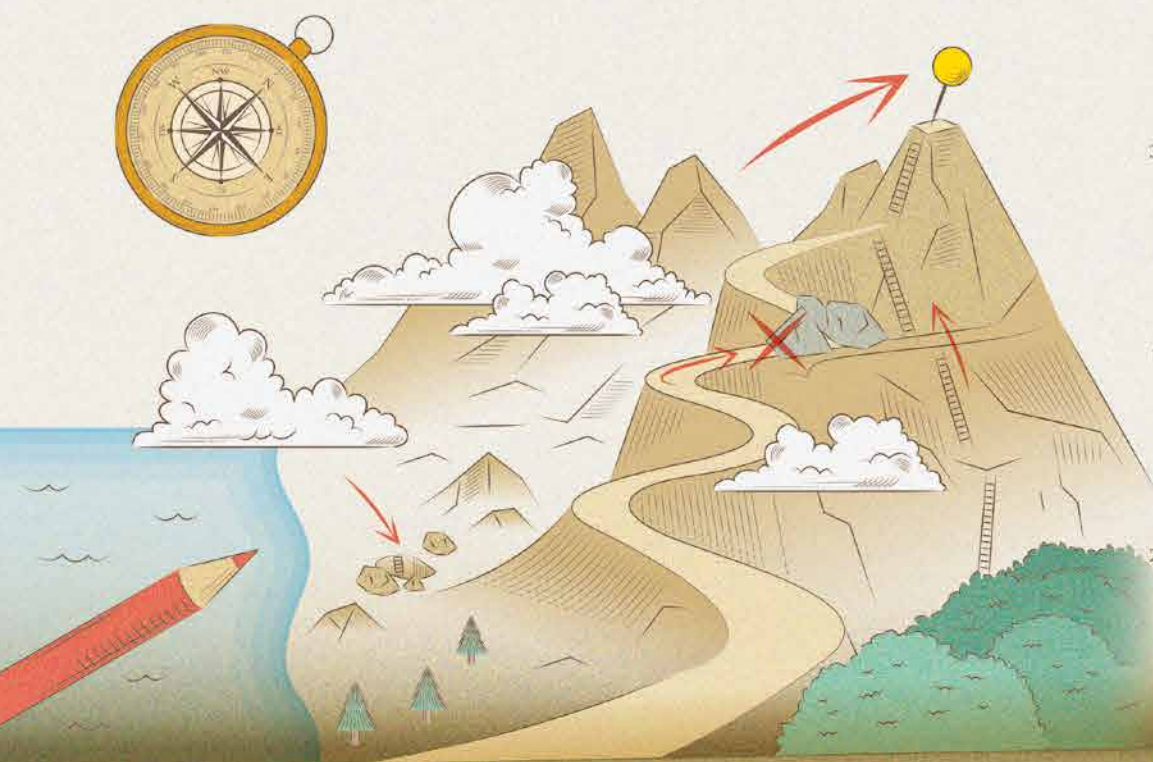


Strategy

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

The TOMY Group has created products that children love, including numerous long-selling products that have appealed to consumers of all generations and hit products that reflect current trends. In times that are changing at unprecedented speed, including a pandemic, climate change and advancing technologies, how will the TOMY Group move forward and what will we aim for to offer *asobi* that meets the values and needs of diverse people? We would like to introduce our growth strategies as described by President Kazuhiro Kojima.



Achieving sustainable growth by leveraging our strengths on a global scale

The importance of our presence in times of upheaval

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

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

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

Looking back on the fiscal year ended March 2022

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

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

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

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



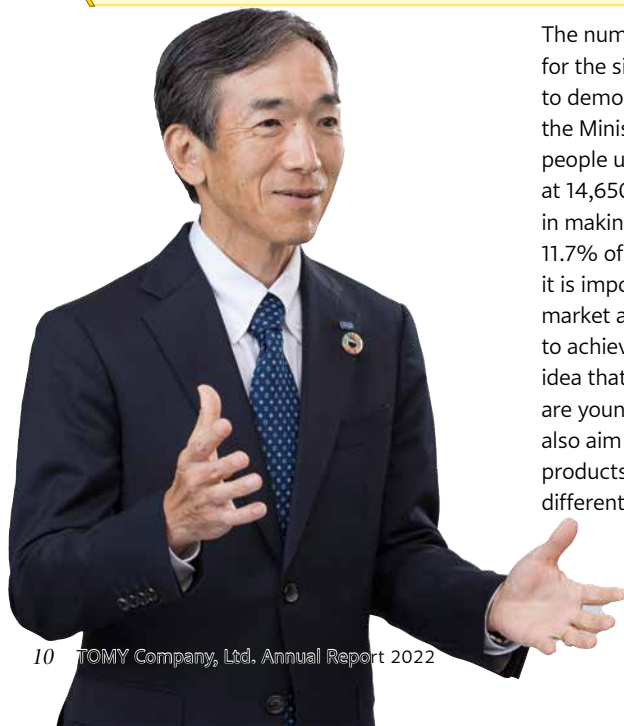
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that will celebrate its 20th anniversary in 2022, our active marketing of rare cards and their increasing collectability led to a significant increase in sales. Pokémon and PAW PATROL, an animated television series heading into its third broadcast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



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Acknowledgement of the business environment



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

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

Grow core brands based on their strengths

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

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

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

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

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

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

Growth Axes for Individual Brands



Keywords in consumption

Kidults	Narrative
Fan Economy	Digital Natives



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

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

Asobi makes the world better.

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

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

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



The Chicago Athenaeum Good Design® Award



Play Creators Award



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Building the foundation for sustainable growth

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

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

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

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

The road to achievement of the Medium-Term Management Plan

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

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

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

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

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

