

**TAKARA
TOMY**



Annual Report 2021

TOMY Company, Ltd.

(For the year ended March 31, 2021)

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Annual Report 2021 Editorial Policy

The TOMY Group publishes an annual report to provide stakeholders with an in-depth understanding of the Group's medium- to long-term value creation efforts. This edition of the report will include a message from the president providing an overview of the Group's new medium-term management plan, which seeks to respond to the new lifestyles and social changes triggered by the COVID-19 pandemic and create a framework for achieving value creation in the medium and long term. In the sustainability section, we will introduce the TOMY Group initiatives that are making progress in solving social issues through our business activities and creating a sustainable society. We hope that through this information, readers can gain a good understanding of the future development 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.

chapter 1

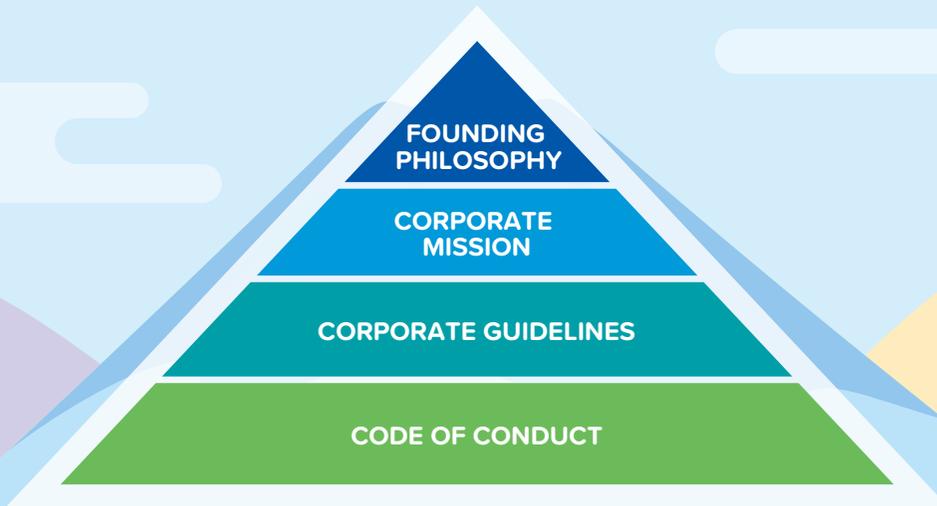
The TOMY Group History, Corporate Value and Vision

Where We Came From and Where We Are

TOMY's Founding Philosophy has been inherited within the Group companies since Eiichiro Tomiyama created Tomiyama Toy Seisakusho, the predecessor to TOMY, in 1924. Ever since, the TOMY Group has continued to create new play value while aiming to fulfill the dreams of children and all others. In this section, we introduce the history, philosophies and vision of the TOMY Group, which has led the Japanese toy industry for nearly a century, while describing its current business domain and value creation processes.



The TOMY Group Philosophies



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.

Message from the Chairman

The environment surrounding us continues to undergo considerable change. The COVID-19 pandemic has transformed our values and how we live and work. It is because of this extraordinary situation that I feel customer perspectives have also changed to choose those things firmly grounded in the roots of play, and to demand some more fun that represents “true play.” At the same time, society is placing increasingly strong demands on companies to address climate change, waste plastics, human rights issues and other concerns. Instead of only addressing the issues right in front of us, we must develop solutions to these challenges by implementing fundamental reforms utilizing digital transformation and other concepts. To this end, each of us will act with the determination to make changes that are not merely an extension of what we have done before, and instead paint the picture of an exciting future that awaits.

Embracing the Founding Philosophy that has been passed down over generations as an unshakable pillar of the TOMY Group, I have been working on the creation of safe and secure toys that put children first. It was 10 years ago at the time of the Great East Japan Earthquake when I realized that as the world changes with the times, the power that toys hold remains the same. When we were delivering toys to children who had been affected by the disaster and were spending anxious days at an evacuation center, the children came running up with excitement and began to play with the toys with smiles on their faces. Those smiles even spread to the adults nearby who were watching the scene unfold, along with expressions of relief. Even now, this experience reminds me that the toys we create heal the minds and put smiles on the faces of many children and their families, and play an important role in the sound physical and mental development of children.

With people around the world aiming to achieve the “leave no one behind” advocated by the SDGs, what role does the TOMY Group play? We have established and continue to work toward our sustainability vision for 2030 as “become friends with children around the world” by embracing the unchanging power of toys and determination to adapt to societal changes. And starting this year, we launched the TOMY Group Social Responsibility Framework in order to respond to social issues with a greater sense of urgency than ever before. In this framework, we have set specific goals to be met in the medium term and will drive unified efforts across the TOMY Group in pursuit of them.

We will become friends with children around the world by creating new value in play and by striking a balance between a sustainable society and the growth of the TOMY Group.

富山 幹太郎

Kantaro Tomiyama

Representative Director,
Chairman & CEO



The TOMY Group Values

Passion for Toy Manufacturing

Do You Like Toys?

Once, there was a young boy who was fascinated by a beautiful German toy he saw in a foreign magazine while working as an apprentice. At the young age of 11, he decided that he wanted to become a toy manufacturer who would, with his own hands, someday create magnificent toys that would enthrall children throughout the world. The young boy's peers were surprised and astonished by this dream, dismissing and ridiculing it as outrageous. The young boy disregarded this opposition and began pursuing his dream. His name was Eiichiro Tomiyama, and at the age of 21, he established Tomiyama Toy Seisakusho, the predecessor to today's TOMY.

Good ideas and designs arise from love for toys. Our love for toys is the primary source of our strength. Tomiyama believed that the mission of toy specialists is to produce new and unprecedented creations and contribute to society. Accordingly, his philosophy concerning toys insisted upon the creation of truly excellent quality products with play value for children and infinite possibilities for the future. This philosophy is deeply etched into the heart of each member of the TOMY Group.



© TOMY

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

Coexistence and Coprosperity with Stakeholders

Our Ideals Are Grounded in Mutually Beneficial Relationships with Stakeholders.

Japan's toy industry developed and modernized throughout most of TOMY founder Eiichiro Tomiyama's 75-year life.

In the early years of Japan's Showa era, Tomiyama realized that changes in manufacturer awareness regarding conventional management methods and structural reforms would lead to development in the Japanese toy industry. Along with like-minded peers, he formed The Japan Toy Association, which included this noble ideal of coexistence and coprosperity within its charter. The Association was established with the belief that development in the Japanese toy industry and personal growth among toy manufacturers could be achieved through several principles.

Its founders professed that toy manufacturers would not benefit by creating and competing with similar products and that production of imitation products was the ultimate shame. In addition, they believed that toy manufacturers should always endeavor to improve their products and strive to come up with new ideas. Furthermore, they acknowledged that toy manufacturers should create high-quality products while maintaining an awareness of how important toys are to children. Founders of the association also realized that manufacturers should refrain from producing toys with the mindset that they will "sell no matter what" and abstain from profiteering without concern for the charter. Finally, they were aware that those in the toy industry should be aware of the significance of their work and fully apply themselves to achieving coexistence and coprosperity.

Eiichiro Tomiyama's ideal of coexistence and coprosperity lives on today as TOMY's Founding Philosophy.



Left: 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)
Right: "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

Quality Governs the Global Market

After the end of the Second World War, confidence in the Japanese toy industry was dropping worldwide due to a preponderance of inferior products. At the time, TOMY had taken the American toy market by storm with its large B-29 friction toy airplane and was recognized across the globe for its high-quality products. However, it was also affected by the declining confidence in Japanese products overall.

In 1955, Masanari Tomiyama, who went on to become the Company's second president, made his first trip to the United States. He was thoroughly shocked by a scene he saw in a musical during which a character exclaimed "Oh! Made in Japan!" when a doorknob detached in his hand after being turned. At this moment, he swore to himself that he would someday create toys that would cause the world to say "Japanese products are made with the highest quality."

In accordance with its founder's belief that "quality governs the global market," the Company established an internal product inspection department ahead of its competitors, implemented aggressive quality control activities within its production areas and strove to improve product quality with full support from all employees and Company members. Through these efforts, in 1971, the Company became the first Japanese toy manufacturer to receive the Symbol of Excellence Award from Sears, Roebuck and Co., the operator of the world's largest retail chain at the time. This award was established to commend companies selected from around the world for "punctually providing products with superior design and excellent quality."



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



In 1963, we established an internal product inspection department. Later, in 1974, we formulated quality control regulations to raise product quality (pictured here is our product inspection manual used in 1986).

When we received the award, Sears commented that rather than bestowing the award upon the Company itself, it wished to grant the award to its employees, who made the superior products that justified the Company's selection. This comment continually reminds us to take pride in the quality of our products and fulfill our quality-related responsibilities.

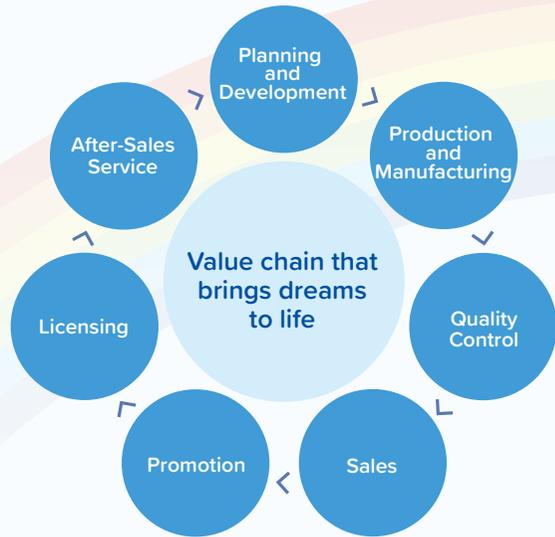
Throughout our existence, we have consistently valued and adhered to a simple policy of creating superior products and delivering them to children around the world. This is how we give back in return for past, present and future blessings.

Moving forward, we will continue to be a group that contributes to society through the toys we provide.

TOMY Group Business and Value Creation Process



TOMY Group Activities



Reform towards Sustainable Growth **P12**

New Medium-Term Management Plan
(FY2021 to 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

Stakeholders

Founding

The Value Created by the TOMY Group

Expand Lifetime Value

Segment expansion

Long-selling products

Domestic/
Overseas Group products

▶ P54

Financial performance

Consolidated results for
the fiscal year ended March 31, 2021

▶ P8

Net sales **¥141.2** billion

Operating profit **¥7.0** billion

EBITDA **¥14.2** billion

Promotion of sustainable business activities

▶ P19

Material issues

- ① Ensuring confidence, safety, and quality
- ② Creating new products, services, and IP
- ③ Promoting universal design
- ④ Organizational governance and communication with stakeholders
- ⑤ Active participation of diverse personnel
- ⑥ Responsible procurement
- ⑦ Environmental management
- ⑧ Encouraging education and culture through our business

Dreams we want to realize

**Outstanding
Global Company**

Social Responsibility Policy

**Become Friends with
Children Around
the World**

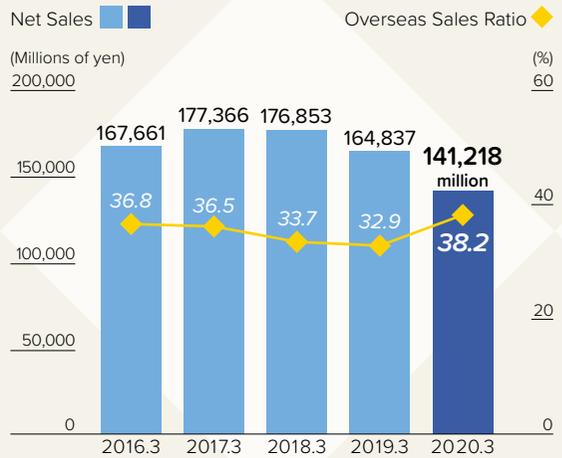
(Customers, Employees, Shareholders, Partners, Society)

Philosophy

Performance Highlights

Consolidated results for the year ended March 31, 2021

Net Sales
¥141.2
 billion

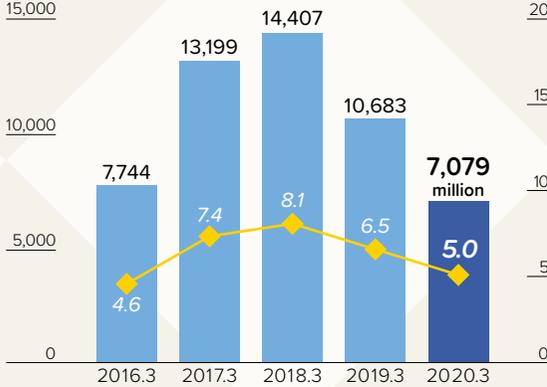


Operating Profit

(Millions of yen)
 15,000

Operating Margin

(%)
 20



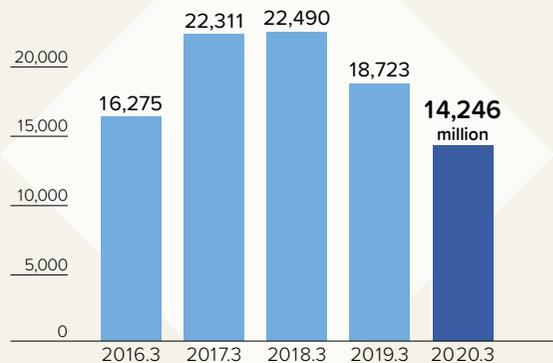
Operating Profit
¥7.0
 billion

EBITDA*
¥14.2
 billion

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

EBITDA

(Millions of yen)
 25,000



Review of Fiscal 2020 (the fiscal year ended March 31, 2021)

Toy Market

The size of the Japanese toy market in fiscal 2020 grew 1.5% year on year to ¥826.8 billion on a recommended retail price basis. This figure is the third largest in the past two decades of tracking, and we believe it suggests that even under the

emergency situation of the COVID-19 pandemic and a declining birthrate that has become increasingly evident in recent years, the demand for toys is solid and even has great potential for future growth. (Source: The Japan Toy Association website)

Performance Highlights

Despite a lagging recovery in the retail and event businesses, the TOMY Group beat its initial forecasts for operating profit, ordinary profit and net profit.

