

**TAKARA
TOMY**

100th
anniversary

INTEGRATED REPORT 2024

TOMY Company, Ltd.
(For the year ended March 31, 2024)



CONTENTS

DNA

- 2 The TOMY Group Philosophies
- 4 TOMY Group 100-Years History
- 8 At a Glance
- 10 Message from the President
- 14 TOMY Group Value Creation Process

STRATEGY

- 16 Review of the Medium-Term Management Plan
- 18 Medium- to Long- Term Management Strategy 2030
- 20 Regarding the Six Key Strategies
- 22 Expansion of Regional Axis
- 23 Expansion of Age Groups
- 24 Corporate Strategy

INTANGIBLE ASSETS

- 28 Increase of Intangible Assets in the Form of Human Capital
- 30 Increase of Intangible Assets in the Form of Intellectual Capital
A Dialogue between Outside Directors: Global
- 32 Increase of Intangible Assets in the Form of Intellectual Capital

Cover Concept

To celebrate the 100th anniversary of the TOMY Group, the cover of this report shows a journey that brings the joy of asobi across the globe aboard an airplane.

The vapor trail forming the number "100" emphasizes the milestone, while the airplane is inspired by the Aero Plane Breguet created by Eiichi Tomiyama, founder of Tomiyama Toy Seisakusho, the predecessor of today's TOMY. This design reflects the Group's commitment to connecting its history with the future.



SUSTAINABILITY

- 33 TOMY Group's Sustainability
- 34 Medium-Term Sustainability Targets and KPIs(FY2021-FY2023) Progress and Results
- 36 The Process of Identifying New Materialities
- 38 The TOMY Group New Sustainability Framework
- 40 Initiatives for 11 Materialities
- 52 External Recognition and Endorsement of Initiatives
- 54 A Three-Way Conversation among Outside Directors:DEI (Diversity, Equity, and Inclusion)

CORPORATE GOVERNANCE

- 57 Corporate Governance
- 64 Message from the Chairman
- 65 Management | Directors
- 67 Management | Audit & Supervisory Board Member

DATA SECTION

- 68 Review of Fiscal 2023 (the fiscal year ended March 31, 2024)
- 71 Financial Highlights
- 72 Six-Year Financial and Non-Financial Summary
- 74 Our Products
- 80 External Evaluations
- 81 Corporate Information

Integrated Report 2024 Editorial Policy

This year, we have transitioned from publishing an annual report to issuing our first integrated report, offering enhanced and more comprehensive content.

The purpose of this report is to provide stakeholders with a deeper understanding of the TOMY Group's medium-to long-term value creation, encompassing both financial and non-financial perspectives. Through dialogue with stakeholders, we aim to further enhance corporate value and establish a positive cycle of co-creation. This report distills the key strategies that drive our ambition to become a Global Asobi Company and presents them within the framework of our value creation process.

The report's editorial approach is based on the International Integrated Reporting Framework recommended by the IFRS Foundation and the Guidance for Collaborative Value Creation developed by Japan's Ministry of Economy, Trade and Industry.

Environment
Social
Governance

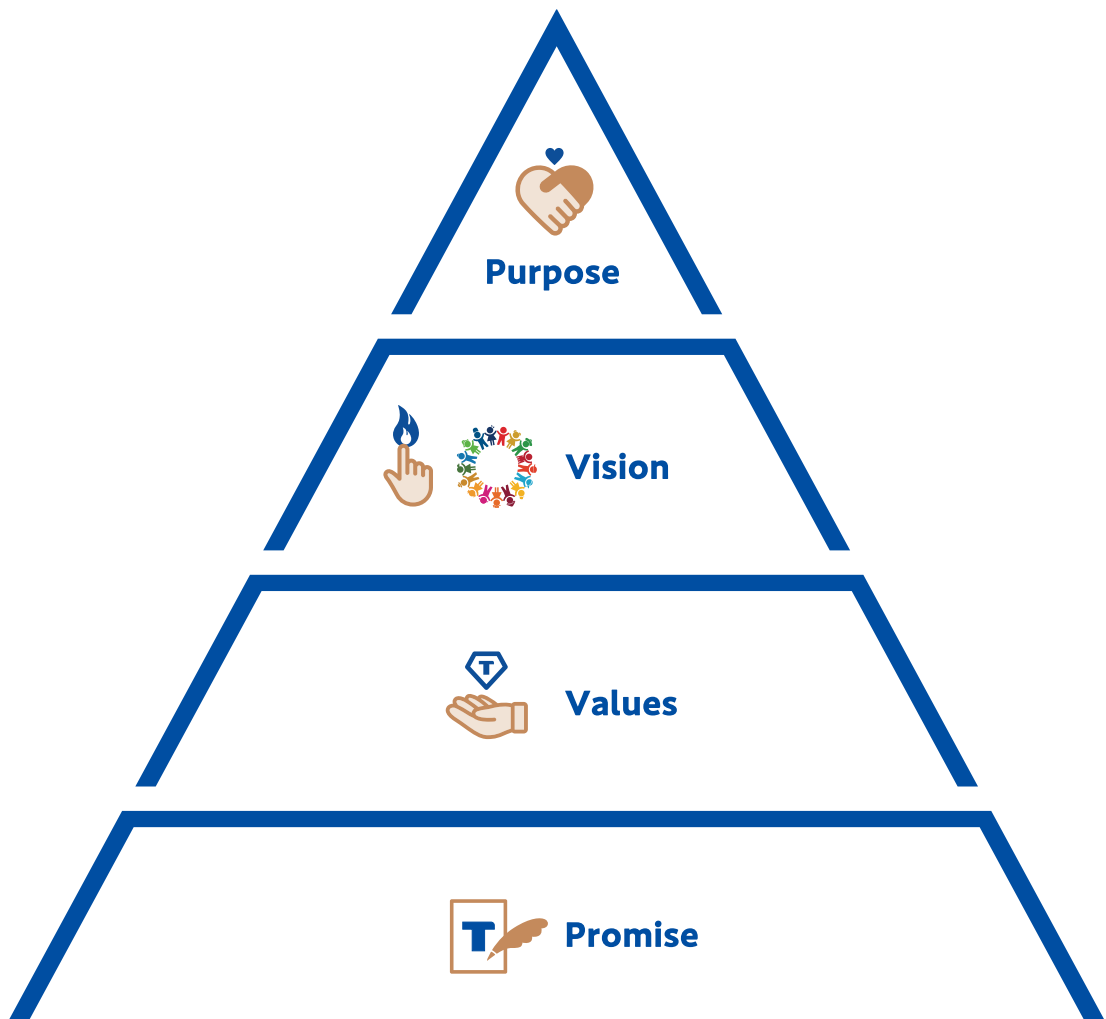
Guidance for
Collaborative
Value Creation

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.

ONE TOMY WAY

ONE TOMY WAY is a roadmap to
empower Group employees to take actions
as one based on guidelines,
and present a clear company vision and purpose.





Purpose

Quality Asobi can inspire and delight the world.



Vision 2030

Business Vision 2030

Becoming a globally adored Asobi powerhouse, known for its top-notch quality and boundless creativity.

Sustainability Vision 2030

A creator of quality Asobi that promotes the sustainable well-being of society.



ONE TOMY's Values

Eyes open
to a wide world

Creativity
with purpose

Embrace
the adventure

Relentlessly
pursue your
dreams



ONE TOMY's Promise

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

We will provide quality Asobi experiences.

We will observe our company policy, the rule of law and good common sense.

We will not tolerate anti-social behavior.

We will unleash our creativity by respecting our differences and communicating and collaborating with each other.

We will compete honestly and follow fair trade practices.

We will be a good corporate citizen toward society and the regions where we operate.

We will be considerate of resources and the natural environment.

TOMY Group 100-Years History



AERO PLANE
BREGUET



B-29



JOHN DEERE*

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



Sky Ping-Pong



Plastic Train and Rail Set

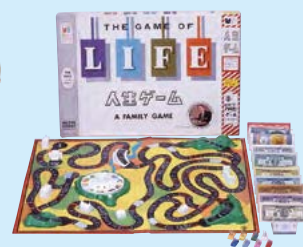
- 1951 B-29
- 1953 Speedway Racer No. 3
- 1957 Bubble Blowing Elephant
- 1959 Sky Ping-Pong
- Plastic Train and Rail Set



LICCA doll



The Game of Life



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

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

TOMY'S FOCUS > Mass development and production/Economic growth
INDUSTRY TREND > Material revolution

1920

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

In 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.

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.

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

1960

Early success in expanding overseas during the export boom

At a time when half of the toys it produced were exported, TOMY was quick to open representative offices in New York and Europe with the aim of making inroads directly. In Japan, the company established production bases, set up a development center—an unprecedented move in the industry—and took other steps to create a system uncompromisingly committed to good manufacturing.

TAKARA grew into a comprehensive toy manufacturer, propelled in its business expansion by hit products that made use of the company's vinyl processing technology.



Water Game



Pop Up Pirate



TOMICA



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



Sensei



TOMIX

Approved by East Japan
Railway Company

- 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



TRANSFORMERS



ZOIDs



Choro-Q
(Penny Racers)



GACHA*



Rock 'n' Flowers



Musican



BEYBLADE



LAMAZE*



Pokémon

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

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

TOMY'S FOCUS

INDUSTRY TREND

Marketing/Growth of mass media

Public information 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.

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.

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.

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



DUEL MASTERS



Nohohonzoku



Omnibot 17μ i-SOBOT



THE FIRST YEARS



Jinsei Ginko

- | | |
|---|---|
| 2000 e-kara
Nanchatte Phone
Aquaroid | 2005 Yumel
Video game software, NARUTO
Walkie Bits |
| 2001 Colorful Dakko-Chan
Bit Char-G
Sweet Bambini
DREAM FORCE 01 | 2006 Jinsei Ginko (Life Bank)
Aero Soaer
Akachan Kerotto Switch |
| 2002 Bilingual
Nohohonzoku
DUEL MASTERS
Micro Pet
Qi
Choco Q | 2007 Omnibot
17μ i-SOBOT
le-Soba
Home Soba Maker
Air Guitar
Pokémon Battorio |
| 2003 Meow-Lingual | 2008 Tomica Hero |
| 2004 Aero R/C
Yumemi Kobo
THE FIRST YEARS | 2009 Fresh Caramel Maker
Clockman |



PRIPARA



ZOIDS WILD



OHANAS



Licca Bijou Series



ANIA



PRINTOSS
(KiiPix)



SHINKALION



SUMIKKO ATSUME

- 2010 Pretty Rhythm
Furu Chara Sorbet Maker
Potechi No Te

- 2011 Mimicry Pet
2012 Pokémon TRETТА
BATTORBOГ 20

- 2013 ANIA
2014 PRIPARA
WIXOSS

- 2015 BEYBLADE BURST
Shinkansen Henkei Robo SHINKALION
OHANAS

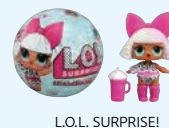
- Linear Liner
Licca Stylish Doll collections

- 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

- 2019 Rizmo
DUEL MASTERS PLAY'S



L.O.L. SURPRISE!



Rizmo



BATTORBOГ 20



Mimicry Pet



HATCHIMALS
Umarete! Woomo



Linear Liner
Approved by JR Central

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

2000

Beginning of a new era in the toy industry

In 2000, 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.

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 toys are enjoying so much enthusiasm that an international competition was held in South Korea in the summer. In 2011, TOMY acquired U.S. toy manufacturer RC2 (the current TOMY International), 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.



TOMICA Heroes Jobraver
Specially-equipped combined robot



Punirunes



The Game of Life for
Nintendo Switch™



Pokémon Frienda



MIRACLE TUNES!



DUEL MASTERS PLAY'S



coemo



BEYBLADE X



SORA-Q Flagship Model

- 2020 TOMICA EARTH GRANNER
Pokémon MEZASTAR
- 2021 Shinkansen Henkei Robo SHINKALION Z
Punirunes
- 2022 TOMICA Heroes Jobraver
Specially-equipped combined robot
coemo
- 2023 The Game of Life for Nintendo Switch™
- 2024 Pokémon Frienda

TOMY'S FOCUS > New technology/Analog toys with digital elements

INDUSTRY TREND > The personal revolution

100th ANNIVERSARY



WE WILL CREATE NEW VALUE FROM PLAY.

2020

From “toys” to “asobi”

The TOMY Group shifted its focus from “toys” to “asobi,” expanding its target age group to include the “kidults” segment. It also expanded its regional strategy to a global focus. TOMY introduced Japanese hit products, such as the tactile LCD care toy Punirunes and BEYBLADE X, to drive its global expansion. With the growing success of Group companies, including T-ARTS and KIDDY LAND, the company achieved record-high performance for the fiscal year ended March 31, 2024.

2024

Toward a Global Asobi Company

TOMY celebrated its 100th anniversary on February 2. In fiscal 2024, the company revamped its management system with the launch of its Medium- to Long-Term Management Strategy 2030, setting ambitious goals of ¥300 billion in net sales and a 10% operating profit margin by the fiscal year ending March 31, 2030. The company also clarified its significance in society by establishing a new Purpose, laying the foundation for future growth. Going forward, the Group will unite under ONE TOMY WAY to achieve this Purpose and become a globally beloved Global Asobi Company.

©TOMY John Deere's products under license with Deere & Company. Lamaze® is a registered trademark of Lamaze International, Inc. ©TOMY-OLM / Miracle Tunes! Project ©2020 San-X Co., Ltd. All Rights Reserved ©MGA ©TOMY ©TOMY/ZW•MBS ©2019 Wizards of the Coast / Shogakukan / Mitsui-Kids ©TOMY ©DeNA ©TAKAO AOKI, Beyblade project ©TOMY ©Homura Kawamoto, Hikaru Muno, Posuka Demizu, BBXProject, TV TOKYO ©TOMY ©TOMY ©TOMY ©1968, 2023 Hasbro. All Rights Reserved. Nintendo Switch and the Nintendo Switch logos are trademarks of Nintendo. ©2024 Pokémon. ©1995-2024 Nintendo/Creatures Inc./GAME FREAK Inc. Developed by T-ARTS and MARV. Pocket Monsters and Pokémon are registered trademarks of Nintendo, Creatures, and GAME FREAK.

At a Glance



Net sales (FY2023)

208.3 billion yen



Operating profit (FY2023)

18.8 billion yen



ROE (FY2023)

10.5%

The TOMY Group owns more than 60 brands, including iconic names such as TOMICA, PLARAIL and LICCA dolls. These brands have successfully evolved with the times, appealing to many different age groups and regions while consistently delivering fresh excitement and joy to consumers as beloved, long-selling brands.



リカちゃん



プラレール



トミカ



Number of employees (Consolidated)
(FY2023)

2,423

During the Medium-Term Management Plan from fiscal 2021 to fiscal 2023, we shifted the focus of our business from toys to asobi and explored the company's potential. We expanded our target age group to include the kidults segment, broadened our geographic reach globally and successfully captured inbound demand. These successful efforts by TOMY, T-ARTS and KIDDY LAND to expand business in Japan and Asia resulted in record sales and profits for the fiscal year ended March 31, 2024.

The TOMY Group has 2,423 employees worldwide. Innovative ideas that excite both children and adults come from a workplace that respects the individuality, skills and diverse values of its employees. We are committed to fostering an environment that supports employee growth and fulfillment, empowering them to achieve their full potential.



Overseas sales ratio (FY2023)

35.3%



Subsidiary in Japan or overseas (FY2023)



Japan

7



Overseas

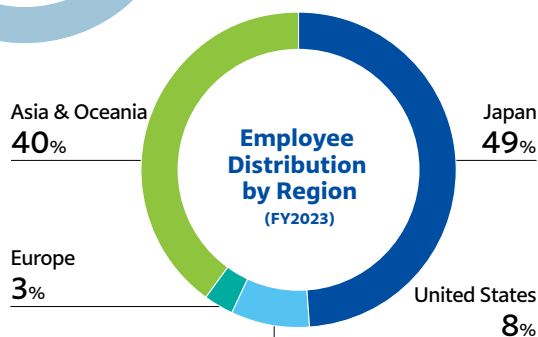
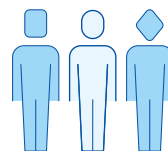
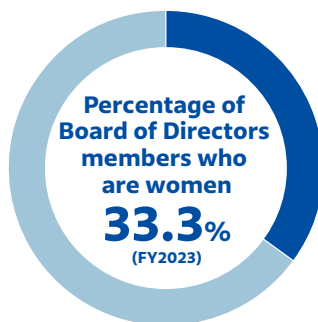
28

The TOMY Group operates a total of 35 subsidiaries worldwide. Seven are in Japan and 28 are overseas. With production bases in China*, Vietnam and Thailand, we supply a wide range of products to more than 130 countries and regions around the world.

Note: Including contract manufacturers

We aim to be a Global Asobi Company with product development, marketing and sales seamlessly integrated Group-wide by 2030. The TOMY Group promotes diversity, equity and inclusion (DEI), with a focus on empowering women. In fiscal 2023, 100% of TOMY's eligible employees, both men and women, took childcare leave and returned from it.

In addition, employees from diverse backgrounds work at our domestic and overseas Group companies, creating new value based on this diversity. DEI Committee of TOMY International, which oversees our international business, includes members from North America, the United Kingdom and Europe. Together, they promote diversity from a global perspective.



Message from the President

Bringing Asobi to the world and Asobi to all generations!



富山 彰夫

Akio Tomiyama
Representative Director
President & COO

On Our 100th Anniversary

One hundred years ago, Japan was still developing as a nation. In 1924, a time between the first and second world wars, it was difficult to access information from abroad. As I reflect on the history of our company, I often wonder why our founder, Eiichiro Tomiyama, chose to build an aircraft from the French manufacturer Breguet instead of a Japanese

one. His decision reflects an immense passion and determination to compete on the global stage and not to be outdone by Western powers.

As we reinterpret the passion and legacy of our founding years, I am committed to leading TOMY into its next chapter—one that honors our founder's vision of strengthening our global presence.

New Management Structure

In June 2024, Kantaro Tomiyama, who served as Representative Director and CEO for more than 30 years, stepped down from management to become Honorary Chairman. Under the new structure, Kazuhiro Kojima has taken over as CEO, while I have assumed the role of COO.

Since joining the company 14 years ago, I have witnessed the strengthening of the foundation of our business. However, in today's rapidly changing environment, we must invest in growth and move forward with organizational transformation at a much

faster pace. My strengths lie in my youth and energy, and I will maintain the sense of speed this gives me while helping an aggressive management strategy that expands our reach across different age groups and regions.

While it is critical that we take the offensive, we must not neglect defensive measures. With experienced leader Kazuhiro Kojima as CEO overseeing governance and compliance, we will strike the right balance between offense and defense to achieve the sustainable growth of our business.

Commitment to Our Purpose

We have recently redefined our Group's significance in society and established a new Purpose: "Quality Asobi can inspire and delight the world." The value we provide, asobi, creates immersive moments and spaces that captivate people. These experiences not only stimulate children's learning and creativity but also develop the relationships between family members and friends who enjoy playing together, generating excitement and happiness that contribute to the overall well-being of individuals. This is the outcome we strive to deliver.

When I hear a parent say, "I bought a PLARAIL set because my child asked for it," while I appreciate the purchase, I am disappointed that the true value of the toy is seen only as the fulfillment of the child's request. The beauty of PLARAIL lies in its flexibility, which is facilitated by basic elements, such as the curved and straight tracks. With its carefully designed features, such as easy-to-assemble tracks and light-

touch switches, it enables children to bring their imaginations to life. How many platforms are there in the world that allow children as young as 3 or 4 years old to freely bring their imagined worlds to life? PLARAIL nurtures this creativity, and when parents join in, the experience becomes even more vibrant, fostering moments of joy and connection. The same is true for BEYBLADE. At BEYBLADE competitions, participants bow respectfully to each other, creating a safe and enjoyable environment where diverse groups of people can have fun together. We are building places where individuals can connect and celebrate these joyful experiences, which are key to advancing well-being, not only in Japan but also throughout the world. Every time I witness and experience how asobi can inspire and delight the world, I reflect on our Purpose. I share these reflections with our employees to reinforce the Purpose throughout the company.

Message from the President

Review of the Previous Medium-Term Business Plan

Review of the Previous Medium-Term Business Plan
During the three-year period of the previous Medium-Term Management Plan, we pursued various strategies and tested several hypotheses. One key focus was launching new businesses centered on asobi. This led to the introduction of products such as NELTIP, a nail-tip printing machine for teenagers, and UCHI NO AMAENBO AMI-CHAN, a healing partner toy targeted primarily at seniors. Through these efforts, we found that while some stand-alone ventures faced challenges, we were able to leverage our strengths to achieve solid results by expanding across different age groups and regions.

