

Financial Results Presentation Meeting for the Fiscal Year Ended March 31, 2021
Outline of Questions and Answers

Q When asked during the previous presentation of the third quarter financial results, the Company commented that the impact of COVID-19 was only slightly considered as an assumption in establishing the outlook for the new fiscal year (FY ending March 31, 2022), but what are your thoughts on the impact of COVID-19 under the operating profit target of 8.0 billion yen announced today?

A (Kojima, Representative Director, President & COO) Regarding the outlook for the current fiscal year, we started to build the budget based on the belief that the impact of COVID-19 will not be as strong as it was during the previous fiscal year and confirmed the budget in March.

If the current (as of May 11, 2021) declaration of the state of emergency were to be further expanded to a nationwide level, such impact is not included in the assumptions used.

Q The net sales and operating profit have improved in Europe and the U.S. What are your thoughts on stay-at-home demand, which was one factor in the performance recovery during the previous fiscal year, and the impact of e-commerce in the new fiscal year?

A. (Kojima, Representative Director, President & COO) Board games grew in Europe due to stay-at-home demand, and sales are also trending steadily with a focus on e-commerce during the current fiscal year similar to last year. We also believe that sharp performance declines are unlikely to occur going forward due to improvements in the break-even point resulting from a reduced workforce and other factors.

Core brands such as The First Years and John Deere have significantly recovered in North America. Moreover, the performance of the baby products has significantly exceeded the market growth rate calculated by research companies, and recognition of the Company's brands among consumers is a factor in last year's sales growth. Based on conditions since the start of this year, it is difficult to believe that we will see a sudden decline during the current fiscal year and expect that sales will continue trending steadily going forward.

Q I understand that the Company is developing the next global product after Rizmo, so would you please tell us about the progress of those efforts?

A (Board Director, Senior Executive Officer Chief Head of Business HQ & Brand Business HQ Tomiyama) Currently, sales of the Mocchi-Mocchi stuffed toy brand are significantly increasing in North America. We plan to expand the brand as a platform that offers various licensed toys. We are also continuing to work on increasing the overseas sales of Transformers and Beyblade products. In

addition, we are anticipating and promoting the global expansion of the MAZICA PARTY trading card product which was newly launched in April.

We are carrying out thorough overseas marketing research regarding new products after Rizmo and promoting a system to increase the accuracy of such efforts.

Q Regarding the new “neltip” kiosk business, other companies have deployed nail kiosks in the past, but in what ways is the kiosk developed by the TOMY Company superior? Moreover, artificial nails are an innately inexpensive product, and manicures seem to be more popular. What are your thoughts on this?

A (Board Director, Senior Executive Officer Chief Head of Business HQ & Brand Business HQ Tomiyama) In contrast to other companies, our solution prints on plastic artificial nails rather than using stickers. In addition, we have marketed the product in a way that resonates with the target teen demographic, and the product has been well received on social media. During the initial limited-scale operation, we have verified that the value can be communicated at a cost of 500 yen for one session. In addition, the product can also be enjoyed by “kidults,” adults who are young at heart, by printing their own original designs, which we feel may also prove to be a point of differentiation.

Q What is the size of investment for new businesses based on the keywords of “play” and what do you think are the businesses that are highly likely to be implemented within the new businesses?

A (Board Director, Senior Executive Officer Chief Head of Business HQ & Brand Business HQ Tomiyama) We will continue investments in the digital business. For example, the “DUEL MASTERS PLAY’S” card game app has become established as a platform, and we would like to expand sales. Regarding investment in new “play” rather than focus on scale, we are promoting a sense of speed in the steps of creating a hypothesis, verification, and demonstration so as to avoid missing the marks and believe that identifying the signs of new business opportunities at an early stage is important. We are also promoting the verification of new products for seniors, new services directed at pre-school children, and other new businesses.

Q I would like to hear in greater detail about the market introduction timing and pricing, etc. for life robots aimed at the elderly.

A (Board Director, Senior Executive Officer Chief Head of Business HQ & Brand Business HQ Tomiyama) We are developing life robots for owners only that utilize AI-based image recognition functions to recognize their owner’s face and call their name. Our hope is to give the elderly consumers a feeling that they have an additional family member, or give them a heightened sense of their own existence, by having our robots call them by their names. We are working to introduce this

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product to the market on September 20th (Respect-for-the-Aged Day). We expect that it will not be in a high price range for a support robot.

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