



Create Value

Special Feature

The Power to Create *Asobi*

TOMY will celebrate its 100th anniversary in 2024.
Since its founding, the Company has been creating toys
and *asobi*, providing value to society.
What are the forces that give rise to *asobi*
and the source of that value?
And how do we strengthen those forces?
The special feature has the answers.

Three forces that give rise to *asobi*



Human capital

The power to think up *asobi*

A diversity of ideas among TOMY employees and the desire to create something together are vital for creating *asobi* that excites and surprises people.



Intellectual capital

The power to create *asobi*

To move from “toys” to “*asobi*” and to bring excitement and smiles to people’s faces, we seek to bolster our intellectual capital by leveraging our brand power and open innovation.

Social and relationship capital

The power to spread *asobi* around the world

We bring safe, secure and fun “toys” and “*asobi*” to people around the world while building and utilizing networks within society.

Human capital

The power to think up *asobi*

We believe that new ideas that enliven the world market and excite both children and adults emerge from teamwork that respects the individuality and skills of each employee as well as diverse values. We are committed to creating a workplace environment where diverse human resources can work with vigor, continue to grow and generate innovation.

Championing the success of diverse human capital

The TOMY Group is striving to expand and enhance systems that promote diverse work styles so that every employee can continue to grow and develop to their fullest potential while valuing their individuality. We have systems in place to ensure that people in various life stages can work with peace of mind and that employees can continue to work safely.

*1 Percentage of eligible male employees who take childcare leave under Article 71-4 (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

*2 Calculated based on the provisions of the Act on the Promotion of Female Participation and Career Advancement in the Workplace (Act No. 64 of 2015)

Percentage of eligible TOMY male workers taking childcare leave*1

80.0%

(Fiscal year ended March 31, 2023)

Percentage of female employees in management positions at TOMY*2

12.7%

(As of April 1, 2023)

P.34

Instilling our philosophy and developing human resources to pass on skills and expertise

The TOMY Group helps each individual maximize their abilities and has in place a number of educational systems aimed at discovering and fostering the next generation of leaders.

In addition to training for all employees in the philosophy system when they join the TOMY Group, we provide training programs for different job levels and positions, together with a self-development subsidy system to help employees develop their skills. To ensure that the lessons learned from the Company's history, successes and failures are passed on to the next generation and lead to sustainable business development, we have created a system that allows young employees to turn tacit knowledge into formal knowledge and to learn from the skills and expertise we have accumulated over the years.

P.35



Follow-up training



General technical and on-site training

Diverse ways of thinking create new *asobi*

The concept of Diversity & Inclusion is not only harnessed for employee growth or work comfort but also to develop new *asobi*.

With the new business known as the Moonshot Project, we are creating new *asobi* from various perspectives unbound by conventional toys.

For example, coemo, which reads aloud for a child in a voice that sounds just like the user, is being developed as a universal design (Accessible-Design) toy that can be played with by sight-impaired children. We also provide support for mothers and fathers. With coemo, for example, children can sleep peacefully even when their parents are busy with household chores or work.



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Intellectual capital

The power to create *asobi*

The TOMY Group's strengths are the diverse brands we own, including standard products such as TOMICA, LICCA doll and PLARAIL, as well as BEYBLADE, TRANSFORMERS and ZOIDS, and the growth and development of *asobi* that comes from this intellectual property. We will not only utilize existing IP but also continue to invest in and develop new IP, both in-house and with partners, while increasing our earnings pillars by developing new *asobi* worldwide in line with DX trends.

ZOIDS



リカちゃん

Animation



Event



トランスフォーマー
TRANSFORMERS



Collaboration

プラレール



Movie

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, is expanding its market through a strategy of leveraging existing IP and continuously building a fan base.

BEYBLADE X
ベイブレードエックス



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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 setting up production sites.



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.

