

**Financial Results Presentation Meeting for the First Six Months of the Fiscal Year Ending
March 31, 2021 (Telephone Conference)**

Outline of Questions and Answers

Q. Regarding the outlook of net sales for the next fiscal year: do you expect to generate the same level of net sales as before the COVID-19 pandemic, or do you believe returning to the same level as before the COVID-19 pandemic will be difficult because the effect of the COVID-19 will remain?

A. (Kojima, Representative Director, President & COO) It is difficult to see how long COVID-19 will continue to have the effects on the economy and consumers' purchasing behavior, but we plan to prepare products and perform marketing activities based on the standpoint that the effects of COVID-19 will start to somewhat settle down in and after April in the next fiscal year. Accordingly, we are proceeding with the plan on the assumption that we will mostly return to the state before the COVID-19 period.

Q. Regarding the logistics risk for the year-end sale: I have heard that the global supply chain is disrupted because of the impact of COVID-19. For example, is there a risk that toys produced in China, Thailand, Vietnam, etc. cannot be transported to Japan, Europe or the U.S.?

A. (Kojima, Representative Director, President & COO) Some say that it is likely to be difficult to import and export goods because of such problems as ships staying in the port, but for now, we have been reported from the production department that products will be delivered on time based on our sales plan, especially for the Christmas shopping season.

Q. The presentation document indicates that "BOTTLEMAN" has made a good launch. What sales volume are you expecting?

A. (Kojima, Representative Director, President & COO) For BOTTLEMAN, as described in the product release for the launch on October 24, 2020, the sales target for the first fiscal year (from the launch in October 2020 to March 2021) is set to 300,000 units in total.

Q. Regarding Demon Slayer (Kimetsu no Yaiba) related products, what kind of items have you rolled out? Also, what products are you planning to launch in the future?

A. (Kojima, Representative Director, President & COO) As stated in slide 12 of the presentation document, T-ARTS Company, Ltd. have introduced Demon Slayer license to their Chokkori-san plush line, toys with candies, and others. TOMY Company is also working on Demon Slayer products, but we will refrain from disclosing details at this time.

Q. How many units of “DRAGON QUEST: The Adventure of Dai” arcade games have you set up on-site? Also, as a business model, what are the target net sales for the full fiscal year and what is the audience ratings of the TV animated series?

A. (Kojima, Representative Director, President & COO) We can say we have set up a significant number of units, and that we place great focus on the arcade game business, but we will refrain from disclosing the exact number of machines set up on-site, the sales target and audience ratings.

Q. Regarding Demon Slayer (Kimetsu no Yaiba) related products, what sales scale do you expect?

A. (Kojima, Representative Director, President & COO) We will refrain from disclosing the information.

Q. Regarding the Fat Brain Group acquisition, how much is the goodwill, and what is the quantitative impact on mid-term and long-term earnings?

A. (Kojima, Representative Director, President & COO) We are yet to determine the amount, as we are presently in the process of reviewing goodwill and intangible fixed assets with an audit firm. However, the total of goodwill and intangible fixed assets is roughly 34 million US dollars. In terms of Fat Brain’s contribution to our net sales and profit for the current fiscal year and thereafter, sales through “.com,” that is, e-commerce are growing in the U.S. during the COVID-19 pandemic. In that sense, the Fat Brain Group, which we have acquired this time, has been on the current trend as it possesses its proprietary B-to-C logistics and customer network. We therefore believe that, going forward, their contribution to our net sales and profit can be expected.

With regards to your question about Fat Brain Group’s contribution to our sales and profits for the current fiscal year and thereafter, sales have been growing for the dot-coms, in other words, for e-commerce in the US market amidst the COVID-19 pandemic, and we can say that Fat Brain Group are going with the current trends, as they have a proprietary BtoC infrastructure and logistics and customer base, and therefore we believe they will contribute to our sales and profits. However, we are still in the process of reviewing the numbers including the forecast and will make announcements as soon as we are able to.

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