With the end of the COVID-19 pandemic still uncertain, the recovery of the Group's retail and event businesses has been delayed more than expected due to the postponement of movie releases and the cancellation, postponement or downsizing of various events. In addition, sales of some of the Group's staple products have declined due to fewer sales opportunities at recreation spots and public transportation. However, in the toy business, products catering to the demand to stay at home became popular, and e-commerce purchases saw further growth.

The TOMICA brand of die-cast miniature cars celebrated its 50th anniversary in 2020, coinciding with TOMICA EARTH GRANNER, an animated television series based on the brand that began airing in April. Related merchandise also went on sale, and we promoted the TOMICA 50th Anniversary Auto Maker Collaboration Project, among other activities. While domestic sales of BEYBLADE BURST are on a declining trend, overseas exports were solid due to factors including the ongoing broadcast of the animated television series in North America. Family-oriented games such as GAME OF LIFE and POP-UP PIRATE enjoyed healthy sales due to the heightened demand from people staying at home due to the COVID-19 pandemic. In addition, many products were launched on the market to coincide with the busy year-end shopping season, including TOMICA Double action building, Sew Cool Sumikko Gurashi and GAME OF LIFE Jumbo Dream. To expand a

new business domain, Nail Tip laboratory NELTIP, the dedicated nail tip printers targeting the teen to adult demographic, began operating at select stores from March 2021. On the other hand, sales from the retail and event businesses recovered later than expected. Given the factors described above, net sales declined 14.3% year on year to ¥141,218 million, below the initial forecast of ¥145,000 million. In October, the independent U.S.-based toy company Fat Brain Group became a subsidiary of TOMY International, Inc., and was added to the Group's consolidated performance figures.

In addition to growth in the high gross margin toy business in the third quarter offsetting the sluggish retail and event businesses despite declining sales, due to ongoing cost-cutting efforts amid the COVID-19 pandemic, we recorded operating profit of ¥7,079 million (down 33.7% year on year), beating the initial forecast of ¥5,500 million. Ordinary profit was ¥7,170 million (down 29.7% year on year), beating the initial forecast of ¥5,500 million in part due to foreign exchange gains. In addition, we recorded extraordinary losses of ¥729 million due to COVID-19, including fixed costs (personnel costs and depreciation) incurred by retail stores and other sites that temporarily closed due to state of emergency declarations. However, in part due to the posting of extraordinary income of ¥1,619 million, including a gain on sale of cross-shareholdings, profit attributable to owners of parent was ¥5,374 million (up 19.2% year on year), beating our initial forecast of ¥3,000 million.

Overview by Regional Segment

Japan

Performance in Japan declined from the previous fiscal year because of the effects of the COVID-19 pandemic and some product life cycles running their course.

Effects due to the COVID-19 pandemic were felt throughout the year, including postponed movie releases and the cancellation, postponement or downsizing of various events, as well as a sharp drop in inbound consumption. Domestic sales of BEYBLADE BURST toys that went on sale in the summer of 2015 have been on the decline, but overseas exports have been solid, in part reflecting the ongoing airing of the animated television series in North America. From the first BEYBLADE series release in 1999 to the third release, a cumulative 500 million pieces of merchandise have shipped worldwide. In July, Sumikko Gurashi Sumikko Catch was released and enjoyed a popular reception. Dolls such as LICCA Colorful Change were also popular and achieved solid sales. However, the Surprise toys faced slowing momentum. Sales of merchandise related to the PAW PATROL animated television series that is popular worldwide remained strong. There was also growth in the sales of family-oriented games that can be enjoyed at home while people refrain from going out due to the pandemic, including GAME

OF LIFE and POP-UP PIRATE. In the Pokémon line, related merchandise including SMAPHO ROTOM LCD toys performed strongly. In addition, from September the new Pokémon MEZASTAR amusement machine was rolled out to a popular reception.

DUEL MASTERS PLAY'S, which was first released in December 2019, has continued to expand with the periodic release of new card packs and strengthened promotional efforts. In addition, pre-orders for LICCA and TOMICA merchandise developed in collaboration with *the Demon Slayer: Kimetsu no Yaiba* franchise that has become a hit in Japan and overseas were strong, while plush toys, capsule toys and the Candy toys developed by T-ARTS also performed well.

As a result of the above factors, we posted net sales of ¥113,328 million (down 18.4% year on year) and operating profit of ¥9,048 million (down 33.5%), with some products reaching the end of their life cycles and the spread of COVID-19 infections each having an impact.

(Millions of yen)

	2020.3	2021.3	Change	Change (%)
Net sales	¥164,837	¥141,218	¥(23,619)	(14.3)
Japan	138,948	113,328	(25,619)	(18.4)
Americas	17,214	21,845	4,631	26.9
Europe	5,507	5,998	490	8.9
Oceania	1,442	1,917	474	32.9
Asia (other than Japan)	51,491	41,458	(10,032)	(19.5)
Eliminations and corporate	(49,767)	(43,330)	6,436	–
Operating profit (loss)	10,683	7,079	(3,603)	(33.7)
Japan	13,615	9,048	(4,566)	(33.5)
Americas	(23)	222	245	–
Europe	(916)	(75)	841	–
Oceania	(166)	113	279	–
Asia (other than Japan)	1,248	724	(524)	(42.0)
Eliminations and corporate	(3,074)	(2,953)	120	–

Overseas

Rising demand for stay-at-home related products and growing e-commerce volume. With people spending more time at home, baby care products, preschool-related products and Farm toy products that children can play with all performed strongly.

Americas

Due to the spread of COVID-19 infections, people began to spend longer periods of time at home, and baby care products enjoyed strong sales as a result. Among Farm toy, ride-on toys children can play with at home were popular and drove strong sales. The addition of Fat Brain Group as a subsidiary of TOMY International, Inc., in October also contributed, with net sales reaching ¥21,845 million (up 26.9% year on year), along with operating profit of ¥222 million (up from an operating loss of ¥23 million the previous fiscal year).

Europe

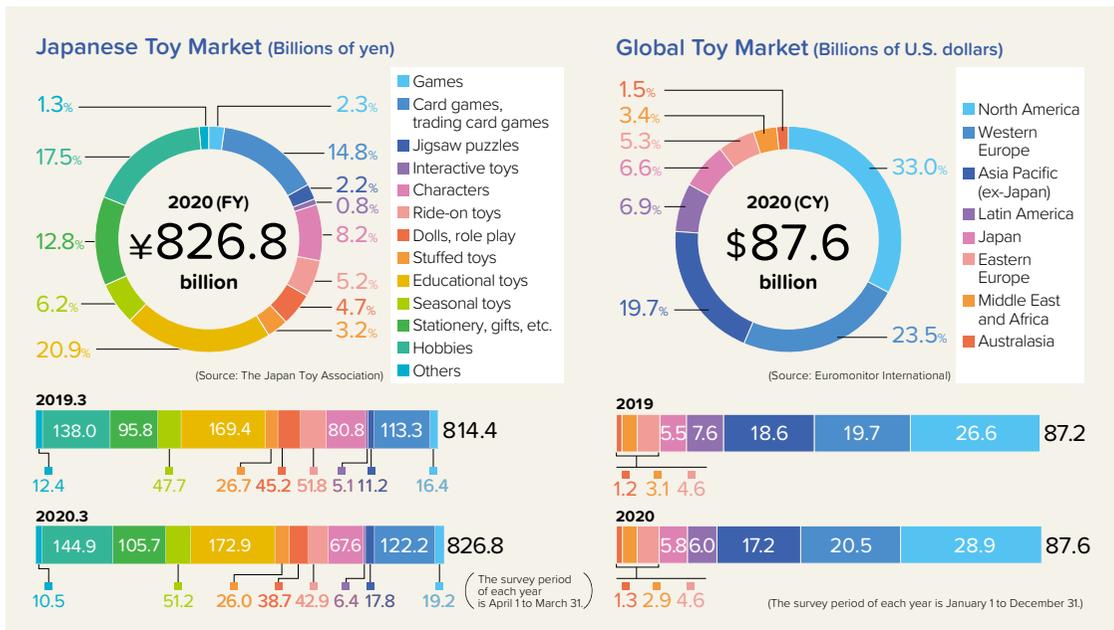
Family-oriented games attracted attention due to the COVID-19 pandemic, with DRUMOND PARK Games performing strongly. Sales of preschool-related products such as TOOMIES were also solid. Combined with healthy results for the core brand Farm toy, we posted net sales of ¥5,998 million (an 8.9% year-on-year increase) and an operating loss of ¥75 million (compared with an operating loss of ¥916 million a year prior).

Oceania

In addition to baby care products that constitute daily necessities, sales of preschool-related products were brisk. Among Farm toy, preschool products such as ANIMAL SOUNDS HAYRIDE proved popular and drove strong sales. As a result, net sales were ¥1,917 million (up 32.9% year on year), with operating profit of ¥113 million (up from an operating loss of ¥166 million the previous year).

Asia (excluding Japan)

On the production front, operations continued as usual in China, Vietnam and Thailand. In terms of demand, there was a significant impact on purchasing behavior due to restrictions on going out being implemented in some countries and regions. However, in Taiwan, which had few COVID-19 infections, TOMICA EXPO in TAIWAN was held as the first overseas TOMICA EXPO. Net sales were ¥41,458 million (down 19.5% year on year), with operating profit of ¥724 million (down 42.0%).



Our Aims and the Management We Have Adopted to Achieve Them

Throughout its existence, 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. For nearly a century, technological development has been striking and customer needs have been changing substantially. Furthermore, the world is now facing a global pandemic that has further accelerated change. In this section, we will introduce growth strategies described by President Kazuhiro Kojima and explain the targets the TOMY Group is pursuing, as well as the management it has adopted to achieve them.

Message from the President

We will create a better world and a brighter future with the power of *asobi*, bringing excitement, surprise, emotion and smiles to children and adults alike.

Looking Back on the Fiscal Year Ended March 2021

During the COVID-19 pandemic, we have been forced to transform how we live into something completely different from what we have come to know. Amid this unprecedented crisis, we have made every effort to prevent the spread of infections, such as by dramatically reducing the outside movements and work attendance of employees and promoting telework, to ensure the health and safety of employees and their families, customers and business partners. I would like to express my deep gratitude to each of our employees, who have taken the initiative in efforts to develop innovative solutions, and for being able to continue business operation with the help of all our valued stakeholders in this rapidly changing environment.

Looking back on the fiscal year ended March 2021, due to the spread of COVID-19 infections the release of some products had to be postponed at the beginning of the year, leading to lost sales opportunities. However, we were able to continue normal operation of production activities in China, Vietnam and Thailand, resulting in only a limited disruption to the supply chain.

