

Consolidated Results for the 3 months

(from April 1 to June 30, 2023)

August 9, 2023

Net Sales and Operating Profit by Domain

- **Both net sales and operating profit increased** in the two strategic domains of EVS and SS. However, due to a decline in operating profit in the DS, the consolidated result was **an increase in net sales and a decrease in operating profit.**

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

(Billions of yen)	Net Sales			Operating Profit		
	FY2022 3M	FY2023 3M	Variance	FY2022 3M	FY2023 3M	Variance
EVS	39.0	42.3	+3.2	2.4	3.4	+1.0
Watches Business	33.9	36.5	+2.6	2.6	3.5	+0.8
DS	16.5	13.9	-2.6	1.7	0.1	-1.6
SS	9.1	9.3	+0.1	0.9	1.0	+0.0
Others	0.2	0.2	+0.0	0.0	0.0	+0.0
Cons. Adj.	-2.8	-2.8	-0.0	-2.1	-1.9	+0.1
Cons. Total	62.0	62.9	+0.8	3.1	2.8	-0.2

Business Environment

Positive factors



Economic Environment	
Impact of the depreciation of the yen	<p>EVS Steady performance of overseas business</p> <p>【Overseas net sales ratio】(Year-on-year changes)</p> <p>EVS approx.50% (slight decrease)</p>
Recovery trend in sales to inbound tourists	<p>EVS Watches and WAKO Business</p>
Economic recovery from COVID-19 in Japan	<p>EVS Watches and WAKO Business</p> <p>SS Business for food service industry</p>

Market Environment	
EVS	Strong performance of high-end watches and mid-priced-range watches (Japan, Europe, and the U.S.) ★
DS	Growth in micro batteries for medical equipment ★
SS	Expansion in digital contracts, performance management, security, etc. ★

Negative factors



Energy costs remain high	<p>EVS Overall business</p> <p>DS</p>
Risk of economic recession *European, U.S., and Chinese economies	<p>EVS Mainly the Watches Business</p> <p>DS Business for Chinese market</p>

EVS	Stagnation of Watch movements market due to economic recession
DS	Stagnation in the market for components for data center HDDs, etc.

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

KPIs of SMILE145 (8th Mid-Term Management Plan)

	MVP Ratio	GP%	Operating Profit	
	FY2023 3M (Changes from FY2022)	Year-on-year changes (3M)	Amount (FY2023 3M)	Year-on-year changes
EVS	Luxury domain and products with high emotional value, such as GB, as % of net sales approx. 50% (approx. +5pt) Target for FY2026 60%	+2.9 pt	3.4 billion yen	+45.0%
	Watches Business			
	GB ratio Japan approx. 70% (approx. +5pt) Overseas approx. 75% (approx. +several points) Target for FY2026 over 85%			
DS	Sales to digital economy and green economy markets as % of net sales approx. 50% (approx. +10pt) Target for FY2026 60%	-4.7 pt	0.1 billion yen	-90.3%
SS	Stock business as % of marginal profit approx. 70% (approx. +5pt) Target for FY2026 73%	+1.4 pt	1.0 billion yen	+10.1%
Cons. Total	-	+1.5 pt	2.8 billion yen	-9.1%

*Target for FY2026: +5.0pt compared to FY2021 (common to cons. total and each domain)

Financial Forecast for FY2023

- During the three-month period ended June 30, 2023, both net sales and operating profit increased year on year in the EVS Business, while both net sales and operating profit declined year on year in the DS Business.
- From the second quarter onward, we expect the EVS Business to continue to perform steadily. However, a recovery in the business environment for the DS Business will be delayed.
- Accordingly, **we have not changed our consolidated financial forecast** (Net Sales: 268.0 billion yen, Operating Profit: 12.0 billion yen), but **we have revised our forecasted results by segment** as described below.

(Billions of yen)

	Net Sales			Operating Profit		
	Previous	Current	Variance	Previous	Current	Variance
Emotional Value Solutions Business	175.0	177.0	+2.0	13.0	14.0	+1.0
Devices Solutions Business	65.0	63.0	-2.0	4.8	3.6	-1.2
Systems Solutions Business	39.0	39.0	±0.0	4.8	5.0	+0.2
Total for reported segments	279.0	279.0	±0.0	22.6	22.6	±0.0
Others	1.0	1.0	±0.0	0.1	0.1	±0.0
Consolidated total	268.0	268.0	±0.0	12.0	12.0	±0.0

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

1. Consolidated Results

- ◆ Reported segments have been changed from the fiscal year ended March 31, 2023. The actual results of FY2020 and FY2021 have been reclassified to reflect the new disclosure segments. The reclassified figures for FY2020 in this presentation are unaudited and provided for reference.

Consolidated P/L for 3M FY2023 (Apr. - Jun. 2023)

(Billions of yen)

		FY22	FY23	Variance	
		3M	3M	Amt.	%
Net Sales		62.0	62.9	+0.8	+1.4%
Gross Profit		26.1	27.5	+1.3	+5.0%
	%	42.2%	43.7%	+1.5pt	
Operating Profit		3.1	2.8	-0.2	-9.1%
	%	5.0%	4.5%	-0.5pt	
Ordinary Profit		4.0	3.7	-0.3	-8.0%
	%	6.5%	5.9%	-0.6pt	
Income before income taxes		3.9	3.7	-0.2	-5.4%
Profit attributable to owners of parent		1.7	2.4	+0.7	+41.2%
	%	2.8%	3.8%	+1.0pt	
Exchange Rates (JPY)	USD	129.7	137.5	+7.8	+6.0%
	EUR	138.3	149.6	+11.3	+8.2%

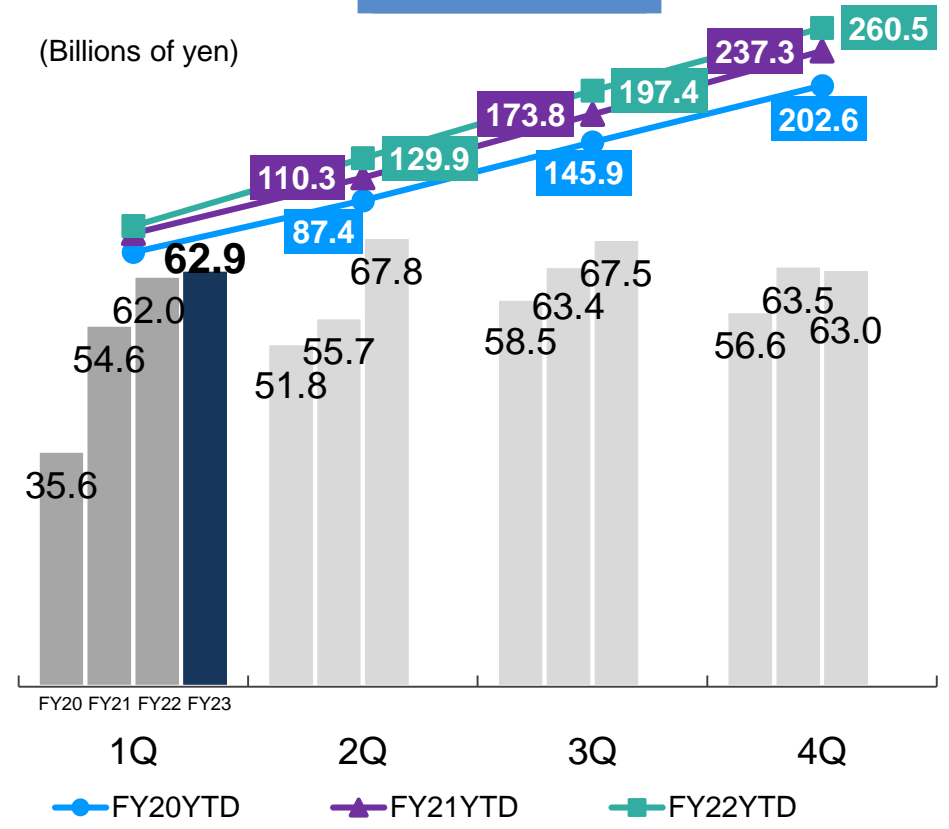
Net Sales :	y/y	+0.8
Exchange rate fluctuations		c. +1.8

Operating Profit :	y/y	-0.2
(Exchange rate fluctuations		c. +0.5)
Impact of increase in Net sales		+0.3
Impact of improved GP%		+0.9
Increase in SG&A expenses		-1.5

Ordinary Profit :	y/y	-0.3
Decrease in Operating profit		-0.2
Decrease in Equity-method income		-0.0
Decrease in Foreign exchange gains		-0.0
Others		+0.0

