



4

Opportunity

STRENGTHS

Strengthening product planning and development aiming for new growth opportunities

The TOMY Group's core products and brands, such as *Tomica*, *Plarail* and *Licca*, have been loved by generations of consumers over several decades, and we also offer beloved global hits such as *Transformers* and *Beyblade*, which transcend ethnic and national boundaries. Since making our name with toy airplanes as the Tomiyama Toy Factory, we have gone on to launch plastic and motorized toys in the 1950s and popularized accessible design toys (toys for both non-handicapped and disabled persons) in the 1980s, always leading the way in the toy industry with our products constantly taking center stage in our management reforms. The TOMY Group will continue to strengthen the product planning and development that will be the source of further sales growth.

YOU ARE
HERE!

Key Brands

The TOMY Group's key brands are our main source of income. These include brands such as Japan's top-selling *Licca* dolls doll characters, the *Tomica* cars that hold a 70% share of the Japanese toy car market and the *Plarail* train sets with a more than 50-year track record of sales.



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Tomica

These die-cast toy cars are easy to handle because they fit in the palm of a child's hand. More than 574 million have been sold since the line was launched 43 years ago.



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Licca dolls

Licca dolls were launched in 1967 as dolls that girls can dress as inspired by their dreams and aspirations. By keeping pace with the times, *Licca* dolls have been loved across three generations.

Plarail

These long-selling toy trains were launched in 1959. The specs for the blue rails have not changed since then, with a total of 145 million units having been sold so far.

Pokémon

Pokémon was born of video game software launched in 1996, and the *Pokémon* TV anime series, which is broadcast in 83 countries and regions, has established the brand as important hit media content. TOMY has so far produced about 500 different figures within our core "Monster Collection" line, and we have shipped a total of about 50 million units.



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Duel Masters

Launched in 2002 as a full-fledged yet easy-to-play trading card game, more than 3 billion *Duel Masters* cards have been shipped, with events held annually worldwide making them ever more popular.



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Transformers

The *Transformers* were launched in the United States in 1984, with the toys and an animated feature a big hit in Japan the following year. The world's most famous shape-changing robot series, the *Transformers*' appeal transcends borders and generations in more than 130 countries.

Newly Released Products and Others

We are engaged not only in the planning and development of new content and products that can be developed globally across age strata but also in the toy periphery business through capsule toys and apparel, image content, candy toys, amusement machines, etc.



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Auto Mee S

Auto Mee S is a robot LCD screen cleaner that automatically wipes away fingerprints and oily marks from smartphone and tablet screens. It is popular for its single-minded determination in screen cleaning. More than 20,000 units of this popular product were shipped in the first month after product launch.





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Home Kite

This indoor-use kite offers kite-flying fun inside simply by using a hand crank to power the fan (no batteries needed). TOMY has also launched a model in collaboration with Gayla kites, which are very popular sports kites in Japan.

Keitai Wanko

When the mysterious "mobile phone" (keitai) is placed near this cute puppy (wanko), the barking puppy's feelings are translated into human language. The wanko can produce about 300 phrases, and kids have fun feeding him biscuits and decorating him with hearts.



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Amusement

TOMY launched PokémonTRETTA in July 2012, and as we approach our fourth year in this field we continue to create products and services that cater to kids' dreams and yearnings, such as the Pretty Rhythm arcade game extremely popular among the stylish "JS" (abbreviated name for joshi shogakusei, which means elementary schoolgirl).



Battoroborg 20

These battling, motion-controlled hobby robots come equipped with a wireless remote for live-action control. Easy-to-operate and fun for the whole family, more than 300,000 of these units were sold in a mere six months since the product launch.



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Toy-Periphery Products and Strategy



TI Products

In addition to our worldwide development of *Chuggington*, a popular animated TV character in shows broadcast in the United States, Great Britain and elsewhere worldwide, we are expanding sales in North America of *Lamaze* products, which are designed based on the advice of toddlers' growth development specialists, and *John Deere* agricultural equipment toys.



Lamaze

The right toy at the right time. These are bright and whimsical high-quality toys for each stage of your baby's development.

Chuggington*

Classic train play based on the contemporary world of *Chuggington* offers imaginative, action-packed features.

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John Deere

John Deere is the largest manufacturer of agricultural equipment in the world. TOMY produces several categories of *John Deere* toys including preschool, riding, radio control and die-cast replicas.



Special Report

Global expansion of *Pokémon* finally under way

CREATING REAL SYNERGIES THROUGH CROSS-SELLING WITH U.S. SUBSIDIARY TOMY INTERNATIONAL

As the TOMY Group has accumulated strength and know-how in development, manufacturing and sales in Japan, we are now engaged in full-scale expansion overseas that exploits the synergies created with TOMY International (TI), our U.S. subsidiary.

In this case, we have acquired the global toy license for the internationally popular *Pokémon* from the brand management company (licensor), The Pokémon Company, which we are using to execute cross-development of the brand not only in Japan and other parts of Asia but also in Europe, North America, Oceania and elsewhere.



SPREADING THE ATTRACTION OF *POKÉMON* OVERSEAS AS A GLOBAL TOY MASTER PARTNER

Pokémon was born from video game software launched in 1996, and since then has registered total global sales of more than 245 million units. The *Pokémon* TV anime series, which is broadcast in 83 countries and regions, has established the brand as hit media content. TOMY acquired the commercial license for *Pokémon* in 1997, the year after it was launched, and since then we have engaged in the planning, development and distribution of related toys and peripherals in Japan, while also conducting sales in Hong Kong, Taiwan and South Korea, achieving nearly two decades of strong performance in Japan and other parts of Asia.