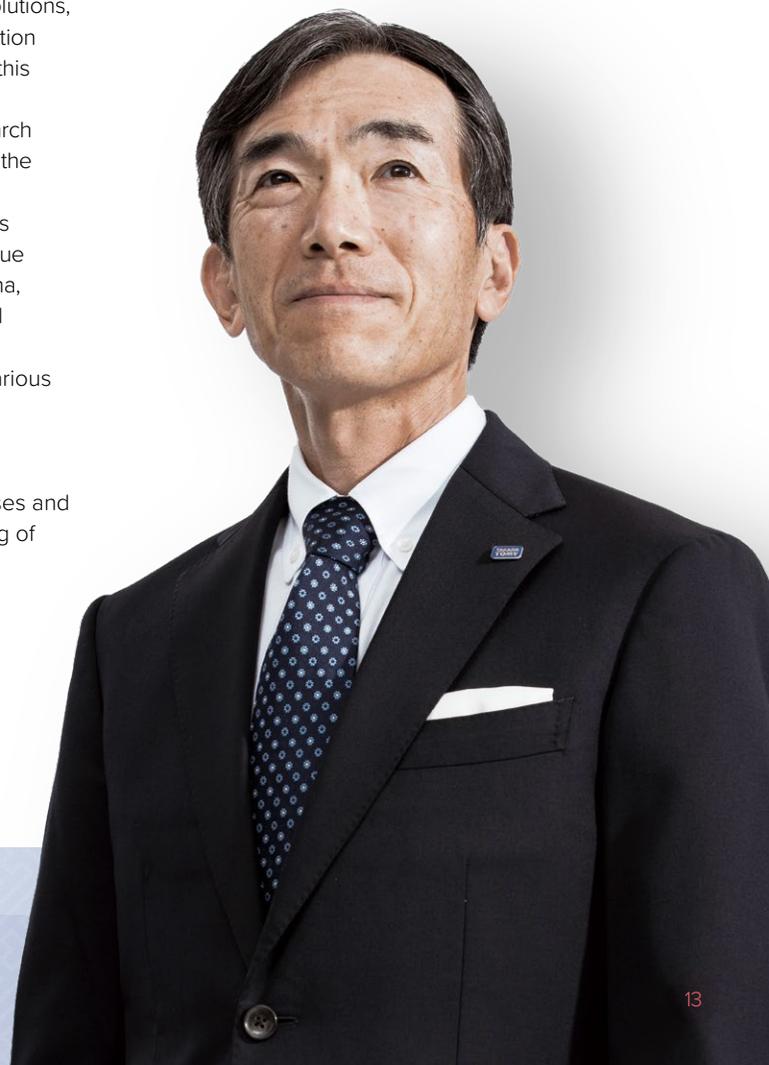
On the other hand, with lockdowns in various countries and repeated state of emergency declarations in Japan to stop the spread of infections, the end of the pandemic was still uncertain, leading to postponed movie releases and the cancellation, postponement or downsizing of

various events. The TOMY Group experienced an unexpectedly long delay in the recovery of its retail businesses, including KIDDY LAND and TOMICA PLARAIL Shops, and in the event business, including the TOMICA EXPO and PLARAIL EXPO events. In addition, there was a decline in sales opportunities for some staple products sold at recreation spots and through public transportation. However, products catering to the demand to stay at home became popular, and e-commerce purchases saw further growth.

小島 一洋

Kazuhiro Kojima

Representative Director,
President & COO



In the Americas, Europe and Oceania, we achieved solid sales mainly of baby care products, which constitute daily necessities, against the backdrop of higher demands for staying at home and rapid growth in e-commerce purchases due to COVID-19. In addition, in October 2020 TOMY International, Inc., made the independent U.S.-based toy company Fat Brain Group a subsidiary, adding its business results to consolidated performance. Since the Fat Brain Group was formed in 2002, its toy and game retail, toy manufacturing and wholesale businesses have spread to 33 countries around the world, and through a direct-to-consumer (D2C) platform featuring high efficiency and scalability thanks to in-house logistics, the Group sells toys directly to consumers across the United States. By using its strengths in the D2C business to expand market share and develop products that directly reflect customer feedback, we aim to create further synergies as a growth driver.

In 2020, TOMICA celebrated its milestone 50th anniversary. We released merchandise related to TOMICA EARTH GRANNER, an animated television series based on the TOMICA brand that began airing in April 2020, and promoted the TOMICA

50th Anniversary Auto Maker Collaboration Project, among other activities. In addition, in Taiwan, which has managed to keep COVID-19 infections to a minimum, TOMICA EXPO in TAIWAN was held as the first overseas TOMICA EXPO.

As a result of these initiatives, even with the effects of the COVID-19 pandemic we posted net sales of ¥141.2 billion (down 14.3% year on year) compared with the initial forecast of ¥145.0 billion. On the profit front, due to growth in the high gross margin toy business and ongoing cost-cutting measures during the pandemic, we recorded operating profit of ¥7.0 billion (down 33.7% year on year) compared with an initial forecast ¥5.5 billion, and ordinary profit of ¥7.1 billion (down 29.7%) compared with ¥5.5 billion expected initially. As a result, despite year-on-year profit declines, we beat our initial forecasts. In addition, profit attributable to owners of parent was ¥5.3 billion (up 19.2% year on year), beating our initial forecast of ¥3.0 billion, in part due to recording extraordinary income, including a gain on the sale of cross-shareholdings. Moreover, the share of overseas sales rose 5.3 percentage points from the previous fiscal year to 38.2%.



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Steady Strengthening of Our Profit Structure With the Previous Medium-Term Management Plan

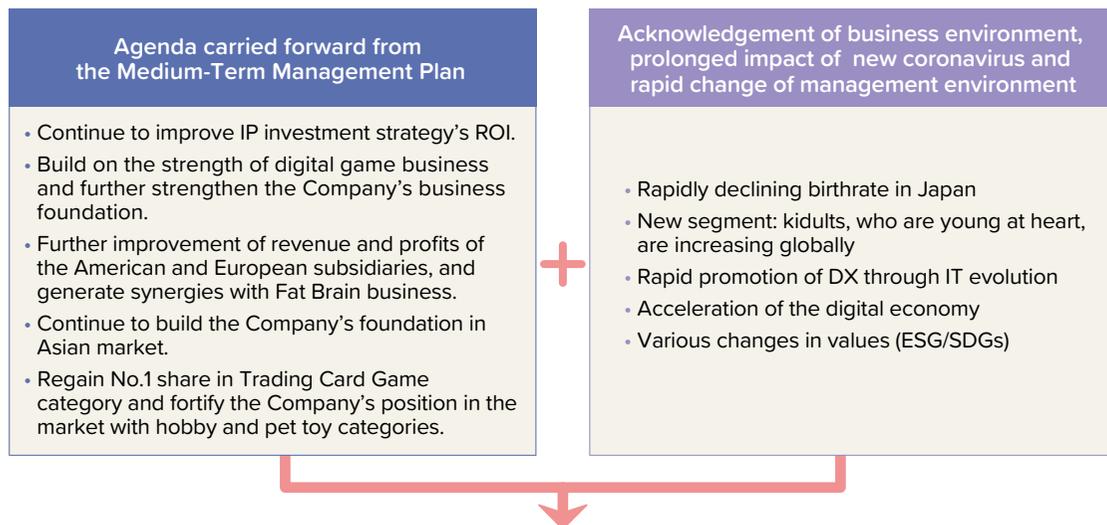
The fiscal year ended March 2021 marked the final year of the medium-term management plan that was started in the fiscal year ended March 2019. In the fiscal year ended March 2019, our businesses in Japan and Asia made steady progress and we scheduled the full-scale rollout of the highly profitable digital business in the fiscal year ended March 2020. Because of these and other factors, we upwardly revised our target operating profit to ¥16.0 billion. However, in the fiscal year ended March 2021, in connection with the growing COVID-19 pandemic that no one could have predicted, we were sadly unable to meet our target due to reduced sales opportunities for some staple

products sold at events, recreation spots and on public transportation, along with an ongoing and uphill battle for our retail and event businesses.

Although sales declines in Japan and Asia due to COVID-19 were the primary factor for this, in the Americas, Europe and Oceania, where sales had been on the decline, there were signs of a recovery with an upturn in sales.

As ups and downs in business performance within a single year are a persistent characteristic of the toy industry, when we look back at the various measures we have taken in the past three medium-term management plans beginning in the fiscal year

Agenda carried forward from the previous Medium-Term Management Plan



Reform towards Sustainable Growth

ended March 2013, the fiscal year ended March 2016 and the fiscal year ended March 2019, in terms of total figures, three-year cumulative sales have been roughly the same over the past nine years, but cumulative operating profit has steadily increased at an average annual growth rate of around 25%. As seen from these results, the TOMY Group has made continuous improvements to its profit structure.

In terms of the progress of our business strategies, while there are some areas in which we have failed to achieve targets laid out in Company-wide plans for value creation, we believe we have made progress in seizing opportunities leading to growth in the next period through the development of new brands and IPs for game and video content. In terms of customer demographics, we have identified business opportunities that resonate outside our core targets, such as the strong performance of TOMICA Premium, our line of high-detail collectible models aimed at adults.

Despite this, we recognize that we face ongoing challenges. We expect that until the

COVID-19 pandemic is completely over restrictions on going out, temporary closures and shortened operating hours of stores and the cancellation or postponement of events will continue to occur in and after the fiscal year ending March 2022, making it necessary to swiftly and flexibly respond to changes in the management environment. In terms of our IP investment strategy, we must continue to improve ROI while working to strengthen the foundations of the digital game business by utilizing our strengths. In addition to creating synergies with the Fat Brain Group we acquired in October 2020, we will further improve the profitability of existing brands of our subsidiaries in Europe and the United States, while continuing to build foundations in the growing Asian market. In terms of changes to the business environment brought about by the COVID-19 pandemic, while the birthrate is rapidly declining in Japan, modes of play and values are changing globally, fostering the development of adults who maintain a playful spirit, known as "Kidults." In recent years consumer values have also changed, such as the preference for products from companies that show a strong awareness of the environment and society, and the TOMY Group will need to drive changes aimed at sustainable growth by strengthening and broadly disseminating information about its existing ESG initiatives along with activities contributing to the SDGs.



TOMY's Vision

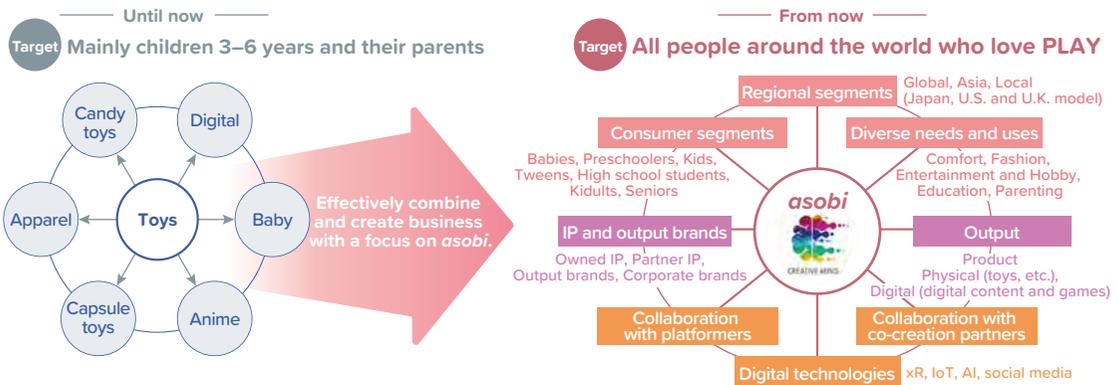
With the way people play and their values undergoing considerable change, combined with the changing business environment in response to COVID-19, we have continued to pursue peace of confidence, safety and quality for children based on the Founding Philosophy that serves as the lodestar of the TOMY Group. This “commitment to quality manufacturing” has and always will remain the same. At the same time, we must continually change the products and services that we offer. In response to the changing management environment, including the rapidly declining birthrate in Japan, we employ the keywords “excitement,” “surprise,” “emotion” and “smiles” to convey the value we will create toward sustainable growth. These concepts do not apply only to children. The TOMY Group is looking to expand its segments, enhancing lifetime value to everyone, from children to seniors.

