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For Immediate Release

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Notice of Revision of Forecasts for Financial Results and Dividends

In light of recent performance trends, the Company has decided to revise its consolidated financial results forecasts for the first half and full year of the fiscal year ending March 31, 2022 which were announced on May 13, 2021. The previous dividends forecast has also been revised as follows.

1. Revision of consolidated financial results forecasts for the first half of the fiscal year ending March 31, 2022 (April 1, 2021 - September 30, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Forecast previously announced (A) (May 13, 2021)	Millions of yen 122,000	Millions of yen 3,500	Millions of yen 4,000	Millions of yen 4,000	Yen 12.78
Revised forecast as of the announcement date (B)	130,000	7,300	8,000	6,500	20.79
Change (B – A)	8,000	3,800	4,000	2,500	—
Change (%)	6.6%	108.6%	100.0%	62.5%	—
(Reference) Results of the previous fiscal year (The second quarter > first half of the fiscal year ended March 31, 2021)	88,999	(8,266)	(6,147)	(21,513)	(68.81)

Consolidated financial results forecast for the full fiscal year ending March 31, 2022 (April 1, 2021 - March 31, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Forecast previously announced (A) (May 13, 2021)	Millions of yen 260,000	Millions of yen 10,000	Millions of yen 11,000	Millions of yen 9,000	Yen 28.79
Revised forecast as of the announcement date (B)	268,000	13,800	15,000	11,500	36.78
Change (B – A)	8,000	3,800	4,000	2,500	—
Change (%)	3.1%	38.0%	36.4%	27.8%	—
(Reference) Results of the previous fiscal year (Fiscal year ended March 31, 2021)	206,641	(9,551)	(4,143)	(25,173)	(80.52)

Reason for the revision

In the Watches business, e-commerce sales remains strong in the North American and Chinese markets despite the impact of the COVID-19 pandemic. Store sales are recovering as well. Regarding movement sales, mechanical movements remain steady. High-value added analog quartz movements are also recovering.

In the Machine Tools business, capital investment demand is recovering in a wide range of industries in overseas markets. In particular, the Chinese and European markets are performing well.

As demand is recovering faster than expected, mainly in the overseas markets of the Watches business and the Machine Tools business, the Company has revised its financial results forecasts as detailed above.

3. Revision of Dividends Forecast

	Dividends per share				
	End of the three-month period	End of the six-month period	End of the nine-month period	End of the year	Full year
Forecast previously announced (May 13, 2021)	Yen —	Yen 7.00	Yen —	Yen 7.00	Yen 14.00
Forecast as of the announcement date	—	9.00	—	9.00	18.00
(Reference) Results of the previous fiscal year (Fiscal year ended March 31, 2020)	—	2.50	—	2.50	5.00

Reason for the revision

The Company considers the proportion of the total amount of dividends and share buybacks to profit attributable to owners of parent as the ratio of return to shareholders. Based on this concept, it established a basic policy of ensuring that the ratio of the return to shareholders is at least 60% on average for the three-year period of the Medium-term Management Plan 2021. It determines dividends by considering the balance between consolidated results-based dividend payments and stable dividend payments.

The dividends forecast for the fiscal year ending March 31, 2022 has been revised as above, based on a comprehensive assessment of the earnings forecast and the shareholder return policy.

Forecasts for future financial results and dividends provided in this material are prepared based on information available to the Company and certain assumptions that the Company considers reasonable as of the date of this announcement. Actual results may differ from these forecasts, depending on a variety of factors.