

**CHANGE
CHANGE**
Change is
an opportunity

ANNUAL REPORT 2023

TOMY Company, Ltd.

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www.takaratomy.co.jp

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TOMY Company, Ltd.
(For the year ended March 31, 2023)

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Vision

Unchanging Philosophy and Past Growth

— The TOMY Group Values

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

The Philosophy Continuously Inherited

Things That
Don't Change

Passion for Toy Manufacturing

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



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

© TOMY

Coexistence and Coprosperity with Stakeholders

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



Right: Members of the Joint Sales Division of the Tokyo Toy Industry Association (TOMY founder Eiichiro Tomiyama is seated at the center of the front row)
Left: "The Management's Motto" serves as the opening of the "Tokyo Toy Industry Association Industry Guidance Principles," the association's charter, which spells out the association's ideals

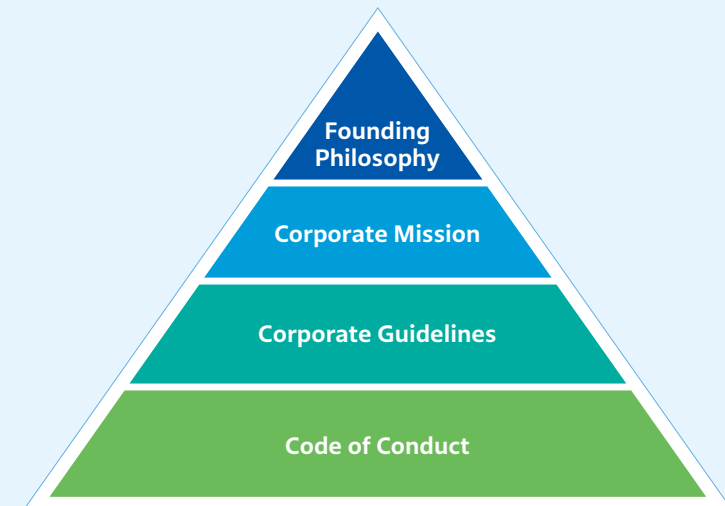
Focus on Quality That Will Be Respected Worldwide

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



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

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



Eiichiro Tomiyama founded TOMY with the goal of "creating truly excellent quality products with play value for children with infinite possibilities for the future." Our Founding Philosophy, which expresses this toy manufacturing doctrine, has been inherited as the foundation of our Company. Along with this philosophy, TOMY's Corporate Mission is ceaselessly implemented on a Group-wide basis. TOMY's history is defined by business development grounded in these philosophies, and its values are evident throughout this history.

Founding Philosophy

Let's excite the world's markets with our outstanding products.

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

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

Corporate Mission

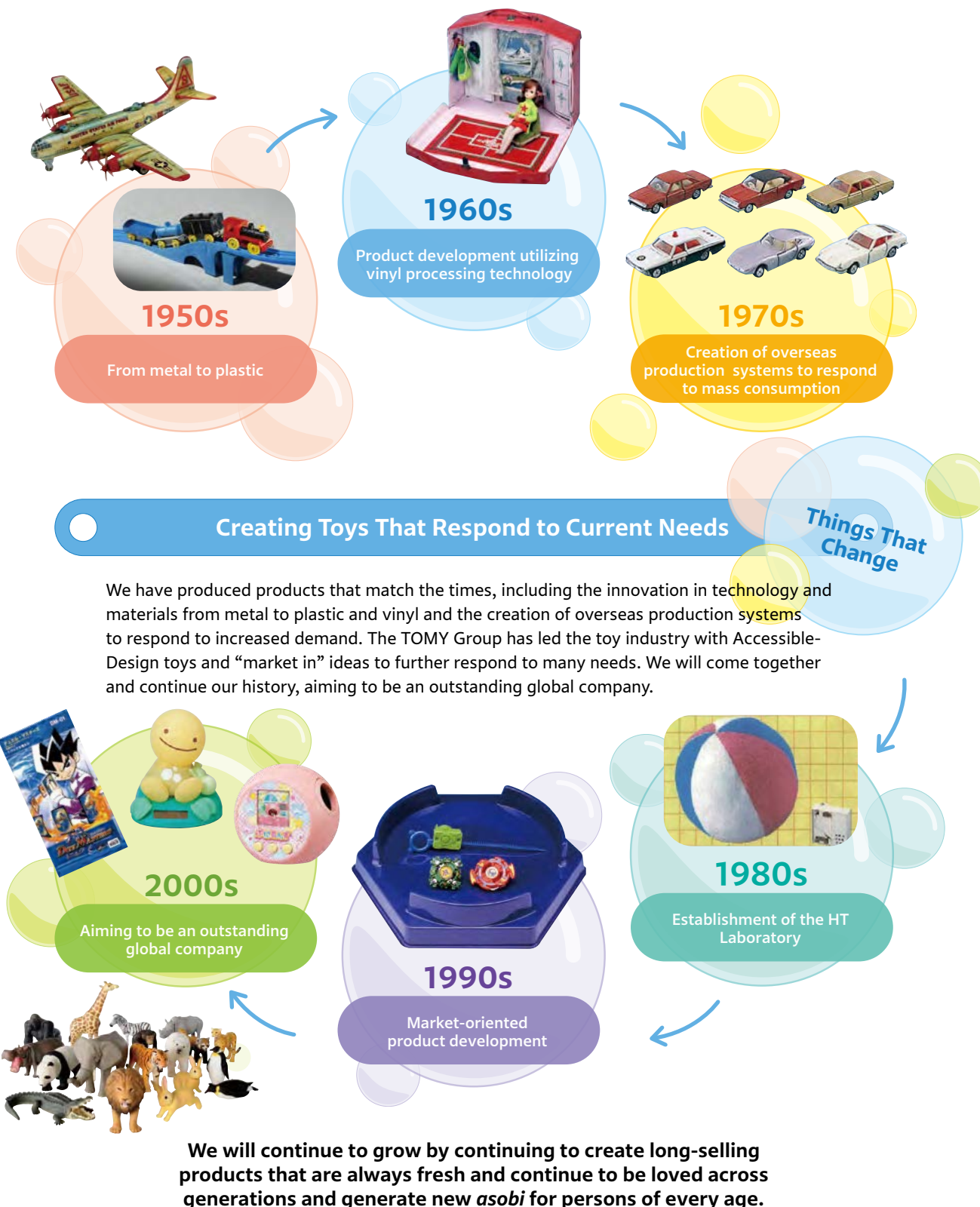
Our mission is to fulfill the dreams of our stakeholders, including

- The dreams of children
- The dreams of our employees
- The dreams of our shareholders
- The dreams of our business partners
- The dreams of society

We will create new value from play.

Our Corporate Mission is an enduring ideal toward which the Group strives.

The TOMY Group History



© TOMY © TAKAO AOKI, Beyblade project © TOMY TM & © Wizards of the Coast/Shogakukan/Mitsui-Kids

Message from the Chairman

The COVID-19 pandemic upended our lives, but with its transition to Class V infectious disease classification, I feel our daily lives are gradually returning to normal. But turning attention to events around the world, the situation in Ukraine shows no signs of ending, and the unstable global situation has continued to have a significant impact on our corporate activities. I believe we need to fully think through how to approach the waves of change we face daily and act accordingly.

When I assumed the post of president in 1986, we were amid a management crisis that threatened the very survival of the Company due to the rapidly appreciating yen in response to the Plaza Accord the year before. As an export-driven company, the domestic plants that were the source of profit generation became a burden putting pressure on management overnight. We no longer had any path forward but to shutter our domestic plants, and that choice was not without conflict, such as whether doing so would destroy the traditions our founder and predecessors had continued to preserve. Even so, we were able to make this decision out of a strong sense that what we needed to preserve was not tradition but rather the trust of children. The toys we create and forms of *asobi* we facilitate put smiles on children’s faces, and that sentiment spills over to the adults around them. We were unwilling to give up on our calling of creating the source of those smiles. What we gained by closing our domestic plants was an extensive product line not biased toward plastics. Rather than being swallowed up by the winds of change, it is my belief that opportunities will present themselves if we put in hard work and sincerity after looking hard at what we need to preserve, and that is something I want to convey to younger generations who will lead us from now into the next century, as a belief that will transcend time.

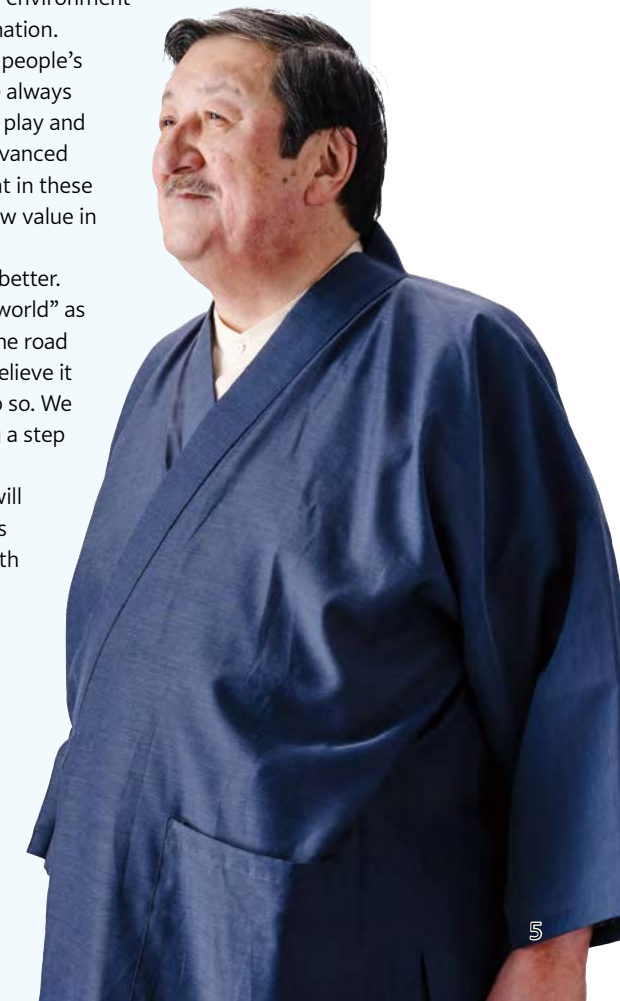
Today’s world is changing with astounding speed, and the environment surrounding children is also undergoing a significant transformation. We will likely see further progress on DX initiatives that enrich people’s lives with cutting-edge technologies. However, I think we have always been professionals at enriching people’s lives with the spirit of play and ingenuity. The idea that we do not lose out to people in any advanced field is part of our pride as toymakers. That is why I believe that in these times of rapid change, we are uniquely positioned to create new value in *asobi* with the power of innovation.

Asobi has the power to develop the future into something better. We have declared “becoming friends with children around the world” as our sustainability vision and strived to solve social issues, but the road will not be easy, and there are no shortcuts to getting there. I believe it is important to not only produce results but also continue to do so. We will work to fulfill our sustainability vision by steadily advancing a step at a time while carefully building upon small successes.

Amid the turmoil of these times, we at the TOMY Group will view change as opportunity and continue to take on challenges without fear of failure with the aim of achieving personal growth and a sustainable society, continuing to be a corporate group that makes broad contributions to society.

富山 幹太郎

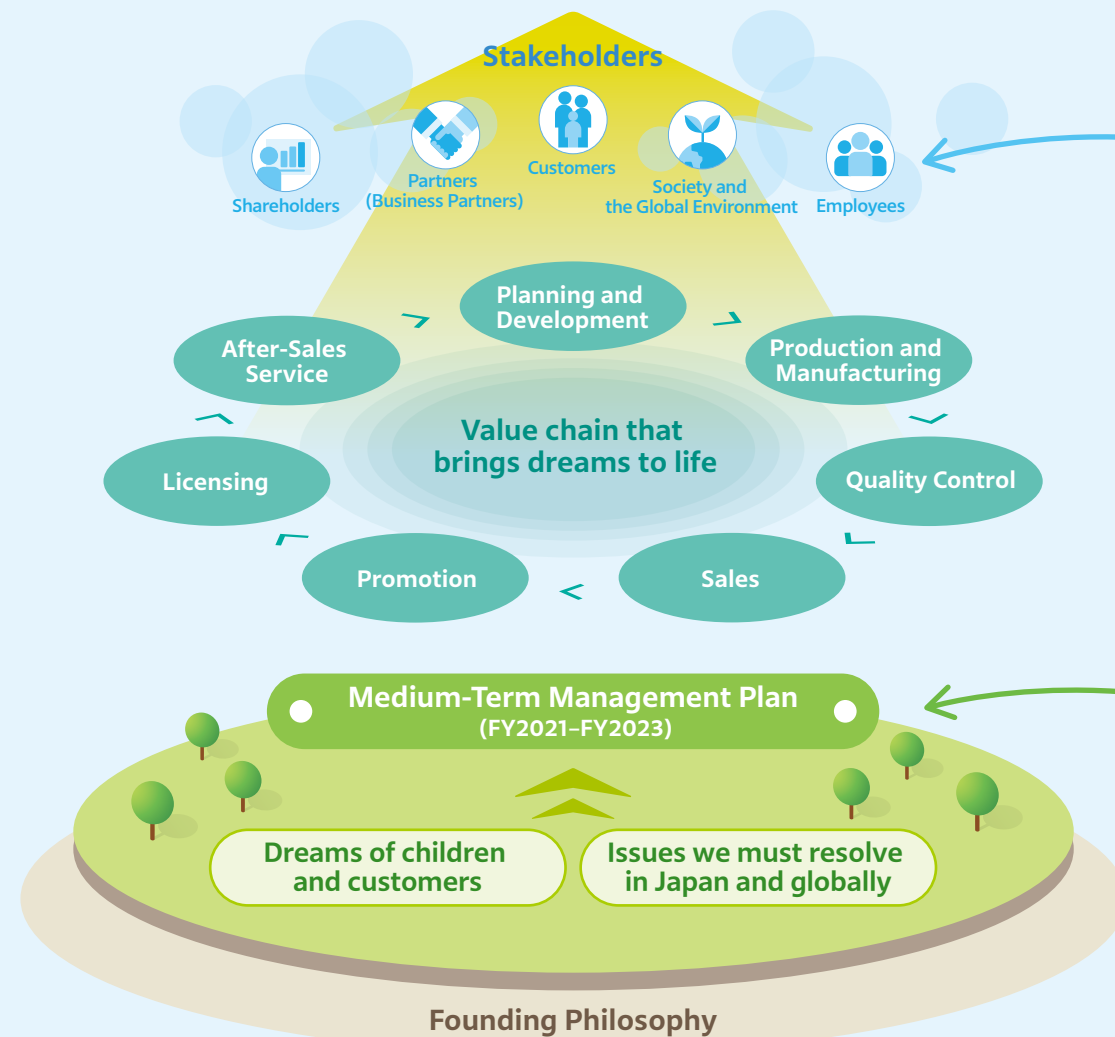
Kantaro Tomiyama
Representative Director,
Chairman & CEO



