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Notice Concerning Formulation of the TOMY Group “Medium- to Long-Term Management Strategy 2030”

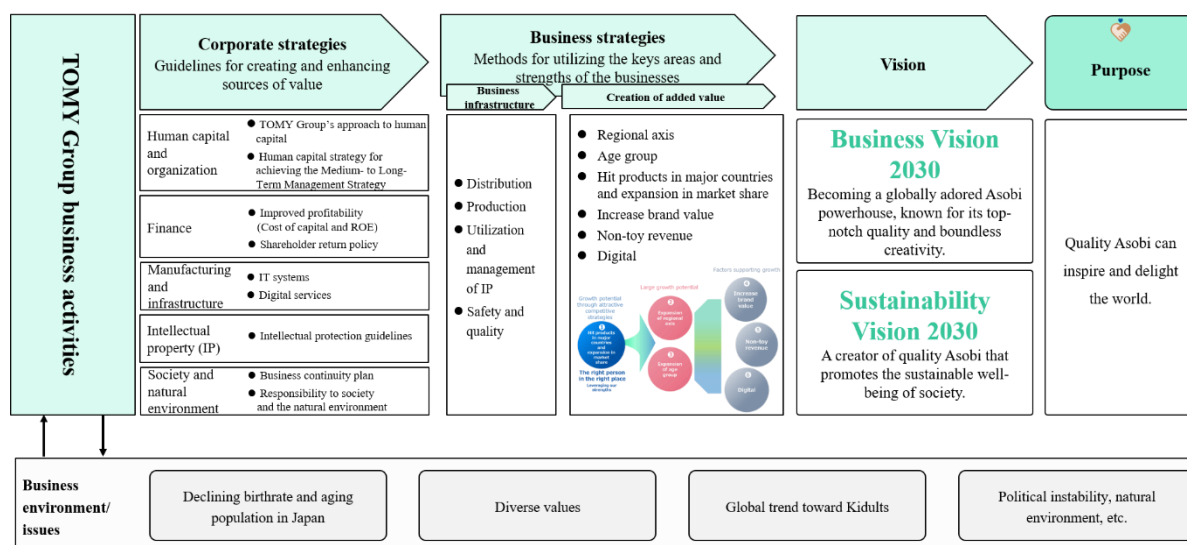
TOMY Company, Ltd. (hereinafter “TOMY”) hereby provides notification that it has formulated the new Medium- to Long-Term Management Strategy 2030. In our Medium-Term Management Plan that started from the fiscal year ended March 31 2022, based on our vision that “Play will make the world better. So TOMY will greatly respond to the future global society by creating play,” we have worked to expand and globalize our business fields. Thanks to the support of many people, we were able to celebrate our 100th anniversary on February 2, 2024, during the period of our Medium-Term Management Plan. When considering T’s future from a longer-term perspective, we have formulated the “Medium- to Long-Term Management Strategy 2030”. This strategy returns to the purpose of our Group’s existence to formulate a new Purpose, Vision 2030, business strategy, and corporate strategy, and to build our value creation model.

Details of the “Medium- to Long-Term Management Strategy 2030” are as follows.

1. Medium- to Long-Term Management Strategy 2030

On the occasion of the 100th anniversary of our company’s founding, the Company has reexamined the significance of our place in society, and defined a new Purpose. We have also newly established a Business Vision that pursues economic value, and a Sustainability Vision that seeks to increase social value. Based on these visions, our diverse and varied brand palette is executing our business strategies under a unified vision. In addition, through our corporate strategy supporting our business strategy, we will operate our business which has both safety and proactiveness.

Value creation model



By 2030, we aim to become a “Global Asobi Company” that can handle product development, marketing, and sales independently in large overseas markets. To this end, this Medium- to Long-Term Business Strategy, takes up the challenge of entering the North American and Chinese markets through localization, as well as developing global marketing functions through simultaneous global launch of products.

Purpose/Vision 2030

We have defined a new Purpose and our Vision 2030, and are aiming to become a company that is even more loved around the world as an integrated Asobi manufacturer with various business modalities.

■ Purpose (Significance)

On this milestone occasion of the 100th anniversary of our founding, we have formulated our Purpose through a survey of Group employees in Japan and overseas, workshops, and discussions with partners and experts.

“Quality Asobi can inspire and delight the world.”

The phrase “Quality Asobi” expresses our desire to provide people around the world with dreams, hopes, bonds, sensitivity, learning, and growth, and to renew our commitment to making the world a healthy and vibrant place. This is value we have provided for the past 100 years, and we will continue to enhance that value for the next 100 years to come.

