

Q&A Summary from Third Quarter Results Briefing for the Fiscal Year Ending March 31, 2024

Date and time: Wednesday, February 7, 2024, 17:00 to 18:00

Q: What is your current view on the impact of investment in strategic expenses (advertising and promotion expenses)?

A: There is a time lag because SHOCK THE WORLD is an event that disseminates information and culture, and the impact occurs through the diffusion of information and culture after the event. We hold interactive in-store events linked to SHOCK THE WORLD and believe this will lead to future sales growth.

Q: How does progress up to 3Q compare to your forecast?

A: This fiscal year, we planned to invest more in strategic expenses in 3Q, so profit was forecast to be higher in 4Q than in 3Q. However, the profit level in 3Q was lower than forecast due to the sharp slowdown in the Chinese market for the Timepiece Business.

Q: You mentioned that the Timepiece Business in China was more challenging than expected. Is it becoming more challenging month after month, and are you concerned about 4Q as well?

A: We are continuing to monitor Chinese consumption trends, which have deteriorated sharply since the end of the year.

Q: How much strategic spending did you use in 3Q, and what is the outlook for 4Q?

A: In the Timepiece Business, we spent just under 1.5 billion yen on strategic expenses, which was in line with the forecast.

Q: EdTech Business performance in 3Q seems low. Is progress in line with the initial forecast?

A: The EdTech Business had progressed over 75% toward its annual operating profit forecast by 3Q. As most sales of electronic dictionaries are recorded in 4Q, the EdTech Business is in line with the forecast.