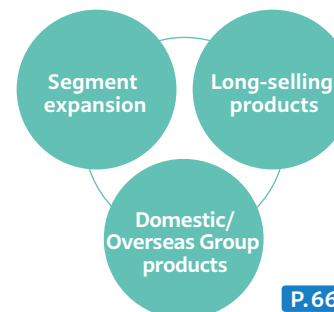
TOMY Group Value Creation Process



The Value Created by the TOMY Group



Expand Lifetime Value



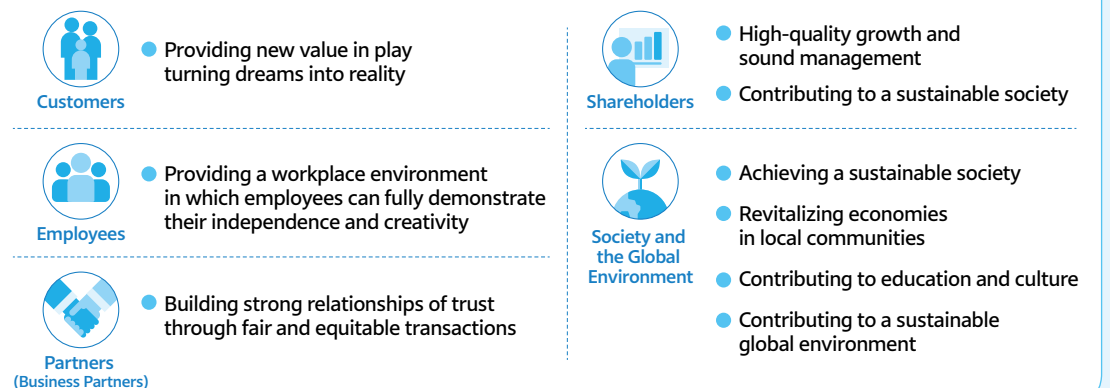
Financial performance

Consolidated results for the fiscal year ended March 31, 2023

| | |
|-----------------------|----------------------|
| Net sales | Operating profit |
| ¥187.2 billion | ¥13.1 billion |
| EBITDA | |
| ¥20.8 billion | |

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Co-Creation with Stakeholders



Reform toward Sustainable Growth

Medium-Term Management Plan (FY2021-FY2023)

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

- 1 Grow core brands based on their strengths
 - 2 Create big hits in Japan
 - 3 The continuation of IP investment
 - 4 Launch new businesses with *asobi* as key
 - 5 Create new value by utilizing DX for value chain
 - 6 Sustainability and CSR initiatives
- P.8

Strategy

Our Aims and the Management We Have Adopted to Achieve Them

— TOMY Group Growth Strategy

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



Message from the President

To contribute to future society through *asobi* and build an even stronger management base

To continue to deliver excitement, surprise, emotion and smiles

We are surrounded by a macro environment of deepening uncertainty known as the age of VUCA, an acronym that stands for Volatility, Uncertainty, Complexity and Ambiguity. We recognize that we have entered an age where the future is truly difficult to predict, driven not only by the changing lifestyles of consumers and employees brought about by COVID-19 but also due to intensifying friction between the United States and China, divisions in the international community due to Russia's invasion of Ukraine, the formation of an economic bloc involving the Global South, soaring raw material prices and rapidly fluctuating exchange rates.

Even in times such as these, we have put forward Our Corporate Mission to create new value from play for the dreams of all our stakeholders as an enduring ideal toward which the TOMY Group strives. To offer the excitement, surprise, emotion and smiles found in toys to even more people with this mission in mind, we are expanding our customer segments by shifting the basic focus of our businesses from toys to *asobi*, aiming to be a company that can flexibly respond to changes in customer values.

Looking back on the fiscal year ended March 2023

In our Medium-Term Management Plan, we have embraced the basic 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 the future global society through *asobi*.” The fiscal year ended March 2023 was the key second year of our Medium-Term Management Plan. We vigorously pursued six Company-wide strategies including growing core brands based on their strengths.

Under this environment, we achieved steady shipments of toys while the rapid progress of Group companies made significant contributions to overall results, including the continued popularity of amusement machines and GACHA operated by T-ARTS, the recovery of in-store traffic including overseas visitors to Japan at KIDDY LAND stores and sales growth from the success of character strategies. As a result, net sales rose 13.2% year on year to ¥187.2 billion and operating profit rose 6.3% to ¥13.1 billion, surpassing the consolidated results forecasts announced at the start of the year.

小島 一洋

Kazuhiro Kojima
Representative Director,
President & COO



Customer transformations typified by the increase in “kidults”

According to estimates by the Ministry of Internal Affairs and Communications, as of April 1, 2023, there were 14.35 million children under the age of 15 in Japan. This figure has continued to set record lows for 42 consecutive years since 1982. As a result, while children as a percentage of the total population were 23.5% in 1980, in 2023 this figure has halved to just 11.5%. Meanwhile the population of those aged 15 and older has increased by around 23% from 89.53 million people in 1980 to 110.12 million in 2023.

Even in worldwide terms, the consumer segment aged 12 and older, known as kidults, has increased, fostering a certain market made up of adults who love *asobi* that is attracting attention as a customer segment.

To flexibly adapt to this customer transformation, we hope to enhance Lifetime Value by having a broader range of age groups and customers in many regions enjoy the *asobi* we offer during various stages of their lives.

Expanding customer segments leveraging our brand strengths

As I mentioned earlier, in our current Medium-Term Management Plan we are working to expand our target age groups and expand on a regional basis. And the foundation of these strategies is in the diverse brands we own, including standard products such as TOMICA, PLARAIL and LICCA dolls, as well as BEYBLADE, TRANSFORMERS and ZOIDS.

By fully utilizing these IPs through a wide range of in-house and partner brand palettes, and properly rolling out them out based on the target age groups, markets and regions for each brand, we will work to leverage the strengths of the TOMY Group and achieve further growth.

For example, we developed TOMICA Premium in 2015 as an adult version of our TOMICA series. This series has been popular primarily in the kidults segment as we reproduce the car forms, detailed painting and printing, wheel designs and other elements as realistically as possible. Since November 2021, we have been developing 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 the fiscal year ended March 2023, products in this series developed in collaboration with the film *Shin Kamen Rider* attracted attention. In addition, in March 2023 the second iteration of the Dream TOMICA



Keywords in consumption



©TOMY
JR East licensed merchandise, Odakyu Electric Railway licensed merchandise



© Studio Ghibli © 2008 Studio Ghibli - NDHDMT

Everything Ghibli! series produced in collaboration with Studio Ghibli was released to favorable reviews. Merchandise based on the TRANSFORMERS, DIACLONE and ZOIDS franchises have also attracted attention from the kidults demographic, while even in the GACHA capsule toy business operated by T-ARTS, merchandise using hit content aimed at adults has been expanded and driven sales growth.

Expansion of markets and regions in the United States, Europe, Australia and Asia

In the global business, agricultural machinery toys such as Ag Replicas have performed strongly in North America, Europe and Oceania, while in Japan the Mocchi-Mocchi- (overseas product name: Club



Club Mocchi-Mocchi-

In the fiscal year ending March 2024, we will continue working to expand the target age demographic, such as with the June 2023 release of PLARAIL REAL CLASS, a new PLARAIL railway toy series aimed at adults that balances the fun of decorating with the fun of running trains.

Mocchi-Mocchi-) series of plush toys has seen growth. This represents success in rolling out merchandise planned for the domestic market globally.

In Asia, we have focused on expanding TOMICA, PLARAIL, LICCA dolls, ANIA and other products in Asia, with TOMICA stand-alone and DIACLONE products in particular producing strong results. In addition to the well-received Punirunes, an LCD toy with new textures developed in Japan, the amusement machines developed by T-ARTS performed well, contributing to an expansion of market regions.

In the fiscal year ending March 2024, we will implement a global rollout of TRANSFORMERS-related merchandise to coincide with a new film release; promote the rollout of merchandise originating in Japan in North America, Europe and Oceania; and pursue the further expansion of the amusement business in Asia.

Pursuing the active development of IPs to create hit products

In the fiscal year ended March 2023, we continued to actively pursue IP development and created numerous hit products. In April 2022, we began streaming the web-based anime *TOMICA Heroes Jobraver-Specially-equipped combined robot*, and in October we will begin airing a toy-derived original television anime series based on the Punirunes LCD toys with new textures that have become highly popular based on the appeal of product characteristics that blend play elements between the digital and real worlds, and the extensive range of characters. This shows how we have developed content for TV and the web and gained popularity for related merchandise.

In the fiscal year ending March 2024, we have maintained momentum with the April 2023 airing of TV anime series including *Adventure Continent ANIA*

Kingdom, which is celebrating its 10th anniversary in 2023, and *Go! Go! Vehicle Zoo*, which incorporates unique characters from TOMICA, PLARAIL and ANIA.



Adventure Continent ANIA Kingdom

©TOMY

In addition to BEYBLADE X, the fourth generation of the BEYBLADE series of modern-style spinning tops that was released in July, in June we began a comic series linked to the toy series and plan to expand this to a television animation series in the autumn. We will also roll out merchandise related to the latest *TRANSFORMERS* movie that released in Japan in August, as part of ongoing efforts to expand sales of merchandise related to movie content in the fiscal year ending March 2024.



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

Initiatives with *asobi* as the key through fusion with technology

In terms of new initiatives that place *asobi* as the key, we have utilized the latest technologies to roll out highly original products and services. One example is coemo, a speaker that uses AI voice synthesis technology to read stories in a synthetic voice that is just like an actual person. We have also launched Metaverse Pop-Up Pirate, which makes it possible to play with toys in the metaverse (virtual space). By providing new *asobi* experiences in the digital space,

we have taken on the challenge of approaches based on new ideas from *asobi* perspectives.

In addition, in the creation of new value through the utilization of DX in the value chain, we are working to expand Lifetime Value by utilizing customer clustering, including customer analysis utilizing databases, the management of customer behavioral data and messaging through social media.

Promoting sustainability and CSR to fulfill our vision of “becoming friends with children around the world”

In our Medium-Term Management Plan, we are promoting sustainability and CSR as one of our Group-wide strategies. With the Sustainability Promotion Division under the direct control of the President playing a core role, we have set targets and KPIs while pursuing efforts based on the eight material issues to fulfill our sustainability vision of “becoming friends with children around the world.” Among these, for the themes that require Group-wide initiatives such as Chemical Management, Diversity, Responsible Procurement and the Environment, we have launched task forces made up of members from across the Group to drive activities aimed at achieving our targets.

For example, with Diversity, the female manager ratio at TOMY Company, Ltd., was 12.7% as of April 2023, a 3.7-percentage-point increase from the fiscal year ended March 2021. To develop a comfortable work environment, in addition to enhancing systems that promote diverse working styles such as telework and super flextime*, we encourage eligible male employees to take childcare leave and achieved a usage rate of 80% in the year ended March 2023. For the environment, we are driving efforts to research environmentally friendly materials and reduce the use

of single-use plastics. In terms of action on climate change, we have identified medium- and long-term risks and opportunities, assessed their importance, considered response measures and implemented initiatives after making disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Moreover, in August 2023 we formulated the TOMY Group Human Rights Policy and established a new Human Rights Due Diligence task force. We respect the human rights of people related to our business activities and will address human rights issues so as to avoid directly causing or contributing to human rights violations.

*A flextime system without core time

Striving to achieve the Medium-Term Management Plan and realize sustainable growth

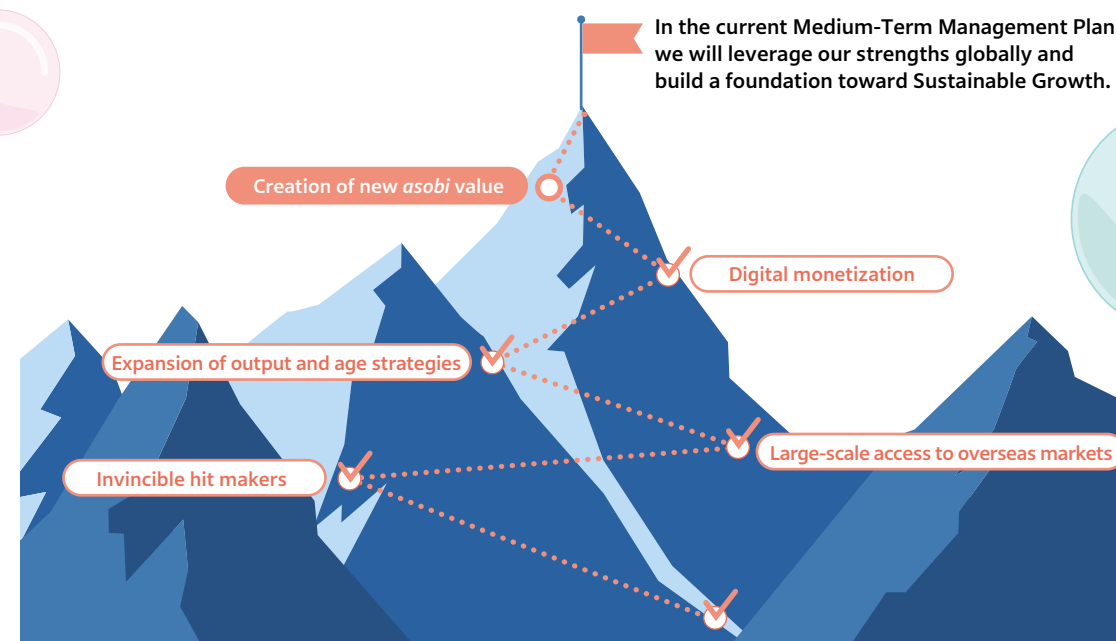
In the last year of its Medium-Term Management Plan, the TOMY Group will steadily implement each strategy to continue to achieve its targets. In the fiscal year ending March 2024, while we project growth in net sales because of forex market fluctuations and the impact of the external environment, we project somewhat conservative figures for operating profit compared with initial forecasts. However, in terms of the attainment level of the Medium-Term Management Plan, in the two years up to the fiscal year ended March 2023 we generated a cumulative ¥25.4 billion in operating profit against a three-year target of ¥35 billion. Thus, we have so far reached 73% of our target. As we project operating profit of ¥13.5 billion for the fiscal year ending March 2024, we expect to surpass the planned medium-term plan

figures with a cumulative ¥38.9 billion in operating profit over the three years.

