

**Financial Results Presentation Meeting for the First Six Months of the Fiscal Year Ending
March 31, 2024**

Outline of Questions and Answers

Q. Looking only at the second quarter, the Company posted a record-high operating profit and the operating profit margin was also at a record-high level. Could you tell us the reasons why?

A. (Kojima, Representative Director, President & COO) The T-ARTS Company and KIDDY LAND drove sales, and as a result, contributed to profits. In particular, KIDDY LAND saw the flow of people to stores returning, while inbound demand had a significant impact. In addition, sales of the T-ARTS Company's products for adults, mainly GACHA capsule toys, were extremely strong.

Q. Looking at the results by quarter, I believe that the operating profit margin will normally rise more in the third quarter than in the second quarter. Could you tell us what you think about this point?

A. (Kojima, Representative Director, President & COO) Currently, the momentum is not slowing down in the third quarter and we expect favorable results.

Q. Could you tell us about your currency hedging in response to the weak yen and the sensitivity of business results to exchange rates?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) We have entered into forward exchange contracts as a certain amount of currency hedging. Regarding the sensitivity of business results to exchange rates, we assume that there will be a negative impact of approximately 200 million yen if the yen depreciates by 1 yen. However, through the forward exchange contracts, we assume that we have reduced that impact to under 100 million yen, which is less than half.

Q. Regarding BEYBLADE X, could you tell us about the situation following the initial response and your expectations for October and thereafter?

A. (Tomiyama, Board Director, Executive Vice President) The performance is still exceeding that for BEYBLADE BURST. We also found purchasing by adults this time. Moreover, not only children but also adults have been enjoying the events. On the other hand, because awareness among children is still low, we will intensify our advertising through January in order to raise the level of awareness.

Q. Could you tell us about the difference between adults and children in the number of BEYBLADE X units purchased?

A. (Tomiyama, Board Director, Executive Vice President) Since adults have more economic resources

than children have, they purchase many units. Currently, as purchasing by children has not yet fully grown, we will work to increase awareness and promote multiple purchases.

Q. As for digital measures for BEYBLADE X, what kind of approach are you considering regarding initiatives through the online gaming platform Roblox that uses a metaverse? In addition, could you tell us about monetization?

A. (Tomiyaama, Board Director, Executive Vice President) We consider it to be similar to YouTube. We will use the platform as a promotional tool and consider it to be a source for disseminating information about BEYBLADE X.

Q. Could you tell us about the evergreening of BEYBLADE X?

A. (Tomiyaama, Board Director, Executive Vice President) As this brand has continued for nearly 25 years since it was launched, we consider it to already be approaching the status of an evergreen brand. It has a play format that can be loved for many years, and I believe that we need to place importance on that. Moreover, since continued success in the U.S. is essential, we will collaborate with Hasbro, Inc., which is responsible for sales of the products in Europe, the U.S. and other regions, and promote strategies that include marketing. In addition, we will establish a license management company, and with respect to the operation of events, etc., we will create a format that enables active investment and increase opportunities for experiencing BEYBLADE based on our leadership.

Q. Could you tell us about the current conditions regarding TRANSFORMERS?

A. (Tomiyaama, Board Director, Executive Vice President) Although sales of TRANSFORMERS have been growing since the release of the movies, they have not met our expectations, partially due to the overseas market environment after the COVID-19 pandemic. Going forward, we will strengthen our marketing efforts as we approach the 40th anniversary.

Q. Could you tell us about the marketing of capsule toys in North America?

A. (Tomiyaama, Board Director, Executive Vice President) We have expanded our sales points to include Target, Walmart, Barnes & Noble (a book store) and other stores. Since each contents-holder company is focused on increasing the popularity of its characters, we will respond accordingly.

Q. Given that the market environment in Europe and the U.S. has created extremely difficult business conditions for other companies as well, could you tell us how this year's year-end sales season will compare to the one last year?

A. (Tomiyaama, Board Director, Executive Vice President) Due to the impact of rising interest rates and inflation, I believe that toy purchases have moved to a lower priority than for other items. However,

we aim to overcome such a challenging situation by controlling selling, general and administrative expenses and the sales cost ratio at group companies in Europe and the U.S.

Q. Regarding the challenges facing Fat Brain in the Americas segment, could you tell us about the reasons other than the difficult toy market?

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) In FY2021-FY2022, there was stay-at-home demand accompanying the COVID-19 pandemic. Currently, I think that one factor is also the appearance of similar products. Accordingly, we will continue to develop new products.

Q. Given the signs of an economic slowdown in China, could you tell us what impact this will have on toys?

A. (Tomiya, Board Director, Executive Vice President) I recognize that performance in China has been strong up to the first half of the fiscal year. Going forward, while there is a sense of uncertainty regarding the Chinese economy, I still do not feel that there has been a change in sales. In addition, we are working to be able to shift to other regions in Asia.

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

A. (Ito, Senior Executive Officer, Head of Corporate Administrations) Although we have not disclosed quantitative figures, I recognize that the resulting current level of dividends and the return of profits to shareholders, which includes the acquisition of treasury shares, etc., have been maintained at certain levels. Going forward, we will consider various measures, including net cash investment methods.

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