

**Consolidated Results for the 3 months  
from April 1 to June 30, 2022**

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August 10, 2022

SEIKO HOLDINGS CORPORATION

# Points : Actual results for 3M FY2022



➤ Net sales and profit increased year on year in 3M FY2022.

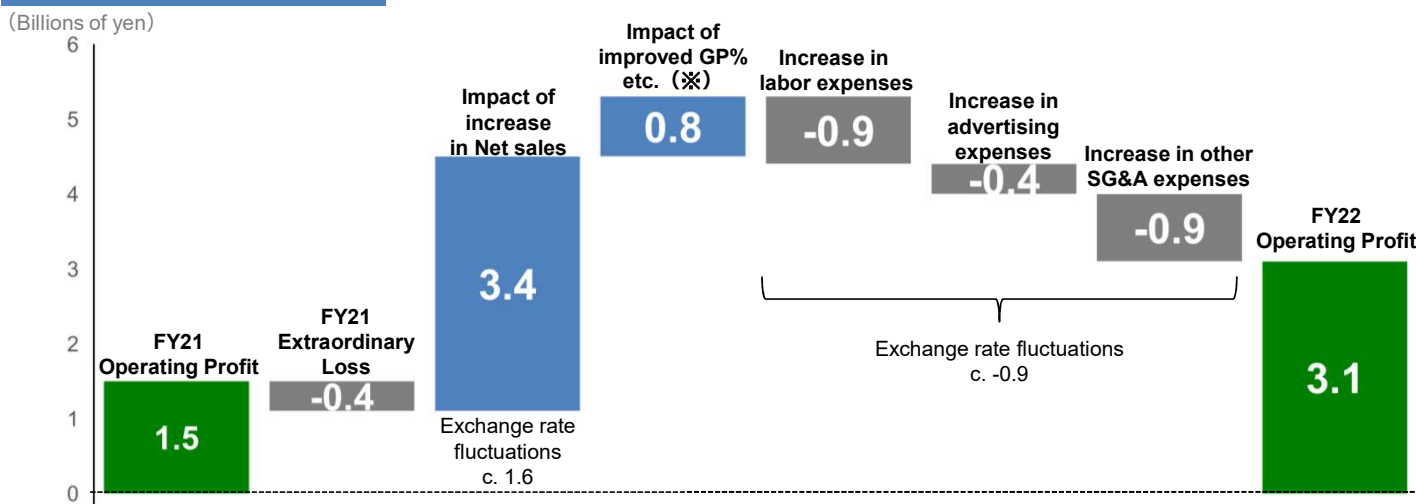
✓ Net Sales : 62.0 billion yen

(year-on-year +13.7%)

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, net sales for overseas markets also grew in many countries and regions. The Devices Solutions Business continued to increase net sales by steadily capturing favorable demand. 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 : 3.1 billion yen (year-on-year +105.3%)

## Factors of changes in operating profit



GP%		FY21	FY22	FY22
1Q	Total	1Q	1Q	Target
40.6%	41.8%	42.2%	42.8%	

Increase of 1.6pt

(※) The impact of improved GP% is an aggregation of the impact of improved GP% for each business segment, and does not factor in the impact of GP% changes due to changes in the business structure.

## Points : Financial Forecast for FY2022



- During the three-month period ended June 30, 2022, both revenue and profits increased year on year in three business segments, slightly exceeding the forecasts.

However,

- risks such as raw material shortages, soaring prices, and supply chain disruptions due to China's zero-COVID measures are becoming even greater
- uncertainty about the future of the Japanese and global economies is increasing

Taking these factors into consideration, we have decided to maintain the previous financial forecast.

(Net Sales : 245.0 billion yen, Operating Profit : 10.0 billion yen)

	Net Sales	Operating Profit	(Billions of yen)
Emotional Value Solutions Business	155.0	9.7	
Devices Solutions Business	65.0	5.8	
Systems Solutions Business	36.0	4.5	
Total for reported segments	256.0	20.0	
Others	2.5	0.1	
Consolidated total	245.0	10.0	

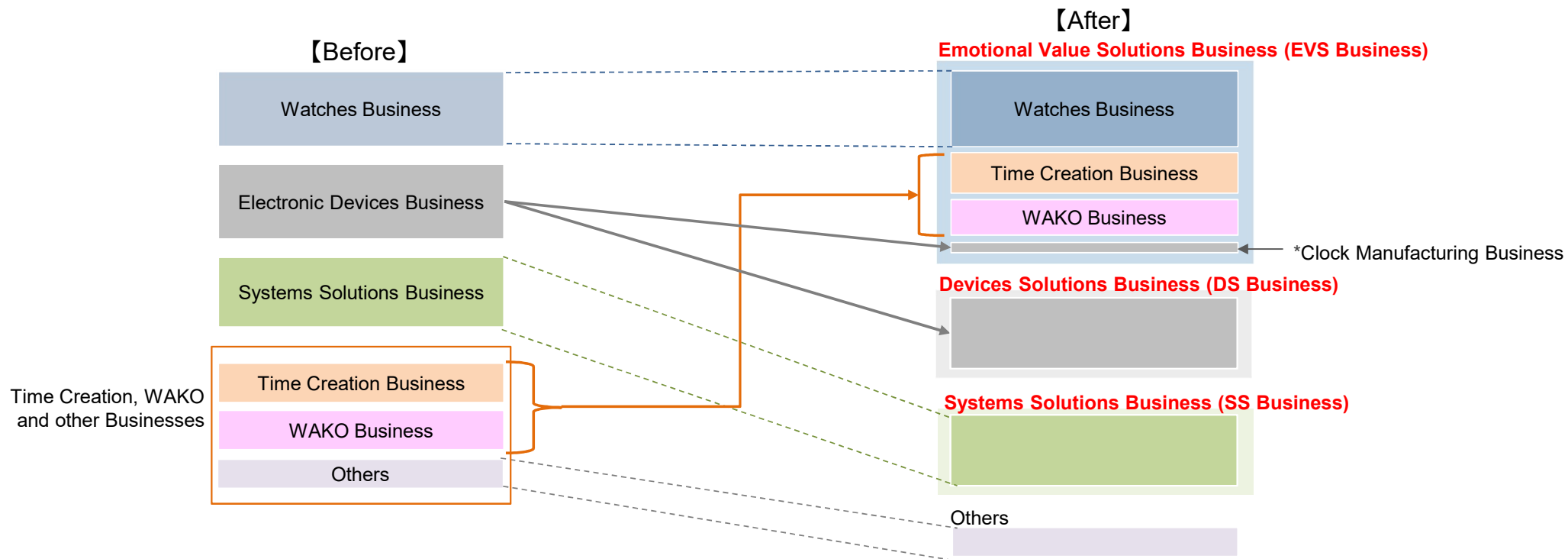
\*Consolidated total represents figures after consolidation adjustment such as the elimination of inter-segment sales.

# 1. Consolidated Results

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# 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 ending March 31, 2023.



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

# Consolidated P/L for 3M FY2022 (Apr. - Jun. 2022)



		FY21	FY22	Variance	
		3M	3M	Amt.	%
Net Sales		54.6	62.0	+7.4	+13.7%
Gross Profit		22.1	26.1	+4.0	+18.2%
	%	40.6%	42.2%	+1.6pt	
Operating Profit		1.5	3.1	+1.5	+105.3%
	%	2.8%	5.0%	+2.2pt	
Ordinary Profit		1.7	4.0	+2.2	+126.4%
	%	3.3%	6.5%	+3.2pt	
Income before income taxes		1.3	3.9	+2.5	+191.7%
Profit attributable to owners of parent		0.0	1.7	+1.6	-
	%	0.1%	2.8%	+2.7pt	
<b>Exchange Rates (JPY)</b>	USD	109.5	129.7	+20.2	+18.4%
	EUR	131.9	138.3	+6.4	+4.9%

(Billions of yen)

<b>Net Sales :</b>	<b>y/y</b>	<b>+7.4</b>
Exchange rate fluctuations	c.	+4.0

<b>Operating Profit :</b>	<b>y/y</b>	<b>+1.5</b>
Impact of increase in Net sales		+3.1
Impact of improved GP%		+0.8
Increase in SG&A expenses		-2.4

<b>Ordinary Profit :</b>	<b>y/y</b>	<b>+2.2</b>
Increase in Operating profit		+1.5
Improve in Equity-method income		+0.3
Others		+0.3