Also, note that in May 2023, COVID-19 was reclassified from a Class 2 to a Class 5 infectious disease. We will closely monitor how the behavioral modifications and macro-environmental changes that developed during the pandemic will evolve in the post-COVID era, responding in flexible and precise ways to a world that began to change because of the pandemic.

To fulfill its corporate mission of realizing the dreams of all stakeholders, the TOMY Group will strive to further enhance *asobi*, build a solid management base, drive overseas expansion and work to transform into a truly outstanding global company.

We ask our stakeholders for their continued support.



Synergy in the TOMY Group

Having the TOMY Group work together and leverage its strengths across a range of pursuits has become an important key to achieving the targets set forth in the Medium-Term Management Plan. This section introduces T-ARTS Company, Ltd., and KIDDY LAND CO., LTD, two companies that made significant contributions to the TOMY Group's business performance in the fiscal year ended March 31, 2023.

T-ARTS Company, Ltd. Message from Top Management

Hiroyuki Usami Rep-
resentative Director and
President,
T-ARTS Company, Ltd.

● Review of the Fiscal Year Ended March 31, 2023

In the amusement business, Pokémon MEZASTAR, which was launched in September 2020, has continued to perform well. In the GACHA capsule toy business, sales have increased due to the installation of large-scale GACHA sales spaces and the expansion of merchandise aimed at adults that leverages popular IPs, amid a market environment of growing popularity for capsule toys. Similarly, in the FV business, brisk sales of plush toys and other items drove record high net sales of ¥35.3 billion, an increase of 21.8% year on year, for the fiscal year ended March 2023 surpassing the previous fiscal year's record high.

We will continue to take on challenges, aiming to achieve further growth by providing merchandise that bears the hallmarks of T-ARTS.



● The Strengths of T-ARTS

I believe T-ARTS demonstrates two strengths. The first is the sense of speed we achieve by delegating authority to those on the front lines. We recognize the pivotal role that T-ARTS plays in the TOMY Group. For example, we operate with a sense of speed by being involved with commercialization decisions at the early stages, ensuring that the launch of merchandise on the market coincides with the peak popularity of characters.

Second, our human resources are highly sensitive to trends and things of interest. Embracing the motto of "taking out-of-the-box ideas seriously," we offer original takes on things that look interesting to commercialize or which seem ordinary at first glance, producing appealing merchandise offering a unique twist.

Underpinning those strengths is a corporate culture of not fearing failure. We avoid the excessive swings of joy and sorrow that come from obsessing over the sales of each piece of merchandise and instead roll out an extensive variety of products, emphasizing corporate growth through overall optimization.

The environment surrounding the toy industry can be intense, but by monitoring the changing times and emerging trends with a speedy focus, we work to create hit products and fulfill customer expectations.

● Creation of Group Synergy

In the GACHA capsule toy business, PENNY COMPANY, LTD., handles domestic operations. Mechanisms to roll out sales locations marketing seasonal merchandise have been developed in conjunction with thorough inventory control on a per-warehouse and per-store basis, thus achieving a sell-through rate above 99%. In South Korea, we have partnered with T-ARTS KOREA to expand the amusement business and the GACHA capsule toy business.

In the candy toy business, we release merchandise such as original TOMICA products included with snacks, incorporating TOMY IPs into the T-ARTS sales strategies to create synergy.

We intend to increase these kinds of collaborations with Group companies to generate even bigger business opportunities.



KIDDY LAND CO., LTD. Message from Top Management

Kaoru Mayoi
Representative Director
and Chairperson,
KIDDY LAND CO., LTD.

● Review of the Fiscal Year Ended March 31, 2023

Thinking back to the COVID-19 pandemic, conditions were particularly tough for stores in urban areas with people refraining from going out, the temporary closures of stores, shortened operating hours and other effects. However, in 2022 store traffic gradually returned and with the easing of international border restrictions in November, the number of foreign tourists has also been on the rise. In addition, in part due to expanding toy sales in response to the rising popularity of characters including among adult customers, in the fiscal year ended March 31, 2023, we posted net sales of ¥15.6 billion, a 64.2% year-on-year increase. This was a reminder of the joy that comes with welcoming many customers to our stores and the appreciation we feel for the efforts of our employees on the sales floors daily.

In the fiscal year ending March 31, 2024, I believe we can further expand sales thanks to the projected increase in inbound tourism demand.



● The Strengths of KIDDY LAND

KIDDY LAND's greatest strength is in the maintenance of large stores in prime locations in eastern and western Japan, notably the Harajuku and Umeda branches. There are few large stores or chain stores that carry character-based merchandise and miscellaneous goods. In addition to store operations that have been refined over more than a half-century, the fact that our stores secure extensive large floor area for sales provides a good base. As we work from this base to build good relationships with business partners and develop an internal structure that can respond swiftly when needed, we have many opportunities to receive attractive planning proposals, leading to an extensive range of product rollouts tailored to the latest trends.

As we have also built relationships of trust with copyright holders over many years, we launch original merchandise as a character specialty store and employ other techniques that differentiate the unique capabilities of KIDDY LAND from its competitors.

In addition, by developing sales floors that reflect each region in which we operate, we employ a number of innovations that capitalize on the strengths of a physical store, ensuring that customers not only find the products they have in mind but also have the opportunity to encounter surprising products and other things they want, feeling the appeal of a product by holding it in their hands.

● Creation of Group Synergy

Many adult customers visit our branches located in urban areas. That is why when new merchandise aimed at adults (kidults) is released from the TOMY Group, we leverage the strength of being able to engage directly with customers and hold product demonstrations and other hands-on events at KIDDY LAND stores.

We also utilize information such as sales trends at our stores and changing customer preferences for product development at the TOMY Group, and work on product development in collaboration with Group companies. We will continue to take on challenges to create new synergies, such as by utilizing the IPs of the TOMY Group to plan store development.



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)

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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)

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.

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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.



© TOMY

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.



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



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

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.



©TOMY

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.



©2023 Wizards of the Coast/Shogakukan/WHC ©TOMY ©DeNA TM and ©2023, Wizards of the Coast, Shogakukan, WHC ©TOMY ©ShoPro

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,

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.

Tomiyaama: 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.

Tomiyaama: 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.

Tomiyaama: 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.



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.



Akio Tomiyaama
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."

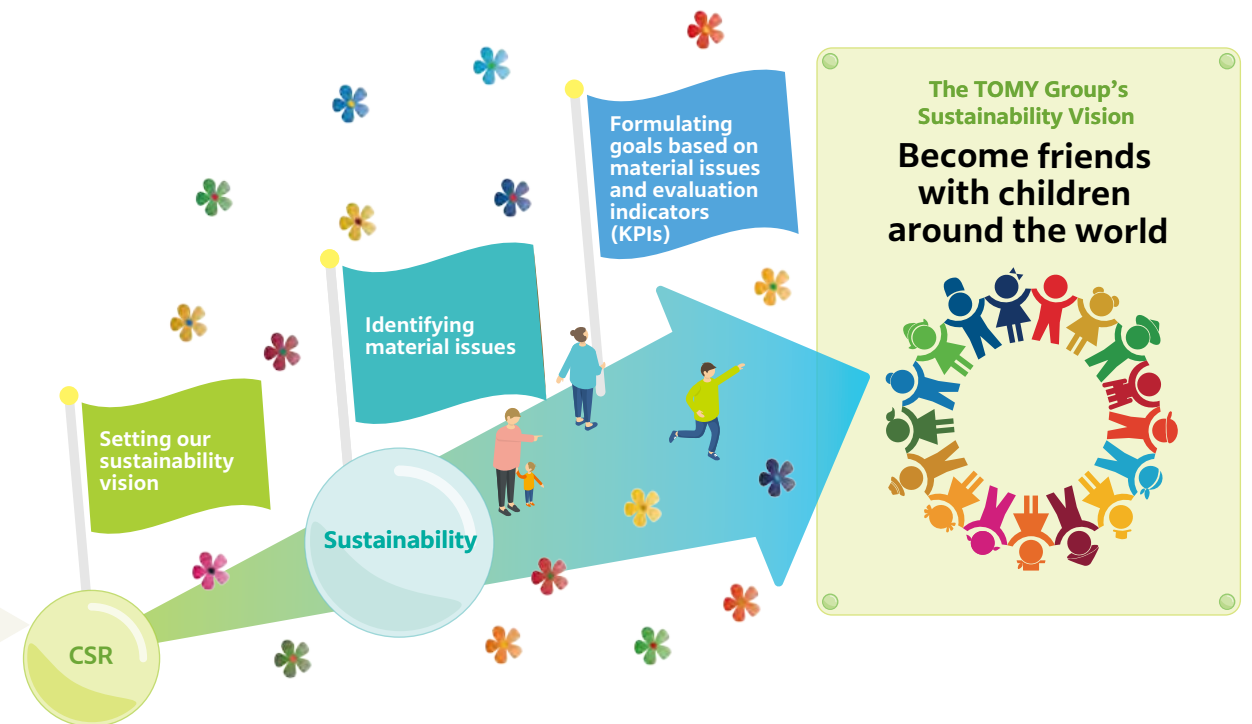
Sustainability

How to Fulfill Our Sustainability?

— TOMY Group's Sustainability

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

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



What the TOMY Group values in order to attain the tandem goals of realizing a sustainable society and growing our Group business

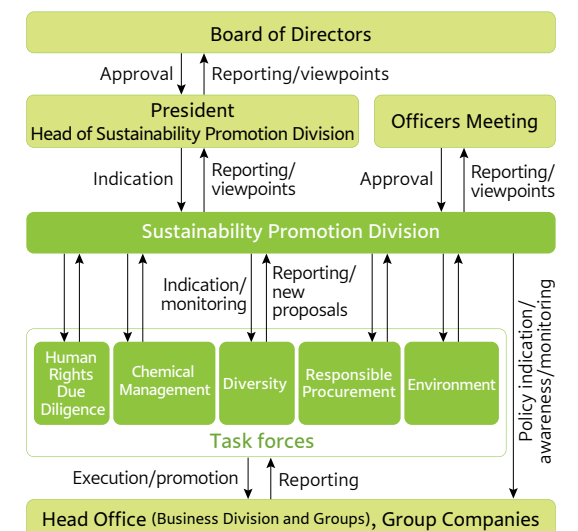
To fulfill our sustainability vision of “becoming friends with children around the world,” the TOMY Group pursues to attain the tandem goals of realizing a sustainable society and growing our Group business.

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

Sustainability and CSR Promotion System

As the chief executive, the President is responsible for TOMY Group sustainability. To promote sustainability management, under direct control of the President the Group has established the Sustainability Promotion Division, which creates policies and plans for sustainability and ESG issues, implements and monitors them, promotes them within the company, and discloses ESG-related information. For medium-term sustainability targets and KPIs requiring cross-departmental initiatives, the Sustainability Promotion Division establishes a relevant task force headed by an executive officer with diverse members from across the Group who execute, promote and offer new proposals for the initiatives. In August 2023, we set up a new Human Rights Due Diligence task force to ensure that we respect the human rights of those involved in our business, and we strive to increase our level of sensitivity to and address human rights issues so as to avoid directly causing or contributing to human rights violations. The progress of each task force is monitored at quarterly progress meetings,

with reports and viewpoints provided regularly to representative directors, and submitted and discussed as necessary at board and officers meetings.



The TOMY Group has declared the sustainability vision of “becoming friends with children around the world,” and toward its realization, has begun taking action to achieve medium-term sustainability targets and KPIs (FY2021–FY2023) consistent with its eight material issues. In this section, we will share the progress and results we achieved in fiscal 2022 on these targets and the KPIs.

Details of progress toward and results of the TOMY Group’s medium-term sustainability targets and KPIs are available on the website.

<https://www.takaratomy.co.jp/english/company/csr/story/2022/sustainabilityinitiatives2021.html>



TOMY Group
Sustainability Ambassador
Nohohonzoku Peaceful White



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

| Three pillars of social responsibility | Material issues | Medium-term sustainability targets and KPIs | Progress and results of initiatives in fiscal 2022 | Social responsibility through business |
|---|--|--|---|--|
| Pillar ① Commitment to Quality Manufacturing Expand play for all to enjoy | ① Ensuring confidence, safety, and quality ② Creating new products, services, and IP ③ Promoting universal design | <ul style="list-style-type: none"> Restructure the framework and methods for managing toxic chemical substances including during manufacturing Internal SDGs training to create ethical products and services: 100% of employees by the end of March 2024 | <ul style="list-style-type: none"> We surveyed partners and conducted new system trials to strengthen management following the TOMY Group Chemicals Management Policy. P.32 We conducted sustainability and CSR training for all global Group employees, with a participation rate of 97.3%. | |
| 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* *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 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 | <ul style="list-style-type: none"> The four theme task forces will continue to drive efforts in their assigned areas. P.29 We conducted ethics training for all global Group employees, with a participation rate of 96.5%. We conducted unconscious bias training for Group managers in Japan. Percentage of female managers at TOMY in Japan: As of March 2021: 9.0% → As of April 2023: 12.7% P.34 Employment of people with disabilities at TOMY in Japan: FY2021: 1.7% → FY2022: 1.9% We promoted work-style reforms, such as system and organizational reviews, to address issues identified through the implementation of ongoing employee engagement surveys. P.34 We started briefing sessions for partners to familiarize them with the Responsible Procurement Guidelines and worked through partners to provide information on the Self-Assessment Questionnaire. P.36 | |
| Pillar ③ Coexisting with Society and the Environment Protect the environment so children can smile in play 100 years from now | ⑦ Environmental management ⑧ Encouraging education and culture through our business | <ul style="list-style-type: none"> Aim to reduce and recycle petroleum-derived plastics in packaging and products, begin demonstration verifications and disclose progress Formulate long-term CO2 reduction targets by March 2024 Restructure our group waste management framework | <ul style="list-style-type: none"> We promoted the reduction of single-use plastics such as product packaging. P.38 We conducted research into environmentally friendly materials, some of which exhibited at events to be held in 2023. P.39 We calculated CO2 emissions for all global Group businesses and are now preparing to set long-term reduction targets. P.40 We reviewed the Group's management rules and promoted visualization to facilitate waste reduction. | |

Contribute to achieving all the SDGs both directly and indirectly

Co-Creation with Stakeholders



Customers

- Providing new value in play turning dreams into reality



Employees

- Providing a workplace environment in which employees can fully demonstrate their independence and creativity



Partners
(Business Partners)

- Building strong relationships of trust through fair and equitable transactions



Shareholders

- High-quality growth and sound management
- Contributing to a sustainable society



Society and the Global Environment

- Achieving a sustainable society
- Contributing to education and culture
- Revitalizing economies in local communities
- Contributing to a sustainable global environment

Sustainability Initiatives



Ensuring Confidence, Safety and Quality

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

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

We also conduct in-house inspections and utilize third-party testing to prevent the contamination of heavy metals and phthalate esters. To reduce and eliminate regulated hazardous substances from products shipped to Europe and the United States, the TOMY Group Product Quality Rules define appropriate chemical substance management methods in the manufacturing process. Meanwhile, the CSA (Chemical Safety Assessment), which applies to partner companies and factories involved in the manufacture of products, is performed on parts and raw materials. In May 2022, we established the TOMY Group Chemicals Management Policy, and to strengthen our management methods and systems in line with this policy, we conducted a survey of our major partners and conducted a trial of the system at TOMY. We will continue to strengthen management throughout the entire value chain, including during manufacturing.

