



Kids

Seniors

Kidults

Preschoolers

Baby Toddlers

Break new ground

Teens

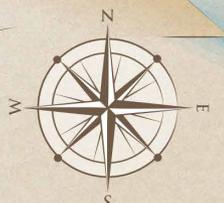


Let's find the treasure! /

Annual Report 2022

For all people around the world who love asobi

TOMY Company, Ltd.
(For the year ended March 31, 2022)



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Vision

Things That Change and Things That Don't — The TOMY Group Values

The TOMY Group has inherited the Founding Philosophy as a set of unwavering values since Eiichiro Tomiyama created Tomiyama Toy Seisakusho, the predecessor to TOMY, in 1924. While the toys that are sought after continue to evolve as time passes, we continue to hold on to the idea of exciting the world's markets with our outstanding products.



The Philosophy Continuously Inherited



Passion for Toy Manufacturing

We continue to inherit the original passion of 11-year-old Eiichiro Tomiyama to create truly excellent quality products with play value for children all over the world with infinite possibilities for the future.



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



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Coexistence and Coprosperity with Stakeholders

Formed with like-minded peers, The Japan Toy Association included within its charter the idea that friendly competition, coexistence, and coprosperity will lead to the development of Japan's toy industry and personal growth. Eiichiro Tomiyama's ideal of coexistence and coprosperity lives on today as TOMY's Founding Philosophy.



Right: 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)
Left: "The Management's Motto" serves as the opening of the "Tokyo Toy Industry Association Industry Guidance Principles," the association's charter, which spells out the association's ideals

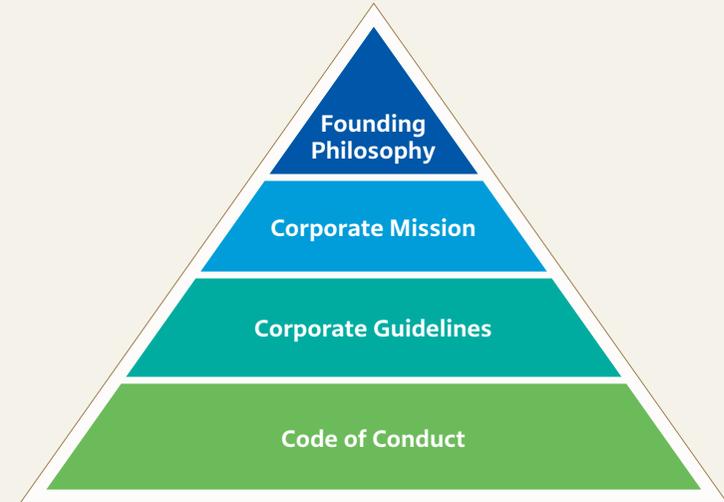
Focus on Quality That Will Be Respected Worldwide

After World War II, as inferior products were rampant, we worked to further improve our quality while receiving evaluations about our quality from around the world. Through these efforts, in 1971, we became the first Japanese toy manufacturer to receive the Symbol of Excellence Award* from Sears, Roebuck and Co.



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

*Awarded to commend companies selected from around the world for "punctually providing products with superior design and excellent quality"



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.

Founding Philosophy

Let's excite the world's markets with our outstanding products.
Our sincerity and diligence will contribute to society and lead to our own success and happiness.

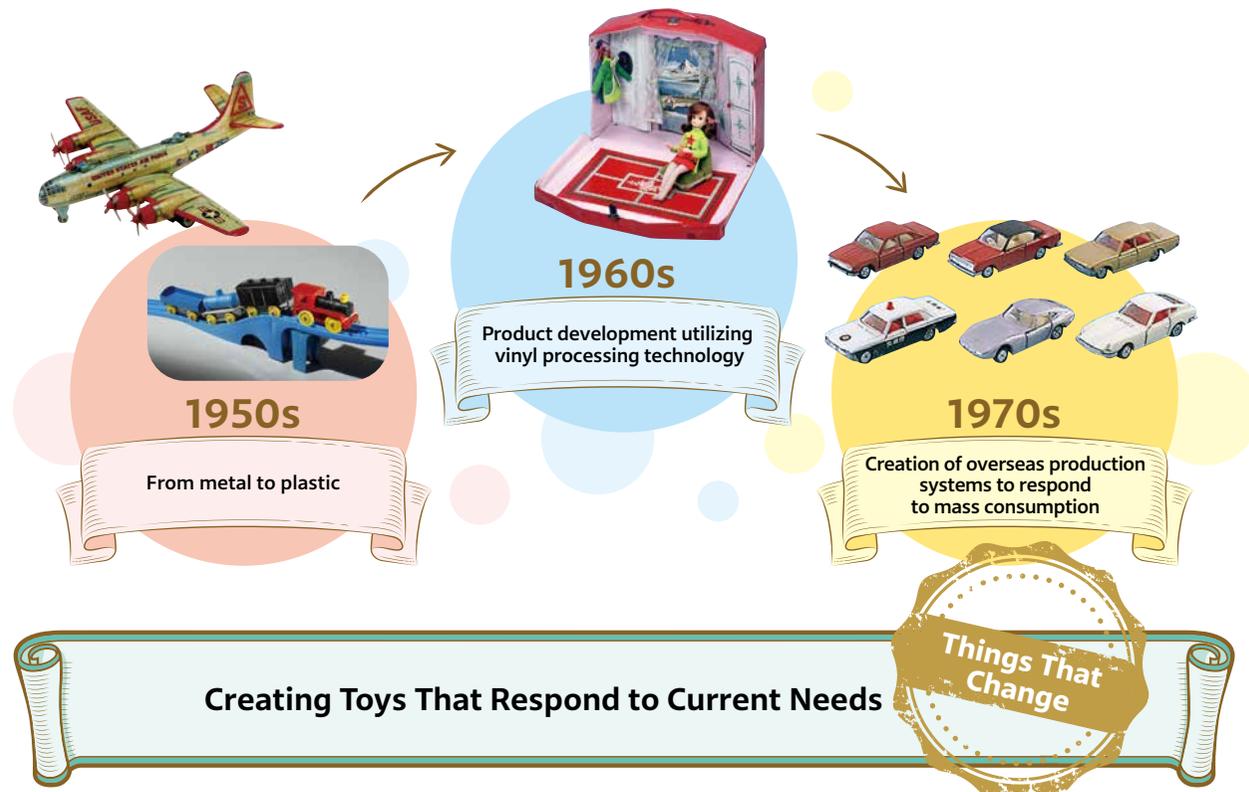
Our Founding Philosophy is a fundamental and permanent component of the TOMY Group that has served us well.

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 History



We have produced products that match the times, including the innovation in technology and materials from metal to plastic and vinyl and the creation of overseas production systems to respond to increased demand. The TOMY Group has led the toy industry with Accessible-Design toys and “market in” ideas to further respond to many needs. We will come together and continue our history, aiming to be an outstanding global company.



We will continue to grow by continuing to create long-selling products that are always fresh and continue to be loved across generations and generate new *asobi* for persons of every age.

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Message from the Chairman

COVID-19 not only threatened lives but also greatly affected our corporate activities through production and distribution stagnation due to global supply chain disruptions and China’s zero-COVID policies. Our ways of living and working have greatly changed as we have been affected by the COVID-19 pandemic for more than two years, and we are experiencing an acceleration of digitalization along with the establishment of a “new normal,” with no contact and no face-to-face contact. I strongly believe that by viewing change as an opportunity, our outlook will greatly change.

Toys and *asobi* are our bread and butter, and their role as a medium to connect people during the pandemic has been highly evaluated. The toy market in Japan and abroad continues to grow, supporting this evaluation. We extol our Founding Philosophy and the idea of exciting the world’s markets with our outstanding products, and we believe strongly that we must continue to offer safe and secure outstanding toys and *asobi* to the world while responding flexibly to the flow of the drastically changing times.

The TOMY Group began supporting the UN Global Compact in May 2021, and by supporting the 10 principles in four fields (human rights, labour, the environment, and anti-corruption) and implementing them in our business activities, we have committed to contributing to the fostering of a sound corporate culture and the sustainable development of society.

We will aim to solve social issues through becoming friends with children around the world as mentioned in our sustainability vision to fulfill the dreams of our stakeholders.

富山 幹太郎

Kantaro Tomiyama
Representative Director,
Chairman & CEO

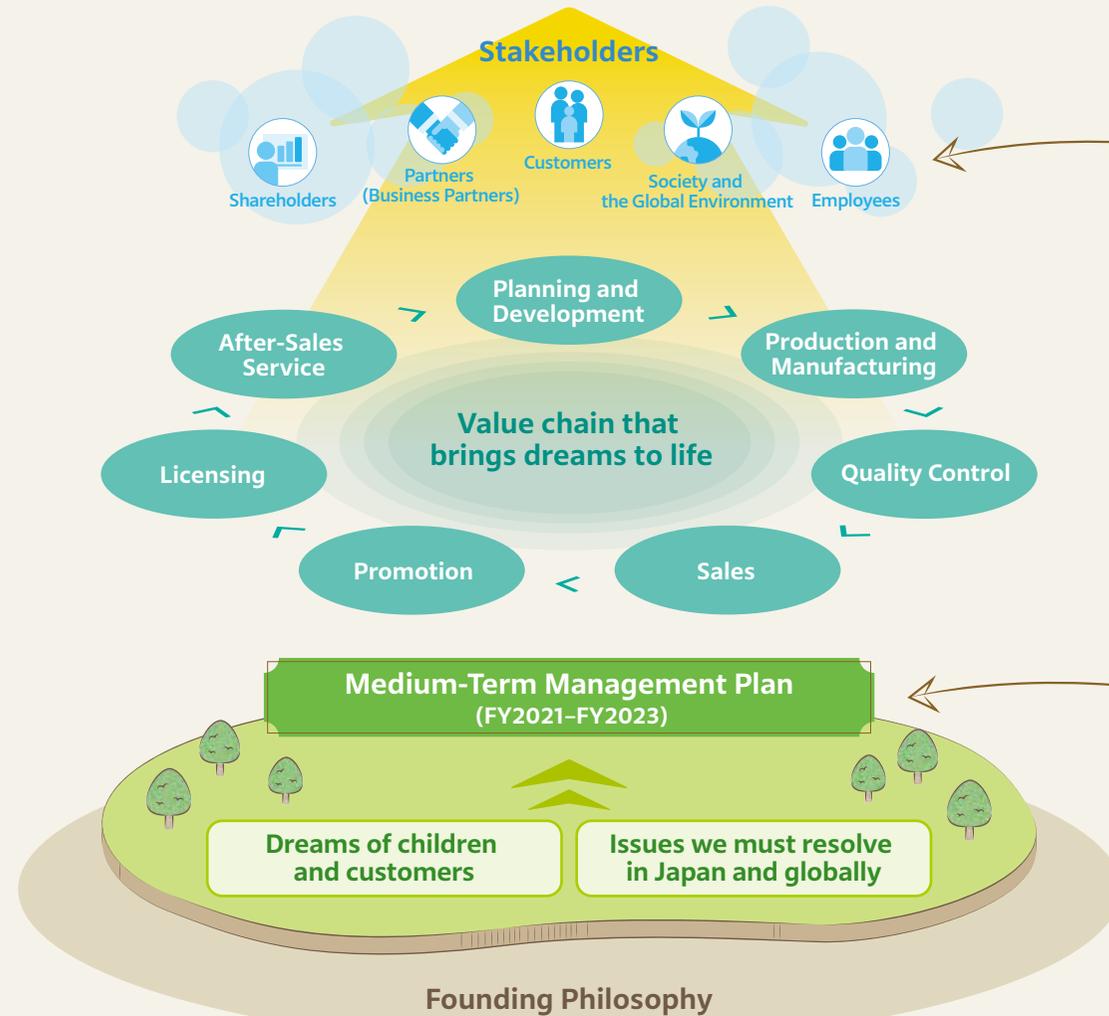
“*asobi*” is a Japanese word for “play,” “amusement,” “diversion,” “pastime” and more.



TOMY Group Value Creation Process



The Value Created by the TOMY Group



Expand Lifetime Value

Segment expansion

Long-selling products

Domestic/Overseas Group products

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Financial performance

Consolidated results for the fiscal year ended March 31, 2022

Net sales	Operating profit
¥165.4 billion	¥12.3 billion
EBITDA	
¥19.2 billion	

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Co-Creation with Stakeholders

<p>Customers</p> <ul style="list-style-type: none"> Providing new value in play turning dreams into reality 	<p>Shareholders</p> <ul style="list-style-type: none"> High-quality growth and sound management Contributing to a sustainable society
<p>Employees</p> <ul style="list-style-type: none"> Providing a workplace environment in which employees can fully demonstrate their independence and creativity 	<p>Society and the Global Environment</p> <ul style="list-style-type: none"> Achieving a sustainable society Revitalizing economies in local communities Contributing to education and culture Contributing to a sustainable global environment
<p>Partners (Business Partners)</p> <ul style="list-style-type: none"> Building strong relationships of trust through fair and equitable transactions 	

Reform toward Sustainable Growth

Medium-Term Management Plan (FY2021-FY2023)

We will leverage our strengths globally, and build the foundation towards Sustainable Growth.

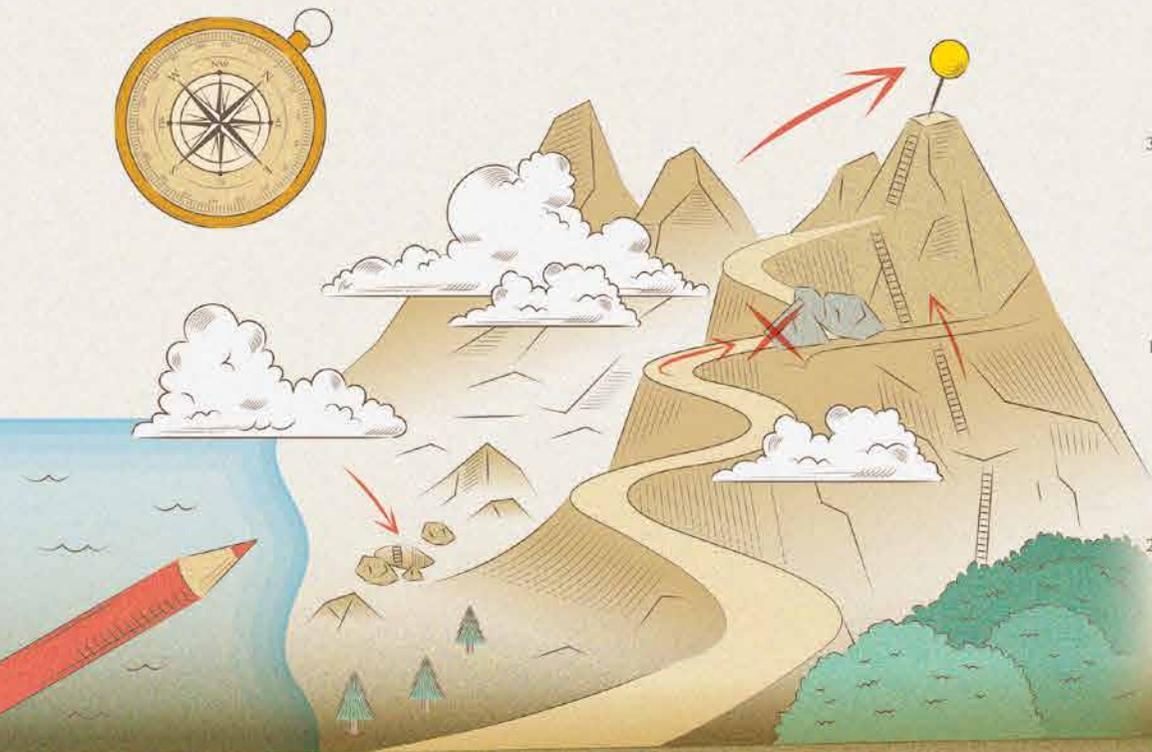
- Grow core brands based on their strengths
- Create big hits in Japan
- The continuation of IP investment
- Launch new businesses with asobi as key
- Create new value by utilizing DX for value chain
- Sustainability and CSR initiatives

P8

Strategy

Our Aims and the Management We Have Adopted to Achieve Them — TOMY Group Growth Strategy

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. In times that are changing at unprecedented speed, including a pandemic, climate change and advancing technologies, how will the TOMY Group move forward and what will we aim for to offer *asobi* that meets the values and needs of diverse people? We would like to introduce our growth strategies as described by President Kazuhiro Kojima.



Message from the President

Achieving sustainable growth by leveraging our strengths on a global scale

The importance of our presence in times of upheaval

The macro environment that surrounds the TOMY Group continues in a state that is more unpredictable than ever before. As the effects of supply chain disruptions due to COVID-19 continue and with the tragic Russian invasion of Ukraine, it is predicted that the effects on global energy, raw materials and financial markets will continue for some time.

Even in these times of upheaval, the creation of new value from play for the dreams of all our

stakeholders, starting with children, is outlined in Our Corporate Mission, which is an enduring ideal toward which the Group strives. To offer the excitement, surprise, emotion and smiles found in toys to even more people, we are expanding our segments by shifting the basic focus of our businesses from toys to *asobi*, and we hope to be a company that can flexibly respond to changes in customer values.