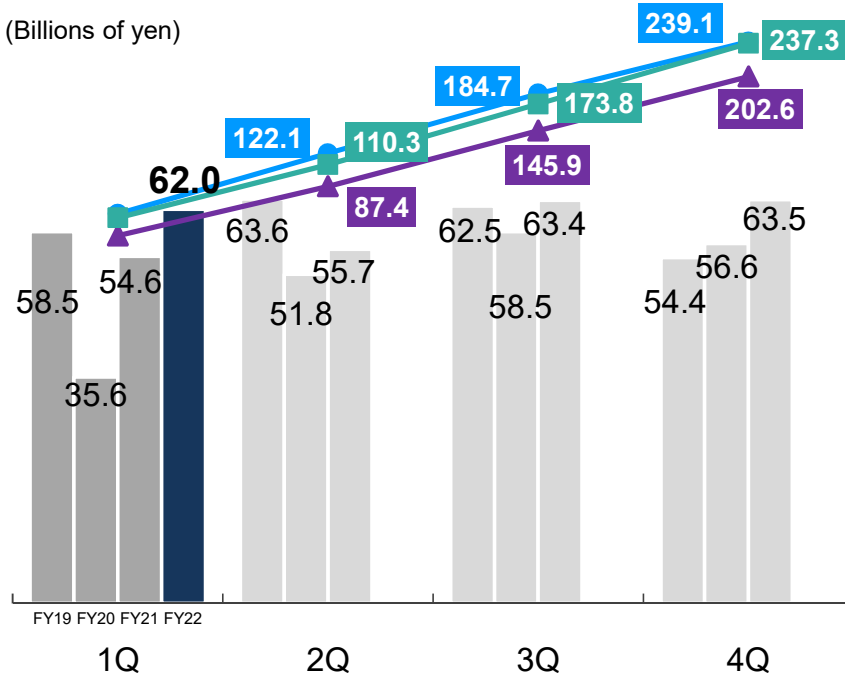
<b>Extraordinary Income/Losses:</b>	<b>-0.1</b>
Extraordinary Losses	0.1
Loss on the spread of infectious disease	0.1

# Consolidated Quarterly Performance



## Net Sales

(Billions of yen)



FY19 FY20 FY21 FY22

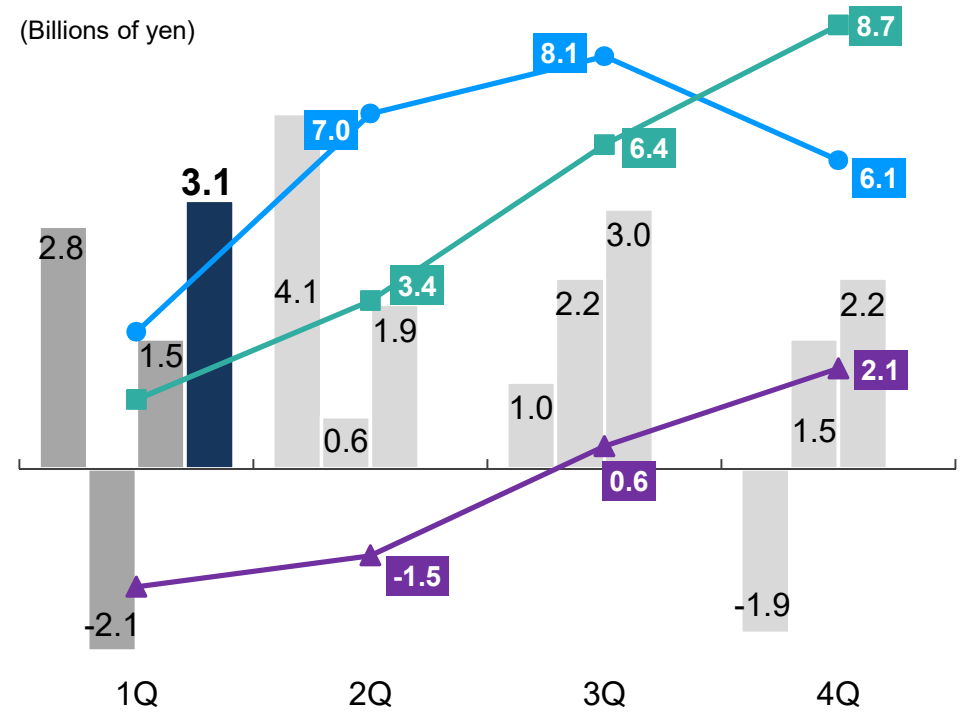
● FY19YTD ▲ FY20YTD ■ FY21YTD

<Net sales growth % vs. previous fiscal year>

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

## Operating Profit

(Billions of yen)



1Q 2Q 3Q 4Q

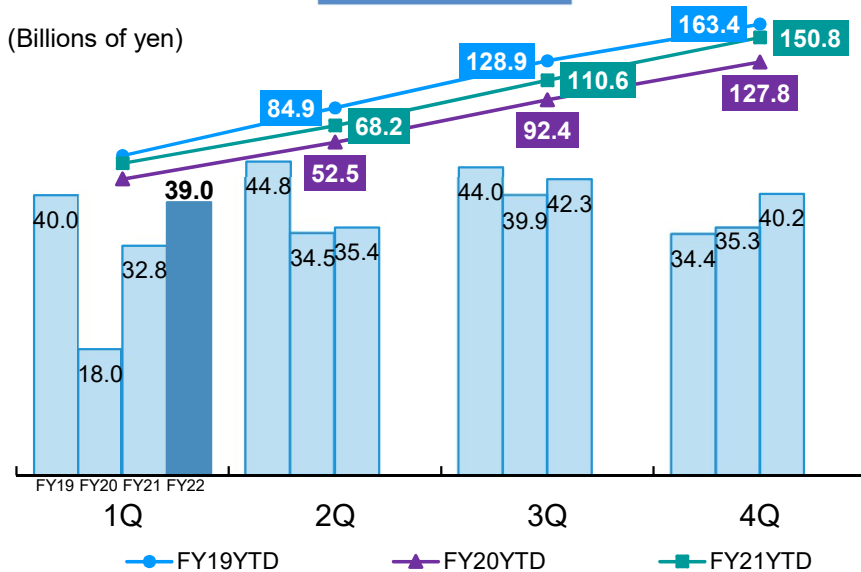
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	1Q	2Q	3Q	4Q	Total
<b>FY22</b>	<b>5.0%</b>				
FY21	2.8%	3.5%	4.8%	3.6%	3.7%
FY20	-6.1%	1.3%	3.8%	2.6%	1.1%
FY19	4.8%	6.6%	1.8%	-3.6%	2.6%

# Emotional Value Solutions Business (EVS)

## Net Sales

(Billions of yen)

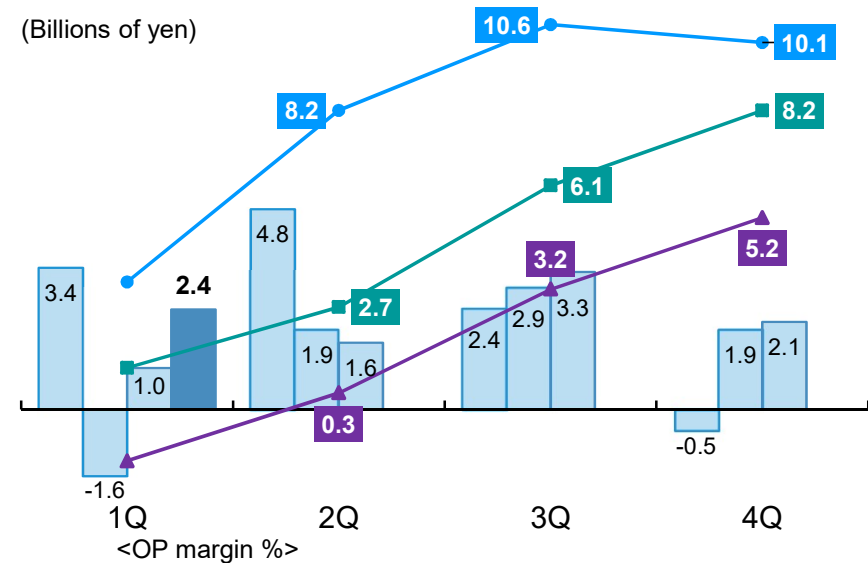


<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total
<b>FY22</b>	<b>+18.8%</b>				
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>				
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 on the back of improved personal consumption. Net sales for overseas markets also grew in many countries and regions.
- ✓ **Time Creation**: Net sales of clocks and system clocks were sluggish.
- ✓ **WAKO** : Net sales grew significantly year on year with the recovery of consumption in Japan

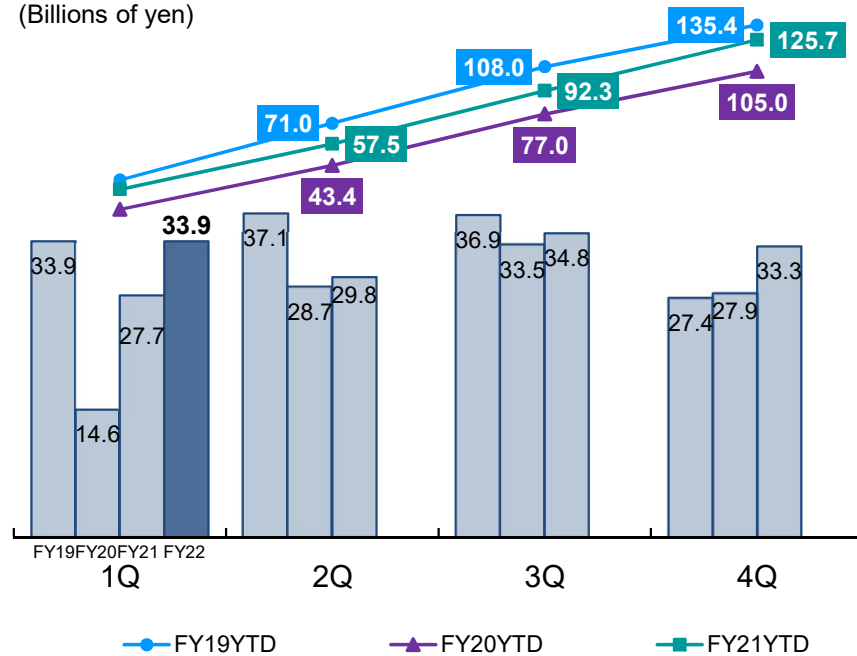
- \* The following belong to the EVS.
  - The previous Watches Business
  - Some of the businesses included in the previous Electronic Devices Business
  - The Time Creation Business and WAKO Business in the previous Time Creation, WAKO and other Businesses
  - Adjustment in the EVS



