

# FY2022 Consolidated Results

(from April 1, 2022 to March 31, 2023)

May 10, 2023

# Net Sales and Operating Profit by Domain

- **Both net sales and operating profit increased** in the two strategic domains of the EVS and SS, and **operating profit remained lower while net sales grew** in the DS.

EVS: Emotional Value Solutions Domain  
 DS: Devices Solutions Domain  
 SS: Systems Solutions Domain

| (Billions of yen)       | Net Sales |        |          | Operating Profit |        |          |
|-------------------------|-----------|--------|----------|------------------|--------|----------|
|                         | FY2021    | FY2022 | Variance | FY2021           | FY2022 | Variance |
| <b>EVS</b>              | 150.8     | 170.7  | +19.9    | 8.2              | 11.5   | +3.2     |
| <b>Watches Business</b> | 125.7     | 144.2  | +18.4    | 7.6              | 11.1   | +3.4     |
| <b>DS</b>               | 61.0      | 64.5   | +3.4     | 5.6              | 5.0    | -0.5     |
| <b>SS</b>               | 34.4      | 36.6   | +2.2     | 3.9              | 4.3    | +0.4     |
| Others                  | 1.0       | 1.1    | +0.0     | 0.2              | 0.1    | -0.0     |
| Cons. Adj.              | -10.0     | -12.5  | -2.5     | -9.3             | -9.9   | -0.6     |
| Cons. Total             | 237.3     | 260.5  | +23.1    | 8.7              | 11.2   | +2.4     |

# Business Environment

★ MVP Products  
High-added-value, highly profitable products that move people

Positive factors



## Economic Environment

### Impact of the depreciation of the yen

**EVS** Steady performance of overseas business  
**DS**

**【Overseas net sales ratio】**(Year-on-year changes)  
**EVS** approx. **50%** (+ Several points)  
**DS** approx. **70%** (Slight increase)

### Recovery trend in sales to foreign tourists

**EVS** Mainly the WAKO Business

### Economic recovery from COVID-19 in Japan

**EVS** Watches and WAKO Business  
**SS** Business for food service industry

## Market Environment

### Watches

- Strong performance of luxury goods, especially Swiss brands

**EVS**  
High-priced watches ★ (Japan, Europe, and the U.S.)

### Medical equipment

- Growing demand of medical equipment

**DS**  
Micro batteries for medical equipment ★

### Digital transformation-related business

- Increasing investment in digital transformation by companies

**SS**  
Digital contracts, performance management, security, etc. ★

Negative factors



### Soaring energy costs

**EVS** Overall business  
**DS**

### Soaring prices and shortages of parts and materials

**EVS** Overall business  
**DS**

### Risk of economic recession

\*European, U.S., and Chinese economies

**EVS** Mainly the Watches Business  
**DS** Business for Chinese market

### Watches

- Stagnation of affordable watches due to economic recession

**EVS**  
Watch movements

### Devices for use in consumer and general-purpose products

- Sharp slowdown in 2H from strong demand through 1H

**DS**  
Hard disk drive components, etc.

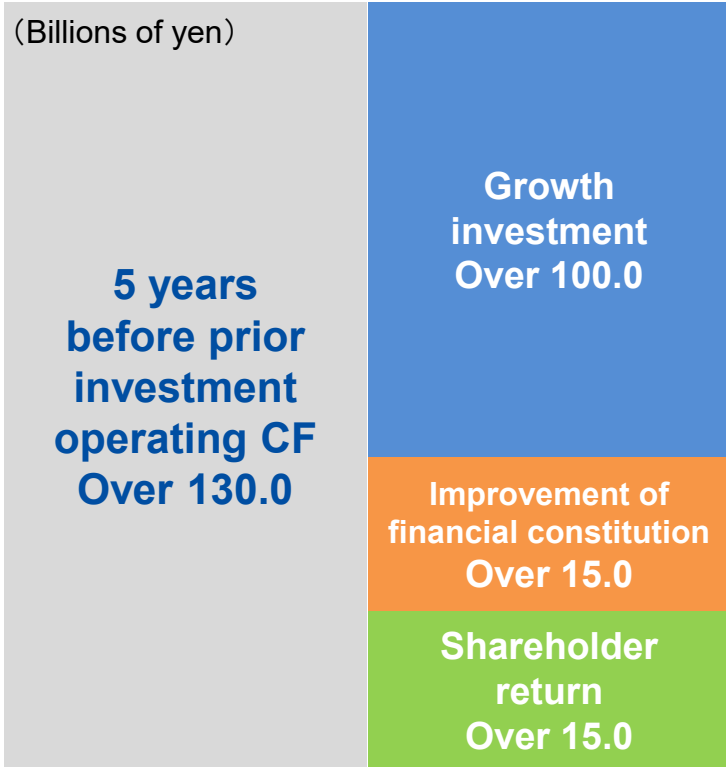
KPIs of SMILE145 (8<sup>th</sup> Mid-Term Management Plan)

|             | MVP Ratio   |  | GP%   | Operating Profit                            |   |
|-------------|---|--|---|---|---|
|             | FY2022  | (Year-on-year changes)                   | Year-on-year changes  | Amount (FY2022)                             | Year-on-year changes                        |
| EVS         | Luxury domain and products with high emotional value, such as GB, as % of net sales | approx. <b>50%</b> (approx. +5pt)        | <b>+ 1.8</b> pt   | <b>11.5</b> billion yen                     | <b>+ 39.6%</b>                              |
|             | Target for FY2026 <b>60%</b>  |  |   |   |   |
|             | <b>Watches Business</b>   |  |   |   |   |
|             | <b>GB ratio</b>   | Japan approx. <b>70%</b> (approx. +10pt) | Overseas approx. <b>75%</b> (approx. +10pt)   | *Target for FY2026: 14.5 - 15.0 billion yen |   |
|             | Target for FY2026 over <b>85%</b>   |  |   |   |   |
| DS          | Sales to digital economy and green economy markets as % of net sales                | approx. <b>40%</b> (slight increase)     | <b>- 1.3</b> pt   | <b>5.0</b> billion yen                      | <b>- 10.3%</b>                              |
|             | Target for FY2026 <b>60%</b>  |  |   | *Target for FY2026: 7.5 - 8.0 billion yen   |   |
| SS          | Stock business as % of marginal profit  | approx. <b>65%</b> (approx. +5pt)        | <b>+ 1.8</b> pt   | <b>4.3</b> billion yen                      | <b>+ 10.7%</b>                              |
|             | Target for FY2026 <b>73%</b>  |  |   | *Target for FY2026: 6.5 - 7.0 billion yen   |   |
| Cons. Total |   | -  | <b>+ 1.1</b> pt   | <b>11.2</b> billion yen                     | <b>+ 28.1%</b>                              |
|             |   |  | *Target for FY2026: +5.0pt compared to FY2021 (common to cons. total and each domain) |   | *Target for FY2026: 18.0 - 20.0 billion yen |

# Cash Allocation & ROIC of SMILE145

## Cash Allocation

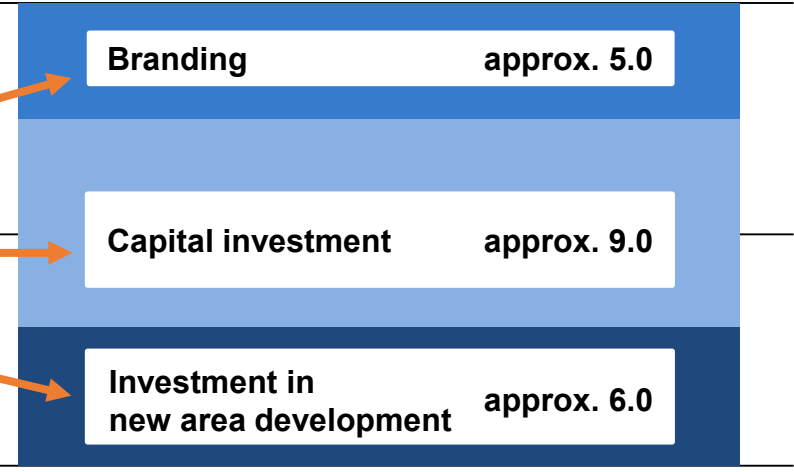
### SMILE145 (8th Mid-Term Management Plan)



(Billions of yen)

### FY2022 Details of Growth Investment

20.0



## ROIC (Return on Invested Capital)

| FY21 | FY22     |        | FY26      |
|------|----------|--------|-----------|
|      | Estimate | Target |           |
| 3.5% | 3.6%     | 4.1%   | Over 6.5% |

\*ROIC = (Ordinary income after income taxes + Interest expense) / (Interest bearing debt + Net assets)

\*ROIC for FY2022 is an estimate as of May 9, 2023

# Actual results for FY2022

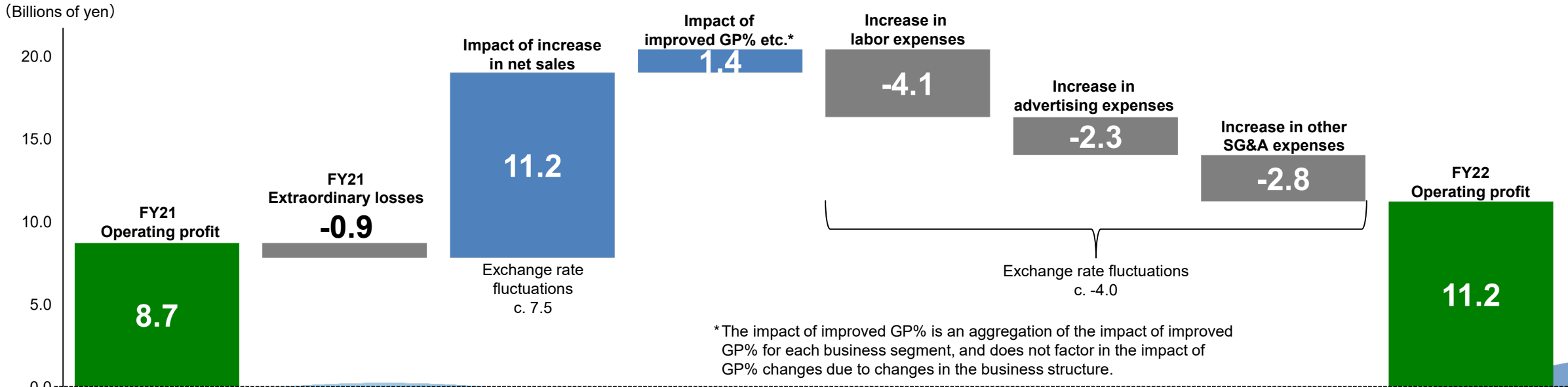
➤ Net sales and operating profit increased year on year in FY2022.

✓ Net Sales : 260.5 billion yen (year-on-year +9.7%)

In the Emotional Value Solutions Business, the Watches Business and WAKO Business for the Japanese market recovered significantly on the back of improved personal consumption. In the Watches Business for overseas markets, net sales also grew in many countries and regions. Although the Devices Solutions Business continued to increase net sales by steadily capturing favorable demand in the first half of the fiscal year, market conditions deteriorated sharply from the third quarter onward, resulting in a sharp slowdown in net sales, especially for devices for consumer products. In the Systems Solutions Business, net sales exceeded those of the previous fiscal year, thanks to successful efforts to diversify business and expand the stock business.

✓ Operating Profit : 11.2 billion yen (year-on-year +28.1%)

## Factors of Changes in Operating Profit



# Financial Forecast for FY2023

- Although it is difficult to forecast when the device market will recover, personal consumption, primarily of high-end products, is growing steadily, and demand from foreign tourists is expected to recover in Japan.

Accordingly, we forecast increases in both net sales and operating profit for the fiscal year ending March 31, 2024 compared to the fiscal year ended March 31, 2023.

(Net Sales: 268.0 billion yen, Operating Profit: 12.0 billion yen)

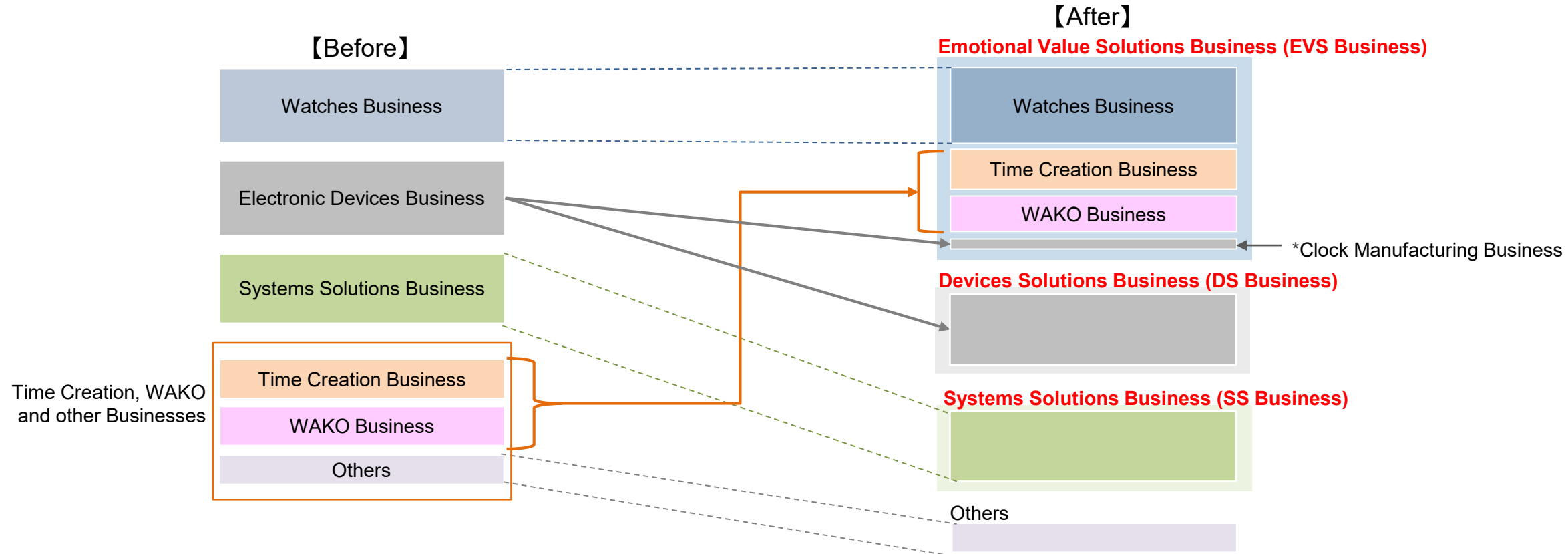
(Billions of yen)

|                                    | Net Sales | Operating Profit |
|------------------------------------|-----------|------------------|
| Emotional Value Solutions Business | 175.0     | 13.0             |
| Devices Solutions Business         | 65.0      | 4.8              |
| Systems Solutions Business         | 39.0      | 4.8              |
| Total for reported segments        | 279.0     | 22.6             |
| Others                             | 1.0       | 0.1              |
| Consolidated total                 | 268.0     | 12.0             |

\*Consolidated total represents figures after consolidation adjustment such as the elimination of inter-segment sales.

