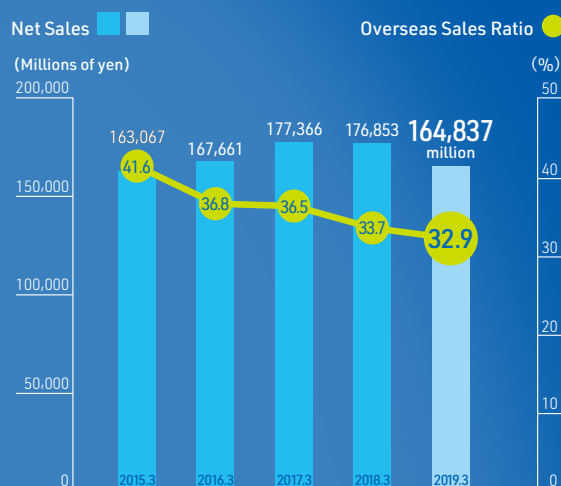
## Philosophy

## Performance Highlights

Consolidated results for  
the year ended March 31, 2020

### Net Sales

¥164.8  
billion

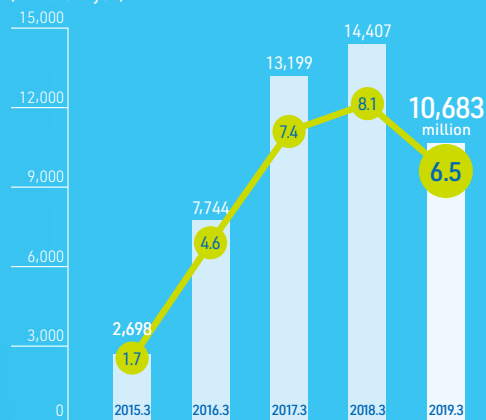


### Operating Profit

(Millions of yen)

### Operating Margin

(%)



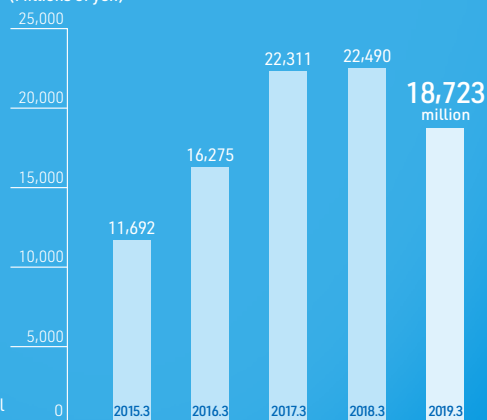
### Operating Profit

¥10.6  
billion

### EBITDA

(Millions of yen)

EBITDA\*  
¥18.7  
billion



\*EBITDA =  
Operating profit + Depreciation + Amortization of goodwill

# Review of Fiscal 2019 (the fiscal year ended March 31, 2020)

## Toy Market

In the fiscal year ended March 31, 2020, the Japanese toy market value fell 2.6% year on year to ¥815.295 billion. Performance growth in jigsaw puzzles (up 16.1% year on year) and card games and trading card games (up 4.9% year on year) was strong, and the market experienced year-on-year expansion in boys' toys and hobbies. Overall, the toy market has maintained a value of ¥800.0 billion or higher for six consecutive years since 2014. This is due to consistently strong sales within the toy industry, despite Japan's declining birthrate.

(Source: The Japan Toy Association website)

## Performance Highlights

**Impact from the Novel Coronavirus Pandemic Was Limited, but Net Sales, Operating Profit, Ordinary Profit and Net Income Fell**

The TOMY Group has been promoting the transfer of production sites under the scheme of "China Plus One" for some time, and the impact of the spread of the novel coronavirus disease (COVID-19) on production was limited. Also, in the fourth quarter, there were no significant effects on buying trends at stores so the impact on business performance in the fiscal year ended March 31, 2020, was limited. Furthermore, the TOMY Group is implementing measures to prevent the spread of infection, including promoting remote working to drastically reduce instances of TOMY Group employees leaving their homes and attending workplaces, as well as forbidding overseas and domestic business trips in principle and prohibiting internal meetings attended by six or more people and business discussions involving six or more people.

Net sales were ¥164,837 million (down 6.8% year on year). Sales of core products under the TOMICA brand and products related to the movies Toy Story 4 and Frozen 2 increased. On the other hand, no momentum was seen in the entire toy market during the largest shopping spree season over the year-end and new year. No particular product emerged as a new hit product, accompanied by a decrease in sales of BEYBLADE BURST, marking the fifth year since its rollout in the summer of 2015, and a reactionary drop in the movie TRANSFORMERS-related product sales, in tandem with lower-than-expected sales in new products for boys and in globally strategic Rizmo merchandise.

Operating profit was ¥10,683 million (down 25.8% year on year). This was mainly attributable to a decrease in gross profit due to the decline in net sales, despite a decrease in selling, general and administrative expenses.

Ordinary profit was ¥10,204 million (down 28.7% year on year). This was mainly attributable to the decline in operating profit and the recording of foreign exchange losses.

Profit attributable to owners of parent was ¥4,507 million (down 51.5% year on year). The decline was in part due to recognizing extraordinary losses of ¥2,816 million, including impairment losses on the full amounts of goodwill and intangible assets held by the subsidiary of the TOMY International Group in Oceania and the partial amount of intangible assets held by a subsidiary in the United States.

## Overview by Regional Segment

### >>> Japan

**Sales of Core Products and Movie-Related Products Grew, whereas Performance from New Products for Boys and Globally Strategic Merchandise Fell Short of Targets Despite Aggressive Launches**

No particular hit products were launched in the toy market during the fiscal year ended March 31, 2020, and the year-end and New Year shopping spree, which is the largest shopping period of the year, was characterized by a lack of fierce excitement.

During the fourth quarter, the spread of the novel coronavirus pandemic did not have a major impact on buying trends at stores.

In the core TOMICA brand, there was growth in sales for single-pack TOMICA vehicles, and the fresh addition of popular overseas car models bolstered its lineup. Also, sales of the TOMICA PREMIUM line of highly detailed collectible models for adults, which marks its fifth anniversary this fiscal year, climbed along with other products. In addition, as we propelled our initiatives in various marketing promotions to coincide with the 60th anniversary of PLARAIL, which was launched in 1959, sales were robust thanks to the popularity of the 60th anniversary commemorative edition of a set product including rail and vehicles.

In products for boys, our dinosaur and animal-themed original content, ZOIDS WILD, for which a TV animation started broadcasting in a brand-new worldview from October, was favorably accepted for its customizing play feature.

In products for girls, products related to the PHANTOMIRAGE! live-action TV drama for young girls, which has gained high popularity, trended favorably. Also, the L.O.L. SURPRISE! doll continued to have strong sales thanks to the marketing promotions centrally unfolded on SNS platforms, and sales of the LCD toy with a camera function, Sumikkogurashi SUMIKKO



SAGASHI, were in high demand.

In preschool products, products related to the TV animation series PAW PATROL, which won wide popularity overseas, were rolled out in the Japanese market from May 2019, followed by favorable reviews. ANIA, featuring a range of palm-sized animal action figures to be moved and played with, expanded its product lineup and performed briskly.

For Toy Story 4, a Disney and Pixar's animation movie released in July, related products such as movie character figures, plush toys and GACHA capsule toys were launched across the Group and sold favorably. Moreover, products related to the Disney movie Frozen 2, released in November, including products such as a smartphone-based toy, KIRAKIRA SMART PALETTE, and dresses, attracted popularity.

At T-ARTS Company, Ltd., the amusement machine Pokémon Ga-Olé, which offers the entertainment of a mighty action battle on the big screen, continued to be well received.

In December, we started the distribution of the card game smartphone app DUEL MASTERS PLAY'S, for which the number of downloads topped 5 million, and released the second edition card pack in February.

On the other hand, sales of BEYBLADE BURST, which rolled out during the summer of 2015, declined year on year, although it has been beating the Company's expectations with its long-lasting popularity. Overseas-bound exports of TRANSFORMERS declined due to the reactionary drop in sales of the movie-related products during the previous fiscal year, and sales of the trading card game, DUEL MASTERS, remained weak in a shifting competitive environment. Without any new hit products to come from such contenders as new products for boys, for which a TV animation started broadcasting from April 2019 for a year, sales did not surpass the target forecasts, despite stepped-up and proactive efforts to generate hit products in terms of both globally strategic merchandise Rizmo and new products for boys.

LICCA reversed course to lower sales, in part due to a

reactionary decline from strong performance over the past two years since the 50th anniversary of its birth. As a result of the circumstances above, net sales in Japan for the fiscal year ended March 31, 2020, were ¥138,948 million (down 6.6% year on year), whereas operating profit was ¥13,615 million (down 18.6% year on year).

## >>> Overseas

Agricultural Machinery Toys Performed Strongly in Europe, the Americas and Australia, but the Conclusion of Character Toy Sales Had an Impact on Earnings.  
In Asia, Core Product Performance Was Strong, but the Group Faced a Reactionary Decline in Sales of Products That Performed Favorably During the Previous Fiscal Year.

## ■ Americas

During the fourth quarter, the spread of the novel coronavirus pandemic did not have a major impact on buying trends at stores.

Net sales in the Americas were ¥17,214 million (down 4.4% year on year), with an operating loss of ¥23 million compared with an operating loss of ¥81 million in the previous fiscal year, in part due to a halt in sales of character toys sold in the market until the first quarter of the previous fiscal year and lower-than-expected sales of Rizmo (a surprise pet for children to take care of) and other newly launched product lines. Products related to the TV animation "Ricky Zoom" were rolled out in March. We continued to market the plush toy MOCCHI- MOCCHI- (the overseas product name: Club Mocchi- Mocchi-), which is also sold in Japan, and it has been well received. Agricultural vehicle toys and baby products of our core brands recorded robust sales.

(Millions of yen)

	2019.3	2020.3	Change	Change (%)
<b>Net sales</b>	¥176,853	¥164,837	¥(12,016)	(6.8)
Japan	148,732	138,948	(9,783)	(6.6)
Americas	17,998	17,214	(784)	(4.4)
Europe	5,325	5,507	182	3.4
Oceania	1,783	1,442	(340)	(19.1)
Asia (other than Japan)	54,033	51,491	(2,542)	(4.7)
Eliminations and corporate	(51,018)	(49,767)	1,251	—
<b>Operating profit (loss)</b>	14,407	10,683	(3,724)	(25.8)
Japan	16,734	13,615	(3,118)	(18.6)
Americas	(81)	(23)	58	—
Europe	(659)	(916)	(257)	—
Oceania	(21)	(166)	(144)	—
Asia (other than Japan)	903	1,248	344	38.1
Eliminations and corporate	(2,468)	(3,074)	(605)	—

## ■ Europe

During the fourth quarter, the spread of the novel coronavirus pandemic did not have a major impact on buying trends at stores.

Net sales in Europe were ¥5,507 million (up 3.4% year on year), despite the end of sales of character toys sold until the first quarter of the previous fiscal year. The operating loss was ¥916 million compared with an operating loss of ¥659 million in the previous fiscal year, in part due to a bigger marketing investment injected into the rollout of a new product. Board games for which we acquired the sales rights in Europe, as well as an action game, DRUMOND PARK Brand Product, were introduced into the market, enjoying a surge in popularity. Sales of agricultural machinery toys were robust, and Rizmo, a surprise pet for children to take care of, was launched in September.

## ■ Oceania

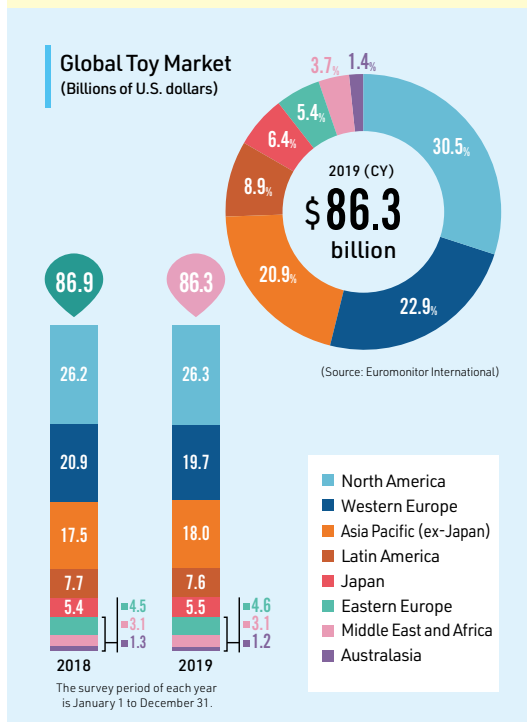
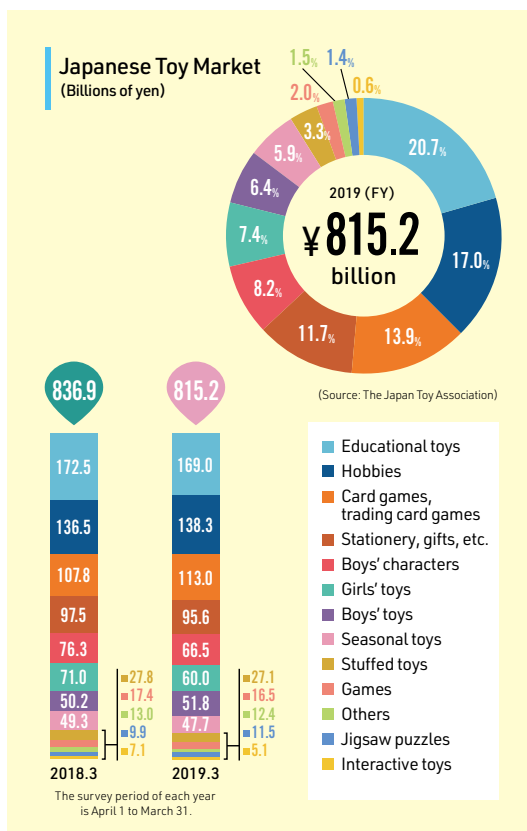
During the fourth quarter, the spread of the novel coronavirus pandemic did not have a major impact on buying trends at stores.