# Watches Business in EVS \*Reference

## Net Sales

(Billions of yen)

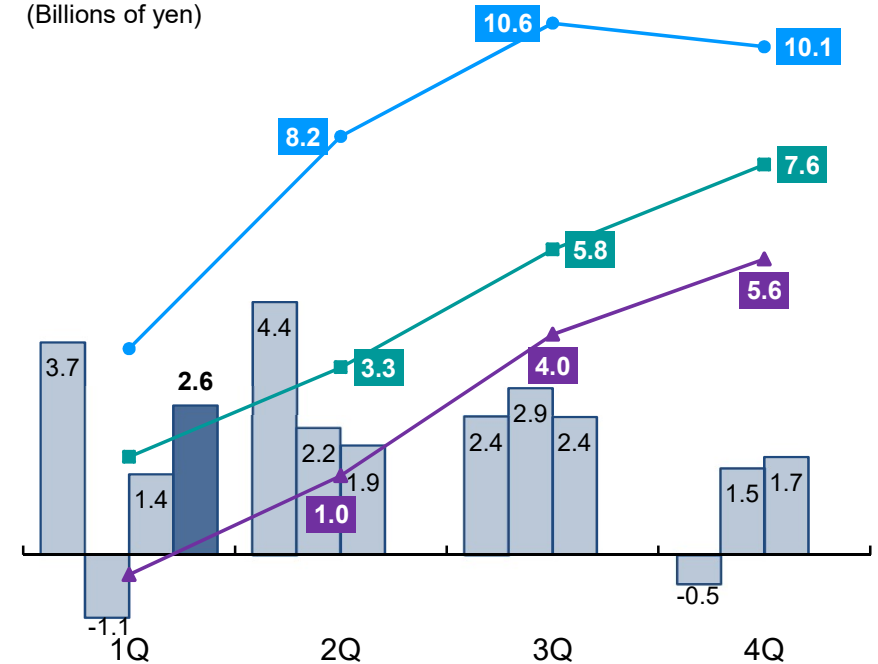


<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total
<b>FY22</b>	<b>+22.3%</b>				
FY21	+88.9%	+3.6%	+3.6%	+19.3%	+19.7%
FY20	-56.7%	-22.5%	-9.0%	+1.9%	-22.5%

## Operating Profit

(Billions of yen)



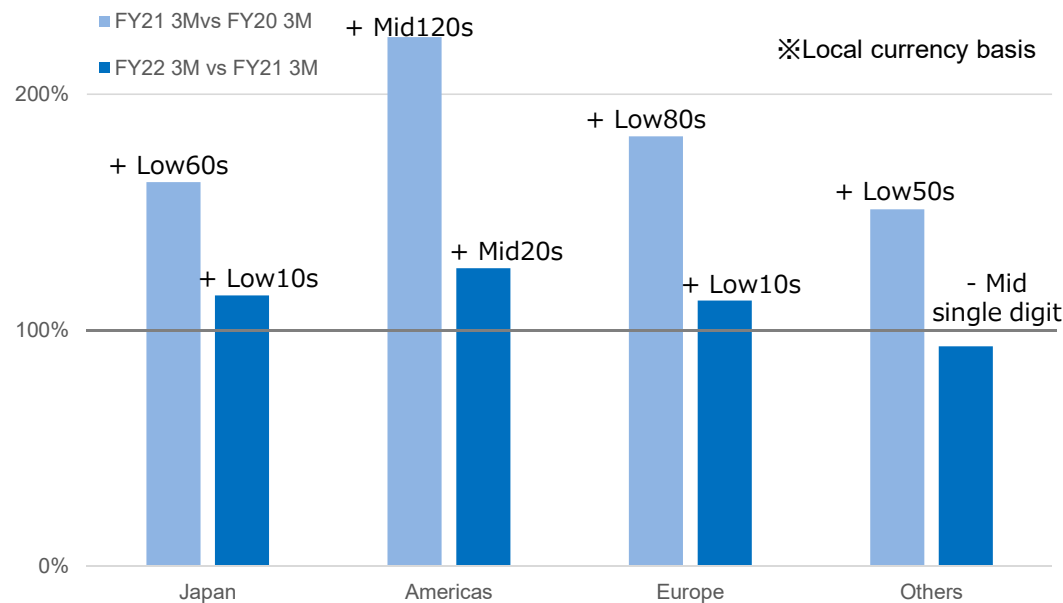
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	1Q	2Q	3Q	4Q	Total
<b>FY22</b>	<b>7.9%</b>				
FY21	5.1%	6.6%	7.2%	5.3%	6.1%
FY20	-7.9%	7.7%	8.8%	5.7%	5.3%
FY19	11.1%	12.0%	6.7%	-1.9%	7.5%

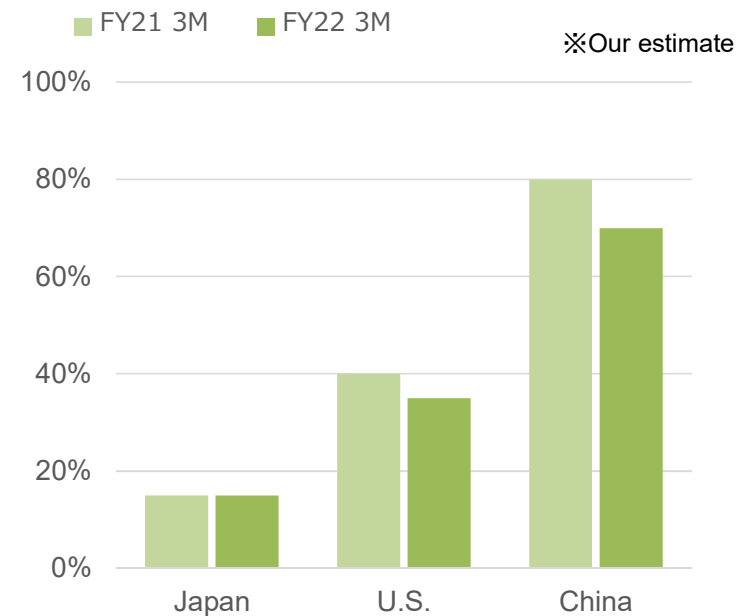
# Watches Business in EVS

- ✓ **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.
- ✓ **Movements** : Net sales increased especially for the U.S. market.