Consolidated Quarterly Performance

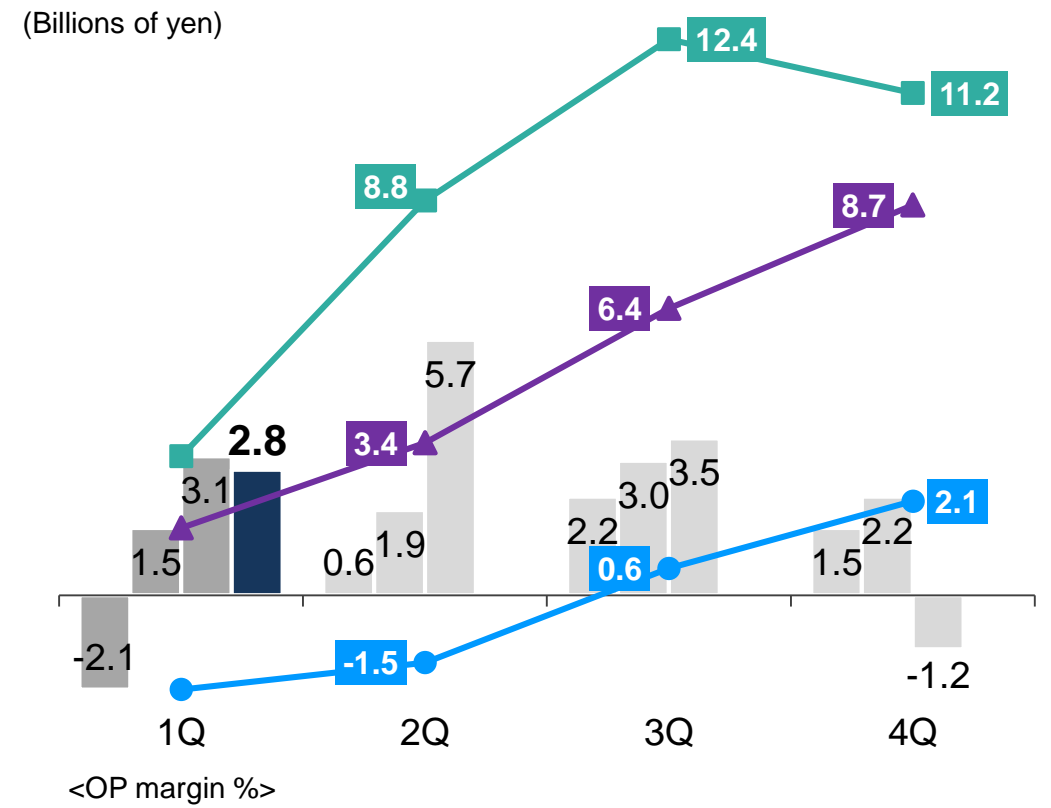
Net Sales



<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total
FY23	+1.4%				
FY22	+13.7%	+21.6%	+6.4%	-0.7%	+9.7%
FY21	+53.3%	+7.5%	+8.5%	+12.1%	+17.1%

Operating Profit

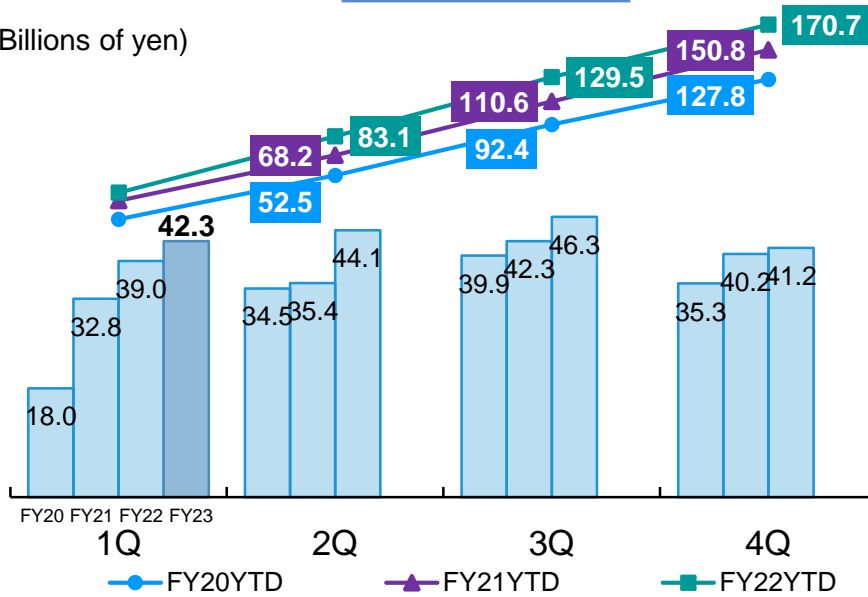


	1Q	2Q	3Q	4Q	Total
FY23	4.5%				
FY22	5.0%	8.5%	5.3%	-1.9%	4.3%
FY21	2.8%	3.5%	4.8%	3.6%	3.7%
FY20	-6.1%	1.3%	3.8%	2.6%	1.1%

Emotional Value Solutions Business (EVS)

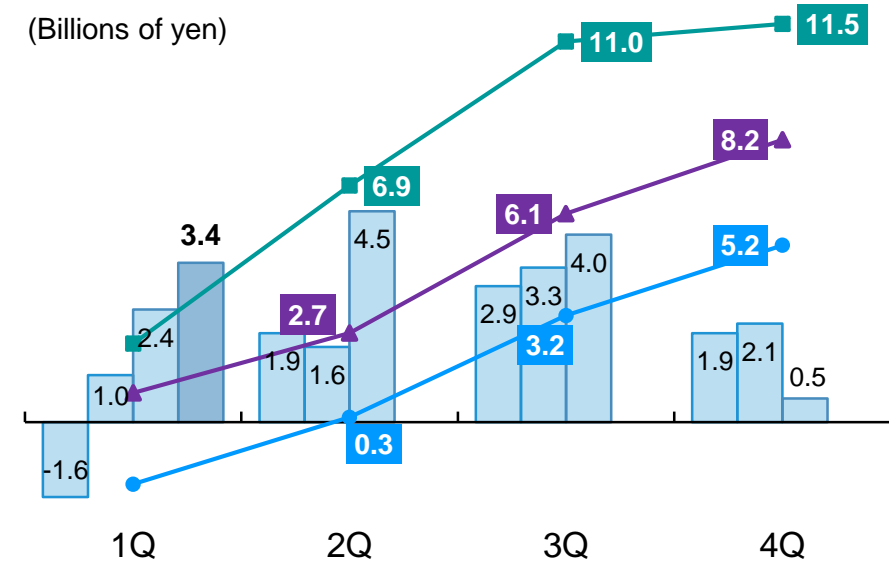
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total
FY23	+8.4%				
FY22	+18.8%	+24.4%	+9.5%	+2.5%	+13.2%
FY21	+82.3%	+2.7%	+6.0%	+13.9%	+18.0%

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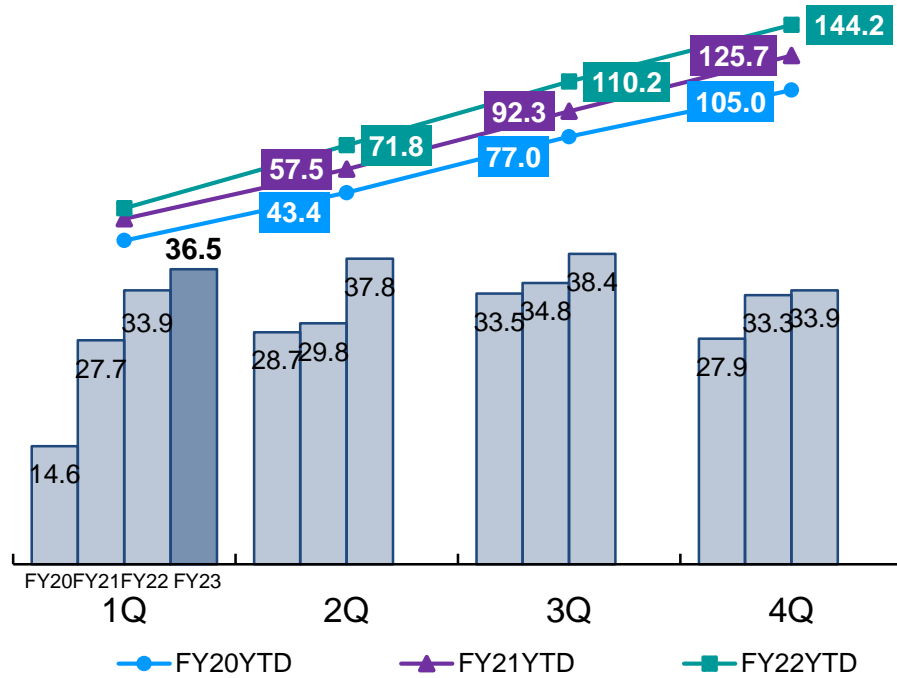
	1Q	2Q	3Q	4Q	Total
FY23	8.2%				
FY22	6.2%	10.3%	8.7%	1.4%	6.8%
FY21	3.3%	4.7%	7.9%	5.4%	5.5%
FY20	-9.2%	5.8%	7.3%	5.5%	4.1%

- ✓ **Watches** : Net sales of completed watches in Japan grew year on year against the background of demand from inbound tourists. Overseas, net sales in Europe and Asia excluding China also increased.
- ✓ **Time Creation**: Net sales of the clocks business for overseas markets declined year on year due to the sluggish Chinese economy.
- ✓ **WAKO** : Net sales in the WAKO Business grew significantly year on year with the recovery of demand from inbound tourists.