# Changes in Segments

- ◆ To realize the Group 10-year vision, we have established three strategic domains based on the solutions we provide, and formulated and implemented strategies for each domain under the 8th Mid-Term Management Plan, “SMILE145.” Accordingly, reported segments have been changed from the fiscal year ended March 31, 2023.



- ◆ The actual results from FY2019 through FY2021 have been reclassified to reflect the new disclosure segments. The reclassified figures in this presentation are unaudited and provided for reference, except for the figures for 1Q through 3Q of FY2021.



# 1. Consolidated Results

## Consolidated P/L for FY2022 (Apr. 2022 - Mar. 2023)

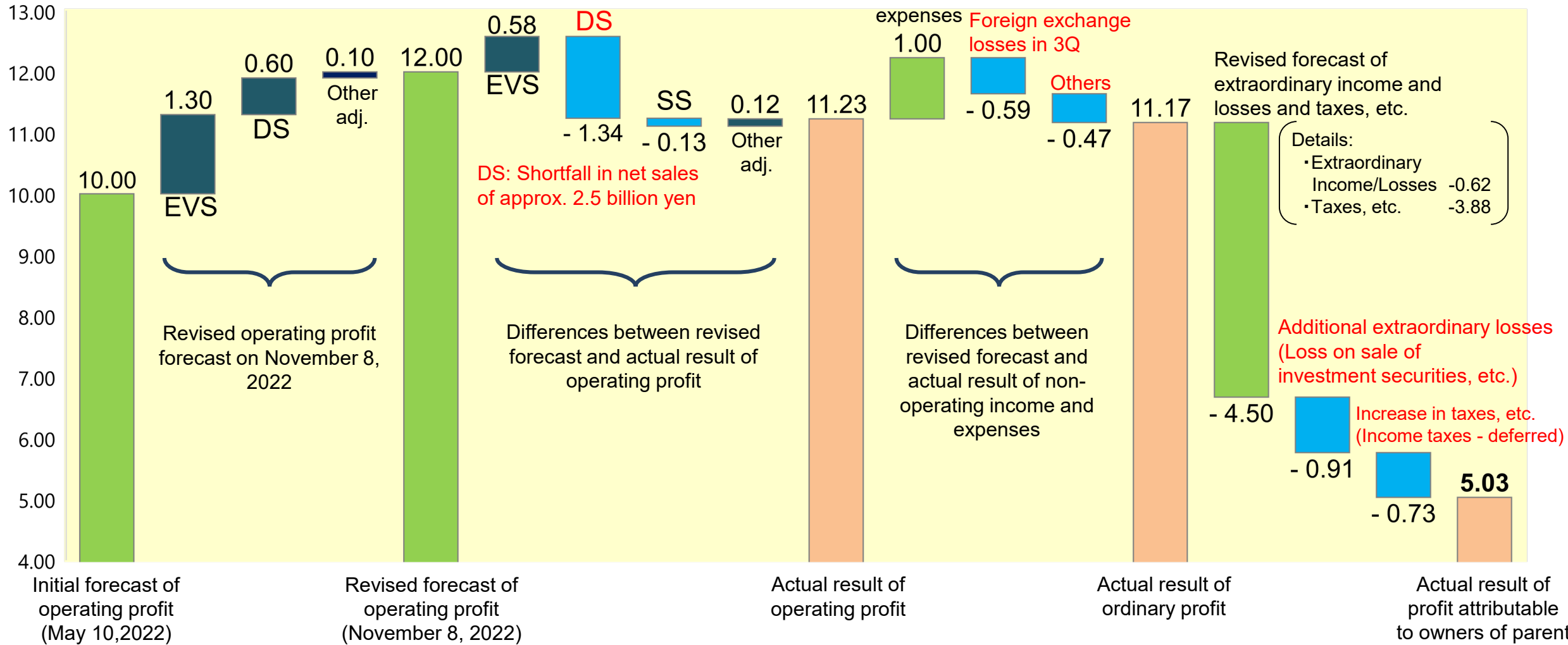
|   |     | (Billions of yen) |        |          |        |
|---|-----|-------------------|--------|----------|--------|
|   |     | FY21              | FY22   | Variance |        |
|   |     | Actual            | Actual | Amt.     | %      |
| Net Sales                               |     | 237.3             | 260.5  | +23.1    | +9.7%  |
| Gross Profit                            |     | 99.1              | 111.7  | +12.6    | +12.7% |
|   | %   | 41.8%             | 42.9%  | +1.1pt   |        |
| Operating Profit                        |     | 8.7               | 11.2   | +2.4     | +28.1% |
|   | %   | 3.7%              | 4.3%   | +0.6pt   |        |
| Ordinary Profit                         |     | 9.9               | 11.1   | +1.2     | +12.4% |
|   | %   | 4.2%              | 4.3%   | +0.1pt   |        |
| Income before income taxes              |     | 8.8               | 9.6    | +0.7     | +8.6%  |
| Profit attributable to owners of parent |     | 6.4               | 5.0    | -1.3     | -21.6% |
|   | %   | 2.7%              | 1.9%   | -0.8pt   |        |
| Exchange Rates (JPY)                    | USD | 112.4             | 135.5  | +23.1    | +20.6% |
|   | EUR | 130.6             | 141.0  | +10.4    | +8.0%  |

|  |            |              |
|--|------------|--------------|
| <b>Net Sales :</b>                       | <b>y/y</b> | <b>+23.1</b> |
| Exchange rate fluctuations               | c.         | +17.0        |
| <b>Operating Profit :</b>                | <b>y/y</b> | <b>+2.4</b>  |
| (Exchange rate fluctuations              | c.         | +3.5)        |
| Impact of increase in Net sales          |            | +9.9         |
| Impact of improved GP%                   |            | +2.6         |
| Increase in SG&A expenses                |            | -10.1        |
| <b>Ordinary Profit :</b>                 | <b>y/y</b> | <b>+1.2</b>  |
| Increase in Operating profit             |            | +2.4         |
| Improve in Equity-method income          |            | +0.3         |
| Decrease in Foreign exchange gains       |            | -0.6         |
| Others                                   |            | -0.9         |
| <b>Extraordinary Income/Losses:</b>      |            | <b>-1.5</b>  |
| <u>Extraordinary Income</u>              |            | <u>0.2</u>   |
| Gain on sale of non-current assets       |            | 0.2          |
| <u>Extraordinary Losses</u>              |            | <u>1.7</u>   |
| Business restructuring expenses          |            | 0.9          |
| Loss on sale of investment securities    |            | 0.5          |
| Loss on cancellation of agency agreement |            | 0.1          |
| Loss on the spread of infectious disease |            | 0.0          |

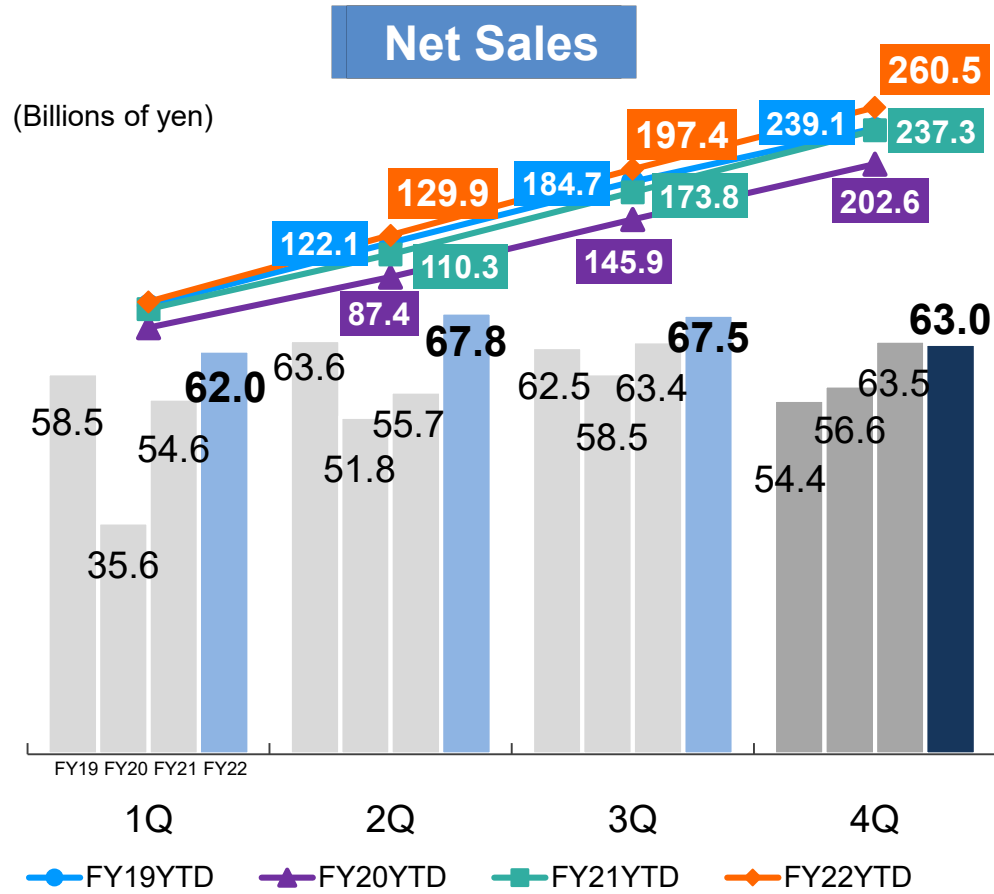
# Analysis of Differences between Forecasts and Actual Results for FY2022

(Billions of yen)



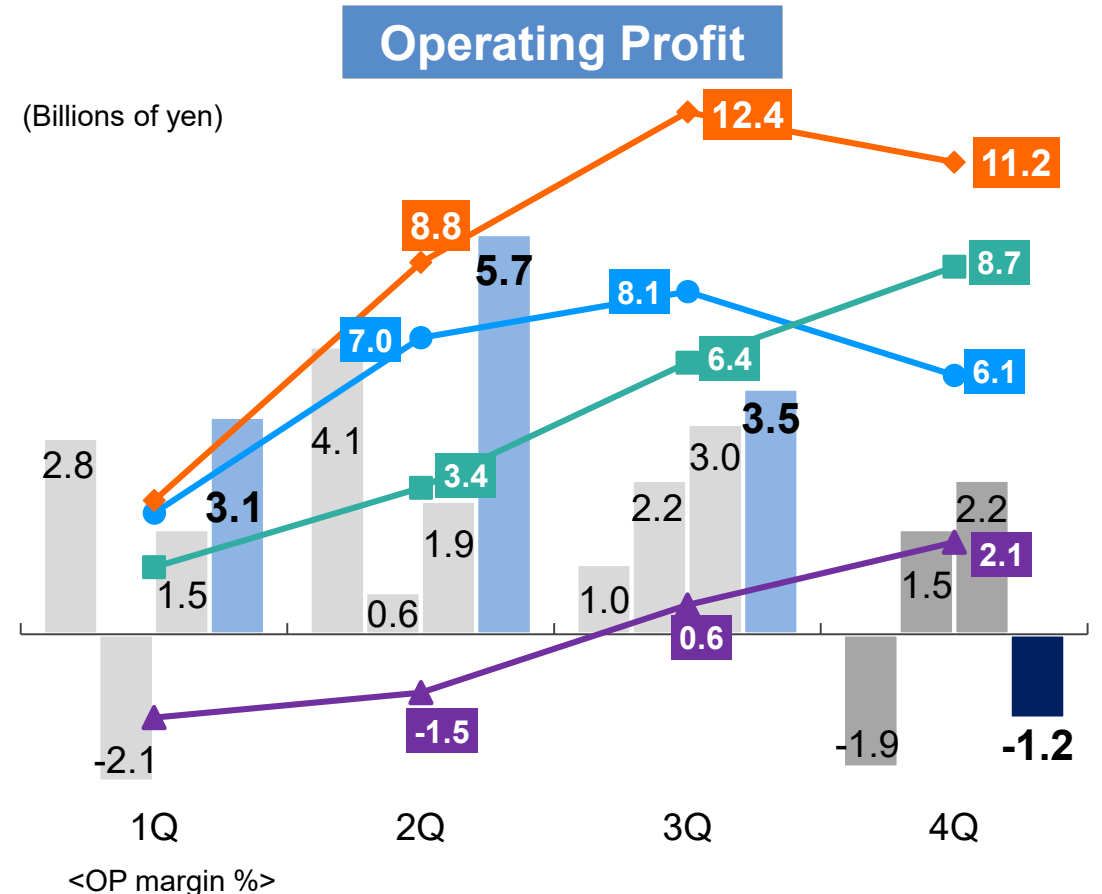
\*Figures are rounded to two decimal places.