Net sales in Oceania were ¥1,442 million (down 19.1% year on year), with an operating loss of ¥166 million compared with an operating loss of ¥21 million in the previous fiscal year. The decline in net sales reflects the end of sales of character-related toys that had been sold until the first quarter of the previous fiscal year, as well as diminished expansion for Printoss (the overseas product name: KiiPix), amid the trend of robust sales of agricultural machinery toys and the market rollout of Rizmo in September.

## ■ Asia (excluding Japan)

The TOMY Group has been promoting the transfer of production sites under the scheme of "China Plus One" for some time, and the impact of the spread of the novel coronavirus disease (COVID-19) on production was limited. The pandemic also had no major impact on buying trends at stores during the fourth quarter.

Net sales in Asia (excluding Japan) were ¥51,491 million (down 4.7% year on year), while operating profit was ¥1,248 million (up 38.1% year on year). The core TOMICA products, mainly single-pack TOMICA vehicles, trended favorably, as a result of stepping up marketing efforts supported by measures including a broader new product lineup, the strengthening of in-store marketing promotions and holding events. In addition, sales of toys related to the Disney and Pixar's animation movie Toy Story 4, which was released at the beginning of summer, performed briskly. The decline in net sales partly reflects a decrease in sales of products related to the next-generation spinning-top battle toy BEYBLADE BURST, which gained popularity in South Korea during the previous fiscal year.





# chapter

## TOMY Group Growth Strategy

### *Our aims and the management we have adopted to achieve them*

Throughout its existence, the TOMY Group has created products that children love, including numerous long-selling products that have appealed to consumers of all generations and hit products that reflect current trends. For nearly a century, technological development has been striking and customer needs have been changing substantially. Furthermore, in 2020, the world faced a global pandemic that has further accelerated change. In this section, we will introduce growth strategies described by President Kazuhiro Kojima and explain the targets the TOMY Group is pursuing, as well as the management it has adopted to achieve them.



## Message from the President



小島 一洋

Kazuhiro Kojima

Representative Director,  
President & COO

First, I would like to extend my deepest sympathies to those who have been affected by the novel coronavirus disease (COVID-19), their families and all others who have suffered as a result of this global pandemic. I would also like to take this opportunity to pray for the souls of those who have lost their lives due to this menacing scourge. Furthermore, I would like to express my gratitude toward those who are employed at medical institutions and all others who are working tirelessly to prevent the spread of the virus.

## 1 Business Environment

### TOMY Group Initiatives Aimed at Fighting the Spread of COVID-19

In 2020, many precious lives have been lost throughout the world due to COVID-19, and many of those who were unfortunately infected by the virus continue to fight for their lives. We have also been forced to make sweeping changes to the lifestyles to which we are accustomed. Although we hope that COVID-19 is resolved as quickly as possible, we must realistically be prepared for a long-term battle with the disease.

In an environment where consumer behavior is changing along with their lifestyles we must adjust our own behavior as well. The entire TOMY Group is actively fighting the spread of COVID-19 with all its strength so that it can continue to create superior products and fulfill the dreams of children.

Since COVID-19 began its global spread in February, many countries have restricted the movements of their citizens or closed stores that do not carry daily necessities. At the same time, the number of countries and regions that are imposing citywide lockdowns is increasing. Under these conditions, the TOMY Group is joining the fight by implementing the "TOMY Group Novel Coronavirus Infection Prevention Measures" indicated on the following page at all domestic and overseas bases.

Many toy stores that offer our products have closed temporarily or shortened their business hours.

We must accept the fact that we will not be able to immediately return to normalcy, even after economic activity resumes. Instead of being complacent, we must prepare for a second or third wave of the virus and, among other measures, continue to impose certain behavioral restrictions with the goal of reducing human contact that can spread the virus.

## TOMY Group Novel Coronavirus Infection Prevention Measures (as of July 31, 2020)

### 1. Workstyles

- Reduce the number of commuting staff with rotational schedules and shift-based work
- Promote teleworking
- Stagger working hours to reduce infection risk

### 2. Employee behavior-related measures

- Require thorough hand washing, mouth washing and cough etiquette
- Check temperature (mandatory) in the morning and at night to decide whether to go to the office; employees who have fevers or are otherwise unwell are instructed to refrain from coming to work
- Prohibit in-house meetings or business negotiations involving six or more individuals (Meetings with large numbers of people are to be permitted on the condition that they are held in large conference rooms with proper ventilation, desks and chairs are appropriately arranged, and prevention and hygiene management measures have been thoroughly implemented)
- Ban outside meals with external parties
- Require advance reporting of external meetings
- Generally, prohibit overseas and domestic business trips

### 3. Store-related measures

The TOMY Group temporarily closed some of its stores (TOMICA Shop, PLARAIL Shop and KIDDY LAND), but these have now reopened.

### 4. Event-related response

The TOMY Group has cancelled events it hosts and will consider reinstating them while monitoring current circumstances.

## Changes in the Toy Market That Are Accelerating due to COVID-19

More than 60% of the TOMY Group's sales come from Japan's toy market, which has maintained a scale of more than ¥800.0 billion despite the nation's declining birthrate. However, trends within the market had begun changing even before the spread of COVID-19. Namely, our target customer base is expanding beyond children to include a more high-target group, which includes adults. We are currently facing an era in which we must reconsider how we respond to changes associated with the expanding target customer base, including shifts in marketing and customer touchpoints. Mass marketing focused only on children is no longer enough; it is increasingly necessary to conduct marketing that directly conveys information and messages that resonate with our target audience using SNS and other communication tools. Furthermore, COVID-19 has begun to accelerate these changes in the market. Due to the pandemic, a range of consumer behavior that extends from information collection to purchasing is being conducted at home rather than outside.

Accordingly, the weight of importance among customer touchpoints is shifting from the conventional sales floor to the home.

In response to these environmental changes, the Group will reexamine its strengths, put all five senses to work, share intellectual resources and apply inventive ideas.

At the same time, we will continue to put every effort into dealing with the environmental changes due to the novel coronavirus now and in the future.

## 2

Review of Business Results for the Year Ended March 31, 2020, and Progress of the Medium-Term Management Plan

## Impact of the Novel Coronavirus on Business Results for the Year Ended March 31, 2020, Was Limited

The novel coronavirus pandemic had limited impact on the fiscal year ended March 31, 2020.

We contract some of our manufacturing out to factories in China, where the pandemic began earlier, but began transferring production to other areas about 10 years ago as part of our "China Plus One" strategy.





This and other factors limited the pandemic's impact on production. The virus also did not appear to have a substantial impact on storefront purchasing trends in January–March.

### The Second Year of Our Medium-Term Management Plan, during which We "Took on the Challenge toward New Growth"

The fiscal year ended March 31, 2020, also marked a turning point with our Medium-Term Management Plan, which we adopted under the theme of "Take on the Challenge toward New Growth." Having generated record-high profit in the fiscal year ended March 31, 2019 (the first year of our Medium-Term Management Plan), we were able to start the fiscal year ended March 31, 2020, with an upward revision to projections for the fiscal year ending March 31, 2021, the final year of the plan.

During 2019, which was the 95th anniversary of TOMY's founding and the 60th anniversary of PLARAIL's launch, we boldly took on an array of new challenges.

For example, in September 2019, we launched Rizmo, which we had designed as a global, large-scale strategic product line, throughout the world.

In December 2019, through our digital business, we began distributing DUEL MASTERS PLAY'S, an optimized smartphone app version of the DUEL MASTERS trading card game that was launched in 2002.

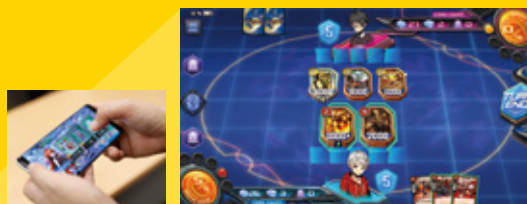
### Further Strengthening of Product Planning, Development and Marketing

These initiatives were developed by two planning departments that we established with the goal of strengthening our capacity to design and develop products: The Planning and Development Headquarters and the Digital Planning Division. We regard the creation of innovative and exciting hit products for children as essential to our business and believe that our ability to create these products is indicative of the enhancements we have made to our organizational structure with the goal of improving expertise and operational efficiency. In July 2019, we aimed to further strengthen our product planning and development capabilities, as well as enrich our marketing abilities, by consolidating the product planning and development functions that remained in the Marketing Headquarters into the Planning and Development Headquarters. Through organizational reforms such as these, we will establish our marketing mix from a medium-term perspective, identifying potential customers, clarifying target groups and analyzing our positioning in the market. At the same time, we

will create new business domains that will enable us to innovate from an entirely new point of view.



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### Promotion of Further Business Reform in Response to Tough Results during the Year-End and New Year Sales Season

Despite the launch of a large-scale strategic product line, we conducted business while adopting a particularly careful approach toward monitoring sales trends and consumer behavior in the second half of the fiscal year ending March 31, 2020. We adopted this approach because of a complicated domestic environment that involved a consumption tax increase implemented in October 2019. Despite our caution, we faced a difficult struggle during the Christmas and New Year holiday period, which is typically the largest sales season of the year, due to unusually lackluster conditions. Moving forward, we must analyze the factors that led to this struggle and ensure that our findings are reflected in future product planning. However, in light of these results, we revised downward our full-year earnings forecast when announcing our third-quarter financial results on February 12, 2020.

Ultimately, sales fell in all regions during the fiscal year ending March 31, 2020, and net sales amounted to ¥164.8 billion (down 6.8% year on year), despite growth in the sales of goods such as our core TOMICA products and merchandise related to the Toy Story 4 and Frozen 2 films. This decline was the result of lower sales of BEYBLADE BURST products, which have reached their fifth year on the market, and a reactionary decrease in sales of products related to the TRANSFORMERS film. Due to the sliding sales, operating profit dropped 25.8% year on year to ¥10.6 billion, and ordinary profit fell 28.7% year on year to ¥10.2 billion. In addition, profit attributable to owners of

parent plummeted 51.5% year on year to ¥4.5 billion as we recorded ¥2.8 billion in extraordinary losses that included an impairment loss associated with the TOMY International Group. We take the simultaneous decline in sales and profit seriously and strongly believe that we must respond to accelerating change in the toy market caused by COVID-19 by pushing forward with management reforms more boldly than ever before.



© Disney/Pixar



© Disney



## 3

### Future Outlook

#### Sales and Profit Expected to Decline in the Fiscal Year Ending March 31, 2021, due to the Impact of COVID-19

Production-related operations in China, Vietnam and Thailand have been normal since April 2020, but some launch dates have been postponed due to the impact of COVID-19, leading to lost sales opportunities. The pandemic has also led to increases in demand for products that can be enjoyed at home and in e-commerce purchases. However, the virus continues to have an unfavorable impact on product shipments as consumers voluntarily stay home, lockdowns are imposed overseas, film screenings are delayed, and various events are postponed or canceled. We anticipate that we will begin to recover from the decline in sales caused by the pandemic in the third quarter, but sales declined substantially during the first half of the fiscal year. As a result, we project full-year net sales of ¥145 billion in the fiscal year ending March 31, 2021. As new lifestyles lead

to changes in consumption behavior and corporate activities, we are implementing controls over our selling, general and administrative expenses. Despite these efforts, we project operating profit and ordinary profit of ¥5.5 billion each and profit attributable to owners of parent of ¥3.0 billion due to the decline in sales. Based on these forecasts, we plan to issue a full-year dividend of ¥15 per share.

## 4

### Issue Awareness and Future Initiatives

#### Changes in Consumer Behavior Caused by COVID-19

The novel coronavirus pandemic has required us to adopt new lifestyles under which we restrict our movement as much as possible, maintain distance from others, thoroughly utilize online shopping and avoid contact with in-store exhibits of product samples or other items. Companies are also facing the need to make workstyle changes, including the adoption of teleworking and staggered working hours and innovative adjustments to meeting procedures. Business environments are also expected to change. Achieving recovery in demand associated with inbound tourism will likely remain difficult until the pandemic subsides.

The novel coronavirus crisis has already resulted in a variety of changes in consumption behavior, and the number of people who have grown accustomed to online shopping, which is increasingly including the elderly, is rising daily. The pandemic also requires us to avoid the Three Cs (crowded places, closed spaces and close-contact settings) associated with a high risk of infection, which makes holding and attending various events problematic. On the other hand, the pandemic has aroused global demand for products that can be enjoyed at home. As a result, games, puzzles, handicrafts, toys for assembly and outdoor playthings are increasing in popularity.

Accordingly, the TOMY Group's sales of products that can be assembled as well as modified and enjoyed by



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entire families, including the Game of Life, Pop Up Pirate, PLARAIL, ZOIDS Wild and the Somen Noodles Slider Series, are growing.

Due to the tough economic circumstances and new lifestyles caused by COVID-19 in 2020, we must be prepared for the overall size of the toy market to shrink. We must also reconsider how we conduct business and devise new ways of allocating management resources based on the assumption that consumer purchasing behavior will change. Furthermore, our marketing cannot be grounded in placing products on shelves, where customers can hold them in their hands; instead, we must use social media and other means to communicate more closely with our customers while designing products in ways that allow consumers to understand their benefits and characteristics while they remain at home.