Watches Business in EVS *Reference

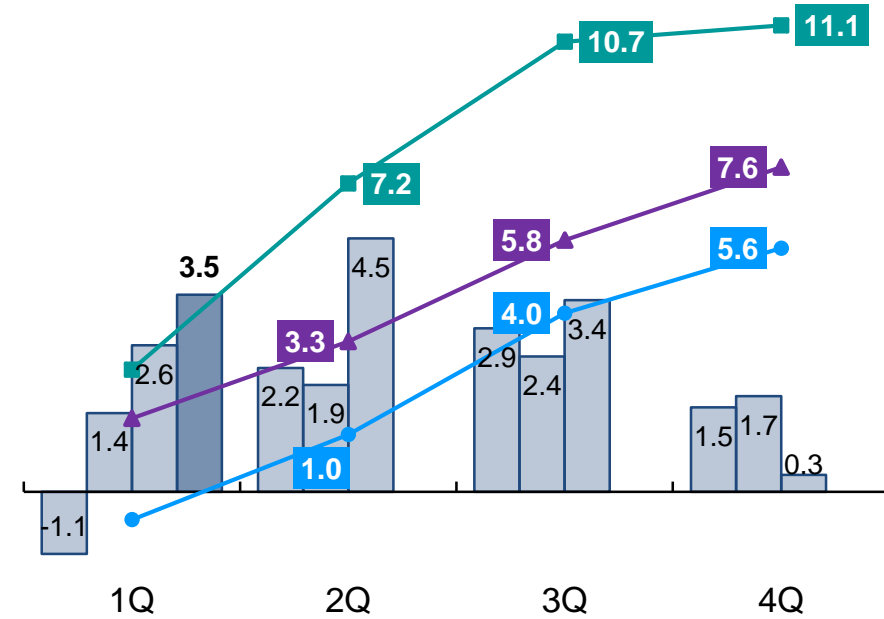
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total
FY23	+7.8%				
FY22	+22.3%	+27.0%	+10.4%	+1.8%	+14.7%
FY21	+88.9%	+3.6%	+3.6%	+19.3%	+19.7%

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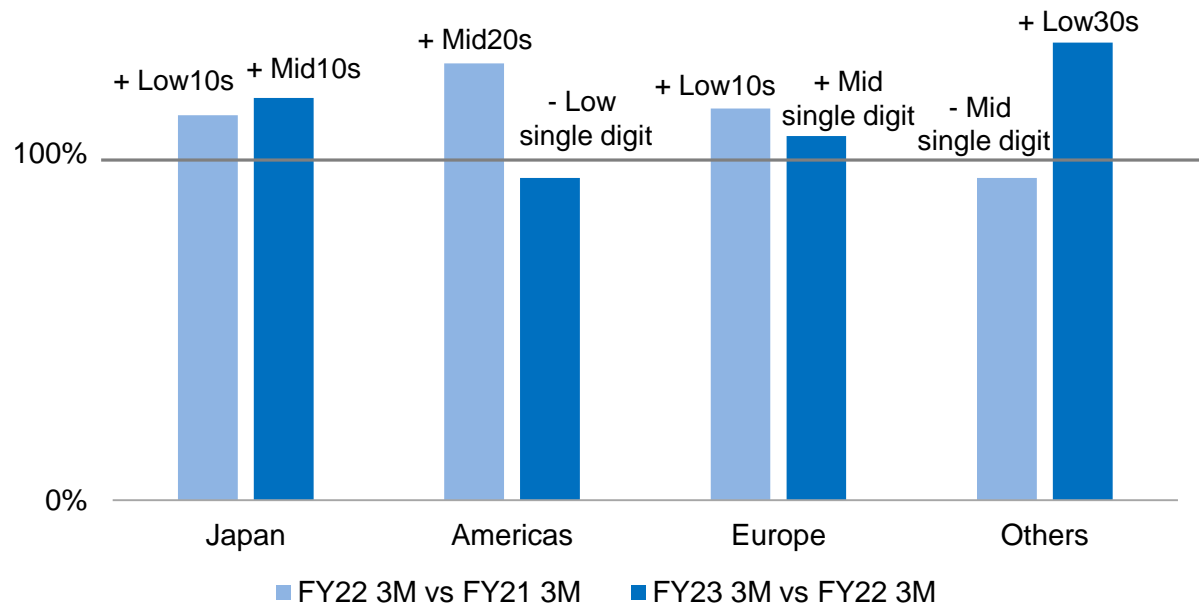
	1Q	2Q	3Q	4Q	Total
FY23	9.6%				
FY22	7.9%	12.1%	9.0%	1.2%	7.7%
FY21	5.1%	6.6%	7.2%	5.3%	6.1%
FY20	-7.9%	7.7%	8.8%	5.7%	5.3%

Watches Business in EVS

- ✓ Watches (In Japan) : Net sales of completed watches in Japan grew year on year due to favorable performance of new products of Global Brands such as Grand Seiko and Seiko Prospex against the background of demand from inbound tourists, which showed a clear recovery trend.
- ✓ Watches (In Overseas) : Net sales increased year on year as Global Brands grew in the U.S., Europe, and Asia, especially for Seiko Prospex and Seiko 5 Sports, despite a delayed recovery in China.
- ✓ Movements : Net sales decreased year on year due to the sluggish Chinese economy.

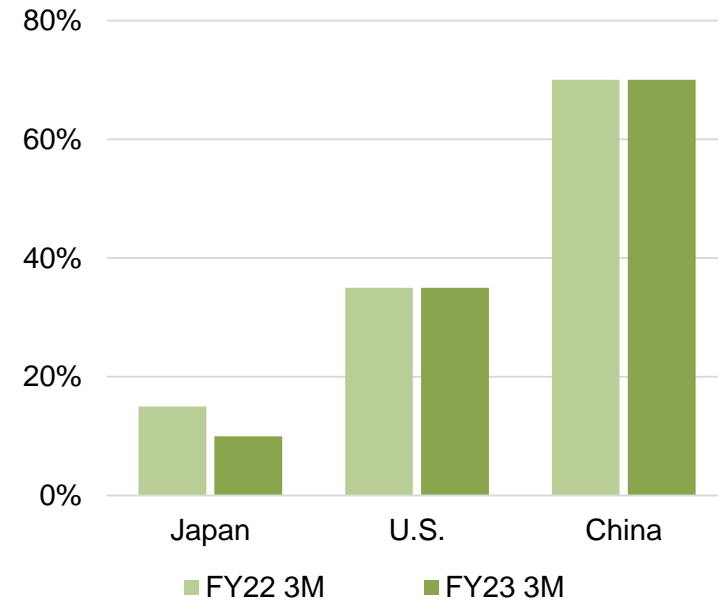
Completed Watches Net Sales Growth by Region (year-on-year)

※Local currency basis



EC Ratio in Completed Watches Net Sales

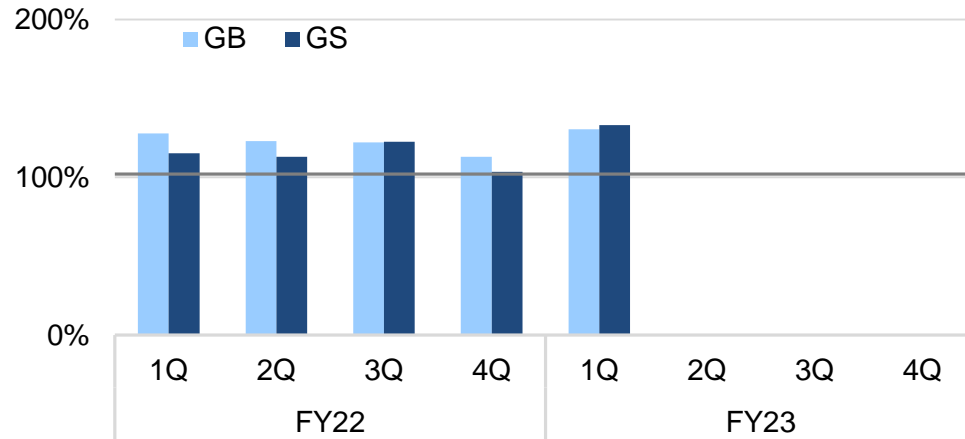
※Our estimate



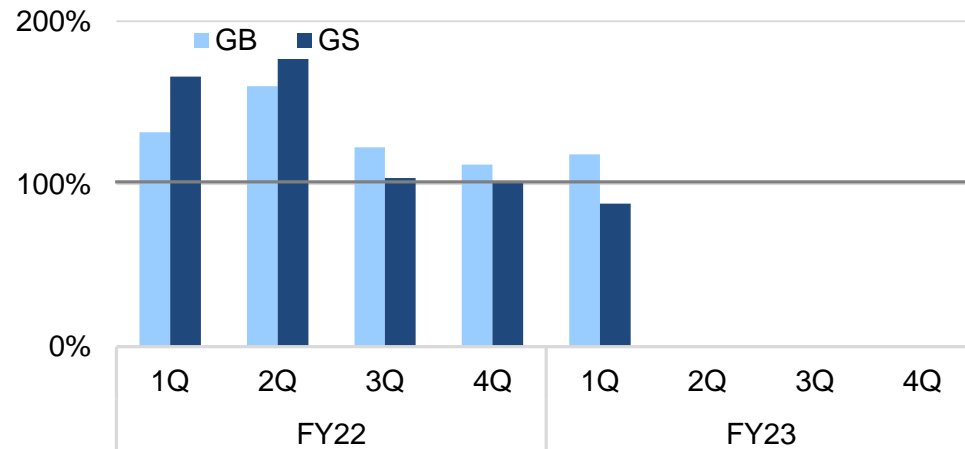
Watches Business in EVS

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

Japan



Overseas

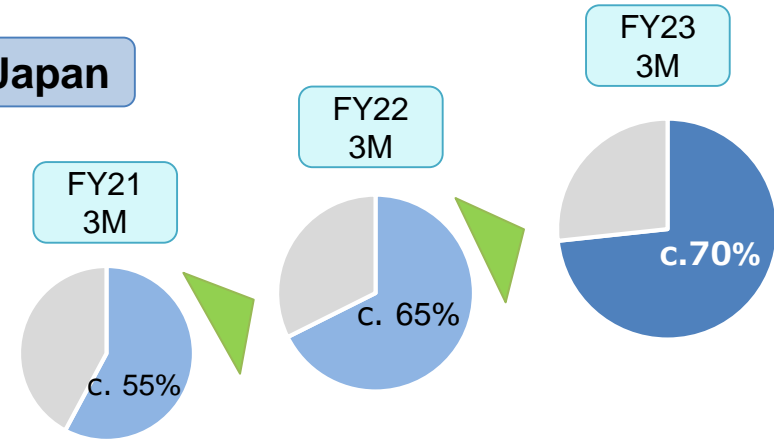


GB (Global Brands)

