

October 19, 2020

To all related parties:

Name of the Company: TOMY Company, Ltd.
Name of the Representative: Kazuhiro Kojima
Representative Director, President & COO
(Code No. 7867; The First Section of the Tokyo Stock Exchange)
Further Inquiries: Goshiro Ito
Head of Corporate Administrations
(TEL: 03-5654-1548)

Notice Concerning Acquisition of Interests by a Subsidiary, etc. Through Change in a Sub-subsidiary

This is to provide notification that TOMY International, Inc. (Location: Iowa, U.S., Representative: Pete Henseler), a wholly-owned subsidiary of TOMY Company, Ltd. (hereinafter “Tomy”) resolved to carry out the following acquisition of interests of Fat Brain Holdings, LLC (Location: Nebraska, U.S., Representative: Mark Carson; hereinafter “Fat Brain”), and Fat Brain will become a subsidiary. Tomy also announces that because the investment amount for Fat Brain makes up ten-hundredth (10/100) of Tomy’s capital amount, Fat Brain is classified into a specific subsidiary of Tomy.

1. Reason for acquisition of interests

(1) About Fat Brain Holdings, LLC

Fat Brain (Fat Brain Holdings, LLC), which is a holding company based in Nebraska, U.S., owns and controls two companies, Fat Brain Toys, LLC, which engages in retail of toys and games, and Fat Brain Toy Co., LLC, which engages in manufacturing and wholesale of toys (interests of the two companies are wholly owned by Fat Brain; hereinafter, the “FB Group” as the corporate group comprised of the three companies).

The FB Group is an independent toy company founded in 2002 by Mark & Karen Carson. The FB Group’s strength for selling products directly to consumers has been its direct-to-consumer platform (hereinafter, “D2C Platform”), which is highly efficient and expandable due to the use of its own logistics. The FB Group uses the D2C Platform and other state-of-the-art tools to listen directly to consumer voices, which are reflected into the product development based on its philosophy of providing children with “A Smarter Way to Play.” The Group plans and develops innovative, modern designs as well as toys that are not influenced by trends and can be played for a long time, and sells those toys to consumers in 33 countries around the world, including the U.S.

(2) Reason for acquisition of interests

The TOMY International Group operates business to offer baby products and toys in Americas (North America, Central and South America), Europe and Oceania by targeting a wide range of age groups. The unique toy product lineups that the FB Group, which is Tomy’s acquiree through this change, has developed by reflecting consumers’ voice fit the TOMY International Group’s mission to “Make the World Smile.” Also, we believe that the application of Fat Brain’s D2C Platform will contribute to further growth of the TOMY International Group and a speedy response to the current and future changes in consumers’ purchasing behavior, which is caused by the spread of the novel coronavirus disease (COVID-19).

As Tomy moves forward to transform into a real global company, we believe it important to expand Tomy’s presence in North America, which has the largest toy market share, and this acquisition will make a contribution to such expansion.

2. Overview of TOMY International, Inc.

(1)	Name	TOMY International, Inc.
(2)	Location	2021 9th Street South East Dyersville, IA 52040-2316
(3)	Name and title of representative	President Pete Henseler
(4)	Content of business	Planning, manufacturing, and sales of products and toys for infants and toddlers, and others
(5)	Paid-in capital	US\$0

3. Overview of the sub-subsidiary subject to the change (Fat Brain)

(1)	Name	Fat Brain Holdings, LLC		
(2)	Location	20516 Nicholas Circle Elkhorn, NE 68022 United States		
(3)	Name and title of representative	President Mark Carson		
(4)	Content of business	Manufacture and wholesale of toys, retail of toys and games (operated by a corporate group consisting of Fat Brain Holdings, LLC, and two subsidiaries)		
(5)	Amount of investment	US\$7.2 million (¥761 million) (Members' equity as of December 31, 2019, the second decimal place is rounded off)		
(6)	Date established	February 11, 2015		
(7)	Investors and percentage of total investment	Winona FB, LLC (60.0%) FB HoldCo, LLC (30.5%) FBTC HoldCo, LLC (9.5%)		
(8)	Relation between the listed company and the company	Capital relationship	None.	
		Personnel relationship	None.	
		Business relationship	There is a relationship between TOMY International and the company in the sale and purchase of baby products and toys.	
(9)	Consolidated financial results and consolidated financial position of the company for the last three years			
	Fiscal year	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
	Net assets	US\$21.2 million (¥2,242 million)	US\$20.1 million (¥2,126 million)	US\$19.8 million (¥2,094 million)
	Total assets	US\$27.0 million (¥2,856 million)	US\$24.9 million (¥2,634 million)	US\$24.1 million (¥2,549 million)
	Net sales	US\$30.5 million (¥3,226 million)	US\$34.9 million (¥3,692 million)	US\$41.0 million (¥4,337 million)
	Operating income	US\$(1.8) million (¥(190) million)	US\$(1.0) million (¥(105) million)	US\$(0.1) million (¥(10) million)
	EBITDA	US\$1.1 million (¥116 million)	US\$1.9 million (¥201 million)	US\$2.8 million (¥296 million)
	Profit attributable to owners of parent	US\$(1.8) million (¥(190) million)	US\$(1.1) million (¥(116) million)	US\$(0.2) million (¥(21) million)

Note: Figures in this notice are rounded down to the second decimal place unless otherwise stated. In addition, those figures are calculated at the exchange rate into Japanese yen [\$1 = ¥105.80] (closing rate on September 30, 2020).

4. Overview of the parties subject to acquisition of interests

(1)	Name	Winona FB, LLC
(2)	Location	980 North Michigan Avenue, Suite 1950, Chicago, Illinois 60611
(3)	Name and title of representative	Managing Director Laird Koldyke
(4)	Content of business	Private-equity investment
(5)	Major shareholders and shareholding ratio	Nonpublic
(6)	Date established	February 18, 2015
(7)	Relations with the Company	There are no business relationship, personnel relationship and capital relationship.

(1)	Name	FB HoldCo, LLC
(2)	Location	20516 Nicholas Circle, Elkhorn, NE 68022
(3)	Name and title of representative	President Mark Carson
(4)	Content of business	Holding of shares
(5)	Major shareholders and shareholding ratio	Nonpublic
(6)	Date established	October 17, 2002
(7)	Relations with the Company	There are no business relationship, personnel relationship and capital relationship.

(1)	Name	FBTC HoldCo, LLC
(2)	Location	20516 Nicholas Circle, Elkhorn, NE 68022
(3)	Name and title of representative	President Mark Carson
(4)	Content of business	Holding of shares
(5)	Major shareholders and shareholding ratio	Nonpublic
(6)	Date established	June 6, 2007
(7)	Relations with the Company	There are no business relationship, personnel relationship and capital relationship.

Note: Some matters are kept nonpublic due to the confidentiality agreement.

5. Percentage of interests acquired, value of equity interests, and ownership before and after acquisition

(1)	Ownership before acquisition	0%
(2)	Ratio of interests acquired	100%
(3)	Value of equity interests	Value of the acquisition (corporate value): US\$41.0 million (¥4,337 million) Advisory fee, etc.: around 1% of the value of equity interests
(4)	Ownership after acquisition	100%

6. Schedule

All are in local date/time

(1)	Date of Board of Directors resolution	October 16, 2020
(2)	Agreement date	October 16, 2020
(3)	Date of transfer of interests	October 16, 2020

7. Future outlook

The impact of the acquisition of interests on Tomy's consolidated business results for the fiscal year ending March 31, 2021 will be negligible. In the cases that there are any matters requiring announcement, such as revisions to earnings forecast, Tomy will promptly disclose such information.