■ Business Vision 2030 (Increasing Economic Value)

“Becoming a globally adored Asobi powerhouse, known for its top-notch quality and boundless creativity.”

With a commitment to top quality affirmed in our Purpose, coupled with infinite creativity to generate new value for Asobi, we will offer a vast lineup of products and services that are adored worldwide and strive to enhance our corporate value.

■ Sustainability Vision 2030 (Enhancing Social Value)

“A creator of quality Asobi that promotes the sustainable well-being of society.”

We are committed to providing high quality Asobi by developing an environment where our employees are able passionately to devote themselves for it. We believe it is the responsibility of

the TOMY Group not only to consider customer confidence and safety, but also give thought toward the global environment, respect for human rights and our sound management system. We will strive to attain both a sustainable society and group company growth, and provide value for the world. In addition, we have newly specified five themes and 11 materialities for the realization of our Sustainability Vision.

● Our Passion

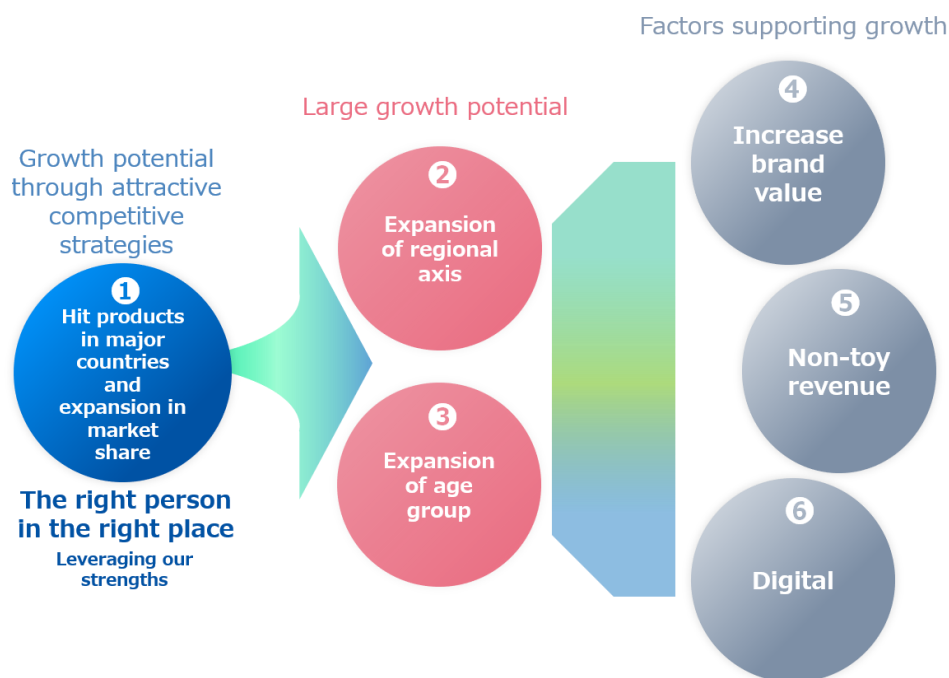
- I. Through Asobi, contribute to a healthy society that has dreams
 - 1. Contribute to a prosperous society through Asobi
- II. A workplace where employees can get absorbed in the work of creating Asobi that is noticed and loved all over the world.
 - 2. Improving employee wellbeing
 - 3. Employee growth

● Our Responsibilities

- III. Ensuring high quality
 - 4. Safe, secure, high-quality Asobi
 - 5. Connecting with customers
- IV. Coexistence with the global environment
 - 6. Responding to climate change
 - 7. Promoting eco-design of packaging and products
- V. Sound management
 - 8. Respect for human rights
 - 9. Sustainable procurement
 - 10. Governance that supports the creation of Asobi
 - 11. Risk management that supports the creation of Asobi

2. Business Strategy

In our business strategy, we articulate the diversification and expansion of our business necessary to remain a Company that is loved around the world for the next 100 years: expanding the regional axis and age groups, and strengthening our approach to a more diverse people. We will also focus on developing hit products and enhancing brand value to further expand into broader areas of Asobi besides toys. To achieve this goal, we have developed six key strategies. We will strengthen value chains in the process of moving to implement a series of business strategies.