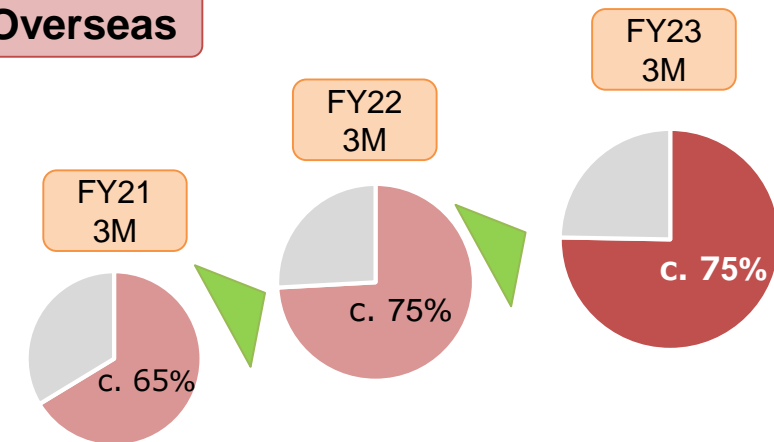
Grand Seiko (GS), Seiko Prospex, Seiko Astron, Seiko Presage, King Seiko, Seiko 5 Sports

Ratio of GB to Net Sales

Japan



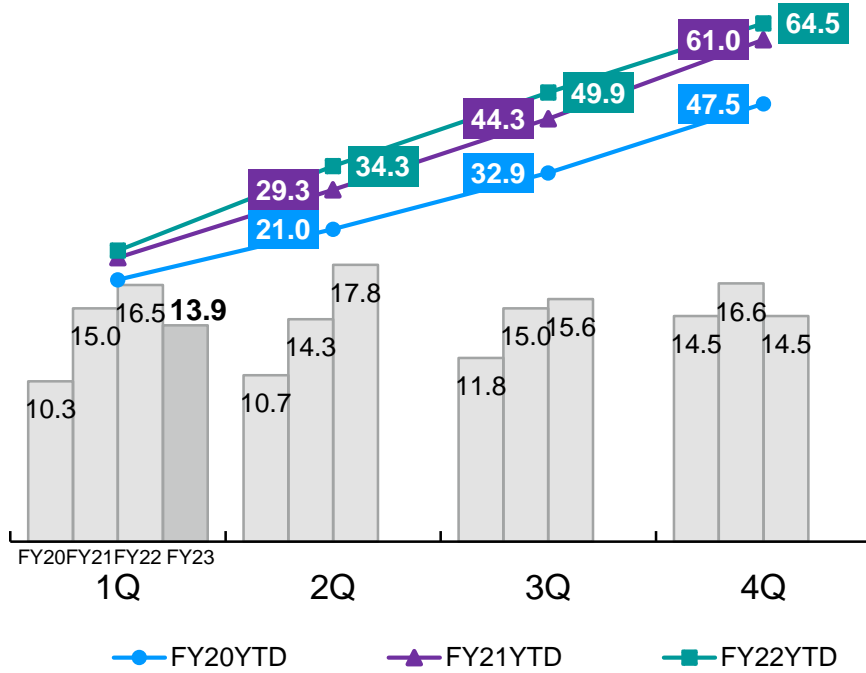
Overseas



Devices Solutions Business (DS)

Net Sales

(Billions of yen)

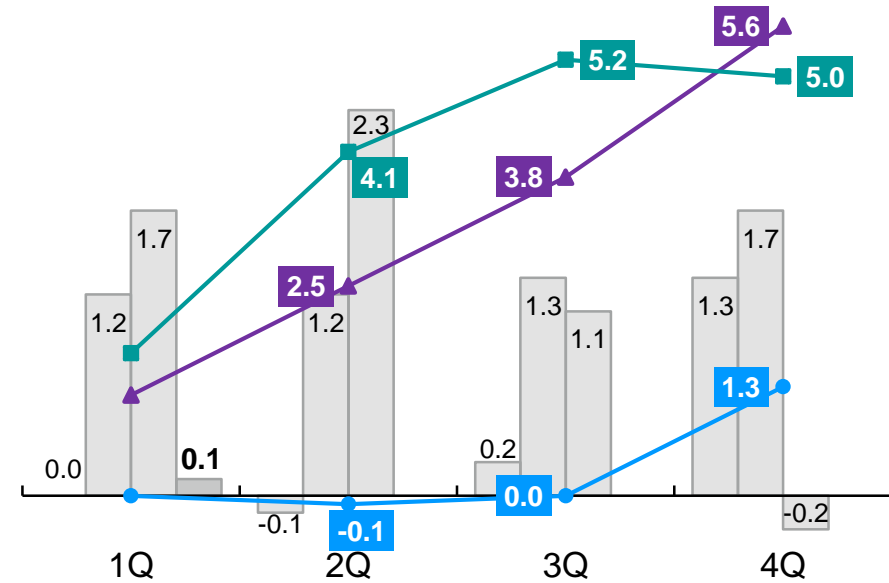


<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total
FY23	-15.8%				
FY22	+10.2%	+24.1%	+4.1%	-12.7%	+5.7%
FY21	+45.2%	+33.6%	+26.6%	+14.3%	+28.5%

Operating Profit

(Billions of yen)

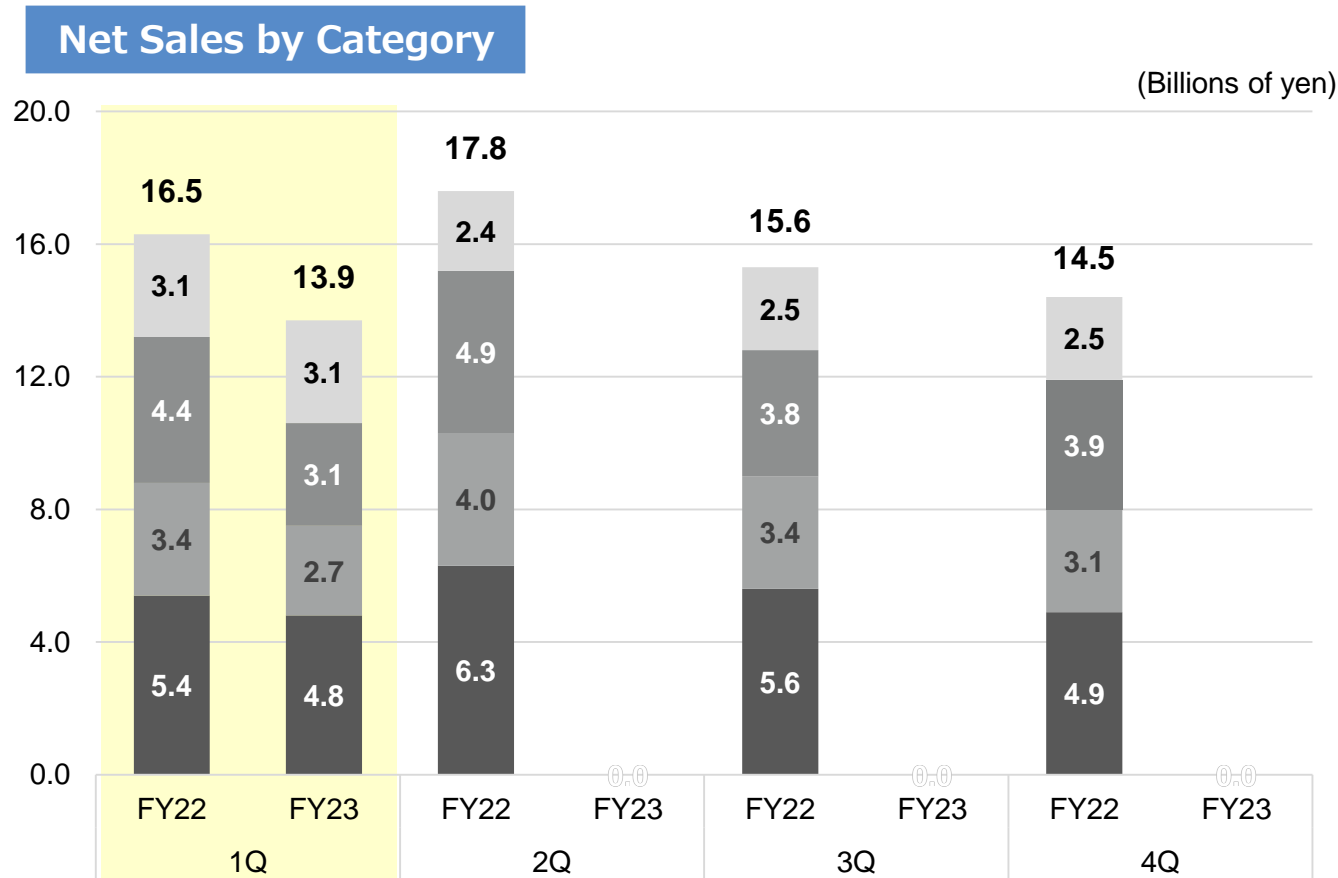


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	1Q	2Q	3Q	4Q	Total
FY23	1.2%				
FY22	10.8%	13.2%	7.4%	-1.6%	7.8%
FY21	8.4%	8.7%	9.1%	10.6%	9.2%
FY20	0.1%	-1.7%	1.9%	9.0%	2.9%

Devices Solutions Business (DS)

- ✓ Net sales and operating profit decreased significantly year on year due to the sluggish Chinese economy, HDD inventory adjustments in its markets, and stagnant semiconductor market conditions, resulting in weak performance for thermal printers, quartz crystals, high-performance metals for semiconductor production equipment, and precision components.



