

**Telephone Conference for the First Three Months of the Fiscal Year Ending March 31,
2024: Questions and Answers Section**

Q. Please tell us the cost trends concerning the initial plan for this fiscal year.

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) In the current first quarter we have improved logistics costs compared with the first quarter last year, and this contributed to the current level of profit. However, looking forward to the second quarter and rest of the fiscal year, while we do practice currency hedging, the yen has been weak overall, and we will continue to take a conservative stance on such impacts going forward.

Q. Currently, operating profit for the first quarter was 2.5 billion yen, and your current forecast for the first half of the year is 6.0 billion yen. So deducting the first quarter, that leaves 3.5 billion yen for the second quarter. That suggests a year-on-year decline for the first half of the year. Please explain management's view on this.

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) New products introduced to the market, such as "BEYBLADE X," and retail trends, along with events such as TOMICA EXPO, the GACHA capsule toy business and amusement machines, etc. are all providing promise for strong results. On the other hand, rival companies in the United States are reporting weak operating figures, and there are uncertainties ahead for the Group as well. In these circumstances, we do not expect the second quarter to deliver a year-on-year decline, and we expect to meet our forecast.

Q. What are the factors boosting consolidated net sales?

A (Ito, Senior Executive Officer, Head of Corporate Administrations) The main boosters of consolidated net sales in toys are TOMICA, the Pokémon series and the DUEL MASTERS series. Also, sales of KIDDY Land grew significantly.

Q. How has the initial reception been to sales of the toys related to "Transformers: Rise of the Beasts"?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) At present, those sales are down slightly compared with previous toy series for Transformers. However, we expect sales to rise going forward, taking into account the summer holidays and the release of the movie.

Q. Regarding the trend of the new product BEYBLADE X, how has the initial reception been compared to previous BEYBLADE releases. Also, please tell us about your monetizing efforts, such as business related to ROBLOX, for example.

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) We can verify that sales for the initial lot for BEYBLADE X was stronger than that of earlier series. However, only three weeks have passed since the launch. We are paying close attention to its sales trend going forward to see how sales grow over the summer. As for business related to ROBLOX, and so forth, we will provide information in releases going forward, so please look out for that.

Q. With regard to BEYBLADE X, please tell us about measures to realize your aim to achieve higher sales than previous releases, such as expanding the target customer segments.

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) We started sales of BEYBLADE X on July 15. Based on the initial reception, we are seeing sales to a broad range of customers, including customers in higher age groups, which indicates our efforts to sell to an expanded range of customers are working. As for future plans, we are planning to expand overseas sales to a level exceeding previous releases. Up until now, BEYBLADE has proved popular in the U.S., in particular but also in Asia, etc. Our plan going forward is to actively pursue sales in areas we have not entered up until now.

Q. What is the situation regarding comics or animation of BEYBLADE X?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) Concerning comics, a big-name artist has produced some comics, which stirred a huge positive reaction. In the future, in addition to paper-based comics, we plan to use such mediums as web-based media and film to release these stories, and we expect this will synergistically boost demand for the BEYBLADE X toys.

Q. Please explain how you are deploying the BEYBLADE X app for smartphones.

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) Nowadays, even children have smartphones, so we are taking this approach extremely seriously. As for its monetization, we are expecting for users to use the app and then sign up for membership.

Q. Envisioning that competition for the GACHA capsule toy business will only heat up, what is the future outlook for this business?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) Rival companies are increasing, and competition is certainly intensifying. However, we are taking this into consideration in the sales strategies we are adopting. On the other hand, the inbound market is also becoming more active, so the overall market is expanding significantly. One advantage we have is the numerous sales channels, including airports, train stations, and expressway service areas, to name a few. We are actively leveraging this in our sales strategies as well. Currently, the GACHA capsule toy business is concentrating its focus in a big way on the overseas markets. The market up until now has only been

Japan and a part of Asia. Going forward, it will be possible for GACHA capsule toys to be purchased in overseas markets as well, and we expect that this trend will only strengthen. We expect that the appeal of these products will become increasingly widely known.

Q. Please tell us the current situation regarding TOMY International

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) We are well aware that rival companies in the U.S. and Europe are currently facing difficulties. Amid this environment, The U.S. business of TOMY International launched hit products such as feeding bottles, and is making a good showing when compared with Europe. At TOMY, as well, we have in-house project teams working to provide assistance. On the other hand, the newly acquired Fat Brain Group in the U.S. and the Europe business of TOMY International are unfortunately struggling like their competitors.

End of Document