Products like TOMICA, PLARAIL, LICCA, and BEYBLADE also resonate with adults who have a playful mindset—often referred to as “kidults.” This success has reinforced our confidence in further expanding our target age groups. From the perspective of global expansion, we observed the steady growth of TOMICA sales in the Chinese market, highlighting the strong demand for collectible vehicles. Similarly, BEYBLADE continues to experience robust global demand.

These successes have shown us that focusing on “the right product for the right market,” whether it is by age group, region or sales channel, is the most effective way to leverage our strengths. The kidult trend is gaining significant traction not only in Asia (especially China) but also in Europe and North America. The growing global kidult culture presents a tremendous opportunity for us as we move forward with our medium- to long-term strategy. On the other hand, we are increasingly aware of risk factors that could impact our international business in the coming years. In addition to the rapid political, economic and legal changes that we have already experienced, we face increasing risks of climate-related natural disasters and geopolitical issues. As part of our efforts to restructure our global production network, we have been shifting production from our heavily China-dependent operations to other countries, such as Vietnam. However, in September 2024, a massive typhoon hit Vietnam, disrupting factory operations and shipments. Going forward, it will be crucial for us to identify these emerging risks and implement measures to address them as part of our business operations.

Medium-to Long-Term Management Strategy 2030

Our Medium- to Long-Term Management Strategy 2030, which was announced in May 2024, builds on the strengths identified in the previous plan, applying the principle of “the right product for the right market.” While aiming for hits and the growth of our market share in key countries, we will pursue growth opportunities by expanding both our target age groups and geographic reach. As we shift from “toys” to “asobi” experiences, we will broaden our reach to bring asobi to the world and to all generations.

To broaden our target age groups, we will develop age-specific strategies for each brand to provide asobi experiences that appeal to a wider range of consumers. By offering diverse high-value-added products for core fans, we aim to increase the number of products purchased per user. At the same time, we will leverage our existing brands to broaden our reach and grow the overall number of asobi users.

Regarding geographic expansion, we will develop and implement regional strategies based on the principle of “the right product for the right market.”

For TOMICA, increasing our presence in Asia is crucial, with a particular focus on strengthening our position in China. Meanwhile, BEYBLADE has now become a global IP that transcends gender, age and nationality. We will continue to expand BEYBLADE globally, focusing on the United States, Europe, Australia and Asia, including China. Each brand will be strategically positioned in markets with the highest growth potential, aligning with our regional growth strategies.

From a group-wide perspective, T-ARTS will leverage its Japan-originated IP products to develop distribution channels for character merchandise, such as plush toys and figures, targeting the kidults segment in North America through TOMY International. In addition, as the goal of the Japan Tourism Agency is to increase the number of inbound tourists per year to 60 million by 2030, capturing this inbound demand will be a key focus for KIDDY LAND’s retail business to drive the growth of sales. Alongside the organic growth of these existing businesses, we will also explore M&A opportunities.

In terms of age group expansion, figures and other key categories where demand is high among kids are strong candidates for M&A activities. In

terms of geography, we will proactively look to invest in businesses that can accelerate our presence in important markets.

Human Capital to Support Sustainable Growth

To enhance our corporate value, we have set forth the vision, “Becoming a globally adored Asobi powerhouse, known for its top-notch quality and boundless creativity.” The most critical factor in realizing this vision is our people. Our historical focus on the domestic business has led to our employees having a predominantly Japan-centric mindset, which I see as a challenge we currently face. Just as our founder looked to a French aircraft for inspiration 100 years ago, it is crucial that we shift our employees’ mindsets to a global perspective and reignite their curiosity about the world.

We have four core values: “Eyes Open to a Wide World,” “Creativity with Purpose,” “Embrace the Adventure,” and “Relentlessly Pursue Your Dreams.” These values represent the beliefs we hold dear as a company to achieve our vision, and they serve as a guide for each employee’s actions. When our people fully embrace these values—starting with “Eyes Open

to a Wide World”—and shift their thinking toward a global mindset, their actions will change, and our asobi experiences will spread worldwide.

For example, our Japanese team promoting BEYBLADE has already launched a YouTube channel in English as part of our North American marketing efforts. This initiative showcases how the employees who have nurtured our brands are now expanding their horizons to the world and stepping up as global brand managers, advancing our marketing strategies around the world. This kind of global thinking is key to rapidly expanding our geographic reach.

To achieve this, it is essential for us as management to not only provide training but also consistently provide meaningful opportunities for employees to gain firsthand international experience through business activities. We aim to encourage our employees to participate in overseas events and take on challenges and support them in gaining this valuable experience.

The Social Value Created by Asobi

As a responsible corporate citizen, we have many roles to play in addressing societal issues, such as the reduction of environmental impact and the promotion of the well-being of children. In Japan, the opportunities for asobi are diminishing, and serious social issues, such as child poverty, remain unresolved, leaving the country ranked low in terms of children’s happiness. When we turn our attention to adults, social isolation and loneliness have become pressing societal concerns.

What can we do to support the healthy development of children through asobi? How can asobi contribute to solving the challenges that society faces? These are the discussions we are actively having within the company, exploring how we can address these issues in our unique way.

For example, BEYBLADE brings together people from a broad age range—from 6-year-olds to people in their 60s and beyond—creating delightful spaces that transcend both generations and borders.

DUEL MASTERS enables people to play online using digital apps, but many people still gather in physical spaces to enjoy playing together.

These experiences of connecting through our asobi offerings contribute to the well-being of society, and we have felt the positive impact our offerings have had. I see this as a major growth opportunity for the company, and we will continue to leverage our strength in “the right product for the right market” to expand asobi to the world and to all generations.



TOMY Group Value Creation Process

Purpose

**Quality Asobi can inspire
and delight the world.**

Corporate Strategies

Guidelines for creating and enhancing sources of value

Human capital and organization



- TOMY Group's approach to human capital
- Human capital strategy for achieving the Medium- to Long- Term Management Strategy

Finance



- Improved profitability (Cost of capital and ROE)
- Shareholder return policy Manufacturing and infrastructure

Manufacturing and infrastructure



- IT systems
- Digital services

Intellectual property (IP)



- Intellectual protection guidelines

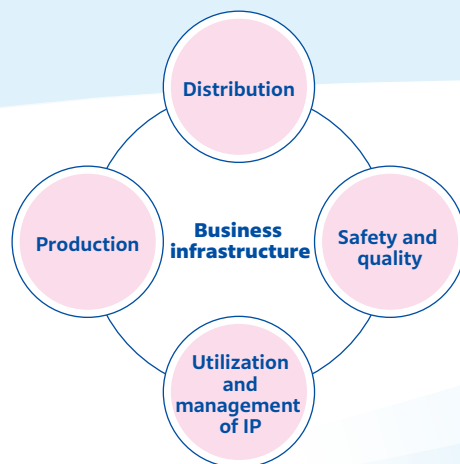
Society and natural environment



- Business continuity plan
- Responsibility to society and the natural environment

Business Strategies

Methods for utilizing the key areas and strengths of the businesses



TOMY Group business activities

The Five Key Themes of Sustainability

Our passions

Through Asobi, contribute to
a healthy society that has dreams

A workplace where employees can get
absorbed in the work of creating Asobi
that is noticed and loved all over the world

Materialities

- 1 Contributing to an enriched society through Asobi

- 2 Improving employees' well-being
- 3 Promoting employee growth

Business environment and issues

Aging population and declining birthrate in Japan

Diverse values

Vision

Business Vision 2030

**Becoming a globally adored
Asobi powerhouse,
known for its top-notch quality
and boundless creativity.**

Sustainability Vision 2030

**A creator of quality Asobi
that promotes the sustainable
well-being of society.**

Creation of added value

Hit products
in major countries
and expansion
in market share

Growth potential through
attractive competitive strategies

Expansion of
regional axis

Expansion
of age groups

Large growth potential

Increase
brand value

Non-toy
revenue

Digital

Factors supporting growth

Our responsibilities

Ensuring high quality

- 4 Asobi that is safe, secure, and of high quality
- 5 Connecting with customers

Coexistence with the global environment

- 6 Responding to climate change
- 7 Promoting eco-conscious package/
product designs

Sound management

- 8 Respecting human rights
- 9 Sustainable procurement
- 10 Governance supporting
the creation of Asobi
- 11 Risk management supporting
the creation of Asobi

Global expansion of the middle class

Political instability

Natural environment, etc.

Review of the Medium-Term Management Plan

Medium-Term Management Plan FY2018-2020

Results

Net sales

¥141.2 billion

Operating profit

¥7.0 billion

Operating
profit margin

5.0 %

Return on
equity(ROE)

7.9 %

Price-to-book
ratio(PBR)

1.4 times

Basic Policy

**Striving for a New Stage
of Growth**

Achievements

Businesses for grown-ups and elderly expanded

Business opportunities were identified in non-kids segments

- TOMICA Premium for adults sold well
- Although our target for the DUEL MASTERS PLAY'S app was not achieved, the app helped stabilize our revenue

The strategy for in-house original global brands was advanced

The “third pillar” has yet to be created, but we are sowing the seeds for future generations

- Bottleman, the next hobby project, was launched
- ZOIDS failed to achieve their target and struggled

Acknowledgement of the business environment

- Decline of the birth rate in Japan
- More adults buy toys

Medium-Term Management Plan FY2021-2023

Results

Net sales

¥208.3 billion

Operating profit

¥18.8 billion

Operating
profit margin

9.0 %

Return on
equity(ROE)

10.5 %

Price-to-book
ratio(PBR)

2.5 times

Basic Policy

**Play will make the world better.
So TOMY will greatly respond
to the future global society
by creating play**

Ongoing challenges

- Continuing to improve ROI in the IP investment strategy
- Further strengthening foundations with the strengths of the digital game business as a starting point
- Further improving the profitability of existing brands from European and U.S. subsidiaries, and creating synergy with Fat Brain
- Continuing to build foundations in Asian markets
- Capturing the No. 1 position in the TCG category and solidifying our position in the hobby and pet toy categories

Acknowledgement of the business environment

- Rapidly declining birth rate in Japan
- Global increase in the “kidults” demographic of adults who maintain a playful spirit

Achievements

Increased strategies for exits, ages and regions, with the “right goods in the right place” as key

Generating new sales by approaching a wide range of age groups

- Deploying the brand palette by leveraging the optimal combination of exits, age and region
- Improving Life Time Value through TOMICA, ZOIDS, Digital Arcade Game, App Games, etc.

Creation of hit products with Japan as the starting point

Create hit products and promote overseas expansion

- Create hit products originating from Japan through focused investment in strategic categories and collaboration with partner companies
- Promote expansion of Punirunes, an LCD care toy with a new texture, and BEYBLADE X, in Japan and overseas

Anticipating global growth with continued IP investment

Core brands × IP investment to expand business scale

- Expansion of standard products through animation series such as TOMICA Heroes Jobraver - Specially-equipped combined robot, Shinkansen Henkei Robo SHINKALION Z and Ania Kingdom

Launch of new businesses under the key concept of “play”

Accumulating extensive experience toward a new Medium-Term Management Plan

- Development of various products for a broader age range of customers
- LEV-2 (nickname SORA-Q) became the first Japanese robot to land on and photograph the lunar surface during the pinpoint landing mission of the SLIM (Smart Lander for Investigating Moon), which generated great interest

New value creation by utilizing DX in the value chain

Promotion of the use of the metaverse, provision of meticulous services, and utilization of AI

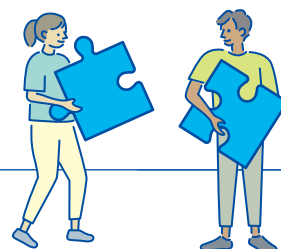
- Communication with fans through the official metaverse world BEYBLADE PARK
- Provision of services tailored to customer preferences through e-commerce, including TakaraTomy Mall
- Utilization of AI in daily operations and product development

Sustainability and CSR initiatives

Set medium-term sustainability targets and KPIs and implement activities

- Establishing task forces for themes requiring cross-sectional efforts, we executed and implemented initiatives and made new proposals
- Acquired Kurumin Certification (childcare support company)
- Acquired Eruboshi Certification (3 stars) (a company that does well at empowering women)

- Rapid promotion of DX due to IT advances
- Acceleration of the digital economy
- Changes to various values through ESG and the SDGs



Medium- to Long- Term Management Strategy 2030

Medium- to Long- Term Management Strategy FY2024-2030

..... Targets (Year ended March 31, 2030)

Net sales		Operating profit	
¥300.0 billion		¥30.0 billion	
Operating profit margin	Earnings per share (EPS) Growth rate Ongoing	Return on equity (ROE) Ongoing	
10% target	10% or more	11% or more	
Equity ratio	Total payout ratio	Price-to-book ratio (PBR)	
Approx. 50%	Basically 50%	3 times target	

Basic Policy (purpose-oriented management)

Quality Asobi can inspire and delight the world.

Ongoing challenges

- Expansion of regional axis
Expanding through localization in North American and Chinese markets
- Expansion of age groups
Utilizing strengths for kidults (long-standing IP, technical capabilities)
- Transition to management that is conscious of cost of capital
Achieving a balance between management efficiency and improvement of business value

Six Key Strategies

We seek to become a global Asobi company capable of independently handling the entire process from product development to marketing and sales in large overseas markets by 2030. For that purpose and in accordance with the Medium- to Long-Term Management Strategy, we will work to enter the North American and Chinese markets through localization and develop a global marketing function through the worldwide simultaneous rollout of products.



Strengthening the value chain

When implementing a series of business strategies, we use digital technologies and coordinate and more efficiently and closely strengthen value chains. This enables us to provide stable services and automate operations more speedily with lower expenses.

Corporate Strategy

We will take charge of management from the perspectives of finance, human resources, intellectual property, society and nature and pursue the expansion of our business and the qualitative improvement of the management of our business.

In terms of finance, we will improve our profitability (increasing ROE while remaining conscious of the cost of capital) and return profit to stockholders (by paying dividends and acquiring treasury shares) to maintain a sound financial condition and pursue the maximization of shareholder value.

Acknowledgement of the business environment

• Declining birth rate in Japan

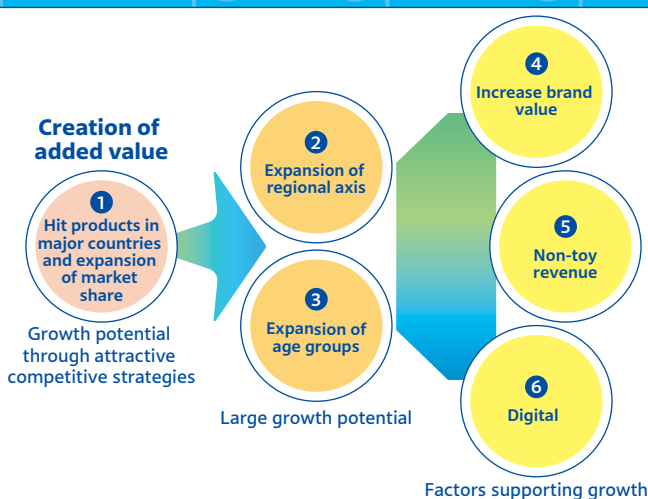
Focusing on expanding the regional axis and age groups. Accelerating expansion into growing overseas markets

• Progress in digital technologies

Promoting proactive initiatives adapted to technological evolution

• Increase in purchase prices due to yen depreciation

Reducing risk through efficient procurement strategies and forward exchange contracts



Development

- Researching eco-friendly materials and commercializing them
- Streamlining AI-based development processes

Supply chain

- Restructuring and streamlining distribution and production systems for reinforcing our competitiveness in the Asian and North American markets
- Building and operating a human rights due diligence system and a system for achieving sustainable procurement in cooperation with suppliers
- Regarding D2C, we will build a system that includes delivery to customers

Safety and security

- Increasing merchandise for kids and improving safety quality standards and systems to ensure competitiveness for global sales



Vision

Business Vision 2030

Becoming a globally adored Asobi powerhouse, known for its top-notch quality and boundless creativity.

Sustainability Vision 2030

A creator of quality Asobi that promotes the sustainable well-being of society.

Regarding the Six Key Strategies

Growth potential through attractive competitive strategies

Large growth potential

Hit products in major countries and expansion in market share

Concept and efforts

Our strength lies in the creation of new hits in major countries including Japan. During the period of the previous Medium-Term Management Plan, we were committed to the creation of new value in asobi. Examples include BEYBLADEX, the fourth generation of the modern version of beigoma, a spinning top game; Punirunes, an LCD care toy with a new texture from TOMY Company, Ltd.; Pokemon-related businesses at T-ARTS; and the discovery of new characters at KIDDY LAND. With the Medium- to Long-Term Management Strategy 2030 announced in May 2024, we intend to expand further into North America and China as we expand into wider regions through the strengthening of supply chains. We will continue to strive to expand our global market share by maximizing our globally accepted brand palette (the “right people”) and adapting products that are rolled out to the target age and market area (the “right place”) on a brand basis.

Expansion of regional axis

Concept and efforts

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 Group owns diverse brands including standard products such as TOMICA, PLARAIL and LICCA dolls, as well as BEYBLADE, TRANSFORMERS and ZOIDs. By fully utilizing these IPs through in-house and partner brand palettes, and properly rolling out them out based on the target age groups, markets or regions for each brand, we will work to leverage the strengths of the TOMY Group and achieve further growth.

Expansion of age groups

Factors supporting growth

Increase brand value

To expand into wider regions and age groups, it is necessary to have high brand value and customers who appreciate the value and to provide continuous support. We will enhance the value of our brands including classics such as TOMICA, PLARAIL and LICCA dolls, and will build a fan community for wider age groups and market areas. In addition, we will leverage our strengths in development and our product lineup to enhance the value of our partner brands while staying committed to the discovery of new characters. In building a fan community, we will enable face-to-face events to evolve and deepen our relationship with customers.

Concept and efforts



Face-to-face event: Great Zoids Fair

Non-toy revenue

Today, we operate a licensing business with the characters from TOMICA, PLARAIL, LICCA dolls, BEYBLADE, TRANSFORMERS, etc. In recent years, new services have been rolled out at full scale. Examples include the DUEL MASTERS PLAY'S card game app and the launch of long-time seller The Game of Life as software exclusively available on Nintendo Switch™. Furthermore, we organize many events such as the TOMICA Fair and the PLARAIL Fair to help increase non-toy revenue.

Concept and efforts



The Game of Life for Nintendo Switch™

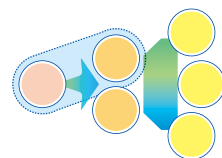
Digital

In carrying out the six key strategies, we will utilize different types of infrastructure such as the digitalization of DUEL MASTERS PLAY'S and The Game of Life for Nintendo Switch™ on a smartphone or a game console and the expansion of e-commerce business including TakaraTomy Mall. We will also offer purchase opportunities by maximizing digital areas such as media, analytics and marketing automation to provide the right information to the right people at the right timing. With the use of digital tools such as language translation for raising operational productivity and increasing access to the world, we will expand the world of asobi more efficiently.

Concept and efforts



Expansion of Regional Axis



Global Asobi Company

Formulating brands' regional strategies based on putting the right people in the right place

Expanding asobi toward China and Asia

Strengthening the rollout of TOMICA and BEYBLADE



BEYBLADE X
ベイブレードエックス

Leveraging structural improvements to gradually roll out other products



TCG
LET'S COLLECT AND PLAY!



Expanding asobi into Europe, the United States and Australia

Strengthening the rollout of BEYBLADE

BEYBLADE X
ベイブレードエックス

Strengthening the rollout of Japanese culture-related merchandise geared for kidults



Gacha

Club Mocchi-Mocchi

Standardization of sales between TI regions*



Fat Brain Toys

TOMY games

*TI:TOMY International, Inc.

We will seek to expand our businesses into wider regions mainly targeting Asia including China, Europe, the United States and Australia. Our structure will be improved in Asia including China. Examples are the reinforcement of the rollout of popular content such as TOMICA and BEYBLADE, the introduction of our original IPs and other efforts. We will expand our business areas by gradually rolling out strong content owned by the TOMY Group, such as T-ARTS products, trading card games and hobby merchandise, from the regions where we have improved our structure.

In Europe, the United States and Australia, we will seek to reinforce the rollout of BEYBLADE, our IP with strong brand power on a global level. For kidults, Japanese culture-related merchandise (e.g., GACHA, stuffed toys) will be expanded. Targeting areas in Europe, the United States and Australia where animated content is more popular, we will start with the development of a sales network before launching products.

Creation of group synergy

In reinforcing the rollout of BEYBLADE, we will also reinforce the development of its license. T-Licensing Inc. was established in New York, USA, in November 2022 and operates a license business mainly in Europe and the United States. For BEYBLADE X, the fourth generation of the series of products, we sell rights for the broadcasting and distribution of animated works, plan their roll out in the media and sell rights for holding events and commercializing accessories and other merchandise. In this way, we are working to increase brand recognition and make a profit.