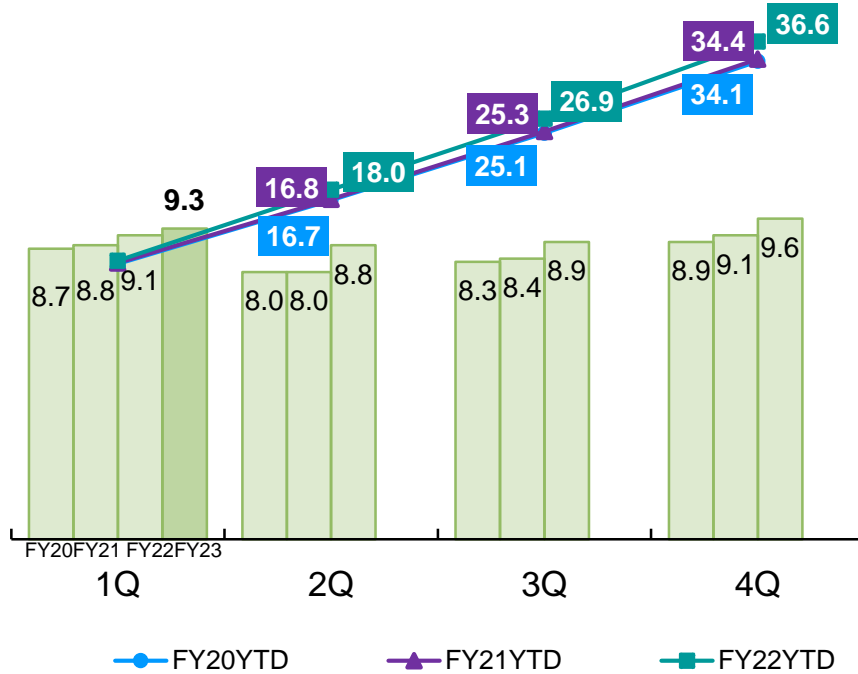
Main Products and Services

- 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)

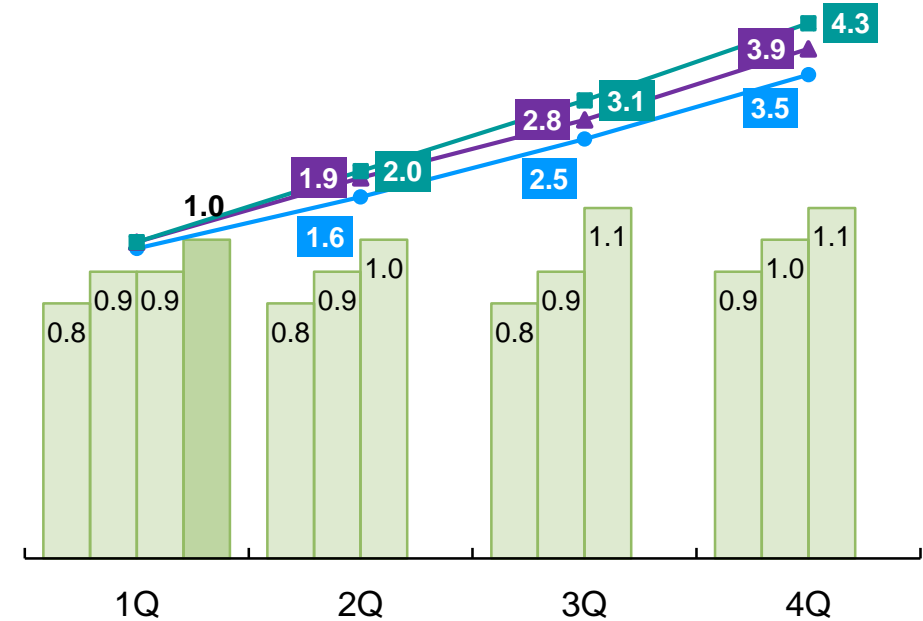
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



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<Net sales growth % vs. previous fiscal year>

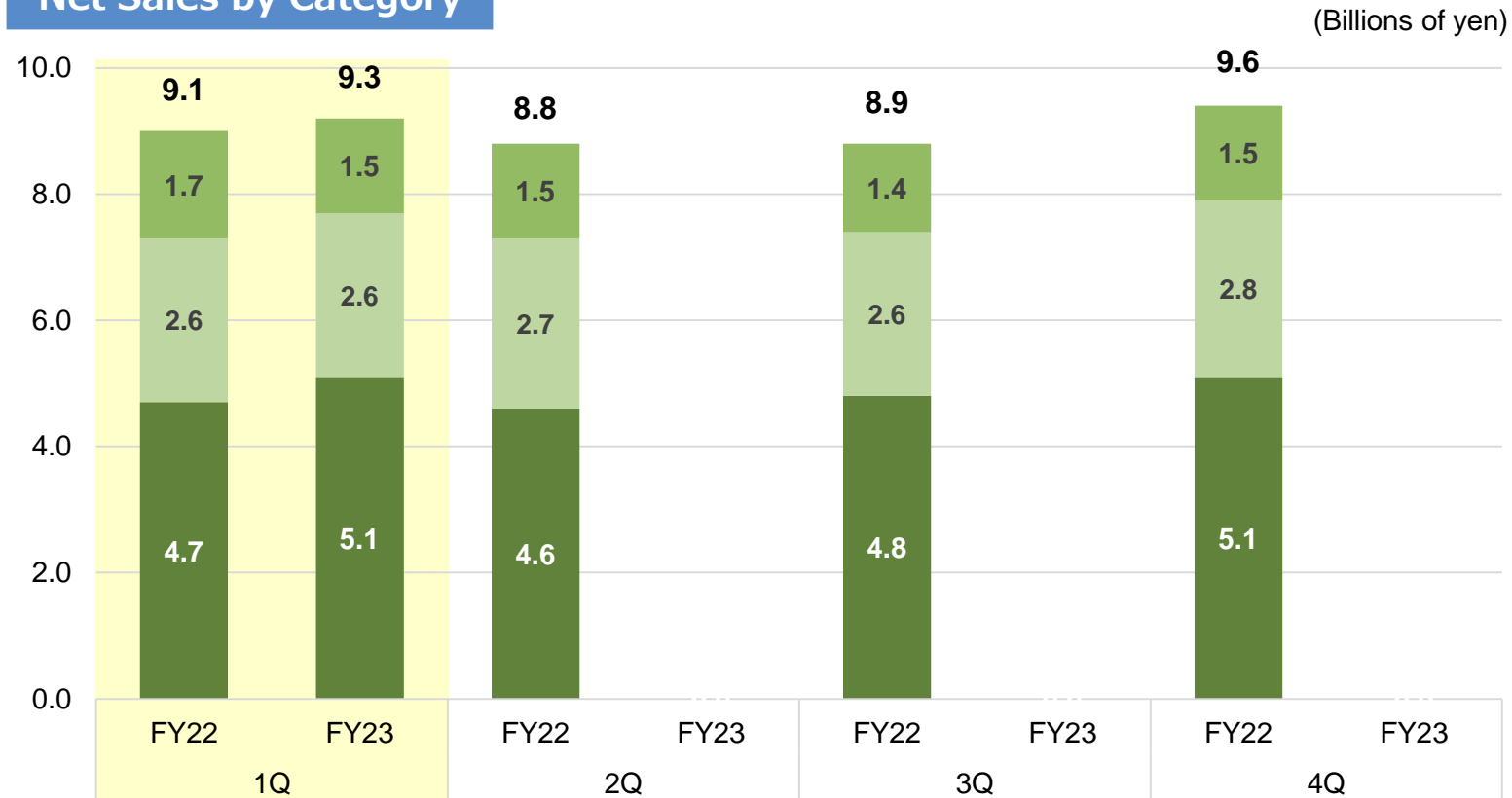
	1Q	2Q	3Q	4Q	Total
FY23	+2.0%				
FY22	+3.6%	+10.3%	+6.4%	+5.8%	+6.4%
FY21	+0.5%	+0.7%	+1.0%	+1.3%	+0.9%

	1Q	2Q	3Q	4Q	Total
FY23	11.6%				
FY22	10.7%	11.7%	12.9%	12.3%	11.9%
FY21	10.7%	11.9%	11.3%	12.0%	11.5%
FY20	9.5%	10.7%	10.5%	10.8%	10.4%

Systems Solutions Business (SS)

- ✓ There was growth in businesses related to digital contracts that captured digitalization and legal reforms. In addition, businesses supporting digital infrastructure, such as performance management and businesses including those related to security, also expanded, resulting in continued year-on-year growth in both net sales and operating profit for 29 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 June 30, 2023

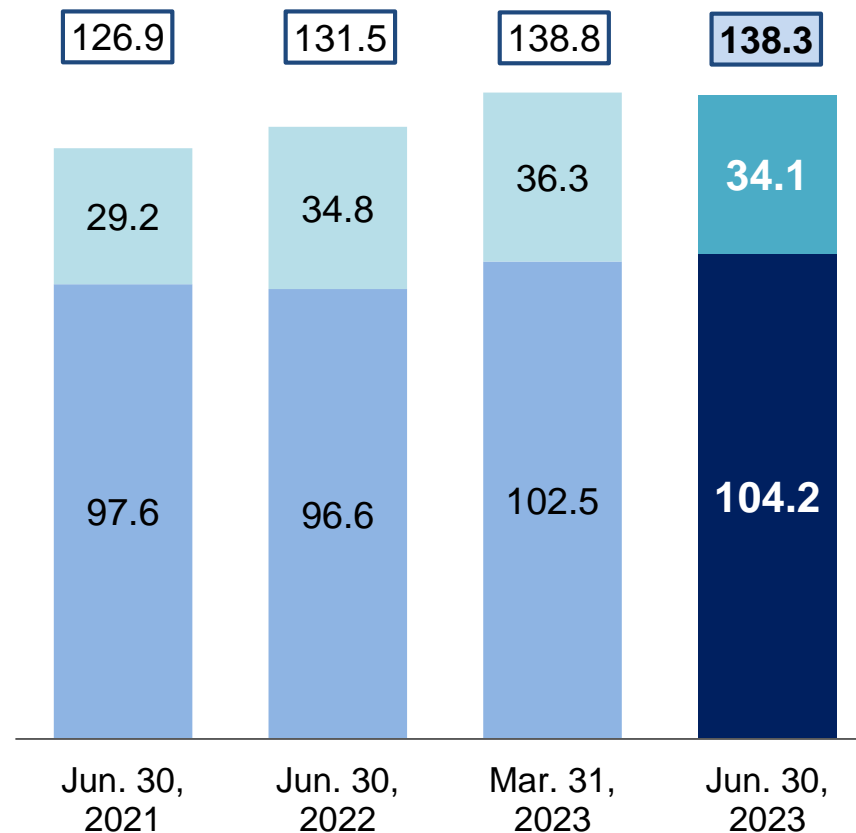
(Billions of yen)