### Unique Strengths That the TOMY Group Has Rediscovered during COVID-19

Amid various changes, the TOMY Group has rediscovered its unique strengths, which include the appeal of its products, the core products and brands that this appeal has generated and the customer base that the Group has built using its products. An environment in which consumers are refraining from going outdoors has given rise to demand in the toy industry for products that can be enjoyed at home. Accordingly, TOMY Group toys that can be enjoyed by the whole family are gaining popularity. The time that viewers spend watching YouTube has also been increasing since February 2020. TOMY's official YouTube channel has approximately 1.17 million subscribers\* and its videos have attracted more than 1.2 billion views. In addition, its official Twitter account has about 340,000 followers, and LICCA's Twitter and Instagram accounts have a combined total of about 220,000 followers.\*

The TOMICA, PLARAIL and LICCA brands are recognized not only by children, who are their target customers, but also by an overwhelming number of their parents (about 90%), who include current influencers and decision makers. These brands have demonstrated their power and have continued to contribute to the maintenance of a stable business scale during COVID-19. Moving forward, we will utilize SNS to revitalize communication with the customer bases that surround these brands while further raising awareness regarding their value. Furthermore, we will fulfill the wants of these customers, which will become stronger due to the stressful situations we are currently facing, through the strong appeal of our products. By enhancing this type of customer-oriented business development, the TOMY Group will further hone its strengths. We will leverage these strengths as a driving force that will enable us to overcome COVID-19 while simultaneously aiming to channel them in a way that will allow us to

continue utilizing them as firm advantages once the pandemic subsides.

\*As of July 31, 2020



© TOMY

## 5 Regional Strategies

### ■ Japan: Aiming for Growth in the Digital Business That Is Based on the Stability of Our Core Products

We will strive to create new products while firmly maintaining the business scale of our core product brands, which include TOMICA (which celebrated its 50th anniversary in 2020), PLARAIL and LICCA. Furthermore, we will continue to take on a variety of challenges associated with developing ZOIDS WILD as the third pillar of our in-house original global brands, next to TRANSFORMERS and BEYBLADE.

We will also focus on our digital business, which we expect to grow in the future. The scale of Japan's mobile game app market has exceeded ¥1 trillion and continues to grow, albeit at a slower pace. Companies are currently competing to acquire new users as the population of gamers itself is not increasing substantially. As mentioned above, we have launched DUEL MASTERS PLAY'S, a card game app for smartphones, and are continuously working on its development. In addition, we are developing a game app based on PRIPARA, one of the PRETTY SERIES arcade games, which marked its 10th anniversary in 2020. Through these efforts, we will strive to expand the digital business while ensuring that fans can enjoy our content for long periods of time by applying the analog expertise that we have cultivated over the years to adapt it for use in the digital realm.

### ■ Overseas: Moving Toward an Era in which the Asian Markets Drive Growth for the Entire TOMY Group

The TOMY International Group is aiming for expansion in European and American markets, which are incurring more impact from COVID-19 than the Japanese market due to lockdowns and other strict restrictions on movement and going outdoors.

One of the core brands that the TOMY Group is rolling out in the Americas is the MIT (mother, infant and toddler) lineup of baby-related products. Consumption trends associated with baby-related products, which is a product category that is closely related to daily necessities, incurred a relatively low amount of impact from COVID-19 compared to the consumption trends associated with toys.

Accordingly, we anticipate strong performance from our line of baby-related products that received 2020 Innovation Awards (sponsored by the Juvenile Products Manufacturers Association in the United States) and are set to launch in 2021. In addition, since March 2020, we have been actively launching products associated with Ricky Zoom, an animated television series that has achieved high viewership ratings and acclaim throughout the world since its debut in June 2019. In Europe, sales of Drumond Park Brand Product board games, for which we acquired sales rights during the previous fiscal year, were strong as demand for products that can be enjoyed at home expanded. Accordingly, we will continue to develop this brand moving forward.

Ricky Zoom © Frog Box & Entertainment One UK Limited 2020



© 2019 Drumond Games Ltd.

In Asia, BEYBLADE BURST sales declined while core products and film-related products performed favorably. The impact of the novel coronavirus is currently uncertain, especially in Southeast Asia. Despite this uncertainty, we will endeavor to achieve further growth through the launch of core products and products linked to animated content. The Japanese market is incurring disadvantageous structural impact from the declining birthrate and aging population. As a result, the TOMY Group's growth markets are located overseas, particularly in Asia. Markets in Asia are generally more compatible with markets in Japan when compared to those in other regions. Therefore, we view the fiscal year ending March 31, 2021, as a year in which we will solidify our branding in the Asian market and conduct business expansion.

Overseas sales currently account for about 33% of the TOMY Group's overall net sales, a figure the Group aims to raise to 50% over the medium to long term. To achieve this goal, we will aim to establish a highly efficient business that can achieve global expansion with the use of single products. At the same time, we will strive to elevate our presence in overseas markets by simultaneously developing several products that meet the tastes and needs of customers in all regions. When conducting this development, we must localize our products by ensuring that we properly grasp the needs of customers in each country and region. Furthermore, we must conduct marketing and sales that are regionally appropriate. We need to apply further ingenuity and effort to better understand which aspects of our products appeal to customers in different regions. In addition to our commitment to creating products of good quality, we must conduct product development while ensuring that our goods fulfill the wants of our customers and exceed their expectations.

"Take on the Challenge toward New Growth" is the theme of our Medium-Term Management Plan. The Group will continue to accept challenges related to business expansion overseas and all actions and initiatives required to achieve it. Through these efforts, we will fulfill our Founding Philosophy: "Let's Excite the World's Markets with Our Outstanding Products."

## 6

### To Our Stakeholders

The TOMY Group has consistently enhanced its management foundation to achieve sustainable growth. At the Annual Shareholders Meeting held on June 26, 2020, three new outside directors were appointed. These selections brought the number of outside directors serving on the Company's Board of Directors to six of the 11 members. In addition, we believe that these nominations have further enhanced the diversity of our Board of Directors by adding two more female outside directors, bringing the total number to three of the 11 members.

In addition, we have decided to issue our shareholders an annual dividend of ¥30 per share (including interim and year-end dividends of ¥15 per share each) for the fiscal year ended March 31, 2020. Furthermore, we are promoting share buybacks to enhance shareholder returns. The world is facing difficult circumstances due to COVID-19. During these tough times, the TOMY Group will create new value from play while striving to foster a healthy culture for children and supplying them with excellent products. We humbly request continued support from our valued shareholders as we move forward.

# chapter

## Special Feature

# *Our mission is to fulfill the dreams of all our stakeholders*

Long-selling products such as TOMICA, PLARAIL and LICCA have continued to develop throughout the years and have now become brands that support the TOMY Group. These brands were created through the TOMY Group's unique initiatives, which are focused on fulfilling the dreams of all people. This section will focus on TOMICA, which welcomed its 50th anniversary in 2020, and will introduce some of the famous TOMICA products that supported the brand, the enduring commitment that has strengthened it over the years and the story behind its development.



# TOMICA's 50th Anniversary: The Famous Cars That Have Supported TOMICA



The TOMICA brand, which was created in 1970 based on the desire for Japanese children to play with miniature cars based on Japanese-made vehicles, has adapted to changing trends over the years. Each TOMICA product has basically been a miniature of actual cars driving on the road. Here, we will look at the famous cars that inspired TOMICA miniatures as they stayed abreast of economic developments of Japan.

1970

TOMICA is created  
(coincided with the launch of  
six different car types)

1971

TOMICA Building  
product line is  
launched

1976

Cumulative number of  
TOMICA miniatures  
sold exceeds  
100 million

1977

The supercar boom hits  
Japan and supercar  
miniatures are added to the Foreign  
Vehicle Series in quick succession

1978

Agreement formed with  
pro race car driver  
Masahiro Hasemi  
(at present, this agreement has expired)

## PICK UP 1

## 1970s

When launched, TOMICA included six types of cars, which were primarily popular Japanese-made vehicle models. The brand continued to add popular car types and "working cars," including trucks, fire engines and construction vehicles, to its lineup.



## PICK UP 4

## 2000s

The TOMICA lineup grew to reflect new trends, such as the compact car and minivan booms and the spread of large scooters. Starting in the year 2000, new TOMICA car models were launched on the third Saturday of each month.



NISSAN MARCH



Toyota VITS



SUZUKI SKY WAVE

2001

TOMICA makes its first appearance  
at the 35th Tokyo Motor Show  
TOMICA Limited Series  
is launched

2005

TOMICA Shop, the brand's  
first direct retail outlet,  
is opened

2006

Hyper Rescue 1 and 2,  
the first two models of  
the TOMICA Hyper  
Rescue Series, are launched

2008

TOMICA HERO RESCUE FORCE,  
the brand's first SFX  
live-action drama, is broadcast

2007

Cumulative number of  
TOMICA miniatures  
sold exceeds  
500 million

## PICK UP 2

## 1980s

As car performance increased over the years, miniatures of sports cars from various companies were added to the TOMICA lineup and gained popularity with consumers. In 1988, TOMICA's lineup expanded to include 120 different car types.



MAZDA SAVANNA RX-7



NISSAN SKYLINE SILHOUETTE FORMULA

1984

Cumulative number of TOMICA miniatures sold exceeds 300 million

1987

TOMICA Town product line is launched

1988

TOMICA's lineup expands to include 120 different models

1989

TOMICA Future Emergency Base product line is released  
(a series of new products based on designs of vehicles set in an original, futuristic world)

1995

TOMICA licensing business is launched

1999

Radio-controlled R/C TOMICA series is released

2000

30th Anniversary Pure Gold TOMICA Series is released  
First TOMICA Expo is held  
The Company declares the third Saturday of each month to be "TOMICA Day" and begins releasing new models each month on this day

## PICK UP 3

## 1990s

The TOMICA lineup rapidly expanded to include large luxury sedans and recreational vehicles that gained popularity during this decade, as well as minivans and hybrid cars that became commonplace during this period.



Honda ODYSSEY



MITSUBISHI PAJERO

## PICK UP 5

## 2010s

While continuing to maintain prior traditions, the TOMICA brand strives to create a more diverse and varied lineup that reflects a wide range of vehicles, including appealing new cars, popular light automobile models and foreign-made cars.



Toyota CROWN ATHLETE



Honda N BOX



HINO PROFIA KATSUSHIKA TRUCK

2012

Dream TOMICA Series is launched

2015

TOMICA Premium Series is launched

2017

TOMICA DRIVE HEAD, the brand's first animated television series, is broadcast

2020

The TOMICA brand celebrates its 50th anniversary  
TOMICA EARTH GRANNER, an animated television series based on the brand, is broadcast

2020

Cumulative number of TOMICA miniatures sold exceeds 670 million



## Support for Long-Selling TOMICA Products Driven by Our Long-Maintained Commitment

To date, more than 1,050 car types have been launched under the TOMICA brand, which has been adored for three generations, cumulatively selling more than 670 million units.\* TOMICA has continued to be popular with children throughout the years because of our commitment to quality, which we have maintained since we began developing the brand.

\*As of January 2020

### Size

Large foreign-made models were mainstream when TOMICA was created in 1970. However, when launching the TOMICA brand, we focused on creating products that children could play with and sized TOMICA products to fit in the palm of a child's hand. The width of packaging used for TOMICA products has been 78 mm since the brand's creation, so the individual scales of different TOMICA car types vary; instead of re-creating actual car models to scale, we produce original miniatures that are exquisitely designed and reshaped with the aim of achieving an optimal balance between safety and authenticity.



### Action/Feature

TOMICA products are manufactured with specifications that make them fun to look at and touch, including types of action that vary according to car type, and moving suspensions and doors that open and close. By manipulating these various moving parts, children can produce even more realistic visual scenes when playing with or displaying TOMICA products. Customers can enjoy products in the TOMICA lineup in a variety of ways, including playing with them in their hands or collecting them and using them to decorate their rooms.

### Quality

We ensure that TOMICA products offer a beautiful visual presentation by manufacturing them through zinc alloy die casting that gives them both weight and a metallic appearance, as well as applying electrostatic coatings that are used on actual cars. Die casting involves pouring melted alloy into pre-shaped molds. This method can be used to create products that possess superior durability and have complicated shapes. We are also committed to creating durable tires for our miniatures and regularly aim for flawless quality, enabling production of miniature cars that are resistant to time-based deterioration and boast visual presentations that can be maintained for many years.



The specifications we apply during individual processes are what create the gem we call TOMICA.

#### 1 Data Collection

We view the actual cars upon which the miniatures are based to confirm design characteristics and minute details that are difficult to notice by looking at photographs.

#### 2 Design

We use computers to design TOMICA miniatures that resemble actual cars by inputting the information we have collected concerning these cars.

#### 3 Prototype

Once the design process is finished, we use 3D data created through this process to create product prototypes. We then check the designs of these prototypes with supervision from corresponding automobile manufacturers and make necessary revisions until all parties are satisfied. Once revisions are complete, we begin the mold building process.

## Abundant Lineup

The TOMICA brand maintains a standard lineup of 140 car types. It regularly offers new TOMICA miniatures that customers can enjoy by replacing two models in this standard lineup with two new models on the third Saturday of each month. In addition to this standard lineup, we have recently developed a variety of new series with the goal of expanding TOMICA's target base, including Dream TOMICA, a collaborative series that features images of popular characters, and TOMICA Premium, a series of highly detailed models.