Looking back on the fiscal year ended March 2022

The fiscal year ended March 2022 was the first year of our new Medium-Term Management Plan. In our Medium-Term Management Plan, we have embraced the medium-term policy of “establishing the foundations for achieving sustainable growth leveraging our strengths on a global scale” and the vision that “we believe *asobi* makes the world better, therefore we will contribute to future global society through *asobi*.” Until now, the TOMY Group has worked on continuous improvements to our profit structure and we have built a foundation for steady growth as seen with our three-year cumulative operating profit. For the fiscal year ended March 2022, starting from this foundation, we exceeded the consolidated forecasts announced at the start of the year with net sales of ¥165.4 billion, up 17.2% year on year, and operating profit of ¥12.3 billion, up 74.4% year on year.

In the retail businesses, including KIDDY LAND and TOMICA PLARAIL Shops, and in the event business, including the TOMICA EXPO and PLARAIL EXPO events, the effects of staying home due to COVID-19 have continued, but shipments of toys have

小島 一洋

Kazuhiro Kojima
Representative Director,
President & COO



grown despite these restrictions and the capsule toys and amusement machines developed by T-ARTS were well received.

The fiscal year ended March 2022 was another year of hit products. For example, Punirunes, an LCD toy with new textures launched in July 2021, gained great popularity as a product to enjoy the more than 50 types of fascinating characters that appear on the LCD along with the strange sensation of seeming to directly touch the characters by combining digital and reality. SHINKALION Z, a second animated television series that began airing in April 2021 in Japan, will begin airing in Hong Kong from the autumn of 2022, and shipments of related toys have grown. With DUEL MASTERS, a trading card game



© TOMY

that will celebrate its 20th anniversary in 2022, our active marketing of rare cards and their increasing collectability led to a significant increase in sales. Pokémon and PAW PATROL, an animated television series heading into its third broadcast year, helped fuel an increase in sales with related products. We also found many new applications for the mega-hit Demon Slayer, Kimetsu no Yaiba, while TOMICA, LICCA dolls, and PLARAIL products, as well as T-ARTS' capsule toy products, contributed to an increase in sales. Products from the Fat Brain Group, which became a subsidiary of TOMY International, Inc., in October 2020, also performed well.



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Acknowledgement of the business environment



The number of births in Japan in 2021 was the lowest in history for the sixth year in a row at about 840,000 people according to demographic statistics (preliminary figures) published by the Ministry of Health, Labour and Welfare. The population of people under 15 (estimate) also dropped to its lowest in 41 years at 14,650,000 people, and continues a 48-year downward trend in making up a smaller percentage of the population, now at 11.7% of the total population.* In this environment, we believe it is important to approach new customers such as the overseas market and high-target customers, including seniors and kidults, to achieve our Medium-Term Management Plan. By changing the idea that toys are just for children and offering *asobi* to all who are young at heart, we will increase our customer base. We will also aim to expand our lifetime value through developing alluring products and services that gain support from customers of different age groups so that these customers will stay customers.

*Ministry of Internal Affairs and Communications (as of April 1, 2022)

Grow core brands based on their strengths

Our strengths are the diverse brands we own, including standard products such as TOMICA, LICCA dolls, and PLARAIL, as well as BEYBLADE, TRANSFORMERS, and ZOIDS, and the growth that comes from this intellectual property. We aim to create hits and expand our market share by utilizing this intellectual property as a diverse, globally accepted in-house and partner brand palette (the “right goods”) as much as possible and by properly deploying this intellectual property tailored to target ages and market regions for each brand (the “right place”). By adding new information-added value, we will further improve brand value and further grow our brands and intellectual property while also expanding new exit strategies that increase revenue from sources other than toys.

In target age groups, adults are beginning to be a key consumption driver, just as the word “kidults” has been created. We will strengthen our brand power by having products that adult fans who are young at heart can enjoy (fan economy), by strengthening the empathy that captures Generation Z, the next major consumers (narrative), and by offering alluring products to the generations that use various forms of social media (digital natives).

For example, we developed TOMICA Premium in 2015 as an adult version of our TOMICA series. This series has been popular as we reproduced the car’s form, detailed painting and printing, and wheel designs as realistically as possible. This led to more users, from preschool-aged children, who were the previous main target, to adults. Shipments have increased by around 2.5 times compared with 2015. TOMICA is now purchased not just as a toy for



children but also as an attractive product for those who are young at heart, and we see our response to the kidults segment as steadily showing results. In November 2021, we started development on TOMICA Premium unlimited, a new series targeting fans of movies, TV dramas and comics by reproducing the cars that appear in these media forms. In this series, the Ford Mustang of Detective Conan (Shuichi Akai), who appears in a popular anime across many generations, has sold particularly well.

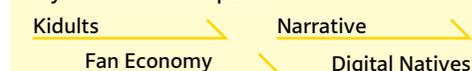
We will increase the speed of our approach to kidults while referencing these successful cases.

Regarding market region development, the entire Group is steadily developing our overseas business. In Europe and Australia, the Fat Brain Group, a subsidiary of TOMY International, Inc., is rolling out products. It has also begun initiatives to provide TOMY International Group products through the Fat Brain Group D2C (direct to consumer) channels. Interactive businesses within the Group are accelerating. In our business for Europe and the United States, BEYBLADE has become an “evergreen” product through its continuous development with the third-generation BEYBLADE BURST becoming a long-lived product under a positive relationship

Growth Axes for Individual Brands



Keywords in consumption



with our global partners. High-priced products in the TRANSFORMERS series are popular, and global exports have been firm. T-ARTS has started expanding into Asia with its amusement machines, and popular

artist-related products in Asia are gaining popularity abroad. Expansion across regions, which will be a driver for future growth, is also moving along well.

Asobi makes the world better.

As part of our Medium-Term Management Plan, we are working on initiatives to make society better through our problem-solving business while applying the creative thinking of *asobi*. The TOMY International Group's efforts with various products for preschool-aged children have been well received. For example, a chair that can be used for children ages six months to three years, developed by the baby product brand boon, has gained a reputation as a product solving concerns with childcare, and received The Chicago Athenaeum Good Design® award in the United States. Dimpl Digits, a toy for fingertip intellectual training by the Fat Brain Group, was awarded the Play Creators Award. In Japan, SORA-Q, a transforming miniature lunar surface robot developed jointly with JAXA and others, comes installed with SLIM, JAXA's miniature lunar landing demonstration device. During its development, this robot utilized

knowledge of miniaturization and weight saving from our toy-making, as well as technologies related to transforming mechanisms. We are promoting these kinds of new initiatives that utilize our expertise of toy-making. With MUGENYOYO, developed as a suggestion for a new *asobi* that combines the digital and physical worlds, users record movies with AR effects through the dedicated app and spread these videos through TikTok and other social media platforms loved by the younger generations. MUGENYOYO has been developed as digital entertainment with new sensations.

We will continue to expand the boundaries of conventional toys and work to create new value by intertwining the technological capabilities developed from our dedication to quality and production with customers' potential needs and digital services.



The Chicago Athenaeum Good Design® Award



Play Creators Award



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Building the foundation for sustainable growth

We implemented organizational changes and added executive officers in November 2021 to further develop the foundation for sustainable growth. We established new headquarters, assuming the individual missions originally dealt with by the Business HQ: new businesses, overseas businesses and production strategy. By having six executive officers act as head of each of the headquarters, we enhanced our system for smoothly and quickly achieving the Medium-Term Management Plan. Through approval at the general meeting of shareholders in June 2022, we set the Board

of Directors with five outside directors and four internal directors for a total of nine members, continuing our system with a majority of members being independent outside directors with ample experience and knowledge in business administration and specialty fields. We will continue to increase the independence of the Board of Directors, strengthening our supervisory functions, work toward creating effective corporate governance and ensuring transparency and objectivity with management, while aiming to create sustainable corporate value.

We will work on sustainability and CSR as one of the corporate strategies under the Medium-Term Management Plan. To achieve our sustainability vision of “becoming friends with children around the world,” we established the sustainability and CSR promotional system with myself (President) as head in February 2021. We also launched task forces made up of members across the Group to advance our initiatives aimed at achieving our targets. Each of the task forces focuses on one theme from the Group-wide initiatives relative to the medium-term sustainability targets and KPIs: chemical management, diversity, responsible

procurement and the environment. For example, with diversity, the female manager ratio of TOMY Company, Ltd., increased from 9.0% as of March 2021 to 12.9% as of April 2022—a 3.9-percentage-point increase. We will move forward with further diversity initiatives. For the environment, we are continuing our research on non-petroleum materials. We have also identified risks and opportunities through scenario analysis and evaluated financial impacts to address climate change and are furthering our disclosures based on the TCFD (Task Force on Climate-related Financial Disclosures) recommendations.

The road to achievement of the Medium-Term Management Plan

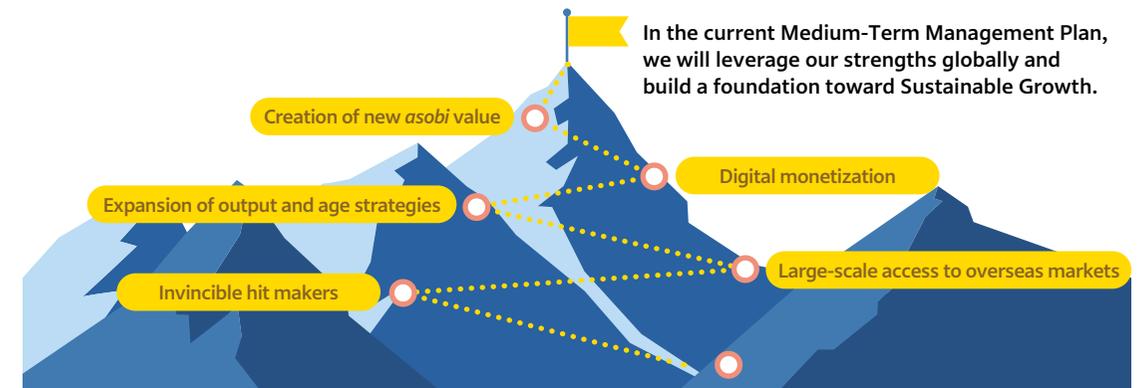
We are steadily progressing with our strategy to establish the foundations for achieving sustainable growth leveraging our strengths on a global scale as outlined in our Medium-Term Management Plan, and we are working on a five-point strategy to achieve our goals, leading to the next stage of growth.

The first point centers on becoming a manufacturer of unbeatable hit products. We aim to earn the No. 1 spot in our category in Japan, the United States, and Europe, where our brands are gaining traction. On the second point, we aim to expand in various areas to further increase sales of these hit products, that is, implement large-scale access to the global market. In addition to Europe and the United States, we will increase the recognition of the TOMY Group in Asia, particularly the markets in China, South Korea, Hong Kong, and Taiwan. The third point involves the expansion of our output and age strategies, moving from toys to *asobi*. By having products that both children and adults who are young at heart will buy, we will raise

the lifetime value of our products and strengthen our revenue base. The fourth point is to achieve digital monetization through the maximum use of the brand intellectual property that we possess. With the DUEL MASTERS trading card game, we have a successful example of digital monetization using a dedicated app, and we will strengthen our future growth foundation by promoting such development with other intellectual property.

The fifth point addresses creating new value from play. The external environment is changing rapidly, but we will create new value from play and continue to offer smiles throughout the three years of our current Medium-Term Management Plan to fulfill the dreams of our stakeholders as stated in our Corporate Mission.

Through initiatives that make use of the strengths of the TOMY Group, we will work to offer better products and services that will bring smiles to people all around the world. We ask our stakeholders for their continued support.



Challenges Taken on by the TOMY Group for New Growth

The TOMY Group changed the basic focus of its business from toys to *asobi* in the Medium-Term Management Plan established in fiscal 2021. By making the creation of value into *asobi*, we expand our target to all people around the world who love *asobi* and extend our business domains.



Keyword for change

asobi



New targets

All people around the world who love *asobi*

The ways in which people have fun and their values have changed, and this has caused a certain market segment to be fostered by kidults, or adults with a playful spirit. The TOMY Group will expand its target to all people around the world who love *asobi* and through the power of *asobi*, we will help to create a better world overflowing with excitement, surprise, emotion and smiles.



The TOMY Group will change?!

CHANGE

Existing targets

Mainly children 3-6 years and their parents



Keyword for change

asobi

A driving force for value creation to meet diverse needs

TOMY Group Challenge 2
Evolution of the business base toward new value creation

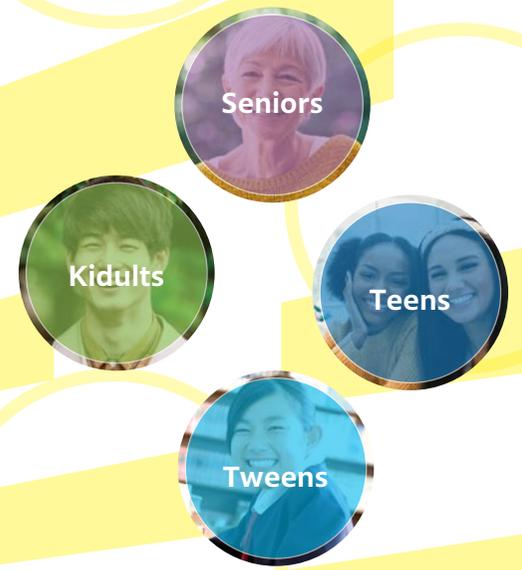


Use of the extensive TOMY Group and partner brand palette

Innovation
Combining partners, intellectual property and technology to develop products and services for people of all ages

Diversity
Securing and training human resources with diverse ideas and diverse values

Global
Developing global brands and cooperating with local Group companies that understand regional needs



Having extensive core brands and expanding these to every generation allows us to

Offer *asobi* to all people around the world

We will expand our business domains by changing our basic focus from toys to *asobi* and showcase our diverse ideas and creative thinking. In doing so, the TOMY Group will create value for the diverse needs and uses of diverse consumers around the globe. The innovation born from *asobi* will become a driving force that also leads to the resolution of social issues.



Based on the brand power of our products and a rich brand palette, the ability to turn diverse ideas into reality will become a new driving force for the TOMY Group.

The DUEL MASTERS case is on the next page

Expanding worldviews and preparing output for various generations

PICK UP

DUEL MASTERS PLAY'S

DUEL MASTERS PLAY'S expands one worldview that is created from the analog trading card game DUEL MASTERS to a digital smartphone app, and it is enjoyed by a wide range of players across generations, from children to adults.



What is DUEL MASTERS?

A one-on-one battle trading card game that has enjoyed long-lasting popularity since it first went on sale in 2002. Players prepare a deck of 40 cards and use accumulated *mana* (energy) to win by breaking the opponent's shield with summoned creatures (monsters) or chanted curses.



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INTERVIEW

From a card game to a smartphone game app

Creating a place where different people can enjoy various DUEL MASTERS battles in a variety of playing styles



Kenichi Sado,
Head of the Digital Business Division



Genki Matsuura,
Senior staff of the Planning Team,
Digital Business Division



The role of DUEL MASTERS PLAY'S

The idea to expand DUEL MASTERS into a smartphone app came from a survey of card game users. To solve the problem of one-on-one card games where players lose their playing partners or do not have time to meet up and play with friends, we developed the smartphone app DUEL MASTERS PLAY'S as an online game where anyone can play anywhere, anytime. While appreciating the worldview of the original, we expanded *asobi* unique to DUEL MASTERS PLAY'S by adding characters not found in the original along with distinct stories. At the same time, we have focused on the fast pace necessary for an online game, which is not a game played with friends in front of you.

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Developing new digital fields through cooperation with external partners

In pursuing the development of a game app as a toy manufacturer, initially we were not given the go ahead internally or from the copyright source. We therefore approached DeNA Co., Ltd., a major game company, suggesting cooperation with us, and began jointly developing the app along with a development company. As the three companies with different company cultures progressed with long-term game development from the same perspective, there were mutual misunderstandings and it was hard work, but we began distributing DUEL MASTERS PLAY'S in December 2019 by mobilizing the particular expertise of each company. Many customers have enjoyed the app in the two and a half years since its release. We would like to build on this experience to further expand *asobi* utilizing the strengths of the TOMY Group.

Co-creation with diverse stakeholders

Holding various events and catching up with player needs in real time

The operations team is working to improve the game by continually gathering and analyzing battle data as KPIs*. The team conducts regular user surveys to analyze card evaluations and monitors comments on the official YouTube channel and Twitter. Through these efforts, the team works to understand player needs in real time. Under the policy of being an operations team that is close to the customer, we value the contact points between players and between players and the operations team by, for example, setting up an opportunity for conversations using a Discord server (a communication tool) with nearly 3,000 players who assembled for an official online event during the pandemic when it was difficult to hold in-person events.

We will continue to offer exciting experiences where users can slip back in time to when they were kids with their smartphones and open the door to new experiences they did not know at the time.

*Key Performance Indicators



Event venue



With this game app, children and adults alike can enjoy sharing the same worldview

Education



Kids



Preschoolers

Not limited to the expansion of target age groups through the expansion of existing brands

We will develop new businesses through new ideas from the perspective of *asobi*.