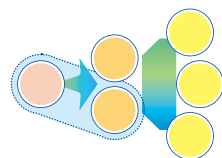
For kidults, we focus on figures and stuffed toys available from T-ARTS in Japan amid the increase in the popularity of Japanese culture and the growing interest in figures and stuffed toys. The rollout of these products targets areas where animated content is popular, and TOMY International is developing a sales network and launching products to expand into new age groups and wider regions.

In cooperation with the companies of the TOMY Group, we seek to create synergy mainly in the areas of content and products such as these.



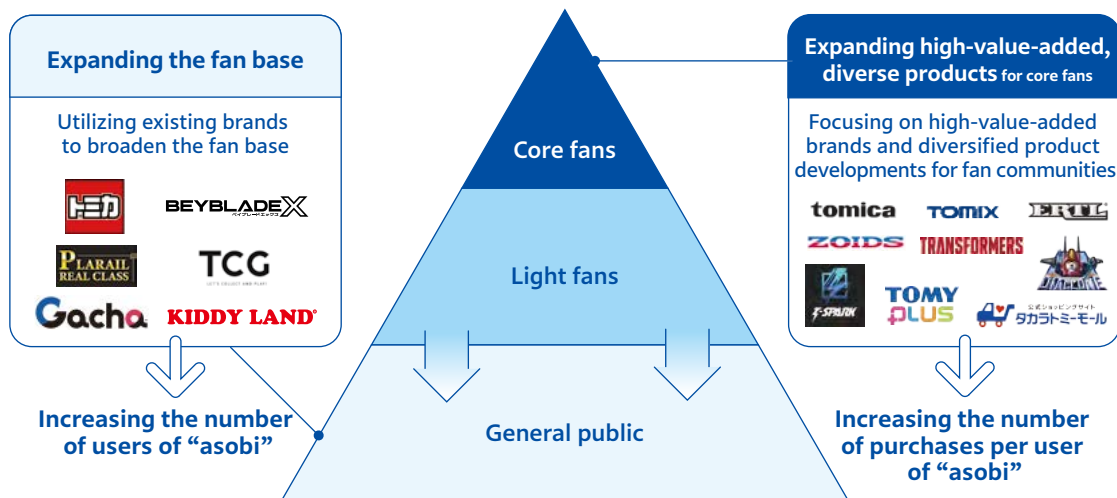
TOMY

Expansion of Age Groups



Expanding asobi enjoyed by a wide age range of people

Formulating an age group strategy for each brand



We seek to create hits and expand our market share by adapting product rollouts to the target age group for each brand we own. Efforts will be made to expand our fan base. For example, we leverage the power of our existing brands such as TOMICA and PLARAIL to attract new users and people who enjoyed these brands in the past. Meanwhile, the rollout of elaborately detailed high-value-added products, such as TOMICA Premium and TOMIX, and efforts in new fields such as hobbies are intended to increase the number of core fans.

Digging deeper into existing brands and spreading them beyond light fans to the general public and core fans will enable us to approach a wider age range than ever before.

Developing asobi

We maximally draw out the potential of existing brands and develop new forms of asobi. DUEL MASTERS, a trading card game, has been available from TOMY since 2002. To attract users from a wider range of ages, we developed DUEL MASTERS PLAY'S, a card game app for use with a smartphone, in cooperation with DeNA Co., Ltd., and released it in December 2019. The Game of Life for Nintendo Switch, a software version of the long-selling game exclusively for the Nintendo Switch™, was launched in October 2023. Through efforts like this, we have been developing new forms of asobi such as the digitalization of existing brands.

In May 2024, T-SPARK, a new label geared for hobbyists was announced. This comprehensive hobby label includes multiple brands including TRANSFORMERS, ZOIDS, Diaclone and others. The concept of the brand is to offer the best experience to hobbyists. In September 2024, the SYNERGENEX series was launched to fully draw out the synergy created through collaborations between our IPs and other companies' IPs and brands to offer new forms of fun such as unexpected combinations and the spread of asobi.

In new fields such as hobbies, we maximally draw out the potential of existing brands and develop new forms of asobi.



Corporate Strategy



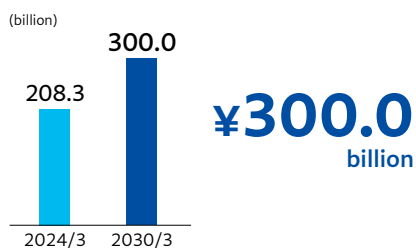
Refine our strengths and maintain a high ROI while investing in growth to expand into wider regions and age ranges

Goshiro Ito

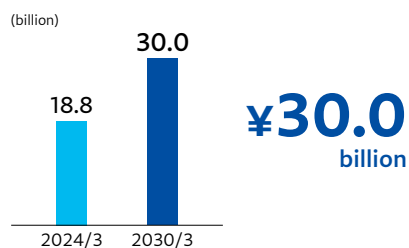
Board Director,
Senior Executive Officer & CFO

Targets (Year ended March 31, 2030)

Net sales



Operating profit



Operating profit margin

Target **10** %

Earnings per share (EPS) Growth rate

Ongoing
10 % or more

Return on equity (ROE)

Ongoing
11 % or more

Equity ratio

Approx. **50** %

Total payout ratio

Basically
50 %

Price-to-book ratio (PBR)

3 times target

Pursue Asobi and Be the Core of the Growing Industry

In FY2023, we achieved record highs for both net sales and profit. Net sales were 208.3 billion yen, exceeding the 200 billion yen figure we had wished to reach for a long time. Our operating profit was 18.8 billion yen. Products like TOMICA, BEYBLADE and GACHA spread to kidults globally. They are accepted by a broad range of customers. The expansion into wider age ranges and regions makes me very emotional.

I joined the company in 2016. That year, the annual number of births fell below one million for the first time and the declining birth rate began to manifest strikingly. Many people viewed

the toy industry, which typically targeted kids, as a declining industry. Today, we are seeing a dramatically different view: Japanese IPs such as cartoons and animations are earning significant recognition all over the world. As the popularity of Japanese content has grown, we have globally offered asobi to all age groups and have steadily bolstered our profit base. I feel that TOMY Company, which operates in what was positioned as a declining industry a while ago, has shifted to being a growing company occupying the core of a growing industry today.

The TOMY Group's Strengths

Thanks to your support, we celebrated our 100th anniversary in February 2024. The TOMY Group's strengths lie in our having been loved by customers and stakeholders for a long time. For example, TOMICA, PLARAIL and LICCA dolls are brands with long histories spanning more than five decades. BEYBLADE also has a 25-year history. Furthermore, we have built long-lasting, wonderful relationships with our partner companies, which also have strong characters. A long life cycle means a business model that is different from those in other categories of business. A distinctive characteristic of the TOMY

Group is that we have these products and brands.

We have continued to invest in these brands. We have tried many different development ideas, commercials, animated works and events such as TOMICA Fair and PLARAIL Fair. On a single-year basis, they are not so great in terms of monetary value. However, these activities have been cumulatively refined through investment. In monetary terms, these cumulative investments are beginning to generate returns, like a cup of water overflowing. This is represented by net cash on the balance sheet.

Review of the Previous Medium-Term Management Plan

The three-year period of the former Medium-Term Management Plan, which ended in FY2023, was affected by COVID. It seems we had a turning point during the three-year period, where a tailwind began to blow in our business environment. Recognition of Asian culture and Japanese culture and content, in particular, has increased globally. In the past, they were treated as a subculture. Today, they are regarded as mainstream culture and are gaining global popularity. The post-COVID increase in demand generated by inbound tourists is also a big turning point.

In this business environment, we grabbed the opportunity to globally expand our businesses and became a growing company. In my view, three aspects of our efforts worked effectively, advancing our strategies in terms of exits, ages and regions

with “putting the right person in the right place” as the key, creating hit products based in Japan and preparing for global growth by continuing to invest in IP, under the basic policy set forth in the previous Medium-Term Management Plan, laying a foundation for sustainable growth while globally leveraging our strengths.

At the same time, the business environment surrounding us was formidably challenging in terms of both logistics and manufacturing. More specifically, there was a steep rise in raw material prices and an increase in the costs incurred in overseas supply chains, among other challenges. Despite this, an increase in sales greatly helped us overcome the adverse conditions and our profit ratio increased, exceeding the breakeven point. At 99.9 billion yen, our net assets in FY2023 reached

nearly 100 billion yen. The net cash ratio is 50%, and the equity ratio exceeded 60%. Exchange rates fluctuated greatly during that time, but we successfully controlled the impact of these fluctuations by properly hedging risks.

Looking back on the past 10 years, our profit structure improved because, in my analysis, of our creation of high returns from our existing brands and the growth of T-ARTS and KIDDY LAND. The former had a dramatic breakthrough with products such as GACHA while the latter gained significant support from

inbound tourists and women. After COVID, we shifted more to investing in our strengths. This reduced the volatility of our business and reinforced our ability to generate cash. Consequently, our business has leveled and is no longer concentrated on the third quarter; instead, it operates on an annual basis. Our financial efficiency has improved accordingly. Going in this direction should, in line with the former Medium-Term Management Plan, result in the strengthening of our financial base. For me, the amazing improvement in earnings reaffirmed this.

Medium- to Long-Term Management Strategy 2030 Launched

Our Medium- to Long-Term Management Strategy 2030, released in May 2024, sets forth the FY2030 targets of 300 billion yen in net sales and 30 billion yen in operating profit. We will also seek to remain at or above an ROE of 11%, an EPS growth rate per share of 10%, an operating profit margin of 10%, an equity ratio of about 50%, and a total payout ratio of basically 50%, while increasing the PBR to three times. To achieve these targets, we will implement thorough financial strategies and capital policies.

The pillars of our growth are organic growth with a focus on globalization, M&A activities maximizing our high cash-creating capabilities and growth through alliances. Our target is to increase net sales approximately 100 billion yen from the current level to approximately 200 billion yen. While our growth in Japan continues, our growth overseas will outpace our growth in Japan. In the future, our current domestic to overseas net sales ratio of 7:3 will be reversed.

Overseas, our priority markets are the countries and regions that have a certain GDP per capita or higher. The areas with high affinity to Japanese content are our primary targets. This year, I had the opportunity to visit Paris

in September and Los Angeles in October. Merchandise with Japanese characters is easily available at specialty stores, major bookstores and megastores in large quantities. I saw many people of different genders and races, from teens to grown-ups, pick up and buy Japanese products such as accessories, figures and plastic models. Unfortunately, however, the TOMY Group is still a minor part of this Japanese merchandise. I am very frustrated about this, and I see a lot of growth potential. Asian countries including China, mainly wealthy people, trust Japanese brands greatly. They also represent an important customer segment that supports the demand generated by inbound tourists. Establishing new organizations, increasing our logistics and sales networks and introducing human resources in overseas regions that have a high affinity with Japanese content should enable us to expand into wider regions and age ranges. From the perspective of a global supply chain, we will pay attention to the recent increase in geopolitical risks. At the same time, we will refine our brand power from a global perspective. These efforts will lead to the expansion of sales.

Cash Allocation

We had about 60 billion yen in cash as of the end of March 2024. A part of EBITDA (26.5 billion yen) excluding the portion returned to shareholders as dividends, etc., will be allocated to investing in growth to enhance our corporate value. As our business model does not require that we

investment in equipment such as large devices or infrastructure, our investments in organic growth will be mainly directed to our ongoing efforts to strengthen our brands and to intangible assets such as human capital. Regarding IP, concentrating investments in long-selling IPs will

refine brands without allowing them to end up as commodities. My understanding is we are now able to allocate cash to M&A activities and the acquisition of IPs. We will put more effort into the formation of alliances of different forms, including acquisitions, with companies that will help us expand into wider age ranges and regions by, for

Investment in Intangible Assets

Regarding investments in intangible assets, investment in human capital is most important for us. The biggest issue is organizationally becoming capable of achieving the targets stated in our Medium- to Long-Term Management Strategy and reinforcing our organizational strengths. This is because stagnation in the globalization of the human resources that support our organization and allowing our sales base to remain disproportionately concentrated in Japan would limit the speed of our regional and global growth. We will actively increase investment in human capital and provide our human resources with more opportunities to grow on a global level while also recruiting human resources from outside our organization. This should enable our business to grow.

In addition to investing in human capital, we will aggressively invest in defensive and offensive measures to enhance our brand value. Defensive measures will be taken over the span of a few years in the regions and countries where

example, seizing new business opportunities or strengthening our sales capabilities and supply chains. In M&A activities, we value financial discipline, including practices such as maintaining our post-PMI ROE and equity ratio, as well as the amount of purchases and expected returns as the volatility of our industry is relatively high.

counterfeiting is rampant to prevent damage to our brand value. At the same time, we will promote intellectual property strategies to increase barriers to entry, such as the acquisition of patents. Our brands are not limited to merchandise. For example, going to a KIDDY LAND store in Harajuku or Umeda or visiting TOMICA Fair or PLARAIL Fair with your family represents value that we offer. By digitalizing the value we offer, for example, we can invest in offensive measures to enhance our brand power using the value offered by the different forms of asobi that we have developed to date.

We will also measure our impact on the sustainability of society through scientifically grounded research, in terms of the mental and intellectual impact of the value offered by TOMICA, PLARAIL, LICCA dolls, BEYBLADE, DUEL MASTERS and other forms of asobi as we strive to “inspire and delight the world” as our latest Purpose says.

Our Shareholder Return Policy and My Message to Stakeholders

I am glad that, at the general meeting of shareholders, I met many shareholders who are also fans that support TOMY. Recently, we announced a shareholder return policy that included a total payout ratio of 50%, basically. Going forward, we will unfailingly carry out the Medium- to Long-Term Management Strategy and enhance our corporate value so that we will be able to return more profit to shareholders.

The COVID pandemic in the period of the former Medium-Term Management Plan left us no choice but to accept many restrictions. Ironically, however, the experience gave us an opportunity to renew our understanding about the power of the TOMY Group’s merchandise and brands. We

have continued to invest in our existing products and brands, and this accumulation of investments is generating an overwhelming return. This high ROI solidifies our management base. Globally rolling out products and brands will, I believe, lead to steady and significant growth.

“Quality Asobi can inspire and delight the world.”

As a global corporate division and a manager of the division, I will be an enthusiastic driving force within the company to continue to improve our “Quality Asobi,” our corporate value, to achieve our latest Purpose as we strive for steady growth in the pursuit of our long-term targets.

Increase of Intangible Assets in the Form of Human Capital

The Vision of the Human Capital Strategy

TOMY Company's human capital strategy is integral to its corporate strategy, which serves as the foundation for the Medium- to Long-Term Management Strategy 2030. The vision of the human capital strategy is to create an environment where employees can become absorbed in creating "asobi," fostering an organization that can achieve self-driven, sustainable growth. On July 1, 2024, we revised our personnel system to foster each employee's development and job satisfaction and enable them to perform at their best.

The human capital of the domestic and overseas Group companies involved in creating asobi is essential to the Company. We will strive to enhance the well-being of our employees and strengthen our organizational culture to achieve sustainable growth as a company based on our Purpose, Vision, Values, and Promise.

Initiatives under the Medium-Term Human Capital Strategy for FY2024 to FY2026

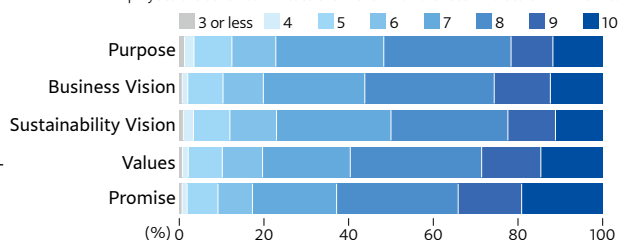
Strategy 1 Developing human resources to fulfill our Purpose, Vision, Values, and Promise

The TOMY Group will support employee development by encouraging each employee to consider their own career, aim to enhance their skills and abilities, and explore new possibilities in line with the vision of the human capital strategy. We are working to reform our career plans and evaluation and compensation systems, allowing a diverse workforce to work with a sense of fulfillment, maximize personal growth, and help fulfill our Purpose, Vision, Values, and Promise. We will concentrate on training the next generation of executives and personnel who will lead our global marketing efforts.

To raise employee awareness of our new principles—Purpose, Vision, Values, and Promise—we organize company-wide information sessions, roundtables, workshops, and awareness surveys.

Results of an employee principles awareness survey

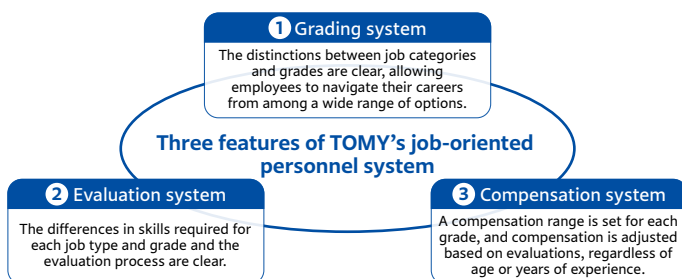
* Employees are asked to indicate their level of awareness on a scale from 1 to 10.



* The all-employee survey conducted in June 2024

Strategy 2 Unique TOMY Job-based Personnel System

The TOMY Group discloses its personnel evaluation and promotion criteria rules and conducts fair and impartial personnel evaluations. The Group provides evaluator training to managers. We have revised our system to create a mechanism that promotes the growth and job satisfaction of each employee and enables them to perform to the best of their ability.



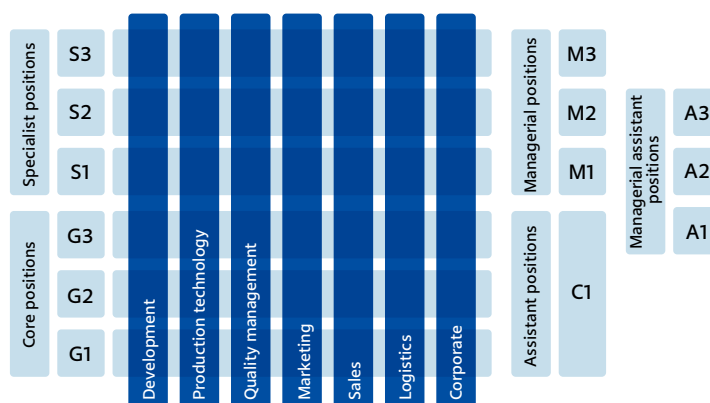
1 Grading system

A system that allows employees to create their own career paths from among a variety of options

We have changed the previous mainstream approach to career advancement, which was to aim for a managerial position. We have reviewed the definitions of specialist roles and career advancement is now achieved by demonstrating high levels of expertise. We have introduced a dual-track job system consisting of managerial and specialist positions. The job category previously known as the management track position has been renamed to “core position.” Jobs are categorized into development, production technology, quality control, marketing, sales, logistics, corporate, and other positions.

TOMY has established a distinct grading system based on different job types. Employees can refine their expertise in their job roles and progress to a “specialist position,” or gain experience across various job types with the aim of advancing to a “managerial position.” We have reviewed the role definitions for the grades in the core position category and reduced the number of grades by one, allowing employees to pursue specialist or managerial positions at an earlier stage.

Job classifications and the structure of job types and grades



2 Evaluation system

A system that clearly defines differences in skills required for each job and the evaluation process

We have introduced a system where employees are evaluated based on their demonstration of the skills required for each job type, rather than using a uniform evaluation standard applicable to all roles. We provide an environment where employees can gain a more detailed understanding of their current situation and use this knowledge to grow through discussions with their superiors. We have changed our evaluation method from a relative evaluation to an absolute evaluation. In the relative evaluation, employee ratings were based on a standard rating and base rates. In the absolute evaluation, each employee's performance of skills is compared to predetermined standards for specific skills. The results of operations and performance are reflected in performance evaluations and variable bonus coefficients. The performance evaluations are not a basis for promotion. Rather, if an employee's actions and skills are deemed suitable for higher positions and they pass an aptitude test while meeting other requirements, they may be promoted. We clarify the evaluation criteria and the relationships between evaluations and positions.

3 Compensation system

Eliminating seniority-based wages, abolishing personal allowances, and establishing pay scales based on job grades

We have established compensation benchmarks based on external surveys and created a compensation range for each job grade. If an employee is promoted to a higher grade, their compensation will be determined within a predetermined range, irrespective of their age or years of experience. We have eliminated household allowances for heads of household and child allowances for employees with dependent children, which were primarily paid to male employees. We determine wages primarily based on employees' job grades and performance, irrespective of their family composition or circumstances. We have established a compensation system that does not produce wage disparities and feelings of unfairness stemming from personal factors.

