

Main questions and answers at the earnings presentation for Nine months ended December 31, 2023

Date/Time: February 13, 2024 (Tuesday) 16:00-17:00

Participants from the Company:

Toshiyuki Furukawa, Managing Director; Yoshitaka Oji, Managing Director

Main questions and answers:

[General]

Q) Was there any difference between the actual and forecast financial results for the third quarter of FY2023?

A) The results were largely in line with expectations. Results by segment were also almost within the expected range.

Q) Inventories are at a high level, aren't they?

A) We understand that inventories are at a high level overall, although an increase reflecting the impact of exchange rates is also incorporated. In the Watches segment, we would like to make it appropriate by making adjustments in the fourth quarter of FY2023.

[Watches]

Q) What is the situation in the North American market?

A) Sales at actual stores, such as department stores and jewelry chains, were slightly weak, which we were able to offset with strong sales of e-commerce and brisk sales at directly operated stores. The situation is expected to remain within the expected range.

Q) Please tell me about the situation in the Chinese market.

A) Sales on Singles' Day were poor, and it has become difficult to expect effects from the event. In the third quarter of FY2023, sales increased partly due to the absence of the lockdown that was implemented in the previous year. Although the situation is tough, we expect it to start recovering gradually.

Q) What was the situation of inbound tourist demand in the Japanese market?

A) It recovered steadily. While the recovery of tourists from China did not reach the expected level, those from Southeast Asia, Europe, and the U.S. increased.

[Machine Tools]

Q) Do you have an outlook on when orders received will recover?

A) Our view is that orders received bottomed out in the second quarter of FY2023. We expect that orders received will remain stable for a while. We understand that they are trending toward recovery, albeit gradually.

Q) Please tell me about lead time?

A) The lead time is roughly four to five months. This is about to be the standard lead time.