Fashion



Teens

Also

Utilizing Digital Technologies



Kids



Kids



Healing Communication



Senior

Tomiyama: We announced a change to the basic focus of our business from toys to *asobi* in the Medium-Term Management Plan. With toys, you are limited to a specific segment, but making our value creation abstract with *asobi* reflects our desire to expand our business domains to target people of all ages and to help address a range of issues within society.

Iyoku: When I heard this idea at a Board of Directors meeting, I thought it was good. The TOMY Group has established a track record based on toys, and we have expanded our business domains by making our value abstract with *asobi*. To further expand this potential, I think it is necessary to both be aware that our value is in producing lifestyles based on *asobi* and to communicate this value.

Tomiyama: Thank you. Just as you said, with TOMICA, PLARAIL and LICCA dolls, for example, children create the society and lifestyle that they dream of while playing, and they learn about the microcosm of a society. In this way, the production of society and lifestyles through *asobi* is in our origin. By expanding

this way of thinking to a wider target, we want to not only develop existing content for adults but also propose *asobi* that makes use of the TOMY Group's unique creative abilities to meet various needs with a completely new approach. Examples include Ami-chan, a talking doll with facial recognition aimed at seniors seeking comfort in their life, and NELTIP, a dedicated nail chip printing machine aimed at teens who want to be fashionable at a low price.

Iyoku: Originally, toys were a type of tool, and the true value of the TOMY Group is in our ability to develop *asobi*. Even when looking at the INTERNATIONAL TOKYO TOY SHOW, I feel that our abilities to develop and be creative stand out. I worked at NTT, and when I saw coemo, a storytelling speaker that creates a voice similar to a real person utilizing AI voice speech synthesis technology, I was impressed that elemental technologies such as voice recognition and speech synthesis could become a final product in this form. I thought that the TOMY Group's ability to develop *asobi* was amazing as the speaker not only has speech synthesis but also mechanisms to

reproduce sound effects. I have high hopes for more new *asobi* to be produced by combining even more elemental technologies in the future.

Tomiyama: Yes, people from other industries are often surprised at the ideas we generate. I think that our business domains will be expanded by utilizing points from these ideas, as we are an organization that has always thought only of *asobi*. With the Moonshot Project, a new organization we recently launched, we are continuing our search for an answer to social issues with a long-term perspective, which is different from our existing businesses.

Iyoku: Using the Moonshot Project, we can create open innovation systems by incorporating lab-like elements, and we can expect new ideas to come if we keep our doors open. To achieve innovation that draws on a variety of knowledge, it would be good to make a departure from existing businesses that seek profit, and set the KPIs* for each project related to ideas or communication, including how many people the project reaches, how many new suggestions

*Key Performance Indicators

were received, and how much information was communicated.

Our product quality, which backs up our brand power, is also essential for *asobi*.

The globally accepted safety design that TOMY has pursued for children is a universal design that is safe and secure for everyone, including seniors, and I believe that it can contribute to a diverse society.

Tomiyama: We have embodied safety and quality in our products by, for example, not attaching side mirrors to TOMIKA cars to keep children free from injury. With the abstract concept of *asobi*, I hope that we will seek quality from the perspective of whether the *asobi* addresses the health of society. Lastly, I hope we can prove that the *asobi* we create has more added value. By applying the ability to create *asobi* and our creative abilities to a variety of things, we will break free from the idea that we are just a toy manufacturer, and I hope we can move into areas where we can produce higher added value.

Iyoku: Yes. It would be a waste to limit the TOMY Group's expertise to just toys.

Conversation Between Directors

Expand business domains with the ability to create *asobi* as a core and contribute to the creation of a prosperous society



I want to expand our business domains by utilizing our ideas and engage in areas where we can add higher value.

Akio Tomiyama
Managing Director
Chief Head of Business Headquarters
& Head of Global Business



The true value of the TOMY Group is in our ability to develop *asobi*. I have high hopes for new *asobi* in the future.

Miwako Iyoku
Board Director (outside)

Profile She began working at Nippon Telegraph and Telephone Corporation (NTT) after graduating from International Christian University. There she worked as a corporate entrepreneur, developing new businesses in the media content domain. She was then appointed president and representative director of DOCOMO gacco, Inc., in 2015. In 2017, she was appointed as executive vice president and representative director at Tower Records Japan Inc., and subsequently was appointed Chief Innovation Officer at TEPCO Ventures, Inc. She was named an outside director at TOMY Company, Ltd., in June 2020.

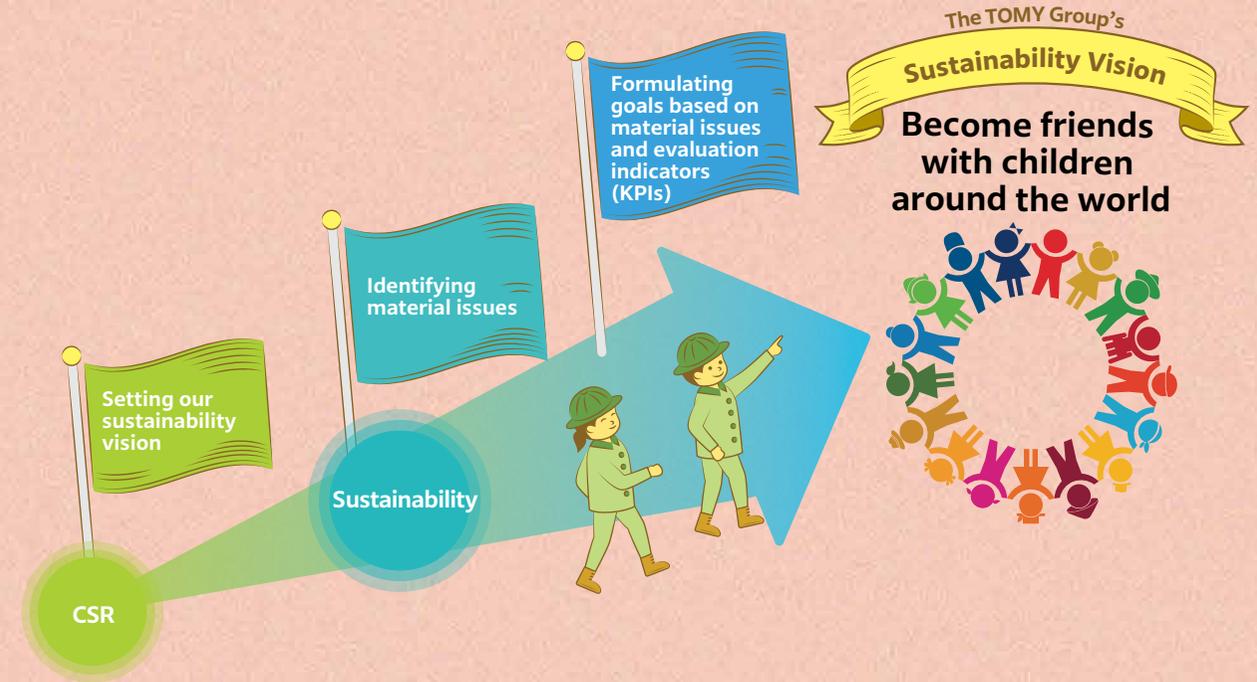
Sustainability

How to Achieve Our Sustainability?

TOMY Group's Sustainability

To create new value for all people around the world who love *asobi* and continue to deliver excitement, surprise, emotion and smiles, we promote sustainable business activities. We are pleased to share some of the initiatives we are pursuing in the areas of environment, society and governance to achieve our sustainability vision of “becoming friends with children around the world.”

“asobi” is a Japanese word for “play,” “amusement,” “diversion,” “pastime” and more.



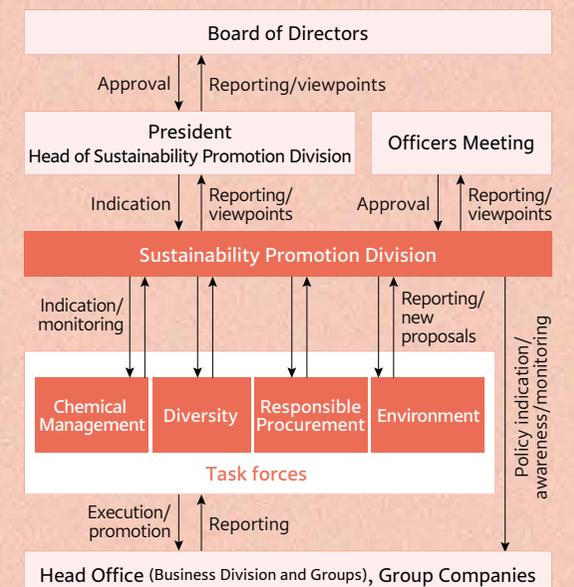
What the TOMY Group values in balancing the achievement of a sustainable society with the Group's growth

To achieve our sustainability vision of “becoming friends with children around the world,” the TOMY Group pursues initiatives that aim to strike a balance between achieving a sustainable society and the growth of the Group.

We will continue to promote sustainability and CSR initiatives so that the TOMY Group's businesses themselves can continue to create new value and deliver excitement, surprise, emotion and smiles to all people around the world who love *asobi*.

Sustainability and CSR Promotion System

As the chief executive, the President is responsible for TOMY Group sustainability. To promote sustainability management, under direct control of the President the Group has established the Sustainability Promotion Division, which creates policies and plans for sustainability and ESG issues, implements and monitors them, promotes them within the company, and discloses ESG-related information. For medium-term sustainability targets and KPIs requiring cross-departmental initiatives, the Sustainability Promotion Division establishes a relevant task force headed by an executive officer with diverse members from across the Group who execute, promote and offer new proposals for the initiatives. The progress of each task force is monitored at quarterly progress meetings, with reports and viewpoints provided regularly to representative directors, and submitted and discussed as necessary at board and officers meetings.



The TOMY Group has declared the sustainability vision of “becoming friends with children around the world,” and toward its realization, has begun taking action to achieve medium-term sustainability targets and KPIs (FY2021–2023) consistent with its eight material issues. In this section, we will share the progress and results we achieved in fiscal 2021 on these targets and the KPIs.

Details of progress toward and results of, the TOMY Group’s medium-term sustainability targets and KPIs are available on the website.
<https://www.takaratomy.co.jp/english/company/csr/story/2022/sustainabilityinitiatives2021.html>

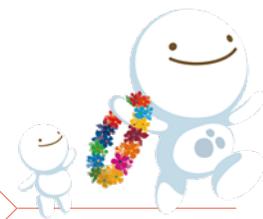


Medium-Term Sustainability Targets and KPIs (FY2021–2023) Progress and Results

Three pillars of social responsibility	Material issues	Medium-term sustainability targets and KPIs	Progress and Results of Fiscal 2021 Initiatives	Social responsibility through business
Pillar 1 Commitment to Quality Manufacturing Expand play for all to enjoy	1 Ensuring confidence, safety, and quality 2 Creating new products, services, and IP 3 Promoting universal design	<ul style="list-style-type: none"> Restructure the framework and methods for managing toxic chemical substances including during manufacturing Internal SDGs training to create ethical products and services: 100% of employees by the end of March 2024 	<ul style="list-style-type: none"> Formulated the TOMY Group Chemicals Management Policy and disclosed it P.28 Conducted sustainability and CSR training for all Group employees both inside and outside Japan. 	<p>Contribute to achieving all the SDGs both directly and indirectly</p>
Pillar 2 Sound Management Be proud role models	4 Organizational governance and communication with stakeholders 5 Active participation of diverse personnel 6 Responsible procurement	<ul style="list-style-type: none"> Establish and operate a committee focusing on sustainability management Internal training on corporate ethics: 100% of employees by the end of March 2024 Internal training on diversity: 100% of employees by the end of March 2024 20% female manager ratio* <small>*We have set a deadline of the end of March 2026 to coincide with our action plan based on Japan’s Act on Promotion of Women’s Participation and Advancement in the Workplace</small> Achieve and maintain the mandatory 2.3% employment ratio of persons with disabilities Conduct an employee engagement survey and identify any issues affecting work fulfillment Implement three activities 1) Build awareness of responsible procurement policies 2) Systematize responsible procurement management 3) Identify issues and sites with high CSR-related risks 	<ul style="list-style-type: none"> Established a promotion system and launched four theme-specific task forces. P.25 Conducted ethics training for all Japan Group employees. Conducted diversity training for all Japan Group employees ranked general manager and higher. Percentage of female managers at TOMY in Japan As of March 2021: 9.0% → As of April 2022: 12.9% P.30 Measures for the employment of people with disabilities are being prepared for the next fiscal year. Conducted an employee engagement survey for the Japan Group. P.31 1) Currently being prepared ahead of dissemination of the responsible procurement policy P.36 	
Pillar 3 Coexisting with Society and the Environment Protect the environment so children can smile in play 100 years from now	7 Environmental management 8 Encouraging education and culture through our business	<ul style="list-style-type: none"> Aim to reduce and recycle petroleum-derived plastics in packaging and products, begin demonstration verifications and disclose progress Formulate long-term CO2 reduction targets by March 2024 Restructure our group waste management framework 	<ul style="list-style-type: none"> Conducted R&D into recycling and new materials with the aim of reducing the use of petroleum-derived plastics. TOMY International Group has released products that use eco-friendly materials. P.33 Identified climate-related risks and opportunities and evaluated their financial impact (disclosures in line with the TCFD recommendations). P.34 Established a dedicated department to manage Group waste. 	



Initiatives to Address the Eight Material Issues



Ensuring Confidence, Safety, and Quality

Setting Independent Quality Standards That Are More Stringent Than Industry Safety Standards

The TOMY Group has formulated Product Safety and Quality Management Regulations and works to ensure safety and prevent problems throughout planning to production. To coincide with the global rollout of products, we carry out inspections based on the TOMY Group Product Quality Rules, original safety standards that are stricter than the toy industry safety standards represented by the ST Mark*.

We also conduct in-house inspections and utilize third-party testing to prevent the contamination of heavy metals and phthalate esters. In particular, to reduce and eliminate regulated hazardous substances from products shipped to Europe and the United States, the TOMY Group Product Quality Rules define appropriate chemical substance management methods in the manufacturing process. Meanwhile, the CSA (Chemical Safety Assessment), which applies to partner companies and factories involved in the manufacture of products, is performed on parts and raw materials. In May 2022, we established the TOMY Group Chemicals Management Policy and have been making efforts to manage hazardous chemical substances across the entire value chain, including during manufacturing.

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 Group Product Quality Rules were revised to reflect contemporary conditions in the 2022 edition issued in August 2022. 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.

*The ST mark can be placed on toys that have passed the ST standard compliance inspection performed by a designated inspection body. The mark is recommended by the industry to show that a toy has been made with careful attention to safety.

TOMY Group Chemicals Management Policy
https://www.takaratomy.co.jp/english/company/csr/products/safe_and_highquality.html#houshin

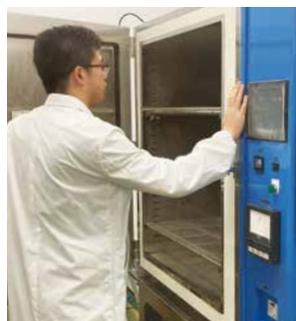


Training and Awareness-Raising for Employees Regarding Safety and Quality

We conduct "Safety Day" for all Group employees in Japan and overseas 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.

Gathering Feedback from Customers and Reflecting It in Future Products (After-Sales Service)

The TOMY Group Customer Service Department receives more than 200,000 consultations and inquiries annually (FY2021). The details are carefully recorded and analyzed, with all useful and important information provided as internal feedback. 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.



Conducting independent quality standards that are more stringent than toy industry safety standards



Creating New Products, Services, and IP

Expanding Operating Domains through the IP Business

The TOMY Group is enthusiastically working to create new IPs centered on appealing original content to reach a new customer base.

We are striving to create IPs as the original creator with the likes of RizSta-Top of Artists!, TOMICA Heroes Jobrabver-Specially-equipped combined robot and BOTTLEMAN DX, and have made progress expanding the IP business by developing and commercializing toys in-house, and licensing IPs for products and services other than toys.



Establishing and Enhancing the TOMY Brand

We have proactively acquired intellectual property rights regarding our own brand and products and are among the top companies in the industry in terms of the number of such applications filed. Acquiring intellectual property rights establishes and leads to the sustainable growth of brand value, including technologies and forms of play.

In addition, because activities that infringe upon TOMY's intellectual property rights, such as the manufacture or sale of counterfeit goods or the unauthorized posting of copyright works on social media, might damage brand value while also causing damage to customers through counterfeit goods, we regularly monitor e-commerce sites in Japan and overseas and take appropriate measures by exercising intellectual property rights.

© TOMY, OLM/RizSta,TV TOKYO

Column

Open Innovation! Toy ideas play an active role in space exploration!

SORA-Q, a Transformable Lunar Robot TOMY jointly developed with JAXA and others, is equipped on SLIM (Smart Lander for Investigating Moon) and is scheduled to acquire data on the lunar surface.

During development, the knowledge of miniaturization and weight reduction TOMY has accumulated in the creation of toys such as ZOIDS, TRANSFORMERS and Omnibot 17 Mju i-SOBOT, as well as technologies related to transforming mechanisms, was utilized.