We will broaden our target customers from the previous “mainly children 3–6 years and their parents” to “all people around the world who love PLAY,” and expand the products and services we offer to

customers of different ages, regions, needs and uses through various outlets, from hardware such as toys and model chassis to software such as digital content and games. By not only utilizing digital technologies but also combining coordination with external resources including platform holders and co-creation partners, we will expand opportunities for monetization.

The TOMY Group will transform the driving force behind sustainable growth from “toys” to “*asobi*,” and embrace the vision that “we believe *asobi* makes the world better, therefore we will contribute to the future global society through *asobi*.” At the same time, we will expand our business domains through the creation of high information-added businesses and products based on cutting-edge technologies and collaborations with other industries to invigorate markets that target not only children but also all people around the world who love PLAY. Moreover, we will not consider things that are merely an extension of what we have done in the past, but instead make full use of the power of innovation and ingenuity.

Transforming the driving force behind sustainable growth from “toys” to “*asobi*”



Developing the Foundations for Sustainable Growth on a Global Basis in the New Medium-Term Management Plan

Given the ongoing challenges from the previous medium-term management plan and recent changes to the management environment, we formulated a new medium-term management plan that runs from the fiscal year ending March 2022 to the fiscal year

ending March 2024—our 100th anniversary. In our new medium-term management plan, we will promote the following six strategies under a basic policy of “We will leverage our strengths globally and build the foundation toward Sustainable Growth.”

1**Grow core brands based on their strengths**

Our major strength lies in our wide range of brands and IPs that include various staple products. We maintain an extensive in-house and partner brand palette that translates well both inside and outside Japan. By fully utilizing this strength, we will expand target markets globally by broadening age demographics and market regions.

We will expand earnings by placing the “right goods” that appeal to various embodiments of “*asobi*” in the “right places” that segment target markets in detail.

For example, we have kept the TOMICA brand as is but expanded the target ages by offering the TOMICA Premium line of high detail collectible models aimed at adults. Also, with the DUEL MASTERS trading card game that mainly targets elementary school age children, we have recreated scenes of play that will jog memories of when people played as children and appealed to those people with digital game software to expand the customer base to adults as well. Aiming at the potential markets based on “*asobi*” that were proven in the previous medium-term management plan, we will use TOMY’s strengths as a source of sales growth as we expand our regions, outlets and age groups.

2**Create big hits in Japan**

Another of our strengths is our planning and development capabilities that have long been cultivated as organizational DNA. We will demonstrate these capabilities not only to further develop existing toys but also to develop new styles of “*asobi*” that deliver on the concepts mentioned earlier: excitement, surprise, emotion and smiles.

We have built solid pipelines with partners that lead to the creation of hit products, and we will use them to continually provide markets with new products and operate global rollouts without missing the seeds of the next hit.

3**Continue IP investment**

For IPs that create staple products and mega hits, we will continue to make investments and pursue development both in-house and with partners to not only utilize those existing IPs but also create new ones. In the fiscal year ending March 2022, SHINKALION, which has been developed as the PLARAIL SHINKALION series since 2015, has had a second animated television series SHINKALION Z from April 2021, following a hiatus of around one and a half years. We will also expand the live action TV drama series GIRLS X WARRIOR, which was launched in the spring of 2017 and still enjoys immense popularity five years later, with the feature-length film version of LOVE PATRINA! as the fourth installment and the new series KIRAMEKI POWERS!, which began airing in July, as the fifth installment. This will be followed in the fiscal year ending March 2023 with movie content from a new major partner as part of efforts to prepare for global growth through continued IP investment.

4**Launch new businesses with “*asobi*” as key**

By building an organization that incubates new businesses seeking forms of “*asobi*” that will deliver excitement, surprise, emotion and smiles and assigning personnel, we will create new forms of “*asobi*” that have never been thought of before.

For example, through the rollout of Nail Tip laboratory NELTIP targeting teens and adults given an advance launch at select stores from March 2021, the proposal of new forms of “*asobi*” utilizing map data from the Google Maps Platform and life robots for the elderly that incorporate face recognition features utilizing an AI image recognition chip, we aim to deliver new solutions to social issues emerging from the perspective of “*asobi*.”

In addition, we will strive to develop businesses that use our existing strengths in the toy business, such as the EMBOT cardboard robot kit that can be operated using a programming app as a business related to the GIGA School Concept.

5

Create new value by utilizing DX for value chain

In addition to pursuing direct-to-consumer (D2C) platforms utilizing digital technologies, we will increase the quantity and quality of strategy execution and further enhance corporate value by improving the quality and efficiency of all operations from marketing, planning and development to production, procurement, logistics, sales and staffing through the use of digital transformation (DX).

For example, in our sales activities we will work to expand new fan bases by creating segments based on customers' preferences for different products and brands and carefully reaching those customers through digital technology. On the research-and-development front, we will pursue the use of AI in toy development.

6

Sustainability and CSR initiatives

The TOMY Group has set the sustainability vision of “become friends with children around the world” to achieve both a sustainable society and grow our Group business and has pursued sustainability and CSR initiatives based on the three main pillars: Commitment to Quality Manufacturing, Sound Management and Coexisting with Society and the Environment. We have also set medium-term sustainability targets and KPIs (FY2021–FY2023) and will work on more in-depth initiatives aimed at indicators to be achieved in three

years. As we have seen rising interest in the SDGs from the global community, customers are finding higher added value in the form of ethical products and services. Accordingly, we will actively and proactively implement Group-wide sustainability initiatives that include providing products using eco-friendly materials, reducing our environmental impact such as by cutting CO₂ emissions in our business activities and engaging in responsible procurement. At the same time, we will strive to build a more vibrant workplace environment where a diverse range of human resources can succeed and innovation can emerge to deliver attractive products and services to a wide range of customers.

Through the execution of these strategies, we aim to achieve net sales of ¥185 billion, operating profit of ¥15 billion and return on equity (ROE) above 12% by the fiscal year ending March 2024, the final year of the plan. We also plan to achieve sustainable growth in net sales and profit from the previous plan on a cumulative basis over the three years of the new medium-term management plan.

To demonstrate our strong commitment to achieving this goal, for the fiscal year ending March 2022 we will introduce a performance-based compensation system for officers and employees. By clarifying the interconnection between the TOMY Group's performance and stock value with director and manager compensation, and sharing those profits and risks with shareholders, we will make strong efforts to improve medium- to long-term performance and further enhance corporate value.

Shareholder Return Policy

As we managed to generate greater than expected profits in the fiscal year ended March 2021 despite the COVID-19 pandemic, we issued a year-end dividend of ¥10 per share to shareholders, ¥2.5 higher than our initial forecast. Combined with the interim dividend of ¥7.5 per share, an annual dividend amounting to ¥17.5 per share was issued to shareholders. In addition to announcing a share buyback of up to 500,000 shares and ¥500 million, we have increased our forecast annual dividend per share for the fiscal year ending March 2022 and expect to issue ¥20 per share (¥10 of which will be an interim dividend).

The stable return of profits to shareholders is one of our key management issues. We determine

dividends considering factors including business performance and dividend payout ratio, with the basic policy of continuing to issue stable dividends. While continuing to anticipate unstable factors in the external environment such as a prolonged COVID-19 pandemic, we will proactively implement business investment in medium- to long-term growth areas such as global expansion. We will also continue to deliver products and services to people around the world by positioning “*asobi*” as a starting point based on the concepts of excitement, surprise, emotion and smiles, while making every effort to contribute to a better world going forward. Thank you for your continued support.

How to Achieve Our Sustainability?

To continue to realize the dreams of children and all people, we need to promote sustainable business activities. The only way to do this is to strike a balance between a sustainable society and growing our Group business. We have set a sustainability vision of “become friends with children around the world” and are pleased to share some of the initiatives we are working on in the areas of environment, society and governance to achieve our vision.



TOMY Group's Sustainability

Creating a sustainable society through co-creation with stakeholders

Become friends with children around the world



To contribute to a world in which "Leave No One Behind" is achieved as pledged in the SDGs, "Become friends with children around the world" was developed as the TOMY Group's sustainability vision.

Toward achieving our sustainability vision, we will work to form a prosperous society through business activities based on the spirit of coexistence and coprosperity that has been handed down since our founding and create new value in "asobi."