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

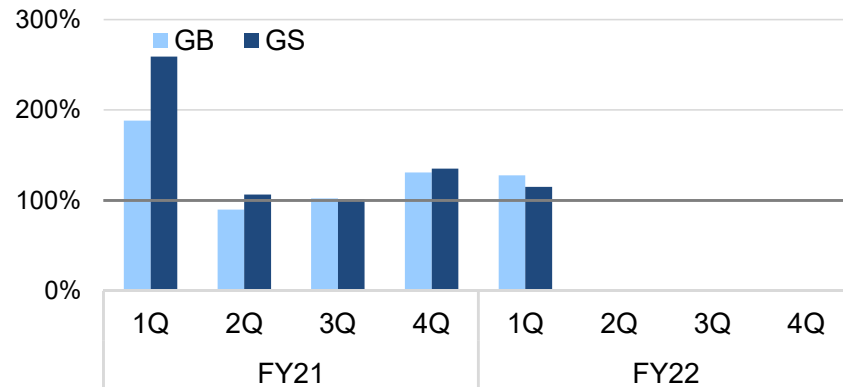


### EC Ratio in Completed Watches Net Sales

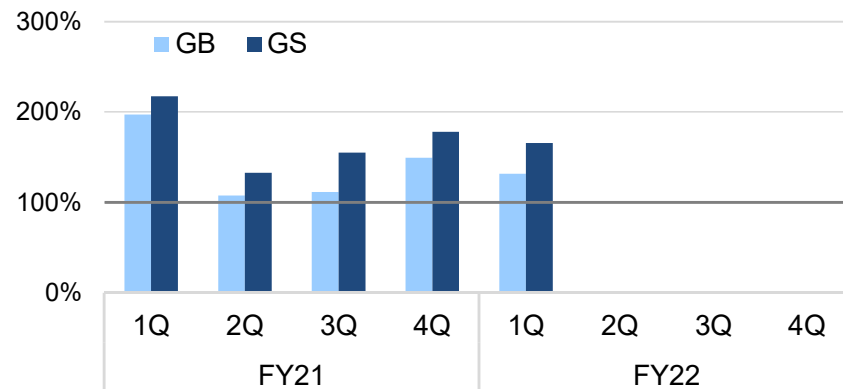


## GB & GS Net Sales Growth (year-on-year)

### Japan



### Overseas

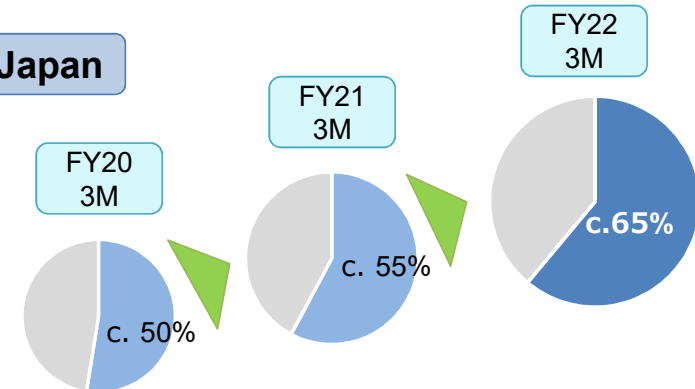


### GB (Global Brands)

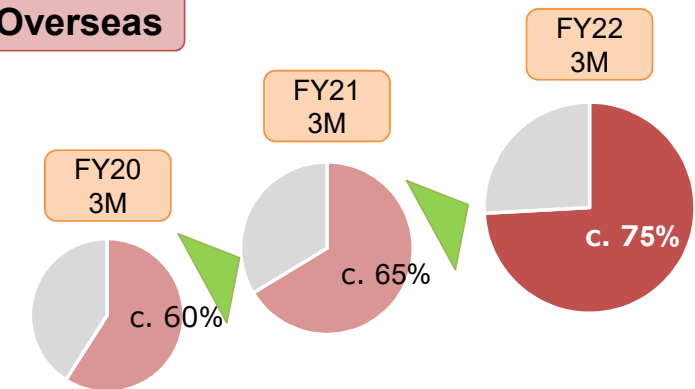
Grand Seiko (GS), Seiko Prospex, Seiko Astron, Seiko Presage, King Seiko, Seiko 5 Sports

## Ratio of GB to Net Sales

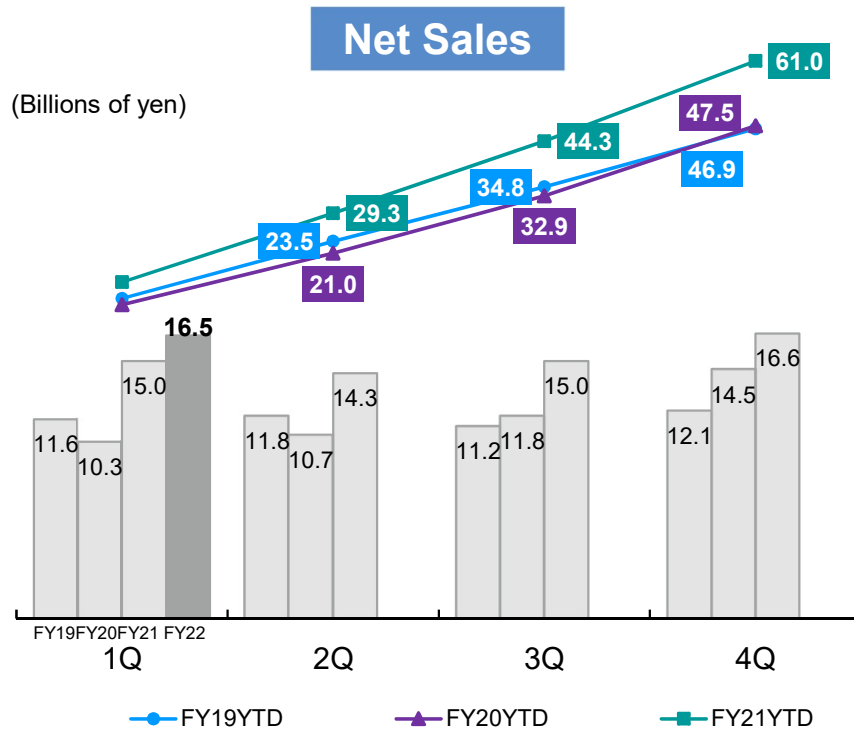
### Japan



### Overseas



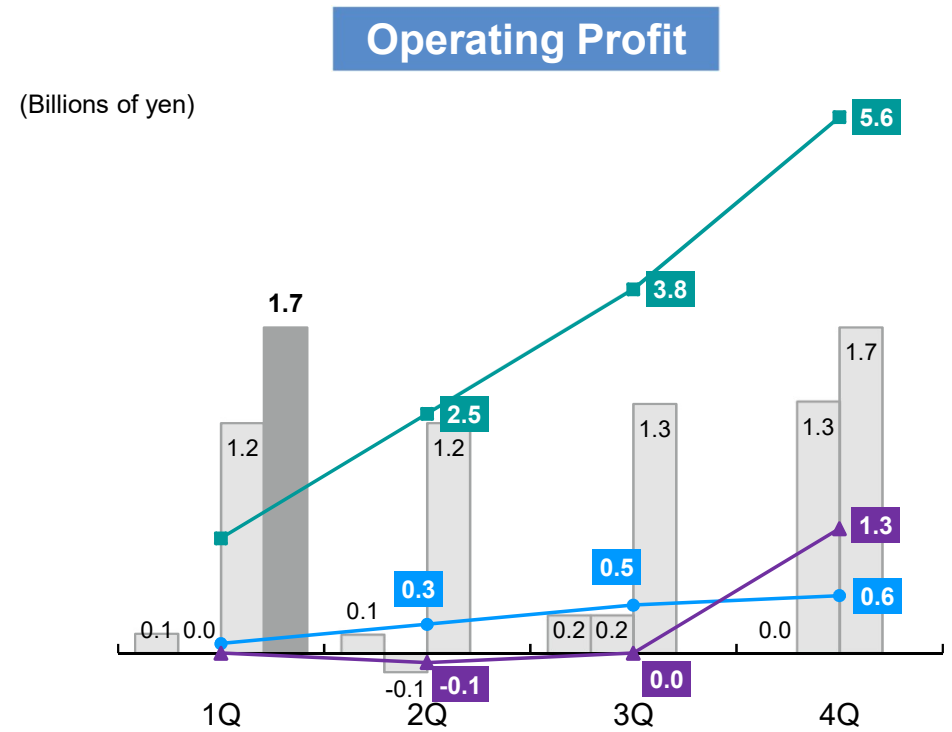
# Devices Solutions Business (DS)



<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total
<b>FY22</b>	<b>+10.2%</b>				
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.

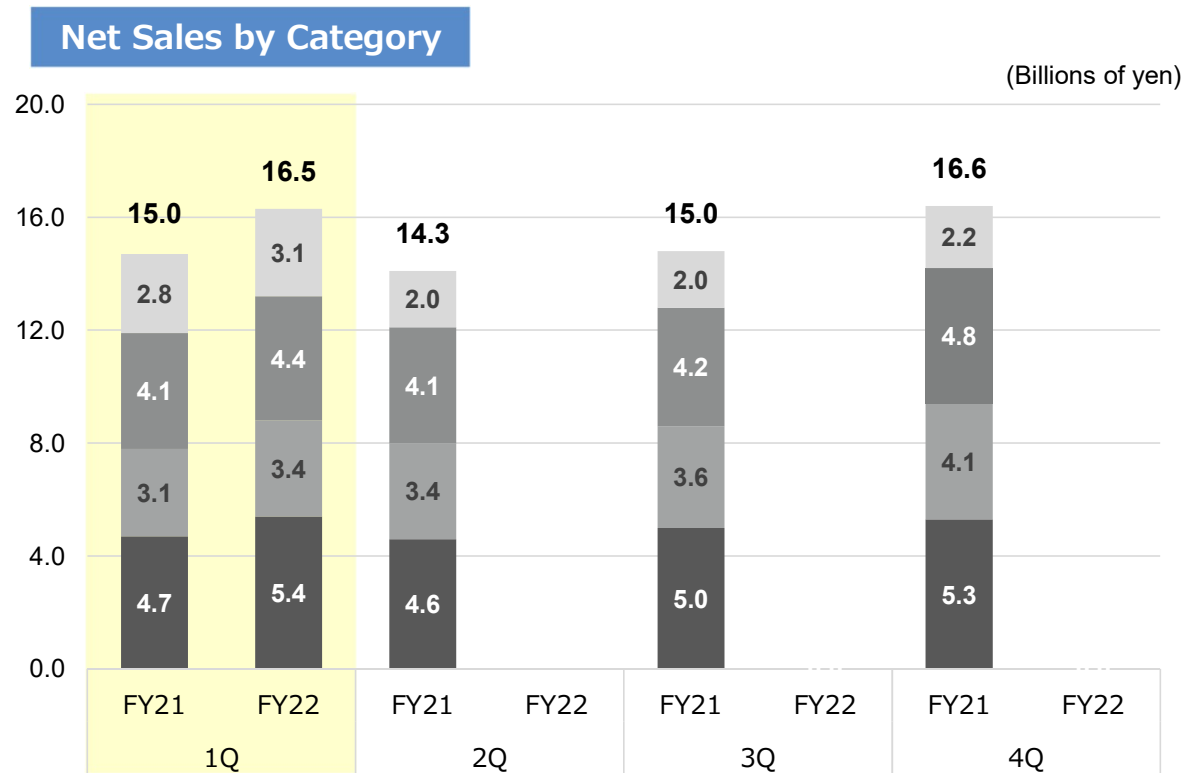


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	1Q	2Q	3Q	4Q	Total
<b>FY22</b>	<b>10.8%</b>				
FY21	8.4%	8.7%	9.1%	10.6%	9.2%
FY20	0.1%	-1.7%	1.9%	9.0%	2.9%
FY19	1.6%	1.6%	2.0%	0.6%	1.4%

# Devices Solutions Business (DS)

- ✓ Business results of some products were affected by the lockdown in China. However, favorable performance continued for thermal printers, micro batteries for medical equipment, quartz crystals, high-performance metals for semiconductor production equipment, precision components, and other products. As a result, both revenue and profits grew significantly year on year.