Increase of Intangible Assets in the Form of Intellectual Capital

A Dialogue between Outside Directors: Global



Shinichi Tonomura
Board Director (outside)



Reiko Yasue
Board Director (outside)

TOMY Group's strategy:
Selling regionally rooted products globally

Q What are your thoughts on the global strategy in Medium- to Long-Term Management Strategy 2030?

Tonomura Previously, TOMY's global strategy has been to expand the markets for its standard products, such as TOMICA, PLARAIL and LICCA dolls, based on demand in individual regions. I appreciate this approach. However, as the products sold vary from region to region, the challenge we face is implementing consistent branding for our products across different regions. Our new Medium- to Long-Term Management Strategy outlines the Company's goal of transforming into a Global Asobi Company. This strategy has been built not only as an extension of the previous strategy but also as a unified global strategy. This is an important step forward. I expect us to enhance TOMY's overall brand value by establishing a unified direction while preserving the unique product mix in each region.

Yasue In the Medium-Term Business Plan announced in 2021, the Company adopted straightforward strategies: expanding the age range of customers and the regions where products are sold. The Company sold products globally based on these strategies. Sales and profit have increased over the past three years, and I believe the stock market has recognized this. In the new Medium- to Long-Term Management Strategy, the Company clearly states that it will place greater emphasis on the global market. We, outside directors, discussed issues in depth, focusing on important points, when formulating the plan. I know that the TOMY International faces some challenges, particularly regarding profitability. That said, it is crucial that the Group shift from merely selling products globally to a balanced approach. This involves balancing optimal management based on localization, including fulfilling customer preferences and employing marketing and sales methods tailored to each region, with the head office's governance practices in the Group's implementation of its strategies.

Tonomura I agree. To enhance our global strategy, we need to take a more multifaceted approach that includes human resource development and intellectual property strategies. We need to continue taking on new challenges without being restricted by past successes to secure global revenue sources.

Q What challenges are you facing in becoming a Global Asobi Company?

Yasue The biggest challenge is to develop a culture that enables the entire organization to become a global company, which means developing the working human resources. I shared this idea with President Tomiyama. If only a few people who feel that there are no language barriers are involved in overseas business, it is not possible to globalize the entire organization. I expect the people who are responsible for TOMY's various brands to proactively consider how they communicate their appeals to the world and respond to the

characteristics of each market. If we develop such human resources and connect them to the world, I believe that a toy company originating in Japan can become a truly Global Asobi Company. Since we launched our market expansion strategy, we have made steady progress in implementing human resource policies from a global perspective. I appreciate this.

Tonomura I also believe that global human resource development is a significant challenge, as Director Yasue has pointed out. Increasing sales of products and services as a Global Asobi Company is another significant challenge. I believe that the key point is to provide young employees, in particular, with opportunities to experience business overseas and to expand their global networks. Establishing a global management platform (an infrastructure system to support international business management and operations) that helps us manage business operations more appropriately in each region is also a challenge. TOMY is facing the issues we have identified and is striving to address them in good faith, and I appreciate that.

Yasue You are right. In our operations, we face the challenge of advancing integrated ERP (Enterprise Resources Planning) under a globally unified system. In inventory management, for example, if the data for all the brands and products can be managed centrally on a global scale, and if the data can be quickly retrieved as financial data, it will accelerate decision-making throughout the Company. Currently, each regional subsidiary has its own unique operating process, and we must start by creating a unified system.

Tonomura Because systems and processes appear inorganic, but in fact, include emotional elements in areas such as quality assurance, it is difficult to centralize ERP, which to date has been achieved through individual optimization. However, I believe that the key to achieving efficient global operations lies in how quickly this challenge can be overcome. To effectively cooperate with overseas subsidiaries, including in the use of TOMY's strong intellectual property, it is crucial to consider the balance between allowing local management to adapt to the unique characteristics of each market and ensuring that the head office consistently controls operations through effective governance.

Yasue It would be beneficial to place human resources who are familiar with the local culture and market as leadership in the region and allow them to conduct operations independently, governed firmly by the head office, which manages business metrics in addition to providing appropriate guidance and support.



Lastly, do you have a message for your stakeholders?

Tonomura My areas of expertise are optimizing global supply chains and building global management platforms. I will support the Company in becoming a Global Asobi Company by sharing my knowledge and making proposals regarding governance, including proposals on data standardization and the creation of a global management monitoring system. To develop global human resources, it is also essential to secure excellent external human resources and develop internal talent. For example, India, which is a treasure trove of digital human resources, is a promising growth market. I would like to utilize my network to contribute to the development of global human resources. I hope that all stakeholders look forward to watching the development of our global strategy.

Yasue I will continue to offer advice and recommendations to the executives from an objective perspective based on my knowledge in the areas of global human resources and sustainability, in addition to my management experience in Silicon Valley, in other IT fields and overseas. I would like to support TOMY in its efforts to grow into a top-class global company, particularly regarding the utilization of intangible assets such as human resources, which is attracting an increasing amount of attention worldwide. The past three years have been difficult for TOMY, with the COVID-19 pandemic and the accelerating decline of Japan's birth rate. However, we have turned this into an opportunity by developing new strategies and we have produced results. TOMY has consistently been committed to quality and to contributing to healthy human growth over the past 100 years. These attitudes have been passed down to the current TOMY as it moves forward into the future with a new purpose. I believe that the Company has significant growth potential as it expands into new markets.

Increase of Intangible Assets in the Form of Intellectual Capital

Intellectual Property Strategies

Strategy 1 IP creation and growth

We aim to create hits and expand our market share by utilizing this extensive 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”).

In terms of target age groups, we are approaching “kidults,” or adult fans with an “asobi” mindset, so that they can also enjoy our IP.

For example, “BEYBLADE X,” released in July 2023, is expanding its market through a strategy of leveraging the existing IP and continuously building a fan base.

BEYBLADE X
ベイブレードエックス



©Homura Kawamoto, Hikaru Muno, Posuka Demizu, BBXProject, TV TOKYO ©TOMY

Strategy 2 Protecting technology and expertise with the TOMY Toy Technology Thinktank

To preserve our technology and expertise to be passed on in a tangible form, we operate the TOMY Toy Technology Thinktank, which has compiled a glossary of terms, a checklist in multiple languages, and the know-how on how to set up production sites.



Strategy 3 Utilization of Intellectual Property

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.

TOMY Group's Sustainability

Sustainability Vision

A creator of quality Asobi that promotes the sustainable well-being of society.

The TOMY Group celebrated its 100th anniversary in February 2024 and embarked on a new journey toward the next 100 years. Taking this new milestone as an opportunity, we have drawn up a Purpose that serves as the highest guiding principle for our business activities. Based on the Purpose, we established a new Business Vision that pursues economic value and a Sustainability Vision that pursues improving societal value. In addition to our commitment to increasing economic value, we are working to increase societal value as a member of the global community through initiatives aimed at achieving a sustainable society. We believe this will boost the sustainability of the Group's business and drive continuous growth and medium- to long-term improvement in corporate value.

Sustainability Promotion System

In July 2024, the TOMY Group established the Sustainability Committee as an advisory body to the president to carry out initiatives for sustainability issues with the intent of more actively promoting sustainability management.

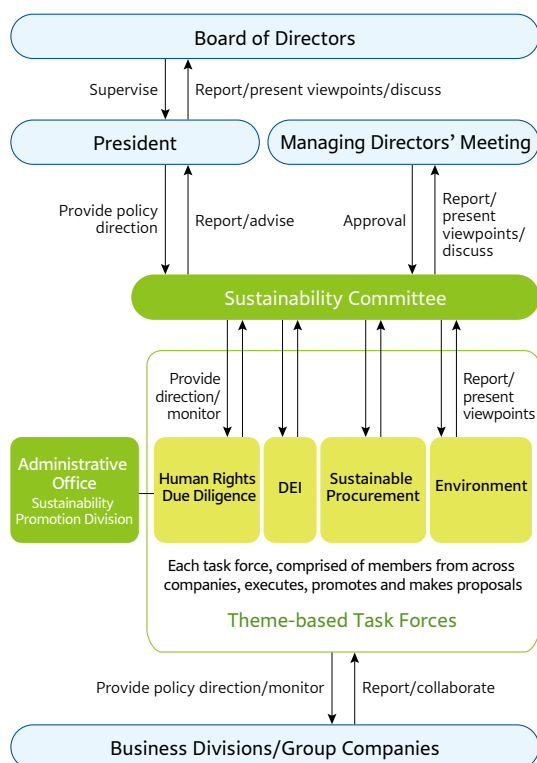
The Sustainability Committee comprehensively grasps the Group's sustainability initiatives and deliberates on the course of action for issues and endeavors based on diverse and wide-ranging viewpoints.

For themes within the mid-term sustainability targets and KPIs in particular need of cross-departmental initiatives, theme-based task forces headed by executive officers and comprised of diverse members from across the Group are established under the supervision of the Sustainability Committee. These task forces are responsible for executing, promoting, and newly proposing initiatives.

The progress of the theme-based task forces is reported on at the Sustainability Committee meetings held twice a year, and initiatives are strengthened through direction and monitoring by the Sustainability Committee.

The contents of discussions held during the Sustainability Committee meetings are reported on and viewpoints presented as necessary during board and managing directors' meetings.

Sustainability Promotion System



Medium-Term Sustainability Targets and KPIs (FY2021–FY2023) Progress and Results

In fiscal 2021, the TOMY Group set medium-term sustainability targets and KPIs (FY2021–2023) with the aim of realizing a sustainable society and achieving the growth of the Group.

Having completed fiscal 2023, the final year for achieving the targets and KPIs, we would like to describe the progress and results of our efforts to date.

Our Three pillars of social responsibility	Material issues	Medium-term sustainability targets and KPIs (FY2021–2023)
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
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 <ul style="list-style-type: none"> 1) Build awareness of responsible procurement policies 2) Systematize responsible procurement management 3) Identify issues and sites with high CSR-related risks
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



<https://www.tokaiatom.com/english/company/csr/story/2022/sustainabilityinitiatives2021.html>



◎ Achievement rate of 100% ○ Achievement rate of 80% or more ▲ Achievement rate of 50% or more

	FY2023 achievement rate	Comments on FY2023 achievement rate
	◎	<ul style="list-style-type: none"> List of the TOMY Group priority regulated substances. Developed a flow chart for strengthening chemical substance management in line with the TOMY Group Chemicals Management Policy.
	◎	<ul style="list-style-type: none"> Conducted sustainability training for all Group employees in Japan and overseas, with a 100% participation rate.
	○	<ul style="list-style-type: none"> Promoted sustainability initiatives through five theme-based task forces.
	◎	<ul style="list-style-type: none"> Conducted ethics training for all Group employees in Japan and overseas, with a 100% participation rate.
	◎	<ul style="list-style-type: none"> Conducted diversity training for Group career-track employees in Japan. Conducted in-house diversity training for Group employees in permanent positions in Japan, with 100% participation rate.
	○	<ul style="list-style-type: none"> Achieved a 14.3% female manager ratio at TOMY (as of March 2024) Conducted training to develop female leaders and strengthen mental toughness for Group employees in permanent positions in Japan. Achieved 100% male parental leave utilization rate (as of March 2024)
	◎	<ul style="list-style-type: none"> Improved the employment ratio of persons with disabilities to 2.37% (FY2024)
	◎	<ul style="list-style-type: none"> Conducted ongoing surveys to identify key issues and address them by promoting diverse workstyles, expanding support measures for balancing childcare and caregiving, and updating our personnel system.
	◎	<ul style="list-style-type: none"> Collected agreement forms for the TOMY Group Responsible Procurement Guidelines from partners in Japan, Hong Kong, and Thailand (94% collection rate) Conducted SAQ trials.
	○	<ul style="list-style-type: none"> Continued research into environmentally friendly materials.
	◎	<ul style="list-style-type: none"> Established long-term targets for reducing CO₂ emissions and realize a decarbonized society based on CO₂ data calculated for all the TOMY Group's businesses.
	◎	<ul style="list-style-type: none"> Established and worked to visualize a waste management system (began digitalizing manifests for Group companies in Japan).

The Process of Identifying New Materialities

To fulfill its Sustainability Vision—A creator of quality Asobi that promotes the sustainable well-being of society—the TOMY Group has reviewed its materialities (material issues) through fiscal 2023. To realize both a sustainable society and growth for the Group, we established five new pillars related to “Our Passions” and “Our Responsibilities” and identified 11 materialities as key sustainability issues.

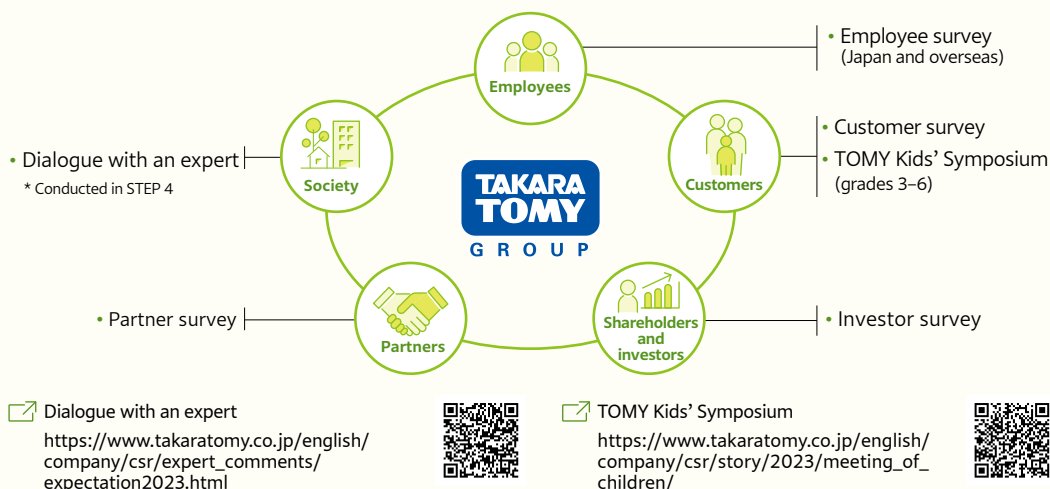
STEP 1 Identifying and Organizing Social Issues

To pinpoint issues that the Group should address, we examined important management and business issues and various international initiatives, such as the SDGs and the UN Global Compact, as well as stakeholder expectations and requests and the results of sustainability-related surveys conducted by research organizations and others. As a result, we identified approximately 700 social issues.

Based on external environmental trends affecting our Group and industry, we identified, organized, and consolidated similar issues and selected 24 materiality candidates.

STEP 2 Dialogue with Stakeholders

For the 24 candidates selected, we interviewed and surveyed customers, employees and shareholders and investors, and partners. We also held a “TOMY Kids’ Symposium” to provide an opportunity for employees and children to exchange opinions on an equal footing, as well as to explore insights into how the Group can make unique contributions.

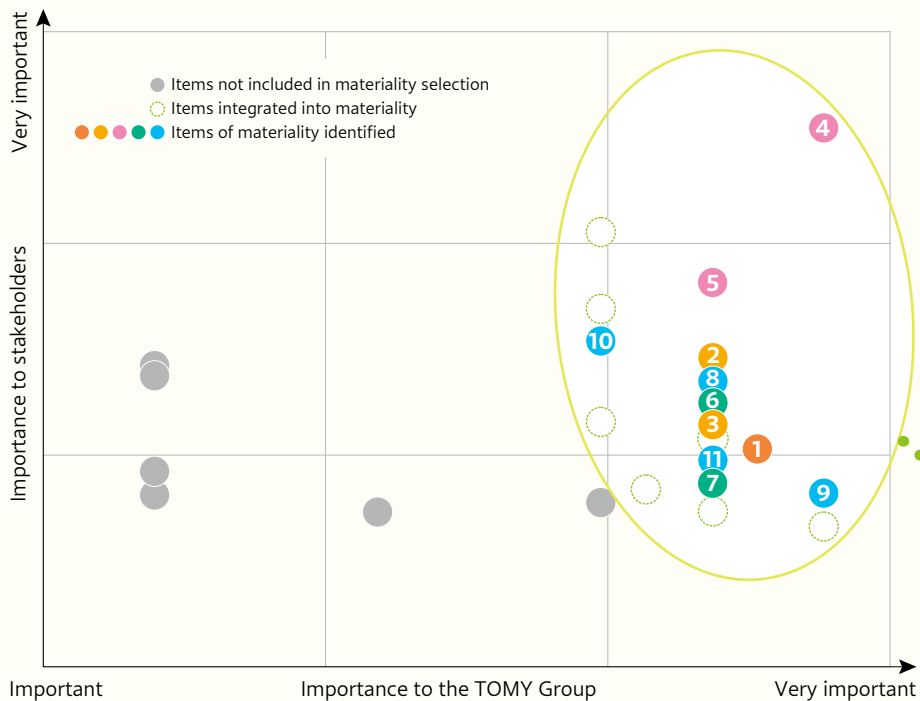


STEP 3 Narrowing Down Materiality Candidates

For the 24 identified items, we conducted an importance assessment using two axes—“importance to the Group” and “importance to stakeholders”—at an executive study session attended by directors of Group companies. As a result, we deemed 18 items to be of high importance.

STEP 4 Identifying Materialities

Based on the results of the executive study session, we held further internal discussions and dialogue with an external expert. Considering the connection between the identified items and the Group's overall management and operations, we further consolidated the items. Ultimately, 11 items of materiality were identified and approved by the Board of Directors.



Materialities

- 1 Contributing to an enriched society through Asobi
- 2 Improving employees' well-being
- 3 Promoting employee growth
- 4 Asobi that is safe, secure, and of high quality
- 5 Connecting with customers
- 6 Responding to climate change
- 7 Promoting eco-conscious package/product designs
- 8 Respecting human rights
- 9 Sustainable procurement
- 10 Governance supporting the creation of Asobi
- 11 Risk management supporting the creation of Asobi

The TOMY Group New Sustainability Framework


We are moving forward with initiatives in accordance with the TOMY Group Sustainability Framework. To fulfill our Sustainability Vision, we are committed to creating environments where our employees can passionately devote themselves to providing high-quality Asobi.

We believe it is the responsibility of the company not only to consider customer confidence and safety, but also give thought to the global environment, respect for human rights and our sound management system. This will enable us to both realize a sustainable society and achieve growth of the Group, and thus deliver value to the world.

Pillars		Materialities	
Our passions	Contributing to the creation of a sound society with dreams through Asobi	1 Contributing to an enriched society through Asobi	
	Providing workplaces facilitating a passion for work that produces Asobi garnering global attention and love	2 Improving employees' well-being	
		3 Promoting employee growth	
Our responsibilities	Ensuring high quality	4 Asobi that is safe, secure, and of high quality	
		5 Connecting with customers	
	Coexisting with the global environment	6 Responding to climate change	
		7 Promoting eco-conscious package/product designs	
	Sound management	8 Respecting human rights	
		9 Sustainable procurement	
		10 Governance supporting the creation of Asobi	
		11 Risk management supporting the creation of Asobi	



A movie showing the TOMY Group's progress toward its Sustainability Vision is available for viewing.

 Sustainability Video: Improving Well-Being through Asobi

<https://www.youtube.com/watch?v=QjRhwmjpp1Y>



TOMY Group
Sustainability Ambassador
Nohonzoku Peaceful White

Medium-term Sustainability Targets/KPIs (FY2024–2026)

Social Responsibility through Business

Sustainability Vision 2030

- Create toys and Asobi that take into account universal design/DEI perspectives

- Continual upswing in the employee work engagement score (positive feelings/voluntary action toward work)

- 30% female manager ratio within the Group through a fair personnel evaluation system

- Expand and disclose progress of education and training* for the purpose of diverse workstyles and self-driven career development

*Training programs on formulating business strategies, finance, marketing, branding, DX marketing, organizational vitality, management, etc. that boost skills for executing management strategies

- Adopt and disclose progress of global training programs with the aim of fostering human resources capable of working in the global market

- Promote product safety/chemical substance management system

- Bolster voice of customer (VOC) activities
(Share customer comments with management/relevant divisions and utilize them to improve the quality of products/services)

- Achieve the following reduction rate for Scope 1+2 CO₂ emissions (compared to FY2022) 50% in 2030, net zero in 2050

- Ratio of renewable energy: 40% in 2030

- Reduce waste materials
(appropriate inventory control, promotion of the 3Rs, reassessment of containers and packaging)

- Research eco-conscious materials, conduct demonstration verifications, and disclose progress with the aim of reducing and recycling petroleum-derived plastic in products

- Construct and implement a human rights due diligence system

- Collaborate with suppliers to build and implement a system achieving sustainable procurement
(conduct SAQs, audits, and briefings)

- Expand and publicize the internal whistleblower system

- 100% participation rate for compliance training/planning



Contributing to
achieving all SDGs
both directly
and indirectly



A creator of quality
Asobi that promotes
the sustainable
well-being of society.