As safety considerations for toys change with the emergence of new types of play and the advance of technology, standards and inspection details set forth in the TOMY Group Product Quality Rules were revised to reflect contemporary conditions in the 2023 edition issued in August 2023. Furthermore, to ensure children enjoy safe playtime, usage warnings and cautions based on the anticipated behavior of children are displayed on merchandise packaging, in user manuals and on our website among other efforts focused on safety measures from the children's perspective.

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

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

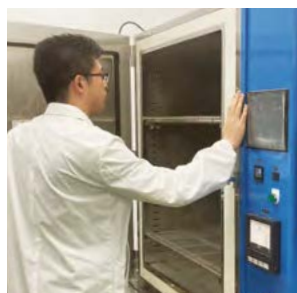


Training and Awareness-Raising for Employees Regarding Safety and Quality

We conduct "Safety Day" for all global Group employees each year to consider the importance of safety and quality and confirm safety awareness on a global basis. We also appoint safety leaders from each department and Group company, including development, quality control, sales and customer service, and during their one-year term they promote the creation of safe toys and strive for company-wide education and awareness regarding safety and quality.

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

The TOMY Group Customer Service Department receives more than 160,000 consultations and inquiries annually (Fiscal 2022). The details are carefully recorded and analyzed, with all useful and important information provided as internal feedback. Incidents of near accidents that could lead to injuries or accidents are verified in detail by the Customer Service Department, then promptly shared internally and incorporated into future manufacturing. During the Christmas season, the Customer Service Department receives a high volume of inquiries. To reduce this number, we recommend through our website, X (formerly Twitter) and other outlets that products using batteries be tested before the Christmas season. In response to these recommendations, we have received product evaluations from Santas (customers) and retailers across Japan.



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



Expanding Operating Domains through the IP Business

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

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



©TOMY
 ©TOMY / PuniRunes Puniject / TV Osaka



Punirunes

Establishing and Enhancing the TOMY Brand

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

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

Promoting Universal Design

Accessible-Design Toys That Anyone Can Enjoy

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

Accessible-Design toys incorporate innovations such as raised ON switches and audible indicators of status or movement for visually impaired children, and elements that enhance play through light, vibration, text, movement or pictures in addition to sound for hearing impaired children. Accessible-Design toys are approved through screenings conducted by the Japan Toy Association's Accessible-Design Toy Committee. Because these toys are sold along with general toys, special packaging is used to make them easily identifiable as Accessible-Design toys: We place a "Guide Dog Mark" on the packages of toys for children with visual impairments and a "Rabbit Mark" on the packaging of toys for children with hearing disabilities. TOMY also strives to raise awareness concerning Accessible-Design toys and understanding regarding disabilities (the barrier-free spirit) through online lectures for universities and other educational institutions.



Pokémon MONSTER COLLECTION Playset
 Using MONCOLLÉ, you can play Pokémon Playset with "Pokémon Scan," "Pokémon Training" and other fun audio-filled activities. The shapes of the buttons and parts are designed to be easy to touch and understand, so that the user can play with peace of mind.



Guide Dog Mark



Rabbit Mark

©Nintendo・Creatures・
 GAME FREAK・TV Tokyo・
 ShoPro・JR Kikaku
 ©Pokémon

Active Participation of Diverse Personnel


Striving to Fulfill Diversity & Inclusion

In December 2021, the TOMY Group established the TOMY Group Diversity Policy and is actively working to create a workplace environment where diverse human resources can play an active role.

We promote the advancement of women from the perspective of gender diversity. We have established an action plan to create an employment environment in which women can play an active role in managerial positions, with the goal of increasing the percentage of women in managerial positions to at least 20% by the end of March 2026. Major initiatives in fiscal 2022 included conducting unconscious bias training for managers, town hall meetings between the President and 400 employees, and roundtable discussions with young managers and a female outside director to help them

find role models and goals that match their own. As a result, the percentage of managerial positions filled by women at TOMY increased from 9.0% in March 2021 to 12.7% as of April 2023. In addition, since 2019 TOMY has been continually selected as a constituent of the MSCI Japan Empowering Women Index (WIN).

In April 2023, we assigned a new section to promote diversity and inclusion, and in cooperation with the Diversity Task Force, we will continue to promote various measures and initiatives to achieve our goals.

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



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

As a policy related to the workplace environment, the TOMY Group aims to promote a work-life balance that allows individuals and the organization to create maximum added value, and a workplace environment where people at various stages of life can continue to work with vitality and peace of mind. As one such initiative, we have established an extensive support system for employees. For instance, to ensure that employees who wish to take childcare leave can go on leave and return to the workplace with peace of mind, our HR staff explain how the scheme works and provide pre-leave and pre-return consultations. As a result, in fiscal 2022, nearly 100% of eligible female employees took childcare leave and subsequently returned, while 80% of eligible male employees took childcare leave, with 100% subsequently returning. With these results,

we have already achieved the goal in our action plan to have at least 30% of eligible male employees take childcare leave by the end of March 2026. We will continue our efforts to improve men's participation in childcare. In addition, we are committed to reforming the way we work so that we can give due consideration to the human rights and the occupational health and safety of our employees, and so that each employee can continue to grow and develop to their fullest potential while valuing their individuality. By incorporating a variety of work styles such as teleworking and super-flex working, we have established a system that allows employees to continue to work safely in the event of natural disasters, viral infections or other emergencies, and allows people at various stages of life to continue working with peace of mind.

Conducting and Utilizing Employee Engagement Surveys

To create forms of *asobi* that respond to the diverse values of society, the TOMY Group recognizes the importance of respecting the individuality of diverse human resources and unleashing employee autonomy and creativity. For this reason, based on the belief that strengthening two-way ties between individual employees and the company leads to improved productivity and business performance,

we conduct employee engagement surveys on an annual basis. The survey primarily measures work engagement and stress states to identify strengths and challenges in connection with work fulfillment. The results of the surveys are also fed back to individual employees and the organization. In fiscal 2022, specific departments with issues discussed the results of their own department's surveys in a workshop format. We

identified specific factors and came up with actions to improve the situation from our respective standpoints.

In the future, we will work to create an environment in which each employee can demonstrate their potential and be more successful.

Human Resource Development Aimed at Enhancing Competitiveness

As part of the Group's human resources development policy, we are building the foundations for strengthening people and organizations to evolve the TOMY Group into a more sustainable and resilient corporate entity. We have established an education system and training programs to build the foundations for strengthening people and organizations while supporting employee skill development, so that each employee can maximize their skills and abilities while opening up new possibilities.

In terms of mandatory training, we conduct tiered training based on position and role, from managerial-level employees to junior ranks, and conduct value chain training for newly hired employees.

Marketing DX training using apps has been conducted mainly for marketing personnel to develop digital marketing human resources since fiscal 2022. We aim to promote and utilize DX in the value chain by acquiring digital marketing knowledge and making

it a common language within the company. Other video-based e-learning programs are used to increase learning opportunities with more flexible schedules and to acquire basic business knowledge (e.g., management strategy, business environment analysis, marketing, finance).

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.

TOMY International Group's Ongoing Commitment to DEI

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


The DEI Committee continues to focus on the following four pillars:

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

DEI is an ongoing journey, and DEI is on that development path now with each area working on a variety of initiatives with the help of employees throughout the organization. TOMY International Group is committed to putting DEI at the center of our organization by embedding DEI throughout the employee experience, as well as that of both consumers and stakeholders.



TOMY International's DEI journey includes the distribution of educational internal newsletters, supporting local community charities and transitioning product development to be more inclusive.

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




• Responsible Procurement •

Building a Supply Chain That Considers the Impact on Society

The TOMY Group strives to provide safe, high-quality products while also protecting human rights at factories, caring for the environment and contributing to society. Previously, we have demanded that manufacturing contractors comply with the TOMY Code of Conduct for Manufacturers, which includes items related to the environment and society. We also include the code of conduct in all contracts with business partners. However, in recent years, international societal demand concerning human rights and the environment is growing to higher levels than ever before. In response, 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.

As part of our efforts in fiscal 2022, we started briefing sessions to familiarize our suppliers with these guidelines. In addition, we have created a self-check questionnaire as a tool for suppliers to self-evaluate their compliance with the guidelines and have been working through suppliers to advise them of the questionnaire.

We will continue to improve the operation and structuring of our Responsible Procurement Guidelines and steadily promote related efforts.

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



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 Code of Conduct (COC) Program, 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.

TOMY Group Hotline (Whistleblowing System)

The TOMY Group has established the TOMY Group Hotline (whistleblowing system) to respect and protect the human rights of TOMY Group officers and 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, part-time 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.

We also hold a "Think about Compliance Day" (Group-wide compliance training) for all employees of the TOMY Group in Japan and overseas. During this training, we inform employees of the operational status of the whistleblowing system and collect questionnaires about the trust in the system and other matters. The issues with the system identified in the questionnaire results are reported to the Risk/Compliance Committee and are used to make subsequent improvements based on the committee's deliberations and other factors.

Respecting Human Rights


Our 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.

 Respecting Human Rights
<https://www.takaratomy.co.jp/english/company/csr/human-rights-dd/>



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 |

Key Initiatives: Human Rights-related Training

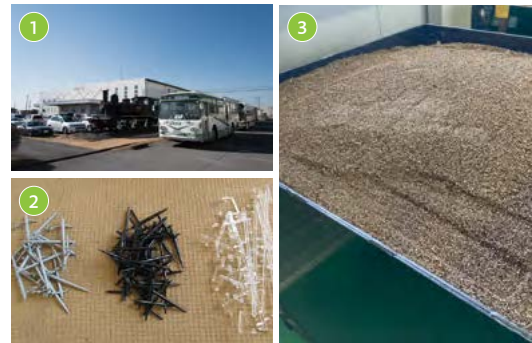
The TOMY Group strives to prevent harassment in the workplace by including sessions on both sexual and power harassment as part of the management and employee mental health training program in Japan, and conducting relevant e-learning sessions for all employees and directors to enhance their awareness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

• Environmental Management •

Initiatives to Reduce the Impact on the Environment through Business Activities

To reduce environmental impacts within our business activities, the TOMY Group strives to utilize waste generated from business activities as resources whenever possible, while, of course, observing the law and disposing of materials appropriately. For example, the TOMY TEC factory in Japan pulverizes waste generated from plastic molds and recycles it. In logistics, we are striving to reduce our environmental impact through various measures including the use of folding containers that can be reused repeatedly and the joint transportation of goods purchased by multiple companies at overseas suppliers.



- ① TOMY TEC CO., LTD. (Tochigi Prefecture)
- ② Reuse of runners discharged during plastic molding
- ③ Recycling of metal scraps generated during cutting of wheels and the production of molds, jigs, tools and the like

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.



LG-07 Licca vacuum cleaner new
We create opportunities to consider the importance of the environment during play, such as Pi-Chan the Cockateel reciting lines that encourage eco awareness like “have you separated the trash?” and trash cans that encourage proper sorting. Scheduled to be released on September 30, 2023

- Notes: 1. Dolls and dresses sold separately.
2. Uses three AA alkaline batteries (sold separately)



Eco Mark

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.

© TOMY



PLARAIL Eco Curved Rail



Before



After

Pokémon MONCOLLÉ (Monster Collection) Series
The blister package has been eliminated and replaced with paper packaging.
Note: Changes are being phased in starting in July 2023.
©Nintendo・Creatures・GAME FREAK・TV Tokyo・ShoPro・JR Kikaku
©Pokémon



Before



After

Build-a-Johnny Tractor
We have devised a new way to secure the products in place and have eliminated plastic from packaging.

TOPICS

RecyCreation activities connected with PLARAIL

— PLARAIL reborn from used refill packs —

Leaving an environment for future generations where children around the world can enjoy toys with smiles on their faces is an important challenge. As part of its environmental initiatives, the TOMY Group is researching environmentally friendly materials and the reduction of single-use plastics.

In collaboration with Kao Corporation, plastic pellets recycled from used refill packs from households were utilized as a resource to produce PLARAIL rails made from environmentally friendly materials. The rails were shown at the PLARAIL EXPO.

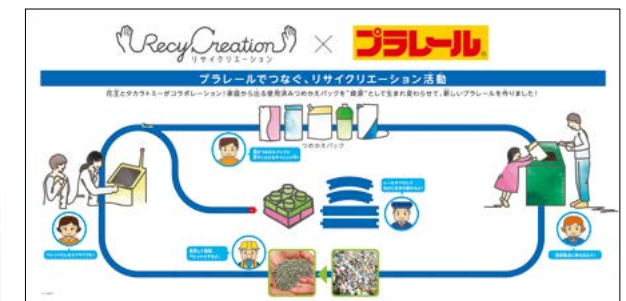
Kao Corporation is collaborating with various companies, local governments and NPOs in demonstration testing of RecyCreation to collect used refill packs of detergent, shampoo and other products from customers and recycle them, transforming them into film containers, blocks and other products. Identifying with the RecyCreation concept and out of a desire to make many children aware of the initiative through *asobi* and help create opportunities for participation, TOMY realized this cross-industry collaboration through information exchange sessions, test molding and other activities.

The exhibit at the PLARAIL EXPO held from April 2023 was called “RecyCreation activities connected with PLARAIL” and conveyed the importance of the effective use of resources while allowing children to enjoy playing with “PLARAIL.” Many visitors came to the exhibition and enjoyed themselves with a twinkle in their eyes during the event.

The TOMY Group will continue to actively promote environmental initiatives and contribute to solving environmental issues through *asobi*.



RecyCreation x PLARAIL Eco Corner



Informational panel showing the process of making new plastic rails from used packs



PLARAIL rails reborn from used refill packs



Diorama display of rails reborn through RecyCreation

Kao Corporation The ‘RecyCreation’ initiative
<https://www.kao.com/global/en/sustainability/eco-approach/waste-disposal/recycreation/>



TOMY Group Eco-conscious Products
<https://www.takaratomy.co.jp/english/company/csr/story/2022/eco-friendly-products.html>



© TOMY

Climate Change Initiatives (Responding to the TCFD Recommendations)

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

*Task Force on Climate-related Financial Disclosures

Governance

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

Risk Management

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

Metrics and Targets

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

Strategy (Risks and Opportunities)

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

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

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

Check detailed information about climate change here.