# Consolidated Quarterly Performance



<Net sales growth % vs. previous fiscal year>

|             | 1Q            | 2Q            | 3Q           | 4Q           | Total        |
|-------------|---------------|---------------|--------------|--------------|--------------|
| <b>FY22</b> | <b>+13.7%</b> | <b>+21.6%</b> | <b>+6.4%</b> | <b>-0.7%</b> | <b>+9.7%</b> |
| FY21        | +53.3%        | +7.5%         | +8.5%        | +12.1%       | +17.1%       |
| FY20        | -39.2%        | -18.4%        | -6.5%        | +4.1%        | -15.3%       |



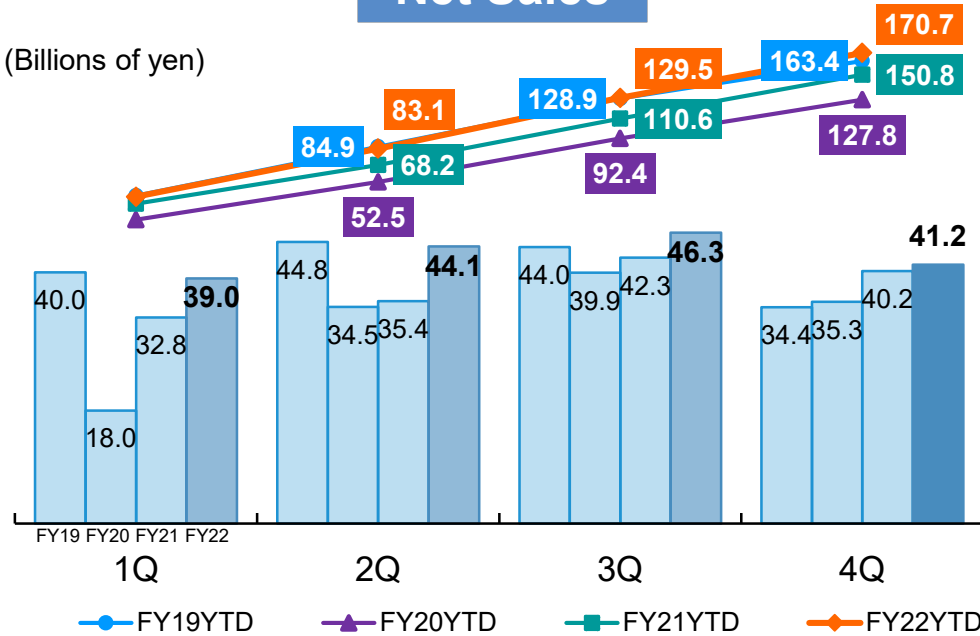
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|             | 1Q          | 2Q          | 3Q          | 4Q           | Total       |
|-------------|-------------|-------------|-------------|--------------|-------------|
| <b>FY22</b> | <b>5.0%</b> | <b>8.5%</b> | <b>5.3%</b> | <b>-1.9%</b> | <b>4.3%</b> |
| FY21        | 2.8%        | 3.5%        | 4.8%        | 3.6%         | 3.7%        |
| FY20        | -6.1%       | 1.3%        | 3.8%        | 2.6%         | 1.1%        |
| FY19        | 4.8%        | 6.6%        | 1.8%        | -3.6%        | 2.6%        |

# Emotional Value Solutions Business (EVS)

## Net Sales

(Billions of yen)

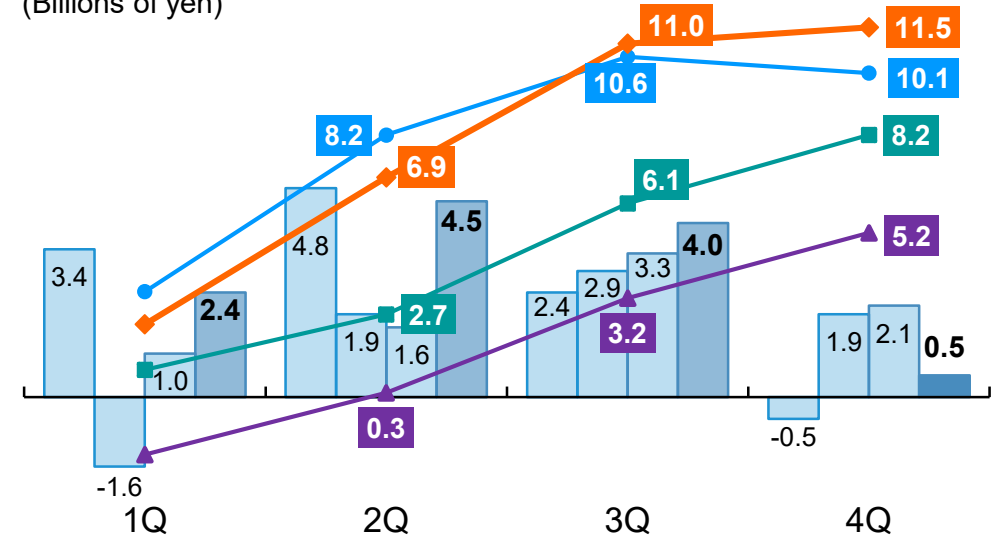


<Net sales growth % vs. previous fiscal year>

|             | 1Q            | 2Q            | 3Q           | 4Q           | Total         |
|-------------|---------------|---------------|--------------|--------------|---------------|
| <b>FY22</b> | <b>+18.8%</b> | <b>+24.4%</b> | <b>+9.5%</b> | <b>+2.5%</b> | <b>+13.2%</b> |
| FY21        | +82.3%        | +2.7%         | +6.0%        | +13.9%       | +18.0%        |
| FY20        | -55.0%        | -23.0%        | -9.3%        | +2.6%        | -21.8%        |

## Operating Profit

(Billions of yen)



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|             | 1Q          | 2Q           | 3Q          | 4Q          | Total       |
|-------------|-------------|--------------|-------------|-------------|-------------|
| <b>FY22</b> | <b>6.2%</b> | <b>10.3%</b> | <b>8.7%</b> | <b>1.4%</b> | <b>6.8%</b> |
| FY21        | 3.3%        | 4.7%         | 7.9%        | 5.4%        | 5.5%        |
| FY20        | -9.2%       | 5.8%         | 7.3%        | 5.5%        | 4.1%        |
| FY19        | 8.7%        | 10.7%        | 5.5%        | -1.6%       | 6.2%        |

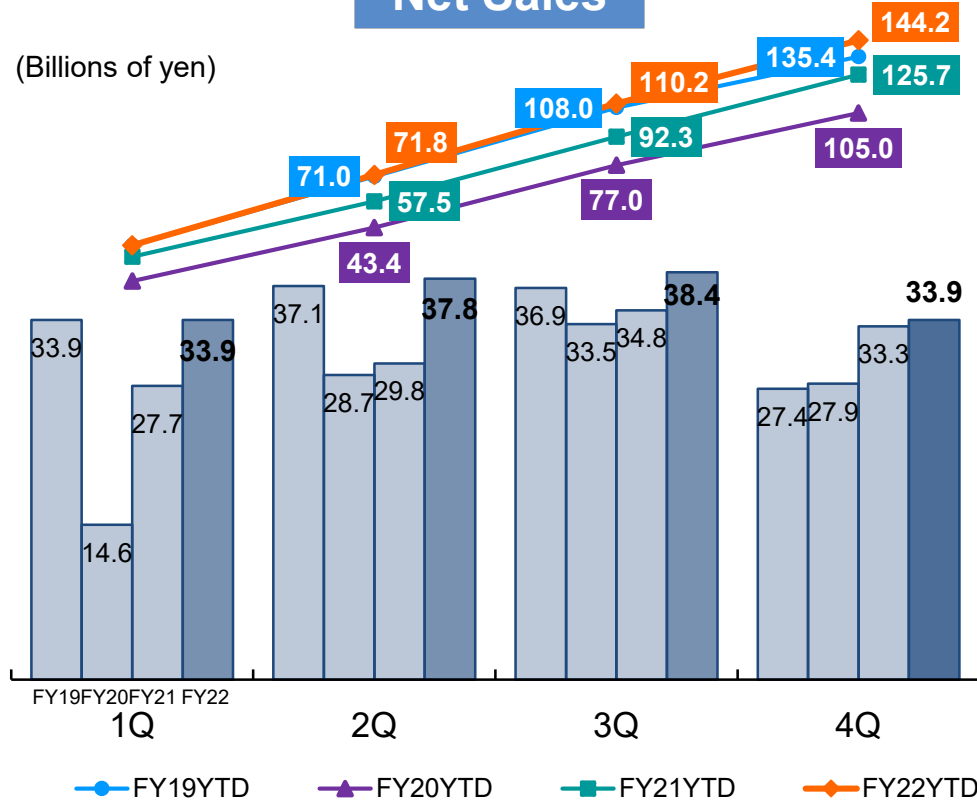
- ✓ **Watches** : The Business for the Japanese market recovered significantly year on year on the back of improved personal consumption. Net sales for overseas markets also grew, especially in Europe and the U.S.
- ✓ **Time Creation**: Net sales of clocks for the Japanese market and system clocks were sluggish.
- ✓ **WAKO** : Net sales grew significantly year on year with the recovery of the Japanese market for high-end products.

- \* The following belong to the EVS.
  - The previous Watches Business
  - Some of the businesses included in the previous Electronic Devices Business
  - The Time Creation Business and WAKO Business in the previous Time Creation, WAKO and other Businesses
  - Adjustment in the EVS

# Watches Business in EVS \*Reference

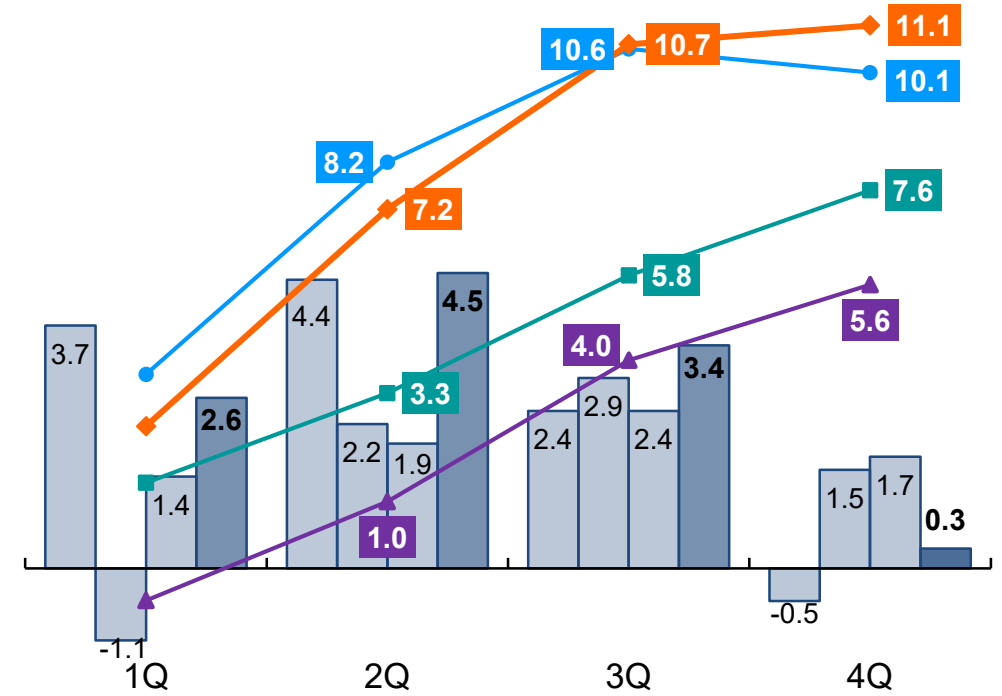
## Net Sales

(Billions of yen)



## Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

|      | 1Q     | 2Q     | 3Q     | 4Q     | Total  |
|------|--------|--------|--------|--------|--------|
| FY22 | +22.3% | +27.0% | +10.4% | +1.8%  | +14.7% |
| FY21 | +88.9% | +3.6%  | +3.6%  | +19.3% | +19.7% |
| FY20 | -56.7% | -22.5% | -9.0%  | +1.9%  | -22.5% |