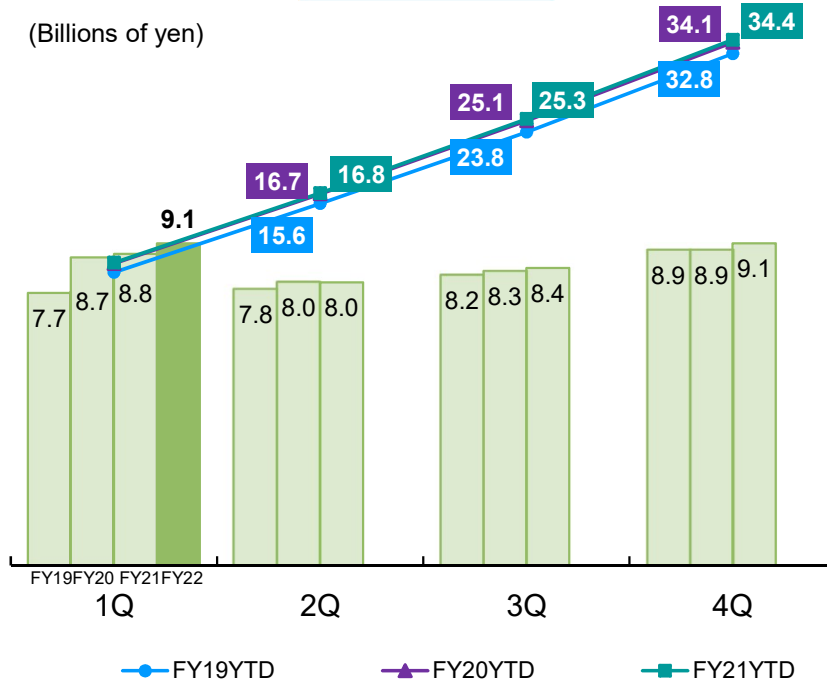


- Main Products and Services
- Others**  
Integrated circuits for crystal oscillators,  
Integrated circuits for sensors
  - Printing Devices**  
Inkjet printheads, Thermal printers
  - Precision Devices**  
Hard disk drive components,  
Automobile parts,  
Other precision turned parts
  - Electronic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

# Systems Solutions Business (SS)

## Net Sales

(Billions of yen)



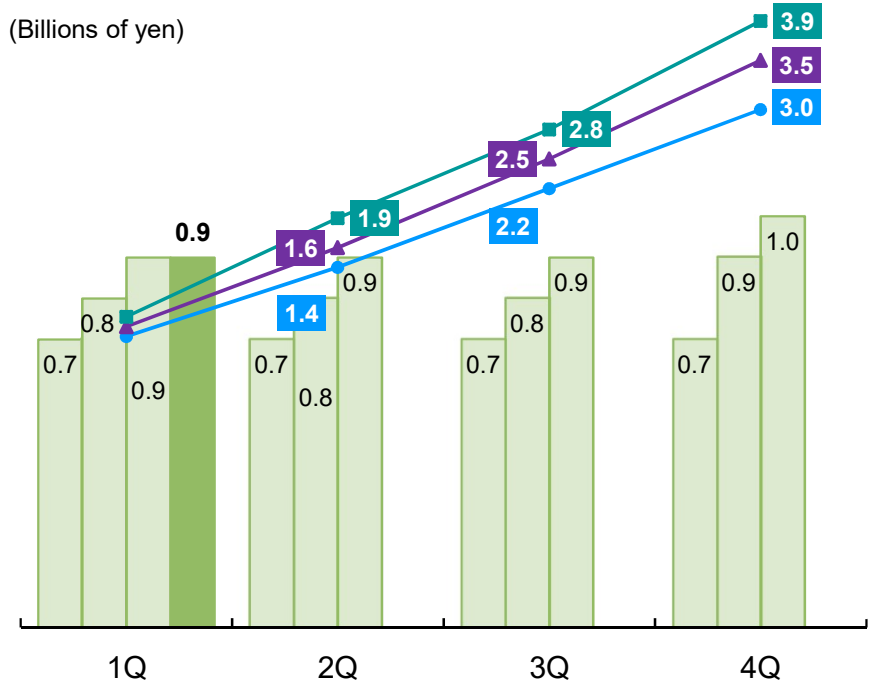
<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total
<b>FY22</b>	<b>+3.6%</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.

## Operating Profit

(Billions of yen)



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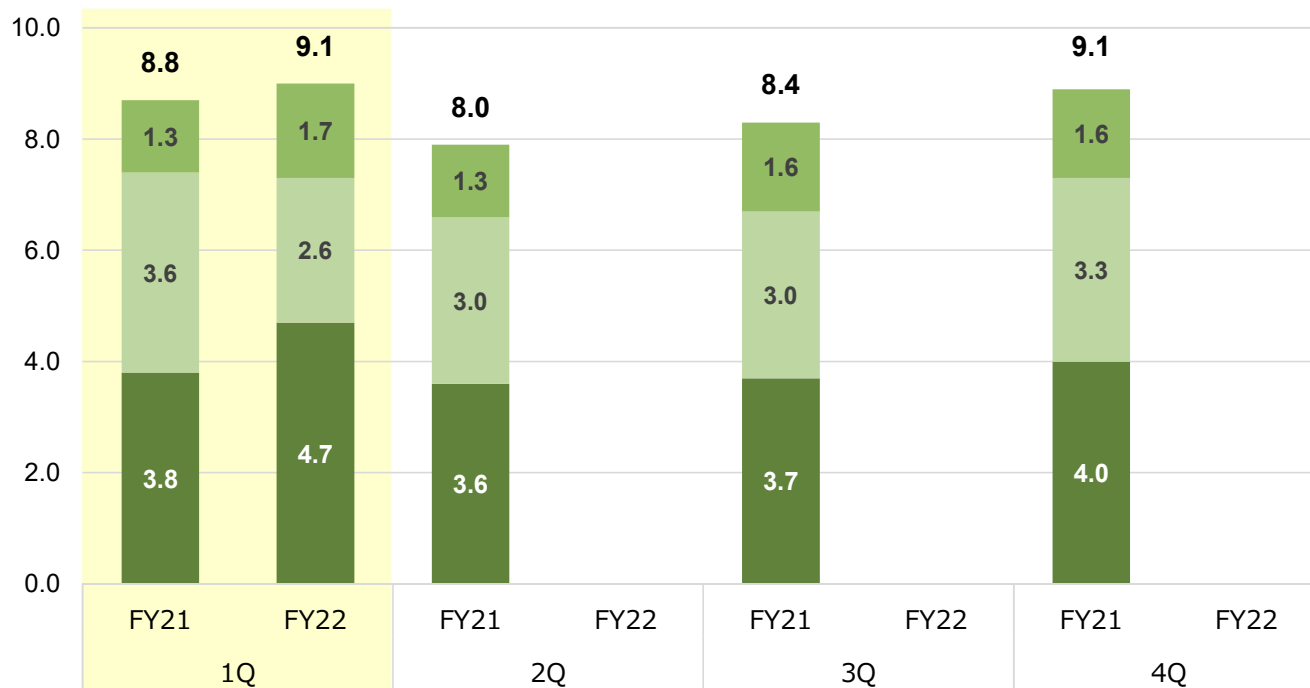
	1Q	2Q	3Q	4Q	Total
<b>FY22</b>	<b>10.7%</b>				
FY21	10.7%	11.9%	11.3%	12.0%	11.5%
FY20	9.5%	10.7%	10.5%	10.8%	10.4%
FY19	9.8%	9.1%	9.0%	8.9%	9.2%

# Systems Solutions Business (SS)

- ✓ In some industries, such as food service, a trend toward recovery from the coronavirus pandemic was observed. In addition, performance management and security-related business and other businesses performed steadily, and system-related and payment-related businesses grew, resulting in continued year-on-year growth in both revenue and profits for 25 consecutive quarters.