P.33

**Social and
relationship capital****The power to
spread *asobi*
around the world**

We offer products in a wide variety of categories in more than 130 countries and regions around the world. Currently, we have eight Group companies in Japan and a combined 35 Group companies worldwide. Products are planned and developed by our Group companies in Japan and overseas, produced mainly at overseas factories, and delivered to sales outlets around the world.

Number of categories
we have expanded to

14 of 15
categories

Countries and regions
where we do business

130 or more

Number of meetings
with domestic and
foreign institutional
investors

130 or more

(average over the past five
fiscal periods)

Toys in all categories
for a wide range of ages in countries
and regions around the world

Expanding globally with strong brand power

We have made the ability to give form to various ideas the Group's new driving force based on the brand power of our regular products and our extensive brand palette, which includes TOMICA and PLARAIL products, LICCA dolls and so on.

In Asia during the fiscal year ended March 31, 2023, sales of single-pack TOMICA vehicles, ANIA, Diaclone and T-ARTS amusement machines were strong. In the Americas and Europe, sales of the plush toy series Mocchi-Mocchi- (overseas product name: Club Mocchi-Mocchi-) grew, and the global rollout of popular domestic products was successful.



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Creating new value through open innovation

TOMY creates new value through collaboration with external partners. For example, the game DUAL MASTERS PLAY'S, which was released in December 2019, was jointly developed by three companies, including the major game developer DeNA Co., Ltd., and another development company. The game implements the worldview of the analog trading card game DUEL MASTERS as a digital smartphone app and is enjoyed by a wide range of players across generations, from children to adults.

Initiatives to harness stakeholder views to create *asobi*

The Group has established a Customer Service Department that addresses the more than 160,000 consultations and inquiries received annually (as of fiscal 2022) as useful and important information.

The department verifies received reports of near-miss incidents that could lead to injuries or accidents in detail, then shares them internally to be incorporated into future manufacturing. In this way, we deliver *asobi* with safety and peace of mind around the world.

Conversation
between Directors

Recasting risks as opportunities and continuing with business expansion along the lines of age and region

Tomiyaama: To the TOMY Group, with core businesses aimed at children, Japan's declining birthrate is seen as a major medium- to long-term risk. We also need to properly respond to risks involving the natural environment such as climate change, while acknowledging the societal demand to achieve carbon neutrality as well. More recently, regarding the TOMY Group's stance on sustainability, many employees have joined TOMY because they identify with the initiatives we are pursuing, including Accessible-Design Toys and Eco Toys.

Yasue: That's right. To contend with the risk posed by the declining birthrate, we have expanded the age ranges we target to include the kidults demographic, shifting away from the idea of "toys" and adopting "*asobi*" as our new keyword,

while also expanding our regional strategy to a global focus. In doing so, we have redefined risks into opportunities, and I think employees have sensed this change in management.

Tomiyaama: After all, it is in that area of creating concepts for *asobi* where the TOMY Group competes.

Toys are but one way, but the aim is to create *asobi*. Therefore, by shifting away from the focus on solid objects (toys) to the more abstract concept of *asobi*, we are broadening the potential for expanding our business portfolio, and even more than that, focusing on the parts that have a positive impact on society. For example, by touching and playing with ANIA figures children can learn about animals, and by playing with TOMICA cars they can learn about social structure, such as police departments, fire departments and traffic rules. Meanwhile, the PLARAIL series offers a platform for children to express their imagination by connecting various types of rail. In other words, through *asobi* I believe we go beyond the

work of creating toys as solid objects and design the infrastructure that will help children unleash their imaginations and understand the interactions of society. This is an area where I gain a keen sense of the reason the TOMY Group exists.

Yasue: As touching solid objects is important for growth, particularly among pre-elementary school children, properly covering that area is one of the strengths of the TOMY Group. In addition, from the age group perspective, I think approaches that follow customers as they age after entering elementary school are also possible. I sense a wealth of possibilities, including approaches that combine the solid objects we have developed to date with digital technologies. The use of digital technology also has the potential to improve the efficiency of production lines and enhance corporate value as a result.