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



Check the implementation status of the Climate Change Workshops here.

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



Encouraging Education and Culture through Our Business

Next-Generation Education Support Activities

The TOMY Group engages in efforts to support the education of the next generation, including online classes for 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 86,000 children have participated in these experiences (as of March 2023).

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 material, evolving into an activity fostering leaders in the area of 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 color cards) makes the classes as interactive as if they were taking place right there in the classroom. We contribute to SDG 4, "quality education for all," and SDG 17, "partnership for the goals," and make every effort to facilitate the development of SDG leaders through toys.



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

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Community Support Activities Overseas

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

They established TOMY COMMUNITY, which is an employee-led initiative that aims to support a variety of charitable organizations. While certain activities are conducted on a nationwide basis, others focus on the local communities of the individual offices. Through TOMY COMMUNITY, employees working toward the same goal are developing 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.

Check the Community Support Activities Overseas here.

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



Ronald McDonald House Charities/Day of Service* TOMY International in the United States prepared lunch and dinner for residents of the Ronald McDonald House—typically families whose children are being treated at the local hospital. The team prepared the meals, served them, made snacks and cleaned up.

* Martin Luther King Jr. Day, on the third Monday in January around the time of his birthday, is a designated holiday in the United States to honor his life and his work in the American civil rights movement.

Organizational Governance and Communication with Stakeholders

Business Continuity Planning (BCP) / Initiatives of Each Company

TOMY Group

The TOMY Group is working on the establishment of a business continuity plan (BCP) to respond to large-scale disasters such as major earthquakes, flood damage caused by typhoons and torrential rains, and outbreaks of viral infectious diseases.

In the event of an emergency, the TOMY Group places top priority on ensuring safety and saving lives. After confirming the safety of employees, we have a management system in place to respond promptly and appropriately to maintain company facilities, realize a rapid recovery of systems, maintain customer trust and ensure work for our employees by quickly resuming and continuing operations. In addition, the TOMY Group strives to contribute to society as much as possible, including cooperation

and collaboration with local communities and recovery and reconstruction support efforts.

In terms of information systems, the TOMY Group's mission-critical systems utilize cloud environments and data centers outside the Company to optimize systems operating in Japan and overseas to improve business continuity. In addition, the introduction of a safety confirmation system has established a mechanism whereby the safety status of employees and their families can be confirmed as quickly as possible. We also try to make sure each employee knows how to act appropriately in emergency situations by conducting disaster response training and distributing emergency stocks.

TOMY Marketing

In addition to natural disasters and other large-scale disasters, the environment surrounding logistics is experiencing further change due to changes in social structure, such as the forthcoming 2024 logistics problem likely to be caused by truck driver overtime regulations and the need to secure warehouse workers due to the decrease in the working population. These challenges make it difficult to continue logistics functions as an extension of past approaches. TOMY MARKETING COMPANY, LTD., which handles product

sorting, packaging, warehouse receiving and dispatch, transportation and inventory storage, is working to ensure that it can continue to provide stable logistics services in the future by quickly considering and implementing improvement measures, such as reviewing delivery methods and further reducing labor requirements, to address the logistics issues that have emerged. We will continue to work to maintain stable logistics services in the future.

KIDDY LAND

At KIDDY LAND CO., LTD., which is engaged in the sales of toys, fancy goods, character merchandise and other products, we produce storefronts full of fun and excitement for customers. As KIDDY LAND CO., LTD., has locations all over Japan and many store employees, we formulated a BCP that assumes a

variety of scenarios, including large-scale disasters and transportation facilities paralysis. We constantly strive to educate and train employees, including ensuring the safety of employees and customers, confirming damage and clarifying the flow of information dissemination.

Compliance Promotion

TOMY Group Code of Business Conduct

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

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

Compliance Training

In fiscal 2014, the TOMY Group established "Think about Compliance Day" (Group-wide compliance training) 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 through 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. As specific activities for fiscal 2022, we conducted training on the importance of

diversity in compliance for compliance promotion leaders, inviting an outside director who is also a lawyer as a lecturer, and, as in the previous fiscal year, we encouraged the compliance promotion leaders to acquire certified harassment counselor qualifications and worked to expand the consultation services provided as required by the Harassment Prevention Act. In addition, as part of team-based activities, we formulated annual activity plans based on themes such as improvements to the working environment for women, efforts to achieve zero automobile accidents, and mindset checks and thorough compliance regarding internal regulations. 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.

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.

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



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

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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



FTSE Blossom Japan Sector Relative Index

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

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

External Recognition of Diversity & Inclusion 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.



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. |

Corporate Governance

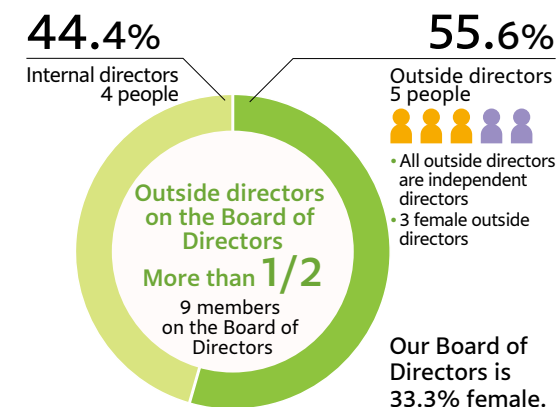
Promoting Transparent Management

Three Distinctive Features of TOMY Corporate Governance

1 Most of our directors are outside directors, and 33.3% are women
All outside directors are independent directors.

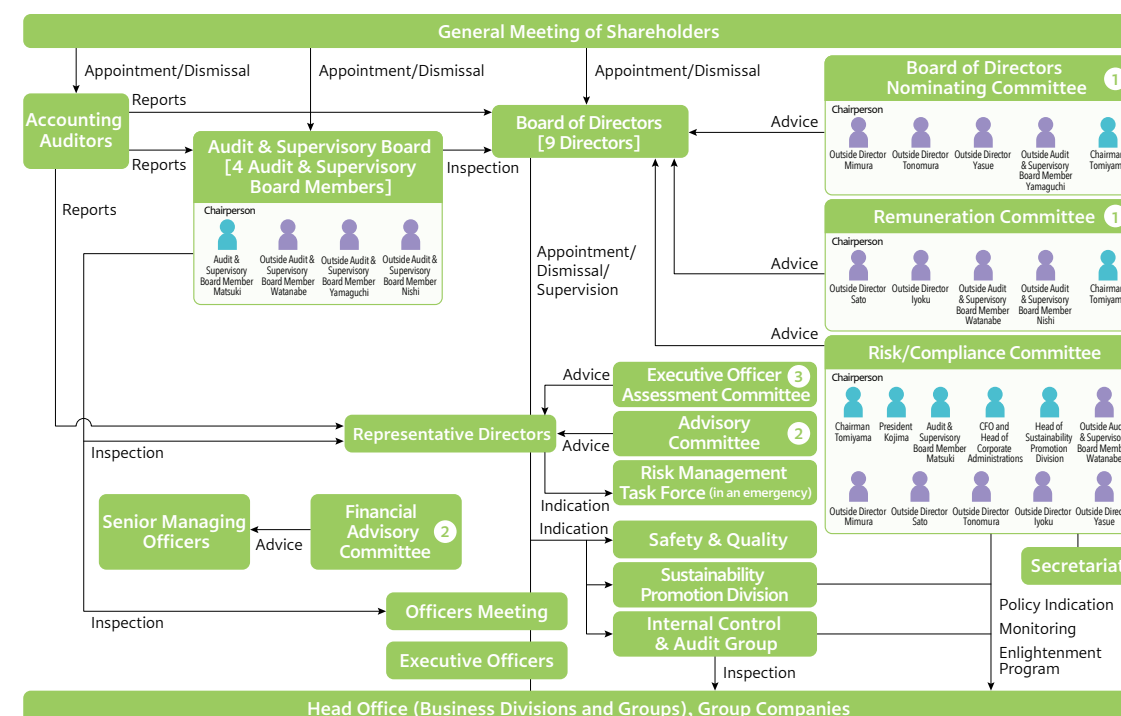
2 TOMY has a Board of Directors Nominating Committee and a Remuneration Committee
The Board of Directors Nominating Committee and the Remuneration Committee, composed of outside Directors and/or outside Audit Supervisory Board Members, were established as advisory bodies to the Board of Directors.

3 Group company management and outside director support systems
We have established a dedicated department to manage and support Group companies based on internal regulations depending on their specific operations and circumstances. We have also established systems to support supervision and business execution, such as providing outside officers with the necessary information and assigning full-time employees to assist Audit & Supervisory Board members in their duties.



Basic Views

One of the most important management issues for the TOMY Group today is maintaining the trust of shareholders, customers and all our stakeholders while offering continual improvements in corporate value and building on sound and transparent management practices. Accordingly, we are conducting initiatives aimed at upgrading our management checking capabilities while striving to maintain managerial efficiency, strengthen our risk management and compliance systems and enrich our corporate governance.



Status of Response to the Corporate Governance Code

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

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

Management Monitoring System

1. Board of Directors Nominating Committee/Remuneration Committee

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

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

2. Advisory Committee/Financial Advisory Committee

Comprising outside directors and Audit & Supervisory Board members, the Advisory Committee was established as an advisory body to the Representative Director and the Financial Advisory Committee

was established as an advisory body to the Senior Executive Officer in pursuit of all-encompassing advice related to the efficacy of Company and Group operational execution and financial reliability.

3. Executive Officer Assessment Committee

As an advisory body to the Representative Director, this Committee is composed of full-time Board Directors in pursuit of a wide range of advice regarding the evaluation of executive officers.

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

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

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

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

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

Director Qualifications and Nomination Procedures

1) The directors of the Company shall nominate multiple persons who have high ethical standards as well as an excellent personality, insight, ability and abundant

experience from inside and outside the Company.
2) Regarding the nomination of directors, the Board of Directors Nominating Committee, which is

made up of outside directors and outside Audit & Supervisory Board members, has been established as an advisory body to the Board of Directors. The committee makes recommendations and provides advice based on policies regarding the evaluation and appointment of each director.

3) All directors of the Company are subject to election every year by resolution of the General Meeting of Shareholders, and candidates for newly appointed Directors are approved by the Board of Directors after undergoing a fair and transparent review by the Board of Directors Nominating Committee as discussed at the General Meeting of Shareholders.

4) To ensure candidates have a good understanding of TOMY's business, the directors will select people who can sympathize with our Founding Philosophy and Corporate Philosophy.

5) In the event that there are illegalities or serious violations of laws and regulations within the execution of a director's duties, or if it is deemed difficult for them to properly perform their duties, the Board of Directors Nominating Committee explains the reasons for dismissal, deliberates said reasons and receives pertinent advice. Afterward, a resolution is passed by the Board of Directors and submitted to the General Meeting of Shareholders.

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 Kantaro Tomiyama | M | ● | ● | ● | ● | ● | | | ● | ● | ● |
| Representative Director, President & COO Kazuhiro Kojima | M | ● | ● | ● | ● | | | ● | ● | | ● |
| Board Director, Executive Vice President Akio Tomiyama | M | ● | ● | ● | ● | ● | ● | | | | ● |
| Board Director (part-time) Hiroyuki Usami | M | ● | ● | ● | ● | ● | | | | | |
| Board Director (outside) Mariko Mimura | F | ● | | | ● | | | | ● | | ● |
| Board Director (outside) Fumitoshi Sato | M | ● | | | | | | ● | | ● | ● |
| Board Director (outside) Shinichi Tonomura | M | ● | | ● | ● | | ● | | | | |
| Board Director (outside) Miwako Iyoku | F | ● | ● | ● | | | ● | | | | |
| Board Director (outside) Reiko Yasue | F | ● | | ● | ● | | ● | | | | |

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

Board of Directors Effectiveness Evaluation and Process

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

that internal control systems have been put in place. While the provision of information on the Company's business to outside directors, which had been an issue in the previous fiscal year, was evaluated as having been improved by securing time for deliberations and enhancing discussions by holding briefing sessions in advance, further enhancement of information sharing, such as creating opportunities for dialogue with executive officers that contribute to a better understanding of the execution status and further improvement of the system to deepen the understanding of agenda items, was identified as needing to be addressed at the next stage. The need to deepen discussions on medium- and long-term management strategies, risk management and sustainability, as well as to formulate plans for the development of management executives, including increasing the ratio of female executives, was also reaffirmed. TOMY will pursue initiatives aimed at ensuring the 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, 2023 | |
|---|---------------------------|---------------|
| | Targets | Results |
| Consolidated ordinary profit | ¥11.8 billion | ¥12.0 billion |
| Profit attributable to owners of parent | ¥7.5 billion | ¥8.3 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, 2023)

| Officer category | Total amount of remuneration (Millions of yen) | Total amount of remuneration by type (Millions of yen) | | | | | Number of eligible officers |
|---|--|--|---------------------------------|--------------------------------------|-------------------------------------|---|-----------------------------|
| | | Fixed compensation | Performance-linked compensation | | Non-performance linked compensation | Compensation listed on the left that is non-monetary compensation | |
| | | Basic compensation | Officer bonuses | Performance-based stock compensation | Stock options | | |
| Directors (excluding outside directors) | 234 | 130 | 71 | 32 | 0 | 32 | 6 |
| Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members) | 18 | 18 | – | – | – | – | 1 |
| Outside directors | 45 | 45 | – | – | – | – | 6 |
| Outside Audit & Supervisory Board members | 26 | 26 | – | – | – | – | 5 |
| Total | 325 | 220 | 71 | 32 | 0 | 32 | 18 |

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 2022, the Remuneration Committee convened three times. The main details of the Committee's deliberations are as follows.

| Date of committee meeting | Details of deliberations |
|---------------------------|--|
| April 2022 | Amount of performance bonuses based on business results for fiscal 2021 and partial review of the performance-linked stock-based compensation system |
| May 2022 | Amount of monthly remuneration for officers and composition of committees for fiscal 2022 |
| February 2023 | Amount of monthly remuneration for directors |

Dialogue with Shareholders and Investors

To promote an understanding and accurate valuation of the Group among shareholders and investors, TOMY discloses information in accordance with the Financial Instruments and Exchange Act and the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities (the “Timely Disclosure Rules”) stipulated by the Tokyo Stock Exchange. Information falling under the timely disclosure regulations defined in the Financial Instruments and

Exchange Act and the Timely Disclosure Rules, as well as other material information, is promptly registered on the Timely Disclosure Network (TDnet) system provided by the Tokyo Stock Exchange. To ensure timeliness and fairness, information registered on TDnet is also disclosed on the TOMY website. In addition, shareholders are informed about the status of TOMY’s business, products, sustainability, CSR and other efforts through shareholder newsletters.