Initiatives for 11 Materialities

Applicable New Materiality **1**

Contributing to an enriched society through Asobi

Initiatives for universal design

At the TOMY Group, we promote universal design to create products and services that can be enjoyed by as many people as possible, regardless of age, gender or disabilities. Toys designed with consideration for children with visual or hearing impairments, enabling them to play together with others, are called “Accessible-design Toys.” The concept of “Accessible-design Toys,” which ensures that children with visual or hearing disabilities can enjoy playing alongside their friends, has gained widespread support and is expanding into an industry-wide initiative.

Because “Accessible-design Toys” are sold in regular toy sections, their packaging includes symbols to make them easier to identify. Toys designed with consideration for children with visual impairments feature the “Guide Dog Mark,” while those designed for children with hearing impairments display the “Rabbit Mark.” The



Let's Drive TOMICA!
Handle Driver



©TOMY

CUD Mark

The CUD Mark is a symbol that can be displayed on printed materials, products and more, certified by the NPO Color Universal Design Organization.

TOMY Group develops approximately 300 products annually that are certified as “Accessible-design Toys.” In addition, to ensure that even more children can have fun, the toy “Let’s Drive TOMICA! Handle Driver” became the first toy to obtain CUD (Color Universal Design) certification, guaranteeing it accommodates a wide range of color vision diversity.

Other activities include promoting universal design centered on “Accessible-design Toys” and fostering understanding of disabilities (mental barrier-free awareness) through lectures, workshops and other initiatives at universities and similar institutions.



Related URL

https://www.takaratomy.co.jp/english/company/csr/products/universal_design.html



Disney Princess
Sparkling Scan Register

©Disney



Guide Dog Mark



Rabbit Mark

A cash register toy that enhances play with sound and light. The included accessories of coins, bills and the control panel are thoughtfully designed with various features to make them enjoyable and easy to understand through touch.

TOMY International Group's DEI initiatives through Asobi*

TOMY International, which is responsible for our overseas business, established the DEI Committee in 2020 with the primary aim of advancing Diversity, Equity and Inclusion within the company. To support this objective, the committee has been actively implementing various awareness-raising initiatives, including the creation of internal newsletters for employees and organizing charitable activities. TOMY International develops diversity toys that recognize the diversity of each other's ethnicities and cultural backgrounds and encourage learning through Asobi, as one of the DEI Committee's initiatives.

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

Note: As of October 2024, the diversity toy lines are available in limited countries and regions but are not yet available in Japan. Please visit the TOMY International website below for more details.



Related URL

<https://us.tomy.com/>



YumiAmi

YumiAmi is a toy line that helps children to understand diversity through stuffed dolls and storybooks of five girl characters of different ethnicities.



Bebé Fuerte

Bebé Fuerte is a toy line that encourages movement through play and is aimed at the Hispanic community, which has grown rapidly in recent years.



A Little Spot

Based on Diane Alber's popular picture book, these toys help children to articulate and express their emotions. Children can choose and place the characters color and facial features in various shapes on a canvas to convey their feelings through play.

© TOMY BEBÉ FUERTE is the trademark of Robin Arzón and is used under license.
© TOMY A Little Spot is a trademark of Inspire to Create Enterprises, LLC.
Copyright © 2023 Inspire to Create Enterprises, LLC. All rights reserved. © TOMY

Next-Generation Education Support Activities

The TOMY Group works to support the education of the next generation, including through online classes for nationwide 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 outlook regarding the environment and an inclusive society. Cumulatively, approximately 89,000 children have participated in these experiences (as of March 2024).

In addition, since 2017 we have been working on the SDGs 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 tool, evolving into an activity fostering leaders around the SDGs. In response to requests for a program focused on the environment, we launched the "Play with Toys! SDGs Riddles Class" in June 2022. These activities are online, so children throughout Japan can take part. The use of four-color cards (reaction cards) makes the classes interactive as if they were taking place right there in the classroom. Through Asobi, we will continue working to foster the development of future SDGs leaders.

Related URL

<https://www.takaratomy.co.jp/english/company/csr/community/educatio.html>



Everyone in the class works together to create a one-of-a-kind game of life.

©1968,2024 Hasbro. All Rights Reserved.



Interactive online class using four-color reaction cards



Community Support Activities Overseas

The TOMY International Group conducts a variety of activities rooted in local communities in the United States, the United Kingdom and Europe.

It established TOMY COMMUNITY, which is an employee-led initiative that supports a variety of charitable organizations. While certain activities are conducted on a nationwide basis, others focus on the local communities of individual offices. Through TOMY COMMUNITY, employees working toward the same goal develop close-knit ties across teams while engaging in local volunteer activities. With TOMY COMMUNITY, The TOMY International Group is happy to bring smiles to people's faces not only through our products but also through volunteer activities.



The Jam Place

The Jam Place is a registered charity and a unique, friendly, well-being community center with a dance school that houses local projects. The center welcomes all ages, ethnicities, the LGBTQ+ community, and both neurotypical and neurodiverse individuals.

TOMY International helped build the tap dance boards, create internal decorations, and tidy up both the internal and external areas of the building. TOMY International has donated to equipment and classes and for underprivileged children to take advantage of the arts.

Related URL

<https://www.takaratomy.co.jp/english/company/csr/story/2022/community/>





Improving employees' well-being

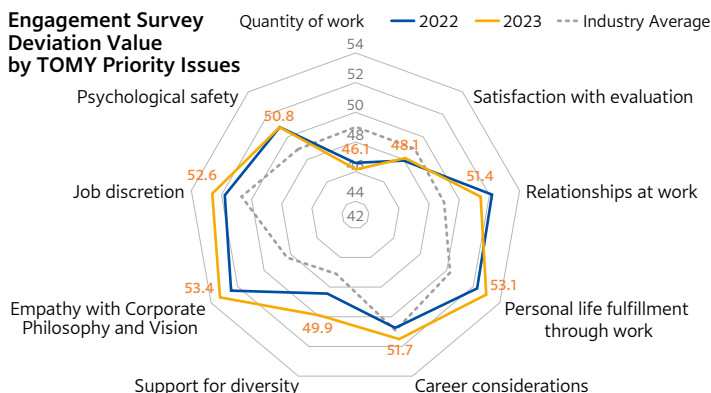
Improving Employee Engagement

The TOMY Group conducts employee engagement surveys once a year. The survey measures employee engagement and stress and identifies the TOMY Group's strengths and challenges related to job satisfaction.

Work engagement is an indicator of "enthusiasm and attitude toward work." This includes "voluntary actions" and "positive feeling" as indicators of improved engagement.

In fiscal 2023, TOMY's work engagement deviation value was 54.9 (versus the industry average of 49.5). This reflects the strong enthusiasm and commitment of each employee, which has become a key Company strength. On the other hand, we have identified four key issues to address, as shown in the diagram. We are currently taking action to resolve these challenges.

**Engagement Survey
Deviation Value
by TOMY Priority Issues**



Problem-Solving Actions

- 1 Satisfaction with evaluations**
Changed evaluation system (from relative to absolute evaluation) and implemented evaluator training for managers
- 2 Career considerations**
Introduced career interviews and disclosed to employees the evaluation and promotion guidelines for those taking maternity/childcare leave and those working shorter hours
- 3 Support for diversity**
Promoted diverse and flexible work styles, conducted diversity-related training and expanded support systems for balancing work and family life
- 4 Quantity of work**
Conducted group interviews with departments deemed to have high workloads; currently working to identify essential issues for which to formulate/implement solutions

Emphasizing Diversity, Equity & Inclusion

Promoting Diverse Work Styles

To enable employees to choose diverse and flexible work styles that suit their individual lifestyles, the HR Strategy Division is creating systems and initiatives for a rewarding work environment.

Initiatives to Support Work-Family Balance

In Japan, where the birth rate is declining and the population is aging, creating a work environment that supports a balance between work, childcare and caregiving has become a social priority. The TOMY Group has comprehensive support systems for balancing work, childcare and caregiving, as well as infertility treatment. We expanded four of those systems in July 2024.

Promoting Flexible Work Styles

We provide flexible work environments that can accommodate diverse lifestyles and values.

- Work-at-home system
- Super flextime system (including shorter working hours)
- Secondary employment system
- Leave of absence system for employees whose spouses are transferred domestically or overseas

Systems Expanded in July 2024

- 1 New life support leave system established**
Established a new leave system as a safety net that supports employees' differing circumstances and allows everyone to continue working with peace of mind
- 2 Shorter working hour system expanded**
Created an environment allowing employees to choose the allocation of time between work and family, expanded the duration of leave (up to the sixth grade of elementary school for childcare) and reasons (childcare, nursing care and infertility treatment), and reduced hours (up to 3.5 hours)
- 3 New childbirth and childcare gift fund established**
Established a program that provides ¥2 million per child to assist with childbirth expenses and future childcare costs
- 4 Support allowance introduced on a trial basis**
Introduced a support allowance system for employees who cover the duties of colleagues taking childcare or caregiving leave, or those working reduced hours

Promoting the Advancement of Women

The TOMY Group has established an action plan to create an employment environment allowing women to play active roles in managerial positions. Our target is to increase the percentage of women in managerial positions to 30% or higher (Group-wide) by March 31, 2026. Our non-consolidated target (TOMY Company, Ltd.) is 20% or higher. In April 2024, we set up the DEI

Promotion Group to strengthen various measures and initiatives to achieve these targets. As a key initiative, the department organizes roundtable discussions and workshops led by young female managers to help female employees find role models and set personal career goals. Other programs include next-generation leader development training for female employees and training to improve mental toughness.

 Related URL

https://www.takaratomy.co.jp/english/company/csr/work_style_reform/diversity.html



Applicable New Materiality **3**

Promoting employee growth

Strengthening Human Resource Development

Education and Training Initiatives

Under its The vision of the human capital strategy, the Group strives “to create an environment where employees can fully engage in the creative process of Asobi.” We support employee skill development by providing various training programs enabling individual employees to think about their careers, with the aim of maximizing their skills and abilities while opening up new possibilities.

We have also created a system for young employees involved in planning and development, technology development, production technology and quality control to learn about the technology related to toy structures and molds. For instance, we hold toy technology workshops and publish the TOMY Toy Technology Thinktank (booklet), which compiles the expertise accumulated by TOMY while launching its production bases. Through these and other means, we have put in place a system that enables young employees to learn about the technology and expertise cultivated by TOMY to date.

Mid-Career Recruitment Initiatives/ Job Return Program

The TOMY Group actively engages in mid-career recruitment to bring in skilled and experienced employees who can make an immediate contribution.

We have also introduced a “job return system” to rehire employees who have resigned for personal reasons. This system is designed for employees who have left the Group due to marriage, childbirth, childcare, caregiving, spouse’s transfer or other unavoidable reasons, or for career advancement reasons, including education, study abroad or job change. Our aim is to use the knowledge and experience these people have gained since leaving to play an active role in the Group again.

Overseas Trainees Program

To foster self-directed career growth and develop globally skilled talent, we have introduced an overseas training program at our overseas operations. We will first target positions and locations related to development technologies, production control, and safety and quality, then gradually expand it to other functions.

Objectives

- Foster diversity understanding and behavior through cross-cultural experiences
- Provide experience in global infrastructure development
- Build a network with overseas offices
- Help learn about local working environments, job descriptions, and roles
- Help identify issues on the Japanese side from a local perspective
- Assess future expatriate employees

Trainee Structure

- Short-term expatriation (up to one year) rather than long term
- Application by self-recommendation or recommendation by supervisor (with his/her consent); selection and decision by management

 Related URL

https://www.takaratomy.co.jp/english/company/csr/work_style_reform/human_resources_development.html





Asobi that is safe, secure, and of high quality

Policy and Strategy

The TOMY Group fundamental quality policy is to “Create environment-conscious Asobi that people can play with comfortably and confidently and offer good-quality Asobi that is attractive to customers worldwide.” To this end, we have established internal Safety and Quality Management Guidelines, which standardize the process of safety and quality control, from planning to production, and thus ensure safety and prevent issues before they occur. In line with the global deployment of our products, we also established the TOMY Group Product Quality Rules, our own standards that are stricter than the those of the toy industry, as represented by the Safety Toy Mark*, and we conduct inspections according to these regulations.

* The Safety Toy (ST) Mark is a certification that can be applied to toys that have passed inspection conducted by designated testing organizations. It indicates that the toy has been carefully designed with safety in mind and is recommended by the Japanese toy industry as meeting high safety standards.



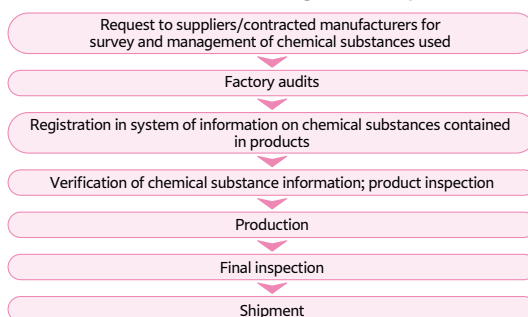
Conducting independent quality standards that are more stringent than toy industry safety standards

Promoting Chemical Substance Management

Toys consist of various parts and materials, so we have to fully consider how a child's health and environment might be impacted by chemical substances in those parts and materials. Meanwhile, regulations surrounding manufactured goods and parts included in toys and electrical and electronic equipment differ from country to country. With this in mind, we established the TOMY Group Chemicals Management Policy and will strive to effectively manage toxic chemical substances, including during manufacturing. As an example of our management methods, we conduct testing in cooperation with third-party specialist organizations to detect and prevent contamination, such as heavy metals or phthalate ester compounds, in our products. With regard to hazardous substances and substances of very high concern, which are required to be eliminated or reduced in Europe, we conduct assessments of raw materials and parts at partner companies and plants involved in product manufacturing and monitor approximately 5,000 chemical substances.

In the future, we will expand this initiative beyond Europe to other regions. Even in the unlikely event that a product does contain such contamination, we are establishing a system to prevent it from reaching our customers. To ensure the continuous safety and quality of our products and effective quality management, we are working to control chemical substances contained in our products as shown in the diagram below.

Chemical Substance Management System



Training and Awareness Building on Confidence, Safety, and Quality

Through various initiatives specified in its product safety and quality management rules, the TOMY Group promotes a shared awareness of safety across its global operations. For example, we hold a Safety Day once a year where all Group employees worldwide jointly consider the importance of product safety and quality.

In addition, each department (including product development, quality control, sales and customer service) and each Group company appoints a Safety Leader to serve a one-year term. These leaders work to promote toy safety and enhance Group-wide education and awareness on safety and quality standards.

Related URL

https://www.takaratomy.co.jp/english/company/csr/products/safe_and_highquality.html



Connecting with customers

Policy and Strategy

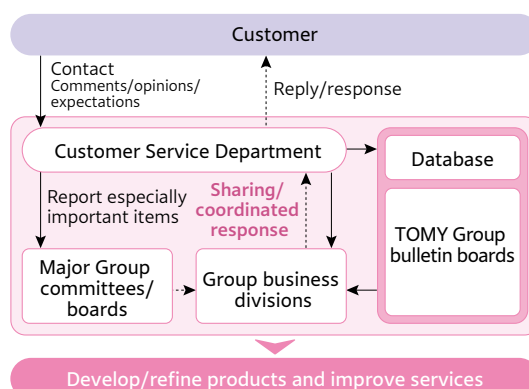
The TOMY Group places great importance on “voice of customer (VOC)” activities by listening to customers and valuing their feedback. With this in mind, we established our own Privacy Policy and Customer Service Policy. We take all comments, opinions and expectations voiced by our customers seriously and strive to take a customer-oriented approach that helps us improve product safety and quality and our overall business activities.

Strengthening VOC Activities

Management Structure

The TOMY Group Customer Service Department responds to customer inquiries by phone, e-mail or Web chat. All opinions offered by customers are recorded in a database as instructive, prized information and are shared on bulletin boards that employees can access. Customer opinions are also fed back to relevant business divisions and involved parties. Any content that is considered to have a considerable impact on customer satisfaction or that relates to product safety and quality is shared with important committees or boards of TOMY and other Group companies to expedite a swift response and ensure that specific quality improvements and other appropriate measures are taken. In the event of an accident, we cooperate with TOMY’s Safety & Quality Assurance Group and set up a Risk Management Task Force under the direct supervision of our representative director and president to ensure a prompt and appropriate

response, minimize damage and take measures to prevent a recurrence. We strive to aggregate customers’ data whenever possible in TOMY IBIS, which has Privacy Mark certification, to ensure any information is managed collectively and securely.



Key Initiatives

In fiscal 2023, the Customer Service Department launched a “social listening” (initiative to gather information from social media). In response to changing times, we are actively gathering customer feedback from a wide variety of platforms. This initiative aims to incorporate a broader range of customer voices into our products and services, beyond just those received through direct inquiries. Customer feedback gathered is compiled into Monthly Analysis Reports and Daily Social Reports

for each brand. These reports are then shared with all employees, including top management. We have also introduced an internal search and analysis dashboard for VOC data. This tool visualizes a wide range of customer feedback, from opinions about our toys to suggestions for related services (like “LICCA Phone”) and event operations. By utilizing these insights in product and service planning and development, we aim to enhance corporate value.



Related URL

https://www.takaratomy.co.jp/english/company/csr/products/customer_feedback.html





Responding to climate change

Policy and Strategy

The TOMY Group has identified “responding to climate change” as a key sustainability-related materiality and is actively working to enhance its understanding of climate change and measures against it. Our efforts include reducing the environmental impact of our business activities, designing and developing “Eco-friendly Toys” and other sustainable products, and using these products to educate the next generation on sustainable purchasing.

We disclose information on our governance, strategy (risks and opportunities), risk management, and metrics and targets based on recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).

Responding to the TCFD Recommendations

Governance

The Sustainability Committee, established as an advisory body to the president, works to address sustainability issues, including climate change. It comprehensively assesses the Group’s sustainability initiatives and deliberates on issues and the direction

of initiatives from a broad and diverse range of perspectives. Issues related to climate change that require a cross-departmental approach are discussed by the Environmental Task Force and incorporated into specific initiatives.

Strategy (Risks and Opportunities)

The TOMY Group has identified the following risks and opportunities arising from climate change and its various associated impacts.

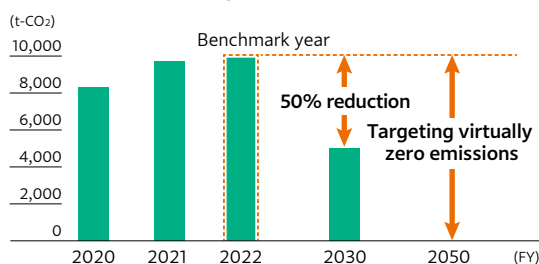
Factors that may potentially impact the TOMY Group (as of March 2022)

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

Metrics and Targets

The TOMY Group calculates and manages Scope 1, Scope 2 and Scope 3 emissions. To realize a decarbonized society, the Group has set long-term goals of reducing CO₂ emissions (Scope 1 and 2) by 50% by 2030 (compared with fiscal 2022) and achieving virtually zero CO₂ emissions by 2050. We have also set a goal of having 40% of our purchased electricity come from renewable energy sources by 2030 and will continue striving to reduce CO₂ emissions.

CO₂ emissions (Scope 1 and 2)



Related URL

Addressing Climate Change

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



Related URL

Climate Change Workshop

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



Reducing Environmental Impacts

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, TOMY TEC, which owns factory in Japan, recycles some of the plastic runners discharged during plastic molding, as well as metal scraps from the machining of wheels. In addition, waste generated from plastic molds is sorted and sold to recycling companies to reduce overall waste. In logistics, we use foldable, reusable containers to facilitate the reuse of packaging materials. By also arranging the joint transportation of goods purchased from multiple overseas suppliers, we are striving to reduce the environmental impact of our logistic activities (①-③).

TOMY MARKETING, which handles sales and in-store marketing of domestically produced products and manages logistics, has achieved 100% recycling of used empty cardboard boxes. It has also automated its recycling process. For example, empty cardboard boxes generated during product picking are transported from a predetermined input port to a collection point via a dedicated conveyor belt. The empty cardboard boxes are compressed into approximately 1 m³ cubes using a machine called a compactor, then are transported to the shipping area by forklift. After a certain amount is accumulated, it is collected by a specialized company and recycled as new cardboard, thus fostering the sustainable use of forest resources (④-⑤).



① TOMY TEC CO., LTD.
(Tochigi Prefecture)



② Reuse of runners
discharged during plastic
molding



③ Recycling of metal scraps
generated during the
cutting of wheels and the
production of molds, jigs,
tools and the like



④ Compactor machine used
to compress collected
empty cardboard boxes



⑤ Cardboard compressed into
cubes of about 1 m³



Related URL

<https://www.takaratomy.co.jp/english/company/csr/environment/business.html>



Promoting eco-conscious package/product designs

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.



