

August 7, 2018

TOMY COMPANY, LTD.

Telephone Conference for the First Three Months of the Fiscal Year Ending March 31, 2019

Outline of Questions and Answers

Q. Did advertising expenses increase or decrease in the first quarter? And, what is your forecast in that regard for the second quarter?

A. (Kutsuzawa, Senior Executive Officer & CFO) In the first quarter, our advertising expenses increased in comparison with last year. In the second quarter, we similarly anticipate an increase.

Q. With respect to your quantitative targets for the second quarter, could you go over the reasons why the decrease in operating profit is larger than the decrease in net sales?

A. (Kutsuzawa, Senior Executive Officer & CFO) That is a result of our plans to make upfront investment particularly with respect to advertising expenses and R&D expenses looking toward the period running from the second quarter to year-end.

Q. Whereas your cost of sales ratio with respect to overseas merchandise is generally high, do you consider “L.O.L. SURPRISE!” to be a product that will contribute to earnings?

A. (Kutsuzawa, Senior Executive Officer & CFO) We are hopeful to a degree with respect to sales volume, partially given that initial sales trends have exceeded our targets. We find that earnings generally increase in proportion to the number of units sold.

Q. Could you please let us know what new measures you are taking in order to bring about improvement in North America?

A. (Kutsuzawa, Senior Executive Officer & CFO) We have been achieving improvement with respect to agricultural machinery toys and baby products in comparison with the previous fiscal year. This has involved efforts to shore up our long-standing products in part by upgrading sales spaces and actively staging promotions upon having rebuilt our distribution strategy.

With respect baby products, we have managed to secure sales spaces upon having developed new merchandise in conjunction with the Japan side.

Q. What are your perceptions with respect to the external environment in North America, Europe, Oceania and Asia?

A. (Kutsuzawa, Senior Executive Officer & CFO) As for the market overall, we see a situation

where e-commerce centered on Amazon and other major distribution and retail chains are picking up business previously handled by Toys “R” Us in the United States upon its closure, and achieving growth.

The ratio of e-commerce business is increase year after year in the North American and European markets.

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