I. Six Key Strategies

1) Expansion of regional axis

Using our diverse brand palette, we will focus our investments in regions appropriate for each brand. In particular, we will be concentrating our investment in the areas of our strength, such as figure products, which we have cultivated through the globally popular “BEYBLADE,” “Transformers” and “SHINKALION Z,” and GACHA, as well as in the area of collaboration with strong characters from partner companies, mainly in North America, East Asia and Southeast Asia, in addition to Japan, through TOMY International Group, TOMY (Shanghai) Ltd. and TOMY Asia Limited. TOMY International Group is positioned as an important base for the expansion of TOMY Group’s North American and European markets. In addition to working to improve profitability and build a governance structure, we will work with T-ARTS Company to achieve expansion into the North American market for figures and plush toys. On the other hand, in addition to expanding into countries outside our core regions, another means of acquiring opportunities along the regional axis is to connect with overseas customers within Japan, as in the case of inbound visitors, for example. Inbound demand at Kiddy Land is a characteristic example of this.

2) Expansion of age groups

Products of the Company have been enjoyed by many customers over the past hundred years. Products such as “TOMICA,” “PLARAIL,” and “Licca” now provide Asobi to three generations of customers. In addition, TOMYTEC’s “TOMIX” railway models and Kiddy Land, which broadcasts trends from Harajuku out to the world, are frequented by many adult customers with playful mind. We will be there for our customers as a lifetime partner throughout their lives. As part of strengthening these efforts, we will provide Kidults with more value-added Asobi.

10 Growth Areas in Kidults x Region

Battle Action, Vehicles, Figures, Plush Toys, Robots, Trading Card Games (TCG), Service Value, Partner IP, Amusement, Digital Games

3) Hits and market share expansion in our core regions

Creating new hit products is our strength. For example, during the previous medium-term management plan, we provided new Asobi value through “BEYBLADE X,” which can be enjoyed in the Roblox metaverse space, “Punirunes,” a new tactile LCD toy, discovery of new characters at Kiddy Land, and Pokémon peripheral business, etc., at T-ARTS Company. We will also expand our market share through marketing and branding strategies that are overwhelmingly differentiated from our competitors from the customer’s perspective. One example is the “Winnie the Pooh 6WAY gym&mobile,” sales of which are increasing despite the declining birthrate in Japan. Going forward, in order to excite and thrill our customers, we will continue to provide products that attract and speak to customers in ways that surpass those of other companies.

4) Improve brand value

In order to expand the region and age groups, it is essential to have high brand value and an enduring fan base that recognizes that value. We will enhance the value of our own brands, such as “BEYBLADE,” “TOMICA,” “PLARAIL,” and “Licca” and build fan communities for a wide range of age groups and geographic regions. In addition to this, we will leverage our development capabilities and product lineup to enhance the value of our partner brands, and discover and develop new characters through Kiddy Land and GACHA sales spaces as places to offer attractive products.

In building fan communities, we will further develop face-to-face events such as the TOMICA/PLARAIL Shop, the TOMICA/PLARAIL Expo, and the ZOIDS Expo for Kidults, to establish brands to satisfy everyone. In addition to establishing brands under Japan x Children, such as the Kiddy Land flagship store, which is well regarded among overseas customers, and “TOMIX,” which is popular among adult collectors, we will actively work to establish brands for a wide range of regions and ages.

5) Non-toy income

Together with toys and other tangible products, we will expand our business with Asobi through licensing and digital content. The Company is currently developing a licensing business for characters derived from “TOMICA,” “PLARAIL,” “Licca,” “Transformers,” “BEYBLADE,” etc. In addition, in recent years, the Company has been developing new services in full swing including the card game application “DUEL MASTERS PLAY’S” and the long-selling board game “The Game of Life for the Nintendo Switch™.” We will also actively expand into new trading card game (TCG) IPs and hold events such as the ZOIDS Expo.

6) Use of digital technology

We will leverage digital services and infrastructure in the execution of our six key strategies. These include digitalization on smartphones and Nintendo hardware devices such as “DUEL MASTERS PLAY’S” and “The Game of Life for Nintendo Switch™,” expansion of the e-commerce business through direct-to-consumer (D2C) sales channels for TOMY

Mall and our overseas Group company Fat Brain Holdings, LLC, as well as digital communication with SNS and fans. We also present purchase opportunities maximizing the use of digital areas such as media, analytics, and marketing automation to provide the right information to the right people at the right time. In addition, we will utilize digital tools such as language translation to improve operational productivity and global accessibility to more efficiently expand the world of Asobi.

II. Strengthening the Value Chain

In the process of moving to implement a series of business strategies, we will leverage digital technology to more efficiently and closely align with and strengthen our value chain. This will provide faster, more cost effective, and more stable service, and will promote the automation of tasks. Specifically, we must effectively manage the supply chains that support the globalization of our business, strengthen our ability to procure IP, which is the source of our strength, and ensure the quality of our Asobi products so that they can be played with safely. By strengthening our value chain, we will increase our competitiveness as a “Global Asobi Company” and our potential to realize our strategy.