As TI has entered into a licensing agreement covering Europe and North America with The Pokémon Company International, the U.S. subsidiary of the *Pokémon* brand management company, the TOMY Group is now able to market our Japan *Pokémon* merchandise simultaneously overseas, and we anticipate that this will expand our business.



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3-year total sales target: ¥30 billion

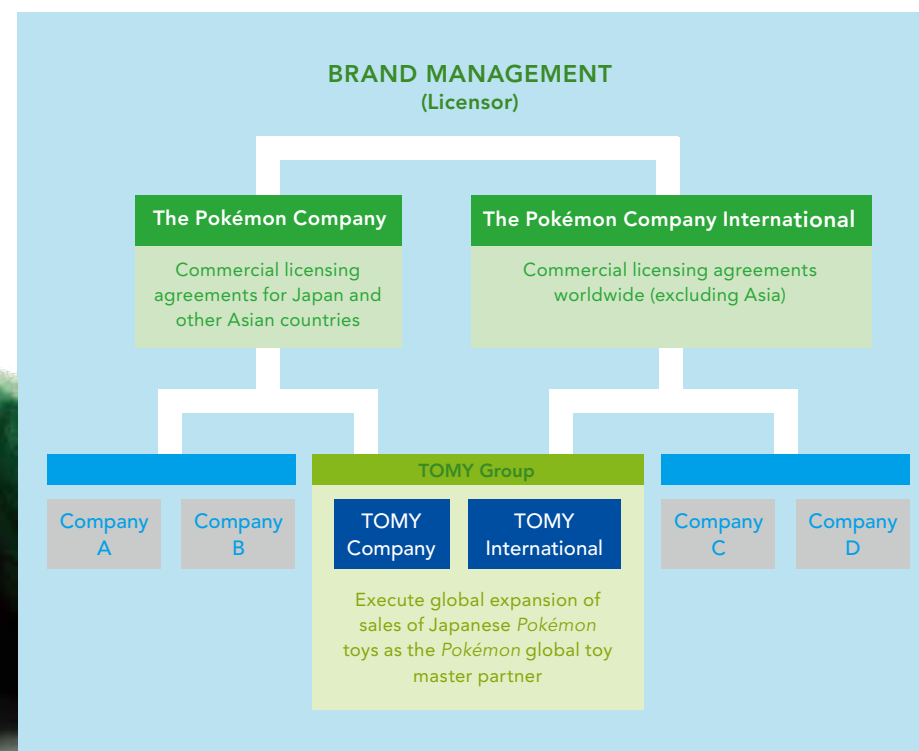
SIMULTANEOUS INTERNATIONAL EXPANSION OF PRODUCT DEVELOPMENT AND SALES THROUGH GLOBAL LICENSE ACQUISITION

Global expansion of sales of toys developed in Japan is never easy because those toys must be adapted to local specifications and the launch timed accurately. However, given that *Pokémon* characters are already well-known and successful internationally, the global expansion of Japan-developed toys is expected to

lead to our business growth. Because the TOMY Group already has a record of performance in the development and sale of *Pokémon* toys in Japan and possesses assets such as manufacturing molds, acquiring a global license will enable us to unify product development and optimize the timing of their launch. Thus, we will be able to make production and sales more efficient, and conduct product deployment that is matched to the timing of animation and game deployment.



TOMY Group Global *Pokémon* Expansion Scheme



MAXIMIZING SYNERGIES IN GLOBAL EXPANSION THROUGH CROSS-SELLING WITH TI

TI has built a record of performance through its handling of a number of brand licenses, including *Disney*, *Chuggington* and *John Deere*, and has sales forces in place from Europe and North America to Oceania. In this sense, TI is pursuing the same goal as the licensor, which is "to continue to make *Pokémon* always fresh and attractive, beloved by people the world over." As the best partner for strengthening this worldview, TI is expected to play a role in driving market expansion. We also believe creating synergies with TI in the global *Pokémon* business will help the TOMY Group take a big step toward overseas expansion.

HITTING OUR TARGETS THROUGH *POKÉMON* TOY DEVELOPMENT, MARKETING, SALES AND DISTRIBUTION

To hit our targets, we are maximizing the use of our management assets, such as our record of performance and share of the *Pokémon* business, as well as our product development capability and global distribution network.

We have been developing the *Pokémon* business throughout Asia, centering on Japan, since 1997, and have already gained a strong market share. We have added European and North American networks through the acquisition of TI and are aggressively expanding as one of the world's few toymakers able to employ a worldwide distribution network.

We also possess strengths in the form of a veteran *Pokémon* staff that is well-versed in the business, providing planning and development power, as well as marketing know-how accumulated through working with retailers. TOMY has faithfully reproduced *Pokémon*

game characters as toys and related products in three-dimensional shapes and so far has launched hundreds of such characters. We have developed attractive products such as the "Monster Collection" character figures, and we plan to expand sales through coordinated global launches of new games and related toys, such as our planned simultaneous release of products related to the *Pokémon X* and *Pokémon Y* game software when that is launched in October 2013.

As noted above, TOMY combines all of the attributes required by the licensor, such as the "ability to understand the *Pokémon* business," "product planning capability" and "sales and distribution strength." We will team up with the licensor to reap the benefits of our marketing efforts and have set a three-year aggregate sales target of ¥30 billion for *Pokémon* and its related products.