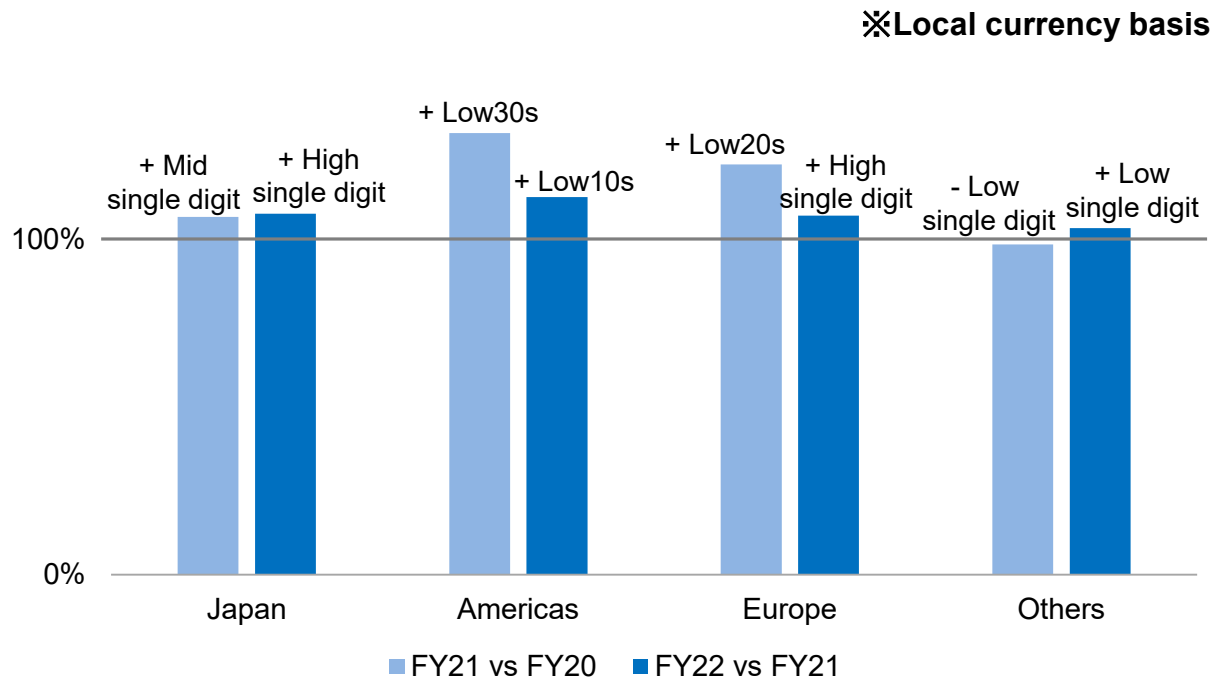
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|      | 1Q    | 2Q    | 3Q   | 4Q    | Total |
|------|-------|-------|------|-------|-------|
| FY22 | 7.9%  | 12.1% | 9.0% | 1.2%  | 7.7%  |
| FY21 | 5.1%  | 6.6%  | 7.2% | 5.3%  | 6.1%  |
| FY20 | -7.9% | 7.7%  | 8.8% | 5.7%  | 5.3%  |
| FY19 | 11.1% | 12.0% | 6.7% | -1.9% | 7.5%  |

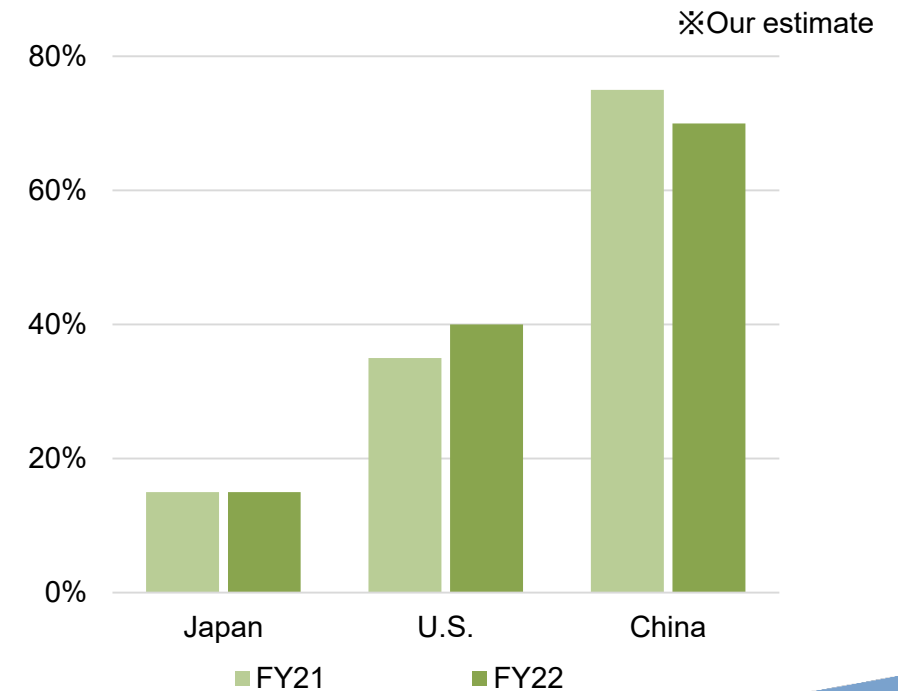
# Watches Business in EVS

- ✓ **Watches (In Japan)** : Net sales of completed watches in Japan grew significantly year on year, especially for Grand Seiko (GS) and Seiko Prospex, due to a recovery in personal consumption.
- ✓ **Watches (In Overseas)** : Net sales in the U.S. also rose significantly, driven by Global Brands (GB) such as GS. In Europe, net sales in the U.K., France, Germany, and other countries increased significantly due to favorable performance of GS in general. Meanwhile, in China, net sales decreased due to the impact of the lockdown and sluggish personal consumption that followed.
- ✓ **Movements** : Net sales increased partly due to the depreciation of the yen.

## Completed Watches Net Sales Growth by Region (year-on-year)



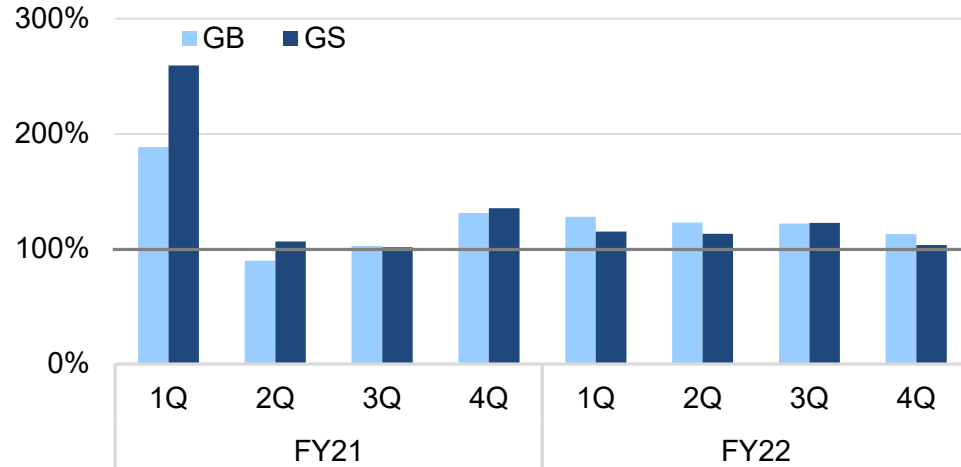
## EC Ratio in Completed Watches Net Sales



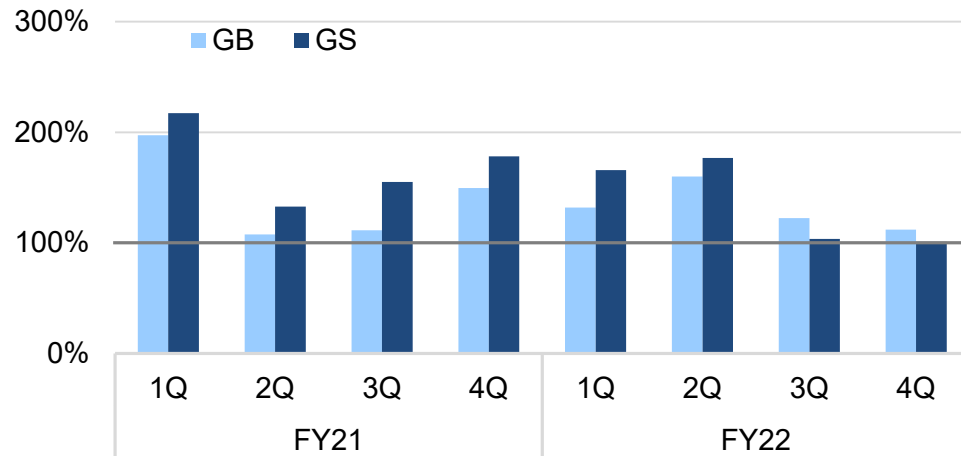
# Watches Business in EVS

## GB & GS Net Sales Growth (year-on-year)

Japan



Overseas

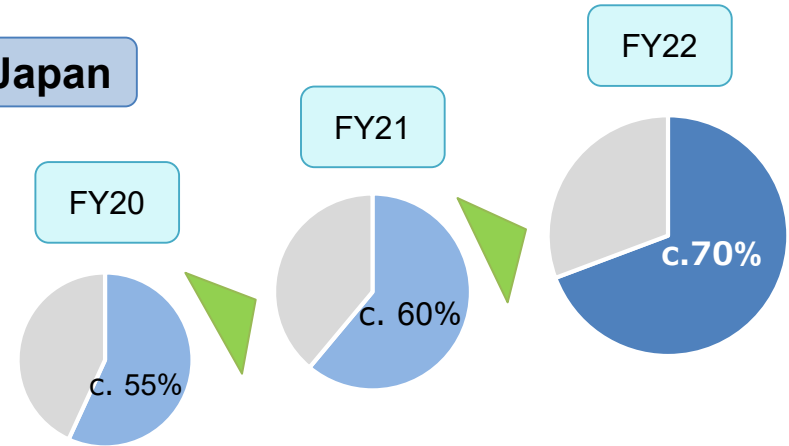


### GB (Global Brands)

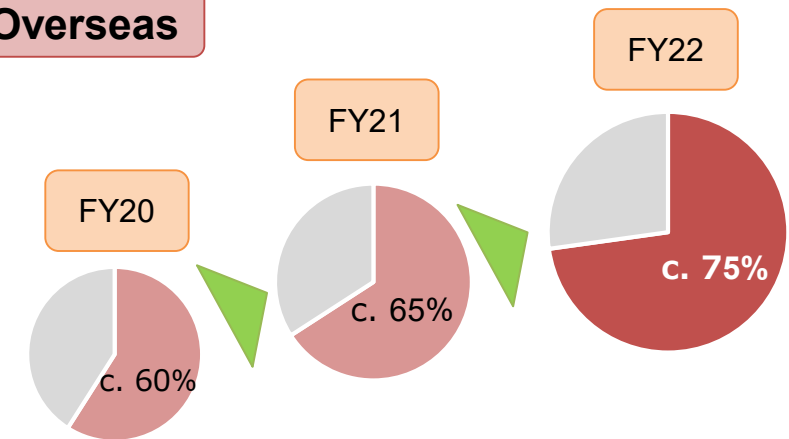
Grand Seiko (GS), Seiko Prospex, Seiko Astron, Seiko Presage, King Seiko, Seiko 5 Sports

