

Introduction

TOMY Company, Ltd., established in 1924, is a global force in toys, infant & children's merchandise and entertainment, offering dreams and excitement to children and adults the world over. We manufacture products based on our own brands including *Transformers*, *Tomica*, *Licca*, *Plarail*, *ERTL* and others, as well as distribute products under licensed brand names such as *Disney*, *Chugginton* and other world-famous brands.

TOMY took action amid a persistently difficult business environment characterized by a graying society with a low birthrate, merging with Japanese toymaker Takara in 2006 to create Takara Tomy and then acquiring U.S. toy and infant goods manufacturer NASDAQ listed company RC2 in April 2011. Since then, we have made progress in rebuilding our Japanese toy business and creating a global management structure. Recognizing changes in the marketplace as an opportunity, in 2013 the TOMY Group united in an effort to execute the reforms to bring forth new growth. The TOMY Group has succeeded in management reform a number of times since our founding, with the view that reform is a "strategy for victory" that will bring future growth. In this year's Annual Report, we will hereby introduce an outline of our reforms and the actual measures to be taken, which constitutes what we call "The Winning Game."

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Chapter 1 Start

Taking on structural reforms that will put us among the Top 3



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Chapter 2 Challenges



Though the overall toy markets in Japan and overseas are shrinking, toys for boys are growing in Japan

Full launch of the revival plan for returning to the growth track



Chapter 3 Players

Chapter 4 Opportunity



Strengthening product planning and development for new growth opportunities



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Achieving sustainable growth by offering toys that create new value from play



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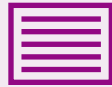
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Chapter 6 Performance



Downturn in hit products resulted in less income, with lower net profits due to structural reform costs