	Jun. 30, 2021	Jun. 30, 2022	Mar. 31, 2023(a)	Jun. 30, 2023(b)	Variance (b)-(a)
Inventories	72.0	80.6	83.7	89.3	+5.5
Interest Bearing Debt	126.9	131.5	138.8	138.3	-0.4
Net Assets	112.7	127.4	131.7	139.3	+7.6
Total Assets	320.3	346.5	355.9	367.5	+11.6
Equity Capital Ratio	34.7%	36.3%	36.5%	37.3%	+0.8pt
Net Debt Equity Ratio	0.8	0.7	0.7	0.7	-0.0
Number of Employees	12,096	12,193	11,843	11,793	-50

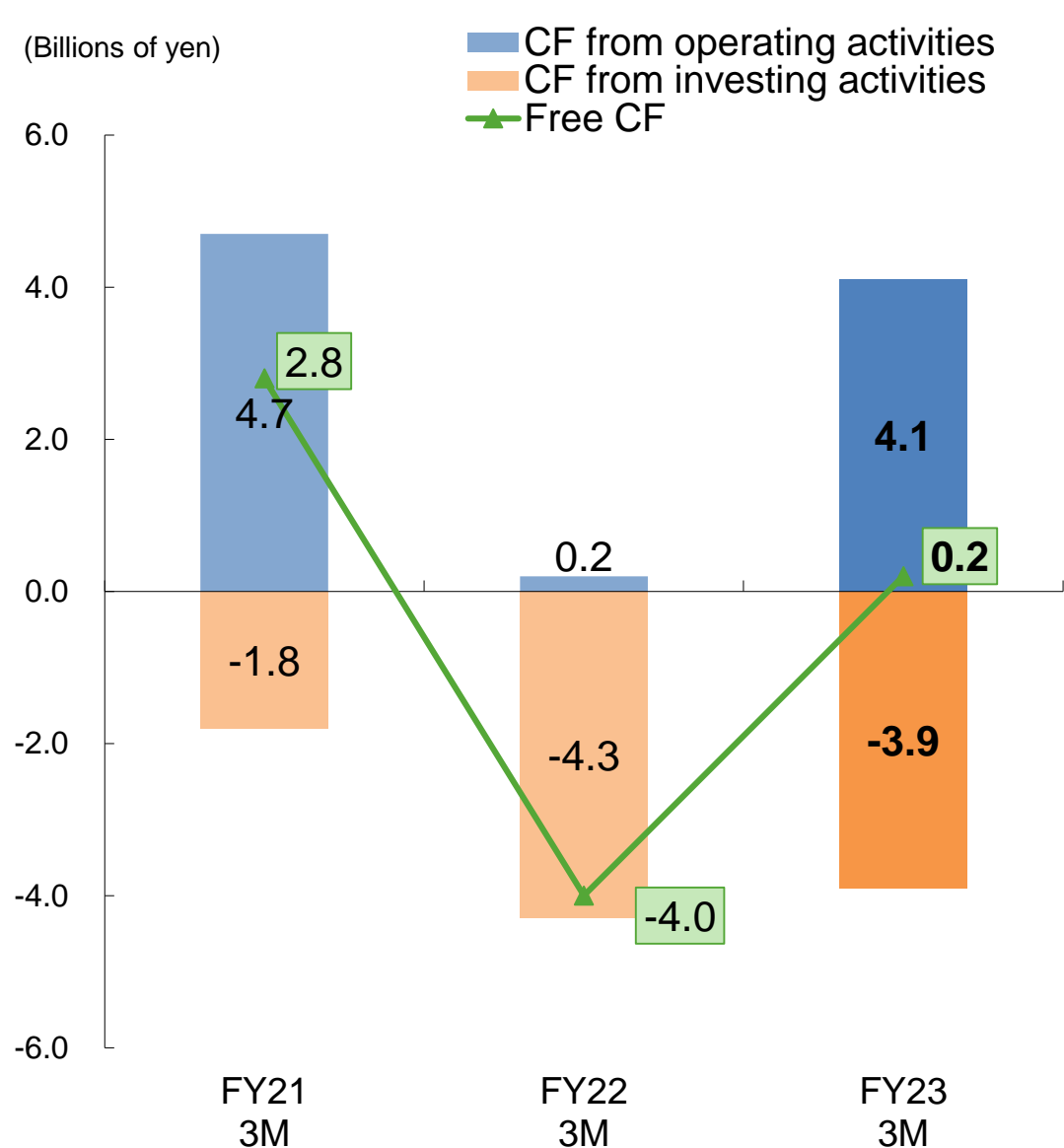
Interest Bearing Debt

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

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



Statement of Cash Flows (approximate figure)

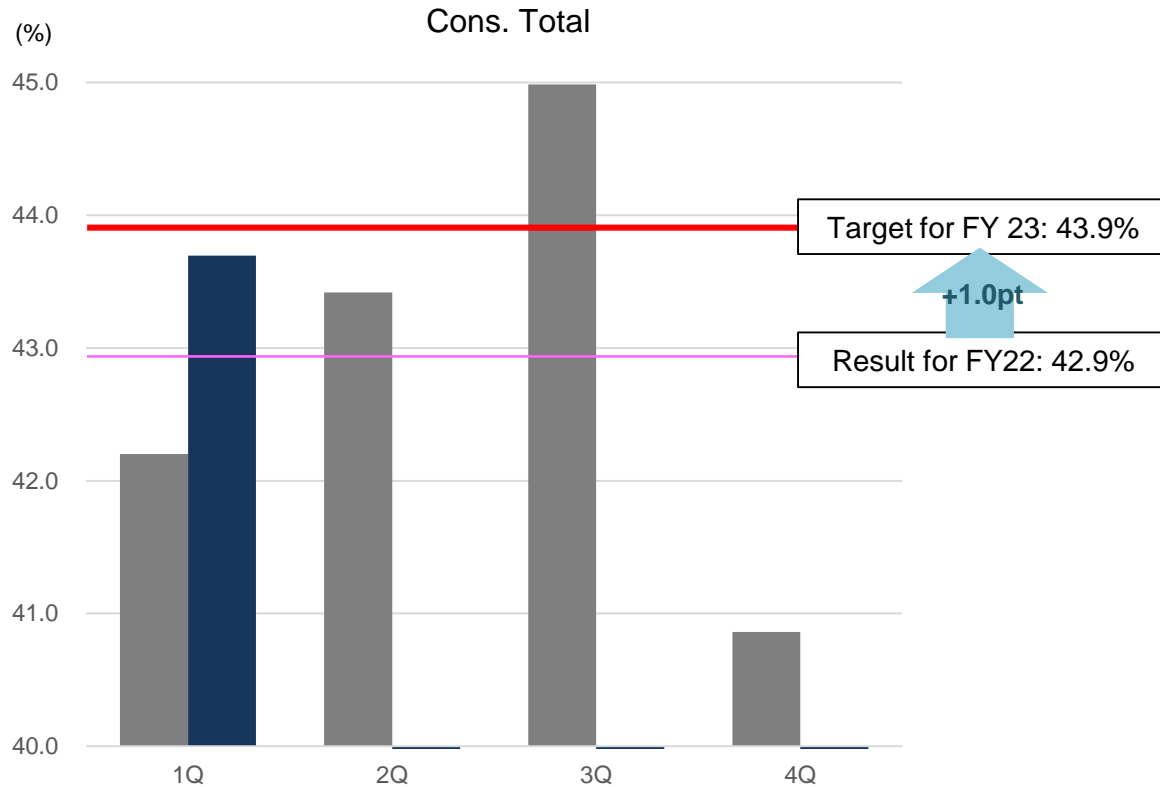


(Billions of yen)

	FY21 3M	FY22 3M	FY23 3M
Profit before income taxes	1.3	3.9	3.7
Depreciation	2.5	2.9	3.0
Others	0.7	-6.6	-2.6
Net cash provided by (used in) operating activities	4.7	0.2	4.1
Purchase of property, plant and equipment	-1.6	-3.0	-3.0
Others	-0.2	-1.2	-0.8
Net cash provided by (used in) investing activities	-1.8	-4.3	-3.9
Net increase (decrease) in short- and long-term borrowings	-4.0	7.9	-1.3
Others	-1.8	-1.4	-2.2
Net cash provided by (used in) financing activities	-5.9	6.5	-3.6
Effect of exchange rate change on cash and cash equivalents etc.	0.0	1.6	1.1
Cash and cash equivalents	29.2	34.8	34.0
Free cash flow	2.8	-4.0	0.2

KPIs of SMILE145 (8th Mid-Term Management Plan)

Gross Profit Margin (GP%)



	1Q	2Q	3Q	4Q	Total
FY23	43.7%				
FY22	42.2%	43.4%	45.0%	40.9%	42.9%

	FY22		FY23	FY23
	3M	Total	3M	Target
Cons. Total	42.2%	42.9%	43.7%	43.9%

GP% by Segment (y/y)

	3M
Emotional Value Solutions Business (EVS)	+2.9pt
Devices Solutions Business (DS)	-4.7pt
Systems Solutions Business (SS)	+1.4pt



Sustainability & Backcasting

2. Financial Forecast for FY2023

Summary of Financial Forecast for FY2023

(Billions of yen)