## Ratio of GB to Net Sales

Japan

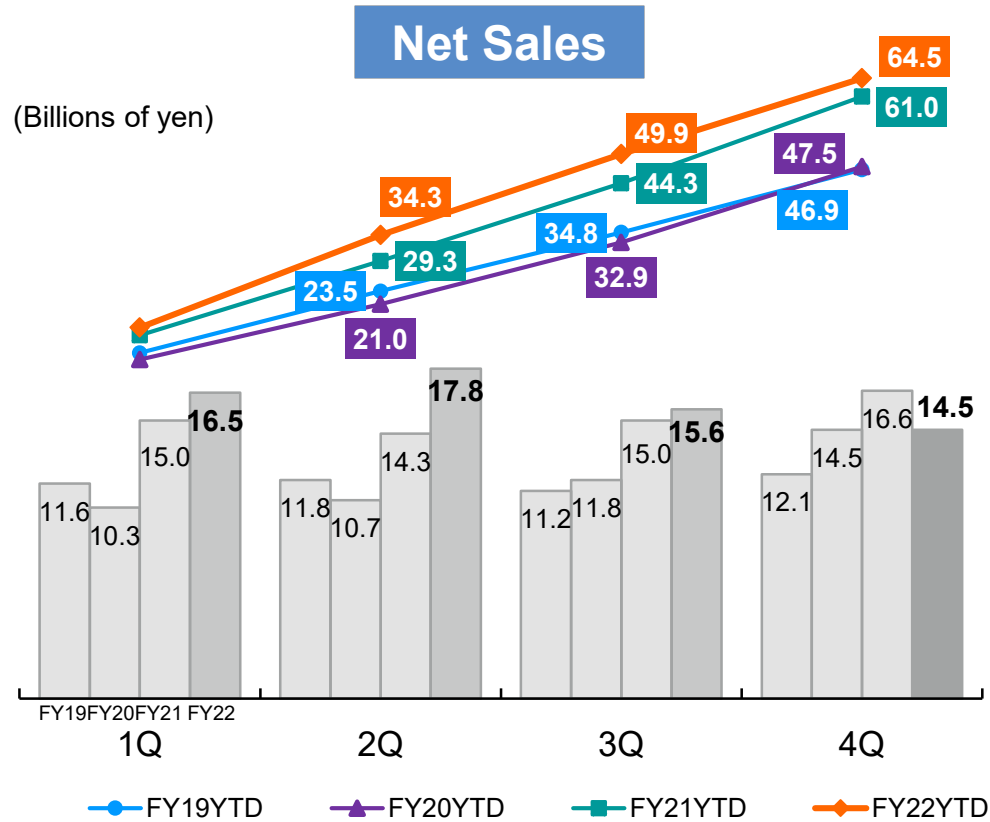


Overseas





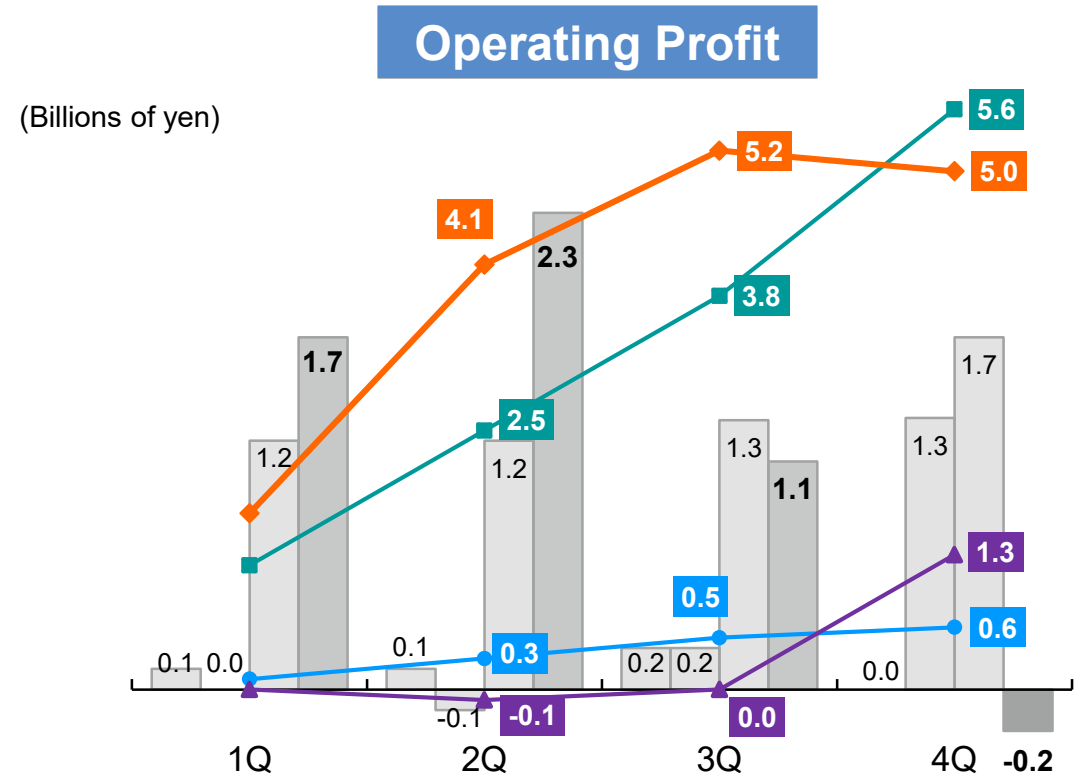
# Devices Solutions Business (DS)



<Net sales growth % vs. previous fiscal year>

|             | 1Q            | 2Q            | 3Q           | 4Q            | Total        |
|-------------|---------------|---------------|--------------|---------------|--------------|
| <b>FY22</b> | <b>+10.2%</b> | <b>+24.1%</b> | <b>+4.1%</b> | <b>-12.7%</b> | <b>+5.7%</b> |
| FY21        | +45.2%        | +33.6%        | +26.6%       | +14.3%        | +28.5%       |
| FY20        | -11.7%        | -9.1%         | +5.2%        | +20.0%        | +1.2%        |

\*The DS includes the businesses previously in the Electronic Devices Business, other than those that have been changed to the EVS.



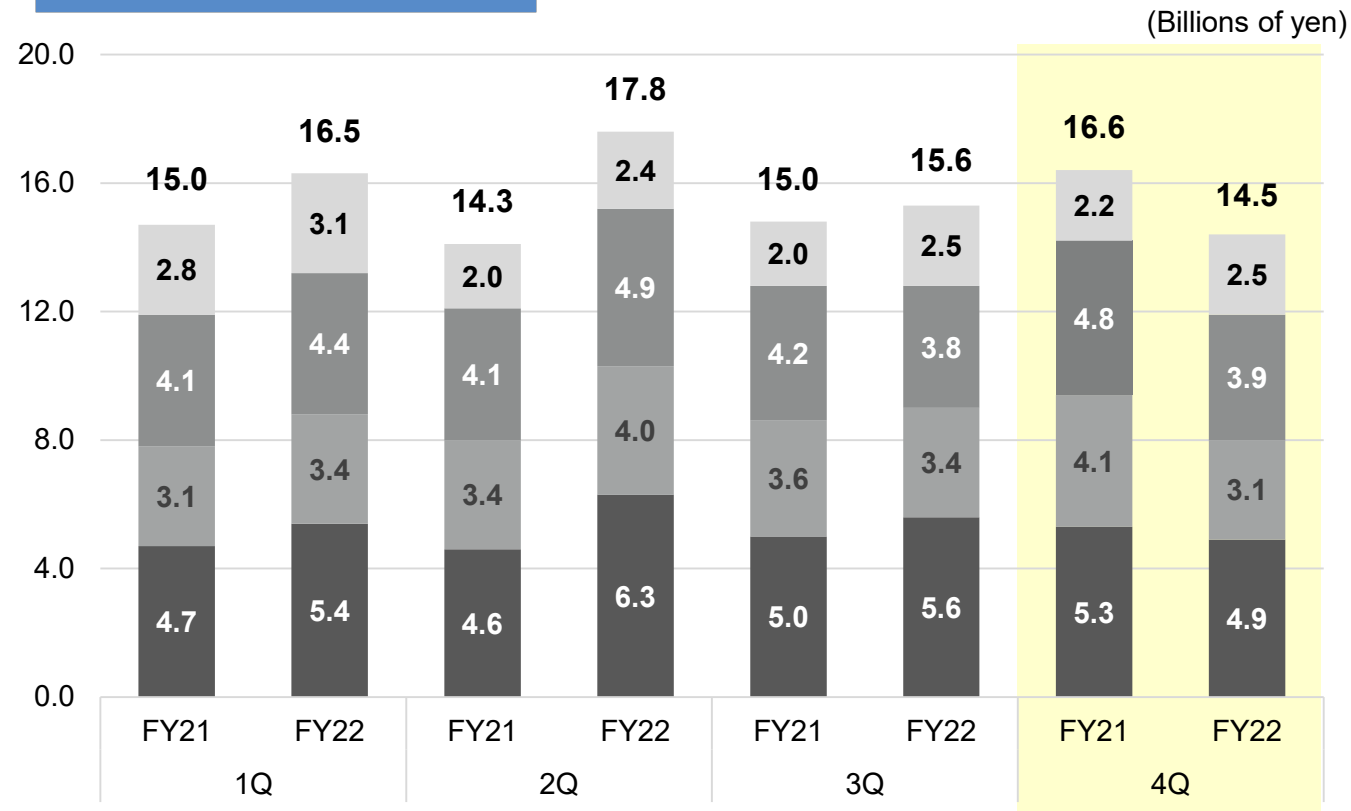
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|             | 1Q           | 2Q           | 3Q          | 4Q           | Total       |
|-------------|--------------|--------------|-------------|--------------|-------------|
| <b>FY22</b> | <b>10.8%</b> | <b>13.2%</b> | <b>7.4%</b> | <b>-1.6%</b> | <b>7.8%</b> |
| FY21        | 8.4%         | 8.7%         | 9.1%        | 10.6%        | 9.2%        |
| FY20        | 0.1%         | -1.7%        | 1.9%        | 9.0%         | 2.9%        |
| FY19        | 1.6%         | 1.6%         | 2.0%        | 0.6%         | 1.4%        |

# Devices Solutions Business (DS)

- ✓ From the third quarter onward, although a slowdown trend became apparent in orders for devices for use in consumer and general-purpose products, favorable performance continued for micro batteries for medical equipment, high-performance metals for semiconductor production equipment, and other products. However, operating profit remained lower while net sales grew due to production adjustments and soaring energy costs.

## Net Sales by Category



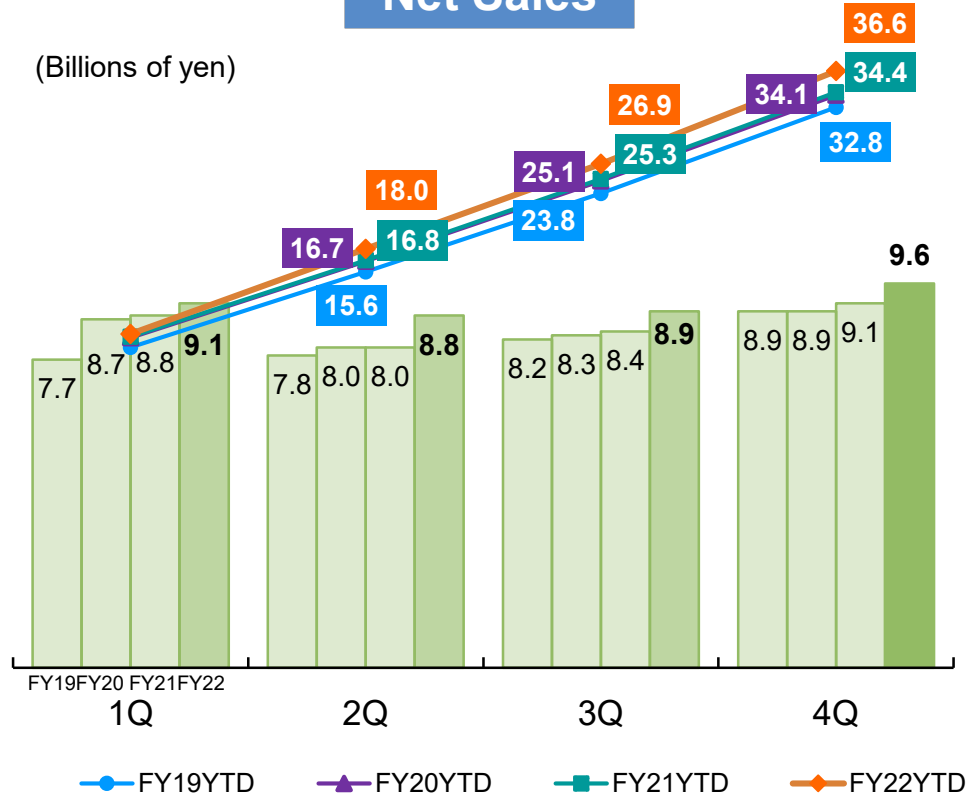
### Main Products and Services

- Others**  
 Integrated circuits for crystal oscillators,  
 Integrated circuits for sensors
- Printing Devices**  
 Inkjet printheads, Thermal printers
- Precision Devices**  
 Hard disk drive components,  
 Automobile parts,  
 Other precision turned parts
- Electronic Devices**  
 Micro batteries, Chip capacitors,  
 Crystal oscillators,  
 High-performance metal products,  
 Rare earth magnets

# Systems Solutions Business (SS)

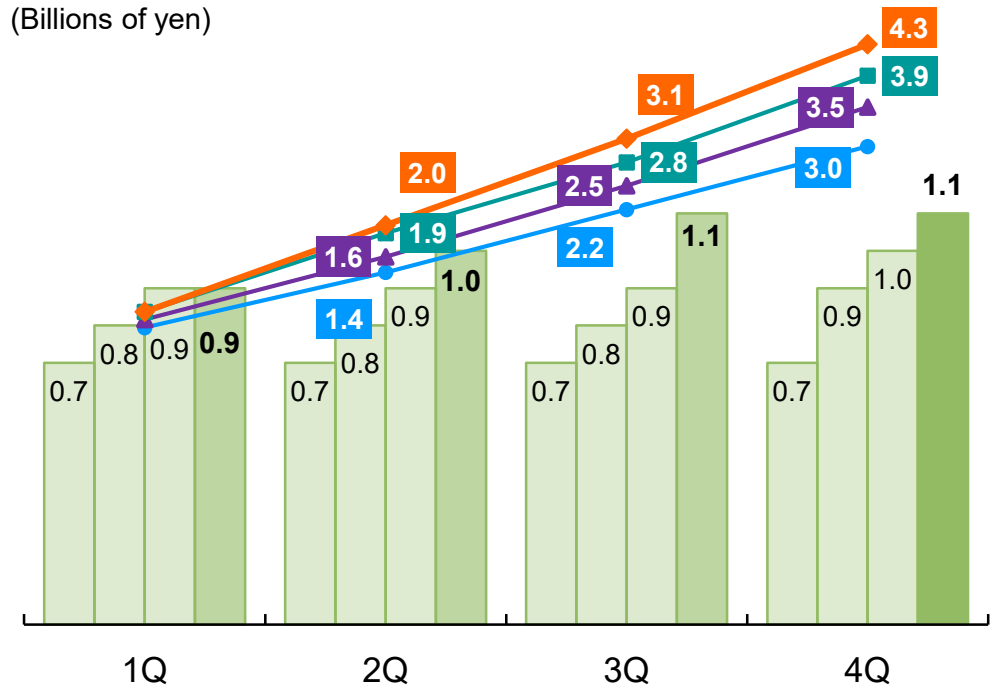
## Net Sales

(Billions of yen)



## Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

|             | 1Q           | 2Q            | 3Q           | 4Q           | Total        |
|-------------|--------------|---------------|--------------|--------------|--------------|
| <b>FY22</b> | <b>+3.6%</b> | <b>+10.3%</b> | <b>+6.4%</b> | <b>+5.8%</b> | <b>+6.4%</b> |
| FY21        | +0.5%        | +0.7%         | +1.0%        | +1.3%        | +0.9%        |
| FY20        | +13.3%       | +1.4%         | +1.0%        | +0.6%        | +3.9%        |

\*The SS is the same as the previous Systems Solutions Business.