## Safety

Despite their small size, we have ensured the safety of TOMICA miniatures through a variety of inventive ideas. These include not attaching side mirrors because protuberances pose a potential threat of injury to children and fitting miniatures with chassis that do not break down, thereby increasing core body strength and reducing the risk of injury caused by broken miniatures. We continue to target safety on a regular basis by ensuring that TOMICA products satisfy both the safety standards established by the Japan Toy Association and our own original safety standards.



## Driving Performance

TOMICA miniatures have high levels of driving performance, which enables them to move significantly with just a slight push. This is because these miniatures are fitted with thin axles that we created when we began developing the brand with the goal of achieving superior driving performance. This performance allows TOMICA miniatures to be rolled across surfaces by hand, which is the primary method of play associated with these miniatures.



### 4 Casting

We produce the bodies of TOMICA miniatures by pouring melted zinc alloy into metallic molds. After the bodies have been molded, we remove any excess material and then individually polish them mechanically until they are clean and smooth.

### 5 Coating

After the bodies are polished, we conduct thorough inspections to confirm that all blemishes and imperfections have been removed. Then, we apply coloring using the electrostatic coating methods that are used for actual vehicles. Once this coating has been applied, we complete the bodies by affixing emblems, patterns and other small markings through fine and delicate pad printing techniques.

### 6 Assembly

Once the bodies are complete, we attach seats, tires and other parts. Finally, we ensure that these parts will not separate from the core bodies of the miniatures by strongly affixing them through a process called "punching."

### 7 Quality Inspection

Quality inspections are the final gateway through which TOMICA products must pass before they are shipped. These inspections involve checks concerning a wide range of criteria, including whether the miniatures roll in a straight line and whether all blemishes have been removed from their bodies. Only products that have satisfied all criteria are shipped.



## The Story Behind the Development of TOMICA, a Long-Adored Brand

TOMICA miniatures are not just toys; they are toys that have continuously developed along with the passage of time. TOMICA was created based on the desire for Japanese children to enjoy playing with miniatures of Japanese cars at a time when most miniature cars were based on foreign-made automobiles. The unique fundamental building blocks behind the TOMICA brand (TOMICA's DNA) remain firmly rooted in TOMICA.

### Thoughts Behind the TOMICA Brand

TOMICA models are based on actual cars and vehicles that exist throughout the world. However, we do not simply create scaled-down miniatures; instead, we apply designs and inventive ideas that ensure these miniatures feel authentic when compared to the actual vehicles upon which they are based.

We work to prevent the sense of wrongness and world-view discrepancies that might occur if the miniatures' sizes were to differ from those of real-world vehicles. We adjust our designs down to the finest details to ensure that our miniatures do not differ visually from their real-world counterparts. Even when model vehicles are not easily converted into TOMICA miniatures, we make sure that we generate superior and realistic products by aiming to achieve an optimal balance between design and quality, sometimes making fine adjustments in increments as small as 0.1 mm. We will always remain committed to producing miniatures that replicate the ambiances of the actual vehicles upon which they are based.

The TOMICA brand is popular because it allows children to dream and because its products are highly collectible. We spare no efforts in ensuring that TOMICA products are satisfying to both children and adults alike; to this end, we strive to improve the authenticity of their appearances by conducting molding, casting and coating processes at our production sites.

### Maximum Consideration for Safety

While we fully pursue realism, we also focus on creating toys that are safe for children as our top priority. For example, TOMICA miniatures do not have side mirrors. We decided not to attach these mirrors to prevent injury when children happen to step on our miniatures by mistake.

Children have much more delicate skin than adults. Fundamentally, toys for children should not have sharp points of any kind. However, we also make additional adjustments that assume all possible circumstances.

Through these adjustments, we ensure that the materials used in, and the surfaces of, TOMICA products do not inflict damage when rubbed against skin; confirm that items in the TOMICA lineup are shaped so that they do not cause harm when gripped tightly; and verify that the moving parts of TOMICA products are not so rigid that they cause damage to fingernails.

During the trial production stage, we ensure that products are safe by conducting checks that involve thorough handling. Realizing that children will be using our products, we work out the best possible safety measures in preparation for all possible circumstances.



## Commitment to Quality That Is Vital to Proper Mass Production

TOMICA miniatures are mass-produced goods loved by children throughout the world. Sometimes, one million or more TOMICA miniatures are created using a single mold. Managing production becomes more difficult as more miniatures are manufactured. Accordingly, one of the major challenges we must face is ensuring that we can manufacture many products over a long period of time without any decreases in quality.



Implementing inventive ideas at all stages of the production process is important when ensuring that products are uniform, no matter who manufactures them and no matter where they are manufactured. Accordingly, we apply ideas of this nature to all our own production processes, including vehicle shape design, assembly, coating and painting. We also repeatedly refine these ideas to create quality products while maintaining an optimal balance between quality and design authenticity.

On our production lines, we always conduct driving tests to maintain quality. These tests confirm that TOMICA miniatures can travel in a straight line for a predetermined distance and can be moved without much effort, having been endowed with the “smooth-driving” characteristics that are synonymous with the TOMICA brand. Only products that have cleared these tests are shipped.

Our commitment to quality is also a commitment to authenticity. TOMICA miniatures reflect the characteristics of their real-world vehicle counterparts; passenger cars are equipped with doors, fire engines are fitted with ladders and excavators have booms. Of course, it is difficult to incorporate all the characteristics of a real vehicle, but we remain committed to producing products that feel authentic when held by children. We spare no efforts aimed at making TOMICA a beloved brand.

## Aiming to Put Wide Smiles on the Faces of Children

Nearly everyone has seen the figure of a small child joyfully gesturing toward a car that has caught his or her attention. TOMICA delights and fulfills the dreams of children by allowing them to hold the vehicles they see outside within their own hands. TOMICA miniatures are also popular as Accessible-Design\* toys with children who are visually impaired because they provide these children with the opportunity to discover the shapes of the original cars after which the miniatures were modeled by playing with them in their hands. Nothing is more important to us than the smile that appears on the faces of children when they pick up TOMICA miniatures. Children who play with TOMICA products will one day become adults who will pass on these smiles to their own children. The TOMICA brand will never stop driving toward its goal of putting smiles on the faces of children today and tomorrow. Seeing the many children that play with and become fans of TOMICA products is what brings us joy.

\* Accessible-Design toys are general-market toys that can also be enjoyed by children with vision or hearing impairments.

# chapter

## TOMY Group's ESG

# How will we achieve sustainability?

The TOMY Group must achieve sustainable growth to continue fulfilling the dreams of children and all others. This chapter contains a message from the chairman; information concerning environmental, social and corporate governance (ESG) initiatives; and interviews with outside directors. These features place a spotlight on TOMY Group's sustainability, which is closely related to our CSR Vision, "Become friends with children around the world."

### TOMY Group Social Responsibility Framework



For more information regarding the TOMY Group Social Responsibility Framework and other CSR-related information, please see the following section of the TOMY website : [www.takaratomy.co.jp/english/company/csr](http://www.takaratomy.co.jp/english/company/csr)

## Message from the Chairman

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Recently, I have often thought back to the managerial crisis caused by the 1985 Plaza Accord. This crisis affected us substantially, as we relied on exports for most of our sales at the time. This change turned our world upside down. Our factories in Japan, which had previously been a source of strength, had suddenly become a major burden, and we found ourselves in a tough situation that forced us to choose between these factories or our toys. Ultimately, our overriding priority was the toys, which were our founder's choice of livelihood. Since those days, we have continued to ask ourselves how we can contribute through toys and how we can live up to the many hidden expectations that have been placed upon us.

I have again keenly realized that we need to prepare ourselves for future changes. However, no matter what era we are in, we will continue to provide toys that support the healthy growth of children through play.

Society is currently experiencing a major paradigm shift. We are facing a myriad of issues, including the impact of climate change, which is being felt through a rise in natural disasters and serious sea contamination caused by plastic waste. In addition, society must contend with innovations in AI and other technology and accommodate rapid changes to workstyles and lifestyles that were caused by the novel coronavirus pandemic and are affecting both children and their families. Furthermore, around the world children are being taught about the Sustainable Development Goals (SDGs). In 2020, Japan incorporated this content into its curriculum for compulsory education. The day when consumers who grew up learning about SDGs as children will regularly select products produced by businesses that contribute to the resolution of societal issues is not far off.

We established our CSR Vision, "Become friends with children around the world," to contribute to achieving a world that "leaves no one behind," an oath associated with the SDGs, and advance the TOMY Group's goal of creating an exciting future. This vision informs our efforts to ensure that our operations contribute to society more than ever before. In accordance with this vision, we will avoid responding to societal issues with stopgap measures. Instead, we will raise awareness at management

levels and on site and implement meaningful changes while reexamining societal paradigms and preparing for both the immediate and more distant future.

Moving forward, we will continue to contribute to the achievement of a sustainable society through toys, which are our business pillar, and develop into a sustainable company.

富山 幹太郎

**Kantaro Tomiyama**

Representative Director,  
Chairman & CEO





# Relationship between ESG and CSR

The TOMY Group established its CSR Vision, "Become friends with children around the world," and formulated the TOMY Group Social Responsibility Framework (P26), which is focused on achieving this vision, with the goal of responding to the SDGs and other demands from global society.

We have currently formulated key performance indicators (KPIs) designed to measure the progress we have made on our eight material issues.

The table below compiles relationships between ESG and CSR, as well as our core ESG and CSR initiatives.

ESG Category	TOMY Group's Material Issues
S	<b>Ensuring confidence, safety and quality</b> Children play with toys using their own hands, so it is vitally important that we ensure their safety, security and quality. Above all, global society is demanding appropriate management aimed at preventing the use of substances that could cause harm to the human body or ecosystems in both products and the processes through which they are created. The TOMY Group has prioritized safety and quality initiatives and, moving forward, will continue to strengthen all relevant systems.
	<b>Creating new products, services and IP</b> Current demand calls for the toy industry to contribute to the development of industry overall through product development that utilizes new technology and the creation of new services and intellectual property. Some of the TOMY Group's brands have been adored over several generations, and its intellectual properties are one of its strengths. Moving forward, we will continue to create and acquire intellectual properties and implement measures aimed at preventing counterfeit products while contributing to the healthy growth of children through our products and services.
	<b>Promoting universal design</b> TOMY has consistently concentrated on "Accessible-Design toys" that can also be enjoyed by children with sight or hearing disabilities. Moving forward, we will continue to promote universal design with the goal of providing products and services that anyone can enjoy, regardless of age, sex or physical condition. We will carefully choose the expressions used in our advertising and marketing to ensure that they respect the diversity and varied developmental stages of children.
	<b>Organizational governance and communication with stakeholders</b> The TOMY Group communicates with its diverse range of stakeholders and, moving forward, will enhance communication and conferencing with its stakeholders in an effort to achieve its CSR Vision, "Become friends with children around the world," while also disclosing ESG information. Furthermore, we will continue to ensure that we are properly compliant and to train our employees regarding compliance-related requirements.
G	<b>Promoting workstyle reform</b> Societies are increasingly expecting progress in terms of diversity and work environments that allow professionals to perform their jobs efficiently and comfortably while tending to childcare, nursing care and other responsibilities. The TOMY Group aims to create workplaces that enable its diverse human resources to work energetically and recruits new employees based on comprehensive judgments that consider candidate abilities and respect individuality, regardless of qualities such as nationality or gender. Furthermore, we are actively striving to reduce long working hours and respond to incidents of harassment. Moving forward, we will aim to increase our ratio of female managers and consider adopting more diverse workstyles.
S	<b>Responsible procurement</b> Investors, ESG evaluation agencies and other key figures are strongly demanding of thorough and comprehensive supply chain management. In particular, concerns related to the environment and human rights are receiving attention from global society as material issues. Along with its business partners, the TOMY Group has aimed to maintain or improve appropriate work environments within its production facilities. In the future, we will continue to promote responsible CSR procurement as a proud and confident role model for children.
E	<b>Environmental management</b> Environmental issues, such as the depletion of natural resources and climate change, are becoming more serious, and global society is showing more interest in corporate environmental management than ever before. The TOMY Group has called for the efficient use of natural resources and consideration for the global environment in its conduct guidelines while striving to reduce its environmental footprint through eco-friendly toy activities and other initiatives. Moving forward, we will disclose the environmental data expected by investors and ESG evaluation agencies while endeavoring to strengthen our management systems.
S	<b>Encouraging education and culture through our business</b> Toys support the healthy growth of children and provide them with opportunities to learn about science and culture through play. Using its familiar toys, the TOMY Group supports next-generation education by welcoming student field trips and holding lectures at educational institutions. With these efforts, the Company contributes to the development of education and culture through its toy business.