Eco-Friendly Toy Mark

PLARAIL Eco Straight (Curved) Rails



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.

Saving resources



Eco Straight Rail

Blending recycled materials into our products

50% blend

TOMICA Parking Case 24



PAW Patrol Basic Vehicle Rex



©2024 Spin Master Ltd. PAW PATROL and all related titles, logos, characters; and SPIN MASTER logo are trademarks of Spin Master Ltd. Used under license. Nickelodeon and all related titles and logos are trademarks of Viacom International Inc.

Saving energy

Battery-free operation

Elevator can be switched between electric and manual operation



TOMICA Twin Courses Mountain Drive

Redesigned to allow manual operation even without batteries

Packaging innovations

Capsule itself is a playable toy



Space Nyan CAT

©T-ARTS

Effective use of resources reduces waste

Promoting long-term use

Allows replacement of maintenance parts

Screen(drawing surface) can be replaced



Magical Playtime Oekaki Sensei

Designed to grow with the child

Designed for long-term play



Ball dropping play



Toy rolling play

KuruKuru Gororin 2-Way Ball Tower Winnie the Pooh

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

Fostering environmental awareness

Eco-awareness through play

Eco-awareness through play



LICCAs Sounds Kitchen

Notes:
1. Dolls and some accessories sold separately
2. Uses AA alkaline batteries (sold separately)



P-chan (a cockatiel) encourages eco-friendly habits by speaking phrases like, "Don't leave the water running!"



It comes with a small paper accessory designed to resemble a recycling bin.

©TOMY





Respecting human rights

Policy and Strategy

In August 2023, the TOMY Group established and published our Human Rights Policy in accordance with the Guiding Principles on Business and Human Rights, the global standard for respect for human rights by corporations.

To date, we have established the TOMY Group Code of Business Conduct (COBC) and the TOMY Group Responsible Procurement Guidelines and have been working with our employees, business partners and other stakeholders to build a value chain that takes human rights into consideration. In addition, based on the Guiding Principles on Business and Human Rights, we have again clarified our policy to promote even greater respect for human rights throughout the TOMY Group.

In establishing this policy, we identified our salient human rights issues through a comprehensive review of human rights issues in the value chain of the TOMY Group's major businesses, deliberations by management, discussions by a company-wide cross-group task force team and interviews with external experts.

We will make this policy known internally and to our business partners and will comply with and implement it in all our business activities.



Related URL (TOMY Group Human Rights Policy)

<https://www.takaratomy.co.jp/english/company/csr/human-rights-dd/#houshin>



Promotion Structure

Human rights-related issues are discussed and promoted by the cross-functional Human Rights Due Diligence Task Force, which is overseen by the Sustainability Committee.

Addressing Salient Human Rights Issues

The TOMY Group has assessed potential human rights risks related to our business and value chain, and we have identified our salient human rights issues to be addressed according to the likelihood of occurrence of such risks and the severity of their impact on human rights.

TOMY's key human rights areas	Potential human rights violation risks	Main affected stakeholders
Supply chain Local community	<ul style="list-style-type: none"> Forced labor and child labor in procurement and production sites Damage to residents' health due to waste contamination 	<ul style="list-style-type: none"> Business partners People in the surrounding areas
Workplace and working environment	<ul style="list-style-type: none"> Damage to life and health due to an inadequate workplace environment Discrimination or harassment in workplaces (including during hiring) 	<ul style="list-style-type: none"> Employees Business partners
Expressions in advertising, promotions, etc.	<ul style="list-style-type: none"> Violation of the right to not be discriminated against through expressions in advertising, promotions, etc. 	<ul style="list-style-type: none"> Consumers
Safety and quality of products and services	<ul style="list-style-type: none"> Damage to life and health due to inadequate product safety and quality Damage to health due to inadequate management of toxic chemical substances 	<ul style="list-style-type: none"> Consumers

Human Rights-related Training

The TOMY Group strives to prevent harassment in the workplace by including sessions on both sexual and power harassment as part of the management and employee mental health training program in Japan, and conducting relevant e-learning sessions for all employees and directors to enhance their awareness of diversity. Our e-learning training sessions on the

TOMY Group Code of Business Conduct (COBC) also include elements on human rights. All employees take this course each year and pledge to uphold the Code. Furthermore, our annual Think about Compliance Day not only focuses on compliance with laws and regulations, but also shares details of our human rights initiatives with all employees in Japan.

Sustainable procurement

Key Initiatives

TOMY Group Responsible Procurement Guidelines

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. In recent years, requests from the international community regarding human rights, environmental sustainability and other issues have been increasing more than ever.

In response, in fiscal 2019 the TOMY Group worked on revisions to the TOMY Code of Conduct for Manufacturers. We also formulated the TOMY Group Responsible Procurement Guidelines in May 2020. This document sets clear standards for human rights, occupational health and safety, the environment, fair business practices, products and services, and so forth and is available in Japanese, English, Chinese, Thai and Vietnamese. In fiscal 2022, we began briefings to inform suppliers of the guidelines and collect consent forms. As of fiscal 2023, the consent form collection rate was 94% for TOMY suppliers

in Japan, Hong Kong and Thailand. In addition, we have introduced a self-assessment questionnaire to verify that our business partners are adhering to the guidelines and are conducting surveys on a trial basis.

TOMY Hong Kong Group Initiatives

The TOMY Hong Kong Group is responsible for quality control and production management of the Group's products in Japan, Asia, Europe, the United States and elsewhere. In addition, the Group closely adheres to the unique codes of conduct set forth by licensors and other customers. Specifically, based on the TOMY Group Responsible Procurement Guidelines, we work with our manufacturing contractors and provide guidance to ensure the continued management and operation of manufacturing sites regarding the protection of human rights, employee health and safety, and environmental considerations at factories. As part of actual factory audits of these contractors, we audit facilities and equipment, interview management and employees, conduct document audits and issue audit reports. Based on the audit results, the manufacturing contractors make the necessary improvements, with the Hong Kong Group providing the necessary follow-up.

 Related URL

https://www.takaratomy.co.jp/english/company/csr/supply_chain/responsible_procurement.html



Governance supporting the creation of Asobi/ Risk management supporting the creation of Asobi

Compliance Promotion

TOMY Group Code of Business Conduct

The TOMY Group has established ONE TOMY's Promise, a promise to be observed by every employee. We also established the TOMY Group Code of Business Conduct (COBC) to provide clearer guidelines on two specific areas: "observing our company policy, the

rule of law and good common sense," and "competing honestly and following fair trade practices." First and foremost, the Code conveys the basic spirit that we must never act in a way that presents adults in an unseemly light and must be a company that children, our most important customers, continue looking up to.

Educational materials on the TOMY Group COBC have been prepared in multiple 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 COBC.

Compliance Training

In fiscal 2014, the TOMY Group established “Think about Compliance Day” (Group-wide event) and has since continued to implement awareness-raising activities with the aim of reminding all domestic Group officers and employees of the importance of compliance. If compliance issues have occurred within the Group, the details, causes and countermeasures to address those issues are shared on “Think about Compliance Day” to prevent recurrences.

In fiscal 2017, TOMY introduced a compliance leader system with the aim of further enhancing awareness of compliance and thoroughly ensuring

that compliance requirements are observed. Each year, 30–40 compliance promotion leaders selected from the Group in Japan are divided into several teams to work on solutions to various compliance issues. In fiscal 2023, we tasked the compliance leader system with two new objectives: “personalize compliance” and “solve specific company issues and drive real change.” To support this, we invited an external director who is a lawyer to conduct a lecture for compliance leaders. The lecture focused on the importance of autonomous management in the first line of defense (business units) as part of the three lines of defense framework for compliance. In addition, as part of team-based activities, we worked to solve problems close to home, such as reducing overtime work, promoting the use of support systems (such as maternity and caregiving leave), examining differences in how harassment is perceived in Japanese and Asian cultures and customs, and taking countermeasures against near-misses in the workplace. The results of each activity were reported on “Think about Compliance Day.” Other efforts such as putting up posters at domestic Group companies and distributing e-mail newsletters were implemented to steadily raise awareness about compliance.

Whistleblowing System (TOMY Group Hotline)

We established the TOMY Group Hotline (whistleblowing system) to respect and protect the human rights of employees, control risks and ensure public trust.

The hotline is available to TOMY Group officers and employees (including employees seconded to the TOMY Group, contract employees, temporary employees, parttime employees, casual staff and retired employees). There are three ways to make reports: 1) a web-based reporting service, 2) internal reporting services (located at the head office and each Group company) and 3) multiple reporting services based in external law firms. Web-based reports can be submitted 24 hours a day, 365 days a year, and the system is available in more than 80 languages.

When a report is received, we promptly confirm the facts. If a violation is found, we work

to correct it and prevent a recurrence. In addition, internal regulations stipulate that whistleblowers will not be treated unfairly because of their reporting, and a system is in place to protect the privacy of whistleblowers. All reports and the results of investigations are sent to the Risk/ Compliance Committee, whose members include the Chairperson, the President and Representative Director, the Full-time Audit & Supervisory Board Member and outside directors.

At the annual Group-wide “Think about Compliance Day” event, employees are informed about the operation of the whistleblower system and asked to fill out questionnaires regarding its reliability. Any issues with the system identified through the questionnaire are reported to the Risk/ Compliance Committee for deliberation aimed at making future improvements.

 Related URL

https://www.takaratomy.co.jp/english/company/csr/organizational_governance/compliance.html



External Recognition and Endorsement of Initiatives

ESG Index Selection

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.

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

MSCI Japan ESG Select Leaders Index (selected in 2024)

This is a stock index provided by MSCI Inc. in the United States and is one of the ESG indices selected by Japan's Government Pension Investment Fund (GPIF) for its investment operations. The Company was selected in 2024 as one of the firms with relatively high ESG ratings.

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.

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index (selected continuously since 2019)

This is a stock index provided by MSCI Inc. in the United States, consisting of Japan's top 700 companies by market capitalization that excel in gender diversity. It is one of the ESG indices selected by Japan's Government Pension Investment Fund (GPIF). The Company has been selected continuously since 2019.



FTSE Blossom Japan Sector Relative Index

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

This is a stock index provided by FTSE Russell in the United Kingdom. It reflects the performance of Japanese companies that demonstrate relatively strong ESG performances in each sector. It is one of the ESG indices selected by Japan's Government Pension Investment Fund (GPIF).

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.



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

This is a stock index jointly calculated and published by S&P Dow Jones Indices in the United States and the Japan Exchange Group in Japan. The index targets companies included in the TOPIX, weighting them based on their level of environmental information disclosure and carbon efficiency.



Morningstar Japan ex-REIT Gender Diversity Tilt Index (selected in 2023)

This is a newly designed index provided by Morningstar Inc. in the United States. It focuses on companies that have well-established gender diversity policies integrated into their corporate culture and companies that promise equal opportunities for employees regardless of gender. TOMY was selected for inclusion in Group 1, the highest-rated category.

Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized TOMY Company, Ltd., to use of the Morningstar® Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, TOMY Company, Ltd., ranks within the top group of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt Index™ ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by TOMY Company, Ltd., solely for informational purposes. TOMY Company, Ltd.'s use of the Logo should not be construed as an endorsement by Morningstar of TOMY Company, Ltd., or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with TOMY Company, Ltd. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third-party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.



CDP

CDP is a non-governmental organization (NGO) managed by a British charity that maintains a global environmental database. TOMY Company, Ltd., discloses information on climate change and water security in accordance with CDP's requests. TOMY Company, Ltd., received a score of "B" in the Climate Change Report 2023 and a "B-" in the Water Security Report 2023.

External Evaluations of DE&I Initiatives



Kurumin Certification (fifth acquisition for TOMY since 2007)

Companies that have established a general employer action plan, have reached goals defined in the plan and that meet certain criteria can apply to receive certification (Kurumin certification) from the Minister of Health, Labour and Welfare as companies that support child raising based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



3-Star Eruboshi Certification (acquired for first time in 2023)

The Company received the highest 3-Star Eruboshi Certification from Japan's Ministry of Health, Labour and Welfare as a leading company in promoting the advancement of women.

We will continue striving to promote diversity, equity and inclusion throughout the Group.

Expressing Support for the UN Global Compact

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 throughout the supply chain.



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; and
	Principle 2: make sure that they are not complicit in human rights 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; and
	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; and
	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.

A Three-Way Conversation among Outside Directors: DEI (Diversity, Equity, and Inclusion)



Maki Nakamura (Facilitator)
Head of the DEI Promotion Department in
the Human Resources Strategy Division

Miwako Iyoku
Board Director
(outside)

Mariko Mimura
Board Director
(outside)

Fumitoshi Sato
Board Director
(outside)



What are your views on diversity within the TOMY Group?

Mimura I became an outside director of TOMY in 2018. I feel that there has been significant progress in diversity since that time. I was the only woman on the Board of Directors then. There were only 10 female managers in the Company, if I remember correctly. I was occasionally a little hesitant to discuss women at Board meetings. In 2020, Ms. Iyoku and Ms. Yasue became outside directors, increasing the number of women outside directors to three. This led to a dramatic change in the atmosphere. As the percentage of women on the Board increased, discussions about diversity naturally became more prevalent. I believe the Board's views on diversity have changed.

Sato I agree. Recently, women have been actively speaking out, which has led to more dynamic Board of Directors meetings.

Mimura I believe that change is occurring throughout the Company. As I can tell from talking to them, women employees have diverse and fascinating ideas. I have been consciously speaking to them to help them maximize their opportunities to impact the Company. Lately, I have seen employees from diverse backgrounds actively participating in the Company. They have been able to do so regardless of gender.

Iyoku The number of young members of the Board of Directors has increased. I believe we are achieving a gender balance and a generational balance. In the future, if the Board of Directors includes members who have many different nationalities, who are of many different ethnicities, and who are empathetic and attentive to social issues, I believe it will result in decisions that are better aligned with market needs.



Sato When I became an outside director, Director Mimura and I were the youngest members. Now, I am the oldest. As Director Iyoku mentioned, the challenge we face is to develop a system that enables us to have a Board of Directors whose members have many different nationalities.



What are your thoughts on the challenges of diversity and the human resources needed to create medium- to long-term corporate value?

Mimura As is often said, if an organization consists solely of people who think alike, change will not likely occur. A company can innovate and grow only in an environment where the values and ideas of people from diverse backgrounds are respected. Considering this, I feel that Japanese companies, including TOMY, have yet to create an adequate environment within themselves. We should promote diversity in various aspects, not only gender diversity.

Sato Society itself is becoming more diverse, isn't it? The environment surrounding TOMY, including the asobi experience, the experience of playing with toys, and the environment within which children play with toys, are becoming increasingly diverse. Unlike when I was a child, children today usually interact and play with peers of different nationalities and ethnicities even in kindergarten and elementary school. School education is also changing to embrace greater diversity. If TOMY fails to fully understand these social trends, its business might be left behind society.

Iyoku You are both right. It is said that we are in an age of VUCA.* We no longer live in a society where we are expected to do the same thing as others. What actions do we need to take? As Director Mimura mentioned, I believe we need to innovate and form new connections. We should break old connections and explore new relationships. In addition to being diverse, we need to consider how to advance beyond diversity. To promote diversity, it is crucial to include individuals who have diverse backgrounds in decision-making rather than merely increasing the diversity of our human resources.

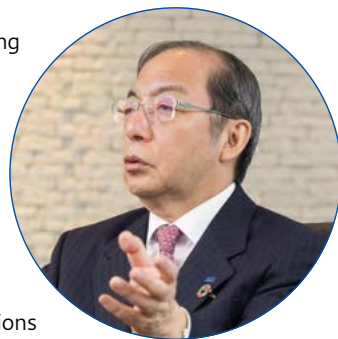
* An acronym for volatility, uncertainty, complexity, and ambiguity, which describes the complex social and business conditions that render future prospects uncertain and unpredictable

Mimura If I had to name the type of human resources that TOMY needs, I would say that they are the kind of people who have the will to do what Director Iyoku has just mentioned. Each individual will have to make agile decisions based on the situation rather than waiting for instructions. Considering this, I feel that one of TOMY's challenges is the presence of many passive employees. The new president represents a younger generation, and a new wind is blowing. We need to provide them with opportunities to participate in decision-making without fear of failure and cultivate a corporate culture that encourages them to do so.

Sato To make decisions autonomously, it is important to first think for yourself, rather than leaving it up to others. You do not need a person who just accepts and sells information pulled from the Internet or other sources. TOMY is a company that creates new and exciting asobi, and I would like the Company to cultivate individuals who can think for themselves and embrace challenges.

Iyoku We believe that "crossing borders" is also an important key phrase related to human resources. For example, we can hire individuals who have had different experiences in other industries. Or we can transfer employees to external organizations to help them gain knowledge in different fields. A side job is also an example of "crossing boundaries." I think of taking childcare or nursing care leave as a parallel experience. I would like to see an organization that is not siloed and that can easily create new relationships by enabling each employee to have many different experiences.

Sato I believe that global initiatives will also be a challenge that we face in the future. When we joined the Board of Directors, it seemed to me that discussions at board meetings were focused solely on the domestic



A Three-Way Conversation among Outside Directors: DEI (Diversity, Equity, and Inclusion)

market. Recently, however, business has rapidly become globalized, leading to an increase in the proportion of overseas sales. Given this, it is important to always have a more global perspective. There are many unique toy companies around the world. I believe that to promote diversity it is crucial to consider how TOMY compares with these global competitors.

Mimura I agree. The TOMY Group's companies in Asia are familiar to the domestic companies. However, it seems to me that there is a lack of a connection between the domestic companies and the companies in Europe and the United States. If we increase the number of opportunities to communicate, such as visits to Group companies overseas, I believe this will foster an attitude of learning from each other and help revitalize the entire Group.

Lastly, what are your expectations for the new President and the future of the TOMY Group?

Mimura In June 2024, Mr. Akio Tomiyama became the President. After thorough discussion, the Nominating Committee, which I chair, concluded that he is irreplaceable and selected him as President. With extensive global field experience, I believe that President Tomiyama is the only one capable of leading the Group, which has celebrated its 100th anniversary, with strong determination. He has created the purpose and vision and provided a direction for us to follow. He has conveyed a message encouraging us to embrace challenges without fearing failure. I sense that enthusiasm is growing within the Company. I am very excited to see how the TOMY Group will grow in the future.

Iyoku Many Japanese companies' boards of directors often focus on short-term issues. However, President Tomiyama appears to be looking ahead to around 2040 and considering what the world and Japan will be like. He uses the term "asobi" instead of "toys." I believe this indicates his intention to discuss the future. In the coming age, it will be important to have the ability to share what you have noticed, rather than keeping it to yourself, and I feel the President is a deeply empathetic person. Going forward, I hope that the Board of Directors will engage in lively discussions from a higher perspective, for example, discussions about the future of the TOMY Group. I hope that the Company will continue to be chosen by many stakeholders, leveraging the creativity that arises from new connections formed through diversity.

Sato When selecting a new President, there were external opinions about whether we should appoint someone from within the Company or from outside it. TOMY has a history of choosing presidents from outside the Company. We had the option to invite someone from outside the Company into the Company. However, after a thorough evaluation of President Tomiyama's domestic and international experience, judgment, and communication skills, I believe that he is the right person for the position. The Company's new purpose and vision are communicated in multiple languages, and senior management's thoughts are shared globally. A message has been conveyed that the Company will transition from being a manufacturer to being an asobi company. I think this is significant. The toy industry is significantly affected by the external environment, so market performance is susceptible to fluctuation. Irrespective of this, our stock price has been increasing recently, and I feel that the expectations of shareholders and investors are also rising. I believe that the TOMY Group can grow and live up to these expectations even in today's rapidly changing environment.



Corporate Governance

Corporate Governance

Promoting Transparent Management

Three Distinctive Features of TOMY Corporate Governance

1 Outside directors are the majority of directors. Women constitute 33.3% of outside directors.

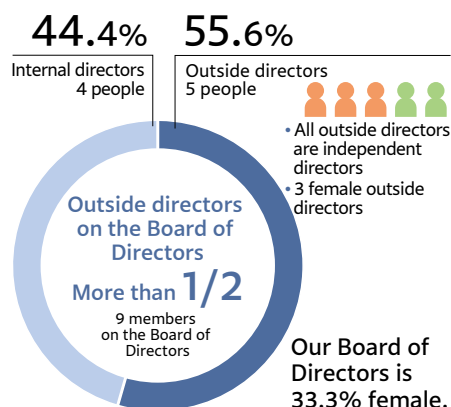
All outside directors are independent directors.

2 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.