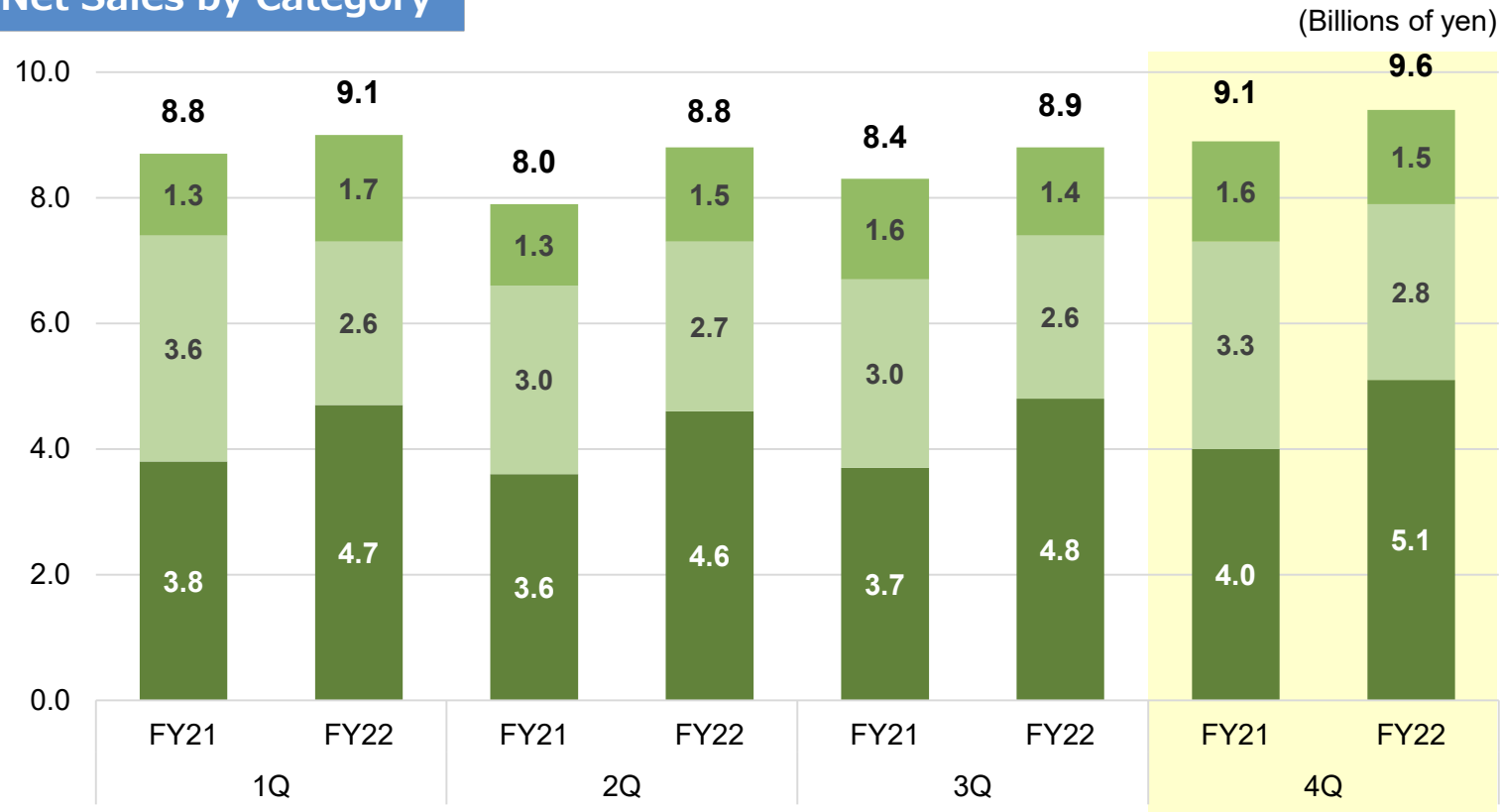
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|             | 1Q           | 2Q           | 3Q           | 4Q           | Total        |
|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>FY22</b> | <b>10.7%</b> | <b>11.7%</b> | <b>12.9%</b> | <b>12.3%</b> | <b>11.9%</b> |
| FY21        | 10.7%        | 11.9%        | 11.3%        | 12.0%        | 11.5%        |
| FY20        | 9.5%         | 10.7%        | 10.5%        | 10.8%        | 10.4%        |
| FY19        | 9.8%         | 9.1%         | 9.0%         | 8.9%         | 9.2%         |

# Systems Solutions Business (SS)

- ✓ In some industries, such as food service, a trend toward recovery from the coronavirus pandemic was observed. In addition, businesses supporting digital infrastructure, such as performance management and security-related business and other businesses, performed steadily throughout the year, and system-related and payment-related businesses grew, resulting in continued year-on-year growth in both net sales and operating profit for 28 consecutive quarters.

## Net Sales by Category



### Main Products and Services

- Payment-Related Business**  
Payment products / services,  
Systems for restaurants
- IoT-Related Business**  
IoT embedded devices,  
IT products / services for consumers  
(Mobile communication devices etc.)
- System-Related Business**  
Network equipment / services,  
Financial / distribution products / services,  
IT system performance management

## Balance Sheets as of March 31, 2023

(Billions of yen)

|                       | Mar. 31,<br>2021 | Mar. 31,<br>2022(a) | Mar. 31,<br>2023(b) | Variance<br>(b)-(a) |
|-----------------------|------------------|---------------------|---------------------|---------------------|
| Inventories           | 68.4             | 73.0                | 83.7                | +10.7               |
| Interest Bearing Debt | 131.2            | 121.7               | 138.8               | +17.1               |
| Net Assets            | 113.0            | 121.6               | 131.7               | +10.1               |
| Total Assets          | 319.6            | 327.5               | 355.9               | +28.3               |
| Equity Capital Ratio  | 34.9%            | 36.7%               | 36.5%               | -0.2pt              |
| Net Debt Equity Ratio | 0.8              | 0.7                 | 0.7                 | +0.0                |
| Number of Employees   | 12,092           | 11,984              | 11,843              | -141                |

## Interest Bearing Debt

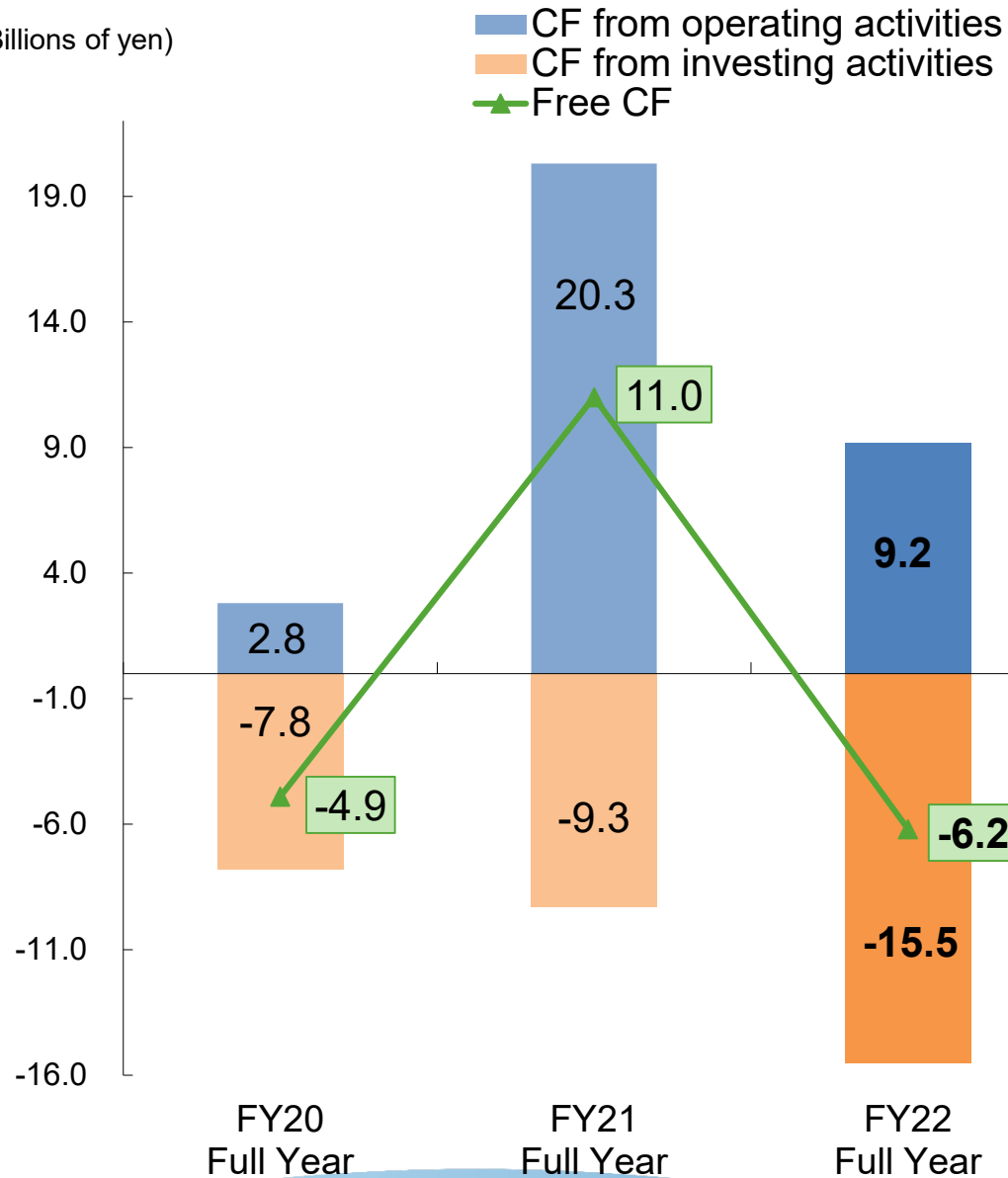
■ Cash & Deposits    □ Interest Bearing Debt    (Billions of yen)

■ Net Interest Bearing Debt  
(Interest Bearing Debt - Cash & Deposits)



## Statement of Cash Flows

(Billions of yen)

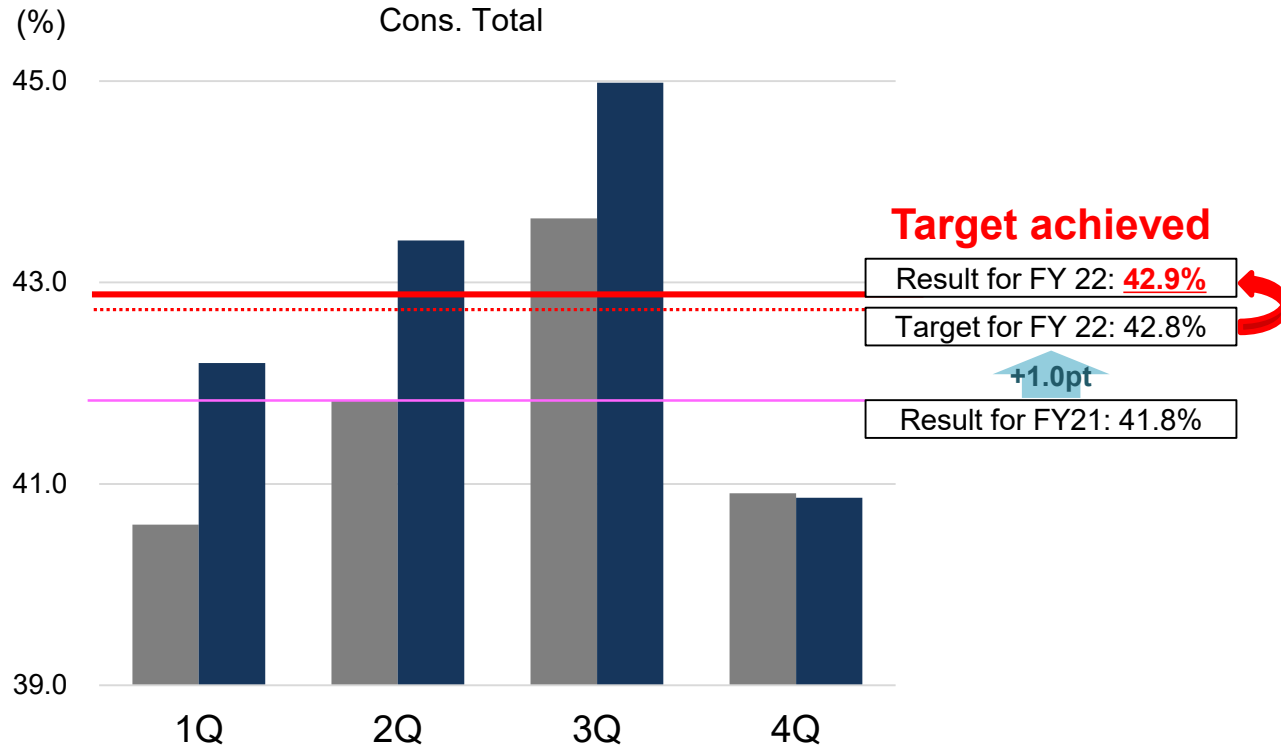


(Billions of yen)

|  | FY20<br>Full Year | FY21<br>Full Year | FY22<br>Full Year |
|--|-------------------|-------------------|-------------------|
| Profit before income taxes                                       | 6.4               | 8.8               | <b>9.6</b>        |
| Depreciation   | 10.6              | 10.8              | <b>12.3</b>       |
| Others   | -14.2             | 0.6               | <b>-12.7</b>      |
| <b>Net cash provided by (used in) operating activities</b>       | 2.8               | 20.3              | <b>9.2</b>        |
| Purchase of property, plant and equipment                        | -17.7             | -8.7              | <b>-12.1</b>      |
| Others   | 9.8               | -0.5              | <b>-3.3</b>       |
| <b>Net cash provided by (used in) investing activities</b>       | -7.8              | -9.3              | <b>-15.5</b>      |
| Net increase (decrease) in short- and long-term borrowings       | 14.5              | -9.6              | <b>15.2</b>       |
| Others   | -4.1              | -4.2              | <b>-4.6</b>       |
| <b>Net cash provided by (used in) financing activities</b>       | 10.4              | -13.9             | <b>10.5</b>       |
| Effect of exchange rate change on cash and cash equivalents etc. | 0.7               | 1.2               | <b>1.1</b>        |
| Cash and cash equivalents  | 32.3              | 30.7              | <b>36.2</b>       |
| <b>Free cash flow</b>  | -4.9              | 11.0              | <b>-6.2</b>       |

