

## Increase of Intangible Assets in the Form of Human Capital

### The Vision of the Human Capital Strategy

TOMY Company’s human capital strategy is integral to its corporate strategy, which serves as the foundation for the Medium- to Long-Term Management Strategy 2030. The vision of the human capital strategy is to create an environment where employees can become absorbed in creating “asobi,” fostering an organization that can achieve self-driven, sustainable growth. On July 1, 2024, we revised our personnel system to foster each employee’s development and job satisfaction and enable them to perform at their best.

The human capital of the domestic and overseas Group companies involved in creating asobi is essential to the Company. We will strive to enhance the well-being of our employees and strengthen our organizational culture to achieve sustainable growth as a company based on our Purpose, Vision, Values, and Promise.

### Initiatives under the Medium-Term Human Capital Strategy for FY2024 to FY2026

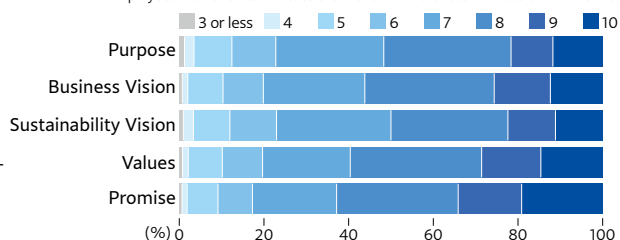
#### Strategy 1 Developing human resources to fulfill our Purpose, Vision, Values, and Promise

The TOMY Group will support employee development by encouraging each employee to consider their own career, aim to enhance their skills and abilities, and explore new possibilities in line with the vision of the human capital strategy. We are working to reform our career plans and evaluation and compensation systems, allowing a diverse workforce to work with a sense of fulfillment, maximize personal growth, and help fulfill our Purpose, Vision, Values, and Promise. We will concentrate on training the next generation of executives and personnel who will lead our global marketing efforts.

To raise employee awareness of our new principles—Purpose, Vision, Values, and Promise—we organize company-wide information sessions, roundtables, workshops, and awareness surveys.

#### Results of an employee principles awareness survey

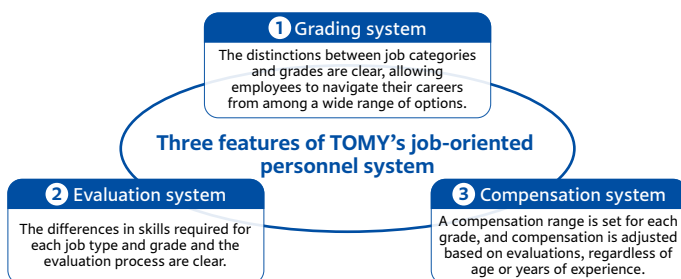
\* Employees are asked to indicate their level of awareness on a scale from 1 to 10.



\* The all-employee survey conducted in June 2024

#### Strategy 2 Unique TOMY Job-based Personnel System

The TOMY Group discloses its personnel evaluation and promotion criteria rules and conducts fair and impartial personnel evaluations. The Group provides evaluator training to managers. We have revised our system to create a mechanism that promotes the growth and job satisfaction of each employee and enables them to perform to the best of their ability.



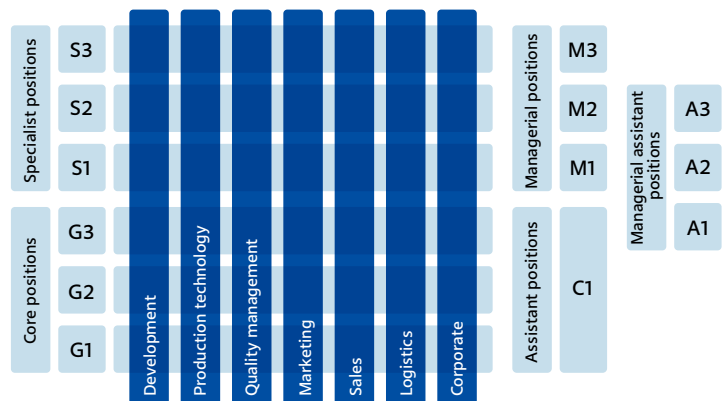
## 1 Grading system

### A system that allows employees to create their own career paths from among a variety of options

We have changed the previous mainstream approach to career advancement, which was to aim for a managerial position. We have reviewed the definitions of specialist roles and career advancement is now achieved by demonstrating high levels of expertise. We have introduced a dual-track job system consisting of managerial and specialist positions. The job category previously known as the management track position has been renamed to “core position.” Jobs are categorized into development, production technology, quality control, marketing, sales, logistics, corporate, and other positions.

TOMY has established a distinct grading system based on different job types. Employees can refine their expertise in their job roles and progress to a “specialist position,” or gain experience across various job types with the aim of advancing to a “managerial position.” We have reviewed the role definitions for the grades in the core position category and reduced the number of grades by one, allowing employees to pursue specialist or managerial positions at an earlier stage.

### Job classifications and the structure of job types and grades



## 2 Evaluation system

### A system that clearly defines differences in skills required for each job and the evaluation process

We have introduced a system where employees are evaluated based on their demonstration of the skills required for each job type, rather than using a uniform evaluation standard applicable to all roles. We provide an environment where employees can gain a more detailed understanding of their current situation and use this knowledge to grow through discussions with their superiors. We have changed our evaluation method from a relative evaluation to an absolute evaluation. In the relative evaluation, employee ratings were based on a standard rating and base rates. In the absolute evaluation, each employee’s performance of skills is compared to predetermined standards for specific skills. The results of operations and performance are reflected in performance evaluations and variable bonus coefficients. The performance evaluations are not a basis for promotion. Rather, if an employee’s actions and skills are deemed suitable for higher positions and they pass an aptitude test while meeting other requirements, they may be promoted. We clarify the evaluation criteria and the relationships between evaluations and positions.

## 3 Compensation system

### Eliminating seniority-based wages, abolishing personal allowances, and establishing pay scales based on job grades

We have established compensation benchmarks based on external surveys and created a compensation range for each job grade. If an employee is promoted to a higher grade, their compensation will be determined within a predetermined range, irrespective of their age or years of experience. We have eliminated household allowances for heads of household and child allowances for employees with dependent children, which were primarily paid to male employees. We determine wages primarily based on employees’ job grades and performance, irrespective of their family composition or circumstances. We have established a compensation system that does not produce wage disparities and feelings of unfairness stemming from personal factors.