Tomiyaama: Yes. For example, it was a major discovery to learn that even through TOMICA alone, many business opportunities have developed through various collaborations. I now know that there are many things in the TOMY Group that adult customers will happily buy. It will also become increasingly important to generate revenue through collaboration with trend-setting high-value-added IP,



Reiko Yasue
Board Director (outside)

Profile After graduating from Tsuda University, she joined the Matsushita Electric Group and worked as an engineer on activities to standardize communication methods. With wireless Internet communication technologies becoming the international standard, she relocated to the United States and built a career at companies including Motorola, Inc., and Qualcomm, Inc. Then in 2009, she joined FUJISOFT INCORPORATED and was appointed Director & Executive Operating Officer in 2015. In 2018, she joined Cybernet Systems Co., Ltd., and assumed her current position as Representative Director of the company in 2019. She was then named as an outside director at TOMY Company, Ltd., in June 2020.

as well as to create such IP. For example, KIDDY LAND's policy of quickly picking up information about trending characters and working on related business development has greatly contributed to improved business performance, but I hope that we will further expand mechanisms to share that kind of information about promising IPs within the Group.

Yasue: Having a base of human resources and the right corporate culture is key to putting that into practice. The employees of TOMY all look like they are enjoying their jobs, don't they? In my career to date, I've visited various trade shows for the manufacturing industry, but at the International Tokyo Toy Show, every single TOMY employee was full of smiles describing the Company's products, and I thought it was both the embodiment of TOMY's philosophy and an aspect of its corporate culture.

Tomiyama: If you find something enjoyable, it will also lead to job fulfillment. For example, as employees are keenly aware, a form of *asobi* that stays in people's memories even 20 years later also has elements that play to people's emotions, and the idea of "making the world a better place with *asobi*" probably puts a smile on their faces. While the creation of *asobi* has proceeded in fun and fulfilling ways, I do feel that the Japanese bias of viewpoints in human capital is a slight issue. To expand the regional axis and compete in the global market, I think it will be necessary to foster a mindset that extends the breadth of vision and thinking.

Yasue: There are aspects to global expansion that are difficult without considering regional characteristics such as language, culture, religious background and so on. That is why I hope that the individual brand teams for TOMICA, PLARAIL, LICCA, BEYBLADE and so on will respect diversity and ensure careful inclusion within teams while pursuing globalization with a firm resolve. Continuing with the launch of many brands and IPs in Japan will also be essential.

Tomiyama: I agree. With technological advances, traditional hurdles such as language and the ability to identify information are increasingly disappearing. That's why fostering a mindset that we can succeed globally and putting stock in the will to become a global player will lead to sustainable corporate growth.

Yasue: The fiscal year ending March 31, 2024, is the final year of the Medium-Term Management Plan, and I feel that solid progress has been made on the six corporate strategies of the plan, including the strategies for output, ages and regions with the "right goods in the right place" as key. I think we have put the foundations in place. I hope that the next Medium-Term Management Plan leads to even greater progress with the realization of the concepts that have been envisaged to date.

Tomiyama: Thank you. We will emphasize the development of environments that enable employees to work with a sense of fun and fulfillment, while emphasizing output that affects people's feelings with excitement, surprise, emotion and smiles. And speaking personally, regarding the risks posed by the declining birthrate, I am committed to strengthening our management structure while consistently tackling the challenge of expanding our business on both the age and regional axes as part of the management team.



Akio Tomiyama
Board Director, Executive
Vice President

Combining the power of *asobi* via meeting challenges not constrained by conventional wisdom

The Moonshot Project's efforts to create new businesses

New businesses are at the forefront of TOMY's challenge to evolve its business from "toys" to "*asobi*." This section introduces the vision, major initiatives and future goals of the Moonshot Project, the organization that promotes these new businesses.

To create new value from *asobi*

What is the Moonshot Project at TOMY?