SORA-Q is a Transformable Lunar Robot about 80 mm in diameter and weighing around 250 g. It will be ejected from SLIM in its spherical form, and after landing on the surface of the moon, will transform into a configuration that can drive over it. In addition, images taken with its built-in camera will be transmitted to earth via another probe.



Credit: JAXA / TOMY Company / Sony Group Corporation / Doshisha University



Image of SORA-Q landing on the lunar surface

Promoting Universal Design

Accessible-Design Toys That Anyone Can Enjoy

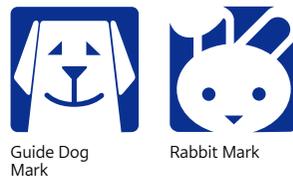
The TOMY Group began creating toys for children with disabilities in 1980 and later began developing Accessible-Design toys for the general market that could also be enjoyed by children with visual or hearing disabilities. At present, these activities have expanded to become initiatives that are implemented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

Accessible-Design toys incorporate innovations such as raised ON switches and audible indicators of status or movement for visually impaired children, and elements that enhance play through light, vibration, text, movement or pictures in addition to sound for hearing impaired children. 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" 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 online lectures for universities and other educational institutions.



© TOMY

coemo
Accessible-Design toys that sight-impaired children can also play with. coemo reads back to the user in a voice that sounds just like them. The buttons are raised in convex relief, and sound effects assist operation. The app that integrates with the toy also supports a screen reading feature so that users can rely on sound to operate it.



Guide Dog Mark

Rabbit Mark

Active Participation of Diverse Personnel

Striving to Achieve Diversity & Inclusion

In December 2021, the TOMY Group established the TOMY Group Diversity Policy. By actively working to develop a workplace environment in which a diverse range of people can fulfill their potential, we will provide society with products and services that put smiles on the faces of adults and children alike. As a part of our efforts to develop a workplace in which a diverse range of human resources can flourish, we have promoted the active participation of women from the perspective of gender diversity and formulated an action plan to improve the employment environment enabling women to succeed as managers. We have set a target of raising the percentage of managerial positions filled by women to

at least 20% by the end of March 2026. As a result of initiatives including roundtable discussions for female employees and training, the percentage of managerial positions filled by women at TOMY increased from 9.0% in March 2021 to 12.9% as of April 2022. In addition, since 2019 TOMY has been selected as a constituent of the MSCI Japan Empowering Women Index (WIN).

With the Diversity Taskforce playing a leading role, we will continue to promote initiatives with the aim of achieving diversity and inclusion.

TOMY Group Diversity Policy
https://www.takaratomy.co.jp/english/company/csr/work_style_reform/



Developing a Workplace Environment That Enables People to Continue to Work with Vitality

We have established work-life balance as a management strategy. To produce the most added value from individuals and organizations, we are developing a workplace environment that enables people to continue to work with vitality during the various stages of their lives. As one such initiative, we have established an extensive support system for employees. For instance, to ensure that employees who wish to take childcare leave can go on leave and return to the workplace with peace of mind, our in-house counselors explain how the scheme works

and provide pre-leave and pre-return consultations. As a result, in fiscal 2021, around 100% of eligible female employees at TOMY took childcare leave and subsequently returned, while 60% of eligible male employees took childcare leave, with 100% subsequently returning. With these results, we have achieved the goal in our action plan to have at least 30% of eligible male employees take childcare leave by the end of March 2026. We will continue to promote initiatives aimed at increasing the number of eligible male employees who plan to take childcare leave.

TOPICS

Conducting Employee Engagement Surveys

To create forms of *asobi* that respond to the diverse values of society, the TOMY Group recognizes the importance of respecting the individuality of diverse human resources and unleashing employee autonomy and creativity. In addition, based on the belief that strengthening two-way ties between individual employees and the company leads to improved productivity and business performance, in fiscal 2021 we conducted employee engagement surveys for the first time across the TOMY Group in Japan. We used these surveys to gauge employee engagement and stress, and to identify the TOMY Group's strengths and where there are issues with work fulfillment. The results of the surveys are also provided as feedback to individual employees and the organization. Through improvement actions in the future, we will work to create an environment in which each employee can demonstrate his/her potential and be more successful by working with greater vitality.



TOPICS

Inclusion in ESG-Related Indexes

The TOMY Group has been included in various stock indexes in recognition of its efforts in the areas of the environment, society and governance. The Group will continue contributing to the development of a sustainable society.

S&P/JPX Carbon Efficient Index
(selection continuously since June 2020)



MSCI Japan Empowering Women Index
(selected continuously since December 2019)

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

FTSE Blossom Japan Sector Relative Index
(selected since March 2022)



FTSE Blossom Japan Sector Relative Index

Note: The inclusion of TOMY Company, Ltd., in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of TOMY Company, Ltd., by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Note: FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that TOMY Company has become a constituent of the FTSE Blossom Japan Sector Relative Index as a result of an independent investigation. The FTSE Blossom Japan Sector Relative Index is widely used to create and assess sustainable investment funds and other products.

Human Resource Development Aimed at Enhancing Competitiveness

Ahead of the TOMY Group's 100th anniversary in 2024, we are establishing an educational system and conducting training to build the foundations for strengthening people and organizations in order to evolve the TOMY Group into a tougher corporate entity. In terms of mandatory training, we conduct tiered training based on position and role, from managerial-level employees to junior ranks, and conduct value chain training for newly hired employees. In fiscal 2021, to quickly develop management-level human resources, we conducted next-generation manager development training for division manager-level employees and next-generation leader development training for

departmental and section manager-level employees. We also offer various skill improvement training on an elective basis and help employees develop their skills by subsidizing TOEIC test taking and correspondence courses. In addition, the TOMY Group conducts Toy Technology Workshops to equip the next generation with expertise that tends to become tacit knowledge, such as considerations of toy structure and technologies related to molds. We have also developed multilingual technical glossaries and checklists, and have created, shared and utilized the TOMY Toy Technology Thinktank booklet that compiles the expertise and other information needed when launching a production site.

TOMY International Group Established the DEI Committee

TOMY International, which is responsible for our overseas business, established the DEI Committee as an employee initiative in 2020. DEI stands for Diversity, Equity and Inclusion and while extending well beyond national boundaries, this initiative is centered in the U.S., U.K., and Europe.

Drawing from an internal survey aimed at further reinforcing DEI activities, the DEI Committee identified the following four pillars with advice from an outside consulting firm.

- 1) Communications
- 2) Philanthropy and Sponsorship
- 3) Talent Recruitment, Retention and Mentorship
- 4) Employee Training and Engagement

DEI is an ongoing journey, and we are on that development path now. We are committed to putting DEI at the center of our organization by embedding DEI throughout the employee experience, and also that of both our consumers and stakeholders.

Initiatives of the DEI Committee

https://www.takaratomy.co.jp/english/company/csr/story/2022/ti_dei_initiatives.html



- 1) Communications: The DEI Committee publishes an internal monthly DEI newsletter featuring DEI topics.



Environmental Management

Initiatives to Reduce the Impact on the Environment through Business Activities

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. In logistics, we are striving to mitigate environmental burdens through efforts to reduce the amount of cardboard and cushioning materials used while utilizing 100% recycled paper for cushioning materials and foldable containers that can be used repeatedly, as well as sharing transportation with different industries.



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

Development of Eco-Friendly Products

The TOMY Group makes effective use of resources and strives to develop products that are considerate of the environment.

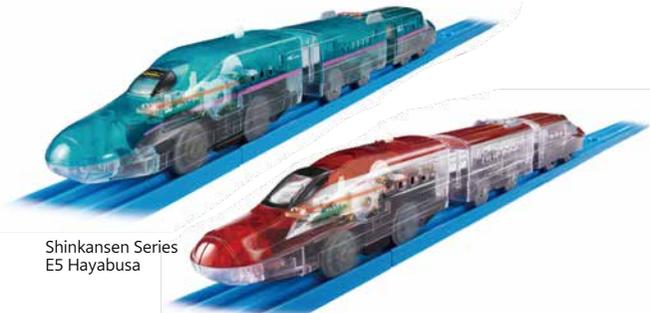
“Eco-Friendly toys” are products that have cleared one or more of the nine environmentally conscious “Eco-Friendly toys standards” established by the Group-wide Eco-Friendly Toys Committee with advice from third-party institutions. The “Eco-Friendly toys” mark is displayed on packaging to communicate environmentally friendly efforts to customers in an easily understandable way to spread green procurement initiatives in the toy market.



GreenGrown
TOMY International Group has released eco-friendly products that use non-petroleum-derived materials.



PLARAIL
No batteries needed, all aboard! Te-cology Charge Roll back and forth by hand to charge without batteries for electric driving! This is a mechanism that charges the toy through the rotation of its wheels when the vehicle is rolled back and forth. Children can feel the joy of creating energy on their own.



Shinkansen Series E5 Hayabusa

Shinkansen Series E6 Komachi

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“PLARAIL” is a registered trademark of TOMY Company, Ltd. Product commercialization licensed by JR East



ECO Mark



Eco-Friendly Toy Mark



PLARAIL Eco Curved Rail

© TOMY

Eco Mark
Ahead of other companies in the industry, TOMY was the first to obtain the Eco Mark for a toy. The Eco Mark is applied to products certified by the Japan Environmental Association Eco Mark Office as benefiting environmental conservation. The mark is designed to make it easier for customers who wish to live in eco-friendly ways to choose products.

Climate Change Initiatives (Responding to the TCFD Recommendations)

The TOMY Group recognizes that climate change is an important matter that affects the Group's business. Based on the TCFD* recommendations, the Group has made disclosures about governance, strategy (risks and opportunities), risk management, and metrics and targets. We will continue to proactively respond to climate change to achieve our sustainability vision.

*Task Force on Climate-related Financial Disclosures

Governance

Sustainability-related initiatives, which include the TOMY Group's action on climate change, are primarily overseen by the Sustainability Promotion Division with ultimate responsibility resting with the President. An Environment Task Force made up of a supervising executive officer and a diverse range of members from across the Group implements and promotes initiatives and develops new proposals. The progress of the task force's activities is monitored at regular quarterly meetings. Reports and recommendations are periodically made to representative directors, and matters are reported to, recommended and discussed at meetings of the Board of Directors or the Officers Meeting as necessary.

Strategy (risks and opportunities)

Our Group has identified the following risks and opportunities arising from climate change and its various collateral effects. Moving forward, the cross-departmental Environment Task Force within the Sustainability Promotion Division will take the lead in discussing the impacts on our business and planning strategies from a medium- to long-term perspective.

Factors that may potentially impact the TOMY Group (as of March 2022)

Transition risks	Physical risks	Opportunities
<ul style="list-style-type: none"> Transition from plastic to alternative materials as the primary raw material for toys SkYROCKETING energy and distribution prices Adjustments to the supply chain (product design, manufacturing processes) Decreased popularity of toys primarily made of plastic 	<ul style="list-style-type: none"> Ceased operation of Group bases or partners due to natural disasters Disrupted distribution networks due to natural disasters (loss of sales opportunities, increased cost of alternative distribution methods) Reduced child and other customer footfall at stores and events due to increase of extremely hot days Change of suppliers or company bases due to rising sea levels 	<ul style="list-style-type: none"> Competitive advantage from success in converting to alternative materials with low environmental impact Greater support and affinity for Eco Toys and education for future generations due to increased customer awareness of sustainability Increased sales via our online store and greater opportunities to acquire new customers through more digital events Success in addressing environmental issues through environmental management; improved corporate value through greater disclosure Avoidance of physical risk through improved adaptability to natural disasters

Check detailed information about climate change here.

The TOMY Group makes disclosures based on the TCFD recommendations.

https://www.takaratomy.co.jp/english/company/csr/environment/climate_change.html



Check the implementation status of the Climate Change Workshops here.

https://www.takaratomy.co.jp/english/company/csr/story/2022/climatechange_workshop.html



Risk Management

The TOMY Group examines risks related to climate change and other environmental issues through the Sustainability Promotion Division's cross-departmental Environment Task Force to establish strategies and share them with business divisions and Group companies.

Metrics and Targets

The TOMY Group calculates and manages scope 1 and 2 emissions. Furthermore, we are formulating medium- to long-term CO₂ emission reduction targets to be set with our new medium-term management plan.

Financial impact assessment based on scenario analyses

The TOMY Group performs scenario analyses to investigate risks and opportunities with high materiality and the potential impacts these may have, as well as to assess Group business and strategy resilience in 2030. In our scenario analysis, we referenced multiple published scenarios* and considered the impact on the TOMY Group in 2030 for an average temperature increase of 1.5°C by 2100 (1.5°C scenario) and a rise of 4°C (4°C scenario).

*Scenarios published by the Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA), etc.

Results of risk and opportunity financial impact assessment

Transitional risks	Overview of potential impacts	Impact on business		Example current or potential initiatives
		1.5°C scenario	4°C scenario	
Transition from plastic to alternative materials as the primary raw material for toys	Stronger regulations on plastic and recycling; stronger demand for information disclosure; financial penalties for insufficient regulatory compliance; transition to alternatives to plastic, the primary raw material for toys	Medium	Medium	<ul style="list-style-type: none"> Investigating alternatives to petroleum-based plastics Reducing plastic waste
SkYROCKETING energy and distribution prices	Introduction of carbon taxes or emissions trading schemes; steep rises in prices of petroleum-based plastics and other raw materials, energy or distribution	Low	High	<ul style="list-style-type: none"> Engaging in strategies to manage and reduce CO₂ emissions Investigating alternative materials
Adjustments to the supply chain (product design, manufacturing processes)	Supply chain changes (product design, manufacturing processes) that become necessary in the course of decarbonization or the transition away from petroleum-based plastics; loss of potential opportunities for new product sales due to channel shift (expansion of used goods markets)	High	High	<ul style="list-style-type: none"> Investigating alternatives to petroleum-based plastics, and easily -recyclable product designs Expanding customer base into new segments
Decreased popularity of toys primarily made of plastic	Loss of opportunities if we do not meet rising demands from licensors or distributors; poorer reputation with consumers from utilizing plastic as a raw material; less interest in TOMY from investors or financial institutions who support decarbonization and transitioning away from petroleum-based plastics	High	Low	<ul style="list-style-type: none"> Promoting responsible procurement Investigating alternatives to petroleum-based plastics Disclosing more information about decarbonization and transitioning away from petroleum-based plastics

Physical risks	Overview of potential impacts	Impact on business		Example current or potential initiatives
		1.5°C scenario	4°C scenario	
Ceased operation of Group bases or partners due to natural disasters	Damage to our bases caused by natural disasters; impact on our contractors caused by natural disasters	Medium	High	<ul style="list-style-type: none"> Updating our Group BCP and measures for our bases and contractors that may potentially be impacted
Disrupted distribution networks due to natural disasters (loss of sales opportunities, increased cost of alternative distribution methods)	Disruption to distribution networks (loss of sales opportunities, increased costs of alternative distribution methods) caused by natural disasters; loss of sales opportunities due to ceased operations caused by natural disasters	Medium	Medium	<ul style="list-style-type: none"> Further strengthening our BCP for distribution and retail stores Expanding online store operations
Reduced child and other customer footfall at stores and events due to increase of extremely hot days	Increased costs to maintain product quality as temperatures rise; decreased child and other customer footfall at stores and events due to increase of extremely hot days; impact of extreme heat on employees	Medium	Medium	<ul style="list-style-type: none"> Improving measures at events for extremely hot days to further assure safety Investigating heat-resistant alternative materials for maintaining product quality as temperatures rise
Reconsideration of suppliers or company bases due to rising sea levels	Reconsideration of suppliers or company bases	Low	Low	<ul style="list-style-type: none"> Reconsidering the location of bases that could be potentially impacted by rising sea levels

Opportunities	Overview of potential impacts	Impact on business		Example current or potential initiatives
		1.5°C scenario	4°C scenario	
Competitive advantage from success in converting to alternative materials with low environmental impact	Comprehensive energy conservation; conversion to renewable energy sources; improved competitive advantage by establishing ourselves as an environmentally-conscious brand	High	Low	<ul style="list-style-type: none"> Investigating alternatives to petroleum-based plastics Promoting further energy conservation; converting to renewable energy sources
Greater support and affinity for Eco Toys and education for future generations due to increased customer awareness of sustainability	Expansion of markets for new products and services with the shift toward environmentally-conscious lifestyles; increased sales of products that are adapted to climate change; expansion of education-related markets	High	Medium	<ul style="list-style-type: none"> Providing services suited to changes in consumer lifestyles, and improving lifetime value Further expanding environmentally-friendly product and service ranges
Increased sales via our online store and greater opportunities to acquire new customers through more digital events	Improved cost structure and decreased environmental impact by changing our business model	Medium	Medium	<ul style="list-style-type: none"> Expanding online store operations and reexamining overall business structure Exploring the option of digital events
Success in addressing environmental issues through environmental management; improved corporate value through greater disclosure	Success in addressing environmental issues through environmental management; improved corporate value through greater disclosure; decreased costs through operating our business by leveraging hybrid working styles; improved productivity	High	Medium	<ul style="list-style-type: none"> Promoting environmental management
Avoidance of physical risk through improved adaptability to natural disasters	Avoidance of physical risk through improved adaptability to natural disasters	High	Medium	<ul style="list-style-type: none"> Updating our Group BCP and measures for our bases that may potentially be impacted

Impact levels

Low: May potentially have a small impact on Group operations or finances

Medium: May potentially have a somewhat larger impact on Group operations or finances

High: May potentially have a large impact on Group operations or finances

*This contains accounts relating to the future of the TOMY Group, including current forecasts, targets, plans and strategies, which are made based on assumptions at the time analyses are performed. Various factors such as national policies in different countries, international circumstances, or social unrest may cause actual results to greatly differ from these forecasts. They are not a commitment to nor guarantee of actual Group performance or business development in the future.