# KPIs of SMILE145 (8<sup>th</sup> Mid-Term Management Plan)

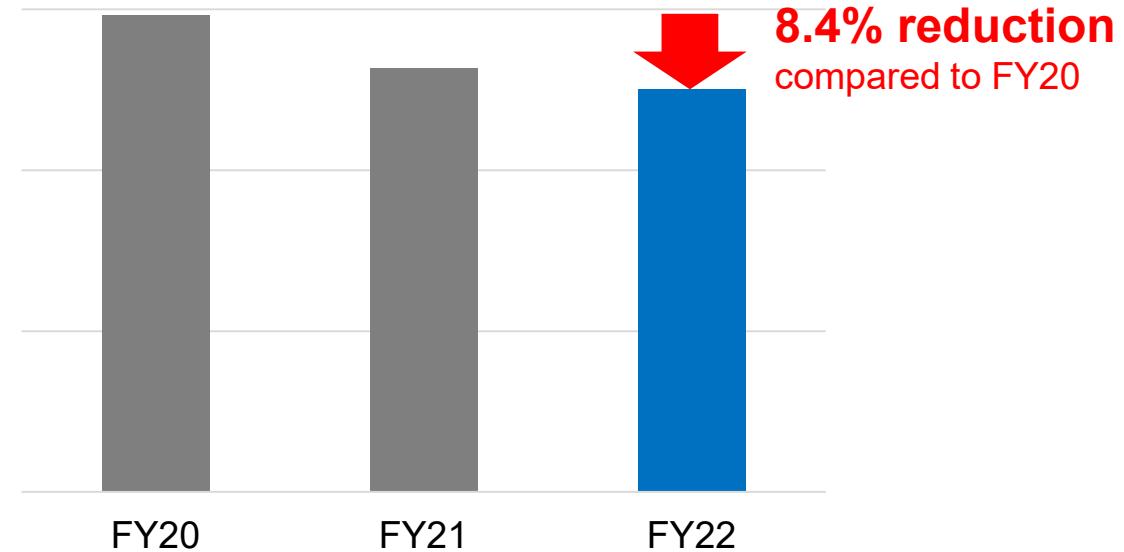
## Gross Profit Margin (GP%)



|             | 1Q           | 2Q           | 3Q           | 4Q           | Total        | Target |
|-------------|--------------|--------------|--------------|--------------|--------------|--------|
| <b>FY22</b> | <b>42.2%</b> | <b>43.4%</b> | <b>45.0%</b> | <b>40.9%</b> | <b>42.9%</b> | 42.8%  |
| FY21        | 40.6%        | 41.8%        | 43.6%        | 40.9%        | 41.8%        |        |

## Non-Financial KPIs

### Reducing CO<sub>2</sub> Emissions



\*Result for FY22 is an estimate as of May 9, 2023.

### Increased Engagement Score

- Conducted first engagement survey in FY2022.
- We will clarify the prioritization of issues and promote various initiatives to increase the engagement score.

## 2. Financial Forecast for FY2023



# Summary of Financial Forecast for FY2023

(Billions of yen)

|   | Full Year   |                        |                   |
|---|-------------|------------------------|-------------------|
|   | FY22 Actual | FY23 Forecast (May. 9) | Variance vs. FY22 |
| Net sales                               | 260.5       | 268.0                  | +7.4              |
| Gross profit margin (GP%)               | 42.9%       | 43.9%                  | +1.0pt            |
| Operating profit                        | 11.2        | 12.0                   | +0.7              |
| %                                       | 4.3%        | 4.5%                   | +0.2pt            |
| Ordinary profit                         | 11.1        | 12.0                   | +0.8              |
| %                                       | 4.3%        | 4.5%                   | +0.2pt            |
| Profit attributable to owners of parent | 5.0         | 8.0                    | +2.9              |
| %                                       | 1.9%        | 3.0%                   | +1.1pt            |

\*Exchange rates for the forecast FY2023: JPY 135 / USD 1.00, JPY 140 / EUR 1.00

## Financial Forecast for FY2023 by Segment

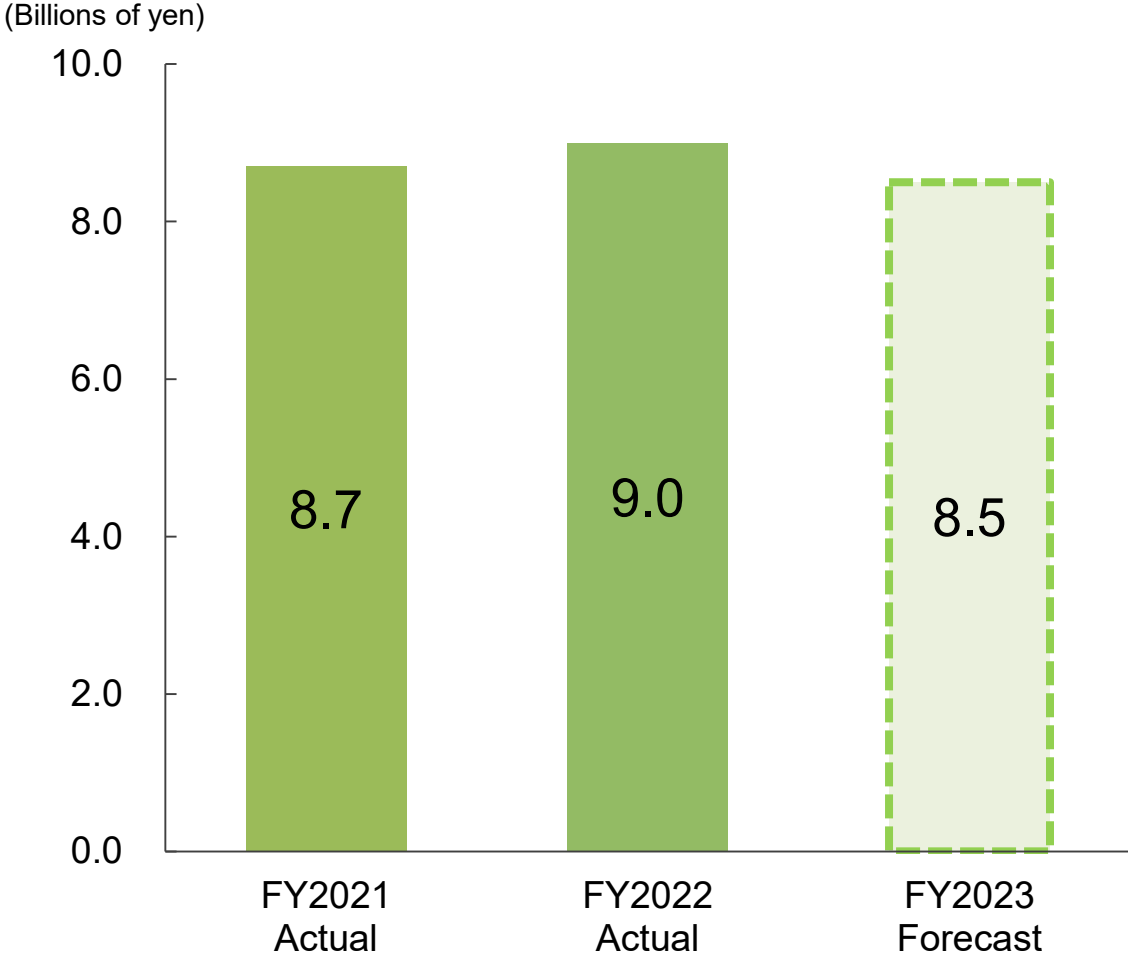
|                           |               | Net Sales   |                        |                   | Operating Profit |                        |                   |
|---------------------------|---------------|-------------|------------------------|-------------------|------------------|------------------------|-------------------|
|                           |               | FY22 Actual | FY23 Forecast (May. 9) | Variance vs. FY22 | FY22 Actual      | FY23 Forecast (May. 9) | Variance vs. FY22 |
| Emotional Value Solutions | Watches       | 144.2       | 147.0                  | +2.7              | 11.1             | 12.0                   | +0.8              |
|                           | Others · adj. | 26.5        | 28.0                   | +1.4              | 0.4              | 1.0                    | +0.5              |
|                           | Sub Total     | 170.7       | 175.0                  | +4.2              | 11.5             | 13.0                   | +1.4              |
| Devices Solutions         |               | 64.5        | 65.0                   | +0.4              | 5.0              | 4.8                    | -0.2              |
| Systems Solutions         |               | 36.6        | 39.0                   | +2.3              | 4.3              | 4.8                    | +0.4              |
| Sub Total                 |               | 271.9       | 279.0                  | +7.0              | 21.0             | 22.6                   | +1.5              |
| Others                    |               | 1.1         | 1.0                    | -0.1              | 0.1              | 0.1                    | -0.0              |
| Cons. Adj.                |               | -12.5       | -12.0                  | +0.5              | -9.9             | -10.7                  | -0.7              |
| Cons. Total               |               | 260.5       | 268.0                  | +7.4              | 11.2             | 12.0                   | +0.7              |

(Billions of yen)

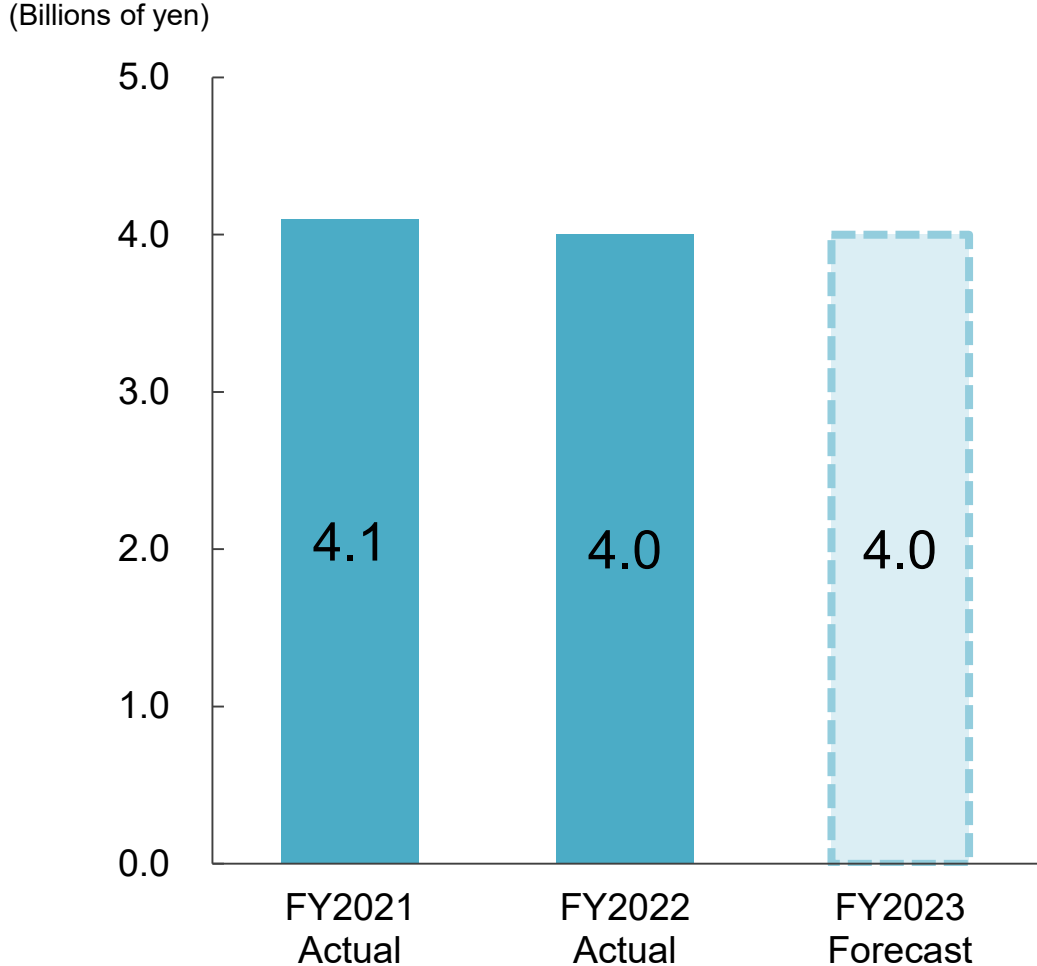
\*Exchange rates for the forecast FY2023: JPY 135 / USD 1.00, JPY 140 / EUR 1.00