# CSR Vision

## Become friends with children around the world

Primary Initiatives in Fiscal 2019	Created Value	SDGs We Can Support Through Our Businesses
<ul style="list-style-type: none"> <li>• Maintain previous high-level safety, security and quality initiatives</li> <li>• Use new, Web-based methods to hold Safety Day for all employees despite the novel coronavirus pandemic</li> <li>• Implement initiatives aimed at preventing the spread of the novel coronavirus and protecting customer safety and health at KIDDY LAND and other stores</li> <li>• Expand disclosure of information concerning safety, quality and chemical management systems</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of safe and secure products</li> </ul>	
<ul style="list-style-type: none"> <li>• Continuously conduct training related to intellectual property rights and risk detection</li> <li>• Actively acquire intellectual property rights and raise internal awareness</li> <li>• Implement measures aimed at preventing counterfeit products</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution to the healthy growth of children</li> <li>• Revitalization of industry through the opening of new markets</li> </ul>	
<ul style="list-style-type: none"> <li>• Compile expertise (tacit knowledge) related to "Accessible-Design toys" in a handbook that will provide explicit knowledge and raise internal awareness</li> <li>• Strengthen collaboration between relevant departments that concerns diversity-related considerations associated with our products and PR</li> </ul>	<ul style="list-style-type: none"> <li>• Acceptance of diversity and the achievement of a society that facilitates mutual growth</li> </ul>	
<ul style="list-style-type: none"> <li>• Begin holding sustainability seminars for our management</li> <li>• Expand disclosure of ESG information</li> <li>• Start conducting ESG-related interviews with institutional investors</li> <li>• Continuously communicate with stakeholders through product-related questionnaires for customers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of opportunities to communicate with stakeholders and the maintenance of healthy relationships with them</li> </ul>	
<ul style="list-style-type: none"> <li>• Aim to reduce overtime by holding labor-related seminars for management and conduct management improving activities that involve monitoring overtime performed by individuals and departments</li> <li>• Start a group to consider the promotion of successful contributions from women and consisting of female officers and managers</li> <li>• Conduct initiatives focused on preventing the spread of the novel coronavirus and protecting the health and safety of employees</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of workplaces in which sustained work is both comfortable and rewarding</li> <li>• Promotion of diversity</li> </ul>	
<ul style="list-style-type: none"> <li>• Revise the Code of Conduct for Manufacturers and formulate TOMY Group CSR Procurement Guidelines</li> <li>• Inspect product bases and maintain management initiatives in accordance with the TOMY Code of Conduct (COC)</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of a supply chain that achieves sustainable procurement</li> </ul>	
<ul style="list-style-type: none"> <li>• Formulate a TOMY Group environmental policy</li> <li>• Collect and disclose environmental data from the Japan Group</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution to a recycling-oriented society</li> <li>• Provision of opportunities for play that develops a spirit of environmental consideration in children</li> </ul>	
<ul style="list-style-type: none"> <li>• Continue lectures at educational institutions and other next-generation education activities</li> <li>• Launch a new business that develops SDG leaders using The Game of Life</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution to the formation of abundant cultures</li> <li>• Support for next-generation education activities</li> </ul>	

## Business-Based Contribution to the SDGs

# The Game of Life Project for Everyone

SUSTAINABLE DEVELOPMENT GOALS



The Game of Life has been enjoyed by many people regardless of gender or age for more than 50 years. We have launched the “Game of Life Project for Everyone” based on the desire to contribute to society through the Game of Life itself, which is held by our product managers. Since 2017, activities associated with this project have contributed to regional revitalization through collaboration with schools, companies and municipalities. In response to the 2020 incorporation of SDG-related instruction into the guidelines for compulsory education, we have utilized the Game of Life as an SDG-related teaching tool and developed this use into a set of activities aimed at developing SDG leaders. Moving forward, we will contribute to SDGs 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all) and 17 (strengthen the means of implementation and revitalize the global partnership for sustainable development) and support the development of SDG leaders through our toys.

## Regional Revitalization “The Magnificence of Our City” Tatsunuma Elementary School in Adachi, Tokyo

As an event commemorating the 40th anniversary of its founding, Tatsunuma Elementary School in Adachi, Tokyo, completed its own Game of Life with participation from all 468 of its students. Younger students from lower grades drew pictures and students from higher grades wrote text for this special game, which gave children the opportunity to connect with their city. The completed game was displayed in both the school and within the nearby Tokyo Metro Kita-Ayase Station, serving as a tool facilitating communication between the students and regional residents.



# 2017





# 2018

## Regional Revitalization "The Magnificence of Our Town" Elementary schools in Taketomi, Okinawa

All 308 schoolchildren from 11 elementary schools located in the six islands of Taketomi, Okinawa, collaborated to create the Taketomi Game of Life for Everyone. The finished game, which was completed with cooperation from the entire town of Taketomi, was covered with phrases that are unique to the area, including "You won your dream cow during the Cow Festival!" Each student received a printed poster of the game, which was also made into a large tapestry that was displayed in departure terminals on the island of Taketomi and in each of the participating elementary schools.



## SDGs "Doing What We Can to Build a Sustainable World in the Future" Yotsugi Elementary School in Katsushika, Tokyo



The TOMY Group developed the "Game of Life Project for Everyone" with the goal of developing SDG leaders, and the Game of Life, which is a familiar toy for many children, inspires interest in the SDGs. Yotsugi Elementary School in Katsushika Ward, Tokyo, was the first school to participate in this project, and its 367 young students cooperated to create an "SDGs Game of Life." This game was made into posters that were distributed to each student. The students can use these posters by placing them on top of the seventh edition of the Game of Life, which will provide them with an opportunity to deepen their understanding concerning SDGs through gameplay.



# 2019

## ESG Initiatives (Social)

### Commitment to Quality Manufacturing

#### 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 2020 edition issued in September 2020. 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.



Tensile strength test

#### After-Sales Service

The TOMY Group Customer Service Department receives more than 250,000 consultations and inquiries annually (FY2019). 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 the Christmas season, the Customer Service Department receives a high volume of inquiries. To reduce this number, we recommend through our website, Twitter and other outlets that products using batteries be tested before the Christmas season. In response to these recommendations, we have received product evaluations from Santas (customers) and retailers across Japan.

## Intellectual Property Rights

The TOMY Group acquires intellectual property rights for its original brands and products and has one of the highest numbers of patent applications in the industry. The acquisition of intellectual property rights has enabled us to establish brand value that includes technology and play styles and ensure growth for these brands. We support further development of creative products by widely distributing and sharing information concerning intellectual property rights within the Company.

In addition, actions that infringe upon the Company's intellectual property rights, including the manufacture or sale of counterfeit goods or the

unauthorized publication of copyrighted materials on SNS, could damage brand value and simultaneously represent a risk to customers. In response to this threat, we regularly monitor e-commerce websites in Japan and overseas and appropriately exercise our intellectual property rights when violations are discovered.

At the same time, we strive to prevent infringement upon the intellectual property rights of others by thoroughly investigating these rights during our product development processes and implementing training for employees that incorporates e-learning and other approaches.

## Accessible-Design Toys

The TOMY Group began creating toys for children with disabilities in 1980 and later began developing Accessible-Design toys for the general market that could also be enjoyed by children with visual or hearing disabilities. At present, these activities have expanded to become initiatives that are implemented throughout the toy industry.

Accessible-Design toys include design features benefiting people with visual disabilities, such as raised surface marks on the ON side of power switches and sounds that are generated when toys are turned on. For people with hearing disabilities, we include a variety of features that contribute to fun playtime without the use of sound, including lights, vibrations and text, movement and pictures. These Accessible-Design toys are approved through screenings conducted by the Japan Toy Association's Accessible-Design Toy Committee. Because these toys are sold along with general toys, special packaging is used to make them easily identifiable as Accessible-Design toys: We place a "Guide Dog Mark" logo on the packages of toys for children with visual impairments and a "Rabbit Mark" on the packaging of toys for children with hearing disabilities. TOMY also strives to raise awareness concerning Accessible-Design toys and understanding regarding disabilities (the barrier-free spirit) through participation in events such as the International Home Care & Rehabilitation Exhibition and visiting lectures and seminars held at universities and other educational institutions.



Sing ♪ Nyakko Island (two types in all)  
An Accessible-Design toy that children with visual disabilities can also enjoy. Accessories can be identified by the sounds they generate, and the toy generates a specific sound when it enters sleep mode.



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## Retaining and Cultivating Human Resources

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 due to such factors as providing childcare or nursing care can work from home once per week. 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 to support a work-life balance, 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 a workplace atmosphere that values family.

In fiscal 2019, 167 children and 113 adults, a total of 280 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.

In addition, the Group has established systems for passing on technologies and expertise that are easy to understand implicitly, including considerations regarding toy design and molding technology. In fiscal 2018, we held toy technology workshops for young employees in planning and development, technological development, production technologies and quality control for a period of eight months. During fiscal 2019, we implemented technical training for newly hired technological career path employees over the course of three months. This training equipped these new hires with basic knowledge related to toy creation through classroom learning, field experience and reflection exercises. In addition, we translated internal technical glossaries and checklists into multiple different languages and have created, shared and utilized the TOMY Toy Technology Think Tank brochure, a compilation of varied expertise applicable when launching new production bases or in other situations.

### Initiatives Supporting the Success of Women in the Workplace

While focusing on promoting gender diversity, the TOMY Group is supporting successful contributions from women as part of its efforts to create workplaces that enable active participation from a diverse range of human resources. In fiscal 2019, 9.0% of the Company's managers were female, short of its goal of 15% for fiscal 2021. However, this ratio was a 1.6-percentage-point improvement over the 7.4% recorded in fiscal 2016, and the Company was included in the MSCI Japan Empowering Women Select Index (WIN) for the first time in December 2019. Moving forward, we will intensify initiatives supporting successful contributions from women while centrally focusing on an internal study group that will involve our personnel department and female managers (please see the outside director interview on page 40 for more details).

## Together with Our Business Partners

### Formulation of TOMY Group Responsible Procurement Guidelines Aimed at Achieving Sustainable Societies

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. Previously, we have demanded that manufacturing contractors comply with the TOMY Code of Conduct for Manufacturers, which includes items related to the environment and society. We also include the code of conduct in all contracts with business partners. However, in recent years, international societal demand concerning human rights and the environment is growing to higher levels than ever before. In response, the TOMY Group has identified responsible procurement

as one of eight material issues that need to be addressed and revised the TOMY Code of Conduct for Manufacturers in fiscal 2019. We also formulated the TOMY Group Responsible Procurement Guidelines in May 2020.

Moving forward, we will thoroughly ensure that knowledge regarding these issues and guidelines is universal throughout the Company. At the same time, we will secure compliance with the TOMY Group Responsible Procurement Guidelines from business partners by providing them with relevant and understandable guidance through seminars and other means.

### Revisions Made to the Responsible Procurement Guidelines

#### Previous TOMY Code of Conduct for Manufacturers

- |                      |                                   |                                   |                   |
|----------------------|-----------------------------------|-----------------------------------|-------------------|
| 1. No Child Labor    | 5. Freedom of Association         | 8. Environment and Sustainability | 11. Auditing      |
| 2. No Forced Labor   | 6. Working Hours and Compensation | 9. Legal Compliance               | 12. Announcements |
| 3. No Discrimination | 7. Occupational Safety and Health | 10. Subcontracting                |                   |
| 4. No Harassment     |                                   |                                   |                   |



#### Enacted in May 2020 TOMY Group Responsible Procurement Guidelines

- |   |  |  |  |
|---|--|--|--|
| <b>1. Human Rights</b><br>1-1. Prohibiting Child Labor<br>1-2. Prohibiting Forced Labor<br>1-3. Eliminating Discrimination<br>1-4. Prohibiting Harassment<br>1-5. Guaranteeing Freedom of Association<br>1-6. Controlling Long Working Hours<br>1-7. Offering Appropriate Wages | <b>2. Occupational Safety and Health</b><br>2-1. Workplace Safety and Health<br>2-2. Preventing Occupational Accidents or Diseases<br>2-3. The Safety and Health of Industrial Facilities and Equipment<br>2-4. Employee Health Management | <b>3. Environment</b><br>3-1. Minimizing Environmental Impact<br>3-2. Managing Chemical Substances<br><br><b>4. Fair Operating Practices</b><br>4-1. Upholding Laws and Regulations<br>4-2. Anti-Bribery Measures<br>4-3. Protecting Intellectual Property<br>4-4. Protecting Personal Information | 4-5. Electronic Data Security<br>4-6. Subcontractors<br><br><b>5. Improving the Quality of Products and Services</b><br>5-1. Guaranteeing Safe and Secure Product Quality<br>5-2. Appropriate Labeling<br><br><b>6. Miscellaneous</b><br>6-1. Auditing<br>6-2. Announcements |
|---|--|--|--|

### TOMY COC Team and TOMY Hong Kong, Initiatives

TOMY Hong Kong manages production of products for customers (licensors) that have particularly strict codes 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.



## Community Activities

### 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. These activities have been highly praised by professionals in the educational field for providing opportunities to nurture children's awareness and vocational perspectives on the symbiosis between the environment and society. A cumulative total of about 74,000 children have participated in these experiences (as of March 31, 2020).



TOMY's newly employed and persons 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. TOMYTEC, located in Mibu, Tochigi Prefecture, had participated each year in a zero-trash movement sponsored by Toy Industrial Park. However, in fiscal 2019, the event was cancelled due to the novel coronavirus pandemic, so we conducted our own voluntary local cleaning activities in the region.

### 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 the United Kingdom, we participate in toy donations and fundraising events through the offices of charitable organizations to provide support for children who are either in need due to poverty or afflicted with disabilities. We also donate to breast cancer research support groups.

In the United States, we strive to provide children with opportunities to have fun through play by participating in a variety of community activities, including toy donations for families and children in need.

Eco-Cards





# ESG Initiatives (Environment)

## Environmental Activities

### TOMY Group Environmental Policy

Several global environmental issues have become visible, including the depletion of natural resources and climate change. In view of these issues, the TOMY Group has formulated a new environmental activity policy. In accordance with this new policy, we will minimize any negative effects that could possibly occur because of our operations while contributing to regional development and environmental conservation.

#### TOMY Group Environmental Policy

To protect our environment so that children around the world can continue to enjoy playing with toys 100 years from now, we seek to minimize the environmental impact of our business operations and help spark children's awareness of the environment through their most familiar items—toys.