	Full Year			2Q-4Q (9 months)		
	FY22 Actual	FY23 Forecast (Aug. 8)	Variance vs. FY22	FY22 Actual	FY23 Forecast (Aug. 8)	Variance vs. FY22
Net sales	260.5	268.0	+7.4	198.4	205.0	+6.6
Operating profit	11.2	12.0	+0.7	8.1	9.1	+1.0
%	4.3%	4.5%	+0.2pt	4.1%	4.5%	+0.4pt
Ordinary profit	11.1	12.0	+0.8	7.1	8.2	+1.1
%	4.3%	4.5%	+0.2pt	3.6%	4.0%	+0.4pt
Profit attributable to owners of parent	5.0	8.0	+2.9	3.3	5.5	+2.2
%	1.9%	3.0%	+1.1pt	1.7%	2.7%	+1.1pt

*Exchange rates for the forecast Q2-Q4: JPY 135 / USD 1.00, JPY 145 / EUR 1.00

*No changes in the forecast for FY2023 from that released on May 9, 2023

Financial Forecast for FY2023 by Segment

(Billions of yen)

		Net sales					Operating profit				
		FY2022 Actual	FY2023 Forecast		Variance vs. FY2022	Variance vs. Previous	FY2022 Actual	FY2023 Forecast		Variance vs. FY2022	Variance vs. Previous
			Previous (May. 9)	Current (Aug. 8)				Previous (May. 9)	Current (Aug. 8)		
Emotional Value Solutions	Watches	144.2	147.0	148.5	+4.2	+1.5	11.1	12.0	12.7	+1.5	+0.7
	Others · adj.	26.5	28.0	28.5	+1.9	+0.5	0.4	1.0	1.3	+0.8	+0.3
	Sub Total	170.7	175.0	177.0	+6.2	+2.0	11.5	13.0	14.0	+2.4	+1.0
Devices Solutions		64.5	65.0	63.0	-1.5	-2.0	5.0	4.8	3.6	-1.4	-1.2
Systems Solutions		36.6	39.0	39.0	+2.3	±0.0	4.3	4.8	5.0	+0.6	+0.2
Sub Total		271.9	279.0	279.0	+7.0	±0.0	21.0	22.6	22.6	+1.5	±0.0
Others		1.1	1.0	1.0	-0.1	±0.0	0.1	0.1	0.1	-0.0	±0.0
Cons. adj.		-12.5	-12.0	-12.0	+0.5	±0.0	-9.9	-10.7	-10.7	-0.7	±0.0
Cons. Total		260.5	268.0	268.0	+7.4	±0.0	11.2	12.0	12.0	+0.7	±0.0

*Exchange rates for the forecast 2Q-4Q: JPY 135 / USD 1.00, JPY 145 / EUR 1.00

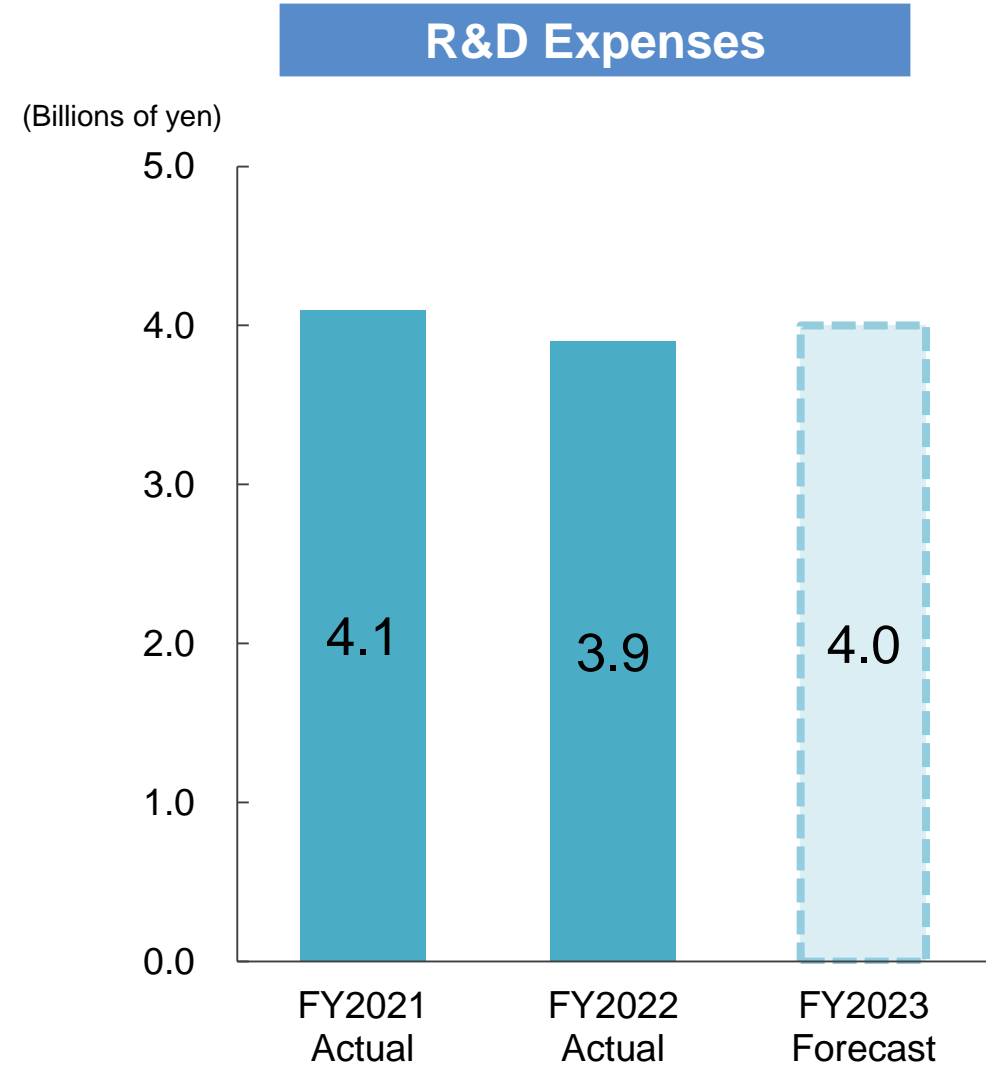
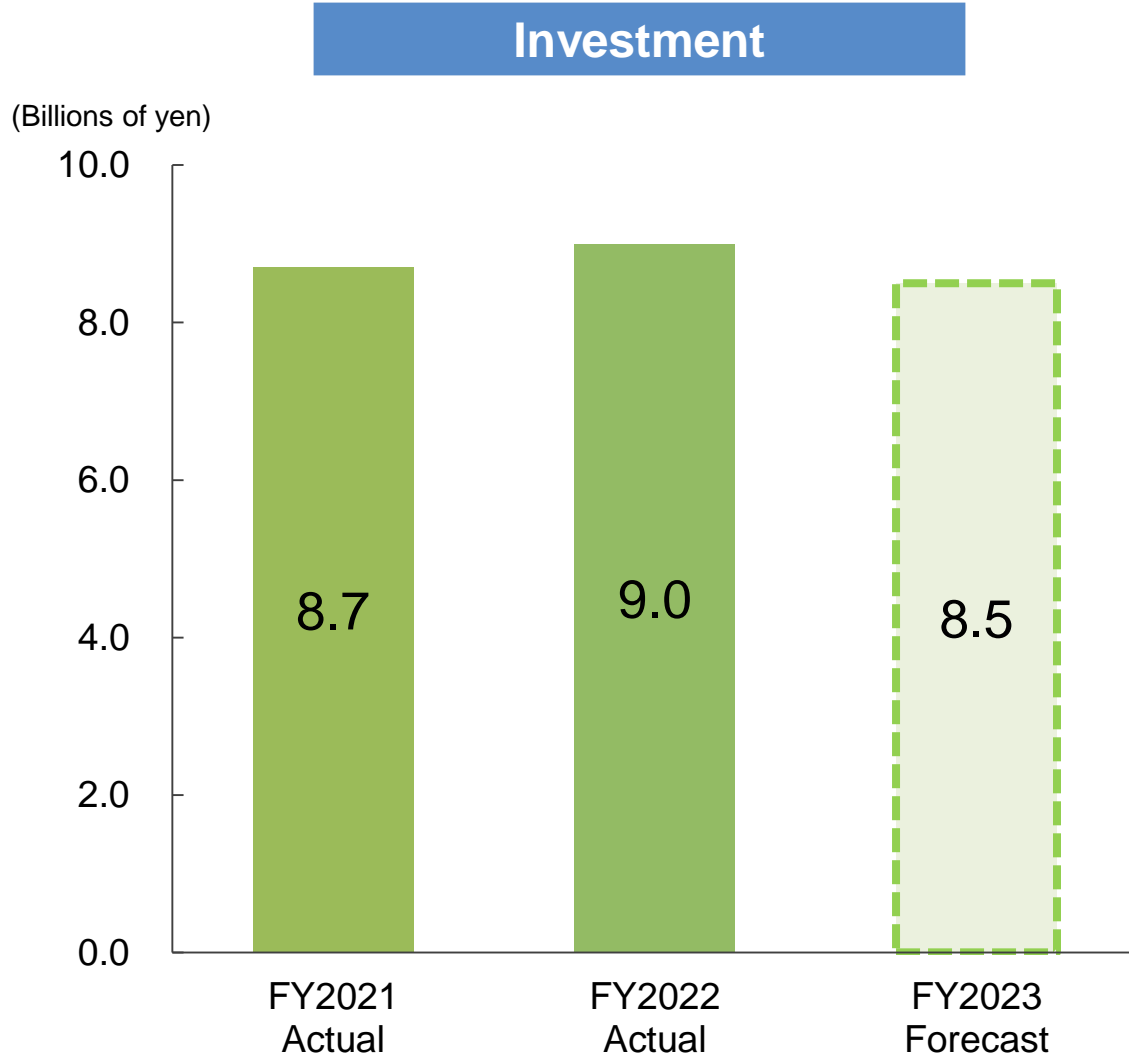
Financial Forecast for FY2023 by Segment