Co-creation with Stakeholders



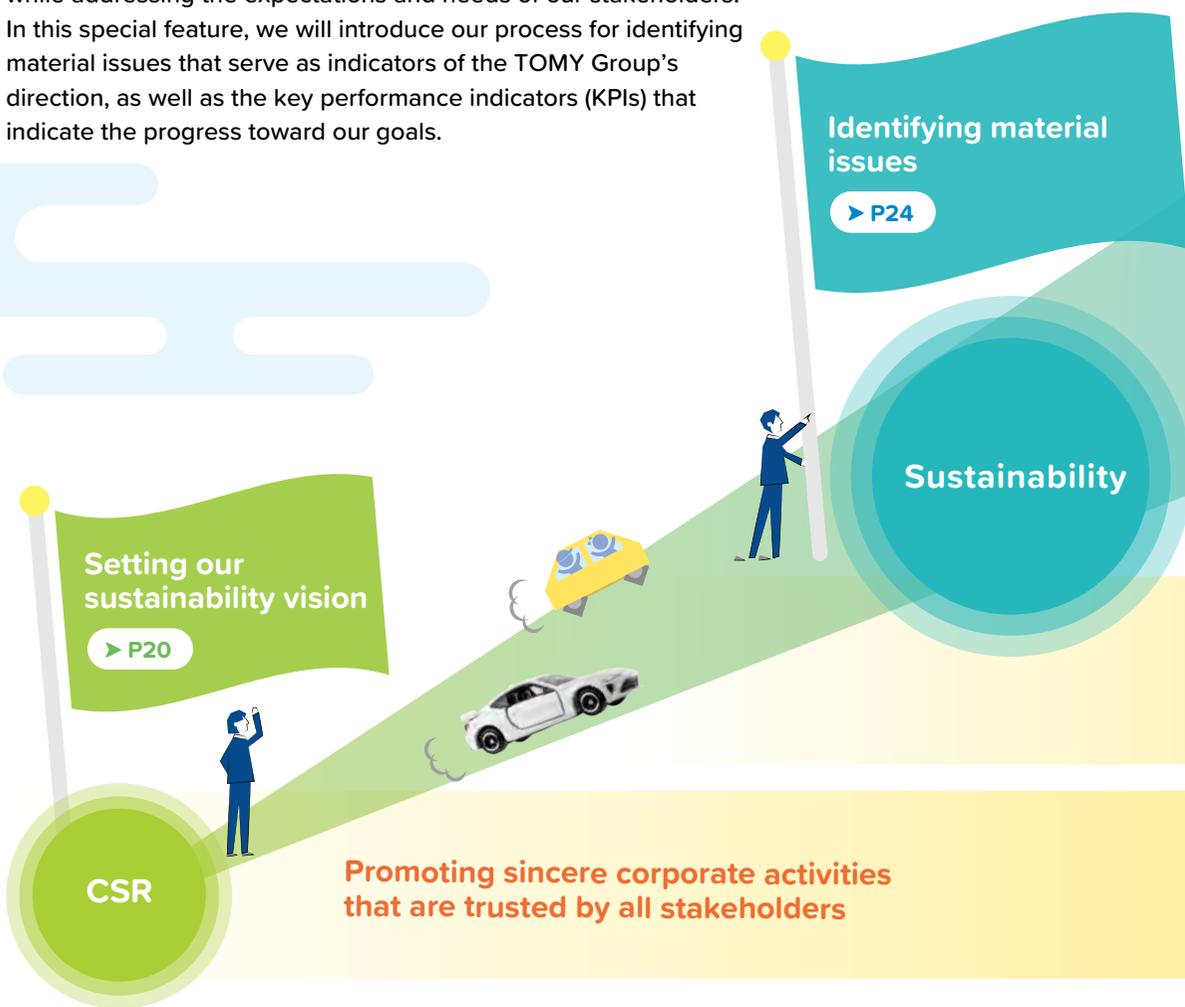
	Expectations and needs from stakeholders	Value creation initiatives in the value chain	TOMY's value creation
Customers 	<p>Expectations and Needs</p> <ul style="list-style-type: none"> Developing products and services that contribute to the healthy growth of children Sharing the worldview of the brand Offering attractive products that can be enjoyed by everyone from children to adults Providing products and services that ensure confidence, safety and quality Adapting to sales channels that meet "customer" needs Providing trusted after-sale services <p>Engagement channels</p> <ul style="list-style-type: none"> Providing information utilizing various media including websites In-store communication Collating results from questionnaires conducted at events and included with products Customer Service Department: approximately 230,000 consultations handled in FY2020 	<p>Planning and Development</p> <ul style="list-style-type: none"> Developing new creative products Developing universal design products that anyone can enjoy, such as Accessible-Design toys <p>Production and Procurement</p> <ul style="list-style-type: none"> Performing quality checks to ensure safety <p>Marketing and Sales</p> <ul style="list-style-type: none"> Collecting customer feedback and identifying requests Expanding sales channels to facilitate customer convenience <p>Selling and Store Support</p> <ul style="list-style-type: none"> Providing events that allow customers to experience our brands and worldview <p>Customer Service Department and Information Asset Management</p> <ul style="list-style-type: none"> Collecting feedback from customers 	<p>Providing new value in play turning dreams into reality</p>
Employees 	<p>Expectations and Needs</p> <ul style="list-style-type: none"> Ensuring the success of a diverse range of human resources Providing workplace environments conducive to innovation Promoting diversity & inclusion <p>Engagement channels</p> <ul style="list-style-type: none"> Providing opportunities for dialogue between employees and management through labor unions and otherwise Operating the TOMY Group Hotline Offering a mental health consultation desk Running the TOY system (suggestion box for product planning and improvement proposals for business activities) 	<p>Business Support Activities</p> <ul style="list-style-type: none"> Training to improve skills and support growth Training on sustainability, CSR and corporate ethics Developing mechanisms enabling diverse human resources to work with vigor Launching employee engagement surveys 	<p>Providing a workplace environment in which employees can fully demonstrate their independence and creativity</p>
Shareholders 	<p>Expectations and Needs</p> <ul style="list-style-type: none"> Providing opportunities for dialogue on improving corporate value Increasing share prices and providing profits through dividends Balancing sustainable society with economics <p>Engagement channels</p> <ul style="list-style-type: none"> Holding general meetings of shareholders and financial results briefings Issuing an annual report Disseminating information through websites 	<p>Business Support Activities</p> <ul style="list-style-type: none"> Carrying out appropriate engagement with shareholders Building an effective transportation management framework Building the foundation for sustainable growth 	<p>High-quality growth and sound management</p> <p>Contributing to a sustainable society</p>
Partners (Business Partners) 	<p>Expectations and Needs</p> <ul style="list-style-type: none"> Continuing to engage in trustworthy business dealings Developing products with brand power Establishing sustainable supply chains Building streamlined logistics systems Providing expertise for developing attractive sales floors Making sales floor proposals that cater to each sales location <p>Engagement channels</p> <ul style="list-style-type: none"> Running briefing sessions for partners Formulating transaction guidelines 	<p>Planning and Development</p> <ul style="list-style-type: none"> Developing new products through co-creation with partner companies <p>Production and Procurement</p> <ul style="list-style-type: none"> Engaging in fair trade Responsible procurement <p>Logistics, Warehouse Management and Emissions</p> <ul style="list-style-type: none"> Streamlining logistics systems to cater to various needs <p>Marketing and Sales</p> <ul style="list-style-type: none"> Proposing marketing activities that meet customer needs <p>Selling and Store Support</p> <ul style="list-style-type: none"> Providing events and other opportunities to highlight the worldview of the brand 	<p>Building strong relationships of trust through fair and equitable transactions</p>
Society and the Global Environment 	<p>Expectations and Needs</p> <ul style="list-style-type: none"> Providing eco-friendly products and services Promoting regional revitalization through events and collaborative projects Engaging in business activities that take human rights into account Creating employment opportunities in local communities through offices and production sites, etc. Developing environmental management systems Implementing anti-corruption measures Supporting next-generation education <p>Engagement channels</p> <ul style="list-style-type: none"> Providing online classes utilizing the SDGs GAME OF LIFE Conducting customer questionnaires Holding sessions to exchange feedback Holding engagement events 	<p>Planning and Development</p> <ul style="list-style-type: none"> Developing products and services that contribute to the development of local economies and culture Conducting research into eco-friendly materials Creating eco-toys (toys that meet in-house standards for eco-friendliness) <p>Production and Procurement</p> <ul style="list-style-type: none"> Promoting employment in each region Reducing the impact on the environment from production and procurement activities Establishing a supply chain that respects human rights Conducting compliance training Reducing environmental impact in production processes <p>Logistics, Warehouse Management and Emissions</p> <ul style="list-style-type: none"> Reducing the impact on the environment by streamlining logistics systems <p>Business Support Activities</p> <ul style="list-style-type: none"> Promoting next-generation education support activities 	<p>Achieving a sustainable society</p> <p>Revitalizing economies in local communities</p> <p>Contributing to education and culture</p> <p>Contributing to a sustainable global environment</p>

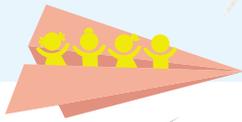
The TOMY Group's Approach to Achieving Its Sustainability Vision

The TOMY Group has been implementing CSR initiatives to address social issues through its regular business activities. In addition, as we look to our 100th anniversary in 2024 and beyond, we have taken further steps to achieve our sustainability vision of “become friends with children around the world.”

Sustainability at the TOMY Group means striking a balance between providing people with excitement, surprise, emotion and smiles, and contributing to the SDGs by tackling solutions to social issues through our business activities and realizing a sustainable society as a result.

The question is what path we will take to realize our sustainability vision while addressing the expectations and needs of our stakeholders. In this special feature, we will introduce our process for identifying material issues that serve as indicators of the TOMY Group's direction, as well as the key performance indicators (KPIs) that indicate the progress toward our goals.





The TOMY Group's
Sustainability Vision
**Become friends
with children around
the world**

Formulating goals based
on material issues and
evaluation indicators (KPIs)

▶ P26



Solving social issues
through business activities

Achieving a
sustainable society



Seizing new business opportunities
that incorporate changes in society

Growth of
the TOMY Group



Building
relationships of
trust with
stakeholders





Identifying Material Issues

1

Identifying and organizing social issues

After comprehensively identifying issues related to sustainability and organizing groups of issues to be analyzed as key issues, around 400 social issues were identified. Of these, the issues that had limited connection to the TOMY Group and similar issues were sorted and combined to identify 37 social issues.

2

Researching and analyzing the status of sustainability initiatives

We conducted research on the 37 identified issues to determine the presence of existing policies, look into management systems and the status of initiatives, and determine numerical results. The research covered 15 Group companies in Japan and abroad, including sales and production locations.

3

Identifying candidates as material issues

After the research data were provisionally evaluated by experts from an objective standpoint, project members from across the Group conducted further discussions to narrow the list to 14 material issues.

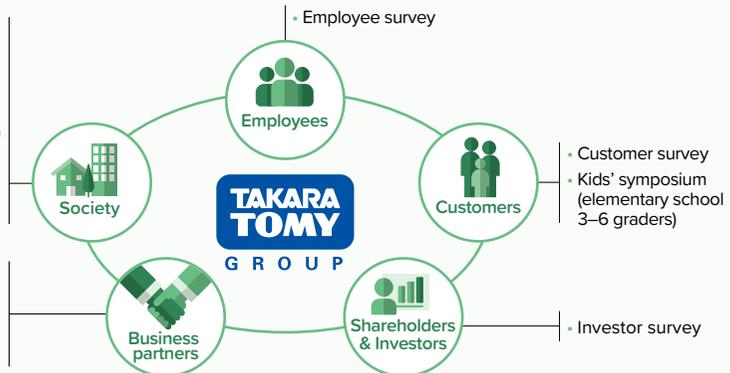
4

Holding dialogues with stakeholders

Questionnaires on the 14 material issues were conducted for customers, employees and investors. We set up the "TOMY Kids' Symposium" to provide opportunities for employees and children to exchange opinions from an equal standpoint in an effort to find clues for how the TOMY Group can make contributions in its own unique way.

- Mariko Kawaguchi, Senior Researcher, Daiwa Institute of Research Group
- Hidemitsu Sasaya, Visiting Professor of the Graduate School of Information & Communication and CSR/SDGs consultant
- Mitsuhiro Umezu, President of the Japan Society for Business Ethics
- Fumiaki Ibuki, Chief Editor, Toy Journal
- Yasuyuki Hoshikawa, Executive Director, The Accessible Design Foundation of Japan

Note: Positions as of December 2018

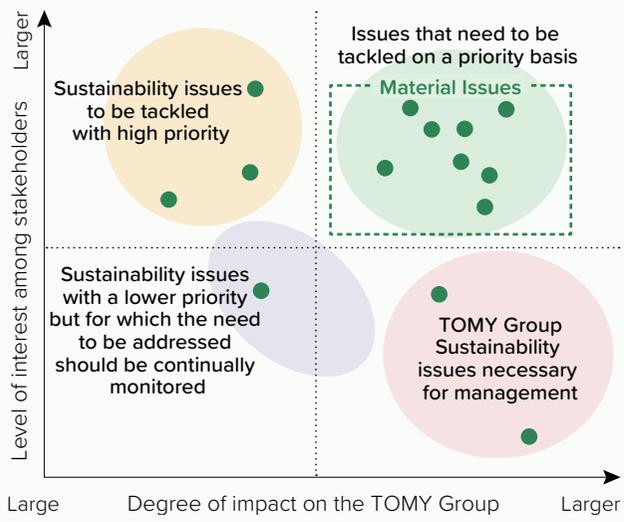




5

Identifying material issues

Project members discussed the level of interest among stakeholders and the degree of impact on the TOMY Group, and after aligning with management, narrowed the material issues to eight items.



Material Issues

- 1 Ensuring confidence, safety and quality
- 2 Creating new products, services and IP
- 3 Promoting universal design
- 4 Organizational governance and communication with stakeholders
- 5 Active participation of diverse personnel
- 6 Responsible procurement
- 7 Environmental management
- 8 Encouraging education and culture through our business





Setting of Medium-Term Targets and Evaluation Indicators (KPIs) Consistent with the Material Issues

This year, the TOMY Group established medium-term sustainability targets and KPIs (FY2021 – FY2023) based on the eight material issues.

Initiatives aimed at the TOMY Group Social Responsibility Framework, the pathway to achieving the Group's sustainability vision through business activities, were started.

Looking ahead, the TOMY Group will create even more value for society through its business activities and make every effort to fulfill the expectations of its stakeholders.

TOMY Group Social Responsibility Framework

Three pillars of social responsibility	Material issues	
<p style="text-align: center;">Pillar ①</p> <p style="text-align: center;">Commitment to Quality Manufacturing</p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">Expand play for all to enjoy</p>	<ul style="list-style-type: none"> ① Ensuring confidence, safety, and quality ② Creating new products, services, and IP ③ Promoting universal design 	
<p style="text-align: center;">Pillar ②</p> <p style="text-align: center;">Sound Management</p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">Be proud role models</p>	<ul style="list-style-type: none"> ④ Organizational governance and communication with stakeholders <hr style="width: 80%; margin: 10px auto;"/> ⑤ Active participation of diverse personnel <hr style="width: 80%; margin: 10px auto;"/> ⑥ Responsible procurement 	
<p style="text-align: center;">Pillar ③</p> <p style="text-align: center;">Coexisting with Society and the Environment</p> <hr style="width: 50%; margin: auto;"/> <p style="text-align: center;">Protect the environment so children can smile in play 100 years from now</p>	<ul style="list-style-type: none"> ⑦ Environmental management ⑧ Encouraging education and culture through our business 	



The TOMY Group's Sustainability Vision

Become friends with children around the world

Medium-term sustainability targets and KPIs (FY2021 to FY2023)

Social responsibility through business

- 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
-
- 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
 - ① Build awareness of responsible procurement policies
 - ② Systematize responsible procurement management
 - ③ Identify issues and sites with high CSR-related risks
-
- 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



Contribute to achieving all SDGs both directly and indirectly



For those who wish to learn more about TOMY's sustainability efforts >>

This section of the website introduces a range of initiatives under way, from special features such as interviews with outside directors and TOMY kids' symposium to programs to protect the environment and social contribution activities. Please access the site if you are interested in the sustainability activities of the TOMY Group.