##### 1. Aim to build a sustainable society

We build and promote environment management systems and strive to reduce environmental impact by consistently maintaining and improving those systems.

##### 2. Adhere to environmental laws and regulations

We adhere to applicable laws and regulations, and seek to accurately grasp societal demands to determine and uphold internal standards.

##### 3. Establish, implement and verify environmental targets

We set, implement and regularly review environmental targets.

##### 4. Offer environment-conscious products and services

We promote the provision of environment-conscious products and services, and seek to effectively utilize resources and consider environmental impact in our product manufacturing. Within the TOMY Group business activities, we strive to counteract climate change, conserve resources and energy, prevent pollution, and reduce and recycle waste.

##### 5. Conduct environmental activities befitting a toy company

We provide opportunities for children to consider the global environment and foster creativity. We communicate with children and listen to their opinions in order to create new values.

##### 6. Reduce environmental impact by cooperating with business partners

We cooperate with our business partners in a joint effort to reduce environmental impact at every stage from purchasing through to customer provision.

##### 7. Thoroughly publicize and promote understanding of environmental policy

We make sure this environmental policy is well understood by all employees and executives, including those at affiliated companies.

We also promote educational and awareness-raising activities to ensure everyone can understand and implement the policy.

Anyone can freely browse the environmental policy, which is available on request.

Established in May 2020

## 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 TOMYTEC domestic factory pulverizes waste generated from plastic molds and recycles it.

TOMY Marketing also strives 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 TOMYTEC 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 nine 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.

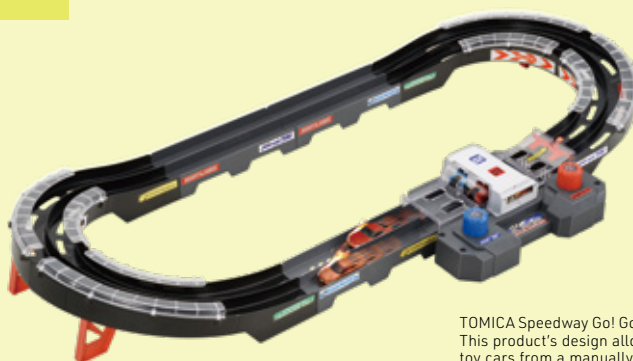


**Winnie the Pooh Gym/House 2 way-Playset**  
This playset transforms to provide amusing play that is appropriate for the developmental level of the child using it. Its design allows it to provide enjoyment for a long period of time.

© Disney. Based on the "Winnie the Pooh" works by A.A. Milne and E.H. Shepard.



"Eco-Friendly Toys" logo



**TOMICA Speedway Go! Go! Accelerator Circuit**  
This product's design allows children to manually launch toy cars from a manually operated shooter. This enables repeated play without the need for batteries.

## Responding to Large-Scale Disasters Associated with Climate Change

### TOMY Group Business Continuity Plan (BCP)

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.

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, the 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.

### 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. 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.

### 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.

## Outside Directors Interview



**Mariko Mimura, Board Director (outside)**

Of counsel to Nishimura & Asahi; deeply versed in corporate governance and corporate law, including legal matters related to crisis management and corporate scandals; also has experience conducting business at several foreign-owned corporations that are not affiliated with law offices; became an outside director at TOMY in 2018.

### **Q** Please reflect upon and evaluate your second year as an outside director with the Company.

Fumitoshi Sato joined us an outside director in June 2019, and we completed the rest of the year with four outside directors in total. I keenly feel as if the Board of Directors has become more active than ever before. Outside directors are responsible for expressing their opinions and doubts as outside observers, and Outside Director Sato has motivated me to speak up and ask questions more actively. Other members are also sharing their remarks with greater frequency, and Board of Directors discussions have become quite lively.

Of the four outside directors that served this past year, two were attorneys and two had backgrounds in finance, so I feel as if many remarks made at Board of Directors meetings focused on compliance and risk management. The three new outside directors added for this year have abundant business experience, and I expect that the Board of Directors will begin to actively share opinions regarding business as well. The number of female directors has also increased to three, and I look forward to being able to hold highly diverse and multilayered discussions in the future.

### **Q** Please share the progress made in terms of initiatives supporting successful contributions from women.

Since taking office, I have considered the establishment of comfortable working environments for women to be one of my responsibilities. Since last summer, I have endeavored to enrich internal communication, holding regular meetings with around 10 female managers employed by the Company, and these meetings have brought several

issues to light. For example, individuals must acquire management experience in several departments to be considered eligible for certain general management positions, but highly specialized female employees are not often transferred between departments. Moving forward, we will adopt a female perspective when creating a pool of future management candidates that comprises human resources from all departments. In addition, we are considering the implementation of female employee contribution support projects that will enable these candidates to follow appropriate career paths by offering early proposals and other assistance. We realize that our ratio of female managers is well below that typically found acceptable globally and will aim to raise our minimum standards and establish specific numerical goals.

### **Q** What are your evaluations as a member of the Risk/Compliance Committee?

I believe that our risk management response has been extremely quick, including our handling of natural disasters and our reaction to the novel coronavirus pandemic. Furthermore, I consider our risk management systems to be quite strong. We have established systems that are conscious of important compliance points, including the prohibition of child labor and chemical management, within our overseas production bases and throughout the rest of our value chain. Risk and compliance reports submitted by head office staff who have performed on-site inspections are quite transparent, and I do not feel that their content indicates any significant issues. As our overseas operations expand moving forward, I believe it will be advantageous for us to also consider establishing a global compliance system.

### **Q** How do you expect the TOMY Group to contribute to achieving sustainable growth?

The novel coronavirus pandemic has raised attention focused on ESG to new heights, and although they have material they could use to emphasize their strength in terms of ESG, I feel as if the TOMY Group and other Japanese companies have been restrained in their disclosure of this material. I believe that disclosing concrete ESG targets will speed up relevant initiatives. Similarly, I expect we will step up disclosure related to a variety of initiatives that contribute to ESG and SDG attainment.

### **Q** Finally, please share your future aspirations.

I do not have any major concerns regarding risk, compliance or governance at the present time. However, I will aim to preserve our supervisory capabilities moving forward because the coronavirus pandemic will force us to change how we conduct business in the future, and these changes accompany compliance-related risks. In addition, I will strive to accelerate diversity projects in 2020.

## Q What is your impression of TOMY now that you have served as an outside director for one year?

The TOMY Group also shares internal information with its outside directors, so I am able to understand matters quickly and actively share my opinions. The Board of Directors makes decisions based on thorough discussions, during which all directors and Audit & Supervisory Board members vigorously share their views. This decision-making style eliminates governance concerns such as authoritarian management, which is common in companies that have been strongly colored by their founders. During fiscal 2019, the Board of Directors narrowed the range of decisions it must make by delegating some of its authority to lower levels, which has sped up the decision-making process. This move has simultaneously increased the amount of time we have to discuss important matters, such as medium- to long-term issues and risk management. We are currently facing an emergency as the novel coronavirus pandemic continues to spread. However, over the medium to long term, I would like to intensify discussions regarding the balance of profit allocation among shareholders, employees and other stakeholders.

My family encompasses three generations of PLARAIL fans, including myself, my son and my grandchild. Toys sold by the TOMY Group contribute to the growth and development of children, and I believe that this is because the Company's Corporate Mission, which prioritizes fulfilling the dreams of children, who also happen to be customers, has deeply taken root throughout the Company. Even companies that have the proper systems and rules in place can find open seams in their governance when their corporate missions, which are the springboard for employee behavior, have not taken hold on a Company-wide basis. The TOMY Group has been a leading company in the Japanese toy industry for many years. I believe this is evidence that proves the strength of its founding spirit, the legitimacy of its Corporate Mission and the appropriateness of the goals it aims to achieve through the measures it applies across a wide variety of situations.

## Q What do you believe is your role as an outside director?

Outside directors are elected to their positions by shareholders. Accordingly, they are responsible for ensuring that shareholder interests are reflected in decision making by sharing objective views and advice that are informed by these interests during Board of Directors meetings. Outside directors also carry the major responsibility of monitoring the Company's decision-making processes, as well as the goals of these decisions, from the standpoint of all



**Fumitoshi Sato, Board Director (outside)**

After a 28-year career at the Bank of Japan, began to conduct business operations at Horiba Ltd. in 2004; in 2019, became an outside director at TOMY, contributing to the Company's management with abundant experience and knowledge gained serving at financial institutions and as a business administrator; also an Outside Audit & Supervisory Board Member at Azbil Corporation

stakeholders, including shareholders, customers, regional residents, business partners and employees. As for myself, I want to support the management of the TOMY Group by utilizing the macroeconomic outlook and legal expertise I cultivated during my time at the Bank of Japan and the business execution experience I gained while employed at Horiba Ltd.

## Q What does the TOMY Group need to continue providing value to society?

Chairman Tomiyama has taken a leadership role, transforming ESG enhancement and SDG attainment into a Company-wide movement aimed at continuously providing value to society. At the same time, the Company is promoting globalization and digitalization with the aim of securing medium- to long-term growth. During this year, the Board of Directors became more diverse as it welcomed three new outside directors (two of whom are women) with backgrounds ranging from IT to global business and start-up launching, as well as Director Akio Tomiyama, who represents a younger generation.

As the world goes through major changes, my goal is to resolve issues through active discussions with individuals who hold a diverse range of perspectives, accelerate growth and fulfill the expectations of customers and shareholders.

## ESG Initiatives (Governance)

### Compliance Promotion

#### TOMY Group Code of Business Conduct

The Group formulated the TOMY Group Code of Business Conduct based on its 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, the Company is promoting use of the TOMY Group Hotline and is establishing specific actions required for compliance with the Code of Business Conduct and ensuring that these actions are understood by all officers and employees. The TOMY Group Code of Business Conduct is available in seven 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

The Group designates a “Thinking About Compliance Day” during which it conducts awareness activities for all officers and employees. During typical years, Japan Group company officers would meet to confirm the importance of compliance and, in the unlikely event that a problem has occurred, share details, causes and countermeasures that are useful in preventing recurrence. In fiscal 2019, however, the event was held through video broadcast and e-learning to help fight the spread of the novel coronavirus pandemic.

In addition, TOMY has introduced a Compliance Leader system with the aim of further enhancing compliance awareness and establishing a structure of compliance. The Company appoints senior managers from all departments in Japan Group companies as compliance

promotion officers, who subsequently elect compliance promotion leaders. We then invite external experts who provide these leaders with valuable knowledge and training related to laws and ordinances that must be observed. In fiscal 2019, we divided these leaders into groups and formulated an annual activity plan based on workstyle reform and other important compliance-related themes. Reports on the results through these activities at each workplace throughout the year were shared during the “Thinking About Compliance Day.”

To ensure that everyone possesses understanding and empathy about compliance, we steadily implemented awareness-raising measures, displaying posters within Japan Group companies and distributing e-mail magazines.

### Novel Coronavirus Response

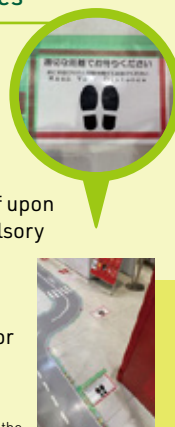
#### Prioritizing the Health and Safety of Our Customers, Business Partners and Employees

The TOMY Group prioritizes the health and safety of its customers, business partners and employees. Accordingly, we implemented several health and safety measures even before the Japanese government declared a COVID-related state of emergency. These measures included hygiene-related criteria for employees, the promotion of shift-based work and telework to reduce on-site staff, and staggered working hours aimed at reducing infection risk.

Even after the Japanese government’s state of emergency declaration was lifted, we have continued to implement telework and staggered working hours while making alterations to our attendance system, including adjustments to the ratio of employees who are

required to commute to work. We are also conducting a variety of measures aimed at preventing the spread of the novel coronavirus at TOMICA, PLARAIL and KIDDY LAND stores. These measures include body temperature checks for staff upon arrival, mandatory mask wearing, compulsory application of alcohol-based disinfectant upon store entry and exit and droplet infection prevention measures achieved through the installation of acrylic panels or transparent sheets between cashiers and customers.