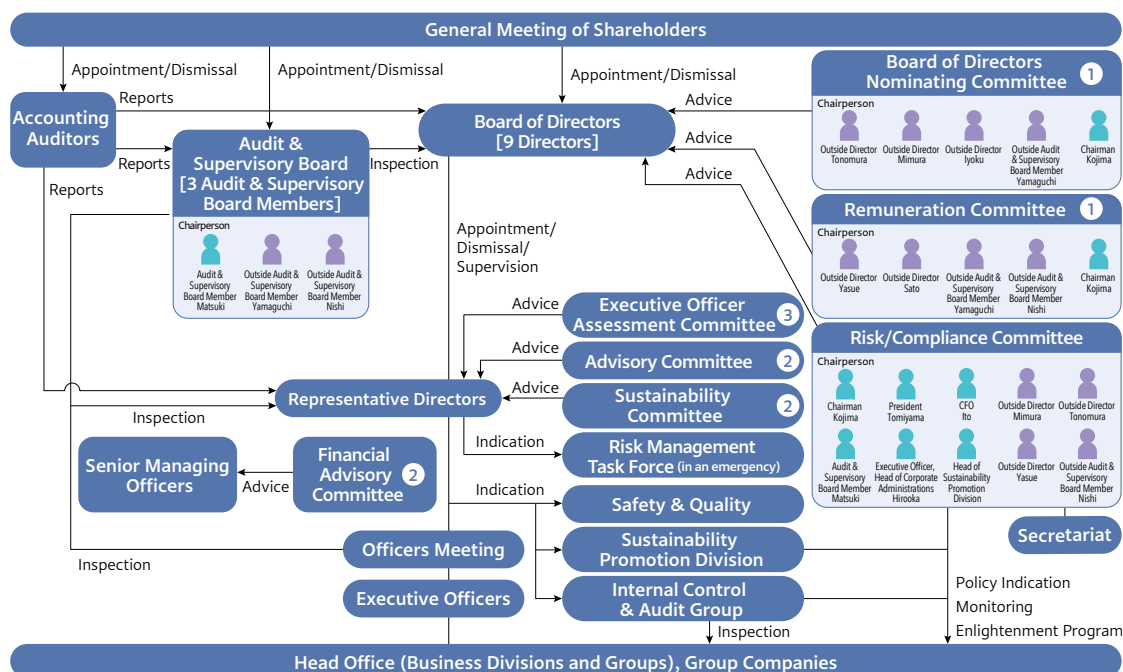
3 Group company management and support framework for outside directors and Audit & Supervisory Board members

In principle, TOMY appoints one or more TOMY officers or other employees to serve as part-time directors or part-time Audit & Supervisory Board members for each major Group. Based on the internal regulations, these officers provide necessary management and guidance based on the characteristics and status of each Group and enable the regular exchange of information between the Head of Corporate Administrations of TOMY and the part-time Audit & Supervisory Board members, to strive for improved effectiveness of Group company management. Before each meeting of the Board of Directors, the outside officers are furnished with a pre-meeting briefing. The Internal Control & Audit Group provides organizational support for the work of the Audit & Supervisory Board members. These measures provide a support framework for the supervision and auditing of the execution of operations.



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.



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.

 https://www.takaratomy.co.jp/company/pdf/gov_report2024.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/Sustainability 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. The Company has also established the Sustainability Committee as an advisory body to the President. This body deliberates comprehensively on efforts related to sustainability and provides reports and presents viewpoints to the Board of Directors and Officers' Meeting as necessary.

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.
https://www.takaratomy.co.jp/company/csr/organizational_governance/system1.html

Support Framework for Outside Directors and Audit & Supervisory Board Members

Staff of the Corporate Planning Division brief the outside directors and Audit & Supervisory Board members when the Board of Directors convenes, offers them advance briefings outlining motions and provides them with other necessary information. The

Internal Control & Audit Group furnishes a supporting organizational framework for the Audit & Supervisory Board members and works to strengthen coordination between audits by Audit & Supervisory Board members and internal audits.

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.
- 4) The Company nominates persons whose beliefs are aligned with the TOMY Group Philosophies as the Company's directors, as they can be expected to have a clear understanding of TOMY's vision.
- 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.

Audit & Supervisory Board Member Qualifications and Nomination Procedures

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

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 Kazuhiro Kojima	M	●	●	●	●			●	●		●
Representative Director, President & COO Akio Tomiyama	M	●	●	●	●	●	●				●
Board Director, Executive Vice President Hiroyuki Usami	M	●	●	●	●	●					
Board Director, Senior Executive Officer & CFO Goshiro Ito	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.

Corporate Governance

Board of Directors Effectiveness Evaluation and Process

Evaluation Method

At least once a year, TOMY distributes questionnaires on the overall effectiveness of the Board of Directors as a survey to all Directors and Audit & Supervisory Board members attending the Board of Directors meeting 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 and to the Corporate Planning Division, which serves as its secretariat, leading to improvements that will enhance the effectiveness of the Board. (Survey period: December 27, 2023, to January 31, 2024)

Survey Items

- (1) System necessary for deliberations by the Board of Directors
- (2) Knowledge, experience, and abilities of the members of the Board of Directors
- (3) Enhancement of corporate value
- (4) Risk management and internal control management
- (5) Ensuring appropriate information disclosure
- (6) Planning for the development of management executives

Overview of Evaluation Results

The results have confirmed that the diversity of the members of the Board has been ensured; that internal

and outside officers actively engage in discussions; that a system has been developed to approve key management matters and oversee business execution appropriately; that TOMY has formulated and is managing the progress of its Medium-term Management Plan that helps enhance corporate value; and that active information disclosure is being carried out. Furthermore, the results indicate that the pre-briefing sessions for Board of Directors meeting proposals, which have been held since the fiscal year ended March 31, 2023, have taken root, allowing appropriate time for deliberation and active exchange of opinions at Board of Directors meetings. At the same time, although outside officers have deepened their understanding by participating in the formulation of the Medium-term Management Plan, the results indicate that there is a need for discussion of medium- and long-term management strategies (monitoring of new and overseas businesses, risk management including BCPs, and development and promotion of management executives, including increasing the ratio of female executives) at Board of Directors meetings.

TOMY will pursue initiatives aimed at ensuring further effectiveness of the Board of Directors while taking these issues into account.

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, 2023, are as follows.

Business performance indicators	Year ended March 31, 2024	
	Targets	Results
Consolidated ordinary profit	¥13.0 billion	¥17.8 billion
Profit attributable to owners of parent	¥9.0 billion	¥9.8 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, 2024)

Officer category	Total amount of remuneration (Millions of yen)	Total amount of remuneration (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	
		Basic compensation	Officer bonuses	Performance-based stock compensation	Stock options		
Directors (excluding outside directors)	295	124	139	30	–	30	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	18	18	–	–	–	–	1
Outside directors	43	43	–	–	–	–	5
Outside Audit & Supervisory Board members	26	26	–	–	–	–	3
Total	383	212	139	30	–	30	13

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 2023, the Remuneration Committee convened eight times. The main details of the Committee's deliberations are as follows.

Date of committee meeting	Details of deliberations
April 2023	FY2023 officers' bonuses
May 2023	Amendment of the performance-linked stock-based compensation system and revision of related regulations
June 2023	Amount of FY2023 individual officers' remuneration Appointment of Chair of Remuneration Committee
January 2024	Revision of the system of remuneration for officers (remuneration levels, remuneration structure, design of short-term and long-term incentives)
February 2024	Revision of the system of remuneration for officers (remuneration levels, remuneration structure, design of short-term and long-term incentives)
March 2024	Revision of remuneration for directors whose positions changed in April 2024 (remuneration levels, remuneration structure, design of short-term and long-term incentives)

Corporate Governance


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.

 Please refer to the official TOMY website below for details on the activities of each committee.

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

Particularly Material Risks

1. Risks involving the impact on hit products
2. Risks involving product safety
3. Disaster-related and other similar risks

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

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 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, risks 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.

Outline of policy for responding to large-scale purchases of Company share

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, “largescale 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.

Message from the Chairman

Hitting the 100-year milestone and aiming to build resilience as a company



Kazuhiro Kojima

Representative Director, Chairman & CEO

小島 一博

In February 2024, TOMY celebrated its 100th anniversary. As well as experiencing a real sense of gravity at being a company with a 100-year history, we in the TOMY Group have also felt a growing sense of excitement about embarking on our 101st year.

To achieve sustainable growth as a company, it is essential to have a resilient management foundation to support such growth. We have always considered the reinforcement of risk management and compliance systems, the enhancement of corporate governance and the continuous improvement of internal control systems to be management priorities and have worked to develop these systems. To maintain such efforts into the future, the mindset of individual officers and employees is of the utmost importance. I believe that when individuals are always conscious of compliance and corporate governance, this spreads across the entire organization like a mesh, leading to the establishment of watertight compliance systems and sound corporate governance.

Human beings are unlikely to act unless they are fully onboard. It follows, therefore, that to firmly establish a compliance and corporate governance-oriented mindset

across an entire organization, it is essential that each member of the organization realizes and understands why compliance and corporate governance are important. One initiative to encourage this is our annual Compliance Day event. A compliance leader appointed in each department plays a central role in activities to increase compliance awareness across the Group by conducting awareness-raising activities and sharing case studies. We update the information every year to raise the level of awareness at our business sites. We also limit the term of office of compliance leaders to one year to create a mechanism where the number of people who have served as a compliance leader continues to increase every year, until eventually all employees will have served in the role.

It would be next to impossible for the departments in charge of internal control and corporate governance to notice everything that is askew in an organization on their own. Moreover, the approach of trying to catch people “up to no good” puts people on the defensive, encouraging cover-ups. The ideal is, therefore, an environment where employees can check whether something is okay. To this end, it is also important to have a process through which employees’ questions are dealt with and employees can be persuaded and understand through dialogue and discussion whether something is okay. In many cases, we as an organization have the knowledge gained through experience to address the doubts harbored by employees. I am keen to “chat” with employees and, in these chats, I encourage dialogue, telling employees to try interacting with other departments that have experienced similar failures. Dialogue leads to insight and understanding.

The same also applies to group governance. In 2024, we launched the Group Audit & Supervisory Board Meeting where Audit & Supervisory Board members sent from the Head Office to each Group company share issues across the Group. The aim is that Audit & Supervisory Board members share information with each company, gain insight from cases that have happened at other companies in the Group and prevent issues from occurring.

Governance is essentially the separation of execution and oversight or a mutual check-and-balance system, similar to the gas pedal and the brake pedal in a car. This is how things should work in emergency situations. However, I think that, in normal situations, a combination of execution and oversight is advisable, in other words, individuals know what the red lines are that require them to brake before they put their foot on the gas. I will continue conveying the importance of compliance and corporate governance to our employees through dialogue and communication, bolstering our foundations as a company that can proudly hold our heads high before the children who are our first and foremost customers.

Management

Directors (as of June 26, 2024)



Kazuhiro Kojima
Representative Director,
Chairman & CEO



Akio Tomiyama
Representative Director,
President & COO



Hiroyuki Usami
Board Director,
Executive Vice President



Goshiro Ito
Board Director,
Senior Executive Officer & CFO



Mariko Mimura
Board Director
(outside)



Fumitoshi Sato
Board Director
(outside)



Shinichi Tonomura
Board Director
(outside)



Miwako Iyoku
Board Director
(outside)



Reiko Yasue
Board Director
(outside)

Management

Audit & Supervisory Board Members

(as of June 26, 2024)



Hajime Matsuki
Audit & Supervisory
Board Member



Yuji Yamaguchi
Audit & Supervisory
Board Member (outside)



Michihiro Nishi
Audit & Supervisory
Board Member (outside)

Review of Fiscal 2023 (the fiscal year ended March 31, 2024)

Toy Market

On a nominal retail price basis (recommended retail price), the size of the toy market in Japan topped ¥1 trillion for the first time in fiscal 2023, reaching ¥1.02 trillion. The chief factors in this result were growth in card games and trading cards and continued growth in the hobby market. In addition, the development of

the second and third generations of long-selling brands continued, as the adult market for toys expanded. These results demonstrate that the toy market still has room to grow despite Japan's falling birth rate. (Source: Japan Toy Association website)

Performance Highlights

Since COVID-19 was downgraded to a Class 5 infectious disease in Japan, conditions in the business environment for the fiscal year ended March 31, 2024 are in a gradual recovery, with signs of a pickup in capital investment and consumer spending and so forth. Even so, conditions remain highly uncertain amid, for instance, overseas economic downturn concerns, foreign exchange fluctuations, and inflation triggered by heightened geopolitical risks and monetary tightening on a global basis.

Amid these conditions, in the Medium-Term Management Plan that commenced in the fiscal year ended March 31, 2022, we have sought to expand our target age groups and market regions, as well as expand our business domain under the vision, "Play will make the world better. So TOMY will greatly respond to the future global society by creating play." The fiscal year ended March 31, 2024 was the final year of the plan, during which we worked to achieve each of its measures by continuing to focus our efforts on six company-wide strategies, including the further targeting of exits, ages, and areas with a key of "right person in the right place."

In the fiscal year ended March 31, 2024, in Japan and other Asian regions, earnings were brisk in not only the toy business, but particularly in the toy peripheral business and the retail business. In the Americas, the mainstay operating company TOMY International, Inc. posted solid results, even though Fat Brain Holdings, LLC struggled. As a result of the above, net sales came to ¥208,326 million (up 11.2% year on year). Operating profit was ¥18,818 million (up 43.4% year on year), and ordinary profit was ¥17,807 million (up 47.9% year on year), reflecting growth in gross profit due to the increase in net sales and improvement in sales cost ratio driven by stability in shipping costs and other factors, as well as lower distribution costs in selling, general and administrative expenses. Profit attributable to owners of parent came to ¥9,808 million (up 18.0% year on year), even though we recorded impairment losses, etc., associated with Fat Brain Holdings, LLC, a consolidated subsidiary of the Company, under extraordinary losses in the third quarter.

We posted record highs for net sales, operating profit, ordinary profit, and profit attributable to owners of parent.

Overview by Regional Segment

Japan

Net sales were ¥170,097 million (up 14.8% year on year), and operating profit was ¥22,265 million (up 35.1% year on year). Within the "TOMICA" range, the "Dream TOMICA" series, which embodies content that is popular with a broad range of target demographics, and the "TOMICA Premium" series both performed well. In "PLARAIL," we have been working to appeal to a wider range of age groups including through the rollout of "PLARAIL Real Class" from June, which enables both the enjoyment of displaying and the enjoyment of playing.

For "BEYBLADE X," the fourth generation of the modern version of "BEYBLADE," we launched a range of toys in July, which has garnered attention not only from children but also from adults. We began broadcasting a TV animation series from October, which expanded its popularity, and created digital tie-ins with, for example, the opening of the official metaverse world "BEYBLADE PARK" in the global metaverse platform Roblox. For "TRANSFORMERS," we launched new toys related to the newly released movie, but exports of these products fell short of our

expectations mainly due to the impact of challenging conditions in overseas toy markets.

In the event business, from Golden Week 2023 onwards we resumed TOMICA EXPO, PLARAIL EXPO, and various other events that had been postponed due to the COVID-19 pandemic. All of these events were well received by attendees. Also, sales were brisk in the retail business by virtue of a sharp recovery in footfall, including foreign tourists visiting Japan, mainly at urban KIDDY LAND stores, as well as growth in sales of goods at character specialty stores. Sales increased in the GACHA capsule toy business being developed by T-ARTS Company, as a result of the expanded installation of more large-scale

GACHA sales spaces and the expansion of age groups by making use of popular content. In amusement machines, Pokémon Mezastar continued to garner attention thanks to its characters' high popularity.

In the digital business, we pressed ahead with the digital rollout of our IP. For instance, we ramped up business mainly through a collaboration with a popular character for the card game app DUEL MASTERS PLAY'S, and in October, the launch of Nintendo Switch™ software for the long-selling board game, "THE GAME OF LIFE," was well received.

As a result of the above, net sales were ¥170,097 million (up 14.8% year on year) and operating profit was ¥22,265 million (up 35.1% year on year).

Overseas

Americas

Net sales were ¥30,063 million (up 1.8% year on year), and we recorded an operating loss of ¥495 million (operating loss of ¥725 million in the same period of the previous fiscal year). "Boon" and other baby products were well received, and sales of "Ag Replicas" in the agricultural machinery toy category were brisk. The plush toy series "Mocchi- Mocchi-" (overseas product name: Club Mocchi- Mocchi-) and the long-selling party game "Kurohige Kiki Ippatsu" (overseas product name: POP-UP PIRATE) developed by T-ARTS Company in Japan remained popular.

On the other hand, sales struggled at Fat Brain Holdings, LLC owing to a sluggish toy market overall.

Europe

Net sales were ¥6,640 million (down 0.6% year on year), and we recorded an operating loss of ¥724 million (operating loss of ¥797 million in the same period of the previous fiscal year). This was partly due to declines in sales of baby products, etc., even though sales of agricultural machinery toys were solid and the party game "POP-UP PIRATE" increased in popularity.

Oceania

Net sales were ¥2,545 million (down 7.1% year on year), partly due to declining sales of baby products, etc., despite strong sales of agricultural machinery toys and favorable sales of the plush toy series "Club Mocchi- Mocchi-."

On the other hand, operating profit was ¥189 million (up 133.8% year on year), reflecting growth in gross profit due to the improvement in our sales cost ratio driven by stability in shipping costs and other factors.

Asia

Net sales were ¥57,869 million (up 4.3% year on year), and operating profit was ¥1,907 million (up 0.6% year on year). Sales were brisk attributable to "TOMICA," "Pokémon," "DIACLONE," and others, which gained popularity, as well as rebounding from the lockdown in China in the first quarter of the previous fiscal year. Also, the "Pokémon Ga-Olé" amusement machine sold by T-ARTS Company was well received. We also launched sales of "BEYBLADE X" in Hong Kong and Taiwan in July, and in South Korea, China, and other Asian regions since November, to coincide with the launch in Japan. The TV animation also started airing in November in Hong Kong, in December in Taiwan, and in February in South Korea and Thailand.

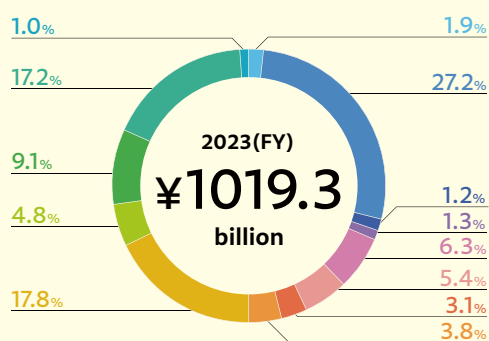
In addition to the above, manufacturing subsidiary TOMY (Hong Kong) Ltd. achieved a recovery in shipments to the Americas.

Review of Fiscal 2023 (the fiscal year ended March 31, 2024)

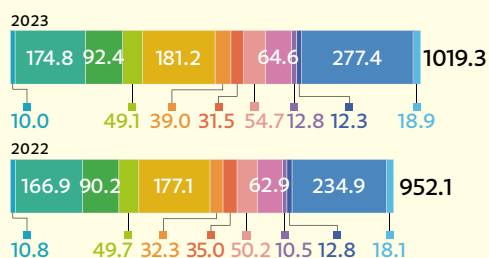
(Millions of yen)

	2023.3	2024.3	Change	Change (%)
Net sales	187,297	208,326	21,028	11.2
Japan	148,214	170,097	21,883	14.8
Americas	29,533	30,063	529	1.8
Europe	6,683	6,640	(42)	(0.6)
Oceania	2,741	2,545	(195)	(7.1)
Asia (other than Japan)	55,465	57,869	2,404	4.3
Eliminations and corporate	(55,340)	(58,891)	(3,550)	-
Operating profit (loss)	13,119	18,818	5,698	43.4
Japan	16,484	22,265	5,780	35.1
Americas	(725)	(495)	229	-
Europe	(797)	(724)	73	-
Oceania	81	189	108	133.8
Asia (other than Japan)	1,895	1,907	12	0.6
Eliminations and corporate	(3,819)	(4,324)	(505)	-

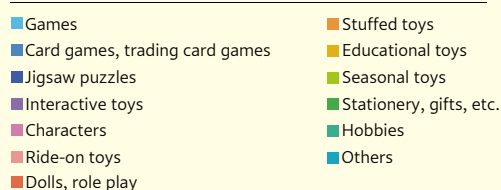
Japanese Toy Market (Billions of yen)



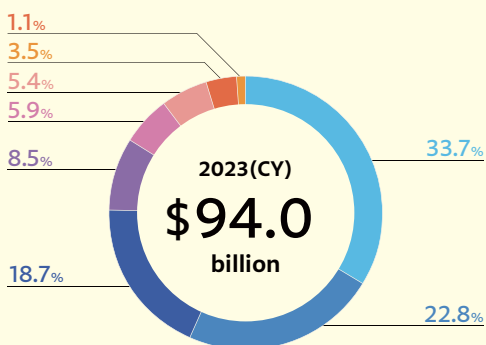
(Source: The Japan Toy Association)



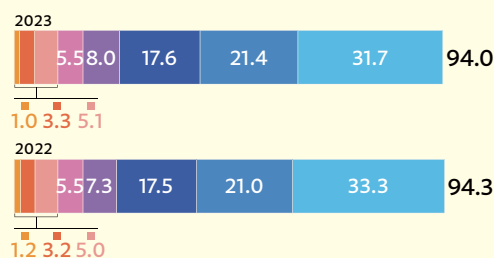
(The survey period of each year is January 1 to December 31.)



