

## Q&A Summary from First-Half Results Briefing for the Fiscal Year Ending March 31, 2024

Date and time: Wednesday, November 8, 2023, 17:00 to 18:00

Q: Is the upward revision of the results forecasts due to the better-than-anticipated financial results for the first half, or a change in the outlook for the second half?

A: We reflected the better-than-anticipated financial results for the first half in the full-year plan. There are no changes to the initial forecasts for the second half.

Q: Why did sales increase but operating profit decrease in 2Q compared to 1Q in the Timepiece Business?

A: Profit decreased mainly because we increased strategic expenses (advertising and promotion expenses) in the Timepiece Business. We will address the extent to which we use strategic expenses in the future in view of circumstances.

Q: The Timepiece Business in China appears to have bottomed out. Do you think there will be a rapid or a moderate recovery in the future?

A: We are not optimistic about China's economy, so we expect a moderate recovery. Going forward, we will focus on premium product lines with high unit prices and continue with our initiatives to reach out directly to users promotionally. We also hope to invest in real-life, in-person promotions to create more excitement.

Q: I believe the forecast for the Timepiece Business in the second half, which is unchanged, consists of a steady recovery in sales leading to a recovery in OPM to around 14%. However, there have been challenging conditions for sales for about a year. Could you explain why sales will increase in the second half?

A: We have launched real-life, in-person promotions for the first time in about three years, and we expect we can achieve an overall increase in sales by rolling these promotions out on a global basis.

Q: You said you think there will be a moderate recovery in China. Does this mean that shipments will increase or that final demand will increase?

A: Inventory adjustment has progressed in China. As with sell-in, we believe that sell-through will also increase with promotions.

Q: What are your thoughts on the plan for strategic expenses (advertising and promotion expenses) in the second half?

A: At this stage, we think they will be in line with the initial plan, but we will respond flexibly to any changes.