TOMICA Shop  
Social distancing notifications affixed to the floor to indicate where customers should stand when lining up for purchases

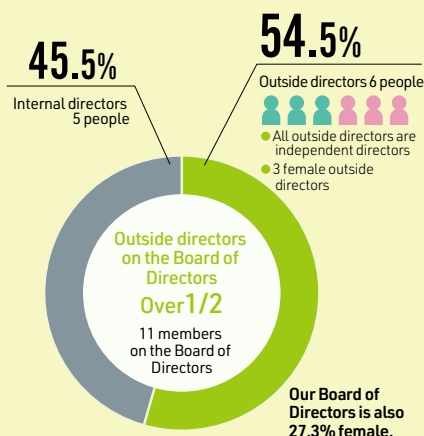




## Corporate Governance

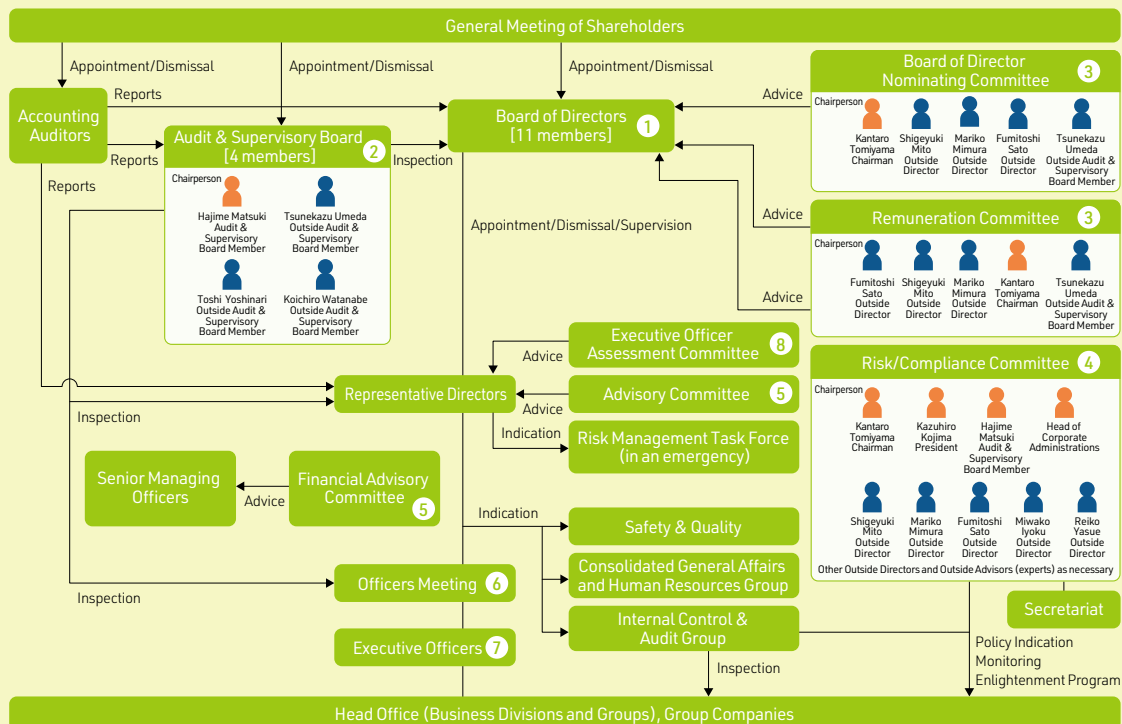
### Three Distinctive Features of TOMY Corporate Governance

- Most of our directors are outside directors, and 27.3% are women**  
All outside directors are independent directors.
- 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.
- 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. Accordingly, we are conducting initiatives aimed at upgrading our management checking capabilities while striving to maintain managerial efficiency; strengthen our risk management and compliance systems; and enrich our corporate governance.



## 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/](http://www.takaratomy.co.jp/company/pdf/) (Partial display)

## Management Monitoring System

### 1. Board of Directors

The TOMY Board of Directors is positioned as a body for formulating basic policies and strategies for the overall group, making decisions about the execution of important operations and overseeing the execution of business. The board holds regular monthly meetings and extraordinary meetings as necessary. The Board of Directors is composed of 11 members (of whom six are outside directors, all of whom are independent executives) and chaired by the president and representative director. In addition, the four Audit & Supervisory Board members attend Board of Directors meetings and offer recommendations as necessary.

### 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 business execution conducted by directors. In addition, members 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. The Audit & Supervisory Board has four members, three of whom are outside Audit & Supervisory Board members. All these members possess both abundant experience and the high degree of expertise necessary for auditing and supervising.

When conducting internal audits, the Internal Audit Division examines business execution statuses and compliance conditions in each department and reports to relevant board directors and the Audit & Supervisory Board, as necessary.

Appointment, transfer and all other personnel administration decisions involving employees tasked with providing support and assistance to the Audit & Supervisory Board are only implemented with prior approval from the board. These employees operate based on instructions from the Audit & Supervisory Board, and the TOMY Group ensures that they are independent from the Board of Directors. Members of the Audit & Supervisory Board exchange views and information concerning important auditing issues with accounting auditors, departments in charge of internal

controls, the Internal Audit Division and audit departments throughout the Group. Through mutual cooperation, these organizations collectively examine internal control statuses on a Group-wide basis.

### Outside Executives' Attendance at Meetings of the Board of Directors and the Audit & Supervisory Board (fiscal year ended March 31, 2020)

	Board of Directors (16 meetings)		Audit & Supervisory Board (14 meetings)	
	Meetings Attended	Attendance Rate	Meetings Attended	Attendance Rate
Kakuei Miyagi Board Director	16	100%	—	—
Shigeyuki Mito Board Director	14	87.5%	—	—
Mariko Mimura Board Director	16	100%	—	—
Fumitoshi Sato* Board Director	11	100%	—	—
Tsunekazu Umeda Audit & Supervisory Board Member	16	100%	14	100%
Toshi Yoshinari Audit & Supervisory Board Member	16	100%	14	100%
Koichiro Watanabe Audit & Supervisory Board Member	16	100%	14	100%

\*Board Director Fumitoshi Sato's number of attended meetings differs from those of other board directors because he was appointed to his position during the 68th General Meeting of Shareholders held on June 21, 2019; only 11 Board of Director meetings were held following his assumption of office.

### 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 four 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. In addition, departments in charge of internal controls and the Internal Audit Division, which answer directly to the representative director, examine compliance conditions at both the Company and the entire TOMY Group while reporting to the representative director and at meetings of the Audit & Supervisory Board, as necessary.

Through both the Risk/Compliance Committee and the departments in charge of internal controls, we aim to establish and strengthen a Company-wide risk management system that incorporates internal control. 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 Board 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 Directors meetings, prior explanations on the outline of 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 departments that will oversee Group administration and are conducting management and

guidance that are appropriate for the characteristics and circumstances of each Group company based on internal regulations. Furthermore, we are establishing systems that will support managerial oversight and business execution, including arrangements through which original accounts of major meetings at all Group companies will be shared with all outside board 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 a director's duties, or if it is deemed difficult for them to properly perform their duties, the Board of Director Nominating Committee explains the reasons for dismissal, deliberates said reasons and receives pertinent advice. Afterward, a resolution is passed 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 the 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

Full Name	Major Concurrent Positions	Reason for Appointment
<b>Shigeyuki Mito</b> Reappointment Independent director	Partner Attorney, TMI Associates Outside Corporate Auditor of Broccoli Co., Ltd. Director of Shonan Bellmare Co., Ltd. Outside Director of Yoshimoto Kogyo Co., Ltd. Outside Director of Faith, Inc.	Appointed as an outside director to make use of the specialized knowledge and experience he gained as a lawyer. We also have judged that his appointment as an independent director will generate no risk of a conflict of interest with general shareholders considering the independence standards established by the Tokyo Stock Exchange.
<b>Mariko Mimura</b> Reappointment Independent director	Of Counsel, Nishimura & Asahi Outside Director of TANAKA Holdings Co., Ltd.	She has been appointed as an outside director to make use of her extensive knowledge and expertise as a lawyer and corporate manager and will be useful in further strengthening TOMY's corporate governance. We also have judged that her appointment as an independent director will generate no risk of a conflict of interest with general shareholders considering the independence standards established by the Tokyo Stock Exchange.
<b>Fumitoshi Sato</b> Reappointment Independent director	Audit & Supervisory Board Member (outside) of Azbil Corporation	He has a wealth of experience and knowledge gained through his time spent serving as a corporate manager and in financial institutions and was appointed as an outside director to make use of this abundant knowledge and experience. We also have judged that his appointment as an independent director will generate no risk of a conflict of interest with general shareholders considering the independence standards established by the Tokyo Stock Exchange.
<b>Shinichi Tonomura</b> Newly appointed Independent director	Representative Director and President of Capgemini	He was appointed as an outside director to make use of his abundant experience and knowledge concerning business operation and administration. We also have judged that his appointment as an independent director will generate no risk of a conflict of interest with general shareholders considering the independence standards established by the Tokyo Stock Exchange.
<b>Miwako Iyoku</b> Newly appointed Independent director	Director, TEPCO Life Service Inc. Outside director, Yamano Holdings Corporation	She was appointed as an outside director to make use of her abundant experience and knowledge as an in-house entrepreneur and company manager. We also have judged that her appointment as an independent director will generate no risk of a conflict of interest with general shareholders considering the independence standards established by the Tokyo Stock Exchange.
<b>Reiko Yasue</b> Newly appointed Independent director	Representative Director, President and Executive Officer of Cybernet Systems Co., Ltd.	She was appointed as an outside director to make use of her abundant experience and knowledge in international business and as a company manager. We also have judged that her appointment as an independent director will generate no risk of a conflict of interest with general shareholders considering the independence standards established by the Tokyo Stock Exchange.

## Reason for Appointment as Director

Full Name	Position	Reason for Appointment
<b>Kantaro Tomiyama</b>	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.
<b>Kazuhiro Kojima</b>	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.
<b>Takashi Konosu</b>	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 president of a Japanese subsidiary of TOMY and extensive industry knowledge. He was appointed based on the determination that he will apply his wealth of experience and knowledge to TOMY management.
<b>Hiroya Kutsuzawa</b>	Senior Managing Director & CFO	He is well-versed in overall management operations through his roles as chief financial officer (CFO) and head of corporate administrations.
<b>Akio Tomiyama</b>	Board Director, Senior Executive Officer	He implements corporate strategies based on his experience as chief strategy officer (CSO). His appointment was based on the determination that he will contribute to management by applying his wealth of experience and knowledge.

## 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. The results of these measures indicated that the Company has formulated a Medium-Term Management Plan that contributes to increasing corporate value, actively discloses information and has established an adequate internal control system. At the same time, results indicated that the Board of Directors should aim to enhance discussions regarding topics such as progress on its Medium-Term Management Plan and risk management, strengthen its monitoring, further diversify its membership and formulate development plans for senior management. In response to these evaluations, the Company will implement measures focused on ensuring the effectiveness of its Board of Directors.

December 2019–January 2020	Questionnaires distributed
March 2020	Responses to questionnaires collected and discussed by the Risk/Compliance Committee
May 2020	Reported to the 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 five 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 Audit & Supervisory Board members and 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. Effective June 2020, we discontinued payments of cash bonuses to Audit & Supervisory Board members and outside directors.

### Total Amount of Compensation for Each Director Category, Type of Compensation and Number of Applicable Directors (in the fiscal year ended March 31, 2020)

Director Category	Total amount of Compensation (Millions of yen)	Total Amount of Compensation by Type (Millions of yen)				Number of Eligible Directors (people)
		Basic Compensation	Stock Options	Performance-Linked Compensation	Retirement Benefits	
Directors (excluding outside directors)	167	117	24	25	—	4
Audit & Supervisory Board members (excluding outside members)	16	15	0	—	—	1
Outside directors	59	59	—	—	—	7



### Performance-Linked Compensation Calculation Method

Within performance-linked compensation, 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 71%.

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 and the Audit & Supervisory Board 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 and Audit & Supervisory Board. Within performance-linked compensation, the total amount of cash bonuses was reported and approved at the General Meeting of Shareholders. Due to revisions to our stock-based compensation plan, we have decided not to issue any new stock options as remuneration.

## 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 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. Principal risks having the potential to affect the Group's operating performance and financial position are outlined below.


### Particularly Material Risks

1. Risks involving the impact on hit products
2. Risks involving product safety
3. Disaster-related and other similar risks
4. Risks associated with the novel coronavirus pandemic

### Material Risks

1. Variations in quarterly performance
2. Exchange rate fluctuation
3. Risks associated with overseas business development
4. Impact of changing raw material prices
5. Risks related to agreements with a material impact on management
6. Information leaks
7. Risks associated with valuation and impairment of intangible fixed assets

Please refer to the Company's official website for details of individual risks.


 [www.takaratomy.co.jp/english/ir/risk/index.html](http://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](http://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 a holding ratio of 20% or more of shares 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, in principle 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 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 as much as possible, and make a resolution on whether 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.