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



Initiatives to Address the Eight Material Issues

Ensuring Confidence, Safety, and Quality

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

In line with the global deployment of products, we carry out inspections based on original safety standards that are stricter than the toy industry safety standards represented by the ST Mark*. We have also established Product Safety and Quality Management Regulations and work to ensure safety and prevent problems throughout planning to production.

We also conduct in-house inspections and utilize third-party testing to prevent the contamination of heavy metals and phthalate esters. In particular, to reduce and eliminate regulated hazardous substances from products shipped to Europe and the United States, TOMY Quality Rules define chemical substance management methods in the manufacturing process. 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 the unlikely event of product contamination, we have established a system to prevent the product from entering the market, and we work to ensure continuous safety and quality of all products through thorough management. 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 Quality Standard were revised to reflect contemporary conditions in the 2021 edition issued in August 2021. 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 third-party inspection body. The mark is recommended by the industry to show that a toy has been made with careful attention to safety.



Training and Awareness-Raising for Employees Regarding Safety and Quality

We conduct "Safety Day" for all Group employees in Japan and overseas 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 230,000 consultations and inquiries annually (FY2020). The details are carefully recorded and analyzed, with all useful and important information provided as internal feedback. In particular, incidents of near accidents that could lead to injuries or accidents are verified in detail by the Customer Service Department, then 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, 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.



Tensile strength test



Drop testing

Creating New Products, Services, and IP

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 KIRAMEKI POWERS!, SHINKALION Z and BEYBLADE BURST, 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.



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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 damages 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

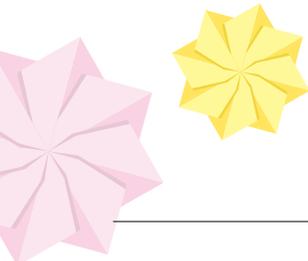
The TOMY Group began creating toys for children with disabilities in 1980 and later began developing Accessible-Design toys for the general market that could also be enjoyed by children with visual or hearing disabilities. At present, these activities have expanded to become initiatives that are implemented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

Accessible-Design toys include design features benefiting people with visual disabilities, such as raised surface marks on the ON side of power switches and sounds that are generated when toys are turned on. For people with hearing disabilities, we include a variety of features that contribute to fun playtime without the use of sound, including lights, vibrations and text, movement and pictures. These 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" logo 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, classes for elementary schools and so on.



LICCA with smoke and sizzle, lively barbecue Accessible-Design toys that sight-impaired children can also enjoy shared play with. The included accessories are designed so that they can be identified by touch, while LICCA provides voice guidance on the proper operation.



Active Participation of Diverse Personnel

Developing a Workplace Environment Where Employees Can Continue to Work with Peace of Mind

In 2014, we officially introduced the Work-at-Home System, under which employees whose time is limited due to such factors as providing childcare or nursing care can work from home once per week. We provide a full range of support systems, from pre-maternity leave to returning to work after paid holidays, enabling employees to return to the workplace with peace of mind, including access to in-house counselors. As a result of these initiatives to support a work-life balance, TOMY sees nearly 100% of its female employees utilizing childcare leave and returning to work.

TOMY has also formulated a new action plan to create a comfortable working environment so that all employees can balance work and home life while fully demonstrating their abilities. We are pursuing initiatives based on established targets, such as achieving a male employee childcare leave usage rate of at least 30% by the end of March 2026.



Striving to Achieve Diversity & Inclusion

As a part of efforts to develop a workplace in which a diverse range of human resources can succeed, the TOMY Group has promoted female empowerment from the perspective of gender diversity and in 2019 was selected for the first time as part of the MSCI Japan Empowering Women (WIN) Select Index. We have also formulated an action plan to develop an employment environment

in which women can succeed in managerial positions. We have set the target of having female employees account for at least 20% of managers by the end of March 2026.

Internal review meetings made up of the Human Resources Department and female managerial-level employees are held to further strengthen the promotion of female empowerment.

column

Inclusion in Select Indexes

The TOMY Group has been selected for inclusion in various indexes in recognition of its efforts on management issues regarding the environment and ensuring diversity. Moving forward, the Group will continue contributing to the development of a sustainable society.

S&P/JPX Carbon Efficient Index
(selected March 2021)



MSCI Japan Empowering Women Index
(selected June 2021)

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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.



Human Resource Development Aimed at Enhancing Competitiveness

Ahead of the TOMY Group's 100th anniversary in 2024, we are establishing an educational system and conducting training to build the foundations for strengthening people and organizations to evolve the TOMY Group into a tougher corporate entity. Next-generation leader development training, management training and tiered training are among the mandatory training curriculums. In addition, elective training for various skills improvement and subsidized TOEIC tests and correspondence courses are offered to support the skills development of employees. The TOMY Group has also established systems to pass on technologies and expertise that easily become tacit knowledge to future generations, including skills related to the structural design and molding techniques for toys.

In fiscal 2018, we held toy technology workshops lasting approximately eight months for junior employees, covering planning and development, technological development, production technologies and quality control. Since fiscal 2019, we have conducted three-month technical training for technical career track employees, equipping trainees with basic knowledge on toy development through classroom learning, on-site experience and review exercises. In addition, we have developed multilingual technical glossaries and checklists and have created, shared and utilized the TOMY Toy Technology Thinktank booklet, which compiles the expertise and other information needed when launching a production site.

TOMY International Group Established the DEI Committee

The TOMY International Group, which is responsible for our overseas business, established the DEI Committee as an employee initiative in late 2020. DEI stands for Diversity, Equity and Inclusion, and the committee's membership ensures we have a diverse representation from various office locations.

The Committee has identified four pillars of action within the organization:

- (1) Communication
- (2) Employee Training and Engagement
- (3) Talent Recruitment, Retention and Mentorship
- (4) Philanthropic and Sponsorship

We encourage every employee to foster Diversity, Equity and Inclusion, which includes respect and acceptance of others regardless of their backgrounds. Our DEI initiatives will ensure that TOMY International is recognized as a better workplace that gives all employees an equal chance to live, work, flourish and grow.





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, the TOMY Group has identified responsible

procurement as one of eight material issues that need to be addressed and revised the TOMY Code of Conduct for Manufacturers accordingly in fiscal 2019. We also formulated the TOMY Group Responsible Procurement Guidelines in May 2020.

Moving forward, we will thoroughly ensure that knowledge regarding these issues and guidelines is universal throughout the Company. At the same time, we will secure compliance with the TOMY Group Responsible Procurement Guidelines from business partners by providing them with relevant and understandable guidance through seminars and other means.

TOMY Hong Kong Initiatives

TOMY Hong Kong manages the production of products for customers (licensors) that have particularly strict codes of conduct as well as products bound for the United States and Europe. TOMY works with business partners to provide support enabling the ongoing management and operation of manufacturing sites based on the

TOMY Code of Conduct (COC) Program, which protects human rights at factories, ensures employee health and safety and addresses environmental sustainability. Actual audits are conducted based on the TOMY COC Program and incorporate processes including kickoff meetings, facility visits, employee interviews, document surveys and final meetings.

column

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.



The 10 Principles of the United Nations Global Compact

Human Rights	Principle 1	Business should support and respect the protection of internationally proclaimed human rights.
	Principle 2	Make sure that they are not complicit in human right abuses.
Labour	Principle 3	Business 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.
	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.
	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.

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 TOMYTEC domestic factory pulverizes waste generated from plastic molds and recycles it. In logistics, we are striving to mitigate environmental burdens through efforts to reduce the amount of cardboard and cushioning materials used while utilizing 100% recycled paper for cushioning materials and foldable containers that can be used repeatedly as well as sharing transportation with different industries.



- ① TOMY TEC CO., LTD. (Tochigi)
- ② Equipment that makes TOMIX train wheels
- ③ Metal scraps left over after cutting train wheels are recycled
- ④ Runners discarded during plastic molding

Development of Eco-friendly Products (Eco-friendly Toys)

The TOMY Group makes effective use of resources and engages in “Eco-Friendly toys” development that is 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 in an effort to spread green procurement initiatives in the toy market.



Eco-friendly Toy Mark

BOTTLEMAN series
With bottles as the “target” and bottle caps as the “bullets,” the parts of familiar PET bottles are separated for play. Product packaging and instruction manuals communicate to children the need to sort waste and recycle after play.

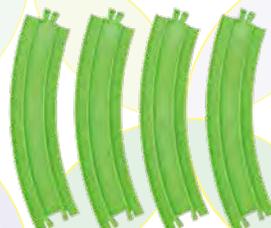


Eco Mark

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.



TOMICA Double action building (special 50th anniversary edition)
Quick transformation! Enjoy two modes!
A huge TOMICA parking building! The elevators are designed to switch between electric and manual modes, allowing play to continue even without batteries.



PLARAIL Eco Curved Rail

© TOMY

Encouraging Education and Culture through Our Business

Next-Generation Education Support Activities

The TOMY Group strives to support next-generation education by welcoming elementary, middle and high school student field trips, visiting elementary school classrooms and holding lectures at universities. These activities have been highly praised by professionals in the educational field for providing opportunities to nurture children's awareness and vocational perspectives on the symbiosis between the environment and society. A cumulative total of about 74,000 children have participated in these experiences (as of March 31, 2021).

In addition, since 2017 we have been working on the 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 newly 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 SDGs. Even during the COVID-19 pandemic, improvements have been made to the program details, with simultaneous interactive online lessons being conducted nationwide. We contribute to Sustainable Development Goals 4, "Quality education," and 17, "Partnership for the goals," and make every effort to facilitate the development of SDG leaders through toys.



New employees and supervising employees act as instructors to conduct online lessons



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 and Europe.

In the United Kingdom, we participate in toy donations and fundraising events through the offices of charitable organizations to provide support for children who are either in need due to poverty or afflicted with disabilities. We also donate to breast cancer research support groups.

In the United States, we strive to provide children with opportunities to have fun through play by participating in a variety of community activities, including toy donations for families and children in need.



Contributing to Sports Relief fundraising activities

Raising money for "sports/comic relief," the money raised goes to supporting mental health services, prevent poverty and help people at risk of domestic abuse as some examples.

* The photo above is from an event held in 2019.



Organizational Governance and Communication with Stakeholders

Risk Management (BCP)/Group Company Initiatives

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

How to ensure that logistics functions continue not only during a major disaster but also during normal operations is an important issue for business continuity.

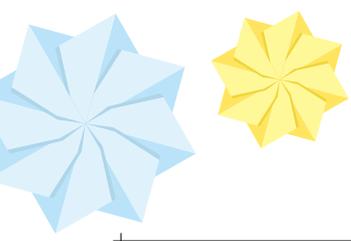
TOMY MARKETING COMPANY, LTD., which handles product sorting, packaging, warehouse receiving and dispatch, transportation and inventory storage, endeavors to mitigate the risks of shipment stoppages through functional enhancements and overhauling of material handling operations involving machine-based conveyance, loading and unloading. An inter-departmental project made up

of members from logistics, sales and management has also been formed to further review the business continuity plan (BCP) in response to the COVID-19 pandemic. Specifically, to prepare for a disaster occurring during the COVID-19 pandemic when there are restrictions to the number of people attending work, different disaster response structures based on employee attendance patterns were developed. This has eliminated issues caused by the people responsible for evacuation guidance, firefighting operations or other operations being absent while working from home.

KIDDY LAND

At KIDDY LAND, which is engaged in the sales of toys, fancy goods, character merchandise, books 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 business continuity plan (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.



Novel Coronavirus Response

The TOMY Group prioritizes the health and safety of its customers, business partners and employees. Accordingly, we implemented several health and safety measures even before the Japanese government declared a COVID-related state of emergency. These measures included hygiene-related criteria for employees, the promotion of shift-based work and telework to reduce on-site staff, and staggered working hours aimed at reducing infection risk.

Even after the Japanese government's state of emergency declaration was lifted, we have continued to implement telework and staggered working hours, reducing the ratio of employees who are required to commute to work. As a measure to deal with COVID-19, we implemented mass workplace vaccinations starting

in July 2021 to help speed up the vaccination rollout. We are also conducting a variety of measures aimed at preventing the spread of COVID-19 at TOMICA, PLARAIL and KIDDY LAND stores. These measures include body temperature checks for staff upon arrival, mandatory mask wearing, compulsory application of alcohol-based disinfectant upon store entry and exit and droplet infection prevention measures achieved through the installation of acrylic panels or transparent sheets between cashiers and customers.



