

**Telephone Conference for the First Three Months of the Fiscal Year Ending March 31,
2021: Questions and Answers Section**

Q. Packaged gaming software such as Nintendo's "ANIMAL CROSSING: NEW HORIZONS" saw strong sales from April to June. To what extent did the strong sales of gaming software affect your company?

A. (Kutsuzawa, Senior Managing Director) Sales of family games, which is one of the basic toy categories, significantly increased due to the increasing stay-at-home demand. Boy's products and girl's surprise toy-related products, however, had a considerably difficult quarter. From the trend of our e-commerce purchases, we consider the impact of gaming software is not that large.

Q. When looking at the performance of each regional segment, Japan and Asia are having difficulty while both sales and profit increased more or less in the Americas, Europe, and Oceania. What is the reason?

A. (Kutsuzawa, Senior Managing Director) In the Americas, an increase in stay-at-home demand from lockdown led to growth in baby care products such as potty seats used for toilet training and infant and toddler feeding products. Also, in agricultural vehicles toys brand, ride-on toys to be enjoyed in backyards significantly grew to make up for the sales decline in retail stores.

In Europe, besides the similar trend seen in the Americas, DRUMOND PARK brand products which we acquired sales rights in the fiscal year ended March 31, 2020 achieved significant growth due to the stay-at-home demand.

Q. In the last financial results presentation meeting, you mentioned that development was underway for global products replacing RIZMO and for new products targeting the year-end sale for boy's toys. Are the product development and launch plan for these toys in progress?

A. (Kutsuzawa, Senior Managing Director) Product development is going smoothly. However, the timing for the global launch will be difficult to roll out within this year. As for the boy's toys, development has been completed and the toys can be planned for launch before year's end.

Q. What is the trend of the Obon week (one of Japan's major holiday seasons) sale as compared with the Golden Week sale under the declaration of a state of emergency? Also, what are your views toward this year's year-end sale?

A. (Kutsuzawa, Senior Managing Director) Although store sales increased after the lifting of the state of emergency, with the number of persons infected with the novel coronavirus disease (COVID-19)

increasing again, sales decreased again last week and the week before. Also, because children's summer vacation has been largely shortened this year compared to previous years, retail sales and arcade gaming machine-related sales have been challenging to a considerable degree.

Consumer sentiment in terms of in-store shopping for toys is becoming less nervous, and basically, the situation is improving from before.

In terms of the year-end sale, we expect it to be at the same level as the previous year. The launch of products such as TOMICA's large-scale products and programming robot-related products originally planned from spring to summer have been postponed due to distribution issues. The launch will be in or after August, and this portion of sales will be added to the year-end sale. Therefore, at the present, we expect sales will recover from the third quarter.

Q. Family games such as POP UP PIRATE was said to have gained popularity both in Japan and overseas due to stay-at-home demand. How much were the sales or to what extent did it grow?

A. (Kutsuzawa, Senior Managing Director) We do not disclose specific sales figures. However, in terms of growth rate, product sales have almost doubled year over year.

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