Responsible Procurement

Building a Supply Chain That Considers the Impact on Society

The TOMY Group strives to provide safe, high-quality products while also 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

accordingly in fiscal 2019. We also formulated the TOMY Group Responsible Procurement Guidelines in May 2020.

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.

Check the TOMY Group Responsible Procurement Guidelines here.
https://www.takaratomy.co.jp/english/company/csr/supply_chain/responsible_procurement.html



TOMY Hong Kong Initiatives

TOMY Hong Kong manages the production of products for customers (licensors) that have particularly strict codes of conduct as well as products bound for the U.S., 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, and addresses environmental sustainability. Actual audits are conducted based on the TOMY COC Program and incorporate processes including kickoff meetings, facility visits, employee interviews, document surveys and final meetings.

TOPICS

Overview of the United Nations Global Compact

In May 2021, the TOMY Group indicated its support for the United Nations Global Compact, the international framework for the global community to achieve sustainable growth. The Group will promote initiatives to achieve the 10 principles of the Global Compact that cover the areas of human rights, labour, the environment and anti-corruption.



The 10 Principles of the United Nations Global Compact

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. Principle 2: Make sure that they are not complicit in human right abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. Principle 4: The elimination of all forms of forced and compulsory labour. Principle 5: The effective abolition of child labour. Principle 6: The elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges. Principle 8: Undertake initiatives to promote greater environmental responsibility. Principle 9: Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Encouraging Education and Culture through Our Business

Next-Generation Education Support Activities

The TOMY Group engages in efforts to support the education of the next generation, including online classes for elementary and junior high school students, and university lectures. These efforts have been highly regarded by schools as opportunities to cultivate children's awareness and vocational outlooks regarding the environment and an inclusive society. Cumulatively, approximately 80,000 children have participated in these experiences (as of March 2022).

In addition, since 2017 we have been working on the GAME OF LIFE Project for Everyone, an initiative to contribute to regional revitalization in cooperation with schools, companies, local governments and other

entities. In response to the Sustainable Development Goals (SDGs) being incorporated into the educational guidelines for mandatory education from 2020 onward, the GAME OF LIFE has been utilized as an SDG educational material, evolving into an activity fostering leaders in the SDGs. Even during the COVID-19 pandemic, improvements have been made to the program details, with simultaneous interactive online lessons being conducted nationwide. We contribute to Sustainable Development Goals 4, "Quality education," and 17, "Partnership for the goals," and make every effort to facilitate the development of SDG leaders through toys.



New employees and supervising employees act as instructors to conduct online lessons



Community Support Activities Overseas

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

In the U.K., 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 U.S., 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.



ToyTrust Event in 2022 (Dragon Boats Racing)
 ToyTrust is the charity of the U.K. toy industry. The money raised helps disadvantaged children and their families with donations and provides emergency funding through events.

Organizational Governance and Communication with Stakeholders

Business Continuity Planning (BCP) / Initiatives of Each Company

TOMY Group

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 has established a mechanism whereby the safety status of employees and their families can be confirmed as quickly as possible. We also try to make sure each employee knows how to act appropriately in emergency situations by conducting disaster response training and distributing emergency stocks.

TOMY Marketing

How to ensure that logistics functions continue not only during a major disaster but also during normal operations is an important issue for business continuity.

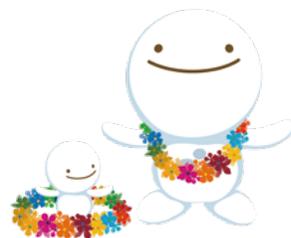
TOMY MARKETING COMPANY, LTD., which handles product sorting, packaging, warehouse receiving and dispatch, transportation and inventory storage, endeavors to mitigate the risks of shipment stoppages through functional enhancements and overhauling of material handling operations involving machine-based conveyance, loading and unloading. An inter-departmental project made up of members from

logistics, sales and management has been formed to further review the business continuity plan (BCP) in response to the COVID-19 pandemic. Specifically, to prepare for a disaster occurring during the COVID-19 pandemic when there are restrictions to the number of people attending work, different disaster response structures based on employee attendance patterns were developed. This has eliminated issues caused by the people responsible for evacuation guidance, firefighting operations or other operations being absent while working from home.

KIDDY LAND

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 many store employees, we formulated a 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.



Novel Coronavirus Response

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.

Under endemic COVID-19 conditions, we have continued to implement telework and staggered working hours, reducing the ratio of employees who are required to commute to work. In addition, since July 2021 we have continued to implement workplace vaccinations as a measure to prevent COVID-19

infections, thus helping to speed up the rate of vaccination in the community.

We are also conducting a variety of measures aimed at preventing the spread of COVID-19 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 between cashiers and customers.



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

Compliance Promotion

TOMY Group Code of Business Conduct

The TOMY Group has established the TOMY Group Code of Business Conduct based on its Founding Philosophy, Corporate Mission, Corporate Guidelines and Code of Conduct to ensure more appropriate conduct. In addition to observing requirements such as the Founding Philosophy, the TOMY Group Code of Business Conduct conveys the basic spirit that we must never act in a way that presents adults in an unseemly light, to be a company that children, our most important customers, continue to look up to. Educational materials

on the TOMY Group Code of Business Conduct have been prepared in seven languages to ensure accurate understanding on the part of officers and employees at all Group companies. We also provide offline and e-learning-based training on the Code. In addition, we conduct awareness-raising activities to encourage employees to consult with superiors and related departments or utilize the TOMY Group Hotline regarding violations or possible violations of laws, internal regulations or the TOMY Group Code of Business Conduct.

Compliance Training

The TOMY Group has established "Think about Compliance Day" as part of awareness-raising activities aimed at all officers and employees. This day is designed for domestic Group officers and employees to reaffirm the importance of compliance and share the details, causes and countermeasures to implement in the event a compliance issue occurs. Since fiscal 2019, Think about Compliance Day has been conducted by streaming video and conducting e-learning to prevent the spread of COVID-19.

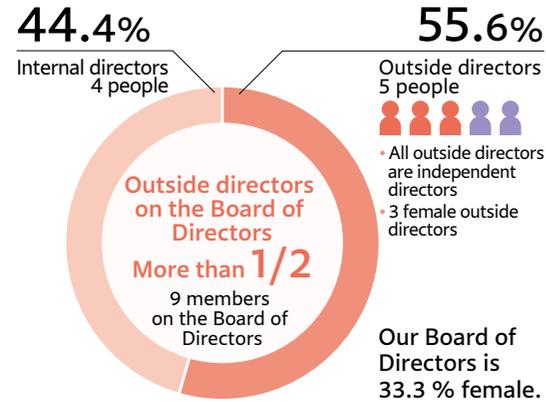
TOMY has also introduced a compliance leader system with the aim of further enhancing awareness of compliance and establishing a compliance structure. With an outside director who is an attorney at law acting as instructor, training is provided to compliance promotion leaders selected from Japan Group

companies regarding the laws, regulations and other requirements that need to be observed. In addition, in fiscal 2021, we recommended that compliance leaders acquire certified harassment counselor qualifications and we worked to expand consultation services as required by the Harassment Prevention Act that went into effect in June 2020. An annual action plan was formulated based on themes including harassment and compliance associated with telework during the COVID-19 pandemic, and the results of activities at each workplace were reported on "Compliance Awareness Day." Other efforts such as putting up posters at Japan Group companies and distributing e-mail newsletters were also implemented to steadily raise awareness about compliance.

Promoting Transparent Management

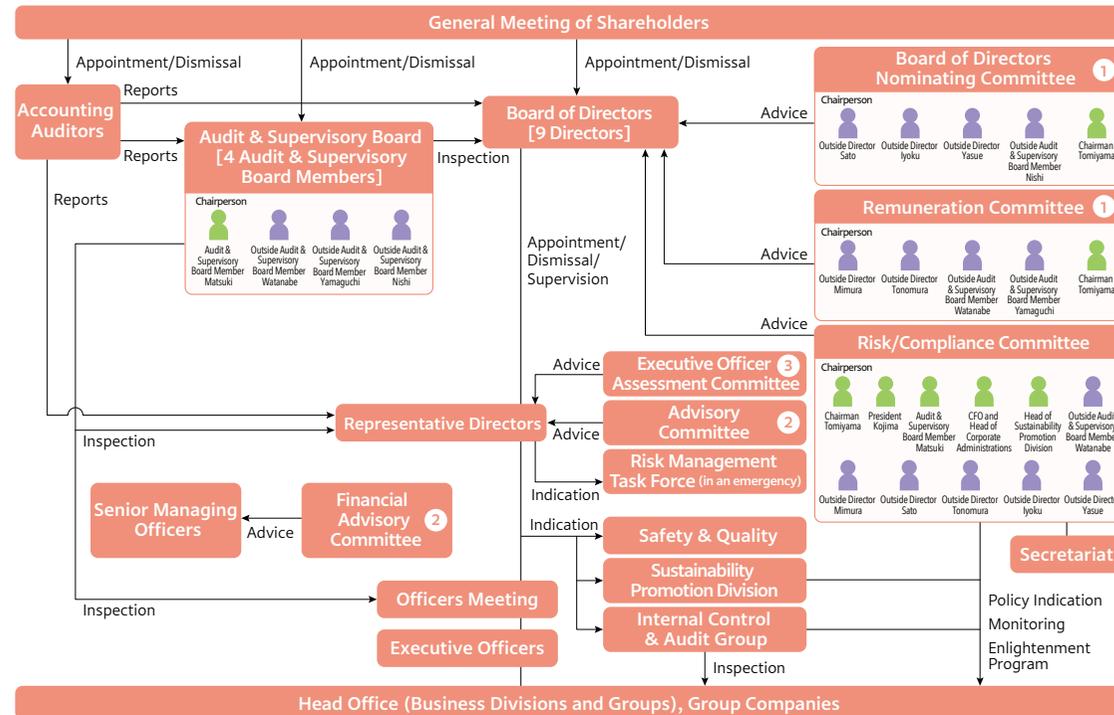
Three Distinctive Features of TOMY Corporate Governance

- Most of our directors are outside directors, and 33.3% are women**
All outside directors are independent directors.
- TOMY has a Board of Directors Nominating Committee and a Remuneration Committee**
The Board of Directors 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**
We have established a dedicated department to manage and support Group companies based on internal regulations depending on their specific operations and circumstances. We have also established systems to support supervision and business execution, such as providing outside officers with the necessary information and assigning full-time employees to assist Audit & Supervisory Board members in their duties.



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

Please refer to the report posted on the official TOMY website for the status (summary) of the response to items required to be disclosed in the Corporate Governance Report.

Latest version of the Corporate Governance Report. www.takaratomy.co.jp/company/pdf/gov_report.pdf

Management Monitoring System

1. Board of Directors Nominating Committee/Remuneration Committee

Composed of outside Directors and/or outside Audit & Supervisory Board Members, the Board of Directors Nominating Committee and the Remuneration Committee were established as advisory bodies to the Board of Directors and are requested to provide proposals and counsel regarding policies relating to Director assessments, appointment and remuneration.

The Board of Directors Nominating Committee comprises three independent outside directors, one independent outside Audit & Supervisory Board member and one internal director. The Remuneration Committee comprises two independent outside directors, two independent outside Audit & Supervisory Board members and one internal director.

2. 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.

3. 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.

Please refer to the official TOMY website below for details on the activities of each committee. www.takaratomy.co.jp/english/company/csr/organizational_governance/system1.html

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

Corporate Planning Division staff inform outside directors and outside Audit & Supervisory Board members of Board of Directors meetings, provide advance briefings on outlines of proposals to the extent possible and provide other necessary information. TOMY has assigned an employee whose full-time job is to assist Audit & Supervisory Board

members in their duties. We have also established departments related to Group management that provide the necessary management and guidance in accordance with internal regulations based on the characteristics and status of each Group company. TOMY has established systems to support oversight and business execution.

Appointment and Dismissal of Senior Management by the Board of Directors, and Nomination of Candidate Directors and Audit & Supervisory Board Members

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 Nominating Committee, which is

made up of outside directors and outside Audit & Supervisory Board members, has been established as an advisory body to the Board of Directors. The committee makes recommendations and provides advice based 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 Directors Nominating Committee as discussed at 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 &

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 Directors 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.

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.

Policy on Nominating Board Director and Auditor Candidates

We recognize the importance of securing diverse perspectives in corporate management to promote the development and globalization of our business and ensure appropriate supervision and auditing. To that end, when nominating board director and auditor candidates, it is our policy to consider overall balance and diversity when selecting from those candidates

who have management skills and the wide-ranging experience necessary for decision-making, and who fulfill the following requirements. In addition, at least 50% are appointed as independent directors and auditors to improve the transparency and independence of the Board of Directors and Audit & Supervisory Board.

Director Skill Matrix

	Gender	Expertise and experience									
		Management & business strategy	Toy & entertainment business	Innovation & new business	Global business	IP brand business	DX	Finance & accounting	Law, compliance & corporate ethics	HR, labor & human resources development	ESG & sustainability
Representative Director, Chairman & CEO Kantaro Tomiyama	M	●	●	●	●	●			●	●	●
Representative Director, President & COO Kazuhiro Kojima	M	●	●	●	●			●	●		●
Managing Director Akio Tomiyama	M	●	●	●	●	●	●				●
Board Director (part-time) Hiroyuki Usami	M	●	●	●	●	●					
Board Director (outside) Mariko Mimura	F	●			●				●		●
Board Director (outside) Fumitoshi Sato	M	●						●		●	●
Board Director (outside) Shinichi Tonomura	M	●		●	●		●				
Board Director (outside) Miwako Iyoku	F	●	●	●			●				
Board Director (outside) Reiko Yasue	F	●		●	●		●				

Notes: 1. For outside directors, up to four areas have been marked with a ● to indicate those where, out of all the directors' skills, they are expected to particularly utilize their wealth of experience and knowledge. The chart does not indicate all the knowledge and experience possessed by each outside director.
2. IP (intellectual property): In the entertainment industry, intellectual property rights are used to represent titles and characters.

Board of Directors Effectiveness Evaluation and Process

At least once a year, TOMY distributes questionnaires on the overall effectiveness of the Board of Directors to its constituent members to conduct a self-evaluation. The Risk/Compliance Committee, an advisory body to the Board of Directors, engages in discussions based on the results of the responses to the questionnaire. The evaluation results and issues are then shared at subsequent Board of Directors meetings, leading to improvements that will enhance the effectiveness of the Board. The results have confirmed that diversity of the members of the Board has been ensured with respect to its effectiveness, that directors and Audit & Supervisory Board members each actively engage in discussions, and that a system has been developed to approve key management matters and oversee business execution appropriately. In addition, the results appraise that TOMY has formulated and is managing the progress

of a medium-term management plan that helps enhance corporate value, that active information disclosures are being carried out and that internal control systems have been put in place. However, the results have also identified issues, including the need to expand discussions regarding issues such as medium- to long-term management strategy and risk management, the need to enhance monitoring functions, the promotion of digital transformation (DX) and the formulation of plans to cultivate top management. TOMY will pursue initiatives aimed at ensuring the further effectiveness of the Board of Directors while taking these issues into account.

December 2021–January 2022	Questionnaires distributed
March 2022	Responses to questionnaires collected and discussed by the Risk/Compliance Committee
May 2022	Reported to the Board of Directors

Remuneration

Basic Policy on Remuneration for Directors

TOMY's basic policy on remuneration for directors holds that compensation should be linked to business results and enhancement of corporate value in the medium to long term, that the compensation system should be designed to share value with shareholders, that compensation levels should be determined by taking the levels at other companies into account, and that compensation should be determined after a process that is objective and transparent to stakeholders. In addition, the Remuneration Committee

deliberates over the amounts and details of individual compensation and reports to the Board of Directors for resolution. The Remuneration Committee is chaired by an outside director and comprises five members including the chairperson. Except for the inside director in charge of governance, all members of the committee are independent outside directors and outside Audit & Supervisory Board members. This structure has been adopted to ensure objectivity and transparency in the determination of officer compensation.

Remuneration Structure and Levels

The remuneration of executive directors excluding outside directors is made up of fixed basic compensation, performance-linked compensation as officer bonuses and stock-based compensation as non-monetary remuneration. Regarding stock-based compensation, the stock-based compensation stock option system was eliminated by a resolution of the 70th Ordinary General Meeting of Shareholders held on June 23, 2021. At the same time, a performance-linked stock-based compensation system was introduced with the aim of raising directors' motivation to contribute to improved business performance

and enhanced corporate value in the medium to long term by further clarifying the link between the directors' compensation and the Company's business performance and share prices and having directors share the benefits and risks of share price fluctuations with shareholders. The details of each element making up compensation are as follows.