TOMICA Shop
Social distancing notifications affixed to the floor to indicate where customers should stand when lining up for purchases

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 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, in order to 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 seven 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

The TOMY Group has established "Think about Compliance Day" as part of awareness-raising activities aimed at all officers and employees. This day is designed for domestic Group officers and employees to reaffirm the importance of compliance and share the details, causes and countermeasures to implement in the event a compliance issue occurs. Since fiscal 2019, Think about Compliance Day has been conducted by streaming video and conducting e-learning to prevent the spread of COVID-19.

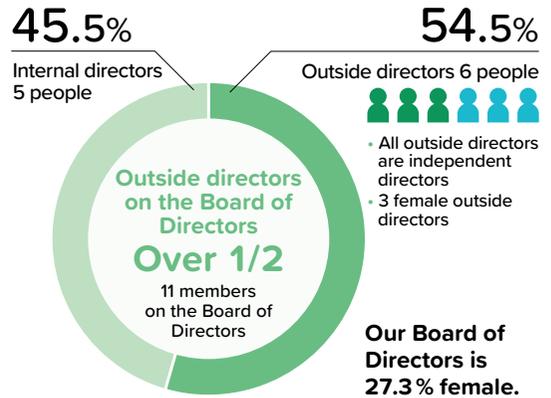
TOMY has also introduced a compliance leader system with the aim of further enhancing awareness of compliance and establishing a compliance structure. Senior managers from each department at domestic Group companies are appointed as compliance promotion officers, who subsequently nominate compliance promotion leaders. These leaders conduct training on the laws and regulations requiring compliance, as well as other generalized knowledge. In fiscal 2020, training was conducted on the Power Harassment Prevention Act that was enacted in June 2020. The compliance promotion leaders who underwent the training implemented dissemination and awareness-raising activities regarding the new law at their respective workplaces.



Promoting Transparent Management

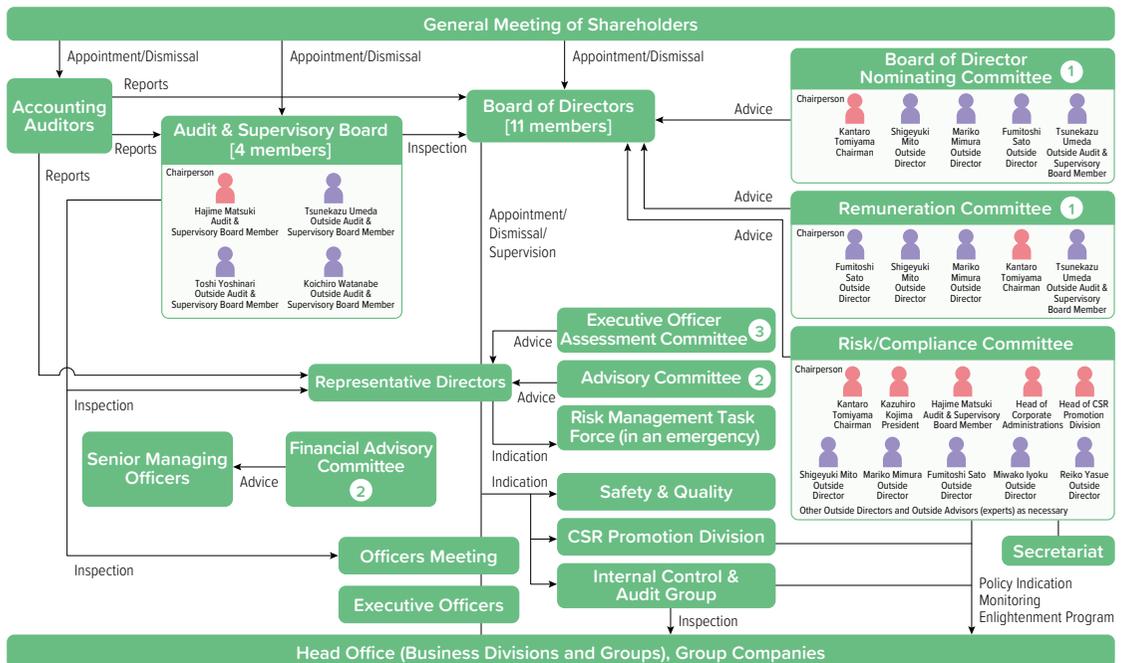
Three Distinctive Features of TOMY Corporate Governance

- 1 Most of our directors are outside directors, and 27.3% are women**
 All outside directors are independent directors.
- 2 TOMY has a Board of Director Nominating Committee and a Remuneration Committee**
 The Board of Director 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

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. Moreover, both committees comprise four independent directors and one internal director. The Remuneration Committee is chaired by an outside 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

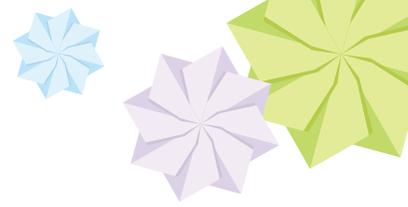
As an advisory body to the Representative Director, this Committee is composed of full-time Board Directors in pursuit of a wide range of advice regarding the evaluation of executive officers.

📄 Please refer to the official TOMY website below for details on the activities of each committee.
https://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.

Board of Directors Effectiveness Evaluation and Process

At least once a year, TOMY distributes questionnaires on 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. However, the results have also identified issues, including the need to expand discussions regarding issues such as medium- to long-term management strategy and risk management, the need to enhance monitoring functions, the promotion of digital transformation (DX) and the formulation of plans to cultivate top management. TOMY will pursue initiatives aimed at ensuring the further effectiveness of the Board of Directors while taking these issues into account.

December 2020– January 2021	Questionnaires distributed
March 2021	Responses to questionnaires collected and discussed by the Risk/Compliance Committee
May 2021	Reported to the Board of Directors



Remuneration

Basic Policy on Officer Compensation

TOMY's basic policy on officer compensation holds that compensation should be linked to business results and enhancement of corporate value in the medium and 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, a 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 and 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 on a monthly basis.

2. Performance-linked compensation

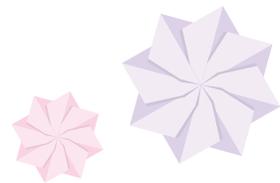
For officer bonuses, performance-linked compensation reflecting key performance indicators (KPIs) is paid as monetary compensation to raise directors' motivation to improve business performance for each fiscal year. Profit attributable to owners of parent in the

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, 2021, are as follows.

Business performance indicators	Year ended March 31, 2021	
	Targets	Results
Consolidated ordinary profit	¥5.5 billion	¥7.1 billion
Profit attributable to owners of parent	¥3.0 billion	¥5.3 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 and 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, 2021)

Officer category	Total amount of remuneration (¥ million)	Total amount of remuneration by type (¥ million)				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	Stock options		
Directors (excluding outside directors)	201	148	32	21	21	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	15	15	–	0	0	1
Outside Directors	48	48	–	–	–	7
Outside Audit & Supervisory Board members	26	26	–	–	–	3
Total	291	238	32	21	21	16

Decision-making Authority Regarding Officer Compensation and Policies for Determining the Method of Its Calculation

A 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 2020, 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 2020	Amount of officer bonuses based on fiscal 2019 results, etc.
April 2020	Whether to grant fiscal 2020 compensation-type stock options
June 2020	Amount of monthly officer compensation for fiscal 2020, etc.

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 system (TDnet) 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 | 3. Disaster-related and other similar risks |
| 2. Risks involving product safety | 4. Risks associated with the novel coronavirus pandemic |

— Material Risks —

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

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

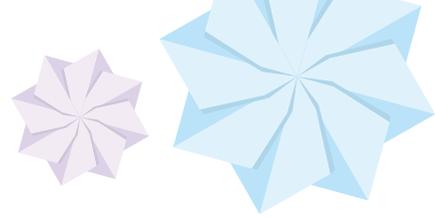
Risk Management

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, risk 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 CSR Promotion Division.



Continuation of Anti-Takeover Measures

TOMY received shareholder approval at the 68th Ordinary General Meeting of Shareholders held on June 21, 2019, 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, 2019.

 www.takaratomy.co.jp/english/release/pdf/i190510_03_en.pdf

- (1) A party (hereinafter, “purchaser”) intending to make a purchase (hereinafter, “large-scale purchase”) of shares amounting to a holding ratio of 20% or more of shares issued by the Company must provide TOMY with information on the large-scale purchase in advance.
- (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.

Management | Directors (As of June 23, 2021)



**Kantaro
Tomiyama**
Representative
Director,
Chairman &
CEO



**Kazuhiro
Kojima**
Representative Director,
President & COO



**Takashi
Konosu**
Board Director,
Executive
Vice President



**Hiroya
Kutsuzawa**
Senior Managing
Director & CFO



**Akio
Tomiyama**
Board Director,
Senior Executive
Officer
Chief Head of
Business HQ



**Shigeyuki
Mito**
Board Director
(outside)



**Mariko
Mimura**
Board Director
(outside)



**Fumitoshi
Sato**
Board Director
(outside)



**Shinichi
Tonomura**
Board Director
(outside)



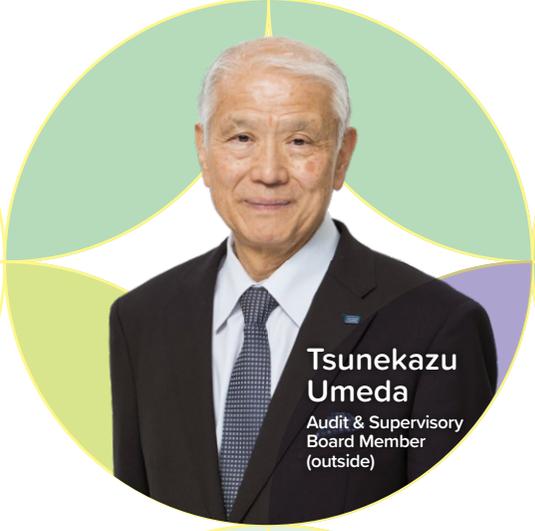
**Miwako
Iyoku**
Board Director
(outside)



**Reiko
Yasue**
Board Director
(outside)



Hajime Matsuki
Audit & Supervisory Board Member



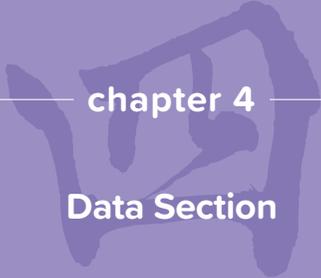
Tsunekazu Umeda
Audit & Supervisory Board Member (outside)



Toshi Yoshinari
Audit & Supervisory Board Member (outside)



Koichiro Watanabe
Audit & Supervisory Board Member (outside)



chapter 4

Data Section

Six-Year Financial and Non-Financial Summary

Millions of yen

	2021	2020	2019	2018	2017	2016
Net sales	141,218	164,837	176,853	177,366	167,661	163,067
Gross profit	55,256	66,364	73,478	72,217	63,736	57,339
Total selling, general and administrative expenses	48,177	55,681	59,071	59,018	55,992	54,641
Operating profit	7,079	10,683	14,407	13,199	7,744	2,698
Ordinary profit	7,170	10,204	14,303	12,420	7,823	1,459
Profit (loss) before income taxes	7,462	7,601	13,784	9,967	7,127	(6,711)
Profit (loss) attributable to owners of parent	5,374	4,507	9,302	7,962	5,372	(6,703)
EBITDA ¹	14,246	18,723	22,490	22,311	16,275	11,692
R&D expenses	4,066	4,666	3,963	3,533	3,225	3,144
Depreciation and amortization	7,166	8,040	8,082	9,111	8,531	8,994
Cash flows from operating activities	18,064	9,006	21,492	16,346	24,896	8,675
Cash flows from investing activities	(8,606)	(3,381)	(4,038)	(3,692)	(3,793)	(3,974)
Cash flows from financing activities	6,817	(12,274)	(10,057)	(24,670)	(1,927)	(6,014)
(As of March 31)						
Total assets	147,614	129,253	143,364	139,456	157,693	145,652
Net assets	69,928	67,410	67,315	56,322	51,611	37,824
Interest-bearing debt	42,363	29,655	35,465	42,793	64,748	71,776
Per Share Data (Yen)						
Earnings per share	57.07	47.30	97.85	84.74	61.88	(78.74)
Dividend per share	17.50	30.00	24.00	14.00	10.00	10.00
Net assets per share	742.45	703.07	700.26	591.00	548.45	432.87

	2021	2020	2019	2018	2017	2016
Major Financial Indices						
Operating margin (%)	5.0	6.5	8.1	7.4	4.6	1.7
Overseas sales ratio (%)	38.2	32.9	33.7	36.5	36.8	41.6
Return on equity (ROE) (%) ²	7.9	6.8	15.2	14.9	12.2	(15.7)
Return on assets (ROA) (%) ³	5.2	7.5	10.1	8.4	5.2	1.0
Equity ratio (%) ⁴	47.1	51.6	46.5	40.0	32.4	25.5
Dividend payout ratio (%) ⁵	30.7	63.4	24.5	16.5	16.2	–
Stock Data						
Stock price at year-end (Yen)	1,005	762	1,142	1,092	1,113	822
PER (Times)	17.6	16.1	11.7	12.9	18.0	–
Number of shares outstanding (Thousand shares) ⁶	93,656	94,797	95,239	94,343	93,103	85,814
Company Data						
Number of subsidiaries	34	32	33	34	35	34
Number of employees (Consolidated)	2,379	2,568	2,665	2,199	1,951	2,042
Number of employees (Non-consolidated)	547	541	509	504	495	491
Average age of employees (Non-consolidated)	43.2	42.3	41.5	41.8	41.3	40.9

Notes:

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.