## Net Sales by Category

(Billions of yen)



### 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, 2022



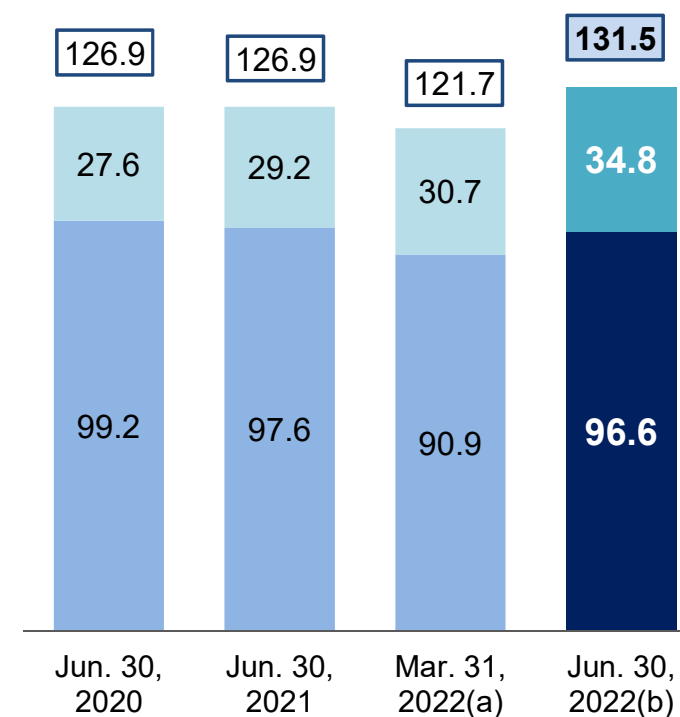
(Billions of yen)

	Jun. 30, 2020	Jun. 30, 2021	Mar. 31, 2022(a)	Jun. 30, 2022(b)	Variance (b)-(a)
Inventories	72.5	72.0	73.0	80.6	+7.5
Interest Bearing Debt	126.9	126.9	121.7	131.5	+9.7
Net Assets	104.0	112.7	121.6	127.4	+5.8
Total Assets	304.6	320.3	327.5	346.5	+19.0
Equity Capital Ratio	33.7%	34.7%	36.7%	36.3%	-0.4pt
Net Debt Equity Ratio	0.9	0.8	0.7	0.7	+0.0
Number of Employees	12,237	12,096	11,984	12,193	+209

## Interest Bearing Debt

(Billions of yen)

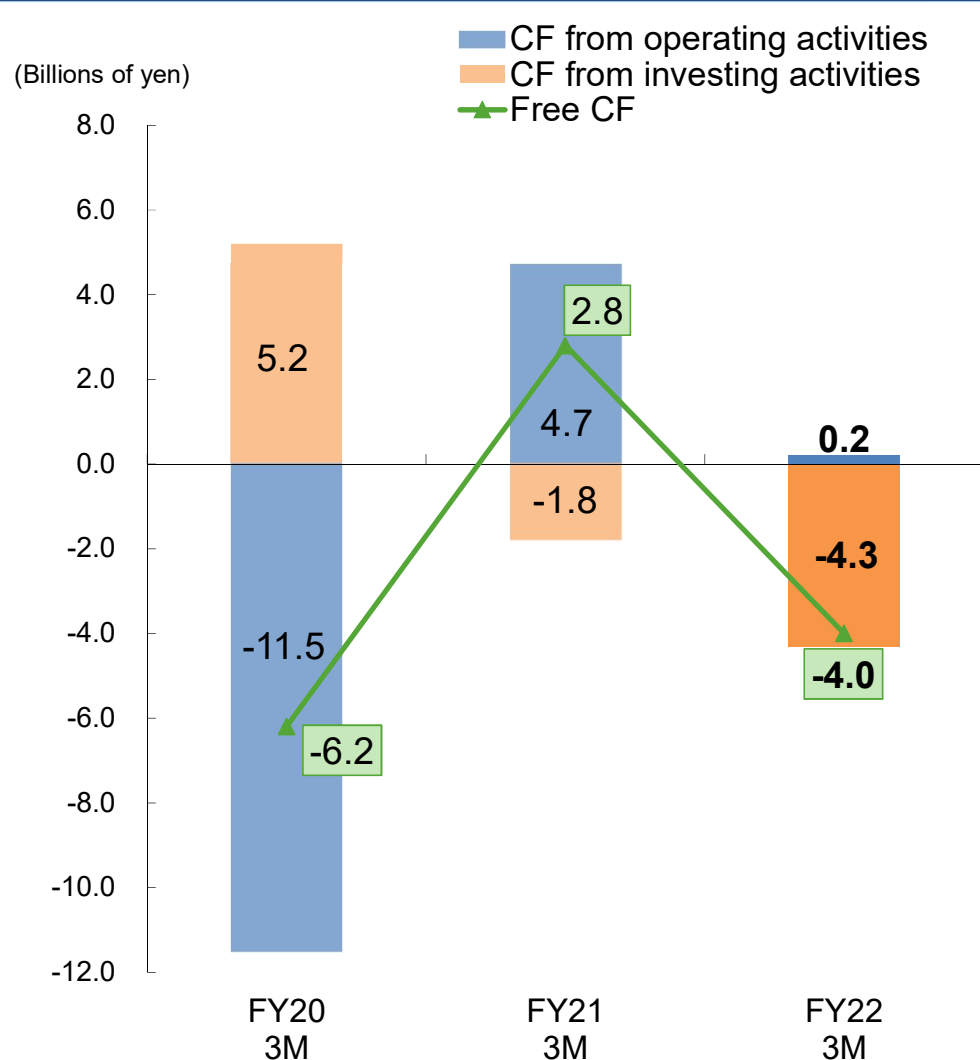
- Cash & Deposits
- Interest Bearing Debt
- Net Interest Bearing Debt  
(Interest Bearing Debt - Cash & Deposits)





# Statement of Cash Flows (approximate figure)

**SEIKO**



(Billions of yen)

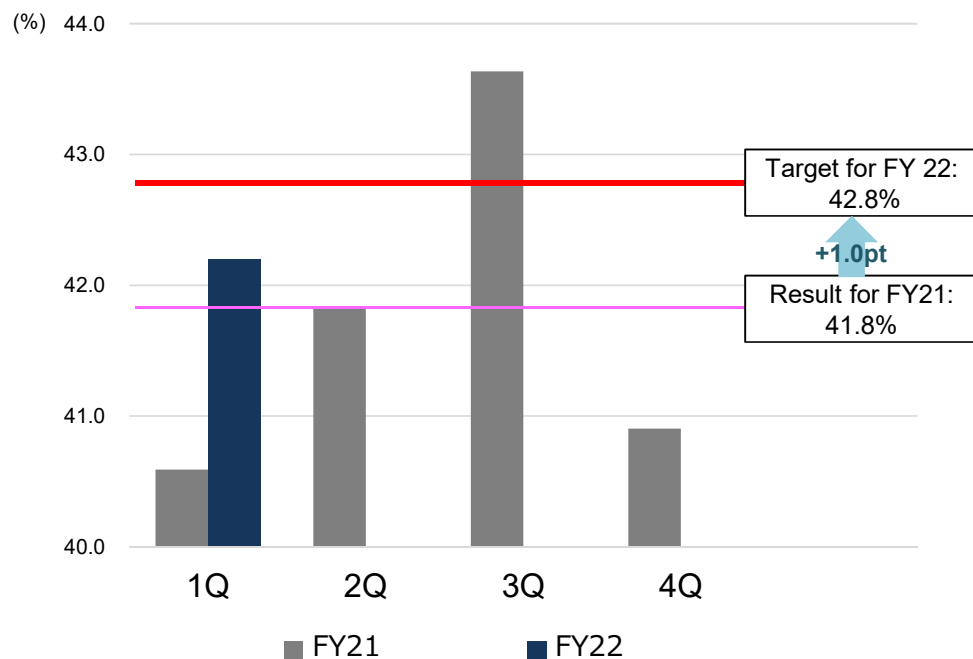
	FY20 3M	FY21 3M	<b>FY22 3M</b>
Profit before income taxes	1.4	1.3	<b>3.9</b>
Depreciation	2.4	2.5	<b>2.9</b>
Others	-15.4	0.7	<b>-6.6</b>
<b>Net cash provided by (used in) operating activities</b>	<b>-11.5</b>	<b>4.7</b>	<b>0.2</b>
Purchase of property, plant and equipment	-3.1	-1.6	<b>-3.0</b>
Others	8.3	-0.2	<b>-1.2</b>
<b>Net cash provided by (used in) investing activities</b>	<b>5.2</b>	<b>-1.8</b>	<b>-4.3</b>
Net increase (decrease) in short- and long-term borrowings	9.9	-4.0	<b>7.9</b>
Others	-2.0	-1.8	<b>-1.4</b>
<b>Net cash provided by (used in) financing activities</b>	<b>7.8</b>	<b>-5.9</b>	<b>6.5</b>
Effect of exchange rate change on cash and cash equivalents etc.	-0.0	0.0	<b>1.6</b>
Cash and cash equivalents	27.6	29.2	<b>34.8</b>
<b>Free cash flow</b>	<b>-6.2</b>	<b>2.8</b>	<b>-4.0</b>