1. Fixed compensation

For basic compensation, the amount is determined based on the position and responsibilities of the officer and paid as fixed monetary compensation monthly.

2. Performance-linked compensation

For officer bonuses, performance-linked compensation reflecting key performance indicators (KPIs) is paid as monetary compensation to raise directors' motivation to improve business performance for each fiscal year. Profit attributable to owners of parent in the consolidated income statement for the fiscal year is multiplied by a certain rate, and a cash bonus is calculated depending on the level of achievement of consolidated ordinary profit. The bonus is paid at a certain time after the end of the fiscal year in question. KPIs, targets and results (each on a consolidated basis) related to officer bonuses for the fiscal year ended March 31, 2021, are as follows.

Business performance indicators	Year ended March 31, 2022	
	Targets	Results
Consolidated ordinary profit	¥7.6 billion	¥12.6 billion
Profit attributable to owners of parent	¥6.5 billion	¥9.1 billion

3. Stock-based compensation

From fiscal 2021, the TOMY Group introduced a performance-linked stock-based compensation system for directors (excluding outside directors and part-time directors). The purpose of the system

is to increase directors' motivation to contribute to improved business results and enhanced corporate value in the medium to long term by further clarifying the link between directors' compensation and the Company's business performance and share prices and having directors share the benefits and risks of share price fluctuations with shareholders. Note that the performance-linked indicator used in the first applicable period of this system (the three-year period from the fiscal year ending March 31, 2022, to the fiscal year ending March 31, 2024) will be the consolidated return on equity set as a target in the medium-term management plan.

Outside directors are paid only basic compensation, from the perspective of their roles and in the interests of independence. The compensation of Audit & Supervisory Board members comprises basic compensation only, from the perspective of emphasizing independence and objectivity regarding management, and the compensation amount of each Audit & Supervisory Board member is determined through discussions among the members. Compensation levels are set appropriately, informed by objective compensation market research data provided by outside professional organizations.

Total Amount of Compensation for Each Director Category, Type of Compensation and Number of Applicable Directors (in the fiscal year ended March 31, 2022)

Officer category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)					Number of eligible officers
		Fixed compensation	Performance-linked compensation	Non-performance linked compensation	Compensation listed on the left that is non-monetary compensation	Number of eligible officers	
		Basic compensation	Officer bonuses	Performance-based stock compensation	Stock options		
Directors (excluding outside directors)	424	160	191	65	8	73	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	17	17	-	-	-	-	1
Outside directors	52	52	-	-	-	-	6
Outside Audit & Supervisory Board members	26	26	-	-	-	-	3
Total	521	256	191	65	8	73	15

Decision-Making Authority Regarding Officer Compensation and Policies for Determining the Method of Its Calculation

The Remuneration Committee deliberates over the amounts and details of individual compensation and reports to the Board of Directors for resolution. The Remuneration Committee is chaired by an outside director and comprises five members including the chairperson. Except for the inside director in charge of governance, all members of the committee are

independent outside directors and outside Audit & Supervisory Board members. This structure has been adopted to ensure objectivity and transparency in the determination of officer compensation. In fiscal 2020, the Remuneration Committee convened three times. The main details of the Committee's deliberations are as follows.

Date of committee meeting	Details of deliberations
April 2021	Introduction of a performance-based stock compensation system through a trust
April 2021	Amount of officer bonuses, etc., based on fiscal 2020 results, amount of monthly officer compensation in fiscal 2021, etc.
January 2022	Director positions and amount of monthly compensation, etc.

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 (TDnet) system 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, sustainability, CSR and other efforts through shareholder newsletters.

Risk Management

The following major risks could impact the operating results or financial position of the TOMY Group. The Group is striving to strengthen its risk management system, including risk avoidance and responses in the event of risk occurrence based on a recognition of the likelihood of each risk occurring.

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

Risk Management

TOMY has developed a Company-wide risk management system integrated with internal control. The system comprises the Risk/Compliance Committee and the department responsible for internal control. The Risk/Compliance Committee is chaired by the Company's representative director and is made up of outside directors and Audit & Supervisory Board members (more than half of whom are independent members) and was established to enhance and thoroughly implement the Company's compliance and risk management systems. The Committee deliberates key issues related to risks and compliance, with systems in place to report the results to the Board of Directors. In addition, the department responsible for internal control and the department responsible for internal audits, organizations that fall directly under the jurisdiction of the representative director, audit the compliance status of TOMY and the TOMY Group and report to the representative

director and Audit & Supervisory Board as needed. On compliance, risk and information management, we have developed related regulations common across the Group. At the same time, we have worked to foster a Group-wide awareness of compliance and establish a risk management system from a Company-wide perspective, with the Risk/Compliance Committee and department responsible for internal control playing central roles. In addition, TOMY has a system in place to promptly set up a Risk Management Task Force when an unforeseen situation occurs to take swift and appropriate action, minimize losses and damage, and institute recurrence prevention measures. In terms of product safety, we have established the Safety and Quality Assurance Group, which works to strengthen processes to provide high-quality products that offer peace of mind. We respond to social issues and corporate ethics matters related to sustainability primarily through the Sustainability Promotion Division.

Continuation of Anti-Takeover Measures

TOMY received shareholder approval at the 71st Ordinary General Meeting of Shareholders held on June 22, 2022, regarding 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, 2022.

<https://ssl4.eir-parts.net/doc/7867/tdnet/2114714/00.pdf>

- 1) A person (hereinafter, “the purchaser”) seeking to purchase share certificates, etc., issued by the Company that would result in holding 20% or more of said certificates (hereinafter, “large-scale purchase”) shall provide the Company with information regarding the large-scale purchase in advance, as a general rule within 60 days (extended up to 30 days in total) of the Company’s Board of Directors presenting a list of the required information to the purchaser.
- 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 can request the submission of 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, if the special committee invokes its right to seek approval from the General Meeting of Shareholders regarding 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’s 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 22, 2022)



Kantaro Tomiyama
Representative Director,
Chairman & CEO



Kazuhiro Kojima
Representative Director,
President & COO



Akio Tomiyama
Managing Director
Chief Head of Business Headquarters
& Head of Global Business



Hiroyuki Usami
Board Director (part-time)





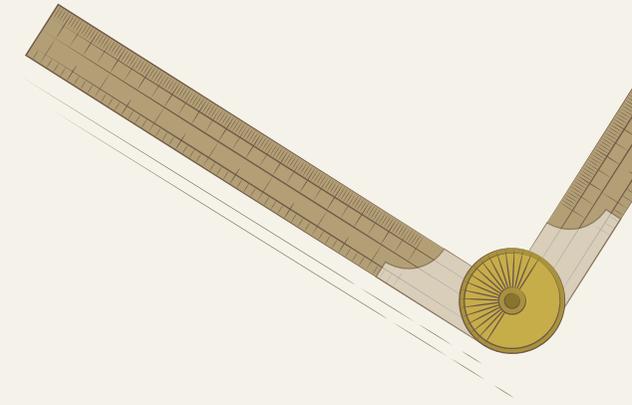
Mariko Mimura
Board Director
(outside)



Fumitoshi Sato
Board Director
(outside)



Hajime Matsuki
Audit & Supervisory Board Member



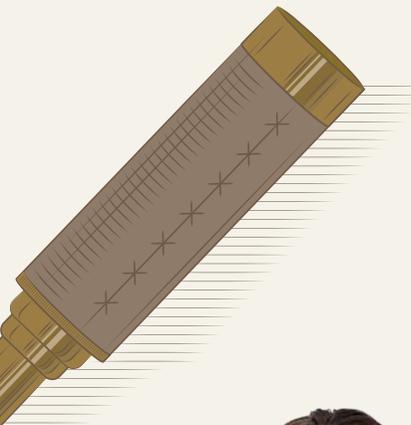
Shinichi Tonomura
Board Director
(outside)



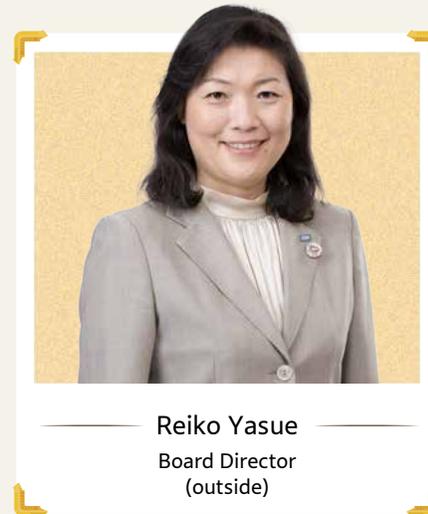
Yuji Yamaguchi
Audit & Supervisory Board Member
(outside)



Koichiro Watanabe
Audit & Supervisory Board Member
(outside)



Miwako Iyoku
Board Director
(outside)

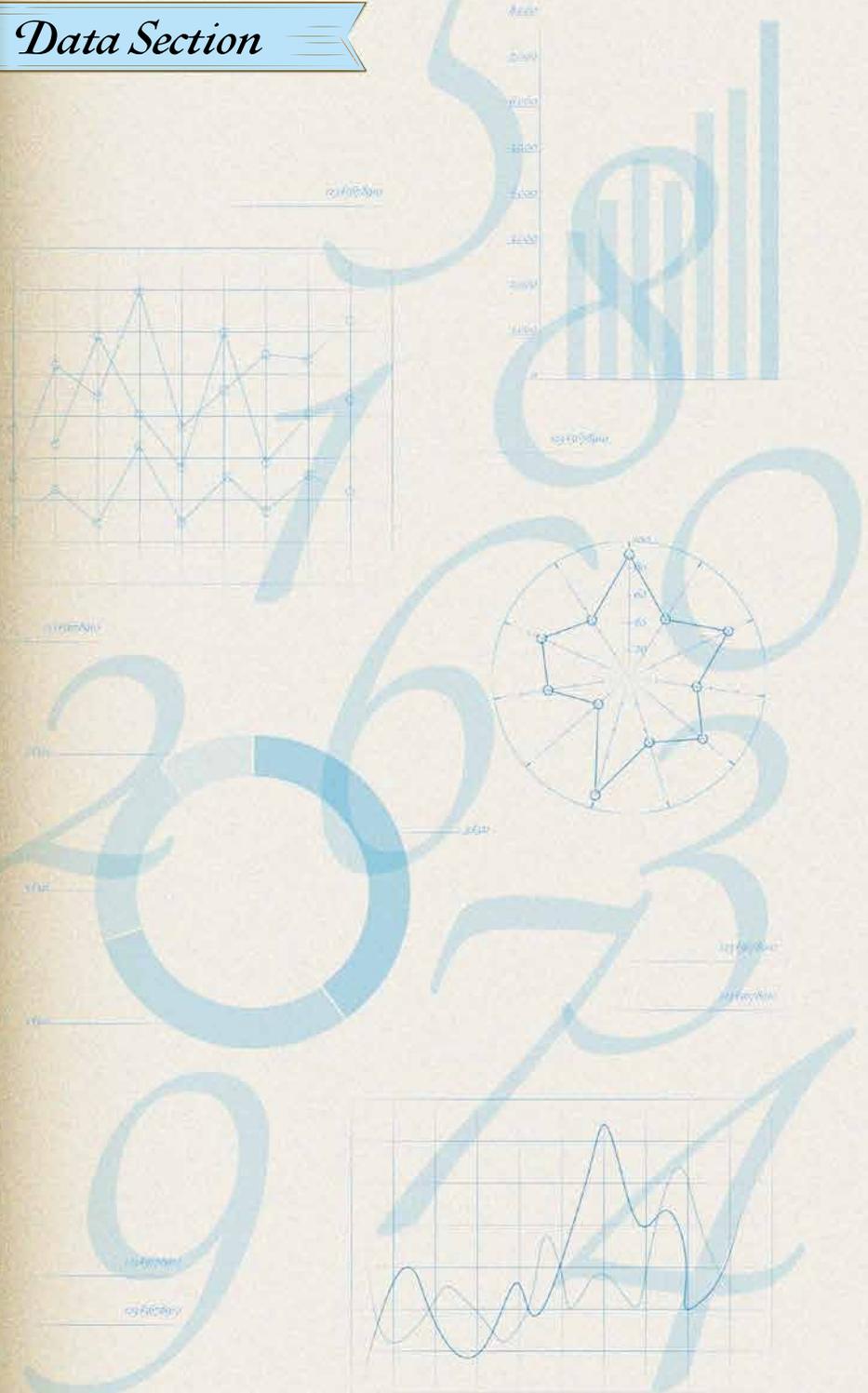


Reiko Yasue
Board Director
(outside)



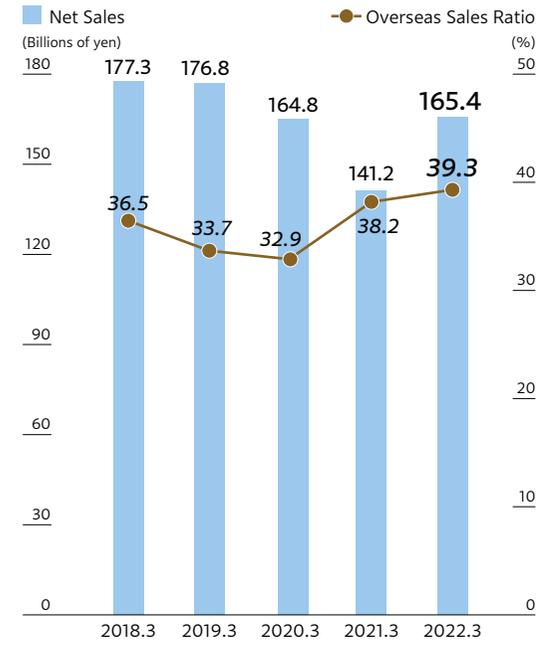
Michihiro Nishi
Audit & Supervisory Board Member
(outside)

Data Section

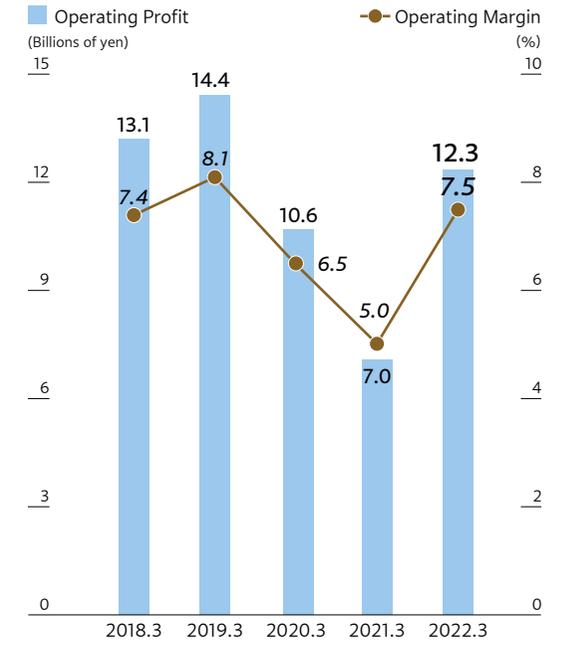


Financial Highlights

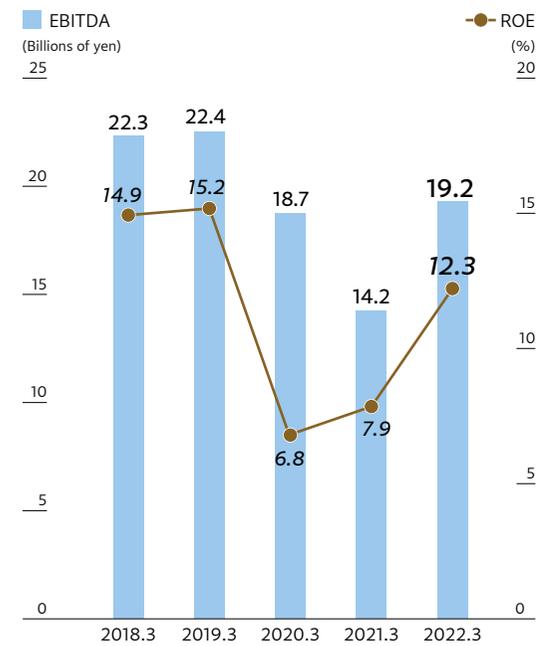
Net Sales/Overseas Sales Ratio



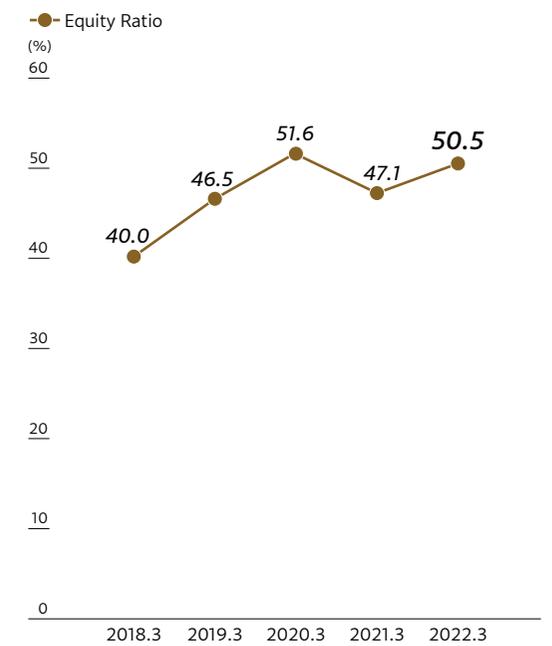
Operating Profit/Operating Margin



EBITDA¹/Return on Equity (ROE)²



Equity Ratio³



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. Equity ratio = Equity ÷ Total assets × 100