# Investment / R&D Expenses

### Investment

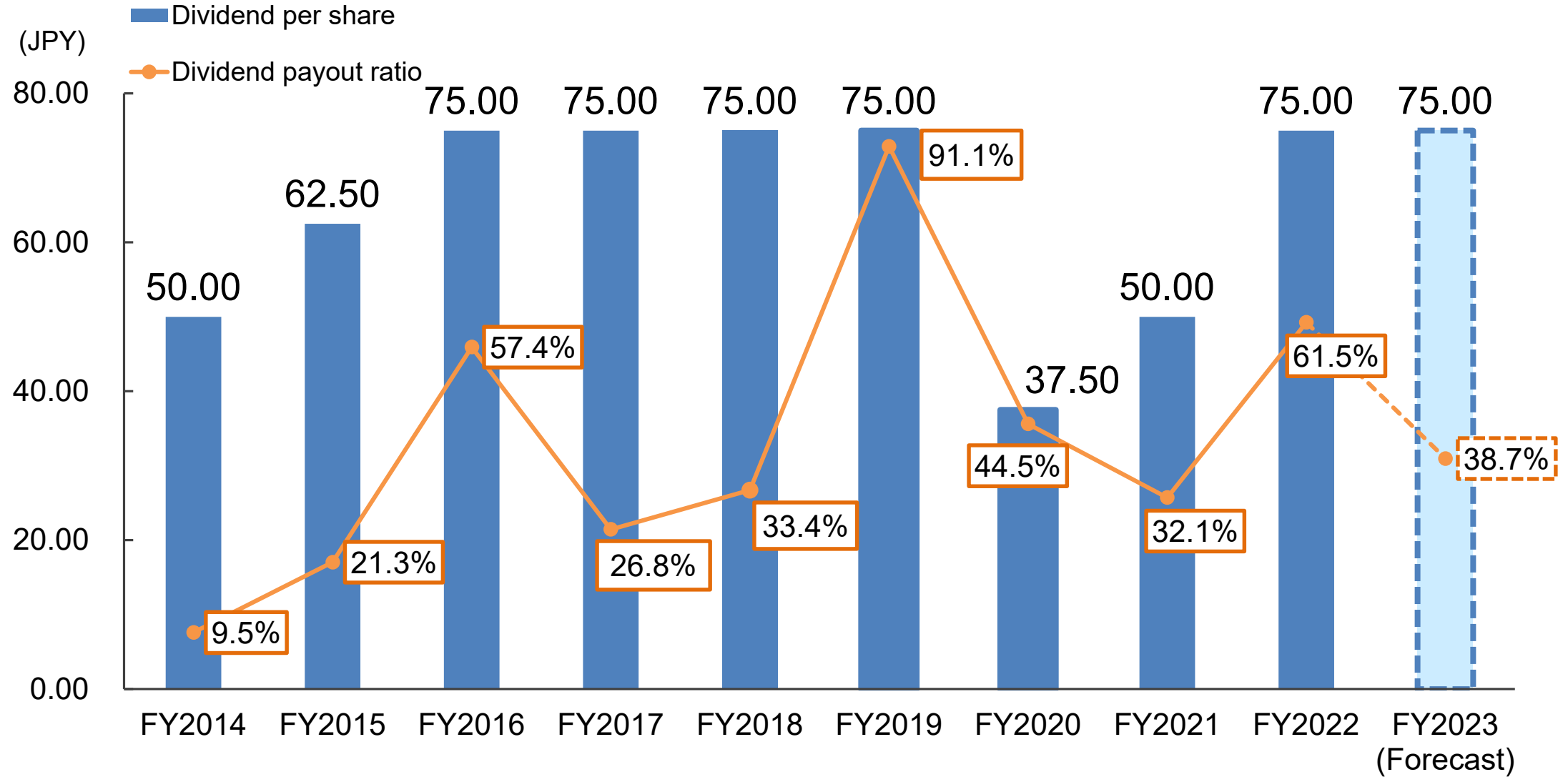


### R&D Expenses



\*Amount of R&D expenses for FY2022 is an approximate figure.

## Shareholder Returns



\*The Company conducted a share consolidation of every five shares of its common stock into one share as of October 1, 2017. The annual dividends above reflect the share consolidation.

# Exchange Rates

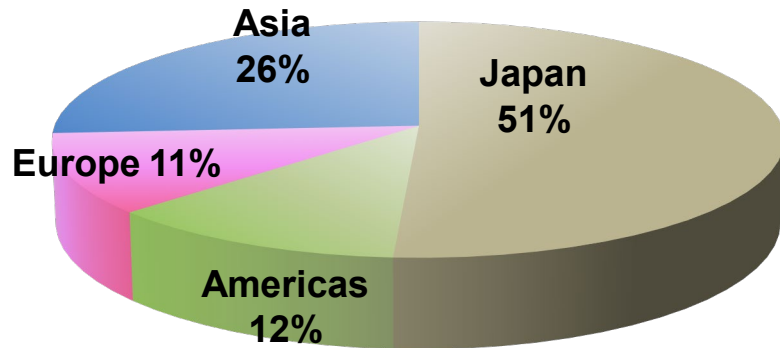
## Exchange Rate Sensitivity (Apr. 2023 - Mar. 2024)

| (Millions of yen)      | USD       | EUR       |
|------------------------|-----------|-----------|
| Exchange rate forecast | JPY 135.0 | JPY 140.0 |
| For Net sales          | c. 800    | c. 120    |
| For Operating profit   | c. 100    | c. 20     |

## FY2022

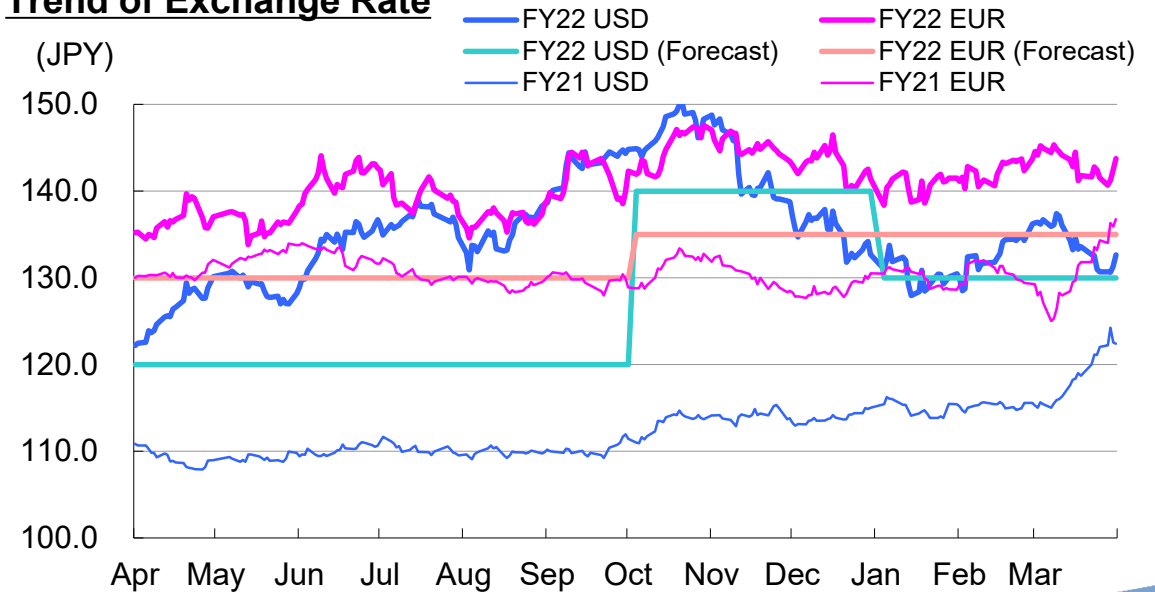
| (JPY)        |     | 1Q    | 2Q    | 3Q    | 4Q    | Year Total |
|--------------|-----|-------|-------|-------|-------|------------|
| Average      | USD | 129.7 | 138.3 | 141.4 | 132.4 | 135.5      |
|              | EUR | 138.3 | 139.3 | 144.3 | 142.2 | 141.0      |
| Closing Date | USD | 136.7 | 144.8 | 132.7 | 133.5 | -          |
|              | EUR | 142.7 | 142.3 | 141.4 | 145.7 | -          |

## Sales by Area



\* FY22 Actual data

## Trend of Exchange Rate



# Reference

## Net Sales &amp; Operating Profit by Segment for FY2022 (Apr. 2022 - Mar. 2023)

(Billions of yen)

|                                 |               | Net Sales<br>(Composition ratio) |                |          | Operating Profit |                |          |
|---------------------------------|---------------|----------------------------------|----------------|----------|------------------|----------------|----------|
|                                 |               | FY21<br>Actual                   | FY22<br>Actual | Variance | FY21<br>Actual   | FY22<br>Actual | Variance |
| Emotional<br>Value<br>Solutions | Watches       | 125.7<br>(53%)                   | 144.2<br>(55%) | +18.4    | 7.6              | 11.1           | +3.4     |
|                                 | Others • Adj. | 25.1<br>(11%)                    | 26.5<br>(10%)  | +1.4     | 0.6              | 0.4            | -0.2     |
|                                 | Sub Total     | 150.8                            | 170.7          | +19.9    | 8.2              | 11.5           | +3.2     |
| Devices Solutions               |               | 61.0<br>(26%)                    | 64.5<br>(25%)  | +3.4     | 5.6              | 5.0            | -0.5     |
| Systems Solutions               |               | 34.4<br>(14%)                    | 36.6<br>(14%)  | +2.2     | 3.9              | 4.3            | +0.4     |
| Sub Total                       |               | 246.3                            | 271.9          | +25.5    | 17.8             | 21.0           | +3.1     |
| Others                          |               | 1.0<br>(0%)                      | 1.1<br>(0%)    | +0.0     | 0.2              | 0.1            | -0.0     |
| Cons. Adj.                      |               | -10.0<br>(-4%)                   | -12.5<br>(-5%) | -2.5     | -9.3             | -9.9           | -0.6     |
| Cons. Total                     |               | 237.3                            | 260.5          | +23.1    | 8.7              | 11.2           | +2.4     |

## Consolidated P/L for 4Q of FY2022 (Jan. - Mar. 2023)

|   |     | FY21<br>4Q | FY22<br>4Q | Variance |         |  |
|---|-----|------------|------------|----------|---------|--|
|   |     |            |            | Amt.     | %       |  |
| (Billions of yen)                       |     |            |            |          |         |  |
| Net Sales                               |     | 63.5       | 63.0       | -0.4     | -0.7%   | <b>Net Sales : y/y -0.4</b><br>Exchange rate fluctuations c. +3.0  |
| Gross Profit                            |     | 25.9       | 25.7       | -0.2     | -0.9%   | <b>Operating Profit : y/y -3.4</b><br>Impact of decrease in Net sales -0.1<br>Impact of deteriorated GP% -0.0<br>Increase in SG&A expenses -3.2  |
| %                                       |     | 40.9%      | 40.9%      | -0.0pt   |         |  |
| Operating Profit                        |     | 2.2        | -1.2       | -3.4     | -153.3% | <b>Ordinary Profit : y/y -4.2</b><br>Decrease in Operating profit -3.4<br>Decrease in Equity-method income -0.0<br>Decrease in Foreign exchange gains -0.5<br>Others -0.1  |
| %                                       |     | 3.6%       | -1.9%      | -5.5pt   |         |  |
| Ordinary Profit                         |     | 2.7        | -1.5       | -4.2     | -156.5% | <b>Extraordinary Income/Losses: -1.2</b><br><u>Extraordinary Income</u> 0.2<br>Gain on sale of non-current assets 0.2<br><u>Extraordinary Losses</u> 1.5<br>Business restructuring expenses 0.8<br>Loss on sale of investment securities 0.5<br>Loss on cancellation of agency agreement 0.1 |
| %                                       |     | 4.3%       | -2.5%      | -6.8pt   |         |  |
| Income before income taxes              |     | 2.5        | -2.8       | -5.3     | -212.7% |  |
| Profit attributable to owners of parent |     | 2.5        | -3.0       | -5.5     | -222.8% |  |
| %                                       |     | 3.9%       | -4.9%      | -8.8pt   |         |  |
| <b>Exchange Rates (JPY)</b>             | USD | 116.3      | 132.4      | +16.1    | +13.8%  |  |
|   | EUR | 130.4      | 142.2      | +11.8    | +9.0%   |  |



## Net Sales &amp; Operating Profit by Segment for 4Q of FY2022 (Jan. - Mar. 2023)

|                                 |               | Net Sales<br>(Composition ratio) |               |          | Operating Profit |            |          |
|---------------------------------|---------------|----------------------------------|---------------|----------|------------------|------------|----------|
|                                 |               | FY21<br>4Q                       | FY22<br>4Q    | Variance | FY21<br>4Q       | FY22<br>4Q | Variance |
| Emotional<br>Value<br>Solutions | Watches       | 33.3<br>(53%)                    | 33.9<br>(54%) | +0.6     | 1.7              | 0.3        | -1.3     |
|                                 | Others · Adj. | 6.8<br>(11%)                     | 7.2<br>(12%)  | +0.4     | 0.4              | 0.1        | -0.2     |
|                                 | Sub Total     | 40.2                             | 41.2          | +1.0     | 2.1              | 0.5        | -1.6     |
| Devices Solutions               |               | 16.6<br>(26%)                    | 14.5<br>(23%) | -2.1     | 1.7              | -0.2       | -1.9     |
| Systems Solutions               |               | 9.1<br>(14%)                     | 9.6<br>(15%)  | +0.5     | 1.0              | 1.1        | +0.1     |
| Sub Total                       |               | 66.0                             | 65.4          | -0.5     | 5.0              | 1.5        | -3.5     |
| Others                          |               | 0.2<br>(0%)                      | 0.3<br>(1%)   | +0.0     | 0.0              | 0.0        | -0.0     |
| Cons. Adj.                      |               | -2.7<br>(-4%)                    | -2.7<br>(-4%) | +0.0     | -2.8             | -2.7       | +0.0     |
| Cons. Total                     |               | 63.5                             | 63.0          | -0.4     | 2.2              | -1.2       | -3.4     |

(Billions of yen)

# End

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*\*The forecasted results which appear in this presentation are based on the information which we have obtained as of now, and on certain assumptions deemed reasonable. As a result, actual results, etc. may differ significantly from the forecasted figures due to a wide range of factors.*

*\*Numbers are cut off to the unit indicated, unless otherwise specified.*