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



## Gross Profit Margin (GP%)

Cons. Total



	FY21		FY22	FY22
	1Q	Total	1Q	Target
Cons. Total	40.6%	41.8%	42.2%	42.8%

## GP% by Segment (y/y)

Emotional Value Solutions Business (EVS)	+0.3pt
Devices Solutions Business (DS)	+3.9pt
Systems Solutions Business (SS)	+2.1pt

	1Q	2Q	3Q	4Q	Total
<b>FY22</b>	<b>42.2%</b>				
FY21	40.6%	41.8%	43.6%	40.9%	41.8%



## 2. Financial Forecast for FY2022

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# Summary of Financial Forecast for FY2022



	Full Year			2Q-4Q (9 months)		
	FY21 Actual	FY22 Forecast (Aug. 9)	Variance vs. FY21	FY21 Actual	FY22 Forecast (Aug. 9)	Variance vs. FY21
Net sales	237.3	245.0	+7.6	182.7	182.9	+0.1
Gross profit margin (GP%)	41.8%	42.8%	+1.0pt	42.1%	43.0%	+0.8pt
Operating profit	8.7	10.0	+1.2	7.2	6.8	-0.3
%	3.7%	4.1%	+0.4pt	4.0%	3.8%	-0.2pt
Ordinary profit	9.9	10.5	+0.5	8.1	6.4	-1.7
%	4.2%	4.3%	+0.1pt	4.5%	3.5%	-0.9pt
Profit attributable to owners of parent	6.4	7.5	+1.0	6.3	5.7	-0.5
%	2.7%	3.1%	+0.4pt	3.5%	3.2%	-0.3pt

(Billions of yen)

\*Exchange rates for the forecast 2Q-4Q: JPY 120 / USD 1.00, JPY 130 / EUR 1.00

\*No changes in the forecast for FY2022 from that released on May 10, 2022

# Financial Forecast for FY2022 by Segment



		Net sales			Operating profit		
		FY21 Actual	FY22 Forecast (Aug. 9)	Variance vs. FY21	FY21 Actual	FY22 Forecast (Aug. 9)	Variance vs. FY21
Emotional Value Solutions	Watches	125.7	129.0	+3.2	7.6	9.2	+1.5
	Others · adj.	25.1	26.0	+0.8	0.6	0.5	-0.1
	Sub Total	150.8	155.0	+4.1	8.2	9.7	+1.4
Devices Solutions		61.0	65.0	+3.9	5.6	5.8	+0.1
Systems Solutions		34.4	36.0	+1.5	3.9	4.5	+0.5
Sub Total		246.3	256.0	+9.6	17.8	20.0	+2.1
Others		1.0	2.5	+1.4	0.2	0.1	-0.1
Cons. adj.		-10.0	-13.5	-3.4	-9.3	-10.1	-0.7
Cons. Total		237.3	245.0	+7.6	8.7	10.0	+1.2

(Billions of yen)

\*Exchange rates for the forecast 2Q-4Q: JPY 120 / USD 1.00, JPY 130 / EUR 1.00

\*No changes in the forecast for FY2022 from that released on May 10, 2022

# Financial Forecast for FY2022 by Segment



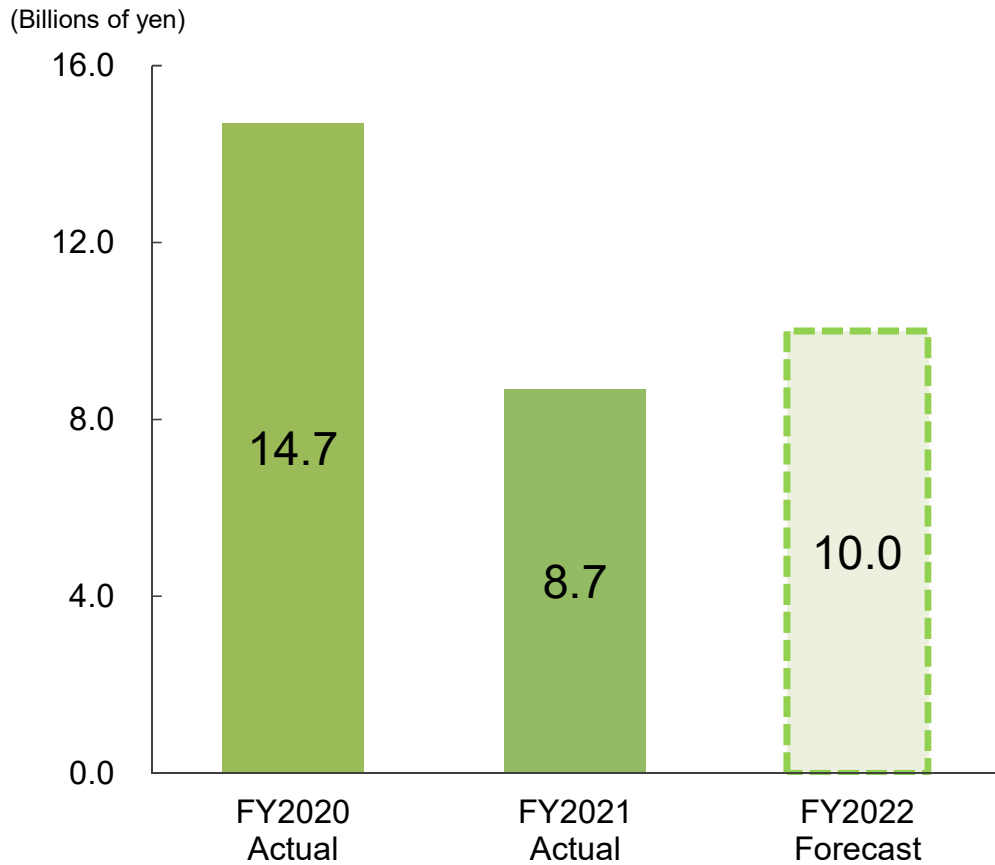
		Net sales 2Q-4Q (9 months)			Operating profit 2Q-4Q (9 months)		
		FY2021 Actual	FY2022 Forecast (Aug. 9)	Variance vs. FY21	FY2021 Actual	FY2022 Forecast (Aug. 9)	Variance vs. FY21
Emotional Value Solutions	Watches	98.0	95.0	-2.9	6.2	6.5	+0.2
	Others · adj.	20.0	20.8	+0.8	0.9	0.7	-0.1
	Sub Total	118.0	115.9	-2.0	7.2	7.2	+0.0
Devices Solutions		46.0	48.4	+2.4	4.3	4.0	-0.3
Systems Solutions		25.5	26.8	+1.2	3.0	3.5	+0.5
Sub Total		189.6	191.2	+1.6	14.5	14.8	+0.2
Others		0.7	2.2	+1.4	0.1	0.0	-0.0
Cons. adj.		-7.6	-10.6	-2.9	-7.4	-7.9	-0.5
Cons. Total		182.7	182.9	+0.1	7.2	6.8	-0.3

(Billions of yen)

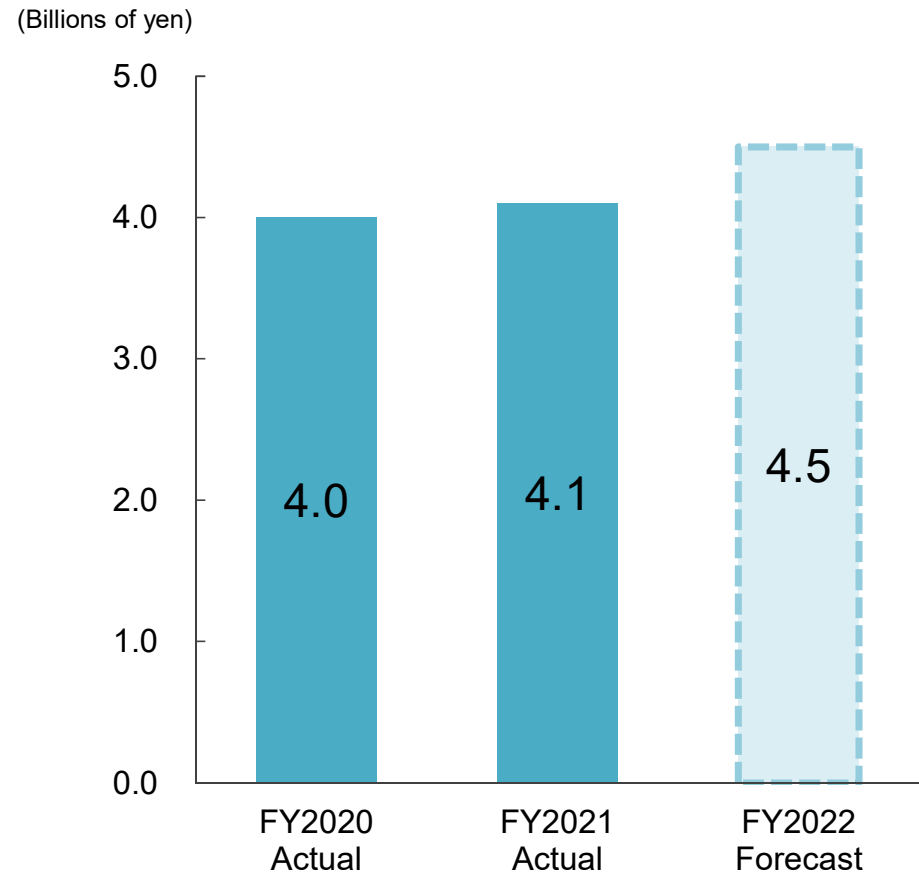
\*Exchange rates for the forecast 2Q-4Q: JPY 120 / USD 1.00, JPY 130 / EUR 1.00