Six-Year Financial and Non-Financial Summary

Millions of yen

	2022	2021	2020	2019	2018	2017
Net sales	165,448	141,218	164,837	176,853	177,366	167,661
Gross profit	66,606	55,256	66,364	73,478	72,217	63,736
Total selling, general and administrative expenses	54,261	48,177	55,681	59,071	59,018	55,992
Operating profit	12,344	7,079	10,683	14,407	13,199	7,744
Ordinary profit	12,666	7,170	10,204	14,303	12,420	7,823
Profit (loss) before income taxes	13,772	7,462	7,601	13,784	9,967	7,127
Profit (loss) attributable to owners of parent	9,114	5,374	4,507	9,302	7,962	5,372
EBITDA ¹	19,241	14,246	18,723	22,490	22,311	16,275
R&D expenses	4,607	4,066	4,666	3,963	3,533	3,225
Depreciation and amortization	6,897	7,166	8,040	8,082	9,111	8,531
Cash flows from operating activities	16,405	18,064	9,006	21,492	16,346	24,896
Cash flows from investing activities	(2,488)	(8,606)	(3,381)	(4,038)	(3,692)	(3,793)
Cash flows from financing activities	(12,991)	6,817	(12,274)	(10,057)	(24,670)	(1,927)
(As of March 31)						
Total assets	156,090	147,614	129,253	143,364	139,456	157,693
Net assets	79,174	69,928	67,410	67,315	56,322	51,611
Interest-bearing debt	35,357	42,363	29,655	35,465	42,793	64,748
Per Share Data (Yen)						
Earnings per share	98.23	57.07	47.30	97.85	84.74	61.88
Dividend per share	32.50	17.50	30.00	24.00	14.00	10.00
Net assets per share	860.74	742.45	703.07	700.26	591.00	548.45

	2022	2021	2020	2019	2018	2017
Major Financial Indices						
Operating margin (%)	7.5	5.0	6.5	8.1	7.4	4.6
Overseas sales ratio (%)	39.3	38.2	32.9	33.7	36.5	36.8
Return on equity (ROE) (%) ²	12.3	7.9	6.8	15.2	14.9	12.2
Return on assets (ROA) (%) ³	8.3	5.2	7.5	10.1	8.4	5.2
Equity ratio (%) ⁴	50.5	47.1	51.6	46.5	40.0	32.4
Dividend payout ratio (%) ⁵	33.1	30.7	63.4	24.5	16.5	16.2
Stock Data						
Stock price at year-end (Yen)	1,221	1,005	762	1,142	1,092	1,113
PER (Times)	12.4	17.6	16.1	11.7	12.9	18.0
Number of shares outstanding (Thousand shares) ⁶	91,623	93,656	94,797	95,239	94,343	93,103
Company Data						
Number of subsidiaries	34	34	32	33	34	35
Number of employees (Consolidated)	2,418	2,379	2,568	2,665	2,199	1,951
Number of employees (Non-consolidated)	557	547	541	509	504	495
Average age of employees (Non-consolidated)	43.9	43.2	42.3	41.5	41.8	41.3

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.

Toy Market

The size of the Japanese toy market in fiscal 2021 grew 8.5% year on year to ¥894.6 billion on a suggested retail price basis. This is the highest figure recorded since market research in its present format was started in 2001. We believe it suggests that even under the emergency situation of the COVID-19

pandemic and a declining birth rate that has become increasingly evident in recent years, the demand for toys is extremely high and even has great potential for further growth in the future. (source: Japan Toy Association website)

Performance Highlights

Despite the prolonged effects of the COVID-19 pandemic, gross profit improved in response to the strong performance among mainstay toy products and T-ARTS.

Restrictions on behavior, such as voluntarily staying at home, have continued intermittently due to repeated state of emergency declarations and their repeals. In addition, for the TOMY Group, the retail business, such as KIDDY LAND, TOMICA Shop and PLARAIL Shop, and the event business including TOMICA EXPO and PLARAIL EXPO, were affected by the trend of postponement of movie releases, and the cancellation, postponement and scaling-down of various events.

The TOMY Group implemented measures to prevent the spread of infections, including continuing remote working to reduce instances of employees leaving their homes and attending workplaces, as well as continuing measures such as the prohibition on overseas business trips and voluntary restraint on domestic business trips. Furthermore, as part of measures to prevent the spread of COVID-19, the Company required everyone in the workplace to be vaccinated three times.

In addition, the business environment surrounding the Company became increasingly uncertain with new issues such as the sharp rise in the price of raw materials and severe foreign exchange movements caused by the sudden deterioration of the situation in Ukraine from 2022.

Net Sales

TOMICA “Transform! Deluxe Police Station,” which automatically transforms a police station building with the touch of a button, gained popularity. PLARAIL launched toys related to “SHINKALION Z,” which is the second season of the TV animation series that started airing in April 2021, and the “Packed with popular plays! PLARAIL BEST SELECTION SET.”

For the LICCA series, toys such as “LICCA with smoke and sizzle, lively barbecue” and “LICCA Pet Clinic” gained popularity. For the trading card game DUEL MASTERS, proactive marketing ahead of the 20th anniversary of the series was also successful and sales grew substantially. For the Pokémon series, “MONSTER COLLECTION” and other related toys remained robust, while the Pokémon Pikatto Academy Kids PC, a PC for kids that enables them to learn while playing with Pokémon, enjoyed a surge in popularity. Overseas-bound exports of TRANSFORMERS grew, mainly in North America and Europe. Furthermore, “Punirunes,” the LCD toy launched in July, gained popularity as a product with more than 50 appealing characters that appear on an LCD screen, providing the ability to enjoy a curious sense of integration between digital and analog as if directly touching them, and sales grew. In addition, for amusement machines, Pokémon Mezastar, which was launched in September 2020, and Waccha PriMagi!, the 10th anniversary product of the Pretty Series that was launched from October 2021, gained popularity. In the GACHA capsule toy business, sales increased due to the expanded installation of large-scale GACHA sales spaces and because of related products using popular content, amid a market environment where the popularity of GACHA capsule toys is growing.

Net sales were ¥165,448 million (up 17.2% year on year). This was due to the growth in toy shipments compared with the previous fiscal year amid various restrictions, despite the lingering effects of the trend of restrictions on consumers’ outings due to COVID-19 in the retail business and the event business, as well as increased popularity of GACHA capsule toys and amusement machines launched by T-ARTS Company, Ltd.

In October 2020, the Fat Brain Group, an independent U.S. toy company, became a subsidiary of TOMY International, Inc. and has been included in the scope of consolidation. The rollout of products also commenced in TOMY International Group’s European and Australian regions and business was steady.

Profit

Operating profit was ¥12,344 million (up 74.4% year on year), and ordinary profit was ¥12,666 million (up 76.7% year on year). This was mainly attributable to an increase in gross profit due to steady net sales of mainstay toys, GACHA capsule toys and amusement machines, as well as the progress of expense control based on the state of the spread of COVID-19 and in-

store sales. In addition, to make flexible and efficient use of management resources and strengthen the financial position, the TOMY Group reviewed its assets retained, and then transferred real estate for office use, which is a non-current asset owned by TOMY (Hong Kong) Ltd., a consolidated subsidiary of the Company, in the first three months. Including the gain on the transfer, extraordinary income of ¥2,175 million was recorded. An extraordinary loss of ¥1,070 million was also recorded due to factors including partial asset impairment in the first nine months with the impact on the retail business from COVID-19 continuing from the previous fiscal year, which resulted in profit attributable to owners of parent of ¥9,114 million (up 69.6% year on year).

Overview by Regional Segment

Japan

Mainstay toys including staple products as well as new products are gaining popularity. The GACHA and amusement machine sales grew, achieving year-on-year increases.

In Japan, the TOMICA “Transform! Deluxe Police Station,” gained popularity and TOMICA launched the new series “TOMICA Premium unlimited,” targeted at adults and fans. PLARAIL launched toys related to “SHINKALION Z,” and sales grew. In addition, for TOMICA and PLARAIL, we launched “First TOMICA,” targeted at children aged 1.5 years and older, with, and the “Push and GO! Easy-to-Play First PLARAIL” series. For the LICCA series, toys such as “LICCA with smoke and sizzle, lively barbecue” and “LICCA Pet Clinic” gained popularity. Moreover, LICCA dolls, TOMICA, PLARAIL, GACHA capsule toys and other variety toys as collaboration products with “Demon Slayer: Kimetsu no Yaiba” were released and well received.

With DUEL MASTERS, a trading card game that will celebrate its 20th anniversary in 2022, we recorded rare cards and increased their collectability, and our aggressive marketing efforts were effective and sales grew substantially. The BEYBLADE BURST “Dynamite Battle Layer” series, a new product in Japan, performed well. While overseas-bound exports were rather modest, they exceeded internal expectations, consolidating their popularity as long-selling products. In addition, overseas-bound exports of TRANSFORMERS grew, mainly in North America and Europe. For the Pokémon series, “Monster Collection” and other related toys remained robust,

while the Pokémon Pikatto Academy Kids PC enjoyed a surge in popularity. The TV animation, PAW Patrol, which entered its third year of broadcasting, had an increased degree of recognition and popularity for its content due to being aired on YouTube and other distribution services, as well as being released in movie theaters in the summer, leading to strong sales of related products. “Punirunes,” the LCD toy launched in July, gained popularity as a product for children to enjoy the strange sensation of seemingly directly touching the characters that appear on the LCD, and sales grew.

Furthermore, we continued to roll out “NELTIP” dedicated printing machines for nail tips targeting adults and teens to expand new business domains, and launched sales of “My baby Amichan,” a communication doll equipped with a facial recognition system for seniors.

For the digital business, DUEL MASTERS PLAY’S, a card game app that marked the second anniversary of its launch in December, remained strong with the periodic release of new card packs, and the rollout of marketing campaigns. In addition, for amusement machines, Pokémon Mezastar and Waccha PriMagi! performed well.

In the GACHA capsule toy business, sales increased due to the expanded installation of large-

scale GACHA sales spaces and because of related products using popular content, amid a market environment where the popularity of GACHA capsule toys is growing.

In addition, a micro-miniature transformable lunar robot “SORA-Q,” jointly developed by the Company with JAXA and others, is to be installed on JAXA’s small moon landing demonstration machine “SLIM.” The development utilizes knowledge in miniaturization and weight reduction that the

Company has cultivated through making toys and our technologies in deformation mechanisms.

Net sales were ¥130,289 million (up 15.0% year on year), and operating profit was ¥14,039 million (up 55.2% year on year). This was due to the growth in toy shipments compared with the previous fiscal year amid various restrictions, as well as the increased popularity of GACHA capsule toys and amusement machines launched by T-ARTS Company, Ltd.

Overseas

Impact from logistics disruptions amid a slowdown in e-commerce purchase trends due to the relaxing of restrictions Sales contribution from strong results at the Fat Brain Group

Americas

In addition, with the easing of various restrictions to prevent the spread of infection due to the progress in COVID-19 vaccinations, consumption of services involving leaving the home increased, while stay-at-home demand and e-commerce purchases slowed. Amid these conditions, agricultural machinery toys and tableware for babies were steady, despite the impact of logistics turmoil caused by container shortages, while in-store sales of products such as the plush toy Club Mocchi- Mocchi- grew. Net sales were ¥27,093 million (up 24.0% year on year), and operating profit was ¥415 million (up 86.8% year on year), despite the surging logistics costs caused by container shortages. The solid business performance of the Fat Brain Group, which became a subsidiary of TOMY International, Inc., in October 2020, also contributed to these results.

Europe

Various restrictions have eased due to the progress in COVID-19 vaccinations. E-commerce purchases have slowed, while in-store sales of agricultural machinery toys, such as BRITAINS, grew.

Furthermore, sales of infant products, including Toomies bath toys and Toomies Jurassic World related products, remained steady, and sales of preschool game products grew. Net sales were ¥7,206 million (up 20.1% year on year), and operating profit was ¥47 million (compared with an operating loss of ¥75 million in the previous fiscal year). This was partly attributed to the start of handling Fat Brain Group products.

	2021.3	2022.3	Change	Change (%)
(Millions of yen)				
Net sales	141,218	165,448	24,230	17.2
Japan	113,328	130,289	16,960	15.0
Americas	21,845	27,093	5,247	24.0
Europe	5,998	7,206	1,208	20.1
Oceania	1,917	2,358	441	23.0
Asia (other than Japan)	41,458	46,974	5,516	13.3
Eliminations and corporate	(43,330)	(48,474)	(5,143)	-
Operating profit (loss)	7,079	12,344	5,264	74.4
Japan	9,048	14,039	4,991	55.2
Americas	222	415	193	86.8
Europe	(75)	47	123	-
Oceania	113	173	60	53.4
Asia (other than Japan)	724	1,297	572	79.1
Eliminations and corporate	(2,953)	(3,630)	(676)	-

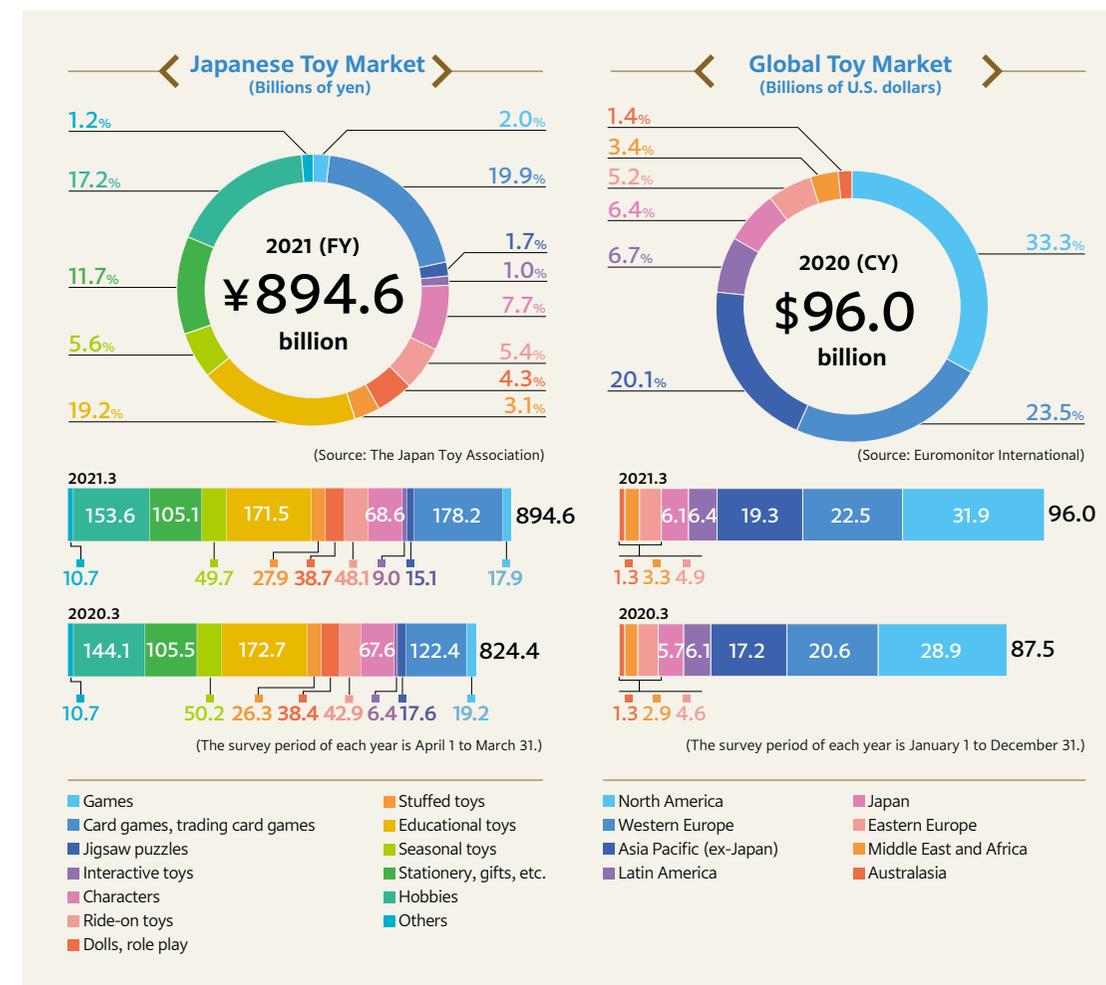
Oceania

Various restrictions such as those on entering the country and on leaving home under lockdowns imposed because of the spread of COVID-19 were eased with the progress in vaccinations. Ride-on type agricultural machinery toys remained strong, and for infant and preschool products, products for infants such as child seats and Toomies Jurassic World related products performed well. Net sales were ¥2,358 million (up 23.0% year on year), and operating profit was ¥173 million (up 53.3% year on year). This was partly attributed to the efforts for shipping products through wide distribution channels according to the sales conditions at retail stores and to the start of handling Fat Brain Group products.

