

Founding philosophy:  
Driving force to challenge new reform

# ENGAGING THE HITMAKERS

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1st generation  
LICCA doll



We at the TOMY Group believe that our profits constitute the returns on repeated efforts to bring smiles to the faces of children the world over through our excellent products. As “hitmakers,” we at the TOMY Group have produced a number of long-selling products and have accomplished several major transformations within the Japanese toy industry, including the toy materials revolution and being out in front of the trend toward export-based business.

As the TOMY Group approaches our 90th anniversary in an era in which the concept of “play” is changing with the times, we must hold fast to our founding spirit and take up the transformational challenge to surmount the era that is to come and make the leap to a global company within the toy industry.



4th generation  
LICCA doll

# History of Innovation

TOMY will continue reforming in response to changing times as before.

## 1<sup>ST</sup>

### GENERATION BEGINNING IN 1924

TOMY's Focus

#### CRAFTSMANSHIP

Industry Trend

#### METAL AND MOTORS

Many tin toys were manufactured during this era, with TOMY garnering particular acclaim for our "Aero Plane TOMIYAMA." After the war, our friction toy "B-29" was a big hit in Japan and abroad, with TOMY taking the initiative in large-scale toy exports.

## 2<sup>ND</sup>

### GENERATION BEGINNING IN 1954

TOMY's Focus

#### MASS DEVELOPMENT AND PRODUCTION

Industry Trend

#### MATERIAL REVOLUTION

Along with postwar economic growth, the toy industry rode a wave of materials and technological innovation characterized by great transformations, such as from metal to plastic and friction to electric. This era was marked by the advent of multiple product model development and mass production.

## 3<sup>RD</sup>

### GENERATION BEGINNING IN 1984

TOMY's Focus

#### MARKETING

Industry Trend

#### PUBLIC INFORMATION REVOLUTION

Electronic game consoles such as the family computer and similar products offering data as added value hit the market during this era, which was marked by broad swings in toy sales caused by mass media marketing, mainly through TV and magazines. The Plaza Accord caused significant appreciation of the Japanese yen, resulting in dramatic changes in the domestic business, such as the closure of factories in Japan. The scale of our business expanded in 2006 through the merger of Takara and TOMY. The pace of our overseas expansion also accelerated in 2011 with the acquisition of a U.S. toymaker.

## 4<sup>TH</sup>

### GENERATION BEGINNING IN 2014

TOMY's Focus

#### NEW TECHNOLOGY

Industry Trend

#### THE PERSONAL REVOLUTION

This era is characterized by "new technologies" that fuse analog with digital. Products and modes of play are entering the "individual" era, and the market is turning from the promotion of individual products to the ascendancy of brands.



Business model:  
Revenue-producing structures

# HITMAKERS

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## DELIVER

## VALUE



The TOMY Group seeks to optimize each part of the process from planning and development through manufacture and sales as we build an efficient supply chain for overall optimization.

At the planning and development stage, we conduct thorough information gathering to monitor trends over a broad range of fields, including product materials and manufacturing technologies. At the production stage, we pursue safety and quality by establishing a quick and sure checking system that employs both external specialized agencies and TOMY's own inspection. At the marketing stage, we implement structures that put customer feedback to use in product development and develop promotional campaigns. In sales, we propose market expansion and the creation of sales outlets that employ the special characteristics of each sales channel. The dedication of the "hitmakers" at each stage in the process from planning and development through sales builds up the Group's knowledge, know-how and technical skills as important intellectual assets, forming a structure for offering customers high-value-added products.

For details, refer to the Special Feature on page 35.



Collaborative value creation with stakeholders

# VALUE BRINGS SOLUTIONS

The TOMY Group is proud of and takes responsibility for the toy business we operate, and we have focused on growth by considering what constitutes value to our stakeholders and acting accordingly. Collaborative value creation with stakeholders forms the basis of the Corporate Guidelines shared throughout the company.



# Creating Shared Value

## THE TOMY GROUP WAY

1

### Customers

We will bring dreams to reality through products which offer new forms of play value.

2

### Employees

We will strive to offer a dynamic working environment which maximizes individual initiative and creativity.

3

### Shareholders

We will satisfy expectations and earn trust through sound management and quality earnings growth.

4

### Business Partners

We will deal fairly and honestly, aiming for mutual prosperity.

5

### Society

TOMY Group will continue to be a faithful and trusted corporate citizen for the 21st century.





# SOLUTIONS LEAD TO FUTURE GROWTH

The TOMY Group is increasing management decision-making speed and shoring up Group business control functions to improve the performance of our overseas business and enhance production in our domestic toy business. The Revitalization Plan, which is founded on three basic policies, has been driving the restoration of profitability and the streamlining of management.

For the year ending March 31, 2015, we will further clarify issues and move forward with the three reforms of the New Medium-Term Plan—“Revolution of mind,” “Product revolution” and “Structural revolution of business”—over the near, medium and long term.

# The Three Basic Policies of the Revitalization Plan

## BASIC POLICY

NO. 1

*“Build a stable revenue base in our Japan toy business”*

- Develop collaboratively products linked to popular characters
- Expand the core products
- Strengthen the toy peripheral business
- Restrain personnel costs, reduce advertising costs and ensure the flexibility of fixed costs
- Realign the group to focus on the core business

## BASIC POLICY

NO. 2

*“Focus investment on U.S. and European markets and promote globalization”*

- Increase sales synergies through cross-selling

## BASIC POLICY

NO. 3

*“Form our next-generation businesses through trial businesses in the growing Asian market”*

- Launch business trials in Indonesia
- Restructure the China business
- Integrate the Hong Kong manufacturing subsidiary to form a global procurement center

# Growth Strategy from the Year Ending March 31, 2015

## REVOLUTION OF MIND

Willingness – Spirit of risk taking

## PRODUCT REVOLUTION

Venturing into “White Space”  
Developing brands that suit the age

## STRUCTURAL REVOLUTION OF BUSINESS

Poor POA (Point of Availability)  
Structure – Many organizations and layers

For details, see the “Message” on page 17.

# FUTURE GROWTH ENHANCES OUR STRENGTHS

The TOMY Group is undertaking drastic management reform in accordance with market changes while holding fast to our unchanging corporate philosophy. The superior competitiveness yielded by this reform is building the management platform for further growth.

Based on the foregoing business model and the New Medium-Term Plan for growth, we are sharpening our Group's strengths, such as the manifold TOMY intellectual property strength and hit product power that have resulted in long-selling products, the global development strength that enables expansion of new business regions, and finally our passion for toy-making shared by everyone at TOMY. Harnessing these TOMY Group attributes will lead to sustained growth.



# No.1

in the number of registered trademarks  
(number of trademark registrations in 2012  
as compiled by the Company.)

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Hundreds of millions of  
long-selling products shipped

TOMICA:

587

million products

PLARAIL:

150

million products

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DUEL MASTERS:

approximately

5

billion cards

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More than

130 countries and  
regions

where TRANSFORMERS are launched

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More than

60 leading  
brands:

TOMICA, PLARAIL, LICCA doll, KOEDA-  
CHAN, TRANSFORMERS and more

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Product rollouts in 15 of the 16 toy  
categories

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