

Main questions and answers at the financial results presentation for the first quarter
ended June 30, 2025

Date/Time: August 13, 2025 (Wednesday) 4:30 p.m. -5:30 p.m.

Participants from the Company:

Yoshitaka Oji, President & CEO; Toshiyuki Furukawa, Senior Managing Director; Keiichi Kobayashi, Director

Main questions and answers:

[General]

Q) Regarding the differences from the expected results for the first quarter
What is behind the increase in profit alongside the decline in sales?

A) Net sales was largely in line with our expectations, but operating profit was higher than expected. The main factor behind increased profit in the watches segment was a rise in net sales in the highly profitable North America region. In addition to key distribution channels, sales also increased through our direct online shopping website, with the result that performance outperformed expectations. Operational improvements related to movements, which underwent production adjustments at the same time in the previous year, also contributed.

Q) Regarding the impact of US tariffs

A) If we assume that tariffs of 15% for Japan and 30% for China will continue from August to the end of the fiscal year, we expect to incur additional tariff expenses of around 1 billion yen in the watches segment compared with the previous forecast made in May. At this point, sales in North America are strong, and we believe those increased costs could be absorbed through the price hikes already implemented in the region.

[Watches]

Q) What are your expectations for demand in North America from the second quarter and beyond?

A) In the first quarter, we saw strong performance from both the CITIZEN and BULOVA brands, and at this point we expect that to continue into the second quarter and beyond.

Q) Regarding domestic sales trends

A) Sales of the ATTESA high-end men's watch brand have been sluggish, but sales of models such as CAMPANOLA are growing. In addition, sales of the xC women's watch brand have also increased.

[Machine Tools]

Q) About trends in orders received

How sustainable is the 39% quarter-to-quarter increase in units ordered domestically?

A) Domestically, semiconductor-related demand has risen, and orders have increased, mainly from upgrade demand. We believe the situation is on an upward track. Overall, there is an ongoing wait-and-see stance in Asia and the Americas, while the domestic and European markets have trended in favor of a gradual recovery.