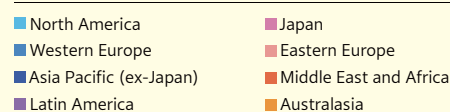
Global Toy Market (Billions of U.S. dollars)



(Source: Euromonitor International)

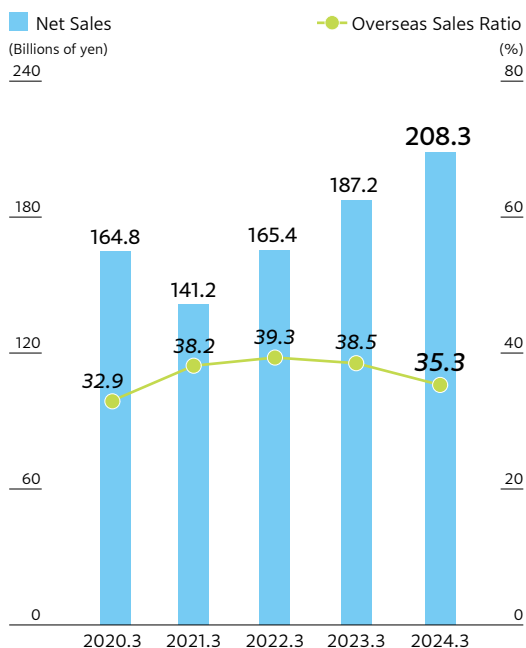


(The survey period of each year is January 1 to December 31.)

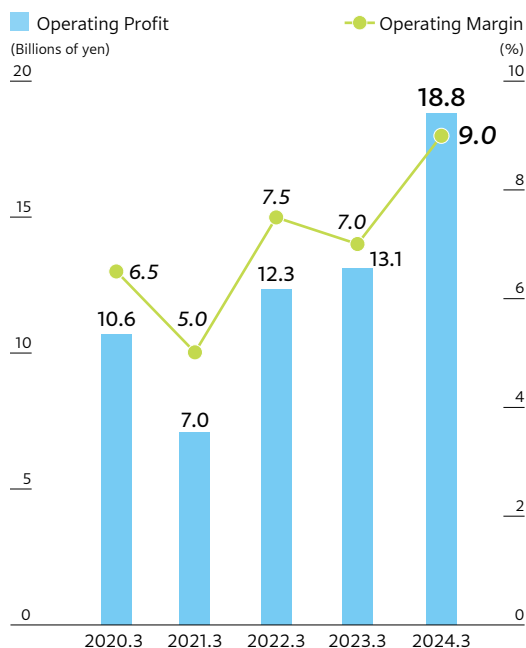


Financial Highlights

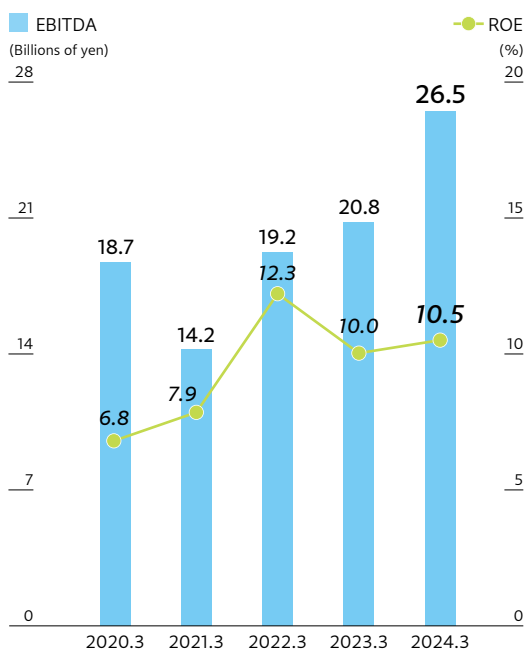
Net Sales/Overseas Sales Ratio



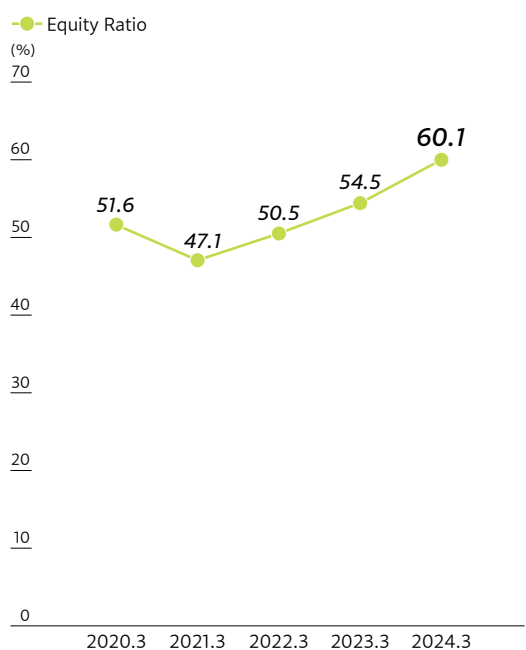
Operating Profit/Operating Margin



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)

	2024	2023	2022	2021	2020	2019
Net sales	208,326	187,297	165,448	141,218	164,837	176,853
Gross profit	84,960	72,348	66,606	55,256	66,364	73,478
Total selling, general and administrative expenses	66,141	59,229	54,261	48,177	55,681	59,071
Operating profit	18,818	13,119	12,344	7,079	10,683	14,407
Ordinary profit	17,807	12,043	12,666	7,170	10,204	14,303
Profit (loss) before income taxes	14,869	11,642	13,772	7,462	7,601	13,784
Profit (loss) attributable to owners of parent	9,808	8,314	9,114	5,374	4,507	9,302
EBITDA ¹	26,564	20,804	19,241	14,246	18,723	22,490
R&D expenses	4,971	4,542	4,607	4,066	4,666	3,963
Depreciation and amortization	7,746	7,685	6,897	7,166	8,040	8,082
Cash flows from operating activities	29,175	16,223	16,405	18,064	9,006	21,492
Cash flows from investing activities	(5,324)	(2,134)	(2,488)	(8,606)	(3,381)	(4,038)
Cash flows from financing activities	(27,149)	(13,689)	(12,991)	6,817	(12,274)	(10,057)
(As of March 31)						
Total assets	166,252	159,519	156,090	147,614	129,253	143,364
Net assets	99,999	87,167	79,174	69,928	67,410	67,315
Interest-bearing debt	10,364	29,121	35,357	42,363	29,655	35,465
Per Share Data (Yen)						
Earnings per share	107.73	90.66	98.23	57.07	47.30	97.85
Dividend per share	50.00	32.50	32.50	17.50	30.00	24.00
Net assets per share	1,104.07	950.39	860.74	742.45	703.07	700.26

	2024	2023	2022	2021	2020	2019
Major Financial Indices						
Operating margin (%)	9.0	7.0	7.5	5.0	6.5	8.1
Overseas sales ratio (%)	35.3	38.5	39.3	38.2	32.9	33.7
Return on equity (ROE) (%) ²	10.5	10.0	12.3	7.9	6.8	15.2
Return on assets (ROA) (%) ³	10.9	7.6	8.3	5.2	7.5	10.1
Equity ratio (%) ⁴	60.1	54.5	50.5	47.1	51.6	46.5
Dividend payout ratio (%) ⁵	46.4	35.8	33.1	30.7	63.4	24.5
Stock Data						
Stock price at year-end (Yen)	2813.5	1,481	1,221	1,005	762	1,142
PER (Times)	26.1	16.3	12.4	17.6	16.1	11.7
Number of shares outstanding (Thousand shares) ⁶	90,543	91,554	91,623	93,656	94,797	95,239
Company Data						
Number of subsidiaries	35	35	34	34	32	33
Number of employees (Consolidated)	2,423	2,476	2,418	2,379	2,568	2,665
Number of employees (Non-consolidated)	553	562	557	547	541	509
Average age of employees (Non-consolidated)	44.3	44.0	43.9	43.2	42.3	41.5

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.



TOMICA, Japan's first series of palm-sized diecast mini cars that was launched in 1970. 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 has been loved across three generations of parents and their children. A cumulative 1,170+ models have been released, with lifetime sales of more than 745 million pieces (as of April 2024).

74 TOMY Company, Ltd. Integrated Report 2024



プラレール



© TOMY

PLARAIL (sold by TOMY Company, Ltd.) is TOMY's signature long-selling train toy series, loved by three generations of train toy fans. Launched in 1959, the series celebrates its 65th anniversary this year. The original (1959) PLARAIL was the Plastic Train and Rail Set. Unlike other toys of that era, which were generally made of metal and wood, PLARAIL was made with plastic, a new material at the time. 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 1,994 PLARAIL products have been released in Japan, selling more than 187.76 million units (as of March 31, 2024).

リカちゃん

LICCA, a dressable doll that debuted in 1967, was the perfect companion for playing house and dress-up. From product launch, LICCA came complete with profiles describing her age, family and friends. Always in step with the latest fashion trends, LICCA continues to be loved across two and even three generations, by children, parents and grandparents alike.



© TOMY

Our Products

TOMY



TRANSFORMERS

TRANSFORMERS toys and cartoons launched in the United States in 1984 and in Japan in 1985. This series of shape-transforming robots immediately became a worldwide hit. Celebrating its 35th anniversary in 2019, this series is loved by two generations of parents and children in more than 130 countries and regions throughout the world.



ZOIDS

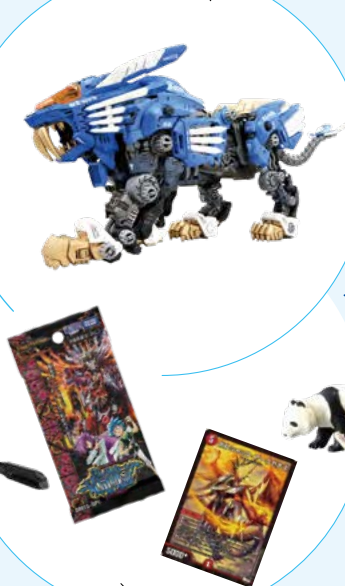
This major franchise has been developed as an original IP originating from toys since 1983 and celebrates its 40th anniversary in 2023.

ZOIDS come with either electric motors or springs and feature the ability to move as if it were a real life form after assembly is complete.



THE GAME OF LIFE

The Game of Life was released in September 1968 as a board game in which players spin a roulette wheel to advance through the squares with the aim of becoming millionaires through various life events. In 2023, the game celebrated its 55th anniversary and to commemorate the occasion we launched the eighth generation of the flagship The Game of Life board game.



BEYBLADE

This series of competition-style next generation spinning tops has recorded cumulative shipments of more than 520 million units to more than 80 countries and regions throughout the world. In July of 2023, we launched sales of the fourth generation BEYBLADE X.



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

This is a series of palm-sized animal figures that can be moved and played with that have been on the market since 2013. The products can be enjoyed together with parents 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.

GROUP (DOMESTIC)



T-ARTS Company, Ltd.

Gacha Business

Capsule toys were imported to Japan in 1965 and are now marketed by T-ARTS under the registered trademark “Gacha.” More than half a million Gacha machines have been shipped worldwide and are now widely seen in locations such as food courts, train stations and airports.



Amusement Business

The amusement business provides a new asobi and communication that cannot be experienced at home. Introduced at events and other gatherings, amusement activities are devised to encourage interaction among players and enrich children’s imaginative powers.



Life Business

This segment is chock full of hit products ranging from cooking toys to party goods, which generate plenty of buzz with the surprise and delight they bring to customers.



Stuffed Toy Business

Centered on characters beloved by families worldwide, this segment markets appealing content in the form of stuffed toys.

Candy Toy Business

As the name suggests, this segment brings together two favorites of children’s everyday lives: candy and toys. Popular content is used to offer low-priced products children can easily purchase with their allowance.

Our Products

GROUP (DOMESTIC)

KIDDY LAND®

KIDDY LAND CO., LTD.

KIDDY LAND is a boutique retail chain that specializes in character-based products, selling toys, cute accessories, character goods and books. As the leader of the overall culture industry, it is sensitive to the times and constantly disseminates new information and trends.



CHIIKAWA

SNOOPY TOWN Shop
© PEANUTS Worldwide LLC www.snoopy.co.jp

SNOOPY TOWN


miffy style
© Mercis bv

miffy style


すみっぐらし shop
Everyday with Sumikko.

Sumikko Gurashi Shop


Rilakkuma store
Happy life with Rilakkuma!
© SAN-X CO., LTD. ALL RIGHTS RESERVED.

Rilakkuma Store

**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.

TOMY International (OVERSEAS)



THE FIRST YEARS

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



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.



JOHN DEERE

JOHN DEERE

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



LAMAZE

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



BOON

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



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.

John Deere's products under license with Deere & Company. Lamaze® is a registered trademark of Lamaze International, Inc. ©2003-2020 Fat Brain Holdings LLC. All rights reserved. All DC characters and elements © &™ DC. WB SHIELD: © &™ WBEI. (s22)

External Evaluations

TOMY's past annual reports have won numerous awards at the two major annual report competitions in the United States, the LACP Vision Awards and the International ARC Awards, earning kudos overseas for both their content and expressive power. 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.

2023



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



LACP [2022/2023 Vision Awards] 22nd among the Top 100 Worldwide; 1st (Platinum) in the Consumer/Consumables Industry and Worldwide Special Achievement (Creative Category)

2022



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



LACP [2021/22 Vision Awards] 24th among the Top 100 Worldwide; 1st (Platinum) in the Consumer/Consumables Industry and Most Creative Report

2021

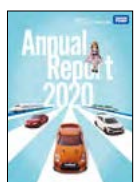


International ARC Awards Bronze in the Toy Manufacture and Sales/Summary Annual Review Category



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

2020



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



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

2019



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



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

2018



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

Corporate Information

Company Name	TOMY Company, Ltd.	Major Group Companies	
Head Office	7-9-10 Tateishi, Katsushika-ku, Tokyo 124-8511, Japan	Japan	T-ARTS Company, Ltd. TOMY TEC CO., LTD. TOMY MARKETING COMPANY, LTD. KIDDY LAND CO., LTD. PENNY COMPANY, LTD. T-FIELDTEC Company, Ltd. TOMY IBIS CO., LTD.
Date of Establishment	January 17, 1953	Overseas	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. T-Licensing Inc.
Paid-in Capital	¥3,459.53 million		
Business Domain	Planning, manufacturing and selling of products such as toys, general merchandise, card games and baby care products, etc.		
Number of Employees (as of March 31, 2023)	2,423 (consolidated) 553 (non-consolidated)		
Number of Consolidated Subsidiaries	35		

Stock Information (as of March 31, 2024)

Number of Shares Authorized:
384,000,000

Number of Shares Issued:
93,616,650

Trading Unit of Shares:
100

Number of Shareholders:
162,276

Distribution of Ownership among Shareholders

Individual Investors	41.31%
Foreign Corporations and Investors	27.11%
Financial Institutions	19.64%
Other Corporations	9.11%
Treasury Stock	2.82%

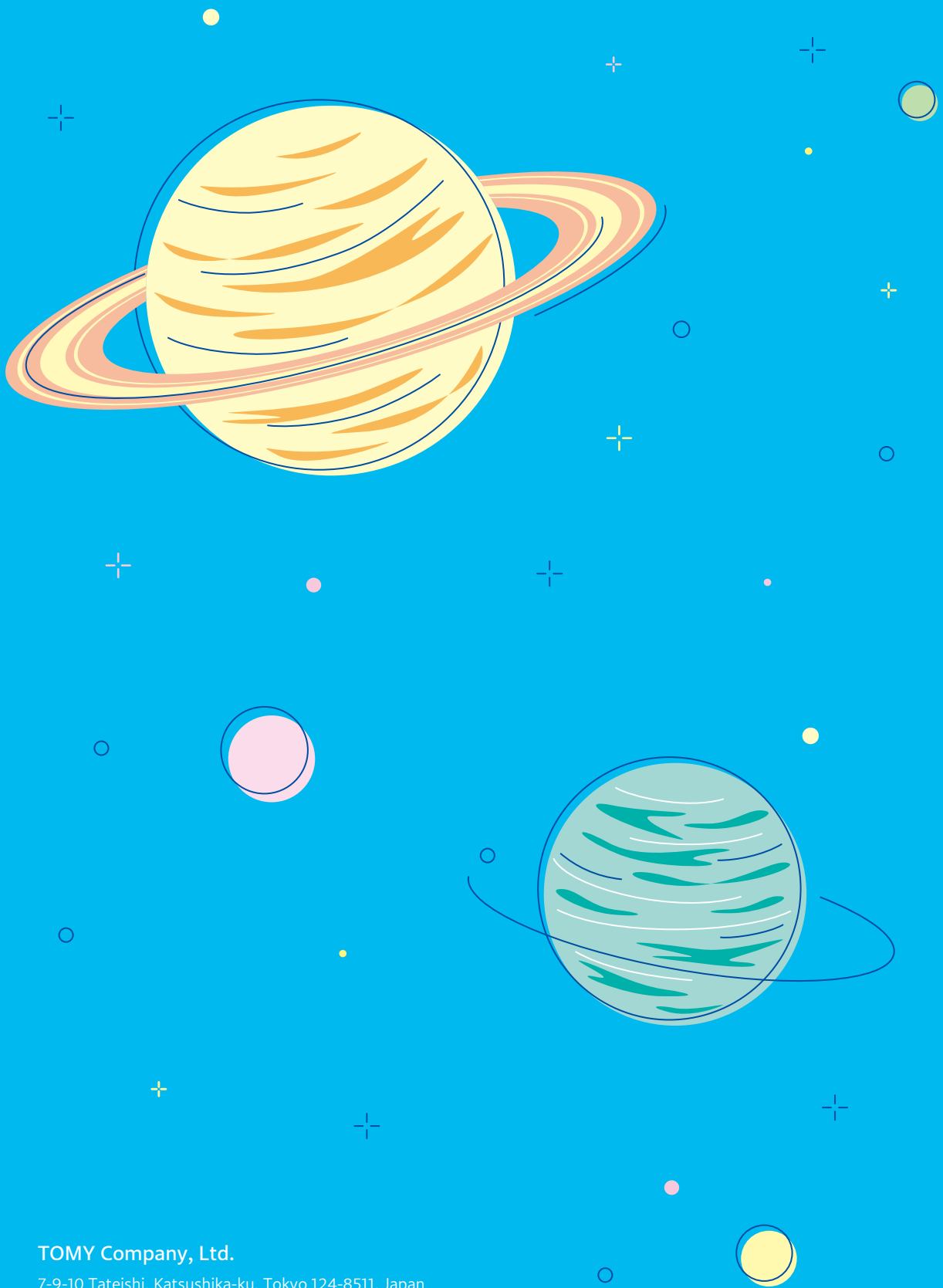
Major Shareholders

Name	Number of Shares Held	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,592,300	14.94
Custody Bank of Japan, Ltd. (Trust Account)	7,573,844	8.32
Tsukasa Fudosan	6,565,312	7.22
Kantaro Tomiyama	2,693,766	2.96
STATE STREET BANK WEST CLIENT - TREATY 505234	1,327,950	1.46
JP MORGAN CHASE BANK 385781	1,192,131	1.31
J.P.MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SETT ACCT	1,078,404	1.19
Administration trust (account of Fumie Tomiyama) Trustee SMBC Trust Bank Ltd.	1,000,000	1.10
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	900,000	0.99
Akio Tomiyama	835,100	0.92

1. TOMY owns 2,638,697 shares as treasury stock, but is excluded from the above list of major shareholders.

2. The percentages shown by [Major Shareholders] are calculated excluding treasury stock.

3. TOMY has implemented a Stock Issuance Trust for Directors and a Stock Issuance Trust for Executive Officers. Custody Bank of Japan, Ltd. (Trust Account) (hereinafter "the Trust Account"), holds 434,000 shares of TOMY stock. TOMY shares held by the Trust Account are not included in TOMY treasury stock.



TOMY Company, Ltd.

7-9-10 Tateishi, Katsushika-ku, Tokyo 124-8511, Japan
<https://www.takaratomy.co.jp/english/>