\*No changes in the forecast for FY2022 from that released on May 10, 2022

## Investment

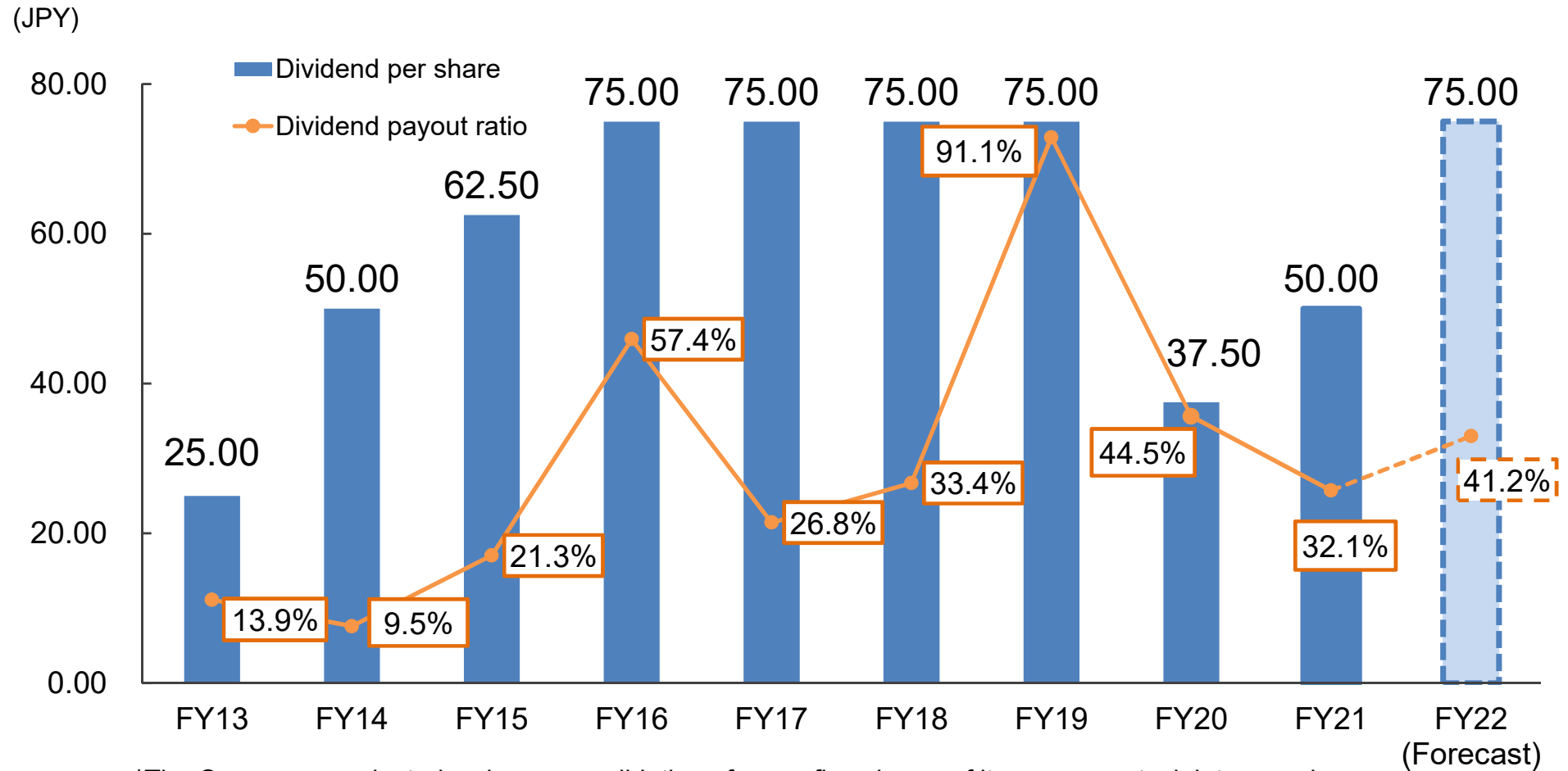


## R&D Expenses



\*No changes in the forecast for FY2022 from that released on May 10, 2022.

# 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

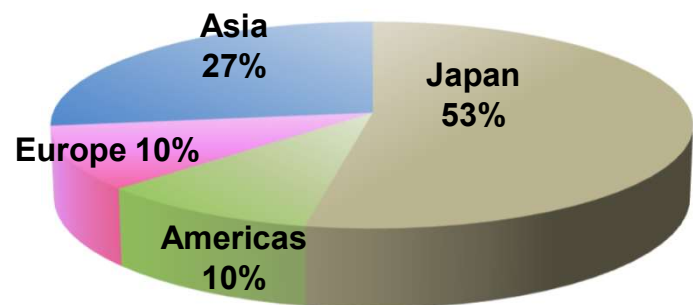
## Exchange Rate Sensitivity (Jul. 2022 - Mar. 2023)

(Millions of yen)	USD	EUR
Exchange rate forecast	JPY 120.0	JPY 130.0
For Net sales	c. 600	c. 90
For Operating profit	c. 80	c. 15

## FY2022

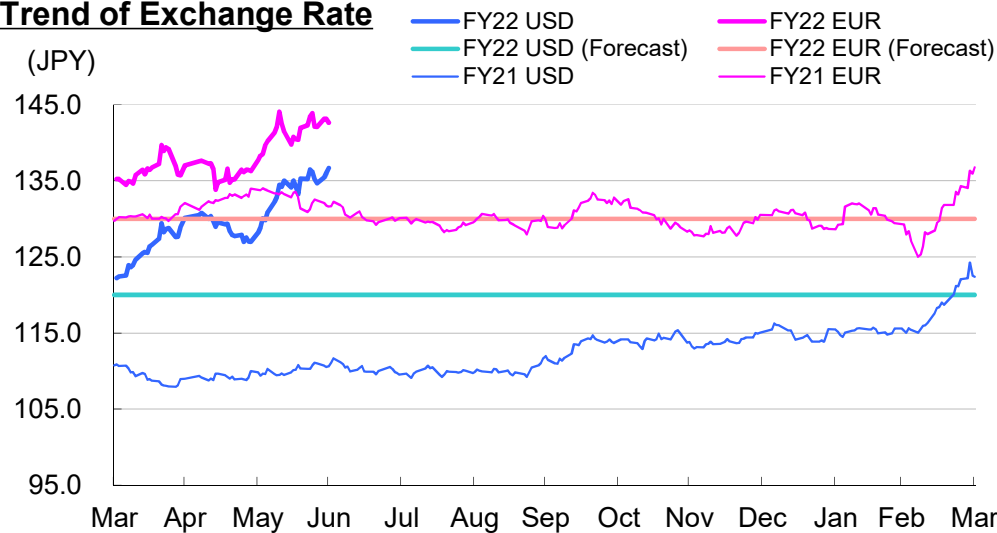
	(JPY)	1Q	Forecasted rate
Average	USD	129.7	120.0
	EUR	138.3	130.0
Closing Date	USD	136.7	120.0
	EUR	142.7	130.0

## Sales by Area



\* FY21 Actual data

## Trend of Exchange Rate



# Reference

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# Net Sales & Operating Profit by Segment for 3M FY2022 (Apr. - Jun. 2022)



		Net Sales (Composition ratio)			Operating Profit		
		FY2021 3M	FY2022 3M	Variance	FY2021 3M	FY2022 3M	Variance
Emotional Value Solutions	Watches	27.7 (51%)	33.9 (55%)	+6.1	1.4	2.6	+1.2
	Others • Adj.	5.1 (9%)	5.1 (8%)	-0.0	-0.3	-0.2	+0.0
	Sub Total	32.8	39.0	+6.1	1.0	2.4	+1.3
Devices Solutions		15.0 (27%)	16.5 (27%)	+1.5	1.2	1.7	+0.5
Systems Solutions		8.8 (16%)	9.1 (15%)	+0.3	0.9	0.9	+0.0
Sub Total		56.6	64.7	+8.0	3.2	5.1	+1.8
Others		0.2 (1%)	0.2 (0%)	-0.0	0.0	0.0	-0.0
Cons. Adj.		-2.3 (-4%)	-2.8 (-5%)	-0.5	-1.8	-2.1	-0.2
Cons. Total		54.6	62.0	+7.4	1.5	3.1	+1.5

(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.*