Product History

1st generation 1924—

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

2nd generation 1954—

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



AERO PLANE BREGUET



JOHN DEERE*



B-29



Sky Ping-Pong

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 Piggy Cook
- Sky Ping-Pong
- Plastic Train and Rail Set



Plastic Train and Rail Set



LICCA doll

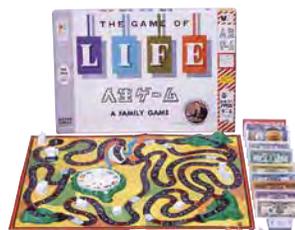
1960

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 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

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)



Sensei



Choro-Q
(Penny Racers)



ZOIDS

1980

Ongoing reform and expansion of sales channels

TOMY established the Handicap Toy 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
- 1983 ZOIDS
- 1984 TRANSFORMERS
Omnibot
- 1986 Jenny doll
Cotton Candy Maker
- 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 Famicon 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*



GACHA*

BEYBLADE



Pokémon

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

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 Colorful Dakko-Chan Nanchatte Phone Aquaroid	2005	Yumel Video game software, NARUTO Walkie Bits
2001	Bit Char-G Sweet Bambini DREAM FORCE 01	2006	Jinsei Ginko (Life Bank) Aero Soaer Akachan Kerotto Switch
2002	Bowlingual Nohonzoku DUEL MASTERS Micro Pet Qi Choco Q	2007	Omnibot 17μ i-SOBOT le-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



Nohonzoku



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	BATTROBORG 20 Mimicry Pet
2012	Pokémon TRETTA
2013	ANIA



Omnibot 17μ i-SOBOT



BATTROBORG 20



Mimicry Pet



ANIA

4th generation 2014—

TOMY'S FOCUS

New technology/Analog toys with digital elements

INDUSTRY TREND

The personal revolution

2014

- 2014 PRIPARA
WIXOSS
- 2015 BEYBLADE BURST
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



Licca Bijou Series



MIRACLE TUNES!



ZOIDS WILD



TOMICA EARTH GRANNER



DUEL MASTERS PLAY'S



PRIPARA



SUMIKKO ATSUME



L.O.L. SURPRISE!



HATCHIMALS
Umarete! Woomo



BEYBLADE BURST



Pokémon MEZASTAR



Rizmo



OHANAS



Linear Liner
JR東海承認済



PRINTOSS
(KiiPix)



SHINKALION

© TOMY © T2A/S/TX/PP © 2021 Pokémon. © 1995-2021 Nintendo/Creatures Inc. /GAME FREAK inc. Developed by T-ARTS and MARV ©Nintendo-Creatures-GAME FREAK/TV Tokyo-ShoPro-JR Kikaku ©Pokémon TM & © Wizards of the Coast/Shogakukan/Mitsui-Kids © T-ARTS © Project SHINKALION Approved by East Japan Railway Company ©1968,2020 Hasbro. All Rights Reserved. © TOMY © Hu/T-BP-TX ©Hiro Morita, BBB Project, TV TOKYO © TOMY John Deere's products under license with Deere & Company. Lamaze® is a registered trademark of Lamaze International, Inc. © TOMY/EARTH GRANNER, Television Osaka © TOMY-OLM / Miracle Tunes! Project ©2020 San-X Co., Ltd. All Rights Reserved. ©MGA ©TOMY © TOMY /ZWMBS ©2019 Wizards of the Coast/ Shogakukan/Mitsui-Kids ©TOMY ©DeNA

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.



ありがとう、そしてこれからも



いつだって、
カッコイイ。

トミカはクルマが大好きだ。
トミカはこれからも、
時代を走るクルマたちを
手のひらサイズに変えて、
その魅力を伝えていきたい。
わたしたちトミカの使命です。

TOMICA, Japan's first series of palm-sized diecast mini cars, was created in 1970 out of the strong desire to have Japan's children play with miniature versions of the domestically produced cars they were familiar with. Having observed its 50th anniversary in 2020, today the series has been loved across three generations of parents and their children. Until now, a cumulative 1,080+ models have been released, with lifetime sales of more than 690 million pieces (as of April 2021).

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 began the full-scale launch of licensing activities for "tomica," a brand for adults. We will implement licensing for a range of goods that appeal to people regardless of age or gender including apparel, stationery and daily necessities, and aim to further strengthen the brand.



プラレール

© TOMY

The long-selling railway toy brand, PLARAIL, celebrated the 60th anniversary of its launch in 2019, after being 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 1,800 PLARAIL products have been released in Japan, selling more than 177 million units (as of March 31, 2021).

リカちゃん

The LICCA brand has been adored for more than 50 years since its 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 the 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 Twitter and Instagram, where she had approximately 220,000 followers as of June 2021.



© TOMY

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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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.



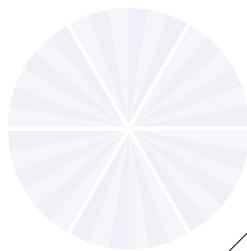
KIRAMEKI POWERS!

This is the fifth installment of GIRLS X WARRIOR, a live action TV drama series. We handle joint production with production company OLM and have developed merchandise based on items that let children recreate scenes from the series.



Nail Tip laboratory NELTIP

Nail Tip laboratory NELTIP dedicated nail chip printing machines allow customers to easily create their favorite nail tip designs using touch panel operations. To expand into new business areas, TOMY established the Fashion Entertainment Business Division as part of the Hits Business Headquarters in November 2020. Nail Tip laboratory NELTIP is the first such endeavor coming out of the division and is designed to appeal to teens and adults.



BEYBLADE BURST

This series of competition-style next-generation spinning tops has recorded cumulative shipments of more than 500 million units to more than 80 countries and regions throughout the world. In the summer of 2015, we launched sales of the third-generation BEYBLADE BURST.



DUEL MASTERS

Launched in 2002 as a full-fledged trading card game easy for kids to play, this popular series has shipped more than 6.7 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.



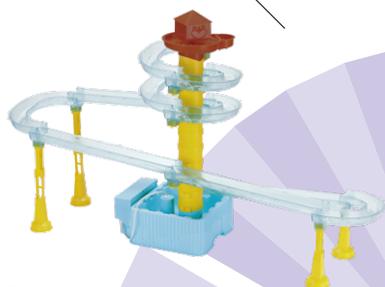
ANIA

Launched in 2013, ANIA is a series of palm-sized animal figures that each has one moving part. This series functions as a three-dimensional animal encyclopedia that can be enjoyed by parents and children together, as it sparks the curiosity of children interested in knowing more about the distinguishing features of animals and many different types of animals.



T-ARTS Company, Ltd.

Develops a wide range of products including amusement machines, capsule toys, miscellaneous goods 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.



THE FIRST YEARS

Baby care products including baby bottles, dishes and strollers supporting child-rearing.



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 fashionableness among those raising children.



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.

Corporate Information

Company Name	TOMY Company, Ltd.	Major Group Companies
Head Office	7-9-10 Tateishi, Katsushika-ku, Tokyo 124-8511, Japan	Japan T-ARTS Company, Ltd. TOMY TEC CO., LTD. TOMY MARKETING COMPANY, LTD. KIDDY LAND CO., LTD. PENNY COMPANY, LTD. T-FIELDTEC Company, Ltd. TOMY IBIS CO.,LTD.
Date of Establishment	January 17, 1953	
Paid-in Capital	¥3,459.53 million	
Business Domain	Planning, manufacturing and selling of products such as toys, general merchandise, card games and baby care products, etc.	
Number of Employees <small>(As of March 31, 2021)</small>	2,379 (consolidated) 547 (non-consolidated)	Overseas TOMY International, Inc. 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.
Number of Consolidated Subsidiaries	34	

Stock Information (As of March 31, 2021)

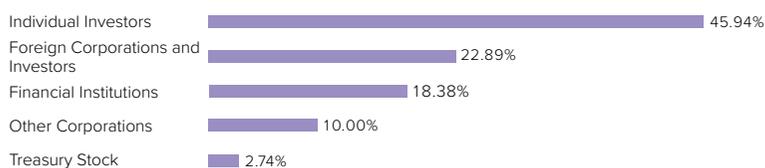
Number of Shares Authorized:
384,000,000

Number of Shares Issued:
96,290,850

Trading Unit of Shares:
100

Number of Shareholders:
150,375

Distribution of Ownership among Shareholders



Major Shareholders

Name	Number of Shares Held	%
Tsukasa Fudosan	7,565,312	8.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,284,200	6.71
Custody Bank of Japan, Ltd. (Trust Account)	4,102,000	4.38
Kantaro Tomiyama	2,688,334	2.87
Custody Bank of Japan, Ltd. (Trust Account 5)	1,374,200	1.47
JP MORGAN CHASE BANK 385151 (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	1,234,785	1.32
Custody Bank of Japan, Ltd. (Trust Account 6)	1,219,000	1.30
Administration trust (account of Fumie Tomiyama) Trustee SMBC Trust Bank Ltd.	1,183,101	1.26
Custody Bank of Japan, Ltd. (Trust Account 1)	1,099,000	1.17
STATE STREET BANK WEST CLIENT - TREATY 505234 (Custodian: Mizuho Bank, Settlement & Clearing Services Department)	1,083,400	1.16

Note: Percentage of shares held is calculated after the exclusion of 2,634,292 shares of treasury stock.

TOMY's annual report has received a number of 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.

2020



International ARC Awards
Honors/Summary Annual Review Category



LACP [2019/20 Vision Awards]
14th among the Top 100 Worldwide;
1st (Platinum) in the Consumer/
Consumables Industry and
Most Creative Report

2019



International ARC Awards
Gold in the Toy Manufacture and Sales/
Summary Annual Review Category



LACP [2018/19 Vision Awards]
14th among the Top 100 Worldwide;
1st (Platinum) in the Consumer/
Consumables Industry and
Best Report Cover

2018



LACP [2017/18 Vision Awards]
18th among the Top 100 Worldwide;
Platinum in the Consumer/
Consumables Industry

2017



International ARC Awards
Silver in the Toy Manufacture and Sales/
Summary Annual Review Category



LACP [2016/17 Vision Awards]
83rd among the Top 100 Worldwide;
Gold in the Consumer/
Consumables Industry

2016



International ARC Awards
Bronze in the Toy Manufacture and Sales/
Summary Annual Review Category



LACP [2015/16 Vision Awards]
7th among the Top 50 Worldwide;
1st (Platinum) in the Consumer/
Consumables Industry

2015



International ARC Awards
Grand Award in the Summary Annual Review
Category/1st (Gold) in the Toy Manufacture
and Sales/Grand Winner in the Specialized &
Summary Annual Reports category



LACP [2014/15 Vision Awards]
5th among the Top 50 Worldwide;
1st (Platinum) in the Consumer/
Consumables Industry

Cover Concept

Origami is a traditional play activity in Japan that transforms a single piece of paper to create a variety of shapes. We place an importance on cultivating the joy of having fun touching things that is at the heart of play and fostering the wealth of creativity that lies within children. Even in these fast-changing modern times, through the unchanging concepts of fun and joy, TOMY will realize the dreams of children and adults alike.



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