Risk Management

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

Particularly Material Risks

1. Risks involving the impact on hit products
2. Risks involving product safety
3. Disaster-related and other similar risks
4. Risks associated with the novel coronavirus pandemic

Material Risks

1. Variations in quarterly performance
2. Exchange rate fluctuation
3. Risks associated with overseas business development
4. Impact of changing raw material prices
5. Risks related to agreements with a material impact on management
6. Information leaks
7. Risks associated with valuation and impairment of intangible fixed assets

■ Please refer to the Company’s official website for details of individual risks. www.takaratomy.co.jp/english/ir/risk/index.html

Risk Management

TOMY has developed a company-wide risk management system integrated with internal control. The system comprises the Risk/Compliance Committee and the department responsible for internal control.

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

and Audit & Supervisory Board as needed. On compliance, 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.

Continuation of Anti-Takeover Measures

TOMY received shareholder approval at the 71st Ordinary General Meeting of Shareholders held on June 22, 2022, regarding the continuation of its policy for responding to large-scale purchases of Company shares (hereinafter, the “response policy”).

This response policy consists of a “rights plan with prior warnings” providing for the allotment of stock acquisition rights without contribution (hereinafter, “countermeasures”), the details of which are as follows.

Response Policy Overview

An overview of the response policy is provided below. For additional details, please refer to “Notice Concerning Continuation of Policy toward Large-Scale Purchases, etc., of Company’s Shares (Anti-Takeover Measures)” published on the TOMY corporate website on May 10, 2022.

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

- 1) A person (hereinafter, “the purchaser”) seeking to purchase share certificates, etc., issued by the Company that would result in holding 20% or more of said certificates (hereinafter, “large-scale purchase”) shall provide the Company with information regarding the large-scale purchase in advance, as a general rule within 60 days (extended up to 30 days in total) of the Company’s Board of Directors presenting a list of the required information to the purchaser.
- 2) The TOMY Board of Directors will, in the event of an emergency, establish a special committee. The special committee will provide the Board of Directors with opinions and justification materials related to the planned large-scale purchase and can request the submission of alternative proposals.
- 3) After receiving information from the purchaser and the Board of Directors, the special committee will respond to issues raised by the Board of Directors, in principle within 90 days (however, if the special committee has a justifiable reason, this can be extended up to an additional 30 days) from the time at which the Board of Directors receives a written proposal containing all information necessary to consider the large-scale purchase. The special committee will examine and evaluate the purchase details, determine whether to implement countermeasures against the purchaser and make its recommendation to the Board of Directors (moreover, the special committee reserves the right to seek the approval of the General Meeting of Shareholders before recommending

countermeasures be taken). If necessary, the special committee can seek the advice of an independent outside expert. In addition, the Board of Directors will negotiate with the purchaser and disclose information to shareholders.

- 4) The Board of Directors shall respect the recommendations of the special committee as much as possible and make a resolution on whether to ultimately take countermeasures. Moreover, if the special committee invokes its right to seek approval from the General Meeting of Shareholders regarding the recommended implementation of countermeasures, the Board of Directors shall, in principle, convene a meeting of the General Meeting of Shareholders as soon as practical and submit a proposal for the implementation of countermeasures. In this situation, the Board of Directors will make a resolution as to the implementation of countermeasures in accordance with the decision arrived at by the General Meeting of Shareholders.
- 5) In the event that the purchaser does not comply with the procedures set forth in this response policy, or if it is confirmed that TOMY’s corporate value and/or the common interests of TOMY shareholders will be clearly damaged and it is deemed appropriate to implement countermeasures, after a judgment by the special committee, the decision to implement countermeasures can be made.
- 6) In the event countermeasures are implemented, acquisition rights can be added for the execution of stock acquisition rights assigned to shareholders not extended to the purchaser or others (hereinafter, “non-qualified persons”) as well as the exchange of stock acquisition rights for Company shares from persons other than non-qualified persons. As a result, if Company shares are issued to shareholders other than non-qualified persons, the ratio of Company share voting rights held by said non-qualified persons will be diluted.



Kantaro Tomiyama
Representative Director,
Chairman & CEO



Kazuhiro Kojima
Representative Director,
President & COO



Mariko Mimura
Board Director
(outside)



Fumitoshi Sato
Board Director
(outside)



Shinichi Tonomura
Board Director
(outside)



Akio Tomiyama
Board Director,
Executive Vice
President



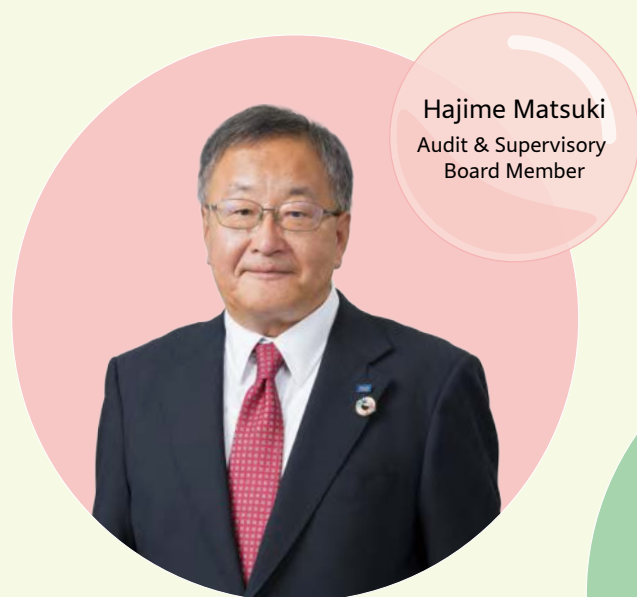
Hiroyuki Usami
Board Director
(part-time)



Miwako Iyoku
Board Director
(outside)



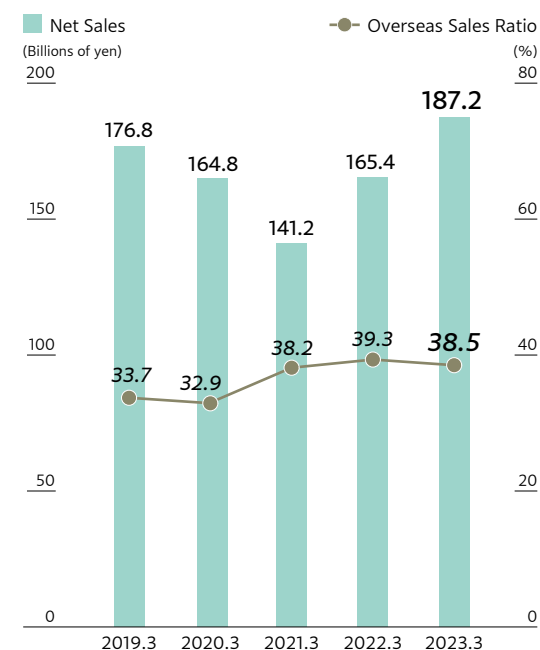
Reiko Yasue
Board Director
(outside)



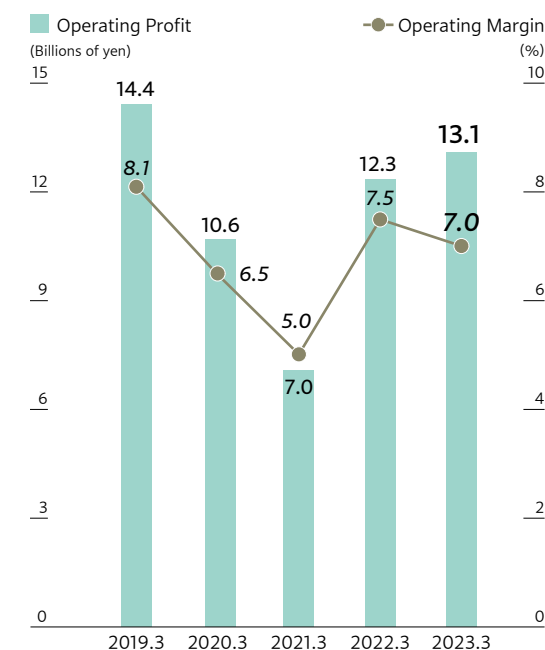
Data Section

Financial Highlights

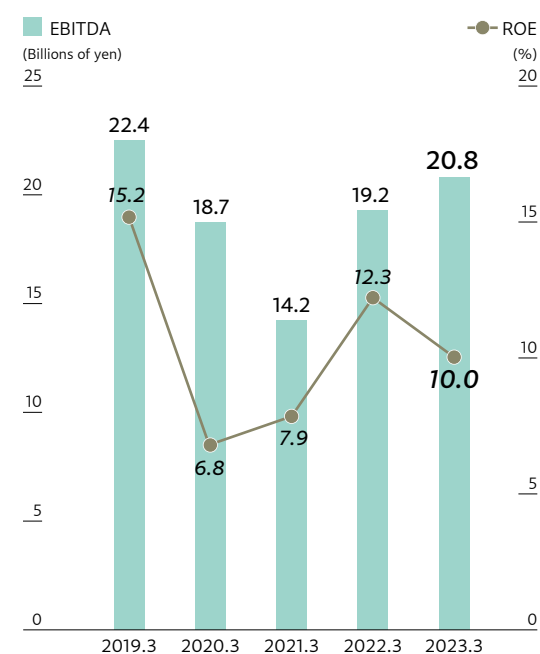
Net Sales/Overseas Sales Ratio



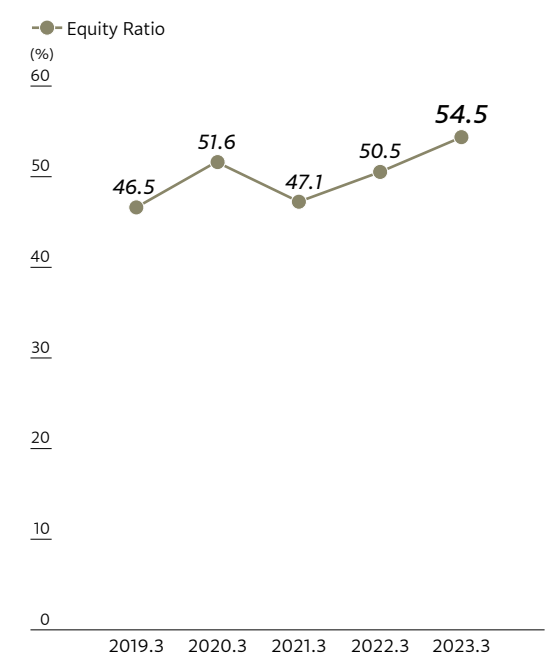
Operating Profit/Operating Margin



EBITDA¹/Return on Equity (ROE)²



Equity Ratio³



1. EBITDA = Operating profit + Depreciation + Amortization of goodwill

2. Return on equity = Profit attributable to owners of parent ÷ Average of total equity* × 100

*Equity = Net assets – Subscription rights to shares – Non-controlling interests

3. Equity ratio = Equity ÷ Total assets × 100

Six-Year Financial and Non-Financial Summary

(Millions of yen)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------|----------|---------|----------|----------|----------|
| Net sales | 187,297 | 165,448 | 141,218 | 164,837 | 176,853 | 177,366 |
| Gross profit | 72,348 | 66,606 | 55,256 | 66,364 | 73,478 | 72,217 |
| Total selling, general and administrative expenses | 59,229 | 54,261 | 48,177 | 55,681 | 59,071 | 59,018 |
| Operating profit | 13,119 | 12,344 | 7,079 | 10,683 | 14,407 | 13,199 |
| Ordinary profit | 12,043 | 12,666 | 7,170 | 10,204 | 14,303 | 12,420 |
| Profit (loss) before income taxes | 11,642 | 13,772 | 7,462 | 7,601 | 13,784 | 9,967 |
| Profit (loss) attributable to owners of parent | 8,314 | 9,114 | 5,374 | 4,507 | 9,302 | 7,962 |
| EBITDA ¹ | 20,804 | 19,241 | 14,246 | 18,723 | 22,490 | 22,311 |
| R&D expenses | 4,542 | 4,607 | 4,066 | 4,666 | 3,963 | 3,533 |
| Depreciation and amortization | 7,685 | 6,897 | 7,166 | 8,040 | 8,082 | 9,111 |
| Cash flows from operating activities | 16,223 | 16,405 | 18,064 | 9,006 | 21,492 | 16,346 |
| Cash flows from investing activities | (2,134) | (2,488) | (8,606) | (3,381) | (4,038) | (3,692) |
| Cash flows from financing activities | (13,689) | (12,991) | 6,817 | (12,274) | (10,057) | (24,670) |
| (As of March 31) | | | | | | |
| Total assets | 159,519 | 156,090 | 147,614 | 129,253 | 143,364 | 139,456 |
| Net assets | 87,167 | 79,174 | 69,928 | 67,410 | 67,315 | 56,322 |
| Interest-bearing debt | 29,121 | 35,357 | 42,363 | 29,655 | 35,465 | 42,793 |
| Per Share Data (Yen) | | | | | | |
| Earnings per share | 90.66 | 98.23 | 57.07 | 47.30 | 97.85 | 84.74 |
| Dividend per share | 32.50 | 32.50 | 17.50 | 30.00 | 24.00 | 14.00 |
| Net assets per share | 950.39 | 860.74 | 742.45 | 703.07 | 700.26 | 591.00 |

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------|--------|--------|--------|--------|--------|
| Major Financial Indices | | | | | | |
| Operating margin (%) | 7.0 | 7.5 | 5.0 | 6.5 | 8.1 | 7.4 |
| Overseas sales ratio (%) | 38.5 | 39.3 | 38.2 | 32.9 | 33.7 | 36.5 |
| Return on equity (ROE) (%) ² | 10.0 | 12.3 | 7.9 | 6.8 | 15.2 | 14.9 |
| Return on assets (ROA) (%) ³ | 7.6 | 8.3 | 5.2 | 7.5 | 10.1 | 8.4 |
| Equity ratio (%) ⁴ | 54.5 | 50.5 | 47.1 | 51.6 | 46.5 | 40.0 |
| Dividend payout ratio (%) ⁵ | 35.8 | 33.1 | 30.7 | 63.4 | 24.5 | 16.5 |
| Stock Data | | | | | | |
| Stock price at year-end (Yen) | 1,481 | 1,221 | 1,005 | 762 | 1,142 | 1,092 |
| PER (Times) | 16.3 | 12.4 | 17.6 | 16.1 | 11.7 | 12.9 |
| Number of shares outstanding (Thousand shares) ⁶ | 91,554 | 91,623 | 93,656 | 94,797 | 95,239 | 94,343 |
| Company Data | | | | | | |
| Number of subsidiaries | 35 | 34 | 34 | 32 | 33 | 34 |
| Number of employees (Consolidated) | 2,476 | 2,418 | 2,379 | 2,568 | 2,665 | 2,199 |
| Number of employees (Non-consolidated) | 562 | 557 | 547 | 541 | 509 | 504 |
| Average age of employees (Non-consolidated) | 44.0 | 43.9 | 43.2 | 42.3 | 41.5 | 41.8 |

1. EBITDA = Operating profit + Depreciation + Amortization of goodwill

2. Return on equity = Profit attributable to owners of parent ÷ Average of total equity* × 100

*Equity = Net assets – Subscription rights to shares – Non-controlling interests

3. Return on assets = Ordinary profit ÷ Total assets × 100

4. Equity ratio = Equity ÷ Total assets × 100

5. Payout ratio = Dividend per share for common stock with the record date in the corresponding fiscal year (Total) ÷ Earnings per share × 100

6. Treasury stock has been excluded from these figures.

Toy Market

The size of the Japanese toy market in fiscal 2022 grew 6.7% year on year to ¥952.5 billion on a suggested retail price basis. This is the highest figure recorded since market research in its present format was started in 2001. We believe that the adult market

for toys is expanding more and more, partly due to the shift to two and three generations of long-selling brands, and that the toy market can expand further even with the declining birthrate.
(Source: Japan Toy Association website)

Performance Highlights

Social movements recovered due to the relaxing of various restrictions that had been in place under the COVID-19 pandemic. Sales grew due to strong performance at T-ARTS and KIDDY LAND, as well as brisk sales of mainstay toys.

