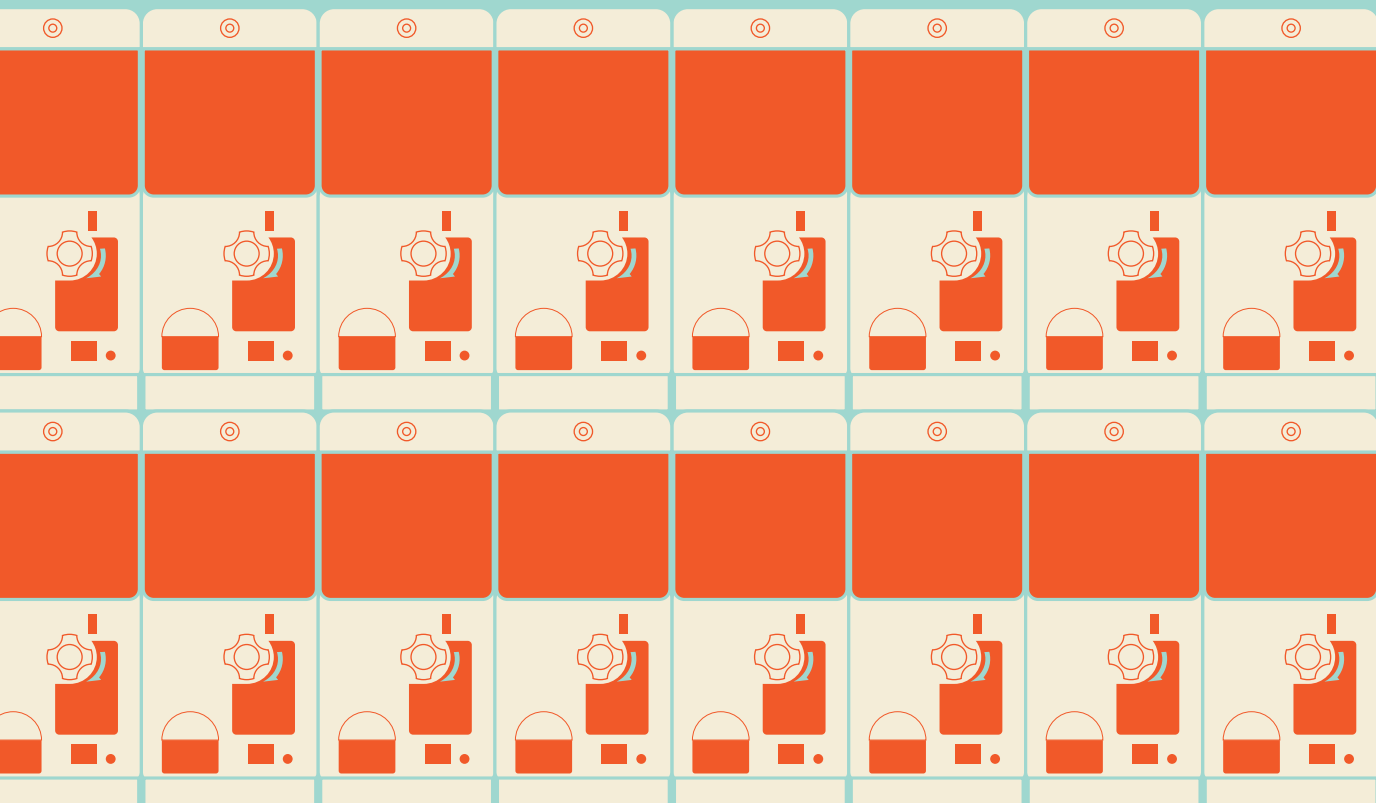


# EPISODE 3

*Special Feature*

## Initiatives for the Creation of New Value

What form will the TOMY Group take to create new value that differs from the past? This section introduces specific products from the perspectives of content creation, digitization and point of availability (POA), focusing on original television-linked content released in 2017, game apps for smartphones representing a new business opportunity in the Japanese market and the result of establishing new POA in Japan and overseas.