Asia (excluding Japan)

Even after the spring of 2021, additional restrictions imposed on outings issued in some countries and regions significantly affected purchasing trends.

The new series of BEYBLADE BURST, developed for South Korea, Hong Kong and other Asian regions, gained in popularity, and sales of single-pack TOMICA vehicles and TOMICA World, etc., were steady. In addition, shipments of toys related to “SHINKALION Z,” which is a TV animation series that started airing in Hong Kong from the autumn, also grew, and for the Pokémon series, the expansion of the sale floors in South Korea and enhancements to the product lineup resulted in increased sales. Net sales were ¥46,974 million (up 13.3% year on year), while operating profit was ¥1,297 million (up 79.1% year on year).



1st generation 1924-

TOMY'S FOCUS Craftsmanship/
Wartime and postwar
INDUSTRY TREND Metals and motors

1920

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

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

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



AERO PLANE BREGUET



JOHN DEERE*



B-29



Sky Ping-Pong

1950

Transferred from metal to plastic

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

Sato Vinyl Industries, a predecessor of TAKARA Co., Ltd., was founded in 1955.

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



Plastic Train and Rail Set



LICCA doll



Water Game

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



Pop Up Pirate

TOMY'S FOCUS Mass development and production
INDUSTRY TREND Material revolution

Mass development and production
Material revolution

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

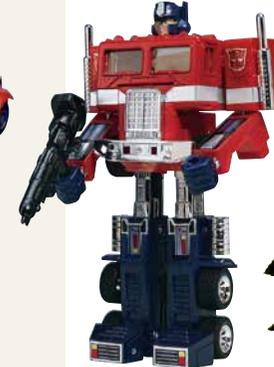
Koeda-Chan mini dolls
(Treena & Her Forest Friends)



Choro-Q
(Penny Racers)



ZOIDS



TRANSFORMERS



Rock 'n' Flowers

1980

Ongoing reform and expansion of sales channels

TOMY established the HT 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
Rock 'n' Flowers
Mashin Hero Wataru character products
GACHA
Jenga
- 1989 Kentoshi Boxing Ring
Plush Goma-chan from Shonen Ashibe
Monopoly

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*



BEYBLADE



Pokémon



GACHA*

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

3rd generation 1984-

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

2000

Beginning of a new era in the toy industry

TOMY concluded a comprehensive licensing agreement with Walt Disney International Japan Inc. in 2000, the same year its stock was transferred to the First Section of the Tokyo Stock Exchange. In pursuit of further growth, TOMY aimed for progress as a group, including the establishment of a development subsidiary and the founding of a new company for the planning and selling of stuffed toys and a company for utilizing new technology.

In 2000, TAKARA advocated expansion of the toy business and aggressively moved forward with the rollout of products and leveraged its planning and marketing prowess to continue offering a succession of popular products. In 2006, TAKARA and TOMY merged, becoming TOMY Company, Ltd. (known as TAKARATOMY in Japanese), with the aim of maximizing their respective strengths and becoming the world's top toy manufacturer.

- | | |
|--|--|
| 2000 e-kara
Colorful Dakko-Chan
Nanchatte Phone
Aquaroid | 2005 Yumel
Video game software, NARUTO
Walkie Bits |
| 2001 Bit Char-G
Sweet Bambini
DREAM FORCE 01 | 2006 Jinsei Ginko (Life Bank)
Aero 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
Pokemon Battrio |
| 2003 Meow-Lingual | 2008 Tomica Hero |
| 2004 Aero R/C
Yumemi Kobo
THE FIRST YEARS | 2009 Fresh Caramel Maker
Clockman |



Nohohonzoku



DUEL MASTERS



Jinsei Ginko



THE FIRST YEARS

2010

Toward tomorrow's hit products

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

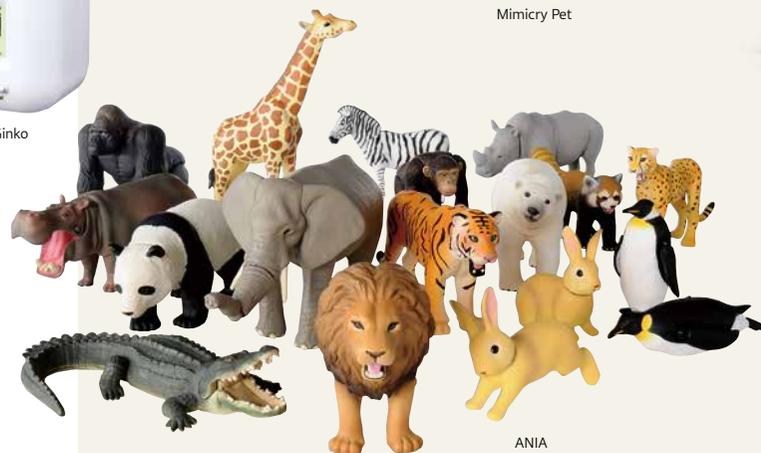
- | | |
|--|----------------------|
| 2010 Pretty Rhythm
Furu Chara Sorbet Maker
Potechi No Te | <p>BATTROBORG 20</p> |
| 2011 BATTROBORG 20
Mimicry Pet | |
| 2012 Pokemon TRETTA | |
| 2013 ANIA | |



Omnibot 17μ i-SOBOT



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 | <p>Licca Bijou Series</p> |
| 2015 BEYBLADE BURST
Shinkansen Henkei Robo SHINKALION
OHaNAS
Linear Liner
Licca Stylish Doll collections | |
| 2016 Licca Bijou Series
Pokémon Ga-Olé
HATCHIMALS Umarete! Woomo | |
| 2017 TOMICA DRIVE HEAD
MIRACLE TUNES!
PRINTOSS (KiiPix) | |
| 2018 ZOIDS WILD
L.O.L. SURPRISE!
SUMIKKO ATSUME | <p>TOMICA EARTH GRANNER</p> |
| 2019 Rizmo | |
| 2020 TOMICA EARTH GRANNER
Pokémon MEZASTAR | |
| 2021 Shinkansen Henkei Robo SHINKALION Z
Punirunes | <p>Pokémon MEZASTAR</p> |
| | |



Licca Bijou Series



MIRACLE TUNES!



ZOIDS WILD



TOMICA EARTH GRANNER



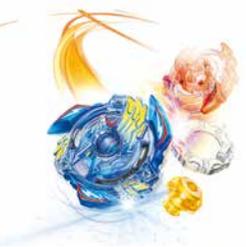
DUEL MASTERS PLAY'S



L.O.L. SURPRISE!



HATCHIMALS Umarete! Woomo



BEYBLADE BURST



PRIPARA



Pokémon MEZASTAR



Rizmo



OHaNAS



Linear Liner JR东海承認済



Punirunes



PRINTOSS (KiiPix)



SHINKALION

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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.



TOMICA, Japan's first series of palm-sized diecast mini cars launched in 1970, celebrated its 50th anniversary in 2020. At a time when foreign-made mini cars were seeing booming popularity, the TOMICA brand was created out of the strong desire to have Japan's children play with the miniature versions of the domestically manufactured cars they were familiar with, and today the series have been loved across three generations of parents and their children. Until now, a cumulative 1,110+ models have been released, with lifetime sales of more than 710 million pieces (as of April 2022).

In recent years, the lineup has been expanded beyond the staple products to include the Dream TOMICA series of collaborations with popular characters and IPs, as well as the TOMICA Premium series of high detail collectible models. In 2016, we undertook the full-scale launch of licensing activities for "tomica," a brand for adults. We aim for this to be a brand that attracts the interest of a wide range of people regardless of age or gender and have expanded our licensing efforts to include apparel, stationery, life-style products and so on.



© TOMY

The long-selling railway toy brand, PLARAIL, celebrated the 60th anniversary of its launch in 2019, having been 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 1,900 PLARAIL products have been released in Japan, selling more than 182 million units (as of March 31, 2022).



The LICCA brand has been adored for more than 50 years since her 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 promotions 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 230,000 followers as of June 2022.



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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.



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TOMY



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.



RizSta -Top of Artists!-

A new type of danceable drama based on a dance battle theme. We handle joint production with production company OLM and have developed merchandise including items that let children transform into the RizSta dance group.



Nail Tip laboratory NELTIP

NELTIP dedicated nail chip printing machines allow customers to easily create their favorite nail tip designs using touch panel operations. As the first round of measures to expand into new business fields, we have rolled out operations designed to appeal to a wide range of targets from teens to adults.



BEYBLADE BURST

This series of competition-style next-generation spinning tops has recorded cumulative shipments of more than 500 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 7 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.



ANIA

On sale since 2013, this is a series of palm-sized animal figures that each incorporate movable gimmicks that can be manipulated during play. The products can be enjoyed as elements of "three-dimensional animal encyclopedias" to stimulate the intellectual curiosity of children who are interested in different types of animals and their characteristics.



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GROUP (DOMESTIC)



T-ARTS Company, Ltd.

Develops a wide range of products including amusement machines, capsule toys, life-style products and stuffed toys.



TOMYTEC

TOMY TEC 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.

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TOMY International (OVERSEAS)



THE FIRST YEARS

These are baby products to help raise children, including baby bottles, tableware and strollers.



LAMAZE

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



Fat Brain

Based on its philosophy of offering children "a smarter way to play," Fat Brain offers innovative and modern designs alongside toys that can be played with for years without getting caught up in the latest trends.



BOON

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



JOHN DEERE

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



TOOMIES

TOOMIES are a series of infant toys and bath toys that balance classic play with excitement, allowing children to become engrossed and enjoy play as they grow.

Games & Toys

We disseminate a wide array of games and toys for all generations that love *asobi*.

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External Evaluations

Play Creators Awards 2021 winners

Play Creators Awards organized by U.K.-based Mojo Nation

<p>R&D TEAM OF THE YEAR</p> <p>TOMY</p> 	<p>INVENTOR RELATIONS EXEC OF THE YEAR</p> <p>Erik Quam (Fat Brain Toys)</p> 	<p>TOY DESIGNER OF THE YEAR (LICENSED PRODUCT)</p> <p>Developers • Matt Bland • Matt Jordan • Tom Yamazaki (TOMY)</p> <p>Applicable Product Series TOOMIES Jurassic World (TOMY)</p> 	<p>RISING STAR</p> <p>Adam Carson (Fat Brain Toys)</p> 
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The 2021 Japan Toy Awards

Excellence Awards for seven products in all categories

<p>Character Toys Category</p>  <p>SHINKALION Z series</p>	<p>Basic Toys Category</p>  <p>Transform! Deluxe Police Station</p>	<p>Educational Toys Category</p>  <p>Shogakukan no Zukan NEO Pad DX</p>	<p>Communication Toys Category</p>  <p>BOTTLEMAN series</p>
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<p>Accessible-Design Toys Category</p>  <p>LICCA with smoke and sizzle, lively barbecue</p>	<p>High Age Target Toys Category</p>  <p>FireWood Home</p>	<p>Next-generation Toys Category</p>  <p>Punirunes</p>
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2021 Christmas Toys Selected by Toy Stores*

Won first place in four categories

*Compiled by the Tokyo Toy & Doll Cooperative Association. Selections made according to the popular vote of retailers and wholesalers across Japan that sell toys.

<p>Dolls/Playing House Category</p>  <p>YUMEIRO Licca Colorful Change</p>	<p>Vehicle/Animal Toys Category</p>  <p>Transform! Deluxe Police Station</p>	<p>Game and Puzzle Category</p>  <p>The Game of Life Pinch and Chance</p>	<p>Variety Category</p>  <p>Punirunes</p>
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TOMY's annual report has received several 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.

2021

ARC AWARDS INTERNATIONAL 2021 WINNER

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




LACP 2020 VISION AWARDS

LACP [2020/21 Vision Awards] 33rd among the Top 100 Worldwide; 1st (Platinum) in the Consumer/Consumables Industry and Most Creative Report

2020

ARC AWARDS INTERNATIONAL 2020 WINNER

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



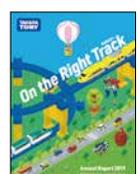

LACP 2019/20 VISION AWARDS

LACP [2019/20 Vision Awards] 14th among the Top 100 Worldwide; 1st (Platinum) in the Consumer/Consumables Industry and Most Creative Report

2019

ARC AWARDS INTERNATIONAL 2019 WINNER

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

LACP 2018/19 VISION AWARDS

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 AWARDS

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



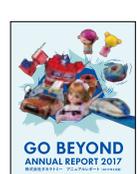

LACP 2017/18 VISION AWARDS

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

2017

ARC AWARDS INTERNATIONAL 2017 WINNER

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

LACP 2016/17 VISION AWARDS

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

2016

ARC AWARDS INTERNATIONAL 2016 WINNER

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




LACP 2015/16 VISION AWARDS

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

Corporate Information

Company Name	TOMY Company, Ltd.	Major Group Companies
Head Office	7-9-10 Tateishi, Katsushika-ku, Tokyo 124-8511, Japan	Japan
Date of Establishment	January 17, 1953	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.
Paid-in Capital	¥3,459.53 million	Overseas
Business Domain	Planning, manufacturing and selling of products such as toys, general merchandise, card games and baby care products, etc.	TOMY International, Inc. Fat Brain Holdings, LLC. 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.
Number of Employees <small>(as of March 31, 2022)</small>	2,418 (consolidated) 557 (non-consolidated)	
Number of Consolidated Subsidiaries	34	

Stock Information (as of March 31, 2022)

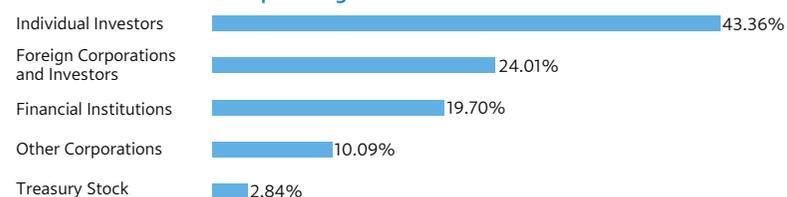
Number of Shares Authorized:
384,000,000

Number of Shares Issued:
94,990,850

Trading Unit of Shares:
100

Number of Shareholders:
149,663

Distribution of Ownership among Shareholders



Major Shareholders

Name	Number of Shares Held	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,846,600	13.92
Tsukasa Fudosan	7,565,312	8.20
Custody Bank of Japan, Ltd. (Trust Account)	4,340,200	4.70
Kantaro Tomiyama	2,668,466	2.89
STATE STREET BANK WEST CLIENT - TREATY 505234 (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	1,278,100	1.38
JP MORGAN CHASE BANK 385781 (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	1,197,183	1.30
Administration trust (account of Fumie Tomiyama) Trustee SMBC Trust Bank Ltd.	1,183,101	1.28
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	900,000	0.98
Akio Tomiyama	821,600	0.89
THE BANK OF NEW YORK MELLON 140044 (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	757,446	0.82

- Due to a cancellation of treasury stock executed on February 28, 2022, the total number of outstanding shares decreased by 1,300,000 shares compared with the end of the previous year.
- While the Company owns 2,697,701 shares of treasury stock, it is excluded from the above list of major shareholders.
- Percentage of shares held is calculated after the exclusion of treasury stock.
- The Company has introduced a Stock Issuance Trust for Officers and Stock Issuance Trust for Executive Officers, etc., and the Company's 669,600 shares are held by Custody Bank of Japan, Ltd. (Trust Account E). The Company shares held by Trust Account E are not included in treasury stock.

Annual Report 2022 Editorial Policy

We have published an annual report with the aim of having stakeholders gain a more in-depth understanding of the TOMY Group by viewing information about the Group's medium- to long-term value creation efforts from both financial and non-financial perspectives.

This report addresses themes dealing with changes that the TOMY Group is experiencing to continue with sustainable growth while responding to a rapidly changing external environment including Japan's declining birth rate, the accelerating digital economy and the diversification of people's values. These themes are also covered in special features. In addition, pages on sustainability highlight the initiatives the TOMY Group is pursuing to achieve its sustainability vision of becoming friends with children around the world, progress on medium-term sustainability targets and KPIs, and other topics. We hope that through this information, readers can gain a good understanding of the future development of the TOMY Group.

Please visit our official website to learn more. (www.takaratomy.co.jp/english/)

Disclaimer

This report contains forward-looking statements including prospects, targets, plans and strategies. These are based on judgments and assumptions from the currently available information and do not guarantee or warrant any financial estimates or business development.

Cover Concept

In the Medium-Term Management Plan formulated in fiscal 2021, we resolved to transform the driving force behind sustainable growth from "toys" to "asobi," and to expand our customer segments to all people around the world who love *asobi*. The map on the front cover depicts how there are treasure chests placed at each stage of our lives, that the joy of encountering new forms of *asobi* will excite and thrill us, and that with new ideas, we will continue to take on the challenge of creating new forms of *asobi*.