To fulfill its corporate mission of realizing the dreams of all stakeholders, the TOMY Group worked to further strengthen its toy business to build a solid management base, while promoting overseas expansion and transforming itself into a truly Outstanding Global Company. In addition, the fiscal year under review was considered an important one as the second year of our three-year Medium-Term Management Plan (FY2021-FY2023), and we engaged in a variety of management activities to reflect this.

With the relaxation of various COVID-related regulations including limits of activity and border restrictions, socioeconomic activity showed signs of normalization and the toy market saw a recovery trend in the flow of people to physical stores. In terms of the management environment that surrounds the TOMY Group, the sense of uncertainty continued with sharply rising raw material prices associated with the rapid deterioration of the situation in Ukraine, inflation, dramatic fluctuations in exchange rates and other developments.

We vigorously pursued six company-wide strategies, including increased strategies for output, ages and regions, with the “right goods in the right place” concept of our Medium-Term Management Plan as key, and as a result our performance exceeded the consolidated earnings forecast that we initially announced.

Net Sales

In the area of standard products, the Group continued its efforts to plan, develop and strengthen sales of products appealing to adults as well as children. In the TOMICA series, we launched large products

for children such as “Big Fire Truck & Transforming Station,” while for adults, we aggressively promoted new products such as the “TOMICA Premium” line, which pursues realism.

In addition, the trading card game DUEL MASTERS, which celebrated its 20th anniversary this fiscal year, saw a renewal of its animated TV series in September, and marketing efforts were strengthened with the release of related merchandise. With the TRANSFORMERS brand, overseas exports saw growth.

In addition, an original toy-derived animated series for television based on Punirunes LCD toys with new textures, which have enjoyed strong popularity since their release, began airing in October, and related merchandise was popular.

We also launched Metaverse Pop-Up Pirate, which makes it possible to play with toys in the metaverse (virtual space). This represents the provision of new *asobi* experiences in the digital space.

The Pokémon MEZASTAR amusement machine operated by T-ARTS continued to perform strongly, while in the GACHA capsule toy business, sales grew due to the expansion of merchandise aimed at adults that leverages popular IPs, amid a market environment of growing popularity for capsule toys.

As a result of the above, net sales were ¥187,297 million (up 13.2% year on year). This was due to steady toy shipments, the continued popularity of amusement machines and GACHA products developed by T-ARTS, and a recovery of store traffic including foreign visitors and stronger sales of character-based toys in the KIDDY LAND retail business following the relaxing of various COVID-related regulations.

Profit

Despite a decline in the gross profit margin due to the weaker yen and other factors, operating profit increased 6.3% year on year to ¥13,119 million due to a jump in gross profit driven by increased net sales and more efficient management of selling, general and administrative expenses. Ordinary profit was ¥12,043 million (down 4.9% year on year), mainly due

to the recording of non-operating expenses resulting from foreign exchange losses.

Profit attributable to owners of parent decreased to ¥8,314 million (down 8.8% year on year), but this was due to the transfer of office real estate as non-current assets in the first quarter of the previous year and the recording of extraordinary profit as a gain on the transfer.

Overview by Regional Segment

Japan

Toy shipments remained strong due to the continued popularity of standard products and proactive IP development. The GACHA and amusement machine businesses grew, achieving year-on-year increases.

With the relaxation of various COVID-related regulations including limits of activity and border restrictions, socioeconomic activity showed signs of normalization and the toy market saw a recovery trend in the flow of people to physical stores. Tackling the expansion of target customers set out in the Medium-Term Management Plan, we actively worked on standard products and focused on creating new businesses, including digital-related businesses.

In the area of standard products, the Group continued its efforts to plan, develop and strengthen sales of products appealing to adults as well as children. In the TOMICA series, we launched large products for children such as “Big Fire Truck & Transforming Station,” while for adults, we aggressively promoted new products such as the “TOMICA Premium” line, which pursues realism. In addition, following the November 2022 launch of the Dream TOMICA Everything Ghibli! series produced in collaboration with Studio Ghibli, in March 2023 we launched the second iteration of the series to enhance the product lineup. To coincide with the 10th anniversary of the ANIA series, we worked to strengthen the brand by expanding sales with a new standard product and announcing the start of an animated series for television to be broadcast from April 2023.

The trading card game DUEL MASTERS, which celebrated its 20th anniversary in this fiscal year, saw a renewal of its animated TV series for the first time in six years in September, and marketing efforts were strengthened with the release of related merchandise. With the TRANSFORMERS brand, overseas exports increased. In the Pokémon franchise, related

merchandise such as MONSTER COLLECTION continued to gain popularity, while interest in the Pokémon Pikatto Academy Kids PC also remained strong. The popularity of the animated TV series *PAW Patrol* further expanded with the airing of a new series on terrestrial TV, and sales of related products such as *PAW Patrol* Word Book were strong.

In addition, as IP development on TV and WEB, the animated TV series *BOTTLEMAN DX* began airing in April, while online streaming of *TOMICA Heroes Jobraver-Specially-equipped robot* was also launched. Moreover, the highly popular original toy-derived animated TV series based on Punirunes LCD toys with new textures began airing in October, and related merchandise was popular. We also worked to actively expand TOMY IP. For example, Go! Go! Vehicle Zoo, featuring characters from TOMICA, PLARAIL and ANIA, was released on TOMY’s official YouTube channel, while a TV broadcast scheduled for April 2023 was announced.

In terms of new initiatives that place *asobi* as the key, we have utilized the latest technologies to roll out highly original products and services. One example is coemo, a speaker that uses AI voice synthesis technology to read stories in a synthetic voice that sounds just like an actual person. We also launched Metaverse Pop-Up Pirate to provide new *asobi* experiences in the digital space. In amusement machines operated by T-ARTS, Pokémon MEZASTAR continued to perform well. In the GACHA business that is operated by T-ARTS, the installation of large GACHA sales locations was expanded amid a market environment of growing popularity for capsule toys.

Sales increased with the expansion of merchandise aimed at adults using popular IPs, while sales of plush toys were also strong.

As a result of the above, net sales were ¥148,214 million (up 13.8% year on year) and operating profit was ¥16,484 million (up 17.4% year on year). These results reflected steady toy shipments, the continued

popularity of amusement machines and GACHA products developed by T-ARTS, and a recovery of store traffic including foreign visitors and stronger sales of character-based toys in the KIDDY LAND retail business following the relaxing of various COVID-related regulations.

Overseas

Economic activity began to normalize because of relaxed COVID restrictions, but inflation also had an impact. In Asia, amusement machine sales remained strong, contributing to profit growth.

Americas

COVID-19 restrictions were relaxed and moves to normalize socioeconomic activity were made. However, with the acceleration of inflation, there were changes in purchasing behavior, such as an emphasis on daily necessities.

As a result, some major toy distributors struggled to receive additional orders, especially for baby products, due to overstocked inventories. Meanwhile, sales of agricultural machinery toys were strong, and sales of the plush toy series Mocchi-Mocchi- (overseas product name: Club Mocchi-Mocchi-) developed by T-ARTS in Japan grew, reflecting success in rolling out merchandise planned for the domestic market globally. Although net sales increased 9.0% year on year to ¥29,533 million, partly due to the impact of foreign exchange rates, the operating loss amounted to ¥725 million (down from operating profit of ¥415 million in the previous year) due

to an increase in selling, general and administrative expenses, including higher distribution costs and stronger year-end promotions.

Europe

In European countries, various COVID-19 restrictions were relaxed and moves to normalize socioeconomic activity were made, but purchasing behavior changed with the acceleration of inflation.

Against this backdrop, sales of agricultural machinery toys such as Ag Replicas remained strong and sales of Club Mocchi-Mocchi- plush toys grew, but sales of products for infants and toddlers and board games declined. This resulted in net sales of ¥6,683 million (down 7.3% year on year), and an operating loss of ¥797 million, down from operating profit of ¥47 million in the previous fiscal year, reflecting a deteriorating cost ratio from soaring distribution costs.

| | 2022.3 | 2023.3 | Change | Change (%) |
|----------------------------|----------|----------|---------|------------|
| Net sales | 165,448 | 187,297 | 21,849 | 13.2 |
| Japan | 130,289 | 148,214 | 17,925 | 13.8 |
| Americas | 27,093 | 29,533 | 2,440 | 9.0 |
| Europe | 7,206 | 6,683 | (523) | (7.3) |
| Oceania | 2,358 | 2,741 | 382 | 16.2 |
| Asia (other than Japan) | 46,974 | 55,465 | 8,490 | 18.1 |
| Eliminations and corporate | (48,474) | (55,340) | (6,865) | - |
| Operating profit (loss) | 12,344 | 13,119 | 775 | 6.3 |
| Japan | 14,039 | 16,484 | 2,444 | 17.4 |
| Americas | 415 | (725) | (1,141) | - |
| Europe | 47 | (797) | (845) | - |
| Oceania | 173 | 81 | (92) | (53.2) |
| Asia (other than Japan) | 1,297 | 1,895 | 598 | 46.1 |
| Eliminations and corporate | (3,630) | (3,819) | (189) | - |

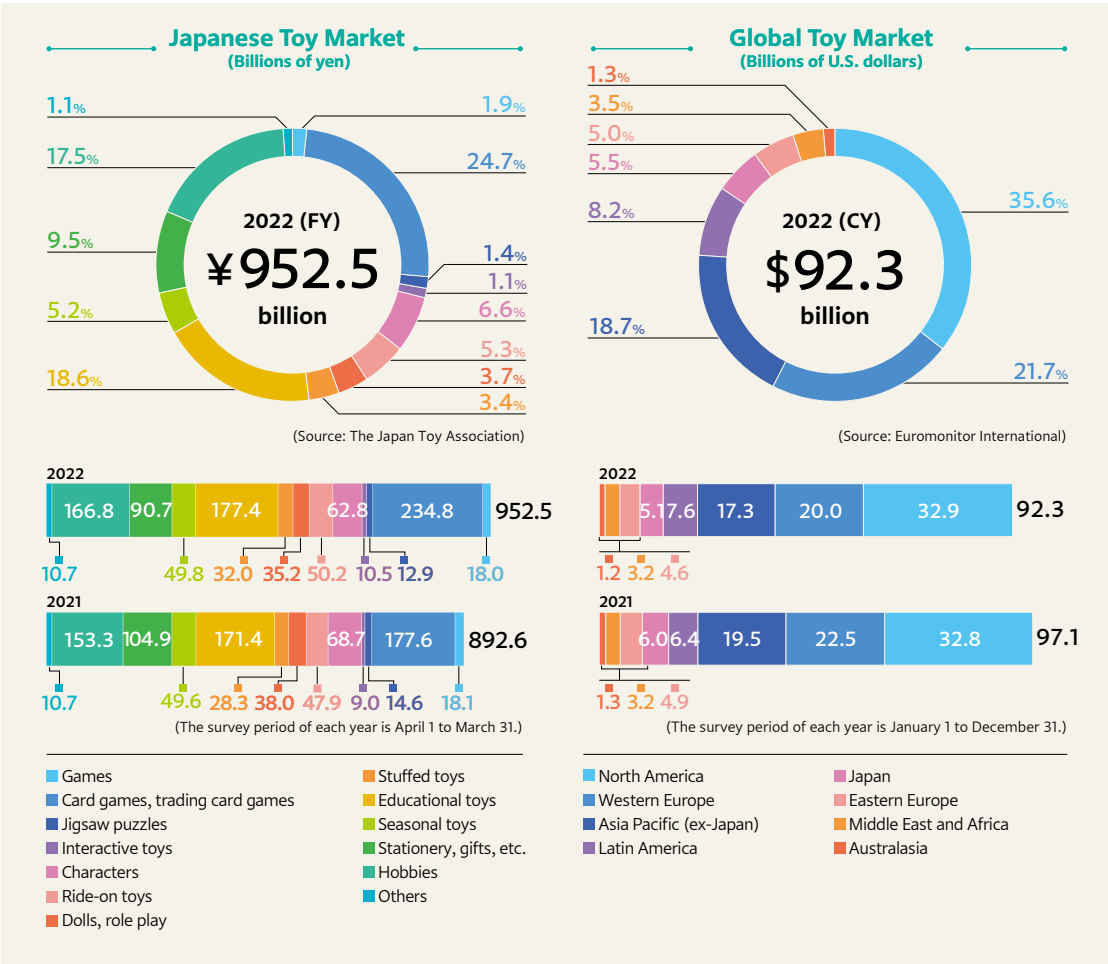
Oceania

In Australia, various COVID-19 restrictions were relaxed and moves to normalize socioeconomic activity were made, but purchasing behavior changed with the acceleration of inflation.