To put it simply, it is a combination of "the power of *asobi*" and "meeting challenges not constrained by conventional wisdom in business." TOMY's corporate mission is to "fulfill the dreams of our stakeholders" and "create new value from play." To "create new value from play," we will take on challenges that are not bound by conventional wisdom in business. We believe that is the essence of the Moonshot Project.

We will not take on these challenges blindly but rather base our efforts on the "power of *asobi*," which TOMY has cultivated over many years.

The TOMY Group shifted the basic focus of its business from toys to *asobi* in the Medium-Term Management Plan established in fiscal 2021.

As society's values change, the possibilities and targets for this "power of *asobi*" continue to expand and diversify. We believe that the "power of *asobi*" will continue to evolve without limit by changing the nature of output without being bound by conventional concepts, or by combining it with new technologies and platforms.

Combining our IP with technology and solutions

One of the themes that the Moonshot Project is tackling is the combination of our IP with technology and solutions. A typical example is in the metaverse space development. In September 2022, we launched Metaverse Pop-Up Pirate, and in July 2023 we launched a creator co-creation project to create a BEYBLADE metaverse space on Roblox, a popular metaverse platform worldwide.

TOMY basically created the space for Metaverse Pop-Up Pirate itself, but for this BEYBLADE X project we are promoting co-creation with a variety of creators. In recent years, there has been a growing impact from content generated by regular users, such as video postings on social media. While the traditional BEYBLADE was a space with everyone "playing" together, in the future the method of everyone "creating" together will also be added. We hope to incorporate these methods to further evolve how users play and create.

BEYBLADE X



New utilization of value in *asobi*

Another important theme of the Moonshot Project is the new utilization of value in *asobi* that the TOMY Group has cultivated over the years. A unique initiative related to this is the “TOUCH JAPAN JOURNEY” content found on the website of LEXUS, Toyota’s luxury car brand. We offer a technology that was developed for our “Nazotoki street” product that allows users to experience a new kind of mystery using Google Maps Street View. We support the creation of programs that are sophisticated yet embrace a playful spirit.



TOUCH JAPAN JOURNEY by LEXUS

Also, products such as coemo, launched in 2022, are new products offering entirely new value. The product is a speaker that reads aloud, using AI to faithfully recreate the voice of a parent or other family member. The product was highly acclaimed for supporting child-rearing with the use of AI and has been recognized with various awards including a Japan Toy Award. Coemo is a product that can be utilized over a long period of time tracking the growth stages of children. As 3-year-old and 5-year-old children want to hear different stories, coemo offers a wide range of free content available through the smartphone app, as well as a full lineup of paid content through in-app purchases.

As with these in-app purchases, diversifying the value in *asobi* can facilitate the development of new monetization sources. The same goes for development in the metaverse space.

In the future, we will also consider more diverse monetization approaches such as subscriptions.



coemo



Kyohei Johzaki
Moonshot Project Leader

Building a business foundation for future growth

In the Moonshot Project, we are willing to take on challenges that are not bound by existing frameworks, even in the creation of business seeds. One such initiative is participation in the ARCH incubation center, which brings together players in diverse fields from large corporations with the mission of creating new businesses, through the business co-creation platform KDDI ∞ Labo. We will promote collaboration with companies and people from diverse fields based on the power of *asobi*. We are also working to co-create new businesses with up-and-coming overseas companies as partners.

In addition to the development of new businesses, we are using technology to improve our internal operations in the spirit of Moonshot. Specifically, we are considering the use of AI to support more efficient design and business support tools that utilize generative AI.

The next decade should see unprecedented changes in the business environment surrounding TOMY. I believe that the Moonshot Project embodies TOMY’s mindset of taking on challenges for the decade ahead. We will create new businesses through the power of *asobi* and challenges that are not constrained by conventional wisdom in business, working to build a business foundation and achieve growth that goes beyond the conventional business of planning and selling individual “toys.”