## Management

### Directors (As of June 26, 2020)



**Kantaro  
Tomiyama**

Representative Director,  
Chairman & CEO



**Kazuhiro  
Kojima**

Representative Director,  
President & COO



**Takashi  
Konosu**

Board Director,  
Executive  
Vice President



**Hiroya  
Kutsuzawa**

Senior Managing  
Director & CFO



**Akio  
Tomiyama**

Board Director,  
Senior Executive  
Officer

**Shigeyuki  
Mito**

Board Director  
(outside)



**Mariko  
Mimura**

Board Director (outside)



**Fumitoshi  
Sato**

Board Director (outside)



**Shinichi  
Tonomura**

Board Director (outside)



**Miwako  
Iyoku**

Board Director  
(outside)



**Reiko  
Yasue**

Board Director  
(outside)



## Audit & Supervisory Board Members

(As of June 26, 2020)



**Hajime  
Matsuki**

Audit & Supervisory  
Board Member

**Tsunekazu  
Umeda**

Audit & Supervisory  
Board Member  
(outside)



**Toshi  
Yoshinari**

Audit & Supervisory  
Board Member (outside)

**Koichiro  
Watanabe**

Audit & Supervisory  
Board Member (outside)





Data Section

*chapter*

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## Six-Year Financial and Non-Financial Summary

Year ended March 31

	Millions of yen					
	2020	2019	2018	2017	2016	2015
Net sales	164,837	176,853	177,366	167,661	163,067	149,938
Gross profit	66,364	73,478	72,217	63,736	57,339	52,704
Total selling, general and administrative expenses	55,681	59,071	59,018	55,992	54,641	50,237
Operating profit	10,683	14,407	13,199	7,744	2,698	2,466
Ordinary profit	10,204	14,303	12,420	7,823	1,459	2,014
Profit (loss) before income taxes	7,601	13,784	9,967	7,127	(6,711)	206
Profit (loss) attributable to owners of parent	4,507	9,302	7,962	5,372	(6,703)	(1,817)
EBITDA <sup>1</sup>	18,723	22,490	22,311	16,275	11,692	11,194
R&D expenses	4,666	3,963	3,533	3,225	3,144	2,598
Depreciation and amortization	8,040	8,082	9,111	8,531	8,994	8,728
Cash flows from operating activities	9,006	21,492	16,346	24,896	8,675	6,827
Cash flows from investing activities	(3,381)	(4,038)	(3,692)	(3,793)	(3,974)	(2,428)
Cash flows from financing activities	(12,274)	(10,057)	(24,670)	(1,927)	(6,014)	(10,022)
(As of March 31)						
Total assets	129,253	143,364	139,456	157,693	145,652	159,638
Net assets	67,410	67,315	56,322	51,611	37,824	49,650
Interest-bearing debt	29,655	35,465	42,793	64,748	71,776	75,337
<b>Per Share Data (Yen)</b>						
Earnings per share	47.30	97.85	84.74	61.88	(78.74)	(19.91)
Dividend per share	30.00	24.00	14.00	10.00	10.00	10.00
Net assets per share	703.07	700.26	591.00	548.45	432.87	567.91

	2020	2019	2018	2017	2016	2015
<b>Major Financial Indices</b>						
Operating margin (%)	6.5	8.1	7.4	4.6	1.7	1.6
Overseas sales ratio (%)	32.9	33.7	36.5	36.8	41.6	42.8
Return on equity (ROE) (%) <sup>2</sup>	6.8	15.2	14.9	12.2	△15.7	△3.7
Return on assets (ROA) (%) <sup>3</sup>	7.5	10.1	8.4	5.2	1.0	1.3
Equity ratio (%) <sup>4</sup>	51.6	46.5	40.0	32.4	25.5	30.2
Dividend payout ratio (%) <sup>5</sup>	63.4	24.5	16.5	16.2	–	–
<b>Stock Data</b>						
Stock price at year-end (Yen)	762	1,142	1,092	1,113	822	714
PER (Times)	16.1	11.7	12.9	18.0	–	–
Number of shares outstanding (Thousand shares) <sup>6</sup>	94,797	95,239	94,343	93,103	85,814	84,856
<b>Company Data</b>						
Number of subsidiaries	32	33	34	35	34	38
Number of employees (Consolidated)	2,568	2,665	2,199	1,951	2,042	2,086
Number of employees (Non-consolidated)	541	509	504	495	491	490
Average age of employees (Non-consolidated)	42.3	41.5	41.8	41.3	40.9	40.4

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

## 2nd

generation 1954–

### 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



LICC doll

### 1960

#### Early success in expanding overseas during the export boom

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

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



THE GAME OF LIFE



TOMICA



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

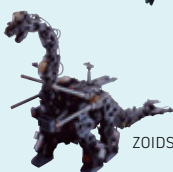


Sensei

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



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 Famicom software Legend  
of the Hungry Wolf
- 1993 B-Daman  
Pinkish
- 1994 Perfect Picture Maker
- 1995 Toshinden  
LAMAZE
- 1996 Cella Sticker Machine  
Lullaby Home Theater
- 1997 Pokémon (Toys)  
BEAST WARS: TRANSFORMERS
- 1998 Polaroid Pocket Xiao
- 1999 Furby  
BEYBLADE  
Twister



Musican

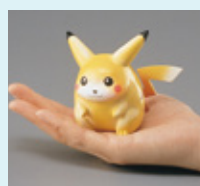


LAMAZE\*



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 Potech 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
- 2019 Rizmo
- DUEL MASTERS PLAY'S



Licca Bijou Series



MIRACLE TUNES!



ZOIDS WILD



DRIVE HEAD



DUEL MASTERS PLAY'S



PRIPARA



SUMIKKO ATSUME



Pokémon Ga-Olé



L.O.L. SURPRISE!



HATCHIMALS  
Umarete! Woomo



Rizmo



OHaNAS



BEYBLADE BURST



Linear Liner  
JR東海承認済



PRINTOSS  
(KiiPix)



SHINKALION

© TOMY © T2A/S/TX/PP © 2016 Pokémon. © 1995-2016 Nintendo/Creatures Inc. /GAME FREAK inc. Developed by T-ARTS and MARV © Nintendo Creatures GAME FREAK TV Tokyo ShoPro JR Kikaku © Pokémon TM & © Wizards of the Coast/Shogakukan/Mitsui-Kids © T-ARTS © Project SHINKALION Approved by East Japan Railway Company ©1968,2020 Hasbro. All Rights Reserved. © TOMY © Hu/T-BP-TX © Hiro Morita, BBB Project, TV TOKYO © TOMY John Deere's products under license with Deere & Company. Lamaze® is a registered trademark of Lamaze International, Inc. © TOMY/DRIVEHEAD, TBS © TOMY-OLM / Miracle Tunes! Project ©2020 San-X Co., Ltd. All Rights Reserved. ©MGA © TOMY © TOMY /ZW,MBS ©2019 Wizards of the Coast/ Shogakukan/Mitsui-Kids ©TOMY ©DeNA

## Our Products

TOMICA, PLARAIL and LICCA are core products that support the TOMY Group's growth. While preserving the fun of the original toys that a multitude of children have 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.



ありがとう、そしてこれからも



いつだって、  
カッコイイ。

トミカはクルマが大好きだ。  
トミカはこれからも、  
時代を走るクルマたちを  
手のひらサイズに変えて、  
その魅力を伝えていきたい。  
わたしたちトミカの使命です。

**TOMICA**

The TOMICA brand was launched on August 18, 1970, based on the desire for Japanese children to enjoy playing with miniatures of Japanese-made cars. TOMICA miniature cars are modeled after actual cars being driven on the road and have undergone changes over the years to adapt to the appearance of new car models and new automobile trends. More than 1,050 models of TOMICA miniatures have been placed on the market, selling more than 670 million units (as of January 2020).

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.





**プラレール**  
**PLARAIL**

The long-selling railway toy brand, PLARAIL, celebrated the 60th anniversary of its launch in 2019, after being adored for three generations. The original PLARAIL product model was a train and rail set made of plastic and released in 1959, when plastic was a new material and toys were mainly made of metal or wood. Its distinguishing blue rails were sized for playing on the small round tea tables around which Japanese families of that time would gather and spend quality time. The brand's rail size specifications have not changed over its 60-year existence, and the newest rails can still be connected to original rails from 1959. Moving forward, we will continue to develop the PLARAIL brand according to the same familiar and admired railway theme, releasing products that enable children to learn about society, encourage creativity and other child growth and development, and foster communication between parents and their offspring. Approximately 1,570 PLARAIL products have been released in Japan, selling more than 175 million units (as of June 30, 2020).

**Licca**

The LICCA brand has been adored for more than 50 years since its inception in 1967. Throughout this brand's existence, we have launched products that embody the aspirations and dreams of children while continuously reflecting the changing times and trends. In recent years, we have been developing the Licca brand to win the adoration of adults who grew up along with LICCA. LICCA is also expanding her role as a celebrity and has generated significant buzz on Twitter and Instagram, where she had approximately 220,000 followers as of July 2020.



©TOMY

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.







## 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.



## 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."



## ANIA

Launched in 2013, ANIA is a series of palm-sized animal figures that each has one moving part. This series functions as a three-dimensional animal encyclopedia that can be enjoyed by parents and children together, as it sparks the curiosity of children interested in knowing more about the distinguishing features of animals and many different types of animals.

POLICE × HEROINE  
LOVEPATRINA!

This is the fourth installment of the Girls × Heroine! Series, an SFX television drama series for young girls. We are jointly creating the original stories for scenarios along with film production company OLM and are creating products that allow children to recreate scenes from the series.



## BEYBLADE BURST

This series of competition-style next-generation spinning tops has recorded cumulative shipments of more than 470 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.



## DUEL MASTERS

Launched in 2002 as a full-fledged trading card game easy for kids to play, this popular series has shipped more than 6.5 billion units and every year numerous regional events are held. At the end of 2019, we also began distributing an authentic DUEL MASTERS card game app.

## GROUP (DOMESTIC)

**TAKARA  
TOMY  
A.R.T.S**

### 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.

## (OVERSEAS)



### THE FIRST YEARS

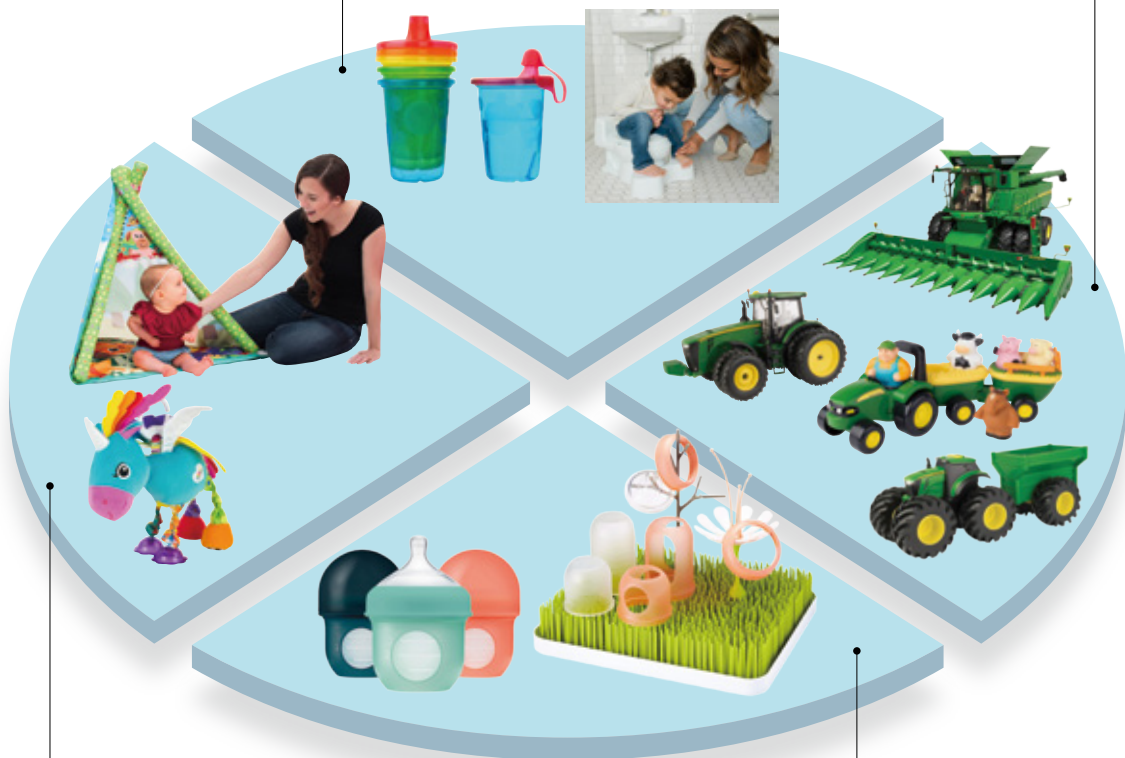
Baby products including baby bottles, dishes and strollers supporting child-rearing.



**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.



## Corporate Information

<b>Company Name</b>	TOMY Company, Ltd.	<b>Major Group Companies</b>
<b>Head Office</b>	7-9-10 Tateishi, Katsushika-ku, Tokyo 124-8511, Japan	<b>Japan</b> 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.
<b>Date of Establishment</b>	January 17, 1953	
<b>Paid-in Capital</b>	¥3,459.53 million	
<b>Business Domain</b>	Planning, manufacturing and selling of products such as toys, general merchandise, card games and baby care products, etc.	
<b>Number of Employees</b> (As of March 31, 2020)	2,568 (consolidated) 541 (non-consolidated)	<b>Overseas</b> 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.
<b>Number of Consolidated Subsidiaries</b>	32	

## Stock Information (As of March 31, 2020)

Distribution of Ownership among Shareholders		
Number of Shares Authorized:384,000,000	Individual Investors	43.78%
Number of Shares Issued: 96,290,850	Foreign Corporations and Investors	23.29%
Trading Unit of Shares: 100	Financial Institutions	21.21%
Number of Shareholders: 133,678	Other Corporations	10.16%
	Treasury Stock	1.55%

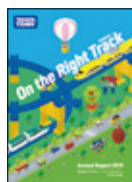
### Major Shareholders

Name	Number of Shares Held	%
Tsukasa Fudosan	7,565,312	7.98
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,866,800	6.19
Japan Trustee Services Bank, Ltd. (Trust Account)	4,171,800	4.40
Kantaro Tomiyama	2,708,063	2.86
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,825,100	1.93
JP MORGAN CHASE BANK 385151 (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	1,657,508	1.75
Administration trust (account of Fumie Tomiyama) Trustee SMBC Trust Bank Ltd.	1,183,101	1.25
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,093,800	1.15
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000 (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	1,020,015	1.08
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1,014,800	1.07

Note: Percentage of shares held is calculated after the exclusion of 1,493,222 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.

## 2019



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



LACP [2018/19 Vision Awards]  
14th among the Top 100 Worldwide;  
1st (Platinum) in the Consumer/  
Consumables Industry  
and Best Report Cover

## 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

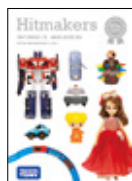


International ARC Awards  
Grand Award in the Summary Annual Review Category/  
1st (Gold) in the Toy Manufacture and Sales/  
Grand Winner in the Specialized &  
Summary Annual Reports category



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





**TOMY Company, Ltd.**

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[www.takaratomy.co.jp/english/](http://www.takaratomy.co.jp/english/)