

Telephone Conference for the First Three Months of  
the Fiscal Year Ending March 31, 2020:  
Questions and Answers Section

Q. "The global launch of a large-scale product in the second quarter" mentioned in the financial results, would that be the item TOMY has previously described as an "original global hit product"? And would that be a TOMY original product? Also, do you plan to release similar global items in the future?

A. (Kutsuzawa, Senior Managing Officer) As you pointed out, we have a large-scale product that we can sell globally which we have been working on for several years. This is our own completely original item. As to the future, we do not know whether we will make it within this calendar year, but we are planning several releases toward next year.

Q. In the plan for the second quarter (from the consolidated earnings forecasts for the first six months excluding the sales results for the first quarter), could you tell us which region (Japan, Europe and North America, Asia) will be the driver?

A. (Kutsuzawa, Senior Managing Officer) We are expecting sales to increase especially in Japan. Although the sales for BEYBLADE BURST and DUEL MASTERS were more favorable than we had assumed, they have been levelling off, and in place of those products we are planning to release new product lines after the summer sales.

In Europe and North America, we are getting good feedback from the trade about the global launch of a large-scale product in the second quarter, and we think this product will be a key factor in why sales will increase.

Q. From the point of view of strengthening corporate governance, in the future, is there any plan to change the chair of the nominating committee to an outside director?

A. (Kutsuzawa, Senior Managing Officer) We are considering that, but at this point

in time an internal director is serving as chair of the nominating committee.

Q. In the context of an increasing number of companies disclosing in detail about their policies related to cross-shareholdings, in the future, do you have any plans to enhance your description of cross-shareholdings?

A. (Kutsuzawa, Senior Managing Officer) First of all, we will have to make the policy clearer and then judge whether there is a requirement or not to make any further enhancements. We will consider the description.

Q. Regarding measures related to child labor in CSR procurement, in the future, do you have any plans to enhance the disclosures?

A. (Kutsuzawa, Senior Managing Officer) In relation to CSR procurement, we have our own independent safety standards, and we know that their settings are stricter than those for the industry standards. We want to communicate clearly on these to all our stakeholders and progress preparations towards enhancing the disclosures on these.

Q. Regarding measures related to environmental management, do you have any plans for disclosing your achievements and targets in relation to reducing your CO2 emissions?

A. (Kutsuzawa, Senior Managing Officer) At present, we are moving ahead with deliberations for disclosures with data collection, etc.

Q. Could you tell us about the advertising expenses and R&D expenses in the first quarter results?

A. (Kutsuzawa, Senior Managing Officer) At a rough estimate, advertising expenses were in the range of 3.8 billion yen, and R&D expenses were just under 1.0 billion yen. In addition, regarding R&D expenses, the actual result for the first quarter of the previous fiscal year was a little more than 0.7 billion yen so this quarter there is an increase of a little less than 0.2 billion yen.

Q. Are there plans to also increase advertising expenses with the global launch of

a large-scale product in the second quarter?

A. (Kutsuzawa, Senior Managing Officer) In terms of advertising expenses, we are planning to invest some amount of money in store promotions, mass media, SNS, etc.

Q. What is the annual budget for advertising expenses and R&D expenses?

A. (Kutsuzawa, Senior Managing Officer) Advertising expenses is in the range of 16 billion yen and R&D expenses is in the range of 4 billion yen.