- **Development**
Research into environmentally friendly materials and their incorporation into products
Streamlining the development process using AI

- **Supply Chain**
Restructuring and streamlining of distribution and production systems to strengthen competitiveness in Asian and North American markets
Establishment and operation of a human rights due diligence system.
Establishment and operation of a system to achieve sustainable procurement in cooperation with suppliers
Creating a system that includes delivery to customers in D2C-related areas

- **Safety and Security**
Expanding product lineup for the Kidults market and further improving safety and quality standards and systems to ensure competitiveness in worldwide sales

3. Corporate Strategy

Concept: To become an organization that is self-driven toward its Vision, and enable sustainable growth by utilizing the right person in the right place.

The corporate strategy is interconnected with the business strategy, and serves as the foundation for the Company's new management strategy. Taking charge of management from the perspectives of finance, human resources, intellectual property, society, and nature, the Company aims to expand the scale of our operations and improve the quality of our management. From a financial perspective, we seek to maximize shareholder value by improving profitability (increasing ROE while being conscious of the cost of capital) and returning profits to shareholders (dividends and purchase of treasury shares), while maintaining a sound financial position.

I. Increasing Corporate Value

a) Cost of capital, ROE

By expanding the scale of our business and generating returns that exceed our cost of capital, the Company aims to achieve net sales of ¥300 billion and an operating profit margin of 10% in the fiscal year ending March 31, 2030. In addition, from the three perspectives of improving profitability, improving asset efficiency, and sound financial position, we will continue to maintain a return on equity (ROE) of 11% or higher.

We will concentrate on investments leveraging the strength of extensive brand palette of the Company and considering regions and age groups where our high-potential brands have strengths. In the global market, we aim to further expand "BEYBLADE" together with our global partners. In North America, we will develop the market for figures and plush toys, which are popular in Japanese pop culture, with our global partners, and also grow TOMY International Group's agricultural machinery brand. We view the Asian market, including China, as a particularly important region, and will invest in expanding the TOMICA, alliance character toys, digital enclosures, GACHA, figures, and plush toy categories. In addition, through the execution of M&A by leveraging our organic growth and high cash generating capacity, we will focus on acquiring new business opportunities. By providing Asobi to a wider range of age groups and geographic regions, we will realize higher growth and higher returns.

b) Shareholder returns (dividends and purchase of treasury shares)

The Company recognizes the sustainable improvement in shareholder value and the stable return of profits to shareholders as an important priority for management. We will strive to strengthen the management base and improve the profit margin while implementing measures to return profits to shareholders through dividends and purchase of treasury shares. With a view to the fiscal year ending March 31, 2030, we will maintain sound management by setting the following specific indicators and taking appropriate measures to return profits to our shareholders.

- ◇ Operating profit margin target of 10%
- ◇ Earnings per share (EPS) growth rate of a sustained 10% or more
- ◇ Return on equity (ROE) is a sustained 11% or more
- ◇ Equity ratio of approximately 50%
- ◇ Total payout ratio of 50%, in principle
- ◇ Price-to-book ratio (PBR) target of 3 times

II. Human Capital Strategy

Vision: As an organization capable of self-driven, sustainable growth, we will build an environment where employees can get absorbed in creating "Asobi."

For the Company, the human resources of the domestic and overseas groups involved in the creation of Asobi are important human capital. Based on our Purpose and Vision, we will further strengthen our organizational culture to achieve improved employee wellbeing and sustainable growth as a company.

- Human resources will fulfill the respective functions of the business and corporate divisions, but will not be overly confined to their existing roles, and will work cross-functionally to resolve issues.

- In terms of strengthening human resources, we will strengthen human resources who promote marketing on a global basis, as especially those who are involved in the success or failure of our business strategies.
- We will provide opportunities for experience from a medium- to long-term perspective to nurture the next generation of executive officer candidates. In addition, we will welcome outside human resources and provide them with an environment in which they can play an active role.

III. Intellectual Property (IP) Strategy

IP is an important operating capital for the Company. Many of our core brands, including our key IP of “TOMICA,” “PLARAIL,” “Licca,” “BEYBLADE,” and “GACHA,” are actively protected by intellectual property rights, and we maintain one of the highest number of registered intellectual properties in Japan. We make the best use of our IP under the three policies of “protecting Asobi IP,” “preparing for Asobi IP infringement,” and “developing Asobi IP.”