

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

Q. If you subtract the results for the first nine months from the earnings forecasts for the full year, the operating profit for the fourth quarter will be in the red by approximately 300 million yen. Could you tell us the reasons why?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) We are considering advertising and other measures as investment for the next fiscal year, and it is still difficult to say anything concrete about the fourth quarter profit. Since we were in the black for the previous fiscal year and the year before that, we expect to be in the black for this fiscal year as well. However, because uncertainties remain at this time, we will use the outlook announced on January 26.

Q. You said the sales of BEYBLADE X have been strong, better than planned. However, could you tell us how good the sales have been?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) Although I will refrain from providing detailed figures, the sales rate (on a monetary basis) has been several times higher compared to the previous product, BEYBLADE BURST.

Q. At the interim financial results presentation meeting, it was mentioned that increasing the level of awareness for BEYBLADE X among children was an issue. Could you tell us the current situation regarding this issue?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) After the broadcast of the TV anime program started in October, the level of awareness among children has increased. As a result, the popularity is growing, including securing a top spot in the sales rankings for the Christmas period.

Q. Could you tell us about your initiatives to expand sales of BEYBLADE X to overseas markets in the future?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) We plan to expand the broadcasts of the TV anime program, including in countries where we had not broadcast such programs in the past. In addition, because we already have a long history of selling products in the U.S., we would like to expand sales there to the market for adults.

Q. Could you tell us about the situation regarding the initiatives for BEYBLADE X through Roblox?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) The number of visitors to the official metaverse world “BEYBLADE PARK” on Roblox has reached 2.4 million (as of January 30). Of those visitors, approximately 70% are junior high school-aged or older, and we feel that we are appealing to the Kidults demographic.

Q. Could you tell us about the future profitability of the trading card game “DETECTIVE CONAN CARD GAME”?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) In the next fiscal year onward, we expect that it will become a main product.

Q. Concerning Fat Brain Holdings, LLC, for which an impairment loss was recorded, could you tell us the measures that you will use to prop up the company in the next fiscal year onward?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) Because this company develops appealing unique products, we will work on inducing business synergy with TOMY International, Inc. while also bringing in reinforcement on the personnel front in the future and implementing other measures to support the company.

Q. SORA-Q successfully landed on the moon. However, could you tell us your thoughts regarding the future development of the space-related business?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) With respect to the space business, because this will be a business that involves many partners, it is still difficult to speak in detail about our opinions regarding the potential of this business. However, as we have done previously, we would like to take on the challenge if there are opportunities like this, and also proceed with the development of related toys.

Q. Currently, business performance is solid. However, could you tell us about the potential for growth in the next fiscal year onward and the issues you recognize?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) As Japan has a declining birthrate, there was a period where some people remarked, “Isn’t the toy industry a dying industry?” However, over these past few years, in addition to the results from our initiatives, there has been a change in global trends, and the recognition that “toys are not just for kids, adults can enjoy them too” has been spreading around the world. In addition, the level of awareness for contents originating in Japan has increased significantly and the contents are taking the world by storm. As the Company is at the center of this, our view is that “the toy industry that was once said to be a dying industry is now considered to be a growth industry.” We will continue to regard this as an opportunity going forward and would like to develop various initiatives. On the other hand, as the issues, there are insufficient resources and expertise in the hobby and digital fields, and there are fields in which our efforts have been lacking. While obtaining new knowledge, etc. based on a new organization, we would like to continue actively taking on challenges.

Q. I believe that Executive Vice President Tomiyama is well-versed in digital marketing. However, could you tell us what types of global measures you will carry out in the future?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) Tomiyama is very familiar with the digital field, and he has developed a strong network with the founders of startup companies. In addition, he served as the CSO of TOMY International, Inc. in the U.S. Going forward, he will utilize this experience to take the lead in our global efforts. By expanding into new fields with the Company working as one, we believe that this will greatly expand our horizon.

Q. Could you tell us about your view on the return of profits to shareholders?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) The 100th anniversary commemorative dividend of 8 yen may appear to be slightly less substantial compared to the previous commemorative dividend of 10 yen to celebrate the 95th anniversary. However, the dividend payout ratio at the time of the 95th anniversary was not more than 30%. Meanwhile, this time, including the purchase of treasury shares, we plan to provide a return of profits to shareholders with a total dividend payout ratio of approximately 60%. In the next Medium-Term Management Plan, we believe that we will be able to provide an explanation in greater detail than has been provided in the past on the shareholder return policy.

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