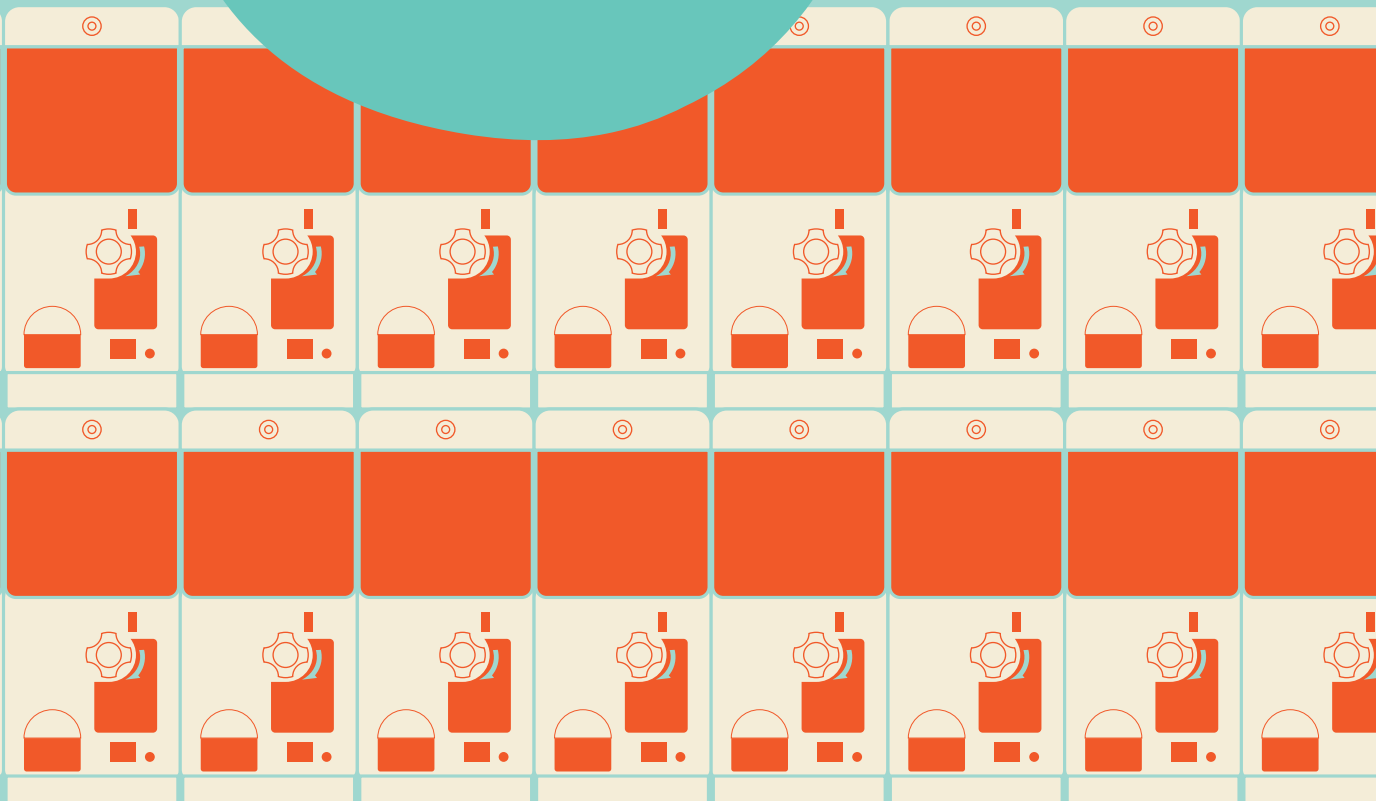




### New Surprises Every Day! Creating 360 New GACHA Products Annually

T-ARTS Company, Ltd., creates more than 360 new items sold in capsule toy GACHA every year. This works out to one new item sent out into the world every day. From original content including “pocket-sized TOMICA” and “capsule PLARAIL,” to keychains that look like candy and traffic lights, postboxes and functioning wristwatches created in through corporate collaborations, these capsules contain a big surprise from mini toys of every genre. We have also released GACHA-NAVI, a smartphone app and system for searching online for GACHA sales locations and popular items.

# 360



## Content Creation

### Collaboration with Live Action Television Series Going Beyond Anime

In April 2014, "IDOL × WARRIOR MIRACLE TUNES!", TOMY's first special effects television series for girls, commenced broadcasts and related toy sales were launched. MIRACLE TUNES! is about being a pop idol, which is a very popular career choice among young girls. The story involves the main characters using song and dance to defeat evil and defend world peace. Incorporating elements of highly popular "dance" from children as lessons and sports, the drama is the embodiment of a musical enabling cool and cute experiences that girls want to imitate. Since this is live action rather than anime, girls watching the drama are able to get the actual items used by the characters in the drama, such as the morphing item "miracle pod" and attack item "miracle baton," which makes the show feel more real and enables viewers to pretend they are morphing or attacking. We strove for a sense of realism in each of these products, which activate morphing or attacks using the same lines as the characters in the

drama, including the same light effects and sounds. The "sound jewel," which is key item in the drama, is equipped with a function that enhances the way in which the other MIRACLE TUNES! products are played with.

As opposed to conventional television product projects, these products were realized through collaborations with specialists in various industries. Takashi Miike, who has announced over 80 works in a variety of genres, and supported by wide range of people, directs and supervises the drama. As for the songs and dancing integral to MIRACLE TUNES!, direction is provided by professional dance and vocal school expg Studio. In addition to the television drama, we develop toys and toy-related products, collaborations with manga and actual idol activities involving the appearance of characters from the drama in real life to achieve a borderless media mix development deeply connecting the drama world to real life.



### TOMICA First Ever Television Anime Content

In terms of content development, broadcast of TOMY television anime series “TOMICA Hyper Rescue Police Drive Head” began in April 2017. Based on the concept of “TOMICA large vehicles combining to transform” and in light of favorable assessments of the TOMICA Hyper Series 10th anniversary series from customers, this show is the realization of television anime content development completely synchronized with toys, a first

in the 47-year history of TOMICA. Rather than being focused mainly on rewarding good and punishing evil, this drama is about saving people from major disasters and serious crimes as succeeded in the TOMICA Hyper Series. By depicting the themes and vehicles important to the essence of TOMICA, we have made every effort to create a product that a multitude of fans will enjoy.



