

Financial Results Presentation Meeting for the Fiscal Year Ended March 31, 2025:

Outline of Questions and Answers

Q. In considering tariff impacts, what are the goods for the US that are produced in China?

A. (Tomiya, Representative Director, President & CEO) They include baby products and agricultural machinery toys. Currently, we have about three months' worth of inventory on hand and expect to be affected by tariffs once this inventory is depleted.

Q. What are the tariff measures and business impact for BEYBLADE X and TRANSFORMERS exported to Hasbro?

A. (Ito, Board Director, Senior Executive Officer, CFO) We believe the impact will be limited as both brands are produced in Vietnam.

Q. How is the progress of the North American business development with SEGA SAMMY and Mitsubishi Corporation?

A. (Usami, Board Director, Executive Vice President) We intend to roll out the first model store within the year. In the overseas business, we are working on large and small projects beyond just this one.

Q. What is the outlook for the GACHA capsule toys business globally?

A. (Usami, Board Director, Executive Vice President) In addition to the North American rollout in collaboration as three companies, we believe expansion into Europe is also possible if the current test rollout in Australia is successful. With the presence of Kidults overseas and the popularity of Japanese IP, we believe there is significant room for growth in the GACHA capsule toys business.

Q. Could you tell us about the global marketing structure for each brand?

A. (Tomiya, Representative Director, President & CEO) Executive officers in charge of each brand oversee both domestic and global operations to ensure optimal product creation and marketing. For example, TOMICA has been conducting marketing with a particular emphasis on China, while with BEYBLADE we approach overseas markets not merely as export destinations, but as regions where we actively market ourselves. Our current challenge lies in the ability to communicate. Because digital communication such as social media is effective for Kidults, we will strengthen this approach by taking regional characteristics into consideration.

Q. What is the outlook for BEYBLADE X this fiscal year?

A. (Tomiya, Representative Director, President & CEO) The domestic business is going well. In Europe and the US, although the situation has been greatly affected by the macroeconomy, we hope

to secure net sales at the same level as the previous fiscal year. In Asia, we expect results to exceed the previous fiscal year by strengthening marketing efforts.

Up until now, the BEYBLADE trend was thought to be correlated with consolidated performance, but since the 2020s, growth in the group companies T-ARTS Company and Kiddy Land, as well as trading card games, etc., has weakened that correlation, making it possible now to build a more diversified business portfolio that is not overly reliant on BEYBLADE.

Q. What is your medium- to long-term strategic vision for BEYBLADE?

A. (Tomiya, Representative Director, President & CEO) The brand has already been around for more than 25 years and has become an evergreen brand. The recognition of the brand is growing not only in Japan but globally, and in order to develop it into a global brand over the next five to ten years, we feel the need to pursue a global strategy that includes North America, Europe, and Oceania, as well as Asian regions such as China and India. We expect that continued investment will help us build up the number of fans, and we believe it is possible to achieve annual net sales on the scale of USD500 million in the future.

Q. What are the measures to expand new fans of DUEL MASTERS?

A. (Tomiya, Representative Director, President & CEO) Through collaborations with popular VTubers, we succeeded in reaching not only core fans but also new customer segments such as the male and female segment. Going forward, we will continue to invest in the brand to increase engagement with fans.

Q. What are the sales trends for Disney LORCANA Trading Card Game in the fourth quarter?

A. (Usami, Board Director, Executive Vice President) The first products released in January is out of stock, and we plan to ship additional production by the end of this month. The second products, released in March, have already been 70% sold out at stores, and the third products are scheduled for release this month. In this fiscal year, we expect net sales to more than triple those of the previous fiscal year (for fourth quarter only).

Q. With the inbound tourism boom, what is your outlook for Kiddy Land this fiscal year?

A. (Usami, Board Director, Executive Vice President) Net sales growth rate in the previous fiscal year was over 30%. For this fiscal year, we are aiming for at least double-digit growth, and a growth rate on a par with the previous year as much as possible. In addition, the Kiddy Land Shinjuku store, which opened in April, is performing well and is expected to grow in the future as one of our flagship stores. Furthermore, as part of our inbound strategy, we began selling goods with the Kiddy Land logo in April, in an aim to develop it as a brand.

Q. Net cash and equity are building up on the balance sheet. What are the gaps between the current

situation and targets, and how will you proceed?

A. (Ito, Board Director, Senior Executive Officer, CFO) As for shareholder returns, we plan to respond flexibly while maintaining our basic policy of a total payout ratio of 50%. We will also invest in M&As, IP acquisition, alliances, etc. for further growth.

Q. What is the plan for the SG&A-to-sales ratio for this fiscal year and what are the reasons for the changes from the previous year?

A. (Ito, Board Director, Senior Executive Officer, CFO) We plan for about a 2% increase compared to the previous fiscal year, primarily due to increased personnel expenses and advertising expenses. We will make further investments, such as increasing personnel at overseas locations.

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