Under these circumstances, sales of passenger-type toy agricultural vehicles and Club Mocchi-Mocchi-stuffed toys grew, while sales of infant products such as “Lamaze & Friends” infant and preschool products were also strong, resulting in net sales of ¥2,741 million (up 16.2% year on year) and operating profit of ¥81 million (down 53.2% year on year).

Asia

In some countries and regions, various regulations were put in place to combat COVID-19. Although lockdowns and other behavioral restrictions implemented in some Chinese cities were eased, there was a resurgence in COVID-19 infections, which temporarily affected purchasing behavior. Against this backdrop, we have been working to develop standard products and other products in Japan, with single-pack TOMICA vehicles and DIACLONE products performing particularly well. Net sales increased 18.1% year on year to ¥55,465 million, while operating profit rose 46.1% year on year to ¥1,895 million, mainly due to the popularity of Punirunes, an LCD toy with new textures developed in Japan; the strong performance of amusement machines from T-ARTS; and the global expansion of digital businesses.



1st generation 1924-

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

1920

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

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

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



1950

Transferred from metal to plastic

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

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

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



Plastic Train and Rail Set



LICCA doll



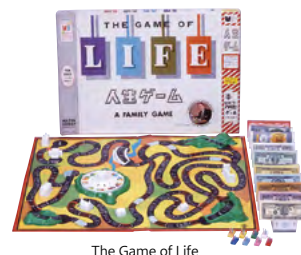
1960

Early success in expanding overseas during the export boom

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

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

- 1960 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



The Game of Life



TOMICA



Water Game



Pop Up Pirate

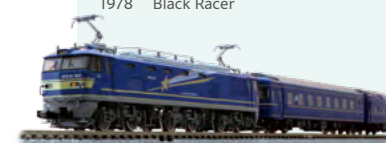
TOMY'S FOCUS
Mass development and production
INDUSTRY TREND Material revolution

1970

Start-up of overseas production

After commissioning production in Hong Kong, TOMY opened its first factory in Singapore, making it one of the early companies to embark on overseas production. Masanari Tomiyama was appointed the second president and CEO in 1974, the company's 50th anniversary. TOMY and TAKARA both released numerous long-selling products that remain popular to this day.

- 1970 TOMICA
- G.I. Joe
- 1972 Henshin Cyborg
- 1974 Microman (Micronauts)
- 1975 Pop Up Pirate
- Pocket Mate
- Tuneyville Choo Choo
- Kotetsu Jeeg
- 1976 Water Game
- Amikko Knit Stitcher
- Born Free
- TOMIX
- 1977 Sensei
- Koeda-Chan mini dolls (Treena & Her Forest Friends)
- 1978 Black Racer



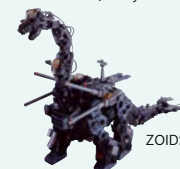
TOMIX
Approved by East Japan
Railway Company



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



Choro-Q
(Penny Racers)



ZOIDS

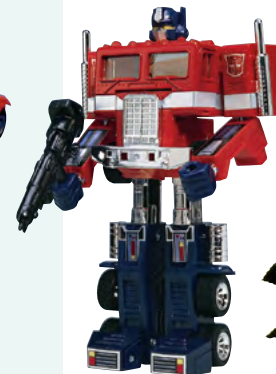
1980

Ongoing reform and expansion of sales channels

TOMY established the HT Laboratory in 1980 and popularized efforts in the industry to create barrier-free toys. In 1985, the Plaza Accord threw the company into a sudden management crisis, and drastic reforms were implemented, including the closure of factories in Japan. The following year, Kantaro Tomiyama was appointed the third president and CEO in a shakeup of the management structure.

TAKARA went public in 1984 and grew steadily, being listed on the Second Section of the Tokyo Stock Exchange in 1986. In 1988, the company switched from a focus on its core business of toys to diversified operations, rolling out products aimed at a wide range of fields.

- 1980 Choro-Q (Penny Racers)
- Diaclone
- 1981 Pac-Man
- UNO
- 1982 Japanese version Barbie
- Tomy Tutor (Pyuta)
- Orihime Weaving Machine
- Mechabonica
- 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



TRANSFORMERS



Rock 'n' Flowers

1990

From "product out" to "market in"

TOMY prepared for regeneration with a new structure. With this, it announced a business diversification strategy focused on the three core areas of toys, general goods and multimedia products. It rolled out a stream of new measures, including entry into the character business and a business alliance with HASBRO, Inc., in the United States. In 1997, TOMY went public and in 1999 it was listed on the Second Section of the Tokyo Stock Exchange.

From the second half of the 1980s, TAKARA expanded its Hearty Series for enriching people's lives and released products based on TV characters that became hits. With this aggressive product expansion, the company was listed on the First Section of the Tokyo Stock Exchange in 1991.

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



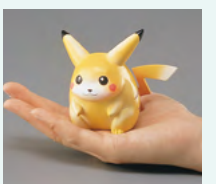
Musican



LAMAZE*



BEYBLADE



Pokémon

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

3rd generation 1984-

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

2000

Beginning of a new era in the toy industry

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

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

| | | | |
|------|---|------|---|
| 2000 | e-kara 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 | Bowlingual Nohohonzoku DUEL MASTERS Micro Pet Qi Choco Q | 2007 | Omnibot 17μ i-SOBOT Ie-Soba Home Soba Maker Air Guitar Pokémon Battrio |
| 2003 | Meow-Lingual | 2008 | Tomica Hero |
| 2004 | Aero R/C Yumemi Kobo THE FIRST YEARS | 2009 | Fresh Caramel Maker Clockman |



Nohohonzoku



DUEL MASTERS



Jinsei Ginko



THE FIRST YEARS

2010

Toward tomorrow's hit products

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

| | |
|------|---|
| 2010 | Pretty Rhythm Furu Chara Sorbet Maker Potechi No Te |
| 2011 | Mimicry Pet |
| 2012 | Pokémon TRETТА BATTROBORG 20 |
| 2013 | ANIA |



BATTROBORG 20



Omnibot 17μ i-SOBOT



Mimicry Pet



ANIA

4th generation 2014-

TOMY'S FOCUS
INDUSTRY TRENDNew technology/Analog toys with digital elements
The personal revolution

2014

| | |
|------|---|
| 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 |
| 2020 | TOMICA EARTH GRANNER Pokémon MEZASTAR |
| 2021 | Shinkansen Henkei Robo SHINKALION Z Punirunes |
| 2022 | TOMICA Heroes Jobraver Specially-equipped combined robot coemo |



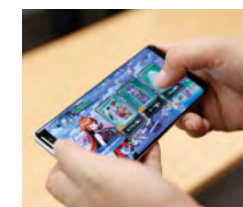
Licca Bijou Series



MIRACLE TUNES!



ZOIDS WILD

TOMICA Heroes Jobraver
Specially-equipped combined robot

DUEL MASTERS PLAY'S



L.O.L. SURPRISE!

HATCHIMALS
Umarete! Woomo

BEYBLADE BURST



PRIPARA



SUMIKKO ATSUME



Pokémon MEZASTAR



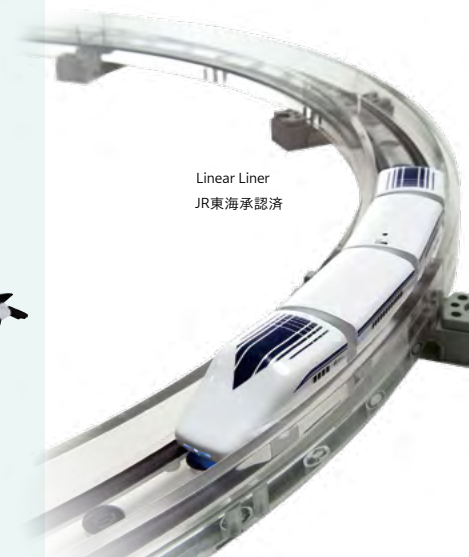
Rizmo



OHANAS



coemo

Linear Liner
JR東海承認済

Punirunes

PRINTOSS
(KiiPix)

SHINKALION

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Our Products

TOMICA, PLARAIL and LICCA are core products that support the TOMY Group's growth. While preserving the fun of the original toys that a multitude of children have played with, we have evolved these toys in line with the times to create long-selling products that are always fresh and continue to be loved across generations.



TOMICA, Japan's first series of palm-sized diecast mini cars 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 1,140+ models have been released, with lifetime sales of more than 725 million pieces (as of April 2023).

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



The long-selling railway toy brand, PLARAIL, celebrated the 60th anniversary of its launch in 2019, having been adored for three generations. The original PLARAIL product model was a train and rail set made of plastic and released in 1959, when plastic was a new material and toys were mainly made of metal or wood. Its distinguishing blue rails were sized for playing on the small round tea tables around which Japanese families of that time would gather and spend quality time. The brand's rail size specifications have not changed over its 60-year existence, and the newest rails can still be connected to original rails from 1959. Moving forward, we will continue to develop the PLARAIL brand according to the same familiar and admired railway theme, releasing products that enable children to learn about society, encourage creativity and other child growth and development, and foster communication between parents and their offspring. Approximately 1,962 PLARAIL products have been released in Japan, selling more than 186.4 million units (as of March 31, 2023).



The LICCA brand has been adored for more than 50 years since her inception in 1967. Throughout this brand's existence, we have launched products that embody the aspirations and dreams of children while continuously reflecting the changing times and trends. In recent years, we have been developing promotions to win the adoration of adults who grew up along with LICCA. LICCA is also expanding her role as a celebrity and has generated significant buzz on X (formerly Twitter) and Instagram, where she had approximately 230,000 followers as of June 2023.



The TOMY Group owns more than 60 brands targeting children and adults.
We develop a broad lineup comprising products in 14 of the 15 toy categories.



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TOMY



TRANSFORMERS

TRANSFORMERS is a global hit transformable robot series that started in the United States in 1984, with toys and animation launched in Japan in 1985. Celebrating its 35th anniversary in 2019, this series is loved by two generations of parents and children in more than 130 countries and regions throughout the world.



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 X

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.

Develops a wide range of products including amusement machines, capsule toys, lifestyle products and stuffed toys.



TOMYTEC

TOMY TEC CO., LTD.

Boasting the top domestic share in railway models in Japan, this comprehensive hobby manufacturer is responsible for product planning and development, manufacture, sales and service.



KIDDY LAND®

KIDDY LAND CO., LTD.

This store specializes in toys, fancy goods, character merchandise and books. As the leader of the overall culture industry, it is sensitive to the times and constantly disseminates new information and trends.

©T-ARTS / syn Sophia / TV Tokyo / PCH3 Production Committee ©T-ARTS ©T-ARTS / B-SIDE LABEL

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 annual report has received several awards, including in two leading U.S. annual report competitions, the LACP Vision Awards and the International ARC Awards, demonstrating that the report is well received overseas for its content and expression. We will continue to position dialogue with our stakeholders as the basis of a host of corporate activities and work to communicate information to our shareholders and investors in an easy-to-understand format.

2022



2021



2020



2019



2018



2017



Corporate Information

| | | |
|--|--|-------------------------------|
| Company Name | TOMY Company, Ltd. | Major Group Companies |
| Head Office | 7-9-10 Tateishi, Katsushika-ku, Tokyo 124-8511, Japan | Japan |
| Date of Establishment | January 17, 1953 | T-ARTS Company, Ltd. |
| Paid-in Capital | ¥3,459.53 million | TOMY TEC CO., LTD. |
| Business Domain | Planning, manufacturing and selling of products such as toys, general merchandise, card games and baby care products, etc. | TOMY MARKETING COMPANY, LTD. |
| Number of Employees (as of March 31, 2023) | 2,476 (consolidated) 562 (non-consolidated) | KIDDY LAND CO., LTD. |
| Number of Consolidated Subsidiaries | 35 | PENNY COMPANY, LTD. |
| | | T-FIELDTEC Company, Ltd. |
| | | TOMY IBIS CO., LTD. |
| | | 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. |

Stock Information (as of March 31, 2023)

| | | |
|------------------------------|-------------|---|
| Number of Shares Authorized: | 384,000,000 | Distribution of Ownership among Shareholders |
| Number of Shares Issued: | 94,990,850 | Individual Investors 43.45% |
| Trading Unit of Shares: | 100 | Foreign Corporations and Investors 27.10% |
| Number of Shareholders: | 161,229 | Financial Institutions 16.41% |
| | | Other Corporations 9.19% |
| | | Treasury Stock 3.08% |

Major Shareholders

| Name | Number of Shares Held | % |
|---|-----------------------|-------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 13,846,600 | 15.04 |
| Tsukasa Fudosan | 7,565,312 | 8.22 |
| Custody Bank of Japan, Ltd. (Trust Account) | 7,146,436 | 7.76 |
| Kantaro Tomiyama | 2,683,666 | 2.91 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 (Custodian: Mizuho Bank, Settlement & Clearing Services Department) | 1,337,600 | 1.45 |
| JP MORGAN CHASE BANK 385781 (Custodian: Mizuho Bank, Settlement & Clearing Services Department) | 1,175,631 | 1.28 |
| Administration trust (account of Fumie Tomiyama) Trustee SMBC Trust Bank Ltd. | 1,000,000 | 1.09 |
| SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account) | 900,000 | 0.98 |
| Akio Tomiyama | 829,100 | 0.90 |
| SSBTC CLIENT OMNIBUS ACCOUNT (Custodian: Custody Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited) | 722,004 | 0.78 |

- TOMY owns 2,921,662 shares as treasury stock, but is excluded from the above list of major shareholders.
- The percentages shown by [Major Shareholders] are calculated excluding treasury stock.
- TOMY has adopted "Stock-Granting Trust for Officers" and "Stock-Granting Trust for Executive Officers," 514,236 shares of which are owned by Custody Bank of Japan, Ltd. (Trust Account) The number of shares owned by Trust Account is not included in the number of shares of treasury stock.

Annual Report 2023 Editorial Policy

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

The special feature section discusses the TOMY Group's ability to create play, the source of its value, through which it has been creating toys and *asobi* since its founding in 1924, from the three perspectives of human capital, intellectual capital, and social and relationship capital. Interviews with the managers of T-ARTS Company, Ltd., and KIDDY LAND CO., LTD., two companies that made significant contributions to the TOMY Group's business performance in the fiscal year ended March 31, 2023, are also included. We hope that through this information, readers can gain a good understanding of the future growth of the TOMY Group.

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

Disclaimer

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

Cover Concept

In the Medium-Term Management Plan formulated in fiscal 2021, we resolved to transform the driving force behind sustainable growth from “toys” to “*asobi*,” and to expand our customer segments to people around the world who embrace the spirit of “*asobi*.” The cover depicts people playing on and around an imaginary tree created by the power that gives birth to *asobi*, spreading excitement, emotion, surprise and smiles all over the world.