## Digital (Apps)

### Team Battle with Action Toys and Smartphone Games

In April 2017, smartphone app ZOIDS FIELD OF REBELLION was released as a new project for the action toys series ZOIDS based on a mecha organism motif. Anticipation was high with more than 500,000 people pre-registering for the app before release. The day after release, the app was ranked in the top 50 downloads on the App Store, with scores of users enjoying the game since it went on sale. One of the app's most important features is its use of a Multiplayer Online Battle Arena (MOBA) enabling multiple players connected online to form two teams to do battle. This is a game genre for which there are few titles in the Japanese app market, so

TOMY took on the challenge of becoming a frontrunner among its competitors to realize team battle on the ZOIDS world stage. While listening to user feedback, we made further improvements and strove to manage the app so that users would continue to enjoy it. We are also looking towards rolling this app out overseas in Asia and North America. In addition, given that the e-sports market is expected to grow in Japan, we are considering going beyond smartphones to deploy this as an online game for computers.

ZOIDS  
FIELD OF REBELLION



## Launched Distribution of Full-Scale Digital Card Game for Smartphones

Recently, we have been engaged on one other digital initiative. Trading card games such as DUEL MASTERS and WIXOSS, which are popular with children and adults, underwent a digital transformation in December 2016 when we launched distribution of the WAR OF BRAINS full-scale digital card game app for smartphones. This strategic card battle app, developed in conjunction with Hobby JAPAN Co., Ltd., which has a proven track record in card games, involves building a "deck" of 40 kinds of digital cards from among over 300 variations reflecting characteristics that differ by country. The player does battle on behalf of their

country in the digital world. Based on the same concepts as conventional trading card games, this digital product whose output is a smartphone app features uses ingenuity enabling users to enjoy features available only to digital card games, including background music that changes when an extremely rare card enters the game, incorporating voice actor narration into game play and other effects and elements not possible with conventional paper card games. In August 2017 the game underwent a major update and acquired additional user segments as we turned our sights to overseas deployment.



In August 2017, a major update was rolled out and the title was updated to WAR OF BRAINS Re: Boot.



## POA

### Expanding Distribution Channels and Rolling Out Product Development and Pricing Strategies for Channels

Since 2015, we have promoted the expansion of points of availability (POA) for toys in Japan. First, in 2015 we conducted a detailed study of places where children younger than junior high school age go, and began approaching the kinds of businesses they frequented. Then, in 2016, we promoted marketing activities focused on further cultivating and developing business categories that succeeded in expanding POA. By promoting the development of original products meeting the distribution environments of convenience stores and bookshops and consumer attributes, we were able to achieve significant results in terms of both POA and sales. We also made proposals regarding low-priced products, storefront promotions and sales floor creation to restaurant chains and drugstores that led to

substantial expansion of POA and sales. Furthermore, we introduced and launched sales of general toys for children as well as parents and grandparents, on TV shopping channels and in baby specialty chain stores.



South Korea parking area sales corner



Deployment in bookshop in Japan



Singapore gas station sales area

## Developing Low-Priced GACHA Toys for Airports and Global Rollout

POA expansion is not limited to general toys. We are also promoting the POA expansion of GACHA capsule toys. Existing GACHA sales are conducted at supermarkets, GMS, home appliance stores, rental shops and restaurant chains. We have expanded GACHA sales to inside railway stations with the aim of increasing points of contact with the general public. In addition, we regularly hold events in an attempt to create new GACHA fans. Rollout in airports is also becoming a hot topic. The more than 100 GACHA machines installed at Narita International Airport and Kansai International Airport as Japanese culture souvenirs for international tourists are very popular. Based on this success, we are looking at expanding this POA to all airports in Japan.

At the same time, POA expansion is a major theme within our overseas developments mainly in Asia. While observing the differences in business customs by country, we are promoting product rollouts in line with customer segments and distribution networks in an effort to expand POA. We are engaged in promoting the introduction of products to over 30,000 shops, mainly convenience stores in Indonesia, Thailand, South Korea, China and Singapore. We are also continuously focusing efforts

on keeping acquired sales space all at once while simultaneously expanding POA, and by promoting the horizontal deployment of successful patterns, we will link these activities to further growth.

### JAPANESE CAPSULE TOY **GACHA**

あまった小銭をオモチャに!  
Take advantage of the leftover JPY coins!

活用多余的硬币换玩具!  
Use surplus coins to exchange for toys!

쓰고 남은 동전을 장난감으로!  
Use leftover coins for toys!

1. 100円硬貨を投入し、レバーを操作してGACHAをゲット!  
Insert 100 yen coins and operate the lever to get GACHA!
2. 100円硬貨を投入し、レバーを操作してGACHAをゲット!  
Insert 100 yen coins and operate the lever to get GACHA!
3. 100円硬貨を投入し、レバーを操作してGACHAをゲット!  
Insert 100 yen coins and operate the lever to get GACHA!



GACHA machines in the Narita International Airport