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To whom it may concern

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Notice Concerning Recording of Impairment Losses and Revision of Consolidated Earnings Forecast

TOMY Company, Ltd. (the “Company”) recorded impairment losses during the third quarter of the fiscal year ending March 2026 (October 1, 2025 to December 31, 2025) and revised its full-year consolidated earnings forecast for the fiscal year ending March 2026, which was announced on May 13, 2025, as follows.

1. Impairment losses

At TOMY International, Inc., a consolidated subsidiary that plans, manufactures and sells toys in the United States, sales of mainstay baby products and toy farming vehicles were sluggish against target segments, mainly middle class, due to the imposition of reciprocal tariffs and consumer price-oriented attitudes amid inflation. As a result of a comprehensive review of future recoverability under these circumstances, the Company recorded impairment losses on goodwill amounting to 4,862 million yen.

The U.S. market is still expected to deliver strong growth due to the recent popularity of IP in Japan and Asia, and the increased purchasing motivation of the Kidults segment. Going forward, we will work to expand profits from overseas businesses by establishing a structure that enables us to further demonstrate our group's strengths, and accelerating our focus on growth markets.

In connection with the above, an 8,095 million yen loss on valuation of shares of subsidiaries and associates was recorded in the non-consolidated financial statements. This loss on valuation is recorded only in the non-consolidated financial statements and does not affect the consolidated financial results.

2. Revised full-year consolidated earnings forecasts for the fiscal year ending March 2026 (April 1, 2025 to March 31, 2026)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	yen
Previously announced forecasts (A)	260,000	22,000	21,800	14,000	156.01
Revised forecasts (B)	260,000	23,500	23,300	10,000	112.37
Change (B-A)	0	1,500	1,500	(4,000)	-
Change (%)	0	6.8	6.9	(28.6)	-
(Reference) Actual results for the previous fiscal year (Fiscal year ended March 31, 2025)	250,235	24,870	24,033	16,350	182.20

3. Reason for revision of earnings forecast

In this current third quarter consolidated cumulative period, TOMY International, Inc.'s sales of its mainstay baby products and toy farming vehicles were sluggish against its target segment, mainly the middle class, due to the imposition of reciprocal tariffs in the United States and consumers' price-oriented attitudes amid inflation. On the other hand, at Fat Brain Holdings, LLC, sales are expected to be in line with the previously announced forecast, due in part to strong sales of high-priced original toys.

In terms of profits, operating profit and ordinary profit are expected to exceed the previously announced forecast due to better-than-expected performance of Fat Brain Holdings, LLC, and continued strong performance of TOMICA, DUEL MASTERS, and Kiddy Land's flagship stores in particular. On the other hand, profit attributable to owners of parent is expected to fall below the previously announced forecast due to the impairment loss on goodwill mentioned above.

4. Dividend forecast

There is no change to the fiscal-year end dividend forecast in conjunction with revision of the earnings forecast, announced on May 13, 2025, which is 32 yen (annual dividend of 64 yen).

[Notes on Forecasts of Operating Results, etc.]

The forecasted figures of operating results and other matters contained in this material are calculated based on the information available at this point, and involve many uncertain elements. Actual results may differ from the forecast figures due to various factors.