

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

### A Dialogue between Outside Directors: Global



Shinichi Tonomura  
Board Director (outside)



Reiko Yasue  
Board Director (outside)

**TOMY Group's strategy:  
Selling regionally rooted products globally**

### Q What are your thoughts on the global strategy in Medium- to Long-Term Management Strategy 2030?

**Tonomura** Previously, TOMY's global strategy has been to expand the markets for its standard products, such as TOMICA, PLARAIL and LICCA dolls, based on demand in individual regions. I appreciate this approach. However, as the products sold vary from region to region, the challenge we face is implementing consistent branding for our products across different regions. Our new Medium- to Long-Term Management Strategy outlines the Company's goal of transforming into a Global Asobi Company. This strategy has been built not only as an extension of the previous strategy but also as a unified global strategy. This is an important step forward. I expect us to enhance TOMY's overall brand value by establishing a unified direction while preserving the unique product mix in each region.

**Yasue** In the Medium-Term Business Plan announced in 2021, the Company adopted straightforward strategies: expanding the age range of customers and the regions where products are sold. The Company sold products globally based on these strategies. Sales and profit have increased over the past three years, and I believe the stock market has recognized this. In the new Medium- to Long-Term Management Strategy, the Company clearly states that it will place greater emphasis on the global market. We, outside directors, discussed issues in depth, focusing on important points, when formulating the plan. I know that the TOMY International faces some challenges, particularly regarding profitability. That said, it is crucial that the Group shift from merely selling products globally to a balanced approach. This involves balancing optimal management based on localization, including fulfilling customer preferences and employing marketing and sales methods tailored to each region, with the head office's governance practices in the Group's implementation of its strategies.

**Tonomura** I agree. To enhance our global strategy, we need to take a more multifaceted approach that includes human resource development and intellectual property strategies. We need to continue taking on new challenges without being restricted by past successes to secure global revenue sources.

### Q What challenges are you facing in becoming a Global Asobi Company?

**Yasue** The biggest challenge is to develop a culture that enables the entire organization to become a global company, which means developing the working human resources. I shared this idea with President Tomiyama. If only a few people who feel that there are no language barriers are involved in overseas business, it is not possible to globalize the entire organization. I expect the people who are responsible for TOMY's various brands to proactively consider how they communicate their appeals to the world and respond to the

characteristics of each market. If we develop such human resources and connect them to the world, I believe that a toy company originating in Japan can become a truly Global Asobi Company. Since we launched our market expansion strategy, we have made steady progress in implementing human resource policies from a global perspective. I appreciate this.

**Tomomura** I also believe that global human resource development is a significant challenge, as Director Yasue has pointed out. Increasing sales of products and services as a Global Asobi Company is another significant challenge. I believe that the key point is to provide young employees, in particular, with opportunities to experience business overseas and to expand their global networks. Establishing a global management platform (an infrastructure system to support international business management and operations) that helps us manage business operations more appropriately in each region is also a challenge. TOMY is facing the issues we have identified and is striving to address them in good faith, and I appreciate that.

**Yasue** You are right. In our operations, we face the challenge of advancing integrated ERP (Enterprise Resources Planning) under a globally unified system. In inventory management, for example, if the data for all the brands and products can be managed centrally on a global scale, and if the data can be quickly retrieved as financial data, it will accelerate decision-making throughout the Company. Currently, each regional subsidiary has its own unique operating process, and we must start by creating a unified system.

**Tomomura** Because systems and processes appear inorganic, but in fact, include emotional elements in areas such as quality assurance, it is difficult to centralize ERP, which to date has been achieved through individual optimization. However, I believe that the key to achieving efficient global operations lies in how quickly this challenge can be overcome. To effectively cooperate with overseas subsidiaries, including in the use of TOMY's strong intellectual property, it is crucial to consider the balance between allowing local management to adapt to the unique characteristics of each market and ensuring that the head office consistently controls operations through effective governance.

**Yasue** It would be beneficial to place human resources who are familiar with the local culture and market as leadership in the region and allow them to conduct operations independently, governed firmly by the head office, which manages business metrics in addition to providing appropriate guidance and support.



### **Lastly, do you have a message for your stakeholders?**

**Tomomura** My areas of expertise are optimizing global supply chains and building global management platforms. I will support the Company in becoming a Global Asobi Company by sharing my knowledge and making proposals regarding governance, including proposals on data standardization and the creation of a global management monitoring system. To develop global human resources, it is also essential to secure excellent external human resources and develop internal talent. For example, India, which is a treasure trove of digital human resources, is a promising growth market. I would like to utilize my network to contribute to the development of global human resources. I hope that all stakeholders look forward to watching the development of our global strategy.

**Yasue** I will continue to offer advice and recommendations to the executives from an objective perspective based on my knowledge in the areas of global human resources and sustainability, in addition to my management experience in Silicon Valley, in other IT fields and overseas. I would like to support TOMY in its efforts to grow into a top-class global company, particularly regarding the utilization of intangible assets such as human resources, which is attracting an increasing amount of attention worldwide. The past three years have been difficult for TOMY, with the COVID-19 pandemic and the accelerating decline of Japan's birth rate. However, we have turned this into an opportunity by developing new strategies and we have produced results. TOMY has consistently been committed to quality and to contributing to healthy human growth over the past 100 years. These attitudes have been passed down to the current TOMY as it moves forward into the future with a new purpose. I believe that the Company has significant growth potential as it expands into new markets.