(Billions of yen)

		Net sales 2Q-4Q (9 months)			Operating profit 2Q-4Q (9 months)		
		FY2022 Actual	FY2023 Forecast (Aug. 8)	Variance vs. FY22	FY2022 Actual	FY2023 Forecast (Aug. 8)	Variance vs. FY22
Emotional Value Solutions	Watches	110.2	111.9	+1.6	8.4	9.1	+0.7
	Others · adj.	21.4	22.7	+1.2	0.7	1.3	+0.5
	Sub Total	131.7	134.6	+2.9	9.1	10.5	+1.3
Devices Solutions		47.9	49.0	+1.0	3.2	3.4	+0.1
Systems Solutions		27.4	29.6	+2.1	3.3	3.9	+0.5
Sub Total		207.2	213.4	+6.1	15.8	17.8	+2.0
Others		0.8	0.7	-0.1	0.1	0.0	-0.0
Cons. adj.		-9.6	-9.1	+0.5	-7.8	-8.7	-0.8
Cons. Total		198.4	205.0	+6.6	8.1	9.1	+1.0

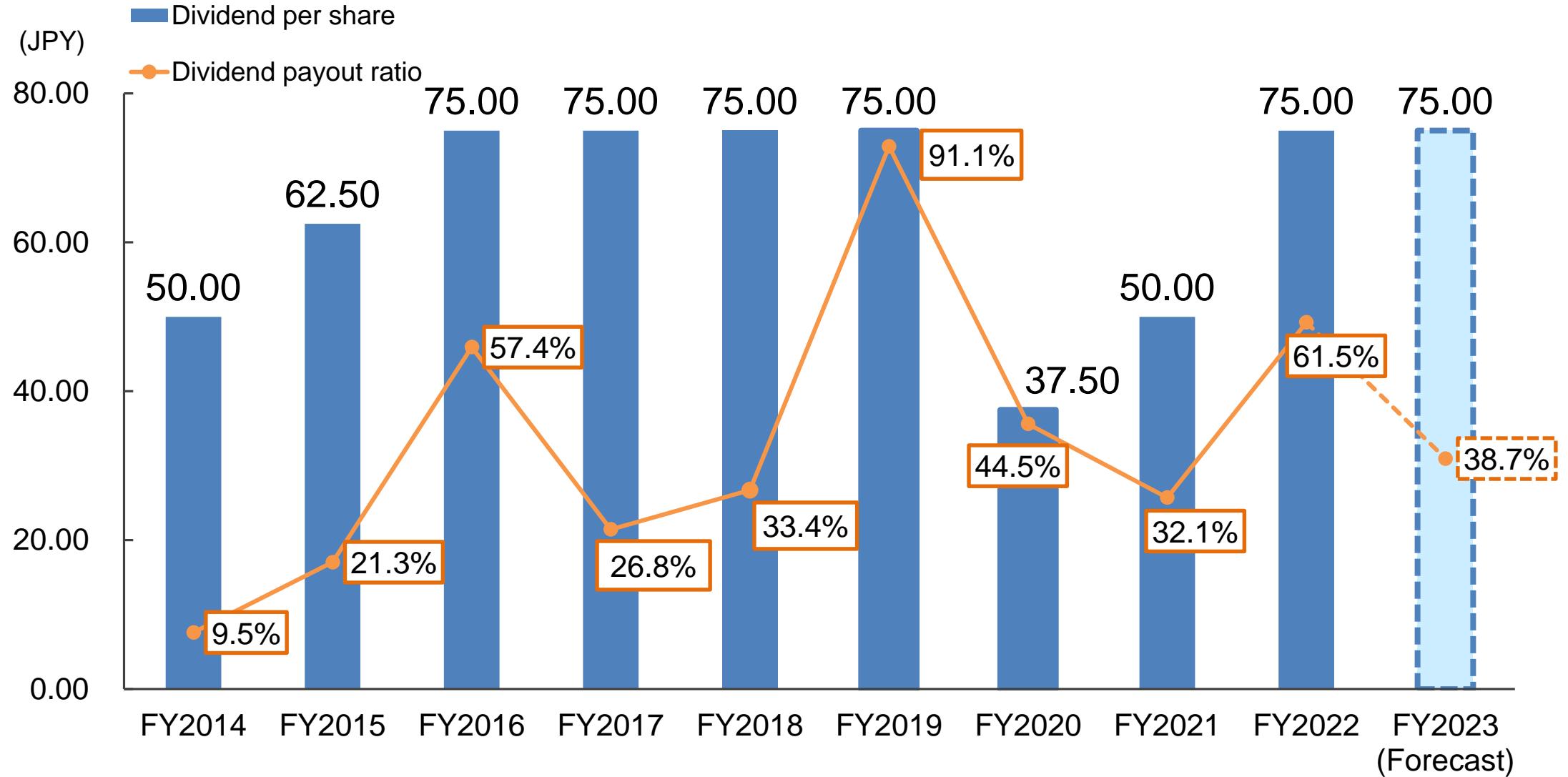
*Exchange rates for the forecast 2Q-4Q: JPY 135 / USD 1.00, JPY 145 / EUR 1.00

Investment / R&D Expenses



*No changes in the forecast for FY2023 from that released on May 9, 2023.

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

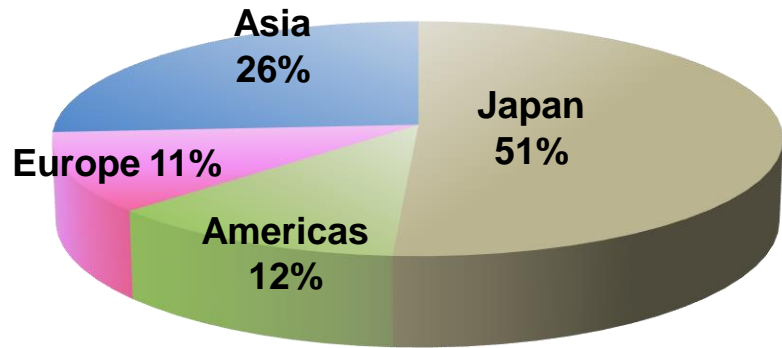
Exchange Rate Sensitivity (Jul. 2023 - Mar. 2024)

(Millions of yen)	USD	EUR
Exchange rate forecast	JPY 135.0	JPY 145.0
For Net sales	c. 600	c. 90
For Operating profit	c. 75	c. 30

FY2023

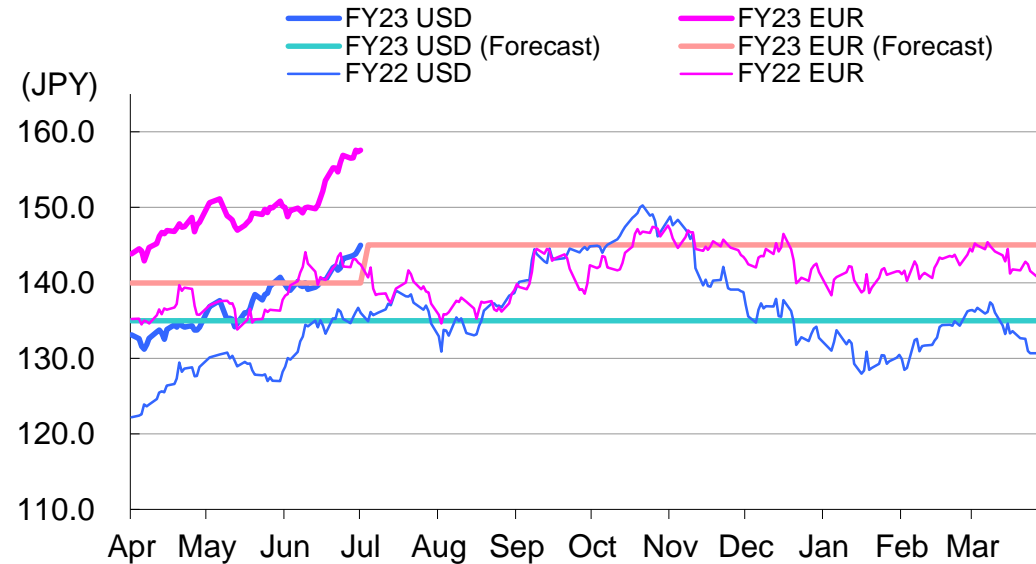
	(JPY)	1Q	Forecasted rate
Average	USD	137.5	135.0
	EUR	149.6	145.0
Closing Date	USD	145.0	135.0
	EUR	157.6	145.0

Sales by Area



* FY22 Actual data

Trend of Exchange Rate



Reference

Net Sales & Operating Profit by Segment for 3M FY2023 (Apr. - Jun. 2023)

		Net Sales (Composition ratio)			Operating Profit		
		FY22 3M	FY23 3M	Variance	FY22 3M	FY23 3M	Variance
Emotional Value Solutions	Watches	33.9 (55%)	36.5 (58%)	+2.6	2.6	3.5	+0.8
	Others • Adj.	5.1 (8%)	5.7 (9%)	+0.6	-0.2	-0.0	+0.2
	Sub Total	39.0	42.3	+3.2	2.4	3.4	+1.0
Devices Solutions		16.5 (27%)	13.9 (22%)	-2.6	1.7	0.1	-1.6
Systems Solutions		9.1 (15%)	9.3 (15%)	+0.1	0.9	1.0	+0.0
Sub Total		64.7	65.5	+0.8	5.1	4.7	-0.4
Others		0.2 (0%)	0.2 (0%)	+0.0	0.0	0.0	-0.0
Cons. Adj.		-2.8 (-5%)	-2.8 (-4%)	-0.0	-2.1	-1.9	+0.1
Cons. Total		62.0	62.9	+0.8	3.1	2.8	-0.2

(Billions of yen)

End

**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.*