

**Financial Results Presentation Meeting for the First Six Months (Interim Period) of the
Fiscal Year Ending March 31, 2025
Outline of Questions and Answers**

- Q. First-half results are up, and if the Medium- to Long-Term Management Strategy goals of 300.0 billion yen in net sales and 30.0 billion yen in operating profit can be achieved ahead of schedule, will you change these goals?
- A. (Tomiya, Representative Director, President & COO) We just started our Medium- to Long-Term Management Strategy. Our goals will remain the same, and we will invest with an eye on expanding our presence in terms of both age group and regional axis in order to achieve our goals. In particular, we will strengthen our human capital.
- Q. In the Japan segment, operating profit growth seems to be weaker compared to net sales growth during the second quarter. Please give us a breakdown of expenses and the forecast for expenses in the third quarter and beyond.
- A. (Ito, Board Director, Senior Executive Officer, CFO) We are investing the expenses that need to be invested, such as advertising expenses. This will continue for the third quarter and beyond. We are not looking to cut expenses and increase profit.
- Q. Please tell us about the Company's use of cash. If profits continue to rise, can we also expect to see share buybacks, etc. based on the 50% total payout ratio goal of the shareholder return policy?
- A. (Ito, Board Director, Senior Executive Officer, CFO) If there is an upturn in performance in the second half of the fiscal year, we will distribute the proceeds according to the shareholder return policy.
- Q. Please tell us why the profit margin is lower than your competitors and how you plan to improve it.
- A. (Ito, Board Director, Senior Executive Officer, CFO) As we deal with physical commodities, we incur various expenses including foreign exchange. Our operating profit margin for the current interim period has improved to 10.3%, and we will continue to strive to improve it through net sales growth, securing business opportunities including licensing business, reducing costs, and other efforts.
- Q. Please tell us about the status of expanding the BEYBLADE X business in North America and whether you will need to consider the impact of tariffs regarding doing business in this region.
- A. (Tomiya, Representative Director, President & COO) I understand we are off to a strong start. Going forward, we will strategically advertise and create trends from the year-end and New Year

sales season to spring, hopefully leading to success in North America and Europe. While we believe there is little risk in terms of tariffs, we will closely monitor future trends.

Q. Please tell us about the target age group for the Disney LORCANA Trading Card Game and the purpose (competing or collecting) that will be assumed for people purchasing the game when marketing the product.

A. (Usami, Board Director, Executive Vice President) Overseas, trading card fans and Disney fans are buying the product. Since we expect an even gender ratio and a wide-ranging age group, we believe we will target the same group as when launched in Japan.

Q. Please tell us about your expectations for the Disney LORCANA Trading Card Game.

A. (Tomiyaama, Representative Director, President & COO) Once a trading card game becomes a hit, it can generate huge sales, and even if it develops as a regular game, it will lead to an increased sales base. We are also planning to invest in marketing, so please look forward to this.

Q. Please tell us about the progress status of hobby products.

A. (Tomiyaama, Representative Director, President & COO) We launched the T-SPARK label and are expanding the product lineup. We will translate these efforts into medium- to long-term corporate value.

Q. Please tell us about the growth potential of GACHA products in Japan and the status of their overseas expansion.

A. (Usami, Board Director, Executive Vice President) Domestically, we are continuing to develop GACHA shops. We are shifting from development in open spaces to actively developing them as products that will sell. In addition, with the rise in inbound tourism, there is potential for growth. Overseas, we are expanding the number of GACHA machines in Asia. In Europe, the U.S., and Australia, they are sold in pillow bags, and they will soon be available in GACHA machines.

Q. Please tell us about the strengths of T-ARTS regarding GACHA.

A. (Usami, Board Director, Executive Vice President) Traditionally, it has a strong lineup of characters and goods for Kidults.

Q. Please tell us about the highly expected products in the second half of the fiscal year.

A. (Tomiyaama, Representative Director, President & COO) We are expecting Kiddy Land to keep its higher traffic volume, and we have expectations in all of our products, including GACHA, amusement machines, and plush toys at the T-ARTS Company, as well as TOMICA, BEYBLADE X, and trading card games at the TOMY Company.

Q. Considering the inflation rate domestically and overseas, it may be easier to raise prices overseas.

Please tell us about the status of price increases in Japan and overseas.

A. (Tomiyaama, Representative Director, President & COO) We increase prices domestically, as needed. Meanwhile, in Europe and the U.S., we believe we will be somewhat conservative when it comes to price increases. We will make appropriate decisions regarding price increases in the face of inflation.

Q. Please tell us about the reason for the shift of manufacturing from China to Vietnam.

A. (Tomiyaama, Representative Director, President & COO) We have shifted manufacturing to Vietnam to ensure cost competitiveness in the face of rising wages in China.

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